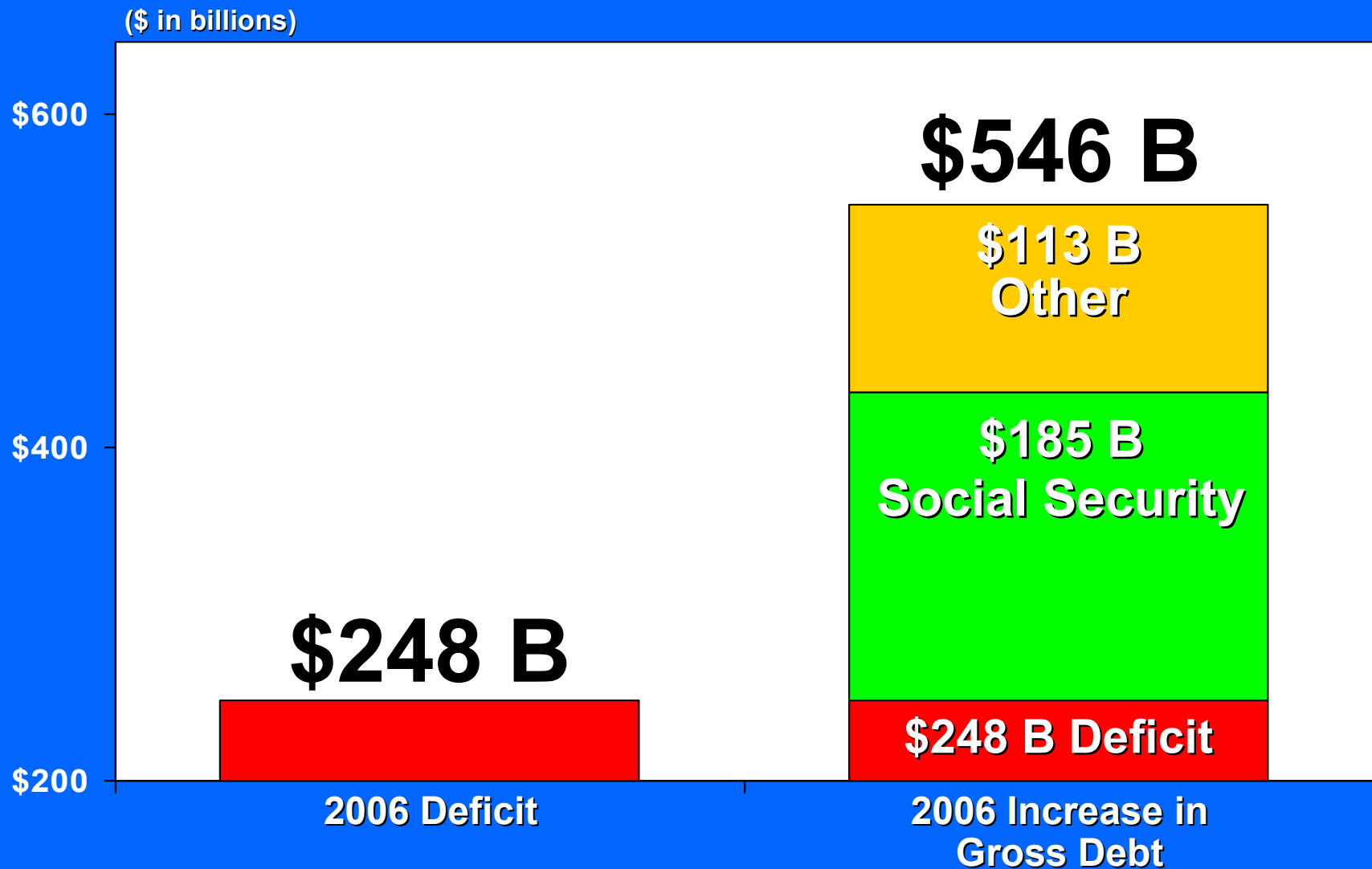


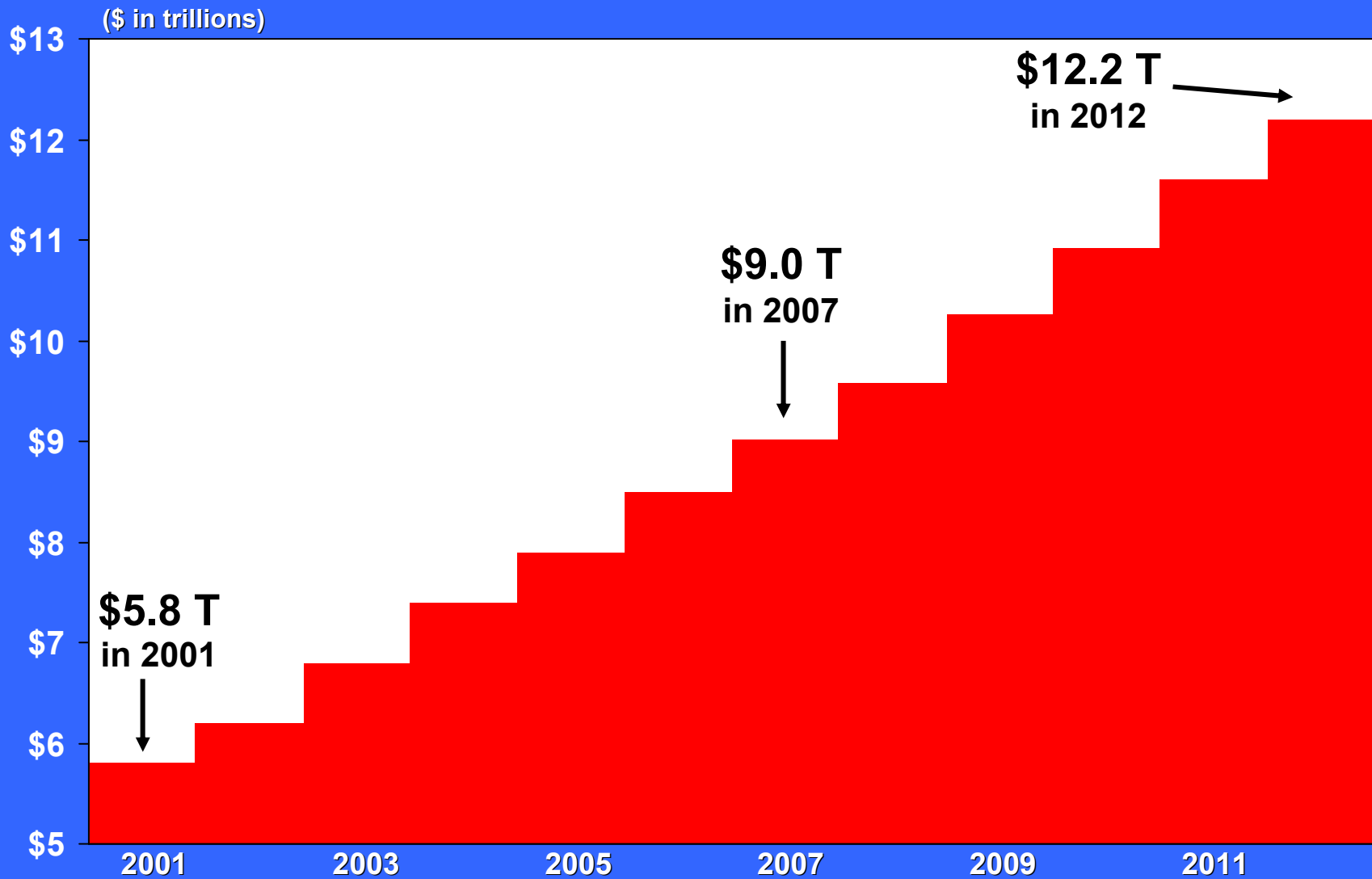
# Increase in Debt in 2006 is Far Greater Than the \$248 Billion Deficit



Source: OMB/Treasury, SBC Democratic staff

