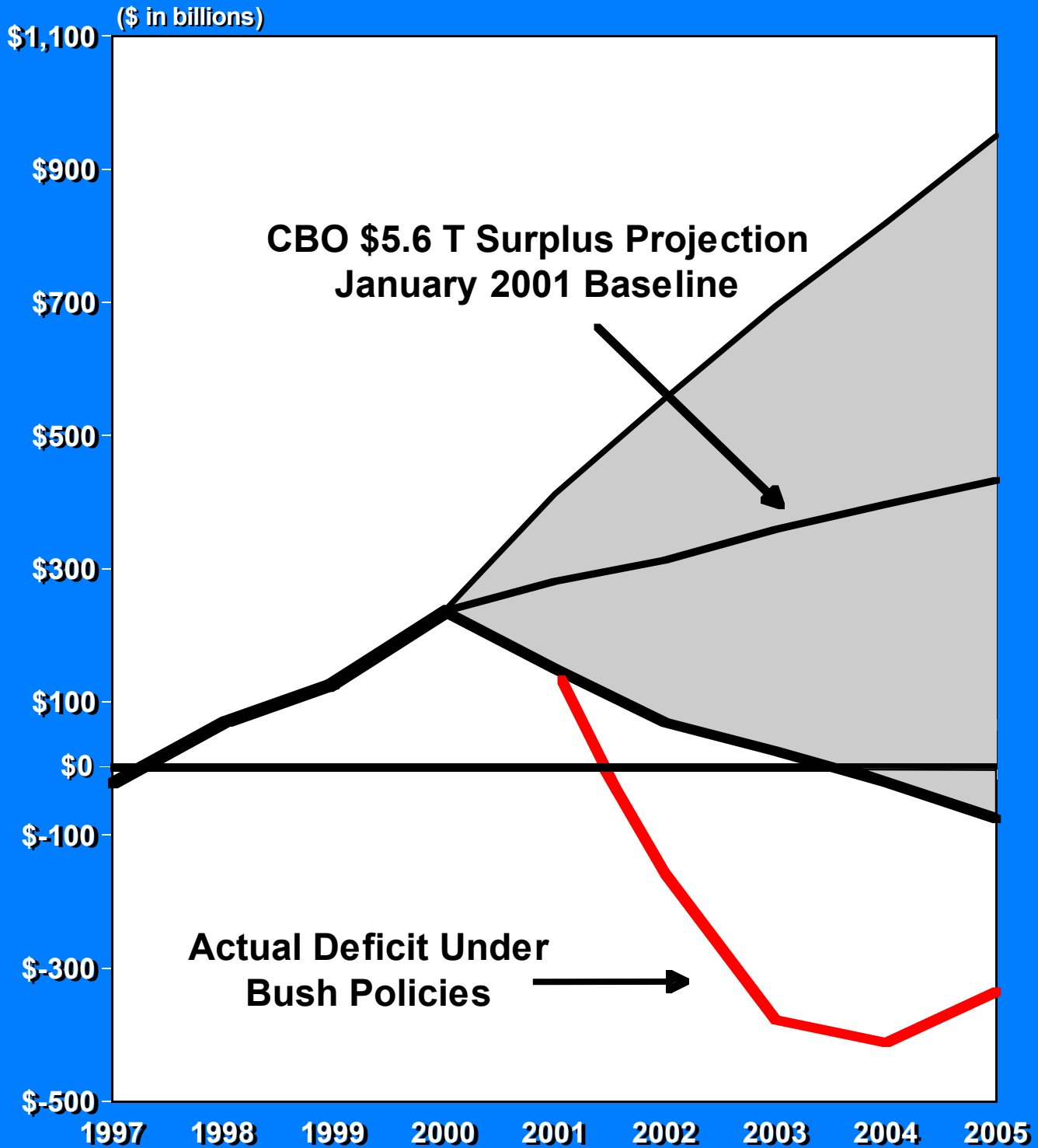
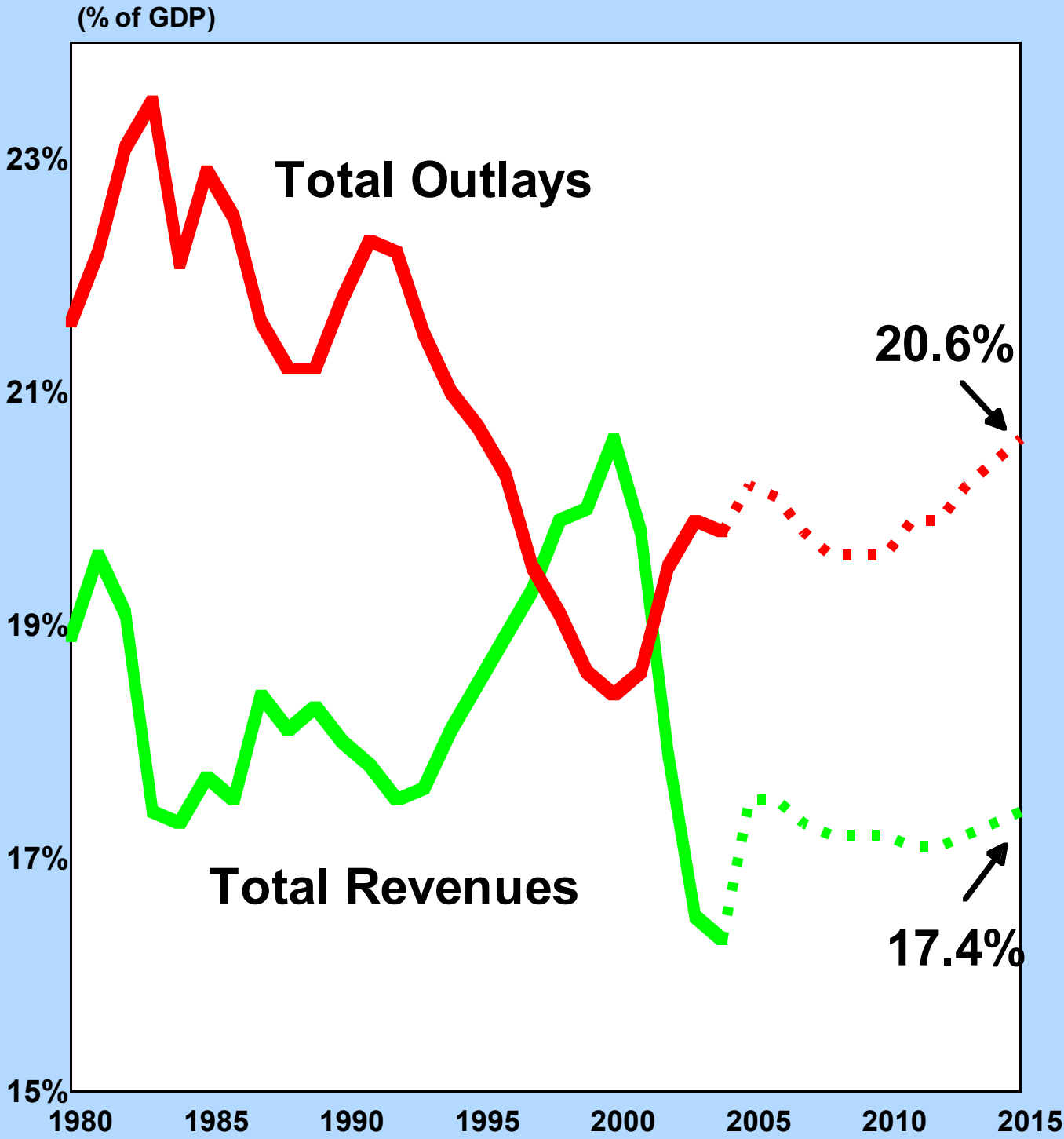


