

PRESIDENT BIDEN'S 2025 BUDGET

Builds On Our Historic Progress

Thanks to the historic investments delivered by President Biden and House Democrats, our economy is leading the world, nearly 15 million jobs have been created, and inflation-adjusted wages are now higher than before the pandemic. President Biden's 2025 budget builds on this historic progress by lowering costs for families, protecting Social Security and Medicare, and cutting the deficit about \$3 trillion over the next decade by making the ultra-rich and billion-dollar corporations pay their fair share.

TOPLINES: DEFICITS, DEBT, SPENDING, AND REVENUE TOTALS

The budget includes total outlays of \$7.3 trillion in 2025, 24.8 percent of GDP. Over the 10-year window, outlays remain relatively flat as a share of GDP, at around 24.4 percent. The budget shows receipts coming in at \$5.5 trillion in 2025, 18.7 percent of GDP. Receipts average 19.7 percent of GDP over the 10-year period, increasing to 20.3 percent of GDP by 2034. As a share of GDP, the deficit drops from 6.1 percent in 2025 to 3.9 percent in 2034. Relative to OMB's baseline, the President's budget reduces deficits by \$3.2 trillion over 10 years.

President's Budget 2025	\$ in billions	% of GDP
Outlays		
Discretionary	1,929	
Mandatory	4,372	
Net Interest	965	
Subtotal, outlays	7,266	24.8
Revenue	5,485	18.7
Deficits	1,781	6.1
Debt held by the public	29,984	102.2

ECONOMIC ASSUMPTIONS

The economic assumptions capture expectations of how the economy will perform given the passage of the plan. The budget makes realistic assumptions, with real GDP growth around 2 percent across the decade, unemployment at 3.8 percent by the end of the decade, inflation falling to 2.9 percent in 2024 and remaining around 2.3 percent across the decade. (By comparison where the President's budget projects 4 percent nominal growth across the decade the House Republicans' 2025 budget projected GDP growth of around 5 percent – see below for Republicans' questionable assumptions).

Key Economic Indicators *Projected Values*

	2024	2025	Avg. 2025-34
Real GDP, % change y/y	1.7	1.8	2.1
Consumer Price Index, % change y/y	2.9	2.3	2.3
Unemployment rate, %	4.0	4.0	3.8
10-year Treasury Notes	4.4	4.0	3.8

MAJOR INITIATIVES

Investments — Brings down the cost of living and grows the middle class:

- Expands access to affordable, quality child care for low- and middle-income families, and expands access to free, universal preschool (+\$600.0 billion).

- Reduces the cost of health care, such as by extending enhanced premium tax credits and extending Medicaid coverage in states that have not expanded Medicaid (+\$469.9 billion).
- Provides paid family and medical leave (+\$325 billion)
- Expands the child tax credit, and makes permanent full refundability (+\$310.0 billion).
- Reduces the cost and expands access to postsecondary education and training, including by doubling the maximum Pell Grant and making community college free (+\$290.3 billion).
- Reduces the cost of housing for homeowners and renters (+\$182.9 billion).
- Restores and makes permanent the expanded EITC for childless workers (+\$162.6 billion)
- Improves home care (+\$154.2 billion).

Deficit Reduction in the President's Budget

2025-2034 in billions of dollars

OMB Baseline deficits	19,524
Proposals in the budget:	
Revenue	4,921
Mandatory spending	-2,526
Discretionary spending	452
Net Interest	380
Subtotal, proposals	3,227
Policy deficits	16,297

Negative numbers make the deficit worse.

Savings — Cuts the deficit by \$3 trillion over the next decade without raising a penny in taxes on Americans making under \$400,000 per year:

- Raises the corporate income tax rate to 28 percent (-\$1,349.9 billion).
- Imposes a minimum income tax on the wealthiest taxpayers (-\$502.7 billion).
- Increases the net investment income tax rate and additional Medicare tax for high-income taxpayers (-403.8 billion).
- Revises the global minimum tax regime, limits inversions, and makes related reforms (-\$373.9 billion).
- Applies the net investment income tax to pass-through business income of high-income taxpayers (-\$393.2 billion).
- Reforms the taxation of capital income, including by ending the stepped-up basis (-\$288.6 billion).
- Expands limitation on deductibility of excessive employee remuneration (-\$271.9 billion).
- Increases the top marginal rate for high-income earners (-\$245.9 billion).
- Extends IRS investments (-\$236.7 billion).
- Reduces the cost of prescription drugs (-\$204.8 billion).
- Increases the excise tax on repurchase of corporate stock and closes loopholes (-\$166.0 billion).
- Increases the corporate alternative minimum tax rate to 21 percent (-\$137.2 billion).
- Adopts the undertaxed profits rule (-\$136.3 billion).
- Closes estate and gift tax loopholes (-\$97.2 billion).

Discretionary Spending — Defends the investments in American families that President Biden and House Democrats have delivered:

- The 2025 discretionary spending levels in the budget are consistent with the caps in the Fiscal Responsibility Act: \$895.2 billion for defense and \$710.7 billion for non-defense discretionary (NDD).
- Total discretionary funding is at \$1.7 trillion, which includes \$23.2 billion for NDD from emergency-designated amounts, in addition to another \$41.6 billion not subject to the caps (for wildfire, disaster, program integrity and other activities).

HOUSE REPUBLICANS' 2025 BUDGET

Takes America Backward

While President Biden's budget continues to deliver for working Americans, [House Republicans' budget](#) shows just how far they'll go in their quest to lower taxes for the wealthy and well-connected:

- **Raises the cost of living** by gutting everything from Medicaid to education funding to food assistance for children, pushing the middle class out of reach for American families:
 - Includes \$1 trillion in cuts to economic security and food assistance programs that help families make ends meet.
 - Undermines our economy with \$400 billion in cuts to education programs such as student loan support and Pell Grants.
 - Risks health care services for more than 78 million vulnerable individuals with steep cuts to Medicaid and other health care programs totaling more than \$2 trillion.
 - Makes massive cuts to NDD investments in American families, claiming 2.5 trillion in deficit reduction through 2034.
- **Increases health care costs** for seniors by attacking Medicare's ability to negotiate lower prescription drug prices and undermining the progress we've made under President Biden.
- **Sells out the middle class** to line the pockets of the ultra-rich:
 - Doubles down on President Trump's GOP Tax Scam that added trillions to the debt.
 - Guts investments in working families even as it paves the way for trillions of dollars in tax giveaways to billion-dollar corporations and wealthy tax cheats.
- **Insults not just middle class families, but basic mathematics** by assuming trillions of dollars in imaginary savings in order to make far-fetched claims about balancing the budget:
 - Assumes \$3 trillion in deficit reduction from macroeconomic feedback, a questionable assumption that cutting taxes for the rich, slashing the safety net, undermining critical investments, and yanking away essential services will create economic growth.
 - Assumes the continuation of expiring tax cuts, but incredibly this policy doesn't cost anything. Most outside experts agree that the extension of expiring tax cuts after 2025 would cost around \$3 trillion over the decade.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.



**HOUSE COMMITTEE
ON THE BUDGET**

RANKING MEMBER BRENDAN F. BOYLE

twitter.com/housebudgetdems
instagram.com/housebudgetdems
facebook.com/housebudgetdems
youtube.com/housebudgetdems
democrats-budget.house.gov