



August 15, 2017

CBO's Budget and Economic Outlook: 2017 to 2027

2017 Annual Conference

National Association of State Auditors, Comptrollers and Treasurers
Nashville, Tennessee

Sam Papenfuss

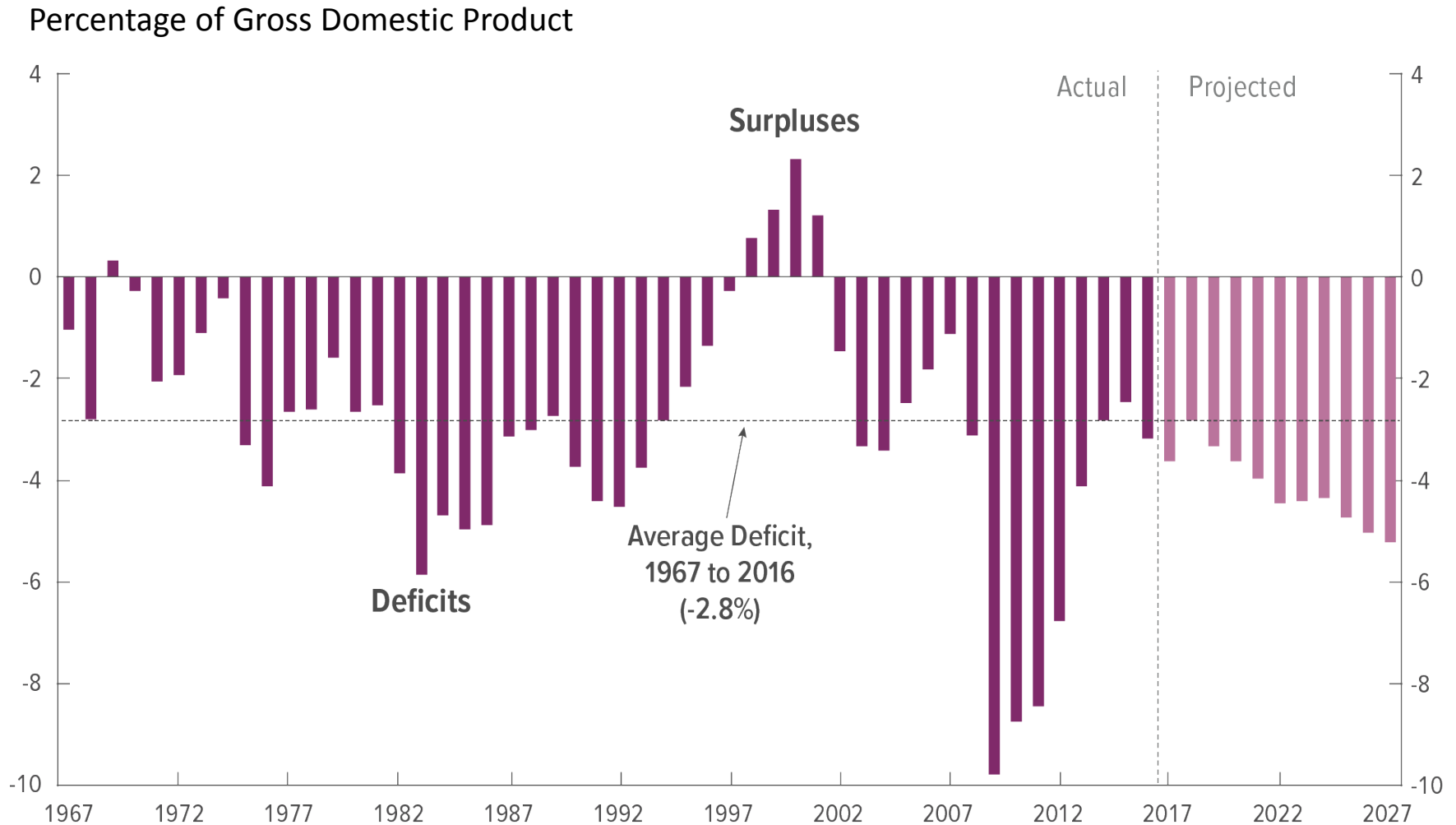
Deputy Assistant Director for Budget Analysis

For more details, see Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2017 to 2027* (June 2017), www.cbo.gov/publication/52801, and *The 2017 Long-Term Budget Outlook* (March 2017), www.cbo.gov/publication/52480.

An Overview of the Budget Outlook

The federal government's annual budget deficit is on a path to grow during the next decade.

