

Short & Long Term Budget Trends

July 2009 Updated Chart Talk

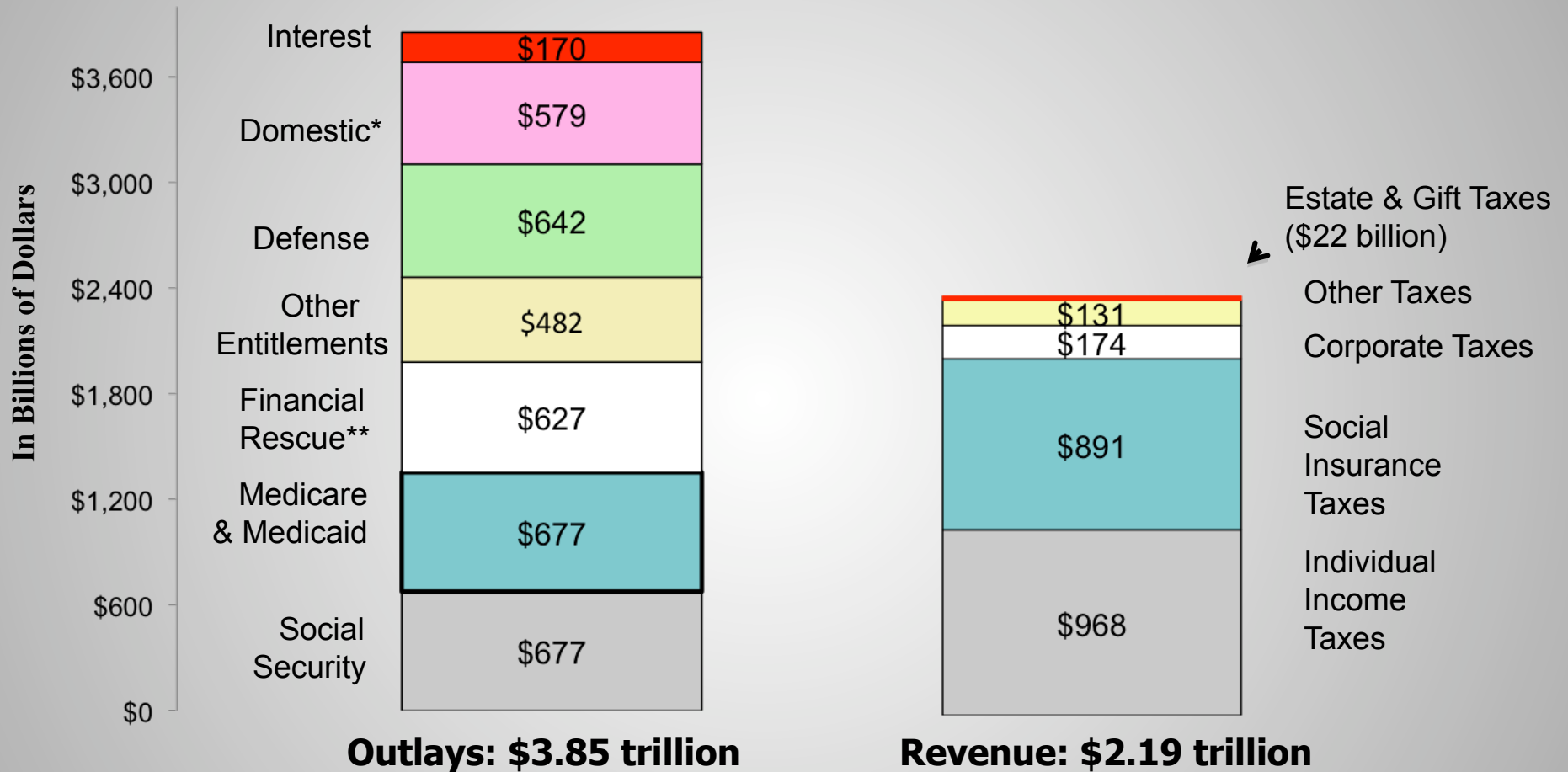


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Composition of Projected FY 2009 Federal Government Revenues and Outlays (Deficit: \$1.67 Trillion)



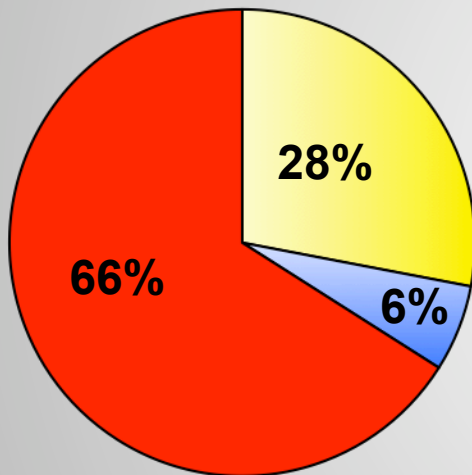
*Includes all appropriated domestic spending such as education, transportation, homeland security, housing assistance, and foreign aid.

**CBO classification of funds allocated for TARP, Fannie Mae, and Freddie Mac. Source: CBO March 2009.

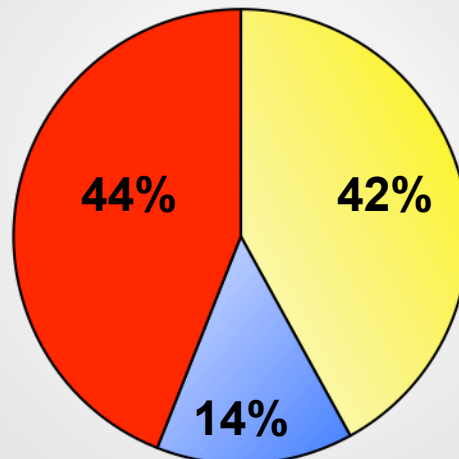


Mandatory spending is consuming a growing share of the budget

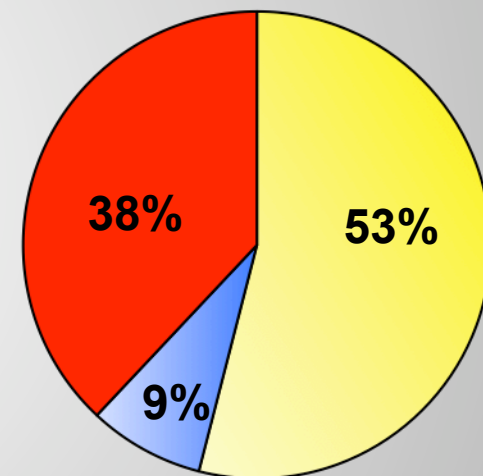
1968



1988



2008



 Mandatory

 Net Interest

 Discretionary

Source: Congressional Budget Office, January 2009.

NOTE: Numbers may not add up due to rounding.

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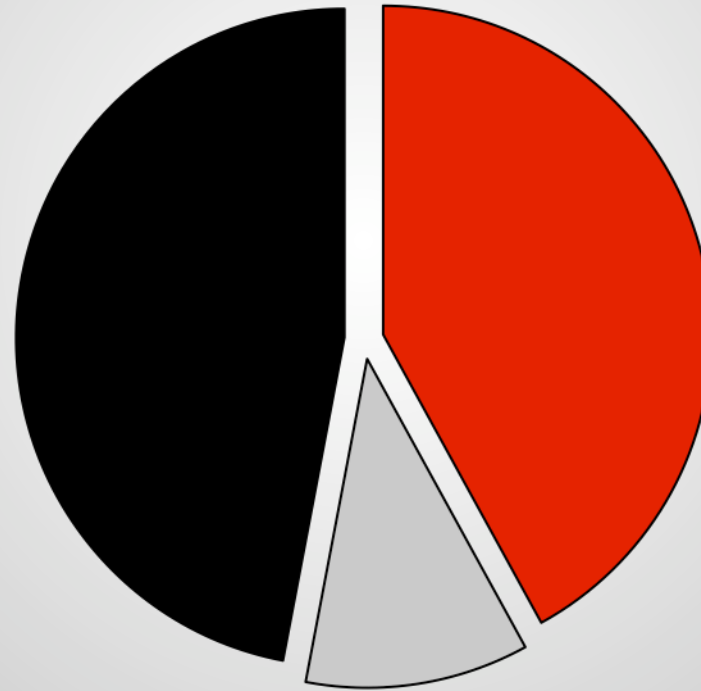


