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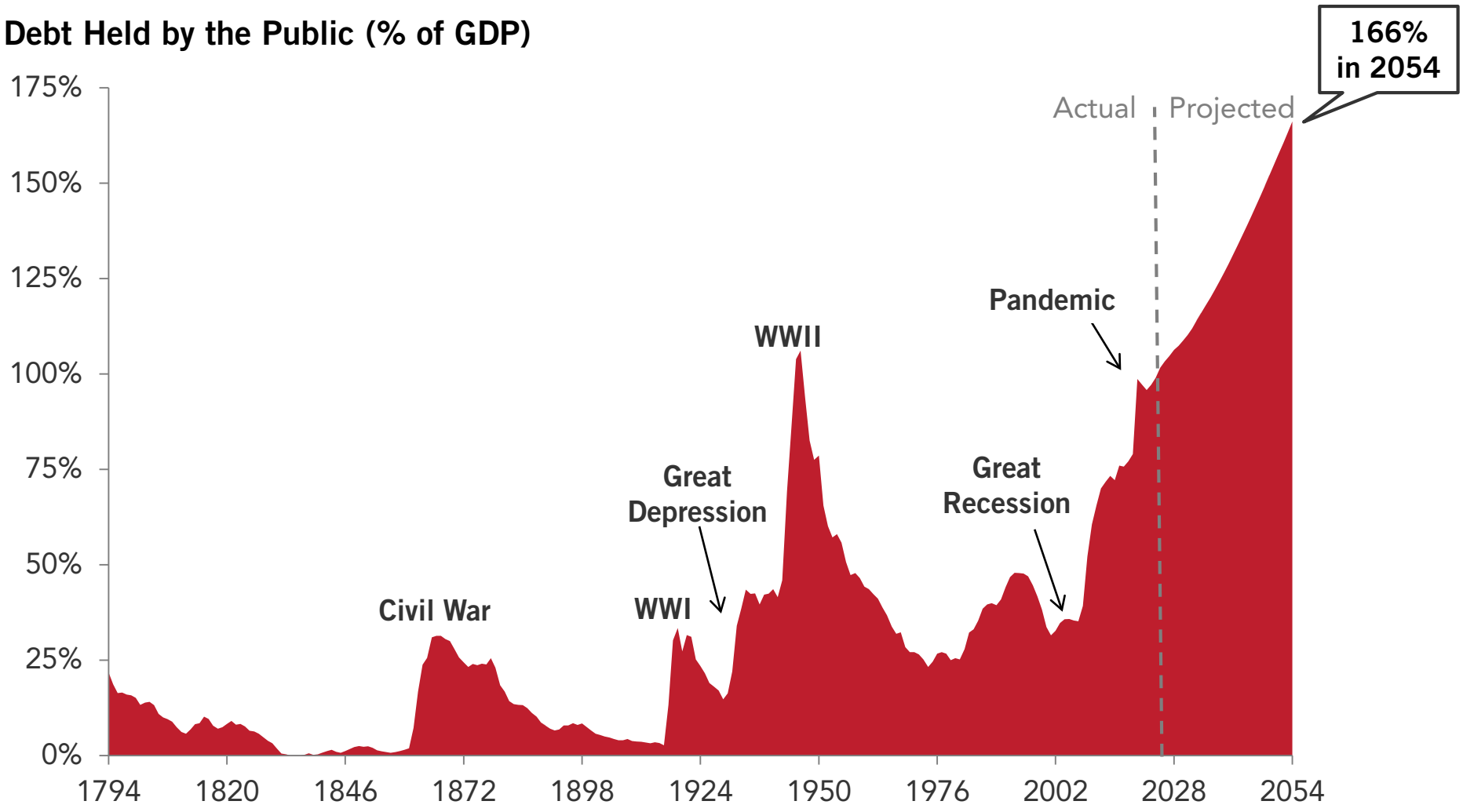
Selected Charts on the Long-Term Fiscal Challenges of the United States

March 2024

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Federal debt is on an unsustainable path

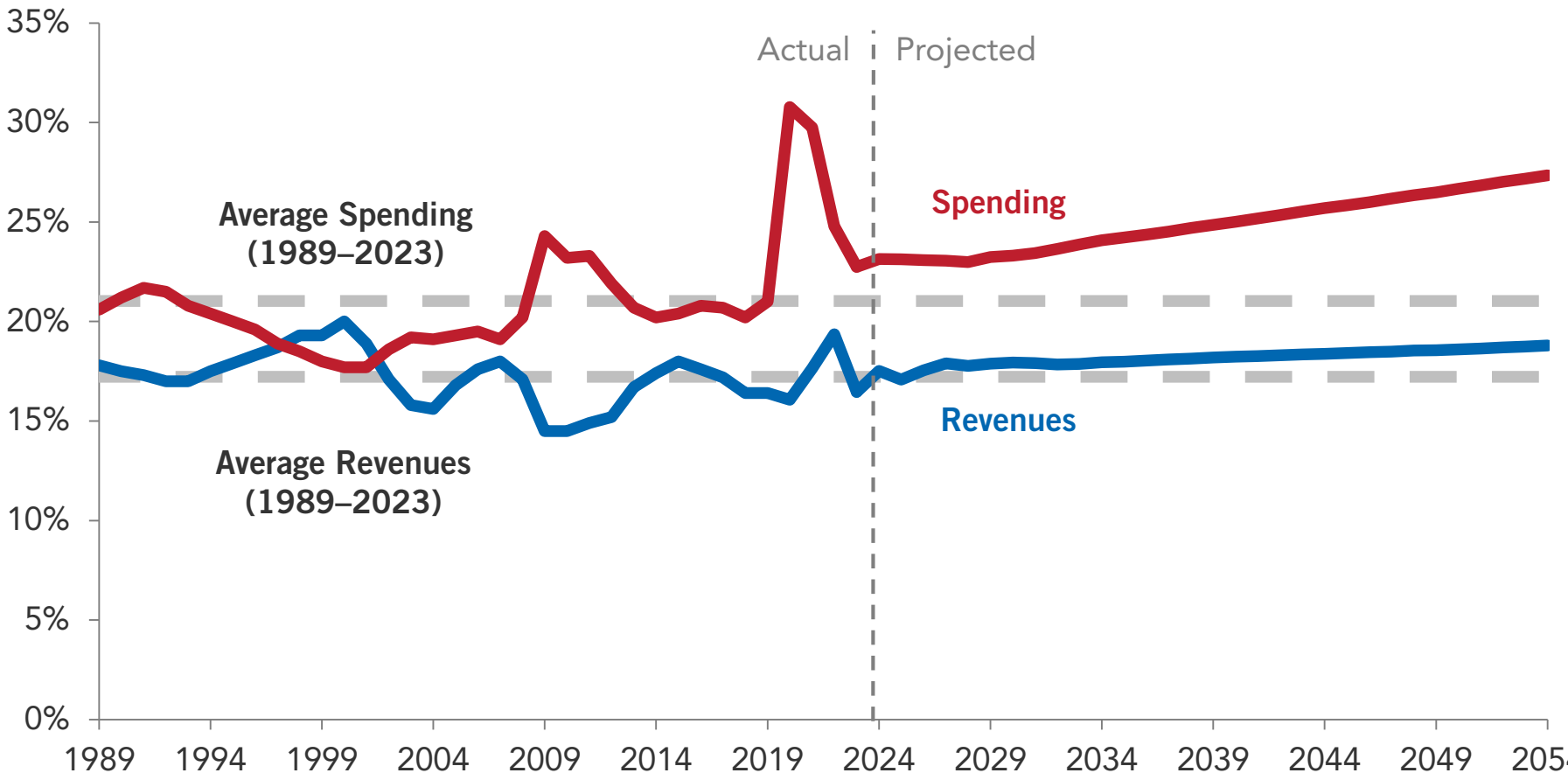


SOURCES: Congressional Budget Office, *The 2024 Long-Term Budget Outlook*, March 2024; *The Budget and Economic Outlook: 2024 to 2034*, February 2024; *The Budget and Economic Outlook: 2020 to 2030*, January 2020; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2025*, March 2024.

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The growing debt is caused by a structural mismatch between spending and revenues

Federal Spending and Revenues (% of GDP)



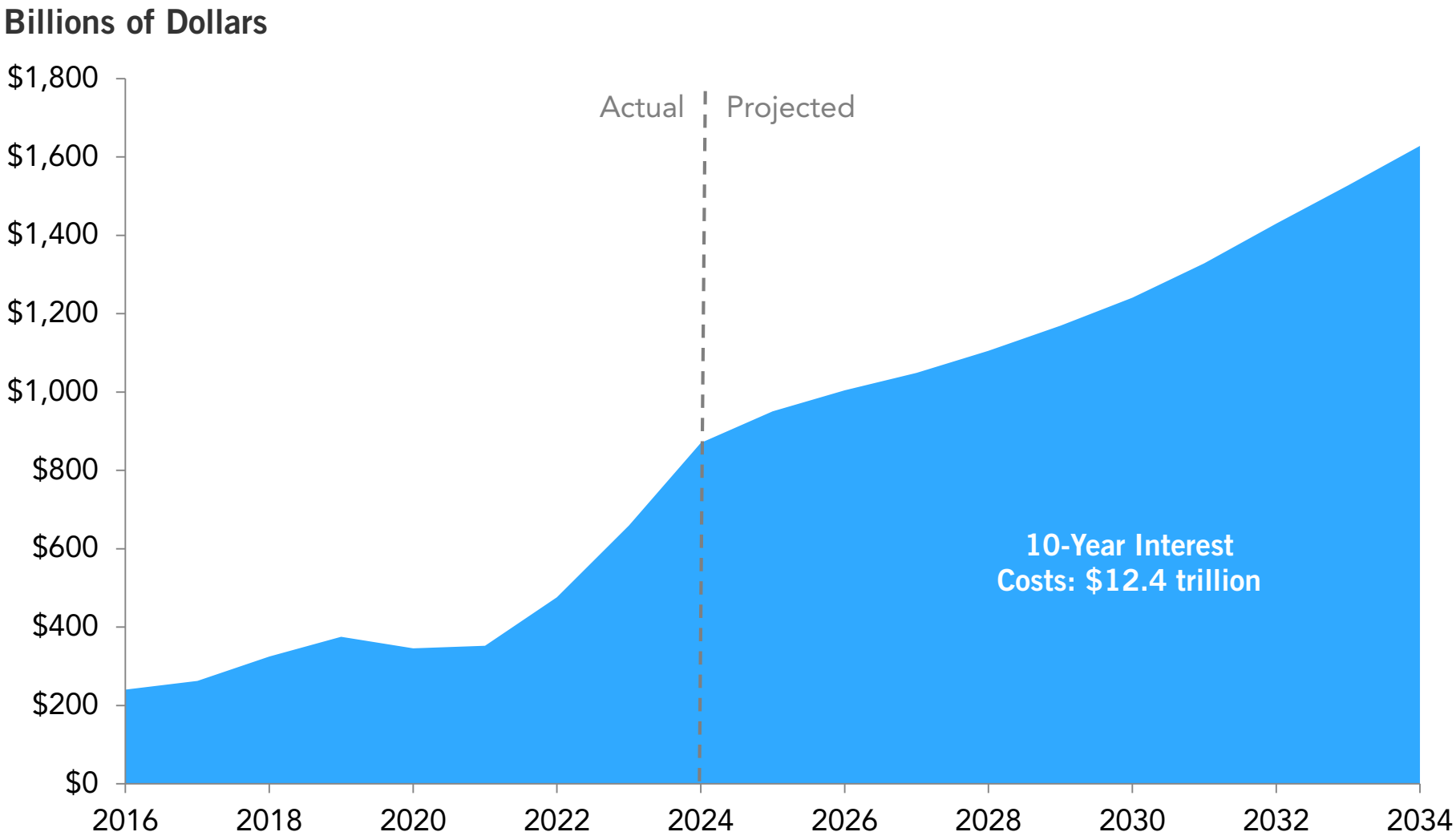
SOURCES: Congressional Budget Office, *The 2024 Long-Term Budget Outlook*, March 2024; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2025*, March 2024.

NOTE: Projected data have been adjusted to remove the effects of timing shifts. Certain payments that would ordinarily have been made on the first day of this fiscal year (October 1) but are instead made at the end of September and thus shifted into the previous fiscal year are treated as belonging to the subsequent fiscal year.

