

**Congressional Budget Office**

*Nonpartisan Analysis for the U.S. Congress*



# The Budget and Economic Outlook: 2021 to 2031

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# At a Glance

The Congressional Budget Office regularly publishes reports presenting projections of what federal budget deficits, debt, revenues, and spending—and the economic path underlying them—would be for the current year and for the following 10 years if current laws governing taxes and spending generally remained unchanged. For this report, the latest in the series, the projections are based on the laws in effect as of January 12, 2021. CBO’s economic assessment is identical to the forecast the agency published on February 1, 2021.

- **Deficits.** CBO projects a federal budget deficit of \$2.3 trillion in 2021, nearly \$900 billion less than the shortfall recorded in 2020. At 10.3 percent of gross domestic product (GDP), the deficit in 2021 would be the second largest since 1945, exceeded only by the 14.9 percent shortfall recorded last year. Those deficits, which were already projected to be large by historical standards before the onset of the 2020–2021 coronavirus pandemic, have widened significantly as a result of the economic disruption caused by the pandemic and the enactment of legislation in response.

In CBO’s projections, annual deficits average \$1.2 trillion a year from 2022 to 2031 and exceed their 50-year average of 3.3 percent of GDP in each of those years. They decline to 4.0 percent of GDP or less from 2023 to 2027 before increasing again, reaching 5.7 percent of GDP in 2031. By the end of the period, both primary deficits (which exclude net outlays for interest) and interest outlays are rising.

- **Debt.** Federal debt held by the public—which stood at 100 percent of GDP at the end of fiscal year 2020—is projected to reach 102 percent of GDP at the end of 2021, dip slightly for a few years, and then rise further. By 2031, debt would equal 107 percent of GDP, the highest in the nation’s history.
- **Revenues.** Federal revenues are projected to generally increase relative to GDP as a result of the expiration of temporary pandemic-related provisions, scheduled increases in taxes, and other factors.
- **Outlays.** Projected outlays decline relative to GDP for the next few years, as pandemic-related spending wanes and low interest rates persist. Outlays then increase relative to GDP, owing to rising interest costs and greater spending for major entitlement programs.
- **Changes Since CBO’s Previous Projections.** Relative to its estimates from September 2020, CBO’s estimate of the deficit for 2021 is now \$448 billion (or 25 percent) larger, and its projection of the cumulative deficit between 2021 and 2030 (at \$12.6 trillion) is now \$345 billion (or 3 percent) smaller. In 2021, the costs of recently enacted legislation are partly offset by the effects of a stronger economy. In subsequent years, the largest changes stem from revisions to the economic forecast. CBO now projects stronger economic activity, higher inflation, and higher interest rates, boosting both revenues and outlays—the former more than the latter.
- **The Economy.** As expanded vaccination reduces the spread of COVID-19 (the disease caused by the coronavirus) and the extent of social distancing declines, real (inflation-adjusted) GDP is projected to grow by 3.7 percent in 2021, returning to its prepandemic level by the middle of the year. With growth averaging 2.6 percent over the 2021–2025 period, real GDP surpasses its potential (maximum sustainable) level in early 2025. The unemployment rate gradually declines through 2026, and the number of employed people returns to its prepandemic level in 2024.

Real GDP growth averages 1.6 percent over the 2026–2031 period. That average growth rate of output is less than its long-term historical average, primarily because the labor force is expected to grow more slowly than it has in the past. Over the forecast period, the interest rate on 10-year Treasury notes is projected to rise gradually, reaching 3.4 percent in 2031.

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# Notes

The budget projections in this report include the effects of legislation enacted through January 12, 2021, and are based on the Congressional Budget Office's economic projections. Those economic projections reflect economic developments through January 12, 2021, including the estimated effects on the economy of the Consolidated Appropriations Act, 2021 (Public Law 116-260). The projections do not include budgetary or economic effects of subsequent legislation, economic developments, administrative actions, or regulatory changes.

The economic projections were also published separately on February 1, 2021, to provide the Congress with information as promptly as possible as it continued to address the consequences of the 2020–2021 coronavirus pandemic ([www.cbo.gov/publication/56965](http://www.cbo.gov/publication/56965)).

Because the timing of the Consolidated Appropriations Act, 2021, did not allow enough time for all of the analysis and writing that CBO typically performs, this report omits some material that has often appeared in past editions. Certain long-term budget projections will be published separately on February 16, 2021. Other material will be published separately later this year.

Unless this report indicates otherwise, all years referred to in describing the budget outlook are federal fiscal years, which run from October 1 to September 30 and are designated by the calendar year in which they end. Years referred to in describing the economic outlook are calendar years.

Numbers in the text, tables, and figures may not add up to totals because of rounding.

Supplemental data for this analysis are available on CBO's website ([www.cbo.gov/publication/56970](http://www.cbo.gov/publication/56970)), as are a glossary of common budgetary and economic terms ([www.cbo.gov/publication/42904](http://www.cbo.gov/publication/42904)), a description of how CBO prepares its baseline budget projections ([www.cbo.gov/publication/53532](http://www.cbo.gov/publication/53532)), a description of how CBO prepares its economic forecast ([www.cbo.gov/publication/53537](http://www.cbo.gov/publication/53537)), and previous editions of this report (<https://go.usa.gov/xQrzS>).

# Chapter 1: The Budget Outlook

This chapter provides the Congressional Budget Office's latest baseline budget projections, spanning fiscal years 2021 through 2031. These projections are based on the economic forecast that the agency developed in January 2021. (For CBO's assessment of the economic outlook, see Chapter 2, which is identical to the assessment the agency published on February 1, 2021.) These projections incorporate legislation enacted through January 12, 2021, as well as information available as of that date.

CBO's projections are constructed in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) and the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344). Those laws require CBO to construct its baseline under the assumption that current laws governing revenues and spending will generally stay the same and that discretionary appropriations in future years will match current funding, with adjustments for inflation.

In consultation with the House and Senate Committees on the Budget, however, CBO deviated from those standard procedures when constructing its current baseline for discretionary spending. Because of the unusual size and nature of the emergency funding provided in response to the 2020–2021 coronavirus pandemic, the agency did not extrapolate the \$184 billion in discretionary budget authority that has been provided for such purposes so far in 2021. Emergency funding provided for purposes unrelated to the pandemic was projected to continue in the future with increases for inflation each year after 2021.

CBO's baseline is not intended to provide a forecast of future budgetary outcomes; rather, it provides a benchmark that policymakers can use to assess the potential effects of future policy decisions. Future legislative action could lead to markedly different outcomes. Even if federal laws remained unaltered for the next decade, though, actual budgetary outcomes would probably differ from CBO's baseline—not only because of unanticipated economic developments, but also as a result of the many other factors that affect federal revenues and outlays.

This presentation of CBO's budget projections is much shorter than usual. The information is less detailed so that CBO can provide it to lawmakers as quickly as possible as they continue to address the consequences of the pandemic. CBO will publish more detailed information about these projections and supplementary information later this year.

This chapter comprises six tables. The first one shows CBO's projections for the **budget, by major category**; projected deficits amount to \$2.3 trillion in fiscal year 2021 and \$12.3 trillion over the 2022–2031 period (see Table 1-1). Next are CBO's projections of **federal debt**; debt held by the public is projected to reach \$35.3 trillion, or 107 percent of gross domestic product (GDP), in 2031 (see Table 1-2). Then additional details are presented about **mandatory outlays**; taken together, outlays for Social Security and Medicare are projected to almost double over 10 years (see Table 1-3).<sup>1</sup> Additional details follow about **discretionary spending**; annual discretionary outlays from 2022 through 2026 are projected to be less than outlays in 2021, which were boosted by pandemic-related spending (see Table 1-4).<sup>2</sup> The next table gives a summary of **key projections** as specified in section 3111 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016; projected deficits average 4.8 percent of GDP from 2027 through 2031 (see Table 1-5). Finally, detailed information is provided about **how CBO's projections have changed** since September 2020; deficits are larger in 2021 but smaller in total from 2021 through 2030 than CBO projected in September (see Table 1-6). For CBO's analysis of the budgetary effects of tax expenditures in 2021, see the appendix.

1. Mandatory spending consists of outlays for some federal benefit programs, such as Social Security, Medicare, and Medicaid, and certain other payments to people, businesses, nonprofit institutions, and state and local governments. It is governed by statutory criteria and is not normally controlled by the annual appropriation process.
2. Discretionary spending is controlled by appropriation acts that specify the amounts that are to be provided for a broad array of government activities, including, for example, defense, law enforcement, and transportation.

Table 1-1.

