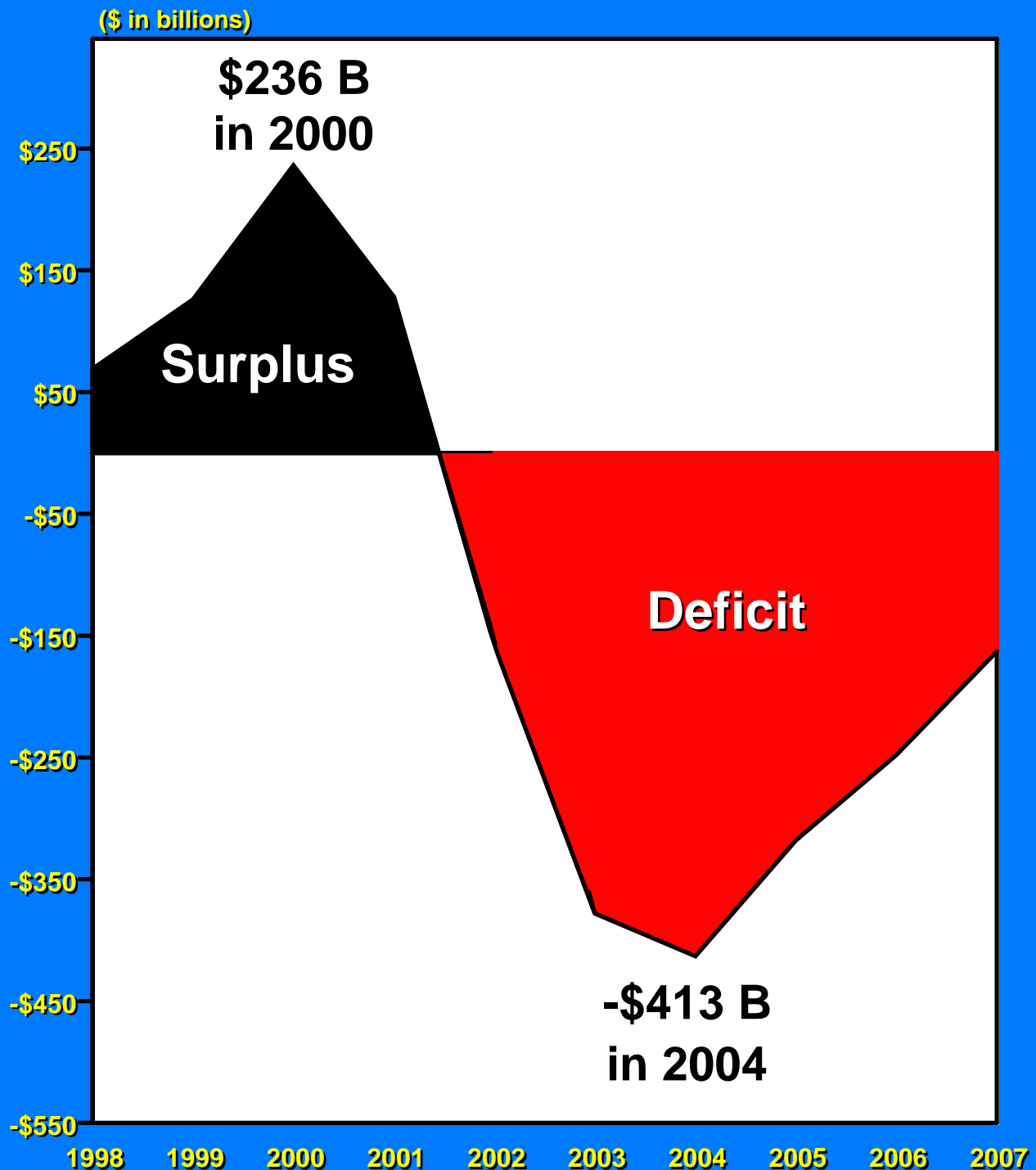