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Net interest costs are projected to rise sharply

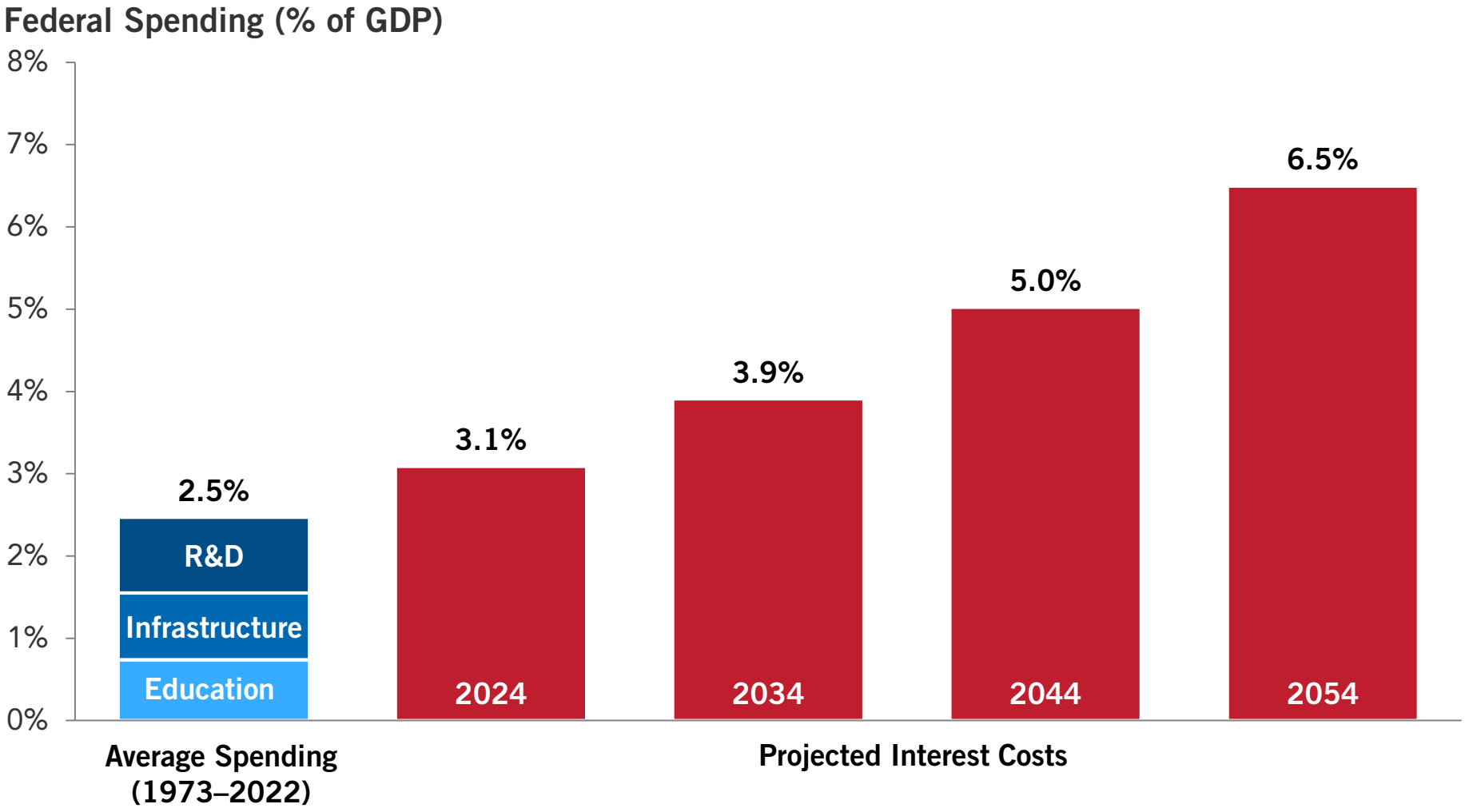


SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, February 2024; and Office of Management and Budget, *Budget of the United States Government: Fiscal Year 2024*, March 2023.

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By 2054, interest costs are projected to be nearly three times the amount the federal government has historically spent on R&D, infrastructure, and education combined



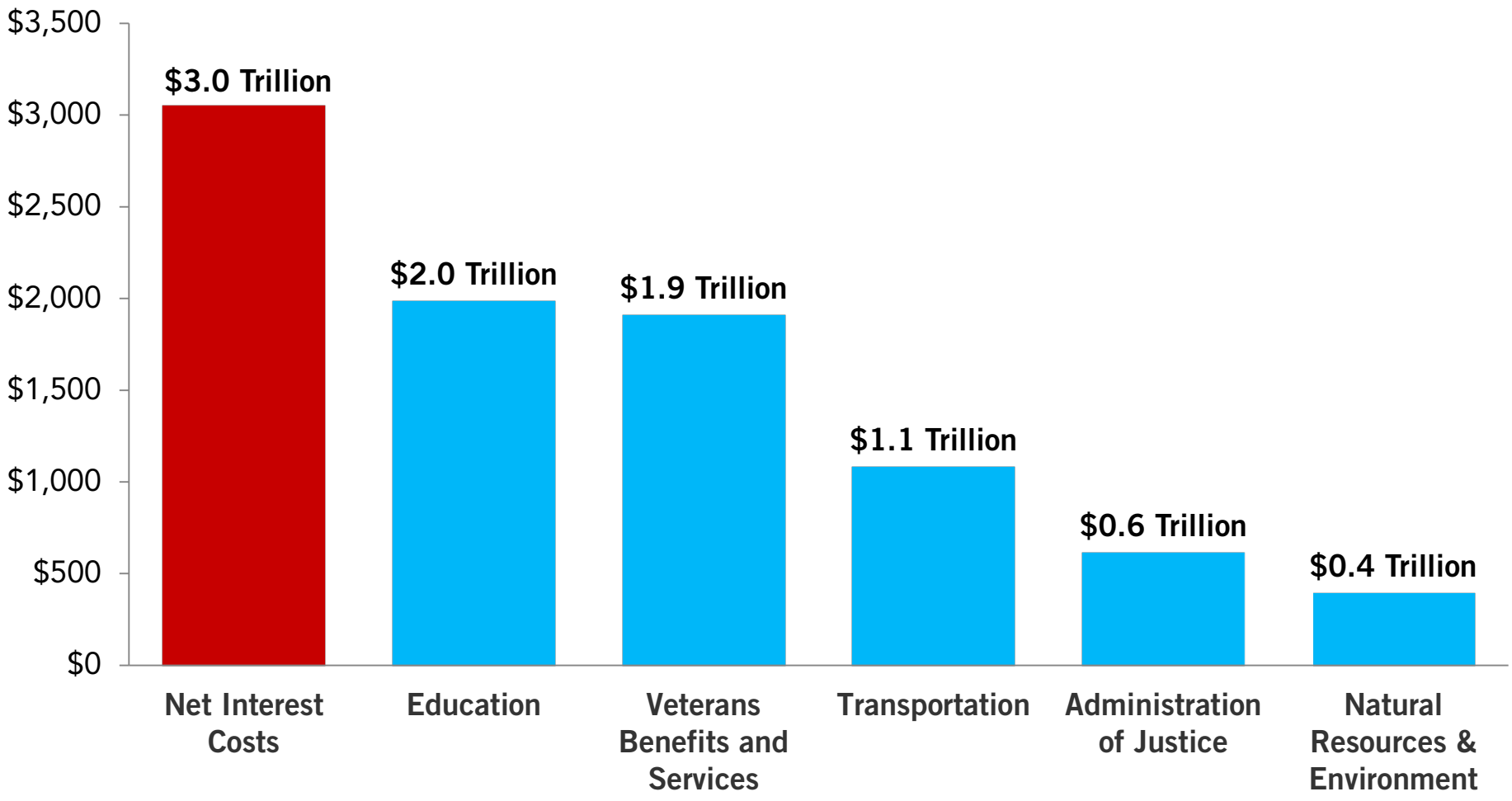
SOURCES: Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034,* February 2024; and Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2024,* March 2023.
NOTE: Infrastructure excludes defense.

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Over the past decade, the U.S. spent more on interest on the national debt than it did on other national priorities

Federal Spending From FY2013 to FY2022 (Dollars)

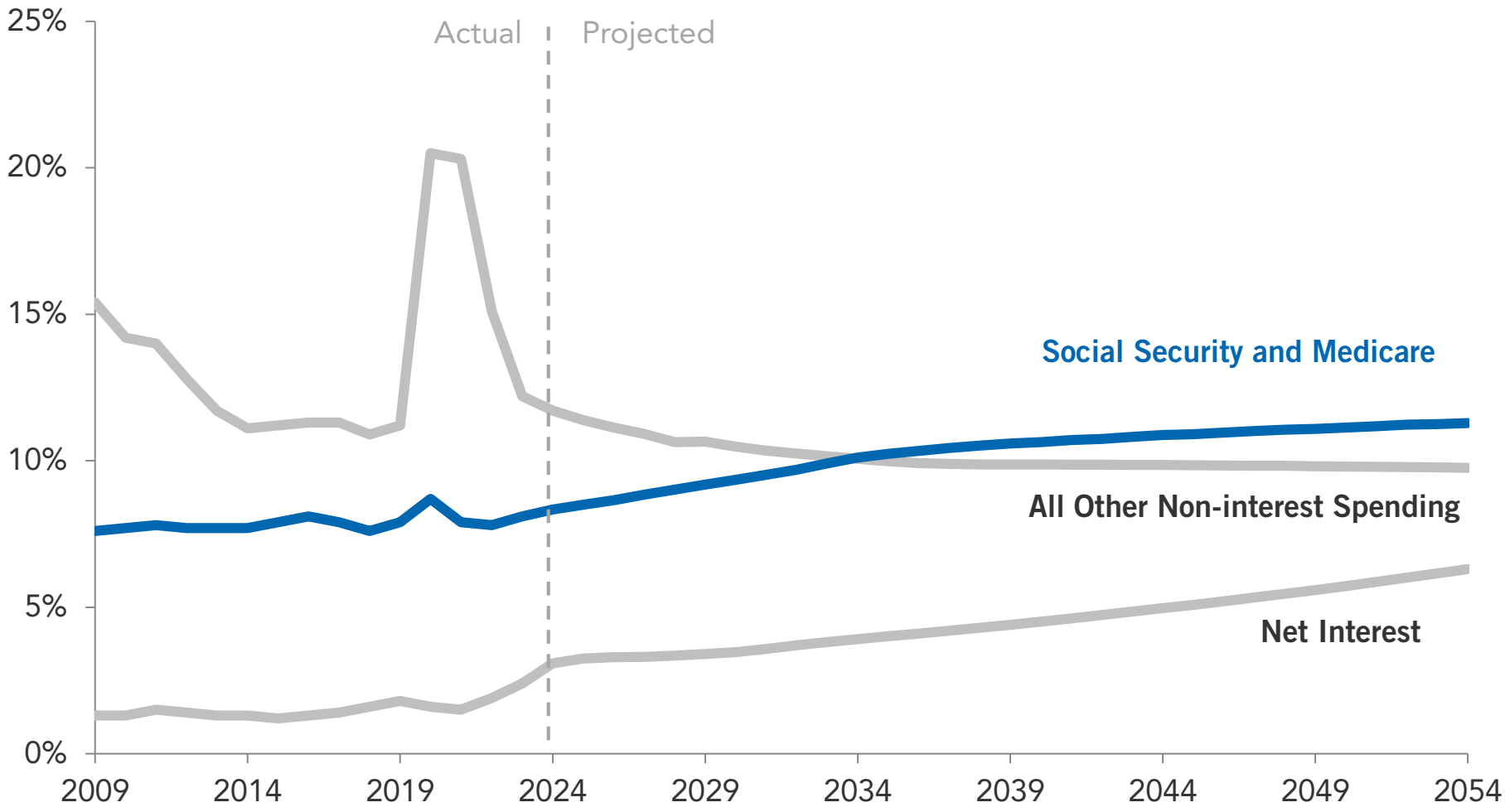


SOURCES: Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2024*, March 2023.
NOTE: Education includes education, training, employment, and social services.

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Spending for Social Security and Medicare will continue to climb

Federal Spending (% of GDP)



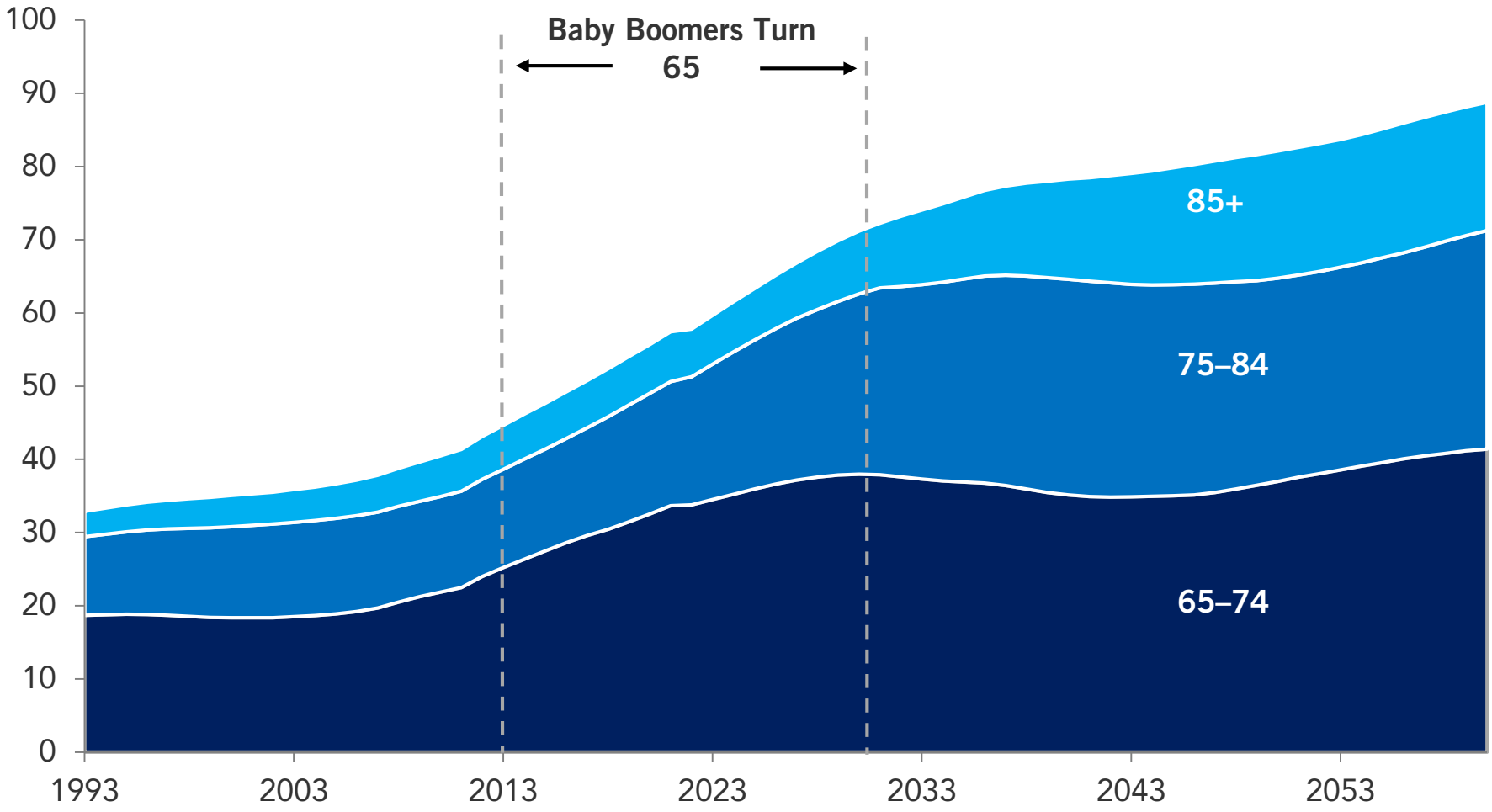
SOURCES: Congressional Budget Office, *The 2024 Long-Term Budget Outlook*, March 2024, and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2025*, March 2024.

