DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

A Message from the Secretary of the Treasury

Over the past two years, the Administration, along with Congress and financial regulators, implemented emergency policies that ended the worst recession since the Great Depression and put the nation on a path to economic recovery. Yet today, the country still faces significant and persistent challenges: the need to create millions of new jobs, build a new and stable foundation for prosperity, and address a medium- and long-term fiscal situation that could undermine future economic growth.

The 2010 Financial Report of the U.S. Government, issued by the U.S. Department of the Treasury, is a comprehensive report on the Government's financial position and an important tool for understanding how to move forward to meet these challenges.

While the Government's immediate priority is to support economic recovery and combat unemployment, we must also address the nation's significant fiscal challenges. In FY 2010, the deficit decreased as a result of increases in tax receipts and a decline in outlays. Yet persistent growth of health care costs and the aging of the population remain key causes of long-term deficits. The Affordable Care Act marked an important step in controlling health care costs and has the potential to significantly lower the long-term growth trend for Medicare and Medicaid costs. The Affordable Care Act will also drive critical innovations in the health care system that will help improve quality and further constrain costs over the long term.

Today, we must balance our efforts to accelerate economic recovery and job growth in the near term with continued efforts to address the challenges posed by the long-term deficit outlook. The Administration's top priority remains restoring good jobs to American workers and accelerating the pace of economic recovery. Two key pieces of legislation signed by the President, the American Recovery and Reinvestment Act of 2009 and the Hiring Incentives to Restore Employment (HIRE) Act of 2010, have helped further this goal by creating or saving over three million jobs. But as we combat unemployment, we must also address the challenge of bringing future debt down to sustainable levels. The work of the National Commission on Fiscal Responsibility and Reform has emphasized that to sustain economic growth in the medium- and long-term, we need to make difficult choices to reduce deficits and the national debt.

The Administration has already taken common-sense steps, such as proposing a three-year freeze on non-security discretionary funding, calling for a two-year pay freeze for federal civilian workers, and restoring the rule that the Government pays for its priorities to promote fiscal responsibility. These efforts must continue in the months and years ahead. This report—a comprehensive overview of the Federal Government's finances—shows the significance of our efforts and the necessity of maintaining focus on both economic recovery and fiscal responsibility.

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