

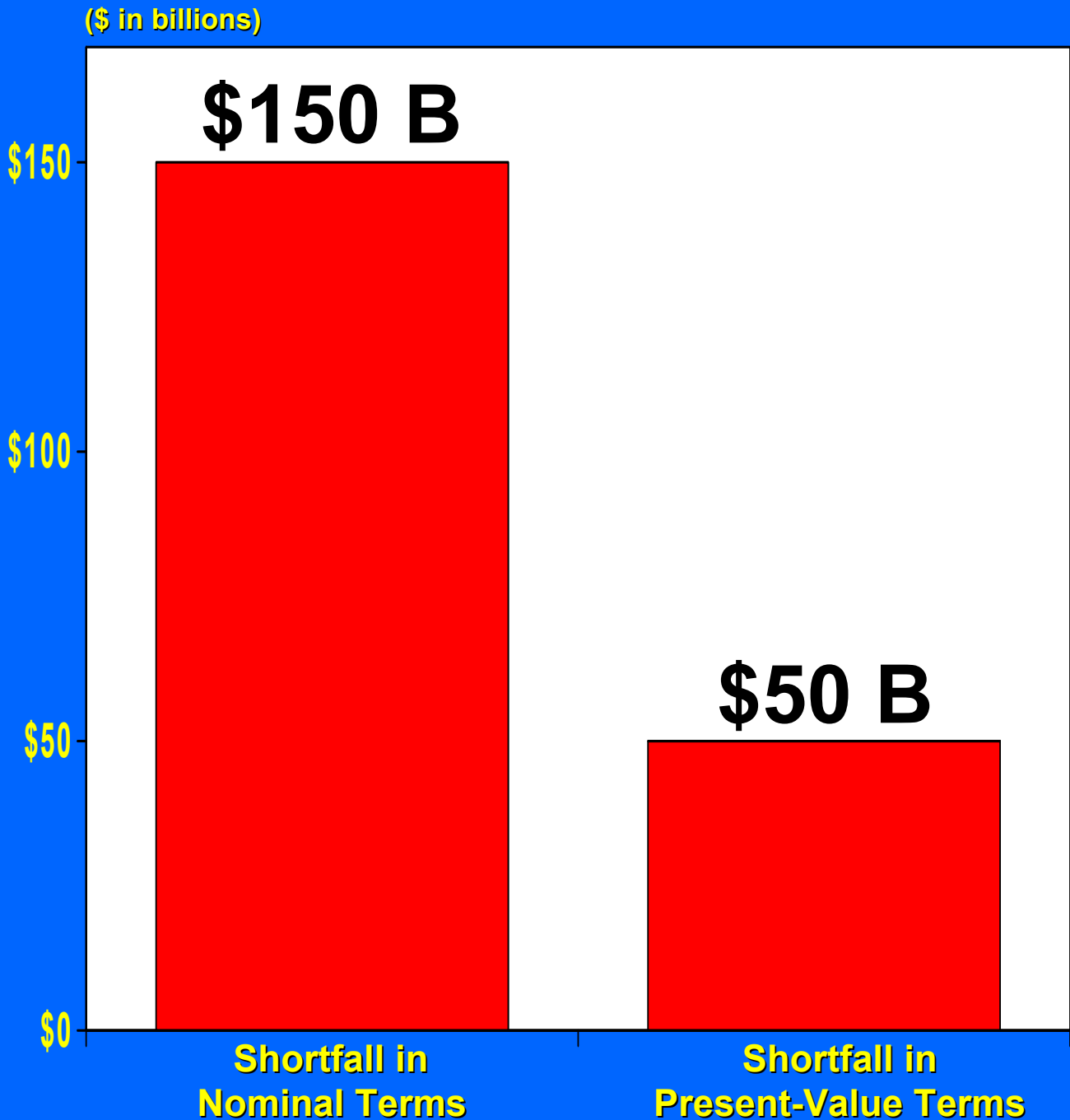
Reasons for Likely Asbestos Trust Fund Shortfall

- **Claims and administrative expenses likely to exceed contributions to Asbestos Trust Fund**
- **Up-front claims will far exceed contributions, so Trust Fund will have to borrow substantial amounts, increasing ultimate cost**
- **Small adjustments in amount and timing of assumptions quickly bankrupt the Trust Fund**
- **Unrealistic to assume the Trust Fund will ever terminate**