Social Security, Medicare, & Medicaid as a Percentage of the Federal Budget

All other Federal Spending

\$1.88 Trillion

58%



Social Security, Medicare and Medicaid

\$1.35 Trillion

42%

CBO treatment of TARP, Fannie Mae and Freddie Mac: \$627 billion

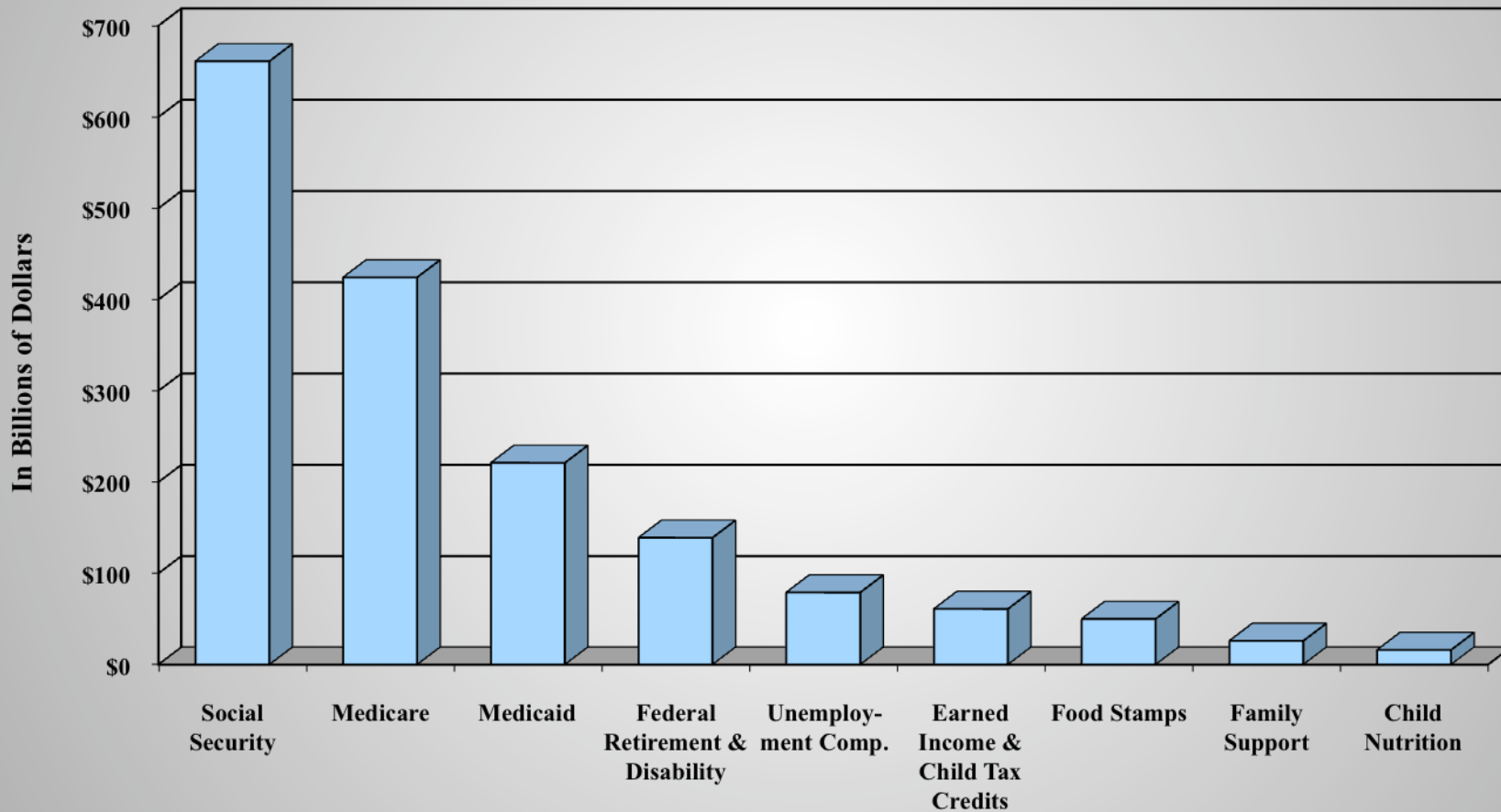
Source: Congressional Budget Office, March 2009.

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Outlays of Select Mandatory Spending Programs (FY 2009 Projected)



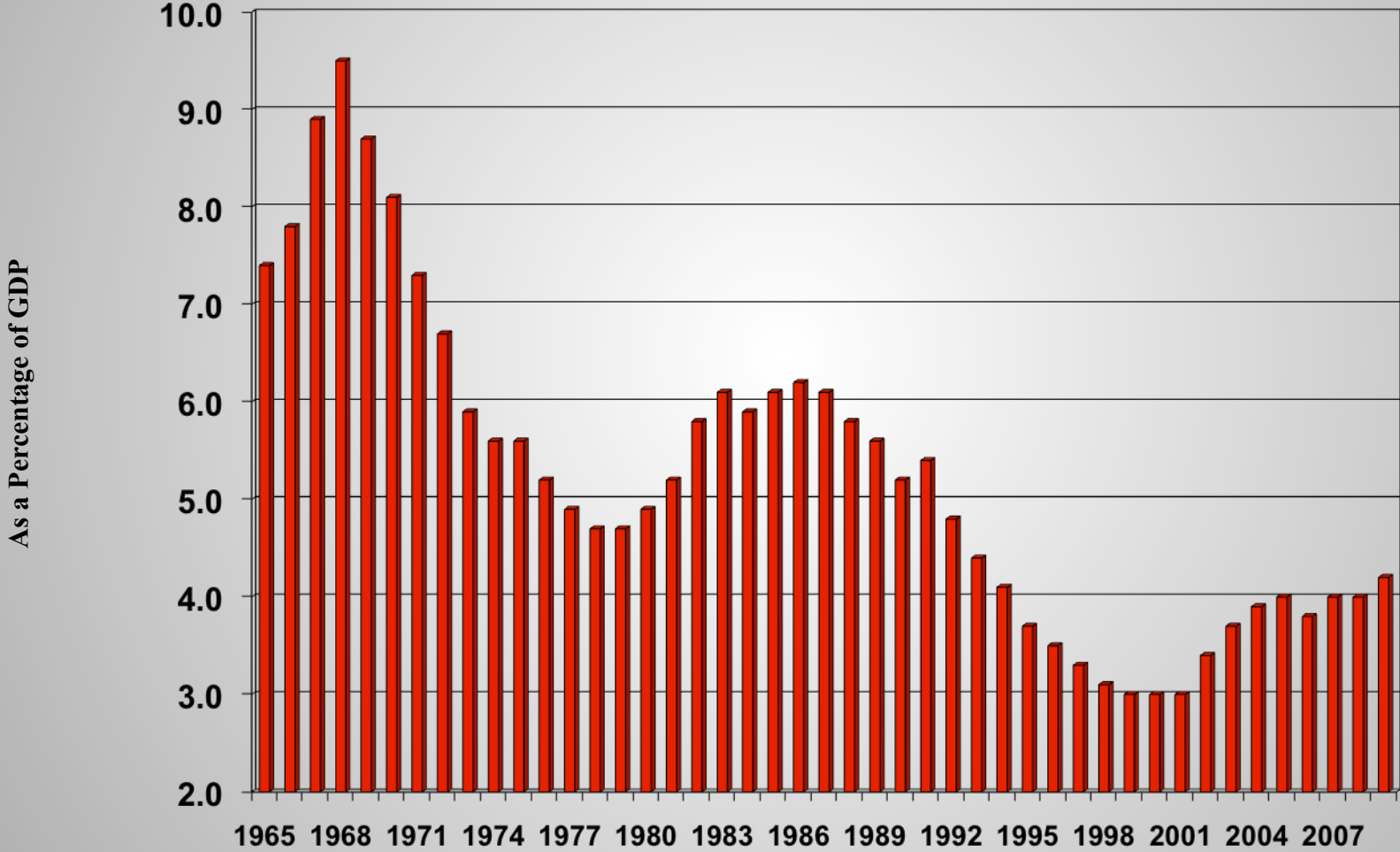
Source: Congressional Budget Office, January 2009.

