

Short & Long Term Budget Trends

Updated September 2010



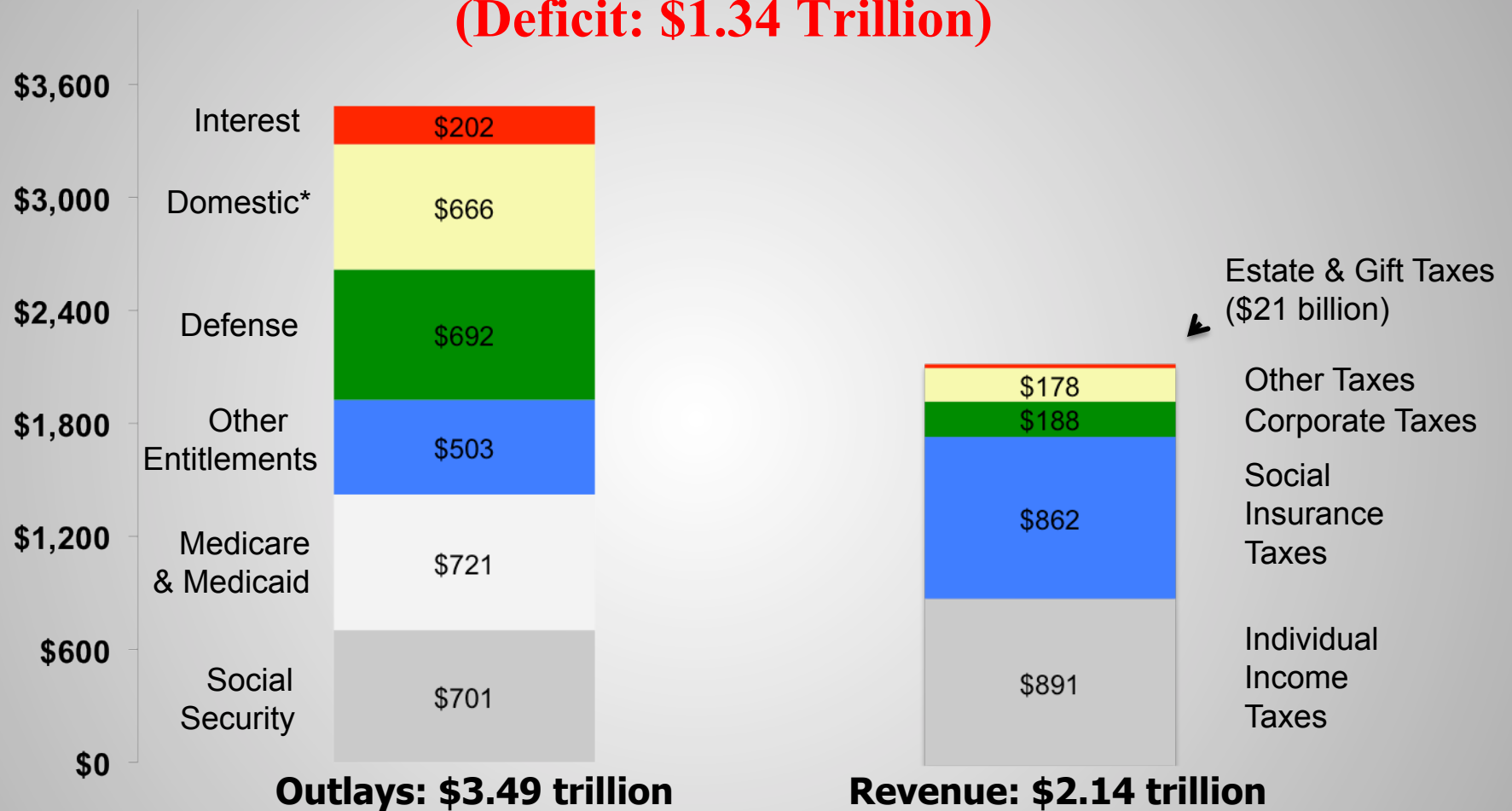
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Composition of Projected FY 2010 Federal Government Revenues and Outlays

(Deficit: \$1.34 Trillion)

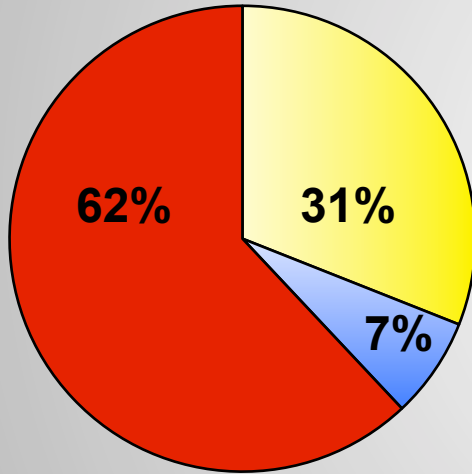


*Includes all appropriated domestic spending such as education, transportation, homeland security, housing assistance, and foreign aid.

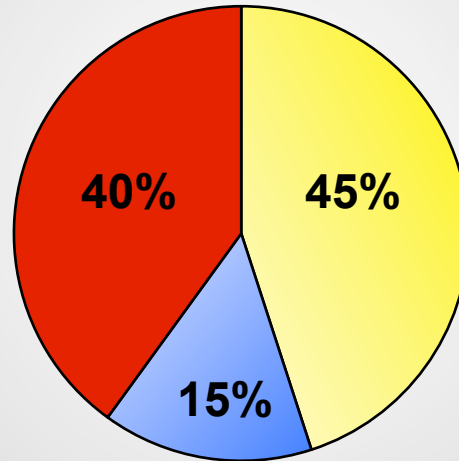
Source: CBO August 2010.

Mandatory spending is consuming a growing share of the budget

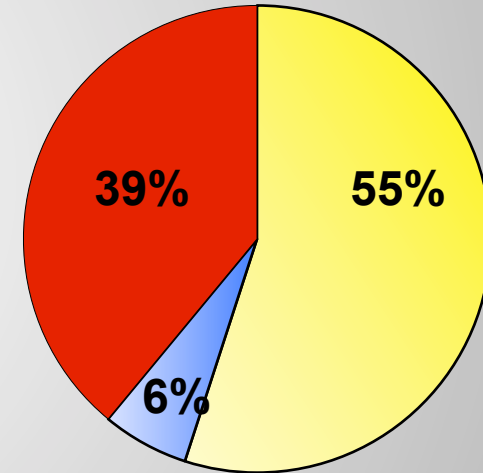
1970



1990



2010



 Mandatory

 Net Interest

 Discretionary

Source: Congressional Budget Office, January 2010.

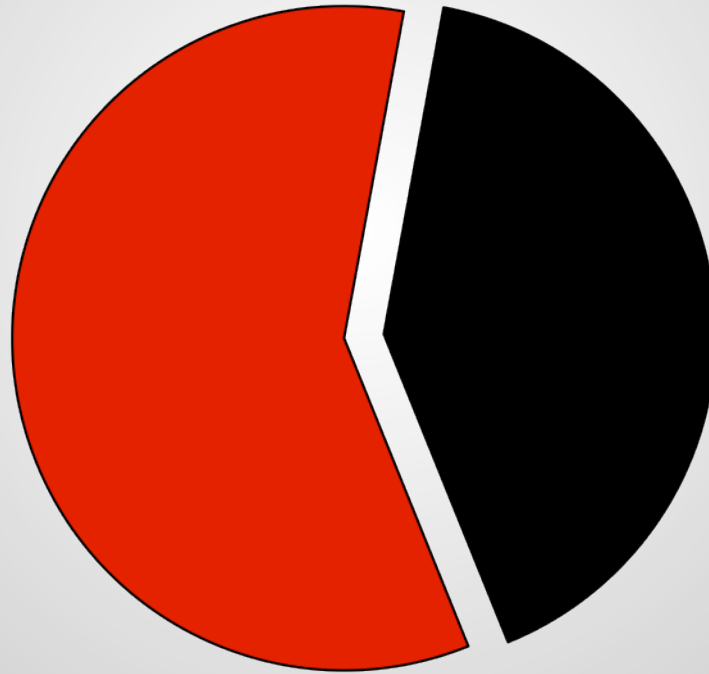
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Social Security, Medicare, & Medicaid as a Percentage of the Federal Budget

