

**Resource 2 (1 of 3)**

**Background on the Debt**

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Each year that the federal government spends more money than it receives in revenue, it runs a deficit. It must borrow money to cover that deficit by issuing bonds. The borrowed money accumulated over time is known as the debt, although the debt takes on several forms, depending on the source of the borrowed funds.

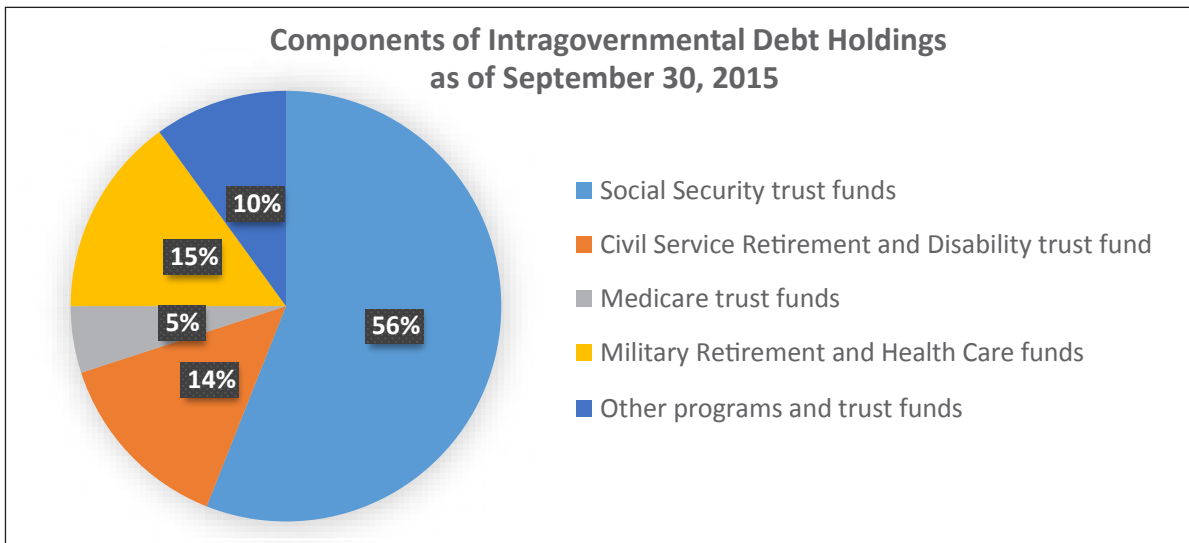
As of March 2016, the total outstanding debt was about \$19.3 trillion (\$19,264,938,619,643.07, to be precise).

- \$13.9 trillion, or about three-quarters, is classified as “debt held by the public,” or debt held by individuals, corporations, and other governments (such as state and local governments or foreign governments), both inside and outside the United States.
- \$5.3 trillion, or about one-quarter, is classified as “intragovernmental holdings,” or debt that one part of the U.S. government owes to another (such as the Social Security Trust Fund). This type of debt occurs when the main federal budget has a deficit, but trust funds to pay for future benefits have a surplus, so the former borrows from the latter.

(Note: For the most recent tally of the outstanding debt, you can go to the TreasuryDirect site listed below.)

Examine the following graphs to learn more about who holds these different types of debt and how the debt has changed over time as a share of the economy’s annual total production (measured by gross domestic product, or GDP).

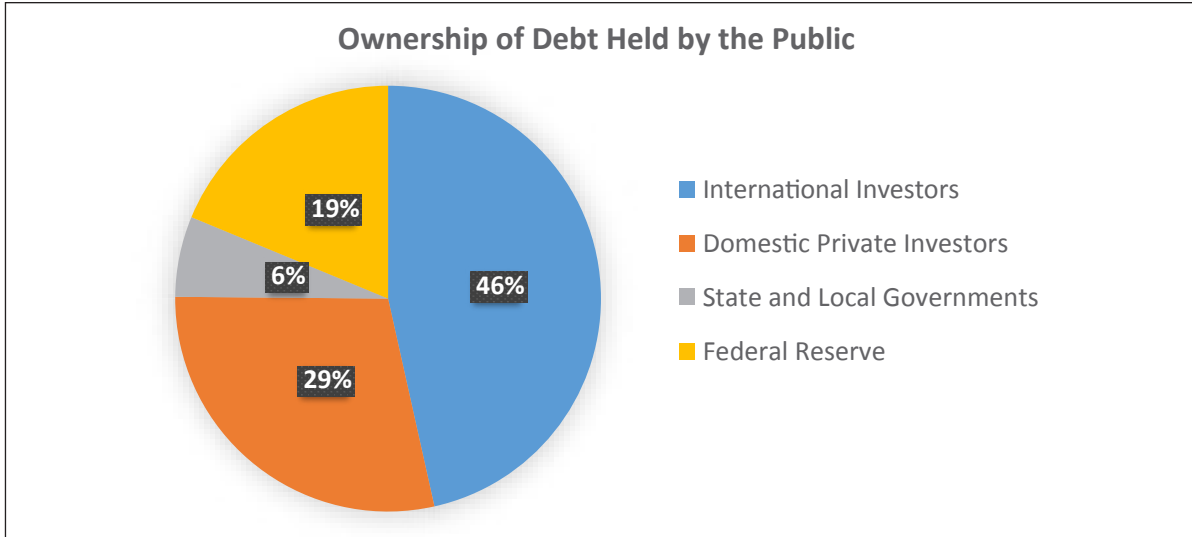
**Source:** TreasuryDirect. (2016). The debt to the penny and who holds it. Retrieved from <http://www.treasurydirect.gov/NP/BPDLogin?application=np>



