

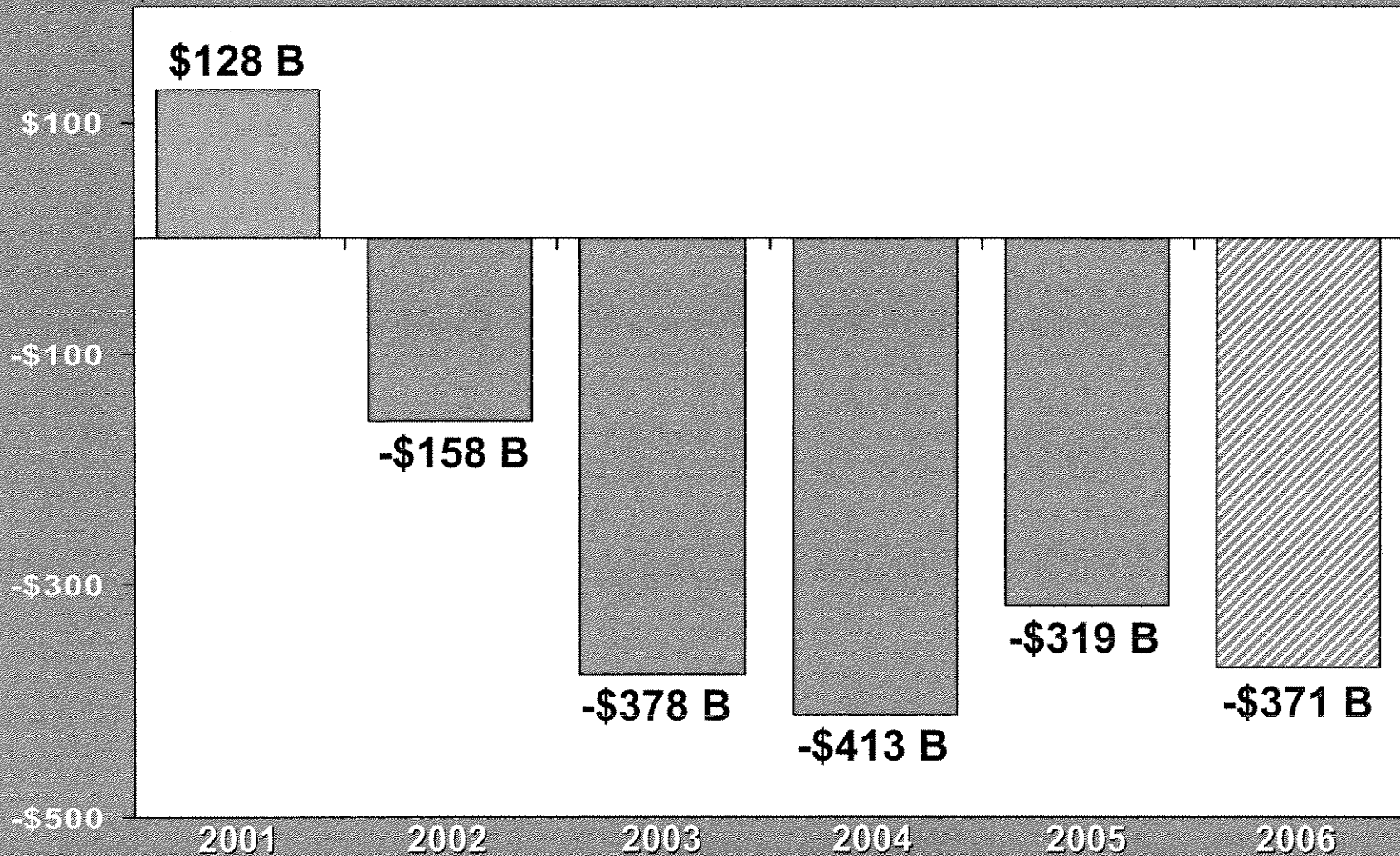
GAO Comptroller General Walker Believes Current Fiscal Path Threatens Our National Security

“Continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security.”

