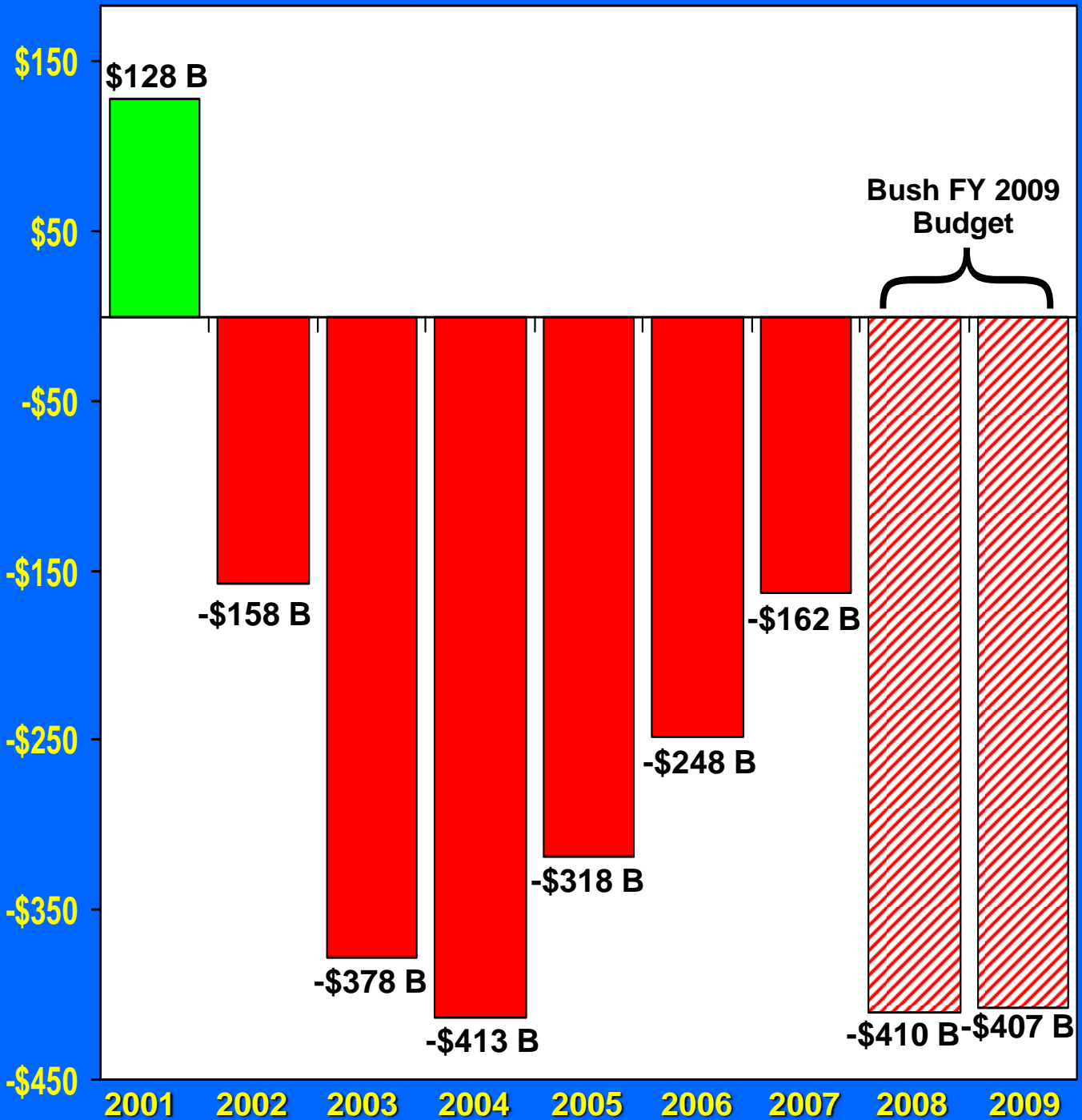


Dramatic Deterioration in Budget Picture

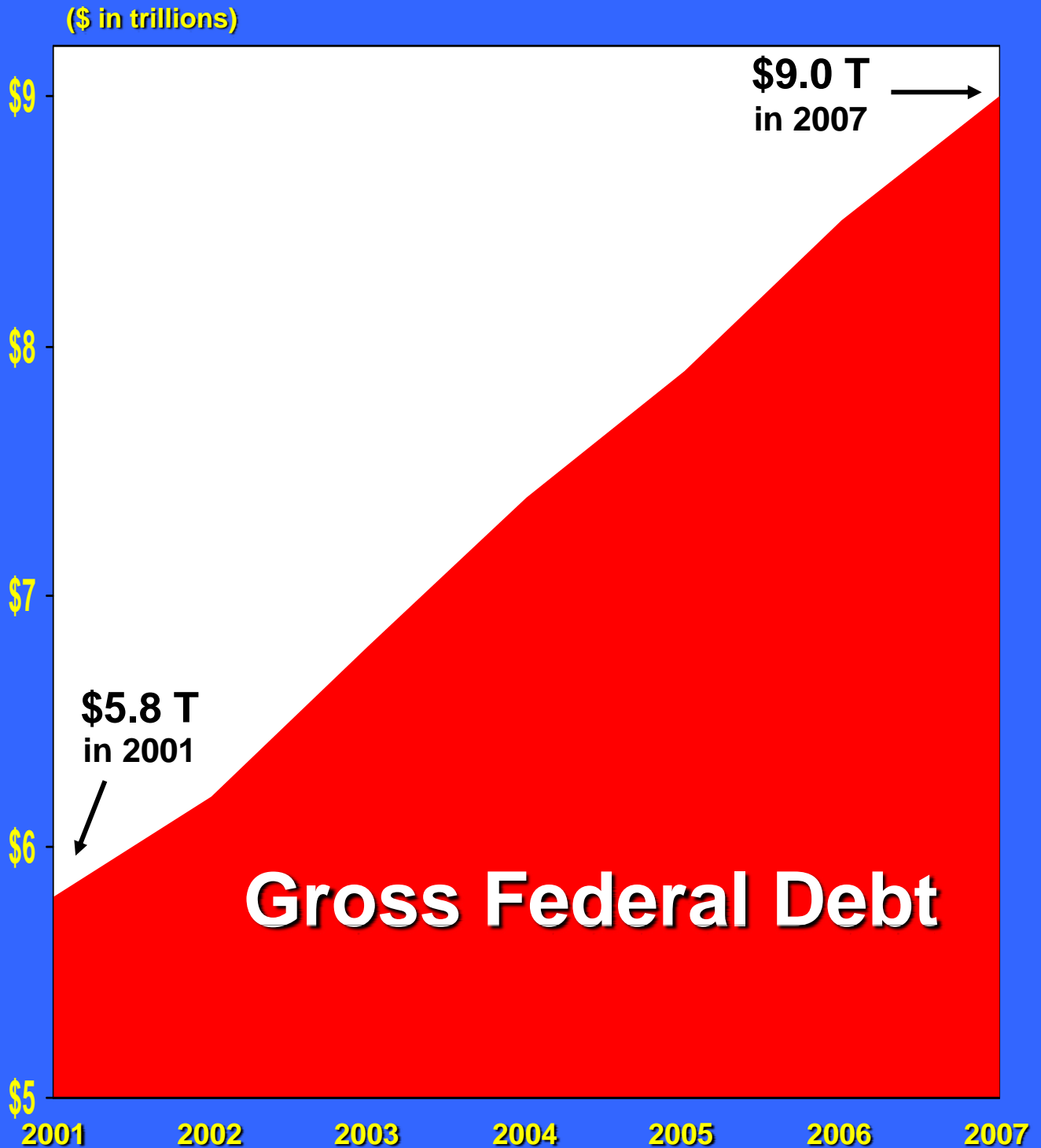
(Deficit in billions of \$)



Source: OMB

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

Federal Debt Soars



Source: OMB, U.S. Treasury

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
Monthly data through December 2007.

Top Ten Foreign Holders of Our National Debt

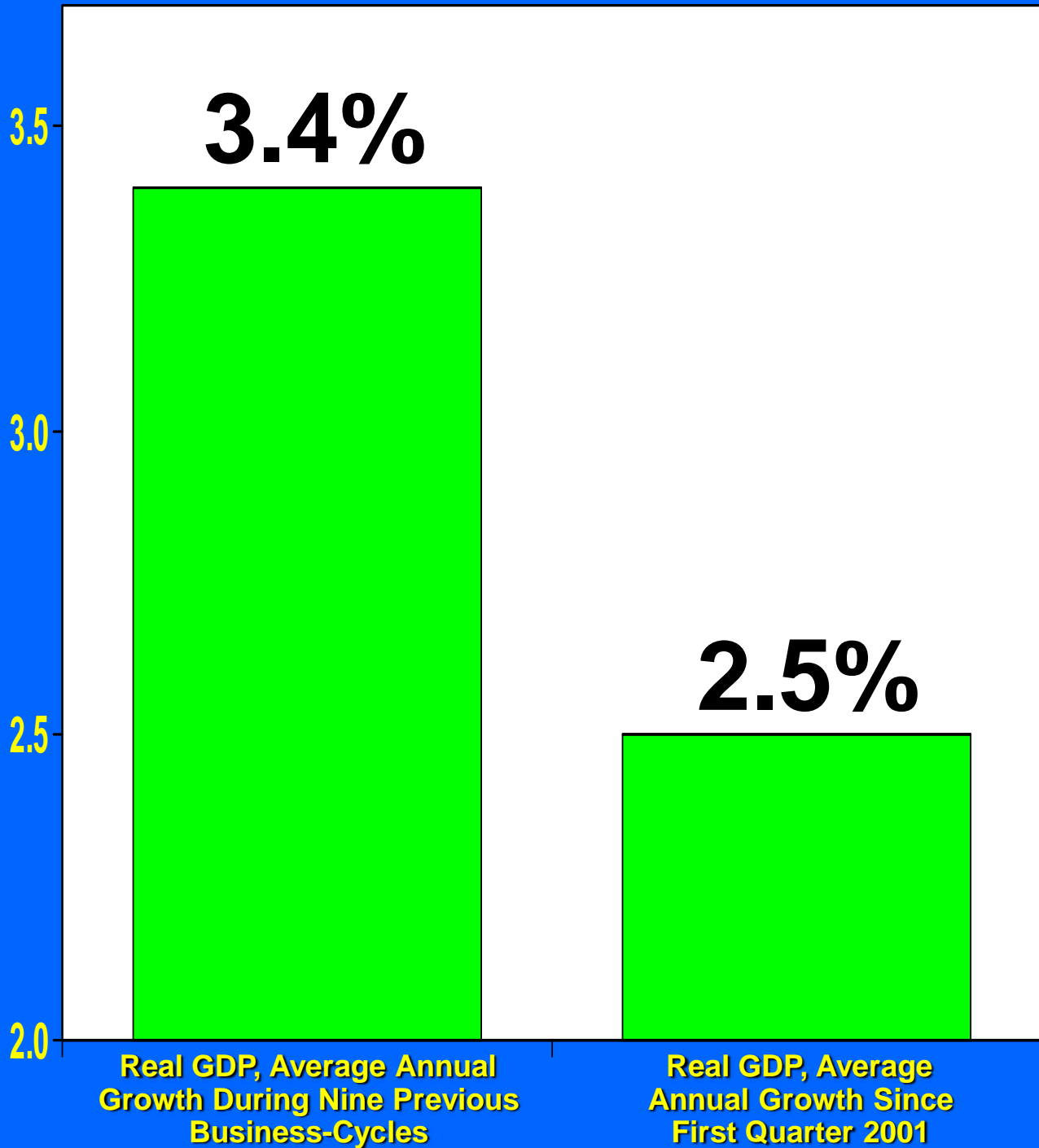
Japan	\$581 B
China	\$478 B
United Kingdom	\$157 B
“Oil Exporters”	\$138 B
Brazil	\$130 B
Caribbean Banking Centers	\$117 B
Luxembourg	\$70 B
Hong Kong	\$51 B
Germany	\$42 B
Singapore	\$40 B

