FACT BRIEF • SUMMER 2026

# Federal Budget & National Debt

## What is the ISSUE?

**$1.34**

SPENT FOR EVERY $1.00 COLLECTED IN 2025

The federal government has run a deficit — adding to the nation's debt — every year since 2001. Debt is not erased. It is repaid by future taxpayers — or refinanced, with interest due every year and no principal repaid. ***Whose responsibility should national financial health be?***

## Know the Terms

**Deficit** — one year's gap: spending more than the government collects. The gap is borrowed.

**Debt** — all past borrowing not yet repaid. The deficits add up.

**Gross national debt** — everything the Treasury owes: debt held by the public *plus* debt owed to the government's own trust funds.

**Debt held by the public** — money borrowed from outside lenders (people, funds, banks, other countries — including you, if you own U.S. bonds). It must be financed in markets, and it drives interest costs.

**Current law** — the rules on the books today. Projections assume Congress changes nothing.

**Social Security** — monthly benefits for retirees, survivors, and disabled workers. Today's payroll taxes pay today's retirees, topped off by the trust fund reserves.

## What Are the Facts?

### THE BUDGET

*Fiscal year 2025 — ended September 30, 2025*

#### SPENT VS. COLLECTED

The federal government spent about **$7.0 trillion** and collected about **$5.2 trillion** — roughly $1.34 spent for every $1.00 collected. The gap, **$1.8 trillion**, was borrowed and added to the *debt*. [1]

#### WHERE THE MONEY CAME FROM

Revenues rose 6% (up $317 billion), boosted by individual income taxes and customs duties (tariffs); corporate tax receipts declined. [1]

#### WHERE THE MONEY WENT

The largest categories (FY2025): *Social Security* benefits **~$1.57T**; Medicare **~$0.99T** (net of offsetting receipts) plus Medicaid **~$0.67T**; net interest on the public debt **~$1.03T**; and national defense **~$0.87T**. [1]

#### A FIRST — INTEREST TOPS $1 TRILLION

For the first time ever, net interest on the public debt passed **$1 trillion** in 2025 — more than the entire defense budget. Nearly $1 of every $5 in taxes now goes to interest on past borrowing, not to current programs. [1][2]

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What Are the Facts?

## THE DEBT

*Two measures — know which one a claim uses*

### THE HEADLINE NUMBER

The ***gross national debt*** passed **$39 trillion** on April 1, 2026 — roughly **$114,000 per person**, or about **$289,000 per household**. [3]

### WHAT'S INSIDE IT

Of that, **~$31.4 trillion** is *debt held by the public*, and **~$7.6 trillion** is owed to the government's own trust funds. [2][3]

### THE BIGGEST IOU

Within that $7.6 trillion, the Treasury owes the **Social Security** trust funds about **$2.56 trillion** (end of 2025) — decades of payroll-tax surpluses invested, by law, in Treasury securities. Reserves peaked at $2.91 trillion in 2021 and are now being drawn down, because Social Security's costs have exceeded its income since 2021. [7]

### THE RECORD AHEAD — UNDER CURRENT LAW

CBO projects debt held by the public will rise from **101% of GDP in 2026 to 120% by 2036** — the highest in U.S. history, passing the World War II record (106% in 1946) by 2030. [2]

### THE TEN-YEAR OUTLOOK

Deficits from 2026 to 2035 are projected to total **$23.1 trillion**. The 2025 tax-and-spending law added ~$4.7 trillion to that; higher tariff revenues (paid by U.S. companies and consumers) subtracted ~$3.0 trillion. A 2026 court ruling on tariffs may reduce that revenue, which would widen deficits. [2]

### WHAT DRIVES THE PRESSURE

Three cost areas put the most pressure on the debt: **Social Security, health programs, and interest**. CBO projects Social Security will grow from 5.2% to 6.0% of the U.S. economy's annual output (GDP) by 2035; the Social Security Trustees project that, unless Congress acts, the trust fund reserves run out in 2034 — and benefits would be reduced to what incoming taxes cover, about 83% of scheduled amounts. Mandatory programs and interest together grow from ~73% of all federal spending to ~78% by 2035 — leaving a shrinking share for everything Congress votes on each year. Defense's share shrinks even as its dollar amount grows. [2][7]

### When you hear a claim about the budget or debt, ask:

- ? Which debt measure — gross debt (~$39T) or debt held by the public (~$31.6T)? Comparisons only work within one measure.
- ? A share of spending, or a dollar amount? A category's share can fall while its dollars grow.
- ? An actual result, or a projection? Projections change when laws change.
- ? One year, or ten? Ten-year totals sound ten times bigger.

