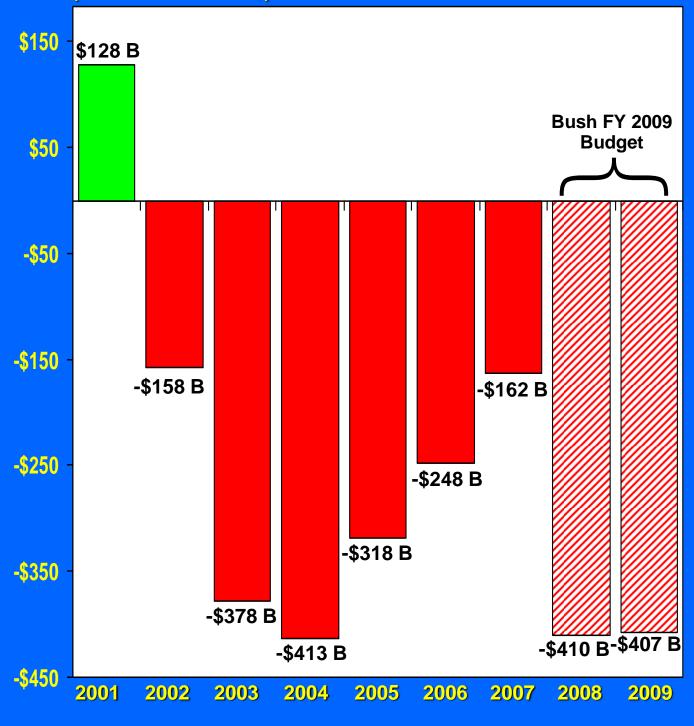
Dramatic Deterioration in Budget Picture

(Deficit in billions of \$)



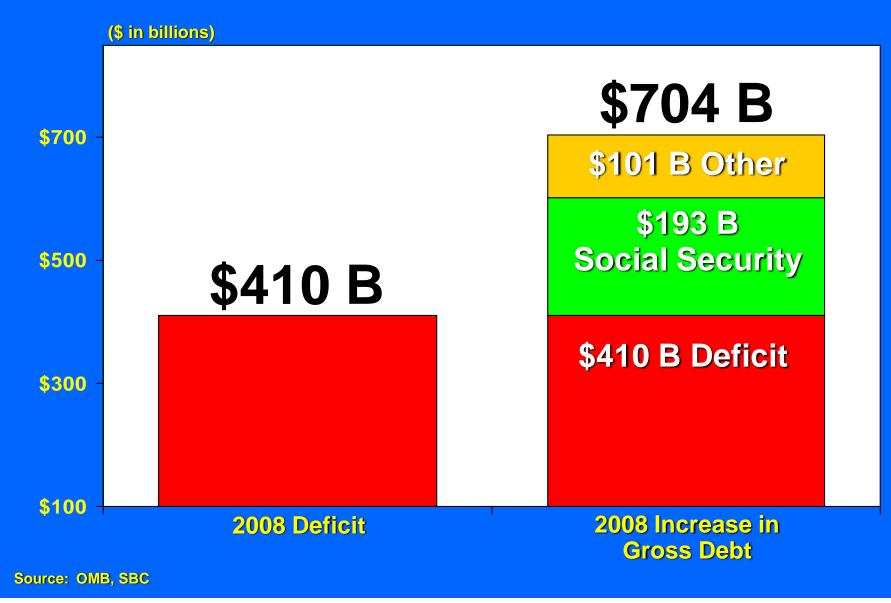
Source: OMB

Note: 2008 and 2009 estimates from Bush FY 2009 Budget.

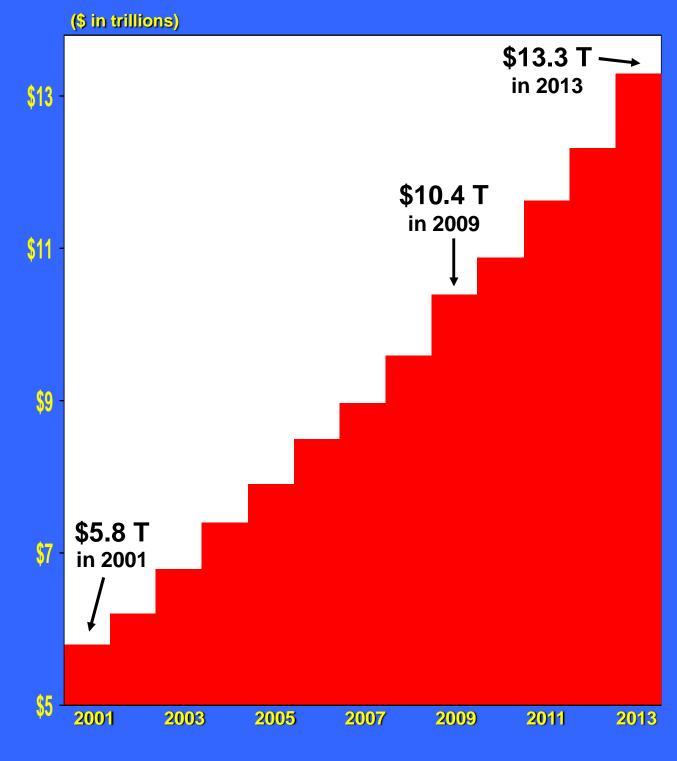
The Debt is

the Threat.

