



Congressional Budget Office

June 29, 2016

The 2016 Budget Outlook

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

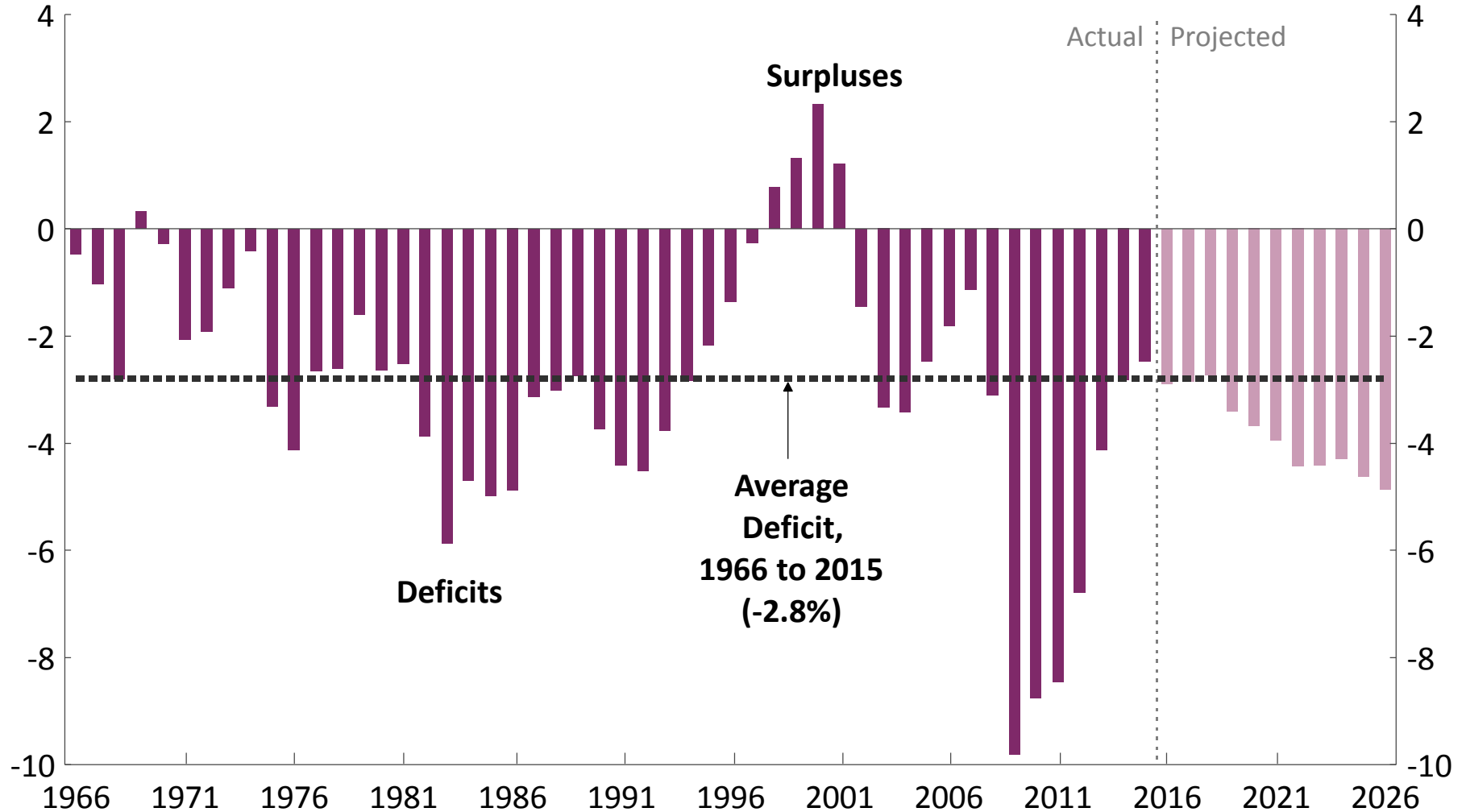
Keith Hall
Director

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

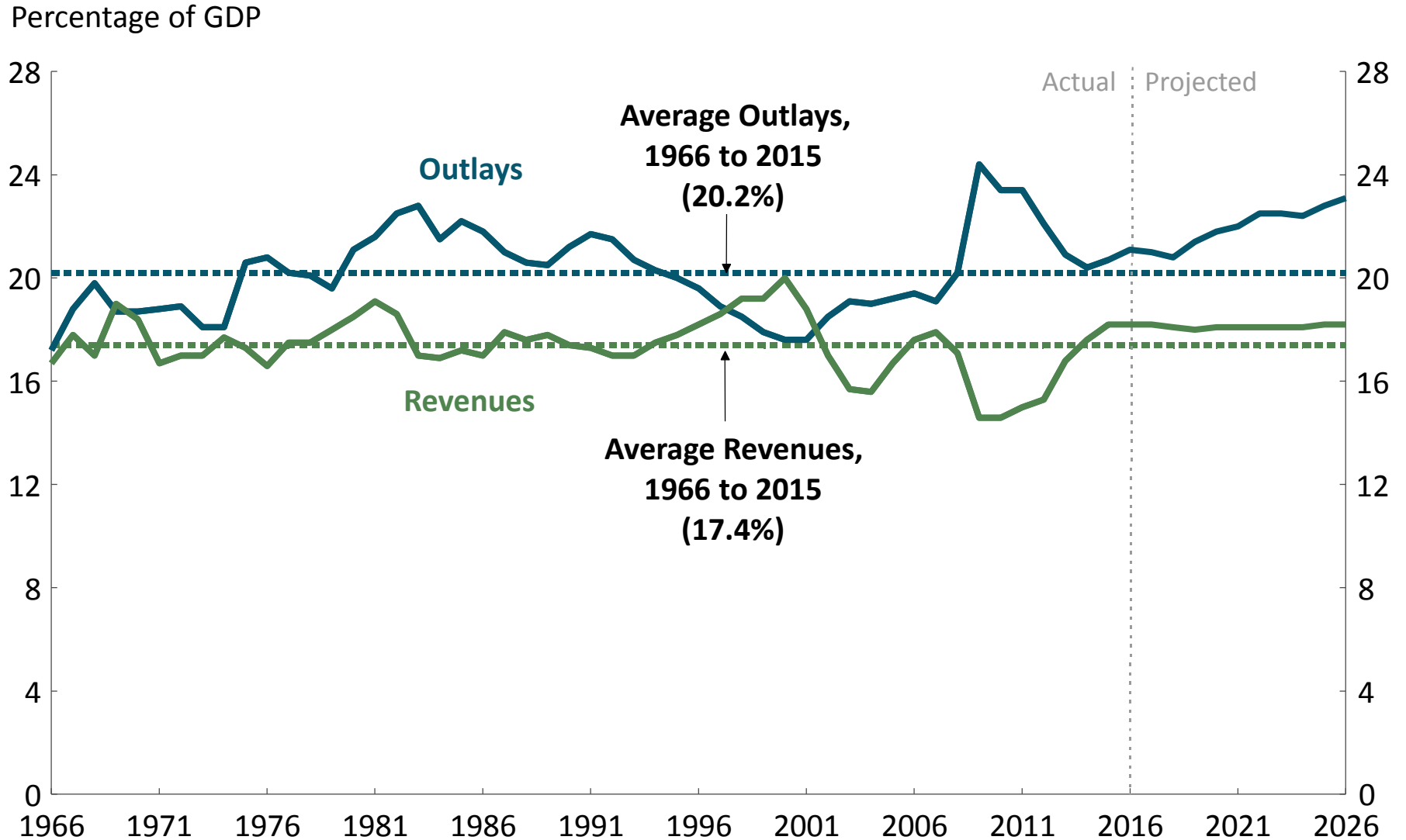
CBO's Budget Projections Through 2026 as of March 2016

