



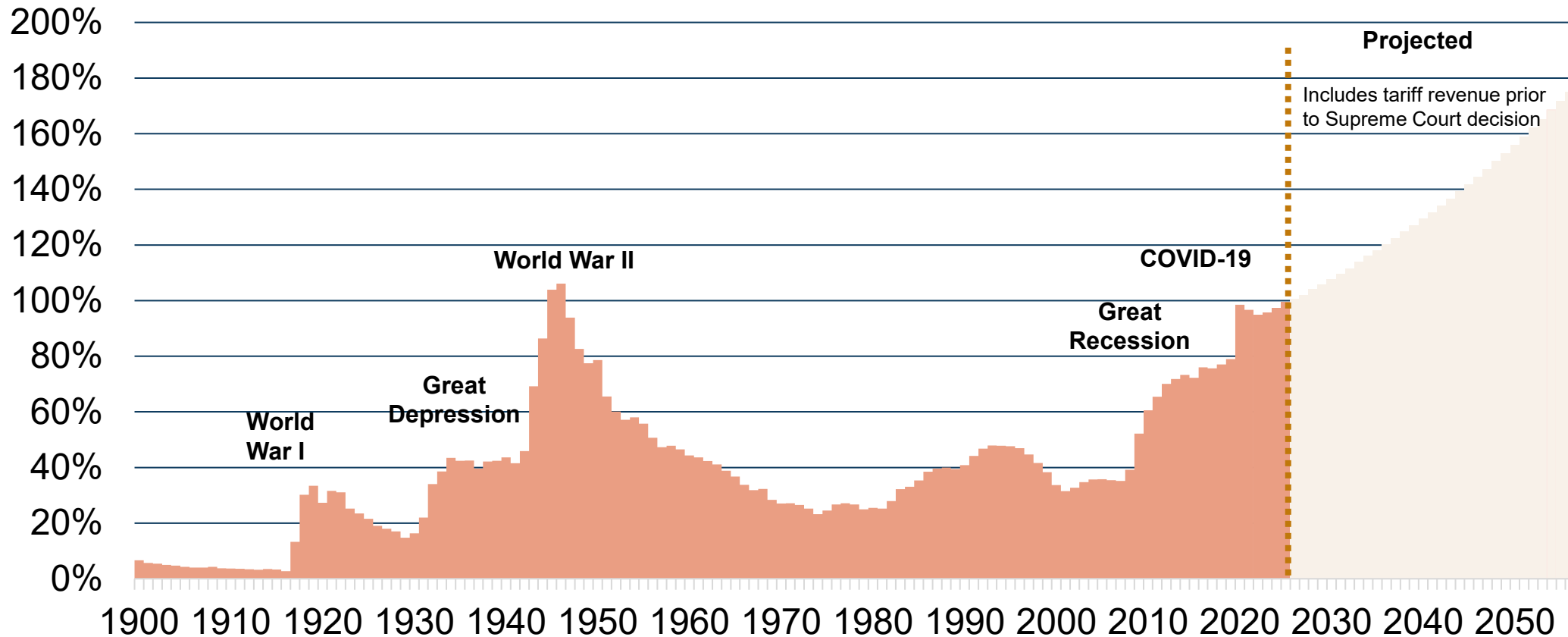
# FACING THE FUTURE: OUR FISCAL CHALLENGE

Dr. Carolyn Bourdeaux, Executive Director



# The US Has No Plan to Bring the Debt Under Control

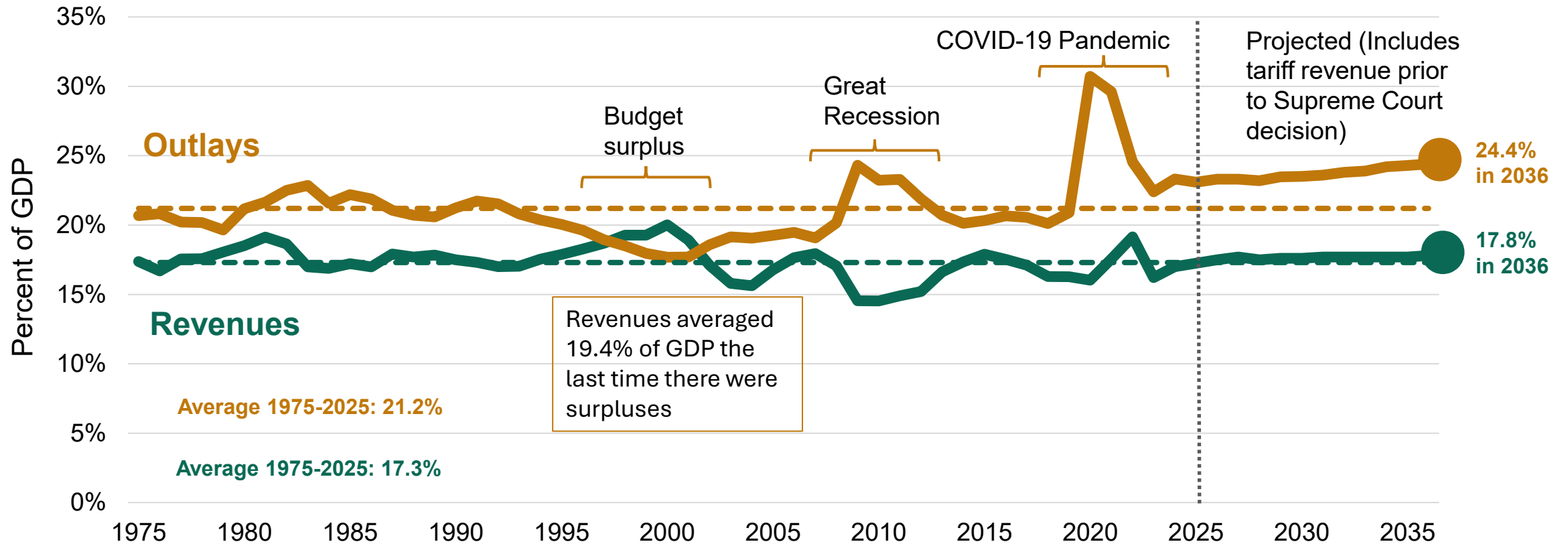
Debt Held by the Public as a Percent of GDP, 1900-2056



Source: Congressional Budget Office - Historical data and long-term budget data from Budget and Economic Outlook 2026-2036, February 2026

# The Gap Between Projected Federal Spending and Revenue is Wide and Will Continue to Widen

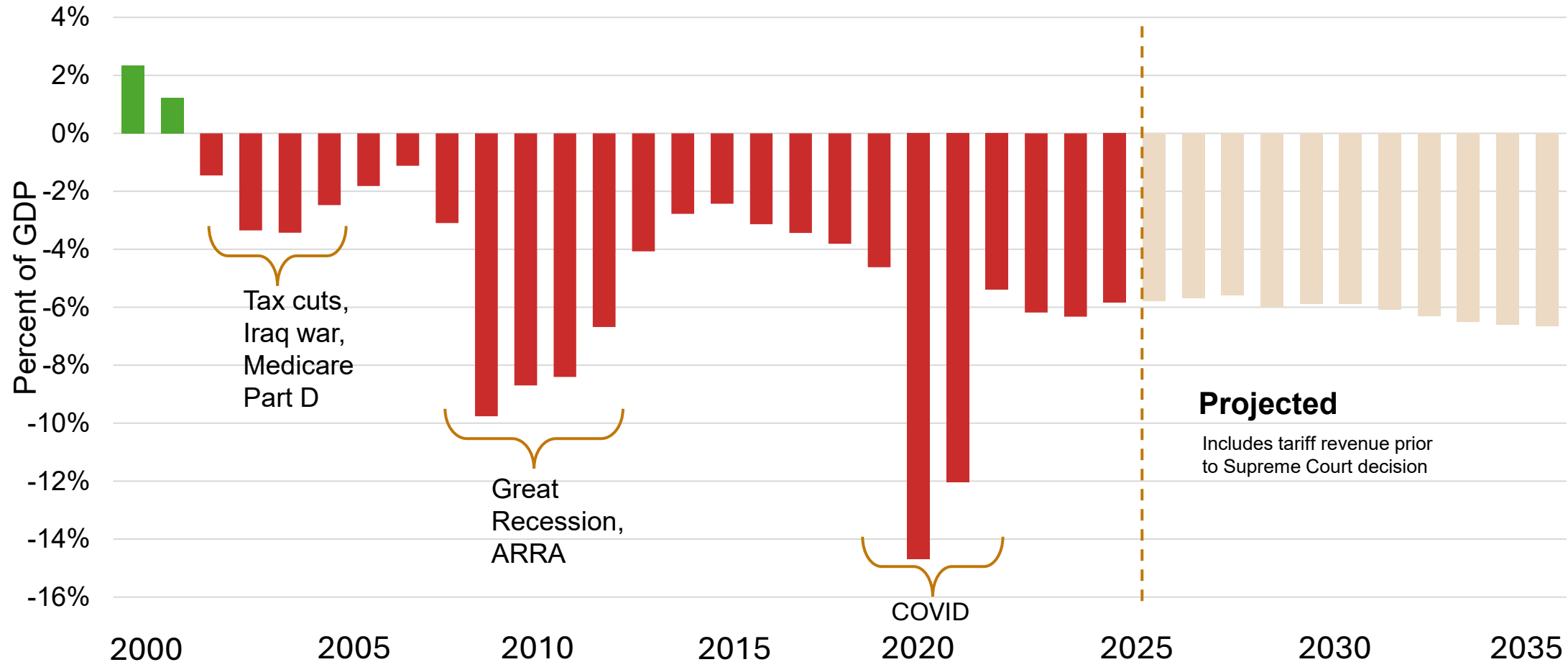
Total Federal Revenues and Outlays as a Percent of GDP



Source: CBO's February 2026 report *The Budget and Economic Outlook: 2026 to 2036*.

