



# The Budget Outlook for 2019 to 2029 in 16 slides

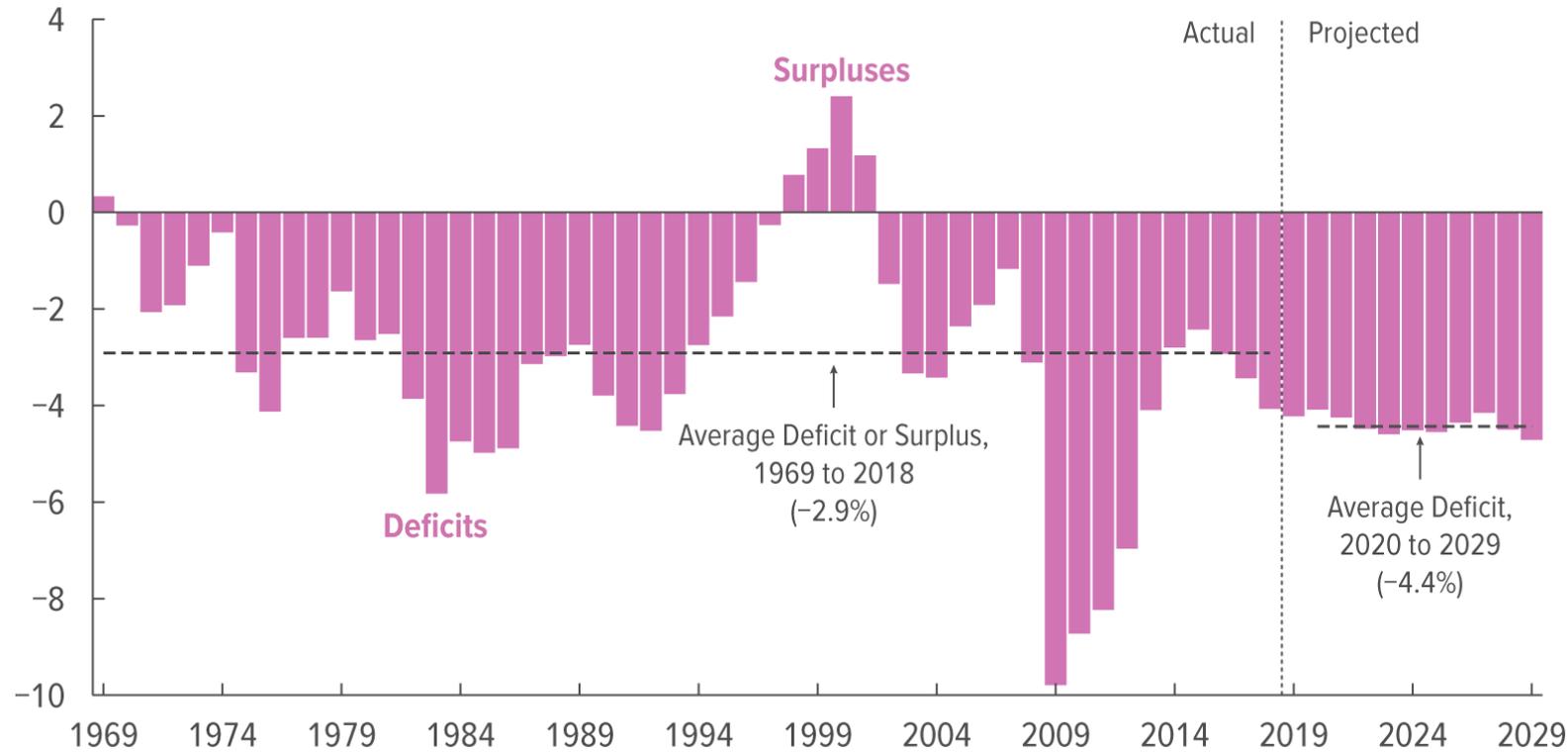
March 2019

# Deficits

CBO projects a 2019 deficit of about \$900 billion for the federal budget, equaling 4.2 percent of gross domestic product (GDP).

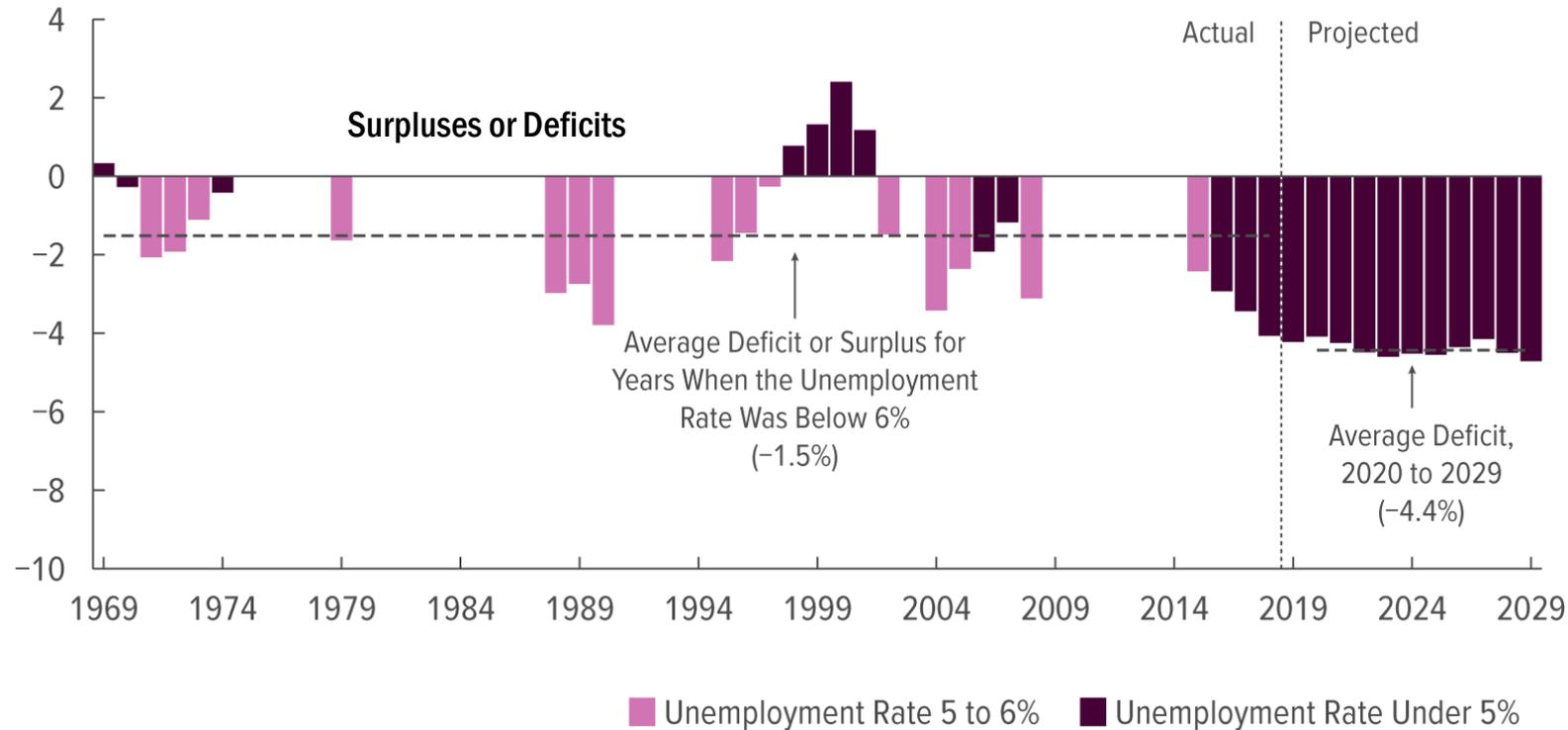
In CBO's projections, which incorporate the assumption that current laws governing taxes and spending generally remain unchanged, the shortfall (adjusted to exclude the effects of shifts in the timing of certain payments) grows to 4.7 percent of GDP in 2029.

