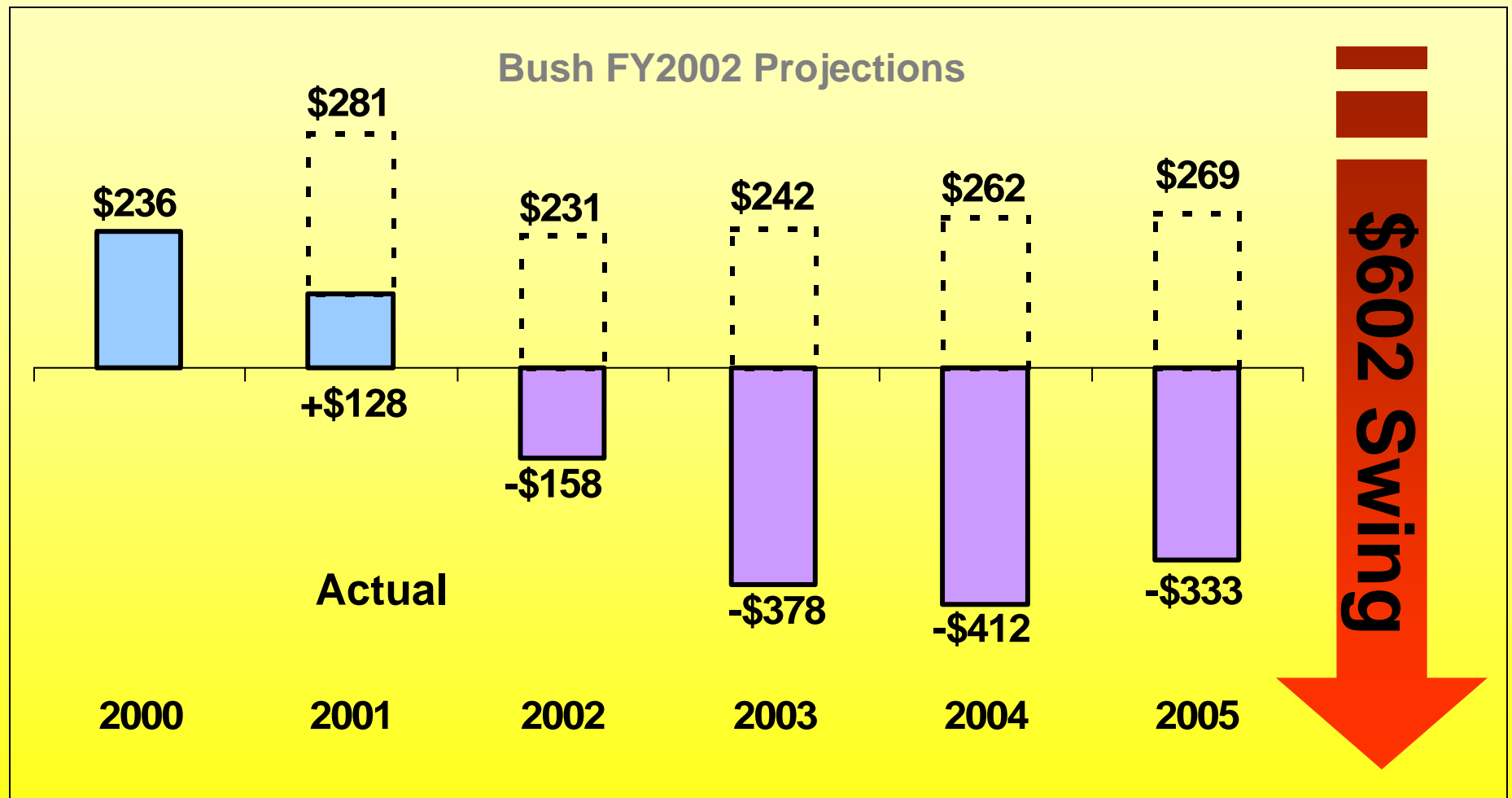


# Republicans' Projected Surpluses Become Huge Deficits

*Actual and Predicted Budget Surpluses and Deficits in Billions*

