

U.S. Fiscal Situation

Forecasting Federal Research Funding

APLU Annual Meeting
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G. William Hoagland
Sr. Vice President
Bipartisan Policy Center

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Federal Budget: Current Landscape



The Economist/YouGov Poll

October 27-29, 2019 1500 US Adult Citizens

Q 69: Which of these 15 issues is the most important issue for you?

	Total
The economy	16%
Immigration	11%
The environment	11%
Terrorism	6%
Gay rights	1%
Education	5%
Health care	19%
Social security	12%
The budget deficit	2%
The war in Afghanistan	0%
Taxes	3%
Medicare	3%
Abortion	4%
Foreign policy	1%
Gun control	6%
Totals	100%
Unweighted N	(1,449)

Ranking:		
1.	Health Care	19%
2.	The economy	16%
3.	Social Security	12%
4.	Immigration	11%
5.	The environment	11%
.....		
12.	The budget deficit	2%

Economic Environment: Economic Forecasts Calendar Years 2018 - 2020

	Final 2018	Forecast 2019	Forecast 2020
Real GDP Growth			
– CBO		+2.6%	+2.1%
– Blue Chip	+2.9%	+2.3%	+1.7%
– Administration*		+3.1%	+3.2%
Inflation (CPI)			
– CBO		+1.9%	+2.4%
– Blue Chip	+2.5%	+ 1.8%	+2.1%
Administration*		+2.1%	+2.3%
Unemployment Rate			
–CBO		3.7%	3.7%
– Blue Chip	3.9%	3.7%	3.7%
– Administration*		3.6%	3.6%
10 Year Note			
–CBO		2.3%	2.2%
–Blue Chip	2.9%	2.1%	1.8%
–Administration*		3.4%	3.6%

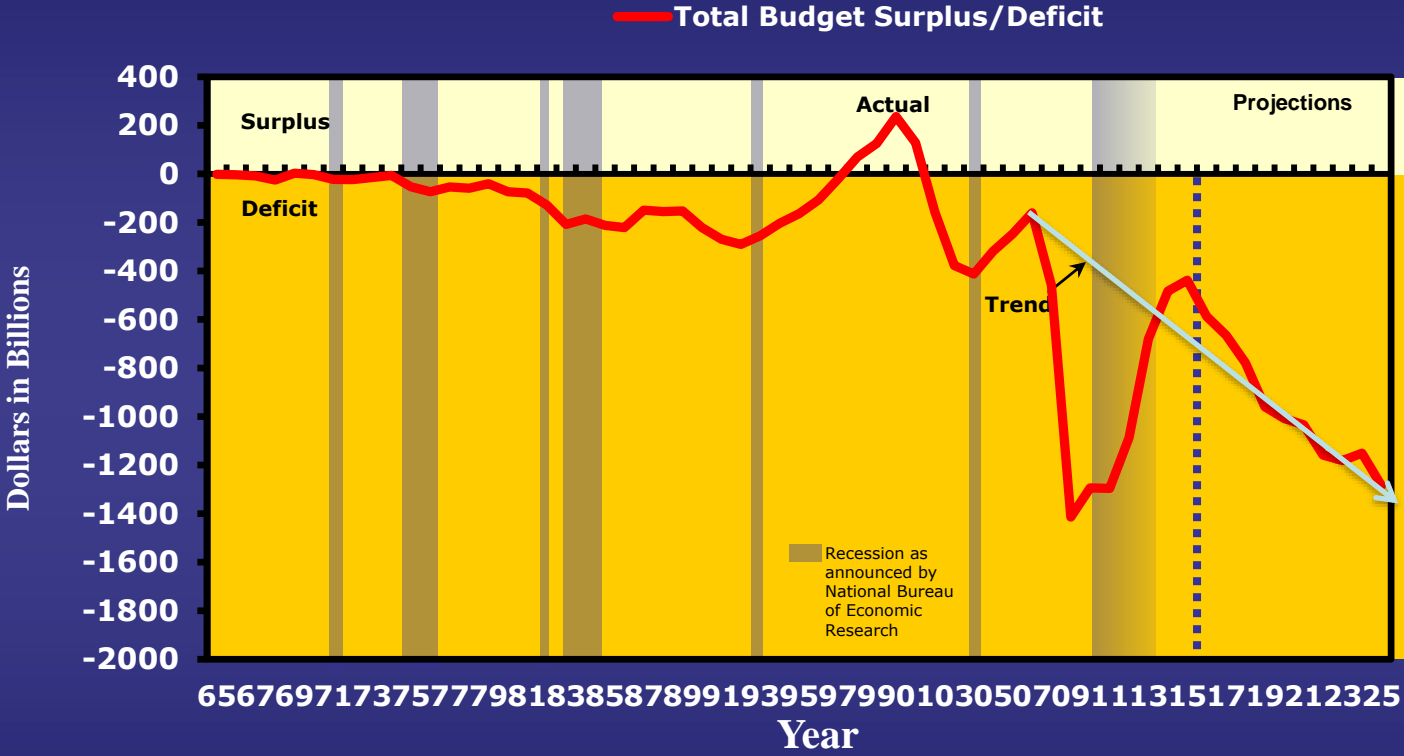
Note: GDP & CPS Percentage Change from Year to Year. Unemployment Rate and 10 year note calendar year average.

