

Budget Outlook

presented by
Robert Bixby, Executive Director

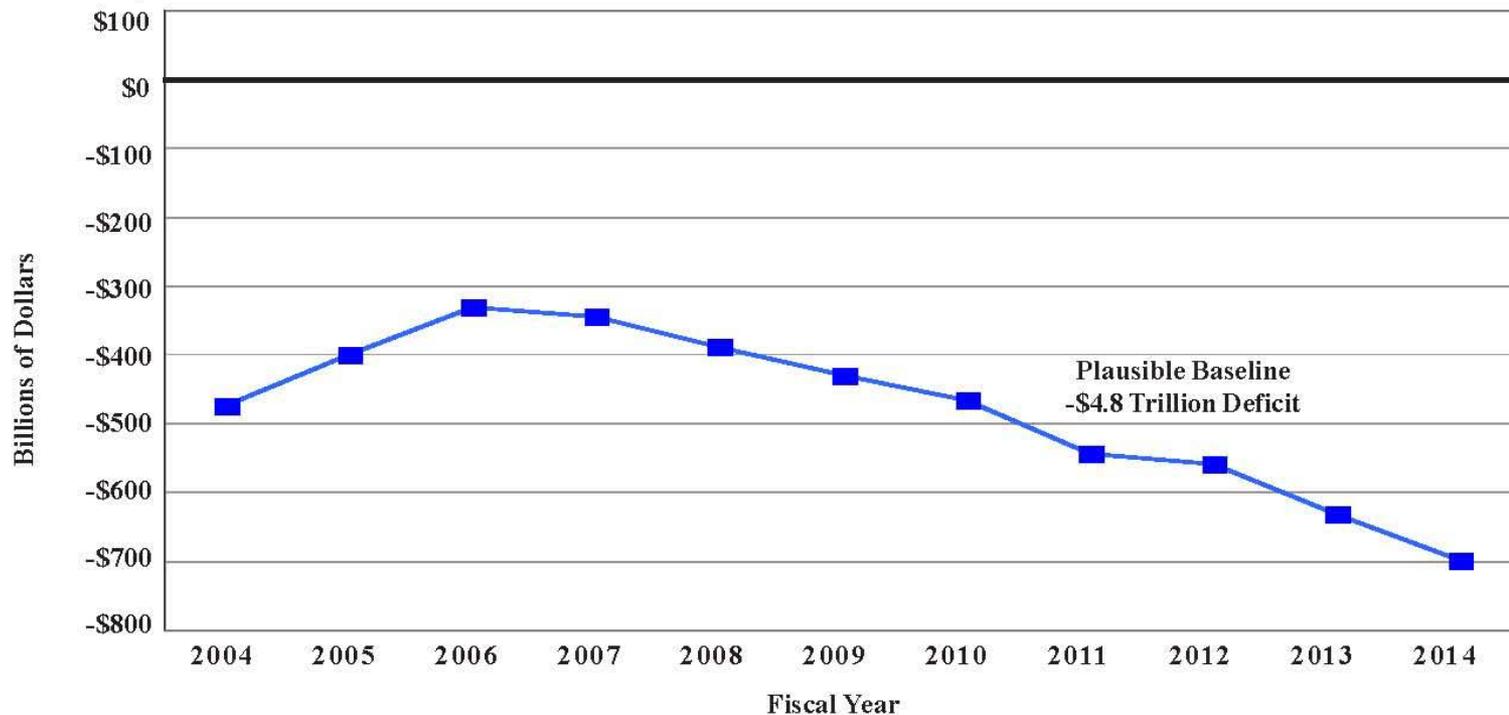


Concord Coalition
<http://www.concordcoalition.org>

June 14, 2004

Current Policy Trends Lead to Large Sustained Deficits

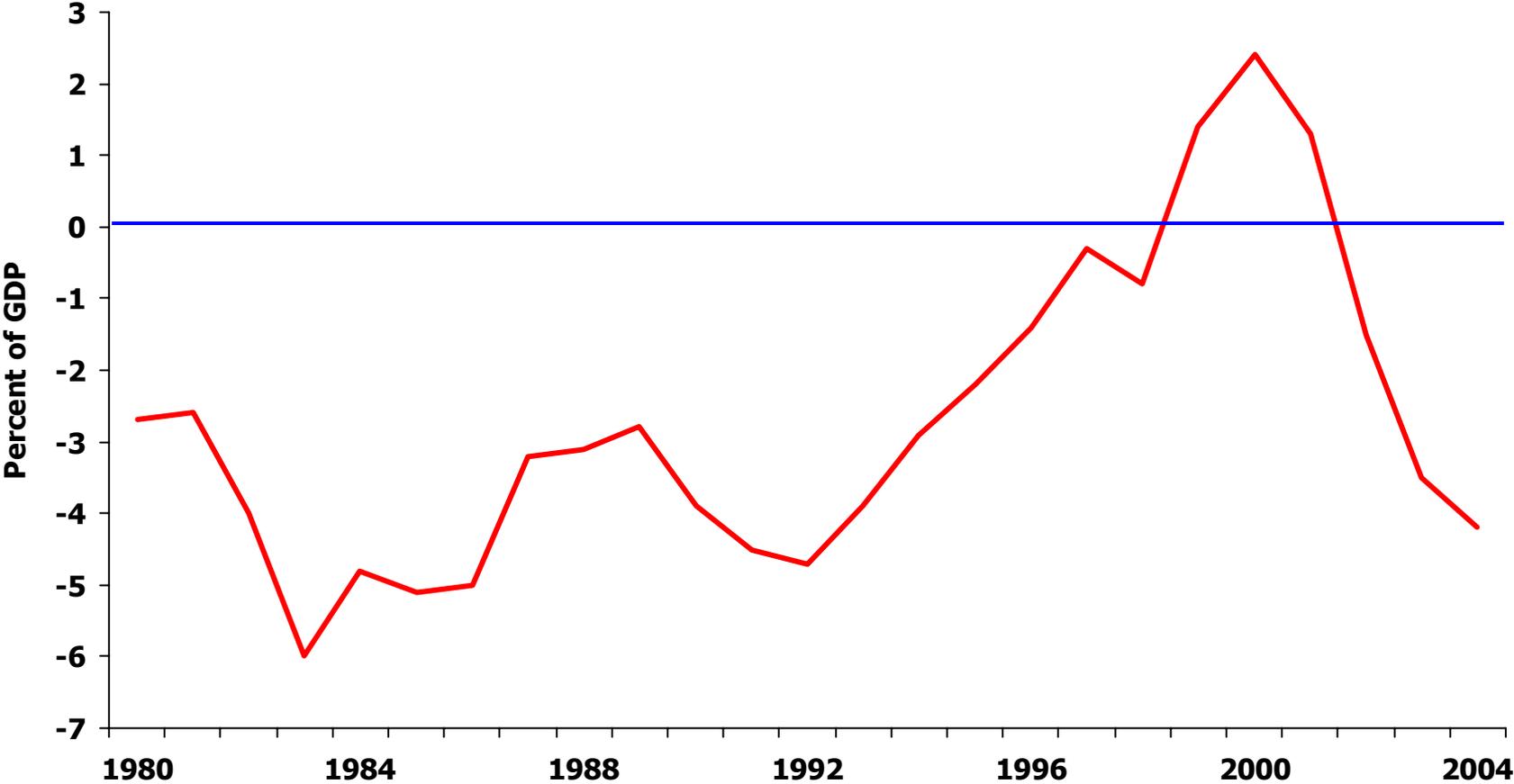
Fiscal Years 2004-2014



Concord Plausible Baseline assumes that discretionary spending grows at the rate of nominal GDP (4.6%), that operations in Iraq and Afghanistan are funded through 2006, and that all expiring tax provisions other than bonus depreciation are extended with AMT relief.