Source: Department of Treasury

Note: As of February 2008

Real GDP Growth Lags

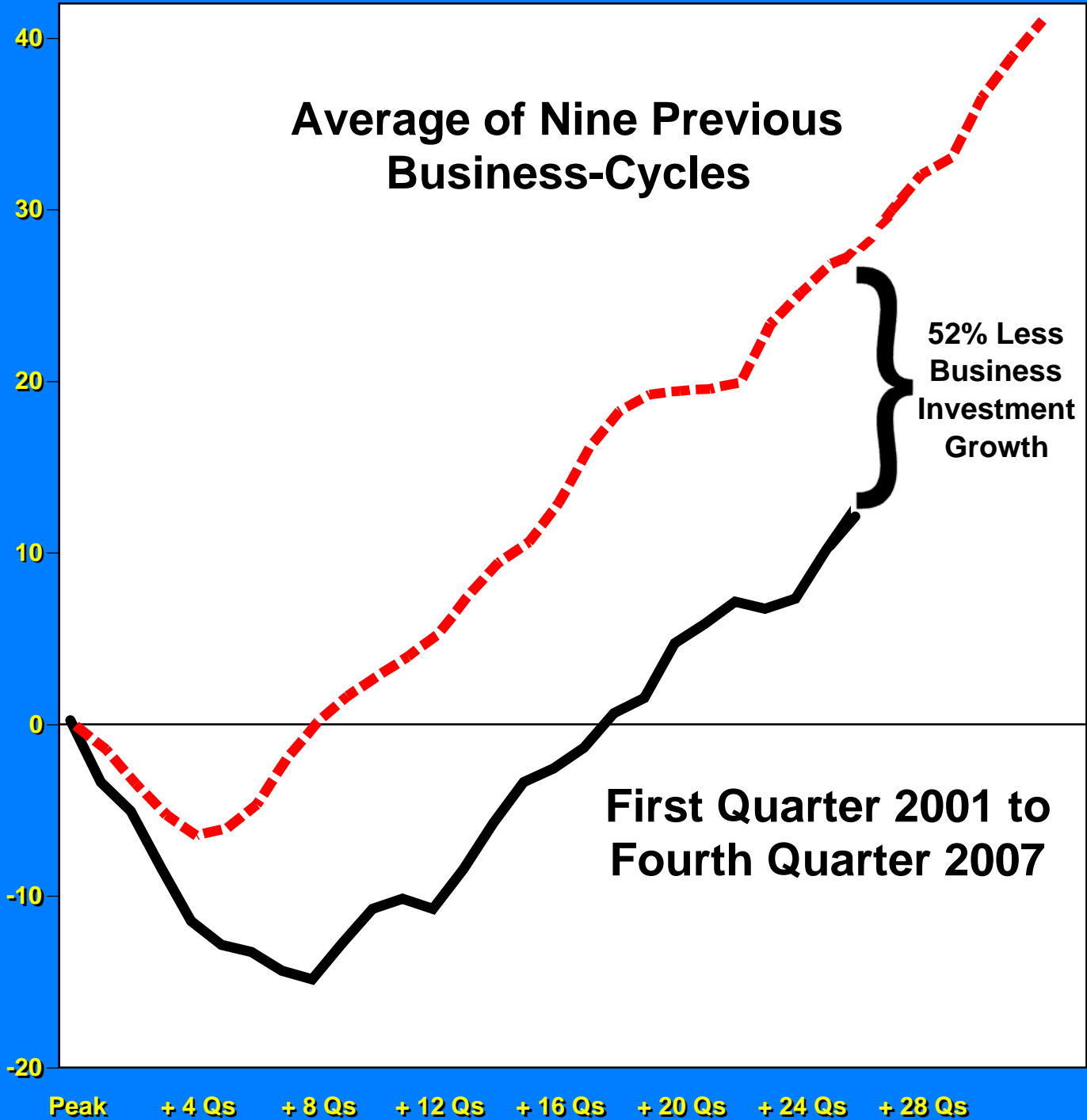
(Average annual percentage growth)



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

Business Investment Lags

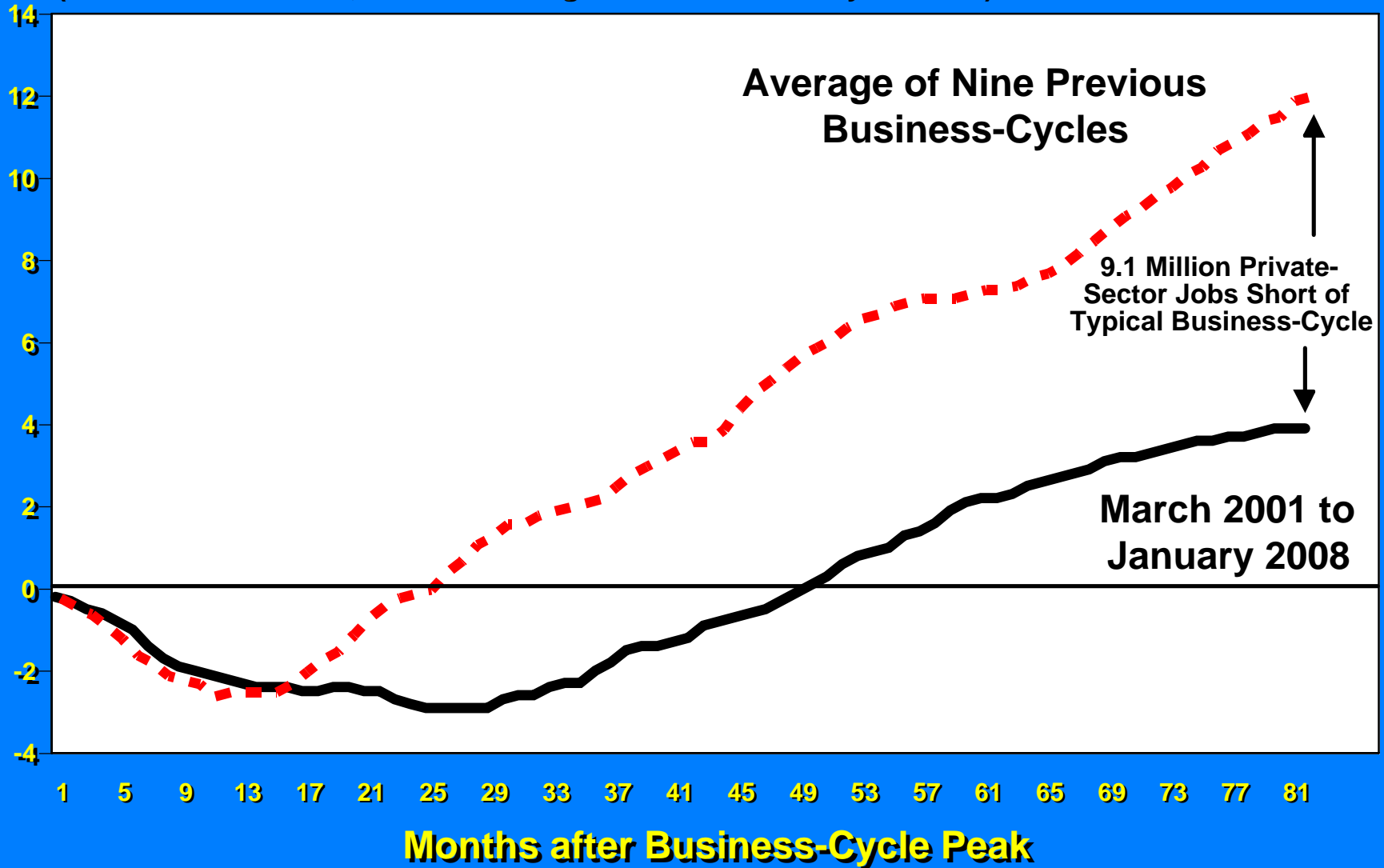
(Real Business Investment, Percent Change from Business-Cycle Peak)



