



# Mid-Session Review

Budget of the U.S. Government



Fiscal Year 2010



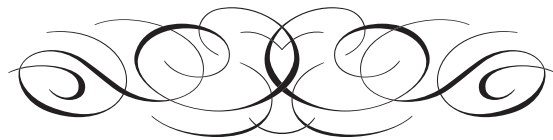
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THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON D. C. 20503

August 25, 2009

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Washington, DC 20510

Dear Madam Speaker:

Section 1106 of Title 31, United States Code, requests that the President send to the Congress a supplemental update of the Budget that was transmitted to the Congress earlier in the year. This supplemental update of the Budget, commonly known as the Mid-Session Review, contains revised estimates of receipts, outlays, budget authority, and the budget deficit for fiscal years 2009 through 2019.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Orszag".

Peter R. Orszag  
Director

Enclosure

Identical Letter Sent to the President of the Senate



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### GENERAL NOTES

1. All years referred to are fiscal years unless otherwise noted.
2. All totals in the text and tables include both on-budget and off-budget spending and receipts unless otherwise noted.
3. Details in the tables and text may not add to totals due to rounding.
4. Web address: *http://www.budget.gov*





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# SUMMARY

When the President took office, the Nation was experiencing the worst financial and economic crisis since the Great Depression. This decline was not simply the result of a normal downturn in the business cycle; also contributing to it were irresponsible choices made by our public and private institutions that generated a meltdown in our credit and capital markets. As a result, the economy was in the midst of a severe collapse. In the fourth quarter of 2008, real gross domestic product (GDP) was declining at a rate of 5.4 percent per year; household net worth fell by approximately \$5 trillion or at a rate of 30 percent per year; consumer confidence had fallen to a 40-year low; and the country had lost 1.7 million jobs, which at that point was the largest quarterly decline since 1945. Many workers saw their retirement accounts dwindle in value, forcing some to delay retirement. As the housing market imploded, others found themselves overextended with mortgage payments they could no longer afford.

The economic downturn, combined with the previous Administration's decisions not to offset in particular three large domestic initiatives (the tax cuts of 2001 and 2003 as well as the Medicare prescription drug benefit), meant that in January 2009, the President faced a deficit of \$1.3 trillion, or 9.2 percent of GDP, along with a need to bolster macroeconomic demand to prevent the economy from slipping into a depression.

Twenty-eight days after taking office, the President signed into law the American Recovery and Reinvestment Act (ARRA) to stimulate demand, create and save jobs, and begin building a new foundation for future economic growth. The Act was to take effect over a two-year period with 70 percent of all funds disbursed within the first 18 months. ARRA has already provided tax relief and increased unemployment benefits, which have helped arrest the decline in consumer spending that occurred in the second half of 2008. In addition, the Act has provided incentives to revitalize business investment and grants to State and local governments to relieve the strain on their budgets. In April and May, real per capita disposable personal income

increased, mainly because of the tax reductions and one-time transfer payments included in the Act. Finally, ARRA provides funds for short-term and long-term investments that will lay a new foundation for long-term economic growth, creating new jobs and growing industries.

The Administration contemporaneously acted to address the financial crisis and get credit flowing again through the Financial Stability Plan, and worked to help homeowners facing foreclosure through the Homeowner Affordability and Stability Plan. In addition, the Administration took action to forestall the failure of two of the Nation's largest automobile manufacturers and to strengthen the non-bank credit market. All together, these efforts—along with the ARRA—increased the deficit in the short run. In fact, 64 percent of the current deficit is directly attributable to rescue and recovery efforts and other countercyclical programs that were essential in preventing a deeper and more costly recession.

Despite the demands put on the treasury to respond aggressively to avoid economic collapse, the President in February put forward a Budget that re-oriented the Nation back to a path toward fiscal discipline. This began with an honest assessment of the country's fiscal situation by accounting transparently for the cost of overseas military operations, natural disasters, expected increases in Medicare payments to physicians, and the real costs of preventing the alternative minimum tax from burdening middle-class taxpayers. The President's Budget put the Nation on track to bring non-defense discretionary spending to its lowest level, as a share of GDP, since 1962. Moreover, the Budget included a separate volume of program terminations and reductions, detailing 121 programs that do not work or are duplicative and should be eliminated or reduced.

