



Congressional Budget Office

April 26, 2016

CBO's Recent Budget and Economic Projections

Presentation to the
American University
Department of Economics

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Director

This presentation draws on *Updated Budget Projections: 2016 to 2026* (March 2016), www.cbo.gov/publication/51384, and *The Budget and Economic Outlook: 2016 to 2026* (January 2016), www.cbo.gov/publication/51129.

The **Congressional Budget Office**, along with the House and Senate Budget Committees, was created by the Congressional Budget and Impoundment Control Act of 1974 to play an important role in the budget process of the United States.

CBO was created to provide the Congress with analysis of budgetary and economic issues in an **objective** and **impartial** manner. The agency is strictly **nonpartisan**.

CBO's Products and Activities

- **Baseline budget projections** and **economic forecasts** covering the 10-year period used in the Congressional budget process
- **Analysis of the President's budget**
- **Cost estimates** for legislation, including analyses of federal mandates
- **Scorekeeping** for enacted legislation
- **Long-term budget projections**
- **Analytic reports** examining specific federal programs, aspects of the tax code, and budgetary and economic challenges

CBO does not:

- Make policy recommendations
- Enforce budget rules
- Write legislation
- Implement programs or regulations
- Evaluate historical performance of government programs

CBO's Estimates

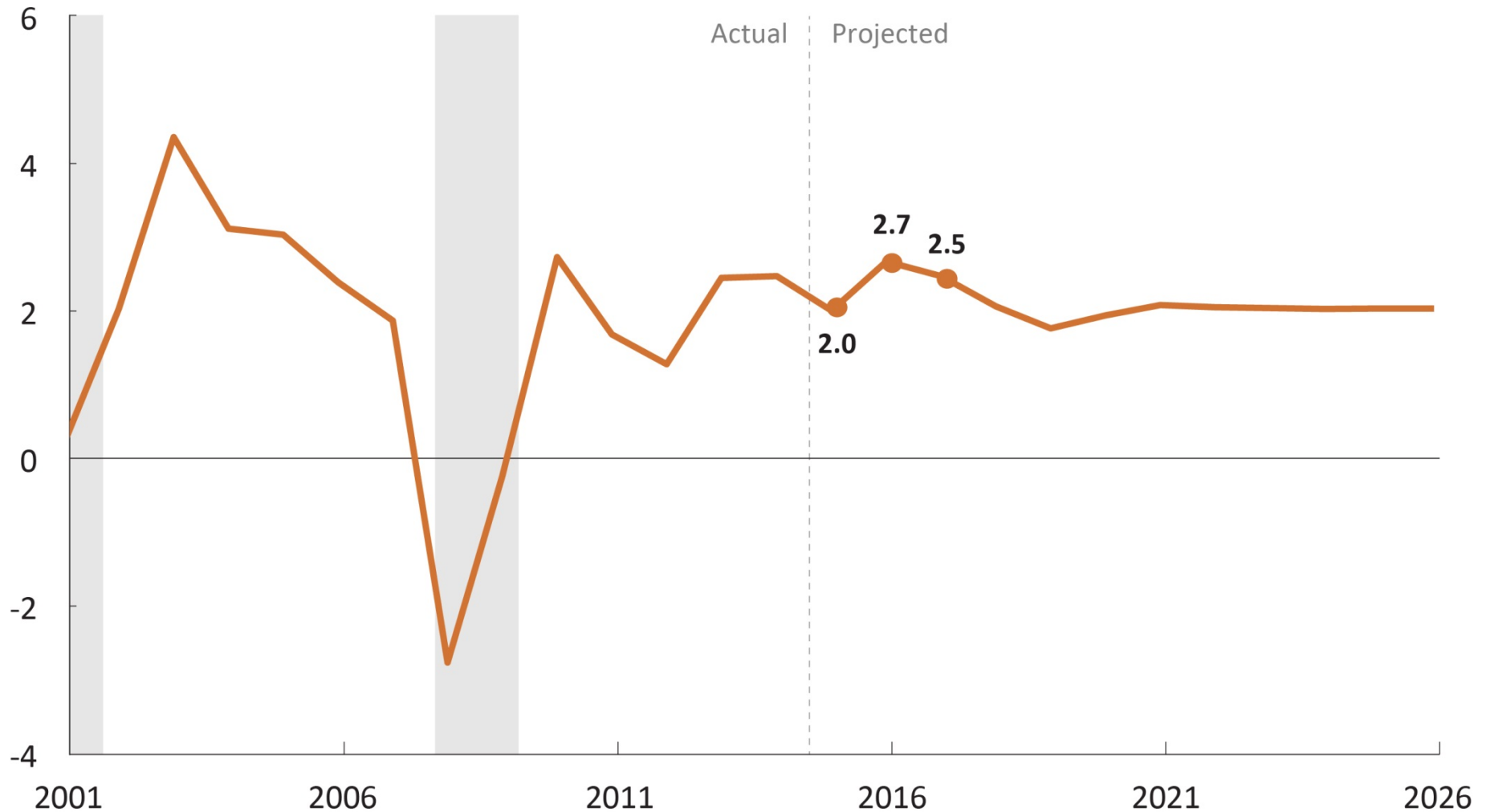
- CBO's cost estimates generally **focus on the next 5 or 10 years** but sometimes look out 20 years or more.
- They are meant to **reflect the middle of the distribution** of possible outcomes.

