



# Congressional Budget Office

June 29, 2016

## The 2016 Budget Outlook

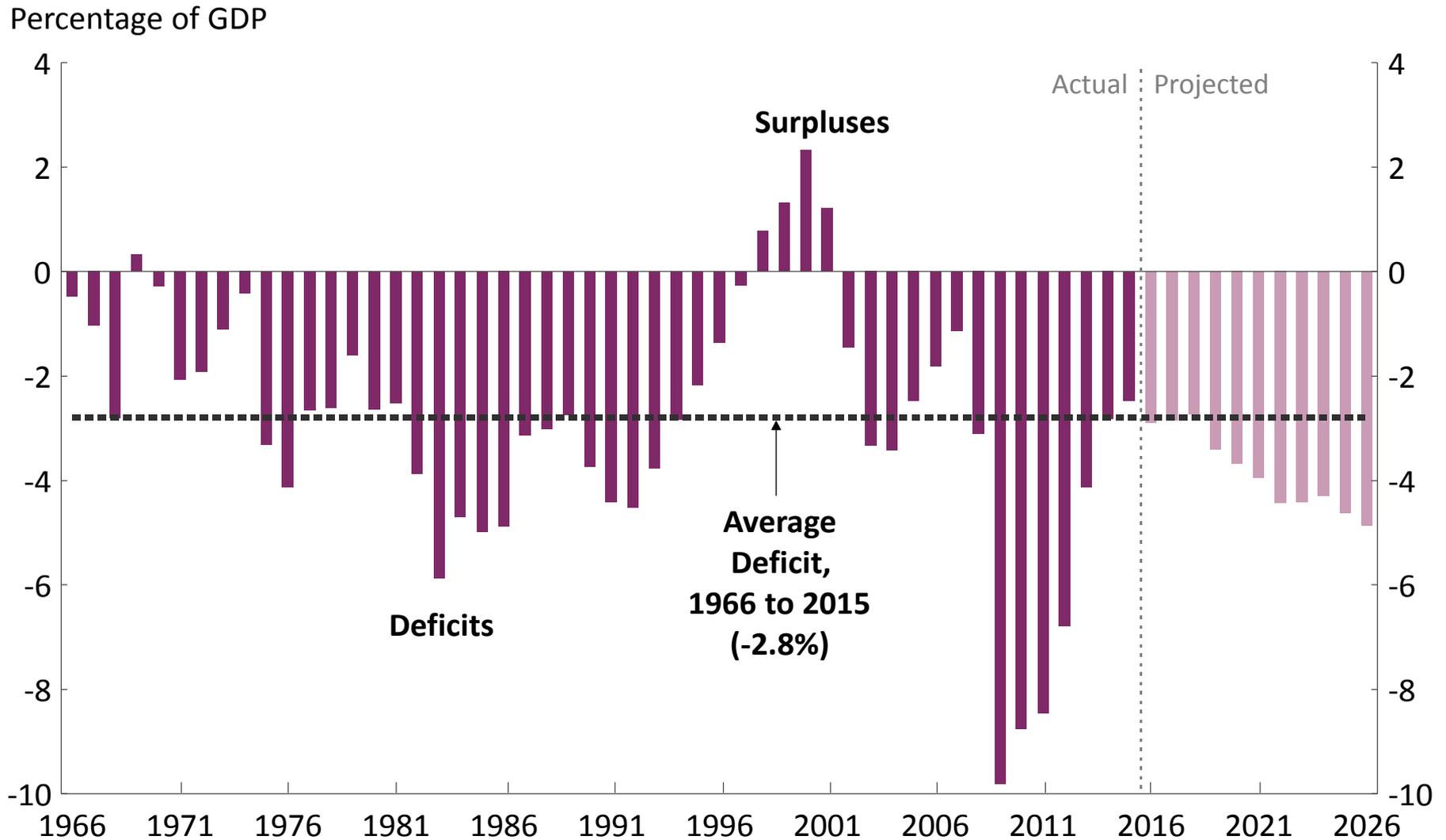
Presentation at the  
Forecasters Club of New York  
New York City, NY

Keith Hall  
Director

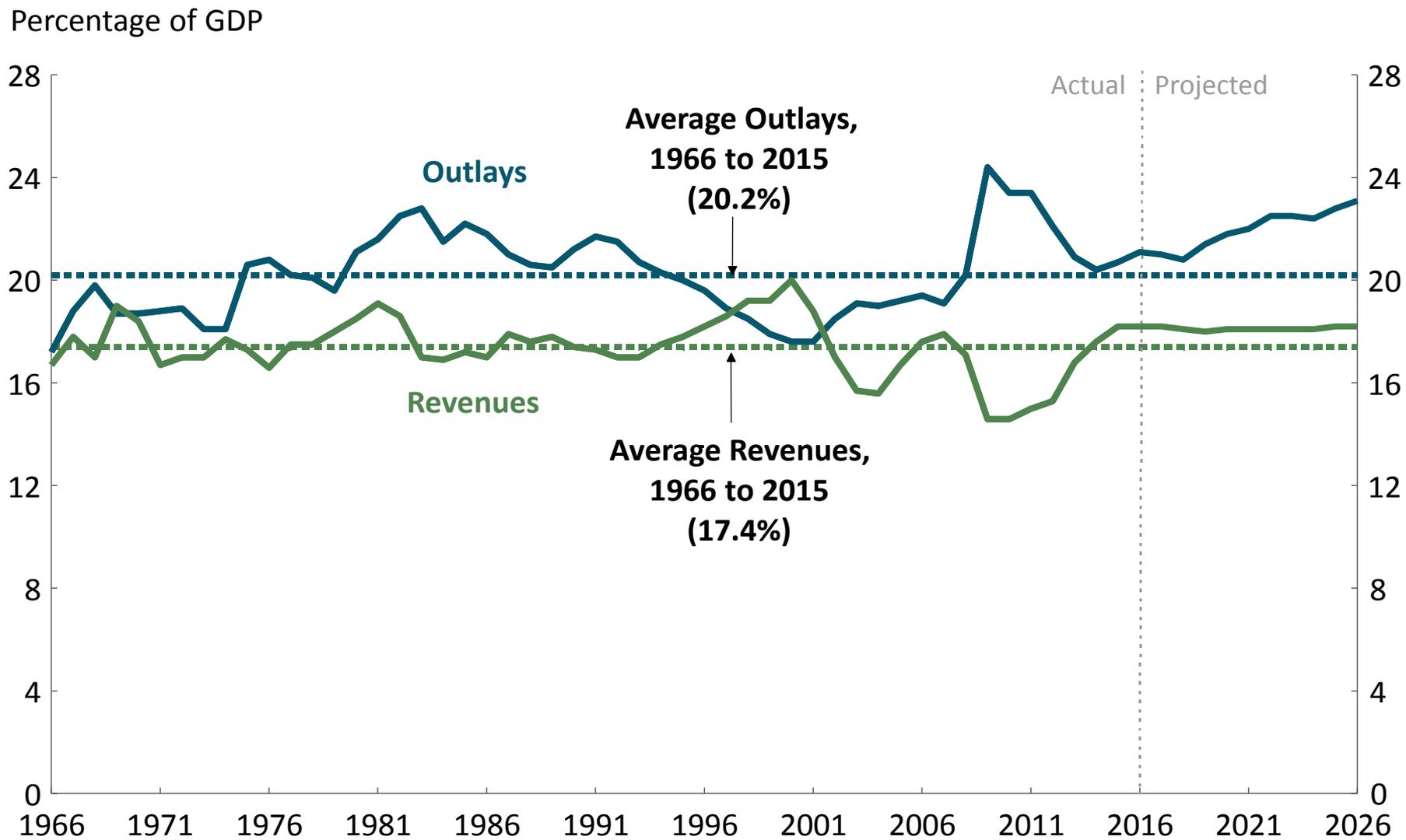
This presentation draws on *Updated Budget Projections: 2016 to 2026* (March 2016), [www.cbo.gov/publication/51384](http://www.cbo.gov/publication/51384), *Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Price*, March 2016 (March 2016), [www.cbo.gov/publication/51260](http://www.cbo.gov/publication/51260), and *The Budget and Economic Outlook: 2016 to 2026* (January 2016), [www.cbo.gov/publication/51129](http://www.cbo.gov/publication/51129).