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

Job Creation Lags

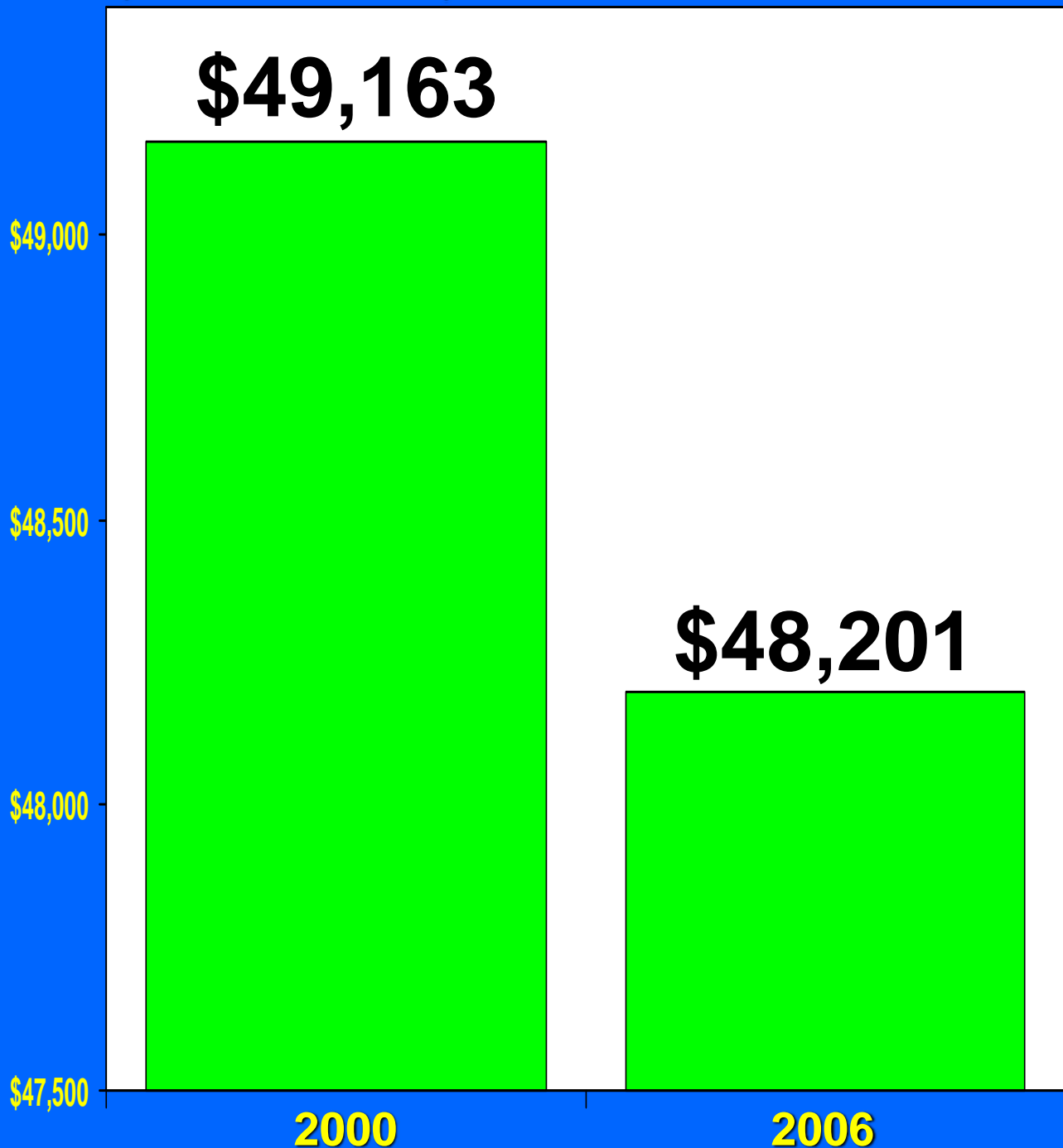
(Private-Sector Jobs, Percent Change from Business-Cycle Peak)



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

Real Median Household Income Declines by Almost \$1,000 Under Bush

(2006 constant dollars)



Source: Bureau of the Census, U.S. Dept. of Commerce

Budget Resolution Highlights

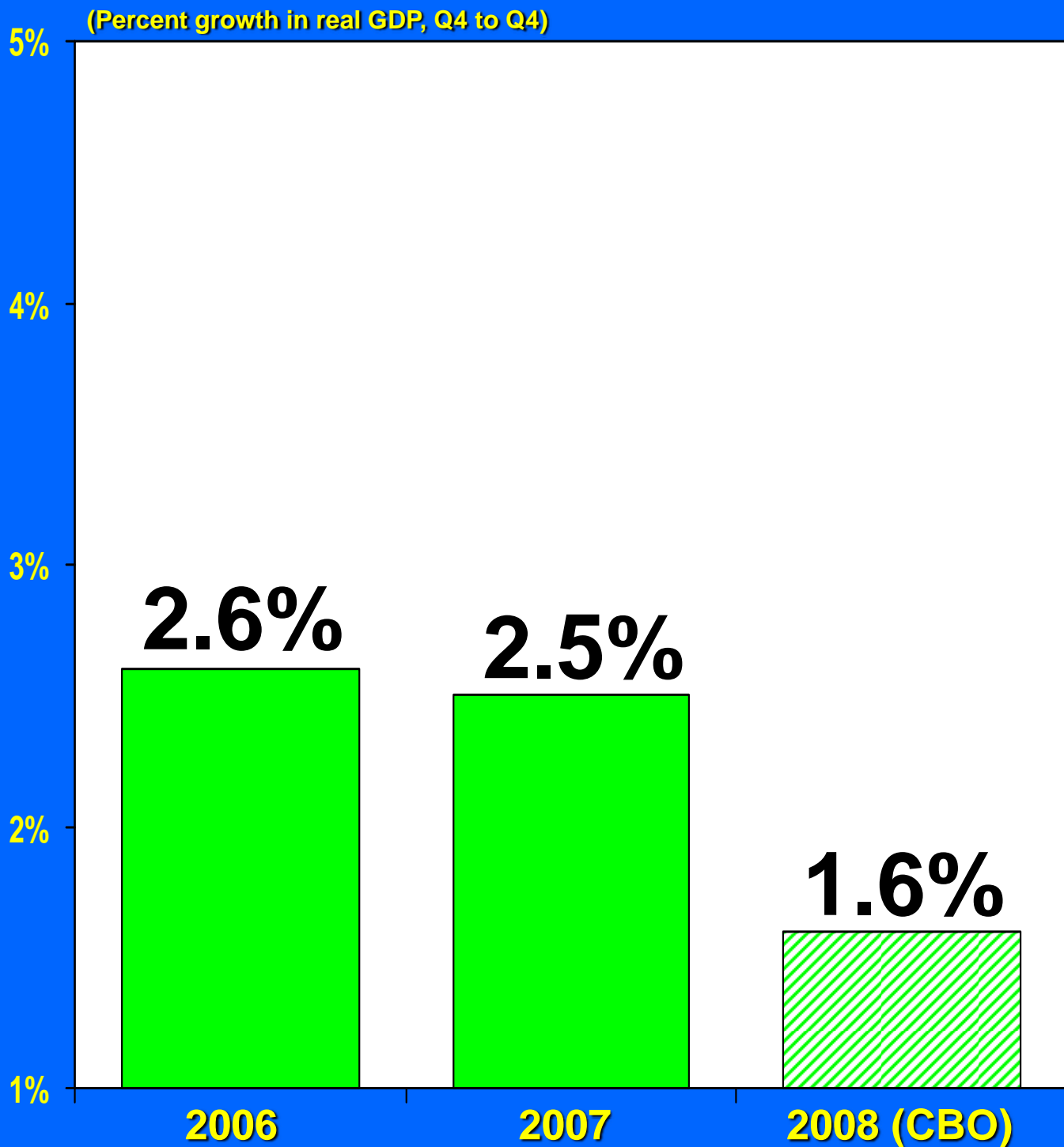
Strengthen Economy and Create Jobs

- Invest in energy, education, infrastructure
- Expand health coverage for kids
- Provide tax cuts for middle-class
- Restore fiscal responsibility; balance in 2012 / 2013

Make America Safer

- Support the troops
- Provide for veterans' health care
- Protect homeland and reject Bush cuts in law enforcement, COPS, first responders

Economic Growth Expected to Slow Sharply in 2008



Source: Bureau of Economic Analysis, U.S. Department of Commerce; and CBO, February 2008

Stimulus in the Budget Resolution

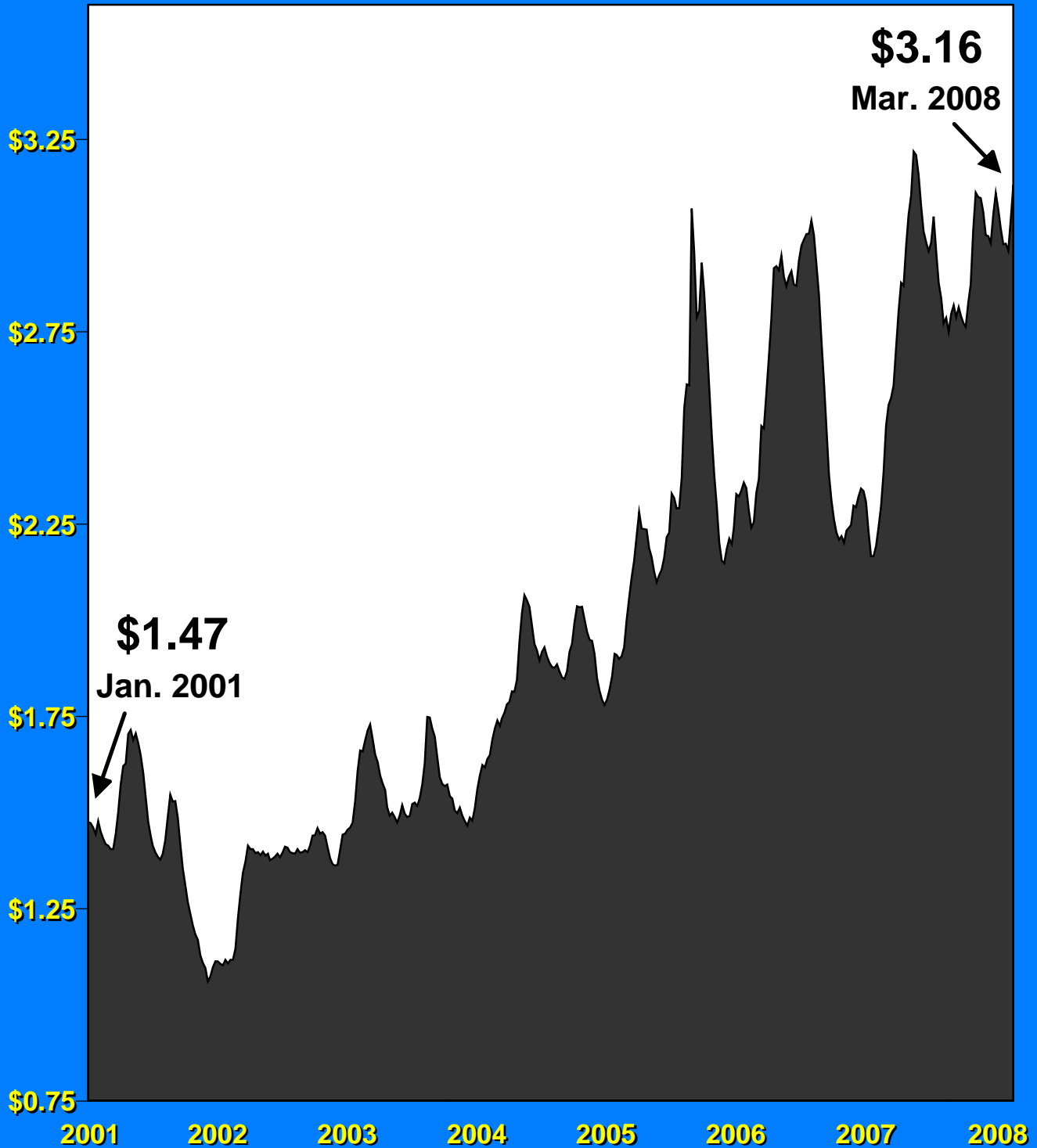
Budget Resolution accommodates \$35 B in stimulus

Possible policies could include:

- Housing relief (including tax provisions)
- Extended Unemployment Insurance, Food Stamps, or State fiscal relief
- Additional LIHEAP, WIC, or infrastructure funding for 2008

Price of Gasoline Soars

(Average price of gallon of gas in U.S., dollars)

