

Short & Long Term Budget Trends

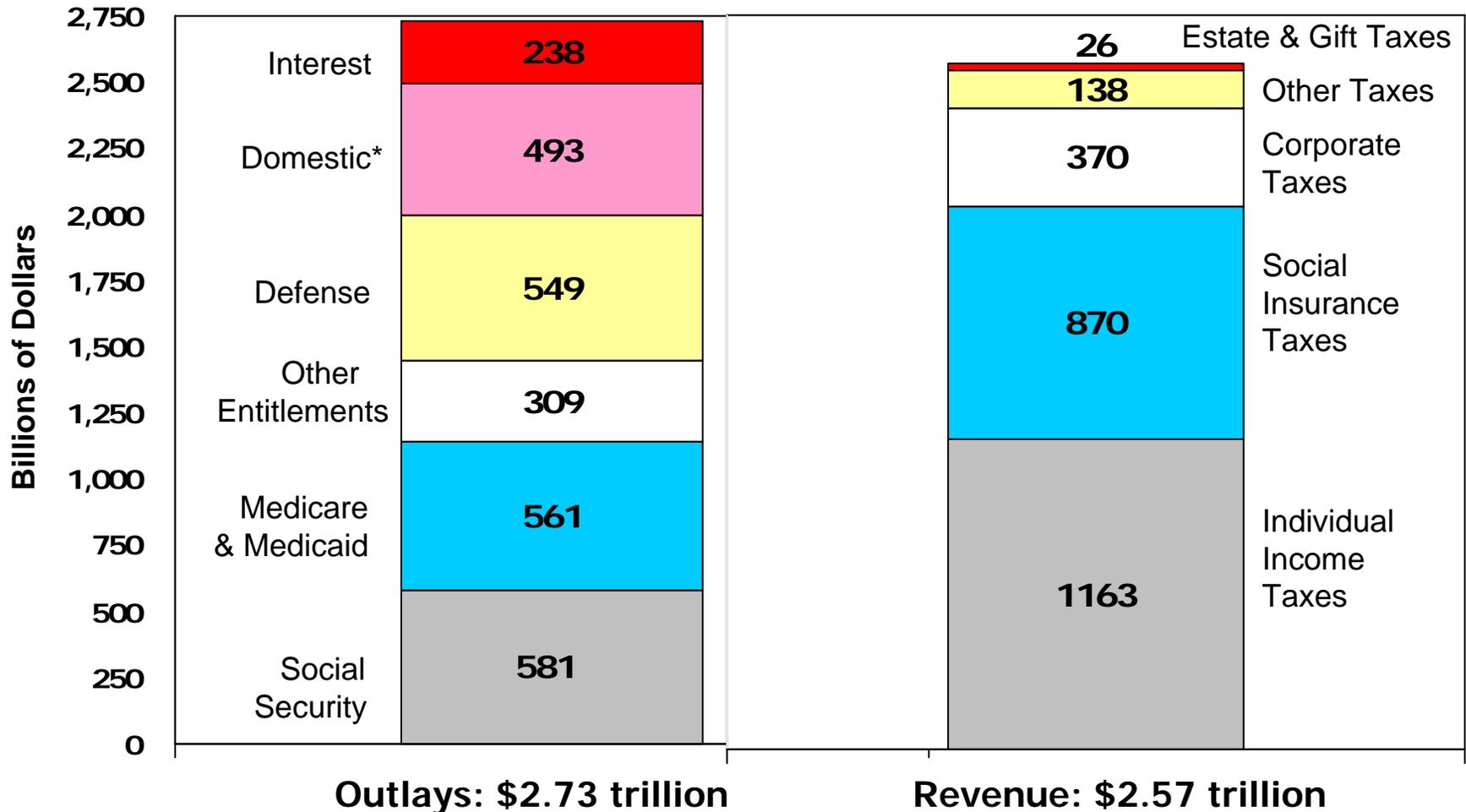
presented by
Robert L. Bixby, Executive Director



The Concord Coalition
www.concordcoalition.org

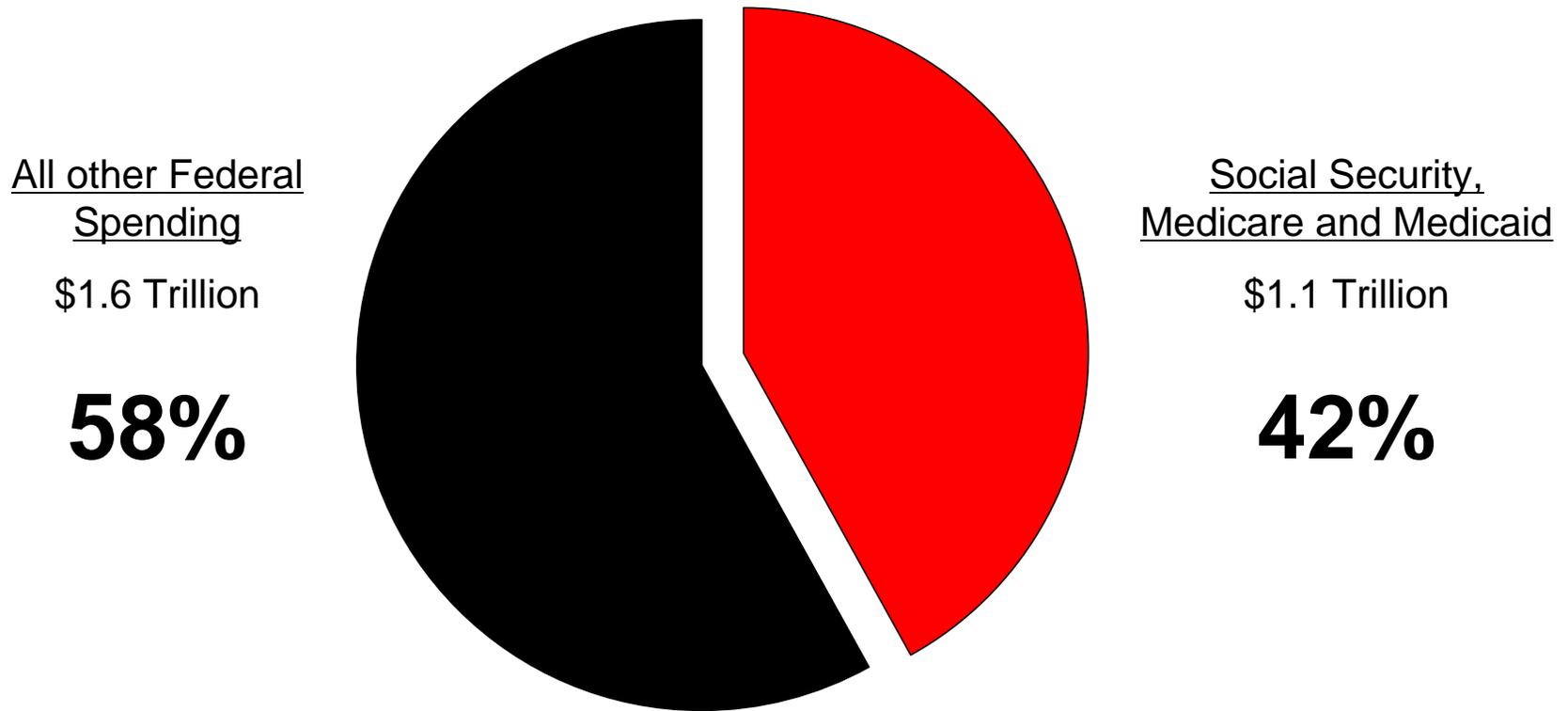
Composition of Actual FY 2007 Federal Government Revenues and Outlays

(Deficit: \$162 Billion)



