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U.S. Presidents and the Federal Deficit

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HIGHLIGHTS || ○ ○ ○ ●

Trump's final budget ended on September 30, 2021, with a deficit of \$2.77 trillion.



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Executive Summary

This report looks at the federal deficit or surplus during presidential administrations from 1981 to 2022 by fiscal year, which runs from October 1 through September 30 of each year.

Presidents are sworn into office on January 20 of the year following a presidential election. During the 8.3 months between inauguration on January 20 and a new president's first budget going into effect on October 1, a president is generally operating under the budget approved by his or her predecessor.

The charts below show the change in the federal deficit or surplus from the previous president until the end of the incoming president's final deficit surplus.

By looking at the federal deficit or surplus based on fiscal year, the data in this report show all four Republican presidents since 1980, with our methodology, increased the federal deficit during their time in office: Ronald Reagan had a 94% increase, George H.W. Bush had a 67% increase, George W. Bush had a 1,204% increase, and Trump had a 317% increase.

Both Democratic presidents since 1980 with completed terms decreased the federal deficit while in office: Bill Clinton had a 150% decrease to end his presidency with a federal surplus of \$128 billion, and Barack Obama decreased the deficit by 53%. Joe Biden decreased the deficit by 50% in his first fiscal year, but his overall results are pending the end of his presidency.

Note on the numbers:

The numbers and chart in this report are raw numbers without any subjective analysis or theories examining them, leaving the data subject to debate. For example, there may have been important and unexpected events that a president had to deal with, such as a global economy dislocation, a pandemic, having one or both houses of Congress in the opposing political party's hands, the actions of a prior administration, or being a lame duck president who felt compelled to sign or approve a budget for reasons other than simple agreement with it.

Even still, because each of the presidents in this report served long enough to face such economic, social, political geopolitical and other issues, the numbers below might also be considered as they appear.

Background

Calendar Year vs. Fiscal Year

While the calendar year runs from January 1 through December 31, the federal government's fiscal year (FY) runs from October 1 of one calendar year through September 30 of the next year. Fiscal years are labeled by the calendar year in which they end. For example, FY 2022 ran from October 1, 2021 through September 30, 2022 [1]

Federal Deficit and Surplus

The federal deficit is the amount by which government spending (aka outlays) exceeds the amount of revenue in a fiscal year. For example, in FY 2021, the government spent \$6.82 trillion and took in \$4.05 trillion in revenue, resulting in a federal deficit of \$2.77 trillion.^[2] In FY 2022, the federal deficit was \$1.38 trillion.^[3]

When the federal government has more revenue than outlays, a surplus is created; this last happened in 2001.^[4] Otherwise, the government is able to spend more than it makes by borrowing money to cover the deficit.

National Debt

The national debt is the total amount borrowed by the federal government at any point in time. The debt ceiling, also called the debt limit, is the maximum amount of money the government is allowed to borrow to pay for its spending.^[5]

On February 1, 2022, the national debt surpassed \$30 trillion.^[6] On January 19, 2023, the U.S. hit its debt limit of \$31.4 trillion and began using what Treasury Secretary Janet Yellen called “extraordinary measures” to continue paying its bills.^[7] If Congress does not raise the debt ceiling, the U.S. Treasury could run out of money for items such as employee payroll, Social Security, and bond payments by June 2023, according to Yellen.^[8]

Budget Process

Each February, the president submits a budget request to Congress that reflects his or her recommendations for federal spending and tax policy priorities in the next fiscal year. The House and Senate Budget Committees take the president’s budget into consideration while creating budget resolutions that go to the floor for amendments and votes. The budget resolution is supposed to be complete by April 15, but in practice can be approved later or not at all (in which case each chamber sets its own budget target or the resolution from the prior year remains in place).^[9]

Around late May, Congress begins work on legislation for any changes in the level of mandatory spending as well as 12 appropriations bills that set discretionary spending for the upcoming fiscal year.^[10] The budget is complete when the president has signed the appropriations bills into law.^[11]

If a budget has not been adopted by midnight on September 30, the government has to shutdown, which means all non-essential functions stop until funding for the new fiscal year is authorized.^[12] A shutdown can be averted by passing a stop-gap “continuing resolution” law until the appropriations bills are finalized.^[13]

Conflicting spending priorities between the House and the Senate or between Congress and the president can delay the approval of appropriations bills. For example, in 2013, the House and Senate failed to pass a spending bill in time due to a disagreement over Obamacare, causing the government to shut down for 16 days.^[14] In 2016, a 35-day partial government shutdown occurred when Congress would not authorize the \$5.7 billion that President Trump wanted for a border wall between the US and Mexico.^[15]

Although the September 30 deadline for approving appropriations bills has not always been met, as shown in the examples above, the following information will assume that annual budgets run on the fiscal year for the sake of simplicity.

