

CBO's Baseline Budget Projections

	Actual 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
In Billions of Dollars														
Revenues														
Individual income taxes	1,044	1,169	1,297	1,340	1,406	1,611	1,754	1,857	1,957	2,066	2,182	2,306	7,407	17,775
Corporate income taxes	354	376	384	374	356	368	390	366	382	392	403	415	1,871	3,829
Social insurance taxes	838	868	914	958	1,005	1,053	1,102	1,152	1,203	1,255	1,308	1,362	5,033	11,314
Other	172	164	176	183	184	193	231	244	256	268	281	295	967	2,310
Total	2,407	2,577	2,771	2,855	2,950	3,225	3,477	3,619	3,798	3,981	4,173	4,378	15,278	35,228
On-budget	1,799	1,944	2,101	2,152	2,211	2,451	2,667	2,773	2,915	3,059	3,212	3,376	11,582	26,917
Off-budget	608	633	669	703	739	774	810	847	884	922	961	1,001	3,696	8,310
Outlays														
Mandatory spending	1,413	1,457	1,553	1,639	1,729	1,846	1,883	2,022	2,145	2,280	2,465	2,598	8,650	20,160
Discretionary spending	1,016	1,042	1,120	1,165	1,195	1,223	1,239	1,271	1,300	1,330	1,366	1,392	5,942	12,601
Net interest	227	235	253	267	281	290	292	290	289	286	284	278	1,383	2,810
Total	2,655	2,735	2,925	3,071	3,205	3,359	3,415	3,583	3,733	3,896	4,115	4,268	15,974	35,571
On-budget	2,233	2,283	2,454	2,581	2,695	2,830	2,860	2,999	3,117	3,243	3,423	3,533	13,421	29,736
Off-budget	422	452	471	489	509	529	555	584	617	653	692	736	2,553	5,834
Deficit (-) or Surplus	-248	-158	-155	-215	-255	-134	62	36	65	85	58	109	-696	-343
On-budget	-434	-339	-353	-429	-484	-379	-193	-226	-202	-184	-211	-157	-1,839	-2,819
Off-budget	186	181	198	214	229	245	255	262	267	269	269	266	1,142	2,476
Debt Held by the Public	4,829	4,993	5,163	5,392	5,661	5,807	5,756	5,730	5,674	5,595	5,543	5,439	n.a.	n.a.
Memorandum:														
Gross Domestic Product	13,065	13,721	14,401	15,120	15,881	16,640	17,399	18,190	19,005	19,842	20,704	21,599	79,440	178,779
As a Percentage of Gross Domestic Product														
Revenues														
Individual income taxes	8.0	8.5	9.0	8.9	8.9	9.7	10.1	10.2	10.3	10.4	10.5	10.7	9.3	9.9
Corporate income taxes	2.7	2.7	2.7	2.5	2.2	2.2	2.2	2.0	2.0	2.0	1.9	1.9	2.4	2.1
Social insurance taxes	6.4	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Other	1.3	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.2	1.3
Total	18.4	18.8	19.2	18.9	18.6	19.4	20.0	19.9	20.0	20.1	20.2	20.3	19.2	19.7
On-budget	13.8	14.2	14.6	14.2	13.9	14.7	15.3	15.2	15.3	15.4	15.5	15.6	14.6	15.1
Off-budget	4.7	4.6	4.6	4.7	4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.6	4.7	4.6
Outlays														
Mandatory spending	10.8	10.6	10.8	10.8	10.9	11.1	10.8	11.1	11.3	11.5	11.9	12.0	10.9	11.3
Discretionary spending	7.8	7.6	7.8	7.7	7.5	7.4	7.1	7.0	6.8	6.7	6.6	6.4	7.5	7.0
Net interest	1.7	1.7	1.8	1.8	1.8	1.7	1.7	1.6	1.5	1.4	1.4	1.3	1.7	1.6
Total	20.3	19.9	20.3	20.3	20.2	20.2	19.6	19.7	19.6	19.6	19.9	19.8	20.1	19.9
On-budget	17.1	16.6	17.0	17.1	17.0	17.0	16.4	16.5	16.4	16.3	16.5	16.4	16.9	16.6
Off-budget	3.2	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.2	3.3
Deficit (-) or Surplus	-1.9	-1.2	-1.1	-1.4	-1.6	-0.8	0.4	0.2	0.3	0.4	0.3	0.5	-0.9	-0.2
On-budget	-3.3	-2.5	-2.5	-2.8	-3.0	-2.3	-1.1	-1.2	-1.1	-0.9	-1.0	-0.7	-2.3	-1.6
Off-budget	1.4	1.3	1.4	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.3	1.2	1.4	1.4
Debt Held by the Public	37.0	36.4	35.9	35.7	35.6	34.9	33.1	31.5	29.9	28.2	26.8	25.2	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,
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-	2008-
													2012	2017
Social Security	544	581	612	643	678	715	757	804	854	908	966	1,029	3,405	7,966
Medicare ^a	374	436	456	488	518	570	572	633	677	726	812	854	2,604	6,306
Medicaid	181	192	209	225	243	263	284	306	331	357	386	417	1,223	3,020
Income Support														
Supplemental Security Income	37	36	41	43	45	51	44	50	51	53	60	56	224	495
Earned income and child tax credits	52	54	56	56	57	57	39	40	40	40	40	40	265	466
Unemployment compensation	31	32	36	38	41	43	45	47	49	51	53	55	203	457
Food Stamps	35	35	37	37	38	38	39	41	42	43	44	46	189	405
Family support ^b	24	24	24	24	24	24	24	24	25	25	25	25	121	245
Child nutrition	14	14	15	16	16	17	18	18	19	20	21	22	81	181
Foster care	6	7	7	7	7	8	8	8	8	9	9	9	37	81
Subtotal	199	202	216	222	228	238	217	228	234	241	252	254	1,121	2,329
Other Retirement and Disability														
Federal civilian ^c	68	88	75	77	81	84	87	90	94	97	100	104	403	888
Military	41	44	46	48	49	50	52	53	54	55	57	58	244	522
Veterans ^d	36	36	40	41	42	46	42	46	47	49	54	52	210	458
Other	5	9	8	8	8	9	9	9	10	10	10	10	42	91
Subtotal	149	177	169	173	180	189	189	198	205	211	221	225	900	1,959

