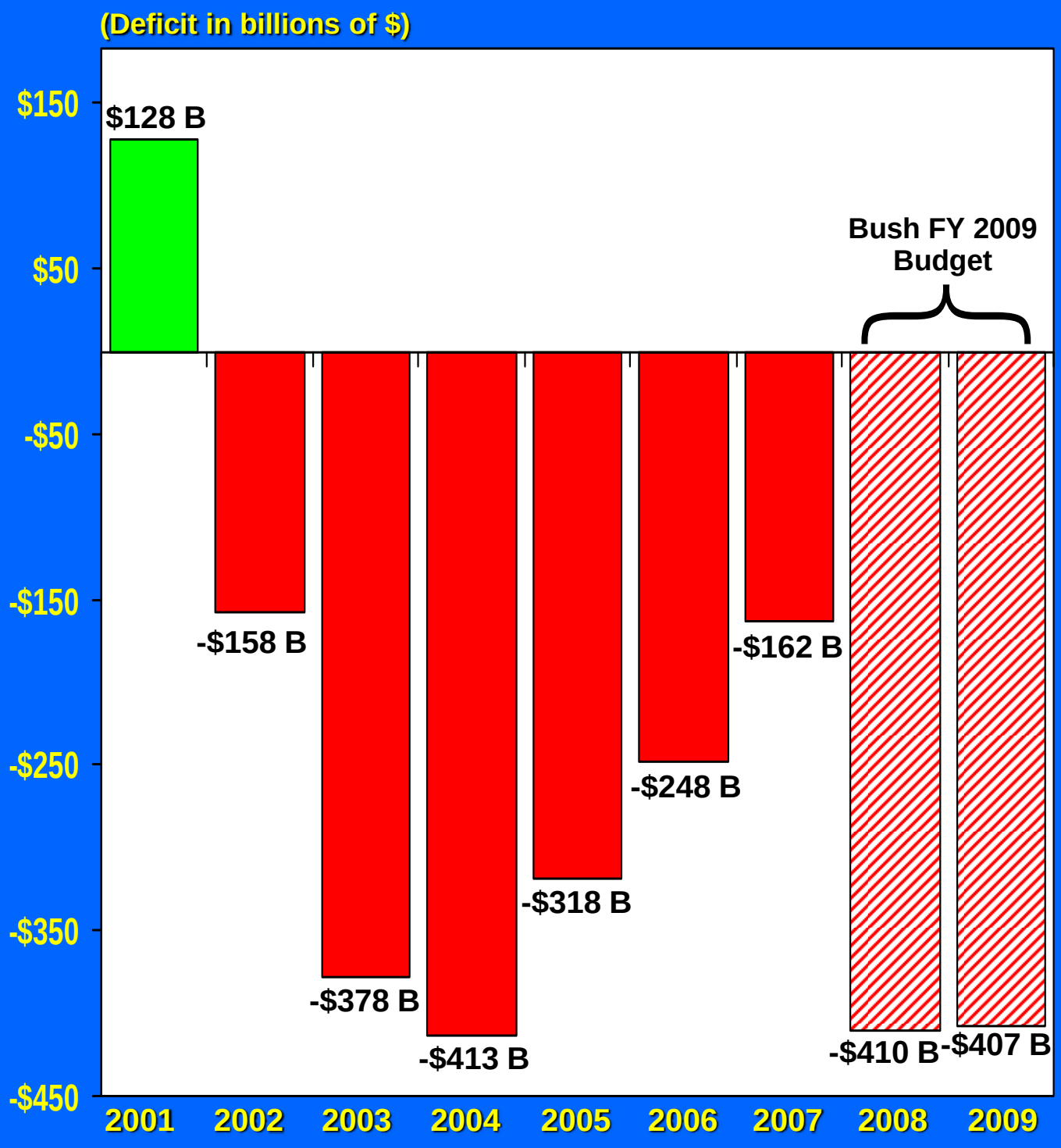
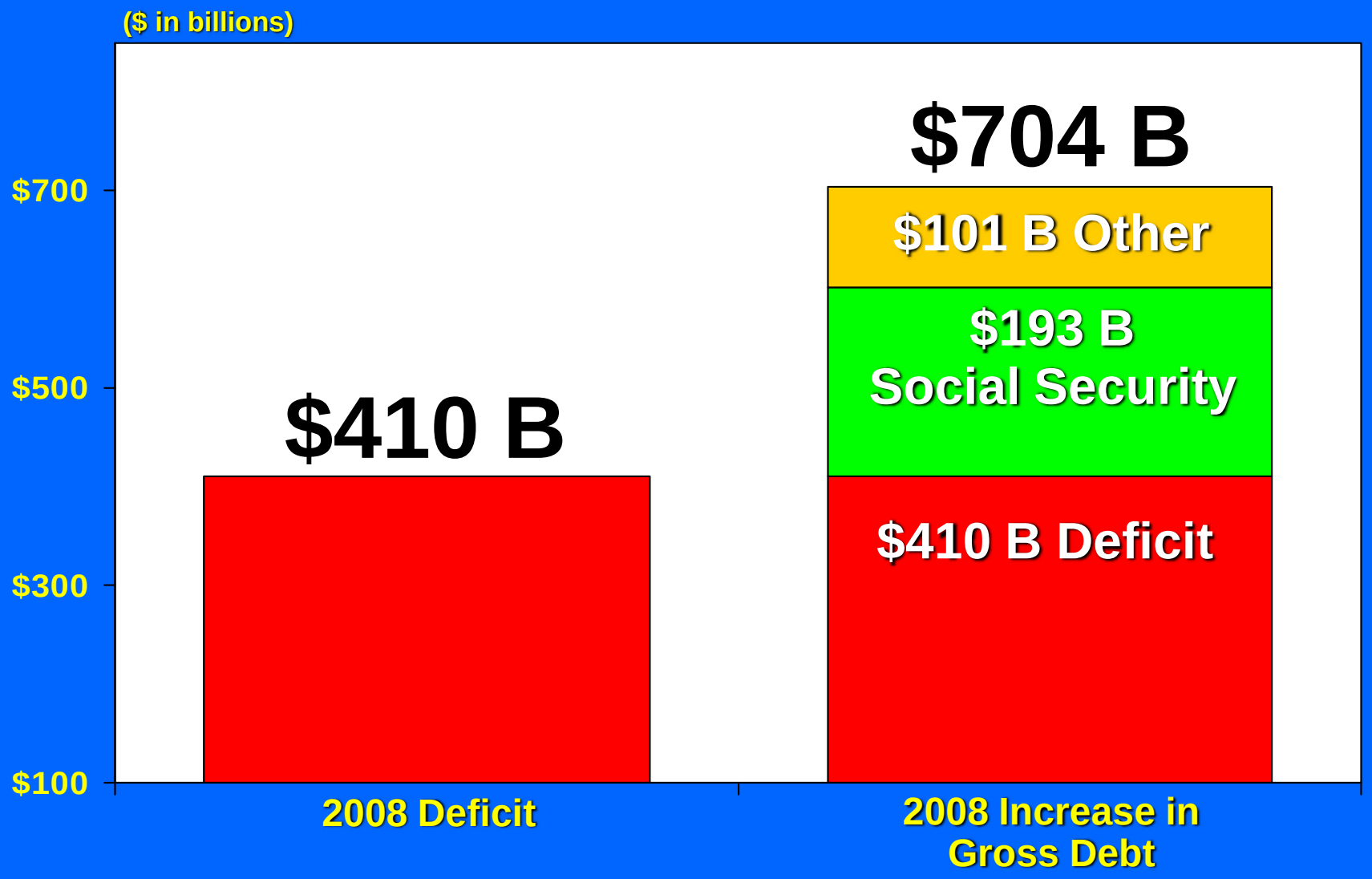
Dramatic Deterioration in Budget Picture



