

# About the Debt...



About the Debt and Deficit  
**Updated to September 2022**

**November 14, 2019**  
**by Dan Regenold**  
**Managing Board Member**

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# About the Debt...

**Talk About Tonight  
United States Budget**

**1019 vs. 2022  
3 Years**

**This is the Comparison Budget We Will Discuss**

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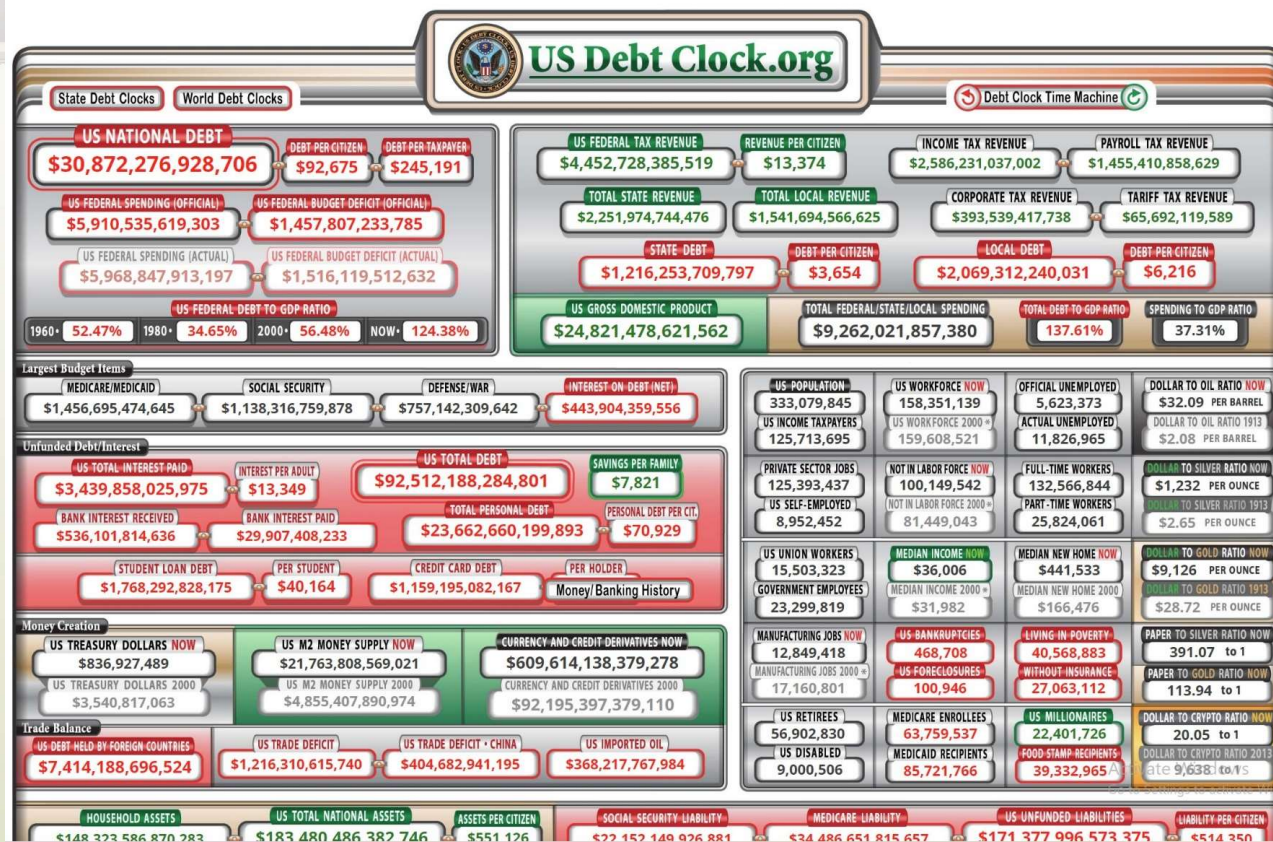
# About the Debt...

## Definitions—National Debt

- The national debt of the United States is the total debt, or unpaid borrowed funds, carried by the Federal Government of the United States, which is measured as the face value of the currently outstanding Treasury securities that have been issued by the Treasury and other federal government agencies.
- National Debt at end of as of today in 2022 is **\$30.8 Trillion**
- About 1/3 of the Debt is owned by Foreigners



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# About the Debt...

## Definitions—Deficit

- How much more \$\$\$ we spend as compared to what we take in

Example: 2022 Total Revenue = \$4,752 Trillion

2022 Total Spending= \$5,815 Trillion

2022 Total Deficit = \$1,063 Trillion

This \$1.063 Trillion Dollars per year Deficit is now added to the National Debt



# About the Debt....

In 2019 We Talked About

## Landmines

Upcoming issues we face when discussing the Budget...