## CURRENT CONDITIONS

Since the Budget was released, the economic outlook has changed dramatically. While the danger of the economy immediately falling into a deep depression has receded,

the American economy is still in the midst of a serious economic downturn. However, there are hopeful signs. The equity markets have rebounded, and the credit markets have thawed as measured, for example, by the TED spread, the difference between the interest rate that banks charge each other on a three-month loan and the rate at which the Federal Government can borrow over the same period. GDP, while not yet increasing, is not decreasing at the steep rates of the first quarter of this year. And job losses, while unacceptably high, are no longer occurring at the same steep rates. The personal savings rate has been sharply increasing, which, although contributing to weak consumer demand, bodes well for longer-term economic growth. Business-sector productivity also has held up relatively well considering the decline in total output.

Earlier this year, instability in the financial system was so great that the Administration chose to include in its Budget a placeholder for a Financial Stabilization Reserve to support \$750 billion in asset purchases should additional emergency assistance be needed. In recent months, the Administration's Financial Stability Plan—by helping to restore confidence in the banking system, putting in place new financing mechanisms to restart credit markets, and working to mitigate the housing crisis—has contributed to greater stabilization of the financial sector. The Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency, and the Office of Thrift Supervision completed the Supervisory Capital Assessment Program in May. This review of 19 bank holding companies with assets exceeding \$100 billion was done to make sure that they are adequately capitalized over the next two years even if economic conditions deteriorate beyond expectations. The holding companies that were identified as deficient have put forward plans to secure the capital identified by the assessment, and several have raised capital from private sources. As of June 17, 2009, the Treasury received repayments of \$70 billion under the Capital Purchase Program, a program established in 2008 to boost bank capital by purchasing senior preferred stock from financial institutions.

Given the increased stability in the financial sector and the influx of private capital into the banking system, the Administration believes that a placeholder for additional financial stabilization efforts in the President's Budget is no longer warranted. In addition, projected outlays for deposit insurance have been reduced by \$78 billion in 2009 due to improved conditions in the banking industry. As a result, the budget deficit for 2009 is now projected to be \$1,580 billion, \$262 billion lower than estimated in May, or 11.2 percent of GDP, as compared to 12.9 percent projected in May.

The Administration's efforts also have helped stabilize the American automobile industry, save jobs, and helped consumers access credit to purchase cars. The two major auto manufacturers that received assistance through the Troubled Asset Relief Program (TARP), Chrysler and General Motors, have completed difficult but necessary restructuring of their business operations, and emerged from bankruptcy on June 10, 2009, and July 10, 2009, respectively. The Government will continue to monitor its investment in these companies with the goal of selling the Government investments in these firms as soon as practicable and recouping the investment made by taxpayers in these companies.

Despite signs of progress, it is now evident that the economic crisis was more severe than was apparent when the President was constructing his budget. The President's Budget was based on an economic forecast using data available as of late January. The forecast, along with private forecasters at the time who projected similar growth rates, did not fully anticipate the severity of the recession.

The new economic projections made for the Mid-Session Review are based on information available through early June 2009. For 2009-2010, the Administration's projected rate of real GDP growth and unemployment rate are close to the forecast of the Blue Chip Consensus (an average of about 50 private-sector forecasts). Real GDP is expected to decline by 2.8 percent this year and increase by 2.0 percent in 2010. In line with recent recessions, we estimate that job creation will lag economic growth by several months and proj-

ect that the unemployment rate will peak at a rate above 10.0 percent on a monthly basis before beginning to decline in the middle of 2010. Thereafter, the Administration expects a relatively long economic expansion, which will proceed most rapidly in 2011-2014 and eventually lower the unemployment rate to below 6 percent. (See the next section of this document for a more detailed discussion of the Administration's revised economic assumptions.)

Along with the vast majority of private-sector forecasters, the Administration anticipates that economic activity will pick up later this year. As a result, the budget deficit is projected to fall in 2010, to \$1,502 billion, or 10.4 percent of GDP. Deficits are projected to continue to fall for the next five years from 2011 through 2015 as the economy recovers from the recession, reaching \$739 billion in 2015, or 3.9 percent of GDP. However, because of the revised economic forecast, they will not fall as much as had been previously projected in May.

