

The U.S. Budget and Economic Outlook

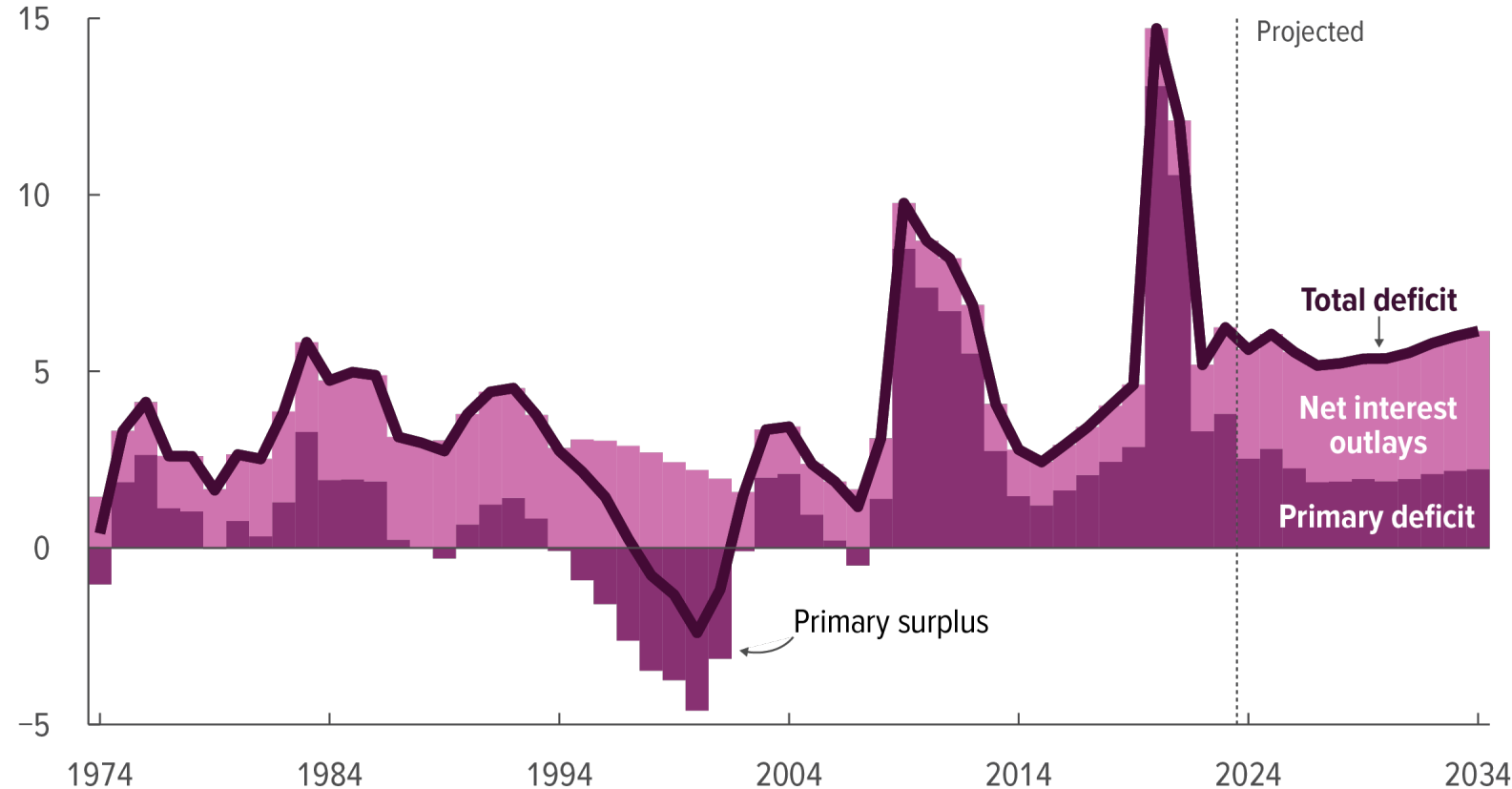
Presentation at the 2024 Inforum Outlook Conference

Phillip L. Swagel
Director

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Total Deficit, Net Interest Outlays, and Primary Deficit

