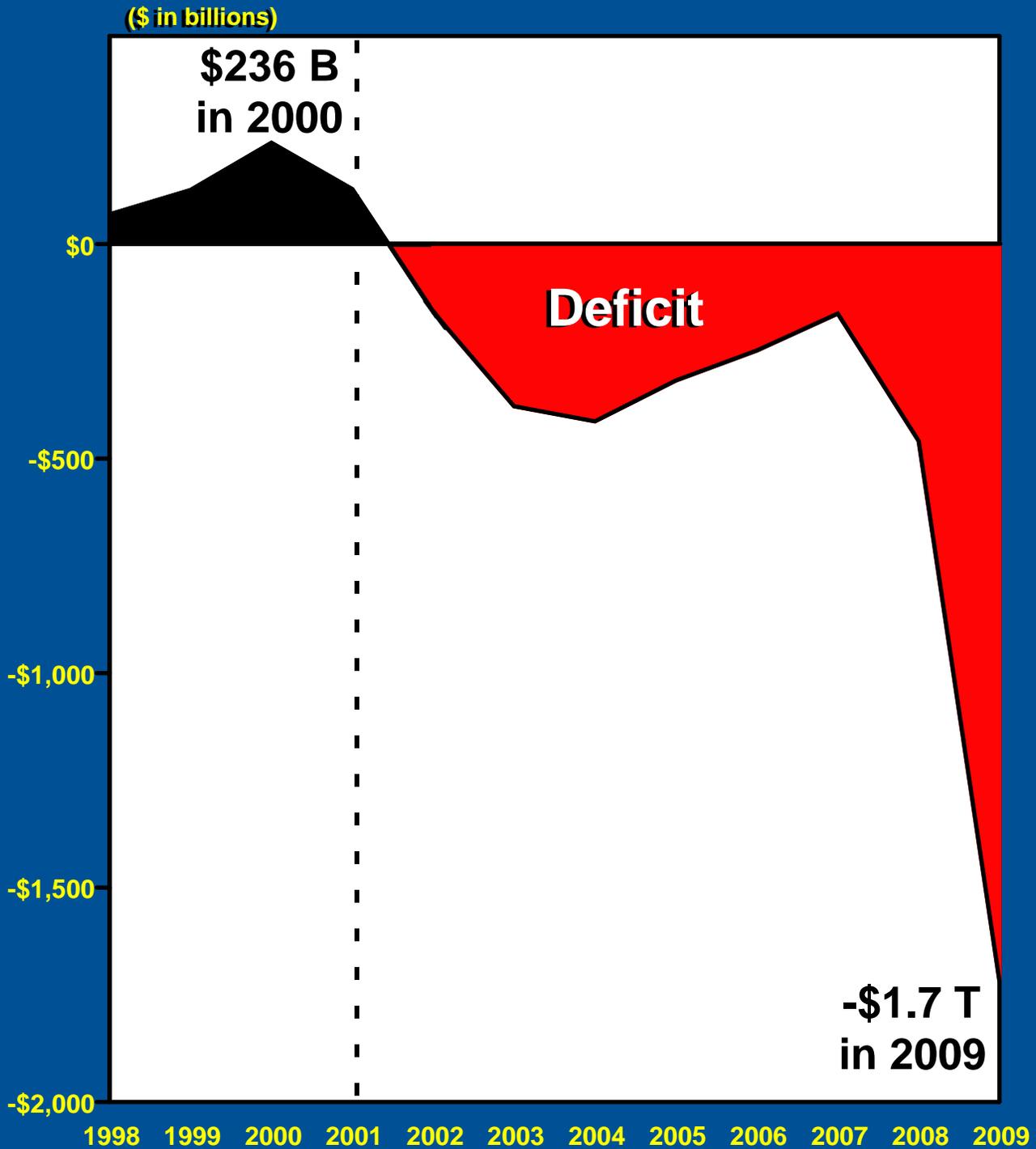


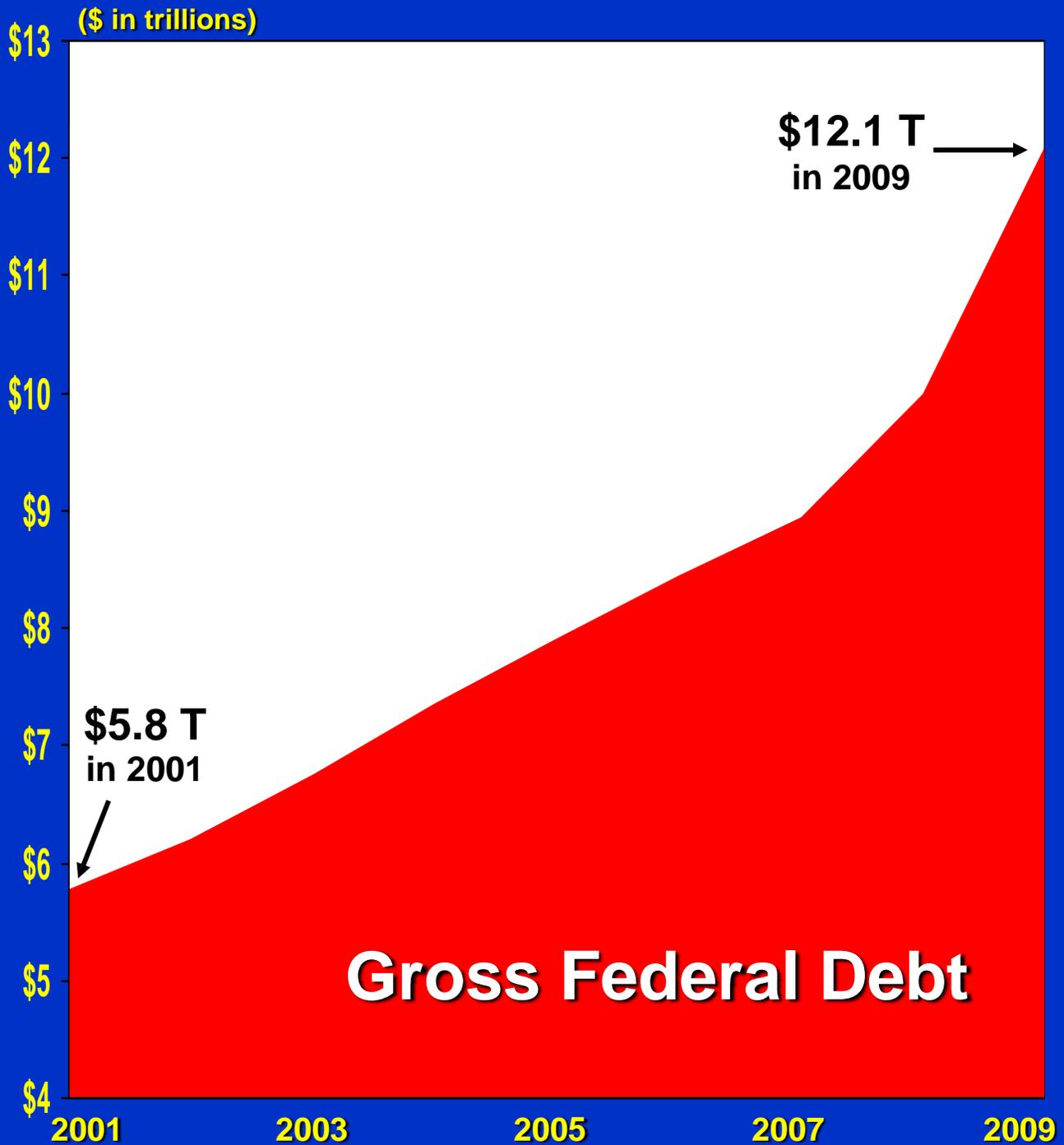
# Dramatic Deterioration in Budget Picture Under Bush Administration



