WASHINGTON, D.C. – The federal government ended fiscal year 2010 with a record $1.3 trillion deficit. According to the Associated Press, “That means the government had to borrow 37 cents out of every dollar it spent.” The AP further reported that “The (Obama) administration is projecting that the deficit for the 2011 budget year, which began on Oct. 1, will climb to $1.4 trillion. Over the next decade, it will total $8.47 trillion.”

Neither party has done enough to control spending. That is why the first bill I introduced when I entered Congress in 2007 was the Buchanan Balanced Budget Amendment, which would require by law a balanced federal budget.

Enormous federal deficits clearly prove that there are basic flaws in the current federal budget system. As a successful businessman for 30 years, I can tell you this is no way to run the government.

We need to change the way we do business in Washington. And that begins with eliminating wasteful spending and balancing the budget without raising taxes.

I have included the entire AP article below:

Government reports $1.3 trillion budget deficit

By: Associated Press Writers Martin Crutsinger And Andrew Taylor

WASHINGTON – The Obama administration said Friday the federal deficit hit a near-record $1.3 trillion for the just-completed budget year.

That means the government had to borrow 37 cents out of every dollar it spent as tax revenues continued to lag while spending on food stamps and unemployment benefits went up as joblessness neared double-digit levels in a struggling economy.

While expected, the eye-popping deficit numbers provide Republican critics of President Barack Obama's fiscal stewardship with fresh ammunition less than three weeks ahead of the midterm congressional elections. The deficit was $122 billion less than last year, a modest improvement.

Voter anger over deficits and spending are a big problem for Democrats this election year. Republicans are slamming Democrats — who face big losses in November — for votes on Obama's $814 billion economic stimulus last year and on former President George W. Bush's $700 billion bailout of Wall Street.

Democrats say the recession would have been worse if the government hadn't stepped in with those programs to prop up the economy. They also note that most of the bailout, which began during the previous administration and was supported by many Republicans in Congress, has been repaid.

Outside of the bailout, the federal budget went up by 9 percent in the 2010 budget year to $3.5 trillion, the Congressional Budget Office reported last week. Food stamp payments rose 27 percent as record numbers of people took advantage of the programs, while unemployment benefits rose 34 percent as Congress extended benefits for the long-term jobless.

"The FY 2010 deficit remained elevated as a result of the severe economic recession, high unemployment, and the financial crisis inherited by the current administration," Treasury Secretary Timothy Geithner and acting White House budget director Jeffrey Zients said in a statement announcing the results.

Rising deficits will present headaches for policymakers regardless of which party controls Congress after November.

The administration is projecting that the deficit for the 2011 budget year, which began on Oct. 1, will climb to $1.4 trillion. Over the next decade, it will total $8.47 trillion. Deficits of that size will constrain the administration's agenda over the next two years and will certainly be an issue in the 2012 presidential race.

"Since the Democrat majority has taken control of the nation's checkbook, deficits have risen to staggering levels and will average $1 trillion annually for the next decade under the president's policies," said Sen. Judd Gregg, R-N.H. "These abrupt and shocking changes in our fiscal situation cannot be dismissed as 'inherited' problems when the tally of the majority's spending spree has climbed into the trillions."

Government revenues rose by $57.4 billion in 2010 compared to 2009, but more than two-thirds of that increase reflected higher payments from the Federal Reserve to the Treasury on all the investments the central bank has made to support the economy and the financial system during the recession.

Income tax revenue fell slightly as unemployment stays near 10 percent nationwide, though corporate tax receipts were up almost 40 percent as the economy slowly pulls out of the worst recession since the Great Depression.

Leading officials with the National Association for Business Economics forecast this week that the 2011 deficit will total $1.2 trillion, only slightly better than the administration's estimate. They cited excessive federal debt as their single greatest concern, even more so than high unemployment.

Obama's bipartisan deficit commission is supposed to report a deficit-cutting plan on Dec. 1, but panel members are unsure at best whether they'll be able to agree on anything approaching Obama's goal of cutting the deficit to about 3 percent of the size of gross domestic product (GDP).

The recommendations of the commission need the backing of 14 of its 18 members to trigger a congressional vote. Building that level of consensus will be difficult. Republicans are strongly opposed to a plan that includes tax increases to chip away at the deficit. Democrats are less inclined to move a package that relies solely on spending cuts.

Even if Congress doesn't vote on a deficit-cutting proposal, it faces the challenge of reaching a consensus on what to do with the Bush-era tax cuts that are set to expire on Dec. 31.

The Republicans are fighting to renew all of the tax cuts. Obama and the Democrats want to extend the tax cuts for every family making less than $250,000, but let them expire for the wealthiest households.

The difference between the two parties amounts to $700 billion that would be added to projected deficits over the next decade if the tax cuts for the wealthy were extended along with the other tax cuts.

So far, the huge deficits have not been a threat to the country. That's because interest rates have been so low coming out of the recession and the United States has been seen as a safe haven for foreign investors willing to keep buying U.S. Treasury bonds.

But the situation could change once the economy gains more momentum, analysts warn.

"If we get to 2013 and policymakers don't look like they have a credible plan to deal with the deficit, then interest rates are likely to rise significantly and that will jeopardize the recovery we have under way at that time," said Mark Zandi, chief economist at Moody's Analytics.

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