

America's Budget Outlook

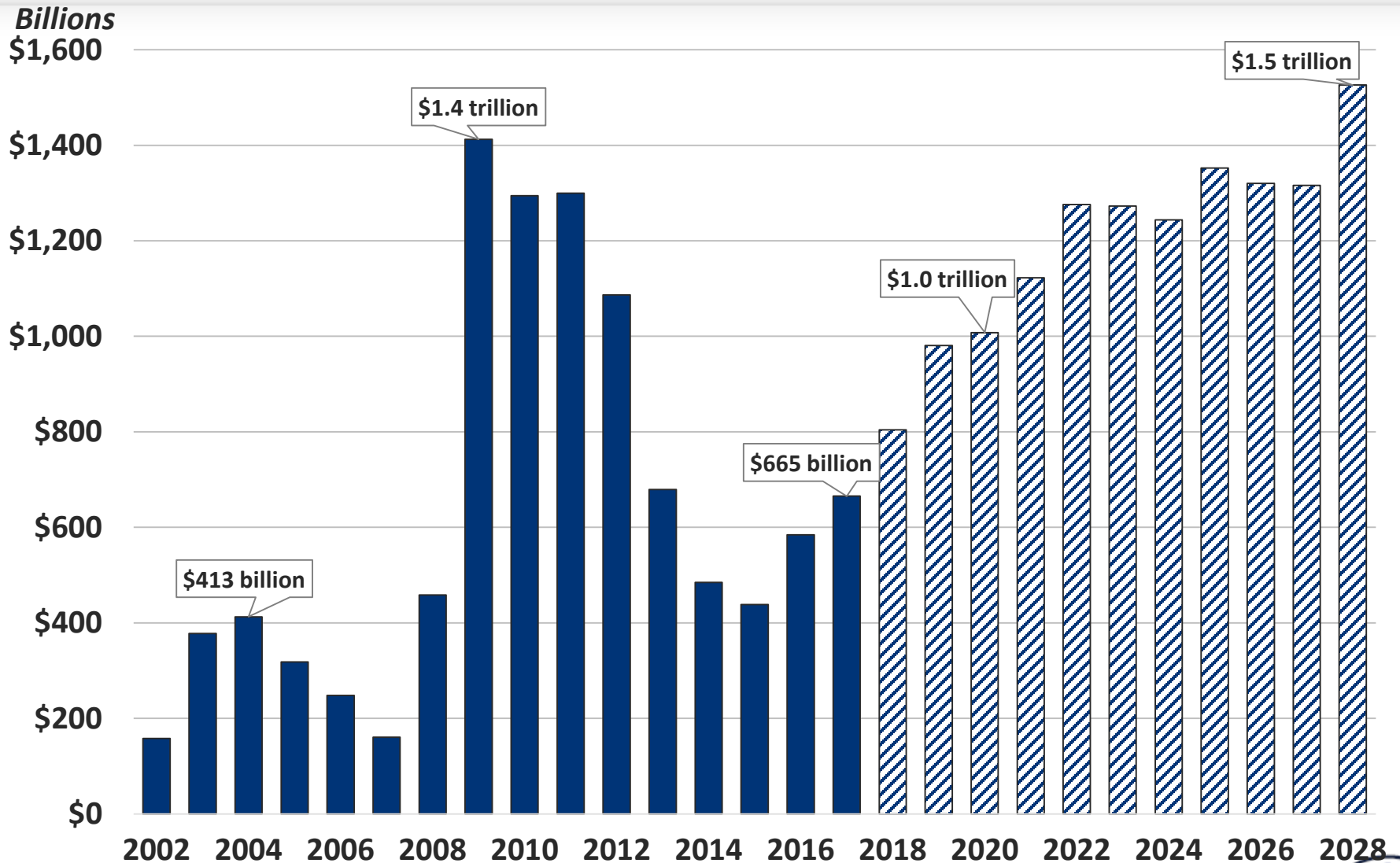
April 2018



**COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

CRFB.org

Trillion Dollar Deficits Return By 2020

