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FOR IMMEDIATE RELEASE
December 10, 2008

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U.S. Treasury: \$401 Deficit in First Two Months of FY2009

WASHINGTON, D.C. – The first two months of fiscal year 2009 will record a deficit of \$401 billion, according to the Monthly Treasury Statement of Receipts and Outlays of the U.S. Government. The deficit will be almost as large as the entire 2008 deficit of \$455 billion, with the current deficit representing a post-war record for a two month period. The Treasury recorded the deficit in November as \$164 billion and \$237 billion in October.

“Even in these times of record-breaking deficit spending, running a deficit of over \$400 billion in just two months is simply staggering,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget.

The Treasury reports a much higher level of spending in the first two months of the current fiscal year than does the Congressional Budget Office (CBO) report released earlier in the month. The Treasury accounts for costs associated with the Troubled Assets Relief Program (TARP) on a cash basis, while the CBO accounts for TARP costs on a risk adjusted present value basis, based on assumptions that assets purchased with TARP funds will be eventually resold and thereby generate revenues for the federal government in the future.

“Given the immediate dangers our economy faces, it is clear that some kind of stimulus is necessary and appropriate,” said MacGuineas. “But no one wants to recover from the current crisis today only to stumble into the next economic crisis tomorrow, a crisis caused by trillion dollar deficits becoming the norm. We need to address the fiscal health of our nation, and soon.”