

FEDERAL DEBT CRISIS IS LOOMING

2025

WHAT IS THE NATIONAL DEBT TODAY?

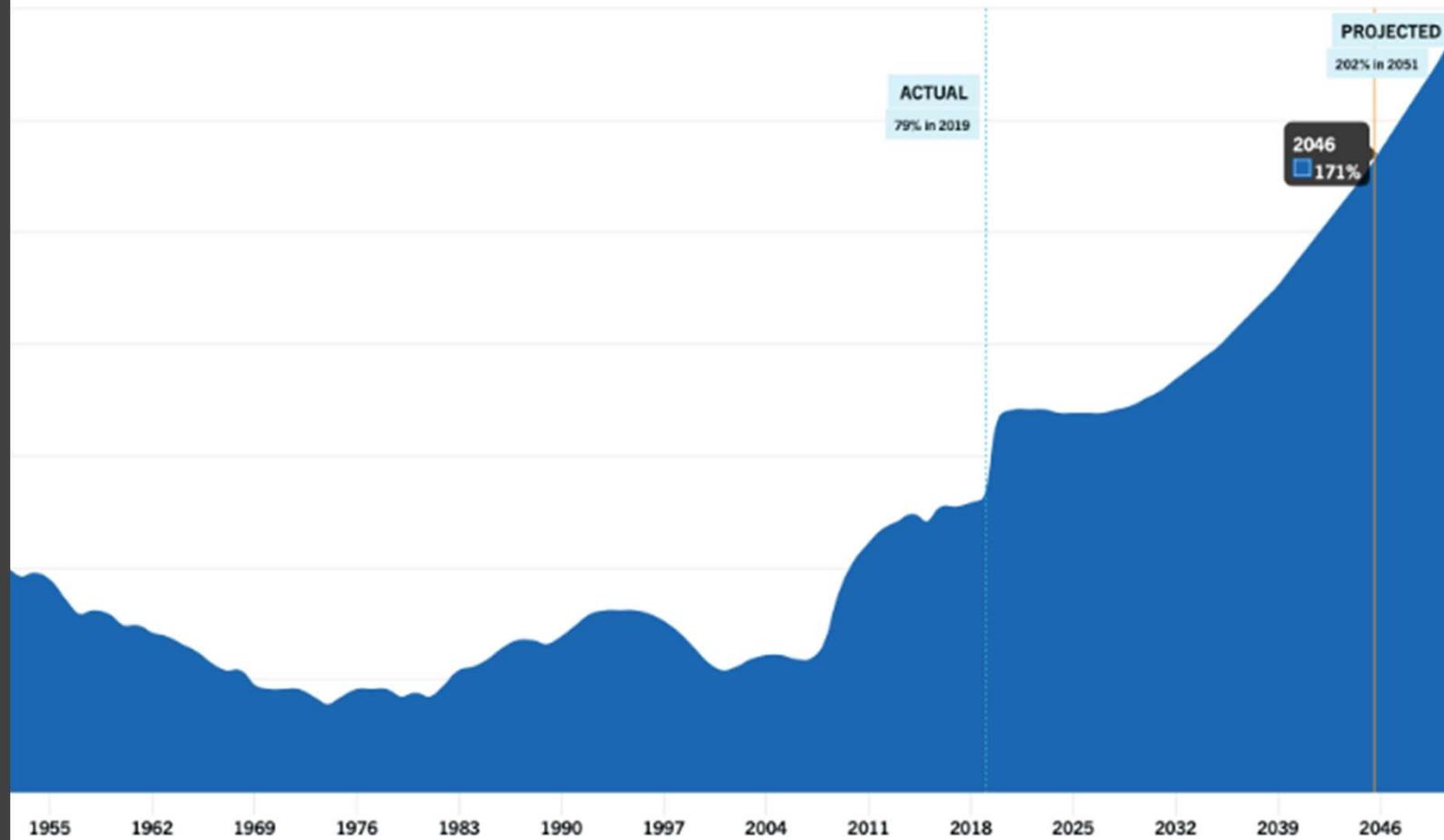
\$38,155,522,360,637

THAT'S **\$111,790** FOR EVERY SINGLE PERSON IN AMERICA



OUR DEBT OVER TIME

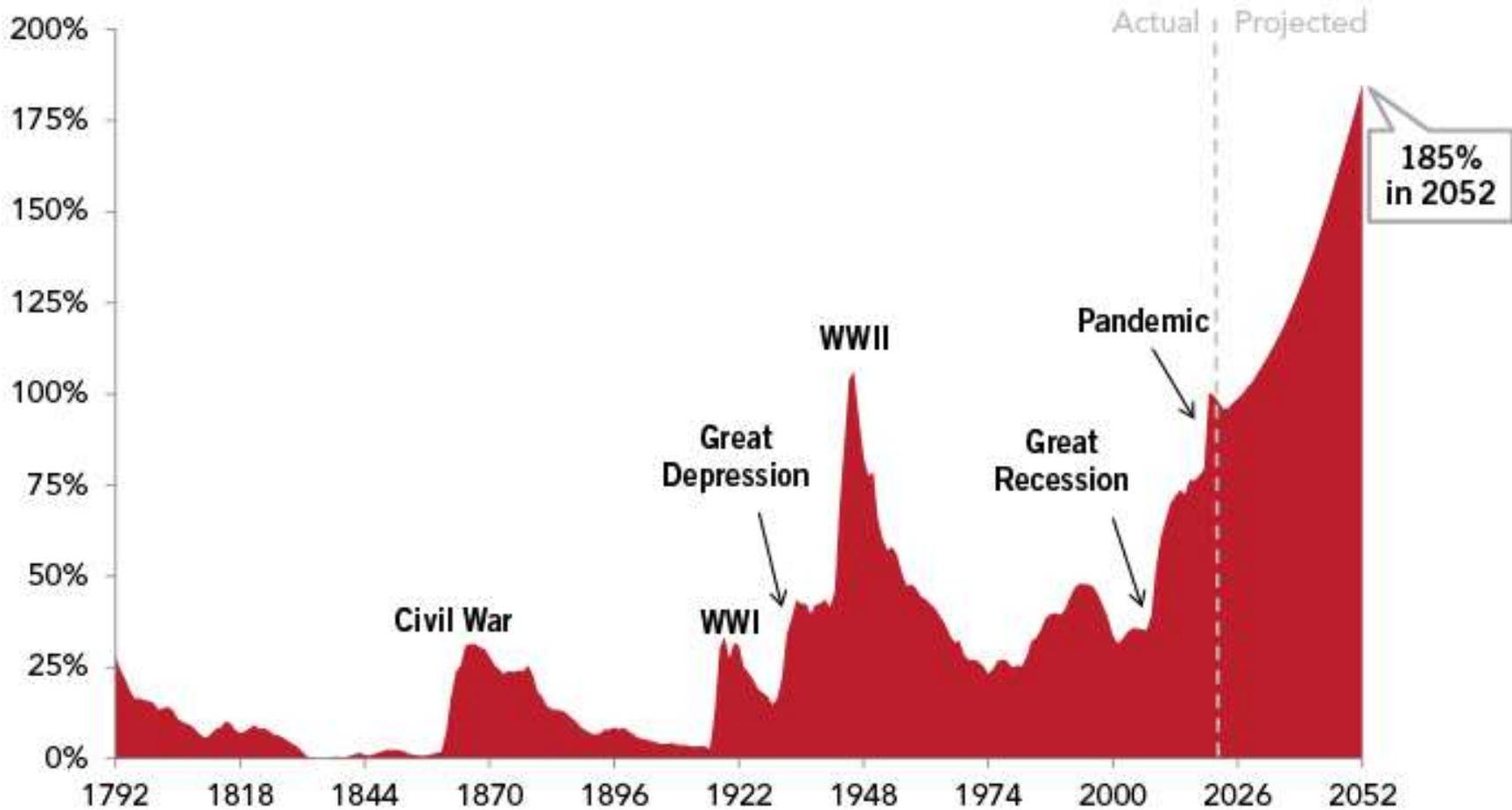
Debt Held by the Public (% of GDP)