**Source:** U.S. Government Accountability Office. (2015). Financial audit: Bureau of the Fiscal Service's fiscal years 2015 and 2014 schedules of federal debt. Figure 4, p. 20. Retrieved from <http://www.gao.gov/assets/680/673641.pdf>

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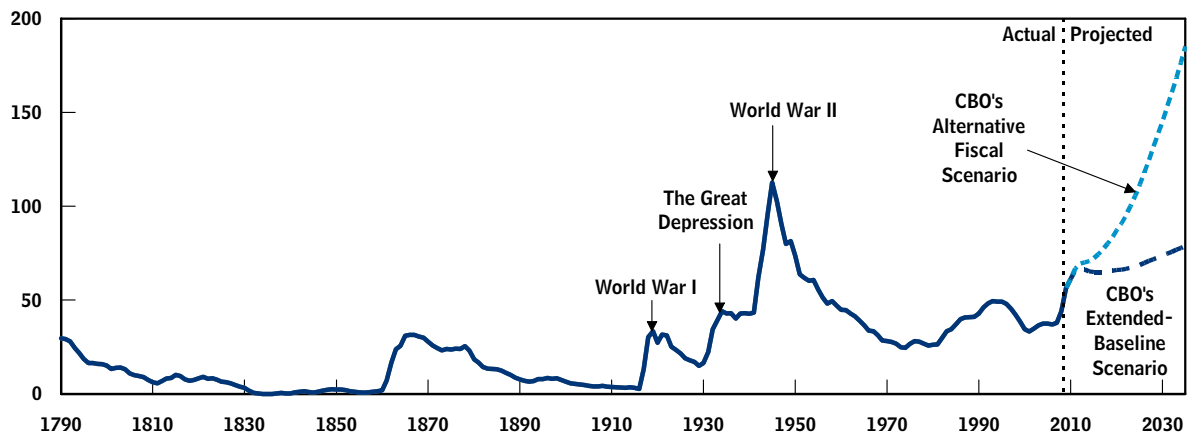
**Background on the Debt**



**Source:** Federal Reserve. (2016, March 31). Factors affecting reserve balances. Retrieved from <http://www.federalreserve.gov/releases/h41/Current/>; U.S. Department of Treasury, Bureau of the Fiscal Service. (2016, March). Treasury bulletin: Ownership of federal securities, Table OFS-2. Retrieved from <https://www.fiscal.treasury.gov/fsreports/rpt/treasBulletin/current.htm>

**Federal Debt Held by the Public, 1790 to 2035**

(Percentage of gross domestic product)



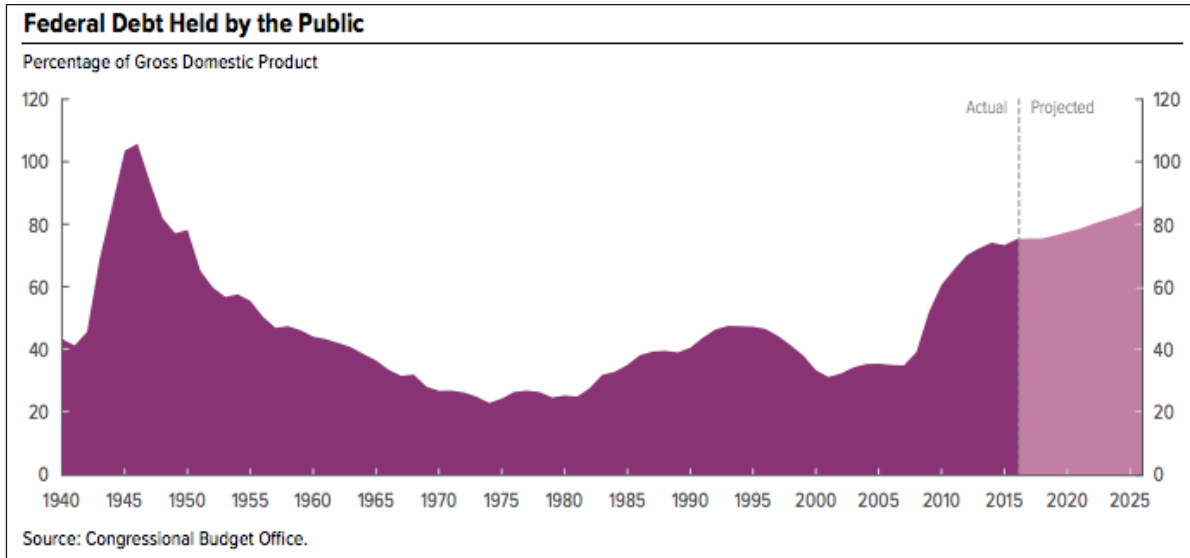
**Source:** Congressional Budget Office, *The Long-Term Budget Outlook* (June 2010); *Historical Data on Federal Debt Held by the Public* (July 2010).

*Note:* The Extended-Baseline Scenario was the Congressional Budget Office's projection of future debt based on the laws as written in 2010, which would include expiration of the Bush tax cuts. The Alternative Fiscal Scenario made assumptions about changes that were likely as of 2010, such as the extension of some tax cuts that were set to expire. See the next graph in this set for updates to actual debt figures through 2016 and revised projections through 2026.

**Source:** Congressional Budget Office. (2010, July 27). Federal debt and the risk of a fiscal crisis. Retrieved from [http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/116xx/doc11659/07-27\\_debt\\_fiscalcrisis\\_brief.pdf](http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/116xx/doc11659/07-27_debt_fiscalcrisis_brief.pdf)

**Resource 2 (3 of 3)**

**Background on the Debt**



**Source:** Congressional Budget Office. (2016, January). The budget and economic outlook: 2016 to 2026. Retrieved from: <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51129-2016Outlook.pdf>