

HOUSE AND SENATE BUDGET PLANS WOULD ADD TRILLIONS IN DEBT

A new analysis from the Center on Budget and Policy Priorities, *The Extent to Which the House and Senate Budget Plans Would Increase Deficits and Debt*, compares the budget plan passed by the House on March 21 with the plans of the Senate Budget Committee and the President. It finds that:

The full report can be viewed at
<http://www.cbpp.org/3-17-03bud.htm>

- **Each plan would produce \$2 trillion to \$3 trillion in deficits.** Under current law, the budget will run a net surplus of \$0.6 trillion during the 2003-2013 period, according to Congressional Budget Office projections. The House plan would add \$1.9 trillion in deficits over this time, according to CBO, turning the projected surplus to \$1.3 trillion in deficits. The Senate Budget Committee plan would add \$2.3 trillion in deficits, turning the projected surplus to \$1.6 trillion in deficits. The President's plan would add \$2.7 trillion in deficits, turning the projected surplus to \$2.0 trillion in deficits.

Moreover, all three plans omit about \$1 trillion in likely or inevitable costs, including the cost of war with Iraq and its aftermath and the cost of extending Alternative Minimum Tax relief beyond 2005 so that the number of filers subject to the AMT does not soar from 2 million today to more than 40 million by 2013. As a result, the budget likely will run deficits under these three plans totaling \$2 trillion to \$3 trillion through 2013.

Budgetary Effects 2003-2013 (dollars in trillions; deficits and costs shown with a minus sign)			
	President (CBO estimate)	Senate Budget Committee	House-passed Plan
Projected net surpluses (+) under current law	+0.6	+0.6	+0.6
Proposed policy changes	<u>-2.7</u>	<u>-2.3</u>	<u>-1.9</u>
Resulting stated surpluses (+) or deficits (-)	-2.0	-1.6	-1.3
Omitted costs (Iraq, AMT, etc.)	<u>-1.0</u>	<u>-1.1</u>	<u>-1.1</u>
Resulting approximate deficits (-)	-3.0	-2.7	-2.3

Columns may not add due to rounding.

- **All plans contain massive tax cuts.** In the case of the President's plan and the Senate Budget Committee plan, three-quarters of the several trillion dollars in added deficits through 2013 would result from the proposed tax cuts. Under the House plan, 90 percent of the increase in deficits is due to the tax cuts.
- **The House plan includes significant spending cuts.** The House plan costs less than the other two primarily because it includes more than \$400 billion in cuts in non-defense spending, which would affect entitlement programs like Medicaid as well as discretionary programs. These cuts would reduce many benefits and services upon which middle-class families rely and weaken virtually every safety net program for the poor. (A Center press release outlining the cuts can be found at <http://www.cbpp.org/3-12-03bud2-pr.htm>.)