**CBO's Baseline Budget Projections, by Category**

	Actual, 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
													2022– 2026	2022– 2031
<b>In Billions of Dollars</b>														
<b>Revenues</b>														
Individual income taxes	1,609	1,699	2,041	2,084	2,139	2,228	2,479	2,698	2,782	2,882	2,985	3,096	10,970	25,414
Payroll taxes	1,310	1,325	1,351	1,452	1,507	1,558	1,619	1,673	1,729	1,788	1,849	1,914	7,487	16,441
Corporate income taxes	212	164	252	304	328	355	365	361	369	377	385	393	1,605	3,491
Other	289	318	351	362	379	365	354	365	363	360	357	367	1,811	3,623
<b>Total</b>	<b>3,420</b>	<b>3,506</b>	<b>3,995</b>	<b>4,202</b>	<b>4,352</b>	<b>4,507</b>	<b>4,817</b>	<b>5,097</b>	<b>5,243</b>	<b>5,408</b>	<b>5,577</b>	<b>5,771</b>	<b>21,873</b>	<b>48,968</b>
On-budget	2,455	2,539	3,031	3,154	3,258	3,366	3,630	3,865	3,967	4,087	4,212	4,358	16,438	36,927
Off-budget <sup>a</sup>	965	967	964	1,048	1,094	1,141	1,187	1,232	1,276	1,321	1,365	1,413	5,435	12,041
<b>Outlays</b>														
Mandatory	4,579	3,793	3,153	3,293	3,389	3,618	3,828	4,016	4,340	4,384	4,711	4,988	17,280	39,720
Discretionary	1,628	1,668	1,615	1,593	1,585	1,620	1,654	1,694	1,740	1,772	1,822	1,867	8,067	16,961
Net interest	345	303	282	278	284	306	361	435	516	597	695	799	1,512	4,554
<b>Total</b>	<b>6,552</b>	<b>5,764</b>	<b>5,050</b>	<b>5,165</b>	<b>5,258</b>	<b>5,544</b>	<b>5,843</b>	<b>6,145</b>	<b>6,595</b>	<b>6,754</b>	<b>7,227</b>	<b>7,654</b>	<b>26,859</b>	<b>61,234</b>
On-budget	5,596	4,758	3,977	4,017	4,032	4,238	4,460	4,680	5,039	5,103	5,477	5,798	20,724	46,820
Off-budget <sup>a</sup>	956	1,006	1,073	1,148	1,226	1,305	1,382	1,465	1,556	1,651	1,750	1,856	6,135	14,414
<b>Deficit (-) or Surplus</b>	<b>-3,132</b>	<b>-2,258</b>	<b>-1,056</b>	<b>-963</b>	<b>-905</b>	<b>-1,037</b>	<b>-1,026</b>	<b>-1,048</b>	<b>-1,352</b>	<b>-1,346</b>	<b>-1,650</b>	<b>-1,883</b>	<b>-4,986</b>	<b>-12,266</b>
On-budget	-3,142	-2,220	-946	-863	-774	-872	-830	-815	-1,073	-1,016	-1,265	-1,439	-4,286	-9,893
Off-budget <sup>a</sup>	10	-39	-110	-99	-131	-165	-195	-234	-280	-330	-385	-444	-700	-2,373
Debt Held by the Public	21,019	22,461	23,541	24,547	25,488	26,559	27,596	28,702	30,162	31,593	33,331	35,304	n.a.	n.a.
<b>Memorandum:</b>														
Gross Domestic Product	21,000	21,951	23,082	24,066	25,127	26,249	27,359	28,425	29,506	30,623	31,751	32,933	125,883	279,121
<b>As a Percentage of Gross Domestic Product</b>														
<b>Revenues</b>														
Individual income taxes	7.7	7.7	8.8	8.7	8.5	8.5	9.1	9.5	9.4	9.4	9.4	9.4	8.7	9.1
Payroll taxes	6.2	6.0	5.9	6.0	6.0	5.9	5.9	5.9	5.9	5.8	5.8	5.8	5.9	5.9
Corporate income taxes	1.0	0.7	1.1	1.3	1.3	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.3
Other	1.4	1.4	1.5	1.5	1.5	1.4	1.3	1.3	1.2	1.2	1.1	1.1	1.4	1.3
<b>Total</b>	<b>16.3</b>	<b>16.0</b>	<b>17.3</b>	<b>17.5</b>	<b>17.3</b>	<b>17.2</b>	<b>17.6</b>	<b>17.9</b>	<b>17.8</b>	<b>17.7</b>	<b>17.6</b>	<b>17.5</b>	<b>17.4</b>	<b>17.5</b>
On-budget	11.7	11.6	13.1	13.1	13.0	12.8	13.3	13.6	13.4	13.3	13.3	13.2	13.1	13.2
Off-budget <sup>a</sup>	4.6	4.4	4.2	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
<b>Outlays</b>														
Mandatory	21.8	17.3	13.7	13.7	13.5	13.8	14.0	14.1	14.7	14.3	14.8	15.1	13.7	14.2
Discretionary	7.8	7.6	7.0	6.6	6.3	6.2	6.0	6.0	5.9	5.8	5.7	5.7	6.4	6.1
Net interest	1.6	1.4	1.2	1.2	1.1	1.2	1.3	1.5	1.7	2.0	2.2	2.4	1.2	1.6
<b>Total</b>	<b>31.2</b>	<b>26.3</b>	<b>21.9</b>	<b>21.5</b>	<b>20.9</b>	<b>21.1</b>	<b>21.4</b>	<b>21.6</b>	<b>22.4</b>	<b>22.1</b>	<b>22.8</b>	<b>23.2</b>	<b>21.3</b>	<b>21.9</b>
On-budget	26.6	21.7	17.2	16.7	16.0	16.1	16.3	16.5	17.1	16.7	17.2	17.6	16.5	16.8
Off-budget <sup>a</sup>	4.6	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	4.9	5.2
<b>Deficit (-) or Surplus</b>	<b>-14.9</b>	<b>-10.3</b>	<b>-4.6</b>	<b>-4.0</b>	<b>-3.6</b>	<b>-4.0</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-4.6</b>	<b>-4.4</b>	<b>-5.2</b>	<b>-5.7</b>	<b>-4.0</b>	<b>-4.4</b>
On-budget	-15.0	-10.1	-4.1	-3.6	-3.1	-3.3	-3.0	-2.9	-3.6	-3.3	-4.0	-4.4	-3.4	-3.5
Off-budget <sup>a</sup>	*	-0.2	-0.5	-0.4	-0.5	-0.6	-0.7	-0.8	-0.9	-1.1	-1.2	-1.3	-0.6	-0.9
Debt Held by the Public	100.1	102.3	102.0	102.0	101.4	101.2	100.9	101.0	102.2	103.2	105.0	107.2	n.a.	n.a.

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

n.a. = not applicable; \* = between zero and 0.05 percent.

a. The revenues and outlays of the Social Security trust funds and the net cash flow of the Postal Service are classified as off-budget.

Table 1-2.

**CBO's Baseline Projections of Federal Debt**

Billions of Dollars

	Actual, 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Debt Held by the Public at the Beginning of the Year	16,801	21,019	22,461	23,541	24,547	25,488	26,559	27,596	28,702	30,162	31,593	33,331
Changes in Debt Held by the Public												
Deficit	3,132	2,258	1,056	963	905	1,037	1,026	1,048	1,352	1,346	1,650	1,883
Other means of financing <sup>a</sup>	1,086	-817	25	43	35	34	11	57	108	85	88	90
Total	4,218	1,442	1,080	1,006	941	1,071	1,037	1,106	1,460	1,432	1,738	1,973
<b>Debt Held by the Public at the End of the Year</b>												
<b>In billions of dollars</b>	<b>21,019</b>	<b>22,461</b>	<b>23,541</b>	<b>24,547</b>	<b>25,488</b>	<b>26,559</b>	<b>27,596</b>	<b>28,702</b>	<b>30,162</b>	<b>31,593</b>	<b>33,331</b>	<b>35,304</b>
<b>As a percentage of GDP</b>	<b>100.1</b>	<b>102.3</b>	<b>102.0</b>	<b>102.0</b>	<b>101.4</b>	<b>101.2</b>	<b>100.9</b>	<b>101.0</b>	<b>102.2</b>	<b>103.2</b>	<b>105.0</b>	<b>107.2</b>
<b>Memorandum:</b>												
Debt Held by the Public Minus Financial Assets <sup>b</sup>												
In billions of dollars	18,096	20,354	21,410	22,372	23,278	24,315	25,340	26,388	27,741	29,087	30,737	32,620
As a percentage of GDP	86.2	92.7	92.8	93.0	92.6	92.6	92.6	92.8	94.0	95.0	96.8	99.0
Debt Net of Financial Assets and Federal Reserve Holdings												
In billions of dollars	13,730	15,062	15,282	15,872	16,748	17,768	18,775	20,180	21,896	23,569	25,508	27,678
As a percentage of GDP	65.4	68.6	66.2	66.0	66.7	67.7	68.6	71.0	74.2	77.0	80.3	84.0
Gross Federal Debt <sup>c</sup>	26,901	28,467	29,580	30,610	31,561	32,578	33,590	34,544	35,765	36,959	38,369	39,955
Debt Subject to Limit <sup>d</sup>	26,920	28,487	29,600	30,631	31,582	32,600	33,612	34,566	35,787	36,980	38,390	39,975
Average Interest Rate on Debt Held by the Public (Percent)	2.0	1.5	1.4	1.3	1.3	1.3	1.5	1.7	1.9	2.0	2.2	2.4

Data sources: Congressional Budget Office; Department of the Treasury. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

GDP = gross domestic product.

- Factors not included in budget totals that affect the government's need to borrow from the public. Those factors include changes in the government's cash balances, as well as cash flows associated with federal credit programs such as student loans (because only the subsidy costs of those programs are reflected in the budget deficit).
- Debt held by the public minus the value of outstanding student loans and other credit transactions, cash balances, and various financial instruments.
- Federal debt held by the public plus Treasury securities held by federal trust funds and other government accounts.
- The amount of federal debt that is subject to the overall limit set in law. That measure of debt excludes debt issued by the Federal Financing Bank and reflects certain other adjustments that are excluded from gross federal debt. The debt limit was most recently set at \$22.0 trillion but has been suspended through July 31, 2021. On August 1, 2021, the debt limit will be raised to its previous level plus the amount of federal borrowing that occurred while the limit was suspended. For more details, see Congressional Budget Office, *Federal Debt and the Statutory Limit, February 2019* (February 2019), [www.cbo.gov/publication/54987](http://www.cbo.gov/publication/54987).

Table 1-3.

