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**CRFB Reacts to the CBO's Analysis of the
President's FY 2014 Budget
May 17, 2013**

Today, the Congressional Budget Office (CBO) released their analysis of President Obama's FY 2014 budget proposal. The analysis confirms that the President's proposal would put the debt on a very modest downward path this decade, with debt falling from a peak of 77 percent of GDP in 2014 to below 70 percent by 2023. These projections show lower debt levels than those original projected by OMB.

While the President included a separate deficit reduction offer within his proposal, CBO combines this package with the other policies put forward in the budget. Compared to current law projections, CBO estimates that the budget as a whole would reduce deficits by **\$1.1 trillion** over the next decade. Compared to the CRFB Realistic Baseline, we estimate total deficit reduction would be closer to **\$1.6 trillion**.

"It is encouraging to see that the President's proposals would indeed begin to reduce the debt – and to lower levels than originally thought," said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "However, the debt would just barely be falling, meaning that any small change in projections could bump it back up. Regardless, additional reforms will be needed over the long-term, especially to slow the growth of federal health care programs and shore-up Social Security."

"CBO's analysis serves as a fresh reminder of the work ahead, which will require a commitment from both sides to bridge their differences and come together on a debt reduction plan over the next few months," added MacGuineas. "Even though recent improvements in short-term deficit projections have been welcomed news, lawmakers must not let this overshadow the importance of addressing the long-term trajectory of the debt with a bipartisan budget plan. It's time for lawmakers to put their heads down, make the tough choices, and get the job done."



The President's budget would bring spending to 21.8 percent of GDP by 2023 and revenues to 19.7 percent of GDP. As a result, deficits would fall from 4.2 percent of GDP this year under the President's budget to 2.1 percent by the end of the ten-year window.

Fig. 1: Budget Projections (Percent of GDP)

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2023
REVENUE												
2014 Budget (CBO)	17.5%	18.4%	19.5%	19.6%	19.4%	19.3%	19.2%	19.2%	19.4%	19.6%	19.7%	19.4%
2014 Budget (OMB)	16.7%	17.8%	18.6%	18.8%	18.8%	18.9%	19.2%	19.4%	19.6%	19.8%	20.0%	19.1%
Current Law (CBO)	17.5%	18.3%	19.3%	19.2%	18.9%	18.8%	18.7%	18.7%	18.8%	19.0%	19.1%	18.9%
CRFB Realistic	17.5%	18.3%	19.3%	19.2%	18.9%	18.8%	18.7%	18.7%	18.8%	19.0%	19.1%	18.9%
OUTLAYS												
2014 Budget (CBO)	21.7%	22.5%	22.0%	21.8%	21.4%	21.3%	21.6%	21.8%	21.8%	22.0%	21.8%	21.8%
2014 Budget (OMB)	22.7%	22.2%	21.8%	21.6%	21.3%	21.2%	21.5%	21.6%	21.7%	21.9%	21.7%	21.6%
Current Law (CBO)	21.5%	21.6%	21.4%	21.5%	21.3%	21.4%	21.7%	21.9%	22.1%	22.6%	22.6%	21.9%
CRFB Realistic	21.5%	22.0%	21.8%	21.7%	21.5%	21.5%	21.9%	22.1%	22.3%	22.7%	22.7%	22.1%
DEFICITS												
2014 Budget (CBO)	4.2%	4.1%	2.5%	2.2%	2.0%	2.0%	2.4%	2.5%	2.4%	2.4%	2.1%	2.4%
2014 Budget (OMB)	6.0%	4.4%	3.2%	2.8%	2.4%	2.3%	2.3%	2.2%	2.1%	2.1%	1.7%	2.5%
Current Law (CBO)	4.0%	3.4%	2.1%	2.3%	2.4%	2.6%	3.0%	3.2%	3.3%	3.6%	3.5%	3.0%
CRFB Realistic	4.0%	3.7%	2.5%	2.5%	2.6%	2.7%	3.2%	3.4%	3.5%	3.7%	3.6%	3.2%

Debt under the President's budget would rise from over 75 percent of GDP in 2013 to a peak of 77 percent in 2014 before falling to below 70 percent by 2023.

Fig. 2: Public Debt under the President's Budget Proposal (Percent of GDP)