All other Federal
Spending

\$2.07 Trillion

59%



Social Security,
Medicare and Medicaid

\$1.42 Trillion

41%

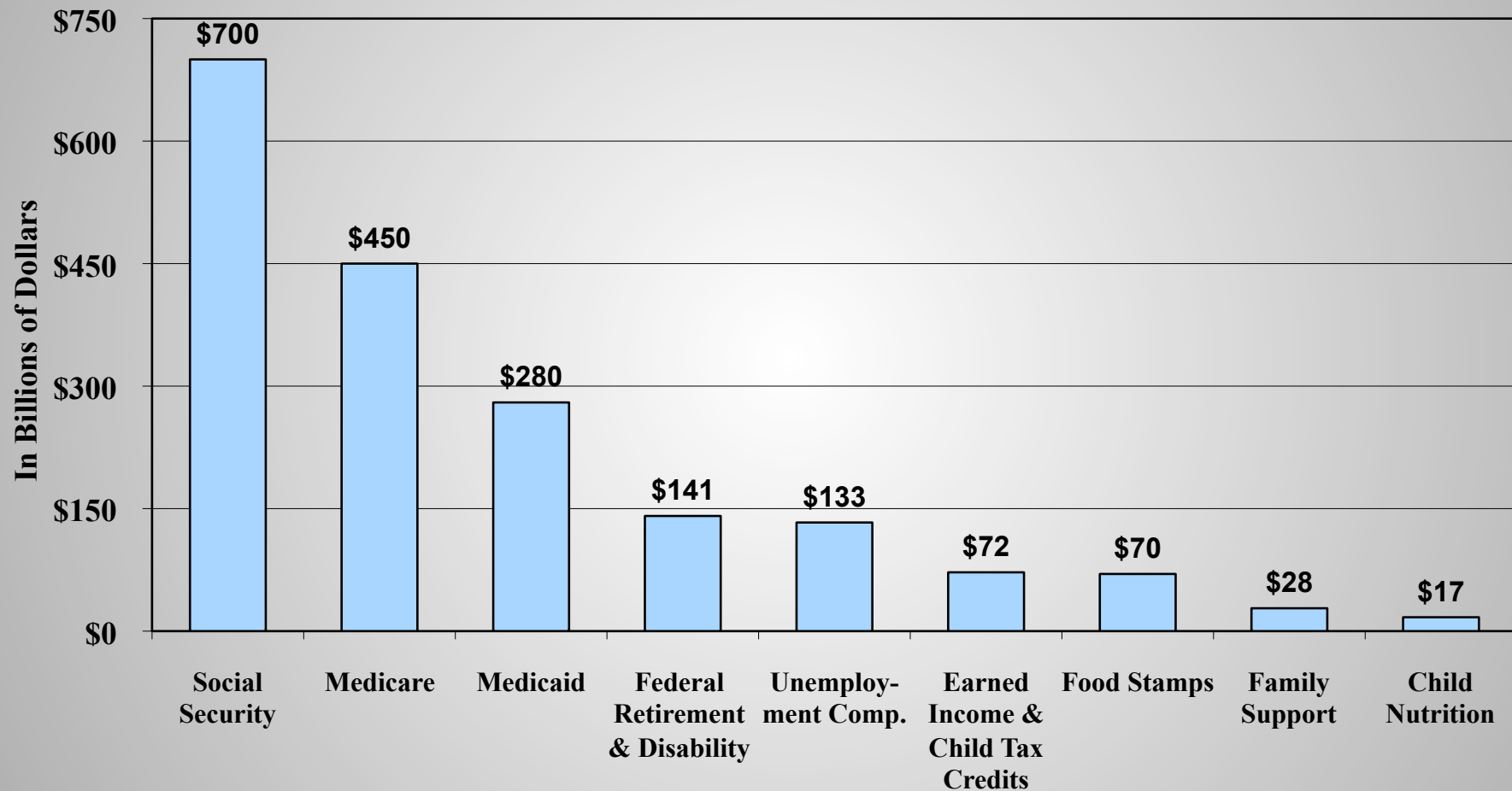
Source: Congressional Budget Office, August 2010.

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Outlays of Select Mandatory Spending Programs (FY 2010 Projected)



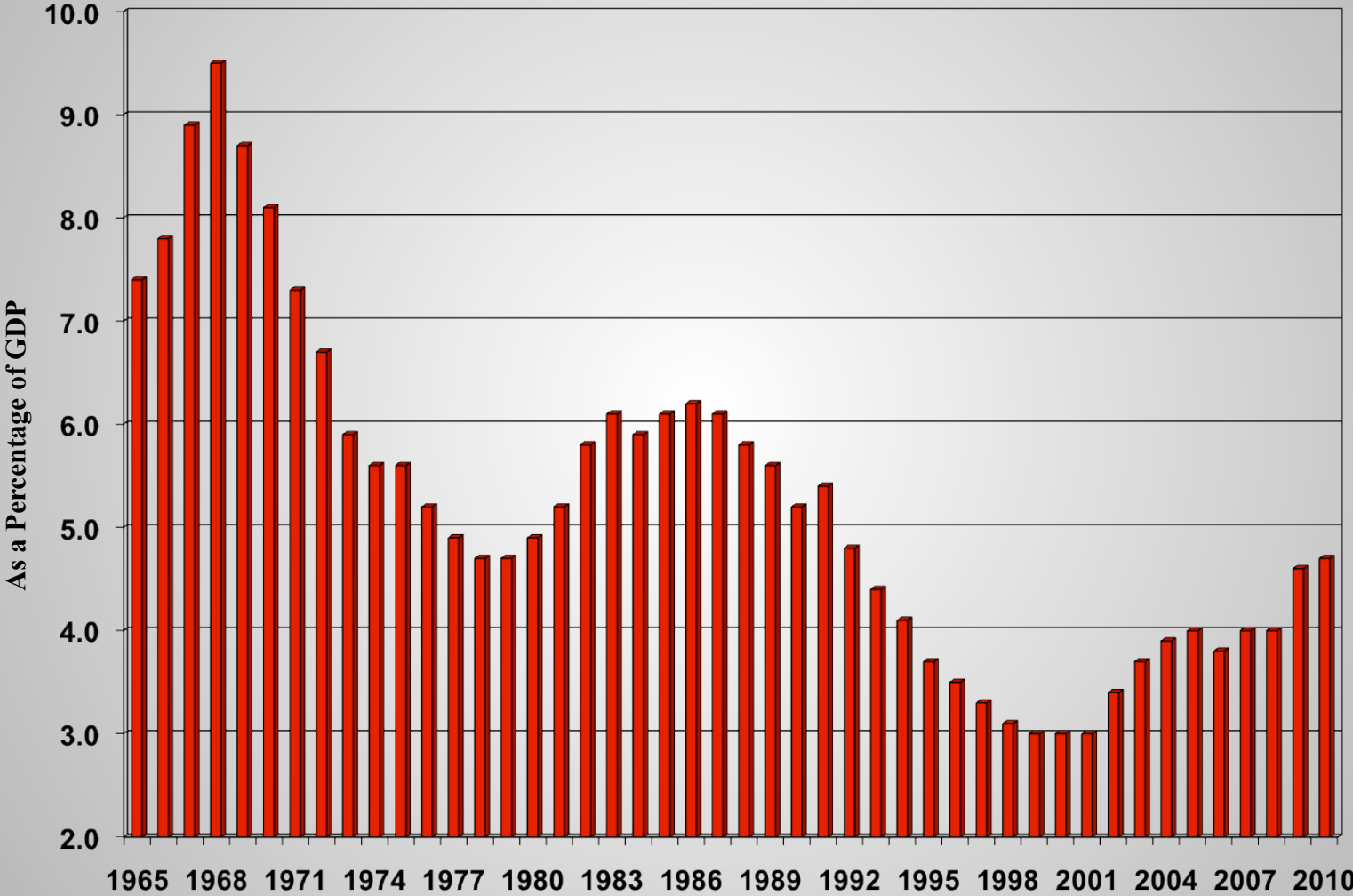
Source: Congressional Budget Office, January 2010.