Total Deficits or Surpluses



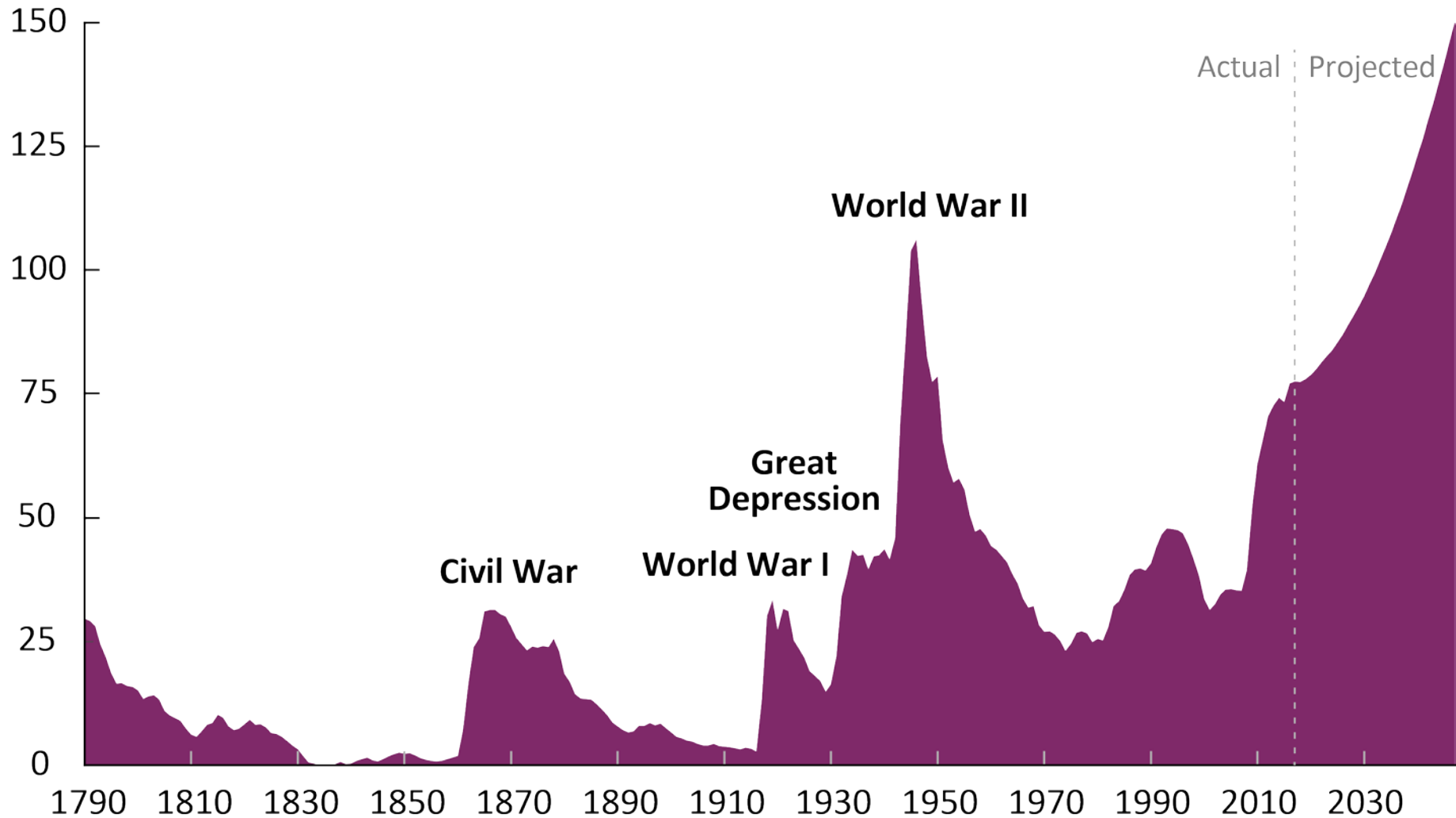
Budget Totals

	Billions of Dollars				Percentage of Gross Domestic Product			
	Actual, 2009	Actual, 2015	2017	2027	Actual, 2009	Actual, 2015	2017	2027
Total Revenues	2,105	3,250	3,315	5,158	14.6	18.2	17.3	18.4
Total Outlays	3,518	3,688	4,008	6,621	24.4	20.6	21.0	23.6
Total Deficit	-1,413	-438	-693	-1,463	-9.8	-2.4	-3.6	-5.2

- In 2009, the deficit equaled the largest percentage of GDP since 1945. It was over \$1 trillion for four years (2009 to 2012).
- In 2015, the deficit was \$438 billion, the smallest amount since the recent recession.
- By 2027, the projected deficit is larger than it was in 2009 in nominal terms, but significantly smaller as a percentage of GDP.

