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**STATEMENT BY ROBERT GREENSTEIN
REGARDING CBO'S PRELIMINARY ANALYSIS OF THE
PRESIDENT'S 2008 BUDGET REQUEST**

The new CBO analysis confirms that the President's budget is fiscally irresponsible. It finds that deficits over the next ten years will be \$1.4 trillion larger under the President's budget than if no changes in policies are made — essentially because of the President's tax-cut proposals, which CBO finds will reduce revenues by \$1.4 trillion over this period. Moreover, this \$1.4 trillion figure is relative to a baseline assumption that the \$70 billion Iraq supplemental enacted for 2007 will be automatically repeated every year for the next ten years. Once the automatic repetition of these funds is removed from the baseline, the President's proposals are seen to enlarge deficits by more than \$1.9 trillion over the next ten years.

CBO finds that under the President's policies, the budget would come close to balance in 2012, with a \$9 billion deficit. But CBO points out that this figure is reached only by following the Administration's budget in assuming that *no* funding will be needed for Iraq or Afghanistan after 2009 and in proposing *no* changes to the Alternative Minimum Tax to prevent it from hitting tens of millions of taxpayers after 2007. As many budget observers have noted, neither of these Administration assumptions is realistic.

In addition, CBO's figures include a Joint Tax Committee estimate that the Administration's proposal to change the tax treatment of health insurance will produce a tax increase of more than \$500 billion over the coming decade, something the Administration says it does not intend.

Once these factors are taken into account, the Administration's budget no longer come close to balance in 2012, and the degree to which it worsens the budget outlook is even greater.

The CBO analysis provides new evidence that the nation needs to stop digging the deficit hole deeper and to follow a very different budget course.