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The elderly population is growing rapidly and living longer

U.S. Population Age 65+ (Millions)



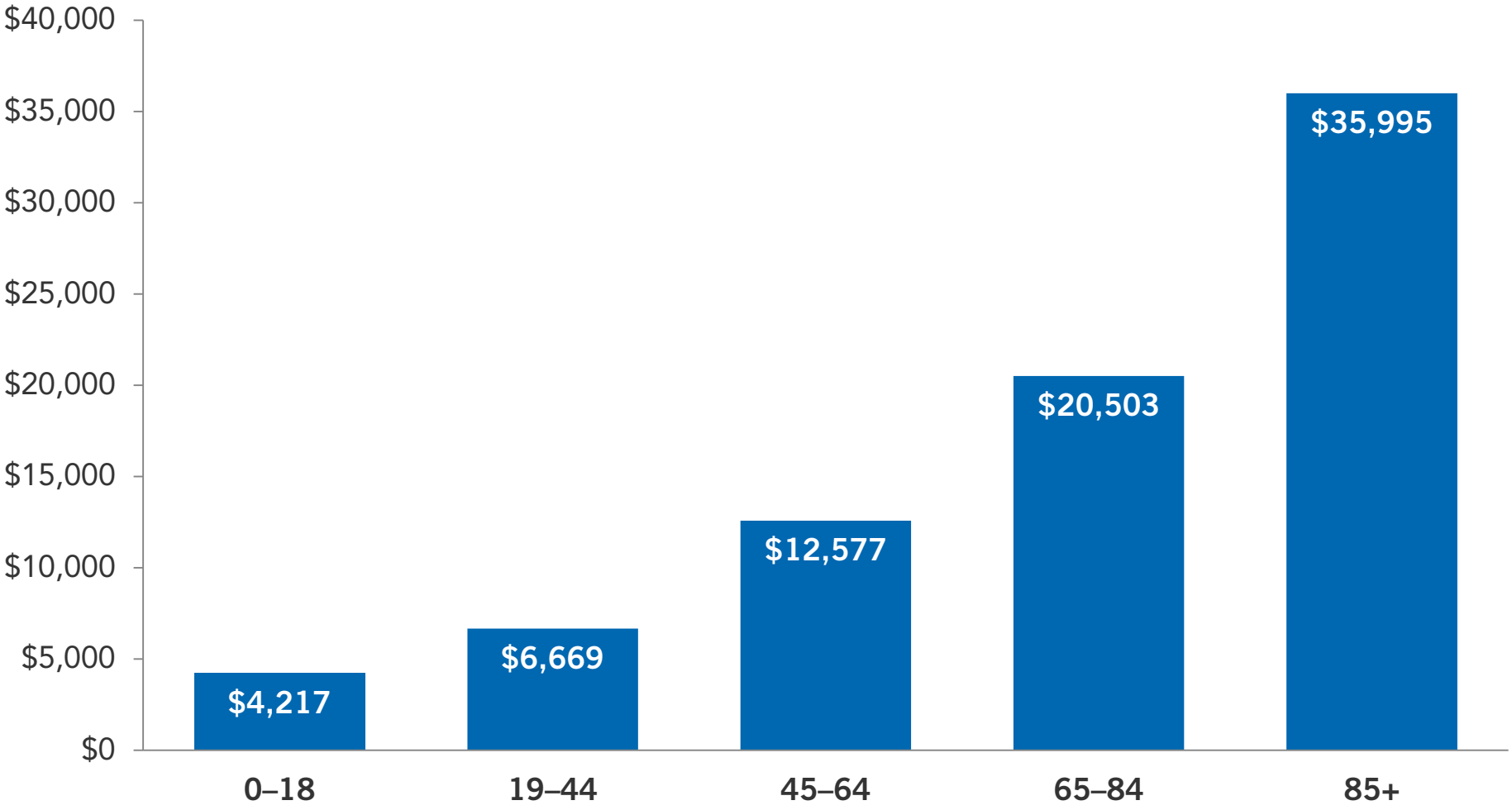
SOURCES: U.S. Census Bureau, *National Intercensal Estimates*; *2023 Population Estimates*, August 2023; and *2023 National Population Projections*, November 2023.

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Medical spending increases rapidly with age

Healthcare Spending Per Capita by Age Group (Dollars)



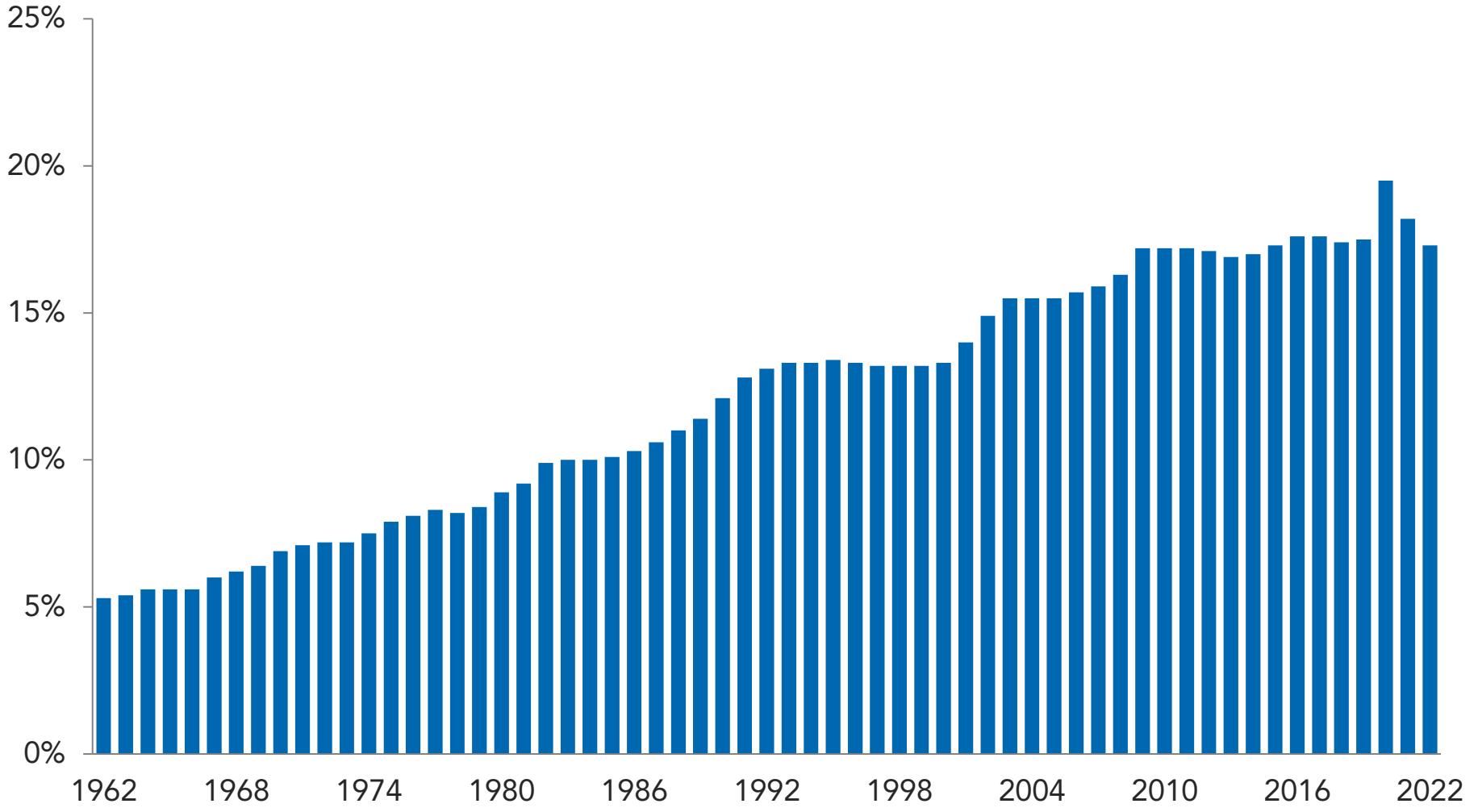
SOURCE: Centers for Medicare and Medicaid Services, *National Health Expenditures by Age and Sex*, August 2023.
NOTE: Data are for 2020.

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Healthcare costs in the United States have increased drastically over the past several decades

National Health Expenditures (% of GDP)

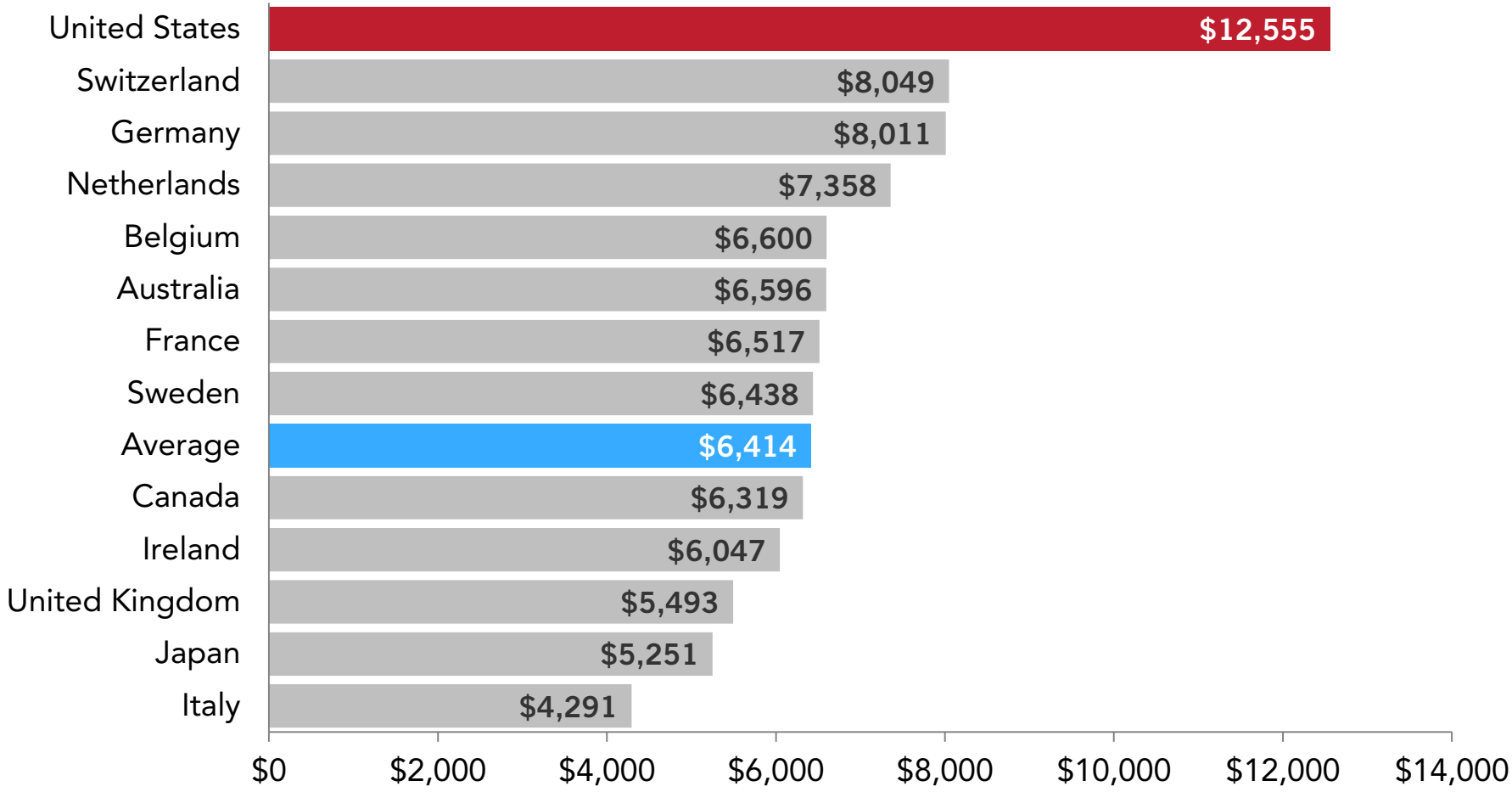


SOURCE: Centers for Medicare and Medicaid Services, *National Health Expenditure Data*, December 2023.

