

Restoring Federal Fiscal Sanity and Accountability

January 2025

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America in 2040: Still a Superpower? (A Pathway to Success)

Preamble to the Constitution

- "**We the People** of the United States, in Order to form a more perfect Union, **establish** Justice, **insure** domestic Tranquility, **provide** for the common defense, **promote** the general Welfare, and **secure** the Blessings of Liberty to ourselves and our **Posterity**, do ordain and establish this Constitution for the United States of America."



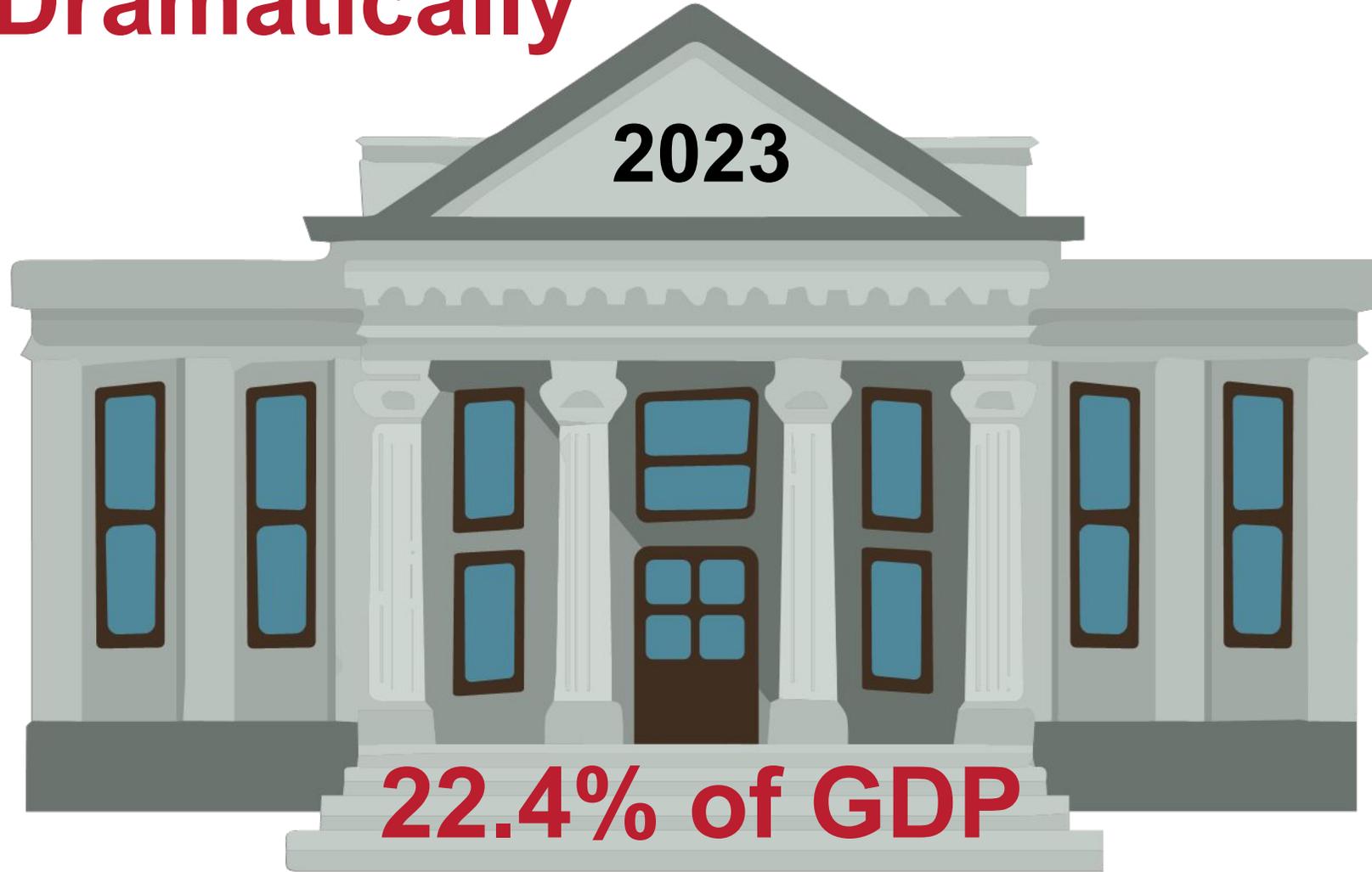
Federal Government Spending Has Grown Dramatically