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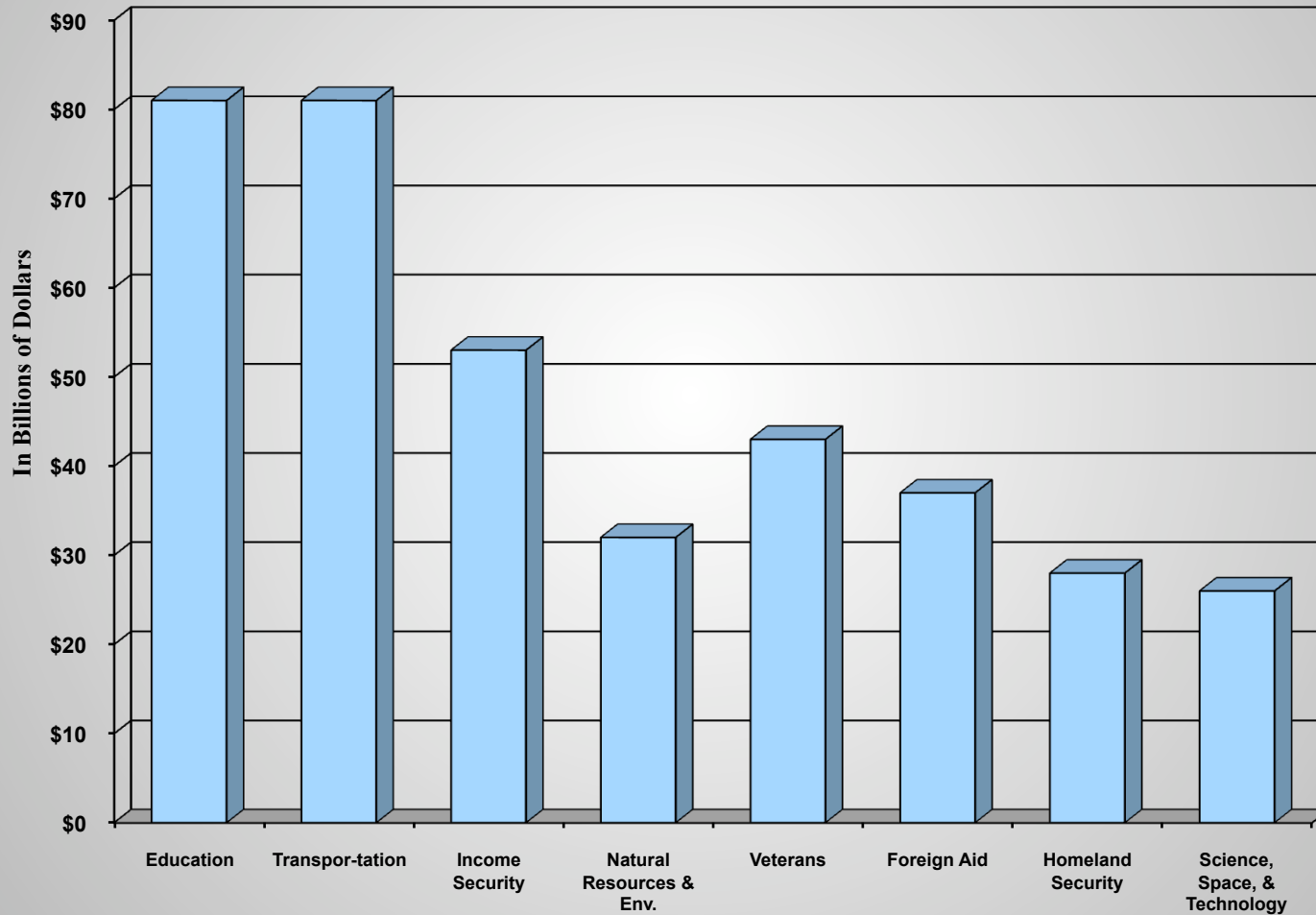
Defense Discretionary Spending as a Percentage of GDP



Source: Congressional Budget Office, January 2009.



Outlays of Select Discretionary Non-Defense Programs (FY 2008)



*includes ground, air, and water

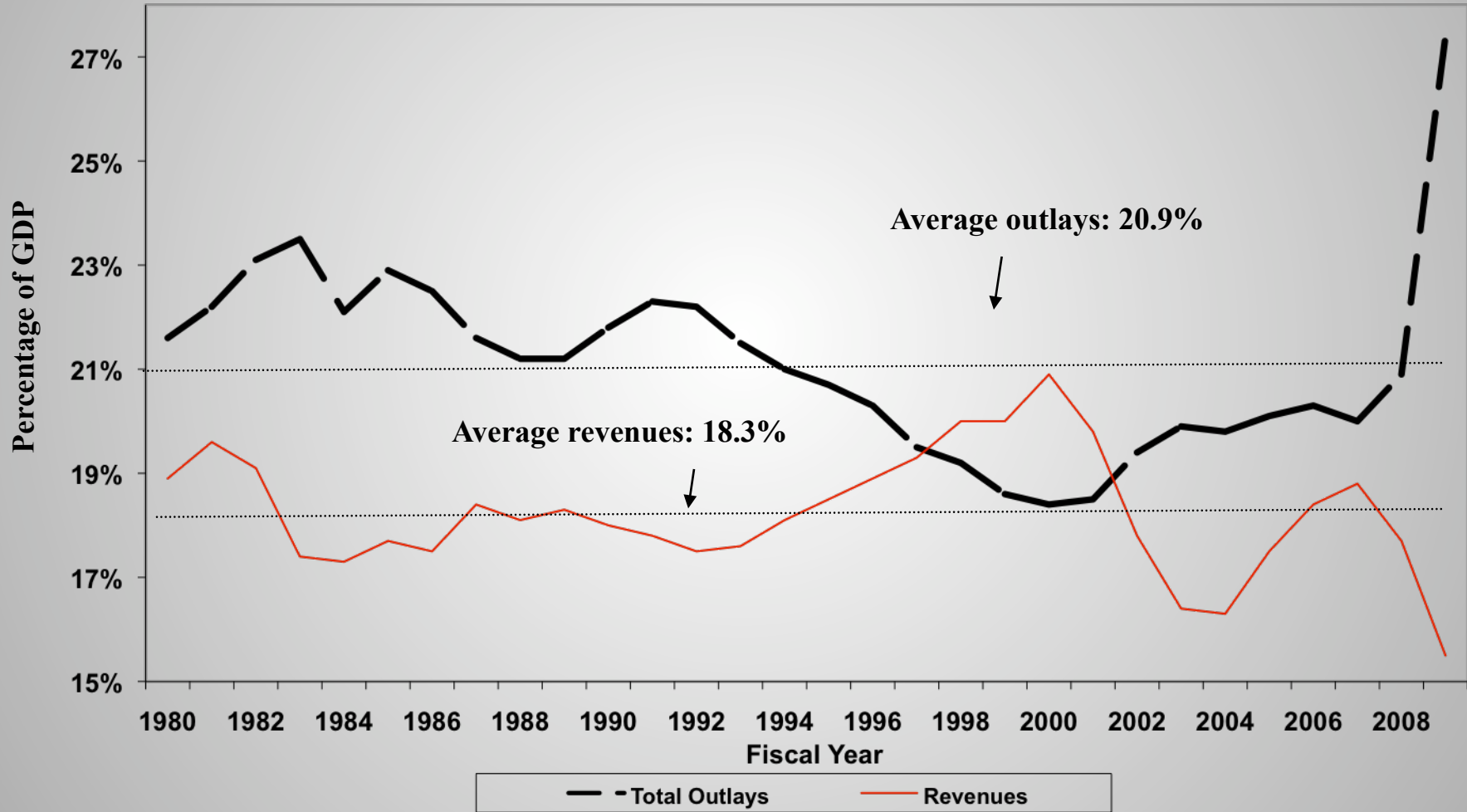
Source: Congressional Budget Office, 2009.

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Federal Spending vs. Revenues as a Percent of GDP (FY 1980-2009)



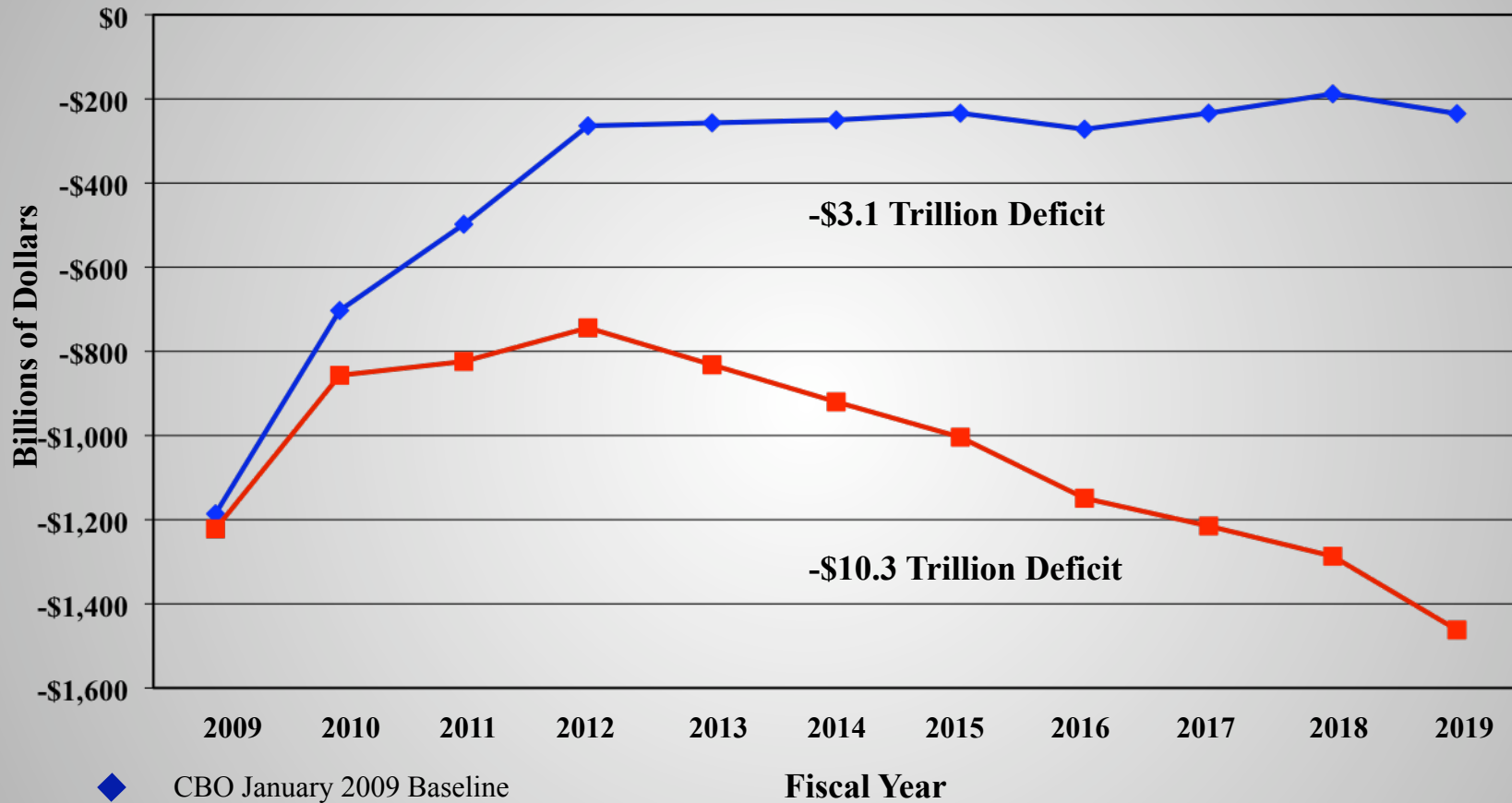
Source: Congressional Budget Office, March 2009.

