

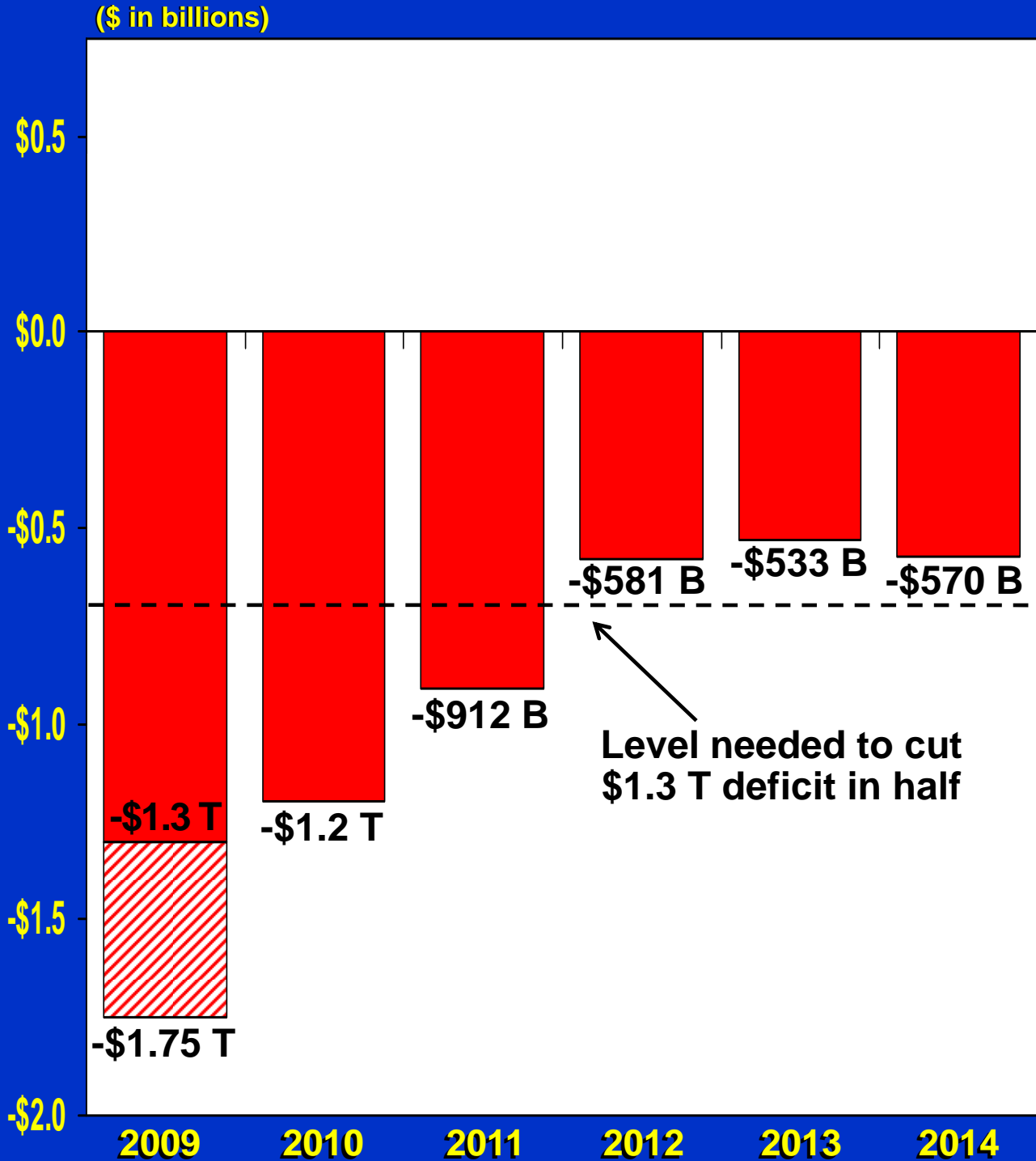
What President Obama Is Inheriting

- **Record deficits, doubling of national debt**
- **Worst recession since Great Depression**
- **Financial market and housing crises**
- **3.3 million jobs lost in last six months**
- **Ongoing wars in Iraq and Afghanistan**

Obama Budget Has Key Improvements Over Bush Budgets

- **More transparency, accounts for war costs**
- **Better priorities – key investments in energy, education, health care**
- **Cuts deficit in half**

Deficit Cut in Half in Four Years Under Obama Budget



Source: President Obama's FY 2010 Budget

Note: 2009 deficit estimate includes roughly \$450 B in policy changes since President Obama took office (including enactment of economic recovery package and placeholder for TARP II funds). Excluding those policy changes, the deficit for 2009 is estimated at \$1.3 trillion.