**–GAO Comptroller General David M. Walker
Testimony before Senate Budget Committee
February 15, 2006**

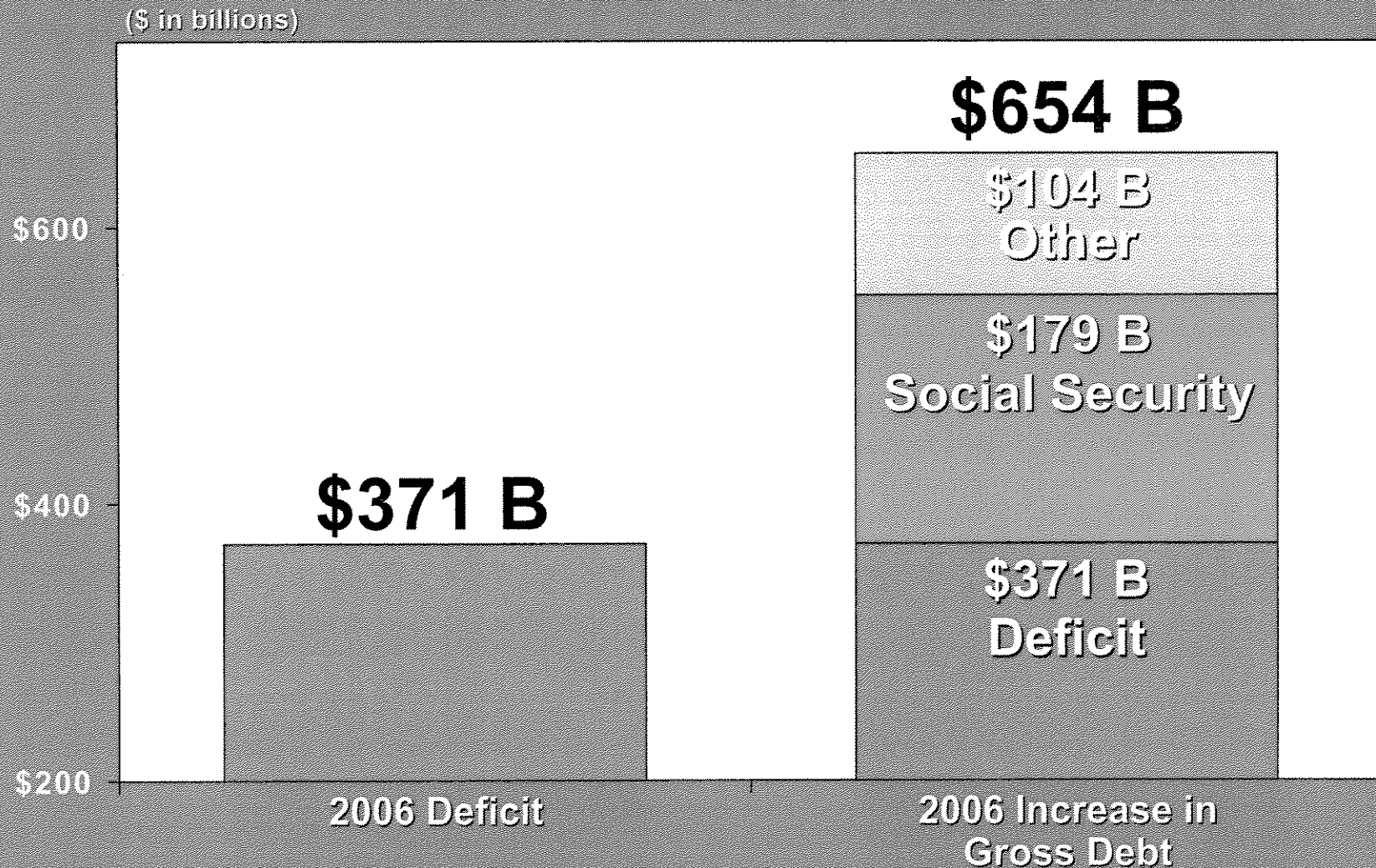
Dramatic Deterioration in Budget Picture

(Deficit in billions of \$)



