America’s Debt Crisis

GDP

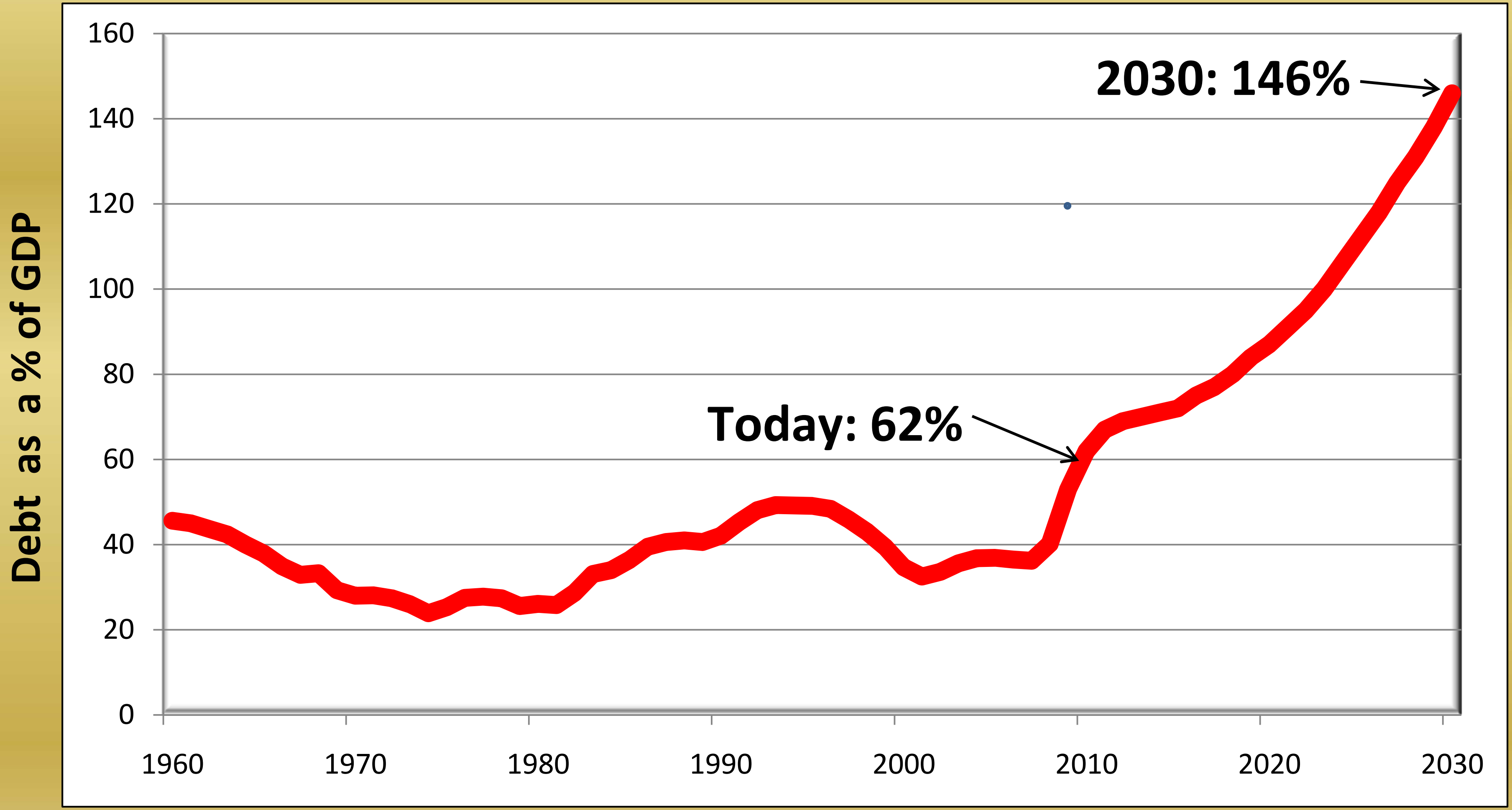
Gross Domestic Product

CBO

Congressional Budget Office

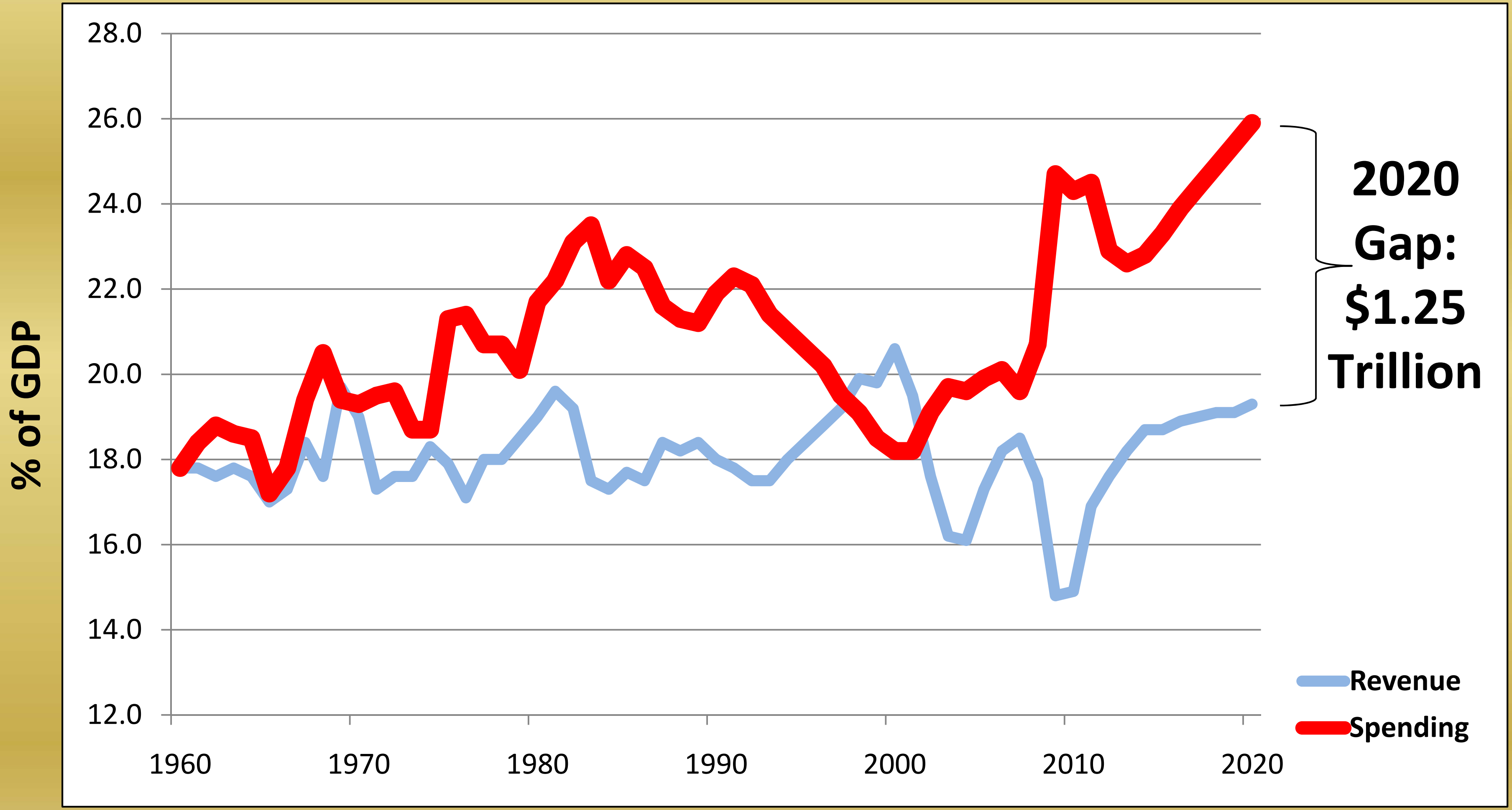
(Nonpartisan)

Ignored Crisis: A Looming Wave of Debt



Sources: Office of Management and Budget Historical Tables, Congressional Budget Office Alternative Fiscal Scenario