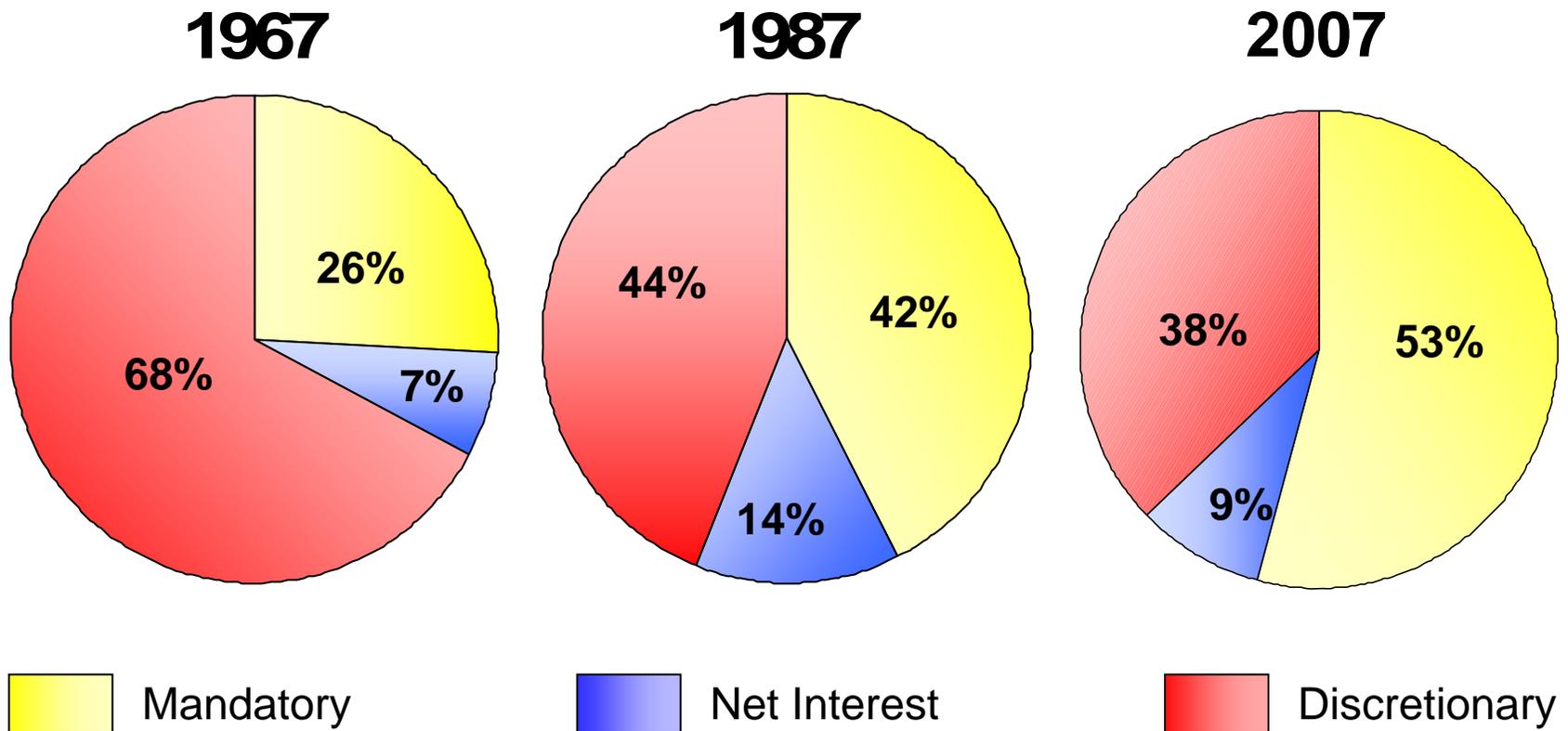
* Includes all appropriated domestic spending such as education, transportation, homeland security, housing assistance, and foreign aid. Source: CBO 2008.

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



Source: Congressional Budget Office, January 2008.

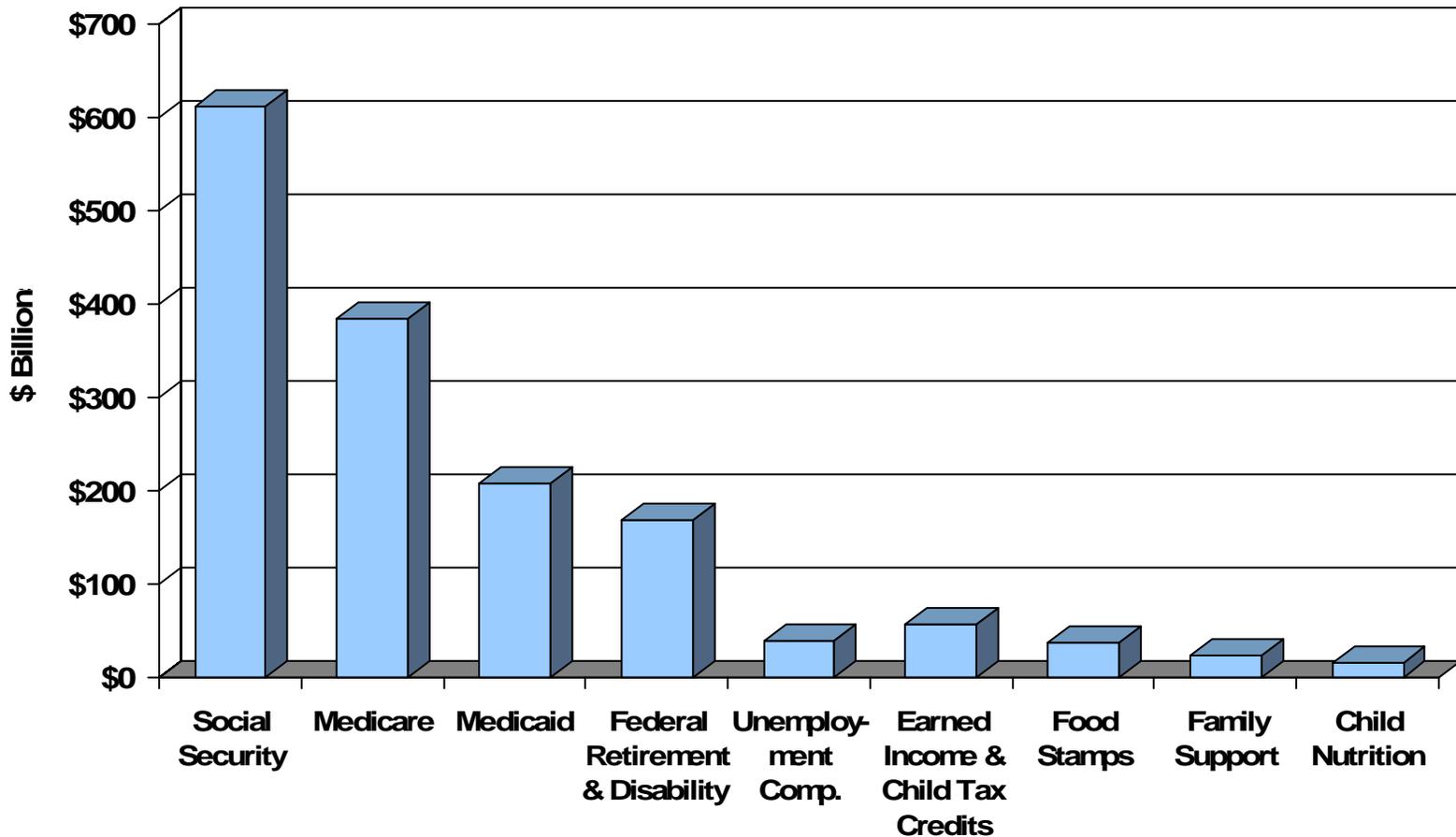
Mandatory spending is consuming a growing share of the budget



NOTE: Numbers may not add up due to rounding.

Source: Congressional Budget Office, January 2008

Outlays of Select Mandatory Spending Programs (FY 2008 Projected)

