

Table 1-1.**Projected Deficits in CBO's Baseline**

(Billions of dollars)

	Actual, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total	
													2012- 2016	2012- 2021
Deficit Excluding Effects of Provisions Related to the Joint Select Committee on Deficit Reduction	-1,294	-1,284	-973	-623	-380	-322	-402	-362	-349	-405	-430	-440	-2,701	-4,687
Effects of Those Provisions	0	0	0	113	115	118	124	132	139	146	154	161	469	1,200
Total Deficit														
In billions of dollars	-1,294	-1,284	-973	-510	-265	-205	-278	-231	-211	-259	-277	-279	-2,232	-3,487
As a percentage of GDP	-8.9	-8.5	-6.2	-3.2	-1.6	-1.1	-1.5	-1.2	-1.0	-1.2	-1.2	-1.2	-2.6	-1.8
Memorandum:														
Debt Held by the Public at the End of the Year (Percentage of GDP)	62.1	67.3	71.2	72.8	71.6	68.7	67.2	65.8	64.3	63.1	62.0	61.0	n.a.	n.a.

Source: Congressional Budget Office.

Notes: The Budget Control Act of 2011 (Public Law 112-25) created the Joint Select Committee on Deficit Reduction to propose further deficit reduction totaling at least \$1.5 trillion over 10 years. The act also specified automatic procedures for reducing spending by as much as \$1.2 trillion if legislation originating with the new deficit reduction committee does not achieve savings of at least \$1.2 trillion. CBO has incorporated that amount of deficit reduction (which includes savings in debt-service costs) in its baseline but has no basis for allocating that amount between revenues and outlays. Policy changes were allocated evenly across the 2013–2021 period; the incremental increase in the annual effects results from the compounding of debt-service savings.

GDP = gross domestic product; n.a. = not applicable.

Table 1-2.**CBO's Baseline Budget Projections**

	Actual,											Total		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
In Billions of Dollars														
Revenues														
Individual income taxes	899	1,089	1,209	1,510	1,666	1,843	1,985	2,129	2,257	2,393	2,534	2,679	8,214	20,204
Social insurance taxes	865	816	924	996	1,055	1,123	1,188	1,242	1,296	1,351	1,412	1,473	5,286	12,060
Corporate income taxes	191	192	279	336	431	416	385	418	420	431	435	448	1,848	4,000
Other	208	217	223	227	270	283	289	298	313	333	351	369	1,292	2,958
Total Revenues	2,163	2,314	2,635	3,069	3,423	3,665	3,847	4,087	4,286	4,508	4,731	4,969	16,640	39,221
On-budget	1,531	1,752	1,982	2,359	2,678	2,869	3,000	3,194	3,348	3,527	3,704	3,897	12,888	30,557
Off-budget	632	562	653	710	746	796	847	894	937	981	1,027	1,073	3,752	8,664
Outlays														
Mandatory spending	1,913	2,023	2,056	2,129	2,211	2,340	2,511	2,616	2,721	2,918	3,095	3,282	11,247	25,879
Discretionary spending	1,347	1,353	1,315	1,300	1,301	1,311	1,332	1,350	1,370	1,404	1,434	1,464	6,559	13,580
Net interest	196	221	238	263	291	336	407	484	545	591	632	663	1,535	4,449
Total Outlays	3,456	3,597	3,609	3,692	3,803	3,988	4,249	4,449	4,635	4,913	5,161	5,409	19,340	43,908
On-budget	2,902	3,097	3,022	3,036	3,110	3,260	3,483	3,639	3,776	4,000	4,189	4,376	15,911	35,891
Off-budget	555	500	586	656	692	728	766	810	859	913	972	1,033	3,429	8,017
Deficit (-) or Surplus Excluding Effects of Provisions Related to the Joint Select Committee on Deficit Reduction														
On-budget	-1,294	-1,284	-973	-623	-380	-322	-402	-362	-349	-405	-430	-440	-2,701	-4,687
Off-budget	-1,371	-1,345	-1,040	-676	-433	-391	-483	-446	-428	-473	-485	-480	-3,023	-5,334
Off-budget	77	61	67	53	53	68	81	84	78	68	55	39	323	647
Effects of Those Provisions ^a														
Policy changes	0	0	0	111	111	111	111	111	111	111	111	111	446	1,003
Debt service	0	0	0	1	3	6	12	20	27	35	42	50	23	197
Total Effects	0	0	0	113	115	118	124	132	139	146	154	161	469	1,200
Total Deficit	-1,294	-1,284	-973	-510	-265	-205	-278	-231	-211	-259	-277	-279	-2,232	-3,487
Debt Held by the Public at the End of the Year														
	9,019	10,164	11,153	11,773	12,148	12,463	12,840	13,169	13,473	13,820	14,181	14,541	n.a.	n.a.

