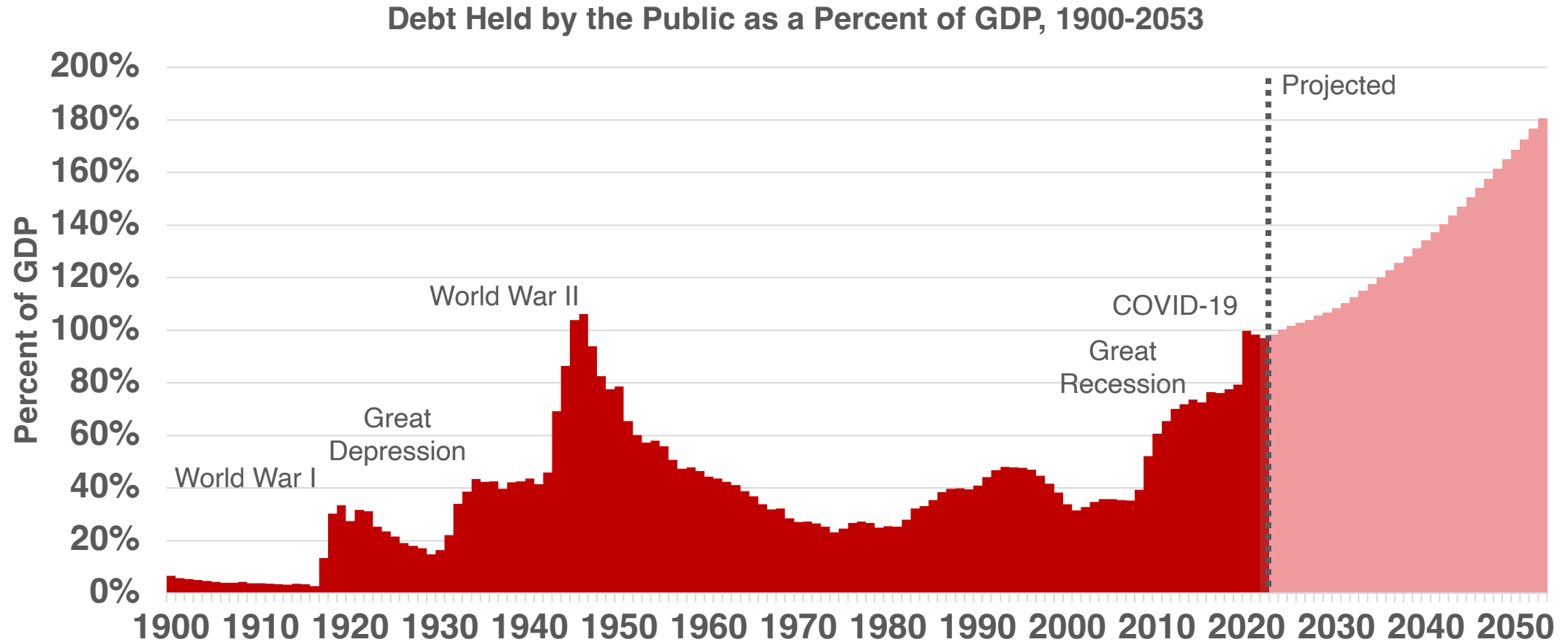




Facing the Future: Our Fiscal Challenge

The Concord Coalition

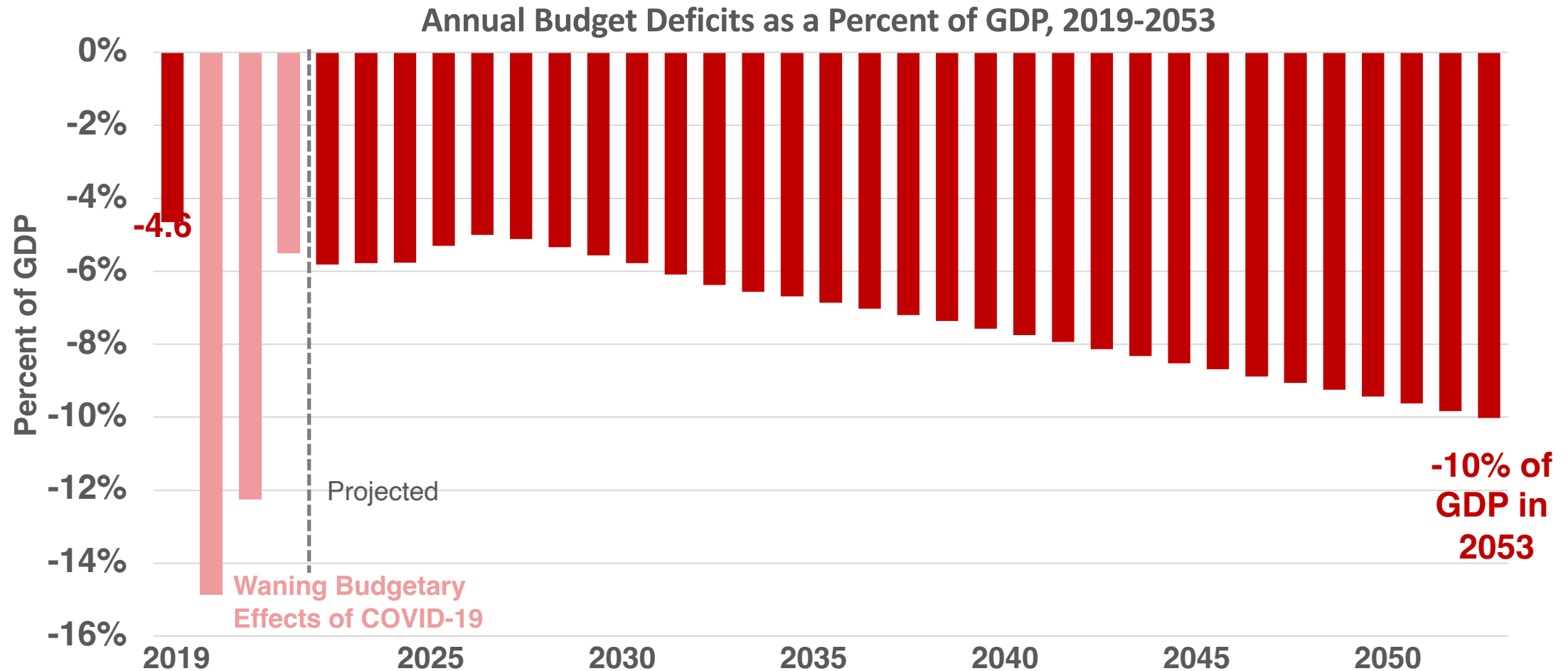
Our national debt is on an unsustainable path



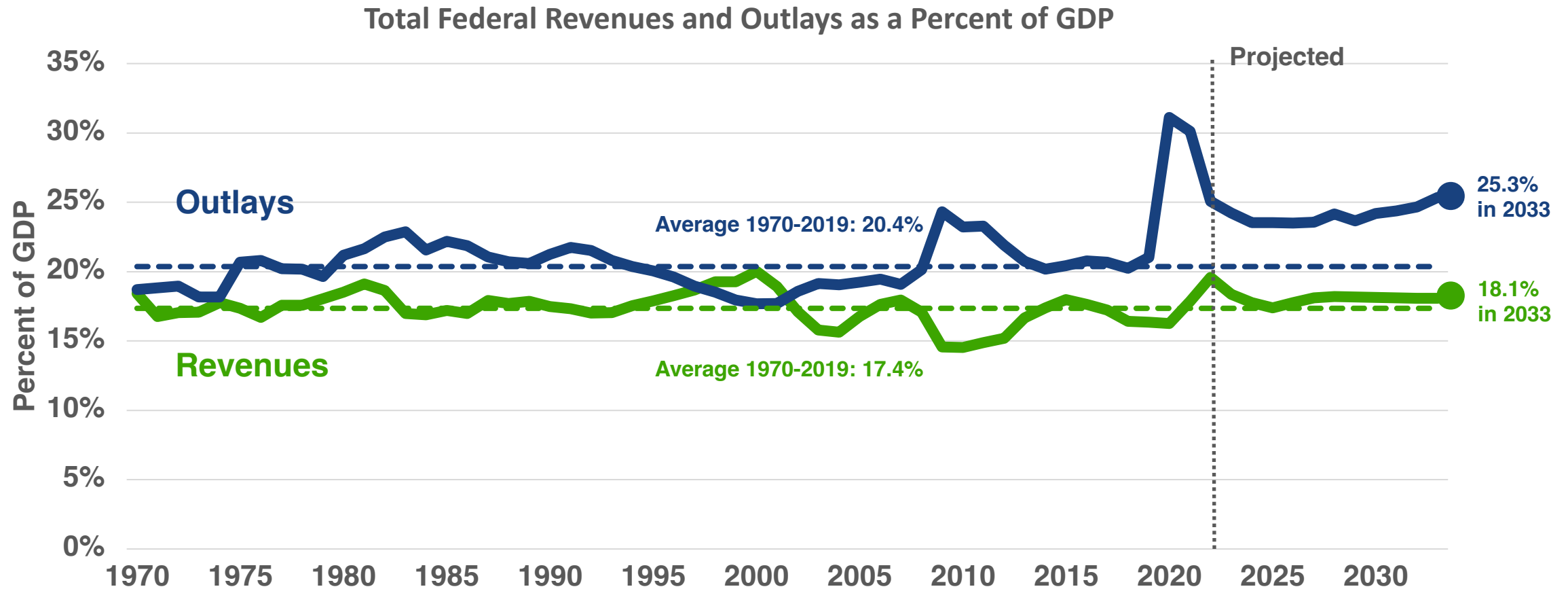
Source: Congressional Budget Office - historical data and *The 2023 Long-Term Budget Outlook*, June 2023

