

# IN CASE YOU MISSED IT

## America's Fiscal Crisis Unveiled: *CATO Calls for Urgent Fiscal Reform*

The United States continues to face a looming challenge ahead: **federal spending and deficits are growing faster than revenue is coming in**, far outpacing the much-needed growth of U.S. gross domestic product (GDP). The U.S. economy remains sluggish and unpredictable, consumer confidence continues to falter, and deficits ballooned by nearly **\$2 trillion in 2023 alone**, all while the Biden Administration proposes another tranche of regressive economic policies in their FY25 budget.

House Budget Republicans understand the urgency of our spending problem and took action in a milestone achievement of [passing the budget resolution](#) through a committee this year.

A recent [article](#) by the CATO Institute warns about the need to address Washingtons' spending problem and calls on Congress to rein in spending.

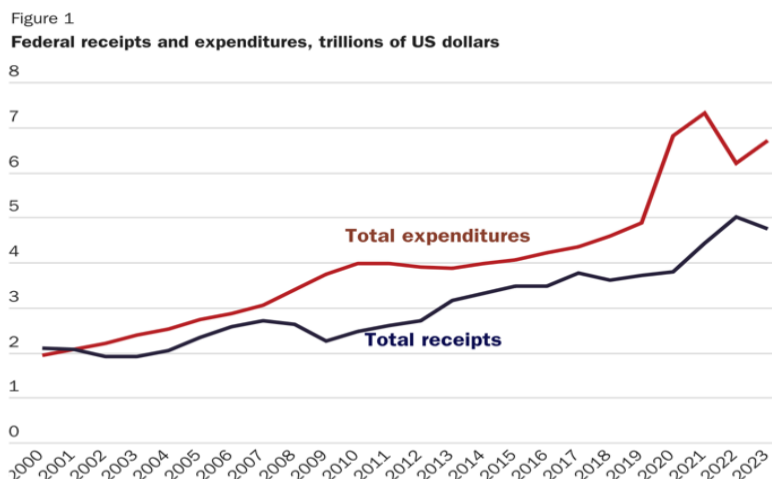


### WORD ON THE STREET



Via [CATO Institute](#):

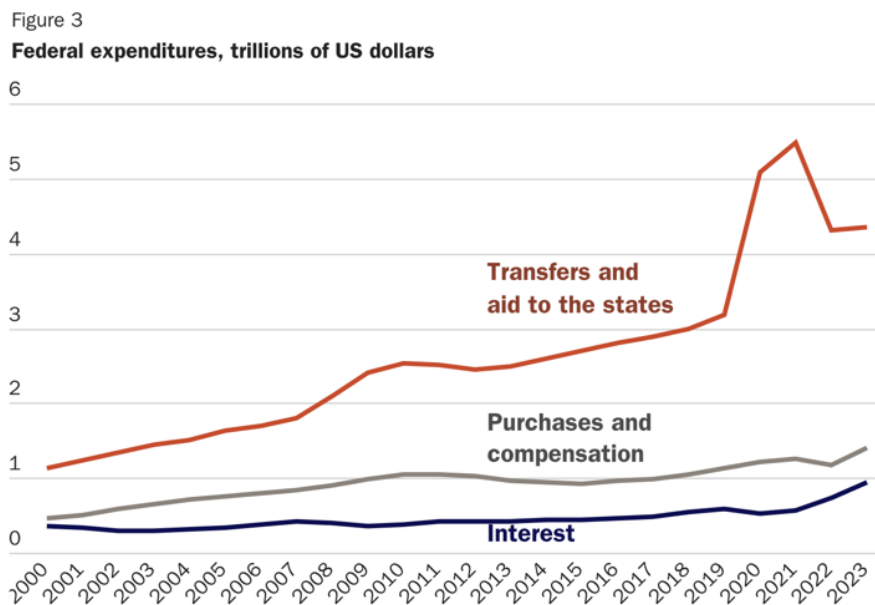
- Since Congress last balanced the budget in 2001, revenues have grown at a robust annual average rate of **3.9 percent**, which was higher than the average inflation rate since 2001, **2.5 percent**:



Source: [National Income and Product Accounts](#), US Bureau of Economic Analysis.



- Transfers to individuals and businesses account for **48 percent** of federal spending. Some of the largest transfer programs are Social Security, Medicare, food stamps, and refundable tax credits. These programs do not add to gross domestic product (GDP) or national income but rather redistribute existing resources from taxpayers to program recipients.
- Rising federal spending pushes the debt to dangerous levels that undermine growth and could trigger a financial crisis. But concern about debt is not the only motivation to cut spending. High and rising spending is harmful in many ways. As the government expands, the marginal benefit of additional spending likely declines.
- Since 2000, spending on purchases has grown at an annual average rate of **5.1 percent**, and spending on compensation has grown at **4.5 percent**. Growth in all types of spending has outpaced the average inflation rate since 2000, **2.5 percent**:



Source: [National Income and Product Accounts](#), US Bureau of Economic Analysis.



## THE BOTTOM LINE

America stands at a critical juncture, facing a fiscal crisis fueled by unchecked Democrat spending.

Congress has not balanced the budget in *more than 20 years*, and the recent release of President Biden’s budget for FY24 confirms that Democrats have no desire to reign in their [wasteful spending habits](#).

CATO advises Congress to cut spending on transfers and agencies and reform entitlement spending.

The insights provided by CATO offer a stark reminder of the dire need for fiscal restraint and reforms. Federal spending has taken over the wallets of hardworking taxpayers. House Budget Chairman Arrington, and members of the House Budget Committee, **reiterate the need for modernized, sustainable fiscal accountability**; paving the path for a stronger, more resilient economy that supports *all* Americans.

The House Budget Committee recently addressed the concerning trend of federal spending by [passing the ten-year balanced budget: the FY 2025 “Reverse the Curse” blueprint](#).

- Click [HERE](#) to watch the Markup of the Concurrent Resolution on the Budget for FY2024
- Click [HERE](#) to see more on President Biden’s Budget.



# HOUSE BUDGET COMMITTEE VERSUS PRESIDENT BIDEN

\*Projections for  
FY25 - FY34



**BIDEN FY25  
BUDGET  
PROPOSAL**



**HOUSE FY25  
BUDGET  
RESOLUTION**

<b>TAXES</b>	Adds <b>\$4.9 trillion</b> in new taxes	Proposes <b>no new taxes</b>
<b>DEBT</b>	Grows the gross federal debt by <b>25 percent</b> more than the economy	Grows the economy <b>more than three times faster</b> than the debt
<b>DEFICITS</b>	Proposes deficits at <b>historically high levels</b> : \$1.6 trillion average annual deficits (4.6 percent of GDP)	<b>Balances the budget in 10 years</b> , with <b>\$10.4 trillion</b> lower deficits compared to the President's budget
<b>SPENDING</b>	Spends <b>\$86.6 trillion</b> over ten years	Spends <b>\$15.1 trillion less</b> than the President's budget over ten years
<b>INTEREST COSTS</b>	Spends <b>\$12.2 trillion</b> over the next decade	Spends <b>\$2.7 trillion less</b> than the President's budget

House Budget Committee

