

## Congressional Budget Office

# BASELINE

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Today, the Congressional Budget Office (CBO) released its updated budget projections for fiscal years **(FY) 2024-2034**. CBO's report helps Congress understand the fiscal and economic challenges facing the country. **According to the report:**

### Gross Federal Debt:

- Totals **\$56.8 trillion** (137.3 percent of GDP) in 2034, up from **\$34.7 trillion** (122.7 percent of GDP) now.

### FY 2024 Deficit:

- Totals **\$1.9 trillion**, the **third highest figure** in American history.
- CBO increased their FY 2024 deficit projection by **\$408 billion** or **27 percent** compared to February. A major factor is the \$145 billion increase to projected student loan spending, attributable to President Biden's executive actions.
- The FY 2024 deficit is equivalent to **6.7 percent of GDP** (the 50-year average is 3.7 percent), which is the highest peacetime figure in American history outside of the 2008 financial crisis and the pandemic. This historically high projection coincides with a **17.2 percent of GDP** revenue projection (roughly equal to 50-year average of 17.3 percent). Higher spending, **23.9 percent of GDP** compared to 50-year average of 21.0 percent, is primarily to blame.

### Ten-Year Deficit:

- Totals **\$22.1 trillion**, greater than all deficit spending by the federal government from **1789 to 2020**.
- The deficit increases by **49 percent** over the budget window, growing from \$1.9 trillion this year to \$2.9 trillion (6.9 percent of GDP) in 2034.

### Spending:

- Totals **\$84.9 trillion** over ten years.
- Grows from **\$6.8 trillion** (23.9 percent of GDP) in 2024 to **\$10.3 trillion** (24.9 percent of GDP) in 2034.



- CBO projects mandatory spending (including interest) will increase from **74 percent** of the budget in 2024 to **78 percent of the budget** in 2034.

### Mandatory Spending:

- **\$51.4 trillion over ten years.**
- Grows from **\$4.1 trillion** (14.5 percent of GDP) in 2024 to **\$6.4 trillion** (15.3 percent of GDP) in 2034.

### Net Interest Spending:

- **\$12.9 trillion** over ten years.
- Grows from \$892 billion (3.1 percent of GDP) in 2024 to **\$1.7 trillion** (4.1 percent of GDP) in 2034.
- In 2024, interest spending will be the second largest item in the federal budget behind only Social Security.
- Interest spending has increased by **\$540 billion** or 153 percent in the three years since Biden took office.
- Interest costs are projected to increase from **9 percent** of federal revenue in 2021 to **18 percent** of federal revenue in 2024 to **23 percent** of federal revenue in 2034.
- Over the next ten years, for every dollar the federal government borrows, **59 cents** will go to paying interest on the national debt.

### Discretionary Spending:

- **\$20.5 trillion** over ten years.
- Grows from \$1.8 trillion (6.3 percent of GDP) in 2024 to **\$2.3 trillion** (5.5 percent of GDP) in 2034.

### Revenue:

- Totals **\$62.8 trillion** over ten years.
- Grows from \$4.9 trillion (17.2 percent of GDP) in 2024 to **\$7.5 trillion** (18.0 percent of GDP) in 2034.
- Revenue averages **17.8 percent of GDP** over the decade, above the 50-year average of 17.3 percent of GDP.

### Economic Growth:

- **2.0 percent** in 2024.
- **1.8 percent** annual average over the next decade.



### CPI Inflation:

- **3.0 percent** in 2024.
- **2.3 percent** annual average over the next decade.

### Interest Rates:

- The projected interest rate on 10-year Treasury notes for 2024 has increased from 1.5 percent when President Biden took office to **4.5 percent** in CBO's latest projection.
- The 10-year average interest rate projection is **3.9 percent**.