# CBO's Budget Projections Through 2026 as of March 2016

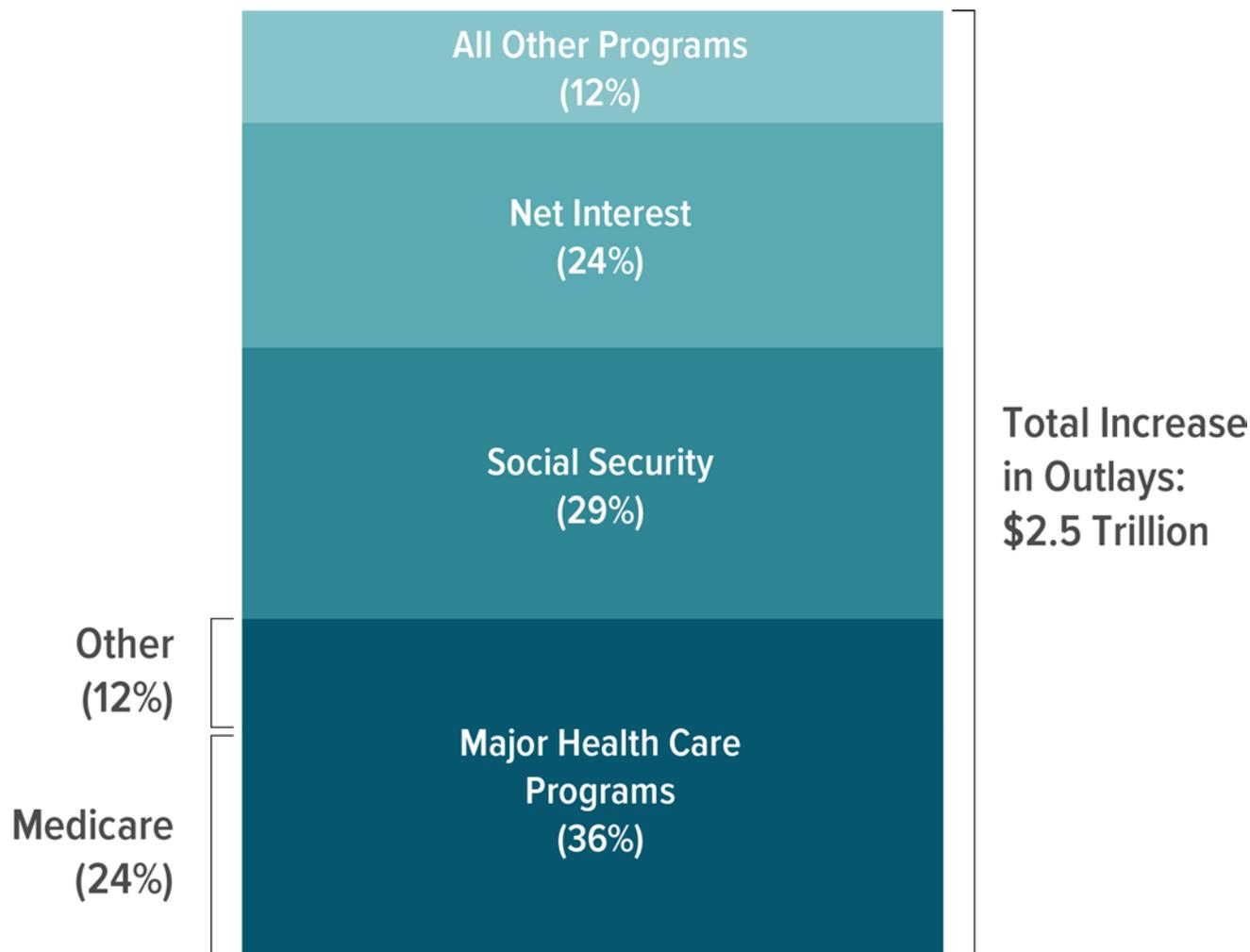
# Total Deficits or Surpluses



# Total Revenues and Outlays

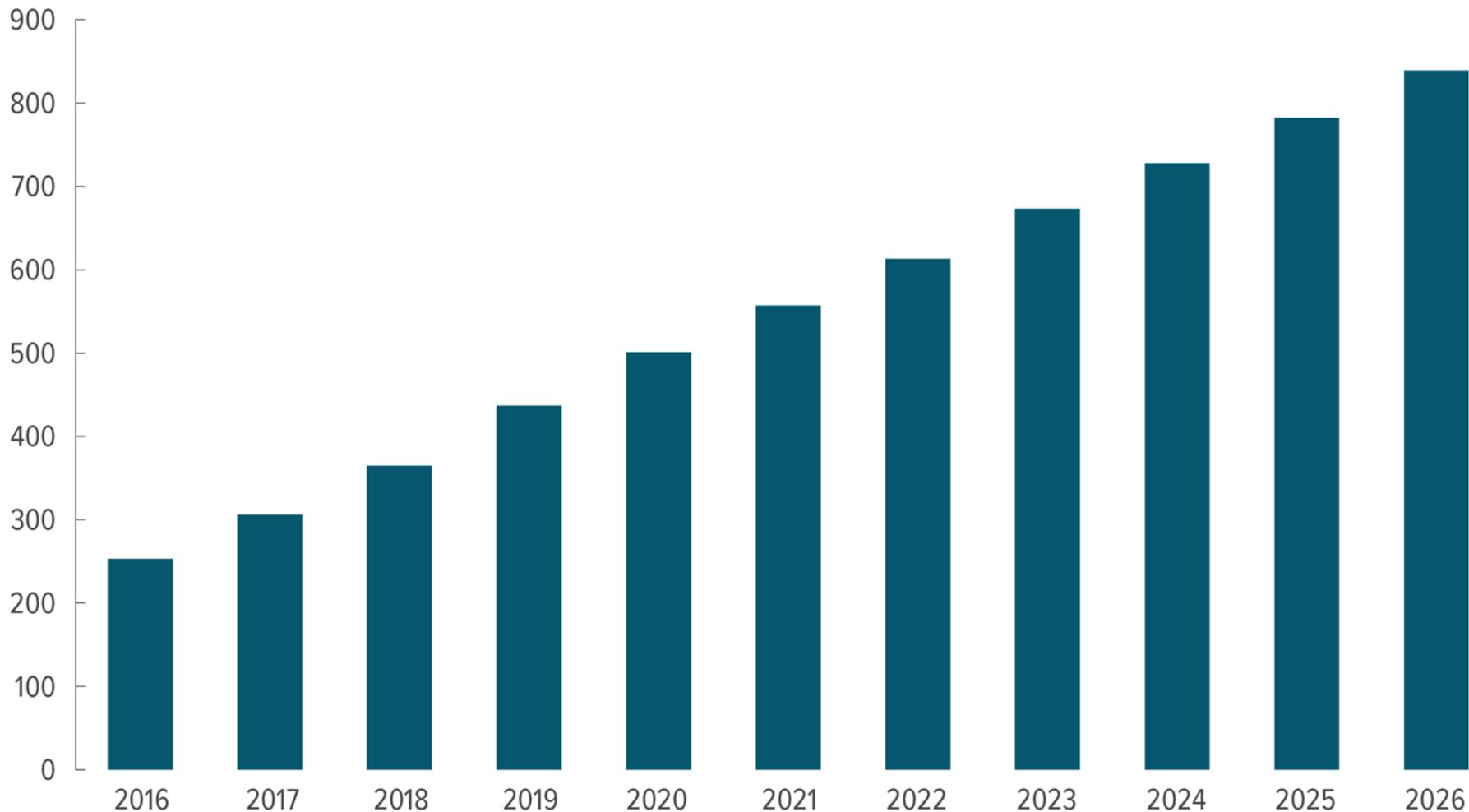


# Components of the Total Increase in Outlays in CBO's Baseline Between 