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

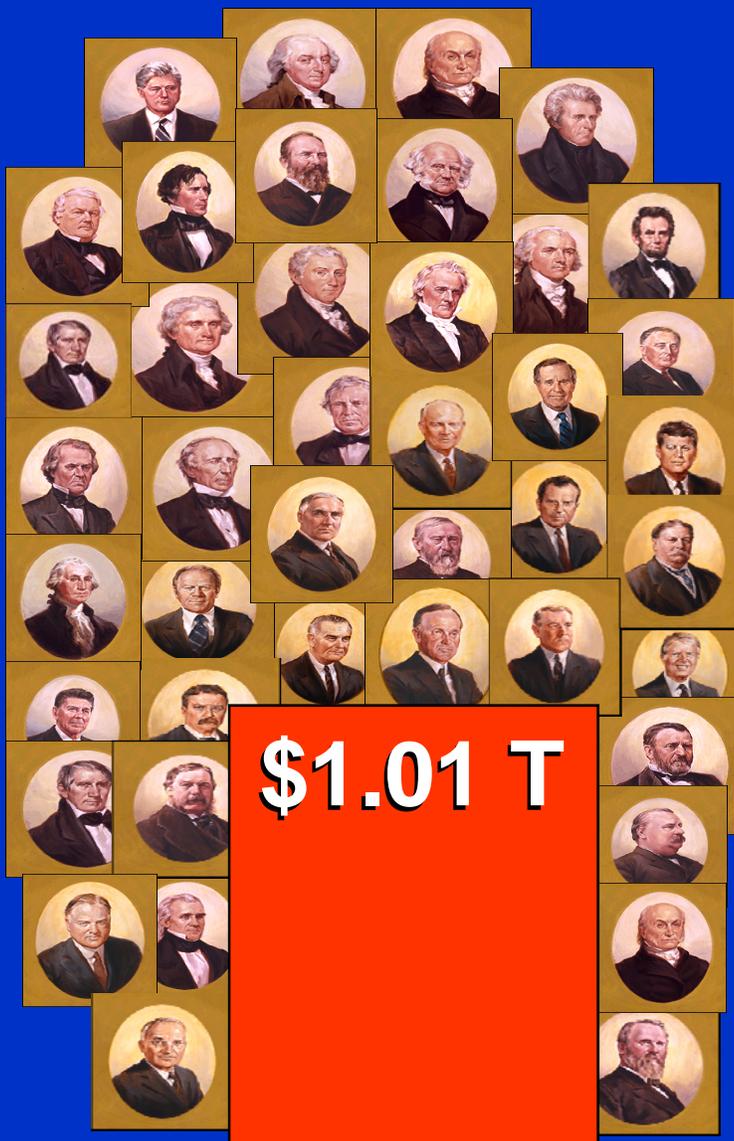


Sources: OMB, CBO

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

# President Bush More than Tripled Foreign-Held Debt

It Took 42 Presidents 224 Years to Build Up \$1 Trillion of Foreign-Held Debt



**224 Years**  
(1776-2000)



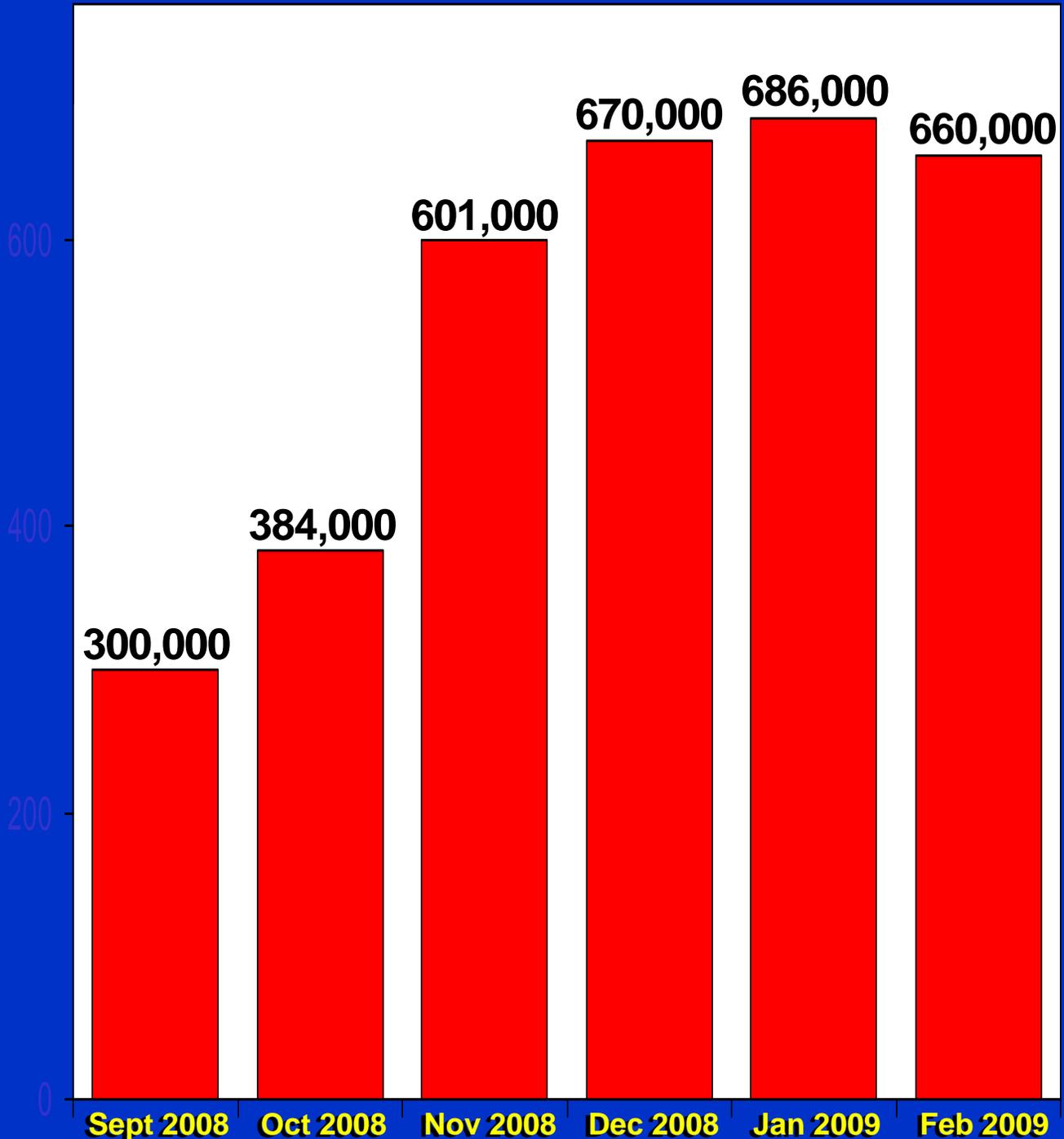
