

GAO Comptroller General Walker on Solving Nation's Fiscal Problems

“We are on an imprudent and unsustainable long-term fiscal path, and while the short-term deficits have improved in recent years, the long term is getting worse every second of every minute of every day and the time for action is now.”

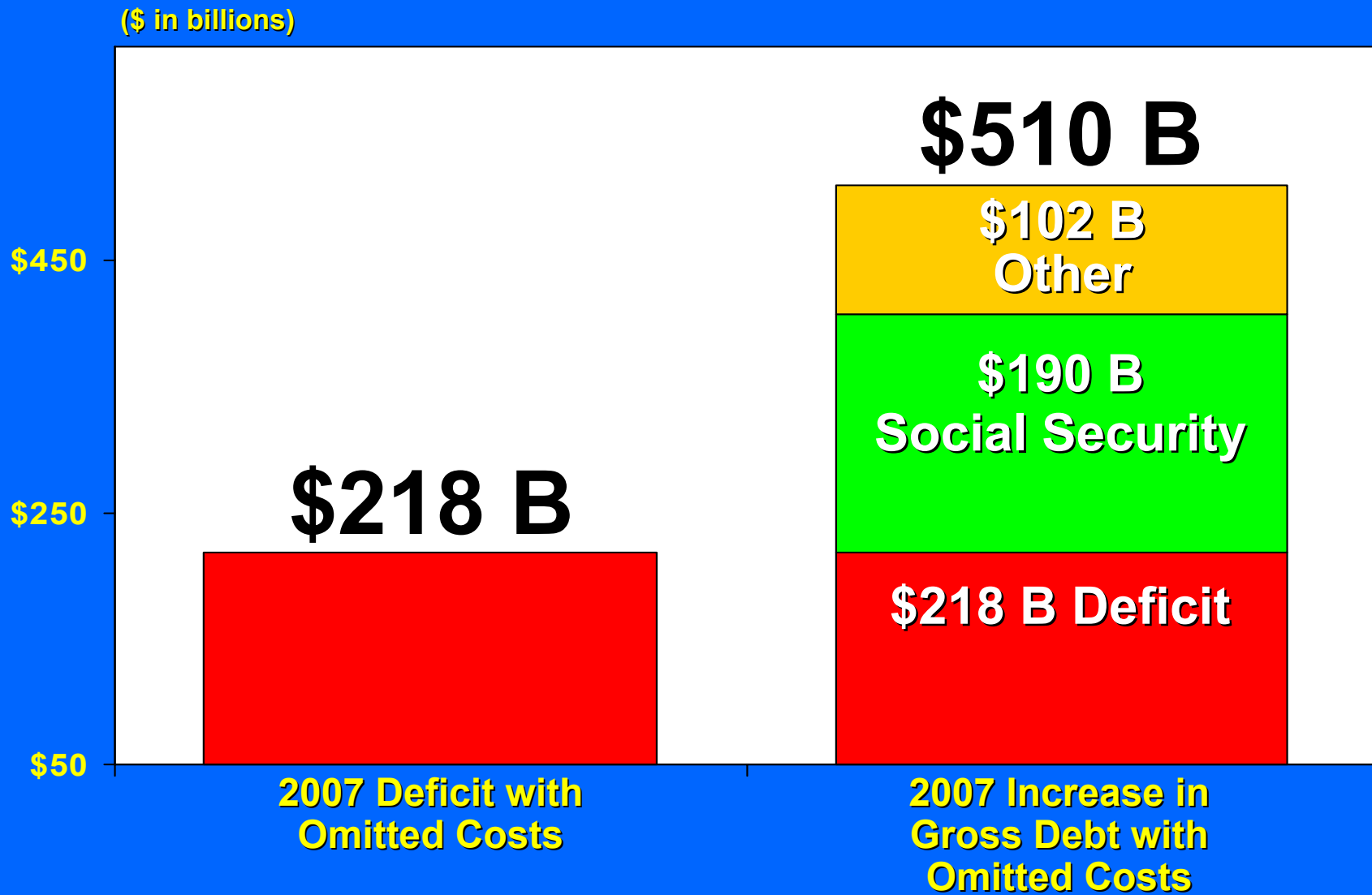
**– Government Accountability Office
Comptroller General David Walker
Testimony before Senate Budget Committee
January 11, 2007**

Federal Reserve Chairman Bernanke on Budget Outlook

“... [O]ne might look at these projections and say, ‘Well, these are about 2030 and 2040 and ... so we don’t really have to start worrying about it yet.’ But, in fact, the longer we wait, the more severe, the more draconian, the more difficult ... the adjustments are going to be. I think the right time to start is about 10 years ago.”