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

Healthcare Costs Per Capita (Dollars)

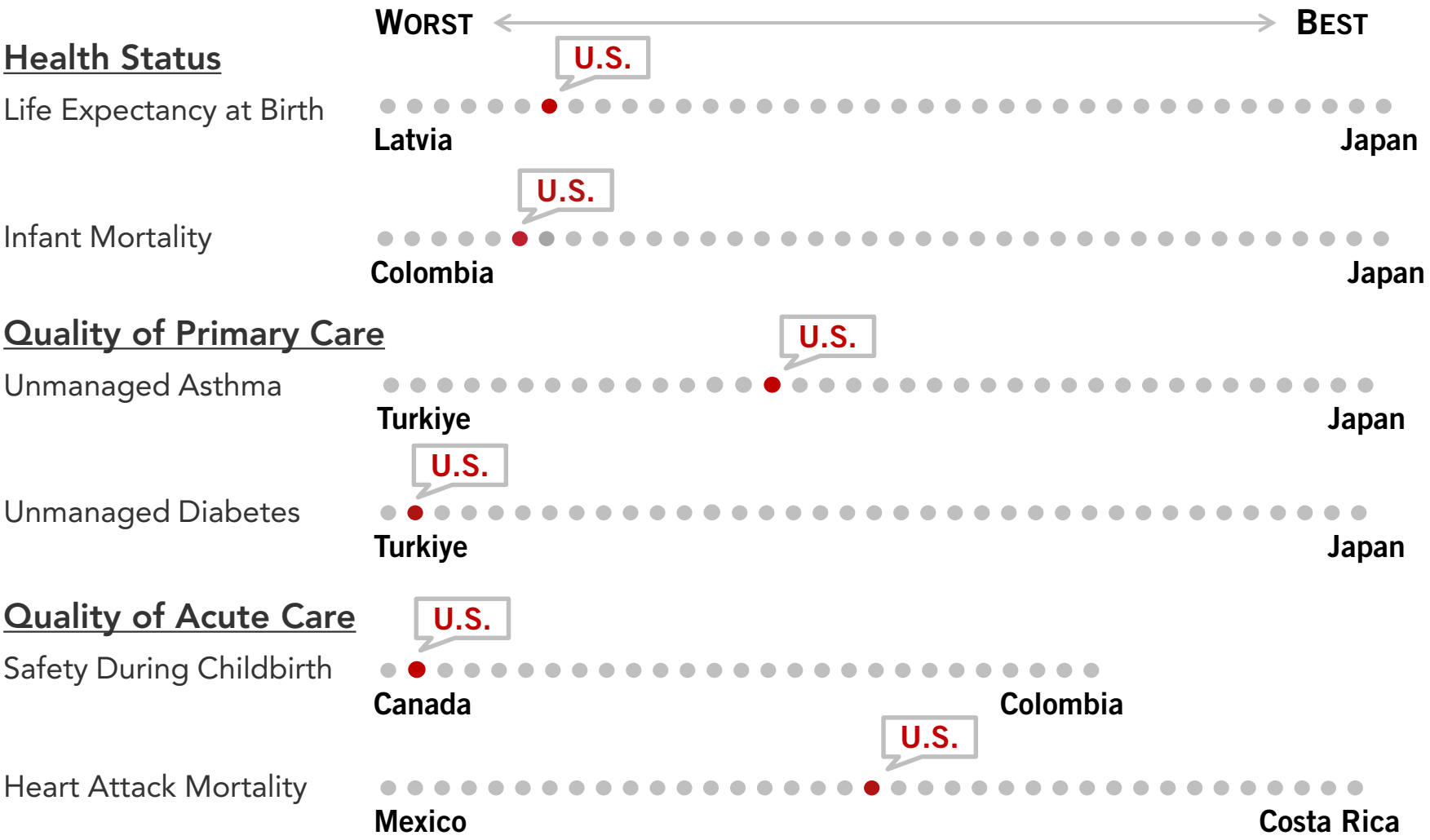


SOURCE: Organisation for Economic Co-operation and Development, *OECD Health Statistics 2023*, July 2023.
NOTES: Data are latest available, which was 2022. Average does not include the United States. The five countries with the largest economies and those with both an above median GDP and GDP per capita, relative to all OECD countries, were included. Chart uses purchasing power parities to convert data into U.S. dollars.

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Although the United States spends more on healthcare than other developed countries, its health outcomes are generally not any better



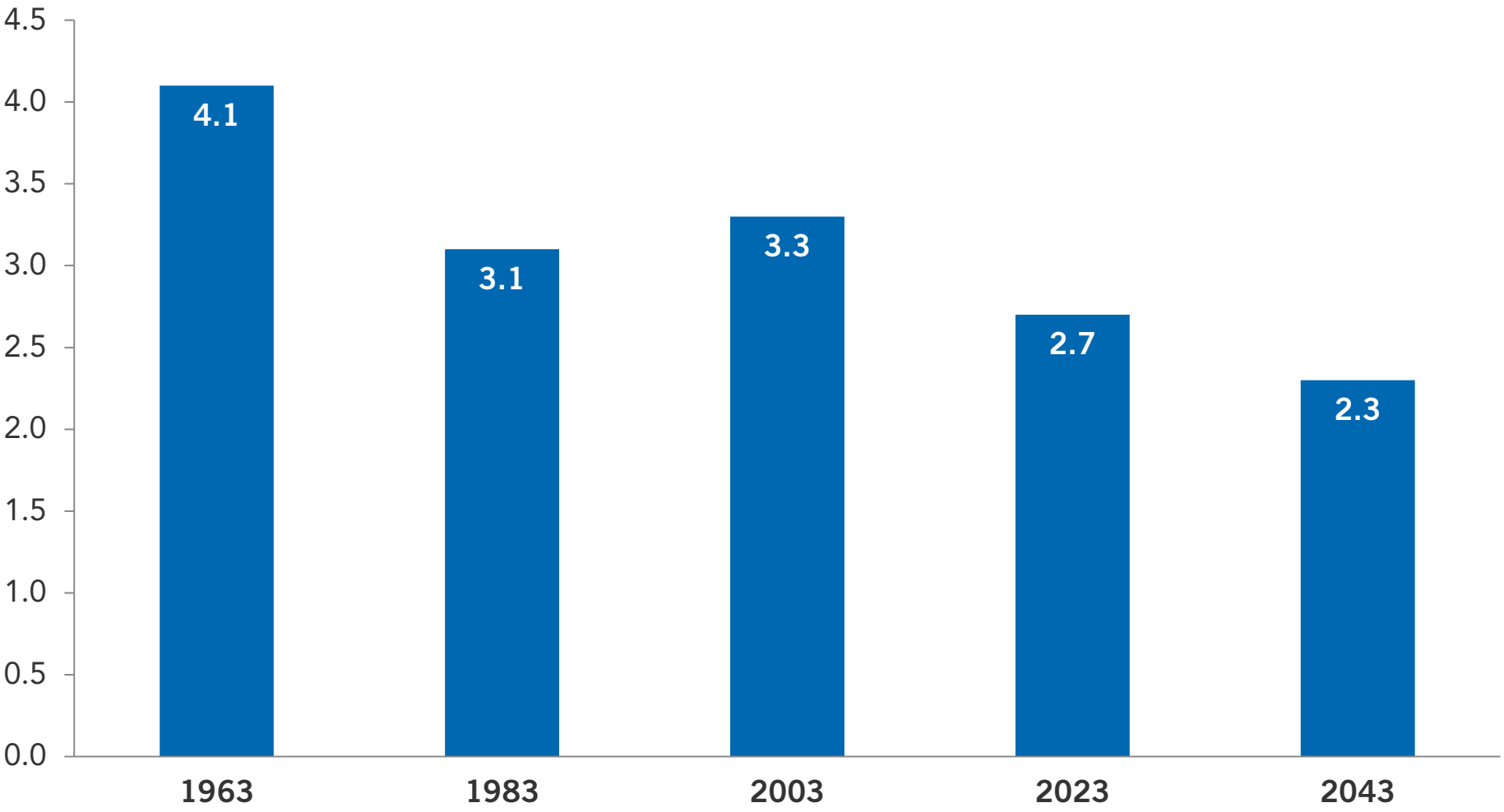
SOURCE: Organisation for Economic Co-operation and Development, *OECD Health Statistics 2023*, July 2023.
NOTES: Data are not available for all countries for all metrics. Data are for 2022 or latest available.

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As the population ages, fewer workers will be paying taxes to support each Social Security beneficiary

Workers per Beneficiary Ratio



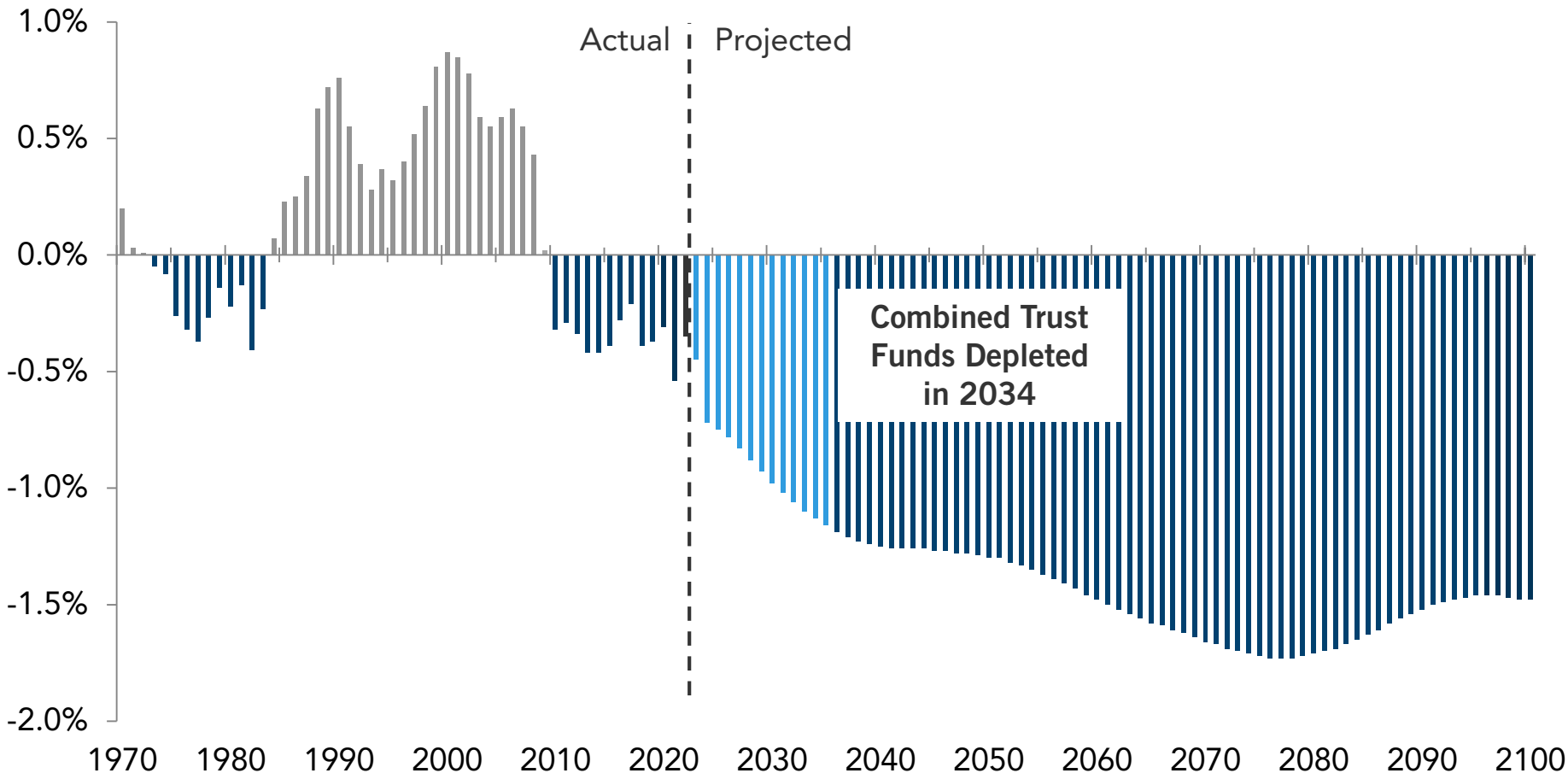
SOURCE: Social Security Administration, *The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, March 2023.

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Social Security is facing significant cash shortfalls

Social Security Surpluses/Deficits (% of GDP)



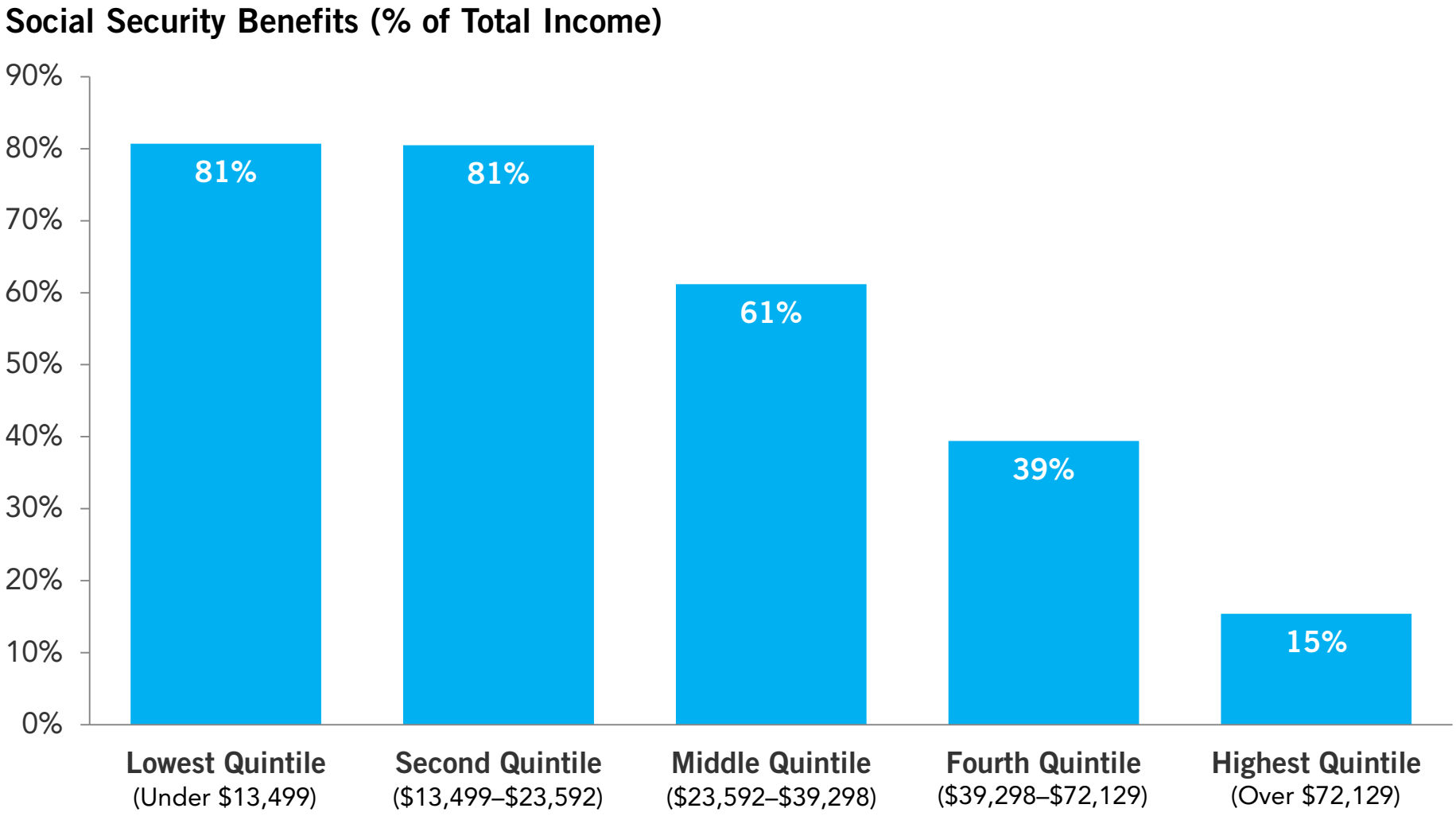
SOURCE: Social Security Administration, *The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, March 2023.