Widening Gap Between Spending and Revenue

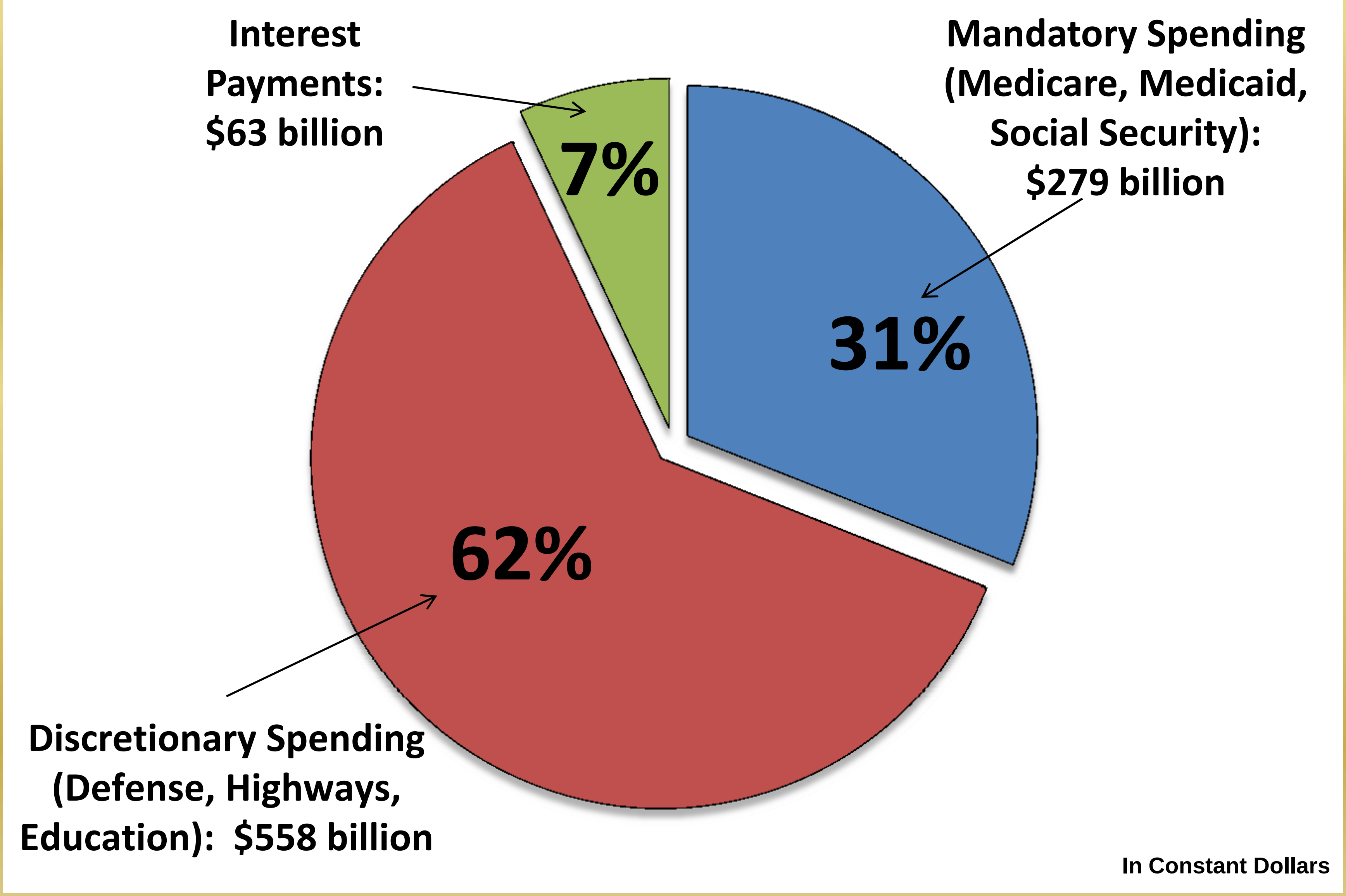


Sources: OMB Historical Tables (1940-2009), Congressional Budget Office's Long-Term Budget Outlook Alternative Fiscal Scenario

Washington "Budgeting"

