



CONGRESSIONAL BUDGET OFFICE

The Budget Outlook for 2020 to 2030 in 13 slides

January 2020

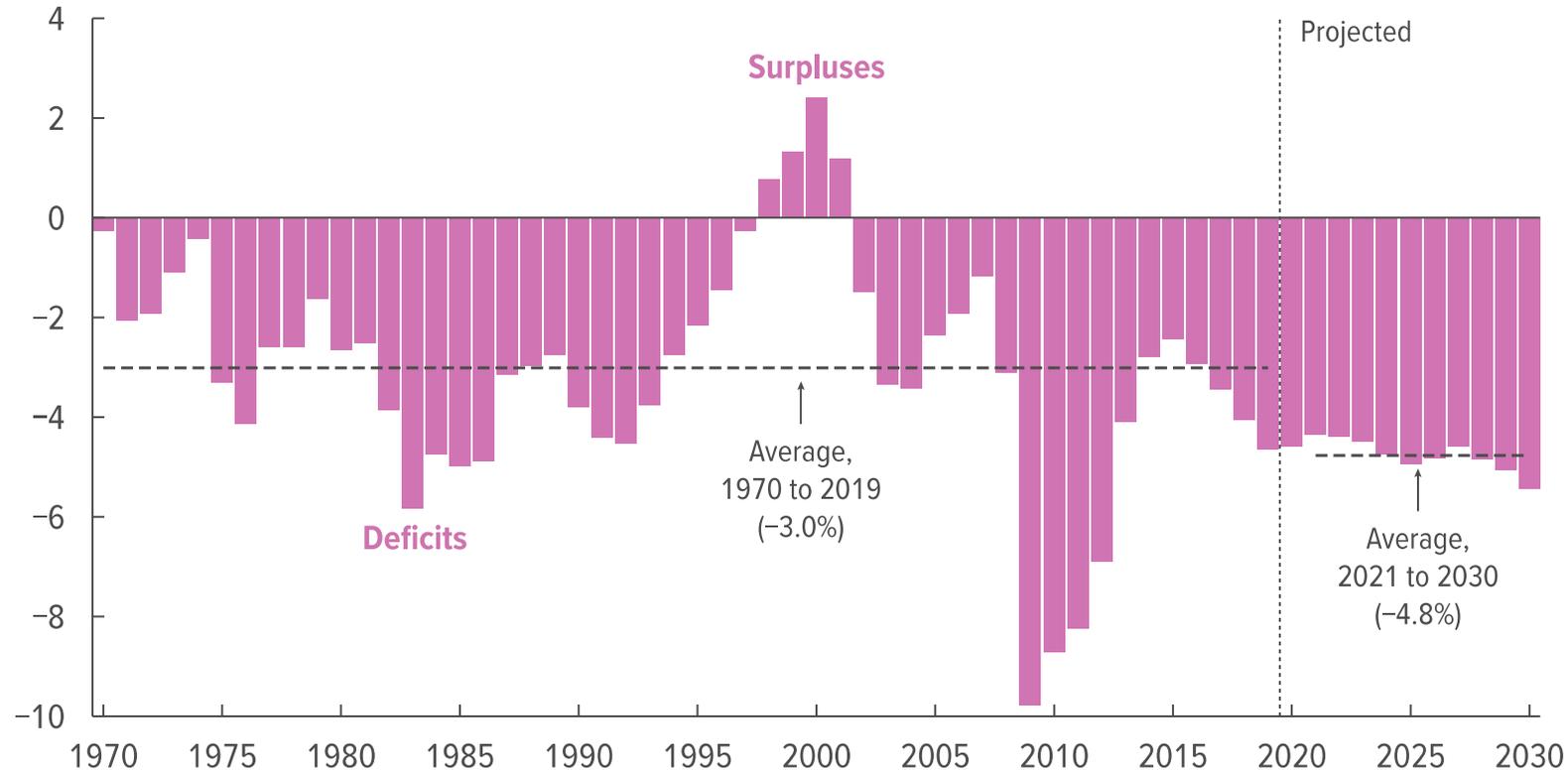
Deficits

In CBO's projections, the federal budget deficit is \$1.0 trillion in 2020 and averages \$1.3 trillion between 2021 and 2030.

Projected deficits rise from 4.6 percent of gross domestic product (GDP) in 2020 to 5.4 percent in 2030.