Source: OMB
Note: 2008 and 2009 estimates from Bush FY 2009 Budget.

The Debt is the Threat.

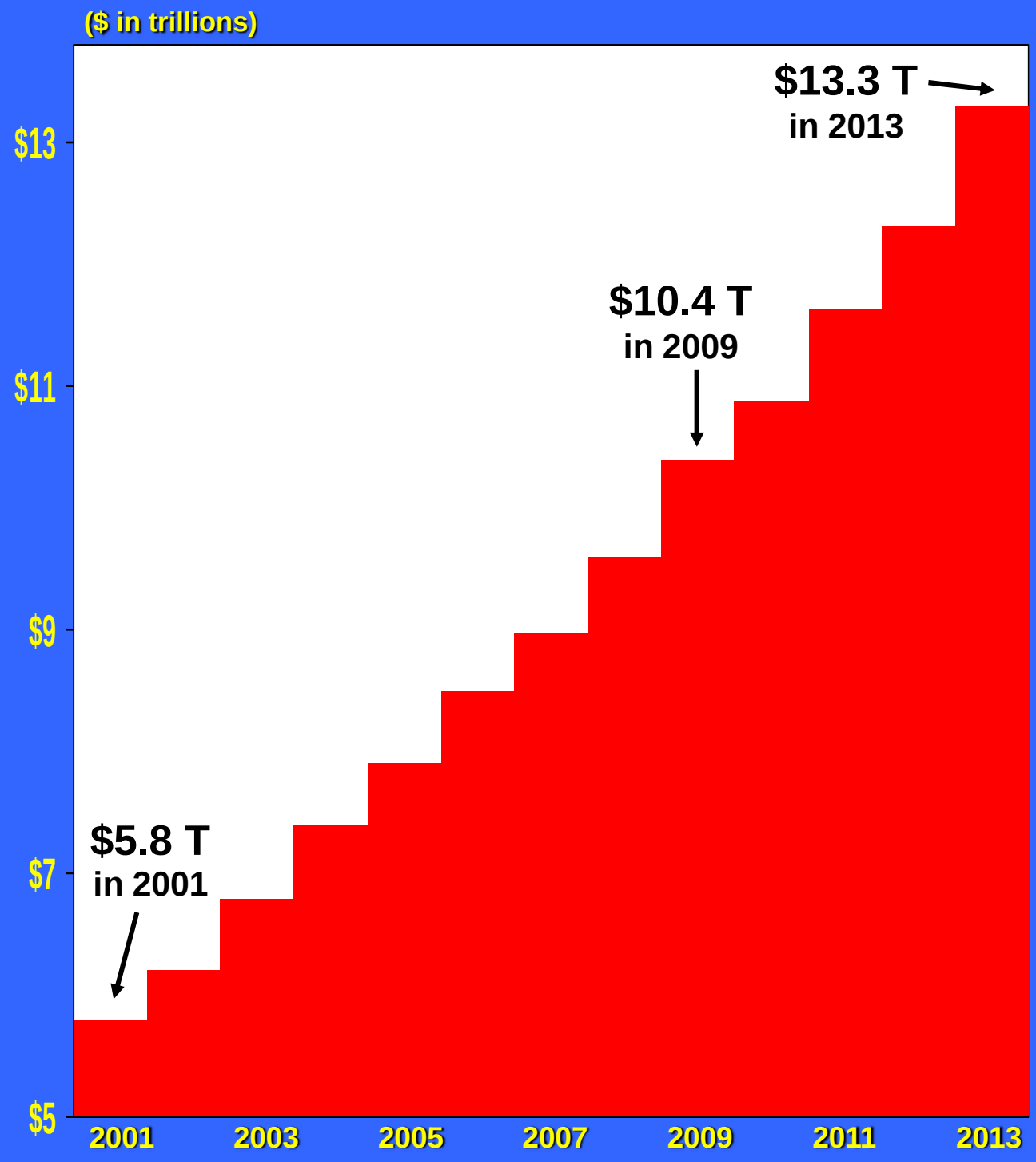
Increase in Debt in 2008 is Far Greater Than the $410 Billion Deficit



