

The Return of Trillion-Dollar Deficits

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January 2018

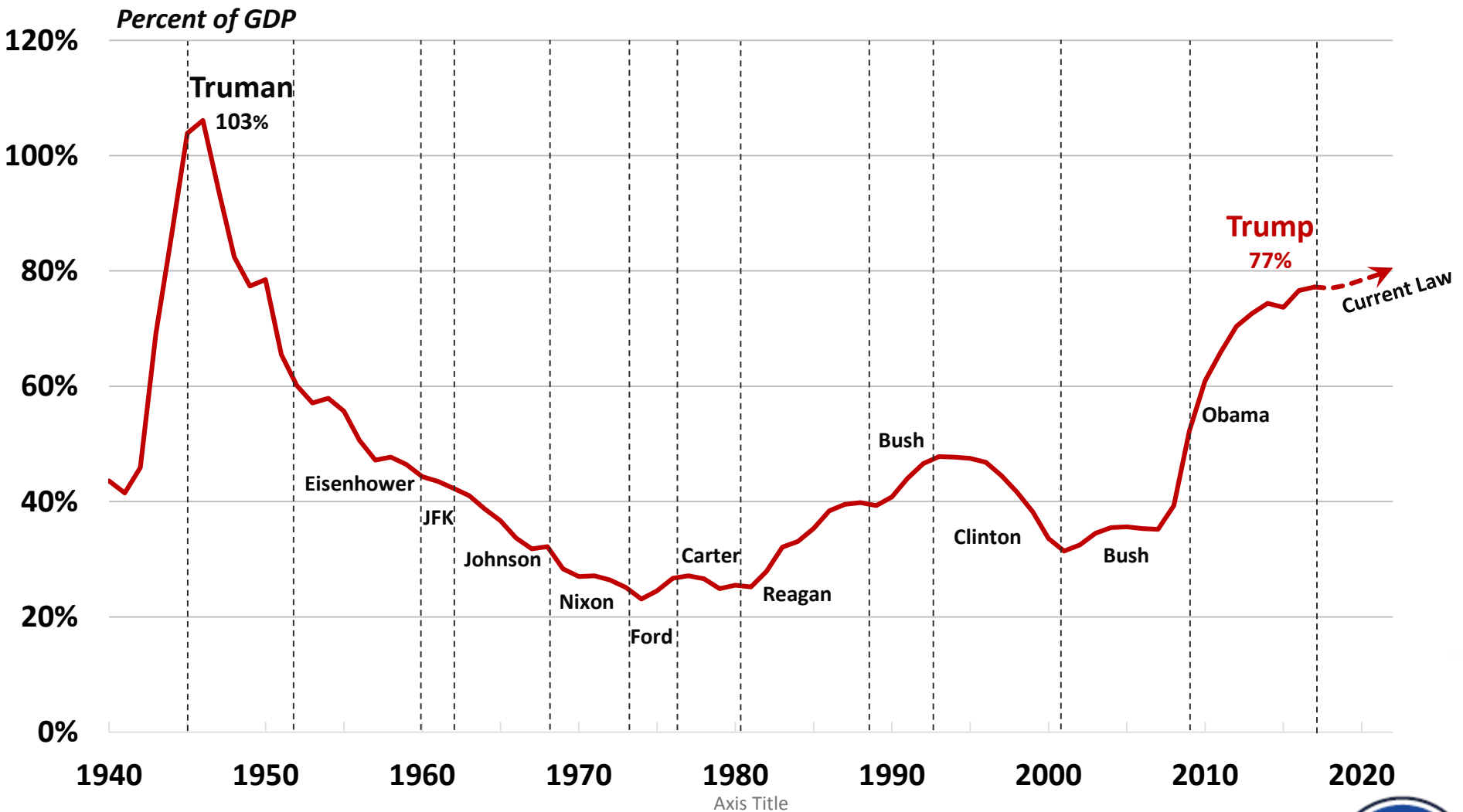


**THE COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

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Where We Were

Trump Entered Office With Debt At Post WWII Record-High Levels

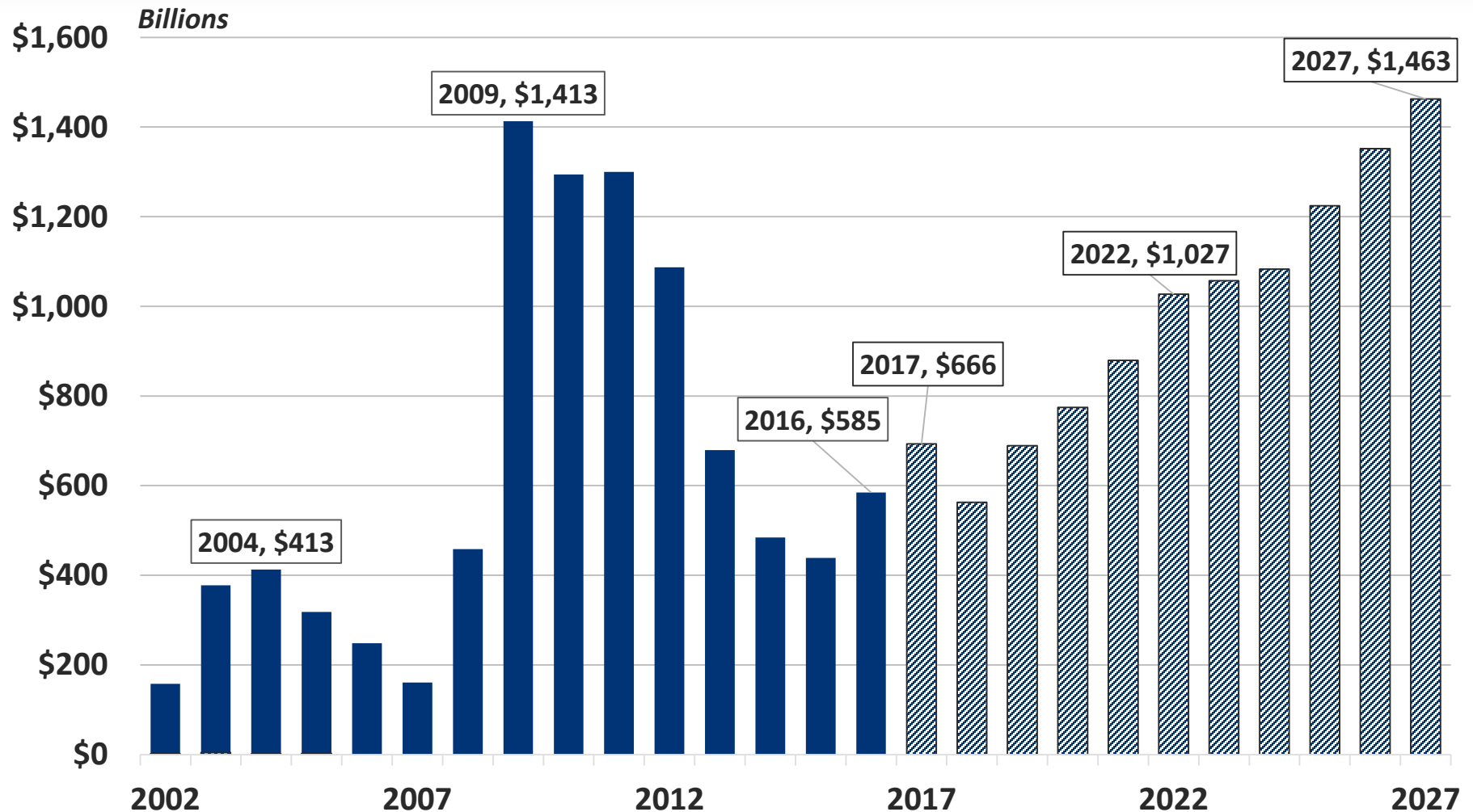


Sources: Congressional Budget Office, Office of Management and Budget, and the Committee for a Responsible Federal Budget.

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Deficits Were Already High and Rising



Sources: CBO June Baseline, CRFB calculations.