President Obama Committed to Paying for Cost of Health Reform

“We’ve also set aside in our budget a health care reserve fund to finance comprehensive reform. I know that more will be required, but this is a significant down payment that’s fully paid for, does not add one penny to our deficit.”

**–President Barack Obama
Remarks at White House Health Summit
March 5, 2009**

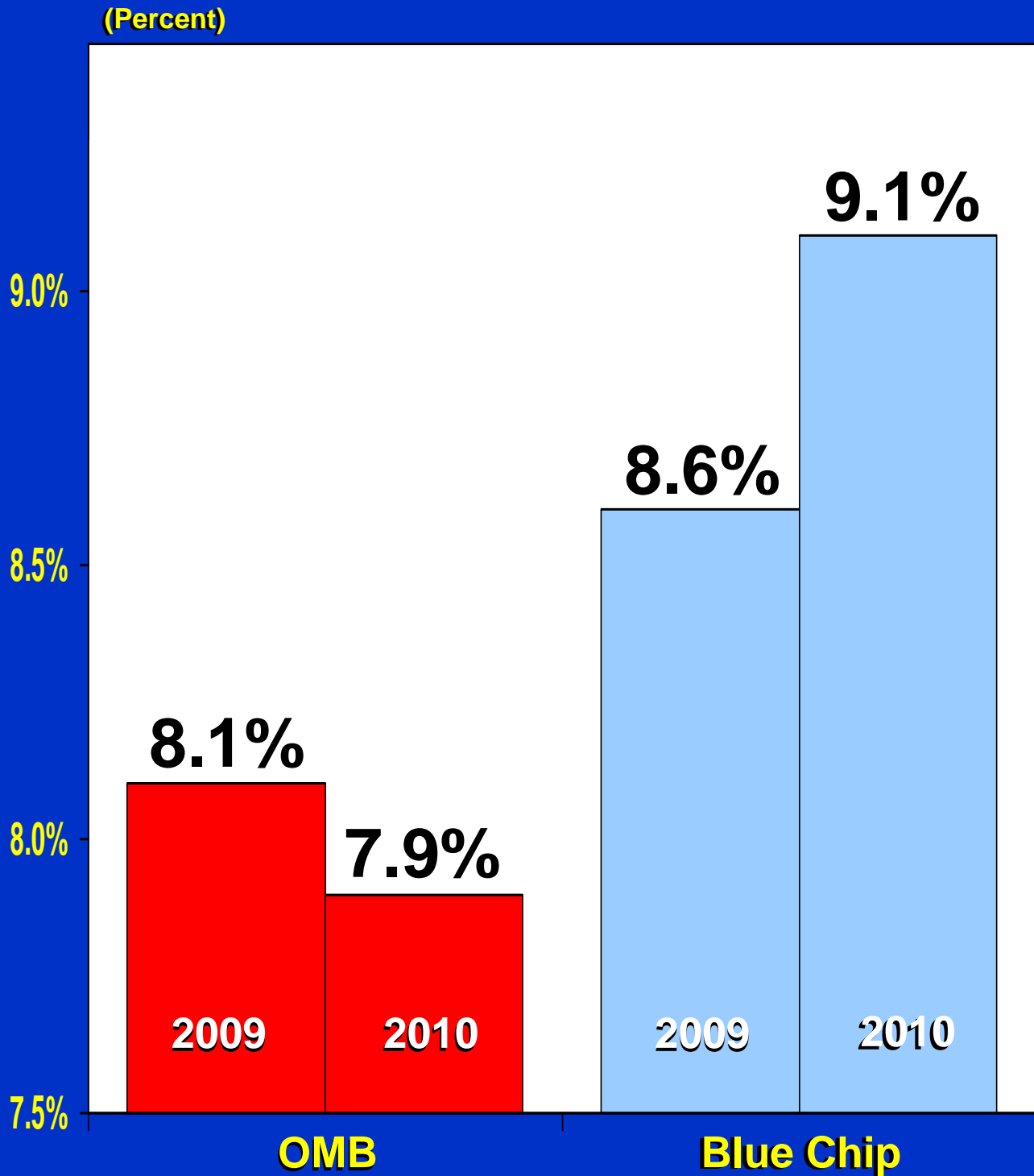
Revenue Changes in Obama Budget

| | |
|--|-----------------|
| Extend 2001 and 2003 tax cuts for those under \$250,000 | -\$2.0 T |
| Making Work Pay / other provisions for individuals, businesses | -\$940 B |
| AMT relief | -\$576 B |
| Cap and Trade | \$646 B |
| Loophole closures, international reforms | \$353 B |
| Limit itemized deductions (not in budget totals) | <u>\$318 B</u> |
| Total Tax Cuts | -\$2.2 T |

