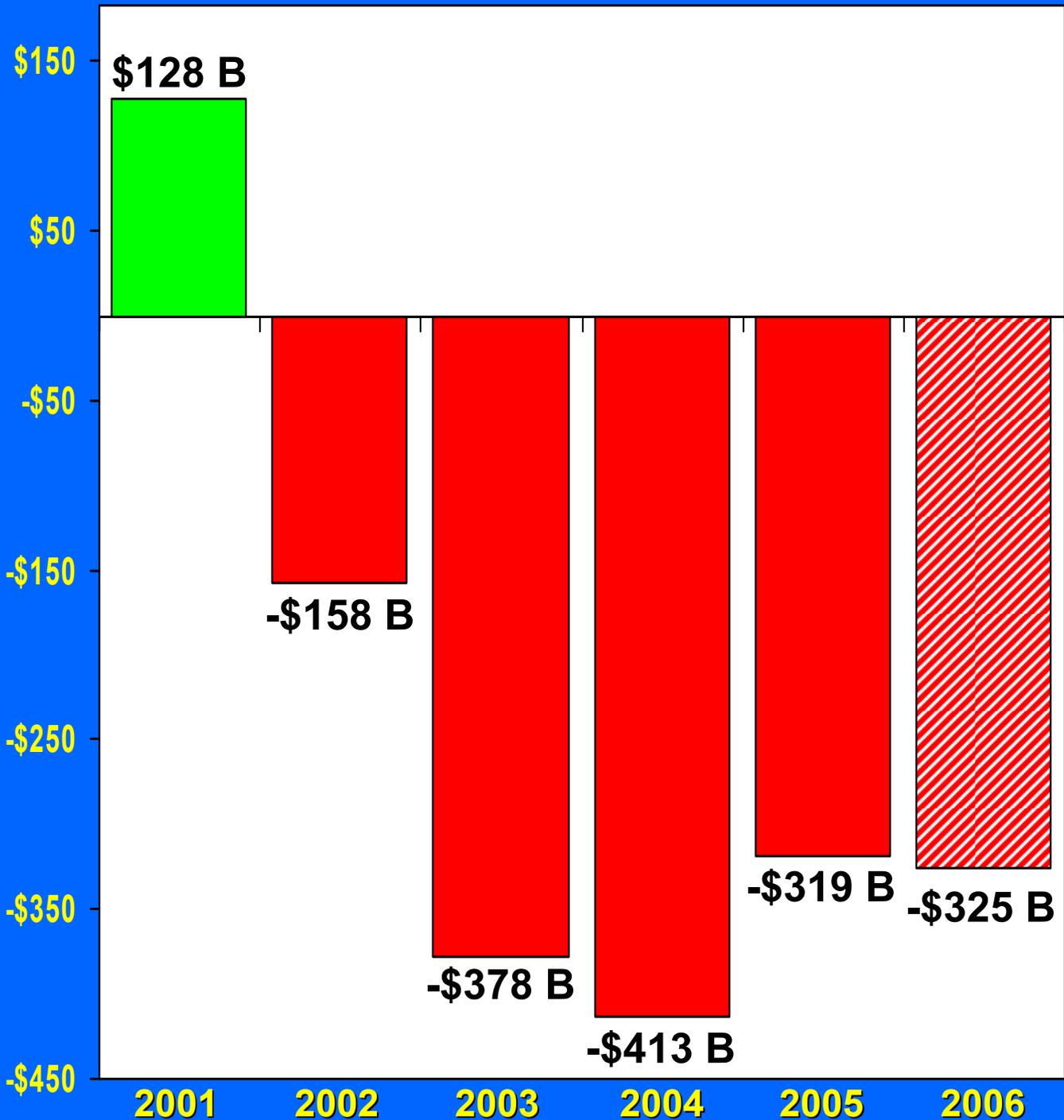


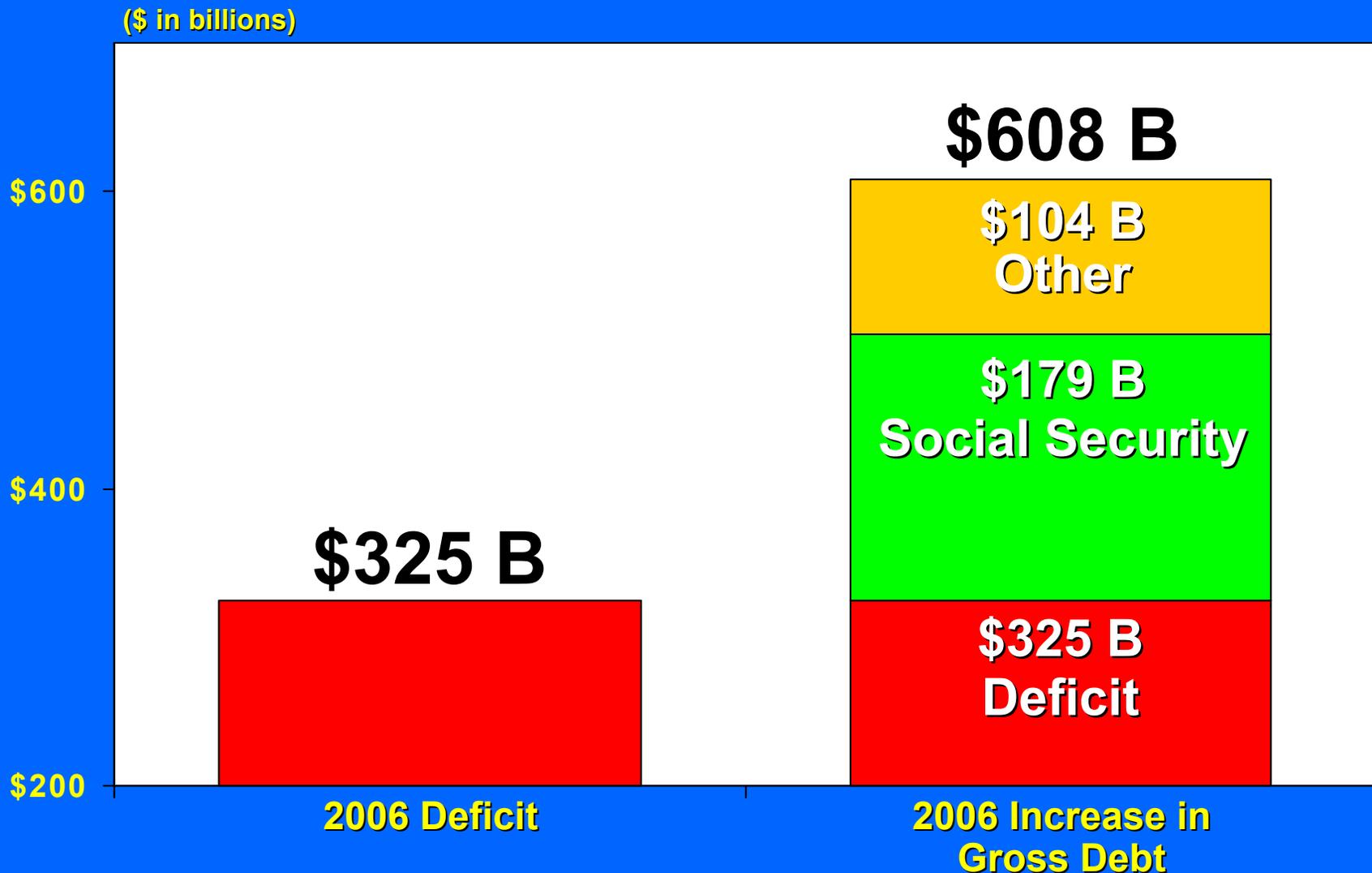
# Dramatic Deterioration in Budget Picture

