2019 STATE OF THE DEBT
Q: WHAT’S OUR BUDGET OUTLOOK?
TOTAL REVENUE
$3.5 TRILLION

TOTAL SPENDING
$4.4 TRILLION

IN 2019...

(THAT MEANS WE WILL BORROW MORE THAN $900 BILLION.)

TODAY THE GROSS NATIONAL DEBT IS MORE THAN $22 TRILLION
SPENDING IN THE 2019 FEDERAL BUDGET

Billions

- Social Security: $1,038
- Medicare: $630
- Medicaid: $481
- ACA Other Health: $481
- Net Interest: $382
- Defense: $666
- Non-Defense: $664
- Other Spending: $547
- Interest: $382

Total: $4.4 Trillion

Source: Congressional Budget Office May 2019 Baseline
REVENUE AND SPENDING GAP

Percent of the Economy

Source: Congressional Budget Office May 2019 Baseline

Revenue

Spending

Alternative Spending

Alternative Revenue

Projected


Source: Congressional Budget Office May 2019 Baseline
TRILLION-DOLLAR DEFICITS RETURN BY 2022

Source: Congressional Budget Office May 2019 Baseline
IN 2019...

OUR DEBT WILL EQUAL 78% OF GDP

Source: OMB, CBO, CRFB Calculations.
IT WILL RISE TO 101% OF GDP BY 2034...

Source: OMB, CBO, CRFB Calculations.
AFTER 2034…

IT WILL CONTINUE RISING

Percent of the Economy

Source: OMB, CBO, CRFB Calculations.

ACTUAL  PROJECTED

WHAT IS DRIVING OUR DEBT PROBLEMS?
60% of this year’s projected deficit is due to recent legislation.

Source: CRFB calculations based on Congressional Budget Office data.
DEFICITS COULD GET WORSE

Billions

- Deficit Without These Bills
- Tax Cuts and Jobs Act
- Bipartisan Budget Act of 2018
- Alternative Fiscal Scenario

Source: CRFB calculations based on Congressional Budget Office data.
Q: WHAT WILL CAUSE OUR FUTURE DEBT TO RISE?

A: • AN AGING POPULATION
• GROWING HEALTH CARE COSTS
• RISING INTEREST COSTS
• INSUFFICIENT REVENUE
THE POPULATION IS AGING

1950 (16:1)

1960 (5:1)

2012 (3:1)

2035 (2:1)

>> THE NUMBER OF WORKERS PER SOCIAL SECURITY RETIREE IS FALLING.

Source: 2018 Social Security Trustees Report
HEALTH CARE COSTS ARE GROWING

Source: CRFB Calculations based on Congressional Budget Office data, January 2019.
HEALTH CARE COSTS ARE GROWING

Source: CRFB calculations based on CBO data
INTEREST SPENDING COULD TOP $1 TRILLION

Billions

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029

Current Law  Alternative Fiscal Scenario

$325  $382  $455  $517  $578  $634  $681  $721  $768  $817  $870  $921

$457  $524  $592  $656  $712  $761  $820  $887  $962  $1,036

Source: CRFB calculations based on Congressional Budget Office May 2019 Baseline.
TWO-FIFTHS OF INTEREST GOES OVERSEAS

IN 2019, WE WILL SPEND $382 BILLION ON INTEREST.

MORE THAN HALF OF OUR DEBT IS OWNED BY AMERICANS.

Source: Congressional Budget Office, Treasury Department, January 2019.
INTEREST RATES ARE LOW

Percent Yield on 10-Year Treasury Bond

A 1% INCREASE WOULD COST $1.9 TRILLION OVER A DECADE.