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Our fiscal challenges do not end with COVID

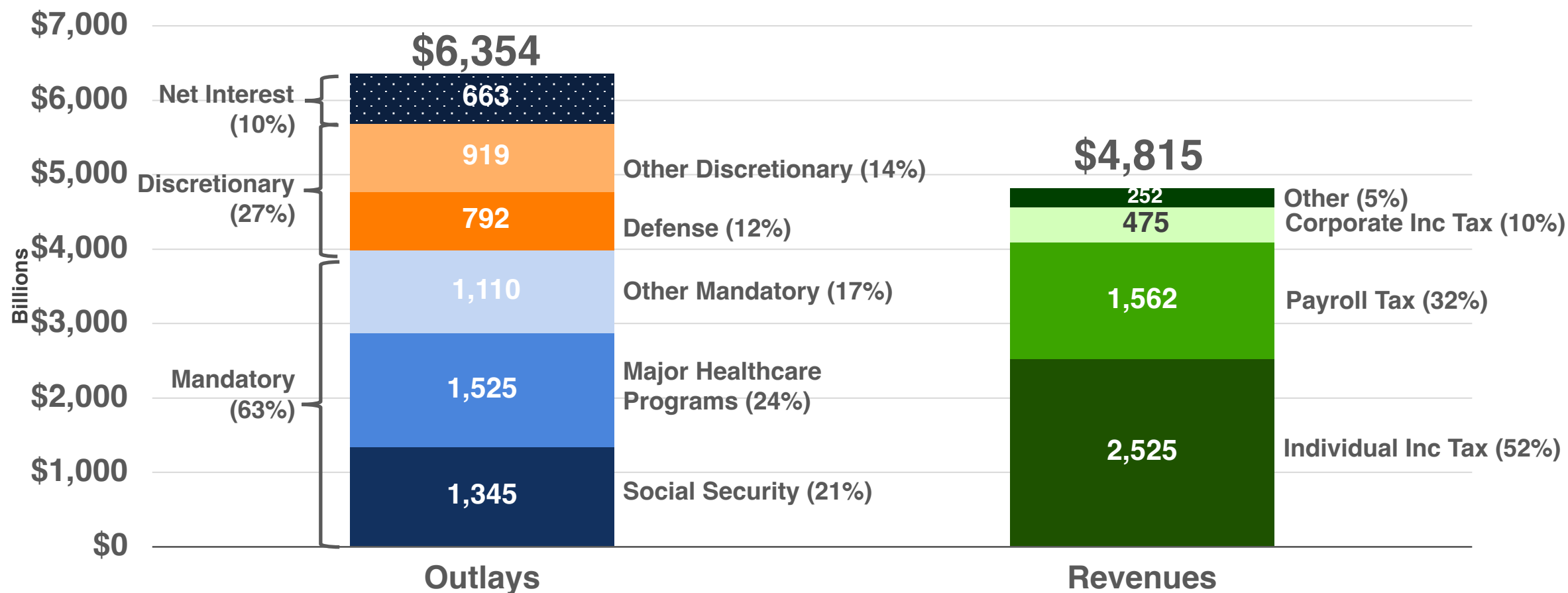


The gap between federal spending and revenue widens



Composition of FY 2023 Federal Budget (proj.)

Deficit: \$1,539 billion



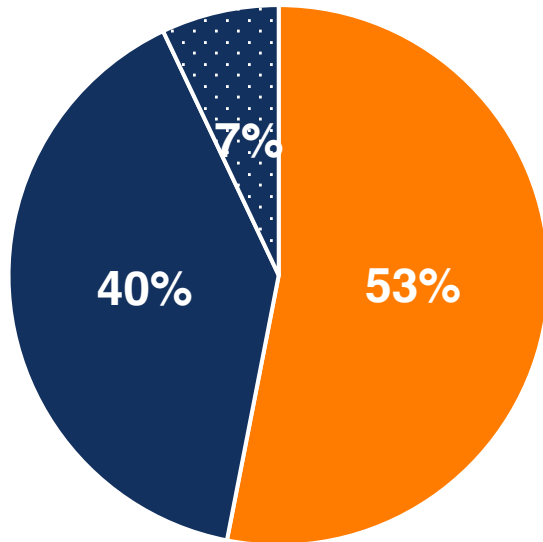
Source: The Congressional Budget Office, *An Update to the Budget Outlook*, May 2023

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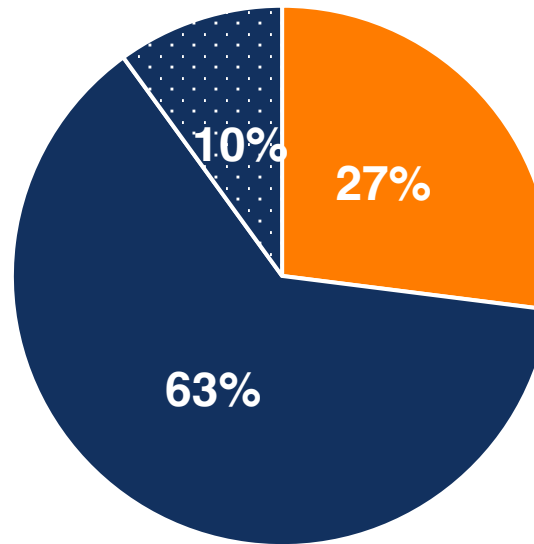
Automatic expenditures are squeezing out discretionary priorities

Spending as a Percent of Total Federal Outlays

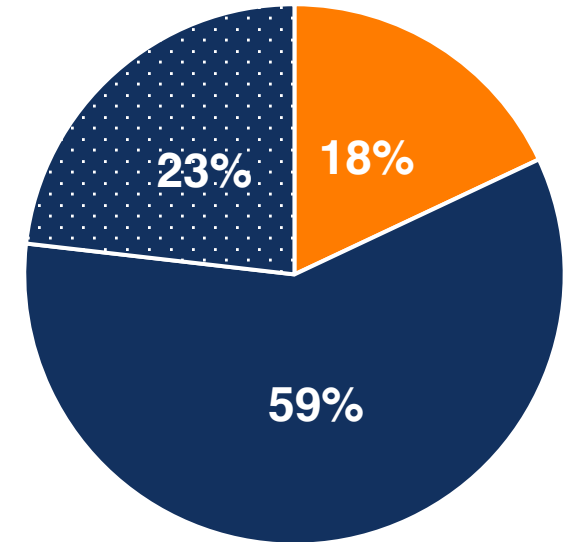
1973



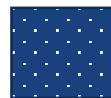
2023 est.



2053 est.