(Deficit in billions of \$)



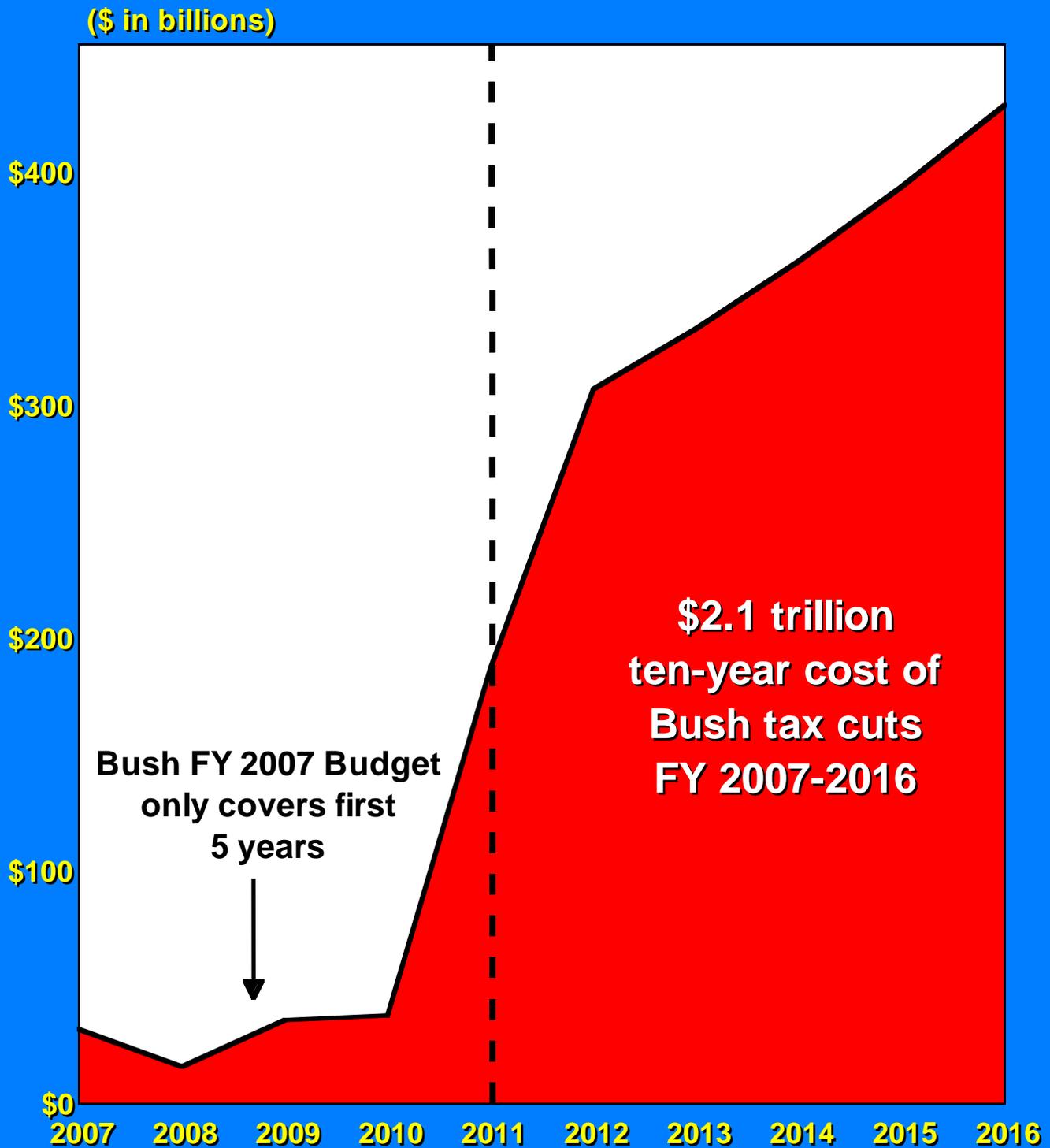
Source: CBO, OMB

# Increase in Debt in 2006 is Far Greater Than the \$325 Billion Deficit



Source: CBO and SBC Democratic staff

# Cost of Bush Tax Cuts Explodes Outside Five-Year Budget Window

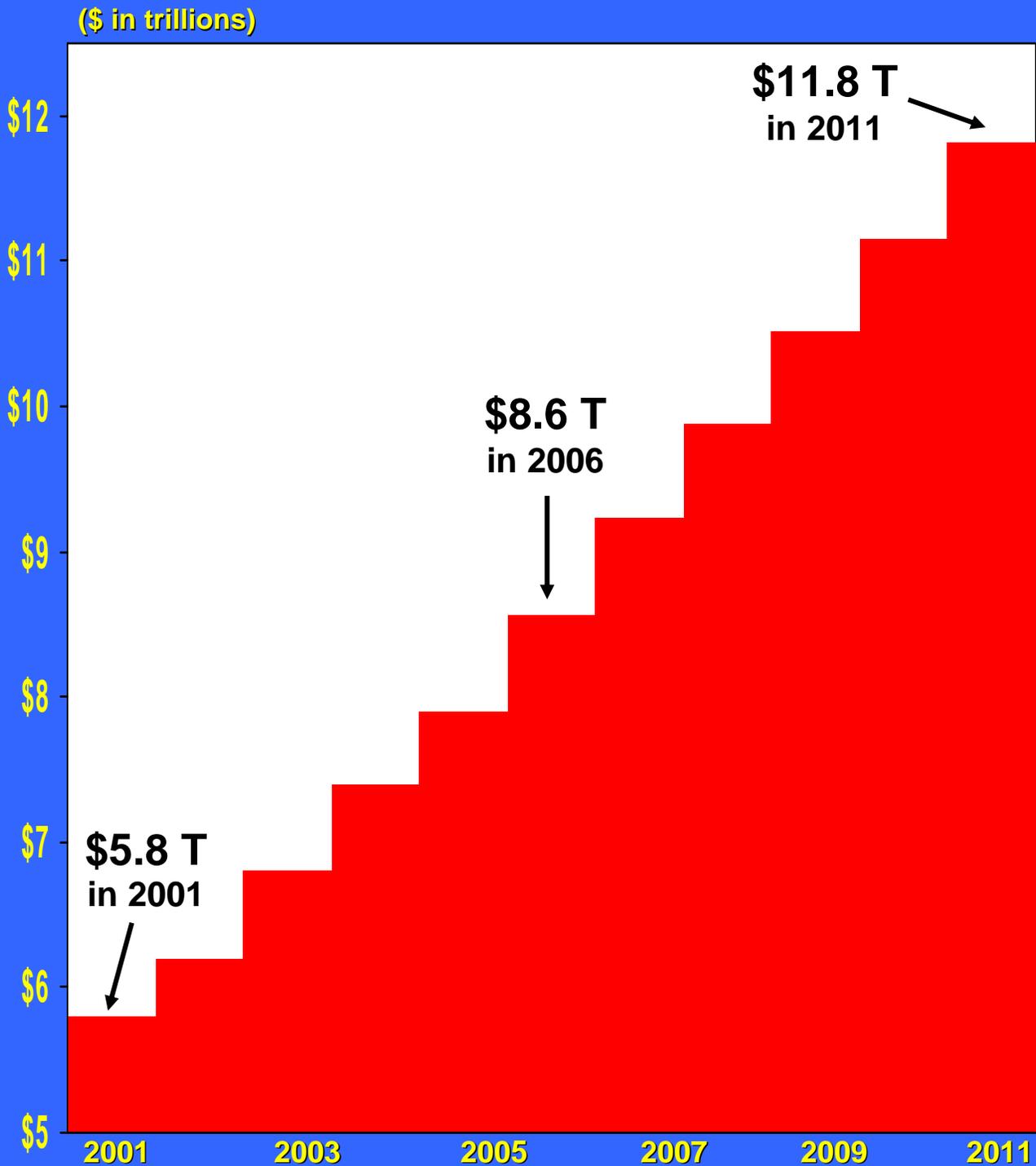


Source: CBO

Note: Includes debt service.