Percentage of GDP

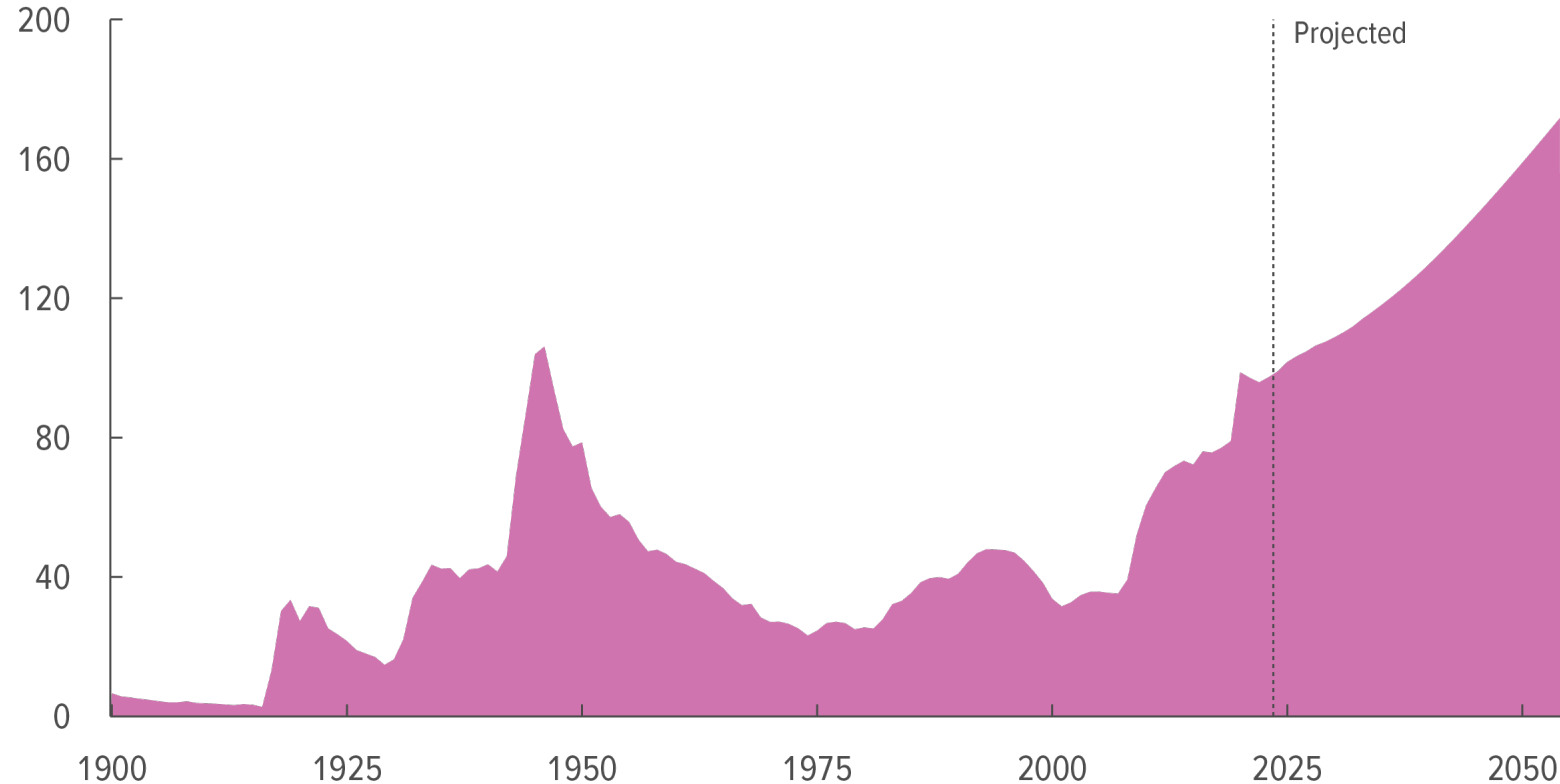


In CBO's projections, the total budget deficit—the amount by which outlays exceed revenues—equals 6.1 percent of GDP in 2034. Net interest payments grow in relation to GDP, reaching 3.9 percent of GDP in 2034. Primary deficits increase in 2025, decline over the next few years, and then increase again.

Primary deficits or surpluses exclude net outlays for interest. When outlays exceed revenues, the result is a deficit. In this figure, deficits and surpluses were calculated by subtracting revenues from outlays; thus, positive values indicate deficits, and negative values indicate surpluses. The deficit numbers have been adjusted to exclude the effects of shifts that occur in the timing of certain payments when October 1, the first day of the fiscal year, falls on a weekend. GDP = gross domestic product.

