

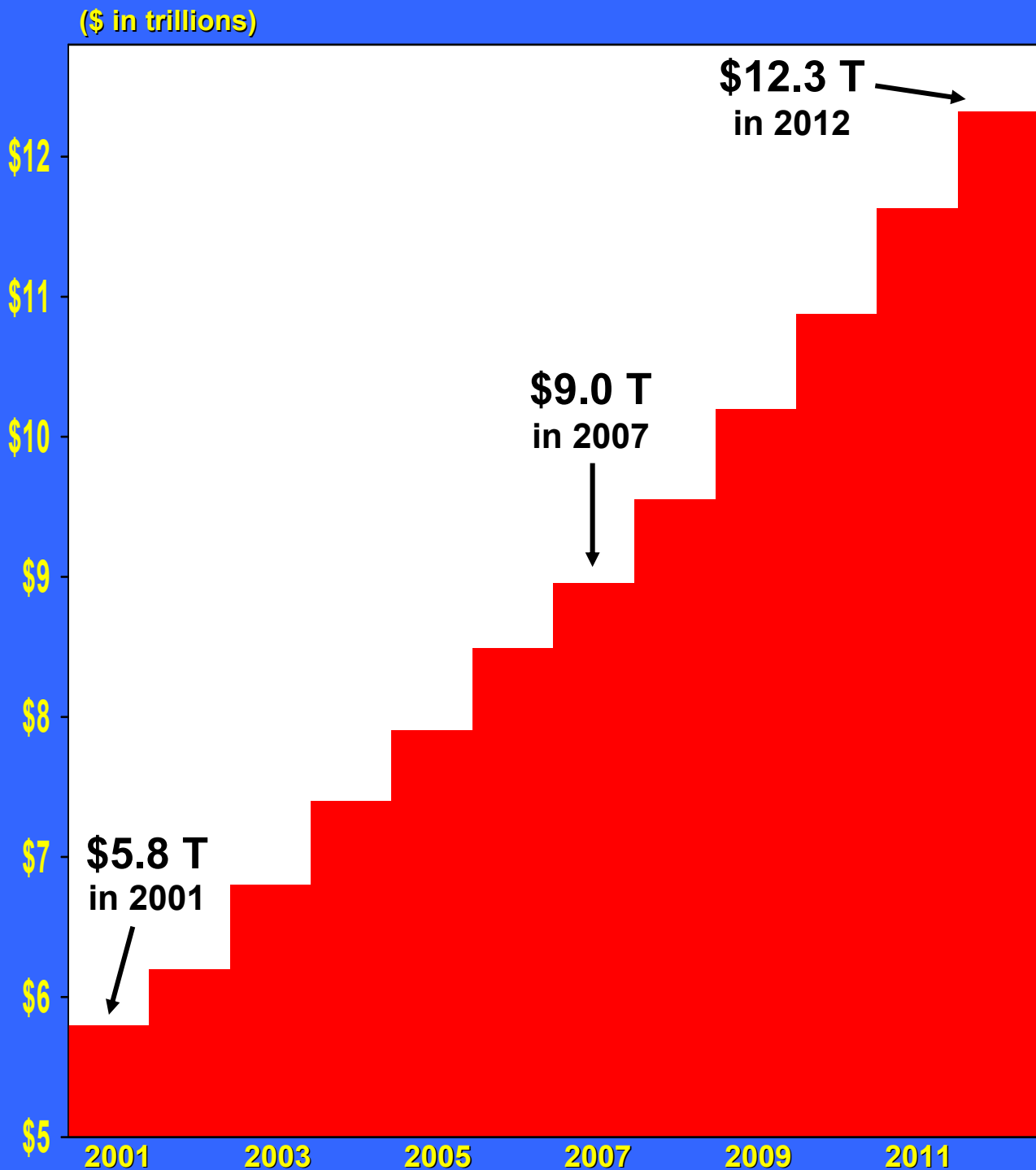
Federal Reserve Chairman Bernanke on Budget Outlook