Continued

Table 1-2.

Continued

CBO's Baseline Budget Projections

	Actual,												Total	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
As a Percentage of Gross Domestic Product														
Revenues														
Individual income taxes	6.2	7.2	7.7	9.3	9.8	10.2	10.4	10.6	10.8	10.9	11.1	11.2	9.5	10.3
Social insurance taxes	6.0	5.4	5.9	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.1	6.2
Corporate income taxes	1.3	1.3	1.8	2.1	2.5	2.3	2.0	2.1	2.0	2.0	1.9	1.9	2.1	2.0
Other	1.4	1.4	1.4	1.4	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Revenues	14.9	15.3	16.8	19.0	20.2	20.2	20.1	20.4	20.5	20.6	20.7	20.9	19.3	20.0
On-budget	10.6	11.6	12.7	14.6	15.8	15.8	15.7	15.9	16.0	16.1	16.2	16.4	15.0	15.6
Off-budget	4.4	3.7	4.2	4.4	4.4	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.4	4.4
Outlays														
Mandatory spending	13.2	13.4	13.1	13.2	13.0	12.9	13.1	13.1	13.0	13.3	13.5	13.8	13.1	13.2
Discretionary spending	9.3	9.0	8.4	8.0	7.7	7.2	7.0	6.7	6.5	6.4	6.3	6.1	7.6	6.9
Net interest	1.4	1.5	1.5	1.6	1.7	1.9	2.1	2.4	2.6	2.7	2.8	2.8	1.8	2.3
Total Outlays	23.8	23.8	23.0	22.8	22.4	22.0	22.2	22.2	22.1	22.4	22.6	22.7	22.5	22.4
On-budget	20.0	20.5	19.3	18.8	18.3	18.0	18.2	18.2	18.0	18.3	18.3	18.4	18.5	18.3
Off-budget	3.8	3.3	3.7	4.1	4.1	4.0	4.0	4.0	4.1	4.2	4.3	4.3	4.0	4.1
Deficit (-) or Surplus Excluding Effects of Provisions Related to the Joint Select Committee on Deficit Reduction														
On-budget	-8.9	-8.5	-6.2	-3.9	-2.2	-1.8	-2.1	-1.8	-1.7	-1.8	-1.9	-1.8	-3.1	-2.4
Off-budget	-9.4	-8.9	-6.6	-4.2	-2.5	-2.2	-2.5	-2.2	-2.0	-2.2	-2.1	-2.0	-3.5	-2.7
Off-budget	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.2	0.2	0.4	0.3
Effects of Those Provisions ^a														
Policy changes	0	0	0	0.7	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
Debt service	0	0	0	*	*	*	0.1	0.1	0.1	0.2	0.2	0.2	*	0.1
Total Effects	0	0	0	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.5	0.6
Total Deficit	-8.9	-8.5	-6.2	-3.2	-1.6	-1.1	-1.5	-1.2	-1.0	-1.2	-1.2	-1.2	-2.6	-1.8
Debt Held by the Public at the End of the Year														
	62.1	67.3	71.2	72.8	71.6	68.7	67.2	65.8	64.3	63.1	62.0	61.0	n.a.	n.a.
Memorandum:														
Gross Domestic Product														
(Billions of dollars)	14,512	15,095	15,663	16,182	16,974	18,132	19,110	20,028	20,948	21,901	22,856	23,830	86,062	195,624

Source: Congressional Budget Office.