**–Federal Reserve Chairman Ben Bernanke
Testimony before Senate Budget Committee
January 18, 2007**

Increase in Debt in 2007 is Far Greater Than the Estimated \$218 Billion Deficit

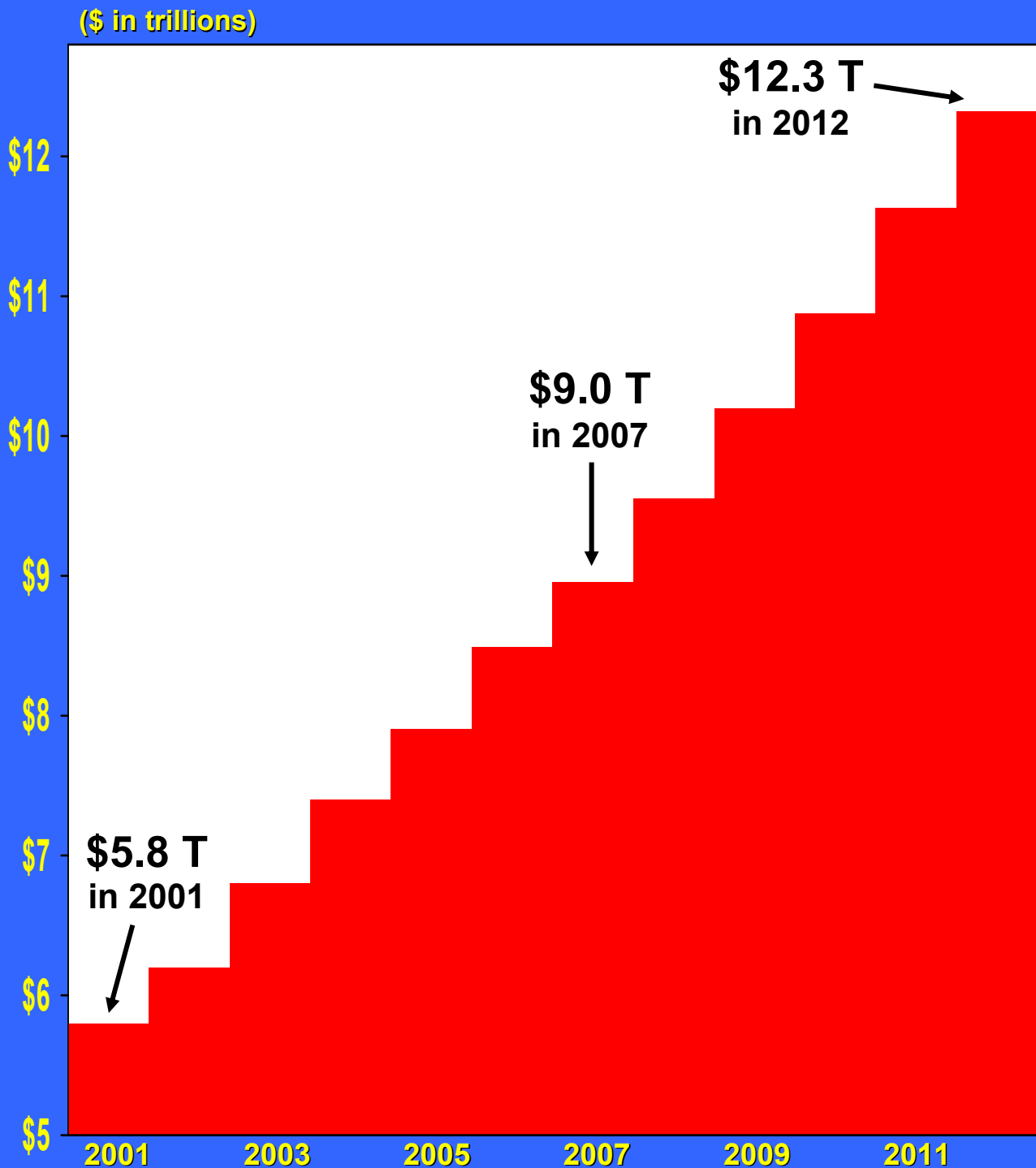


Source: CBO, SBC Democratic staff

Note: Omitted costs include supplemental funding for the wars in Iraq and Afghanistan, AMT relief, and expiring tax provisions.