The estimates **incorporate behavioral responses** to the extent feasible, on the basis of the available evidence.

They are **open to new information** and may change as a result, and they **include explanations** of the analysis to the extent feasible.

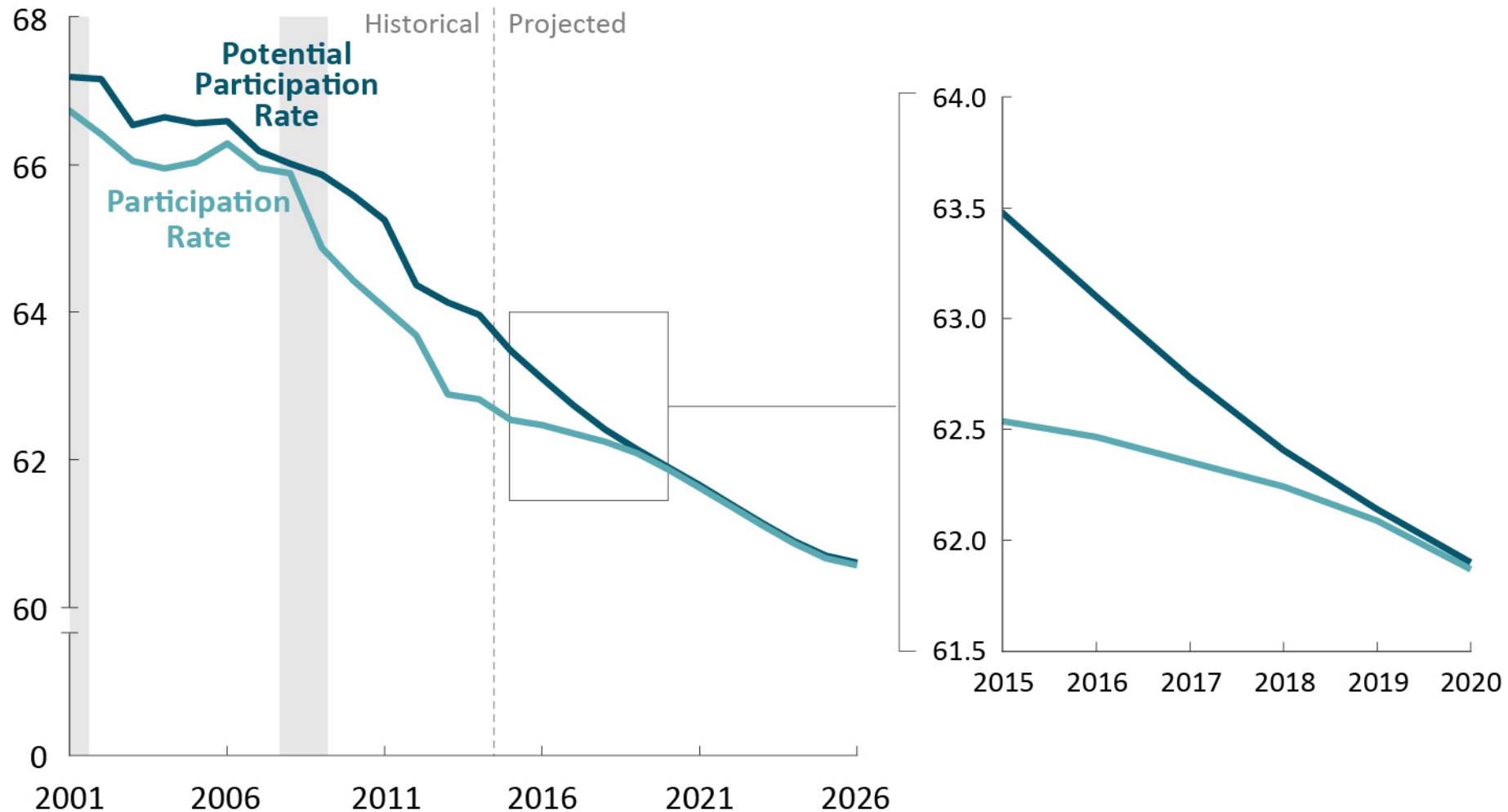
Growth of Real Gross Domestic Product

