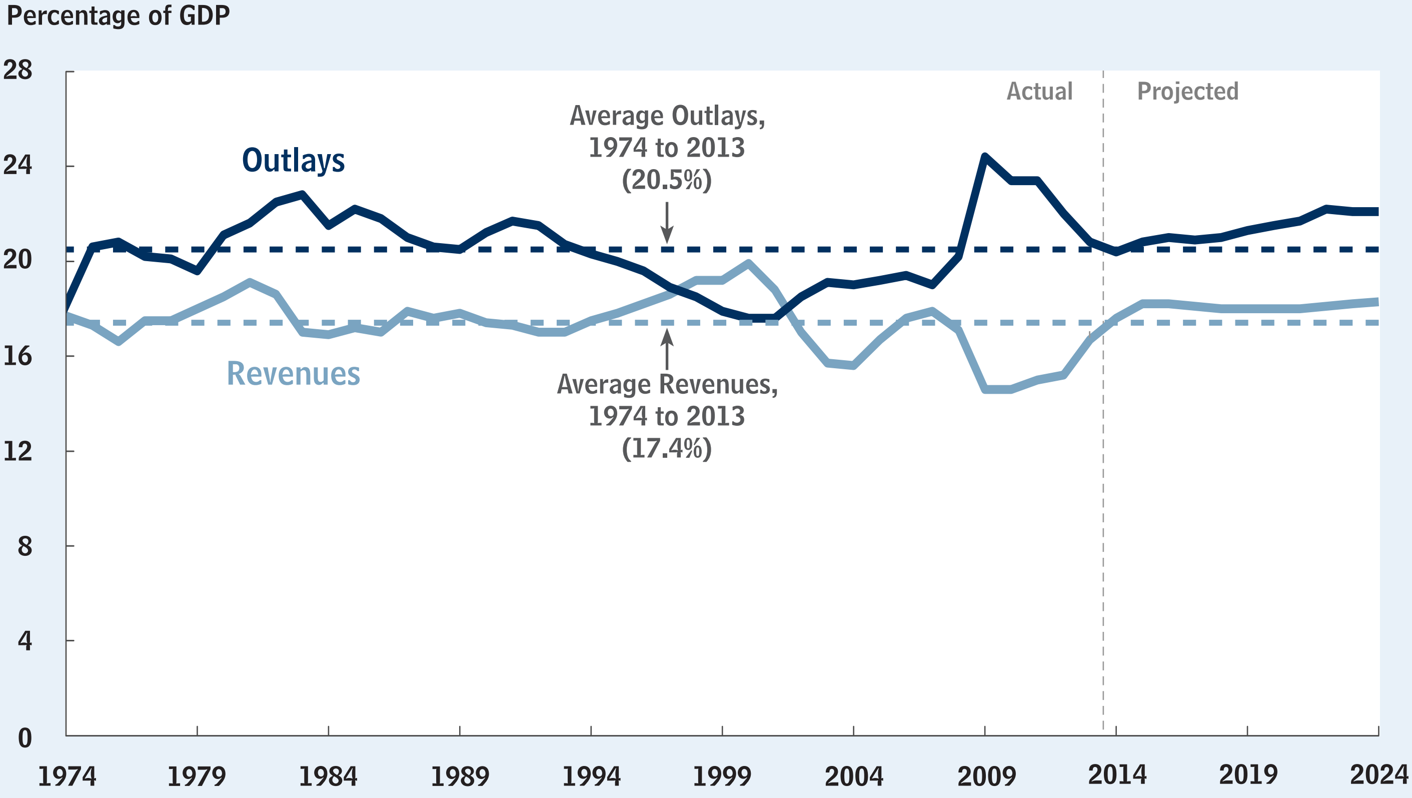
CONGRESS OF THE UNITED STATES
CONGRESSIONAL BUDGET OFFICE

CBO

Updated Budget Projections: 2014 to 2024



APRIL 2014

Notes

Unless otherwise indicated, years referred to in this report are federal fiscal years (which run from October 1 to September 30).

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

Supplemental data for this analysis are available on CBO's website (www.cbo.gov/publication/45229), as is a glossary of common budgetary and economic terms (www.cbo.gov/publication/42904).

Pub. No. 4928

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Updated Budget Projections: 2014 to 2024

Summary

As it usually does each spring, the Congressional Budget Office (CBO) has updated the baseline budget projections that it released earlier in the year.[1] CBO now estimates that if the current laws that govern federal taxes and spending do not change, the budget deficit in fiscal year 2014 will be $492 billion. Relative to the size of the economy, that deficit—at 2.8 percent of gross domestic product (GDP)—will be nearly a third less than the $680 billion shortfall in fiscal year 2013, which was equal to 4.1 percent of GDP. This will be the fifth consecutive year in which the deficit has declined as a share of GDP since peaking at 9.8 percent in 2009 (see Figure 1).

But if current laws do not change, the period of shrinking deficits will soon come to an end. Between 2015 and 2024, annual budget shortfalls are projected to rise substantially—from a low of $469 billion in 2015 to about $1 trillion from 2022 through 2024—mainly because of the aging population, rising health care costs, an expansion of federal subsidies for health insurance, and growing interest payments on federal debt. CBO expects that cumulative deficits during that decade will equal $7.6 trillion if current laws remain unchanged (see Table 1). As a share of GDP, deficits are projected to rise from 2.6 percent in 2015 to about 4 percent near the end of the 10-year period. By comparison, the deficit averaged 3.1 percent of GDP over the past 40 years and 2.3 percent in the 40 years before fiscal year 2008, when the most recent recession began. From 2015 through 2024, both revenues and outlays are projected to be greater than their 40-year averages as a percentage of GDP (see Figure 2 on page 4).

In CBO's baseline projections, federal debt held by the public reaches 78 percent of GDP by 2024, up from 72 percent at the end of 2013 and twice the 39 percent average of the past four decades (see Figure 3 on page 5). As recently as the end of 2007, federal debt equaled just 35 percent of GDP.

Such high and rising debt would have serious negative consequences. Federal spending on interest payments would increase considerably when interest rates rose to more typical levels. Moreover, because federal borrowing would eventually raise the cost of investment by businesses and other entities, the capital stock would be smaller, and productivity and wages lower, than if federal borrowing was more limited. In addition, high debt means that lawmakers would have less flexibility than they otherwise would to use tax and spending policies to respond to unexpected challenges. Finally, high debt increases the risk of a fiscal crisis in which investors would lose so much confidence in the government's ability to manage its budget that the government would be unable to borrow at affordable rates.

CBO's estimate of the deficit for this year is $23 billion less than its February estimate, mostly because the agency now anticipates lower outlays for discretionary programs and net interest payments. The projected cumulative deficit from 2015 through 2024 is $286 billion less than it was in February: Though projected revenues are slightly below the amounts that were previously reported, projected outlays have dropped by more, largely because of lower subsidies for health insurance under the Affordable Care Act (ACA).[2] CBO also projects slightly lower