**Mandatory Outlays Projected in CBO's Baseline**

Billions of Dollars

	Actual, 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
													2022– 2026	2022– 2031
<b>Social Security</b>														
Old-Age and Survivors Insurance	945	991	1,047	1,108	1,175	1,245	1,319	1,396	1,484	1,573	1,664	1,757	5,893	13,767
Disability Insurance	144	145	152	161	170	177	185	192	195	201	207	214	845	1,855
Subtotal	1,090	1,136	1,199	1,269	1,344	1,422	1,504	1,588	1,679	1,774	1,871	1,971	6,738	15,622
<b>Major Health Care Programs</b>														
Medicare <sup>a,b</sup>	917	830	943	1,018	1,047	1,172	1,256	1,348	1,516	1,475	1,643	1,782	5,435	13,200
Medicaid	458	507	514	492	504	533	563	597	632	667	705	744	2,606	5,952
Premium tax credits and related spending <sup>c</sup>	57	56	55	53	53	53	53	55	59	64	68	74	267	587
Children's Health Insurance Program	17	15	15	15	16	16	17	17	18	18	19	20	79	171
Subtotal <sup>a,b</sup>	1,450	1,409	1,527	1,578	1,619	1,774	1,889	2,018	2,225	2,224	2,435	2,620	8,388	19,910
<b>Income Security Programs</b>														
Earned income, child, and other tax credits <sup>d</sup>	380	268	90	92	93	93	92	78	78	79	79	80	460	854
Supplemental Nutrition Assistance Program	86	132	99	78	76	75	75	74	74	73	72	71	402	766
Supplemental Security Income <sup>b</sup>	57	57	64	61	59	66	68	70	78	68	77	80	317	690
Unemployment compensation	473	242	40	37	36	34	33	34	36	38	41	46	181	375
Family support and foster care <sup>e</sup>	33	34	34	33	34	34	34	35	35	35	35	35	169	344
Child nutrition	24	23	27	28	29	30	31	33	34	35	37	38	145	321
Subtotal <sup>b</sup>	1,052	757	354	330	326	332	333	323	334	328	341	350	1,674	3,349
<b>Federal Civilian and Military Retirement</b>														
Civilian <sup>f</sup>	109	110	114	117	120	124	127	131	135	138	142	147	602	1,295
Military <sup>b</sup>	62	63	71	68	64	72	74	76	84	75	84	85	348	752
Other	*	2	2	3	2	-2	8	5	5	4	4	4	14	35
Subtotal <sup>b</sup>	171	176	187	187	187	194	209	212	224	217	230	235	964	2,082
<b>Veterans' Programs<sup>b</sup></b>														
Income security <sup>g</sup>	110	119	134	129	122	137	142	147	164	144	162	167	663	1,447
Other	12	17	18	17	17	18	18	19	20	19	21	22	89	191
Subtotal <sup>b</sup>	122	137	152	146	138	155	160	166	185	163	183	190	752	1,638
<b>Other Programs</b>														
Small Business Administration	551	303	5	*	*	*	0	0	0	0	0	0	5	5
Coronavirus relief fund	149	*	0	0	0	0	0	0	0	0	0	0	0	0
Higher education	124	7	4	3	4	5	5	6	7	7	8	8	21	56
Emergency rental assistance	0	24	1	0	0	0	0	0	0	0	0	0	1	1
Agriculture	31	40	15	17	17	17	17	17	17	17	17	17	82	168
MERHCF	11	11	12	12	13	14	14	15	16	17	17	18	65	148
Fannie Mae and Freddie Mac <sup>h</sup>	0	0	6	6	6	7	7	8	8	8	8	8	32	71
Deposit insurance	-7	-3	-1	-4	-4	-4	-5	-6	-7	-8	-8	-9	-18	-57
Other	118	89	76	77	75	72	71	72	75	75	73	73	371	740
Subtotal	977	472	119	111	111	110	110	112	115	116	115	116	560	1,134
<b>Mandatory Outlays, Excluding the Effects of Offsetting Receipts<sup>a,b</sup></b>	<b>4,861</b>	<b>4,085</b>	<b>3,537</b>	<b>3,621</b>	<b>3,726</b>	<b>3,987</b>	<b>4,206</b>	<b>4,418</b>	<b>4,761</b>	<b>4,823</b>	<b>5,175</b>	<b>5,481</b>	<b>19,076</b>	<b>43,734</b>

Continued

Table 1-3.

Continued

**Mandatory Outlays Projected in CBO's Baseline**

Billions of Dollars

	Actual,												Total	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022–2026	2022–2031
Offsetting Receipts														
Medicare <sup>i</sup>	-148	-142	-160	-173	-186	-204	-219	-238	-257	-269	-289	-316	-942	-2,311
Federal share of federal employees' retirement														
Civil service retirement and other	-43	-46	-48	-49	-50	-52	-53	-55	-57	-59	-61	-63	-251	-545
Military retirement	-22	-25	-26	-26	-27	-27	-28	-28	-29	-29	-30	-31	-134	-281
Social Security	-19	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-115	-255
Subtotal	-83	-92	-95	-97	-100	-103	-106	-109	-113	-116	-120	-124	-500	-1,081
Receipts related to natural resources <sup>b</sup>	-10	-10	-10	-10	-11	-11	-11	-11	-11	-12	-13	-13	-53	-113
MERHCF	-8	-9	-10	-10	-11	-11	-12	-12	-13	-13	-14	-15	-53	-121
Fannie Mae and Freddie Mac <sup>b</sup>	-4	-5	0	0	0	0	0	0	0	0	0	0	0	0
Other	-28	-35	-109	-38	-30	-40	-31	-30	-28	-28	-28	-27	-248	-388
Subtotal <sup>b</sup>	-282	-292	-384	-328	-338	-369	-378	-401	-422	-438	-464	-494	-1,796	-4,015
<b>Total Mandatory Outlays, Net of Offsetting Receipts<sup>b</sup></b>	<b>4,579</b>	<b>3,793</b>	<b>3,153</b>	<b>3,293</b>	<b>3,389</b>	<b>3,618</b>	<b>3,828</b>	<b>4,016</b>	<b>4,340</b>	<b>4,384</b>	<b>4,711</b>	<b>4,988</b>	<b>17,280</b>	<b>39,720</b>

**Memorandum:**

## Outlays, Net of Offsetting Receipts

Medicare <sup>b</sup>	769	688	783	845	861	967	1,038	1,110	1,259	1,206	1,353	1,466	4,494	10,888
Major health care programs <sup>b</sup>	1,302	1,266	1,367	1,405	1,433	1,569	1,671	1,780	1,968	1,956	2,146	2,304	7,446	17,599

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

Data on outlays for benefit programs in this table generally exclude administrative costs, which are discretionary.

MERHCF = Department of Defense Medicare-Eligible Retiree Health Care Fund (including TRICARE for Life); \* = between zero and \$500 million.

- Excludes the effects of Medicare premiums and other offsetting receipts. (Net Medicare spending, which includes those offsetting receipts, is shown in the memorandum section of the table.) The projections include the estimated effects of a final rule that would eliminate safe harbor protections for rebates paid by pharmaceutical manufacturers to health plans and pharmacy benefit managers in Medicare Part D. On January 29, 2021, the effective date for that rule was delayed from January 1, 2022, to January 1, 2023. CBO will reflect the effects of the postponement and any other subsequent actions in future projections.
- When October 1 (the first day of the fiscal year) falls on a weekend, as it will in calendar years 2022, 2023, and 2028, certain payments that would ordinarily have been made on that day are instead made at the end of September and thus are shifted into the previous fiscal year.
- Premium tax credits are federal subsidies for health insurance purchased through the marketplaces established by the Affordable Care Act. Related spending consists almost entirely of payments for risk adjustment and the Basic Health Program.
- Includes outlays for recovery rebates for individuals, the American Opportunity Tax Credit, and other credits.
- Includes Temporary Assistance for Needy Families, Child Support Enforcement, Child Care Entitlements to States, and other programs that benefit children.
- Includes benefits for retirement programs in the civil service, foreign service, and Coast Guard; benefits for smaller retirement programs; and annuitants' health care benefits.
- Includes veterans' compensation, pensions, and life insurance programs. (Outlays for veterans' health care are classified as discretionary.)
- Cash payments from Fannie Mae and Freddie Mac to the Treasury are recorded as offsetting receipts in 2020 and 2021. Beginning in 2022, CBO's estimates reflect the net lifetime costs—that is, the subsidy costs adjusted for market risk—of the guarantees that those entities will issue and of the loans that they will hold. CBO counts those costs as federal outlays in the year of issuance.
- Includes premium payments, recoveries of overpayments made to providers, and amounts paid by states from savings on Medicaid's prescription drug costs.

Table 1-4.

**CBO's Baseline Projections of Discretionary Spending**

Billions of Dollars

	Actual, 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
													2022– 2026	2022– 2031
<b>Budget Authority</b>														
Defense	757	741	758	776	794	814	834	856	878	900	923	946	3,976	8,479
Nondefense	1,139	873	709	726	744	768	788	809	829	850	872	893	3,736	7,988
<b>Total</b>	<b>1,896</b>	<b>1,614</b>	<b>1,468</b>	<b>1,502</b>	<b>1,538</b>	<b>1,582</b>	<b>1,622</b>	<b>1,665</b>	<b>1,707</b>	<b>1,750</b>	<b>1,794</b>	<b>1,839</b>	<b>7,712</b>	<b>16,467</b>
<b>Outlays</b>														
Defense	714	733	749	757	767	789	808	828	855	865	893	915	3,870	8,225
Nondefense	914	935	866	836	818	831	846	866	885	907	929	952	4,197	8,736
<b>Total</b>	<b>1,628</b>	<b>1,668</b>	<b>1,615</b>	<b>1,593</b>	<b>1,585</b>	<b>1,620</b>	<b>1,654</b>	<b>1,694</b>	<b>1,740</b>	<b>1,772</b>	<b>1,822</b>	<b>1,867</b>	<b>8,067</b>	<b>16,961</b>
<b>Memorandum:</b>														
Emergency Spending in CBO's February 2021 Baseline														
Budget Authority <sup>a</sup>														
Defense	19	*	*	*	*	*	*	*	*	*	*	*	1	1
Nondefense	470	192	10	10	10	10	11	11	11	11	12	12	50	107
<b>Total</b>	<b>489</b>	<b>192</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>51</b>	<b>108</b>
Outlays <sup>b</sup>														
Defense	n.a.	*	*	*	*	*	*	*	*	*	*	*	1	1
Nondefense	n.a.	82	64	36	22	14	11	11	10	10	11	11	147	199
<b>Total</b>	<b>n.a.</b>	<b>82</b>	<b>64</b>	<b>36</b>	<b>23</b>	<b>14</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>148</b>	<b>201</b>

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

CBO's current baseline projections incorporate the assumption that the caps on discretionary budget authority and the automatic enforcement procedures specified in the Budget Control Act of 2011 (as amended) remain in effect through 2021. The cap on defense funding in 2021 was set at \$671.5 billion, and the nondefense cap was set at \$626.5 billion. Total budget authority in 2021 exceeds the sum of those amounts because of adjustments made to those caps as provided in law, changes in mandatory programs that are credited against appropriations, and certain other funding that does not count toward those caps. For more information, see Congressional Budget Office, *Final Sequestration Report for Fiscal Year 2021* (January 2021), [www.cbo.gov/publication/56955](http://www.cbo.gov/publication/56955).