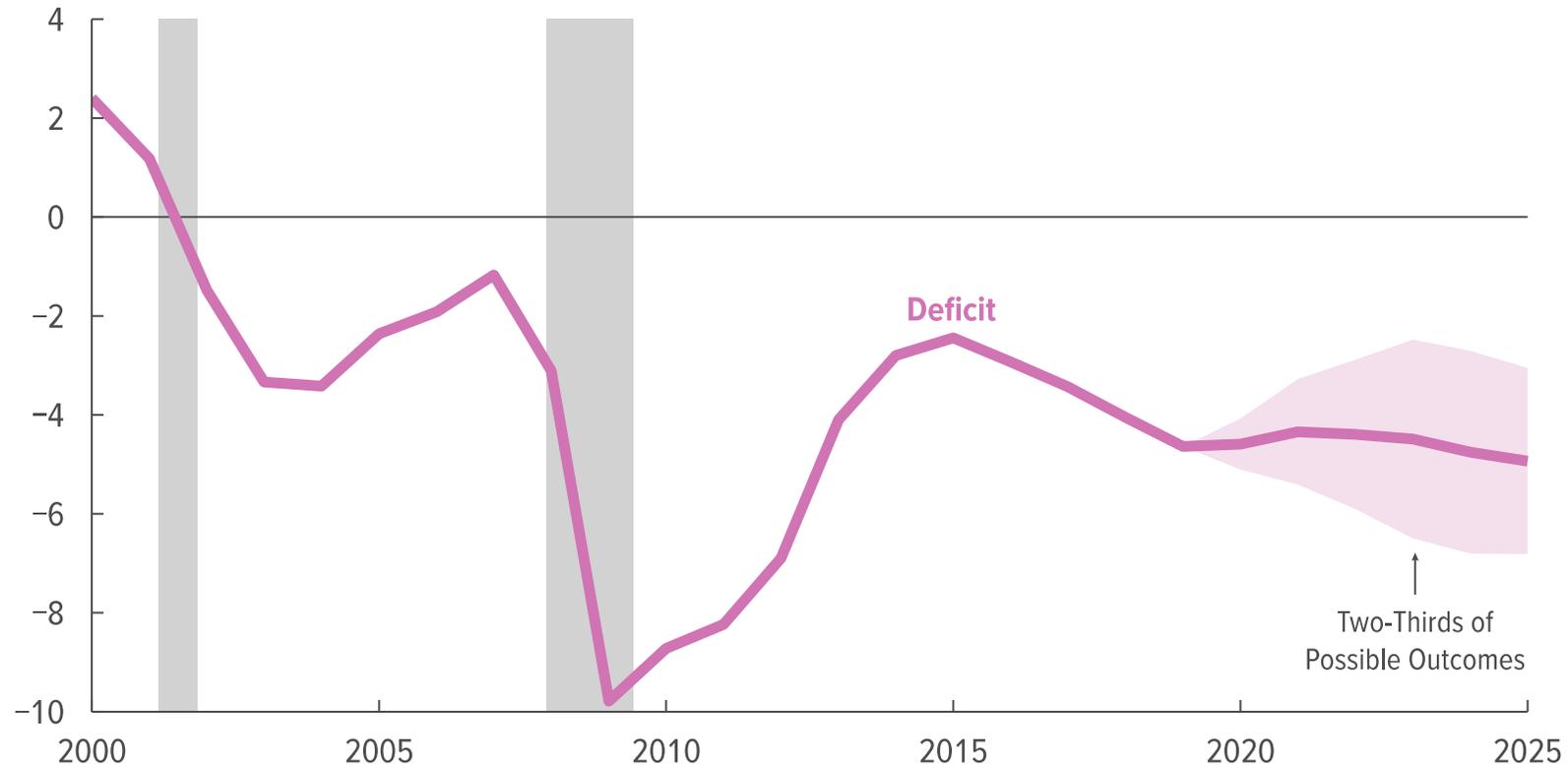
Other than a six-year period during and immediately after World War II, the deficit over the past century has not exceeded 4.0 percent for more than five consecutive years.

Percentage of Gross Domestic Product



Over the 2021–2030 period, deficits are projected to average 4.8 percent of GDP, totaling \$13.1 trillion. Deficits over the past 50 years have averaged 3.0 percent of GDP but have generally been much smaller when the economy was relatively strong.

Percentage of Gross Domestic Product



CBO estimates that, under current law, there is roughly a two-thirds chance that the deficit as a share of GDP in 2025 would be 1.9 percentage points smaller or larger than the 4.9 percent the agency projects.