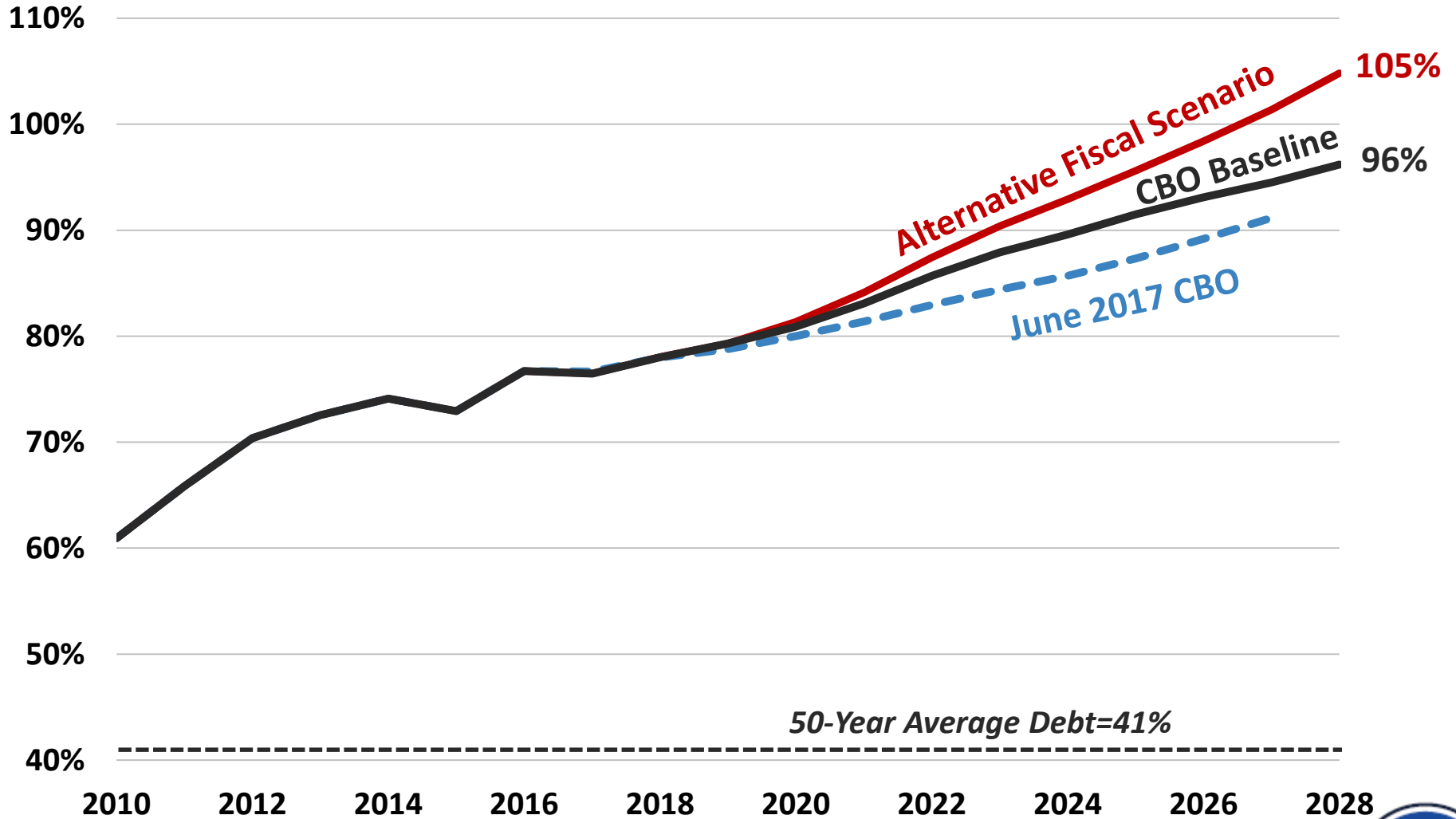


Source: CBO April 2018 Baseline



Debt Held by the Public

Percent of GDP

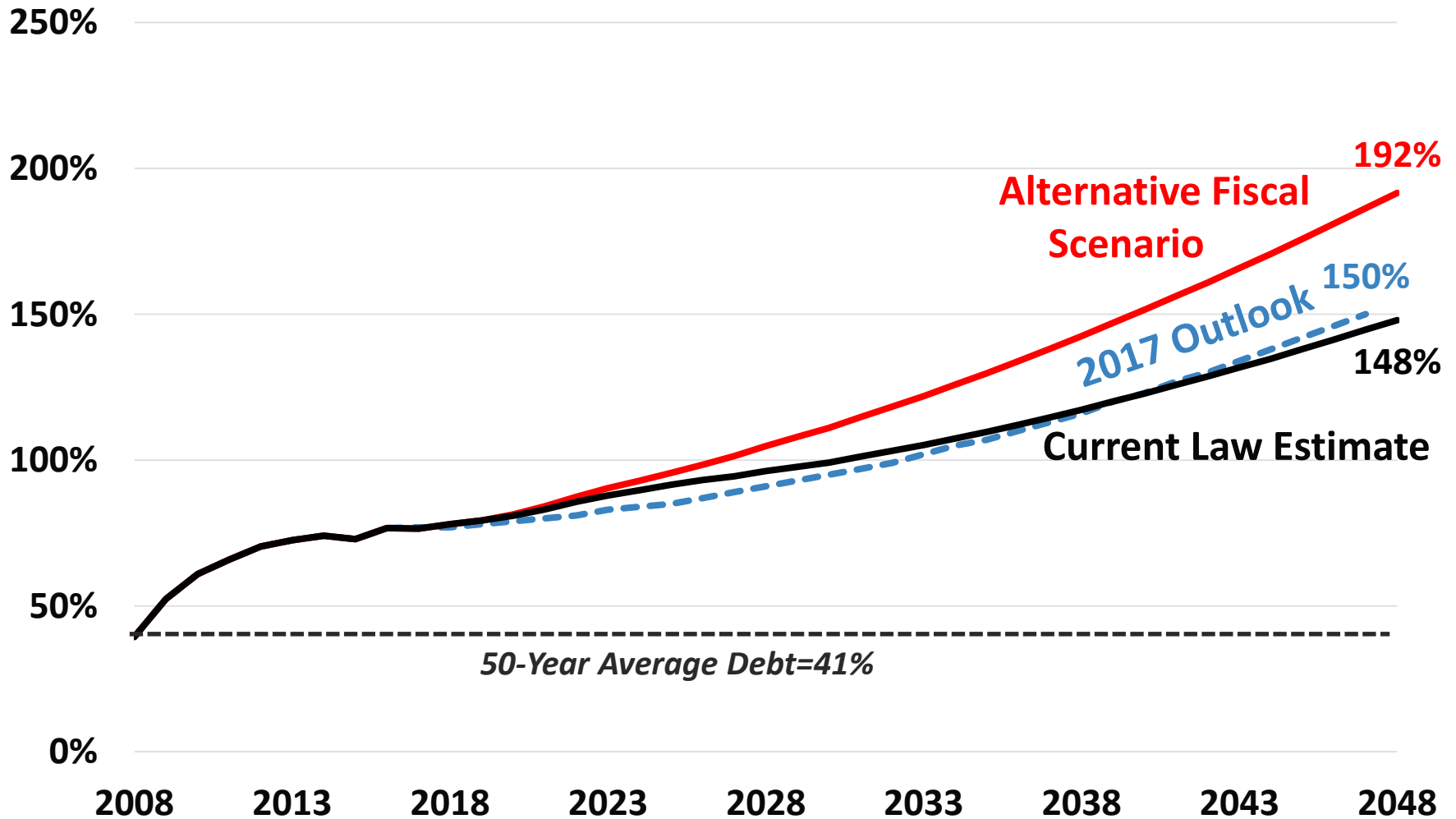


Source: CRFB calculations based on Congressional Budget Office data.