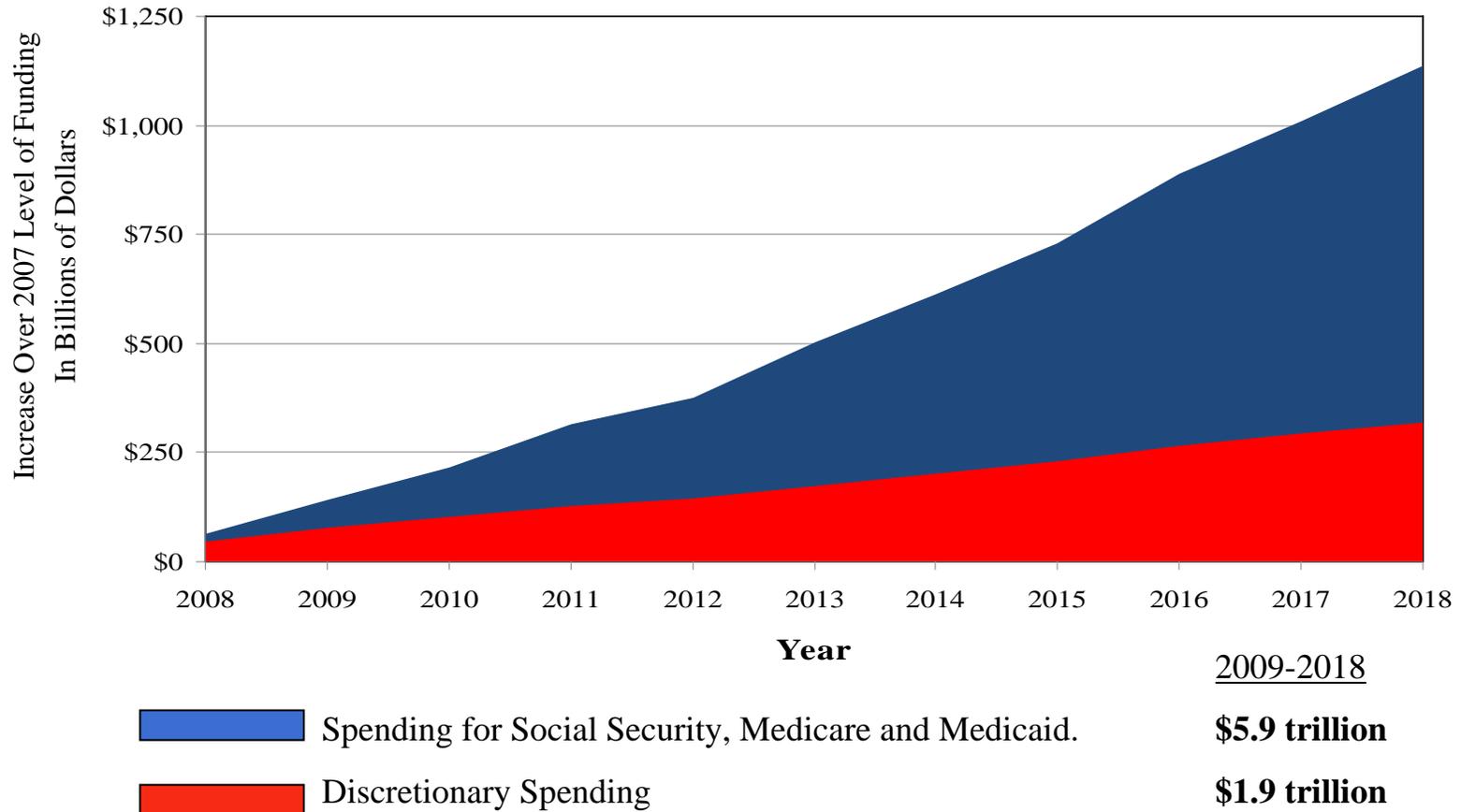


Source: Congressional Budget Office, January 2008

Automatic Growth in the Big Three Entitlements Swamps

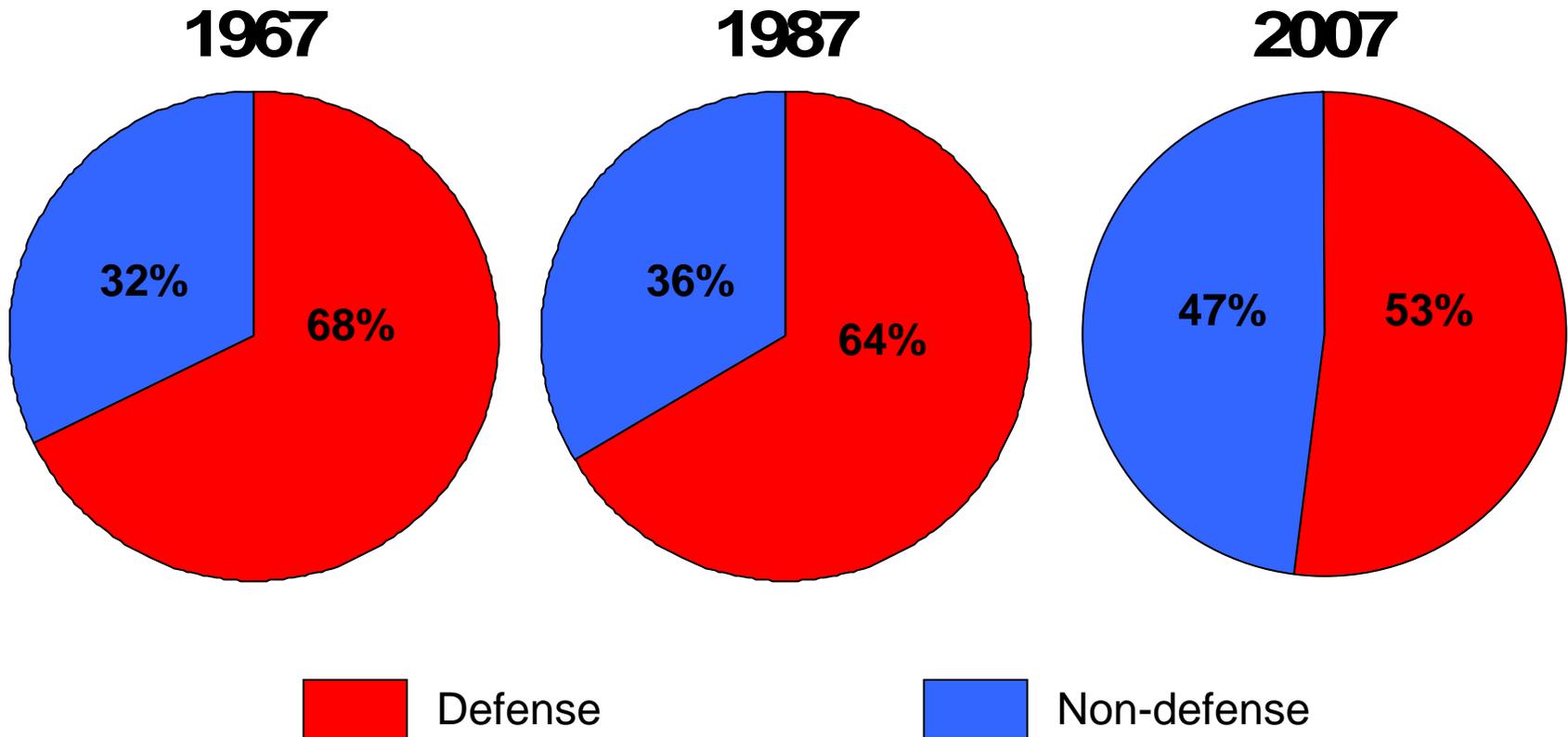
Growth of Appropriations

10 Year Growth in Social Security, Medicare and Medicaid



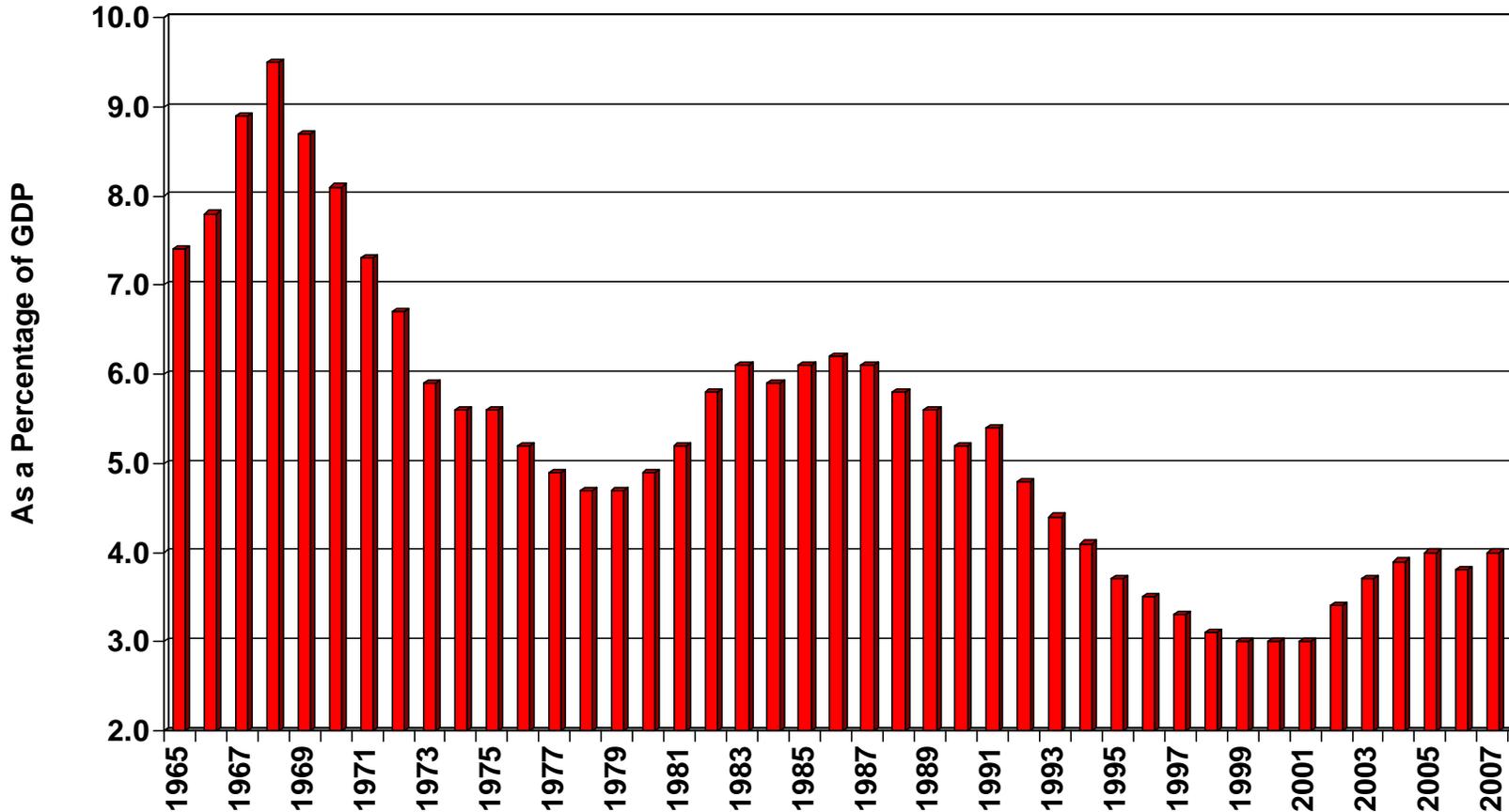
Source: Congressional Budget Office, January 2008.

