

# **SENATE BUDGET COMMITTEE**

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# **KENT CONRAD, CHAIRMAN**

FOR IMMEDIATE RELEASE  
August 22, 2002

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## **SENATE BUDGET COMMITTEE RELEASES NEW ESTIMATES SHOWING FEDERAL BUDGET DEFICITS WILL BE FAR WORSE THAN ‘ROSY’ PROJECTIONS OF BUSH ADMINISTRATION**

**Washington, DC** - The Senate Budget Committee today released new estimates showing that the level of federal budget deficits over the next ten years will be far worse than projected by the Bush administration last month. The Congressional Budget Office (CBO) is expected to release similar estimates confirming the worsening budget outlook on August 27.

The Budget Committee figures show that the \$5.6 trillion ten-year surplus projected in January 2001 has been entirely wiped out in the short time that the Bush administration has been in office. Instead of a surplus, if Bush administration policies are adopted, the nation will face a \$475 billion deficit over the ten years, 2002-2011. If Social Security funds are excluded, we can see that the nation will actually confront a nearly \$2.8 trillion deficit over that time period.

Unlike the Bush administration, which used optimistic assumptions and questionable accounting in its Mid-Session Review to claim that deficits will begin to shrink in 2003, the Budget Committee estimates show that deficits will continue to rise in 2003 – to \$190 billion. Further, in contrast to the administration’s claim that the budget will be in balance by 2005, the Budget Committee figures show that the budget will not reach balance until at least 2009 under the President’s plan.

“President Bush, in a desperate effort to look tough on spending and restore his image as a fiscal conservative, has chosen to pick fights with Congress over relatively small differences of spending priorities” Senate Budget Committee Chairman Conrad said. “But these spending fights serve only to distract attention from the real cause for the nation’s plunge back into red ink – the massive tax cut pushed through by the President last year.

“Despite the notable impact of the recession and war on terrorism, there is simply no escaping the fact that the largest single factor causing the drop in surplus over the ten years is the tax cut – accounting for nearly 40 percent of the loss, even according to the administration’s

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estimates. And there is simply no escaping the fact that the costly out-year provisions of the tax cut, which have not yet taken effect and which are designed primarily to benefit the wealthiest, will drive us deeper and deeper into deficit just as the baby boom generation begins to retire.

“In light of the growing costs for homeland security and the war on terrorism, the President’s call to make all of the provisions of his tax cuts permanent – including those benefitting the wealthiest that have not yet taken effect – could not be much more irresponsible and short-sighted.”

The Budget Committee figures released today were prepared by the Democratic staff of the Committee. They take into account recent economic data and lagging tax receipts, as well as the supplemental appropriation bill and other legislation enacted since CBO’s last budget outlook update in March.

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