Debt Will Grow Significantly Over the Long Term

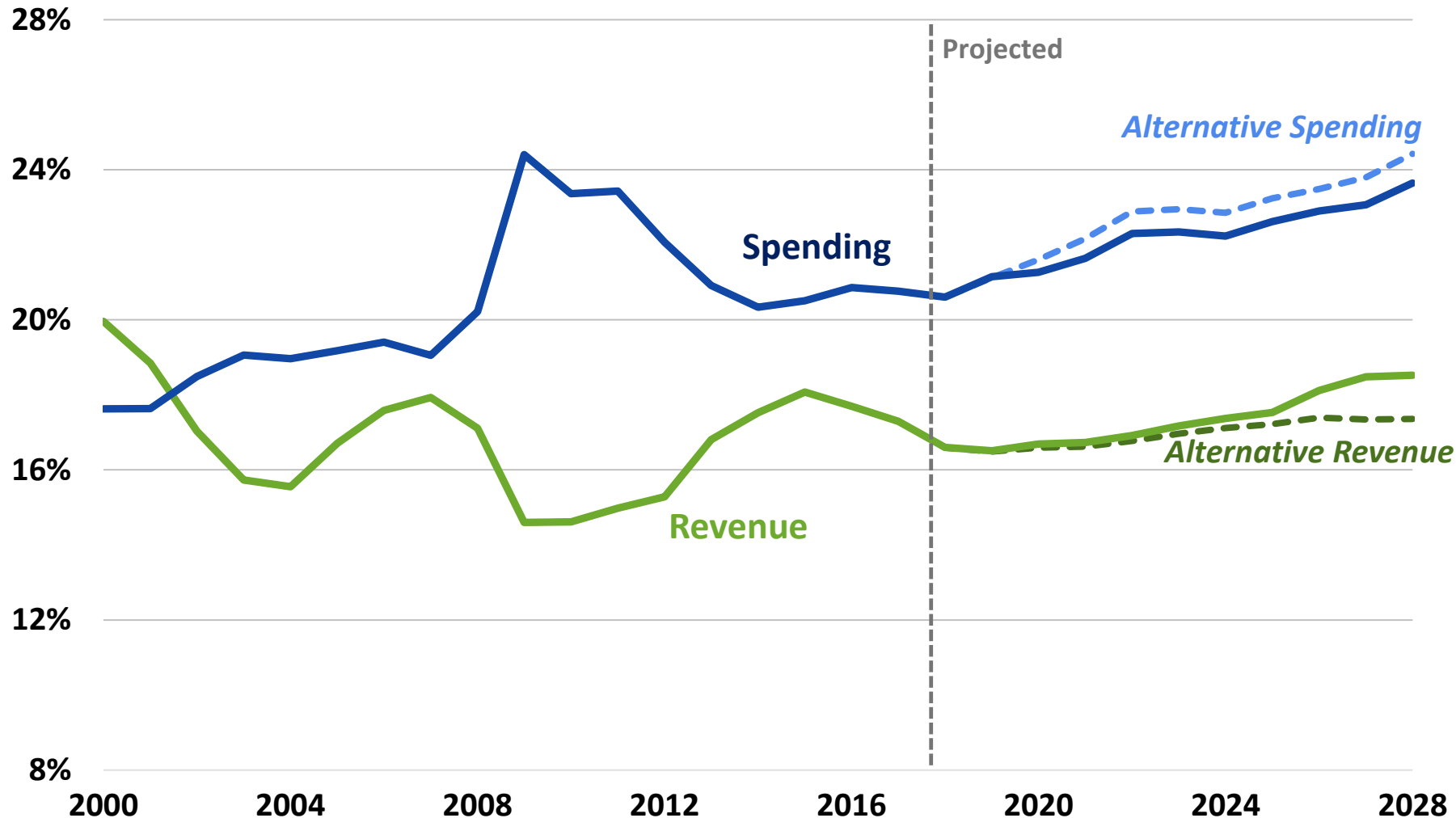
Percent of GDP



Source: Congressional Budget Office, CRFB calculations

The Gap Between Revenue and Spending Will Grow

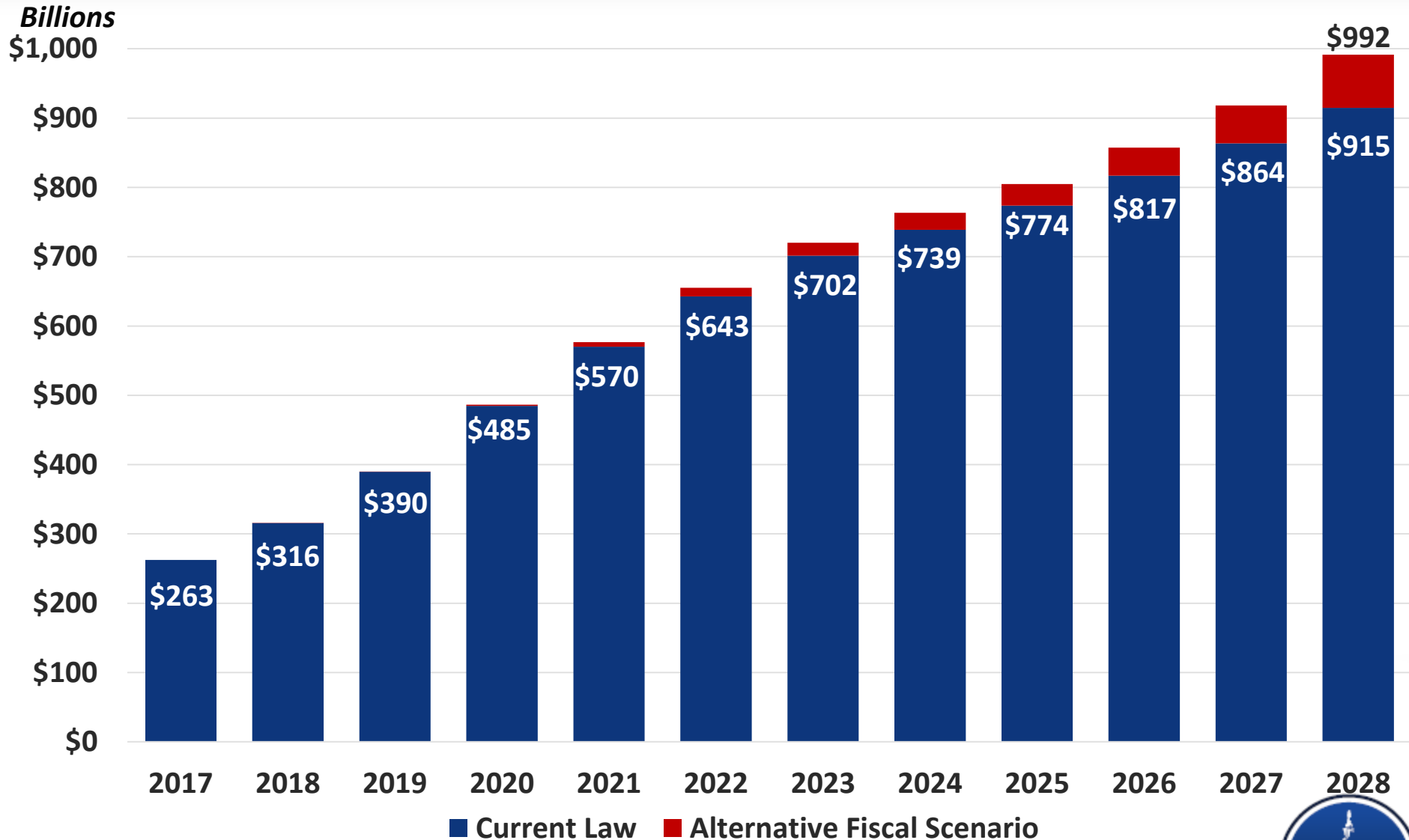
