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Deficit Estimate Drops to \$205 Billion *Democrats' Tax and Spend Plan Threatens Progress*

Surging federal revenues continue to drive down the deficit, says a report released today by the Administration's Office of Management and Budget [OMB]. According to the *Mid-Session Review*, an annual update of the President's budget, the FY07 deficit is projected to fall to just above \$200 billion – a \$39-billion decrease from OMB's February estimates.

The Administration also estimates a budget surplus of \$33 billion in 2012. This assumes the President's budget policies – including extension of the 2001 and 2003 tax relief provisions, and adherence to proposed spending levels – will be carried forward, a point significant for the balanced budget path. *The Democrats' FY08 budget proposes \$21 billion more in annually appropriated (discretionary) spending than the President, and promises \$190 billion worth of entitlement increases without identifying how these would be offset.*

Paul Ryan (R-WI), Ranking Republican on the House Budget Committee, said the following:

"The strength and resilience of the U.S. economy, fueled by pro-growth policies, continue to deliver significant deficit reduction. Today's report again underscores that low tax burdens, combined with spending restraint and reform, will keep us on the right path – both in the short and long term. It is my hope that the Democrat majority will choose to rethink their tax and spend plan so this progress can continue."

This *Mid-Session Review* contains revised estimates of the deficit, receipts, outlays, and budget authority for fiscal years 2007-12, based on the latest available budget and economic figures.

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