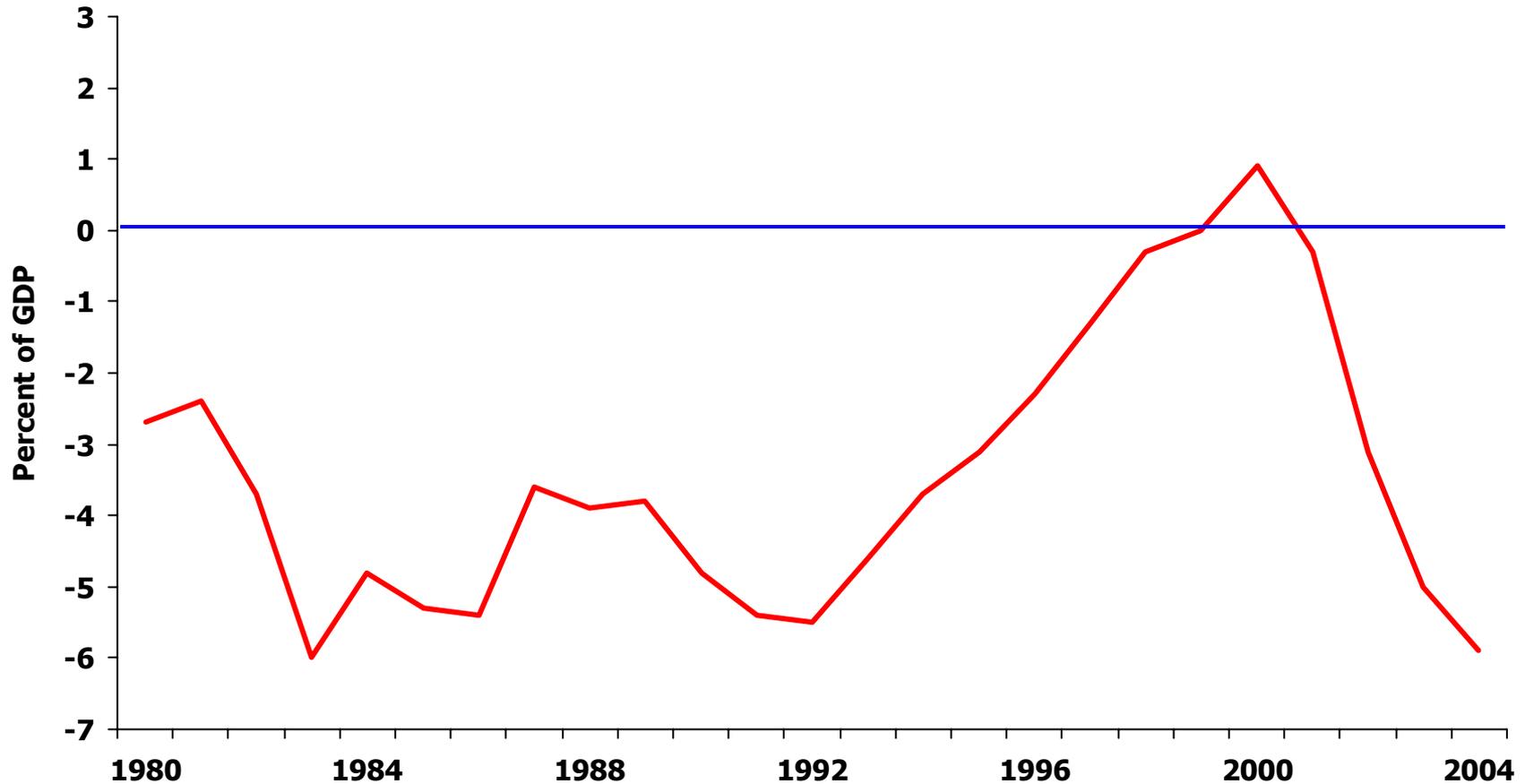


The Deficit is Spiraling Downward



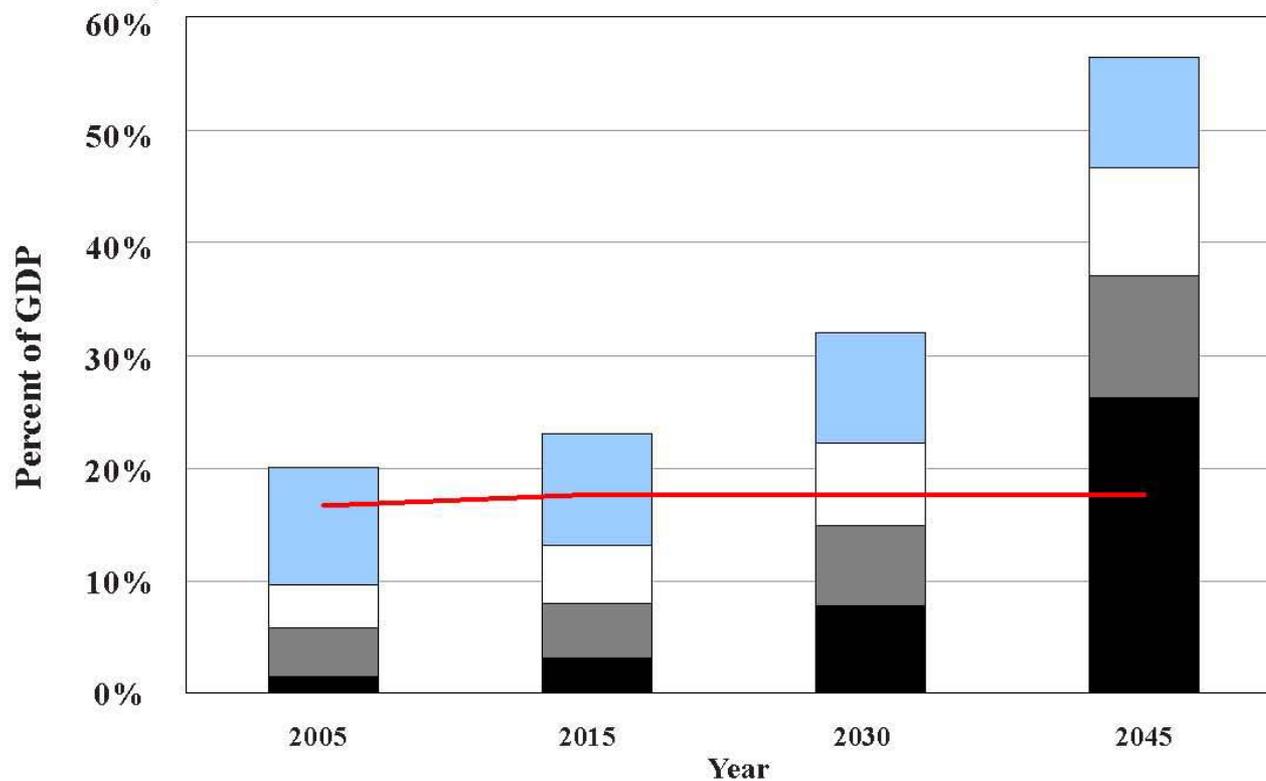
Source: Congressional Budget Office, January 2004

