

## CBO's Baseline Budget Projections

	Actual 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
<b>In Billions of Dollars</b>														
<b>Revenues</b>														
Individual income taxes	1,163	1,159	1,296	1,395	1,608	1,754	1,867	1,965	2,074	2,187	2,306	2,432	7,920	18,883
Corporate income taxes	370	315	315	326	339	369	364	358	378	390	403	416	1,712	3,657
Social insurance taxes	870	898	938	990	1,046	1,101	1,148	1,193	1,240	1,289	1,340	1,393	5,223	11,679
Other revenues	165	175	170	171	185	227	240	254	266	278	291	304	994	2,388
<b>Total Revenues</b>	<b>2,568</b>	<b>2,548</b>	<b>2,720</b>	<b>2,881</b>	<b>3,178</b>	<b>3,451</b>	<b>3,619</b>	<b>3,770</b>	<b>3,958</b>	<b>4,145</b>	<b>4,341</b>	<b>4,546</b>	<b>15,848</b>	<b>36,606</b>
On-budget	1,933	1,891	2,032	2,159	2,416	2,649	2,782	2,898	3,050	3,200	3,358	3,524	12,038	28,069
Off-budget	635	657	687	722	762	802	837	872	907	944	982	1,022	3,810	8,537
<b>Outlays</b>														
Mandatory spending	1,451	1,586	1,729	1,789	1,897	1,931	2,073	2,201	2,336	2,518	2,642	2,770	9,420	21,886
Discretionary spending	1,041	1,125	1,202	1,258	1,297	1,318	1,353	1,385	1,417	1,456	1,485	1,514	6,427	13,685
Net interest	237	244	227	265	308	328	340	354	367	378	387	396	1,467	3,349
<b>Total Outlays</b>	<b>2,729</b>	<b>2,955</b>	<b>3,158</b>	<b>3,312</b>	<b>3,502</b>	<b>3,577</b>	<b>3,766</b>	<b>3,939</b>	<b>4,120</b>	<b>4,352</b>	<b>4,514</b>	<b>4,680</b>	<b>17,314</b>	<b>38,919</b>
On-budget	2,275	2,483	2,644	2,768	2,935	2,981	3,139	3,280	3,424	3,616	3,736	3,854	14,468	32,378
Off-budget	454	472	514	544	567	595	626	659	695	735	779	826	2,847	6,541
<b>Deficit (-) or Surplus</b>	<b>-161</b>	<b>-407</b>	<b>-438</b>	<b>-431</b>	<b>-325</b>	<b>-126</b>	<b>-147</b>	<b>-170</b>	<b>-162</b>	<b>-207</b>	<b>-174</b>	<b>-135</b>	<b>-1,466</b>	<b>-2,313</b>
On-budget	-342	-592	-611	-609	-520	-332	-357	-382	-374	-416	-378	-330	-2,429	-4,309
Off-budget	181	184	173	179	195	206	210	212	212	209	204	196	964	1,996
Debt Held by the Public	5,035	5,425	5,870	6,319	6,662	6,805	6,968	7,155	7,331	7,553	7,742	7,890	n.a.	n.a.
<b>Memorandum:</b>														
Gross Domestic Product	13,642	14,210	14,719	15,473	16,390	17,253	18,036	18,826	19,641	20,478	21,342	22,240	81,870	184,397
<b>As a Percentage of Gross Domestic Product</b>														
<b>Revenues</b>														
Individual income taxes	8.5	8.2	8.8	9.0	9.8	10.2	10.4	10.4	10.6	10.7	10.8	10.9	9.7	10.2
Corporate income taxes	2.7	2.2	2.1	2.1	2.1	2.1	2.0	1.9	1.9	1.9	1.9	1.9	2.1	2.0
Social insurance taxes	6.4	6.3	6.4	6.4	6.4	6.4	6.4	6.3	6.3	6.3	6.3	6.3	6.4	6.3
Other revenues	1.2	1.2	1.2	1.1	1.1	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.2	1.3
<b>Total Revenues</b>	<b>18.8</b>	<b>17.9</b>	<b>18.5</b>	<b>18.6</b>	<b>19.4</b>	<b>20.0</b>	<b>20.1</b>	<b>20.0</b>	<b>20.1</b>	<b>20.2</b>	<b>20.3</b>	<b>20.4</b>	<b>19.4</b>	<b>19.9</b>
On-budget	14.2	13.3	13.8	14.0	14.7	15.4	15.4	15.4	15.5	15.6	15.7	15.8	14.7	15.2
Off-budget	4.7	4.6	4.7	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.6
<b>Outlays</b>														
Mandatory spending	10.6	11.2	11.7	11.6	11.6	11.2	11.5	11.7	11.9	12.3	12.4	12.5	11.5	11.9
Discretionary spending	7.6	7.9	8.2	8.1	7.9	7.6	7.5	7.4	7.2	7.1	7.0	6.8	7.9	7.4
Net interest	1.7	1.7	1.5	1.7	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.8
<b>Total Outlays</b>	<b>20.0</b>	<b>20.8</b>	<b>21.5</b>	<b>21.4</b>	<b>21.4</b>	<b>20.7</b>	<b>20.9</b>	<b>20.9</b>	<b>21.0</b>	<b>21.3</b>	<b>21.2</b>	<b>21.0</b>	<b>21.1</b>	<b>21.1</b>
On-budget	16.7	17.5	18.0	17.9	17.9	17.3	17.4	17.4	17.4	17.7	17.5	17.3	17.7	17.6
Off-budget	3.3	3.3	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.6	3.7	3.5	3.5
<b>Deficit (-) or Surplus</b>	<b>-1.2</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.8</b>	<b>-2.0</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-1.8</b>	<b>-1.3</b>
On-budget	-2.5	-4.2	-4.2	-3.9	-3.2	-1.9	-2.0	-2.0	-1.9	-2.0	-1.8	-1.5	-3.0	-2.3
Off-budget	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.0	1.0	0.9	1.2	1.1
Debt Held by the Public	36.9	38.2	39.9	40.8	40.6	39.4	38.6	38.0	37.3	36.9	36.3	35.5	n.a.	n.a.