# Building a Wall of Debt

## Gross Federal Debt Soars



Source: CBO and SBC Democratic staff

Note: CBO reestimate of President's FY 2007 Budget with AMT reform and ongoing war costs.

# President Bush More than Doubles Foreign-Held Debt in 5 Years

It Took 42 Presidents 224 Years to Build Up Same Level of Foreign-Held Debt



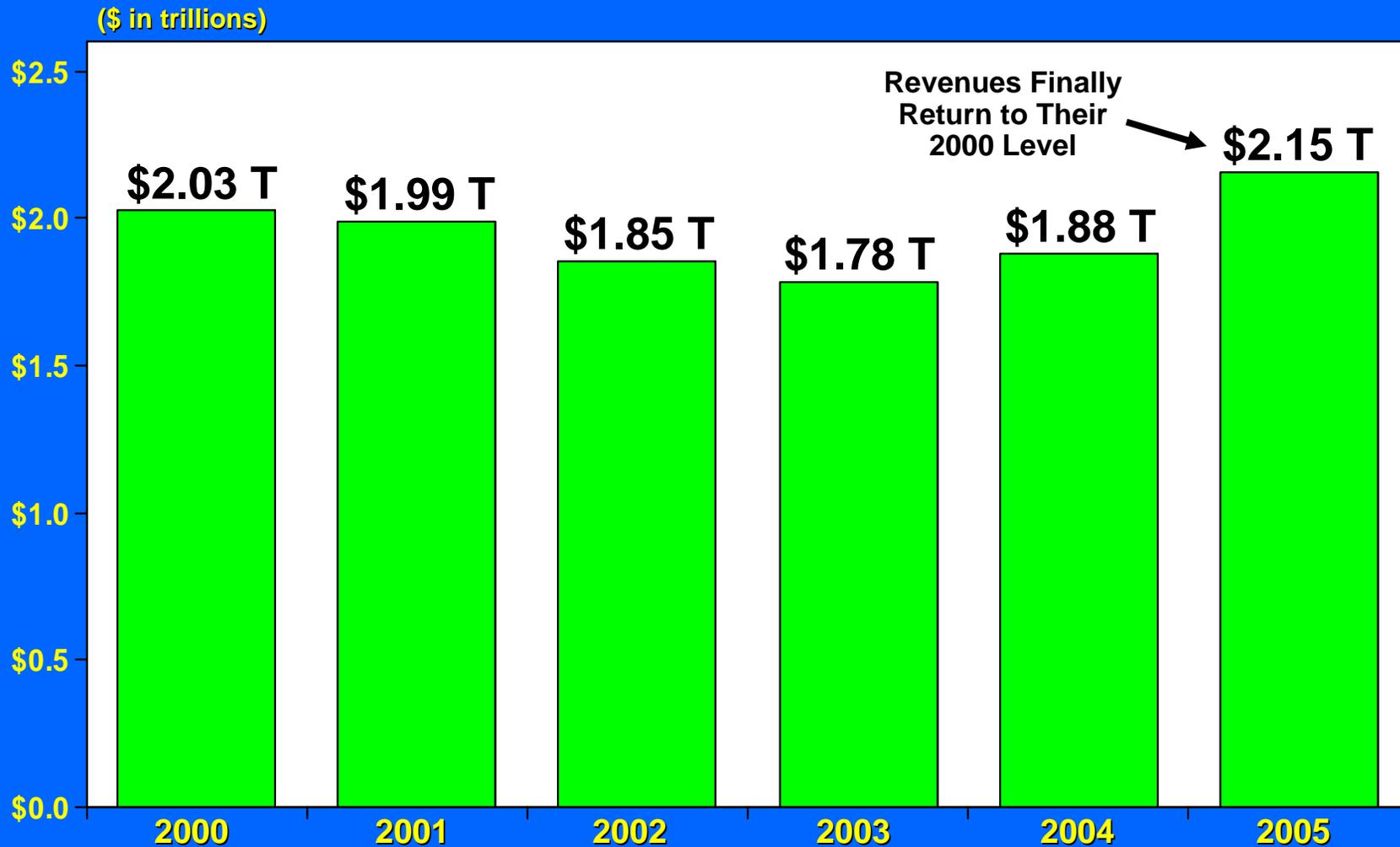
**224 Years**  
(1776-2000)