Without the Social Security Surplus, the Deficit is Approaching a Record High



Source: Office of Management and Budget, January 2004

Current Fiscal Policy is on an Unsustainable Path

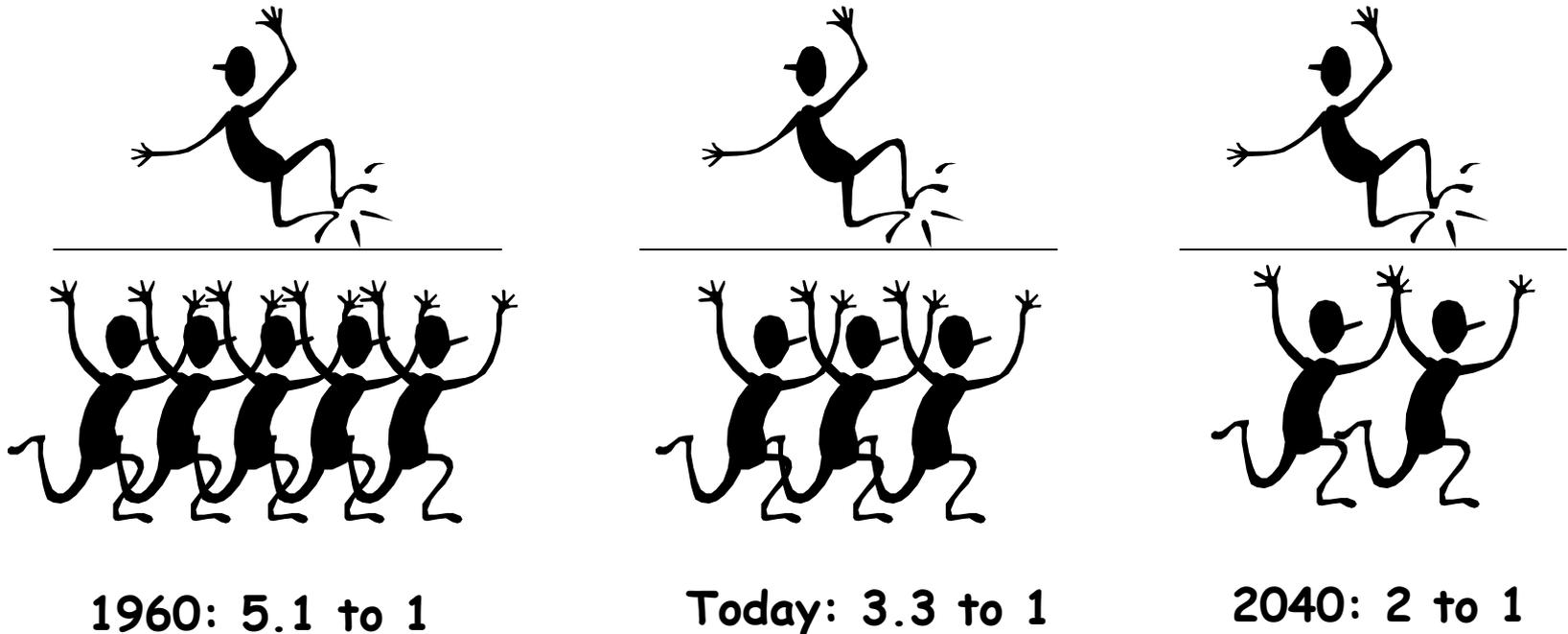


The simulation assumes that discretionary spending grows with the economy after 2004, and that all expiring tax provisions are extended through 2014. After 2014, revenue is held constant as a share of GDP (17.7 percent).