NOTES: Surplus/deficit numbers exclude interest income. The Old-Age & Survivors Insurance trust fund is projected to be depleted in 2033 and lead to a 23 percent cut in benefits that year; the Disability Insurance trust fund is not projected to become depleted during the 75-year period ending in 2097.

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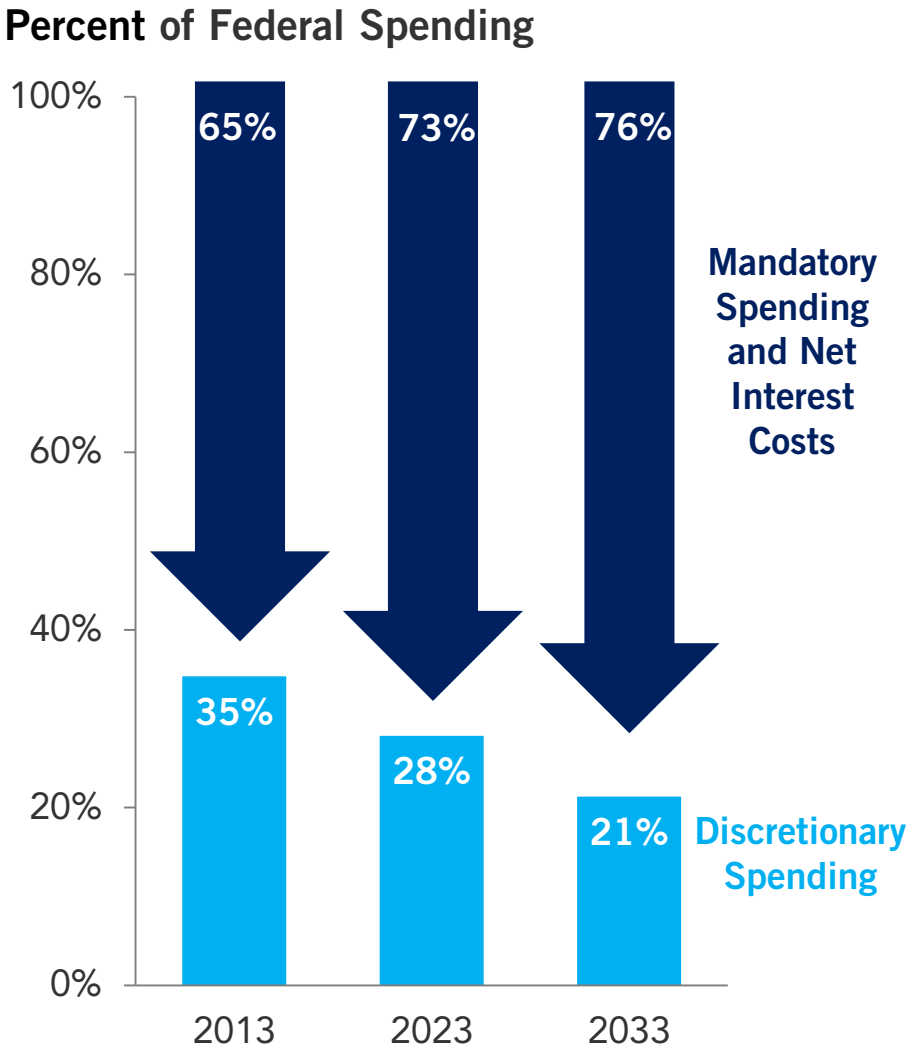
Low-income seniors rely on Social Security benefits for a major share of their retirement income

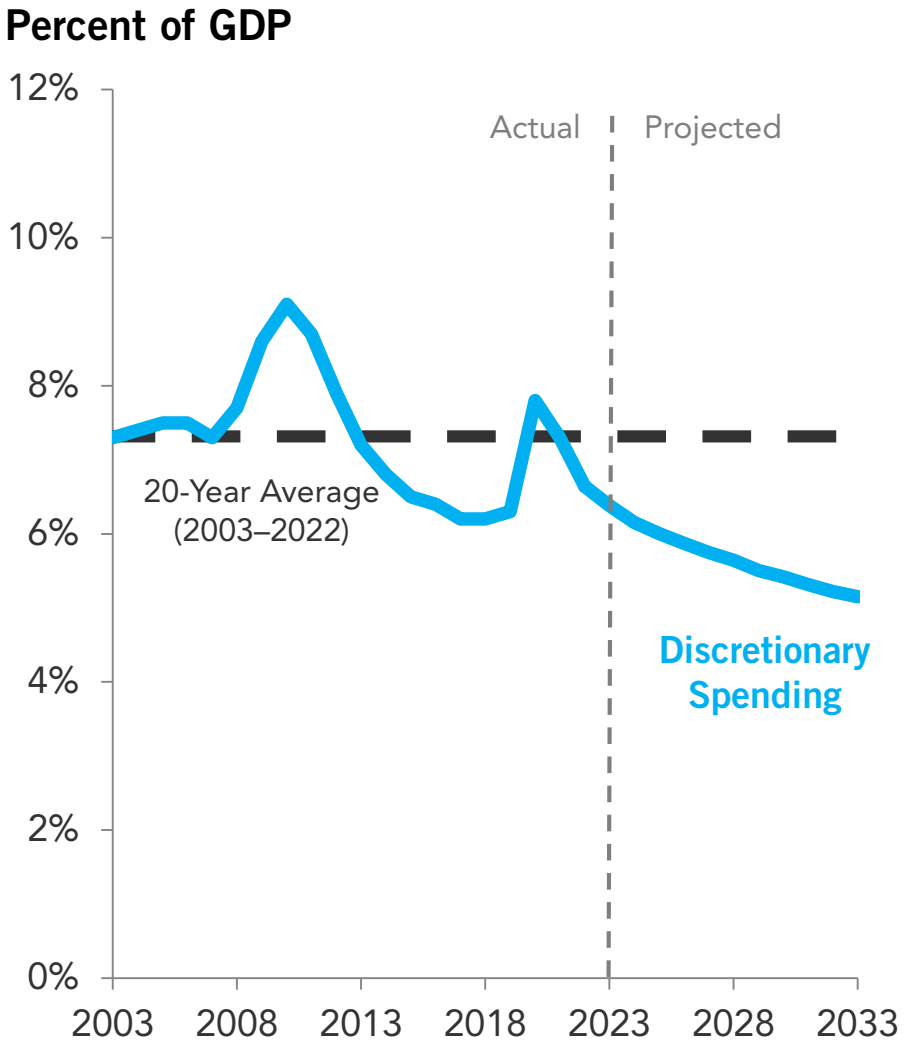


SOURCE: Social Security Administration, *Income of the Population 55 or Older, 2014*, April 2016.
NOTE: A quintile is one-fifth of the population. Data are for 2014.

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Discretionary spending is projected to remain below its historical average

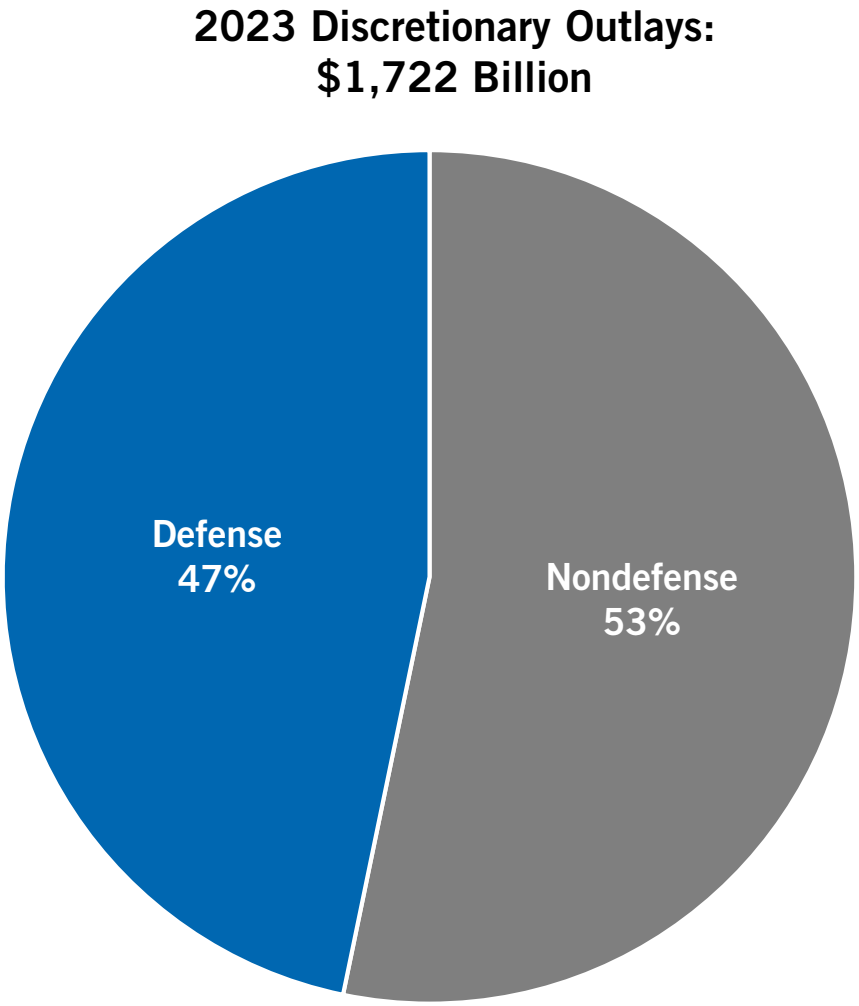




SOURCES: Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034,* February 2024; and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2024*, March 2023.

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Defense spending accounts for nearly half of total discretionary spending

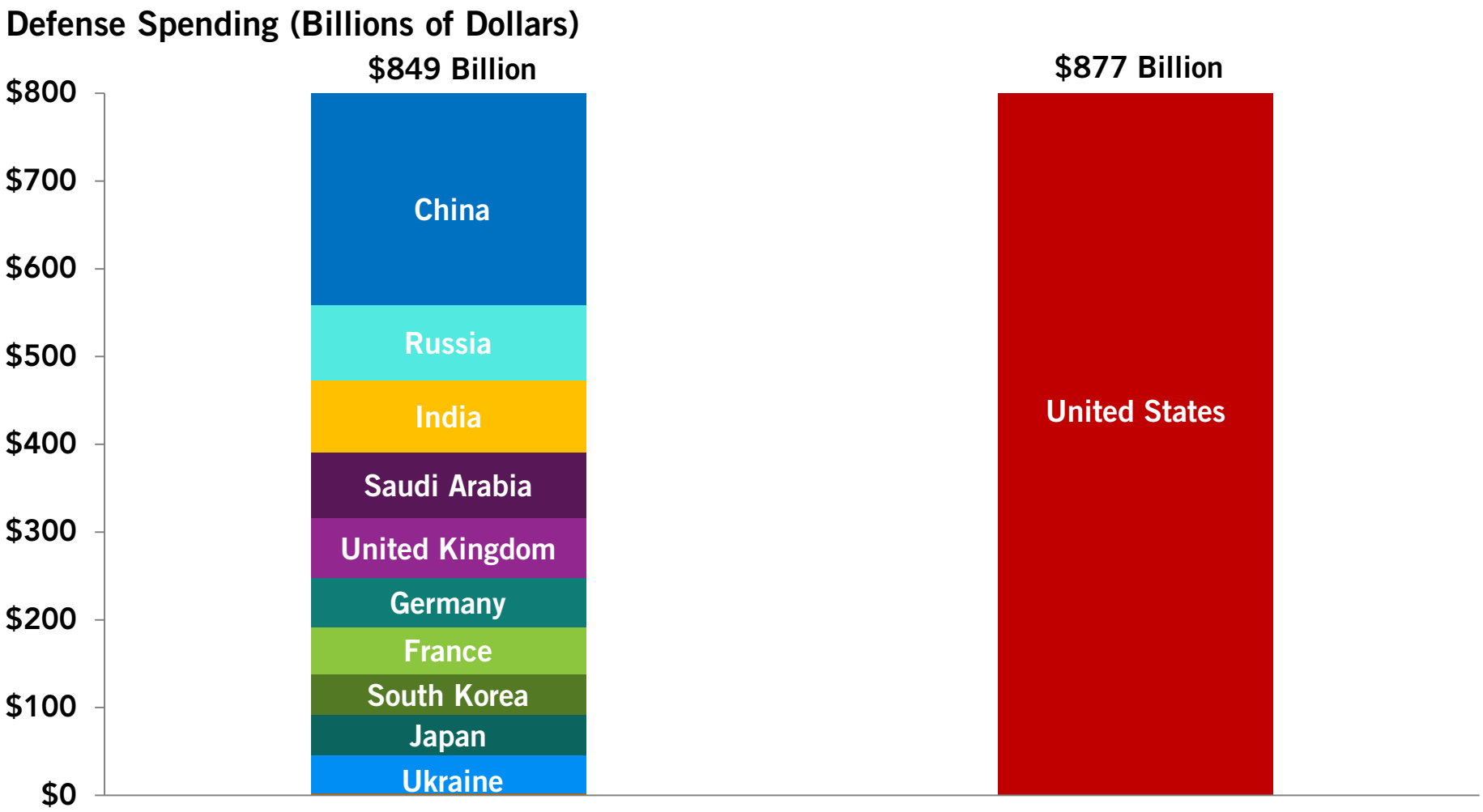


SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, February 2024.