Reasons for Likely Asbestos Trust Fund Shortfall

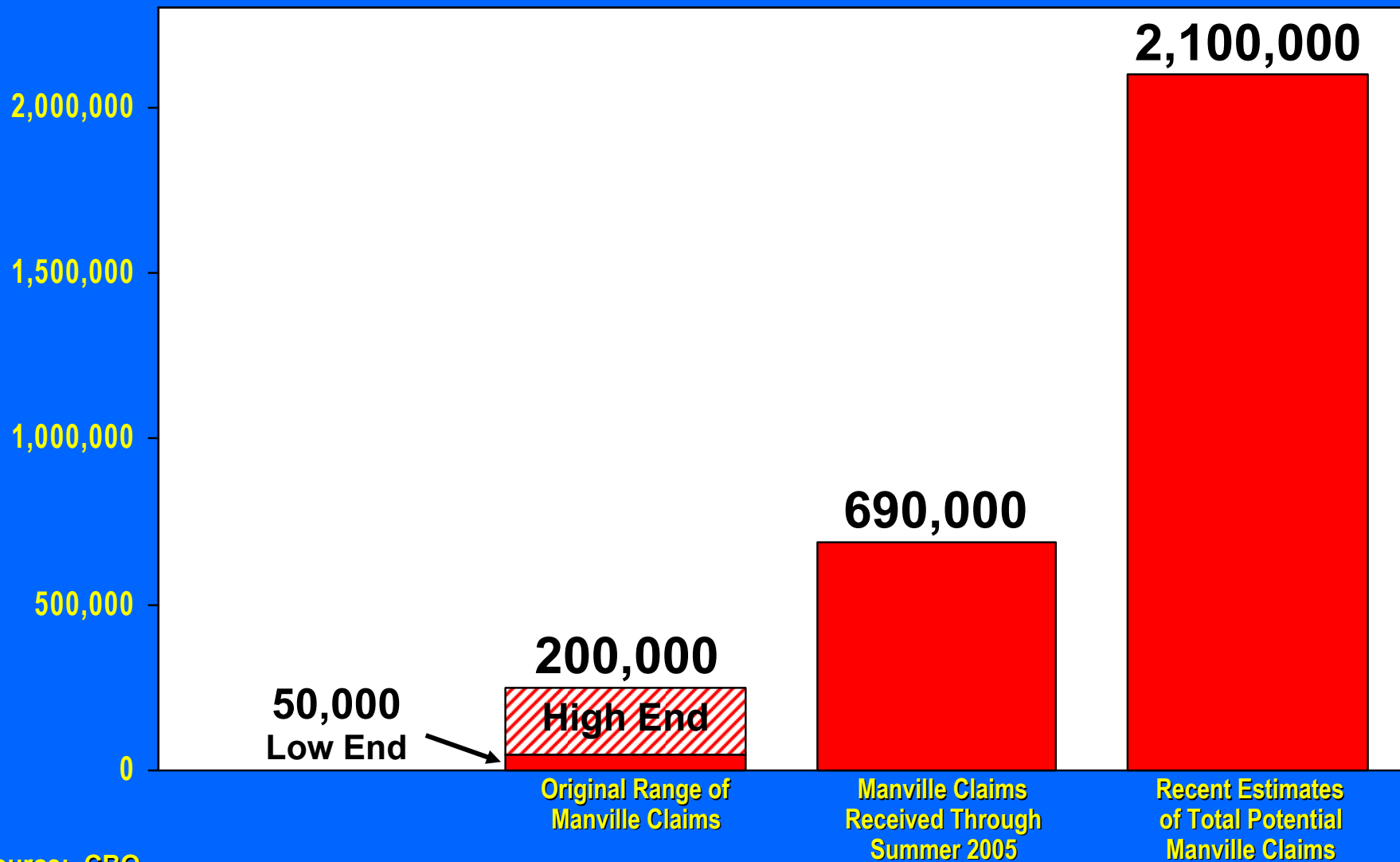
- CBO did not score many items likely to increase costs:
 - Dormant claims
 - Exceptional medical claims
 - Claims of family members of workers exposed to asbestos
- CBO's estimate of number of future cancer claims likely to be too low
- CBO's estimate of percent of nonmalignant claims that will receive a cash award is likely too conservative

Asbestos Trust Fund Faces Potential Shortfall



Note: S. 852; shortfall represents the difference over the 50-year lifetime of the fund between contributions of \$140 B to the trust fund and payments from the trust fund for claims, administrative expenses, and interest costs.
Source: SBC Democratic staff

