



# IN CASE YOU MISSED IT

## Via the Peter G. Peterson Foundation: *What is the National Debt Costing Us?*

Since taking office, the Biden-Harris Administration has added over \$7.3 trillion to the national debt, adding \$1 trillion in the past seven months alone. In all, our national debt now exceeds \$35 trillion and without immediate action, this will fall on the backs of future generations of Americans.

A recent [report](#) from the *Peter G. Peterson Foundation* argues lawmakers will soon have to cut government funded programs that many Americans rely on, all as a result of our reckless spending.



WORD ON THE STREET



### *Via the [Peter G. Peterson Foundation](#):*

- *“Programs that millions of Americans depend on and care about may be feeling a squeeze from interest costs on our high and rising national debt.*
- *“The Congressional Budget Office (CBO) projects that interest payments will total \$892 billion in fiscal year 2024 and rise rapidly throughout the next decade — climbing from \$1 trillion in 2025 to \$1.7 trillion in 2034. In total, net interest payments will total \$12.9 trillion over the next decade. Relative to the size of the economy, interest will rise from 3.4 percent of gross domestic product (GDP) in fiscal year 2025 to 4.1 percent in 2034. The previous high for interest relative to GDP in the post-World War II era was 3.2 percent in 1991 — that ratio would now be exceeded in 2025.*
- *“The federal government already spends more on interest than on budget areas such as:*
  - [Medicaid](#)



- [Federal spending on children](#)
- *Income security programs, which include programs targeted to lower-income Americans such as the [Supplemental Nutrition Assistance Program](#); [earned income, child](#), and other tax credits*
- *Veterans’ benefits”*
- *What is more, spending on interest will surpass federal outlays on [major budget categories](#) over the next few years:*
  - *In fiscal year 2024, the federal government will spend more on interest than on defense as well as non-defense discretionary, which includes funding for transportation, veterans, education, health, international affairs, natural resources and environment, general science and technology, general government, and more.*
  - *In fiscal years 2024 through 2027, interest payments will exceed the amount that the federal government spends on Medicare (net of offsetting receipts). Net Medicare spending will overtake interest payments in the following years, except for 2029.*
- *“Furthermore, interest will continue to outstrip other budget categories. According to its latest long-term projections, CBO projects that interest will become the largest category in the federal budget in 2051 — exceeding the amount spent on Social Security that year.*
- *“Looking ahead, lawmakers should chart [a more stable, sustainable path for the federal budget](#) that would alleviate the growing interest burden and help ensure that there is room in the budget for national priorities..”*

## THE BOTTOM LINE

The federal government is currently allocating more funds to interest payments than to crucial areas of the federal budget.

In the coming years, interest payments will surpass expenditures on other major budget categories, including spending on defense and non-defense discretionary spending, such as transportation, veterans, education, health, natural resources and environment.



Between 2024 and 2027, interest payments will surpass the amount spent on Medicare. By 2051, interest payments are projected to become the largest expenditure category in the federal budget, even exceeding Social Security.

Therefore, it is imperative that Biden-Harris pursue a more stable and sustainable fiscal path to mitigate the growing interest burden and ensure the federal budget can accommodate national priorities.