Federal debt is on an unsustainable path

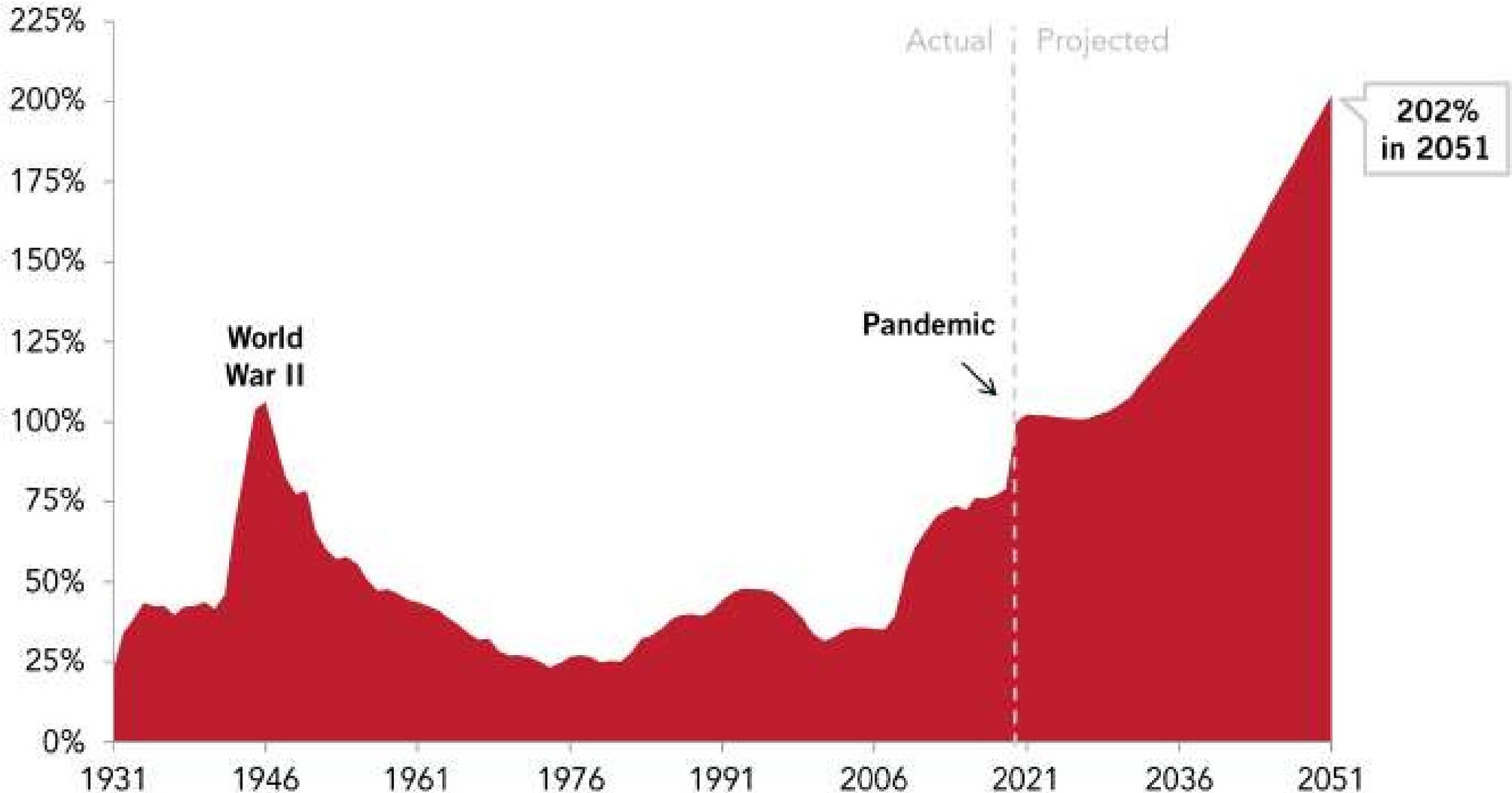
DEBT HELD BY THE PUBLIC (% OF GDP)



SOURCES: Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032*, May 2022; and *The Budget and Economic Outlook: 2020 to 2030*, January 2020.

The national debt is on an unsustainable path

DEBT HELD BY THE PUBLIC (% OF GDP)



SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2021 to 2031*, February 2021.

NOTE: CBO only provides estimates through 2031 and at the end of 2041 and 2051; the estimates between those years reflect a linear interpolation.

THREE MAJOR DRIVERS OF OUR GROWING NATIONAL DEBT



1

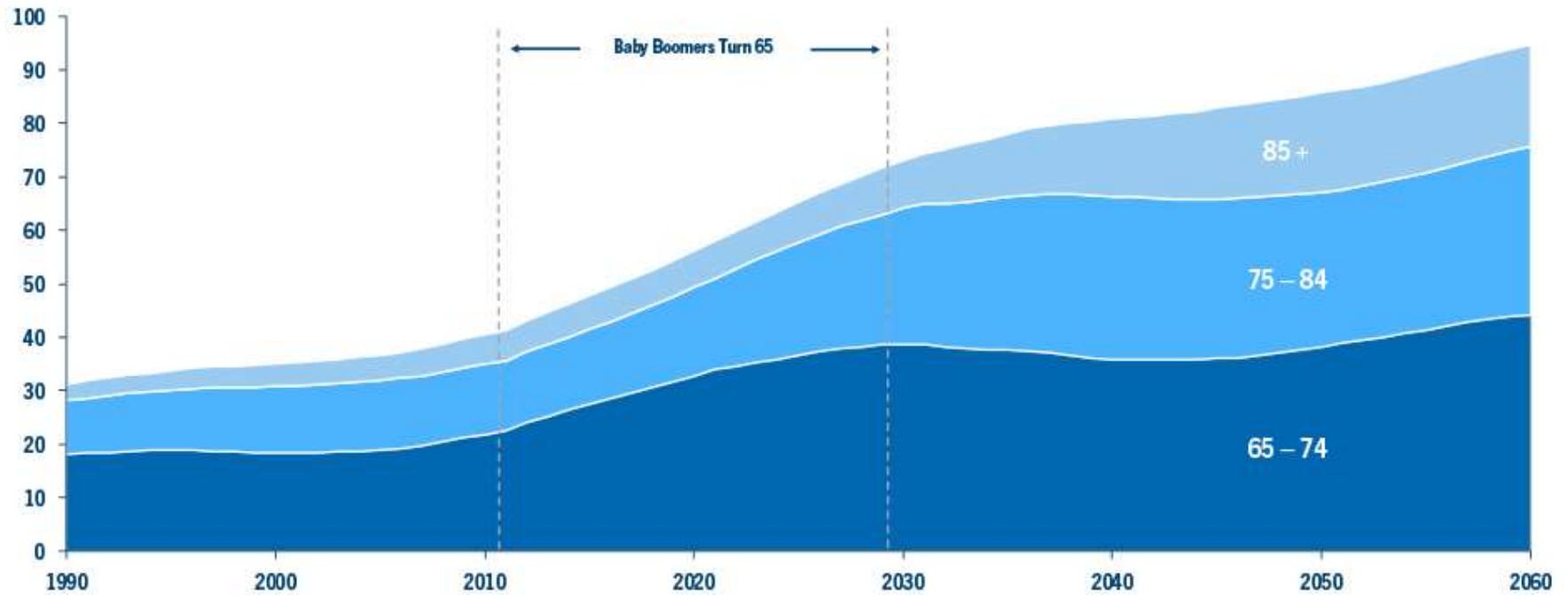
DEMOGRAPHICS



America is undergoing significant demographic change. Our society is aging as the large baby-boom generation begins to retire — 10,000 will turn 65 every day through 2029. Moreover, people are expected to live longer, on average. That is great news, but it means that we must prepare for the financial needs of longer retirement.

