



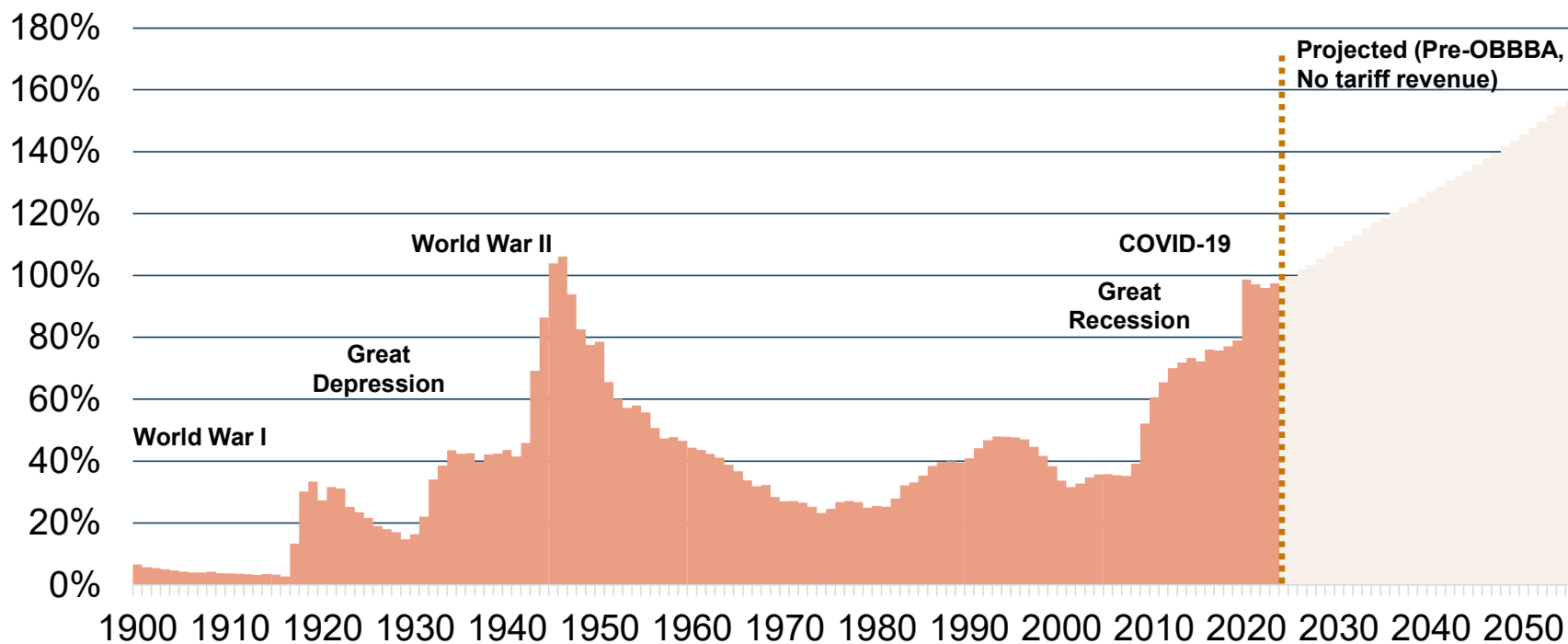
FACING THE FUTURE: OUR FISCAL CHALLENGE

Dr. Carolyn Bourdeaux



Our National Debt is on an Unsustainable Path

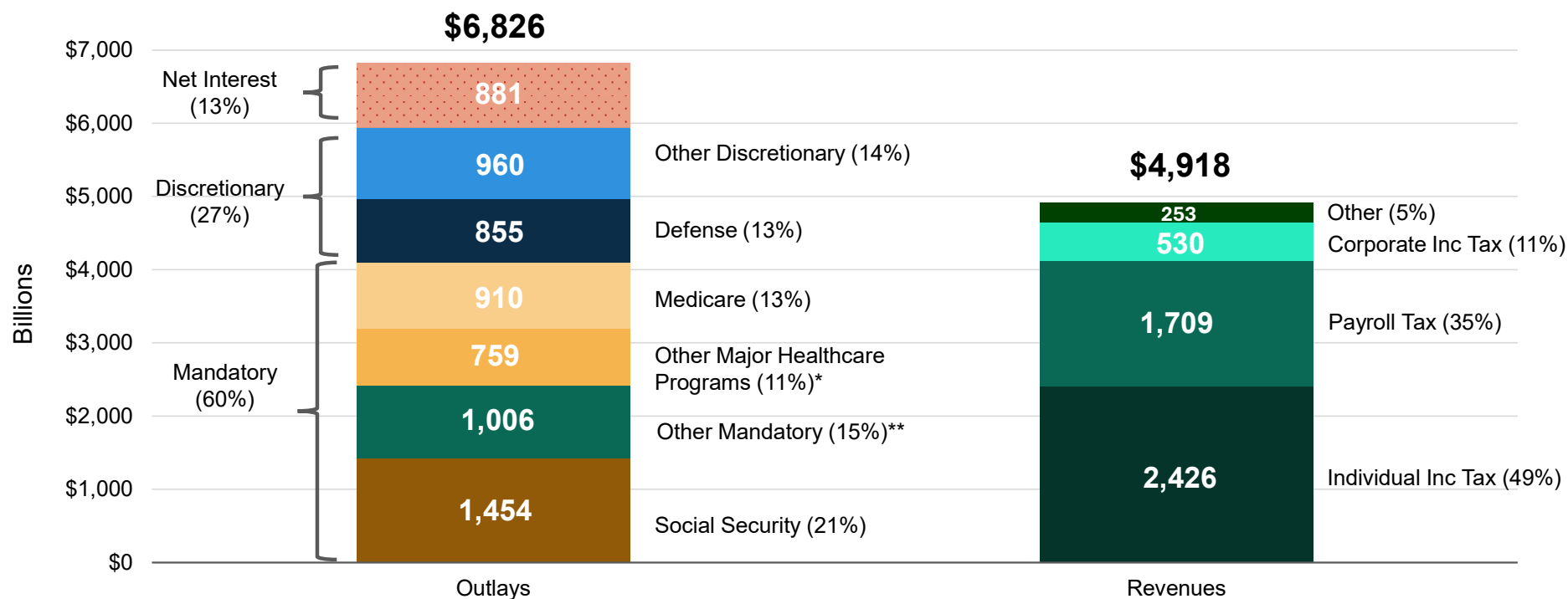
Debt Held by the Public as a Percent of GDP, 1900-2055



Source: Congressional Budget Office - historical data and *The 2025 Long-Term Budget Outlook*, March 2025

Composition of FY 2024 Federal Budget

Deficit: \$1,907 billion



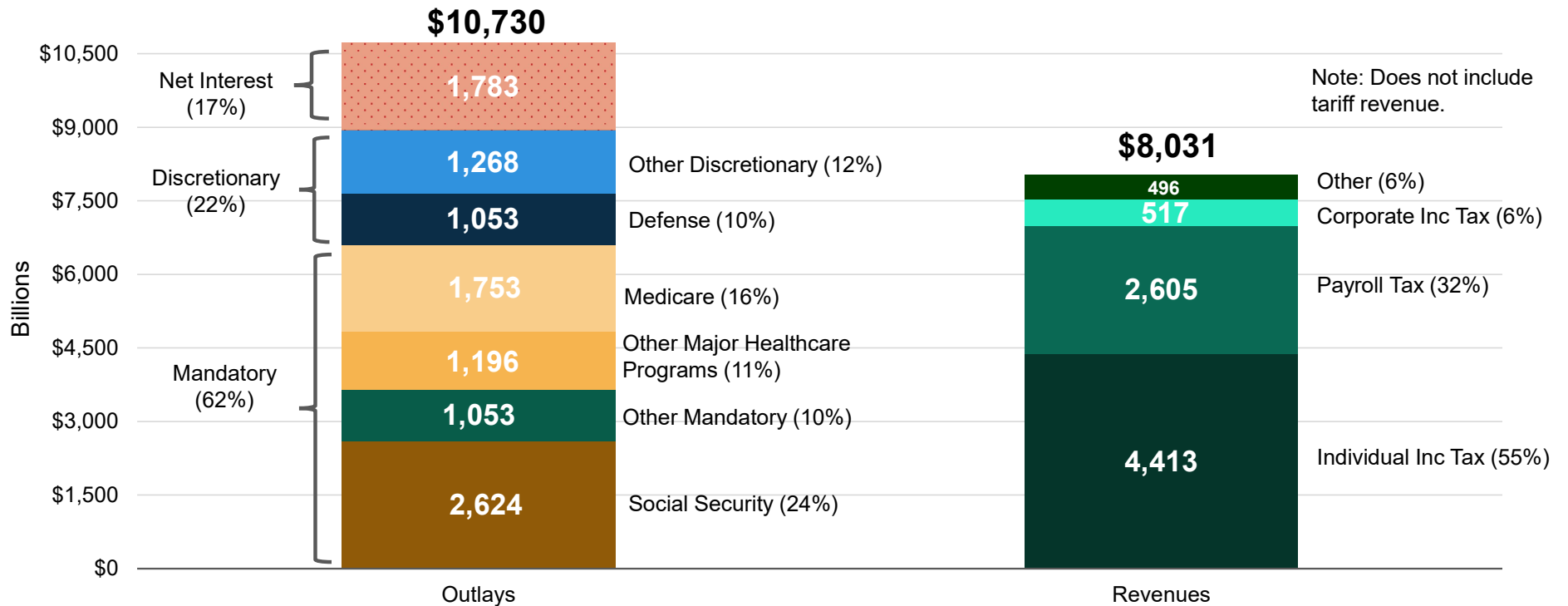
*Other Major Healthcare Programs includes Medicaid, Children’s Health Insurance Program, and premium tax credits.

**Other Mandatory includes income security programs, federal retirement programs, veteran’s programs, higher education, agriculture, deposit insurance, and others.

Source: The Congressional Budget Office, *Data that supplements CBO’s January 2025 report The Budget and Economic Outlook: 2025 to 2035.*

Composition of FY 2035 Federal Budget (proj.)