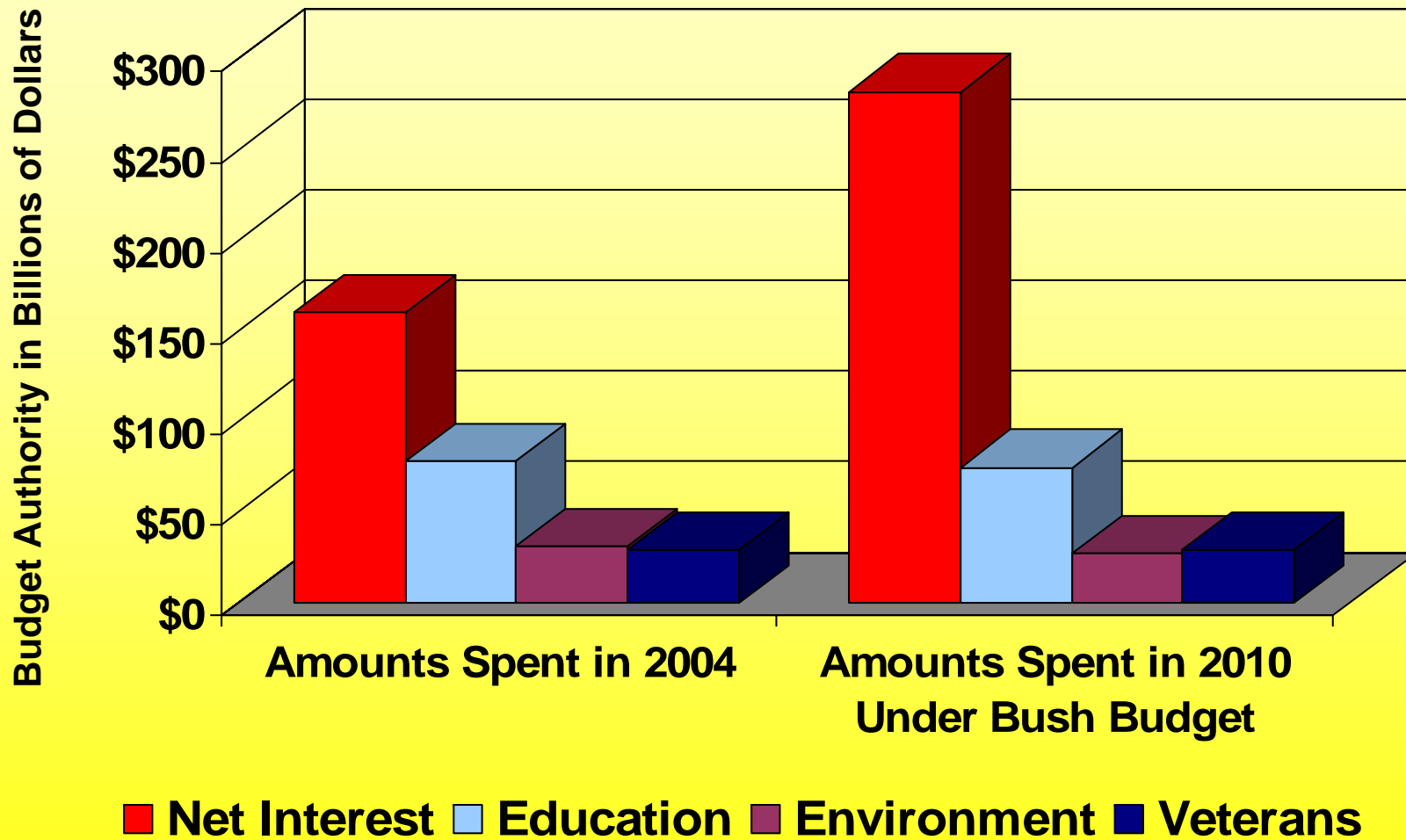


# Republicans Increase the Debt Limit by **\$3.0 Trillion**

*Debt Limit Increases, Billions of Dollars*

