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Financial Report: Entitlement Programs Underfunded by Trillions

WASHINGTON, D.C. – Today the U.S. Treasury Department reported that the federal government's net operating cost in 2008 was over \$1 trillion, more than triple the previous fiscal year. The *Financial Report of the United States* also stated that federal government's fiscal exposure for social insurance programs totaled \$43 trillion.

“Each time we receive a new projection or report from the U.S. Treasury, the Congressional Budget Office, the Government Accountability Office or others, we see the same clear situation: the United States is on a dangerous and unsustainable path,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget (CRFB).

The *Financial Report* is a comprehensive view of the government's financial condition as measured through its revenues and costs, assets and liabilities, and other obligations and commitments. The report also examines important financial issues and significant conditions that may affect future operations of the government.

The report breaks down total social insurance fiscal exposure into constituent components: for Social Security, future expenditures will be around \$17 trillion more than dedicated future revenues (an increase of almost \$1 trillion from 2007); and for Medicare, almost \$32 trillion (an increase of over \$4 trillion from the previous year). According to Treasury Department estimates, without reforms, Social Security and Medicare spending will increase from their current 8% of GDP to 11% of GDP over the next two decades.

“The Financial Report is an undisputable call to reform entitlements,” said MacGuineas. “Politicians must develop policies that will lift the country out of these mind-boggling long-term deficits once the current crisis is over or else it's out of the frying pan and into the fire.”