

Opening Statement of Senator Ron Johnson
U.S. Senate Finance Committee
Hearing Before the Subcommittee on Fiscal Responsibility and Economic Growth
March 11, 2026
“The Fiscal Outlook: 2027-2036”

Good afternoon.

I want to thank Senator Tina Smith, the Ranking Member of this Subcommittee, for working with me and my staff in holding this important hearing. I also want to thank the Finance Committee Chairman Mike Crapo and Ranking Member Ron Wyden and committee staff in preparing for this hearing.

When I entered Congress, our nation’s total debt was \$14.7 trillion and 96% of GDP. Soon it will hit and surpass \$39 trillion and 124% of GDP. Within 10 years it will almost certainly exceed \$60 trillion and 134% of GDP. Although both sides claim to be concerned about our dire fiscal situation, neither side has demonstrated a genuine desire to seriously address it.

Democrats insist the solution is simply making the rich pay their fair share, yet when they had the power to do so, they didn’t. Republicans respond we don’t have a revenue problem; we have a spending problem. Yet when they had the power to return spending to a reasonable pre-pandemic level, the One Big Beautiful Bill simply did not meet the moment.

When I arrived in Congress in 2011, America’s debt and deficit was THE major topic of discussion. Now, \$24 trillion in added debt later, it’s barely mentioned, and most members of congress, the administration, and the public seem content to continue whistling past the graveyard.

I want to thank our witnesses for their testimony that describes our growing fiscal situation in all its gory detail. I don’t expect to find agreement on solutions to the problem today, because we still haven’t taken the first step in solving a problem, namely, admitting we have one.

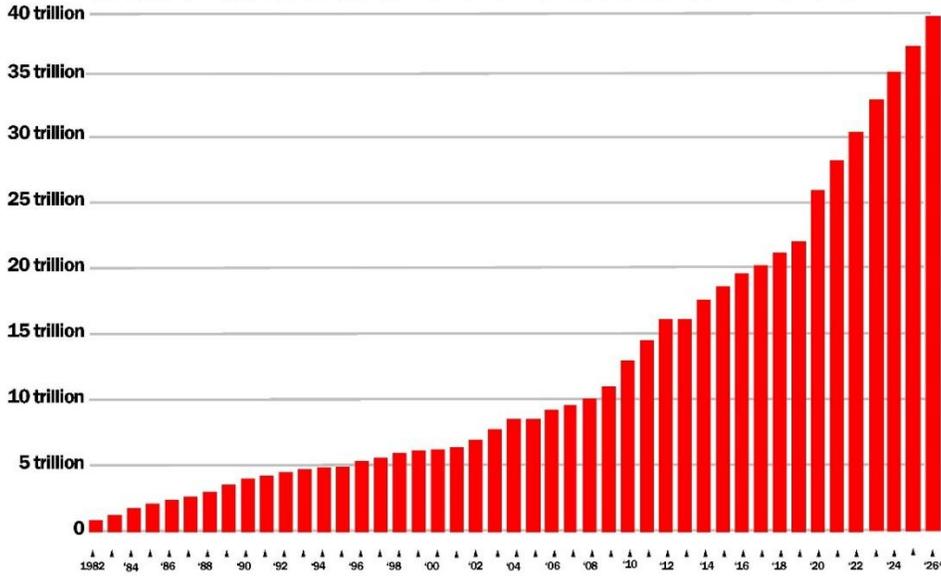
If we ever are willing to collectively take that first step, the next step is properly defining it. A financial problem lends itself to charts and graphs. The written testimony is chalked full of some very good ones that I highly recommend people study.