# From Surplus to Deficits

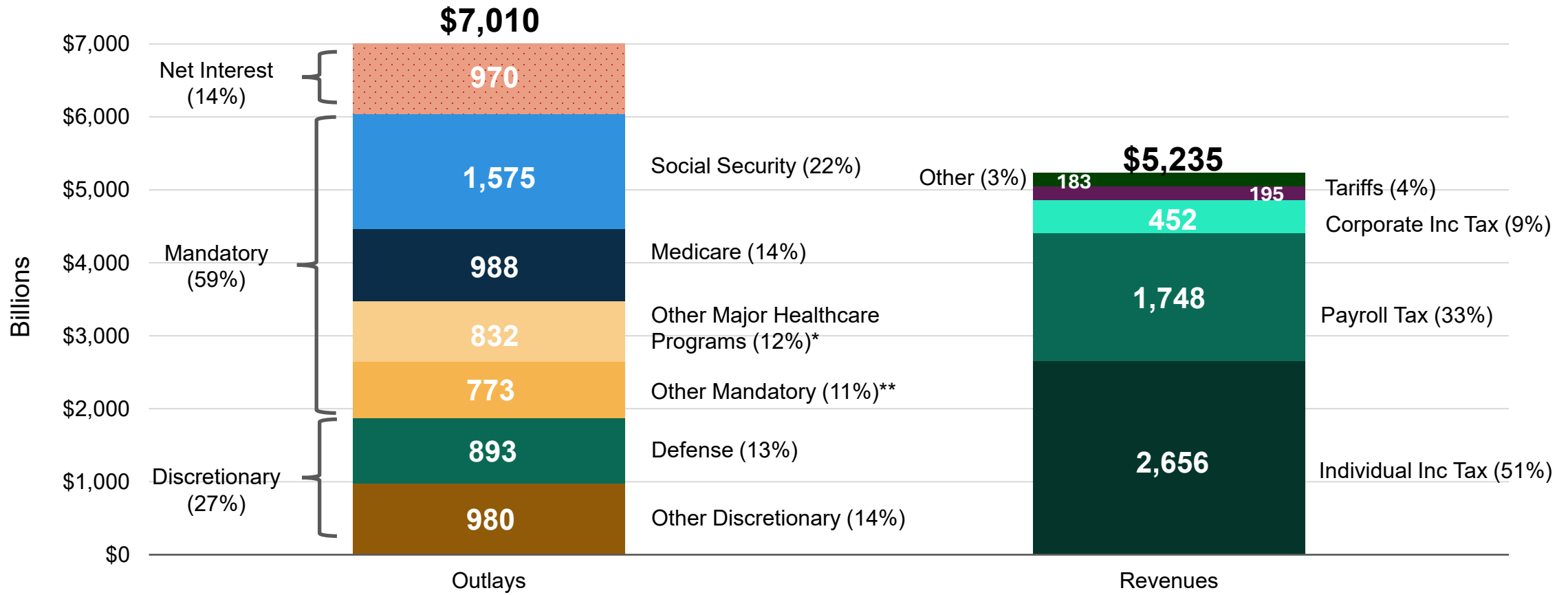
Annual Budget Deficits as a Percent of GDP, 2000-2036



Source: CO's February 2026 report *The Long-Term Budget Outlook: 2026 to 2036*.

# Composition of FY 2025 Federal Budget (actual)

Deficit: \$1,775 billion



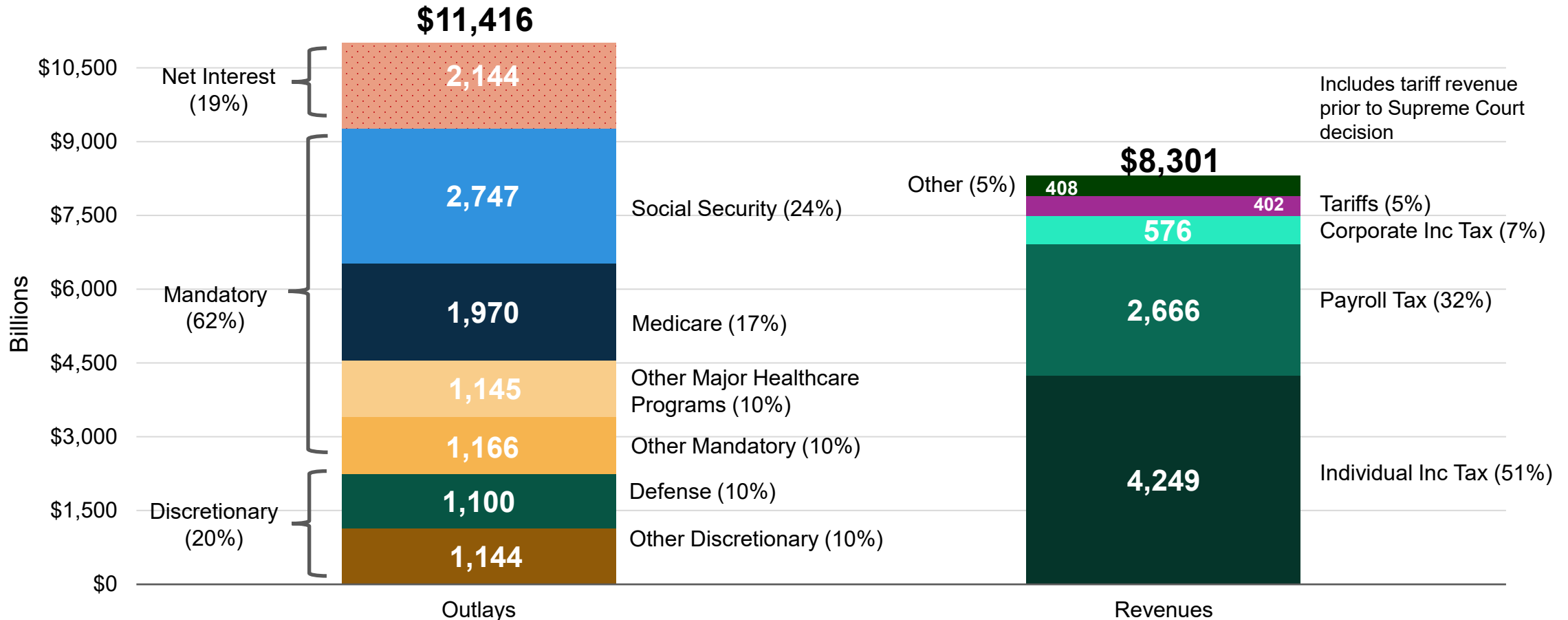
\*Other Major Healthcare Programs includes Medicaid, Children’s Health Insurance Program, and premium tax credits.

\*\*Other Mandatory includes income security programs, Federal retirement programs, Veteran’s programs, higher education, agriculture, deposit insurance, and others.

Note: Totals may not sum due to rounding

# Composition of FY 2036 Federal Budget (proj.)

Deficit: \$3,115 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.

Note: Totals may not sum due to rounding

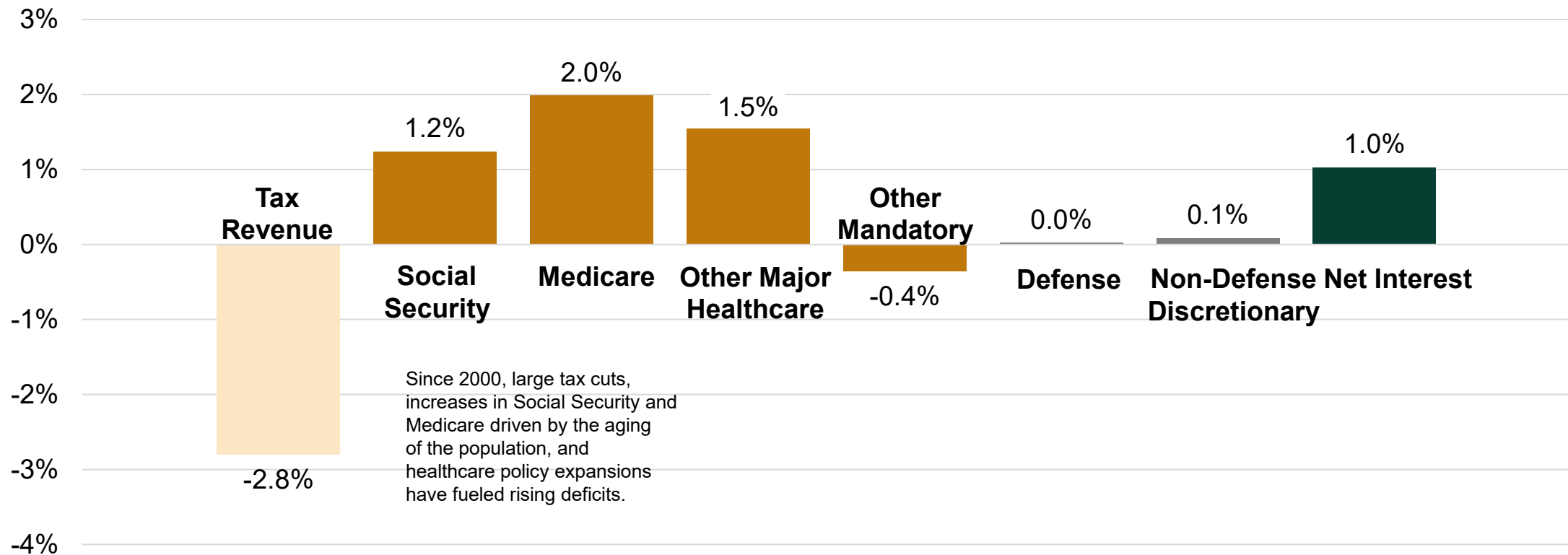
Source: The Congressional Budget Office, February 2026 report *The Budget and Economic Outlook: 2026 to 2036*.