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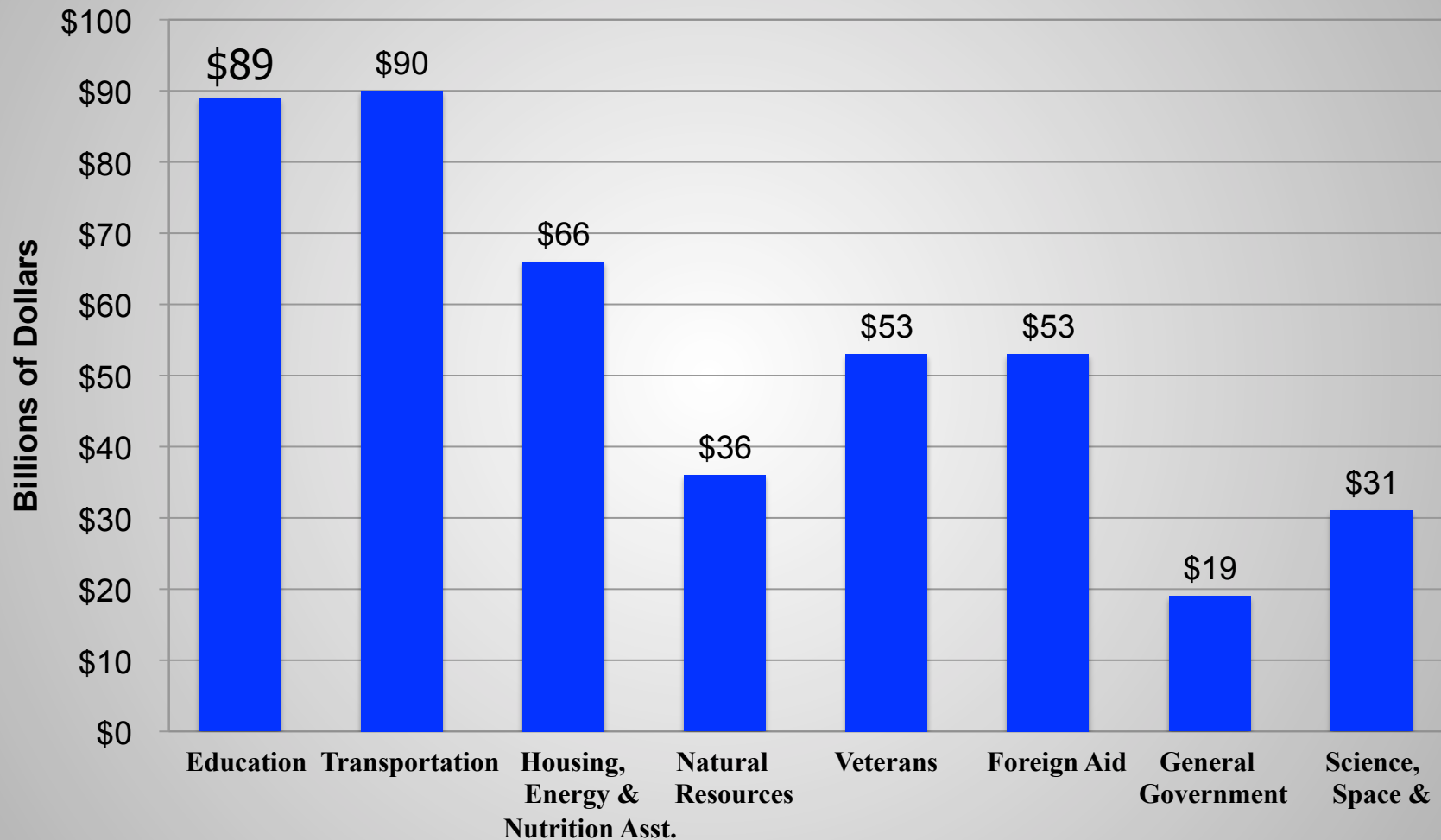


Defense Discretionary Spending as a Percentage of GDP



Source: Congressional Budget Office, August 2010.

Outlays of Select Non-Defense Discretionary Programs (FY 2010 Projected)



*includes ground, air, and water

Technology

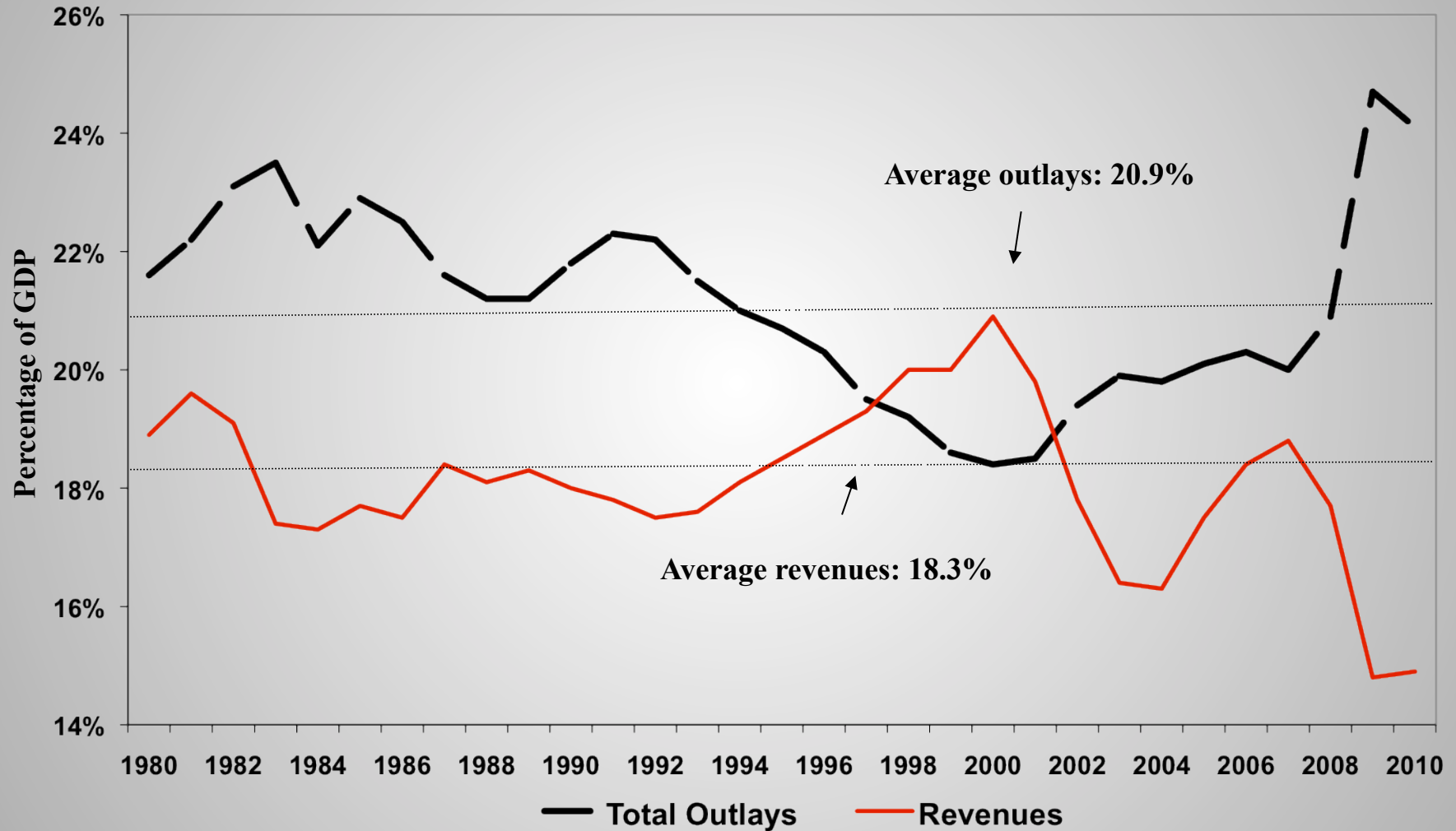
Source: Congressional Budget Office, January 2010.

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Federal Spending vs. Revenues as a Percent of GDP (FY 1980-2010)



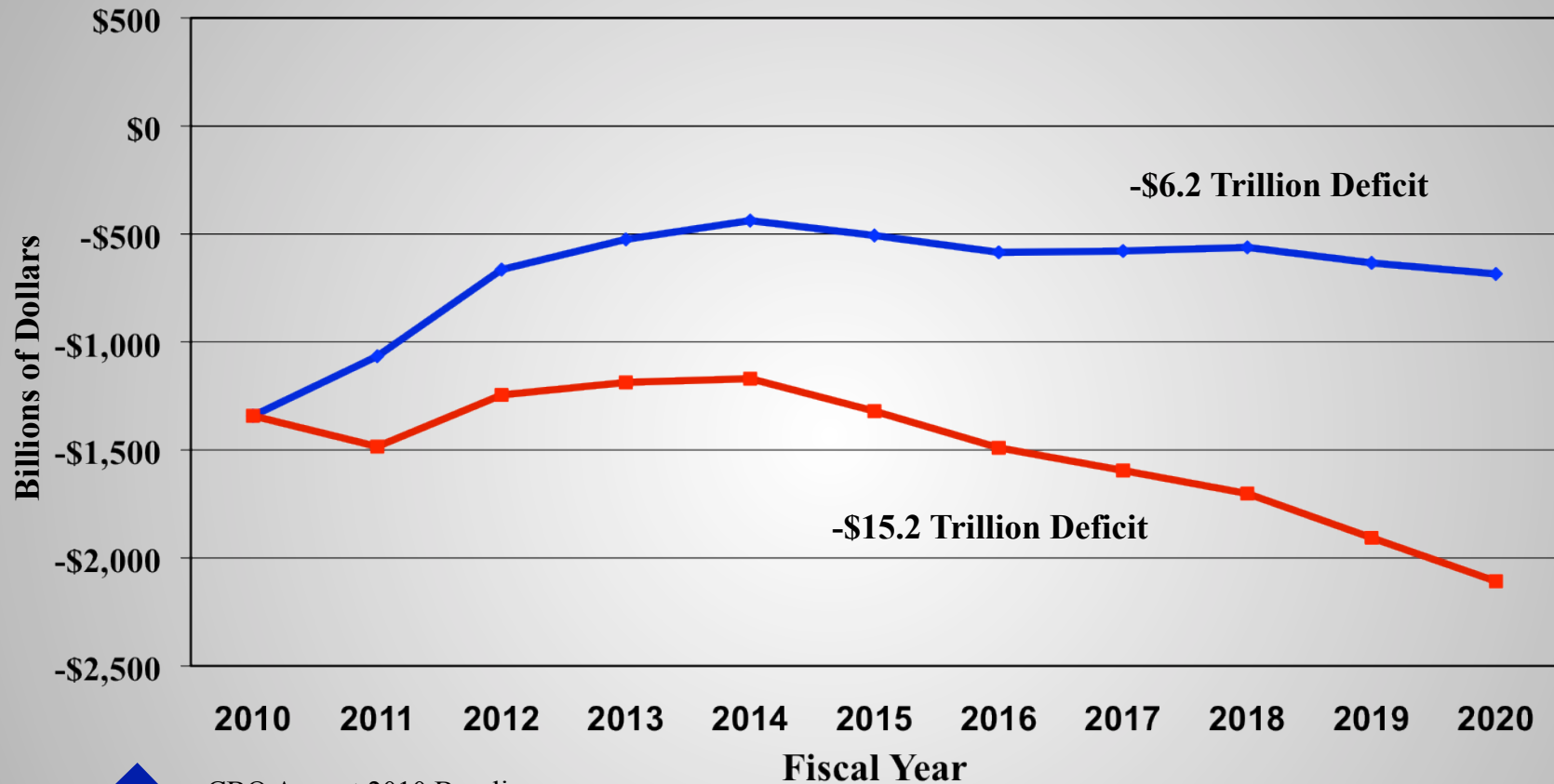
Source: Congressional Budget Office, January 2010.