Change in Composition of Discretionary Spending



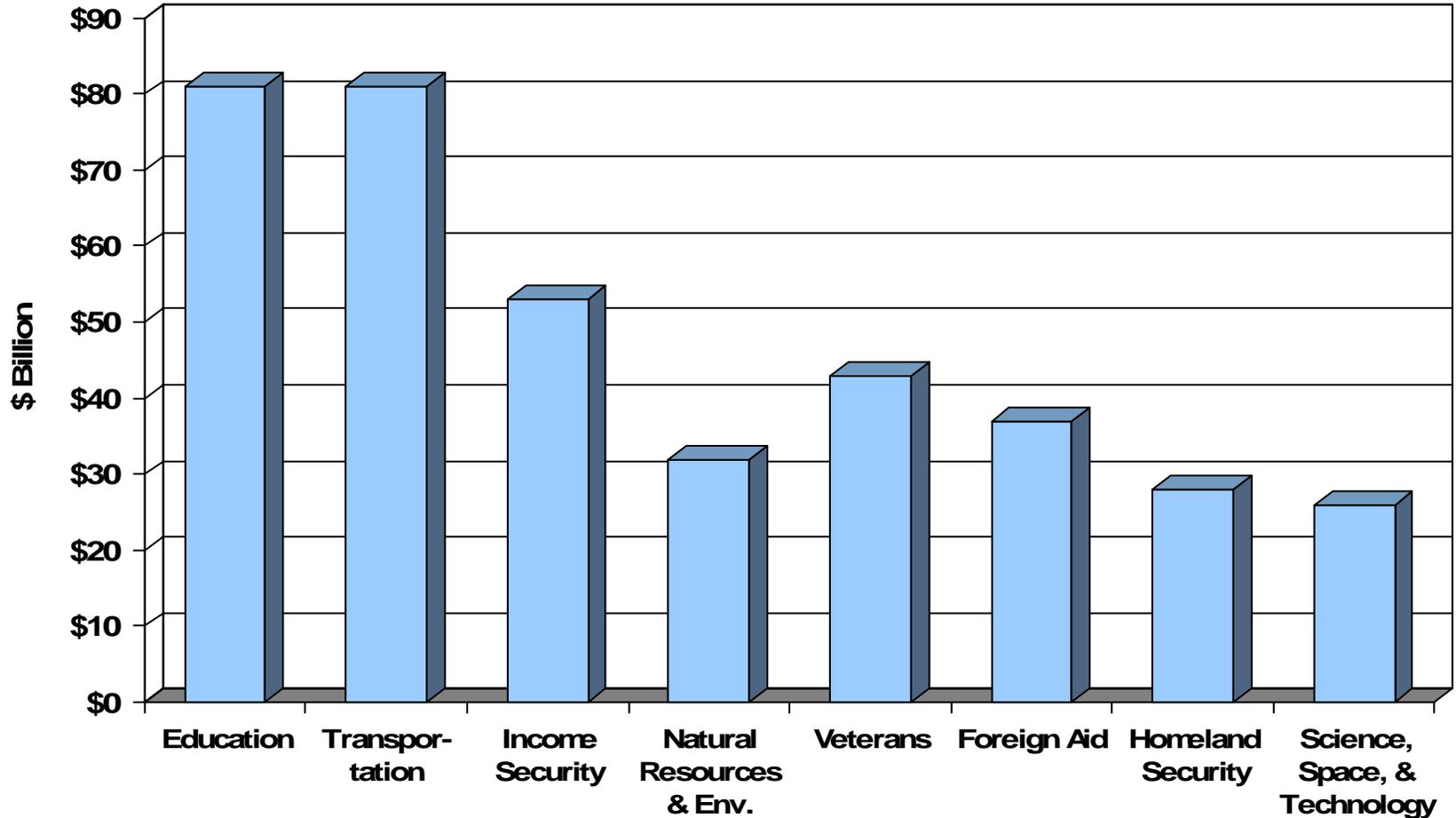
Source: Congressional Budget Office, January 2008

Defense Discretionary Spending as a Percentage of GDP



Source: Congressional Budget Office, January 2008

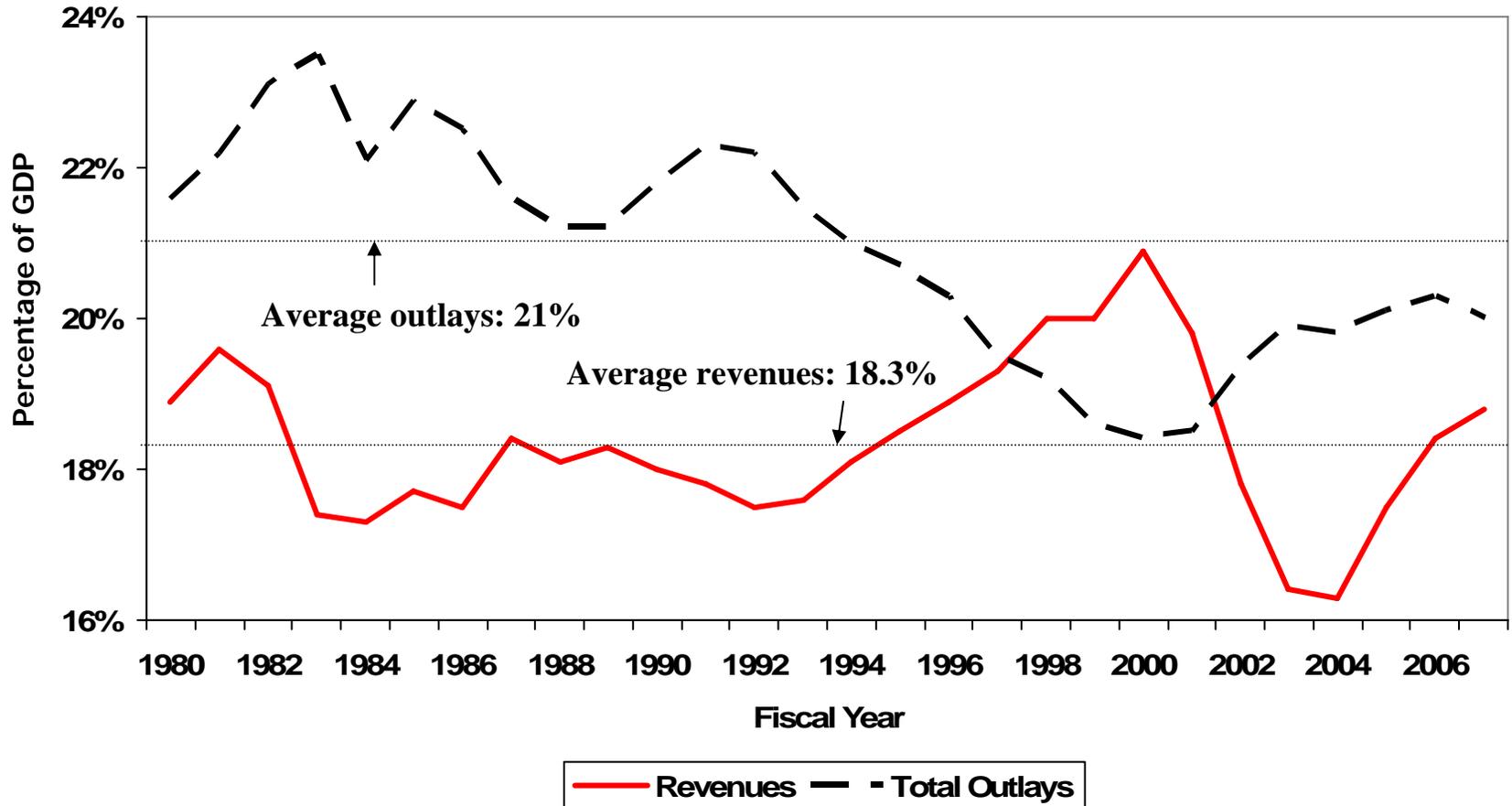
Outlays of Select Discretionary Non-Defense Programs (FY 2008 Projected)



*includes ground, air, and water

Source: Congressional Budget Office, January 2008

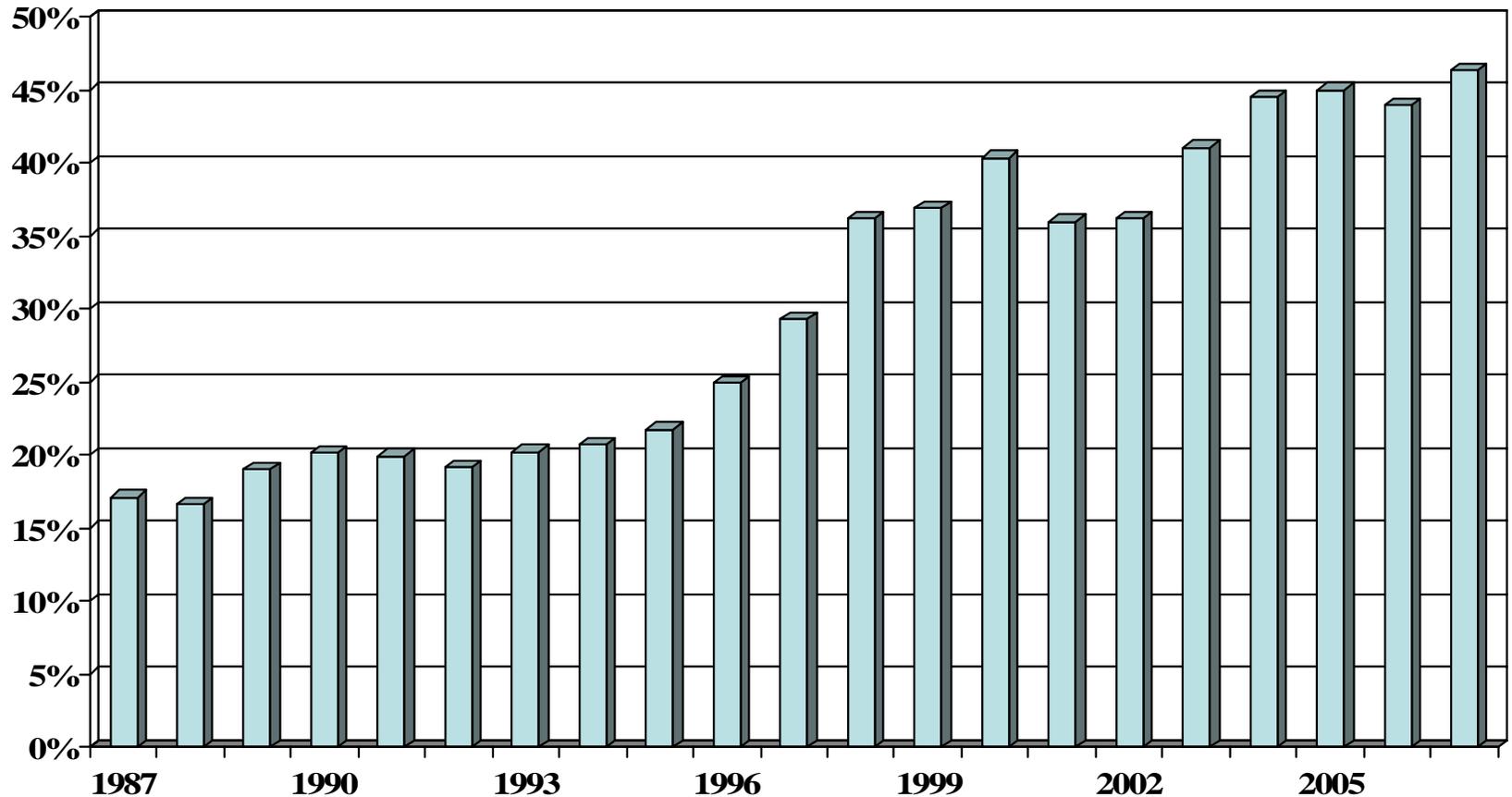
Federal Spending vs. Revenues as a Percent of GDP (FY 1980-2007)



