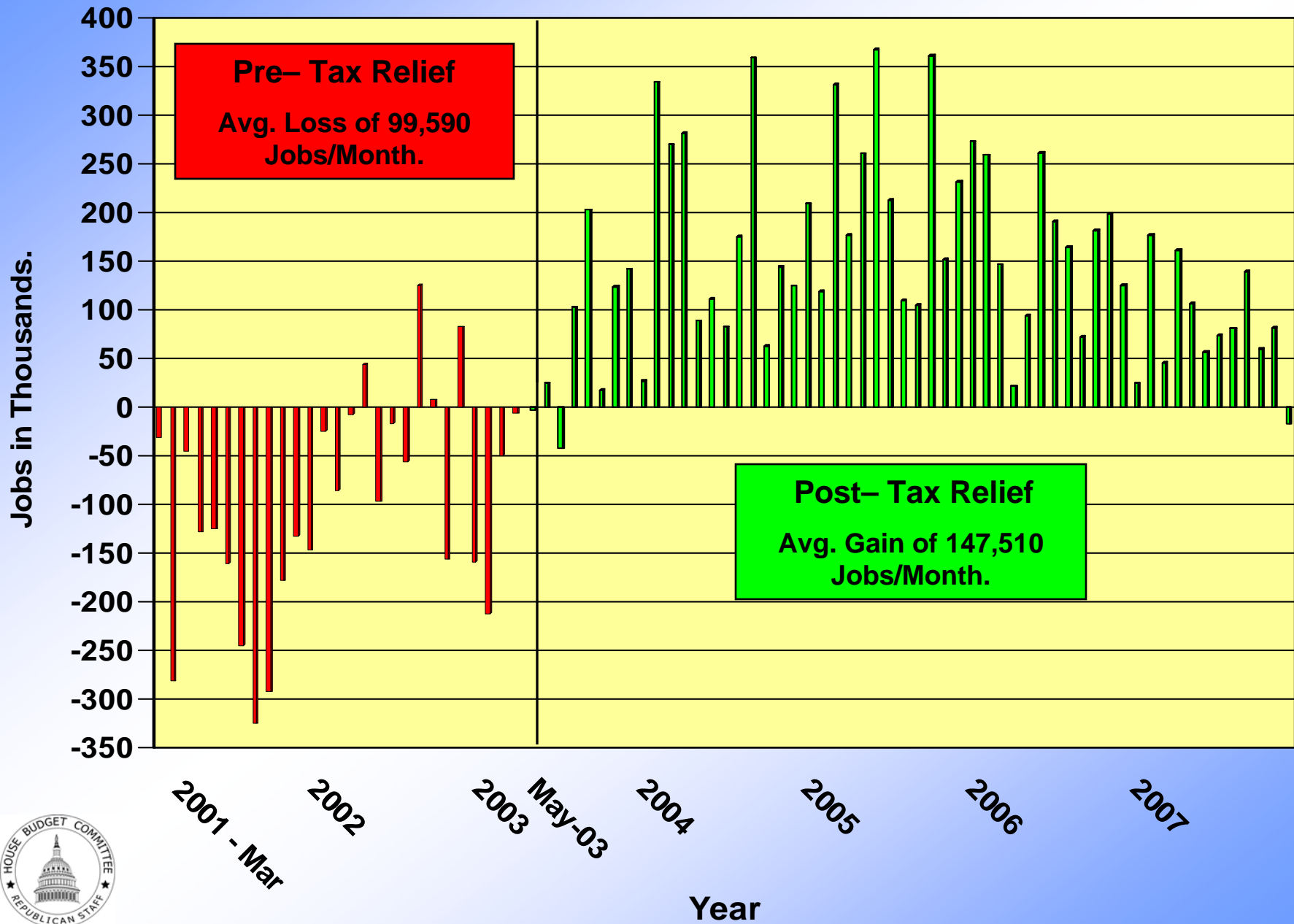
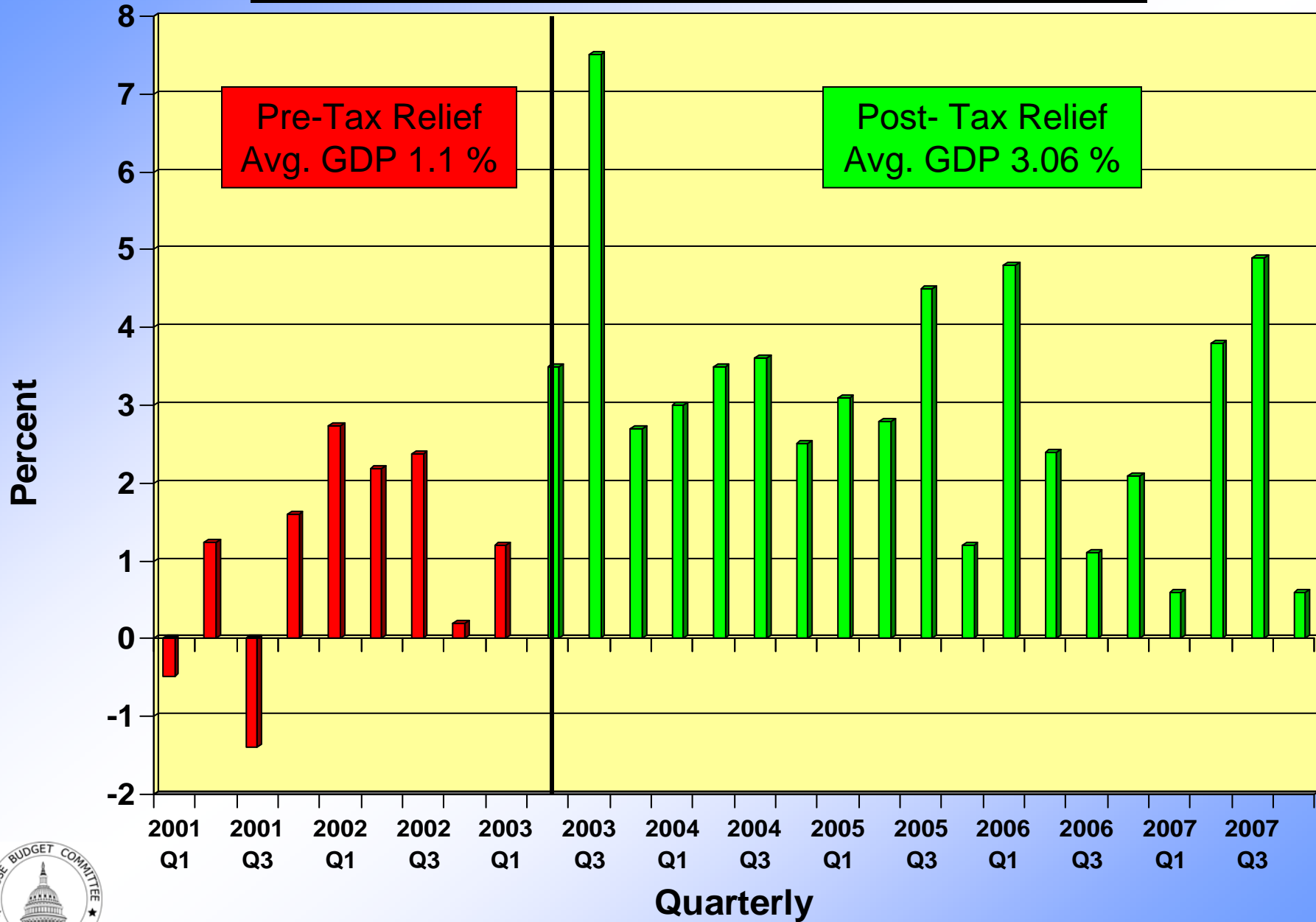