# About the Debt...

## 1. Reparations

- As the Civil War wound down in 1865 Gen. William T. Sherman made the promise that would come to be known as “40 acres and a mule”—redistributing a huge tract of Atlantic Coastline to black Americans recently free from bondage. President Abraham Lincoln and Congress gave their approval. After Lincoln was assassinated President Johnson rescinded the order and returned the land to its former owners. Reparations have never been paid to slave victims in the US. But reparations have been paid to groups like Japanese-Americans interned during WWII, survivors of police abuses in Chicago, and a few other things.
- But in February 2021--A House Judiciary subcommittee held a hearing this week to discuss establishing a federal commission that would explore how US government might compensate the descendants of enslaved Americans. The White House press secretary declined to say whether President Joe Biden would sign legislation to develop reparations for slavery, she did say he supported a study on the matter.
- A reparations project is just getting off the ground in Asheville, NC.



Gen. William T. Sherman

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## 2 . Green New Deal

Calls for the country to address climate change by reaching by:  
Reaching net zero greenhouse gas emissions through a “10 year national mobilization. “ Requires that the transition to clean energy be done in a way that is sensitive to vulnerable populations.

- The Transition seems to be underway.
- Handled through the Inflation Reduction Act (\$737 B Plan)
- Commits \$370 billion to climate and energy progress
- Reduce 40% emissions by 2030
- Looks at renewables as a % of global energy through 2050
- Mostly handled through rebates, incentives and tax credits.




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## 3. Universal Basic Income

- 
- Andrew Yang would like to give every American adult \$1,000 a month, \$12,000 a year in Universal Basic Income, as a way to offset job loss from automation (that is sure to come).
  - Currently being tested in Compton, St. Paul, Richmond Virginia, Oakland, Pittsburgh, Patterson, NJ, Rochester, Durham, NC, Newark, Los Angeles County. Many of these programs are \$500 per month tests.
  - Programs have radically grown since 2019.
  - Prevalent in many countries like: Finland, Canada, The United States (now) and Brazil and parts of India and Africa.
- This is a pay, not to work program.



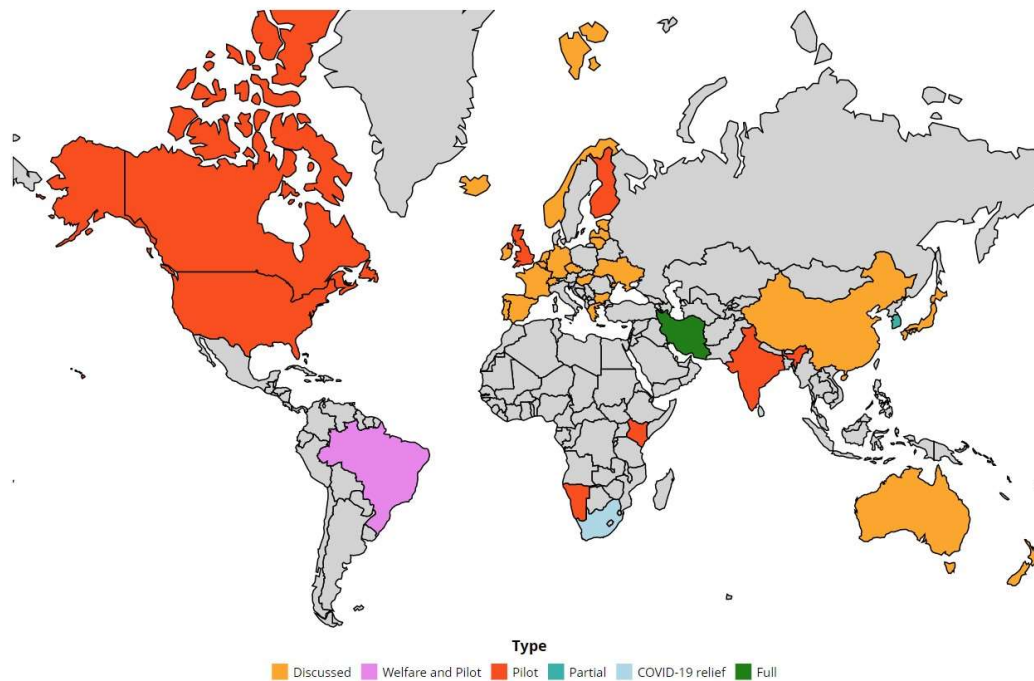
Andrew Yang

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## Universal Basic Income Countries

Countries with Universal Basic Income 2022



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## 4. Cancel Student Loan Debt

- Elizabeth Warren has pitched Student debt cancellation as a way to tackle the racial wealth gap. She believes it is also meant as a broader economic stimulus by getting rid of the \$1.5 trillion “drag on our entire economy”.
- Joe Biden just issued Executive Order agreed to Cancel Student Loan Debt between \$10,000-\$20,000 per borrower. Cost to the USA is \$500B to \$1 Trillion.

