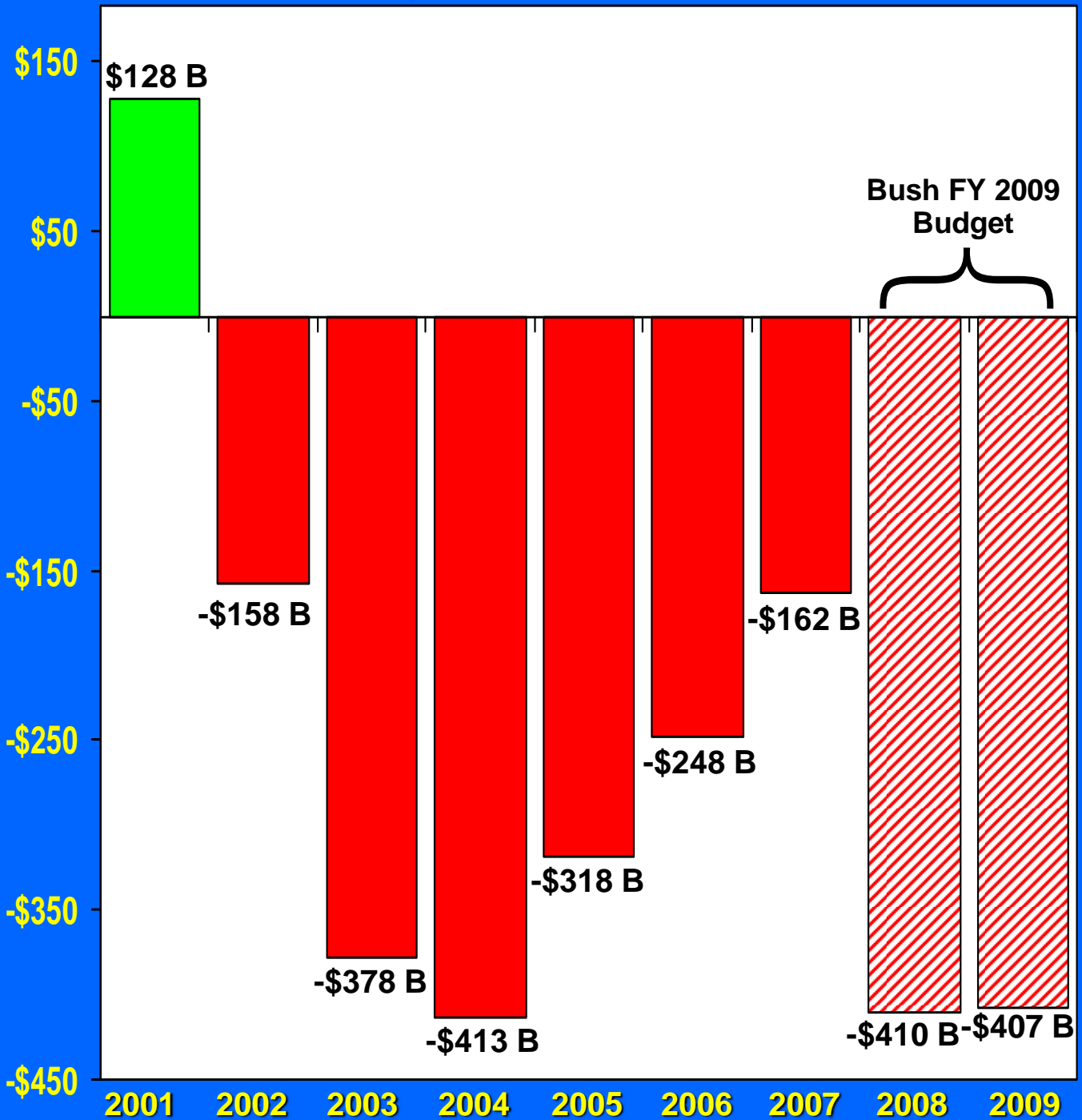


Dramatic Deterioration in Budget Picture

(Deficit in billions of \$)