Here are a few charts I have developed over the years that help describe the challenges we face:

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U.S. Gross Federal Debt

U.S. GROSS FEDERAL DEBT

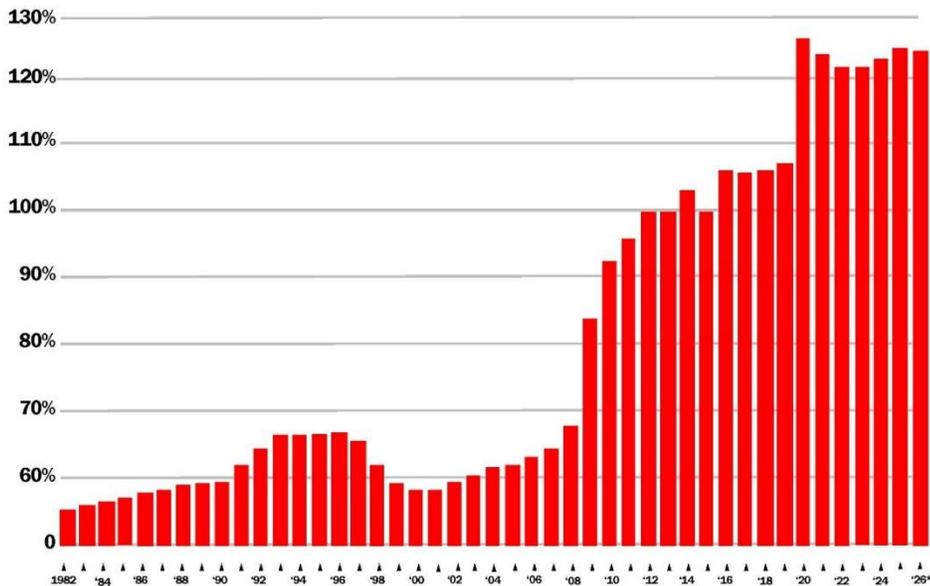


Source: Gross federal debt is from Treasury, Fiscal Data, Debt to the Penny, as of the last business day of the fiscal year in question.
*2026: CBO February 2026 Baseline Projection



U.S. Gross Federal Debt as a % of GDP

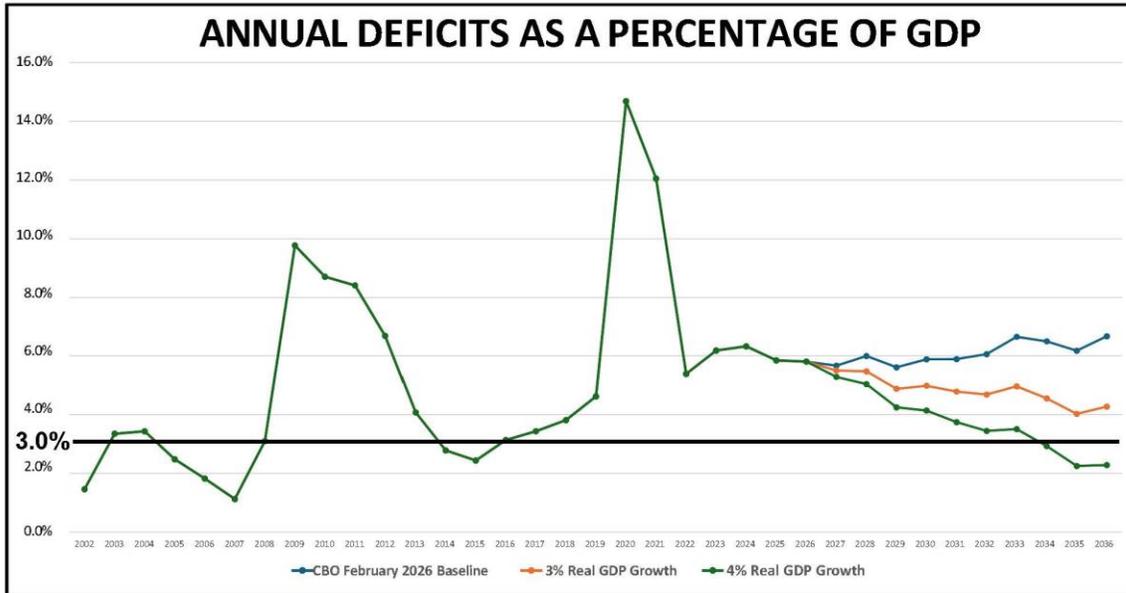
U.S. GROSS FEDERAL DEBT (% OF GDP)



Source: Gross federal debt is from Treasury, Fiscal Data, Debt to the Penny, as of the last business day of the fiscal year in question.
GDP: CBO Historical Economic Data Feb 2026
*2026: CBO February 2026 Baseline Projection



