



E N T E R I N G T H E

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



TO ADDRESS CURRENT AND EMERGING CHALLENGES TO THE WELL-BEING AND FINANCIAL SECURITY OF THE AMERICAN PEOPLE

SUPPORT THE TRANSITION



TO RESPOND TO CHANGING SECURITY THREATS AND THE CHALLENGES OF GLOBAL INTERDEPENDENCE

MAXIMIZE THE VALUE OF GAO



TO A MORE RESULTS-ORIENTED AND ACCOUNTABLE FEDERAL GOVERNMENT

BY BEING A MODEL ORGANIZATION FOR THE FEDERAL GOVERNMENT

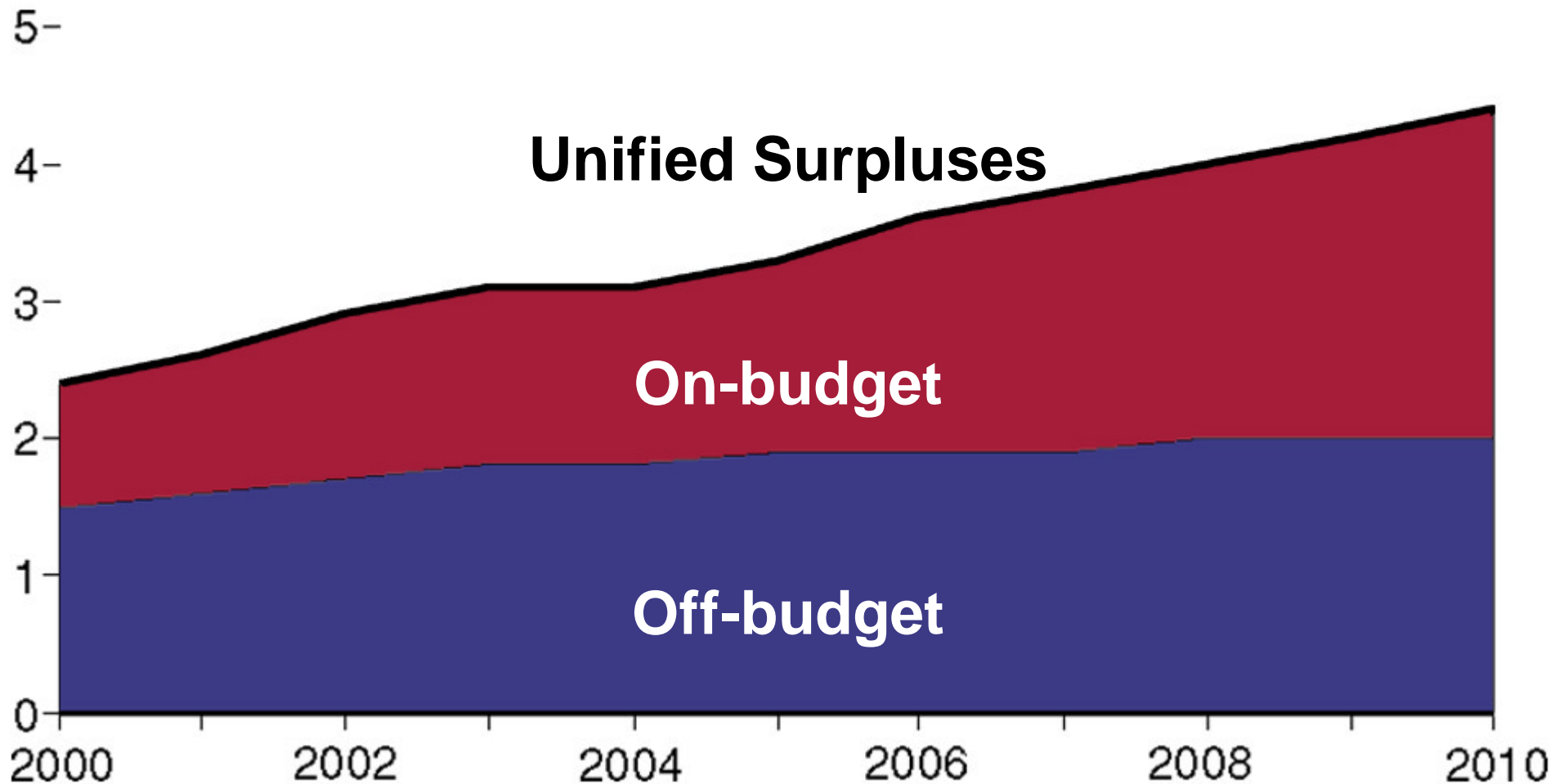
Themes

- **Demographics**
- **Globalization**
- **Quality of Life**
- **Security**
- **Technology**
- **Government Performance and Accountability**