### Ways to handle the deficit and debt

- Reduce annual deficits by lowering spending, raising revenues, growing the economy faster — or a combination. CBO's "Options for Reducing the Deficit" catalogs 76 specific options, each with its estimated savings. [4]
- Reduce improper payments (overpayments, payments to ineligible recipients, documentation errors): about **$186 billion** reported in FY2025 — about 2.7% of federal spending; most were overpayments. [5]
- Reduce fraud: GAO estimates the government loses **$233–$521 billion a year** — roughly 3–7% of spending — based on 2018–2022 data that include pandemic-era programs. [6]

*Note: these categories overlap. All fraud counts as improper payment, but most improper payments are errors, not fraud — and the recoverable savings are smaller than the headline totals.*

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# Go Deeper

### WHAT DO THE FACTS SAY?

- ✔ Waste and fraud are real — and not nearly enough. Even eliminating every dollar at the top of GAO's fraud range (~$0.5 trillion) would close less than a third of the $1.8 trillion annual deficit. [1][6]
- ✔ Retirement programs, health care, and interest costs — not annual discretionary spending — are the main drivers of long-term budget pressure. [2]
- ✔ The more that goes to interest on past borrowing, the less is available for current needs. Interest already exceeds the defense budget and is the fastest-growing major category. [1][2]
- ✔ Know your measures: the same day's debt can be described as $39 trillion or $31.6 trillion, and both are correct — they count different things. [3]
- ✔ CBO's menu: 76 options for reducing the deficit — spending, revenue, or both. Each with estimated savings. [4]

## Stay Current

- **Treasury Fiscal Data** — the official daily numbers: "Debt to the Penny" and America's Finance Guide, in plain language.
  fiscaldata.treasury.gov
- **Congressional Budget Office** — nonpartisan budget projections, monthly budget reviews, and deficit-reduction options.
  cbo.gov

## Sources and Links · verified July 16, 2026

1. CBO, *Monthly Budget Review: Summary for Fiscal Year 2025* (November 2025). https://www.cbo.gov/publication/61307
2. CBO, *The Budget and Economic Outlook: 2026 to 2036* (February 2026). https://www.cbo.gov/publication/62105
3. U.S. Treasury Fiscal Data, *Debt to the Penny* (updated daily). Per-person and per-household figures are simple division by U.S. population and households. https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/
4. CBO, *Options for Reducing the Deficit: 2025 to 2034* (December 2024; 76 options with estimated savings). https://www.cbo.gov/publication/60557
5. GAO, *Payment Integrity: Agencies' Estimated Improper Payments Increased to $186 Billion in Fiscal Year 2025* (GAO-26-108694, April 2026). https://www.gao.gov/products/gao-26-108694
6. GAO, *Fraud Risk Management: 2018–2022 Data Show Federal Government Loses an Estimated $233 Billion to $521 Billion Annually to Fraud* (GAO-24-105833, April 2024). https://www.gao.gov/products/gao-24-105833
7. Social Security Administration, *2026 Trustees Report* press release (June 9, 2026): combined OASI and DI reserves of $2.56 trillion at end of 2025; depletion projected in 2034 with 83% of benefits payable. https://www.ssa.gov/news/en/press/releases/2026-06-09.html

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# Our Research Process

Every Fact Brief follows the same discipline — so you can trust what's on these pages, and check it yourself.

1. Identify issues voters care about.
2. Do independent, nonpartisan research using primary documents and verifiable, most up-to-date data.
3. Use three or more AI tools to assist searching and organizing; humans make all judgments.
4. Cross-check for accuracy and fairness.
5. Produce a concise Fact Brief.
6. Verify that each key factual claim is backed by a directly relevant, credible source.
7. Present the facts on contested points; note where credible sources disagree.
8. Use sources across the political spectrum, chosen for reliability — not for the conclusions they reach.

## Get the Facts <> Share the Facts