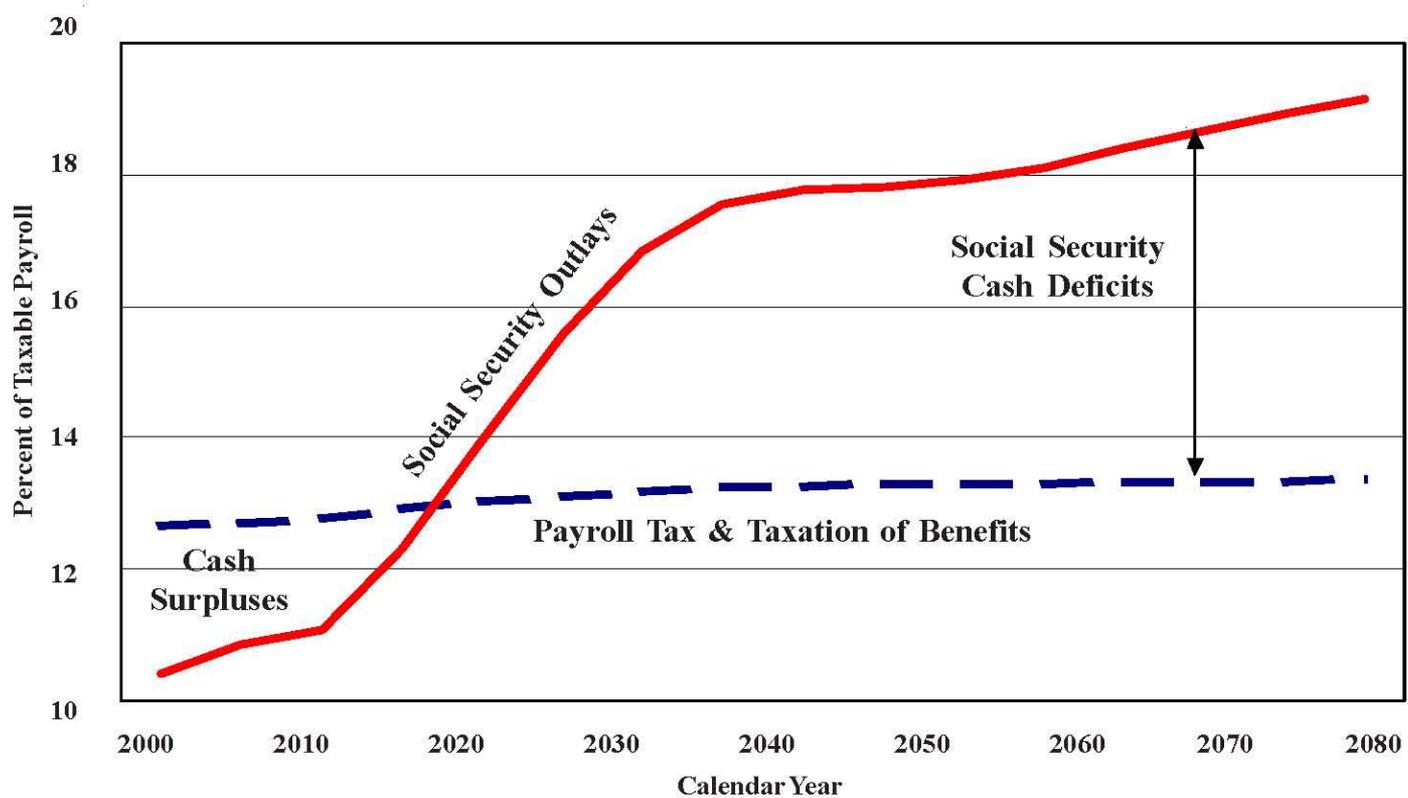
Americans are living longer and having fewer children

Consequently, fewer workers are available to support each Social Security & Medicare recipient