Percentage of Gross Domestic Product



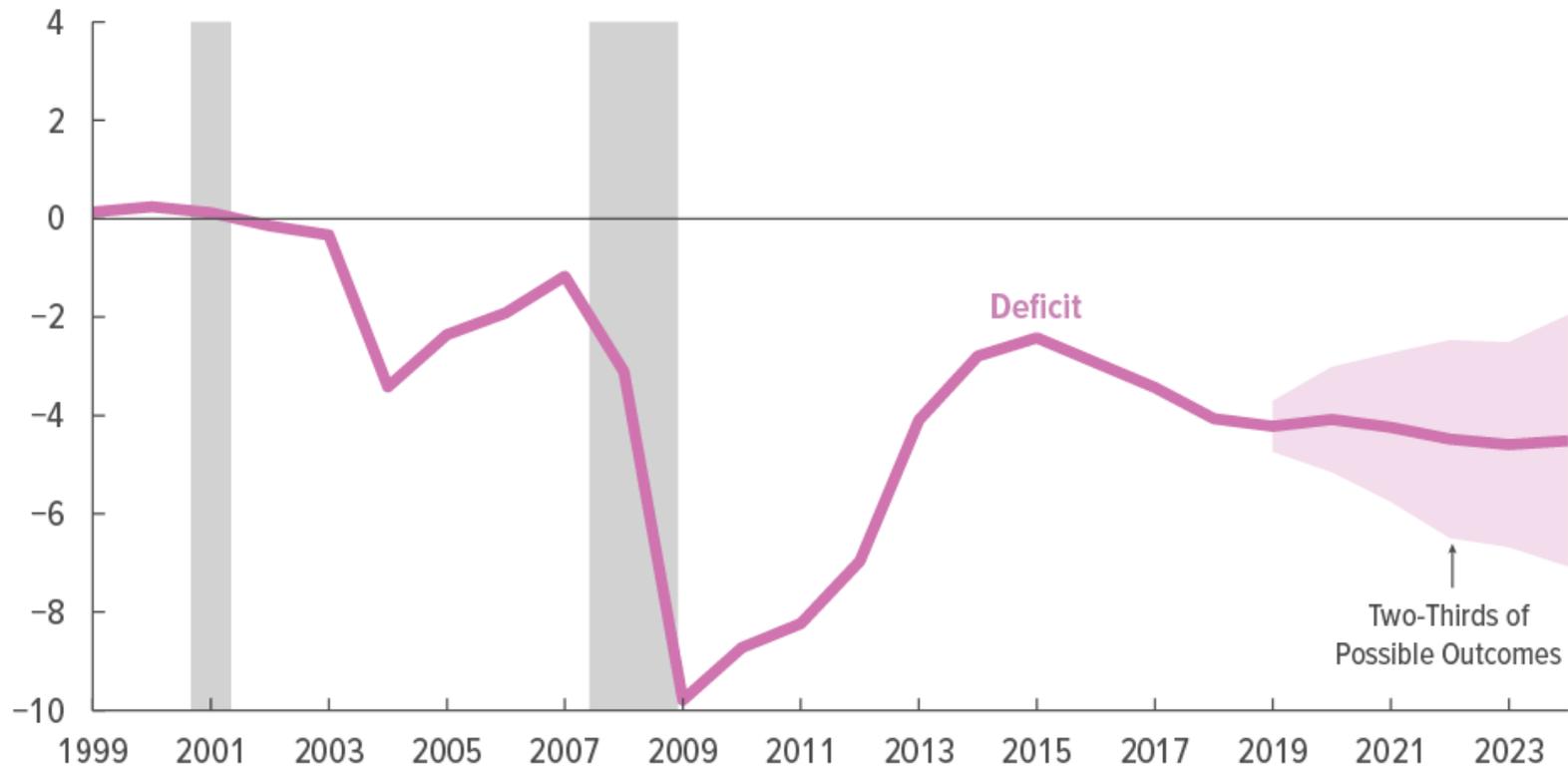
Over the 2020–2029 period, deficits are projected to average 4.4 percent of GDP, totaling \$11.6 trillion. Such deficits would be significantly larger than the 2.9 percent of GDP that deficits averaged over the past 50 years.