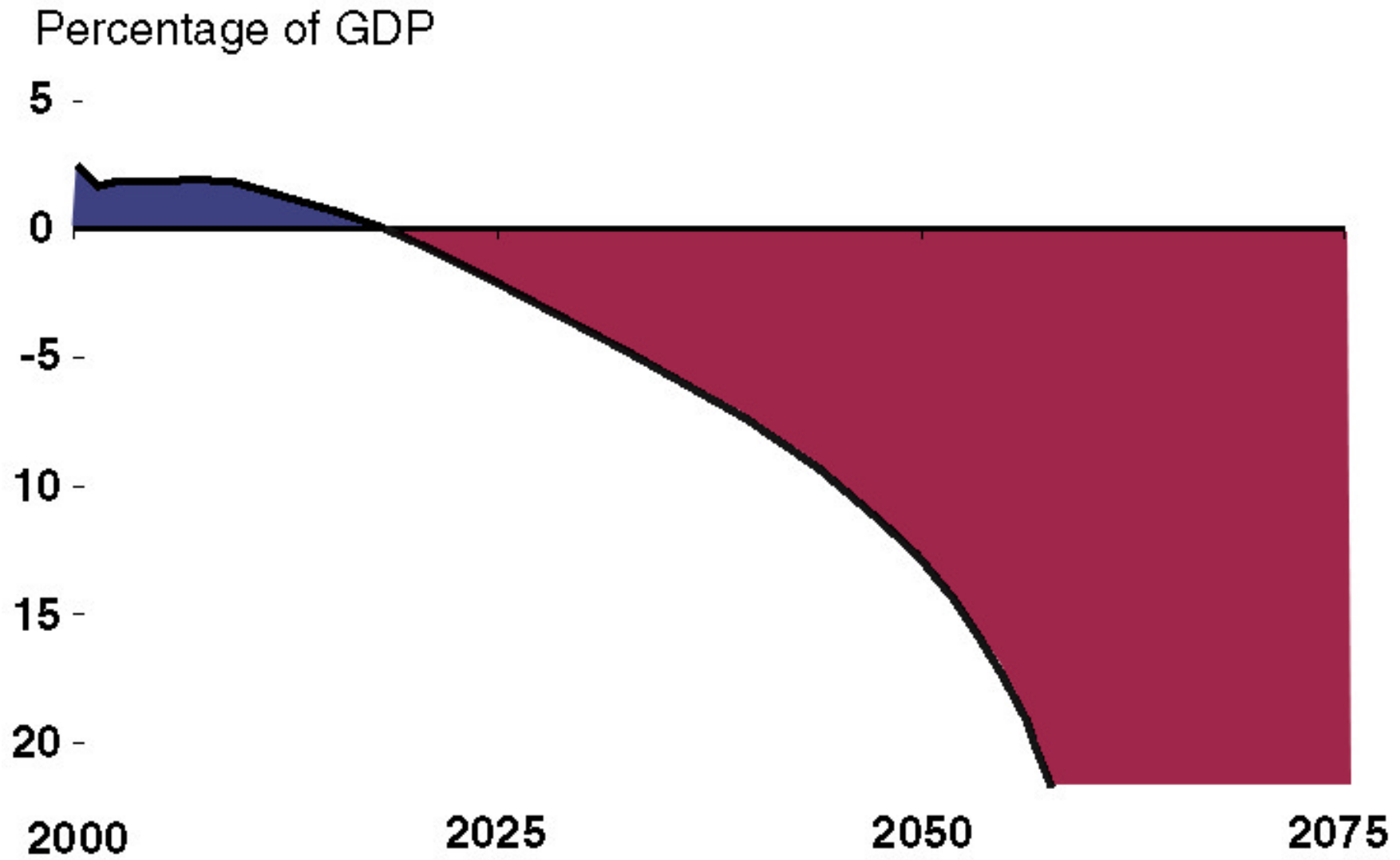


CBO's Projected Budget Surpluses

Percent of GDP



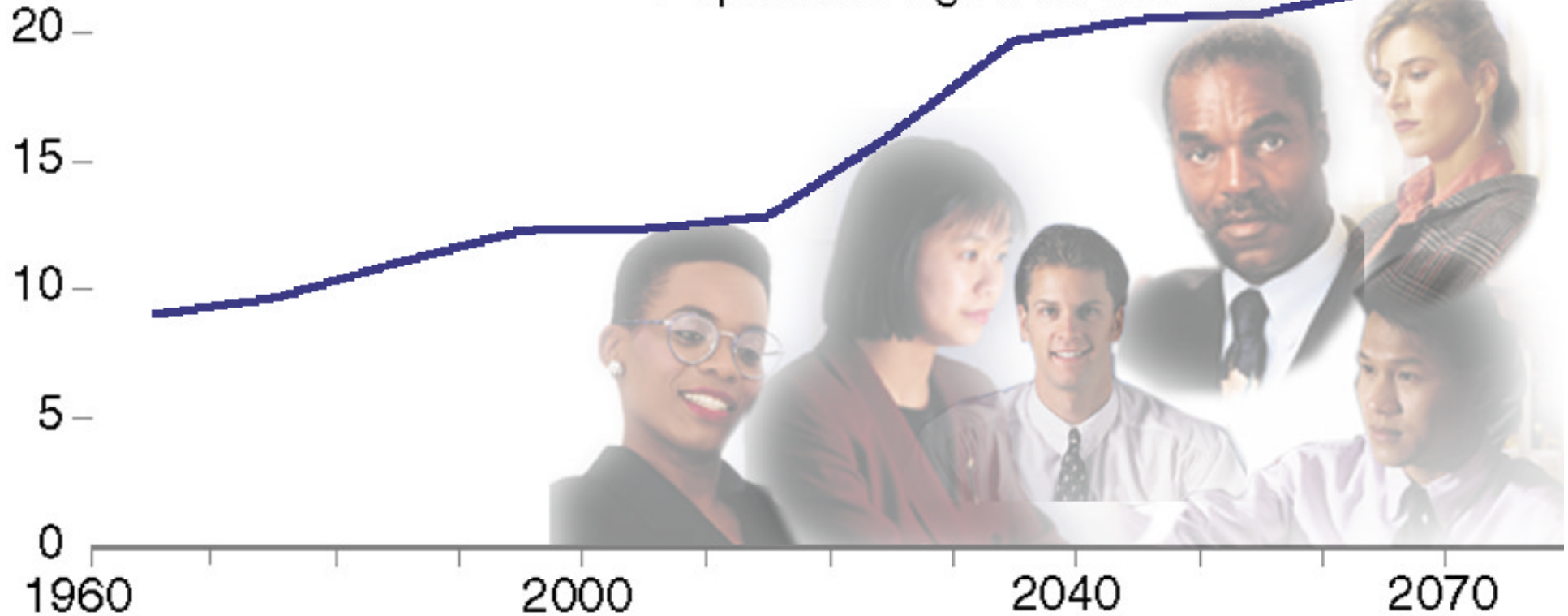
Unified Surpluses and Deficits as a Share of GDP Under “Save the Social Security Surpluses”