**\$2.06 T**

**President Bush**  
(2001-2009)

Sources: U.S. Treasury and Federal Reserve Board  
Monthly data through January 2009

# 3.3 Million Private-Sector Jobs Lost in Last Six Months

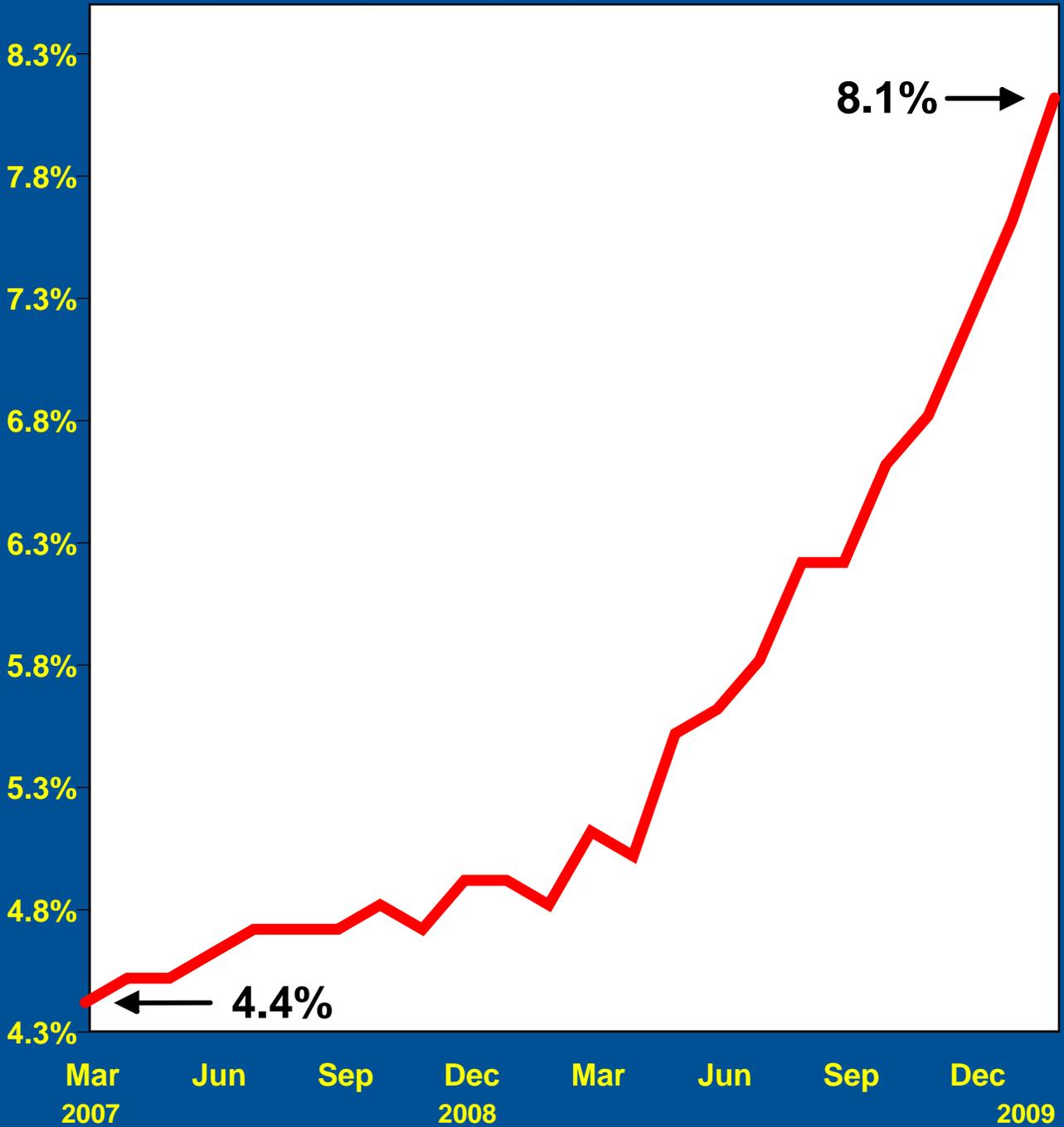
(Monthly loss in private-nonfarm payrolls)



Source: Bureau of Labor Statistics, U.S. Department of Labor

# Unemployment Rate Climbs to 8.1 Percent

(Monthly data through February 2009)

