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**CRFB Reacts to CBO's Long Term Budget Outlook
June 30, 2010**

Today, the Congressional Budget Office (CBO) released its Long Term Budget Outlook, which paints an alarming and dismal picture of the country's fiscal future.

Under current law, public debt will reach 79 percent of the economy by 2035 and about 107 percent by 2080. Under CBO's Alternative Fiscal Scenario, which is seen to be a more likely policy path and includes the extension of many expiring policies as well as modifications to certain savings assumptions that may not materialize, debt will reach 87 percent by 2020, 185 percent by 2035, and an astronomical 854 percent by 2080. Talk about unsustainable.

CBO also reports that even with health care reform, population aging and excess cost growth remain the largest problem areas in the budget and will push deficits and debt to untenable levels.

If current policies are continued, federal spending is projected to increase from 24.3 percent of GDP today to over 35 percent by 2035, whereas revenue levels will be far from sufficient to sustain the projected growth in spending—increasing from 14.9 percent today to 19.3 percent in 2035.

“Aging, health care costs, and an outdated, insufficient revenue system are set to bury the country in debt,” said CRFB president Maya MacGuineas. “Are the findings in this report really the messages we want to be sending our creditors?”

“Policymakers must begin working on real solutions to our long-term problems now,” said MacGuineas. “With debt levels expected to soar, policymakers must embrace meaningful reforms to help us regain control over future deficits, reduce the risks of a fiscal crisis, and keep the economic recovery on track. If this year's Long Term report isn't a call to action, I don't know what is.”