Fix the Debt
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# State of the Debt

No assessment of the state of the union is complete without acknowledging the country's deteriorating budget situation and unprecedented fiscal challenges. Instead of ignoring high and rising national debt, our leaders must work together to finance the future responsibly. For more, see an analysis by the Committee for a Responsible Federal Budget of the new budget projections from the Congressional Budget Office.

**National debt is historically high.** Gross debt is over \$22 trillion. Debt held by the public stands at over \$16 trillion, or 78 percent of the U.S. economy, which is the highest it has been since just following World War II.

**Permanent \$1 trillion deficits are coming.** The federal budget deficit for this year is projected to be \$960 billion. Deficits are projected to exceed \$1 trillion in fiscal year 2020 and stay above that level indefinitely.


**Policymakers are making the problem worse instead of fixing it.** Our leaders are taking us in the wrong direction. Legislation enacted in fiscal year 2018, such as the Tax Cuts and Jobs Act, is projected to add \$2.4 trillion to the debt by 2027. The recently-passed Bipartisan Budget Act of 2019 added \$1.7 trillion to the debt over a decade. If temporary tax cuts are extended, they will add even more to the debt.

**Debt is rapidly growing towards levels never seen before.** Debt will increase by nearly \$13 trillion over the next decade. Debt held by the public will nearly equal the size of the U.S. economy by 2029 (95 percent of GDP). Debt will likely exceed the all-time record of 106 percent of the economy around 2030 if tax policies currently set to expire are extended.

**More money will go to interest payments on the debt than many priorities.** Interest payments are the fastest-growing part of the budget and will double in dollar terms by 2029. More of the budget dedicated to interest means less is available for investments that can grow the economy and improve quality of life.

**Much of government spending is on autopilot.** Today, about 70 percent of the budget is mandatory spending not subject to the annual spending process and interest payments while nearly 30 percent is discretionary (i.e. annually appropriated programs such as education, research, transportation and defense).

**Rising debt will be a drag on economic growth and standard of living.** Failing to address the debt will result in higher interest rates, slower economic growth, greater burdens on future generations, and an increased chance of a fiscal crisis. The Congressional Budget Office estimates that annual average income in 2049 will be \$5,500 lower than if Congress put debt on a downward path. Income will be \$9,000 less if recent tax cuts and spending increases are extended.

We owe it to the future to fix the debt. Policymakers must put aside partisan warfare and work together to get the debt under control and eventually put it on a downward path. At the very least, our leaders must stop digging our fiscal hole even deeper by ensuring that any new initiatives are fully offset and do not add to the debt.