### ***Legislative Developments***

Since the introduction of the President's Budget, several pieces of legislation have been enacted that affect the Budget.

The Congress passed 2009 supplemental appropriations for the wars in Iraq and Afghanistan; however, the enacted legislation includes \$14 billion more than the \$88 billion requested by the President in the Budget and in an amendment to the Budget. The additional amount reflects \$7.3 billion more for overseas contingency operations and international programs, \$4.2 billion more for preparation and response to an influenza outbreak, and \$1 billion more to promote the purchase of fuel-efficient vehicles.

The Administration is also pleased that the Congress passed a provision that allows the FDIC to restore its reserve ratio over time without having to increase premiums charged to insured banks in 2009 and 2010, when bank earnings are likely to be strained. As proposed in the Budget, FDIC premiums will begin to increase steadily beginning in 2011. In addition, the Administration appreciates that the Congress passed a provision to allow the National Credit Union

Administration to delay the scheduled increase in member credit union premiums to 2011 from 2010.

The Administration continues to urge the Congress to maintain its progress toward passing a health insurance reform bill during the first session of this Congress. The President is committed to health insurance reform that is deficit neutral and that constrains costs, expands access, and improves quality. As discussed below, the Administration continues to identify cost-saving initiatives that will allow health reform to be deficit neutral. Because of policy proposals put forward by the Administration, this Mid-Session Review now identifies a total of \$622 billion in savings over 10 years in Medicare and Medicaid (increased from \$309 billion in the Budget), which can be used to ensure that health reform will be deficit neutral. This brings the Health Reserve Fund total to \$954 billion over 10 years.

In addition to health insurance reform, the Administration continues to urge the Congress to pass a clean energy bill that will allow the United States to lead the world in the research and development of clean energy technology. Clean energy investments will help to produce much-needed jobs in the United States, provide a clean source of energy for decades to come, decrease our dependence on foreign oil, and reduce the Nation's greenhouse gas pollution.

### **MID-SESSION UPDATE**

The Mid-Session Review reflects action on the Administration's budget proposals and other legislation, and other policy changes since the Budget was released. For example, as noted above, the updated Budget estimates reflected in the Mid-Session Review no longer contain a placeholder for further financial stabilization efforts. In addition, the Mid-Session Review incorporates several changes to the baseline, in accordance with the Administration's statutory Pay-As-You-Go bill, which was transmitted to the Congress on June 9, 2009.

Immediately below is a summary of the key factors that have affected the budget estimates since the Budget was released in May.

### Receipts

The economic downturn continues to have a negative effect on tax receipts, with 2009 receipts projected to be \$2,074 billion, \$83 billion lower than projected in May and 18 percent lower than actual receipts in 2008. As a percent of GDP, 2009 tax receipts are projected to equal 14.7 percent, significantly lower than the 40-year historical average of 18.3 percent and the lowest since 1950. The biggest factor contributing to the change in the 2009 tax receipt estimates since May was a technical reestimate for both individual and corporate income taxes to reflect recent experience.