Source: Congressional Budget Office.

Note: n.a. = not applicable.

## CBO's Baseline Projections of Mandatory Spending

(Outlays, in billions of dollars)

	Actual												Total,	Total,
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-	2009-
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2013	2018
Social Security	581	612	661	701	738	781	827	877	930	987	1,048	1,114	3,708	8,664
Medicare <sup>a</sup>	436	454	496	522	569	570	634	685	737	822	855	889	2,790	6,779
Medicaid	191	202	222	240	259	280	304	329	355	384	415	449	1,304	3,237
Income Security														
Supplemental Security Income	36	41	44	46	53	46	52	53	55	62	59	55	241	525
Earned income and child tax credits	54	58	57	59	61	43	44	44	45	45	45	45	264	488
Unemployment compensation	33	44	56	51	44	43	45	48	50	52	54	56	240	498
Food Stamps	35	39	45	48	48	49	49	49	50	51	52	54	238	495
Family support <sup>b</sup>	24	25	25	25	25	25	25	25	25	25	25	26	124	250
Child nutrition	14	15	16	17	17	18	19	20	21	21	22	23	86	194
Foster care	7	7	7	7	7	8	8	8	8	9	9	9	37	80
Subtotal	202	228	251	252	255	231	241	248	254	265	267	268	1,230	2,531
Civilian and Military Retirement														
Federal civilian <sup>c</sup>	72	75	81	84	88	92	95	99	103	106	110	114	440	972
Military	44	46	50	51	53	54	55	57	58	59	61	62	263	560
Other	8	9	8	9	9	9	10	10	10	11	11	11	45	98
Subtotal	123	130	139	145	150	155	160	166	171	176	182	187	749	1,631
Veterans <sup>d</sup>														
Income security	36	41	43	45	49	45	49	50	52	57	55	53	231	499
Other	3	3	4	8	10	11	11	11	12	12	13	13	44	105
Subtotal	38	45	48	53	59	56	60	61	63	70	68	66	275	604

Continued

# CBO's Baseline Projections of Mandatory Spending

(Outlays, in billions of dollars)