Source: Social Security Administration, March 2004

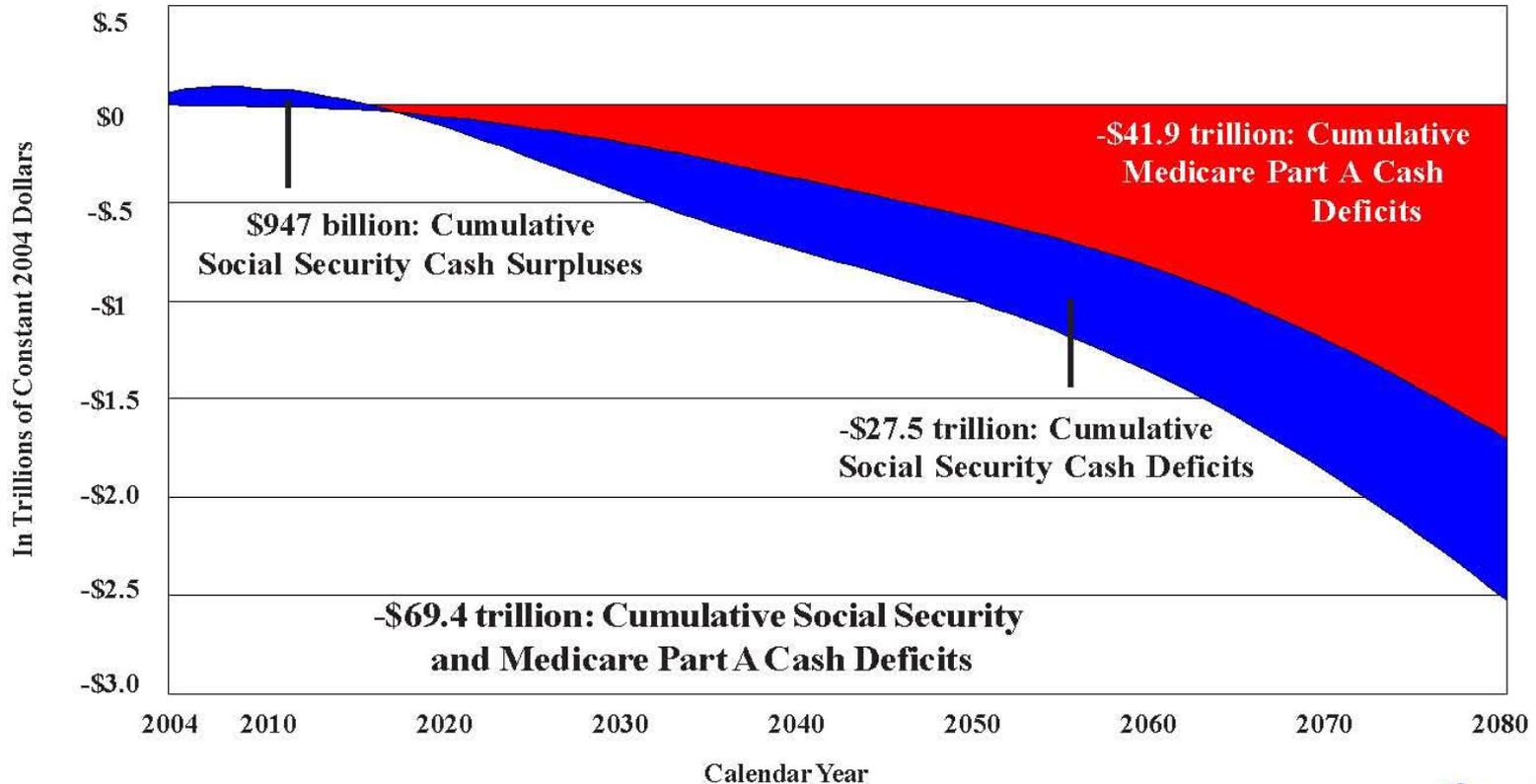
Benefits promised far exceed dedicated tax revenues



Source: Social Security Trustees' Report, March 