Building a Wall of Debt

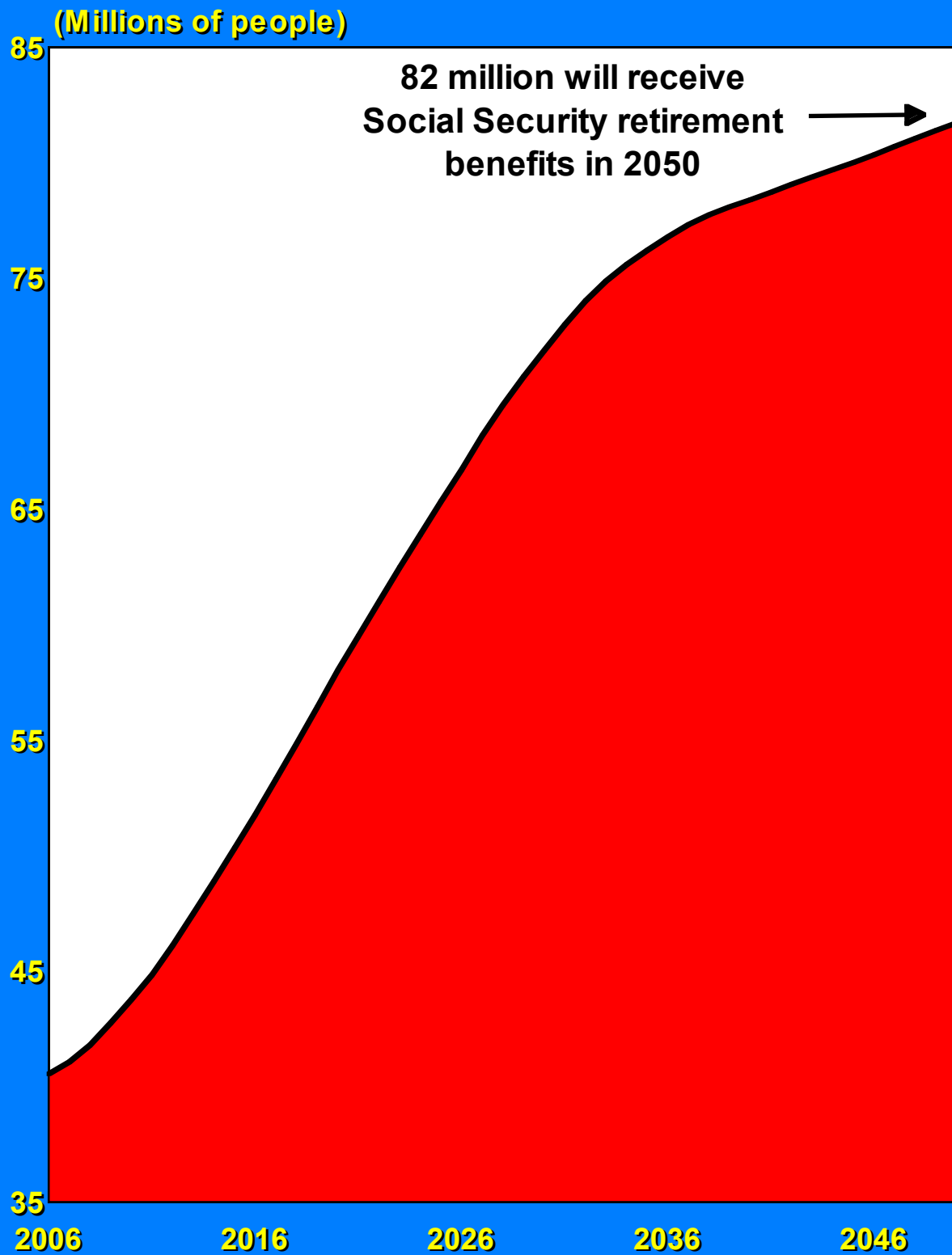
Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: CBO January 2007 estimate with tax cuts made permanent, AMT reform, ongoing war costs, Bush defense buildup, and without extension of 2007 emergency funding.