Bush Deficits Far Worse Than Scenarios Projected by CBO in 2001



Spending and Revenues

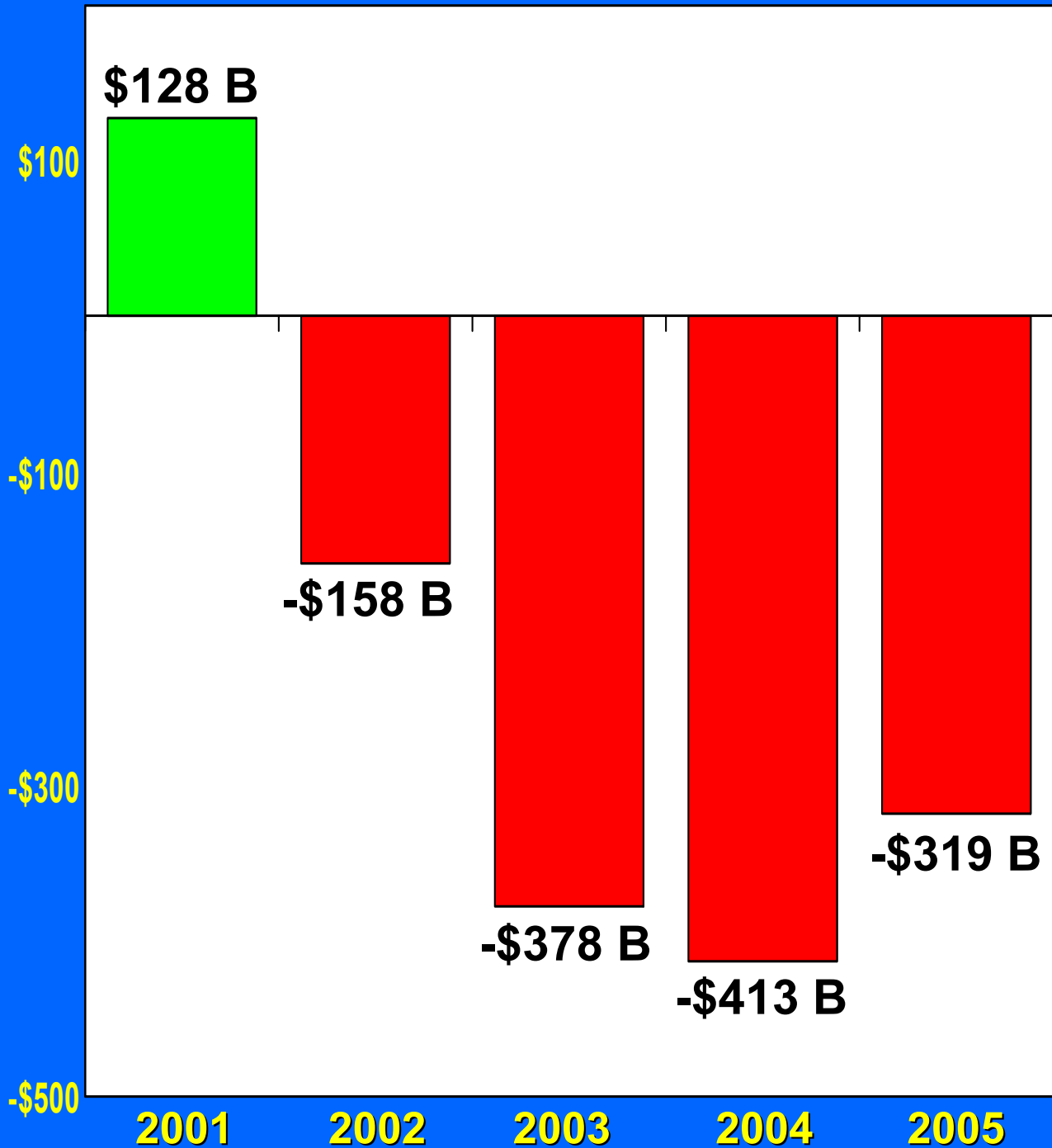


Source: CBO, OMB, and SBC Democratic staff

