



United States Senate Budget Committee

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CBO's Budget And Economic Outlook: Fiscal Years 2013 To 2023

The U.S. Remains On An Unsustainable Path

CBO's latest baseline budget projections show that the nation has a severe spending problem that needs to be addressed. After deficits are projected to fall for three years, they begin a relentless rise again to almost \$1 trillion in 2023—clearly an unsustainable path. Without a course correction, out-of-control spending will fuel a \$9 trillion increase in the gross debt, further slowing the economy and limiting opportunity for millions of Americans. Cumulative interest payments alone will amount to \$5.4 trillion. While revenues are projected to grow beyond historical levels, spending is set to surge well above historical averages—even assuming that spending cuts required by the Budget Control Act are implemented as scheduled.

Key Facts

- In 2013, CBO projects federal spending to total \$3,553 billion, driving a deficit of \$845 billion and an increase in the gross debt of \$1 trillion.
- This historically high deficit follows 4 years of deficits in excess of \$1 trillion, which increased the federal debt by \$6.1 trillion; prior to 2009, deficits never exceeded \$459 billion.
- In fiscal year 2023, the last year included in CBO's projections, baseline spending is expected to reach \$5,939 billion—an increase of 67 percent from 2013. Cumulative spending over the 2013–2023 period totals \$47.2 trillion in CBO's baseline scenario.
- While revenues reach \$4,961 billion in 2023 (an increase of 83 percent from this year), deficits return to trillion-dollar levels, totaling \$7 trillion over the next 10 years.
- The surge in federal outlays can largely be attributed to mandatory spending, which increases by 73 percent from current levels as the President's health law is fully phased-in and the size of the elderly population grows. Over the next 10 years, mandatory spending will total \$28.9 trillion.
- Large deficits result in even-larger debt because surpluses in government trust funds are used to finance shortfalls in other accounts. CBO estimates that the gross debt will grow to \$26.1 trillion at the end of 2023, an increase of \$9 trillion from the amount projected for the end of this year.
- Interest costs will also increase sharply—from \$224 billion today to \$857 billion 10 years from now—as the amount of debt increases and interest rates rise. In fact, interest costs are the fastest growing spending item in the baseline, accounting for \$5.4 trillion of federal spending over the next 10 years.
- CBO expects growth in real, inflation-adjusted, GDP will be just 1.4 percent in calendar 2013. Real GDP growth is projected to average 3.6 percent from 2015–2018 and 2.2 percent from 2019–2023. However, CBO has consistently been overly optimistic about the pace of the economic recovery. In each of the past four years, CBO has projected that a rapid recovery was only two years away.
- Expected rates of economic growth are not sufficient to meaningfully reduce the numbers of unemployed and underemployed Americans. Unemployment is expected to average 7.9 percent this calendar year and will never be below 5.3 percent in the entire 10-year window.
- The last five times the budget was balanced, the unemployment rate never exceeded 4.7 percent.