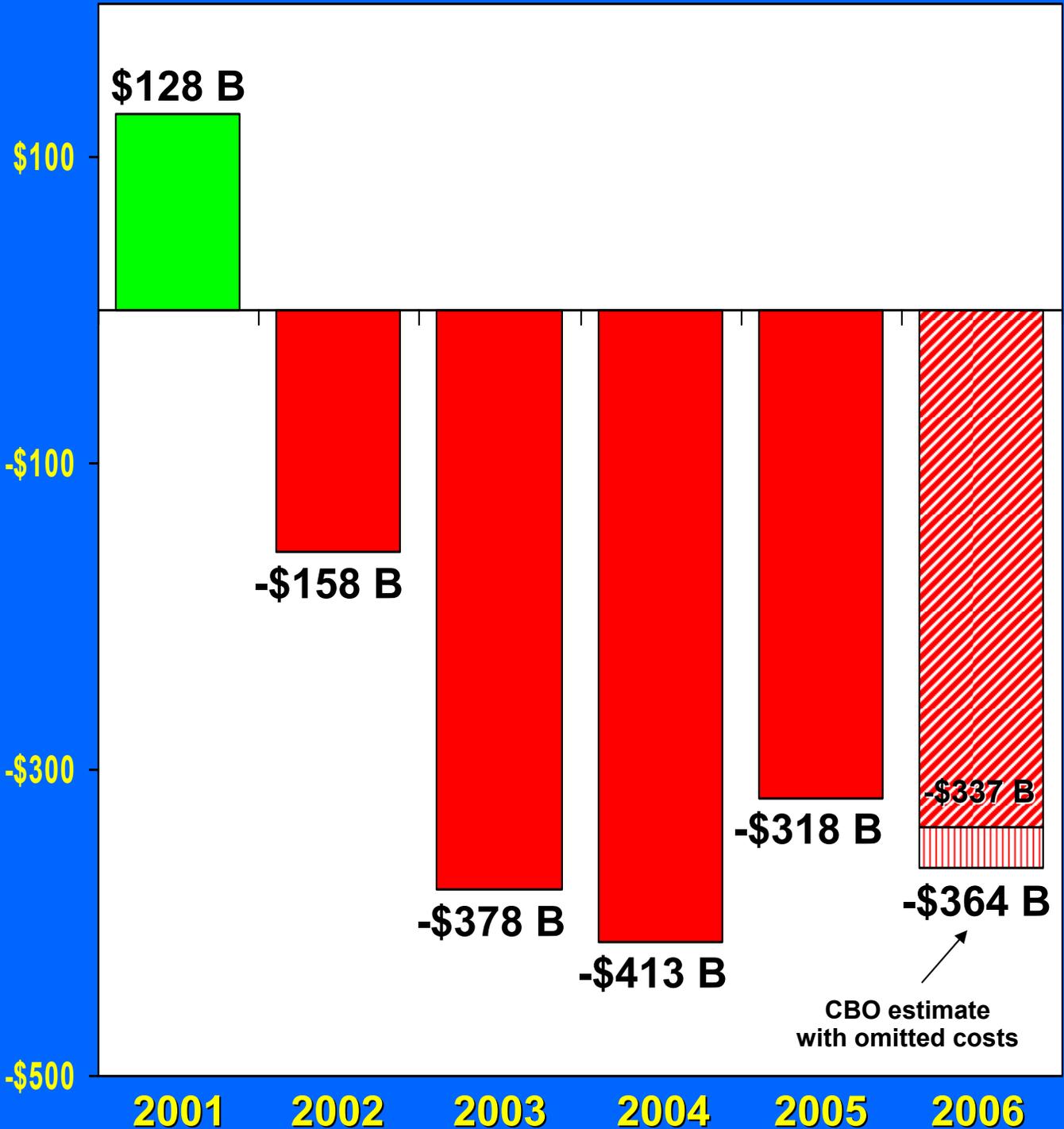


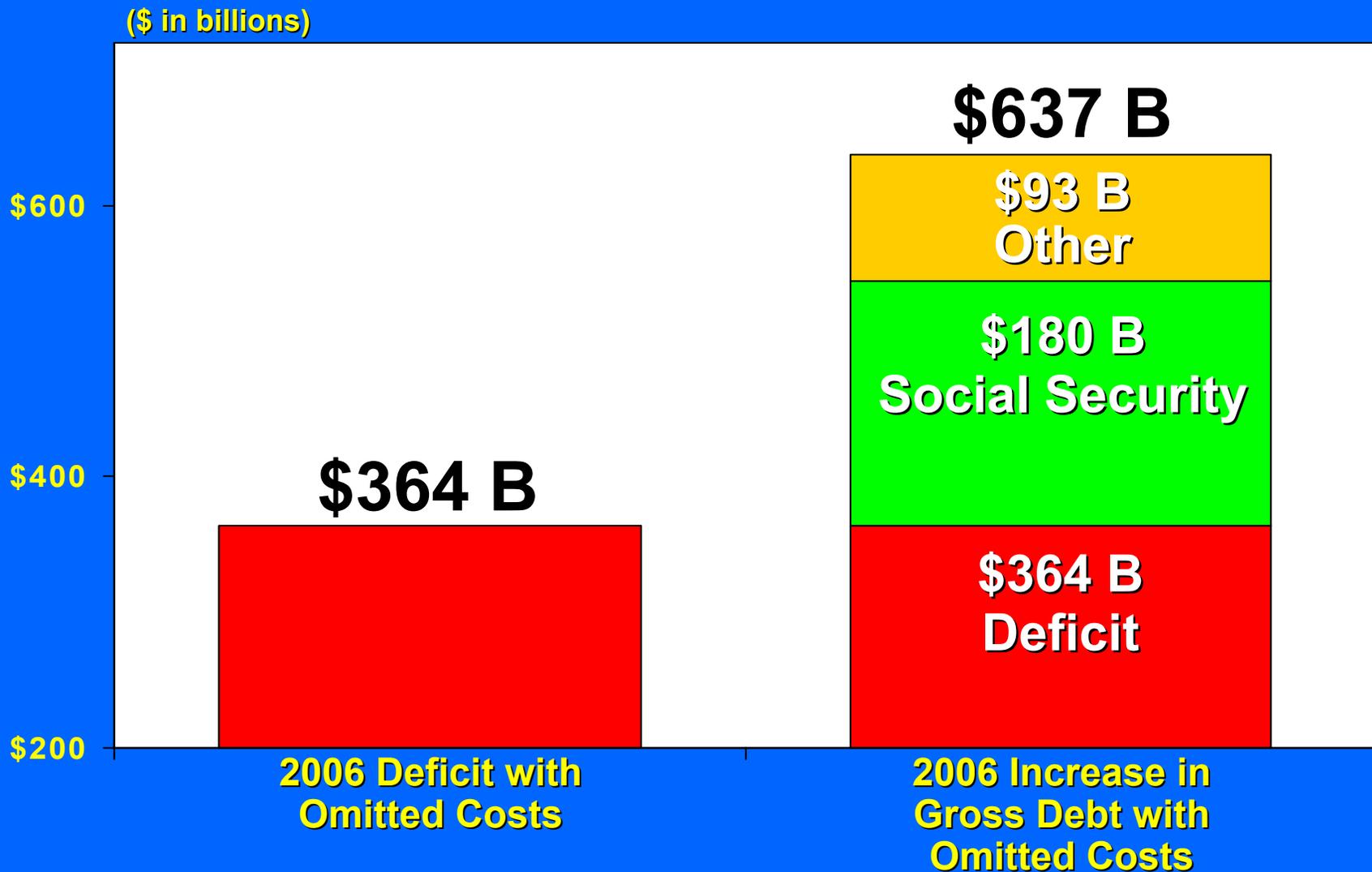
Dramatic Deterioration in Budget Picture

(Deficit in billions of \$)