Deficit: \$2,699 billion (Pre-OBBBA)

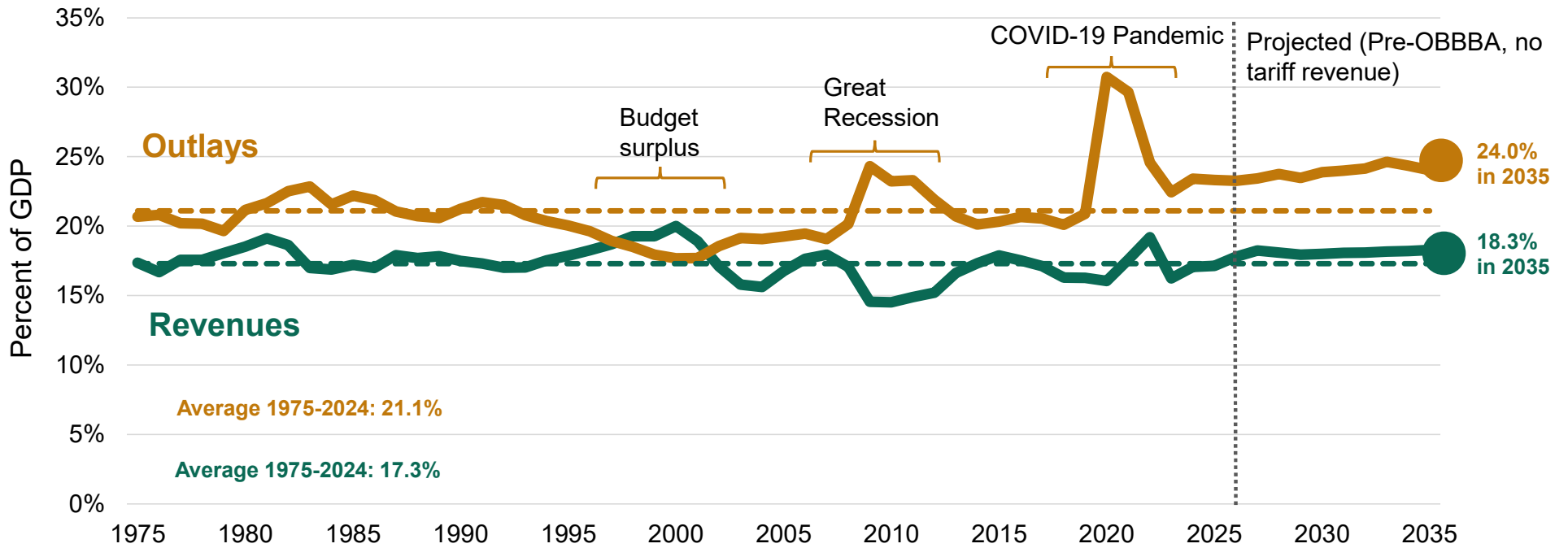


*Other Major Healthcare Programs includes Medicaid, Children’s Health Insurance Program, and premium tax credits.

**Other Mandatory includes income security programs, federal retirement programs, veteran’s programs, higher education, agriculture, deposit insurance, and others.

The Gap Between Projected Federal Spending and Revenue is Wide

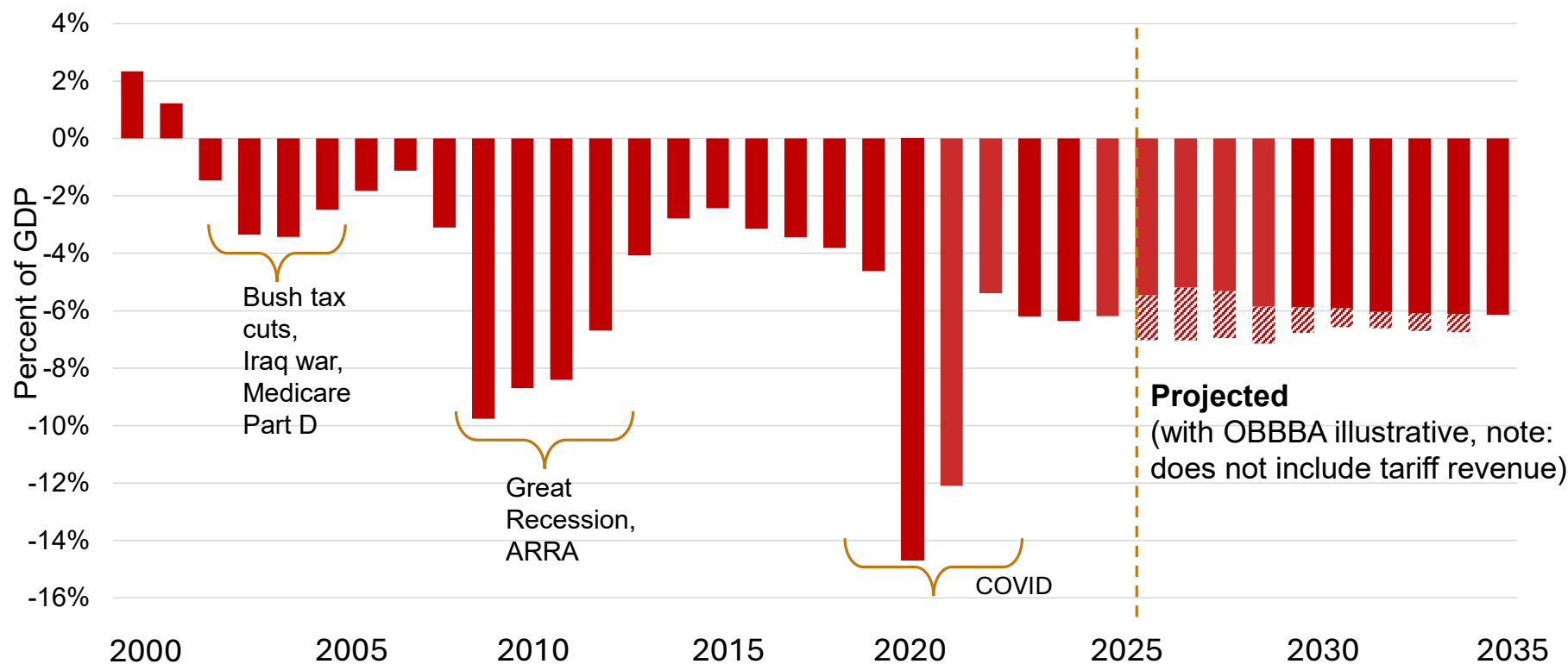
Total Federal Revenues and Outlays as a Percent of GDP



Source: CBO's January 2025 report *The Budget and Economic Outlook: 2025 to 2035*.

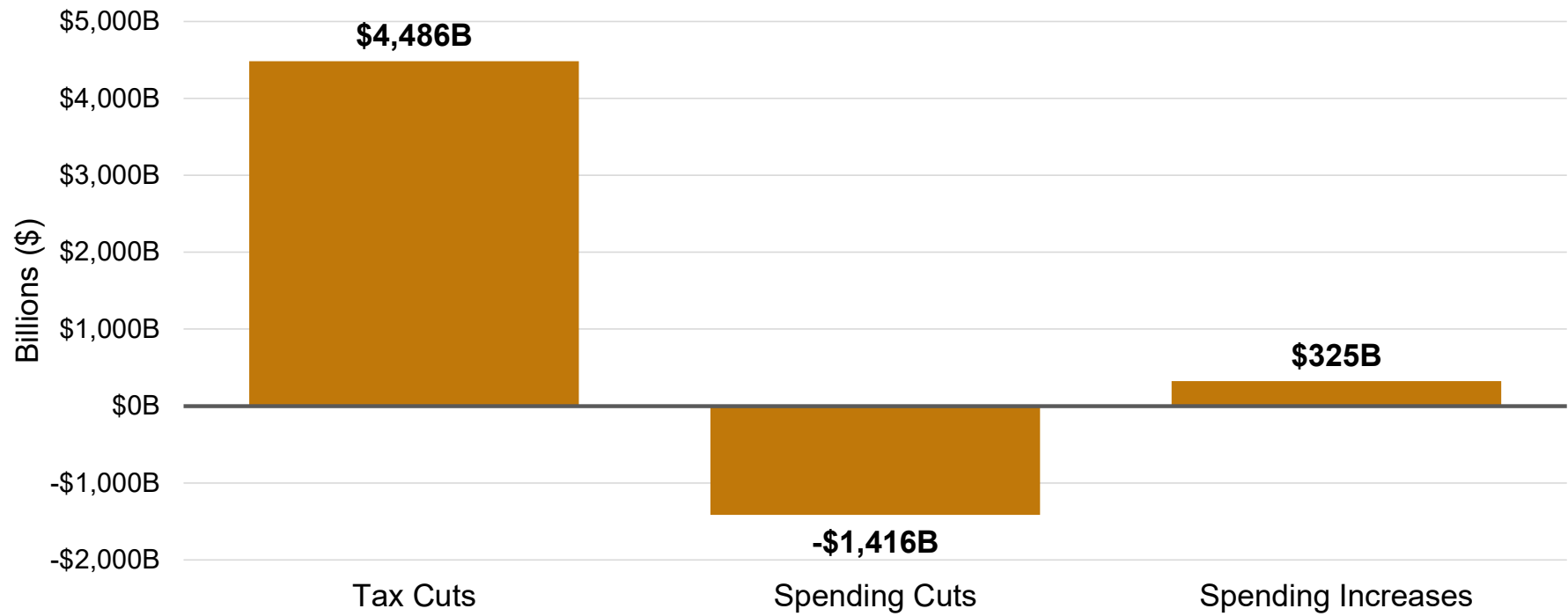
From Surplus to Deficits

Annual Budget Deficits as a Percent of GDP, 2000-2035



Source: CBO's March 2025 report *The Long-Term Budget Outlook: 2025 to 2055*.