## Percentage of Gross Domestic Product



In 27 of the past 50 fiscal years, the unemployment rate has been below 6 percent. Deficits in those years averaged 1.5 percent of GDP. Although the unemployment rate remains below 5 percent between 2020 and 2029 in CBO's projections, deficits in those years average 4.4 percent of GDP.

Percentage of Gross Domestic Product



CBO estimates that there is a roughly two-thirds chance that by 2024, the deficit as a share of GDP would be 2.6 percentage points smaller or larger than the agency projects.

# Debt

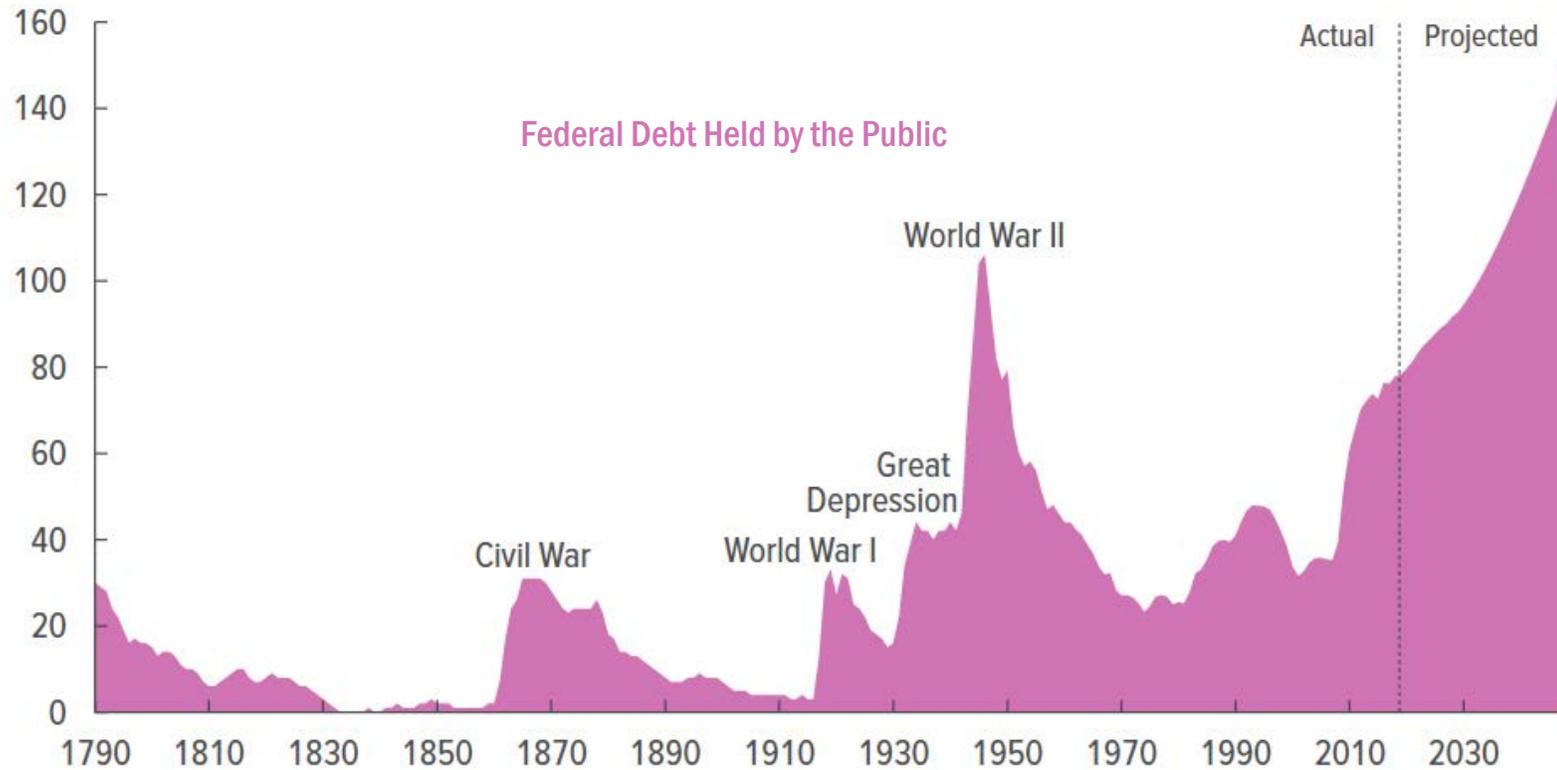
Federal debt held by the public is projected to reach \$16.6 trillion at the end of 2019.

That amount would equal 78 percent of GDP—nearly twice its average over the past 50 years.

Debt is estimated to reach \$28.7 trillion, or 93 percent of GDP, by 2029, a larger amount than at any time since just after World War II.

It would continue to grow after 2029, reaching about 150 percent of GDP by 2049 if current law generally remained unchanged.

