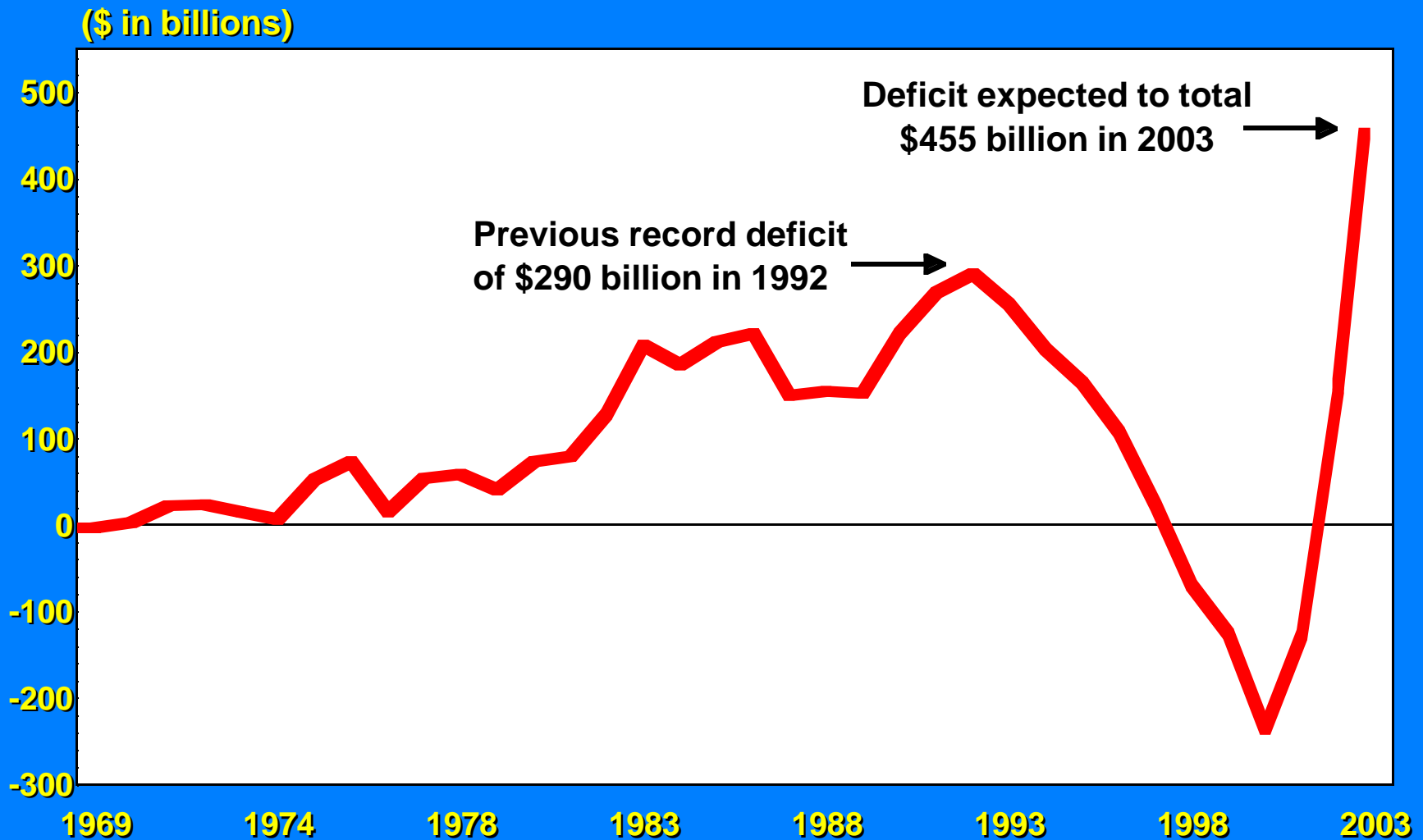