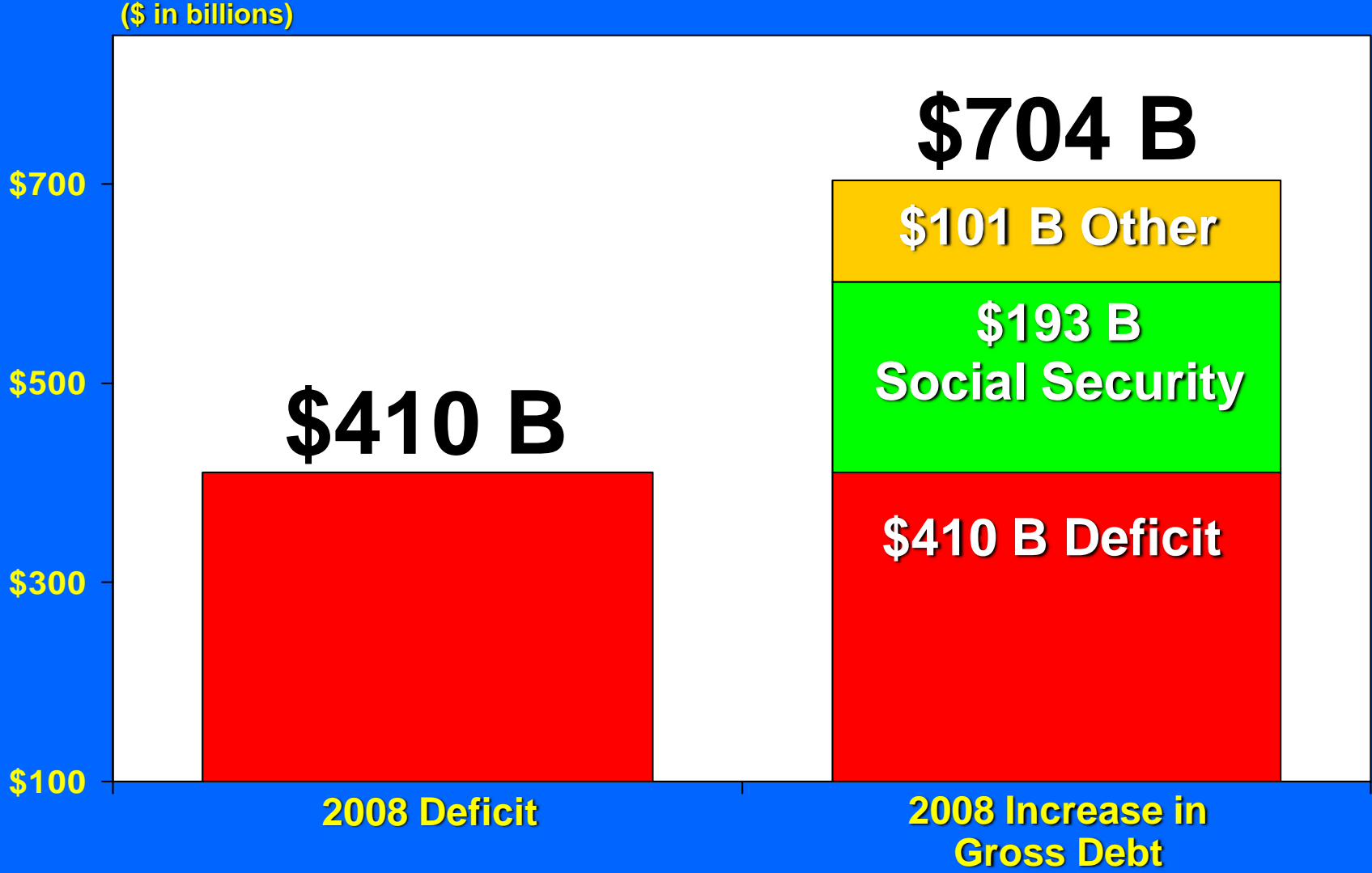


Source: OMB

Note: 2008 and 2009 estimates from Bush FY 2009 Budget.

**The Debt is
the Threat.**

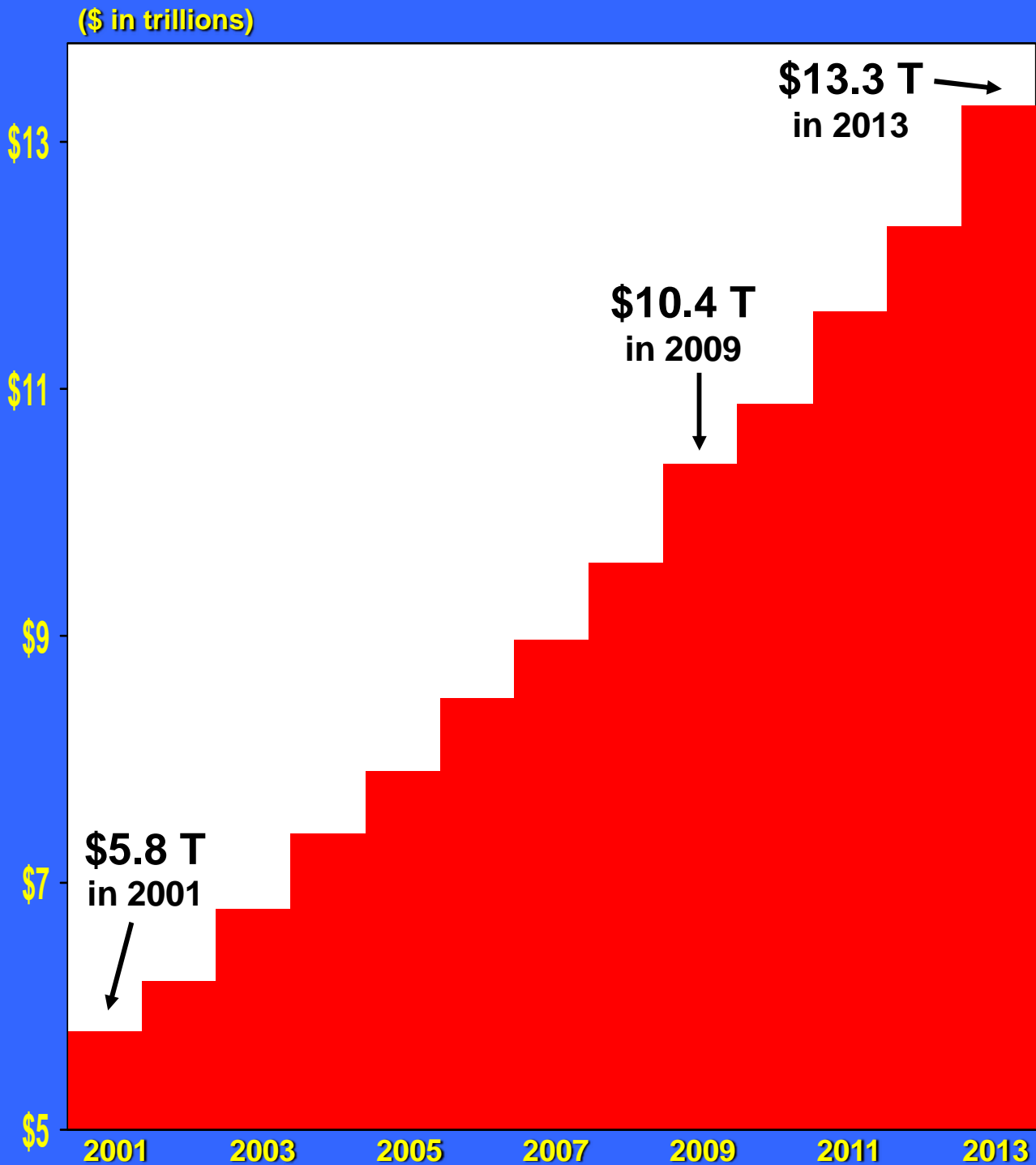
Increase in Debt in 2008 is Far Greater Than the \$410 Billion Deficit



Source: OMB, SBC

Building a Wall of Debt

Gross Federal Debt Soars



Source: OMB, CBO and SBC

Note: Bush FY 2009 Budget with AMT reform, ongoing war costs, and associated debt service.

