ENTERING THE 21st Century Opportunities and Obligations

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Opportunities and Obligations

- The opportunity to look more broadly at the role and performance of government
  - what government does and how it does it

- The obligation to look beyond the near term to longer-term fiscal challenges
  - including the long-term implications of today's decisions
  - impact of demographics
Goals

Provide timely, quality service to the Congress and the Federal Government

Support the transition

Maximize the value of GAO

To address current and emerging challenges to the well-being and financial security of the American people

To respond to changing security threats and the challenges of global interdependence

To a more results-oriented and accountable Federal government

By being a model organization for the Federal government
Themes

- Demographics
- Globalization
- Quality of Life
- Security
- Technology
- Government Performance and Accountability
CBO’s Projected Budget Surpluses

Percent of GDP

Unified Surpluses

On-budget

Off-budget
Unified Surpluses and Deficits as a Share of GDP Under “Save the Social Security Surpluses”
Aged Population Expected to Nearly Double From Today as a Share of Total U.S. Population
Social Security and Medicare’s Hospital Insurance Trust Funds Face Cash Deficits as Baby Boomers Begin to Retire

Social Security cash deficit in 2015

Medicare HI cash deficit in 2009

Billions of 2000 dollars
Composition of Spending as a Share of GDP Under “Save the Social Security Surpluses”

Percentage of GDP

Revenue

Year

Social Security
Medicare & Medicaid
Net interest
All other spending

2000
2030
2050
Composition of Federal Spending Will Continue to Change

1970
- Social Security: 42%
- Health: 16%
- Net interest: 7%
- Defense: 31%
- Other: 4%

2000
- Social Security: 31%
- Health: 18%
- Net interest: 13%
- Defense: 23%
- Other: 15%

2030
- Social Security: 30%
- Health: 31%
- Net interest: 4%
- Defense: 24%
- Other: 11%
Budget Flexibility Will Continue to Decline

1970: 42% Defense, 31% Other
2000: 15% Defense, 31% Other
2030: 11% Defense, 24% Other

Legend:
- Gray: Defense
- Blue: Other
Other Long-Term Costs and Risks Limiting Future Budget Flexibility

- **Liabilities**, e.g., retiree health benefits, DOD and DOE environmental cleanup
- **Commitments**, e.g., long-term leases, long-term contracts
- **Contingencies**, e.g., loans, loan guarantees, insurance (bank, flood, crop, etc.)
- **Implicit Obligations**, e.g., future Social Security and Medicare benefit payments
Opportunities and Obligations

- To look hard at **what government does and how it does it**

- To look at the **long-term consequences** of today’s policy choices
Opportunities and Obligations