Percentage of Gross Domestic Product



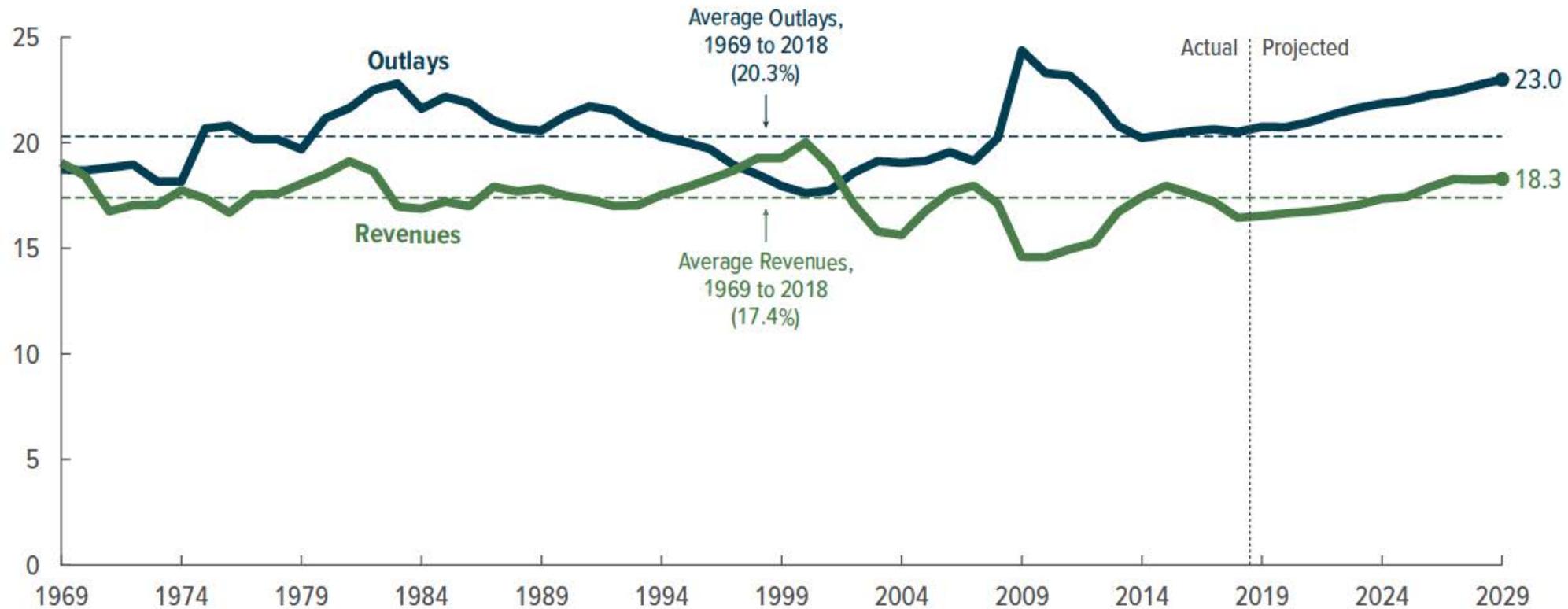
High and rising federal debt would reduce national saving and income, boost the government's interest payments, limit lawmakers' ability to respond to unforeseen events, and increase the likelihood of a fiscal crisis.

## Revenues and Outlays

In CBO's baseline projections, revenues total \$3.5 trillion in 2019, or 16.5 percent of GDP. They rise to 18.3 percent of GDP in 2029. Over the past 50 years, revenues averaged 17.4 percent of GDP.

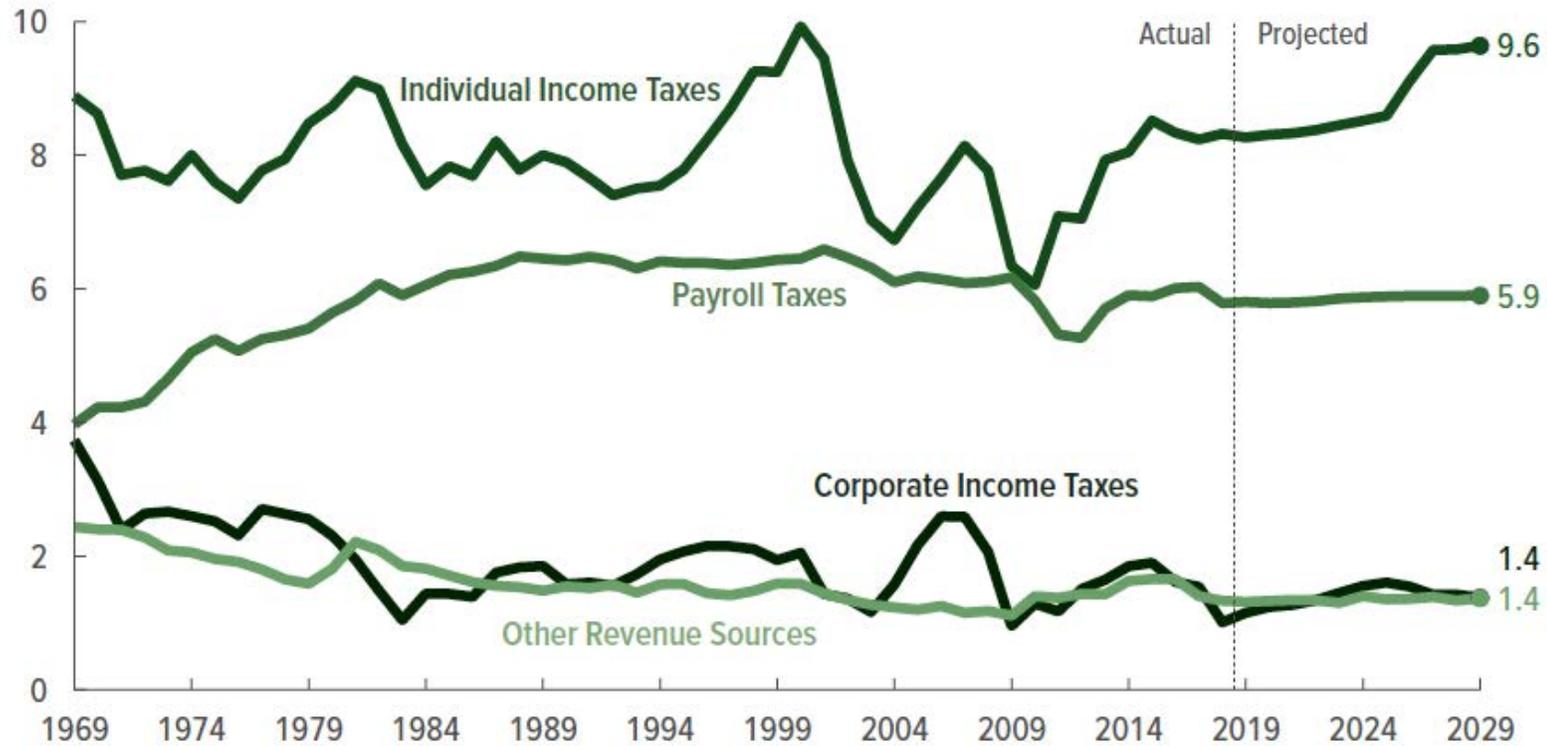
In 2019, outlays in CBO's baseline projections total \$4.4 trillion, or 20.8 percent of GDP. They rise to 23.0 percent of GDP in 2029 (after an adjustment to exclude the effects of certain timing shifts). Over the past 50 years, outlays averaged 20.3 percent of GDP.