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Current Policy Trends Lead to Large Sustained Deficits Fiscal Years 2010-2019



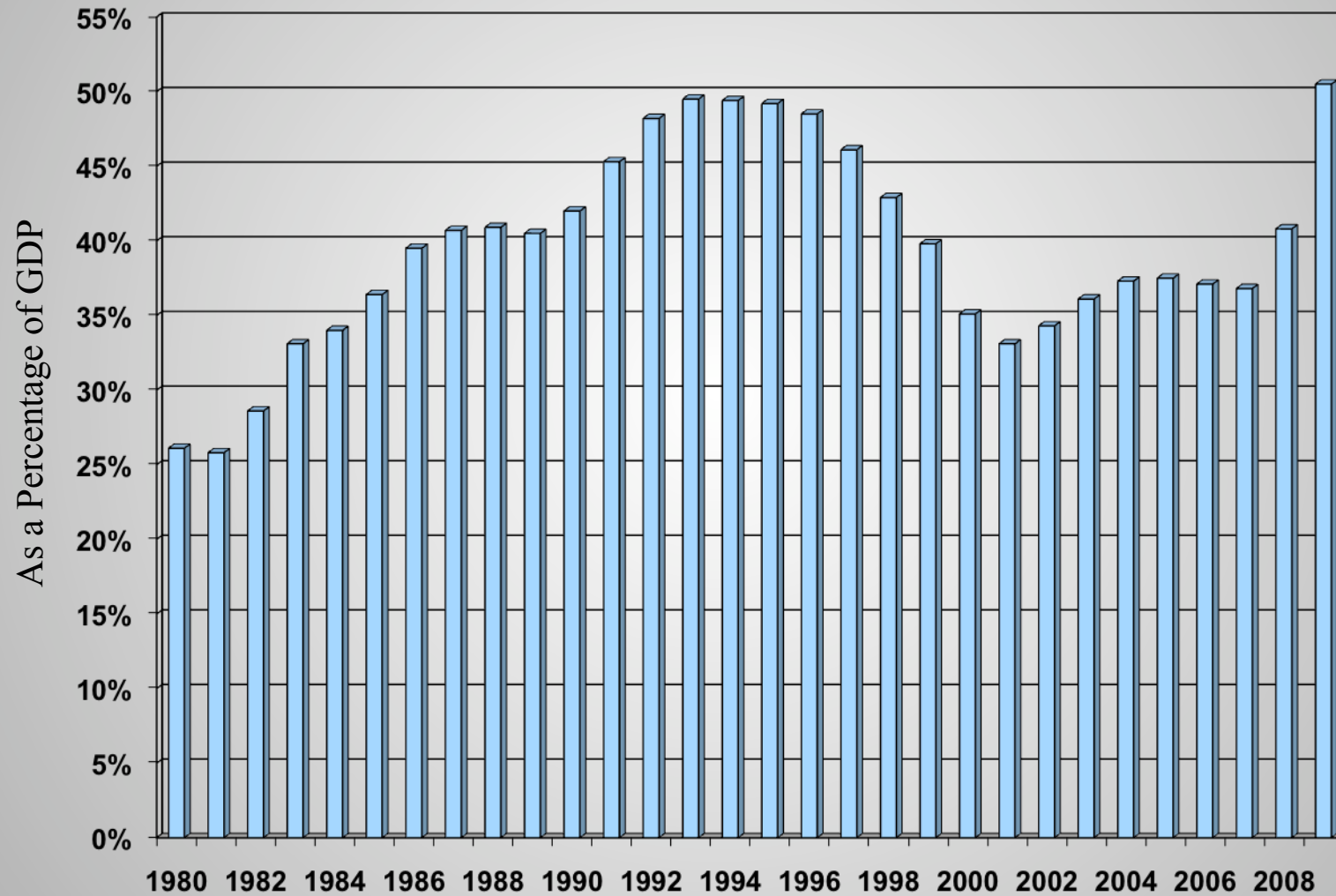
- ◆ CBO January 2009 Baseline
- The Concord Coalition Plausible Baseline assumes that discretionary spending grows at the rate of nominal GDP, that war costs slow gradually, and that all expiring tax provisions are extended with AMT relief. It does not include an estimate for the 2009-2010 economic stimulus package.

Source: Congressional Budget Office, January 2009 and Concord Coalition analysis.



Debt Held by the Public as a Percent of GDP

1980-2009



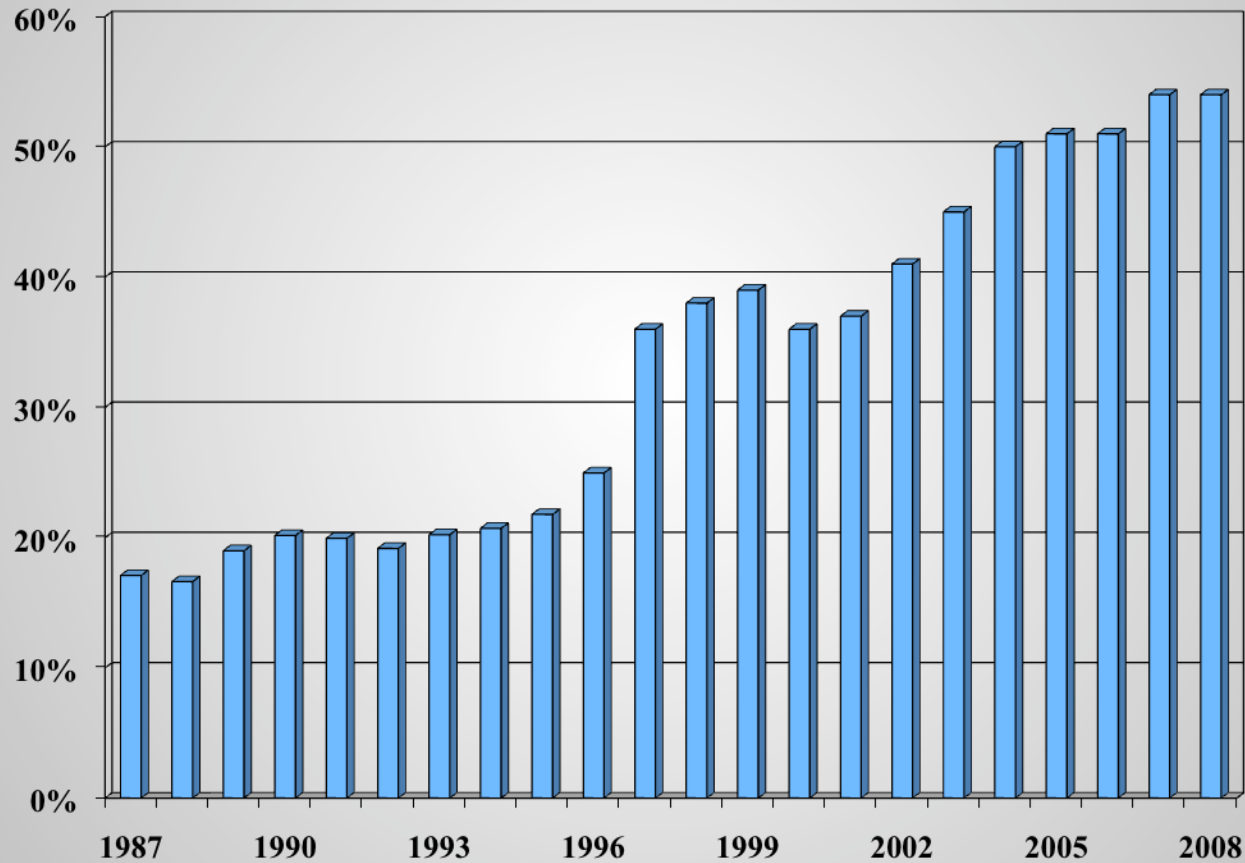
Source: Congressional Budget Office, January 2009.