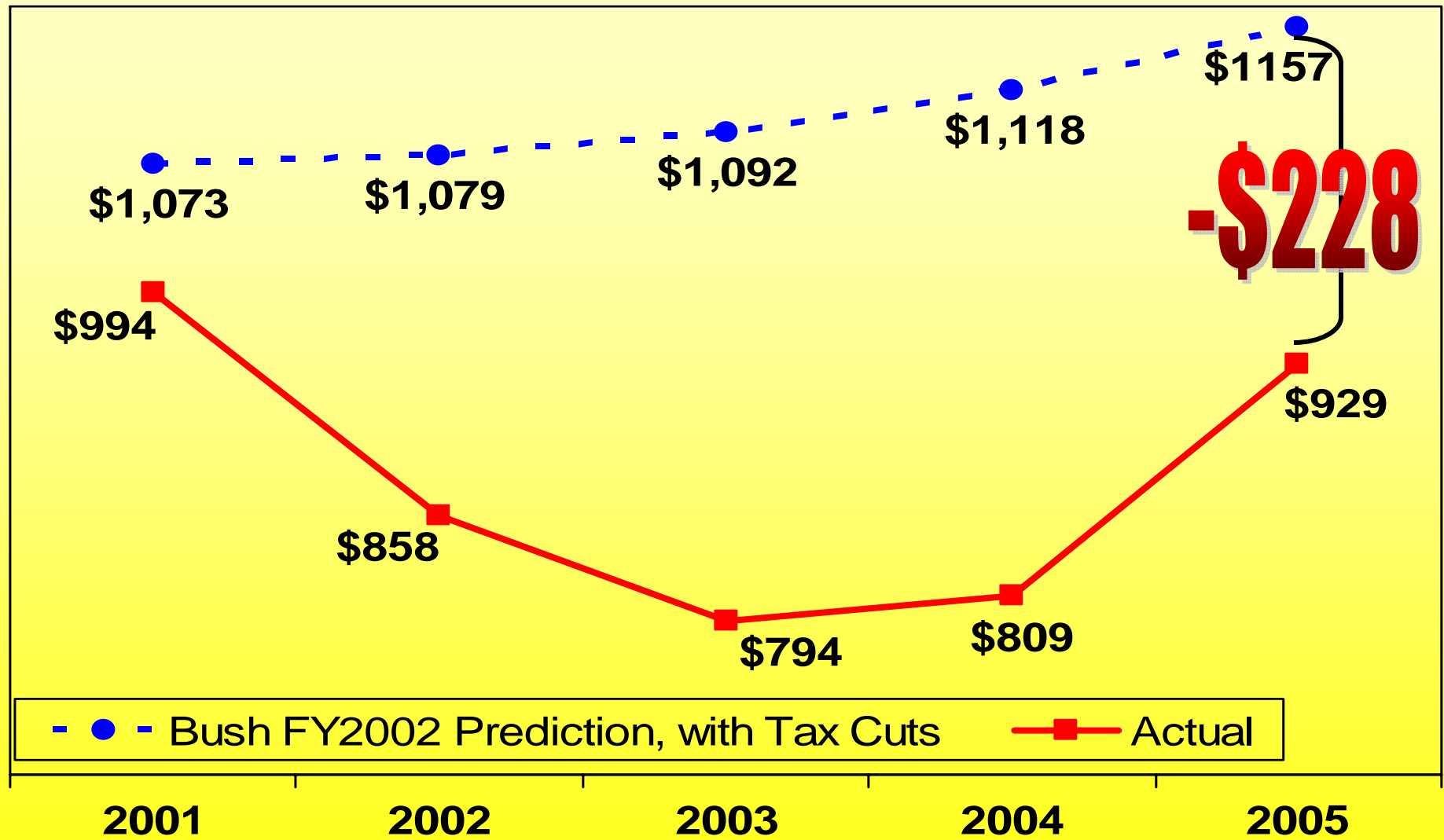
2002	\$450
2003	\$984
2004	\$800
2005 <small>Passed by House, Awaiting Senate Approval</small>	\$781
<b>Total Increases</b>	<b>\$3,015</b>

