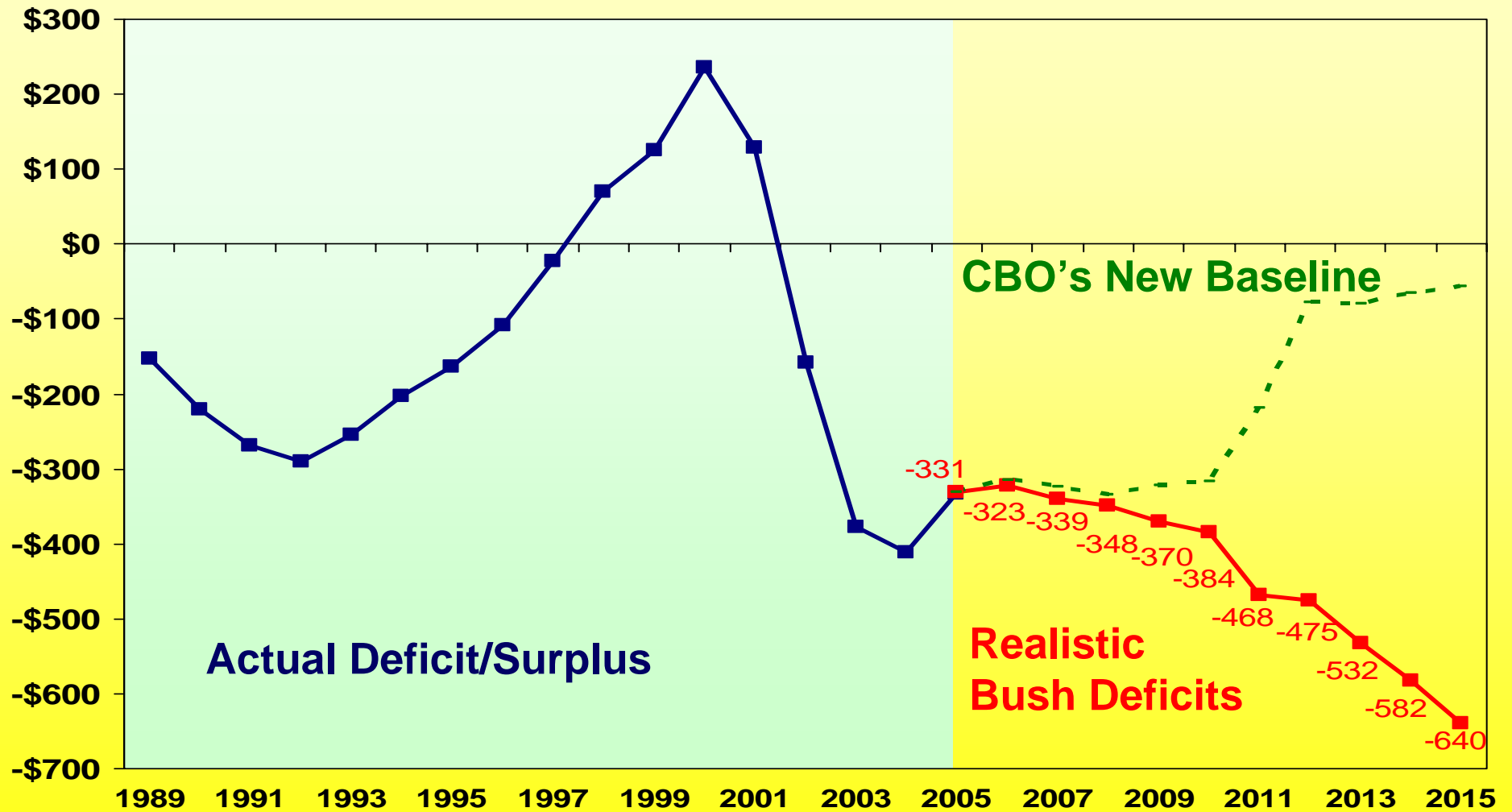


Realistic Estimate Shows Bleak Deficit Outlook

Deficits in Billions of Dollars

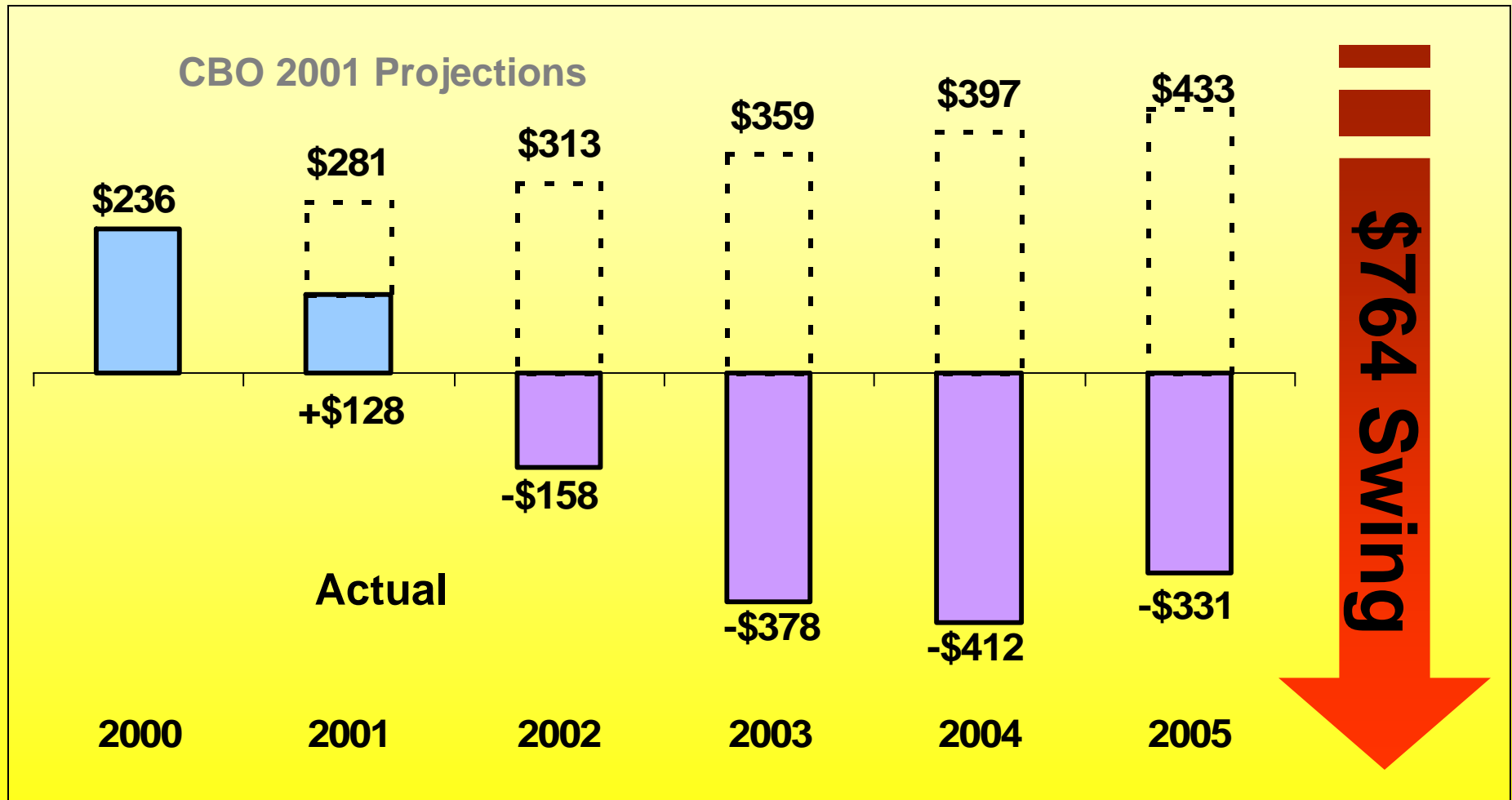


Budget Bottom Line With Bush Agenda Before Katrina

	2005	2015
Deficit	\$331 Billion	\$640 Billion
Debt	\$4.6 Trillion	\$9.2 Trillion
Debt Service	\$182 Billion	\$458 Billion
Debt as a Percentage of GDP	37.7%	46.5%