Mandatory



Net Interest



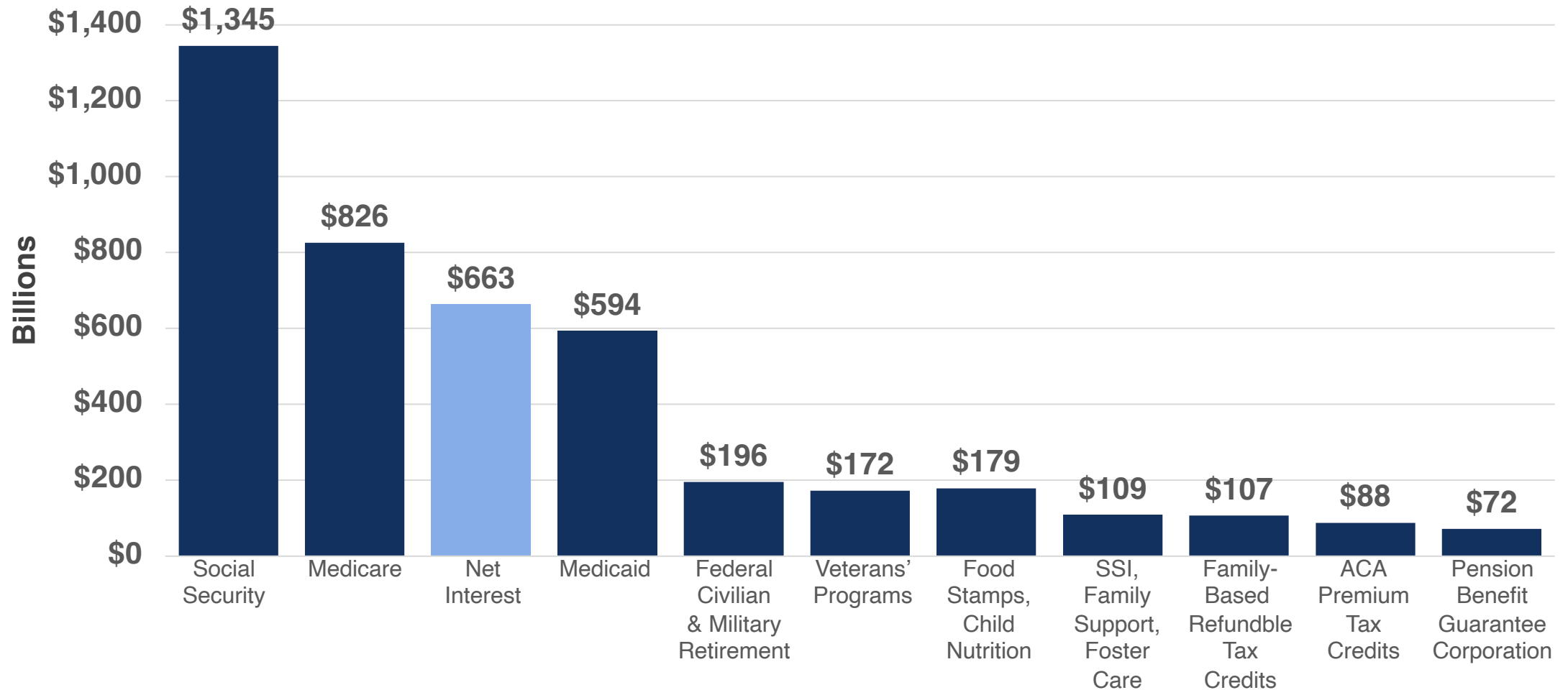
Discretionary

Automatic Expenditures

Source: Congressional Budget Office; historical data and long-term budget projections published in conjunction with *The 2023 Long-Term Budget Outlook*, June 2023

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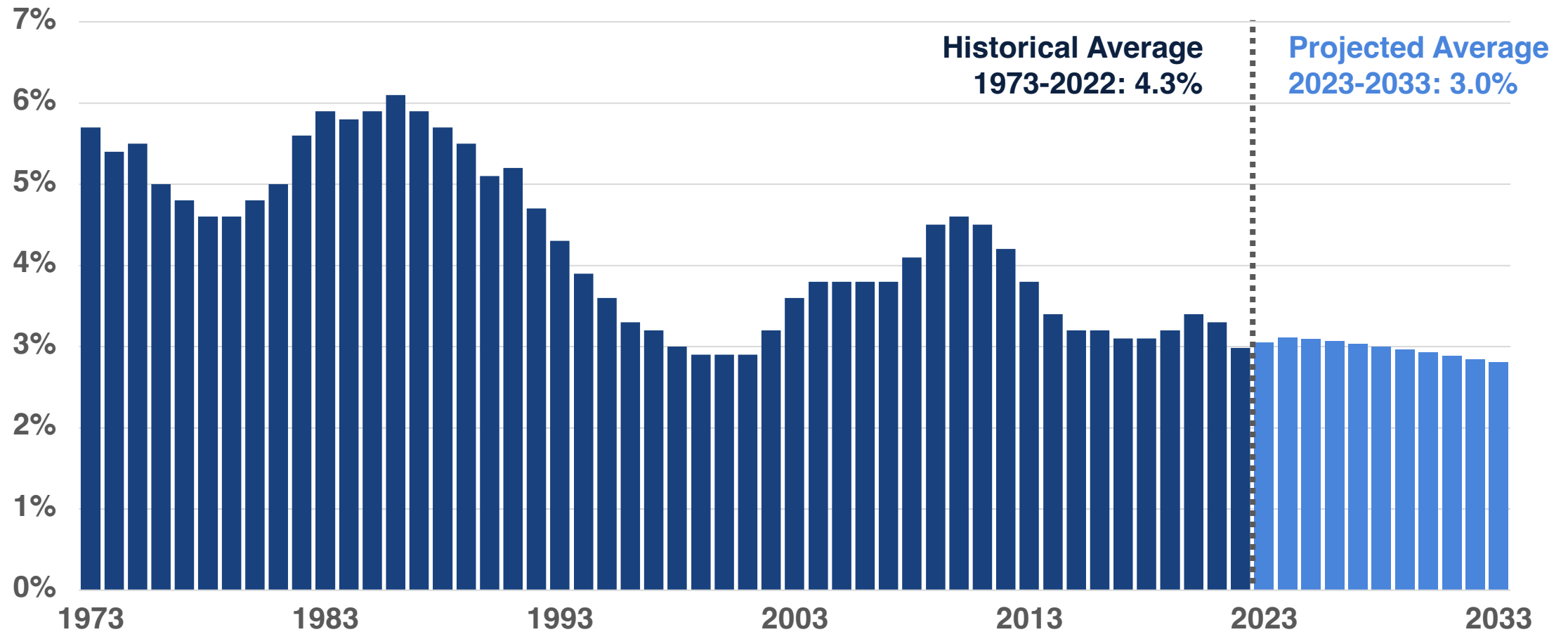
Outlays for Select *Mandatory* Programs in FY 2023 (Projected)



Source: Congressional Budget Office, *An Update to the Budget Outlook*, May 2023

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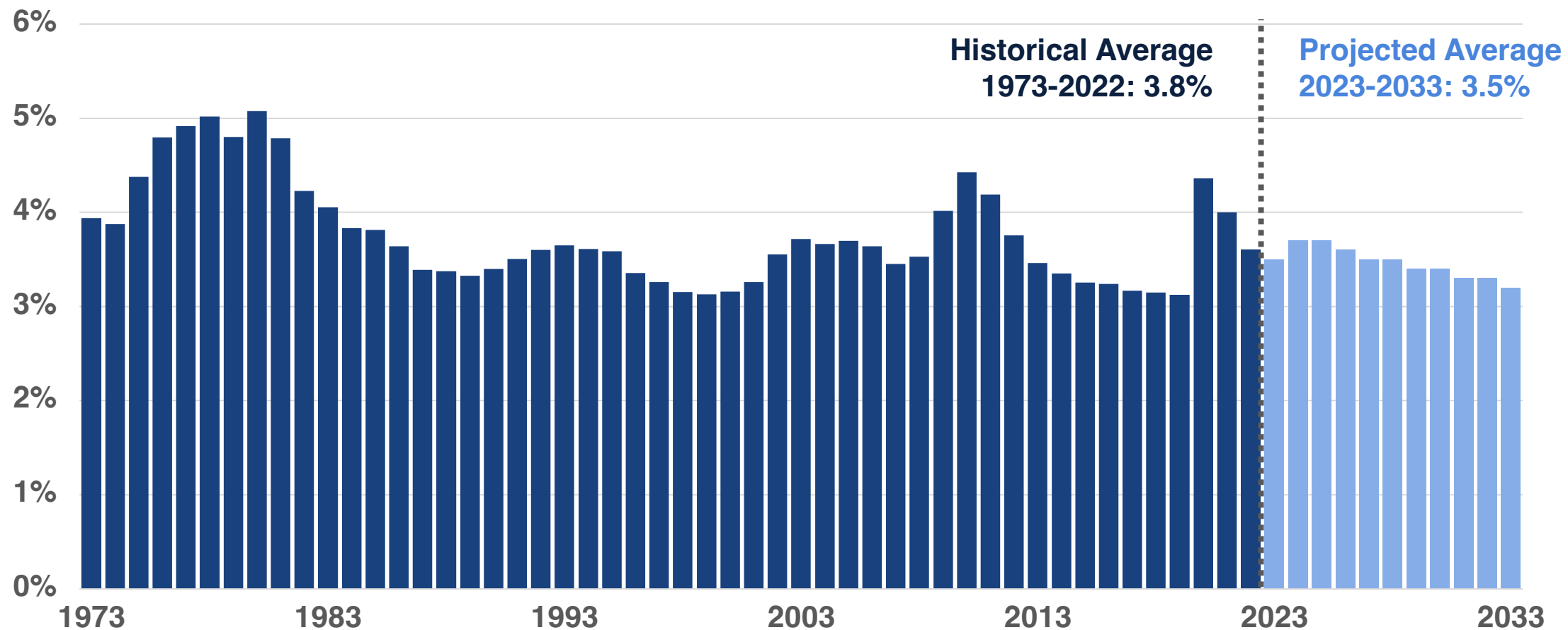
Defense Discretionary Spending as a Share of GDP