Note: CBO August 2005 Budget and Economic Outlook, with administration's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

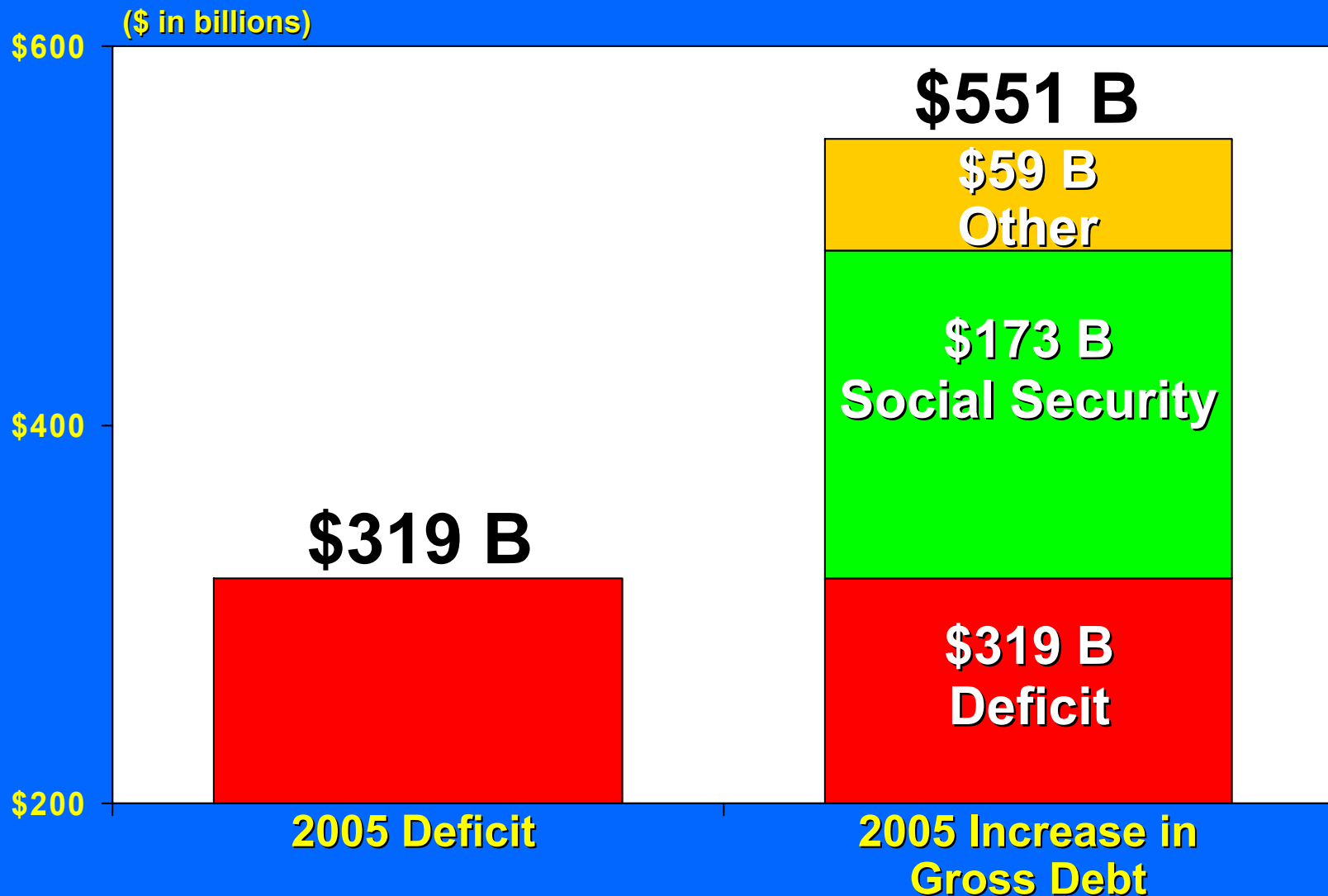
Dramatic Deterioration in Budget Picture Over Last Five Years