Continued

CBO's Baseline Projections of Mandatory Spending (Continued)

(Outlays, in billions of dollars)

	Actual												Total,	Total,
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-	2008-
													2012	2017
Other Programs														
Commodity Credit Corporation Fund	18	10	11	8	8	8	8	8	9	9	9	10	44	89
TRICARE For Life	7	8	8	9	9	10	10	11	12	13	14	15	46	111
Student loans	34	7	4	5	5	6	6	5	5	5	5	5	26	53
Universal Service Fund	7	7	8	8	9	9	9	9	9	9	10	10	43	91
SCHIP	5	6	5	5	6	6	6	6	5	5	5	5	27	54
Social services	5	5	5	5	5	5	5	5	5	5	5	5	25	52
Flood insurance	17	*	1	1	1	*	0	0	0	0	0	0	3	3
Other	13	22	29	28	27	25	25	25	25	24	25	32	135	266
Subtotal	106	66	72	70	70	68	69	69	71	71	74	83	349	718
Offsetting Receipts														
Medicare ^e	-49	-64	-67	-71	-76	-81	-86	-92	-98	-105	-114	-124	-381	-915
Employer's share of employee retirement	-47	-48	-51	-53	-55	-58	-60	-63	-66	-68	-71	-81	-277	-626
Other	-44	-84	-64	-58	-57	-58	-59	-61	-62	-60	-62	-58	-295	-598
Subtotal	-141	-196	-181	-182	-188	-196	-205	-216	-226	-234	-248	-263	-953	-2,139
Total Mandatory Spending	1,413	1,457	1,553	1,639	1,729	1,846	1,883	2,022	2,145	2,280	2,465	2,598	8,650	20,160
Memorandum:														
Mandatory Spending Excluding Offsetting Receipts	1,553	1,654	1,734	1,821	1,917	2,042	2,088	2,238	2,371	2,514	2,713	2,861	9,602	22,299
Medicare Spending Net of Offsetting Receipts	325	371	390	416	442	489	486	541	578	621	698	730	2,223	5,391

Source: Congressional Budget Office.