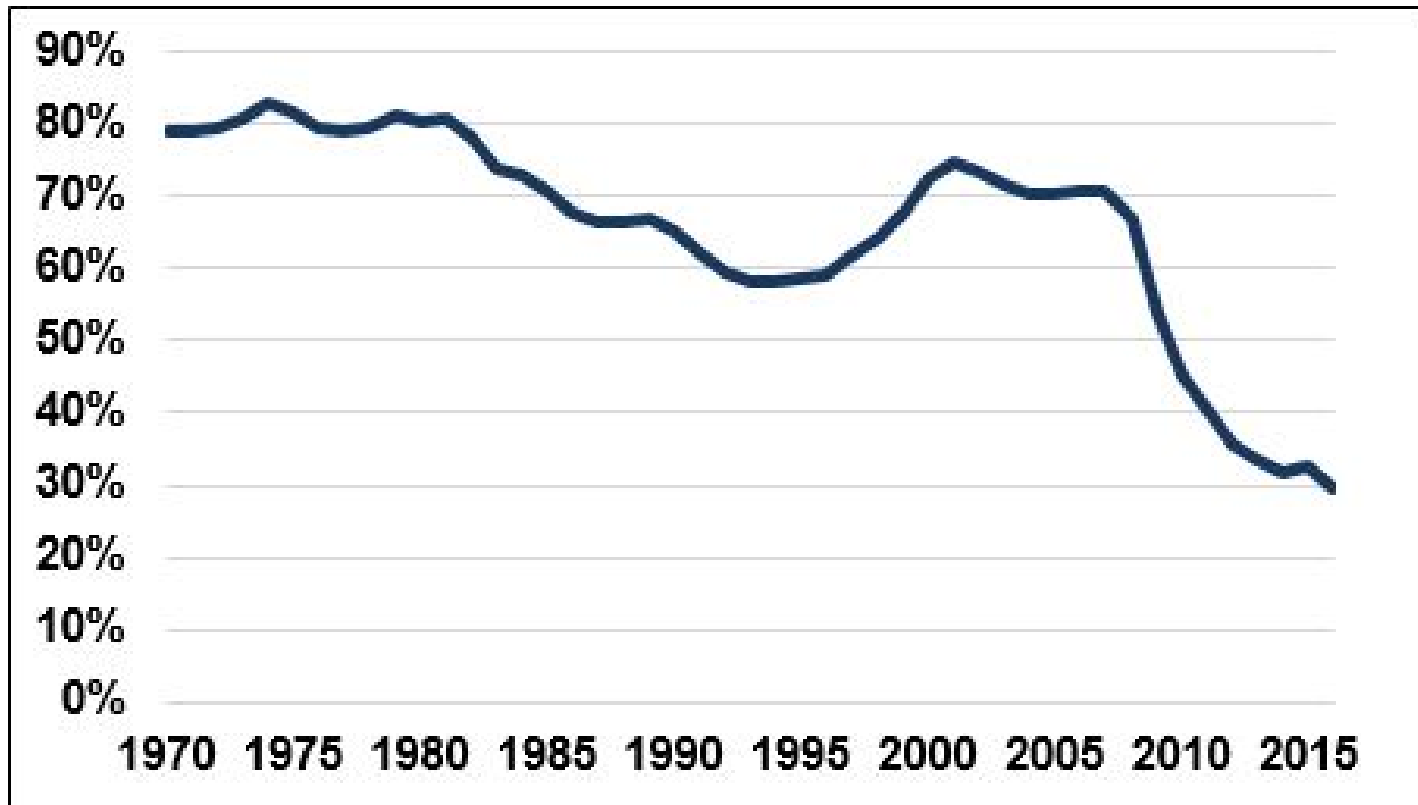
Major Trust Funds Were Heading Toward Insolvency

Trust Fund	Exhaustion Date (CBO Est)*	Annual Deficit In Exhaustion Year	Percent Cut At Insolvency
Highway Trust Fund (combined)	2021	\$18 billion (0.1% of GDP)	32%
Medicare Hospital Insurance Trust Fund	2025	\$62 billion (0.2% of GDP)	13%
Social Security Disability Insurance Fund	2023	\$31 billion (0.1% of GDP)	17%
Social Security Old Age & Survivors' Insurance Trust Fund	2031	\$530 billion (1.6% of GDP)	29%
<i>Addendum: Theoretical Combined Social Security Trust Funds</i>	2030	<i>\$510 billion (1.6% of GDP)</i>	25%

**The Social Security and Medicare Trustees project similar but somewhat later exhaustion dates*

Fiscal Space Was Diminishing

**Fiscal Space Until Debt Reaches Record Set in WWII
(Percent of GDP)**

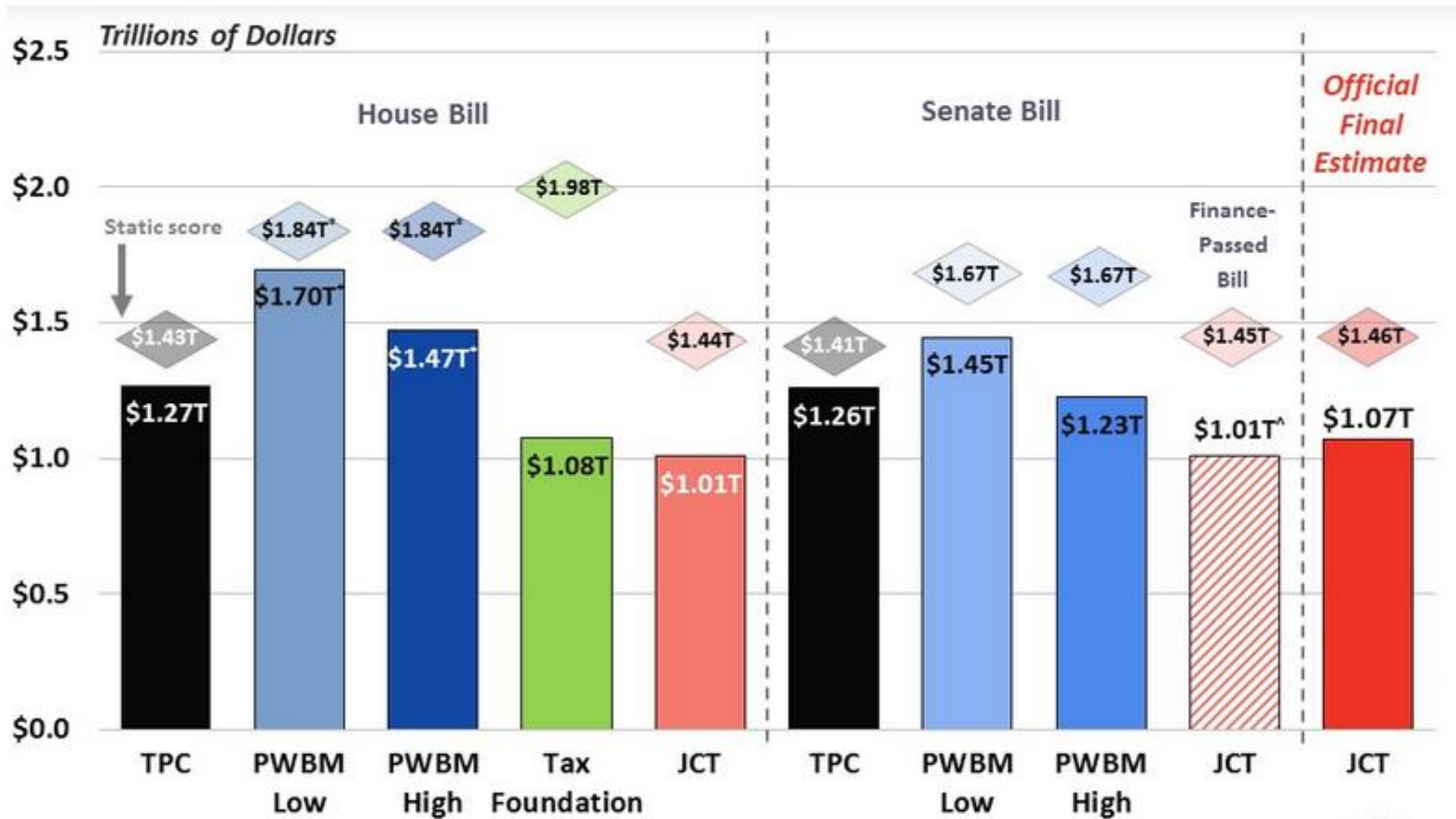


Sources: CBO, CRFB calculations.

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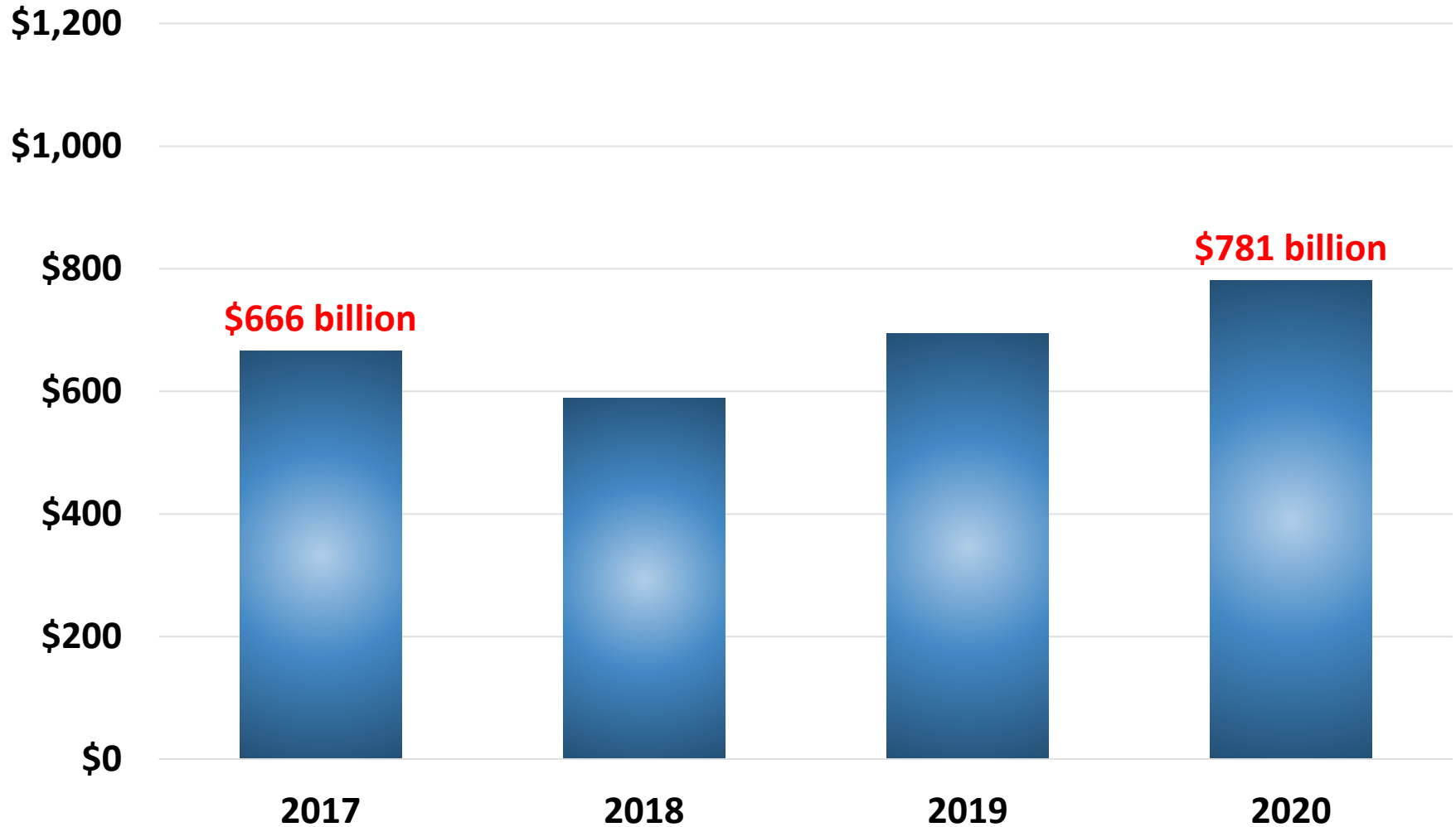
We Just Passed a YUGE Tax Cut