Sources: Congressional Budget Office, August 2019; [Blue Chip Economics Forecasts, October 10, 2019](#)

* President's FY 2020 Budget , Mid-Session Review, July 12, 2019

Total Budget Surplus/Deficit

FY 1965-2025



Source: An Update to the Budget and Economic Outlook: Fiscal Years 2019 to 2029. Congressional Budget Office; August 2019.

Budget Outlook

FY 2012 – 2029

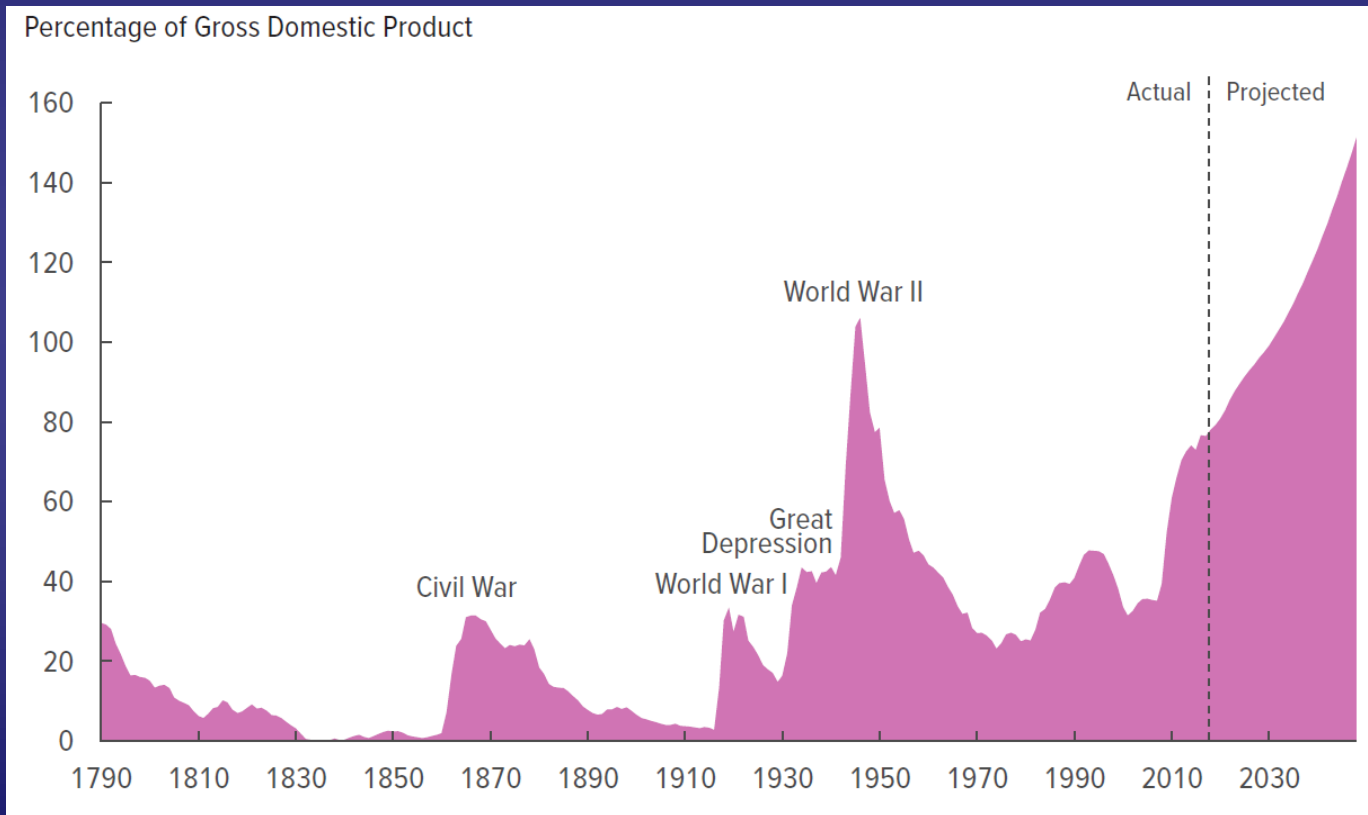
(In Billions of Dollars – % of GDP)

