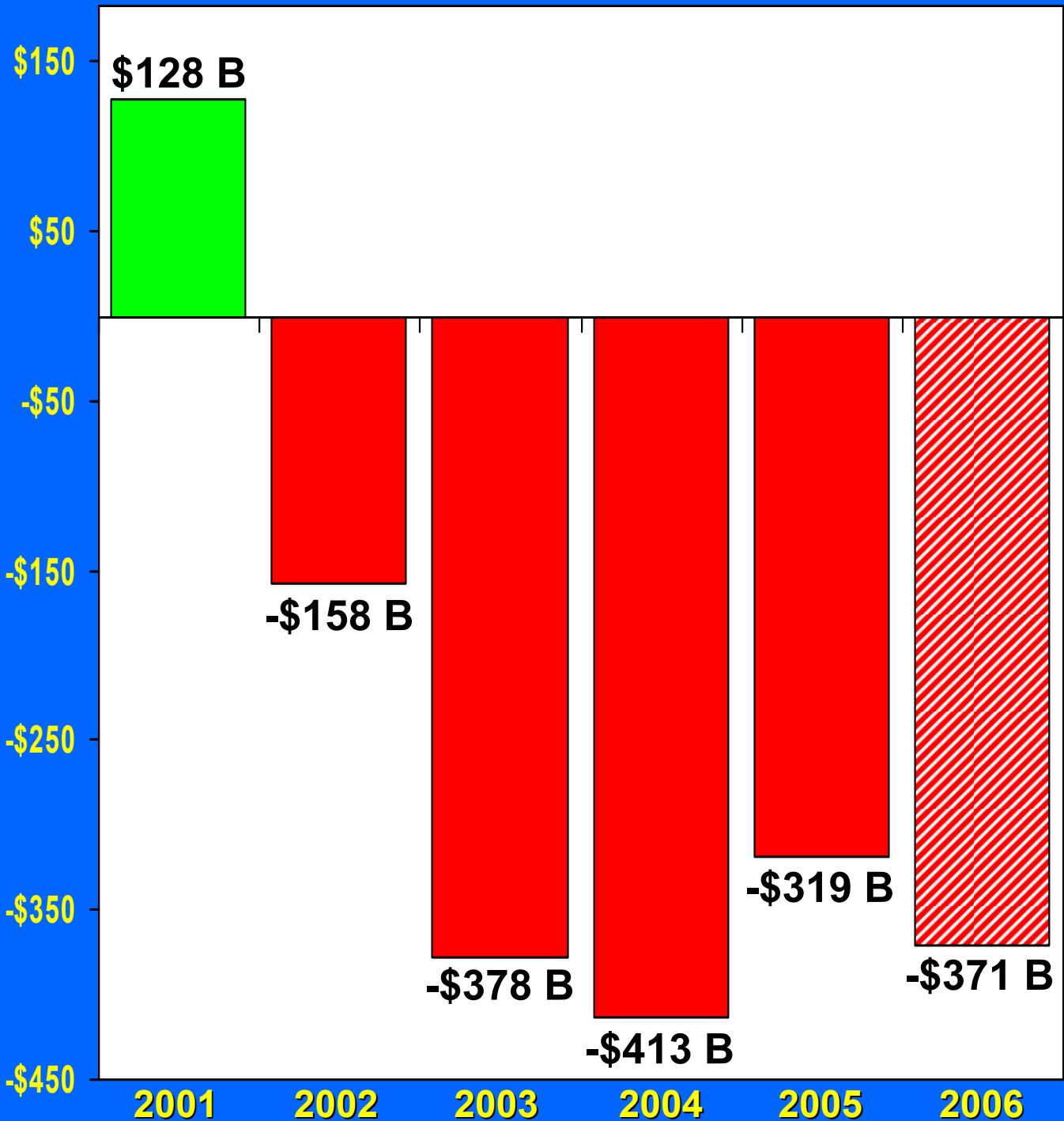


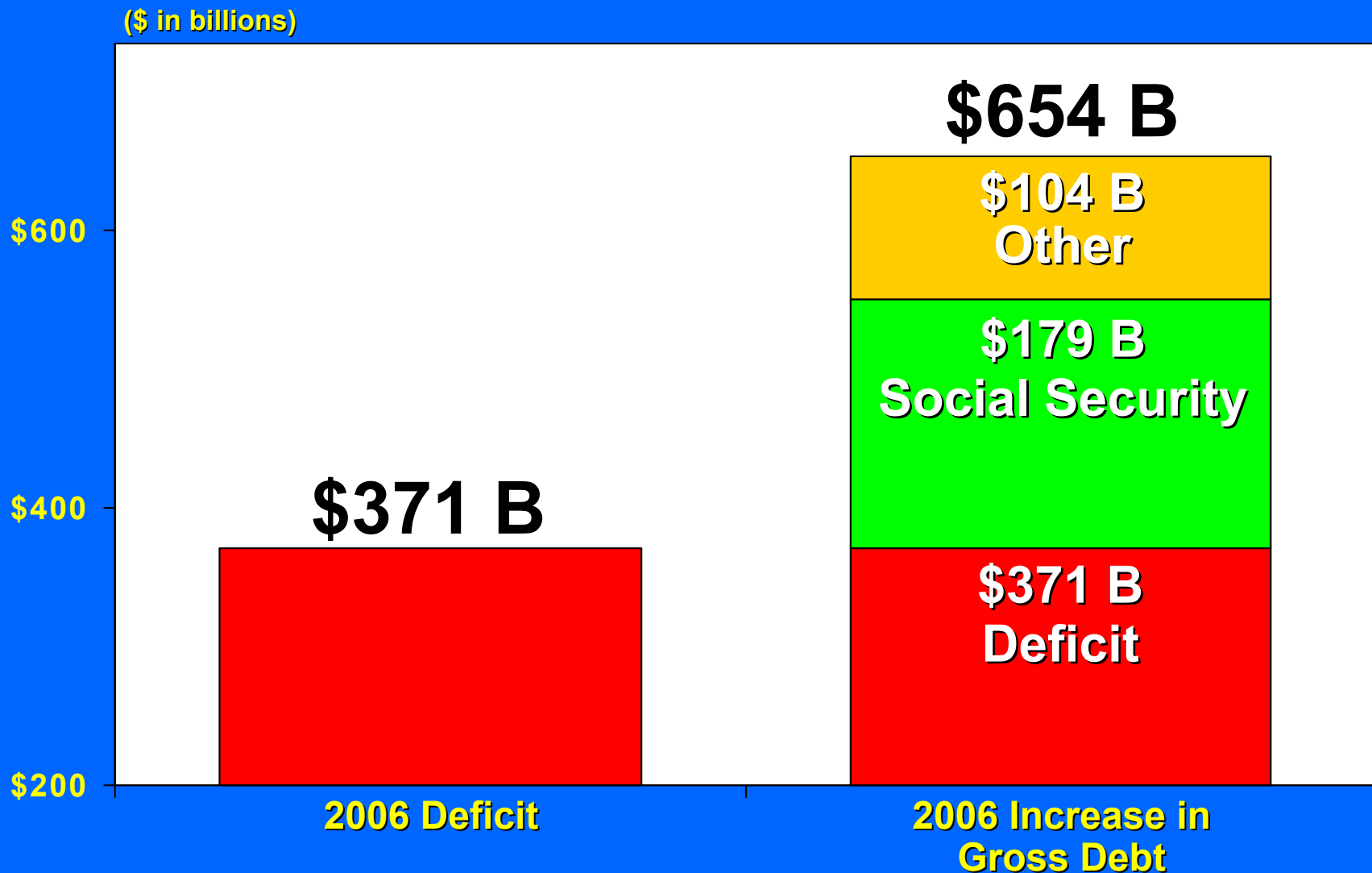
Dramatic Deterioration in Budget Picture

(Deficit in billions of \$)