Number of Social Security Beneficiaries Explodes with Retirement of Baby Boom Generation

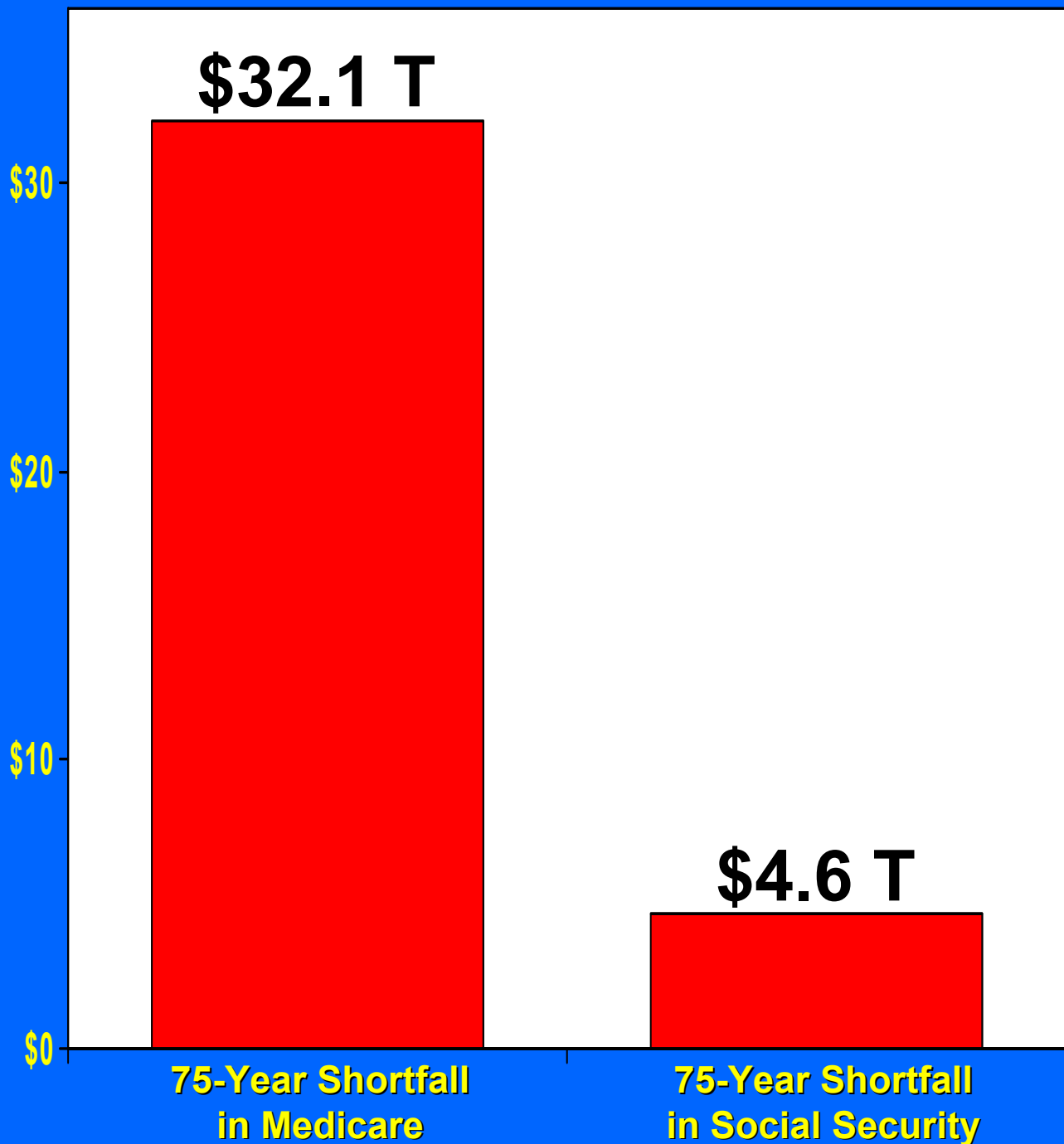


Source: 2006 Social Security Trustees Report
