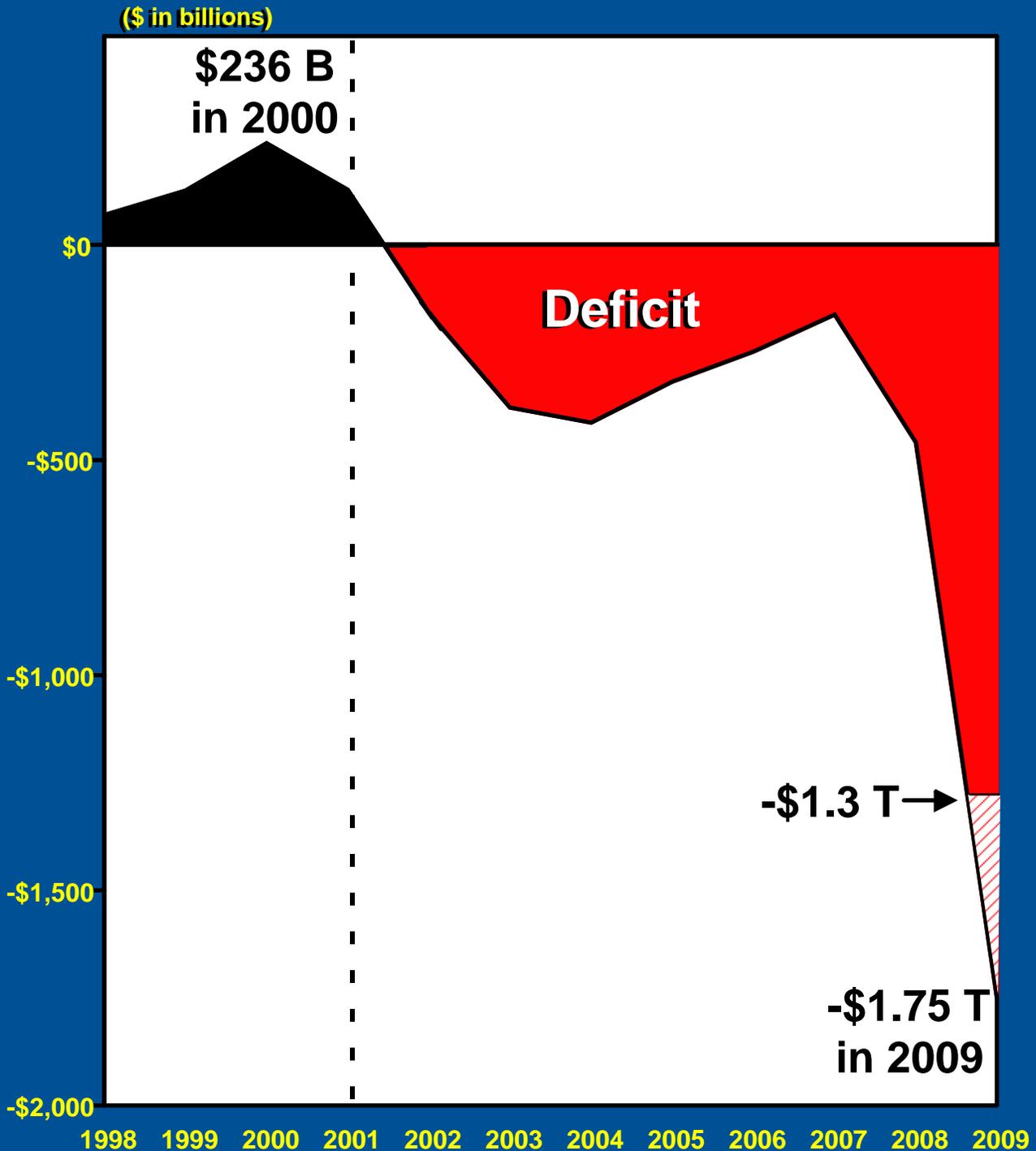


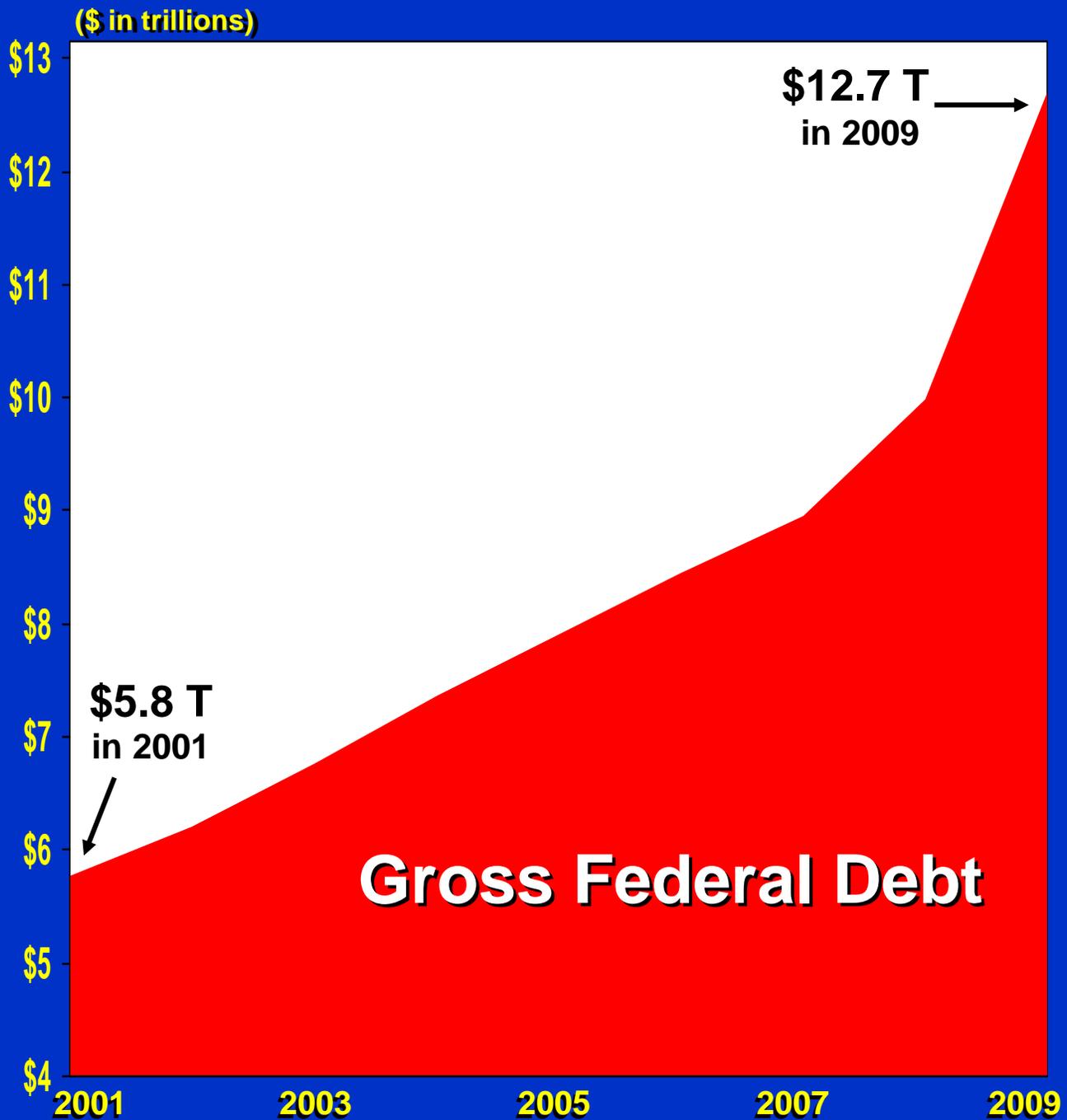
Dramatic Deterioration in Budget Picture Under Bush Administration



Source: OMB

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.

Federal Debt Soars Under Bush Administration



Source: OMB, CBO

Note: 2009 estimate includes debt related to policies begun under the Obama administration including the economic recovery package.