President Bush More than Doubles Foreign-Held Debt

It Took 42 Presidents 224 Years to
Build Up \$1 Trillion of Foreign-Held Debt



224 Years
(1776-2000)

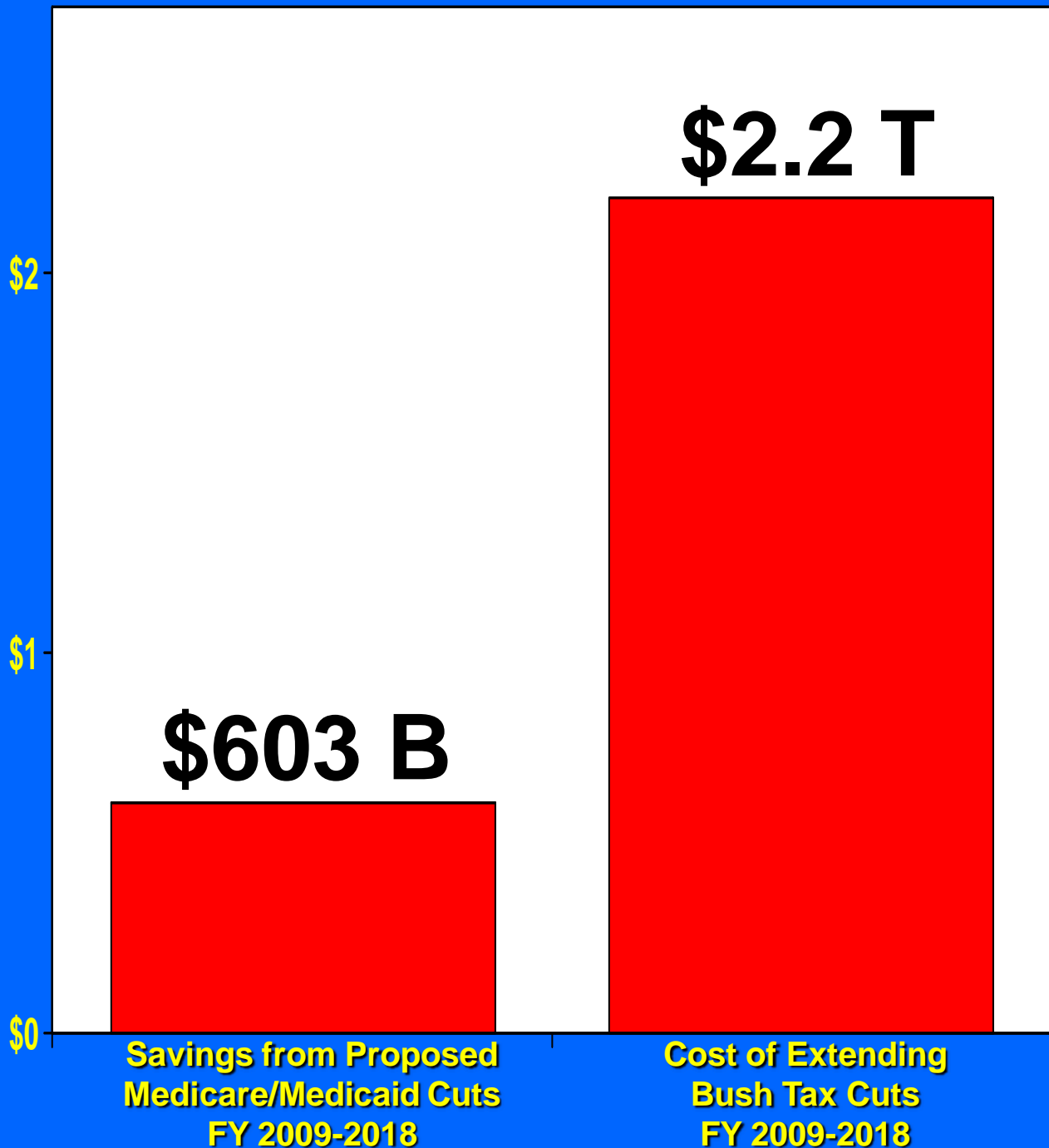


7 Years
(2001-2007)

Source: U.S. Treasury
As of November 2007

Savings from Medicare/Medicaid Cuts More than Wiped Out by Cost of Extending Bush Tax Cuts

(\$ in trillions)



Source: OMB

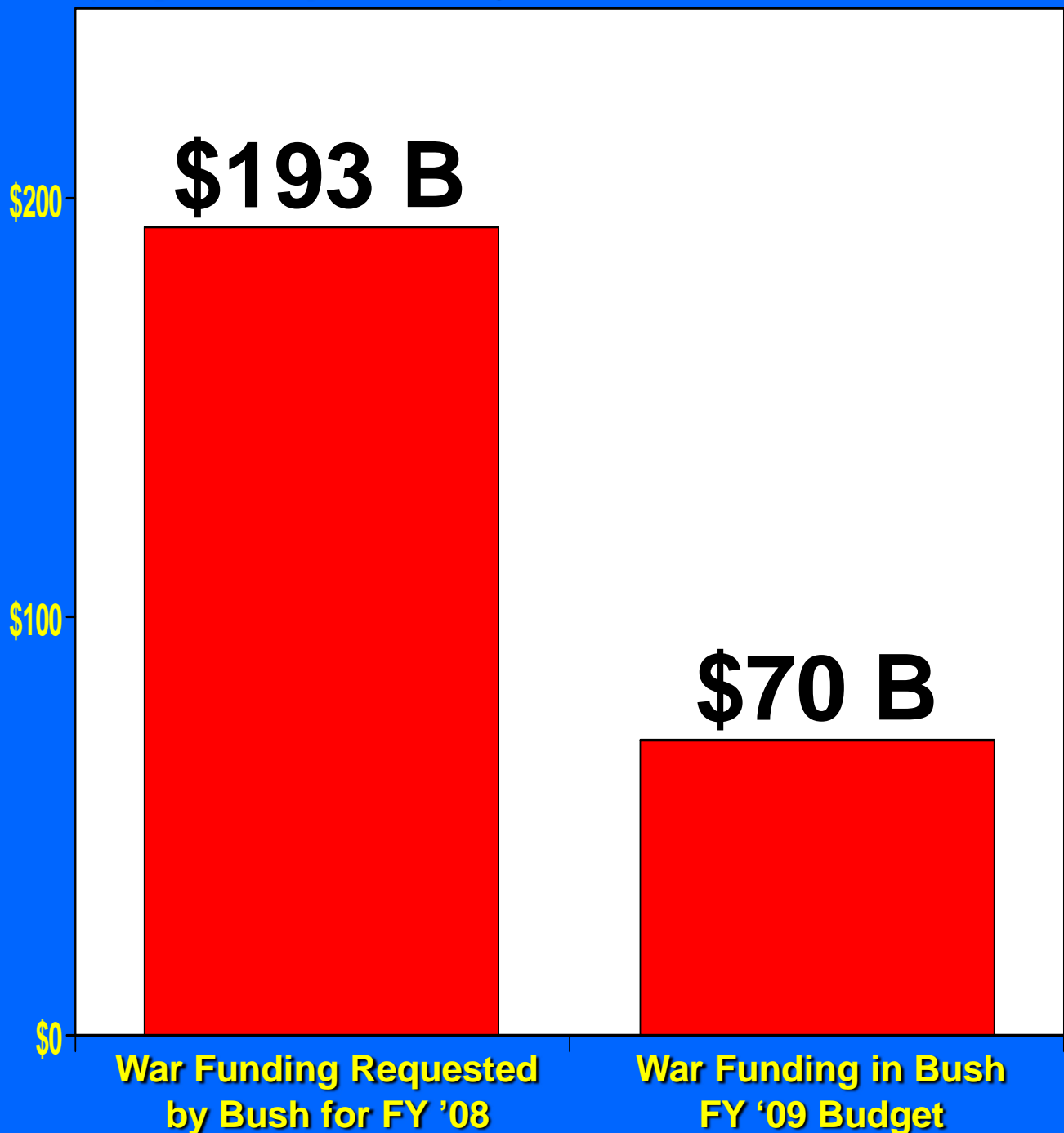
Note: OMB estimate of savings from new legislative proposals and of extending 2001 and 2003 tax cuts.