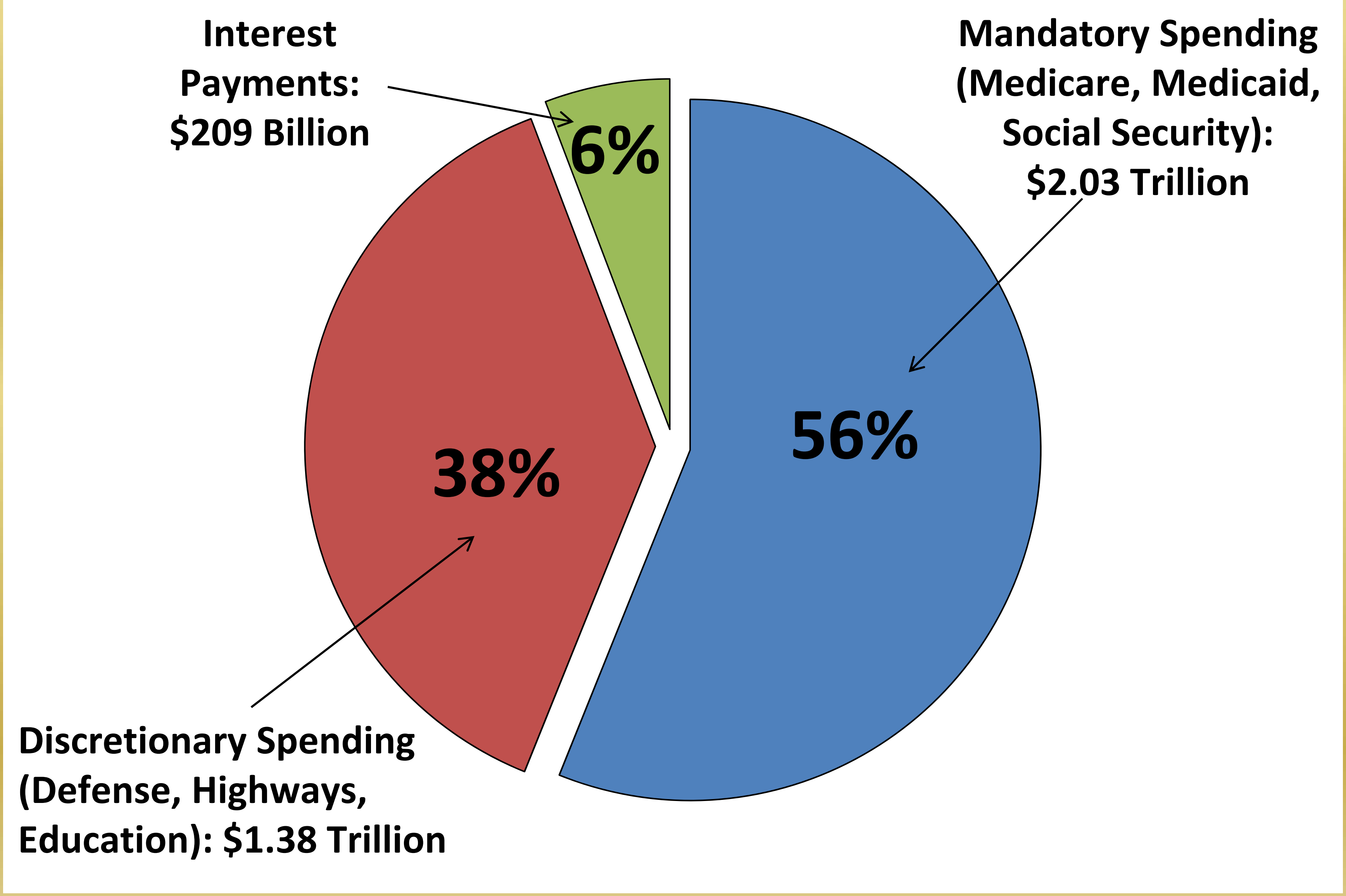
- In 2008, average TN household **earned $43,000**
- Using Washington logic, they would **spend $70,300**
- That's **$27,300** more than they earn
- Washington borrowed about 40 cents for every dollar they spent over the last two years