Republicans' Projected Surpluses Become Huge Deficits

Actual and Predicted Budget Surpluses and Deficits in Billions

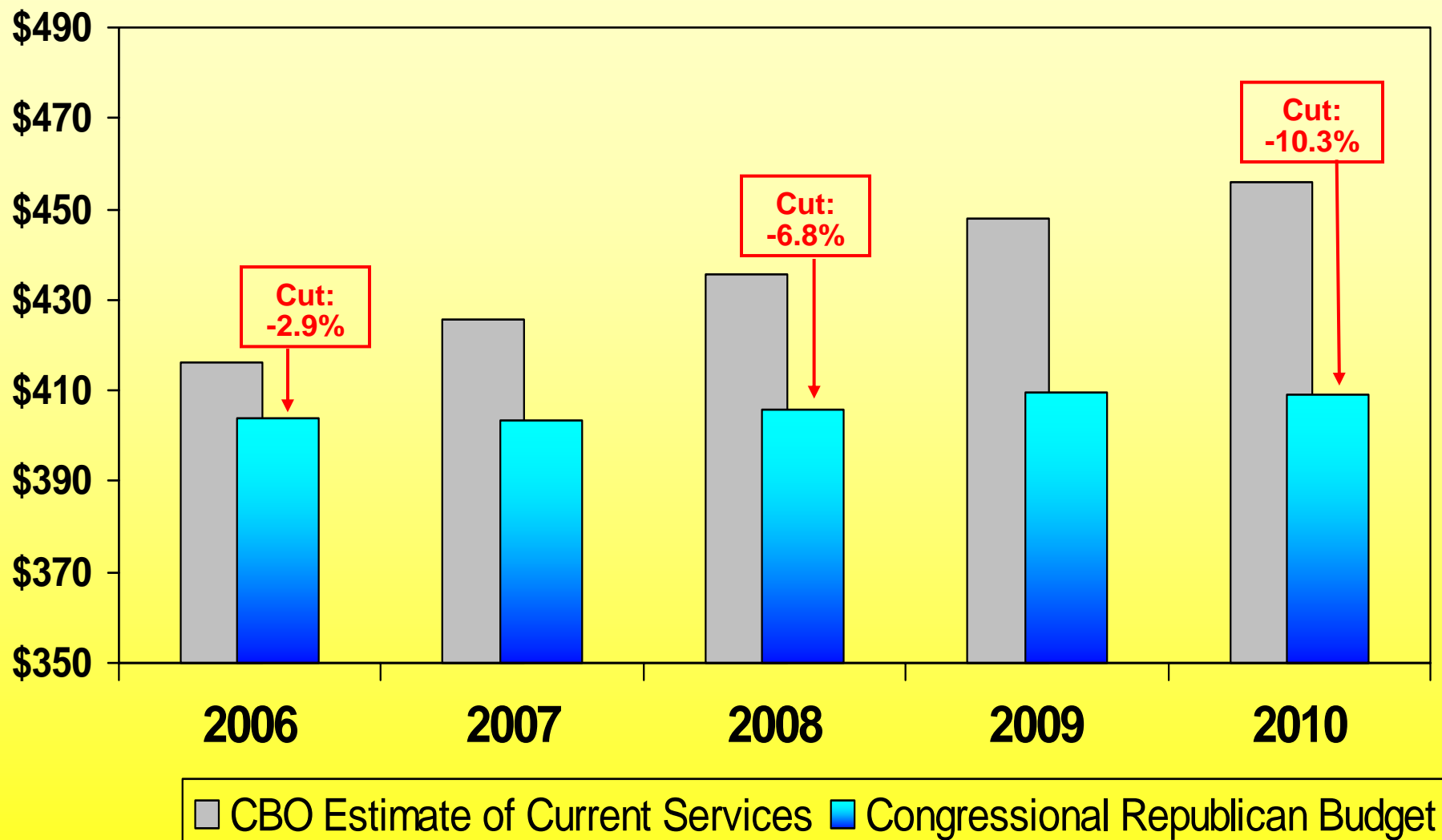


Republicans Increase the Debt Limit by **\$3 Trillion**

Debt Limit Increases, Billions of Dollars

June 2002	\$450
May 2003	\$984
November 2004	\$800
FY2006 Budget Resolution	\$781
Total Increases	\$3,015