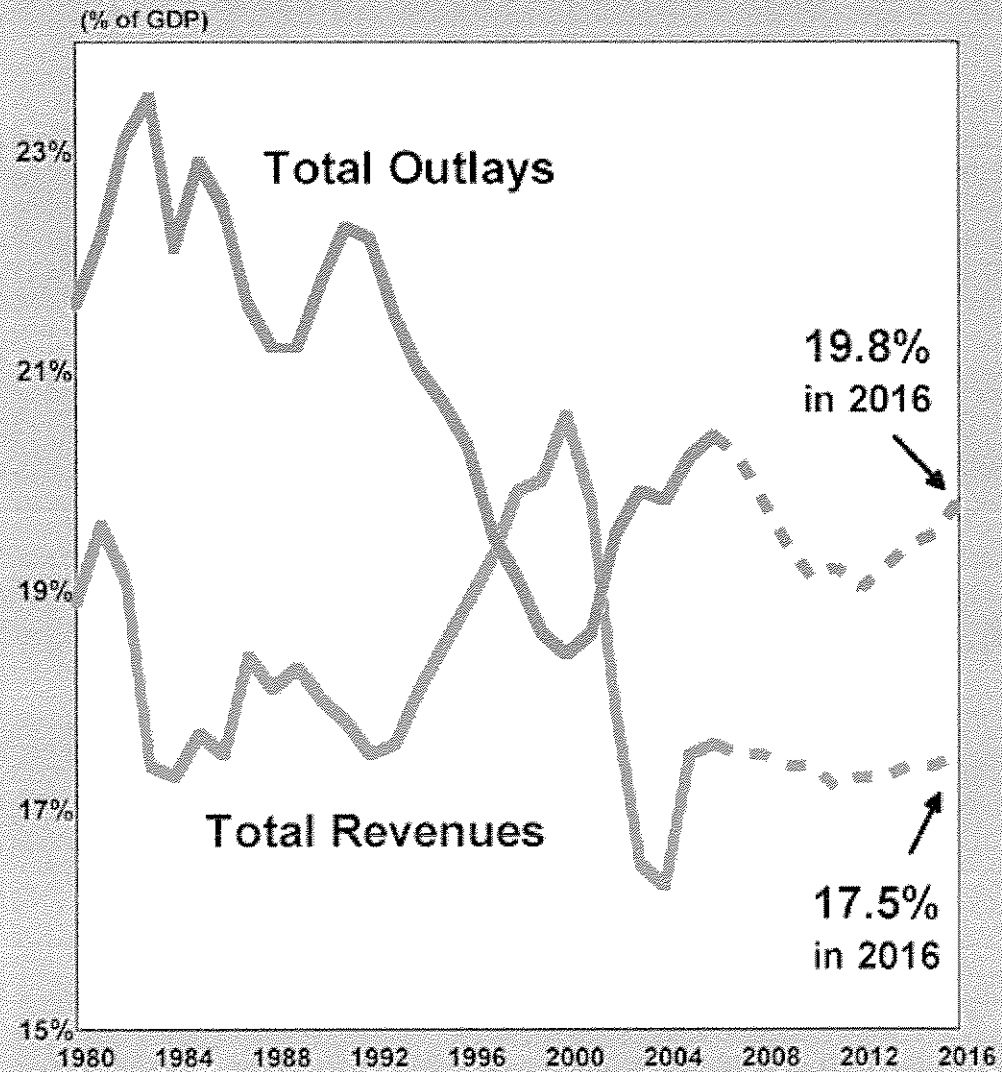
Source: CBO, OMB

Increase in Debt in 2006 is Far Greater Than the \$371 Billion Deficit



Source: CBO and SBC Democratic staff

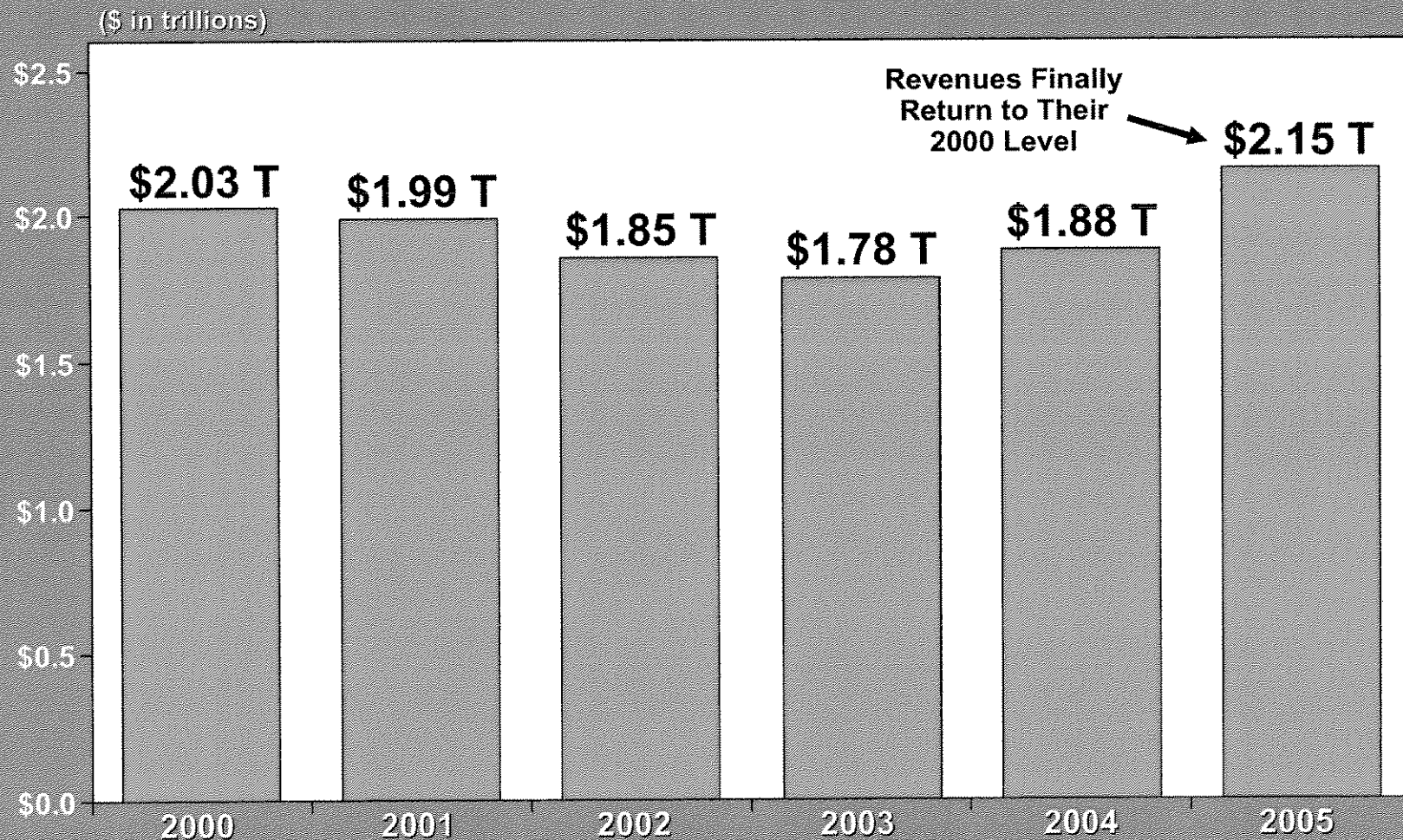
Spending and Revenues



Source: OMB, CBO, SEC Democratic staff

