

# Principles & Priorities: Long-Term Budget Challenges

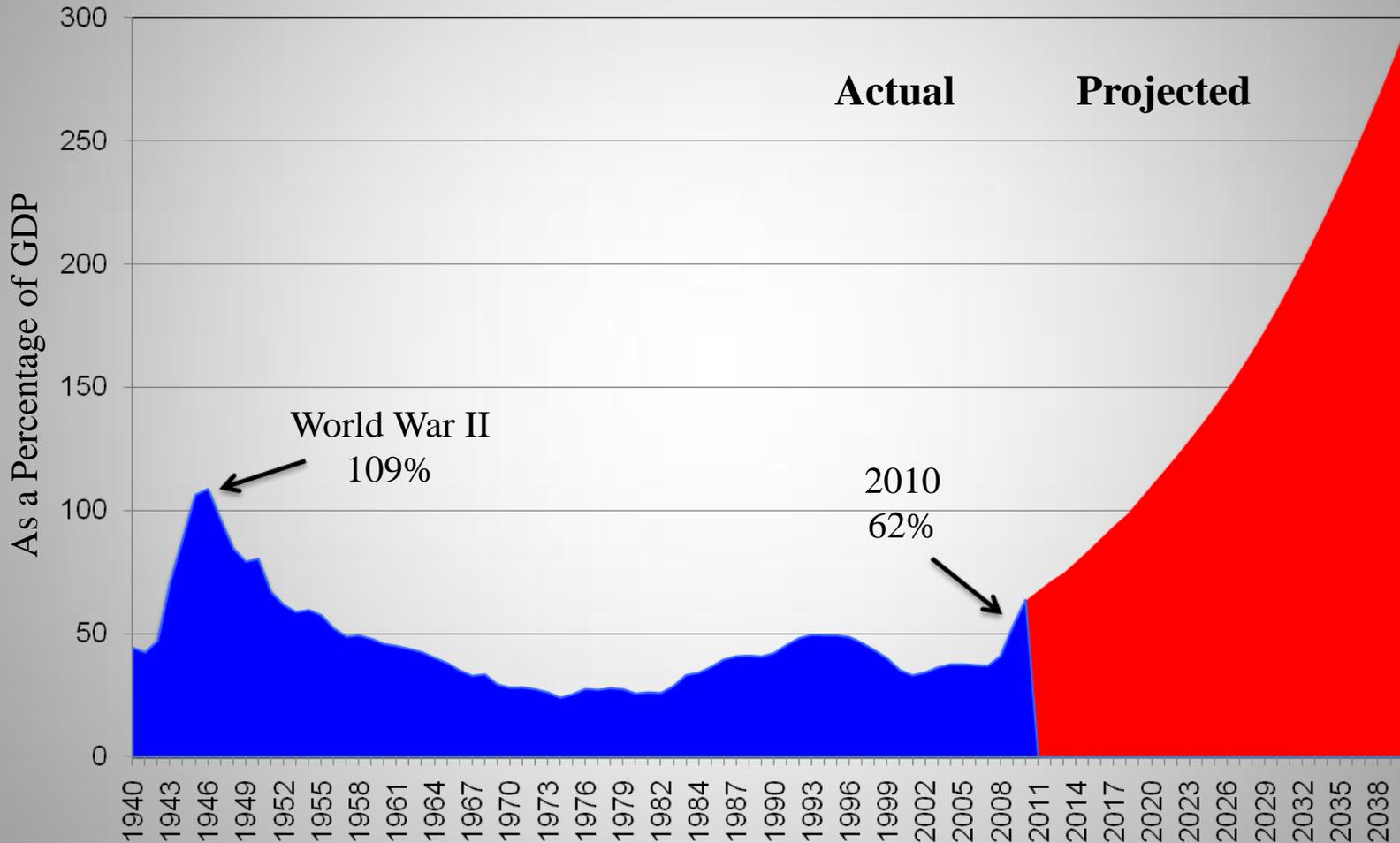


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# Debt Held by the Public as a Percent of GDP 1940-2040

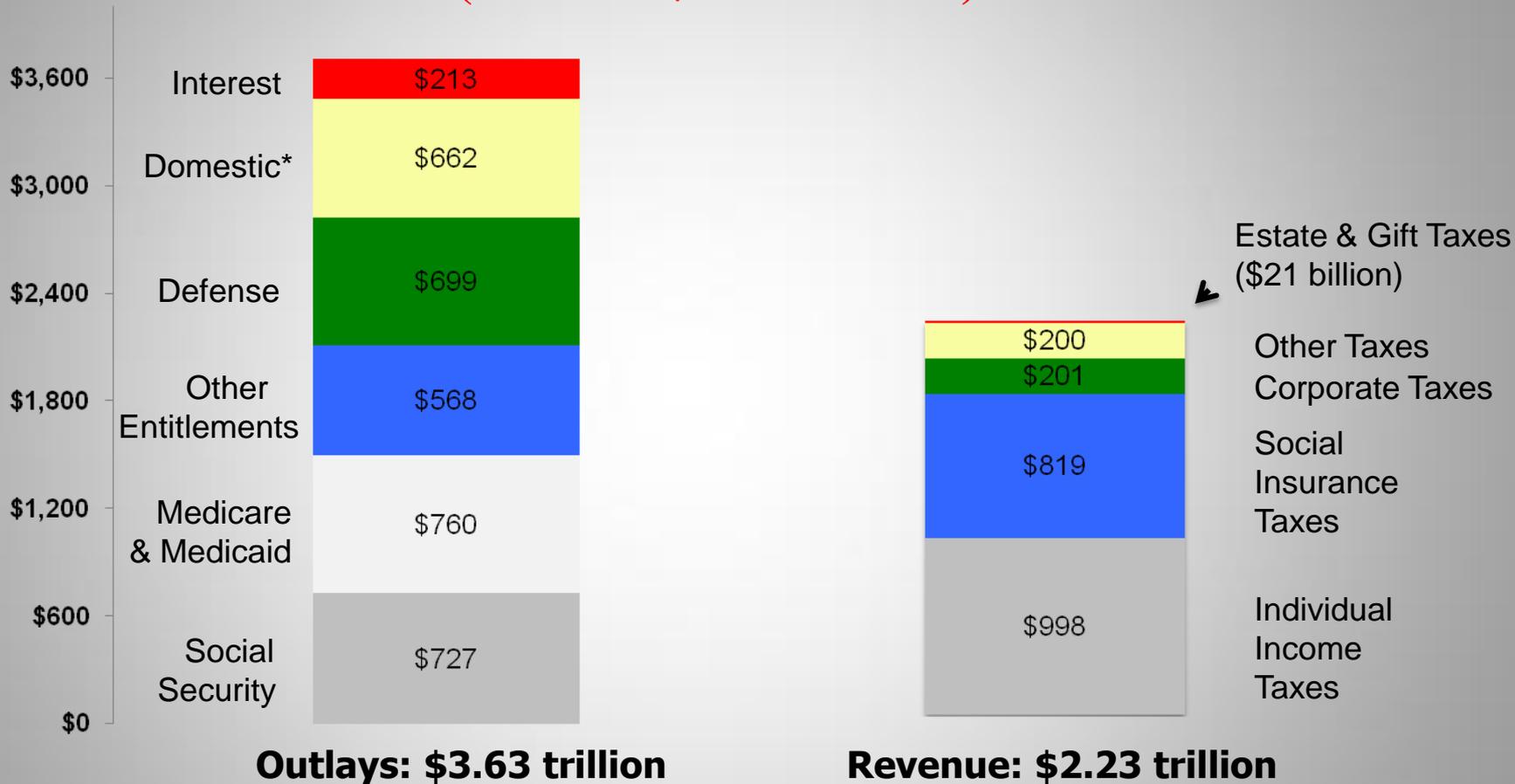


Source: GAO Analysis, Fall 2010 and OMB Historical Tables 2010.  
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# Composition of Projected FY 2011 Federal Government Revenues and Outlays