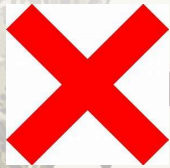


Elizabeth Warren





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## 5. Free College

- To go along with the Cancel the Debt program Warren would pass the Universal Free College Program.
- This would eliminate tuition and fees at every public two and four-year college in America.
- The Biden Plan for Education Beyond High School follows Senator Bernie Sanders plans to make public colleges and universities tuition-free for all families with incomes < \$125,000
- In a few States there are Free College programs.

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## 6. Wealth Tax

- Long proposed by Senator Warren as a way to pay for FREE College and College Loan Forgiveness. This would shift the burden of paying for government towards families with accumulated fortunes paying for governments.
- Biden considered a “wealth tax” in 2021 but has been unable to communicate how it would work in terms of taxing gains that are not yet realized.
- Tax would apply to someone with \$1 billion in assets or \$1 million in income for 3 straight years.
- Although this tax would only apply to 700 individuals, Democrats feel there is \$200-\$250 B of tax revenue on the table here.

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## 7. Medicare for All

- The Medicare for All Bill, which has 16 Democratic sponsors would expand Medicare into a universal health insurance program phased in over 4 years.
- Most experts looking at the bill, “would under conservative estimates, increase federal budget commitments by \$32.6 trillion over the first 10 years of implementation.
- The Inflation Reduction Act makes health insurance more affordable by reducing and increasing subsidies for insurance purchased on Healthcare.gov, but it doesn’t reach the point of Medicare for all.
- (Estimated cost of Medicare for all \$3.6 Trillion--\$9,700 per taxpayer)



Bernie Sanders

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## The Totals—How are We Doing?

-  Reparations
-  The Green New Deal
-  Universal Basic Income
-  Cancel Student Loan Debt
-  Free College
-  Wealth Tax
-  Medicare for All

In 2019 there were 0 programs passed. Now in 2022 there are 3 of the 7 passed.  
Which Will Be the Next Program To Be Pass?

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# About the Debt...

