Private sector employment has grown for 23 straight months.
Monthly private non-farm payrolls, seasonally-adjusted

The economy has grown for 10 straight quarters.
Annualized real GDP growth

Private payrolls
+3.7 million
since Feb ’10

Jan ’09
-839k

2008 Q4
-8.9%

2011 Q4
+3.0%

+2.4% average growth
over past 10 quarters

The private sector is leading growth.

Annualized change in quarterly GDP (value-added) by sector, inflation-adjusted

What's happening?

- Business output has grown at a 3.3% average annual rate since mid-2009.
- Government's contribution to the economy has declined, largely due to state and local budget cuts.
Overall business investment is growing...
Gross private domestic business investment, inflation-adjusted, 2009 Q1 = 100

...as are investments in equipment & software.
Private investment in equipment and software, inflation-adjusted, 2009 Q1 = 100

Corporate profits are up.
Corporate profits after tax, inflation-adjusted, 2009 Q1 = 100

Exports have been a source of strength.
Gross exports, inflation-adjusted, 2009 Q1 = 100

4 Challenges Remain, More Work Ahead

Unemployment has fallen but remains high.
Total unemployed and unemployed 27 weeks or longer, seasonally-adjusted

Projections of growth in advanced economies have declined.
IMF World Economic Outlook projections of real GDP growth for advanced economies

Median household income has declined over the past decade.
Median household income, inflation-adjusted, 1967 to 2010

Housing has not yet recovered.
S&P/Case-Shiller U.S. national home price index, 2000 Q1 = 100

Source: Bureau of Labor Statistics, Census Bureau, International Monetary Fund, Standard & Poor’s.
Private sector job losses
Change in monthly private non-farm payrolls
Seasonally-adjusted

Economic growth
Annualized change in quarterly real GDP

Projections of inherited deficits
Projected 2001 deficit in January 2001 and 2009 deficit in February 2009

Jan '09
-839k

Q1 2008  Q2 2008  Q3 2008  Q4 2008
-1.8%  +1.3%  -3.7%  -8.9%

2001
2.7% of GDP surplus
($281 billion)

2009
9.2% of GDP deficit
($1.3 trillion)

Average annual household benefit from the Recovery Act
Inflation-adjusted 2011 dollars

Recovery Act assistance to state and local governments
Billions of nominal dollars

Effect of the Recovery Act on employment
Estimates, 2009Q1 to 2011Q2

Source: Treasury calculations based on Bureau of Economic Analysis and Council of Economic Advisers data.
TARP’s bank programs have generated positive returns.

Funds disbursed and recovered under TARP bank programs, Through February 2012

$245b Disbursed
+$14b positive returns
$259b Recovered

The projected overall cost of TARP has fallen dramatically.

Estimated lifetime cost of TARP, by date of projection

<table>
<thead>
<tr>
<th>Date</th>
<th>President's Budget</th>
<th>FY2011 President's Budget</th>
<th>FY2012 President's Budget</th>
<th>FY2013 President's Budget</th>
<th>FY2010 Mid-session Review</th>
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<td>Feb '12</td>
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</tbody>
</table>

1 Unlike funds committed through TARP’s investment programs, TARP funds targeted to help responsible homeowners avoid foreclosure were not intended to be recovered.

Source: Treasury calculations.
Auto industry employment has grown since the rescue.

Total private payrolls in motor vehicles and parts (manufacturing and retail trade), seasonally-adjusted

Auto industry employment

+207,600

since June '09

Post-restructuring of GM & Chrysler after June 2009


U.S. DEPARTMENT OF THE TREASURY
Changes in deficit projections since January 2001
CBO’s projected cumulative surpluses and actual cumulative deficits, January 2001 to August 2011

In January 2001, CBO projected cumulative surpluses would total $5.9 trillion through 2011.

Instead, cumulative deficits have totaled $6 trillion.

Cost of Bush Admin. policies

Cost of Obama Admin. policies

1 CBO terms these factors “technical” and “economic”. They include all changes not due to the cost of new legislation, including updates to economic and demographic projections.
2 Only reflects effect of policies, including temporary policies, through 2011. Does not reflect deficit reduction proposed in the President’s FY2013 Budget going forward. Numbers may not sum due to rounding.

Source: Treasury calculations based on Congressional Budget Office data.
The President's Budget cuts the deficit and stabilizes the debt.

Federal budget deficits as a percent of GDP under the President's FY2013 Budget

1 The deficit that stabilizes publicly-held federal debt as a percent of GDP depends on several fiscal and economic assumptions, including economic growth and the interest rates on Treasury securities. The President’s FY2013 Budget calculates it as 2.8% of GDP in the medium term.

Source: Office of Management and Budget.
In 2010, total federal spending made up about the same share of the economy as during the last severe downturn in 1983. But in 2010:

- Health care made up a larger share of the budget.
- Revenues were significantly lower.
Discretionary spending is now on a path to its lowest level since the Eisenhower Administration.

Security and non-security discretionary outlays as a share of potential GDP, historical and under the President’s FY 2013 Budget

1 “Discretionary” spending is all federal spending subject to annual appropriations by Congress. It includes most governmental administrative costs as well as some assistance programs. By contrast, “mandatory” programs such as Medicare, Medicaid, and Social Security have permanent authorization and so are not subject to annual Congressional appropriations.

2 Definitions of security and non-security based on the President’s FY2013 Budget.

Source: Treasury analysis of Congressional Budget Office and Office of Management and budget data.
Over the long term, demands on federal resources for medical care will increase.
Projected non-interest spending by category, percent of GDP

The Affordable Care Act has helped curb costs...
Projected Medicare spending as a percent of GDP

...although challenges remain.
Sources of projected federal spending on major mandatory health care programs and Social Security, 2011 to 2035.

1 President’s FY2013 long-term projections, base case.
2 CBO defines “excess health care cost growth” as growth in health care costs that exceeds the growth rate of GDP per capita.

Source: Office of Management and Budget, Congressional Budget Office, Medicare trustees.