

Debt Default Clock Review Committee
Debtdefaultclock.us

October 21, 2026

Dr. Phillip L. Swagel
Director, Congressional Budget Office
Ford House Office Building, 4th Floor
Second and D Streets, SW
Washington, DC 20515-6925

Dear Director Swagel:

The [Debt Default Clock](https://debtdefaultclock.us) Committee asks that CBO's January 2027 *Budget and Economic Outlook* include an explicit assessment of the risk of a federal fiscal crisis and default.

Our Clock judges the budget against twelve yes-or-no tests, applied to current conditions and CBO's ten-year projections. The government now fails eight. Our crisis threshold is ten. Only two tests still pass: a respected debt ceiling, and interest costs below 70 percent of new borrowing. Both are at risk in 2027. Interest is about 66 cents of every borrowed dollar and climbing, and the debt limit is expected to bind next year.

Rising long-term rates make the risk more urgent. The 10-year Treasury yield reached 5.31 percent on October 5, up from under 4 percent a year ago, and the 30-year has traded near 5.5 to 5.7 percent this month. CBO's baseline assumes the 10-year averages 4.3 percent through 2036. France, where debt has reached 119 percent of GDP and record borrowing costs have forced spending cuts that set off nationwide riots, shows how quickly a fiscal problem can become a social and political crisis.

We respectfully ask that the Outlook:

1. Assess the risk of both a debt-limit default and a market-driven financing crisis;
2. Project, by year, gross interest as a share of revenues and of new borrowing, debt held by the public relative to GDP, and the share of debt in bills and floating-rate notes;
3. Show how those measures change if 10- and 30-year yields remain at current levels; and
4. Identify the year, if any, in which interest would exceed 70 percent of new borrowing.

The enclosed summary lists each of the 12 Debt Default Clock tests and each test's Pass/Fail status. We would welcome the chance to discuss this with you or your staff.

Sincerely,



Baker Spring
Chairman
Debt Default Clock Review Committee



Daniel Perrin
Co-Founder and Member
Debt Default Clock Review Committee

Enclosure: List and Description of the Twelve Tests of the Debt Default Clock

cc: The Honorable Ron Johnson, Chairman, Senate Committee on the Budget
The Honorable Jeff Merkley, Ranking Member, Senate Committee on the Budget
The Honorable Jodey Arrington, Chairman, House Committee on the Budget
The Honorable Brendan Boyle, Ranking Member, House Committee on the Budget

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Enclosure: The Twelve Tests of the Debt Default Clock

#	Test	Status
1	Federal outlays should not exceed 17.5% of GDP	Fail
2	A dollar-denominated debt ceiling should be in place and respected	Pass
3	Public debt below 70% of GDP; gross debt below 100% of GDP	Fail
4	Gross interest should not exceed 15% of federal revenues	Fail
5	Gross interest should not exceed 70% of new debt issuance on a sustained basis	Pass (at risk in 2027)
6	Debt held by the public should not exceed 80% of gross debt	Fail
7	Foreign-held debt should not exceed 50% of debt held by the public	Discounted
8	Short-term and floating-rate obligations should decline materially from 2018 levels	Fail
9	Federal revenues should meet or exceed 17.5% of GDP	Discounted
10	Real economic growth should meet or exceed 3% annually	Fail
11	Treasury should be prohibited from using extraordinary measures to avoid a debt-ceiling breach	Fail
12	Programmatic mandatory spending should be scaled back and eventually phased out	Fail

A fiscal crisis is reached when the government fails at least ten tests. (The clock began at 10 minutes to midnight and is now 2 minutes from midnight, with midnight signifying when the United States would be in a fiscal debt crisis.)

Tests 7 and 9 are discounted: foreign-held debt is shrinking as a share of the total, and a Supreme Court ruling against the 2025 tariffs casts doubt on CBO's revenue projection.