What's Left Out of Bush Budget

- ✘ War Costs Beyond First Half of FY 2009**
- ✘ AMT Reform Beyond 2008**
- ✘ Spending Policy Details Beyond FY 2009
(Discretionary)**

Bush Understates War Costs

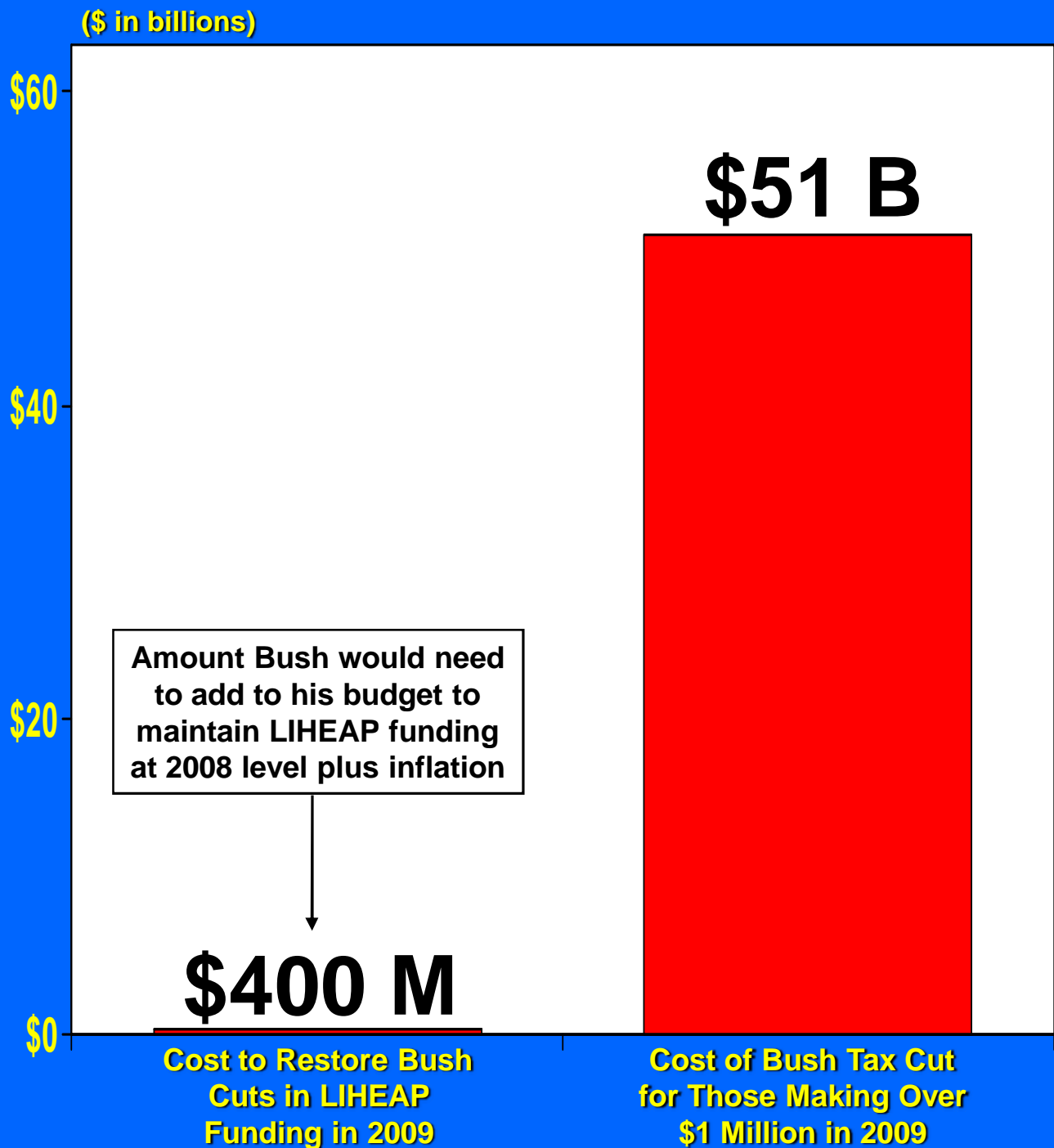
(Budget authority; \$ in billions)