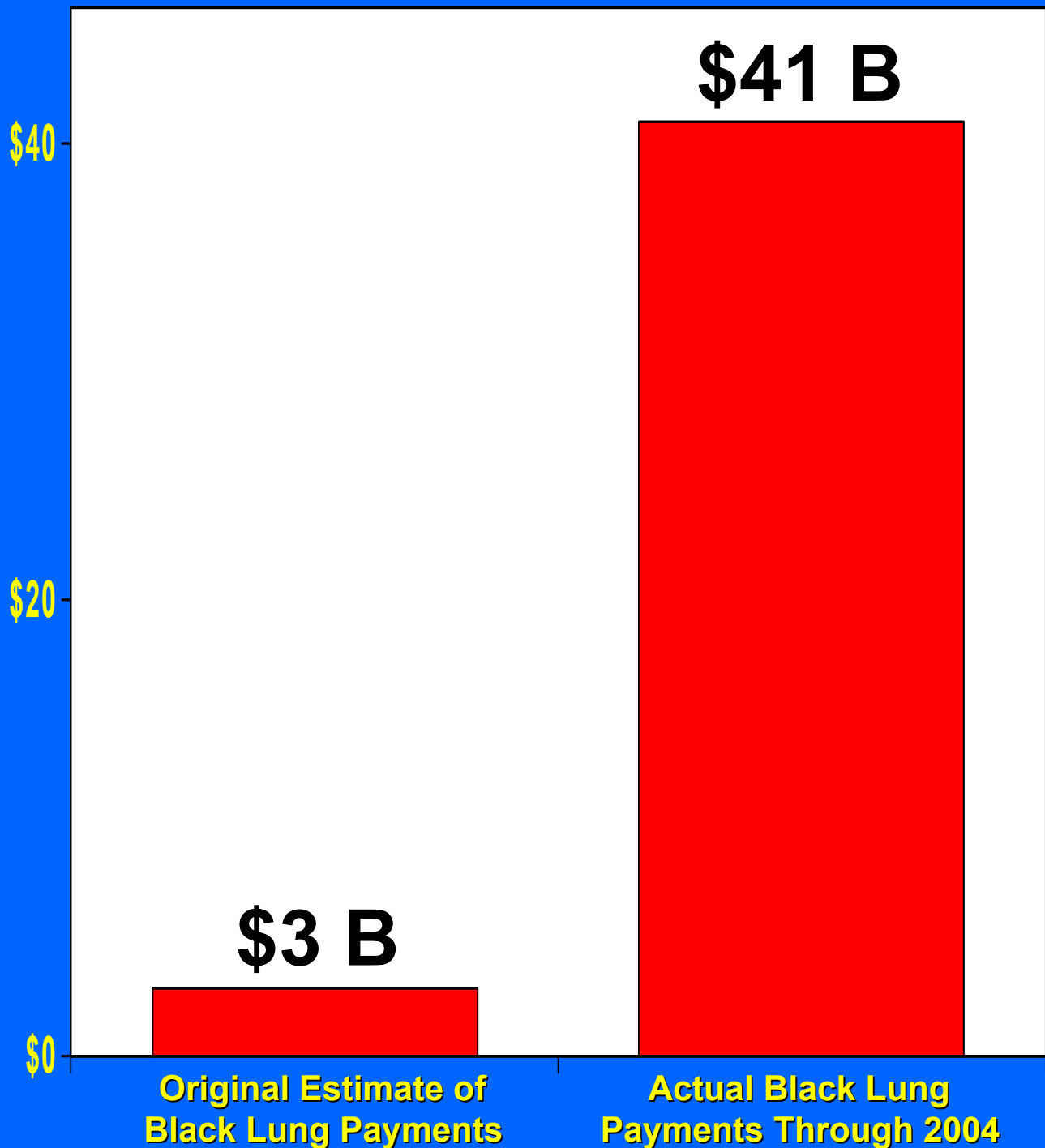
Number of Manville Trust Claims May be 10 Times More Than Original Estimates



Source: CBO

Actual Black Lung Program Payments are Almost 14 Times Greater Than Original Estimates

(\$ in billions)



Source: GAO

CBO Warns of “Significant Likelihood” That the Asbestos Trust Fund Will Fail

“The proposed trust fund might or might not have adequate resources to pay all valid claims. There is a significant likelihood that the fund’s revenues would fall short of the amount needed to pay valid claims, debt service, and administrative costs.”

**— Letter to Senator Arlen Specter from
former CBO Director Douglas Holtz-Eakin
December 19, 2005**