Federal Debt Held by the Public

Percentage of GDP



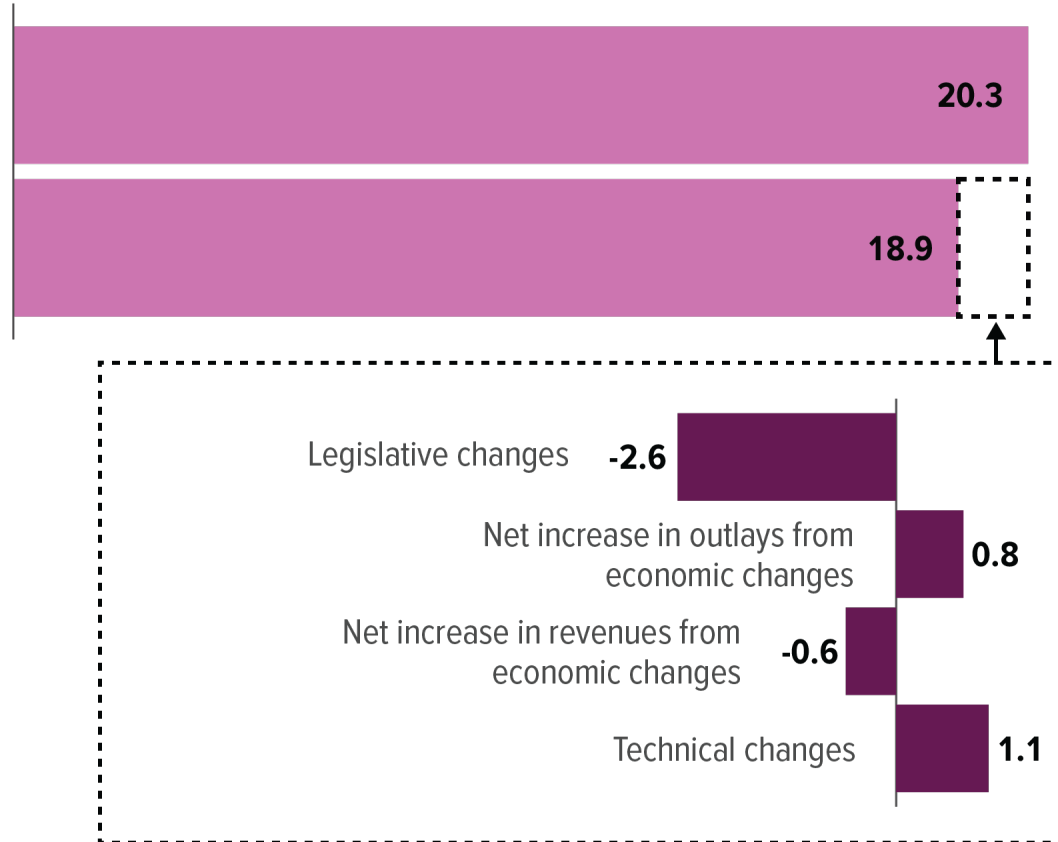
Federal debt held by the public increases each year in CBO's projections, swelling to an all-time record of 116 percent of GDP in 2034. In the two decades that follow, growing deficits are projected to cause federal debt to soar to 172 percent of GDP by 2054.