Where We Are Now & Where We're Headed

Projected Annual Budget Deficits (Pre- Tax Cuts)

Billions of Dollars

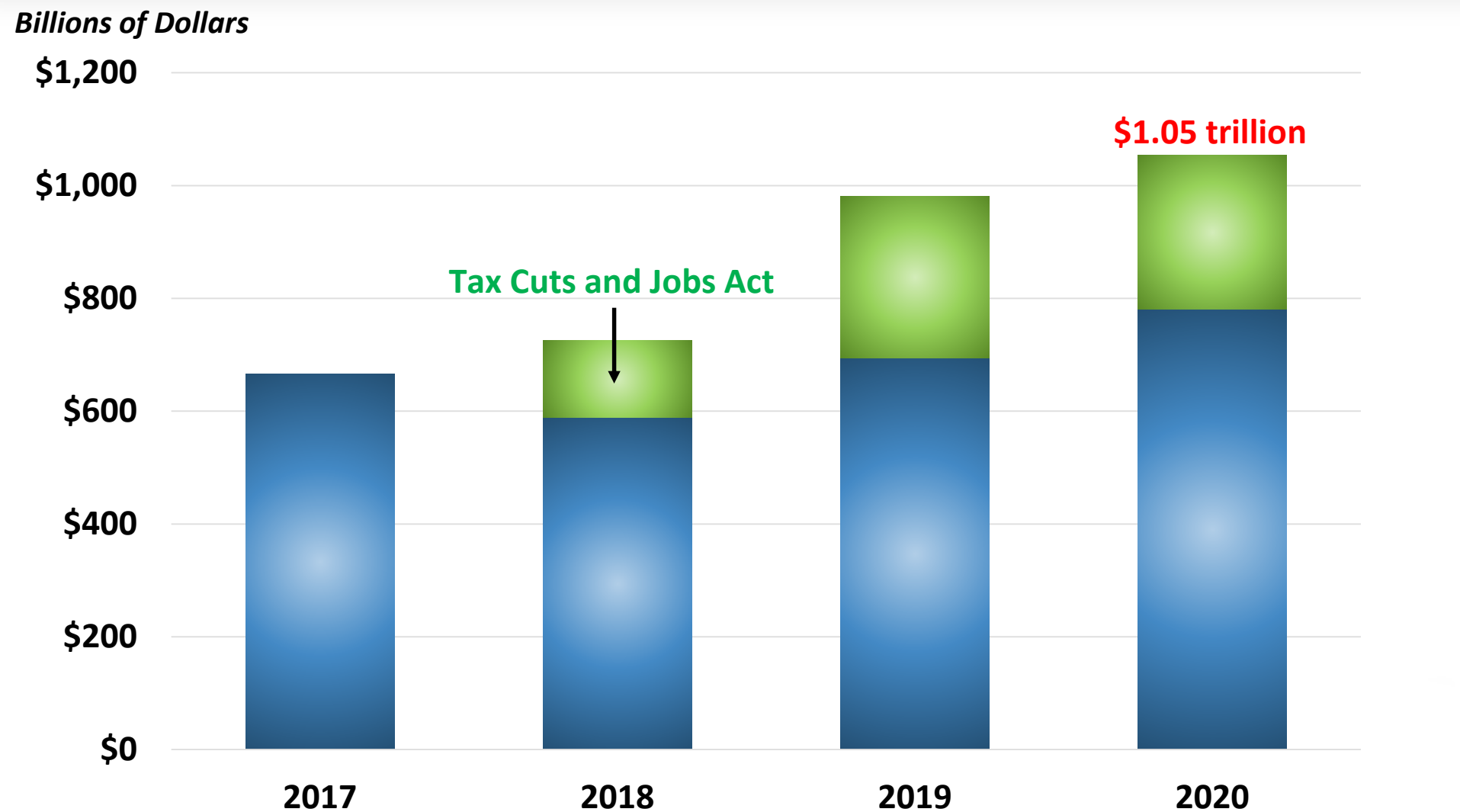


Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

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Projected Annual Budget Deficits (Post- Tax Cuts)

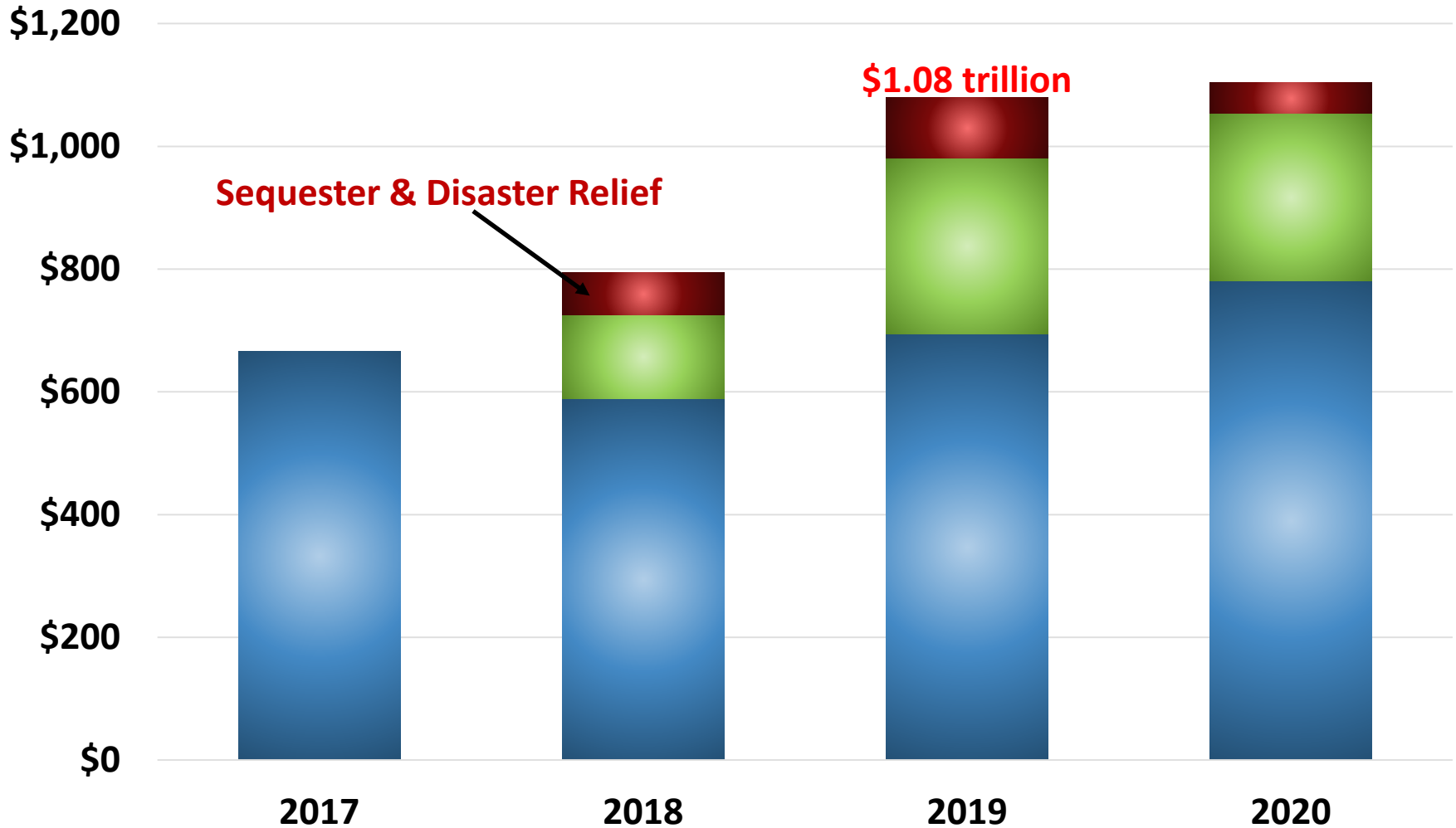


Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.



