

The President's Final Budget

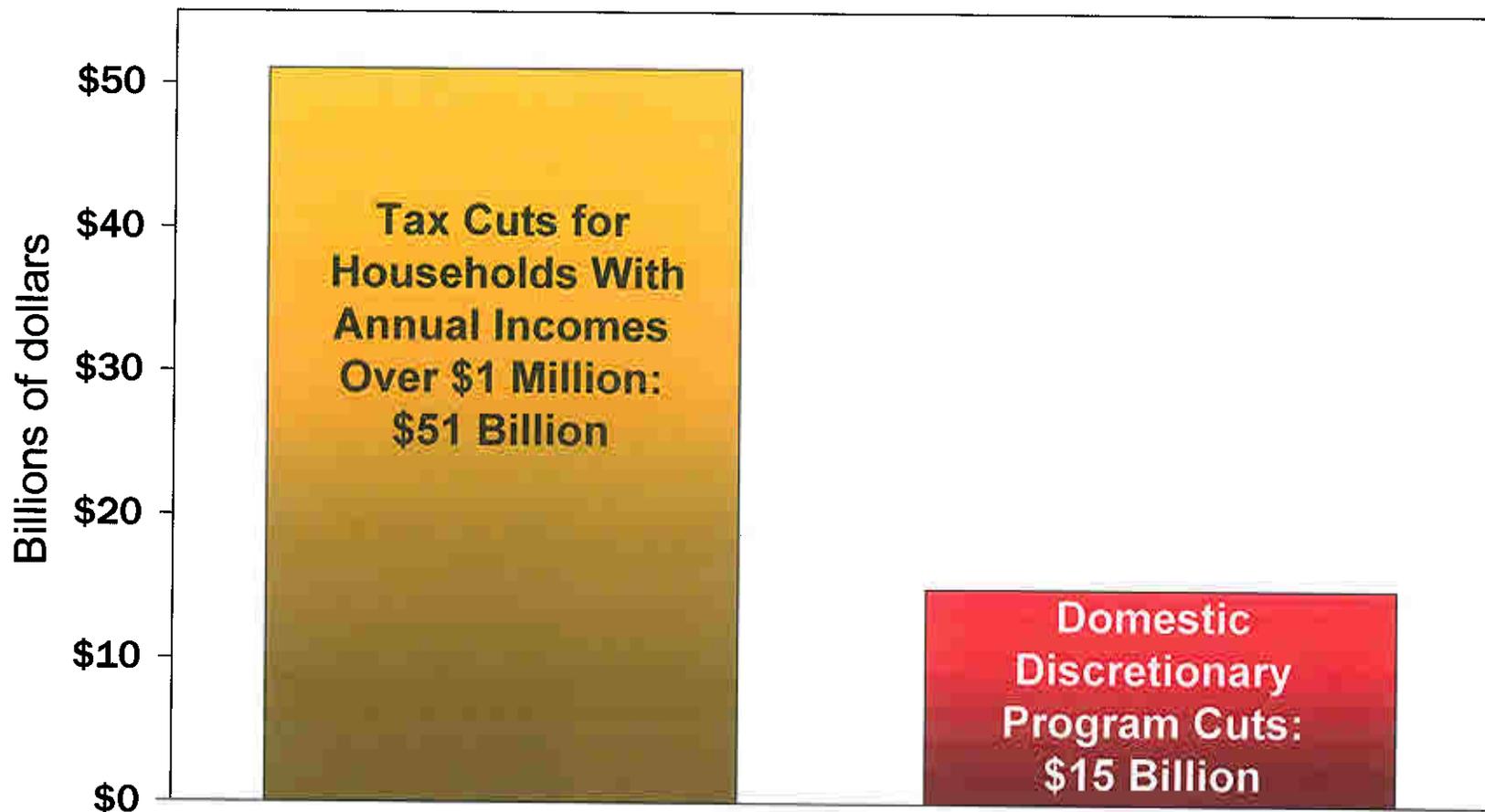
Bob Greenstein

Center on Budget and Policy Priorities

February 7, 2008

Bush Budget Proposes Large Cuts in Domestic Discretionary Programs, But Tax Cuts for Millionaires Are Larger