(Deficit in billions of \$)



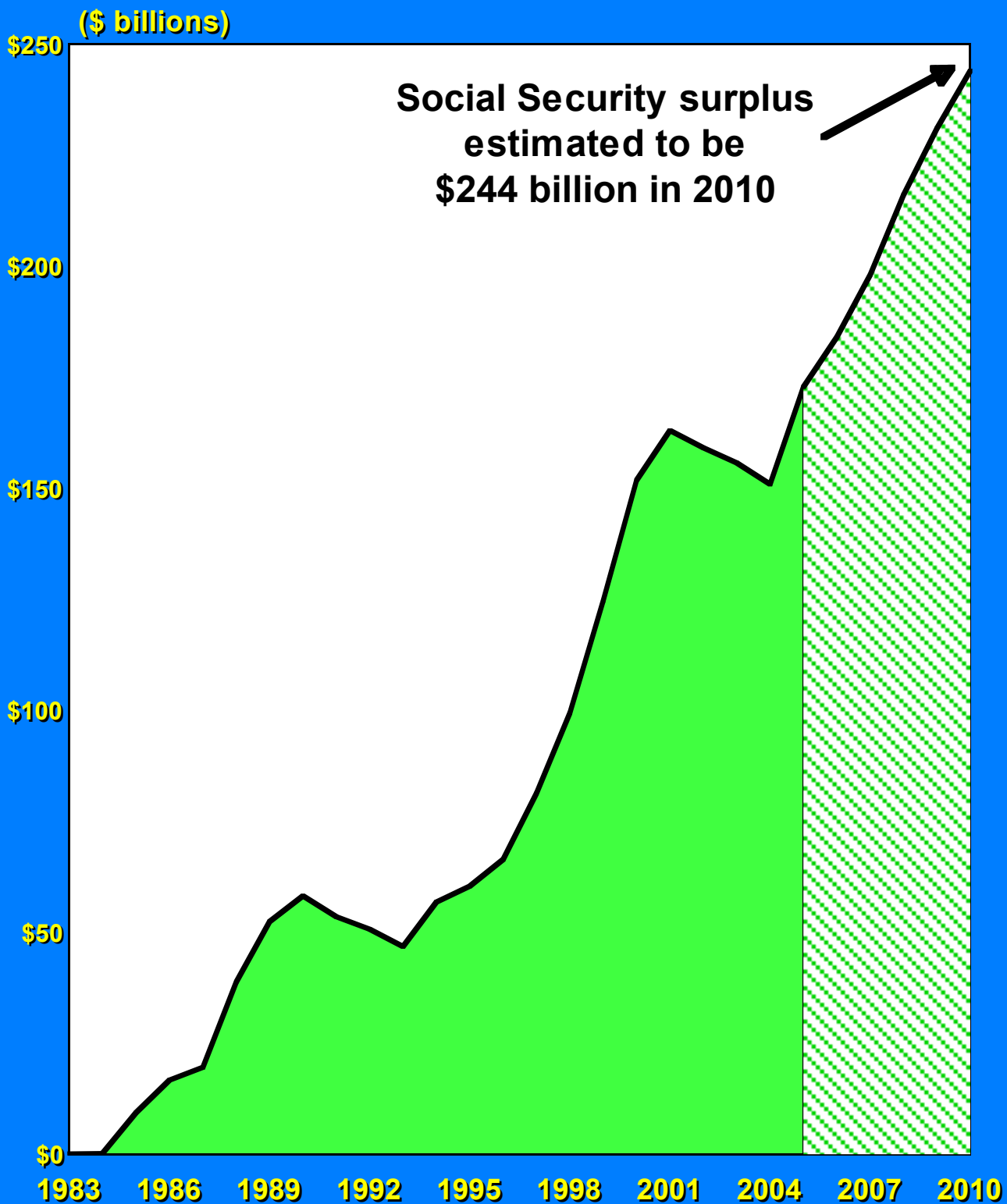
Source: OMB

Increase in Debt in 2005 is Far Greater Than