Notes: The Budget Control Act of 2011 (Public Law 112-25) created the Joint Select Committee on Deficit Reduction to propose further deficit reduction totaling at least \$1.5 trillion over 10 years. The act also specified automatic procedures for reducing spending by as much as \$1.2 trillion if legislation originating with the new deficit reduction committee does not achieve savings of at least \$1.2 trillion. CBO has incorporated that amount of deficit reduction (which includes savings in debt-service costs) in its baseline but has no basis for allocating that amount between revenues and outlays. Policy changes were allocated evenly across the 2013–2021 period; the incremental increase in the annual effects results from the compounding of debt-service savings.

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

a. Positive numbers indicate a decrease in the deficit.

Table 1-3.

Average Annual Rates of Growth in Revenues and Outlays Since 2000 and as Projected in CBO's Baseline

(Percent)

	Actual		Projected ^a		
	2000-2009	2010	2011	2012	2013-2021
Revenues					
Individual income taxes	0.4	-1.8	21.2	11.0	9.2
Social insurance taxes	3.8	-2.9	-5.6	13.2	5.3
Corporate income taxes	-2.9	38.5	0.2	45.5	5.4
Other ^b	0.6	29.5	4.2	3.0	5.8
Total Revenues	1.4	2.7	7.0	13.9	7.3
Outlays					
Mandatory spending	8.8	-8.6	5.7	1.6	5.3
Social Security	5.8	3.4	3.5	5.9	5.8
Medicare	9.1	4.3	6.7	*	6.3
Medicaid	8.8	8.7	0.6	-5.5	9.0
Other ^c	13.0	-37.1	11.5	1.1	0.1
Discretionary spending	8.0	8.9	0.5	-2.8	1.2
Defense	9.1	4.9	2.0	n.a.	n.a.
Nondefense	6.9	13.3	-1.2	n.a.	n.a.
Net interest	-2.0	5.0	12.8	7.4	12.1
Total Outlays	7.5	-1.7	4.1	0.3	4.6
Total Outlays Excluding Net Interest	8.5	-2.1	3.6	-0.2	3.9
Memorandum:					
Consumer Price Index ^d	2.6	1.7	2.5	1.8	2.0
Nominal Gross Domestic Product	4.4	2.9	4.0	3.8	4.8
Discretionary Budget Authority	9.9	-15.3	-3.3	-1.5	1.9
Defense	9.2	2.8	-0.4	n.a.	n.a.
Nondefense	10.5	-31.1	-7.0	n.a.	n.a.

Source: Congressional Budget Office.

Notes: The growth rates in this table do not account for shifts in the timing of certain payments or receipts.

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

- When constructing its baseline, CBO assumes that discretionary appropriations will adhere to the statutory caps recently enacted into law by the Budget Control Act of 2011 (Public Law 112-25). Because the caps do not constrain appropriations for military operations in Afghanistan and Iraq (or for similar activities), CBO's baseline reflects annual appropriations for war-related activities equal to \$159 billion (the amount provided for 2011), adjusted in future years for inflation. The projections for the 2012–2021 period do not include the effect of any potential changes that may occur as a result of adjustments to the caps for reasons allowed under the act or for provisions related to the Joint Select Committee on Deficit Reduction.
- Includes excise taxes, estate and gift taxes, customs duties, remittances from the Federal Reserve, and other miscellaneous receipts.
- Includes 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).
- The consumer price index for all urban consumers.