Percentage of Gross Domestic Product



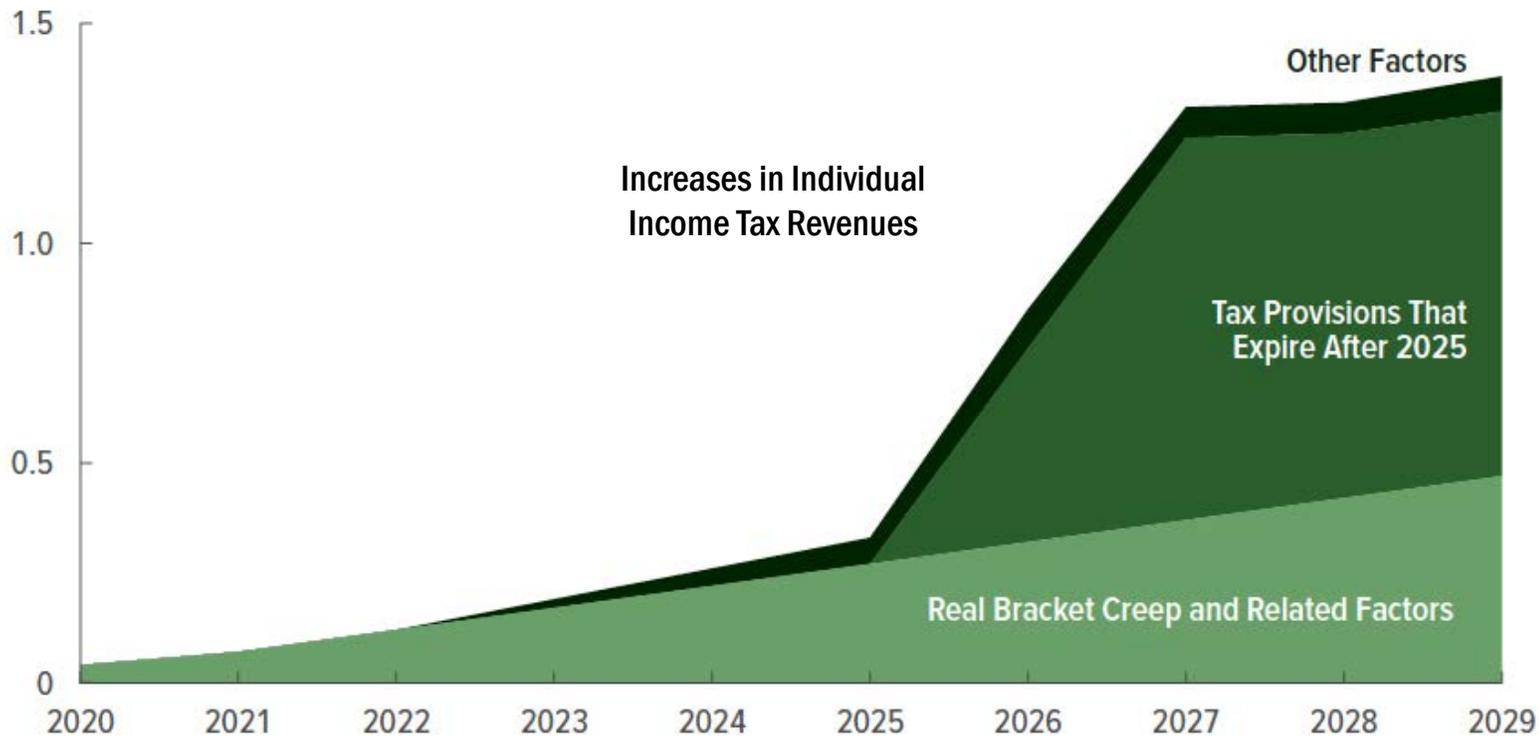
Deficits are projected to be substantial through 2029 because of the persistent gap between revenues and outlays.

Percentage of Gross Domestic Product



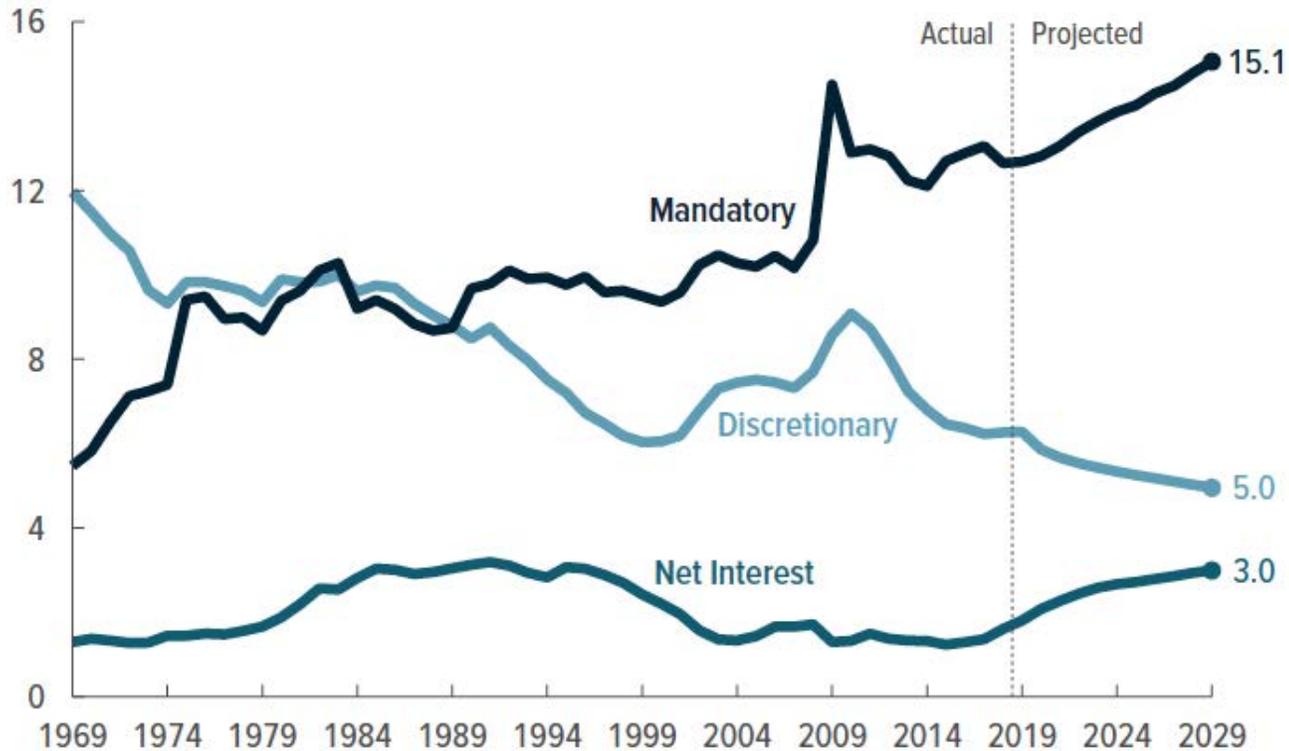
Total revenues as a share of GDP are projected to rise, largely because of increases in individual income taxes.