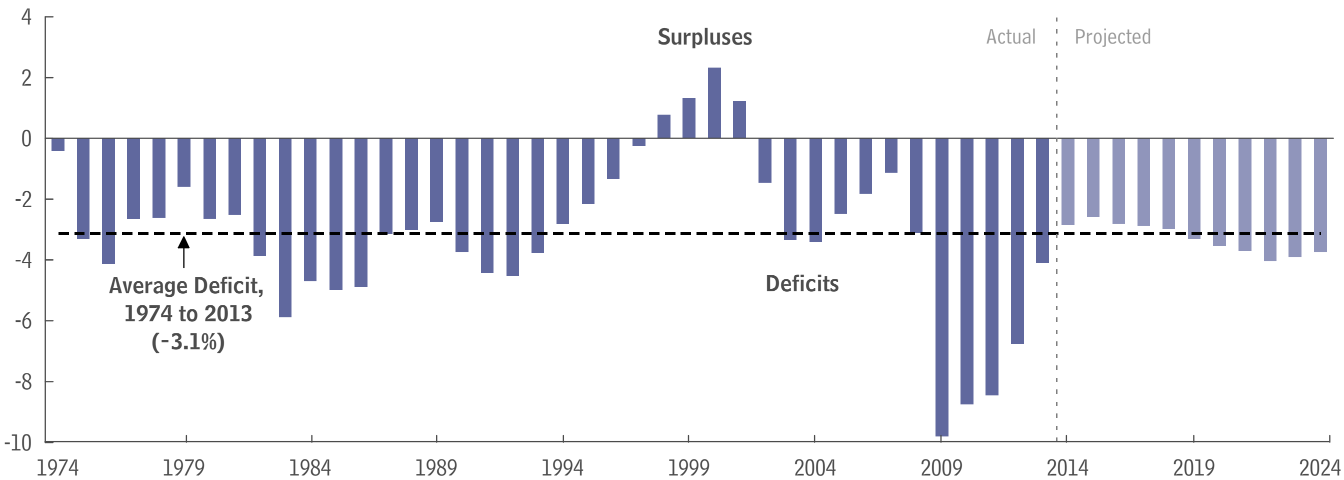
1. See Congressional Budget Office, *The Budget and Economic Outlook: 2014 to 2024* (February 2014), www.cbo.gov/publication/45010.

2. As referred to in this report, the ACA comprises the Patient Protection and Affordable Care Act and the health care provisions of the Health Care and Education Reconciliation Act of 2010, as affected by subsequent judicial decisions, statutory changes, and administrative actions.

Figure 1.

Total Deficits or Surpluses

(Percentage of gross domestic product)



Source: Congressional Budget Office.

outlays for Medicare, the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), defense, and net interest.

CBO's Baseline Budget Projections

CBO's baseline projections are not a forecast of future outcomes. They are constructed in accordance with provisions set forth in the Balanced Budget and Emergency Deficit Control Act of 1985 and the Congressional Budget and Impoundment Control Act of 1974. As those laws specify, CBO constructs its baseline projections under the assumption that current laws will generally remain unchanged; the projections can therefore serve as a benchmark against which potential changes in law can be measured. However, even if federal laws remained unchanged for the next decade, actual budgetary outcomes could differ from CBO's baseline projections, perhaps significantly, because of unanticipated changes in economic conditions and other factors that affect federal spending and revenues. CBO's updated baseline projections incorporate the effects of legislation and administrative actions through April 1, 2014.

Outlays

Under current law, total outlays are projected to hover around 21 percent of GDP—slightly above the average for the past 40 years—through 2019 and then to rise, exceeding 22 percent of GDP in 2022 through 2024.

Mandatory Spending. For most mandatory spending programs, the Deficit Control Act requires CBO to construct baseline projections under the assumption that current laws continue unchanged.[3] CBO's projections of mandatory spending reflect expected changes in the economy, demographics, and other factors. They also incorporate the effects of sequestration—across-the-board reductions in funding imposed by the Budget Control Act of 2011 (Public Law 112-25)—on the programs subject to it through 2024.

CBO projects that under current law, mandatory spending (net of offsetting receipts, which are recorded as reductions in outlays) will increase from $2.1 trillion in 2014 to $3.7 trillion in 2024, an average yearly increase of close to 6 percent (see Table 2 on page 6). As a percentage of GDP, mandatory spending is projected to be about 13 percent between 2015 and 2019 and then to rise, reaching nearly 14 percent of GDP in 2022 through

3. Mandatory (or direct) spending includes spending for certain benefit programs and other payments to people, businesses, nonprofit institutions, and state and local governments. It is generally governed by statutory criteria and is not normally constrained by the annual appropriation process. Discretionary spending is controlled by annual appropriation acts; policymakers decide each year how much money to provide for a broad array of government activities, including defense, law enforcement, and transportation.

Table 1.

CBO's Baseline Budget Projections

	Actual, 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2015-2019	Total 2015-2024
								In Billions of Dollars						
Revenues														
Individual income taxes	1,316	1,382	1,545	1,649	1,753	1,850	1,947	2,050	2,160	2,277	2,400	2,529	8,745	20,161
Social insurance taxes	948	1,033	1,071	1,114	1,162	1,215	1,267	1,318	1,373	1,433	1,494	1,558	5,828	13,004
Corporate income taxes	274	351	402	439	459	458	450	450	455	463	475	487	2,208	4,540
Other	237	265	287	273	248	241	262	280	296	312	326	343	1,311	2,869
Total	**2,775**	**3,032**	**3,305**	**3,475**	**3,621**	**3,764**	**3,927**	**4,099**	**4,284**	**4,486**	**4,696**	**4,918**	**18,092**	**40,574**
On-budget	2,102	2,288	2,533	2,671	2,781	2,886	3,011	3,146	3,292	3,454	3,624	3,803	13,882	31,202
Off-budget[a]	673	743	772	805	840	878	915	953	991	1,031	1,072	1,114	4,210	9,372
Outlays														
Mandatory	2,032	2,116	2,320	2,499	2,605	2,692	2,845	3,004	3,176	3,402	3,530	3,664	12,961	29,737
Discretionary	1,202	1,180	1,188	1,190	1,192	1,208	1,237	1,264	1,291	1,327	1,354	1,380	6,014	12,630
Net interest	221	227	266	323	400	491	567	635	694	755	818	876	2,046	5,825
Total	**3,455**	**3,523**	**3,774**	**4,011**	**4,197**	**4,391**	**4,649**	**4,903**	**5,162**	**5,484**	**5,701**	**5,920**	**21,022**	**48,192**
On-budget	2,821	2,820	3,031	3,225	3,361	3,499	3,700	3,889	4,078	4,326	4,465	4,596	16,816	38,170
Off-budget[a]	634	704	742	786	837	892	949	1,014	1,084	1,158	1,237	1,324	4,206	10,022
Deficit (-) or Surplus	**-680**	**-492**	**-469**	**-536**	**-576**	**-627**	**-722**	**-804**	**-878**	**-998**	**-1,005**	**-1,003**	**-2,930**	**-7,618**
On-budget	-719	-531	-498	-555	-580	-613	-688	-743	-786	-872	-841	-793	-2,933	-6,968
Off-budget[a]	39	40	29	19	3	-14	-34	-61	-92	-126	-164	-209	3	-650
Debt Held by the Public	11,983	12,740	13,285	13,884	14,523	15,202	15,977	16,835	17,769	18,823	19,885	20,947	n.a.	n.a.
Memorandum:														
Gross Domestic Product	16,627	17,273	18,126	19,083	20,052	20,954	21,867	22,799	23,755	24,746	25,774	26,830	100,082	223,984
								As a Percentage of Gross Domestic Product						
Revenues														
Individual income taxes	7.9	8.0	8.5	8.6	8.7	8.8	8.9	9.0	9.1	9.2	9.3	9.4	8.7	9.0
Social insurance taxes	5.7	6.0	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Corporate income taxes	1.6	2.0	2.2	2.3	2.3	2.2	2.1	2.0	1.9	1.9	1.8	1.8	2.2	2.0
Other	1.4	1.5	1.6	1.4	1.2	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3
Total	**16.7**	**17.6**	**18.2**	**18.2**	**18.1**	**18.0**	**18.0**	**18.0**	**18.0**	**18.1**	**18.2**	**18.3**	**18.1**	**18.1**
On-budget	12.6	13.2	14.0	14.0	13.9	13.8	13.8	13.8	13.9	14.0	14.1	14.2	13.9	13.9
Off-budget[a]	4.0	4.3	4.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Outlays														
Mandatory	12.2	12.3	12.8	13.1	13.0	12.8	13.0	13.2	13.4	13.7	13.7	13.7	13.0	13.3
Discretionary	7.2	6.8	6.6	6.2	5.9	5.8	5.7	5.5	5.4	5.4	5.3	5.1	6.0	5.6
Net interest	1.3	1.3	1.5	1.7	2.0	2.3	2.6	2.8	2.9	3.1	3.2	3.3	2.0	2.6
Total	**20.8**	**20.4**	**20.8**	**21.0**	**20.9**	**21.0**	**21.3**	**21.5**	**21.7**	**22.2**	**22.1**	**22.1**	**21.0**	**21.5**
On-budget	17.0	16.3	16.7	16.9	16.8	16.7	16.9	17.1	17.2	17.5	17.3	17.1	16.8	17.0
Off-budget[a]	3.8	4.1	4.1	4.1	4.2	4.3	4.3	4.4	4.6	4.7	4.8	4.9	4.2	4.5
Deficit (-) or Surplus	**-4.1**	**-2.8**	**-2.6**	**-2.8**	**-2.9**	**-3.0**	**-3.3**	**-3.5**	**-3.7**	**-4.0**	**-3.9**	**-3.7**	**-2.9**	**-3.4**
On-budget	-4.3	-3.1	-2.7	-2.9	-2.9	-2.9	-3.1	-3.3	-3.3	-3.5	-3.3	-3.0	-2.9	-3.1
Off-budget[a]	0.2	0.2	0.2	0.1	*	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-0.8	*	-0.3
Debt Held by the Public	72.1	73.8	73.3	72.8	72.4	72.5	73.1	73.8	74.8	76.1	77.1	78.1	n.a.	n.a.

