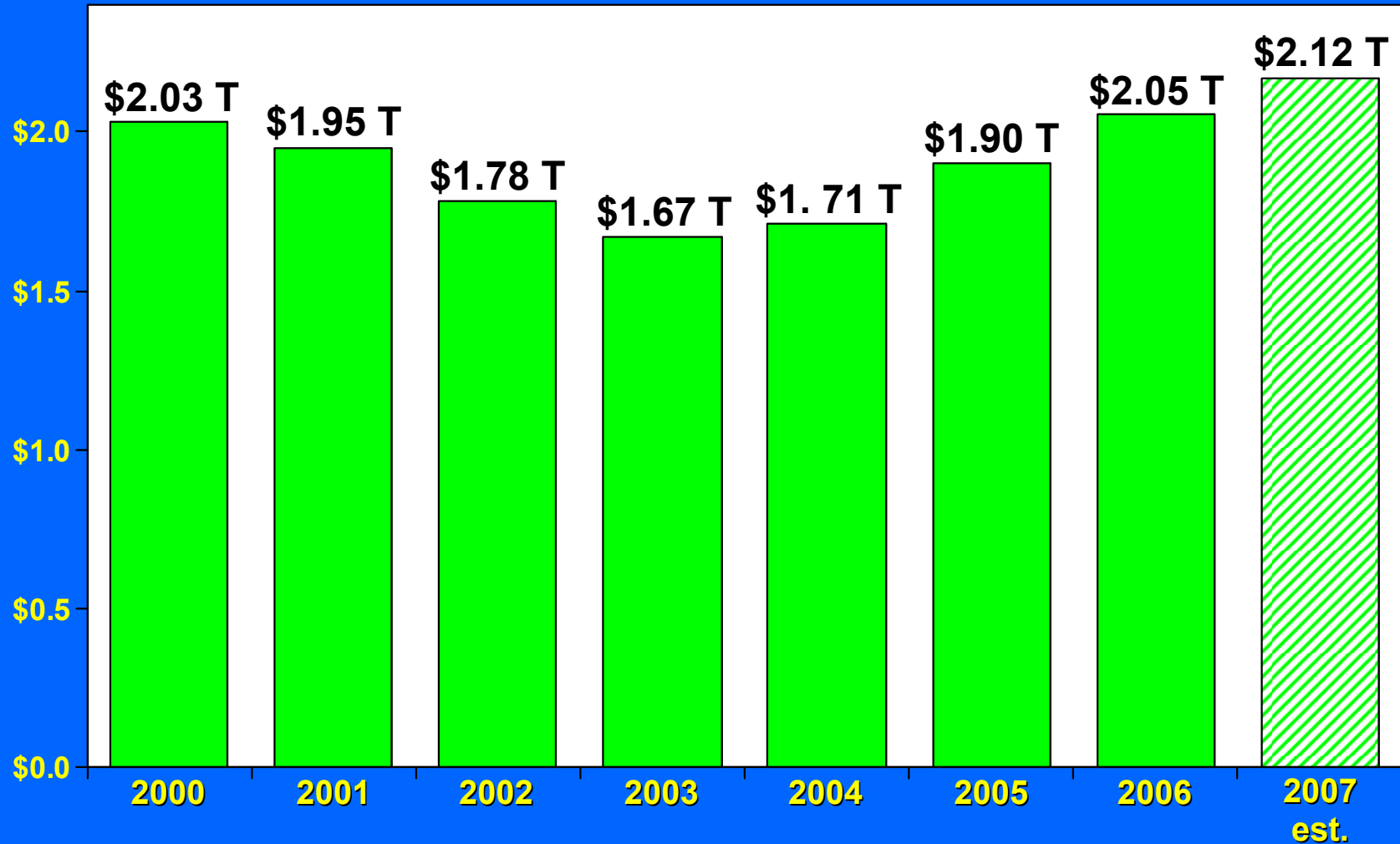


What's Left Out of Bush Budget

- ✗ Full Out-Year War Costs Beyond FY 2008**
- ✗ AMT Reform Beyond 2007**
- ✗ Spending Policy Details Beyond FY 2008
(Discretionary)**