1912



2.45% of GDP

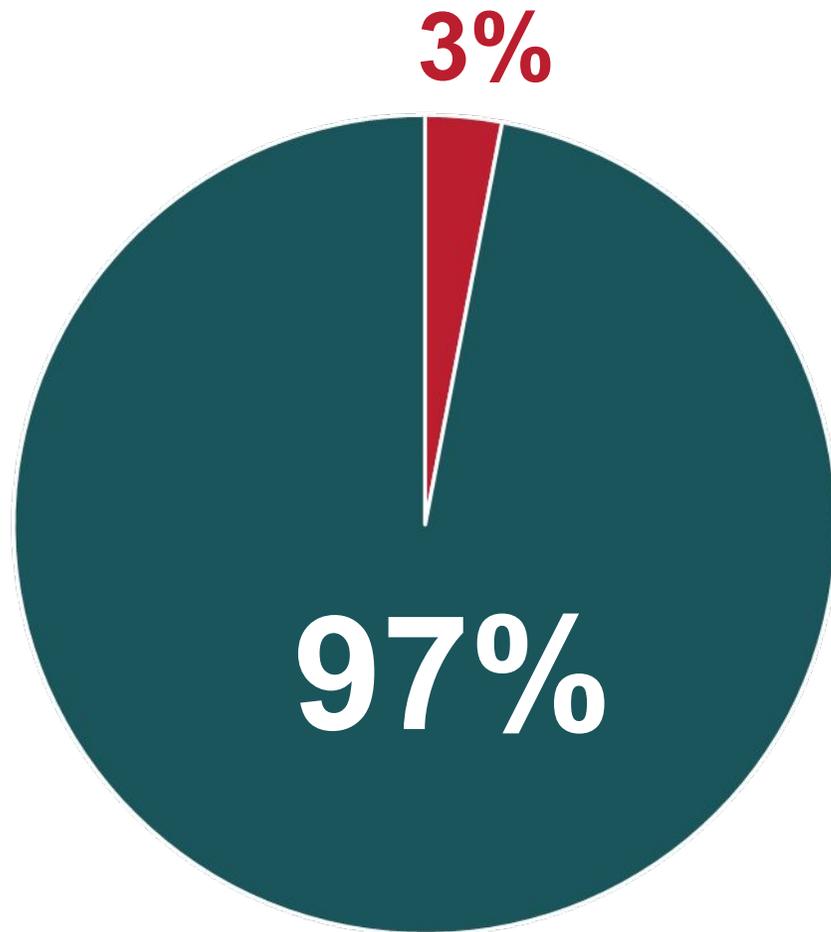
2023



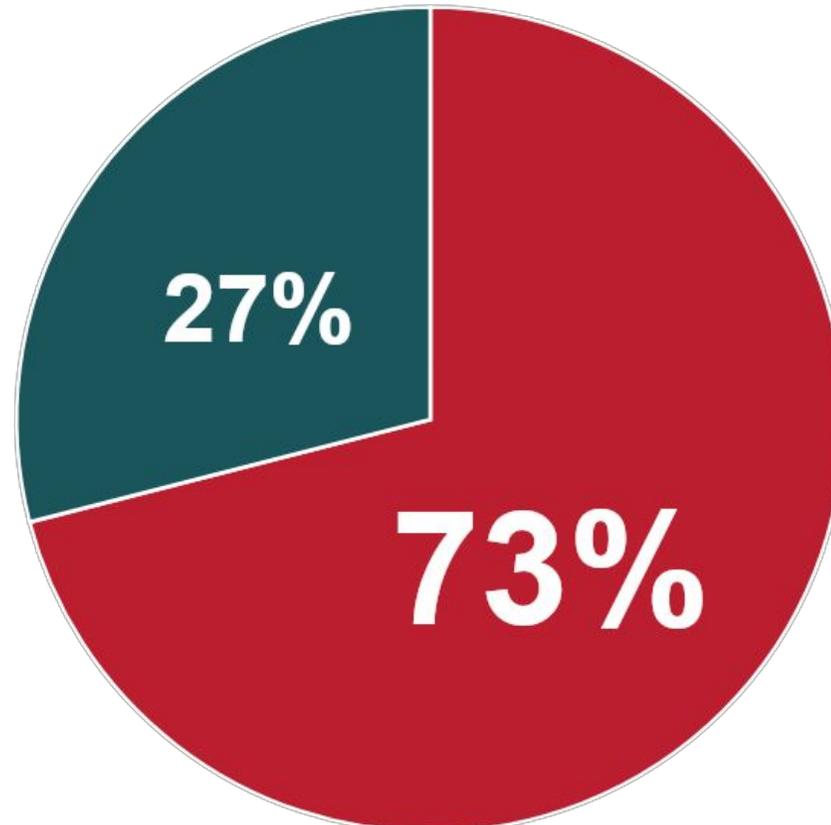
22.4% of GDP

Per Federal Reserve Bank of St. Louis (FRED)

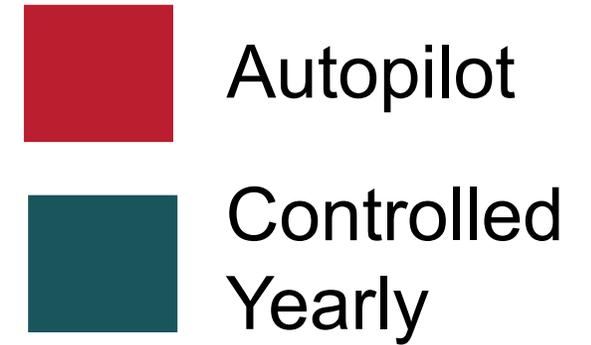
Most Federal Spending is on Autopilot



1912



2023



Fiscal Data Website

Different Fiscal Metrics (Fiscal 1979-2023) in Trillions

	1979	2000	2008	2023
Debt Held By the Public	\$.6	\$3.4	\$5.1	\$26.3
Debt Subject to the Debt Ceiling Limit	\$.8	\$5.7	\$9.1	\$33.2
Total Liabilities, Unfunded Obligations, etc.	<\$10	\$20.4	\$60.4	\$123.5
Net Position	N/A	(\$5.9)	(\$10.4)	(\$37.5)
Debt Held by Public/GDP	25%	29%	39%	97%
Total Federal Debt/GDP	32%	55%	68%	123%
Mandatory Spending Percentage	52%	66%	63%	73%

Numbers in red represent an all time high.

<https://fiscal.treasury.gov/reports-statements/financial-report/current-report.html>

Latest Social Security and Medicare Metrics per 2024 Trustees' Reports

	TF Exhaustion	% Payable	Unfunded Obl.
Social Security (OASI)	2033	79%	\$24.8 T
Social Security (DI)	N/A	N/A	(\$.9) T
Social Security (OASDI)	2035	80%	\$23.8 T
Medicare (HI)	2036	89%	\$2.6 T
Medicare (SMI)	N/A	N/A	\$50.2 T
Total Medicare	N/A	N/A	\$52.8 T
Grand Total 2024	N/A	N/A	\$78.2 T
Grand Total 2022	N/A	N/A	\$75.9 T

The “Bottom Line”

- The federal government has grown dramatically, promised too much, subsidized too many, lost control of its budget, undercut states’ rights, and must restructure its finances in order to create a better future.
- Current fiscal and monetary policies are unsustainable.
- Better planning, transparency, accountability, and results orientation, combined with citizen education and engagement are essential elements to achieving the needed major transformational changes.
- Failure to act will have severe adverse consequences for America and most Americans.