Projected Annual Budget Deficits (Post-Tax Cuts, Assuming New Spending)

Billions of Dollars



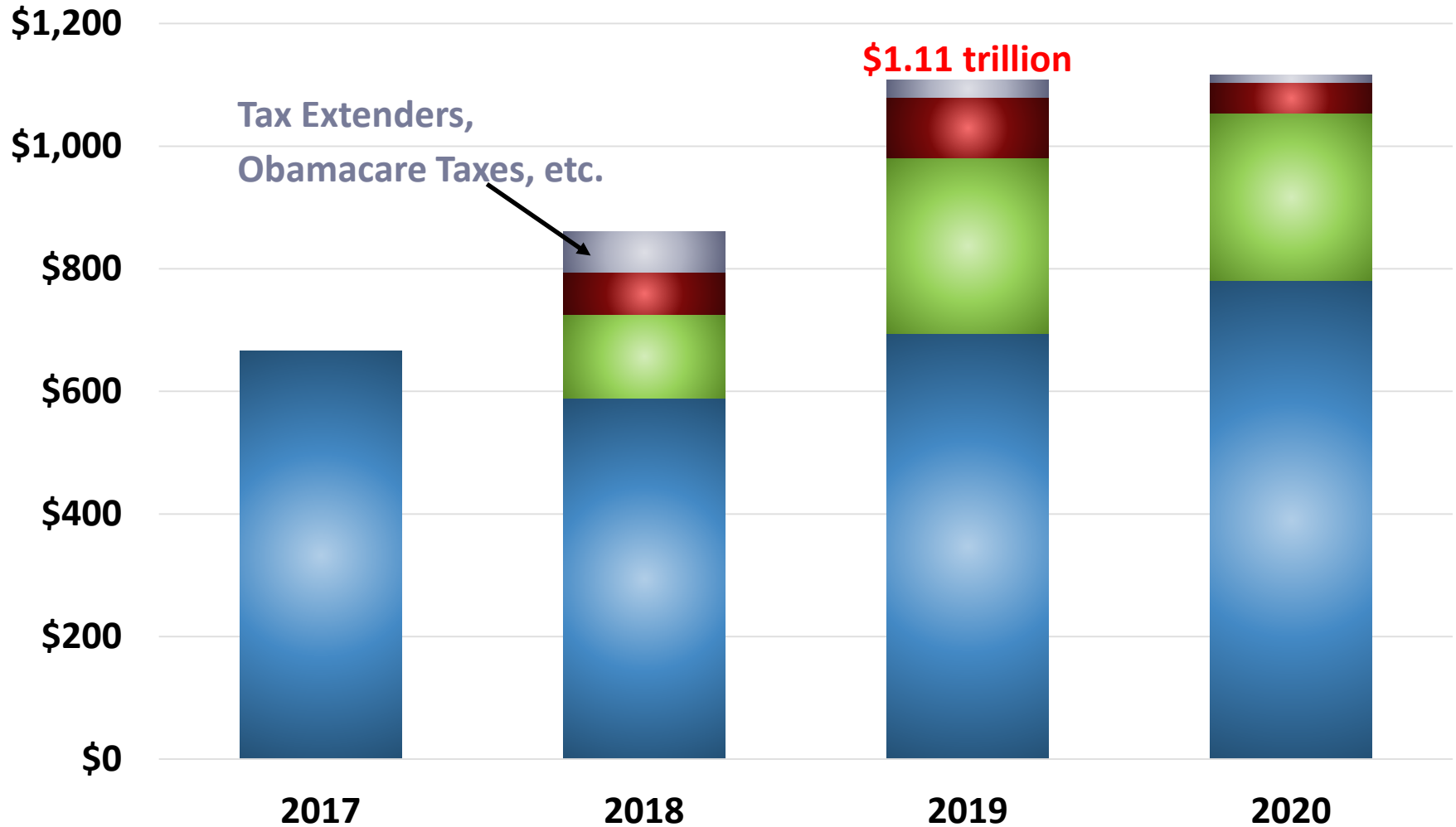
Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

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Projected Annual Budget Deficits (Post-Everything)

Billions of Dollars



Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

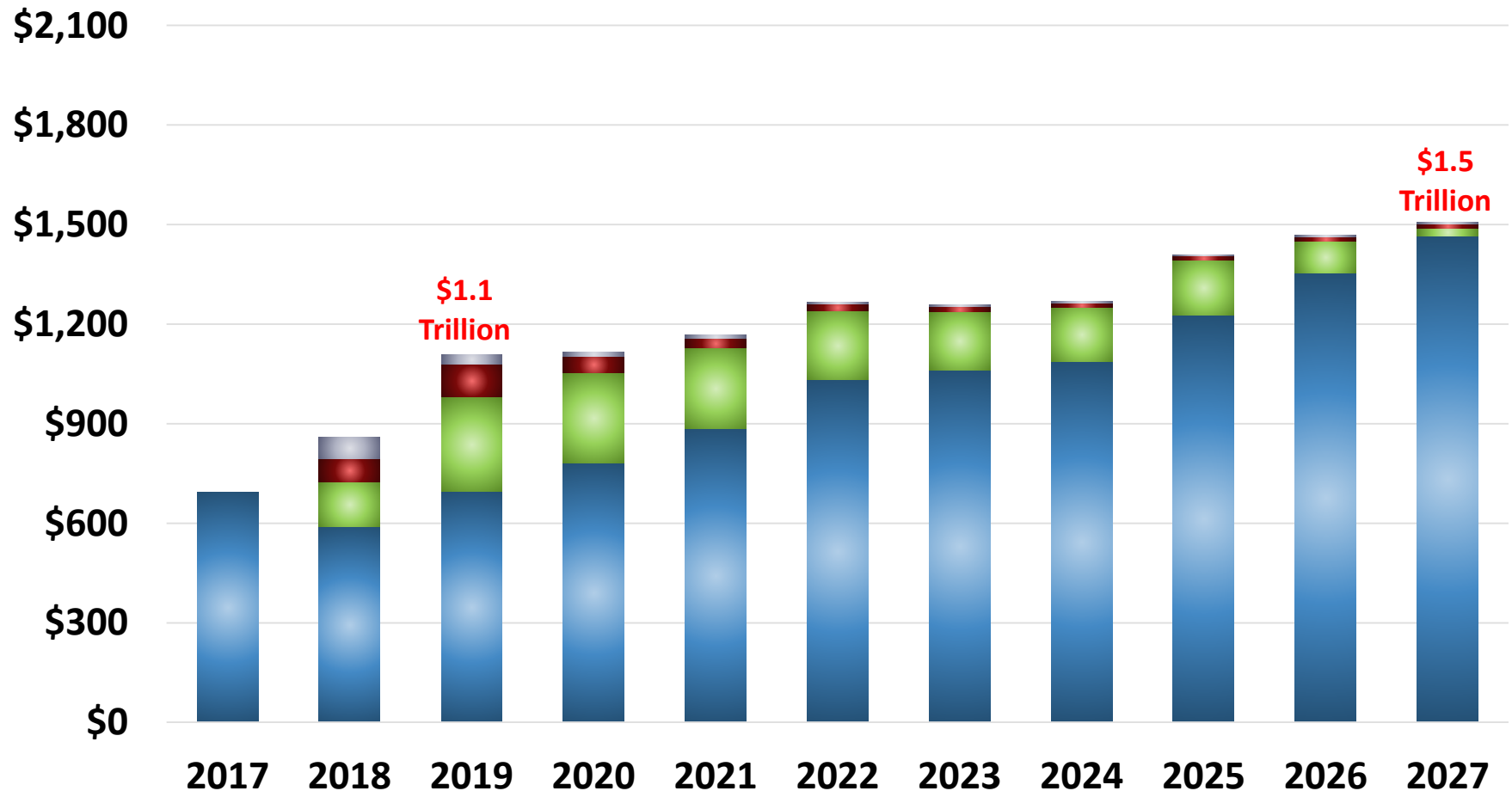
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**IN OTHER WORDS: TRILLION DOLLAR
DEFICITS MAY RETURN NEXT YEAR**

Projected Annual Budget Deficits (Post-Everything)

Billions of Dollars



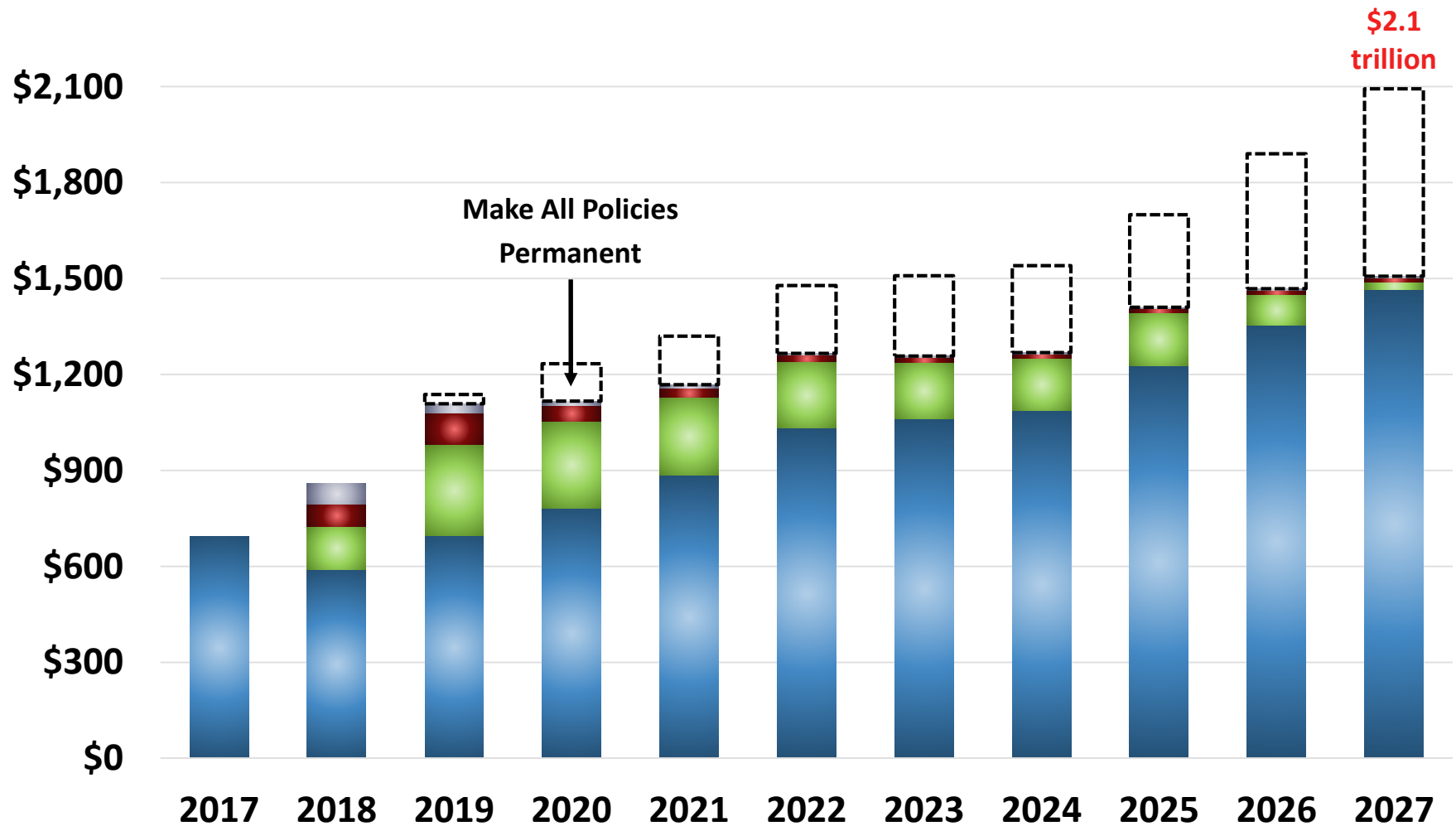
Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