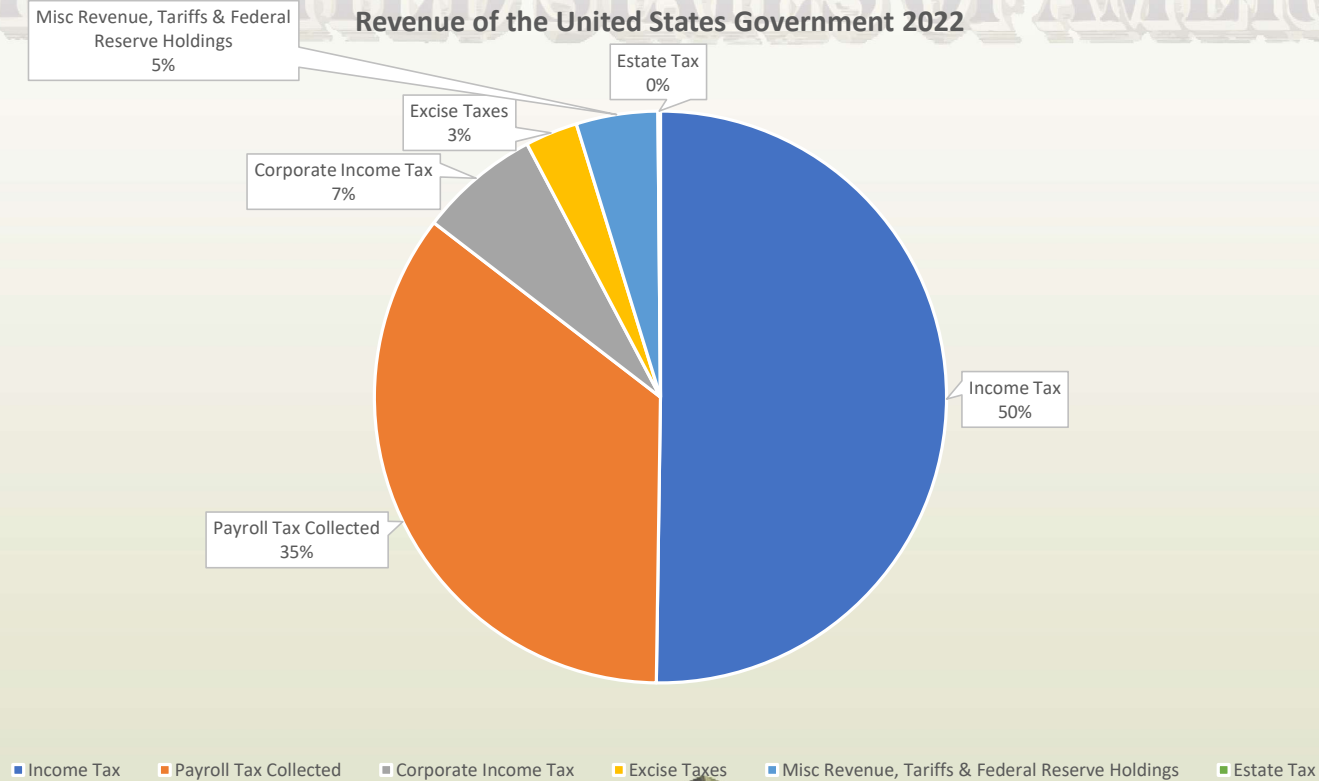
## Revenue Collected

<u>Revenue</u>	<u>2019</u>	<u>2022</u>		<u>%</u>
Income Tax	1,720,000,000,000	2,387,000,000,000	T	0.50
Payroll Tax Collected	1,239,000,000,000	1,673,000,000,000	T	0.35
Corporate Income Tax	221,000,000,000	325,000,000,000	B	0.07
Excise Tax—tax on fuel, tobacco, alcohol	98,000,000,000	141,000,000,000	B	0.03
Misc Revenue, Tariffs & Federal Reserve Holdings	176,000,000,000	219,000,000,000	B	0.05
Estate Taxes	17,000,000,000	7,000,000,000	B	-0.01
Total in Trillions	3,471,000,002,019	4,752,000,000,000	T	

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Revenue of the United States Government 2022





# About the Debt...

## Federal Spending – Page 1

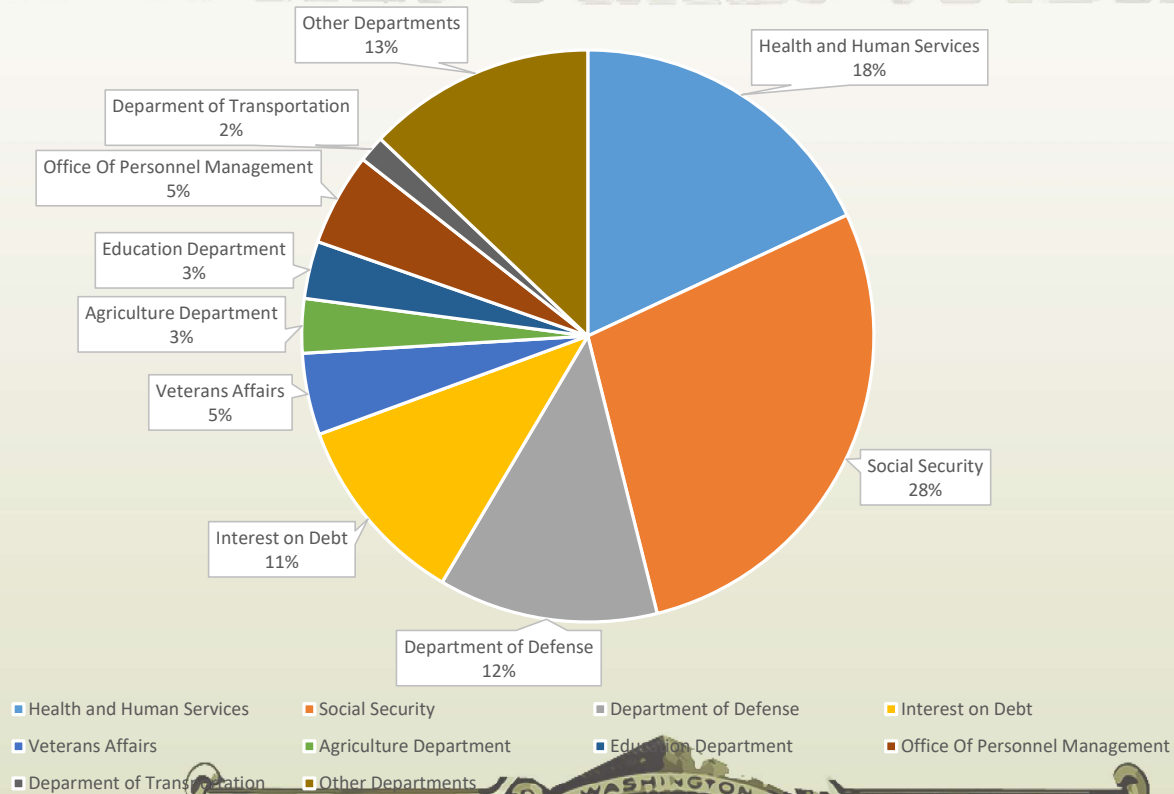
Expenses	2019	2022		%
Health and Human Services	1,215,000,000,000	1,050,000,000,000	T	0.18
Social Security	1,101,000,000,000	1,631,000,000,000	T	0.28
Department of Defense	658,000,000,000	721,000,000,000	B	0.12
Interest on Debt	390,000,000,000	635,000,000,000	B	0.11
Veterans Affairs	204,000,000,000	269,000,000,000	B	0.05
Agriculture Department	155,000,000,000	178,600,000,000	B	0.03
Education Department	106,000,000,000	188,000,000,000	B	0.03
Office Of Personnel Management	103,000,000,000	305,000,000,000	B	0.05
Deparment of Transportation	81,000,000,000	88,000,000,000	B	0.02
Other Departments	459,000,000,000	750,000,000,000	B	0.13
Total	4,472,000,000,000	5,815,600,000,000	T	