Source: Congressional Budget Office.

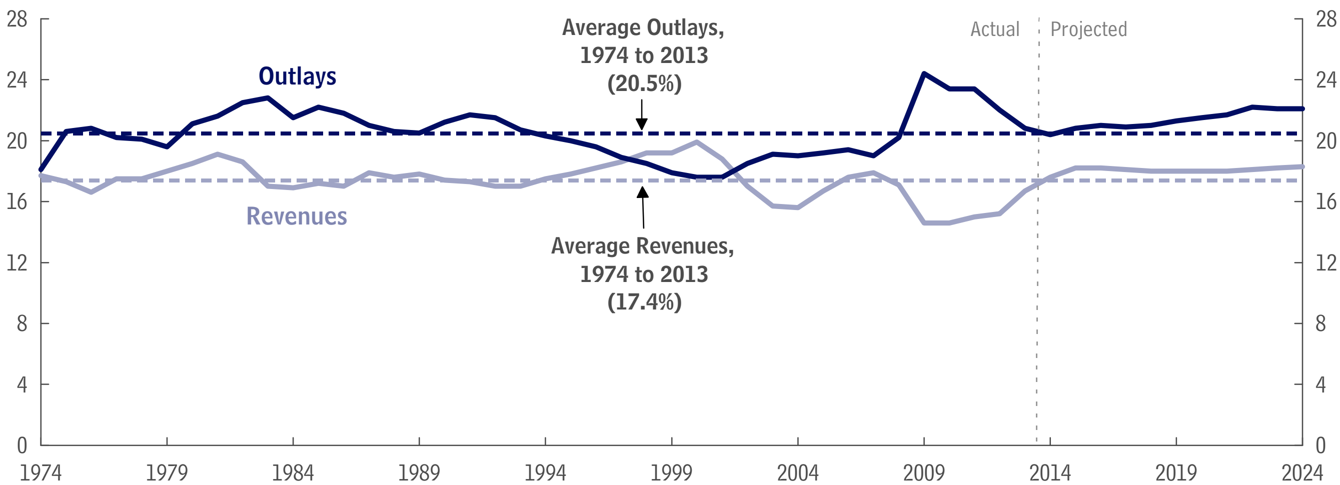
Note: n.a. = not applicable; * = between zero and 0.05 percent.

a. The revenues and outlays of the Social Security trust funds and the net cash flow of the Postal Service are classified as off-budget.

Figure 2.

Total Revenues and Outlays

(Percentage of gross domestic product)



Source: Congressional Budget Office.

2024.[4] During the past 40 years, mandatory spending has averaged 10 percent of GDP.

Most mandatory spending consists of outlays for Social Security and the federal government's major health care programs, which are Medicare, Medicaid, the Children's Health Insurance Program, and subsidies for the purchase of health insurance through exchanges (sometimes called marketplaces) and related spending. Under current law, outlays for those components of mandatory spending, net of premiums and other offsetting receipts related to Medicare, will grow from 9.5 percent of GDP in 2013 to 11.5 percent in 2024, CBO projects; spending for Social Security is currently greater, but it will soon be overtaken by spending for the major health care programs (see Figure 4 on page 8). By 2024, outlays for Social Security and the major health care programs are projected to total $3.1 trillion, accounting for more than half of all federal spending.

In CBO's baseline projections:

- Spending for Social Security and Medicare remains fairly stable as a share of GDP for most of the projection period. However, spending for those programs rises relative to GDP in the final few years of the period. By 2024, Social Security and net Medicare outlays reach 5.6 percent and 3.2 percent of GDP, respectively, compared with 4.9 percent and 3.0 percent in 2013.

- Federal outlays for Medicaid rise steadily as a share of GDP over the next 10 years, from 1.7 percent in 2014 to 2.1 percent in 2024. There are two main reasons for that growth: More states are expected to expand Medicaid coverage under the provisions of the ACA, and more people in states that have already expanded coverage are expected to enroll in Medicaid. In addition, the cost of Medicaid benefits per person is expected to increase over time.

- Spending on subsidies that will help people buy health insurance through exchanges increases from 0.1 percent of GDP in 2014 to 0.4 percent in 2024.[5] Such subsidies became available in 2014 for people who met income and other eligibility criteria.

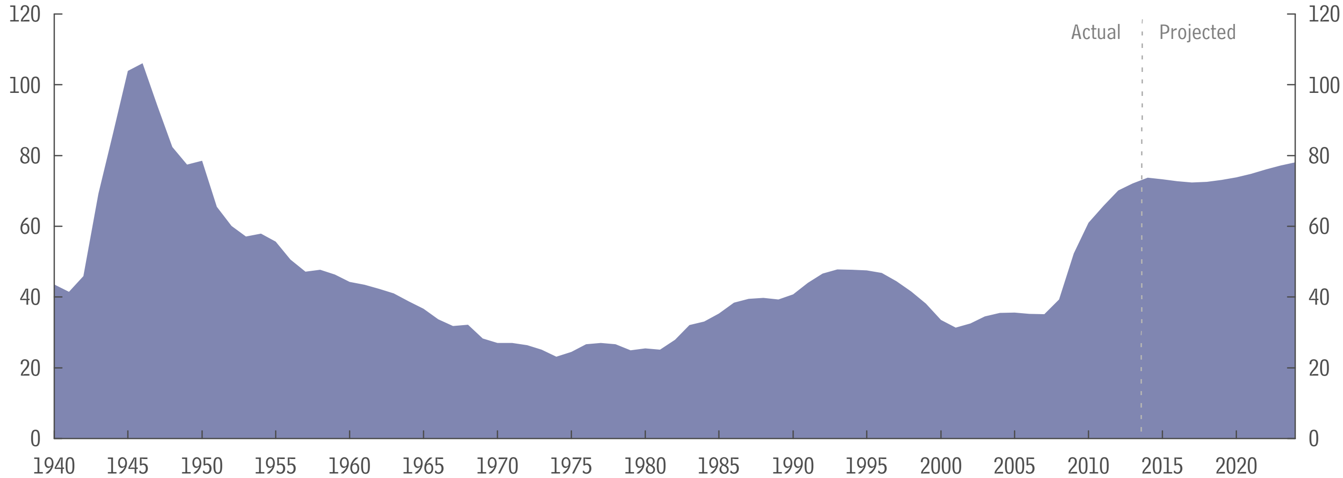
4. In CBO's baseline, mandatory outlays remain steady at 13.7 percent of GDP from 2022 through 2024. That pattern results largely from shifts in the timing of certain payments. Because October 1, 2022, and October 1, 2023, will fall on weekends, certain federal payments that are due on each of those days will instead be made at the end of the preceding September and thus be shifted into the previous fiscal year. Without those timing shifts, mandatory outlays in CBO's baseline would increase from 13.5 percent of GDP in 2022 to 13.9 percent in 2024.