Notes: * = between zero and \$500 million.

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

SCHIP = State Children's Health Insurance Program.

- Excludes offsetting receipts (funds collected by government agencies from other government accounts or from the public in business-like 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.
- Includes veterans' compensation, pensions, and life insurance programs.
- Includes Medicare premiums and amounts paid by states from savings on Medicaid prescription drug costs.

CBO's Baseline Projections of Federal Interest Outlays and Debt

(Billions of dollars)

	Actual												Total, 2008-	Total, 2008-
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2012	2017
Net Interest Outlays														
Interest on Treasury Debt Securities (Gross interest) ^a	406	430	457	486	516	542	562	578	597	614	631	645	2,562	5,628
Interest Received by Trust Funds														
Social Security	-98	-108	-116	-125	-136	-149	-161	-175	-189	-203	-217	-232	-687	-1,703
Other trust funds ^b	-72	-73	-73	-75	-77	-79	-82	-84	-87	-89	-91	-92	-386	-828
Subtotal	-169	-181	-188	-201	-214	-228	-243	-258	-275	-292	-308	-324	-1,073	-2,531
Other Interest ^c	-7	-10	-14	-17	-20	-22	-25	-28	-31	-34	-38	-42	-98	-271
Other Investment Income ^d	-3	-5	-2	-2	-2	-2	-2	-2	-2	-1	-1	-1	-8	-15
Total (Net interest)	227	235	253	267	281	290	292	290	289	286	284	278	1,383	2,810
Federal Debt^e														
Debt Held by the Public	4,829	4,993	5,163	5,392	5,661	5,807	5,756	5,730	5,674	5,595	5,543	5,439	n.a.	n.a.
Debt Held by Government Accounts														
Social Security	1,994	2,180	2,381	2,597	2,828	3,072	3,328	3,590	3,856	4,126	4,394	4,660	n.a.	n.a.
Other government accounts ^b	1,628	1,725	1,820	1,916	2,012	2,102	2,218	2,326	2,439	2,557	2,659	2,771	n.a.	n.a.
Total	3,622	3,906	4,201	4,513	4,840	5,175	5,546	5,916	6,296	6,682	7,054	7,431	n.a.	n.a.
Gross Federal Debt	8,451	8,899	9,364	9,905	10,501	10,982	11,301	11,645	11,970	12,278	12,597	12,870	n.a.	n.a.
Debt Subject to Limit ^f	8,420	8,868	9,334	9,875	10,472	10,954	11,273	11,618	11,943	12,251	12,570	12,844	n.a.	n.a.
Memorandum:														
Debt Held by the Public as a Percentage of GDP	37.0	36.4	35.9	35.7	35.6	34.9	33.1	31.5	29.9	28.2	26.8	25.2	n.a.	n.a.

Source: Congressional Budget Office.