Source: Congressional Budget Office, *An Update to the Budget Outlook*, May 2023
(calculations by The Concord Coalition)

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Nondefense Discretionary Spending as a Share of GDP

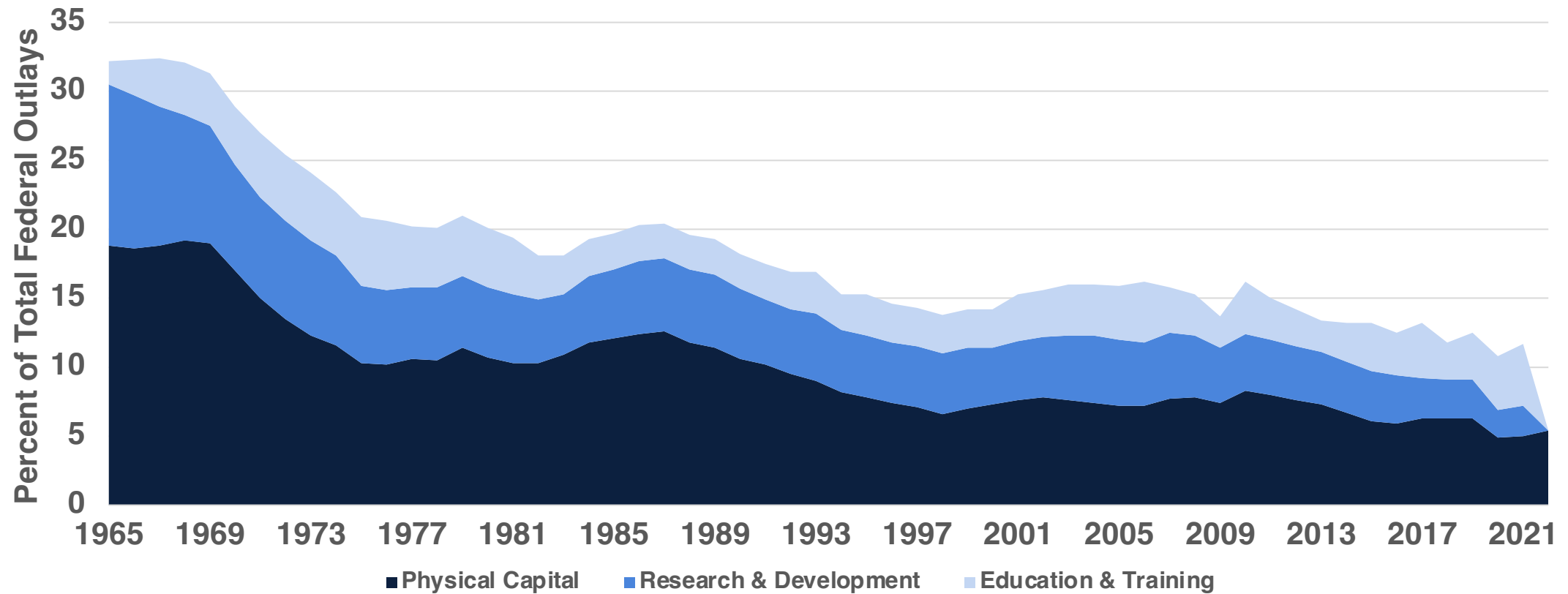


Source: Congressional Budget Office, *An Update to the Budget Outlook*, May 2023
(calculations by The Concord Coalition)

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All Types of Federal Investment Have Declined

Federal Investment by Category, as a Percent of Total Outlays

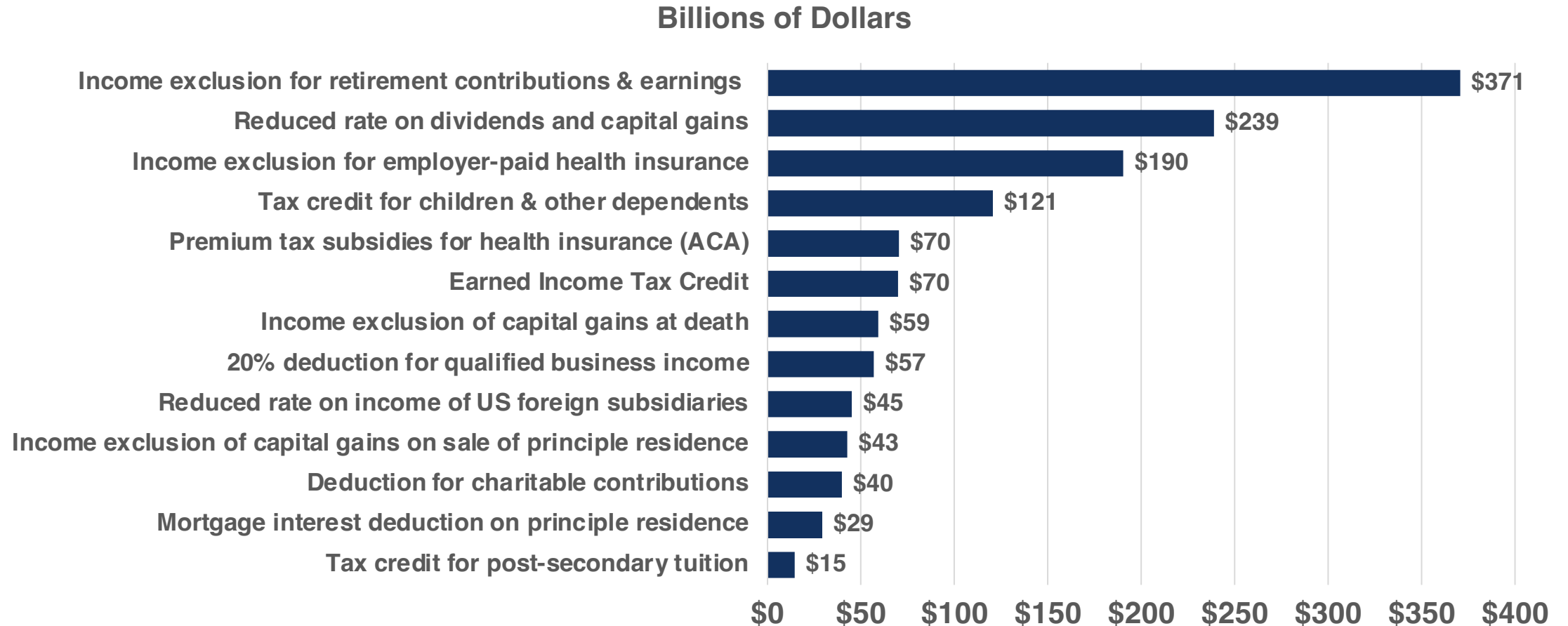


Source: Office of Management and Budget, Historical Budget Data, tables 9.2, 9.3, 9.8