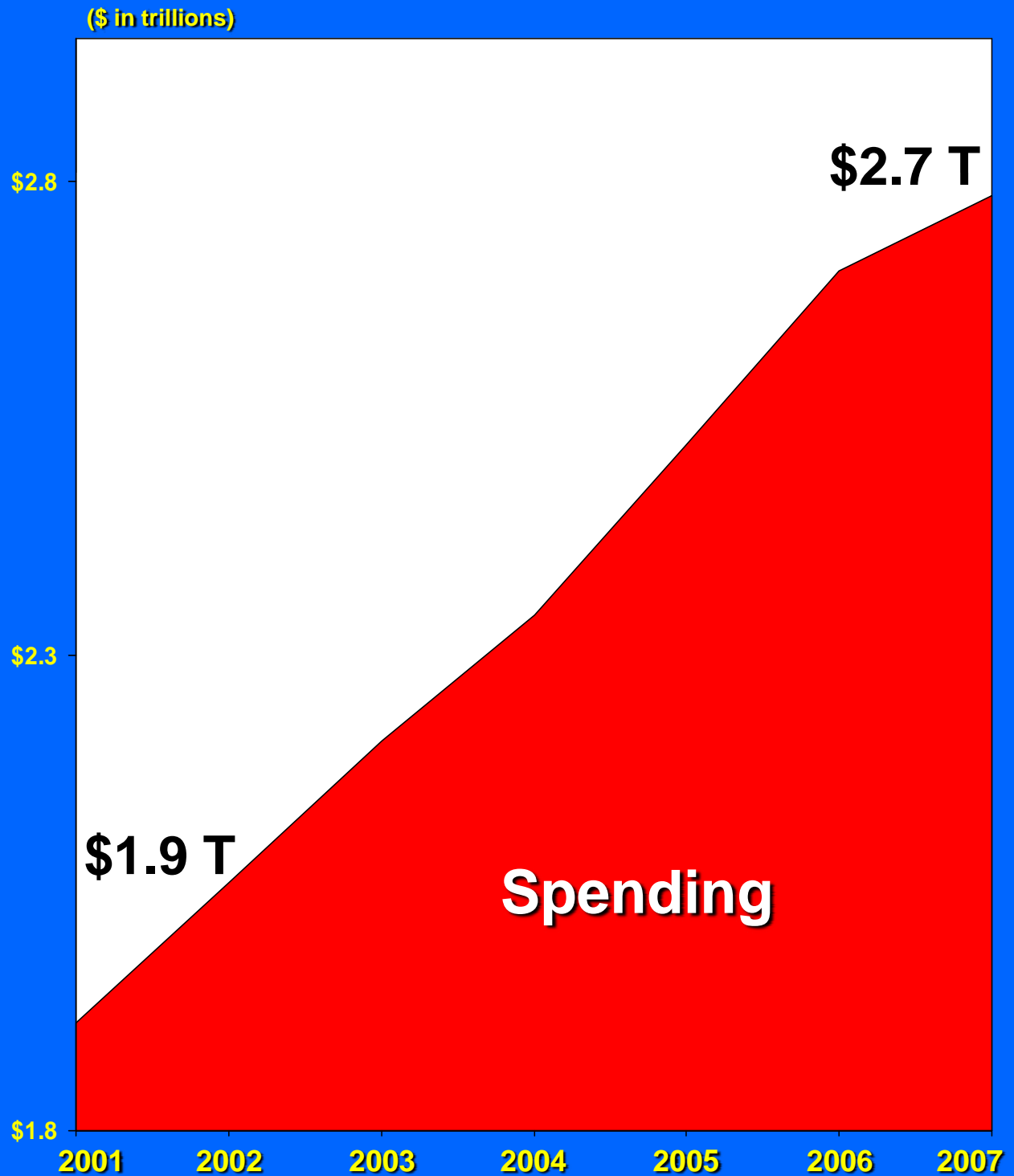


