A CBO REPORT

The Cyclically Adjusted and Standardized Budget Measures

February 2005

The Congress of the United States ■ Congressional Budget Office

Notes

Numbers in the text and tables of this report may not add up to totals because of rounding.

Unless otherwise specified, all of the years referred to are federal fiscal years.

Spreadsheets showing historical values for the variables of the cyclically adjusted and standardized budgets are available from within the electronic version of this document at www.cbo.gov.

Preface

This report offers alternative measures of the budget that adjust for cyclical and other factors. It is one of a series of reports that the Congressional Budget Office (CBO) issues each year to fulfill the requirement of section 202(e) of the Congressional Budget Act of 1974 for CBO to submit to the Committees on the Budget periodic reports about fiscal policy and to provide baseline projections of the federal budget. Most recently, in response to that requirement, CBO issued *The Budget and Economic Outlook: Fiscal Years 2006 to 2015* (January 2005).

Frank Russek wrote this report, with assistance from Adam Gordon, under the supervision of Robert Dennis. Loretta Lettner edited the report, John Skeen proofread it, and Christian Spoor prepared it for publication. Annette Kalicki and Simone Thomas produced the electronic version for CBO's Web site (www.cbo.gov). Additional data in spreadsheet form are available from within that version.

Douglas Holtz-Eakin
Director

February 2005

CONTENTS

Tables

Figure

The Cyclically Adjusted and Standardized Budget Measures

Summary

In January 2005, the Congressional Budget Office (CBO) released its baseline projections of federal revenues, outlays, surpluses, and deficits for the next 10 years.[1] According to CBO's current projections, if the policies assumed in its January baseline were to continue, the total budget deficit would decline from $412 billion in 2004 to $368 billion in 2005 and $295 billion in 2006.[2]

The size of the budget surplus or deficit reflects temporary factors, such as the effects of the business cycle or of onetime shifts in the timing of federal tax receipts and spending, and the longer-lasting impact of factors such as tax and spending legislation, changes in the trend growth rate of the economy, and movements in the distribution and proportion of income subject to taxation. To help separate out those factors, this report presents estimates of two adjusted budget measures: the cyclically adjusted surplus or deficit (which attempts to filter out the effects of the business cycle) and the standardized-budget surplus or deficit (which removes other factors in addition to the effects of the business cycle).

The cyclically adjusted budget deficit—the total budget deficit minus the effects of the business cycle—is projected to decline from 3.0 percent of potential gross domestic product (GDP) in 2004 to 2.7 percent in 2005 and 2.1 percent in 2006.[3] The standardized deficit, by contrast, shows less year-to-year change in the forecast, moving from 2.6 percent in 2004 to 2.5 percent in 2005 and 2.1 percent in 2006 (see Table 1). CBO's projections of the cyclically adjusted and standardized budgets extend only through 2006 because the economic forecast on which they are based does not attempt to reflect cyclical movements beyond that point. Consequently, projections of the cyclically adjusted budget surplus or deficit beyond 2006 would be very similar to CBO's baseline projections of the total budget surplus or deficit.

CBO estimates that the effects of the business cycle account for roughly 15 percent of the total budget deficit in 2004. Given CBO's baseline projections for the economy and the budget, those effects decline to 11 percent in 2005 and 9 percent in 2006. Those estimates of effects of the business cycle on the deficit show a steady decline from the recent highs of 50 percent in 2002 and 27 percent in 2003. The additional adjustments that underlie the standardized-budget surplus or deficit also become smaller over the next two years. Those adjustments (for timing shifts and other factors) amount to 12 percent of the total deficit in 2004, 5 percent in 2005, and 1 percent in 2006.

Why Adjust Measures of the Total Budget Surplus or Deficit?