Total Deficits or Surpluses

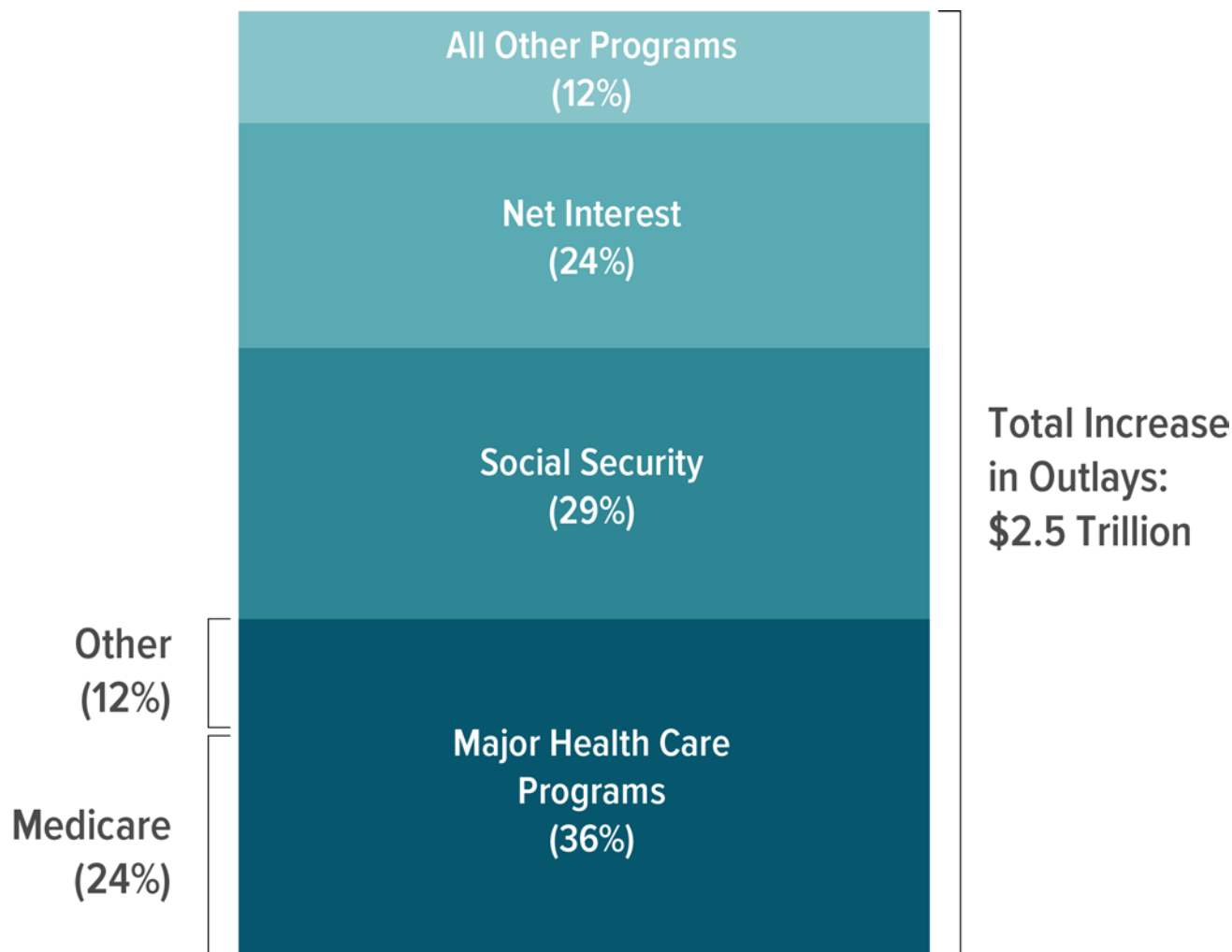
Percentage of GDP



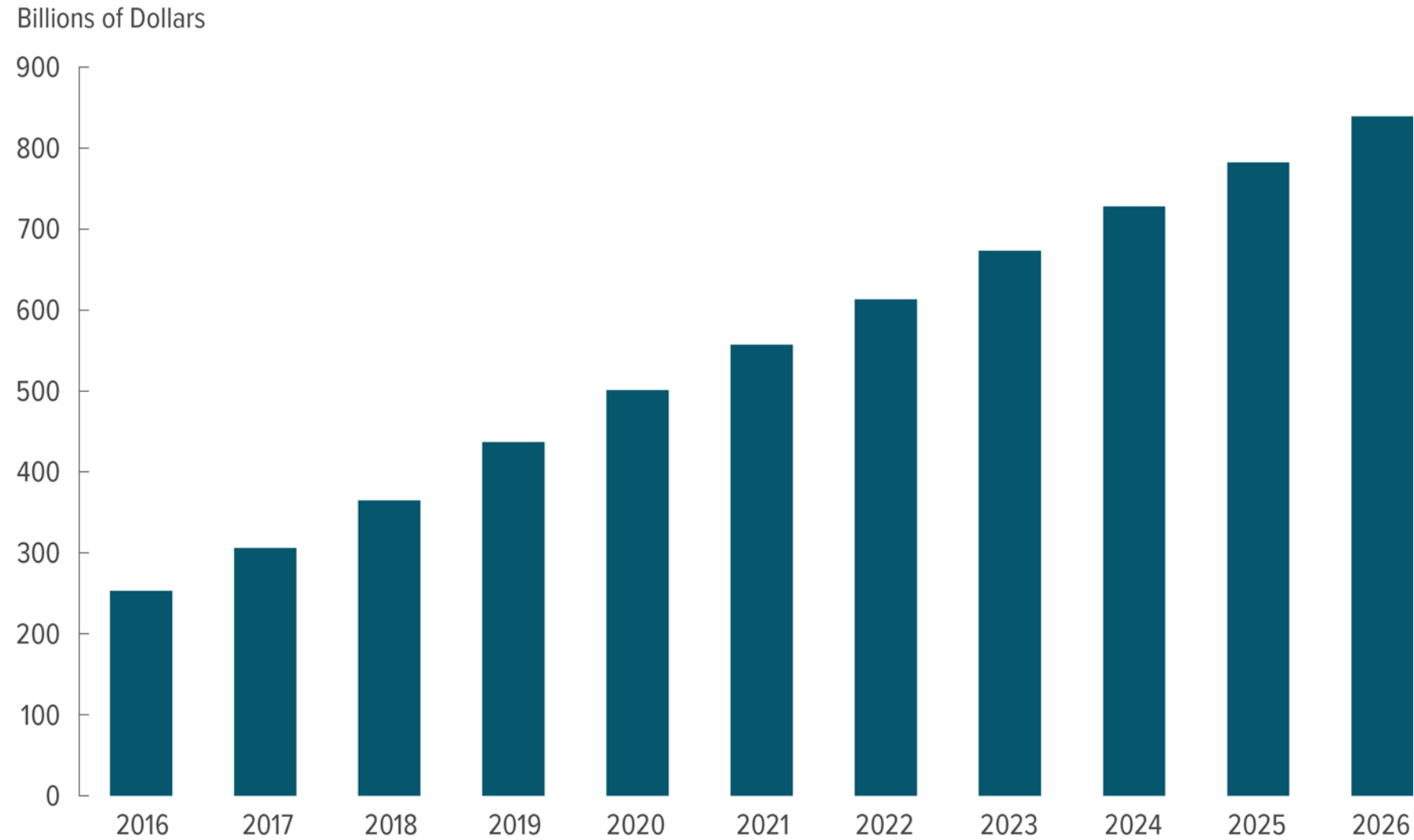
Total Revenues and Outlays



