



Source: The President's FY 2013 Budget, Office of Management and Budget, Table S-4 "Adjusted Baseline by Category."
 Produced by Veronique de Rugy, Mercatus Center at George Mason University.

The federal deficit has surpassed \$1 trillion for the fourth consecutive year. This chart places the federal budget for fiscal year 2012 into perspective by comparing the most recent historical spending and revenue [data](#) presented in the President's Fiscal Year 2013 Budget.

In 2012, the federal government spent \$3.7 trillion, exceeding the amount of federal revenue by \$1.1 trillion. The government borrowed 30 cents of every dollar spent in order to sustain this level of spending. These deficits will eventually have to be paid for by future taxpayers. To steer clear of deficits, we must cut spending and reform entitlement programs.

Here's a breakdown of the data:

- Defense: 19 percent of the budget, or \$709 billion, went to military activities of the Department of Defense, nuclear-weapons related activities of the Department of Energy, operations in Iraq and Afghanistan, and other national security activities administered by other federal agencies. (These programs are represented under [budget function 050](#).)
- Entitlements: 59 percent of federal spending occurs automatically through mandatory spending. The major entitlement programs (Social Security, Medicare and Medicaid) made up 41 percent of federal spending. Other mandatory spending for programs such as unemployment benefits, food stamps, and student loans bring total mandatory spending up to nearly three-fifths of federal spending. Social Security, Medicare, and Medicaid are the primary drivers of spending.

- Social Security: 21 percent of the budget, or \$773 billion, provided social insurance benefits for the retired and the disabled.
- Medicare: 13 percent of the budget, or \$478 billion, was spent to provide health coverage for the retired and disabled.
- Medicaid: 7 percent of the budget, or \$255 billion, was spent on income-based health services.
- Net interest: 6 percent of the budget, or \$223 billion, was spent on interest payments on the national debt.
- The personal income tax provides nearly half of the entire tax revenue. Social Security payroll taxes account for a fourth of entire receipts. All other sources of tax receipts are below 10 percent.

Fiscal Year 2012 (President's FY 2013 Budget)						
Spending Category	\$ billions	percent		Revenue Source	\$ billions	percent
Defense	709	19%		Personal Income Tax	1,179	46%
Non-defense Discretionary	610	16%		Social Security Payroll Tax	635	24%
Social Security	773	21%		Corporate Income Tax	281	11%
Medicare	478	13%		Other Taxes	293	11%
Medicaid	255	7%		Medicare Payroll Tax	203	8%
Other Mandatory Programs	670	18%				
Net Interest	223	6%				
Total Outlays	3,717	100%		Total Taxes	2,591	100%

Note: Released on February 13, 2012. Percentage numbers in Revenue Section may not add up to 100 percent due to rounding

Veronique de Rugy [discusses](#) the implications of deficits and debt in at NRO's The Corner.

To contact Dr. de Rugy, call 202.550.9246 or email rlandaue@gmu.edu