Dramatic Deterioration in Budget Picture



Source: OMB, Treasury

Spending Increases Almost 50% Under Bush Administration



Source: CBO

Note: Spending totals are outlays.

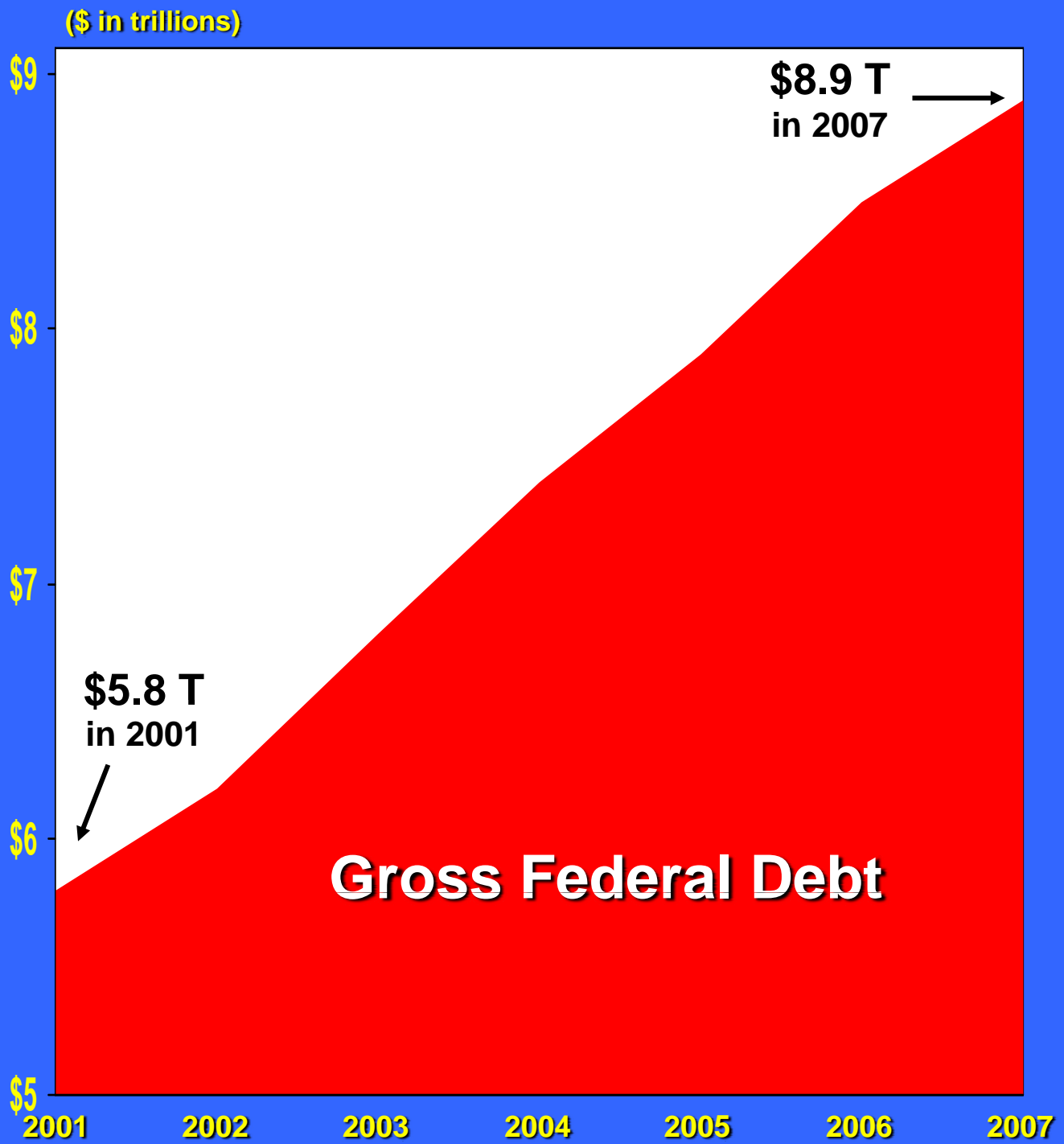
Real Revenues Have Been Flat Only Recently Exceeding 2000 Level