# Interest Payments Dwarf Appropriations For Other Priorities; Only Getting Worse



# Revenues Fall Short of Projection

*Individual Income Tax, Billions of Dollars*



## The President's FY2006 Budget, The Mid-Session Review

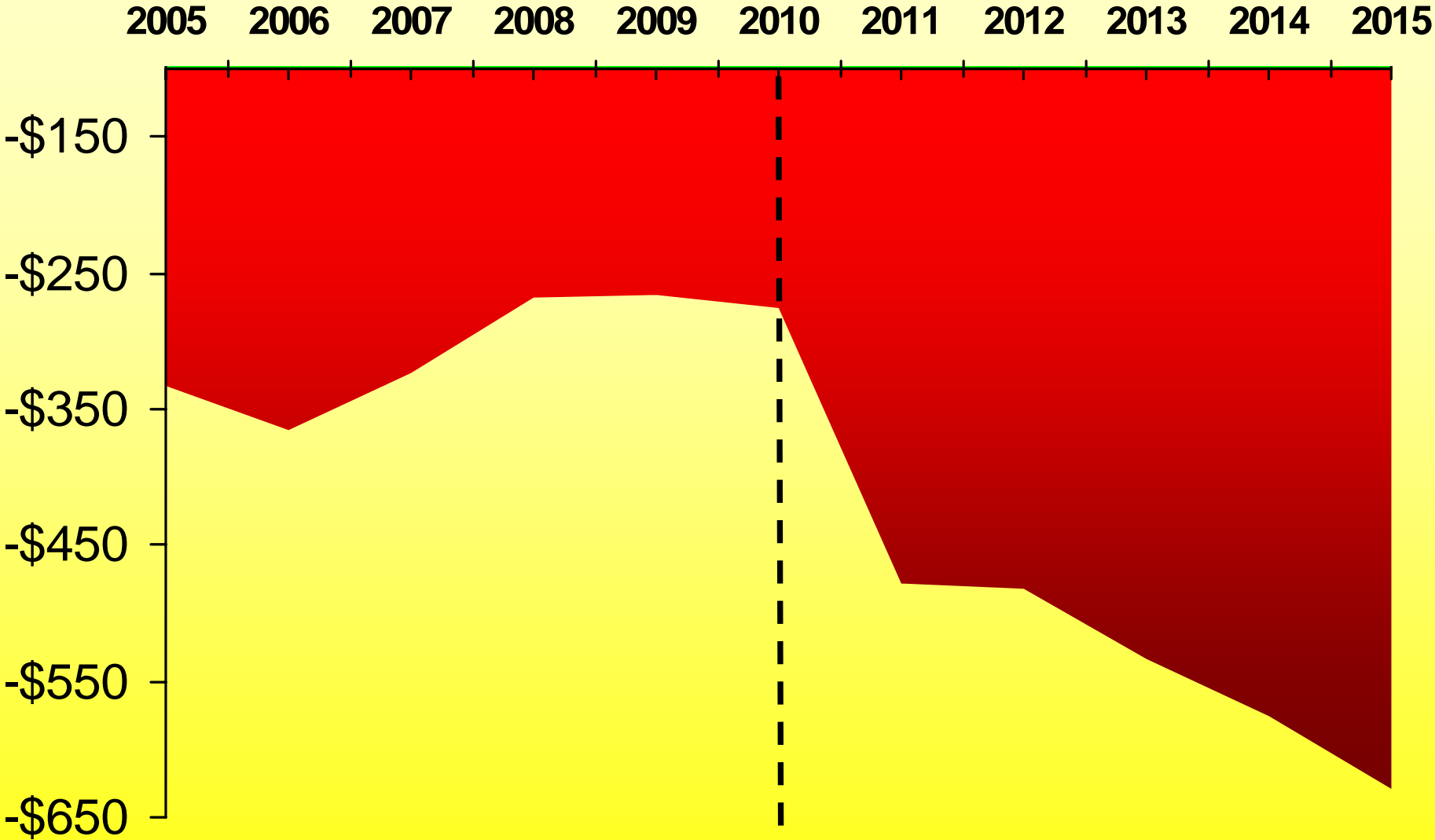
Billions of Dollars												Totals	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	5 Yrs '06-'10	10 Yrs '06-'15
CBO March Baseline Deficits	-365	-298	-268	-246	-219	-201	-95	57	69	99	122	-1232	-980
<b>Bush Policies</b>													
Tax Policies	0	-3	-7	-16	-37	-37	-178	-268	-278	-293	-307	-100	-1425
Supplemental	-32	-30	-13	-4	-1	-1	0	0	0	0	0	-49	-49
Defense Increase	1	-4	-9	-17	-27	-33	-37	-38	-39	-40	-42	-90	-286
Non-Defense Appropriations Cuts	-1	2	17	30	39	46	51	54	56	58	60	134	412
Entitlement Cuts	3	3	12	13	11	12	12	12	11	9	9	51	103
Outlay Effects of Tax Policies	0	0	-6	-6	-6	-6	-6	-22	-22	-22	-22	-25	-119
Debt Service	0	-2	-4	-5	-6	-8	-13	-25	-41	-57	-76	-25	-237
<b>Total, Included Bush Policies</b>	<b>-30</b>	<b>-34</b>	<b>-10</b>	<b>-4</b>	<b>-28</b>	<b>-28</b>	<b>-173</b>	<b>-287</b>	<b>-313</b>	<b>-346</b>	<b>-378</b>	<b>-104</b>	<b>-1601</b>
Resulting Deficits, CBO March	-394	-332	-278	-250	-246	-229	-268	-230	-244	-247	-256	-1336	-2581
<b>Deficits in Mid-Session Review</b>	<b>-333</b>	<b>-341</b>	<b>-233</b>	<b>-162</b>	<b>-162</b>	<b>-170</b>						<b>-1067</b>	
<b>Omitted Costs</b>													
<i>Social Security Privatization /1</i>							-94	-117	-135	-153	-173	0	-672
Further Cost of War**	0	-13	-56	-60	-43	-29	-25	-26	-27	-27	-28	-201	-334
AMT Relief and Interaction	0	-12	-32	-39	-48	-57	-67	-78	-90	-103	-117	-187	-642
Debt Service on Above	0	-1	-3	-8	-14	-19	-24	-31	-38	-46	-55	-45	-239
<i>Subtotal, Other Omitted Items</i>	<i>0</i>	<i>-25</i>	<i>-90</i>	<i>-108</i>	<i>-105</i>	<i>-105</i>	<i>-117</i>	<i>-134</i>	<i>-154</i>	<i>-176</i>	<i>-200</i>	<i>-433</i>	<i>-1215</i>
<b>Total, President's Omitted Agenda</b>	<b>0</b>	<b>-25</b>	<b>-90</b>	<b>-108</b>	<b>-105</b>	<b>-105</b>	<b>-211</b>	<b>-251</b>	<b>-289</b>	<b>-329</b>	<b>-373</b>	<b>-433</b>	<b>-1887</b>
<b>Resulting Deficits, Omitted Agenda</b>	<b>-333</b>	<b>-365</b>	<b>-324</b>	<b>-269</b>	<b>-267</b>	<b>-275</b>	<b>-478</b>	<b>-481</b>	<b>-534</b>	<b>-576</b>	<b>-629</b>	<b>-1501</b>	<b>-4199</b>