Note: OASI beneficiaries

Comparing Long-Term Costs of Medicare and Social Security

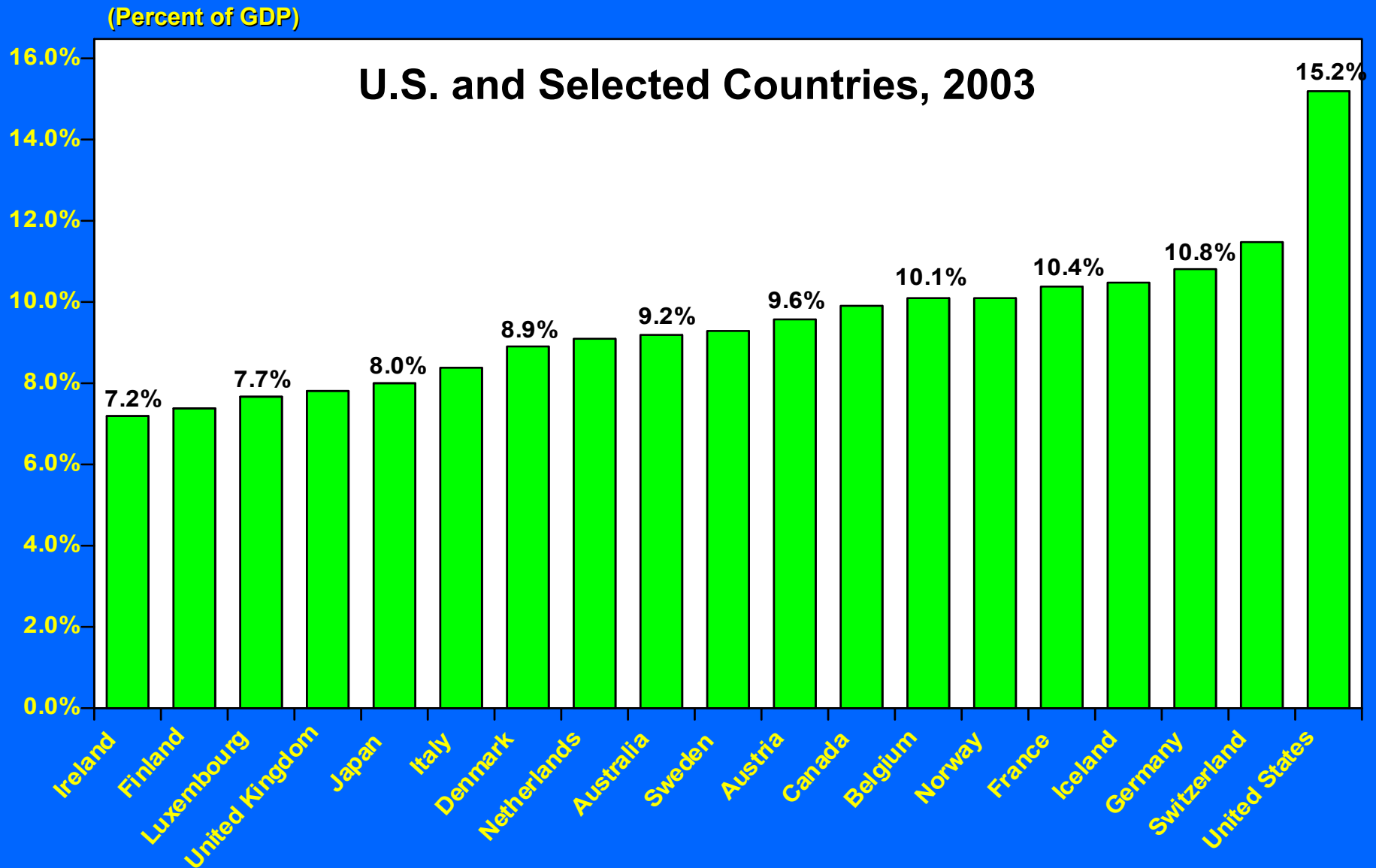
Present Value of Costs Over Next 75 Years