2004--Intermediate Projections.



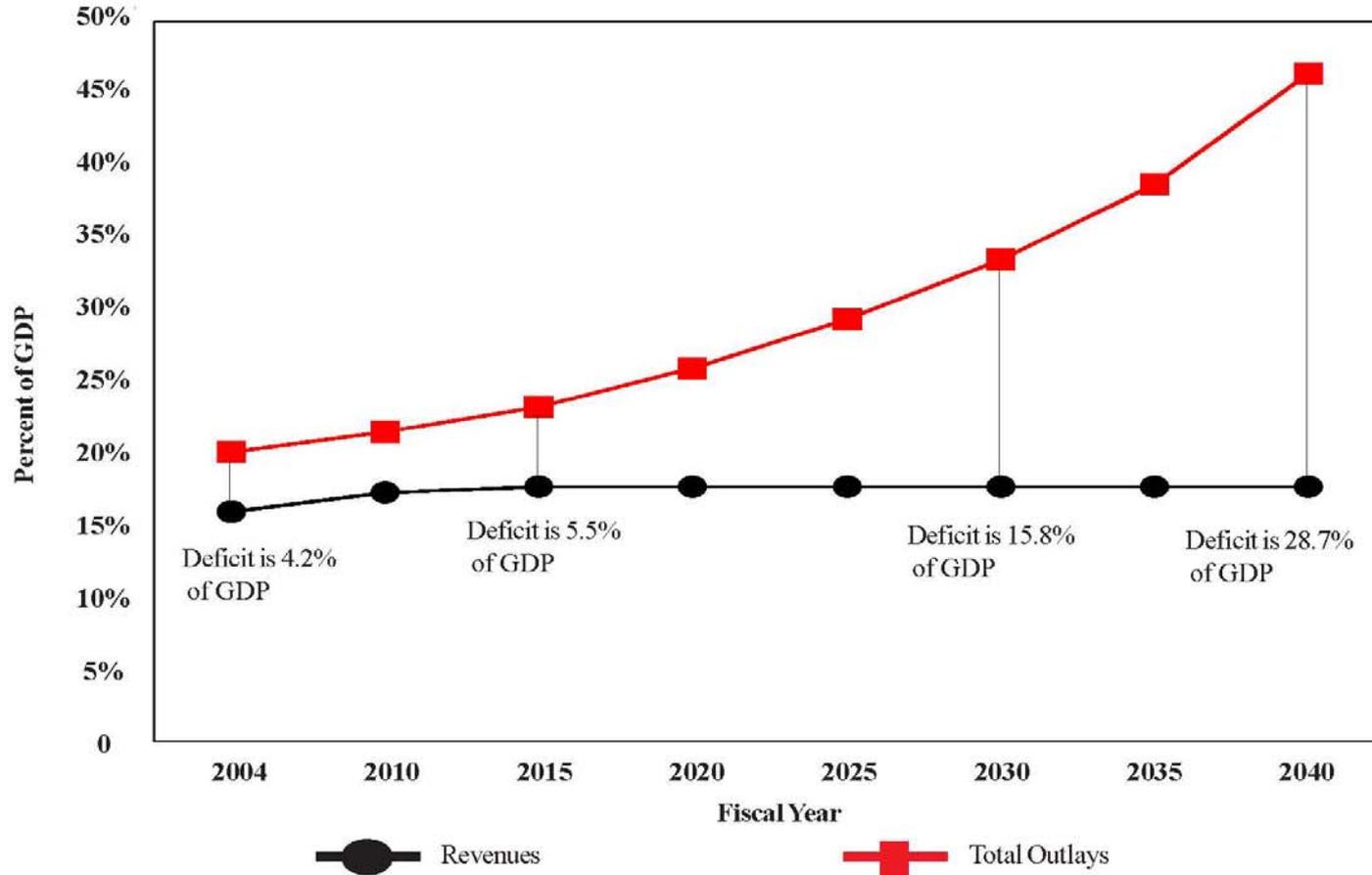
Social Security and Medicare Part A Cumulative Cash Surpluses and Deficits In Constant 2004 Dollars 2004-2080



