

IN CASE YOU MISSED IT

Via Wall Street Journal: *Soaring U.S. Debt Is a Spending Problem*

On Tuesday, June 18, 2024, the Congressional Budget Office (CBO) released its **updated** budget projections for fiscal years **(FY) 2024-2034**. This is an update to its **February** baseline.

CBO now projects that deficit spending for FY24 **will reach a staggering \$1.9 trillion, an estimate that is \$400 billion higher** than CBO predicted just four months earlier. **This is the third highest annual deficit in American history.**

A key driver of this increase is the Biden Administration's use of executive actions. 138 executive actions have been issued over the past three years and five months, **costing more than \$2 trillion**. Over a third of the increase in CBO's deficit projection for FY24 is the direct result of President Biden's unilateral cancelation of student loans earlier this year.

A recent **Wall Street Journal editorial** argues that the updated baseline offers a reality check. Spending is the real problem, and **it's getting worse**.



WORD ON THE STREET



*Via the **Wall Street Journal**:*

- *“You may have heard that the 2017 GOP tax cuts blew a giant hole in the federal budget—or so Democrats tell voters. **The Congressional Budget Office’s revised 10-year budget forecast out Tuesday offers a reality check. Spending is the real problem, and it’s getting worse.**”*



- *“CBO projects that this year’s budget deficit will clock in at roughly \$2 trillion, **some \$400 billion more than it forecast in February and \$300 billion larger than last year’s deficit.** This is unprecedented when the economy is growing and defense spending is nearly flat. The deficit this fiscal year will be **7% of GDP, which is more than during some recessions.**”*
- *“CBO says **deficits will stay nearly this high for years,** and the total over the next decade is now expected to total **\$21.9 trillion compared to \$19.8 trillion in its February forecast.** Debt held by the public will grow to **122.4% of GDP in 2034 from 97.3% last year.**”*
- *Notably, **CBO’s revenue projections are little changed.** Revenue is expected to total **17.2% of GDP this year**—roughly the 50-year average before the pandemic, as the nearby chart shows. But CBO significantly revised up projections for federal spending. **Outlays are now expected to hit 24.2% of GDP this year and average 24% over the next decade. Wow.**”*
- *“Not so President Biden’s latest plans for student-loan debt transfer to taxpayers, which CBO estimates **could cost \$211 billion this year above what it estimated in February.** **This is on top of the hundreds of billions of dollars in student debt that Mr. Biden has already written down in part with his SAVE plan, which turns loans into de facto grants.**”*
- *“**Spending on Affordable Care Act subsidies and Medicaid is also exceeding earlier projections owing to higher enrollment. CBO increased its ACA spending estimate by \$22 billion for this year and \$244 billion over the next decade.** It also raised its ACA enrollment projection by four million for this year and an average of three million over the next 10 years.”*
- *“That’s because the Inflation Reduction Act’s sweetened subsidies and a Biden Administration regulatory change increased eligibility for subsidies. **CBO also notes that the recent surge in immigration—migrants qualify for premium tax credits—has boosted enrollment. The result: ACA subsidies this year will cost more than double pre-pandemic projections.**”*
- *“The end of the pandemic emergency was expected to cause Medicaid enrollment to plunge. That hasn’t happened, in part because Democratic-run states have been slow to remove able-bodied adults who are no longer eligible.*



*CBO has thus **increased its forecast for Medicaid spending by \$50 billion in 2024 and \$314 billion over the next decade.***

- *“Entitlement spending—which now includes student loans—is **growing at a pace that is fiscally unsustainable.** Financing these programs has also become more expensive owing to higher interest rates, which CBO also projects will need to stay higher for longer in order to subdue inflation. **Spending on interest is now expected to be \$1.02 trillion next year, exceeding \$964 billion for defense.**”*
- *“CBO’s budget forecasts are getting progressively uglier, **but it’s not because Americans aren’t paying their fair share in taxes.** If spending as a share of GDP remained at the pre-pandemic average, the deficit would be roughly \$890 billion this year and \$13.4 trillion smaller than CBO’s 10-year projection. This would keep debt as a share of GDP at roughly 90%.”*
- *“Mr. Biden’s plan is to **raise taxes by \$5 trillion or more,** which would put the overall federal tax burden above 20% of GDP, **which is close to the highest in peacetime.** That still won’t finance Mr. Biden’s spending ambitions, **which will continue to cost trillions in future years even if he loses the election.**”*
- *Mr. Trump says he wants to renew and maybe expand the Trump tax cuts, and **the best way to finance that is by repealing the Biden spending blowouts in the Inflation Reduction Act, student-loan write-offs and pandemic-era welfare expansions.** Failing to take on that challenge means either a monumental tax increase or a debt panic down the road.”*

THE BOTTOM LINE

If Congress continues to do nothing to rein in out of control spending, **the cost to Americans will be great.** Since Biden took office, 10-year deficit projections have grown by **80 percent.** The revised baseline could be the **final wakeup call of the 118th Congress.**



The House Budget Committee's [Fiscal Year \(FY\) 2025 Budget](#) supports rooting out wasteful spending and redirecting funds toward initiatives that serve the public interest. Congress must recommit itself to being good stewards of American tax dollars.

MORE FROM THE HOUSE BUDGET COMMITTEE

Read House Budget Committee Chairman Jodey Arrington's (R-TX) statement updated budget projections for fiscal years (FY) 2024-2034 [HERE](#).

Read an executive summary of CBO's updated budget projections [HERE](#).

Read comparisons of CBO's February 2024 baseline report and the June 2024 update, and a comparison of the baseline when President Biden took office to today [HERE](#).

Find a comparison graphic of the February 2024 to June 2024 baseline [HERE](#).

Find a report card of Biden's Four Years of Fiscal Failure [HERE](#).