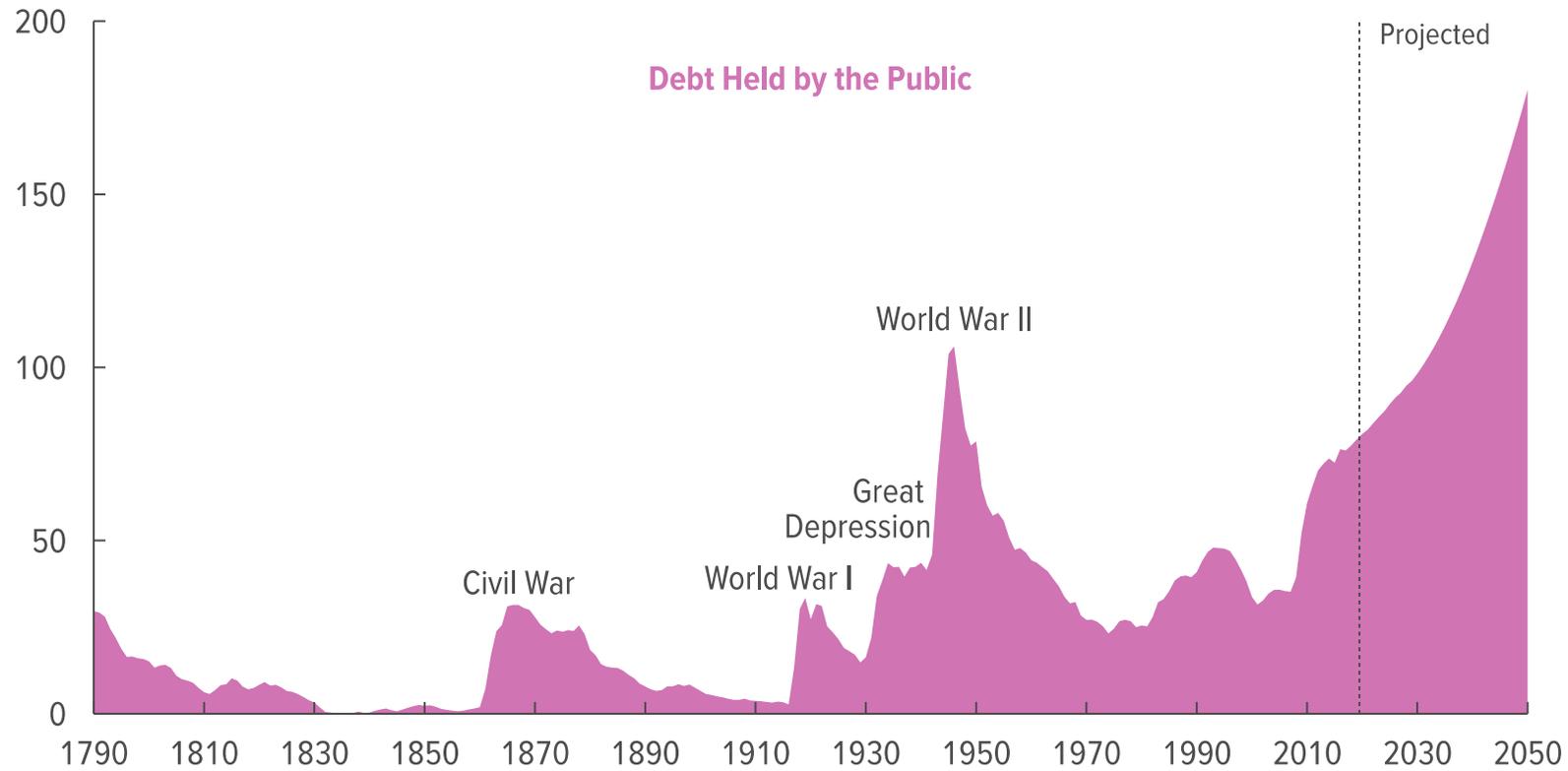
Debt

Federal debt held by the public is estimated to reach \$17.9 trillion at the end of 2020. That amount would equal 81 percent of GDP—more than twice its average over the past 50 years.

By 2030, debt is projected to reach \$31.4 trillion, or 98 percent of GDP, a larger percentage than at any time since just after World War II.

It would continue to grow after 2030, reaching 180 percent of GDP by 2050. That percentage is much higher than what CBO projected in June 2019 because of legislation enacted since that time and slower projected GDP growth.