Source: OMB, CBO

Note: 2007 estimate in OMB Mid-Session Review

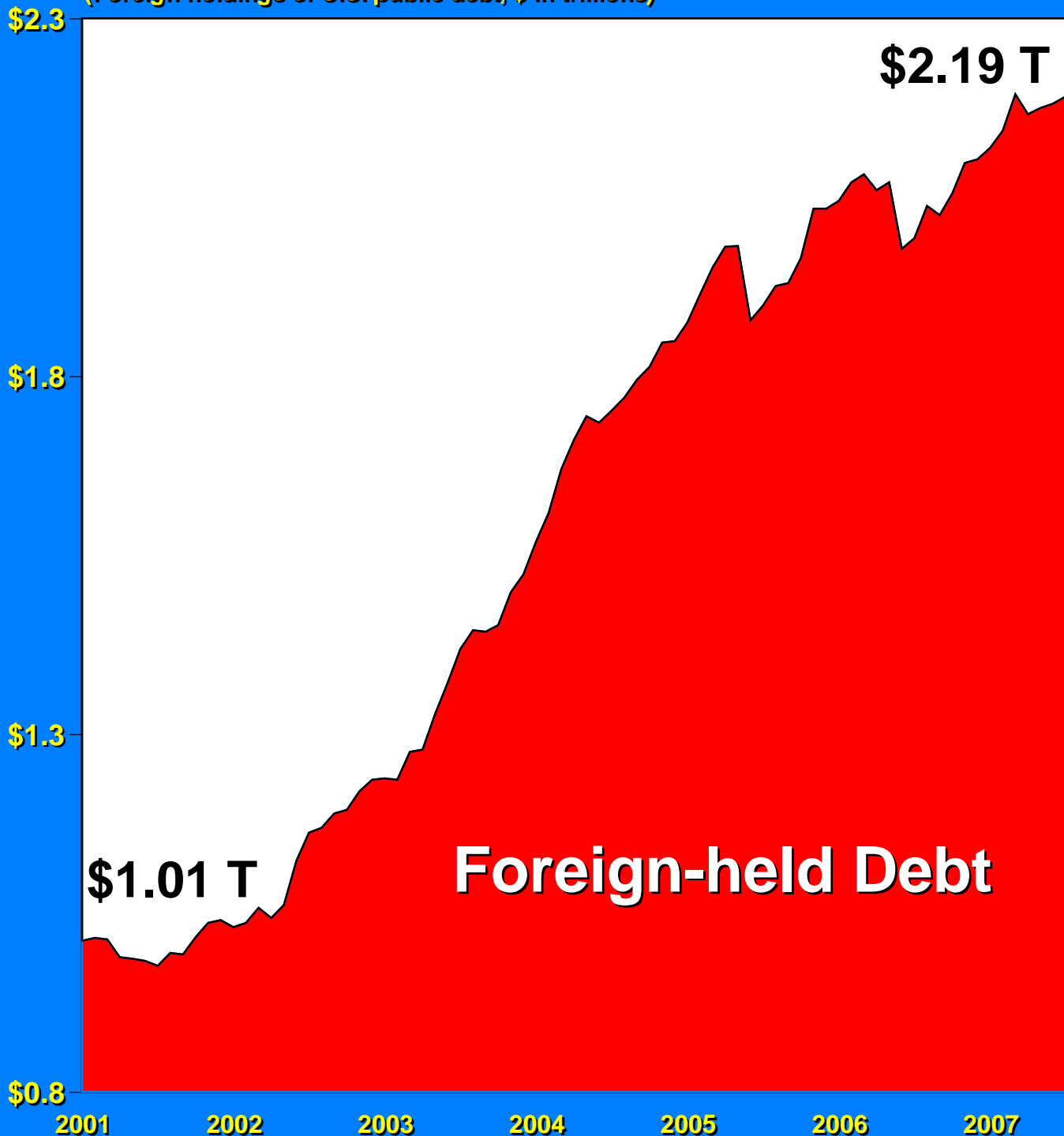
Federal Debt Soars Under Bush Administration



