



Contents

| | | |
|--|---|-----|
| | Visual Summary | 1 |
| 1 | Deficits and Debt | 5 |
| | Overview | 5 |
| | Deficits | 5 |
| | BOX 1-1. SPENDING FOR PEOPLE AGE 65 OR OLDER | 12 |
| | Debt | 14 |
| | Uncertainty in Budget Projections | 17 |
| | The Long-Term Outlook for the Budget | 20 |
| 2 | The Economic Outlook | 21 |
| | Overview | 21 |
| | Fiscal and Trade Policies | 24 |
| | BOX 2-1. THE EFFECTS OF RECENT CHANGES IN TRADE POLICY | 26 |
| | The Economic Outlook for 2019 to 2023 | 28 |
| | The Economic Outlook for 2024 to 2029 | 43 |
| | Projections of Income for 2019 to 2029 | 47 |
| | BOX 2-2. CBO'S ESTIMATE AND PROJECTION OF POTENTIAL TOTAL FACTOR PRODUCTIVITY IN THE NONFARM BUSINESS SECTOR | 48 |
| | Some Uncertainties in the Economic Outlook | 51 |
| | Comparison With CBO's August 2018 Economic Projections | 54 |
| Comparison With Other Economic Projections | 55 | |
| 3 | The Spending Outlook | 61 |
| | Overview | 61 |
| | Mandatory Spending | 63 |
| | BOX 3-1. CATEGORIES OF FEDERAL OUTLAYS | 64 |
| | Discretionary Spending | 75 |
| | Net Interest | 85 |
| | Uncertainty Surrounding the Spending Outlook | 85 |
| 4 | The Revenue Outlook | 87 |
| | Overview | 87 |
| | The Evolving Composition of Revenues | 88 |
| | Individual Income Taxes | 90 |
| | Payroll Taxes | 93 |
| | Corporate Income Taxes | 94 |
| | Smaller Sources of Revenues | 95 |
| | Tax Expenditures | 98 |
| | Uncertainty Surrounding the Revenue Outlook | 103 |

| | | |
|----------|---|-----|
| 5 | Estimated Budgetary Outcomes Under Alternative Assumptions About Fiscal Policy | 105 |
| | Overview | 105 |
| | Discretionary Spending | 105 |
| | Revenues | 106 |
| | An Alternative Fiscal Scenario | 108 |
| A | Changes in CBO’s Baseline Projections | 111 |
| | Overview | 111 |
| | Legislative Changes | 111 |
| | Economic Changes | 113 |
| | Technical Changes | 117 |
| B | How Changes in Economic Conditions Might Affect the Federal Budget | 121 |
| | Overview | 121 |
| | Background | 121 |
| | Changes in Productivity Growth and Labor Force Growth | 124 |
| | Changes in Interest Rates and Inflation | 127 |
| C | The Automatic Stabilizers in the Federal Budget | 131 |
| | Overview | 131 |
| | Estimates of the Automatic Stabilizers Over the Next Decade | 131 |
| | Budget Deficits Without Automatic Stabilizers | 136 |
| D | Trust Funds | 139 |
| | Overview | 139 |
| | Social Security’s Trust Funds | 142 |
| | Trust Funds for Federal Employees’ Retirement Programs | 143 |
| | Medicare’s Trust Funds | 144 |
| | Highway Trust Fund | 145 |
| E | CBO’s Economic Projections for 2019 to 2029 | 147 |
| F | Historical Budget Data | 149 |
| | List of Tables and Figures | 161 |
| | About This Document | 165 |