Percentage of Gross Domestic Product



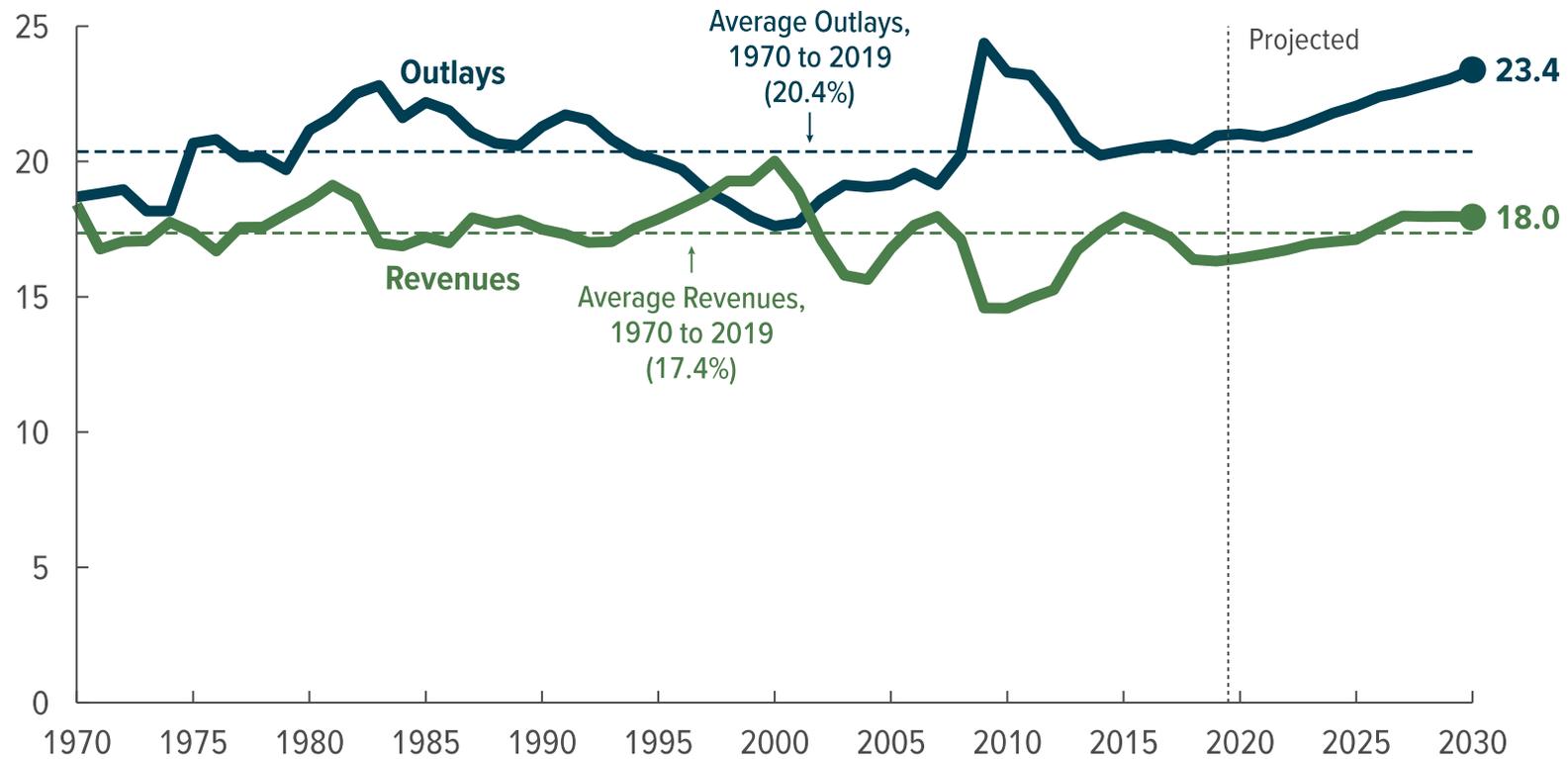
High and rising federal debt would reduce national saving and income, boost the government's interest payments, limit policymakers' ability to respond to unforeseen events, and increase the likelihood of a fiscal crisis.

Outlays and Revenues

In 2020, outlays in CBO's baseline projections total \$4.6 trillion, or 21.0 percent of GDP. They rise to 23.4 percent of GDP in 2030. Over the past 50 years, outlays averaged 20.4 percent of GDP.