Percent, Fourth Quarter to Fourth Quarter

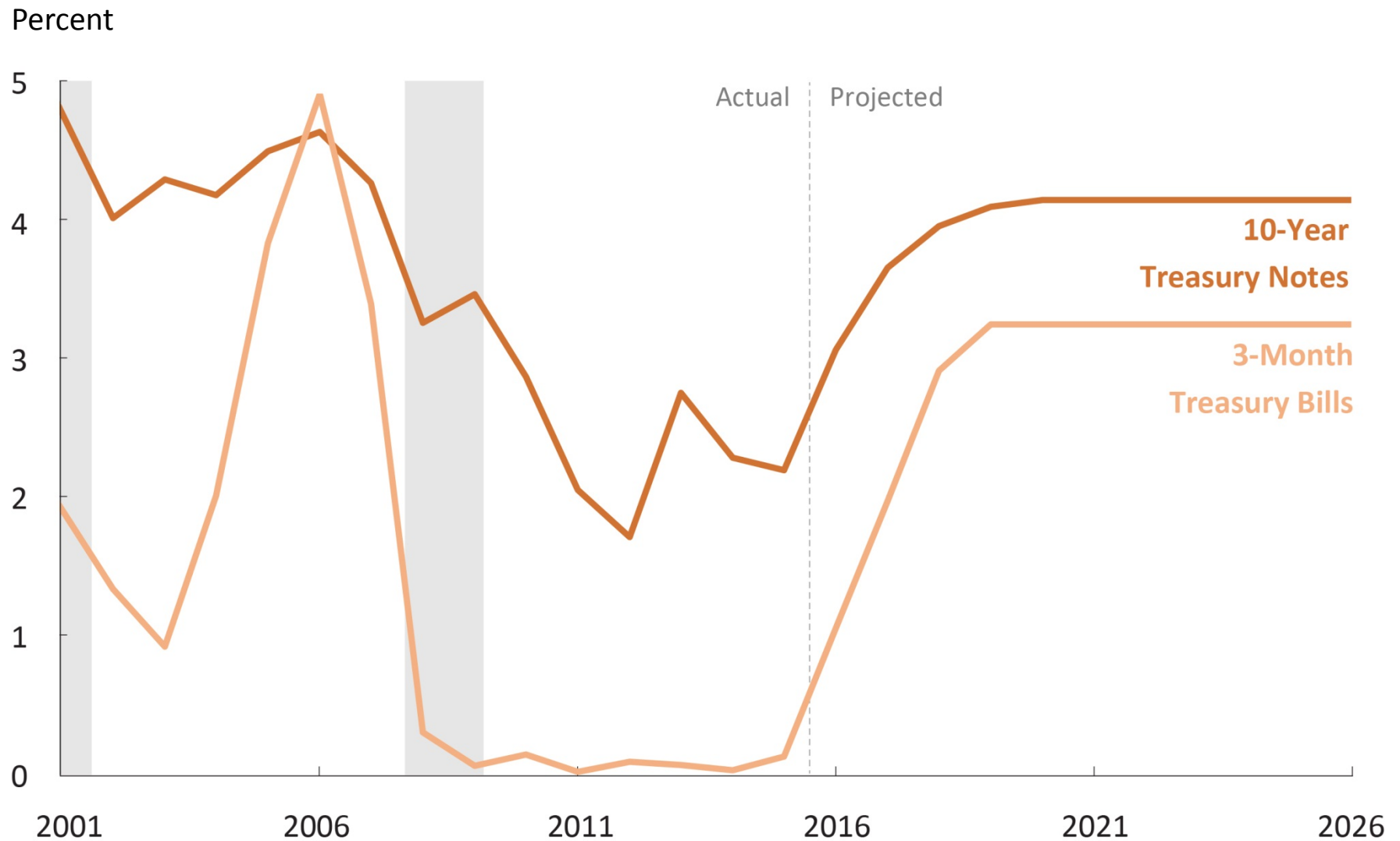


Labor Force Participation Rates

Percent

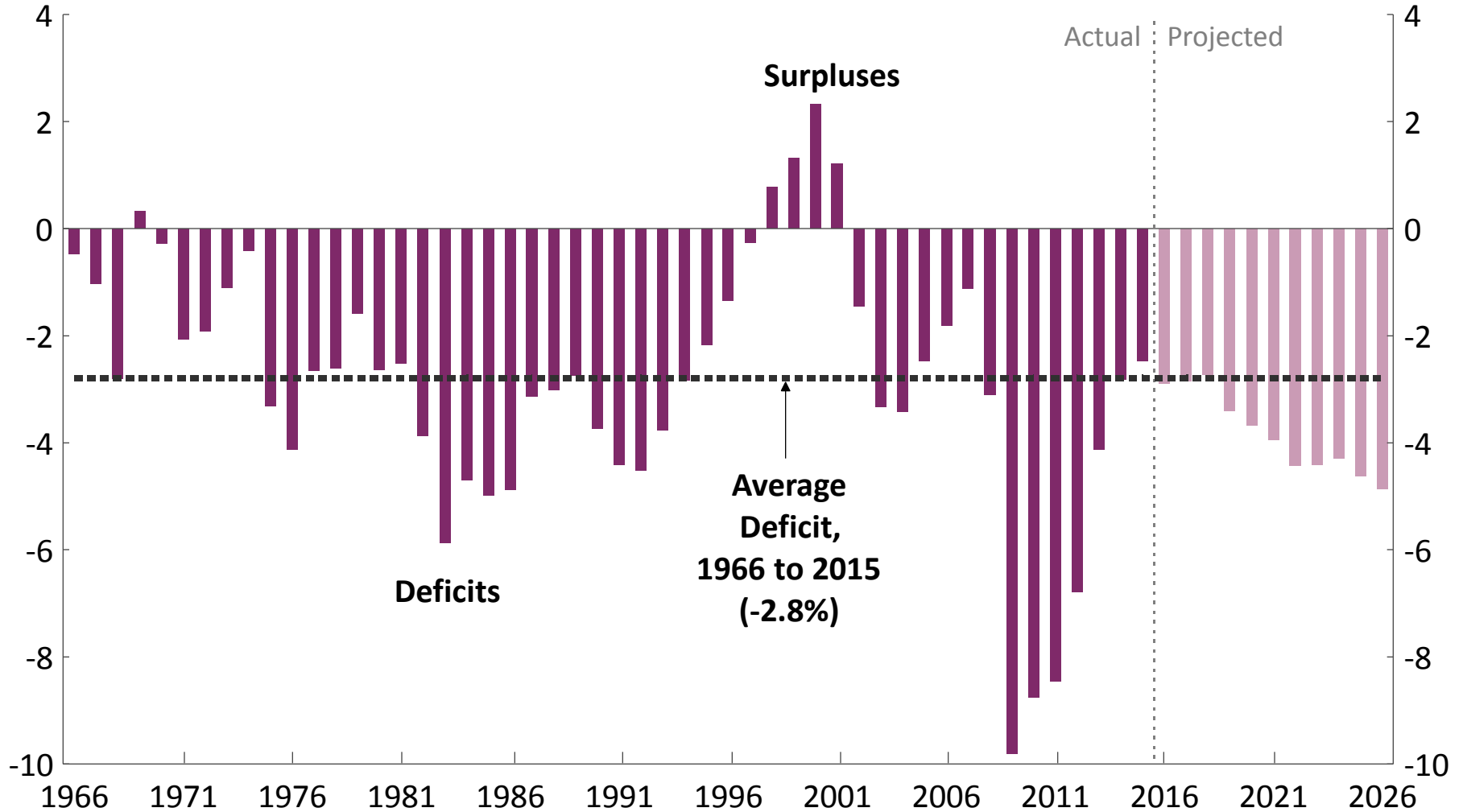


