



September 9, 2015

CBO's Updated Projections for the Federal Budget and the Economy

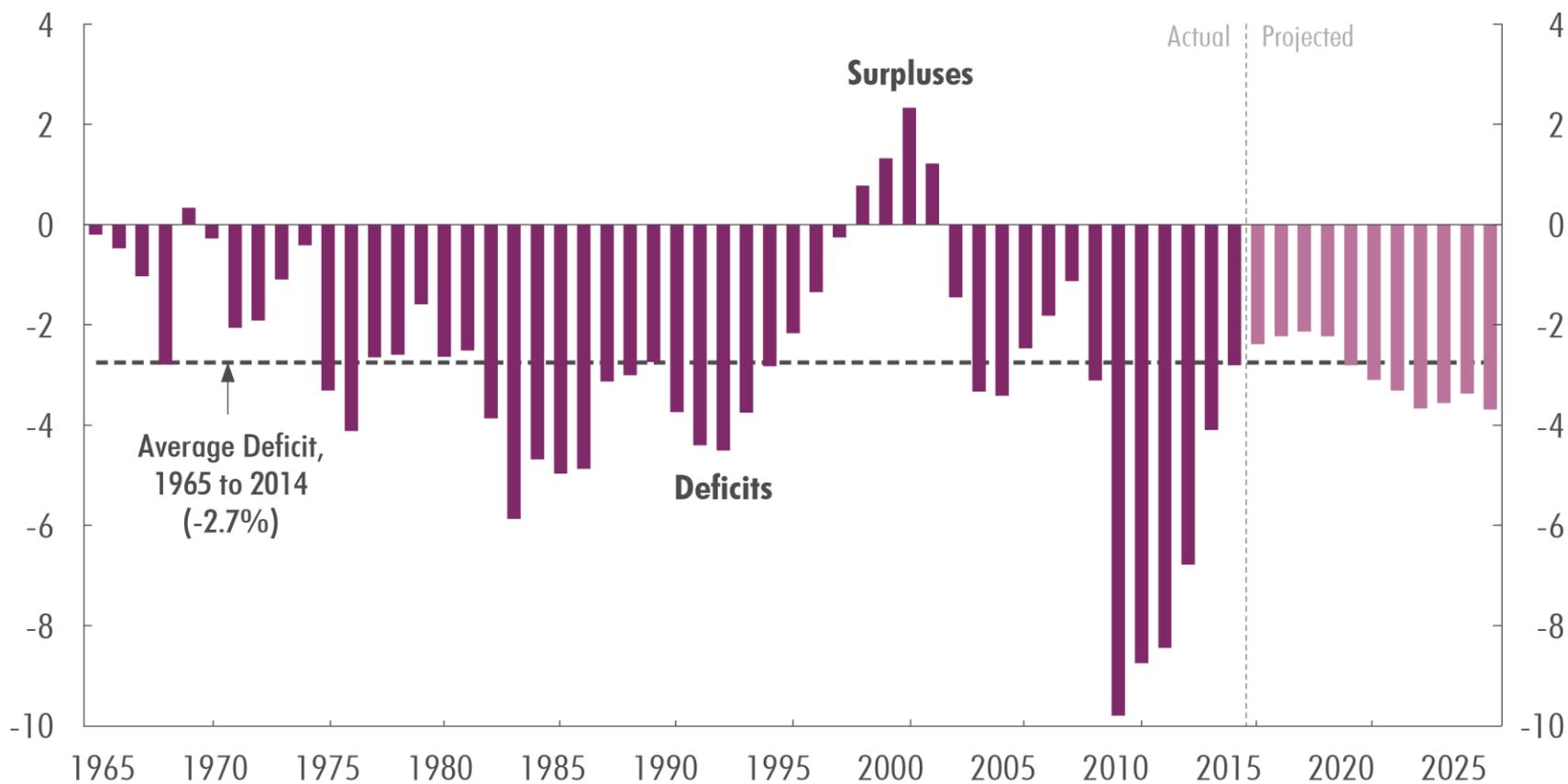
**Presentation at Macroeconomic Advisers'
25th Annual Washington Policy Seminar**