**\$1.22 T**

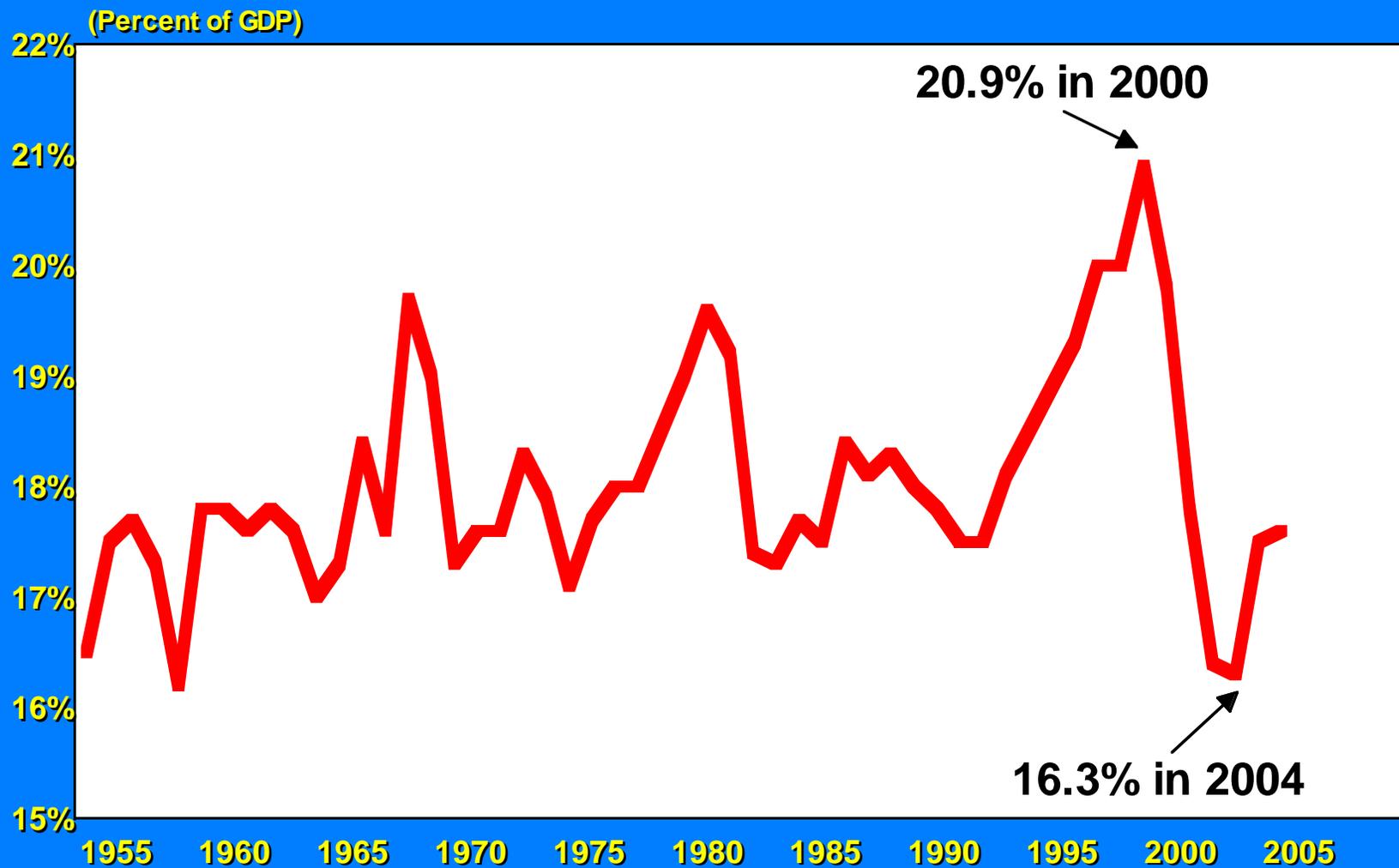
**5 Years**  
(2001-2006)

# Revenues Have Experienced Virtually No Growth Since 2000



# Revenues as a Percent of GDP

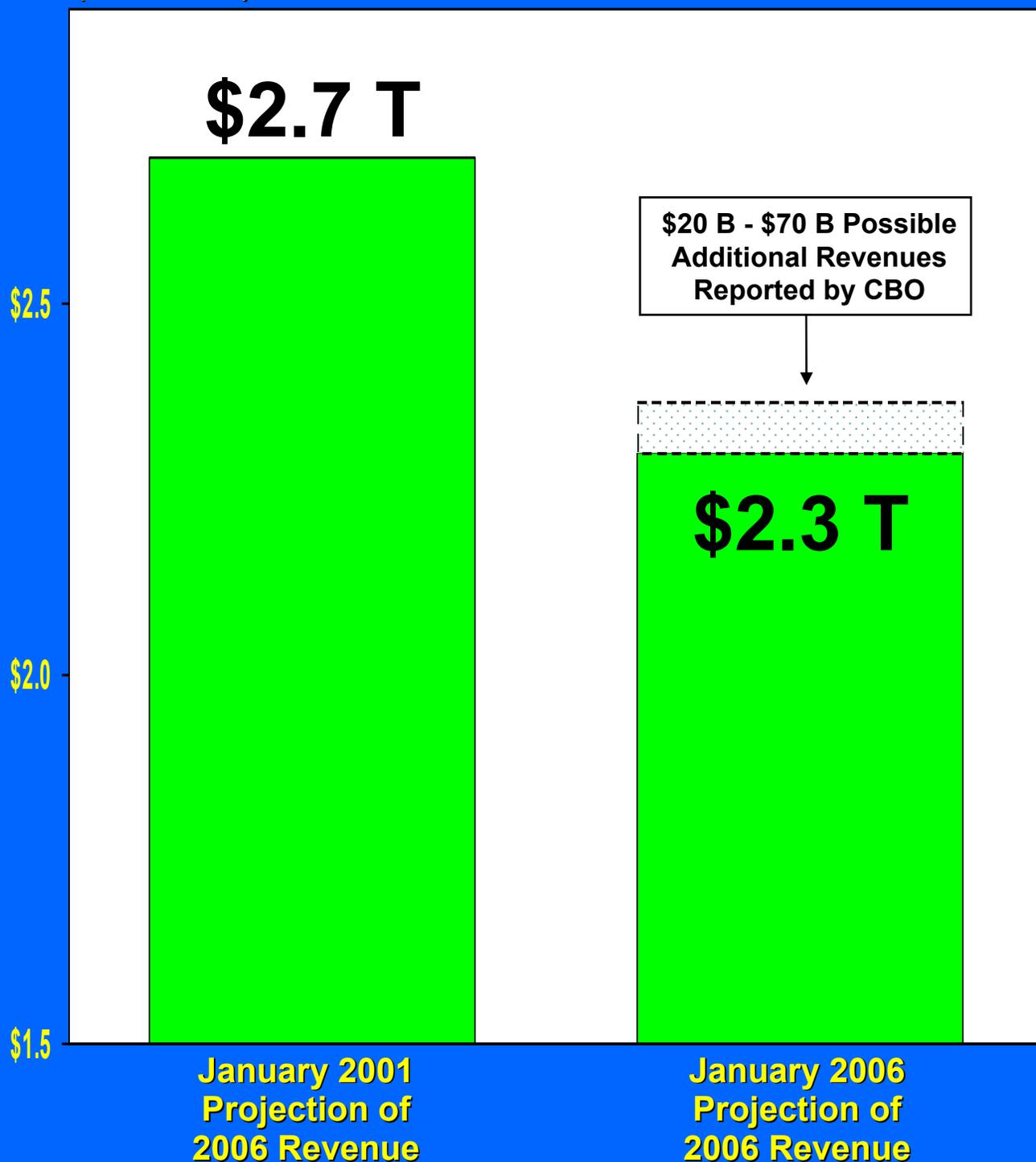
## 2004 Level is Lowest Since 1959



Source: CBO, OMB

# Revenues in 2006 Still Far Below Earlier Projections

(\$ in trillions)