Source: OMB, SBC

Building a Wall of Debt

Gross Federal Debt Soars

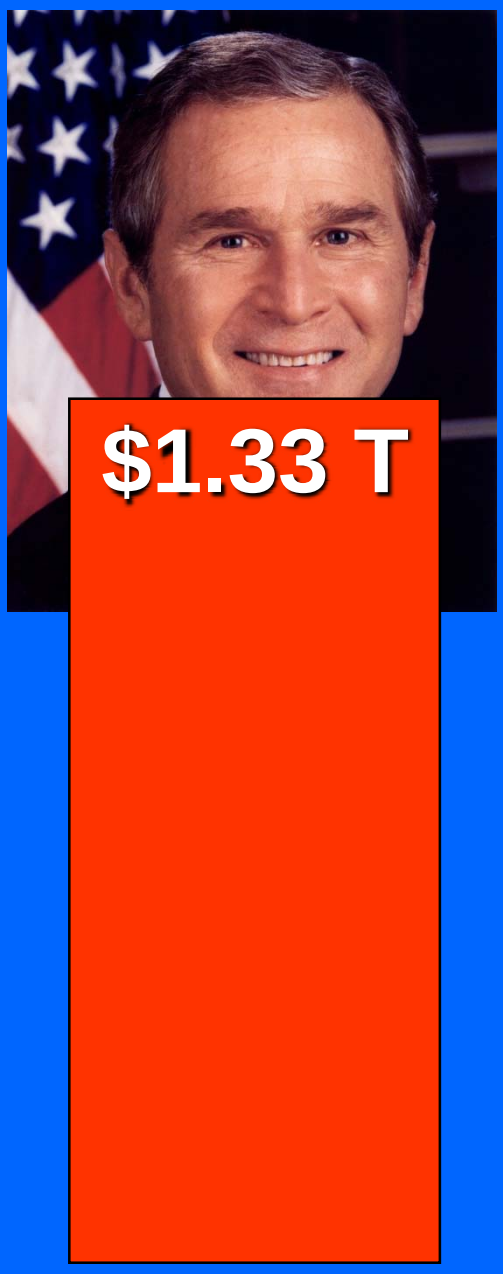


Source: OMB, CBO and SBC
Note: Bush FY 2009 Budget with AMT reform, ongoing war costs, and associated debt service.

President Bush More than Doubles Foreign-Held Debt

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

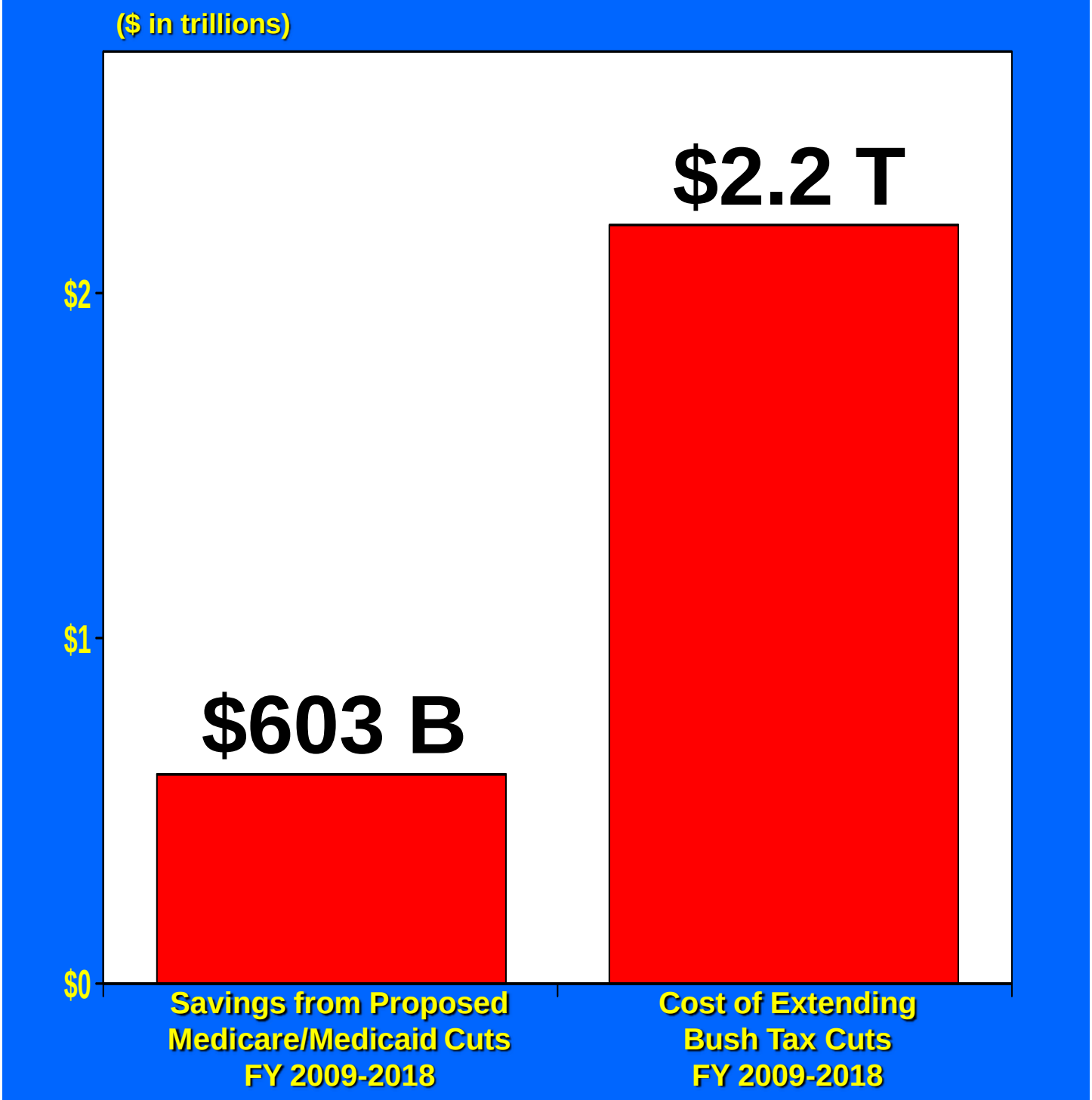
224 Years
(1776-2000)



7 Years
(2001-2007)

Source: U.S. Treasury
As of November 2007

Savings from Medicare/Medicaid Cuts More than Wiped Out by Cost of Extending Bush Tax Cuts