Keith Hall
Director

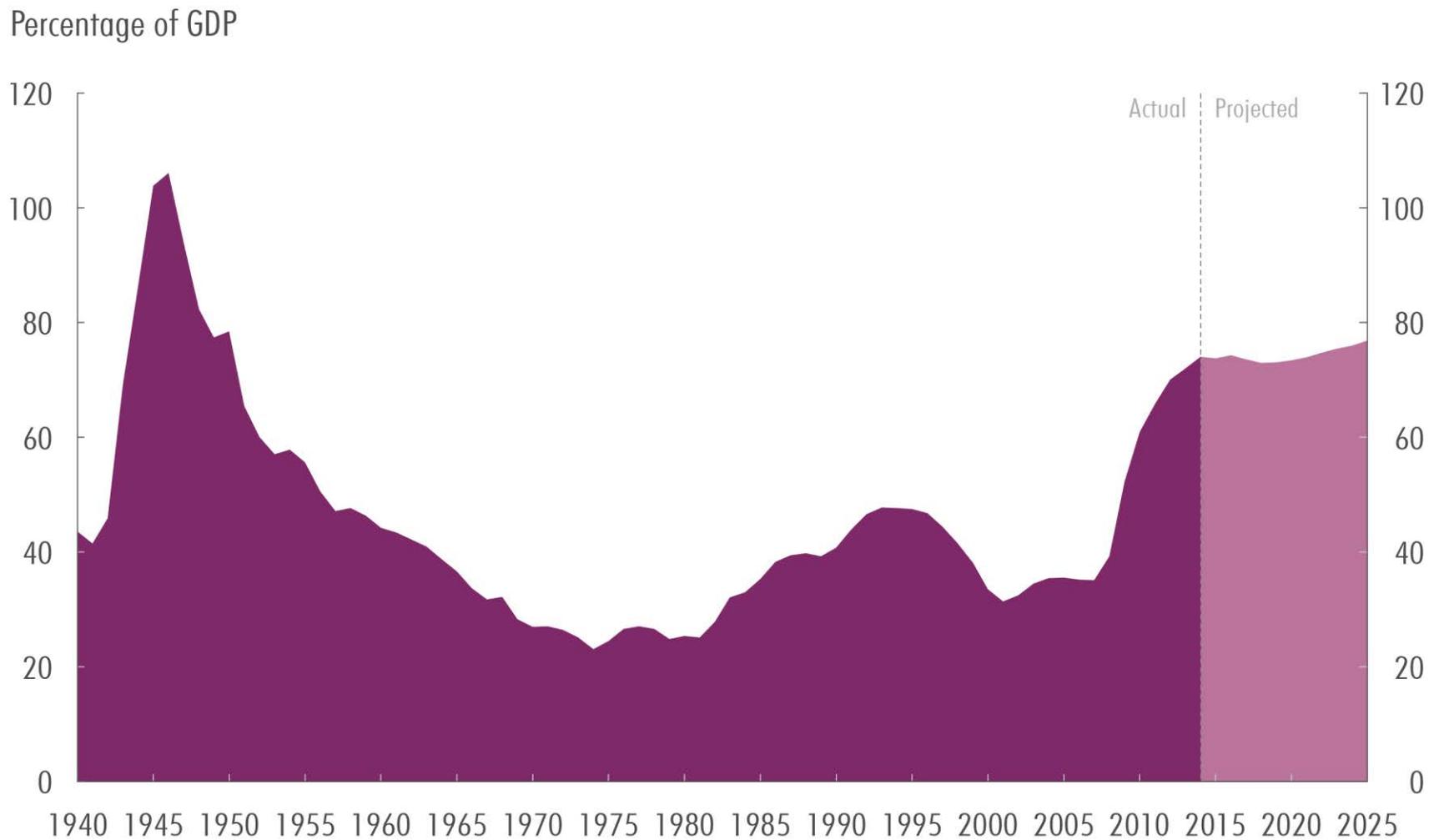
Outlook for the Budget

Total Deficits or Surpluses

Percentage of GDP

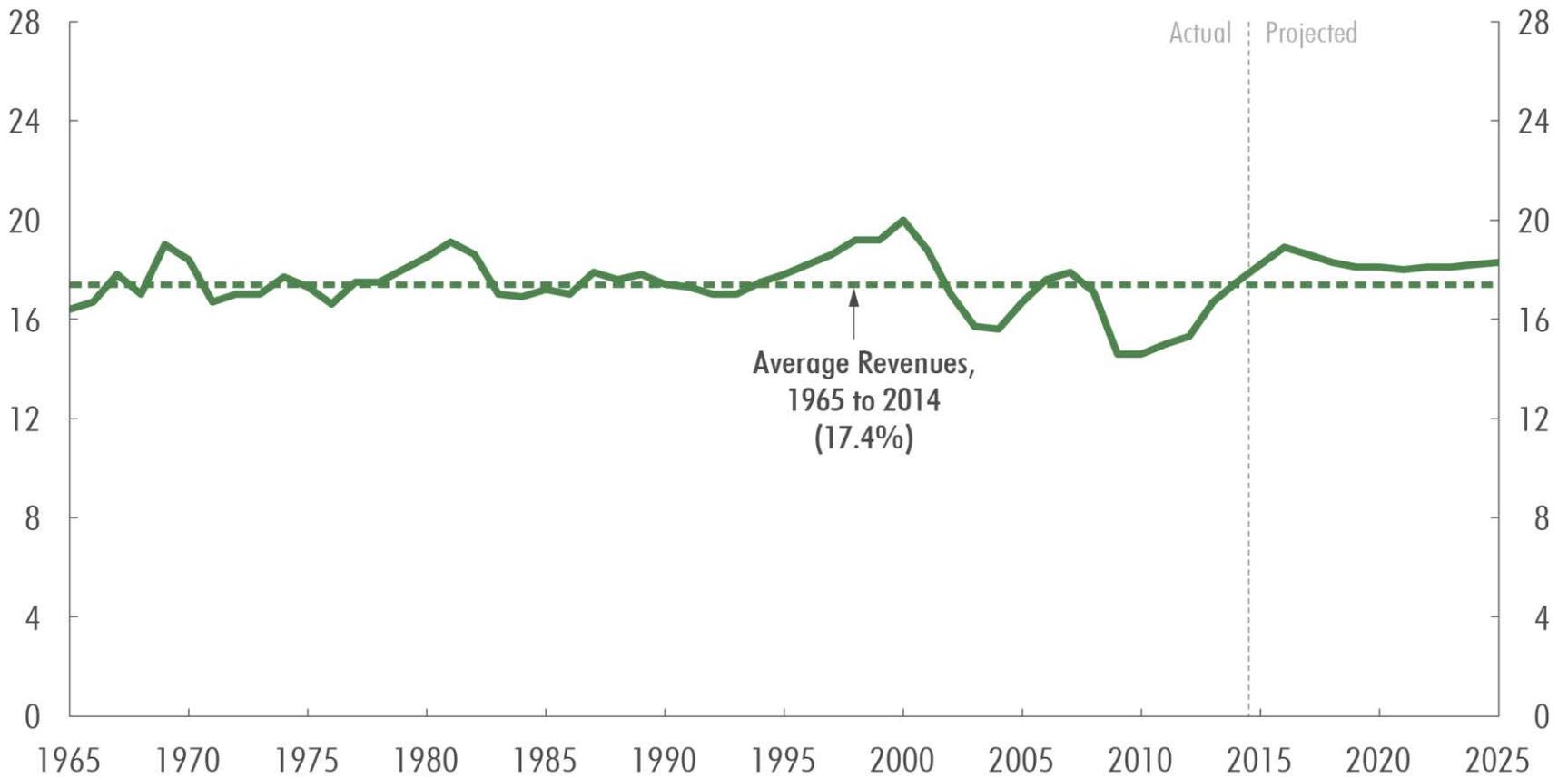


Federal Debt Held by the Public

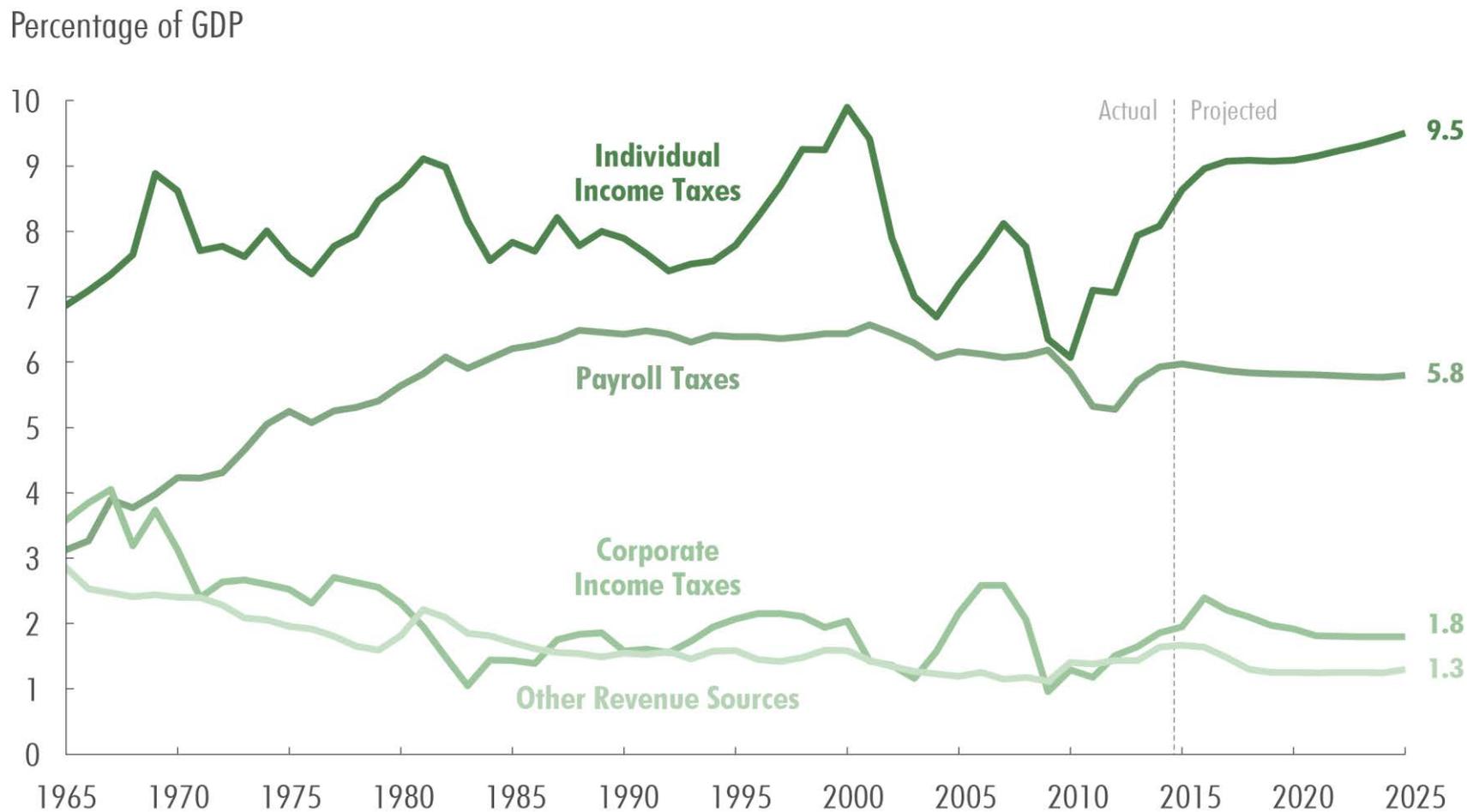


Total Revenues

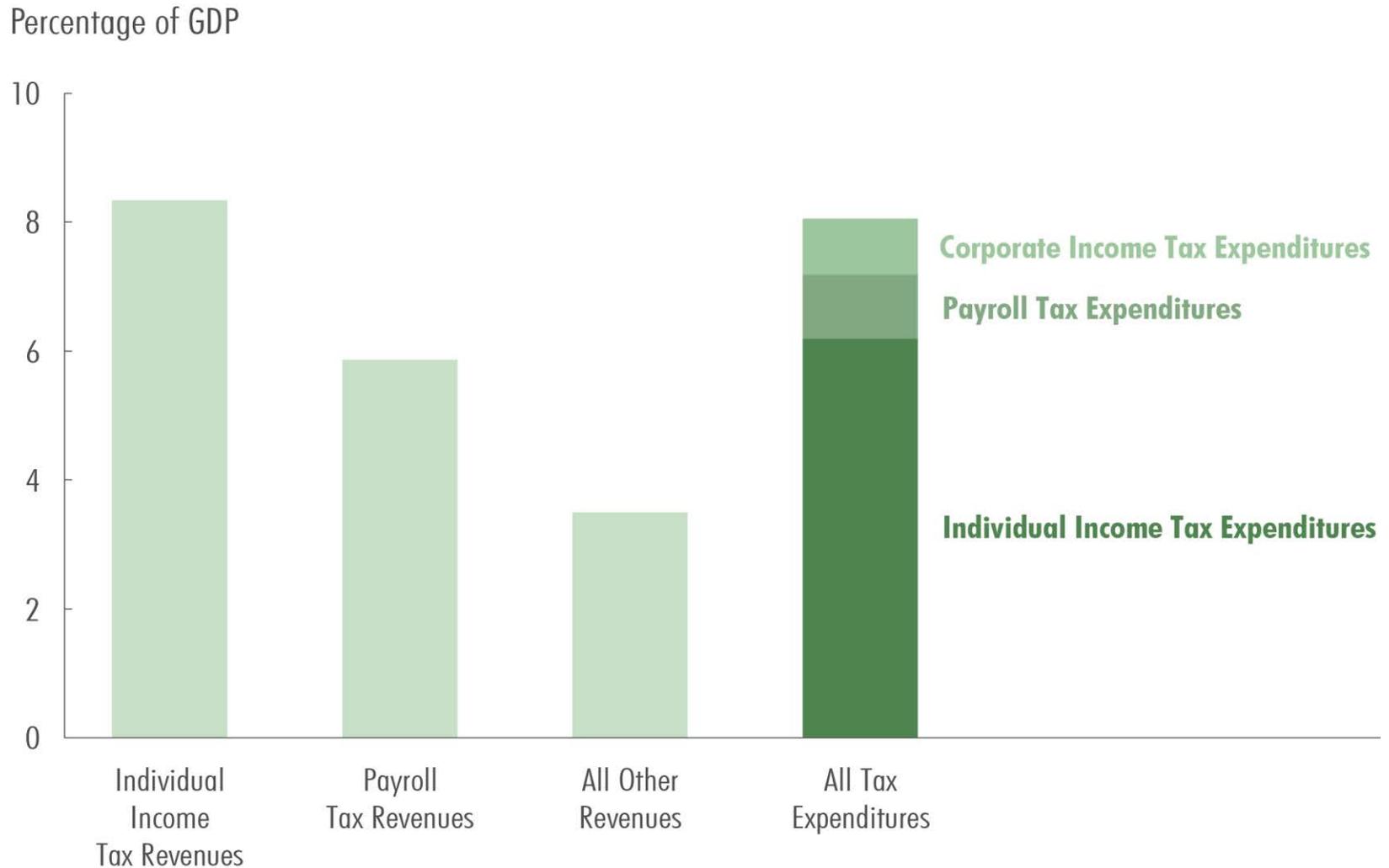
Percentage of GDP



Revenues, by Major Source

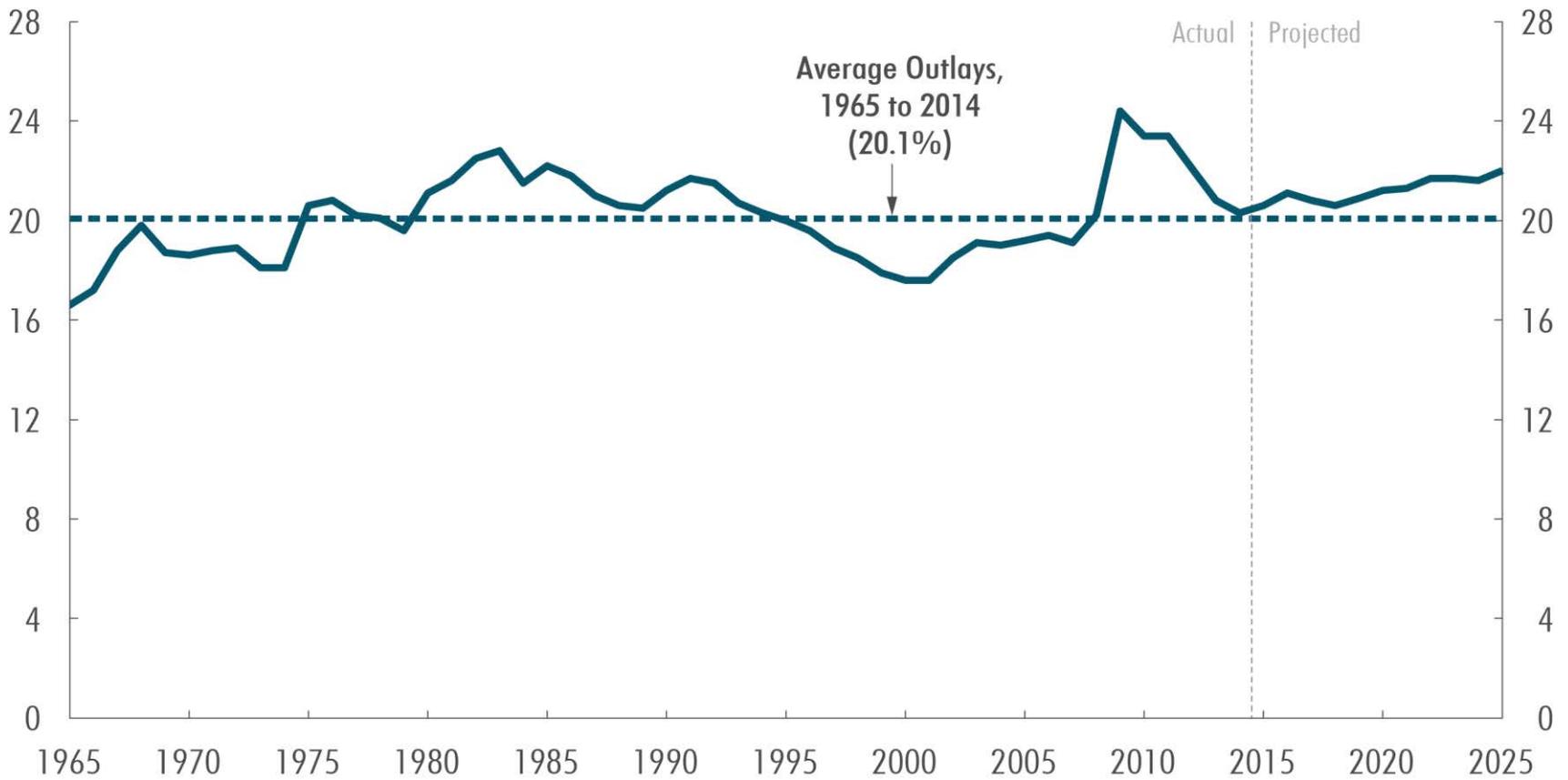


Revenues and Tax Expenditures in 2015

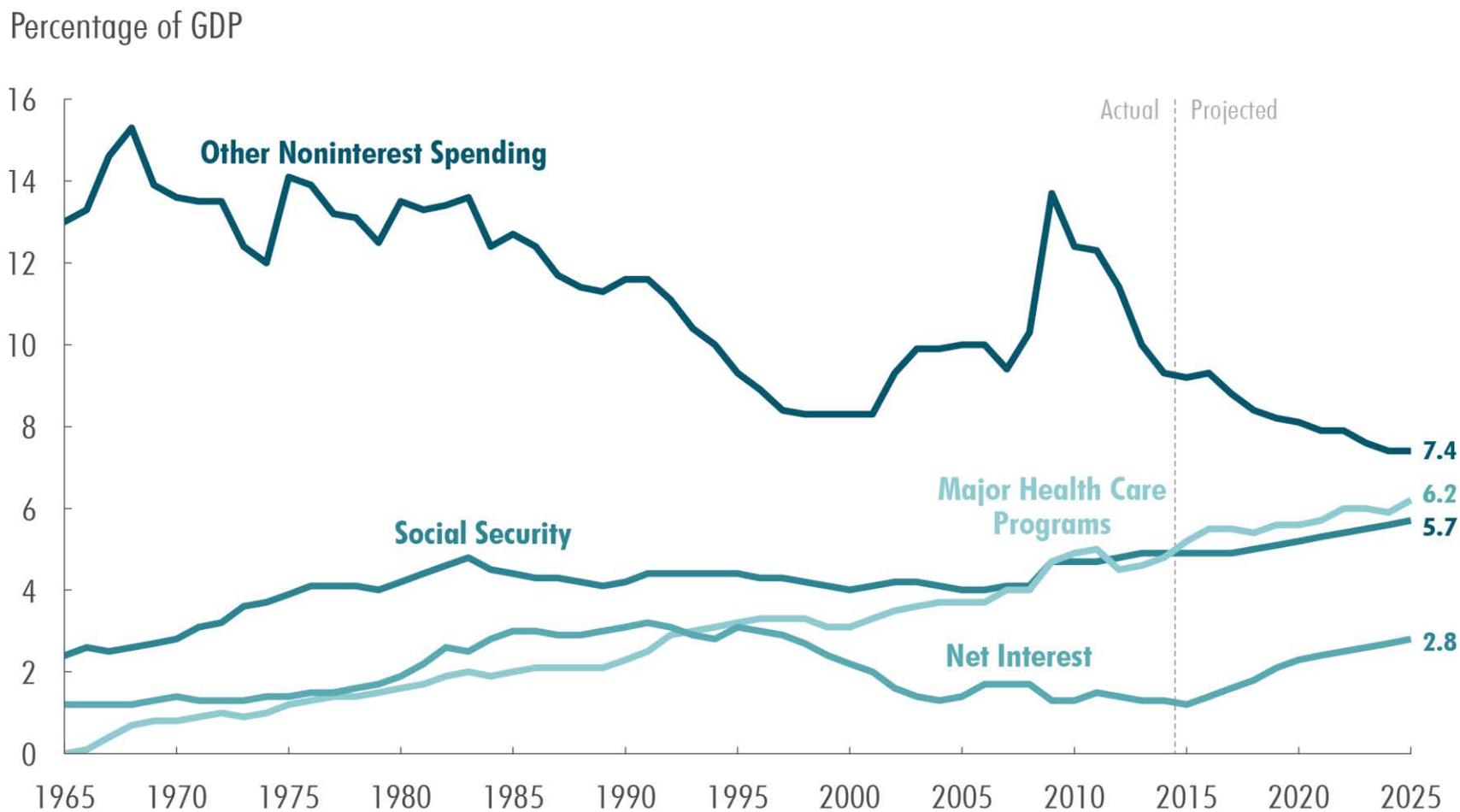


Total Outlays

Percentage of GDP