	Actual												Total,	Total,
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-	2009-
													2013	2018
<b>Other Programs</b>														
Agriculture	12	14	18	16	17	17	18	16	15	15	15	15	86	161
TRICARE For Life	8	8	9	8	9	10	11	12	12	13	14	15	47	112
Student loans	7	4	1	3	5	5	3	3	3	3	3	3	16	30
Universal Service Fund	3	1	3	4	5	5	4	4	4	4	4	4	21	39
SCHIP	6	7	6	5	5	5	5	5	5	5	5	5	27	53
Social services	5	5	5	5	5	5	5	5	6	6	6	6	26	54
Refundable income tax rebates	0	38	6	0	0	0	0	0	0	0	0	0	6	6
GSE obligations <sup>e</sup>	0	0	20	5	0	0	0	0	0	0	0	0	25	25
Deposit insurance	-1	14	-4	-8	-8	-8	-6	-4	-4	-4	-4	-5	-35	-56
Other	18	23	41	37	33	33	32	30	32	33	38	39	175	348
Subtotal	57	116	102	76	71	72	72	71	72	73	79	82	394	771
<b>Offsetting Receipts</b>														
Medicare <sup>f</sup>	-65	-69	-75	-76	-79	-84	-90	-96	-102	-110	-118	-128	-403	-956
Employer's share of employee retirement	-48	-52	-54	-58	-60	-63	-65	-68	-71	-74	-77	-80	-301	-671
Other	-64	-81	-60	-65	-65	-67	-70	-72	-73	-75	-78	-78	-327	-703
Subtotal	-177	-201	-189	-199	-204	-213	-225	-236	-247	-259	-273	-285	-1,031	-2,330
<b>Total Mandatory Spending</b>	<b>1,451</b>	<b>1,586</b>	<b>1,729</b>	<b>1,789</b>	<b>1,897</b>	<b>1,931</b>	<b>2,073</b>	<b>2,201</b>	<b>2,336</b>	<b>2,518</b>	<b>2,642</b>	<b>2,770</b>	<b>9,420</b>	<b>21,886</b>
<b>Memorandum:</b>														
Mandatory Spending Excluding Offsetting Receipts	1,629	1,787	1,918	1,988	2,102	2,144	2,298	2,436	2,582	2,777	2,914	3,056	10,450	24,216
Medicare Spending Net of Offsetting Receipts	371	385	421	446	491	486	544	589	635	712	737	761	2,387	5,823

Source: Congressional Budget Office.

Notes: Spending for the benefit programs shown above generally excludes administrative costs, which are discretionary.

SCHIP = State Children's Health Insurance Program; GSE = government-sponsored enterprise.

- Excludes offsetting receipts (funds collected by government agencies from other government accounts or from the public in businesslike or market-oriented transactions that are recorded as offsets to outlays).
- Includes Temporary Assistance for Needy Families and various programs that involve payments to states for child support enforcement and family support, child care entitlements, and research to benefit children.
- Includes Civil Service, Foreign Service, Coast Guard, and other, smaller retirement programs as well as annuitants' health benefits.
- Income security includes veterans' compensation, pensions, and life insurance programs. Other benefits are primarily education subsidies.
- CBO's estimate of the expected value of the temporary authority granted to the Secretary of the Treasury to purchase any obligations of and securities issued by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).
- Includes Medicare premiums and amounts paid by states from savings on Medicaid prescription drug costs.

