

## 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 \$23 trillion. Debt held by the public stands at over \$17 trillion, or 80 percent of the U.S. economy, which is the highest it has been since just following World War II.

**Permanent \$1 trillion deficits arrive this year.** The federal budget deficit for fiscal year 2019 was \$984 billion. Deficits are projected to exceed \$1 trillion this year 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 since 2017 is projected to add \$4.7 trillion to the debt over a decade.

**Debt is rapidly growing towards levels never seen before.** Debt will increase by more than \$14 trillion over the next decade. Debt held by the public will nearly equal the size of the U.S. economy by 2030 (98 percent of GDP). Debt will set a new record of 107 percent of the economy by 2030 if tax and spending 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 more than double in dollar terms by 2030. More of the budget dedicated to interest means less is available for productive investments that can grow the economy.

**Much of government spending is on autopilot.** Today, about 70 percent of the budget consists of mandatory spending not subject to the annual spending process and interest payments, while around 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 will be lower in the long run if Congress does not put debt on a downward path.

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.