Changes in CBO's Baseline Projections of the 10-Year Deficit Since May 2023

Trillions of dollars

2024–2033 deficit in CBO's May 2023 baseline

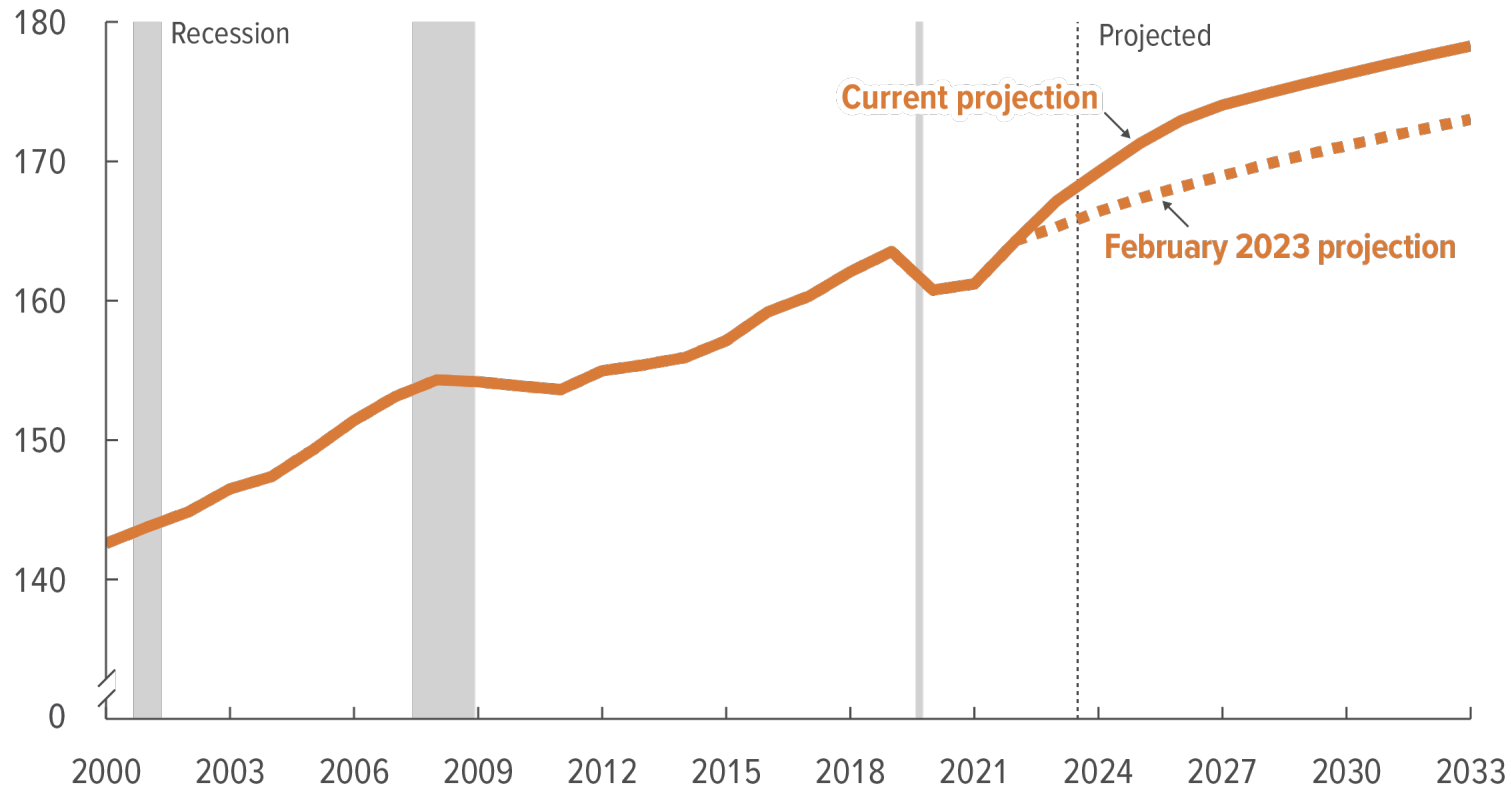
2024–2033 deficit in CBO's February 2024 baseline



The cumulative deficit over the 2024–2033 period is \$1.4 trillion smaller in CBO's current baseline projections than it was in the agency's May 2023 projections, mainly because of newly enacted legislation that reduced discretionary outlays.