Federal Debt Held by the Public

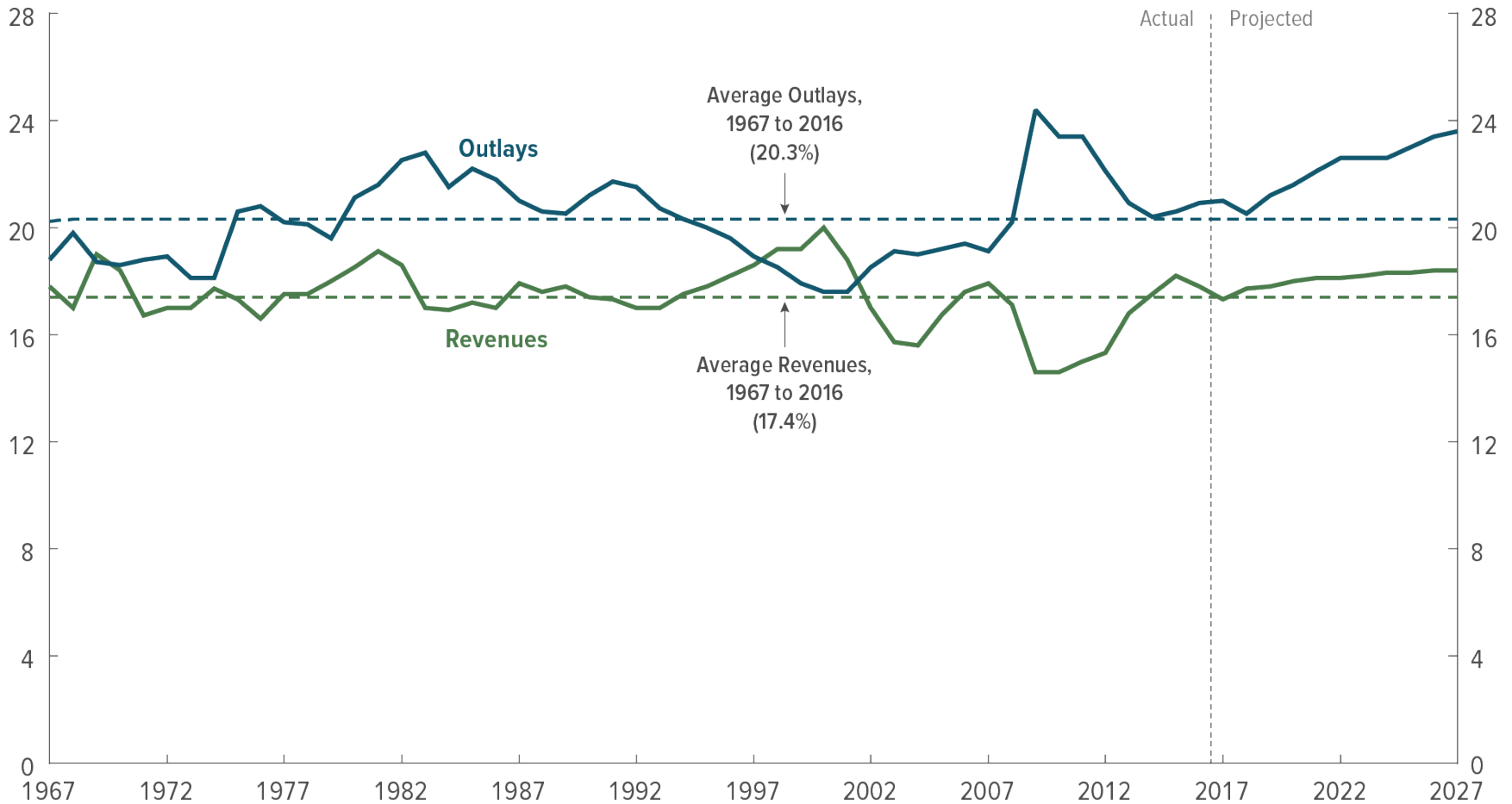
Percentage of Gross Domestic Product



The growing shortfalls would occur mainly because, under current law, growth in revenues would be outpaced by growth in spending for large federal benefit programs (primarily retirement and health care programs targeted to older people) and for interest payments on the federal debt.