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Current Policy Trends Lead to Large Sustained Deficits Fiscal Years 2011-2020



CBO August 2010 Baseline

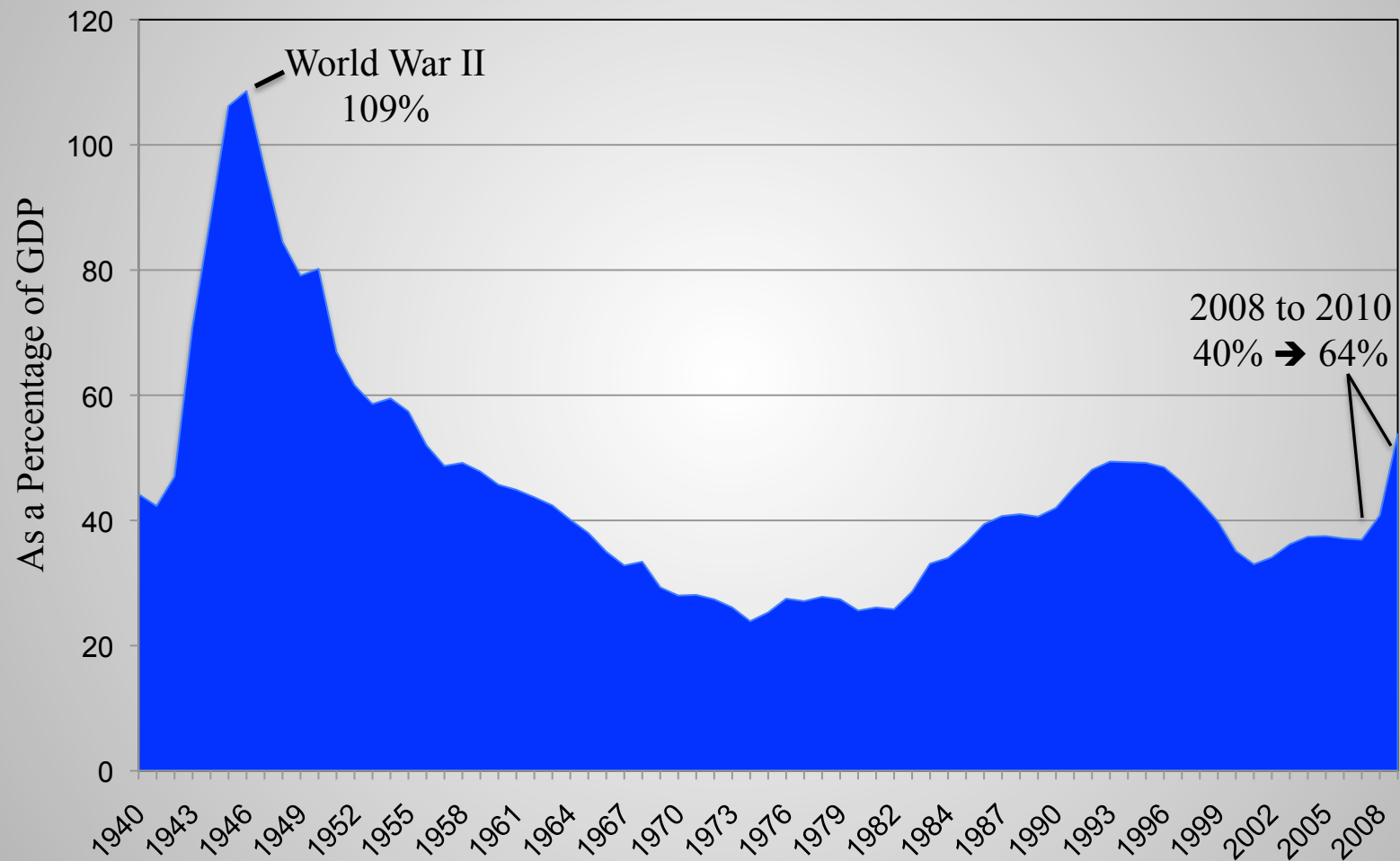


The Concord Coalition Plausible Baseline assumes that discretionary spending grows at the rate of nominal GDP, that war costs slow gradually, that Medicare physician payment cuts are postponed, and that all expiring tax provisions (including those from the 2009 stimulus package) are extended with AMT relief.

Source: Congressional Budget Office, August 2010 and Concord Coalition analysis.



Debt Held by the Public as a Percent of GDP 1940-2040



Source: OMB Historical Tables 2009.

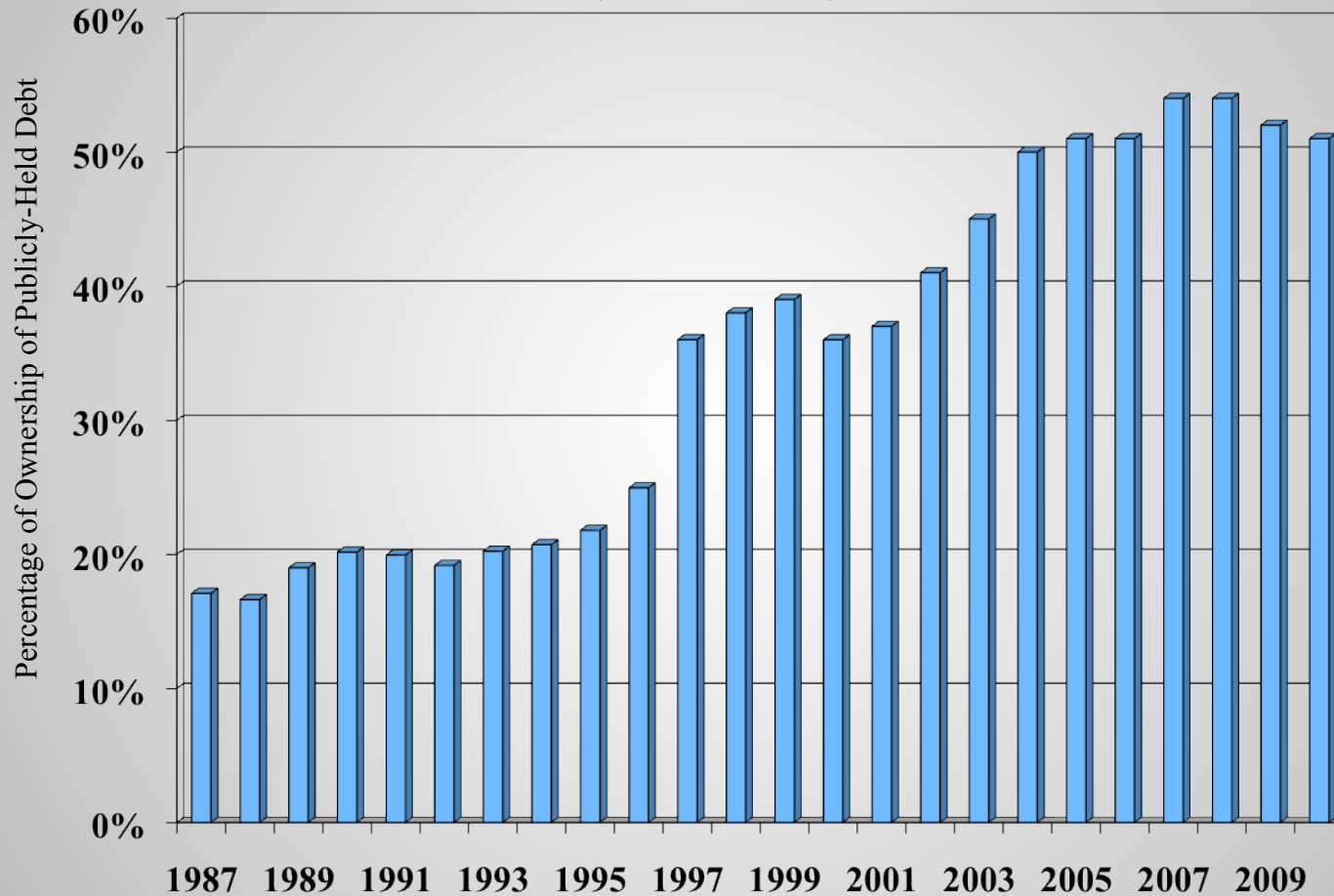
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Percent of Debt Held by the Public Owned by Foreigners