1970 Spending



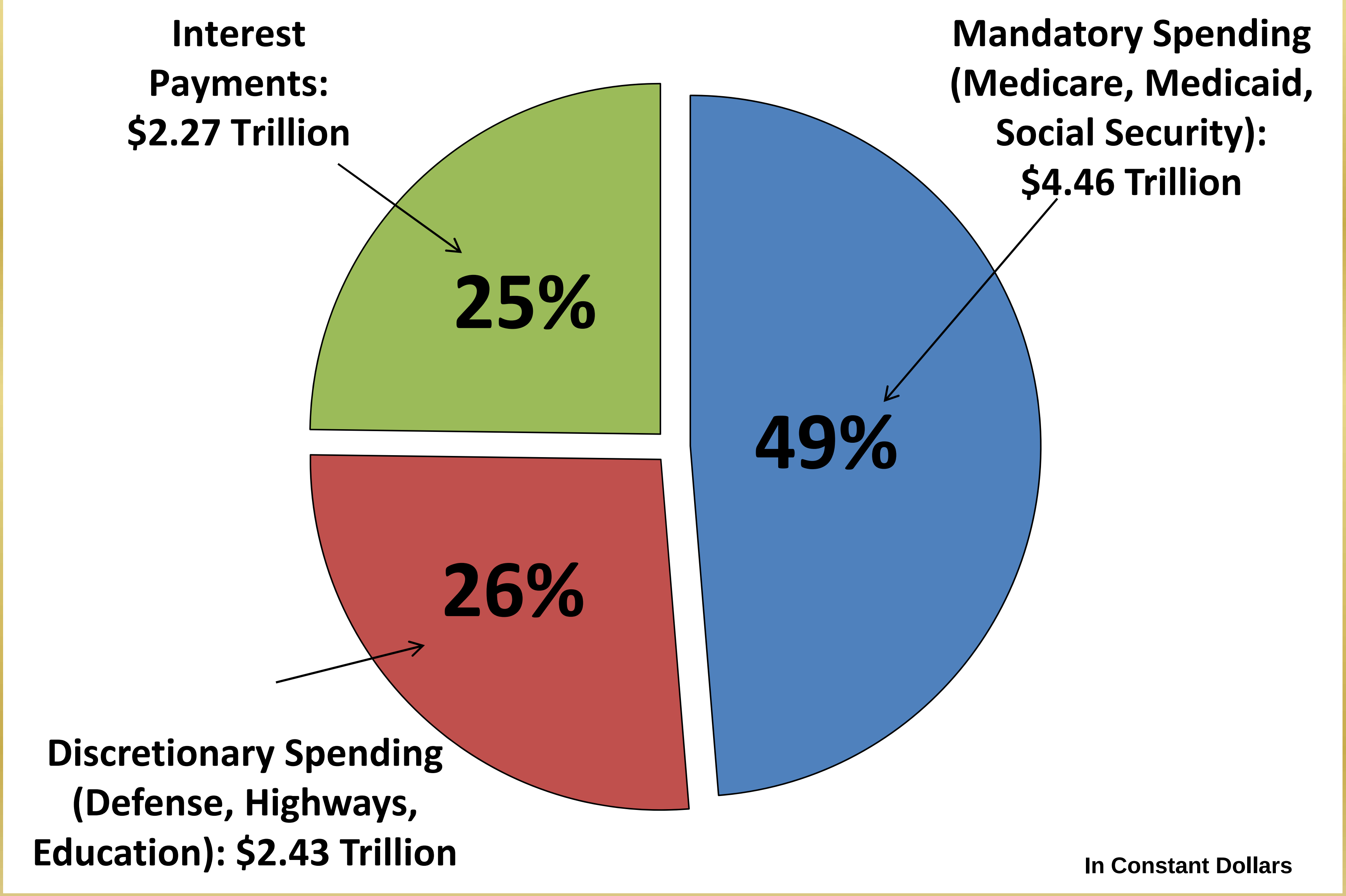
Source: Congressional Budget Office

2010 Spending



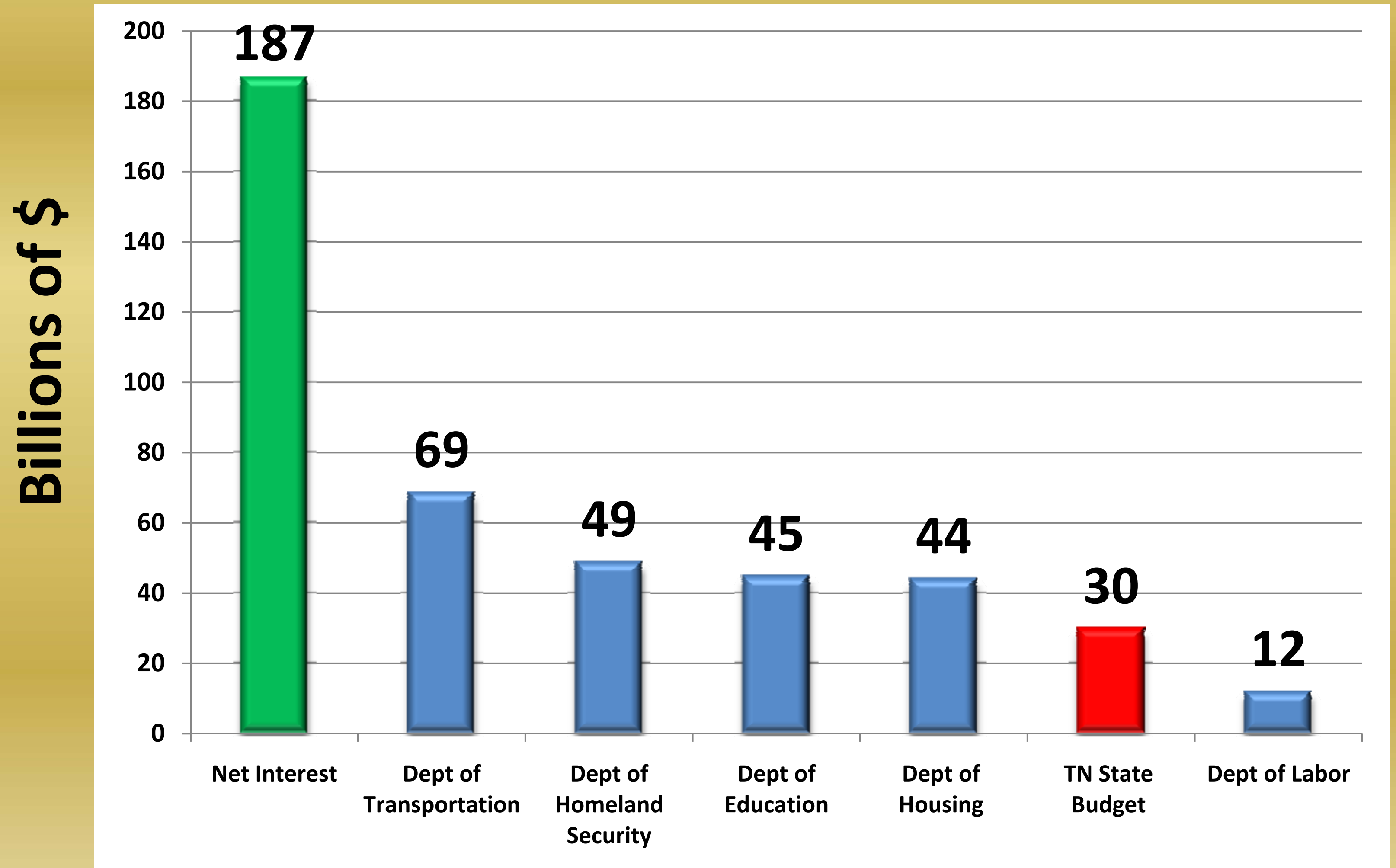
Source: Congressional Budget Office