## (Deficit: \$1.4 Trillion)



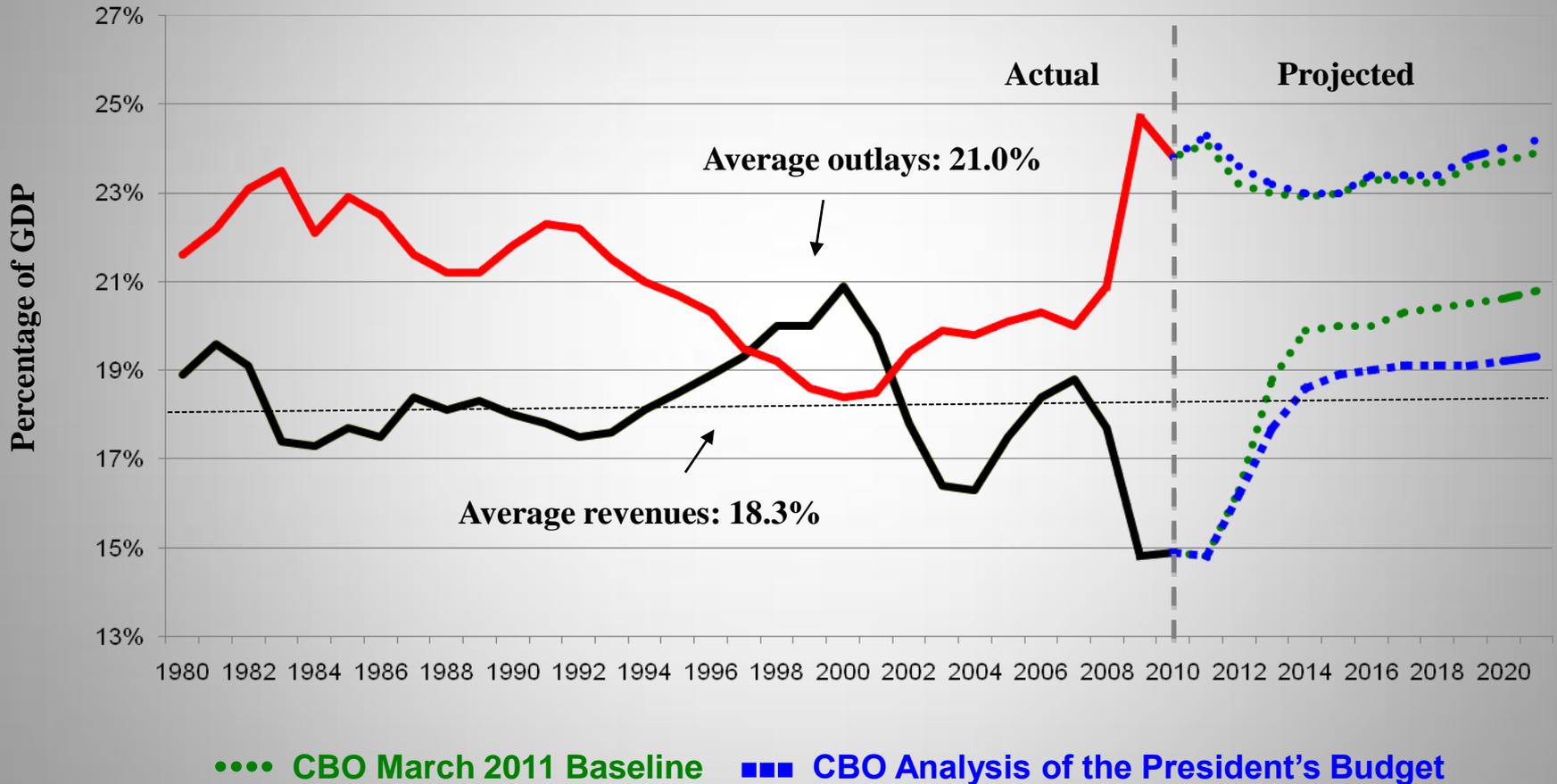
\*Includes all appropriated domestic spending such as education, transportation, homeland security, housing assistance, and foreign aid.

Source: Congressional Budget Office, March 2011.



# Federal Spending vs. Revenues as a Percent of GDP (FY 1980-2021)

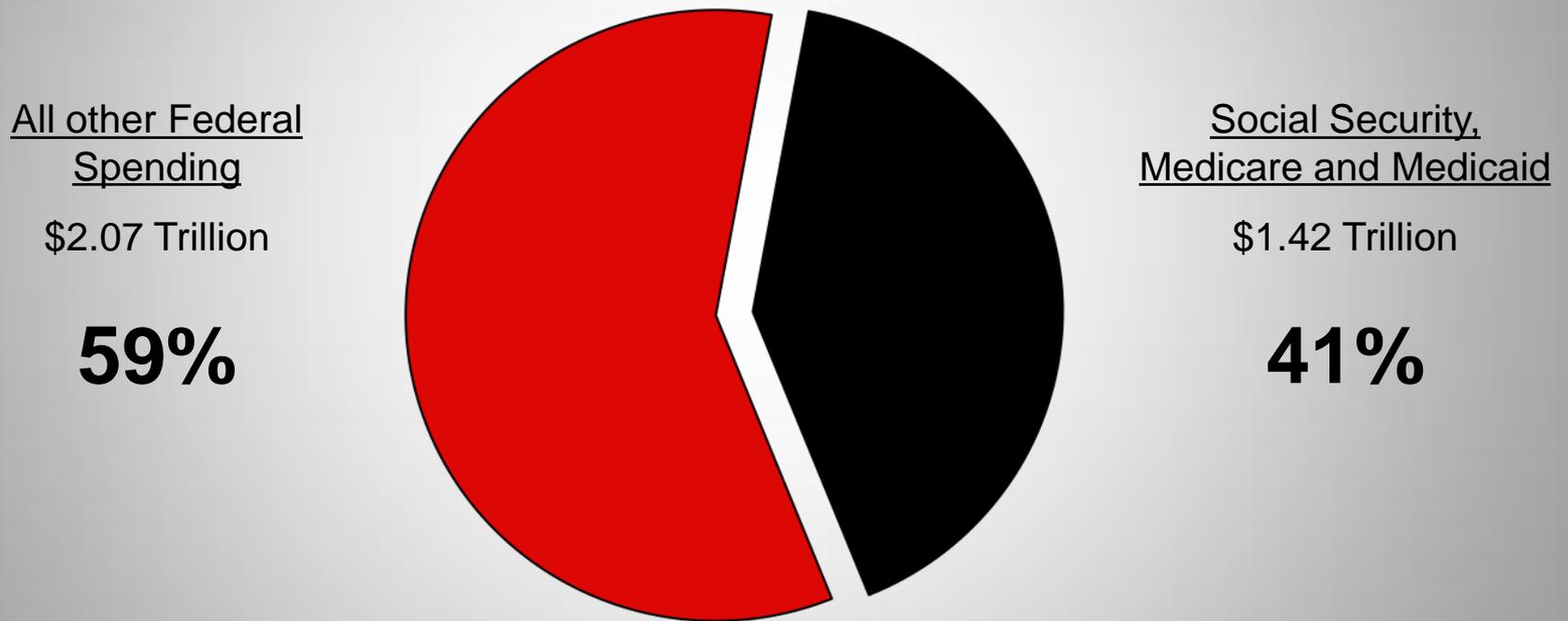
CBO Baseline Compared to CBO's Analysis of the President's Budget



Source: Congressional Budget Office, March 2011.