Source: CBO

# The Washington Post

WEDNESDAY, MAY 10, 2006

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## How Much Would You Save Under the Plan?

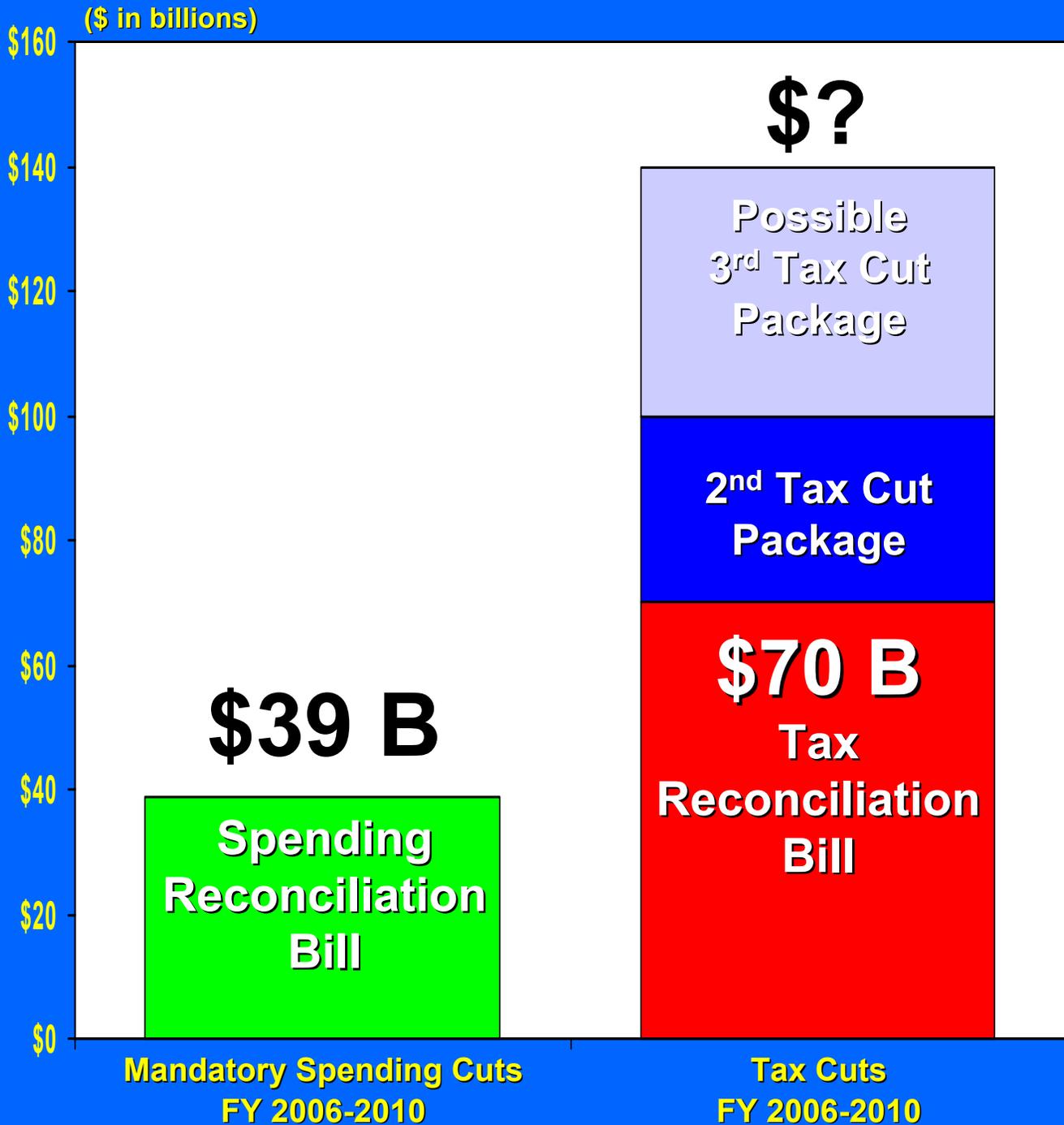
<b>Income, in 2005 dollars</b>	<b>Average tax saving</b>
\$10,000-20,000	\$2
\$20,000-30,000	9
\$30,000-40,000	16
\$40,000-50,000	46
\$50,000-75,000	110
\$75,000-100,000	403
\$100,000-200,000	1,388
\$200,000-500,000	4,499
\$500,000-1 million	5,562
More than \$1 million	41,977

SOURCE: Tax Policy Center

# **Tax Extenders Left Out of GOP Tax Reconciliation Bill to Make Room for Cap Gains/Dividend Tax Cuts**

- **R&D credit**
- **Tuition deduction**
- **Sales tax deduction**
- **Work opportunity and welfare-to-work credits**
- **Savers credit**
- **Leasehold and restaurant improvements**
- **Teacher classroom expenses**
- **New market tax credit**

# GOP Tax Cuts More Than Wipe Out Savings From Spending Reconciliation



# **Budget Gimmicks Used in GOP Tax Reconciliation Bill to Make Room for Cap Gains/Dividend Tax Cuts**

- **Counting short-term savings from revenue-losing Roth IRA provision**
- **Sunsetting of small business expensing provision**
- **Five-year delay in implementation of withholding on government contracts**
- **Timing shift for corporate estimated payments**

