CBO's Projections Show Need for Smart, "Go Big" Approach: Comparing Major Debt Reduction Plans
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Today, CBO released its latest budget projections for the next ten years, again showing the appearance of a declining debt trajectory. These projections based on current law, however, do not incorporate the costs of current policies that lawmakers have extended many times in the past and are likely to do so again, such as the annual "patch" of the Alternative Minimum Tax.

Current law would put the debt on a downward path through automatic changes, including the $1.2 trillion sequester and the expiration of the 2001/2003/2010 tax cuts. These blunt and abrupt policies are not the optimal way to generate the needed savings. However, the worst scenario would be for lawmakers to waive the sequester or extend the expiring tax provisions without making up the savings elsewhere—a dangerous scenario that would dramatically increase the debt.

It would be far preferable to gradually phase in well thought-out spending cuts and revenue increases to give individuals and the economy time to adjust. CBO's latest projections show the opportunity in front of lawmakers to "Go Big" by enacting a comprehensive and multi-year debt reduction plan that makes calculated decisions on where to spend less and where and how to raise additional revenues.

A number of lawmakers and experts have put forward plans to achieve $3 - $4 trillion in additional savings – the minimum amount needed to start to return the debt to a sustainable path. Other proposals would make progress on controlling rising debt compared to realistic current policy projections, but are better described as Going Medium than Going Big, and would be unlikely to stabilize the debt.

Below, CRFB presents a comparison table of some of the major fiscal plans some lawmakers and experts have put forward. All plans are compared on an apples-to-apples basis over the 2012-2021 timeframe, using a current policy baseline to calculate savings.

For more details on these on other debt reduction plans, see CRFB's interactive Comparison Tool at http://crfb.org/compare.

Summary Table: Major Fiscal Plans (Billions of Dollars, 2012-2021)

Budget Category	Bowles-Simpson	Paul Ryan's FY 2012 House Budget	Obama-Boehner	President's FY 2013 Budget*
Jobs Bill	$0	$0	Discussed	-$350
Discretionary Spending	$400	$800	**	-$125
Health Care	$475[#]	$1,400[@]	$400	$300
Other Mandatory	$200	$1,000	$200	$50
Chained CPI[~]	$200	$0	$100 - $200	$0
Tax Reform	$1,950	$0	$800 - $1,200	$1,475
Social Security	S.S. Reform ($150)	S.S. Reform Process	$0	$0
Interest	$550	$550	$250 - $350	$175
Sub-Total, New Savings	**$3,925**	**$3,750**	**$1,750 - $2,350**	**$1,525**
Budget Control Act and CR Savings	*$1,300*	*$1,300*	*$1,300*	*$1,300*
Total Savings	**$5,225**	**$5,050**	**$3,050 - $3,650**	**$2,825**

Note: Numbers may not add due to significant rounding. Estimates calculated off of a current policy baseline. Plans arranged in chronological order.

**Assumed to be roughly equal to the discretionary caps put in place in the Budget Control Act.

~Savings come from across the federal budget, including about $40 billion from revenues, $90 billion from Social Security, and $70 billion from other mandatory programs.

#Excludes $87 billion from CLASS Act repeal.

@Includes revenue and outlay effects of repealing tax and coverage provisions of health care reform.

*Figures based on OMB estimates.