Percent of GDP



Source: CRFB calculations based on Congressional Budget Office data.



Interest Spending Will Approach \$1 Trillion



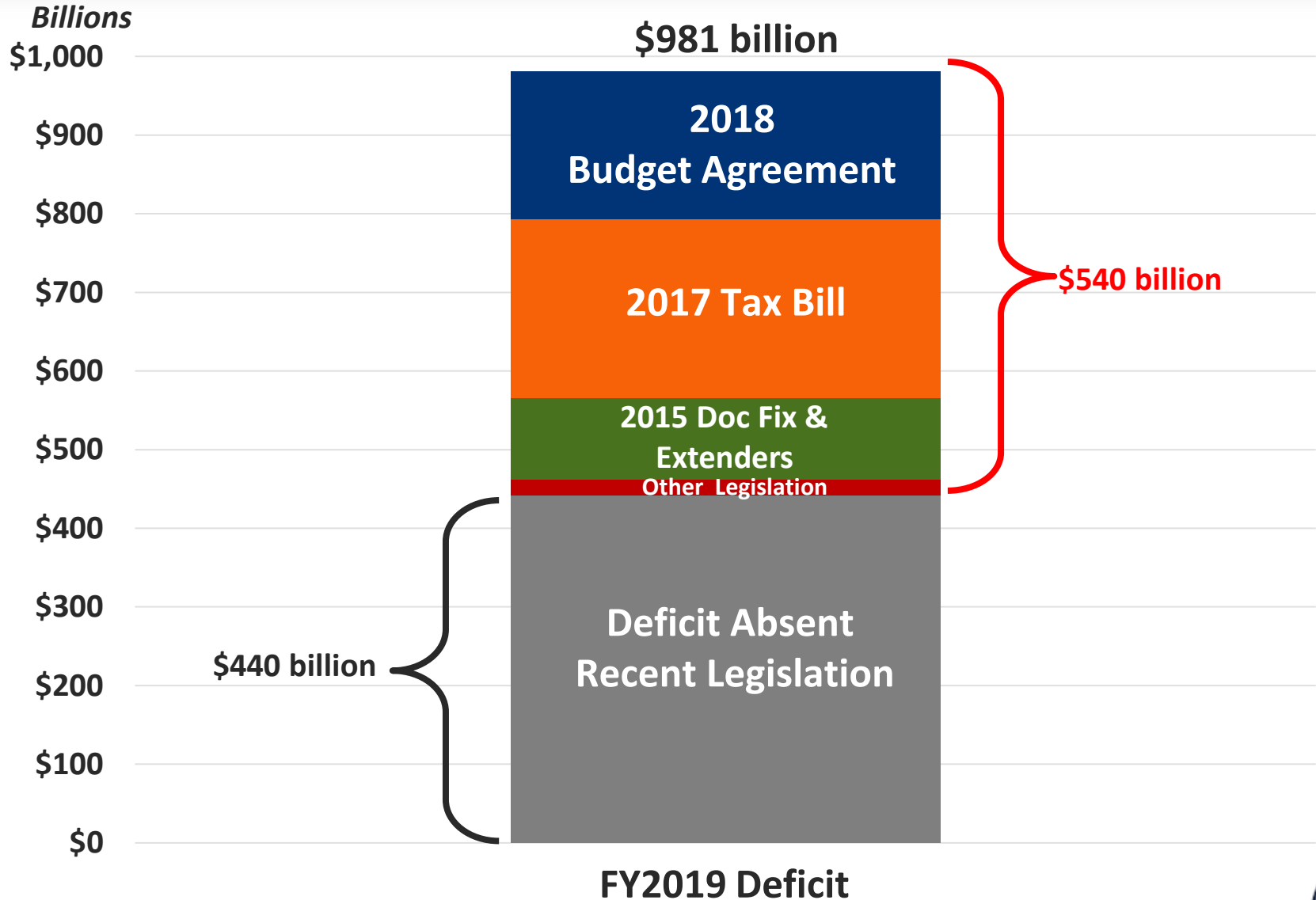
Source: CRFB calculations based on Congressional Budget Office data.