(\$ in trillions)



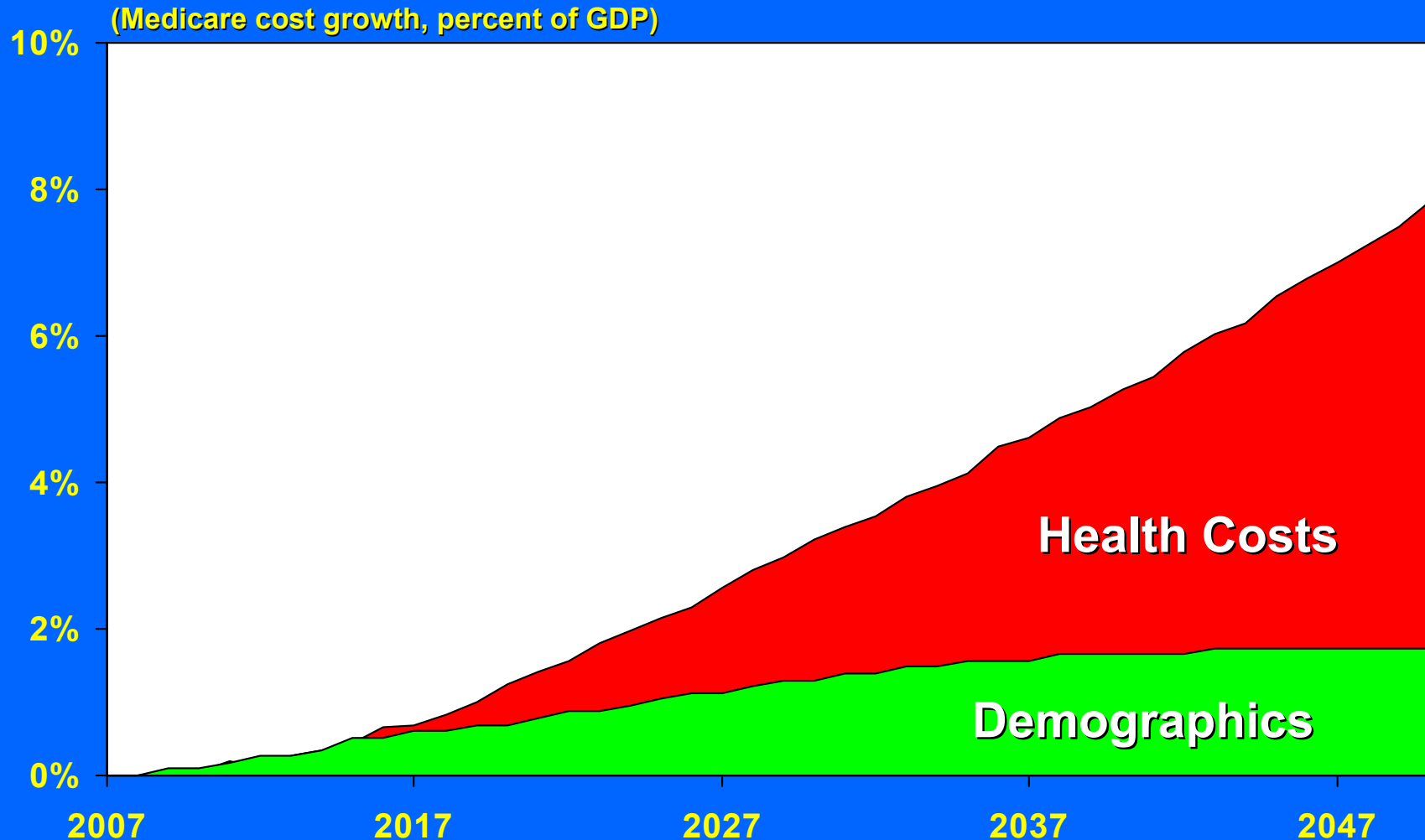
Source: Social Security Trustees 2006 Annual Report