**Mandatory Spending is about 2/3 of these numbers. Discretionary Spending about 1/3**

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Expenses of the United States of America



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## Other Federal Spending Departments

Civil Defense	\$	61,000,000,000	B	1.4%
Homeland Security	\$	59,000,000,000	B	1.3%
Department of Justice	\$	40,000,000,000	B	0.009%
Department of Labor	\$	35,000,000,000	B	0.008%
Exxecutive and Misc.	\$	33,000,000,000	B	0.007%
Housing and Urban Development	\$	30,000,000,000	B	0.007%
Energy Department	\$	30,000,000,000	B	0.007%
State Department	\$	29,000,000,000	B	0.006%
Independent Agencies	\$	25,000,000,000	B	0.006%
Foreign Aid	\$	22,000,000,000	B	0.005%
NASA	\$	21,000,000,000	B	0.005%
Treasury Department	\$	20,000,000,000	B	0.004%
Corps of Engineers	\$	13,000,000,000	B	0.003%
Department of the Interior	\$	13,000,000,000	B	0.003%
Judicial	\$	8,000,000,000	B	0.002%
National Science Foundation	\$	7,000,000,000	B	0,002%
Environmental Protection Agency	\$	7,000,000,000	B	0.002%
Legislative	\$	6,000,000,000	B	0.001%

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# About the Debt...

## Deficit – Fiscal 2019 (End 9/30/19)

Total Revenue    \$3,472,000,000,000 T    4,752,000,000,000

Total Spending    \$4,472,000,000,000 T    5,815,600,000,000

Deficit                **\$1,000,000,000,000 T**    **\$1,063,000,000,000**

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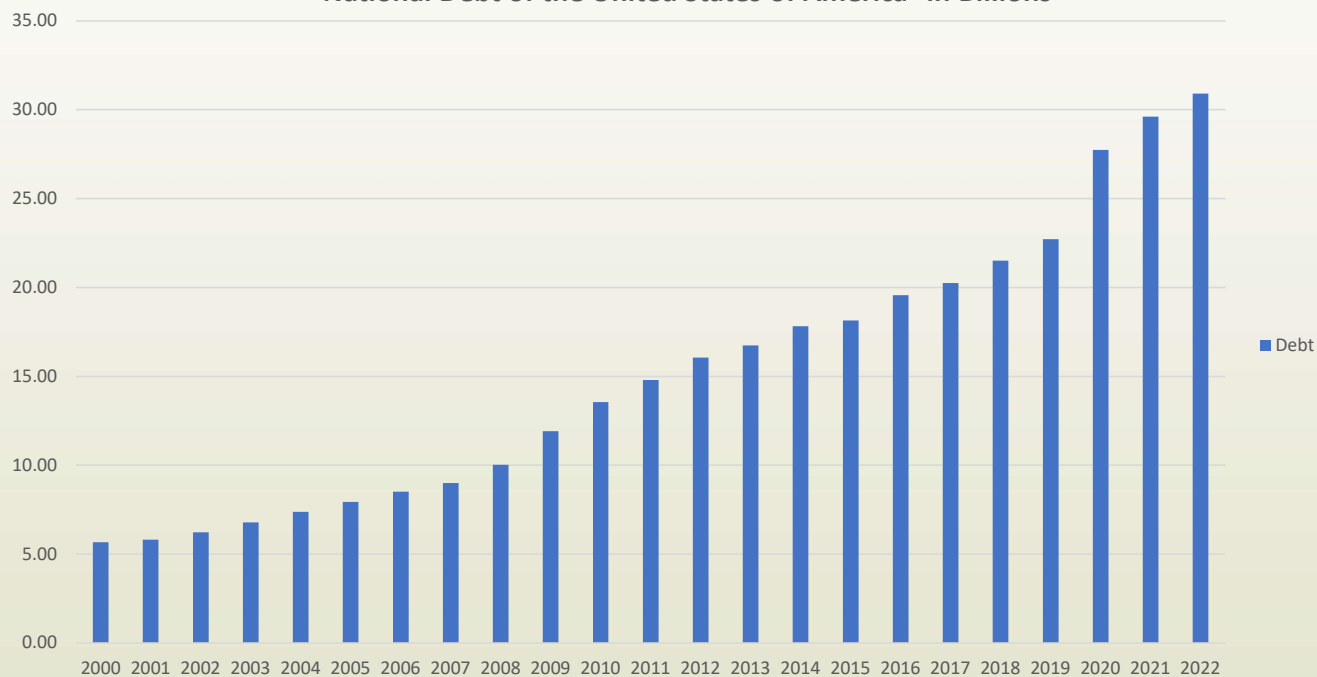
## Federal Debt