These huge demographic trends put increasing pressure on the federal budget — and in particular on vital programs that serve older and vulnerable Americans like Social Security, Medicare, and Medicaid.

U.S. Population Age 65+ (Millions)



SOURCES: U.S. Census Bureau, National Intercensal Estimates; 2016 Population Estimates, June 2017; and 2017 National Population Projections, September 2018.



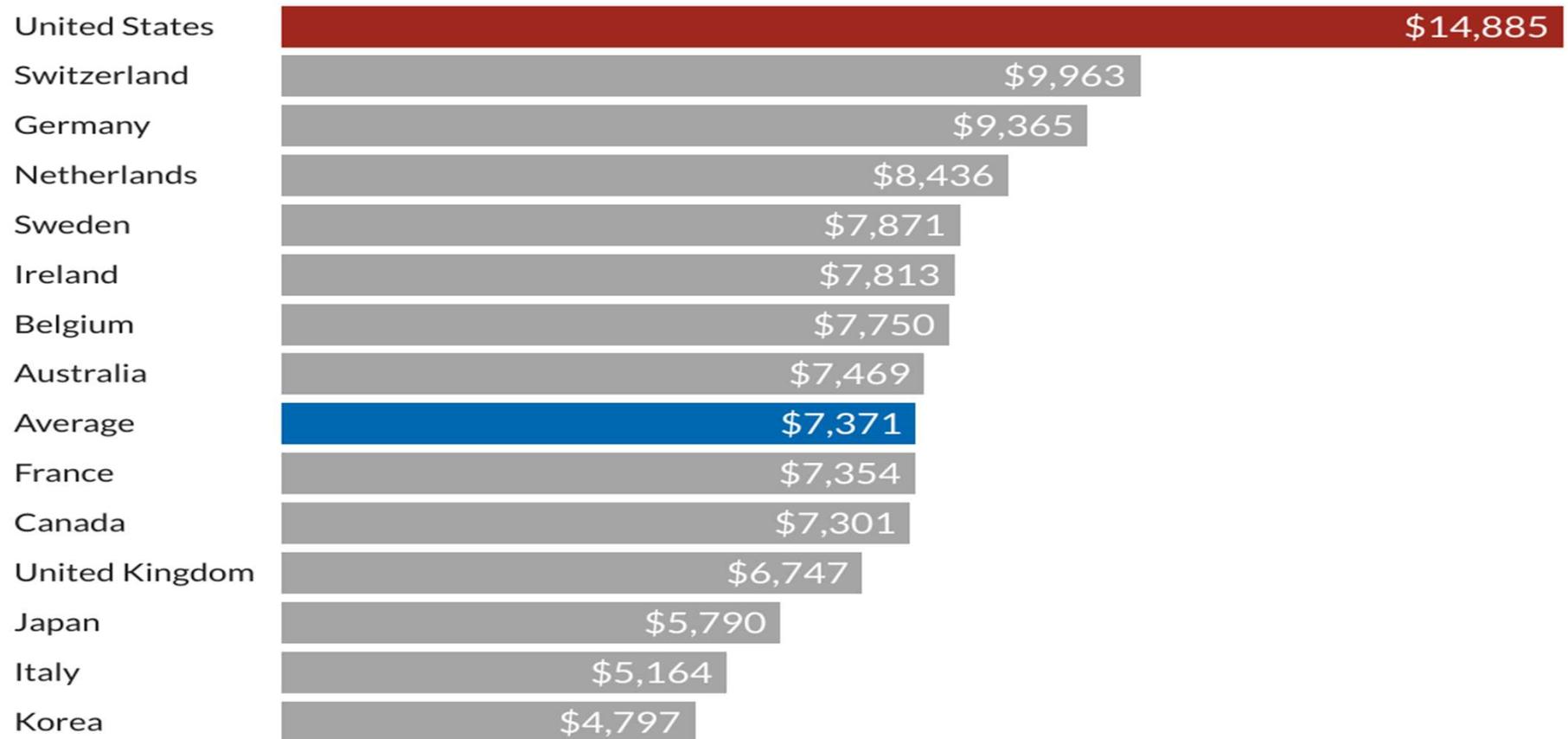
2

RISING HEALTHCARE COSTS



U.S. per capita healthcare spending is almost twice the average of other wealthy countries

Healthcare Costs Per Capita (\$)

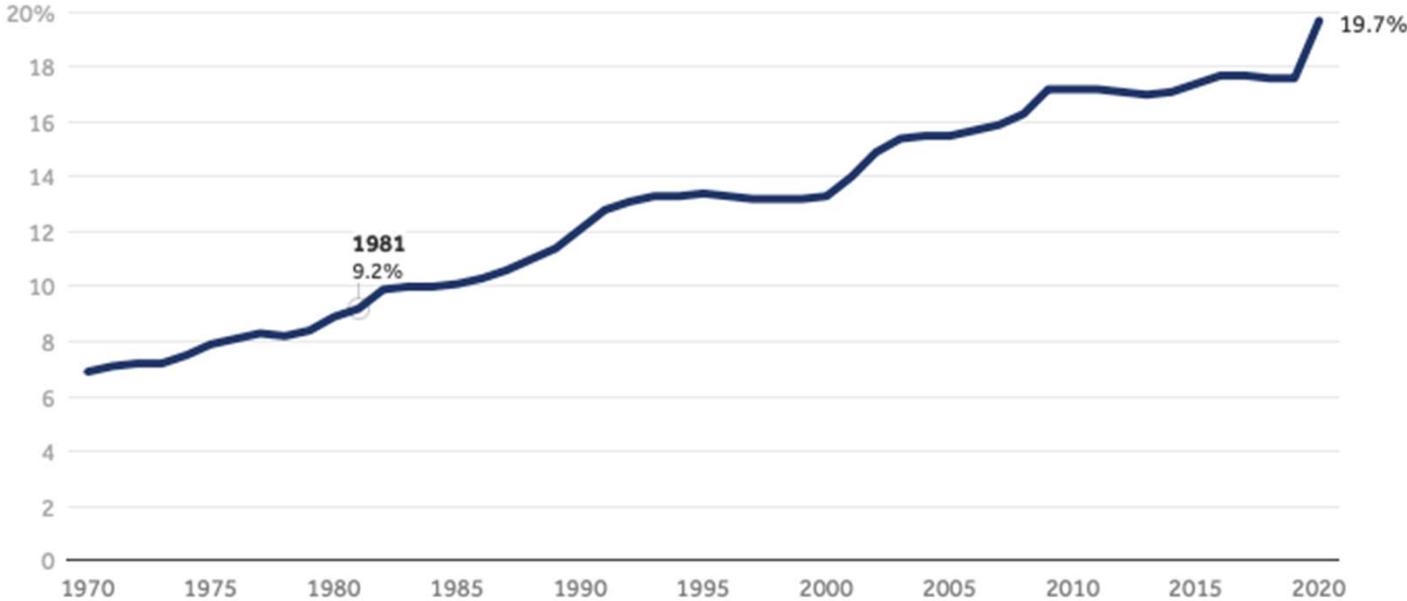


Source: Organisation for Economic Co-operation and Development

Notes: Data are for 2024. Average does not include the United States. The five countries with the largest economies and those with both an above median GDP and GDP per capita, relative to all OECD countries, were included. Chart uses purchasing power parities to convert data into U.S. dollars.