Deficit Effect of Major OBBBA Components



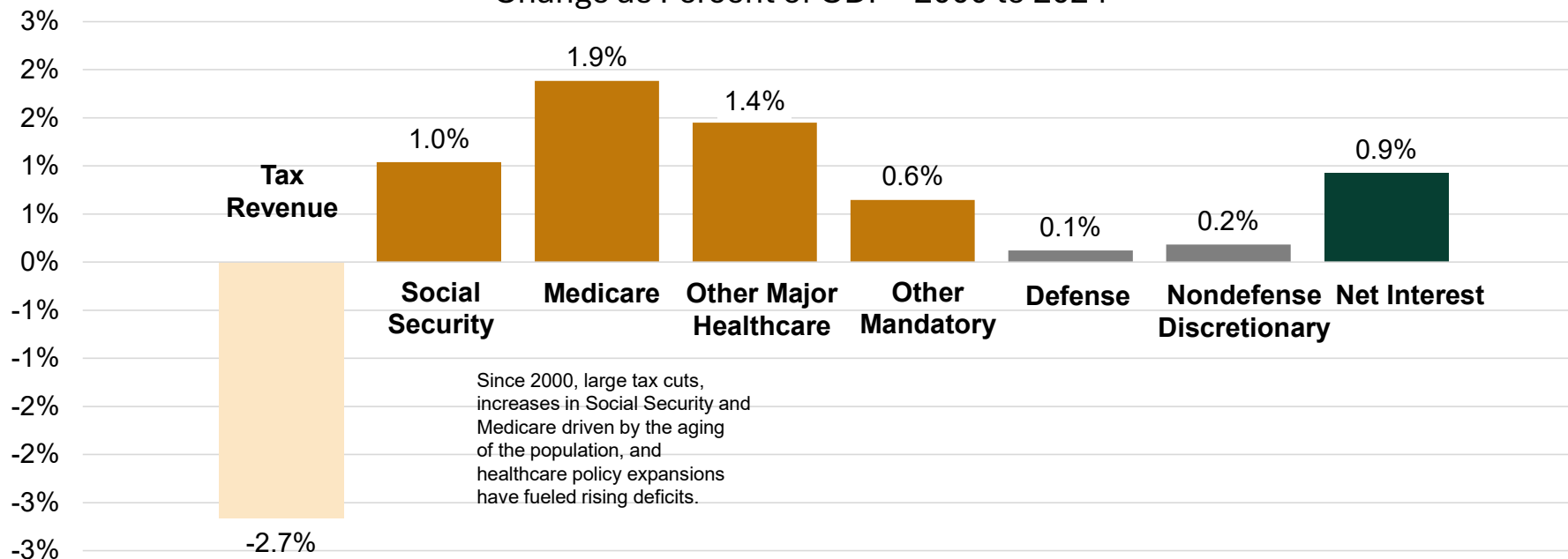
Source: Congressional Budget Office

What Happened to the Budget Surplus?

2000: Budget Surplus of 2.3% of GDP

2024: Budget Deficit of 6.6% of GDP

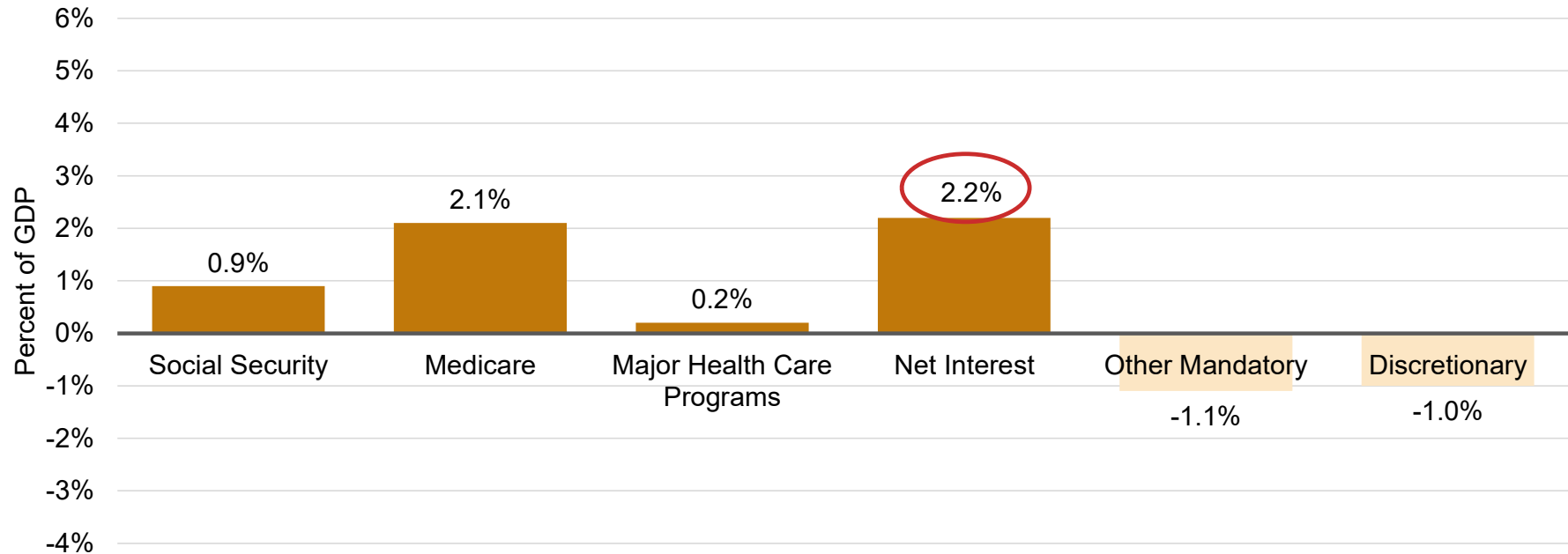
Change as Percent of GDP - 2000 to 2024



Source: Congressional Budget Office, *Supplemental data from CBO's January 2025 report The Budget and Economic Outlook: 2025 to 2035; CBO, Historical Budget Data, January 2025*

Social Security, Medicare, and Net Interest are Driving Expenditure Growth

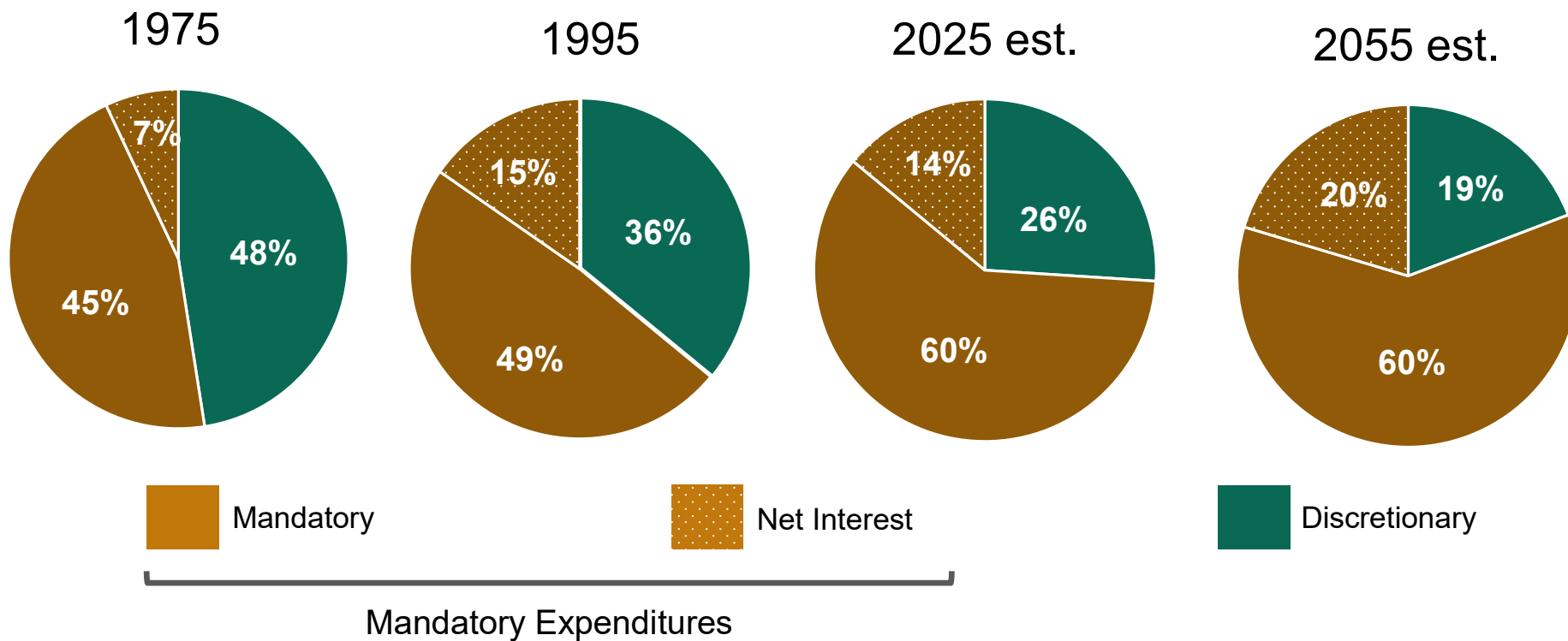
Change in Outlays as a Percent of GDP, 2025-2055



Source: Congressional Budget Office, *The Long-Term Budget Outlook*, March 2025

Mandatory Expenditures are Squeezing out Discretionary Priorities

Spending as a Percent of Total Federal Outlays

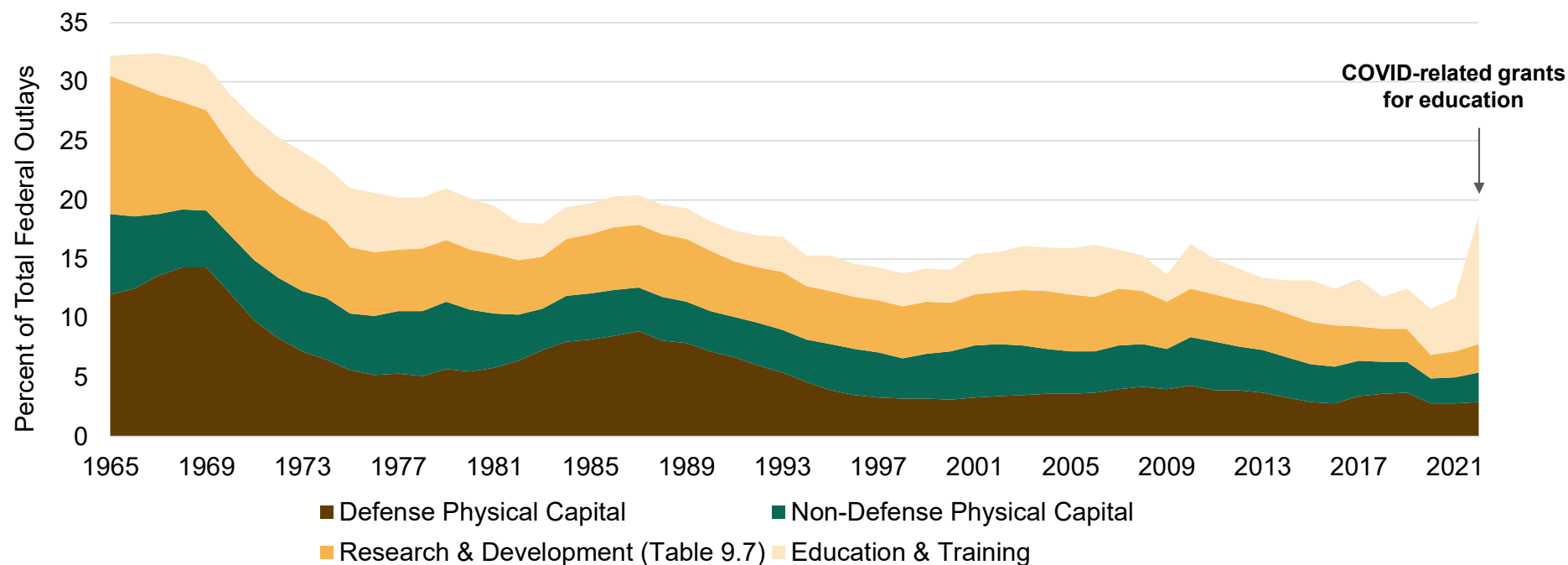


figures may not sum due to rounding

Source: Congressional Budget Office; historical data, and budget projections published in conjunction with *An Update to the Budget Outlook 2025-2035* (January 2025), *The 2025 Long-Term Budget Outlook*, (March 2025)

