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**CBO Analysis Shows President's Budget
Reduces Deficits and on Path to Balance**

WASHINGTON – Today, the Congressional Budget Office (CBO) released its estimate of the President's FY2008 Budget based on CBO's own economic assumptions and other analysis. OMB Director Rob Portman welcomed the analysis with the following statement:

“In February, the President presented a realistic proposal to balance the budget within five years. The President's budget helps keep the economy strong by making the tax cuts permanent and get spending under control while advancing key priorities like education, health care, energy and national security. We balance the budget using realistic assumptions about the economy and revenue growth.

“OMB and CBO have produced estimates of the President's Budget that are very close. The two estimates on the spending side of the ledger are relatively close. The differences between us primarily results from our different economic assumptions. Even so, CBO shows that, under the President's budget proposal, deficits will decline substantially over the next five years and approaches virtual balance in 2012.

“CBO uses its own economic assumptions. OMB's economic projections, though, align more closely with private sector forecasters. Our average revenue growth projections of 5.4 percent for the five-year window measure up as reasonable – even cautious – against a series of metrics. In fact, our projections are lower than the 40-year historical average of 7.6 percent and the 20-year historical average of 6 percent. And they are lower than the previous two years of dramatic revenue growth, 14.5 percent and 11.8 percent.

“There can be no doubt that tax relief has helped strengthen our economy, which in turn, has led to robust tax revenue growth. Even though we project that revenues will moderate to more sustainable levels, we are still positioned to put our fiscal house in order and balance the budget.”

Comparisons of Real Growth Forecasts