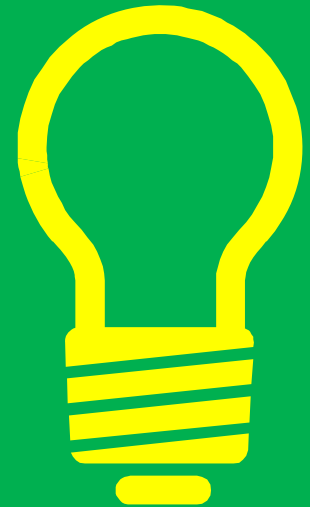


Source: Energy Information Administration
Note: U.S. regular all formulations retail gas prices

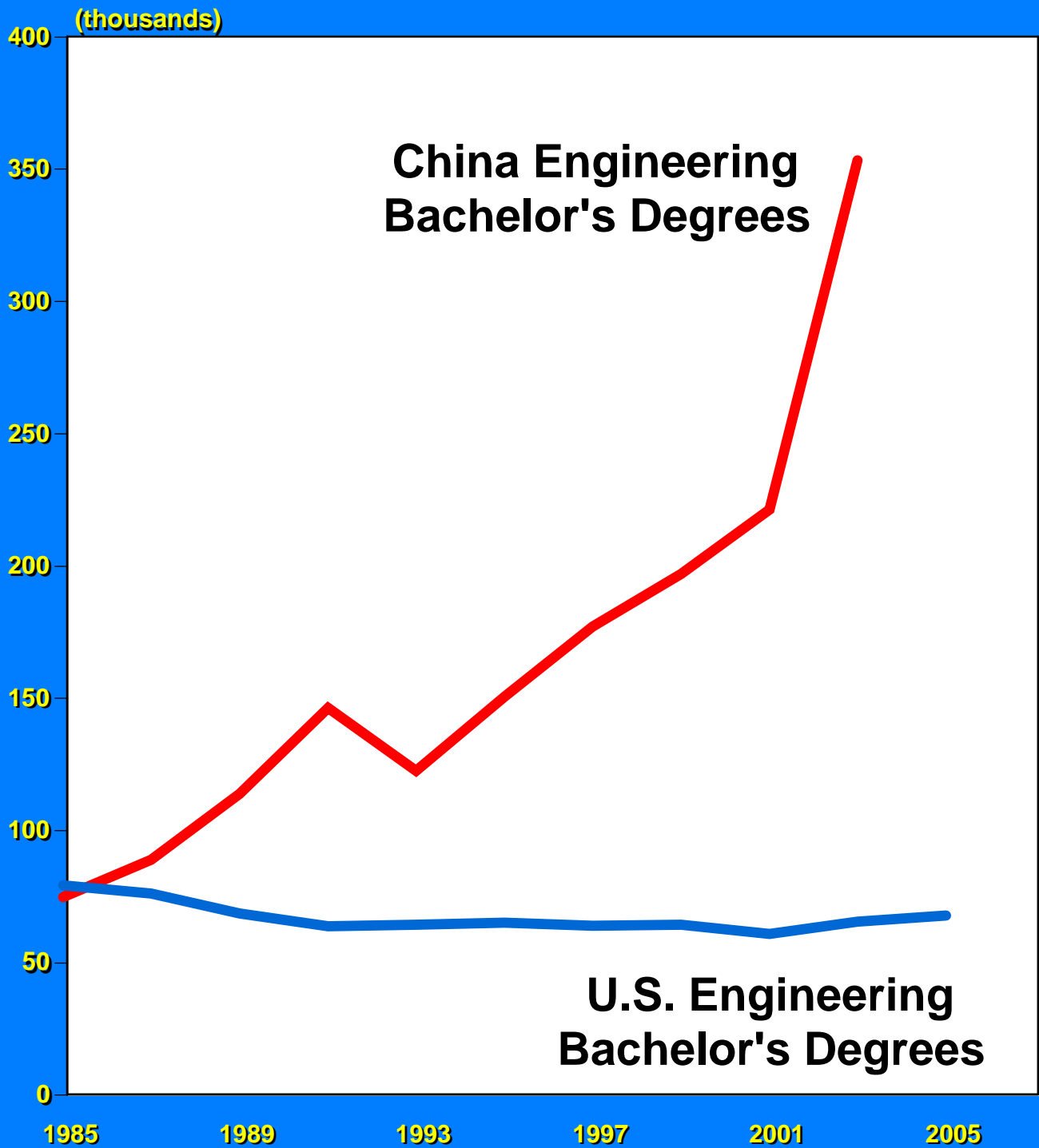
Budget Resolution Invests in Energy

Creates green jobs, reduces dependence on foreign energy, strengthens economy, and helps with high home heating costs

- \$13.4 B energy tax cuts
- \$3.5 B over President's budget in discretionary funding for energy
- Energy Reserve Fund for investing in clean energy and the environment



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

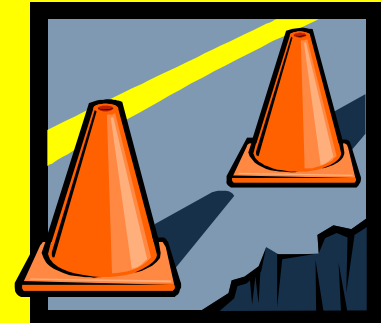
- **\$13 B education tax cuts**
- **\$5.7 B over President's budget in discretionary funding for Department of Education and Head Start**
- **\$2 B Education Reserve Fund for school construction and Higher Ed reauthorization (5 years)**





Budget Resolution Invests in Infrastructure

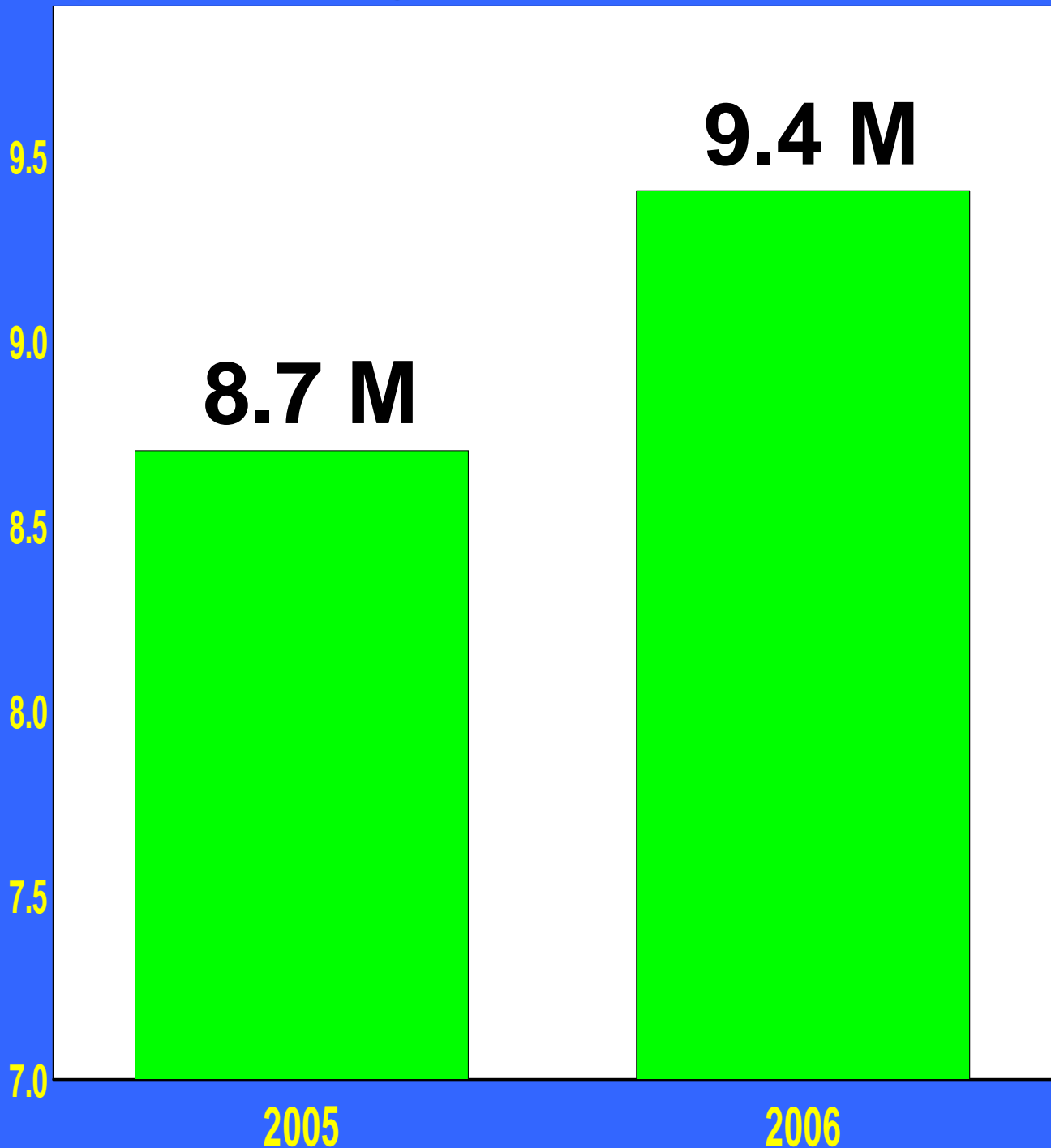
Repairs crumbling roads, bridges, transit, airports, and schools



- Reserve fund to allow for major infrastructure legislation
- Provides \$3.9 B more than President for key discretionary transportation accounts in 2009
- In addition, provides another \$6.5 B to:
 - Fully fund Highways
 - Fully fund Transit
 - Increase funding for Airport Improvement Program
 - Fund “ready-to-go” infrastructure projects
- Fixes the Highway Trust Fund shortfall

Number of Uninsured Children Increased by 700,000 in 2006

(Millions of individuals)



Source: CRS

Note: Estimate refer to individuals under age 19, which corresponds with cut off used for Medicaid poverty-related child eligibility and SCHIP.