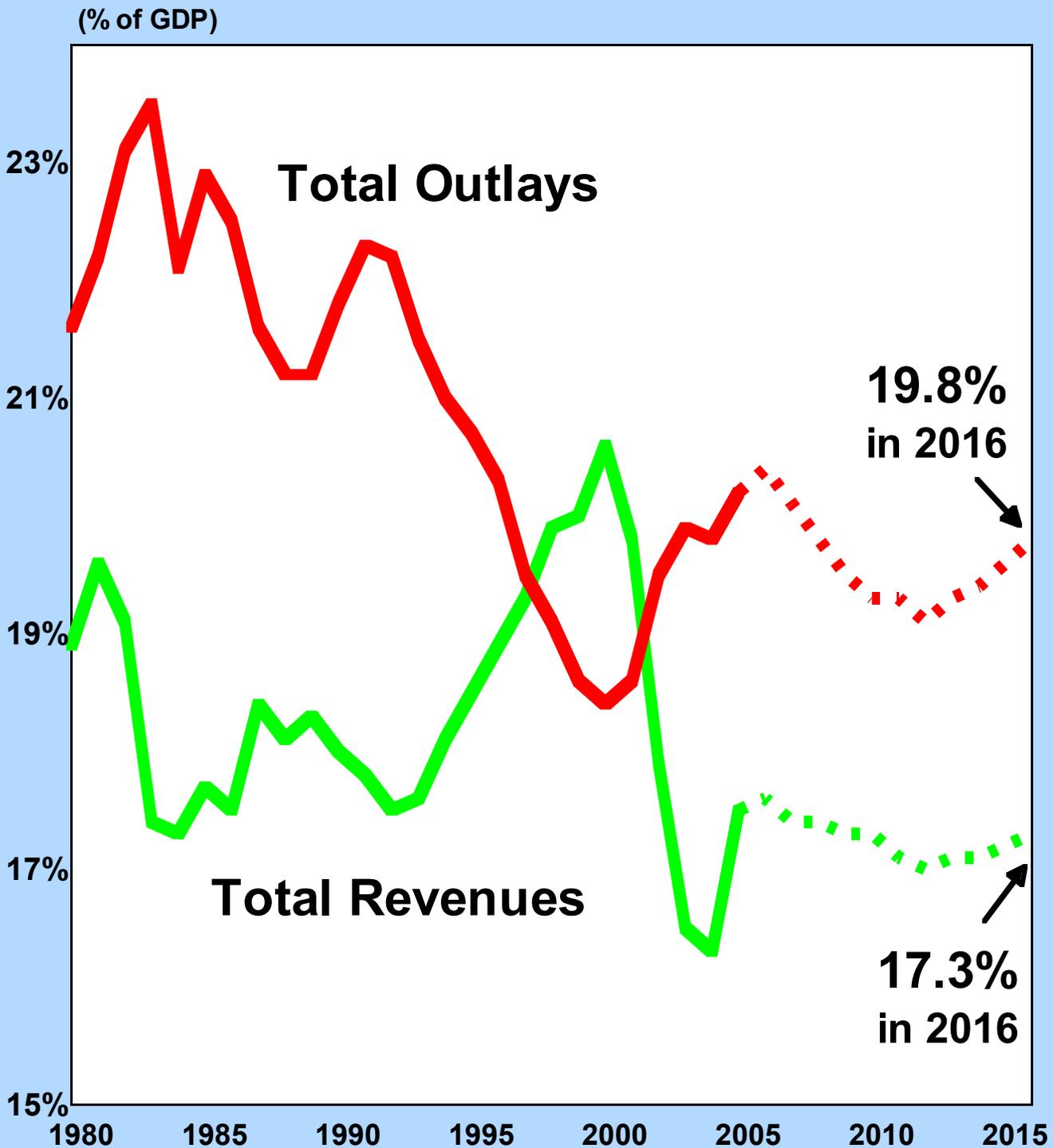
Source: CBO and SBC Democratic staff

Increase in Debt in 2006 is Far Greater Than the \$364 Billion Deficit



Source: CBO and SBC Democratic staff

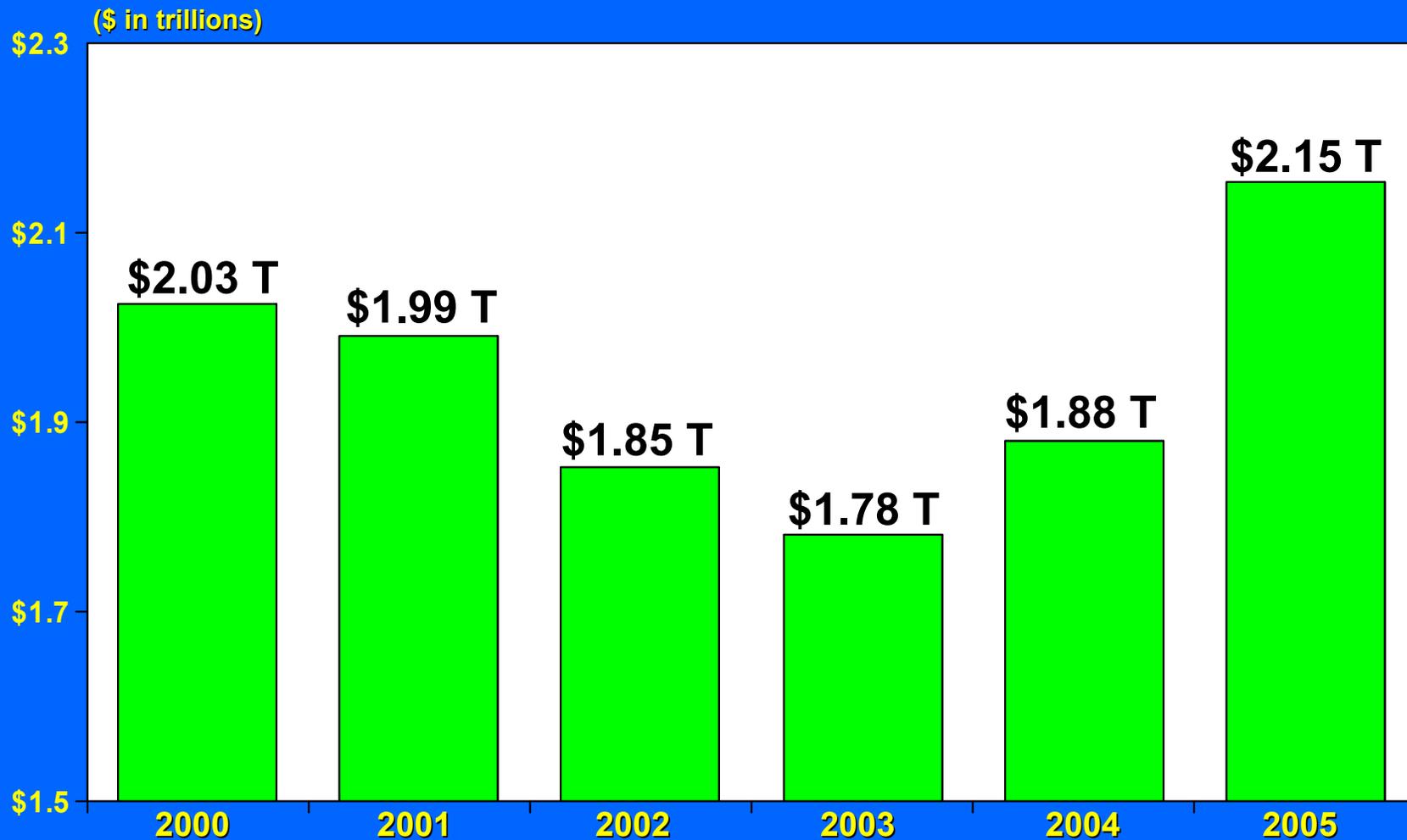
Spending and Revenues



Source: CBO

Note: CBO January 2006 estimate with tax cuts made permanent, AMT reform, ongoing war costs, Bush defense buildup, spending reconciliation conference report, and without extension of 2006 supplementals.

