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Real federal deficit dwarfs official tally

By Dennis Cauchon, USA TODAY

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The typical American household would have paid nearly all of its income in taxes last year to balance the budget if the government used standard accounting rules to compute the deficit, a USA TODAY analysis finds.

Under those accounting practices, the government ran red ink last year equal to \$42,054 per household — nearly four times the official number reported under unique rules set by Congress.

A U.S. household's median income is \$49,445, the Census reports.

The big difference between the official deficit and standard accounting: Congress exempts itself from including the cost of promised retirement benefits. Yet companies, states and local governments must include retirement commitments in financial statements, as required by federal law and private boards that set accounting rules.

The deficit was \$5 trillion last year under those rules. The official number was \$1.3 trillion. Liabilities for [Social Security](#), Medicare and other retirement programs rose by \$3.7 trillion in 2011, according to government actuaries, but the amount was not registered on the government's books.

Deficits are a major issue in this year's presidential campaign, but USA TODAY has calculated federal finances under accounting rules since 2004 and found no correlation between fluctuations in the deficit and which party ran Congress or the [White House](#).

Key findings:

- Social Security had the biggest financial slide. The government would need \$22.2 trillion today, set aside and earning interest, to cover benefits promised to current workers and retirees beyond what taxes will cover. That's \$9.5 trillion more than was needed in 2004.

- Deficits from 2004 to 2011 would be six times the official total of \$5.6 trillion reported.

- Federal debt and retiree commitments equal \$561,254 per household. By contrast, an average household owes a combined \$116,057 for mortgages, car loans and other debts.

"By law, the federal government can't tell the truth," says accountant Sheila Weinberg of the Chicago-based Institute for Truth in Accounting.

Jim Horney, a former Senate budget staff expert now at the liberal Center on Budget and Policy Priorities, says retirement programs should not count as part of the deficit because, unlike a business, Congress can change what it owes by cutting benefits or lifting taxes.

By Jewel Samad, AFP/Getty Images

Congress exempts itself from including the cost of promised retirement benefits.

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Contrasting deficits

The federal government calculates the deficit in a way that makes the number smaller than if standard accounting rules were followed (in trillions).

Sources: USA TODAY research;
Congressional Budget Office

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"It's not easy, but it can be done. Retirement programs are not legal obligations," he says.

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