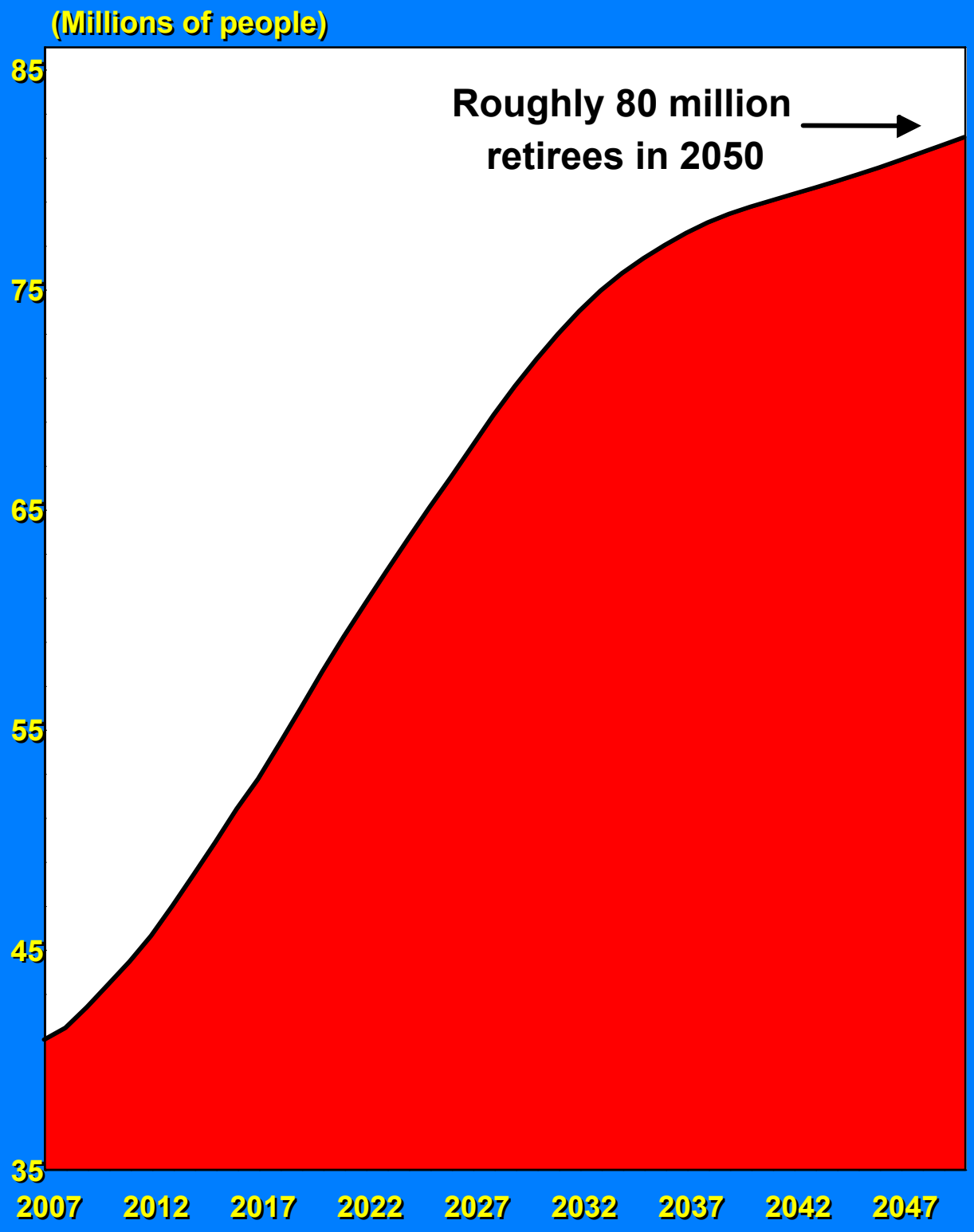
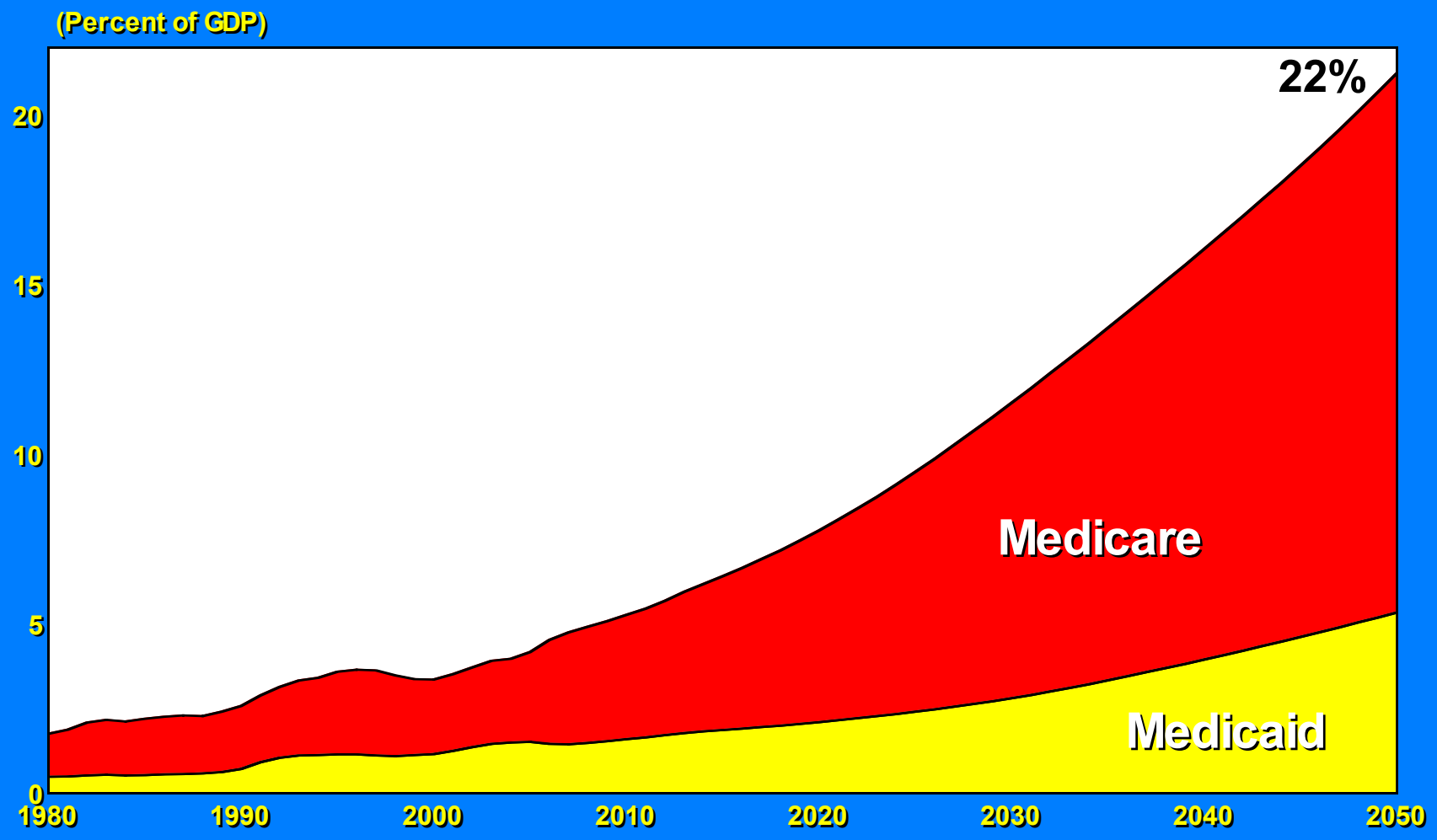
Baby Boom Generation Creates Demographic Tidal Wave