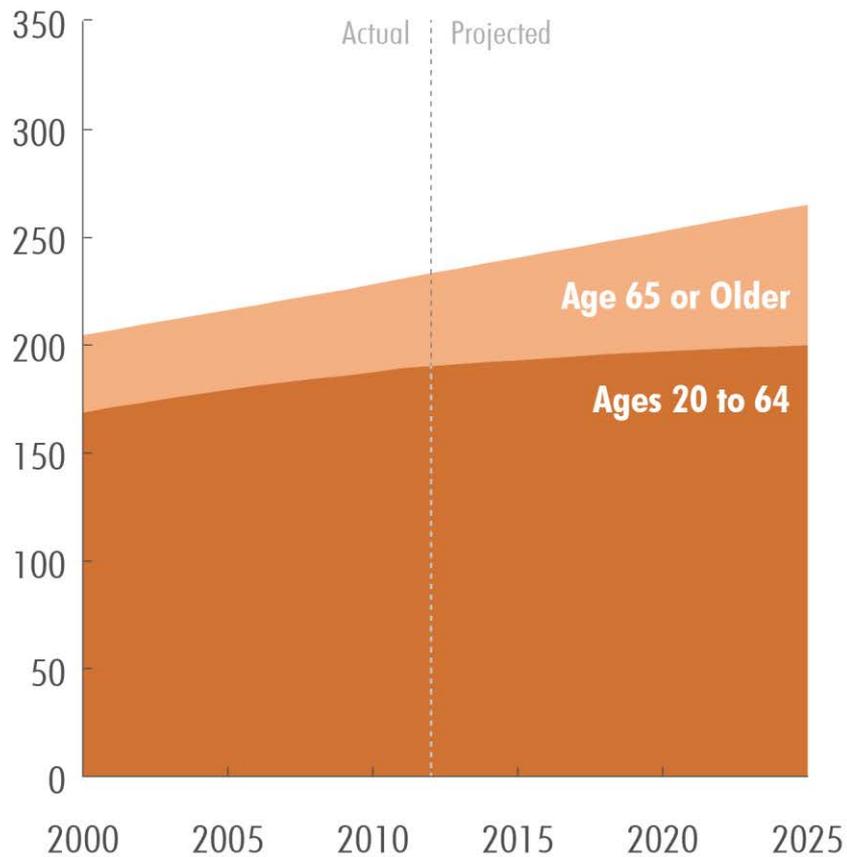


Projected Outlays in Major Budget Categories

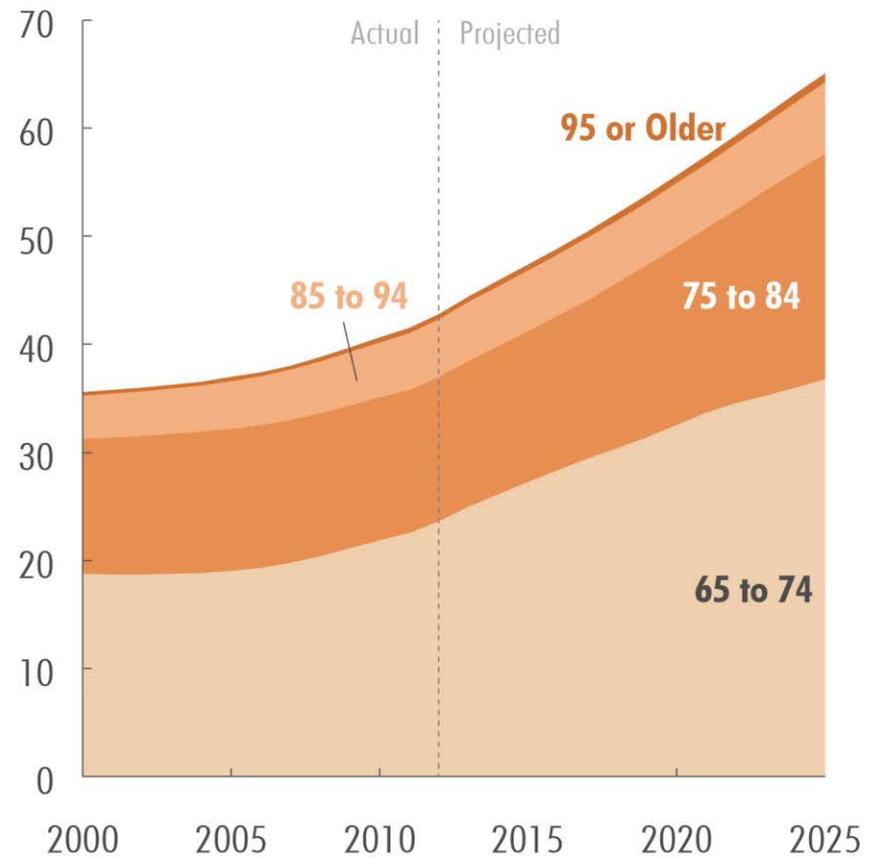


Population, by Age Group

Millions of People

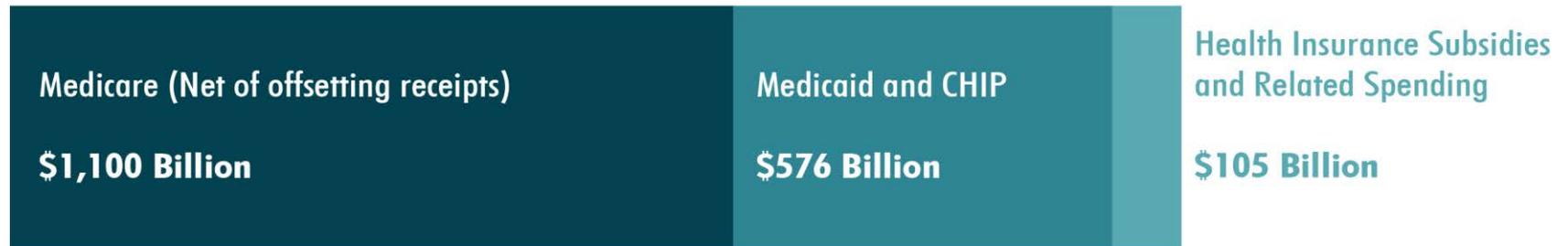


Millions of People



Spending for the Major Health Programs in 2025 and the Share of That Spending on People at Least 65 Years Old

CBO's Projections for 2025

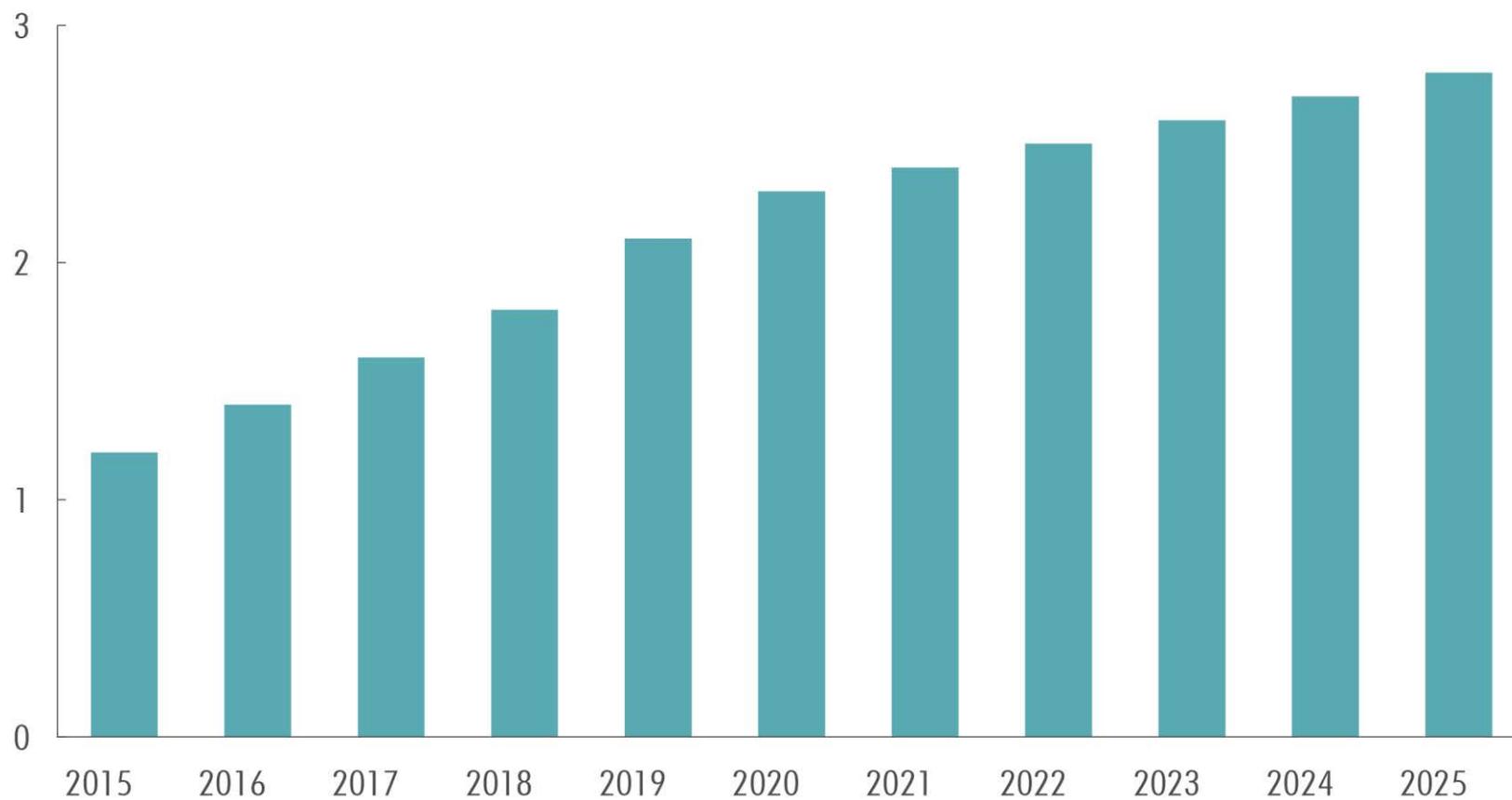


Federal Spending in 2025 for the Major Health Care Programs Will Finance Care for . . .

