

Powered by PolitiFact.com and TimesDispatch.com

National States Articles Truth-O-Meter™ Promises People Pundits 2012 Presidential
Virginia Edition The Virginia Truth-O-Meter Promises Articles People Elections Locations Subject

The Truth-O-Meter Says:



Says the Congressional Budget Office has estimated "every penny of the federal budget will go to interest on the debt and entitlement spending by 2025."

Frank Wolf on Wednesday, March 28th, 2012 in a floor speech.

Will entitlement programs and debt consume U.S. budget in 2025?

U.S. Rep. Frank Wolf says the nation's fiscal future is dark.

"According to the Congressional Budget Office's long-term estimate, every penny of the federal budget will go to interest on the debt and entitlement spending by 2025," Wolf, R-10th, said in a March 28 speech on the House floor.



Share this story:

Recommend 283

Tweet 8

"That means no money for national defense. No money for homeland security. No money to fix the nation's crumbling bridges and roads. No money for medical research to find a cure for cancer or Alzheimer's or Parkinson's diseases," Wolf added.

Is that really what the nonpartisan CBO said?

Dan Scandling, Wolf's spokesman, said his boss was referring to a June 2011 report from the CBO detailing the agency's latest long-term outlook on the nation's fiscal fitness.

Tables in the report contain projections showing that by 2025, payments for Social Security, Medicaid, Medicare and debt interest will exceed all federal revenues going into the budget. That's a shade different from Wolf's statement that there won't be any money at all to pay for additional programs since, beyond using tax revenues, the U.S. also has been known to borrow money to finance its budget.

That technical distinction caught the eye of budget analysts we spoke to. But it doesn't detract from Wolf's gist that the CBO report shows the growing costs of entitlement programs and debt payments are eating up the government's resources.

The CBO's scenario of exhausted revenues was based on the assumption that major U.S. policies in effect in June 2011 will continue indefinitely, such as extending the Bush tax cuts and preserving Medicare reimbursement levels to physicians.

The CBO also laid out a second, more optimistic outlook that assumed laws on the books in June 2011 will take effect. That means that the Bush tax cuts would actually expire at the end of this year and Medicare payments to physicians would fall sharply in 2013.

Under that scenario, revenues through 2085 would always stay above the costs of entitlement programs and interest payments on the national debt.

So Wolf is focusing on the bleakest CBO outlook. Is that fair?

Jim Horney, a vice-president at the liberal Center on Budget and Policy Priorities, said Wolf is not alone in citing the dark scenario. Although current laws call for ending all the Bush tax cuts and lowering Medicare reimbursements, Horney said it will be politically difficult for Congress to carry out these actions.

Wolf's statement is similar to the conclusion reached in 2010 by a bipartisan commission appointed by President Barack Obama to recommend ways reduce the national debt.

"By 2025 (federal) revenue will be able to finance only interest payments, Medicare, Medicaid and Social Security," the National Commission on Fiscal Responsibility and Reform stated in its final report. "Every other federal government activity -- from national defense and homeland security to transportation and energy -- will have to be paid for with borrowed money."

Two analysts told us the gloomy forecast offers the most realistic map of the financial road ahead.

Jason Pequet, research director at the centrist Committee for a Responsible Federal Budget, said his organization has run its own numbers and concluded that entitlement and debt interest will outpace revenues in 2026.

Josh Gordon, policy director at the centrist Concord Coalition, a group that urges deficit reduction, pointed to a March 2012 report from the General Accounting Office that shows at some point between 2020 and 2030, the amount of spending on entitlements and interest will outpace all federal revenues going into the budget under the more pessimistic scenario.

"The real key is the revenues are still pretty low," Gordon said. "The lower the revenue, the easier it is for spending programs to be larger than it."

Our ruling

Wolf said the CBO projects that by 2025, every penny of the federal budget will go to interest on the debt as well as spending on Medicare, Medicaid and Social Security.

The CBO report he cites says entitlements programs and debt interest will consume all the revenues going into the budget that year. Wolf's language is a bit inexact, but we don't think it detracts from his clear point: the U.S. is on a dangerous fiscal path.

We rate his statement True.



© 2012 • All Rights Reserved • Tampa Bay Times
490 First Avenue South • St. Petersburg, FL 33701 • 727-893-8111
[About PolitiFact](#) | [Contact Us](#) | [Advertise](#)
[Privacy Policy](#) | [Terms, Conditions & Copyright](#)