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

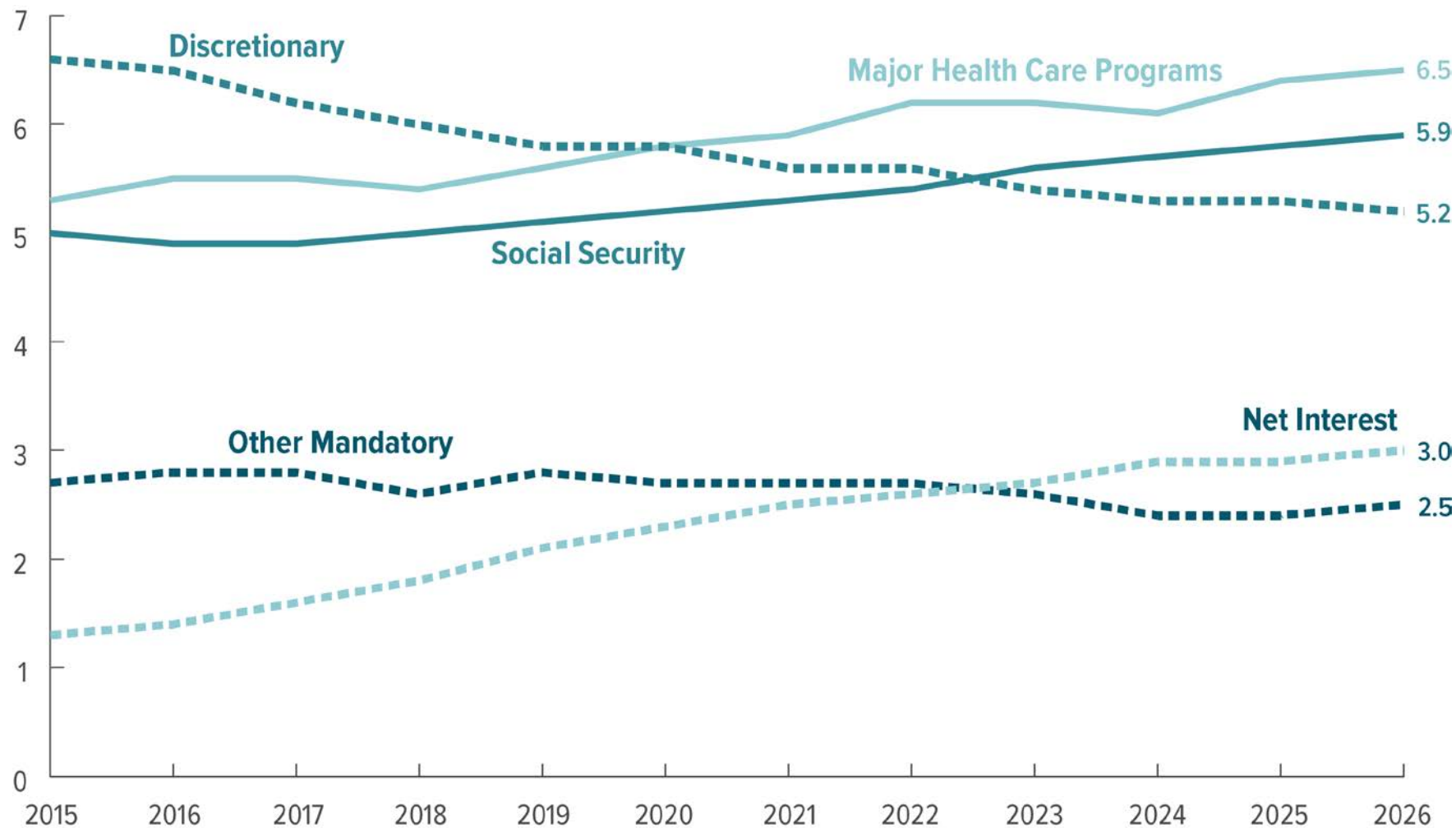


Projected Net Interest Outlays

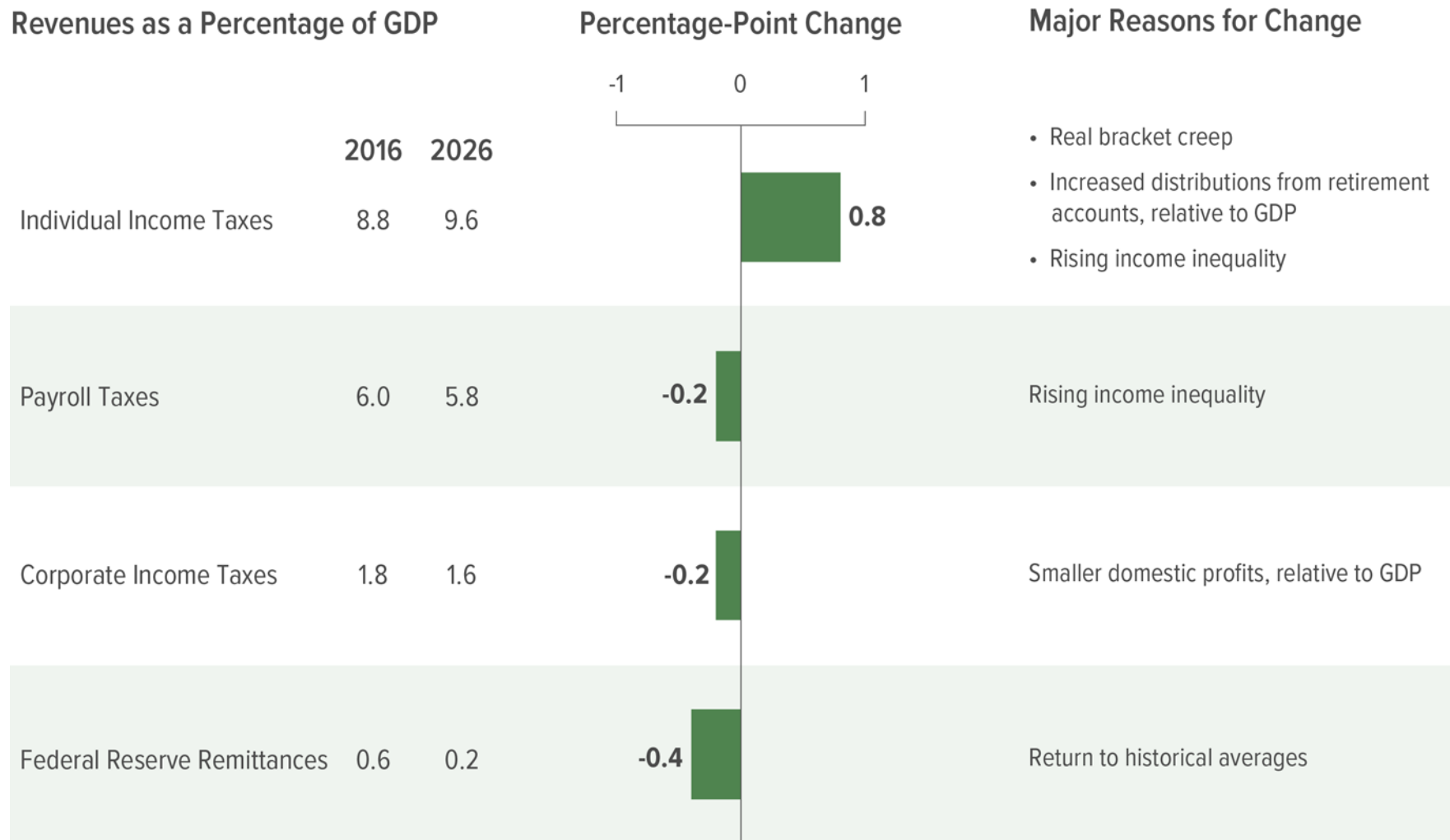