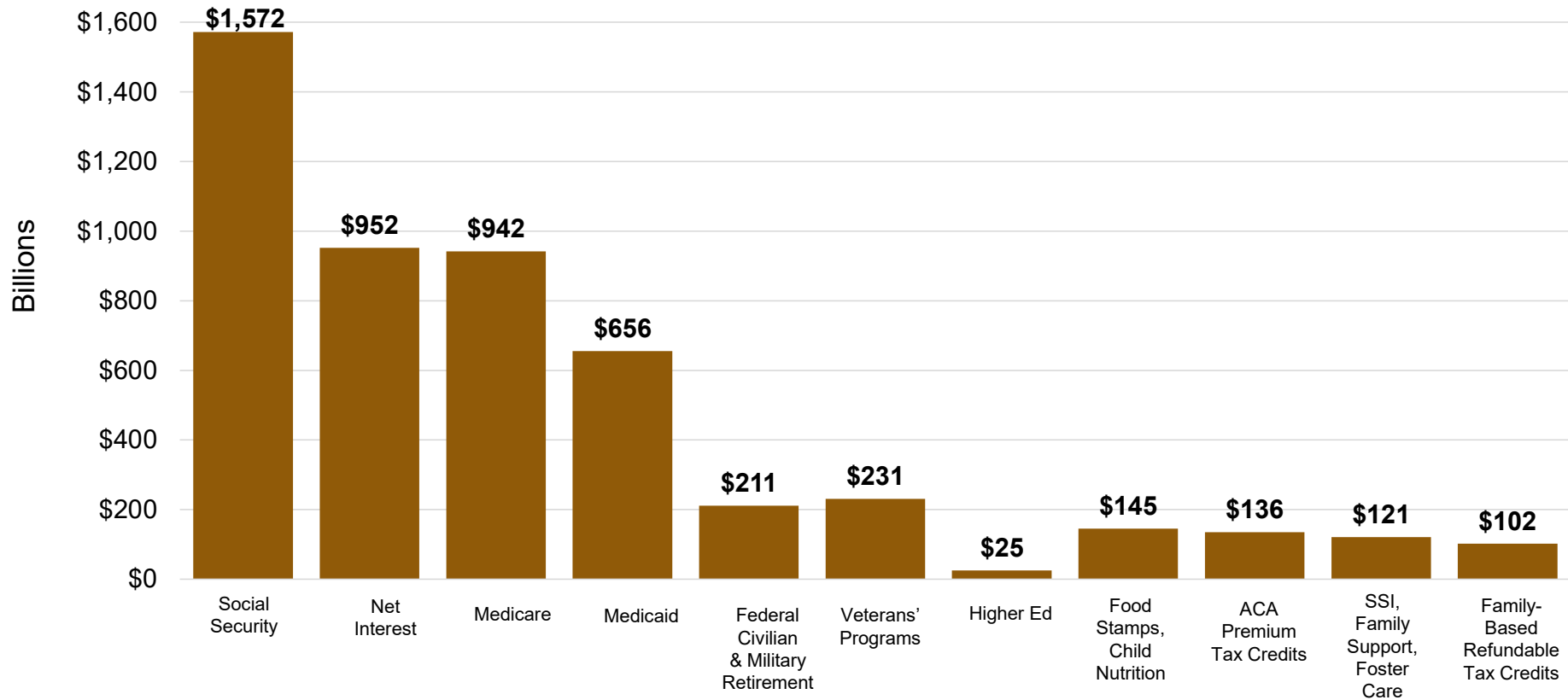
All Types of Federal Investment Have Declined

Federal Investment by Category, as a Percent of Total Outlays



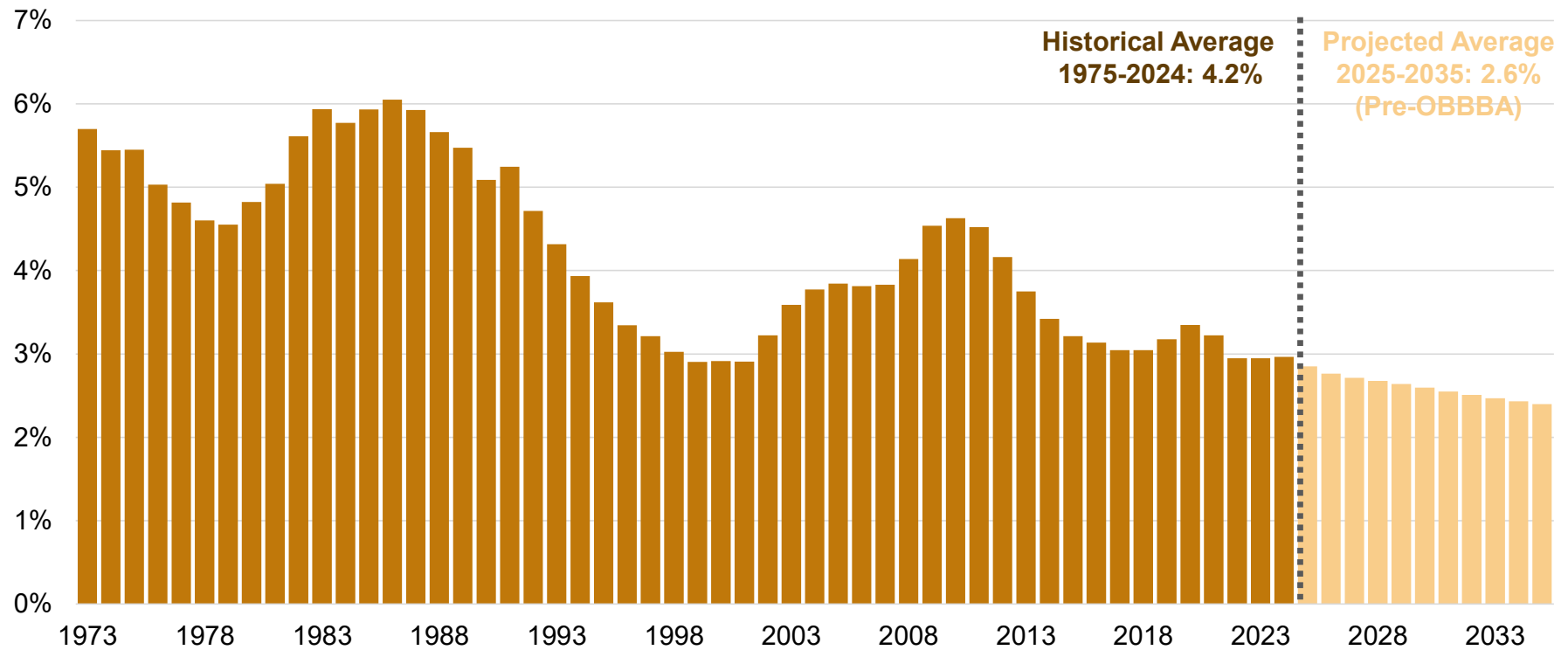
Source: Office of Management and Budget, Historical Budget Data accompanying the President's Budget for FY 2025, Tables 9.3, 9.7, 9.9

Categories of Mandatory Spending (FY 2025, Proj.)



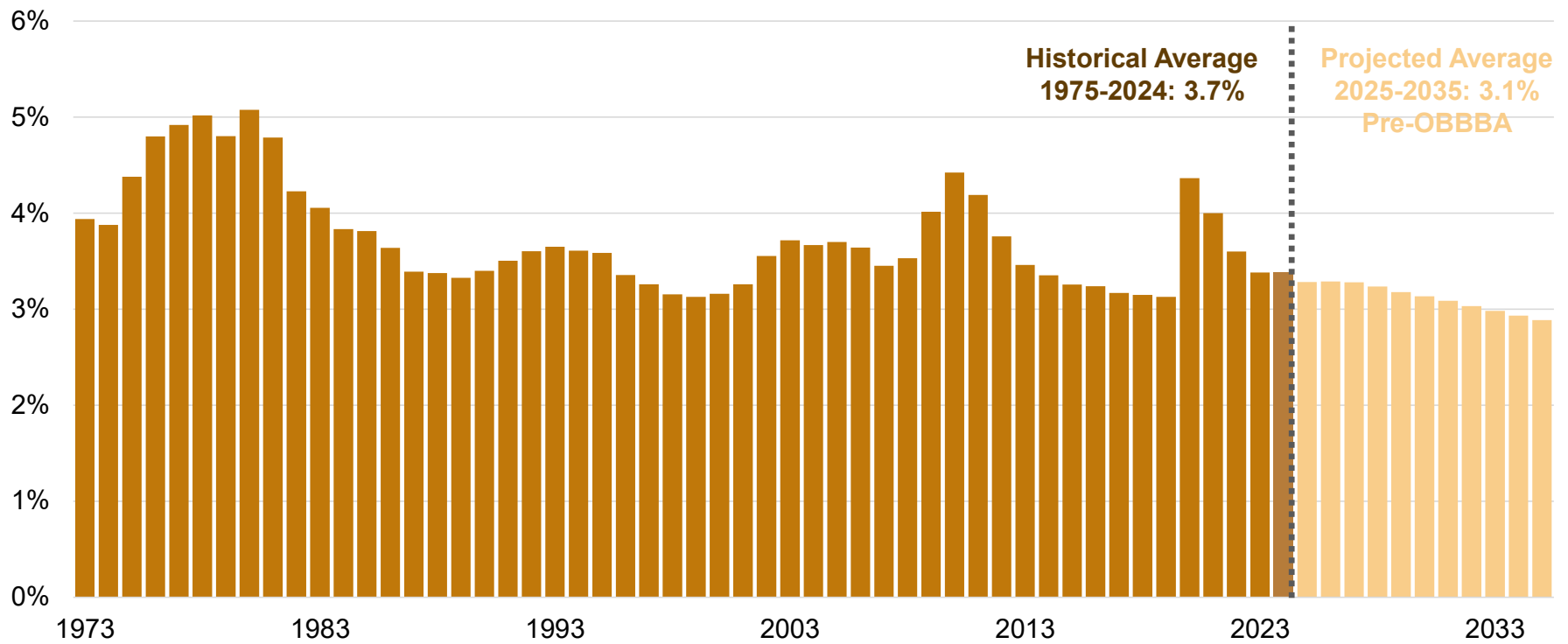
Source: Congressional Budget Office, *The Budget and Economic Outlook*, January 2025