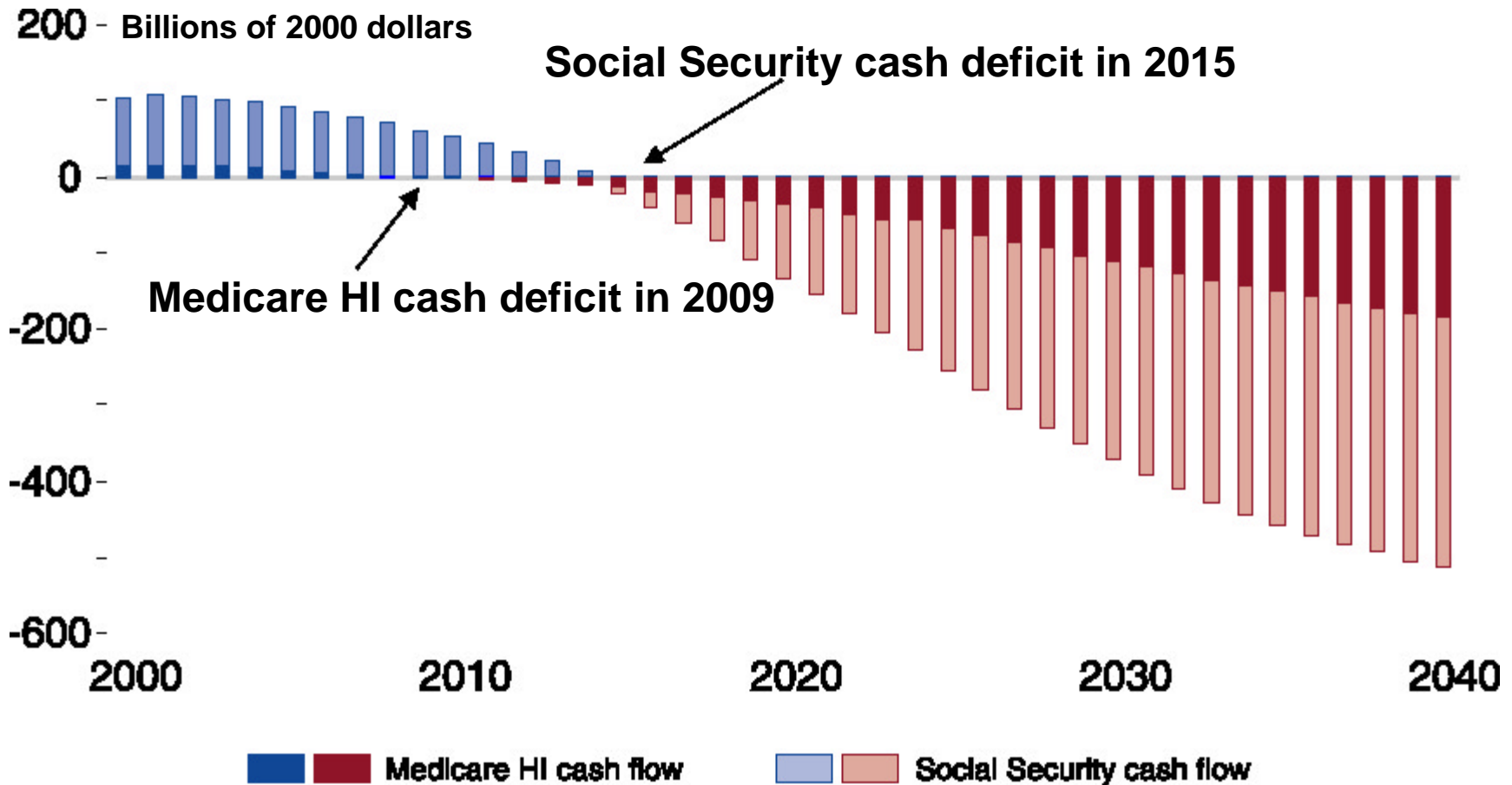
Aged Population Expected to Nearly Double From Today as a Share of Total U.S. Population

