



CENTER ON BUDGET AND POLICY PRIORITIES

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ADMINISTRATION REMOVES FUNDING FROM BUDGET FOR MUST-PASS TAX ITEM IT SAYS IT STILL SUPPORTS

Omission Needed to Avoid Showing Budget Dipping into Social Security Trust Fund in 2002

by Robert Greenstein

The budget figures in the Administration's mid-session review provide a rosy and unrealistic picture of the budget — and of projected budget surpluses — over the next ten years, primarily because the Administration has omitted an array of virtually inevitable costs. These holes in the budget are discussed in a separate Center analysis. But one omission stands out — the removal of the funds included in the Bush budget presented to Congress earlier this year to extend an array of the tax credits scheduled to expire at the end of 2001.

It is a foregone conclusion that these tax credits will be extended. The credits enjoy strong bipartisan support, are always extended for a few years at a time and always are renewed when their current term expires.

The original Bush budget included funds to extend these credits for one year. The treatment of these tax credits in the original Bush budget was problematic itself. The budget pretended these credits will be extended for only one year, in order to avoid showing the cost of extending them throughout the decade. But the mid-session review goes one step farther. *It omits even the cost of extending for one year the credits that will expire this year.*

The omission does not mean that these credits will not be extended — they surely will be — or that the Administration does not support their expansion. The mid-session review states: “The Administration supports the extension of these provisions in a fiscally responsible manner and looks forward to working with Congress to achieve that goal.”

The reason for their omission from the mid-session budget numbers seems clear. As the Administration's original budget shows, extension of these provisions would cost \$1.4 billion in fiscal year 2002. The mid-session review shows a surplus of only \$1 billion in 2002 outside the Social Security trust fund. Inclusion of this cost would cross the line and require use of a small amount of Social Security trust fund revenue.