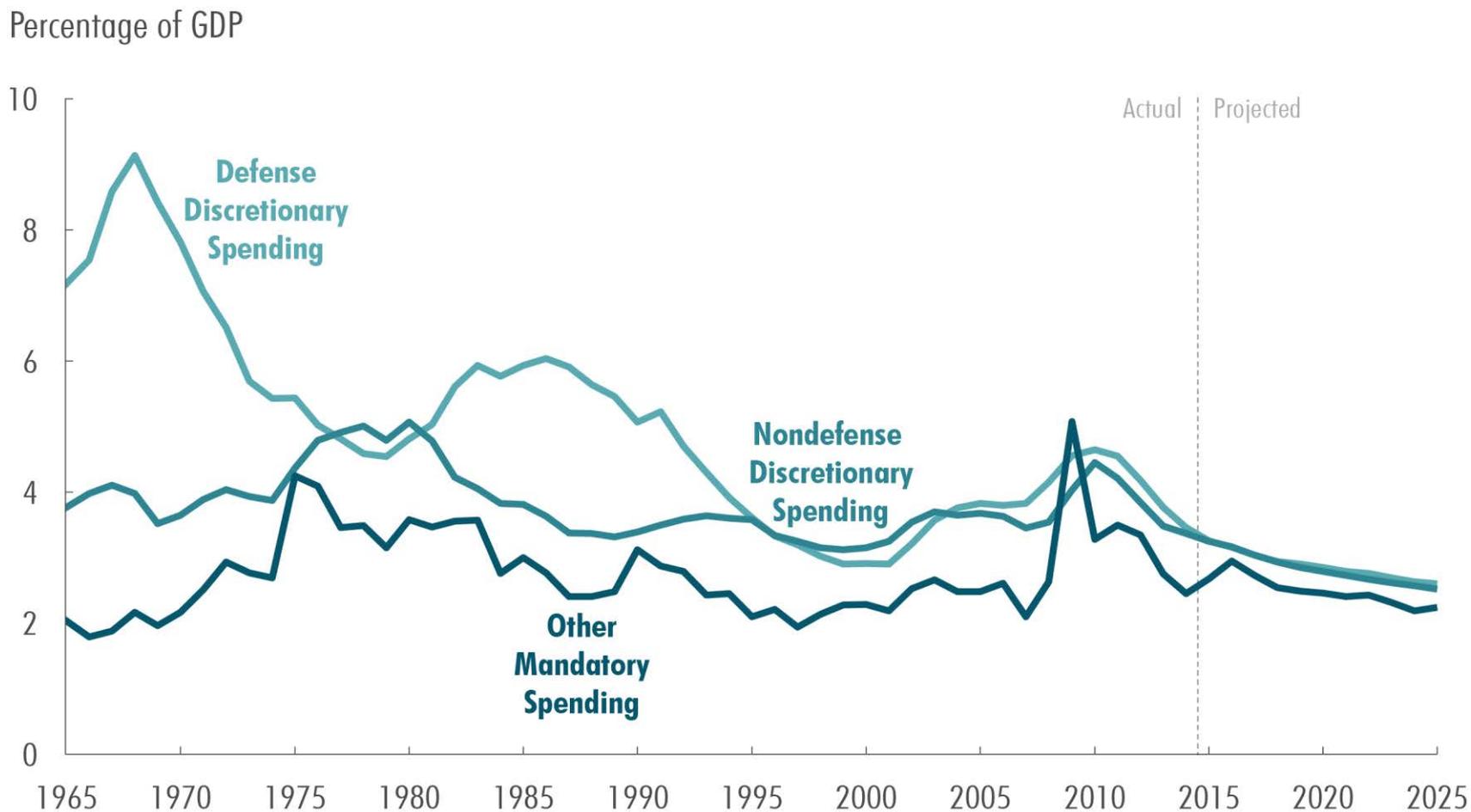


Projected Net Interest

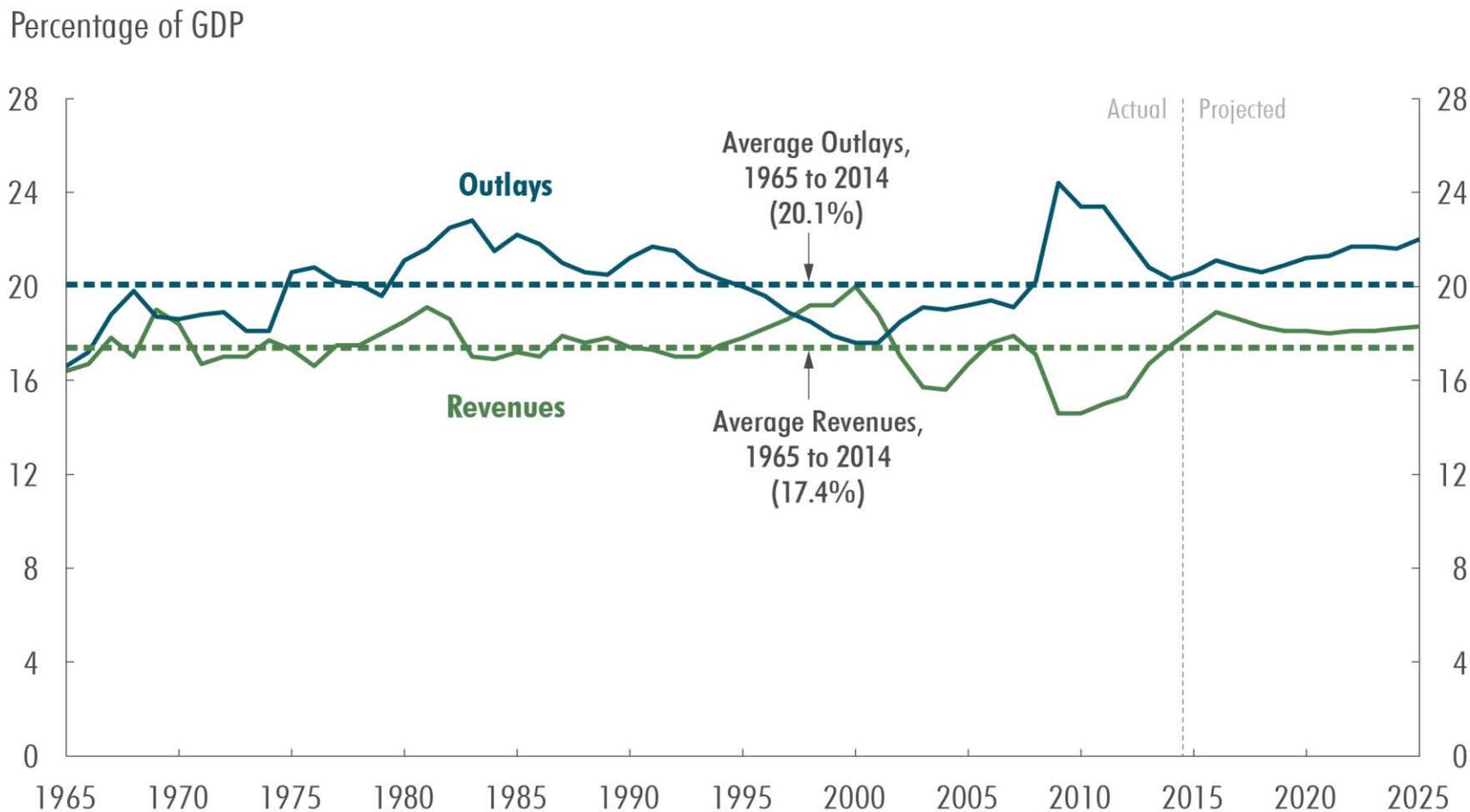
Percentage of GDP



Defense, Nondefense, and Other Mandatory Spending

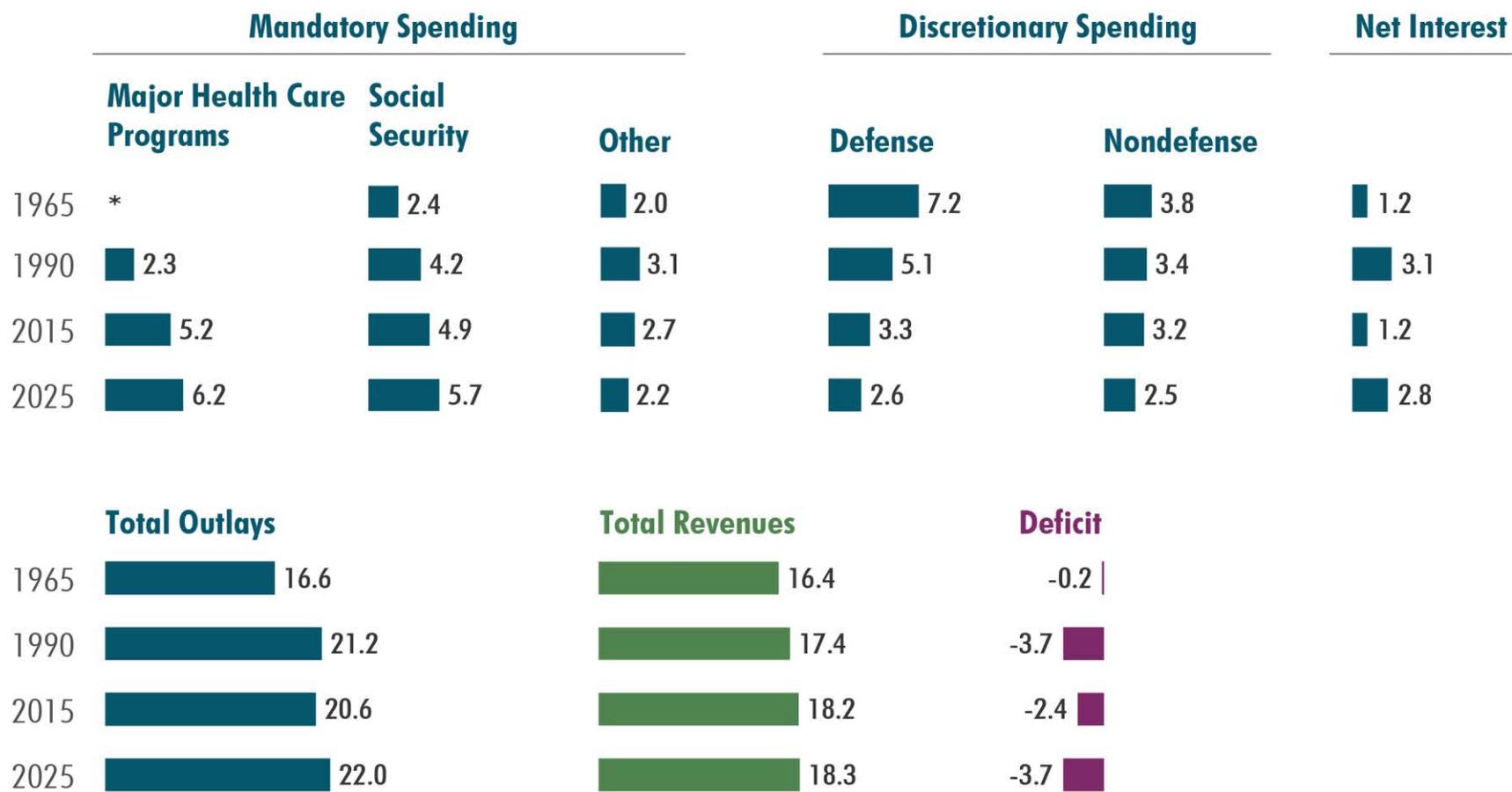


Total Revenues and Outlays



Spending and Revenues Projected in CBO's Baseline, Compared With Actual Values in 1965 and 1990

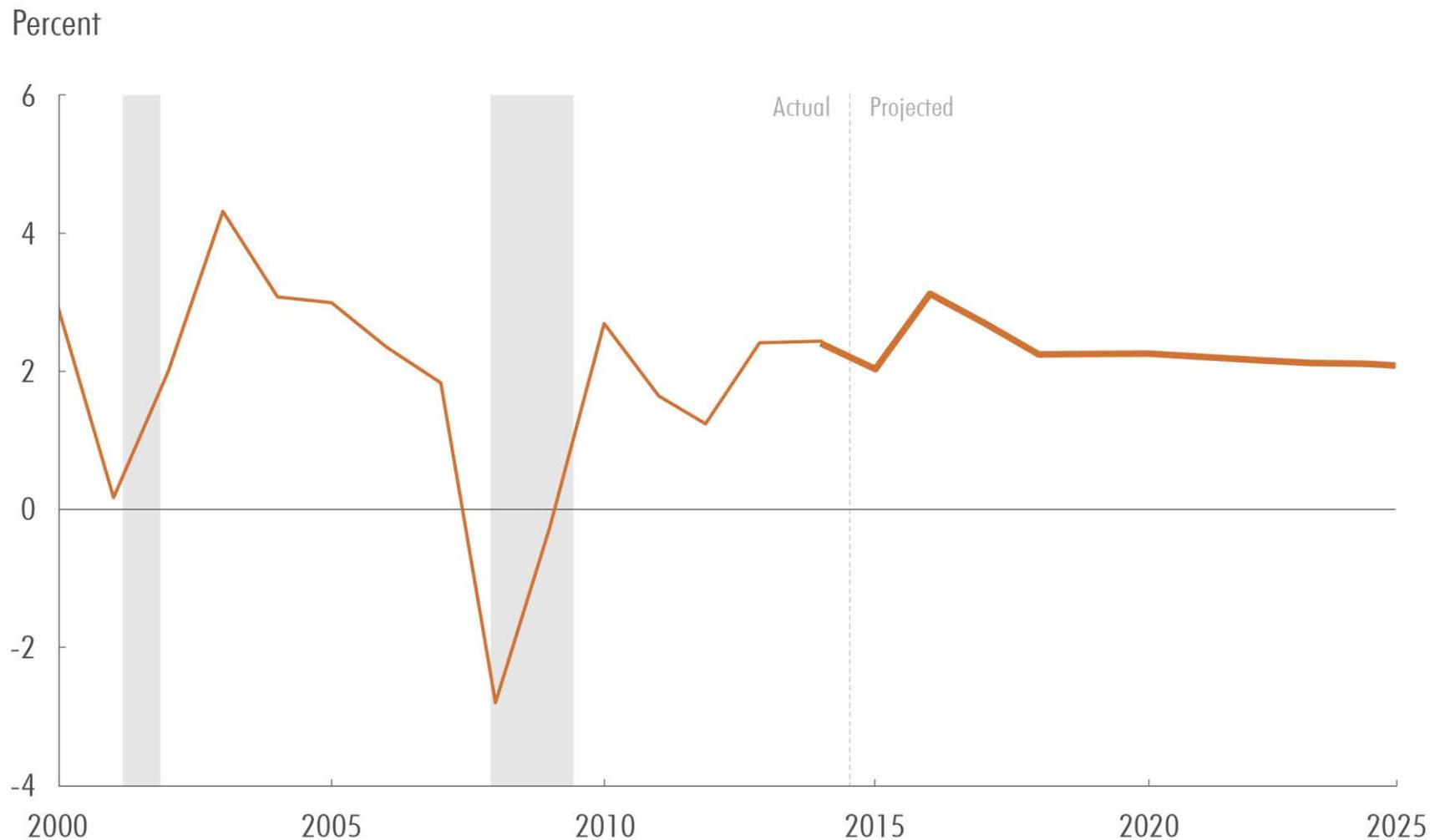
Percentage of GDP



Note: * = between zero and 0.05 percent.