Source: 2007 Social Security Trustees Report
Note: OASI beneficiaries

Medicare and Medicaid Spending as a Percent of GDP

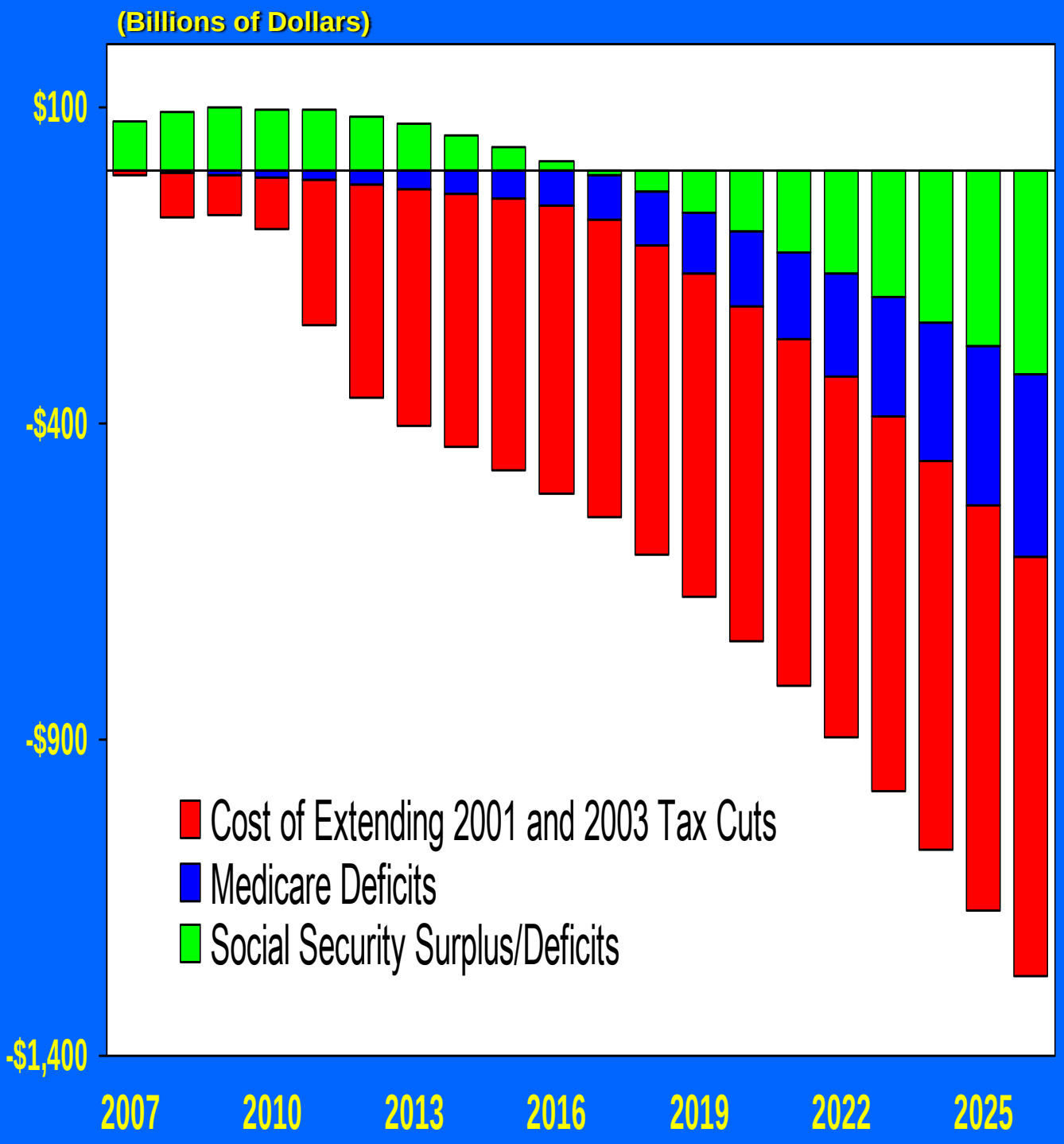
1980-2050



Source: CBO Long-Term Budget Outlook, December 2005. Projections assume excess cost growth of 2.5 percent for Medicare and Medicaid.

Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits

FY 2007-2026



Source: Social Security Trustees 2007 Annual Report, CBO, CBPP, and SBC Democratic staff
Note: Cost of extending tax cuts includes cost of AMT reform and interactive effect.

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

Former Treasury Secretary Snow Acknowledges Need for Bipartisan Approach to Solving Long-Term Challenges

"You can't do health care reform or Social Security reform ... without a bipartisan consensus.... If we made a mistake, it was not approaching it in more of a bipartisan way."

– Former Treasury Secretary John Snow
As quoted by *The Wall Street Journal*
February 6, 2007

Bipartisan Task Force for Responsible Fiscal Action

- To address unsustainable long-term imbalance between spending and revenues
- Everything on the table
- 16 members – 8 Democrats, 8 Republicans (two from Administration, including Treasury Secretary)
- All task force members must be currently serving in Congress or Administration
- Report to be submitted on December 9, 2008
- 12 of 16 members must agree to report
- Fast-track consideration in Senate and House
- Final passage requires supermajority – 3/5 vote in Senate, 3/5 vote in House