Source: OMB, CBO

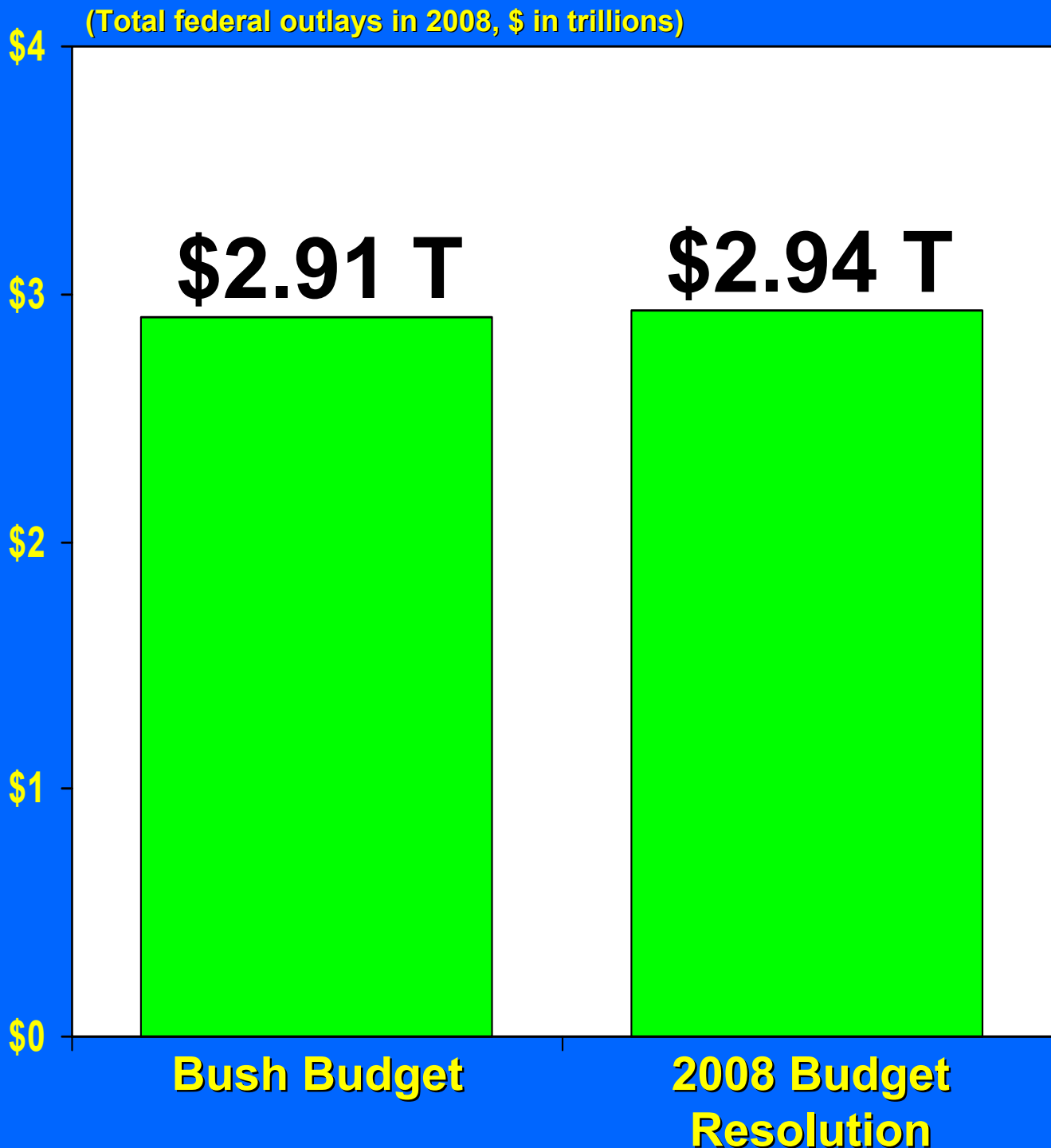
Debt Held by Foreigners Soars Under Bush Administration

(Foreign holdings of U.S. public debt, \$ in trillions)