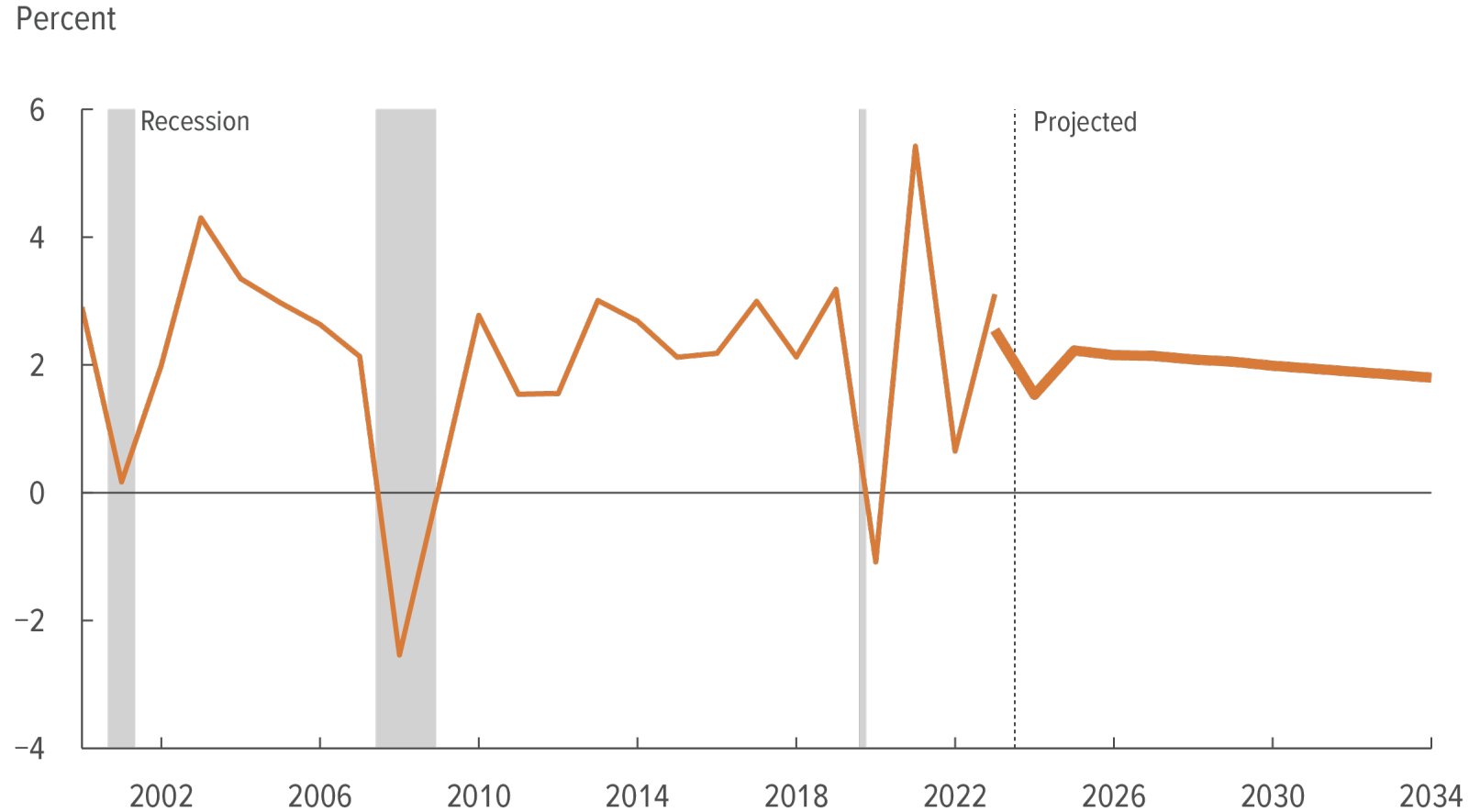
Labor Force

Millions of people



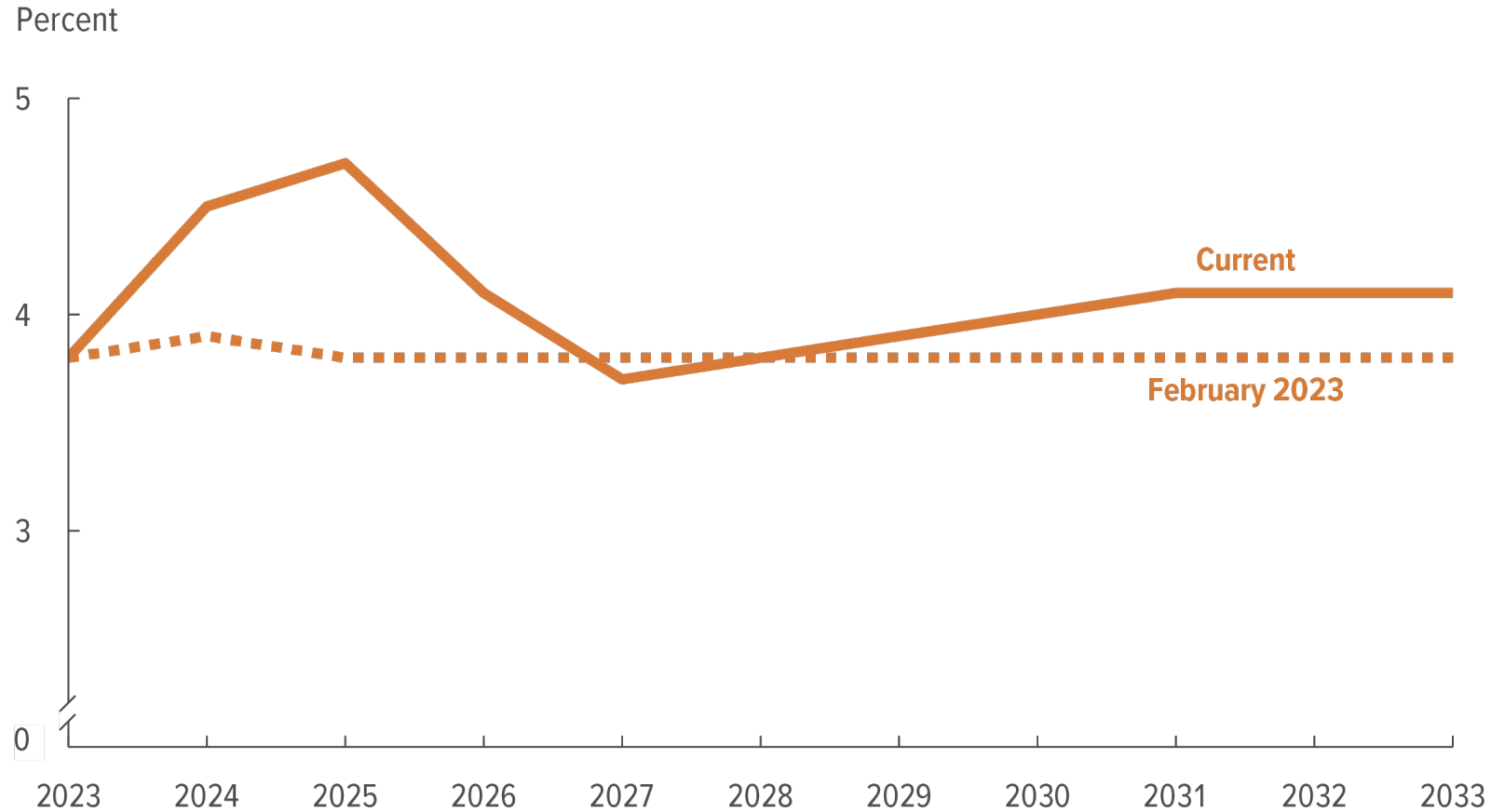
Since last year, CBO has increased its projection of the size of the labor force in 2033 by 5.2 million people. Most of that increase results from higher projected net immigration.