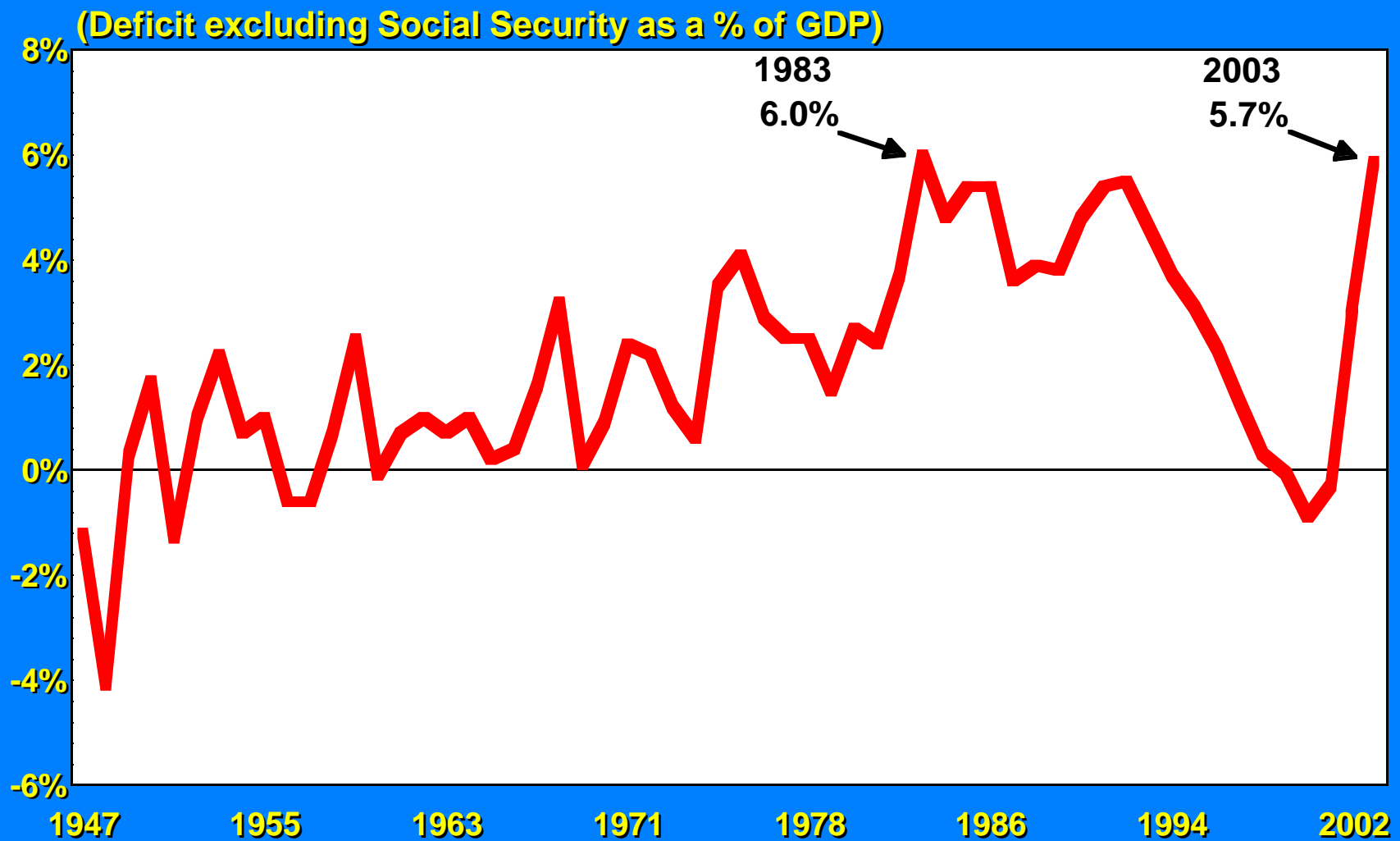