What President Obama Is Inheriting

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

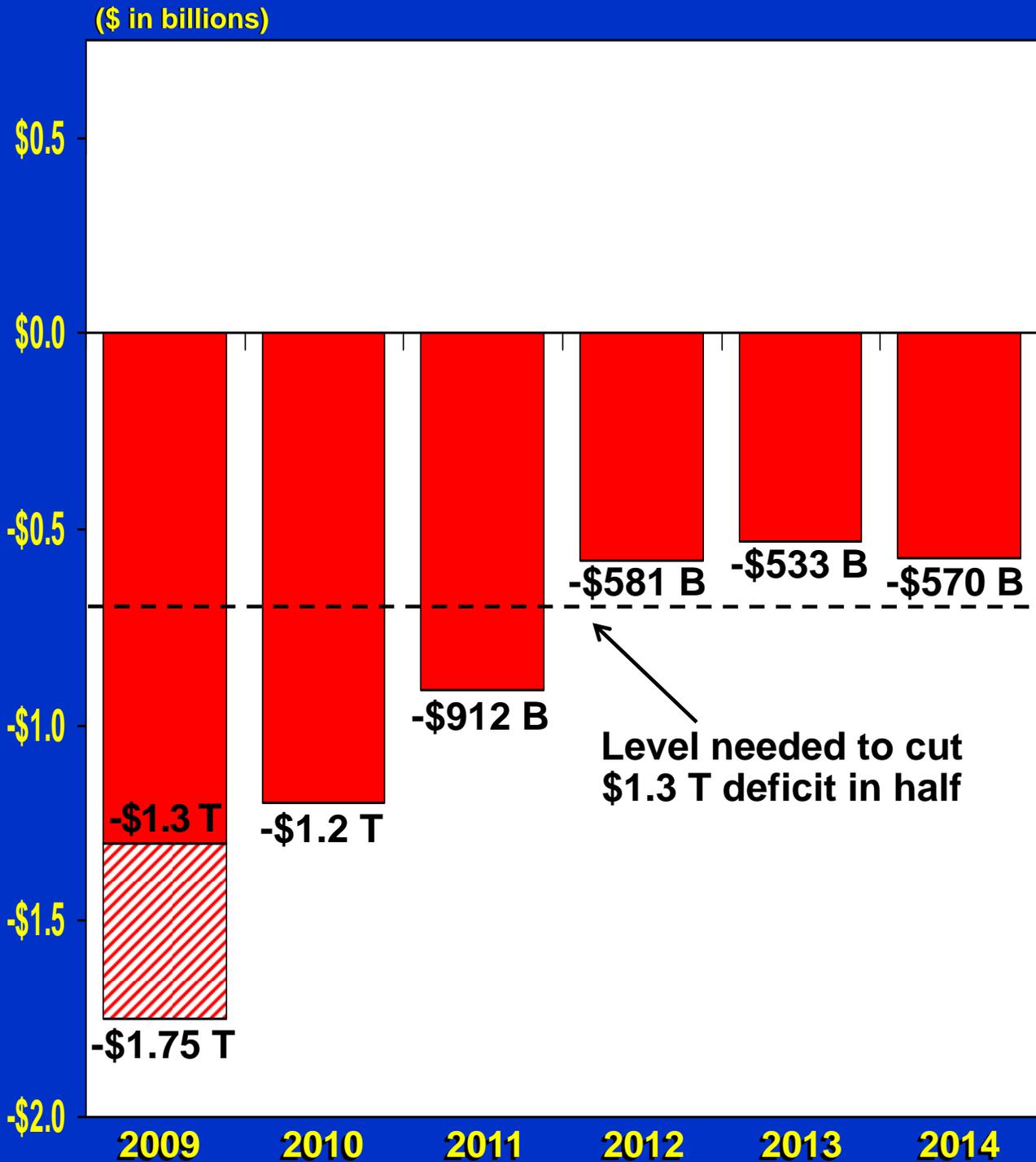
Actions Taken by Obama Administration in First Month

- **Pass economic recovery package**
- **Present plans to address financial market and housing crises**
- **Hold Fiscal Responsibility Summit**