Source: Congressional Budget Office, January 2008

Percent of Debt Held by the Public Owned by Foreigners

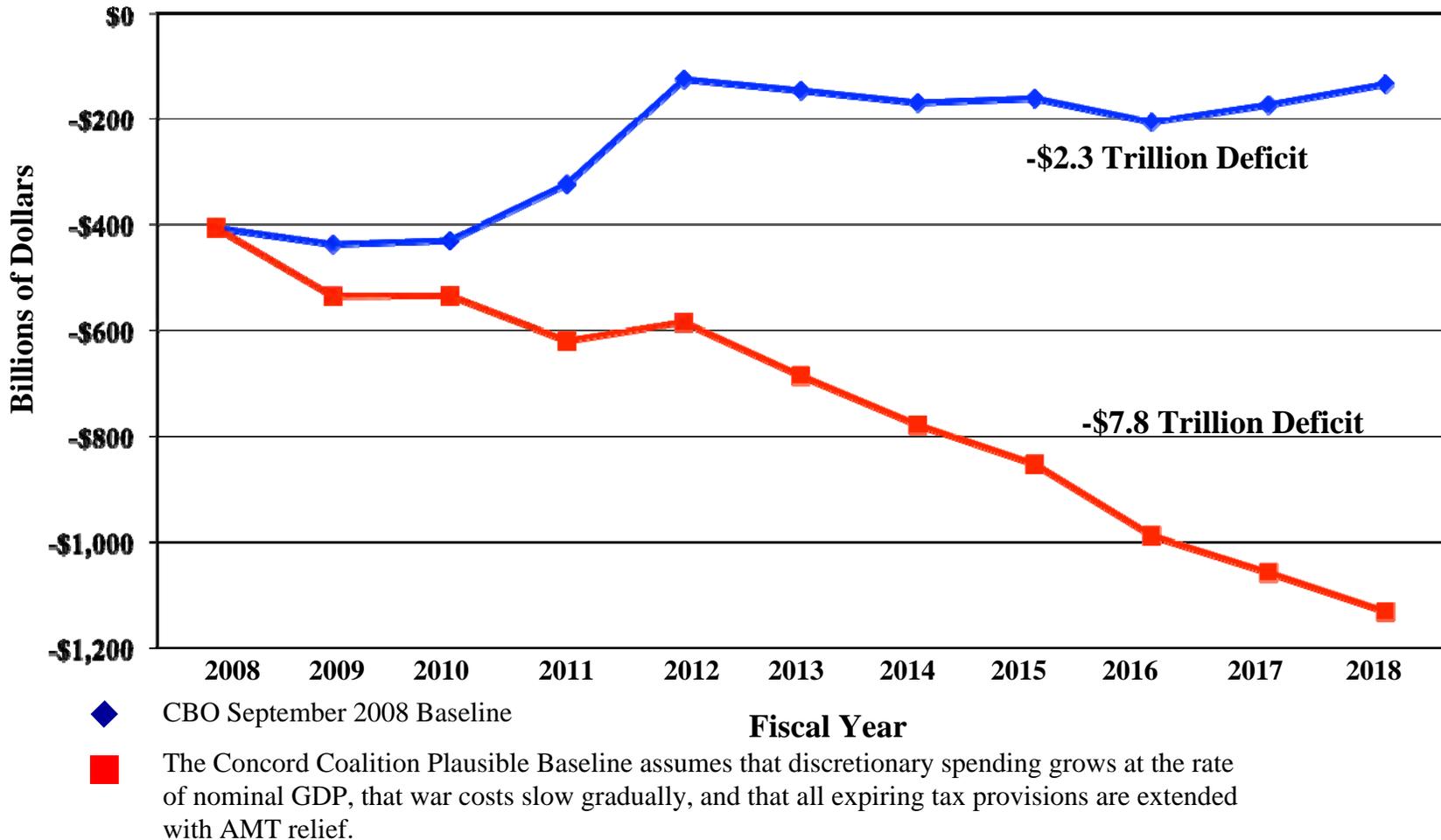
(1980-2007)



Source: United States Treasury Department

Current Policy Trends Lead to Large Sustained Deficits

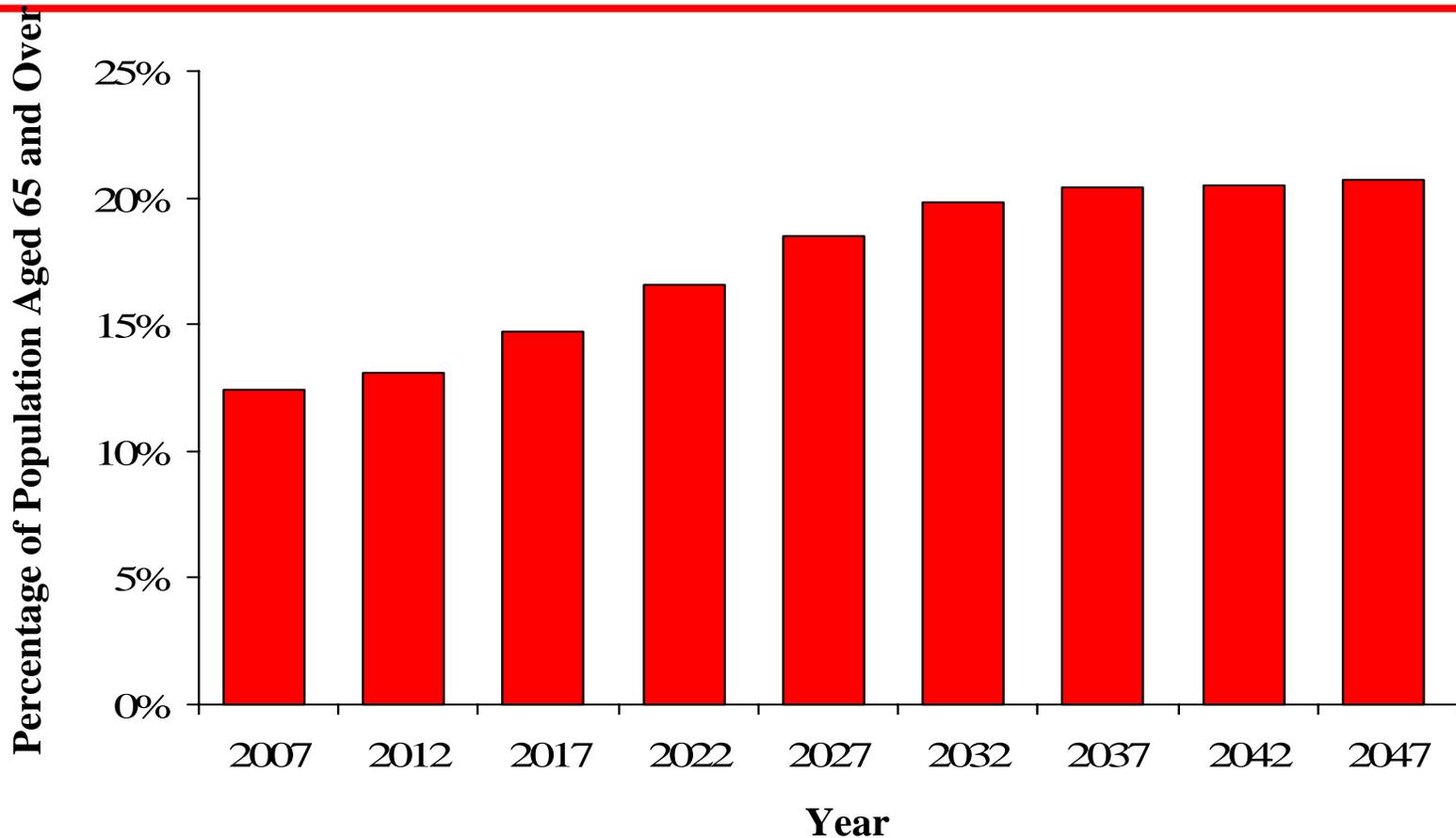
Fiscal Years 2009-2018



Source: Congressional Budget Office, September 2008 and Concord Coalition analysis.

