

# United States Senate

WASHINGTON, DC 20510-0908

December 5, 2023

The Honorable Sheldon Whitehouse  
Chairman  
U.S. Senate Committee on the Budget  
Washington, D.C.

Dear Chairman Whitehouse:

On November 10, the credit ratings agency Moody's Investors Service changed its outlook on United States' ratings from neutral to negative. In this report, Moody's states that fiscal deficits along with the untenable rise of interest payments on the national debt were determining factors in the downgrade of the U.S. economic outlook.<sup>1</sup>

Along with Moody's recent ratings outlook change, Fitch Ratings recently downgraded the long-term credit rating of the United States. These downgrades are alarming, especially given the nature of their concerns. Fitch's report states that rising government debt, continued government deficits, and unaddressed medium-term fiscal challenges are some of the main factors contributing to the downgrade.<sup>2</sup>

Our current national debt is \$33.7 trillion. This is equivalent to over 123 percent of U.S. Gross Domestic Product (GDP). Moreover, we continue to add to our unprecedented national debt at a record clip. The United States Treasury Department recently reported that the federal government ran a fiscal year 2023 deficit of \$1.7 trillion.<sup>3</sup> At 6.3 percent of GDP, the FY 2023 deficit was larger than all but six deficits recorded since 1946.<sup>4</sup> Furthermore, the Congressional Budget Office (CBO) projects that over the next decade deficits will persist at levels previously uncommon outside of war or recession – totaling nearly \$19 trillion in deficit spending through 2033.<sup>5</sup>

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<sup>1</sup>Moody's Investor Service, Ratings Action, Moody's changes outlook on United States' ratings to negative, affirms Aaa ratings, November 10, 2023, <https://ratings.moodys.com/ratings-news/411110>

<sup>2</sup>Fitch Ratings, Rating Action Commentary, Fitch Downgrades the United States' Long-Term Ratings to 'AA+' from 'AAA'; Outlook Stable, August 1, 2023, <https://www.fitchratings.com/research/sovereigns/fitch-downgrades-united-states-long-term-ratings-to-aa-from-aaa-outlook-stable-01-08-2023>

<sup>3</sup> U.S. Department of the Treasury, Final Monthly Treasury Statement, For Fiscal Year 2023 Through September 30, 2023 and Other Period, <https://www.fiscal.treasury.gov/files/reports-statements/mts/mts0923.pdf>.

<sup>4</sup> Congressional Budget Office, Monthly Budget Review, Summary for Fiscal Year 2023, November 8, 2023, <https://www.cbo.gov/system/files/2023-11/59640-MBR.pdf>

<sup>5</sup>Congressional Budget Office, How the Fiscal Responsibility Act of 2023 Affects CBO's Projections of Federal Debt, June 9, 2023, <https://www.cbo.gov/publication/59235>

Intragovernmental consensus exists that our current fiscal path is not sustainable.<sup>6</sup> Moreover, non-partisan outside experts have also begun to sound the alarm. The Penn Wharton Budget Model (PWBM) recently released a report stating that “[u]nder current policy, the United States has about 20 years for corrective action after which no amount of future tax increases or spending cuts could avoid the government defaulting on its debt whether explicitly or implicitly.”<sup>7</sup>

Washington cannot continue to kick the can down the road. The longer we wait to act the more daunting our fiscal challenges become. Within in a few years, interest costs will exceed what we spend on defense in a year, and within 30 years interest payments will become the single largest federal expenditure. Meanwhile, both Social Security and Medicare are projected to become insolvent within the next ten years.

Congress must begin to have honest discussions on how to address these challenges. As members of the Senate Committee on the Budget, we should lead the way in beginning a productive dialogue. While Congress cannot change its past fiscal failures, we can change our present and future behavior. Therefore, we request the Senate Committee on the Budget to begin holding a series of hearings focused on understanding and addressing the fiscal challenges we face as a nation.

Under your chairmanship, the Senate Committee on the Budget has dedicated significant time and attention to climate issues, holding 12 separate hearings on climate change this year alone. We implore you to direct the Committee’s agenda to the impending budgetary and fiscal crisis facing our nation – issues at the heart of this committee’s jurisdiction. There’s no time to spare.

We request we begin by inviting to testify Treasury Secretary Yellen, CBO Director Philip Swagel, and representatives of each Credit Ratings agency – Fitch Ratings, Moody's Investors Service and S&P Global Ratings – to have a public discussion about our dire fiscal outlook and the risks it poses to our nation. These witnesses will be helpful in ensuring a productive, bipartisan discussion.

Tough conversations on our nation’s fiscal health need to be had to preserve our nation’s economic strength. If we want to be the global leader in the economic marketplace, then we need to lead from the front with strong fiscal responsibility.

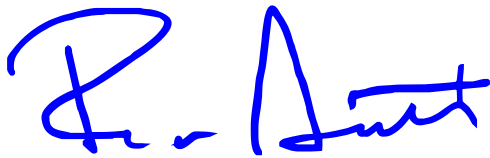
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<sup>6</sup> Government Accountability Office, The Nation's Fiscal Health: Road Map Needed to Address Projected Unsustainable Debt Levels, May 8, 2023, <https://www.gao.gov/products/gao-23-106201>. “Projections from the Office of Management and Budget and the Department of the Treasury, the Congressional Budget Office, and GAO all show that current fiscal policy is unsustainable over the long term.”

<sup>7</sup> University of Pennsylvania, Penn Wharton Budget Model, When Does Federal Debt Reach Unsustainable Levels?, October 6, 2023, <https://budgetmodel.wharton.upenn.edu/issues/2023/10/6/when-does-federal-debt-reach-unsustainable-levels>

Therefore, we look forward to working together and beginning a substantive conversation about our nation's grim fiscal situation.

Sincerely,



Rick Scott  
United States Senator



Charles E. Grassley  
Ranking Member  
Committee on Budget



Mike Crapo  
United States Senator



Lindsey O. Graham  
United States Senator



Ron Johnson  
United States Senator



Roger Marshall, M.D.  
United States Senator



Mitt Romney  
United States Senator



Mike Braun  
United States Senator



Mike Lee  
United States Senator



John Kennedy  
United States Senator