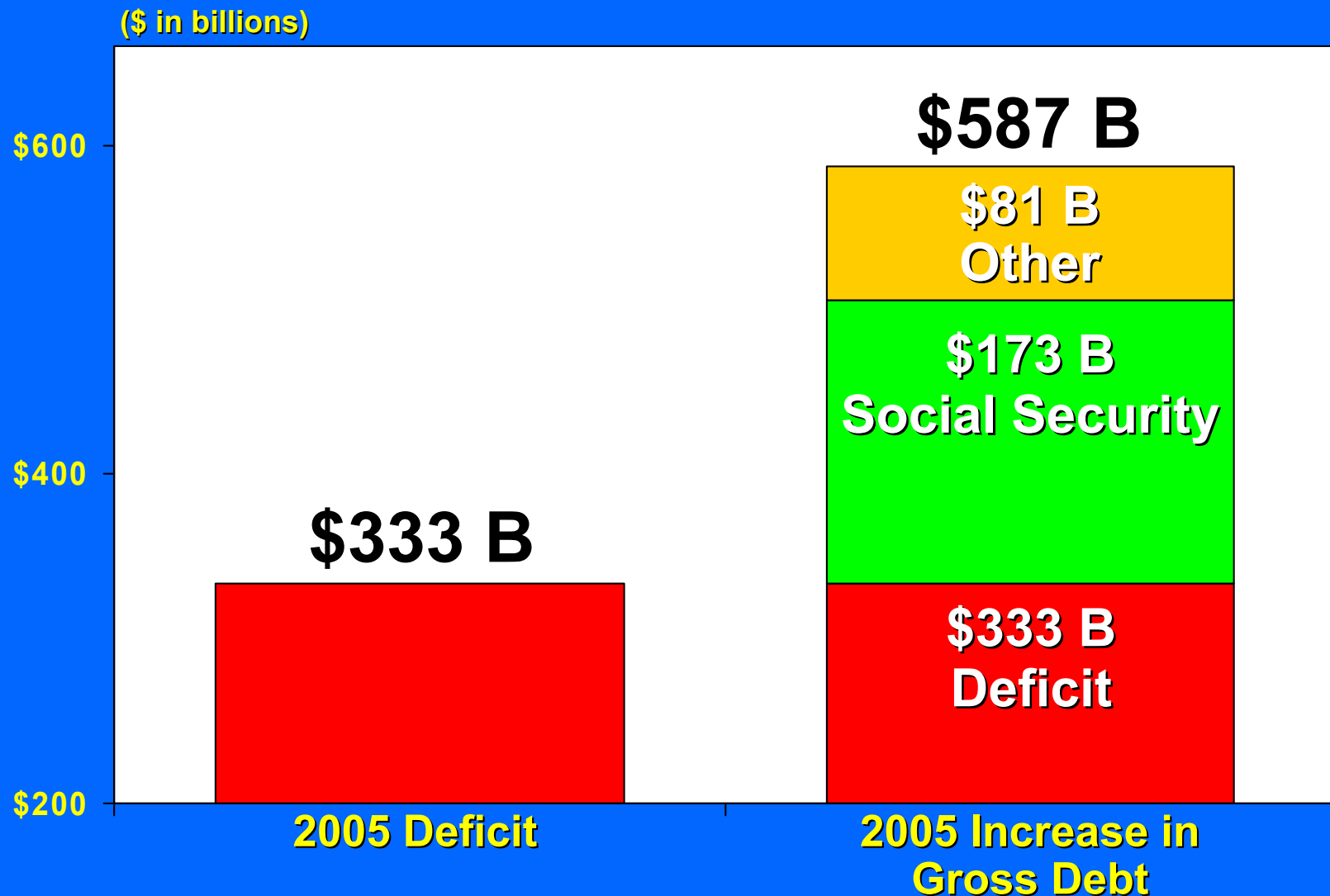
