

GAO Comptroller General Walker on Nation's Fiscal Path

**“The United States government
is on an imprudent and
unsustainable fiscal path.”**

**– Government Accountability Office
Comptroller General David Walker
Remarks to American Institute for Certified
Public Accountants
August 21, 2006**

-\$318 billion
Official deficit

-\$760 billion
Audited version

What's the *real* federal deficit?

How many billions (or trillions) of dollars depends on how you do the accounting

The official deficit tally for the 2005 fiscal year comes from Congress and the White House.

The audited version is from the Treasury Department and follows standard accounting principles.

The third figure is based on accounting rules like those used by corporations and includes the costs of Social Security and Medicare.

By Dennis Cauchon
USA TODAY

The federal government keeps two sets of books. The set the government promotes to the public has a healthier bottom line: a \$318 billion deficit in 2005.

The set the government doesn't talk about is the audited financial statement produced by the government's accountants following standard accounting rules. It reports a more ominous financial picture: a \$760 billion deficit for 2005. If Social Security and Medicare were included — as the board that sets accounting rules is considering — the federal deficit would have been \$3.5 trillion.

Congress has written its own accounting rules — which would be illegal for a corporation to use because they ignore important costs such as the growing expense of retirement benefits for civil servants and military personnel.

Last year, the audited statement produced by the accountants said the government ran a deficit equal to \$6,700 for every American household. The number given to the public put the deficit at \$2,800 per household.

Cover story

Please see COVER STORY next page ►

Sources: Congressional Budget Office, Treasury Department, Social Security and Medicare annual reports, USA TODAY analysis

-\$3.5 trillion
Corporate-style

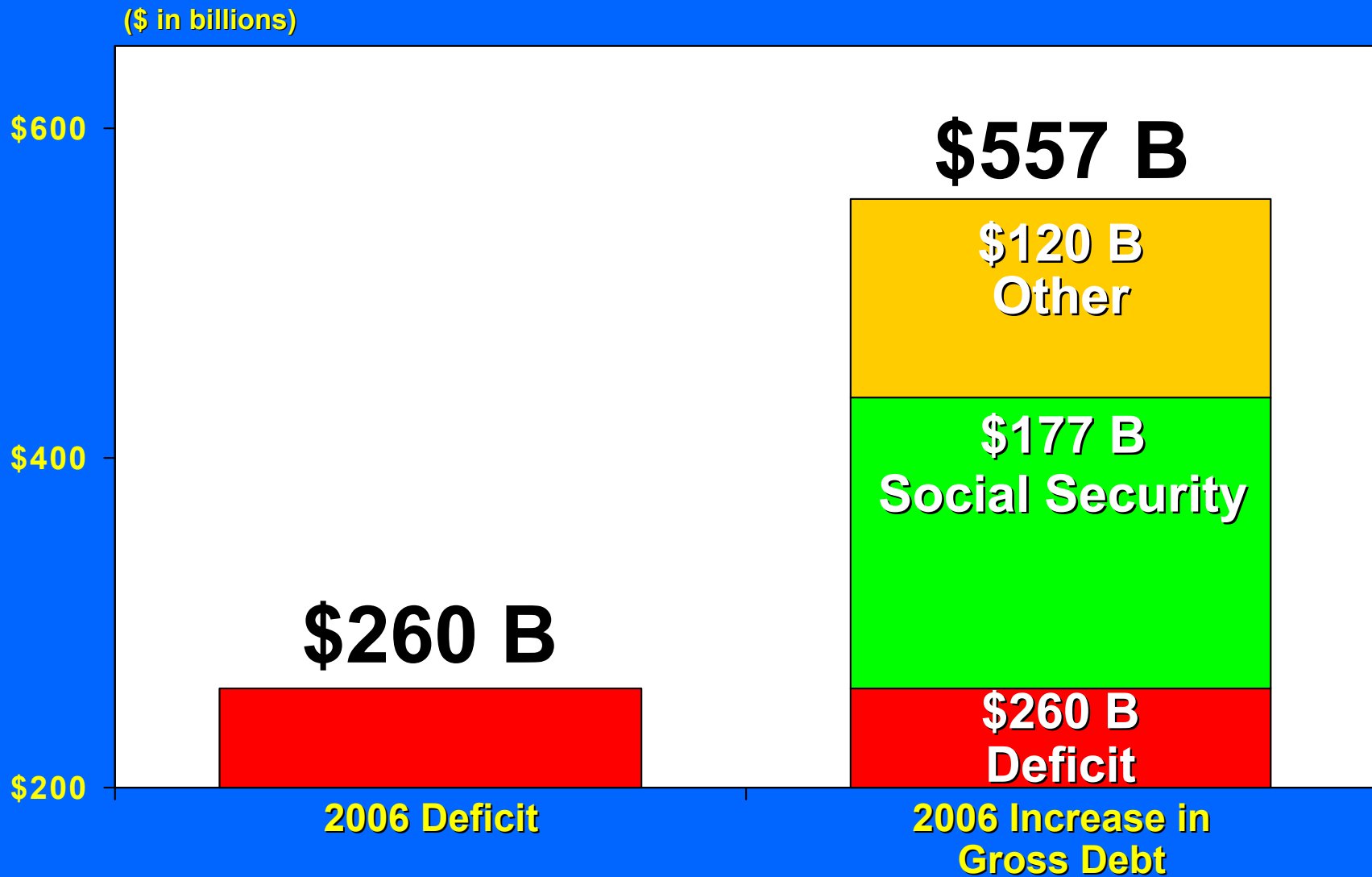
Accrual Accounting Shows Deficits Are Far Worse Than Claimed