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**

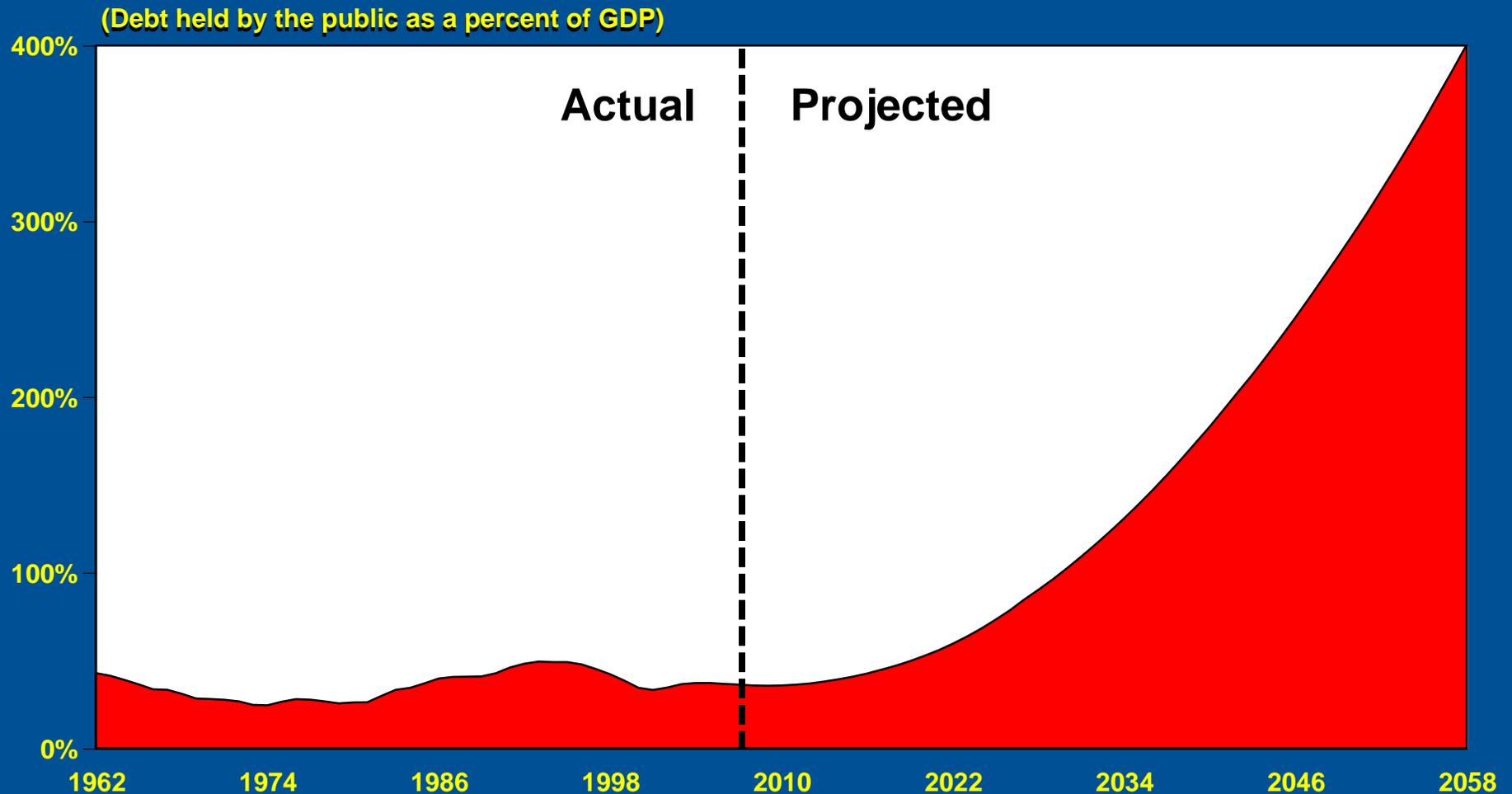
Deficit Cut in Half in Four Years Under Obama Budget



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.

Federal Debt Soars Under CBO Long-Term Budget Scenario



Source: CBO Long-Term Budget Outlook, December 2007

Note: CBO alternative fiscal scenario with tax cuts made permanent, AMT indexed for inflation, and Medicare physician payments growing with higher MEI rate.

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**

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.