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What's Driving Higher Deficits?

55% of Next Year's Deficit is Due to Recent Legislation



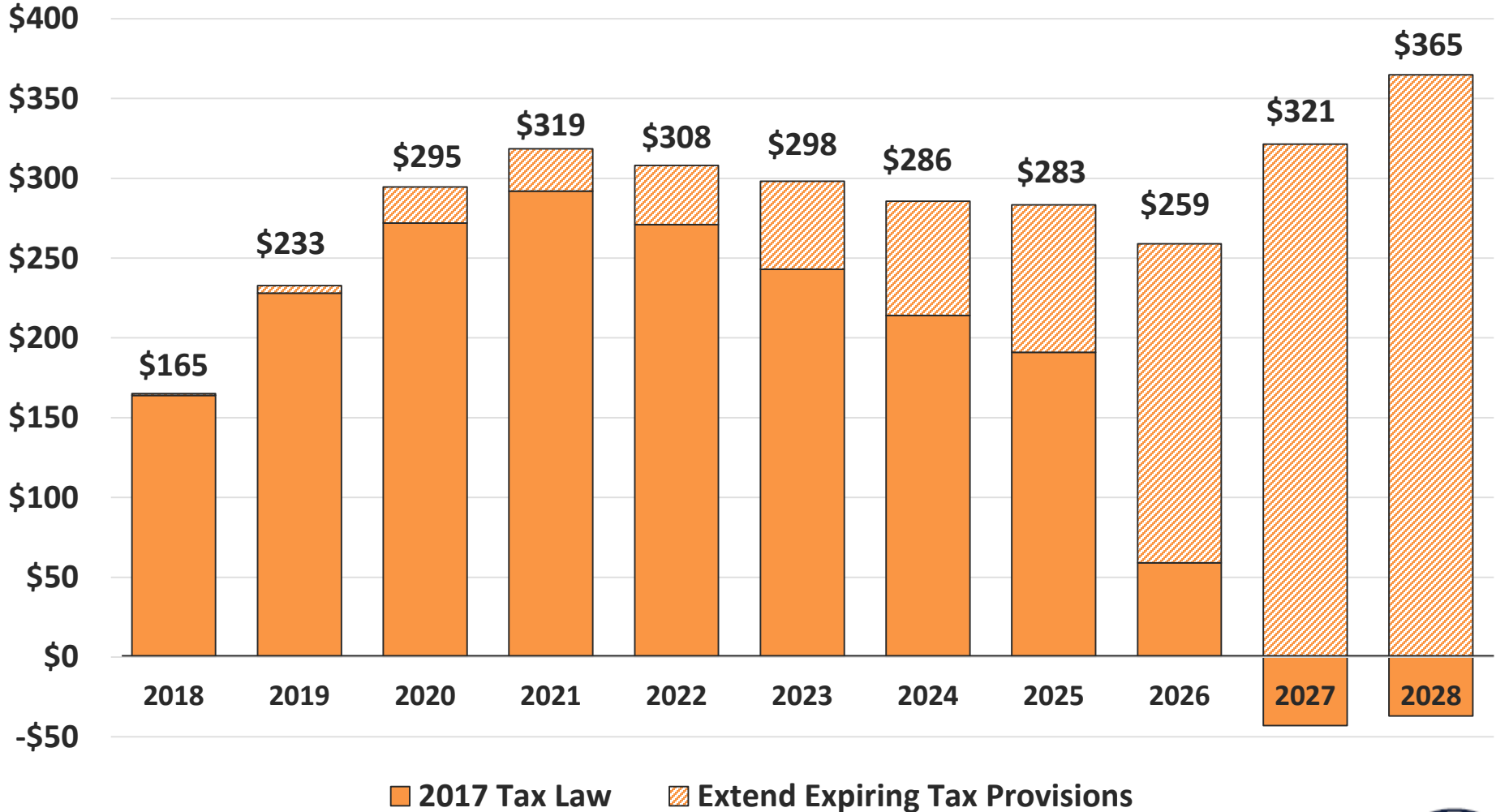
Source: CBO, CRFB Calculations

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Tax Law Costs, After Dynamic Scoring

Billions



Source: Congressional Budget Office.

Includes economic effects of the tax bill and debt service. Costs could be greater if other business tax increases scheduled in the law are prevented from occurring. Includes all expiring tax provisions in CBO's Alternative Fiscal Scenario, even though some were extended one or two months after passage of the tax bill.