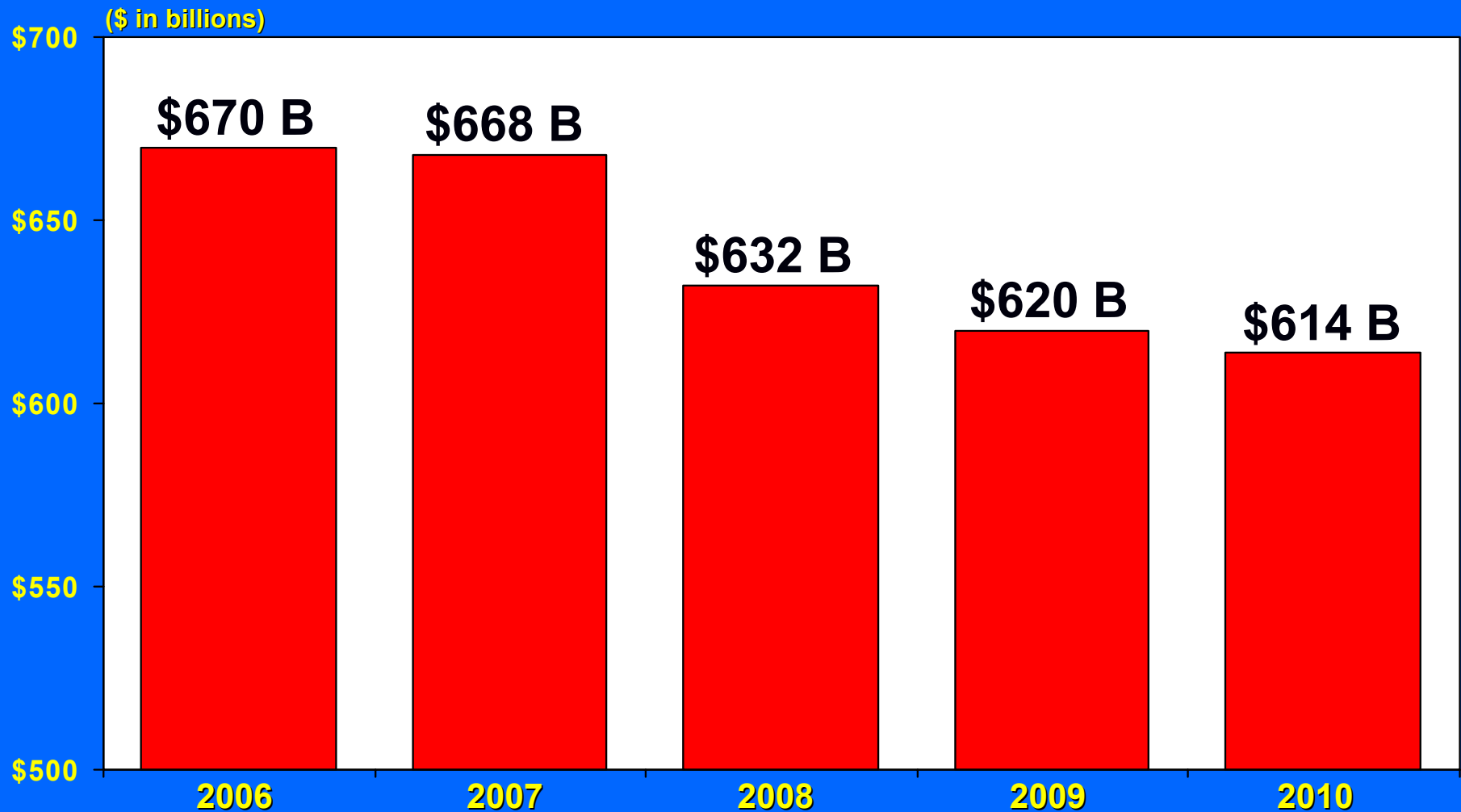