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Projected Annual Budget Deficits (Post-Everything, With Extensions)

Billions of Dollars



Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

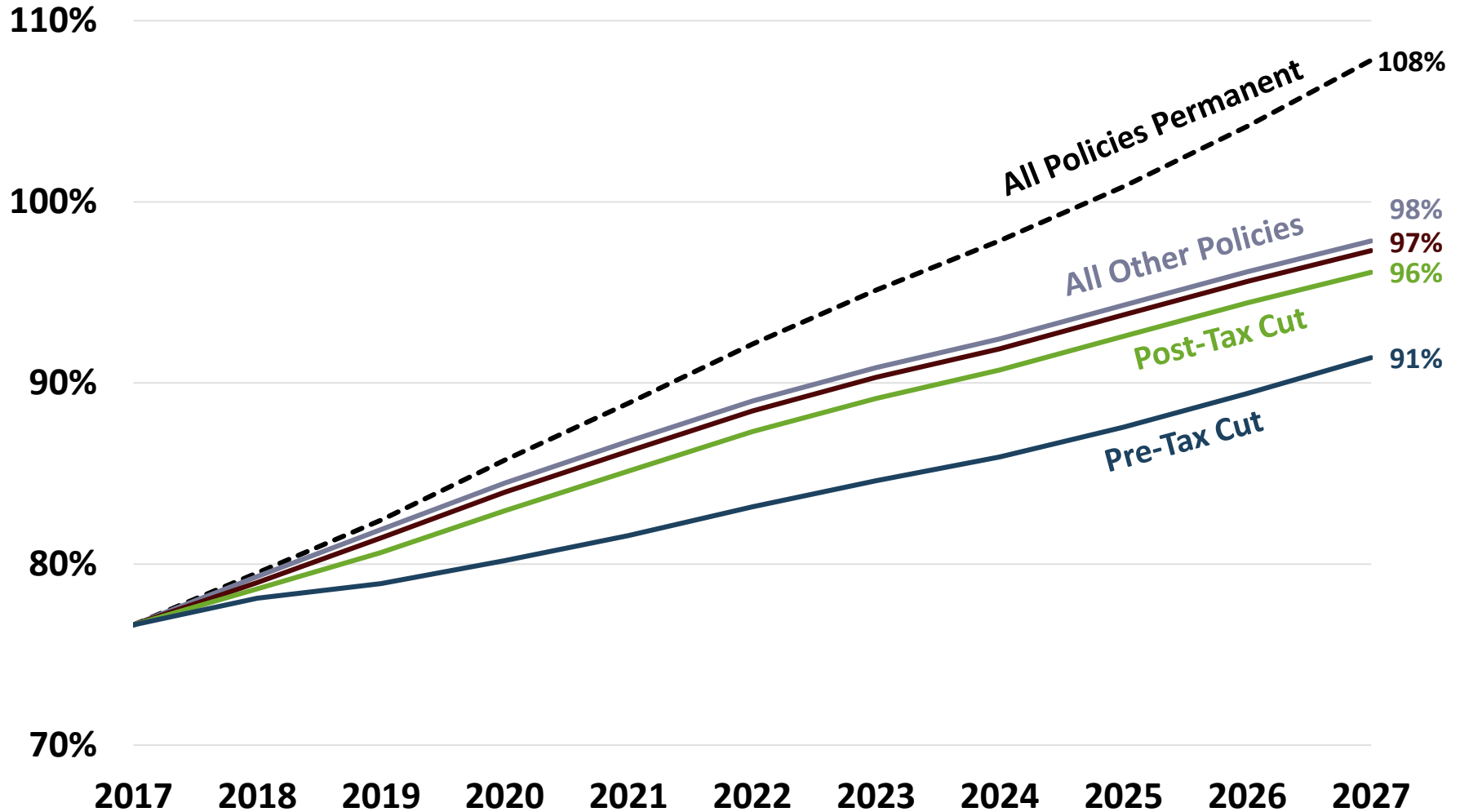
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**IN OTHER WORDS: WE MAY HIT TWO
TRILLION DOLLAR DEFICITS BY *2027***

Debt-to-GDP Will Rise to Record Levels

Percent of GDP



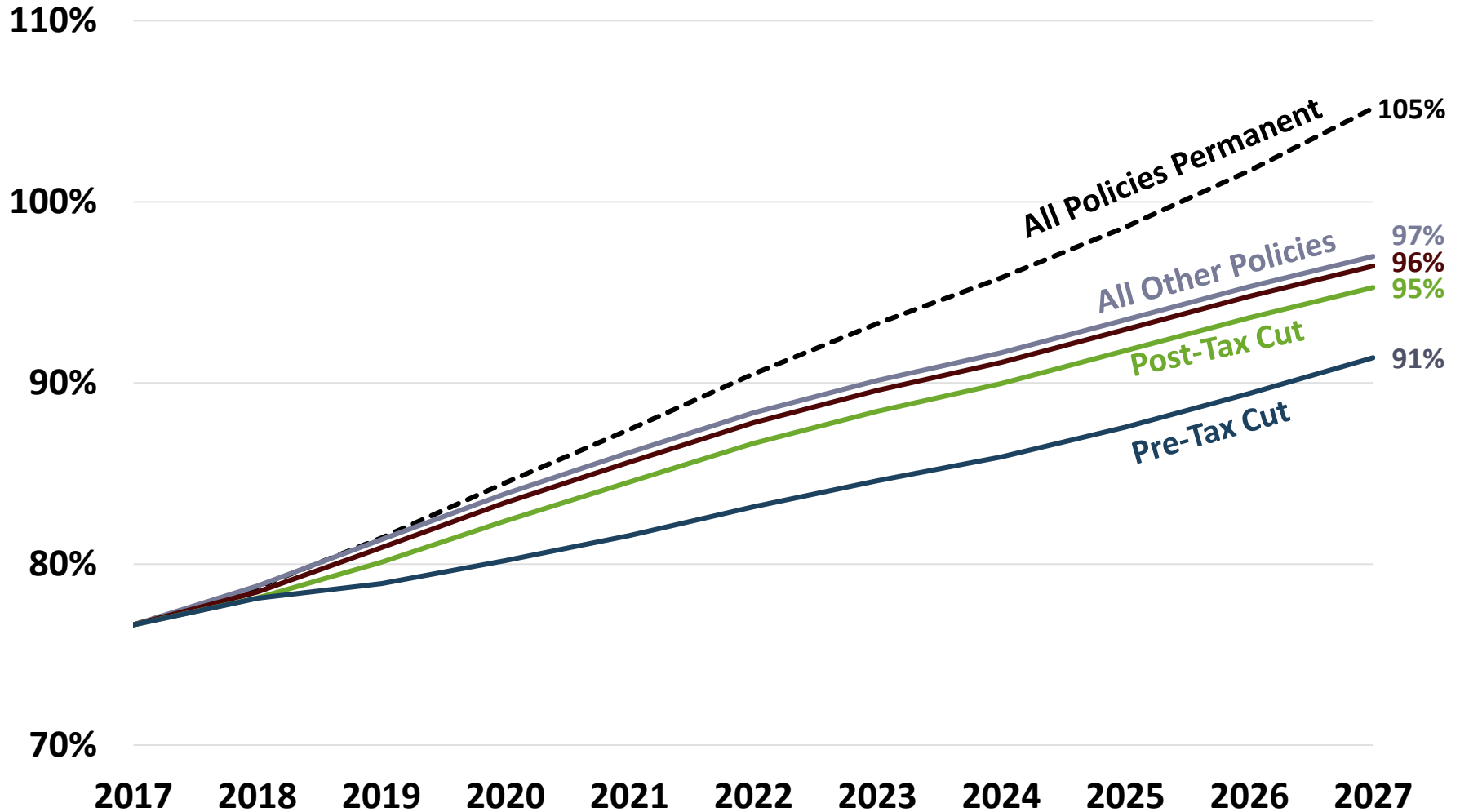
Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

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Dynamic Scoring Doesn't Change the Picture Much