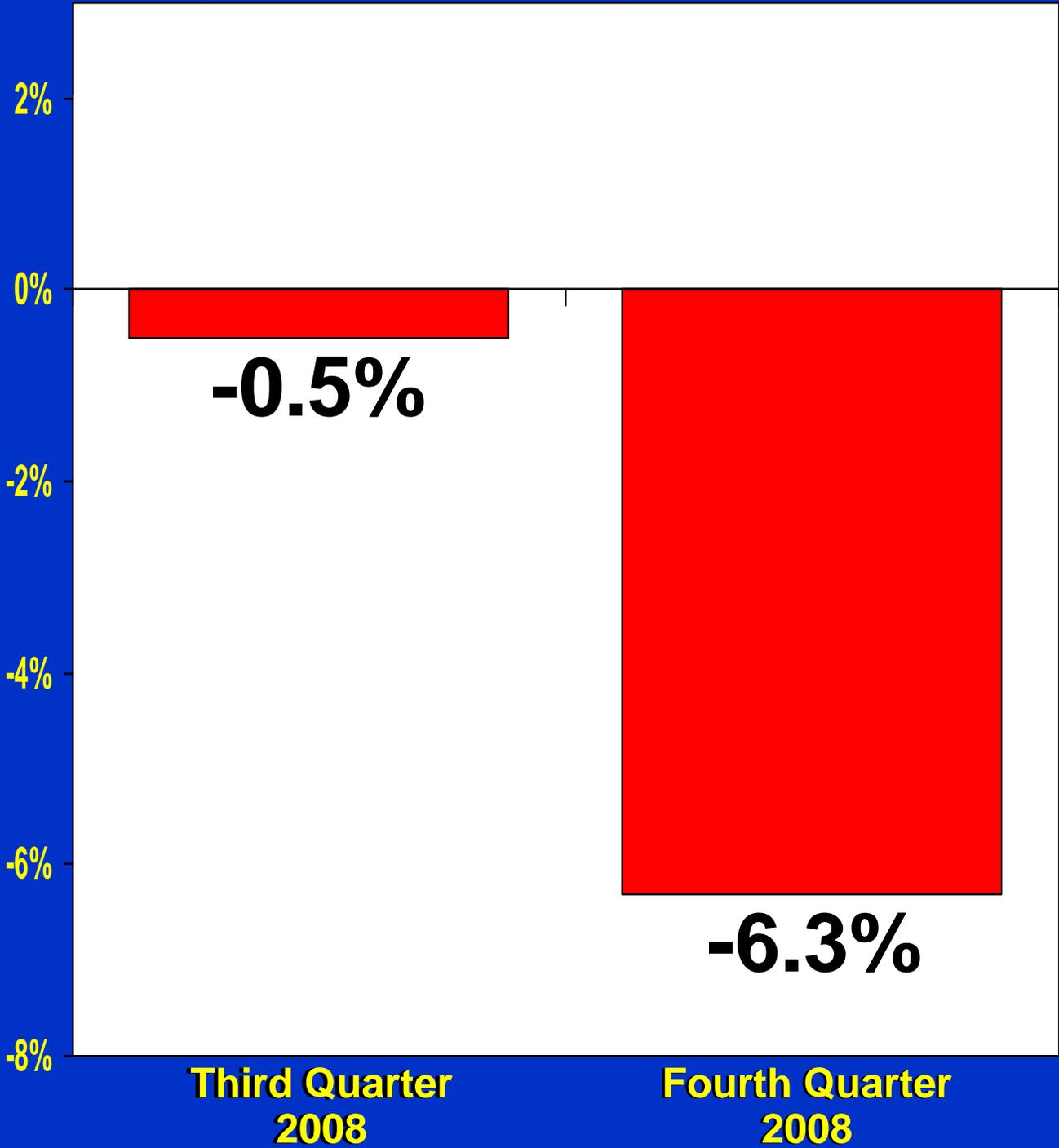


Sources: Bureau of Labor Statistics, U.S. Department of Labor

Note: Percent of civilian labor force

# Economic Growth Plummets

(Percent growth of real GDP, annual rate)



Source: U.S. Department of Commerce

# **What President Obama Is Inheriting**

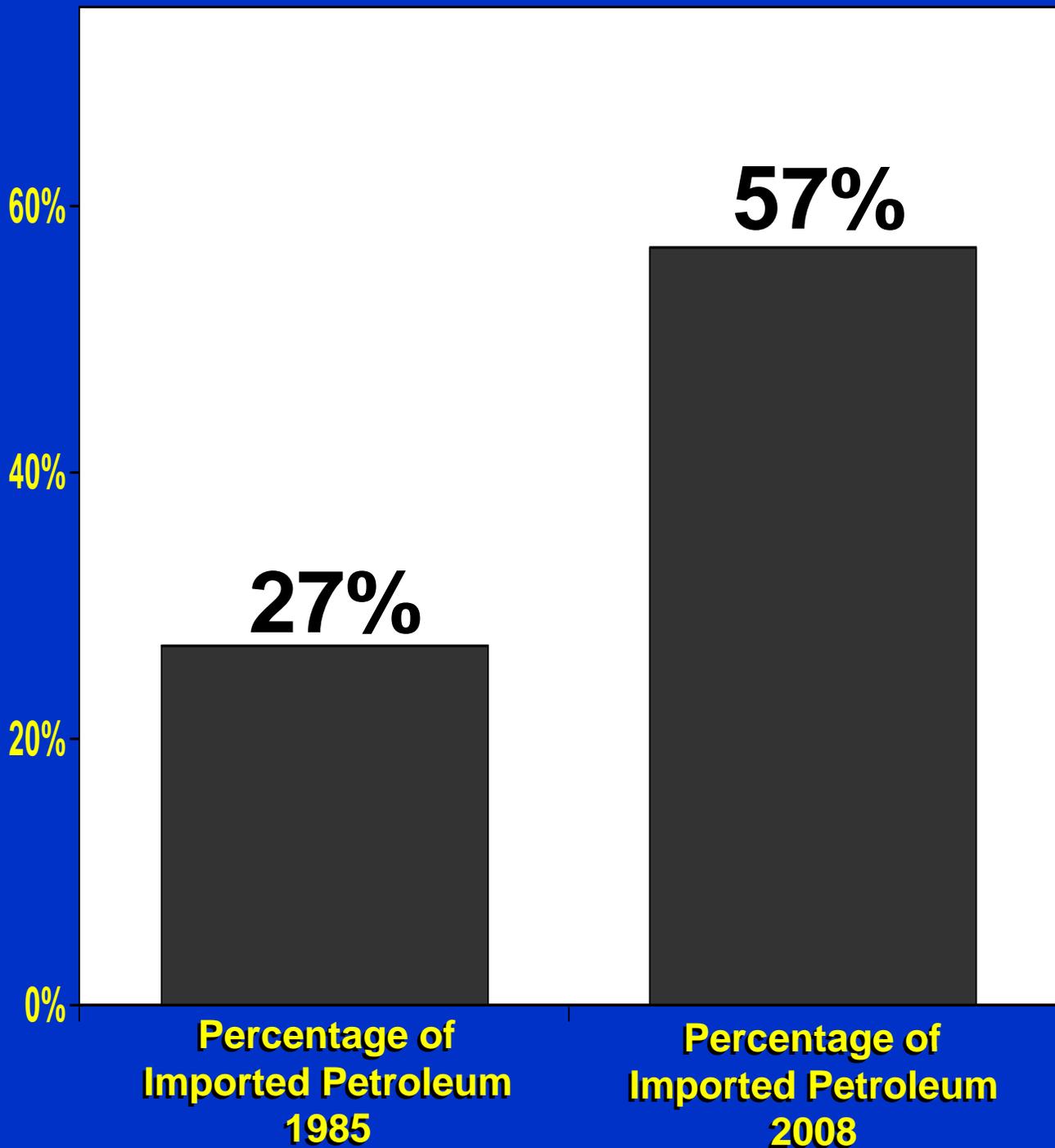
- **Record deficits, doubling of national debt**
- **Worst recession since Great Depression**
- **Financial market and housing crises**
- **3.3 million jobs lost in last six months**
- **Ongoing wars in Iraq and Afghanistan**