Total Health Expenditures as a Share of GDP



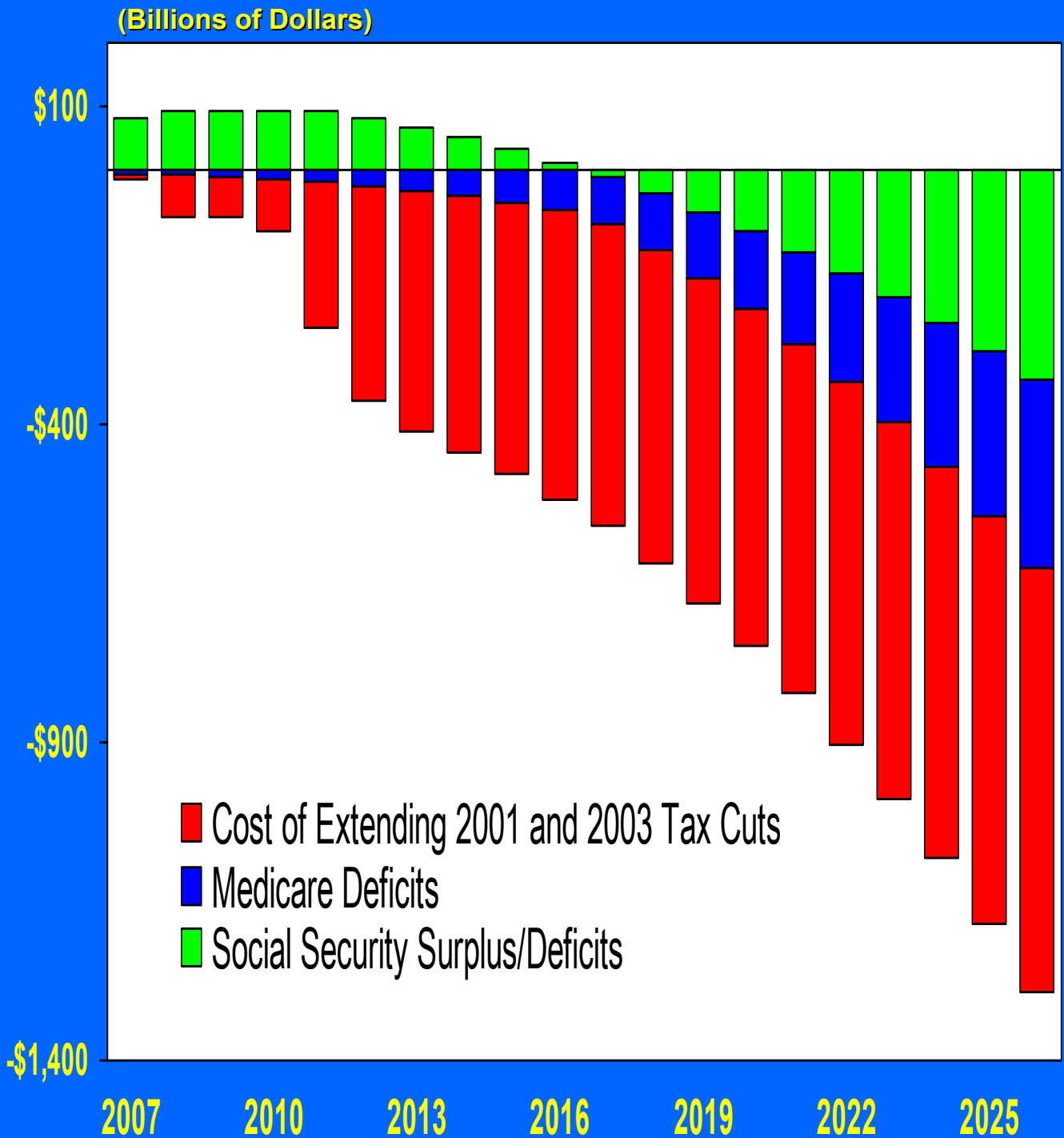
Source: Organization for Economic Co-operation and Development, October 2006

Rising Health Care Costs Driving Medicare Cost Growth



Source: CBPP projections based on CBO data.