Increase in Debt in 2005 is Far Greater Than the \$333 Billion Deficit



Source: OMB, July 2005

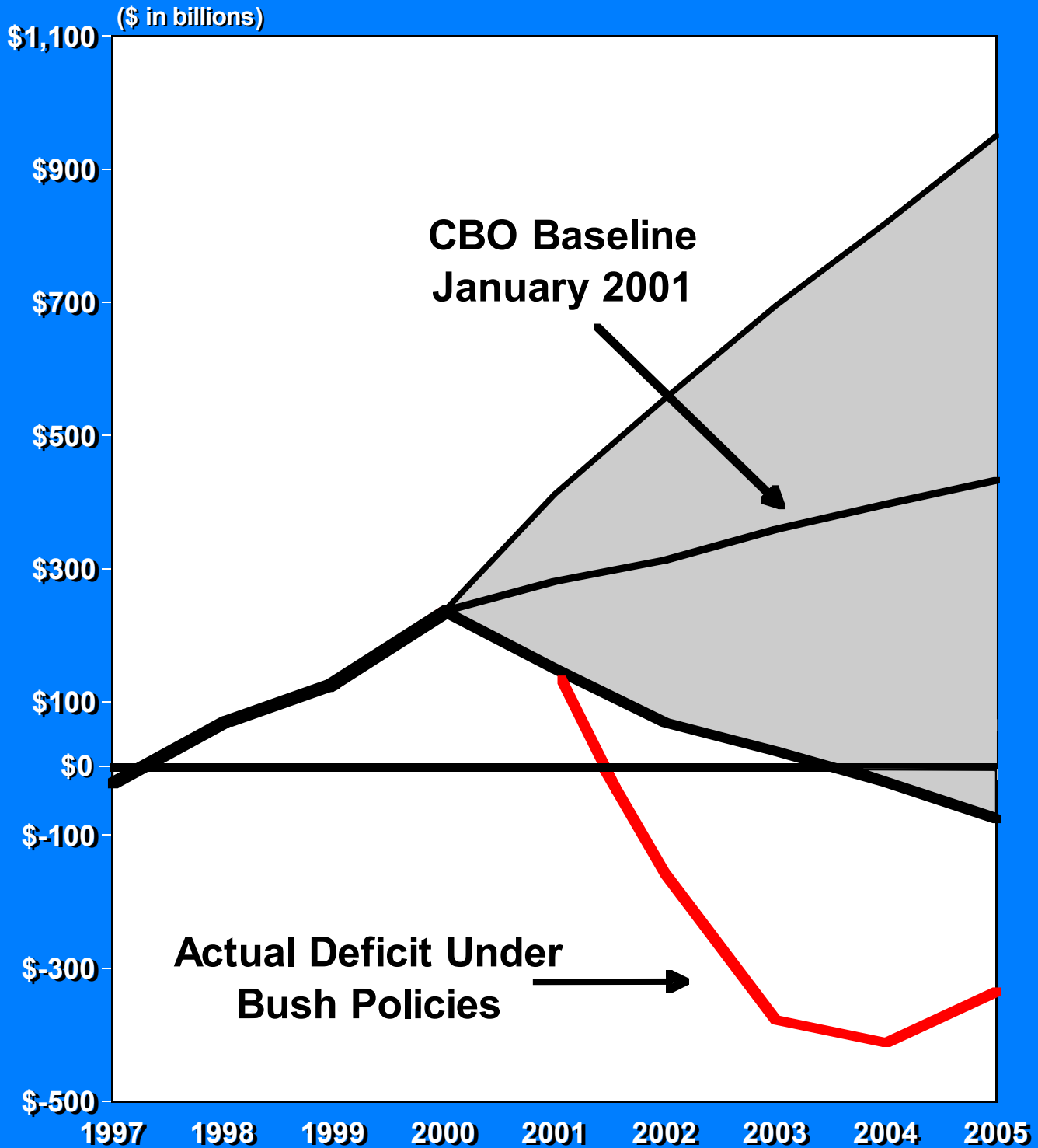
Annual Increase in Gross Debt Under Bush Budget with AMT Reform and Ongoing War Costs



Source: OMB, SBC Democratic staff

Note: Omitted costs include AMT reform and ongoing war costs.