(1987-2010)



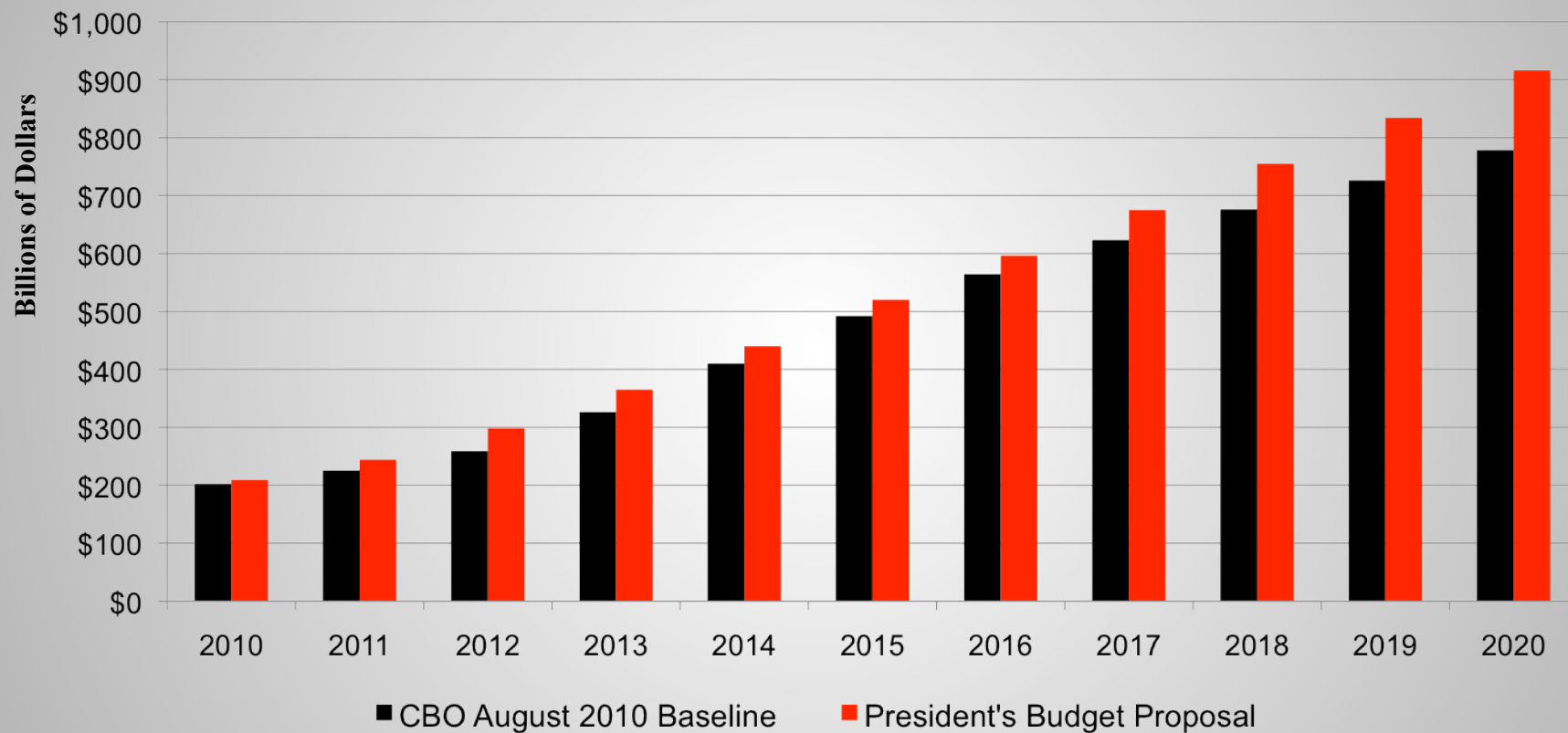
Source: United States Treasury Department, Treasury Bulletin, September 2010.

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Interest Costs Go Through The Roof



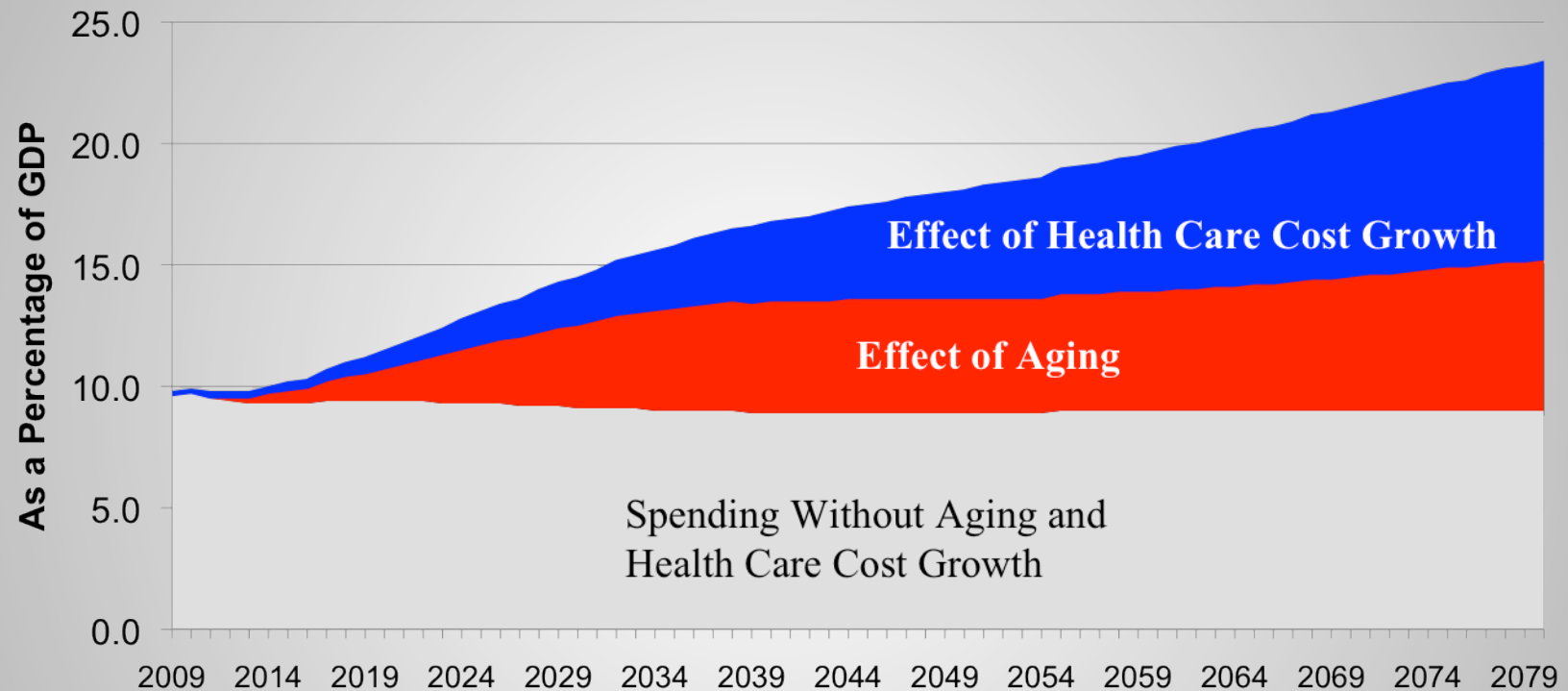
Source: Congressional Budget Office August 2010 and CBO's Analysis of the President's Budget, March 2010.

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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	37%	56%
Aging	63%	44%

Source: Congressional Budget Office, June 2010.