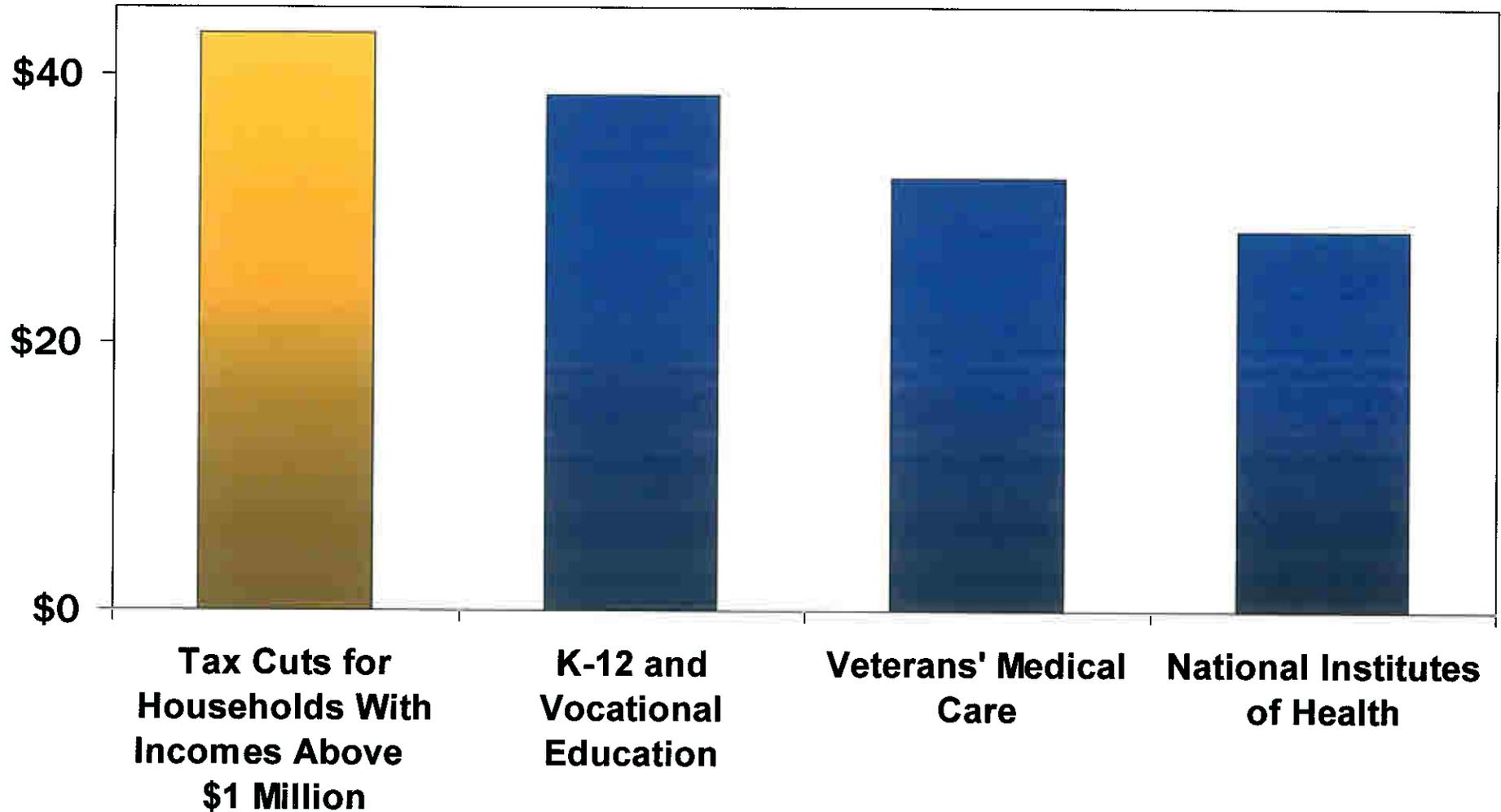
Tax Cuts and Spending Cuts in 2009



Source: CBPP calculations based on Office of Management and Budget, Joint Committee on Taxation, and Urban-Brookings Tax Policy Center data.