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Percent of Debt Held by the Public Owned by Foreigners (1987-2008)



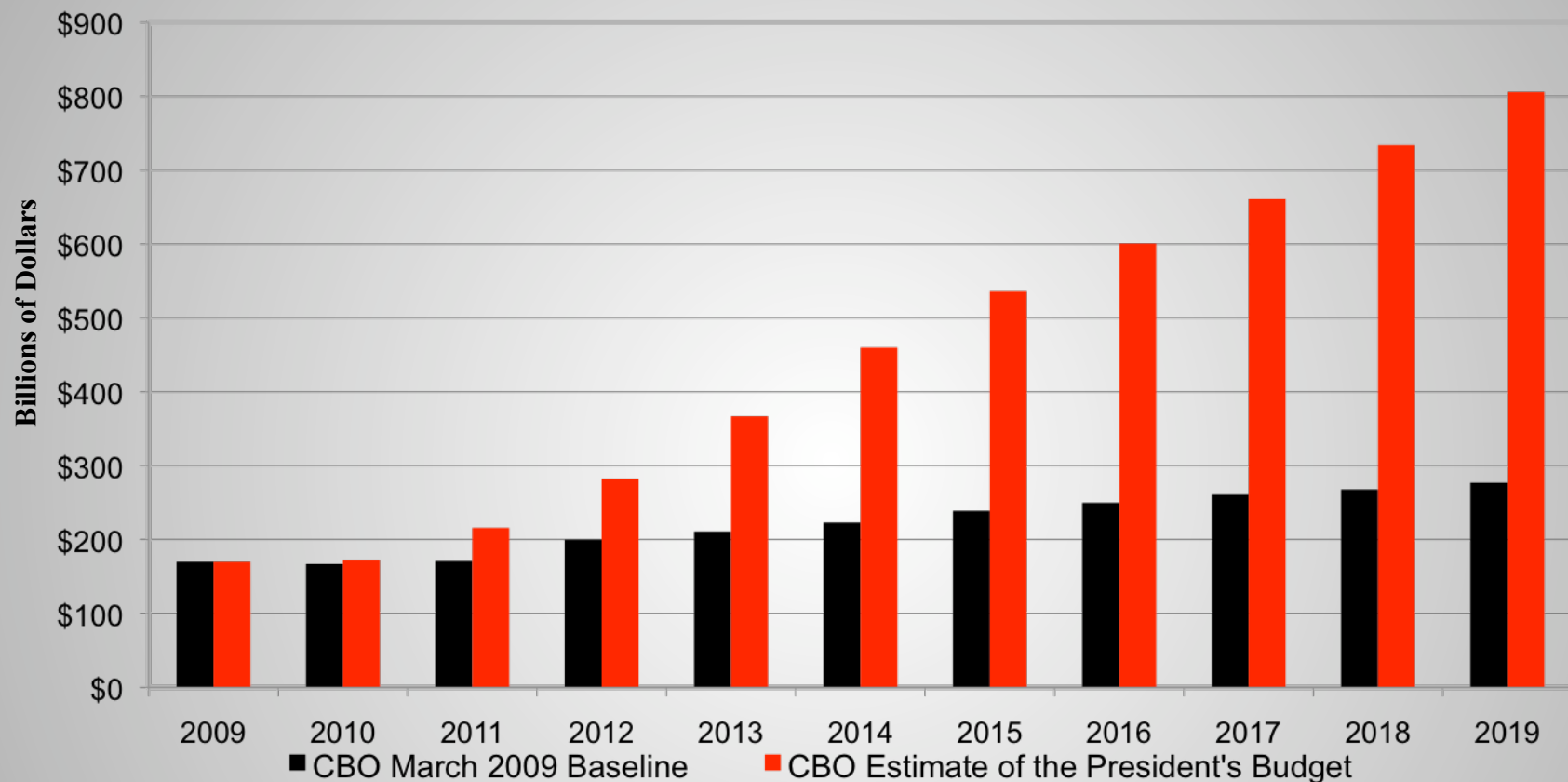
Source: United States Treasury Department, Treasury Bulletin, December 2008.

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Interest Costs Go Through The Roof



The current economic weakness has led to a decline in interest rates, providing the federal government with an opportunity to finance new borrowing at lower initial cost. Over time, however, the huge buildup in debt combined with rising interest rates will bring interest payments on the national debt to over three-quarters of a trillion dollars (\$806 billion in 2019), or 3.5 percent of GDP, under CBO's scoring of the President's Budget.

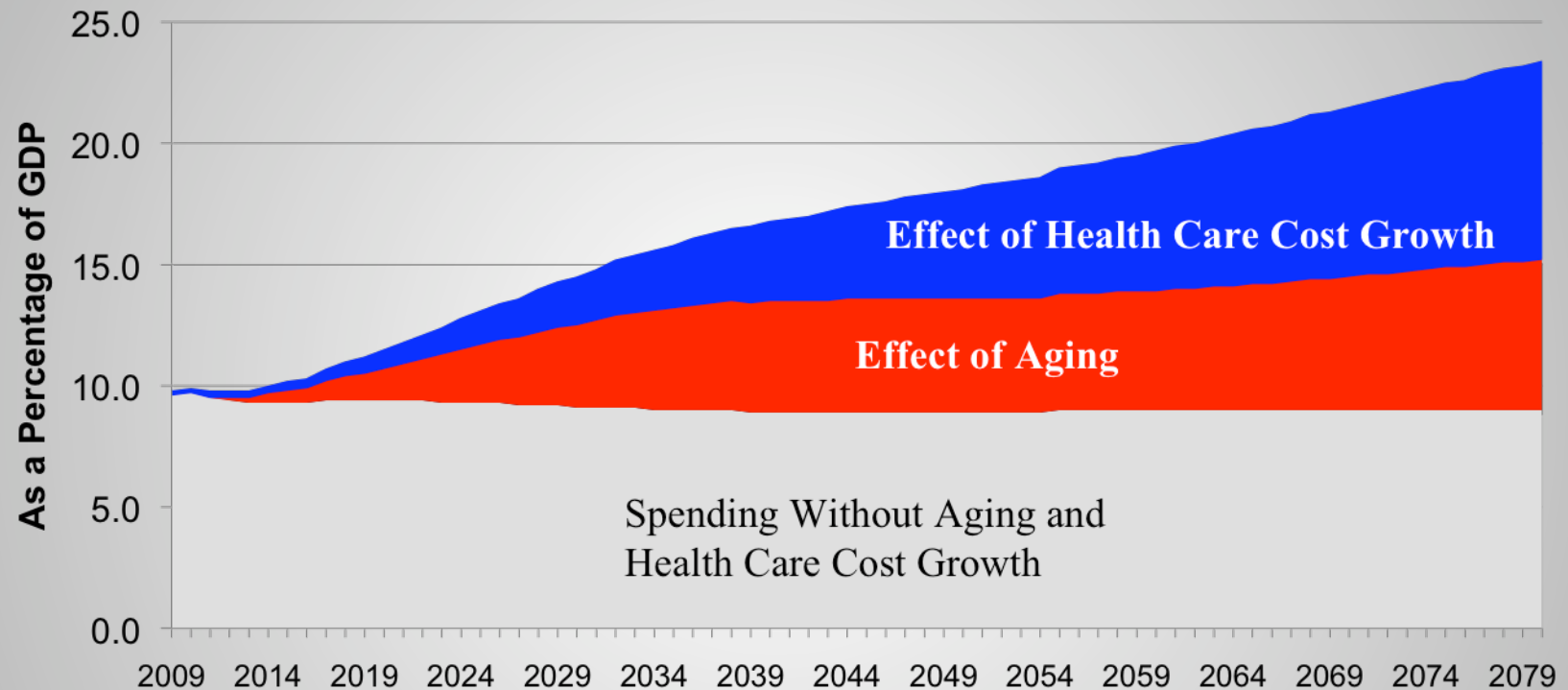
Source: Congressional Budget Office, March 2009.

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Factors Explaining Future Federal Spending on Medicare, Medicaid, and Social Security



Percent of Growth Attributed to:	2035	2080
Health Care Cost Growth	36%	56%
Aging	64%	44%

Source: Congressional Budget Office, June 2009.