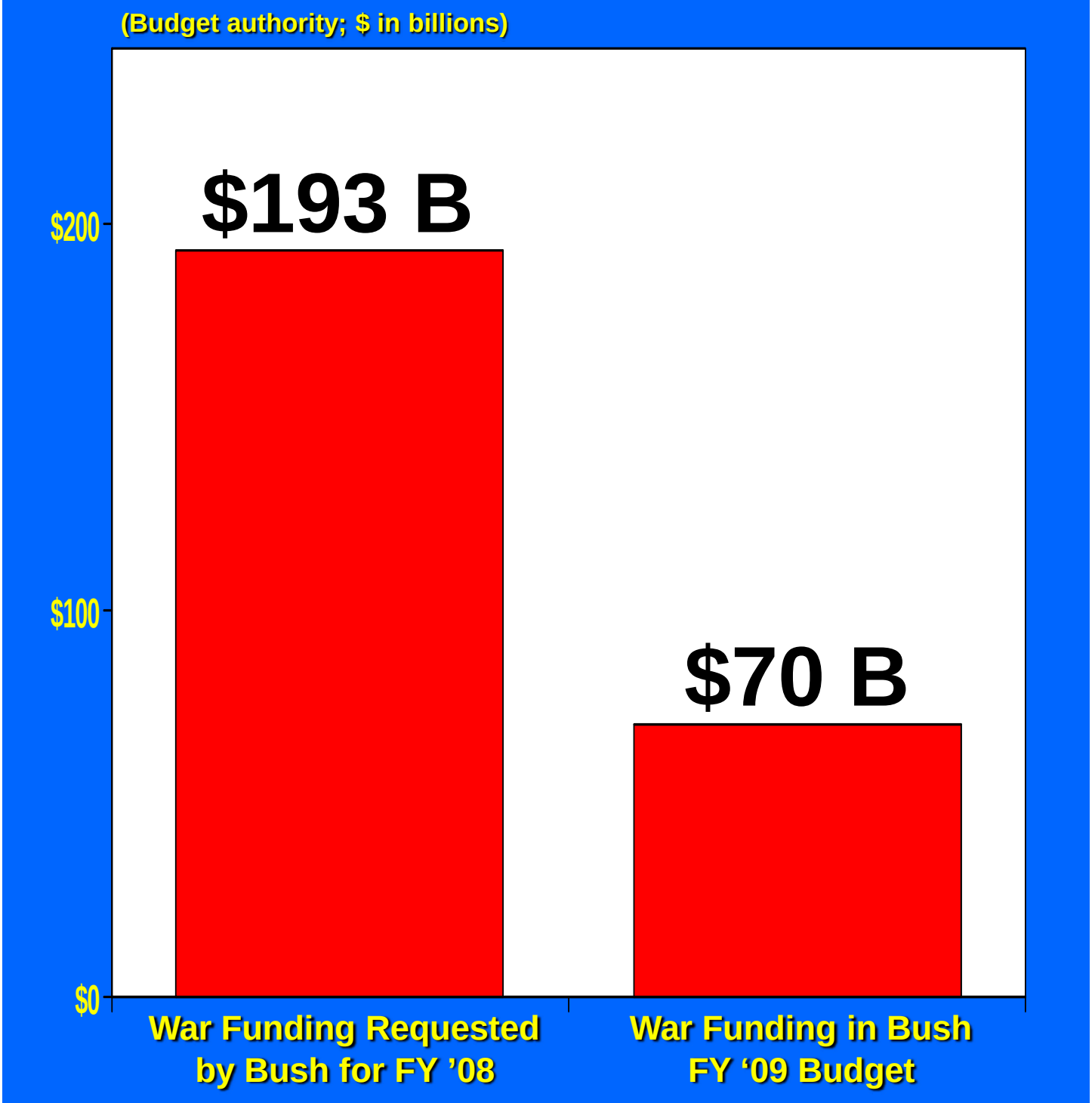
Source: OMB

Note: OMB estimate of savings from new legislative proposals and of extending 2001 and 2003 tax cuts.

What's Left Out of Bush Budget

- ✗ War Costs Beyond First Half of FY 2009
- ✗ AMT Reform Beyond 2008
- ✗ Spending Policy Details Beyond FY 2009 (Discretionary)

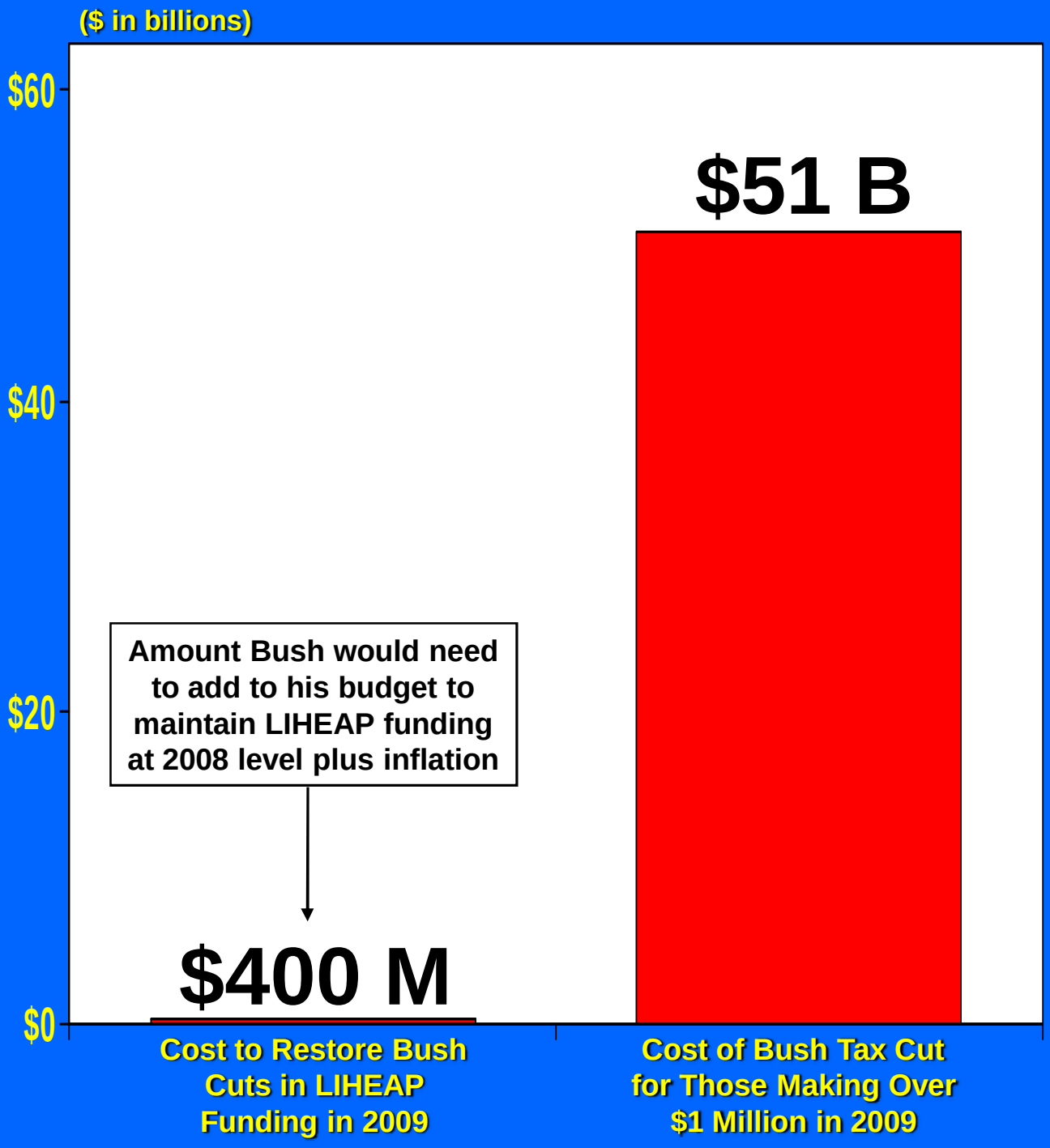
Bush Understates War Costs



Source: CBO, OMB

The Wrong Priorities:

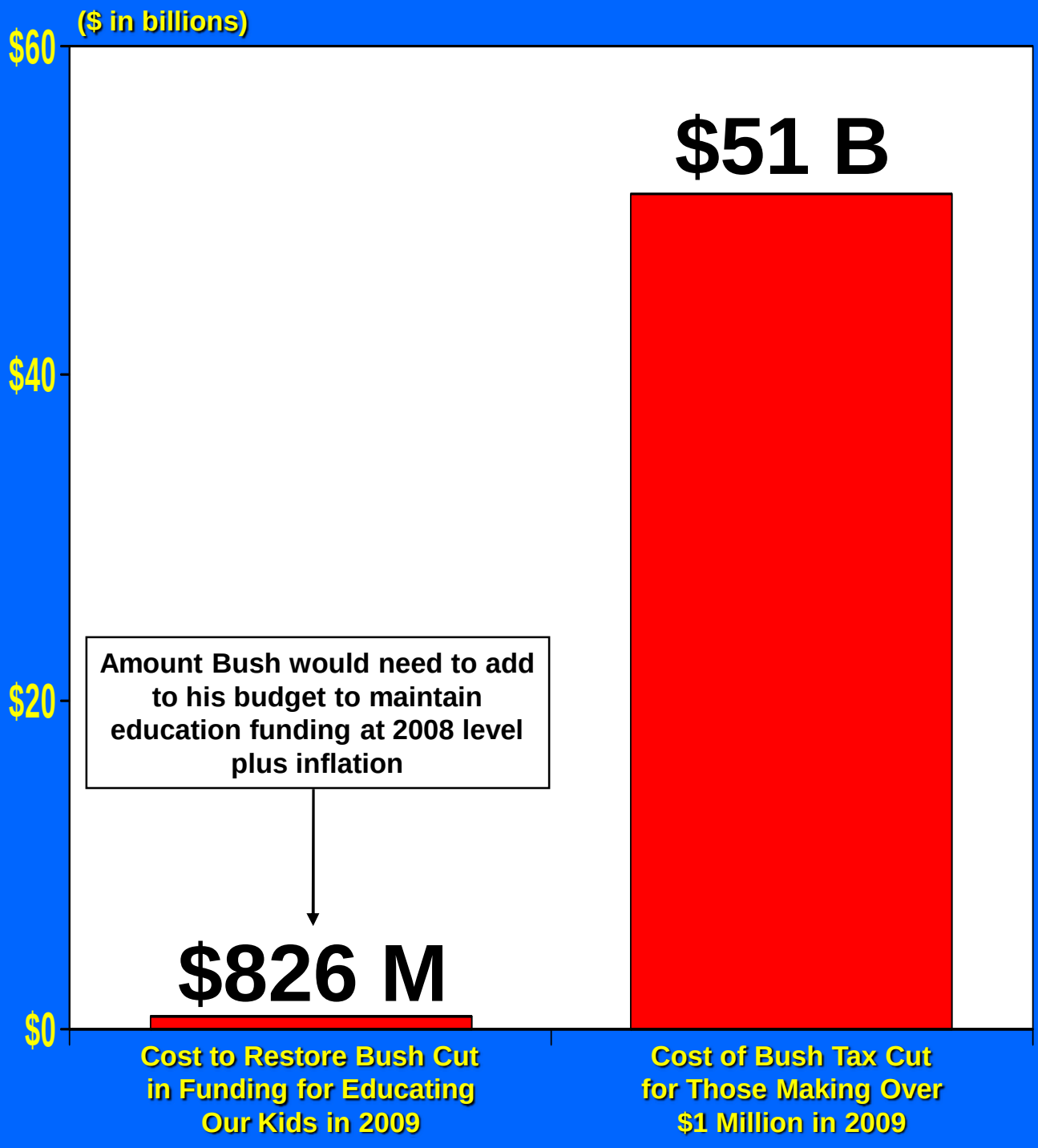
Bush Plan to Cut LIHEAP Funding Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: OMB, CBO, CBPP, and SBC

The Wrong Priorities:

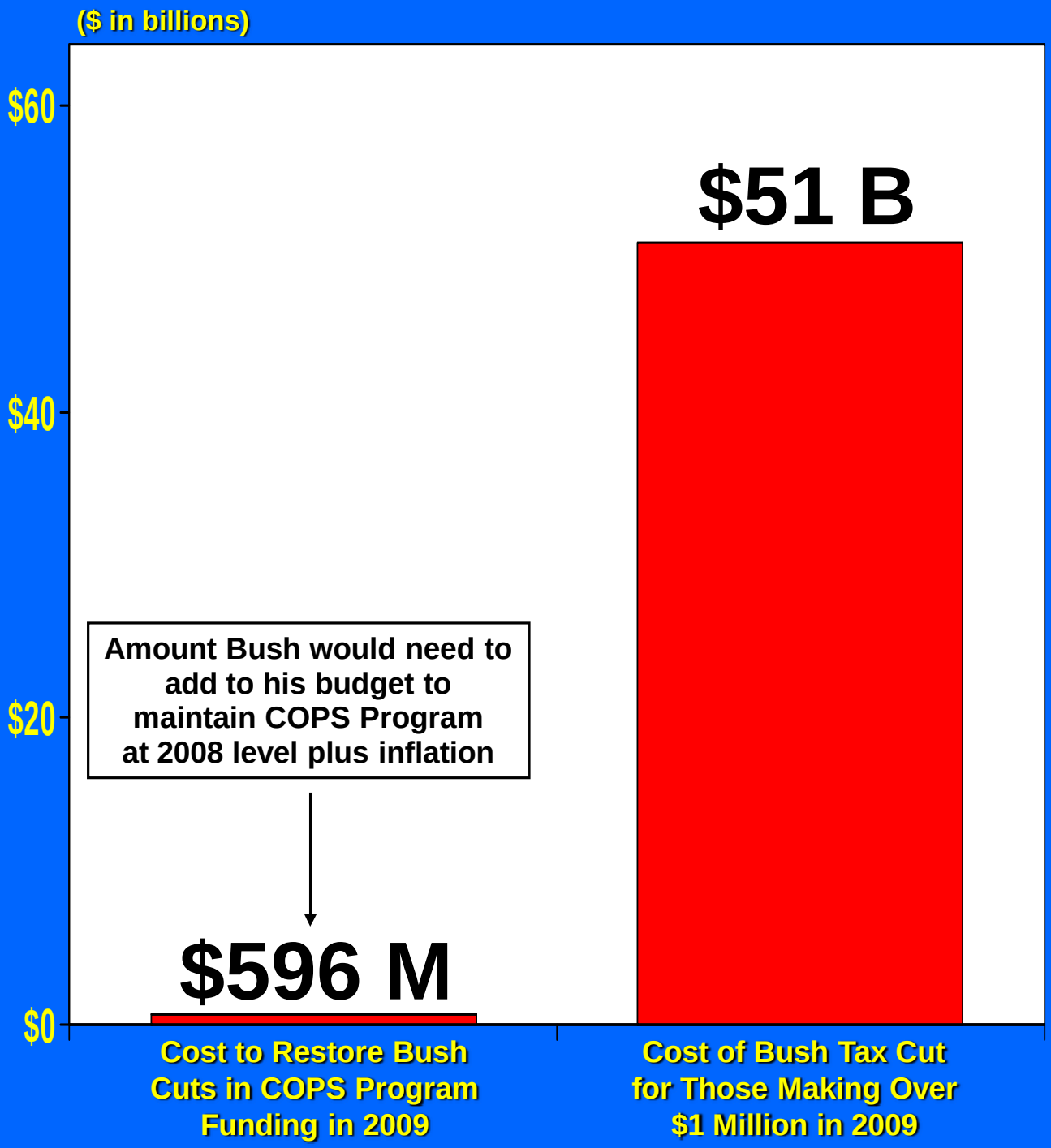
Bush Plan to Cut Education Funding Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: OMB, CBPP, and SBC
Note: Reflects President's cut in discretionary spending for the Department of Education.