the \$319 Billion Deficit

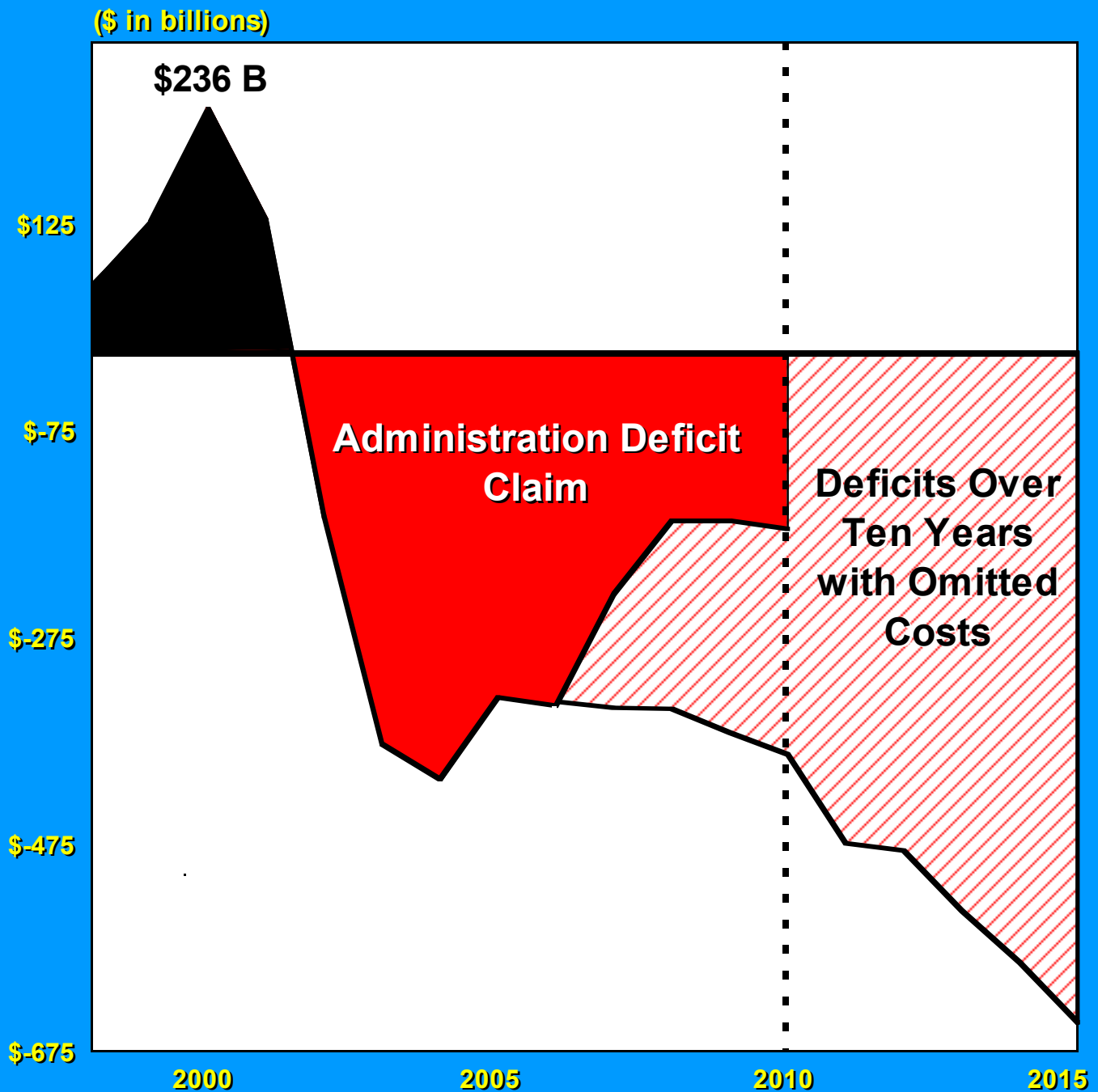


Source: OMB, Treasury

Social Security Surplus (1983 - 2010)