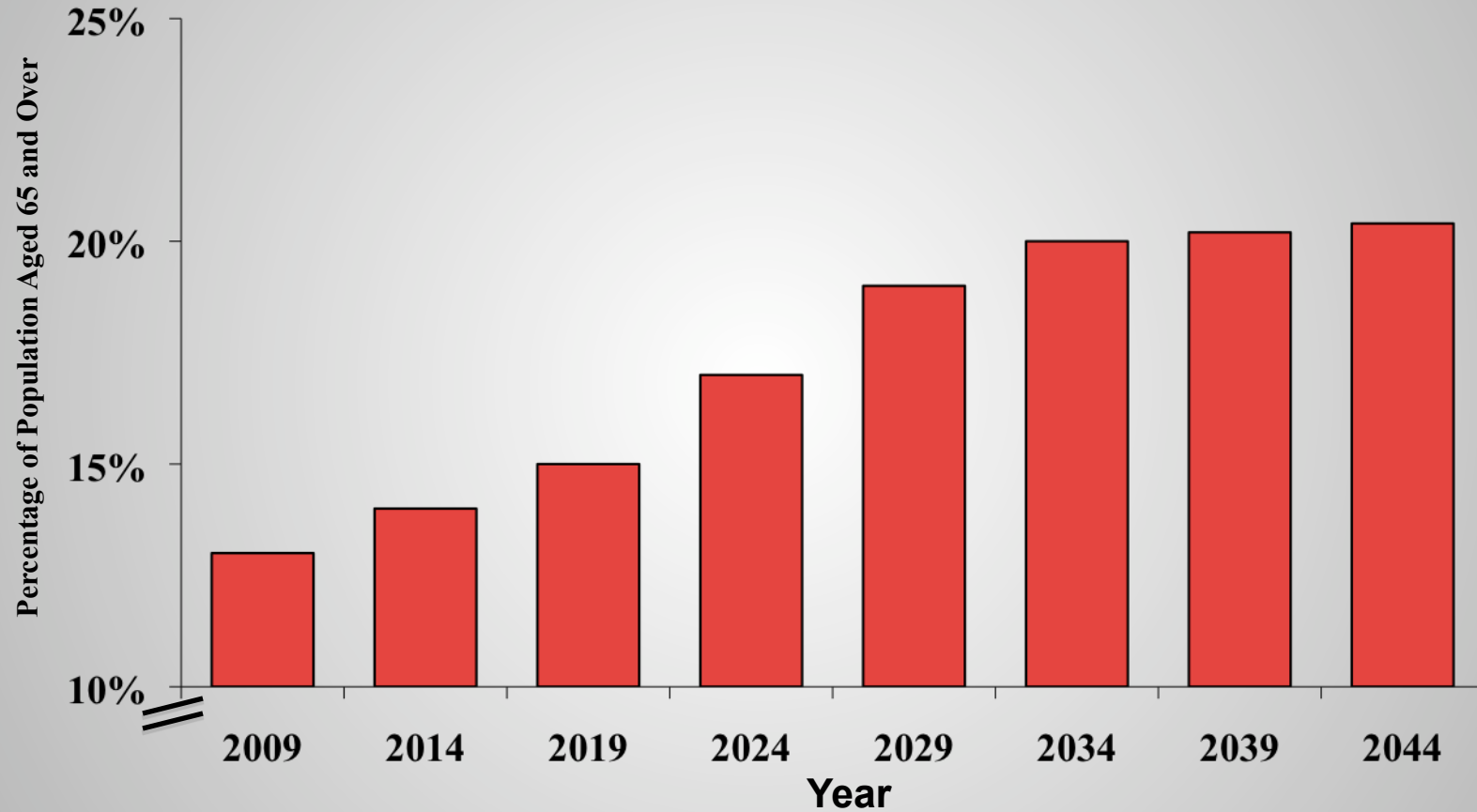
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America's Population is Aging

Population age 65 and Over



Source: Social Security and Medicare Trustees' Report, May 2009.

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Americans are living longer and having fewer children

Consequently, fewer workers are available
to support each Social Security recipient



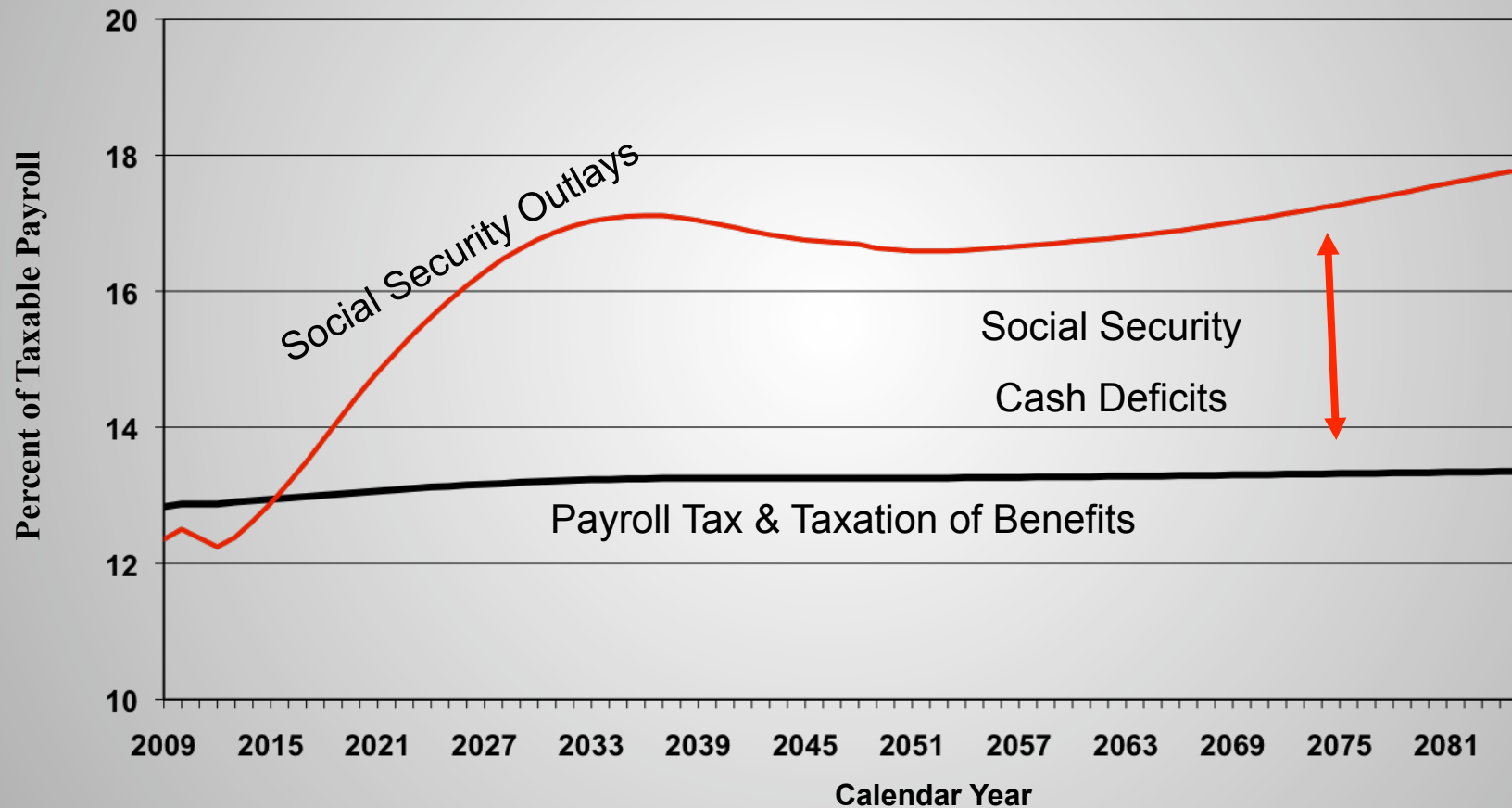
Source: Social Security Administration, April 2009.

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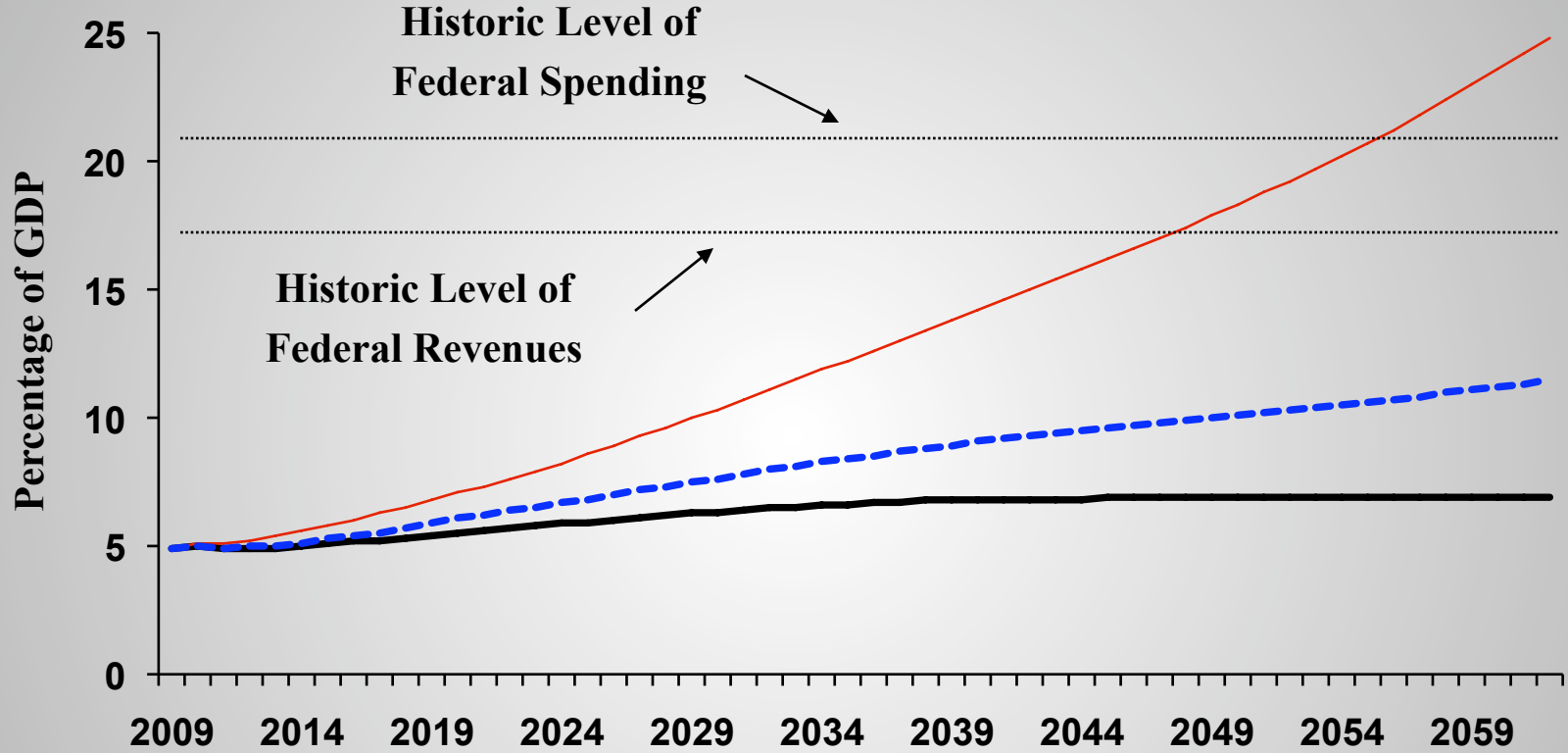
Benefits promised far exceed dedicated tax revenues



Source: Social Security Trustees' Report—May 2009 (Intermediate Projections).