Projected Outlays in Major Budget Categories

Percentage of GDP

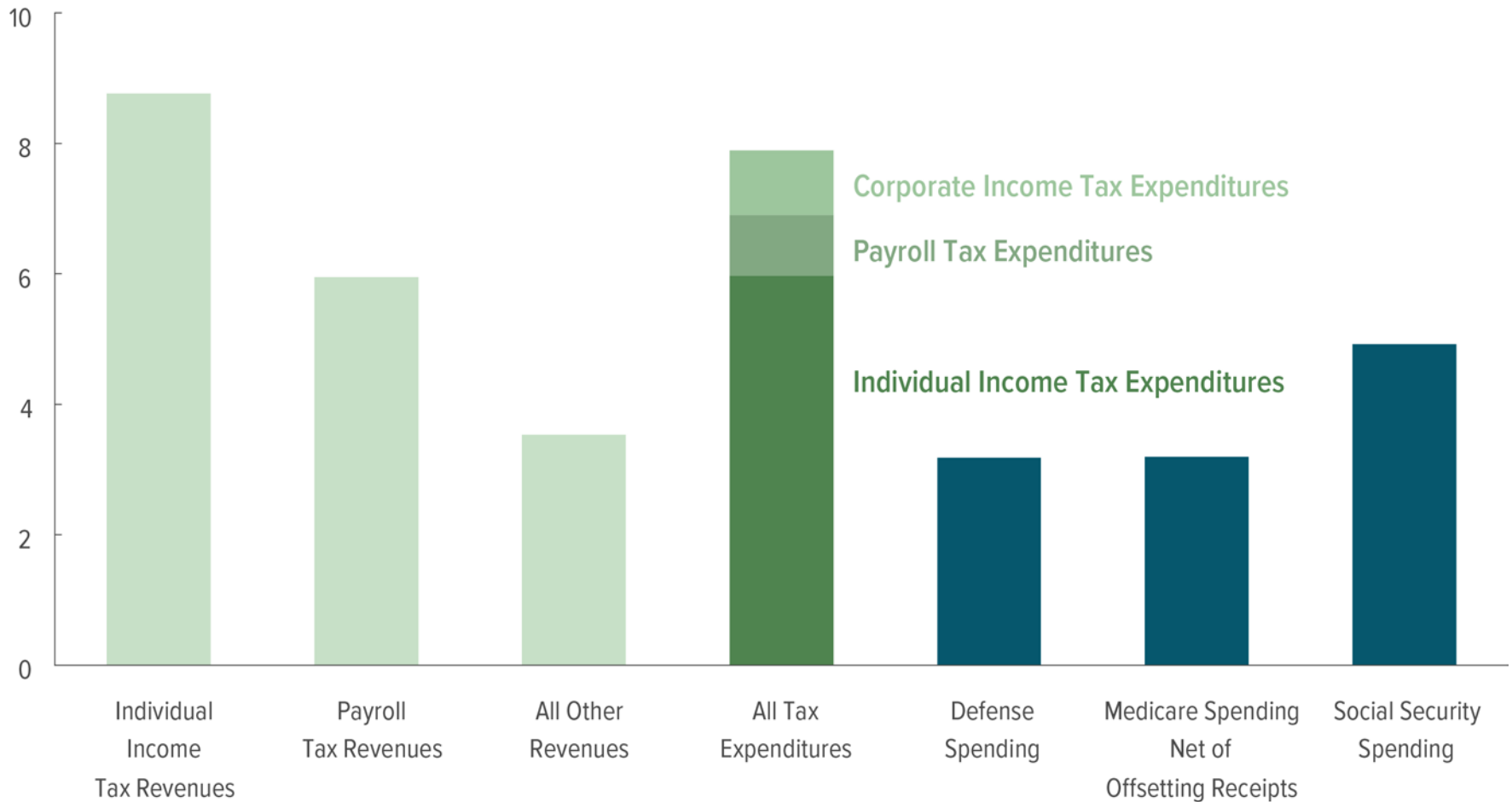


Major Changes in Projected Revenues From 2016 to 2026



Tax Expenditures and Other Budget Categories in 2016