2035 Spending



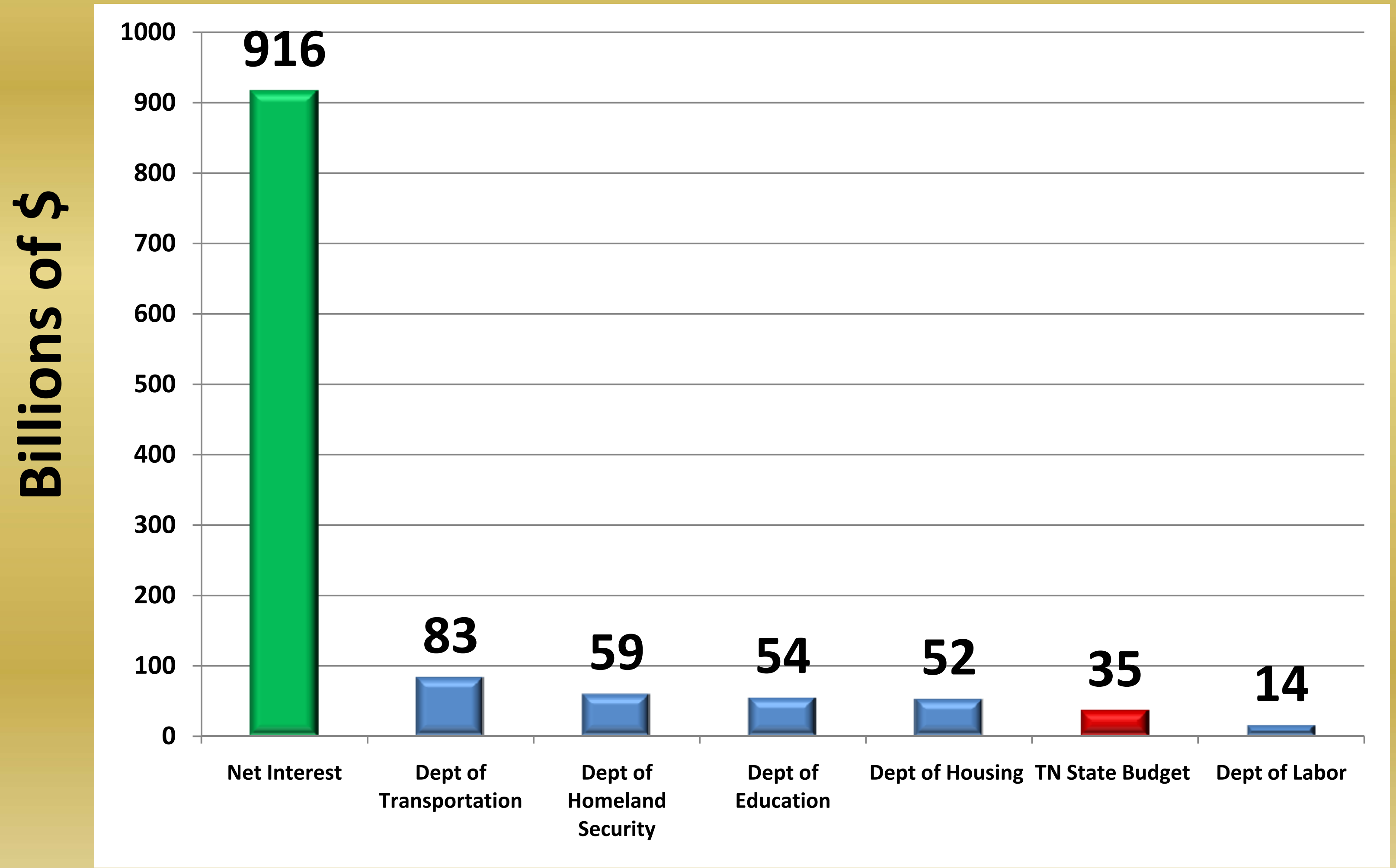
Source: Congressional Budget Office, Alternative Fiscal Scenario

Debt Isn't Free:
Putting 2009 Costs Into Perspective