# Job Creation: Before and After Tax Relief



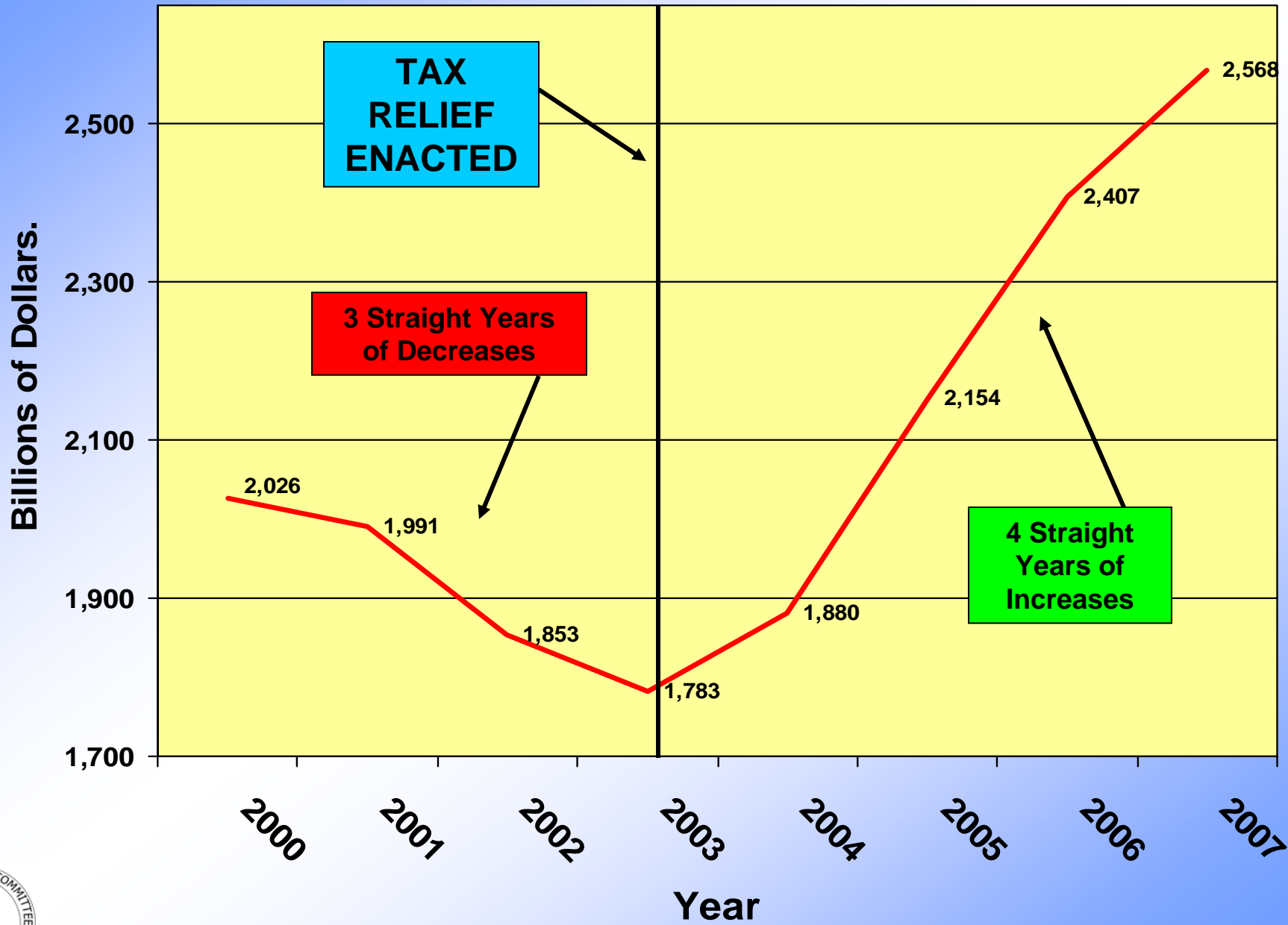
# GDP: Before and After Tax Relief



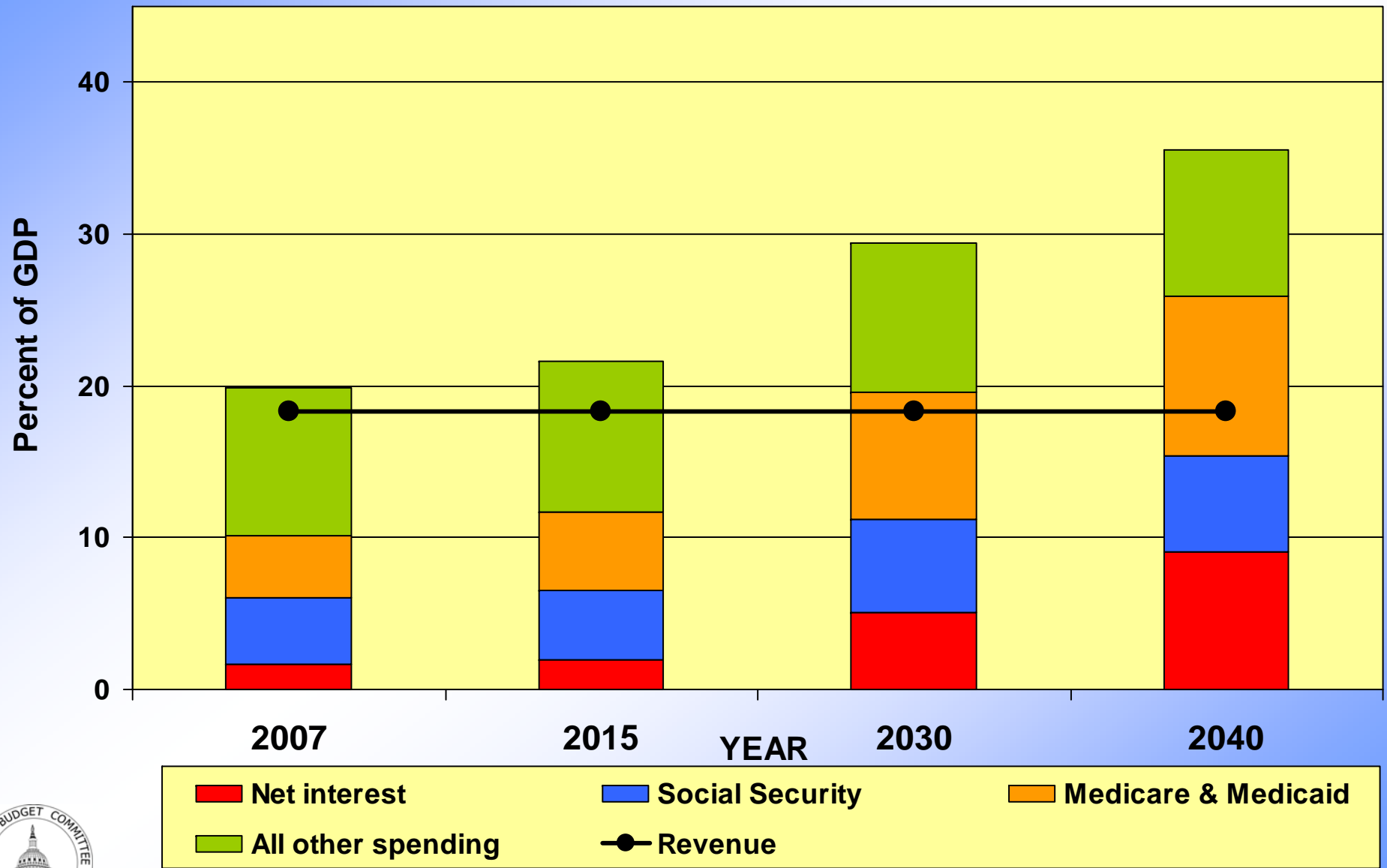
# Unemployment Rate



# Federal Revenues



# Composition of Spending as Share of GDP

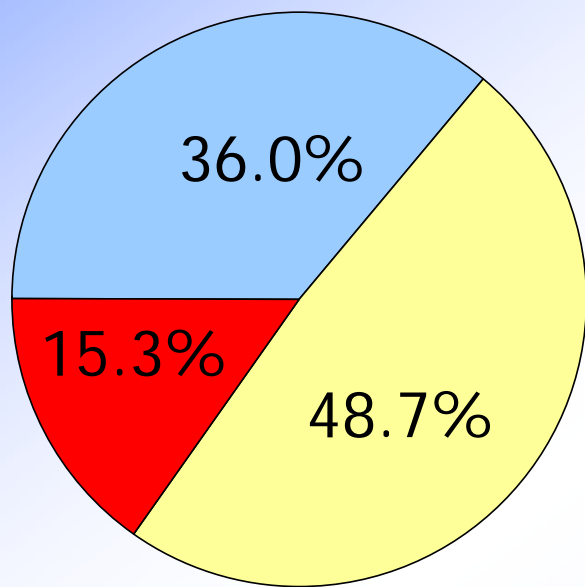


Source: CBO Long-Term Outlook

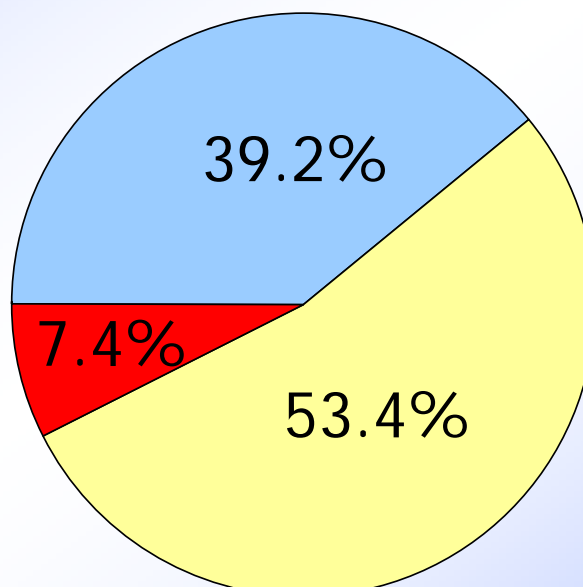


# Mandatory Spending Growth, 1995, 2005, 2018

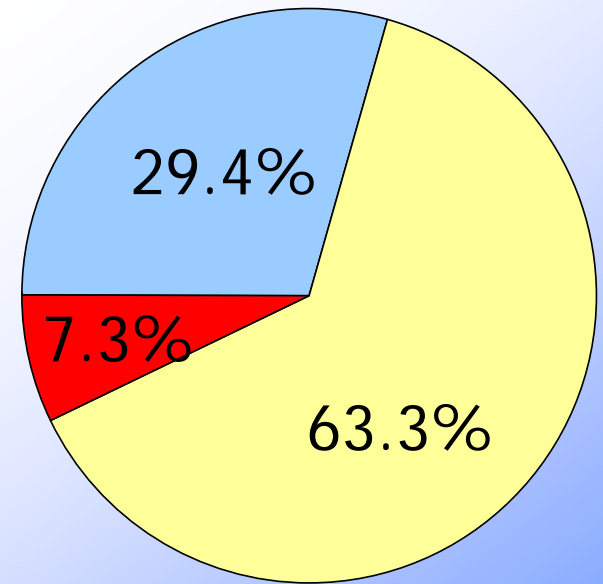
Discretionary Mandatory Net Interest  
*Fiscal Year Outlays*



**1995**



**2005**



**2018**



Projections are CBO Baseline adjusted to continue 2001 and 2003 tax relief, and assume no supplemental appropriations beyond those already enacted.