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The United States spends more on defense than the next 10 countries combined

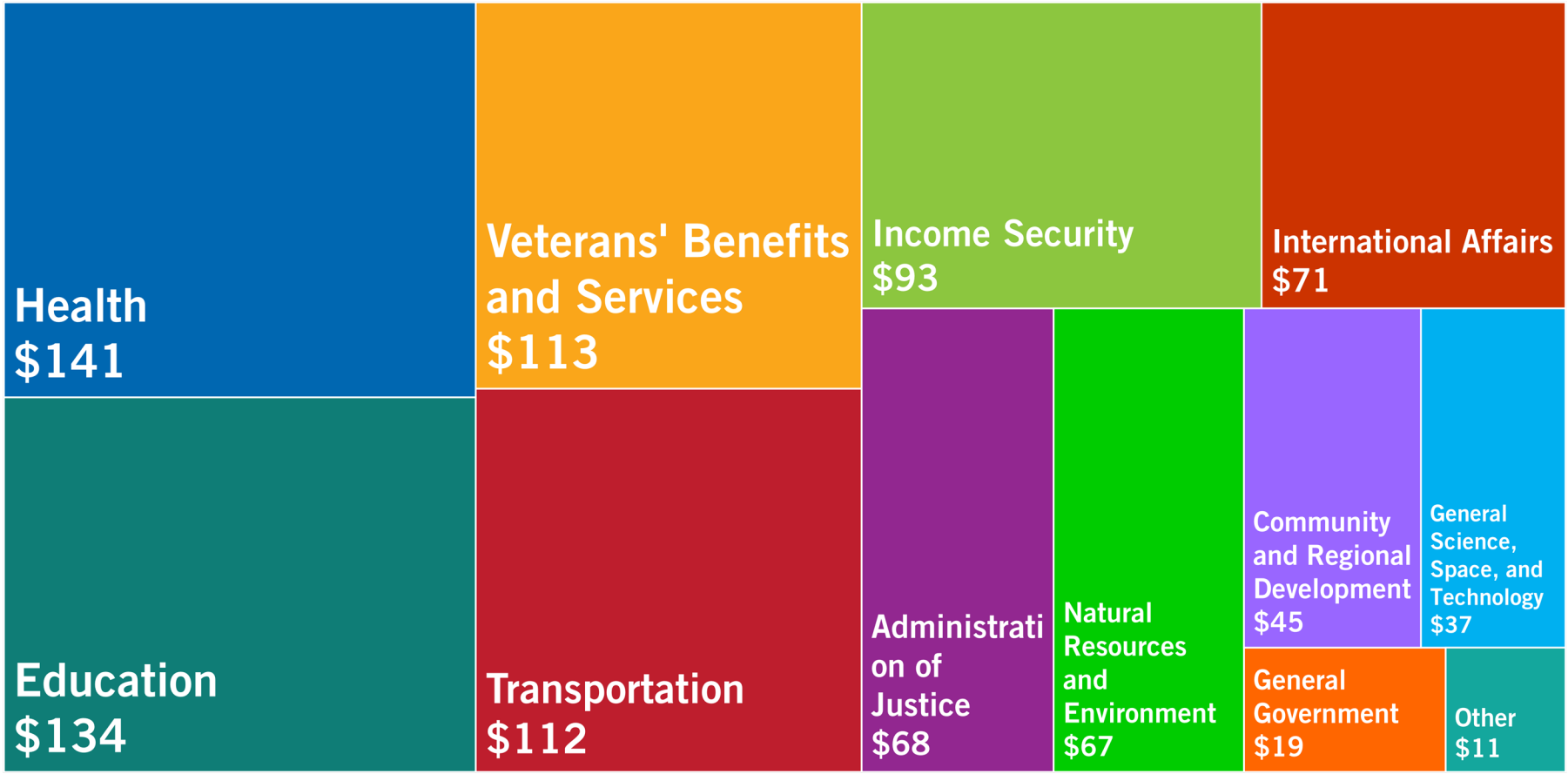


SOURCE: Stockholm International Peace Research Institute, *SIPRI Military Expenditure Database*, April 2023.
NOTES: Figures are in U.S. dollars converted from local currencies using market exchange rates. Data for the United States are for fiscal year 2022, which ran from October 1, 2021 through September 30, 2022. Data for the other countries are for calendar year 2022. The source for this chart uses a definition of defense spending that is more broad than budget function 050 and defense discretionary spending.

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Non-defense discretionary spending funds a wide range of programs

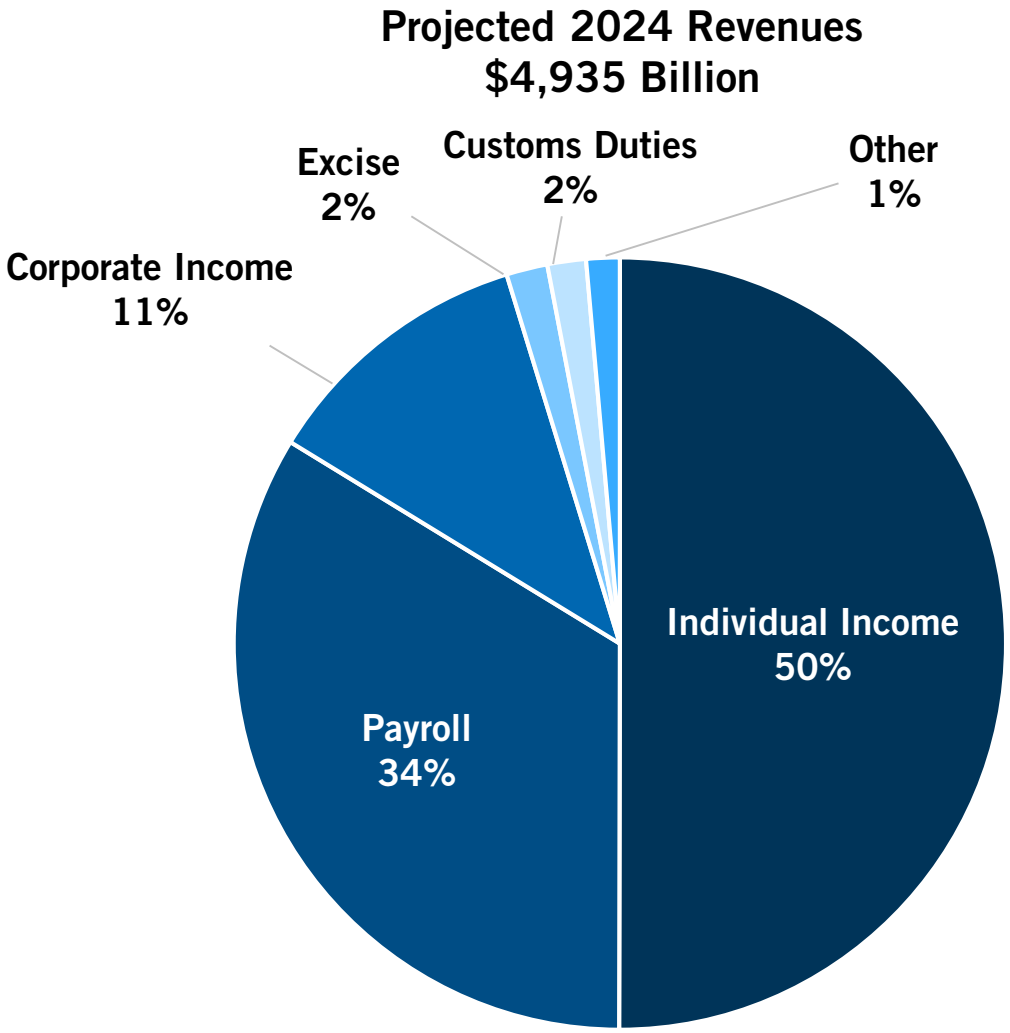
Non-defense Discretionary Outlays in 2022 (Billions of Dollars): $912 Billion



SOURCE: Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2023*, March 2022.
NOTES: Health includes funding for agencies that provide healthcare services or engage in health research, such as the National Institutes of Health, Centers for Disease Control and Prevention, and Indian Health Service. Education also includes Training, Employment, and Social Services ($26 billion). Agriculture ($11 billion) and Energy ($7 billion) are included in Natural Resources and Environment. Income Security includes Housing Assistance ($58 billion). Other includes Commerce and housing credit as well as the administrative costs of Social Security and Medicare.

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The federal government collects revenues from a variety of sources



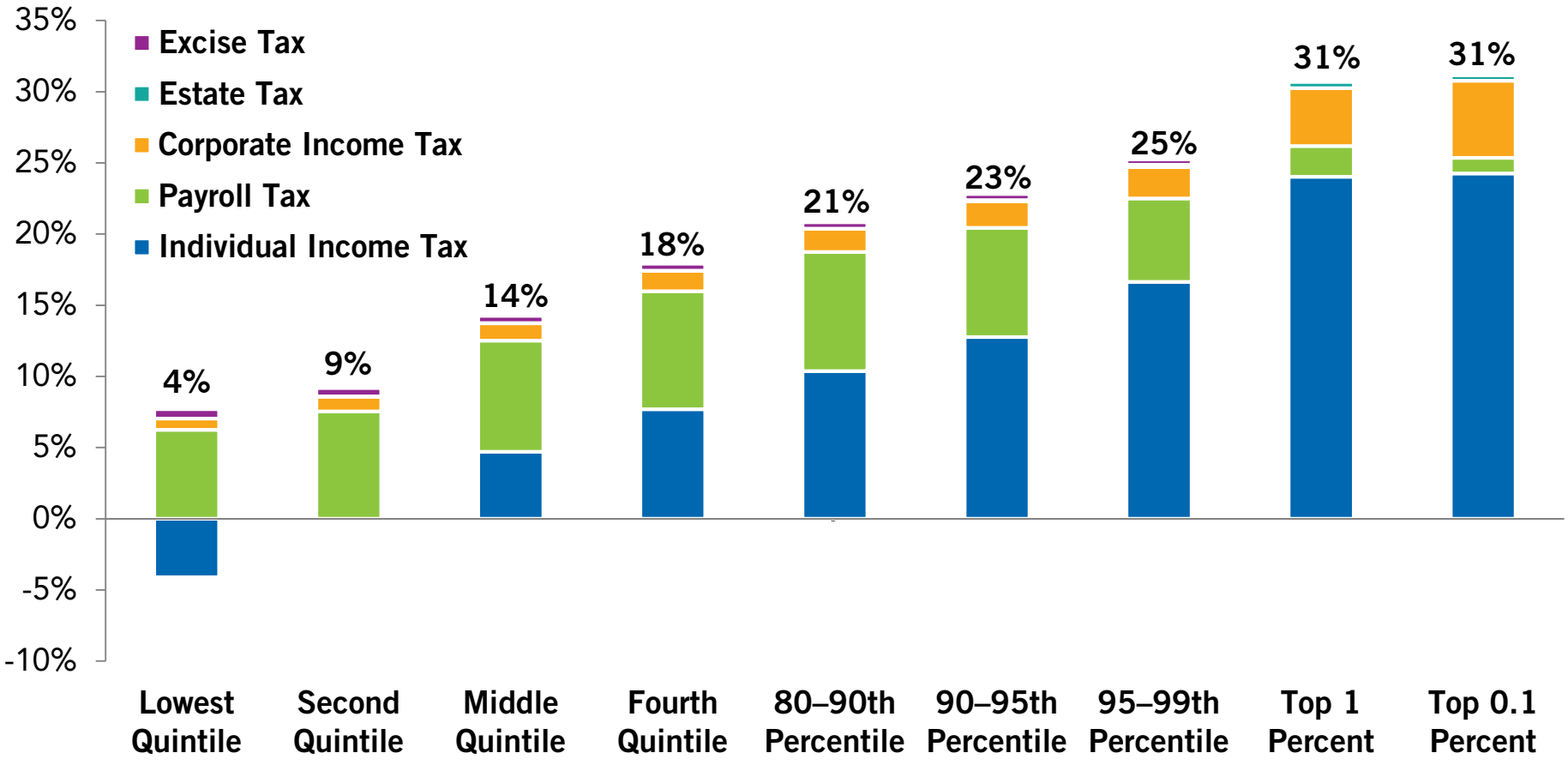
SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, February 2024.
NOTE: Other includes estate and gift taxes, income from the Federal Reserve, and miscellaneous fees and fines.