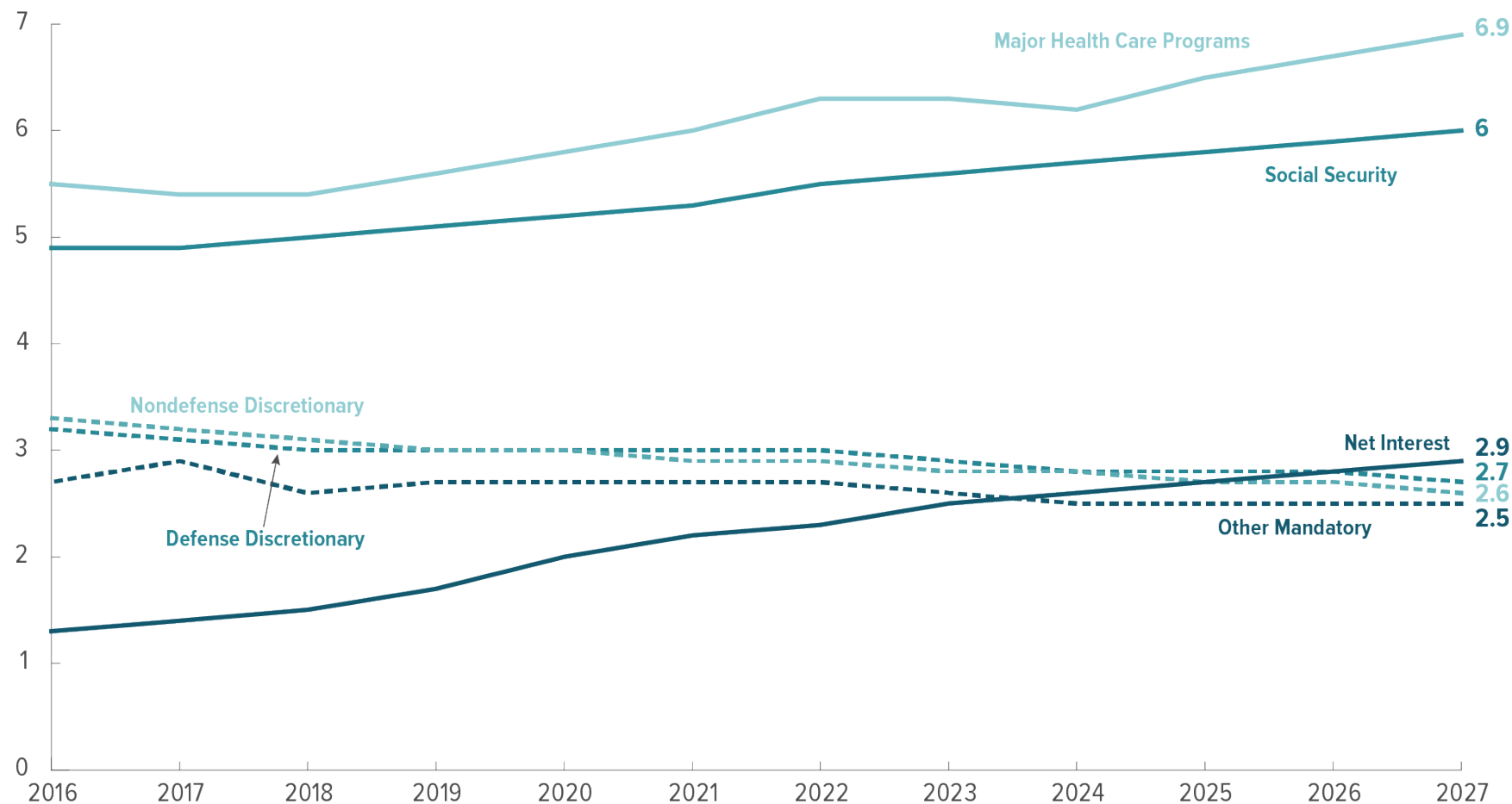
Total Revenues and Outlays

Percentage of Gross Domestic Product

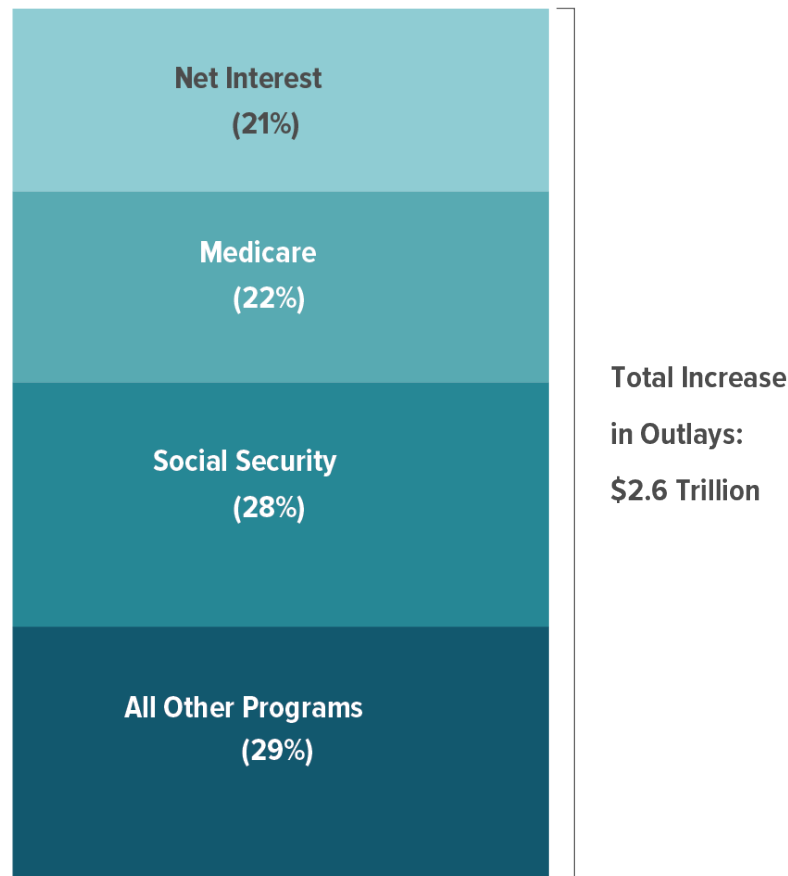


Projected Outlays in Major Budget Categories

Percentage of Gross Domestic Product

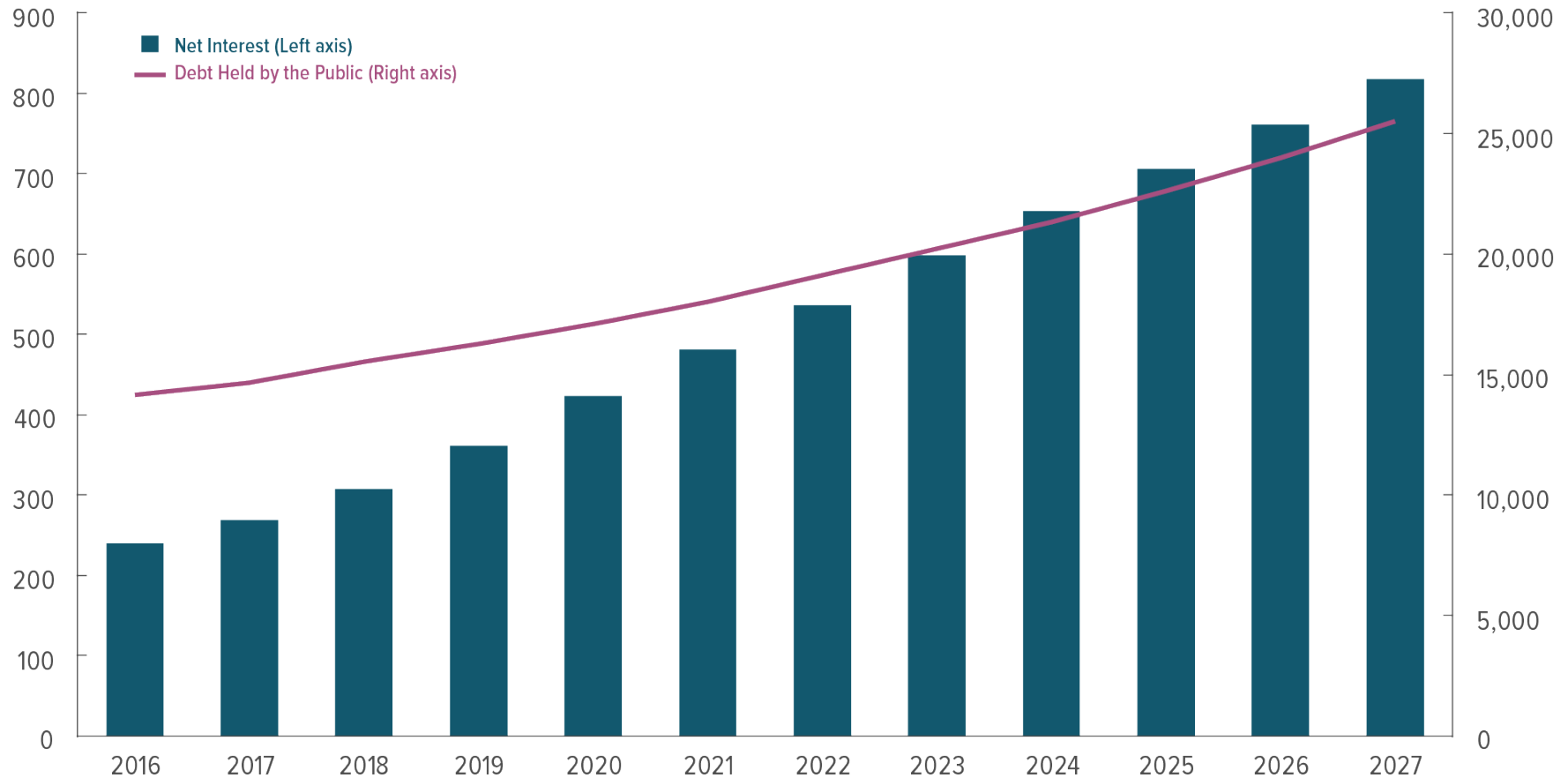


Components of the Total Increase in Outlays in CBO's Baseline Between 2017 and 2027