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



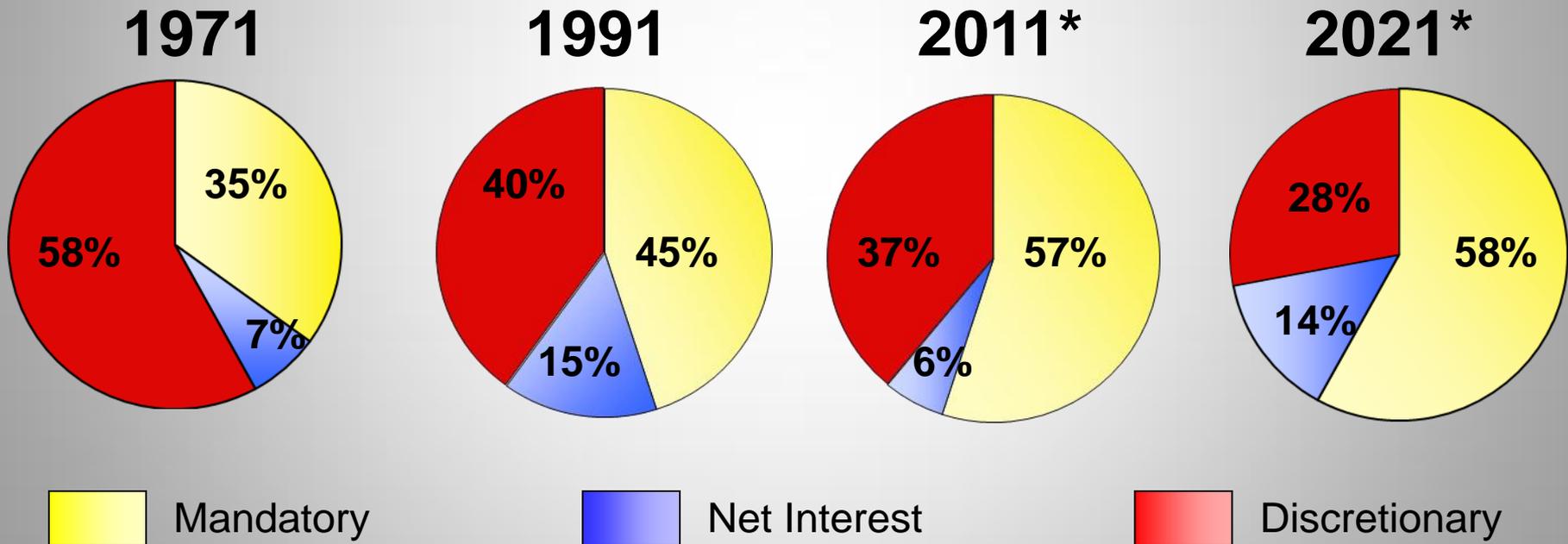
Source: Congressional Budget Office, August 2010.

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# Mandatory spending is consuming a growing share of the budget

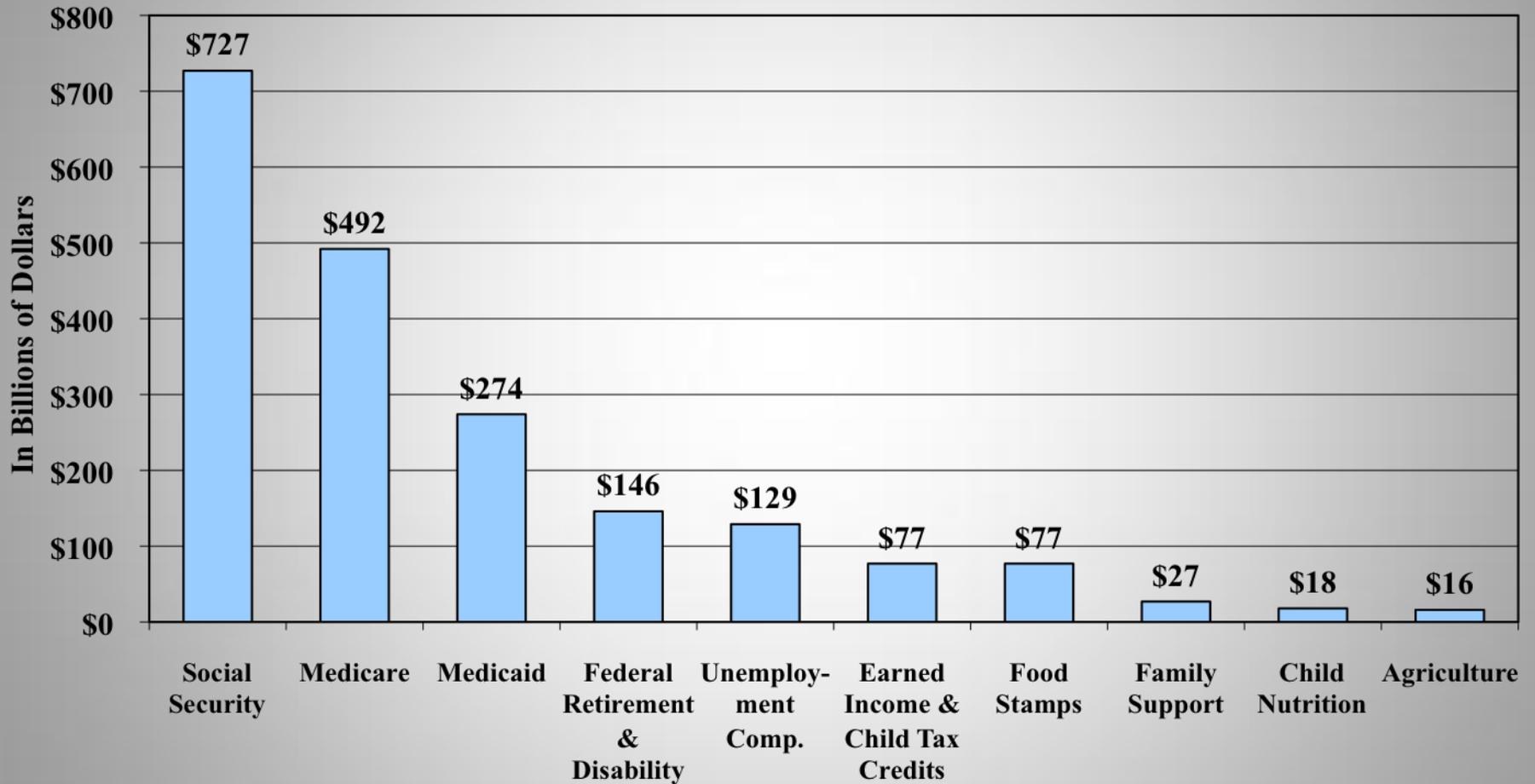


\*Projected

Source: Congressional Budget Office, January 2011.