Percentage of Gross Domestic Product



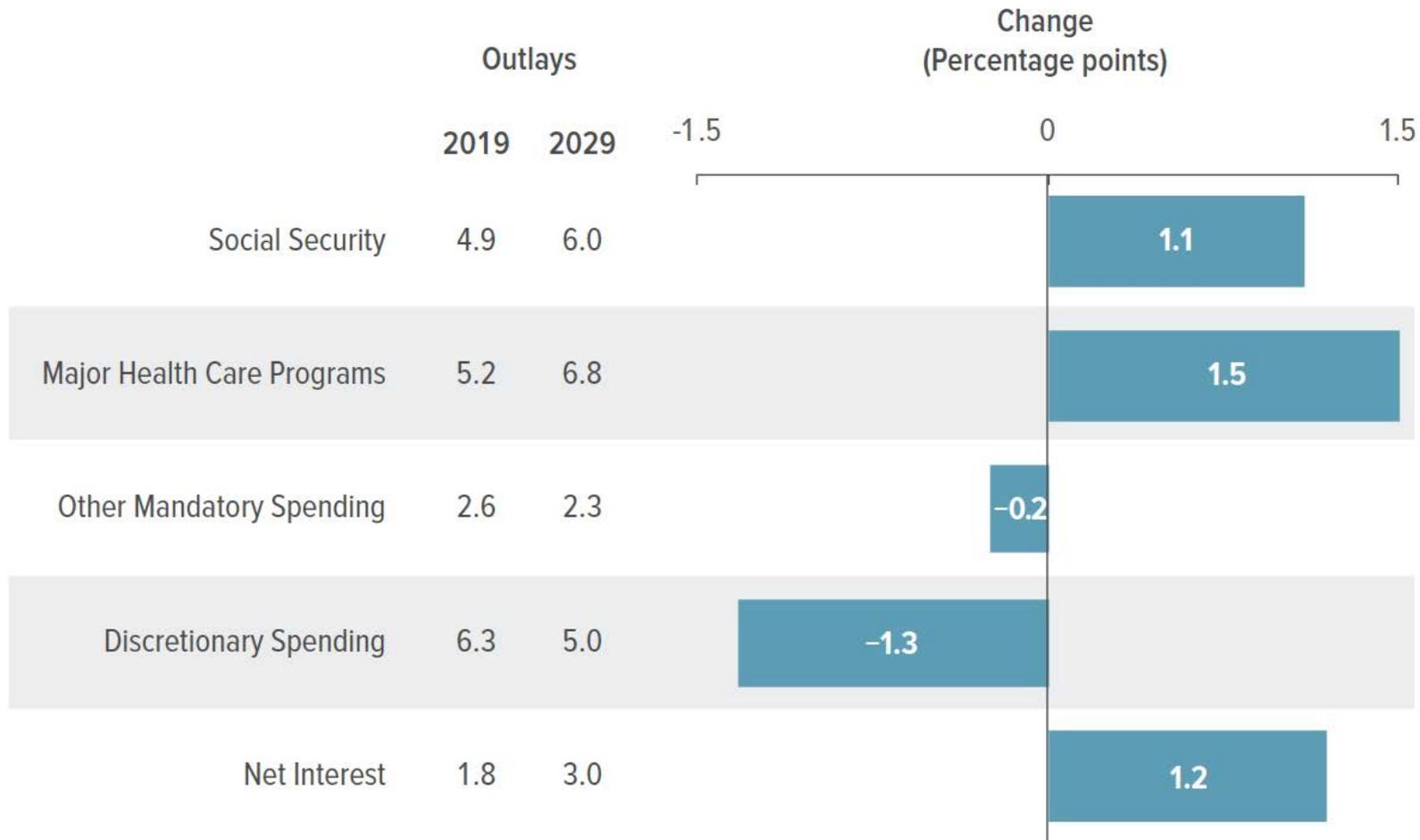
Individual income tax revenues are projected to rise sharply following the expiration of certain temporary provisions of the 2017 tax act at the end of 2025.

Percentage of Gross Domestic Product



Increases in projected outlays stem from growth in mandatory spending (particularly for Social Security and Medicare) and in net interest costs.

## Percentage of Gross Domestic Product



The aging of the population and rising cost of health care drive the increase in outlays for programs that provide benefits to the elderly.