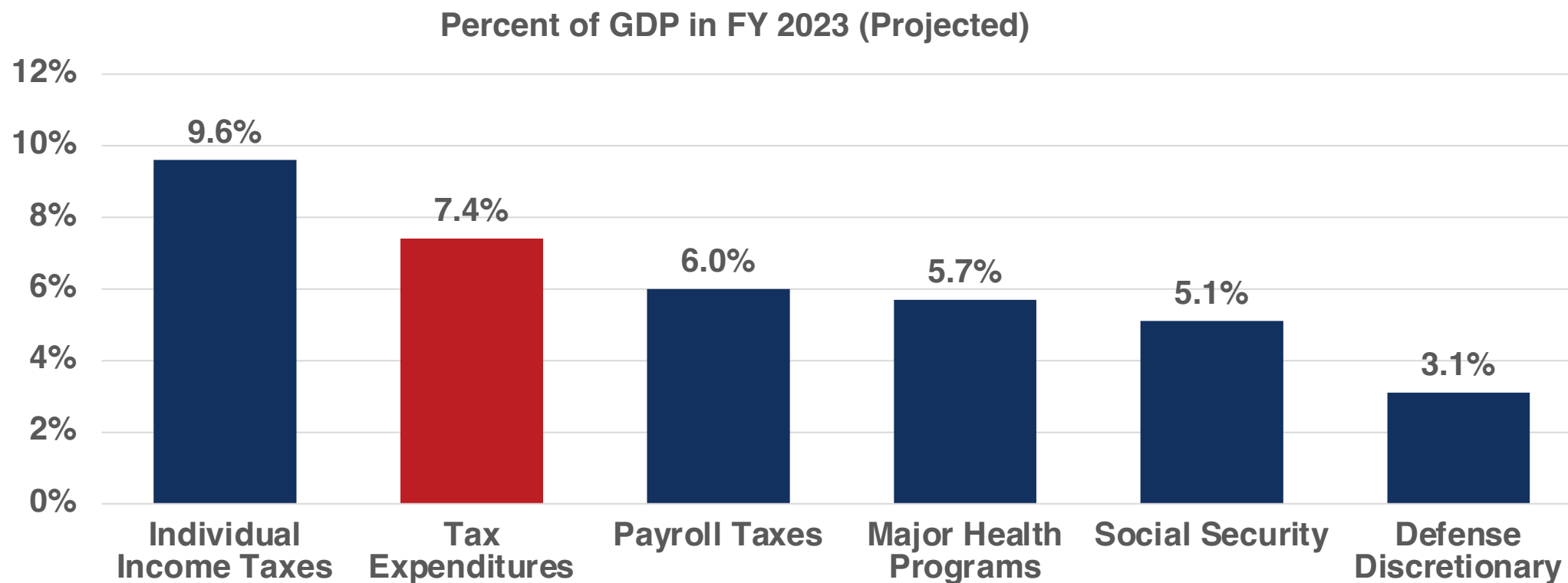
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Spending Through the Tax Code Top Tax Expenditures in 2023

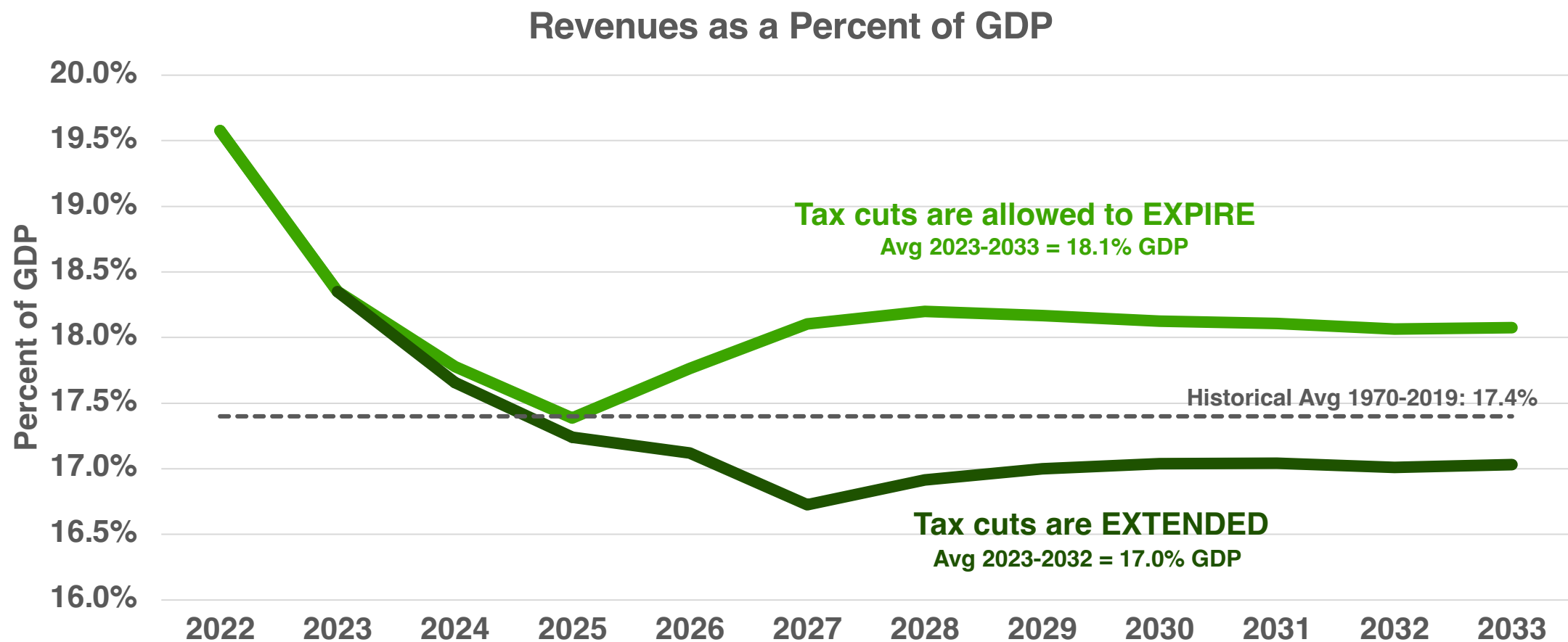
Total Foregone Revenue: \$1,348 billion (Projected)



Tax Expenditures Relative to Other Select Budget Categories



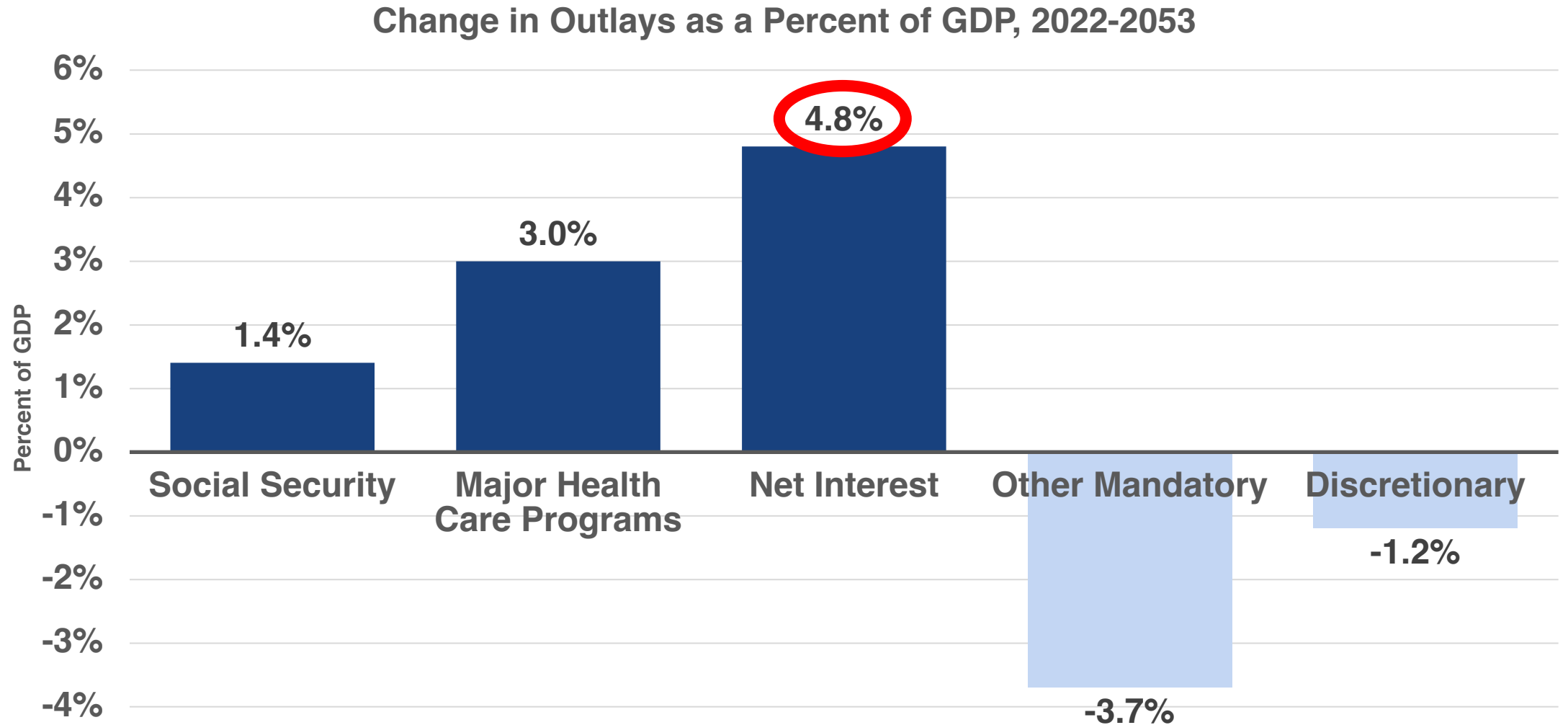
Probable extension of expiring tax cuts after 2025 means revenue projections are optimistic