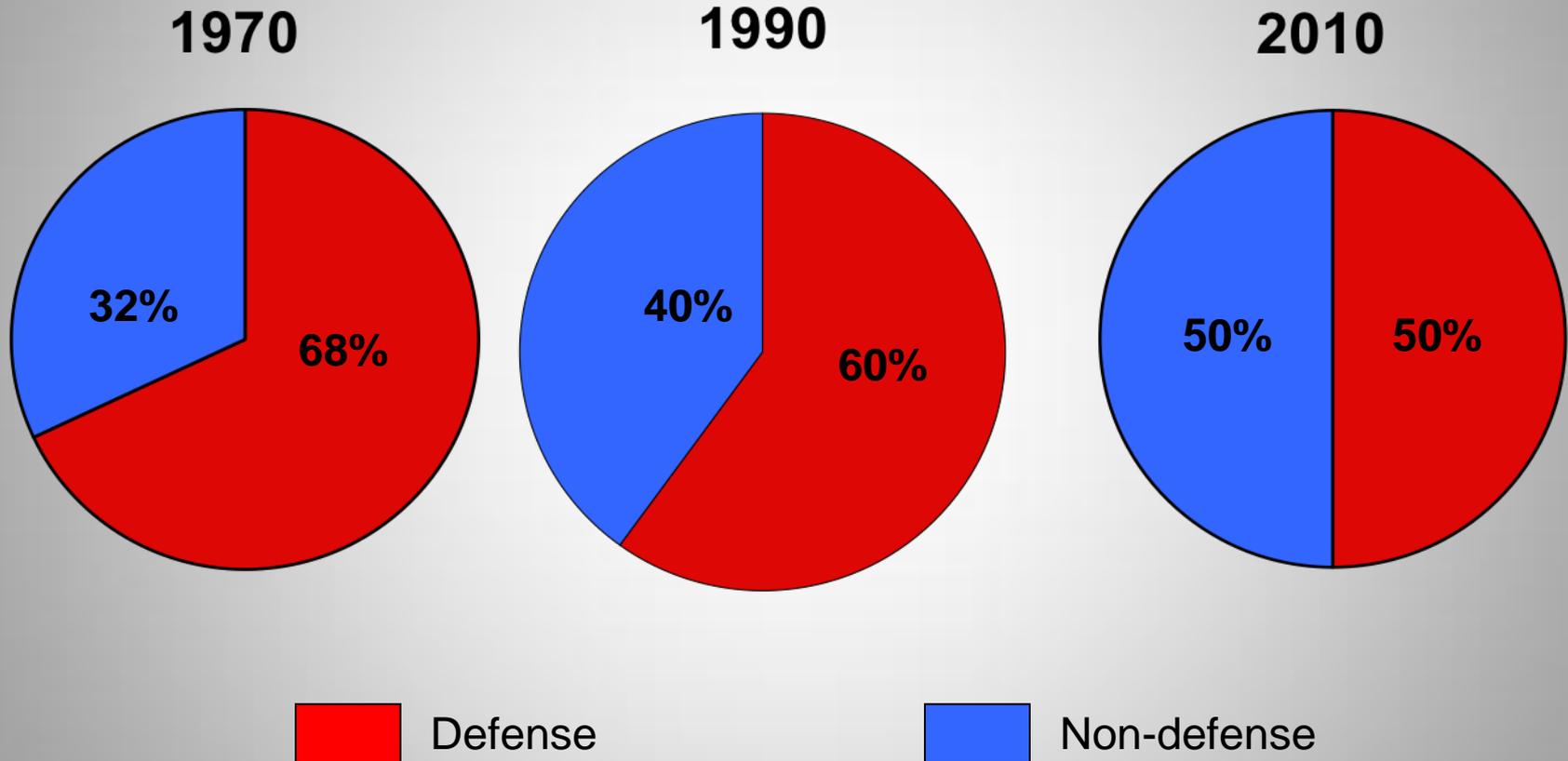
# Outlays of Select Mandatory Spending Programs (FY 2011 Projected)



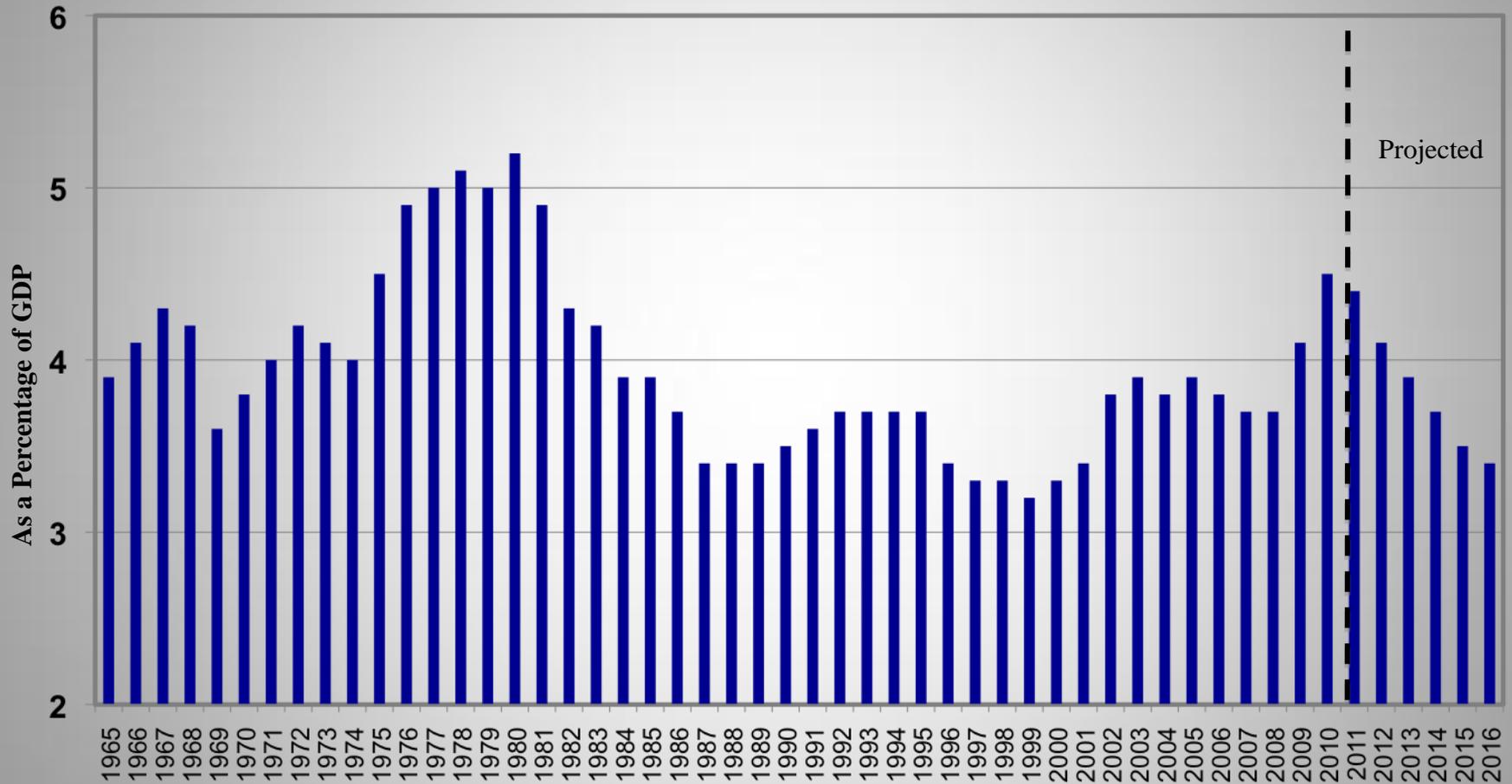
Source: Congressional Budget Office, January 2011.