Budget Resolution Invests in Health Care

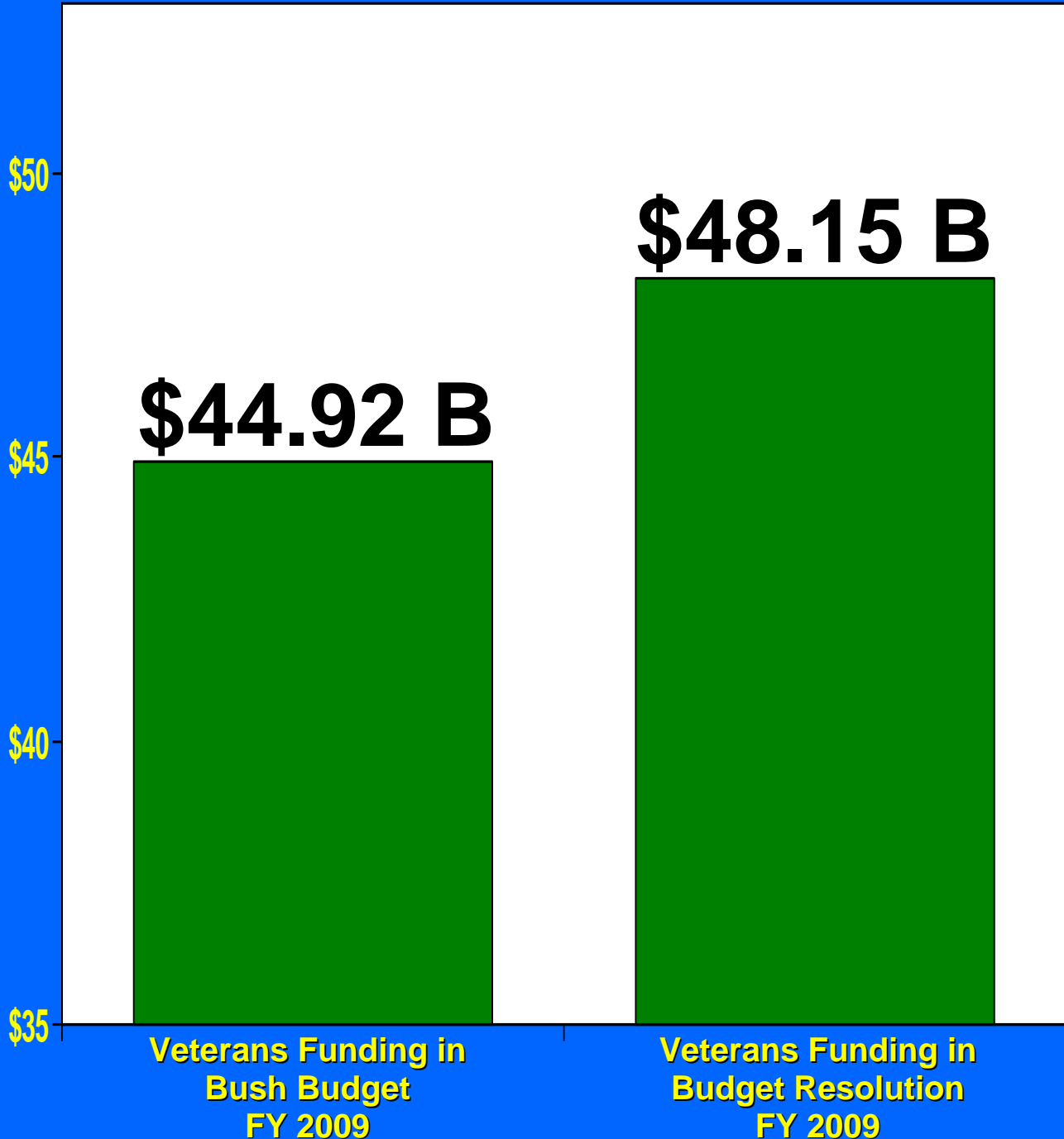
Improves health care, expands coverage, increases health research, and promotes food and drug safety.

- **Reserve Fund to cover \$35 B SCHIP compromise**
- **\$4.4 B over President's budget in discretionary funding for health**
- **Reserve Fund to address cut in Medicare physician payments and make other improvements to Medicare program**



Budget Resolution Provides \$3.2 Billion More Than Bush Budget for Veterans

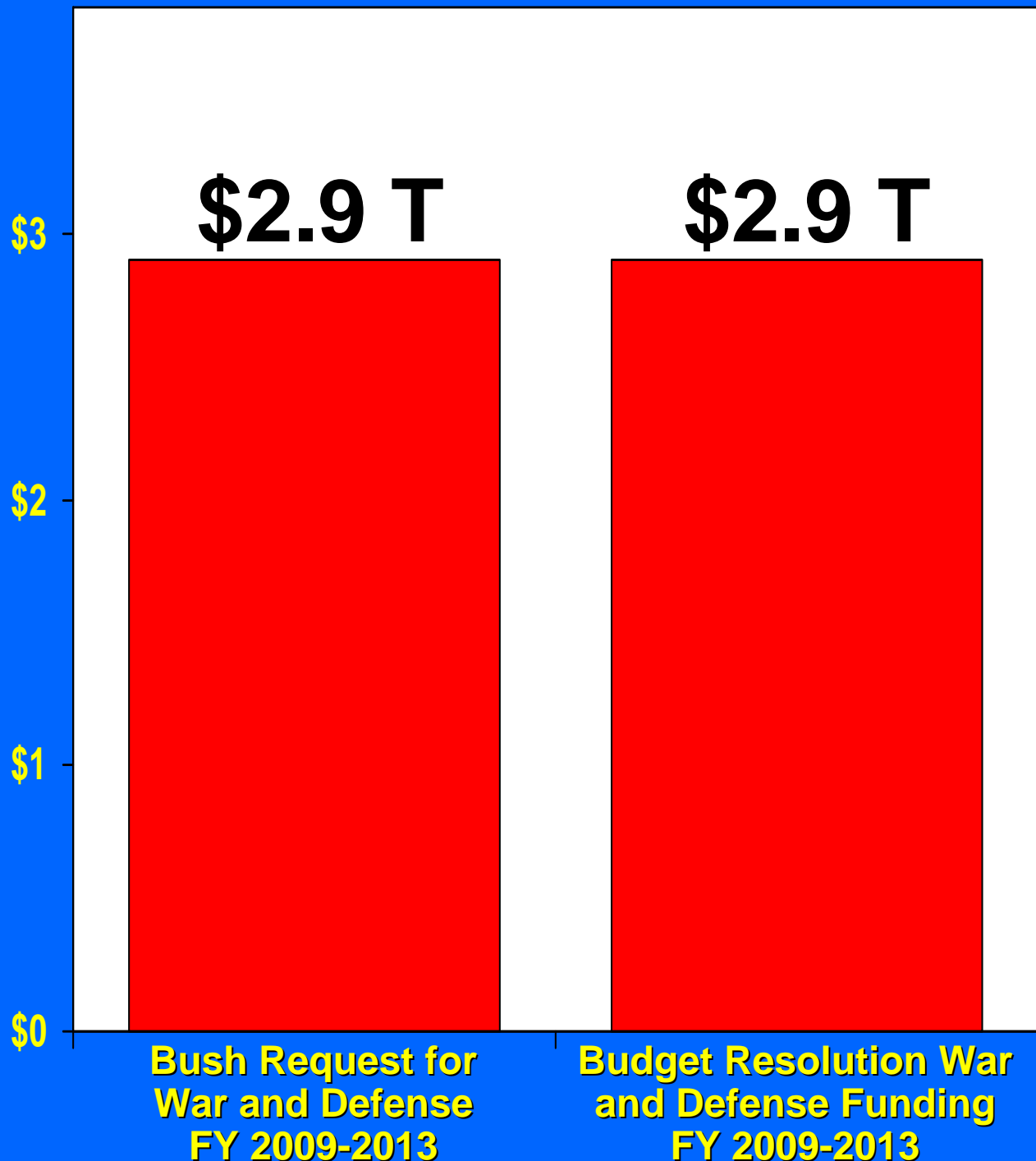
(Veterans funding in 2009, \$ in billions)



Source: CBO, SBC

Budget Resolution Fully Funds Bush War and Defense Requests Over Five Years

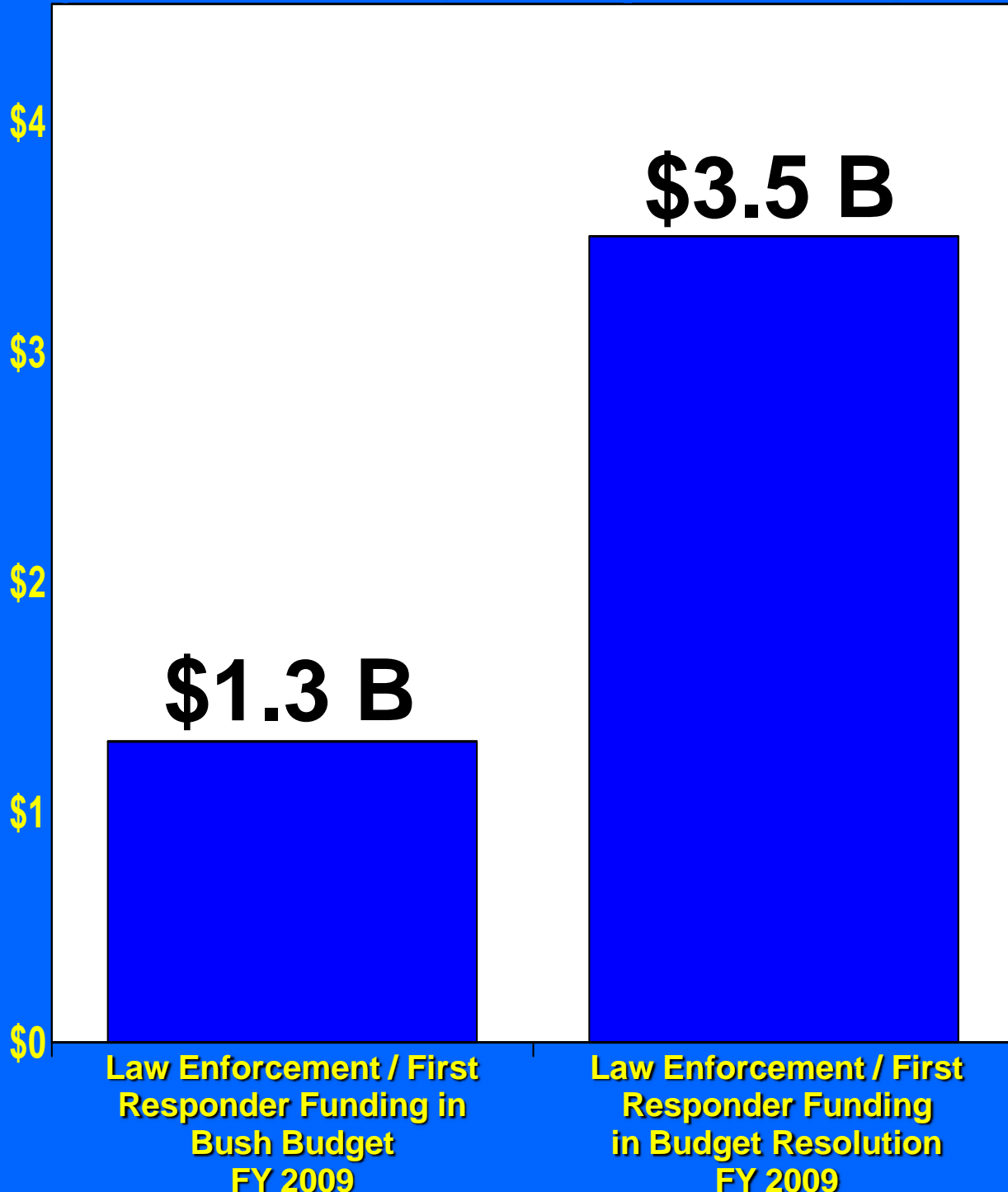
(\$ in trillions)