5. The subsidies for health insurance premiums are structured as refundable tax credits; following the usual procedures for such credits, the portions that exceed taxpayers' income tax liabilities are classified as outlays in CBO's baseline projections, and the portions that reduce tax payments are classified as reductions in revenues.

Figure 3.

Federal Debt Held by the Public

(Percentage of gross domestic product)



Source: Congressional Budget Office.

- All other mandatory spending, net of offsetting receipts, declines as a share of GDP, from 2.7 percent in 2013 to 2.2 percent in 2024.

Discretionary Spending. For discretionary spending, CBO's baseline incorporates the funding caps put in place by the Budget Control Act, legislative amendments to the caps through 2015, and further reductions in those caps in 2016 through 2021 under the law's automatic enforcement procedures. However, appropriations for programs not constrained by the caps—overseas contingency operations (that is, overseas military operations, such as those in Afghanistan), activities receiving emergency designations, disaster relief (up to certain limits), and certain spending designed to reduce overpayments in benefit programs—are assumed to grow with inflation from the amounts provided in 2014.

In the absence of further appropriation action this year, discretionary outlays will total $1.2 trillion in 2014, CBO estimates—$22 billion (about 2 percent) less than in 2013 (see Table 3 on page 9). Defense spending is projected to fall by $30 billion, particularly for operations and maintenance, and nondefense spending to increase by $8 billion.

To date, discretionary budget authority in 2014 is $7 billion less than it was in 2013.[6] That decline represents the net effect of several factors: $48 billion was provided in 2013 for relief and recovery from Hurricane Sandy, and that funding has not been repeated in 2014; funding for other nondefense purposes has increased by $35 billion; and funding for defense has increased by $6 billion.

For 2015, the caps on discretionary budget authority are about $1 billion higher than those in place for 2014. However, total discretionary budget authority in CBO's baseline declines by $20 billion in 2015: In 2014, some reductions in mandatory budget authority were included in appropriation legislation to help satisfy the caps—but CBO's baseline does not include such changes to mandatory programs in 2015, so satisfying the caps would require having lower discretionary budget authority in that year. After 2015, CBO projects, discretionary budget authority will rise by about 2 percent a year, on average, reflecting the rate of increase in the caps.

In the baseline, total discretionary outlays grow very slowly over the next few years—by a total of only 1 percent from 2014 to 2017—and then keep pace with the projected 2 percent annual increase in budget authority, reaching $1.4 trillion by the end of the projection period. Measured as a share of GDP, discretionary outlays are projected to drop from 7.2 percent in 2013 to 5.1 percent in 2024; over the past 40 years, they have averaged 8.3 percent.

6. Budget authority is authority provided by law to incur financial obligations that will result in immediate or future outlays of federal government funds.

Table 2.

Mandatory Outlays Projected in CBO's Baseline

(Billions of dollars)

	Actual, 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2015-2019	Total 2015-2024
Social Security														
Old-Age and Survivors Insurance	668	702	736	778	828	884	944	1,009	1,075	1,144	1,216	1,291	4,171	9,907
Disability Insurance	140	143	147	152	158	164	170	177	187	196	206	217	792	1,776
Subtotal	808	845	884	931	986	1,048	1,115	1,187	1,262	1,341	1,423	1,508	4,964	11,683
Major Health Care Programs														
Medicare[a]	585	612	627	672	686	706	778	831	890	989	1,020	1,051	3,469	8,251
Medicaid	265	299	330	368	397	418	441	464	490	516	545	576	1,955	4,546
Health insurance subsidies and related spending	1	15	50	84	104	103	109	116	123	129	134	137	450	1,089
Children's Health Insurance Program	9	11	12	9	6	6	6	6	6	6	6	6	39	67
Subtotal[a]	861	936	1,020	1,134	1,192	1,233	1,334	1,417	1,509	1,640	1,705	1,770	5,913	13,953
Income Security Programs														
Earned income, child, and other tax credits[b]	84	87	89	92	93	94	78	80	81	82	84	85	446	858
Supplemental Nutrition Assistance Program	83	78	76	76	74	73	72	72	71	71	71	71	371	728
Supplemental Security Income	53	54	55	61	58	55	61	63	65	72	69	65	290	625
Unemployment compensation	69	45	41	40	42	44	47	49	52	55	57	60	214	488
Family support and foster care[c]	32	31	31	31	32	32	32	32	33	33	33	34	159	323
Child nutrition	20	21	22	23	24	25	25	26	27	29	30	31	119	262
Subtotal	340	316	315	323	322	322	316	323	330	342	344	346	1,598	3,284
Federal Civilian and Military Retirement														
Civilian[d]	92	94	96	99	102	105	108	112	116	120	124	128	511	1,111
Military	54	55	57	62	60	57	63	64	66	73	70	67	298	639
Other	7	8	8	8	8	8	9	10	10	10	10	10	40	89
Subtotal	153	157	160	169	170	170	180	187	192	203	204	205	849	1,839
Veterans' Programs[e]														
Income security	66	71	73	82	79	75	83	85	86	94	87	81	392	825
Other	14	16	15	16	16	17	18	19	20	22	22	22	82	187
Subtotal	80	86	88	98	95	91	101	104	106	115	109	104	474	1,012
Other Programs														
Agriculture	24	18	11	16	15	15	14	14	14	14	14	14	70	140
Deposit insurance	4	-11	-9	-10	-9	-10	-16	-17	-12	-13	-14	-16	-54	-125
MERHCF	8	9	9	10	10	11	12	12	13	14	15	16	53	123
Higher education	-26	-3	-8	-8	-4	-1	-1	-2	-2	-3	-3	-3	-23	-36
Other	84	56	70	68	70	67	62	61	61	62	63	64	337	648
Subtotal	95	69	74	76	81	82	71	69	75	74	74	75	383	750

Continued

Interest and Debt. CBO expects two factors to boost the government's interest payments sharply during the coming decade. The first is a rise in interest rates as the economy strengthens. Between calendar years 2014 and 2024, by CBO's expectations, the average interest rate on three-month Treasury bills will rise from 0.2 percent to 3.7 percent, and the average rate on 10-year Treasury notes will rise from 3.1 percent to 5.0 percent.