Sources: President's FY'11 Budget, CBO, TN 2010-11 Budget

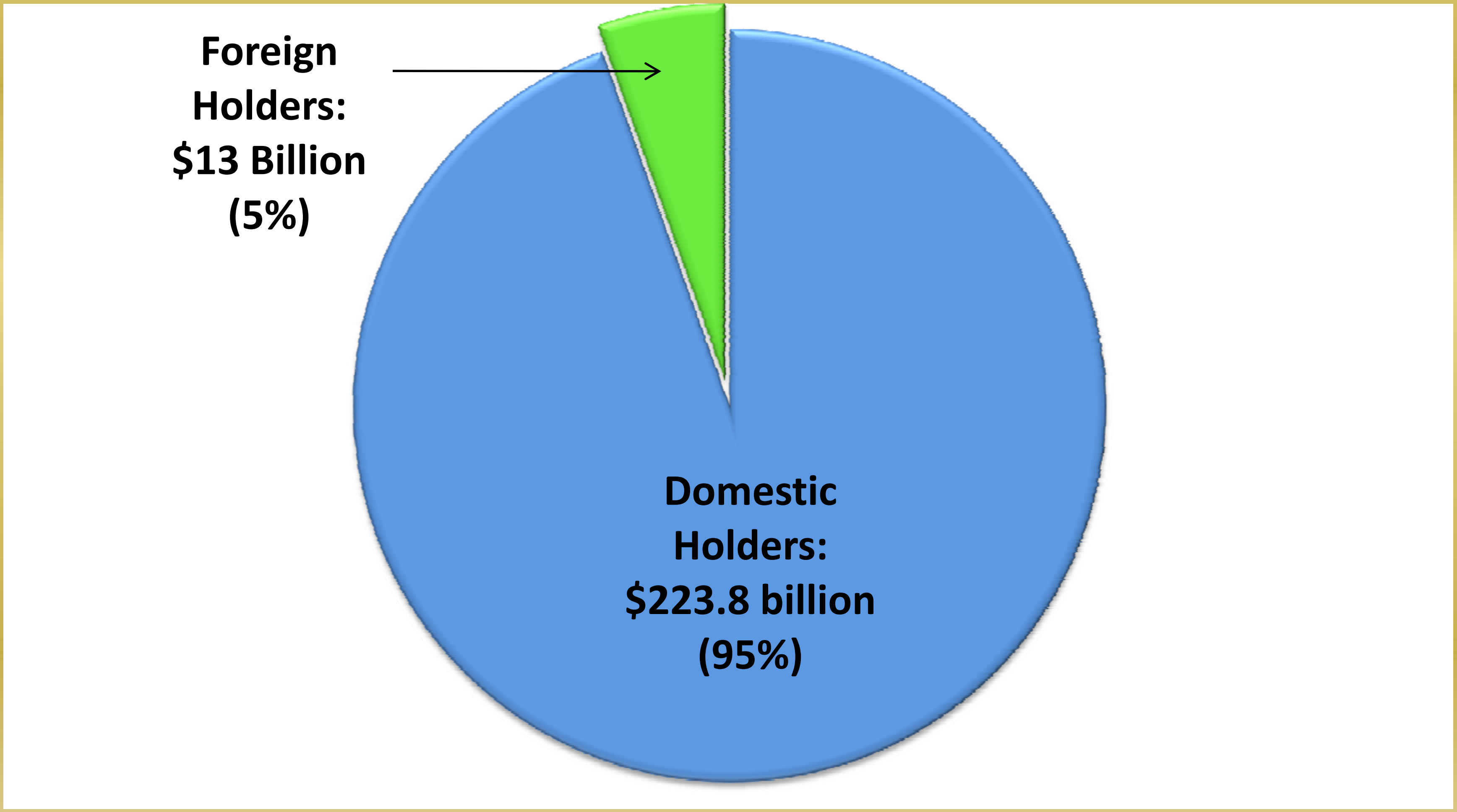
Debt Isn't Free:
Putting 2020 Costs Into Perspective