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The U.S. tax system is progressive, with higher-income taxpayers facing higher tax rates

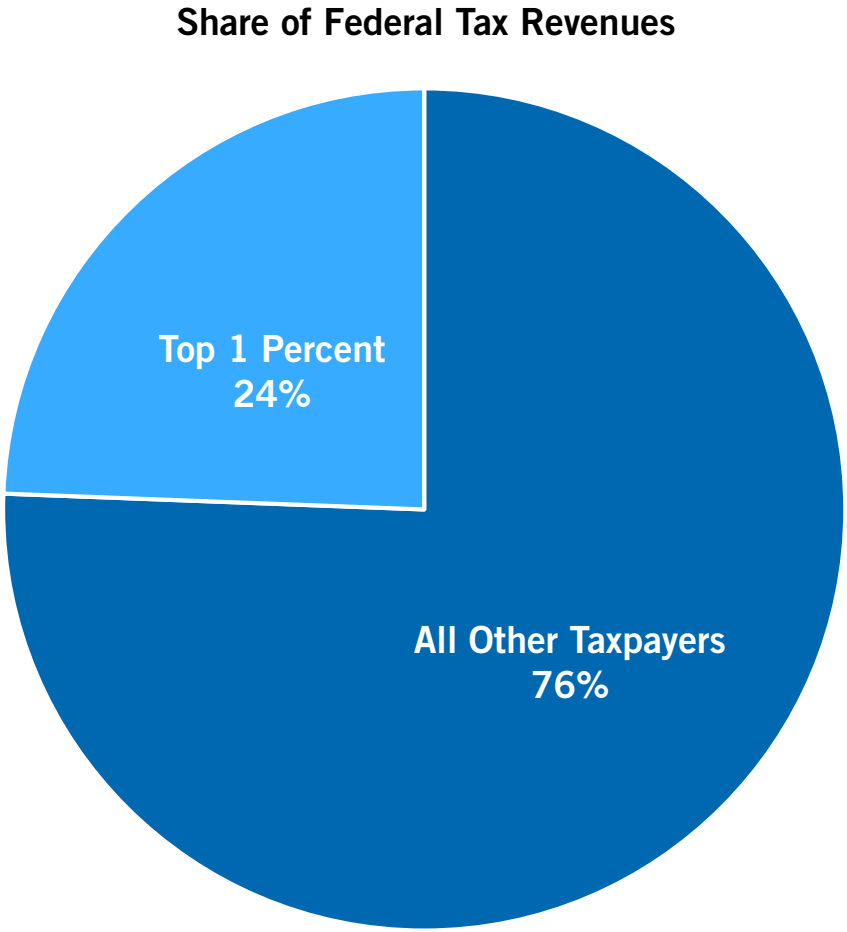
Effective Federal Tax Rates By Type (% of Expanded Cash Income in 2022)



SOURCE: Tax Policy Center, *Baseline Share of Federal Taxes*, March 2023.
NOTES: Individual income tax rates for the lowest and second quintiles are negative and are netted against the payroll tax rate. A quintile is one-fifth of the population. In 2022 dollars, the income breaks are: 20% $30,600; 40% $59,700; 60% $105,900; 80% $193,600; 90% $281,800; 95% $409,800; 99% $991,000; 99.9% $4,409,300.

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The top 1 percent of taxpayers generate 24 percent of total federal tax revenues



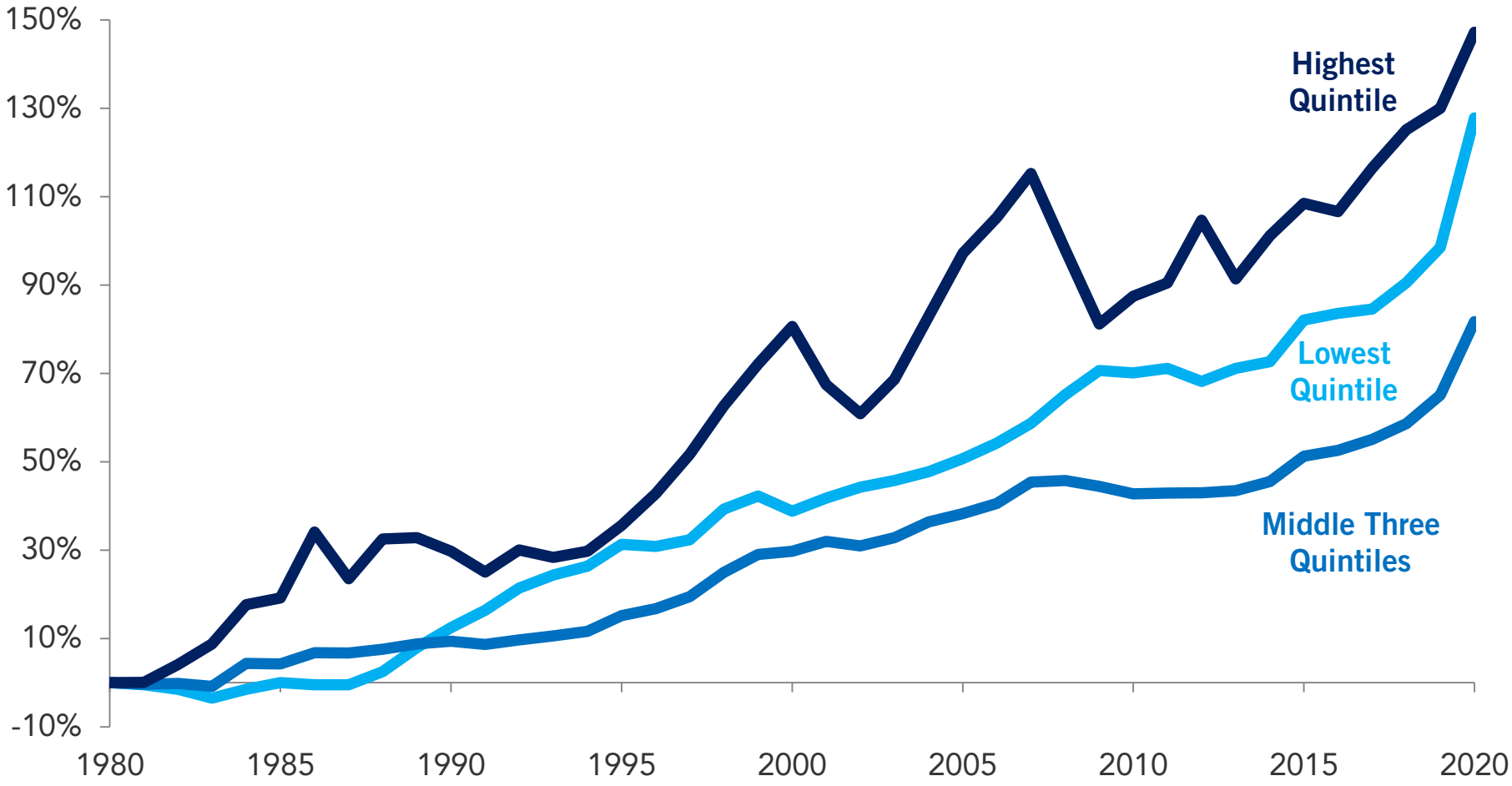
SOURCE: Tax Policy Center, *Baseline Distribution of Income and Federal Taxes,* October 2022.
NOTES: Federal tax revenues include revenues from the excise tax, estate tax, corporate income tax, payroll tax, and individual income tax. Data are for 2023. Income percentile classes are based on 2022 dollars; a tax unit was in the top 1 percent if its income was $991,000 or higher, as measured by expanded cash income.

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Income growth since 1980 has been larger for high-income earners, even when including transfers and taxes

Cumulative Growth in Average Income After Transfers and Taxes (2020 Dollars)



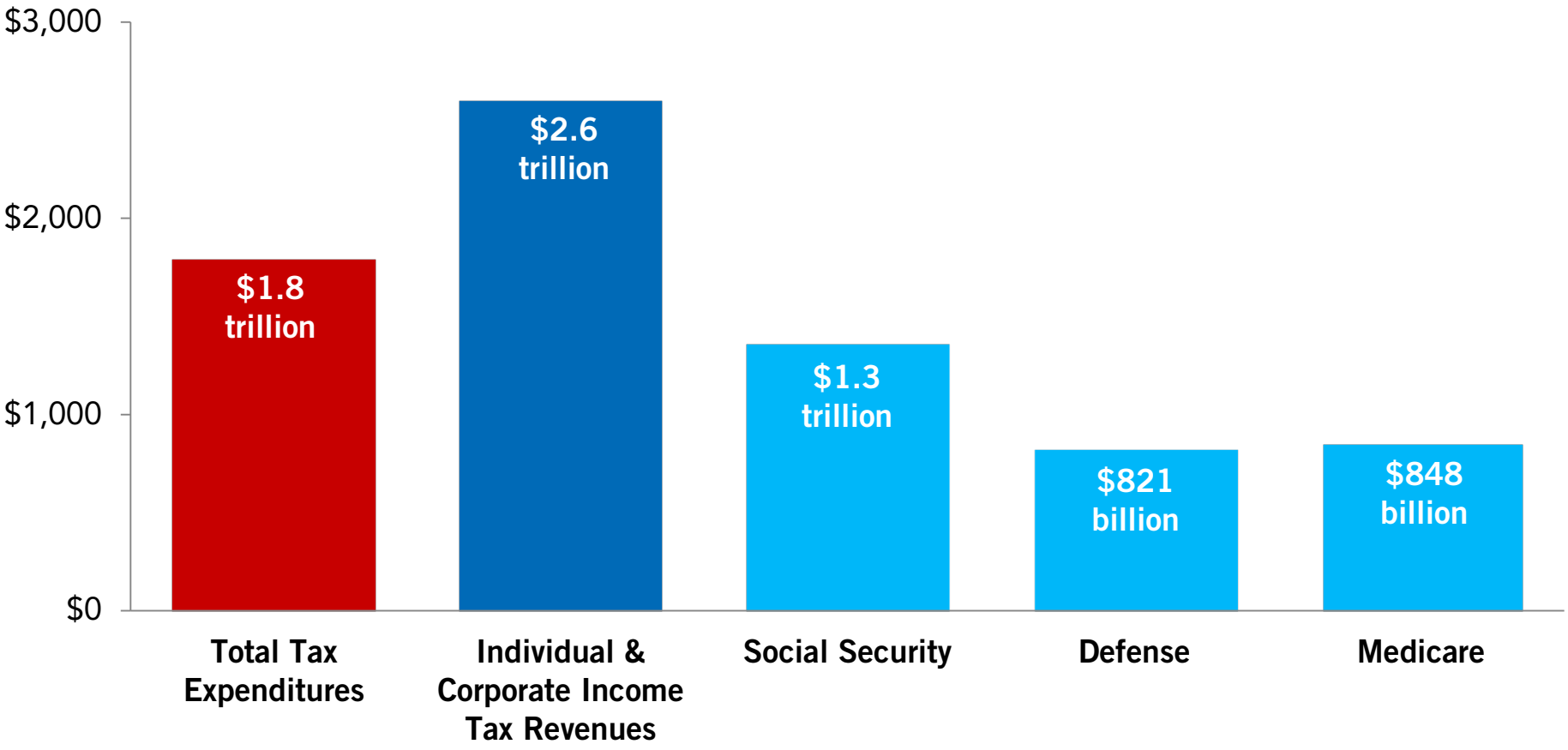
SOURCE: Congressional Budget Office, *The Distribution of Household Income in 2020*, November 2023.
NOTES: Income after transfers and taxes is comprised of market income plus income from social insurance programs (i.e. Social Security), plus means-tested transfers received (i.e. Medicaid), minus federal taxes.

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Tax breaks cost more than any individual government spending program

Budgetary Cost in 2023 (Dollars)



SOURCES: Bureau of the Fiscal Service, *Monthly Treasury Statement*, September 2023; and The Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2023-2027*, December 2023.

NOTES: Tax expenditures are deductions, credits, exclusions, and preferential rates. The estimates for tax expenditures reflect the total in the individual and corporate income tax systems; they do not account for any interactive effects of combining various provisions. Medicare spending is net of premiums and payments from the states. Defense represents discretionary defense spending.

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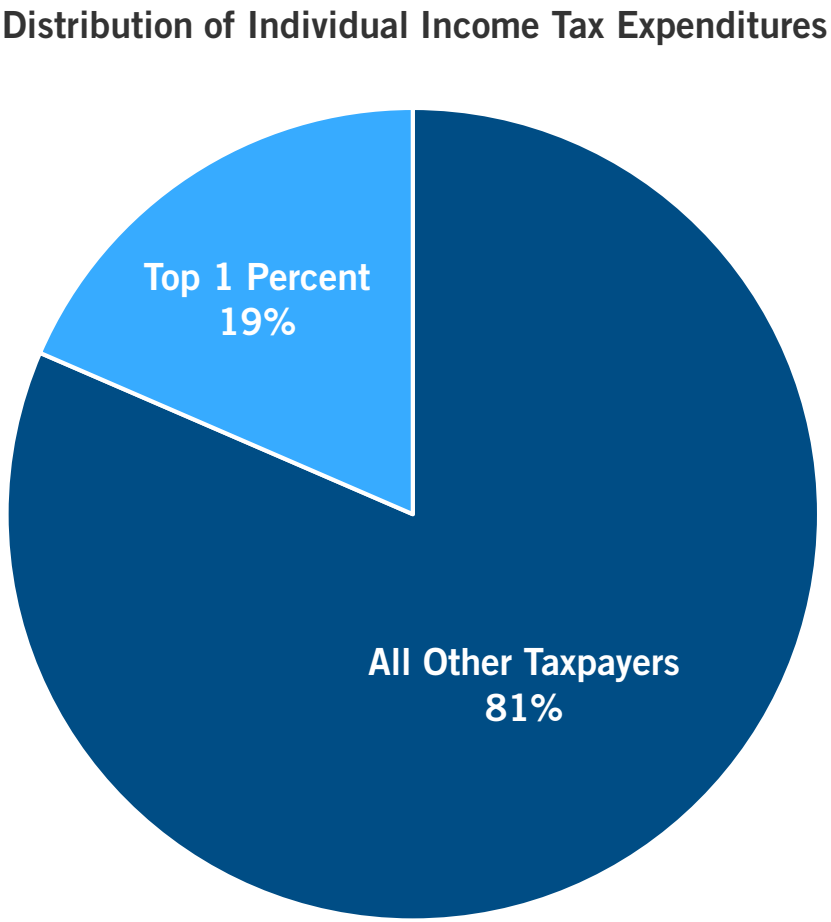
Eight popular tax provisions account for 70 percent of annual tax expenditures

Major Tax Expenditures	Budgetary Costs (2023)
Exclusion of pension contributions and earnings and individual retirement arrangements*	$369 billion
Exclusions of and reductions on dividends and long-term capital gains**	$311 billion
Exclusion of employer contributions for medical insurance and care	$202 billion
Child Tax Credit (CTC)	$122 billion
Subsidies for insurance purchased through health benefit exchanges	$80 billion
Earned Income Tax Credit (EITC)	$71 billion
Step-up basis of capital gains at death	$58 billion
20-Percent deduction for certain Pass-through income	$56 billion
Total	**$1.3 trillion**

SOURCE: The Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2023-2027*, December 2023.
NOTES: *Estimate includes defined benefit plans and defined contribution plans. **Estimate includes qualified dividends, home sales, and exclusion of small corporate stock. Entries do not sum due to rounding.