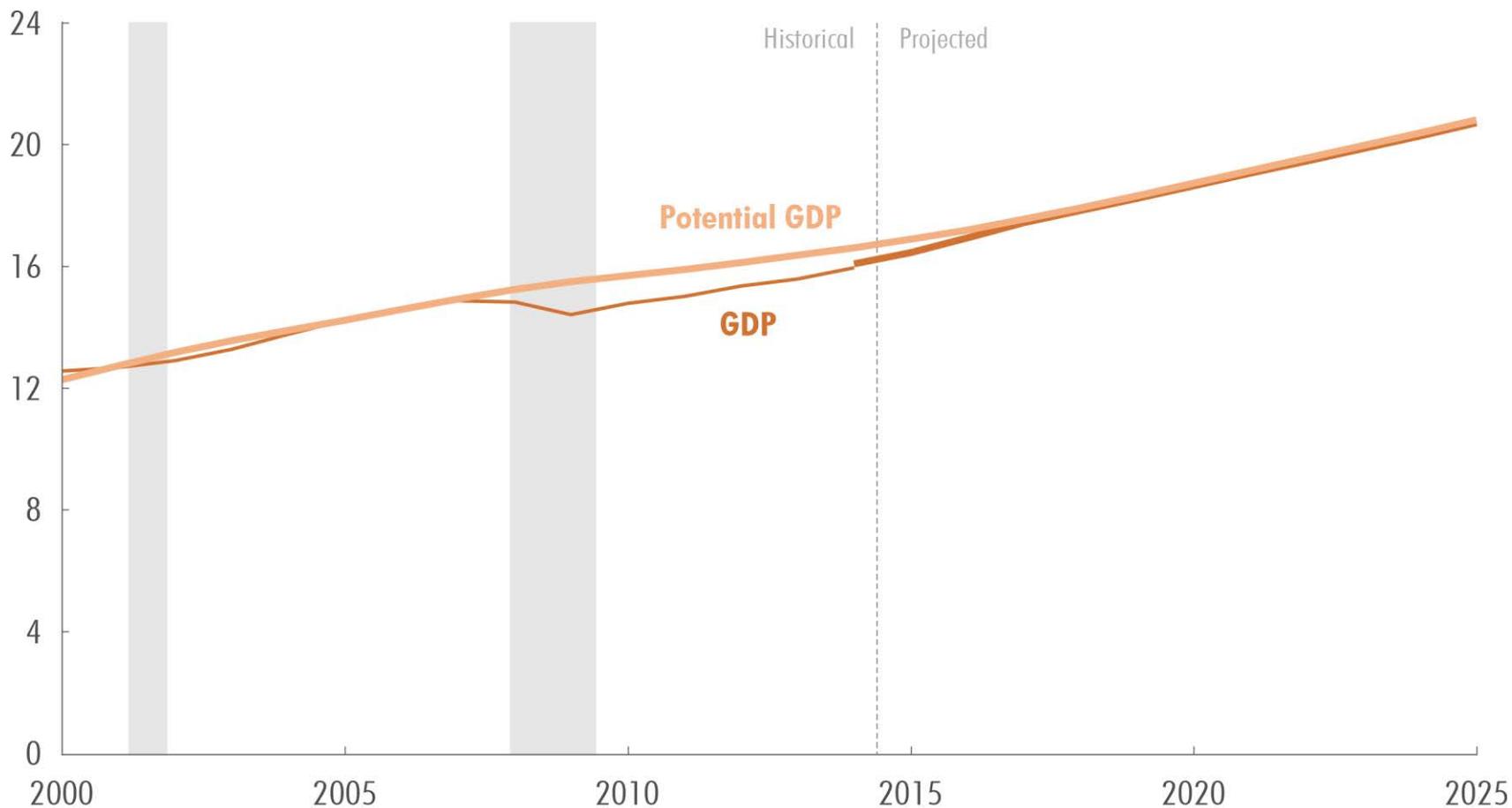
Outlook for Economic Growth

Growth of Real GDP

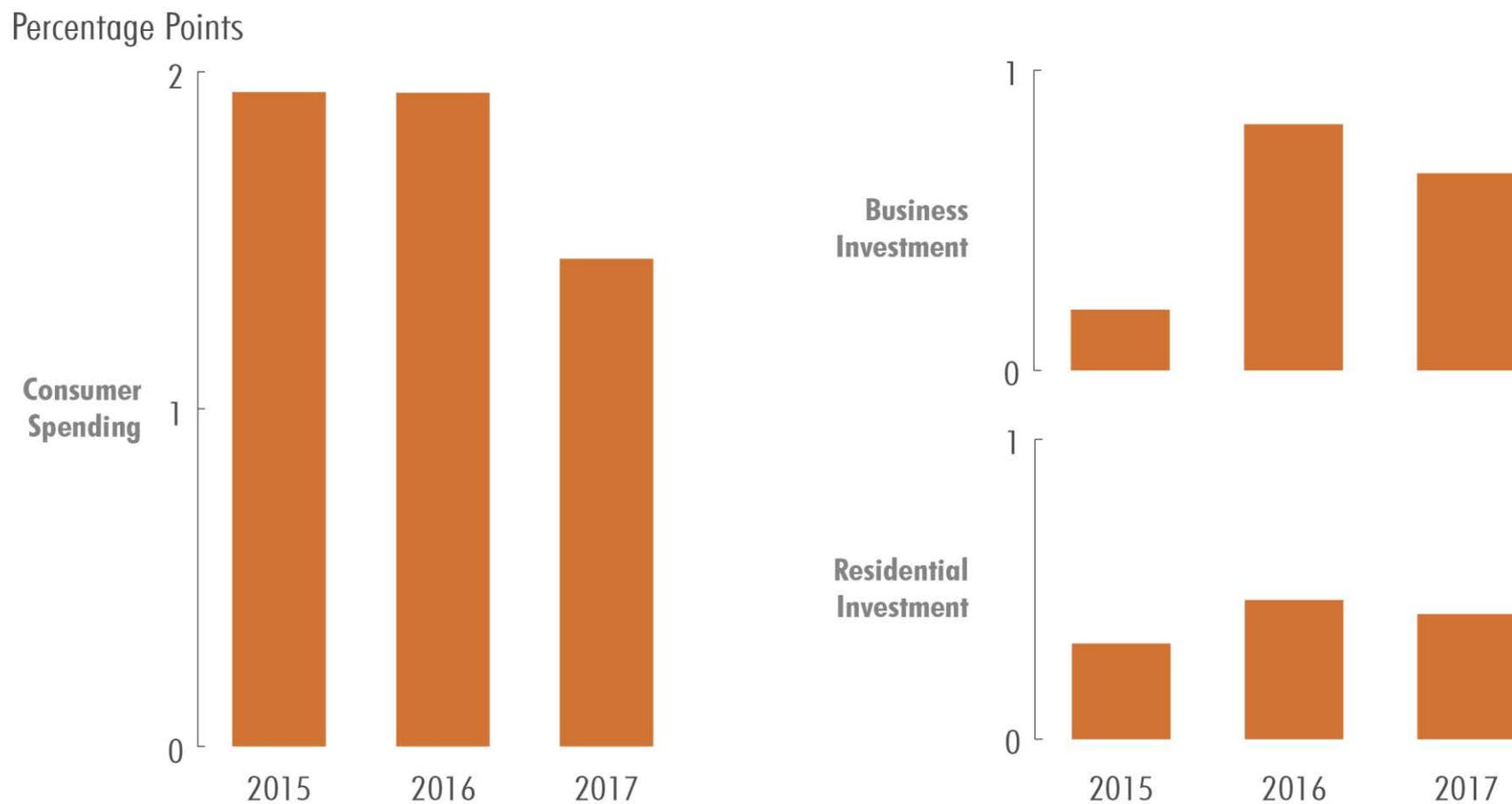


GDP and Potential GDP

Trillions of 2009 Dollars

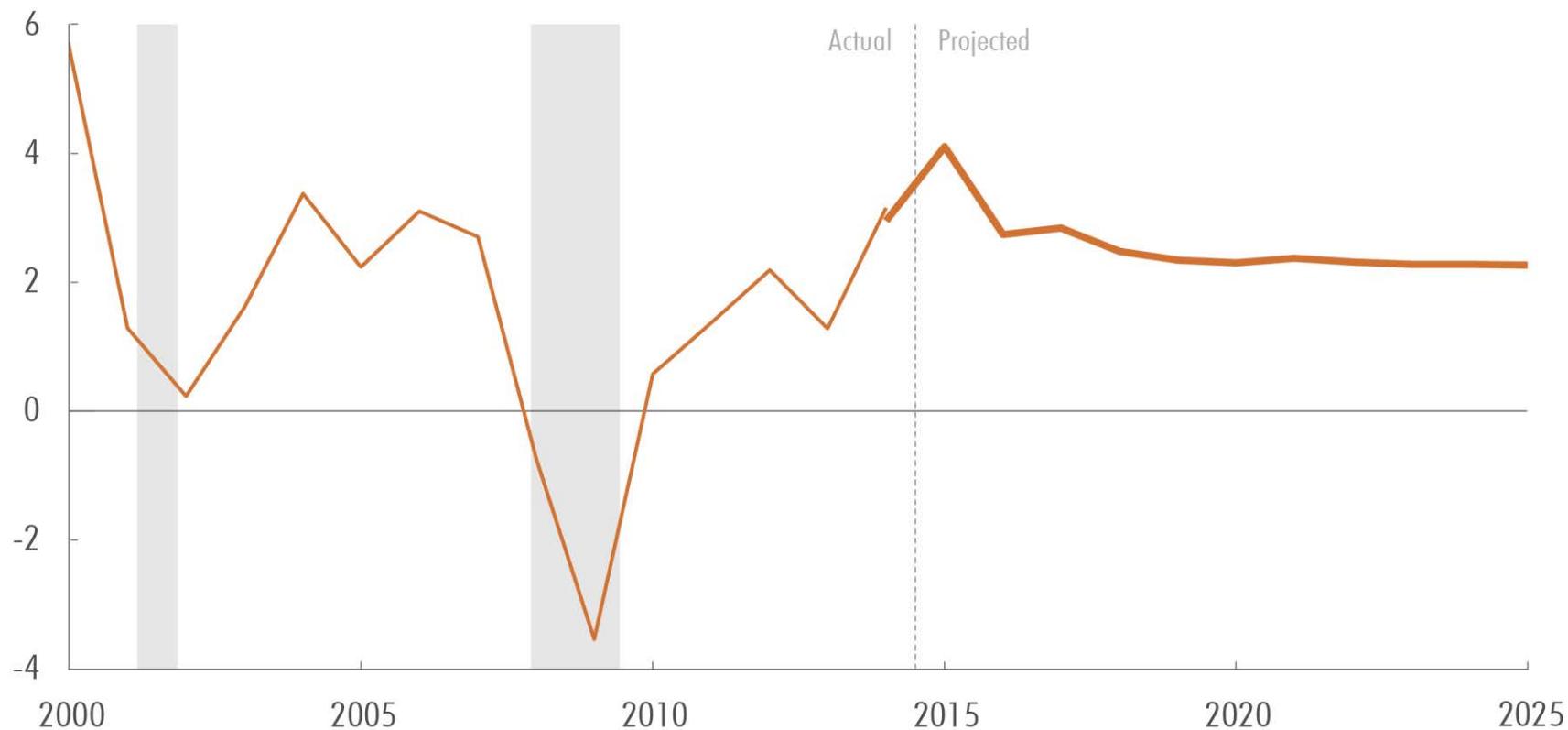


Contributions to the Growth of Real GDP



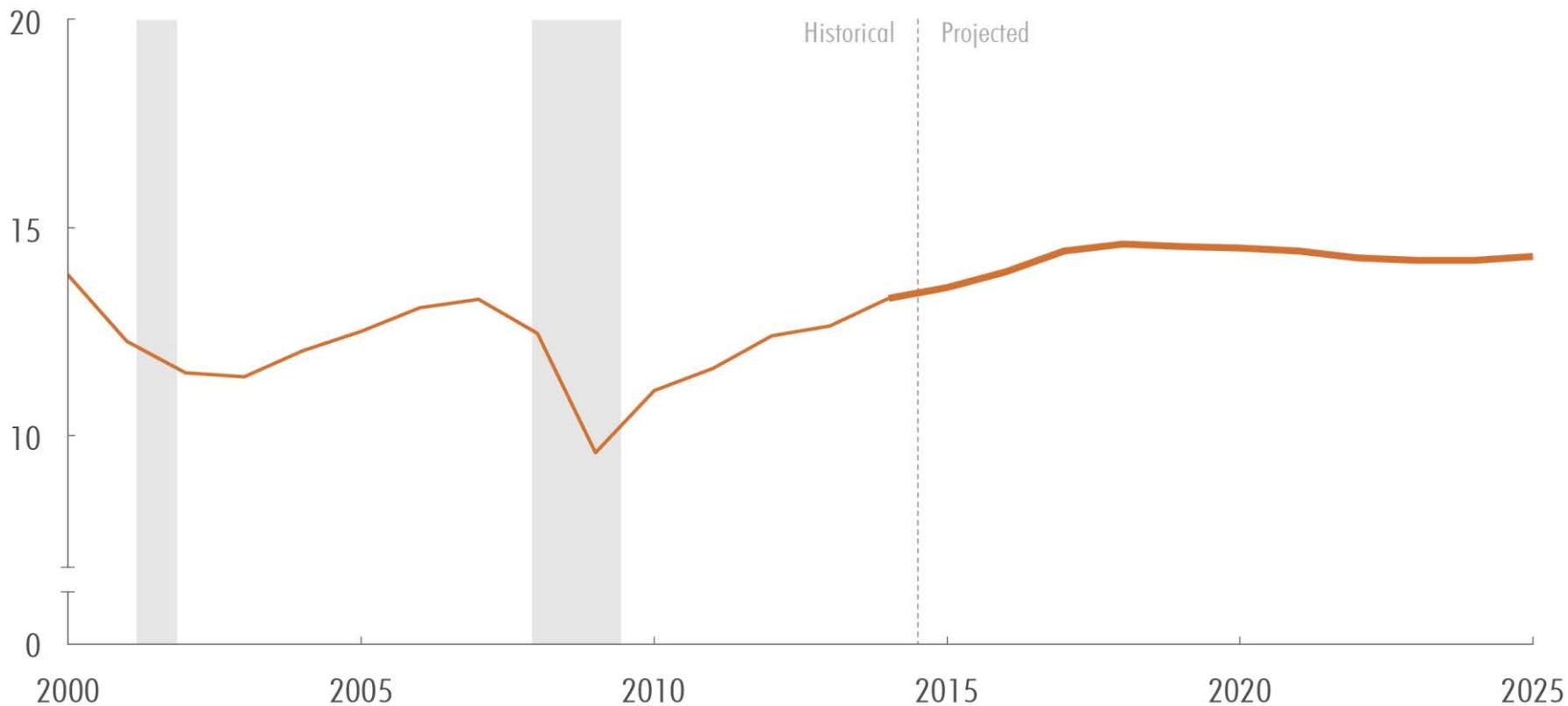
Real Total Compensation of Employees

Percentage Change



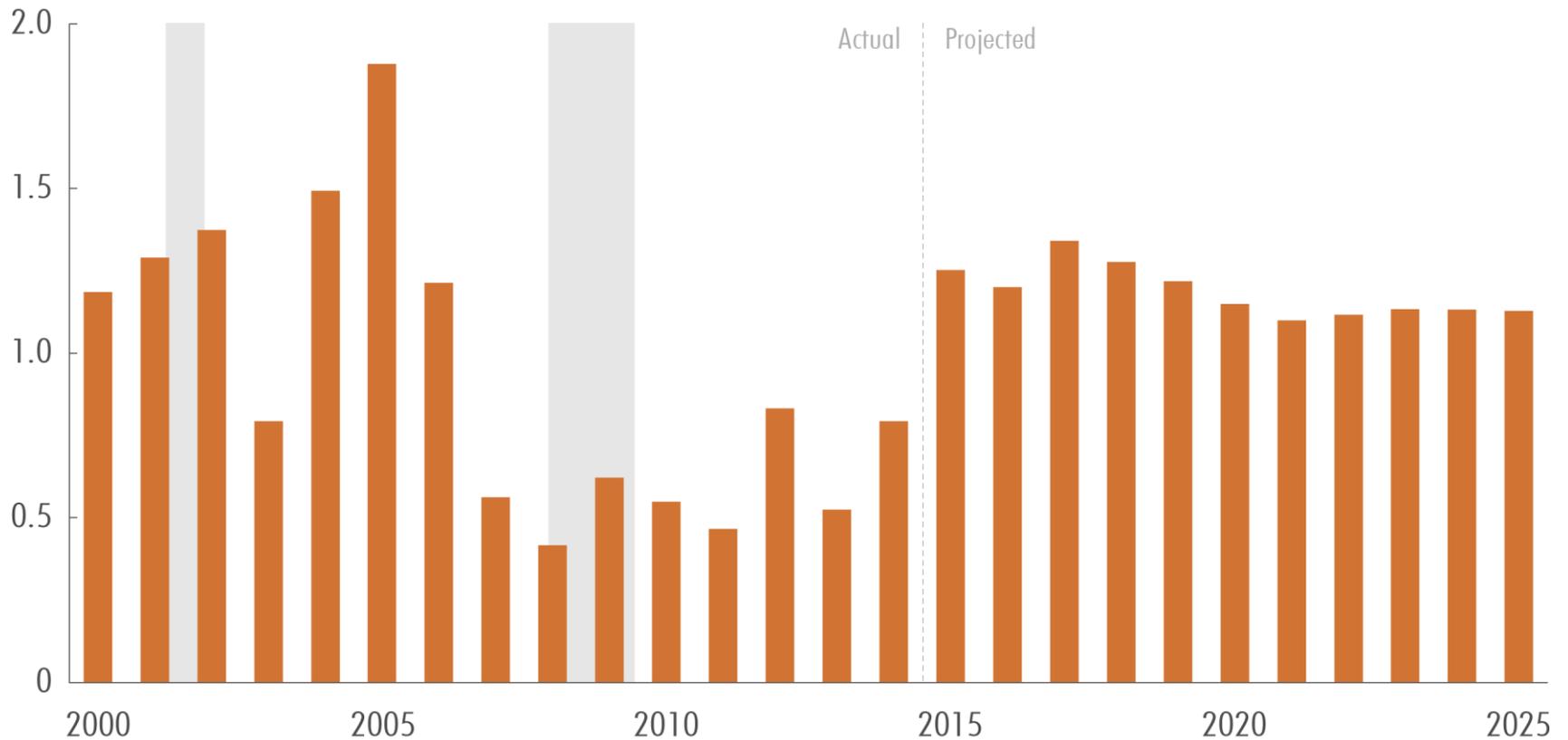
Business Investment

Percentage of Potential GDP