	2012 Actual	2017 Actual	2018 Actual	2019 Actual	2020	...2029	% Δ annual 2019-2029
Receipts	2,450	3,316	3,330	3,462	3,620	5,619	+ 5.0%
Spending	3,537	3,982	4,109	4,447	4,628	6,997	+ 4.6%
Deficits	1,087	665	779	984	1,008	1,378	+3.7%
% of GDP	6.8%	3.5%	3.9%	4.6%	4.6%	4.7%	NA
Public Debt	11,281	14,665	15,750	16,809	17,755	29,322	+ 5.8%
% GDP	73%	77%	78%	79%	79%	95%	
Debt Subject Limit	16,027	20,209	21,475	22,719	23,703	34,438	+4.3%
% GDP	100%	105%	106%	106%	108%	112%	

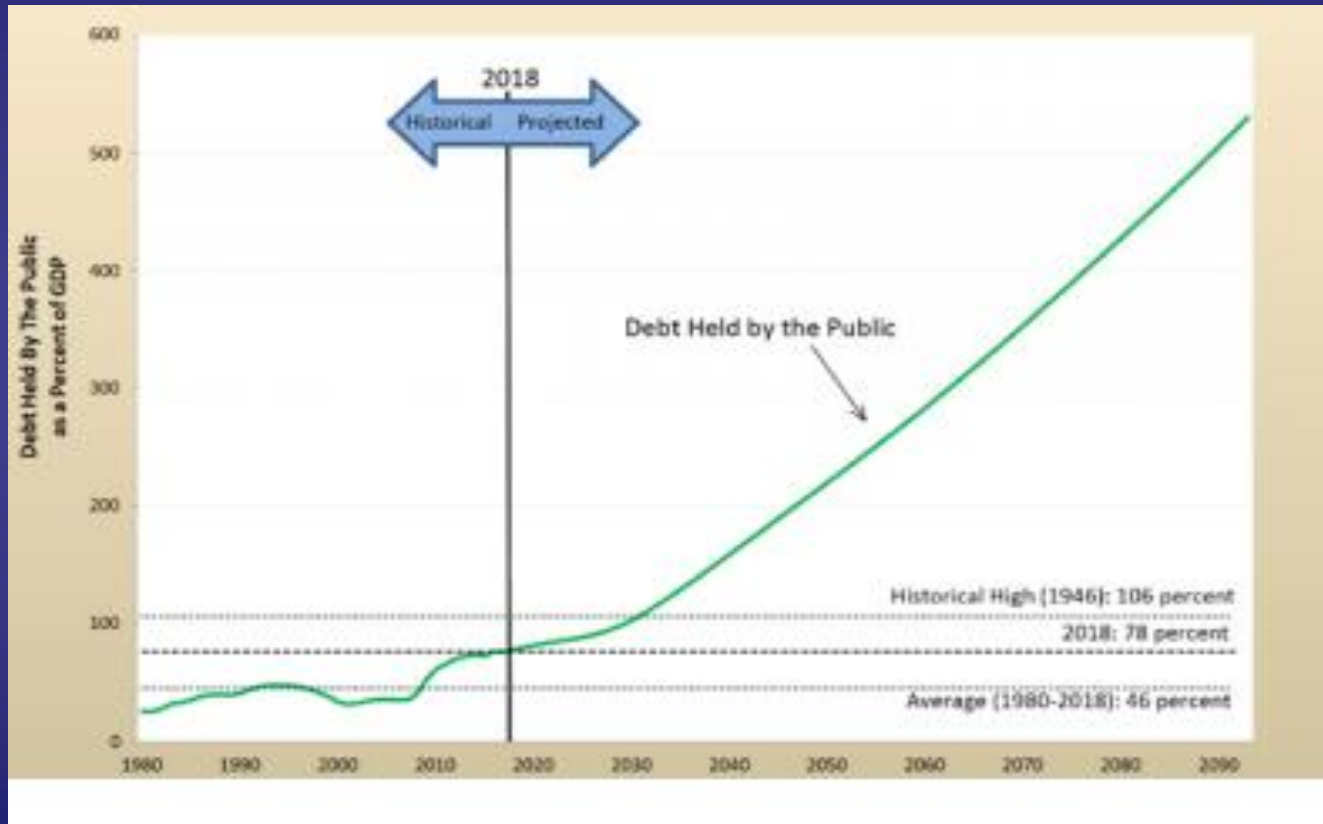
CBO estimate of nominal GDP growth increase 3.8% annually 2019-2029.