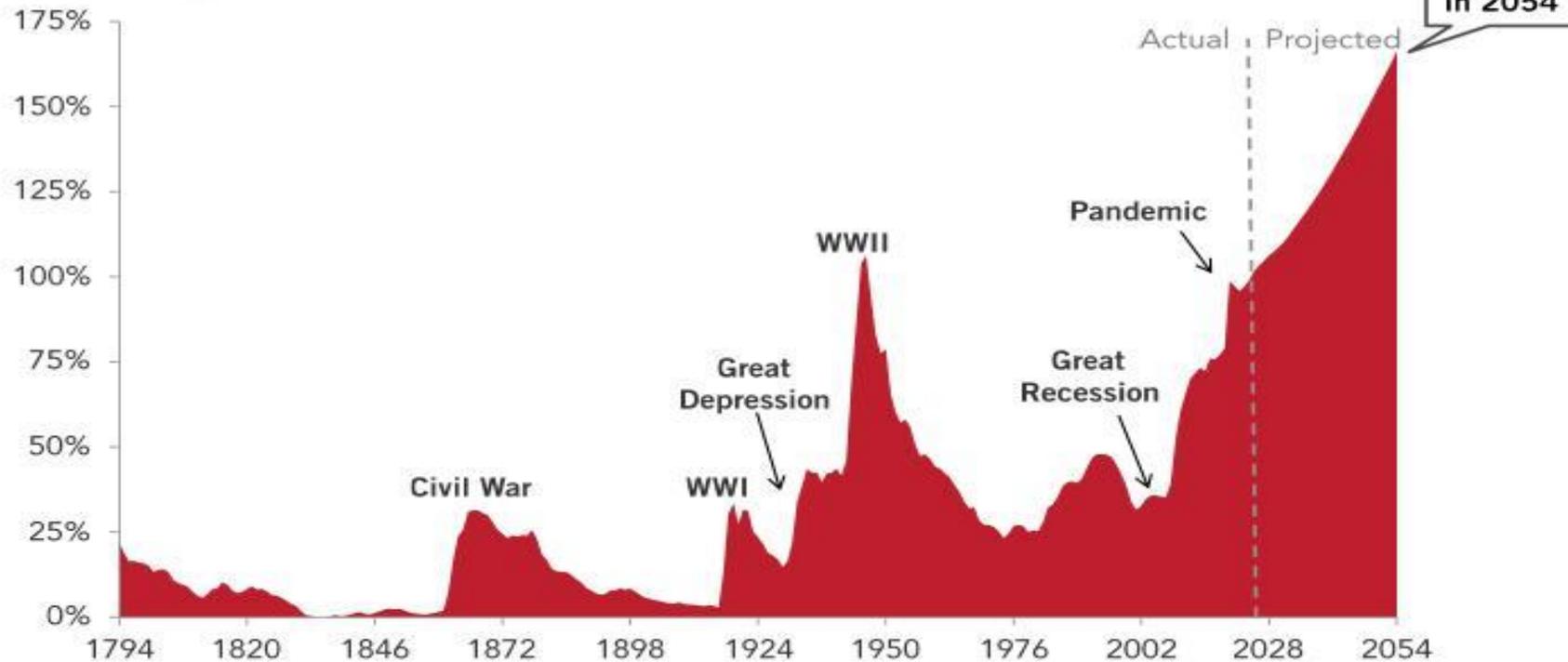
Federal Debt/GDP 1793-2054



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Federal debt is on an unsustainable path

Debt Held by the Public (% of GDP)



SOURCES: Congressional Budget Office, *The 2024 Long-Term Budget Outlook*, March 2024; *The Budget and Economic Outlook: 2024 to 2034*, February 2024; *The Budget and Economic Outlook: 2020 to 2030*, January 2020; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2025*, March 2024.