Interest Rates on Treasury Securities



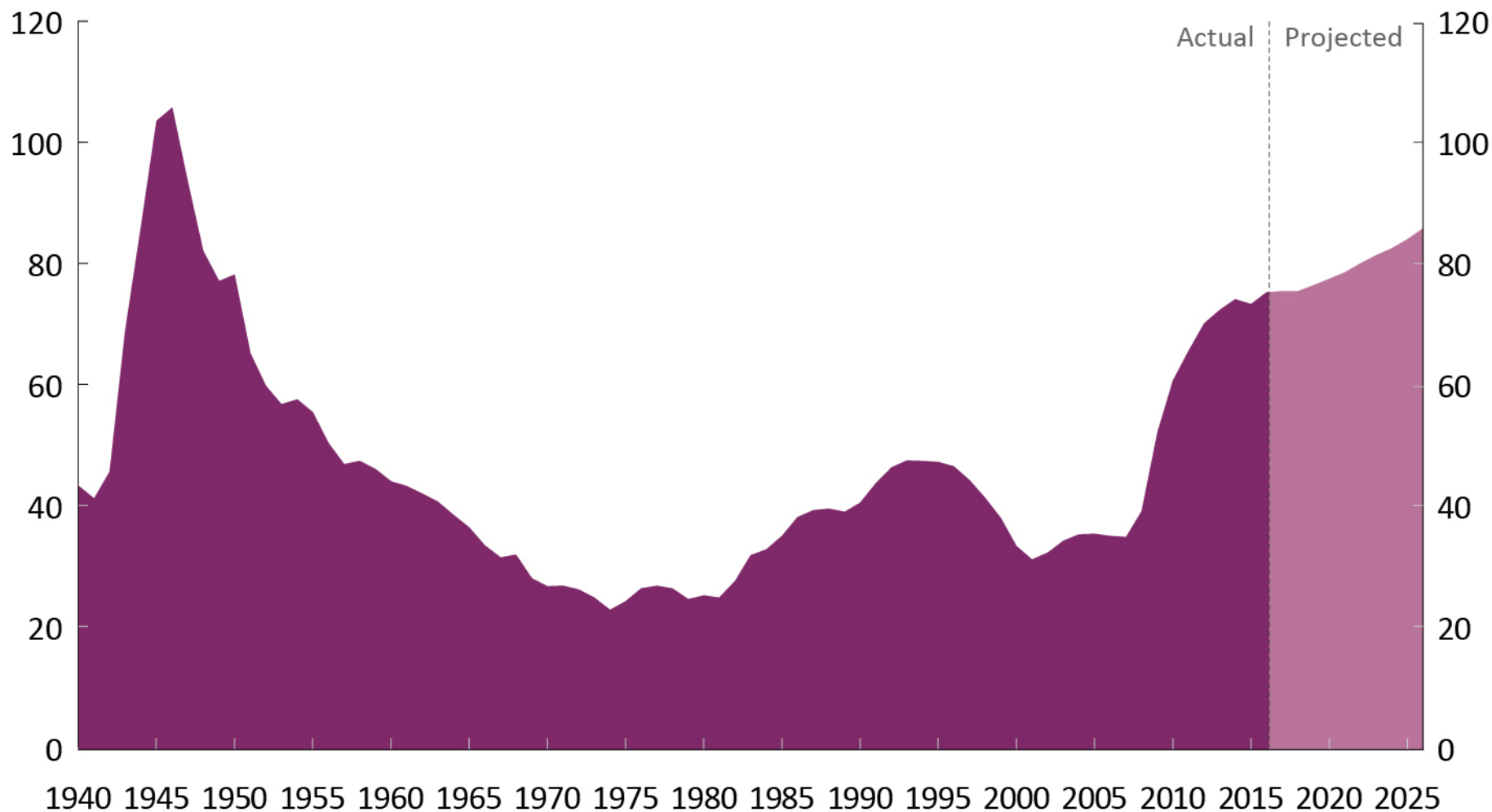
Total Deficits or Surpluses

Percentage of Gross Domestic Product



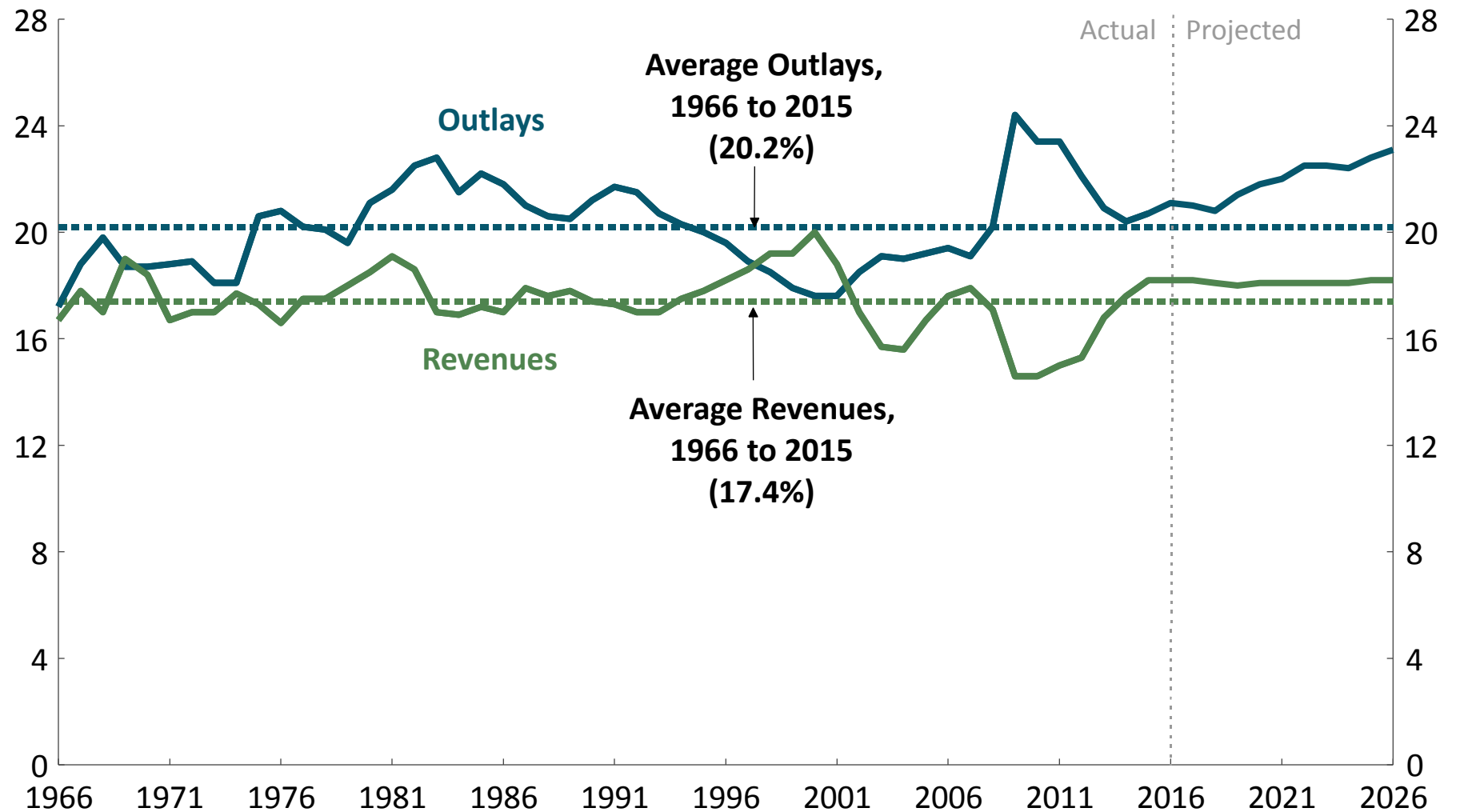
