



News Release

for immediate release

FOR IMMEDIATE RELEASE

Contact: Catherine Daniell at (972) 308-6479 or (817) 991-1041 catherine.daniell@ncpa.org

U.S. Liabilities Almost Twice the Official Debt

Official Accounting Omits Seniors' Social Security and Medicare Benefits

(DALLAS-June 13, 2012) The federal government owes \$30 trillion in liabilities – nearly twice the amount of liabilities reported in the Treasury's official report, according to a [new study](#) by the National Center for Policy Analysis ([NCPA](#)).

The biggest items omitted from the balance sheet are unfunded Social Security and Medicare benefits.

"Members of Congress have repeatedly told seniors that Social Security and Medicare promises are iron clad, but the government accountants don't agree," said John C. Goodman, president of the National Center for Policy Analysis. "Social Security promises are part of current law and can be changed by Congress at any time."

Ironically, the U.S. Treasury's [2011 Financial Report of the United States Government](#) report includes pension and health care benefits promised to *federal* employees as liabilities of the federal government, in addition to federal government bonds.

"If you are a bond holder the federal government is saying, 'we owe you the money.' If you're a federal retiree, 'we owe you the money.' But if you're a senior on Medicare or Social Security, you have no such guarantee," said Goodman.

The study calculates federal government's liabilities as follows:

- The government reports \$17.5 trillion in liabilities, including \$10.2 trillion in government debt held by the public, plus pension and retirement benefits owed to federal employees.
- However, current seniors expect to receive \$12.8 trillion in Social Security and Medicare benefits beyond the estimated taxes and premiums that will be received to fund those programs.
- Taking these promises to the elderly as obligations that will be paid, federal liabilities total \$30.3 trillion.
- Furthermore, the total climbs to nearly \$84 trillion if we include unfunded obligations of Social Security, Medicare and other long range, unfunded federal obligations.

"We could try to meet these obligations by raising taxes," said co-author and former Social Security and Medicare Trustee Thomas R. Saving. "But it would take a permanent tax increase of 30 percent to pay all the expected benefits for current and future generations – a total of about \$84 trillion. Economic growth would slow as a result, making it more difficult to meet the federal government's unfunded obligations."

"The first step toward a solution is for the federal government to report as a liability how much is due current seniors in Social Security and Medicare benefits, by including them on the government's balance sheet," added Saving.

[How Much Does the Federal Government Owe?: http://www.ncpa.org/pdfs/st338.pdf](http://www.ncpa.org/pdfs/st338.pdf)

###

The study is co-authored by NCPA Senior Fellows Thomas R. Saving and Andrew J. Rettenmaier, both with the Private Enterprise Research Center (PERC) at Texas A&M University, and PERC Research Scientist Liqun Liu.

The National Center for Policy Analysis (NCPA) is a nonprofit, nonpartisan public policy research organization, established in 1983. We bring together the best and brightest minds to tackle the country's most difficult public policy problems — in health care, taxes, retirement, small business, and the environment. [Visit our website today](#) for more information.