Source: Treasury Department
Note: 2007 total as of July 2007

Budget Resolution Includes Only 1% More Spending Than Bush Budget in 2008

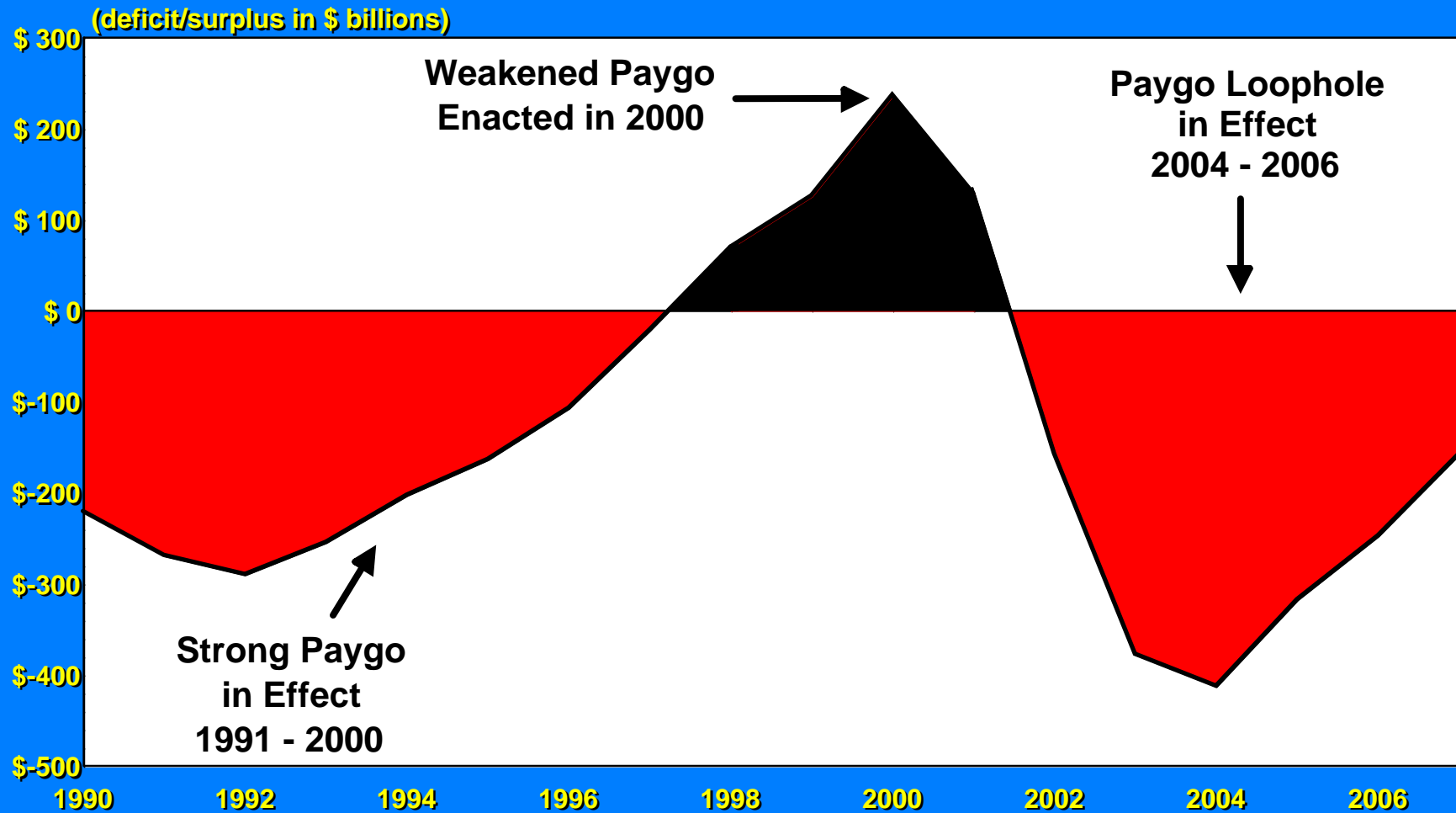


Source: CBO, SBC

SENATE PAYGO RULE

- **New mandatory spending and tax cuts must be offset or get 60 votes**

Strong Paygo Rule Helped Turn Deficits to Surplus in 1990's



Note: FY 2000 GOP budget resolution weakened Senate paygo rule to allow on-budget surpluses to offset tax cuts and spending increases. GOP blocked renewal of statutory paygo at end of FY 2002. FY 2004 GOP budget resolution further weakened Senate paygo rule by exempting all tax cuts and spending increases in any budget resolution. Democratic Majority restored strong Senate and House paygo rules in 2007.
Source: CBO

PAYGO is Working

- **Senate paygo “scorecard” has positive balance of \$670 million over 11 years**
- **Every bill coming out of conference this year has been paid for (or more than paid for)**
- **Paygo also has significant deterrent effect – preventing many costly bills from ever being offered**

Senator Gregg on Restoring PAYGO

“The second budget discipline, which is pay-go, essentially says if you are going to add a new entitlement program or you are going to cut taxes during a period, especially of deficits, you must offset that event so that it becomes a budget-neutral event that also lapses.