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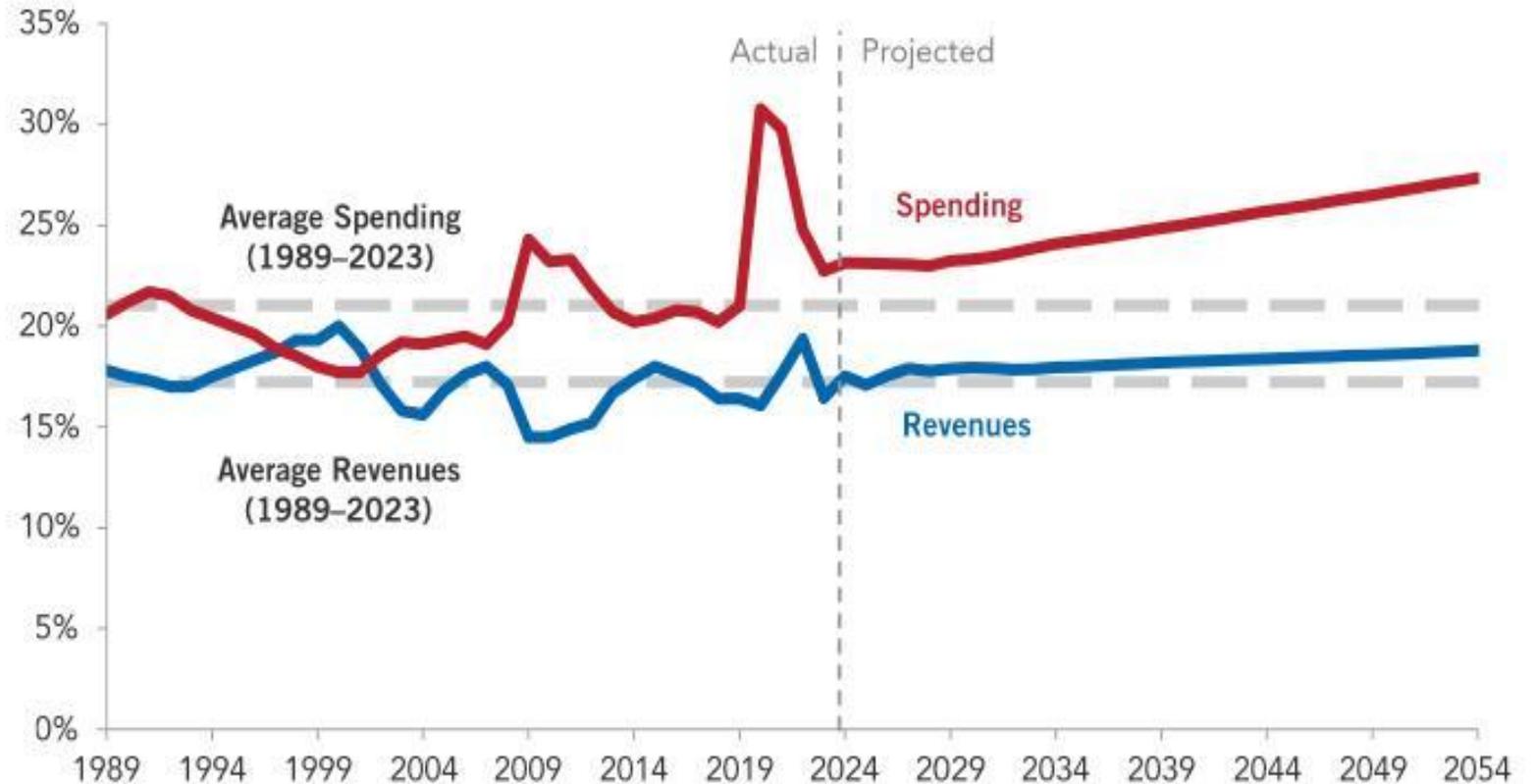
There is a Growing Gap Between Spending and Revenues



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The growing debt is caused by a structural mismatch between spending and revenues

Federal Spending and Revenues (% of GDP)



SOURCES: Congressional Budget Office, *The 2024 Long-Term Budget Outlook*, March 2024; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2025*, March 2024.