At the same time, debt held by the public is projected to increase significantly under current law. Debt held by the public consists mostly of securities that the Treasury issues to raise cash to fund the federal government's activities and to pay off its maturing liabilities. The net amount that the Treasury borrows by selling those securities (the amounts that are sold minus the amounts that have matured) is influenced primarily by the annual

Table 2. **Continued**

Mandatory Outlays Projected in CBO's Baseline

(Billions of dollars)

	Actual, 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2015-2019	Total 2015-2024
Offsetting Receipts														
Medicare[f]	-93	-99	-104	-109	-117	-126	-136	-145	-155	-168	-181	-193	-593	-1,434
Federal share of federal employees' retirement														
Social Security	-16	-16	-17	-18	-18	-19	-20	-20	-21	-22	-23	-24	-91	-201
Military retirement	-21	-20	-20	-20	-21	-22	-23	-23	-24	-25	-26	-27	-106	-232
Civil service retirement and other	-29	-29	-30	-30	-33	-34	-35	-36	-37	-39	-40	-41	-162	-355
Subtotal	-66	-65	-67	-68	-72	-75	-77	-80	-83	-86	-89	-92	-359	-788
Receipts related to natural resources	-15	-14	-14	-14	-14	-15	-19	-17	-18	-18	-18	-20	-76	-167
MERHCF	-9	-8	-7	-8	-8	-9	-9	-10	-10	-11	-12	-12	-41	-96
Other	-122	-107	-30	-32	-32	-29	-29	-30	-31	-30	-30	-26	-152	-299
Subtotal	-305	-293	-221	-232	-243	-254	-271	-282	-296	-313	-330	-343	-1,221	-2,785
Total Mandatory Outlays	**2,032**	**2,116**	**2,320**	**2,499**	**2,605**	**2,692**	**2,845**	**3,004**	**3,176**	**3,402**	**3,530**	**3,664**	**12,961**	**29,737**
Memorandum:														
Mandatory Spending Excluding the Effects of Offsetting Receipts	2,336	2,410	2,541	2,730	2,848	2,946	3,116	3,286	3,473	3,715	3,860	4,007	14,181	32,522
Spending for Medicare Net of Offsetting Receipts	492	512	524	563	570	579	641	686	736	821	839	858	2,877	6,817
Spending for Major Health Care Programs Net of Offsetting Receipts[g]	768	837	916	1,024	1,076	1,106	1,198	1,272	1,354	1,473	1,524	1,577	5,320	12,519

Source: Congressional Budget Office.

Notes: 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).

a. Gross spending, excluding the effects of Medicare premiums and other offsetting receipts. (Net Medicare spending is included in the memorandum section of the table.)

b. Includes outlays for the American Opportunity Tax Credit and other credits.

c. Includes the Temporary Assistance for Needy Families program, the Child Support Enforcement program, the Child Care Entitlement program, and other programs that benefit children.

d. Includes Civil Service, Foreign Service, Coast Guard, and 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. The costs of veterans' health care are classified as discretionary spending and thus are not shown in this table.

f. Includes premium payments, recoveries of overpayments made to providers, and amounts paid by states from savings on Medicaid's prescription drug costs.

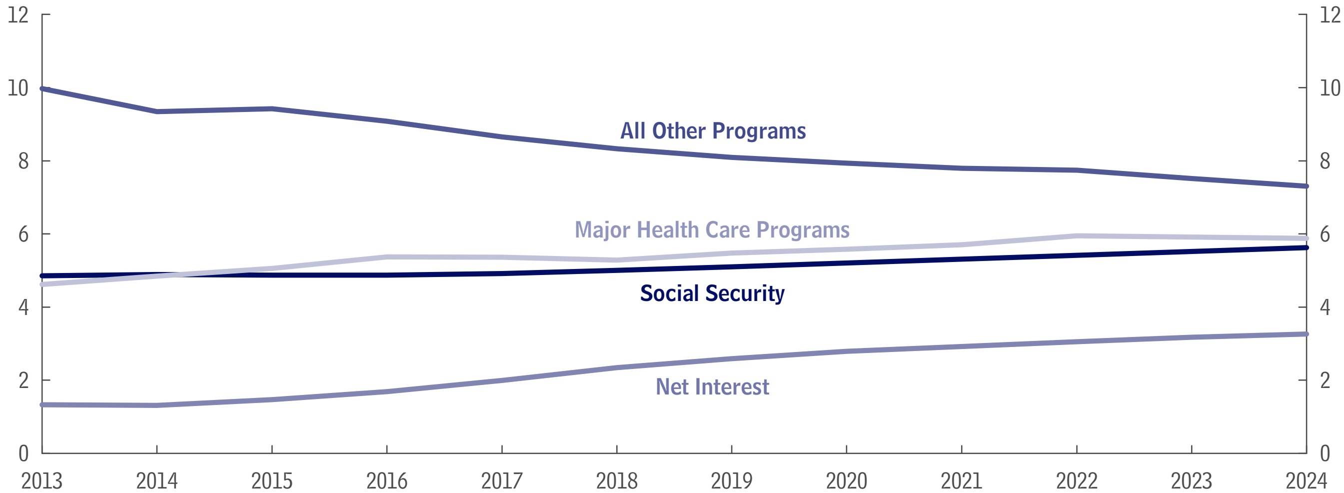
g. Consists of outlays for Medicare (net of offsetting receipts), Medicaid, health insurance subsidies and related spending, and the Children's Health Insurance Program.

budget deficit. In addition, the Treasury borrows to provide financing for student loans and other credit programs; CBO projects that such additional borrowing, often called "other means of financing," will average $59 billion per year during the 2015–2024 period (see Table 4 on page 10). After accounting for all of the government's borrowing needs, CBO projects that, under current law, debt held by the public will rise from $12.7 trillion at the end of 2014 to $20.9 trillion at the end of 2024. Relative to the size of the economy, it will stay between 72 percent and 74 percent of GDP through 2020 but then rise steadily, reaching 78 percent of GDP at the end of 2024.

Figure 4.

Projected Outlays for Major Budget Categories

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Major health care programs consist of Medicare, Medicaid, the Children's Health Insurance Program, and subsidies for the purchase of health insurance through exchanges and related spending. (Medicare spending is net of premiums paid by beneficiaries and other offsetting receipts.)

"All Other Programs" consist of all mandatory programs other than Social Security and the major health care programs, as well as defense and nondefense discretionary programs.

The rising interest rates and federal debt are expected to raise net interest payments from $227 billion in 2014, or 1.3 percent of GDP, to $876 billion in 2024, or 3.3 percent—a level that has not been reached in the post–World War II era.

Revenues

CBO projects that, under current law, revenues will increase by about 9 percent from 2013 to 2014 and by another 9 percent from 2014 to 2015, reaching $3.3 trillion in 2015—about $530 billion more than receipts in 2013. As a percentage of GDP, revenues are projected to rise from 16.7 percent in 2013 to 17.6 percent (just above the average for the past 40 years) in 2014 and to 18.2 percent in 2015.

CBO attributes about two-thirds of that growth relative to GDP to changes in provisions of law that have already occurred or are scheduled to occur. The largest components are the following:

- The expiration at the end of calendar year 2013 of a number of tax provisions that reduced corporate and individual income taxes, such as one that allowed businesses to immediately deduct a significant part of their investment in equipment;
- A number of changes that took effect in January 2013 and will consequently increase revenues more in fiscal year 2014 (the first full fiscal year that they are in effect) than they did in fiscal year 2013 (those changes include the expiration of a two-year reduction in Social Security payroll taxes, increases in income tax rates, and a new surtax on investment income that applies to certain people with high income); and
- New taxes, fees, and fines related to health insurance coverage under the ACA, although those additional revenues will be partially offset by reductions in revenues stemming from new tax credits to subsidize the purchase of health insurance.

In CBO's projections, factors other than changes in provisions of law also contribute substantially to the

Table 3.