# ENTITLEMENTS: THE URGENCY OF REFORM

7

- **“Health care is the number one fiscal challenge for the Federal and State governments... If there is one thing that can bankrupt America, it is health care. We need dramatic and fundamental reforms.  
- Comptroller General Walker 1/23/2007**
- **The rising costs of government entitlements is a “fiscal cancer” that threatens “catastrophic consequences for our country” and could “bankrupt America.”  
- Comptroller General Walker on *60 Minutes* 3/4/2007**



## **ENTITLEMENTS: THE URGENCY OF REFORM**

- **Without “early and meaningful action” to address entitlements, “the U.S. economy could be seriously weakened, with future generations bearing much of the cost.”**

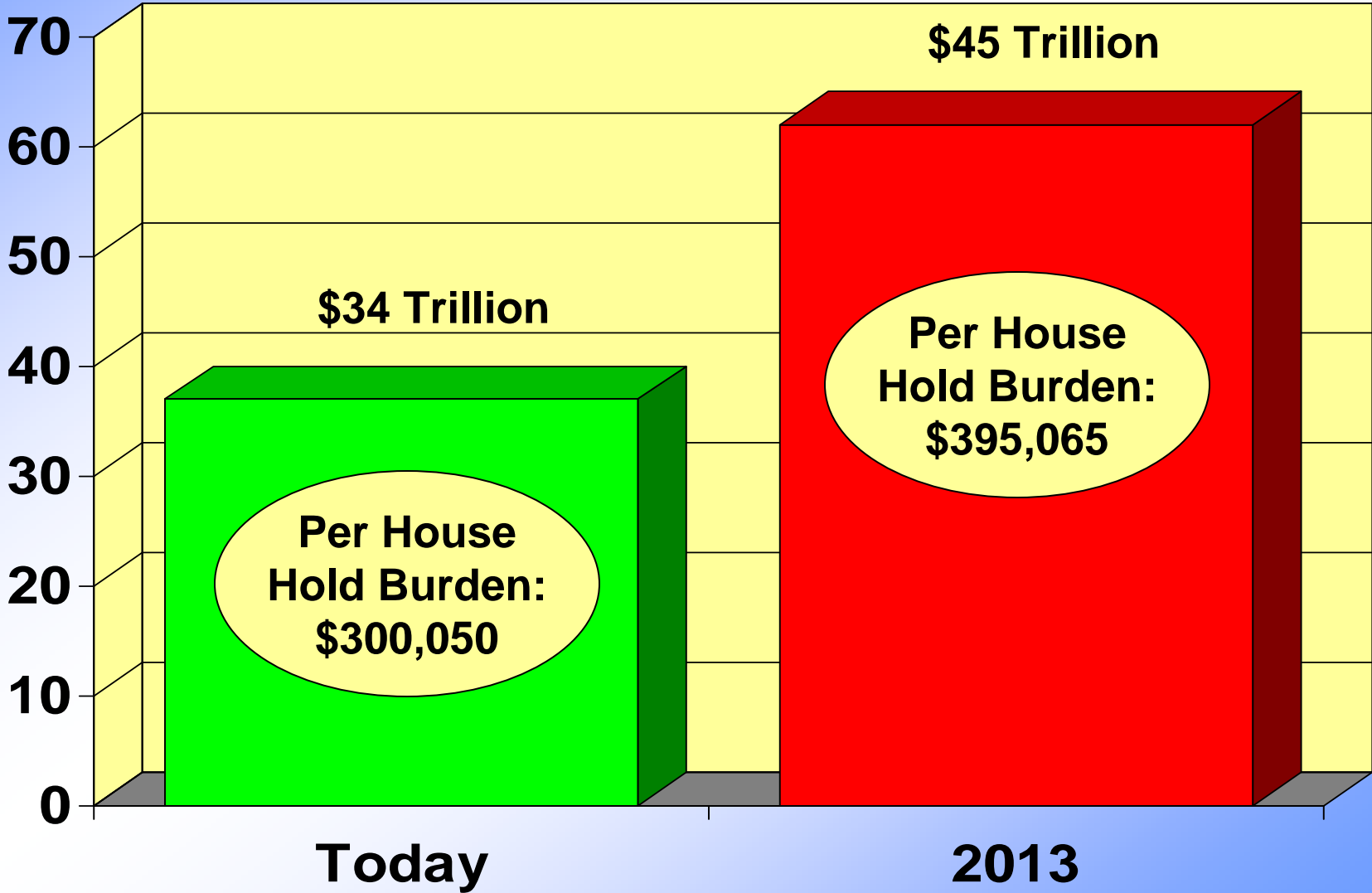
**- Federal Reserve Chairman Bernanke 2/28/2007**