Despite some limitations, both conceptual and empirical, budget measures that filter out cyclical and other temporary factors are useful in a number of ways. For example, some analysts use those measures to discern underlying trends in government saving. Others use them to determine in a rough way whether the budget is providing a positive or negative influence on the growth of real (inflation-adjusted) aggregate demand in the short run. More generally, those measures provide estimates of the extent to which changes in the budget are caused by

1. See Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2006 to 2015* (January 2005), Table 1-1.

2. The total budget includes the transactions of the Social Security trust funds and the Postal Service.

3. Because of rules governing baseline estimates, CBO's baseline did not reflect any 2005 supplemental funding for operations in Iraq and Afghanistan because that funding had not yet been appropriated. See Chapter 3 in *The Budget and Economic Outlook: Fiscal Years 2006 to 2015.*

Table 1.

Measures of the Federal Budget Surplus or Deficit, 2001 to 2006

	Actual				Projected	
	2001	2002	2003	2004	2005	2006
	In Billions of Dollars					
Total Budget Surplus or Deficit	128	-158	-378	-412	-368	-295
Minus: Cyclical Contribution	6	-79	-103	-60	-39	-26
Equals: Cyclically Adjusted Surplus or Deficit	123	-79	-274	-352	-329	-269
Plus: Other Adjustments[a]	-7	-38	-10	50	19	-2
Equals: Standardized-Budget Surplus or Deficit	115	-117	-284	-302	-310	-271
	As a Percentage of Potential GDP					
Total Budget Surplus or Deficit	1.3	-1.5	-3.4	-3.5	-3.0	-2.3
Minus: Cyclical Contribution	0.1	-0.7	-0.9	-0.5	-0.3	-0.2
Equals: Cyclically Adjusted Surplus or Deficit	1.2	-0.7	-2.5	-3.0	-2.7	-2.1
Plus: Other Adjustments[a]	-0.1	-0.4	-0.1	0.4	0.2	*
Equals: Standardized-Budget Surplus or Deficit	1.1	-1.1	-2.5	-2.6	-2.5	-2.1

Sources: Congressional Budget Office; Office of Management and Budget.

Notes: * = between -0.05 percent and zero.

The 2003 and 2004 numbers for "Other Adjustments" and "Standardized-Budget Surplus or Deficit" were revised after the publication of Appendix F in CBO's *The Budget and Economic Outlook: Fiscal Years 2006 to 2015* (January 2005).

a. Other adjustments include those made to account for unusually large discrepancies between tax payments and liabilities, swings in collections of taxes on capital gains, changes in the inflation component of the government's net interest payments, temporary legislative changes in the timing of revenues and outlays, receipts from the government's sale of assets and from auctions of licenses for the use of the spectrum, and federal outlays for deposit insurance.

movements of the business cycle and thus are likely to prove temporary.

Drops in revenues and increases in outlays occur automatically during a cyclical downturn and then reverse themselves during a cyclical upturn. The cyclically adjusted surplus or deficit is calculated to show the underlying outcome of the federal budget when those automatic movements are removed. (The cyclical contribution—the difference between the total budget surplus or deficit and the cyclically adjusted surplus or deficit—is sometimes used as a measure of the so-called automatic stabilizers, which mitigate the decline of real income in recessions and dampen its growth in booms.)[4]

4. Those stabilizers are the automatic decline in tax liabilities and increase in transfers to individuals (such as unemployment insurance benefits) that occur during economic downturns.

Policy actions by the Congress and the President, such as tax or spending legislation, create changes in the total budget surplus or deficit that are distinct from the automatic cyclical movements. The cyclically adjusted surplus or deficit includes the effects of those legislated changes.

The cyclically adjusted surplus or deficit also reflects other factors, not directly connected with changes in policy, that alter revenues or spending. For example, it includes changes in receipts from capital gains taxes, which may be caused by movements in the stock market. Changes in capital gains tax receipts are not treated as cyclical and therefore are not removed from the cyclically adjusted budget measure because the link between those receipts and the business cycle is tenuous. Similarly, the measure does not adjust for certain explicit budgetary decisions that can produce temporary changes—sometimes of only a few days' duration—in the timing of tax receipts or government spending. Such actions can be viewed more as accounting decisions than as changes in policy.