# Deficit This Year Will Far Exceed Previous Record in Dollar Terms



Source: OMB

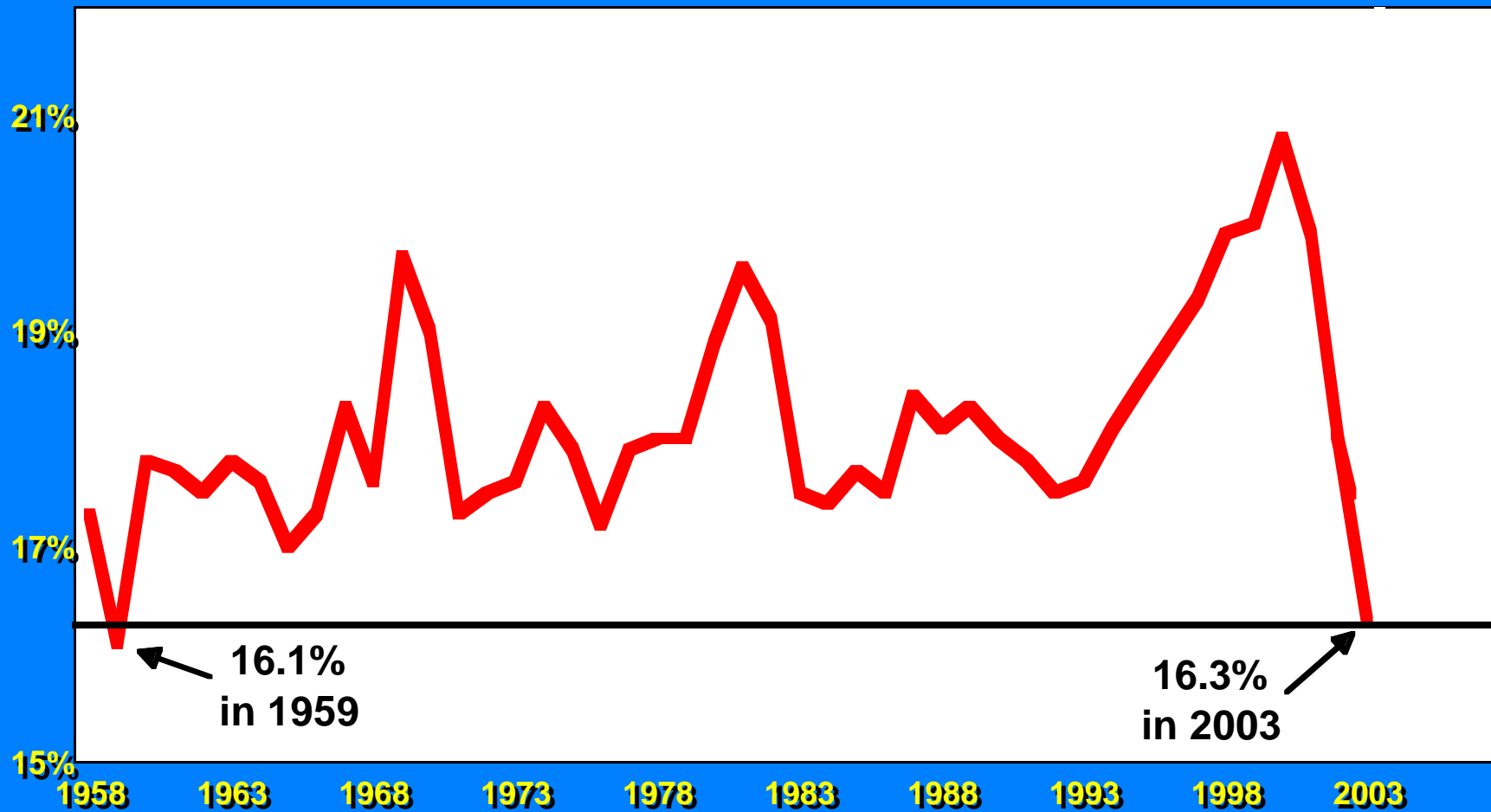
# Deficit as a Share of Economy Has Reached This Level Only Once Since the End of World War II