# Change in Composition of Discretionary Spending



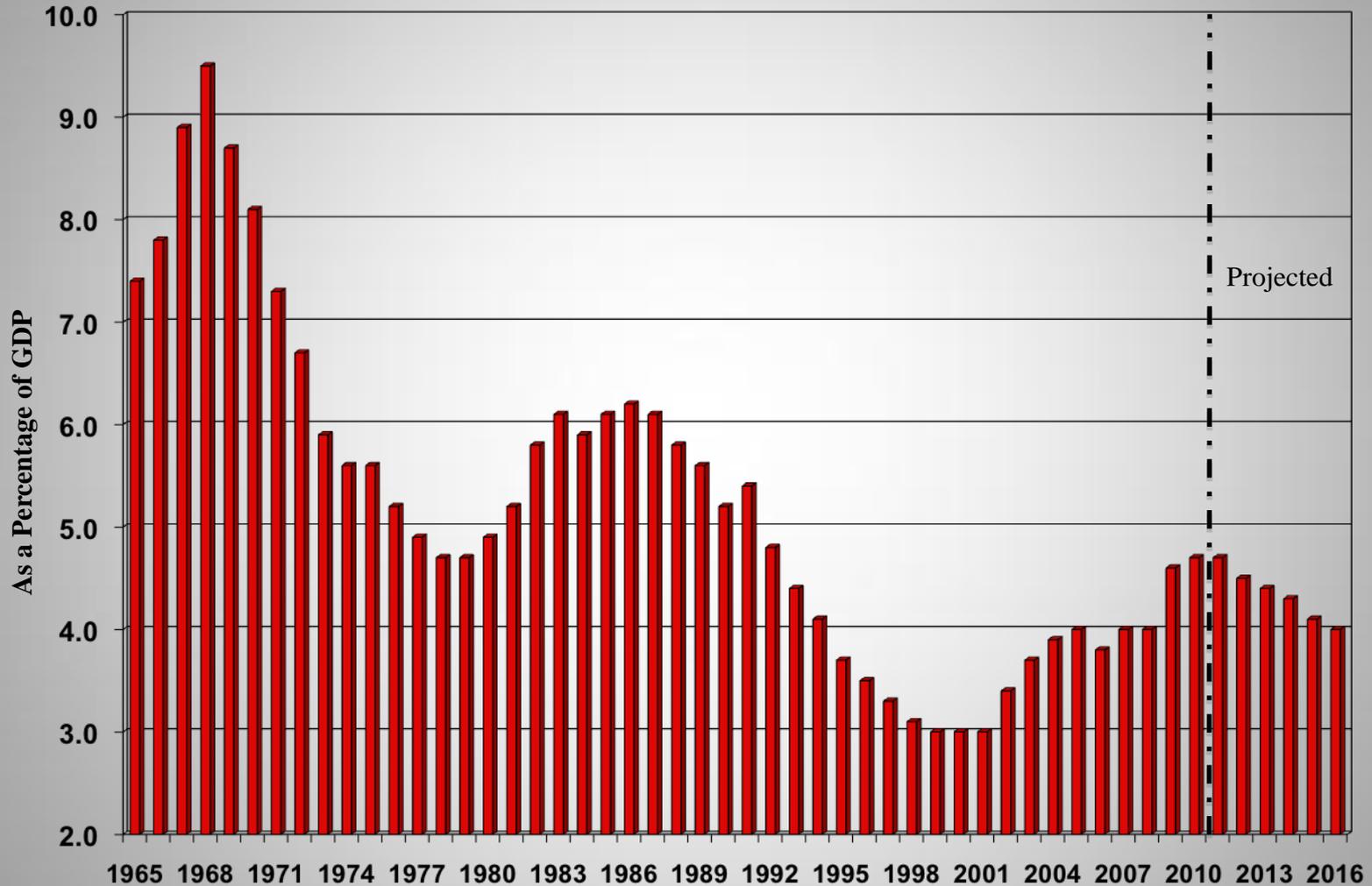
# Non-Defense Discretionary Spending as a Percentage of GDP



Source: Congressional Budget Office, January 2011.



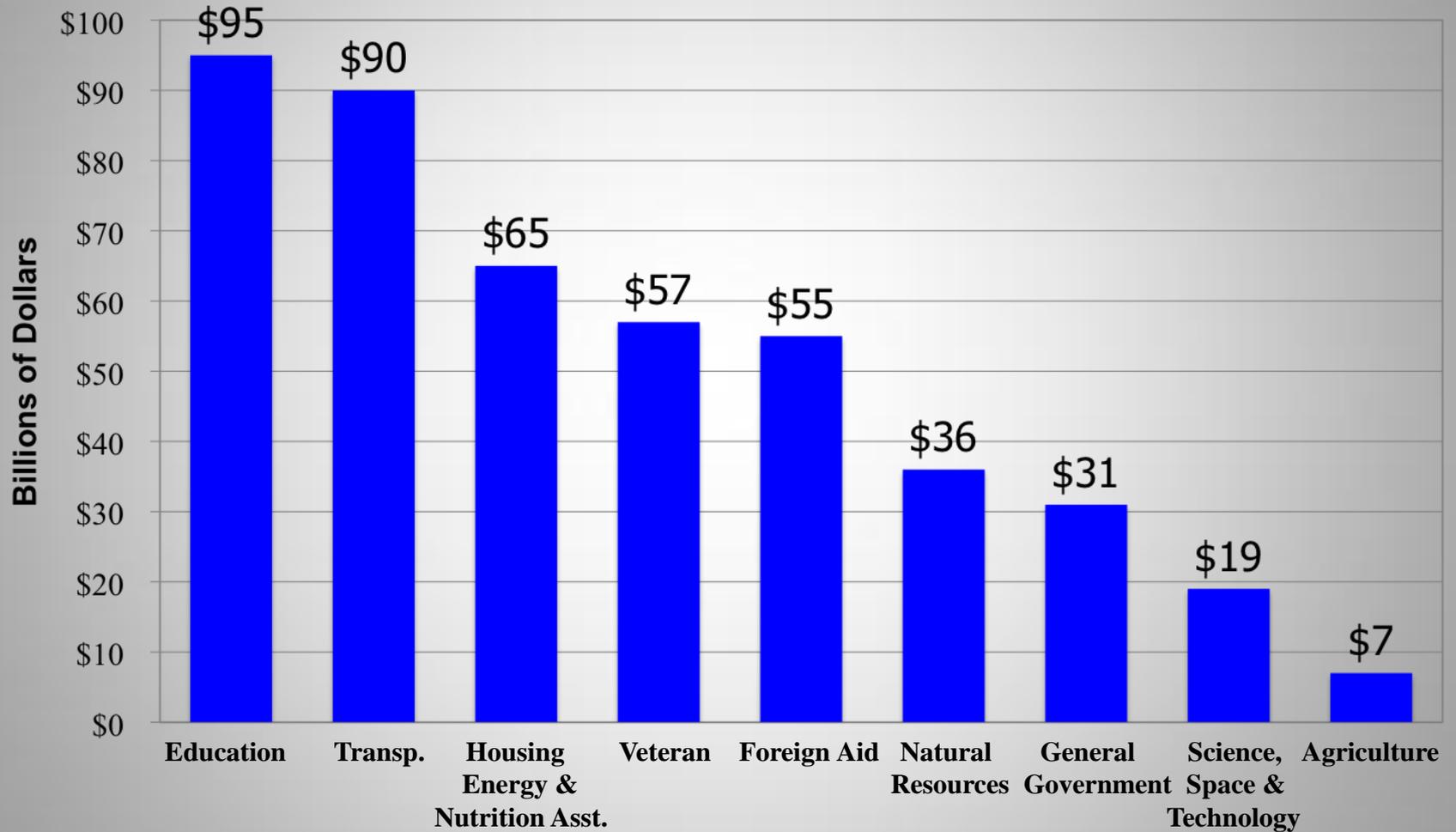
# Defense Discretionary Spending as a Percentage of GDP



Source: Congressional Budget Office, January 2011.