Table 1-4.**CBO's Baseline Projections of Mandatory Spending**

(Outlays, in billions of dollars)

	Actual,												Total	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
Social Security	701	726	769	812	853	897	945	1,001	1,063	1,131	1,203	1,276	4,276	9,951
Health Care Programs														
Medicare ^a	520	555	555	598	632	662	718	746	777	845	903	966	3,164	7,401
Medicaid	273	274	259	276	325	364	404	430	455	486	520	561	1,628	4,081
Health insurance subsidies, exchanges, and related spending	*	*	1	1	16	35	56	70	79	85	90	96	108	529
MERHCF	8	9	9	10	10	11	12	13	13	14	15	16	51	123
Children's Health Insurance Program	8	9	9	9	9	10	10	8	6	6	6	6	46	78
Other	1	5	8	7	14	27	24	26	26	31	35	38	80	236
Subtotal	810	852	841	901	1,005	1,108	1,223	1,294	1,357	1,466	1,569	1,684	5,078	12,448
Income Security														
SNAP	70	77	80	80	75	73	72	71	69	68	67	66	380	720
Unemployment compensation	159	120	77	60	62	58	51	52	53	55	58	60	309	587
Supplemental Security Income	47	53	47	53	54	55	62	58	54	61	63	64	271	571
Earned income and child tax credits	77	78	79	79	47	46	44	44	44	45	45	46	295	519
Family support ^b	28	27	25	25	25	25	25	25	25	25	25	25	125	250
Child nutrition	17	18	19	21	21	22	23	24	26	27	28	29	107	241
Foster care	7	7	7	7	8	8	8	8	9	9	9	10	37	82
Making Work Pay and other tax credits ^c	32	24	5	5	*	*	*	*	*	*	*	*	10	10
Subtotal	437	404	340	331	292	287	285	282	280	289	295	301	1,535	2,981
Federal Civilian and Military Retirement														
Civilian ^d	82	83	87	90	92	95	98	101	104	108	112	115	461	1,001
Military	51	55	49	54	55	56	61	58	55	61	63	65	274	577
Other	6	6	7	7	8	8	9	9	10	10	11	11	40	92
Subtotal	138	144	143	151	155	159	168	168	169	180	185	192	775	1,670
Veterans ^e														
Income security	49	59	60	59	60	61	67	64	60	67	68	69	307	634
Other	9	12	11	12	13	13	14	14	15	16	17	18	63	143
Subtotal	58	71	71	71	73	74	81	78	75	82	85	87	370	777
Other Programs														
TARP	-110	-39	16	3	2	1	1	*	*	*	*	*	22	23
Fannie Mae and Freddie Mac ^f	40	5	7	6	4	4	4	4	5	5	6	6	26	51
Deposit insurance	-32	-6	4	3	-10	-12	-14	-17	-20	-11	-11	-12	-30	-100
Higher education	-12	-30	-4	-8	-8	-8	-3	2	5	5	5	4	-31	-10
Agriculture	15	15	13	19	16	15	15	15	15	15	16	16	78	155
Other	50	73	60	55	53	51	51	49	49	48	46	46	270	506
Subtotal	-49	17	96	77	56	52	54	54	54	62	61	60	335	626

Continued

Table 1-4.

Continued

CBO's Baseline Projections of Mandatory Spending

(Outlays, in billions of dollars)

	Actual,												Total	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
Offsetting Receipts														
Medicare ^g	-74	-79	-84	-86	-90	-97	-105	-114	-123	-132	-138	-148	-461	-1,116
Federal share of federal employees' retirement	-61	-64	-65	-65	-67	-70	-73	-76	-80	-84	-87	-90	-341	-758
Other	-48	-48	-55	-62	-65	-70	-69	-72	-75	-77	-77	-79	-320	-700
Subtotal	-183	-191	-203	-213	-222	-237	-247	-261	-277	-293	-302	-317	-1,122	-2,573
Total Mandatory Spending	1,913	2,023	2,056	2,129	2,211	2,340	2,511	2,616	2,721	2,918	3,095	3,282	11,247	25,879
Memorandum:														
Mandatory Spending Excluding														
Offsetting Receipts	2,096	2,213	2,259	2,342	2,434	2,577	2,758	2,877	2,998	3,211	3,398	3,599	12,369	28,452
Medicare Spending Net of Offsetting Receipts	446	477	471	512	542	565	613	633	654	713	765	818	2,703	6,285

Source: Congressional Budget Office.

Notes: Projections over the 2012–2021 period do not include the effect of any potential changes that may occur as a result of provisions related to the Joint Select Committee on Deficit Reduction, created by the Budget Control Act of 2011 (Public Law 112-25).