# What Happened to the Budget Surplus?

2000: Budget Surplus of 2.3% of GDP

2025: Budget Deficit of **5.8% of GDP**

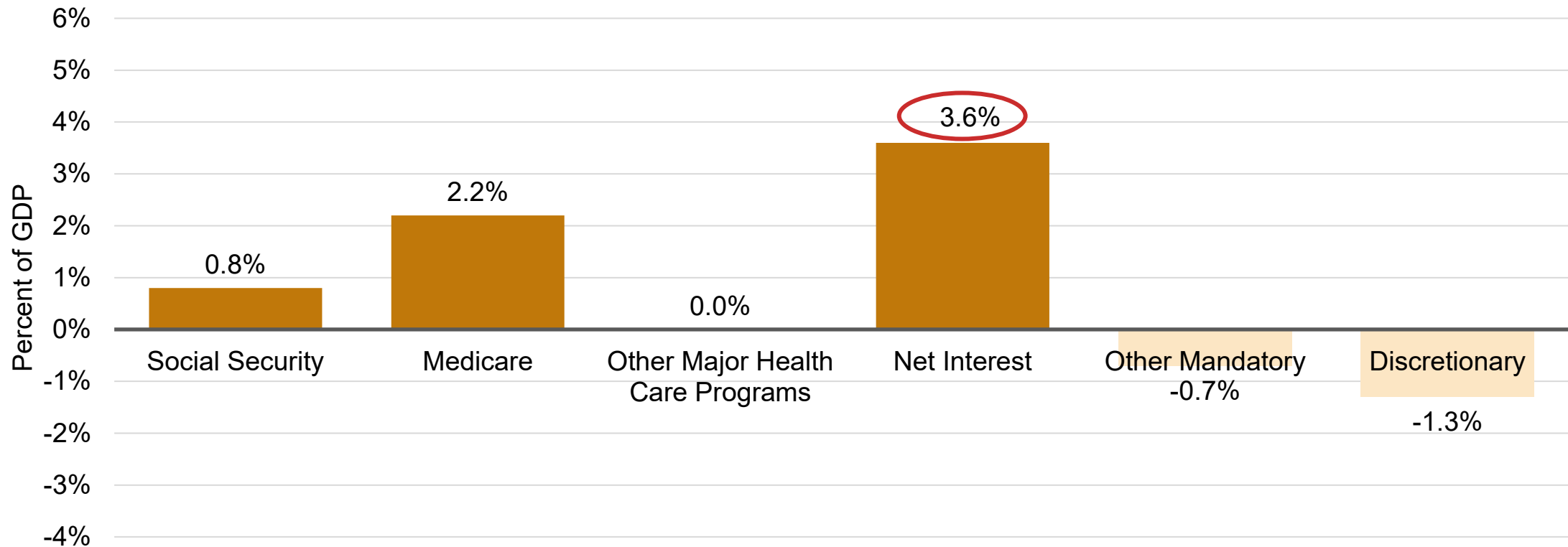
Change as Percent of GDP from 2000 to 2025



Source: Congressional Budget Office, *Supplemental data from CBO's January 2026 report The Budget and Economic Outlook: 2026 to 2036*; CBO, *Historical Budget Data, February 2026*

# Social Security, Medicare, and Net Interest are Expected to Drive Expenditure Growth

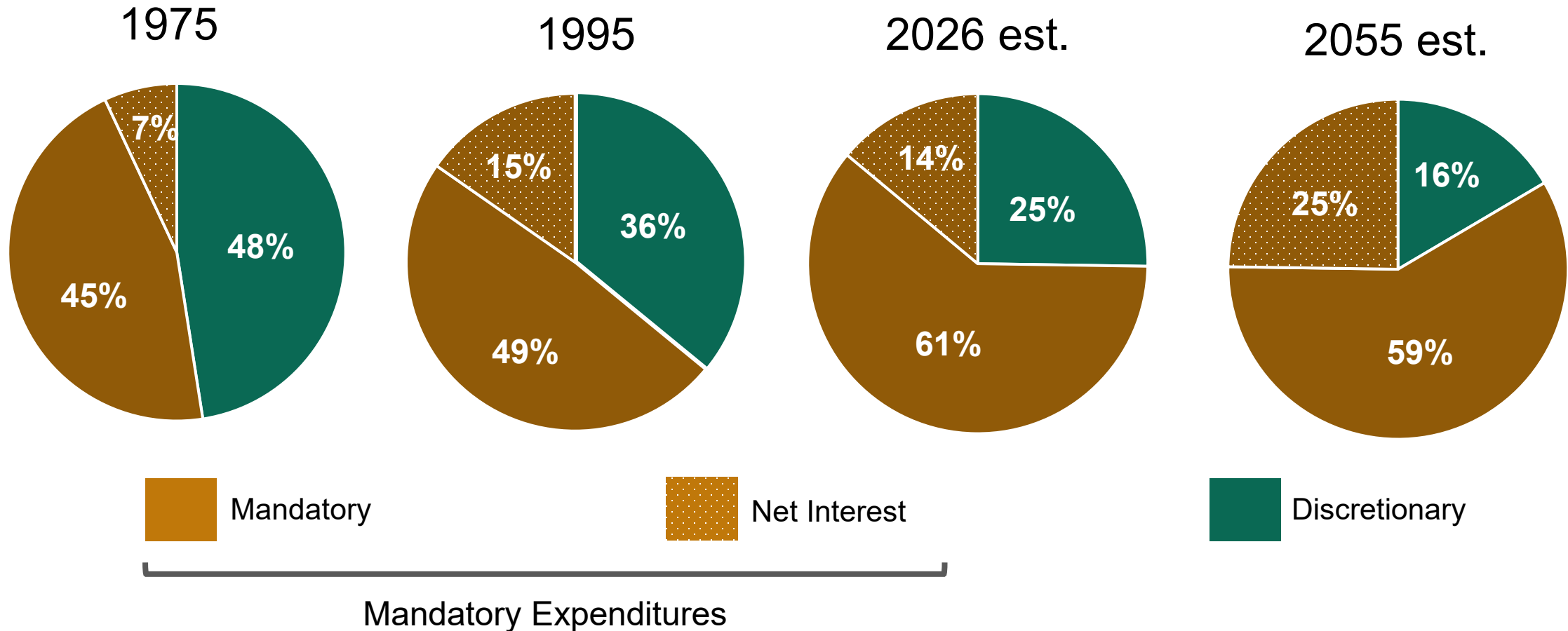
Change in Outlays as a Percent of GDP, 2026-2056



Source: Congressional Budget Office, *Supplemental data from CBO's January 2026 report The Budget and Economic Outlook: 2026 to 2036*; CBO.

# Mandatory Expenditures are Squeezing out Discretionary Priorities

Spending as a Percent of Total Federal Outlays

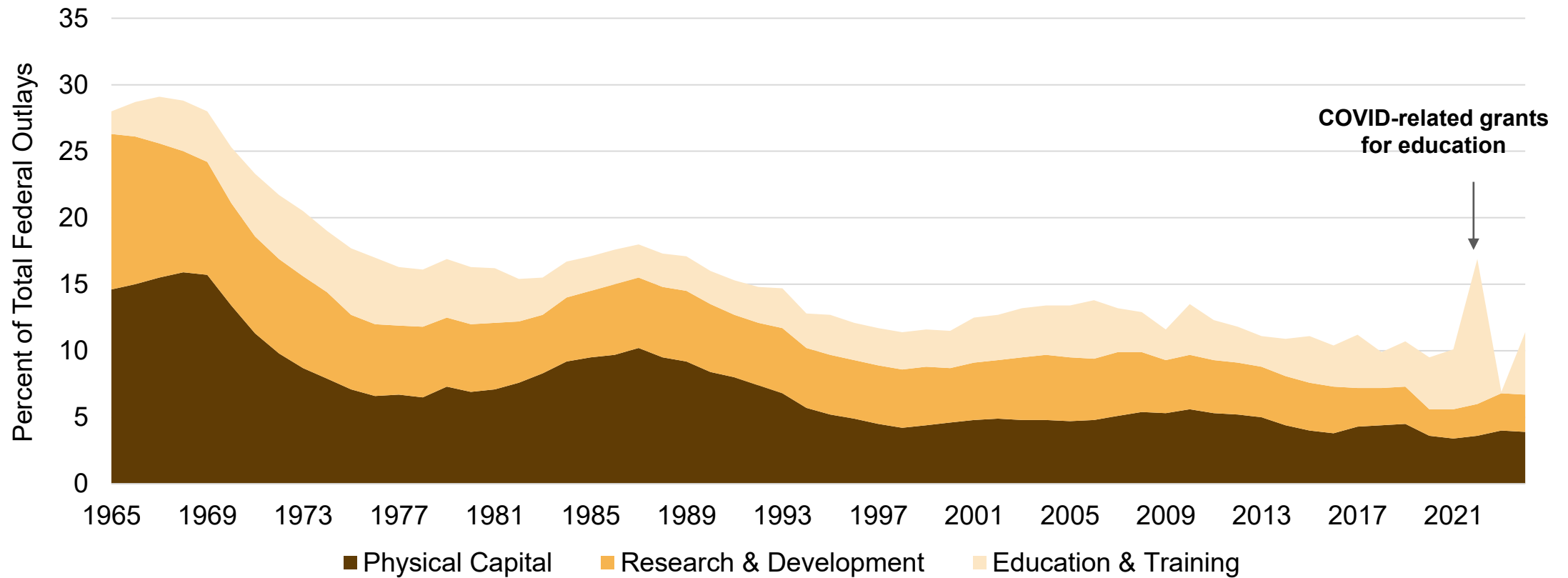


\*\*figures may not sum due to rounding\*\*

Source: Congressional Budget Office; historical data, and budget projections published in conjunction with *An Update to the Budget Outlook 2026-2036* (February 2026), *The 2026 Long-Term Budget Outlook*, (March 2026)

