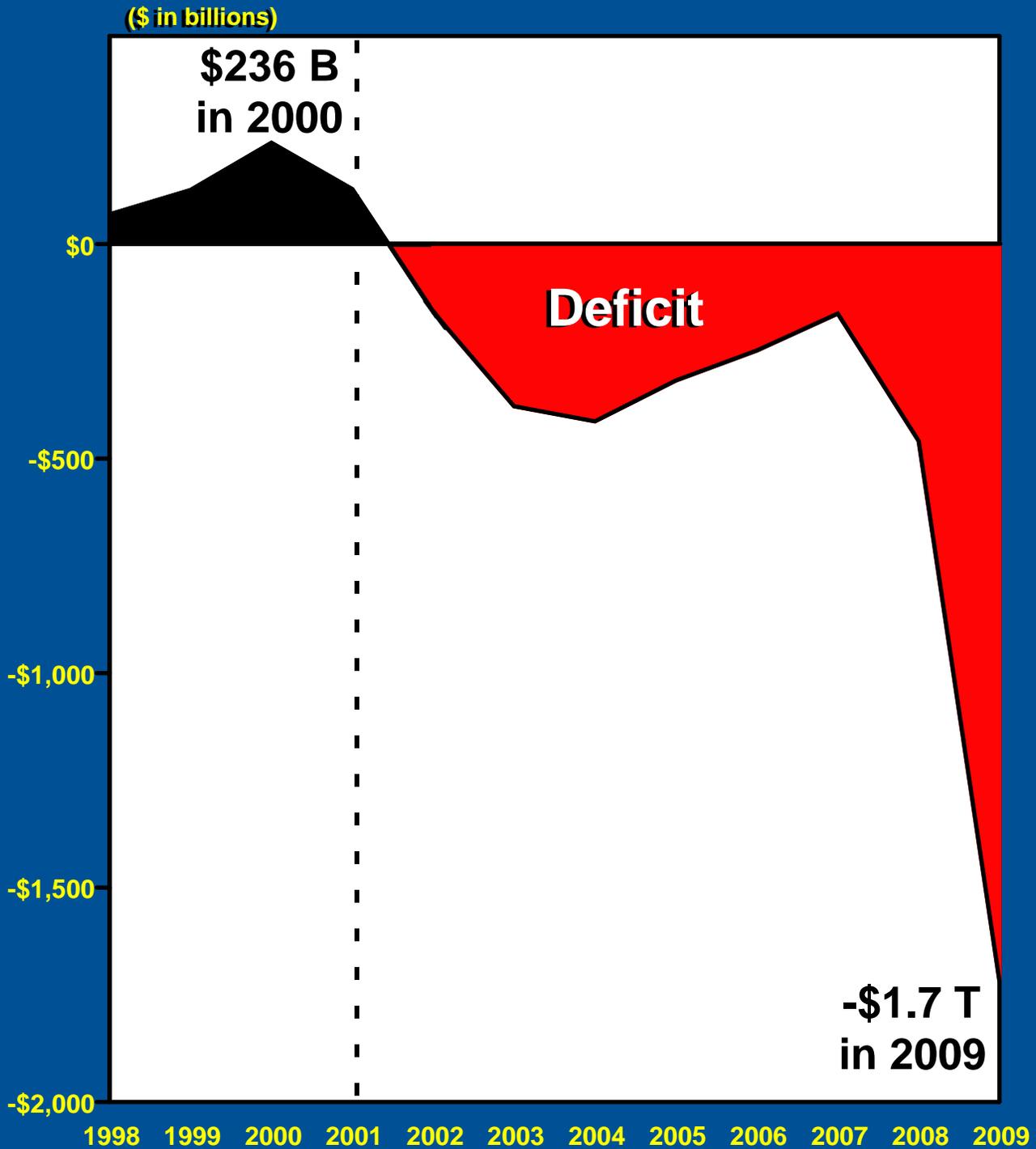


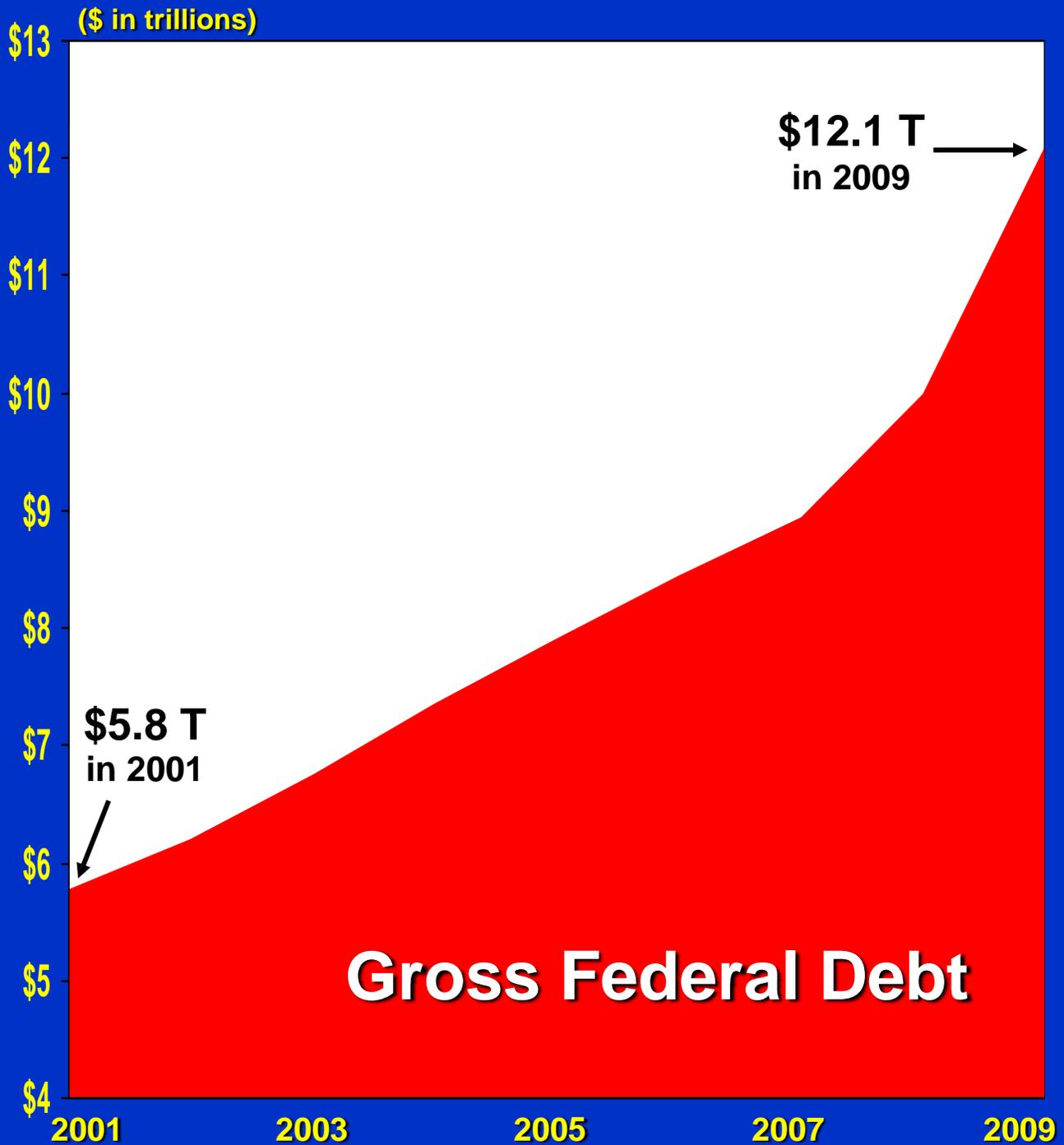
Dramatic Deterioration in Budget Picture Under Bush Administration



Sources: OMB, SBC

Note: 2009 estimate includes deficits related to policies begun under the Obama administration, including the economic recovery package.