“... [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**

Building a Wall of Debt

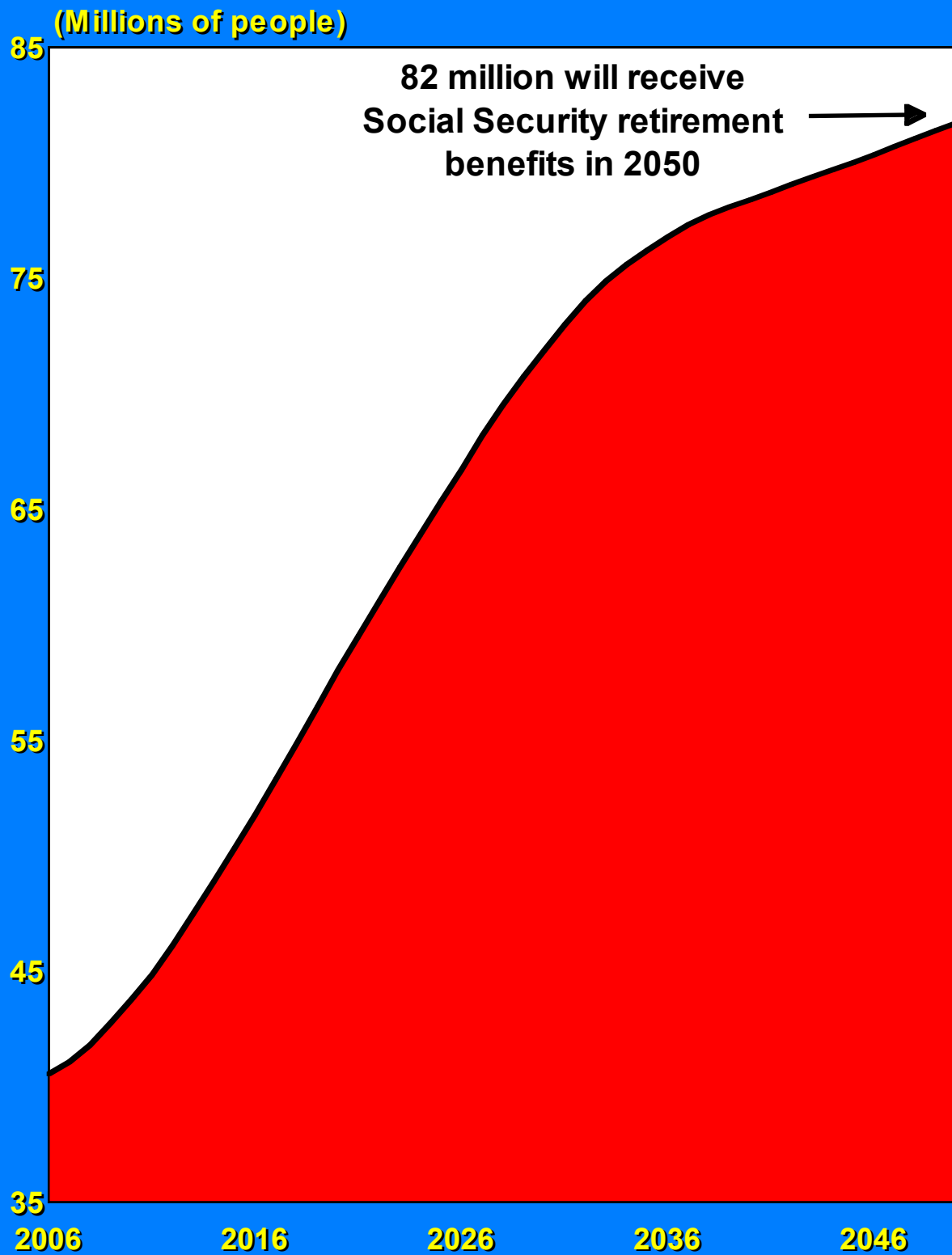
Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: CBO January 2007 estimate with tax cuts made permanent, AMT reform, ongoing war costs, Bush defense buildup, and without extension of 2007 emergency funding.