Projected Debt Held by the Public and Net Interest

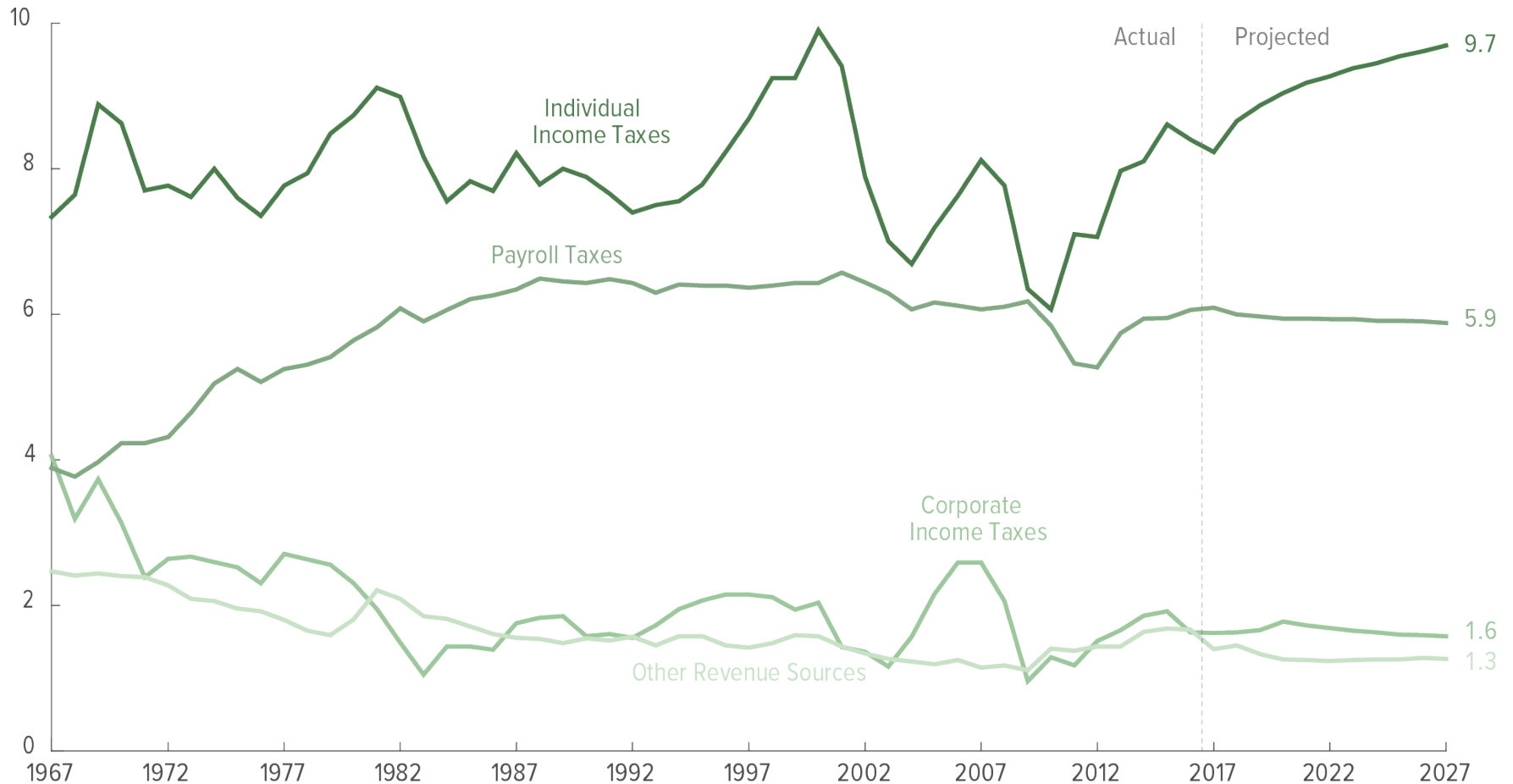
Billions of Dollars



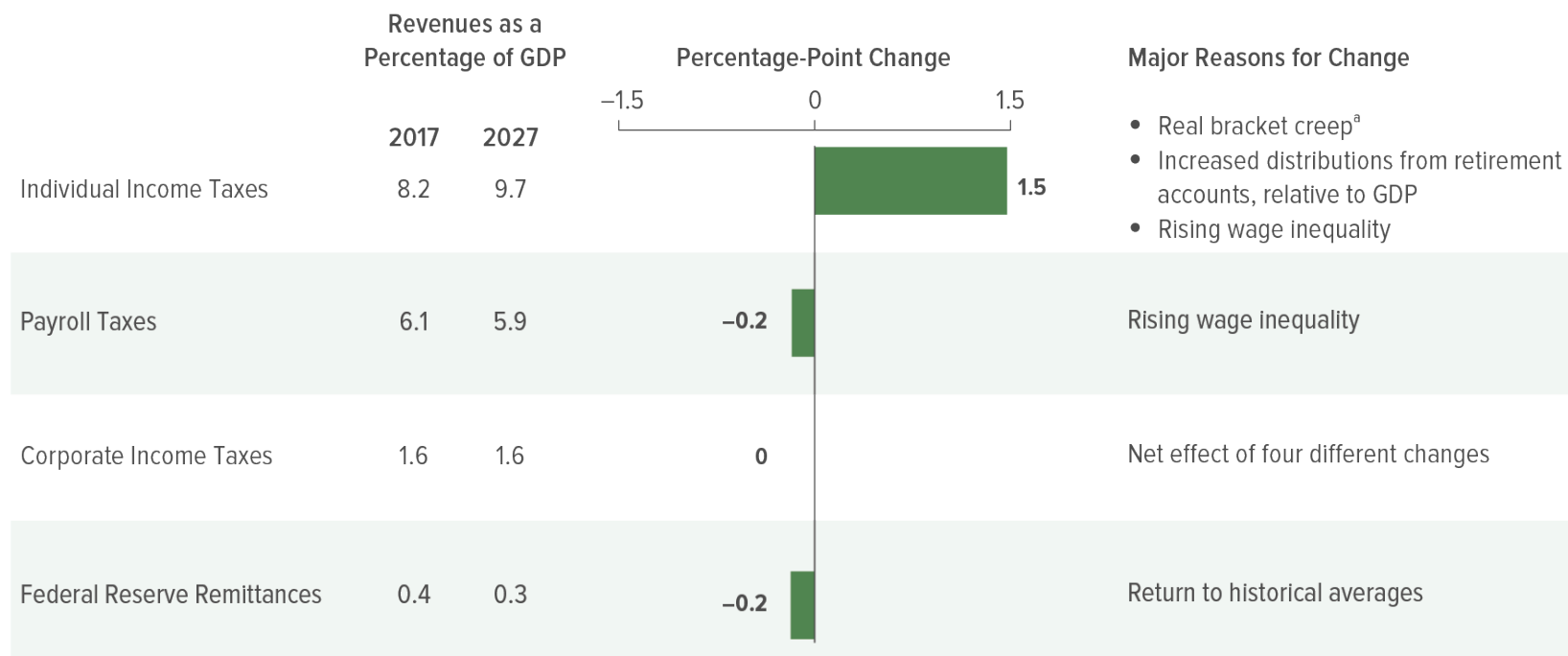
Federal revenues would also increase if current laws remained generally unchanged, but they would increase much more slowly than federal spending.