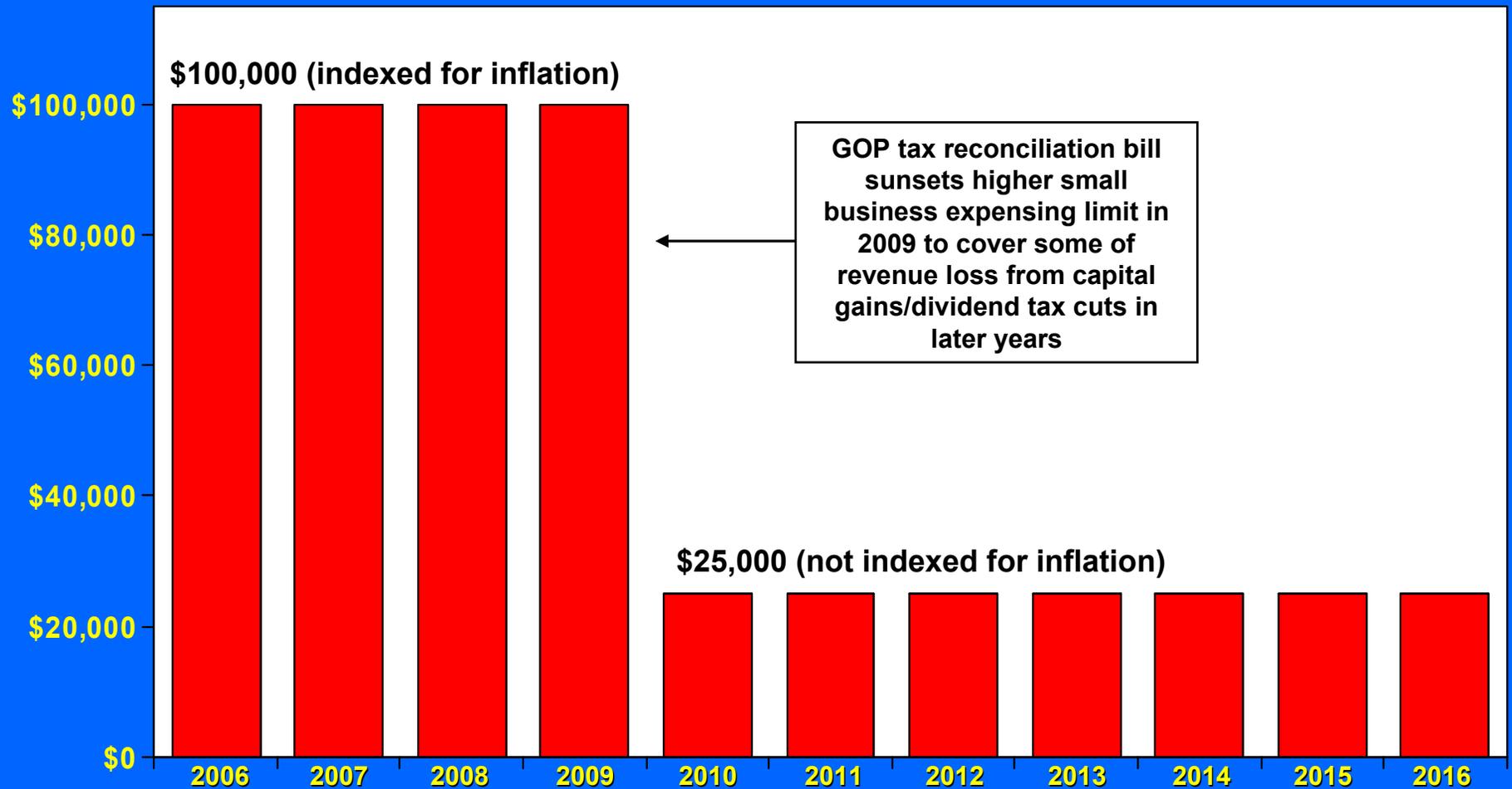
# **Budget Gimmick: Counting Short-Term Savings from Revenue-Losing Roth IRA Provision**

**“One measure would allow upper-income savers with a traditional individual retirement account to pay taxes on the account’s investment gains and then roll over some of the balance into a Roth IRA, where the money can be withdrawn tax-free upon retirement. The provision would raise about \$6.4 billion over 10 years, seemingly keeping the size of the tax-cutting package down. But over the next 35 years, it would cost the government \$36 billion, according to the Urban Institute.”**

**— *Washington Post*  
May 10, 2006**

# Budget Gimmick: Sunsetting of Small Business Expensing Provision

(Small business expensing limit, \$ in thousands)



Source: JCT

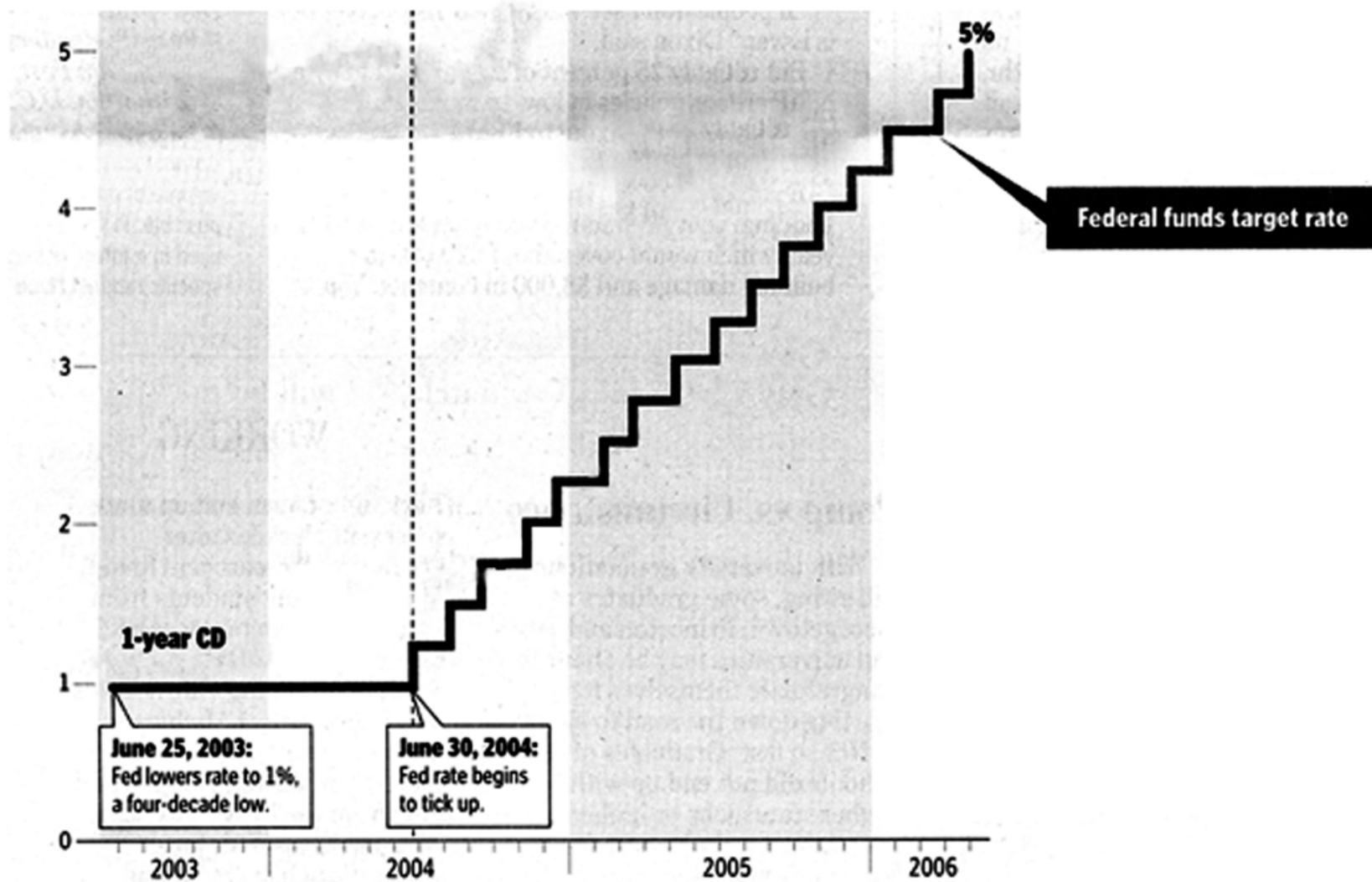
# **GAO Comptroller General Walker Believes Current Fiscal Path Threatens Our National Security**