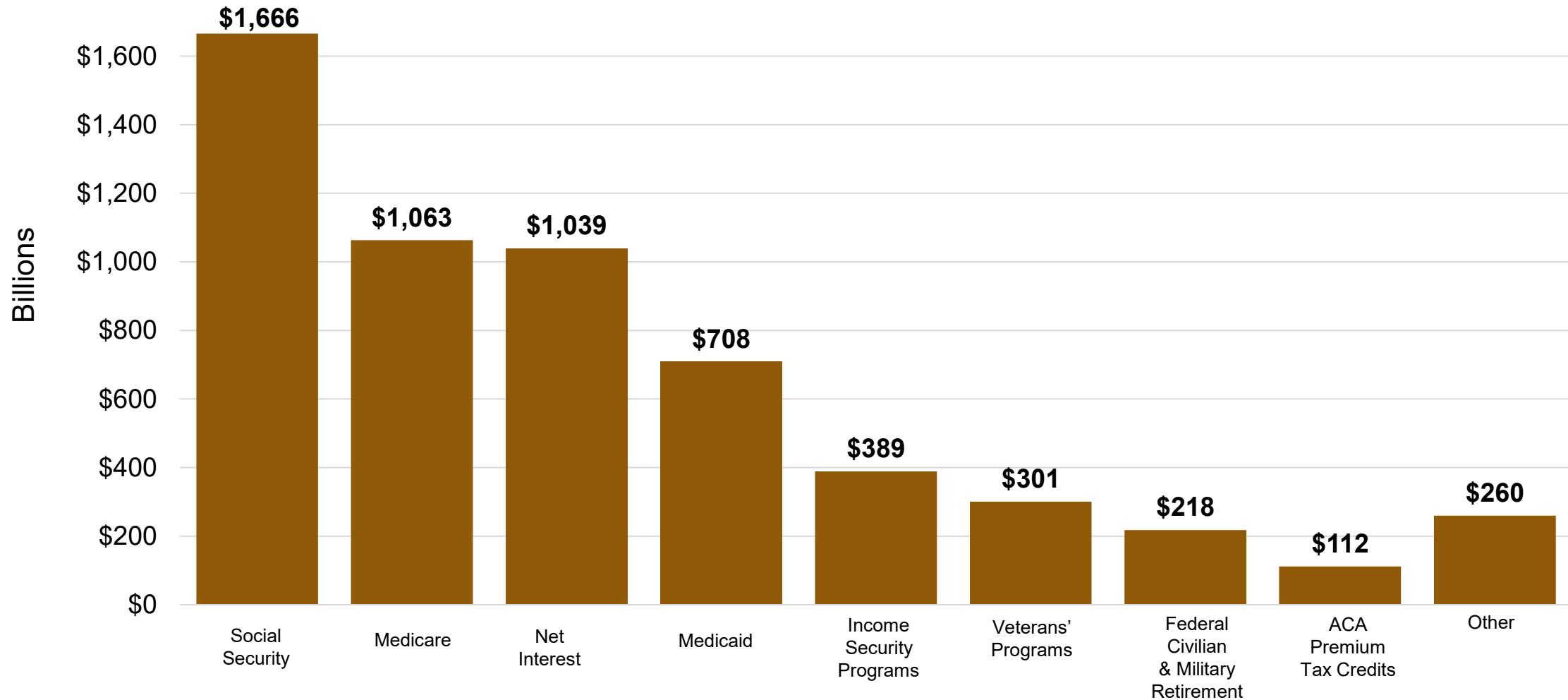
# All Types of Federal Investment Have Declined

Federal Investment by Category, as a Percent of Total Outlays



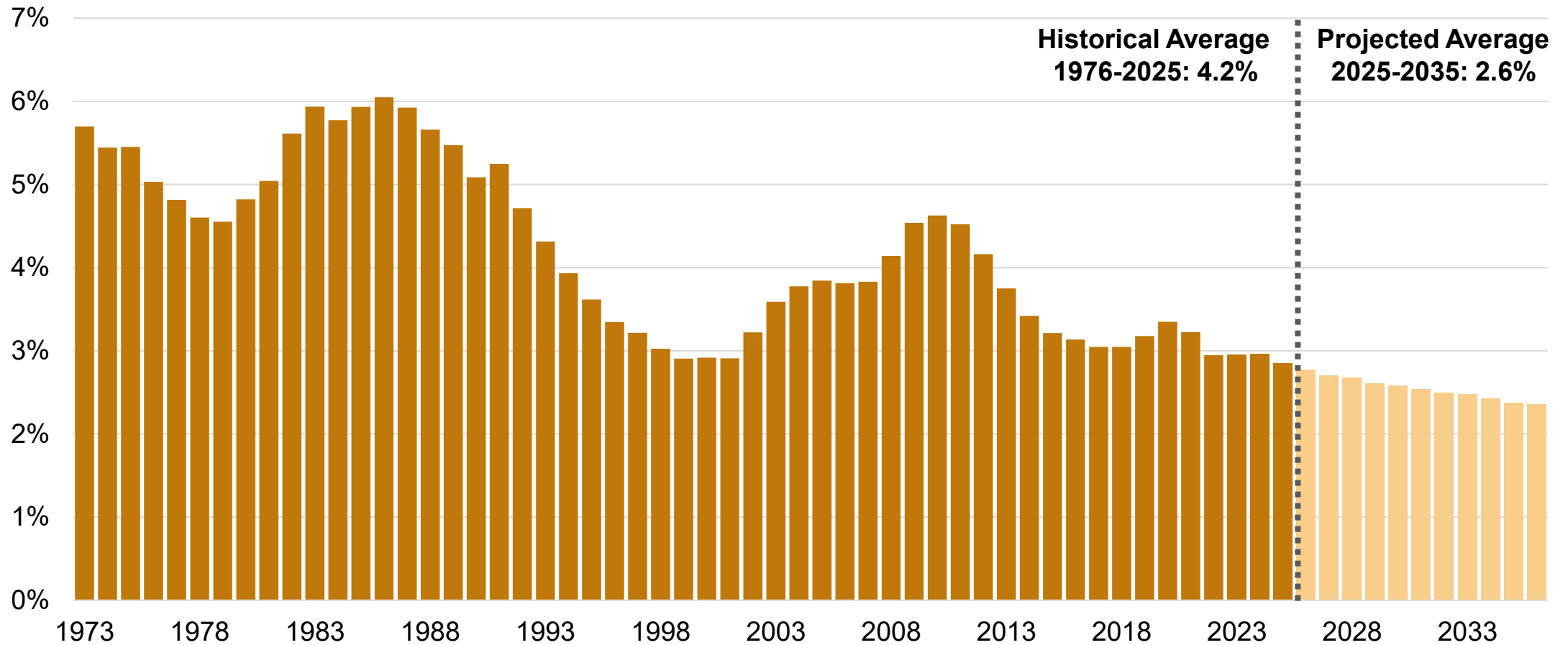
Source: Office of Management and Budget, Historical Budget Data accompanying the President's Budget for FY 2026, Tables 9.3, 9.7, 9.9

## Categories of Mandatory Spending (FY 2026, Proj)



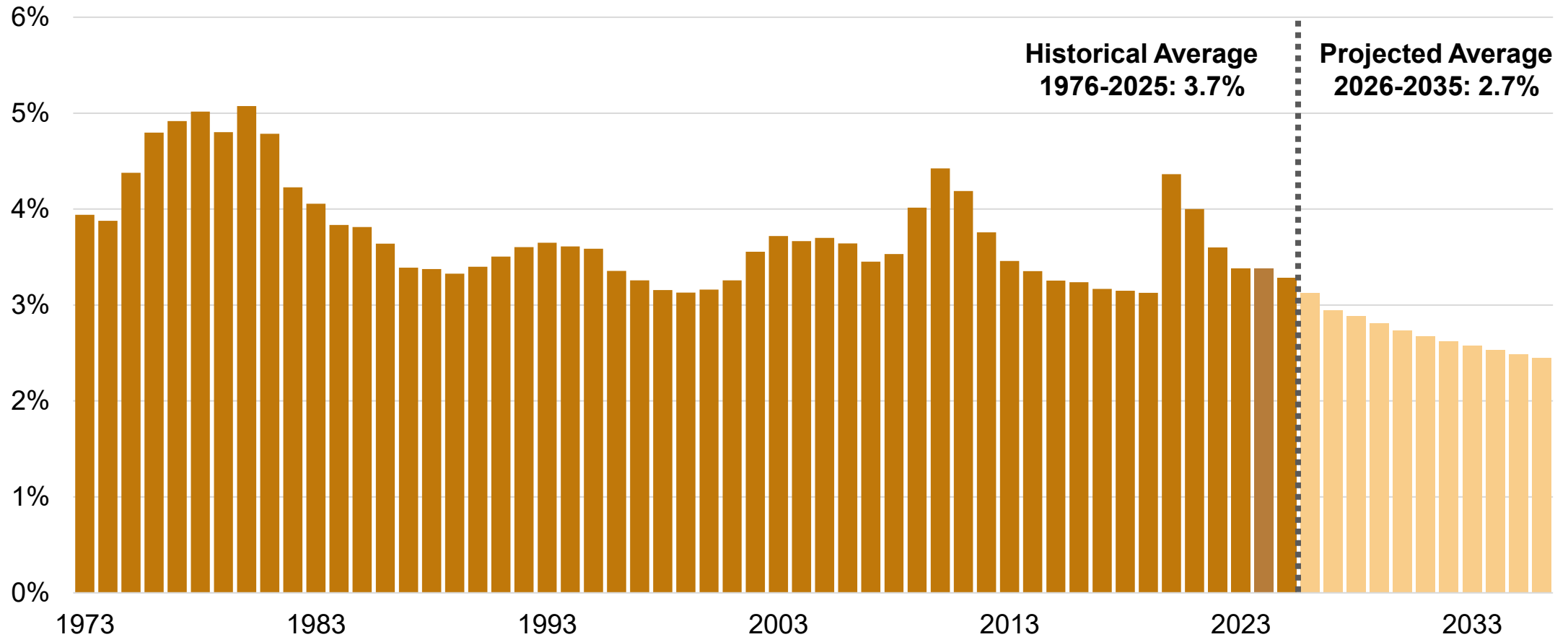
Source: Congressional Budget Office, *The Budget and Economic Outlook*, February 2026