• 2010	\$13.56 B	
• 2011	\$14.79 B	
• 2012	\$16.06 B	
• 2013	\$16.74 B	
• 2014	\$17.82 B	
• 2015	\$18.15 B	
• 2016	\$19.57 B	
• 2017	\$20.24 B	
• 2018	\$21.51 B	
• 2019	\$22.72 B	
• 2020	\$27.74 B	COVID
• 2021	\$29.61 B	
• 2022	\$30.9 B	

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# About the Debt...

National Debt of the United States of America--in Billions



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# About the Debt...

## New Spending Impacting the Federal Deficit

### Largest 4 Big spending Bills from Joe Biden

- |    |  |                         |
|----|--|-------------------------|
| 1. | <u>American Rescue Act</u><br>Corona Virus, Direct Aid to taxpayers, aid<br>for local governments, March 2021  | \$1.9 Trillion          |
| 2. | <u>Bipartisan Infrastructure Law</u><br>for Transportation, broadband, utilities<br>November 2021  | \$ 1.0 Trillion         |
| 3. | <u>Chips and Science Act of 2022</u><br>Strengthens the production of semiconductors<br>in the USA and provides grants and tax subsidies.<br>August 2022 | \$ 280 Billion          |
| 3. | <u>Inflation Reduction Act</u><br>½ on Climate Change, Helping people<br>afford health insurance and negotiated drug<br>prices. August 2022              | \$ 740 Billion          |
|    | Total  | <u>\$ 3.92 Trillion</u> |

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## GDP-- 2019

- Gross domestic product (GDP) is one of the most common indicators used to track the health of a nation's economy.
- It represents the total dollar value of all goods and services produced over a specific time period, often referred to as the size of the economy. GDP is usually expressed as a comparison to the previous quarter or year.

# About the Debt...

## GDP-- 2019

- GDP in 2019 is estimated at : \$21.372 Trillion

(About the Same as the Current National Debt)

- GDP in 2021 \$22,996 Trillion

**Debt to GDP = 30.8T/\$22.9 T = Now 134%**

- Debt to GDP now places us the 12th highest out of 207 Countries. Countries like Venezuela and Japan lead the list.

### Top 12 Countries with the Highest Debt-to-GDP Ratios (%)

1. [Venezuela](#) — 350%
2. [Japan](#) — 266%
3. [Sudan](#) — 259%
4. [Greece](#) — 206%
5. [Lebanon](#) — 172%
6. [Cabo Verde](#) — 157%
7. [Italy](#) — 156%
8. [Libya](#) — 155%
9. [Portugal](#) — 134%
10. [Singapore](#) — 131%
11. [Bahrain](#) — 128%
12. [United States](#) — 128%

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# About the Debt...

In 2019 We looked at  
Keith Hall, Congressional Budget  
Director from 2015-2019

Do Deficits Matter?

**He Said NO!**



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## Warren Buffett—3% Deficit is OK

- 3% Deficit --  $\$1 \text{ Trillion} / \$30.8 = 3.33\%$
- Warren's Concept is a growing Economy can pay down debt
- Problem is: We aren't paying down anything—  
Debt only Grows



Warren Buffett

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**Trump has fully embraced the Idea that Deficits Don't Matter**

- The Deficit rose by \$7.8 trillion under Trump
- Trump had the 3<sup>rd</sup> largest deficit (1<sup>st</sup> and 2<sup>nd</sup> George Bush and Abraham Lincoln who had wars).
- Federal finances under Trump weren't even good before the pandemic.
- Trump Message: "Deficits Don't Matter. This is the U.S. Government...you never have to default because you can print money." This is how Trump has acted in Business all his life—(Atlantic City Casino).



Donald Trump

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- Problem: Interest Rates
- 2019 Currently the U.S. is paying about 1.8% interest on the debt it has—average.
- 2019--\$390B Interest/ \$22T Debt = 1.8%).
- 2022--\$635B —Current interest paid=\$2.492%
- 2032 Projected to rise to \$**1.194 Trillion**, an Extra **\$559 B**
- Where does it come from? What Departments???