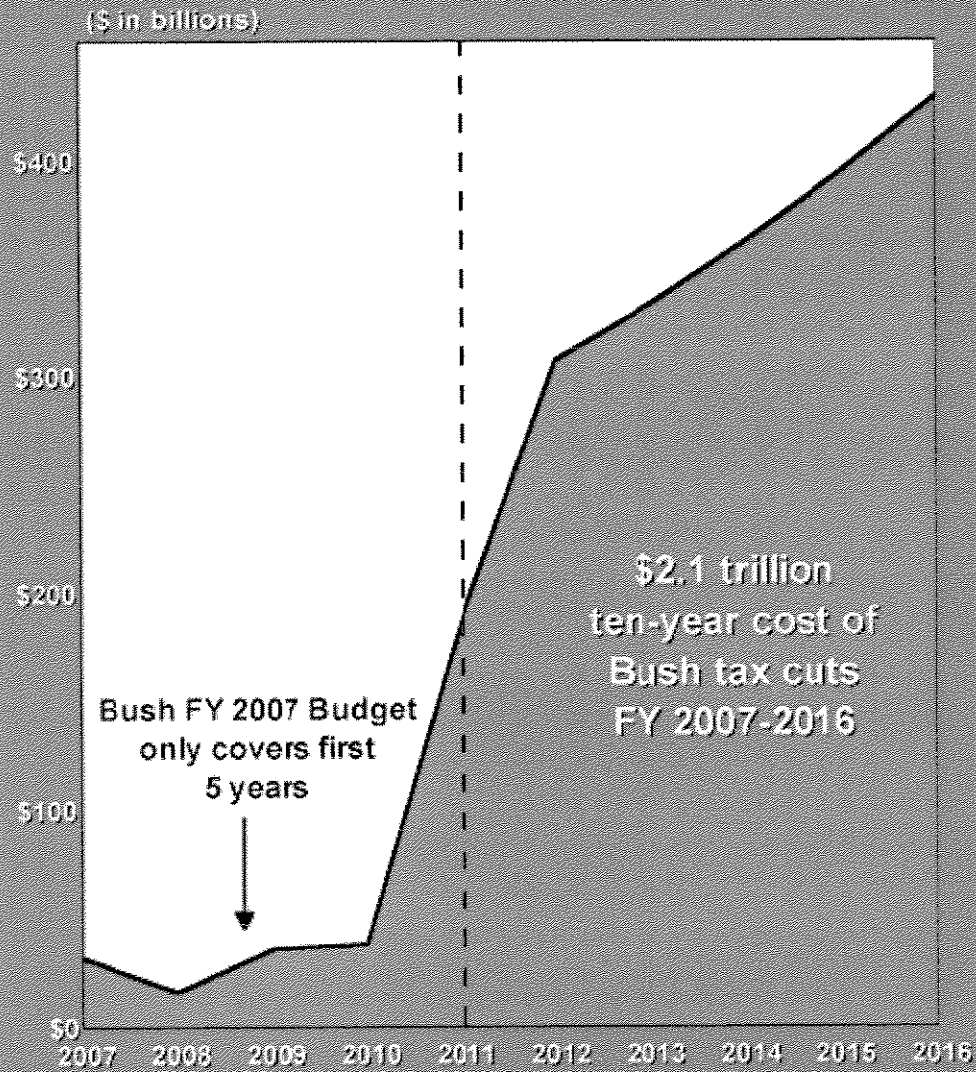
Note: CBO reestimate of President's FY 2007 budget with AMT reform and ongoing war costs.

Revenues Have Experienced Virtually No Growth Since 2000



Source: CBO, OMB

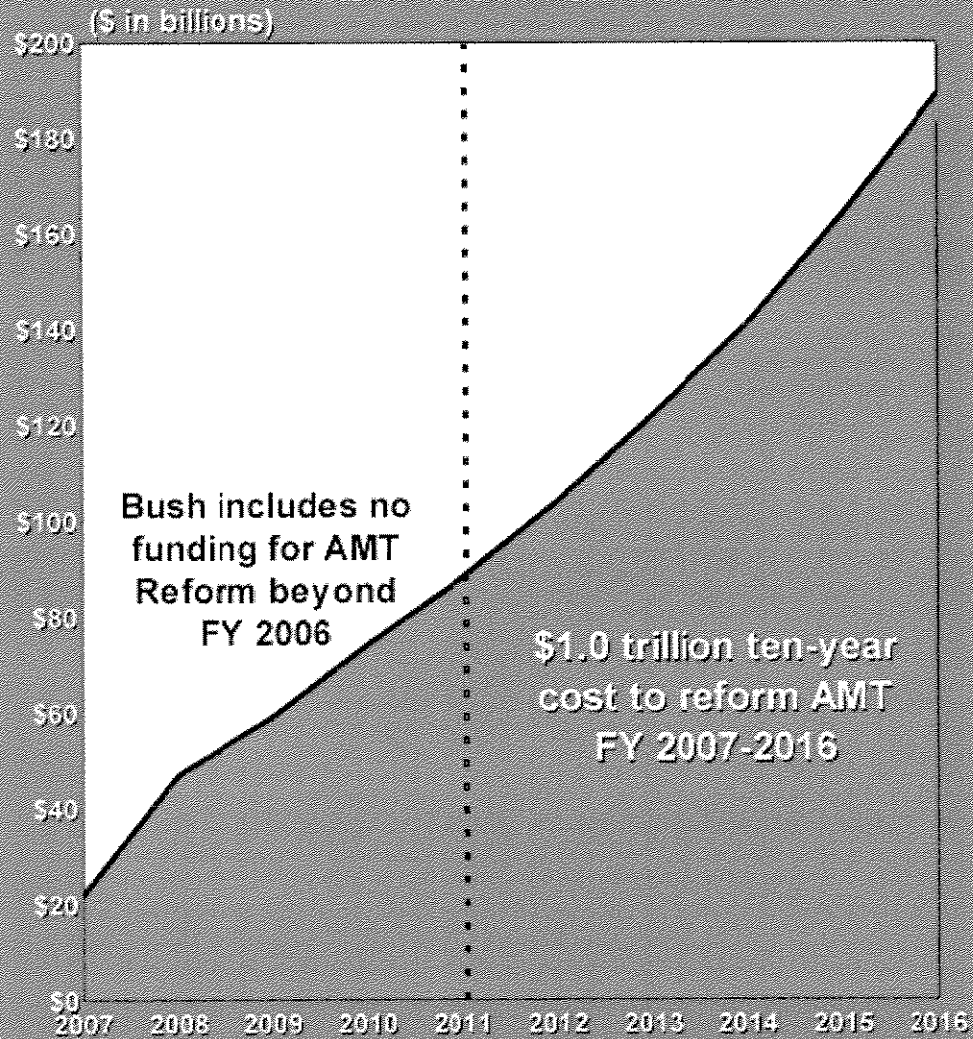
Cost of Bush Tax Cuts Explodes Outside Five-Year Budget Window