Long-Term Budget Outlook



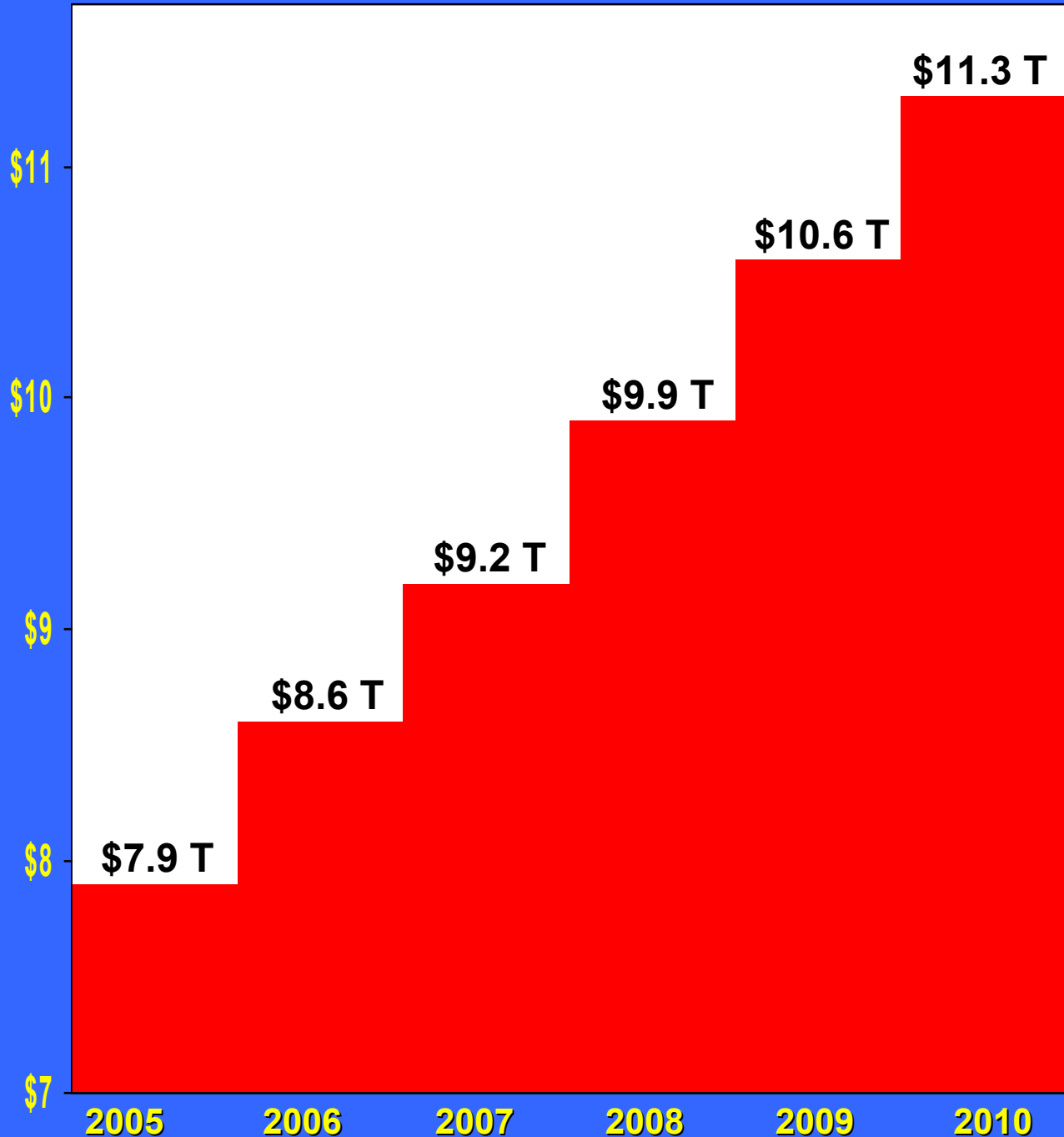
Source: OMB, CBO, SBC Democratic staff

Note: CBO August 2005 Budget and Economic Outlook, with administration's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

Building a Wall of Debt

Gross Federal Debt Soars

(\$ in trillions)



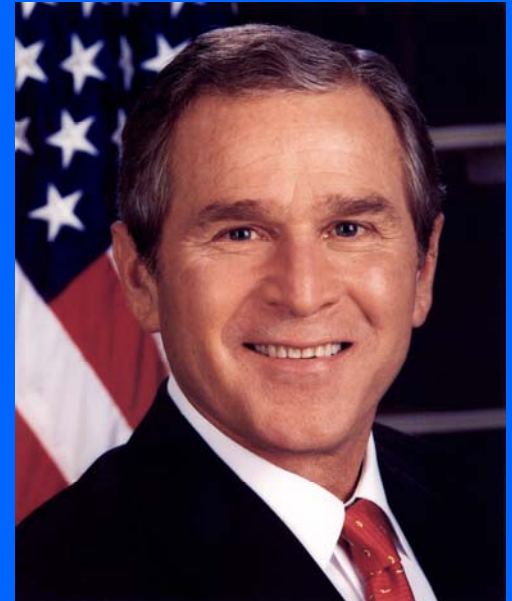
Note: Gross debt, adjusted to include administration's policies and omitted costs for AMT reform and ongoing war costs.
Source: CBO, OMB, and SBC Democratic staff

President Bush Doubles Foreign-Held Debt in 5 Years

It Took 42 Presidents 224 Years to
Build Up Same Level of Foreign-Held Debt



224 Years
(1776-2000)



\$1.05 T

5 Years
(2001-2005)

Top Ten Countries Holding Our National Debt

Japan	\$687 B
China	\$252 B
United Kingdom	\$182 B
“Caribbean Banking Centers”	\$103 B
Taiwan	\$72 B
Germany	\$64 B
South Korea	\$62 B
OPEC	\$55 B
Hong Kong	\$48 B
Canada	\$48 B