**“Continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security.”**

**–GAO Comptroller General David M. Walker  
Testimony before Senate Budget Committee  
February 15, 2006**

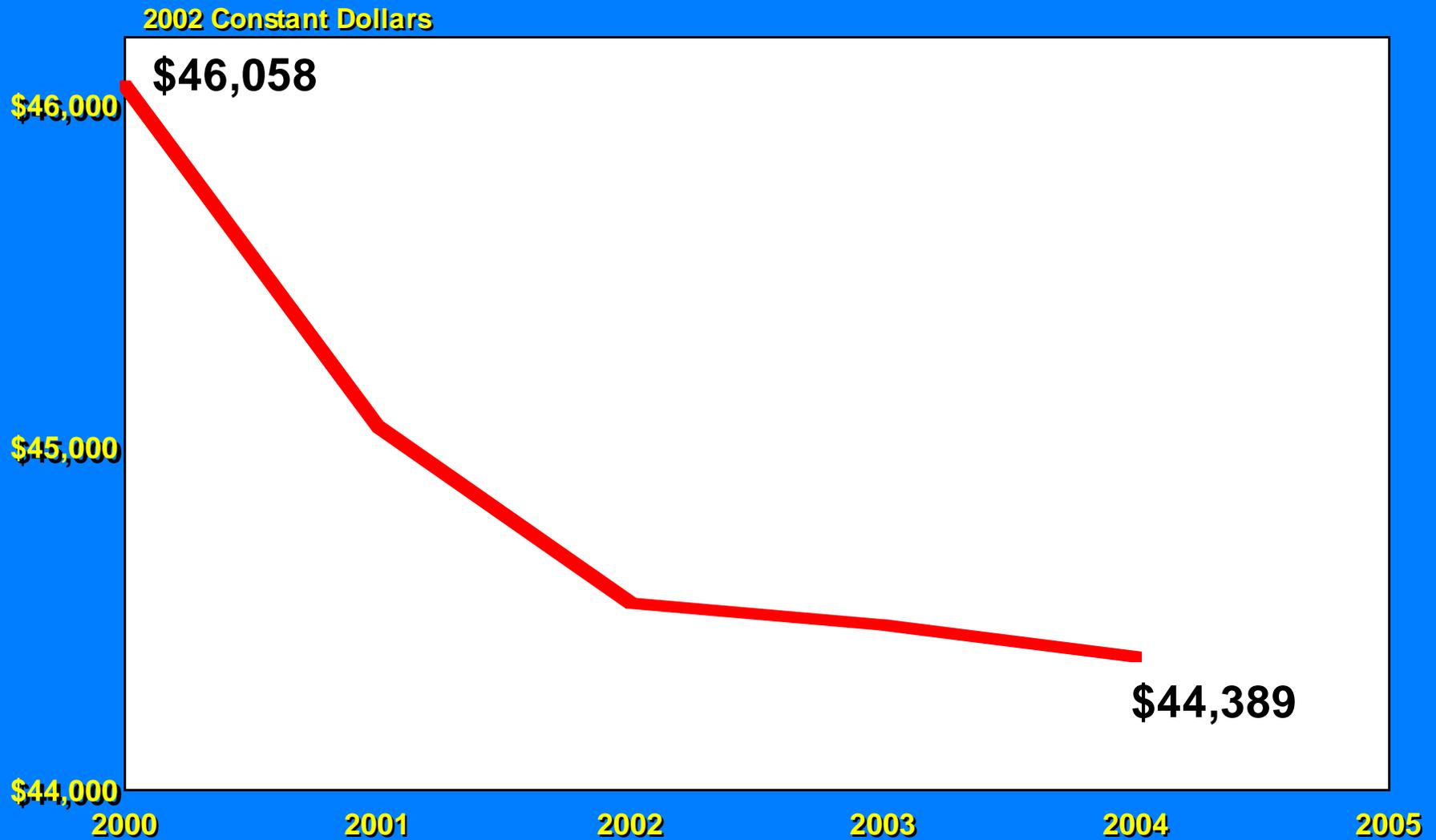
# The Washington Post

WEDNESDAY, MAY 11, 2006



SOURCES: Bankrate.com, Federal Reserve

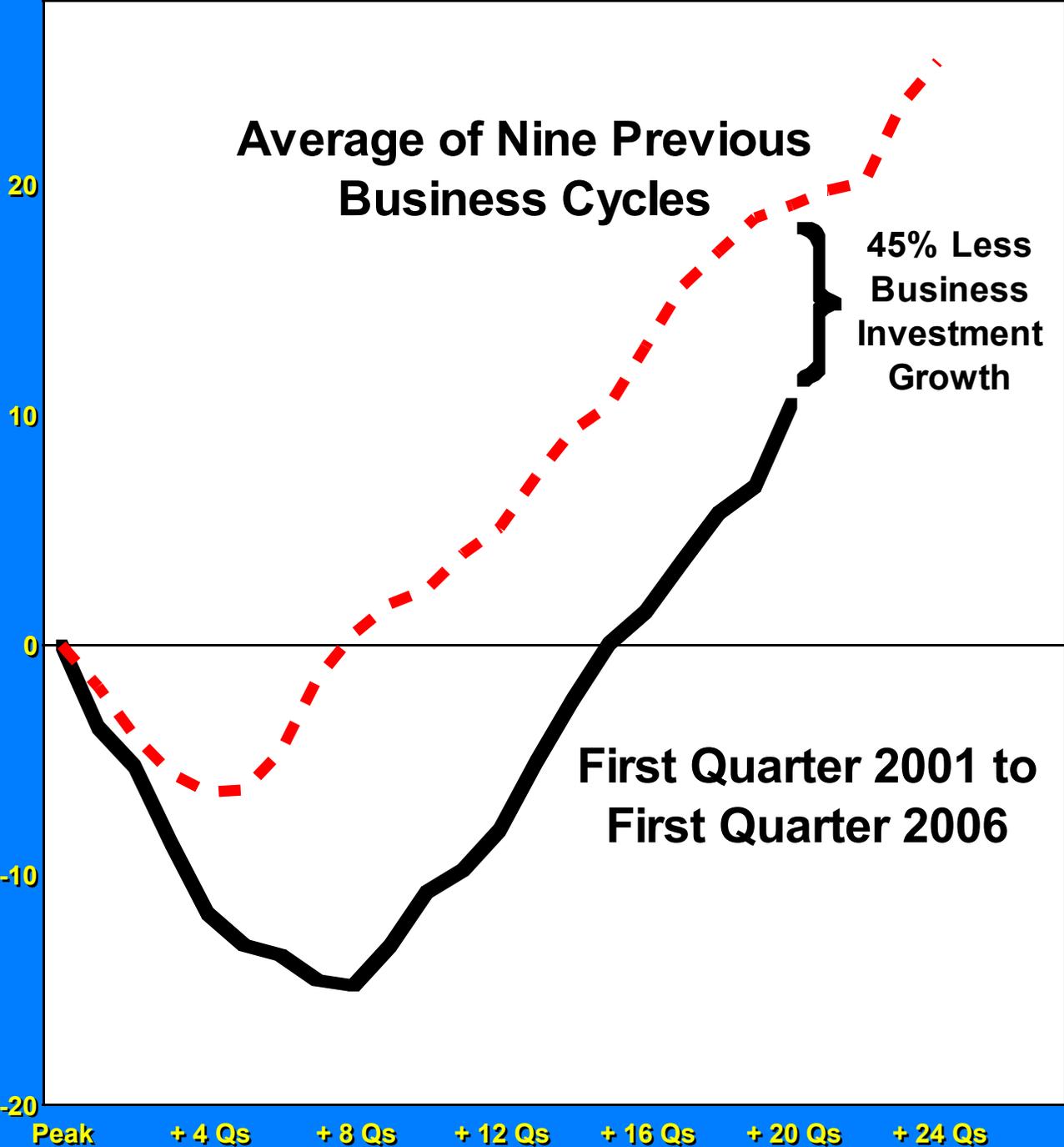