# Building a Wall of Debt

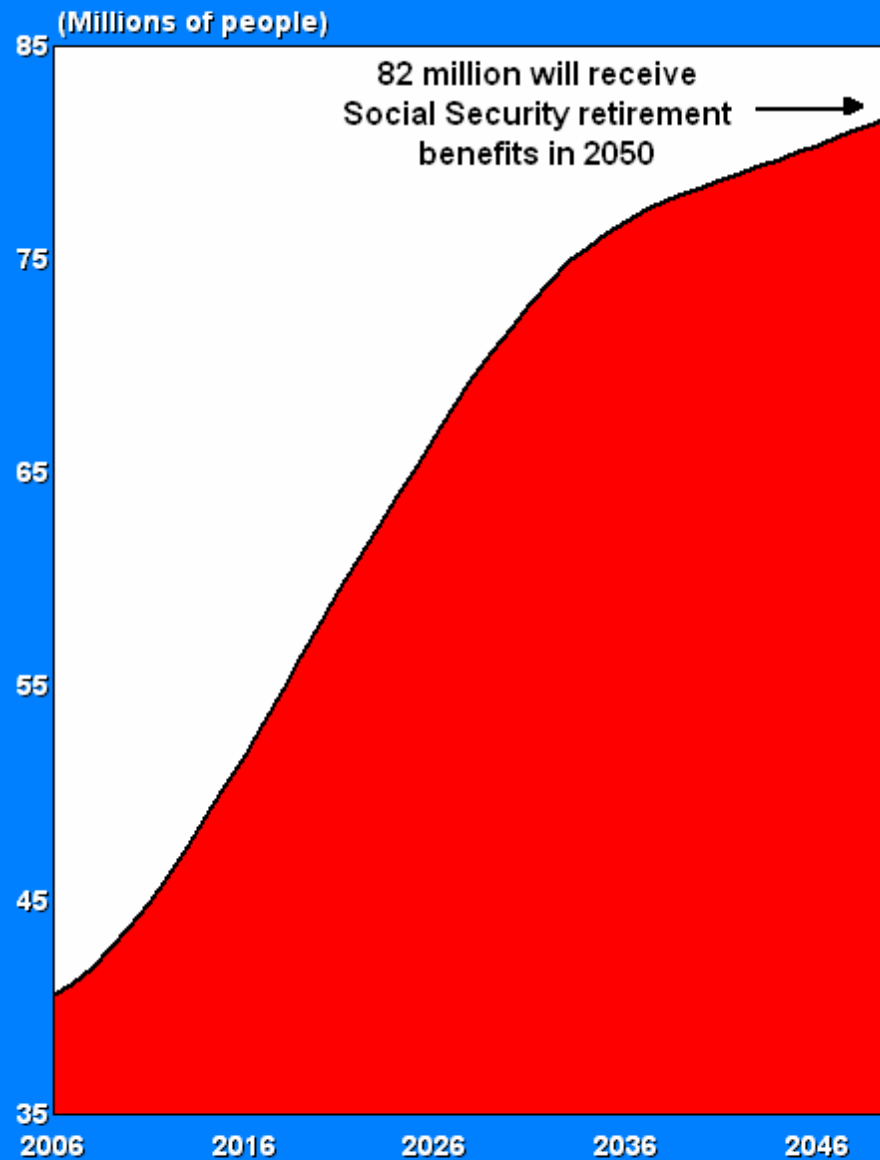
## Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: Bush FY 2008 budget extended over ten years with AMT reform and ongoing war costs.