Federal Debt Held by the Public

Percentage of Gross Domestic Product

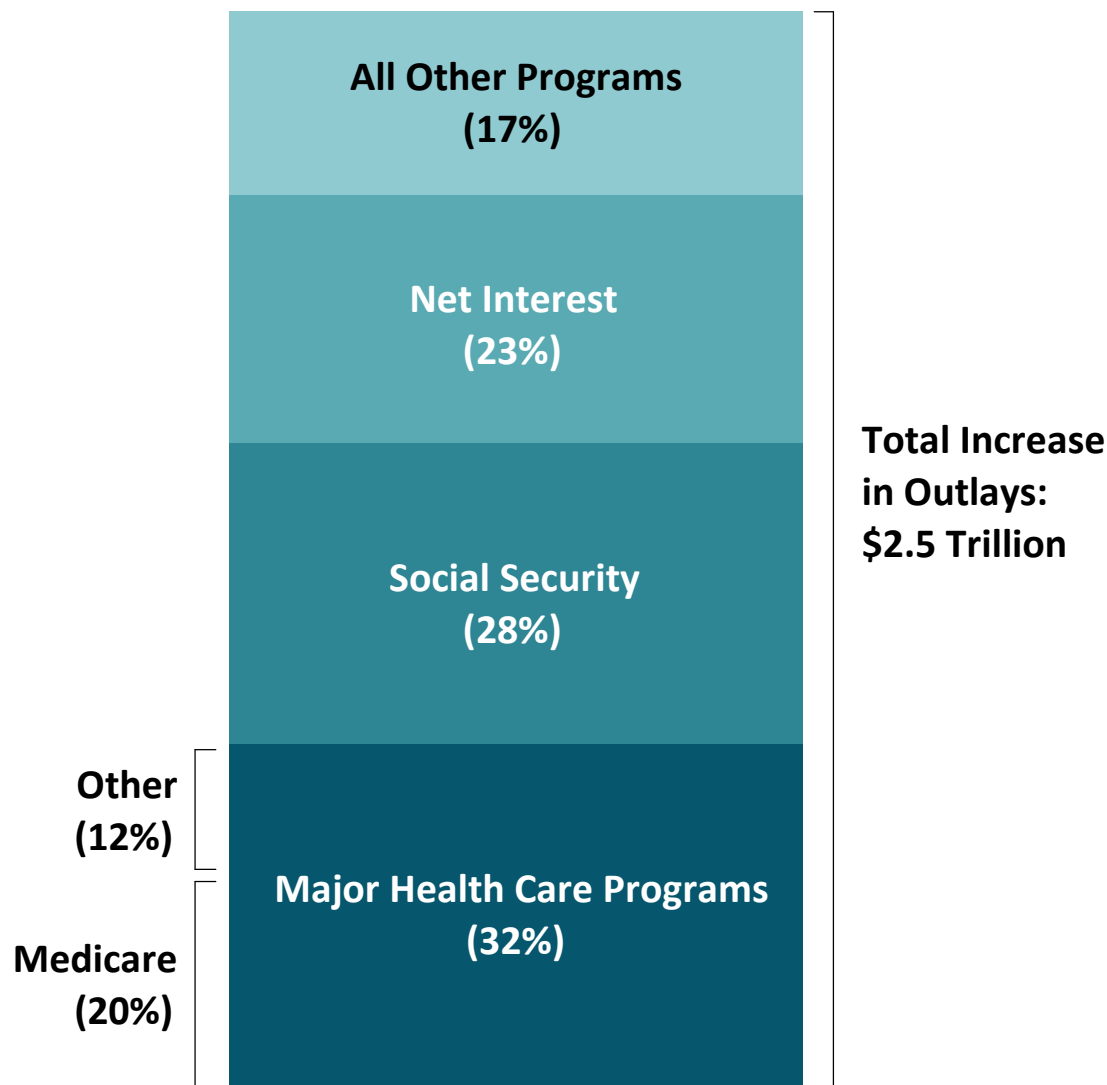


Total Revenues and Outlays

Percentage of Gross Domestic Product

