

Analysis Demonstrates That Commitment to Debt Reduction Will Save Every American Household \$4,064 in Future Interest Payments

To date, the House of Representatives has voted to reduce the \$3.6 trillion publicly held debt by \$436.6 billion in Fiscal Years 2000 and 2001. Between now and the year 2010, this commitment to public debt reduction will save the taxpayer \$416.6 billion in future interest payments. **That works out to a savings of \$4,064 for every household in America.**

Reducing future interest payments on the publicly held debt will mean that more money will be available for reducing the tax burden on families, improving our national defense, and revamping Social Security. Given the pending bankruptcy of programs such as Medicare and Social Security, reducing mandatory interest payments on publicly held debt is a key step in ensuring that America will be financially able to meet its obligations without raising taxes on either current or future generations.

*The views expressed in this Policy Brief do not necessarily reflect the views of
all Members of the Conservative Action Team.*

The Conservative Action Team is a Congressional Member Organization of almost 60

House Members and is chaired by Representative John Shadegg (R-AZ).

INTEREST SAVINGS RESULTING FROM REDUCTION IN THE PUBLICLY HELD DEBT

An Analysis

Debt Reduction in Fiscal Year 2000

	Initial Debt Reduction	Ten Year Interest Rate	Interest Savings Through 2010
Toomey Amendment to H.R. 3908	\$4 Billion	6.4%	\$3.914 Billion
H.R. 4601	\$59.6 Billion	6.4%	\$58.324 Billion
H.R. 1259	\$150 Billion	6.4%	\$146.789 Billion
<i>Subtotal</i>	<i>\$213. Billion</i>	<i>NA</i>	<i>\$209.028 Billion</i>

Debt Reduction in Fiscal Year 2001

	Initial Debt Reduction	Ten Year Interest Rate	Interest Savings Through 2010
H.R. 4866	\$25 Billion	6.8%	\$23.267 Billion
H.Con.Res. 290	\$32 Billion	6.8%	\$29.782 Billion
H.R. 3859	\$166 Billion	6.8%	\$154.494 Billion
<i>Subtotal</i>	<i>\$223 Billion</i>	<i>NA</i>	<i>\$207.543 Billion</i>

TOTAL	\$436.6 Billion	NA	\$416.573 Billion
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Number of Households in America: 102.5 million

Interest Savings Per Household: \$4,064.

NOTES:

Calculations were made using the ten year interest rate identified by the Congressional Budget Office in *The Budget and Economic Outlook — An Update* (July 2000) and compounding the interest savings through the year 2010.

Number of households is based on U.S. Census Bureau — Household and Family Characteristics.

March 1998.

EFFORTS TO REDUCE THE PUBLICLY HELD DEBT UNDERTAKEN BY HOUSE REPUBLICANS

Fiscal Year 2000

\$150 Billion	May 26, 1999	By a vote of 416 to 12, the House agreed to H.R. 1259 which set aside the entire Social Security surplus for Public Debt Reduction. <i>(Roll Call #164)</i>
\$4 Billion	March 29, 2000	By a vote of 420 to 0 (3 voting present), the House passed an amendment by Rep. Pat Toomey (R-PA) to dedicate \$4 billion to Public Debt Reduction. <i>(Roll Call #83)</i>
\$59.6 Billion	June 20, 2000	By a vote of 419 to 5, the House passed H.R. 4601 to dedicate any additional surplus money to Public Debt Reduction. <i>(Roll Call #296)</i>

Fiscal Year 2001

\$166 Billion	April 13, 2000	By a vote of 220 to 208, the House passed the Fiscal Year 2001 Budget Resolution which set aside the entire Social Security surplus for Public Debt Reduction. <i>(Roll Call #125)</i>
\$32 Billion	June 20, 2000	By a vote of 420 to 2, the House passed a bill by Rep. Wally Herger (R-CA) to set aside the Medicare surplus for Public Debt Reduction. <i>(Roll Call #297)</i>
\$25 Billion	July 18, 2000	By a vote of 422 to 1, the House passed a bill by Rep. Ernie Fletcher (R-KY) to dedicate any additional surplus money to Public Debt Reduction. <i>(Roll Call #409)</i> .

FACTS ABOUT THE PUBLICLY HELD DEBT

- C The Publicly Held Debt equaled \$3.6 trillion in 1999.¹
- C Interest on the Publicly Held Debt equaled \$230 billion in 1999.²
- C In 1999 interest on the Publicly Held Debt equaled 13.5% of total federal spending.³
- C Each American household's share of the Publicly Held Debt totaled \$35,444 in 1999.⁴
- C Each American household's share of interest payments on the Publicly Held Debt totaled \$2,244 in 1999.⁵

¹ Congressional Budget Office -- *The Budget and Economic Outlook — An update*. July 2000.

²*Ibid.*

³*Ibid.*

⁴Based on 102.5 million households as identified by the U.S. Census Bureau — Household and Family Characteristics. March 1998.

⁵*Ibid.*