Nondefense discretionary outlays are usually greater than budget authority because of spending from the Highway Trust Fund and the Airport and Airway Trust Fund that is subject to obligation limitations set in appropriation acts. The budget authority for such programs is provided in authorizing legislation and is considered mandatory.

n.a. = not available; \* = between zero and \$500 million.

- Certain laws require CBO to construct its baseline under the assumption that discretionary appropriations in future years will match current funding, with adjustments for inflation. In consultation with the House and Senate Committees on the Budget, however, CBO deviated from those standard procedures when constructing its current baseline for discretionary spending. Because of the unusual size and nature of the emergency funding provided in legislation enacted specifically in response to the 2020–2021 coronavirus pandemic, the agency did not extrapolate the \$184 billion in discretionary budget authority that has been provided for such purposes so far in 2021. Emergency funding provided for purposes unrelated to the pandemic was projected to continue in the future with increases for inflation each year after 2021.
- The Department of the Treasury does not distinguish between outlays stemming from emergency funding and outlays stemming from nonemergency funding. Consequently, the budget does not record any actual amounts attributed specifically to that category of funding.

Table 1-5.

**Key Projections in CBO's Baseline**

Percentage of Gross Domestic Product

	2021	2022	Projected Annual Average	
			2023–2026	2027–2031
<b>Revenues</b>				
Individual income taxes	7.7	8.8	8.7	9.4
Payroll taxes	6.0	5.9	6.0	5.8
Corporate income taxes	0.7	1.1	1.3	1.2
Other	1.4	1.5	1.4	1.2
<b>Total Revenues</b>	<b>16.0</b>	<b>17.3</b>	<b>17.4</b>	<b>17.7</b>
<b>Outlays</b>				
Mandatory				
Social Security	5.2	5.2	5.4	5.8
Major health care programs <sup>a</sup>	5.8	5.9	5.9	6.6
Other	6.3	2.5	2.4	2.2
Subtotal	17.3	13.7	13.7	14.6
Discretionary	7.6	7.0	6.3	5.8
Net interest	1.4	1.2	1.2	2.0
<b>Total Outlays</b>	<b>26.3</b>	<b>21.9</b>	<b>21.2</b>	<b>22.4</b>
<b>Deficit</b>	<b>-10.3</b>	<b>-4.6</b>	<b>-3.8</b>	<b>-4.8</b>
<b>Debt Held by the Public at the End of the Period</b>	<b>102</b>	<b>102</b>	<b>101</b>	<b>107</b>
<b>Memorandum:</b>				
Social Security				
Revenues <sup>b</sup>	4.6	4.4	4.6	4.6
Outlays <sup>c</sup>	5.2	5.2	5.4	5.8
Contribution to the Federal Deficit <sup>d</sup>	-0.6	-0.8	-0.8	-1.2
Medicare				
Revenues <sup>b</sup>	1.5	1.4	1.5	1.5
Outlays <sup>c</sup>	3.8	4.1	4.4	5.1
Offsetting receipts	-0.6	-0.7	-0.8	-0.9
Contribution to the Federal Deficit <sup>d</sup>	-1.7	-2.0	-2.1	-2.7
Gross Domestic Product at the End of the Period (Trillions of dollars)	22.0	23.1	27.4	32.9

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

This table satisfies a requirement specified in section 3111 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016.

- Consists of outlays for Medicare (net of premiums and other offsetting receipts), Medicaid, the Children's Health Insurance Program, subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act, and related spending.
- Includes payroll taxes other than those paid by the federal government on behalf of its employees; those payments are intragovernmental transactions. Also includes income taxes paid on Social Security benefits, which are credited to the trust funds.
- Does not include outlays related to the administration of the program, which are discretionary. For Social Security, outlays do not include intragovernmental offsetting receipts stemming from the employer's share of payroll taxes paid to the Social Security trust funds by federal agencies on behalf of their employees.
- The net increase in the deficit shown in this table differs from the change in the trust fund balance for the associated program. It does not include intragovernmental transactions, interest earned on balances, or outlays related to the administration of the program.

Table 1-6.

**Changes in CBO's Baseline Projections of the Deficit Since September 2020**

Billions of Dollars

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Deficit in CBO's September 2020 Baseline	-1,810	-1,336	-1,124	-1,081	-1,174	-1,116	-1,080	-1,333	-1,306	-1,627	-6,524	-12,987
<b>Legislative Changes</b>												
Changes in Revenues												
Individual income taxes	-34	-16	-6	-5	-5	-4	-5	-6	-6	-6	-66	-93
Corporate income taxes	-3	-7	-6	-7	-7	-4	-2	-2	-3	-3	-30	-44
Payroll taxes	-2	*	*	*	*	1	1	1	1	1	-2	2
Other	*	*	*	*	-1	-1	-1	-1	-1	-1	-2	-5
<b>Total Change in Revenues</b>	<b>-39</b>	<b>-23</b>	<b>-12</b>	<b>-13</b>	<b>-13</b>	<b>-8</b>	<b>-7</b>	<b>-8</b>	<b>-8</b>	<b>-9</b>	<b>-100</b>	<b>-141</b>
Changes in Outlays												
Mandatory outlays												
Paycheck Protection Program	261	0	0	0	0	0	0	0	0	0	261	261
Recovery Rebates	162	0	0	0	0	0	0	0	0	0	162	162
Unemployment compensation	117	*	*	*	*	*	*	*	*	*	117	117
Medicare	95	-76	-7	-2	-2	-1	*	*	*	*	9	6
Emergency rental assistance	24	1	0	0	0	0	0	0	0	0	25	25
Disaster loans	20	*	0	0	0	0	0	0	0	0	20	20
SNAP	19	*	*	*	*	*	*	*	*	*	20	20
Air carrier worker support	16	*	*	*	*	*	*	*	*	*	16	15
Other	47	27	14	8	4	2	2	2	1	*	100	108
Subtotal, mandatory	762	-47	7	7	2	1	2	1	1	*	731	736
Discretionary outlays												
Nondefense	87	80	68	47	39	37	37	37	38	38	321	508
Defense	2	*	-4	-7	-9	-10	-10	-10	-11	-11	-17	-69
Subtotal, discretionary	89	80	64	40	30	27	27	27	28	27	303	439
Debt service	1	3	3	4	6	10	14	18	22	26	18	109
<b>Total Change in Outlays</b>	<b>852</b>	<b>36</b>	<b>74</b>	<b>51</b>	<b>39</b>	<b>38</b>	<b>43</b>	<b>46</b>	<b>51</b>	<b>53</b>	<b>1,052</b>	<b>1,283</b>
<b>Increase in the Deficit From Legislative Changes</b>	<b>-891</b>	<b>-59</b>	<b>-87</b>	<b>-64</b>	<b>-51</b>	<b>-47</b>	<b>-51</b>	<b>-54</b>	<b>-59</b>	<b>-62</b>	<b>-1,151</b>	<b>-1,424</b>
<b>Economic Changes</b>												
Changes in Revenues												
Individual income taxes	151	196	179	174	170	168	150	128	117	110	871	1,545
Payroll taxes	49	49	50	53	61	62	53	47	47	50	262	521
Federal Reserve Receipts	-6	-11	-10	-10	-30	-54	-41	-30	-19	2	-68	-210
Corporate income taxes	20	10	6	9	13	16	15	13	11	8	57	120
Other	8	8	7	6	6	6	5	3	1	*	36	52
<b>Total Change in Revenues</b>	<b>221</b>	<b>253</b>	<b>231</b>	<b>232</b>	<b>220</b>	<b>198</b>	<b>182</b>	<b>162</b>	<b>157</b>	<b>171</b>	<b>1,158</b>	<b>2,028</b>
Changes in Outlays												
Mandatory outlays												
Social Security	4	11	15	18	20	23	28	34	41	48	68	241
Unemployment compensation	-65	-21	-13	-12	-12	-10	-7	-3	-2	*	-123	-145
Medicaid	*	2	2	3	4	5	8	11	13	15	10	62
Medicare	*	*	*	2	4	6	8	11	12	15	5	58
Other	-6	-6	-1	-1	-2	-3	-1	2	4	6	-15	-8
Subtotal, mandatory	-67	-14	4	9	14	21	36	54	68	84	-55	208
Discretionary outlays	-1	2	5	8	10	14	17	21	24	28	24	128
Net interest												
Debt service	*	-1	-3	-4	-7	-11	-16	-20	-23	-27	-16	-114
Effect of interest rates and inflation	2	*	1	4	18	48	75	79	66	46	24	338
Subtotal, net interest	1	-1	-2	*	11	37	59	59	42	18	9	224
<b>Total Change in Outlays</b>	<b>-67</b>	<b>-14</b>	<b>7</b>	<b>16</b>	<b>35</b>	<b>71</b>	<b>112</b>	<b>134</b>	<b>134</b>	<b>130</b>	<b>-22</b>	<b>560</b>
<b>Decrease in the Deficit From Economic Changes</b>	<b>288</b>	<b>266</b>	<b>224</b>	<b>216</b>	<b>185</b>	<b>127</b>	<b>70</b>	<b>28</b>	<b>23</b>	<b>41</b>	<b>1,179</b>	<b>1,469</b>

Continued

Table 1-6.