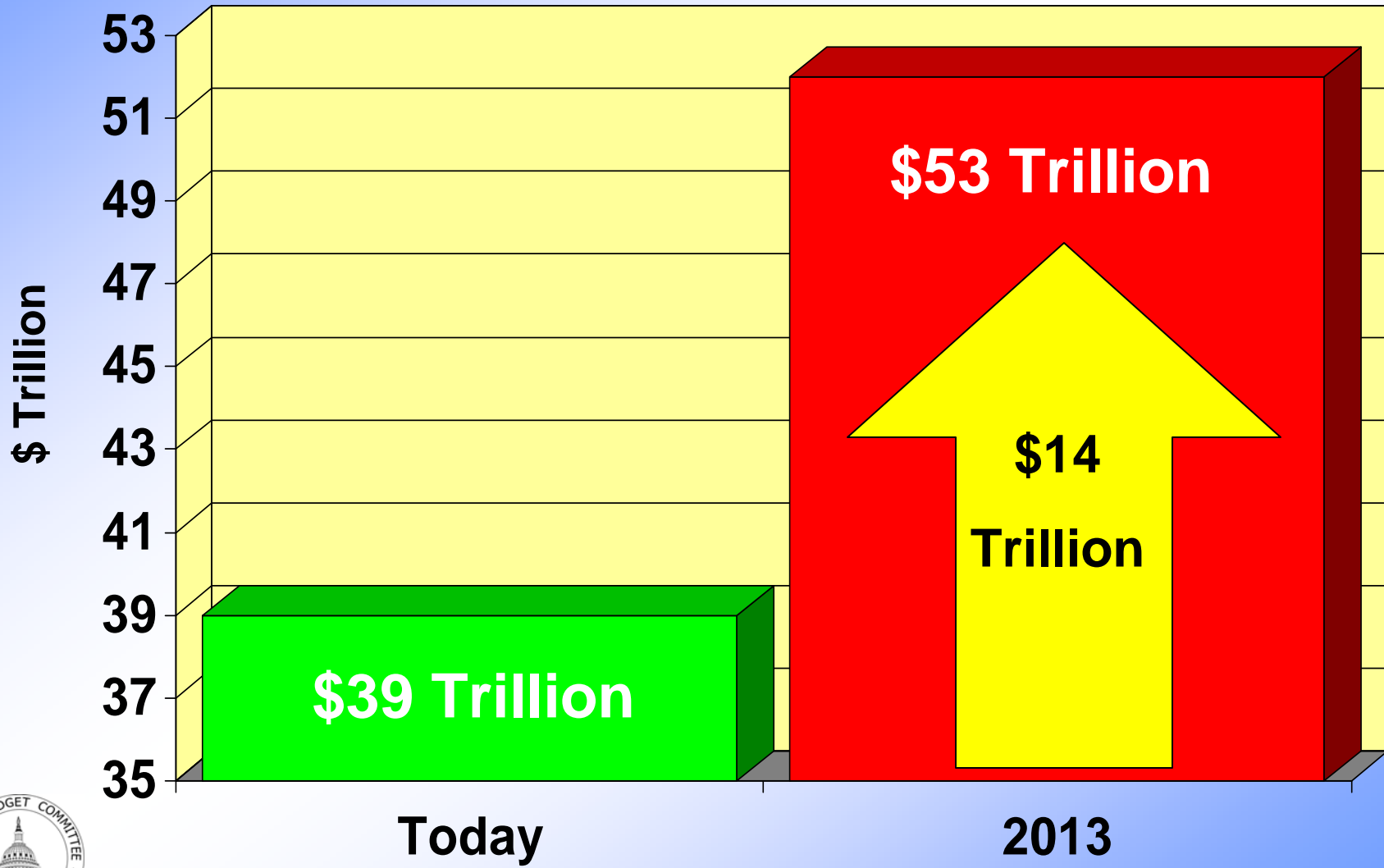


# Medicare's Unfunded Liability

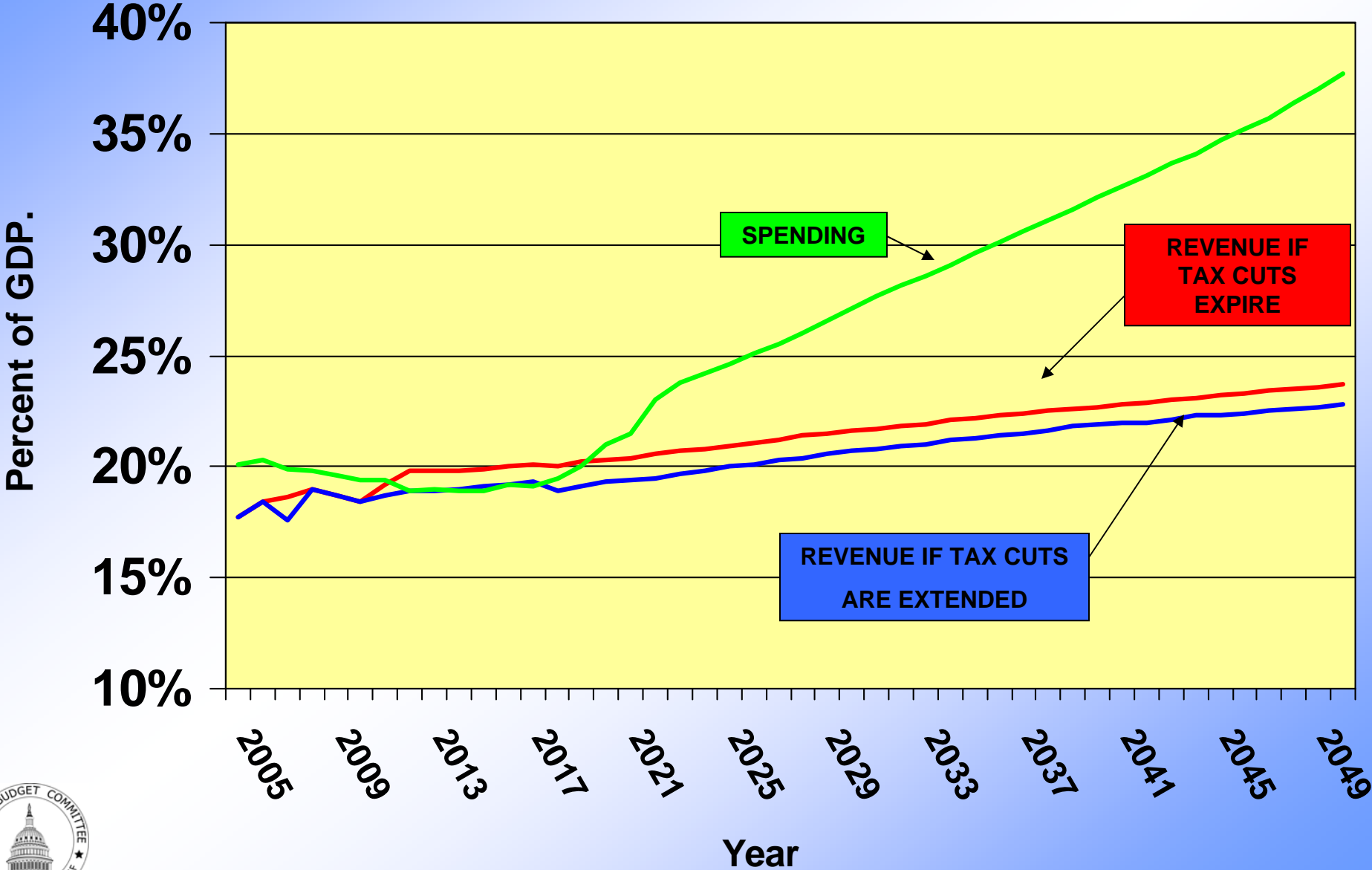
(Over 75 Years)



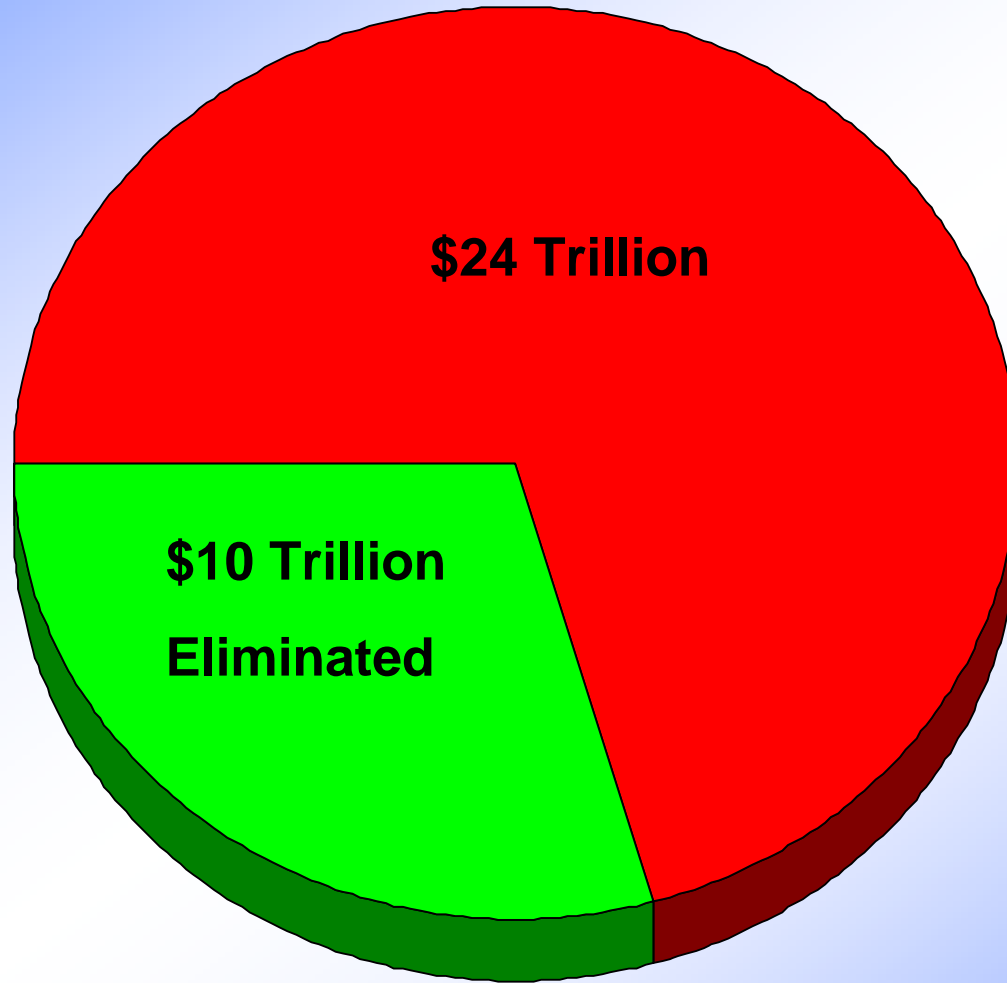
# Unfunded Liability of Social Security and Medicare (Over 75 Years)