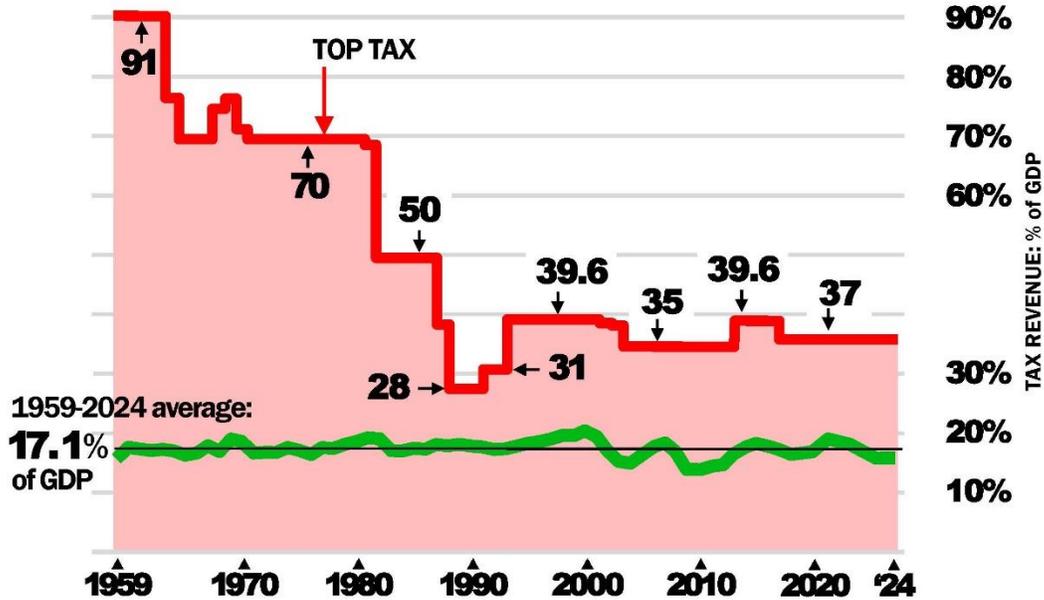
Annual Deficits as a % of GDP



2002-2025: CBO Historical Economic Data; 2026: CBO Feb 2026 Baseline; Growth Scenarios Reflect Effects of 3% and 4% Real GDP Growth and 2% Inflation on Revenues