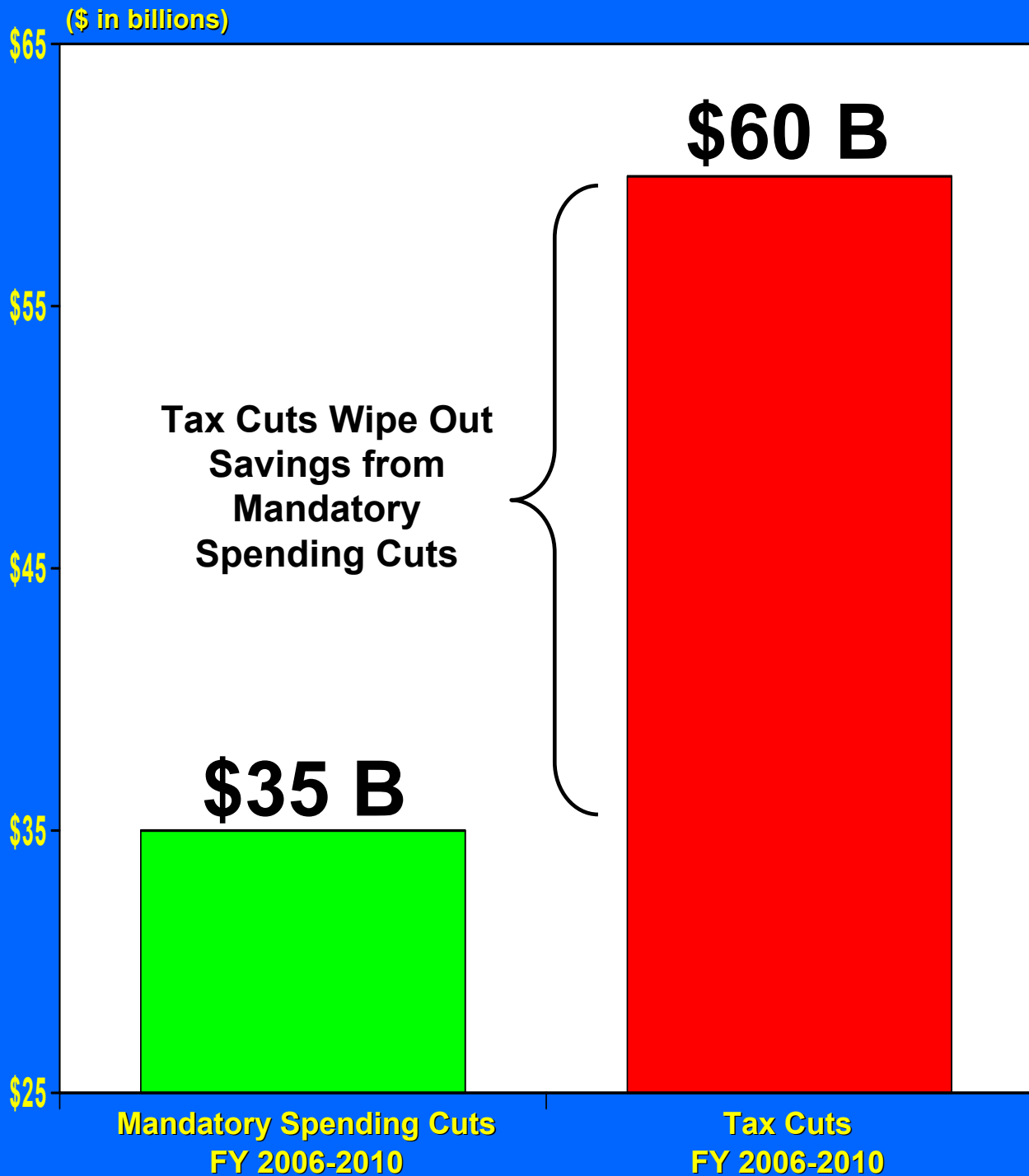
Source: Department of Treasury
Note: As of September 2005

