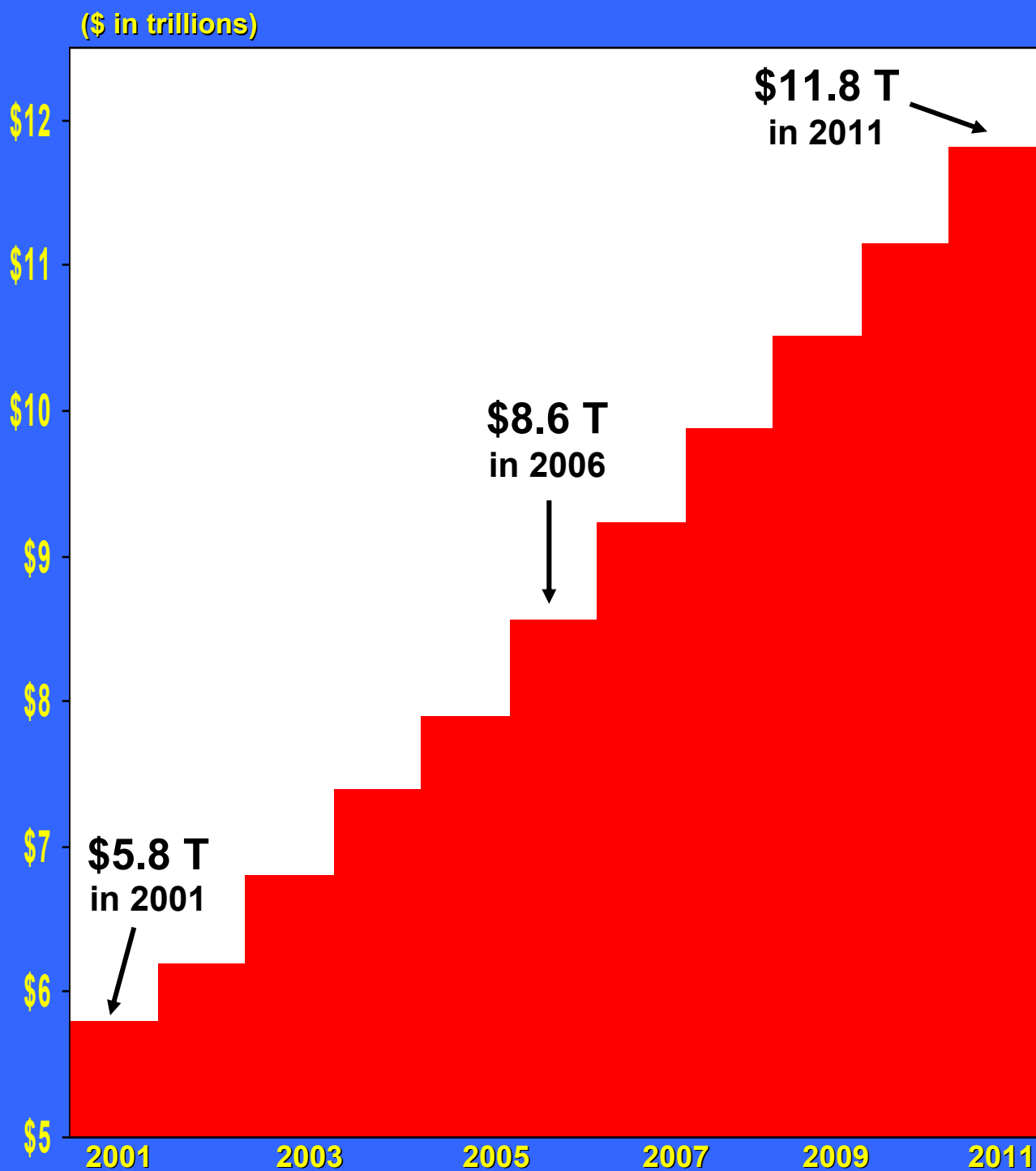


Building a Wall of Debt

Gross Federal Debt Soars



Source: CBO and SBC Democratic staff

Note: CBO reestimate of President's FY 2007 Budget with AMT reform and ongoing war costs.

Former Federal Reserve Chairman Greenspan on Restoring PAYGO

“All I’m saying is that my general view is I like to see the tax burden as low as possible. And in that context, I would like to see tax cuts continued. But, as I indicated earlier, that has got to be, in my judgment, in the context of a PAYGO resolution.”