Real Revenues Only Recently Exceeded 2000 Level

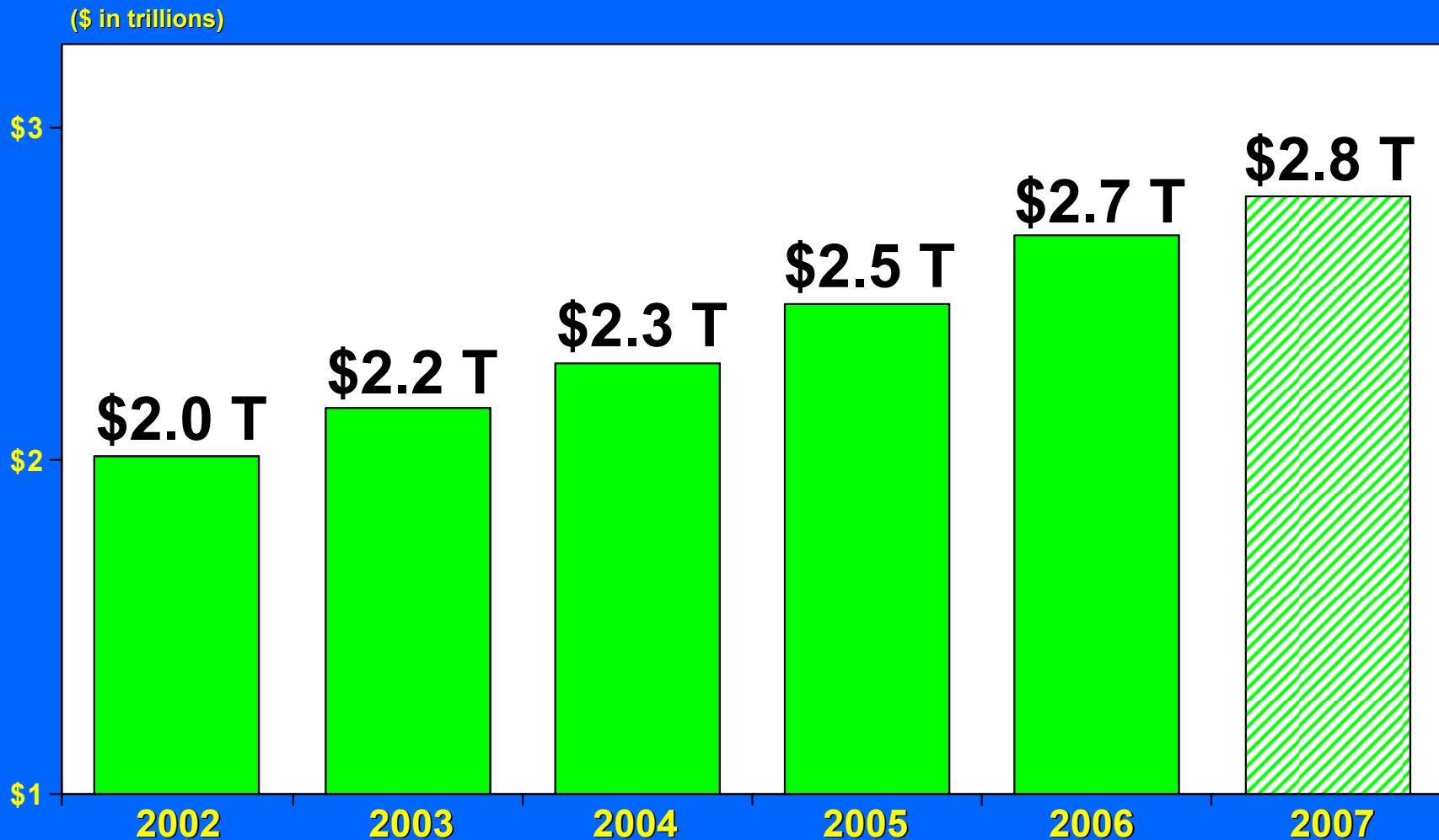
(Trillions of 2000 \$)



Source: OMB, CBO

Who Has Been “Overspending?”