Revenues, by Major Source

Percentage of Gross Domestic Product

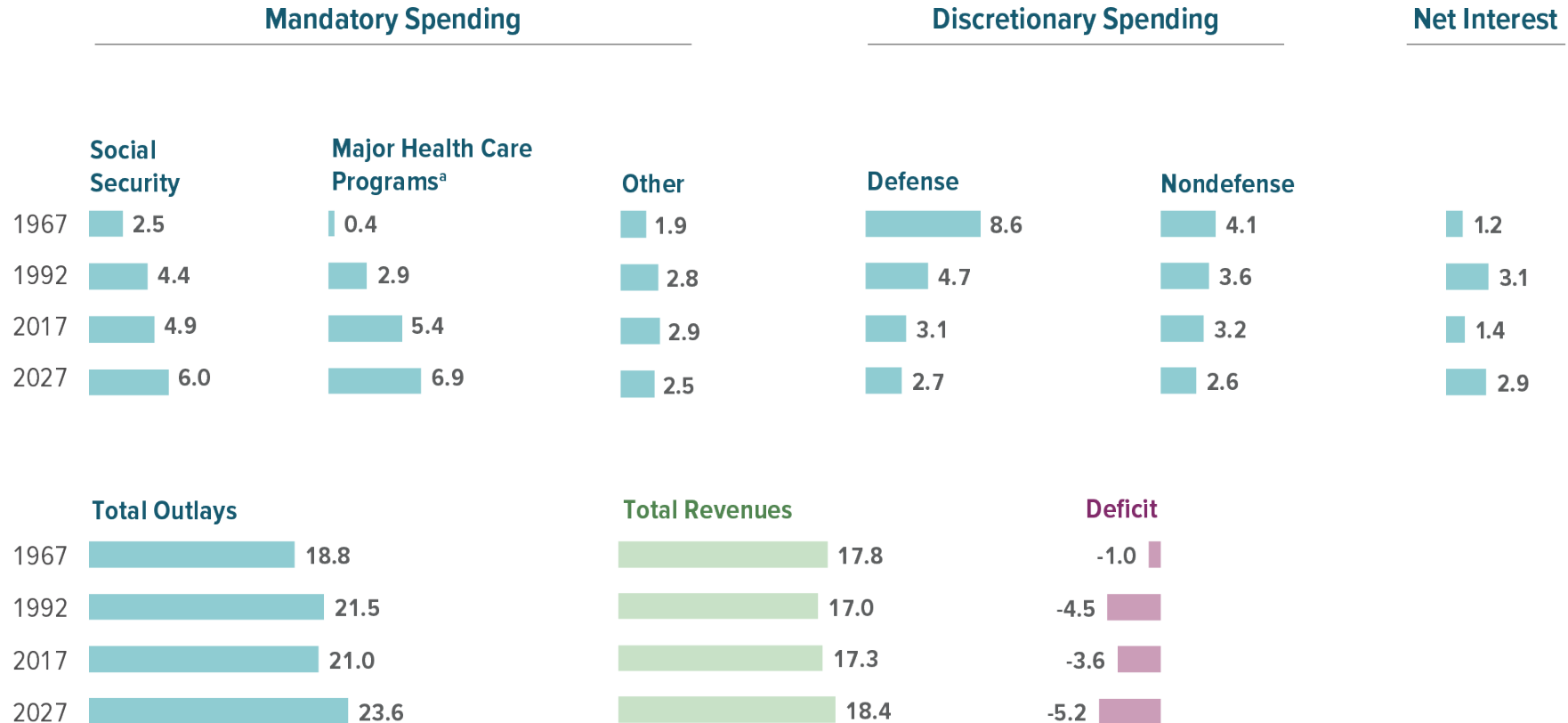


Major Changes in Projected Revenues From 2017 to 2027



Spending and Revenues Projected in CBO's Baseline, Compared With Actual Values in 1967 and 1992