Growth of Real GDP



The growth of economic output is projected to slow in 2024 as the growth of consumer spending slows and as business investment in nonresidential structures declines. Economic growth is projected to increase in 2025 after the Federal Reserve responds to weaker economic conditions in 2024 by lowering interest rates.

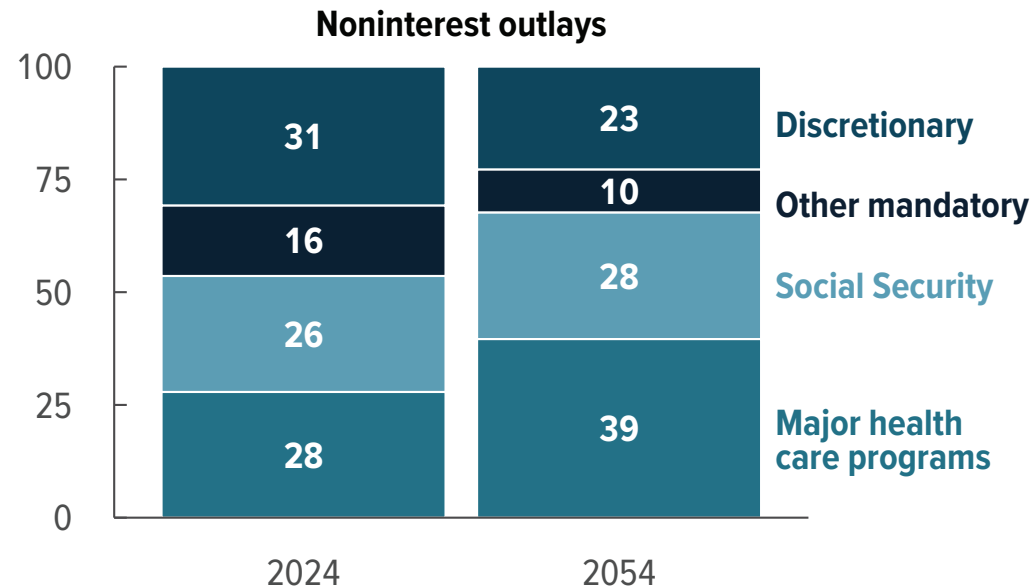
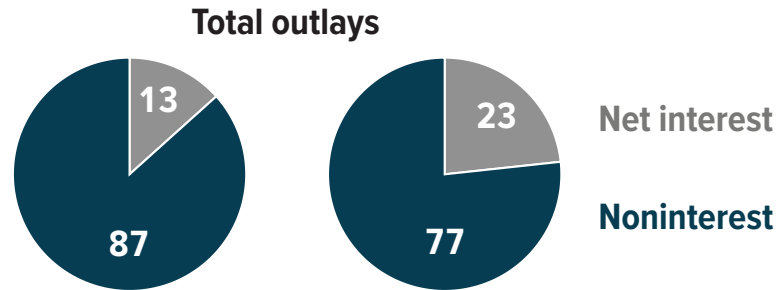
Interest Rate on 10-Year Treasury Notes



Increases in projected interest rates drove up net outlays for interest in CBO's baseline projections.