Defense Discretionary Spending as a Share of GDP



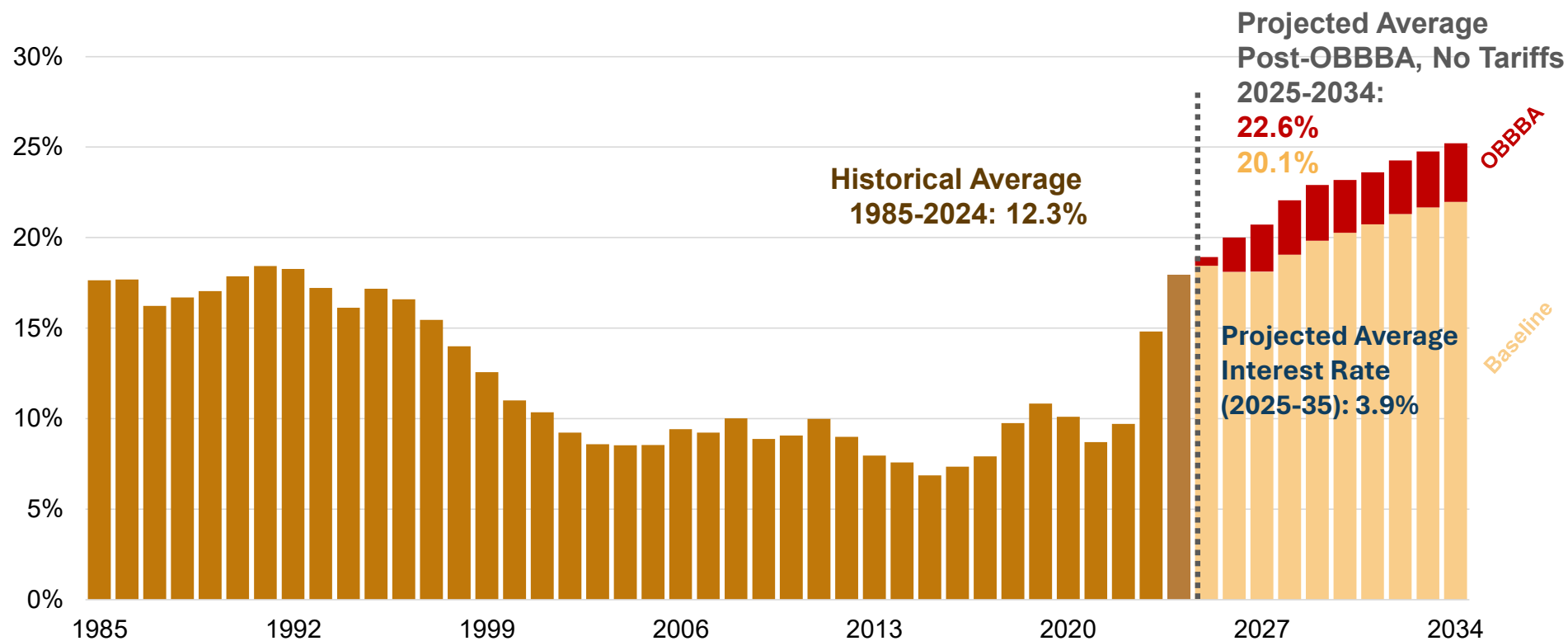
Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook*, Jan 2025 (calculations by The Concord Coalition)

Nondefense Discretionary Spending as a Share of GDP



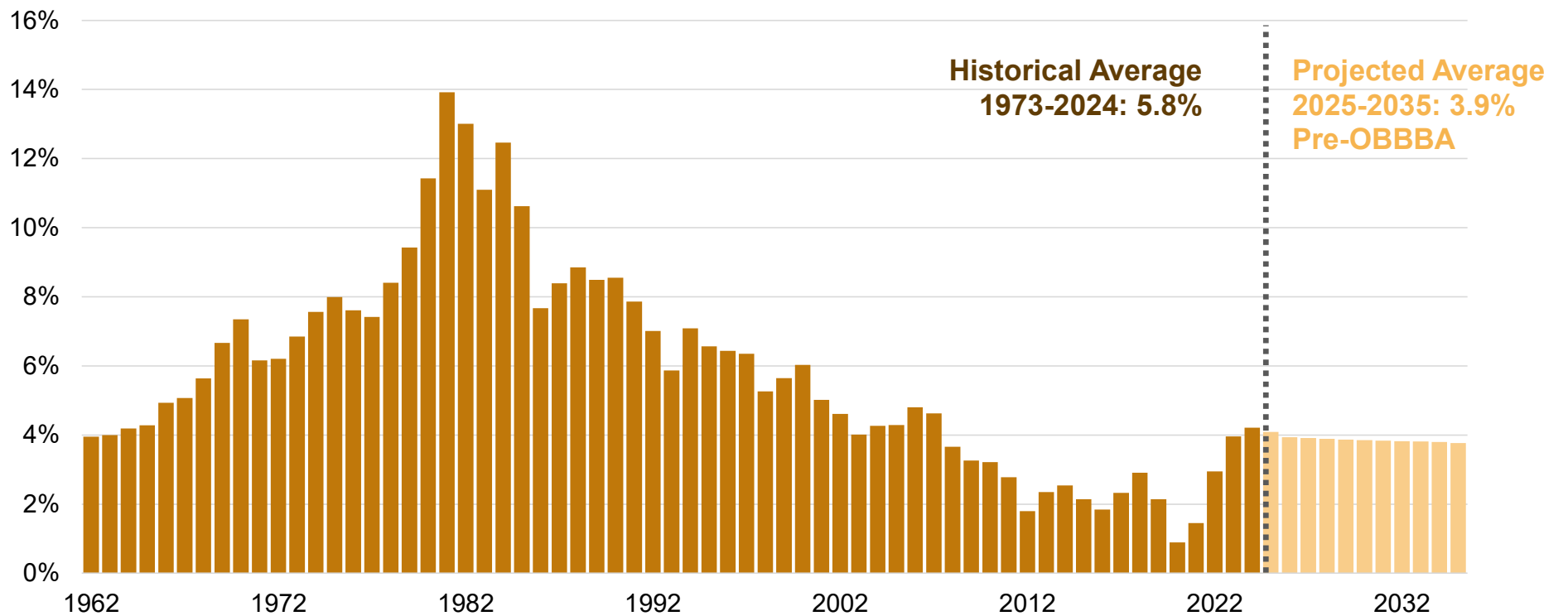
Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook*, January 2025 (calculations by The Concord Coalition)

Net Interest Outlays as a Share of Revenues



Source: Congressional Budget Office, Committee for a Responsible Federal Budget (Calculations by the Concord Coalition)

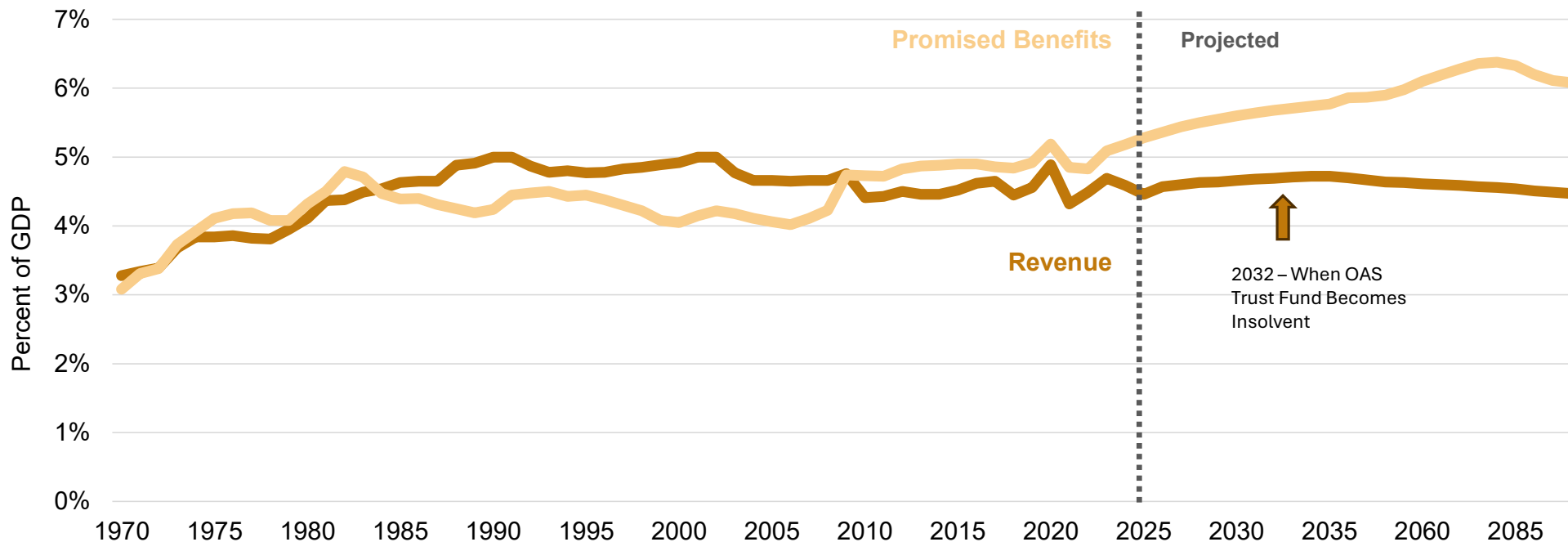
Interest Rates May Not Remain at Historic Lows