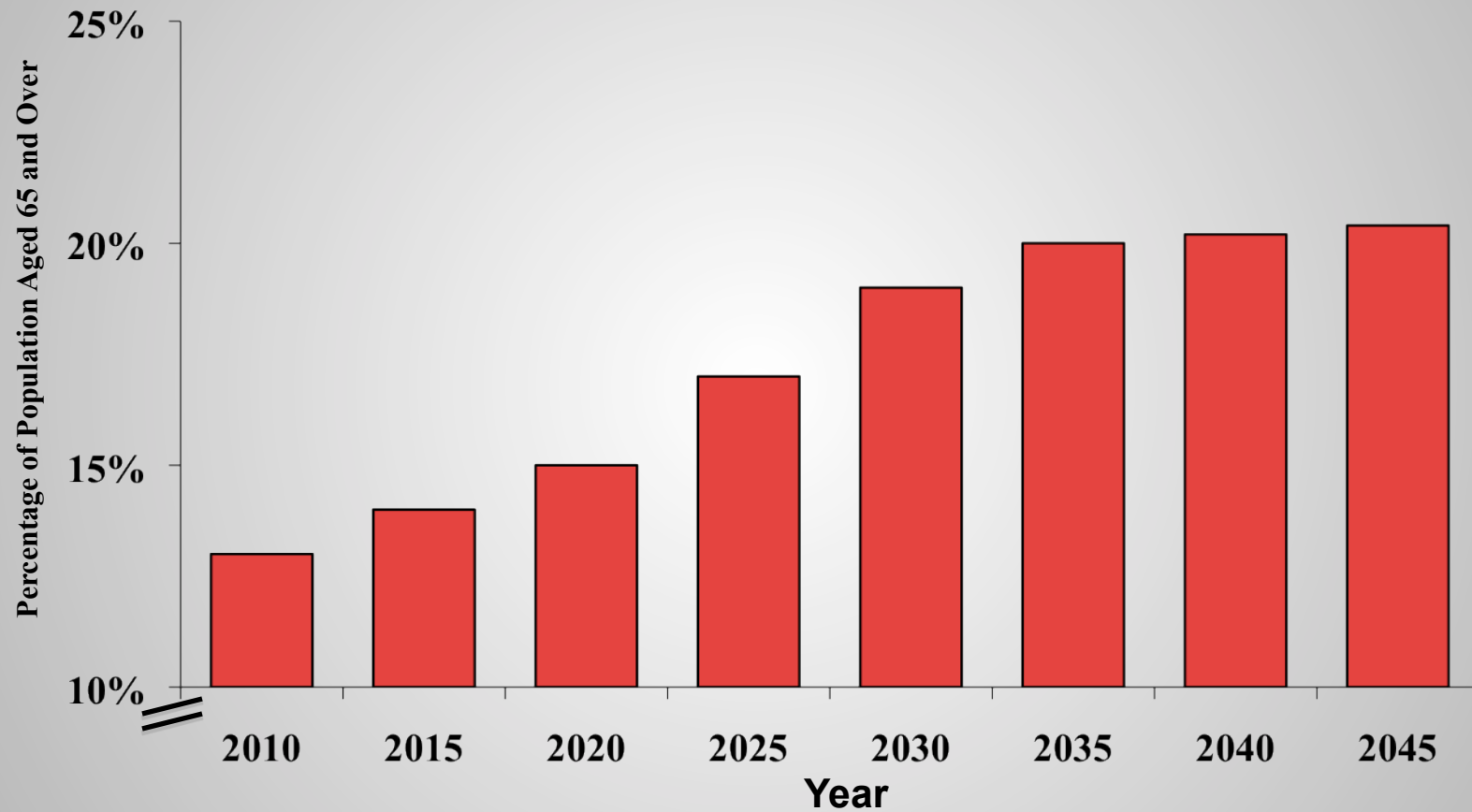
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America's Population is Aging

Population age 65 and Over



Source: Social Security and Medicare Trustees' Report, 2010.
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Americans are living longer and having fewer children

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



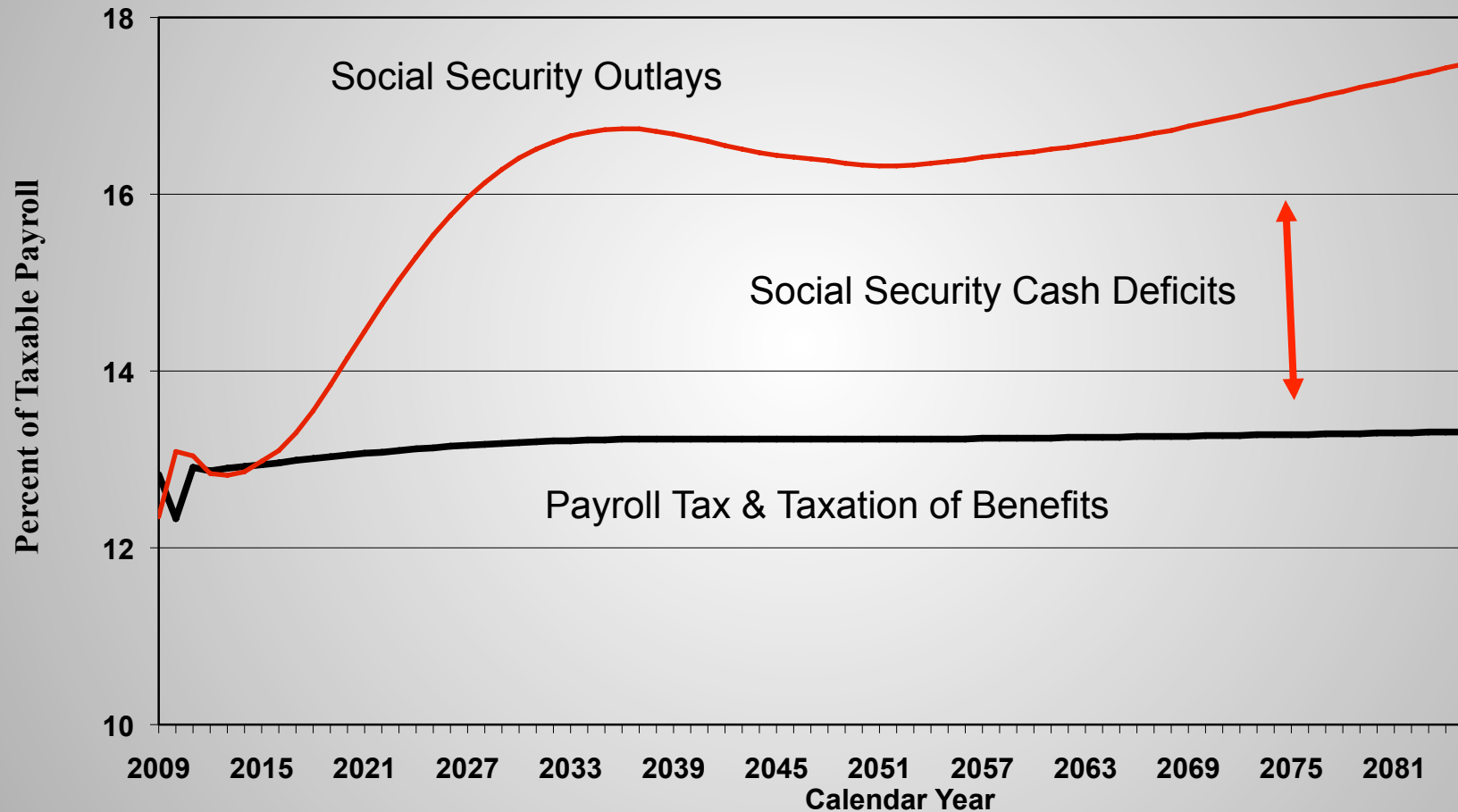
Source: Social Security Administration, June 2010.

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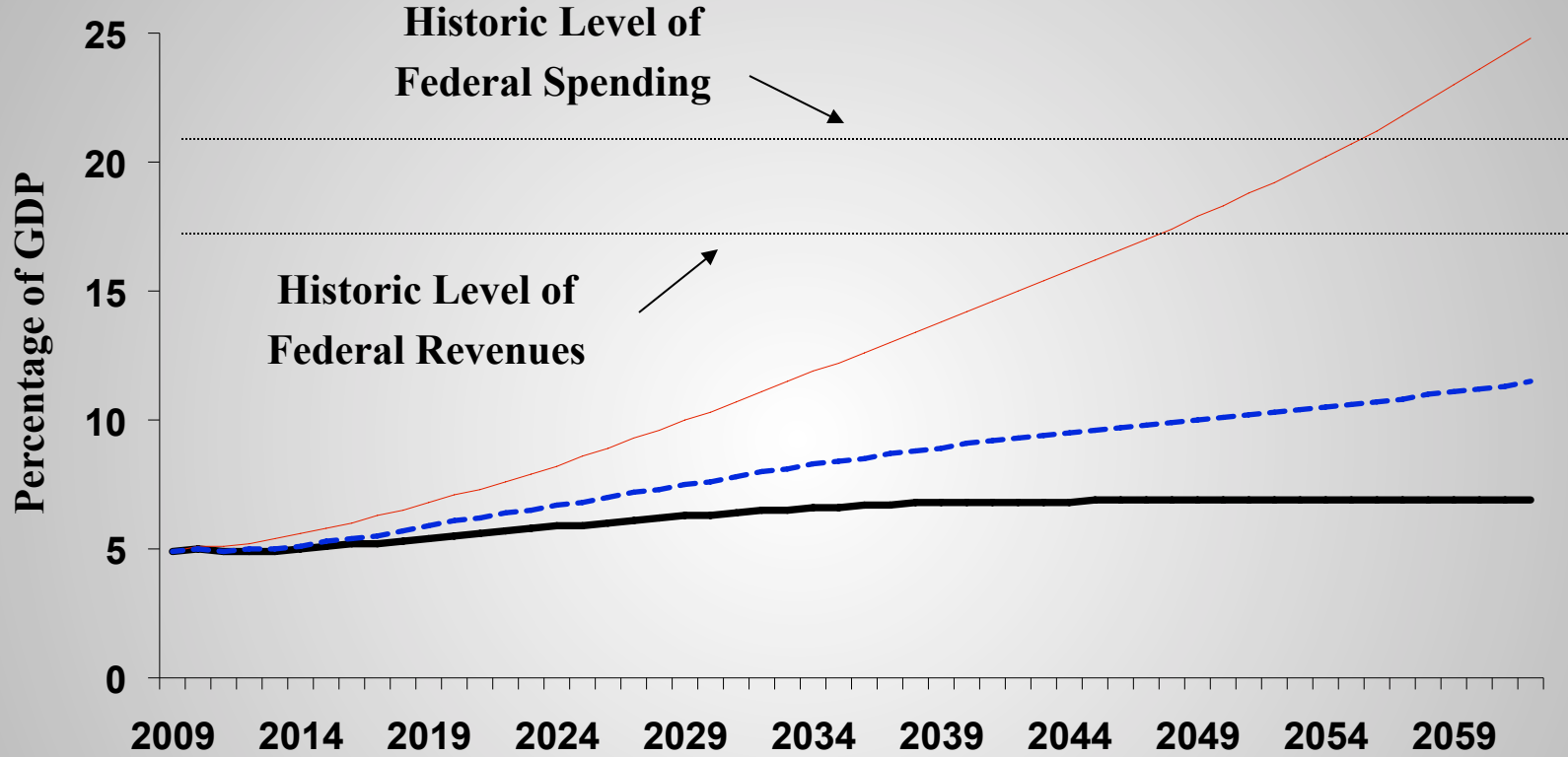


Benefits promised far exceed dedicated tax revenues



Source: Social Security Trustees' Report—August 2010 (Intermediate Projections).

