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Congressional Budget Office Updates Baseline: *Deficit Totals to Third Highest in American History*

WASHINGTON, D.C. – Last week, the Congressional Budget Office (CBO) released its [updated](#) budget projections for fiscal years (FY) 2025-2035. CBO's report helps Congress understand the fiscal and economic challenges facing the country.

TOPLINE TAKEAWAYS FROM CBO'S UPDATED BASELINE

1. CBO now projects that deficit spending for FY25 will reach a staggering **\$1.9 trillion**, the **third-highest figure in American history**.
2. The FY 2025 deficit amounts to **6.2 percent of GDP** (the 50-year average is 3.8 percent). This historically high projection is the product of a **17.1 percent of GDP** revenue projection (roughly equal to the 50-year average of 17.3 percent) and a higher level of spending, **23.3 percent of GDP** compared to the 50-year average of 21.1 percent.
3. Annual interest spending has increased by **\$600 billion** or **170 percent** in the four years since President Biden took office.
 - a. Interest costs are projected to increase steadily, from **9 percent** of federal revenue in 2021 to **18 percent** of federal revenue in 2025, to **22 percent** of federal revenue in 2035.
4. Our country has a spending problem. Revenues are **not** the problem:



- a. Revenues are projected to total **\$67.5 trillion** over ten years, and grow from \$5.2 trillion (17.1 percent of GDP) in 2025 to **\$8.0 trillion** (18.3 percent of GDP) in 2035.
 - b. Revenue averages **18.1 percent of GDP** over the decade, above the 50-year average of 17.3 percent of GDP. CBO increased their projection of revenues by **\$1.9 trillion** over 10 years compared to last June.
5. **By 2035, gross federal debt** is projected to be **\$59.2 trillion** (134.8 percent of GDP) in 2035, up from **\$36.2 trillion** (123.2 percent of GDP) now.
6. **Ten-year deficits** are projected to be **\$21.8 trillion**. The deficit increases by **36 percent** over the budget window, growing from \$1.9 trillion this year to **\$2.5 trillion** (5.8 percent of GDP) in 2035.
7. **Spending** is expected to total **\$89.3 trillion** over ten years. It will grow from **\$7 trillion** (23.3 percent of GDP) in 2025 to **\$10.6 trillion** (24.0 percent of GDP) in 2035. CBO projects mandatory spending (including interest) will continue to comprise by far the largest share of the budget. It will increase from **74 percent** in 2025 to **78 percent of the budget** in 2035.
 - **Mandatory Spending:** \$54.4 trillion over ten years, grows from \$4.2 trillion (14.0 percent of GDP) in 2025 to \$6.5 trillion (14.7 percent of GDP) in 2035.
 - **Net Interest Spending:** \$13.8 trillion over ten years, grows from \$952 billion (3.2 percent of GDP) in 2025 to **\$1.8 trillion** (4.1 percent of GDP) in 2035.
 - **Discretionary Spending:** \$21.1 trillion over ten years, grows from \$1.8 trillion (6.1 percent of GDP) in 2025 to \$2.3 trillion (5.3 percent of GDP) in 2035.
8. **Revenue** totals **\$67.5 trillion** over ten years, and grows from \$5.2 trillion (17.1 percent of GDP) in 2025 to **\$8.0 trillion** (18.3 percent of GDP) in 2035. Revenue averages **18.1 percent of GDP** over the decade, above the 50-year average of 17.3 percent of GDP.

9. **Economic Growth** is expected to be **2.1 percent** in 2025 and averages only **1.8 percent** annually over the next decade.
10. **CPI inflation** measures at **2.2 percent** in 2025, with a **2.3 percent** average over the next decade.
11. **The projected interest rate** on 10-year Treasury notes for 2025 has increased from 2.1 percent when President Biden took office to **4.1 percent** in CBO's latest projection. The 10-year average interest rate projection is **3.9 percent**.

Read an executive summary of CBO's updated budget projections for fiscal years (FY) 2025-2035 [HERE](#).