Source: Congressional Budget Office, Long-Term Economic Projections March 2025; Federal Reserve Economic Data

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

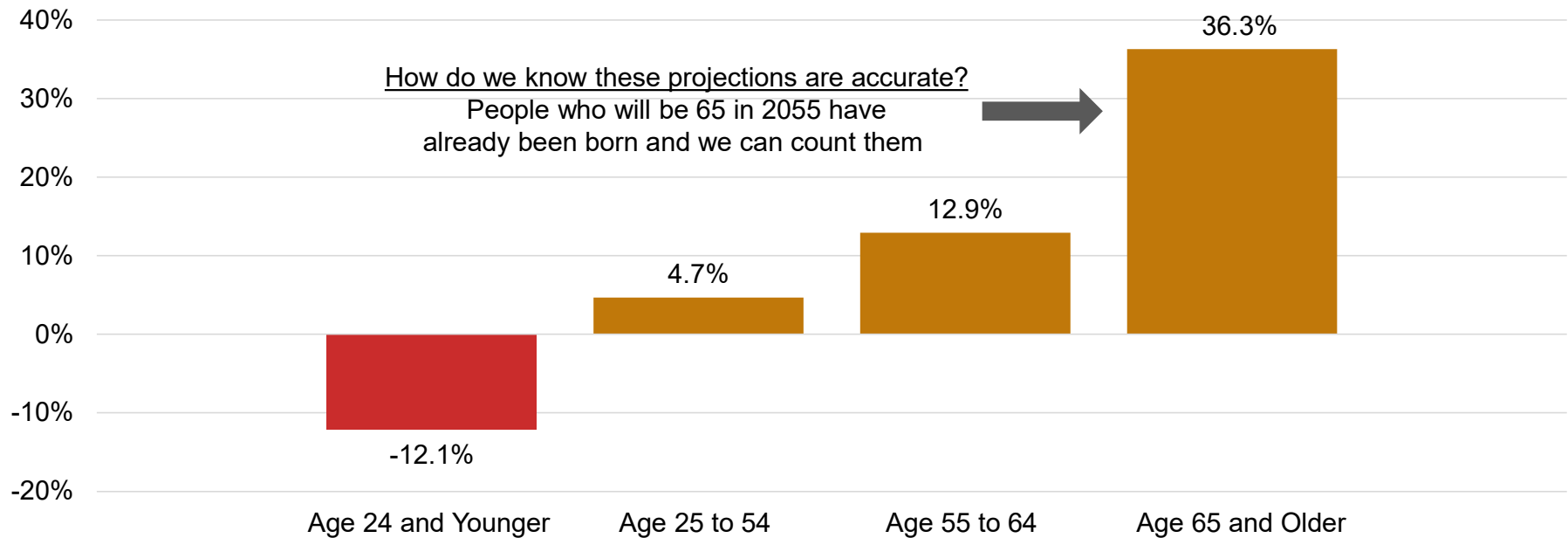
OASDI Income and Outlays as a Percent of GDP



Source: 2025 Social Security Trustees Report, Table VI.G4

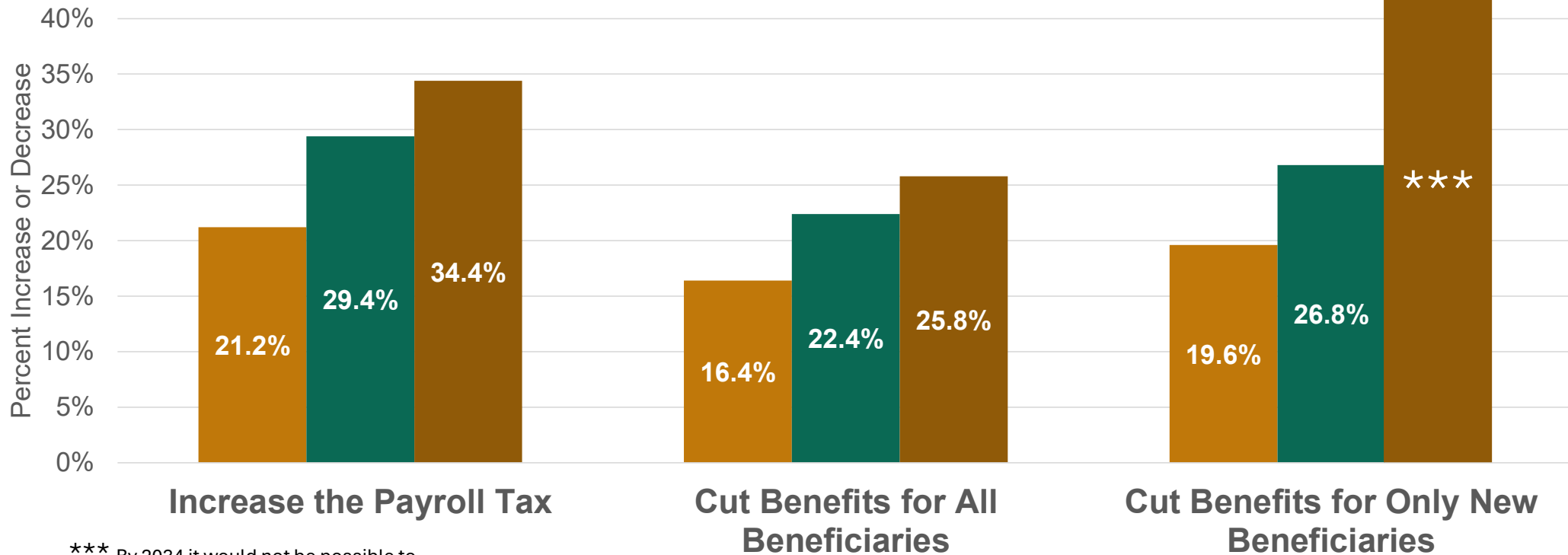
America's Population is Aging: Senior Citizens are the Fastest Growing Age Group

Projected Total Population Change, by Age Group, 2025-2055



Source: Congressional Budget Office, *The Demographic Outlook 2025 to 2055*, January 2025

Illustrative Scenarios for Addressing 75-Year Social Security Insolvency: Delaying Social Security Reform Means Larger Changes

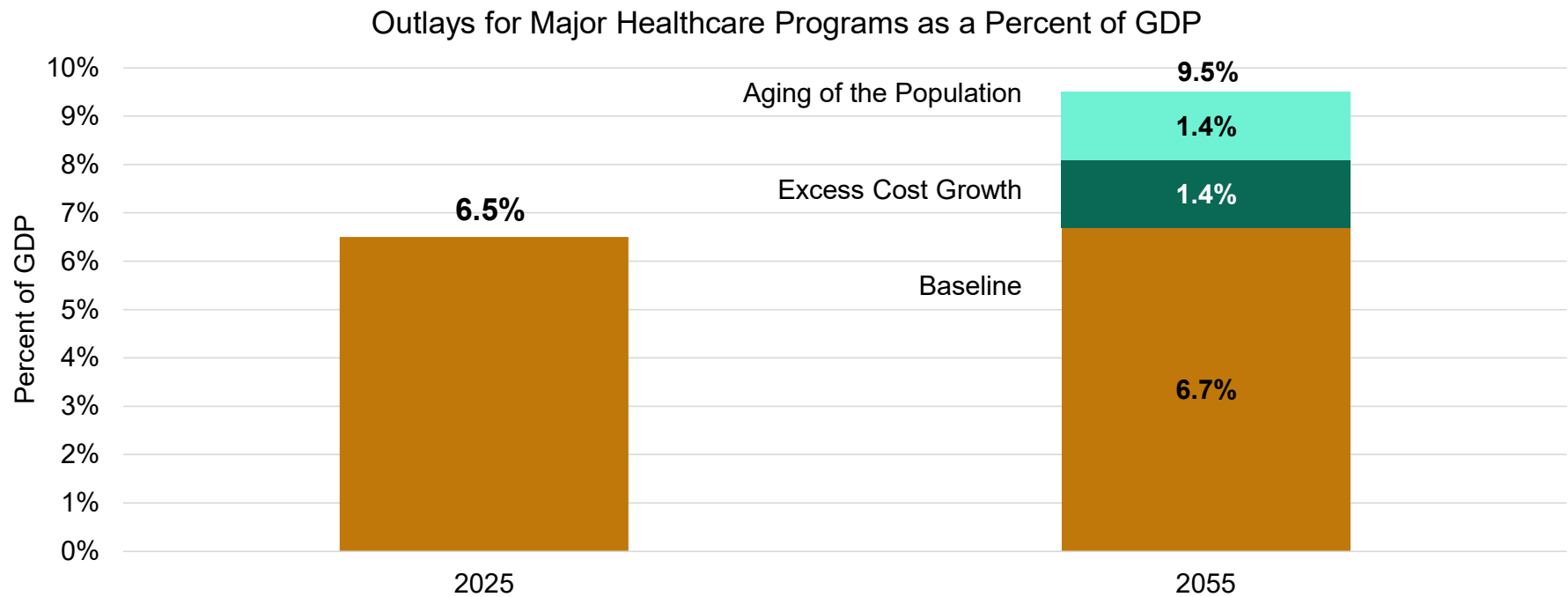


*** By 2034 it would not be possible to achieve 75-year trust fund solvency by cutting benefits for only new beneficiaries