Spending Has Increased Nearly 40% Under GOP Control

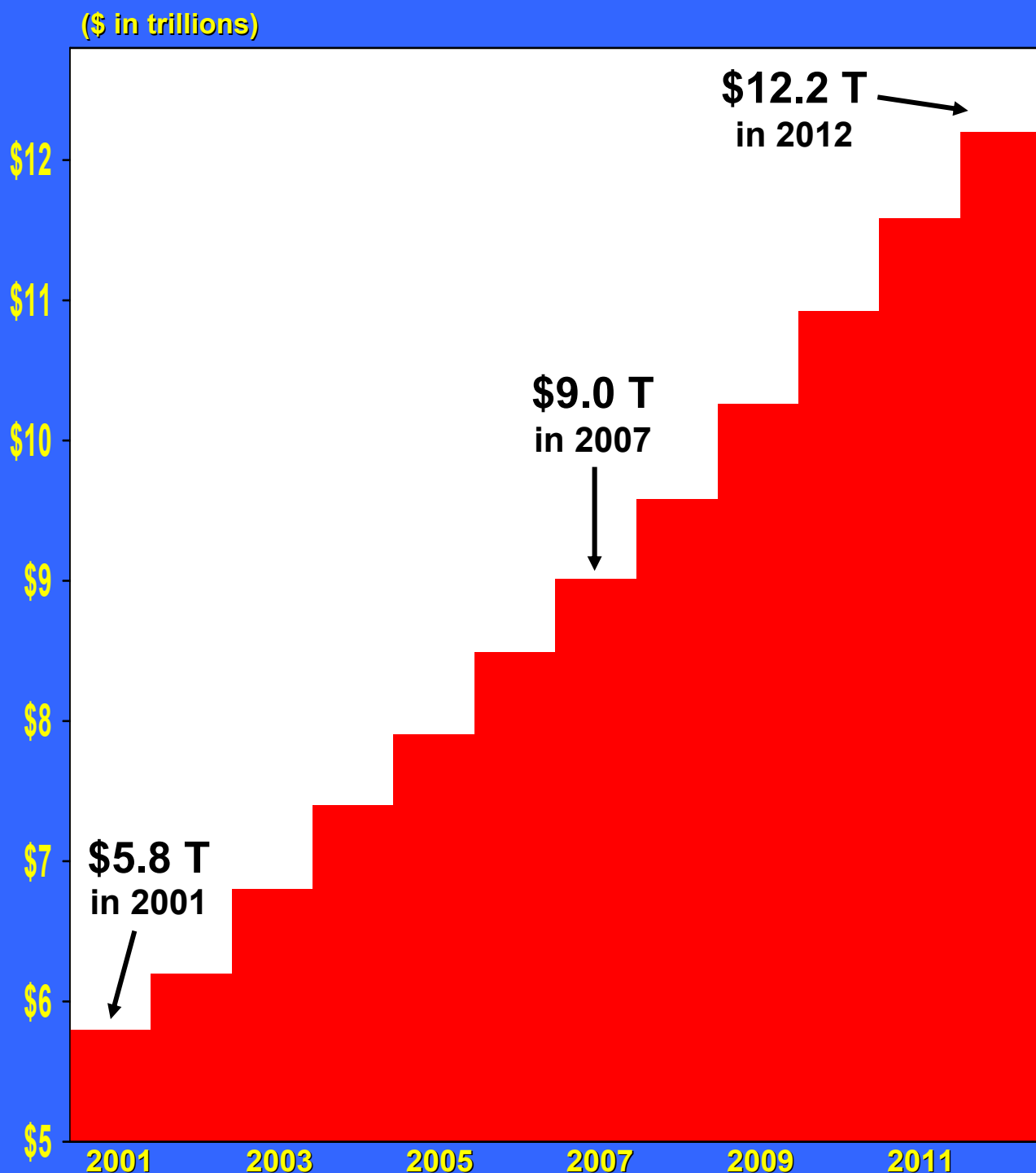


Source: OM

Note: Spending totals are outlays.

Building a Wall of Debt

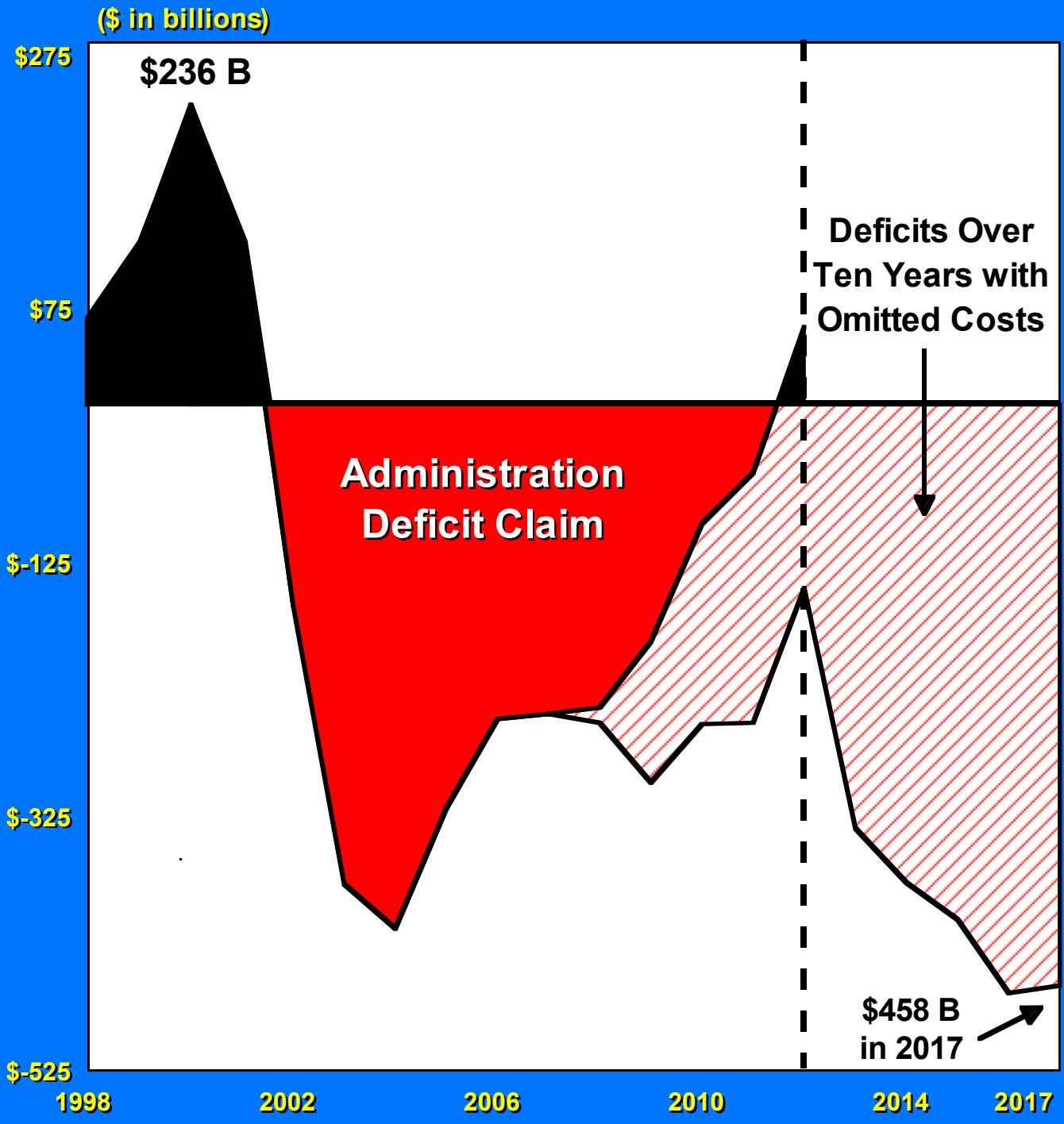
Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