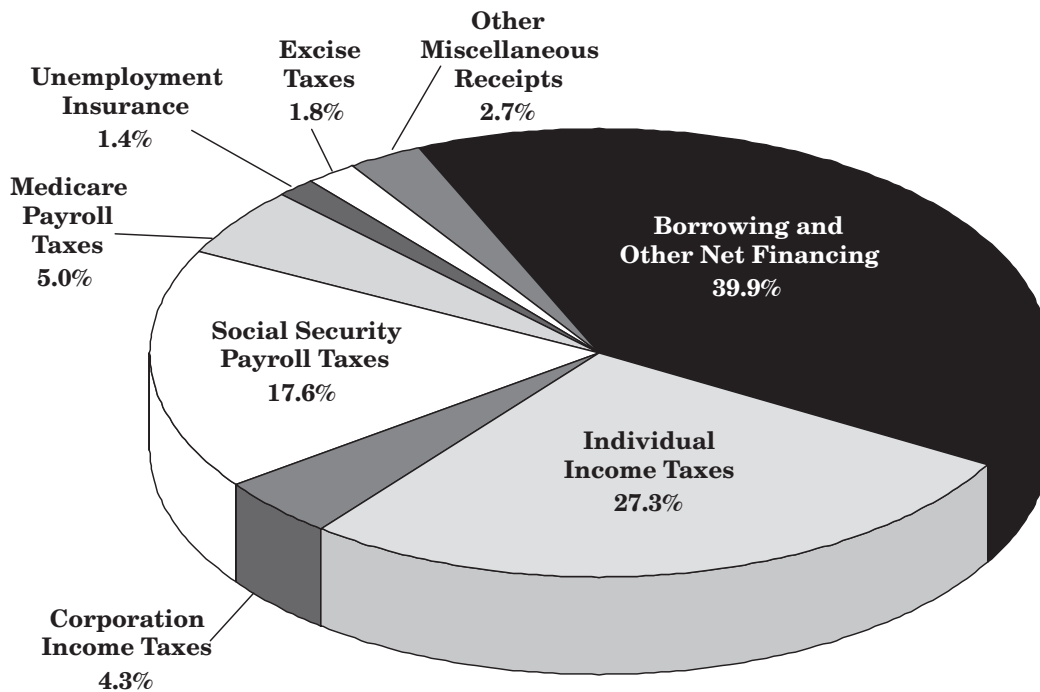
Economic growth is forecast to resume later this year, although the growth is expected to begin more slowly than forecast in February, leading to receipts of \$2,264 billion in 2010, \$68 billion lower than projected in May. In 2011, receipts are expected to grow to 17.1 percent of GDP, and beginning in 2012, receipts are expected to reach their pre-recession levels as a share of GDP and increase modestly thereafter.

### Outlays

Outlays for 2009 are expected to be \$3,653 billion, or \$345 billion lower than forecast in May. This reduction in 2009 outlays is primarily because of the elimination of the placeholder for further financial stabilization efforts, as discussed above, and lower outlays for deposit insurance, which reflect fewer bank failures and increases in the use of loss-sharing agreements. These reductions in outlays are partially offset by increased outlays for net interest. In addition, as a result of the revised economic outlook, unemployment insurance benefits, including the expansions enacted in the Recovery Act, are now projected to cost more in 2009 than projected in May.

Outlays for 2010 are now expected to be \$3,766 billion, or \$175 billion higher than forecast in May. Outlays for 2010 are expected to increase because of a shift in certain TARP outlays from 2009 to 2010, an increase in unemployment insurance benefits, and increases in interest on Government debt resulting

## Policy Receipts by Source in 2010



from the revised economic outlook. For 2011 and beyond, outlays are now forecast to be approximately \$100 billion higher in each year than forecast in May. The increase in outlays is due primarily to higher interest outlays for debt held by the public and the budgetary effect of dropping the placeholder for further financial stabilization efforts, which results in lower interest collections from the non-budgetary credit financing account.