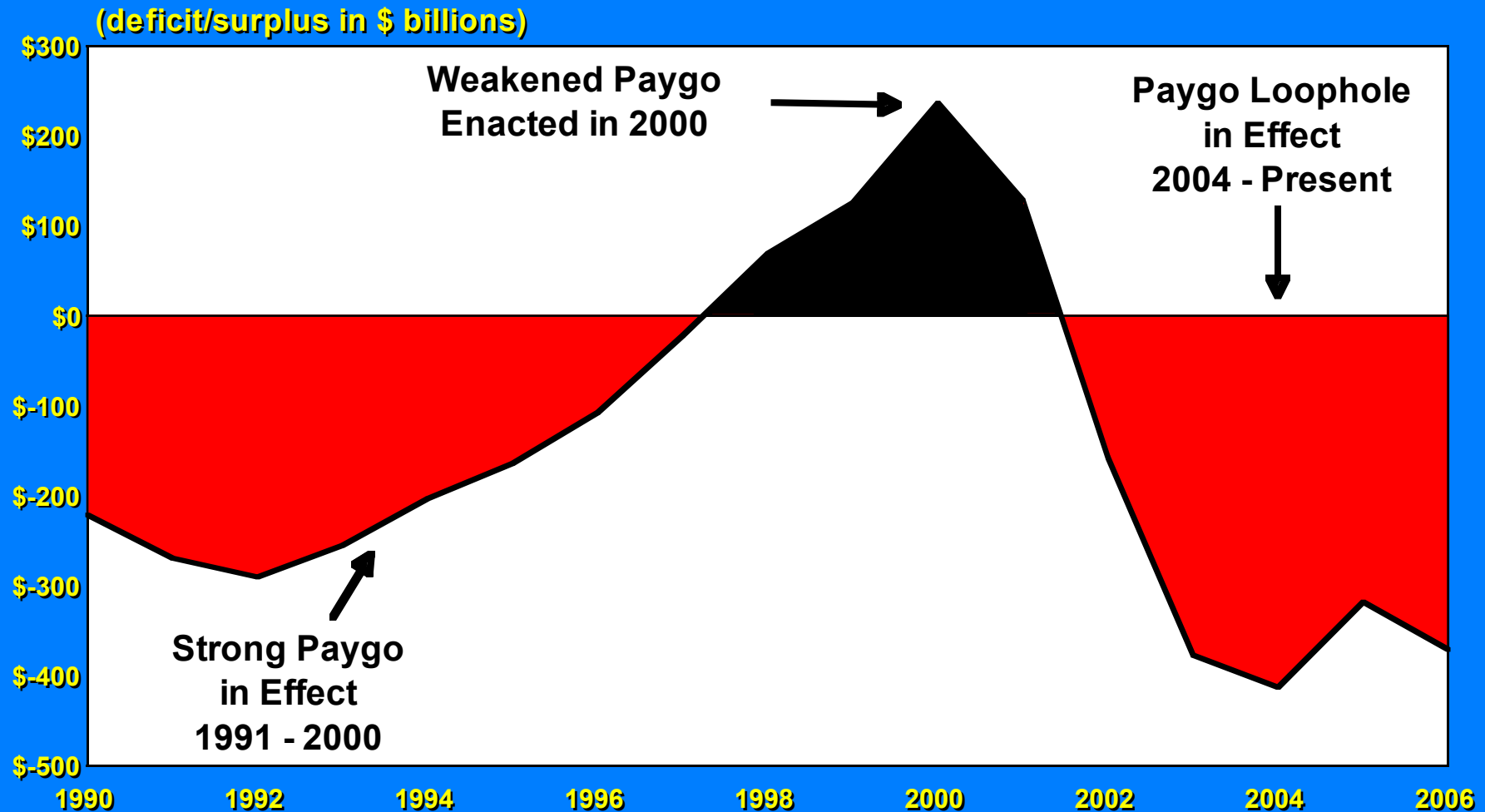
**– Former Federal Reserve Chairman
Alan Greenspan
Testimony before House Budget Committee
March 2, 2005**

Concord Coalition Calls for PAYGO Applying to Spending and Tax Cuts

“Exempting tax cuts from PAYGO does nothing to promote fiscal discipline. It would neither control spending nor shrink the deficit. All it would do is exempt any tax legislation from fiscal scrutiny, regardless of the circumstances. Such an enormous and unnecessary loophole would not be wise policy given that deficits are back for as far as the eye can see. Since spending and tax decisions both have consequences for the budget, there is no good reason to exempt either from enforcement rules.”

**– Concord Coalition Release
March 15, 2005**

Strong Paygo Rule Helped Turn Deficits to Surplus in 1990's



Note: FY 2000 GOP budget resolution weakened Senate paygo rule to allow on-budget surpluses to offset tax cuts and spending increases. GOP blocked renewal of statutory paygo at end of FY 2002. FY 2004 GOP budget resolution further weakened Senate paygo rule by exempting all tax cuts and spending increases in any budget resolution.