Cost of Tax Cuts for the Households with Incomes Over \$1 Million Exceeds Spending on High-Priority Programs

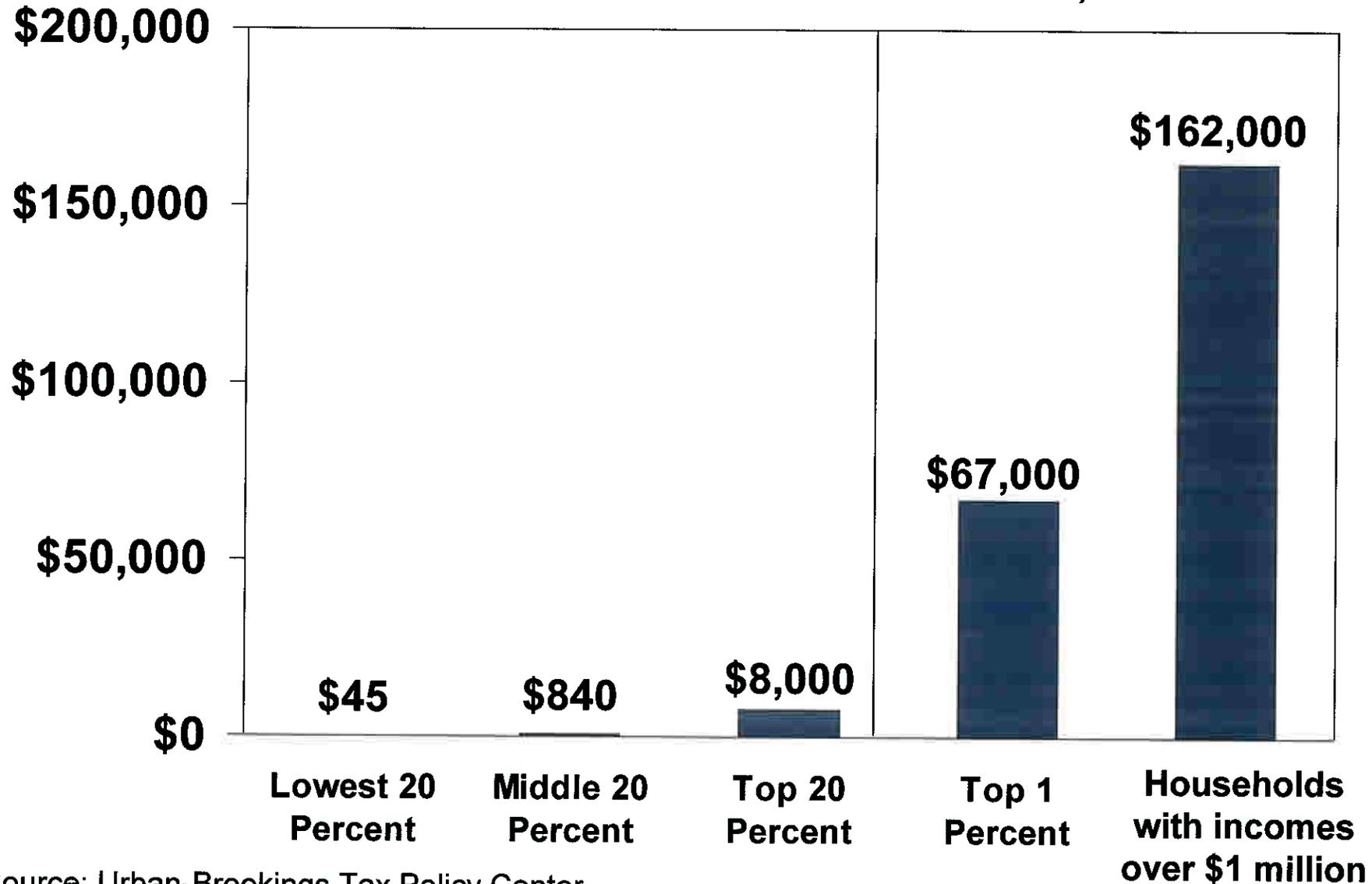
2007 Program Expenditures and Tax Cuts



Source: CBPP calculations based on Tax Policy Center, CBO, & Treasury Department data.