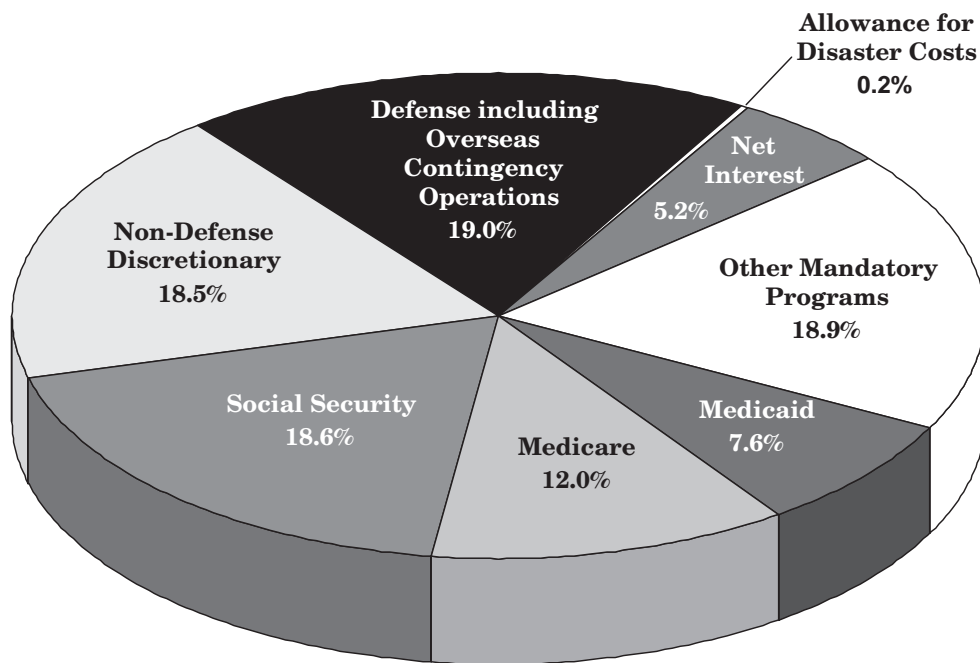
### **Deficit**

Removal of the placeholder for further financial stabilization efforts and lower deposit insurance outlays are the primary sources of the reduction in outlays that are forecast for 2009; these lower outlays are projected to result in a lower deficit for 2009 than was forecast in May. The 2009 deficit is now expected to be \$1,580 billion, or 11.2 percent of GDP, down from \$1,841 billion, or 12.9 percent of GDP, projected in May. The updated projections show the deficit falling to

5.0 percent of GDP in 2012 and 4.0 percent of GDP in 2016. Beyond 2009, these deficits are larger than projected in May, largely as a result of the revised economic outlook. Certain spending programs, such as unemployment insurance, automatically increase and revenues automatically decline as a result of a deeper-than-expected recession. Although this helps to ameliorate the economic downturn by stimulating demand, it also leads to higher short-term deficits.

The medium-term deficit is overwhelmingly the consequence of policies and resulting deficits the Administration inherited. By 2019, the difference between non-interest spending and revenue, which is also known as the “primary deficit,” is only 0.6 percent of GDP, but interest payments are 3.4 percent of GDP. These interest payments almost entirely represent the cost of the debt accumulated by past administrations and the need to run short-run deficits to help the economy recover from the worst downturn since the Great Depression.

## **Policy Outlays by Category in 2010**



At the end of 2009, debt held by the public net of financial assets is projected to be 48.0 percent of GDP, 1.4 percentage points lower than the 49.4 percent projected in May. Just as the deficit for 2010 and beyond is projected to be higher than projected in May largely because of the revised economic forecast, Government debt held by the public net of financial assets is also projected to be higher. By the end of the projection period, the ratio of debt net of financial assets to GDP is projected to reach 68.9 percent of GDP.

Persistent deficits of 4 percent of GDP are higher than desirable. The Administration will be proposing further steps in the 2011 Budget to reduce the deficit and stabilize the debt-to-GDP ratio at a prudent level.

### **THE LONG-TERM FISCAL CHALLENGE**

The economic crisis and record budget deficits that the President inherited upon taking office will result in continued deficit spending. Although the deficit is projected to decline from current levels to about 4 percent of GDP by 2015 and remain at this level for the rest of the decade, this stability is only temporary, and the long-term deficit outlook remains daunting.

The Federal Government's long-term fiscal shortfall is driven primarily by escalating health care costs. If health care costs continue to grow at their historical rates, Medicare and Medicaid will double as a share of spending on Federal programs within the next 30 years. These growth rates are simply unsustainable and are why slowing the growth in health care costs is the single most important

step we can take to put the Nation on firm fiscal footing. For example, slowing the rate of health care cost growth by 0.15 percentage points per year would produce the same amount of savings for the Federal budget as closing the 75-year Social Security shortfall.

This is why the President is committed to reforming the health insurance system this year. The Mid-Session Review identifies a total of \$954 billion over 10 years to pay for health reform, about two-thirds from savings in Medicare and Medicaid and one-third from revenue measures. The Administration is committed to passing health insurance reform that is deficit neutral over the next 10 years and that is on a stable trajectory as the decade ends. In addition to paying for health insurance reform, the Administration is committed to transformational steps that will move health care to a system that rewards the provision of better care, not more care; bend the health care cost curve; and substantially reduce long-term Federal deficits. That is why it put forward a proposal to establish an Independent Medicare Advisory Council, an independent, non-partisan body of doctors and other health experts with the authority to make recommendations about Medicare payment rates and other reforms.

