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CBO Projects \$8.5 Trillion in Borrowing Over Next Decade Under Bush Policies

The Congressional Budget Office issued new budget figures today that project *\$8.5 trillion* in federal borrowing over the fiscal 2006–2016 period if President Bush’s tax and spending policies are maintained.

These starting deficit figures differ markedly from the often-cited, but unrealistic “baseline” projections that CBO is legally required to produce—but which, as CBO points out, “are not intended to be predictions of future budgetary outcomes.” CBO outlines (and quantifies) several plausible adjustments:

- Assume that spending on the war in Iraq will gradually wind down over the next several years (reducing the 2006–16 “baseline” deficit projections by \$0.4 trillion).
- Expect that other appropriations will keep up with the growth in the economy (adding \$1.4 trillion to the deficit projections).
- Measure the effects of extending expiring tax cuts, most notably the President’s tax reductions that are currently scheduled to expire after 2010 (adding \$2.9 trillion to the deficit projections).

The resulting \$8.5 trillion in projected borrowing reflects deficits in the regular federal budget, including an expected \$2.8 trillion to be borrowed from Social Security over the upcoming decade under the President’s policies.

CBO Adjusted Projections of Federal Budget Deficits, Fiscal 2006 to 2016

\$-billions	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2006–16
Unrealistic “baseline” figures	\$ -337	\$ -270	\$ -259	\$ -241	\$ -222	\$ -114	\$ +38	\$ +40	\$ +57	\$ +73	\$ +67	\$ -1,169
Count amounts borrowed from the Social Security trust fund	-181	-196	-217	-233	-250	-266	-276	-283	-288	-291	-293	-2,773
“Baseline” “on-budget” deficits	-518	-466	-476	-474	-473	-380	-238	-243	-230	-218	-226	-3,942
Further adjustments												
Maintain, but wind down Iraq war	-20	-23	+4	+27	+49	+58	+61	+64	+65	+66	+69	+420
Keep other appropriations up with the economy	—	-15	-38	-64	-92	-121	-149	-178	-207	-238	-271	-1,372
Extend expiring tax cuts	-13	-64	-79	-107	-123	-274	-390	-418	-446	-471	-502	-2,890
Increased interest payments from above adjustments	—	-4	-10	-15	-24	-37	-58	-85	-113	-147	-184	-678
Total adjustments	-33	-106	-123	-159	-190	-374	-536	-617	-701	-790	-888	-4,520
Adjusted “on-budget” deficits	\$ -550	\$ -573	\$ -599	\$ -633	\$ -661	\$ -754	\$ -775	\$ -860	\$ -931	\$ -1,007	\$ -1,114	\$ -8,461

Note: Deficits are shown as negative numbers. Other negative figures reflect adjustments that increase projected deficits. Positive figures reflect adjustments that reduce projected deficits.

Sources: All figures are from the Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2007 to 2016* (Jan. 26, 2006). CBO’s figures were added up by Citizens for Tax Justice (Jan. 26, 2006).