



The Entitlement Spending Tsunami

By Nicole Kaeding
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The Congressional Budget Office today released its periodic update to the federal government's spending and revenue projections. This report, known in Washington, D.C. circles as the "baseline," provides a glimpse into the federal government's addiction to spending. Supporters of uncontrolled spending trumpet that the federal deficit has been cut in half over the last several years, but the real story is lurking below the surface. Washington's spending addiction is creating an entitlement spending tsunami.

Just a handful of programs comprise the bulk of federal spending. In 2014 the federal government spent half of its budget, an astounding \$1.8 trillion, on Social Security and the major health care programs; Medicare, Medicaid, ObamaCare and the Children's Health Insurance Program (CHIP). For comparison, that's 30 percent more than the federal government collected this year in individual income taxes. These programs are huge and cost taxpayers dearly.

They are also growing quickly. In just the last year, Medicaid spending jumped 15 percent. Much of that increase was due to Obamacare's Medicaid expansion. Adding 7 million individuals to government health care programs is quite expensive. Social Security jumped 4.6 percent.

The increase is not a one-year blip; it's a long-term trend. CBO estimates that Social Security, the major health care programs, and interest account for 85 percent of the federal government's projected spending increases over next ten years.

So why are these programs growing so quickly? One reason is the aging of our population. More seniors mean more spending on Social Security and Medicare. But CBO says that this isn't the real reasons; instead it is the great expansion of health care benefits under Obamacare.

Obamacare expanded Medicaid dramatically. CBO estimates that expansion will cost the federal government \$800 billion over the next ten years. Annual Medicaid expenditures will double in the next ten years. The newly-created subsidies for health insurance will cost taxpayers \$1 trillion over ten years, growing from \$17 billion in 2014 to \$450 billion in 2024.

All told, spending on Social Security and the major health care programs will grow from 10 percent of the economy to 11.5 percent in 2024.

As spending grows quickly, so too does the national debt. The national debt will grow from \$12 trillion to \$20 trillion in ten years.

And sadly for taxpayers, the story continues to get even worse. The worldwide slowdown in economic growth recently has made it cheap for the federal government to borrow money. Interest costs are well below historic norms. But that won't continue forever. CBO estimates that interest rates on federal debt will double by 2019. Larger amounts of debt and higher interest rates means one thing: the federal government's interest costs are going to increase rapidly. CBO says that they will grow from \$231 billion in 2014 to \$799 billion in 2024.

The CBO's report is a warning. It's time for Congress to control the rapid growth in entitlement spending.

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