

At a Glance

The Congressional Budget Office regularly publishes reports that present projections of what federal deficits, debt, revenues, and spending—and the economic path underlying them—would be for the current year and for the next 10 years if existing laws governing taxes and spending generally remained unchanged. This report is the latest in that series.

- **Deficits.** In CBO’s projections, the federal budget deficit is \$960 billion in 2019 and averages \$1.2 trillion between 2020 and 2029. Over the coming decade, deficits (after adjustments to exclude the effects of shifts in the timing of certain payments) fluctuate between 4.4 percent and 4.8 percent of gross domestic product (GDP), well above the average over the past 50 years. Although both revenues and outlays grow faster than GDP over the next 10 years in CBO’s baseline projections, the gap between the two persists.
- **Debt.** As a result of those deficits, federal debt held by the public is projected to grow steadily, from 79 percent of GDP in 2019 to 95 percent in 2029—its highest level since just after World War II (see Chapter 1).
- **The Economy.** Real (inflation-adjusted) GDP is projected to grow by 2.3 percent in 2019, supporting strong labor market conditions that feature low unemployment and rising wages. This year, real output is projected to exceed CBO’s estimate of its potential (maximum sustainable) level. After 2019, consumer spending and purchases of goods and services by federal, state, and local governments are projected to grow at a slower pace, and annual output growth is projected to slow—averaging 1.8 percent over the 2020–2023 period—as real output returns to its historical relationship with potential output. From 2024 to 2029, both output and potential output are projected to grow at an average pace of 1.8 percent per year, which is less than the long-term historical average. That slowdown occurs primarily because the labor force is expected to grow more slowly than it has in the past (see Chapter 2).
- **Changes in CBO’s Projections Since May 2019.** CBO’s estimate of the deficit for 2019 is now \$63 billion more—and its projection of the cumulative deficit over the 2020–2029 period, \$809 billion more—than it was in May 2019. The agency’s baseline projections of primary deficits (that is, deficits excluding net outlays for interest) for that period increased by a total of \$1.9 trillion. Recently enacted legislation accounts for most of that change. In particular, incorporating the higher discretionary funding limits for 2020 and 2021 that were established in the Bipartisan Budget Act of 2019 increased CBO’s projections of primary deficits for the 2020–2029 period by \$1.5 trillion. (Those projections reflect the assumption—required by law—that future discretionary funding will grow at the rate of inflation after those limits expire.)

Partly offsetting the increase in projected primary deficits is a net reduction of \$1.1 trillion in the agency’s projections of interest costs over that same period. The largest factor contributing to that change is that CBO revised its forecast of interest rates downward, which lowered its projections of net interest outlays by \$1.4 trillion (including interest savings from the resulting reductions in deficits and debt). Taken together, other changes to the budget projections increased projected debt-service costs by nearly \$0.3 trillion; \$0.2 trillion of that amount is associated with the increase in projected spending stemming from the Bipartisan Budget Act (see Appendix A).