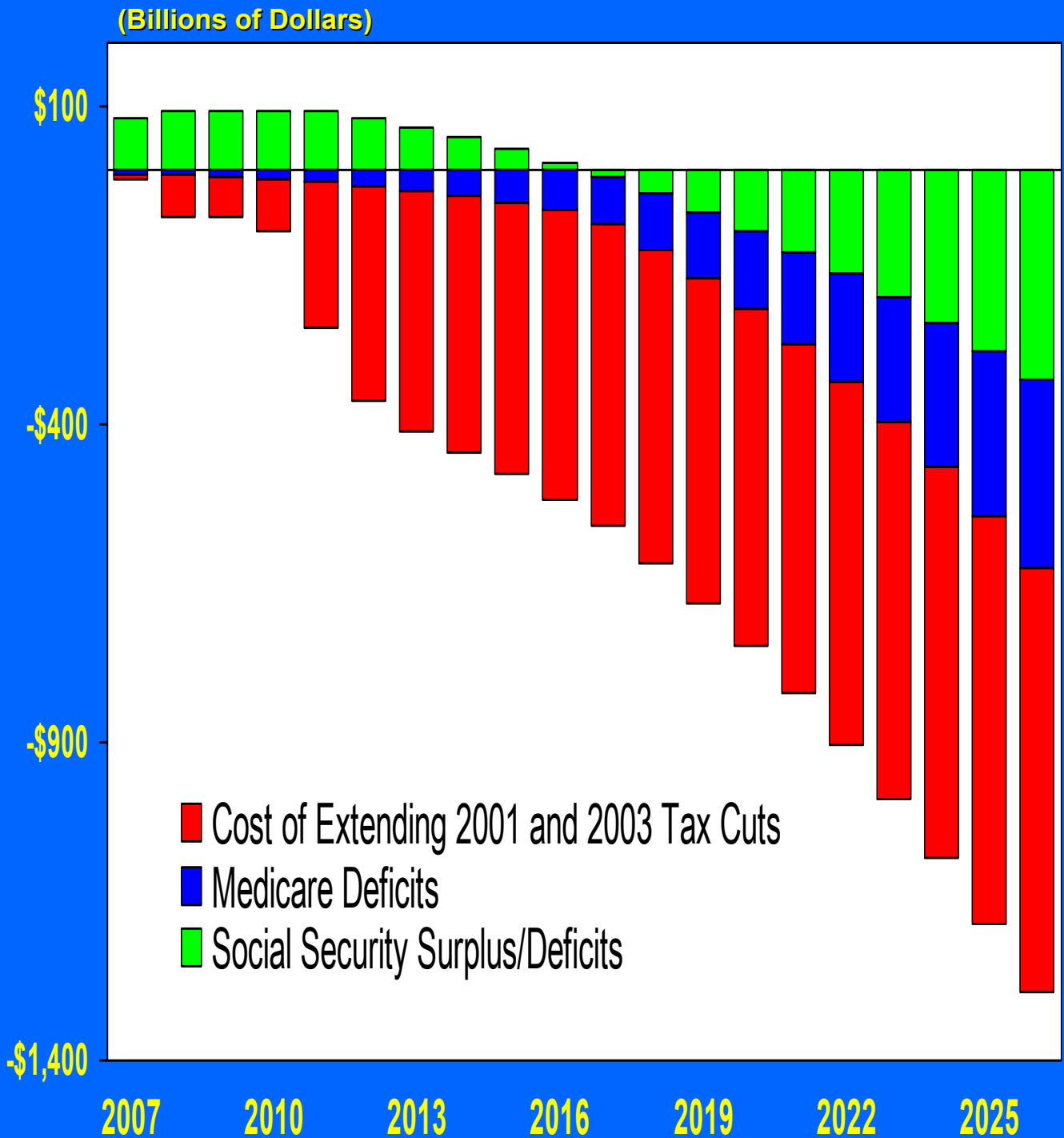
Note: Bush FY 2008 budget extended over ten years with AMT reform and ongoing war costs.

Long-Term Budget Outlook



Source: OMB, CBO and SBC Democratic staff
Note: Bush FY 2008 budget extended over ten years with AMT reform and ongoing war costs.