America's Population is Aging

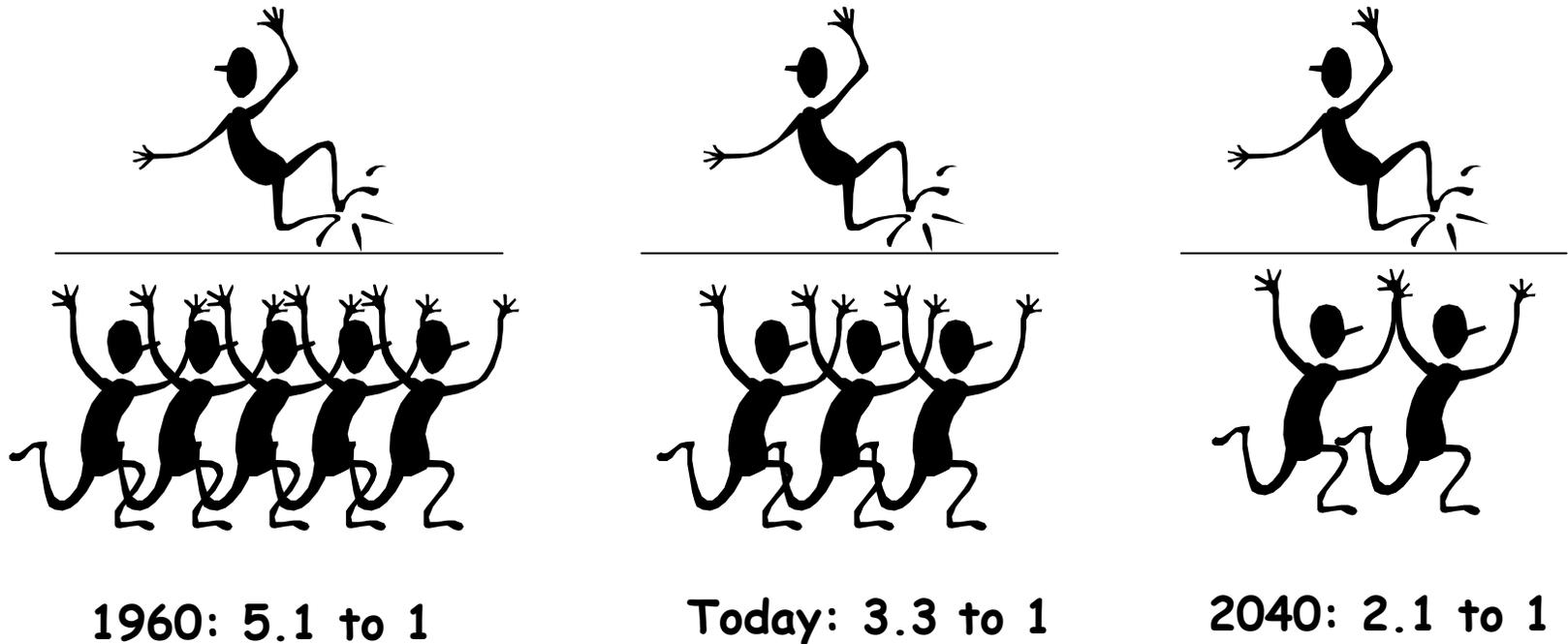
Population age 65 and Over



Source: Social Security and Medicare Trustees' Report, April 2008

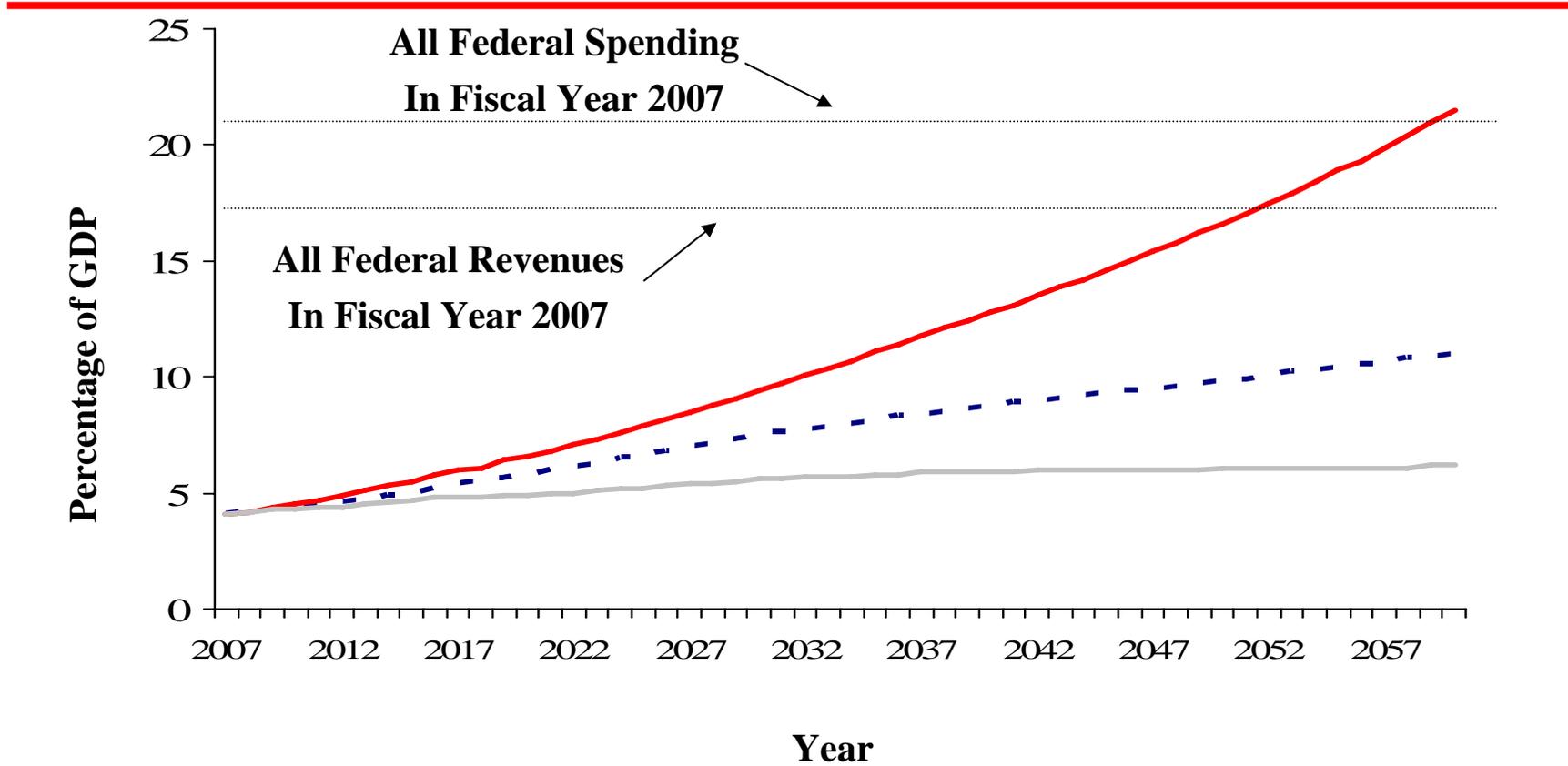
Americans are living longer and having fewer children