Health Care Costs are Rising Faster Than the Economy



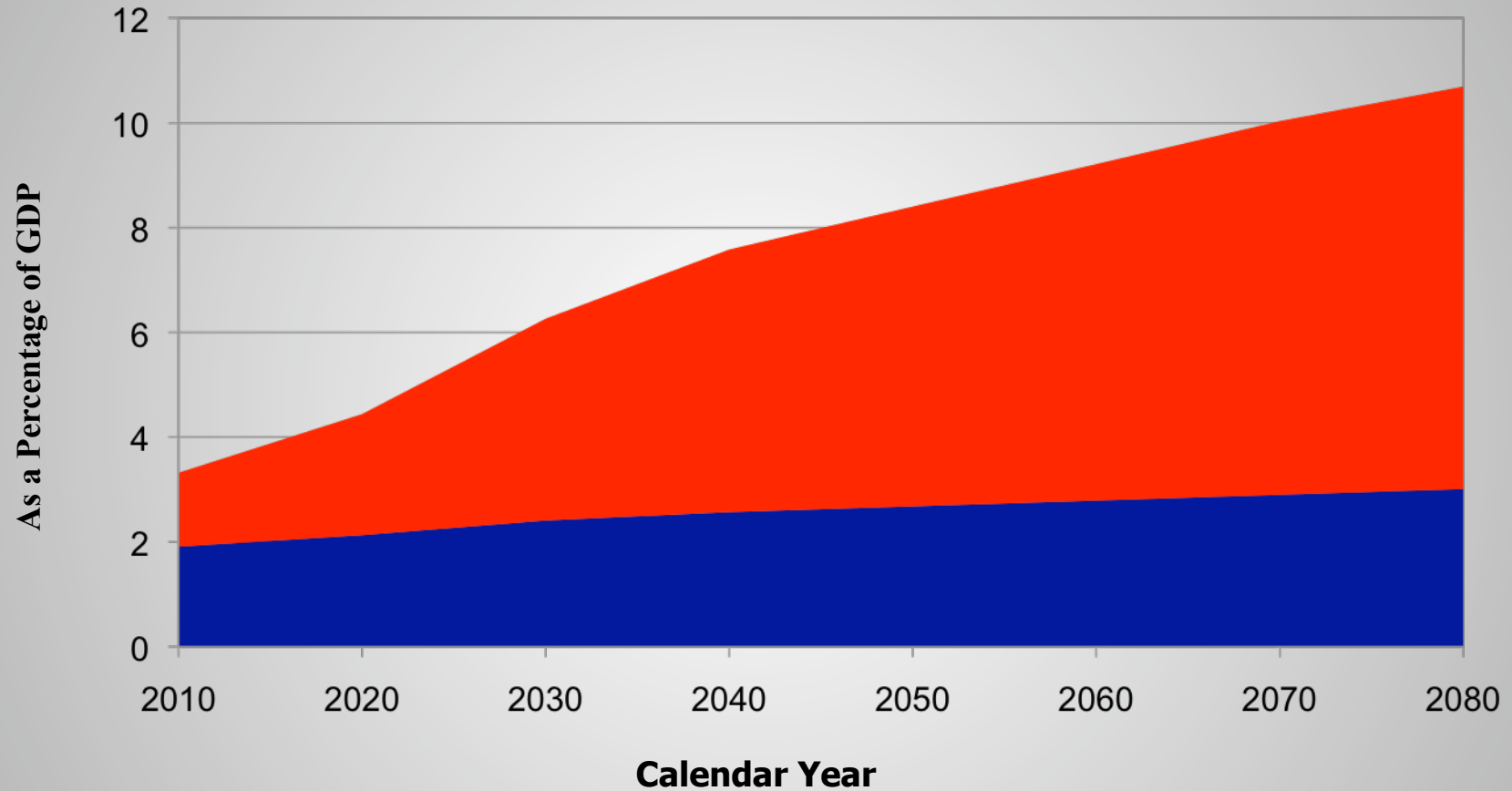
- Assumes that health care cost growth will not exceed GDP growth.
- Assumes that health care cost growth continues at the average rate for the past 40 years (2.5 percentage points greater than GDP growth.)
- Assumes that health care cost growth rate declines to 1.0 percentage point greater than GDP growth—consistent with the assumption used by the Medicare Trustees.



Source: Congressional Budget Office, June 2009.
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Medicare Costs Soar in the Coming Decades



-  General Revenues required to fund the program
-  Income from dedicated taxes, premiums, and state transfers

Source: Medicare Trustees' Report, May 2009.

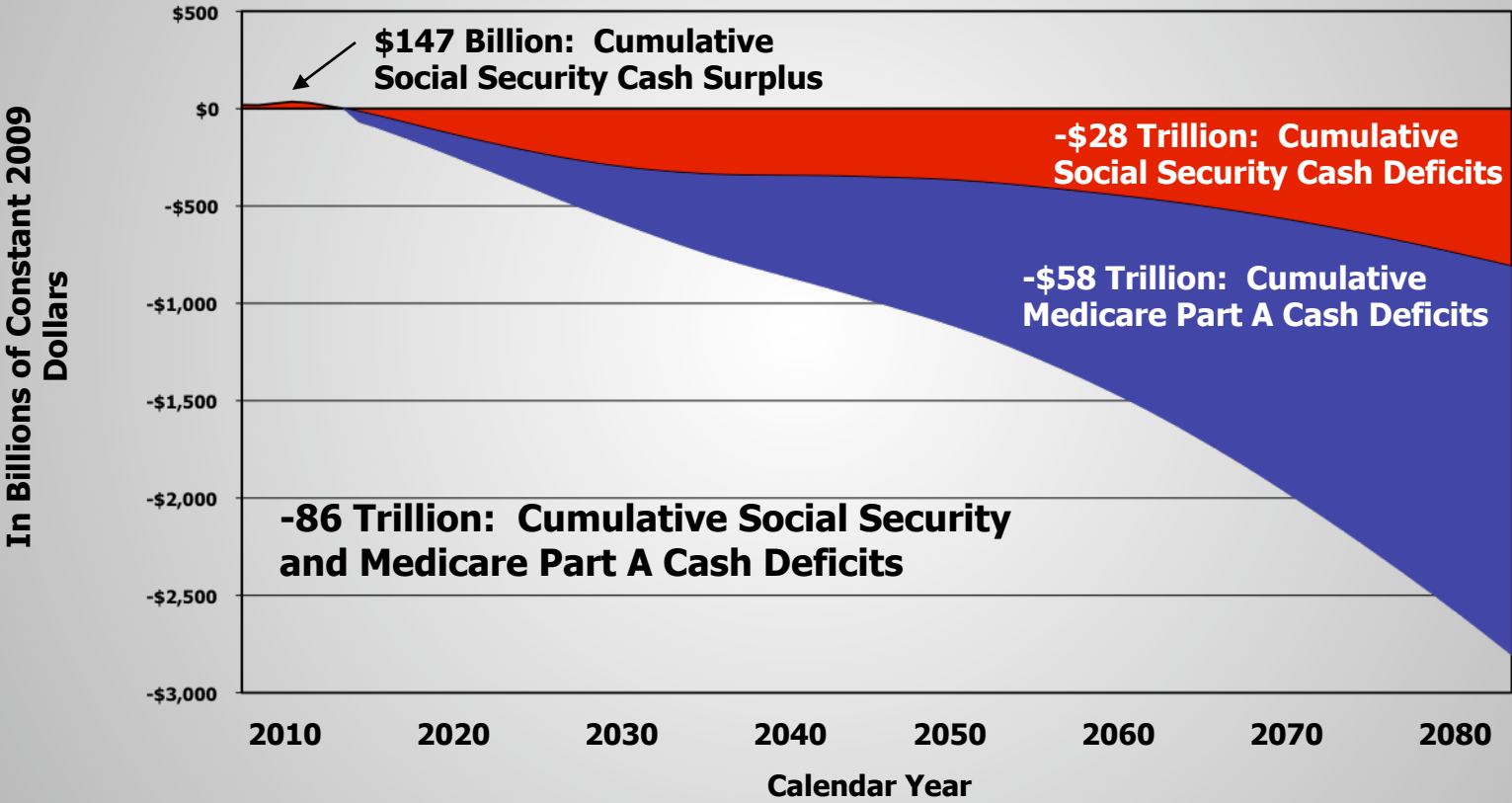
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Social Security and Medicare Part A Cumulative Cash Surpluses and Deficits