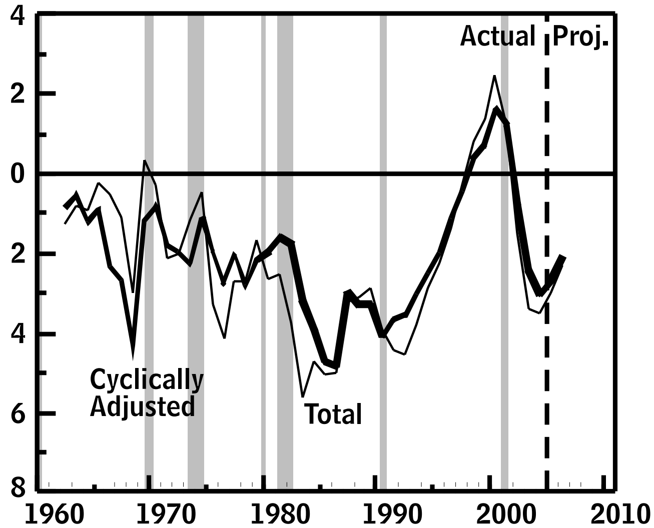
CBO calculates a different measure, the standardized-budget surplus or deficit, that attempts to remove those factors as well as the effects of the business cycle. As a result, the standardized-budget surplus or deficit is the more speculative of the two measures presented here.

Federal taxes and spending can affect the economy in many ways beyond the short term and thus may alter the prospects for economic growth in the long run, particularly by changing incentives to work, save, invest, and improve the allocation of resources. (Frequently—as was the case with the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001, or EGTRRA, and the Jobs and Growth Tax Relief Reconciliation Act of 2003, or JGTRRA—both short- and long-term effects are intended.) Summary budget measures such as the cyclically adjusted and standardized-budget surplus or deficit are generally of limited use in identifying the economic effects of changes in incentives. Instead, CBO's estimates of those impacts are incorporated in its economic forecasts.[5]

Figure 1.

The Cyclically Adjusted and Total Budget Surpluses or Deficits

(Percentage of potential GDP)



Source: Congressional Budget Office.

Notes: The shaded vertical bars indicate periods of recession. A recession extends from the peak of a business cycle to its trough.

The data points for 2005 and 2006 are projected.

The Cyclically Adjusted Surplus or Deficit

Calculations of cyclically adjusted budget measures attempt to remove the effects of the business cycle on revenues and outlays (that is, the cyclical part of the budget). For example, cyclically adjusted revenues exclude the revenue losses that automatically occur during recessions. Likewise, cyclically adjusted outlays exclude the additional spending that automatically follows a rise in unemployment. The difference between those two measures is the cyclically adjusted surplus or deficit.

CBO's estimates of the cyclical component of revenues and outlays depend on the gap between actual GDP and potential GDP (the level of real output that corresponds to a high level of resource—labor and capital—use). CBO's estimates of potential GDP, and the calculations that lie behind them, can be found at www.cbo.gov. Those estimates of the cyclical component, however, may not capture all of the movement in revenues and outlays that some analysts might view as cyclical. Different estimates of potential GDP would produce different estimates of the size of the cyclically adjusted surplus or deficit.[6]

CBO estimates that the cyclically adjusted deficit will decline from 3.0 percent of potential GDP in 2004 to 2.7 percent in 2005 and 2.1 percent in 2006. Thus, the overall change between 2004 and 2006 is a decrease of 0.9 percent (see Figure 1). As a percentage of potential GDP, the cyclically adjusted deficit in 2006 is the smallest since 2002.

5. For a description of the long-term macroeconomic effects of EGTRRA, JGTRRA, and the Job Creation and Worker Assistance Act of 2002, see Congressional Budget Office, *The Budget and Economic Outlook: An Update* (August 2003), Box 2-3.