Source: CBO

Note: Includes debt service.

Cost of AMT Reform Explodes Outside Five-Year Budget Window

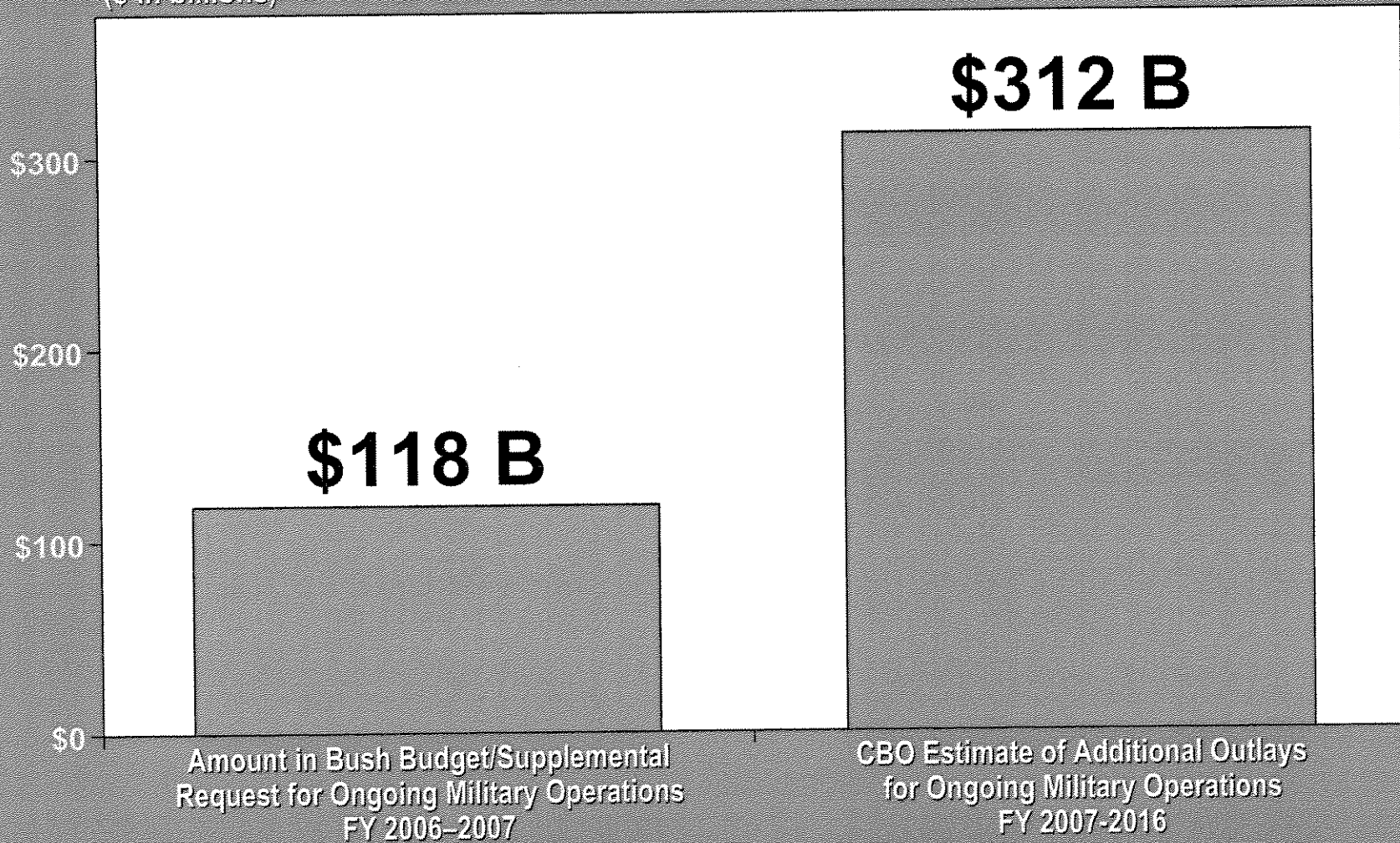


Source: CBO

Note: Includes interest cost, assumes tax cuts made permanent.