■ in 2015 ■ in 2025 ■ in 2034

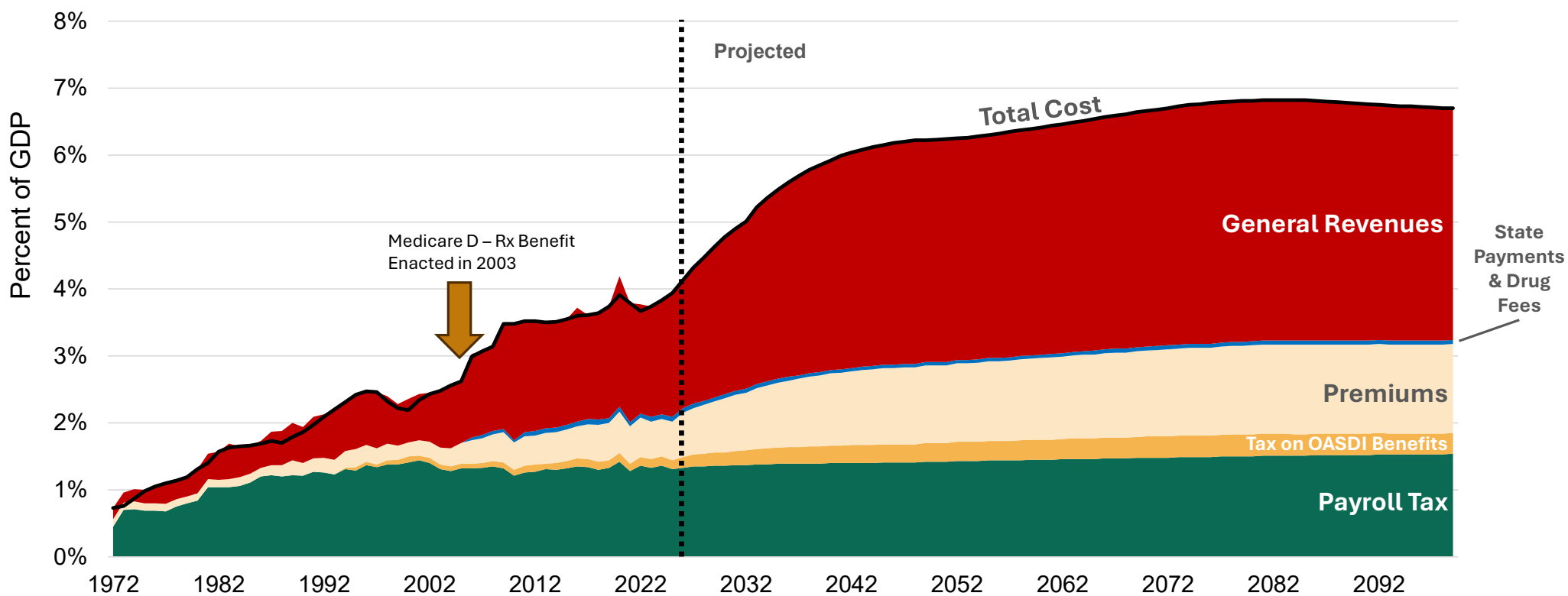
Source: Social Security Administration, Concord Coalition Calculation

Aging and Excess Cost Growth Drive Spending in Major Healthcare Programs



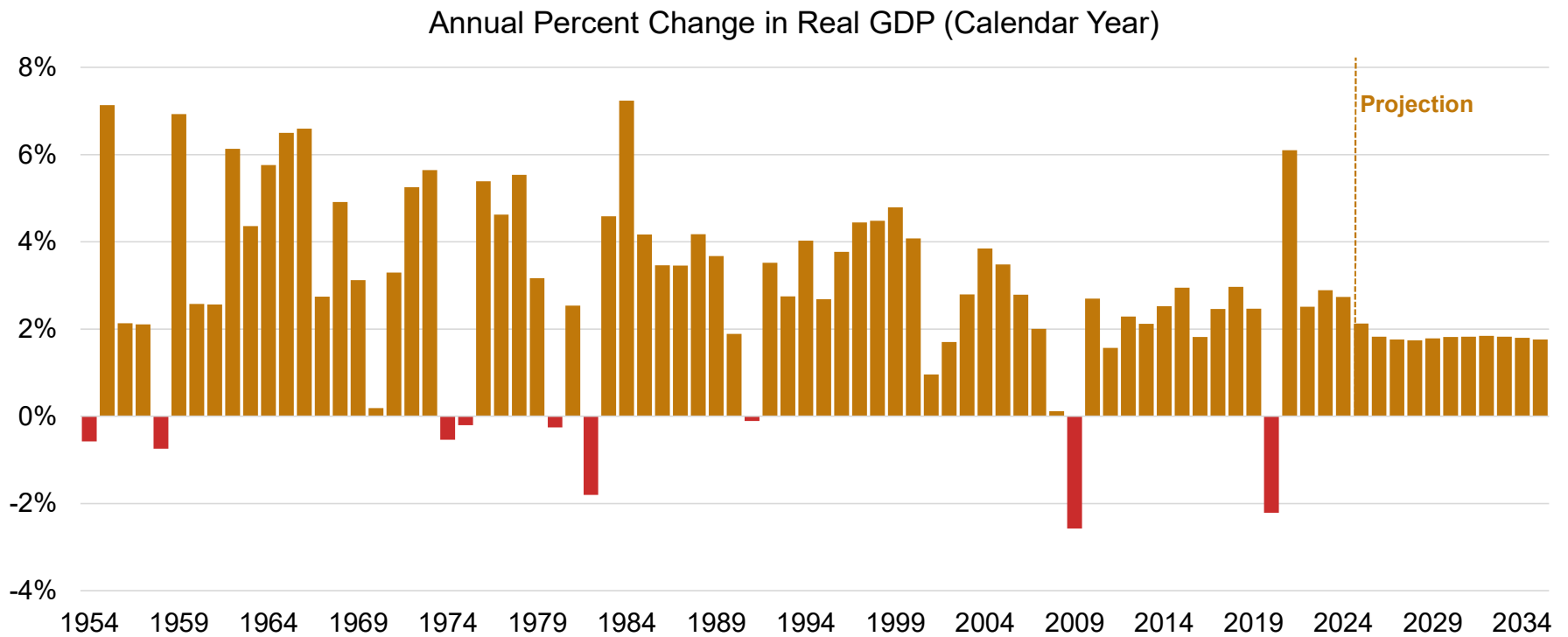
Source: Congressional Budget Office, *The Long-Term Budget Outlook*, March 2025

Increasing Share of General Revenues Will Cover Growing Cost of Medicare (Includes both HI and SMI)



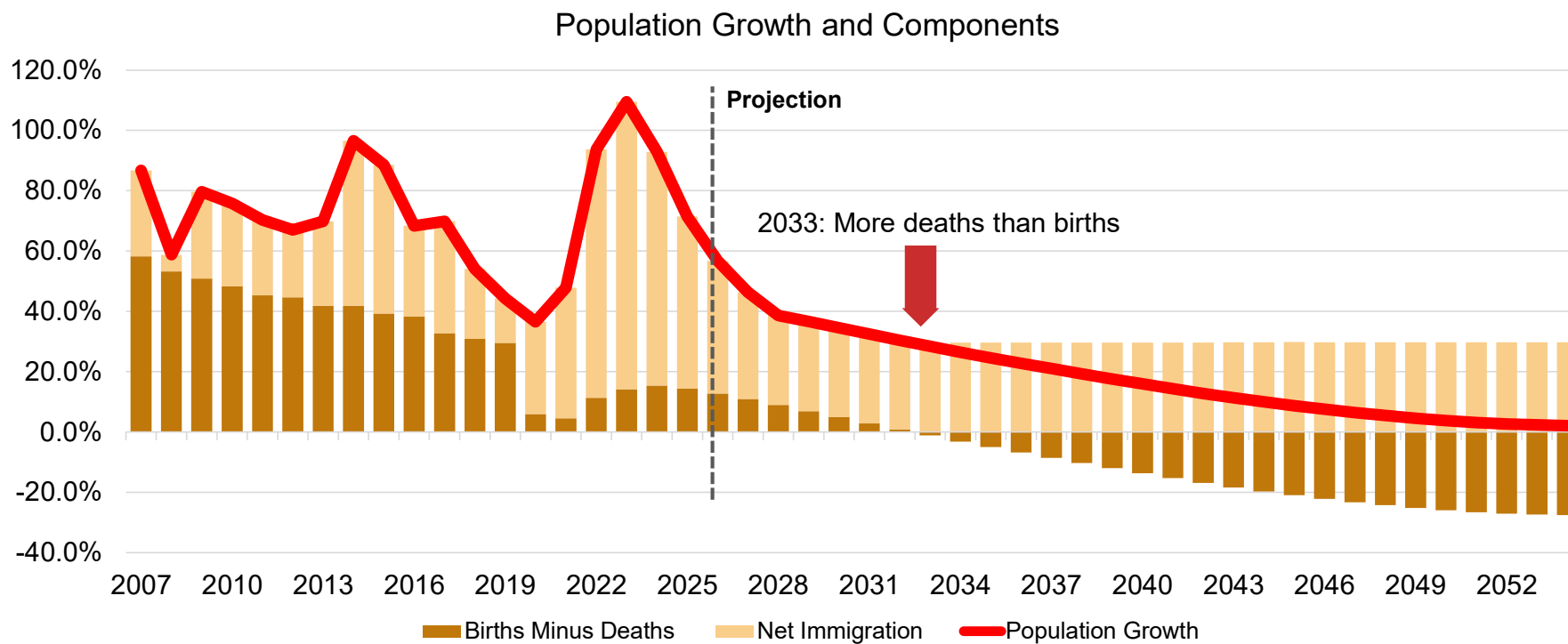
Source: 2025 Summary of the Social Security and Medicare Trustees Reports, Chart C