Percent of GDP



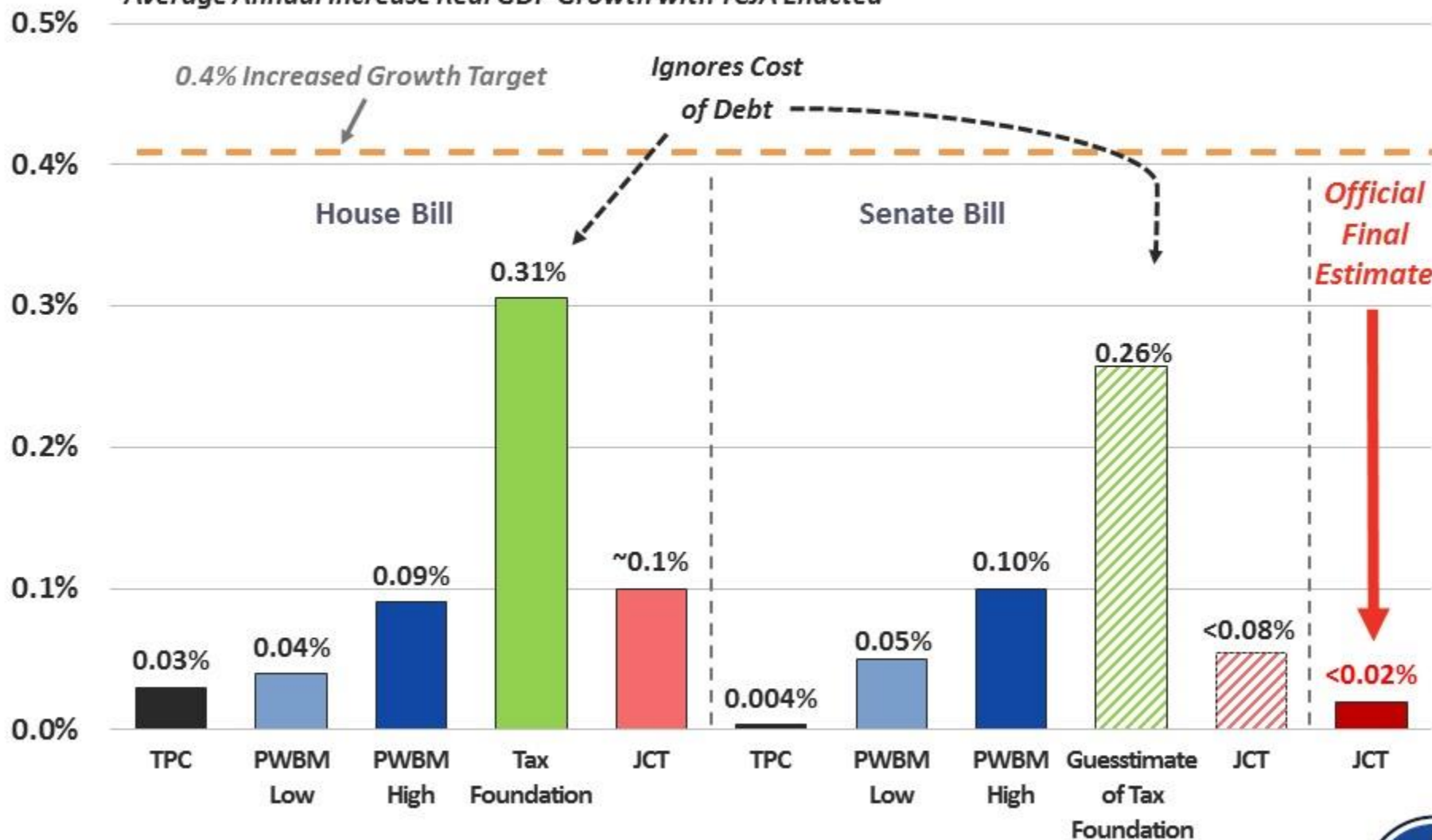
Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

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Final Tax Bill Will Marginally Improve 10-Year Growth

Average Annual Increase Real GDP Growth with TCJA Enacted



Sources: Joint Committee on Taxation (JCT), Tax Policy Center (TPC), Penn Wharton Budget Model (PWBM), Tax Foundation, CRFB Calculations
 TCJA = Tax Cuts and Jobs Act of 2017.

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Deficit Reduction Just Got WAY Harder

	60% of GDP	70% of GDP	77% of GDP	90% of GDP
Pre-Tax Bill	\$8.8 trillion	\$6.0 trillion	\$4.1 trillion	\$0.4 trillion
Post-Tax Bill	\$10.1 trillion	\$7.3 trillion	\$5.4 trillion	\$1.7 trillion
Post-Everything, All Policies Enacted and Extended	\$13.4 trillion	\$10.6 trillion	\$8.7 trillion	\$5.0 trillion

Total Spending Cuts in President's FY2018 Budget: \$3.6 Trillion (\$2.9 Trillion, Net)

Total Spending Cuts in FY2018 Budget Resolution: ~\$4 Trillion (most unspecified)

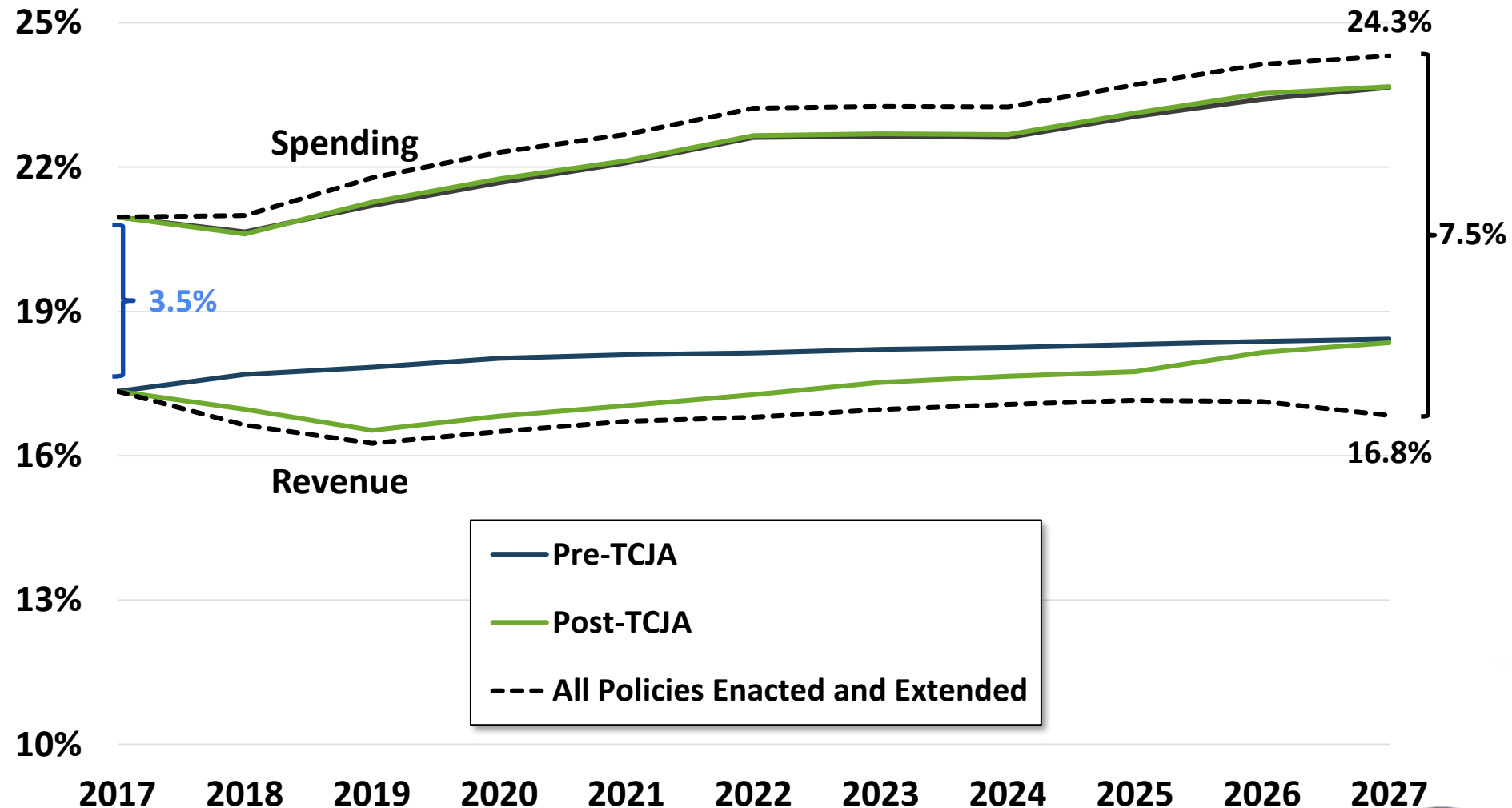
Total Spending Cuts Reconciled in House FY2018 Budget Resolution: \$203 Billion

Total Spending Cuts & Tax Increases in Final Obama Budget: \$4.1 Trillion (\$2.4 Trillion, Net)

Note: estimates exclude Obamacare changes, which included spending cuts and tax cuts