# Outlays of Select Non-Defense Discretionary Programs (FY 2011 Projected)

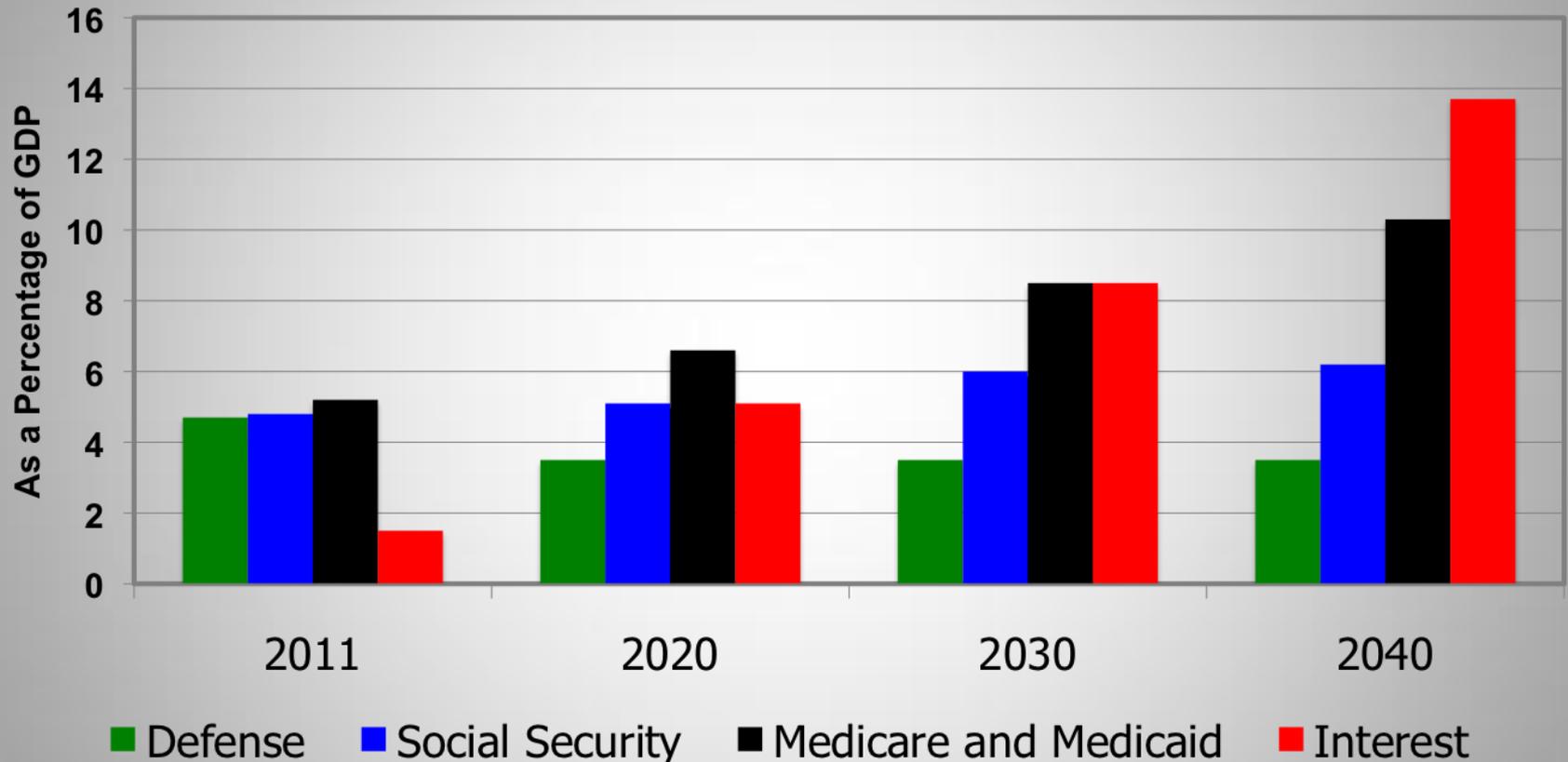


\*includes ground, air, and water

Source: Congressional Budget Office, January 2011.



# Projected Growth in Entitlement Spending and Interest are Far Greater than Defense Spending



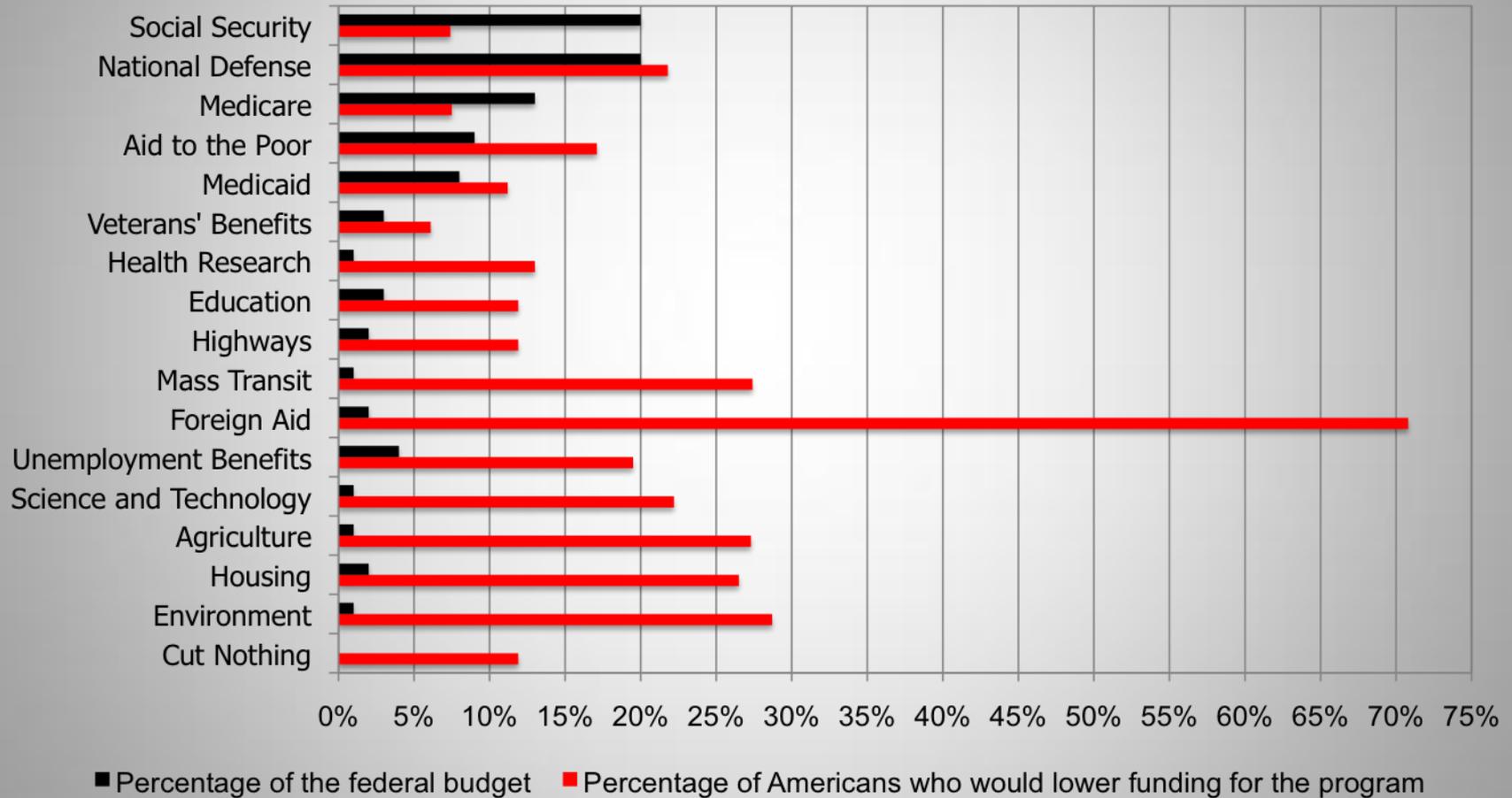
Source: Government Accountability Office and Congressional Budget Office. January 2011.