Source: CBO, OMB

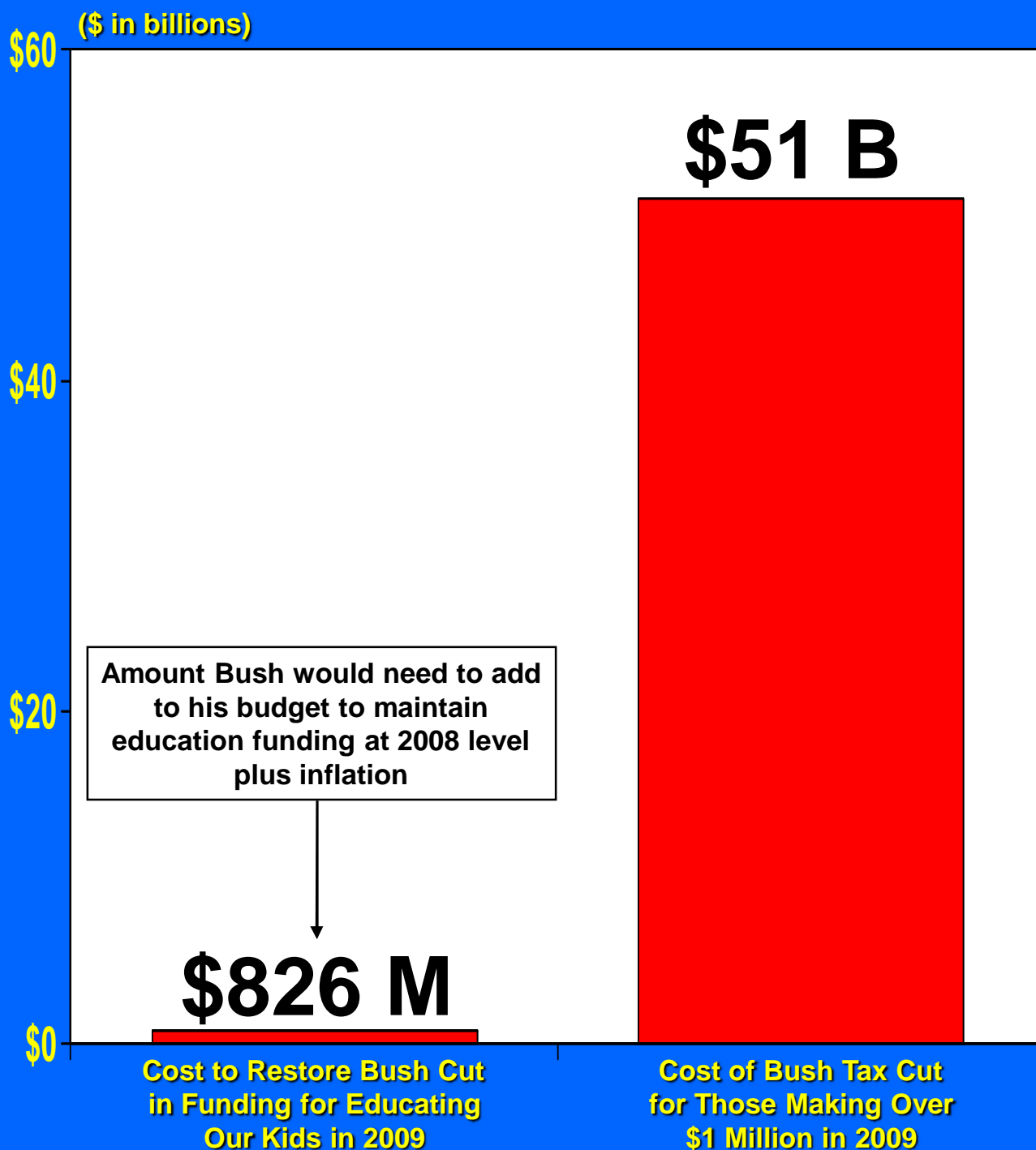
The Wrong Priorities:

Bush Plan to Cut LIHEAP Funding Saves Little Compared to Cost of Tax Cuts for Millionaires



The Wrong Priorities:

Bush Plan to Cut Education Funding Saves Little Compared to Cost of Tax Cuts for Millionaires