# Real Median Household Income Has Declined Four Straight Years



Source: U.S. Dept. of Commerce

# Business Investment Lags Behind Typical Recovery

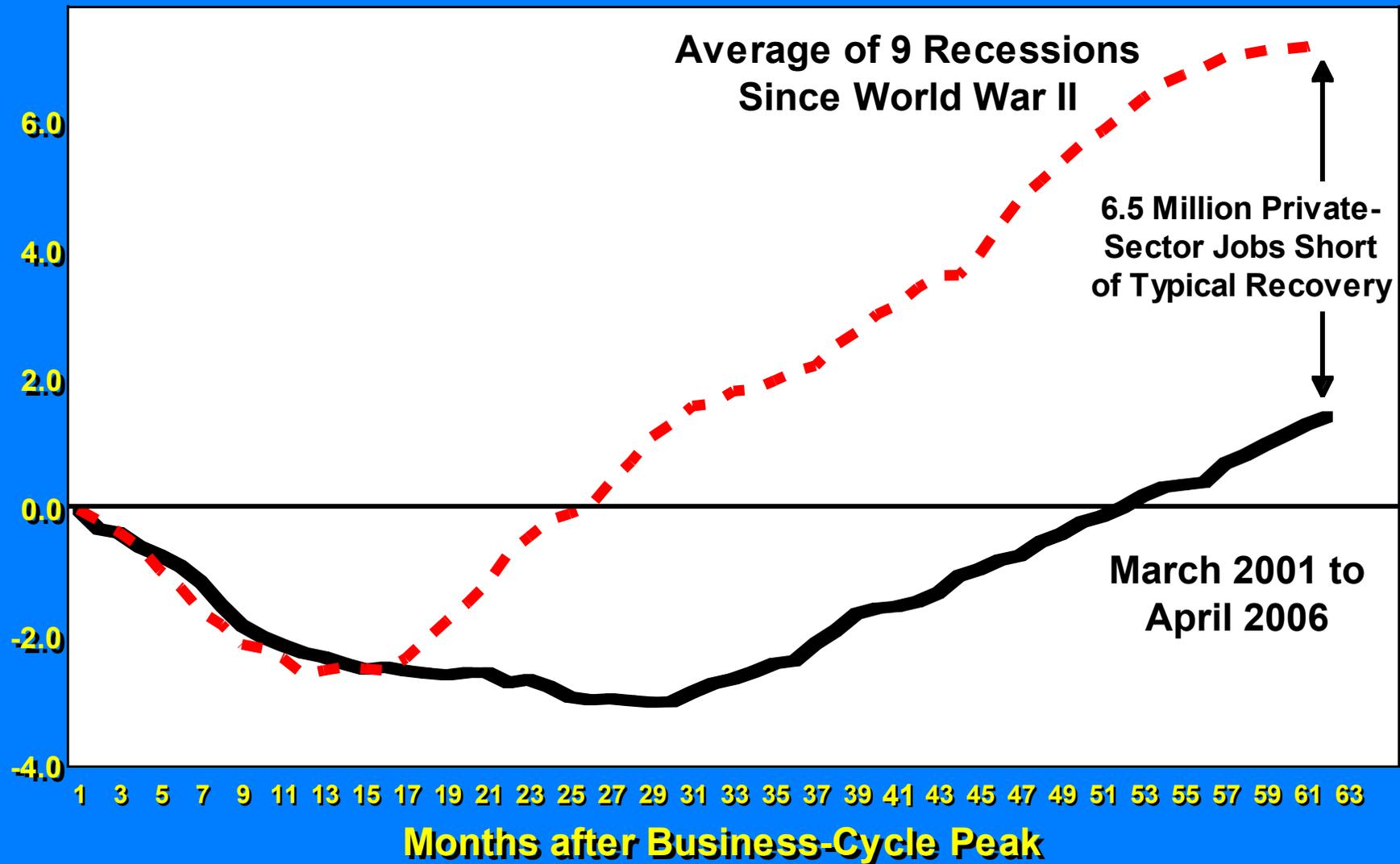
(Real Business Investment, Percent Change from Business-Cycle Peak)



Source: Department of Commerce

# Job Creation Lags Behind Typical Recovery

(Private-Sector Jobs, Percent Change from Business-Cycle Peak)



Source: BLS

5/8/06