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# Americans Want to Cut Spending – But Not on the Programs That Cost the Most

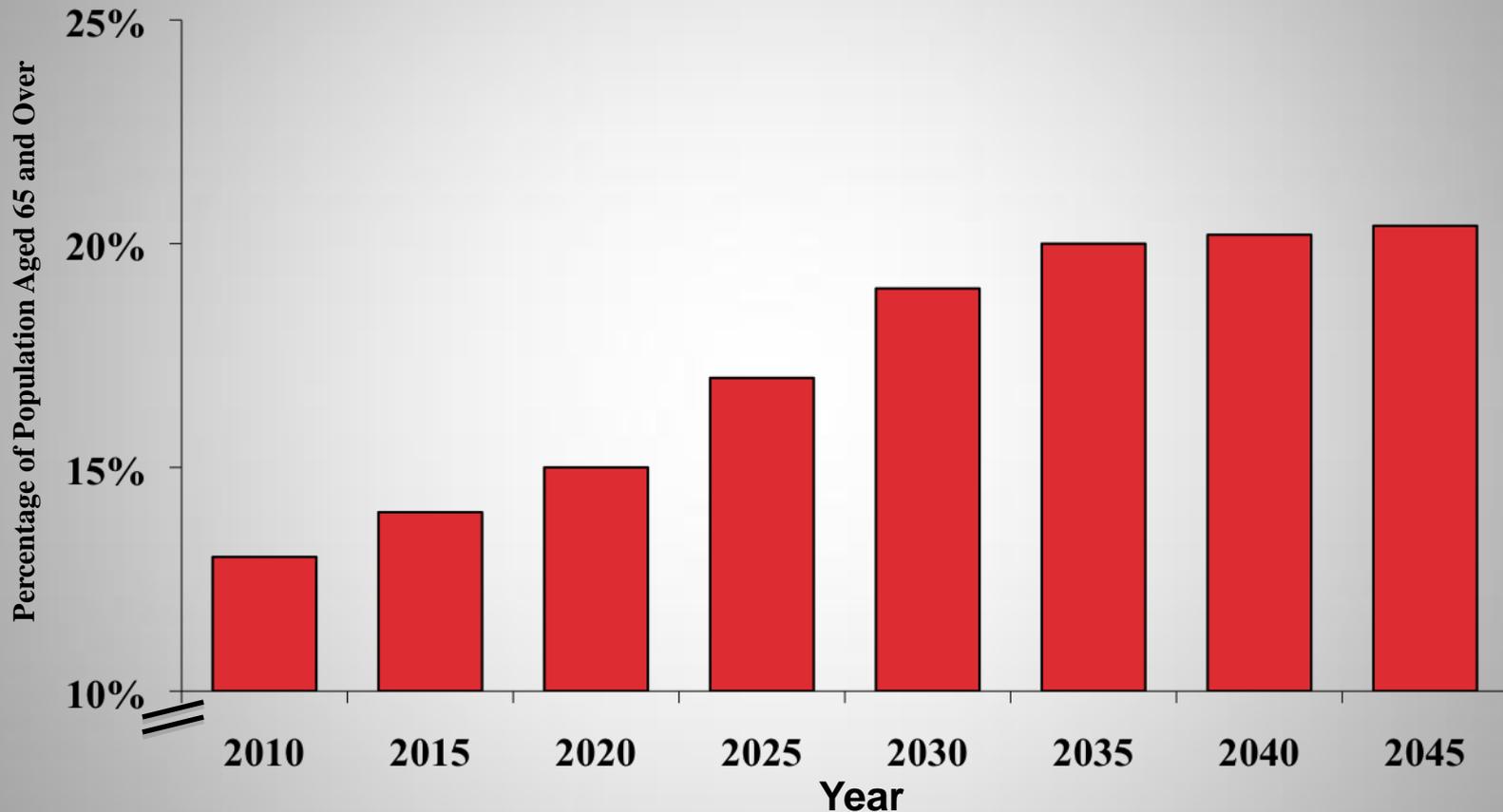


Source: *The Economist/YouGov Poll, April 2010 and Congressional Budget Office, January 2010.*



# 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



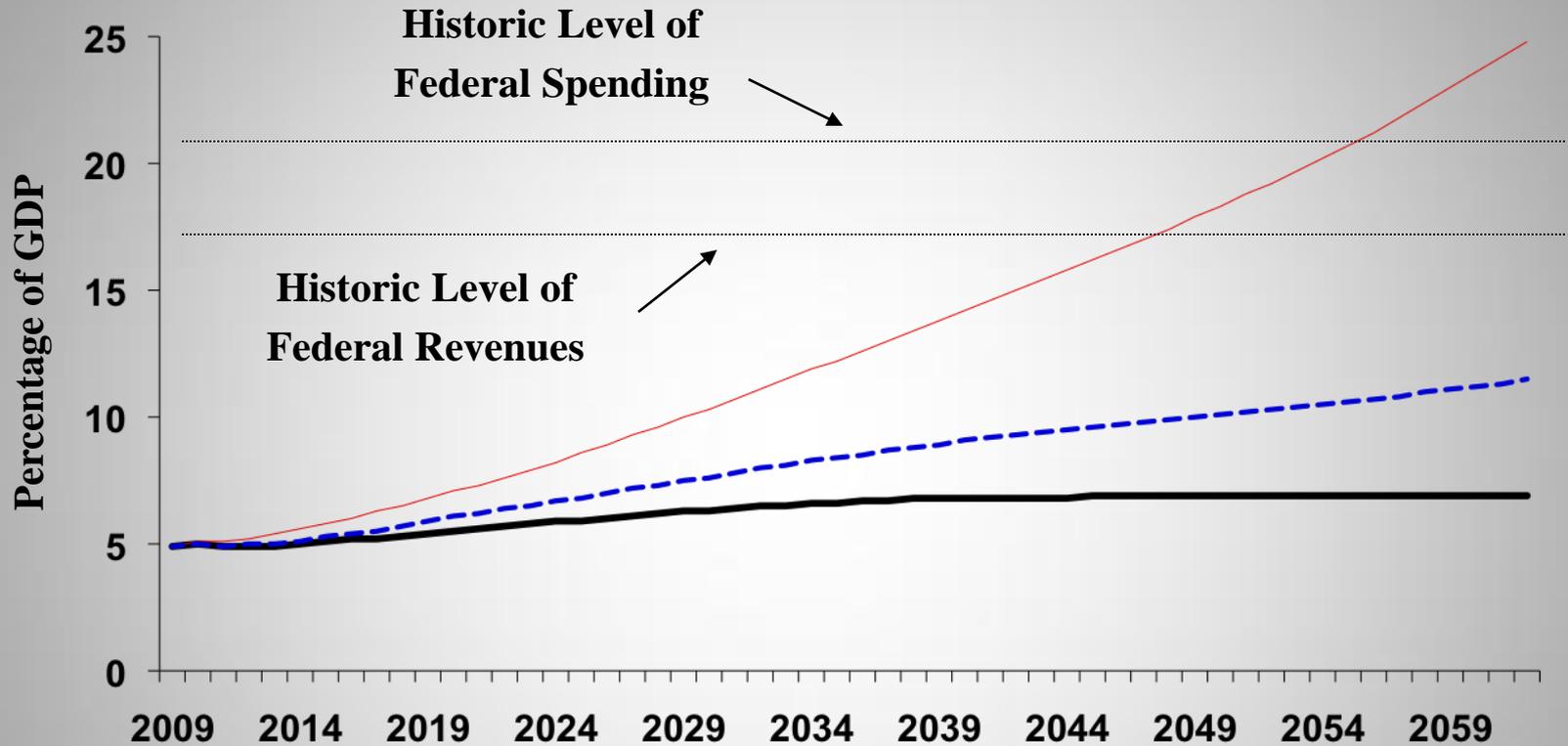
Source: Social Security Administration, June 2010.