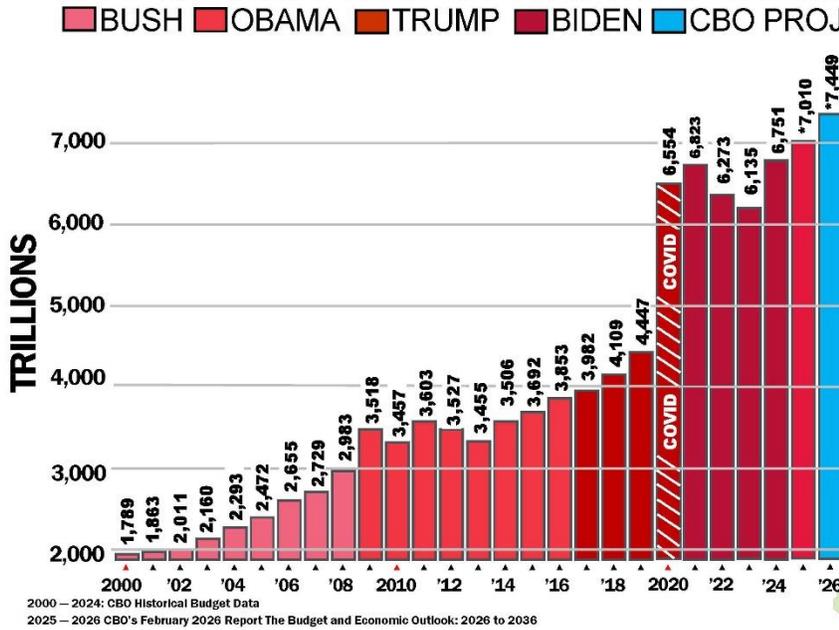
Tax Revenues vs Rates

TAX REVENUE VS. RATES

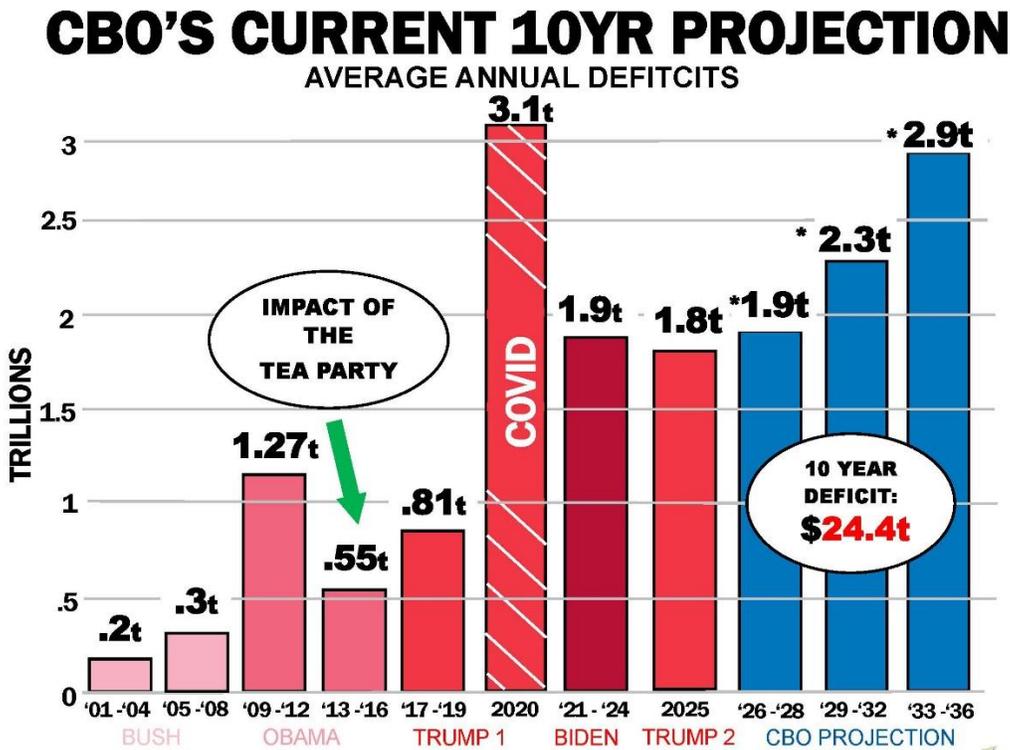


25 Year History - Federal Outlays

25 YEAR HISTORY - FEDERAL OUTLAYS



CBO's Current 10 year Projection (4 Year Average Deficits)

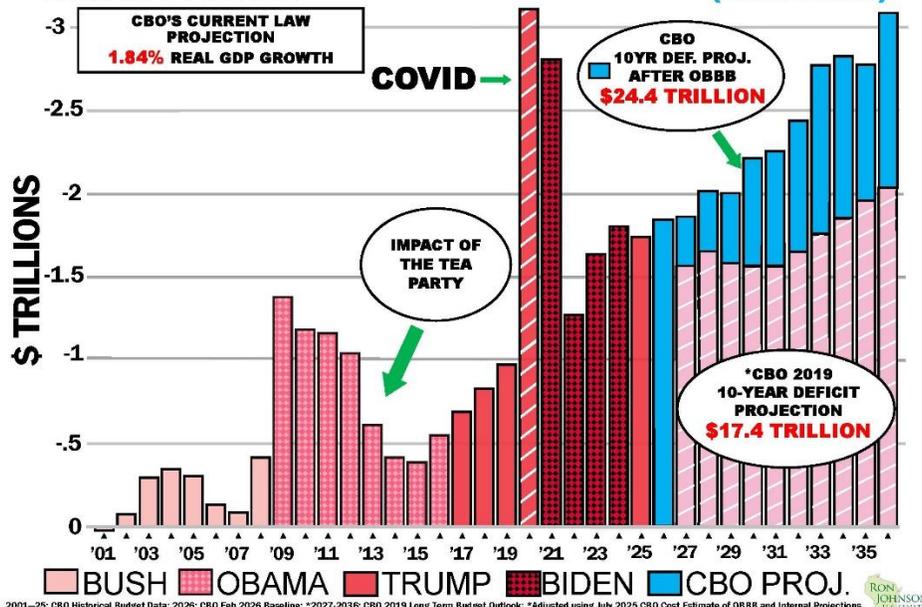


OMB, Historical Tables 2001-2024
2025: CBO's February 2026 report The Budget and Economic Outlook
*CBO Feb 2026 Baseline deficit projections through 2036