6. For a discussion of the relationship between the cyclically adjusted budget and potential GDP, see Congressional Budget Office, *The Budget Adjusted for Effects of the Business Cycle* (July 30, 1999). See also Congressional Budget Office, *A Summary of Alternative Methods for Estimating Potential GDP* (March 2004).

The effect of the business cycle on the budget surplus or deficit is measured by the cyclical contribution——the difference between the total budget surplus or deficit and the cyclically adjusted surplus or deficit. In 2001, the cyclical contribution amounted to a negligible surplus of 0.1 percent of potential GDP, which indicated that the economy was temporarily augmenting the total budget surplus by a small amount. Since then, however, that cyclical contribution has been negative, by as much as 0.9 percent of potential GDP in 2003, which means that the weak economy has been adding to the total budget deficit. As the economy is projected to improve further and narrow the gap between actual and potential GDP, the cyclical deficit is projected to decline to 0.2 percent of potential GDP by 2006.

In its annual reports on the budget and the economy, CBO presents estimates (or "rules of thumb") of how the budget would respond to changes in certain economic assumptions.[7] The estimate of the cyclical contribution presented here differs from what would be obtained from using those rules of thumb. The rule-of-thumb estimates attempt to capture the budgetary effects of sustained changes in the rate of growth of GDP and other economic variables, whereas the estimates presented in this report are meant to filter out temporary cyclical fluctuations.

The Standardized-Budget Surplus or Deficit

CBO routinely publishes another adjusted budget measure, the standardized-budget surplus or deficit. That measure excludes the effects not only of cyclical fluctuations but also of factors that are short-lived and unlikely to significantly affect real income in the short term.[8] Those factors include unusually large discrepancies between tax payments and liabilities, swings in collections of capital gains taxes, changes in the inflation component of the government's net interest payments, temporary legislative changes in the timing of revenues and outlays, receipts from the government's sale of assets and from auctions of licenses for the use of the spectrum, and federal outlays for deposit insurance.

7. See Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2006 to 2015*, Appendix A.

8. See Congressional Budget Office, *The Standardized Budget: Revised Historical Estimates* (June 2000).

A substantial discrepancy between tax payments and liabilities emerged most recently in 2003 when taxpayers did not reduce their estimated and withheld tax payments to correspond with the reductions in their tax liabilities. The discrepancy arose because JGTRRA's reductions in tax rates for all of calendar year 2003 were reflected in lower withholding rates for only about half of the calendar year, implying additional refunds or reductions in final settlements of roughly $20 billion in the spring of 2004. Because those overpayments in fiscal year 2003 (and correspondingly higher refunds in 2004) were temporary, they should have had little impact on people's perception of their income. For that reason, in calculating the standardized budget, CBO treated those overpayments (and similar discrepancies between tax payments and liabilities that occurred in the past) as if they affected only the timing of tax payments and not perceived real income. That adjustment removed the temporary overpayments from revenue totals for 2003 and reduced refunds in 2004 by the same amount.

CBO removes capital gains tax receipts from the standardized budget for two reasons. First, removing those tax receipts avoids the misleading effects that can arise, for example, when a cut in the tax rate on capital gains temporarily encourages the realization of taxable gains by enough to increase revenues. If capital gains taxes were included, that rise in revenues would cause the standardized-budget measure to indicate—incorrectly—that a tax cut could reduce the growth of real income in the short term. Second, although capital gains tax receipts move up and down over the business cycle, those movements are not regular enough to be captured by the cyclical adjustments to revenues.

CBO also removes changes in the inflation component of net interest from its calculation of the standardized budget. That component reflects the effect of inflation on the value of outstanding federal debt and does not add to or subtract from real income.