# Spending Drives Long -Term Budget Problems



# President's Proposal Erases 30% of Medicare's Unfunded Liabilities

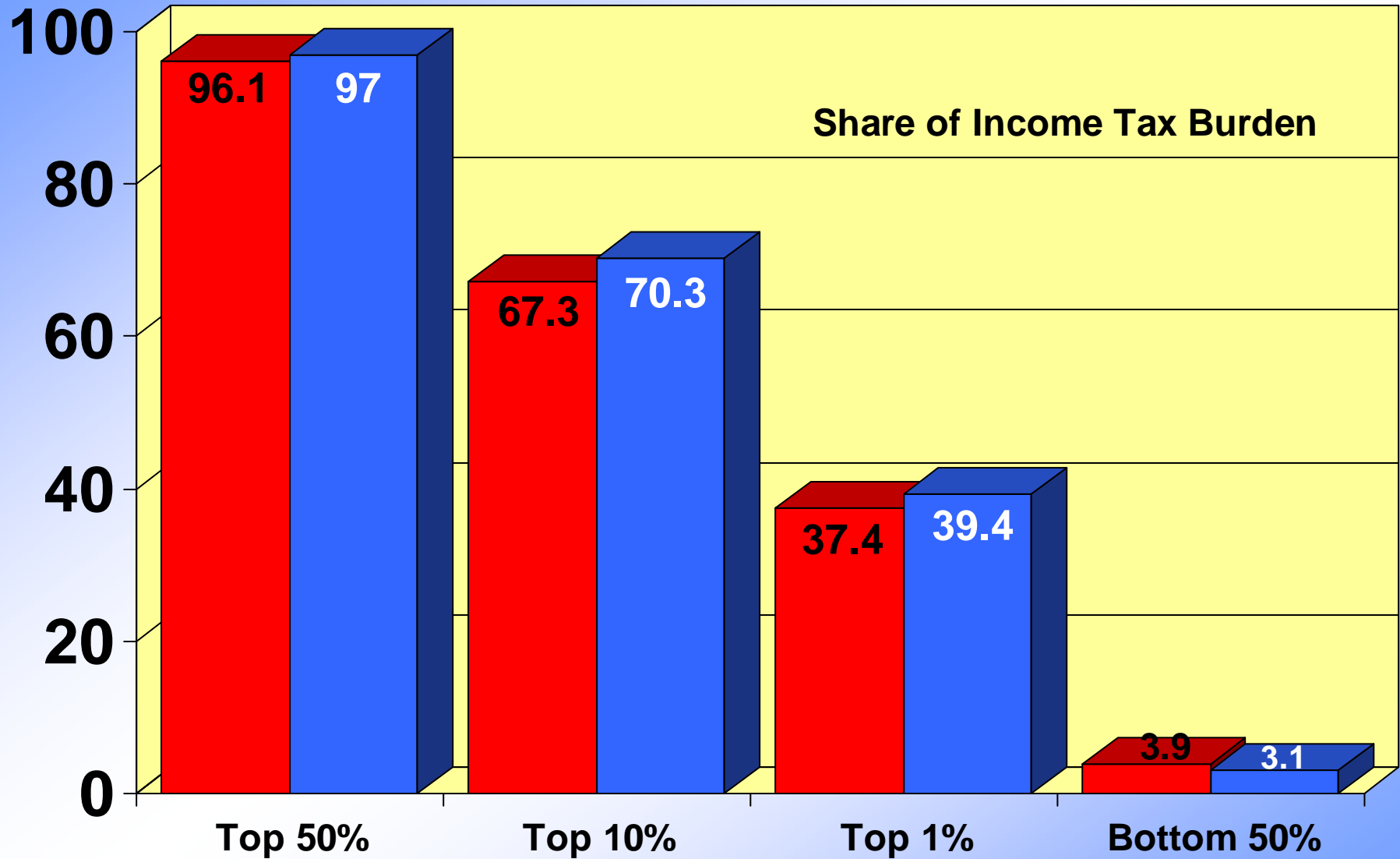


\$34,000,000,000,000

**Medicare's Unfunded Liability Under the President's Proposals.**



# Higher – Income Earners Bear Greater Tax