Source: Congressional Budget Office, *Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues*, May 2023

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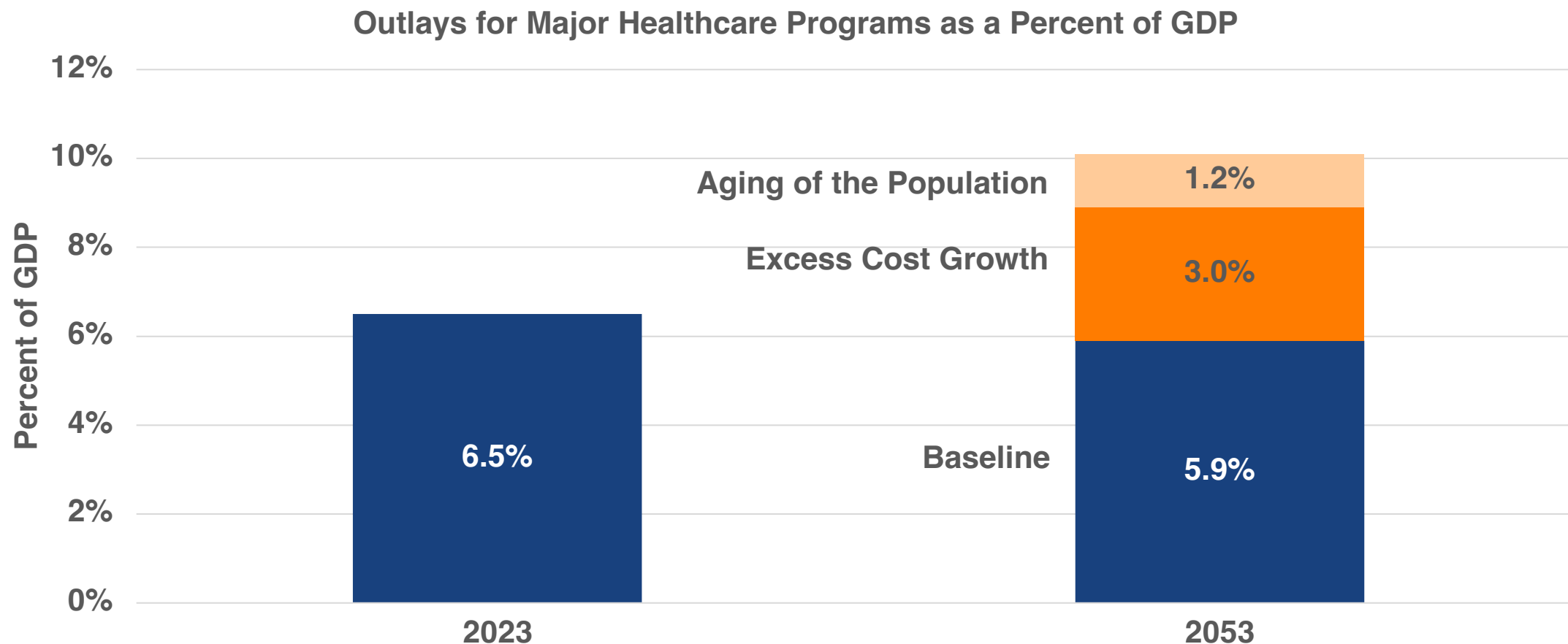
Healthcare inflation, an aging population, and rising net interest costs drive spending growth



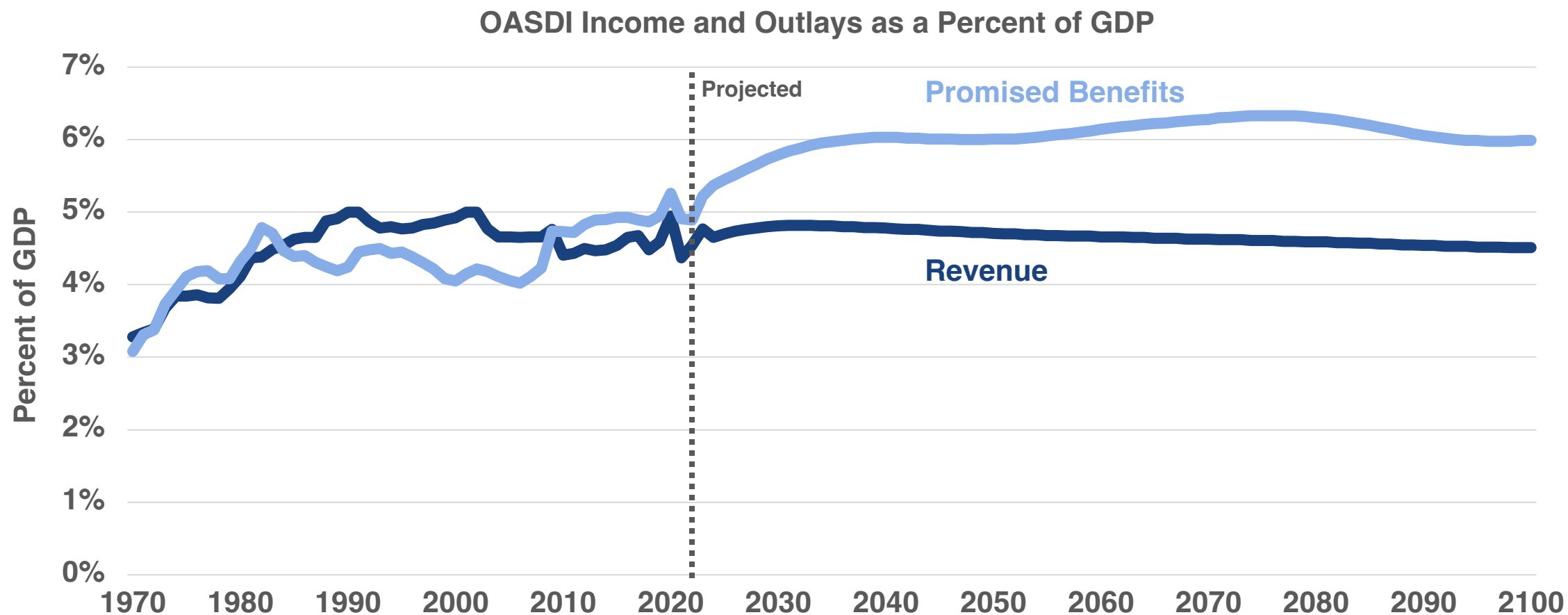
Source: Congressional Budget Office, *The Long-Term Budget Outlook*, June 2023

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Aging and Excess Cost Growth Drive Spending in Major Healthcare Programs