Source: Social Security Trustees' Report, March 2004--Intermediate Projections.



Failure to Change Course in the Near-Term Means Exploding Deficits in the Long-Term

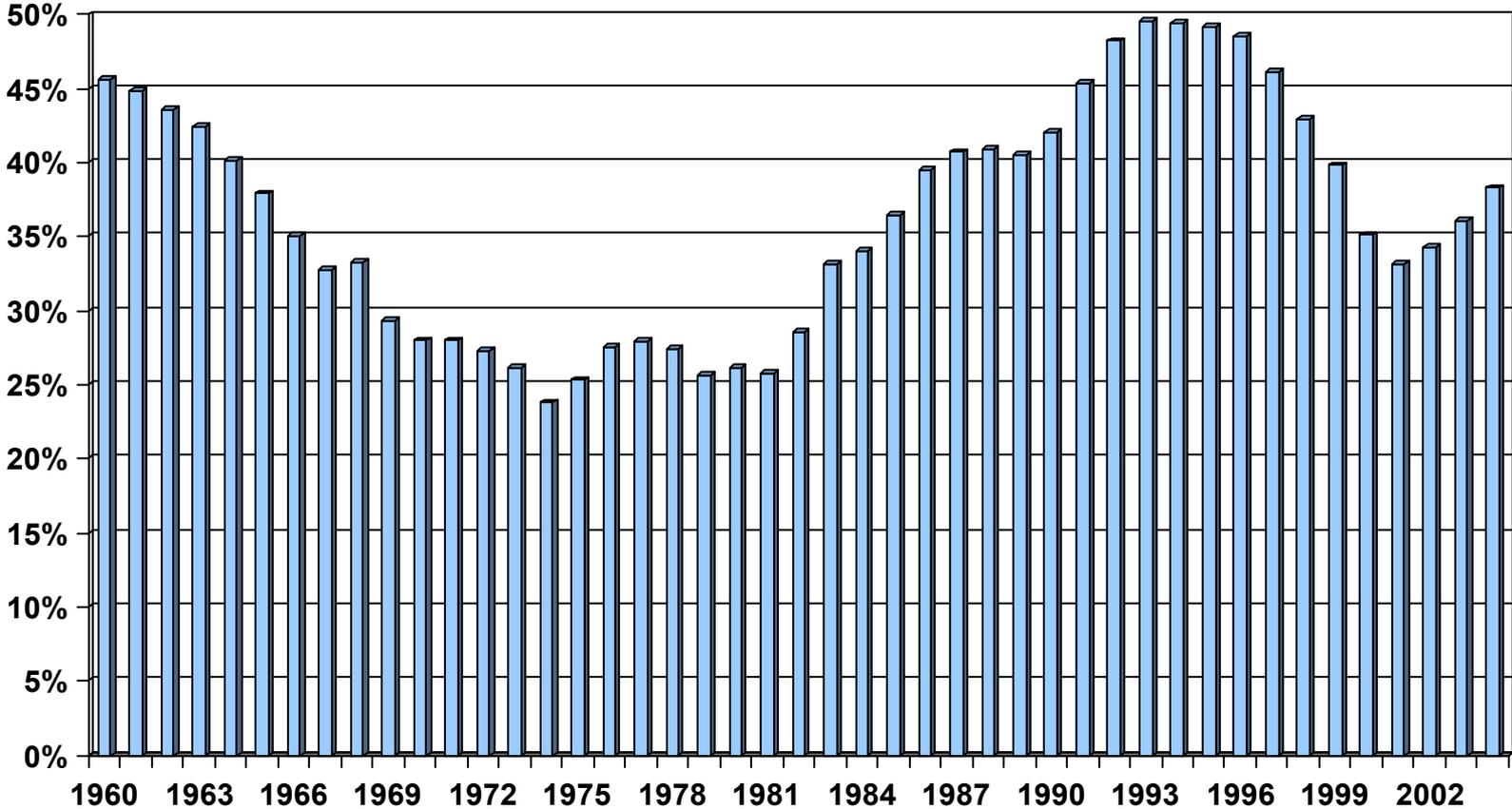


Assumes that discretionary spending grows with the economy after 2004, and that all expiring tax provisions are extended through 2014. After 2014, revenue is held constant as a share of GDP (17.7 percent).