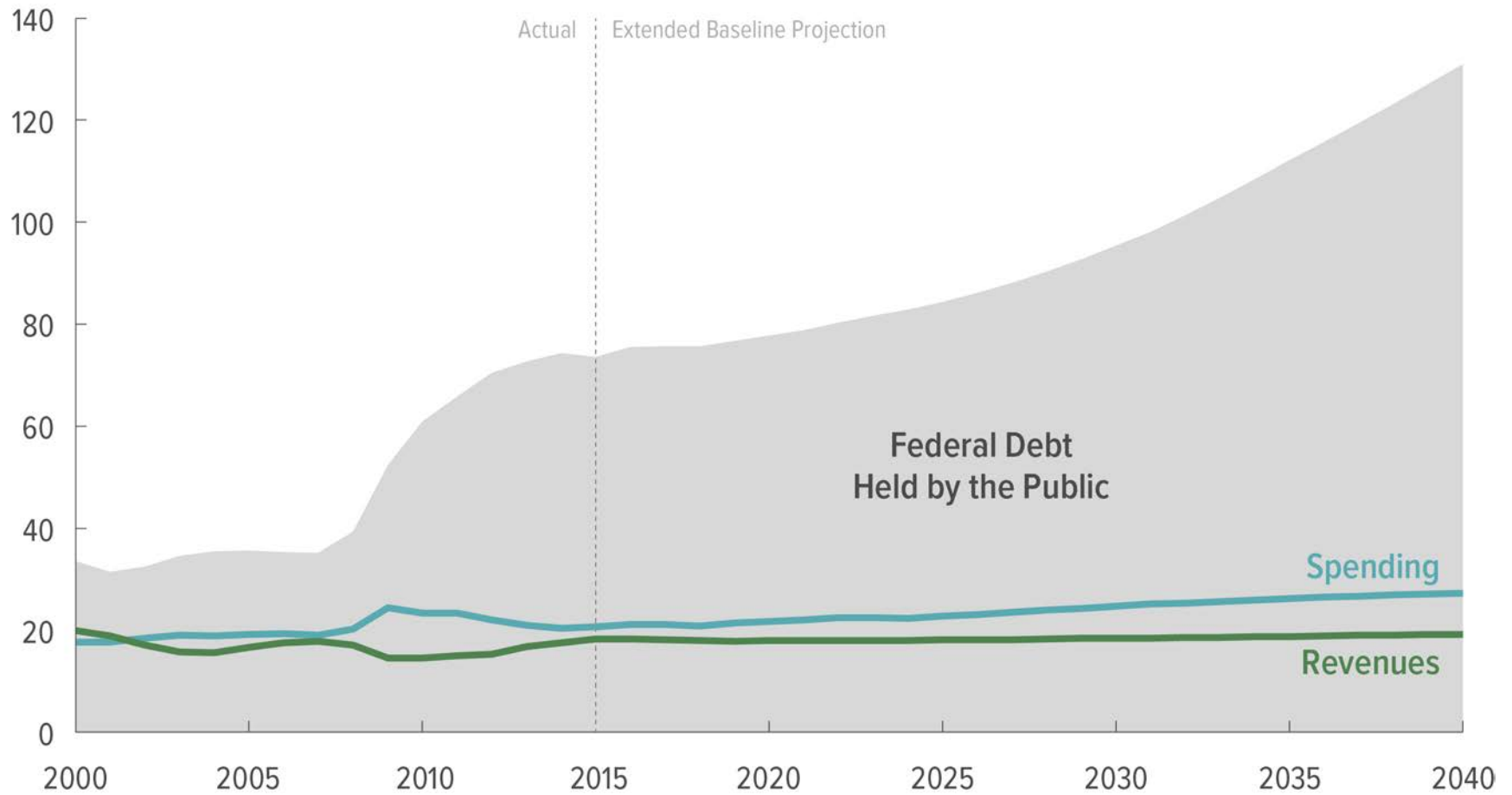
Percentage of GDP



CBO's Budget Projections Through 2040 as of January 2016

Federal Debt, Spending, and Revenues