AVERAGE VALUE IN 2012 OF TAX CUTS ENACTED SINCE 2001

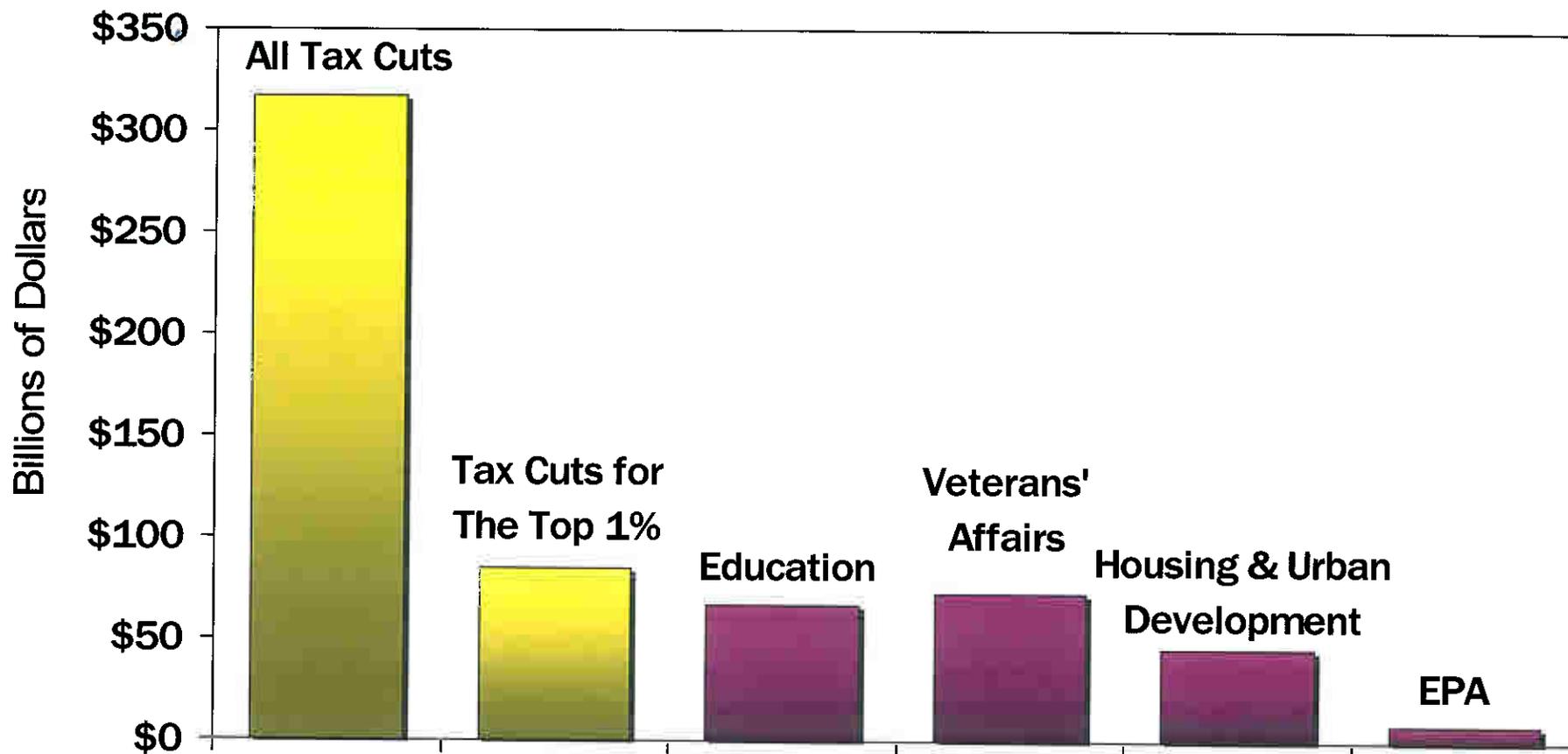
(for households at different income levels)