“If the United States kept its books like General Motors and nearly every other business in the country, the 2005 budget deficit would be \$760 billion and rising, not \$319 billion and falling, as is commonly reported....

“How can two reports on the same budget be so different? It’s a matter of what’s counted. The budget figures usually bandied about in Washington are the amounts the government takes in and spends each year. The financial report, which has been an annual requirement since the mid-1990s, does what businesses are required to do: include the cost of promised benefits.”

**– Gannett News Service
March 3, 2006**

Increase in Debt in 2006 is Far Greater Than the \$260 Billion Deficit

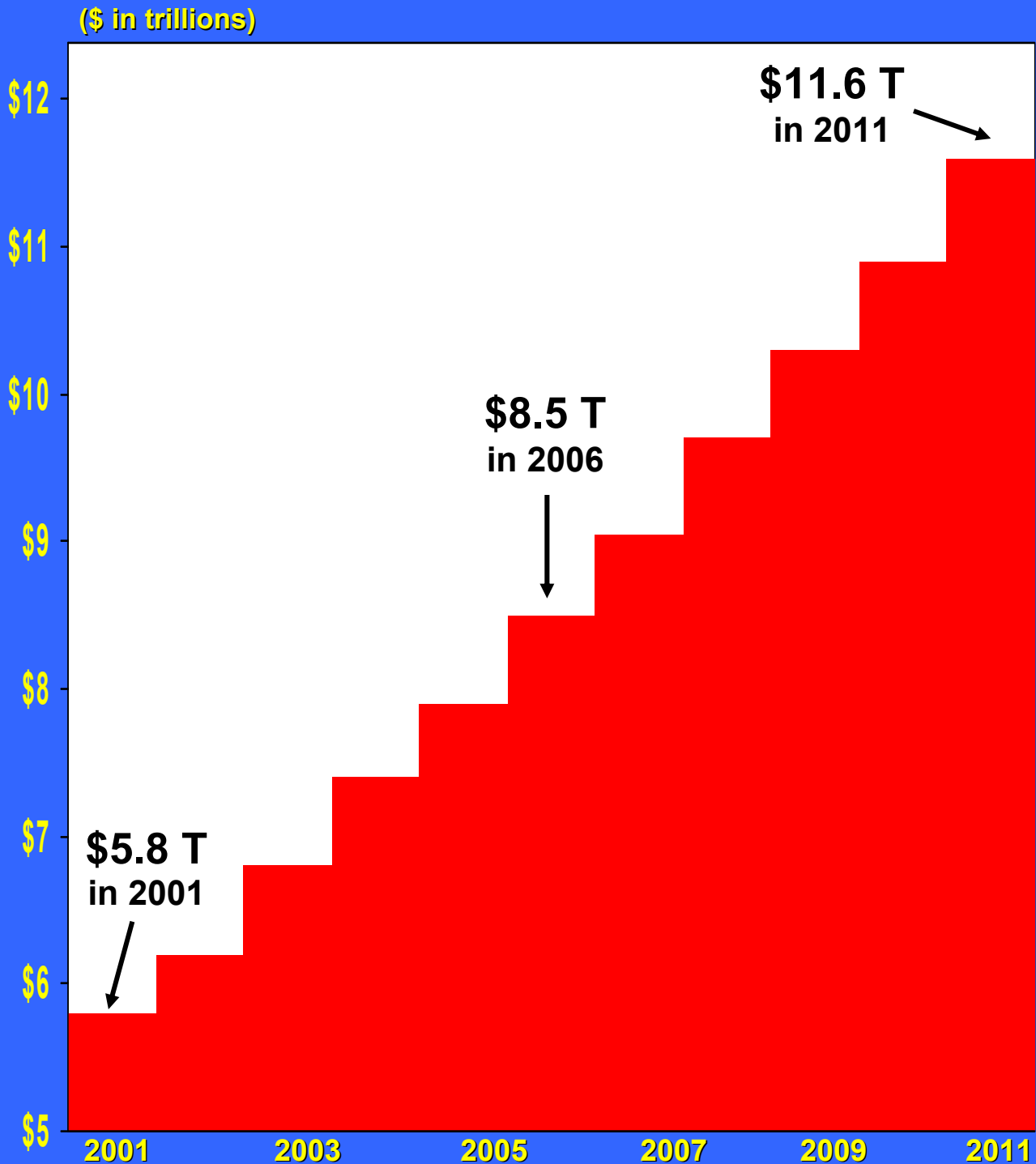


Source: CBO

Note: 2006 estimate from CBO's The Budget and Economic Outlook: An Update