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



Source: Social Security Administration, April 2008

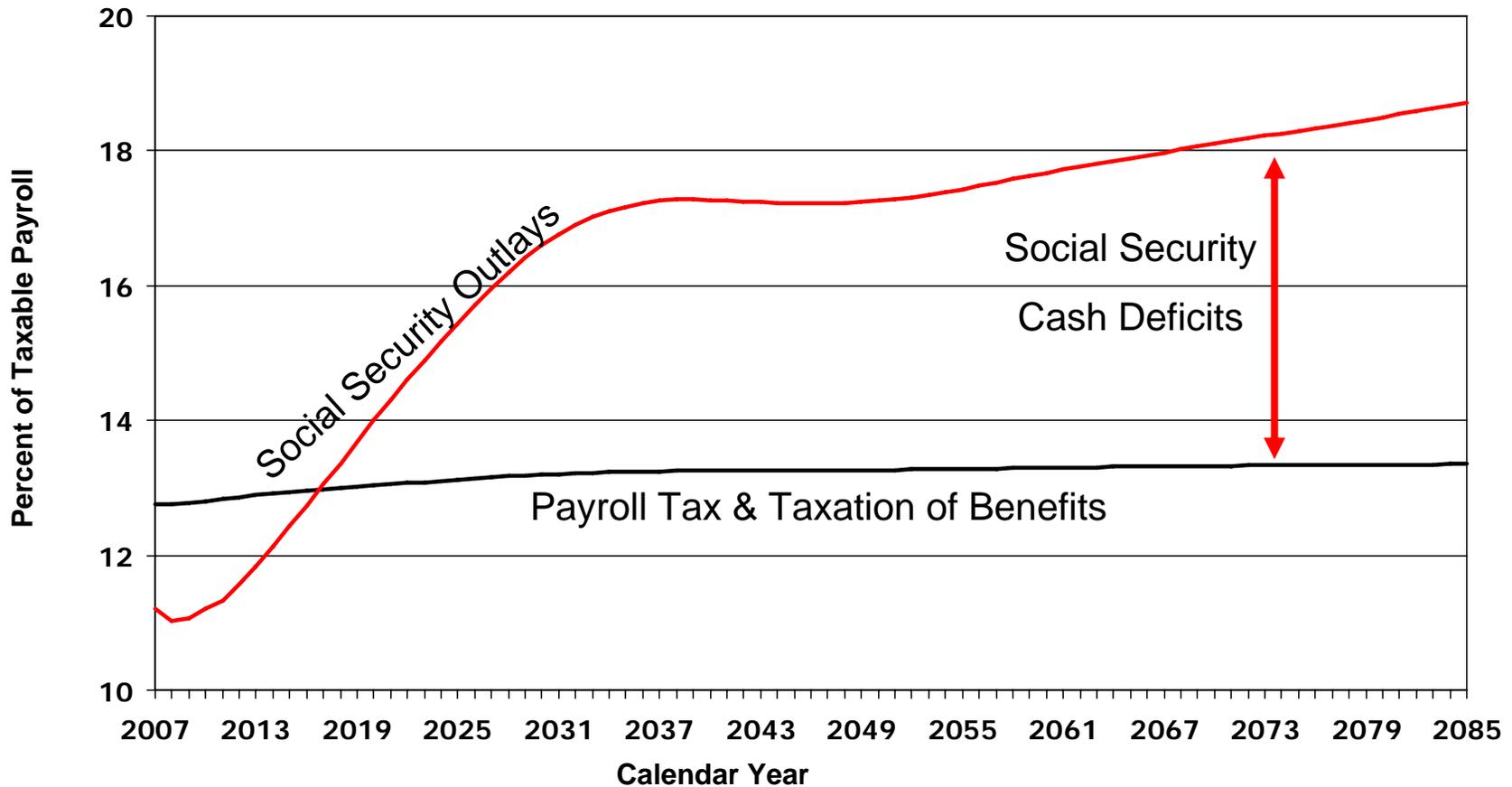
Health Care Costs are Rising Faster Than the Economy



-  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.

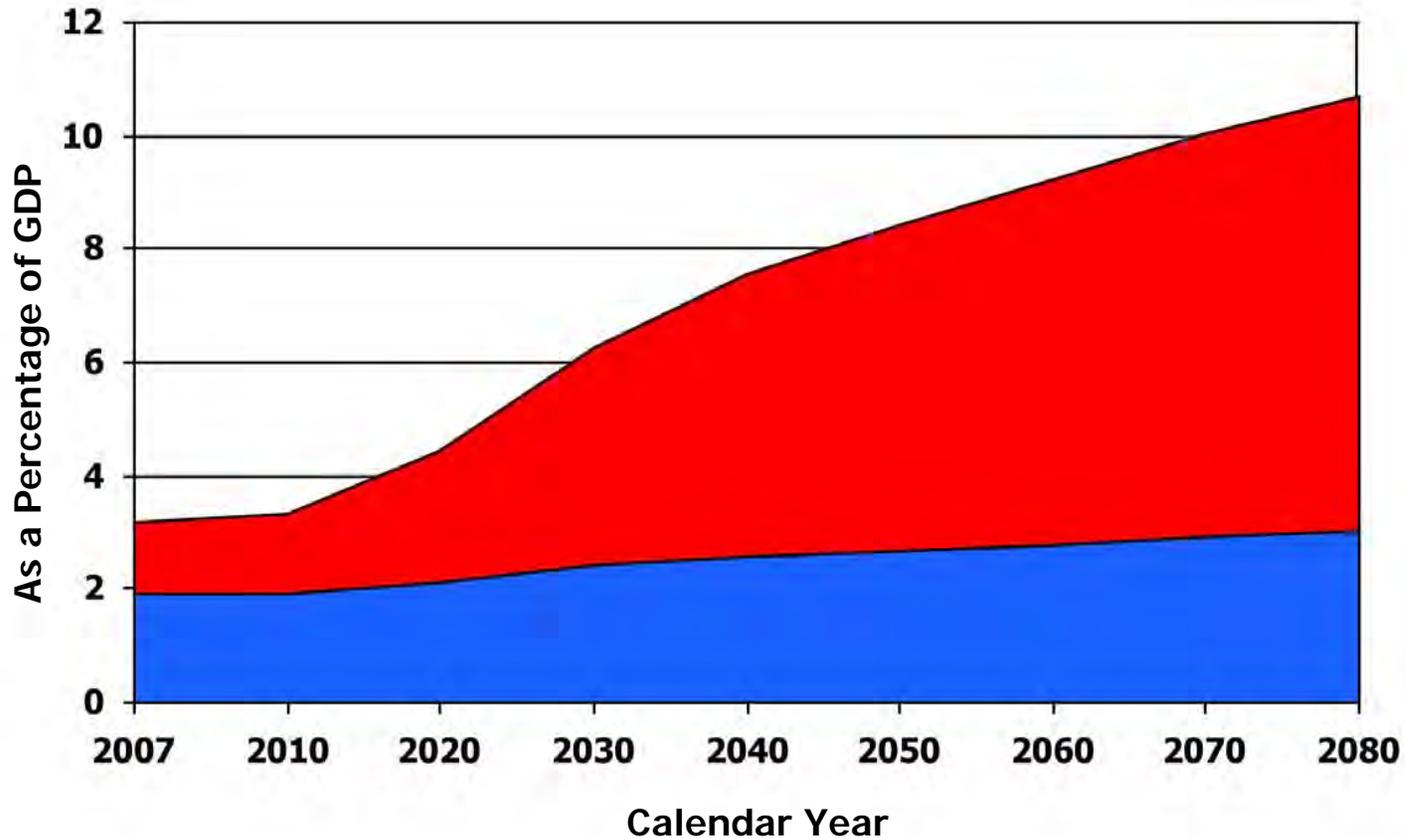
Source: Congressional Budget Office, December 2007

Benefits promised far exceed dedicated tax revenues



Source: Social Security Trustees' Report—April 2008 (Intermediate Projections)

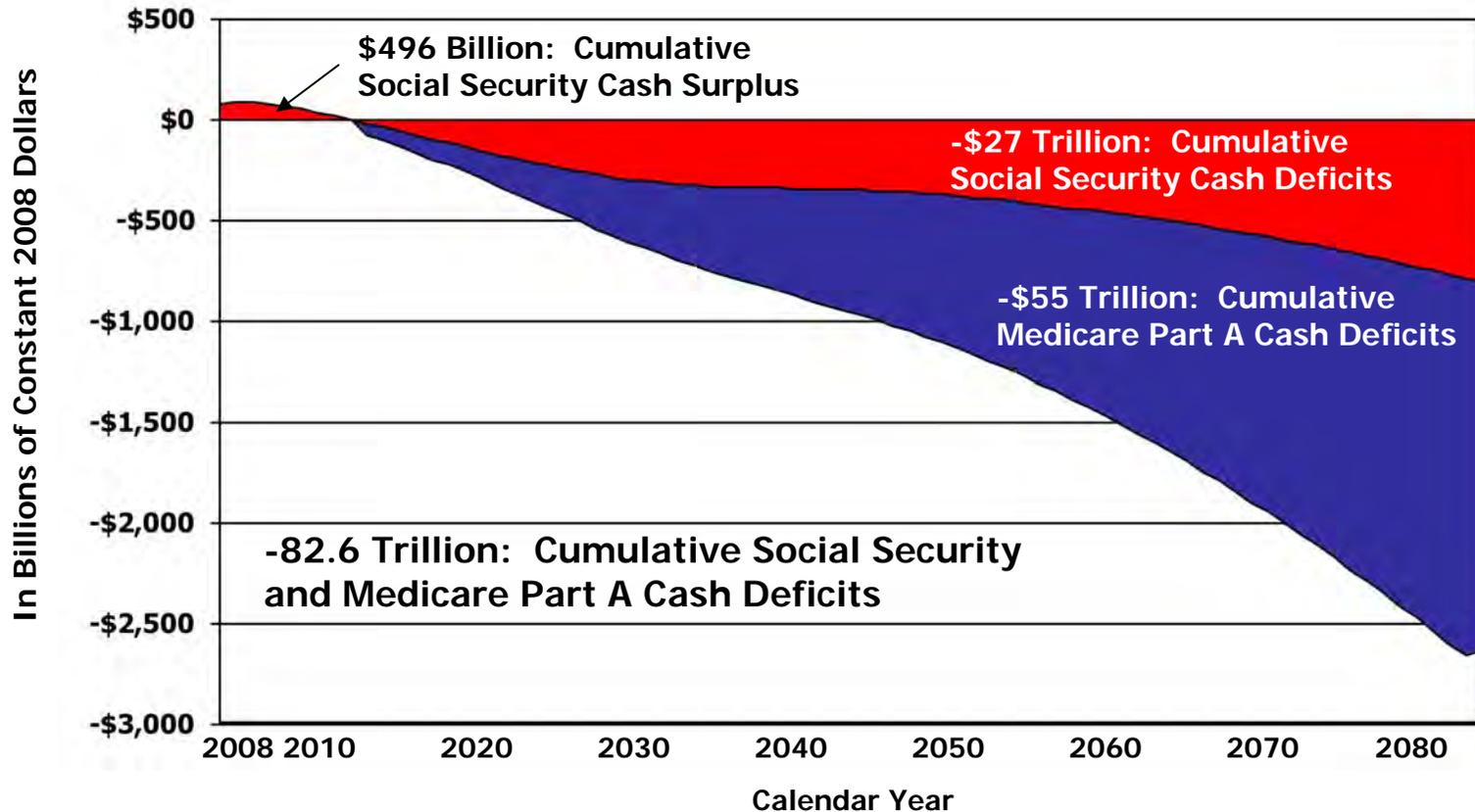
Medicare Costs Soar in the Coming Decades