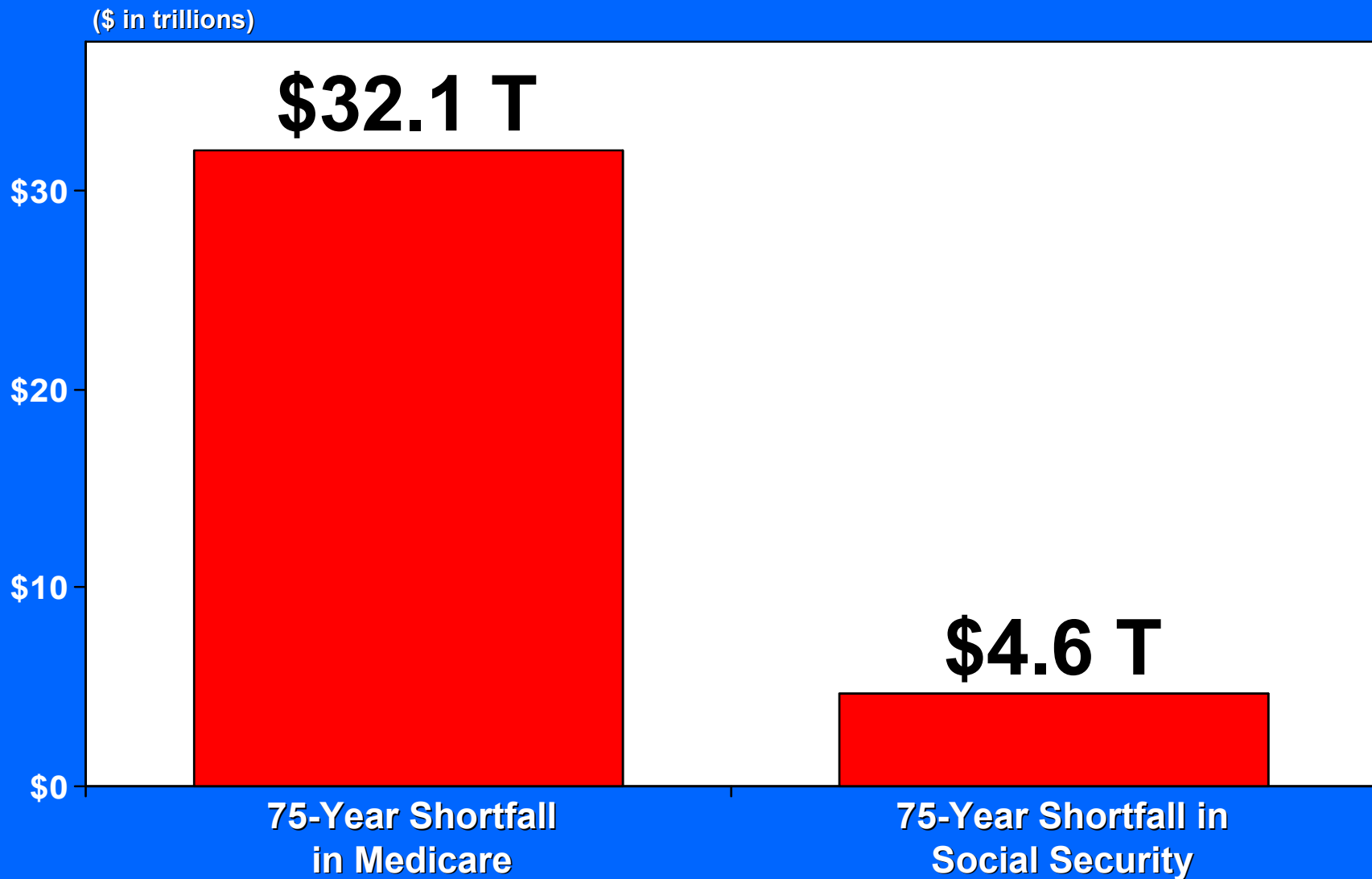
## Number of Social Security Beneficiaries Explodes with Retirement of Baby Boom Generation



