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## CBO Forecast Shows Rising Spending Continues to Drive Federal Deficits

by Curtis S. Dubay and Scott A. Hodge

Critics of the 2001 and 2003 tax legislation continue to blame those tax cuts for the deficits plaguing the federal government. Meanwhile, critics of government spending blame the deficit on a profligate Congress and a President who has signed spending bills into law that many of his supporters urged him to veto. The anti-spending crowd got new ammunition recently from the Congressional Budget Office (CBO).

Released January 26, the CBO's new federal budget projections show that the tax cuts have not prevented tax revenue from growing rapidly. In fact, total tax revenues are projected to be \$2.3 trillion in 2006, which is \$321 billion more than in 2001, the last year of budget surpluses.

One might expect such a revenue surge to eliminate any possibility of a federal deficit, but spending has grown at an astonishingly rapid pace, 42 percent in the last five years.

As Table 1 below shows, spending has increased \$786 billion, which means that for every additional dollar rolling into federal coffers between 2001 and 2006, \$2.45 went out in new spending.

Since 2001, the budget has gone from a surplus of \$128 billion to a deficit estimated at \$337 billion for 2006—a swing of \$465 billion, and the White House actually predicts the deficit will be even higher.

**Table 1.** Rising Spending Continues to Drive Federal Budget Deficits

	2001	2006 (e)	Difference (\$)	Difference (%)
Revenues	1991	2312	321	16
Outlays	1863	2649	786	42
Deficit(-)/Surplus	128	-337	465	--

Source: Congressional Budget Office