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# About the Debt...

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**Fixes:** Senator Randy Paul talks about  
The Penny Plan...



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## The Growing Penny Plan



**2011--Originally the Penny Plan called for a One Penny (1%) reduction in spending and would Balance the Budget in 5 yrs—Sean Hanity mentions.**



**2019--The Two Penny Plan called for a Two Penny (2%) reduction in spending and would Balance the Budget in 5 yrs—as long as spending in check.**



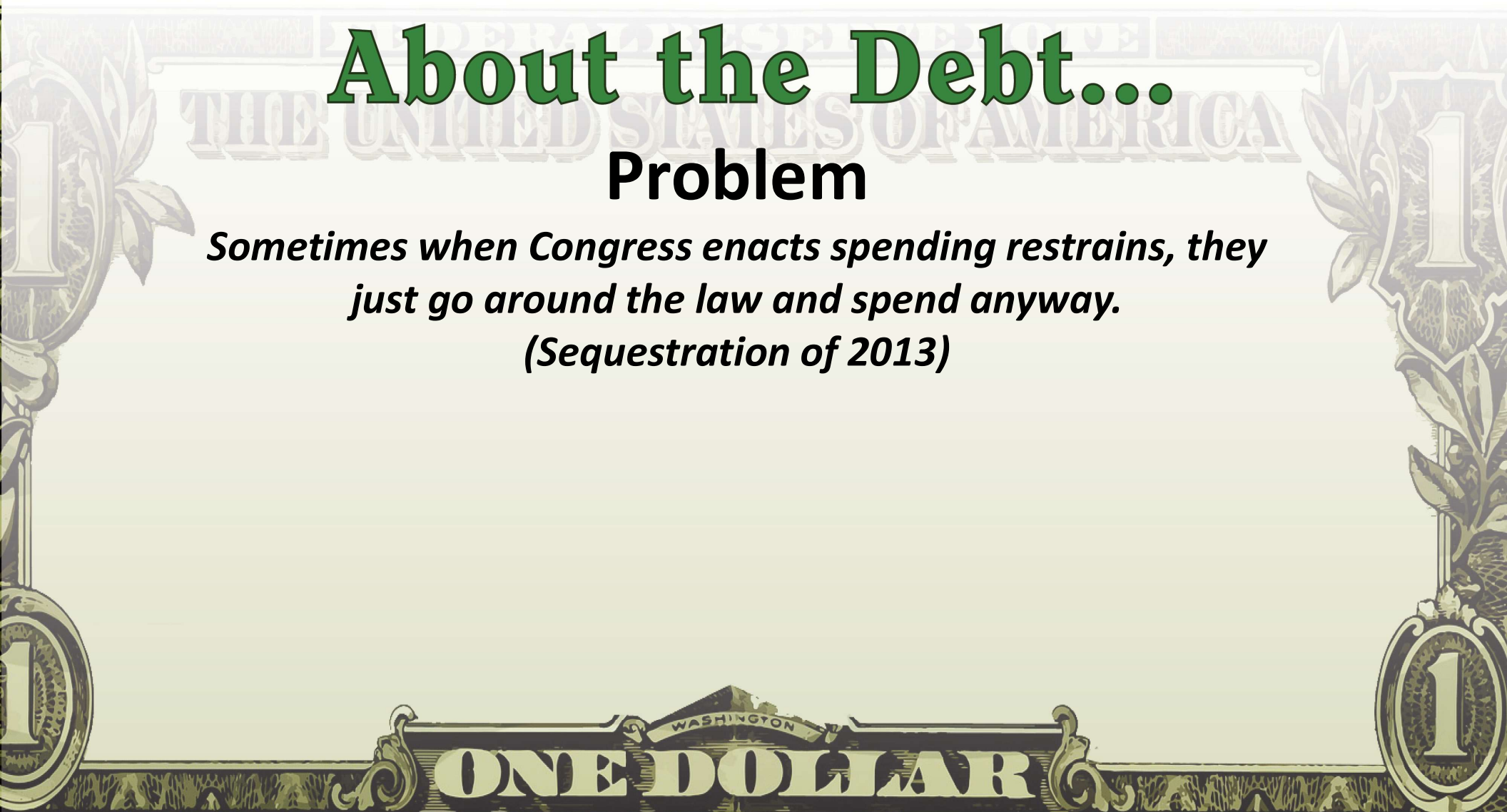
**2022-The Six Penny Plan called for a Two Penny (6%) reduction in spending and would Balance the Budget in 5 yrs. Paul's plan doesn't touch Social Security.**

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## Problem

*Sometimes when Congress enacts spending restrains, they  
just go around the law and spend anyway.  
(Sequestration of 2013)*



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Convention of States...