Source: CBO

Pay-Go Amendment Eliminates Loophole

Current GOP Pay-Go Rule

- Exempts all tax cuts and mandatory spending increases assumed in any budget resolution, no matter how much they increase deficits

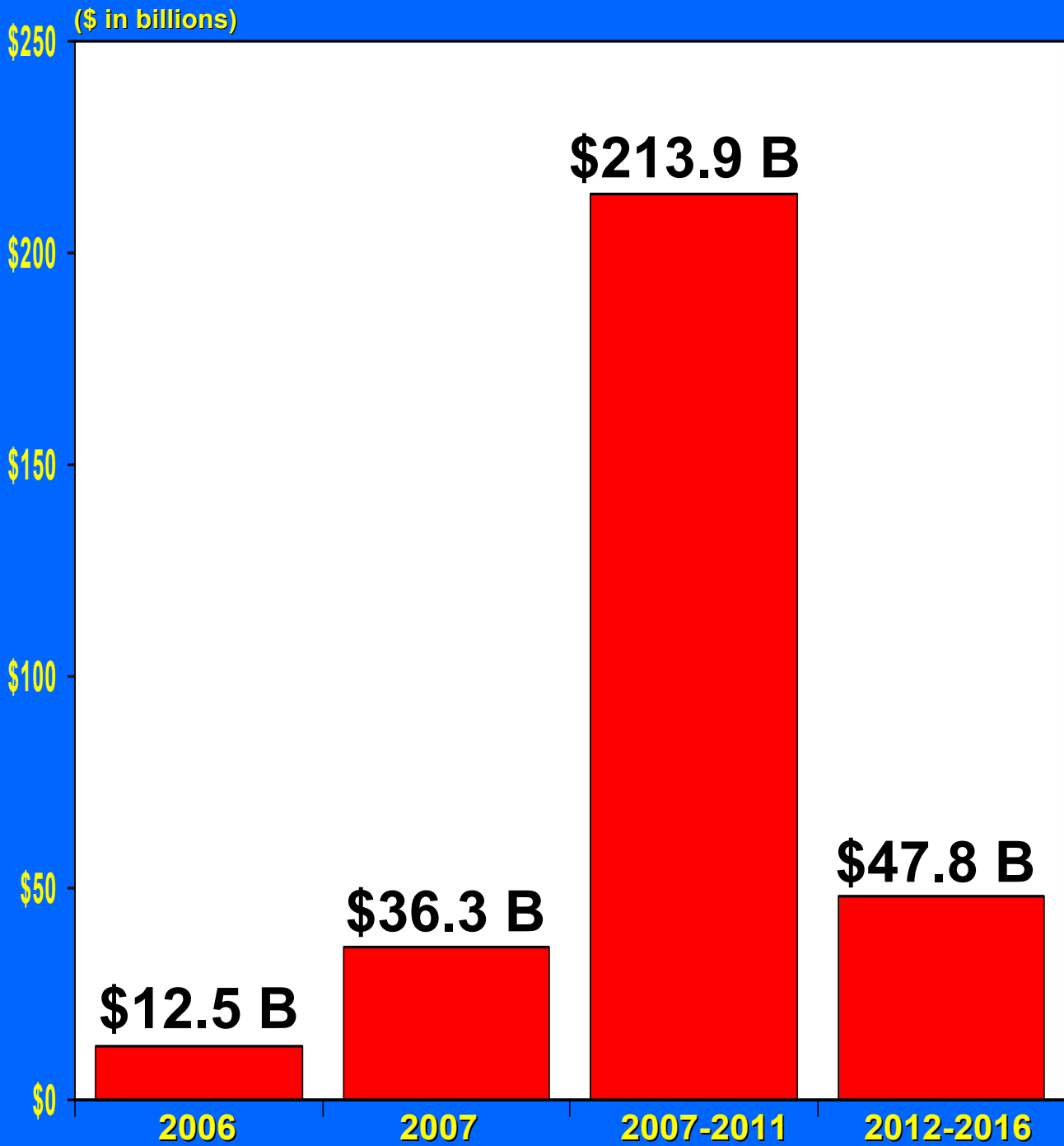
Loophole:

Failure to include stronger pay-go rule allows \$274 billion in deficit-financed tax cuts or mandatory spending over 2006-2016 with only 51 votes.

Stronger Pay-Go Rule

- All mandatory spending and tax cuts that increase deficits must be paid for, or require 60 votes

Large Deficit Increases Allowed Under Senate GOP Budget Paygo Loophole



Note: Shows net effect of tax cuts and entitlement savings in 2007 Republican budget
Source: Senate Budget Committee