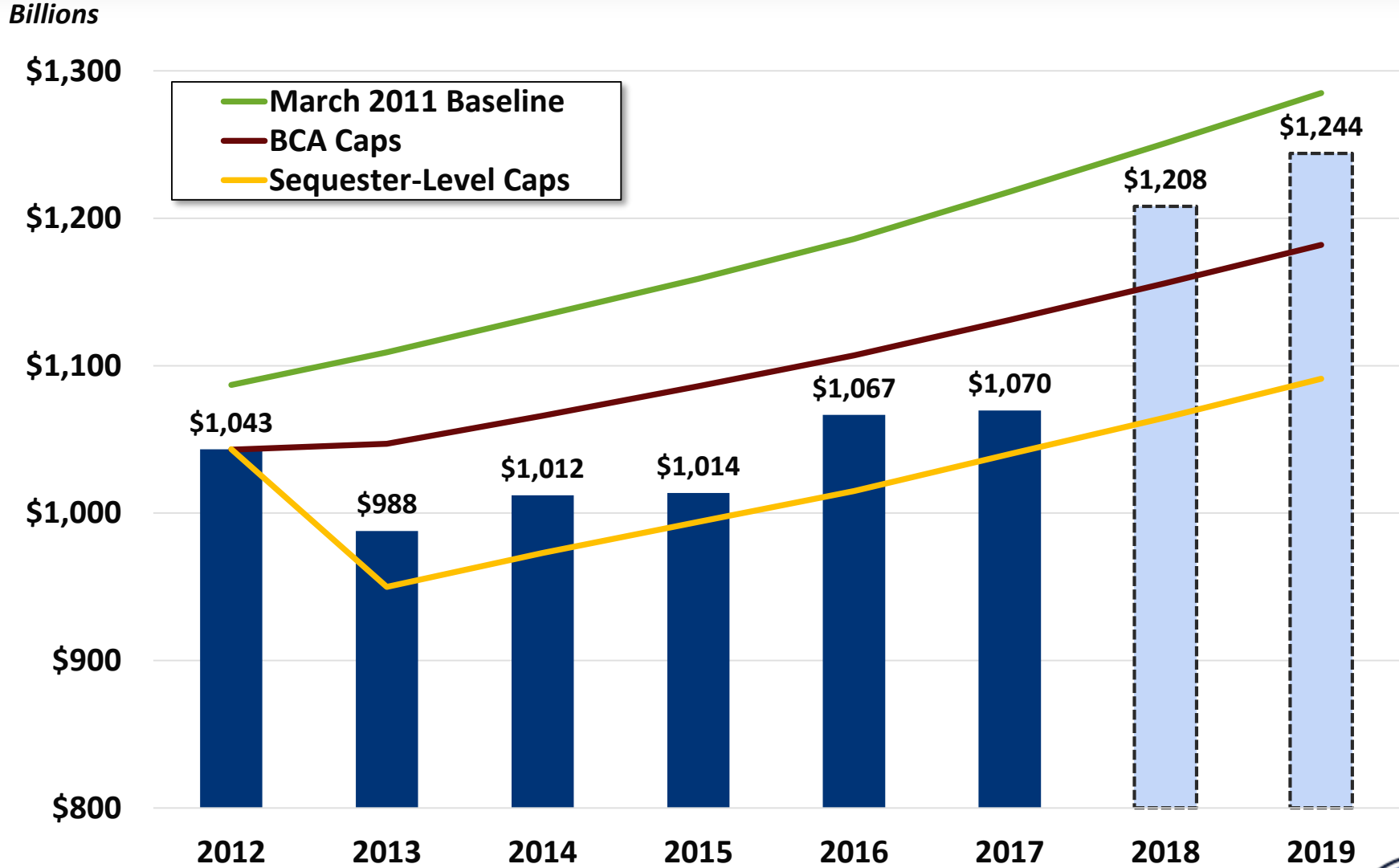
Annual Growth Rate Change from the Tax Bill

Estimating Organization	Average Annual Growth Rate Boost	
	In 1st Year	Over 10 Years
Congressional Budget Office	0.3	0.06
Joint Committee on Taxation	--	<0.02
Moody's Analytics	0.4	0.04
Macroeconomic Advisors	0.1	0.02
Tax Policy Center*	0.8	-0.00
International Monetary Fund	0.3	-0.01
Goldman Sachs	0.3	0.07
Tax Foundation	0.4	0.29
Penn Wharton Budget Model	--	0.06-0.11
Claim-“For the bill to pay for itself”	0.4	0.4

Source: Congressional Budget Office and the listed organizations.

*Tax Policy Center numbers are given for fiscal years; other organizations are calendar year.

The BBA Busted the Original BCA Caps, Gave Both Sides More than They Asked For



Source: CRFB calculations based on Congressional Budget Office data.

The Omnibus Spread The Money Around

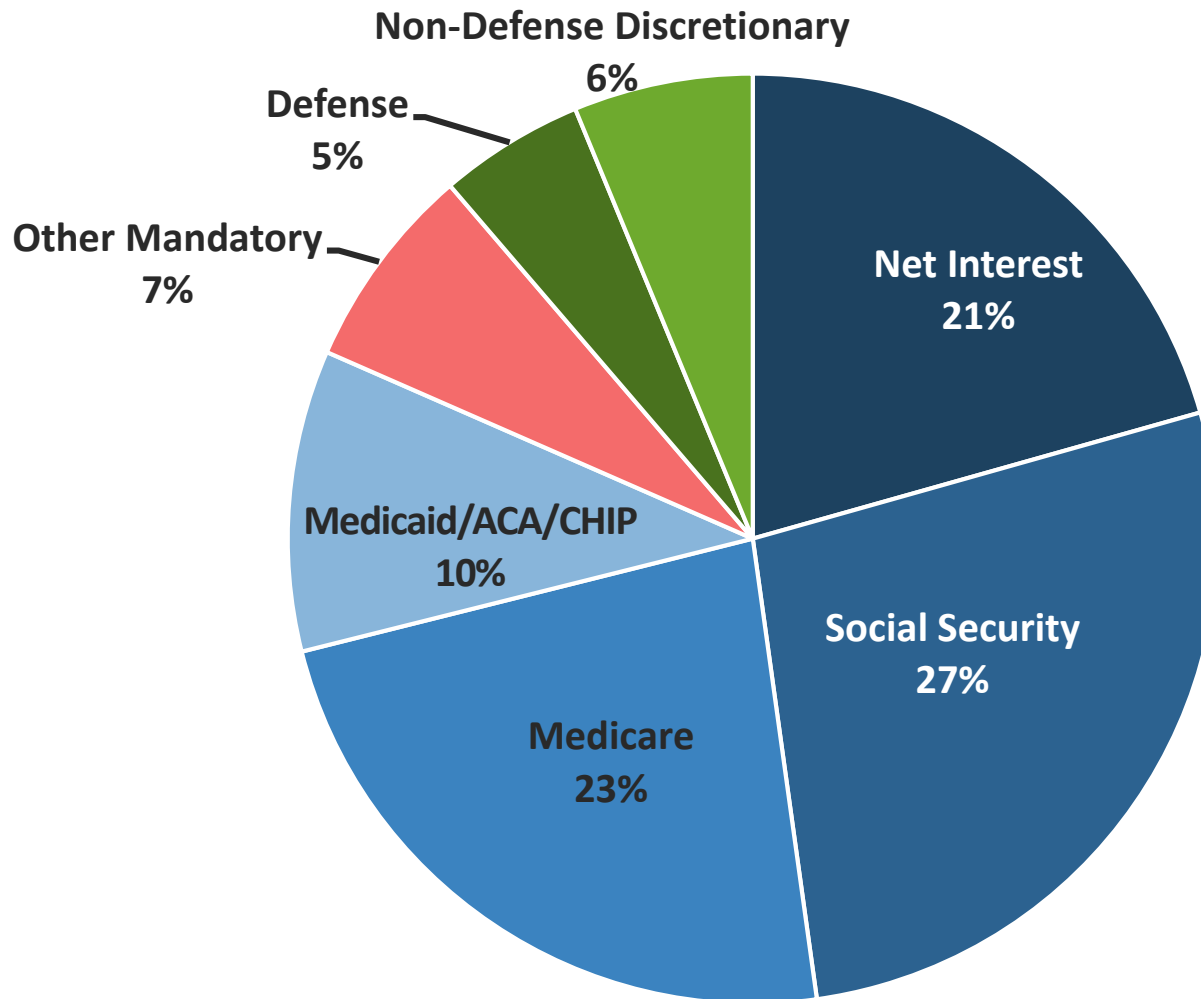
Budget Authority Allocations to Appropriations Subcommittees (billions)