Number of Social Security Beneficiaries Explodes with Retirement of Baby Boom Generation

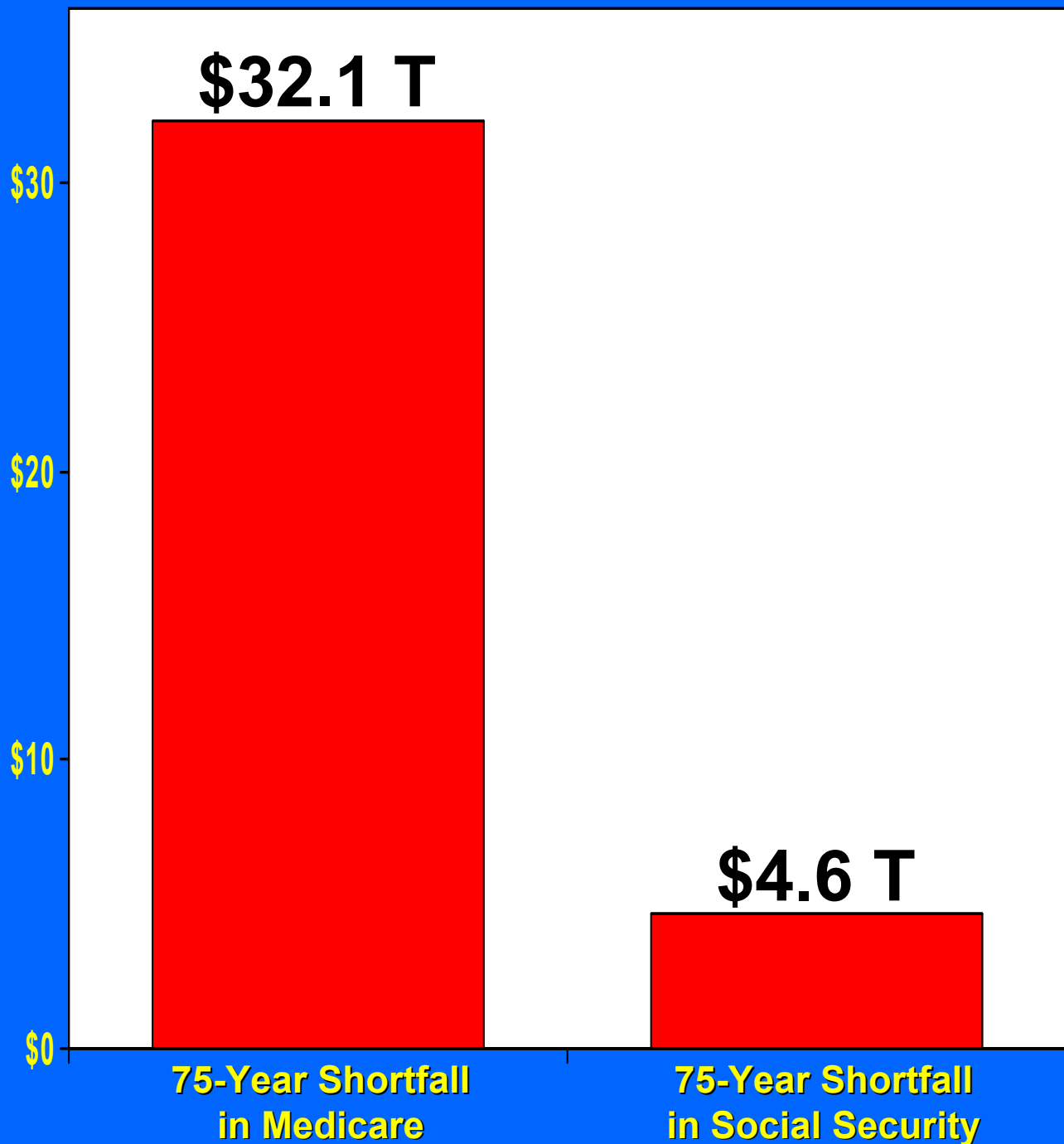


Source: 2006 Social Security Trustees Report