Source: Urban-Brookings Tax Policy Center

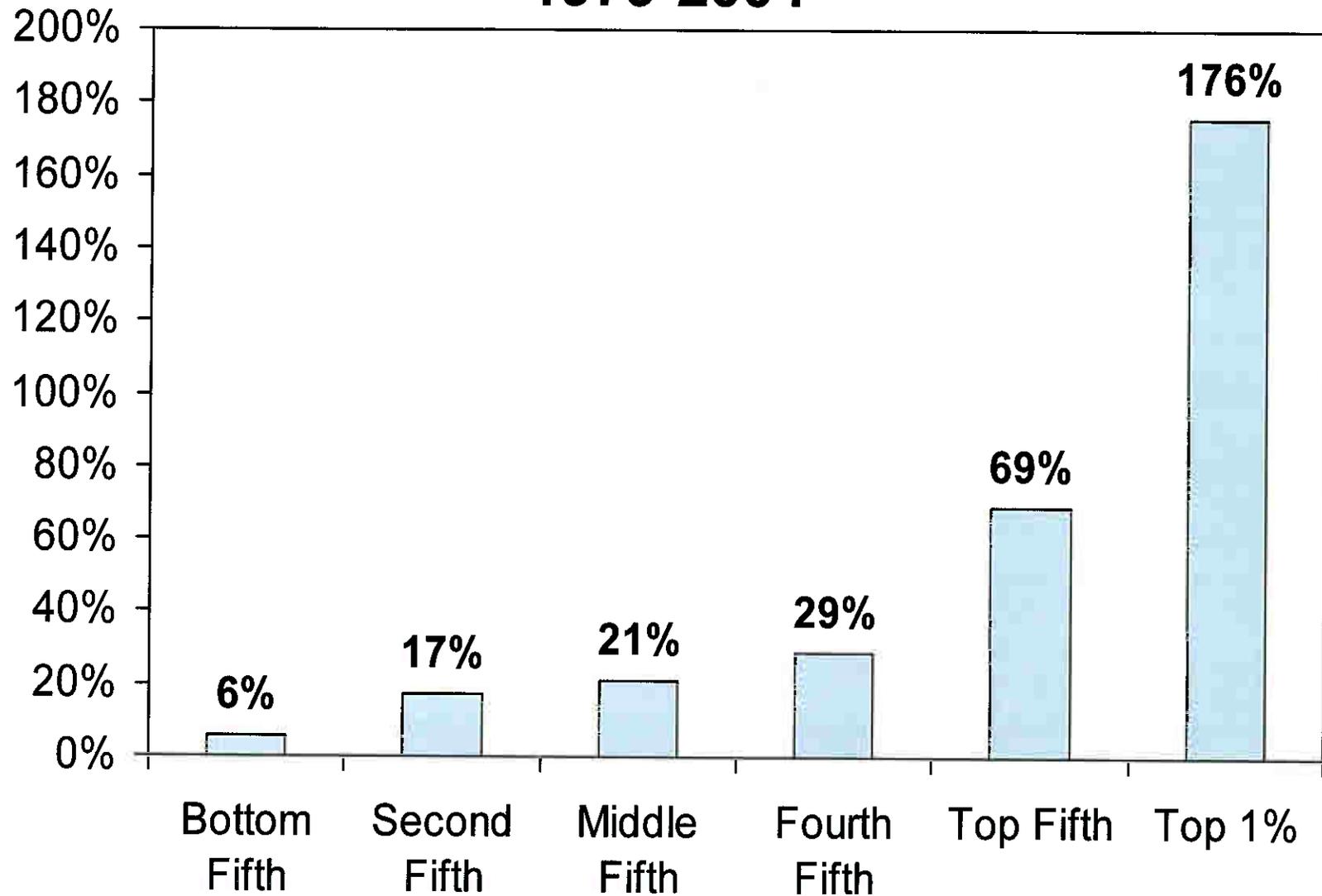
Tax Cuts Cost More Than Most Agency Budgets