Social Security Promised Benefits and Revenue are Driven by an Aging Population

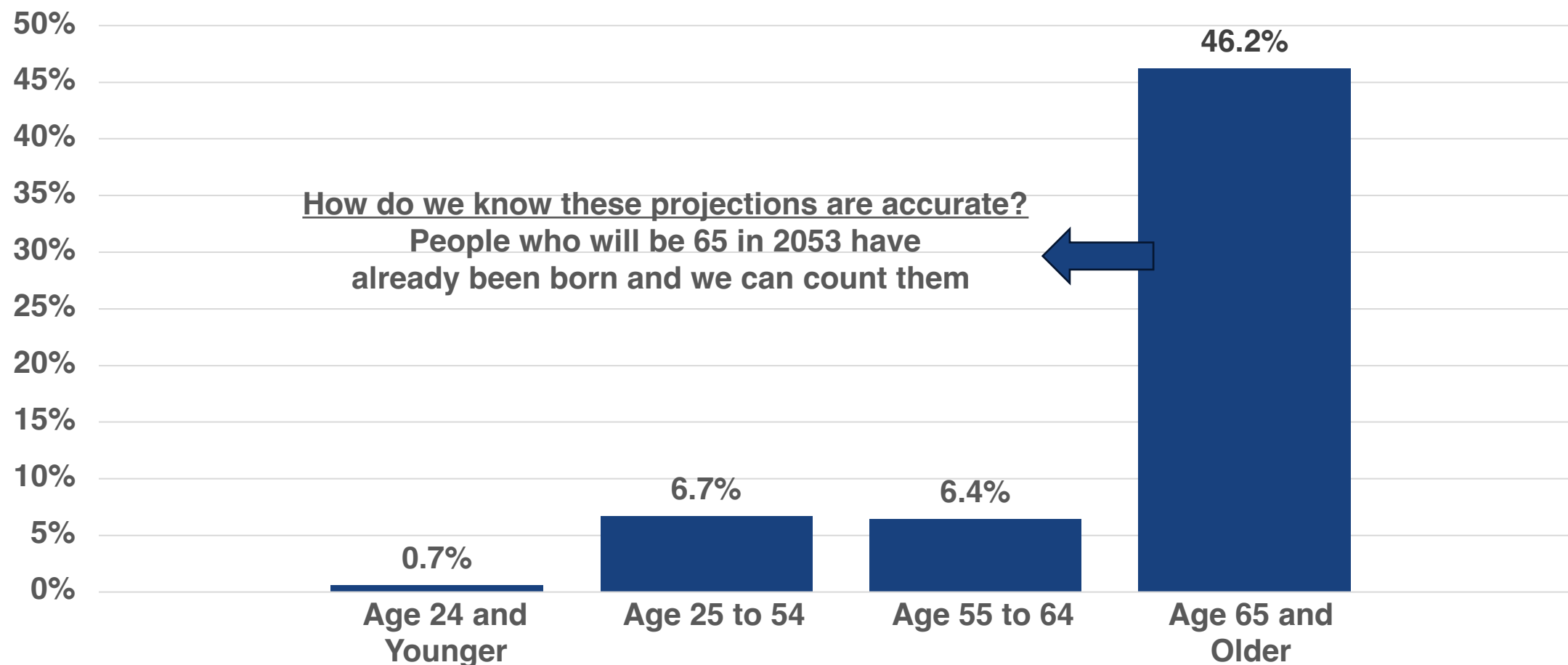


Source: 2023 Social Security Trustees Report, Table VI.G4

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America's Population is Aging: Senior Citizens are the Fastest Growing Age Group

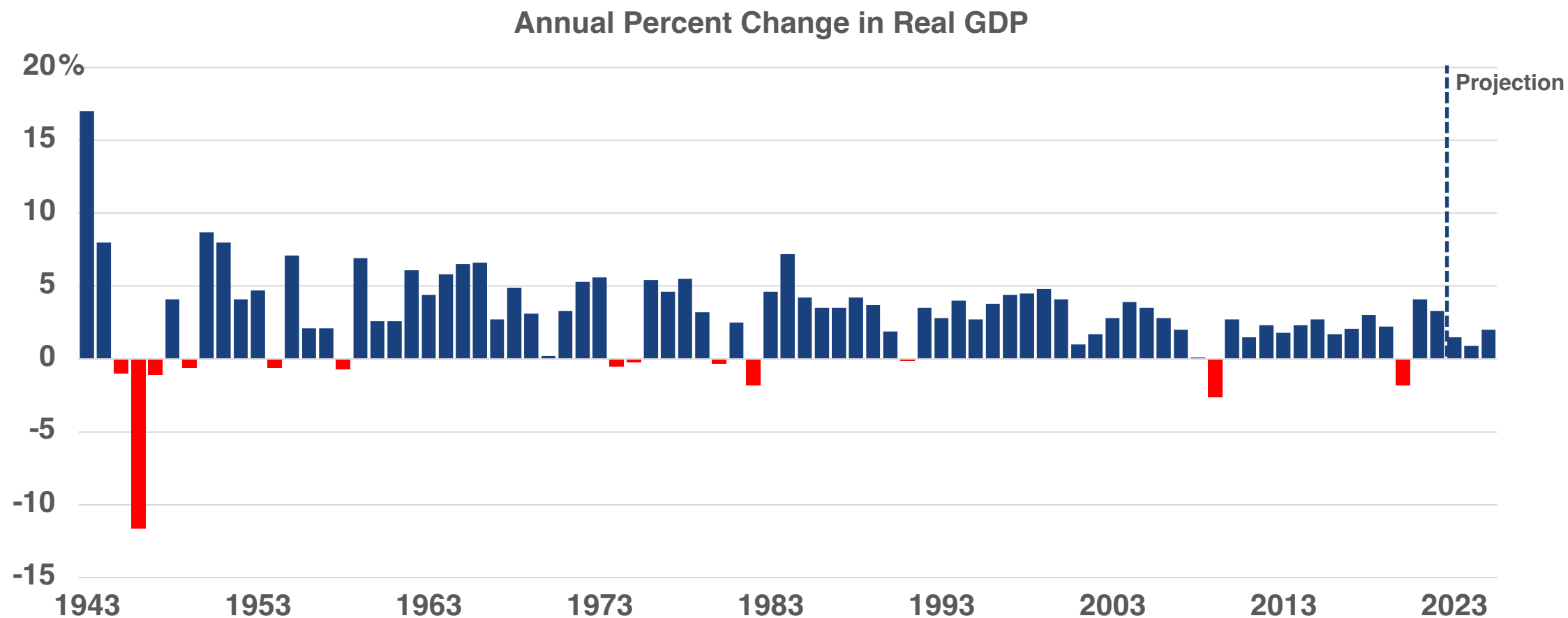
Projected Total Population Change, by Age Group, 2022-2053



Source: Congressional Budget Office, *The Demographic Outlook*, January 2023

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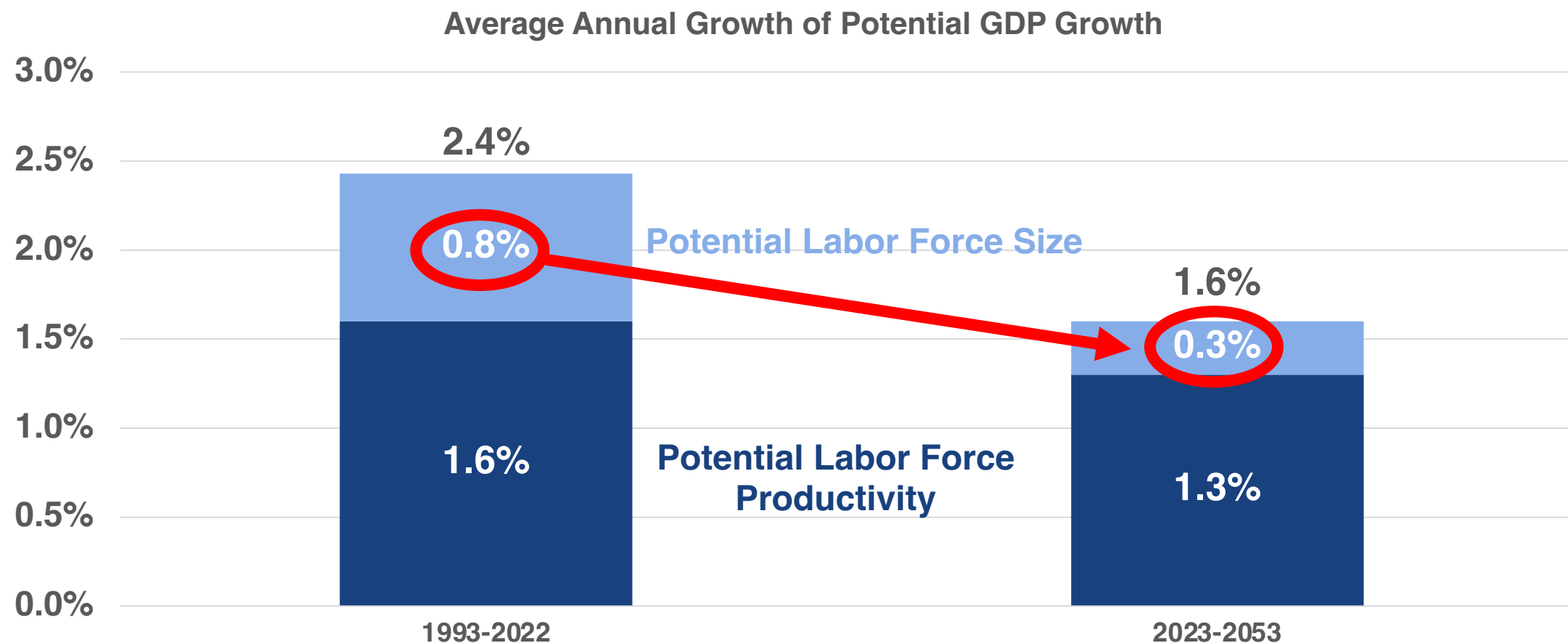
The U.S. Economy Can Grow Only as Fast as It Can Produce Output