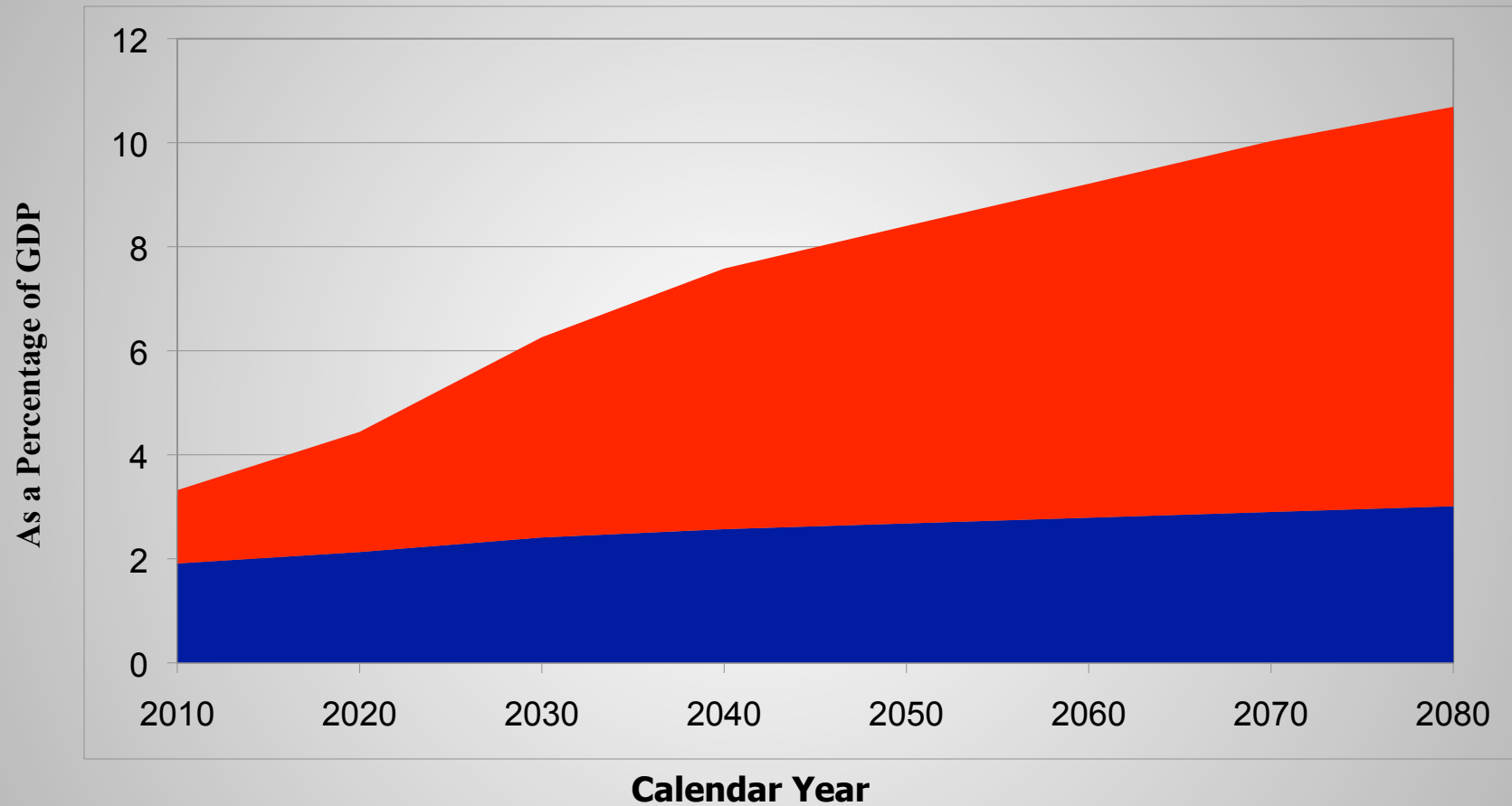
Health Care Costs are Rising Faster Than the Economy





- 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



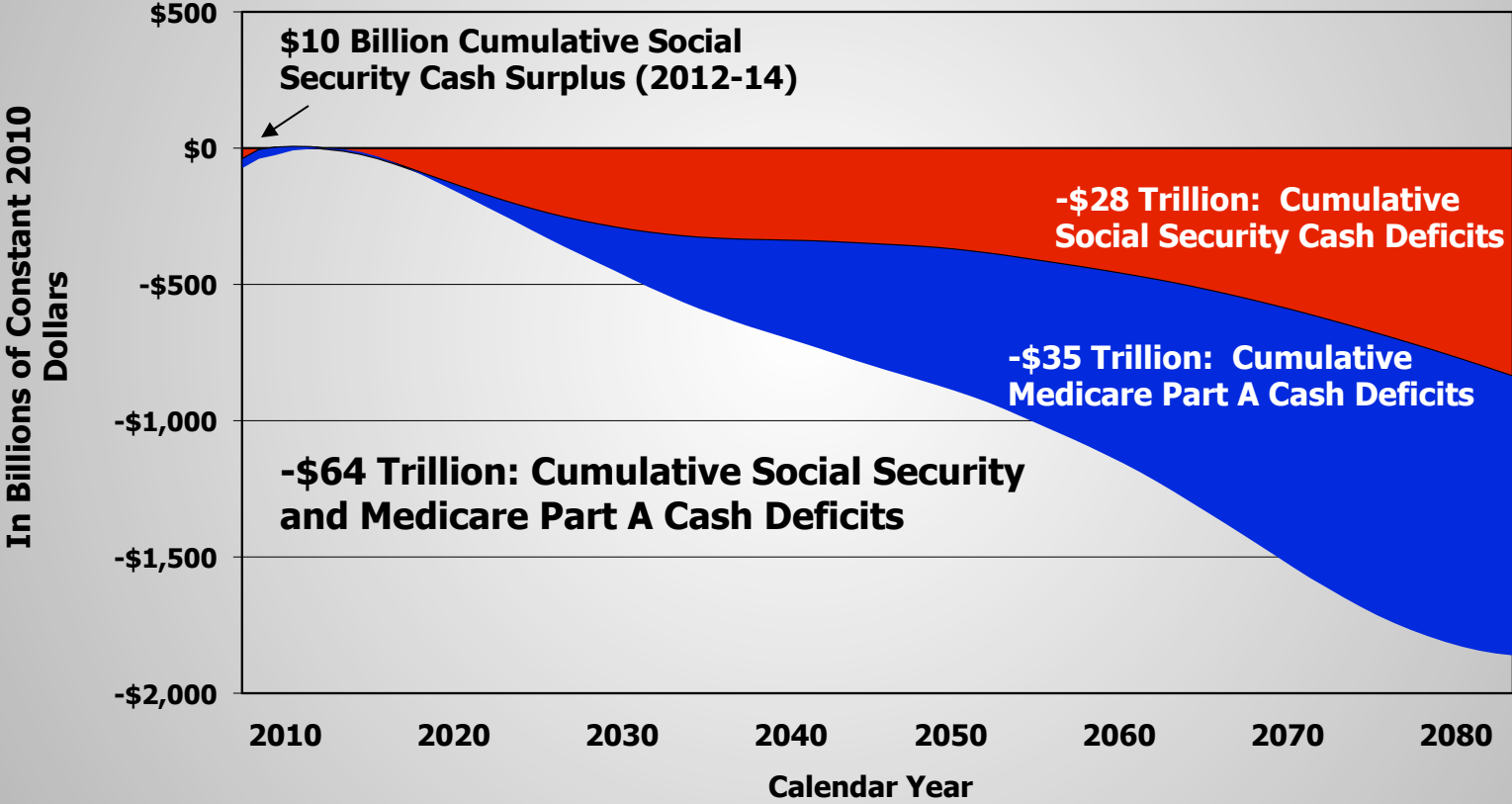
-  General Revenues required to fund the program
-  Income from dedicated taxes, premiums, and state transfers

Source: Medicare Trustees' Report, May 2009.