Trend over time:

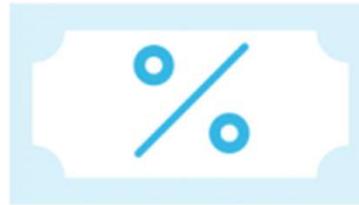
Total national health expenditures as a percent of Gross Domestic Product, 1970-2020



Source: KFF analysis of National Health Expenditure (NHE) data • [Get the data](#) • PNG

3

INADEQUATE REVENUES



It would be one thing if our tax code was designed to fund all the promises we're making. But it's not.

The U.S. tax system does not generate enough revenues to cover the spending policymakers have enacted. This rapidly growing imbalance between revenues and spending leads to higher and higher annual deficits, and the result is an increasing national debt balance.

Q. How do US taxes compare internationally?

A. Total US tax revenue equaled 24 percent of gross domestic product, well below the 34 percent weighted average for other OECD countries.

TOTAL TAX REVENUE

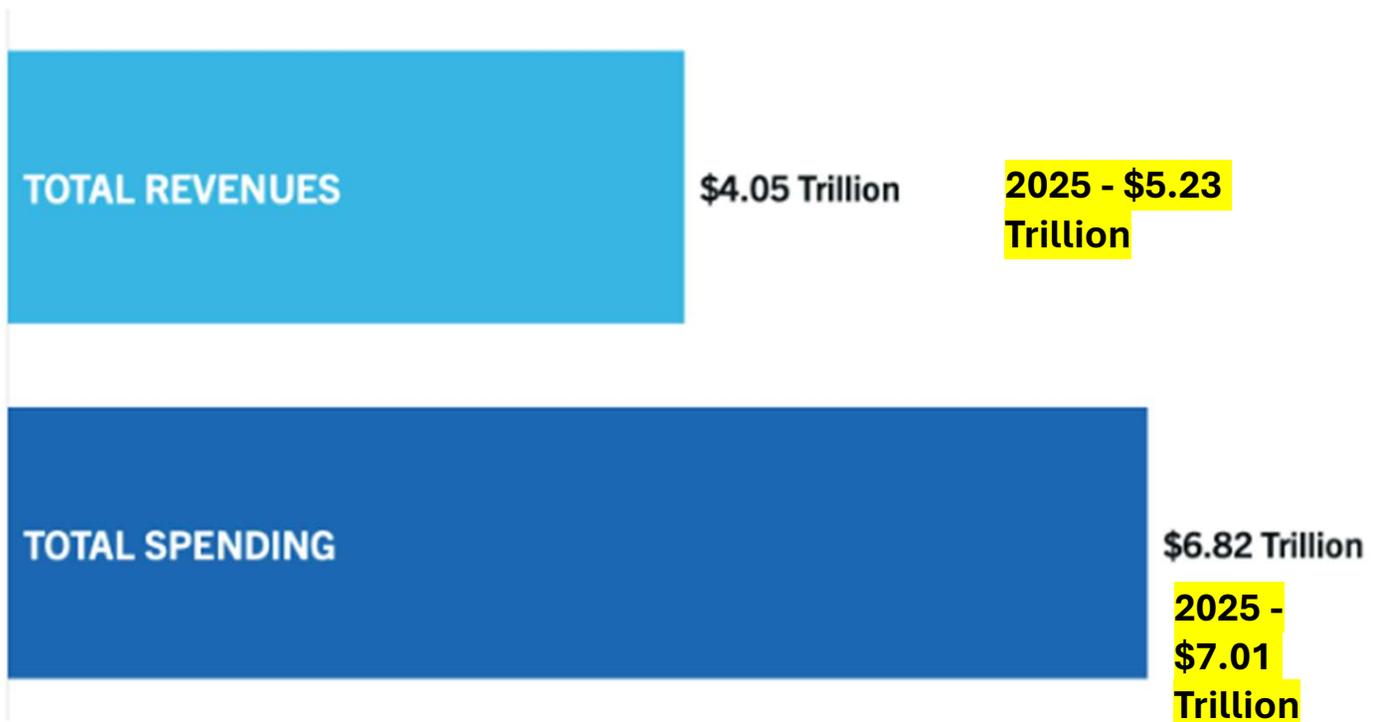
US taxes are low relative to those in other high-income countries (figure 1). In 2018, taxes at all levels of US government represented 24 percent of gross domestic product (GDP), compared with an average of 34 percent for the other 35 member countries of the Organisation for Economic Co-operation and Development (OECD).

Among OECD countries, only Chile, Ireland, and Mexico collected less tax revenue than the United States as a percentage of GDP. Taxes exceeded 40 percent of GDP in seven European countries, including France, where taxes were 46 percent of GDP. But those countries generally provide more extensive government services than the United States does.

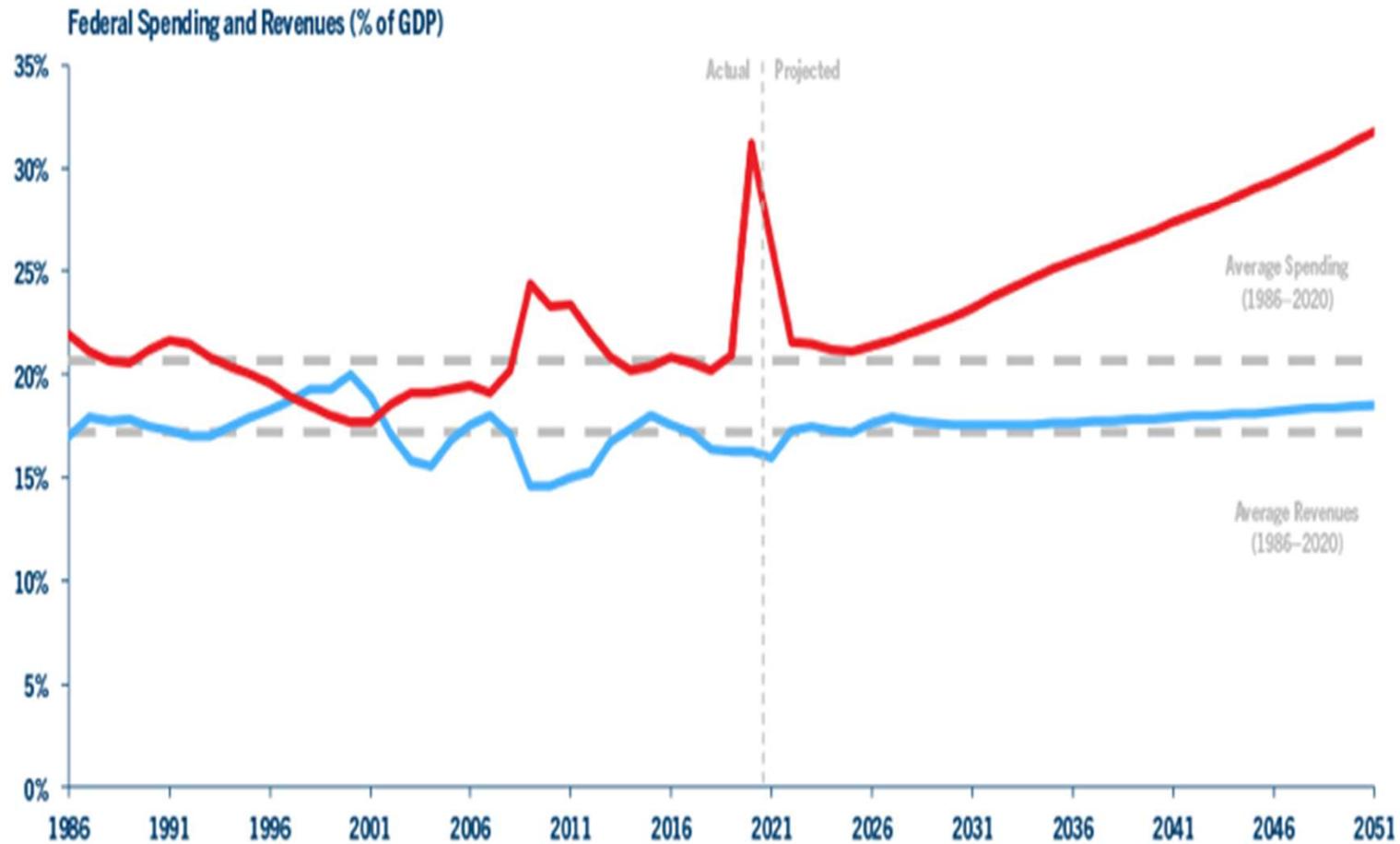
As of 2025 – OECD has 38 member countries