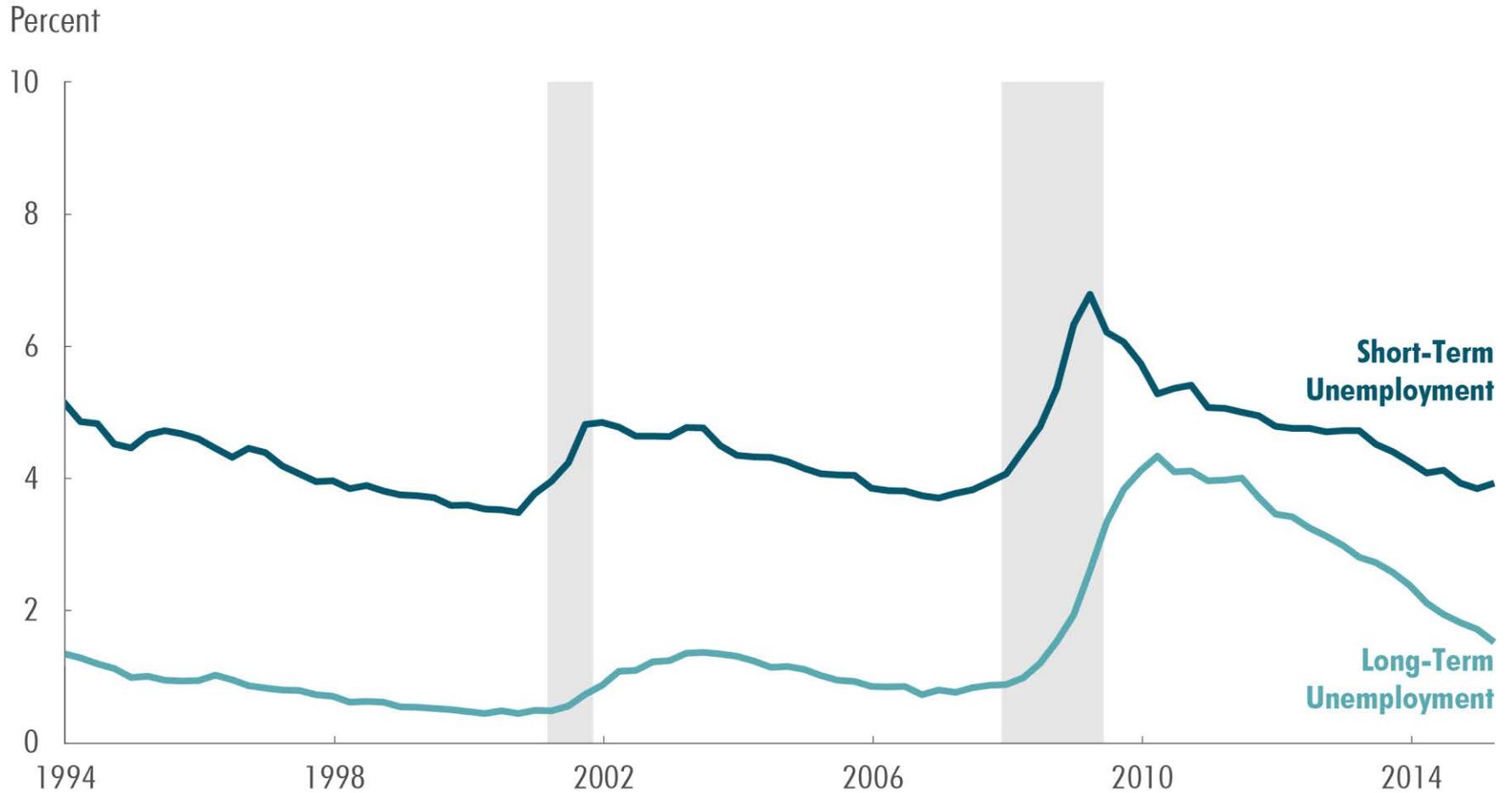
Household Formation

Annual Change in the Number of Households, in Millions



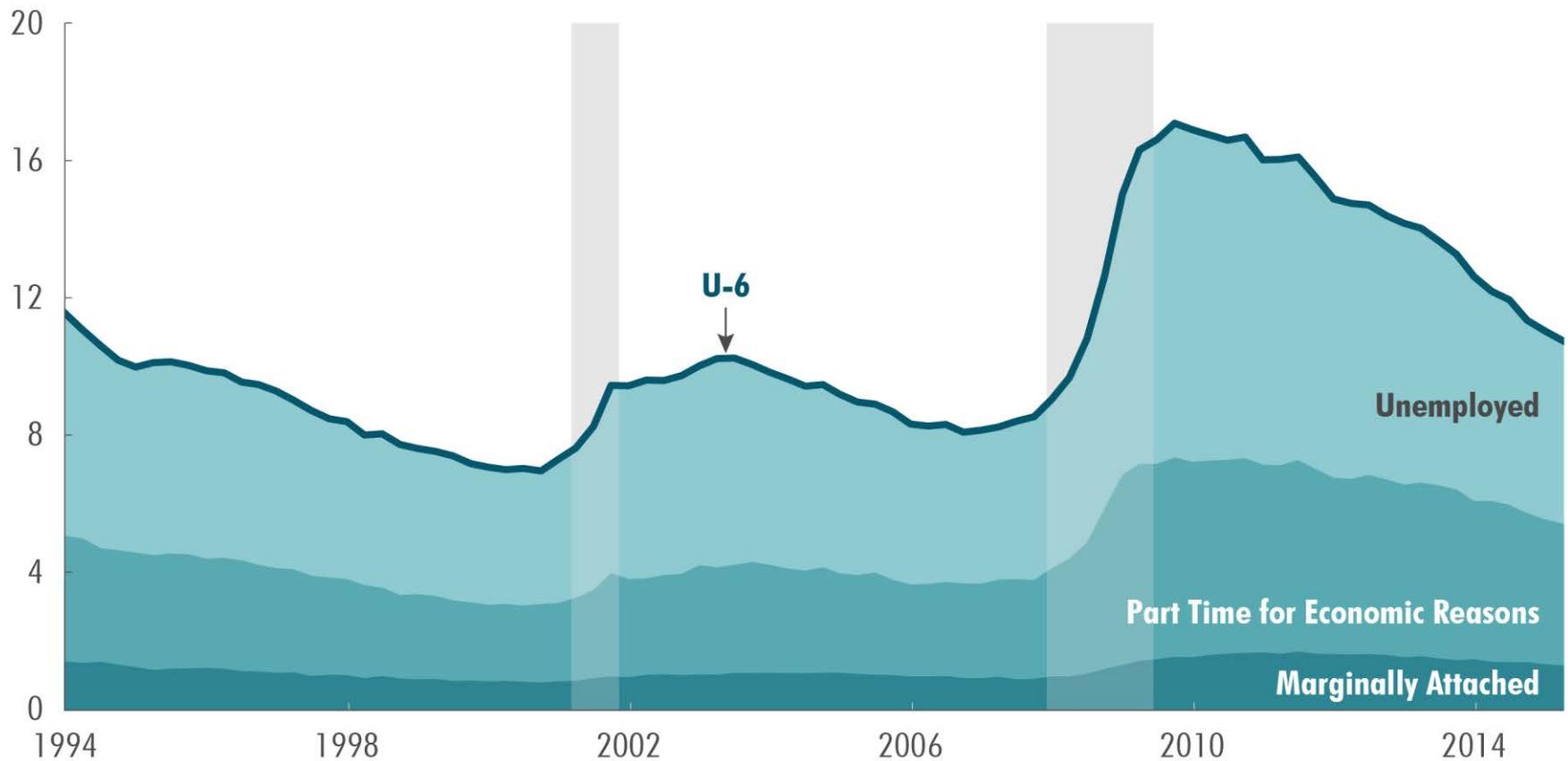
Outlook for the Labor Market

Rates of Short- and Long-Term Unemployment

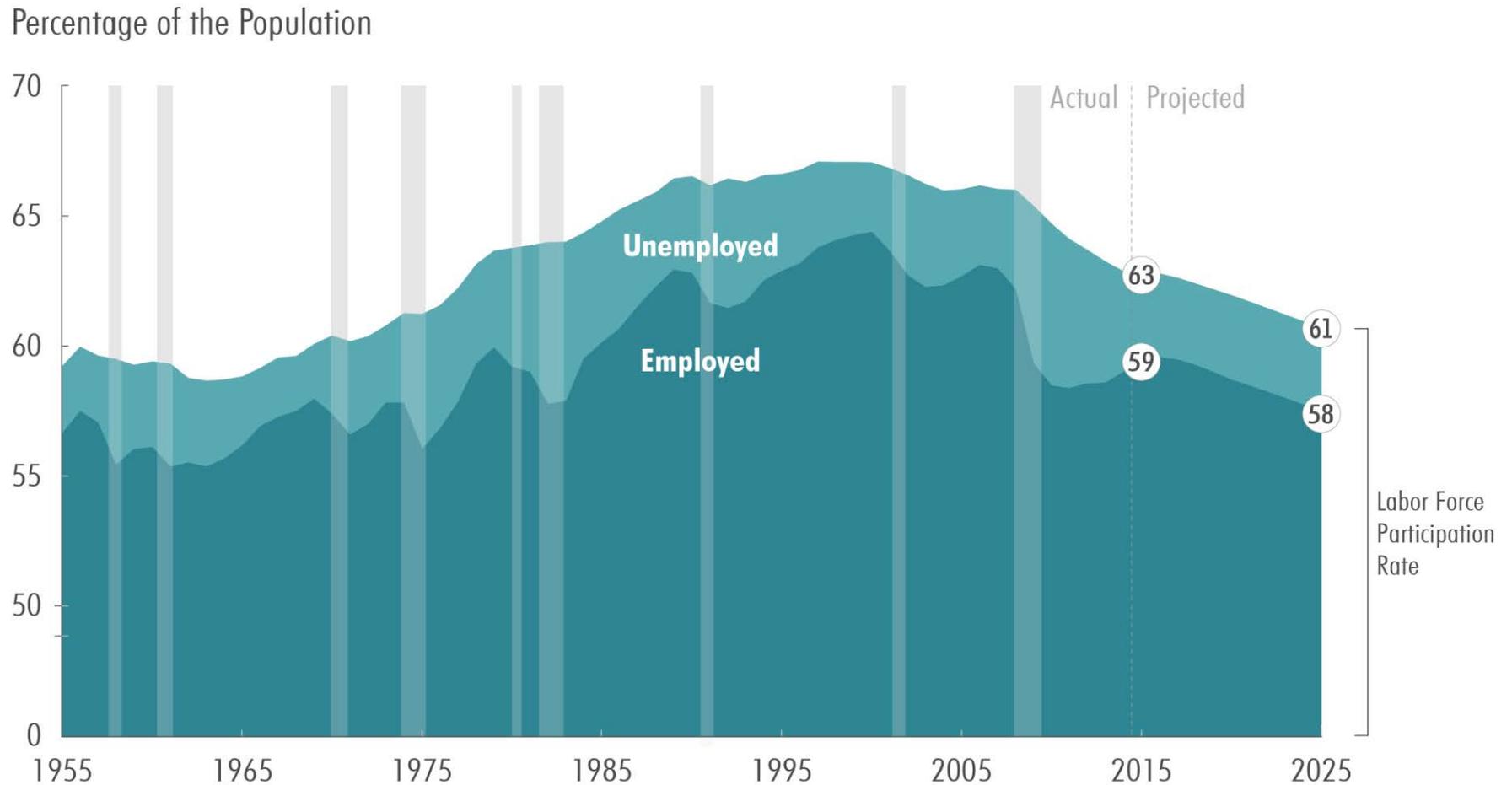


Underuse of Labor

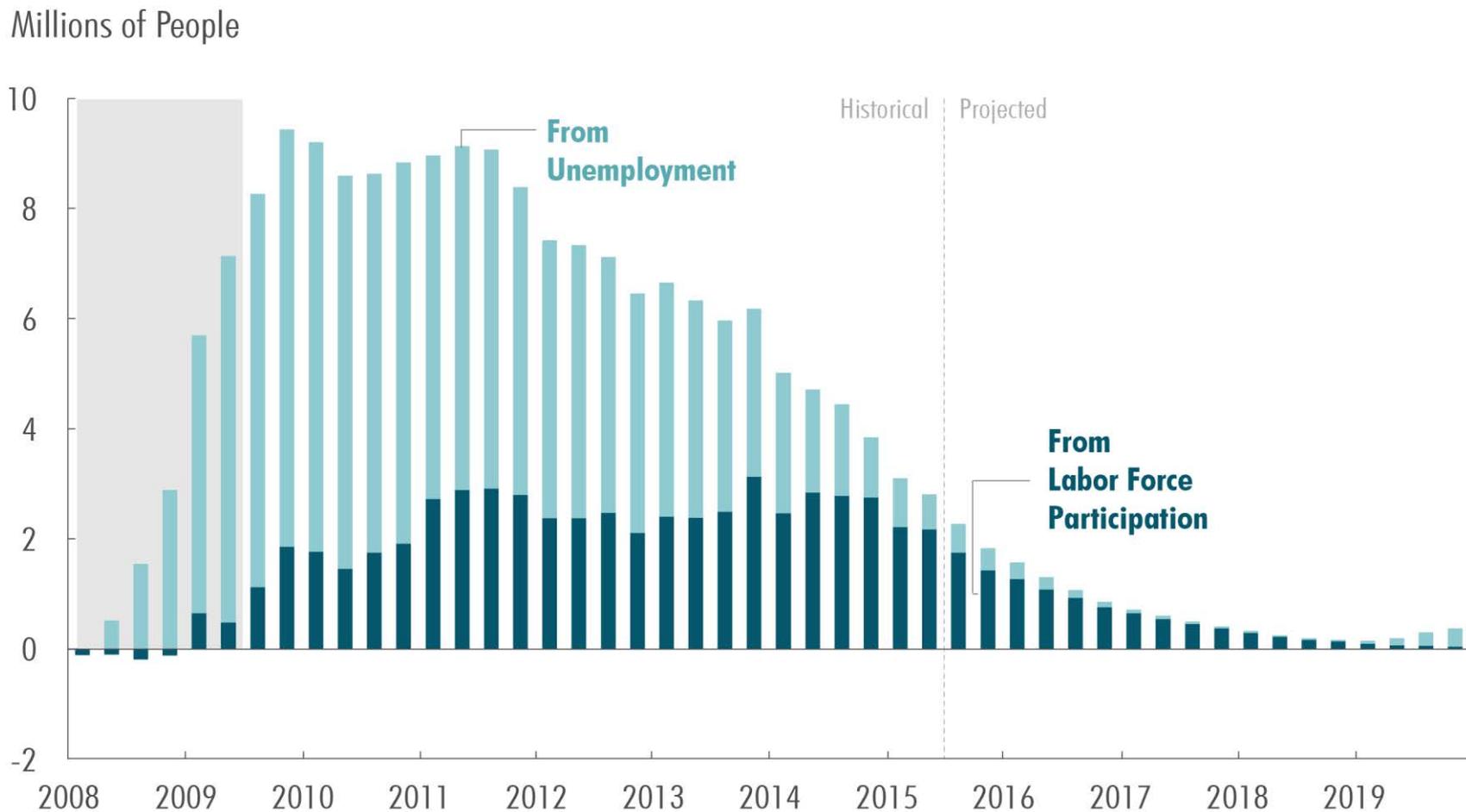
Percentage of the Labor Force Plus Marginally Attached Workers



The Labor Force, Employment, and Unemployment

