

SENATE BUDGET COMMITTEE

KENT CONRAD, RANKING MEMBER

FOR IMMEDIATE RELEASE
August 15, 2005

Contact: Stu Nagurka (202) 224-7436
Steve Posner (202) 224-7925

STATEMENT BY SENATOR KENT CONRAD (D-ND) ON CBO AUGUST 2005 BUDGET UPDATE

CBO's report confirms that the overall deficit outlook has not changed significantly since March. While this year's deficit will be lower than last year's record shortfall, the improvement is likely to be short-lived. Declarations of victory over budget deficits only distract from the disturbing long-term budget outlook.

If the President's budget and realistic policy assumptions are used, the deficit picture remains deeply troubling. And these deficits and debt are coming at the worst possible time – on the brink of the retirement of the baby boom generation. Our nation still faces long-term budget shortfalls that, if left uncorrected, threaten our economic security.

Unlike the Bush administration, CBO agrees with most private-sector economists that revenues won't continue to surge as they did this year. CBO points out that temporary factors, such as the expiration of the business bonus depreciation tax cut and last year's stock market gains, largely explain the spike in revenues. It would be a mistake to rely on this revenue increase carrying forward.

Our nation needs a serious fiscal wake-up call. The federal government's finances are not in order. And focusing on a short-term improvement simply distracts from the more important bigger picture. Continuing to cut taxes and increase spending only accelerates our buildup of debt, resulting in us borrowing more and more from foreign countries.

We need to change fiscal course. And we need to level with the American people that our nation is living beyond its means – a situation that will get worse, not better, if we continue on our current course.

- END -