2007 Agency Budgets, Tax Cuts if Fully in Effect in 2007



Source: CBPP calculations based on Treasury Department, Joint Committee on Taxation, and Urban-Brookings Tax Policy Center data.

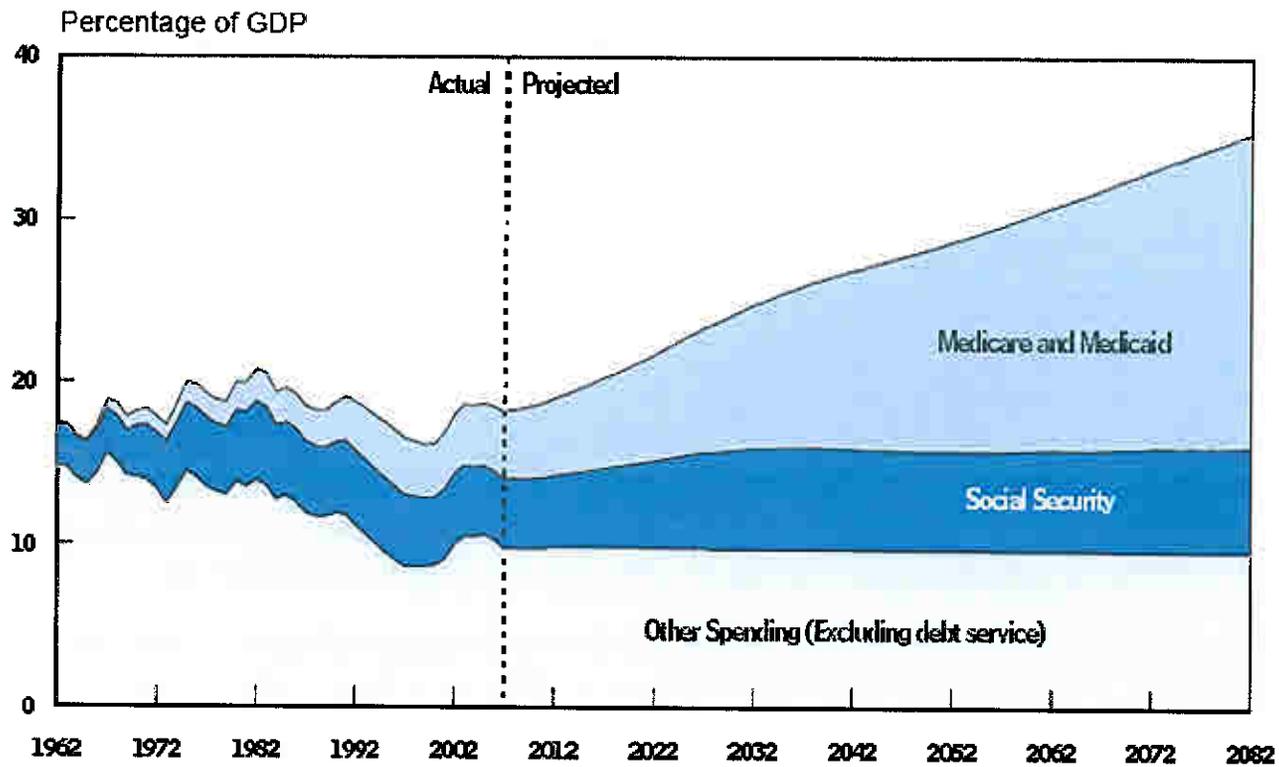
Change in Average Real After-Tax Income: 1979-2004