Spending and Revenue Are Diverging, Rapidly

Percent of GDP

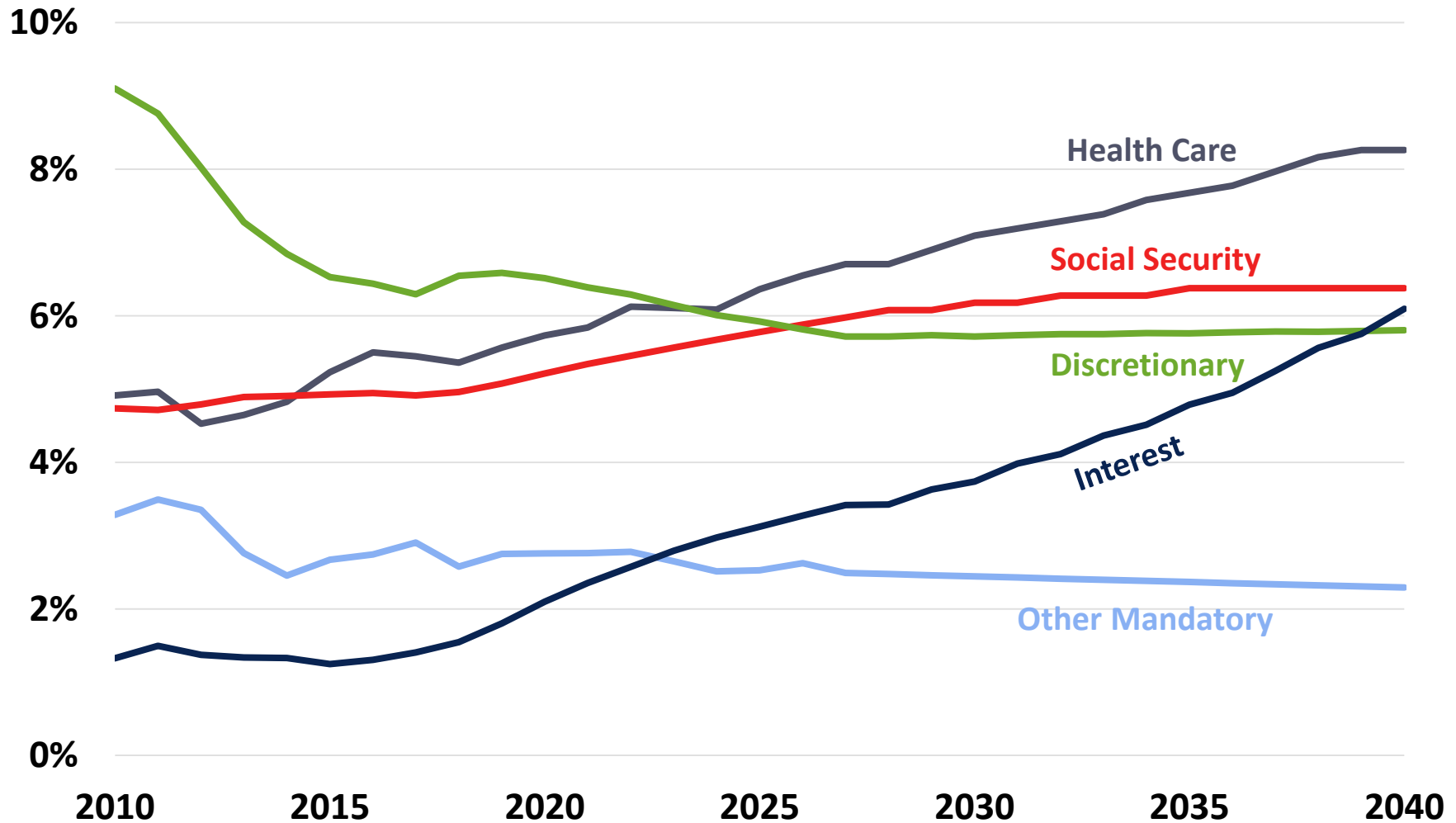


Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.



Entitlements Are Growing Fast, Interest Costs Are Exploding

Percent of GDP



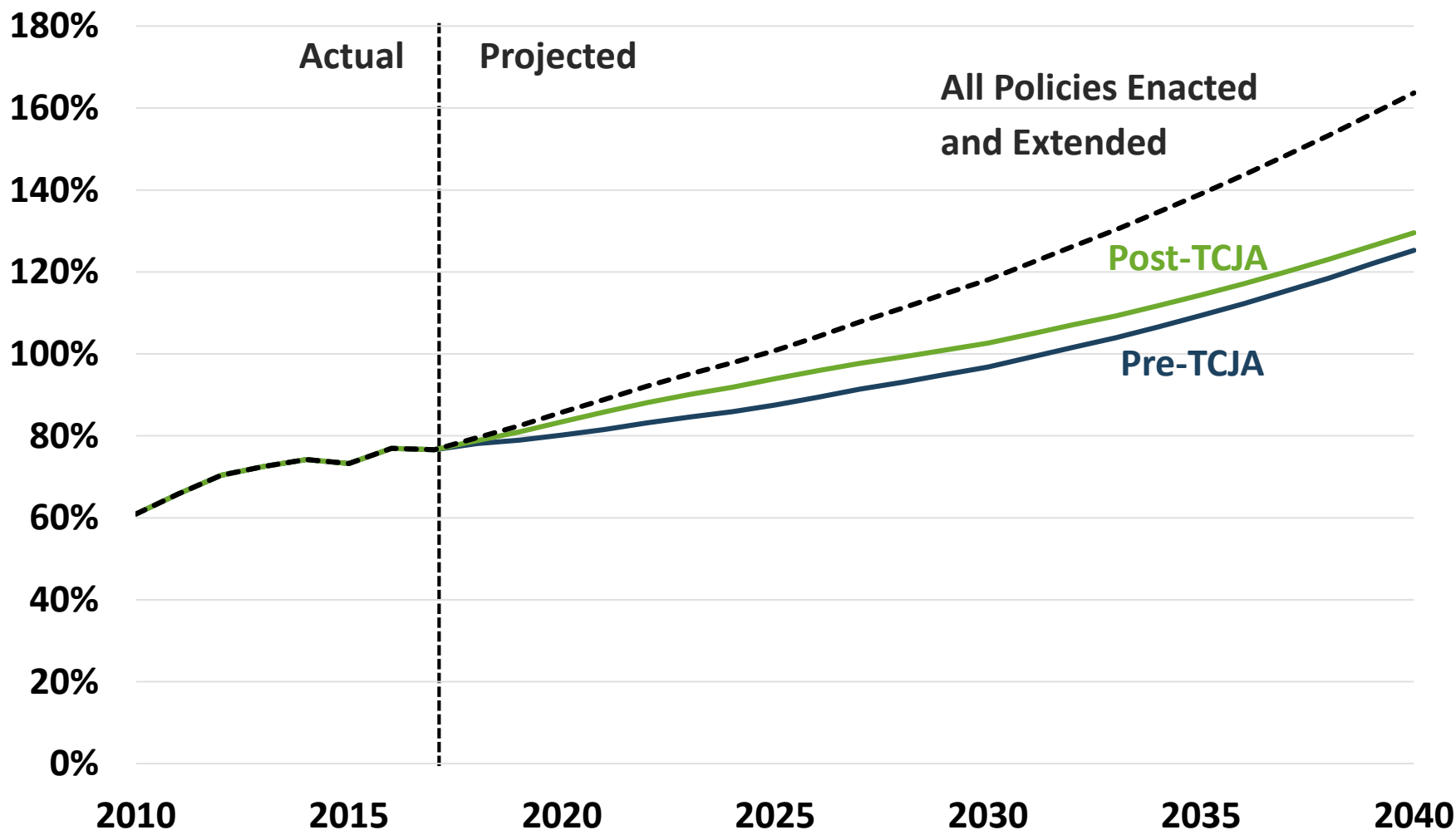
Sources: Congressional Budget Office.

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Long-Term Debt Could Get Much Worse

Percent of GDP



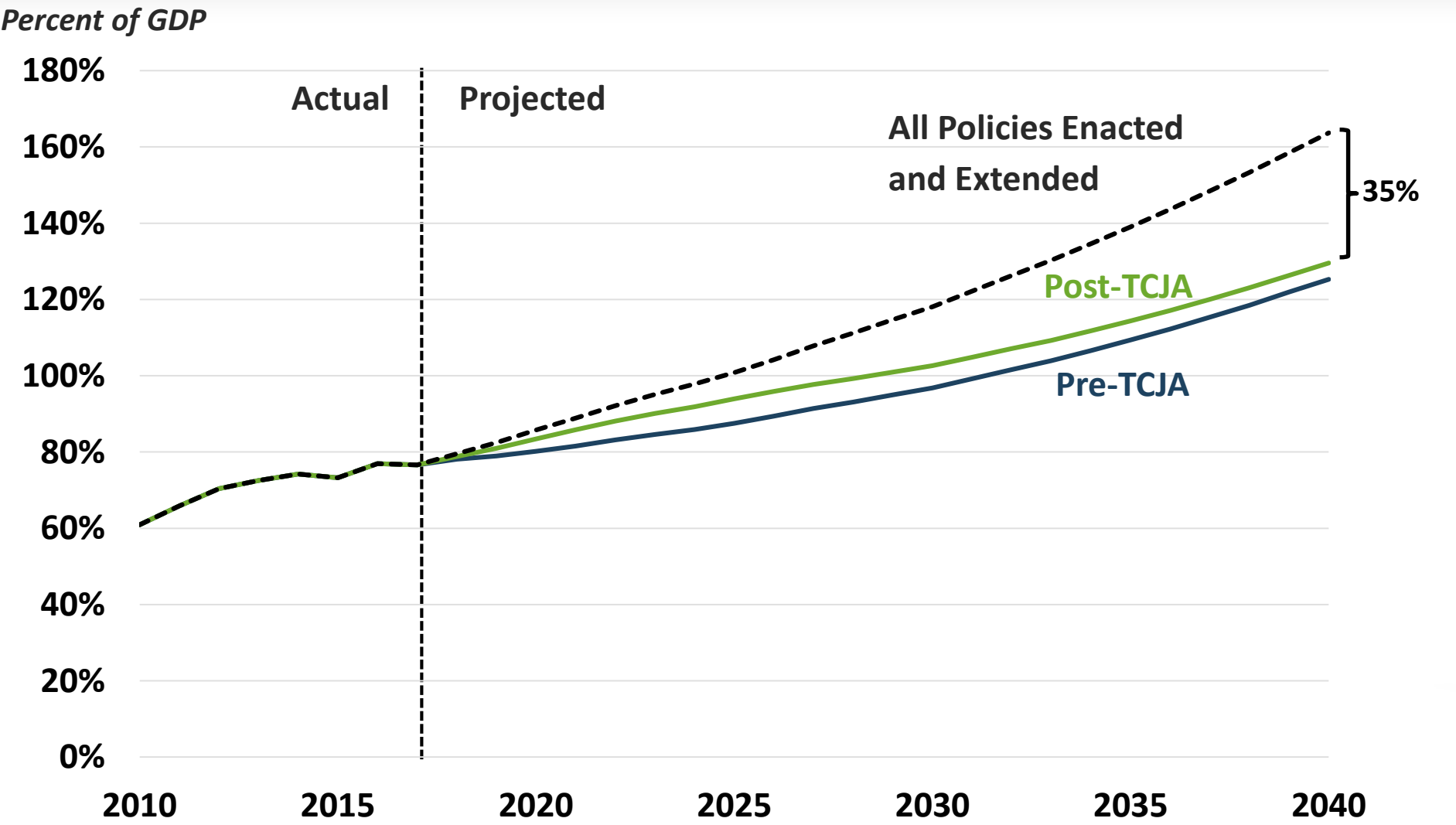
Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