Legislation sometimes temporarily shifts the timing of receipts or outlays (usually from the end of one fiscal year to the beginning of the next). CBO excludes those small timing shifts from the standardized budget because they are unlikely to significantly alter people's perception of their real income. In addition, CBO excludes receipts from the government's sale of assets and from auctions of licenses to use the electromagnetic spectrum. Those transactions are voluntary exchanges of existing assets that have little or no effect on private net worth or real income growth. Finally, CBO removes outlays for deposit insurance because the impact of those outlays on real income occurred in earlier years (when various thrift institutions failed).[9]

The standardized-budget deficit is projected to change less than the cyclically adjusted budget deficit in both 2005 and 2006. It moves from 2.6 percent of potential GDP in 2004 to 2.5 percent in 2005 and then declines to 2.1 percent in 2006. The difference between the two measures reflects the adjustments to the standardized deficit for factors other than the business cycle. During the 2004-2006 period, the adjustments for those factors change from 0.4 percent of potential GDP to essentially zero, primarily because the adjustments for net refunds in 2004 that resulted from overpayments in 2003 were relatively large, as well as because the inflation component of interest payments declined some in both 2005 and 2006. (Details of the calculations for the standardized budget are provided in the appendix.)

9. The short-term impact of deposit insurance is discussed in Congressional Budget Office, *The Economic and Budget Outlook: An Update* (August 1991).

APPENDIX

Details of CBO's Projections of the Standardized-Budget Surplus or Deficit

The standardized-budget deficit registered a small increase of $34 billion, or 0.1 percent of potential gross domestic product (GDP), in 2004, following large increases in both 2002 and 2003 (see Tables A-1 and A-2). Standardized revenues were unchanged as a percentage of potential GDP in 2004. The standardized measure of discretionary spending rose slightly, while standardized mandatory spending did not change relative to potential GDP, and the inflation component of interest payments declined slightly.

Under the assumptions for the Congressional Budget Office's baseline projections, the standardized-budget deficit will reverse its course and decline by 0.5 percent of potential GDP between 2004 and 2006, with most of that change occurring next year. In 2005, a small increase in standardized interest payments (relative to potential GDP) is offset by a slight rise in standardized revenues and a slight decline in standardized discretionary spending. In 2006, the standardized deficit declines by 0.4 percent of potential GDP. Standardized revenues rise by 0.3 percent of potential GDP, while standardized discretionary spending falls by 0.5 percent of potential GDP. Those changes are only partly offset by increases in standardized mandatory spending and interest payments.

The movement of the standardized budget is smaller than that of the cyclically adjusted budget in both 2005 and 2006. The discrepancy results from several adjustments to the standardized budget (see Table A-3). On the revenue side, standardized revenues rise less (relative to potential GDP) than cyclically adjusted revenues in 2005 because of the adjustments for capital gains, timing, and other factors (see Table A-3). Capital gains are projected to rise slightly relative to potential GDP, and removing them from the standardized budget reduces the rise in standardized revenues. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) delayed some corporate tax payments from 2004 to 2005, and adjusting for that timing action transfers some standardized revenues from 2005 into 2004. The other factor is an adjustment to standardized revenues for large net individual tax refunds in 2004 that resulted from overpayments in 2003 because of a midyear enactment of the full-year tax cuts in EGTRRA. In total, such adjustments to standardized revenues do not change in size (relative to potential GDP) between 2005 and 2006.

On the outlay side, the discrepancies between the annual changes in the cyclically adjusted and standard measures (relative to potential GDP) are small and mainly reflect an adjustment for temporary timing-related increases in mandatory spending in 2005, as well as for a downward movement in the inflation component of interest payments in both 2005 and 2006.

Table A-1.