Federal Reserve Chairman Greenspan Opposes Deficit-Financed Tax Cuts

**“...[W]e should not be cutting taxes
by borrowing.”**

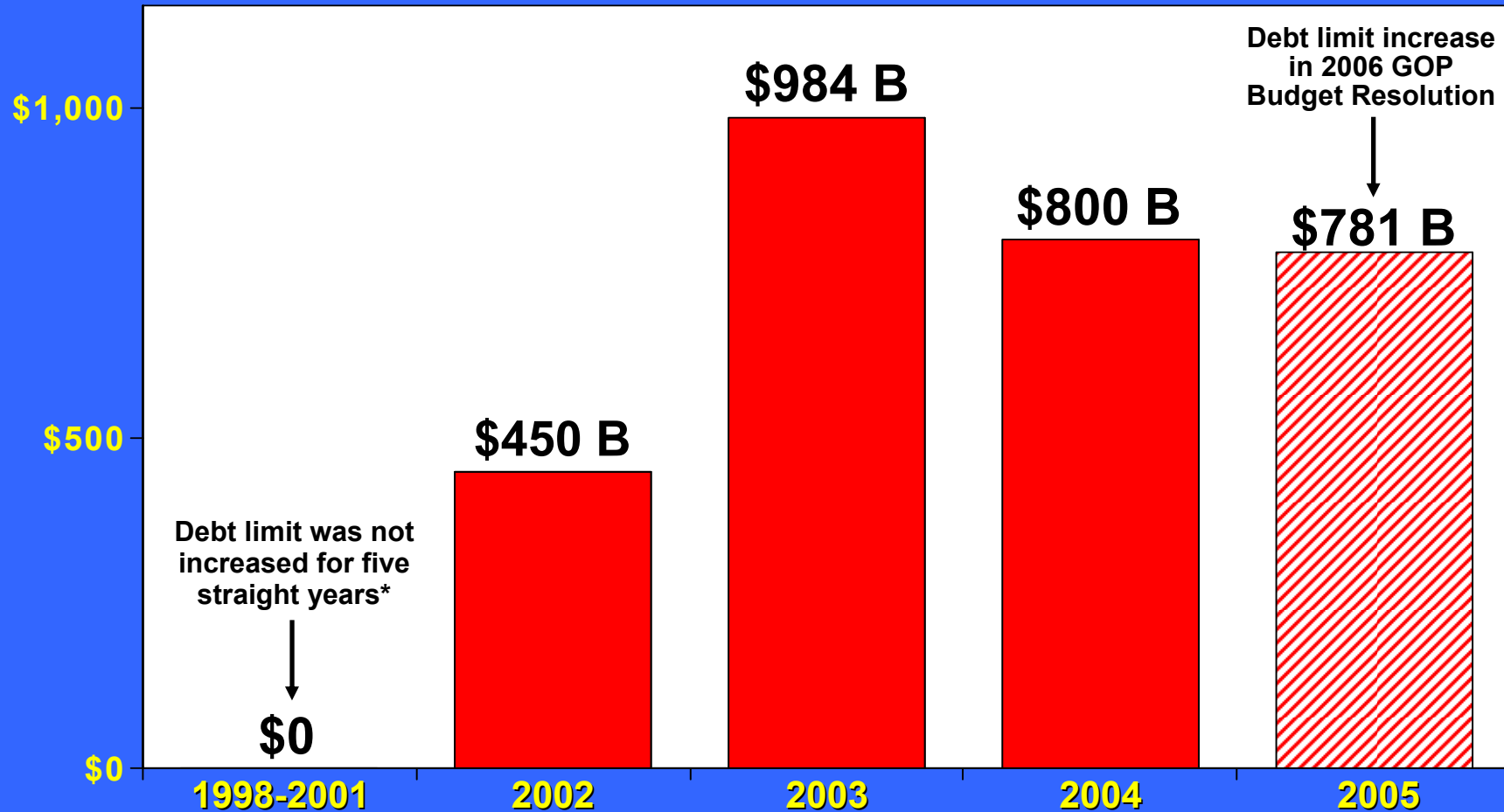
**– Federal Reserve Chairman Alan Greenspan
Testimony before Joint Economic Committee
November 3, 2005**

GOP Budget Reconciliation Increases Deficit by \$25 Billion



Debt Limit Increases \$3 Trillion Under President Bush

(\$ in Billions, Annual Increases in Statutory Debt Limit)



*Debt limit was not increased between August 1997 and June 2002.
Source: OMB and 2006 GOP Budget Resolution

Federal Reserve Chairman Greenspan on Restoring PAYGO

“All I’m saying is that my general view is I like to see the tax burden as low as possible. And in that context, I would like to see tax cuts continued. But, as I indicated earlier, that has got to be, in my judgment, in the context of a PAYGO resolution.”

**– Federal Reserve Chairman Alan Greenspan
Testimony before House Budget Committee
March 2, 2005**

Democratic Alternative Tax Reconciliation Package

Hurricane disaster relief – identical to Chairman Grassley's

One-year extension of:

- **AMT relief (protects 600,000 more taxpayers than Grassley)**
- **R&D tax credit**
- **State sales tax deduction**
- **College tuition deduction**
- **Welfare-to-work and work opportunity tax credits**
- **Teacher classroom expenses deduction**
- **Leasehold improvement and restaurant depreciation**
- **All other traditional tax extenders**

Package is fully paid for over 10 years

Tax Cuts in Democratic Alternative Fully Paid For Over 10 Years

Offsets Include:

- **same offsets (except charitable revenue raisers) as Chairman Grassley's package – closing tax gap by shutting down abusive tax shelters and other reforms (\$30 billion)**
- **ending a loophole for oil companies that lets them avoid taxes on foreign operations (\$10 billion)**
- **ending tax benefit for leasing foreign subway and sewer systems (\$5 billion)**
- **require tax withholding on government payments to contractors like Halliburton (\$7 billion)**
- **renewing superfund tax so that polluting companies pay for cleaning up toxic waste sites (\$7 billion)**
- **closing other tax loopholes/miscellaneous offsets (\$6 billion)**

Closing Loopholes and Abusive Tax Shelters Are Not Tax Increases

“We’ve found \$180 billion over the last few years in things that are examples of loophole closings and abusive tax shelters. And that’s what they are, people...that are avoiding taxes now that ought to pay taxes, without changing the rate of taxation.”

**– Senate Finance Committee Chairman
Charles Grassley (R-IA)
Remarks During Markup of Tax
Reconciliation Bill
November 15, 2005**