Note: 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 2007

(Billions of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
Total Deficit (-) or Surplus as Projected in March 2007	-177	-113	-134	-157	-35	155	139	163	186	163	217	-283	586
Changes to Revenue Projections													
Legislative	*	*	*	-4	-2	7	-4	1	1	1	1	*	*
Economic	20	29	32	42	50	56	63	70	76	79	85	209	582
Technical	15	22	14	11	10	9	9	9	8	9	8	66	109
Total Revenue Changes	35	51	46	49	58	72	69	80	85	89	93	275	691
Changes to Outlay Projections													
Legislative													
Mandatory outlays	*	3	*	*	*	*	*	*	*	*	*	4	5
Discretionary outlays													
Defense	26	67	90	100	105	106	109	111	114	117	118	468	1,037
Nondefense	2	10	13	16	18	19	19	20	20	21	21	76	176
Subtotal, discretionary	28	76	103	116	123	125	128	131	134	137	139	544	1,214
Net interest outlays (Debt service)	*	3	8	14	21	28	35	43	52	61	70	74	335
Subtotal, legislative	29	83	112	130	143	153	164	174	186	198	210	621	1,553
Economic													
Mandatory outlays													
Social Security	0	4	5	5	5	5	5	5	6	6	6	25	54
Unemployment compensation	-1	-1	-2	-2	-2	-2	-2	-2	-2	-3	-3	-9	-21
Medicare	0	1	1	1	1	1	2	2	2	2	2	5	14
Student loans	1	1	1	1	1	1	1	1	1	1	1	6	12
Other	-1	1	1	2	3	2	3	3	3	3	3	9	24
Subtotal, mandatory	*	6	6	8	9	8	9	9	9	10	10	37	83
Discretionary outlays	0	2	2	3	3	3	3	3	3	3	4	13	29
Net interest outlays													
Debt service	*	-1	-2	-3	-5	-7	-9	-12	-16	-19	-24	-19	-100
Rate effect/inflation	5	*	6	7	7	6	5	5	4	3	2	26	45
Subtotal, net interest	5	-1	4	3	2	-1	-4	-8	-12	-16	-21	7	-55
Subtotal, economic	4	6	12	14	13	11	8	4	*	-3	-8	56	57

Continued

Changes in CBO's Baseline Projections of the Deficit or Surplus Since March 2007 (Continued)

(Billions of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
Changes to Outlay Projections (Continued)													
Technical													
Mandatory outlays													
Medicare	6	5	5	4	4	4	5	5	5	5	6	21	47
Unemployment compensation	1	1	1	1	1	1	1	1	1	1	1	5	10
Other	-3	3	2	2	*	*	-1	*	*	*	*	7	7
Subtotal, mandatory	4	8	8	7	5	5	5	5	6	6	8	33	64
Discretionary outlays	-15	-4	-3	-2	-2	-1	-1	-1	-1	-1	-1	-13	-17
Net interest outlays													
Debt service	*	-2	-3	-3	-3	-4	-4	-5	-5	-5	-6	-15	-39
Other	-5	1	1	1	1	1	1	*	-1	-1	-2	6	3
Subtotal, net interest	-6	*	-1	-2	-2	-3	-4	-5	-6	-6	-8	-9	-36
Subtotal, technical	-17	3	3	3	1	1	1	*	*	-1	-1	11	10
Total Outlay Changes	16	92	127	147	157	165	172	178	186	194	201	688	1,619
Total Impact on the Deficit or Surplus^a	19	-41	-82	-98	-99	-93	-103	-98	-101	-105	-108	-413	-928
Total Deficit (-) or Surplus as Projected in August 2007	-158	-155	-215	-255	-134	62	36	65	85	58	109	-696	-343
Memorandum:													
Total Legislative Changes ^a	-29	-83	-112	-134	-146	-146	-168	-173	-185	-197	-209	-621	-1,553
Total Economic Changes ^a	16	23	20	28	37	46	56	66	76	83	93	152	525
Total Technical Changes ^a	32	19	11	8	10	8	9	9	8	10	9	55	99

Source: Congressional Budget Office.

Note: * = between -\$500 million and \$500 million.