REVENUES VS. SPENDING

2021 Federal Revenues and Spending



THE GROWING DEBT IS CAUSED BY A STRUCTURAL MISMATCH BETWEEN SPENDING AND REVENUES



SOURCES: Congressional Budget Office, *The 2021 Long-Term Budget Outlook*, March 2021; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2021*, February 2020.

Interest will become the fastest growing part of the federal budget.



①

In ten years, our interest will nearly triple from where it is today.

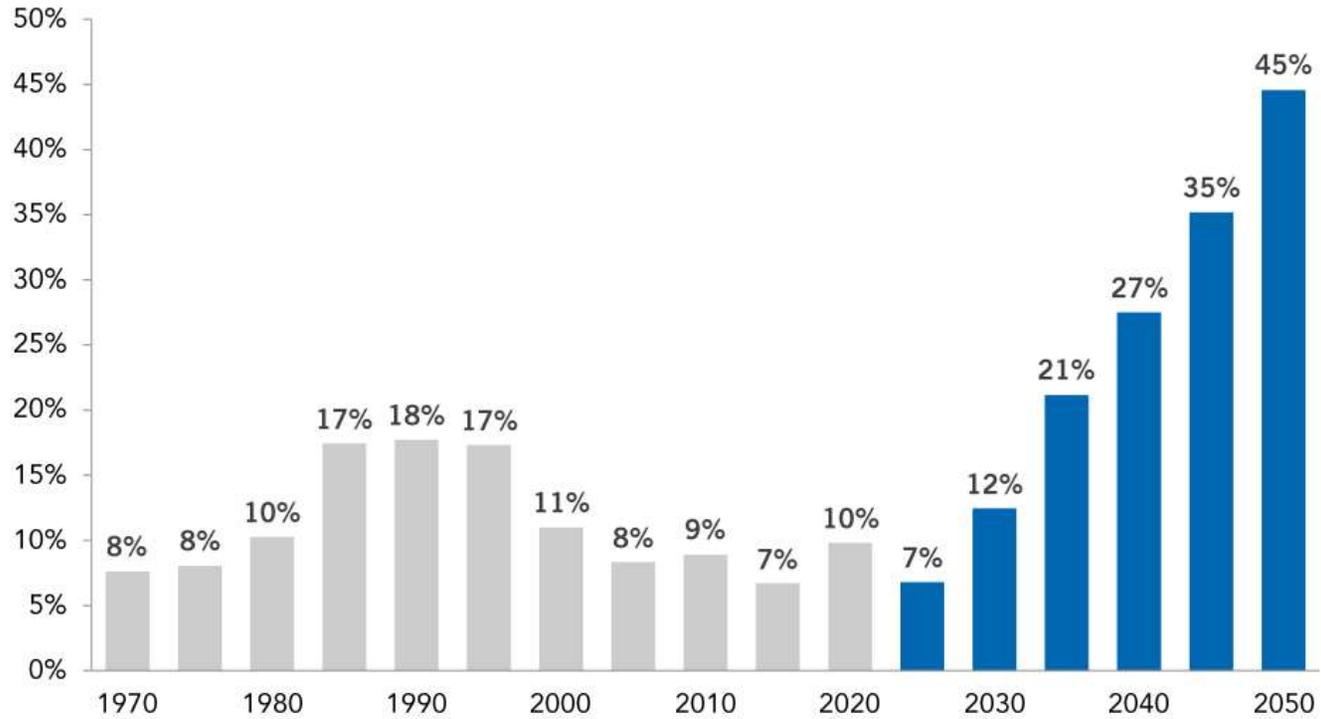


①



Net interest costs are projected to consume a growing share of federal revenues

NET INTEREST (% OF REVENUES)



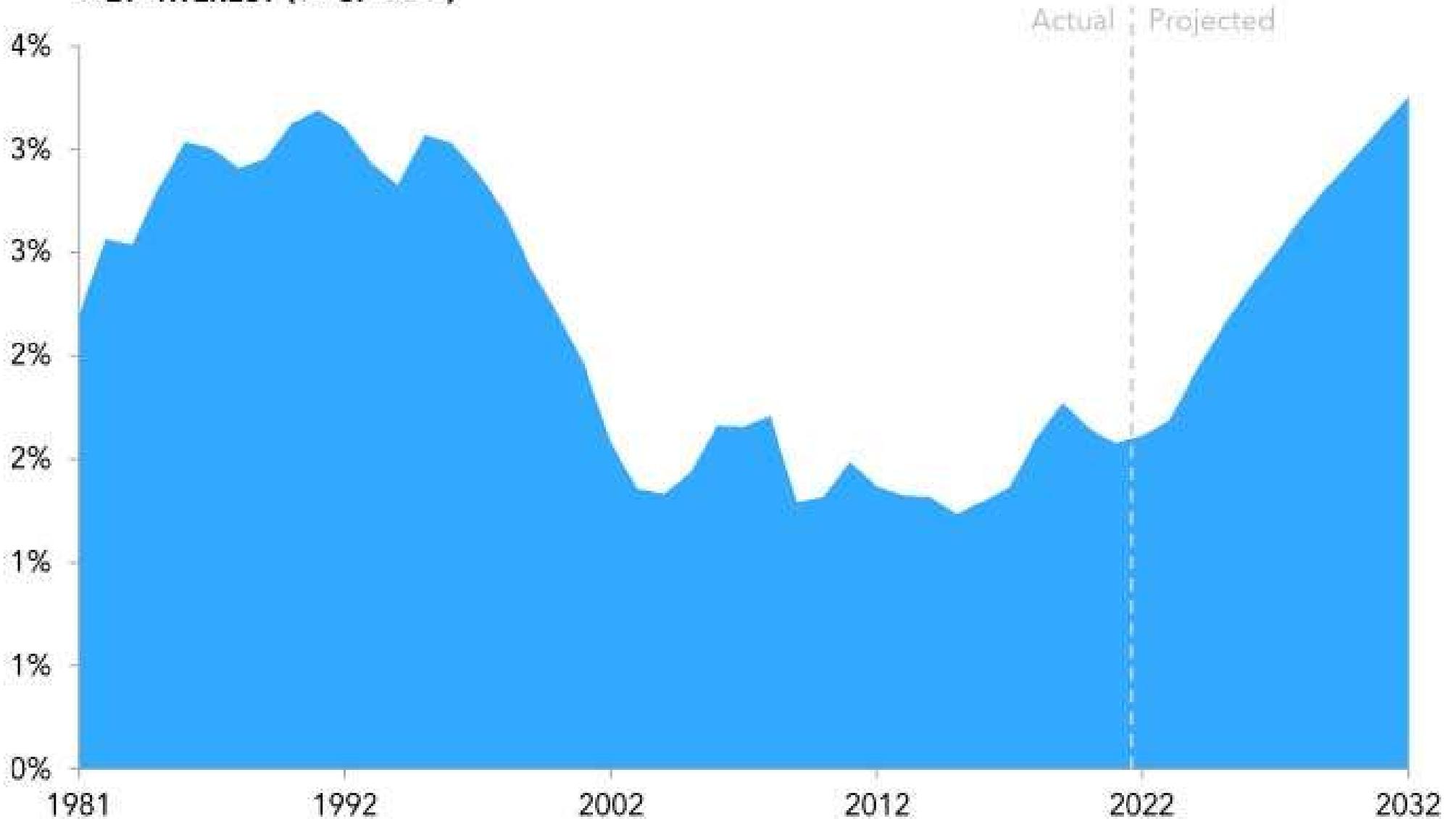
SOURCES: Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2022*, May 2021; and the Congressional Budget Office, *The 2021 Long-Term Budget Outlook*, March 2021.