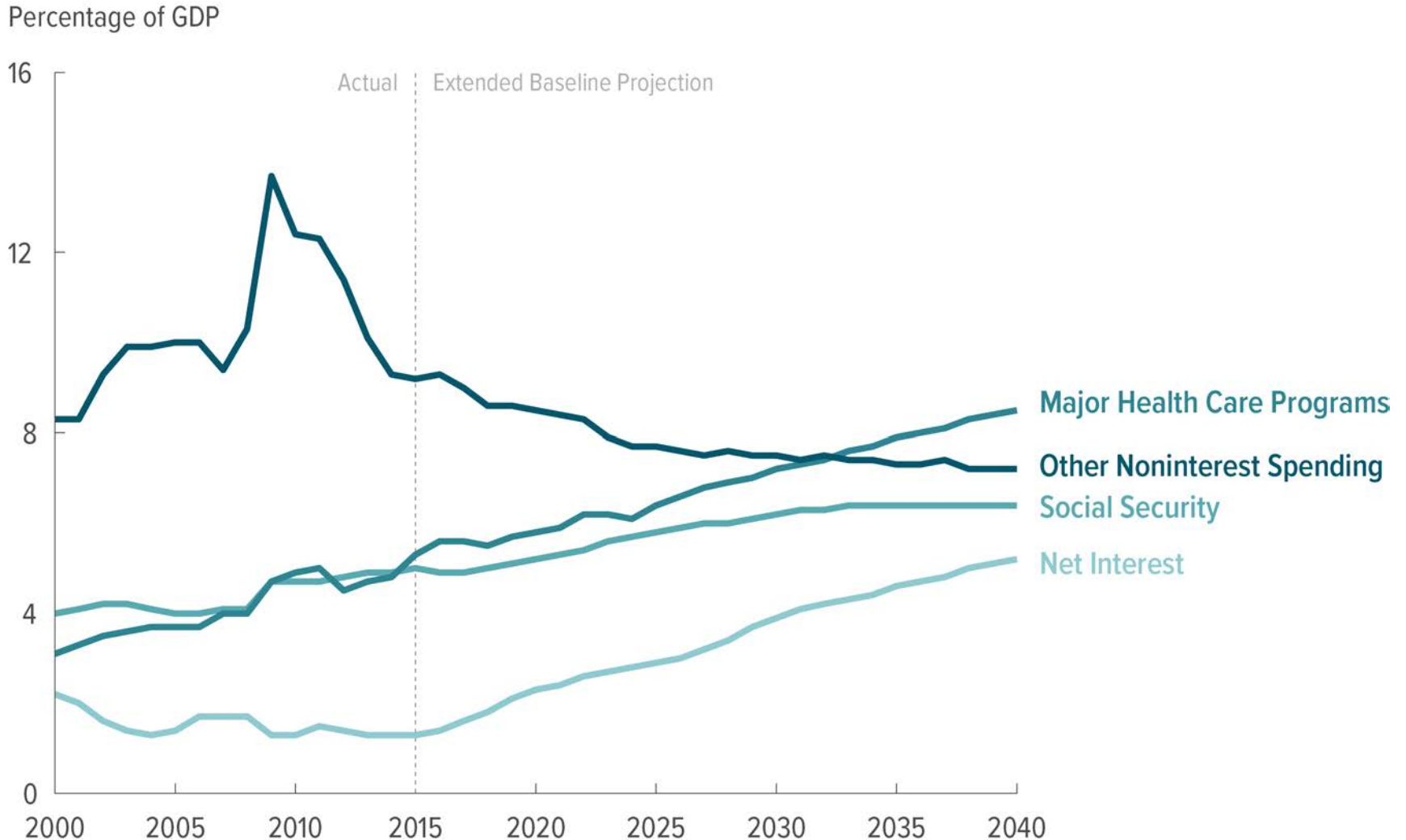
Percentage of GDP



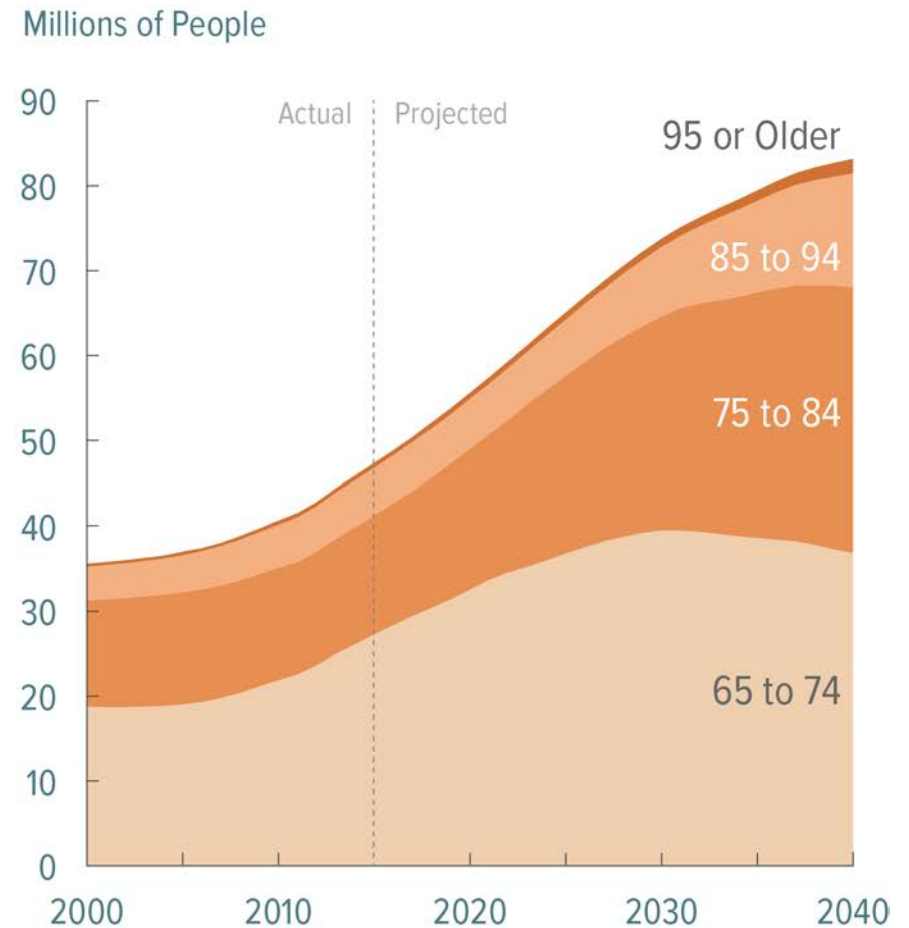
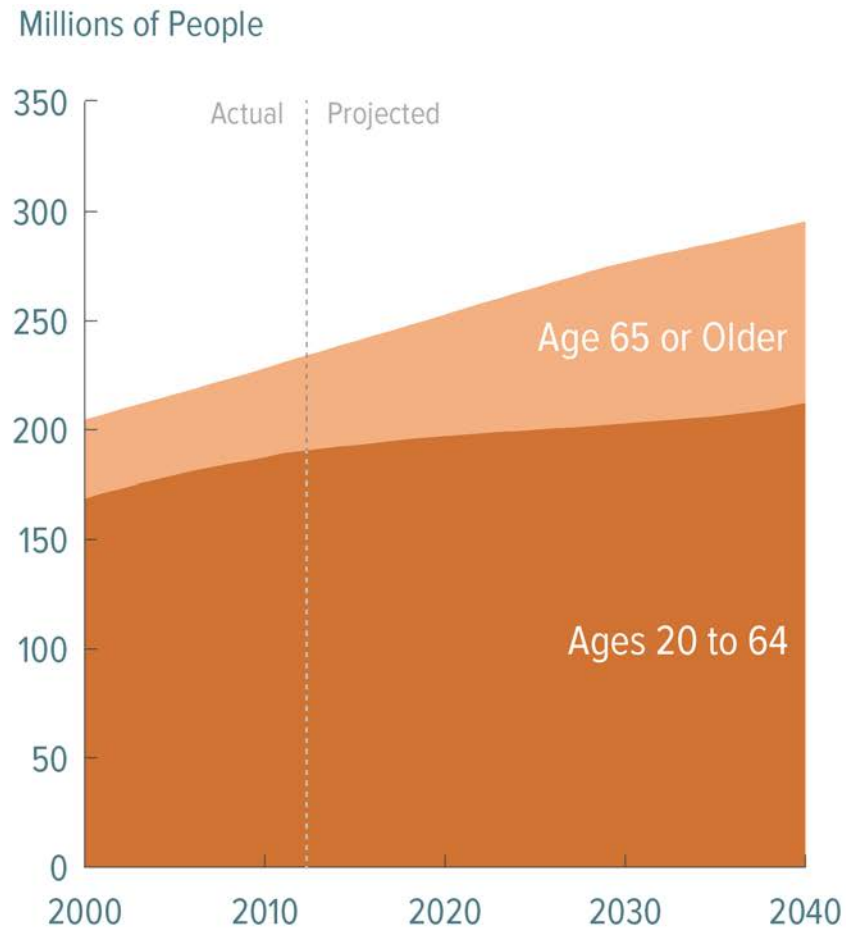
Uncertainty About Projections of Debt

