

Congress of the United States
Committee on the Budget
Washington, DC 20515

December 15, 2008

U.S. Accrual Budget Deficit Exceeds \$1 Trillion
Unfunded Obligations Grow to \$56 Trillion,
More Than \$185,000 Per American

Dear Colleague:

Today, the U.S. Treasury released the Financial Report of the U.S. Government, revealing that the nation's budgetary crisis is much worse than most people realize, both in the short- and long-term. Among the report's sobering highlights are the following:

- For Fiscal Year 2008, the nation's accrual deficit exceeded \$1 trillion, more than twice the previously reported amount of \$455 billion. This is a record deficit in nominal terms and represents a deficit of nearly 7.1% of GDP. The reason for the difference is that the traditional measure of our nation's budget deficit is determined using cash accounting instead of the accrual-based method. The accrual, or net operating cost, method used in the Report is the preferred method of American businesses, state and local governments, and it more accurately illustrates the Federal Government's financial position in any given year.
- The long-term fiscal gap, primarily unfunded obligations of our nation's entitlement programs, has grown to \$56 trillion! This is an increase of roughly \$3 trillion in just one year. As a result, every man, woman, and child in America's share of this bill is over \$185,000.

As the Financial Report illustrates, our budgetary situation is dire. Putting the nation on a sustainable course demands bipartisan attention and action. We believe that Democrats and Republicans must put their differences aside and work together to address this problem.

In the short-term, it is essential that the American people understand the full picture of the Federal government's financial position. The unified deficit does not reflect the full obligations of the Federal government. We must also work together to cut waste from the budget and truly prioritize how the Government spends the taxpayer's money.

In the long-term, we must find a way to put our entitlement programs on a sustainable basis so that we do not leave future generations with a mountain of debt. Our entitlement problem demands action and every year that we do not act, the situation gets worse.

We hope that Members of Congress from both parties will begin to take these problems seriously and work together to address them. To learn more about the nation's budgetary crisis, we strongly encourage you to read the Financial Report, which can be found at the following address:

<http://www.fms.treas.gov/fr/index.html>.

Sincerely,


Jim Cooper
Member of Congress


Paul Ryan
Member of Congress