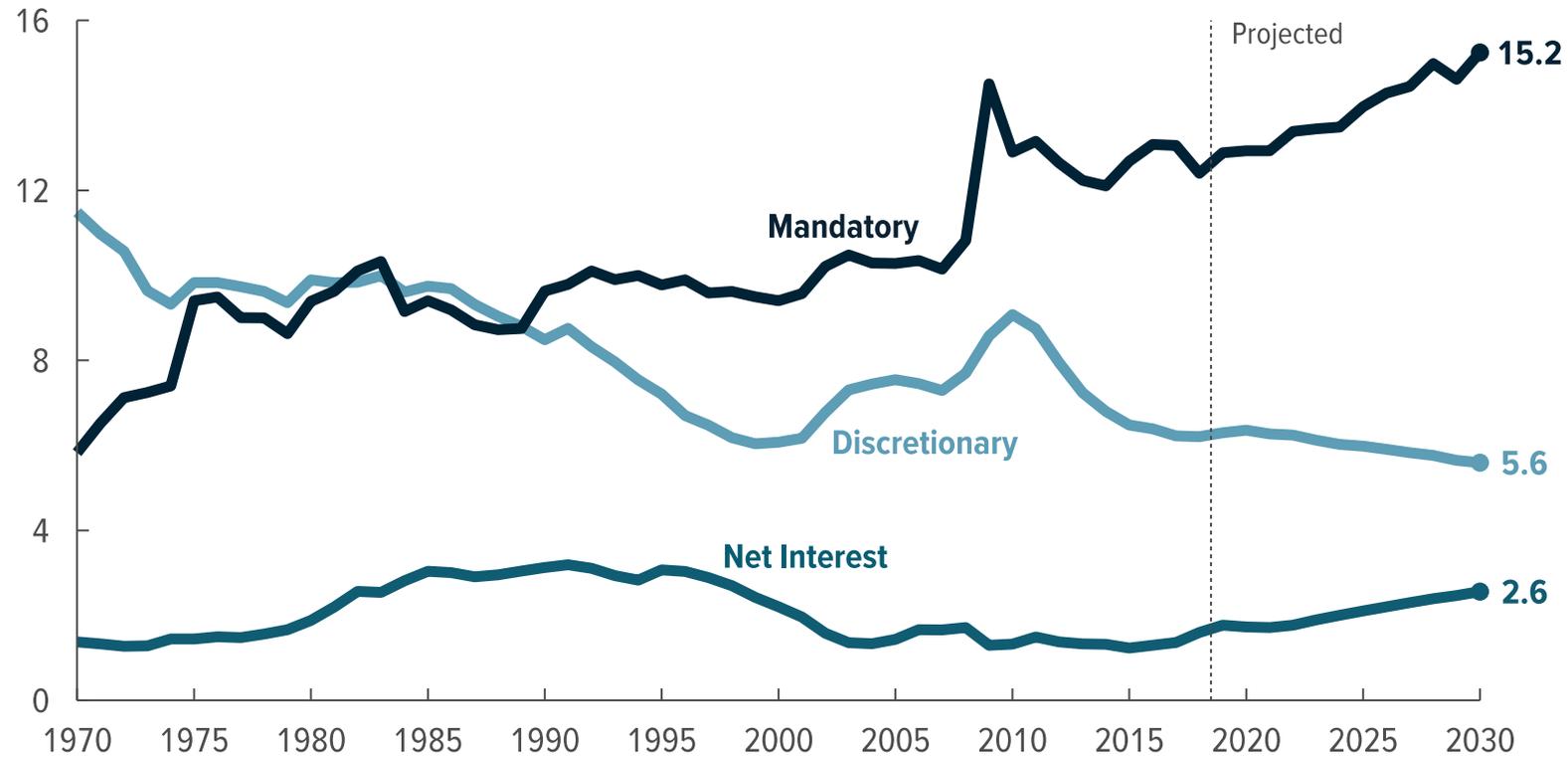
In CBO's baseline projections, revenues total \$3.6 trillion in 2020, or 16.4 percent of GDP. They rise to 18.0 percent of GDP in 2030. Over the past 50 years, revenues averaged 17.4 percent of GDP.

Percentage of Gross Domestic Product



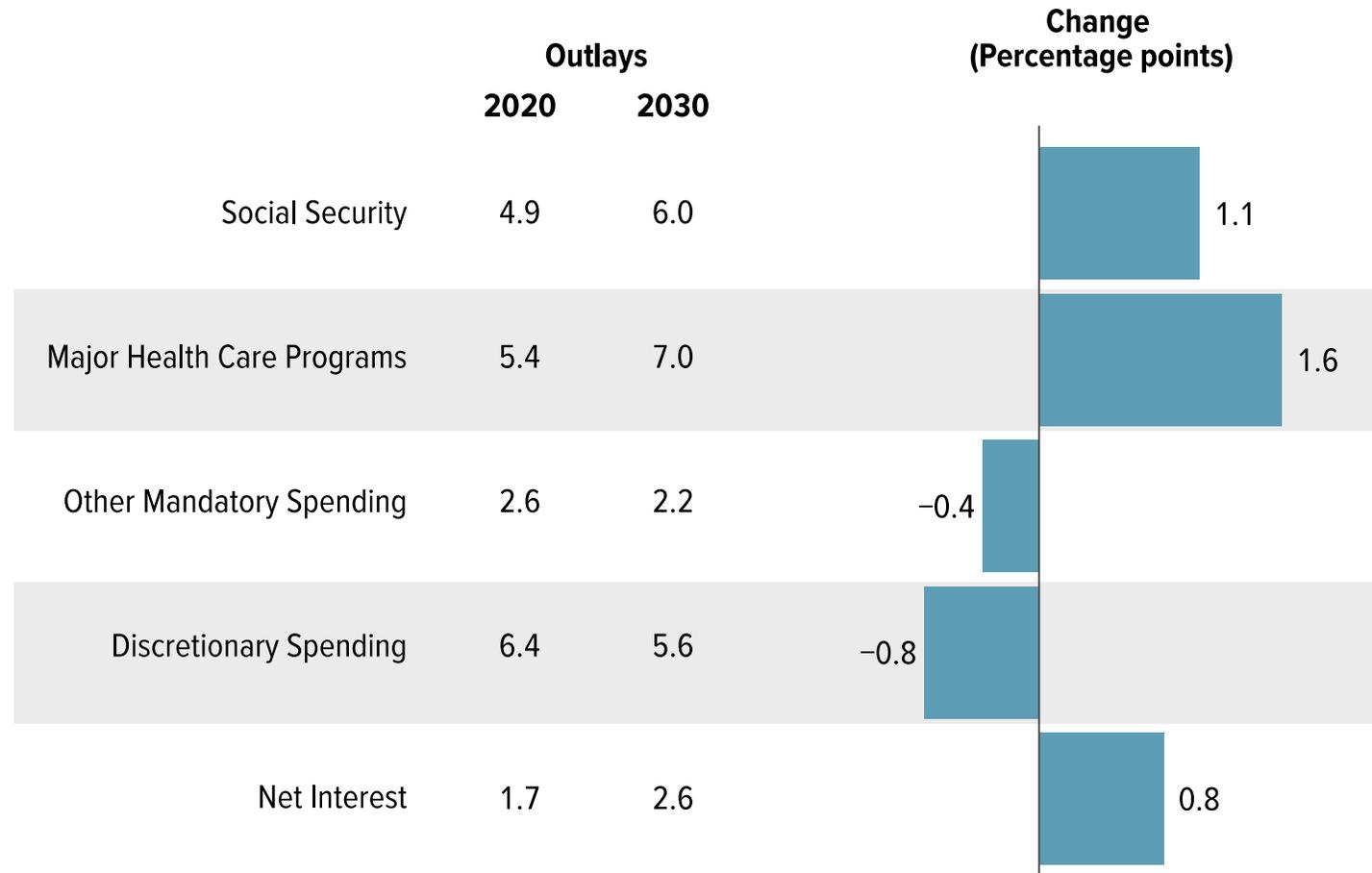
Both revenues and outlays are projected to grow faster than GDP, although the growth in outlays would be greater.