Subcommittee	FY 17 Enacted	Proposed FY 18 Level	Percent Change
Agriculture	\$20.9	\$23.3	+11.4%
Commerce, Justice, Science	\$56.6	\$59.6	+5.3%
Defense*	\$516.1	\$589.5	+14.2%
Energy and Water Development	\$37.8	\$43.2	+14.4%
Financial Services and General Government	\$21.5	\$23.4	+8.9%
Homeland Security*	\$42.4	\$47.7	+12.5%
Interior, Environment	\$32.3	\$35.3	+9.2%
Labor, HHS, Education	\$161.0	\$177.1	+10.0%
Legislative Branch	\$4.4	\$4.7	+5.9%
Military Construction, VA*	\$82.4	\$92.0	+11.7%
State, Foreign Operations*	\$36.6	\$42.0	+14.8%
Transportation, HUD	\$57.7	\$70.3	+21.9%
Total*	\$1.070 trillion	\$1.208 trillion	+12.9%

*In addition to base discretionary appropriations, the measure also includes a total of \$78.1 billion in Overseas Contingency Operations spending, \$65.2 billion of which is designated for the Department of Defense. Including OCO funds, disaster relief, emergency requirements, and program integrity, the omnibus provides \$1.421 trillion in budget authority and \$1.309 trillion in outlays.