Data on spending 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); SNAP = Supplemental Nutrition Assistance Program; TARP = Troubled Asset Relief Program; * = between zero and \$500 million.

- a. 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).
- b. 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.
- c. Also includes outlays for the first-time homebuyer credit, the American Opportunity Tax Credit, and other tax credits.
- d. Includes Civil Service, Foreign Service, Coast Guard, and other smaller retirement programs as well as annuitants' health care benefits.
- e. Income security includes veterans' compensation, pensions, and life insurance programs. Other benefits are primarily education subsidies.
- f. The amounts recorded for 2010 and 2011 reflect cash transfers from the Treasury to Fannie Mae and Freddie Mac. The amounts shown for 2012 through 2021 reflect CBO's estimate of the subsidy cost of new loans and guarantees made by those two entities in each year, adjusted for market risk.
- g. Includes Medicare premiums and amounts paid by states from savings on Medicaid prescription drug costs.

Table 1-5.**CBO's Baseline Projections of Discretionary Spending**

(Billions of dollars)

	Actual,												Total	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
Budget Authority														
Defense ^a	714	712	724	738	753	769	786	806	826	847	869	891	3,769	8,008
Nondefense ^a	550	511	528	538	550	562	576	590	606	622	639	656	2,753	5,867
Reduction to meet the discretionary cap ^b	0	0	-47	-65	-70	-76	-82	-89	-96	-104	-113	-122	-340	-863
Baseline	1,264	1,223	1,204	1,211	1,233	1,255	1,279	1,307	1,336	1,365	1,396	1,425	6,183	13,012
Outlays														
Defense ^a	689	703	708	727	741	756	777	790	804	829	851	872	3,710	7,856
Nondefense ^a	658	650	634	622	621	625	632	643	657	672	689	707	3,134	6,503
Reduction to meet the discretionary cap ^b	0	0	-27	-49	-62	-70	-77	-84	-91	-98	-106	-115	-285	-778
Baseline	1,347	1,353	1,315	1,300	1,301	1,311	1,332	1,350	1,370	1,404	1,434	1,464	6,559	13,580
Memorandum:														
Outlays (Percentage of GDP)														
Defense ^a	4.7	4.7	4.5	4.5	4.4	4.2	4.1	3.9	3.8	3.8	3.7	3.7	4.3	4.0
Nondefense ^a	4.5	4.3	4.0	3.8	3.7	3.4	3.3	3.2	3.1	3.1	3.0	3.0	3.6	3.3
Reduction to meet the discretionary cap ^b	0	0	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.3	-0.4
Baseline	9.3	9.0	8.4	8.0	7.7	7.2	7.0	6.7	6.5	6.4	6.3	6.1	7.6	6.9

Source: Congressional Budget Office.

Notes: Nondefense discretionary outlays are usually higher than budget authority because of spending from the Highway Trust Fund and the Airport and Airway Trust Fund, which is subject to obligation limitations set in appropriation acts. The budget authority for such programs is provided in authorizing legislation and is not considered discretionary.

When constructing its baseline, CBO assumes that discretionary appropriations will adhere to the statutory caps recently enacted into law by the Budget Control Act of 2011 (Public Law 112-25). Because the caps do not constrain appropriations for military operations in Afghanistan and Iraq (or for similar activities), CBO's baseline reflects annual appropriations for war-related activities equal to \$159 billion (the amount provided for 2011), adjusted in future years for inflation. The projections for the 2012–2021 period do not include the effect of any potential changes that may occur as a result of adjustments to the caps for reasons allowed under the act or for provisions related to the Joint Select Committee on Deficit Reduction, created by the Budget Control Act.

GDP = gross domestic product.

- These amounts were estimated by assuming that budget authority for fiscal years 2012 to 2021 will be equal to the 2011 appropriation adjusted for inflation.
- These amounts reflect the reductions in budget authority that will be necessary to comply with the discretionary caps, relative to the budget authority that would be provided if appropriations in each year were equal to the 2011 appropriation adjusted for inflation as calculated using CBO's August 2011 economic forecast. Those amounts differ from what is shown in Box 1-1 because that comparison was made relative to CBO's March baseline (adjusted for the effect of full-year appropriations); CBO's August projections incorporate changes to the inflation factors and other adjustments.