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Net interest costs are projected to rise to the highest level ever recorded in 2032

NET INTEREST (% OF GDP)



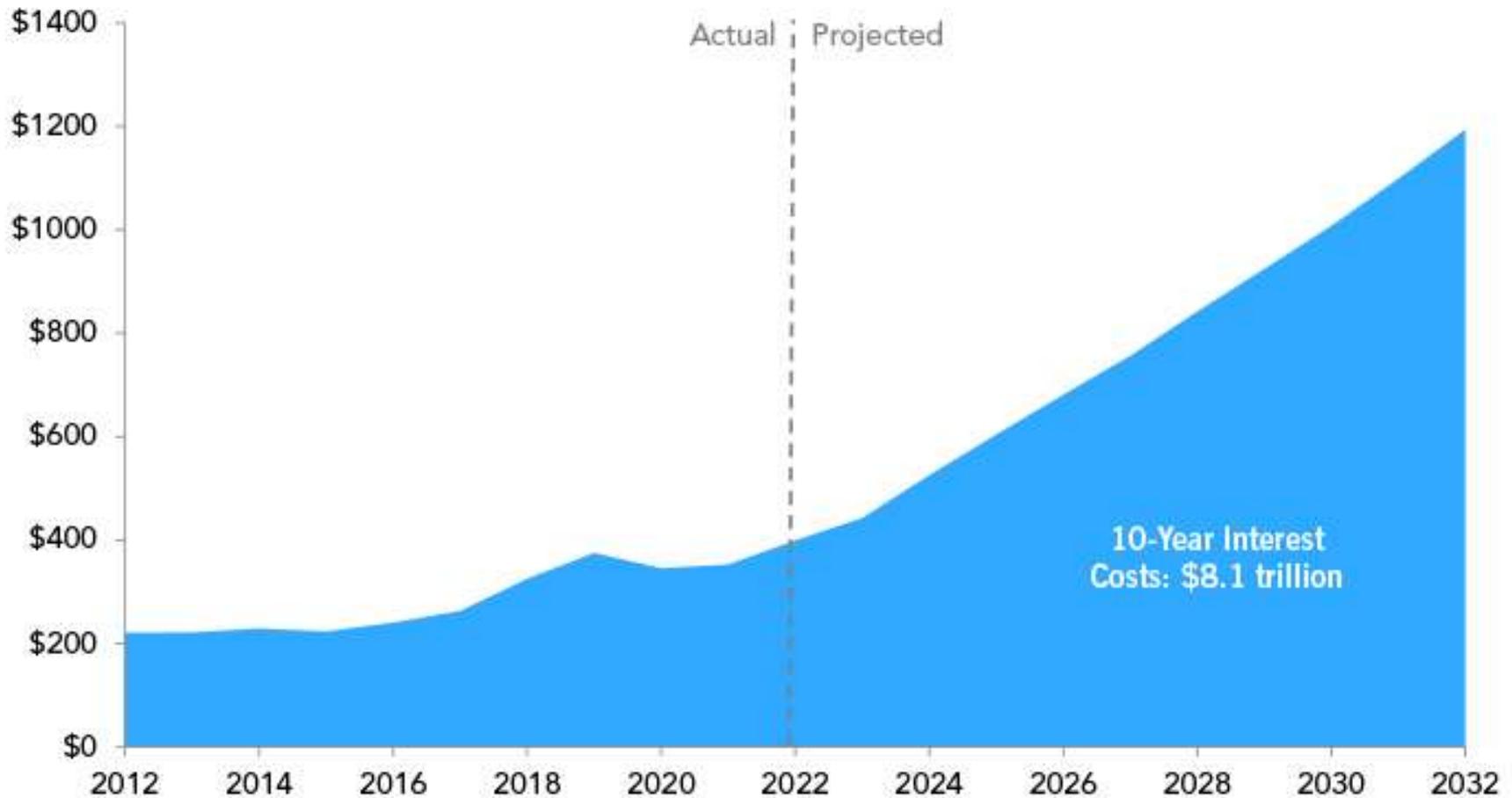
SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032*, May 2022.

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Net interest costs are projected to rise sharply

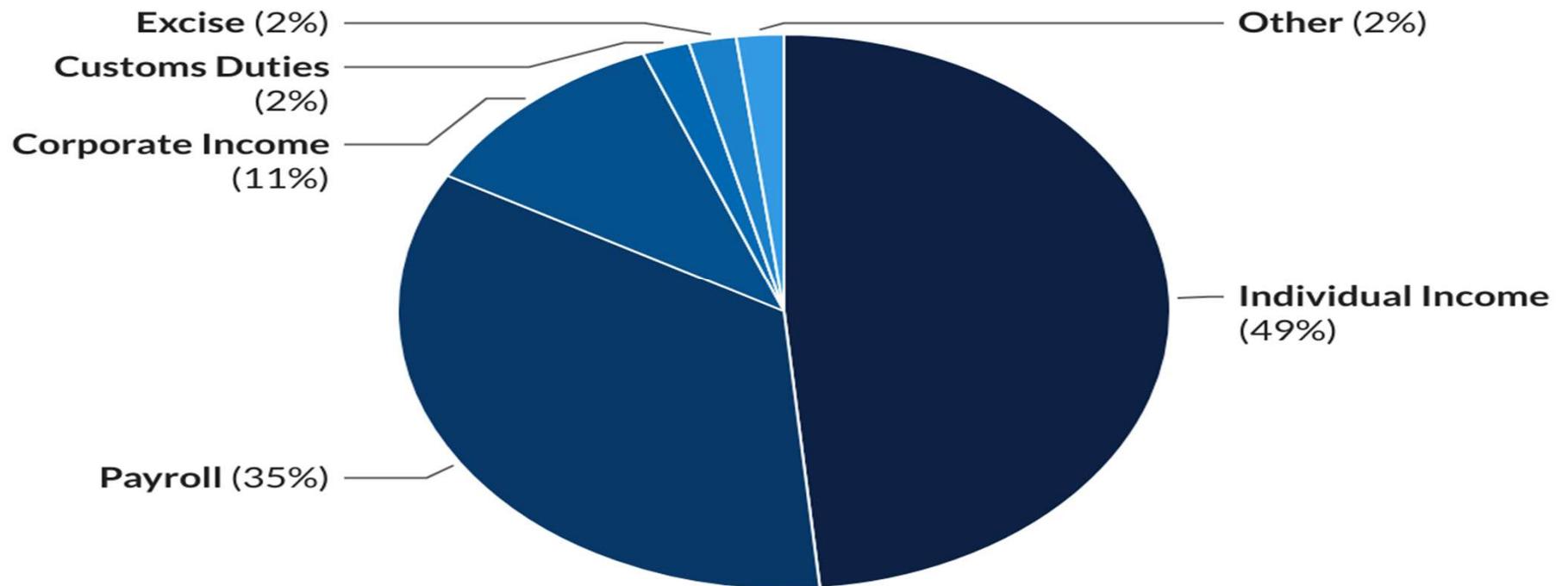
NET INTEREST (BILLIONS OF DOLLARS)



SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032*, May 2022; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2023*, March 2022.