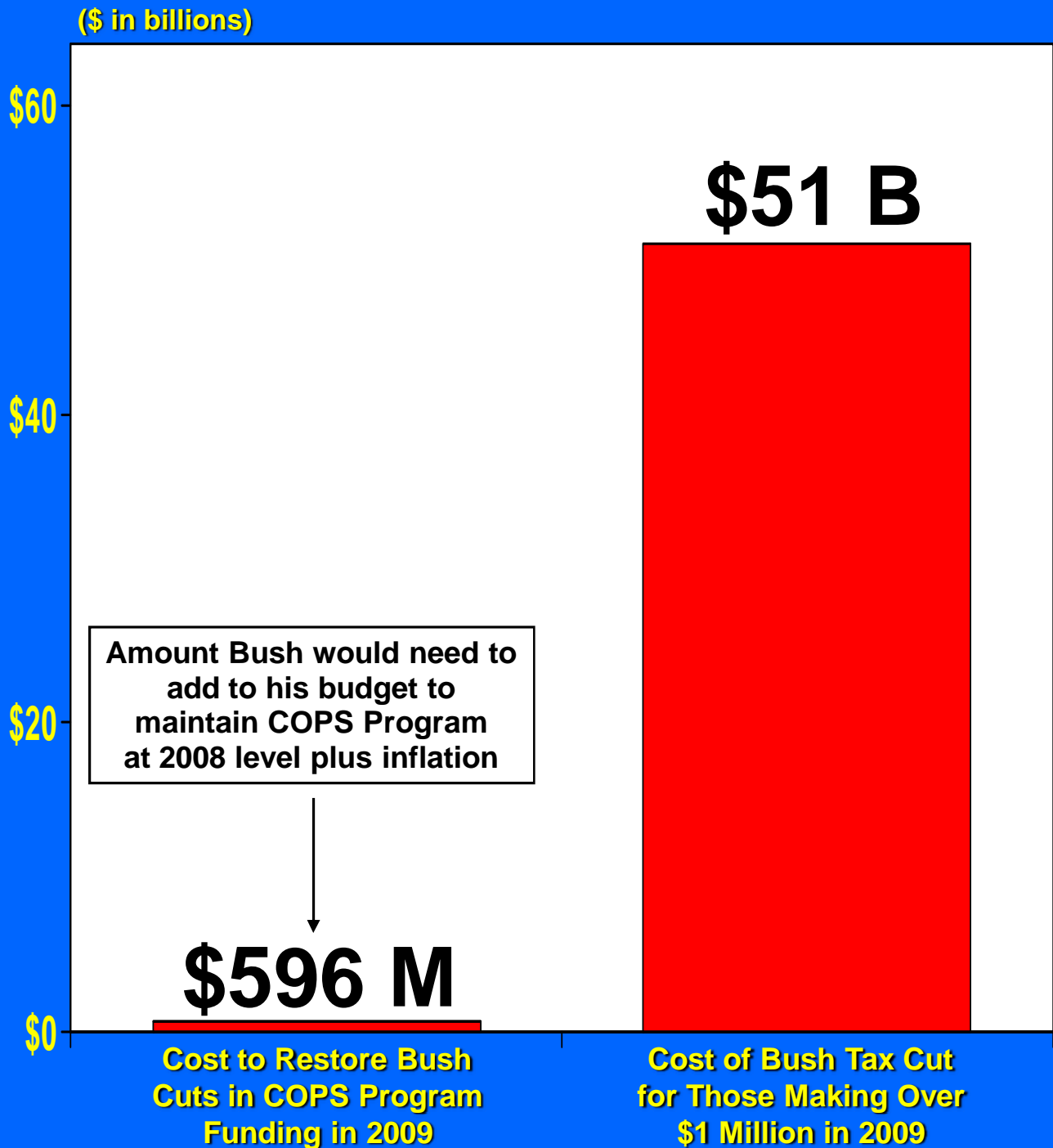


Source: OMB, CBPP, and SBC

Note: Reflects President's cut in discretionary spending for the Department of Education.

The Wrong Priorities:

Bush Plan to Eliminate COPS Program Saves Little Compared to Cost of Tax Cuts for Millionaires



Source: OMB, CBPP, and SBC

Note: COPS funding excludes rescission of prior year unobligated balances.

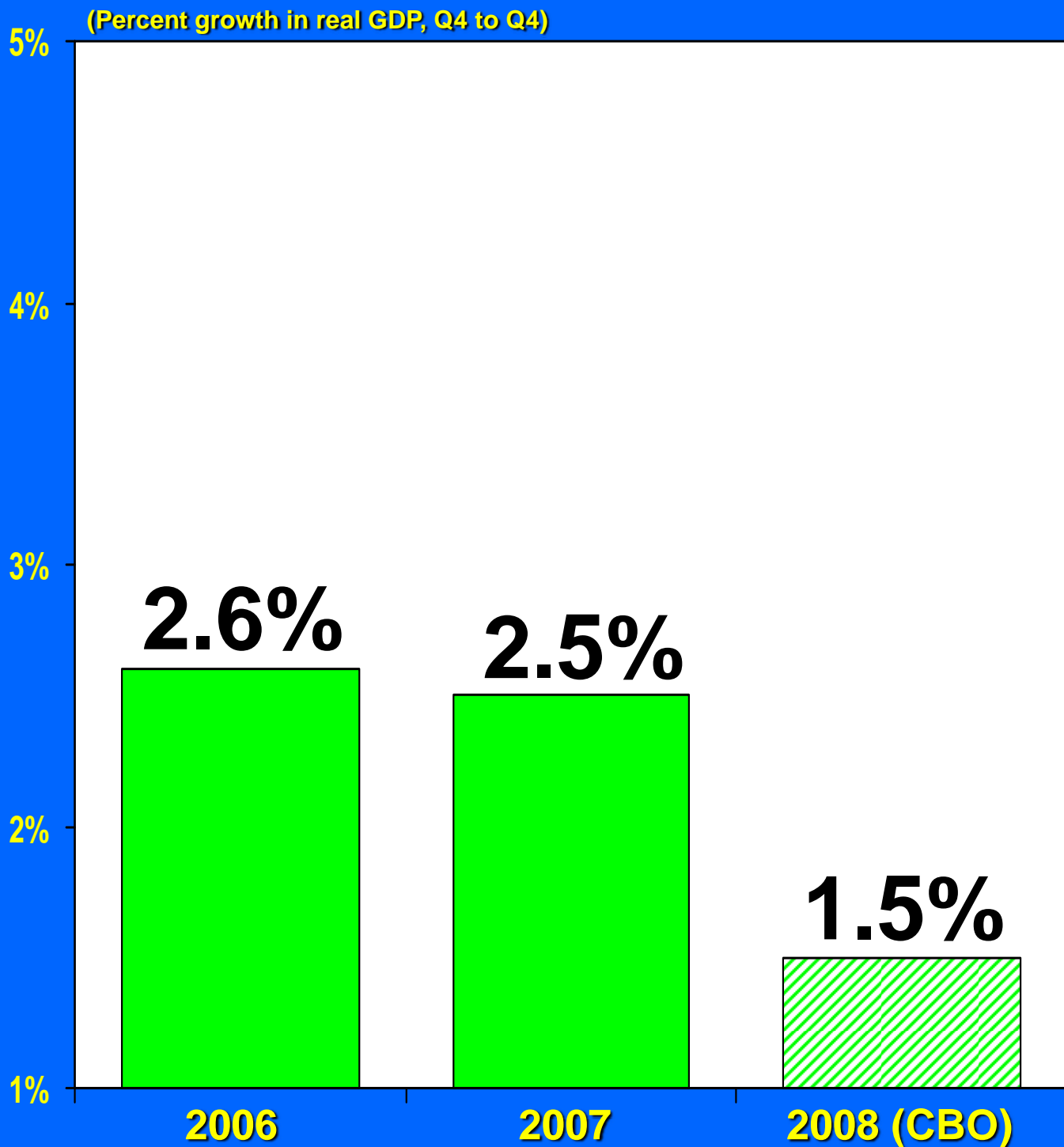
President Proposes Deep Cuts in Key Priorities

<u>Program</u>	<u>% Cut</u>
COPS	100%
Weatherization Assistance	100%
DHS State First Responder Grants	78%
EPA Clean Water Grants	21%
Community Development Block Grants (CDBG)	20%
Low Income Home Energy Assistance Program (LIHEAP)	17%

