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## Summary

### **The Nation's Long-Term Fiscal Outlook: April 2008 Update**

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Full Report (PDF, 12 pages) [Accessible Text](#)

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Since 1992, GAO has published long-term fiscal simulations of what might happen to federal deficits and debt levels under varying policy assumptions. We developed our long-term model in response to a bipartisan request from Members of Congress who were concerned about the long-term effects of fiscal policy. Our simulations were updated with the Trustees 2008 intermediate projections and continue to indicate that the long-term federal fiscal outlook remains unsustainable. This update combined with our analysis of the fiscal outlook of state and local governments demonstrates that the fiscal challenges facing all levels of government are linked and should be considered in a strategic and integrated manner. We update our simulations three times a year as new estimates become available from the Congressional Budget Office's (CBO) Budget and Economic Outlook (January), Social Security and Medicare Trustees Reports (spring), and CBO's Budget and Economic Outlook: An Update (late summer). This product responds to congressional interest in receiving updated simulation results. Additional information about the GAO model, its assumptions, data, and charts can be found at <http://www.gao.gov/special.pubs/longterm/>. For more information, contact Susan J. Irving at (202) 512-9142 or [irvings@gao.gov](mailto:irvings@gao.gov).

Our updated simulations continue to illustrate that the long-term fiscal outlook is unsustainable. Despite some improvement in the long-term outlook for federal health and retirement spending, the federal government still faces large and growing structural deficits driven primarily by rising health care costs and known demographic trends. In fact, the oldest members of the baby boom generation are now eligible for Social Security retirement benefits and will be eligible for Medicare benefits in less than 3 years. According to the Social Security Administration nearly 80 million Americans will become eligible for Social Security retirement benefits over the next two decades--an average of more than 10,000 per day. Although Social Security is important because of its size, the real driver of the long-term fiscal outlook is health care spending. Medicare and Medicaid are both large and projected to continue growing rapidly in the future.

### **Subject Terms**

Balanced budgets  
Budget cuts  
Budget deficit  
Deficit reduction  
Demography  
Economic analysis  
Economic growth  
Entitlement programs  
Federal social security programs  
Fiscal policies  
Future budget projections  
Gross national product  
Health care cost control  
Health care costs  
Health care programs  
Medicaid  
Medicare  
Retirement benefits