Continued

**Changes in CBO's Baseline Projections of the Deficit Since September 2020**

Billions of Dollars

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
<b>Technical Changes</b>												
<b>Changes in Revenues</b>												
Individual income taxes	11	39	-2	-12	-27	-19	-16	-17	-21	-25	9	-89
Payroll taxes	32	-32	-10	-9	-11	-11	-9	-8	-10	-12	-29	-78
Corporate income taxes	25	14	15	8	2	1	-7	-10	-8	-6	65	34
Other	*	4	*	1	*	*	1	1	2	1	5	11
<b>Total Change in Revenues</b>	<b>68</b>	<b>26</b>	<b>3</b>	<b>-13</b>	<b>-35</b>	<b>-28</b>	<b>-30</b>	<b>-34</b>	<b>-37</b>	<b>-42</b>	<b>49</b>	<b>-122</b>
<b>Changes in Outlays</b>												
<b>Mandatory outlays</b>												
Medicaid	-31	-7	-8	-16	-15	-17	-15	-15	-15	-16	-78	-156
Social Security	-10	-13	-14	-15	-15	-15	-16	-14	-13	-11	-67	-136
Medicare	-70	46	15	16	14	15	13	14	21	18	21	102
Unemployment compensation	24	-6	-7	-4	-3	-3	-3	-3	-3	-3	3	-11
SNAP	1	5	-7	-8	-9	-10	-11	-12	-11	-10	-18	-71
Spectrum auction receipts	-1	-68	2	*	-1	*	*	*	1	1	-69	-67
Earned income and child tax credits	-3	-4	-4	-4	-4	-4	-5	-4	-4	-4	-18	-39
Veterans' benefits and services	4	-2	2	3	4	4	5	5	5	6	12	37
Premium tax credits and related spending	*	*	-1	-3	-4	-5	-5	-5	-4	-5	-8	-32
Other	1	-10	-8	-7	-6	-3	*	3	5	*	-30	-25
Subtotal, mandatory	-85	-60	-31	-38	-39	-37	-36	-29	-19	-24	-252	-396
Discretionary outlays	-13	6	4	-5	-1	-1	-1	-1	-1	-1	-9	-15
<b>Net interest</b>												
Debt service	-1	-3	-4	-4	-6	-8	-10	-13	-15	-17	-18	-80
Other	12	10	10	11	8	6	5	3	2	3	50	68
Subtotal, net interest	11	7	6	7	2	-2	-6	-10	-13	-14	33	-12
<b>Total Change in Outlays</b>	<b>-87</b>	<b>-47</b>	<b>-20</b>	<b>-36</b>	<b>-37</b>	<b>-39</b>	<b>-43</b>	<b>-40</b>	<b>-33</b>	<b>-39</b>	<b>-228</b>	<b>-423</b>
<b>Increase (-) or Decrease in the Deficit From Technical Changes</b>	<b>155</b>	<b>73</b>	<b>23</b>	<b>23</b>	<b>2</b>	<b>10</b>	<b>12</b>	<b>7</b>	<b>-4</b>	<b>-2</b>	<b>277</b>	<b>300</b>
<b>All Changes</b>												
<b>Increase (-) or Decrease in the Deficit</b>	<b>-448</b>	<b>280</b>	<b>161</b>	<b>175</b>	<b>136</b>	<b>91</b>	<b>32</b>	<b>-19</b>	<b>-40</b>	<b>-24</b>	<b>305</b>	<b>345</b>
Deficit in CBO's February 2021 Baseline	-2,258	-1,056	-963	-905	-1,037	-1,026	-1,048	-1,352	-1,346	-1,650	-6,219	-12,642
<b>Memorandum:</b>												
Changes in Revenues	250	256	222	207	173	162	145	120	112	120	1,107	1,765
Changes in Outlays	698	-25	61	31	36	71	113	139	152	144	802	1,420
Increase (-) or Decrease in the Primary Deficit <sup>a</sup>	-435	289	168	186	156	136	100	48	11	7	364	666
Increase in Net Interest	-13	-9	-7	-10	-19	-45	-68	-67	-51	-31	-59	-321

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

SNAP = Supplemental Nutrition Assistance Program; \* = between -\$500 million and \$500 million.

a. Primary deficits exclude net outlays for interest.



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# Chapter 2: The Economic Outlook

The 2020–2021 coronavirus pandemic caused severe economic disruptions last year as households, governments, and businesses adopted a variety of mandatory and voluntary measures—collectively referred to here as social distancing—to limit in-person interactions that could spread the virus. The impact was focused on particular sectors of the economy, such as travel and hospitality, and job losses were concentrated among lower-wage workers.

Over the course of the coming year, vaccination is expected to greatly reduce the number of new cases of COVID-19, the disease caused by the coronavirus. As a result, the extent of social distancing is expected to decline. In its new economic forecast, which covers the period from 2021 to 2031, the Congressional Budget Office therefore projects that the economic expansion that began in mid-2020 will continue (see Table 2-1). Specifically, real (inflation-adjusted) gross domestic product (GDP) is projected to return to its prepandemic level in mid-2021 and to surpass its potential (that is, its maximum sustainable) level in early 2025.<sup>1</sup> In CBO’s projections, the unemployment rate gradually declines through 2026, and the number of people employed returns to its prepandemic level in 2024.

This forecast underlies the budget projections that are presented in Chapter 1. The forecast incorporates economic and other information available as of January 12, 2021, as well as estimates of the economic effects of all legislation (including pandemic-related legislation) enacted up to that date.

## The Economic Outlook for 2021 to 2025

In CBO’s projections, which incorporate the assumptions that current laws governing federal taxes and spending (as of January 12) generally remain in place and that no significant additional emergency funding

or aid is provided, the economy continues to strengthen during the next five years.

- Real GDP expands rapidly over the coming year, reaching its previous business-cycle peak (which was attained in the fourth quarter of 2019) in mid-2021 and surpassing its potential level in early 2025. The annual growth of real GDP averages 2.6 percent during the five-year period, exceeding the 1.9 percent growth rate of real potential GDP (see Figure 2-1).
- Labor market conditions continue to improve. As the economy expands, many people rejoin the civilian labor force who had left it during the pandemic, restoring it to its prepandemic size in 2022.<sup>2</sup> The unemployment rate gradually declines throughout the period, and the number of people employed returns to its prepandemic level in 2024.
- Inflation, as measured by the price index for personal consumption expenditures, rises gradually over the next few years and exceeds 2.0 percent after 2023, as the Federal Reserve maintains low interest rates and continues to purchase long-term securities.
- Interest rates on federal borrowing rise. The Federal Reserve maintains the federal funds rate (the rate that financial institutions charge each other for overnight loans of their monetary reserves) near zero through mid-2024 and then starts to raise that rate gradually. The interest rate on 3-month Treasury bills closely follows the federal funds rate. The interest rate on 10-year Treasury notes rises as the Federal Reserve reduces the pace of its asset purchases and investors anticipate rising short-term interest rates later in the decade.

CBO’s projections of economic growth have been boosted by various laws enacted in 2020.<sup>3</sup> Most recently,

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1. As applied to GDP, the term “prepandemic” refers to its level in the fourth quarter of 2019; applied to employment, it refers to its level in February 2020.

2. The labor force is the number of people age 16 or older in the civilian noninstitutionalized population who have jobs or who are available for work and are actively seeking jobs.

3. See Congressional Budget Office, *The Effects of Pandemic-Related Legislation on Output* (September 2020), [www.cbo.gov/publication/56537](http://www.cbo.gov/publication/56537).

Table 2-1.

**CBO's Economic Projections for Calendar Years 2021 to 2031**

	2020	2021	2022	2023	Annual Average	
					2024–2025	2026–2031
<b>Percentage Change From Fourth Quarter to Fourth Quarter</b>						
Gross Domestic Product						
Real <sup>a</sup>	-2.5	3.7	2.4	2.3	2.2	1.6
Nominal	-1.2	5.6	4.5	4.3	4.4	3.8
Inflation						
PCE price index	1.2	1.7	1.9	1.9	2.1	2.1
Core PCE price index <sup>b</sup>	1.4	1.5	1.9	1.9	2.1	2.1
Consumer price index <sup>c</sup>	1.2	1.9	2.2	2.3	2.4	2.4
Core consumer price index <sup>b</sup>	1.6	1.5	2.2	2.3	2.4	2.4
GDP price index	1.3	1.9	2.0	2.0	2.1	2.1
Employment Cost Index <sup>d</sup>	2.8	2.3	2.8	3.0	3.2	3.3
<b>Fourth-Quarter Level (Percent)</b>						
Unemployment Rate	6.8	5.3	4.9	4.6	4.0 <sup>e</sup>	4.3 <sup>f</sup>
<b>Percentage Change From Year to Year</b>						
Gross Domestic Product						
Real <sup>a</sup>	-3.5	4.6	2.9	2.2	2.3	1.7
Nominal	-2.3	6.3	4.9	4.2	4.4	3.8
Inflation						
PCE price index	1.2	1.6	1.8	1.9	2.0	2.1
Core PCE price index <sup>b</sup>	1.4	1.5	1.8	1.9	2.0	2.1
Consumer price index <sup>c</sup>	1.3	1.9	2.1	2.3	2.3	2.4
Core consumer price index <sup>b</sup>	1.7	1.6	2.1	2.3	2.4	2.4
GDP price index	1.2	1.6	1.9	2.0	2.1	2.1
Employment Cost Index <sup>d</sup>	2.9	2.1	2.6	2.9	3.1	3.3
<b>Annual Average</b>						
Unemployment Rate (Percent)	8.1	5.7	5.0	4.7	4.2	4.1
Labor Force Participation Rate (Percent) <sup>g</sup>	61.7	61.9	62.1	62.0	61.9	61.2
Payroll Employment (Monthly change, in thousands) <sup>h</sup>	-765	521	145	145	135	40
Interest Rates (Percent)						
Three-month Treasury bills	0.4	0.1	0.1	0.2	0.4	1.7
Ten-year Treasury notes	0.9	1.1	1.3	1.5	2.0	3.0
Tax Bases (Percentage of GDP)						
Wages and salaries	44.8	44.0	43.9	43.9	43.9	43.6
Domestic corporate profits <sup>i</sup>	7.6 <sup>j</sup>	7.9	7.5	7.7	8.2	8.0
Current Account Balance (Percentage of GDP) <sup>k</sup>	-2.8 <sup>j</sup>	-2.9	-2.4	-2.0	-2.0	-2.2