Bush Deficits Far Worse Than Scenarios Projected by CBO in 2001

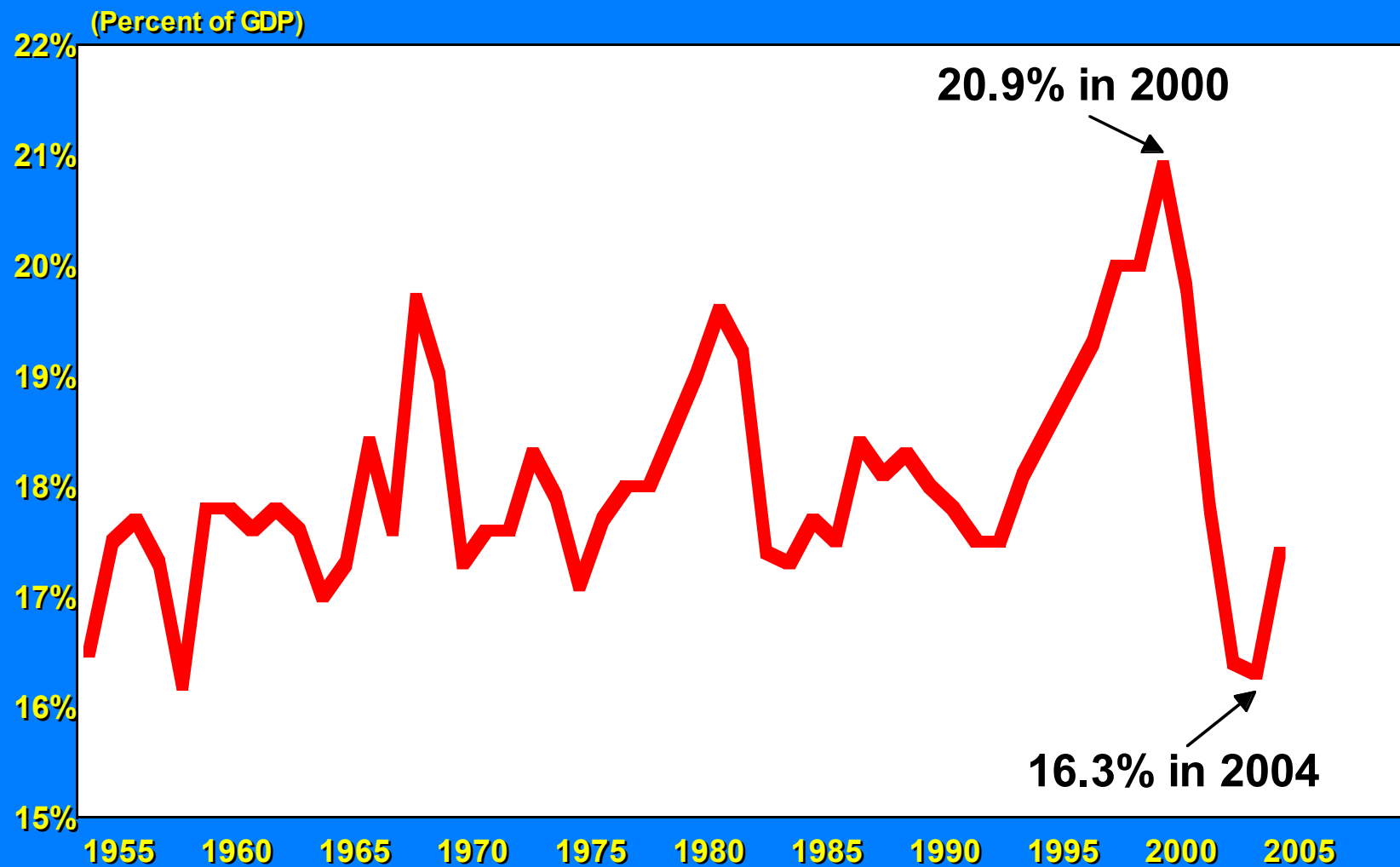