Source: OMB

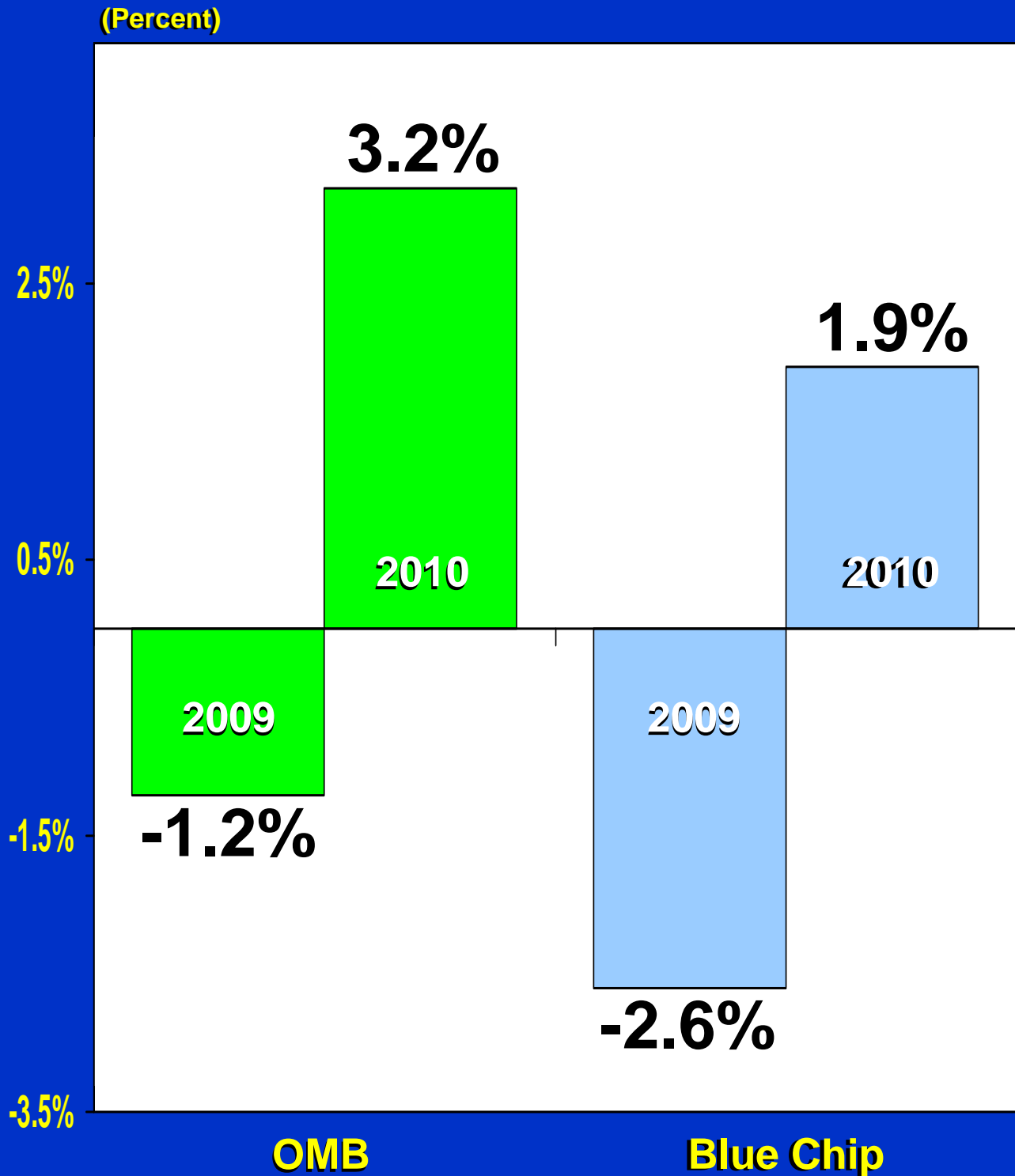
Note: Revenue totals include outlays associated with refundable tax provisions.