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

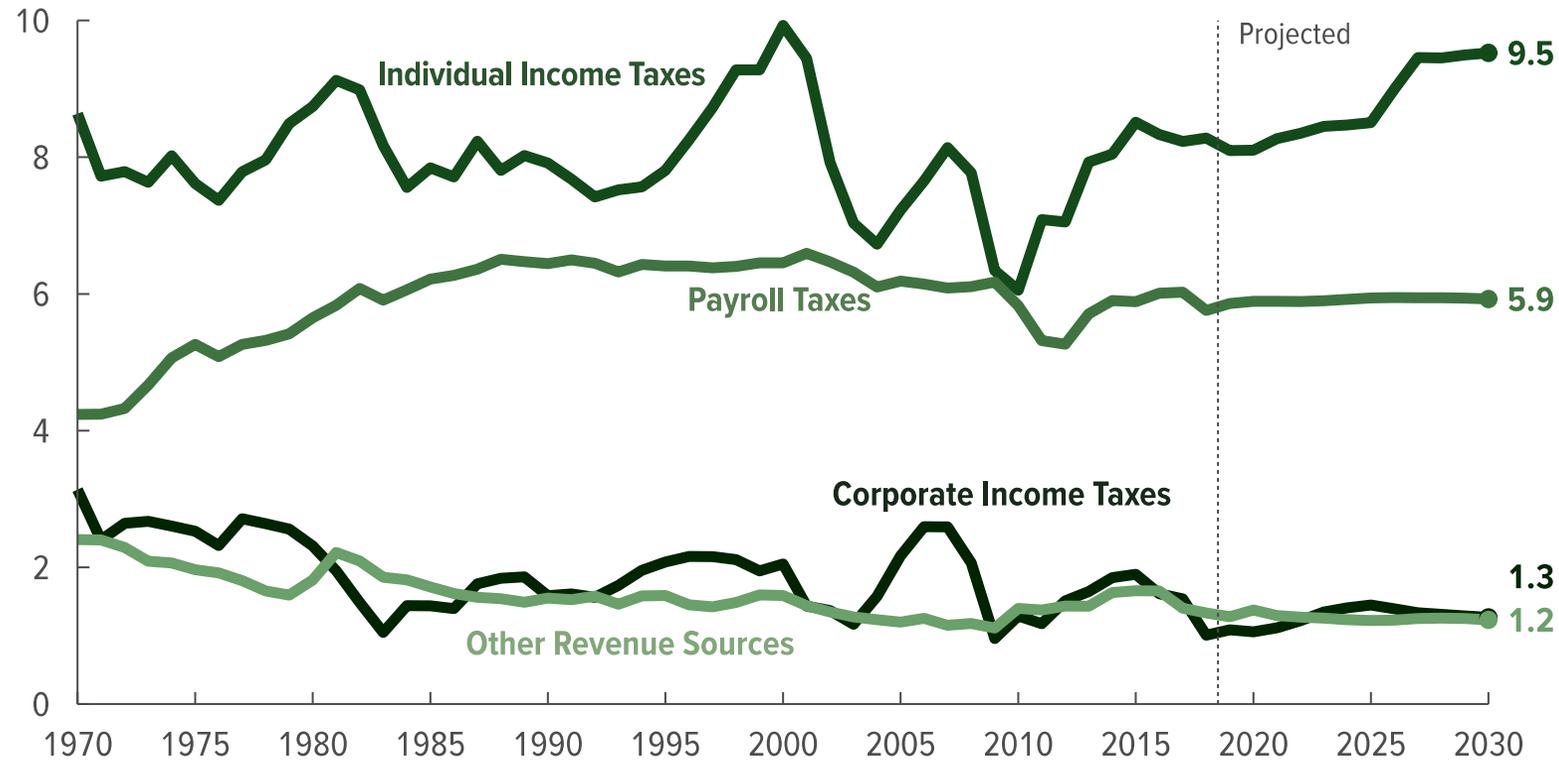


The aging of the population and rising costs of health care boost mandatory outlays, particularly for Social Security and Medicare.