# Major Priorities of President Preserved in Budget Resolution

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

# Growth of U.S. Dependence on Imported Petroleum

(Net Percentage of Imported Petroleum Products Supplied)



Source: Energy Information Administration

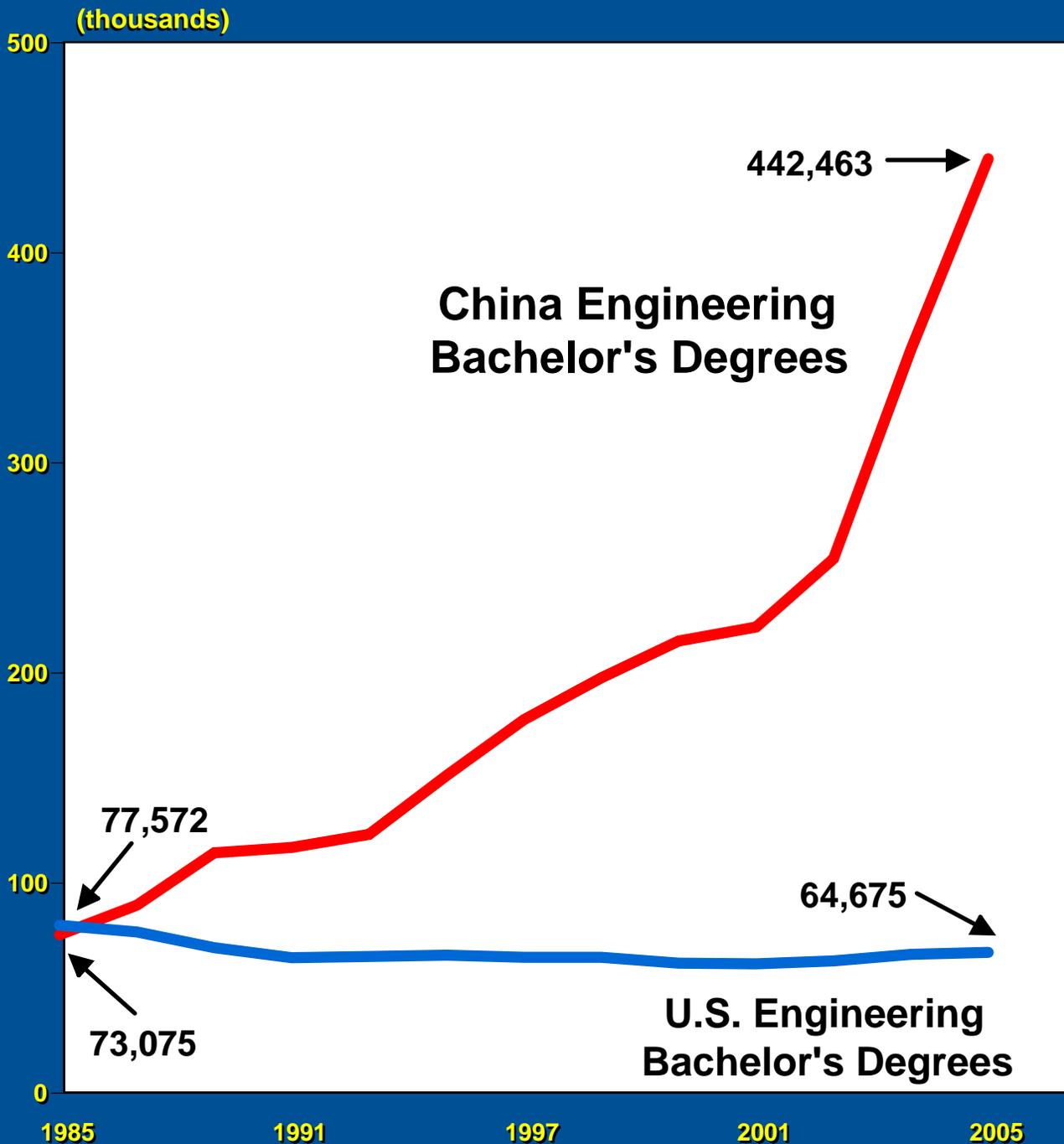
# Budget Resolution Invests in Energy

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



# Falling Behind Global Competition: U.S. Lags China in Producing Engineers



Source: National Science Foundation