Social Security, Health Care, And Interest Explain 82% of Spending Growth

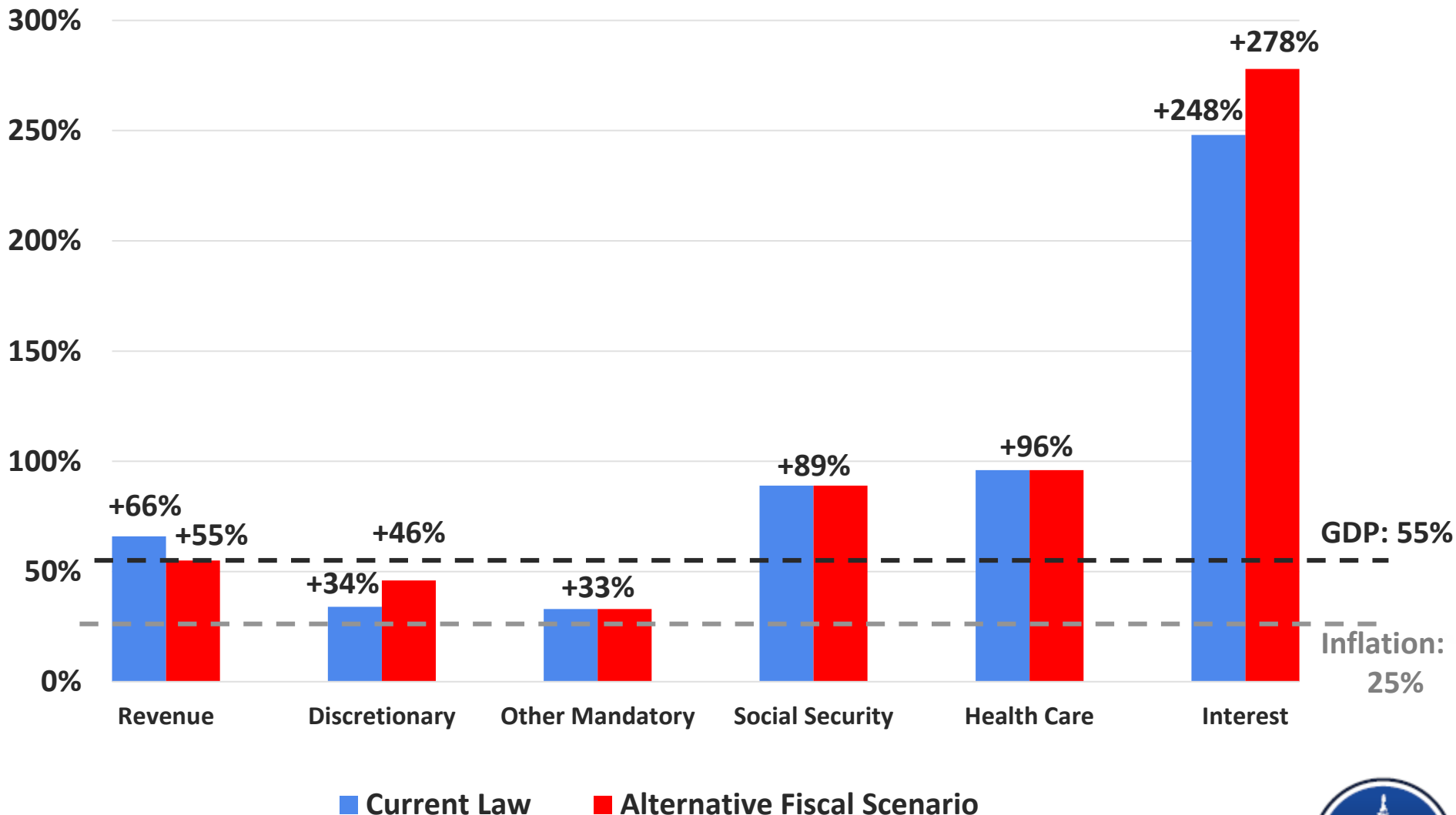
2018-2028 Spending Growth



Source: CRFB calculations based on Congressional Budget Office data.
Numbers may not add due to rounding

Long-Term Deficits Are Still Rising Mainly Due to Health, Retirement, and Interest Spending

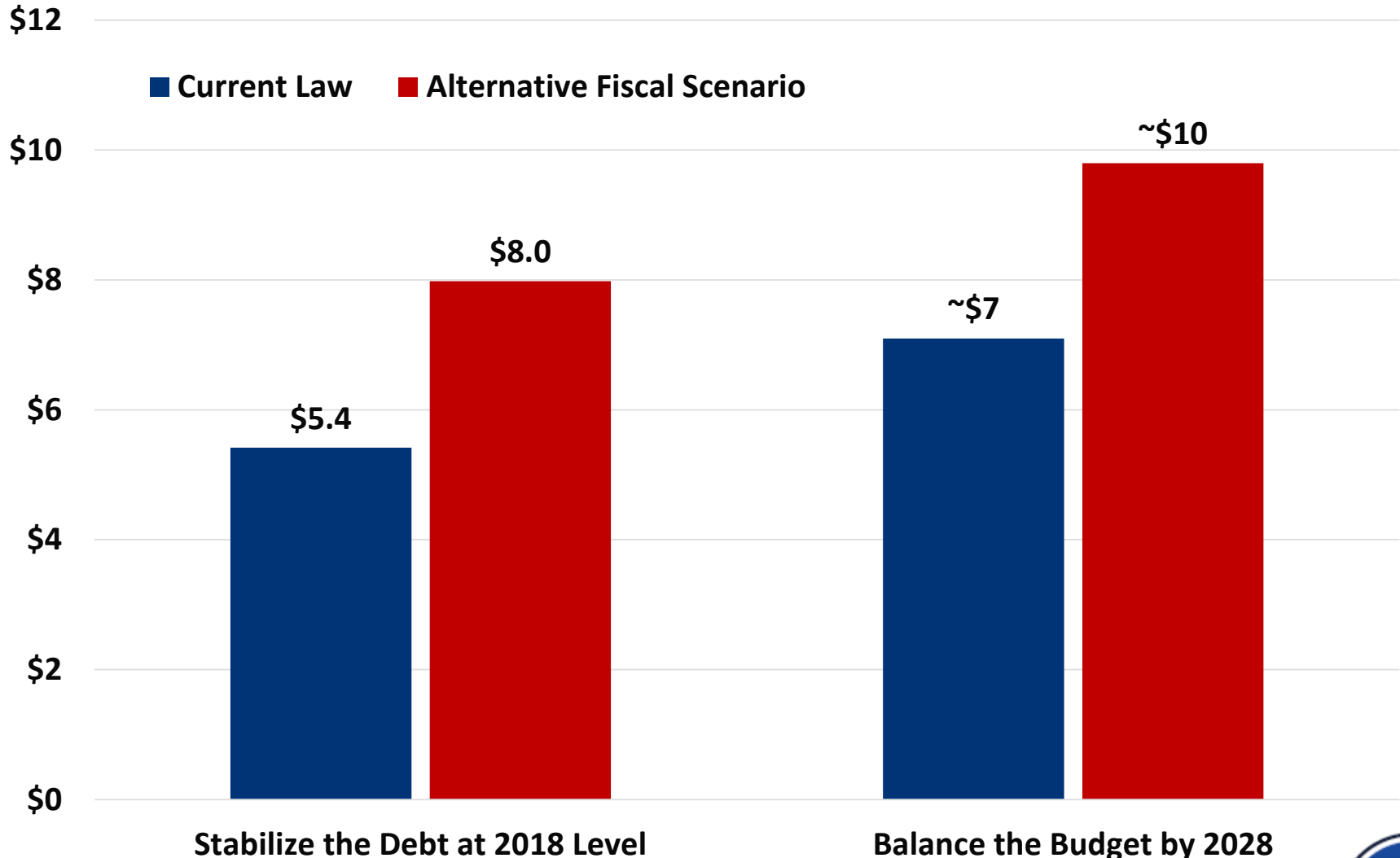
Nominal Spending Growth 2017-2028



Inflation based on personal consumption expenditures (PCE) index
 Source: CRFB calculations based on Congressional Budget Office data.

Deficit Reduction Needed to Meet Fiscal Goals

Trillions over 10 years



Note: Includes interest savings. For balancing the budget by 2028, non-interest savings are assumed to follow the same path as the FY 2018 House budget but delayed one year. Total savings required to balance the budget in 2028 could be higher or lower depending on the particular deficit reduction path.

Source: CRFB calculations based on CBO and House Budget Committee data.