Federal Debt Soars Under Bush Administration



Sources: OMB, CBO

Note: 2009 estimate includes debt related to policies begun under the Obama administration including the economic recovery package.

What President Obama Inherited

- **Record deficits, doubling of national debt**
- **Worst recession since Great Depression**
- **Financial market and housing crises**
- **3.7 million jobs lost in last six months**
- **Ongoing wars in Iraq and Afghanistan**

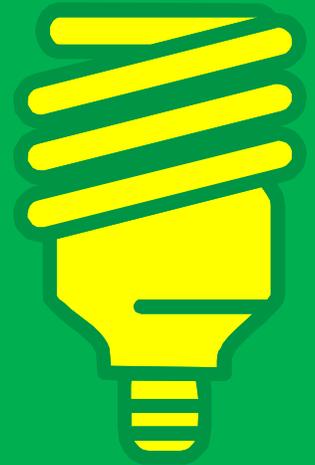
Major Priorities of President Preserved in Budget Resolution

- **Energy**
- **Education**
- **Health reform**
- **Middle-class tax cuts**
- **Cutting deficit in half**

Budget Resolution Invests in Energy

Reduces dependence on foreign energy, creates green jobs, preserves environment, and helps with high home energy costs

- Reserve Fund to accommodate legislation to invest in clean energy and address global climate change
- President's level of discretionary funding for Department of Energy for FY 2010
- Builds on economic recovery package investments in renewable energy, efficiency and conservation, low carbon coal technology, and modernizing electric grid



Budget Resolution Invests in Education

Generates economic growth and jobs, prepares workforce to compete in global economy, makes college more affordable, and improves student achievement

- **Higher Education Reserve Fund to facilitate President's student aid increases**
- **Extends simplified college tax credit – providing up to \$2,500 a year**
- **President's requested level of \$5,550 for Pell grants and fully funds his education priorities, such as early education**