Burden

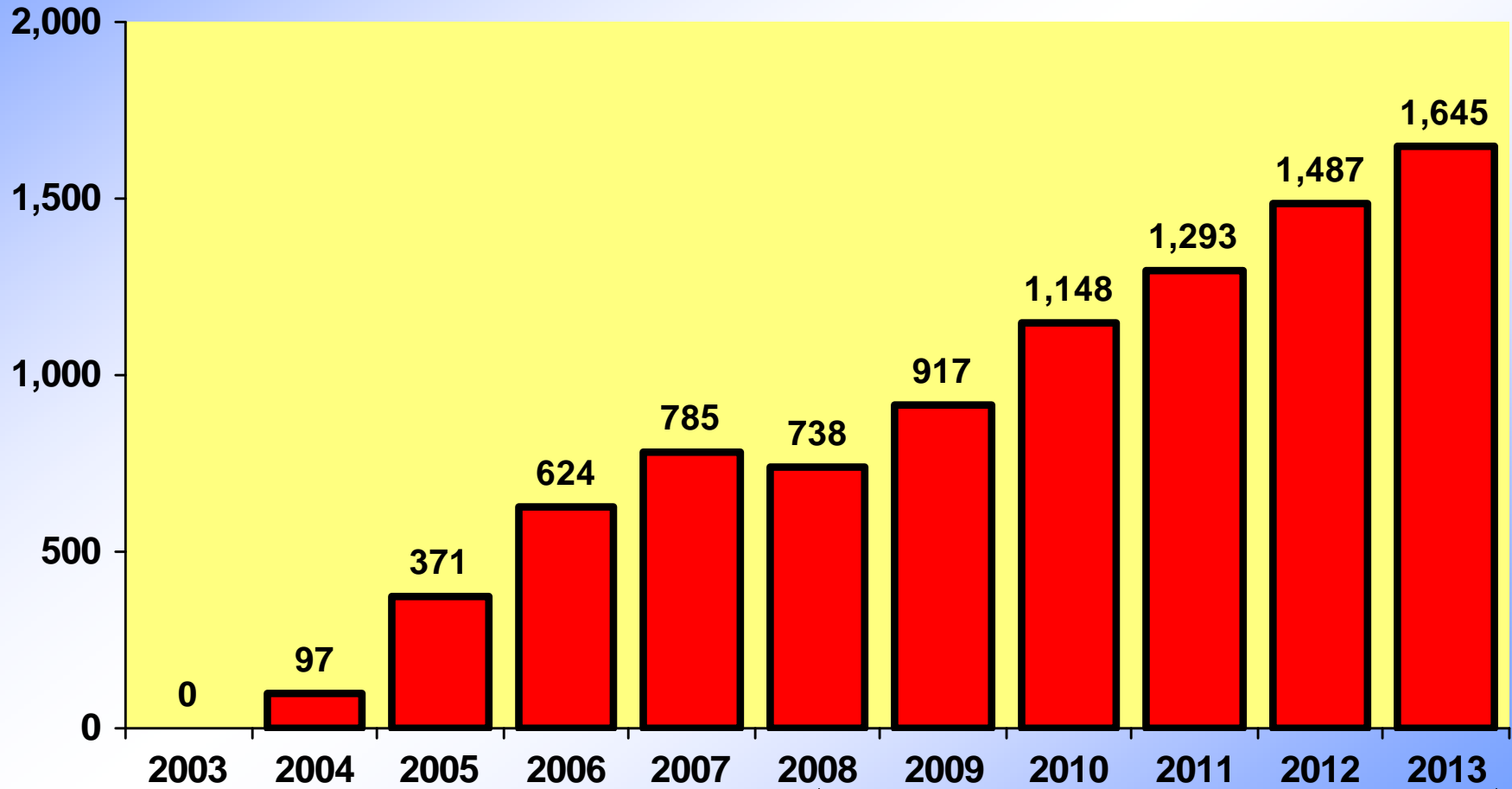


■ 2000 ■ 2005

Source: IRS



# Change in Receipts Since 2003 Tax Cuts *In Billions*

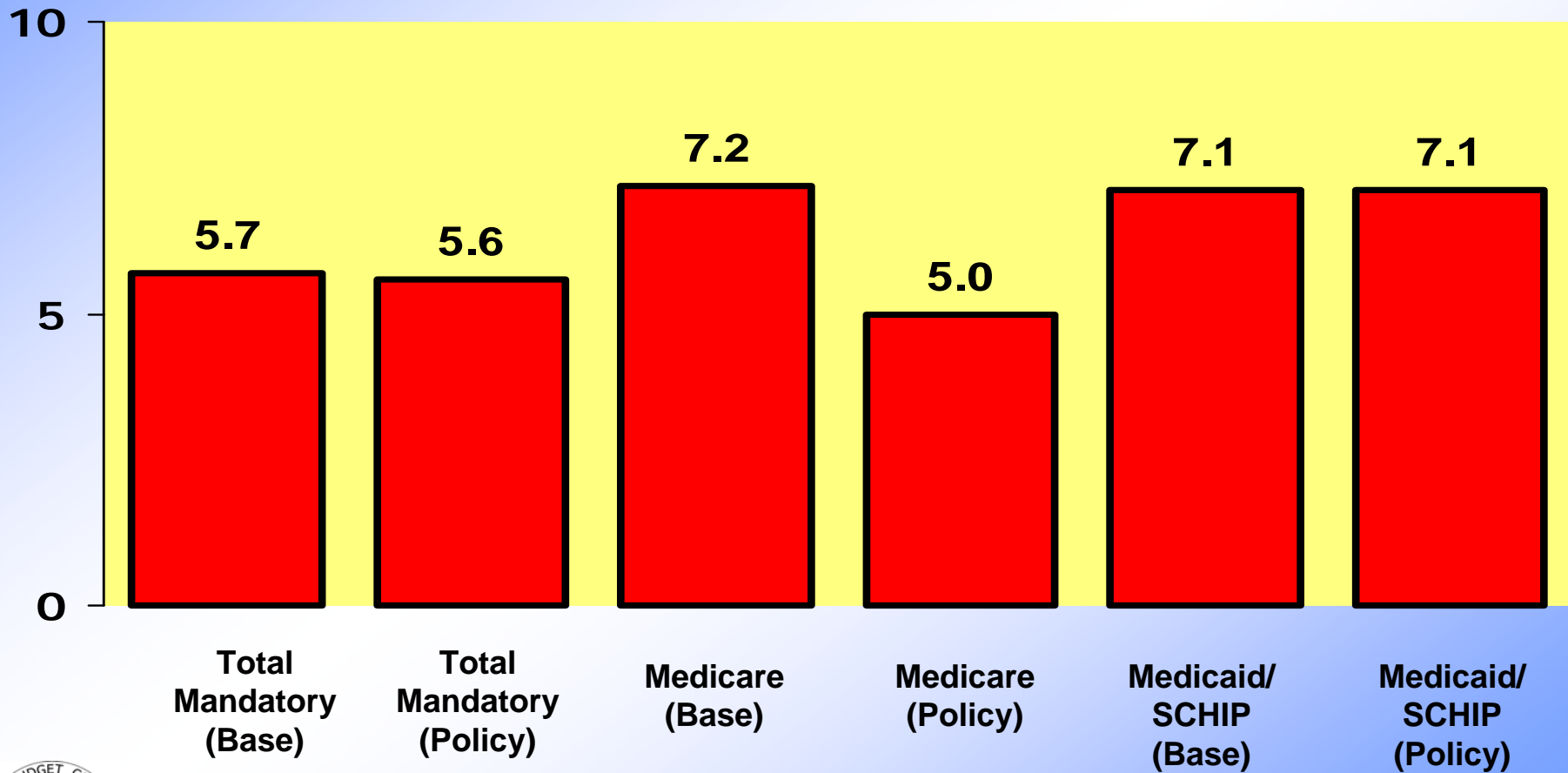


Estimates



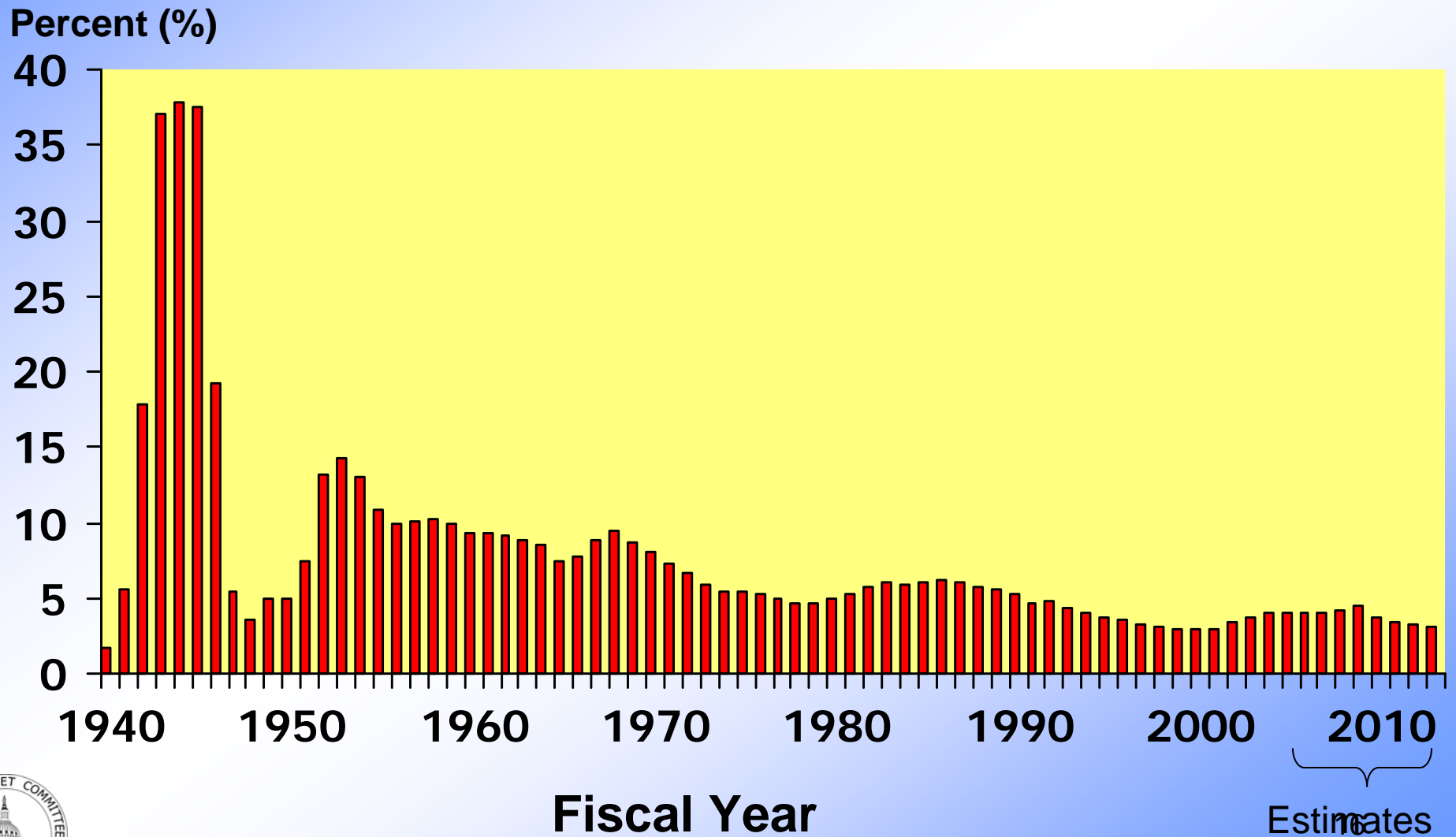
# 5-Year Average Growth Rate for Mandatory Spending

Percent (%)



