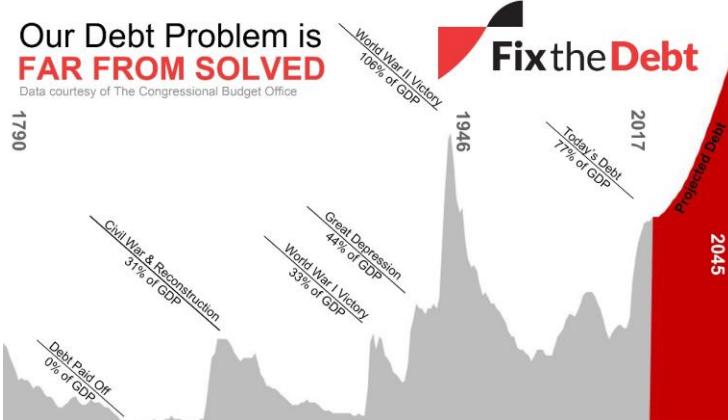




What You Need to Know About the Long-Term Budget Outlook

Each year, the nonpartisan Congressional Budget Office produces a [long-term forecast](#) for budget deficits, national debt, revenue, and government spending. Here's what you need to know about where we are headed. See a more detailed analysis that includes alternative projections if the recent tax cuts and spending increases are extended [here](#).



Without changes, the debt will reach levels never seen before.

- Under current law, national debt held by the public will exceed the size of the economy by 2031 and surpass the all-time record of 106 percent of the economy by 2034.
- Debt will nearly double from 78 percent of the economy to 152 percent by 2048.
- The situation would get even worse if tax cuts and spending increases currently set to expire are extended. Under this scenario, debt will exceed the size of the economy by 2027, hit a new record by 2029, and double the size of the economy by 2048.
- Waiting to fix the debt will make the necessary changes more painful. As the report states, "If policymakers waited several years to reduce federal spending or increase taxes, more debt would accumulate over the long term, which would slow long-term growth in output and income. Thus, reaching any chosen target for debt would require larger changes."

Autopilot spending will drive debt upwards.

- An aging population and rising health care costs per person will increase spending on Social Security and federal health care programs like Medicare. This spending is essentially on autopilot since no annual approval by Congress is required.
- Interest on the debt will be the fastest growing part of the federal budget and will more than double as a share of the economy by 2048, reaching record levels. By 2050, it will become the single largest federal spending program, surpassing Social Security.
- Spending on Social Security, health care, and debt interest will exceed all revenue by 2041 under current law. If tax cuts and spending increases are extended, this will occur 8 years earlier, in 2033.

Growing debt is a real threat to the economy and our future.

- The economy will grow more slowly if debt continues to rise. Under current law, average income will be \$6,000 less in 30 years with rising debt.
- Growing interest payments will crowd out spending on investments in education, infrastructure, and basic research that can boost economic growth and standard of living.
- Growing debt also increases the risk of a fiscal crisis down the road and leaves the country less able to respond to crises that may arise.