Source: CBO/OMB

Jul 13

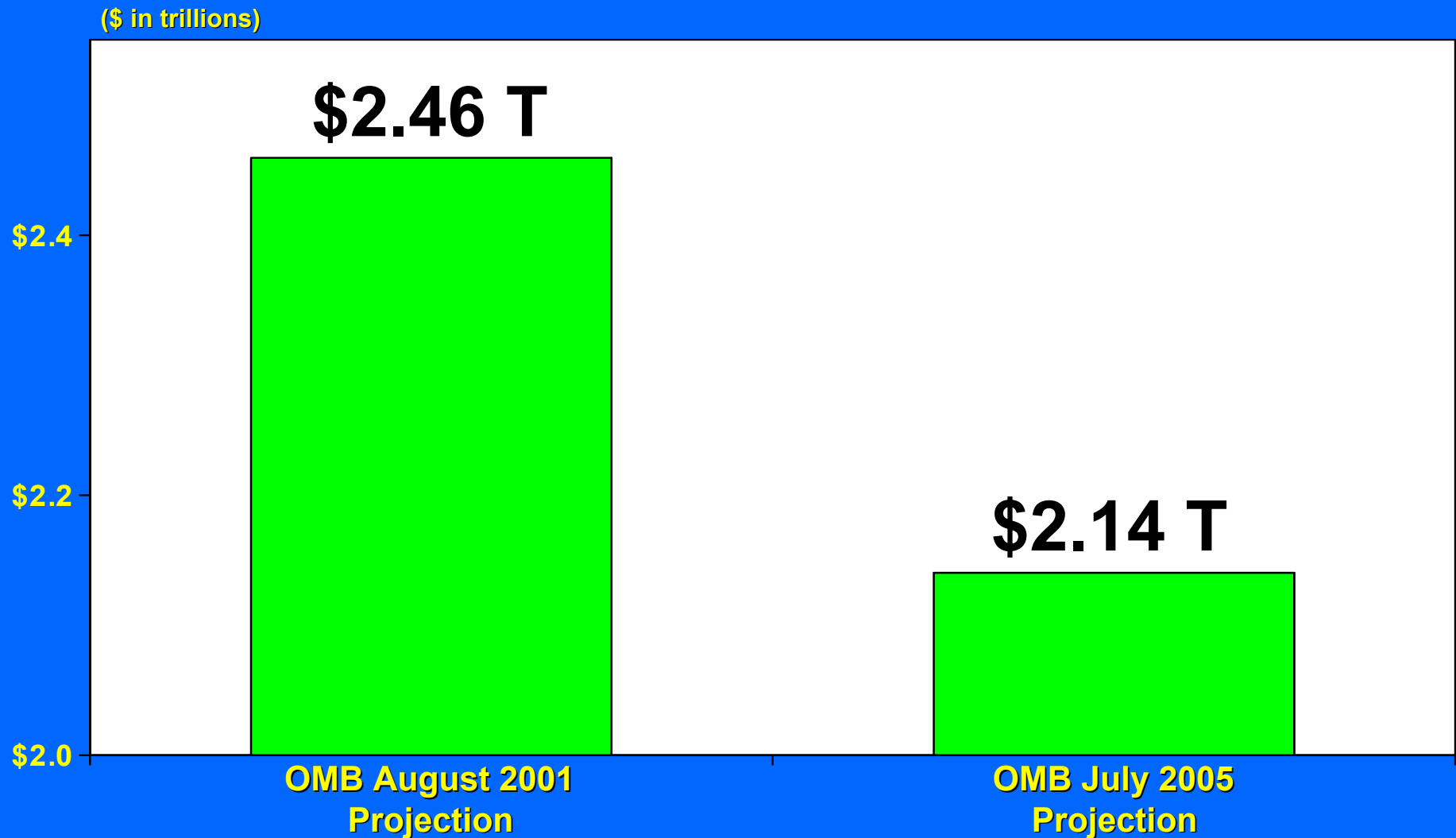
Revenues as a Percent of GDP

2004 Level is Lowest Since 1959