Note: OASI beneficiaries

Comparing Long-Term Costs of Medicare and Social Security

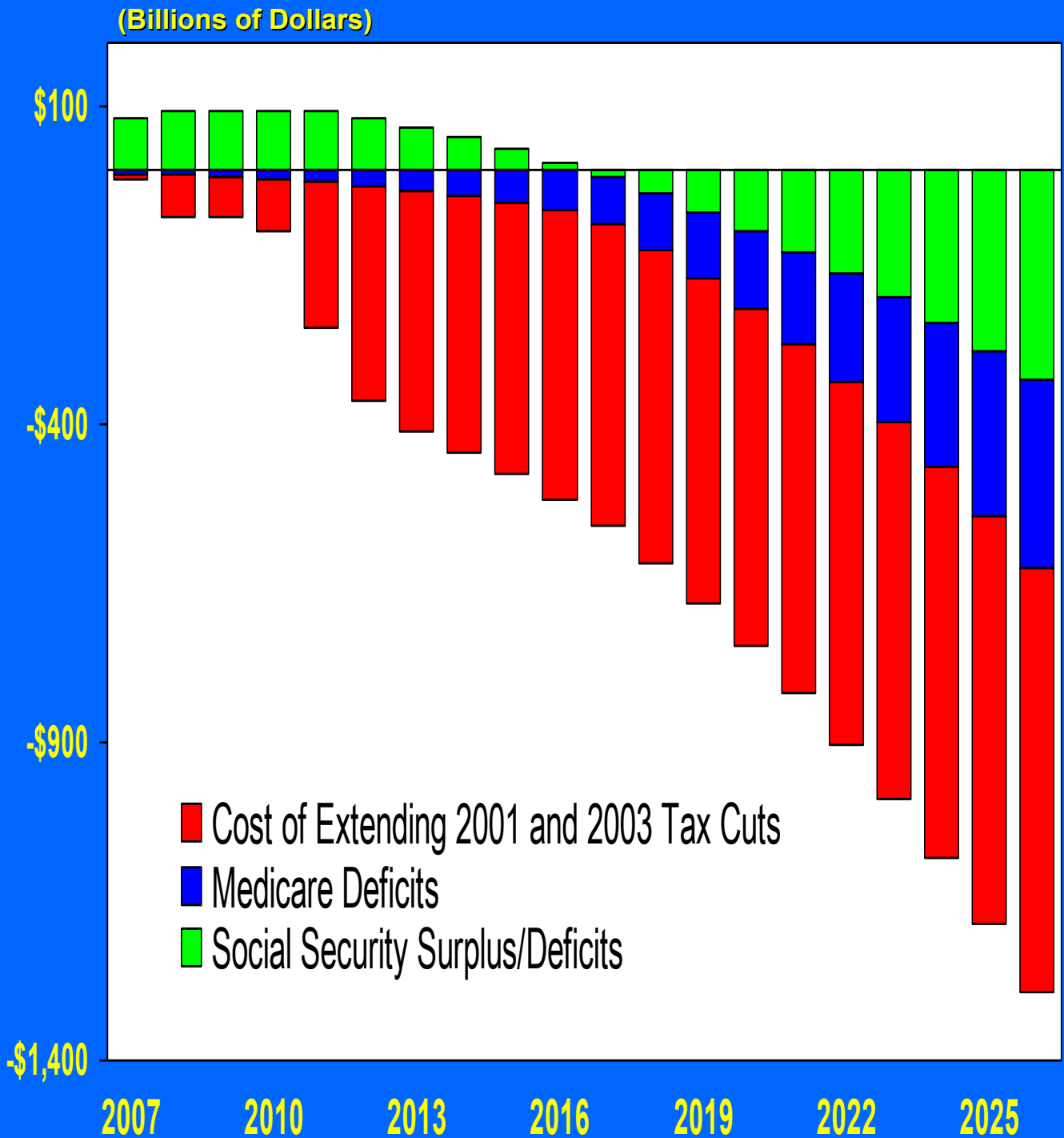
Present Value of Costs Over Next 75 Years

(\$ in trillions)