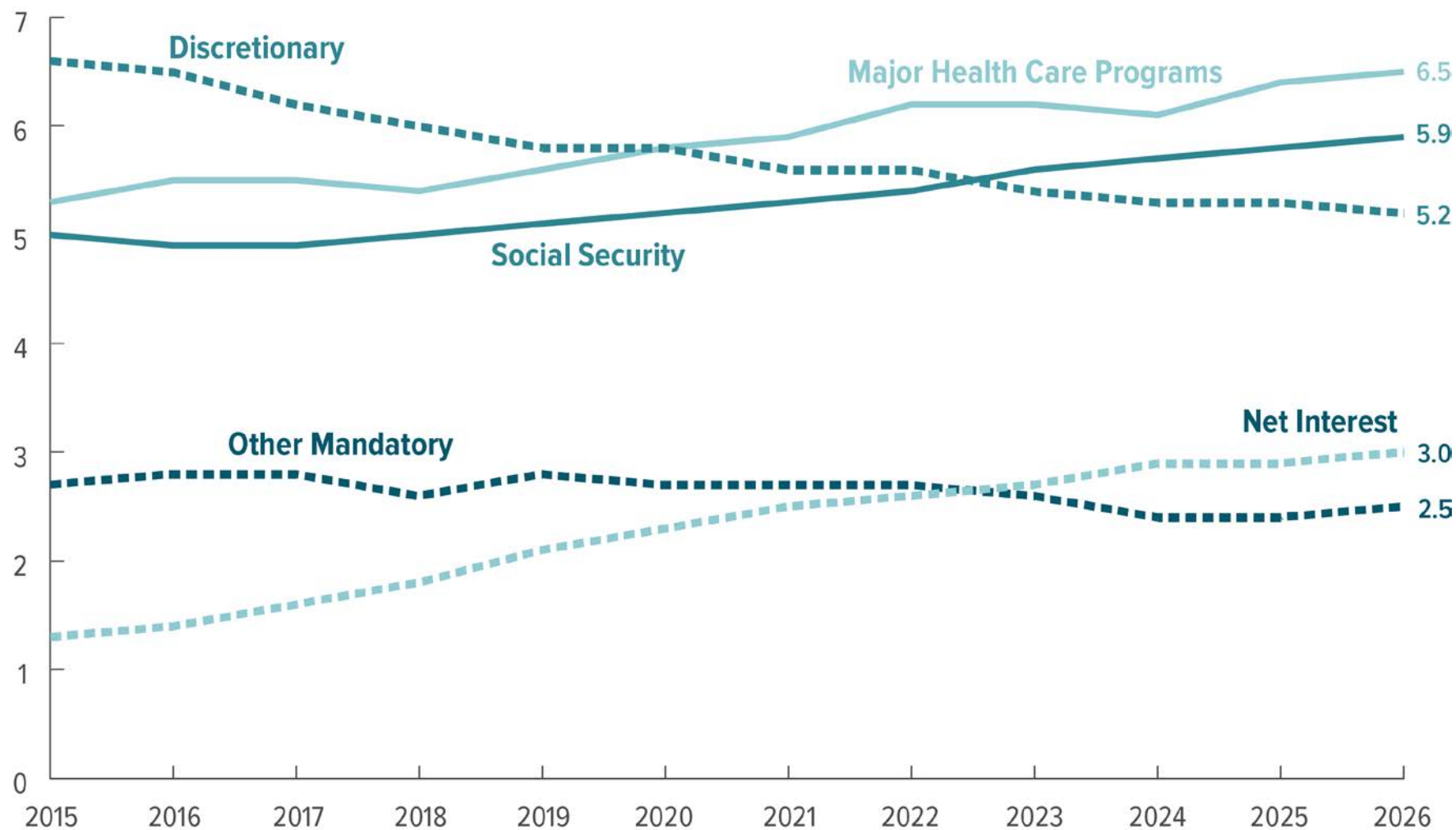


Components of the Total Increase in Outlays in CBO's Baseline Between 2016 and 2026



Projected Outlays in Major Budget Categories

Percentage of Gross Domestic Product



Spending and Revenues Projected in CBO's Baseline, Compared With Actual Values in 1966 and 1991

Percentage of Gross Domestic Product