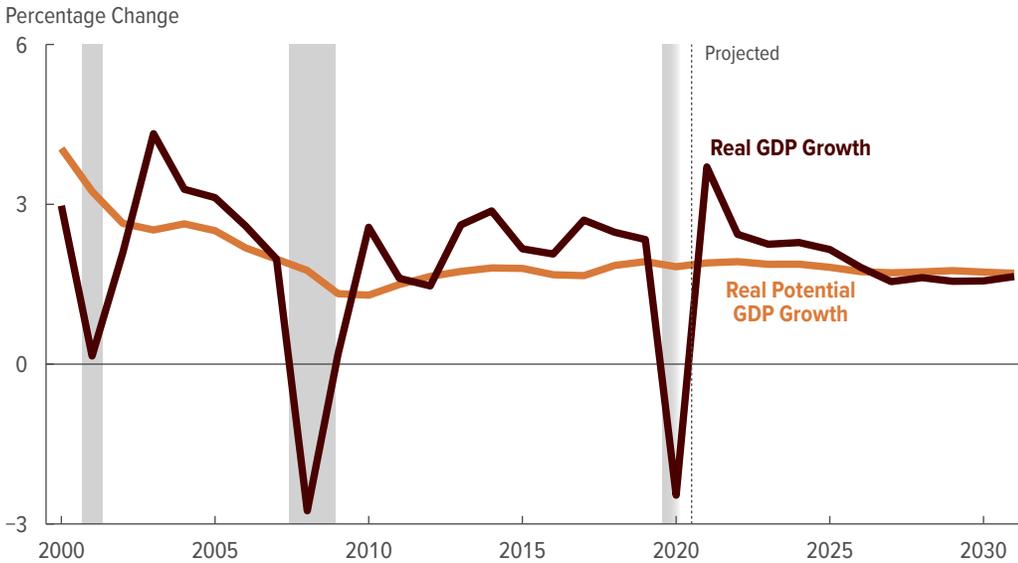
Data sources: Congressional Budget Office; Bureau of Economic Analysis; Bureau of Labor Statistics; Federal Reserve. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

GDP = gross domestic product; PCE = personal consumption expenditures.

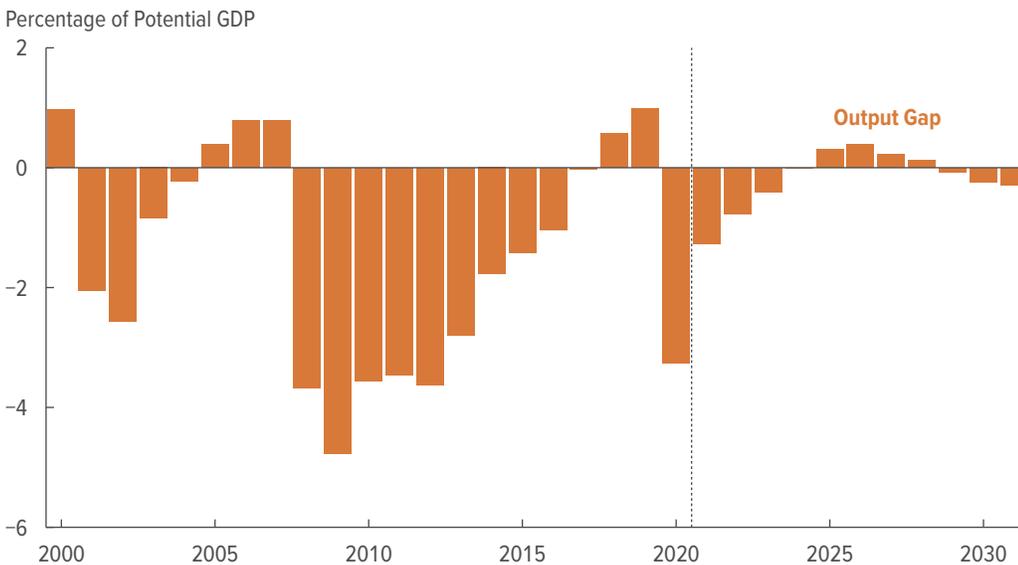
- a. Real values are nominal values that have been adjusted to remove the effects of changes in prices.
- b. Excludes prices for food and energy.
- c. The consumer price index for all urban consumers.
- d. The employment cost index for wages and salaries of workers in private industry.
- e. Value for the fourth quarter of 2025.
- f. Value for the fourth quarter of 2031.
- g. The share of the civilian noninstitutionalized population age 16 or older that has jobs or that is available for and actively seeking work.
- h. The average monthly change in the number of employees on nonfarm payrolls, calculated by dividing the change from the fourth quarter of one calendar year to the fourth quarter of the next by 12.
- i. Adjusted to remove distortions in depreciation allowances caused by tax rules and to exclude the effects of changes in prices on the value of inventories.
- j. Estimated value for 2020.
- k. Represents net exports of goods and services, net capital income, and net transfer payments between the United States and the rest of the world.

Figure 2-1.

## The Relationship Between GDP and Potential GDP



In CBO’s projections, the annual growth of real (inflation-adjusted) GDP exceeds that of real potential GDP until 2026.



The output gap between real GDP and real potential GDP is positive for several years, starting in 2025, before moving back toward its historical average.

Data sources: Congressional Budget Office; Bureau of Economic Analysis. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

Real values are nominal values that have been adjusted to remove the effects of changes in prices. Potential GDP is CBO’s estimate of the maximum sustainable output of the economy. Growth of real GDP and of real potential GDP is measured from the fourth quarter of one calendar year to the fourth quarter of the next.

The output gap is the difference between GDP and potential GDP, expressed as a percentage of potential GDP. A positive value indicates that GDP exceeds potential GDP; a negative value indicates that GDP falls short of potential GDP. Values for the output gap are for the fourth quarter of each year.

The shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. The National Bureau of Economic Research (NBER) has determined that an expansion ended and a recession began in February 2020. Although the NBER has not yet identified the end of that recession, CBO estimates that it ended in the second quarter of 2020.

GDP = gross domestic product.

Table 2-2.

**The Projected Growth of Real GDP and Its Components**

Percent

	2020	2021	2022	2023	Annual Average	
					2024–2025	2026–2031
<b>Percentage Change From Fourth Quarter to Fourth Quarter</b>						
Real GDP	-2.5	3.7	2.4	2.3	2.2	1.6
Components of Real GDP						
Consumer spending <sup>a</sup>	-2.6	3.5	3.0	2.7	2.7	1.9
Business investment <sup>b</sup>	-0.1	6.9	1.2	1.8	3.2	2.4
Business fixed investment <sup>c</sup>	-1.3	5.9	3.0	2.1	3.1	2.5
Residential investment <sup>d</sup>	13.7	4.8	-2.1	-1.7	-0.9	-0.5
Purchases by federal, state, and local governments <sup>e</sup>	-0.6	0.9	0.1	0.7	1.0	0.6
Federal	2.5	1.6	-0.8	-0.5	0.2	0.3
State and local	-2.5	0.5	0.6	1.5	1.4	0.8
Exports	-11.0	12.4	3.1	2.5	2.1	1.6
Imports	-0.6	9.1	0.4	1.2	3.1	2.2
<b>Contributions to the Growth of Real GDP (Percentage points)</b>						
Components of Real GDP						
Consumer spending <sup>a</sup>	-1.8	2.4	2.1	1.8	1.8	1.3
Business investment <sup>b</sup>	*	0.9	0.2	0.3	0.4	0.3
Business fixed investment <sup>c</sup>	-0.2	0.8	0.4	0.3	0.4	0.3
Residential investment <sup>d</sup>	0.5	0.2	-0.1	-0.1	*	*
Purchases by federal, state, and local governments <sup>e</sup>	-0.1	0.2	*	0.1	0.2	0.1
Federal	0.2	0.1	-0.1	*	*	*
State and local	-0.3	0.1	0.1	0.2	0.2	0.1
Exports	-1.2	1.3	0.3	0.3	0.2	0.2
Imports	0.1	-1.2	-0.1	-0.2	-0.4	-0.3

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

Real values are nominal values that have been adjusted to remove the effects of changes in prices.

