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Federal Deficit 2015

The Congressional Budget Office forecasts that the federal deficit in 2015 will be $468 billion or 2.6 percent of total Gross Domestic Product (GDP). That marks the 15th year in a row that the federal government operates in the red.

Why calculate the deficit as a percentage of GDP? GDP is the most commonly used measure of the U.S. economy. It equals the total value of all the goods and services produced in the country during the year. Measuring the deficit relative to GDP provides a good benchmark for comparing the current deficit to previous ones.

How does a 2015 federal deficit of 2.6 percent of GDP compare to deficits over the past 50 years?

- a) Almost four times the average
- b) About triple the average
- c) Double the average
- d) About average

Answer: d) A deficit of 2.6 percent of GDP is about average, but actually slightly below the 50-year average of 2.7 percent and the lowest deficit relative to GDP since 2007.

The federal government has operated at a deficit in 36 of the last 50 years. The largest deficits as a percentage of GDP occurred during World War II when it peaked at 26.7 percent of GDP. The most recent budget surpluses occurred in 1998 through 2001.


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