Although health care is at the core of the country's long-term fiscal problem, the fiscal situation will demand more action once the economic recovery is fully underway. That is why the President is committed to addressing the shortfall in the Social Security system and the other important factors affecting the long-term fiscal situation.



**Table 1. CHANGES FROM THE MAY BUDGET**

(In billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010- 2014	2010- 2019
2010 May Budget deficit .....	1,841	1,258	929	557	512	536	528	645	675	688	779		
Percent of GDP .....	12.9%	8.5%	6.0%	3.4%	2.9%	2.9%	2.7%	3.2%	3.2%	3.1%	3.4%		
Enacted legislation and policy changes:													
2009 Supplemental Appropriations Act .....	5	8	2	1	*	*	*	*	*	*	*	11	12
Financial stabilization reserve:													
Direct outlays .....	-250												
Credit interest effects .....	25	42	34	27	23	22	20	18	17	14	12	148	230
Other legislative and policy changes .....	-8	-9	-4	-1	3	8	15	*	*	*	*	-3	12
Debt service .....	-*	-2	-4	-5	-5	-4	-3	-2	-2	-1	-*	-21	-29
Subtotal, policy changes .....	-228	39	28	22	21	26	32	16	15	14	12	135	225
Economic and technical reestimates:													
Receipts .....	83	68	94	130	144	116	81	51	36	31	39	553	791
Discretionary programs .....	-33	11	11	3	-2	-*	-*	*	*	-*	*	23	23
Mandatory:													
Social Security .....	2	6	7	4	1	-2	-6	-9	-11	-12	-13	15	-37
Medicaid .....	-4	-5	-2	*	3	5	7	9	11	12	12	1	52
Unemployment compensation .....	17	54	31	20	20	15	10	8	6	5	3	139	172
Deposit insurance .....	-78	-19	10	23	21	19	17	1	*	*	*	53	73
Troubled Asset Relief Program .....	-24	62	1	-1	-2	-*	-*	*	*			60	60
Refundable tax credits .....	8	7	2	5	5	5	3	2	2	2	2	24	34
Other .....	8	-3	-10	-15	-13	-11	-8	-2	-2	4	3	-53	-59
Total mandatory .....	-88	107	59	66	61	52	40	14	10	2	1	345	413
Net interest <sup>1</sup> .....	5	21	3	17	38	50	59	68	74	80	87	129	497
Allowances for future disaster costs .....	-2	-3	-1	-*	-*	-*	-*					-5	-5
Subtotal, economic and technical reestimates ....	-34	205	166	216	241	217	179	133	120	114	127	1,045	1,718
Total, changes .....	-262	243	194	238	263	242	211	150	135	127	139	1,181	1,943
Mid-Session Review deficit .....	1,580	1,502	1,123	796	775	778	739	795	810	815	917		
Percent of GDP .....	11.2%	10.4%	7.4%	5.0%	4.6%	4.3%	3.9%	4.0%	3.9%	3.7%	4.0%		

Note: Positive figures represent higher outlays or lower receipts.

\* \$500 million or less.

<sup>1</sup>Includes debt service on all reestimates.



# ECONOMIC ASSUMPTIONS

The economic forecast upon which the 2010 Budget was based was completed at a time when the economy was changing rapidly and when statistical information on conditions in the United States and world economy for 2008:Q4 was either preliminary or not yet released.<sup>1</sup> Over the winter and spring, the incoming information indicated that the economic contraction was even more severe than had been predicted by both Administration and outside forecasters. For this reason, the Administration has revised downward the economic assumptions for the Mid-Session Review. Despite the worsened conditions going into this year, the Administration continues to expect economic output to begin to turn around in the second half of 2009. However, because of the normal cyclical behavior of employment and because growth in late 2009 is predicted to be modest, job creation will lag the turnaround in economic growth for some period of time.

## RECENT DEVELOPMENTS

The decline in real gross domestic product (GDP) from 2008:Q2 through 2009:Q1 was one of the steepest three-quarter declines in U.S. history; real GDP declined at a 4.8 percent annual rate. All of the major components declined except for net exports. The decline in real GDP was a response to the extremely severe disruptions of world credit markets and the related loss of wealth from lower stock and home prices.