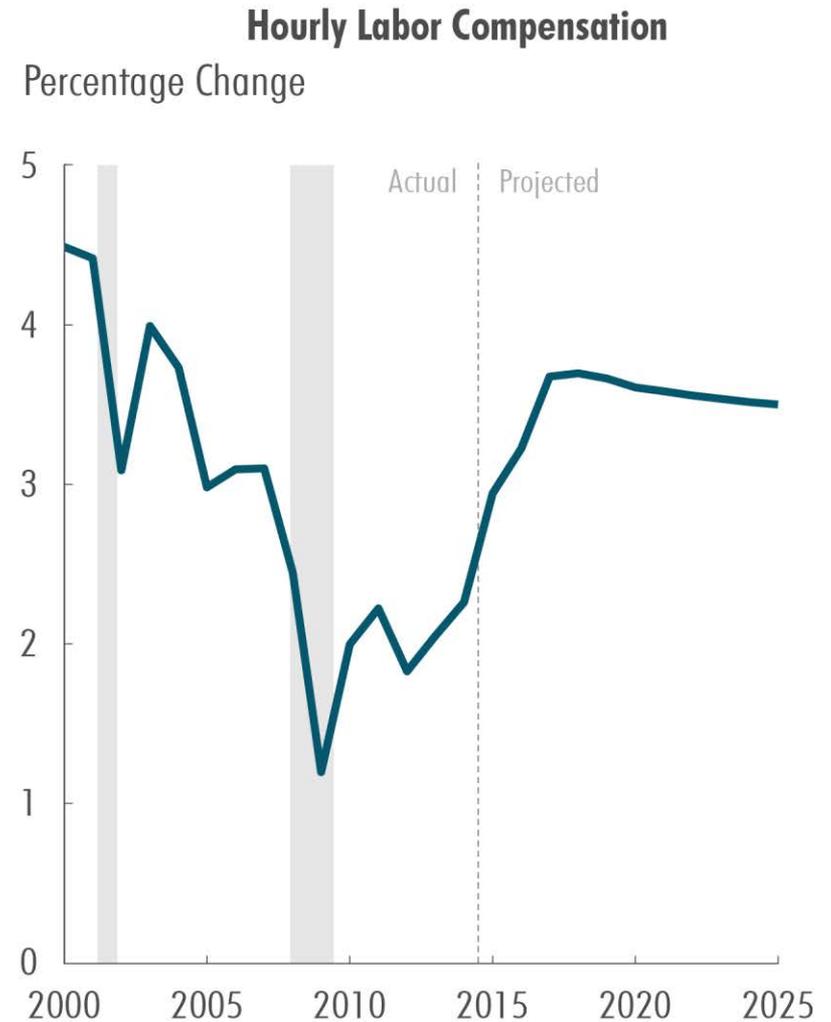
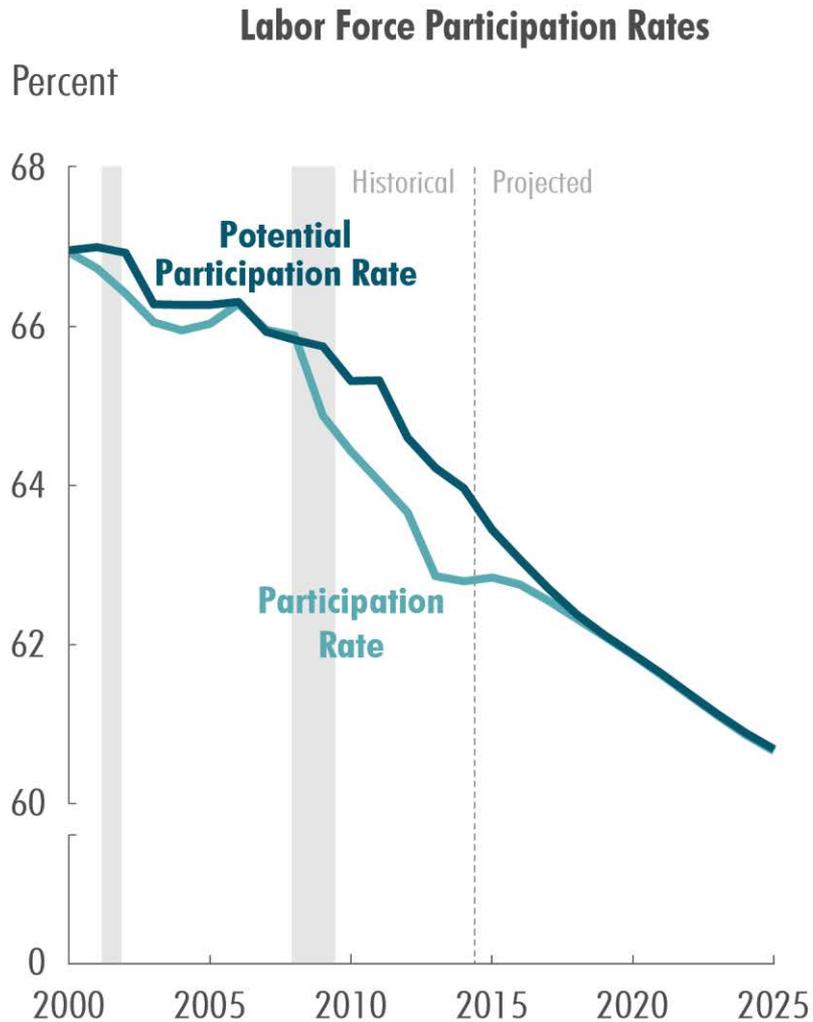


Employment Shortfall



The employment shortfall is the number of people who would be employed if the unemployment rate equaled its rate in December 2007 (the light blue bars) and if the labor force participation rate equaled its potential rate (the dark blue bars).

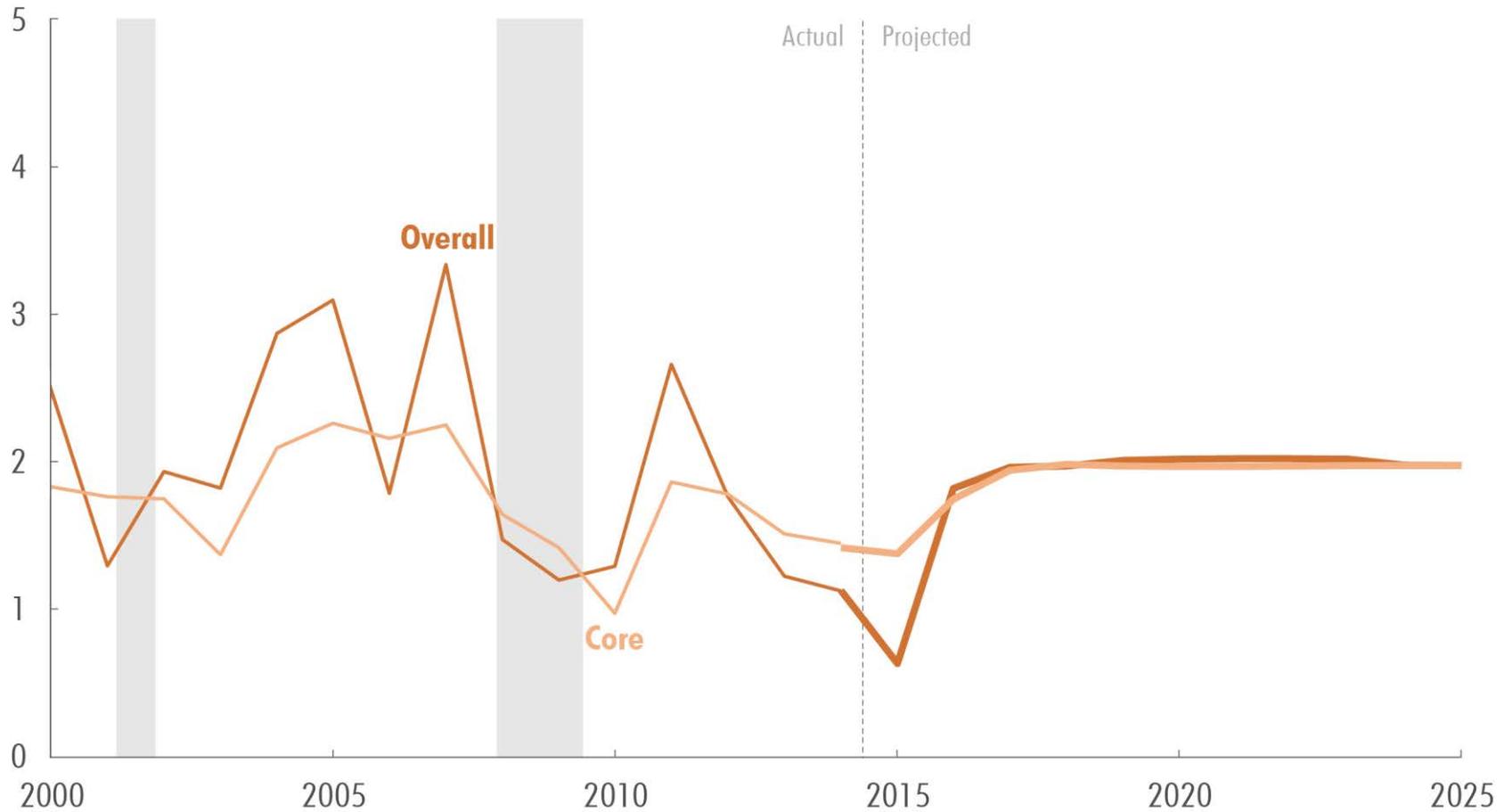
Labor Force Participation and Hourly Labor Compensation