Source: Social Security Trustees 2006 Annual Report

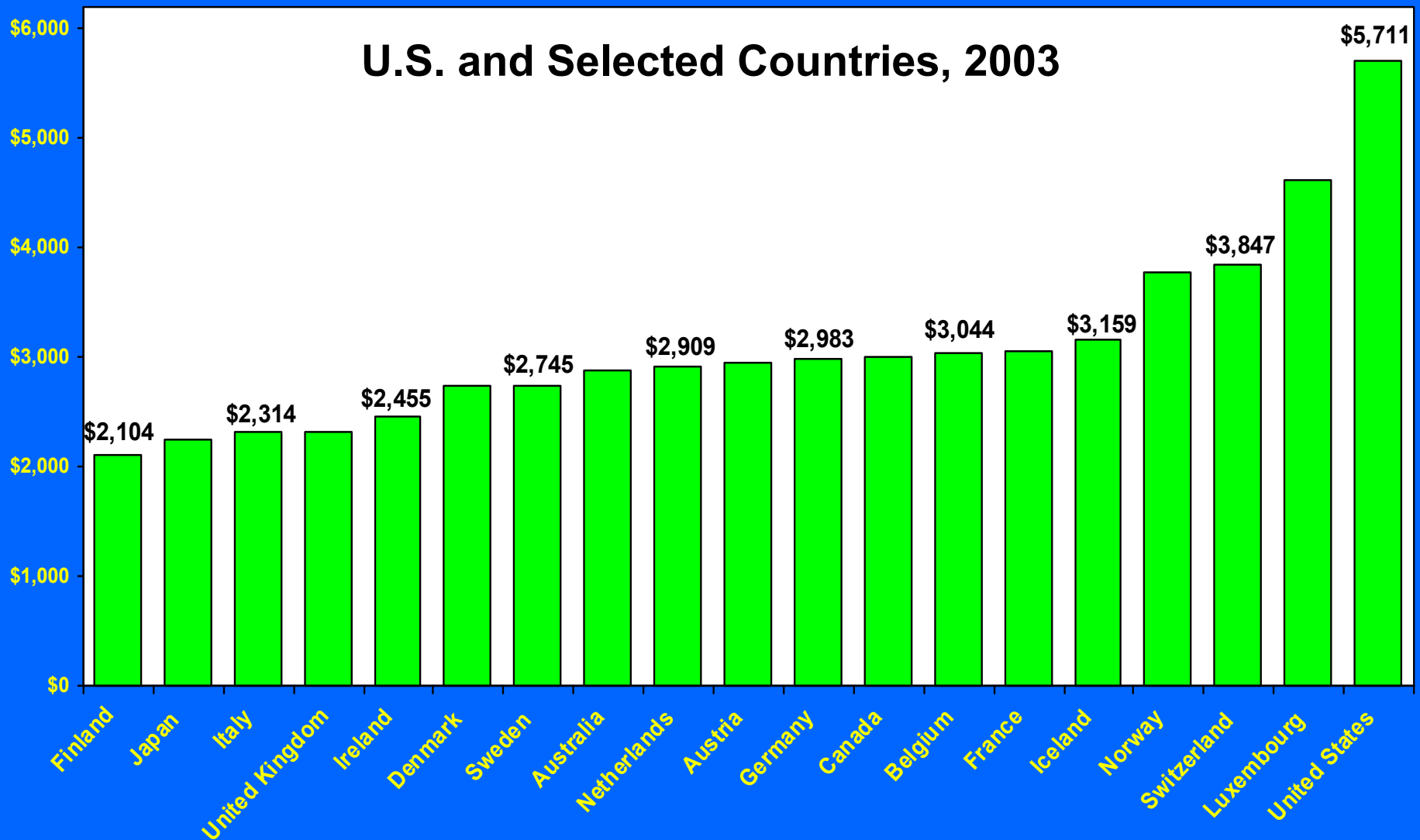
Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2007-2026



