

Growing Economy And Fiscal Discipline Working To Reduce Budget Deficit

President's Goal To Balance The Budget By 2012 On Track

Today, The Office Of Management And Budget Reported The FY2007 Budget Deficit Is Forecast To Be Lower Than Last Year And The President's Goal To Balance The Budget Is On Track. The President's pro-growth policies have encouraged sustained economic growth and job creation, thereby strengthening revenues and reducing the deficit.

- **The New Report Estimates This Year's Deficit To Be \$205 Billion Or 1.5 Percent Of GDP, A \$43 Billion Decrease From Last Year.** The federal deficit is declining for the third year in a row and the President's goal to balance the budget by 2012 is achievable with a budget surplus in 2012 of \$33 billion under the President's policies.

A Growing Economy Delivered Higher Than Expected Tax Receipts

- **Sustained Economic Growth.** The economy has grown for 22 consecutive quarters with real GDP growth averaging 2.9 percent a year since the end of 2001. On an inflation-adjusted basis, the economy is now more than 16 percent larger than in 2001. Solid real GDP growth is expected to continue, averaging 3.0 percent a year from 2008 to 2012.
- **Job Creation And Low Unemployment.** Since the full implementation of the President's tax relief in 2003, the economy has created over 8.2 million jobs, generating more jobs than the European Union and Japan combined for the same time period. At 4.5 percent, the unemployment rate is lower than the averages for the 1960s, 1970s, 1980s, and the 1990s. The U.S. has had the longest period of uninterrupted job growth since June 1990.
- **Higher Tax Receipts.** In the last three years, tax receipts have increased more than 37 percent. Receipts are projected to continue to grow at 7 percent this year.
- **Millions Of Americans Are Keeping More Of Their Hard-Earned Money Because Of The President's Tax Relief.**
 - The average taxpayer will keep \$2,216 more this year;
 - Nearly five million low-income workers will pay no income taxes this year;
 - Seniors will keep an average of \$2,934 more this year;
 - Small businesses will keep an average of \$4,712 more this year; and
 - Families with children will keep an average of \$2,864 more this year.

Spending Restraint Is Essential In Balancing The Budget

- **Republicans Are Driving Spending Discipline.** In February, the President proposed to restrain spending by holding growth in non-security discretionary spending to a reasonable and responsible level for each year of the five-year budget horizon, while still addressing key national priorities, including education, healthcare, and energy.
- **Increasing Transparency; Reducing Wasteful Spending.** In January, President Bush called on Congress to cut the number and cost of earmarks by at least half. To establish a benchmark for accurately measuring this goal, OMB launched www.earmarks.omb.gov, which houses more information on earmarks in one place than has ever been publicly available through the Federal government. Also, the President's FY08 Budget proposed to reduce or eliminate 141 inefficient or duplicative programs, saving \$12 billion in 2008.
- **Securing Long-Term Fiscal Health.** The President's Budget includes sensible, needed changes to important entitlement programs like Medicare, Medicaid and Social Security to address our nation's biggest budgetary challenge.

Democrats' Tax And Spend Approach Jeopardizes A Balanced Budget

- **Tax Hikes And Overspending Will Not Reduce The Deficit Or Balance The Budget.** Just this year, Democrats proposed a massive tax increase and more than \$200 billion in additional spending over the next five years.
- **Democrats Have No Plan For Nation's Biggest Budget Challenge.** By 2040, spending for Medicare, Medicaid and Social Security will begin to crowd out the rest of the Federal budget if needed reforms are not made now. The President's sensible reforms would slow the growth of entitlement programs by \$92 billion over five years. Democratic leaders have chosen to ignore this critical issue in their budget resolution.
- **The Administration Will Hold The Line On Spending.** The President proposed a responsible level of discretionary spending in his budget, and he will veto annual spending bills that exceed this level.