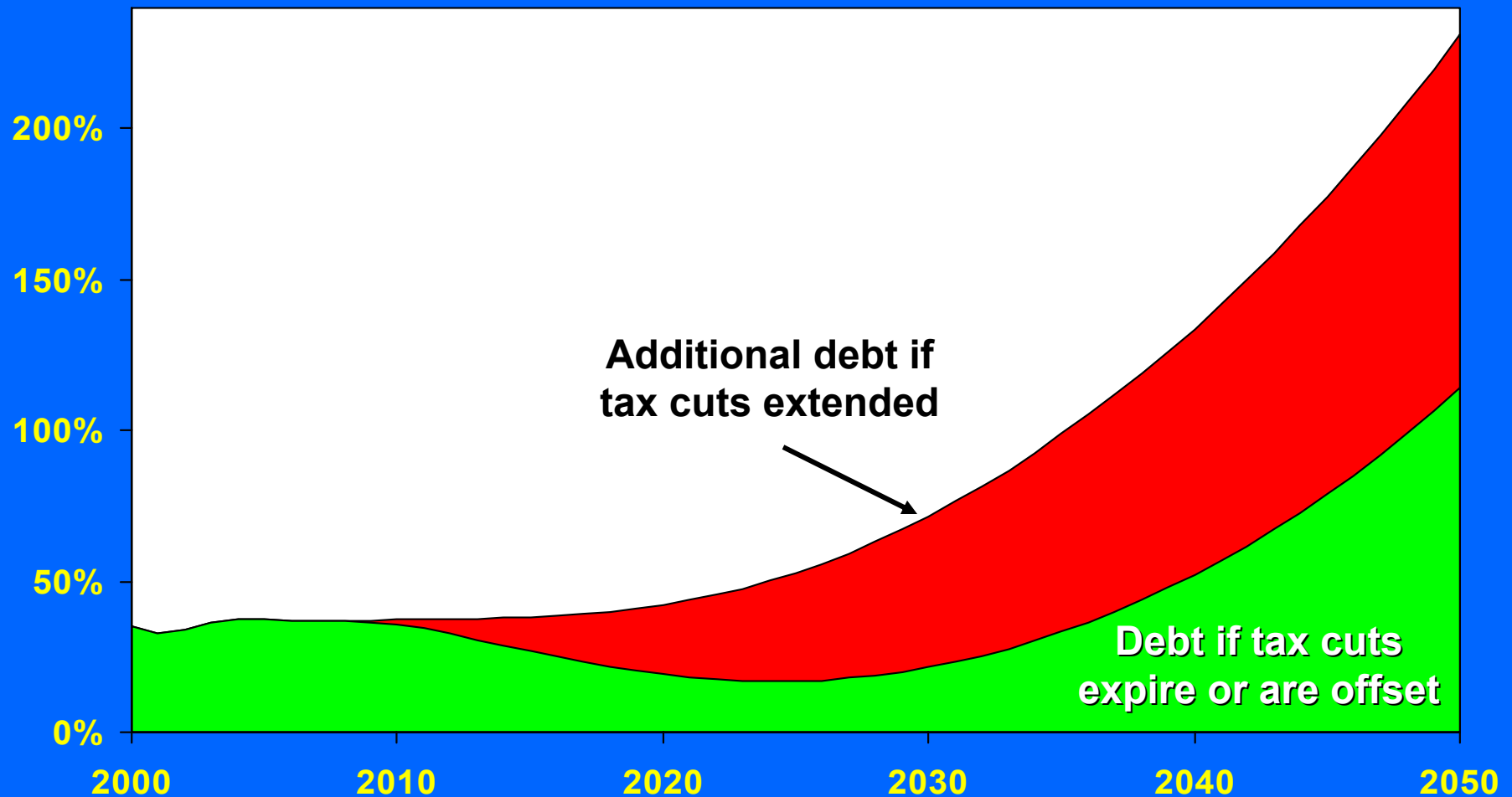
Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2007-2026



Source: Social Security Trustees 2006 Annual Report, CBO, CBPP, and SBC Democratic staff

Debt Explodes if All Tax Cuts are Extended Without Offsets

Debt as a Share of the Economy



Source: CBPP projections based on CBO data.