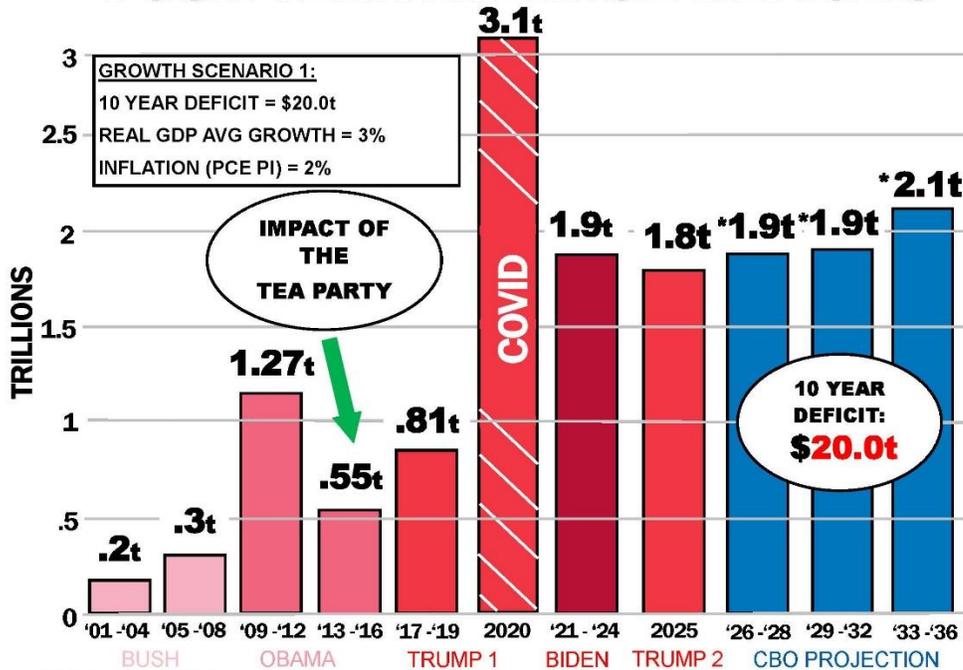
Pre-Pandemic vs Post OBBB 10 Year Projections (Annual Deficits)

PRE-PANDEMIC vs. POST OBBB PROJECTIONS ANNUAL DEFICITS (2027-2036)



3% Growth (4 Year Average Deficits)