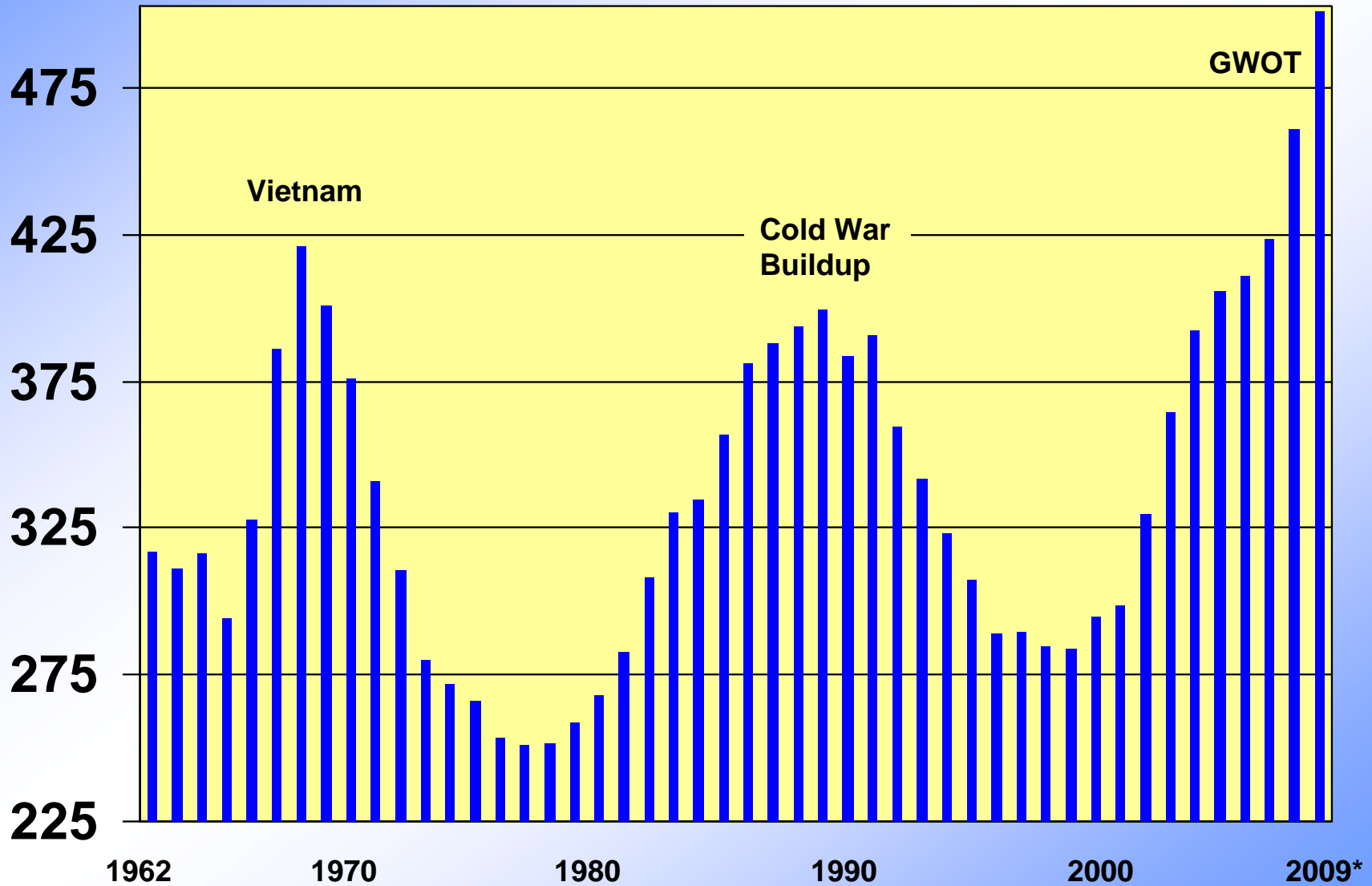
# National Defense

## *As a Percentage of GDP*



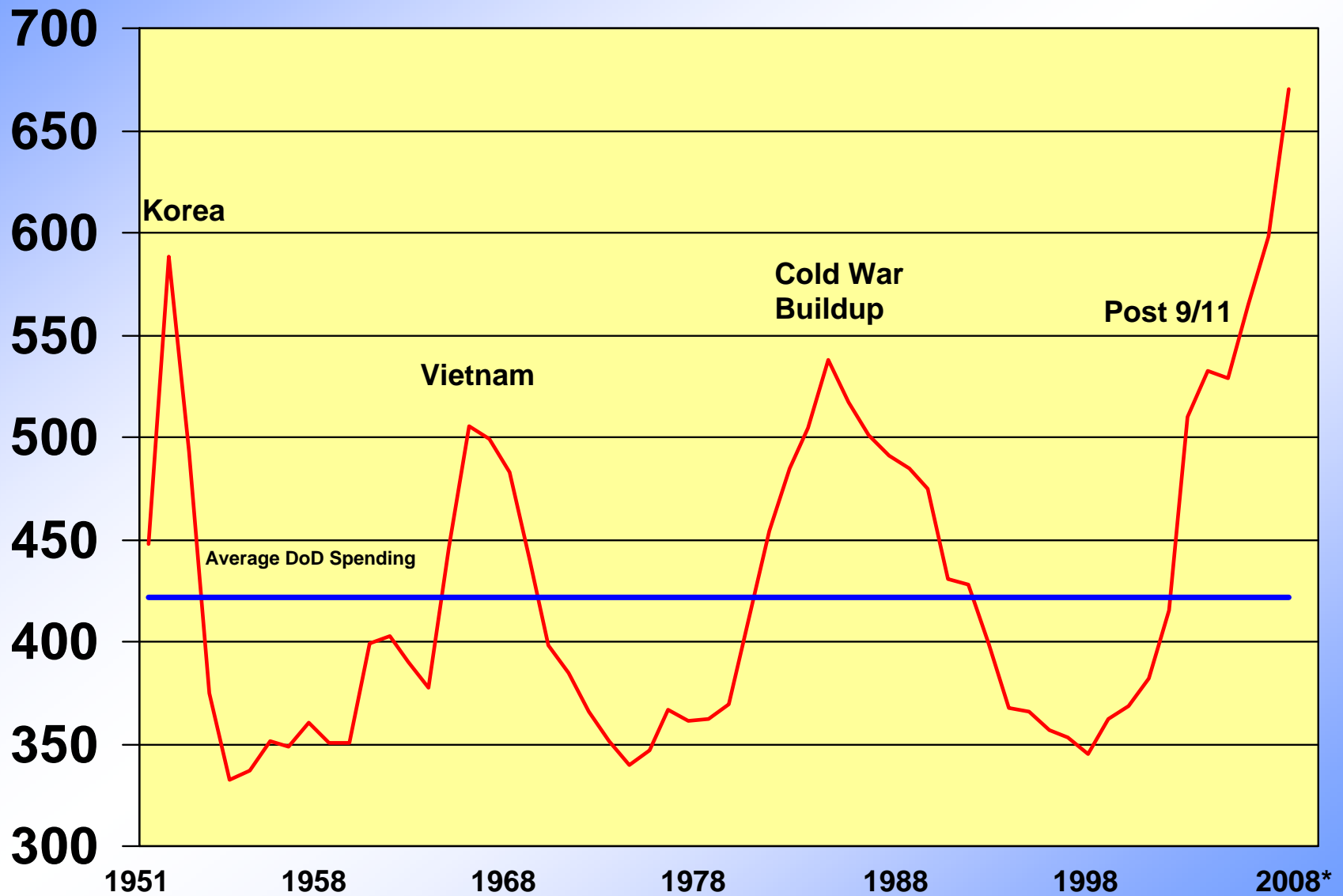


# National Defense (050) Outlays in Constant FY 2002 \$ Base and Emergency



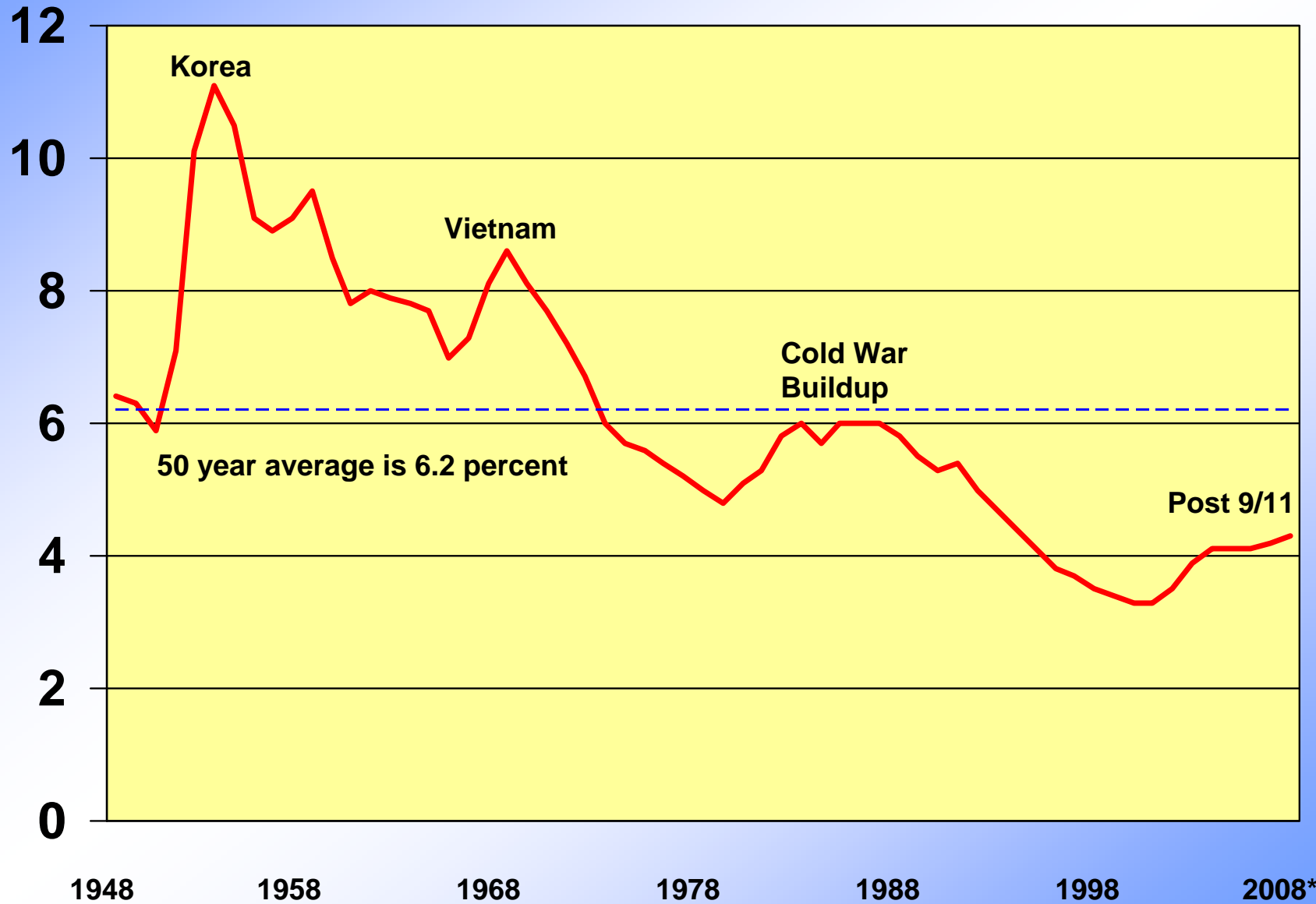
Source: OMB  
\* Estimate

# Department of Defense Budget Authority Constant FY 2008 \$



Source: DoD  
\*Estimate

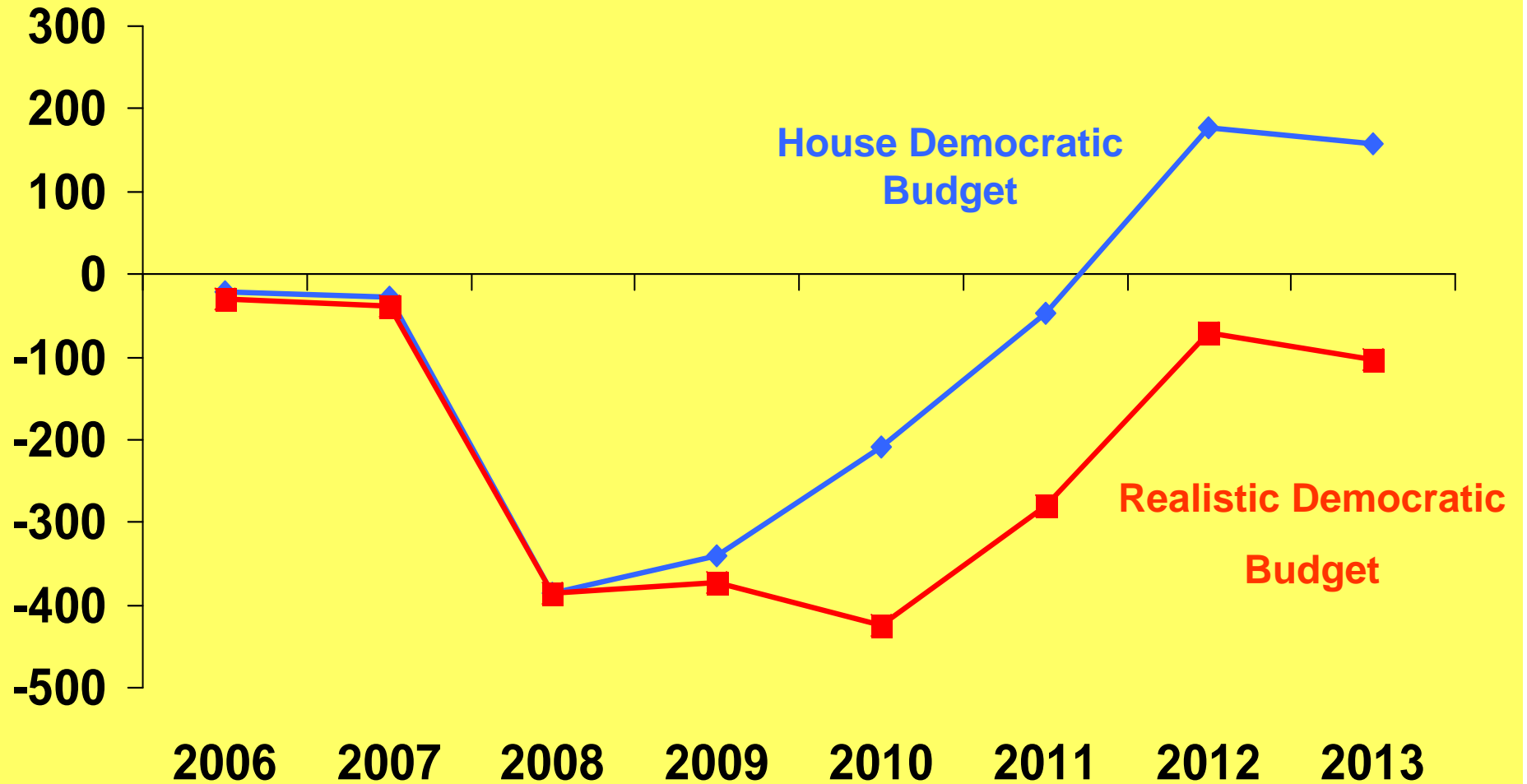
# National Defense Spending as a Percent of GDP



Source: OMB  
\* Estimate

# Realistic Analysis Shows Democratic Budget Never Reaches Balance

*Deficits in Billions of Dollars*



*\* Includes House Budget Committee Majority estimates of omitted costs such as AMT repair and realistic war costs*