Watch EmpowerU's class dated April 26

An initiative by the States to Hold the Federal Government Accountable.

**USA**  
PENNSYLVANIA NEBRASKA IDAHO  
OKLAHOMA MISSISSIPPI INDIANA  
FLORIDA NEW MEXICO DELAWARE  
WASHINGTON ILLINOIS WYOMING  
VIRGINIA NORTH DAKOTA KANSAS  
SOUTH CAROLINA OREGON TEXAS  
ARIZONA NEW JERSEY VERMONT  
CONNECTICUT ARKANSAS NEW HAMPSHIRE KENTUCKY  
NORTH CAROLINA NEVADA WEST VIRGINIA UTAH HAWAII  
MICHIGAN ALASKA MASSACHUSETTS CALIFORNIA IOWA  
LOUISIANA MONTANA RHODE ISLAND WISCONSIN MAINE  
MINNESOTA MARYLAND SOUTH DAKOTA GEORGIA OHIO  
MISSOURI TENNESSEE NEW YORK COLORADO ALABAMA

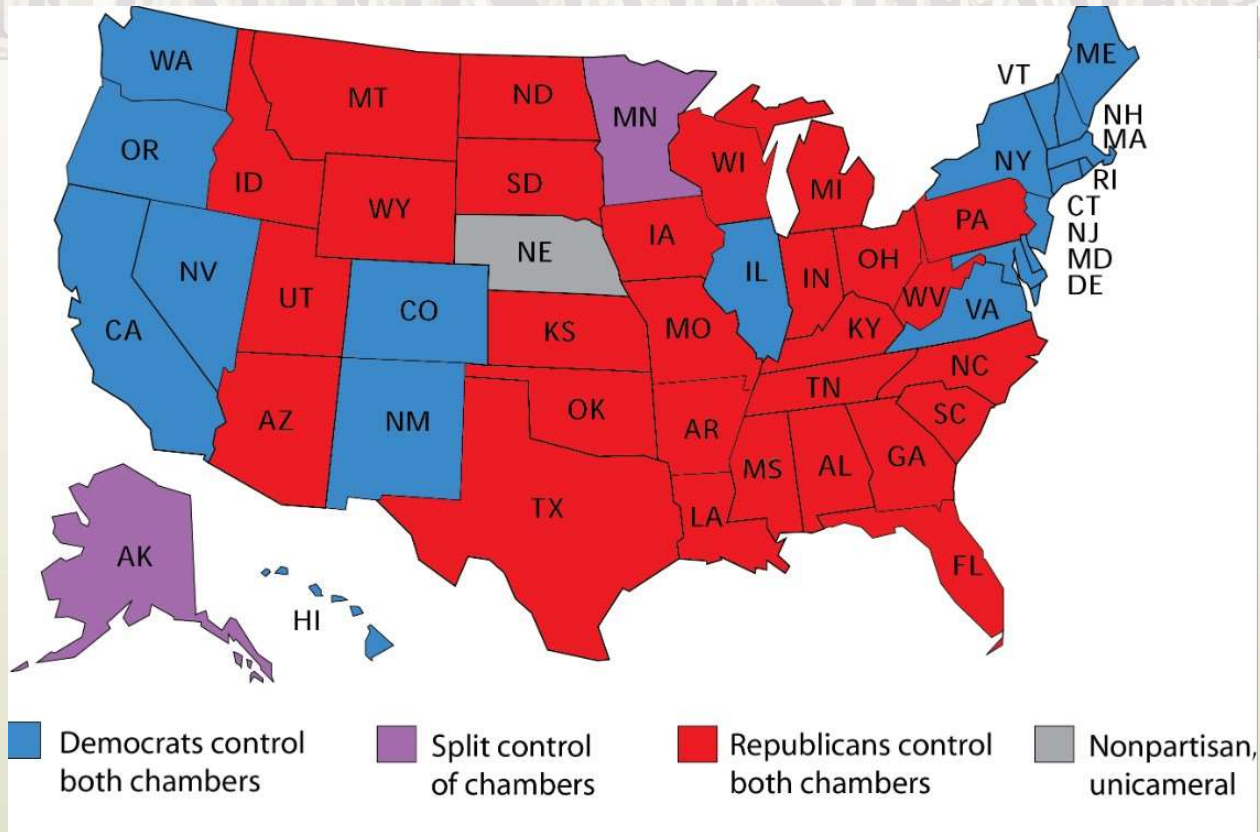
CONVENTION  
OF STATES

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# About the Debt...

At least 28  
States  
Republican  
Controlled



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## Surplus?

*Don't Get too Excited. The Last Surplus was 21 Years Ago.*



**Help Put God Back Into Ohio Schools  
One School at a Time!**