A RETURN TO 1980’s INFLATION WOULD COST $6 TRILLION

Source: Congressional Budget Office January 2019 Baseline.
SOCIAL SECURITY, HEALTH CARE, AND INTEREST EXPLAIN 87% OF SPENDING GROWTH

- Medicare: 23%
- Social Security: 31%
- Net Interest: 21%
- Medicaid/ACA/CHIP: 12%
- Other Mandatory: 5%
- Defense Discretionary: 4%
- Non-Defense Discretionary: 4%

2019-2029 Spending Growth

Source: CRFB calculations based on Congressional Budget Office data
Numbers may not add due to rounding.
WHAT ARE THE CONSEQUENCES OF NOT TAKING ACTION?

- SLOWER WAGE GROWTH
- DECREASED BUDGET FLEXIBILITY
- UNPREPARED FOR A FUTURE WAR OR RECESSION
- HIGHER EXPOSURE TO CHANGES IN INTEREST RATES
- INCREASED RISK OF A FISCAL CRISIS
- DECREASED PRIVATE SECTOR INVESTMENTS
- INCREASED LIKELIHOOD OF ENTITLEMENT INSOLVENCY
SOON WE’LL SPEND MORE ON THE PAST THAN THE FUTURE

Sources: Congressional Budget Office, Urban Institute, CRFB calculations. “Support” is spending plus tax expenditures going towards children.
A FRAMEWORK FOR FIXING THE DEBT

• STOP DIGGING THE HOLE DEEPER
• FIX THE TAX BILL
• DETERMINE THE RIGHT SIZE FOR DEFENSE & NON-DEFENSE SPENDING
• MAKE SOCIAL SECURITY SOLVENT
• SLOW HEALTH CARE COST GROWTH
• CUT OTHER SPENDING WHERE POSSIBLE
• RAISE MORE REVENUE
• GROW THE ECONOMY
THE LONGER WE WAIT…

...THE **OLDER** OUR POPULATION GETS

...THE **HIGHER** DEBT WILL RISE

...THE **LESS TIME** WE HAVE TO PHASE IN CHANGES

...THE **SLOWER** OUR ECONOMY WILL GROW

...AND THE **FEWER** TOOLS WE WILL HAVE TO FIX IT
THE DEBT IS A SYMPTOM OF A BROKEN SYSTEM...

...AVOIDS TOUGH CHOICES

...CANNOT ACHIEVE COMPROMISE

...FOCUSES ON SHORT TERM VS LONG TERM

...REWARDS PARTISANSHIP OVER PROGRESS
We must Come Together to Fix the Debt

We Want Your Input

• What will it take for Washington to rebuild trust from the American people?

• What is driving our partisan divide, and what will it take to fix it?

• How can we make progress on the Debt?
Q: WHAT CAN YOU DO?

A: GET INVOLVED AND ASK YOUR REPRESENTATIVE & CANDIDATES TO MAKE THE DEBT A TOP ISSUE.
HOW CAN YOU MAKE A DIFFERENCE?

- USE SOCIAL MEDIA – TELL FRIENDS AND COLLEAGUES ABOUT THE PROBLEM.
- WRITE AN OP-ED OR LETTER TO THE EDITOR
- HOST AN EVENT
- FIND OUT HOW YOU CAN HELP GIVE THIS PRESENTATION BY CONTACTING US.
HOW CAN YOU JOIN OUR EFFORTS?

- TEXT FIX to 345345
- EMAIL info@FixTheDebt.org WITH THE SUBJECT “JOIN”
- USE THE SIGN IN SHEET TO BE ADDED TO OUR LIST
- GO TO www.FixTheDebt.org AND SIGN UP
ABOUT THE CAMPAIGN TO FIX THE DEBT

The Campaign to Fix the Debt Fix is a nonpartisan organization focused on educating the country about the need for fiscal reforms and supporting a grand bargain to put the debt on a sustainable path.

The campaign includes leaders from every sector, former elected and appointed local, state and federal officials, and visionary political, community and business leaders.

Fix the Debt has an important engagement role, convening groups of committed individuals at the state and local level who – individually and collectively – can influence elected officials, candidates for public office and federal policies.
Join www.fixthedebt.org