## “Realistic” Deficits in House Democratic Budget

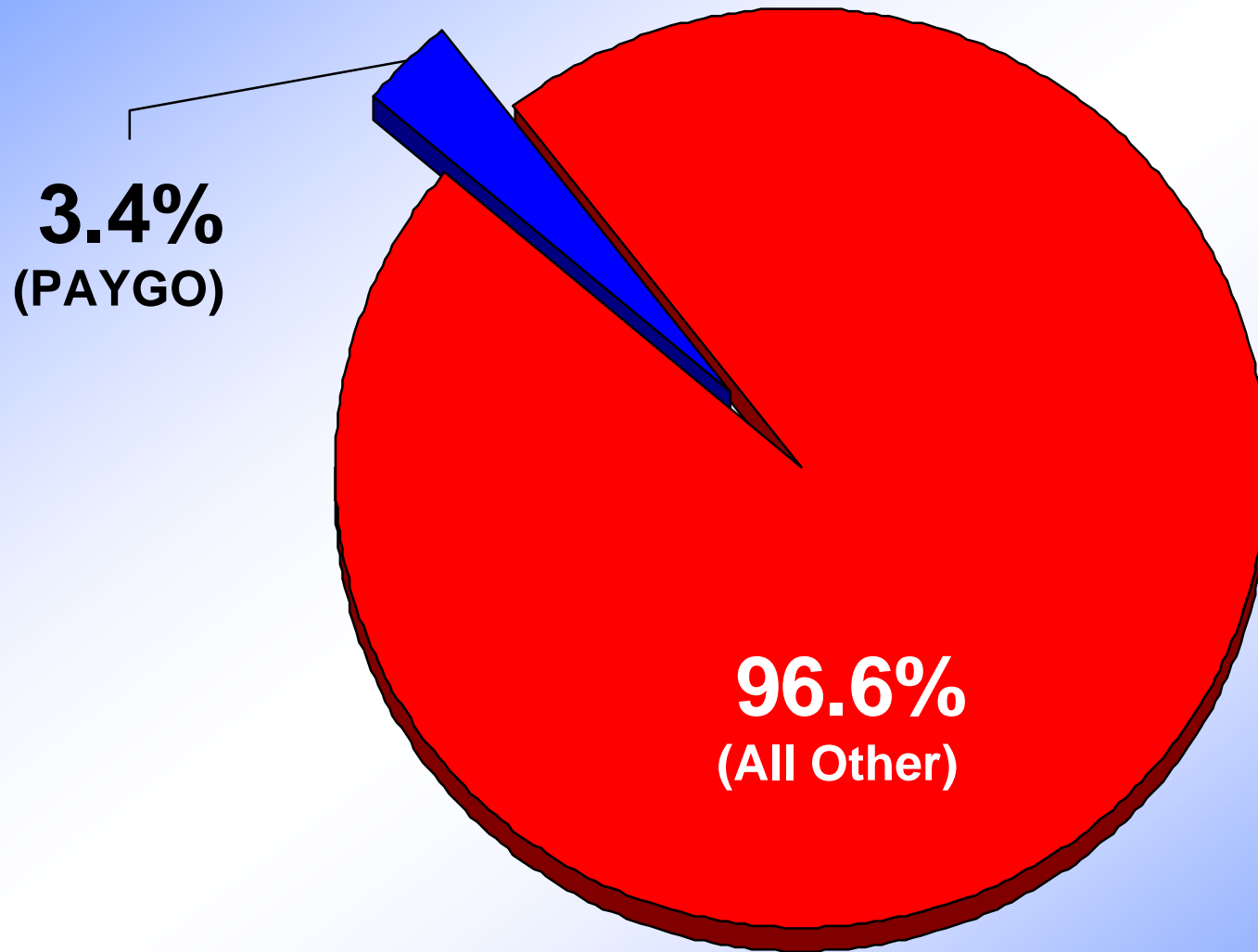
Billions of Dollars	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u> <u>2009-13</u>
<b><u>Chairman’s Mark:</u></b>							
<b>Deficits:</b>	-386	-340	-209	-48	178	158	-262
<b>Omitted Items*</b>							
Alternative Minimum Tax Reform	---	-8	-90	-89	-103	-118	<b>-408</b>
Ongoing Military Operations	---	-24	-119	-126	-117	-103	<b>-489</b>
Debt Service (CBO model)	---	<u>-1</u>	<u>-7</u>	<u>-17</u>	<u>-29</u>	<u>-41</u>	<b><u>-94</u></b>
<i>Total Adjustments</i>	---	-32	-215	-233	-248	-262	<b>-991</b>
<b>Resulting Deficits:</b>	<b>-386</b>	<b>-372</b>	<b>-424</b>	<b>-281</b>	<b>-70</b>	<b>-104</b>	<b>-1,253</b>

\* Based on House Budget Committee Majority’s estimates

# House Democratic Budget: Higher Deficits and Debt

<b>Gross Federal Debt</b>	
Debt when the Democrats took control of Congress	\$8.6 Trillion
Debt today	\$9.3 Trillion
Debt added so far	\$0.7 Trillion
Debt projected at the end of the Budget Resolution	\$11.5 Trillion
<b>Total Democratic increases to the debt</b>	<b>\$2.9 Trillion</b>
<b>Deficits Without Social Security Surplus</b>	
On-Budget Deficit, 2008	\$583
On-Budget Deficit, 2009	\$536
<b>Costs of Debt Service</b>	
Net Interest 2008	\$234
Net Interest, 2009	\$217

# Most Spending Increases Exempt from PAYGO

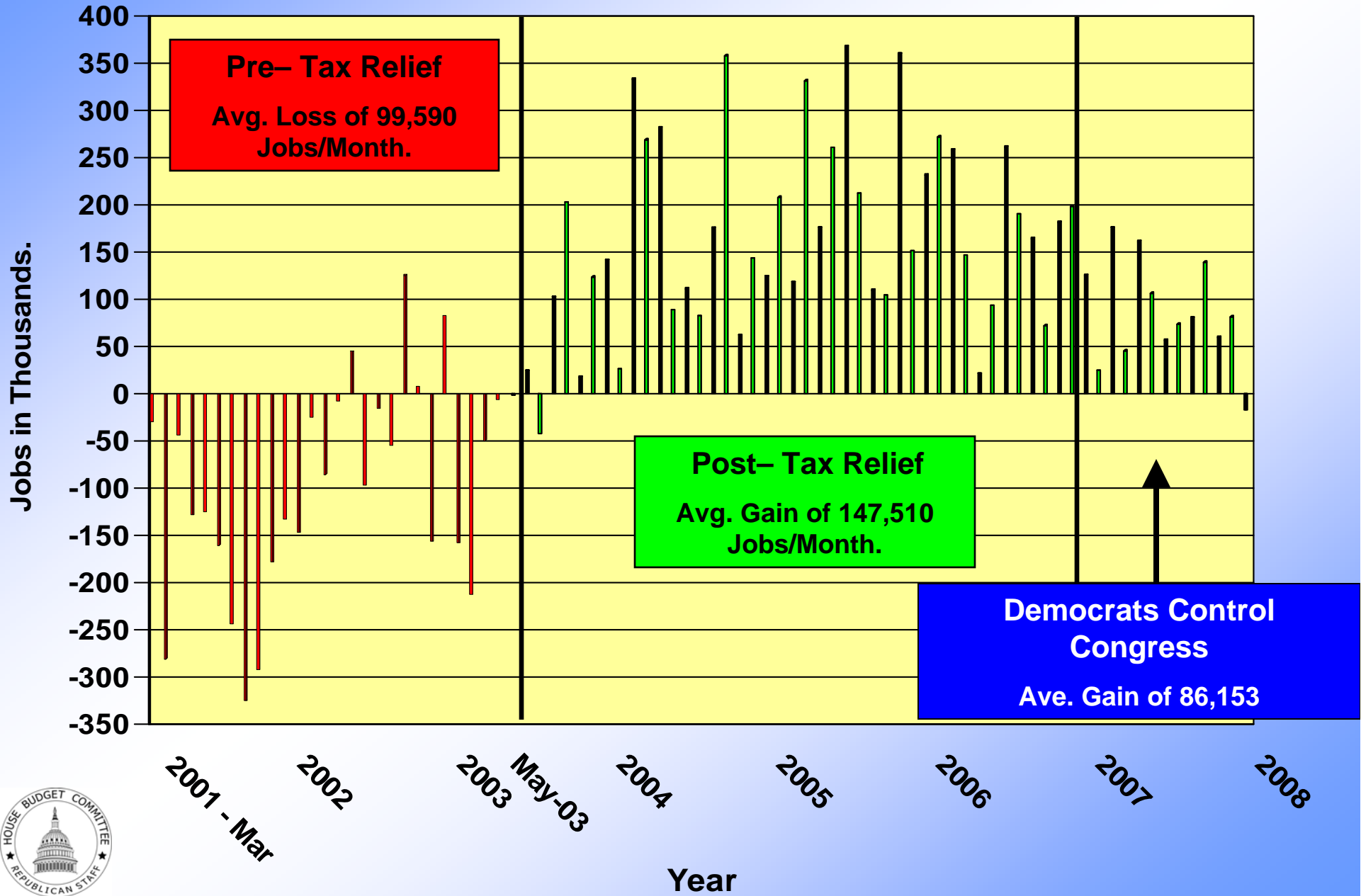


**\$173 Billion Increase in 2008**



Source: Derived from CBO data

# Job Creation





# Unemployment Rate



# Oil Prices



# Democrat Budget Assumes \$683 Billion Tax Increase

27