Source: Congressional Budget Office, An Update Budget and Economic Outlook 2019-2029. August 2019. Final Monthly Treasury Statement FY 2019, Oct. 25, 2019.

Federal Debt as a Share of the Economy



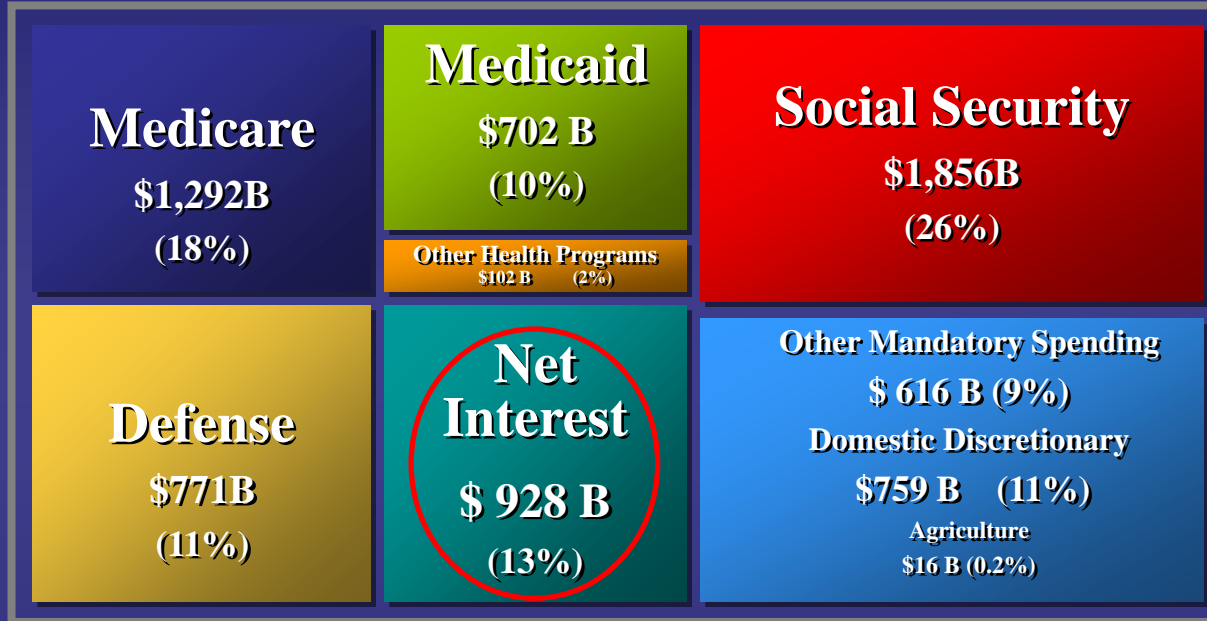
Historical And Current Policy Projections for Debt Held by the Public 1980-2093



Source: 2018 Financial Report of the United State Government. U.S. Treasury, March 2019.