Table 1-6.

Illustrative Paths for Discretionary Budget Authority Subject to the Caps Set in the Budget Control Act of 2011

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total		
												2012-2016	2012-2021	
In Billions of Dollars														
Defense ^a														
All reductions from defense ^b	552	532	531	516	524	531	541	550	560	569	578	2,634	5,432	
Proportional reductions	552	538	541	550	560	571	584	597	610	623	637	2,760	5,811	
No reductions from defense	552	562	574	586	599	614	630	646	664	682	700	2,935	6,256	
Nondefense														
All reductions from nondefense	511	481	473	480	487	493	501	510	518	526	534	2,414	5,004	
Proportional reductions	511	505	506	516	526	536	547	559	572	585	597	2,589	5,449	
No reductions from nondefense ^b	511	511	516	550	562	576	590	606	622	639	656	2,715	5,828	
Total Budget Authority	1,064	1,043	1,047	1,066	1,086	1,107	1,131	1,156	1,182	1,208	1,234	5,349	11,260	
As a Percentage of Gross Domestic Product														
Defense ^a														
All reductions from defense ^b	3.7	3.4	3.3	3.0	2.9	2.8	2.7	2.6	2.6	2.5	2.4	3.1	2.8	
Proportional reductions	3.7	3.4	3.3	3.2	3.1	3.0	2.9	2.8	2.8	2.7	2.7	3.2	3.0	
No reductions from defense	3.7	3.6	3.5	3.5	3.3	3.2	3.1	3.1	3.0	3.0	2.9	3.4	3.2	
Nondefense														
All reductions from nondefense	3.4	3.1	2.9	2.8	2.7	2.6	2.5	2.4	2.4	2.3	2.2	2.8	2.6	
Proportional reductions	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.7	2.6	2.6	2.5	3.0	2.8	
No reductions from nondefense ^b	3.4	3.3	3.2	3.2	3.1	3.0	2.9	2.9	2.8	2.8	2.8	3.2	3.0	
Total Budget Authority	7.0	6.7	6.5	6.3	6.0	5.8	5.6	5.5	5.4	5.3	5.2	6.2	5.8	
Memorandum:														
Discretionary Budget Authority														
Assuming Annual Adjustments for														
Inflation ^c														
In billions of dollars														
Defense ^a	552	562	574	586	599	614	630	646	664	682	700	2,935	6,256	
Nondefense	511	528	538	550	562	576	590	606	622	639	656	2,753	5,867	
Total Budget Authority	1,064	1,090	1,112	1,136	1,162	1,189	1,220	1,252	1,286	1,321	1,356	5,689	12,123	
As a percentage of GDP														
Defense ^a	3.7	3.6	3.5	3.5	3.3	3.2	3.1	3.1	3.0	3.0	2.9	3.4	3.2	
Nondefense	3.4	3.4	3.3	3.2	3.1	3.0	2.9	2.9	2.8	2.8	2.8	3.2	3.0	
Total Budget Authority	7.0	7.0	6.9	6.7	6.4	6.2	6.1	6.0	5.9	5.8	5.7	6.6	6.2	

Source: Congressional Budget Office.

Notes: Budget authority refers to the authority provided by law to incur financial obligations, which eventually result in outlays.

GDP = gross domestic product.

- a. Data exclude funding for operations in Afghanistan and Iraq and for similar activities.
- b. In 2012 and 2013, reductions in defense funding would not be sufficient to meet the caps on nonsecurity funding; therefore, some reductions would have to come from nondefense programs even if all available defense funding classified as nonsecurity was eliminated.
- c. These estimates incorporate the assumption that such budget authority grows at the rate of inflation from its level in 2011.