## Defense Discretionary Spending as a Share of GDP



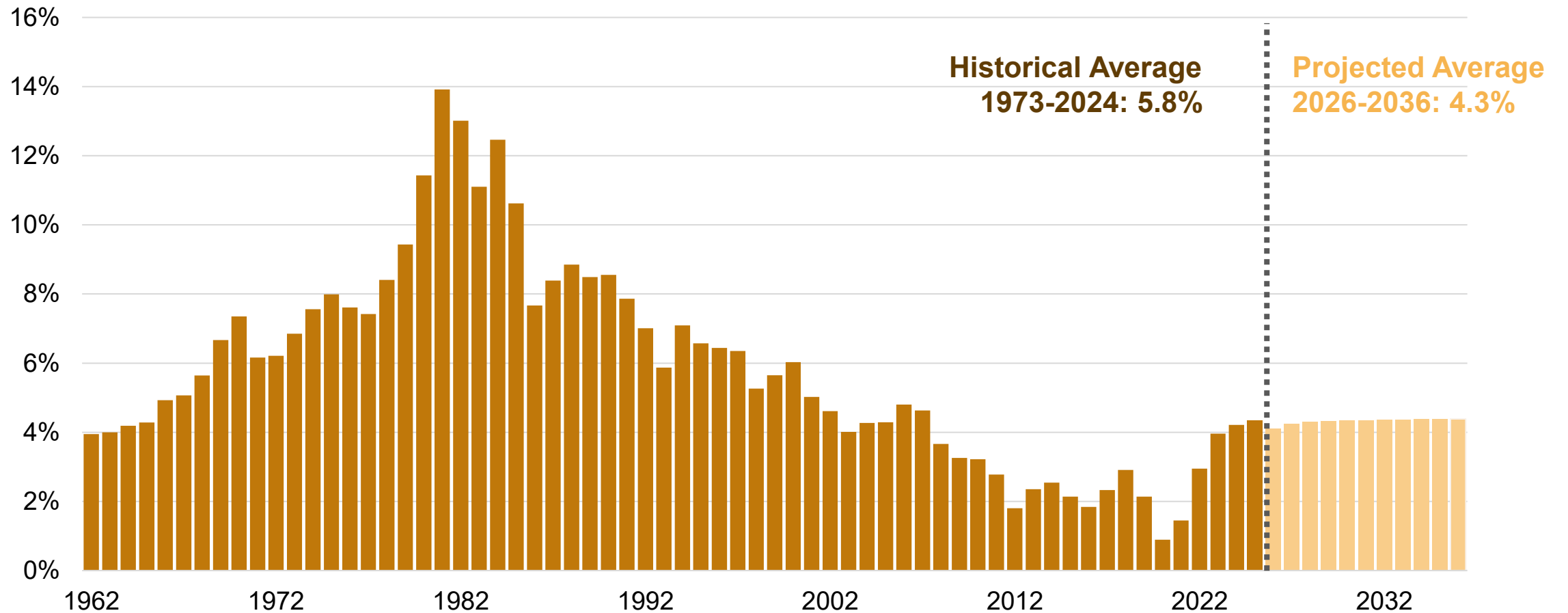
Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook*, Jan 2025 (calculations by The Concord Coalition)

## Nondefense Discretionary Spending as a Share of GDP



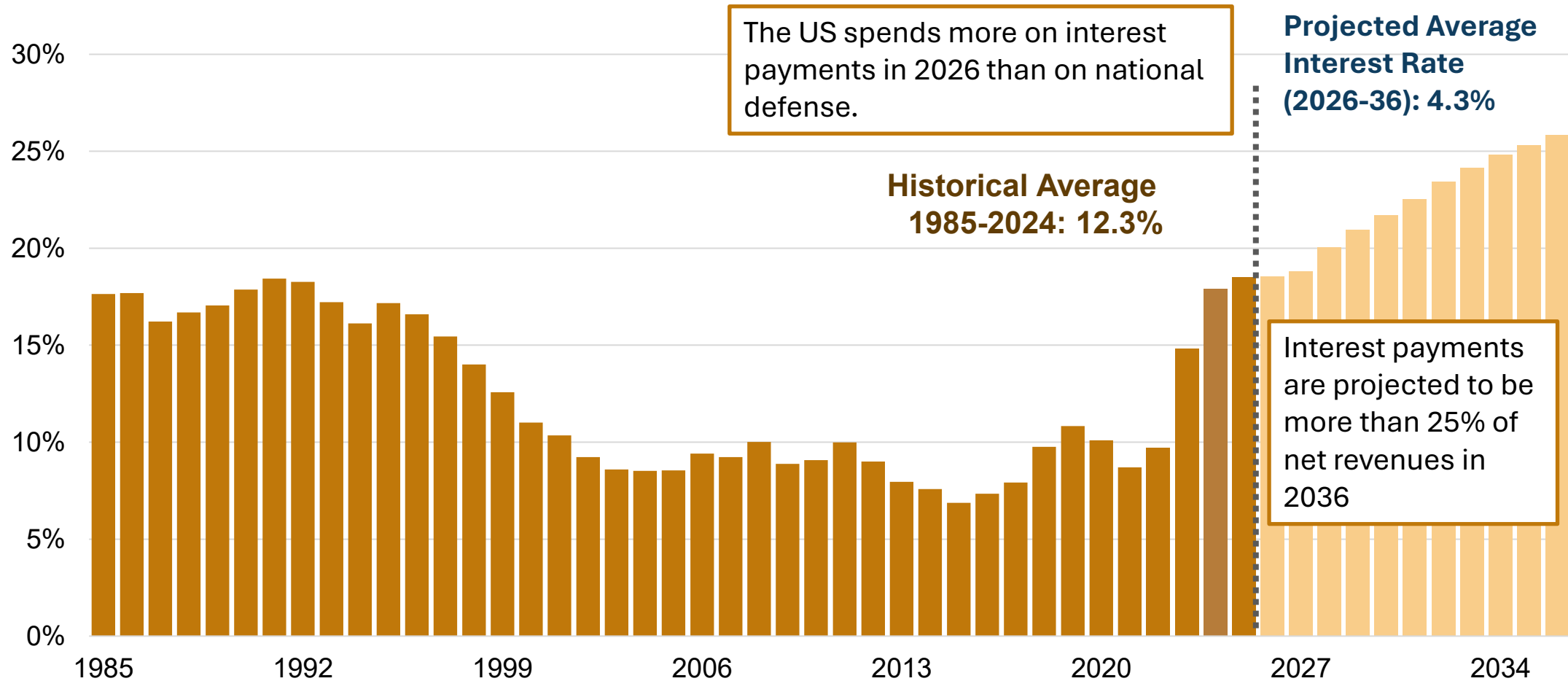
Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook*, February 2025 (calculations by The Concord Coalition)

# Interest Rates Over Time



Source: Congressional Budget Office, Long-Term Economic Projections February 2026; Federal Reserve Economic Data

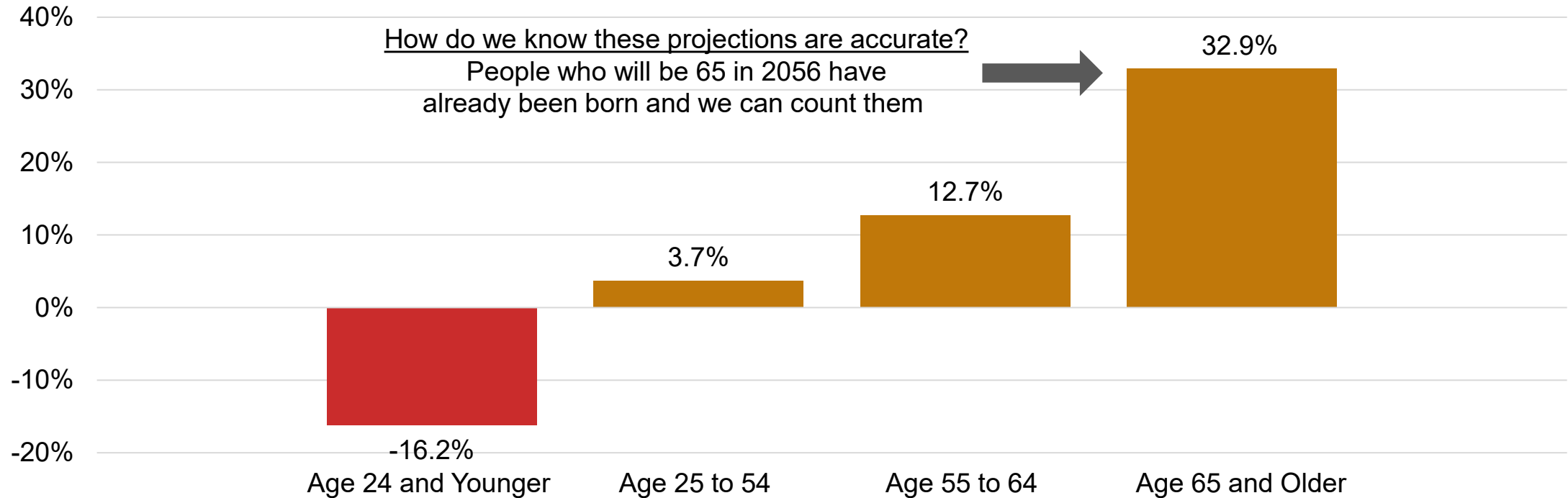
# Annual Net Interest Payments as a Share of Revenues