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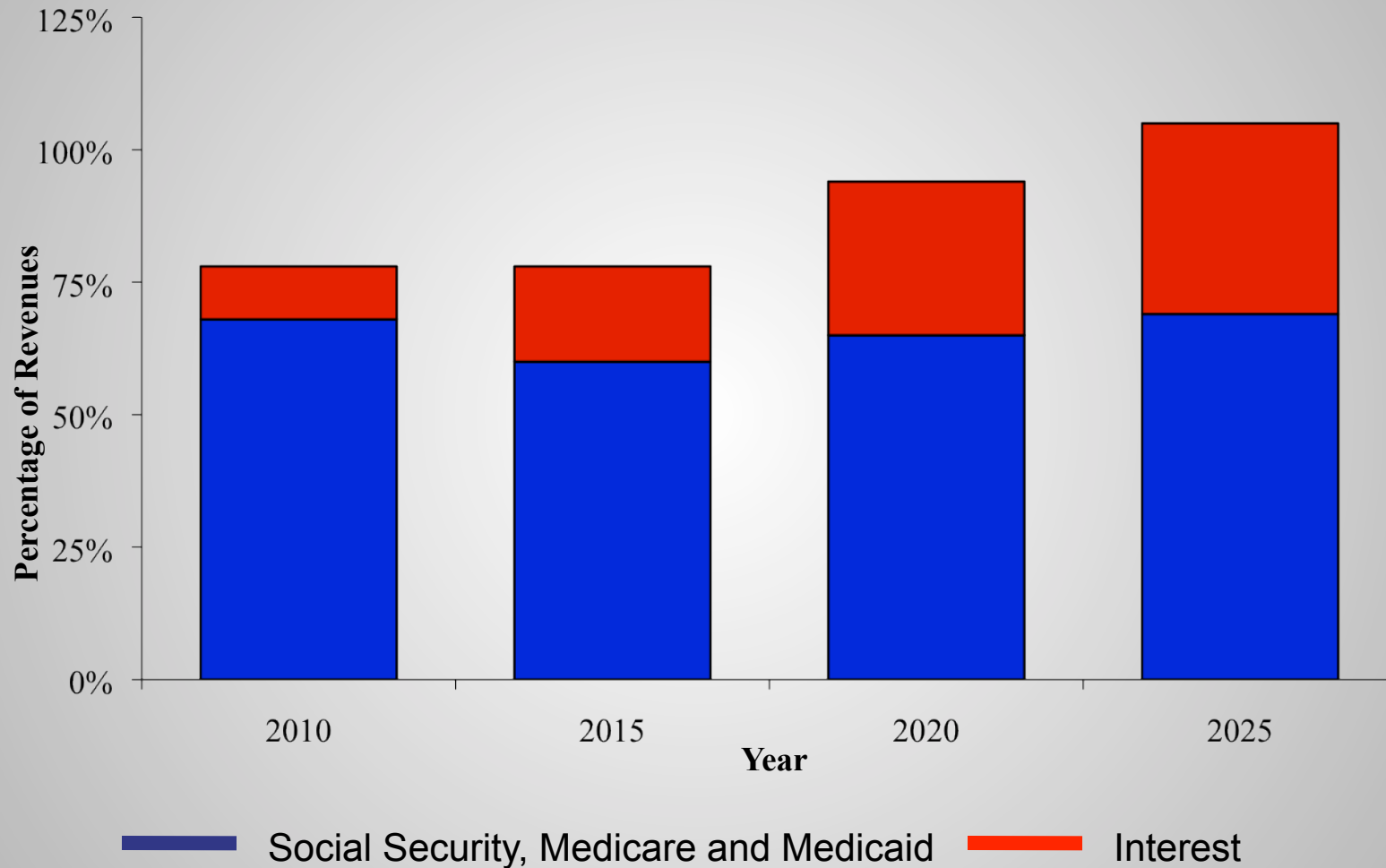
Social Security and Medicare Part A Cumulative Cash Surpluses and Deficits

In Constant 2010 Dollars — 2010 through 2085



Source: Social Security Trustees' Report—August 2010 (Intermediate Projections)

Social Security, Medicare, Medicaid and Interest Consume All Federal Revenues in Less Than 15 Years



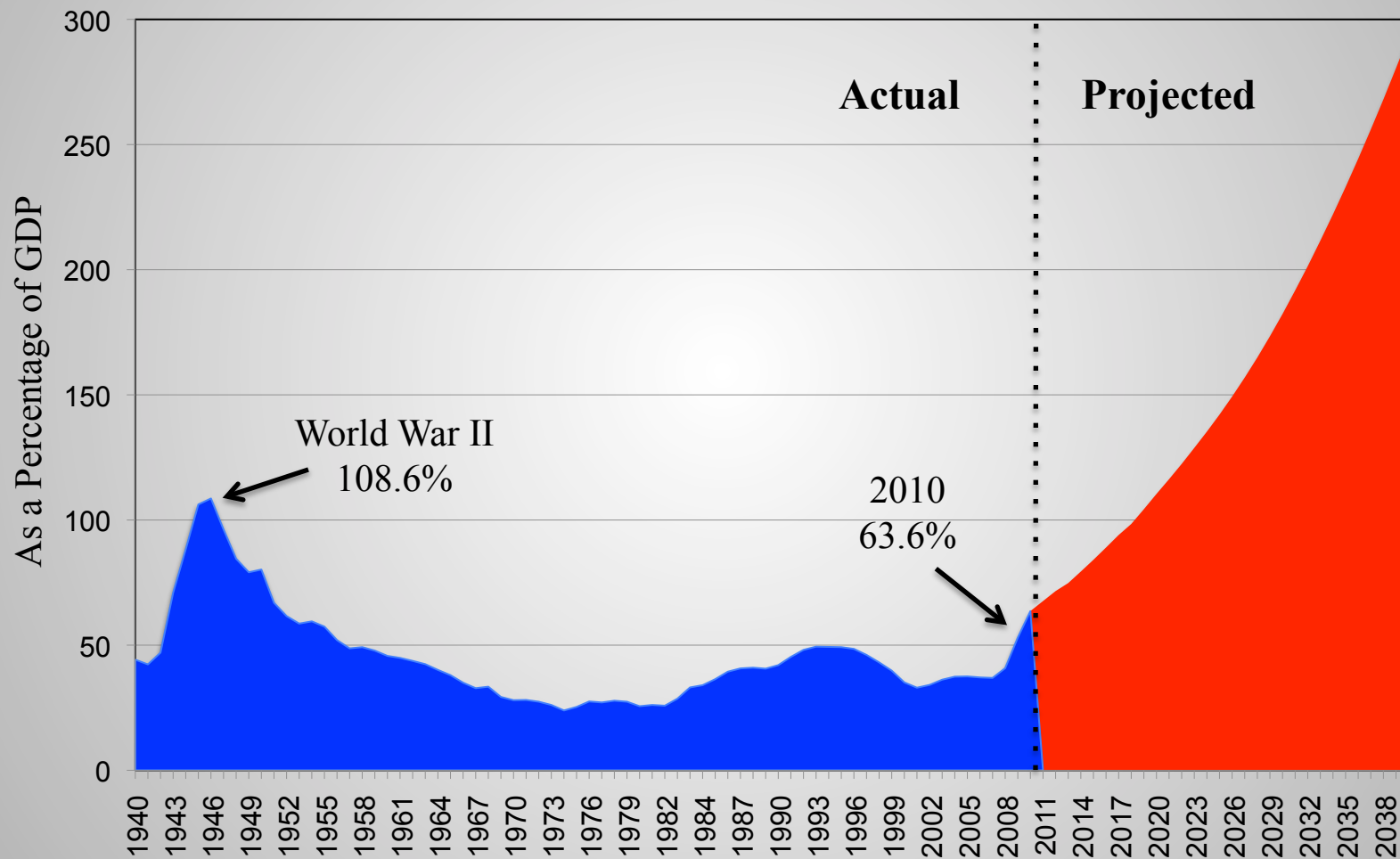
Source: Government Accountability Office, 2010.

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Debt Held by the Public as a Percent of GDP 1940-2040



Source: GAO Analysis, 2010 and OMB Historical Tables 2010.

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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.**

How Can I Make a Difference?

- Visit www.concordcoalition.org to learn more about these fiscal issues and sign up for our weekly e-mail.
- Become a volunteer for the Concord Coalition and help us give the country a fiscal wake-up call.
- Discuss the issue of fiscal responsibility with friends, family, and other members of your community.
- Tell your Representative and Senators in Congress that we need strong leadership for fiscal responsibility.
- Take personal responsibility for your own retirement and start saving now.



The Concord Coalition is the most respected voice of fiscally responsible policy because it is a collection of many voices.

We rely on your support to help us continue our role as non-partisan analysts, educators and advocates.

And, this year, your contribution goes further, as all new and increased gifts are matched dollar for dollar by The Peter G. Peterson Foundation.

To make your gift, go to concordcoalition.org and click on