Table 1-7.**CBO's Baseline Projections of Federal Debt**

(Billions of dollars)

	Actual, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Held by the Public at the Beginning of the Year	7,545	9,019	10,164	11,153	11,773	12,148	12,463	12,840	13,169	13,473	13,820	14,181
Changes to Debt Held by the Public												
Deficit	1,294	1,284	973	510	265	205	278	231	211	259	277	279
Other means of financing	181	-138	16	110	110	110	99	99	94	88	84	82
Total	1,474	1,145	989	620	375	315	377	329	304	347	360	360
Debt Held by the Public at the End of the Year	9,019	10,164	11,153	11,773	12,148	12,463	12,840	13,169	13,473	13,820	14,181	14,541
Memorandum:												
Debt Held by the Public at the End of the Year (Percentage of GDP)	62.1	67.3	71.2	72.8	71.6	68.7	67.2	65.8	64.3	63.1	62.0	61.0
Debt Held by the Public Excluding Financial Assets ^a												
In billions of dollars	8,005	9,306	10,266	10,766	11,027	11,219	11,492	11,714	11,913	12,158	12,421	12,686
As a percentage of GDP	55.2	61.7	65.5	66.5	65.0	61.9	60.1	58.5	56.9	55.5	54.3	53.2
Gross Federal Debt ^b	13,529	14,797	15,927	16,663	17,178	17,679	18,276	18,879	19,475	20,090	20,711	21,346
Debt Subject to Limit ^c	13,511	14,779	15,910	16,646	17,162	17,664	18,261	18,864	19,461	20,077	20,697	21,333

Source: Congressional Budget Office.

Note: GDP = gross domestic product.

- Subtracts from debt held by the public the value of financial assets (such as preferred stock) purchased from institutions participating in the Troubled Asset Relief Program, holdings of preferred stock in Fannie Mae and Freddie Mac, the Treasury's purchases of mortgage-backed securities, cash balances, and other financial instruments.
- Comprises 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. Debt subject to limit differs from gross federal debt because most debt issued by agencies other than the Treasury and the Federal Financing Bank is excluded from the debt limit, currently set at \$14.7 trillion.

Table 1-8.

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

(Billions of dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total		
											2012-	2012-	
											2016	2021	
Policy Alternatives That Affect Discretionary Outlays													
Reduce the Number of Troops Deployed for Certain Types of Overseas Military Operations to 45,000 by 2015 ^a													
Effect on the deficit ^b	0	18	53	86	112	129	136	141	146	148	152	398	1,122
Debt service	0	*	1	2	5	11	19	27	36	45	55	19	202
Increase Discretionary Appropriations at the Rate of Growth of Nominal GDP ^c													
Effect on the deficit ^b	0	-39	-76	-115	-169	-222	-269	-313	-357	-402	-447	-620	-2,408
Debt service	0	*	-1	-3	-7	-17	-31	-48	-67	-89	-114	-29	-379
Increase Discretionary Appropriations at the Rate of Inflation ^d													
Effect on the deficit ^b	0	-27	-49	-62	-70	-77	-84	-91	-98	-106	-115	-285	-778
Debt service	0	*	-1	-2	-4	-8	-13	-19	-24	-31	-38	-15	-140
Freeze Discretionary Appropriations at the Level of the Cap for 2013													
Effect on the deficit ^b	0	0	0	11	27	46	68	92	117	143	168	85	673
Debt service	0	0	0	*	1	2	5	10	15	22	31	3	85
Policy Alternative That Affects Mandatory Outlays													
Maintain Medicare's Payment Rates for Physicians at the 2011 Rate ^e													
Effect on the deficit ^b	0	-12	-19	-23	-26	-29	-31	-34	-37	-41	-45	-109	-298
Debt service	0	*	*	-1	-1	-3	-5	-7	-9	-12	-14	-6	-53
Policy Alternatives That Affect the Tax Code^f													
Extend Certain Income Tax and Estate and Gift Tax Provisions Scheduled to Expire on December 31, 2012 ^g													
Effect on the deficit ^b	0	-2	-108	-234	-266	-280	-292	-303	-313	-325	-337	-891	-2,461
Debt service	0	*	-1	-5	-11	-25	-42	-60	-79	-99	-120	-41	-443
Index the AMT for Inflation ^h													
Effect on the deficit ^b	0	-9	-93	-39	-45	-53	-63	-74	-88	-104	-121	-240	-690
Debt service	0	*	-1	-2	-4	-7	-11	-15	-20	-26	-33	-14	-119
Extend Certain Income Tax and Estate and Gift Tax Provisions Scheduled to Expire on December 31, 2012, and Index the AMT for Inflation ⁱ													
Effect on the deficit ^b	0	-11	-238	-340	-385	-414	-444	-476	-509	-546	-586	-1,389	-3,949
Debt service	0	*	-3	-8	-17	-39	-66	-94	-124	-156	-192	-67	-698
Extend Other Expiring Tax Provisions ^j													
Effect on the deficit ^b	0	-13	-77	-113	-100	-87	-80	-75	-72	-71	-73	-390	-761
Debt service	0	*	-1	-3	-6	-11	-17	-22	-28	-33	-38	-21	-159