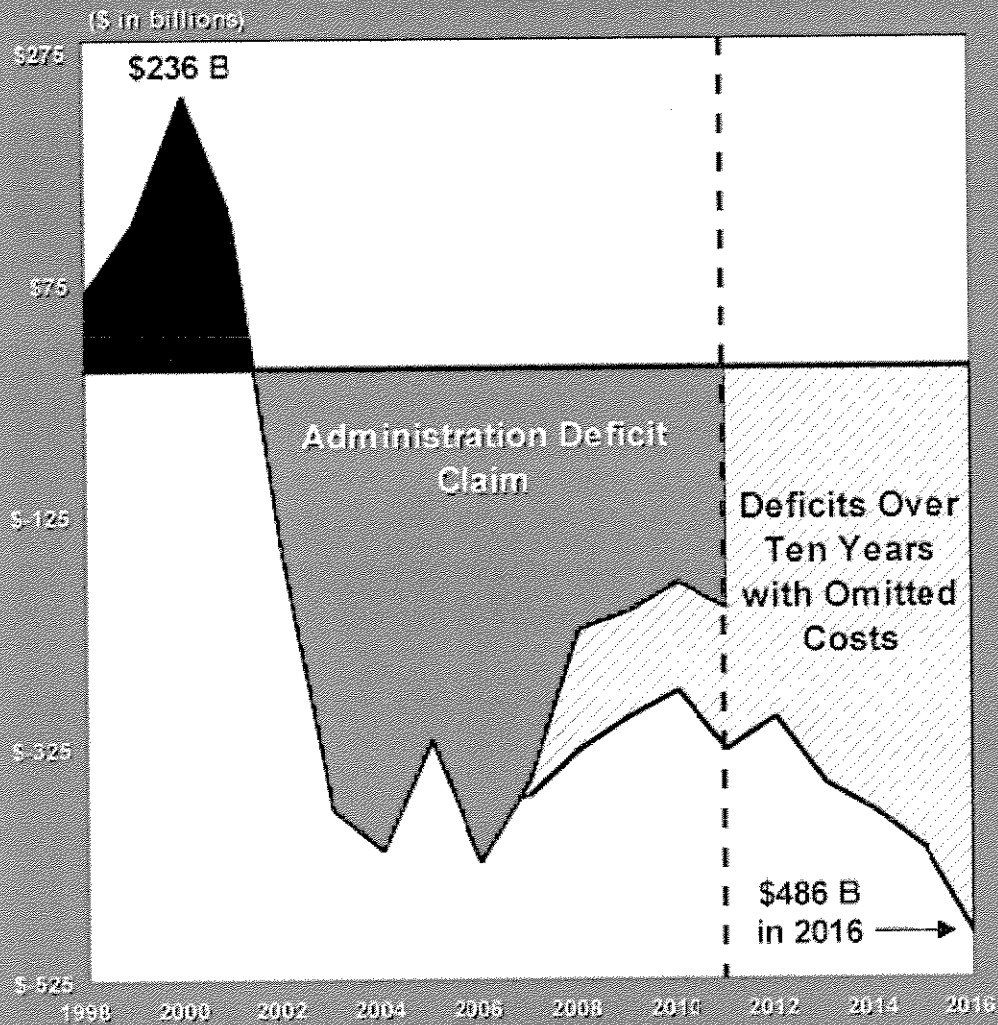
Long-Term War Costs Underfunded

(\$ in billions)



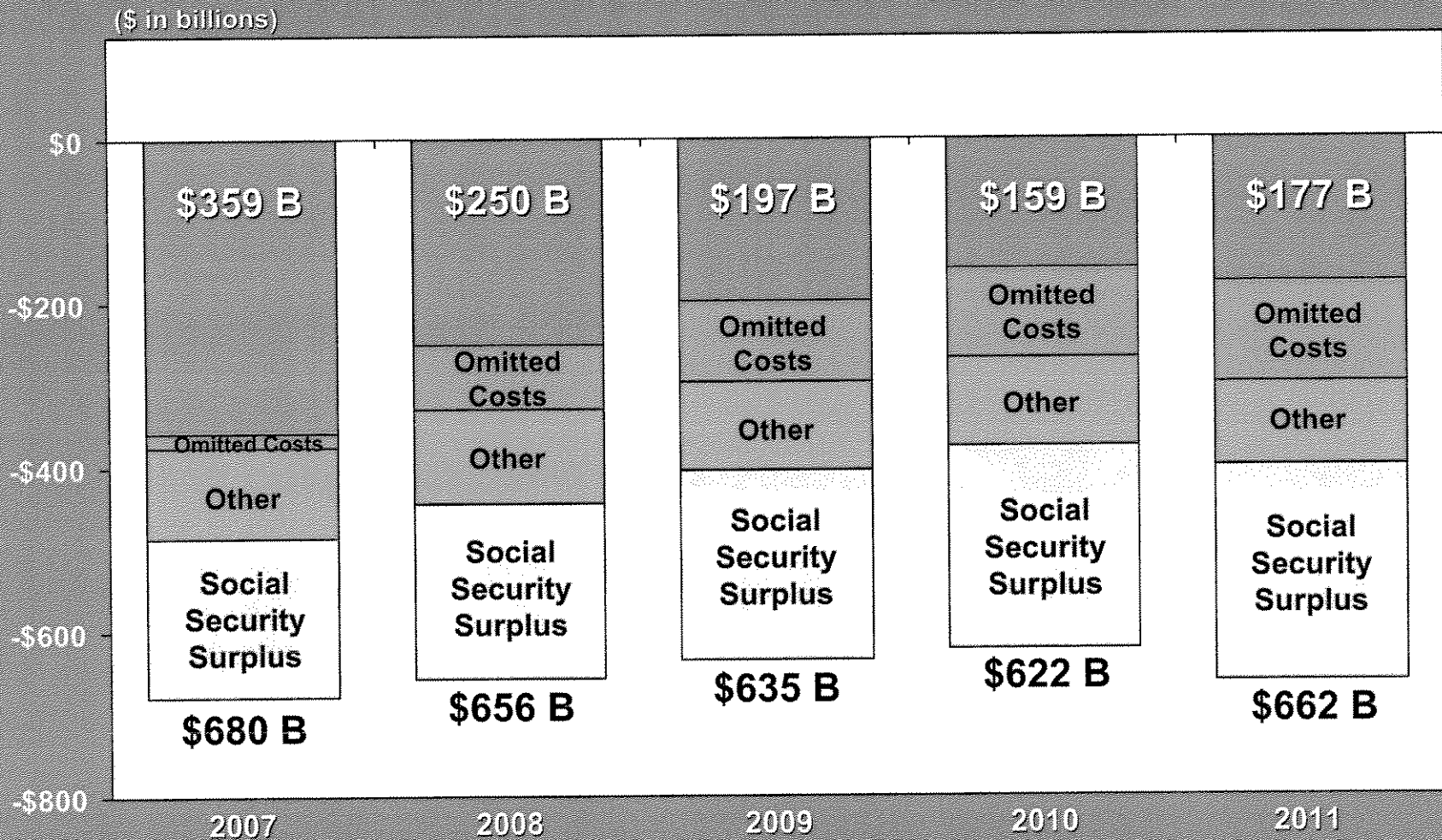
Note: Ongoing military operations include operations in Iraq, Afghanistan, and the continuing war on terrorism.
Source: CBO