Source: 2006 Social Security Trustees Report  
Note: OASI beneficiaries

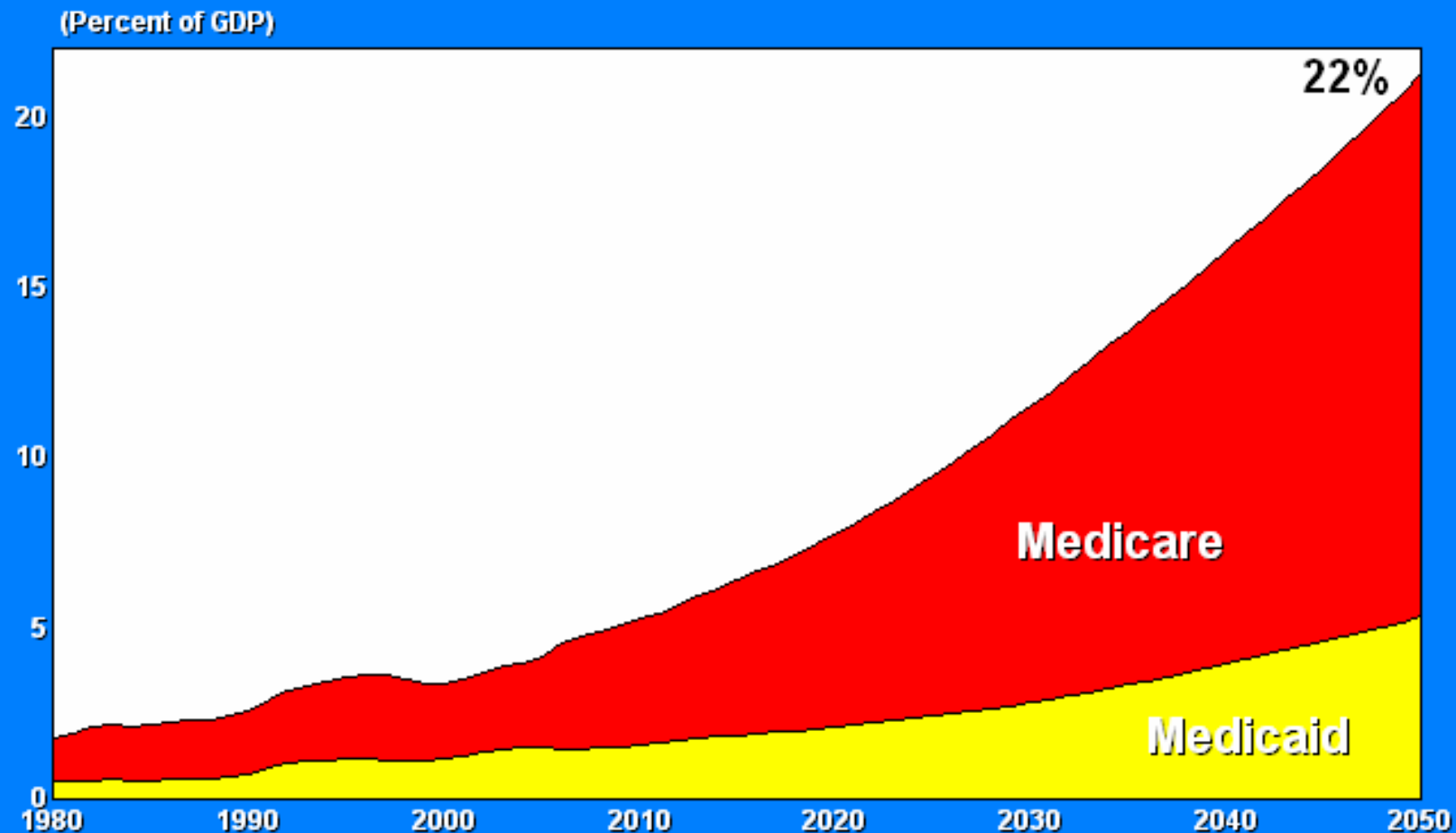
# Comparing Long-Term Costs of Medicare and Social Security