Discretionary Spending Projected in CBO's Baseline

(Billions of dollars)

	Actual, 2013	2014[a]	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2015-2019	Total 2015-2024
Budget Authority														
Defense	600	606	608	611	626	641	656	672	688	706	723	742	3,143	6,674
Nondefense	540	528	506	506	517	530	544	558	570	585	600	616	2,602	5,531
Total	**1,140**	**1,133**	**1,114**	**1,117**	**1,144**	**1,171**	**1,200**	**1,230**	**1,258**	**1,291**	**1,324**	**1,358**	**5,745**	**12,205**
Outlays														
Defense	626	596	599	609	615	623	641	656	672	693	705	717	3,086	6,530
Nondefense	576	584	589	581	577	585	595	608	620	633	648	663	2,928	6,100
Total	**1,202**	**1,180**	**1,188**	**1,190**	**1,192**	**1,208**	**1,237**	**1,264**	**1,291**	**1,327**	**1,354**	**1,380**	**6,014**	**12,630**
Memorandum:														
Caps in the Budget Control Act (As amended), Including Automatic Reductions to the Caps														
Defense	n.a.	521	521	523	536	549	562	576	590	n.a.	n.a.	n.a.	2,691	n.a.
Nondefense	n.a.	492	492	492	503	515	529	543	555	n.a.	n.a.	n.a.	2,533	n.a.
Total	1,043[b]	1,012	1,014	1,015	1,039	1,064	1,091	1,119	1,145	n.a.	n.a.	n.a.	5,224	n.a.
Adjustments to the Caps[c]														
Defense	n.a.	85	87	88	90	92	94	96	98	n.a.	n.a.	n.a.	451	n.a.
Nondefense	n.a.	13	13	14	14	14	15	15	15	n.a.	n.a.	n.a.	69	n.a.
Total	153[b]	98	100	102	104	106	109	111	113	n.a.	n.a.	n.a.	521	n.a.

Source: Congressional Budget Office.

Notes: CBO's baseline projections incorporate the assumption that the caps on discretionary budget authority and the automatic enforcement procedures specified in the Budget Control Act of 2011 (as amended) remain in effect through 2021.

Nondefense discretionary outlays are usually higher than budget authority because of spending from the Highway Trust Fund and the Airport and Airway Trust Fund that 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.

n.a. = not applicable.

a. The amount of budget authority for 2014 in CBO's baseline does not match the sum of the spending caps plus adjustments to the caps, for two main reasons. First, $18 billion in savings from changes to mandatory programs in the final appropriations were credited against the caps; in CBO's baseline, those savings appear in their normal mandatory accounts. Second, estimates for certain accounts have been updated and are about $5 billion higher than previously estimated.

b. The caps for 2013 applied to "security" and "nonsecurity" funding rather than to defense and nondefense funding. The security category comprised discretionary appropriations for the Departments of Defense, Homeland Security, and Veterans Affairs; the National Nuclear Security Administration; the intelligence community management account (Treasury account 95-0401-0-1-054); and discretionary accounts related to international affairs (budget function 150). The nonsecurity category comprised all other discretionary appropriations. Discretionary budget authority for 2013 was reduced by sequestration in that year: Most funding subject to the caps for 2013, as well as most adjustments to those caps, were subject to a sequestration of 7.8 percent for defense programs and 5.0 percent for nondefense programs.

c. Funding for overseas contingency operations, emergencies, disaster relief, and certain program integrity initiatives (which identify and reduce overpayments in some benefit programs) is generally not constrained by the statutory caps established by the Budget Control Act.

Table 4.

Federal Debt Projected in CBO's Baseline

(Billions of dollars)

	Actual, 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Held by the Public at the Beginning of the Year	11,281	11,983	12,740	13,285	13,884	14,523	15,202	15,977	16,835	17,769	18,823	19,885
Changes in Debt Held by the Public												
Deficit	680	492	469	536	576	627	722	804	878	998	1,005	1,003
Other means of financing	22	266	76	63	63	52	53	54	56	56	56	60
Total	701	758	545	599	639	678	775	858	934	1,055	1,061	1,063
Debt Held by the Public at the End of the Year	11,983	12,740	13,285	13,884	14,523	15,202	15,977	16,835	17,769	18,823	19,885	20,947
Memorandum:												
Debt Held by the Public at the End of the Year (As a percentage of GDP)	72.1	73.8	73.3	72.8	72.4	72.5	73.1	73.8	74.8	76.1	77.1	78.1
Debt Held by the Public Minus Financial Assets[a]												
In billions of dollars	11,067	11,574	12,000	12,493	13,028	13,614	14,297	15,064	15,908	16,874	17,848	18,821
As a percentage of GDP	66.6	67.0	66.2	65.5	65.0	65.0	65.4	66.1	67.0	68.2	69.2	70.1
Gross Federal Debt[b]	16,719	17,735	18,405	19,140	19,948	20,815	21,743	22,742	23,809	24,940	26,055	27,159
Debt Subject to Limit[c]	16,699	17,714	18,385	19,121	19,929	20,795	21,723	22,722	23,789	24,921	26,035	27,140

Source: Congressional Budget Office.

Note: GDP = gross domestic product.

a. Debt held by the public minus the value of outstanding student loans and other credit transactions, financial assets (such as preferred stock) purchased from institutions participating in the Troubled Asset Relief Program, cash balances, and other financial instruments.

b. Federal debt held by the public plus Treasury securities held by federal trust funds and other government accounts.

c. The amount of federal debt that is subject to the overall limit set in law. Debt subject to limit differs from gross federal debt mainly because most debt issued by agencies other than the Treasury and the Federal Financing Bank is excluded from the debt limit. That limit was most recently set at $16.7 trillion but has been suspended through March 15, 2015. On March 16, the debt limit will be raised to its previous level plus the amount of federal borrowing that occurred while the limit was suspended.

growth of revenues relative to GDP in 2014 and 2015. The most significant of those factors is that the average corporate income tax rate (that is, corporate income tax receipts as a percentage of domestic economic profits) is expected to keep increasing as recovery from the recession continues.

From 2016 through 2024, revenues in CBO's baseline projections remain between 18.0 percent and 18.3 percent of GDP, largely because of movements in three sources of revenue that roughly offset one another:

- Individual income tax receipts are projected to rise as a percentage of GDP—mainly because growth in people's real (inflation-adjusted) income will push more of their income into higher tax brackets and because withdrawals from tax-deferred retirement accounts will increase faster than GDP as baby boomers retire.

- Corporate income tax receipts are projected to decline as a percentage of GDP because of an expected drop in corporate profits relative to GDP—the result of increasing interest payments on businesses' debt, growing labor costs, and rising depreciation deductions on the larger stock of business capital.

- Remittances to the Treasury from the Federal Reserve, which have been very large in the past several years because of increases in the size of the central bank's portfolio and changes in that portfolio's composition, are projected to decline to more typical levels.

Alternative Assumptions About Fiscal Policy

Fiscal policies different from those that CBO assumes in its projections could lead to budget outcomes considerably different from those in the baseline. For example, CBO derived the baseline projections of spending for overseas contingency operations by extrapolating the amount of funding that such operations have received this year—but if the number of deployed troops and the pace of operations diminished over time, the funding required for overseas contingency operations would be smaller than the amounts in the baseline, which would result in lower outlays.[7]

To take another example: If the automatic spending reductions that are in place under current law through 2024 were reversed, outlays would be higher than they are in the baseline. And if lawmakers decided to extend tax provisions that have recently expired or are scheduled to expire over the next decade—such as the one that allowed businesses to deduct 50 percent of the cost of new investments in equipment immediately—without making offsetting changes in other tax policies, revenues would be lower than those in the baseline.[8]

Changes in CBO's Baseline Projections Since February 2014

CBO's updated budget projections are based on the same economic forecast that the agency developed for its February 2014 baseline, and legislation enacted since February has had little effect on the budget totals over the 2014–2024 period. Therefore, nearly all of the revisions that CBO has made to its baseline since February are technical changes—revisions that are made for reasons other than updated economic information or the enactment of new laws. Technical changes include modified estimates of how quickly programs will obligate and spend funds, adjustments to projected participation rates for benefit programs, and the estimated effects of recent administrative actions by federal agencies, for example.