OMB vs. Blue Chip Forecasts of the Unemployment Rate



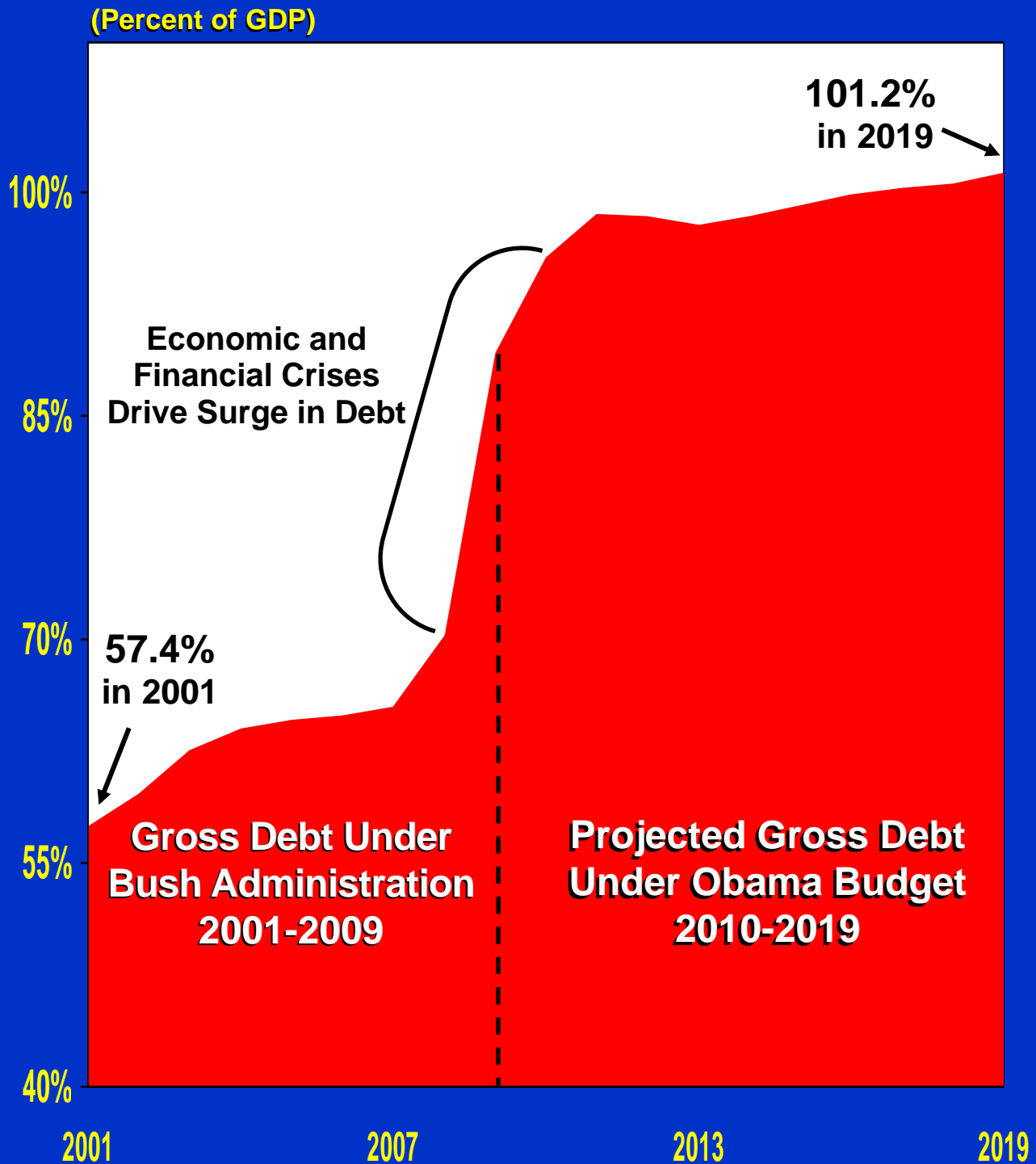
Sources: OMB, Blue Chip Economic Indicators (March 10, 2009)

OMB vs. Blue Chip Forecasts of Real GDP Growth



Sources: OMB, Blue Chip Economic Indicators (March 10, 2009)

Gross Debt as a Percent of GDP



Source: OMB

President Obama on Need for Further Action to Address Long-Term Fiscal Imbalance

“Now, I want to be very clear. While we are making important progress towards fiscal responsibility this year, in this budget, this is just the beginning. In the coming years, we’ll be forced to make more tough choices, and do much more to address our long-term challenges.”

**–President Barack Obama
Remarks at Fiscal Responsibility Summit
February 23, 2009**