Details of the Standardized-Budget Surplus or Deficit, 2001 to 2006

(Billions of dollars)

	Actual				Projected	
	2001	2002	2003	2004	2005	2006
Revenues						
Budget	1,991	1,853	1,782	1,880	2,057	2,212
Minus: Cyclical contribution	1	-68	-95	-59	-40	-27
Equals: Cyclically adjusted	1,990	1,921	1,878	1,939	2,098	2,239
Plus: Other adjustments	-76	-82	-65	-29	-60	-60
Equals: Standardized	1,913	1,839	1,812	1,910	2,037	2,179
Mandatory Spending Less Offsetting Receipts						
Budget	1,008	1,106	1,182	1,238	1,317	1,380
Minus: Cyclical contribution	-4	11	8	1	-1	-1
Equals: Cyclically adjusted	1,012	1,094	1,174	1,237	1,318	1,381
Plus: Other adjustments	11	9	6	7	-2	12
Equals: Standardized	1,022	1,104	1,180	1,244	1,317	1,393
Discretionary Spending						
Budget	649	734	825	894	930	914
Plus: Timing adjustment	3	0	0	0	-3	*
Equals: Standardized	652	734	825	894	927	914
Interest Payments						
Budget	206	171	153	160	178	213
Plus: Inflation adjustment	-83	-52	-62	-86	-75	-70
Equals: Standardized	123	118	91	75	103	143
Total Surplus or Deficit						
Budget	128	-158	-378	-412	-368	-295
Minus: Cyclical contribution	6	-79	-103	-60	-39	-26
Equals: Cyclically adjusted	123	-79	-274	-352	-329	-269
Plus: Other adjustments[a]	-7	-38	-10	50	19	-2
Equals: Standardized	115	-117	-284	-302	-310	-271

Sources: Congressional Budget Office; Department of the Treasury; Office of Management and Budget.

Notes: * = between zero and $500 million.

The 2003 and 2004 numbers for "Other Adjustments" to revenues and to the total surplus or deficit were revised after the publication of Appendix F in CBO's *The Budget and Economic Outlook: Fiscal Years 2006 to 2015* (January 2005).

The cyclical contribution to revenues is negative when actual GDP is less than potential GDP. The cyclical contribution to mandatory spending is positive when the unemployment rate is higher than the nonaccelerating inflation rate of unemployment. The cyclical contribution to the budget surplus or deficit equals the cyclical contribution to revenues minus the cyclical contribution to mandatory spending. (No cyclical adjustment is estimated for discretionary spending or interest payments.)

a. "Other adjustments" to the total surplus or deficit comprise "Other adjustments" to revenues minus the sum of "Other adjustments" to mandatory spending, the "Timing adjustment" to discretionary spending, and the "Inflation adjustment" to interest payments.

Table A-2.

Details of the Standardized-Budget Surplus or Deficit, 2001 to 2006

(Percentage of potential GDP)

	Actual				Projected	
	2001	2002	2003	2004	2005	2006
Revenues						
Budget	19.8	17.4	15.9	16.0	16.6	17.0
Minus: Cyclical contribution	*	-0.6	-0.9	-0.5	-0.3	-0.2
Equals: Cyclically adjusted	19.7	18.1	16.8	16.5	17.0	17.3
Plus: Other adjustments	-0.8	-0.8	-0.6	-0.2	-0.5	-0.5
Equals: Standardized	19.0	17.3	16.2	16.2	16.5	16.8
Mandatory Spending Less Offsetting Receipts						
Budget	10.0	10.4	10.6	10.5	10.6	10.6
Minus: Cyclical contribution	*	0.1	0.1	*	*	*
Equals: Cyclically adjusted	10.0	10.3	10.5	10.5	10.7	10.6
Plus: Other adjustments	0.1	0.1	0.1	0.1	*	0.1
Equals: Standardized	10.1	10.4	10.6	10.6	10.6	10.7
Discretionary Spending						
Budget	6.4	6.9	7.4	7.6	7.5	7.0
Plus: Timing adjustment	*	0	0	0	*	*
Equals: Standardized	6.5	6.9	7.4	7.6	7.5	7.0
Interest Payments						
Budget	2.0	1.6	1.4	1.4	1.4	1.6
Plus: Inflation adjustment	-0.8	-0.5	-0.6	-0.7	-0.6	-0.5
Equals: Standardized	1.2	1.1	0.8	0.6	0.8	1.1
Total Surplus or Deficit						
Budget	1.3	-1.5	-3.4	-3.5	-3.0	-2.3
Minus: Cyclical contribution	0.1	-0.7	-0.9	-0.5	-0.3	-0.2
Equals: Cyclically adjusted	1.2	-0.7	-2.5	-3.0	-2.7	-2.1
Plus: Other adjustments[a]	-0.1	-0.4	-0.1	0.4	0.2	*
Equals: Standardized	1.1	-1.1	-2.5	-2.6	-2.5	-2.1