The deficit that CBO now estimates for 2014, in the absence of further changes to tax and spending laws, is $23 billion smaller than the $514 billion figure that CBO projected in February (see Table 5). And CBO's new baseline projections for the 2015–2024 period show cumulative deficits that are $286 billion less than the $7.9 trillion that the agency previously projected. The decline in the estimated 2014 deficit mostly stems from lower estimates of discretionary spending, and most of the decline in projected deficits over the 2015–2024 period arises from lower projections of spending for health insurance subsidies provided under the ACA and for Medicare.

In every year, projected outlays are lower than they were in the February baseline—by $20 billion in 2014 and by a total of $341 billion from 2015 through 2024. Projected revenues are also lower in most years, though by smaller amounts.

Outlays

The $20 billion reduction in estimated outlays for 2014 is the net result of a $28 billion reduction because of technical updates and an $8 billion increase because of recently enacted legislation. Technical updates are also responsible for most of the $341 billion decline in outlays projected for the following 10-year period; only $31 billion of that change stems from legislation.

Technical Changes. The largest technical changes involve spending for the health insurance subsidies provided under the ACA and spending for Medicare.

Health Insurance Subsidies and Related Spending. For the 2015–2024 period, CBO has reduced its projection of outlays for health insurance subsidies and related spending by $186 billion (15 percent).[9] That reduction consists of a $165 billion reduction in health insurance subsidies provided through the exchanges and a $21 billion reduction in related spending over the 10-year period.

The reduction in estimated subsidies mainly reflects a lower projection of premiums charged for plans offered via the exchanges, the result of additional analysis of

7. Budget authority for overseas contingency operations in 2014 currently totals $92 billion. In CBO's baseline, outlays projected for such operations total $963 billion from 2015 through 2024.

8. For the budgetary effects of some alternative tax and spending policies, see the supplemental material that accompanies this report on CBO's website (www.cbo.gov/publication/45229).

9. For a detailed discussion of that change, see Congressional Budget Office, *Updated Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act* (April 2014), www.cbo.gov/publication/45231. In that report, CBO shows changes totaling $164 billion over 10 years in its estimates of the net effect that exchange subsidies and related spending will have on the deficit. Unlike the figures discussed in this section, which deals only with outlays, that amount also includes changes in revenues related to the exchanges.

Table 5.

Changes in CBO's Baseline Projections of the Deficit Since February 2014

(Billions of dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2015-2019	Total 2015-2024
Deficit in CBO's February 2014 Baseline	-514	-478	-539	-581	-655	-752	-836	-912	-1,031	-1,047	-1,074	-3,005	-7,904
Changes to Revenue Projections													
Legislative Changes	*	*	*	*	*	*	*	*	*	*	*	*	*
Technical Changes													
Individual income taxes	1	3	2	*	-1	-1	-1	-1	-2	-3	-4	3	-7
Corporate income taxes	*	*	*	*	*	*	*	*	*	*	*	*	*
Social insurance taxes	*	*	-1	-2	*	1	1	1	1	*	-1	-2	*
Other[a]	2	-3	-7	-8	-5	-5	-5	-4	-4	-4	-4	-29	-50
Subtotal	3	*	-6	-10	-6	-6	-5	-4	-5	-6	-8	-28	-56
Total Revenue Changes	**3**	*****	**-6**	**-10**	**-6**	**-6**	**-5**	**-4**	**-4**	**-6**	**-8**	**-28**	**-56**
Changes to Outlay Projections													
Legislative Changes													
Mandatory outlays	8	4	*	1	-1	-2	-4	-4	-4	-4	-18	2	-32
Net interest outlays (Debt service)	*	*	*	*	*	*	*	*	*	*	-1	1	1
All Legislative Changes	8	4	1	1	*	-1	-4	-4	-4	-4	-19	4	-31
Technical Changes													
Mandatory outlays													
Health insurance subsidies and related spending	-3	-12	-10	-14	-18	-18	-20	-20	-21	-24	-29	-73	-186
Medicare	1	3	5	1	-13	-12	-14	-13	-11	-17	-29	-15	-98
Medicaid	1	1	*	3	4	3	3	3	2	2	7	11	29
Supplemental Nutrition Assistance Program	-2	-3	-3	-3	-3	-2	-2	-2	-2	-2	-2	-13	-24
Social Security	-1	-3	-3	-3	-2	-2	-1	-1	*	1	2	-12	-11
Other	-3	6	7	5	3	2	2	1	*	*	-3	21	21
Subtotal	-8	-7	-4	-10	-29	-30	-31	-33	-31	-40	-54	-81	-269
Discretionary outlays	-14	-4	-2	-1	-2	-2	-2	-2	-2	-3	-3	-12	-23
Net interest outlays													
Debt service	*	1	1	2	2	1	*	-1	-2	-3	-5	6	-6
Other	-6	-3	-5	-6	-5	-3	1	1	1	3	2	-21	-12
Subtotal	-6	-3	-3	-4	-3	-2	*	*	-1	-1	-3	-14	-18
All Technical Changes	-28	-13	-9	-15	-34	-34	-33	-35	-34	-43	-60	-106	-311
Total Outlay Changes	**-20**	**-10**	**-9**	**-14**	**-34**	**-36**	**-36**	**-38**	**-38**	**-47**	**-79**	**-103**	**-341**
All Changes													
Total Effect on the Deficit[b]	**23**	**10**	**3**	**4**	**28**	**30**	**32**	**34**	**33**	**41**	**71**	**75**	**286**
Deficit in CBO's April 2014 Baseline	-492	-469	-536	-576	-627	-722	-804	-878	-998	-1,005	-1,003	-2,930	-7,618
Memorandum:													
Total Legislative Changes[b]	-8	-4	-1	-1	*	2	4	4	4	4	19	-4	31
Total Technical Changes[b]	30	14	4	5	28	28	28	30	29	37	52	79	255

Source: Congressional Budget Office.

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

a. Consists of changes to revenues from miscellaneous fees and fines and, to a lesser extent, excise taxes.

b. Positive numbers represent a decrease in the deficit; negative numbers indicate an increase in the deficit.

exchange premiums and the characteristics of plans currently offered through the exchanges. That revision and others contribute to an estimated average exchange subsidy per enrollee that is now roughly 10 percent to 15 percent lower in years after 2015 than previously estimated.

The $21 billion reduction in related spending stems from two sources. First, because of lower projected premiums, estimated outlays for the risk adjustment program under the ACA are also lower, by $23 billion over the 2015–2024 period. However, that program has no net effect on the budget; its projected revenues are lower as well, by a corresponding amount. (The risk adjustment program transfers resources from health insurance plans that attract a relatively small proportion of high-risk enrollees to plans that attract a relatively large proportion of such people.) Second, outlays for other components of related spending were revised upward by $2 billion.

Medicare. CBO's current projection of net mandatory spending for Medicare is $98 billion (1.4 percent) lower over the 2015–2024 period than the agency's projection in February. The major components of that change are a reduction of $56 billion in projected spending for prescription drugs covered by Part D (based largely on an analysis of spending for beneficiaries enrolled in the low-income subsidy program) and a reduction of $38 billion in net spending for benefits covered by Part A (hospital insurance) and Part B (medical insurance).

Projected net outlays for Parts A and B are slightly higher (by a total of $14 billion) from 2015 through 2017 and lower in subsequent years than they were in the previous baseline. The higher projected spending in the next few years is largely the result of recent data that show greater-than-anticipated spending for physicians' services in 2013. The lower projected spending in subsequent years stems from two factors. First, although recent legislation temporarily (through March 2015) overrides the formula used to determine payment rates for physicians' services, that formula—if left in place—will reduce payment rates in subsequent years to recoup the higher spending in the next few years. Second, after analyzing recent trends, CBO has slightly reduced projected rates of growth for many other categories of Part A and Part B services.