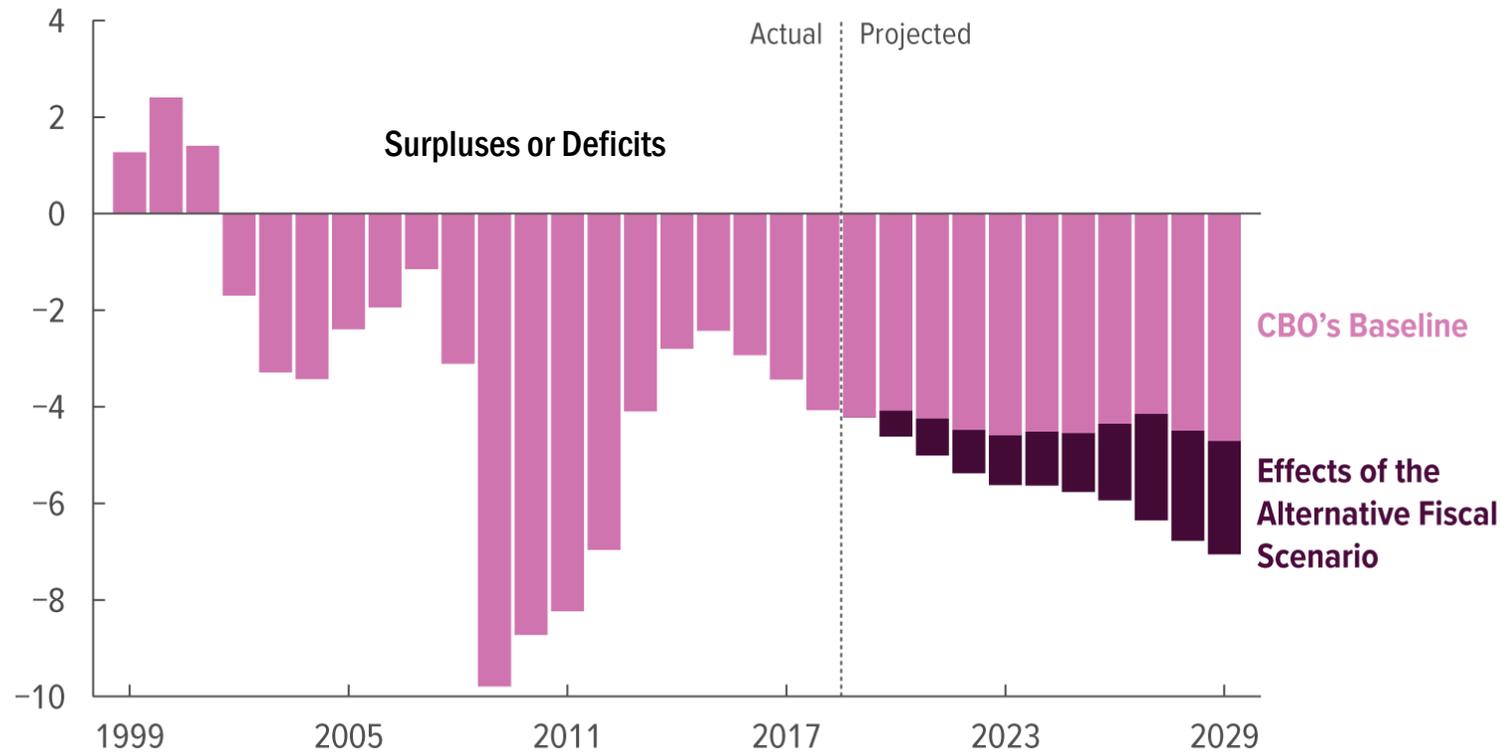
Outlays for discretionary programs fall relative to GDP because of caps on funding and because rates of inflation, which are used to project future funding, are lower than the rate of nominal GDP growth.

Net interest costs rise sharply because of accumulating debt and rising interest rates.

# Estimated Budgetary Outcomes Under Alternative Assumptions About Fiscal Policy

In addition to its projections of outcomes under current law, CBO analyzed an alternative fiscal scenario in which major policies that are currently in place but are scheduled to change would instead be maintained.