Source: CBO, OMB

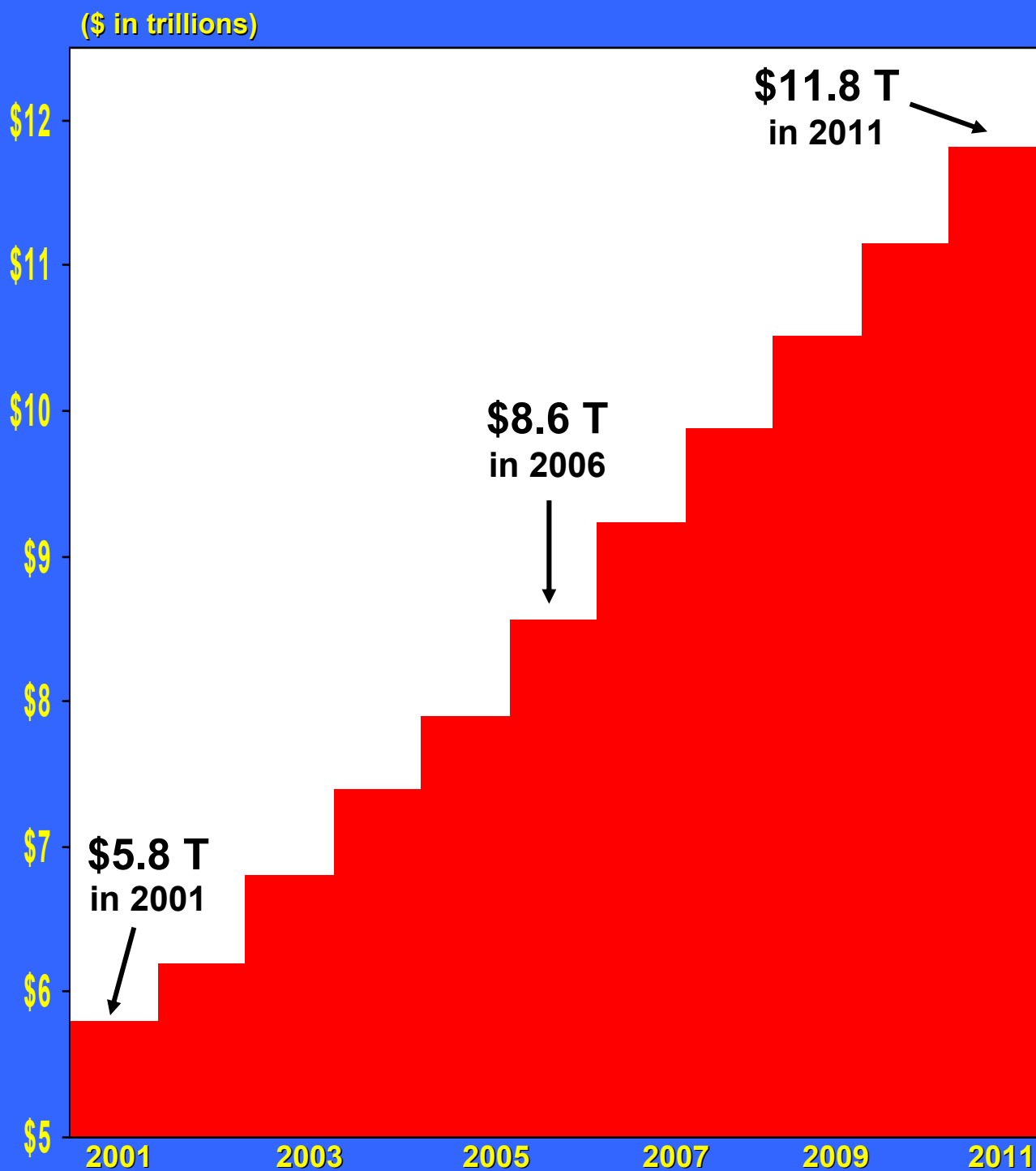
Increase in Debt in 2006 is Far Greater Than the \$371 Billion Deficit



Source: CBO and SBC Democratic staff

Building a Wall of Debt

Gross Federal Debt Soars



Source: CBO and SBC Democratic staff

Note: CBO reestimate of President's FY 2007 Budget with AMT reform and ongoing war costs.

President Bush Doubles Foreign-Held Debt in 5 Years

It Took 42 Presidents 224 Years to Build Up Same Level of Foreign-Held Debt



224 Years
(1776-2000)



5 Years
(2001-2005)

GAO Comptroller General Walker Believes Current Fiscal Path Threatens Our National Security

“Continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security.”

**–GAO Comptroller General David M. Walker
Testimony before Senate Budget Committee
February 15, 2006**

Offsets to Pay for Defense Spending in Supplemental

- Same offsets as Senate-passed tax bill – closing tax gap by shutting down abusive tax shelters and other reforms (\$19 billion)
 - including revoking tax benefits for leasing foreign subway and sewer systems
- Ending loopholes for large oil companies (\$5 billion)
- Requiring tax withholding on government payments to contractors like Halliburton (\$6 billion)
- Renewing superfund tax so that polluting companies pay for cleaning up toxic waste sites (\$9 billion)
- Ending a loophole that rewards U.S. companies that move manufacturing jobs overseas (\$6 billion)
- Repealing phase-out of limits on personal exemptions and itemized deductions - PEP and Pease (\$28 billion)
- Closing other tax loopholes/miscellaneous offsets (\$1 billion)