Source: CBO

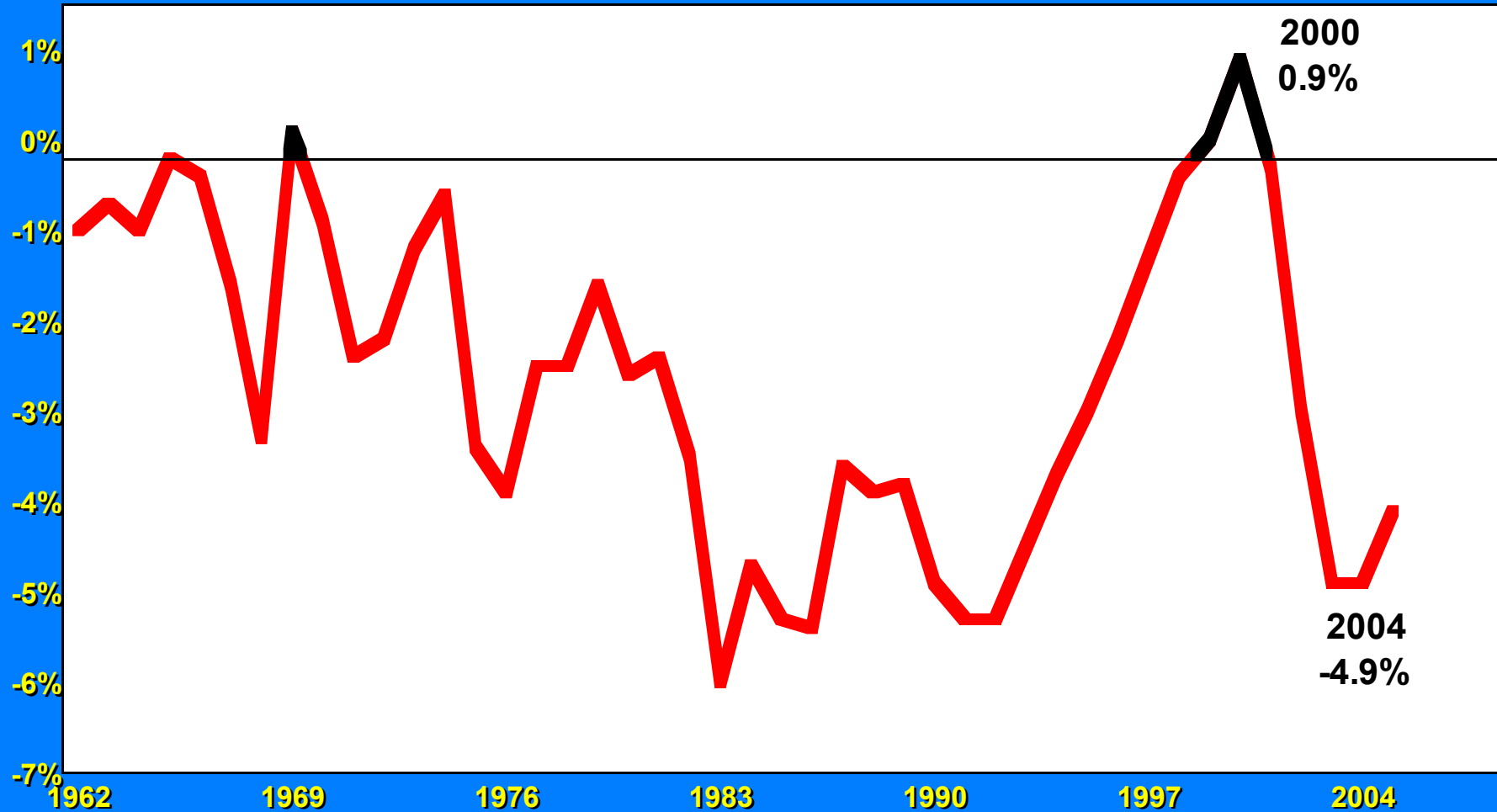
Revenues for 2005 Still Below OMB's 2001 Projections