Federal Spending Projected for 2029

\$7,042 billion

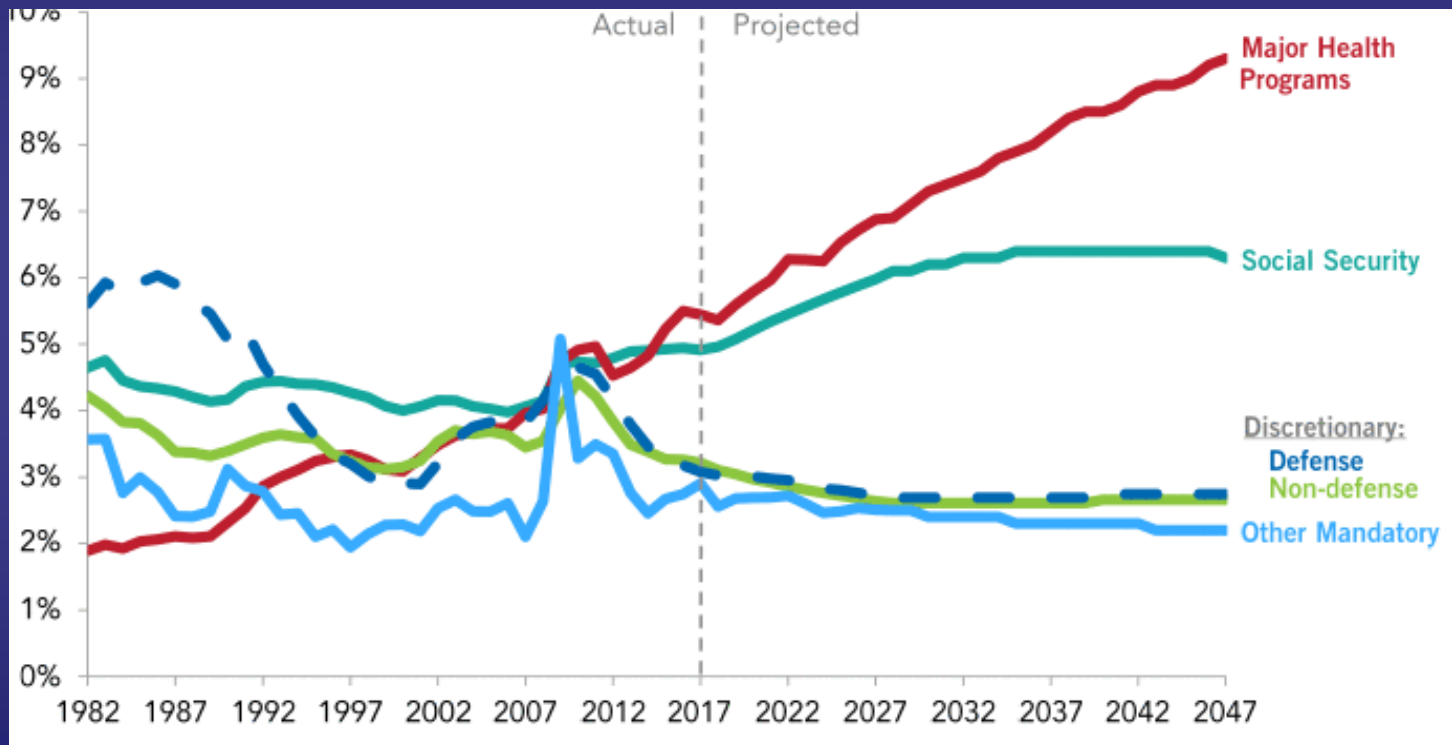


“Other Health Programs” includes: Health insurance subsidies, exchanges, and related spending; Department of Defense Medicare-Eligible Retiree Health Care Fund (including TRICARE for Life); Children’s Health Insurance Program, and other programs.