FOUR-YEAR AVERAGE DEFICITS

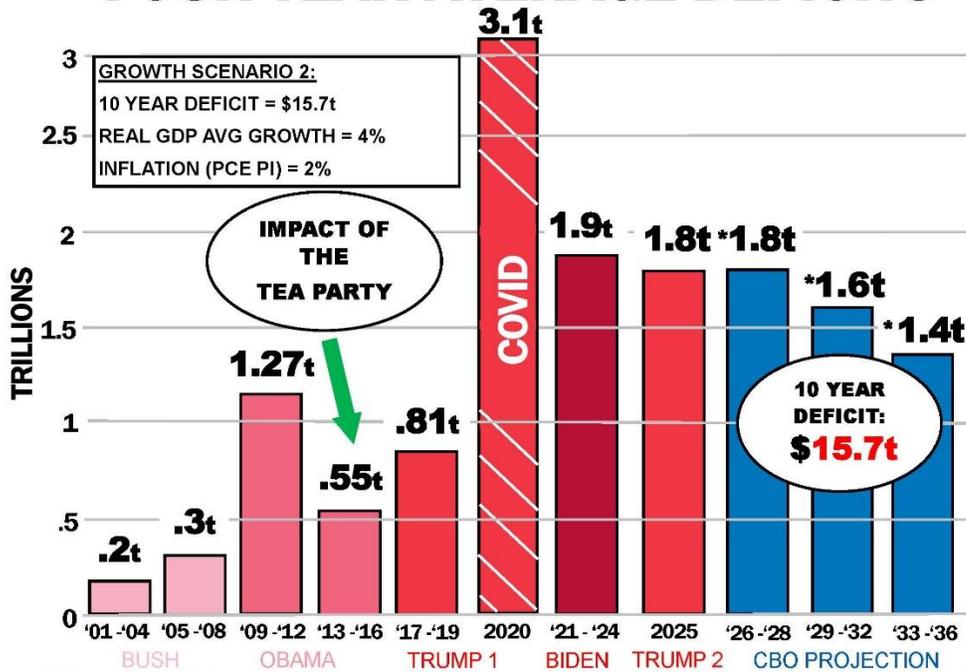


OMB, Historical Tables 2001-2024
2025-2026: CBO's February 2026 report The Budget and Economic Outlook
*CBO Feb 2026 Baseline deficit projections through 2036 modified to account for the effects 3% Annual Real GDP Growth and 2% annual inflation on revenues



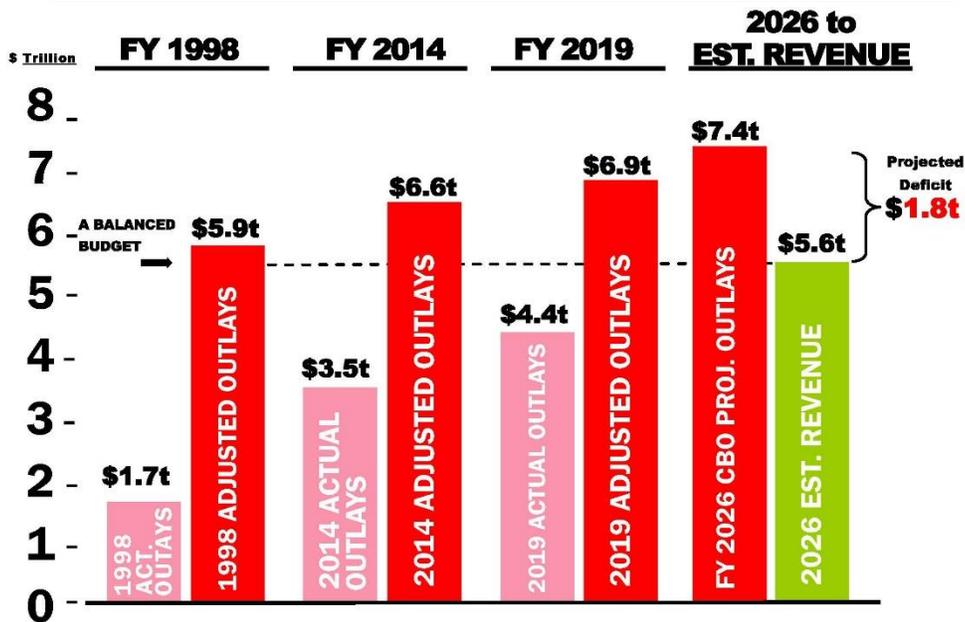
4% Growth (4 Year Average Deficits)

FOUR-YEAR AVERAGE DEFICITS



How to Balance the Federal Budget (1998, 2014, 2019 Baseline Budgets)

HOW TO BALANCE THE FEDERAL BUDGET



Inflation/Population Adjustment: Change in CPI-U from last month of fiscal year to December 2025 x Change in U.S. Calendar Year population between year and December 2025; 2026 Projections from CBO February 2026 Baseline



As I said earlier, I don't expect to find agreement on solutions, but let me describe what I believe the two primary initiatives should be.

1. Return to a reasonable pre-pandemic level of spending. I given 3 options to use as a baseline.
2. Simplify and Rationalize our tax code. It is too complex, costing at least \$400 billion a year to comply with. It also is totally irrational. Instead of treating all income the same, we arbitrarily treat it differently hoping to create various economic incentives. In our quest to create economic incentives, we probably create at least a many economically harmful disincentives.

I truly believe reducing spending and deficits combined with creating a simple and rational tax system would be the most growth inducing actions we could take.