Following the policy interventions discussed below, the state of freefall has eased, some sectors of the economy have started to expand again, and stability is returning to the financial system (for example, the spreads between U.S. Government rates and private interest rates have narrowed). Credit standards remain tight—the Federal Reserve’s Senior Loan Officer Opinion Survey indicates that most respondents tightened their business lending policies over the three months ending in April 2009, but the number doing so

edged down for the second consecutive survey in the most recent release (April). The stock market has rebounded from its March lows, with the major indices up more than 40 percent since then.

The housing market remains depressed, but there are also indications of stability in the housing market, and some measures of house prices appear to be declining less severely. In December 2008, the Federal Housing Finance Agency national house price index was 199.2; it was 199.8 in May, almost the same level. Existing home sales were larger in June than in December. Housing permits were at an all-time low in April, but they rose in May and June.

Inventory investment declined at an annualized rate of \$156 billion in the second quarter, reducing real GDP growth by 0.8 percentage points. Inventory swings continue to have large cyclical effects despite the relatively small volume of inventory investment. Inventories are not likely to continue shrinking at this rate and even a moderation in the rate of decline will make a positive contribution to growth in the second half of 2009.

The policy response to the recession has been significant, sustained, and speedy. The American Recovery and Reinvestment Act (ARRA) will disburse most of its funds in 2009 and 2010. The withholding schedules have been adjusted for the Making Work Pay tax credit, boosting disposable income for the largest number of working Americans ever. The Recovery Act included a total of \$144 billion for State fiscal relief and \$81 billion for aid to people directly hurt by the recession (through programs such as unemployment insurance and nutritional assistance). Both of these types of spending started almost immediately following passage of the bill. The State fiscal relief will continue at the same rate over the next six quarters; the aid to people hurt by the recession is concentrated in the 2009 calendar year. Total discretionary funding under the Act amounts to \$283 billion, of which \$39 billion will be spent before September 30, 2009, with the rest being paid out in 2010 (\$122 billion), 2011 (\$76 billion), and smaller amounts in later years. Since

<sup>1</sup>In this document, economic performance is measured in terms of calendar years. Budget figures are measured in terms of fiscal years.

unemployment is likely to be high for some time, it is appropriate for the stimulus to extend into 2010 and 2011. At the same time, monetary policy and financial stabilization efforts have helped revive credit markets while laying the groundwork for a sustained recovery.

Employment continued to decline in the second quarter of 2009, but at a slower rate than in the first quarter—an average monthly decline in payroll jobs of 436,000 compared to the prior quarter's 691,000. Other indicators suggest that policy is already having an effect on aggregate demand. Retail sales, which fell for six straight months at the end of 2008, have stabilized over the past few months. One of the main factors contributing to the strengthening of consumer demand is the tax relief in ARRA, which contributed to a rise in real disposable income in May to the highest level in a year. Housing affordability over the last six months (through June) was higher than at any time since data have been maintained (1971), and housing starts were slightly higher in the second quarter than the first quarter, following several quarters of steep decline. This is partly the result of monetary policy, which has kept interest rates low, and also the measures taken to assure that potential home owners will have access to credit, which together have helped to keep mortgage interest rates down. Overall, some forecasters estimated that ARRA added at least two percentage points to the annual growth rate in the second quarter.

With the improvement in financial conditions, some of the flight to quality that pulled down Treasury rates at the end of 2008 has been reversed and yields on long-term Treasury notes have risen in 2009. This healthy development signals an increased willingness on the part of investors to hold a wider range of assets, which is necessary for lending to revive in the private sector and for credit markets to return to normal.

Once the recovery takes hold, it is expected to gain momentum as time passes. The economic recovery will mitigate the downward pressure on home prices that has made mortgage debt so risky. With asset values more predictable, credit market restrictions on new lending will likely relax. A revival of normal credit channels will further strengthen the recovery.

## ECONOMIC PROJECTIONS

The Administration expects the recovery to proceed most rapidly from 2011 to 2014 and eventually lower the unemployment rate to below 6 percent. These new economic projections are based on information available through early June 2009. They are summarized in Table 2, which also shows the forecast of GDP and incomes after adjusting for the comprehensive revision to the national income and product accounts released July 31. For 2009 to 2010, the projected rate of real GDP growth and the projected unemployment rate are close to the Blue Chip Consensus forecast (an average of about 50 private-sector forecasts). A comparison with the latest available Blue Chip and CBO forecasts is shown below in Table 3.