Source: CBO, SBC

Budget Resolution Provides \$2.2 Billion More Than Bush Budget for Law Enforcement and First Responders

(Law enforcement and first responder funding in 2009, \$ in billions)



Source: CBO, SBC

Note: Law enforcement funding includes COPS program, Byrne Justice Assistance Grants, DHS Firefighter Grants, State Homeland Security Grants, and Urban Area Security Initiative Grants

Tax Relief in Budget Resolution

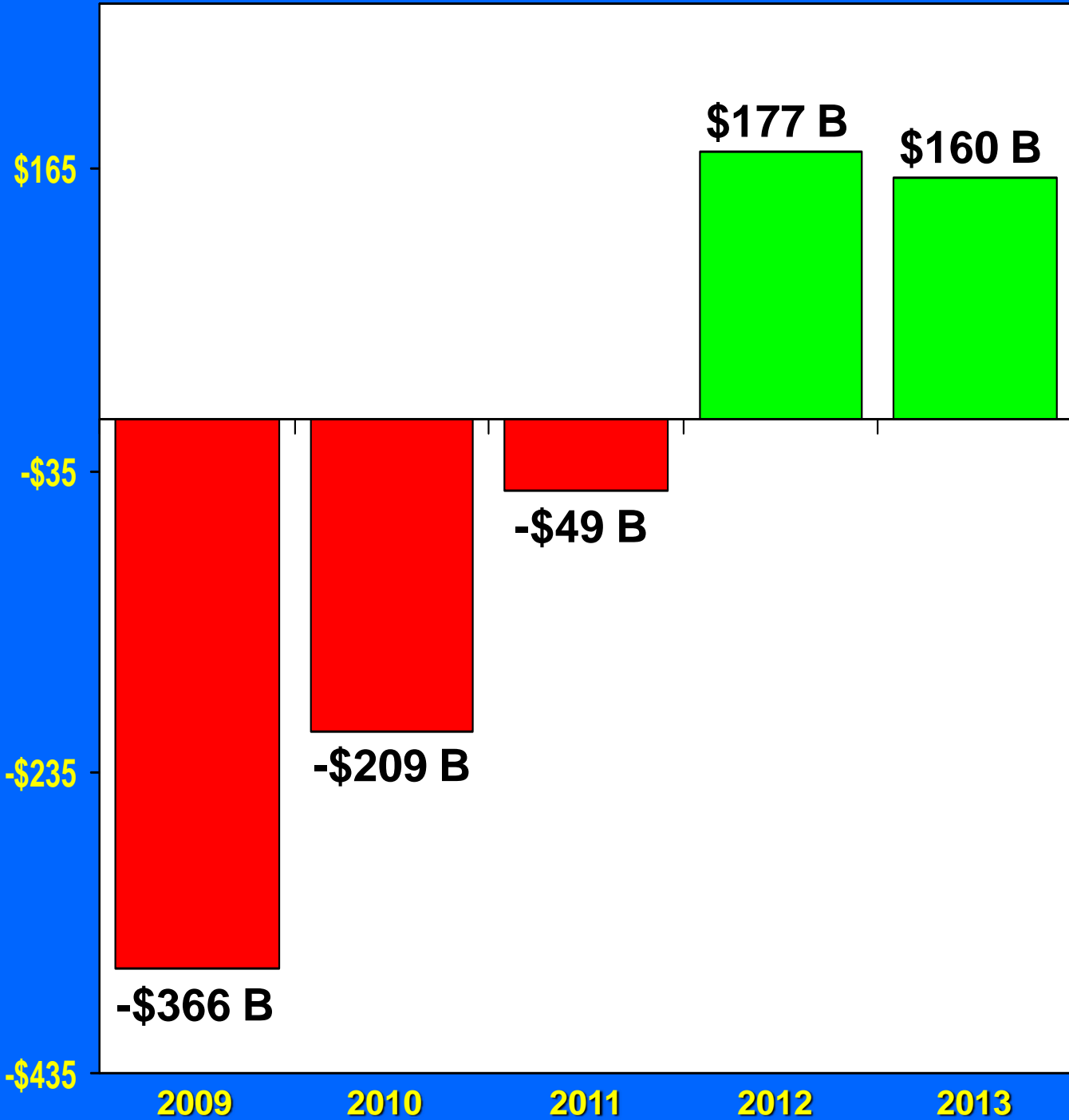
- AMT relief
- Energy tax cuts
- Education tax cuts
- Stimulus
- Extenders

Tax Relief Amendment to Budget Resolution

- **Extend middle-class tax relief**
 - marriage penalty relief
 - child tax credit
 - 10 percent bracket
- **Estate tax reform**

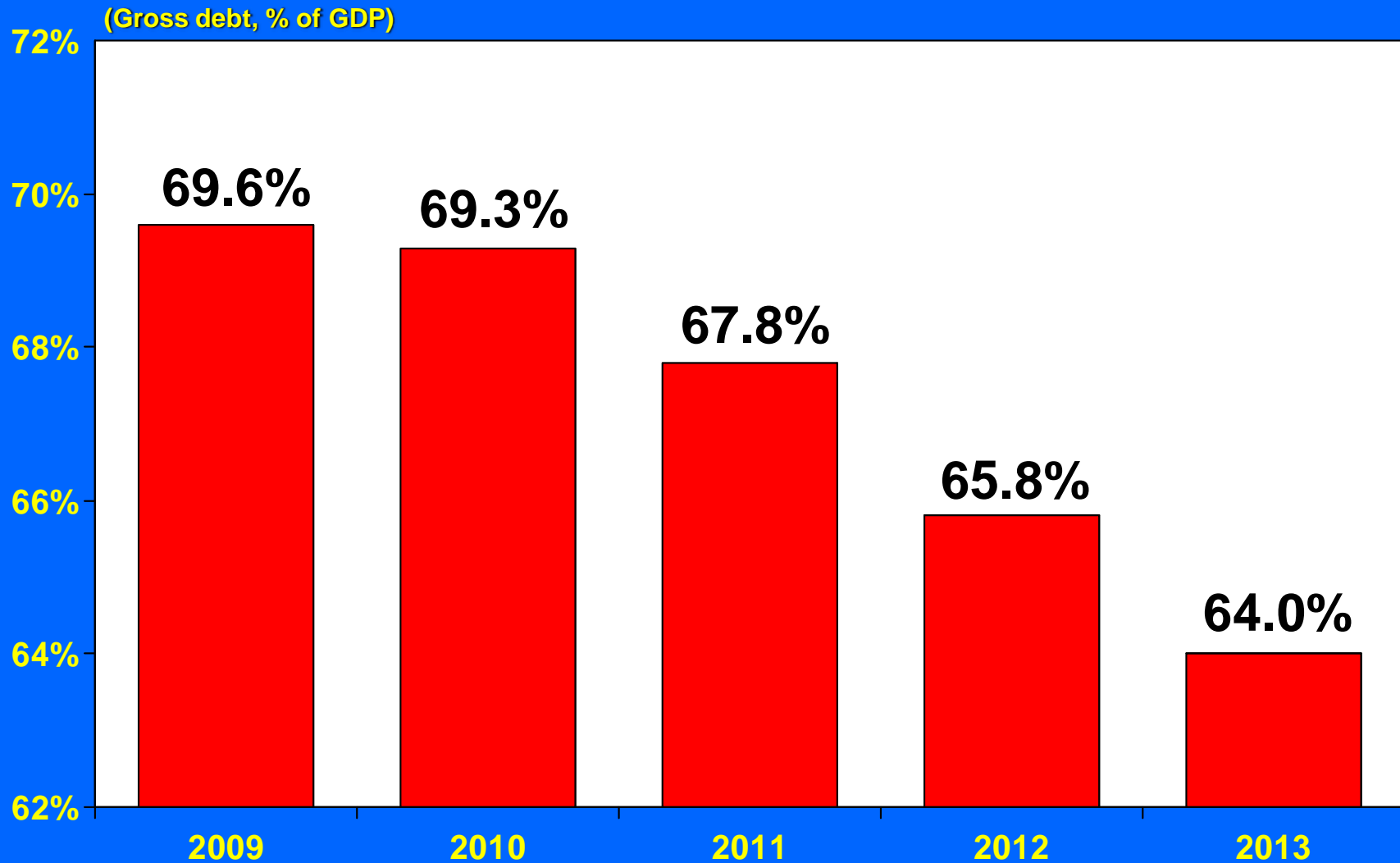
Deficit/Surplus Under Budget Resolution

(\$ in billions)



