At a Glance

The Congressional Budget Office regularly publishes reports presenting projections that indicate 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 about $900 billion in 2019 and exceeds $1 trillion each year beginning in 2022. Over the coming decade, deficits (after adjustments to exclude shifts in the timing of certain payments) fluctuate between 4.1 percent and 4.7 percent of gross domestic product (GDP), well above the average over the past 50 years (see Chapter 1). CBO's projection of the deficit for 2019 is now $75 billion less—and its projection of the cumulative deficit over the 2019–2028 period, $1.2 trillion less—than it was in spring 2018. That reduction in projected deficits results primarily from legislative changes—most notably, a decrease in emergency spending (see Appendix A).

- **Debt.** Because of persistently large deficits, federal debt held by the public is projected to grow steadily, reaching 93 percent of GDP in 2029 (its highest level since just after World War II) and about 150 percent of GDP in 2049—far higher than it has ever been (see Chapter 1). Moreover, if lawmakers amended current laws to maintain certain policies now in place, even larger increases in debt would ensue (see Chapter 5).

- **Revenues.** In CBO's projections, federal revenues rise from 16.5 percent of GDP in 2019 to 17.4 percent in 2025 and then grow more rapidly, reaching 18.3 percent of GDP near the end of the decade. The projected growth in revenues after 2025 is largely attributable to the scheduled expiration of nearly all of the individual income tax provisions of the 2017 tax act (see Chapter 4).

- **Spending.** Federal outlays (adjusted to exclude shifts in the timing of certain payments) are projected to climb from 20.8 percent of GDP in 2019 to 23.0 percent in 2029. The aging of the population and the rising cost of health care contribute significantly to the growth in spending for major benefit programs, such as Social Security and Medicare. And rising debt and higher interest rates drive up the federal government's net interest costs. Growth in outlays is curtailed by statutory limits on discretionary funding in place for the next few years (see Chapter 3).

- **The Economy.** Real GDP is projected to grow by 2.3 percent in 2019—down from 3.1 percent in 2018—as the effects of the 2017 tax act on the growth of business investment wane and federal purchases, as projected under current law, decline sharply in the fourth quarter of 2019. Nevertheless, output is projected to grow slightly faster than its maximum sustainable level this year, continuing to boost the demand for labor and to push down the unemployment rate. After 2019, annual economic growth is projected to slow further—to an average of 1.7 percent through 2023, which is below CBO's projection of potential growth for that period. From 2024 to 2029, economic growth and potential growth are projected to average 1.8 percent per year—less than their long-term historical averages, primarily because the labor force is expected to grow more slowly than it has in the past (see Chapter 2).

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