The Wrong Priorities:

Bush Plan to Eliminate COPS Program Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: OMB, CBPP, and SBC

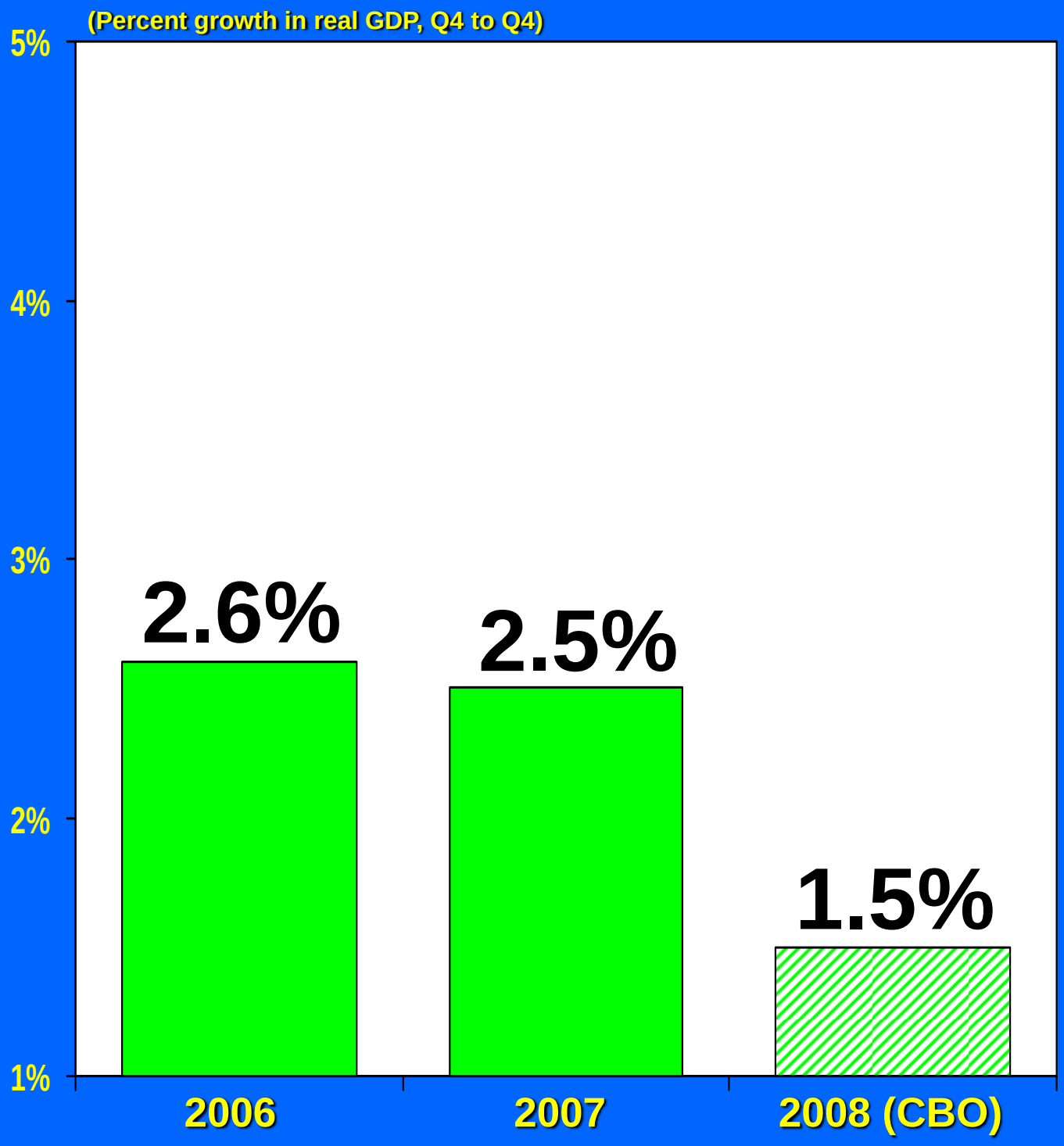
Note: COPS funding excludes rescission of prior year unobligated balances.