## Defense and Nondefense Discretionary Outlays, 1985 to 2008

	Defense Outlays			Nondefense Outlays			Total Discretionary Outlays		
	In Billions of Dollars	As a Percentage of GDP	Percentage Change From Previous Year	In Billions of Dollars	As a Percentage of GDP	Percentage Change From Previous Year	In Billions of Dollars	As a Percentage of GDP	Percentage Change From Previous Year
1985	253	6.1	11.0	163	3.9	7.4	416	10.0	9.6
1986	274	6.2	8.2	165	3.7	1.2	439	10.0	5.5
1987	283	6.1	3.2	162	3.5	-1.8	444	9.5	1.3
1988	291	5.8	3.0	174	3.5	7.3	464	9.3	4.6
1989	304	5.6	4.5	185	3.4	6.5	489	9.1	5.3
1990	300	5.2	-1.3	200	3.5	8.5	501	8.7	2.4
1991	320	5.4	6.5	214	3.6	6.6	533	9.0	6.5
1992	303	4.8	-5.3	231	3.7	8.2	534	8.6	0.1
1993	292	4.4	-3.4	247	3.8	6.8	539	8.2	1.0
1994	282	4.1	-3.5	259	3.7	4.9	541	7.8	0.4
1995	274	3.7	-3.1	271	3.7	4.7	545	7.4	0.6
1996	266	3.5	-2.8	267	3.5	-1.7	533	6.9	-2.2
1997	272	3.3	2.1	276	3.4	3.3	547	6.7	2.7
1998	270	3.1	-0.5	282	3.3	2.3	552	6.4	0.9
1999	275	3.0	1.9	297	3.2	5.2	572	6.3	3.6
2000	295	3.0	7.1	320	3.3	7.9	615	6.3	7.5
2001	306	3.0	3.8	343	3.4	7.3	649	6.5	5.6
2002	349	3.4	14.0	385	3.7	12.3	734	7.1	13.1
2003	405	3.7	16.0	420	3.9	9.1	825	7.6	12.4
2004	454	3.9	12.1	441	3.8	5.0	895	7.8	8.5
2005	494	4.0	8.7	475	3.9	7.6	968	7.9	8.1
2006	520	4.0	5.3	497	3.8	4.6	1017	7.8	5.0
2007	549	4.0	5.6	493	3.6	-0.7	1043	7.6	2.5
2008 <sup>a</sup>	573	4.0	4.3	520	3.6	5.3	1092	7.7	4.8

Source: Congressional Budget Office.

Notes: GDP = gross domestic product.

The growth rates include the effects of shifts in the timing of some defense payments.

a. Estimated. If additional funding for operations in Iraq and Afghanistan is provided, defense outlays for 2008 could total about \$600 billion.

# CBO's Baseline Projections of Federal Interest Outlays and Debt

(Billions of dollars)

	Actual												Total, 2009-	Total, 2009-
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2013	2018
<b>Net Interest Outlays</b>														
Interest on Treasury Debt Securities (Gross interest) <sup>a</sup>	430	452	434	482	540	578	607	639	669	695	720	745	2,641	6,109
Interest Received by Trust Funds														
Social Security	-106	-116	-120	-126	-134	-145	-157	-169	-182	-195	-208	-221	-681	-1,657
Other trust funds <sup>b</sup>	-72	-79	-75	-77	-80	-83	-86	-89	-89	-88	-87	-86	-401	-840
Subtotal	-178	-194	-195	-203	-214	-228	-242	-258	-271	-283	-295	-308	-1,082	-2,497
Other Interest <sup>c</sup>	-10	-14	-12	-14	-17	-20	-23	-26	-30	-33	-37	-40	-86	-252
Other Investment Income <sup>d</sup>	-5	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-6	-12
<b>Total Net Interest Outlays</b>	<b>237</b>	<b>244</b>	<b>227</b>	<b>265</b>	<b>308</b>	<b>328</b>	<b>340</b>	<b>354</b>	<b>367</b>	<b>378</b>	<b>387</b>	<b>396</b>	<b>1,467</b>	<b>3,349</b>
<b>Federal Debt<sup>e</sup></b>														
Debt Held by the Public	5,035	5,425	5,870	6,319	6,662	6,805	6,968	7,155	7,331	7,553	7,742	7,890	n.a.	n.a.
Debt Held by Government Accounts														
Social Security	2,180	2,367	2,542	2,721	2,916	3,122	3,332	3,545	3,757	3,966	4,170	4,365	n.a.	n.a.
Other government accounts <sup>b</sup>	1,735	1,806	1,866	1,940	2,019	2,133	2,232	2,320	2,400	2,458	2,526	2,612	n.a.	n.a.
Total	3,916	4,173	4,407	4,661	4,935	5,255	5,565	5,864	6,157	6,424	6,696	6,977	n.a.	n.a.
Total Gross Federal Debt	8,951	9,597	10,277	10,980	11,597	12,060	12,533	13,019	13,488	13,977	14,438	14,867	n.a.	n.a.
Total Federal Debt Subject to Limit <sup>f</sup>	8,921	9,568	10,247	10,951	11,568	12,031	12,504	12,990	13,459	13,948	14,409	14,838	n.a.	n.a.
<b>Memorandum:</b>														
Debt Held by the Public as a Percentage of GDP	36.9	38.2	39.9	40.8	40.6	39.4	38.6	38.0	37.3	36.9	36.3	35.5	n.a.	n.a.