GDP = gross domestic product; \* = between zero and 0.05 percentage points.

a. Consists of personal consumption expenditures.

b. Comprises business fixed investment and investment in inventories.

c. Consists of purchases of equipment, nonresidential structures, and intellectual property products.

d. Includes the construction of single-family and multifamily structures, manufactured homes, and dormitories; spending on home improvements; and brokers' commissions and other ownership transfer costs.

e. Based on the national income and product accounts.

in late December, the Consolidated Appropriations Act, 2021 (Public Law 116-260), appropriated funds for the remainder of fiscal year 2021, provided additional emergency funding for federal agencies to respond to the public health emergency created by the pandemic, and provided financial support to households, businesses, and nonfederal governments affected by the economic downturn, among other measures. CBO estimates that the pandemic-related provisions in that legislation will add \$774 billion to the deficit in fiscal year 2021

and \$98 billion in 2022.<sup>4</sup> Those provisions will boost the level of real GDP by 1.8 percent in calendar year 2021 and by 1.1 percent in calendar year 2022, CBO estimates.

### The Economic Outlook for 2026 to 2031

In CBO's projections, the economy continues to expand from 2026 to 2031. Real GDP grows by 1.6 percent

4. Those provisions are contained in divisions M, N, and EE of the Consolidated Appropriations Act, 2021.

Table 2-3.

**Key Inputs in CBO's Projections of Real Potential GDP**

Percent

	Average Annual Growth						Projected Average Annual Growth			
	1950–1973	1974–1981	1982–1990	1991–2001	2002–2007	2008–2020	Total, 1950–2020	2021–2025	2026–2031	Total, 2021–2031
<b>Overall Economy</b>										
Real Potential GDP	4.0	3.2	3.2	3.2	2.4	1.7	3.1	1.9	1.7	1.8
Potential Labor Force	1.6	2.5	1.6	1.2	1.0	0.5	1.4	0.4	0.3	0.4
Potential Labor Force Productivity <sup>a</sup>	2.3	0.7	1.6	2.0	1.4	1.2	1.7	1.5	1.4	1.4
<b>Nonfarm Business Sector</b>										
Real Potential Output	4.1	3.5	3.5	3.7	2.7	1.9	3.4	2.1	2.0	2.1
Potential Hours Worked	1.4	2.3	1.7	1.2	0.2	0.5	1.3	0.4	0.3	0.3
Capital Services <sup>b</sup>	3.8	3.7	3.5	3.9	2.8	2.3	3.4	2.3	2.2	2.2
Potential Total Factor Productivity <sup>c</sup>	1.9	0.8	1.1	1.6	1.6	0.8	1.4	1.1	1.1	1.1
Contributions to the Growth of Real Potential Output (Percentage points)										
Potential hours worked	0.9	1.5	1.2	0.8	0.2	0.4	0.8	0.3	0.2	0.2
Capital input	1.2	1.2	1.1	1.3	0.9	0.7	1.1	0.7	0.7	0.7
Potential total factor productivity	1.9	0.8	1.1	1.6	1.6	0.8	1.4	1.1	1.1	1.1
Total Contributions	4.0	3.5	3.4	3.6	2.7	1.9	3.3	2.1	2.0	2.1
Potential Labor Productivity <sup>d</sup>	2.6	1.2	1.7	2.4	2.4	1.4	2.1	1.8	1.7	1.7

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

Real values are nominal values that have been adjusted to remove the effects of changes in prices. Potential GDP is CBO's estimate of the maximum sustainable output of the economy.

The table shows compound annual growth rates over the specified periods. Those rates are calculated from the fourth quarter of the year immediately preceding each period to the fourth quarter at the end of that period.

GDP = gross domestic product.

- The ratio of potential GDP to the potential labor force.
- The services provided by capital goods (such as computers and other equipment) that constitute the actual input in the production process.
- The average real output per unit of combined labor and capital services, excluding the effects of business cycles.
- The ratio of potential output to potential hours worked in the nonfarm business sector.

per year, on average (see Table 2-2). Real potential GDP grows slightly more rapidly (see Table 2-3). For most of the period, the Federal Reserve allows inflation to remain above its target level; the level of real GDP likewise remains above the level of real potential GDP for several years. Eventually, less accommodative policies on the part of the Federal Reserve help push GDP back toward its historical average relationship with potential GDP.

A mild increase in productivity growth causes potential output in CBO's projections to grow more quickly over the 2021–2031 period than it has grown since the 2007–2009 recession. However, potential output still

grows more slowly than it has grown since 1950, mainly because of an ongoing, long-term slowdown in the growth of the labor force.

### Uncertainties in the Economic Outlook

CBO's projections reflect an average of possible outcomes under current law. But these projections are subject to an unusually high degree of uncertainty, and that uncertainty stems from many sources, including the course of the pandemic, the effectiveness of monetary and fiscal policies, and the response of global financial markets to substantial increases in public deficits and

Table 2-4.

**CBO's Current and Previous Economic Projections for Calendar Years 2020 to 2030**

	2020	2021	2022	Annual Average		Total, 2020–2030
				2020–2024	2025–2030	
<b>Percentage Change From Fourth Quarter to Fourth Quarter</b>						
Real GDP <sup>a</sup>						
February 2021	-2.5	3.7	2.4	1.7	1.7	1.7
July 2020	-5.9	4.8	2.2	1.0	2.1	1.6
Nominal GDP						
February 2021	-1.2	5.6	4.5	3.5	3.9	3.7
July 2020	-5.7	6.2	4.1	2.5	4.2	3.4
PCE Price Index						
February 2021	1.2	1.7	1.9	1.7	2.1	1.9
July 2020	0.4	1.3	1.7	1.4	1.9	1.7
Core PCE Price Index <sup>b</sup>						
February 2021	1.4	1.5	1.9	1.7	2.1	1.9
July 2020	0.6	1.3	1.7	1.4	1.9	1.7
Consumer Price Index <sup>c</sup>						
February 2021	1.2	1.9	2.2	2.0	2.4	2.2
July 2020	0.4	1.6	2.0	1.7	2.2	2.0
Core Consumer Price Index <sup>b</sup>						
February 2021	1.6	1.5	2.2	2.0	2.4	2.2
July 2020	1.0	1.5	1.9	1.7	2.2	2.0
GDP Price Index						
February 2021	1.3	1.9	2.0	1.8	2.1	2.0
July 2020	0.2	1.3	1.8	1.5	2.0	1.8
Employment Cost Index <sup>d</sup>						
February 2021	2.8	2.3	2.8	2.7	3.3	3.0
July 2020	1.7	2.6	2.3	2.4	3.0	2.7
Real Potential GDP <sup>a</sup>						
February 2021	1.8	1.9	1.9	1.9	1.7	1.8
July 2020	1.6	1.5	1.8	1.7	1.8	1.8

Continued

debt. As a result, the economy could expand substantially more quickly or more slowly than CBO projects. Labor market conditions could likewise improve more quickly or slowly than projected, and inflation and interest rates could rise more rapidly or slowly as well. Also uncertain is the impact of the pandemic on the economy over the longer term, including its effects on productivity, the labor force, and technological innovation.

### Comparisons With Previous Projections

CBO currently projects a stronger economy than it did in July 2020, in large part because the downturn was not as severe as expected and because the first stage of the recovery took place sooner and was stronger

than expected (see Table 2-4).<sup>5</sup> GDP and employment are projected to be higher and to be accompanied by modestly higher inflation and higher interest rates than they were in CBO's July projections. The fact that the downturn was less severe and the recovery stronger than previously projected also changed the projected pattern of growth: CBO's current projections of GDP growth are stronger, on average, for the 2021–2025 period than they were in July but weaker for the 2026–2031 period.

CBO made those changes to its economic projections even though it expects social distancing to be more pronounced and to last longer than projected in July. The projected effects of the Consolidated Appropriations Act, 2021, played a part in improving the economic outlook.

5. For the July projections, see Congressional Budget Office, *An Update to the Economic Outlook: 2020 to 2030* (July 2020), [www.cbo.gov/publication/56442](http://www.cbo.gov/publication/56442).

Table 2-4.

Continued

**CBO's Current and Previous Economic Projections for Calendar Years 2020 to 2030**

	2020	2021	2022	Annual Average		Total, 2020–2030
				2020–2024	2025–2030	
				Annual Average		
Unemployment Rate (Percent)						
February 2021	8.1	5.7	5.0	5.6	4.1	4.8
July 2020	10.6	8.4	7.1	7.7	4.8	6.1
Interest Rates (Percent)						
Three-month Treasury bills						
February 2021	0.4	0.1	0.1	0.2	1.4	0.9
July 2020	0.4	0.2	0.2	0.2	1.0	0.6
Ten-year Treasury notes						
February 2021	0.9	1.1	1.3	1.3	2.8	2.1
July 2020	0.9	0.9	1.1	1.2	2.6	2.0
Tax Bases (Percentage of GDP)						
Wages and salaries						
February 2021	44.8	44.0	43.9	44.1	43.7	43.9
July 2020	44.3	43.8	43.7	43.8	43.7	43.8
Domestic corporate profits <sup>e</sup>						
February 2021	7.6 <sup>f</sup>	7.9	7.5	7.7	8.1	7.9
July 2020	7.5	7.4	7.7	7.7	8.2	8.0

Data sources: Congressional Budget Office; Bureau of Labor Statistics; Federal Reserve. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

GDP = gross domestic product; PCE = personal consumption expenditures.

- a. Real values are nominal values that have been adjusted to remove the effects of changes in prices.
- b. Excludes prices for food and energy.
- c. The consumer price index for all urban consumers.
- d. The employment cost index for wages and salaries of workers in private industry.
- e. Adjusted to remove distortions in depreciation allowances caused by tax rules and to exclude the effects of changes in prices on the value of inventories.
- f. Estimated value for 2020.



