



Written by [Thomas R. Eddlem](#) on August 20, 2009

New, Lower Deficit Estimate: \$1.58 trillion

President Obama is expected to revise his fiscal 2009 deficit estimate to \$1.58 trillion, which is down from the \$1.84 trillion estimate earlier in the year. Nearly all of the difference is based upon the Obama administration not using the \$250 billion “placeholder” he had built into his budget for a second round of bank bailouts under the TARP program.



President Obama is expected to release the revised deficit figure on August 25, but news of the revision had been leaked to [Reuters](#) and the [Associated Press](#).

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Despite the downward revision, the amount is more than triple the 2008 deficit figure of \$459 billion. Obama’s budget proposal calls for a \$1.2 trillion deficit in 2010, and \$600 billion-plus annual deficits into the indefinite future after that.

None of the downward revision in deficit projections were the result of cutting spending in existing programs. Nevertheless, that hasn’t stopped some news outlets from trying to spin it as a positive movement for Obama’s healthcare spending package. “The improved deficit forecast may help Obama politically as he tries to overcome opposition from fiscally conservative Democrats and others opposed to the \$1 trillion price tag for his healthcare overhaul,” Reuters wire service [reported](#) August 20.

But some people are not willing to let the Obama administration spin dumping the bailout placeholder as good news on the overall deficit. “Whether it’s \$1.6 trillion or \$1.8 trillion, it’s pretty bad,” Robert Bixby, executive director of the bipartisan fiscal watchdog The Concord Coalition, [told](#) the Associated Press. “I hope no one tries to spin that as good news.”

Too late.



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