Source: General Accounting Office, March 2004

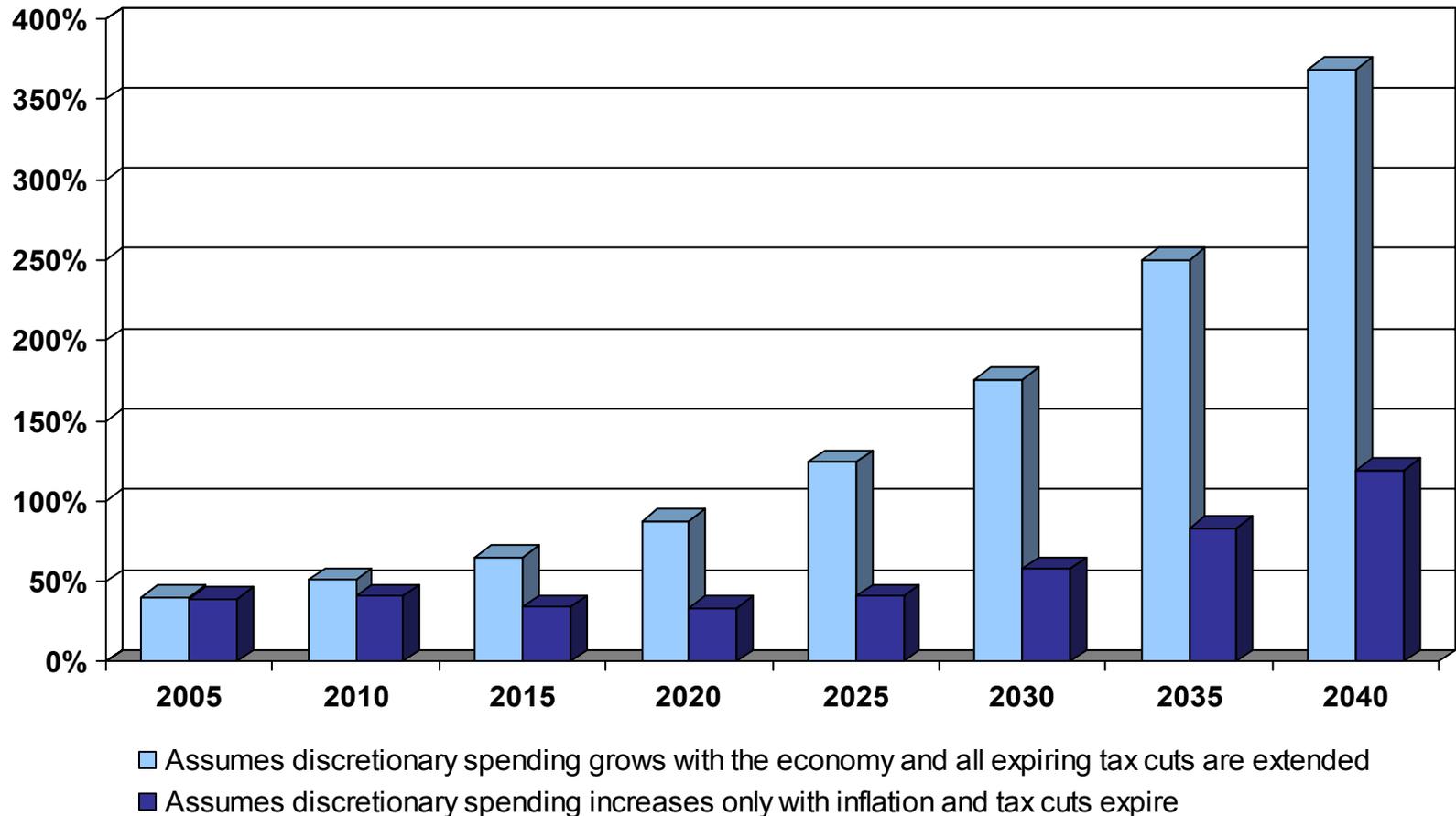


Debt Held by the Public as a Percent of GDP 1960-2004



Source: Historical data: Office of Management and Budget; Forecast: Congressional Budget Office, January 2004

Projected Debt Held by the Public as a Percent of GDP (2005-2040)



Source: Congressional Budget Office-baseline extended simulation; General Accounting Office; March 2004