Composition of Outlays, 2024 and 2054

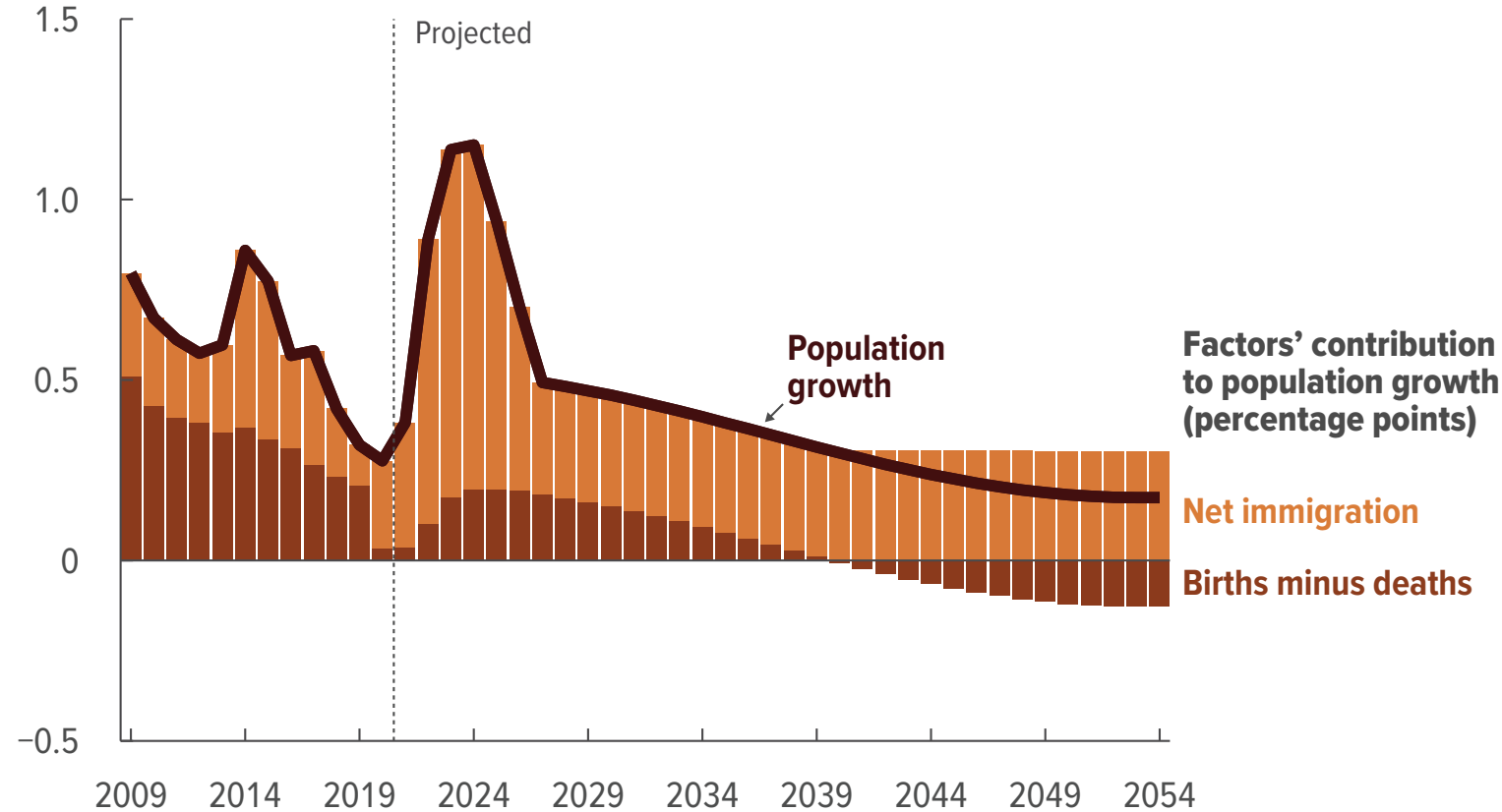
Percent



In CBO's projections for 2054, net interest costs account for nearly a quarter of all federal outlays, and spending for the major health care programs accounts for two-fifths of noninterest outlays, both of which represent significant increases from 2024.