Source: OMB, SBC

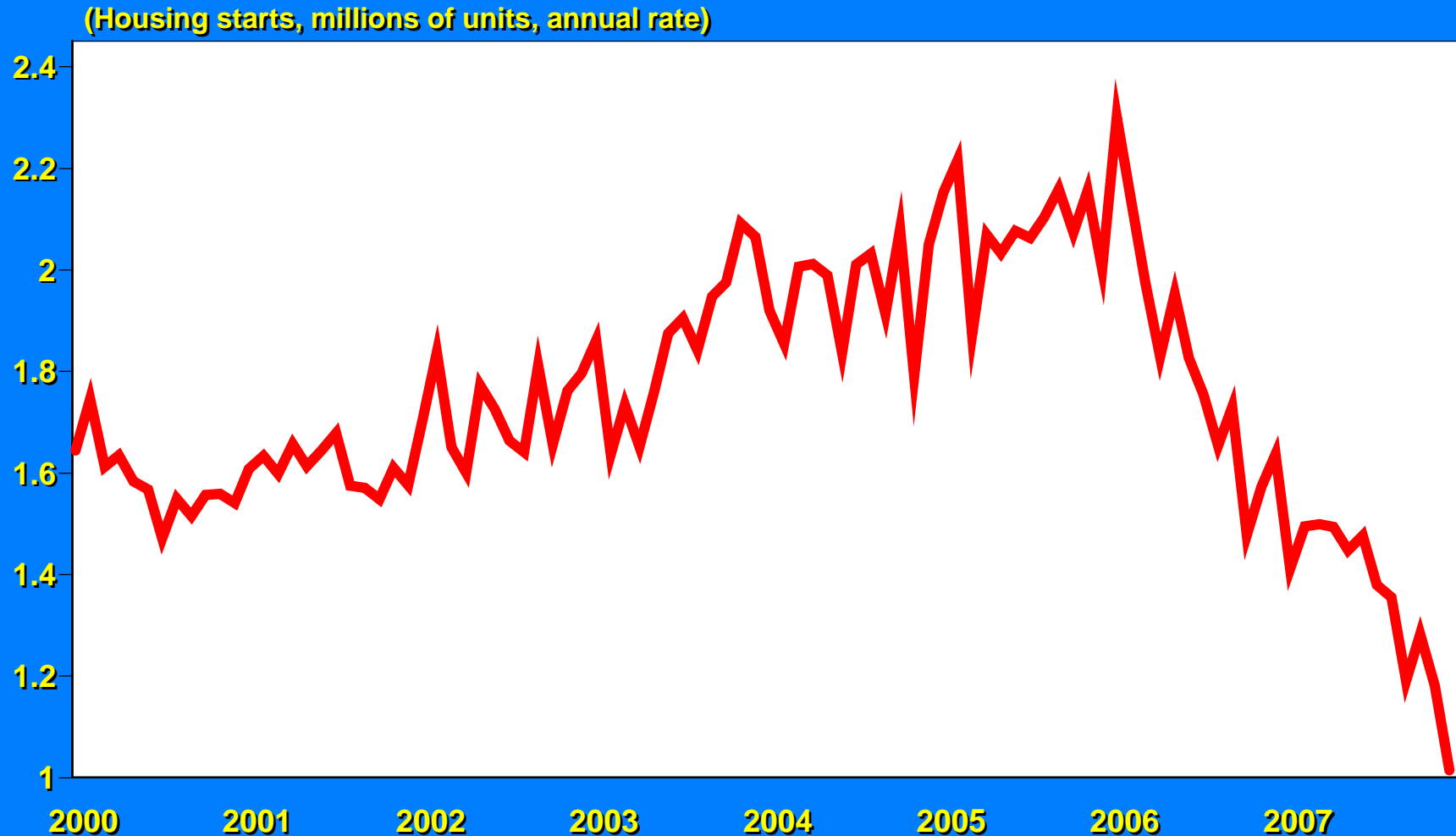
Note: Percent cut below 2009 OMB baseline

Economic Growth Expected to Slow Sharply in 2008



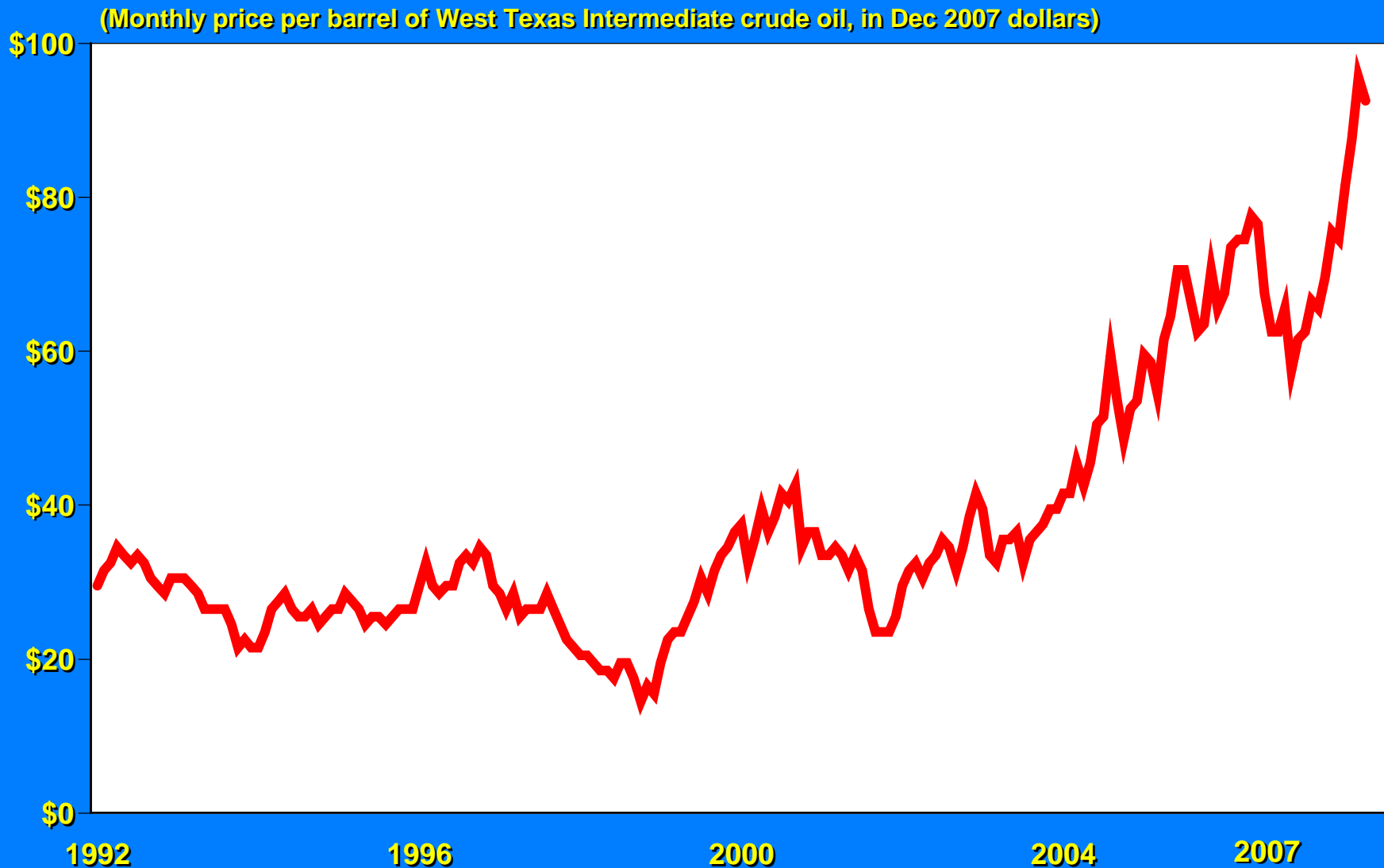
Source: Bureau of Economic Analysis, U.S. Department of Commerce; and CBO