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The top 1 percent of taxpayers receive 19 percent of the benefit from individual income tax expenditures

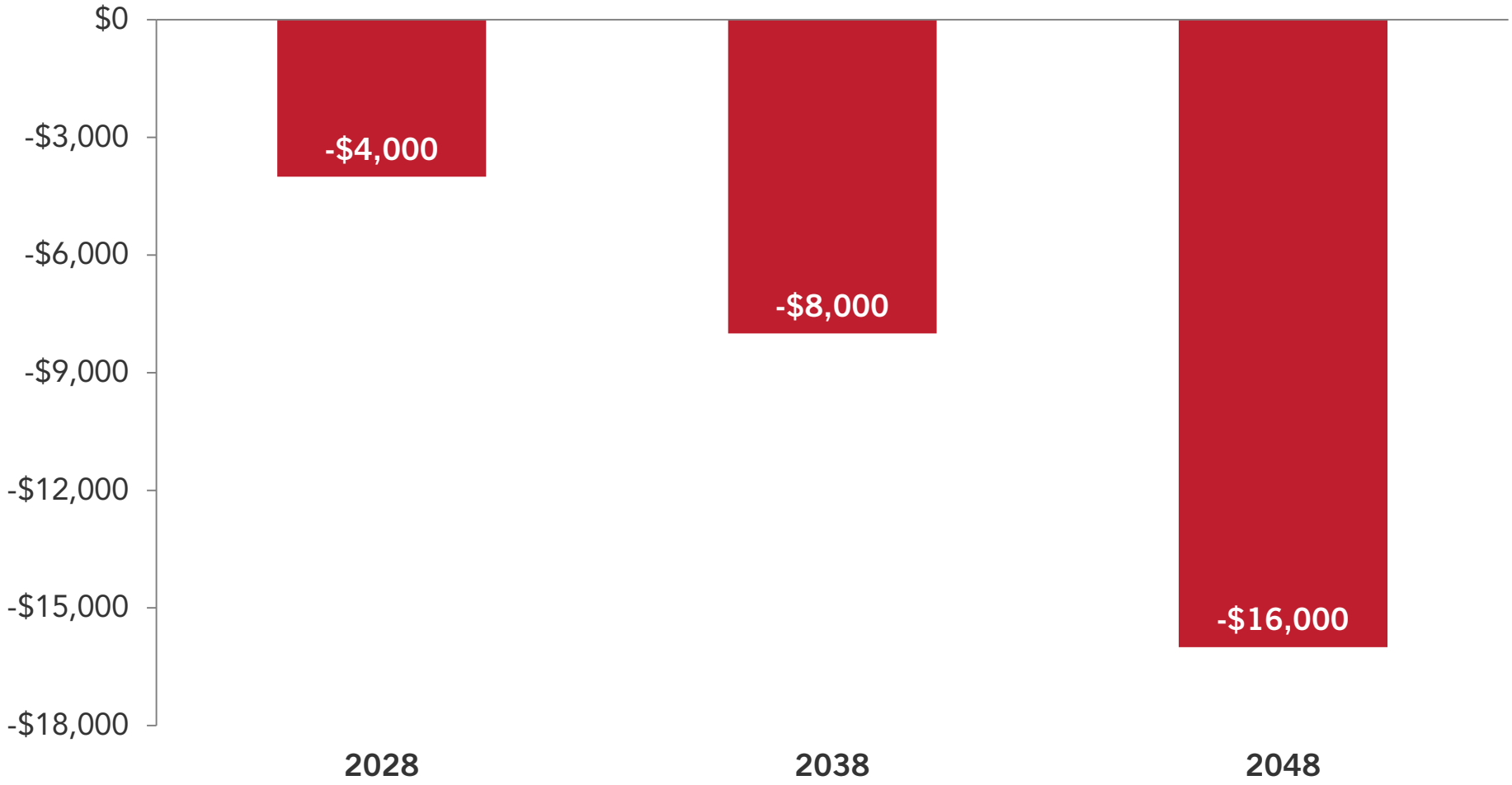


SOURCE: Congressional Budget Office, *The Distribution of Major Tax Expenditures in 2019*, October 2021.
NOTES: Data are for 2019. Data only include major non-business and non-payroll tax expenditures that are claimed on individual tax returns.

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The growing federal debt is projected to reduce family incomes substantially

Income Loss For a Four-Person Family, on Average (2019 Dollars)



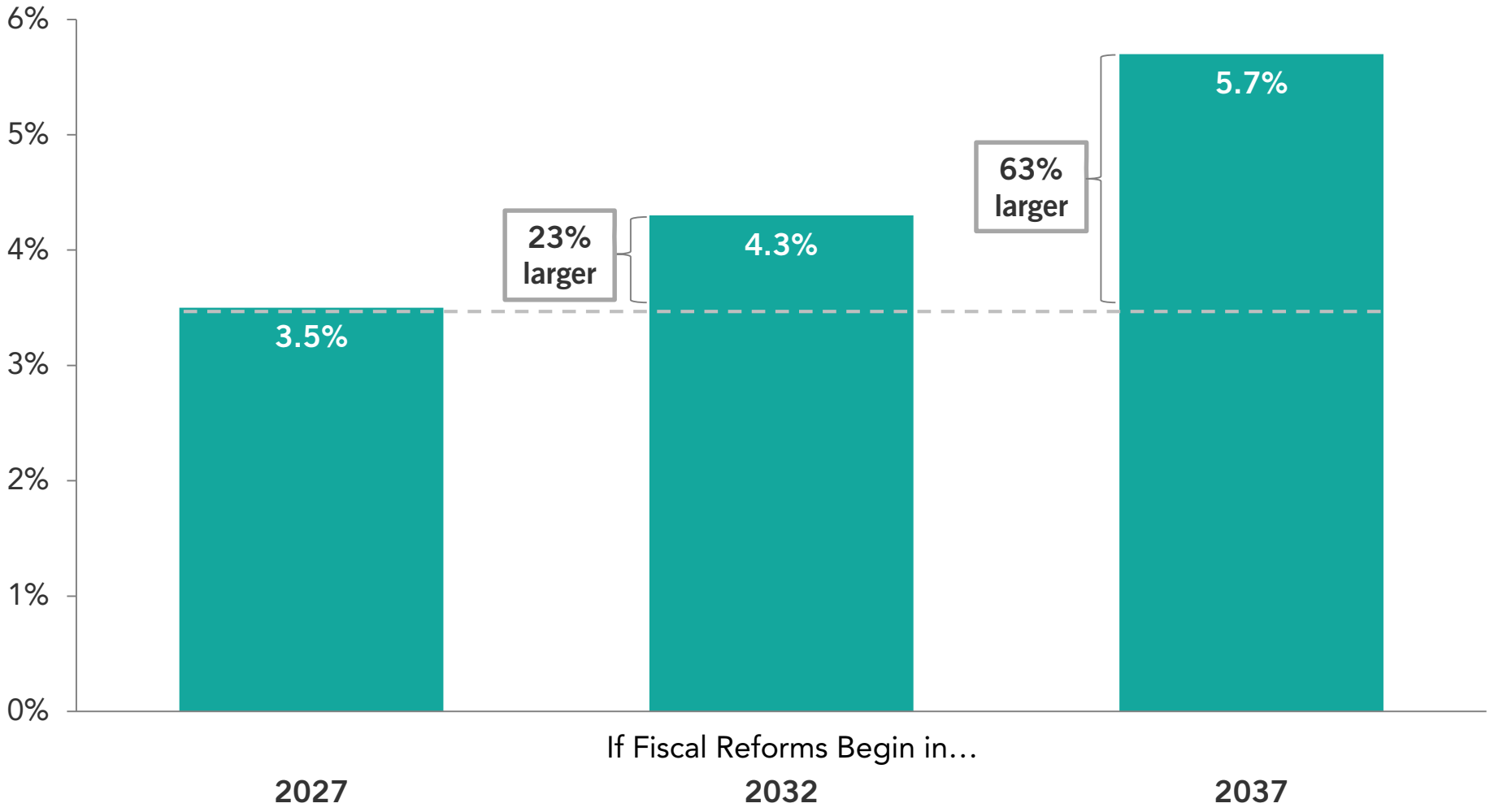
SOURCE: Congressional Budget Office, *The Deficit Reductions Necessary to Meet Various Targets for Federal Debt*, August 2018.
NOTE: The income measures are based on CBO's projections of real gross national product per person. The income loss is the difference between the income level if debt rises as it does under current law and the income level if debt remains near its current share of gross domestic product.

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Waiting to act raises the cost of stabilizing the debt

Size of Annual Budget Changes Needed to Stabilize the Debt (% of GDP)

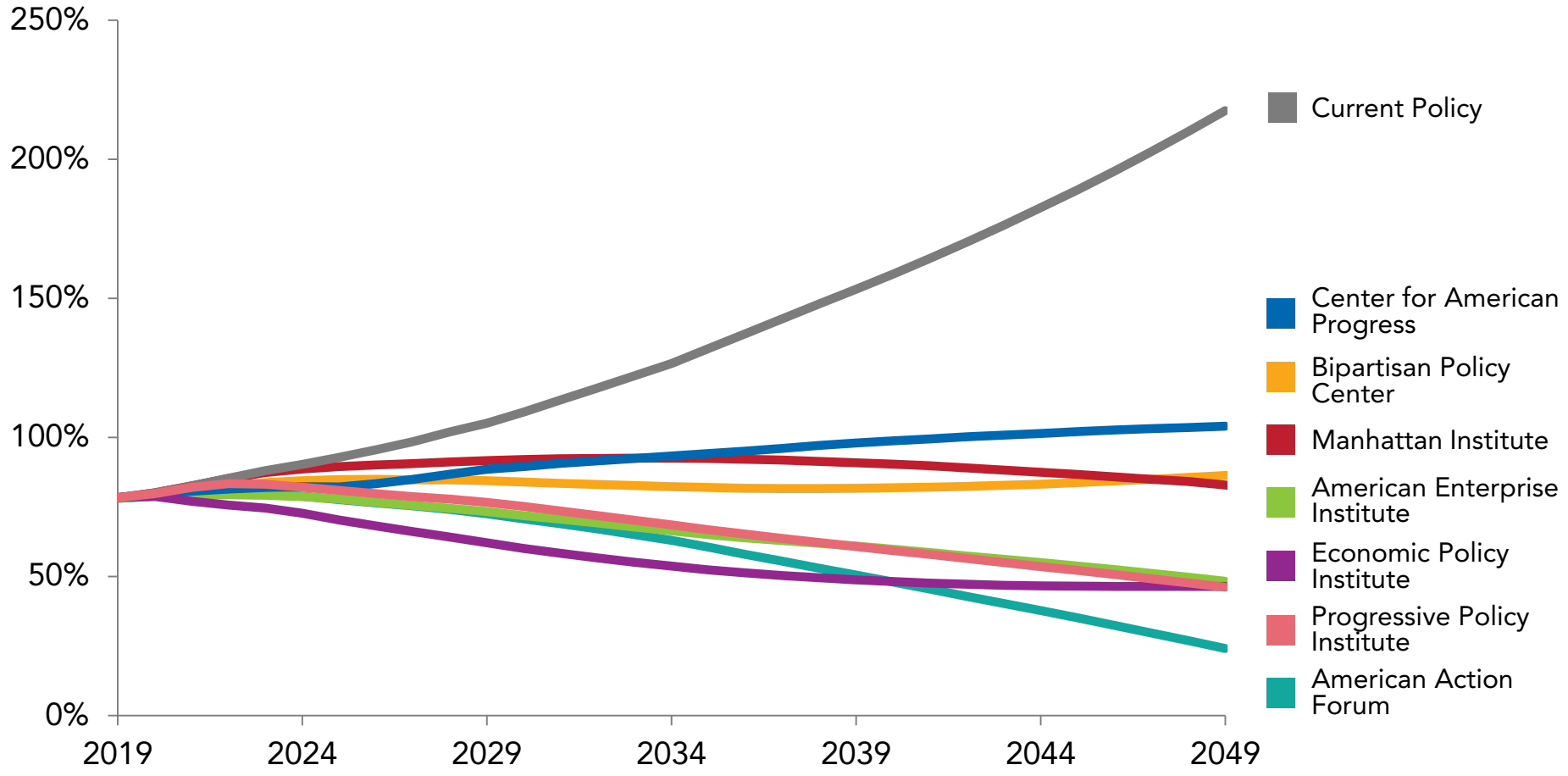


SOURCE: Congressional Budget Office, *The 2022 Long-Term Budget Outlook*, July 2022.
NOTE: Data reflect changes needed to stabilize the debt at 80 percent of gross domestic product by 2052.

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Solutions Initiative 2019: Projected federal debt

Debt Held by the Public (% of GDP)



SOURCE: Peter G. Peterson Foundation, *Solutions Initiative 2019*, June 2019.
NOTE: Current Policy reflects the Alternative Fiscal Scenario for 2019–2029 in CBO's The *Budget and Economic Outlook: 2019 to 2029* (January 2019) and PGPF calculations for 2030–2049 based on CBO's *The Long-Term Budget Outlook Under Alternative Scenarios for Fiscal Policy* (August 2018) and *The 2018 Long-Term Budget Outlook* (June 2018).

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