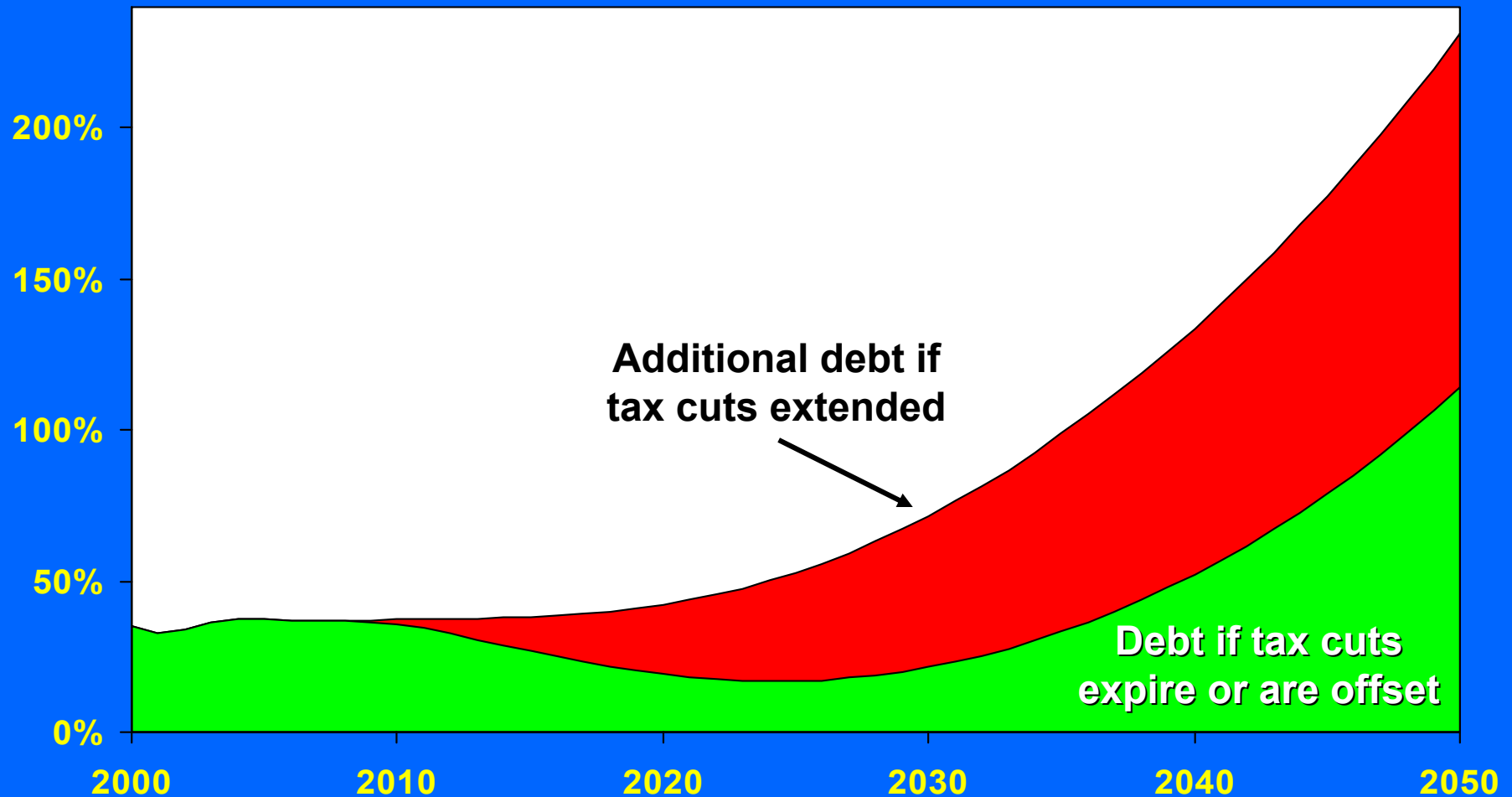
Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2007-2026



Source: Social Security Trustees 2006 Annual Report, CBO, CBPP, and SBC Democratic staff