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# 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.

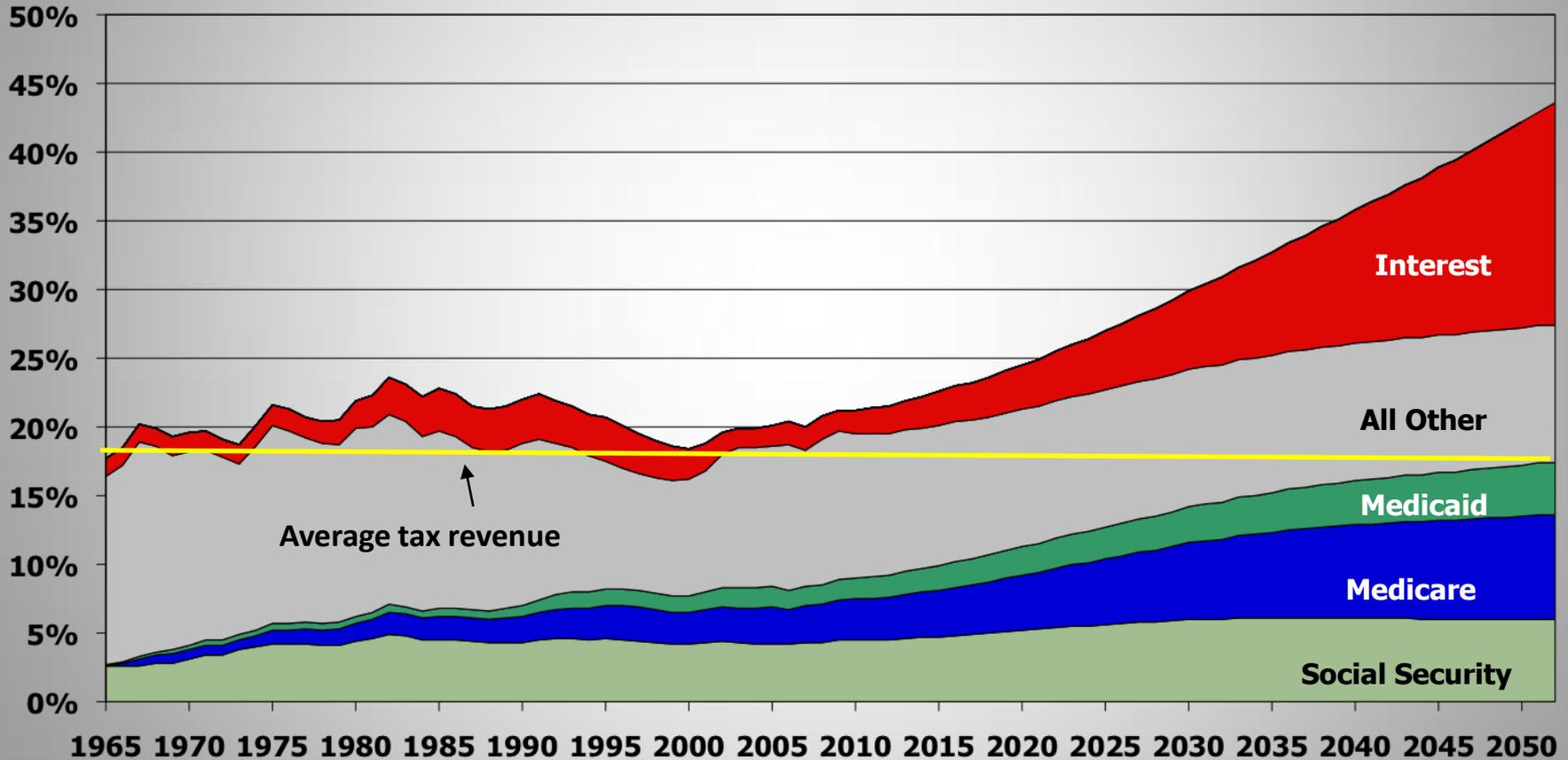
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# Current fiscal policy is on an unsustainable path

## Federal Outlays as a Percentage of GDP



Source: Government Accountability Office, February 2010.

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# Your Personal Priorities

- **Health**
  - Medicare, Medicaid, safety-health inspections, veterans health
- **International Affairs**
  - Internat'l dev't/humanitarian assistance, internat'l security assistance, conducting foreign affairs and internat'l financial programs, etc.
- **Income Security**
  - Unemployment comp., housing assistance, food stamps, nutrition programs, gen'l retirement/disability insurance (excluding SS), etc.
- **Education**
  - All Dept. of Education spending
- **Interest**
  - Interest on our debt (i.e., borrowed funds)
- **Other**
  - Domestic homeland security, science and space technology, NIH, postal service subsidies, job training, general gov't, etc.
- **Tax/Spending**
  - Tax increases, spending cuts, combination of both?



# Principles & Priorities

## 1) General Gov't Spending

- Options: 1, 3, 4, 5, 6

## 2) National Defense / Homeland Security

- Options: 12, 15, 16, 17

## 3) Revenues / Taxes

- Options: 20 OR 21, 22, 25, 27

## 4) Entitlements (SS, Medicare, Medicaid)

- Options: 28, 31, 33, 34

- Calculate your expenditures or savings (p. 11)... (IGNORE #6)
- One person per committee to report out about fiscal policy decisions and group deliberations...



# Group Discussion

- **What is your final tally? (#5 on page 11)**
- **Any “easy” (or unanimous) decisions?**
- **Which policy options caused the most discussion and debate for your committee?**



# How Can I Make a Difference?

- Visit [www.concordcoalition.org](http://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.
- Take personal responsibility for your own retirement and start saving now.
- Become a Member of The Concord Coalition. We need your support!