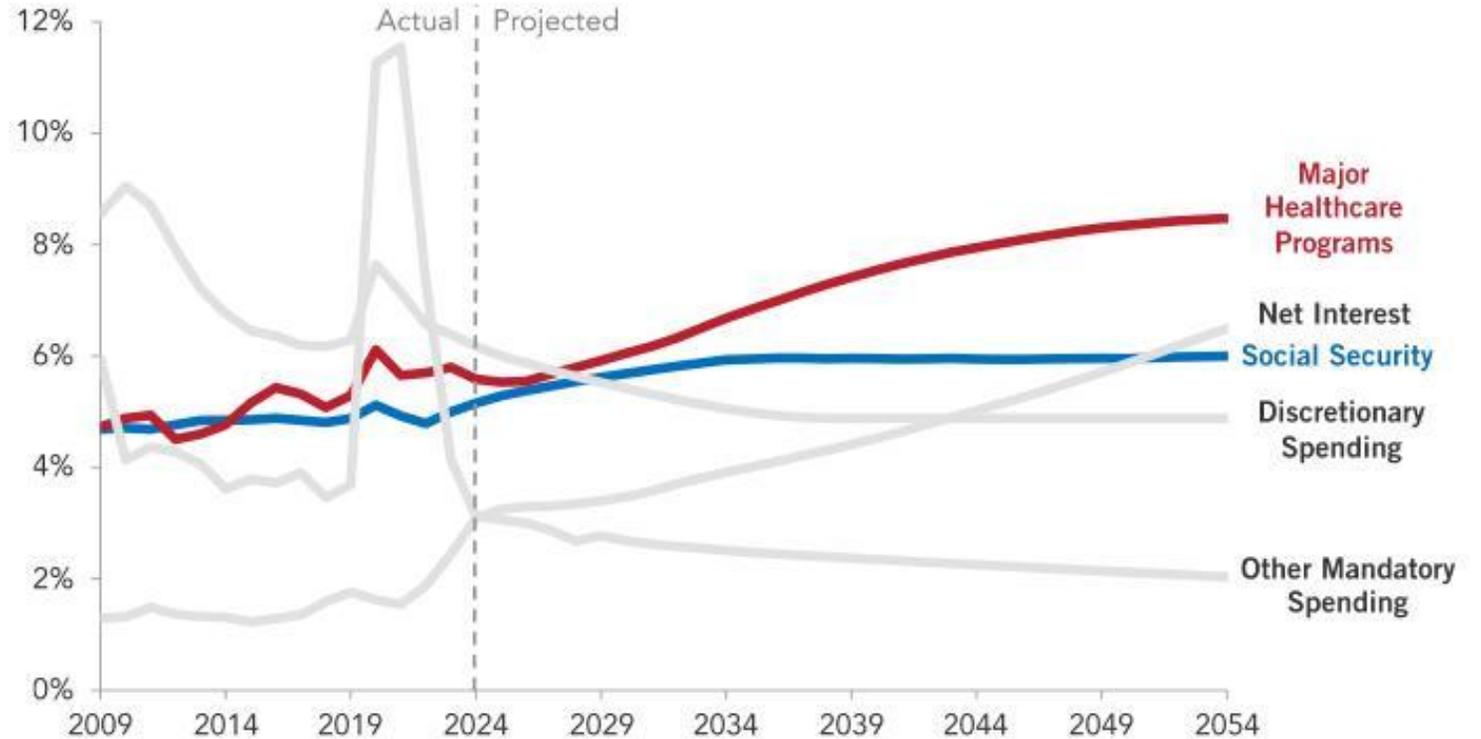
NOTE: Projected data have been adjusted to remove the effects of timing shifts. Certain payments that would ordinarily have been made on the first day of this fiscal year (October 1) but are instead made at the end of September and thus shifted into the previous fiscal year are treated as belonging to the subsequent fiscal year.

Major Spending By Category (2009-2054)



Spending for the major healthcare programs and Social Security will continue to climb

Federal Spending (% of GDP)



SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, February 2024.

NOTE: The major healthcare programs include Medicare (net), Medicaid, the Children's Health Insurance Program, and spending to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