2016 and 2026



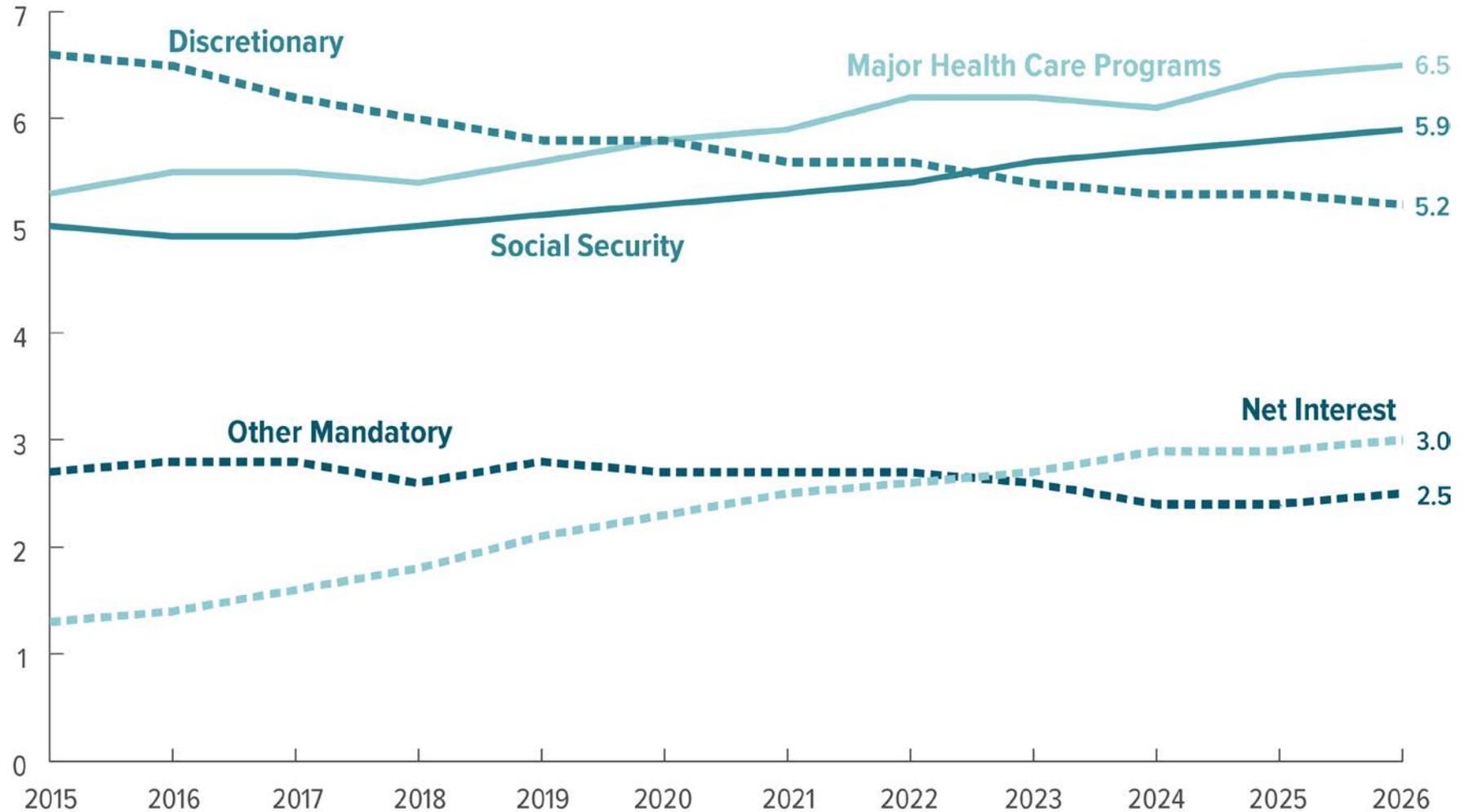
# Projected Net Interest Outlays

Billions of Dollars



# Projected Outlays in Major Budget Categories

Percentage of GDP

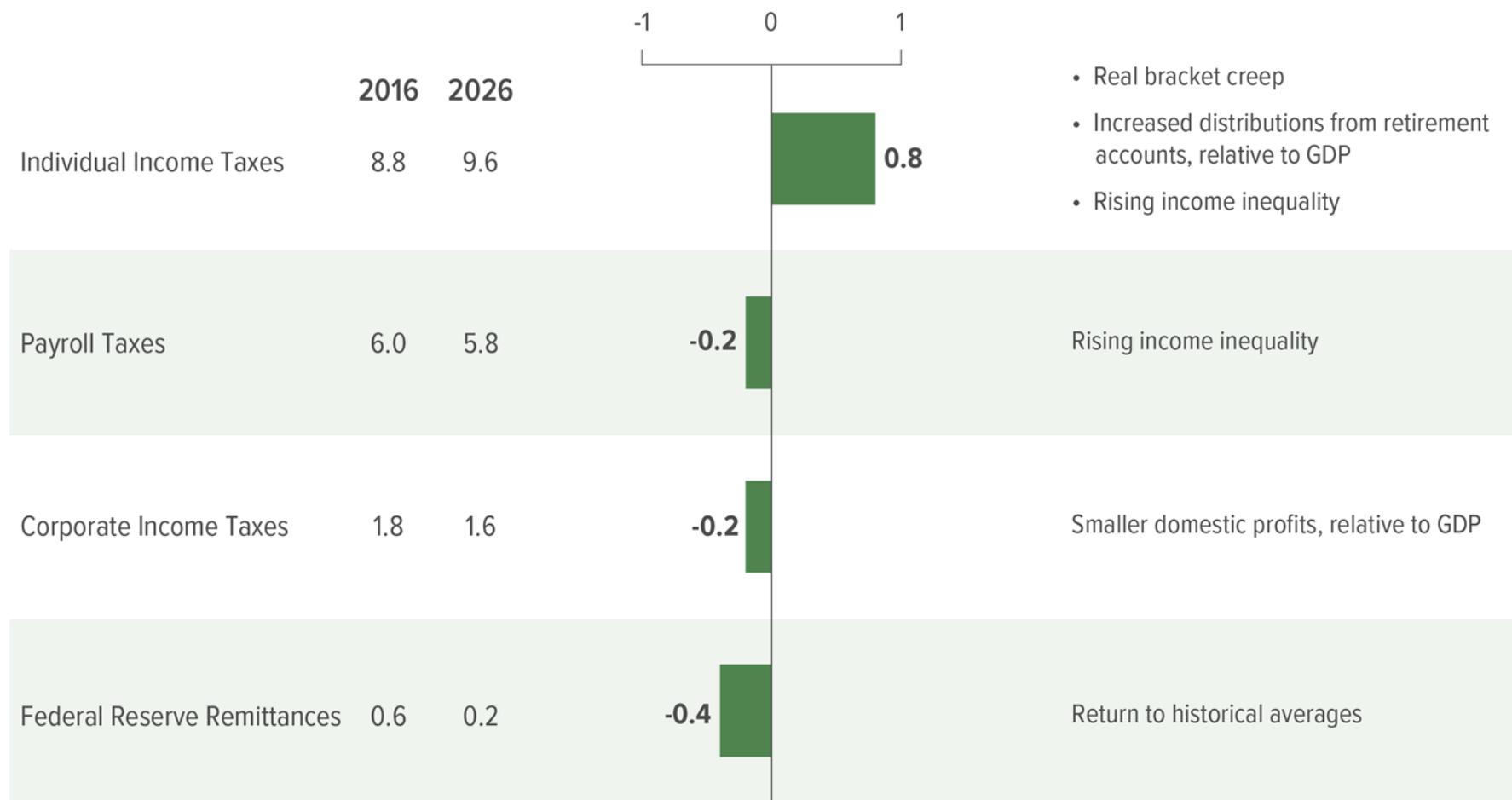


# Major Changes in Projected Revenues From 2016 to 2026