Source: OMB

Deficit as a Share of Economy

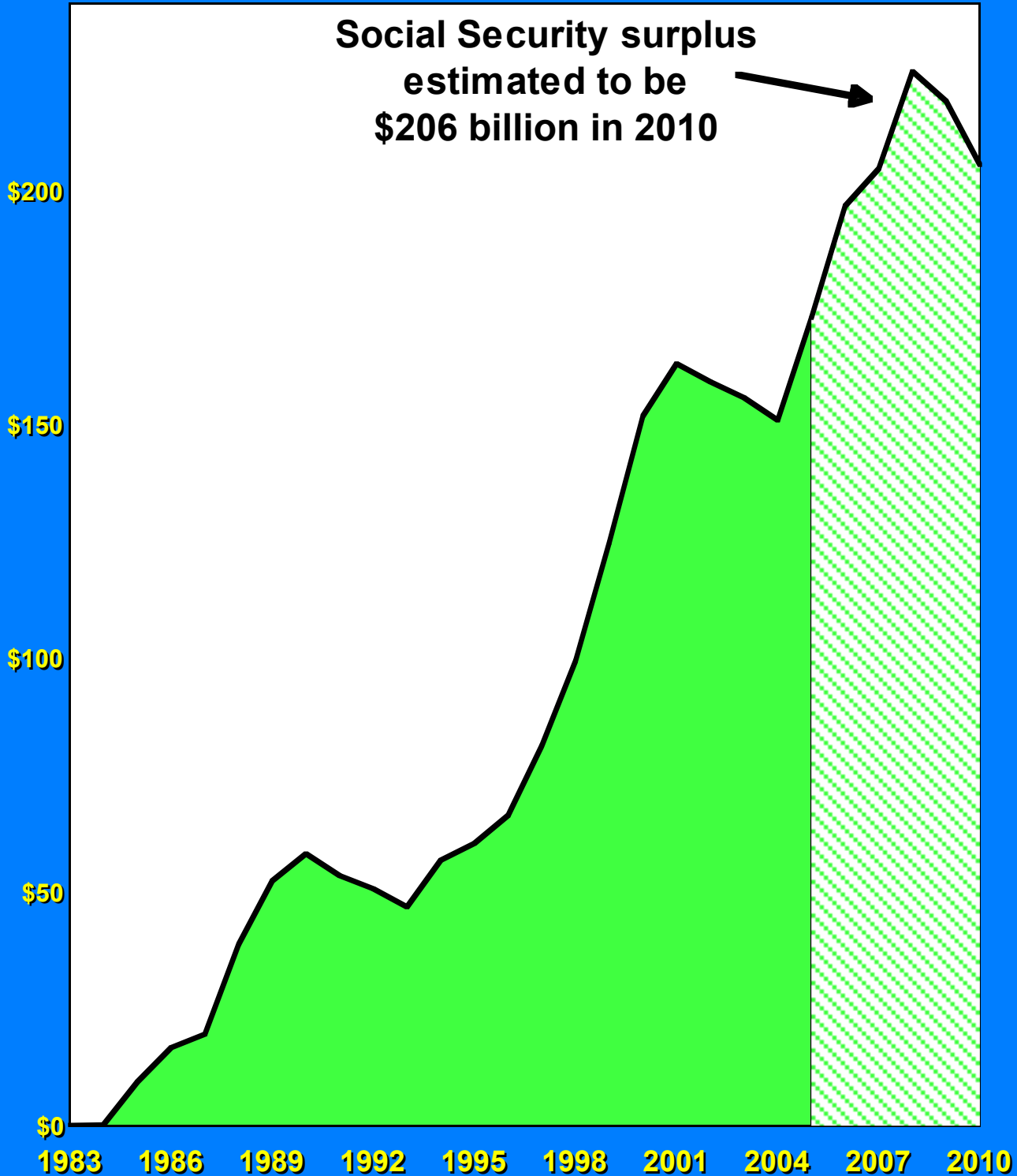
(Deficit excluding Social Security as a % of GDP)



