



## House Budget Committee

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# SOUNDING THE ALARM:

## Rising Debt Could Slash Income Growth by \$14,100

The Committee for a Responsible Federal Budget (CRFB) issued a [new post sounding the alarm](#) on a daunting report from the Congressional Budget Office (CBO). According to the report, if we don't address our rising national debt, income growth could be slashed by one-third—or up to \$14,100—for taxpayers.

### Key Finding from the Report:

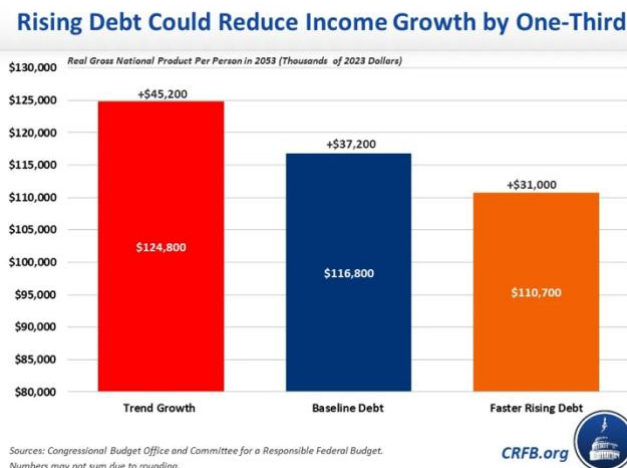
CBO estimated that average income in “2023 inflation-adjusted dollars would increase by \$45,200 over thirty years from \$79,600 in 2023 to \$124,800 in 2053,” assuming debt increases don't crowd-out private investment or debt remains at its current level.

### But CRFB warns that rising debt would substantially slow projected income growth.

- The federal debt currently makes up 98 percent of Gross Domestic Product (GDP). It is projected to rise to 181 percent of GDP by the end of Fiscal Year 2053, according to CBO.
- As CRFB points out, since debt does in fact crowds-out private investment, the impact of this increase would be significant.
- The mounting debt would lead to a one-sixth reduction in income growth, amounting to \$8,000 per person by the year 2053, and would result in average income of just \$116,800 per year in 2053 rather than \$124,800.

### If we continue down this path of higher spending, income growth would slow even further.

- CRFB estimates that if spending were higher than projected in the CBO baseline – meaning spending and revenues would be held constant at their 30 year average – average income would only grow by \$31,000 to \$110,700 in 2053, 31 percent less growth relative to if there were no increase in the debt.



**The Bottom Line:** Higher debt means lower levels of income growth for families. We must reverse the curse of out-of-control spending to ensure American taxpayers don't have to foot the bill for Washington's spending sprees in the form of lower paychecks.