## Present Value of Costs Over Next 75 Years



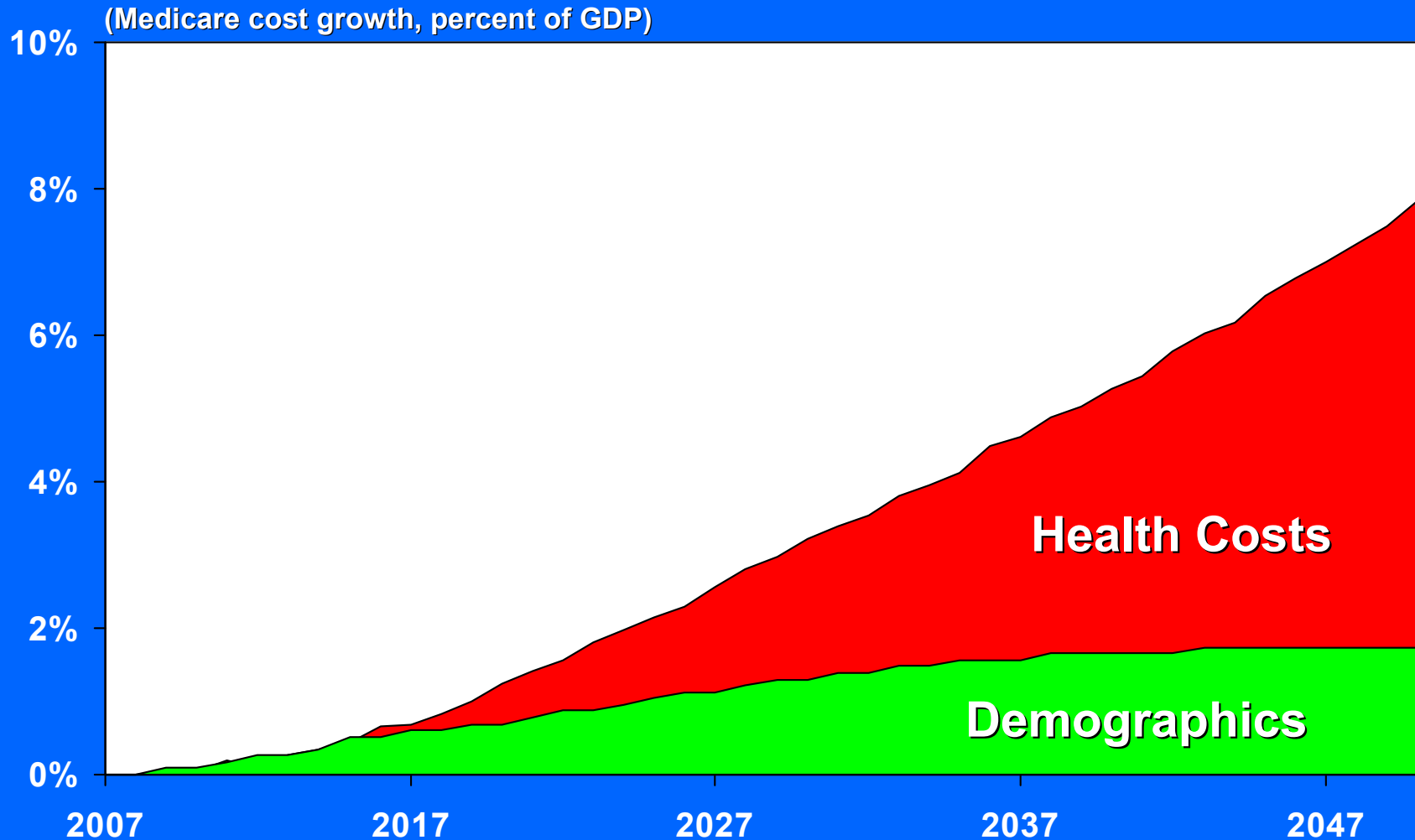
Source: Social Security Trustees 2006 Annual Report

# Medicare and Medicaid Spending as a Percent of GDP 1980-2050



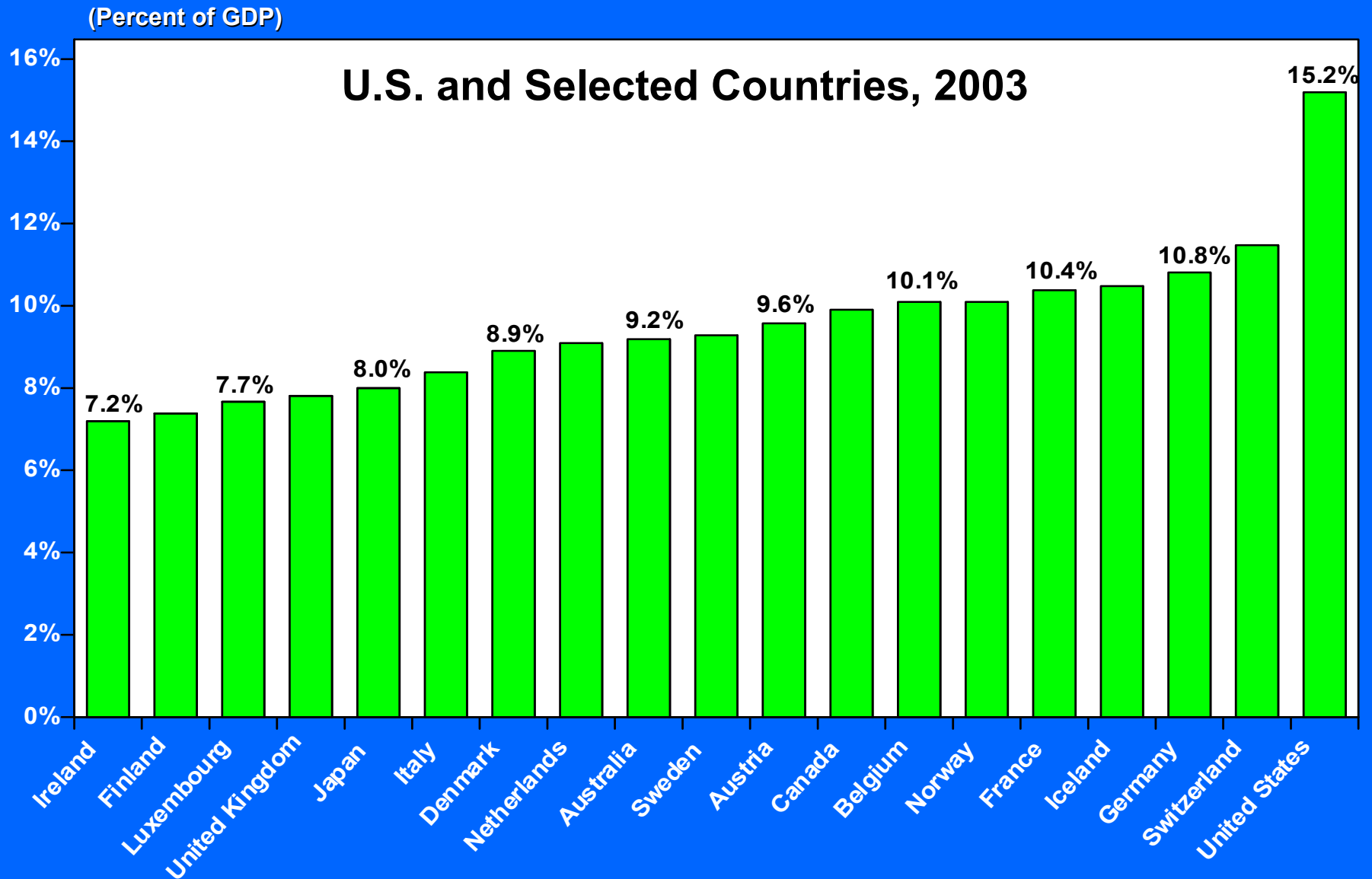
Source: CBO Long-Term Budget Outlook, December 2005. Projections assume excess cost growth of 2.5 percent for Medicare and Medicaid.