Debt Explodes if All Tax Cuts are Extended Without Offsets

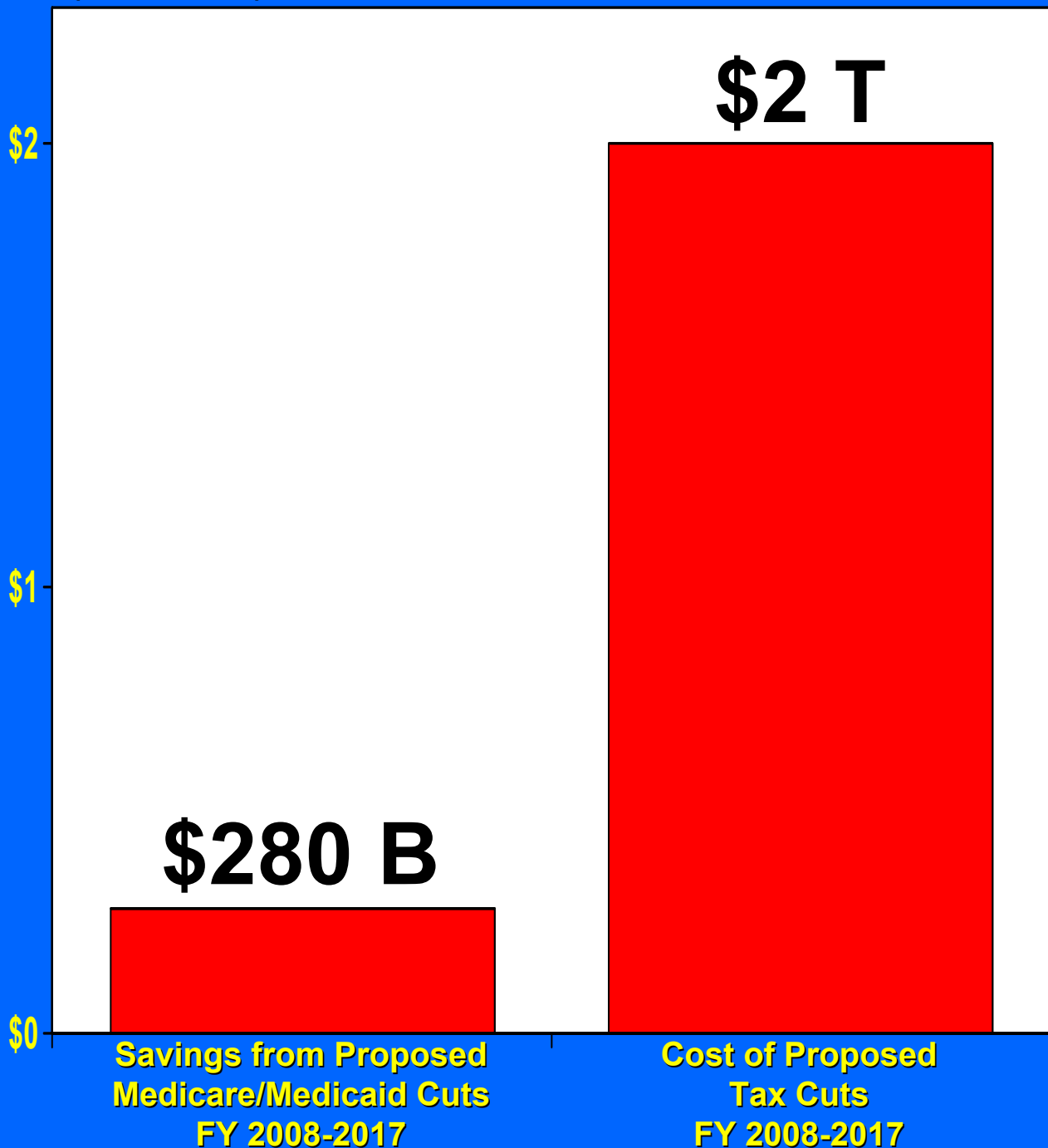
Debt as a Share of the Economy



Source: CBPP projections based on CBO data.

Savings from Medicare/Medicaid Cuts More than Wiped Out by Tax Cuts in Bush Budget

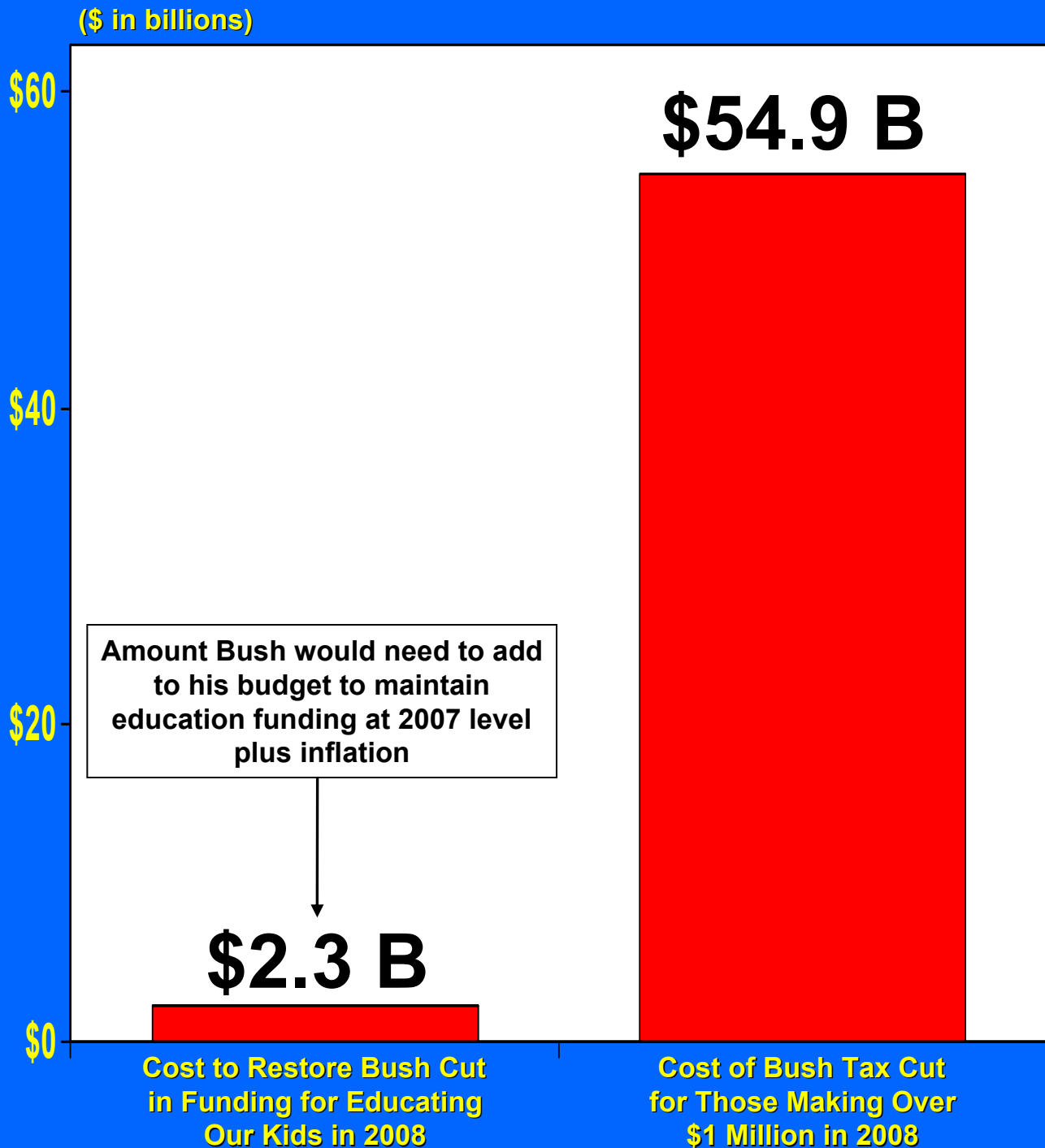
(\$ in trillions)