Source: Congressional Budget Office, Long-Term Economic Projections February 2026; Federal Reserve Economic Data

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

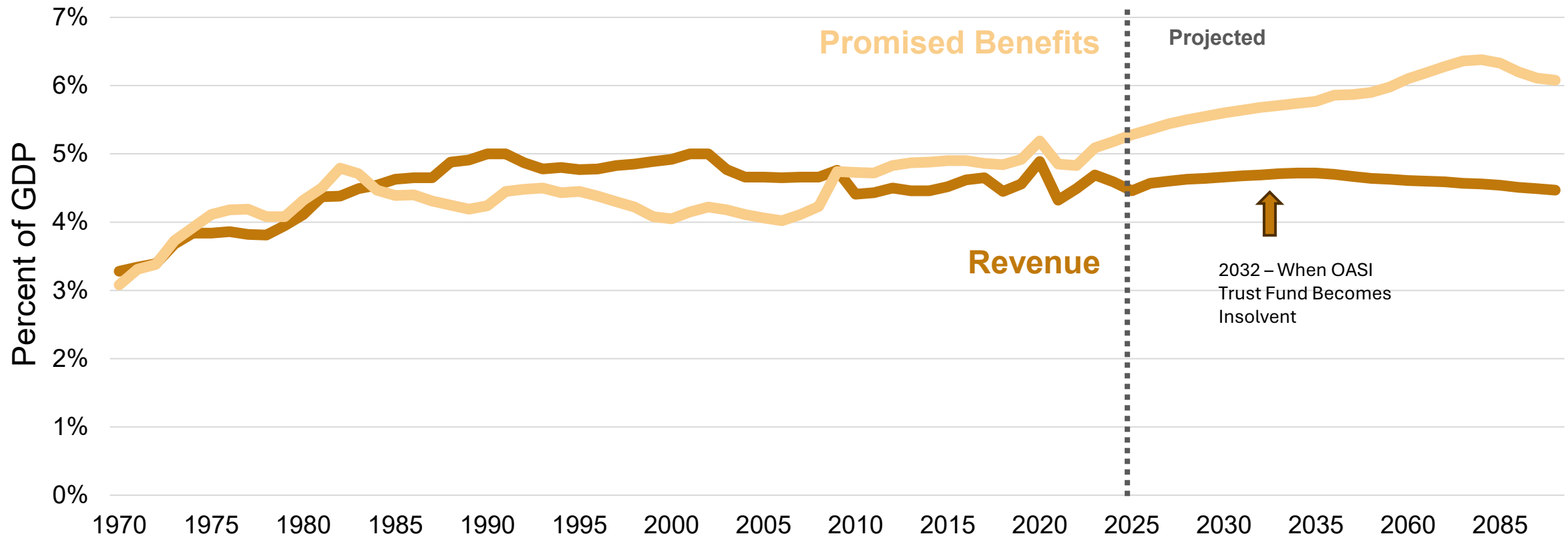
Projected Total Population Change, by Age Group, 2026-2056



Source: Congressional Budget Office, *The Demographic Outlook 2026 to 2056*, January 2026

# Social Security's Structural Imbalance

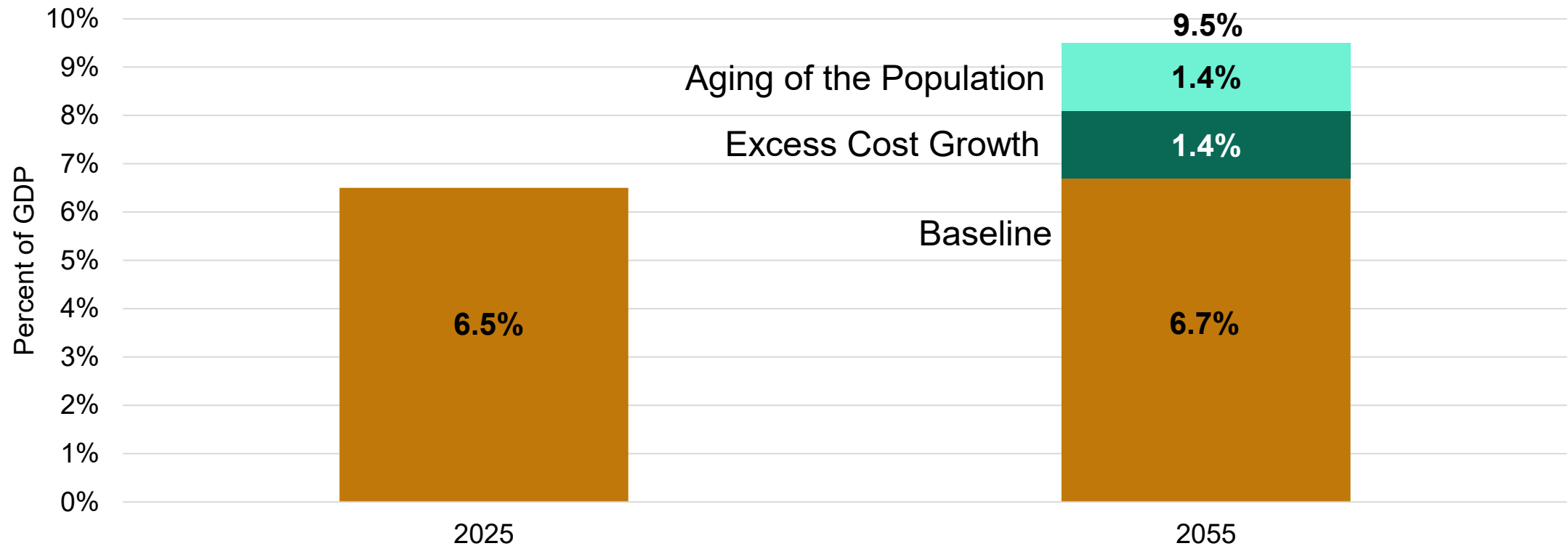
OASDI Income and Outlays as a Percent of GDP



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

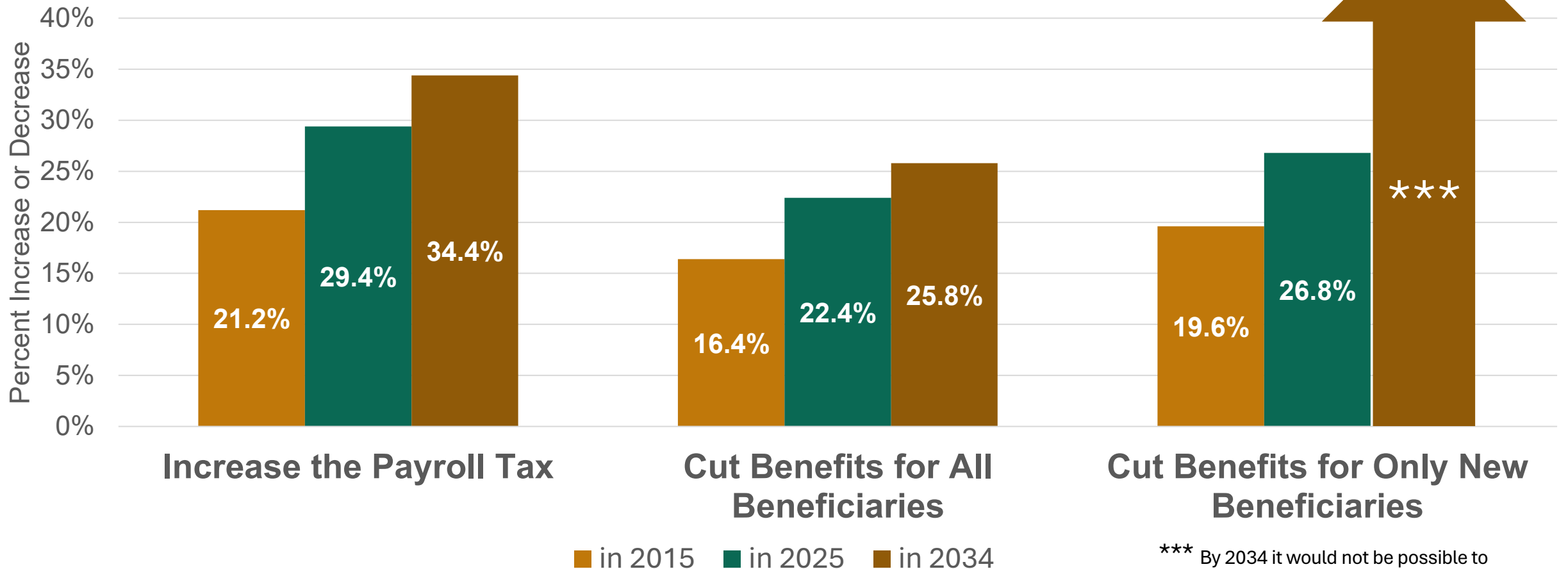
# Aging and Excess Cost Growth Drive Spending in Major Healthcare Programs