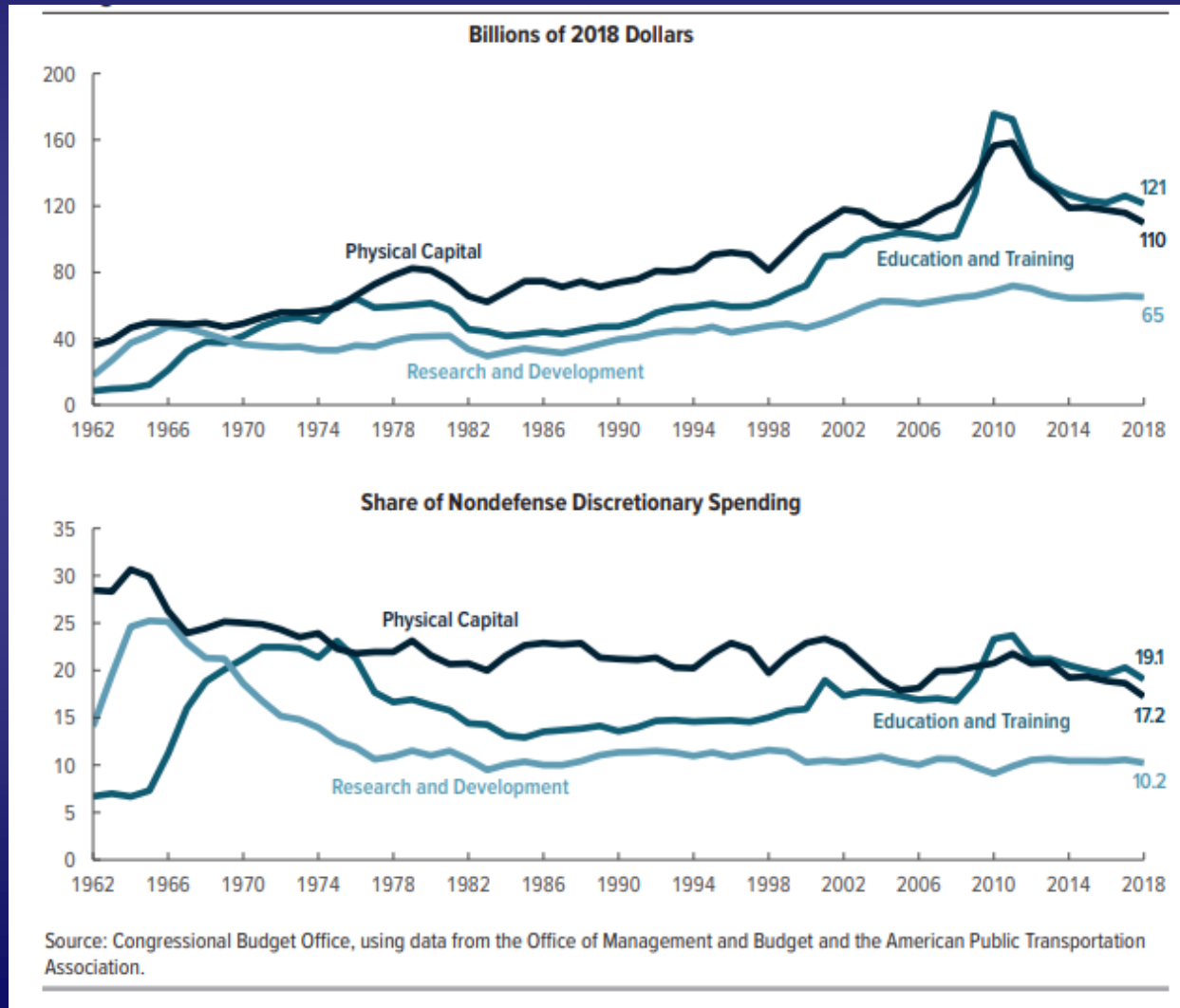
Source: The Congressional Budget Office. The Budget and Economic Outlook: Fiscal Years 2019 to 2029, January 2029.