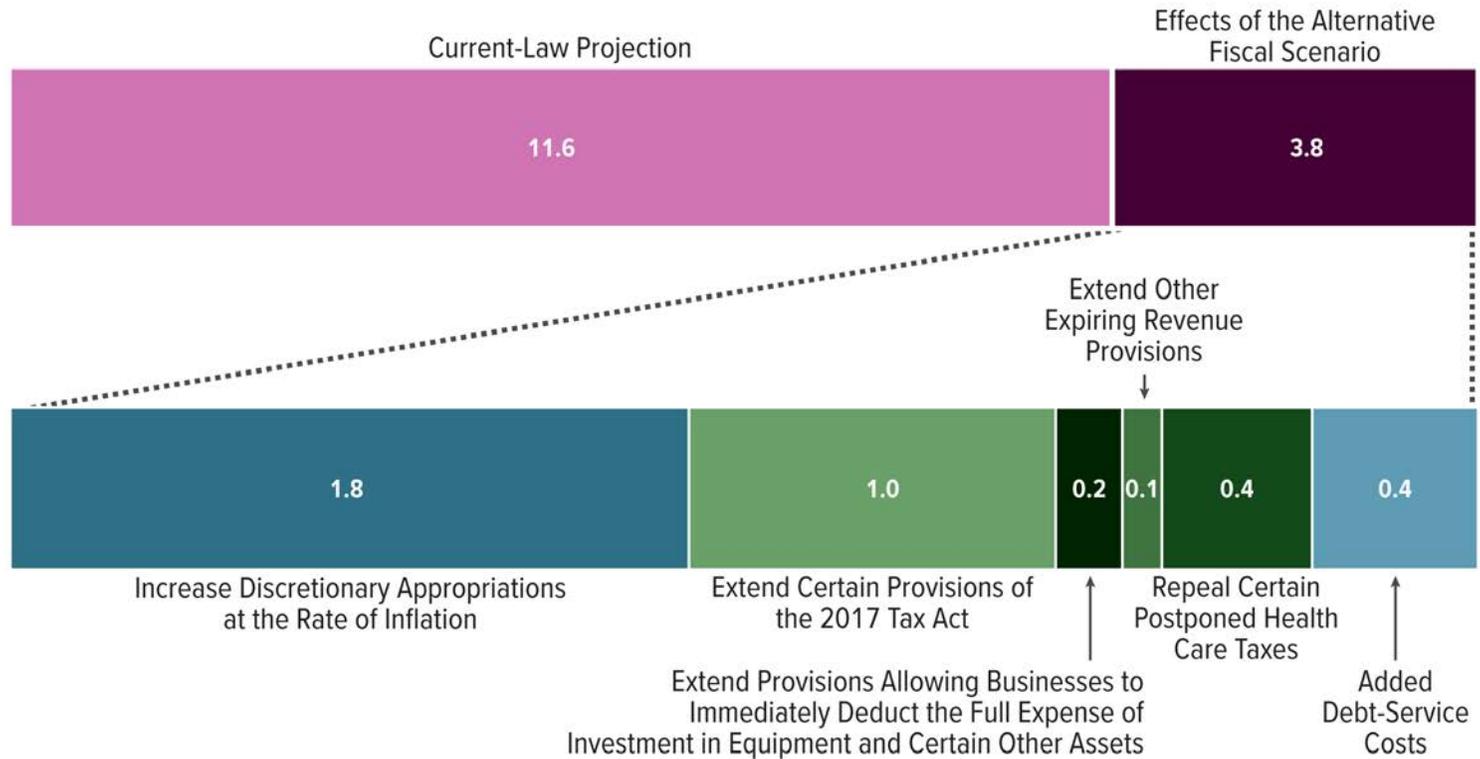
Percentage of Gross Domestic Product



In the alternative fiscal scenario, substantial tax increases and discretionary spending cuts would not take place as scheduled.

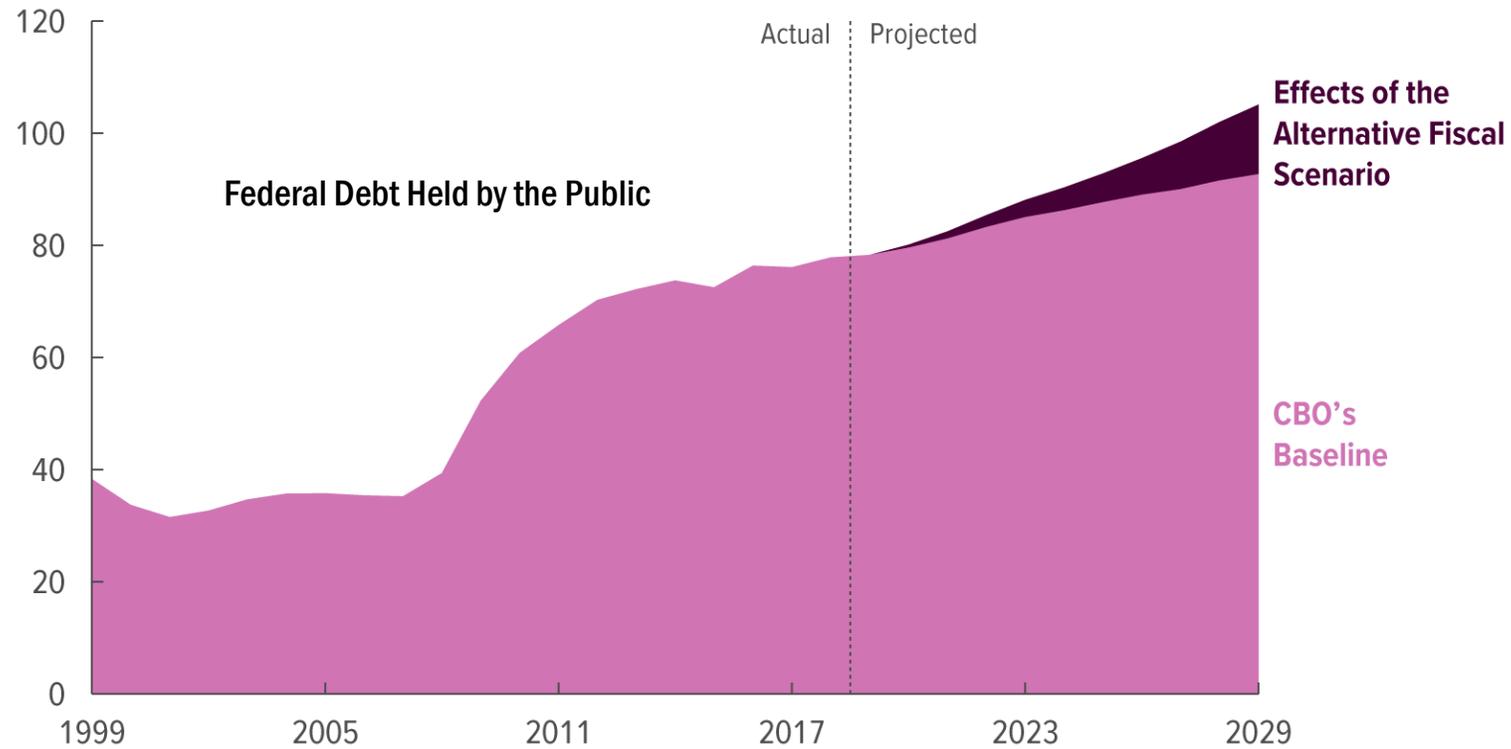
Under that scenario, deficits as a percentage of GDP would be an average of 1.4 percentage points larger than they are in CBO's baseline over the 2020–2029 period.

**Projected Deficits, 2020 to 2029**  
Trillions of Dollars



Over the 2020–2029 period, deficits would be larger by a total of \$3.8 trillion (including debt-service costs) under the alternative fiscal scenario.

Percentage of Gross Domestic Product



Under the alternative fiscal scenario, by 2028, debt held by the public would exceed the country's GDP for the first time since 1946.

## About This Document

For more details about CBO's budget projections as well as the agency's most recent economic forecast, see *The Budget and Economic Outlook: 2019 to 2029* (January 2019), [www.cbo.gov/publication/54918](https://www.cbo.gov/publication/54918). That report was the result of work by many analysts at CBO.