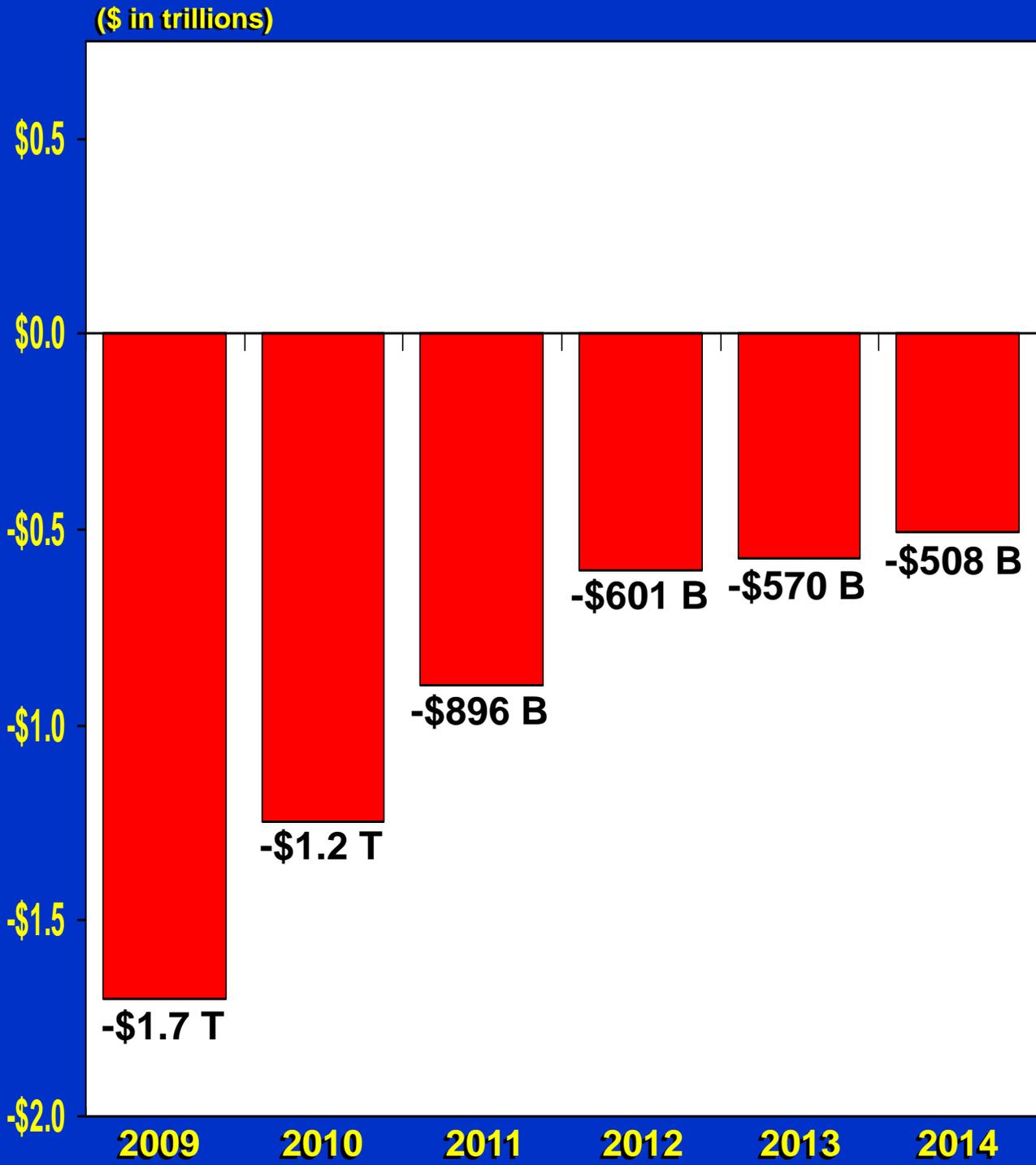
Budget Resolution Invests in Health Care

Bends health cost curve, improves health, expands coverage, increases research, and promotes food and drug safety

- **Reserve Fund to accommodate President's initiative to reform health care system**
- **Reserve Fund to address Medicare physician payments**
- **Continues investment in key health programs, such as NIH and FDA**