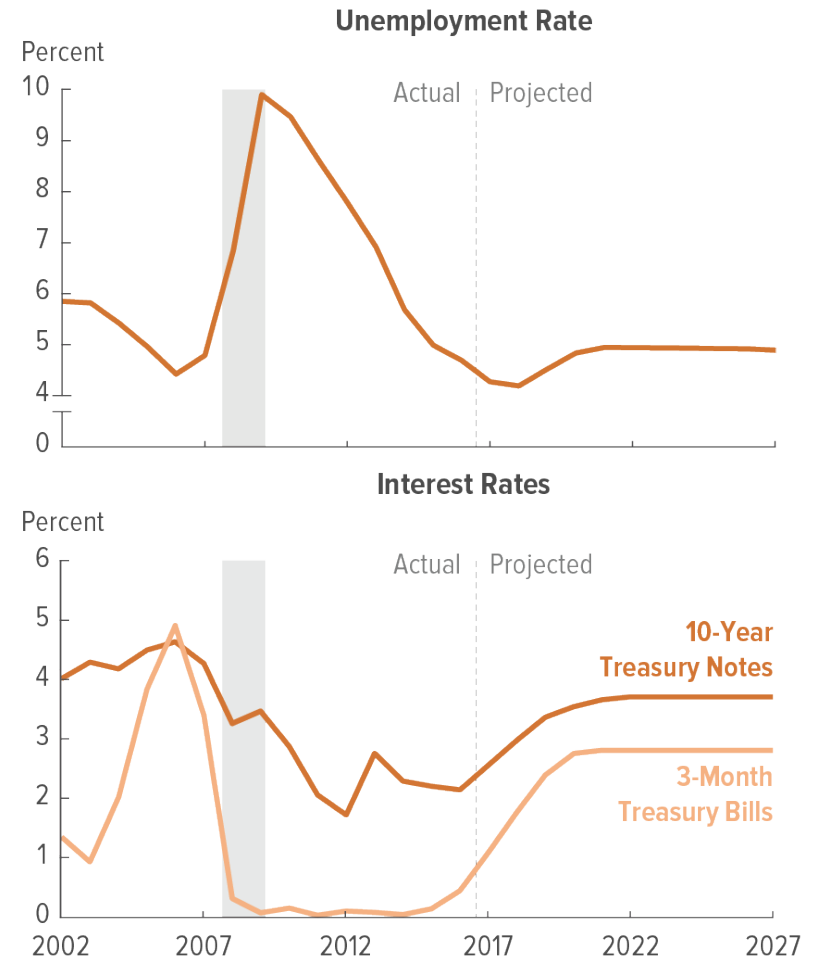
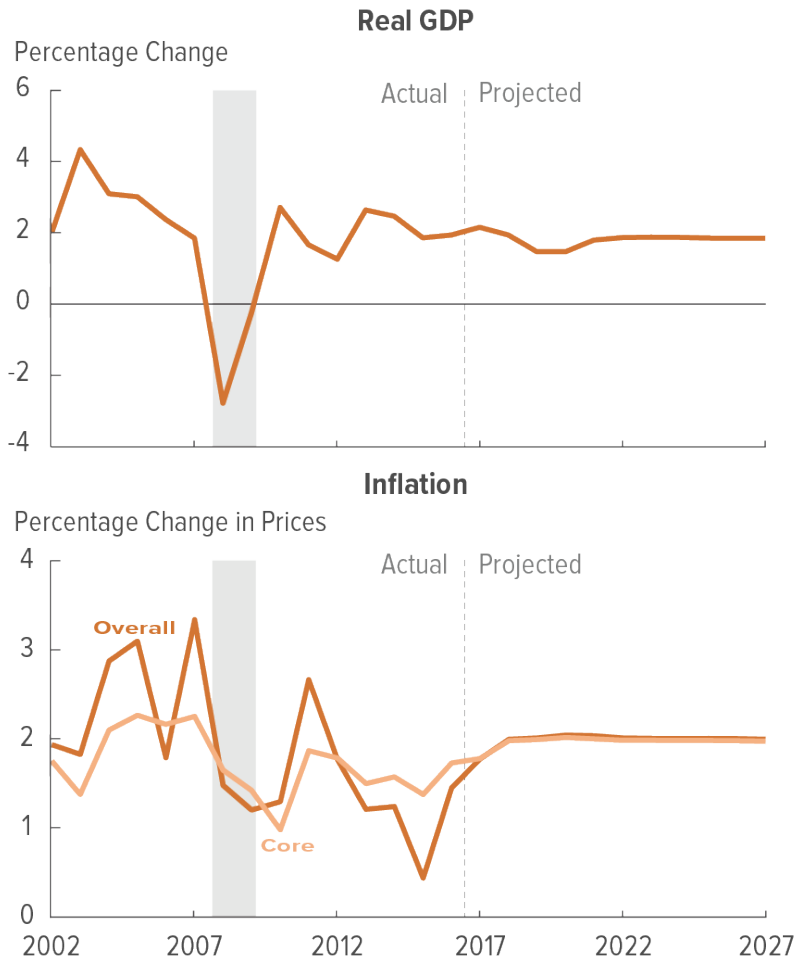
Percentage of Gross Domestic Product



An Overview of the Economic Outlook

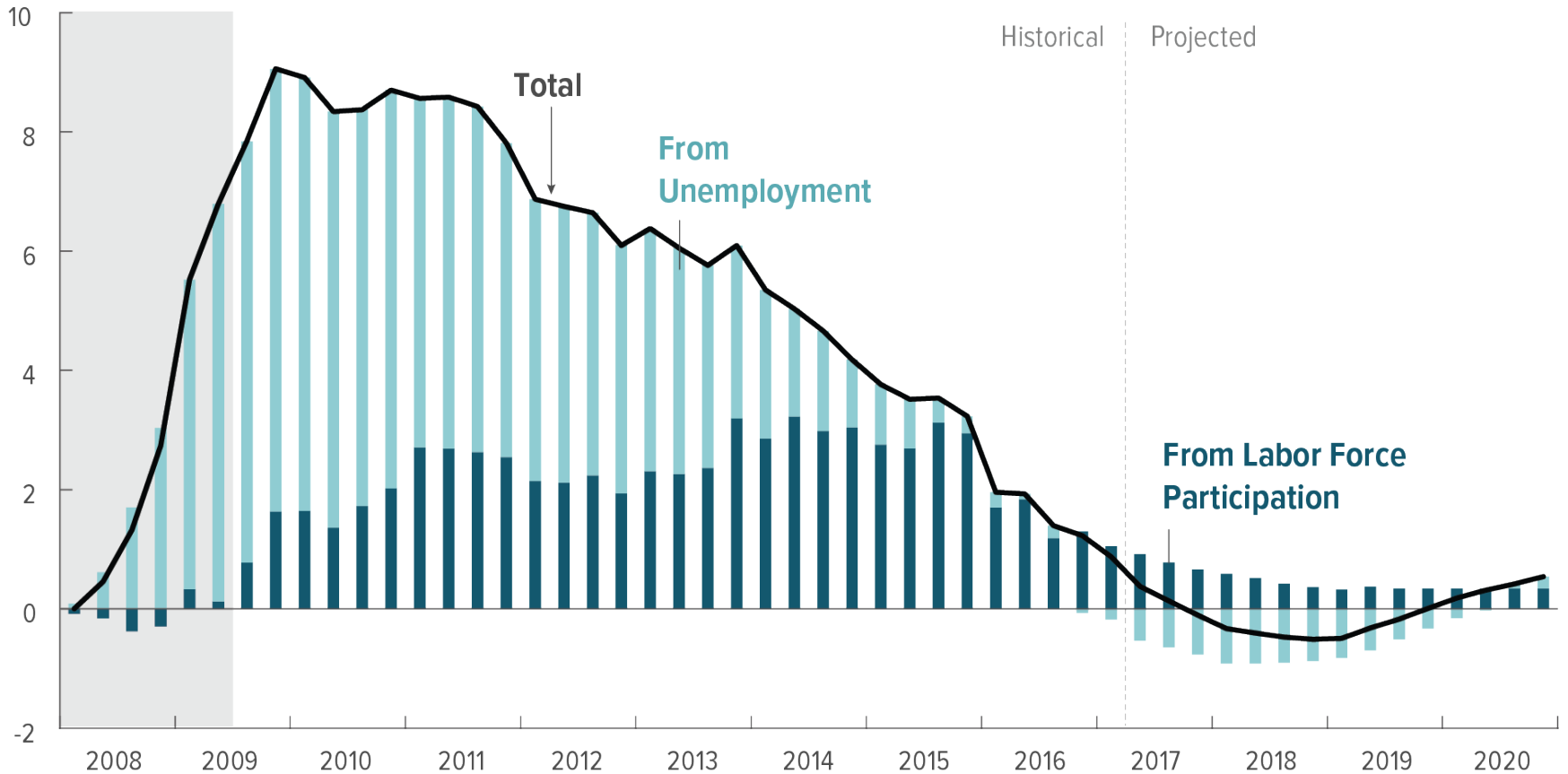
CBO projects that the economy will expand through 2018 at a pace that leads to further tightening of the labor market. As the amount of unused productive resources in the economy shrinks, inflation and interest rates are projected to rise.