Revenues Finally Return to Their 2000 Level



Source: CBO, OMB

CBO's Ten-Year Baseline Estimate Understates Deficit

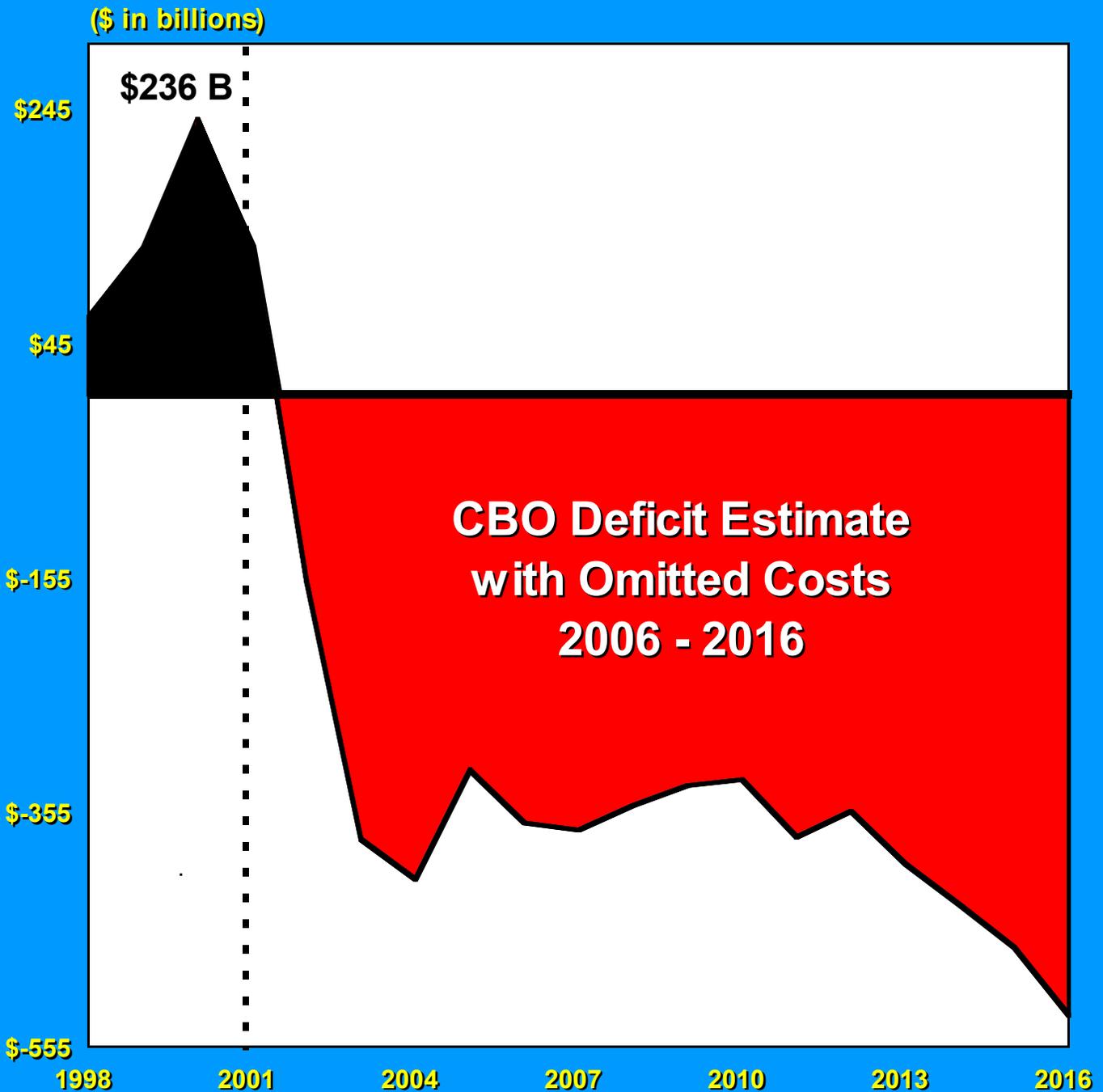
Adjustments:

• Cost of Making Tax Cuts Permanent	\$2.0 T
• AMT Reform	\$864 B
• Bush Defense Buildup	\$296 B
• Funding for Ongoing War Costs	\$387 B
• Remove Extension of 2006 Supplementals	-\$827 B
• Spending Reconciliation Conference Report	-\$105 B
• Debt Service	<u>\$481 B</u>
Total	\$3.1 T

Note: Unified deficit

Source: CBO and SBC Democratic staff

Long-Term Budget Outlook



Source: CBO and SBC Democratic staff

Note: CBO January 2006 estimate with tax cuts made permanent, AMT reform, ongoing war costs, Bush defense buildup, spending reconciliation conference report, and without extension of 2006 supplementals.

