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COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

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CBO REPORT HIGHLIGHTS
DIRE FISCAL SITUATION

Yet Candidates Continue to Propose New Spending and Tax Cuts

WASHINGTON—The Congressional Budget Office (CBO) today released its annual summer update to The Budget and Economic Outlook, projecting larger budget deficits than previously thought. With the U.S. financial situation reaching crisis levels for both current and future generations of Americans, the Committee for a Responsible Federal Budget (CRFB) is urging the candidates to take action and prioritize deficit and debt reduction.

“Both Sen. McCain and Sen. Obama are promising hundreds of billions more in spending and tax cuts than they are paying for,” stated CRFB President Maya MacGuineas. “With growing short-term deficits and unsustainable entitlement growth over the long-run, our economy can’t afford even more borrowing.”

Significantly, today’s CBO report provided a new baseline that captures the full budgetary impact of the wars in Iraq and Afghanistan, along with revised economic and budgetary projections. Therefore, CBO now projects deficits lasting indefinitely into the future; its previous baseline had projected surpluses beginning in 2012.

In total, the new CBO baseline projects more than \$2.3 trillion in deficits over the next 10 years – even when assuming President Bush’s tax cuts are all allowed to expire and the alternative minimum tax (AMT) is not patched. With both candidates supporting that the AMT be patched and most of the tax cuts are renewed, regardless of whom is elected in November, his campaign promises will put the country on downward financial spiral unless significant changes are made.

U.S. Budget Watch, a project of CRFB, recently released *Promises, Promises: A Fiscal Voter Guide to the 2008 Election*. The report analyzed the deficit impacts of the campaign promises of Sen. John McCain and Sen. Barack Obama. Based on the previous CBO baseline, the report found that both candidates’ policies would increase the deficit by well over \$300 billion in 2013 alone.

“It’s easy to make big promises, but promises come at a price,” Ms. MacGuineas continues. “Our next President will need to work with Congress to start making the hard choices before it is too late for our country to change course.”

CRFB urges Americans to strongly consider the impact of campaign promises on the federal budget and national deficit before voting at the polls in November.

CRFB and U.S. Budget Watch do not support any candidate for office, advocate for any single specific fiscal goal, or take a position on any proposed policy. The estimates provided in the *Fiscal Voter Guide* reveal the potential trade-offs involved with what is being proposed by the presidential candidates. Voters are provided with the information they need to make an informed decision in November.

To download the full *Promises, Promises: A Fiscal Voter Guide to the 2008 Election* and to learn more about U.S. Budget Watch, please visit www.USBudgetWatch.org.

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About U.S. Budget Watch

U.S. Budget Watch is a project designed to increase awareness of the important fiscal issues facing the country through and beyond the election. The project draws attention to the presidential candidates’ tax and spending policies to help voters become better informed about these issues and to track the new president’s fiscal policies after the election. U.S. Budget Watch is a project of the Committee

for a Responsible Federal Budget at the New America Foundation and is supported by the Pew Charitable Trusts. None of these organizations support or oppose any candidate for office. www.usbudgetwatch.org.

About The Committee for a Responsible Federal Budget

The Committee for a Responsible Federal Budget is a bipartisan, non-profit organization committed to educating the public about issues that have significant fiscal policy impact. The committee is made up of some of the most important budget experts in the country including many of the past chairmen of the House and Senate Budget Committees, directors of the Congressional Budget Office and the Office of Management and Budget, and members of the Federal Reserve Board. For more information about the Committee for a Responsible Federal Budget, visit www.crfb.org.