Comparing Deficits under Recent Presidents

The prevailing perception has long been that Democrats prefer big government spending on services and increased taxes, while Republicans favor small government with less spending and lower taxes.^[16]^[17] Much has been written, discussed, and argued on the subject of which modern presidents were the most profligate spenders and which have been the most budget conscious.

That is a difficult if not impossible question to answer because of the various factors that might impact spending at any given time. There may be important and unexpected events outside a president’s control that could substantially affect a presidential budget. Such events could include a global economy dislocation, a pandemic, having one or both houses of Congress in the opposing political party’s hands, the previous actions of a prior administration, or being a lame duck president who signs or approves a budget for reasons other than agreement with it.

Presidents are sworn into office on January 20 of the year following a presidential election. During the 8.3 months between inauguration on January 20 and the first new president’s first budget going into effect on October 1, a president is operating under the budget approved by his or her predecessor.

To try to isolate the spending of presidents from Ronald Reagan through Donald Trump, this report compares the federal deficit or surplus at the start of a president’s first budget (October 1 of the first year in office) to the federal deficit or surplus after that president’s final budget (September 30 the year after he left office). This shows how much the deficit changed under the budgets approved by each president.

For example: Ronald Reagan was elected president on November 4, 1980, and was sworn in as president on January 20, 1981. His predecessor’s final budget (FY 1981) ran through September 30, 1981. Therefore, 8.3 months, or 254 days, had elapsed between Reagan’s inauguration on January 20, 1981, and the start of his first budget on October 1, 1981 (FY 1982).

The last budget of Jimmy Carter, Reagan’s predecessor, ended on September 30, 1981, with a deficit of \$79 billion dollars (see Chart 1 below). The deficit of the final budget that Ronald Reagan signed (FY 1989), from October 1, 1988 to September 30, 1989, was \$153 billion. Therefore, according to our methodology set out above, Ronald Reagan increased the federal deficit by \$74 billion (\$153B-\$79B), an increase of 94% (\$74B divided by \$79B for the percent change).

Federal Deficit by Presidential Administration

Chart I shows the federal deficit or surplus that a president inherited from his predecessor (column B), and the federal deficit or surplus after the president's final budget, which ended on September 30 of the year after he left office (column C). Note that an outgoing president's budget is in place for the first 8.3 months of an incoming president's first year in office, because federal budgets run on the fiscal year rather than calendar year.

For example, Ronald Reagan inherited a \$79 billion deficit from his predecessor, Jimmy Carter. Reagan's final budget deficit of \$153 billion was a 94% increase in the federal deficit.

Bill Clinton's first budget started with a \$255 billion deficit from George H.W. Bush. At the conclusion of Clinton's final budget, the US had a \$128 billion surplus, a 150% decrease in the federal deficit.

Note that the numbers below have not been adjusted for inflation. \$1 billion in 1981 would be \$3.265 billion in 2023 dollars. This is calculated as the CPI today (283.7) divided by the CPI in 1981 (90.9) times \$1 billion.^[18]

Chart 1: Federal Deficit by Presidential Administration ^[19][\$ in Billions]

	A. President (Inauguration Date)	B. Deficit* or Surplus* Inherited from Previous President	C. Deficit* or Surplus* at the End of Final Budget	D. Total Increase* or Decrease* in Deficit from First Budget to Final Budget	E. Percent Increase* or Decrease* in Deficit from First Budget to Final Budget	F. Fiscal Years of the President's Budgets (10/1/xx-9/30/xx)
1	Ronald Reagan (1/20/1981)	-\$79 (as of 9/30/1981)	-\$153 (as of 9/30/1989)	\$74	94%	FY 1982-1989
2	George H.W. Bush (1/20/1989)	-\$153 (as of 9/30/1989)	-\$255 (as of 9/30/1993)	\$102	67%	FY 1990-1993
3	Bill Clinton (1/20/1993)	-\$255 (as of 9/30/1993)	\$128 (as of 9/30/2001)	\$383	150%	FY 1994-2001
4	George W. Bush (1/20/2001)	\$128 (as of 9/30/2001)	-\$1,413 (as of 9/30/2009)	\$1,541	1204%	FY 2002-2009
5	Barack Obama (1/20/2009)	-\$1,413 (as of 9/30/2009)	-\$665 (as of 9/30/2017)	\$748	53%	FY 2010-2017
6	Donald Trump (1/20/2017)	-\$665 (as of 9/30/2017)	-\$2,776 (as of 9/30/2021)	\$2,107	317%	FY 2018-2021