Key Economic Indicators



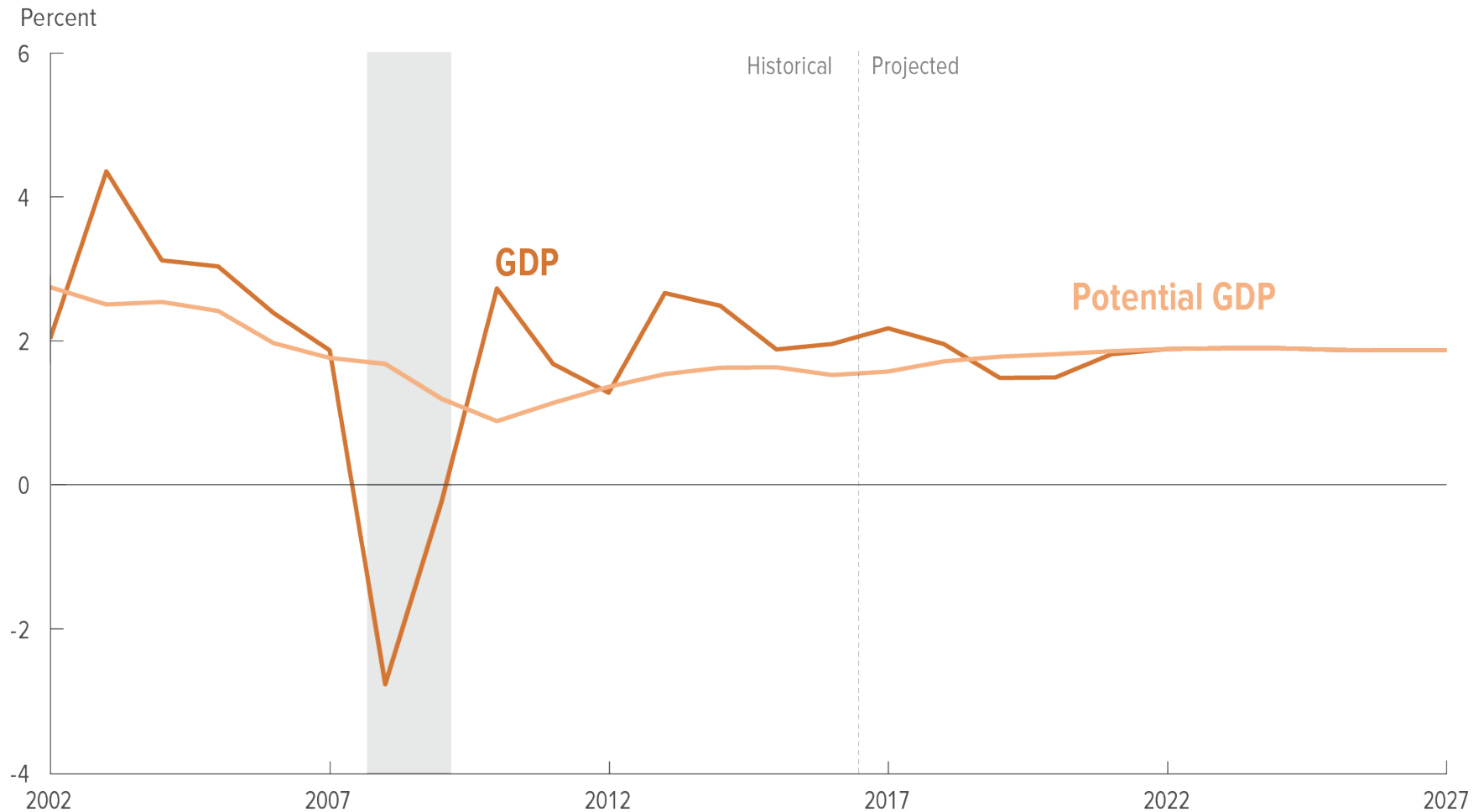
The Employment Shortfall

Millions of People



From 2021 on, real GDP is projected to grow at an average annual rate of 1.9 percent, the same rate that CBO estimates for potential output.

Growth of Real GDP and Real Potential GDP



CBO's estimates represent the midpoint in the range of outcomes that the agency deems most probable—generally so that the chances of being too high or too low are about the same.

Comparison of CBO's Economic Projections With Those From the *Blue Chip* Survey

Percent