Sources: President's FY'11 Budget, CBO, TN 2010-11 Budget

Who Owned America's Debt in 1960?

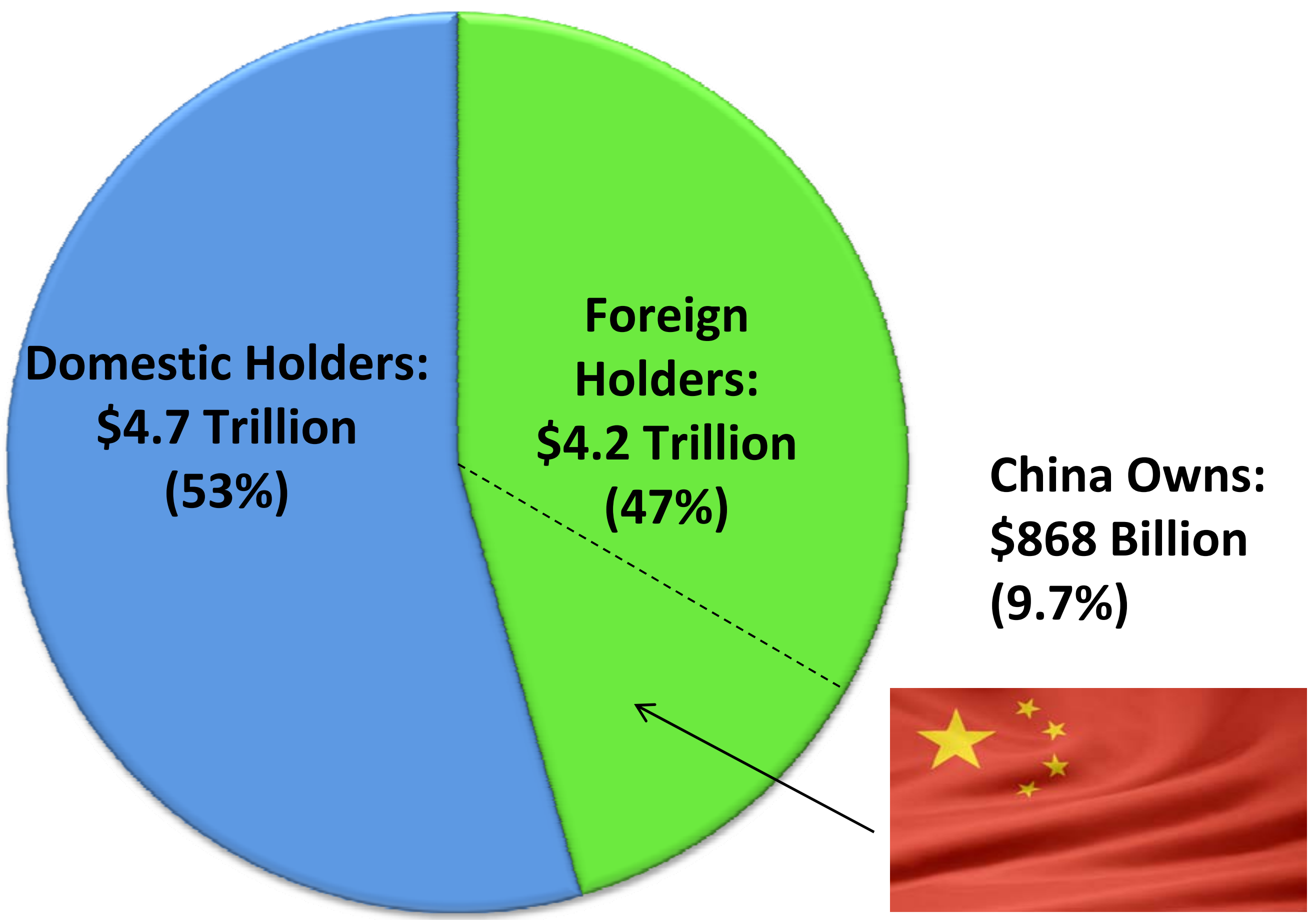
Total Publicly Held Debt: **$236.8 Billion**



Source: OMB and Department of the Treasury

Who Owns America's Debt in 2010?