The U.S. Economy Is Projected to Slow



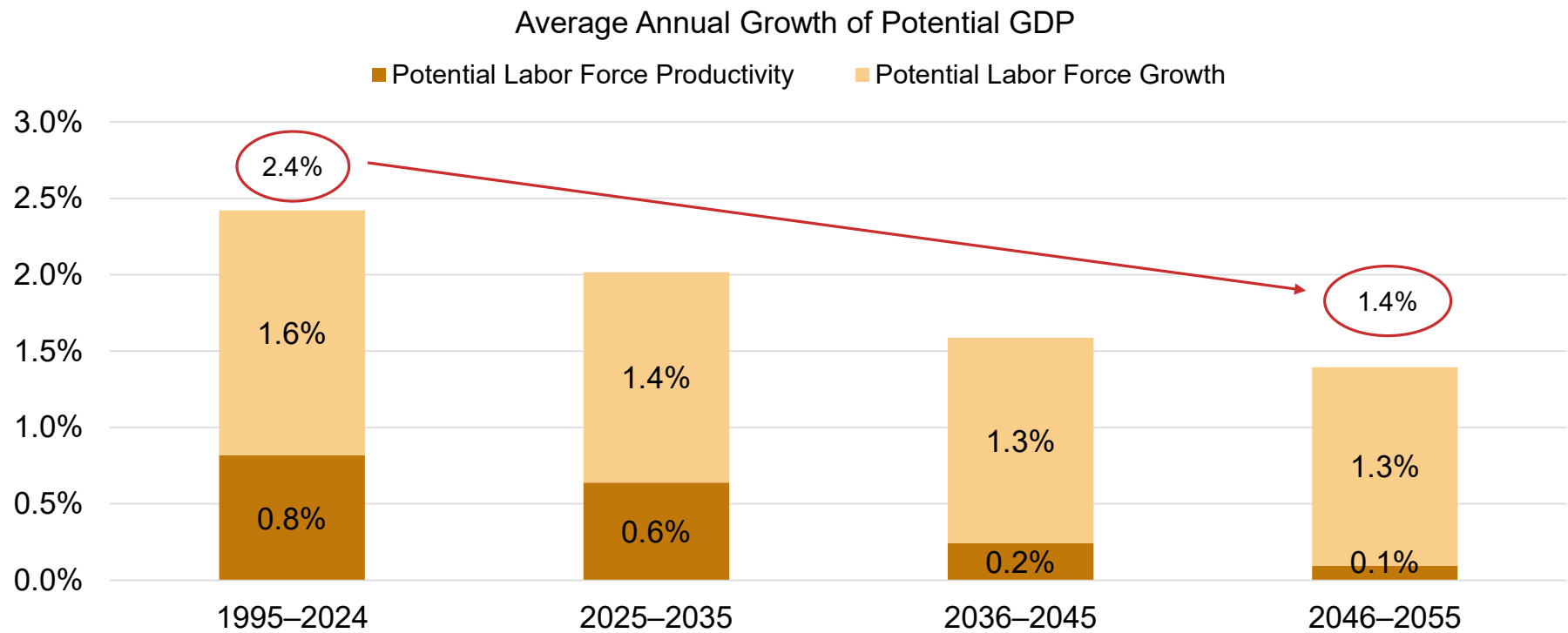
Source: U.S. Bureau of Economic Analysis (historical data) and *The Budget and Economic Outlook: 2025 to 2035*, January 2025

U.S. Population Growth is Slowing



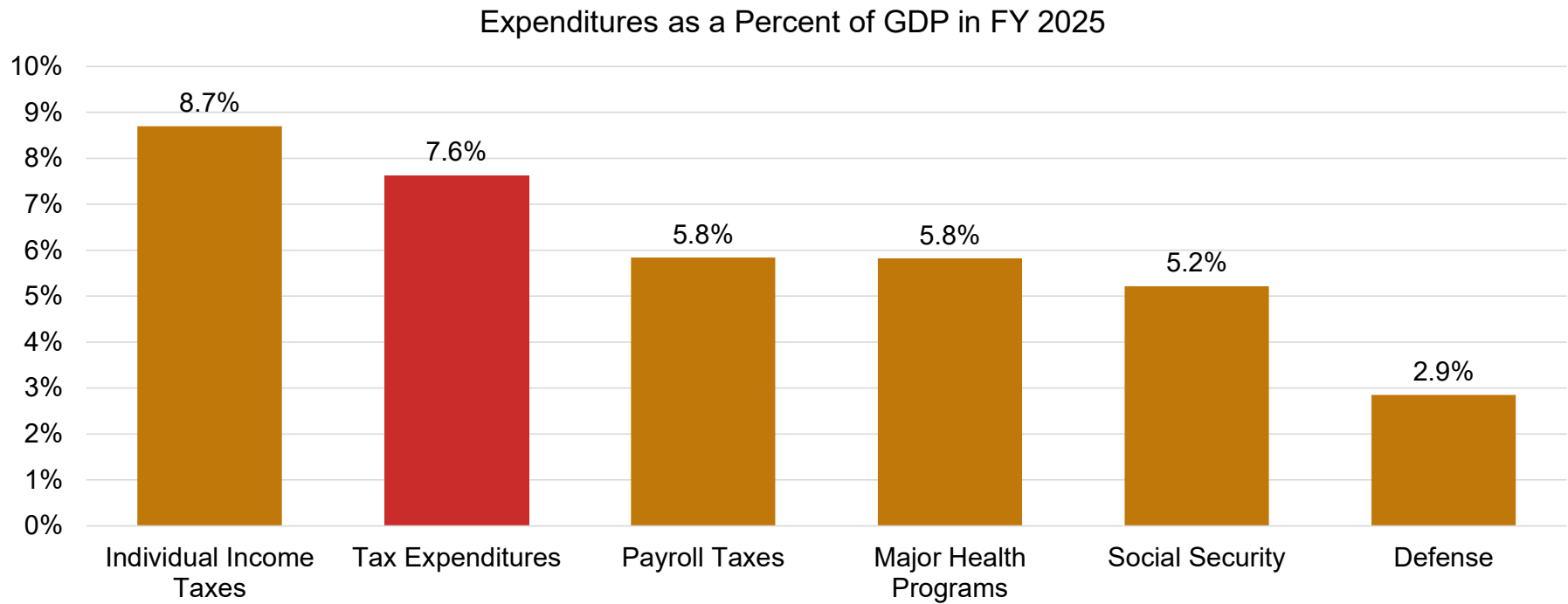
Source: Congressional Budget Office, *The Demographic Outlook: 2025 to 2055*, January 2025

Domestic Output is Constrained by Two Key Labor Market Variables



Totals may not add due to rounding
 Source: Congressional Budget Office, *The Long-Term Budget Outlook*, March 2025

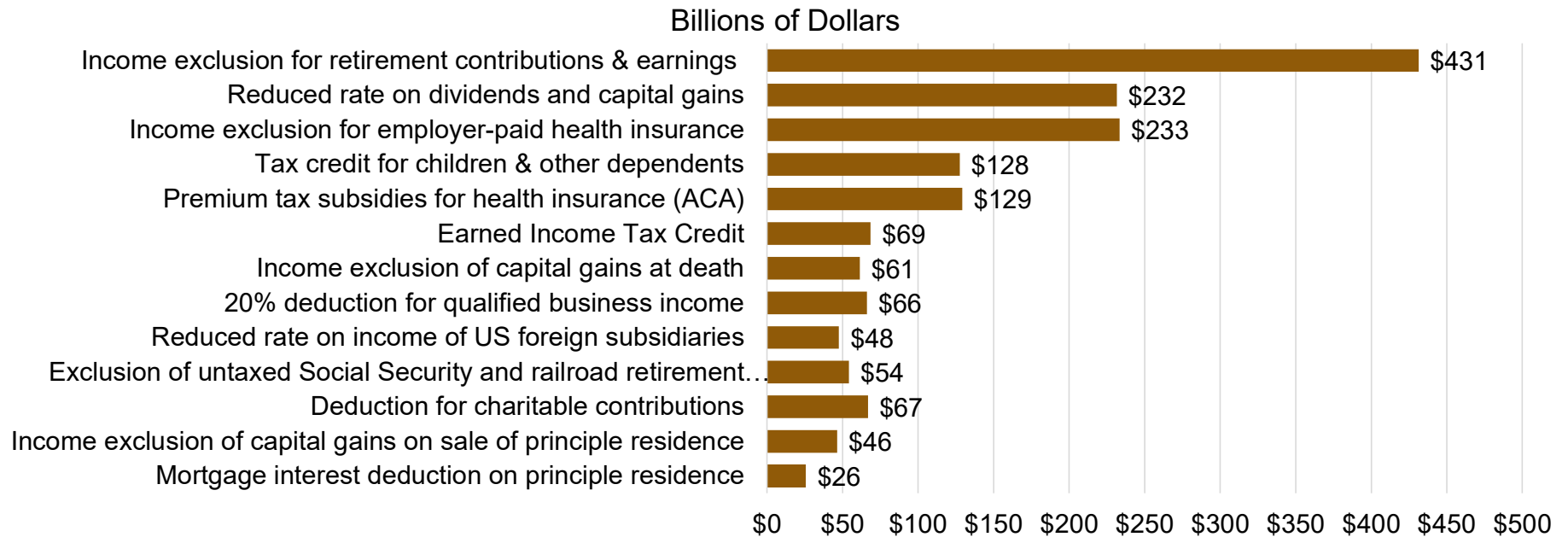
Tax Expenditures Relative to Other Select Budget Categories in 2025



Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook*, January 2025

Spending Through the Tax Code: Largest Tax Expenditures in 2025

Foregone Revenue for ALL Tax Expenditures: \$2.3 Trillion (Projected)



Source: Joint Committee on Tax, JCX 48-24, December 2024 and the Congressional Budget Office, *The Budget and Economic Outlook*, January 2025

Why the National Debt is Driving More Economic Uncertainty

The Risk of a Debt Fueled Financial and Economic Crisis is Elevated

- **Debt Service Historically High as Share of Revenue:** Interest payments now exceed defense spending and could consume 17% of the budget by 2035 (and 22% of revenues).
- **Investor Sensitivity:** Treasury holders are uneasy; the dollar was down over 10% for the first half 2025, and 10-year bond yields remain above 4%.
- **Political Drift:** Congress has repeatedly passed bills that increase the debt and deficit and has no plan or strategy to address the problem.
- **Broken Budget Process:** Reconciliation is repeatedly used for deficit-boosting bills; statutory and rule-based PAYGO is routinely bypassed.
- **Credit Downgrade:** Moody's became the third major agency to downgrade U.S. debt in May 2025.

Why the National Debt Matters

Unsustainable Debt Has Serious Economic Consequences

- **Economic Stagnation:** Excessive debt increases interest rates, reduces private investment, and slows economic growth.
- **Elevated Risk of Debt Crisis:** As our debt continue growing, we are seeing higher interest rates which could reach levels that stall the economy and precipitate a debt crisis.
- **Affordability Challenges:** The national debt, by contributing to higher interest rates, is making it more difficult and costly for Americans to buy homes and cars, finance education, or launch new businesses.
- **Lack of Budget Flexibility:** Rising interest payments reduces the fiscal space needed to respond to the next crisis (natural disasters, recession, another pandemic) and to make investments to grow the economy.

How can I learn more?



- If you are interested in being more involved email us at concord@concordcoalition.org
- Download and share our podcast Facing the Future
- 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! Spread the word!