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
Policy Alternatives That Affect Discretionary Spending													
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 2010 ^a													
Effect on the deficit or surplus ^b	0	-3	10	65	106	130	139	146	151	156	158	308	1,057
Debt service	0	*	*	2	6	12	19	27	36	45	55	20	203
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 ^c													
Effect on the deficit or surplus ^b	0	-3	-1	18	39	55	83	104	113	119	121	108	647
Debt service	0	*	*	*	2	4	8	13	18	25	32	6	101
Increase Regular Discretionary Appropriations at the Rate of Growth of Nominal GDP ^d													
Effect on the deficit or surplus ^b	0	-12	-33	-59	-87	-114	-142	-172	-202	-233	-265	-305	-1,319
Debt service	0	*	-1	-4	-7	-13	-20	-28	-39	-51	-66	-26	-230
Freeze Total Discretionary Appropriations at the Level Provided for 2007													
Effect on the deficit or surplus ^b	0	20	43	68	95	121	150	178	208	240	270	346	1,392
Debt service	0	*	2	5	9	15	22	31	42	55	70	31	252
Policy Alternatives That Affect the Tax Code													
Extend EGTRRA and JGTRRA ^e													
Effect on the deficit or surplus ^b	0	-2	-2	-6	-151	-249	-274	-283	-293	-303	-316	-410	-1,879
Debt service	0	*	*	*	-4	-14	-28	-43	-59	-76	-95	-19	-319
Extend Other Expiring Tax Provisions													
Effect on the deficit or surplus ^b	0	-13	-20	-28	-36	-43	-48	-52	-57	-61	-66	-140	-424
Debt service	0	*	-1	-2	-4	-6	-9	-12	-15	-18	-22	-14	-90
Index the AMT for Inflation ^f													
Effect on the deficit or surplus ^b	0	-69	-60	-70	-60	-38	-46	-54	-63	-74	-87	-298	-621
Debt service	0	-2	-5	-8	-12	-15	-18	-21	-25	-29	-35	-42	-170

Continued

The Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline (Continued)

(Billions of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
Memorandum:													
Interactive Effect of Extending EGTRRA and JGTRRA and of Indexing the AMT													
Effect on the deficit or surplus ^b	0	0	0	0	-22	-57	-63	-69	-76	-82	-88	-78	-456
Debt service	0	0	0	0	-1	-2	-6	-9	-13	-18	-23	-3	-71
Total Discretionary Outlays in CBO's Baseline	1,042	1,120	1,165	1,195	1,223	1,239	1,271	1,300	1,330	1,366	1,392	5,942	12,601
Total Outlays in CBO's Baseline for Military Operations in Iraq and Afghanistan and for Other Activities Related to the War on Terrorism	121	146	165	174	181	183	188	191	195	200	203	849	1,825
Total Deficit (-) or Surplus in CBO's Baseline	-158	-155	-215	-255	-134	62	36	65	85	58	109	-696	-343

Sources: Congressional Budget Office; Joint Committee on Taxation.

Notes: * = between -\$500 million and \$500 million.

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.

AMT = alternative minimum tax; EGTRRA = Economic Growth and Tax Relief Reconciliation Act of 2001; GDP = gross domestic product; JGTRRA = Jobs and Growth Tax Relief Reconciliation Act of 2003.

- a. This alternative does not extrapolate to future years the \$170 billion in funding provided for 2007 for military operations in Iraq and Afghanistan and for other activities related to the war on terrorism. Under this scenario, funding for those activities would total \$178 billion in 2008, \$119 billion in 2009, \$61 billion in 2010, and about \$45 billion in 2011 and each year thereafter (for a total of \$669 billion over the 2008–2017 period).
- b. Excluding debt service.
- c. This alternative does not extrapolate to future years the \$170 billion in funding provided for 2007 for military operations in Iraq and Afghanistan and for other activities related to the war on terrorism. Under this scenario, funding for those activities would total \$178 billion in 2008, \$156 billion in 2009, \$143 billion in 2010, \$127 billion in 2011, \$102 billion in 2012, and about \$80 billion in 2013 and each year thereafter (for a total of \$1.1 trillion over the 2008–2017 period).
- d. Under this alternative, appropriations for operations in Iraq and Afghanistan and other activities related to the war on terrorism (as well as other emergency appropriations) are extrapolated to future years 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 that expired at the end of 2006. The effects of that alternative are shown below.
- f. This alternative incorporates the assumption that the exemption amount for the AMT (which was increased through 2006 in the Tax Increase Prevention and Reconciliation Act of 2005, or TIPRA) is extended at its higher level and, together with the AMT tax brackets, is indexed for inflation after 2006. In addition, the treatment of personal credits against the AMT (which was extended through the end of 2006 in TIPRA) is assumed to be extended. 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 2011–2017 period greater than the sum of the two separate estimates (see the memorandum).