25 – Percent of Population

Population aged 65 and over

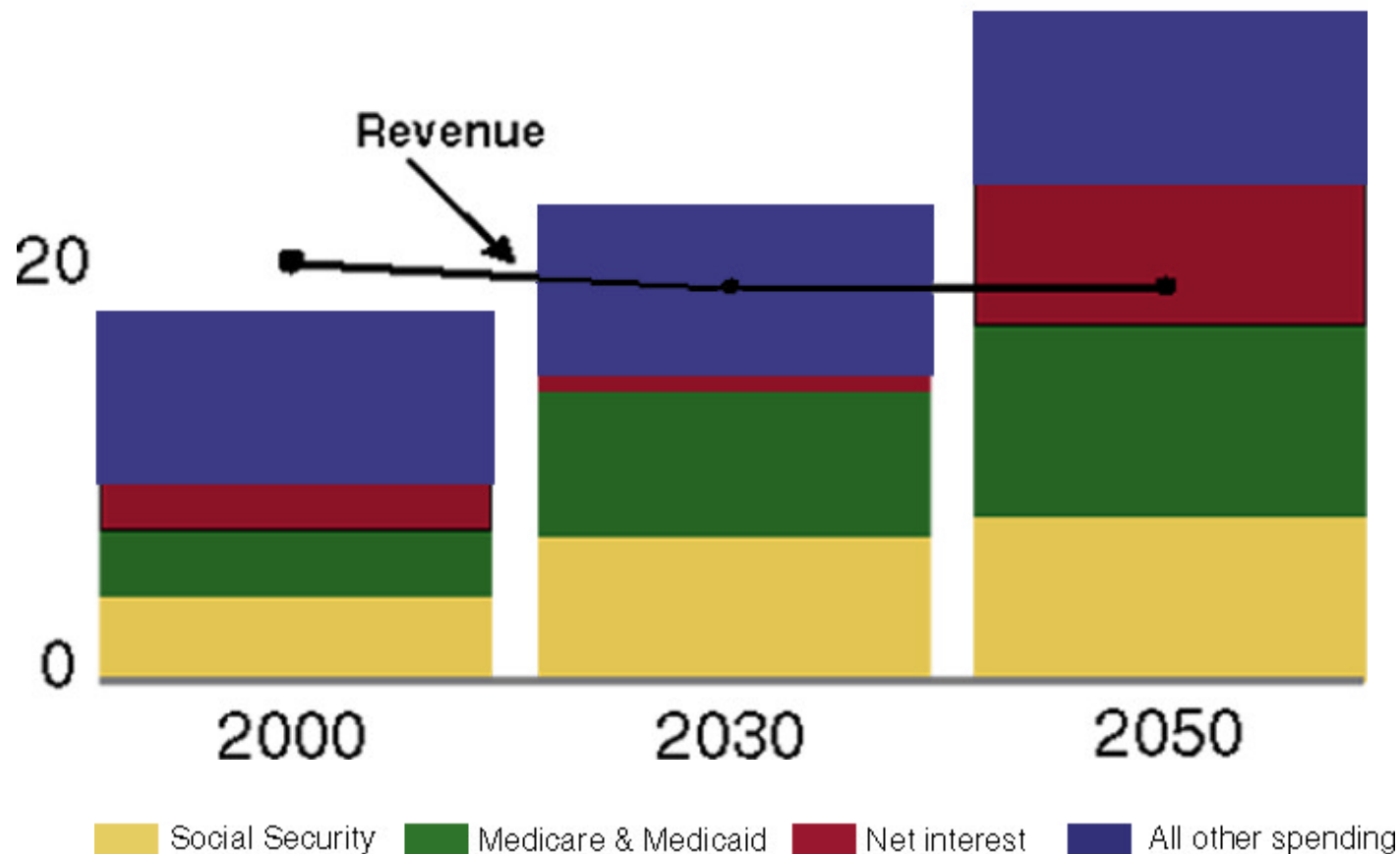


Social Security and Medicare's Hospital Insurance Trust Funds Face Cash Deficits as Baby Boomers Begin to Retire