# Rising Health Care Costs Driving Medicare Cost Growth



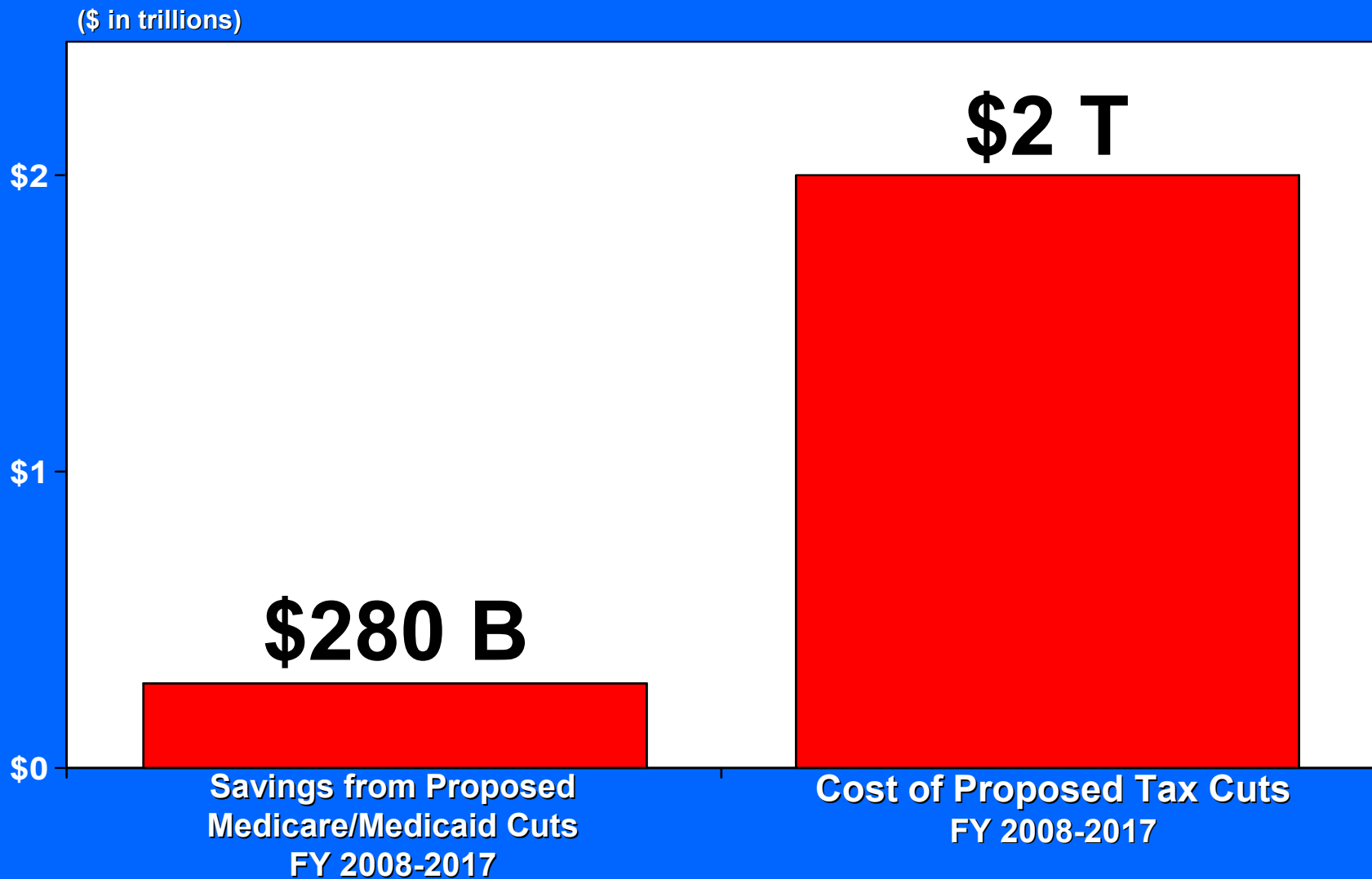
Source: CBPP projections based on CBO data.

