

**Opening Statement**  
**Hearing: “The Fiscal Outlook: 2027-2036”**  
**Ranking Member Tina Smith**

Thank you, Chairman Johnson.

Congratulations on your first hearing in this subcommittee, and welcome to our panelists.

CBO’s latest 10-year Budget outlook paints a grim picture: our national debt is ballooning at an unsustainable rate.

Regardless of your party or where you fall on political spectrum, we can all agree on this.

So I welcome this Hearing and appreciate the opportunity to examine this important issue, and I hope our discussion today can lay out the facts and provide groundwork for real, bipartisan solutions.

Before I came to the Senate, I helped lead the City of Minneapolis and the State of Minnesota, where we pass a budget every year. Those budgets were balanced, and they were almost always on time. So I have some experience balancing budgets at the state and local levels. It requires making hard decisions, but it’s necessary.

The looming budget problem that our nation faces may not be top of mind for all Americans, and I can understand that.

When every day is a struggle to make rent, put food on the table, and pay for your pills and doctor visits, the national debt can feel a little abstract.

But our fast-rising national debt can have an effect on everyone’s lives.

It’s can drive up inflation and raise costs for families.

It can stifle economic opportunity by making it harder to buy a home or start a business.

And make it harder for the federal government to do the work it ought to be doing. Consider this:

- CBO's outlook projects that interest – not Social Security or Medicare – is our fastest growing expense.
- Net interest costs are expected to double to more than \$2 trillion over the next decade.

That's a lot of money leaving the Treasury with no meaningful improvement to people's lives.

We didn't end up here by chance. We got here because of the policy choices we made.

Deficit spending makes sense in times of crisis, like in World War II, the Great Recession, and the COVID-19 pandemic.

Deficit spending may even make economic sense when interest rates are at or near zero.

But it doesn't make sense in the current environment, especially with the current high interest rates.

I also think it's important to be clear that deficits aren't just caused by spending that's too high.

It's just as contingent upon the revenue side of the ledger.

And this is where we've made some of our costliest policy choices.

In the last two decades, Congress has reduced revenue by enacting big tax cuts that we simply could not afford.

The latest installment in that series, the One Big Beautiful Bill, is now expected to add \$4.7 trillion to our debt, with most of the benefit going to the wealthiest individuals and biggest corporations, and that is irresponsible.

In contrast, spending on discretionary programs is projected to *decline* in CBO's latest outlook.

But this is not to say spending doesn't also deserve scrutiny.

Every dollar we collect from American taxpayers should be put to good use, and Congress must be willing to cut and reform when it's not. Too often both Congress and the Executive Branch fall back on defending the status quo rather than doing the hard work of evaluating how needs have changed or old ideas aren't working anymore. I'll be the first to say that not every federal program is working the way it should, and when we can save money, we should do that.

We also need to acknowledge another big issue: the war in Iran is reportedly costing us \$1 billion per day or more. The Pentagon has never passed an audit to fully account for its \$1 trillion budget.

Yet at the same time, we're being told that Congress is unable to afford healthcare for Americans?

It's no wonder people are frustrated with Washington.

So, what do we do?

Well, if we can agree that we're hurtling toward a fiscal crisis, we must take the next step and start to talk about solutions.

That includes reevaluating the policy choices we've made and fixing things that aren't working.

I hope today's hearing helps us understand that there's far too much at stake for us to remain stubbornly entrenched in our respective corners.

And I hope we can talk about the path ahead to get federal spending and revenue back in balance and avert this looming fiscal crisis.

So, I thank our witnesses for joining us today and I look forward to your testimonies.