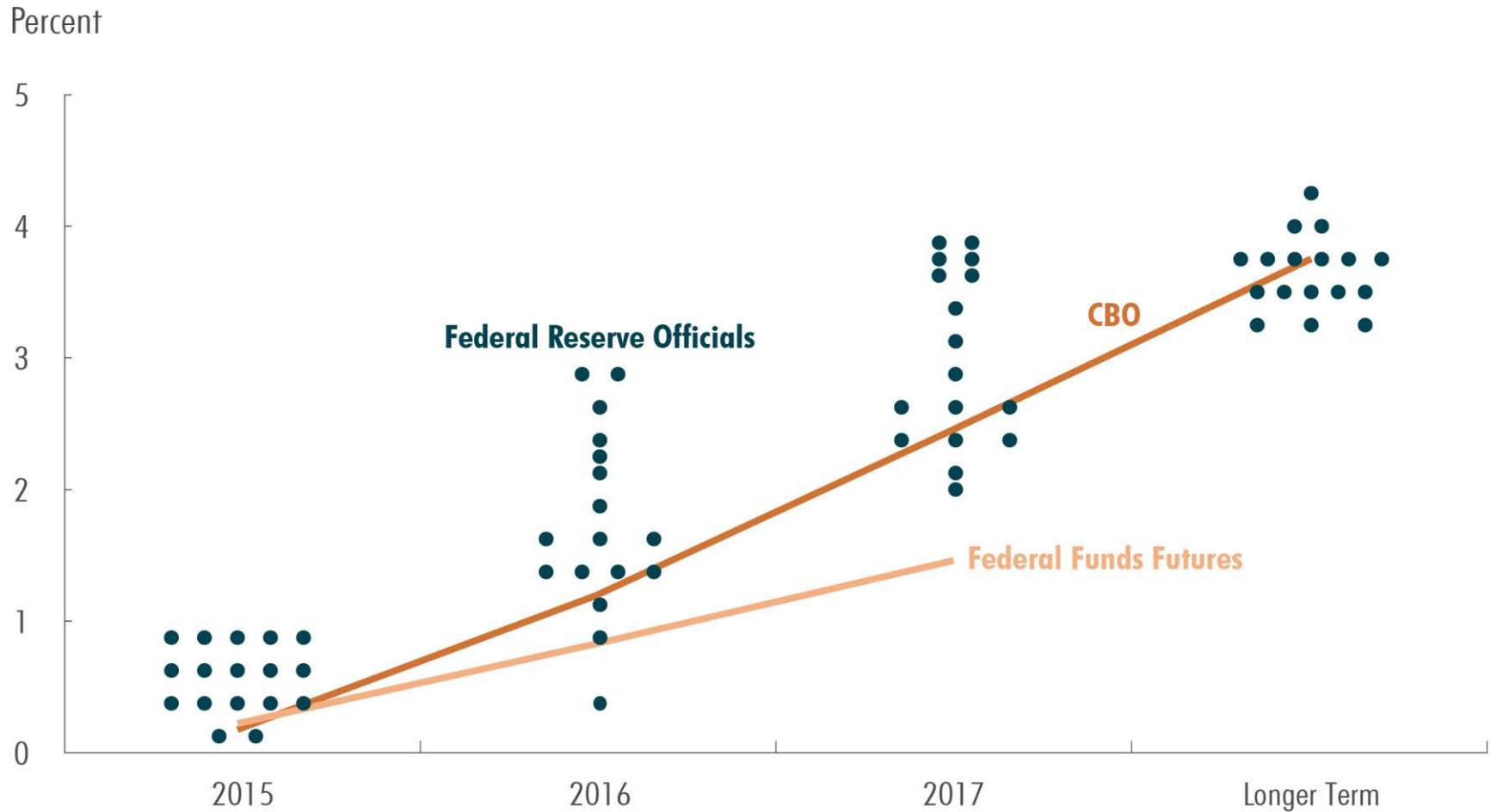
Outlook for Inflation and Interest Rates

Inflation

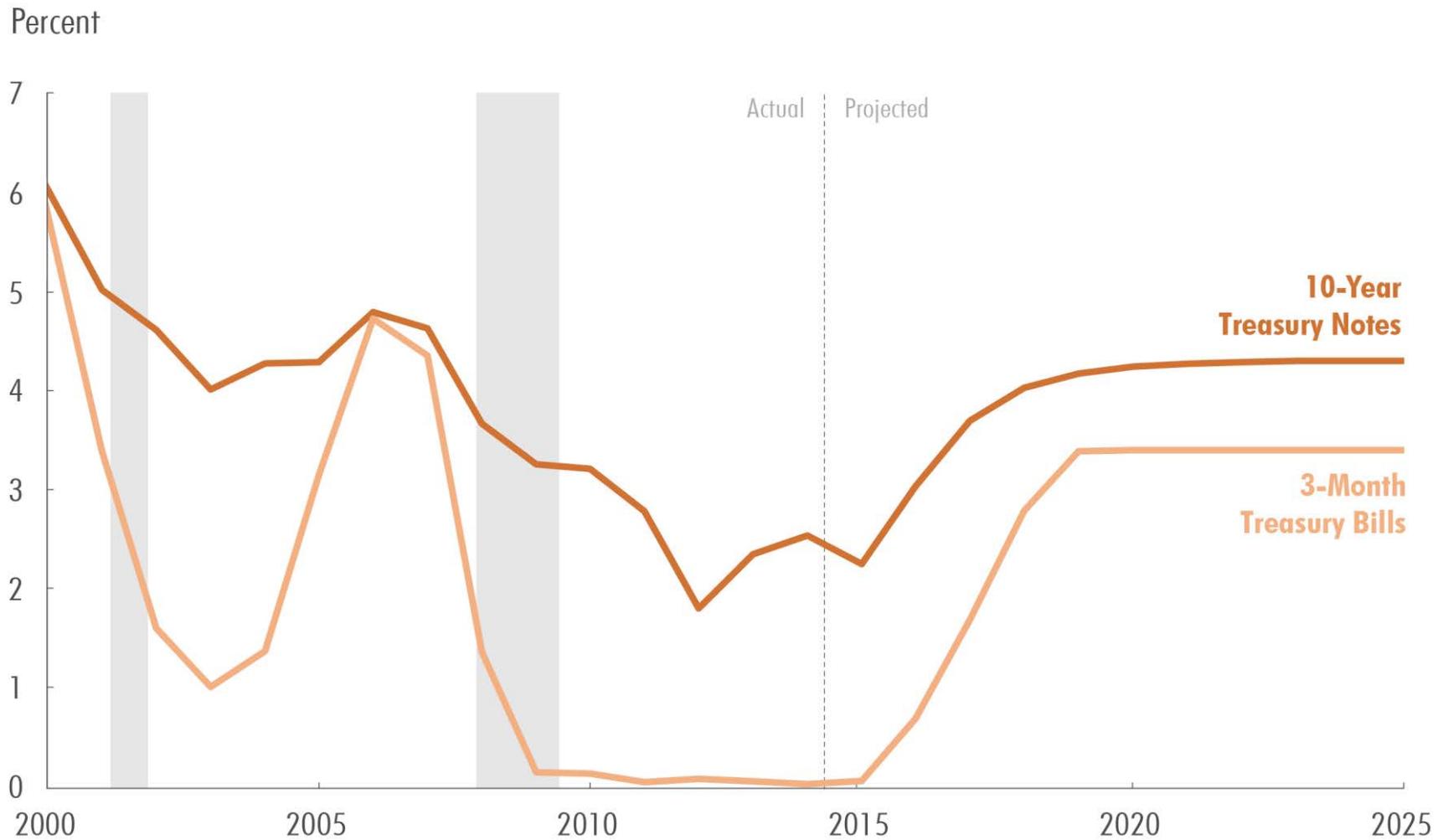
Percentage Change in Prices for Personal Consumption Expenditures



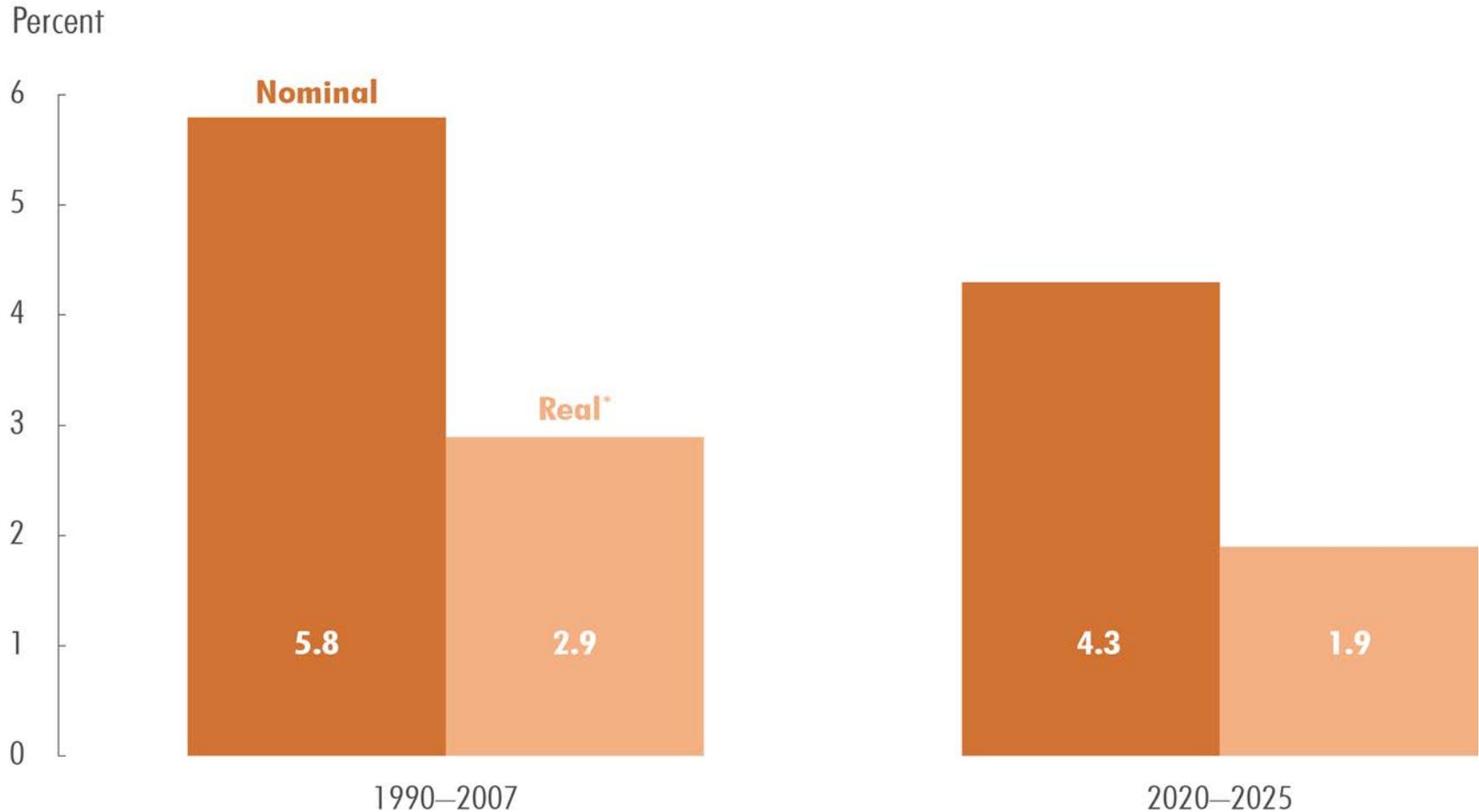
Forecasts of Interest Rates by CBO, the Federal Reserve, and Federal Funds Futures



Interest Rates



Nominal and Real Interest Rates on 10-Year Treasury Notes



*Calculated using the consumer price index for all urban consumers.