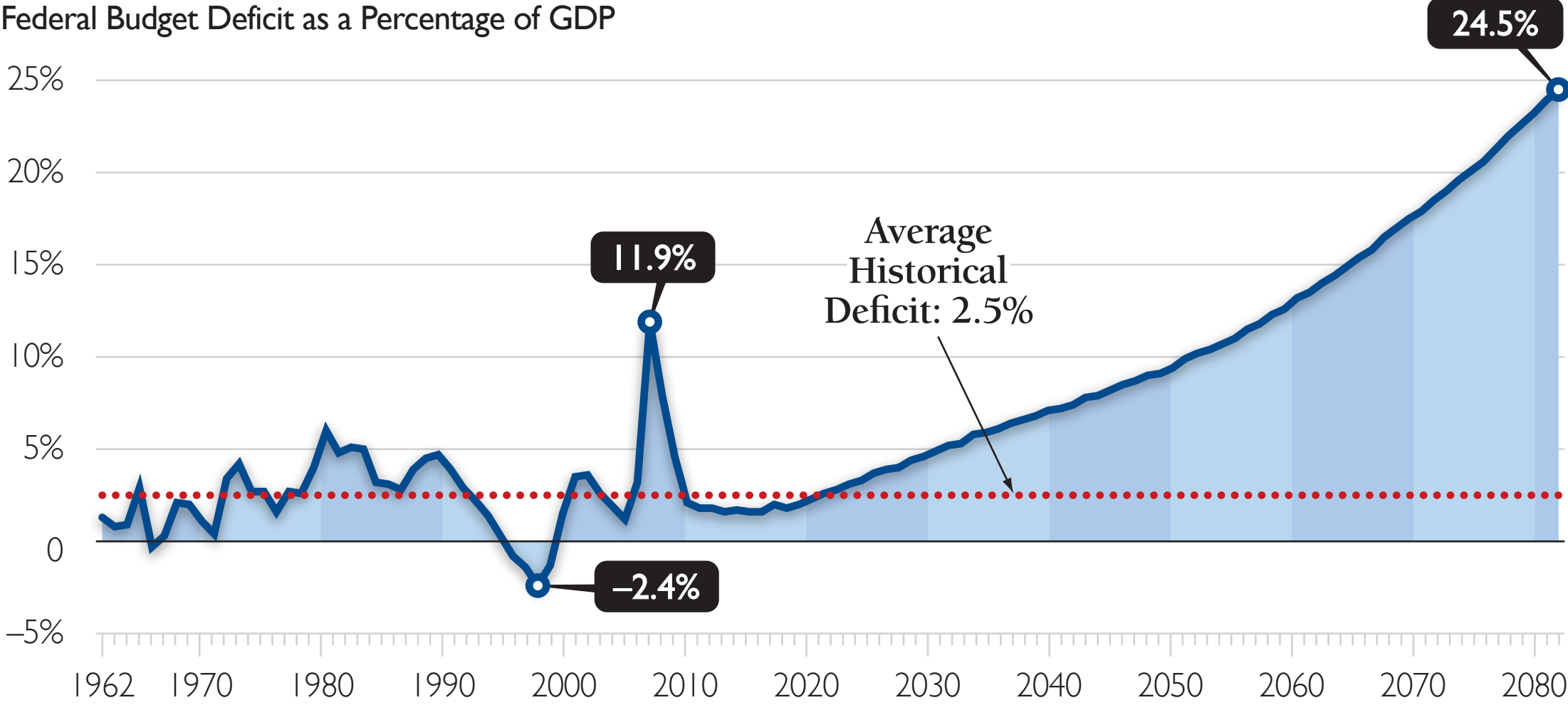


Federal Budget Deficits Will Reach Levels Never Seen Before in the U.S.

Under current law, the budget deficit is projected to grow to 24.5 percent of GDP by 2082, even if the 2001 and 2003 tax cuts are allowed to expire and the AMT is not fixed. This will be driven by entitlement spending for Social Security, Medicare, and Medicaid, with deficits well above the 30-year historical average of 2.5 percent. Deficits of this size have never been seen in the U.S. and illustrate the need to reform these programs.

Federal Budget Deficit as a Percentage of GDP



Source: Heritage Foundation calculations based on Congressional Budget Office data.