Sources: St. Louis Federal Reserve (historical); Congressional Budget Office, *An Update to the Economic Outlook: 2023 to 2025*, July 2023 (projection)

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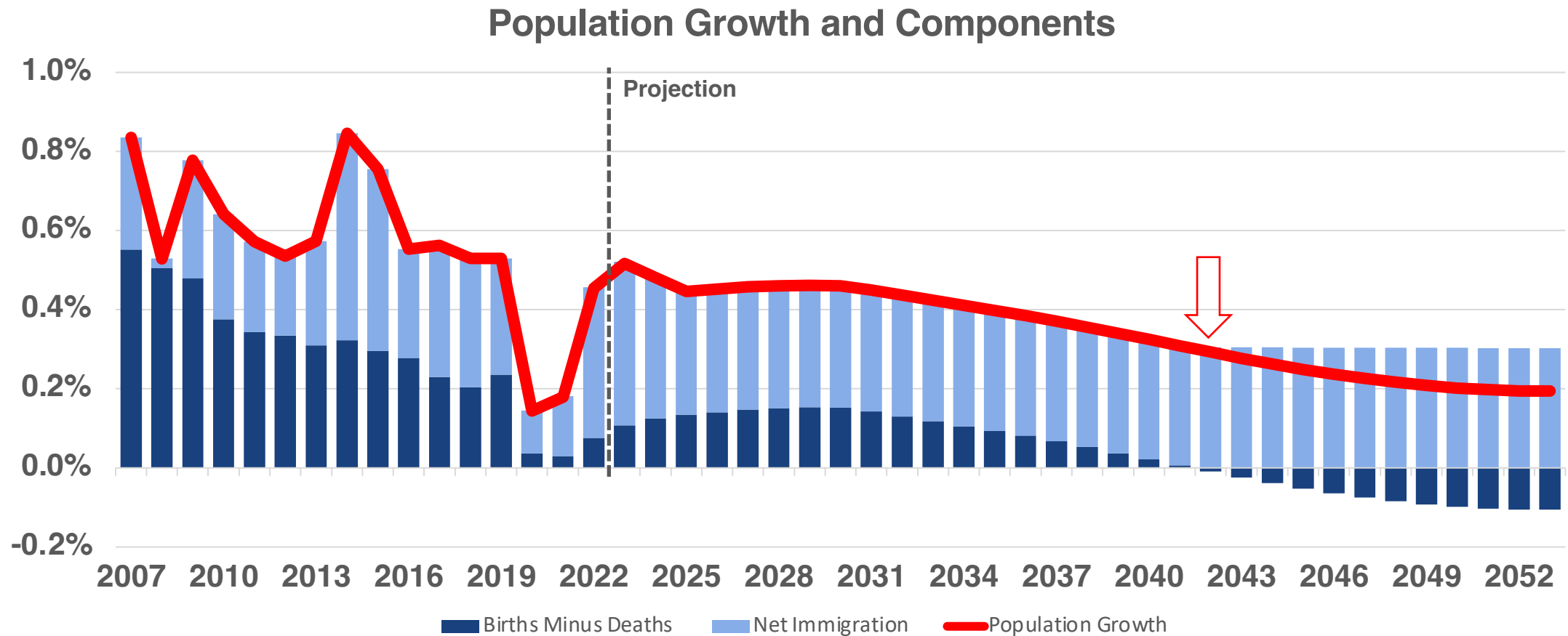
Domestic output is constrained by two key labor market variables



Source: Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 2023

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By 2042, U.S. deaths exceed births and population growth will be driven solely by immigration



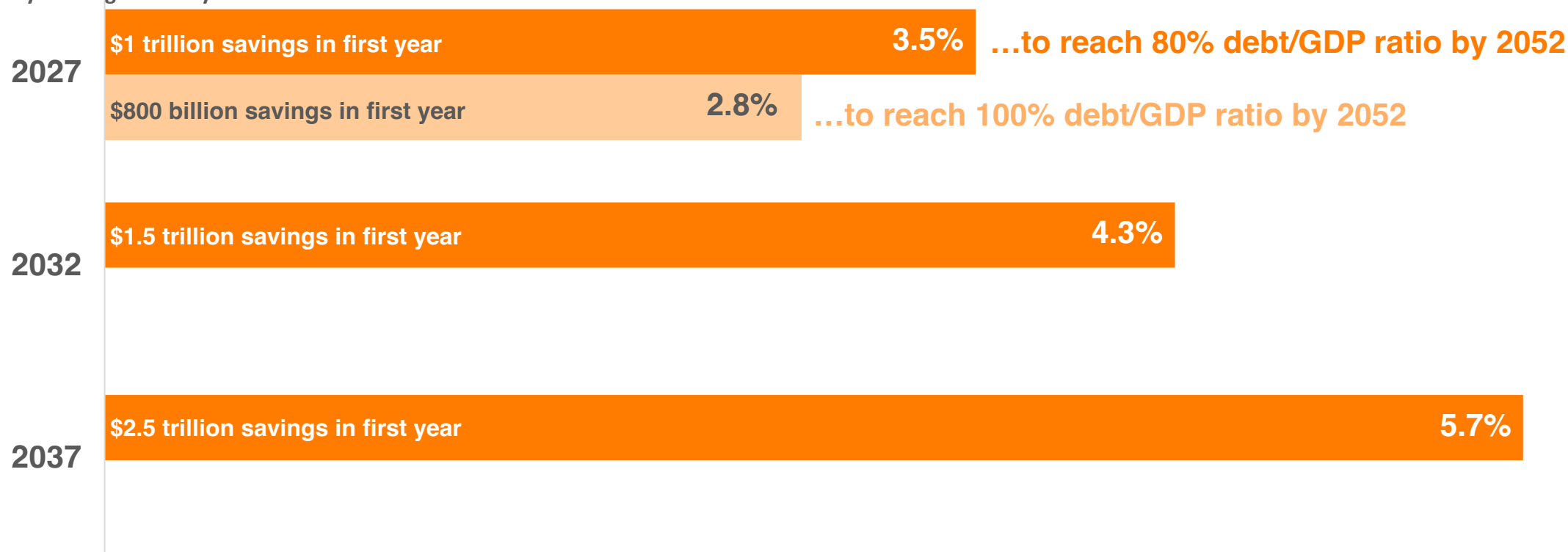
Source: Congressional Budget Office, *The Demographic Outlook: 2023 to 2053*, January 2023

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Delay in corrective action makes policy solutions more challenging

Deficit Reduction Needed as a Percent of GDP

Deficit reduction needed
by starting in fiscal year...



Why the National Debt Matters

- Rising debt reduces the fiscal space needed to respond to the next crisis (natural disasters, recession, another pandemic).
- Our fiscal security is closely linked to our national security and our ability to maintain a leading role in the world.
- We've run up so much debt, net interest costs will eventually exceed the cost of Social Security unless changes are implemented. Net interest cost is the fastest growing category of spending in the federal budget.
- If we don't cut spending, the only way to repay our debt will be higher taxes.
- Politicians have strong incentives to leave the debt problem for future generations – an unjust legacy to leave our children and grandchildren.

Key Points of Agreement

In our travels around the country with experts of diverse perspectives, we have found agreement on the following key points:

- Current fiscal policy is unsustainable.
- There are no easy solutions, such as cutting waste fraud and abuse, eliminating foreign aid, or growing our way out of the problem.
- Finding solutions will require bipartisan cooperation and a willingness to discuss all options.
- Public engagement and understanding is vital in finding solutions.
- This is not only about numbers. This is also an issue of intergenerational inequity.

How can I learn more?

- Sign up for our email updates at concordcoalition.org.
- Download and share our podcast **Facing the Future**
- Volunteer to be a Fiscal Lookout.
- Give this chart talk in your community, take the Fiscal Challenge, or lead a Principle & Priorities exercise.
- Follow us on (Twitter: @ConcordC; LinkedIn: The-Concord-Coalition, Facebook: ConcordCoalition)
- Support The Concord Coalition financially. We need your help!