Source: Congressional Budget Office

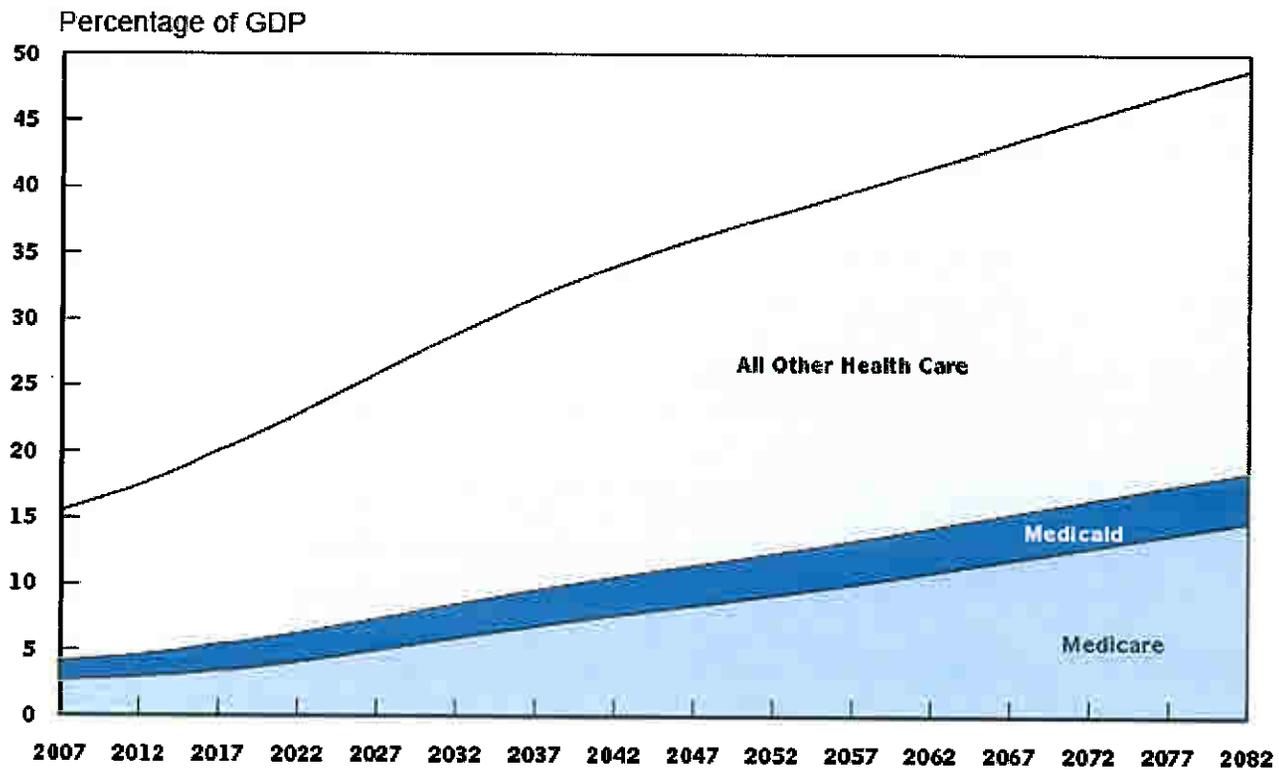


Federal Spending Under CBO's Alternative Fiscal Scenario





Projected Spending on Health Care



The Big Enchilada: The U.S. Health Care System

- The largest factor behind the grim budget forecast is the rising cost of Medicare and Medicaid.
- The rising costs of these programs essentially reflect the rapidly rising costs in the entire U.S. health care system.
- To cut future costs in Medicare and Medicaid sharply *without* restraining costs in the health care system as a whole would necessitate draconian cuts in these programs.
- Thus, the key to addressing the future implosion of the budget is to reform the U.S. health care system

Medicaid Costs Less Than Private Health Insurance