President Proposes Deep Cuts in Key Priorities

Program	% Cut
COPS	100%
Weatherization Assistance	100%
DHS State First Responder Grants	78%
EPA Clean Water Grants	21%
Community Development Block Grants (CDBG)	20%
Low Income Home Energy Assistance Program (LIHEAP)	17%

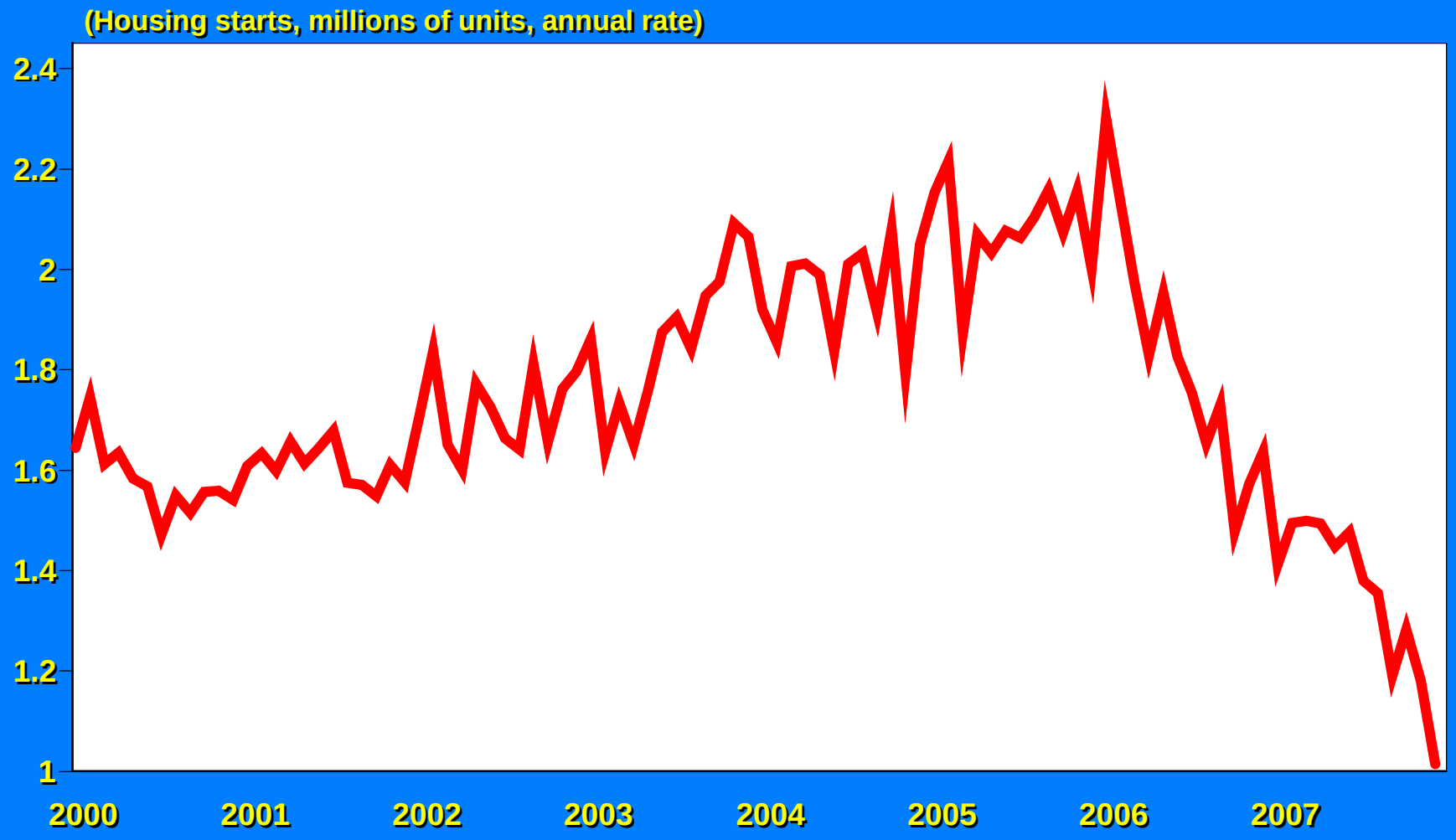
Source: OMB, SBC
Note: Percent cut below 2009 OMB baseline

Economic Growth Expected to Slow Sharply in 2008



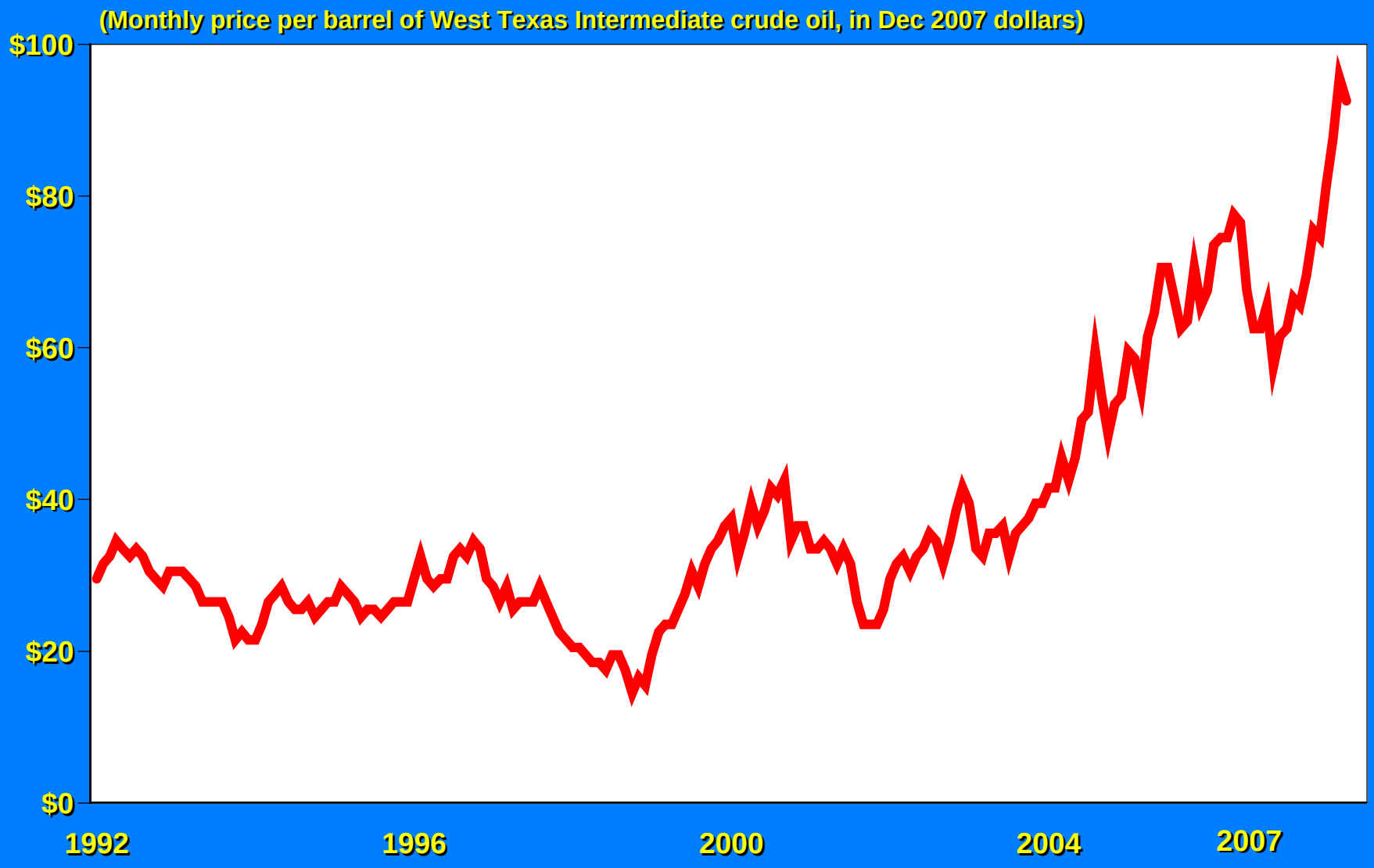
Source: Bureau of Economic Analysis, U.S. Department of Commerce; and CBO