Congressional Republicans Cut Non-Defense Discretionary Funding By **\$150 Billion**



Budget Resolution Reconciled Spending Cuts, 2006-2010
(Billions of dollars)

<i>House Committees</i>		<i>Senate Committees</i>	
Agriculture	-3.000	Agriculture, Nutrition, and Forestry	-3.000
Education and the Workforce	-12.651*	Banking, Housing and Urban Affairs	-0.470
Energy and Commerce	-14.734	Commerce, Science, and Transportation	-4.810
Financial Services	-0.470	Energy and Natural Resources	-2.400
Judiciary	-0.300	Environment and Public Works	-0.027
Resources	-2.400	Finance	-10.000
Transportation & Infrastructure	-0.103	Health, Education, Labor, and Pensions	-13.651*
Ways and Means	-1.000	Judiciary	-0.300
<i>Total, 2006-2010</i>	<i>-\$34.658</i>	<i>Total, 2006-2010</i>	<i>-\$34.658</i>

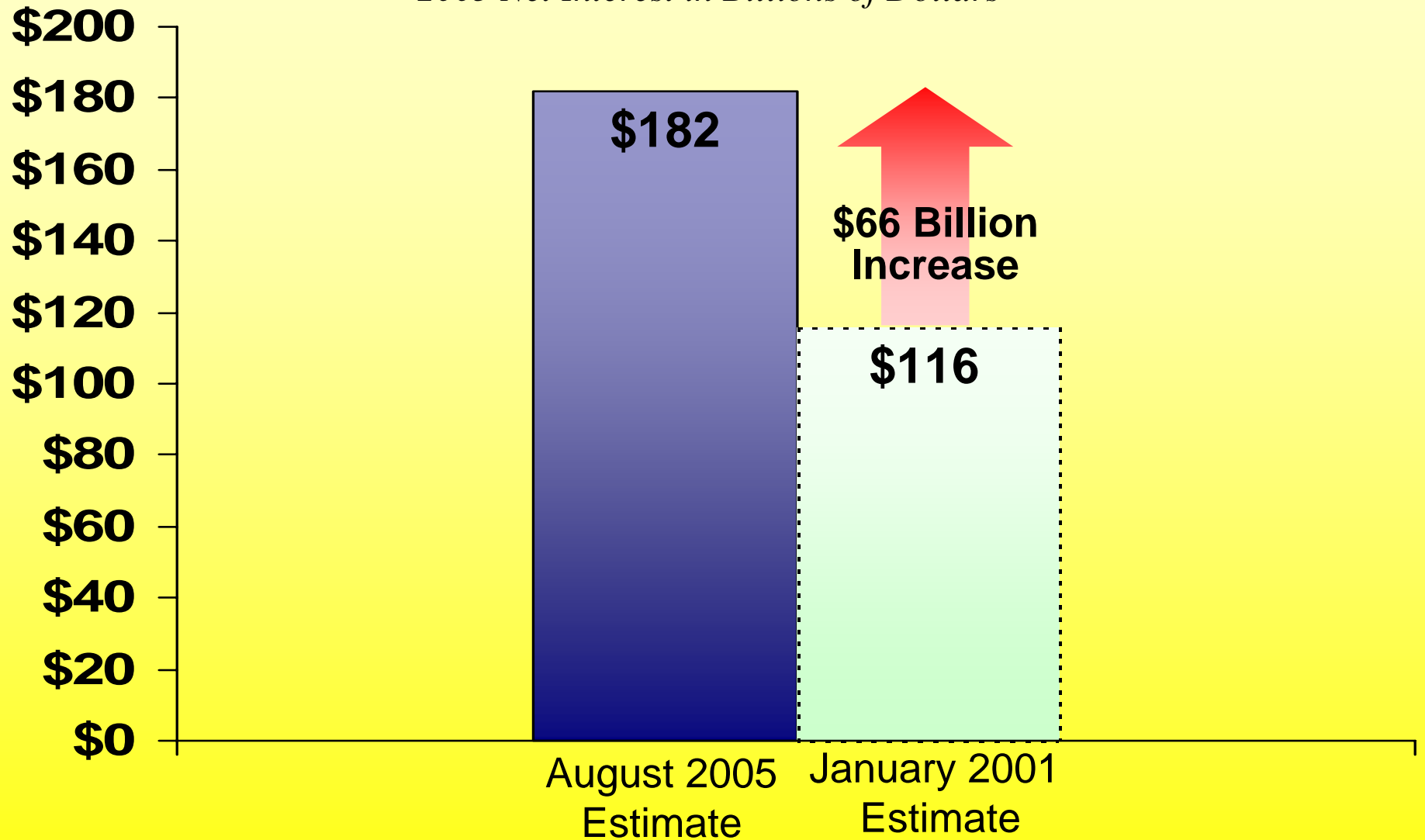
*The resolution specifies that this cut is for the period 2005-2010.