## Revenues as a Percentage of GDP

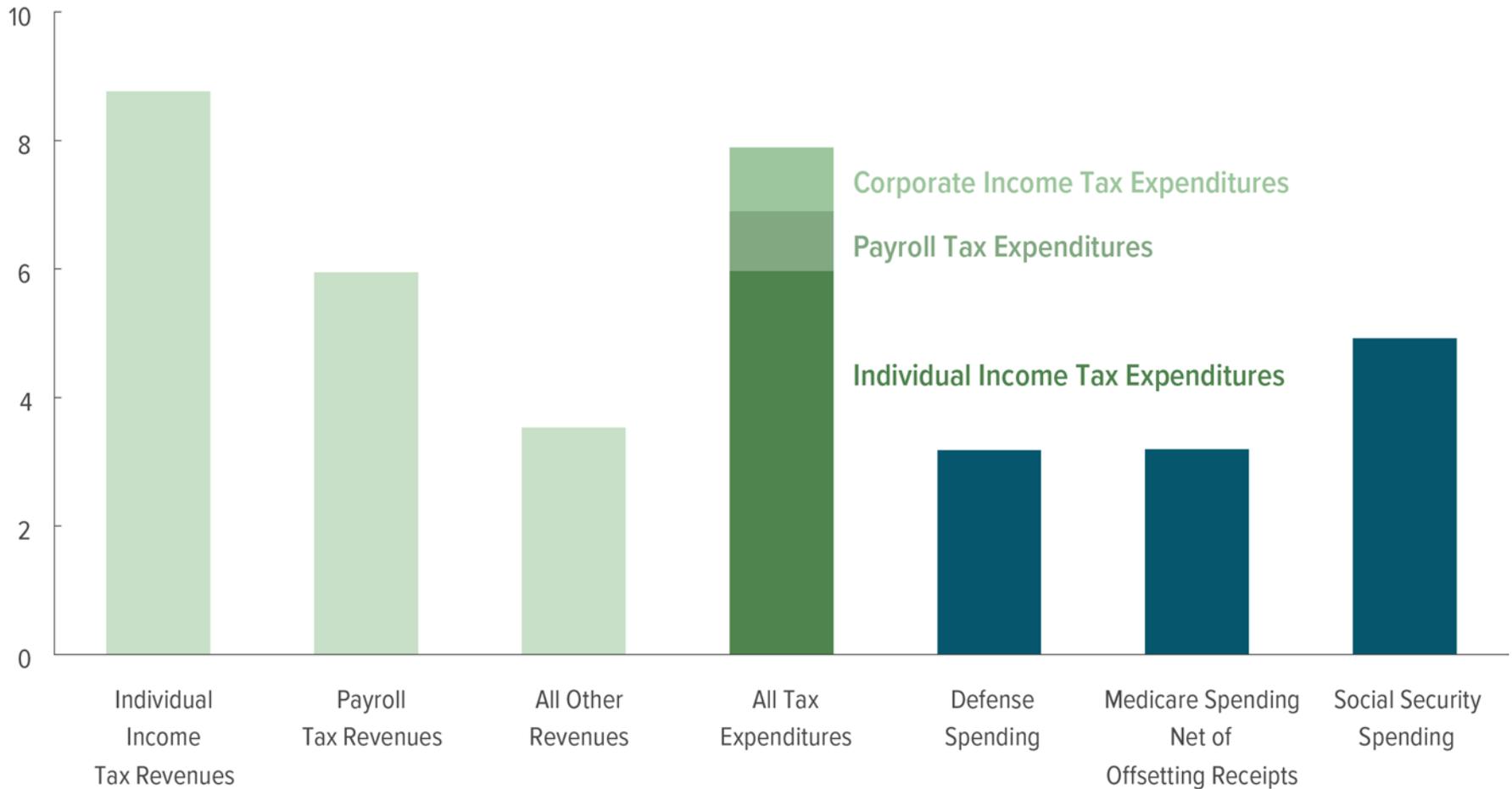
## Percentage-Point Change

## Major Reasons for Change



# Tax Expenditures and Other Budget Categories in 2016

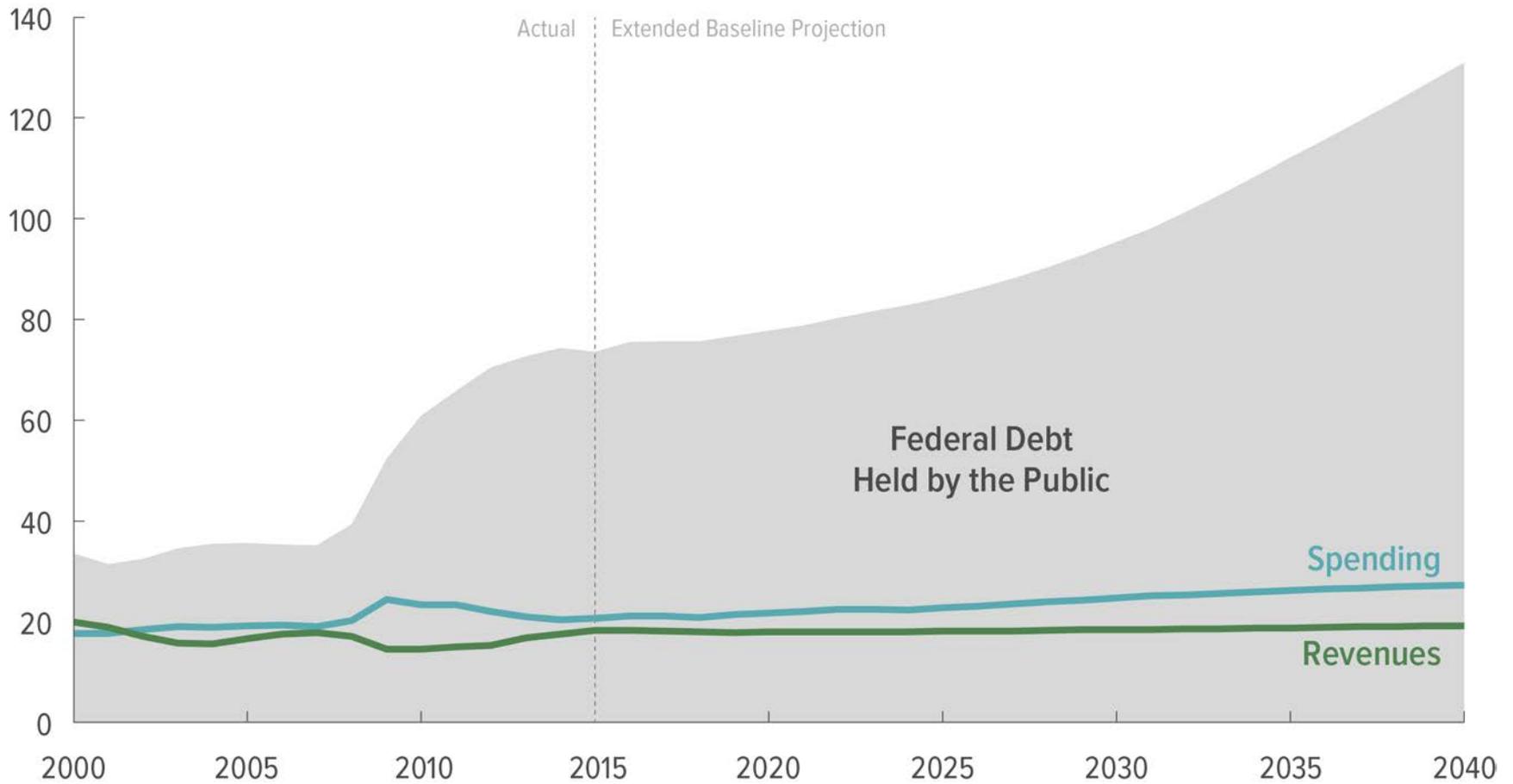
Percentage of GDP



