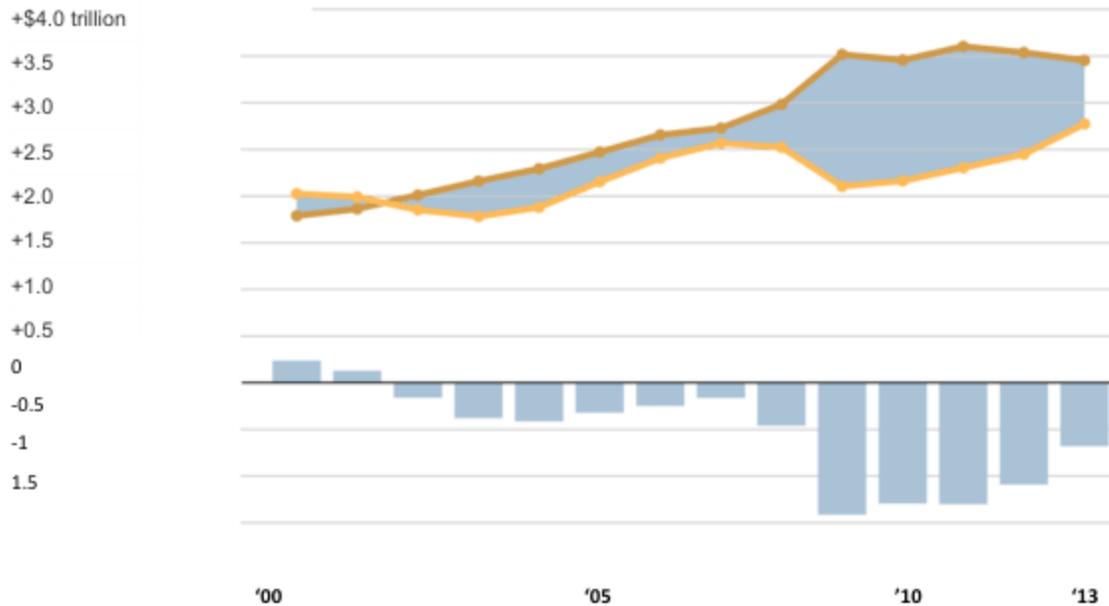


## Federal Deficit Falls to Smallest Level Since 2008



### FEDERAL DEFICIT – FEDERAL OUTLAYS & REVENUES

By ANNIE LOWREY: FEB. 27, 2014

WASHINGTON — The federal budget deficit fell precipitously to \$680 billion in the 2013 fiscal year from about \$1.1 trillion the year before, the Treasury Department said Thursday. That is the smallest deficit since 2008, and marks the end of a five-year stretch when the country's fiscal gap came in at more than a trillion dollars a year.

The report comes days before the White House is expected to release a new budget. Democrats have said that the still-tepid recovery requires government investment along with commitments to reduce deficits in the long term — while also emphasizing the rapidly falling budget gap.

Republicans have long said that Democrats have proven poor stewards of the economy, overseeing a period of sluggish growth and rising debt.

The report, which was a regular update on the country's finances, underscores the persistence, if not the strength, of the recovery after the worst economic downturn since the Great Depression. Growth in tax revenue accounts for much of the decline in the deficit. But increases in taxes and cuts in federal spending figure strongly too, as does a surprising — and surprisingly long — slowdown in the pace of health-spending growth.

The Treasury said that revenue climbed \$324 billion to \$2.8 trillion between 2012 and 2013. That is growth of around 12.9 percent, reflecting both higher income rates, including higher top marginal rates and the expiration of the payroll tax holiday, and a strengthening economy.

At the same time, government spending grew relatively slowly, to \$3.9 trillion from \$3.8 trillion a year earlier, the Treasury said. "Thanks to the tenacity of the American people and the determination of the private sector we are moving in the right direction," said Treasury Secretary Jacob J. Lew in the report. "The United States has recovered faster than any other advanced economy, and our deficit today is less than half of what it was when President Obama first took office."

\*\*\*\*\*