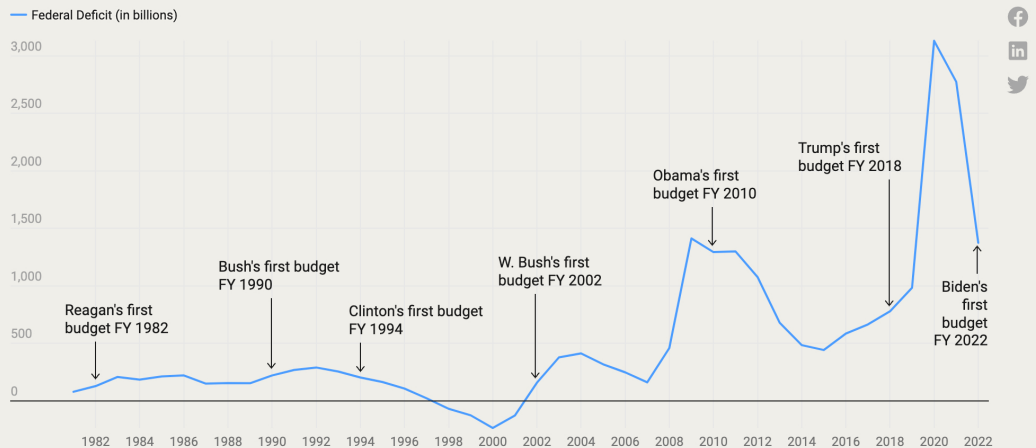
* in Red / ^ in Green

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Federal Deficits and Surpluses from 1981 through 2021

The chart below shows the federal deficit or surplus in orange across presidential administrations from Ronald Reagan through the first year of Joe Biden's presidency. The year of each president's first budget is annotated, showing the federal deficit at the end of that president's first fiscal year.

Chart 2: Federal Deficit by Fiscal Year, 1981 - 2022



The federal deficit at the end of each president's first budget is annotated; the preceding dot shows the federal deficit that was inherited from the previous president's final budget. For example, Reagan inherited a deficit of \$79 billion from his predecessor's final budget (first dot) and Reagan's first budget ended with a federal deficit of \$128 billion (second dot).

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Gross Domestic Product (GDP), Federal Deficit/Surplus, Cumulative Federal Debt, and CPI 12-Month Change by Fiscal Year

Chart 3 lists some economic indicators by fiscal year, starting with FY 1981 (10/1/1980-9/30/1981) to show the numbers that Reagan inherited from Jimmy Carter. The chart ends with FY 2022 (10/1/2021-9/30/2022), Biden's first annual budget.

Chart 3: Federal FY GDP, Deficit, Cumulative Debt 1981-2020 [\$ Billions]