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

Social Security and Medicare Part A Cumulative Cash Surpluses and Deficits

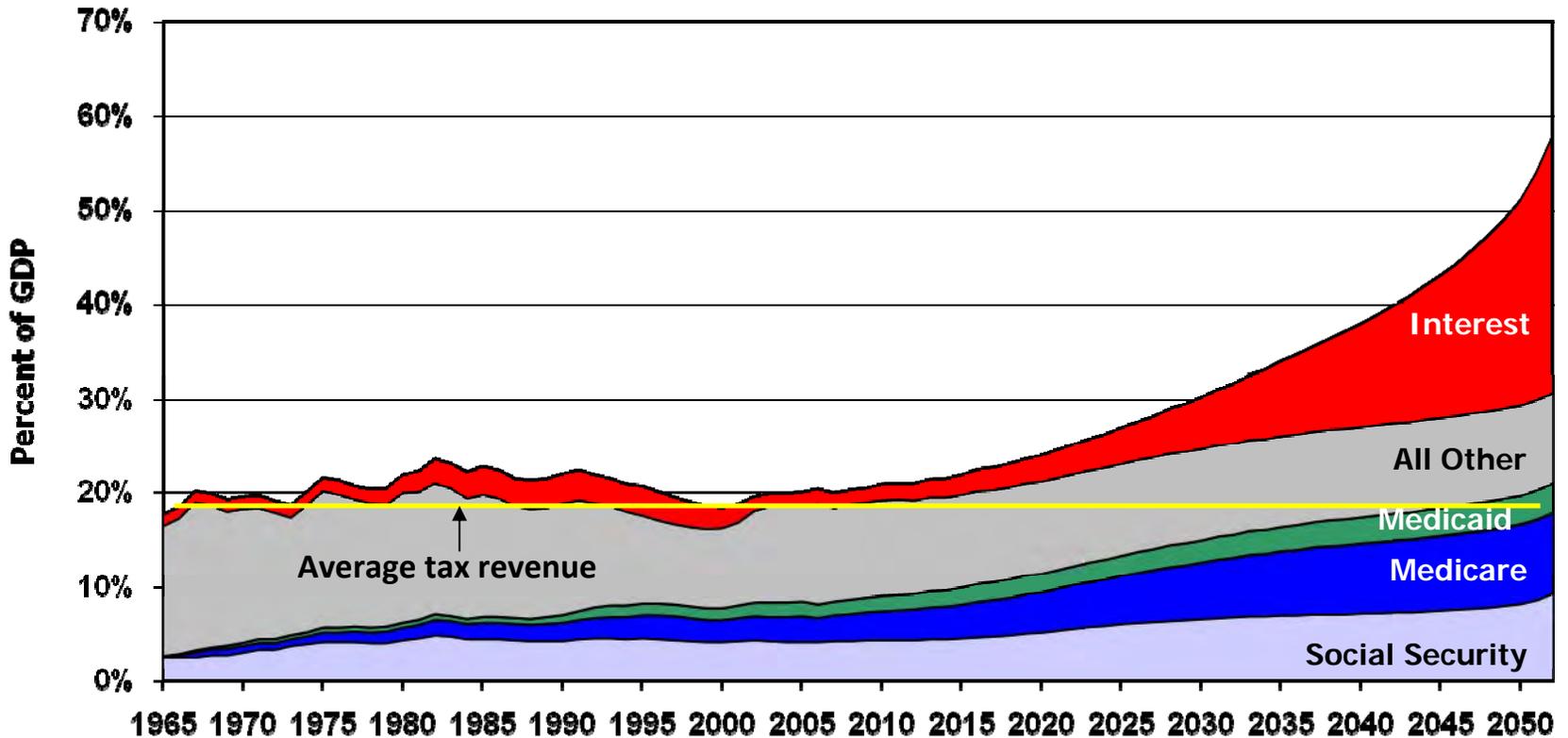
In Constant 2008 Dollars—2008 through 2085



Source: Social Security Trustees' Report—March 2008 (Intermediate Projections)

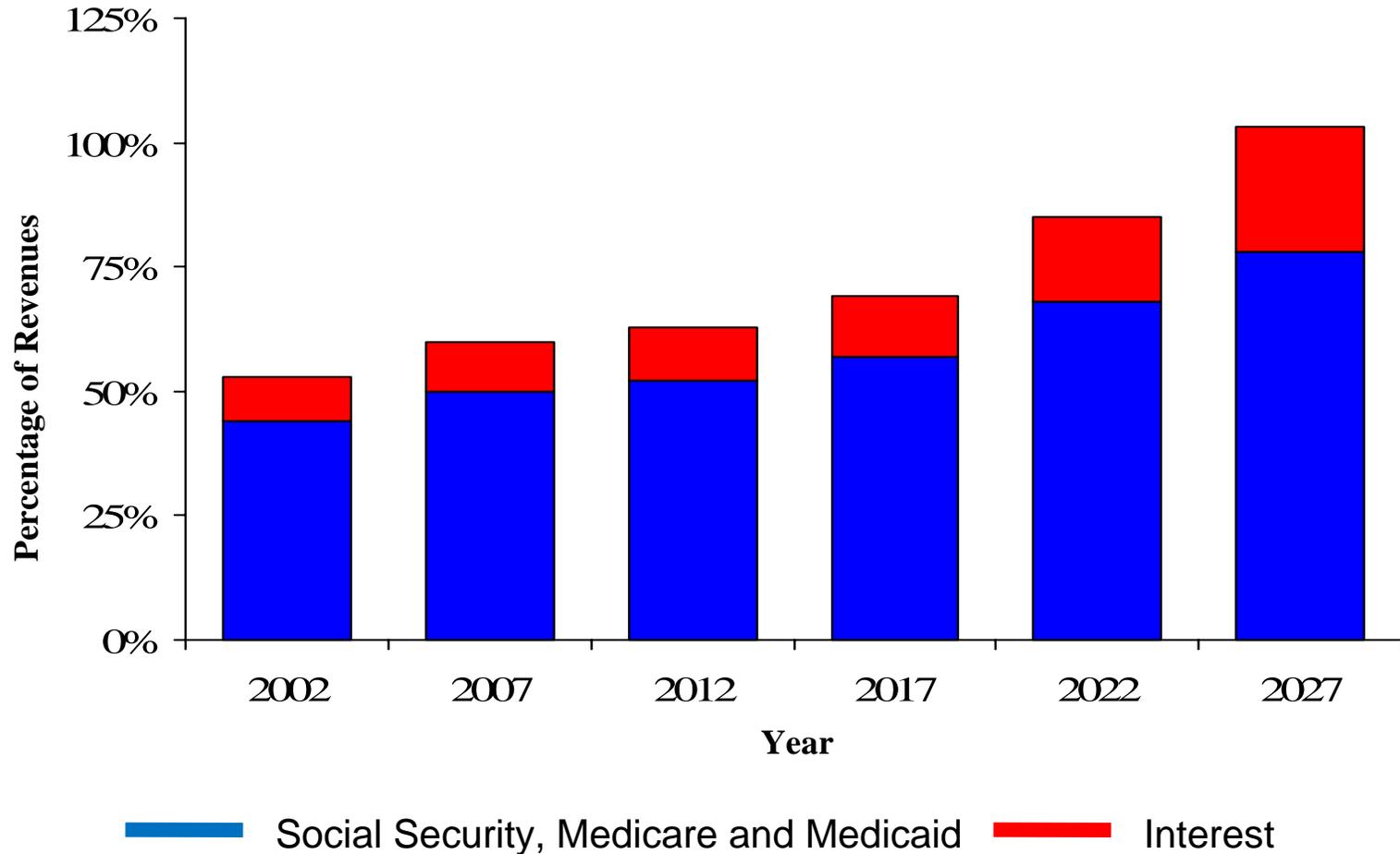
Current fiscal policy is on an unsustainable path

Federal Outlays as a Percent of GDP, 1965-2052



Source: Government Accountability Office, March 2008

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



Source: GAO. 2007.

Popular Myths that Impede Action

- **Myth:** We can grow our way out of difficult budget choices.
- **Myth:** Eliminating waste in government programs will solve the deficit problem.
- **Myth:** The deficit problem can be solved by delivering health care more efficiently.
- **Myth:** We just need to raise taxes starting with rolling back some or all of the Bush tax cuts.
- **Myth:** Cutting taxes will increase revenues.

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.**