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

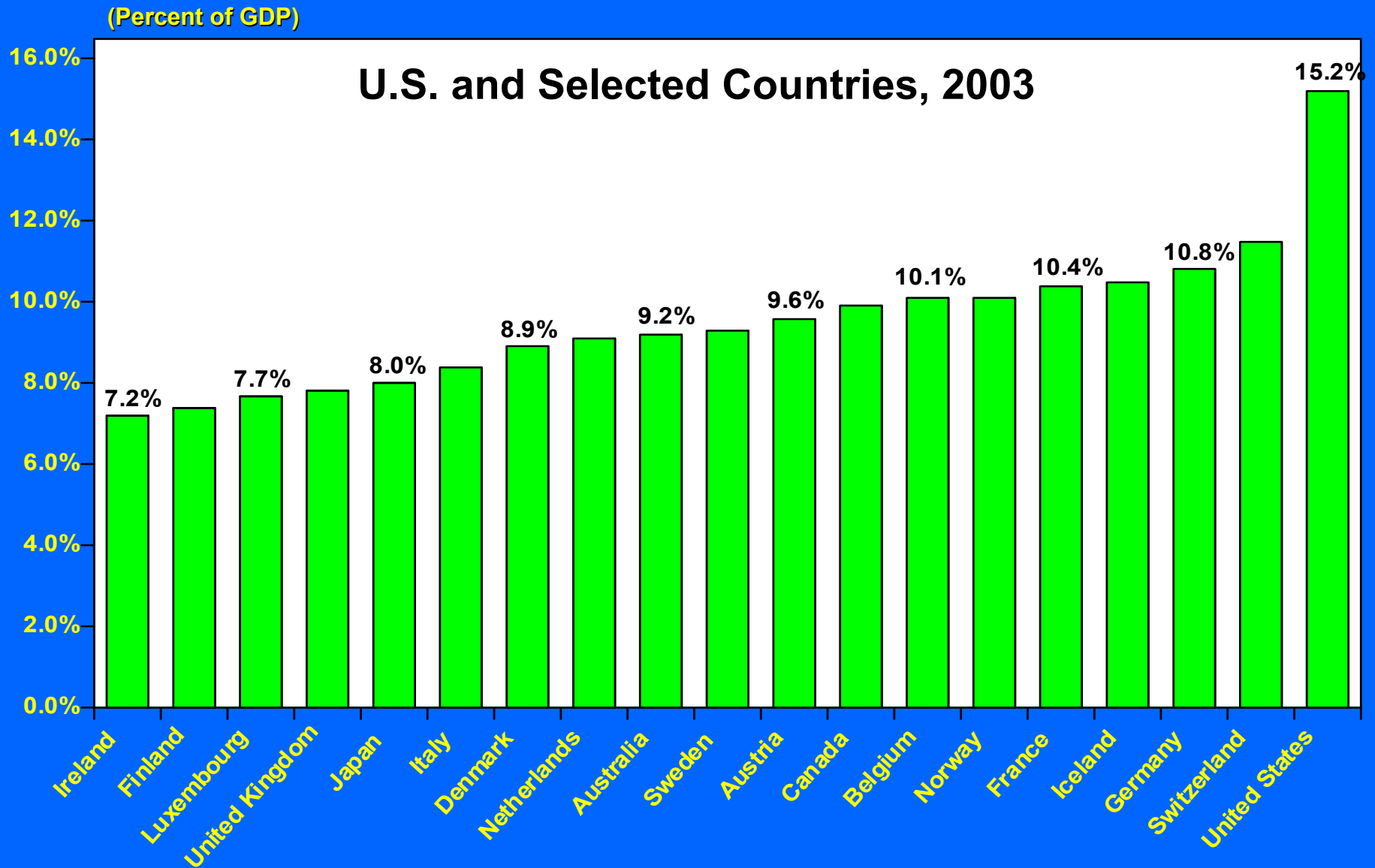
Total Health Expenditures Per Capita

(Expenditures per capita)



