

CONGRESSIONAL BUDGET OFFICE REPORT:
PRESIDENT'S BUDGET WILL NOT REACH BALANCE BY 2012,
DESPITE BILLIONS IN NEW TAXES ON AMERICA'S MIDDLE CLASS



“I submitted a budget yesterday that says we can balance the budget by 2012 without raising your taxes.”

– President Bush, February 6, 2007

“What we need is a realistic, fiscally responsible budget that reflects the priorities of the American people. According to the CBO, what we have received from the President is a budget that deepens our debt, maintains deficit spending and raises billions of dollars in taxes on the middle class.”

– House Majority Leader Steny Hoyer, March 6, 2007

On Friday, the Congressional Budget Office released its preliminary analysis of the President's FY2008 budget request and found that the Administration will fall short of its claim of balancing the federal budget by 2012 without raising taxes.

CBO: NO BALANCE IN 2012

- In 2012, the President's target date for balance, the President's budget will still be running a \$9 billion deficit, according to the CBO.
- When the Bush Administration's unrealistic assumptions about the future (including large unspecified savings in non-security appropriations and no supplemental spending on the wars in Iraq and Afghanistan past FY08) are taken into account, the CBO has estimated the deficit in 2012 to be \$262 billion.
- The President's budget would increase deficit spending by \$1.415 trillion over the next ten years, as compared to current law.
- Spending for interest on the debt will increase to \$256 billion in 2008, consuming more than 20% of all individual income taxes collected.

CBO: TAX/FEE INCREASES

- The President's budget includes only a one-year fix for the Alternative Minimum Tax – this choice represents a \$247 billion tax increase on middle class families over the next five years.
- The President's health care tax proposal would result in a tax increase of \$500 billion over ten years by increasing taxes on middle class families with employer-provided health insurance.
- The President's budget imposes new enrollment fees and increases in co-payments for veterans' health care. These fee collections will cost veterans \$2.1 billion from 2008 to 2012.
- The President's plan will result in a growing number of seniors paying higher Medicare premiums every year. These proposals will increase premiums paid by seniors by \$5.5 billion over five years.