

## At a Glance

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

- **Deficits.** CBO projects a federal budget deficit of \$3.3 trillion in 2020, more than triple the shortfall recorded in 2019. That increase is mostly the result of the economic disruption caused by the 2020 coronavirus pandemic and the enactment of legislation in response. At 16.0 percent of gross domestic product (GDP), the deficit in 2020 would be the largest since 1945.

The deficit in 2021 is projected to be 8.6 percent of GDP. Between 1946 and 2019, the deficit as a share of GDP has been larger than that only twice. In CBO's projections, annual deficits relative to the size of the economy generally continue to decline through 2027 before increasing again in the last few years of the projection period, reaching 5.3 percent of GDP in 2030. They exceed their 50-year average of 3.0 percent in each year through 2030.

- **Debt.** As a result of those deficits, federal debt held by the public is projected to rise sharply, to 98 percent of GDP in 2020, compared with 79 percent at the end of 2019 and 35 percent in 2007, before the start of the previous recession. It would exceed 100 percent in 2021 and increase to 107 percent in 2023, the highest in the nation's history. The previous peak occurred in 1946 following the large deficits incurred during World War II. By 2030, debt would equal 109 percent of GDP.
- **Outlays.** Federal outlays are projected to equal 32 percent of GDP in 2020, 11 percentage points (or about 50 percent) above what they were in 2019 and the highest percentage since 1945. Projected outlays fall relative to GDP over the following four years, as pandemic-related spending wanes and low interest rates reduce net interest outlays. In the second half of the projection period, outlays rise from about 22 percent of GDP to 23 percent in 2030. That change results from increased spending for major entitlement programs because of the aging of the population and rising health care costs, as well as from increasing net outlays for interest due to rising interest rates and debt.
- **Revenues.** Federal revenues are projected to fall from 16.3 percent of GDP in 2019 to 15.5 percent in 2021, primarily because of the economic disruption caused by the pandemic and the federal government's response. Revenues rise after 2021, reaching almost 18 percent in 2030, as a result of the expiration of temporary provisions enacted in response to the pandemic, scheduled increases in taxes, and other factors.
- **Changes Since CBO's Previous Projections.** CBO's estimate of the deficit for 2020 is now \$2.2 trillion more than the agency estimated in March 2020—mostly because of recently enacted legislation. CBO now projects a cumulative deficit over the 2021–2030 period of \$13.0 trillion—\$0.1 trillion less than the agency projected in March. That 10-year decrease is the net result of changes that go in opposite directions. Lower projected wages, salaries, and corporate profits, as well as recent legislation and other changes, increase deficits, but lower projected interest rates and inflation reduce them (see the appendix).