

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 U.S. economy by 2034 and set a new record of 108 percent of the economy by 2037.
- Debt will nearly double from 78 percent of the economy today to 144 percent by 2049.
- 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 2028, hit a new record by 2030, and double the size of the economy by 2047.
- Waiting to fix the debt will likely hurt future generations. As the report states, "In all likelihood, if policymakers postponed fiscal tightening and debt as a share of GDP continued to rise, the changes necessary to stabilize debt would place an even greater burden on future generations."

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 triple as a share of the economy by 2049, reaching record levels. By 2046, the government will spend more on interest than all discretionary spending, including defense.
- Spending on Social Security, health care, and debt interest will exceed all revenue by 2041 under current law.

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 \$5,500 less in 30 years with rising debt compared to debt reduced to its historical level of 42 percent of the economy. Income will be \$9,000 lower if current tax and spending policies are extended.
- 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.