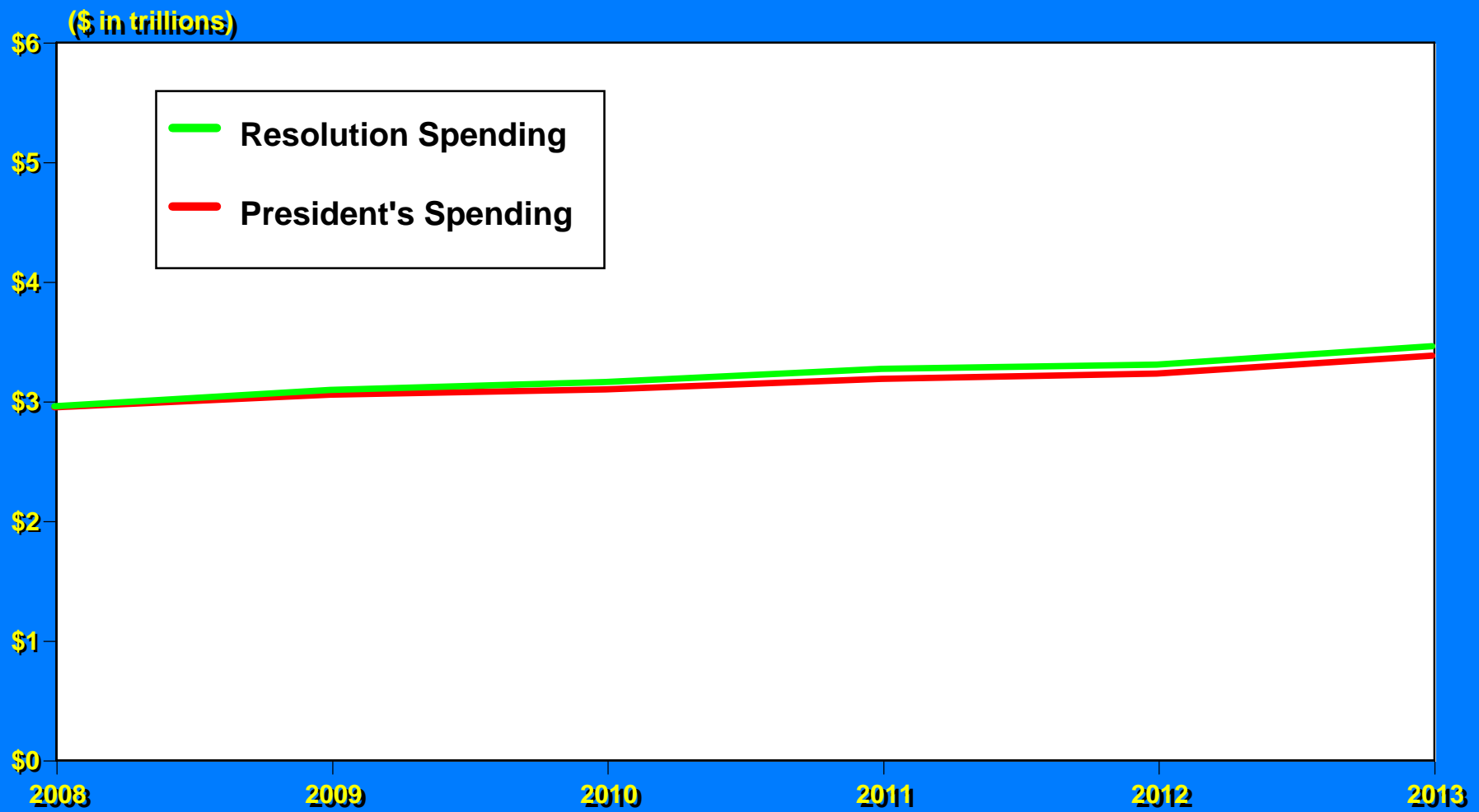
Source: SBC

Debt Under Budget Resolution



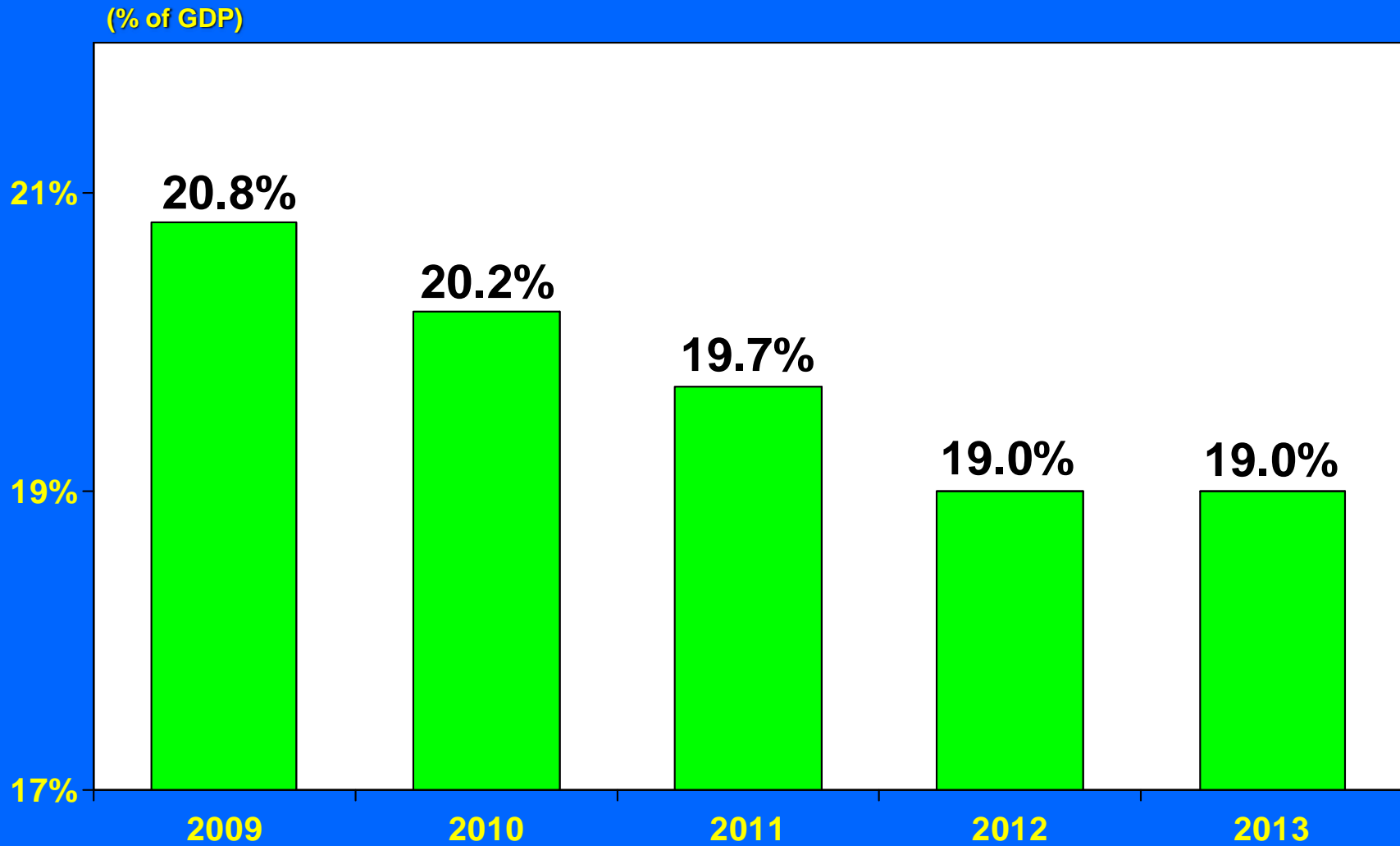
Source: SBC

Comparison of Spending Under Resolution and President's Budget



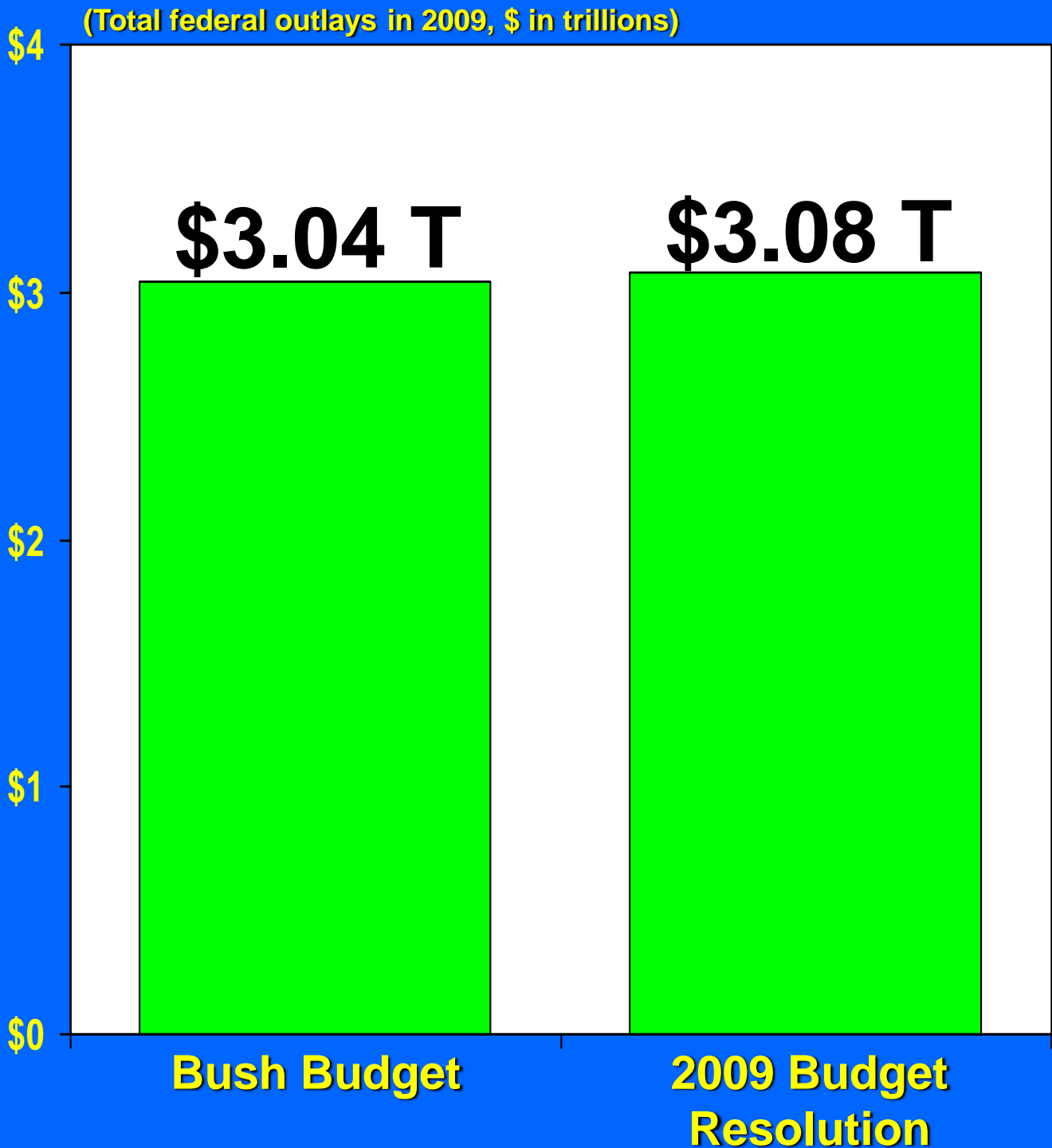
Source: SBC, CBO

Spending Under Budget Resolution



Source: SBC

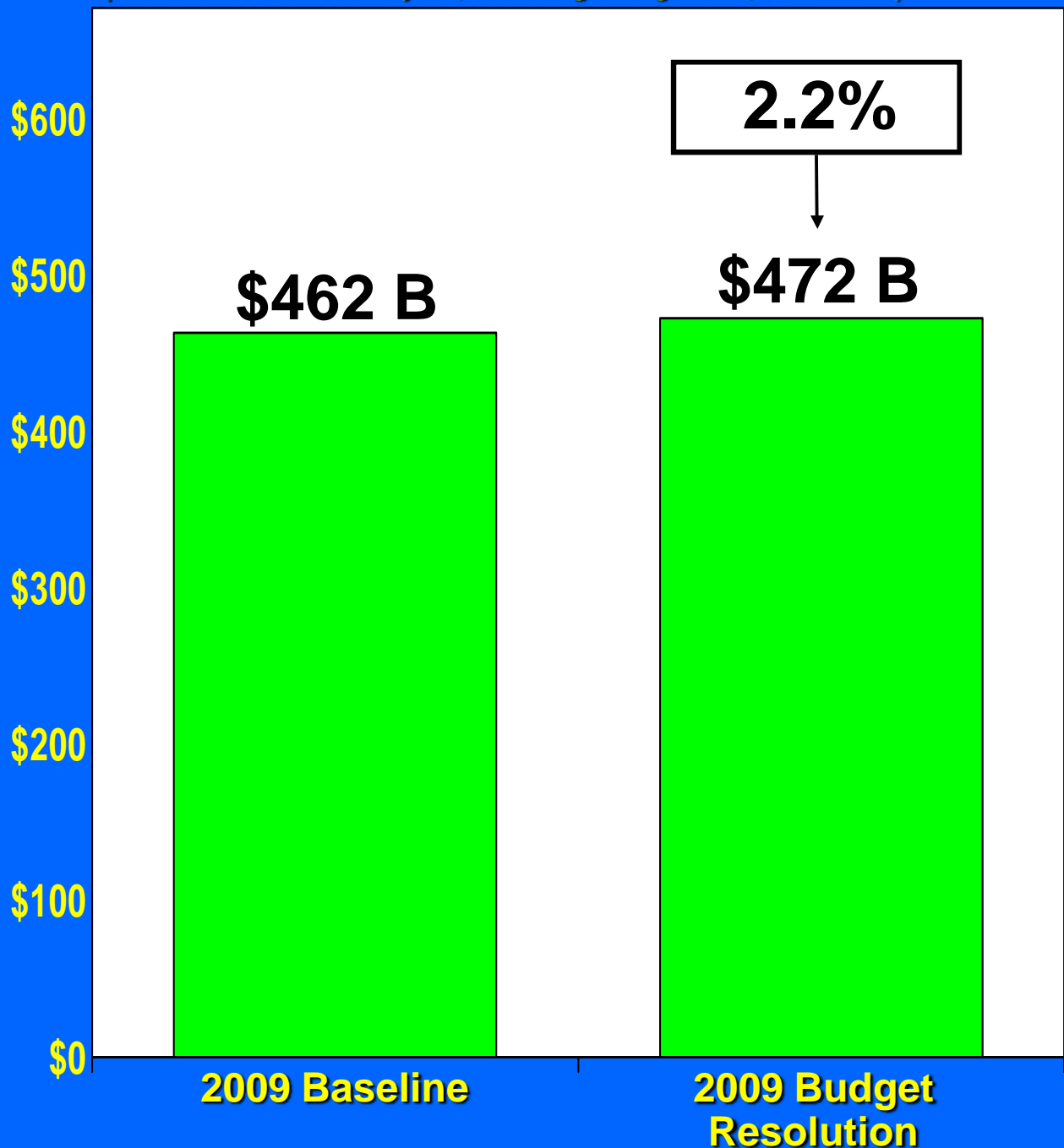
Budget Resolution Includes Only 1% More Spending Than Bush Budget in 2009



Source: CBO, SBC

Budget Resolution Only Slightly Above Baseline for Nondefense Discretionary Funding

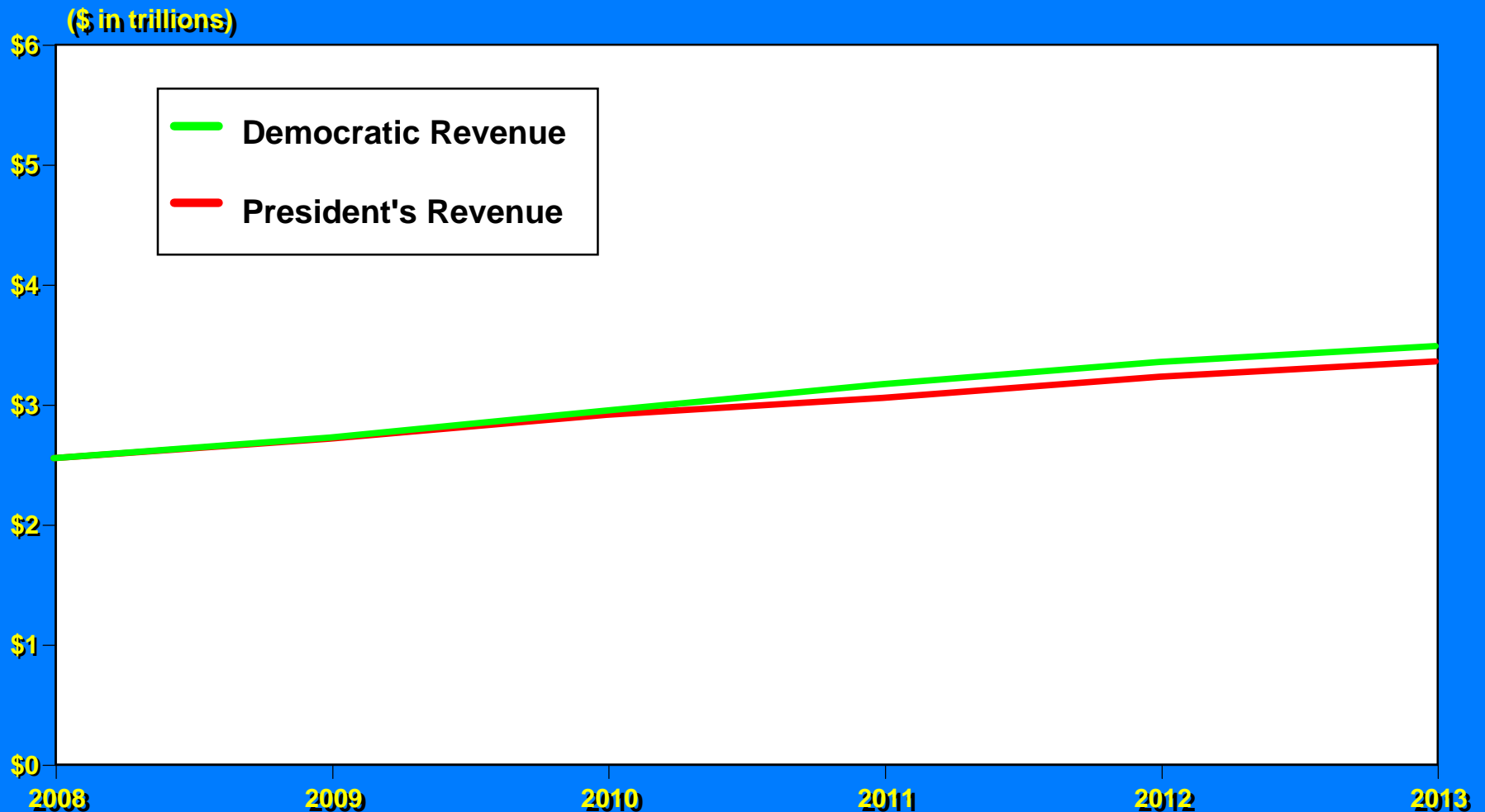
(Nondefense discretionary BA, excluding emergencies; \$ in billions)



Source: CBO, SBC

Note: 2009 baseline represents CBO's estimate of 2008 enacted level, adjusted for inflation.