# CBO's Budget Projections Through 2040 as of January 2016

# Federal Debt, Spending, and Revenues

Percentage of GDP

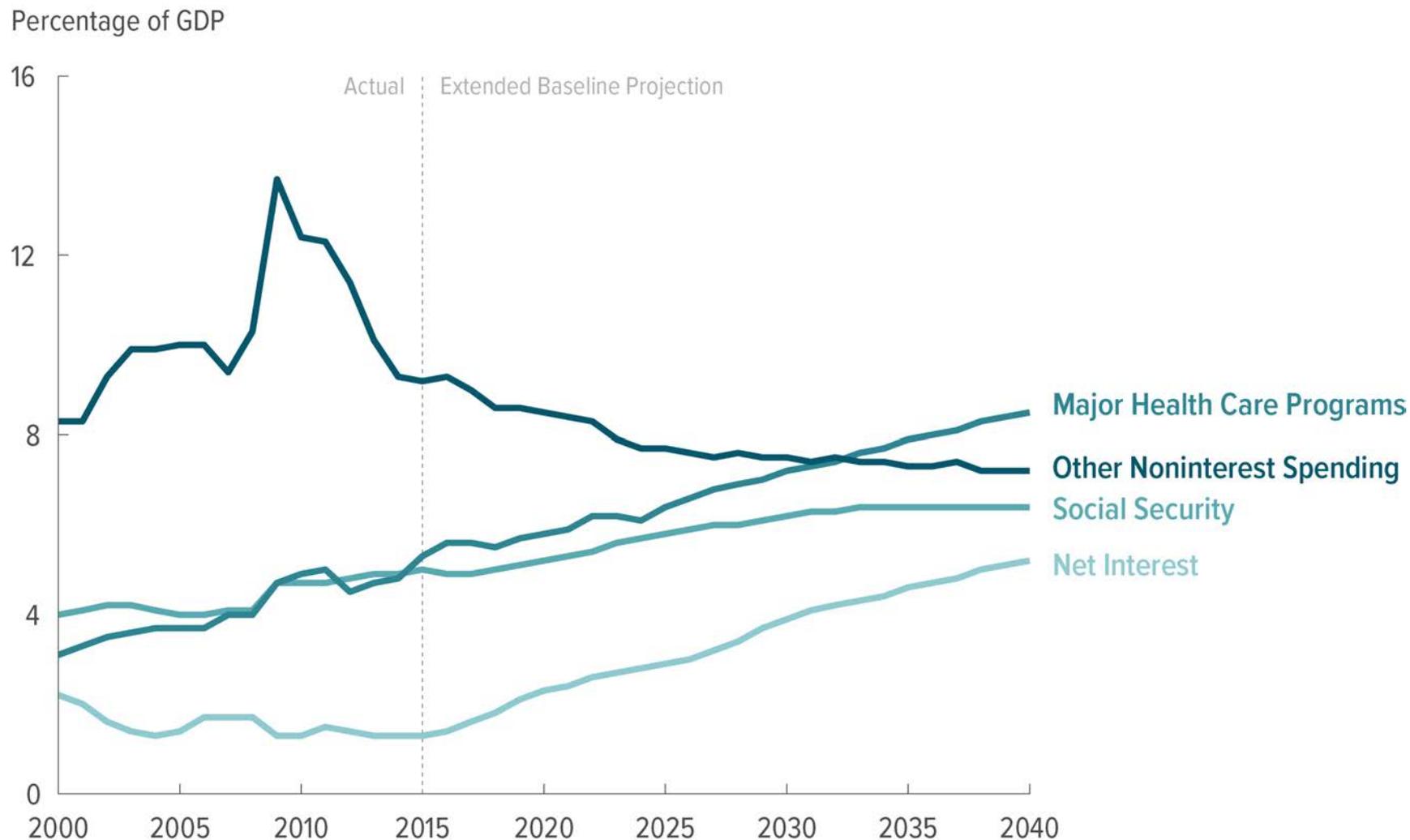


# Uncertainty About Projections of Debt

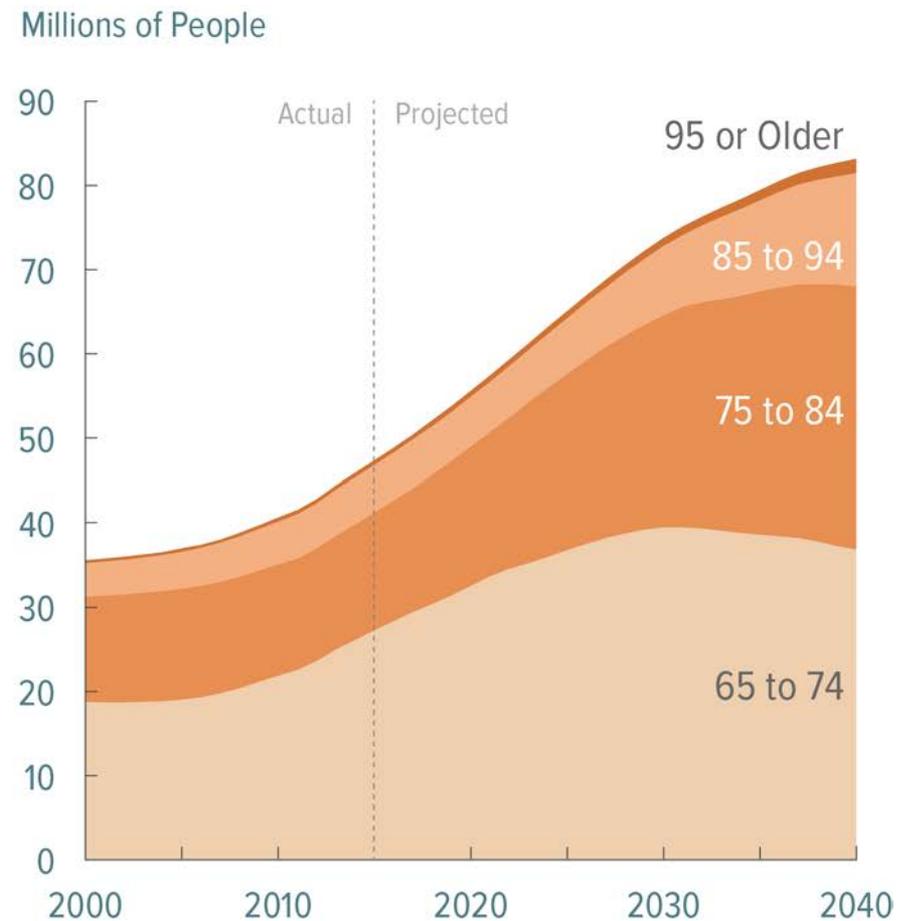
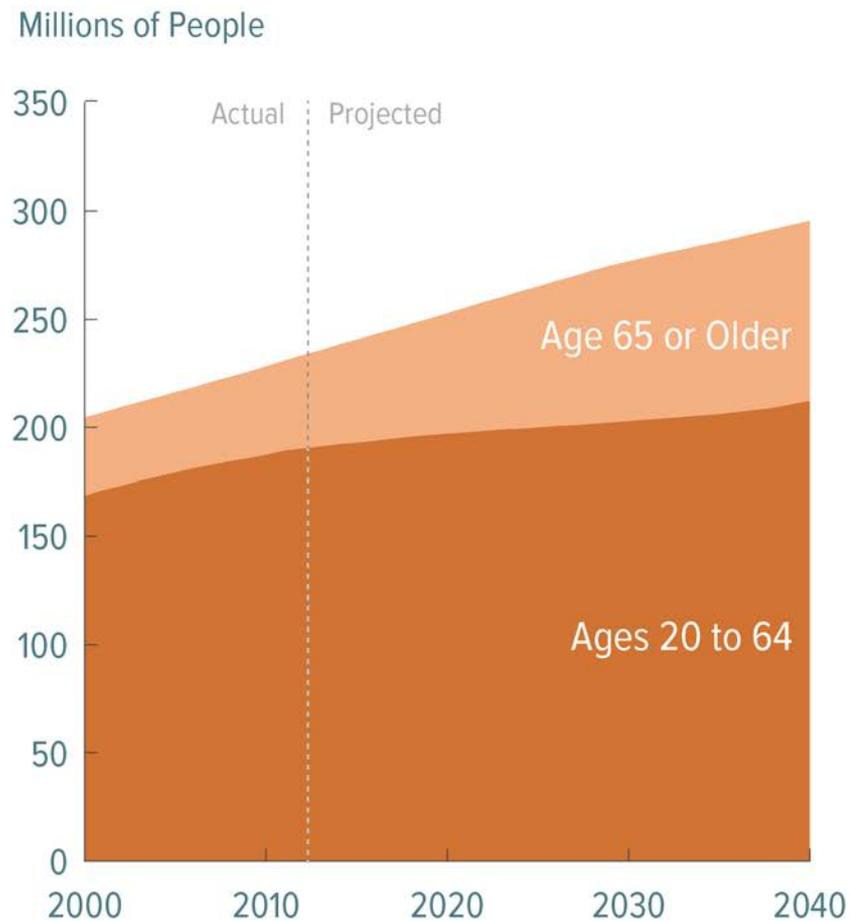
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- Even if future tax and spending policies match the policies specified in current law, budgetary outcomes will undoubtedly differ from CBO's projections.
- Unexpected changes in the economy, demographics, and other key factors will occur.