Source: Congressional Budget Office.

Note: \* = between -\$500 million and zero; n.a. = not applicable; GDP = gross domestic product.

- a. Excludes interest costs on debt issued by agencies other than the Treasury (primarily the Tennessee Valley Authority).
- b. Mainly the Civil Service Retirement, Military Retirement, Medicare, and Unemployment Insurance Trust Funds.
- c. Primarily interest on loans to the public.
- d. Earnings on private investments by the National Railroad Retirement Investment Trust.
- e. Debt held at the end of the year.
- f. Differs from gross federal debt primarily because most debt issued by agencies other than the Treasury and the Federal Financing Bank is excluded from the debt limit.

# Changes in CBO's Baseline Projections of the Deficit or Surplus Since March 2008

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
Total Deficit (-) or Surplus as Projected in March 2008	-357	-207	-213	-93	105	70	90	104	79	134	202	-339	270
Changes to Revenue Projections													
Legislative	-1	-11	5	5	-1	18	-7	3	3	3	3	16	22
Economic	-4	-14	-29	-25	-15	-3	-2	-1	-4	-11	-20	-85	-124
Technical	7	-49	-11	-3	4	5	8	8	7	7	8	-55	-17
<b>Total Changes to Revenues</b>	<b>1</b>	<b>-73</b>	<b>-35</b>	<b>-23</b>	<b>-12</b>	<b>19</b>	<b>-1</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>-10</b>	<b>-124</b>	<b>-118</b>
Changes to Outlay Projections													
Legislative													
Mandatory outlays													
Veterans benefits and services	*	*	4	6	7	7	7	7	8	8	8	23	61
Housing Act	*	26	8	1	1	1	1	1	1	1	1	37	41
Unemployment benefits	5	8	0	0	0	0	0	*	*	*	*	8	7
Other	2	11	6	1	-4	-5	1	3	*	-5	-5	9	3
Subtotal, mandatory	7	45	17	8	4	3	9	10	8	4	5	76	112
Discretionary outlays													
Defense	29	64	85	96	98	102	104	107	110	111	113	446	991
Nondefense	2	9	14	17	19	20	21	22	22	23	23	79	191
Subtotal, discretionary	30	73	99	113	117	122	126	129	132	134	137	524	1,182
Net interest outlays (Debt service)	*	3	9	16	23	30	38	47	56	66	76	81	364
<b>Subtotal, legislative</b>	<b>37</b>	<b>121</b>	<b>125</b>	<b>136</b>	<b>144</b>	<b>156</b>	<b>173</b>	<b>186</b>	<b>197</b>	<b>204</b>	<b>217</b>	<b>681</b>	<b>1,658</b>
Economic													
Mandatory outlays													
Social Security	0	13	20	22	23	23	24	23	23	23	23	102	218
Other COLA programs	0	4	6	7	7	7	8	8	8	8	8	32	72
Oil and gas receipts	-2	-6	-7	-8	-8	-9	-9	-9	-10	-10	-11	-38	-88
Medicare	0	2	3	4	4	5	5	5	6	6	6	18	46
Food Stamps	*	3	4	4	4	3	3	4	4	4	4	18	36
Earned income tax credit	0	*	*	2	3	3	3	3	3	3	4	8	25
Unemployment benefits	*	2	6	5	*	*	*	*	*	*	*	13	14
Other	*	2	2	2	2	2	2	2	2	2	3	9	19
Subtotal, mandatory	-2	19	34	38	35	35	36	36	37	37	36	161	342
Discretionary outlays													
	0	5	11	12	12	12	13	13	13	13	13	52	118
Net interest outlays													
Debt service	*	1	4	9	13	17	21	25	29	34	39	44	192
Rate effect/inflation	12	8	5	12	7	8	7	7	7	8	8	39	76
Subtotal, net interest	12	9	9	20	20	25	28	32	36	42	47	83	268
<b>Subtotal, economic</b>	<b>10</b>	<b>33</b>	<b>53</b>	<b>70</b>	<b>67</b>	<b>72</b>	<b>77</b>	<b>81</b>	<b>86</b>	<b>92</b>	<b>96</b>	<b>295</b>	<b>728</b>