Housing Slump: New Homebuilding Falls Dramatically



Source: Census Bureau, U.S. Department of Commerce
Note: Monthly data through December 2007

Energy Costs: Real Price of Oil Soars

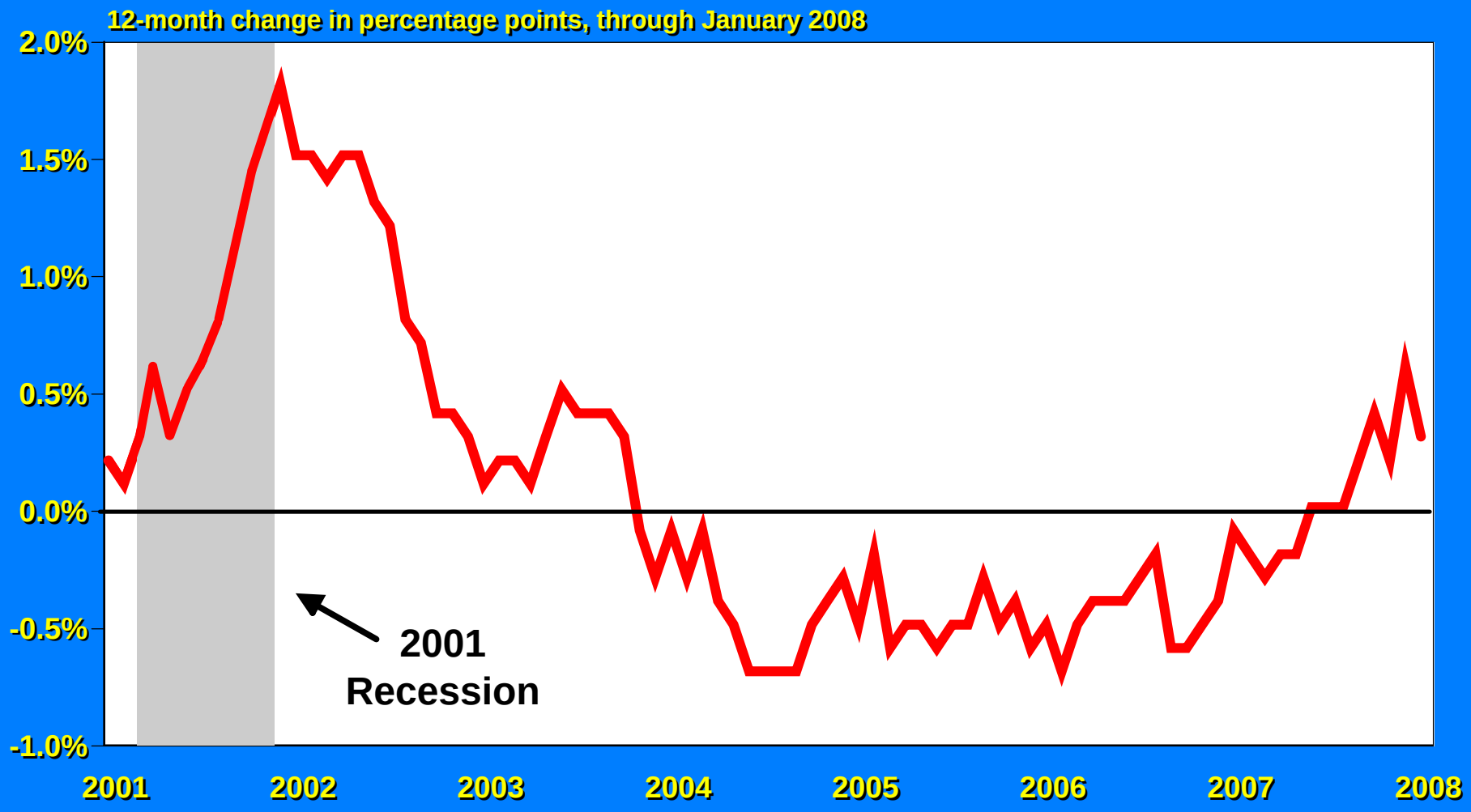


Source: Enery Information Administration, U.S. Department of Energy; and Bureau of Labor Statistics, U.S. Department of Labor

Consumer Confidence Continues to Deteriorate

Source: Conference Board
Note: Monthly data through January 2008

Unemployment Rate Has Risen Sharply Over Past Year



Source: Bureau of Labor Statistics, U.S. Department of Labor; and National Bureau of Economic Research

Fed Chairman Bernanke Calls for "Explicitly Temporary" Stimulus Measure

"...[A]ny program should be explicitly temporary, both to avoid unwanted stimulus beyond the near-term horizon and, importantly, to preclude an increase in the federal government's structural budget deficit."

– Federal Reserve Chairman Ben Bernanke
Testimony before House Budget Committee
January 17, 2008

Fed Chairman Bernanke on "Effective" Stimulus

"...[T]here is good evidence that cash that goes to low- and moderate-income people is more likely to be spent in the near term.... Getting money to people quickly is good, and getting money to low and moderate-income people is good, in the sense of getting bang for buck."

– Federal Reserve Chairman Ben Bernanke
Testimony before House Budget Committee
January 17, 2008

Improvements in Senate Stimulus Package

- 20 million seniors eligible
- 250,000 disabled veterans eligible
- Higher rebates for low-income households ($500 vs. $300)
- Extends UI benefits
- Prohibits illegal aliens from receiving rebates
- Better targeted business provisions (NOL Carryback)
- Encourages investments in alternative energy