Budget Resolution Reconciled Tax Cuts, 2006-2010
(Billions of dollars)

<i>House Committee</i>		<i>Senate Committee</i>	
Ways and Means	70.000	Finance	70.000

Interest on the National Debt Increases Under the Bush Administration

2005 Net Interest in Billions of Dollars



\$361 Billion for Iraq, Afghanistan, and Enhanced Security

Fiscal Year	Billions of Dollars
2001	\$13.3
2002	\$17.2
2003	\$84.6
2004	\$88.9
2005	\$107.5
2006	\$50.0 to date

Effects of Katrina on the Deficit

Billions of Dollars

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u> <u>2006-2015</u>
CBO Baseline Deficits, August 2005	-331	-314	-324	-335	-321	-317	-218	-78	-80	-66	-57	-2,110
The President's Budget												
Remove Repeating Supplementals		49	79	92	98	101	105	107	110	113	115	968
Tax Policies		-3	-7	-16	-37	-37	-178	-268	-279	-294	-308	-1426
Outlay Effects of Tax Policies		0	-6	-6	-6	-6	-6	-22	-22	-22	-22	-119
Entitlement Cuts		3	12	14	12	12	12	12	11	9	9	106
Social Security Privatization		0	0	0	-22	-54	-88	-106	-118	-131	-144	-662
Bush Defense Increase		-7	-11	-17	-27	-33	-37	-37	-39	-40	-42	-290
Appropriations Cuts		11	15	21	31	43	49	50	52	54	56	382
AMT Repair		-12	-32	-39	-48	-57	-67	-78	-90	-103	-117	-642
Ongoing Military Operations		-50	-65	-60	-45	-30	-25	-26	-27	-27	-28	-383
<i>Debt Service</i>	0	0	-1	-1	-3	-6	-14	-30	-51	-76	-103	-286
Total Changes	0	-8	-15	-14	-48	-68	-250	-398	-452	-516	-584	-2352
Resulting Deficits	-331	-323	-339	-348	-370	-384	-468	-475	-532	-582	-640	-4462
Katrina-Related Costs												
First Katrina Supplemental /1	-1	-8	-1	0	0	0	0	0	0	0	0	-9
Second Katrina Supplemental /2	0	-22	-20	-7	-1	0	0	0	0	0	0	-50
House-Passed Tax Bill (H.R. 3768)		-3	-3	0	0	0	0	0	0	0	0	-6
Other Katrina-Related Legislation /3		-2	0	0	0	0	0	0	0	0	0	-2
Additional To Reach \$200 Billion	-3	-60	-44	-16	-2	0	0	0	0	0	0	-123
<i>Debt Service</i>	0	-2	-6	-9	-10	-11	-12	-12	-13	-14	-14	-104
Total Changes	-4	-97	-74	-33	-14	-11	-12	-12	-13	-14	-14	-294
Resulting Deficits	-335	-420	-414	-381	-384	-395	-480	-488	-545	-596	-655	-4756

Debt service costs based on August CBO assumptions

/1 P.L. 109-61, \$10.5 billion in 2005 budget authority

/2 P.L. 109-62, \$51.8 billion in 2005 budget authority

/3 P.L. 109-65, H.R. 3669, National Flood Insurance Program Enhanced Borrowing Authority Act of 2005 and

P.L. 109-64, HR 804, To Exclude From Consideration as Income Certain Payments Under the National Flood Insurance Program