Outlays for discretionary programs fall in relation 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.

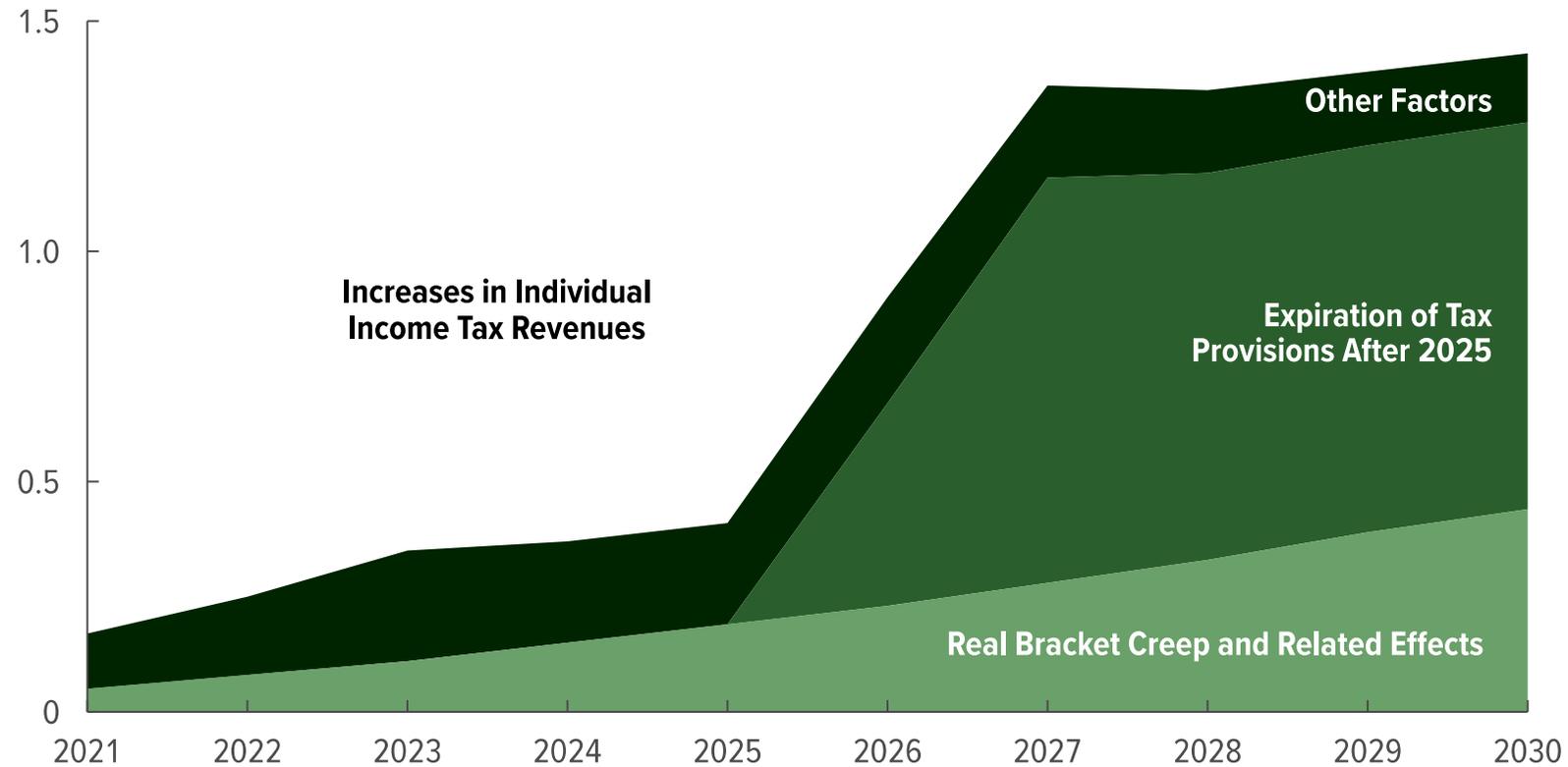
Net interest costs rise steadily because of accumulating debt and rising interest rates.

Percentage of Gross Domestic Product



Total revenues as a share of GDP are projected to rise, largely because of increasing receipts from individual income taxes.