Continued

## Changes in CBO's Baseline Projections of the Deficit or Surplus Since March 2008

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
Changes to Outlay Projections (Continued)													
Technical													
Mandatory outlays													
Deposit insurance	17	-1	-4	-5	-4	-2	*	*	*	*	*	-16	-15
Social Security	*	1	1	1	2	2	2	3	3	3	3	7	21
Agriculture programs	-2	1	1	2	5	3	1	*	*	*	*	12	13
Other	-11	*	1	1	1	1	2	1	*	1	1	3	7
Subtotal, mandatory	4	1	-2	-1	4	4	5	3	3	4	5	6	26
Discretionary outlays	3	2	2	2	1	1	1	1	1	1	1	8	14
Net interest outlays													
Debt service	*	1	2	3	3	3	4	4	4	4	4	12	32
Other	-2	*	1	-1	-1	*	1	1	1	2	3	*	7
Subtotal, net interest	-2	1	4	2	3	3	4	5	5	6	8	12	40
<b>Subtotal, technical</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>8</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>13</b>	<b>26</b>	<b>79</b>
<b>Total Changes to Outlays</b>	<b>52</b>	<b>158</b>	<b>182</b>	<b>208</b>	<b>218</b>	<b>236</b>	<b>259</b>	<b>276</b>	<b>292</b>	<b>307</b>	<b>327</b>	<b>1,003</b>	<b>2,465</b>
<b>Total Impact on the Deficit or Surplus<sup>a</sup></b>	<b>-51</b>	<b>-231</b>	<b>-217</b>	<b>-231</b>	<b>-231</b>	<b>-216</b>	<b>-260</b>	<b>-266</b>	<b>-286</b>	<b>-307</b>	<b>-336</b>	<b>-1,127</b>	<b>-2,583</b>
Total Deficit as Projected in September 2008	-407	-438	-431	-325	-126	-147	-170	-162	-207	-174	-135	-1,466	-2,313
<b>Memorandum:</b>													
Total Legislative Changes <sup>a</sup>	-38	-131	-120	-131	-145	-138	-179	-183	-193	-201	-214	-666	-1,635
Total Economic Changes <sup>a</sup>	-15	-47	-82	-95	-82	-75	-79	-82	-91	-103	-116	-380	-852
Total Technical Changes <sup>a</sup>	2	-53	-15	-5	-4	-3	-2	-1	-2	-4	-6	-81	-96

Source: Congressional Budget Office.

Note: \* = between -\$500 million and \$500 million; COLA = cost-of-living adjustment.

a. Negative numbers indicate an increase in the deficit or a decrease in the surplus.

# The Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
<b>Policy Alternatives That Affect Discretionary Spending</b>													
Reduce the Number of Troops Deployed for Military Operations in Iraq and Afghanistan and for Other Operations Related to the War on Terrorism to 30,000 by 2011 <sup>a</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	12	52	105	137	156	168	173	178	181	185	462	1,346
Debt service	0	*	2	6	12	20	29	39	50	61	73	39	292
Reduce the Number of Troops Deployed for Military Operations in Iraq and Afghanistan and for Other Operations Related to the War on Terrorism to 75,000 by 2013 <sup>c</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	11	36	53	79	103	121	130	137	142	145	282	956
Debt service	0	*	1	4	7	12	18	25	33	42	51	24	194
Increase Discretionary Appropriations Other Than Those Related to Activities in Iraq and Afghanistan at the Growth Rate of Nominal GDP <sup>d</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	-2	-19	-51	-86	-117	-147	-177	-207	-238	-271	-275	-1,315
Debt service	0	*	*	-2	-6	-11	-18	-27	-38	-51	-67	-20	-222
Freeze Total Discretionary Appropriations at the Level Provided for the Most Recent Year													
Effect on the deficit or surplus <sup>b</sup>	0	21	48	76	105	135	167	199	234	267	300	386	1,553
Debt service	0	*	2	5	10	17	25	35	48	63	80	34	286
<b>Policy Alternatives That Affect the Tax Code</b>													
Extend EGTRRA and JGTRRA <sup>e</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	-3	-5	-148	-264	-294	-304	-316	-328	-342	-356	-713	-2,359
Debt service	0	*	*	-4	-14	-29	-46	-63	-82	-103	-126	-48	-468
Extend Other Expiring Tax Provisions <sup>f</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	-21	-34	-47	-53	-58	-61	-63	-66	-69	-71	-213	-544
Debt service	0	*	-2	-4	-7	-10	-13	-17	-21	-25	-30	-22	-129
Index the AMT for Inflation <sup>g</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	-82	-76	-70	-39	-46	-54	-64	-74	-86	-99	-313	-691
Debt service	0	-1	-5	-9	-13	-15	-19	-23	-27	-33	-39	-43	-184