Source: CBO, OMB, Bush FY 2008 Budget
Note: Savings from new legislative proposals

The Wrong Priorities:

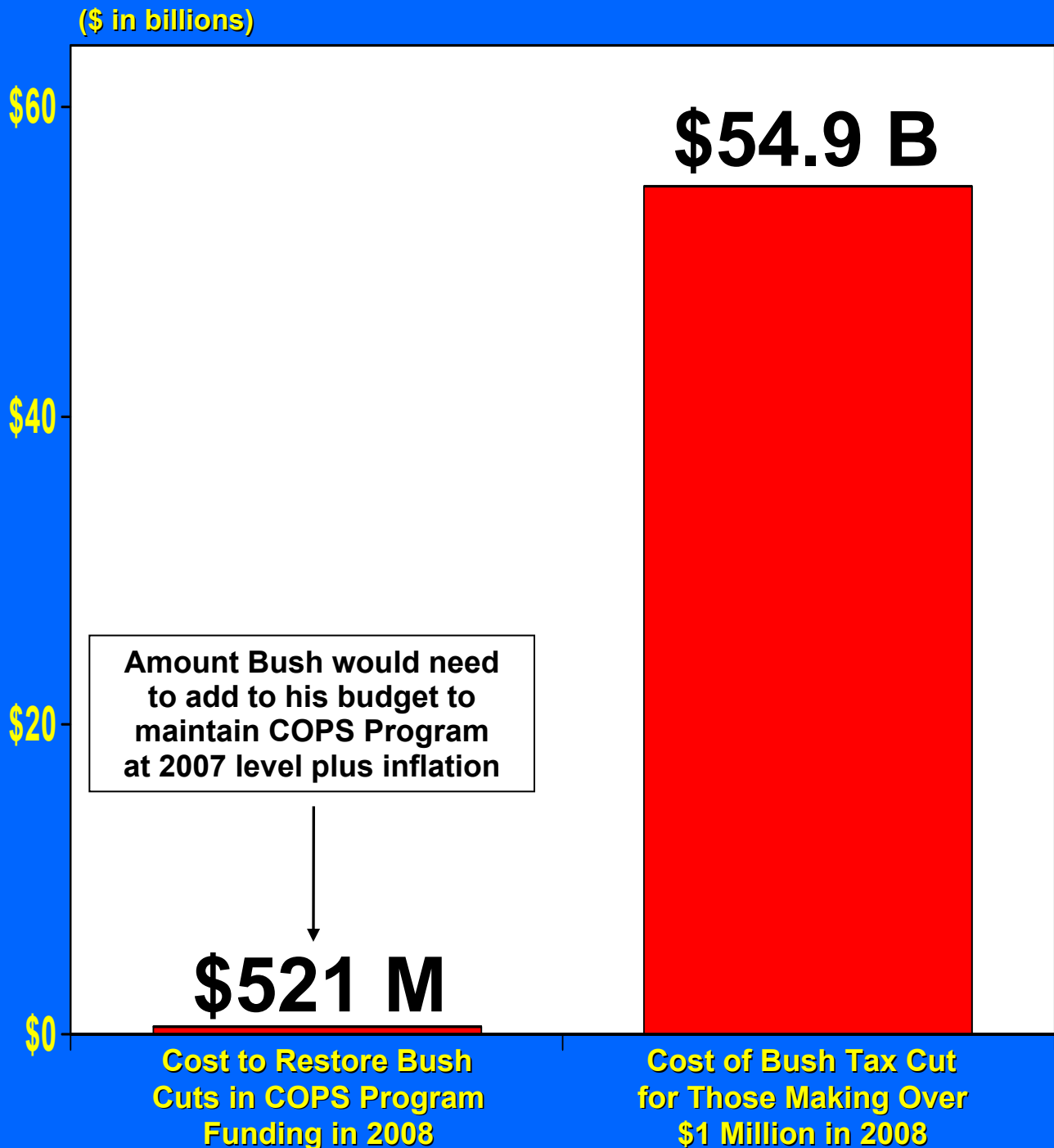
Bush Plan to Cut Education Funding Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: CBO, Urban-Brookings Tax Policy Center, and SBC Democratic staff
Note: 2007 level set under House-passed long-term Continuing Resolution.