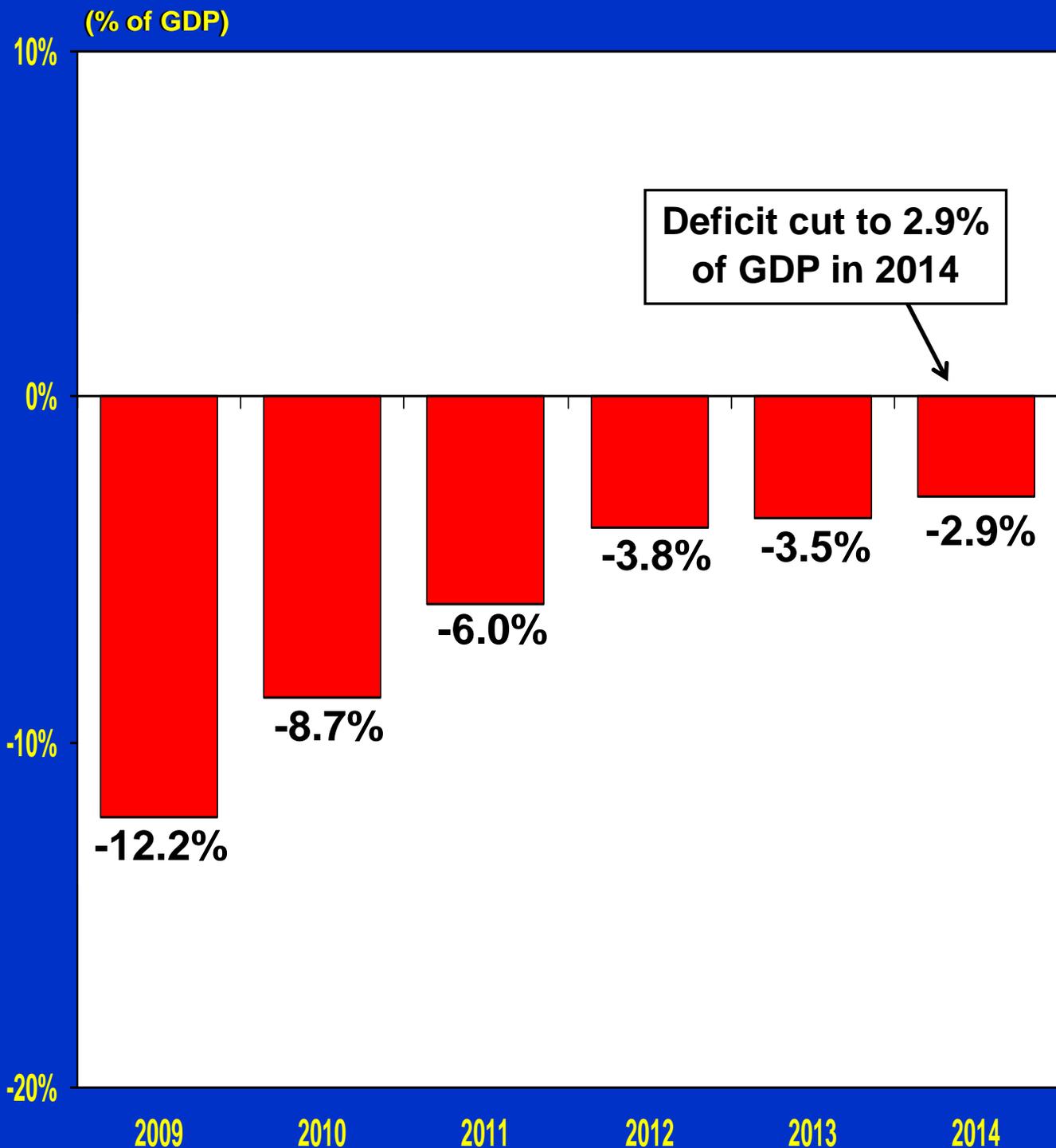


Deficit Cut by Two-Thirds by 2014 Under Budget Resolution



Source: SBC

Deficit as Percent of GDP Under Budget Resolution



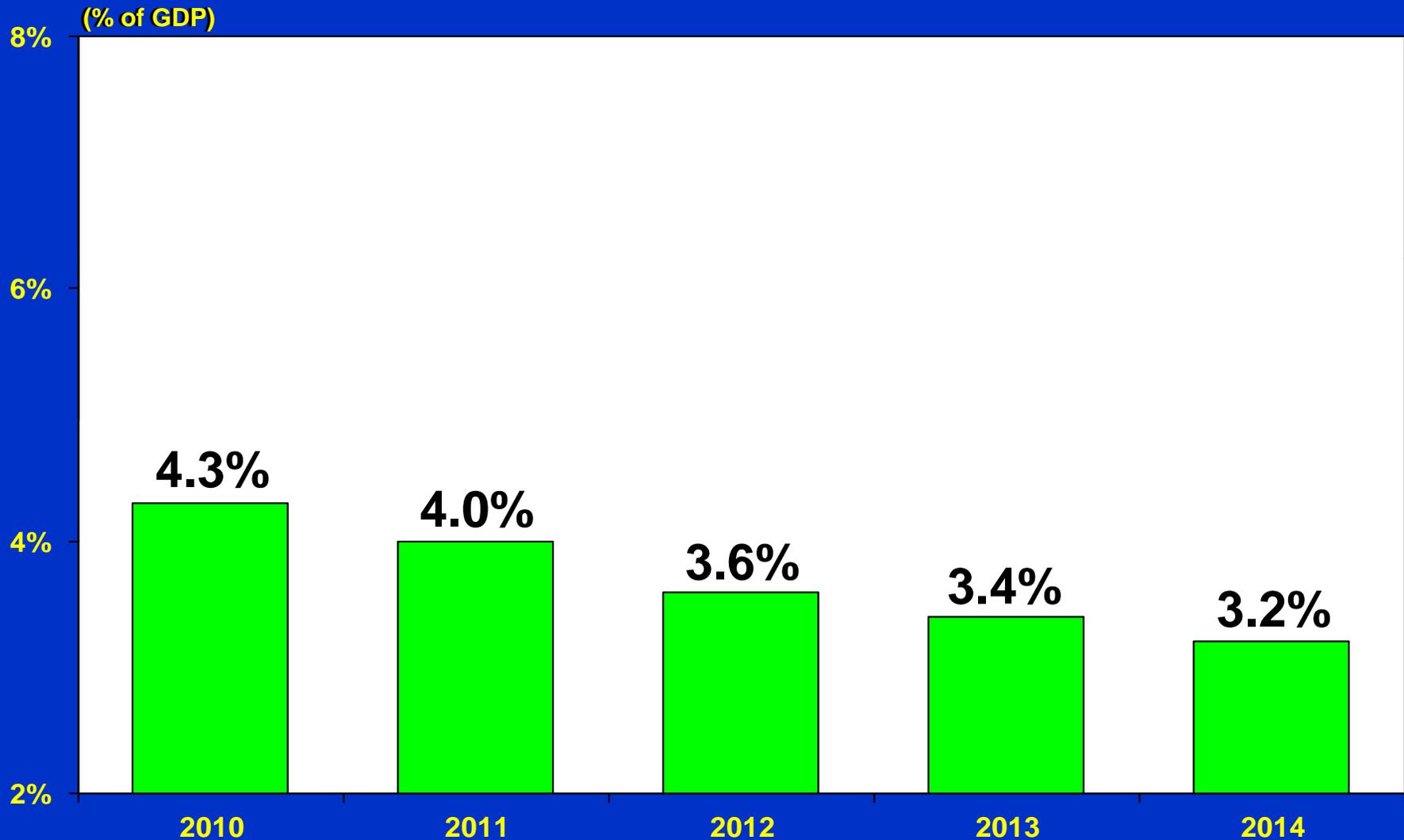
Source: SBC

Revenue Changes in Budget Resolution

	<u>2010-2014</u>
Middle-Class Tax Relief	-\$601 B
- 10% bracket	
- Child tax credit	
- Marriage penalty	
- Education incentives	
AMT Reform	-\$216 B
Estate Tax Reform	-\$72 B
Business Provisions, Extenders	-\$69 B
Subtotal, Tax Relief	-\$958 B
Loophole Closers, Raisers	\$133 B
- Codify economic substance doctrine	
- International enforcement	
Total Tax Cuts	-\$825 B

Source: SBC

Domestic Discretionary Spending as Percent of GDP Under Budget Resolution



Source: SBC

**Non-defense Discretionary
Average Annual Increase
Under Budget Resolution**

2.5%

Budget Enforcement in Budget Resolution

- **Discretionary caps for 2009 and 2010**
- **Maintains strong paygo rule**
- **Point of order against long-term deficit increases**
- **Point of order against short-term deficit increases**
- **Allows reconciliation for deficit reduction only**
- **Point of order against mandatory spending on an appropriations bill**

Budget Resolution Provisions Addressing Long-Term Fiscal Challenges

- **Health Reform reserve fund**
- **Program integrity initiatives to crack down on waste, fraud, and abuse**
- **Long-term deficit increase point of order**

President Obama on Need for Further Action to Address Long-Term Fiscal Imbalance

“Now, I want to be very clear. While we are making important progress towards fiscal responsibility this year, in this budget, this is just the beginning. In the coming years, we’ll be forced to make more tough choices, and do much more to address our long-term challenges.”

**–President Barack Obama
Remarks at Fiscal Responsibility Summit
February 23, 2009**