Federal Health Care Programs: Fastest Growing (Non-Interest) Spending in Budget



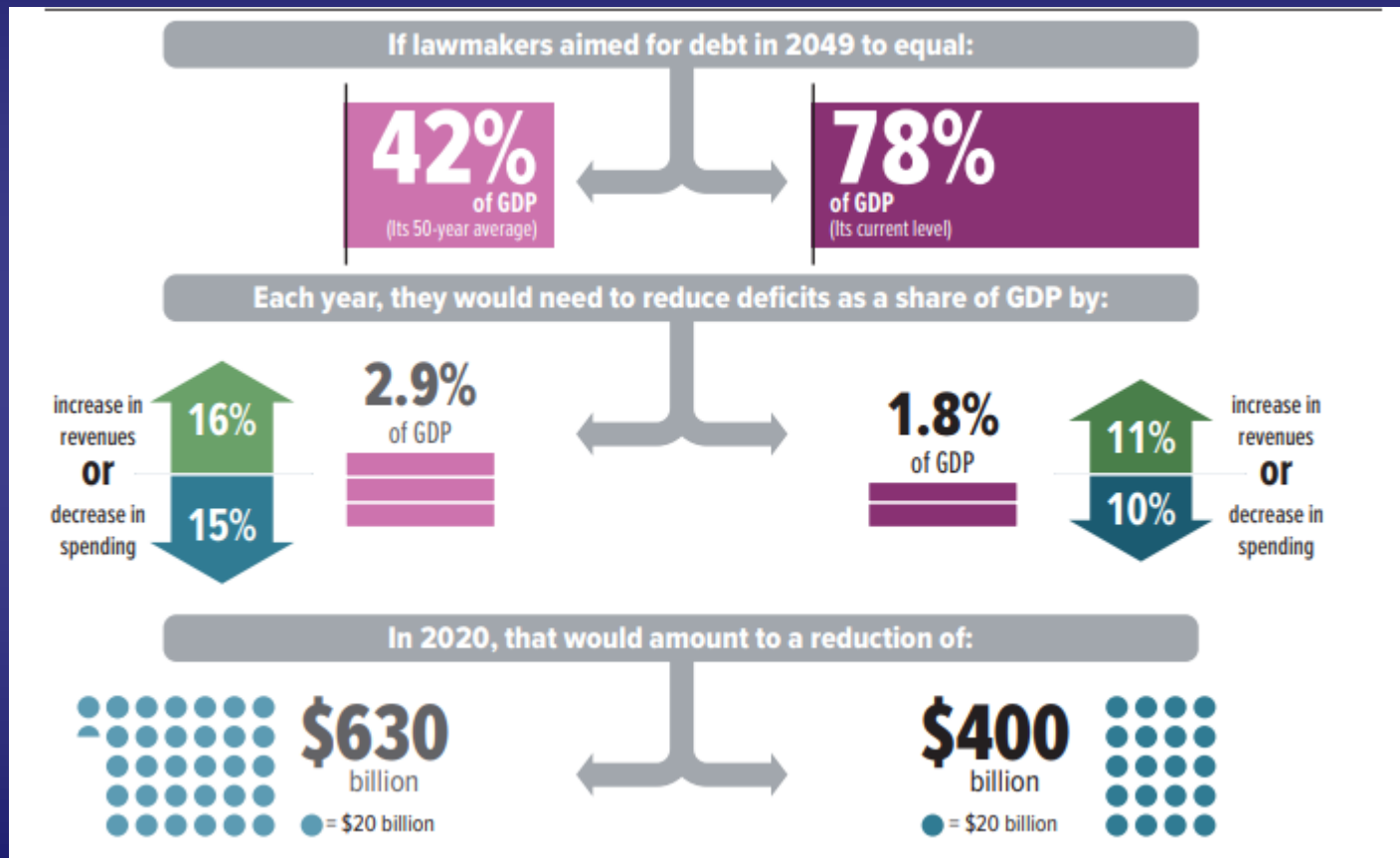
Federal Nondefense Investment, 1962 to 2018



Cliffs Ahead



The Size of Policy Changes Needed to Make Federal Debt Meet Two Possible Goals in 2049



Source: CBO – *The 2019 Long Term Budget Outlook*, June 2019.

Limits on Discretionary Budget Authority*

Under Budget Control Act of 2011 FY 2018 to 2021

(Billions of dollars)