The Wrong Priorities:

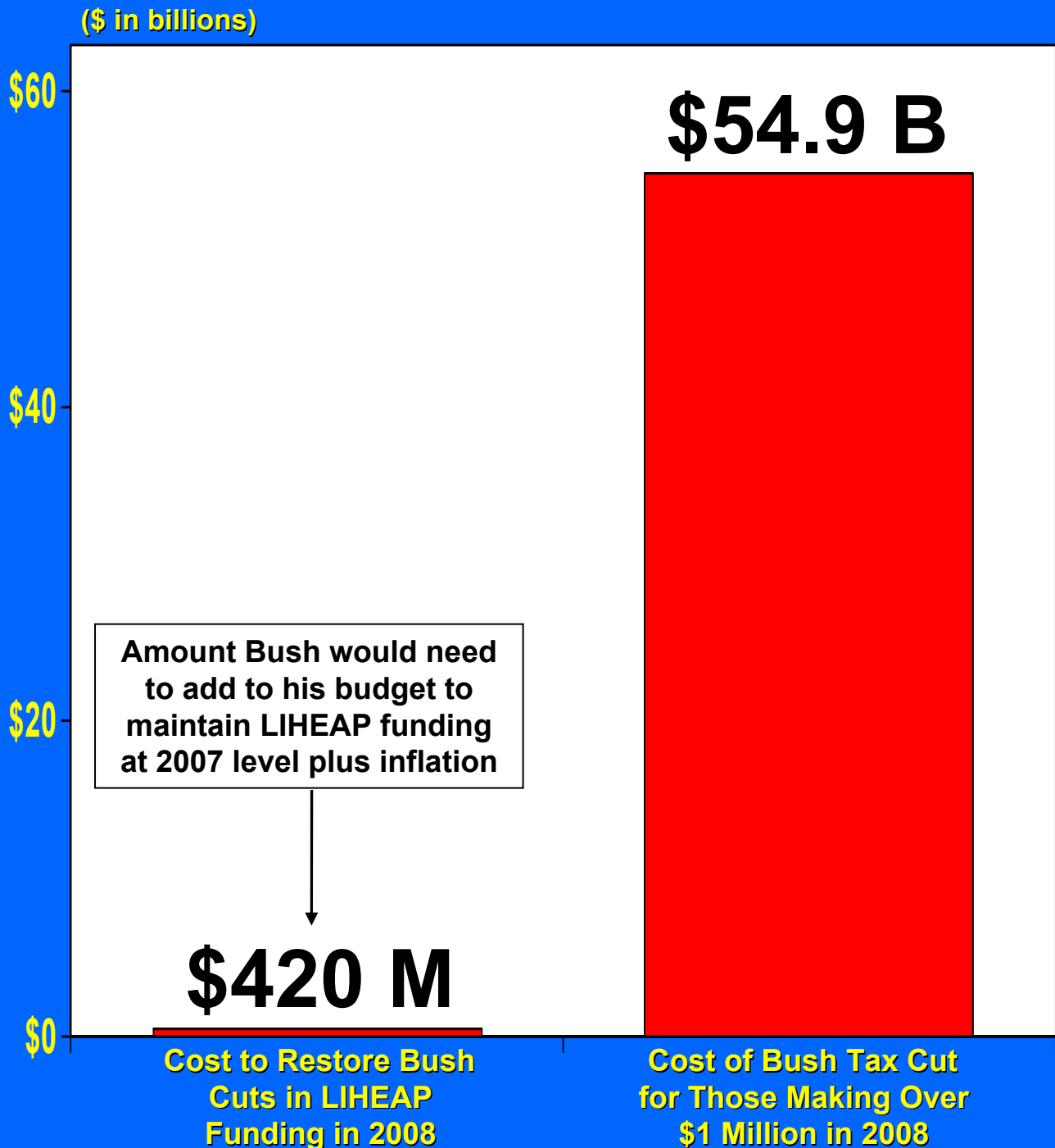
Bush Plan to Cut COPS Program by 94% Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: CBO, Urban-Brookings Tax Policy Center, and SBC Democratic staff
Note: 2007 level set under House-passed long-term Continuing Resolution.
COPS funding excludes rescission of prior year unobligated balances.

The Wrong Priorities:

Bush Plan to Cut LIHEAP Funding Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: CBO, Urban-Brookings Tax Policy Center, and SBC Democratic staff
Note: 2007 level set under House-passed long-term Continuing Resolution.

Federal Reserve Chairman Bernanke on Budget Outlook

“... [O]ne might look at these projections and say, ‘Well, these are about 2030 and 2040 and ... so we don’t really have to start worrying about it yet.’ But, in fact, the longer we wait, the more severe, the more draconian, the more difficult ... the adjustments are going to be. I think the right time to start is about 10 years ago.”

**–Federal Reserve Chairman Ben Bernanke
Testimony before Senate Budget Committee
January 18, 2007**