# Budget Resolution Invests in Education

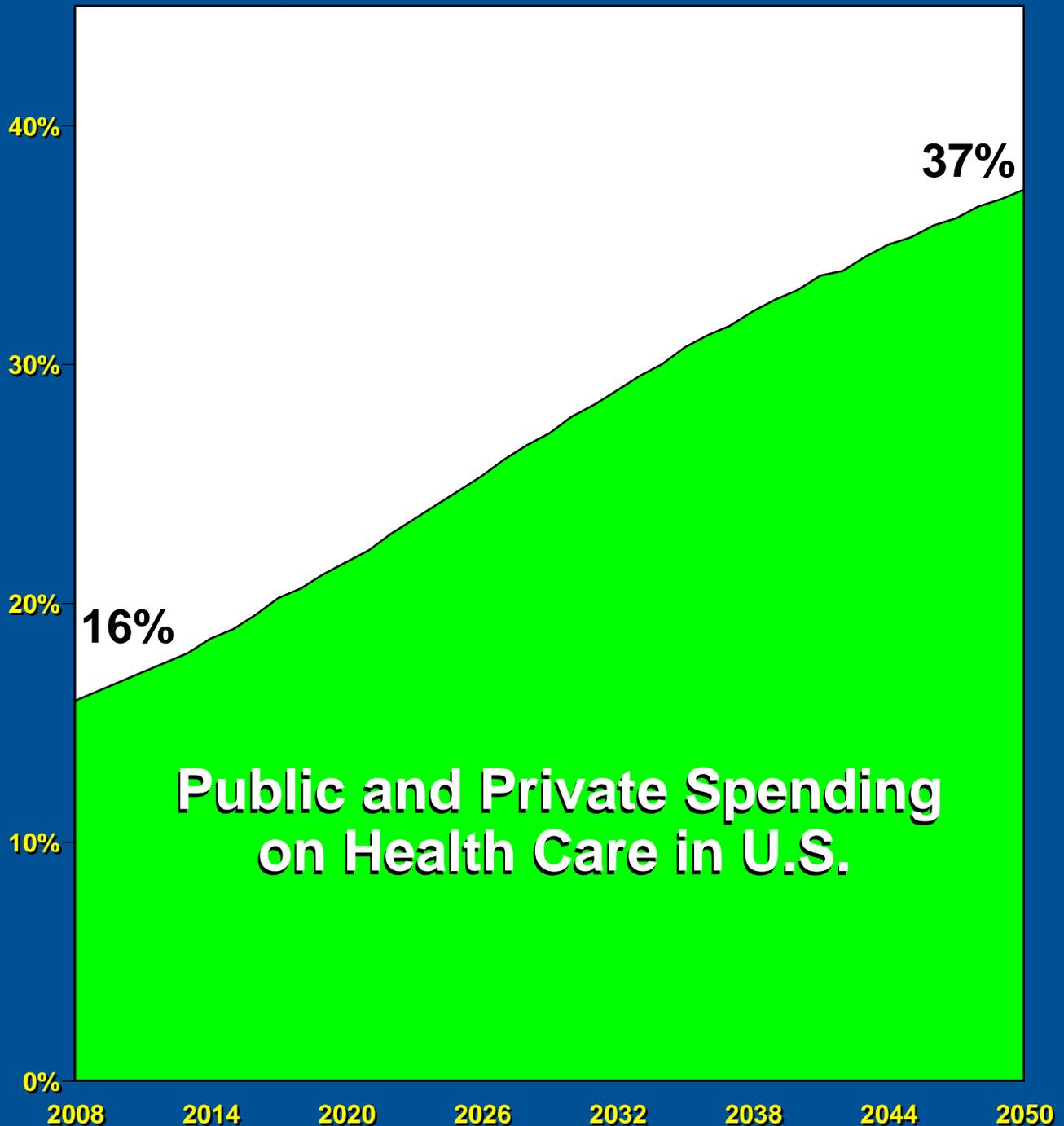
**Generates economic growth and jobs, prepares workforce to compete in global economy, makes college more affordable, and improves student achievement**

- **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**



# Total Health Expenditures as Percent of GDP

(Percent of GDP)



Source: CBO Long-Term Outlook for Health Care Spending, November 2007

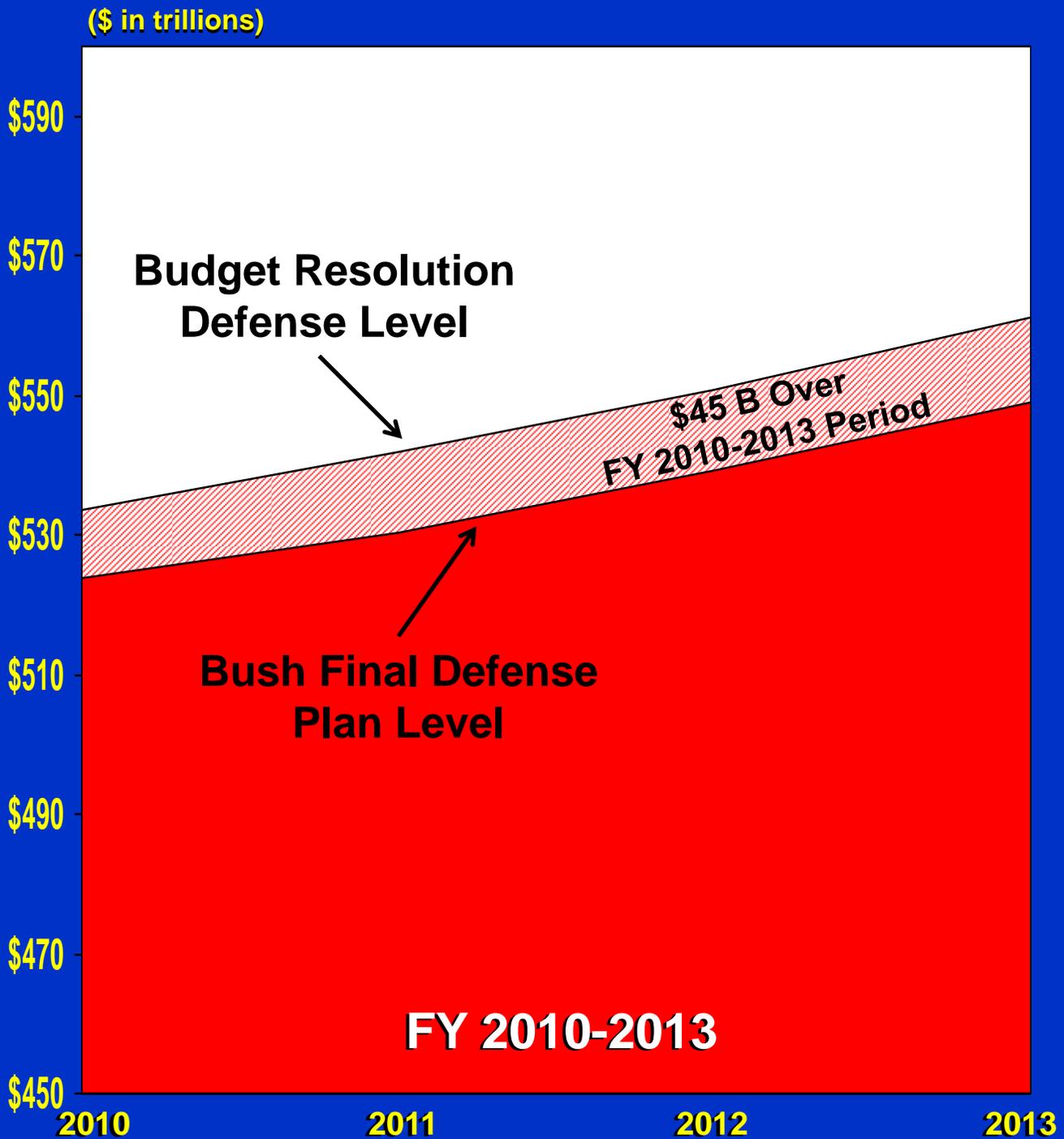
# Budget Resolution Invests in Health Care