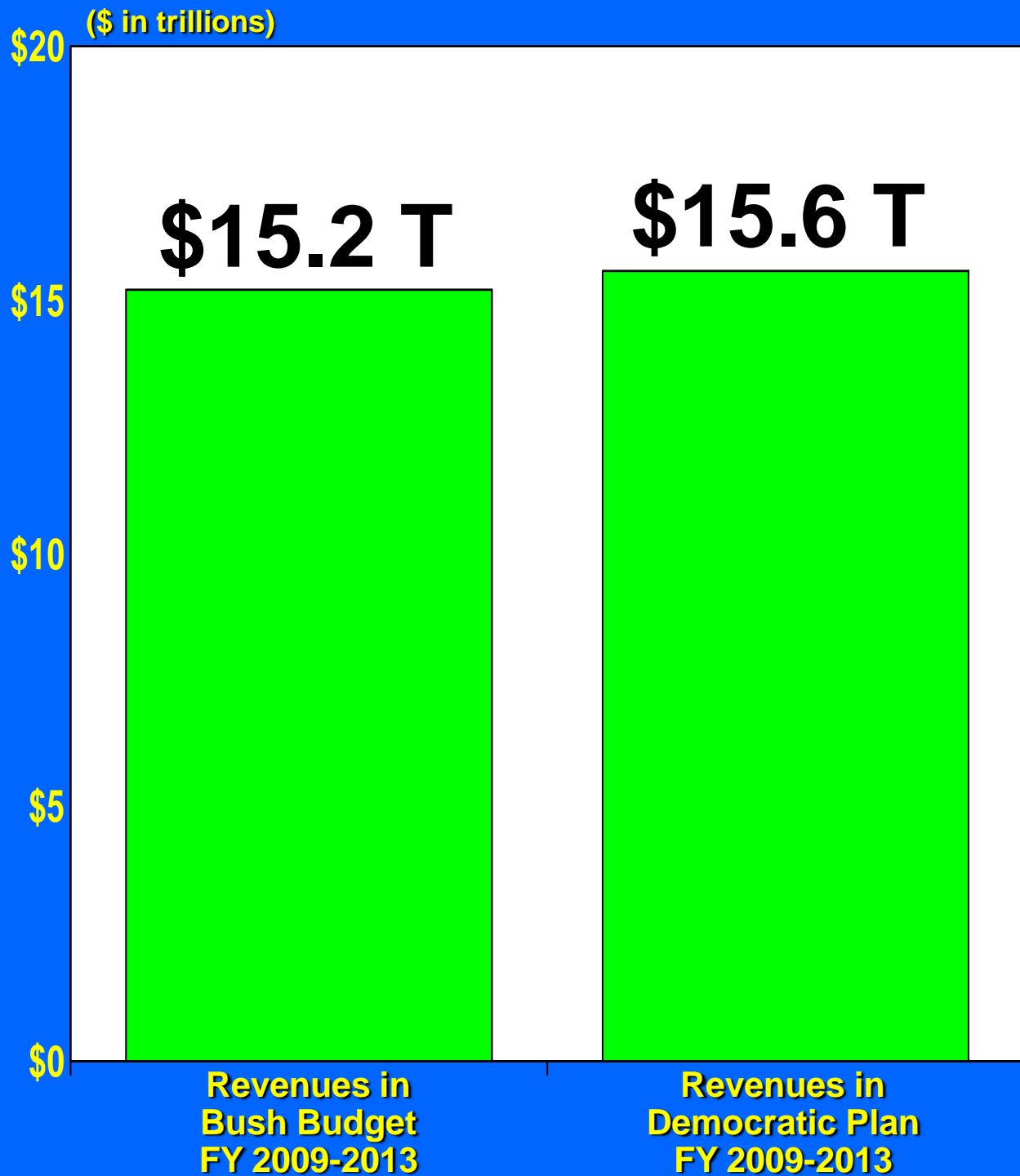
Comparison of Revenues



Source: SBC, CBO

Note: Democratic revenue adjusted to assume extension of middle-class tax cuts and reform of estate tax.

Democratic Revenues Above Bush Budget Revenues by Only 2.6 Percent



Source: CBO, SBC

Note: Democratic revenue adjusted to assume extension of middle-class tax cuts and reform of estate tax.

Budget Enforcement in Budget Resolution

- Discretionary caps for 2008 and 2009
- Maintains strong paygo rule
- Point of order against long-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

- **Comparative Effectiveness reserve fund and cap adjustment**
- **Program integrity initiatives to crack down on waste, fraud, and abuse**
- **Long-term deficit increase point of order**