/1 from Center on Budget and Policy Priorities, adjusted for fiscal years, includes CBPP estimate of debt service. 2009-10 costs reflected in Deficits in Mid-Session Review

\*\* CBO Option for 2006 and thereafter, excluding outlays from 2005 and 2006 supplementals reflected in Mid-Session Review

# Budget Hides True Deficits After 2010

*Realistic Bush Deficit in Billions, Including Omitted Costs*



# Public Debt Load on Economy Still Increasing

*Debt as Percentage of GDP*

2001	33.0%
2002	34.1%
2003	36.1%
2004	37.2%
2005	37.6%
2006	38.3%

# **Goldman Sachs Believes Revenue Increase Will Not Continue**

**“As we see it, the prospects for additional cyclical reduction are limited...**

**“The 2005 tax bonanza has been concentrated in final settlements of 2004 tax liabilities. This is why it suddenly appeared in April and May... Thus, the lion’s share of this year’s extra tax receipts reflects last year’s strong profits and stock market.**

**“Profit taxes account for most of the remainder. Over the first eight months of the fiscal year, corporate tax payments have risen 47%, again due to last year’s surge in corporate profits. To the extent taxes have been paid on this year’s profits, the strength may also reflect expiration of the depreciation bonus...**

**“Conditions are not conducive to another April surprise next year...Unfortunately, the stock market has gone sideways thus far in 2005. Moreover, although economic growth remains sturdy, it has slowed– to about 3.5% from 4.4%. In this environment, gains in corporate profits...are apt to moderate as well.”**

**–Goldman Sachs report  
“U.S. Economics Analyst”  
June 10, 2005**