

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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STATEMENT BY SENATE BUDGET COMMITTEE CHAIRMAN KENT CONRAD (D-ND) ON CBO REPORT ON LONG-TERM BUDGET OUTLOOK

“CBO’s report reinforces the importance of the work being done right now by the President’s fiscal commission. It is vital to the nation’s economic future that we come to agreement on a credible bipartisan plan to put the budget back on a sound long-term fiscal course. We simply cannot allow the federal debt to explode as envisioned under CBO’s projections. The economic security of the country and the quality of life for our children and grandchildren are at stake.

“One of the challenges we face is that we must be careful not to disrupt the nation’s economic recovery as we pivot to deficit reduction. The federal response to the economic crisis of 2008 and 2009 has succeeded in pulling us back from the brink. But the economy still faces strong headwinds. We need to avoid the mistake of the 1930’s, when recovery measures were pulled back too quickly and the Great Depression was prolonged. What we can and must do is put in place policies now that will only kick in after the economy has more fully recovered. This will give confidence to financial markets that the United States is addressing its long-term debt threat without undermining the recovery.

“It is clear from CBO’s report that the long-term budget imbalance is still being driven by the combination of rising health care costs, demographic changes from the retirement of the baby boom generation, and inadequate revenues from an out-of-date and inefficient tax system. The report confirms the importance of fully implementing the savings provisions included in this year’s health care reform law. The agency’s estimate that the legislation will save about \$1.3 trillion over the second decade has not changed. However, this new report warns us that if we fail to effectively implement the savings provisions, then much of the projected savings will not materialize over the long-term. We must work together to ensure these savings do materialize, as well as take further steps to bring down health care costs.

“As a member of the President’s fiscal commission, I have been encouraged by the quality of the work being done and the tone of our discussions. I am hopeful we will come together on a bipartisan plan in the months ahead.”

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