



Insight

Trump's OMB Back to Old Habits

GORDON GRAY | JULY 16, 2019

On Friday, the Trump Administration Office of Management and Budget (OMB) quietly [released](#) the “mid-session” budget update and did something that used to be common practice, but had been eschewed under the Trump administration: OMB projected that the deficit outlook had improved since its last estimate in the president’s budget. The mid-session review projects a \$1,001 billion deficit for FY2019, an “improvement” of \$91 billion from the \$1,092 billion deficit projected in the president’s budget released in March. This downward revision is unremarkable in its scale and composition but is noteworthy in direction. Before Trump, the mid-session review [always projected](#) a lower deficit than that projected in the president’s budget. The enactment of the TCJA and other spending increases during this period likely confounded this trend in years past.

It appears to have been bipartisan “company policy” at OMB to build in a little room for a positive deficit surprise in the mid-session review, and for an end-of-year deficit figure that’s a little better still. As the chart below demonstrates, in recent history but before Trump, the mid-session review has projected a lower deficit than that contained in the president’s budget every single time. With one exception, the actual deficit has ended up being even lower than the deficit projection in the mid-session review – essentially allowing 23 opportunities for administrations to claim that the deficit was lower than predicted. That one exception was at the end of the Bush Administration, when the economy was taking a dive beyond any cushion that OMB would have given itself. After a two year hiatus, Friday’s mid-session review suggests OMB is back in historical, bipartisan form, offering a pleasant summer deficit surprise for whoever is sitting in the White House.

Projected versus Actual Deficits (2006-2019)