A. Fiscal Year*	B. GDP ^A [Billions]	C. Federal FY Deficit (Surplus)** [Billions]	D. Deficit / GDP	E. Cumulative Federal Debt ^{AA} [Billions]	F. Debt / GDP	G. CPI 12-Month Change ^{AA}
1981	\$3,261	\$79	2.4%	\$998	31%	10.1%
Reagan:						
1982	\$3,366	\$128	3.8%	\$1,142	34%	5.1%
1983	\$3,689	\$208	5.6%	\$1,377	37%	2.9%
1984	\$4,084	\$185	4.5%	\$1,572	38%	4.3%
1985	\$4,387	\$212	4.8%	\$1,823	42%	3.2%
1986	\$4,608	\$221	4.8%	\$2,125	46%	1.5%
1987	\$4,885	\$150	3.1%	\$2,350	48%	4.5%
1988	\$5,283	\$155	3.0%	\$2,602	49%	4.2%
1989	\$5,695	\$153	2.7%	\$2,857	50%	4.5%
H.W. Bush:						
1990	\$6,015	\$221	3.7%	\$3,233	54%	6.3%
1991	\$6,206	\$269	4.3%	\$3,665	59%	2.9%
1992	\$6,567	\$290	4.4%	\$4,065	62%	3.2%
1993	\$6,882	\$255	3.7%	\$4,412	64%	2.8%
Clinton:						
1994	\$7,331	\$203	2.8%	\$4,693	64%	2.6%
1995	\$7,683	\$164	2.1%	\$4,974	65%	2.8%
1996	\$8,131	\$107	1.3%	\$5,225	64%	3.0%
1997	\$8,663	\$22	0.3%	\$5,413	62%	2.1%
1998	\$9,121	-\$69	-0.8%	\$5,526	61%	1.5%
1999	\$9,687	-\$126	-1.3%	\$5,656	58%	2.6%
2000	\$10,318	-\$236	-2.3%	\$5,674	55%	3.4%
2001	\$10,598	-\$128	-1.2%	\$5,808	55%	2.1%
W. Bush:						
2002	\$10,984	\$158	1.4%	\$6,228	57%	2.0%
2003	\$11,567	\$378	3.3%	\$6,783	59%	2.0%
2004	\$12,305	\$413	3.4%	\$7,379	60%	3.2%
2005	\$13,143	\$318	2.4%	\$7,933	60%	4.3%
2006	\$13,870	\$248	1.8%	\$8,507	61%	1.3%
2007	\$14,564	\$161	1.1%	\$9,009	62%	3.5%
2008	\$14,899	\$459	3.1%	\$10,025	67%	3.7%
2009	\$14,449	\$1,413	9.8%	\$11,910	82%	-0.2%
Obama:						
2010	\$15,142	\$1,294	8.5%	\$13,562	90%	1.2%
2011	\$15,648	\$1,300	8.3%	\$14,790	95%	3.5%
2012	\$16,320	\$1,077	6.6%	\$16,066	98%	2.2%
2013	\$16,911	\$680	4.0%	\$16,379	97%	1.0%
2014	\$17,743	\$485	2.7%	\$17,824	100%	1.7%
2015	\$18,307	\$442	2.4%	\$18,151	99%	0.2%
2016	\$18,776	\$585	3.1%	\$19,573	104%	1.6%
2017	\$19,562	\$665	3.4%	\$20,245	103%	2.0%
Trump:						
2018	\$20,687	\$779	3.8%	\$21,516	104%	2.5%
2019	\$21,532	\$984	4.6%	\$22,719	106%	1.8%
2020	\$21,362	\$3,132	14.7%	\$26,945	126%	1.2%
2021	\$23,550	\$2,776	11.8%	\$28,429	121%	6.2%
Biden:						



2022	\$25,724	\$1,375	5.3%	\$30,929	120%	7.7%
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* Federal Fiscal Year: Starting 10/1/xx and ending 9/30/xx+1 / ^ Quarterly GDP, seasonally adjusted annual rate, Q3 data. Source: Bureau of Economic Analysis, "Gross Domestic Product," [bea.gov](https://apps.bea.gov/national/xls/gdplev.xlsx) (accessed January 26, 2023), downloaded from <https://apps.bea.gov/national/xls/gdplev.xlsx> / ** Federal deficit (or surplus), not seasonally adjusted; Frequency: Annual, by Fiscal Year. Source: Federal Reserve Bank of St. Louis, "Federal Surplus or Deficit," <https://fred.stlouisfed.org/series/FYFSD> (accessed January 26, 2023) / ** Total Public Debt, Q3 data, not seasonally adjusted. Source: Federal Reserve Bank of St. Louis, "Federal Debt: Total Public Debt (GFDEBTN)," <https://fred.stlouisfed.org/series/GFDEBTN> (accessed January 26, 2023) / ** CPI 12-Month change calculated as ((Ending year October CPI - Beginning year October CPI) / Beginning year October CPI). Source: US Bureau of Labor and Statistics, "CPI for All Urban Consumers (CPI-U)," data.bls.gov (accessed January 26, 2023)

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Conclusion

This report looked at the federal deficit or surplus based on fiscal year over the 40 years from October 1, 1982 to September 30, 2021.

All four Republican presidents since 1980 increased the federal deficit during their time in office: Ronald Reagan had a 94% increase, George H.W. Bush had a 67% increase, George W. Bush had a 1,204% increase, and Trump had a 317% increase.

The two completed Democratic presidential administrations since 1980 decreased the federal deficit: Bill Clinton had a 150% decrease to end his presidency with a federal surplus of \$128 billion, and Barack Obama decreased the deficit by 53%, while still ending with a deficit.

Democrat Joe Biden was elected president in the 2020 election. As of the date of this report, only his first budget (FY 2022) was complete. In his first year, Biden decreased the federal deficit by 50% (from \$2.77 billion to \$1.38 billion).

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