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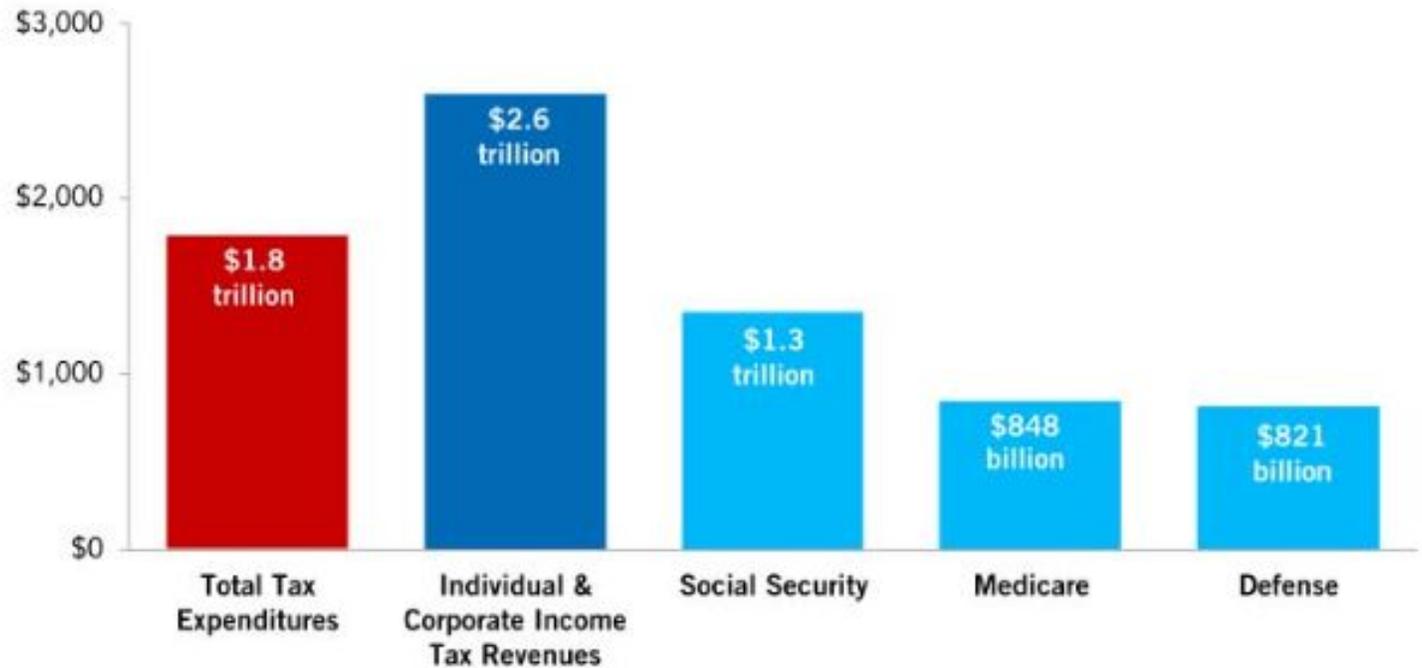
Front and Back Door Spending 2023



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Tax breaks cost more than any individual government spending program

Budgetary Cost in 2023 (Dollars)



SOURCES: Bureau of the Fiscal Service, *Monthly Treasury Statement*, September 2023; and The Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2023-2027*, December 2023.

NOTES: Tax expenditures are deductions, credits, exclusions, and preferential rates. The estimates for tax expenditures reflect the total in the individual and corporate income tax systems; they do not account for any interactive effects of combining various provisions. Medicare spending is net of premiums and payments from the states. Defense represents discretionary defense spending.

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Selected Consequences of Failing To Act

Slower
Economic
Growth

Less Individual
Opportunity

Growing
Economic
Divide

Less National
Security

Lower
International
Standing

Less Domestic
Tranquility

Higher Inflation
and Interest
Cost

Loss of
Confidence in
the Dollar

Potential Global
Depression

Four-Pronged Approach to Restoring Fiscal Sanity and Sustainability



Stop the Bleeding - Reduce the Fiscal 2025 Spending Base (e.g., End the “Emergency”, Eliminate One-Time Funding Items, Ban Earmarks, Pursue COVID Fraud).



Streamline and Transform Government – Implement a Government-wide strategic plan, focus on key national outcome-based indicators, right-size government, adopt modern management practices, and improve transparency and accountability. DOGE can help but it’s not enough.



Stabilize the Patient - Statutory Fiscal Sustainability Commission (e.g., Capable, Credible and non-Conflicted Individuals, Public Education/Engagement, 60-66% Vote Requirement, Guaranteed Vote) – Fiscal Commission Act



Cure the Disease - Federal Fiscal Responsibility Amendment – (e.g., Convention of States to Propose Amendments) – HCR 24

Selected Federal Financial Reporting Changes

- Adopt a Dual “Bottom Line” Balance Sheet that Provides Additional Transparency Regarding Our Huge Unfunded Social Insurance Obligations
- Show Intra-governmental Debt Obligations as a Liability on the Balance Sheet
- Eliminate Weapons Systems and Munitions from the Balance Sheet
- Provide Additional Disclosures Regarding Weapons Systems
- Provide Additional Disclosures Regarding Federal Property
- Provide Additional Disclosures Regarding Tax Preferences

Closing

- We must learn from the past and others, and prepare for the future.
- Our future is “at risk” and will bring both challenges and opportunities for the country, businesses, families, and each of you.
- The time for action both from a national and individual level is now!
- Check out www.FFSF.US, and www.americain2040.com

- Covers Economic Security, National Security, Domestic Tranquility, and Other Key Issues. Includes a Potential Future Outlook, Historical Background Information, Illustrative Solutions, and an Update Through December 2023.
- www.Americain2040.com