Percentage of Gross Domestic Product



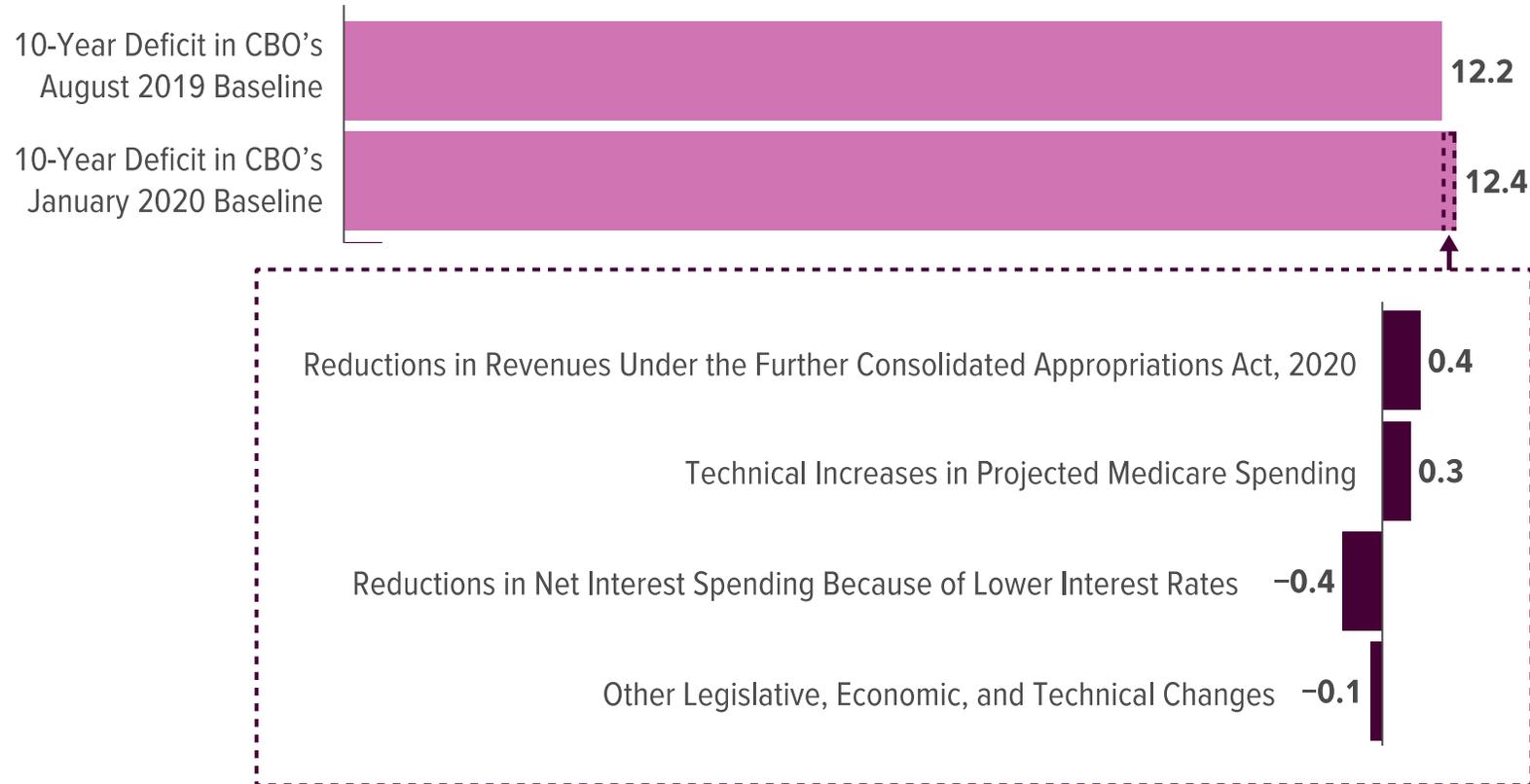
Individual income tax revenues are projected to rise sharply after certain provisions of the 2017 tax act expire at the end of calendar year 2025.

Changes Since the August 2019 Baseline

CBO's estimate of the cumulative deficit over the 2020–2029 period is \$160 billion more than the agency projected in August 2019.

That 10-year increase is the net result of changes that go in opposite directions. Lower projected interest rates and higher estimates of wages, salaries, and proprietors' income reduced projected deficits, but a combination of recent legislation and other changes increased them.

Trillions of Dollars



Legislative changes increased projected deficits over the 10-year period, primarily because of reductions in revenues that totaled \$0.4 trillion.

The largest technical revision was an increase of \$0.3 trillion in CBO's projections of Medicare spending.

The most significant economic change is a \$0.4 trillion reduction in interest costs because CBO lowered its forecasts of interest rates.

About This Document

These slides were prepared by Casey Labrack and Rebecca Yip. For more details about CBO's budget projections as well as the agency's most recent economic forecast, see *The Budget and Economic Outlook: 2020 to 2030* (January 2020), www.cbo.gov/publication/56020. That report was the result of work by many analysts at CBO.