Continued



# The Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
<b>Memorandum:</b>													
Interactive Effect of Extending EGTRRA and JGTRRA and of Indexing the AMT													
Effect on the deficit or surplus <sup>b</sup>	0	0	0	-17	-61	-68	-76	-83	-90	-97	-104	-146	-597
Debt service	0	0	0	*	-2	-6	-10	-14	-19	-25	-31	-9	-107
Total Discretionary Outlays in CBO's Baseline	1,125	1,202	1,258	1,297	1,318	1,353	1,385	1,417	1,456	1,485	1,514	6,427	13,685
Total Outlays in CBO's Baseline for Operations in Iraq and Afghanistan and for Other Activities Related to the War on Terrorism	146	173	185	191	193	198	203	207	212	215	219	939	1,994
Total Deficit in CBO's Baseline	-407	-438	-431	-325	-126	-147	-170	-162	-207	-174	-135	-1,466	-2,313

Sources: Congressional Budget Office; Joint Committee on Taxation.

Notes: Positive amounts indicate a reduction in the deficit or an increase in the surplus. "Debt service" refers to changes in interest payments on federal debt resulting from changes in the government's borrowing needs.

\* = between -\$500 million and \$500 million; GDP = gross domestic product; EGTRRA = Economic Growth and Tax Relief Reconciliation Act of 2001; JGTRRA = Jobs and Growth Tax Relief Reconciliation Act of 2003; AMT = alternative minimum tax.

- a. This alternative does not extrapolate the \$186 billion in funding for military operations in Iraq and Afghanistan for 2008 or the \$68 billion already provided for 2009. Future funding for operations in Iraq, Afghanistan, or elsewhere would total \$79 billion in 2009, \$85 billion in 2010, \$41 billion in 2011, and then about \$34 billion a year from 2012 on (for a total of \$440 billion over the 2009–2018 period).
- b. Excluding debt service.
- c. This alternative does not extrapolate the \$186 billion in funding for military operations in Iraq and Afghanistan for 2008 or the \$68 billion already provided for 2009. Future funding for operations in Iraq, Afghanistan, or elsewhere would total \$83 billion in 2009, \$137 billion in 2010, and then about \$118 billion in 2011, \$94 billion in 2012, \$73 billion in 2013, and about \$72 billion a year from 2014 on (for a total of \$865 billion over the 2009–2018 period).
- d. Under this alternative, appropriations for 2008 for activities in Iraq and Afghanistan are extrapolated according to baseline rules.
- e. These estimates do not include the effects of extending the increased exemption amount or the treatment of personal credits for the AMT, provisions that expired at the end of 2007. The effects of that alternative are shown below.
- f. These estimates include the effects of extending all other expiring provisions except the expiring provisions of the Economic Stimulus Act of 2008—specifically the rebate provisions and the depreciation provisions of the act, which were intended to provide temporary stimulus to the economy.
- g. This alternative incorporates the assumption that the exemption amount for the AMT (which was increased through 2007 in the Tax Increase Prevention Act of 2007) is extended at its higher level and, together with the AMT tax brackets, is indexed for inflation after 2007. In addition, the treatment of personal credits against the AMT (which was also extended through the end of 2007 in that act) is assumed to be continued. If this alternative was enacted jointly with the extension of the expiring tax provisions, an interactive effect would occur after 2010 that would make the combined revenue loss over the 2011–2018 period greater than the sum of the two separate estimates (see the memorandum).