- 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

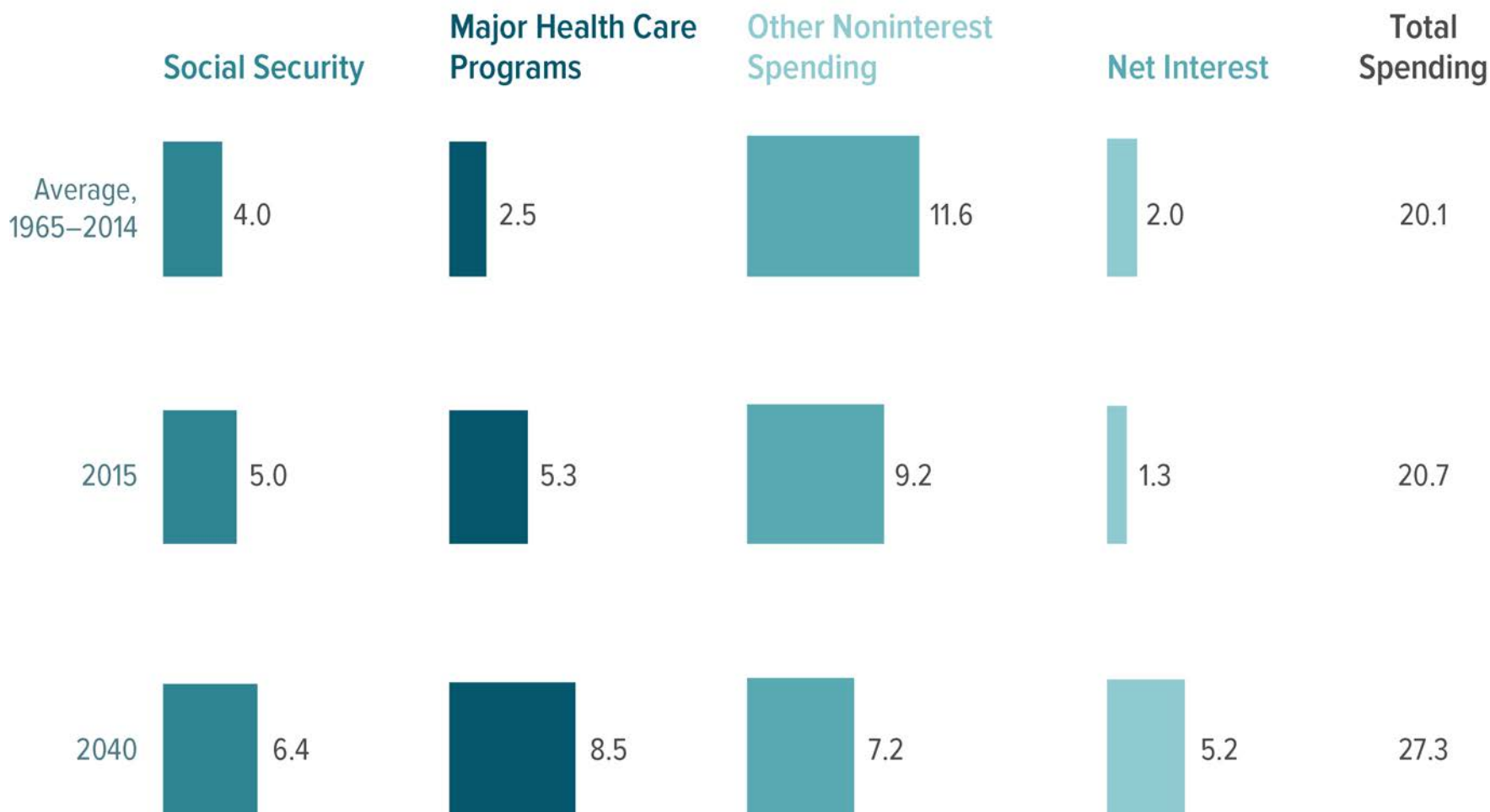


Changes in the Population, by Age Group



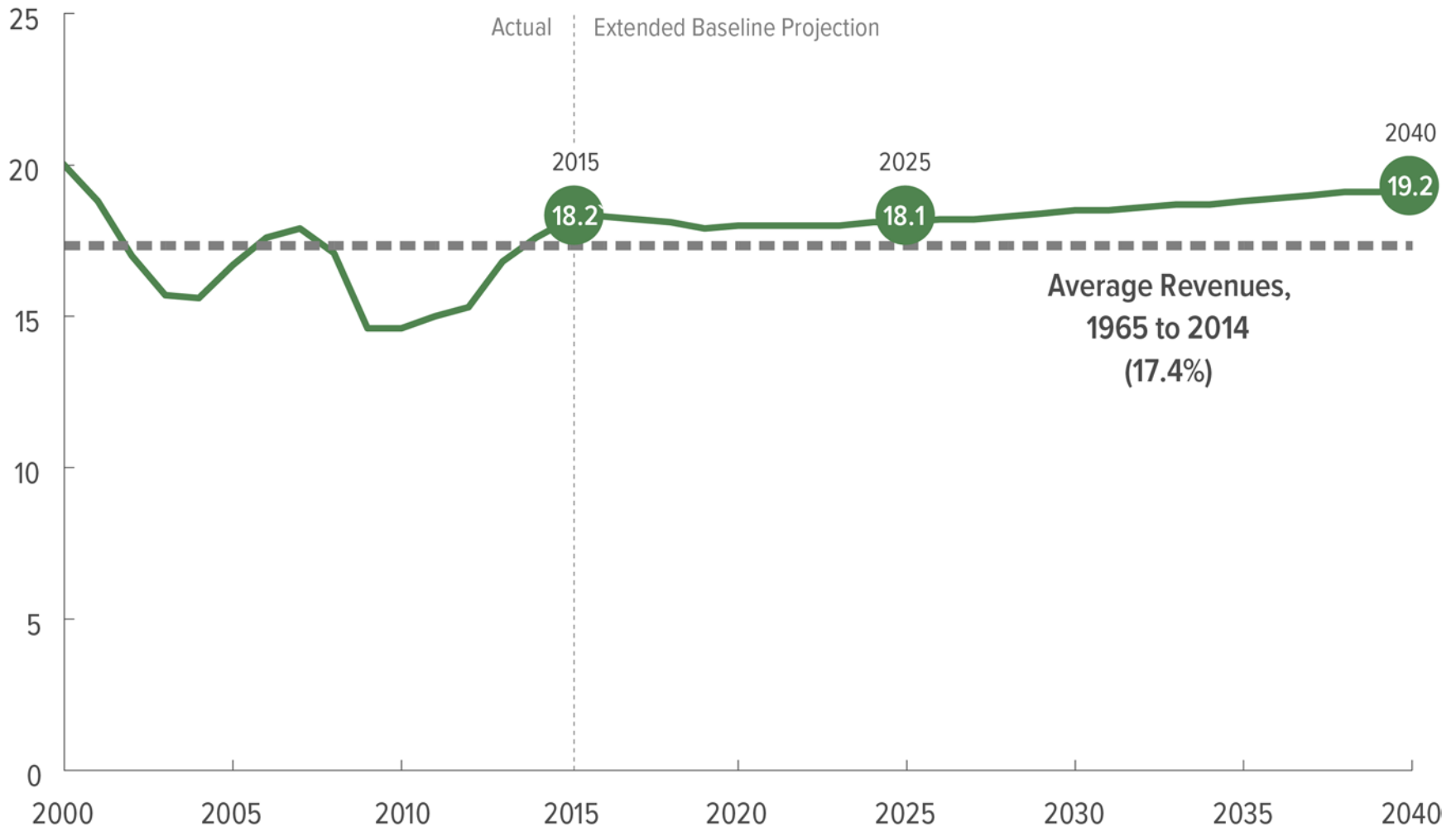
Projected Spending, Compared With Past Averages

Percentage of GDP



Total Revenues

Percentage of GDP



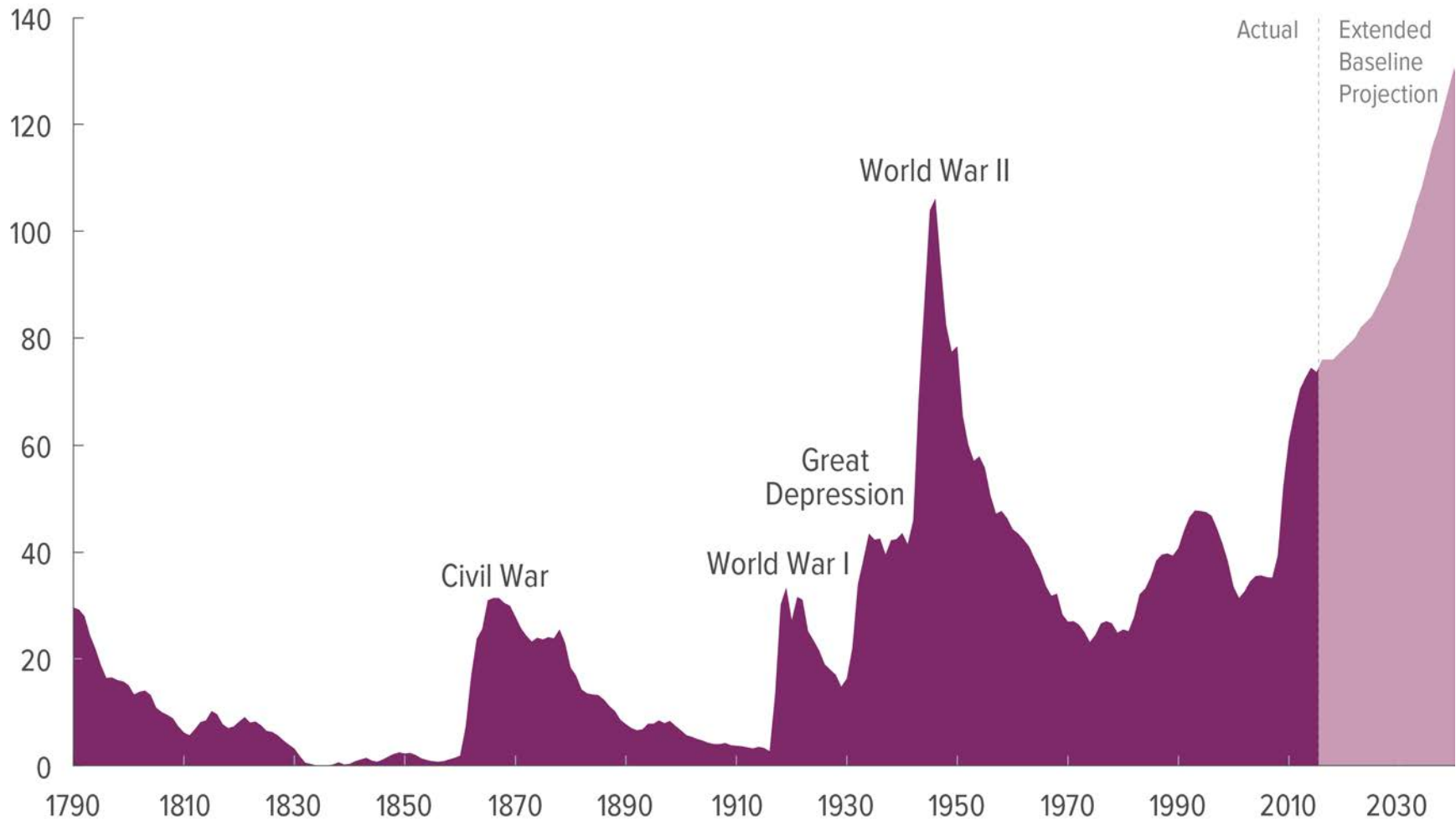
Projected Spending, Revenues, and Deficits, Compared With Past Averages

Percentage of GDP



Federal Debt Held by the Public

Percentage of GDP



A Likely Range for CBO's Projection of Debt

- 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

- 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

