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**Mid-Session Review Shows Unsustainable Path
July 23, 2010**

In the Mid-Session Review released this afternoon, the Office of Management and Budget (OMB) slightly lowered its deficit and debt projections for this year while raising them over the next few years, based on policies contained in the President's FY 2011 Budget. Lower outlays for unemployment and deposit insurance than originally projected account for much of this change. OMB is now projecting the deficit will be \$1,471 billion this year (10 percent of GDP), and \$8,474 billion over the next decade. Interest payments alone are expected to be \$831 billion in 2020, and the debt will reach be \$18.5 trillion, or 77 percent of GDP that year. Despite this welcome bit of news for FY 2010, the deterioration in subsequent years is quite troubling, and deficits and debt are still on an unsustainable course.

"A trillion-dollar-plus deficit is manageable this year if, and only if, there is a plan to bring the debt back down to a manageable level over the decade. This, however, is a recipe for fiscal disaster," said CRFB president Maya MacGuineas. "We have got to do something about the coming tide of red ink before our creditors force us to make changes under their terms, instead of under our own. How many more terrible budget projections do we need before we decide enough is enough?"

CRFB will provide a more detailed analysis early next week.

Updated Budget and Economic Projections (\$ Billions and % GDP)

	2010	2011	2011-2020
Spending			
Mid-Session	\$3,603 (24.6%)	\$3,842 (25.1%)	\$45,339 (23.2%)
OMB (Feb)	\$3,721 (25.4%)	\$3,834 (25.1%)	\$45,800 (23.3%)
CBO (Mar)	\$3,618 (24.8%)	\$3,802 (25.4%)	\$45,189 (24.1%)
Revenues			
Mid-Session	\$2,132 (14.5%)	\$2,426 (15.8%)	\$36,865 (18.7%)
OMB (Feb)	\$2,165 (14.8%)	\$2,567 (16.8%)	\$37,268 (18.9%)
CBO (Mar)	\$2,118 (14.5%)	\$2,460 (16.4%)	\$35,434 (18.9%)
Deficits			
Mid-Session	\$1,471 (10.0%)	\$1,416 (9.2%)	\$8,474 (4.5%)
OMB (Feb)	\$1,556 (10.6%)	\$1,267 (8.3%)	\$8,532 (4.5%)
CBO (Mar)	\$1,500 (10.3%)	\$1,342 (8.9%)	\$9,755 (5.2%)
Debt			
Mid-Session	\$9,199 (62.7%)	\$10,550 (68.9%)	n/a
OMB (Feb)	\$9,298 (63.6%)	\$10,498 (68.6%)	n/a
CBO (Mar)	\$9,221 (63.2%)	\$10,512 (70.1%)	n/a