Sources: Congressional Budget Office; Department of the Treasury; Office of Management and Budget.

Notes: * = between -0.05 percent and 0.05 percent.

The 2003 and 2004 numbers for "Other Adjustments" to revenues and to the total surplus or deficit were revised after the publication of Appendix F in CBO's *The Budget and Economic Outlook: Fiscal Years 2006 to 2015* (January 2005).

The cyclical contribution to revenues is negative when actual GDP is less than potential GDP. The cyclical contribution to mandatory spending is positive when the unemployment rate is higher than the nonaccelerating inflation rate of unemployment. The cyclical contribution to the budget surplus or deficit equals the cyclical contribution to revenues minus the cyclical contribution to mandatory spending. (No cyclical adjustment is estimated for discretionary spending or interest payments.)

a. "Other adjustments" to the total surplus or deficit comprise "Other adjustments" to revenues minus the sum of "Other adjustments" to mandatory spending, the "Timing adjustment" to discretionary spending, and the "Inflation adjustment" to interest payments.

Table A-3.

Details of the "Other Adjustments" to the Standardized-Budget Surplus or Deficit, 2001 to 2006

	Actual				Projected	
	2001	2002	2003	2004	2005	2006
			In Billions of Dollars			
Revenues						
Capital gains	-100	-58	-51	-48	-56	-60
Timing adjustment	-23	23	-6	1	5	0
Other	0	0	-20	20	0	0
Mandatory Spending						
Deposit insurance	-1	-1	-1	-2	-1	-2
Asset sales	-7	-5	-5	-5	-6	-7
Spectrum auctions	-1	*	0	0	0	0
Timing adjustment	-1	-3	0	0	9	-3
Discretionary Spending						
Timing adjustment	-3	0	0	0	3	*
Interest Payments						
Inflation adjustment	83	52	62	86	75	70
Total	**-7**	**-38**	**-10**	**50**	**19**	**-2**
			As a Percentage of Potential GDP			
Revenues						
Capital gains	-1.0	-0.5	-0.5	-0.4	-0.5	-0.5
Timing adjustment	-0.2	0.2	**	**	**	0
Other	0	0	-0.2	0.2	0	0
Mandatory Spending						
Deposit insurance	**	**	**	**	**	**
Asset sales	-0.1	**	**	**	-0.1	-0.1
Spectrum auctions	**	**	0	0	0	0
Timing adjustment	**	**	0	0	0.1	**
Discretionary Spending						
Timing adjustment	**	0	0	0	**	**
Interest Payments						
Inflation adjustment	0.8	0.5	0.6	0.7	0.6	0.5
Total	**-0.1**	**-0.4**	**-0.1**	**0.4**	**0.1**	**

Sources: Congressional Budget Office; Department of the Treasury; Office of Management and Budget.

Notes: * = between -$500 million and $500 million; ** = between -0.05 percent and 0.05 percent.

The 2003 and 2004 numbers for "Other" and "Total" were revised after the publication of Appendix F in CBO's *The Budget and Economic Outlook: Fiscal Years 2006 to 2015* (January 2005).

The adjustments to spending in this table have the opposite sign from the corresponding adjustments in Tables A-1 and A-2 because the adjustments in this table sum to show the total effect on the surplus or deficit.