Medicaid. CBO has increased its projection of Medicaid spending by $29 billion (0.6 percent) over the 2015–2024 period. That increase is the net effect of a variety of small and mostly offsetting technical changes. CBO updated its estimates of the size and demographic characteristics of the population, resulting in an increase in the number of people projected to be eligible for and enrolled in Medicaid. On the basis of updated data from the Centers for Medicare & Medicaid Services, CBO also increased its estimate of the cost of incentive payments related to the adoption of health information technology. In addition, CBO slightly increased its projection of the number of newly eligible enrollees under the ACA, mostly in the second half of the period. Partially offsetting those changes are two others: a downward revision in projected Medicaid enrollment among blind and disabled individuals because of a reduction in projected enrollment in the Supplemental Security Income program (eligibility for that program automatically makes a person eligible for Medicaid in most states); and a decrease in projected per-person costs of adults newly eligible for Medicaid under the ACA.

Supplemental Nutrition Assistance Program. Technical revisions have decreased projected outlays for SNAP over the 2015–2024 period by about $24 billion (3 percent). The most significant of those revisions is a change in CBO's estimate of the average monthly SNAP benefit per person; CBO lowered that estimate on the basis of updated data from the Department of Agriculture.

Social Security. CBO has decreased projected outlays for Social Security over the 2015–2024 period by $11 billion, or 0.1 percent, on the basis of new information from the Social Security Administration about benefit payments. CBO now estimates that the number of people receiving benefits under Social Security's Old-Age and Survivors Insurance program will be slightly smaller than previously projected, though the average benefit will be slightly larger.

Discretionary Outlays. CBO has lowered its estimate of discretionary outlays for 2014 by $14 billion (1.2 percent) and for the 2015–2024 period by $23 billion (0.2 percent). Most of those reductions result from slower projected spending for certain categories of military programs, mainly operations and maintenance.

Net Interest. CBO has reduced its projection of net interest costs over the 2015–2024 period by $18 billion. That decrease has two components. The first is a $6 billion reduction that resulted from lower projected borrowing because of technical updates in other areas of the budget (shown in Table 5 on page 12 as “debt service”). The second is a $12 billion reduction in net interest that resulted from two opposing effects. On the basis of recent auction results and inflation adjustments for inflation-protected securities, CBO reduced the estimated principal on outstanding securities of that type and lowered expected coupon payments (the interest payments that investors receive in addition to the adjusted principal) for future auctions; those changes decreased projected net interest payments. However, CBO also adjusted the mix of securities that it expects the Treasury to issue to finance future deficits, which increased projected net interest payments.

Legislative Changes. A few pieces of legislation have been enacted since CBO released its February baseline projections; the new laws with the largest budgetary effects involve Medicare, military retirement, and agricultural programs. As a result, projected outlays are $8 billion higher than previously estimated for 2014 and $31 billion lower over the 2015–2024 period.

Medicare. The Protecting Access to Medicare Act of 2014 (P.L. 113-93) extended current payment rates for physicians’ services through March 31, 2015; extended a number of health care and human services programs and provisions that would otherwise have expired; and made other modifications to Medicare, Medicaid, the Children’s Health Insurance Program, and several human services programs. The extension of current payment rates for physicians’ services, along with some smaller changes, increased estimated outlays for 2014 by $6 billion. For the 2015–2024 period, P.L. 113-93 reduced projected mandatory outlays by an estimated $7 billion, primarily by reducing payment rates for Medicare services (including a 4 percent across-the-board reduction in payment rates for services furnished during the last six months of fiscal year 2024) and by reducing Medicaid payments to hospitals that serve a disproportionate share of low-income and uninsured patients.

Farm Bill. The Agricultural Act of 2014 (P.L. 113-79) authorized agricultural, nutrition, and other programs through 2018. CBO estimates that the new law will reduce mandatory spending over the 2014–2023 period by $17 billion.[10]

Military Retirement. Another law, P.L. 113-82, revised provisions of law that were scheduled to reduce the annual cost-of-living adjustment for annuities paid to certain military retirees and survivors by up to 1 percent.[11] The new law applies those reductions only to those who first become members of the uniformed services on or after January 1, 2014; that modification will increase direct spending by $7 billion over the 2015–2024 period, CBO estimates. Other provisions of P.L. 113-82 include a one-year extension of sequestration for mandatory programs and the creation of a fund to be used by the Secretary of Health and Human Services to pay for physicians’ services under Part B of Medicare. In total, CBO estimates that P.L. 113-82 will reduce mandatory outlays by less than $0.5 billion over the 2015–2024 period.

Revenues

As a result of technical updates, CBO has raised its estimate of revenues by $3 billion in 2014 and lowered it by $56 billion from 2015 through 2024. Most of that revision to the baseline reflects updated estimates of the effects of the health insurance coverage provisions of the ACA. Those updates led CBO to increase projected revenues by $2 billion in 2014 but lower them by $67 billion from 2015 through 2024. The largest part of that downward revision over the coming decade stems from a small increase in the projected number of active workers and their dependents with employment-based health insurance. When employers offer health insurance—benefits that are generally not taxable—to their active employees, they tend to offer lower compensation in the form of wages and salaries, which are taxable. Therefore, an increase in the number of active workers and their dependents with employment-based coverage implies lower taxable compensation, and thus lower federal revenues, than would otherwise be the case.

10. The cost of P.L. 113-79 was estimated relative to CBO’s May 2013 baseline (because the legislation was developed in 2013) rather than relative to CBO’s February 2014 baseline. Because the May 2013 baseline did not extend through 2024, the estimated budgetary effect of the law was extrapolated into 2024 for this update to the baseline; according to that extrapolation, savings in 2024 were estimated to be $2 billion. For more information on the estimates for the 2014–2023 period, see Congressional Budget Office, cost estimate for H.R. 2642, the Agricultural Act of 2014 (January 28, 2014), www.cbo.gov/publication/45049.

11. The full title of P.L. 113-82, as enrolled, is: “To ensure that the reduced annual cost-of-living adjustment to the retired pay of members and former members of the Armed Forces under the age of 62 required by the Bipartisan Budget Act of 2013 will not apply to members or former members who first became members prior to January 1, 2014, and for other purposes.”

The rest of the revision to the baseline for revenues resulted mainly from two technical changes to the projection of revenues from payroll taxes. The first was an increase of $30 billion in estimated revenues from unemployment insurance taxes (whose revenues are classified as federal, even though most of the taxes are imposed by states) to reflect CBO's assessment of the degree to which states would boost unemployment taxes in response to low projected balances in the Unemployment Trust Fund. The second was a reduction of $16 billion in projected Social Security and Medicare payroll taxes paid by self-employed individuals, which slightly lowered the expected average tax rate on self-employment income.

About This Document

This document is one of a series of reports on the state of the budget that the Congressional Budget Office (CBO) issues each year. It satisfies the requirement of section 202(e) of the Congressional Budget and Impoundment Control Act of 1974 that CBO submit to the Committees on the Budget periodic reports about fiscal policy and its baseline projections of the federal budget.

Jared Brewster and Amber Marcellino of CBO's Budget Analysis Division prepared the report with assistance from Mark Booth and with guidance from Jeffrey Holland, Theresa Gullo, Holly Harvey, Peter Fontaine, and David Weiner. The estimates described here were the work of more than 100 people at CBO and many people on the staff of the Joint Committee on Taxation. In keeping with CBO's mandate to provide objective, impartial analysis, this report makes no recommendations.

Robert Sunshine reviewed the report, Benjamin Plotinsky edited it, and Maureen Costantino and Jeanine Rees prepared it for publication. An electronic version is available on CBO's website (www.cbo.gov/publication/45229).

Douglas W. Elmendorf
Director

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