**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**



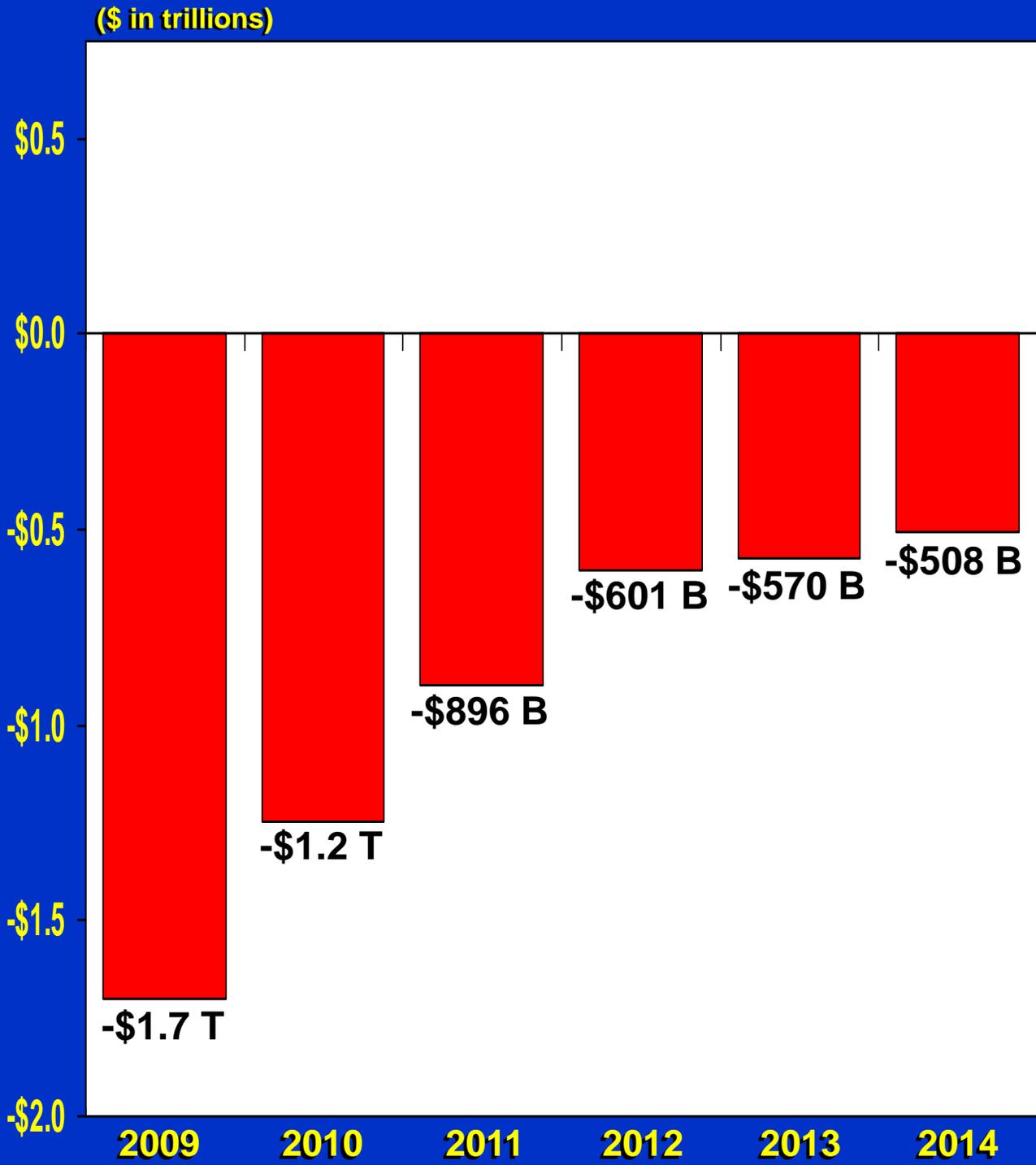
# Budget Resolution Defense Funding Exceeds Bush's Final Defense Plan by \$45 B



Sources: DOD, SBC

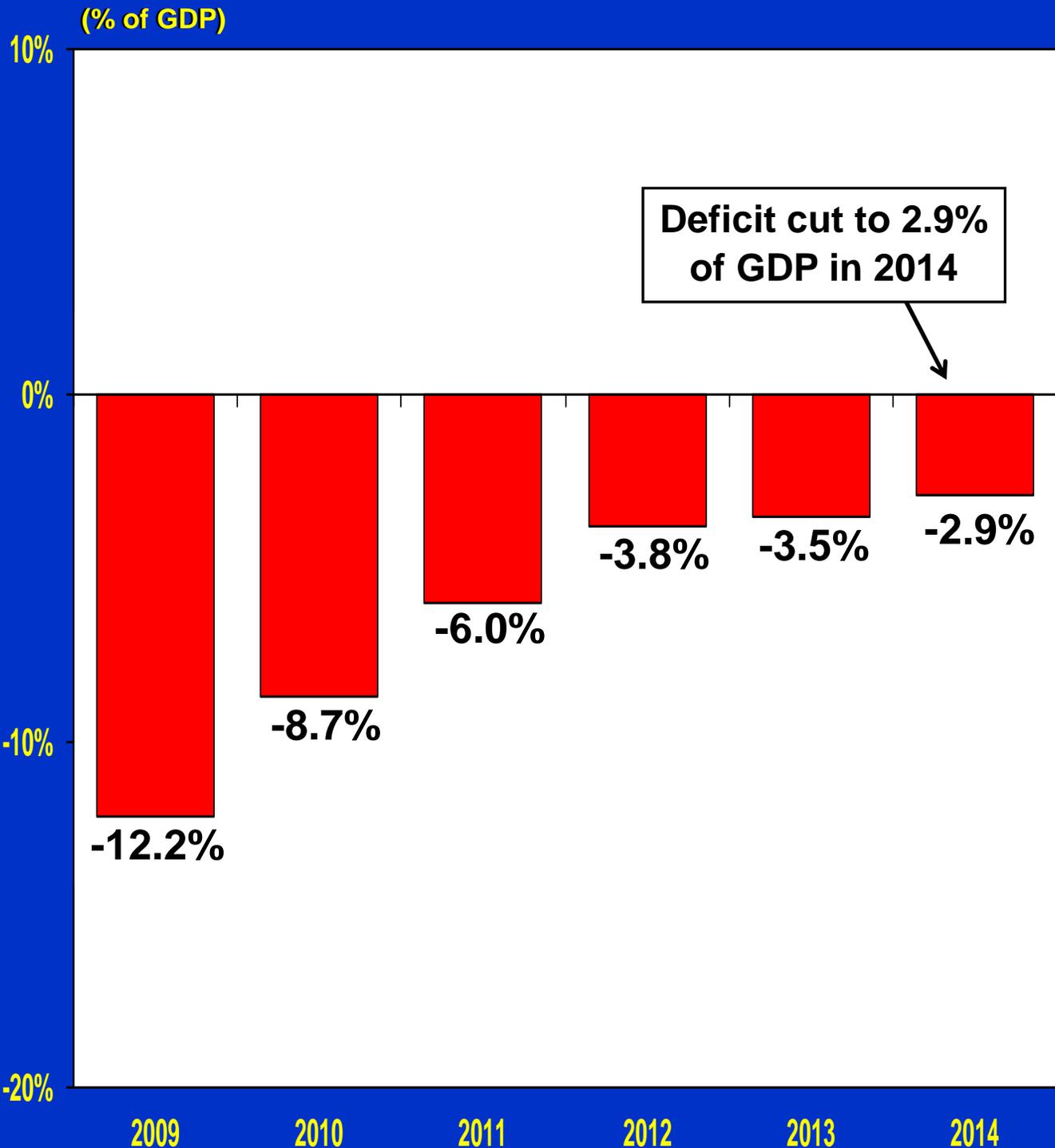
Note: Department of Defense discretionary budget authority.