Outlays for Major Healthcare Programs as a Percent of GDP



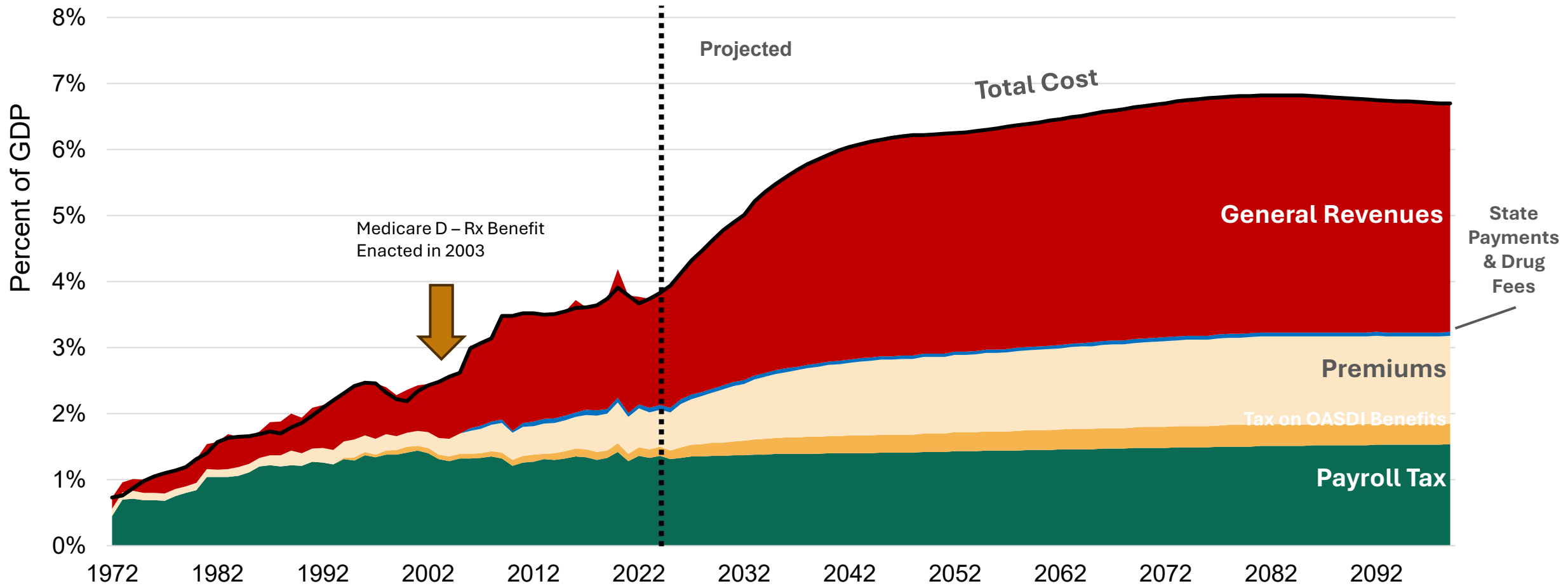
Source: Congressional Budget Office, *The Long-Term Budget Outlook*, March 2025

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



\*\*\* By 2034 it would not be possible to avoid trust fund solvency by cutting benefits for only new beneficiaries

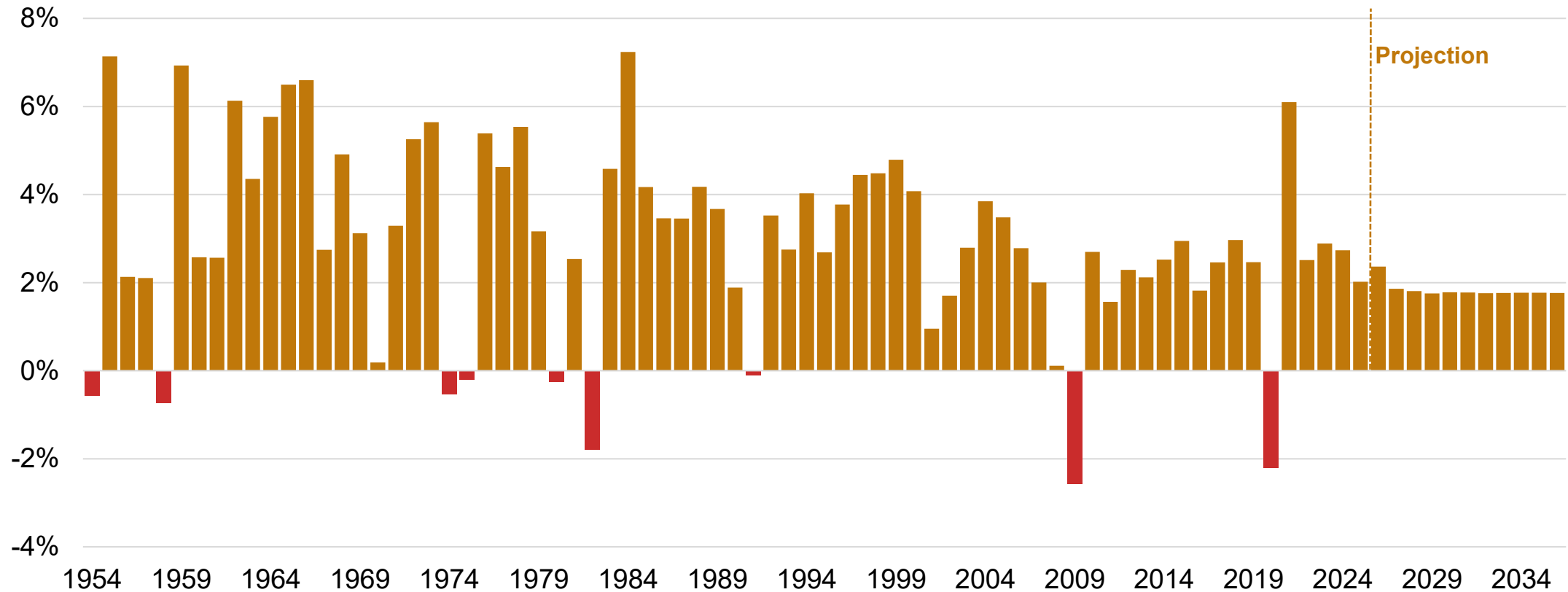
# Increasing Share of General Revenues Will Cover Growing Cost of Medicare (Includes both HI and SMI)



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

# The U.S. Economy Is Projected to Slow

Annual Percent Change in Real GDP (Calendar Year)

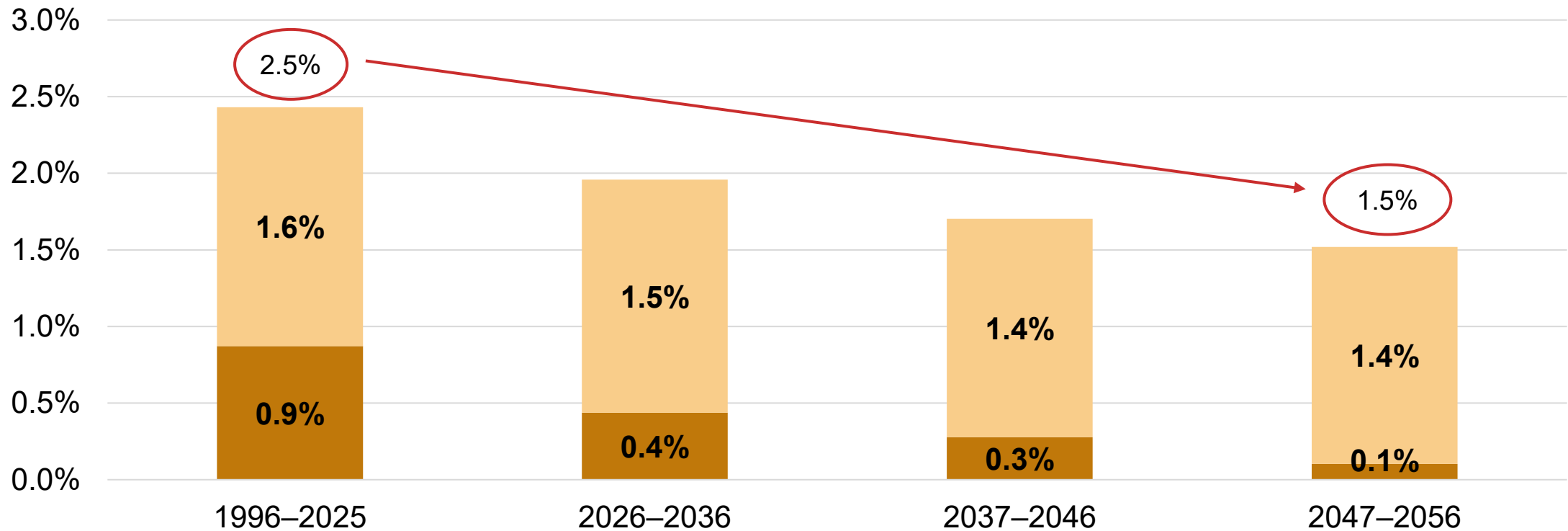


Source: U.S. Bureau of Economic Analysis (historical data) and *The Budget and Economic Outlook: 2026 to 2036, February 2026*