Long-Term Budget Outlook



Source: CBO and SBC Democratic staff
Note: CBO reestimate of President's FY 2007 budget with AMT reform and ongoing war costs.

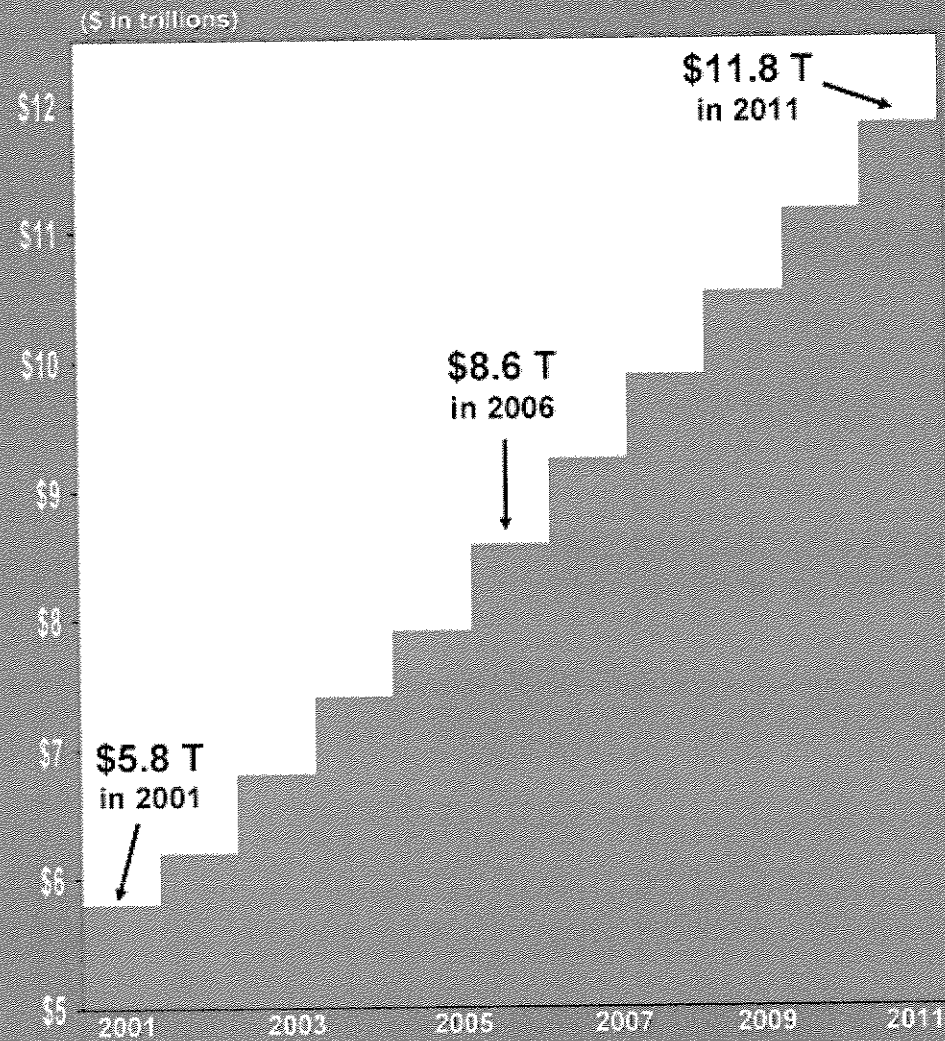
Debt Increase Under Senate GOP Budget Far More than Deficit Level Claimed



Source: Senate GOP Budget Resolution and SBC Democratic staff
 Note: Omitted costs include AMT reform and ongoing war costs.