Continued

Table 1-8.

Continued

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

(Billions of dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total	
												2012-	2012-
												2016	2021
Memorandum:													
Total Outlays for Operations in Afghanistan and Iraq and for Similar Activities in CBO's Baseline	165	166	166	166	167	170	172	174	179	182	186	835	1,728
Total Deficit in CBO's Baseline	-1,284	-973	-510	-265	-205	-278	-231	-211	-259	-277	-279	-2,232	-3,487

Sources: Congressional Budget Office; Joint Committee on Taxation.

Notes: Positive numbers indicate a reduction in the deficit.

* = between -\$500 million and \$500 million; GDP = gross domestic product; AMT = alternative minimum tax.

- a. This alternative does not extrapolate the \$159 billion in budget authority for military operations and associated costs in Afghanistan and Iraq provided for 2011. However, it incorporates the assumption that future funding for operations in Afghanistan, Iraq, or elsewhere would total \$118 billion in 2012, \$82 billion in 2013, \$54 billion in 2014, and about \$35 billion a year from 2015 on—for a total of \$493 billion over the 2012–2021 period.
- b. Excluding debt service.
- c. Under this alternative, appropriations for 2011 for operations in Afghanistan and Iraq are assumed to grow at the rate of inflation from their 2011 level.
- d. Under this alternative, discretionary funding related to federal personnel is inflated using the employment cost index for wages and salaries. All other discretionary funding is adjusted using the GDP price index. These estimates are relative to CBO's August 2011 baseline, which incorporates the establishment of caps by the Budget Control Act of 2011 (Public Law 112-25).
- e. The estimates reflect the budgetary impact of this alternative relative to CBO's March 2011 baseline rather than its August 2011 baseline. It is unlikely that the estimated budgetary impact would change significantly if it were updated and measured relative to the August baseline.
- f. The estimates are from CBO and the staff of the Joint Committee on Taxation and are preliminary.
- g. This alternative incorporates the assumption that legislative action extends title I of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312, which extended for 2011 and 2012 income tax provisions enacted in 2001, 2003, and 2009) and title III of that act (which modified estate and gift taxation for 2010 through 2012). It does not incorporate the assumption that the AMT is indexed for inflation; the effects of that alternative are shown separately.
- h. This alternative incorporates the assumption that the exemption amount for the AMT (which was increased through the end of 2011) is extended at its higher amount and, together with the AMT tax brackets, is indexed for inflation after 2011. In addition, the treatment of nonrefundable personal credits (which also was continued through the end of 2011) is assumed to be extended.
- i. The combination of extending certain income tax provisions scheduled to expire on December 31, 2012, and indexing the AMT for inflation reduces revenues by more than the sum of those alternatives considered alone. The total shown here includes an additional revenue loss of \$799 billion over the 2013–2021 period that results from the interaction of the two policies.
- j. These estimates include the impact of extending about 80 expiring provisions. Many of those credits are set to expire at the end of 2011, and many have been extended previously, such as the research and experimentation tax credit. The additional first-year depreciation deduction of 50 percent for business equipment is set to expire at the end of 2012.