The federal government collects revenues from a variety of sources

2024 Revenues:
\$4,918 Billion



Source: Congressional Budget Office

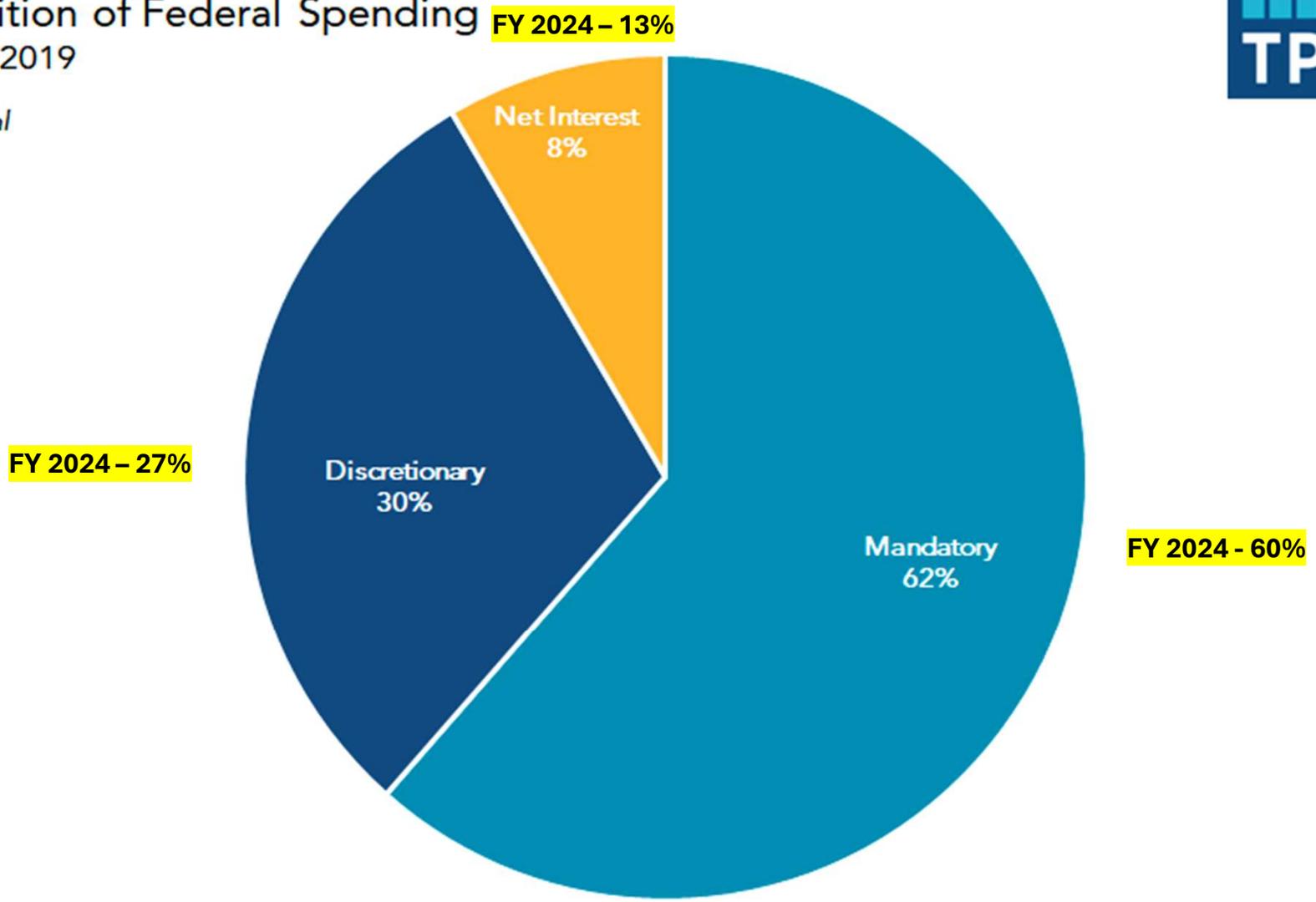
Notes: "Other" includes estate and gift taxes, income from the Federal Reserve, and miscellaneous fees and fines. Totals may not add up to 100% due to rounding.



FIGURE 1

Composition of Federal Spending

Fiscal year 2019
Share of total



Source: Congressional Budget Office. *The Budget and Economic Outlook: 2020 to 2030*, January 2020.