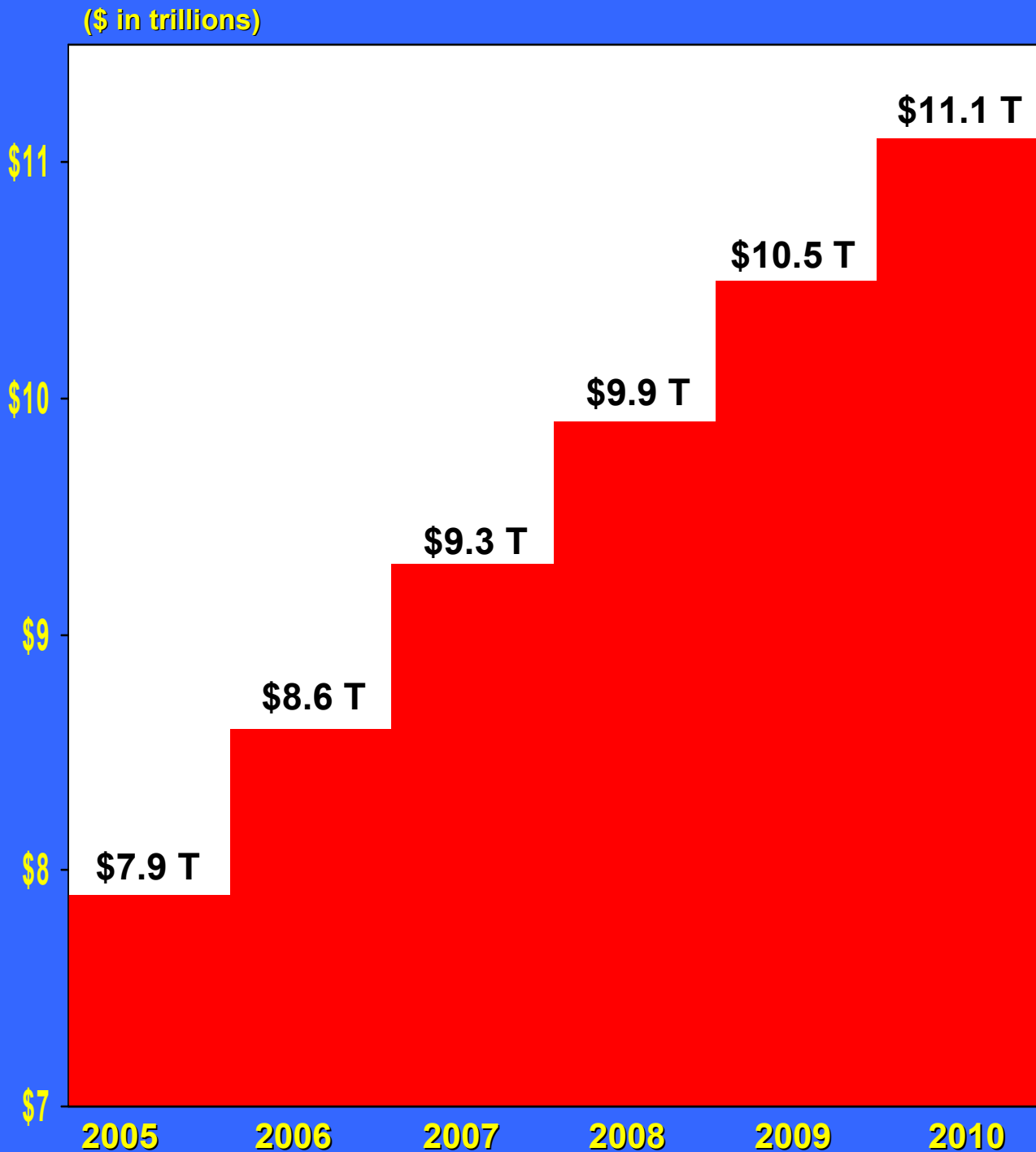
Source: OMB/CBO

Social Security Surplus Under Bush Budget

(\$ billions)



Building a Wall of Debt Under Bush Budget Policies



Note: Gross debt, adjusted to include omitted costs for AMT reform and ongoing war costs.
Source: OMB, SBC Democratic staff

CBO Director Holtz-Eakin Warns That Long-Term Budget Outlook Has Not Improved

“I do hope people are taking this with a grain of salt and not thinking this is 1998 all over again. There’s simply no question if you take yourself to 2008, 2009 or 2010, that vision is the same today as it was two months ago.”

**–CBO Director Douglas Holtz-Eakin
As quoted in *The Washington Post*
July 2, 2005**

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