# Components of Federal Spending

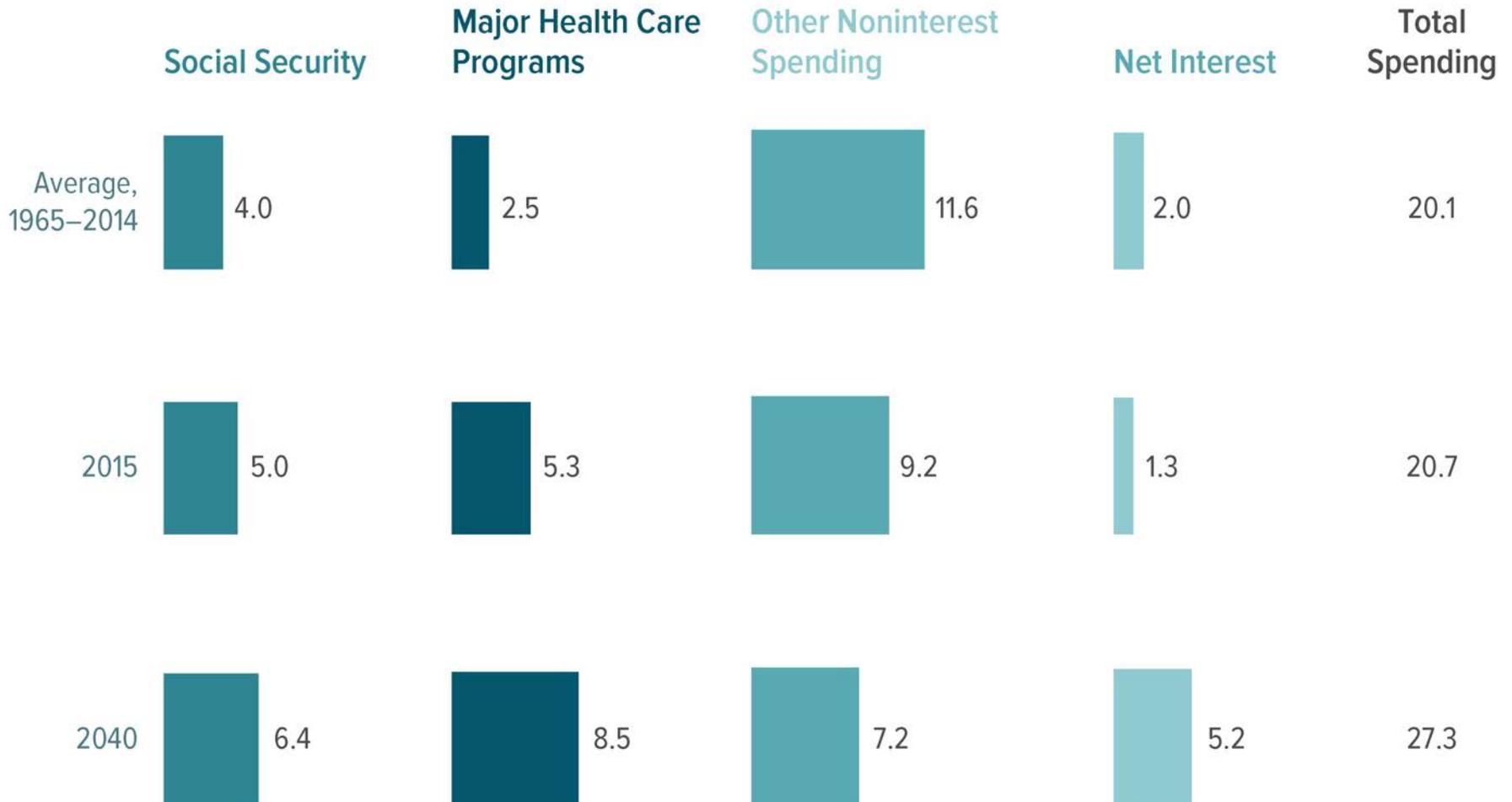


# Changes in the Population, by Age Group



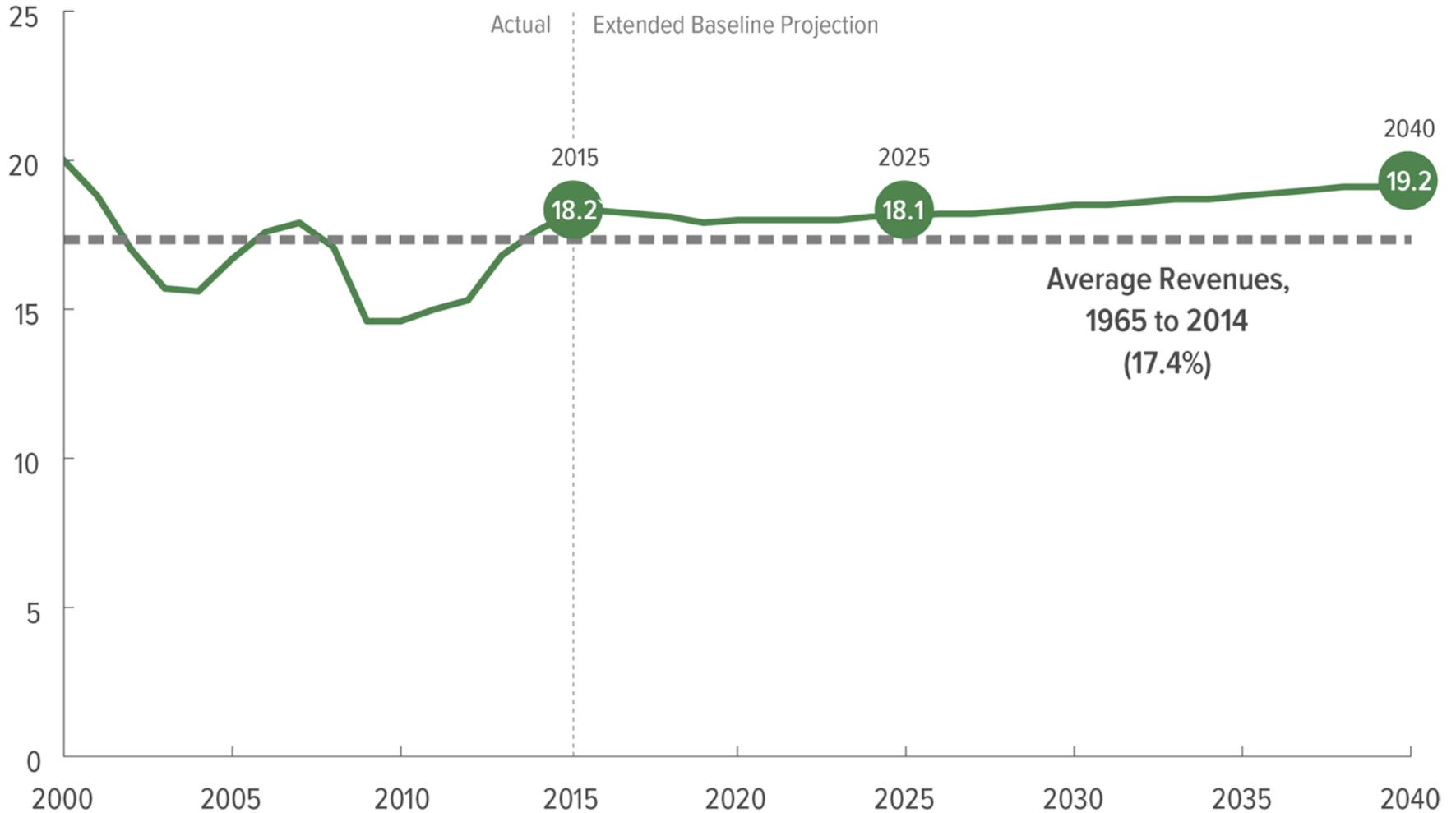
# Projected Spending, Compared With Past Averages

Percentage of GDP



# Total Revenues

Percentage of GDP



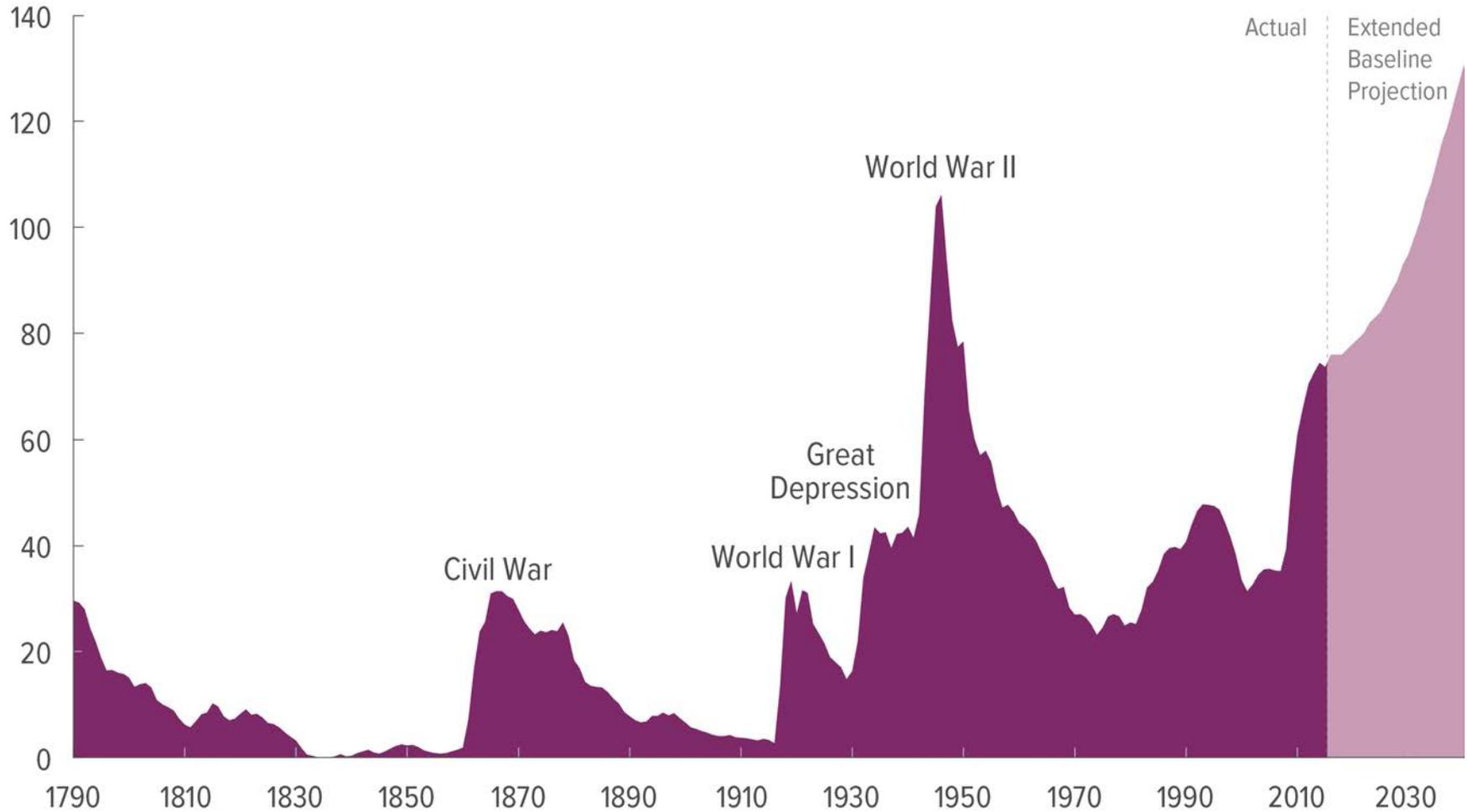
# Projected Spending, Revenues, and Deficits, Compared With Past Averages

Percentage of GDP



# Federal Debt Held by the Public

Percentage of GDP



# A Likely Range for CBO's Projection of Debt

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- The extended baseline represents CBO's best projection of federal debt relative to GDP 25 years from now under current law, but the amount could be higher or lower.
- Last year, CBO considered a wide range of possible values for key factors such as interest rates, health care costs, and productivity.
- That analysis concluded that federal debt would probably be at least as high as it is today and would most likely be much higher.
- This year, federal debt is projected to be even higher than it was in last year's analysis.

# A Sustainable Path for the Long Term

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- Lawmakers would have to make major changes to tax policies, spending policies, or both.
- The size of such changes would depend upon the amount of federal debt that lawmakers considered appropriate.

# Federal Debt Held by the Public Under Various Budget Scenarios

Percentage of GDP