# Domestic Output is Constrained by Two Key Labor Market Variables

Average Annual Growth of Potential GDP

■ Potential Labor Force Productivity    ■ Potential Labor Force Growth

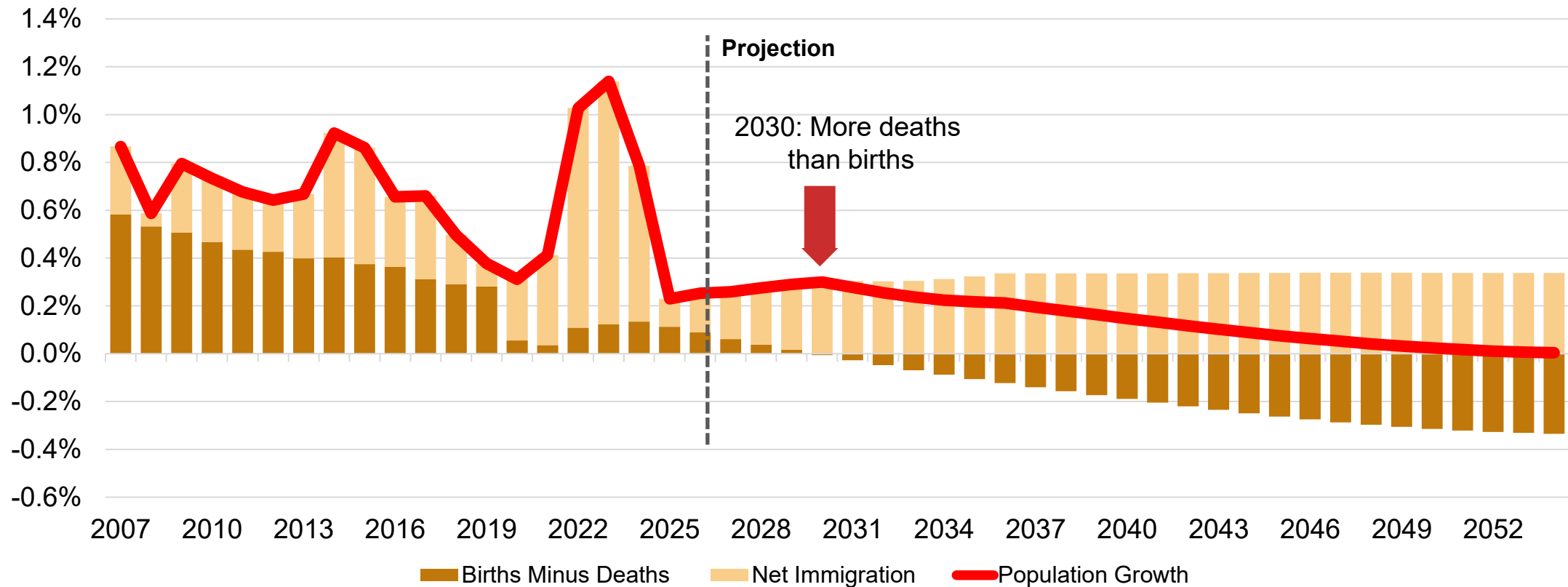


Totals may not add due to rounding

Source: Congressional Budget Office, *The Long-Term Budget Outlook*, February 2026, Concord calculations

# U.S. Population Growth is Slowing

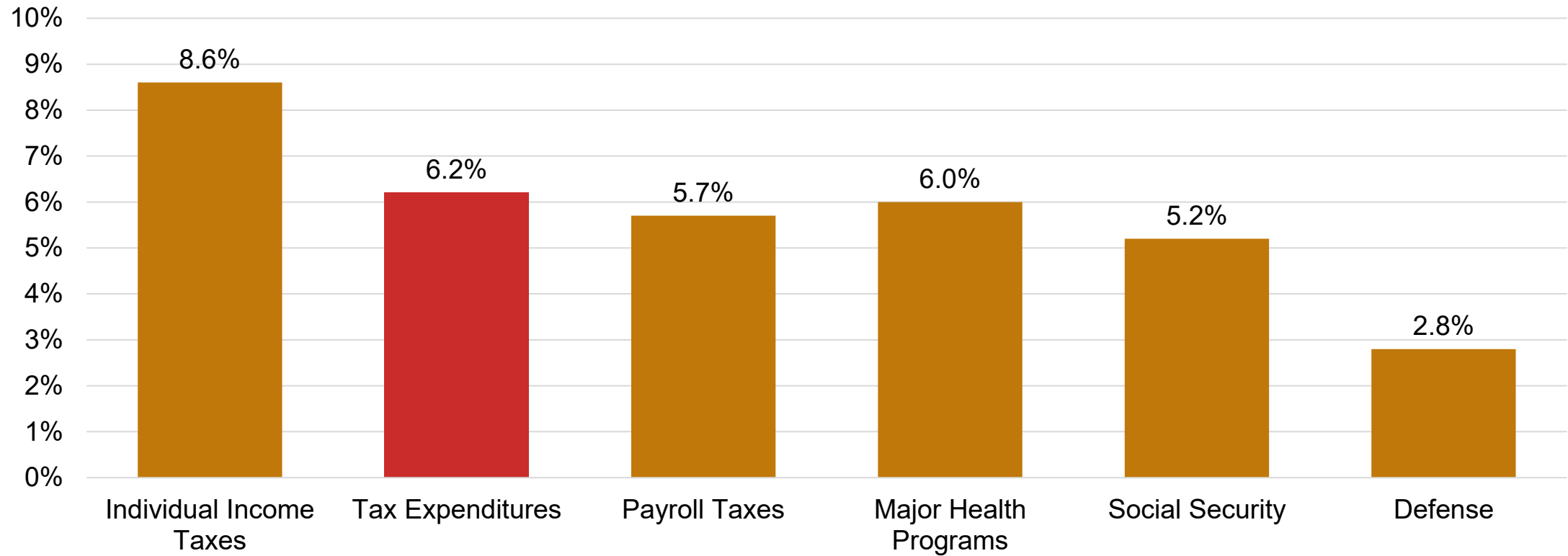
Population Growth and Components



Source: Congressional Budget Office, *The Demographic Outlook: 2026 to 2056* January 2026

# Tax Expenditures Relative to Other Select Budget Categories in 2026

As a Percent of GDP in FY 2026

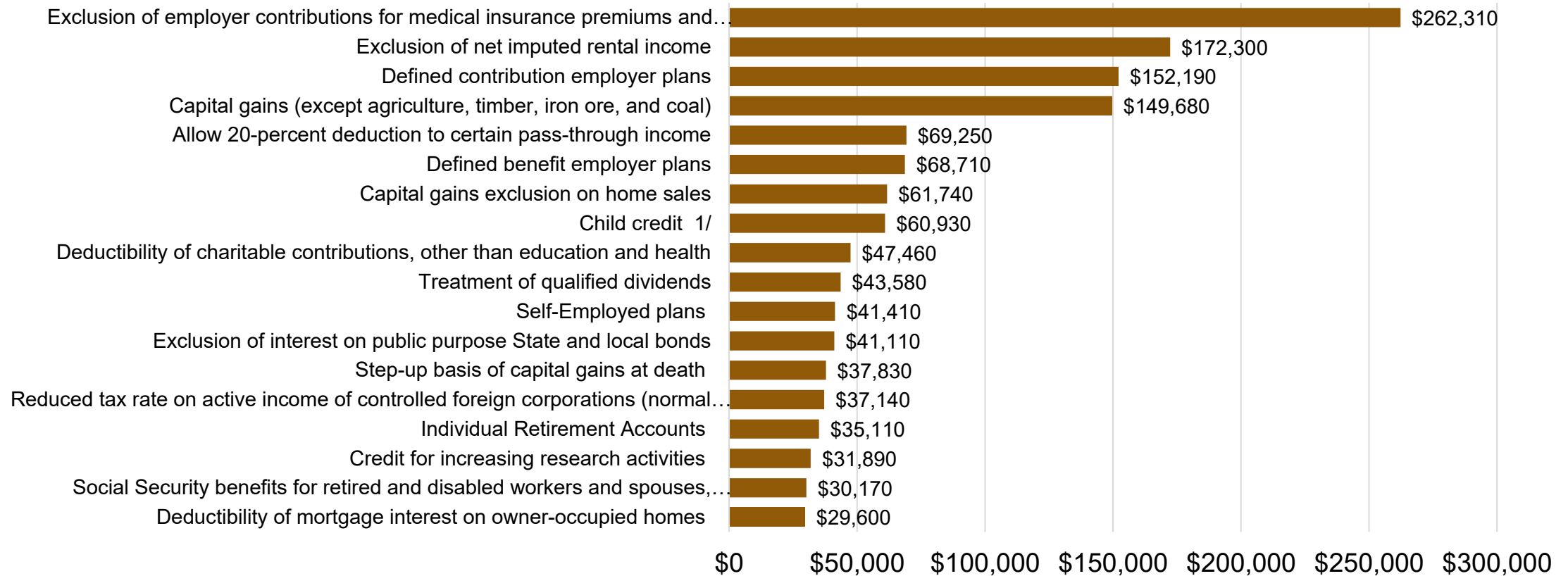


Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook*, February 2026; US Dept of Treasury, *Tax Expenditure Budget, 2026*

# Spending Through the Tax Code: Largest Tax Expenditures in 2025

*Foregone Revenue for ALL Tax Expenditures: \$1.9 Trillion (Estimated, 2026)*

Billions of Dollars



Source: U.S. Treasury, Tax Expenditure Budget, 2026 <https://home.treasury.gov/policy-issues/tax-policy/tax-expenditures>

# What can I do?



- If you are interested in being more involved email us at [concord@concordcoalition.org](mailto: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!