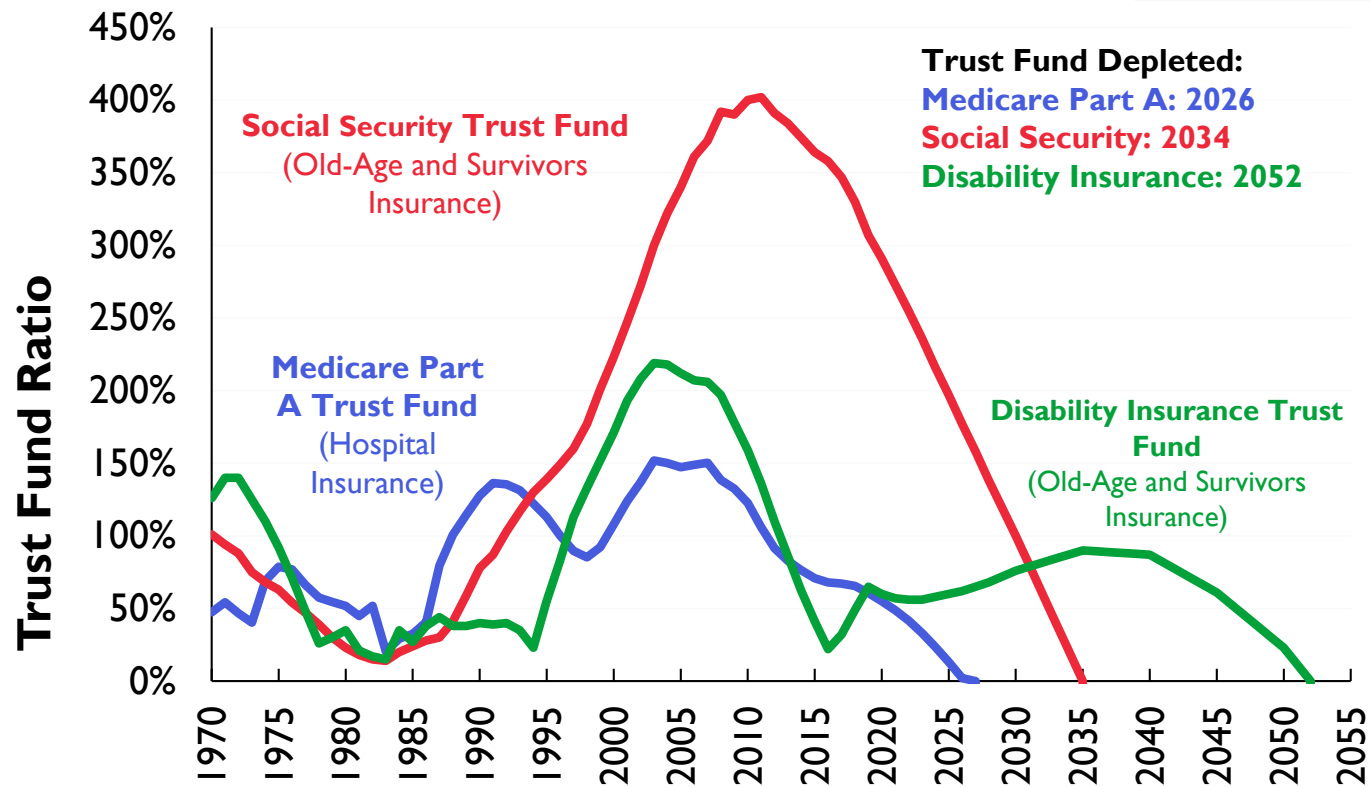
Caps	2018	2019	2020	2021	BBA 2019 2020	BBA 2019 2021	BBA 2019 Δ 2020	BBA 2019 Δ 2021
Defense	629	647	576	590	667	671	+91	+81
Nondefense	579	597	543	555	624	626	+81	+71
Total	1,207	1,244	1,119	1,145	1,291	1,298	+172	+152

- * The Budget Control Act (BCA) of 2011 specified that if lawmakers did not enact legislation from the Joint Committee on Deficit Reduction that would reduce projected deficits by at least \$1.2 trillion, automatic procedures would go into effect to reduce spending during the period 2013-2021. Spending not constrained by these caps (e.g. overseas contingency operations, emergencies, disaster relief and certain program integrity initiatives are not included in these numbers.
- The Bipartisan Budget Act of 2018 adjusted the BCA 2011 caps for FY 2018 and FY 2019, increasing both defense and nondefense caps.
- The Bipartisan Budget Act of 2019 adjusted the BCA 2011 caps for FY 2020 and FY 2021.

OASDI & HI Trust Funds



OASI:			
Early Retirement	Impact Today	49	
Full Retirement	Impact Today	54	



Source: 2019 Social Security and Medicare trustees' reports