“... If we do not do this, if we do not put back in place caps and pay-go mechanisms, we will have no budget discipline in this Congress, and, as a result, we will dramatically aggravate the deficit which, of course, impacts a lot of important issues, but especially impacts Social Security.”

- **Senator Judd Gregg (R-NH)**
Senate Floor Debate on Budget Enforcement
Amendment to FY 2002 Supplemental
June 5, 2002

GOP's Argument is Full of Holes

PAYGO Scorecard

- Has balance of \$670 million

GOP Argument Ignores Fact that Bills Were More Than Paid For

- SCHIP Reauthorization – savings of \$207 million
- Higher Education Bill – savings of \$752 million over 5 years
- Immigration Bill – never passed Senate but had large unified savings
- Farm Bill – savings of \$102 million

Above Four Bills Cover Virtually All of Phony GOP Claims Regarding PAYGO

H.R. 3963: The Children's Health Insurance Program Reauthorization Act of 2007

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2008-12 2008-17

NET BUDGETARY EFFECT OF LEGISLATION

Direct spending and on-budget revenues	-3,824	-2,708	172	2,197	4,036	-473	-1,176	-402	527	1,444	-126	-207
--	--------	--------	-----	-------	-------	------	--------	------	-----	-------	------	------

Note: Score is for bill as passed by the Senate on 11/1/07

H.R. 2669: College Cost Reduction Act of 2007

CHANGES IN DIRECT SPENDING

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total 2007-12	Total 2007-17
Direct Spending													
Change In Budget Authority	-4,890	-326	-12	1,007	1,832	2,503	-4,480	-505	-635	-680	-640	114	-6,826
Change In Outlays	-4,890	-992	28	691	1,941	2,470	-1	-2,843	-1	-4	-2	-752	-3,603
Net Effect on Deficit	-4,890	-992	28	691	1,941	2,470	-1	-2,843	-1	-4	-2	-752	-3,603

Source: Congressional Budget Office

S. 1348: Comprehensive Immigration Reform Act of 2007

(complete substitute, as amended through May 24)

UNIFIED-BUDGET EFFECTS

(in billions of dollars)

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total 2008-12	Total 2008-17
Direct Spending													
Change in Outlays	0.0	-0.1	0.8	3.3	3.7	2.0	1.5	1.9	2.3	3.0	4.2	9.8	22.7
Revenues	0.0	0.8	5.8	3.6	0.7	3.7	5.1	6.1	7.2	7.8	7.5	14.6	48.3
Net Effect on Deficit (Unified)	0.0	-0.9	-5.0	-0.3	3.0	-1.7	-3.6	-4.2	-4.9	-4.8	-3.3	-4.8	-25.6

Source: Congressional Budget Office

H.R. 2419: Food and Energy Security Act of 2007 (Complete Substitute)

UNIFIED-BUDGET EFFECTS

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	Total 2008-12	Total 2008-17
Direct Spending													
Change In Budget Authority	0	3,624	2,184	1,840	-1,133	2,130	984	874	798	-857	-2,359	8,643	8,083
Change In Outlays	0	1,690	2,176	2,138	-611	-258	1,602	988	838	-836	-2,367	5,132	5,354
Revenues	0	2,788	18	-794	-658	3,841	-3,544	1,180	1,258	915	457	5,193	5,456
Net Effect on Deficit (Unified)	0	-1,098	2,158	2,932	47	-4,099	5,146	-192	-420	-1,751	-2,824	-61	-102

2007 Farm Bill - A Fiscally Responsible Plan

- **A five-year reauthorization**
- **Fully paid for; complies with paygo**
- **Cuts commodity title payments by \$7.5 B over five years**
- **Tightens payment limitations and eliminates loopholes**

Farm Bill Includes No Tax Increases

Loophole-closers include:

- Codify “economic substance” doctrine – prohibiting businesses from using certain tax-avoidance schemes**
- Revoke tax benefits for leasing foreign subways and sewers**
- Increase penalties for failure to file correct information returns**
- Deny deductions for certain fines and penalties**

Tax Cuts in Farm Bill

- **\$7.3 billion for conservation**
 - Including tax credit for farmland in conservation reserve program
- **\$2.5 billion for energy**
 - Including tax credit for small producers of cellulosic fuel
- **\$800 million for agriculture and rural areas**

Note: Estimates are for 10 years (2008-2017).