Housing Slump: New Homebuilding Falls Dramatically



Source: Census Bureau, U.S. Department of Commerce
Note: Monthly data through December 2007

Energy Costs: Real Price of Oil Soars



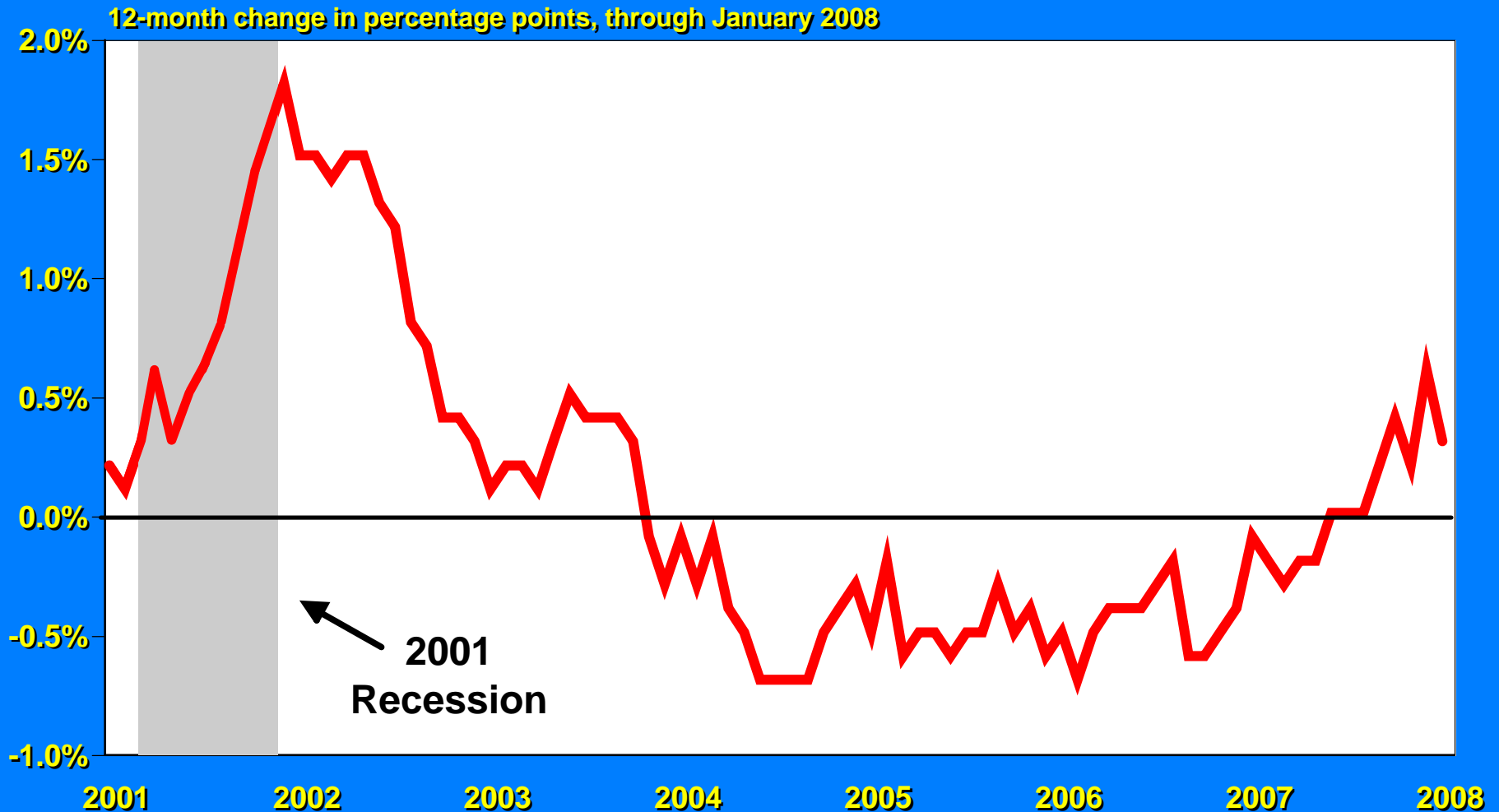
Source: Energy Information Administration, U.S. Department of Energy; and Bureau of Labor Statistics, U.S. Department of Labor

Consumer Confidence Continues to Deteriorate



Source: Conference Board
Note: Monthly data through January 2008

Unemployment Rate Has Risen Sharply Over Past Year



Source: Bureau of Labor Statistics, U.S. Department of Labor; and National Bureau of Economic Research

Fed Chairman Bernanke Calls for “Explicitly Temporary” Stimulus Measure

“...[A]ny program should be explicitly temporary, both to avoid unwanted stimulus beyond the near-term horizon and, importantly, to preclude an increase in the federal government's structural budget deficit.”

**– Federal Reserve Chairman Ben Bernanke
Testimony before House Budget Committee
January 17, 2008**

Fed Chairman Bernanke on “Effective” Stimulus

“...[T]here is good evidence that cash that goes to low- and moderate-income people is more likely to be spent in the near term.... Getting money to people quickly is good, and getting money to low and moderate-income people is good, in the sense of getting bang for buck.”

– Federal Reserve Chairman Ben Bernanke
Testimony before House Budget Committee
January 17, 2008

Improvements in Senate Stimulus Package

- 20 million seniors eligible
- 250,000 disabled veterans eligible
- Higher rebates for low-income households (\$500 vs. \$300)
- Extends UI benefits
- Prohibits illegal aliens from receiving rebates
- Better targeted business provisions (NOL Carryback)
- Encourages investments in alternative energy