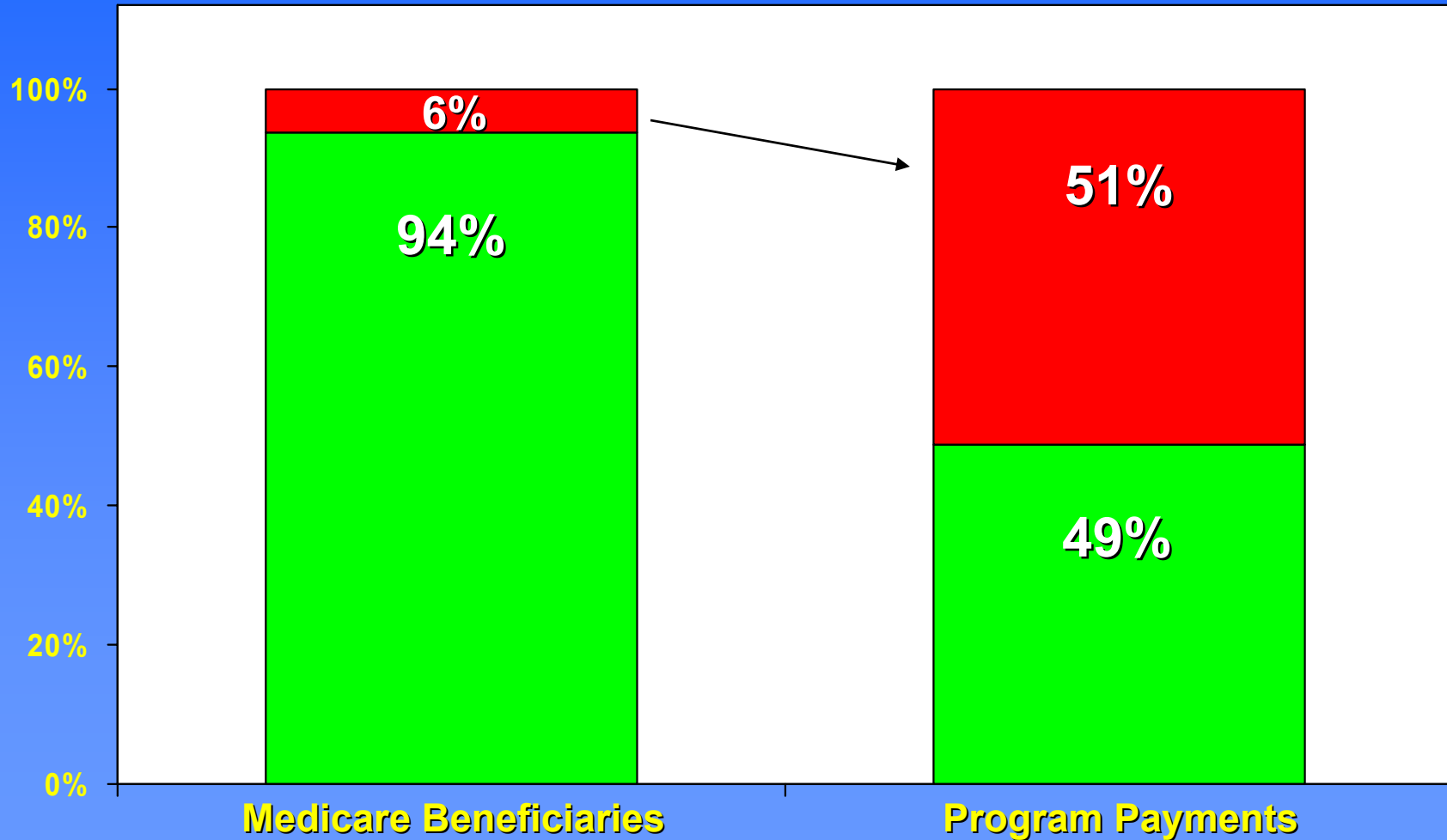
Source: Organization for Economic Co-operation and Development, October 2006

Total Health Expenditures as a Share of GDP



Source: Organization for Economic Co-operation and Development, October 2006

Six Percent of Medicare Beneficiaries Account for Roughly 51 Percent of Program Costs



Source: CMS and CSR based on payments for fee-for-service beneficiaries population in 2001.