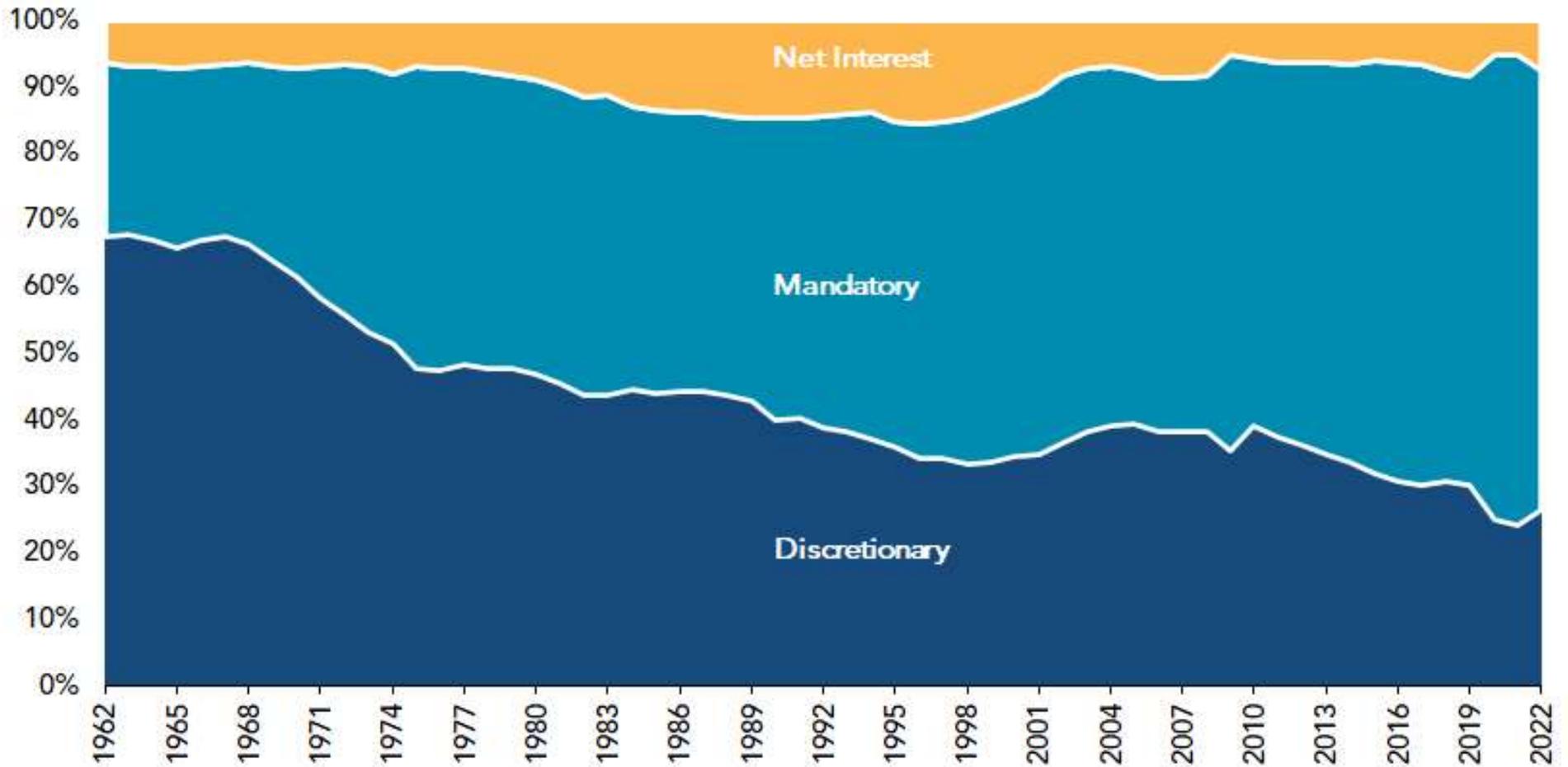
FIGURE 2

Composition of Federal Spending

Fiscal years 1962–2022



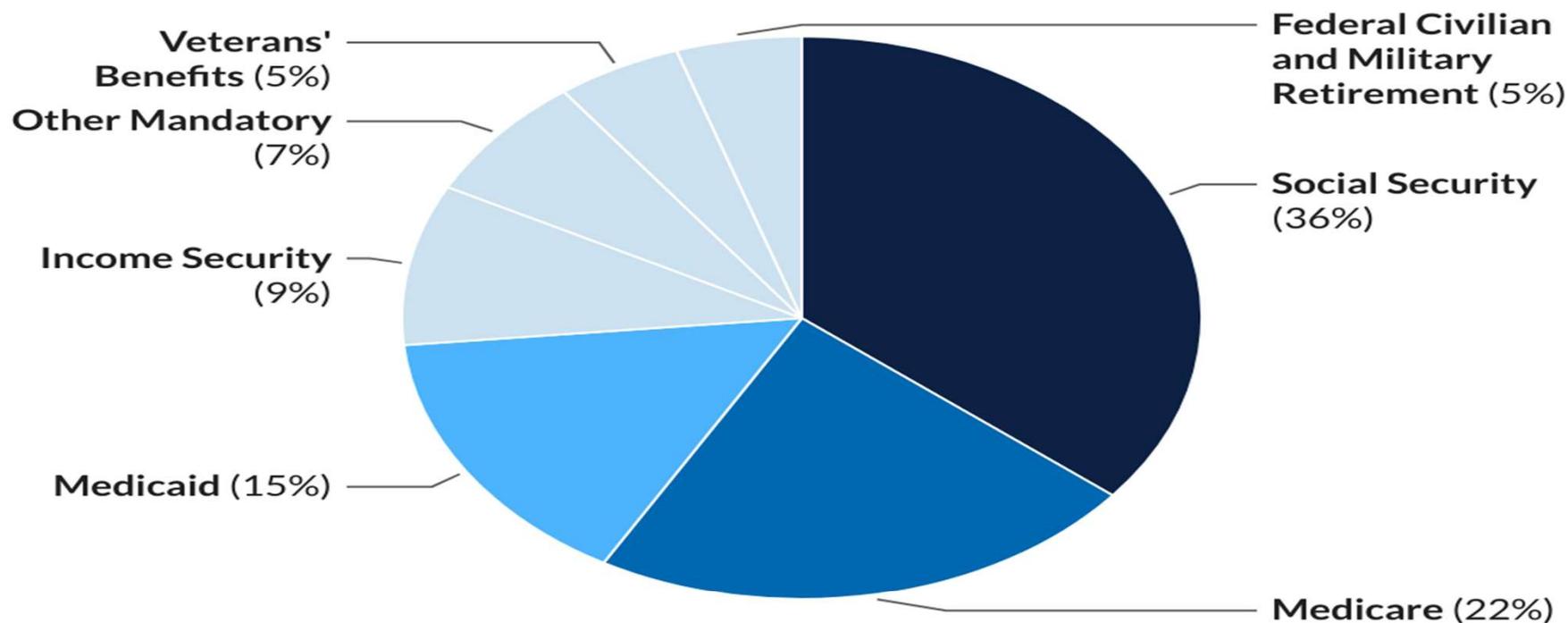
Share of total



Source: Congressional Budget Office. *The Budget and Economic Outlook: 2023 to 2033*, Historical Budget Data, Table 3: Outlays, by Major Category, Since 1962. February 2023.

Social Security, Medicare, and Medicaid account for nearly 75 percent of mandatory spending

2024 Mandatory Outlays:
\$4,130 Billion



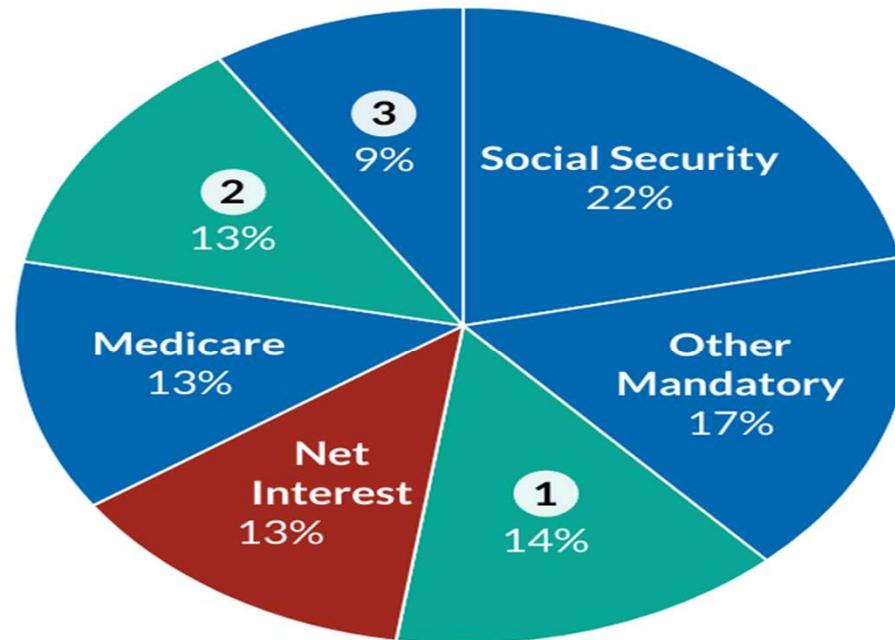
Source: Congressional Budget Office

Notes: All amounts are net of offsetting receipts, where applicable. Other mandatory includes Children's Health Insurance Program, spending to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act, and other programs. Numbers may not sum due to rounding.

Share of federal spending by budget category

FY 2024 Outlays: \$6.8 Trillion

■ Mandatory (60%) ■ Discretionary (27%) ■ Net Interest (13%)



① Nondefense Discretionary ② Defense Discretionary ③ Medicaid

Source: Office of Management and Budget

Notes: Outlays for Social Security include non-retirement benefits. Mandatory spending programs are shaded blue, discretionary programs are shaded light blue, and net interest spending is dark blue.

**EVERY DOLLAR THAT GOES
TOWARDS INTEREST PAYMENTS
MEANS LESS RESOURCES ARE
AVAILABLE TO BUILD A STRONGER,
MORE RESILIENT FUTURE.**

**WHY DOES
THE
NATIONAL
DEBT
MATTER?**

SO, WHY DOES THE NATIONAL DEBT MATTER?



High and rising federal debt matters because it reduces our flexibility to plan for and respond to urgent crises.



Debt matters because growing interest costs make it harder for us to invest in our future — to build and sustain infrastructure, enhance education and support an economy that creates job growth and rising wages.



Debt matters because it threatens the safety net — critical programs like Social Security, Medicaid, Medicare, SNAP and Unemployment Compensation are essential lifelines for our most vulnerable populations.



Debt matters because America faces emerging and ongoing challenges that will require resources to keep our country safe and strong — challenges like climate change, affordable health care, international conflicts and an increasingly complex and competitive global economy.



Debt matters because we care about our children and grandchildren. Borrowing more and more today reduces the opportunities and prosperity of the next generation.