Total Publicly Held Debt: **$8.9 Trillion**



Source: Department of the Treasury, Federal Reserve Board

Plenty of blame to go around

Context

Spending: 20.3% of GDP over the last 50 years

Spending in 2020: 25.9% of GDP

Revenue: 18.0% of GDP over the last 50 years

Revenue in 2020: 19.3% of GDP

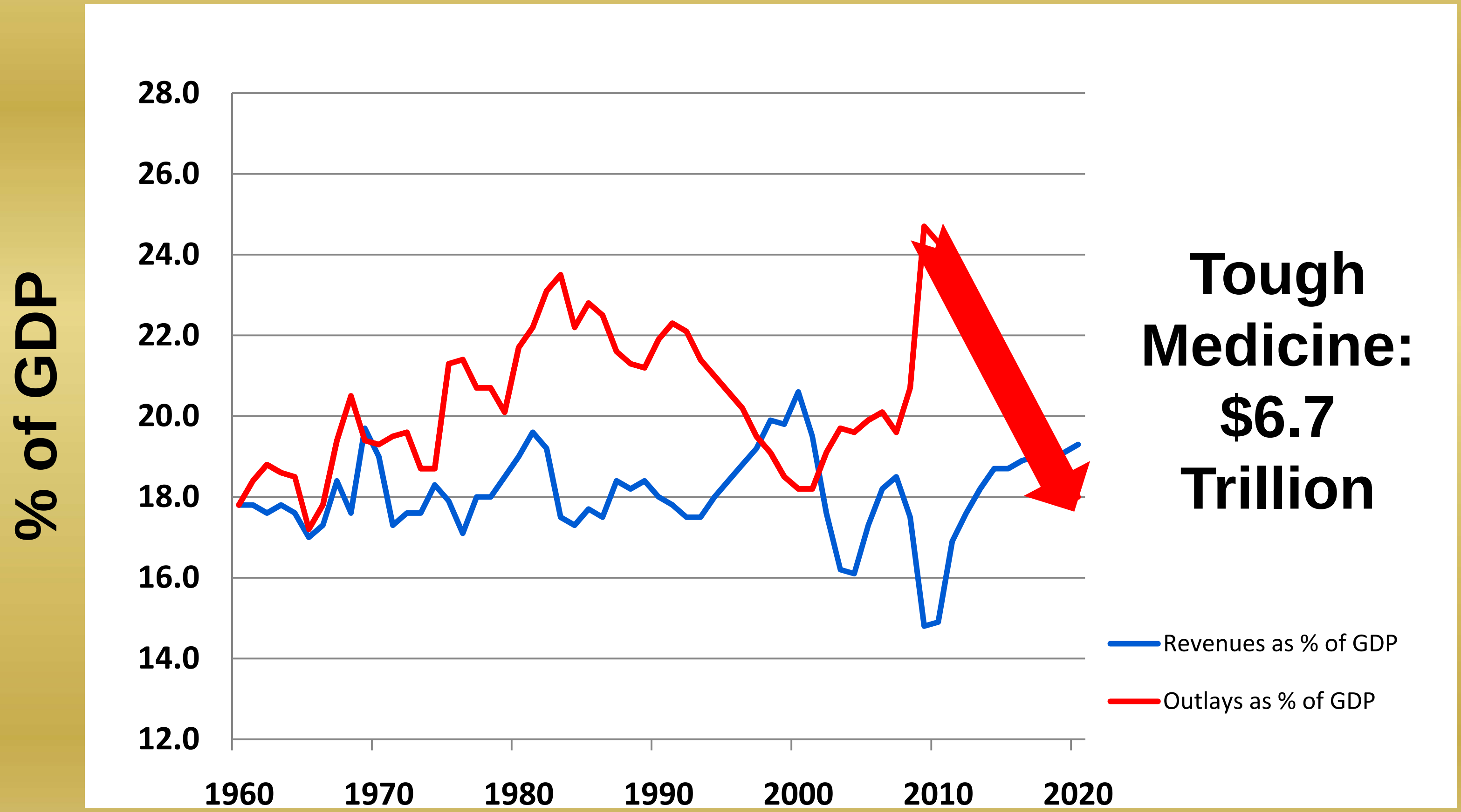
What is Right Amount of Spending?

21% of GDP: Erskine Bowles

20.3% of GDP: 50-year Average

18% of GDP: Balanced Budget

Getting Spending Back to a Balanced Budget: $6.7 Trillion Reduction in Spending Over Ten Years



Getting to 21% of GDP would be $3.4 Trillion
Getting to 20.3% of GDP would be $4.5 Trillion

$670 billion a year
is about what we spend
on …

Fundamentally change the way Washington does business

A construct that forces us to cap spending and incentivize growth

We should not leave our children and grandchildren with this crippling debt

U.S. Senator Bob Corker