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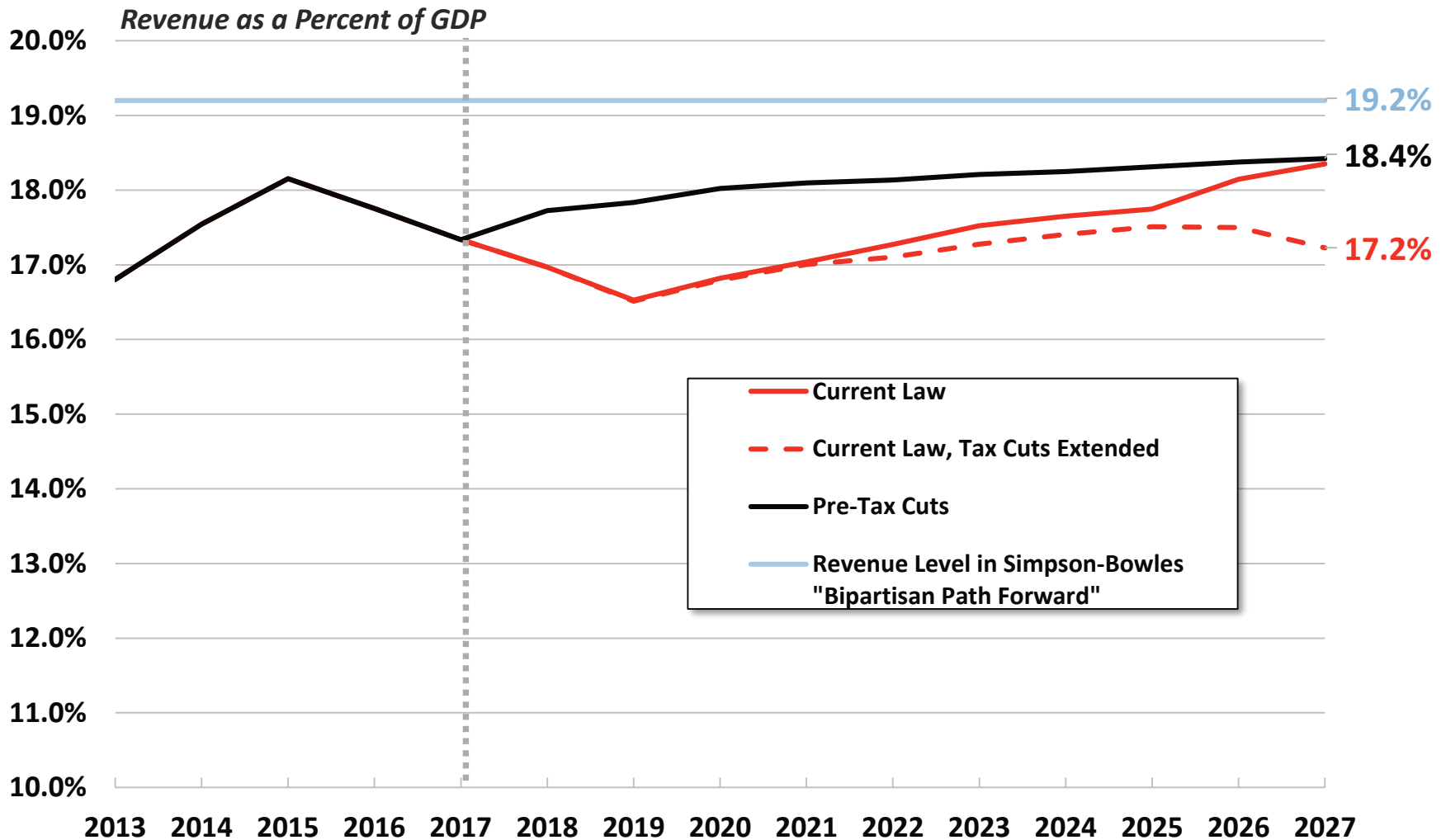
We Need a Fiscal Turn-Around

The First Step is to Stop Digging...



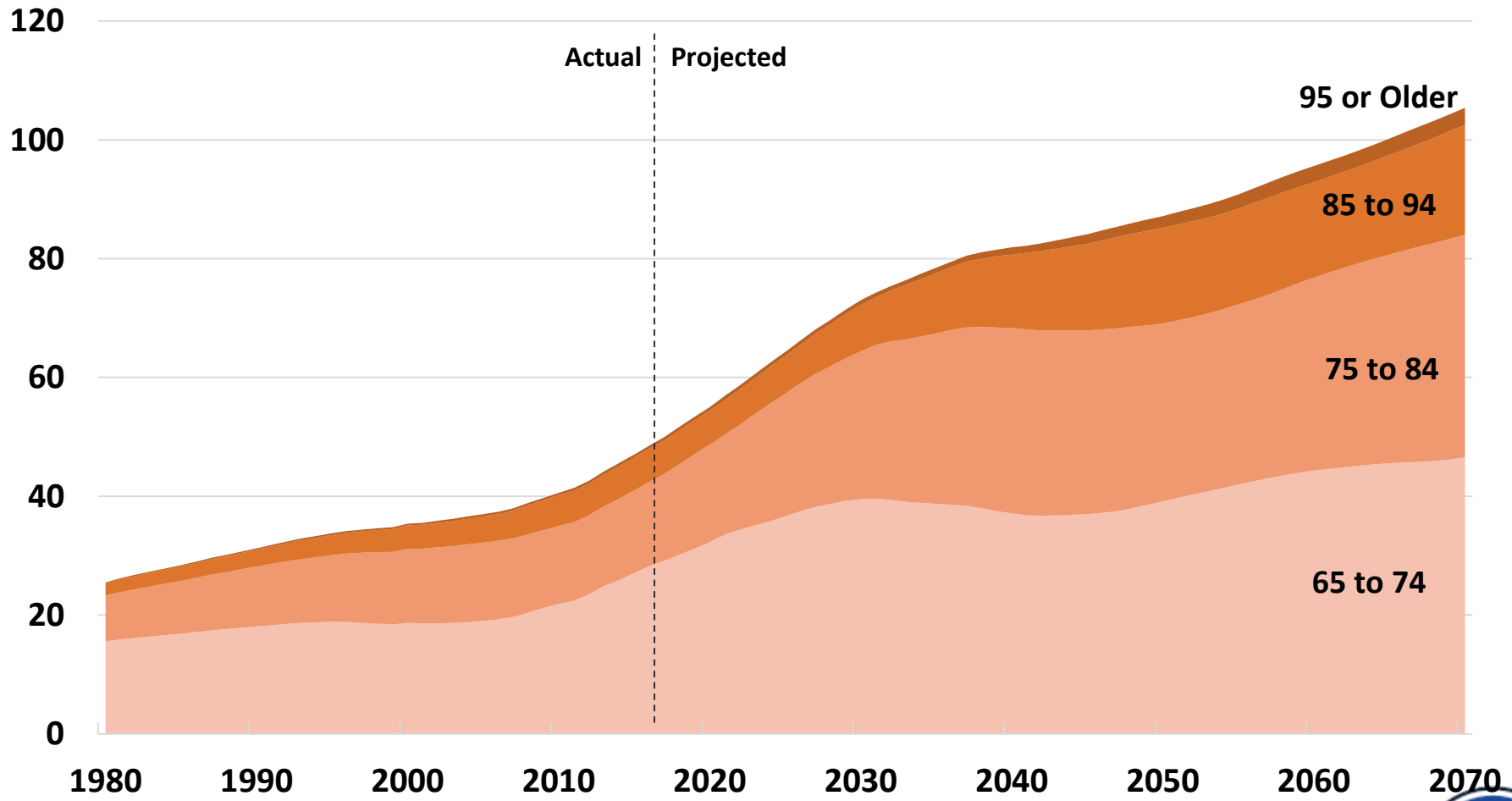
Sources: CRFB calculations based on Congressional Budget Office and Joint Tax Committee data.

We Need WAY More Revenue



Entitlement Reform Is As Important as Ever

Population 65 or Older (in Millions)



We're Running Out of Time



How Old Will You Be When Social Security's Funds Run Out?

Enter your year of birth:

Social Security's trust funds will run out when you are: **17 years old**

Under current law, your retirement benefits will be **cut 27%** below what is scheduled.

For a typical person, that's a **\$260,470 cut** in lifetime benefits. *

To prevent this cut, we must work together to make Social Security solvent.

[Design your own fix here.](#)



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