Source: OMB

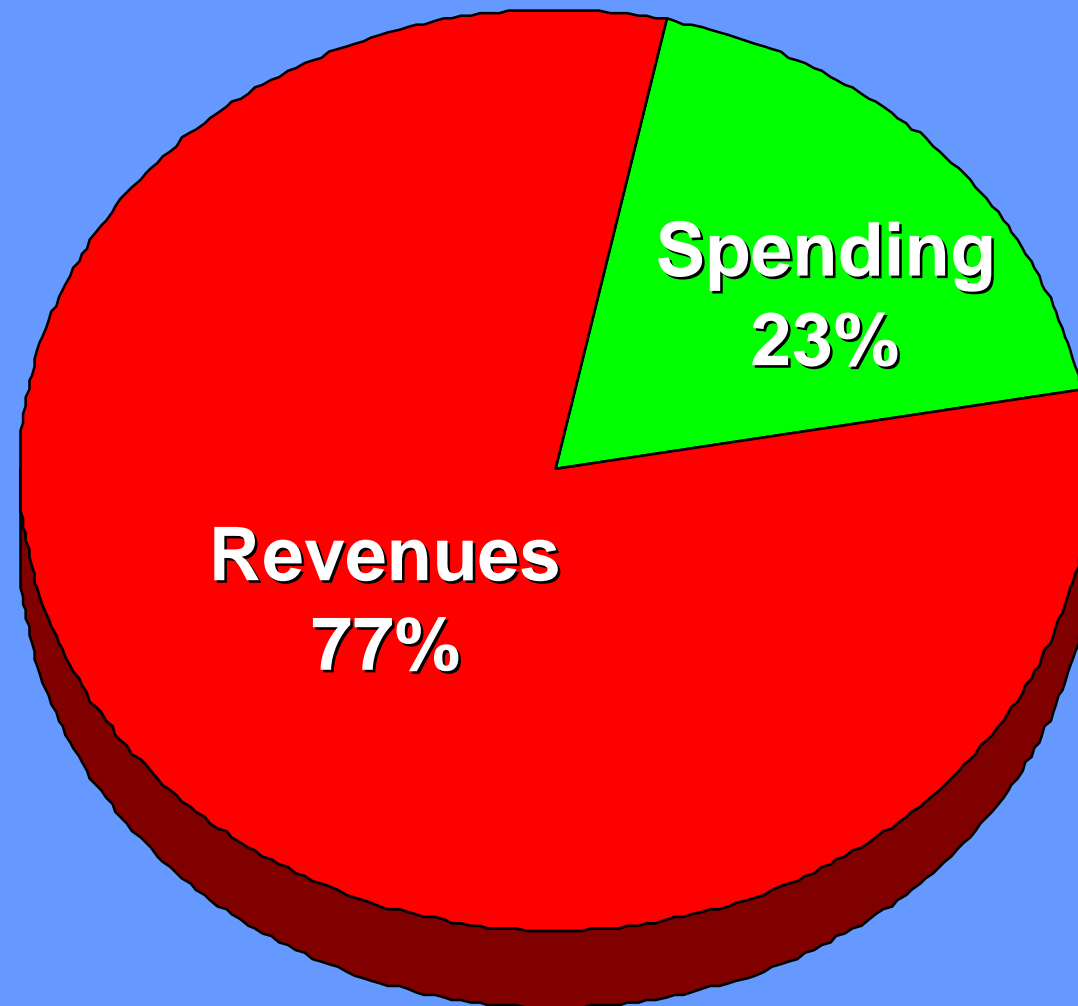
# Revenues as a Percent of GDP

## Lowest Level Since 1959



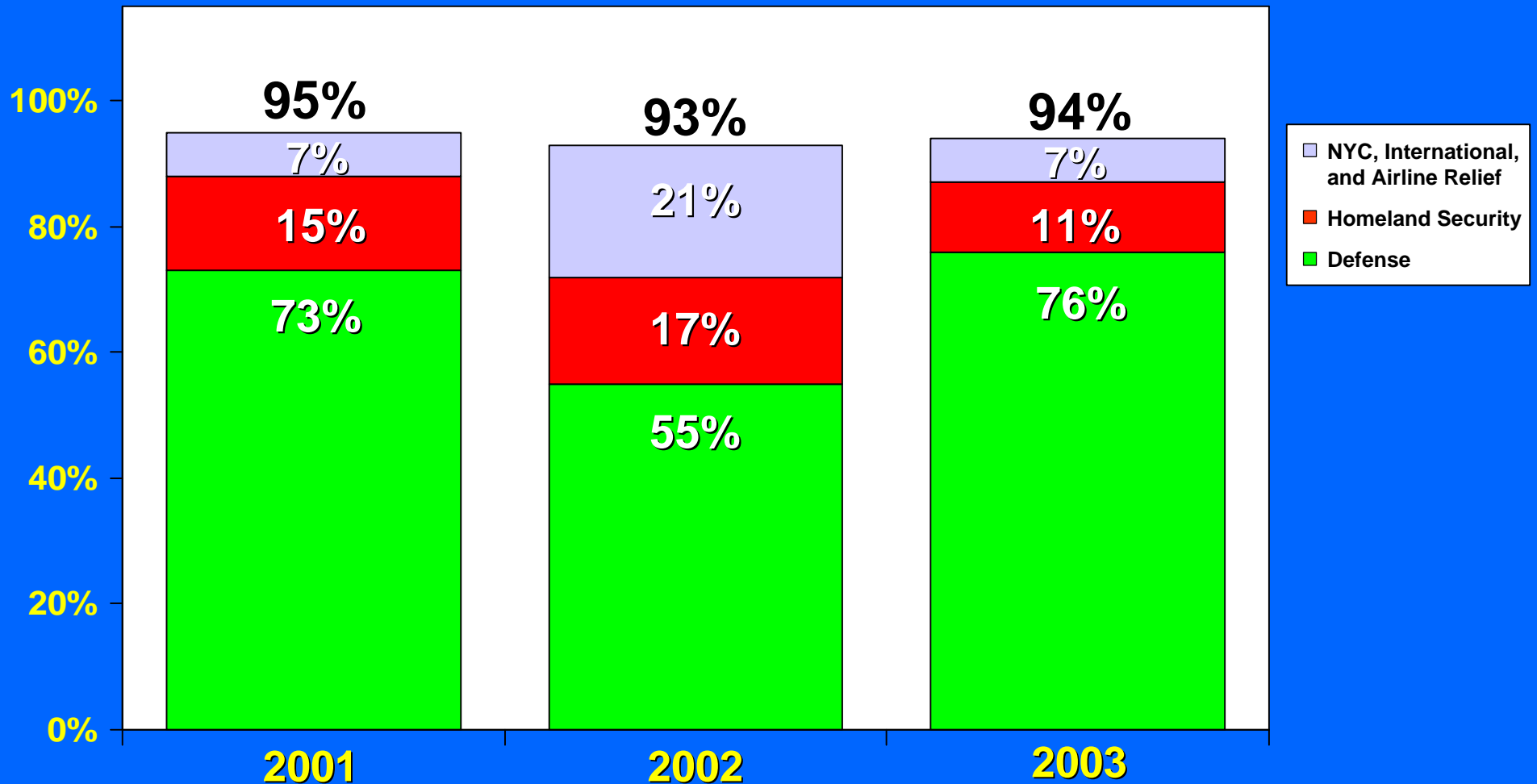
Source: OMB

# 77% of the Decline in the FY 2003 Surplus is Explained by Lower Revenues



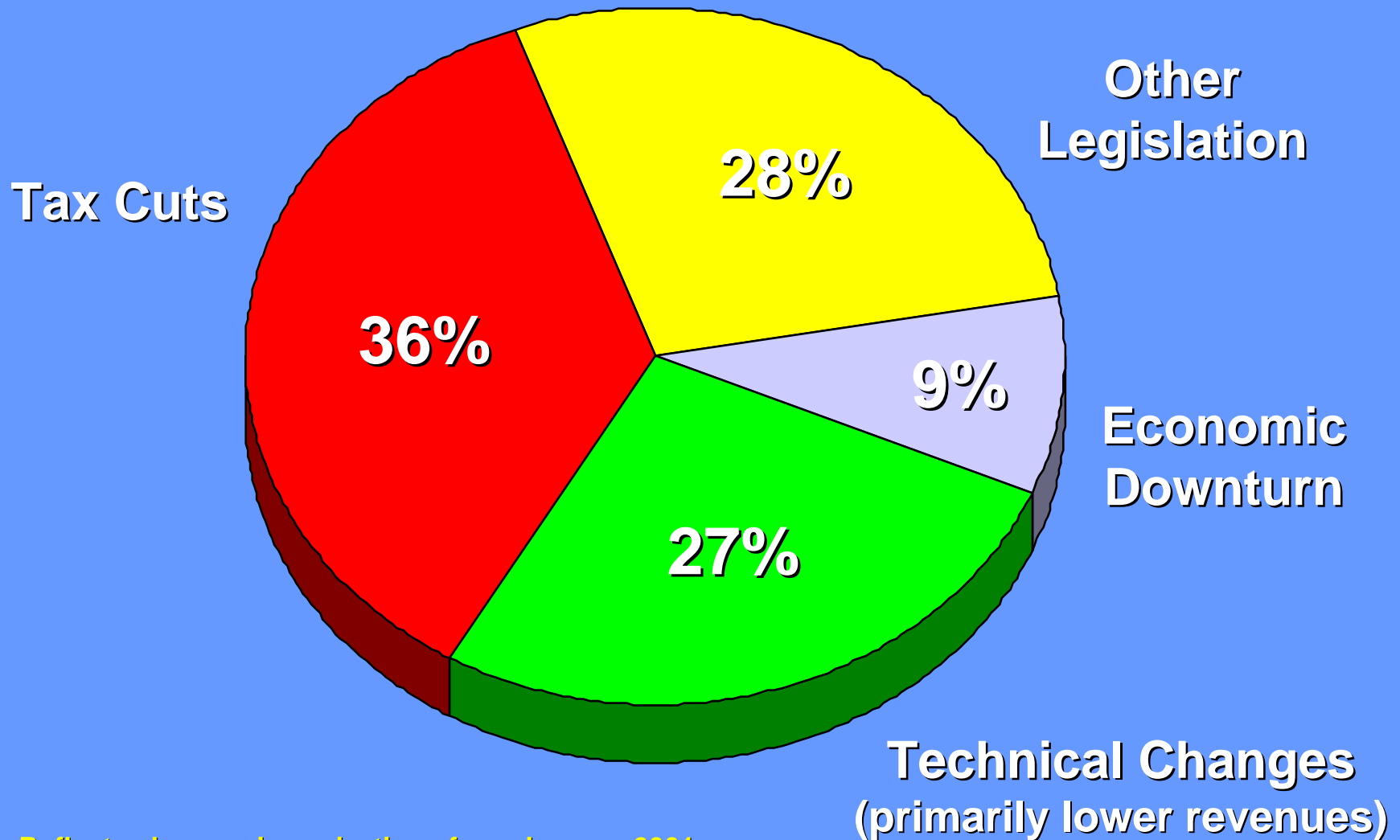
Note: Shows spending and revenue changes for all reasons (legislative, economic, and technical), between January 2001 and July 2003, that reduced the projected \$334 billion surplus for 2003 to a \$455 billion deficit. Associated interest costs are shown with each category. Source: OMB projections; CBO debt service.

# Defense, Response to Attacks of September 11, and War in Iraq Behind Increase in Discretionary Budget Authority Over Last Three Years



Note: Compares CBO's January 2001 and March 2003 baselines (adjusted for 2003 Supplemental).  
Source: CBO and Senate Budget Committee, Democratic Staff.