Increase in Debt in 2008 is Far Greater Than the \$410 Billion Deficit



Building a Wall of Debt Gross Federal Debt Soars



Source: OMB, CBO and SBC Note: Bush FY 2009 Budget with AMT reform, ongoing war costs, and associated debt service.

President Bush More than Doubles Foreign-Held Debt It Took 42 Presidents 224 Years to

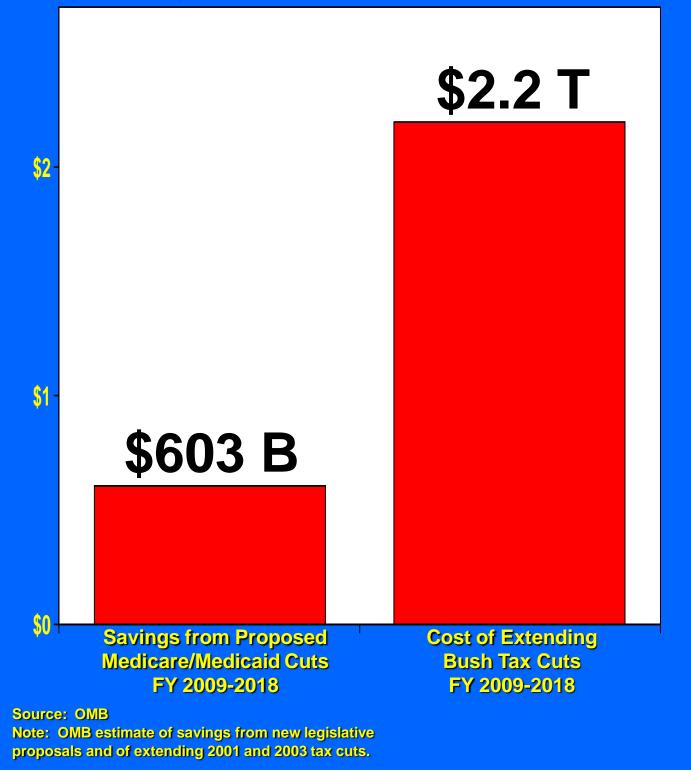
Build Up \$1 Trillion of Foreign-Held Debt



Source: U.S. Treasury As of November 2007

Savings from Medicare/Medicaid Cuts More than Wiped Out by Cost of Extending Bush Tax Cuts

(\$ in trillions)



What's Left Out of Bush Budget

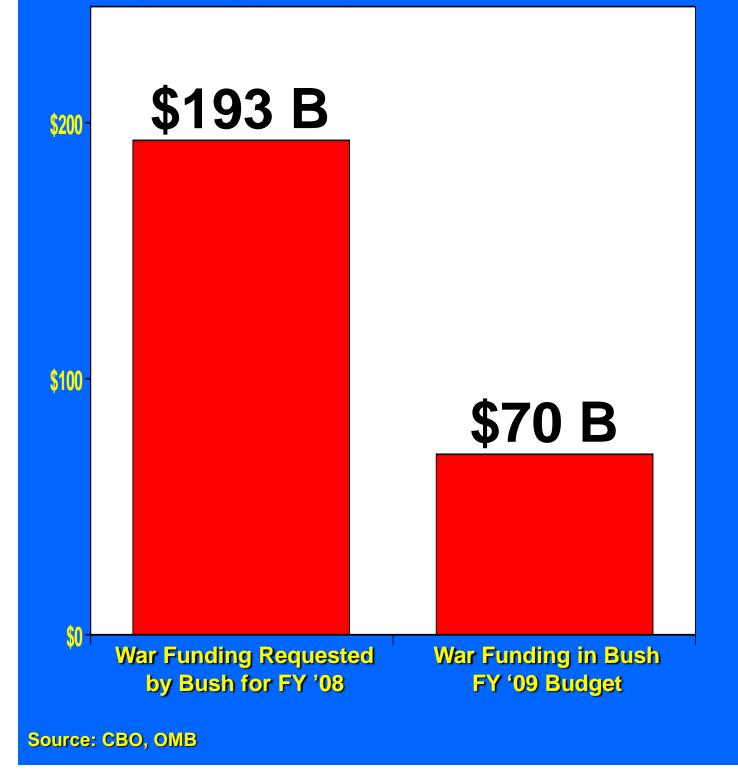
X War Costs Beyond First Half of FY 2009

X AMT Reform Beyond 2008

Spending Policy Details Beyond FY 2009 (Discretionary)

Bush Understates War Costs

(Budget authority; \$ in billions)



President Proposes Deep Cuts in Key Priorities

Program	<u>% Cut</u>
COPS	100%
Weatherization Assistance	100%
DHS State First Responder Grants	78%
EPA Clean Water Grants	21%
Community Development Block Grants (CDBG)	20%
Low Income Home Energy Assistance Program (LIHEAP)	17%

<u>What Bush</u> Inherited What Bush is

Leaving Behind...

Record \$5.6 T Surplus



\$400 B Annual Deficits

On Track to Pay Down All Publicly-Held Debt



Exploding Debt Burden

Strongest Economy in Three Decades

Robust Job Growth



Economy Slowing Sharply



Weakest Job Growth Since Hoover Administration