Population Growth and the Demographic Factors That Contribute to It

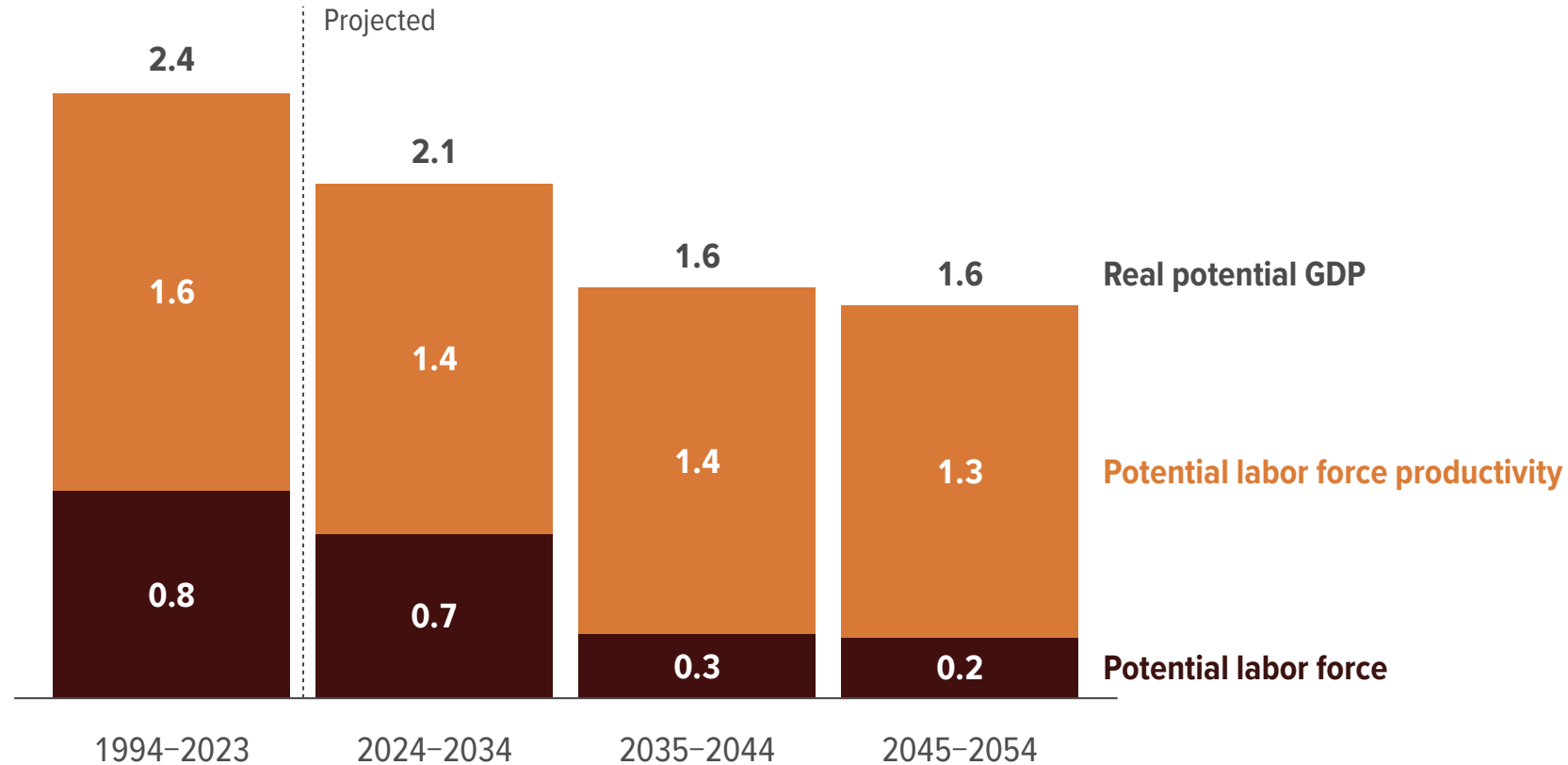
Percent



In CBO's projections, deaths exceed births beginning in 2040. As a result, without immigration the population would shrink thereafter.

Average Annual Growth of Real Potential GDP and Its Components

Percent



Real potential GDP is projected to grow more slowly from 2024 to 2054 than it has, on average, over the past 30 years. That decline is explained by slower growth in the potential labor force and in potential labor force productivity.