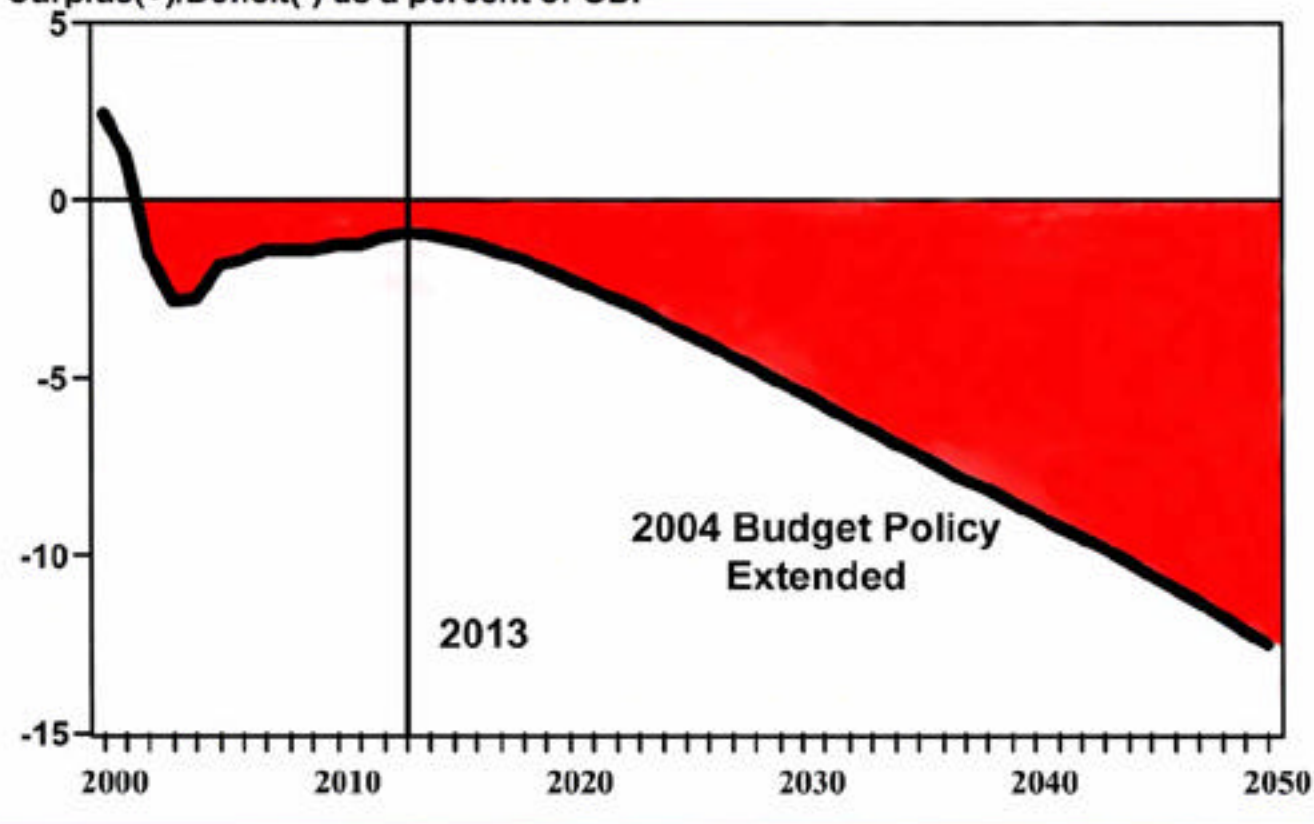
# Reasons for \$7.6 Trillion Reversal in Surplus Projections FY 2002-2011



Note: Reflects changes in projections from January 2001 to March 2003, including GOP budget policies  
Source: CBO and FY 2004 GOP Budget Conference Report

## The Next Ten Years: The Budget "Sweet" Spot

Surplus(+)/Deficit(-) as a percent of GDP



Source: President's Budget for FY 2004, Analytical Perspectives, p. 43.