

NEWS RELEASE

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

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Contact: Diane Czastkiewicz 202.986.6599
CRFB@newamerica.net

IMPROVEMENTS IN ECONOMY NOT ENOUGH TO CURE BUDGET WOES

WASHINGTON, DC – Maya MacGuineas, Executive Director of the Committee for a Responsible Federal Budget, released the following statement today in response to the Office of Management and Budget’s Mid-Session Review, which is now estimating a deficit of \$445 billion for fiscal year 2004 and \$331 billion for fiscal year 2005.

“The good news is that the numbers moved in our favor. The bad news is that we still face a tremendously challenging situation. And the problems only get worse beyond the five-year window,” said Maya MacGuineas. “We cannot continue to allow this burden to multiply for our children and our children’s children. Hope as we might, we will not be able to grow our way out of the nation’s fiscal problems.

“While improvements in the economy are always welcome, the higher receipts should not be viewed as license to spend more, but rather as an opportunity to take steps toward eliminating the deficit,” said MacGuineas.

Ranking the Deficit 1950-2004		
	% GDP	\$ Billions
Highest.....	6.0% (1983)	\$445 (2004 est)
2nd.....	5.1% (1985)	\$375 (2003)
3rd.....	5.0% (1986)	\$290 (1992)
2004 OMB est.....	3.8% (11th)	\$445 (1st)

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Deficit Projections												
	2003 A	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
\$ Billions												
OMB Mid-Session Estimates.....	-375	-445	-331	-261	-233	-228	-229	--	--	--	--	--
OMB February Estimates.....	-375	-521	-364	-268	-241	-239	-237	--	--	--	--	--
CBO Estimates*.....	-375	-477	-363	-273	-274	-286	-281	-272	-176	-38	-34	-15
% GDP												
OMB Mid-Session Estimates.....	-3.5%	-3.8%	-2.7%	-2.0%	-1.7%	-1.6%	-1.5%	--	--	--	--	--
OMB February Estimates.....	-3.5%	-4.5%	-3.0%	-2.1%	-1.8%	-1.7%	-1.6%	--	--	--	--	--
CBO Estimates*.....	-3.5%	-4.2%	-3.0%	-2.1%	-2.1%	-2.1%	-1.9%	-1.8%	-1.1%	-0.2%	-0.2%	-0.1%

* CBO has announced it believes the 2004 \$477 billion estimate is too high, but will not release new numbers until September.

Changes Since February 2004						
	2004	2005	2006	2007	2008	2009
February estimates.....	-521	-364	-268	-241	-239	-237
Receipts	76	55	34	40	49	49
Spending	0.3	23	27	31	38	41
Total Change	76	32	7	8	11	8
July Estimates.....	-445	-331	-261	-233	-228	-229
February GDP annual change estimates*.....	4.4%	3.6%	3.4%	3.3%	3.2%	3.1%
July GDP annual change estimates*.....	4.7%	3.7%	3.4%	3.3%	3.2%	3.1%

* Calendar years

The Committee for a Responsible Federal Budget is a bipartisan organization committed to educating the public about the budget process and issues that have significant fiscal policy impact. The Co-Chairs of the Committee are Bill Frenzel and Leon Panetta. For more information, go to www.CRFB.org.