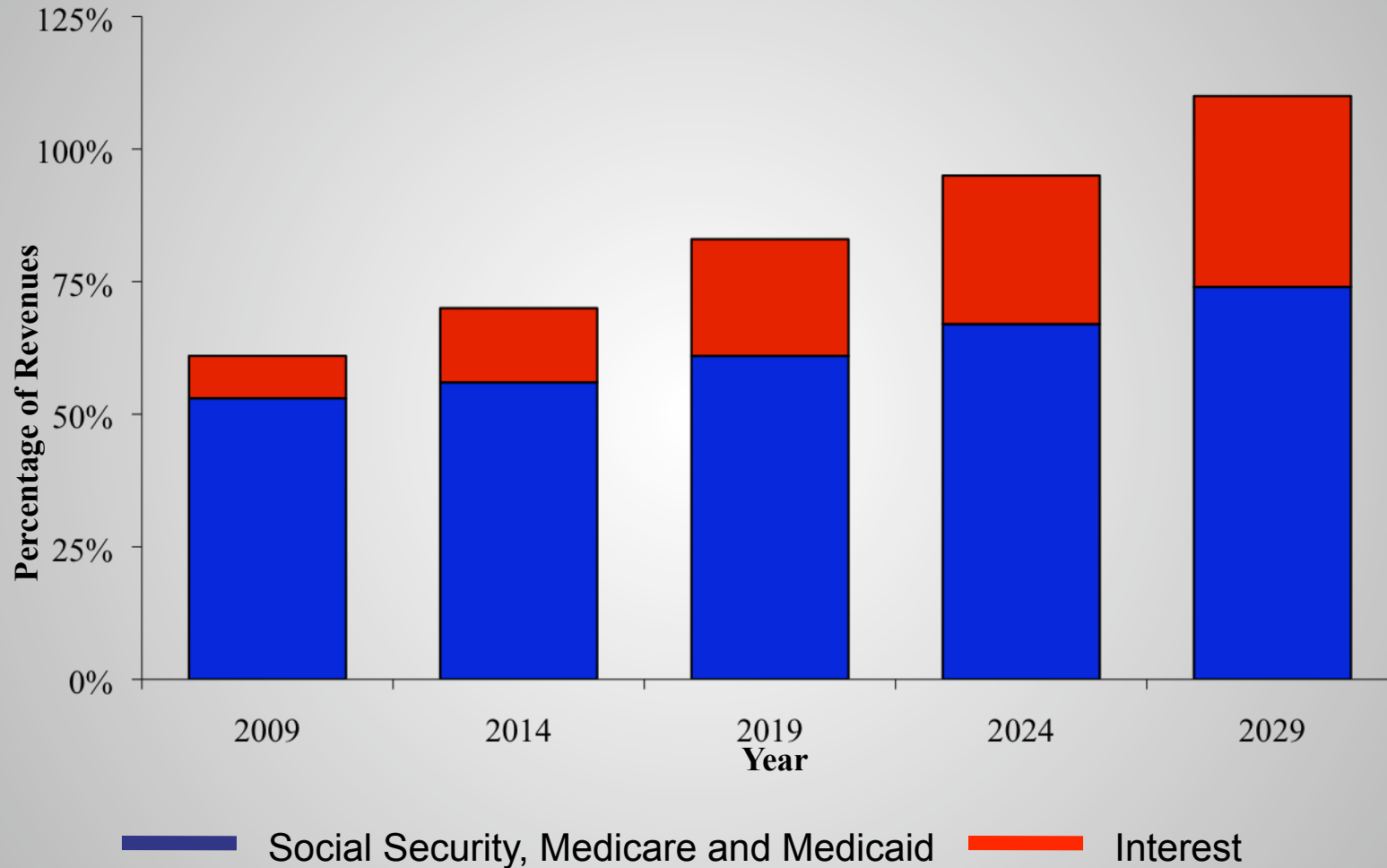
In Constant 2009 Dollars — 2009 through 2085



Source: Social Security Trustees' Report—May 2009 (Intermediate Projections)



Social Security, Medicare, Medicaid and Interest Consume All Federal Revenues in under 20 Years



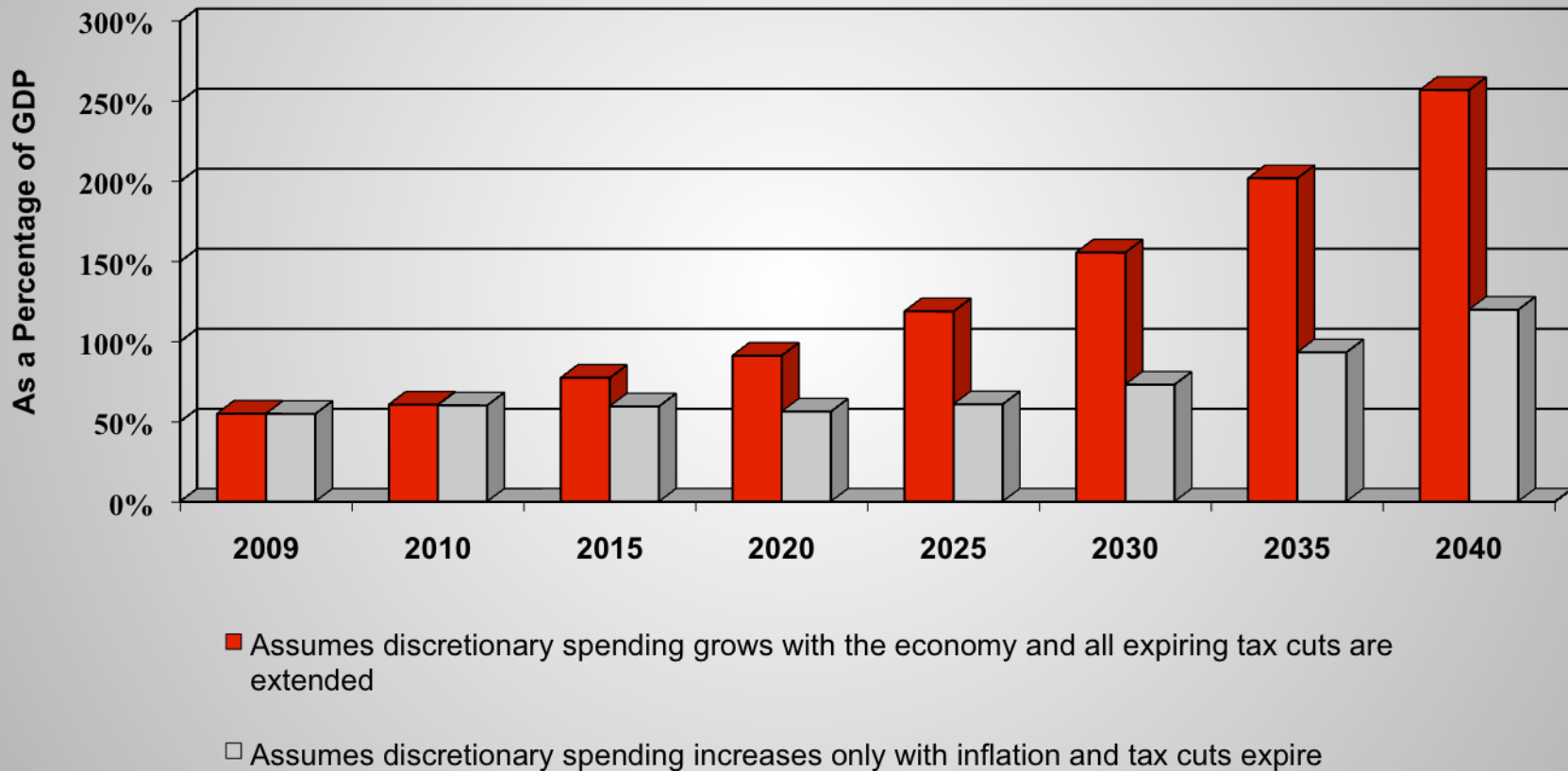
Source: Government Accountability Office, March 2009.

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Projected Increase in Debt Held by the Public Under Alternative Scenarios (2009-2040)



Source: Government Accountability Office, March 2009.

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Washington Needs a Fiscal Wake-Up Call From “We The People”



- **The Fiscal Wake-Up Tour consists of speakers from diverse perspectives who are increasingly alarmed by the nation’s long-term fiscal outlook.**
- **Our mission is to cut through the usual partisan rhetoric and stimulate a more realistic public dialogue on what we want our nation’s future to look like, along with the required trade-offs.**
- **Elected leaders in Washington know there is a problem, but they are unlikely to act unless their constituents — We The People — demand it.**



Key Points of Agreement

Members of the Fiscal Wake-Up Tour do not necessarily agree on the ideal levels of spending, taxes and debt, but we do agree on the following key points:

- **Current fiscal policy is unsustainable**
- **There are no easy solutions, such as cutting waste fraud and abuse or growing our way out of the problem.**
- **Finding solutions will require bipartisan cooperation and a willingness to discuss all options.**
- **Public engagement and understanding is vital in finding solutions.**
- **This is not about numbers. It is a moral issue.**