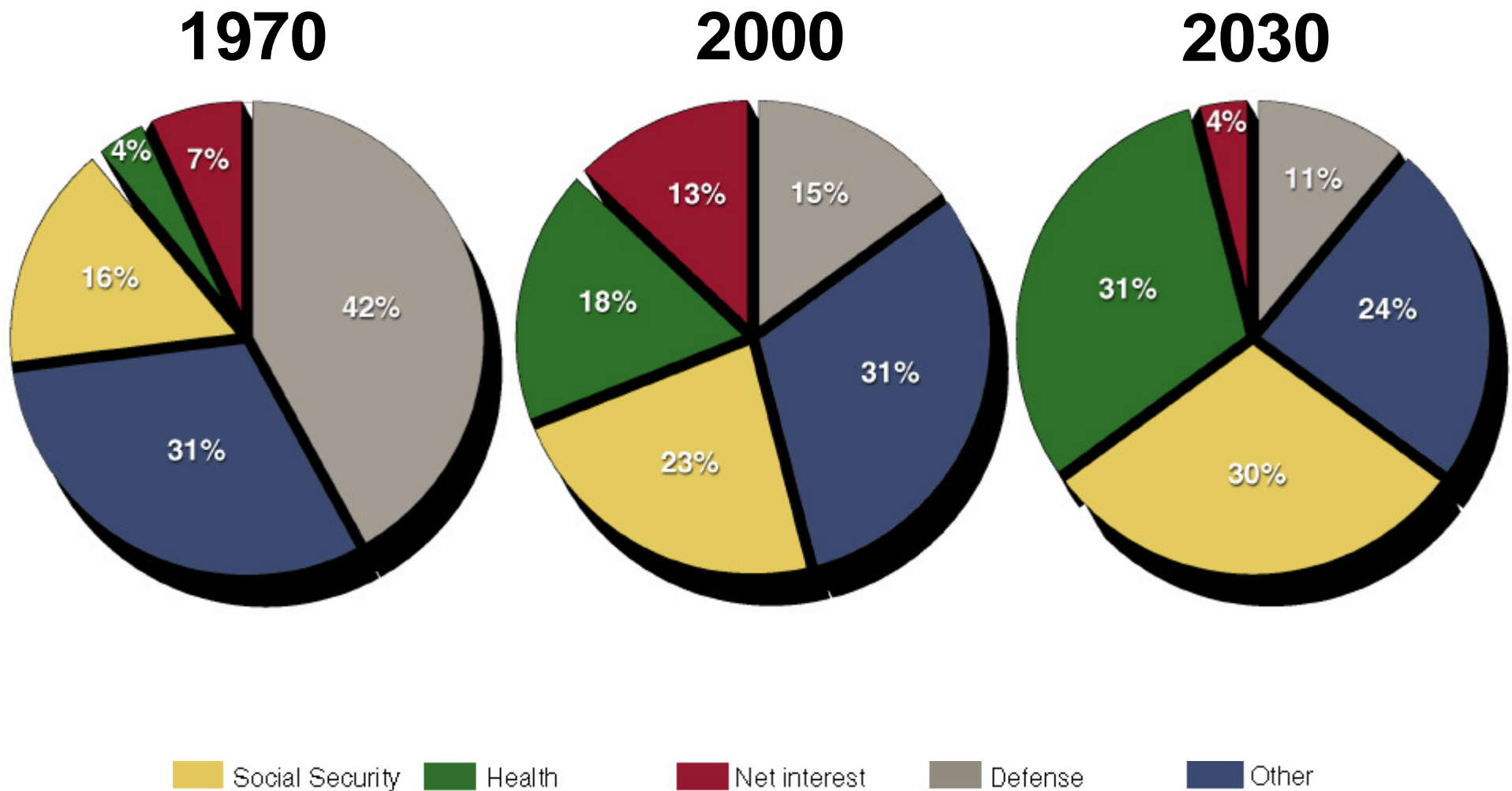


Composition of Spending as a Share of GDP Under “Save the Social Security Surpluses”

40 Percentage of GDP

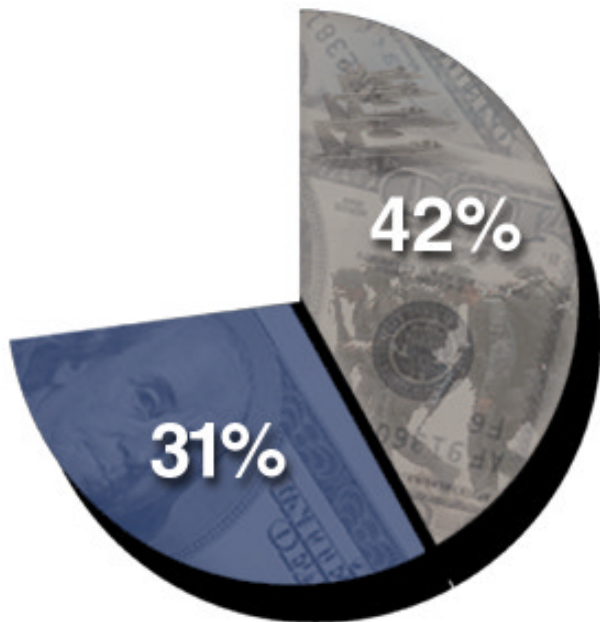


Composition of Federal Spending Will Continue to Change



Budget Flexibility Will Continue to Decline

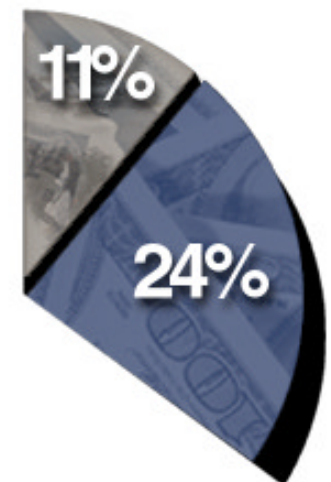
1970



2000



2030



■ Defense

■ 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