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CRFB Reacts to the State of the Union Address February 13, 2013

In last night's State of the Union address, President Obama called for action on entitlement reform and tax reform to address rising deficits and debt. The Committee for a Responsible Federal Budget is encouraged by this call for action, but would urge the President to go much further than what he suggested.

"We were glad to see the President devote serious attention to the issue of deficits and debt," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "The President also correctly identified the drivers of our rising debt – health care costs and an aging population. However, the President needs to embrace a bolder savings target for deficit reduction to truly put the debt on a downward path as a share of the economy. The \$1.5 trillion of deficit reduction the President is calling for simply won't be enough to put the debt on a sustainable path. We need *at least* \$2.4 trillion."

In an analysis this week, CRFB showed that \$2.4 trillion in further savings over the next ten years is the *minimum savings* needed to put the debt on a clear downward path relative to the economy. That level of savings is necessary in order to ensure against uncertainty in projections, provide sufficient fiscal flexibility, promote economic growth, and ensure long-term sustainability in the face of rising health care and retirement costs (see the report at <http://crfb.org/document/report-our-debt-problems-are-far-solved>).

"Our leaders must aim for debt sustainability over the long-term and nothing less," added MacGuineas. "With upcoming action forcing moments presented by the automatic sequester, funding for the federal government up for renewal, and the normal budget process this spring, elected leaders from both ends of Pennsylvania Avenue, both chambers of Congress, and both parties should be working toward a comprehensive debt solution."

"The President stated last night that he is 'open to additional reforms from both parties.' Members of both parties must take him up on that offer in the coming months. And importantly, the President must lead."