Federal debt is on an unsustainable path

**DEBT HELD BY THE PUBLIC (% OF GDP)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1953</td>
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<td></td>
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<tr>
<td>1965</td>
<td></td>
<td></td>
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<tr>
<td>1977</td>
<td></td>
<td></td>
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<tr>
<td>1989</td>
<td></td>
<td></td>
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<tr>
<td>2001</td>
<td></td>
<td></td>
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<tr>
<td>2013</td>
<td></td>
<td></td>
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<tr>
<td>2025</td>
<td></td>
<td></td>
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<tr>
<td>2037</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2049</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Debt in the United States is on pace to grow faster than any other advanced economy.

**PROJECTED CHANGE IN DEBT 2019–2024 (PERCENTAGE POINTS OF GDP)**

**SOURCE:** International Monetary Fund, *World Economic Outlook*, April 2019.
The growing debt is caused by a structural mismatch between spending and revenues

Interest costs are the fastest growing category of the budget

**Budget Categories (% of GDP)**


NOTES: Medicare spending is net of premiums and payments from the states. In 2048, net interest costs would about equal Social Security. Years 2018 and 2025 use *Updated Budget Projections: 2019 to 2029* while 2046 and 2048 use *The 2018 Long-Term Budget Outlook*. 
The elderly population is growing rapidly and living longer

The chart shows the U.S. population age 65+ (millions) from 1990 to 2060. The elderly population is defined as those aged 65 and older. The chart includes three age groups: 65–74, 75–84, and 85+. The chart indicates that the elderly population is expected to grow significantly over the next few decades, especially after 2030. The SOURCES of the data are the U.S. Census Bureau, National Intercensal Estimates; 2016 Population Estimates, June 2017; and 2017 National Population Projections, September 2018.
Healthcare is the major driver of the projected growth in spending over the long term.

Federal Spending (% of GDP)

SOURCES: Congressional Budget Office, The 2018 Long-Term Budget Outlook, June 2018; The Budget and Economic Outlook: 2018 to 2028, April 2018; and PGPF calculations based on CBO data.

NOTE: Major health programs include Medicare (net), Medicaid, Children’s Health Insurance Program (CHIP), and the health exchanges.
United States per capita healthcare spending is more than twice the average of other developed countries.

Notes: Data are for 2017 or latest available. Chart uses purchasing power parities to convert data into U.S. dollars.
Discretionary spending is projected to fall well below its historical average.

Non-defense discretionary programs include spending for investments

2018 Total Spending
$4,109 Billion

NOTES: Discretionary health programs include National Institutes of Health, Centers for Disease Control and Prevention, and Indian Health Service. Numbers may not sum due to rounding.
The United States spends more on defense than the next seven countries combined.

**Defense Spending (Billions of Dollars)**

- **United States**: $649 Billion
- **China**: $609 Billion
- **Saudi Arabia**: $300 Billion
- **India**: $200 Billion
- **France**: $150 Billion
- **Russia**: $150 Billion
- **United Kingdom**: $100 Billion
- **Germany**: $100 Billion


**NOTES**: Figures are in U.S. dollars, converted from local currencies using market exchange rates. Data for the U.S. are for fiscal year 2018, which ran from October 1, 2017 through September 30, 2018. Data for the other countries are for calendar year 2018.
Tax expenditures reduce collected revenues

BUDGETARY COST IN 2018 (BILLIONS OF DOLLARS)


NOTE: Tax expenditures are deductions, credits, exclusions, deferrals, exemptions and preferential rates. The estimates for tax expenditures do not account for any interactive effects of combining various provisions.

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The growing federal debt would reduce family incomes substantially

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.

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

- $4,000 in 2028
- $8,000 in 2038
- $16,000 in 2048
Waiting to act raises the cost of stabilizing the debt

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

<table>
<thead>
<tr>
<th>Year</th>
<th>若 Fiscal Reforms Begin in...</th>
<th>1.9%</th>
<th>2.3%</th>
<th>2.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td>21% larger</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2029</td>
<td></td>
<td>53% larger</td>
<td>2.9%</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Congressional Budget Office, The 2018 Long-Term Budget Outlook, June 2018.
Solutions Initiative 2019: Projected federal debt