# Total Health Expenditures as a Share of GDP



Source: Organization for Economic Co-operation and Development, October 2006

# Savings from Medicare/Medicaid Cuts More than Wiped Out by Tax Cuts in Bush Budget

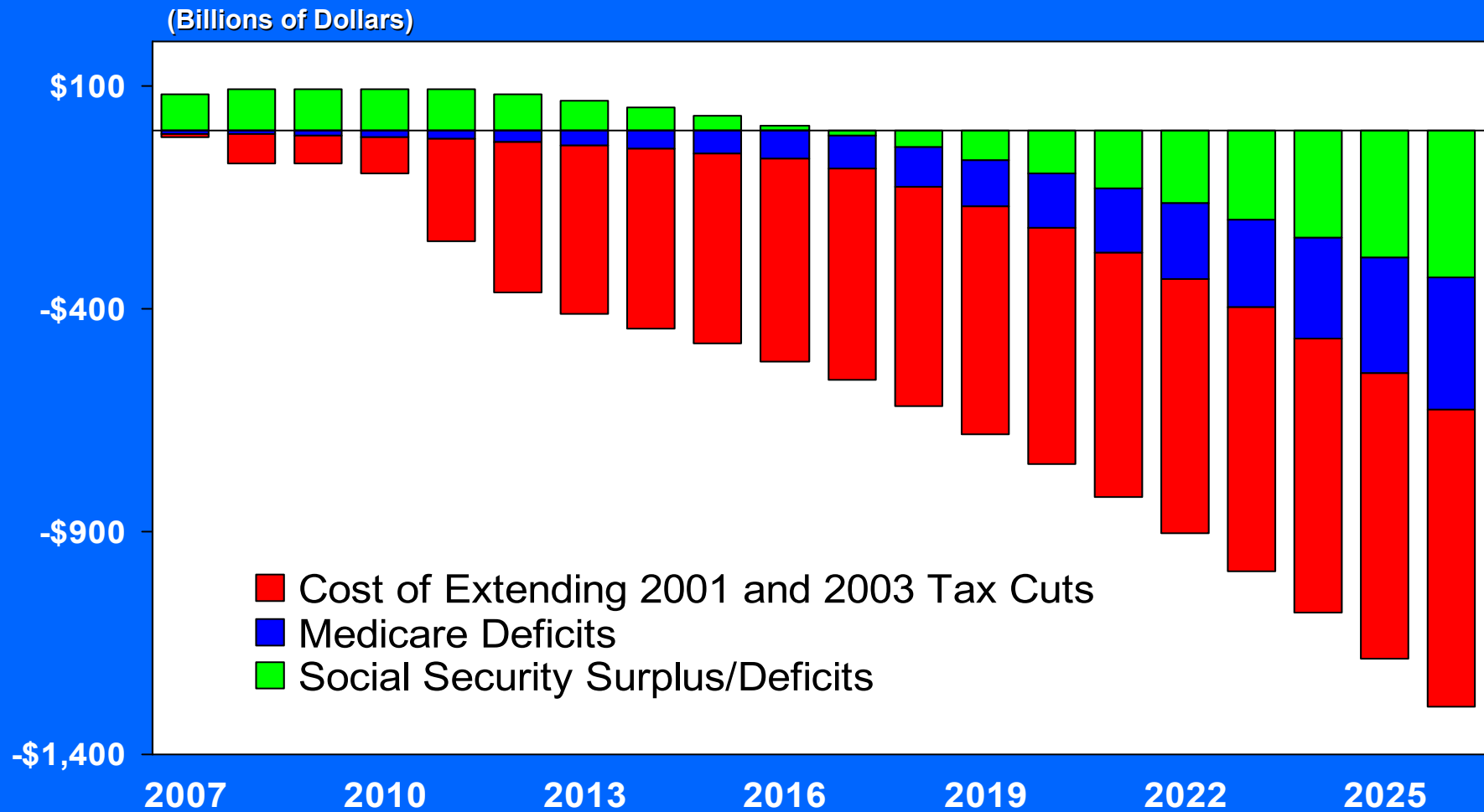


Source: CBO, OMB, Bush FY 2008 Budget

Note: Savings from new legislative proposals

# Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits

## FY 2007-2026



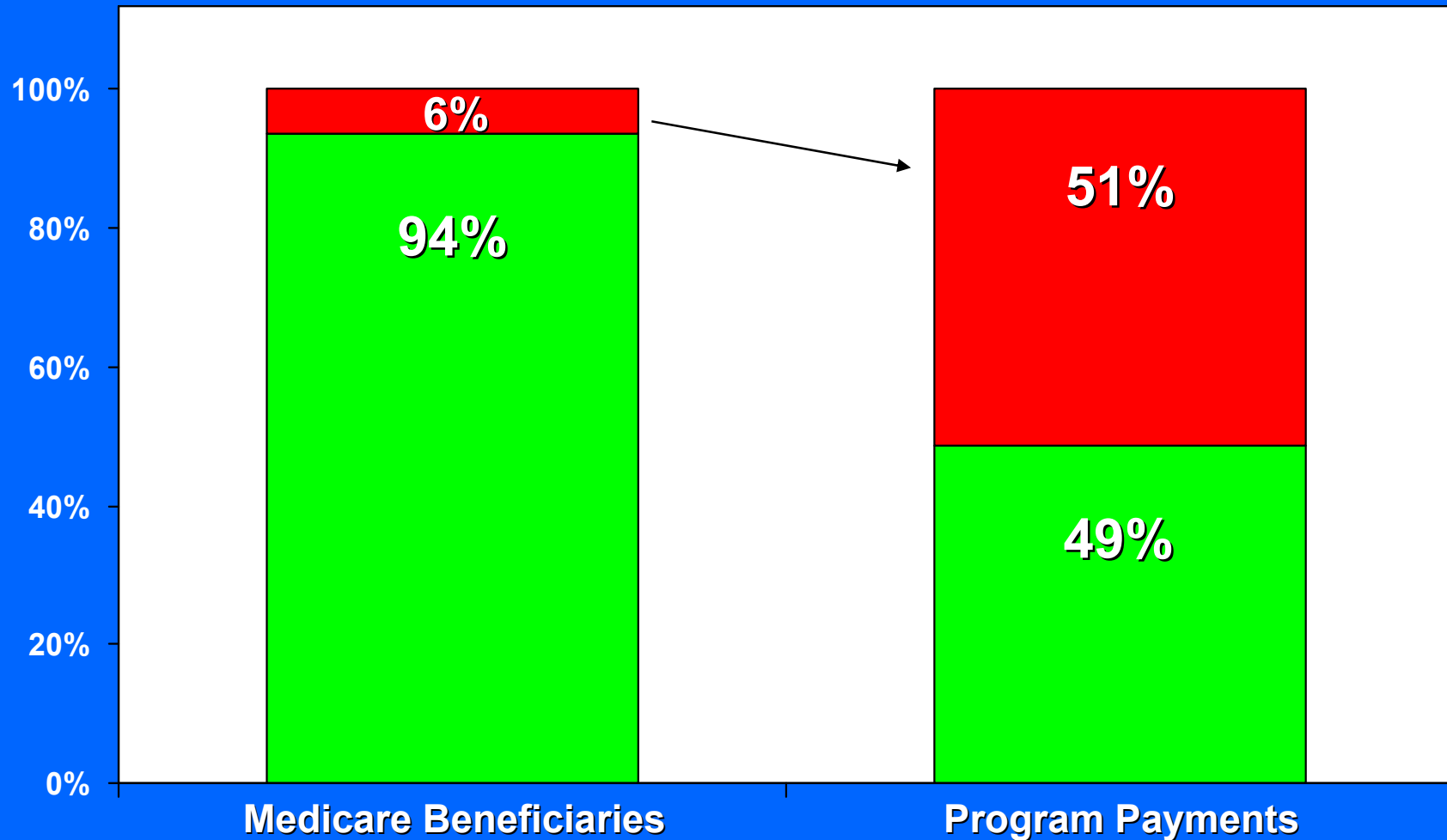
Source: Social Security Trustees 2006 Annual Report, CBO, CBPP, and SBC Democratic staff

# **Reform of Medicare and Medicaid Requires Overall Health Care Reform**

**“I think it’s a mistake to look at containing costs just within the federal programs themselves, Medicare and Medicaid. The underlying driver of that cost growth, of the costs in those programs, is the underlying rate of cost growth in the health sector as a whole. And tackling that problem is perhaps the fundamental fiscal challenge and an important economic challenge facing the nation.”**

**– Congressional Budget Office Director  
Peter Orszag  
Testimony before Senate Budget Committee  
January 25, 2007**

# Six Percent of Medicare Beneficiaries Account for Roughly 51 Percent of Program Costs



Source: CMS and CRS data based on payments for fee-for-service beneficiaries in 2001.

# **Federal Reserve Chairman Bernanke on Budget Outlook**

**“... [O]ne might look at these projections and say, ‘Well, these are about 2030 and 2040 and ... so we don’t really have to start worrying about it yet.’ But, in fact, the longer we wait, the more severe, the more draconian, the more difficult ... the adjustments are going to be. I think the right time to start is about 10 years ago.”**

**–Federal Reserve Chairman Ben Bernanke  
Testimony before Senate Budget Committee  
January 18, 2007**