# Deficit Cut by Two-Thirds by 2014 Under Budget Resolution



Source: SBC

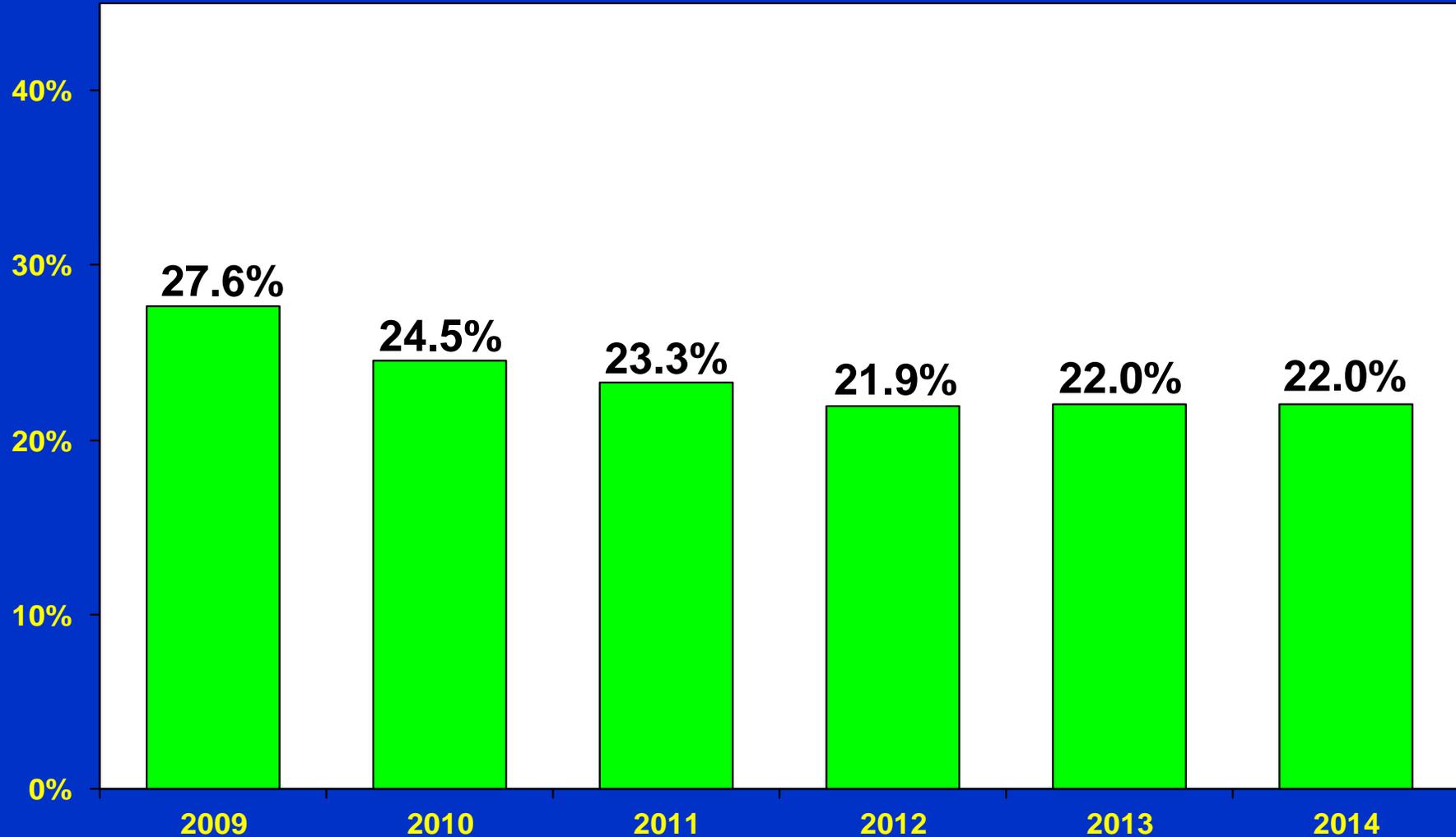
# Deficit as Percent of GDP Under Budget Resolution



Source: SBC

# Spending as Percent of GDP Under Budget Resolution

(% of GDP)



Source: SBC

# Discretionary Spending

	<u>2009 Enacted</u>	<u>2010 Budget Resolution</u>	<u>Budget Resolution vs. 2009 Enacted</u>
<b>Defense</b>	<b>\$536 B</b>	<b>\$556 B</b>	<b>3.8%</b>
<b>International</b>	<b>\$42 B</b>	<b>\$50 B</b>	<b>17.8%</b>
<b>Domestic</b>	<b>\$448 B</b>	<b>\$475 B</b>	<b>6.0%</b>
<b>Total</b>	<b>\$1.03 T</b>	<b>\$1.08 T</b>	<b>5.3%</b>
<b>NDD</b>	<b>\$490 B</b>	<b>\$525 B</b>	<b>7.0%</b>
<b>NDD President</b>		<b>\$540 B</b>	<b>10.1%</b>

Sources: CBO, SBC

Note: Non-emergency budget authority. 2009 level adjusted to include \$4.1 billion in enacted emergency international funding as regular funding. President's budget adjusted to include Pell funding as discretionary and to remove transportation obligations limitations proposed as budget authority.

# Revenue Changes in Budget Resolution

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

Source: SBC

# 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**