Bush Administration on Importance of Paying Down Debt

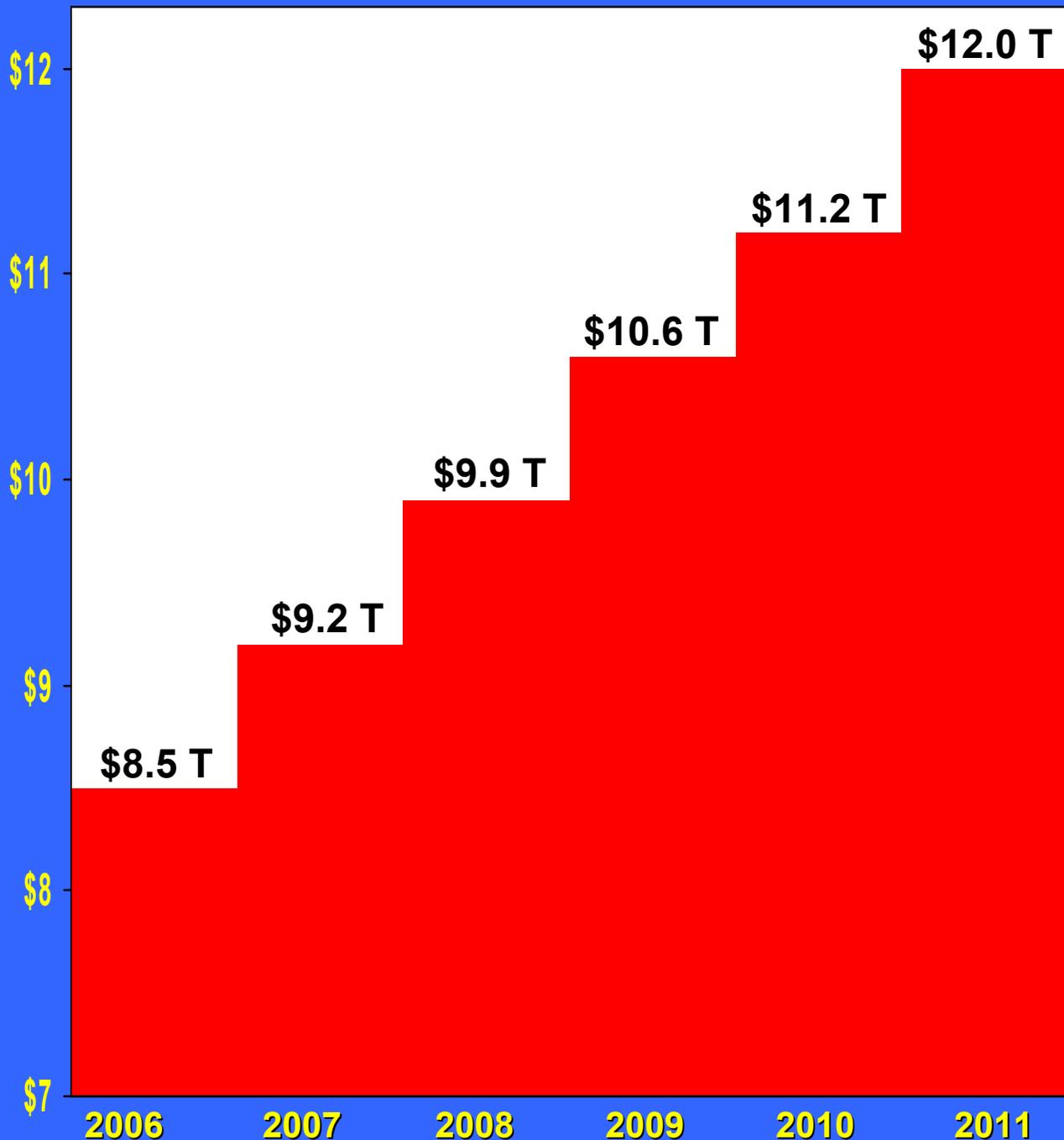
“...(M)y budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.”

**–President George W. Bush
Radio Address
March 3, 2001**

Building a Wall of Debt

Gross Federal Debt Soars

(\$ in trillions)



Source: CBO and SBC Democratic staff

Note: CBO January 2006 estimate with tax cuts made permanent, AMT reform, ongoing war costs, Bush defense buildup, spending reconciliation conference report, and without extension of 2006 supplementals.