Building a Wall of Debt

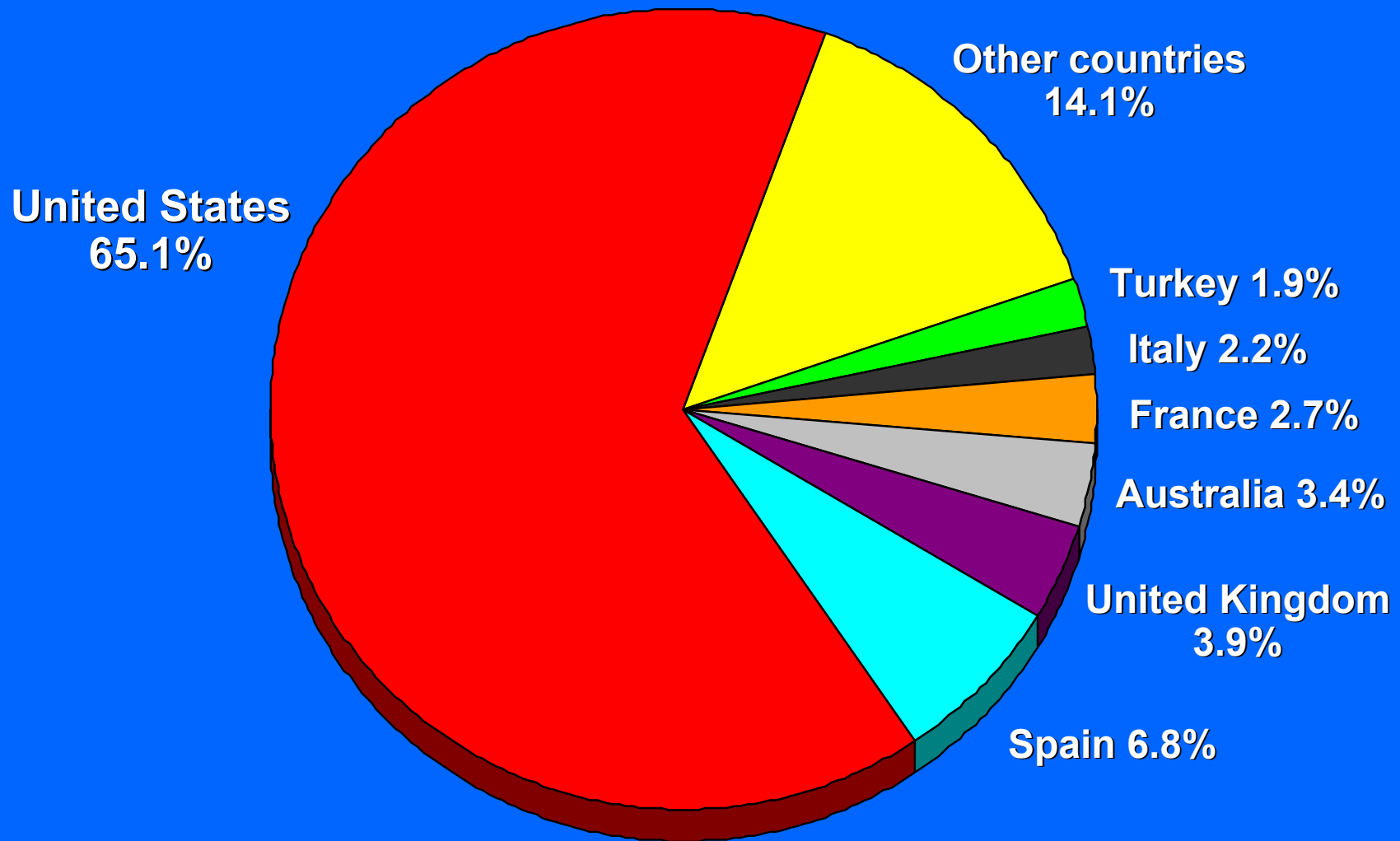
Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: CBO August 2006 Budget and Economic Outlook, with President's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

World's Biggest Borrowers



Note: Percent of world borrowing by country.
Source: IMF

Republicans Once Believed That Passing a Budget Was Important

“We believe that a budget is important, that it prioritizes the needs of defense, of health care, of education. Thus, under this leadership, we are going to proceed with the budget. We are going to pass that budget resolution. We are not going to delay.”

**– Senator Bill Frist (R-TN)
Senate Floor Statement on
FY 2004 Budget Resolution
March 20, 2003**

Status of Appropriations Bills

Republican Congress Fails to Do Its Job

	Senate Passage?	Senate Conference Report Passage?
Agriculture	No	No
Commerce-Justice-Science	No	No
Defense	Yes	No
District of Columbia	No	No
Energy and Water	No	No
Homeland Security	Yes	No
Interior	No	No
Labor, HHS, Education	No	No
Legislative Branch	No	No
Military Construction/Veterans Affairs	No	No
State/Foreign Ops	No	No
Transportation, Treasury, HUD	No	No

Republicans are Not Even Trying to be Fiscally Disciplined

“The Republican congressional leadership’s decision to delay dealing with almost all FY07 appropriations until after the election, even though they won’t be enacted until months after the fiscal year begins, should not be called a “failure.”

“Failure” implies that an attempt was made. In this case the [Republican] leadership has decided not even to try.”

– Stan Collender

“Avoiding Decisions is Not Fiscal Discipline,” *National Journal*
September 12, 2006