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# Appendix: Tax Expenditures

The tax rules that form the basis for the Congressional Budget Office's projections include an array of exclusions, deductions, preferential rates, and credits. Those provisions reduce revenues for any given level of tax rates in both the individual and corporate income tax systems. Many of those provisions are called tax expenditures because, like government spending programs, they provide financial assistance for particular activities as well as to certain entities or groups of people.<sup>1</sup>

Tax expenditures contribute to the budget deficit just as federal spending does. They also influence people's choices about working, saving, and investing, and they affect the distribution of income. The Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344) requires the federal budget to list tax expenditures and for CBO to report the levels of tax expenditures under existing law. Every year, the staff of the Joint Committee on Taxation (JCT) and the Treasury's Office of Tax Analysis each publish estimates of individual and corporate income tax expenditures.<sup>2</sup>

1. Sec. 3(3) of the Congressional Budget and Impoundment Control Act of 1974, codified at 2 U.S.C. §622(3) (2006), defines tax expenditures as “those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.”
2. For this analysis, CBO followed JCT's definition of tax expenditures as deviations from a “normal” income tax structure. For the individual income tax, that structure incorporates existing regular tax rates, the standard deduction, personal exemptions, and deductions of business expenses. For the corporate income tax, that structure includes the statutory tax rate, generally defines income on an accrual basis, and allows for cost recovery according to a specified depreciation system that is less favorable than under current law. For more information, see Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2020–2024*, JCX-23-20 (November 2020), [www.jct.gov/publications/2020/jcx-23-20/](http://www.jct.gov/publications/2020/jcx-23-20/). The Treasury's

definition of tax expenditures is broadly similar to JCT's. See Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2021: Analytical Perspectives* (February 2020), pp. 147–198, <https://go.usa.gov/xscrh> (PDF, 4.8 MB).

Unlike many spending programs, tax expenditures are not subject to annual appropriations. In fact, most tax expenditures are not explicitly recorded in the federal budget but rather are reflected in the total amount of revenues. The one exception is the portion of refundable tax credits that exceeds a filer's tax liability; that amount is recorded as mandatory spending in the budget. Because of that budgetary treatment, tax expenditures can be less transparent than discretionary spending or spending on benefit programs.

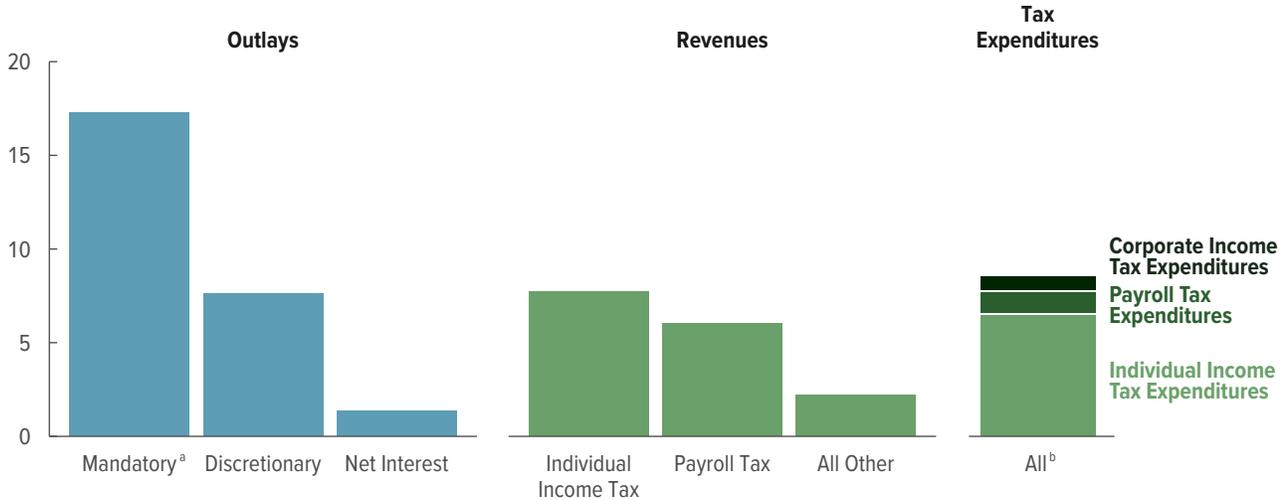
Tax expenditures have a large effect on the federal budget. In fiscal year 2021, the value of the more than 200 tax expenditures in the individual and corporate income tax systems will total an estimated \$1.8 trillion—or 8.2 percent of gross domestic product—if their effects on payroll taxes as well as income taxes are included.<sup>3</sup> That amount, which was calculated by CBO on the basis of estimates prepared by JCT, equals about half of all federal revenues that are projected to be collected

3. That total does not incorporate the recent changes to tax law made by the Consolidated Appropriations Act, 2021 (P.L. 116-260). JCT estimated that the law will reduce revenues and increase refundable tax credits by about \$204 billion in 2021. That amount includes \$166 billion for additional recovery rebates for individuals, which are considered tax expenditures, but like other refundable credits are recorded as mandatory spending in the budget. Unlike JCT, CBO includes estimates of the largest payroll tax expenditures. As defined by CBO, a normal payroll tax structure includes the existing payroll tax rates as applied to a broad definition of compensation—which consists of cash wages and fringe benefits. Tax expenditures that reduce the tax base for payroll taxes also decrease spending for Social Security by reducing the earnings base on which Social Security benefits are calculated.

Figure A-1.

## Outlays, Revenues, and Tax Expenditures in 2021

Percentage of Gross Domestic Product



Tax expenditures, which are projected to total an estimated \$1.8 trillion in 2021, reduce revenues and, like spending programs, contribute to the deficit.

Data source: Congressional Budget Office, using estimates by the staff of the Joint Committee on Taxation. Those estimates were prepared before the enactment of the Consolidated Appropriations Act, 2021 (Public Law 116-260), and do not include the effects of that law. See [www.cbo.gov/publication/56970#data](http://www.cbo.gov/publication/56970#data).

- a. The outlay portions of refundable tax credits are included in tax expenditures as well as mandatory outlays. In 2021, they are estimated to total 0.4 percent of gross domestic product (GDP). The additional recovery rebates for individuals enacted in P.L. 116-260 are included in mandatory outlays but not in the tax expenditure estimates presented here because the tax expenditures were estimated before the enactment of that law. Outlays for those additional rebates are estimated to total 0.7 percent of GDP in 2021.
- b. This total is the sum of the estimates for all of the separate tax expenditures and does not account for interactions among them. However, CBO estimates that in 2021, the total of all tax expenditures roughly equals the sum of each considered separately. Because estimates of tax expenditures are based on people's behavior with current provisions of the tax code in place, they do not reflect the amount of revenues that would be raised if those provisions were eliminated and taxpayers adjusted their activities in response.

in 2021 and exceeds all projected discretionary outlays combined (see Figure A-1).<sup>4</sup>

4. For more information on the size of each tax expenditure, see Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2020–2024*, JCX-23-20 (November 2020), [www.jct.gov/publications/2020/jcx-23-20/](http://www.jct.gov/publications/2020/jcx-23-20/). For more information on the estimated budgetary effects of the tax provisions of P.L. 116-260, see Joint Committee on Taxation, *Estimated Budget Effects of the Revenue Provisions Contained in Rules Committee Print 116-68, The “Consolidated Appropriations Act, 2021,”* JCX-24-20 (December 2020), [www.jct.gov/publications/2020/jcx-24-20/](http://www.jct.gov/publications/2020/jcx-24-20/).

Estimates of tax expenditures measure the difference between households' and businesses' tax liabilities under current law and the tax liabilities they would have incurred if the provisions generating those tax expenditures were repealed but taxpayers' behavior was unchanged. Such estimates do not represent the amount of revenues that would be raised if those provisions were eliminated, because the changes in incentives that would result from eliminating those provisions would lead households and businesses to modify their behavior in ways that would lessen the effect on revenues.



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# About This Document

This document is one of a series of reports on the state of the budget and the economy that the Congressional Budget Office issues each year. It satisfies the requirement in section 202(e) of the Congressional Budget Act of 1974 for CBO to submit to the Committees on the Budget periodic reports about fiscal policy and to provide baseline projections of the federal budget. In keeping with CBO's mandate to provide objective, impartial analysis, this report makes no recommendations.

The estimates in this report are the work of more than 100 staff members at CBO and the staff of the Joint Committee on Taxation. Barry Blom wrote Chapter 1, and Aaron Feinstein, Avi Lerner, Amber Marcellino, and Dan Ready compiled the projections. Christina Hawley Anthony, Theresa Gullo, Leo Lex, John McClelland, Sam Papenfuss, and Joshua Shakin provided guidance. Robert Shackleton wrote Chapter 2, with contributions from Aaron Betz, Yiqun Gloria Chen, Erin Deal, Daniel Fried, Edward Gamber, Ronald Gecan, Mark Lasky, Junghoon Lee, Michael McGrane, Jaeger Nelson, Sarah Robinson, Jeffrey Schafer, John Seliski, and Christopher Williams. Robert Arnold, Devrim Demirel, John Kitchen, and Jeffrey Werling provided guidance. Kathleen Burke wrote the appendix; John McClelland and Joshua Shakin provided guidance. Erin Deal, Aaron Feinstein, Avi Lerner, Bayard Meiser, Tess Prendergast, Dan Ready, Sarah Robinson, and Olivia Yang fact-checked the report and prepared the supplemental material.

CBO consulted with members of its Panel of Economic Advisers during the preparation of this report. Although CBO's outside advisers provided considerable assistance, they are not responsible for the contents of this report.

Mark Doms, Mark Hadley, Jeffrey Kling, and Robert Sunshine reviewed the report. Christine Bogusz and Benjamin Plotinsky were the editors, and Casey Labrack was the graphics editor. This report is available on CBO's website ([www.cbo.gov/publication/56970](http://www.cbo.gov/publication/56970)).

CBO continually seeks feedback to make its work as useful as possible. Please send any comments to [communications@cbo.gov](mailto:communications@cbo.gov).



Phillip L. Swagel  
Director  
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