Building a Wall of Debt

Gross Federal Debt Soars



Source: CBO and SBC Democratic staff

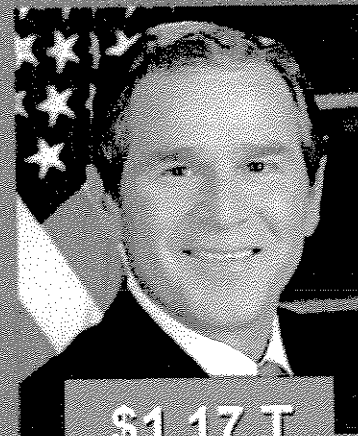
Note: CBO reestimate of President's FY 2007 Budget with AMT reform and ongoing war costs.

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)



5 Years
(2001-2005)

Top Ten Countries Holding Our National Debt

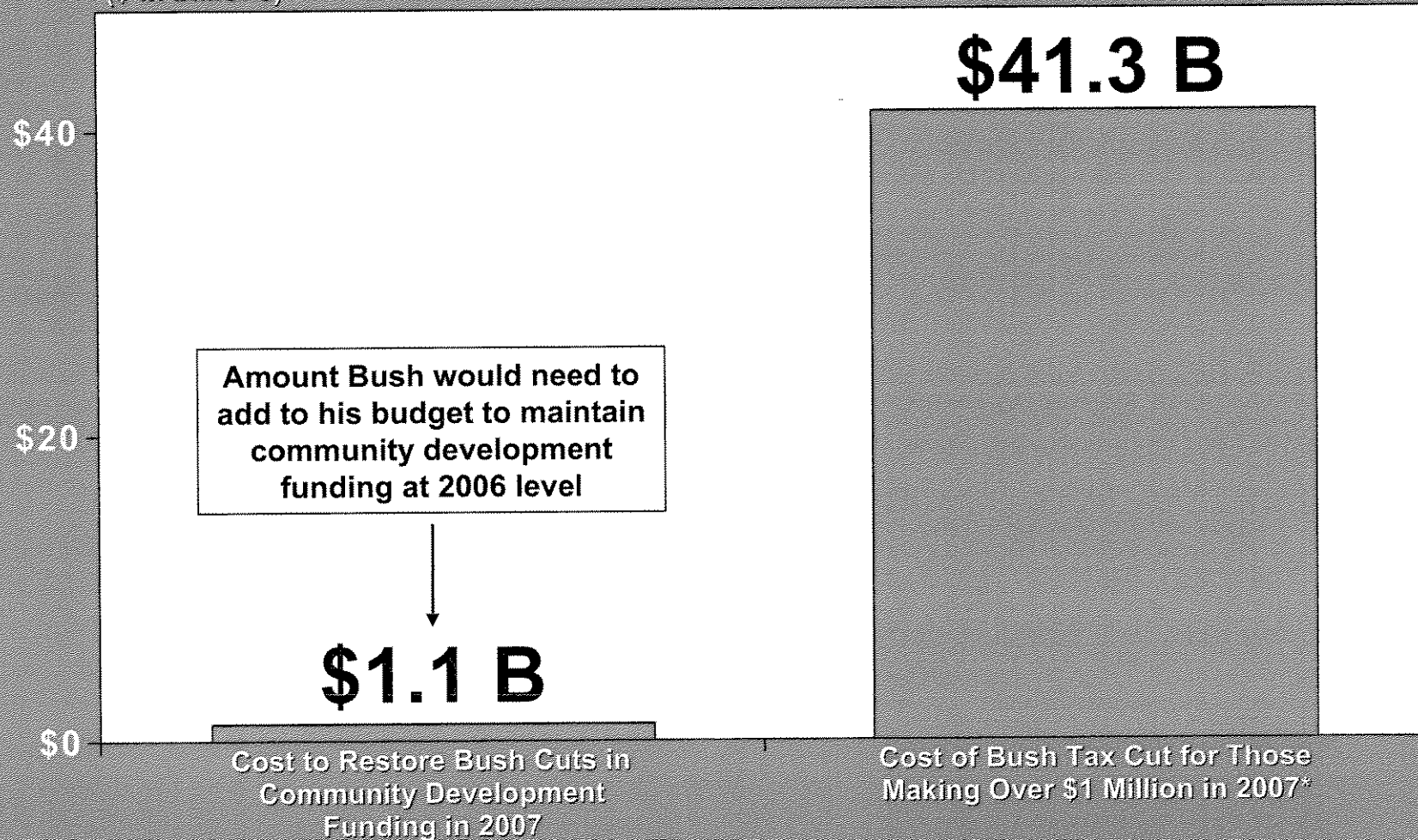
Japan	\$685 B
China	\$257 B
United Kingdom	\$234 B
“Caribbean Banking Centers”	\$111 B
Taiwan	\$71 B
Germany	\$67 B
OPEC	\$67 B
South Korea	\$66 B
Canada	\$53 B
Hong Kong	\$44 B

Source: Department of Treasury
Note: As of December 2005

The Wrong Priorities:

Bush Plan to Cut 27% in Community Development Funding Saves Little Compared to Cost of Tax Cuts for Millionaires

(\$ in billions)



*Assumes extension of 2005 AMT relief, indexed for inflation.
Source: OMB, Urban-Brookings Tax Policy Center