*Real Gross Domestic Product (GDP) and the Unemployment Rate:* Real GDP is expected to decline by 2.8 percent this year, and to increase by 2.0 percent in 2010. The growth rate is projected to accelerate in 2011 to 3.8 percent and to exceed 4 percent per year in 2012-2014. Beyond 2014, real GDP growth is projected to converge to a long-run annual growth rate of potential GDP of 2.5 percent.

The unemployment rate is projected to peak at a rate above 10.0 percent on a monthly basis before beginning to decline in the middle of 2010. With a return to stronger growth in 2011, the unemployment rate is projected to fall more rapidly in that year.

*Inflation:* Over the 12 months ending in June 2008, the headline consumer price index—CPI-U—rose 4.8 percent, led by sharply higher energy prices. Since 2008:Q3, inflation has declined sharply because of a fall in energy prices and a much reduced rate of increase in food prices. Core consumer price inflation (that is, excluding food and energy prices) has also declined, but much less dramatically than the top-line measure. Core inflation was 2.4 percent between June 2007 and June 2008; over the subsequent 12 months it has averaged only 1.7 percent. Because it is not directly affected by swings in energy and food prices, the core index is a better guide to underlying inflation trends than the overall CPI-U, which is projected to decline 0.7 percent in 2009. The overall CPI-U is projected to revert toward the underlying rate so that it rises in 2010 and eventually converges on a long-run inflation rate of 2.1 percent.

**Table 2. ECONOMIC ASSUMPTIONS<sup>1</sup>**

(Calendar years; dollar amounts in billions)

	Actual					Projections							
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gross Domestic Product (GDP):</b>													
Levels, dollar amounts in billions:													
Current dollars .....	13,808	14,265	14,122	14,588	15,337	16,259	17,249	18,267	19,258	20,225	21,178	22,130	23,101
Constant (2000) dollars .....	11,524	11,652	11,324	11,549	11,991	12,507	13,045	13,581	14,073	14,525	14,939	15,333	15,722
Price index (2000 = 100) .....	119.8	122.5	124.7	126.3	127.9	130.0	132.2	134.5	136.8	139.2	141.8	144.3	146.9
Percent change, Q4/Q4:													
Current dollars .....	4.9	1.2	0.2	4.1	5.8	6.1	6.1	5.8	5.2	4.9	4.6	4.5	4.3
Constant (2000) dollars .....	2.3	-0.8	-1.5	2.9	4.3	4.3	4.3	4.0	3.4	3.1	2.7	2.6	2.5
Price index (2000 = 100) .....	2.6	2.0	1.6	1.2	1.4	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8
Percent change, year over year:													
Current dollars .....	4.8	3.3	-1.0	3.3	5.1	6.0	6.1	5.9	5.4	5.0	4.7	4.5	4.4
Constant (2000) dollars .....	2.0	1.1	-2.8	2.0	3.8	4.3	4.3	4.1	3.6	3.2	2.8	2.6	2.5
Price index (2000 = 100) .....	2.7	2.2	1.8	1.3	1.3	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8
<b>Incomes, billions of current dollars:</b>													
Corporate profits before tax ...	1,886	1,597	1,504	1,730	1,940	2,001	2,095	2,143	2,193	2,192	2,285	2,362	2,470
Employee Compensation ....	7,812	8,053	8,037	8,342	8,791	9,320	9,882	10,470	11,045	11,608	12,150	12,705	13,255
Wages and salaries .....	6,362	6,548	6,491	6,668	7,036	7,488	7,949	8,437	8,908	9,366	9,808	10,255	10,695
Other taxable income <sup>2</sup> .....	3,096	3,174	2,940	3,172	3,258	3,563	3,768	4,029	4,256	4,498	4,725	4,958	5,196
<b>Consumer Price Index (all urban):<sup>3</sup></b>													
Level (1982-84 = 100) .....	207.3	215.2	213.8	216.9	220.2	224.4	228.9	233.5	238.1	243.1	248.2	253.4	258.8
Percent change, Q4/Q4 .....	4.0	1.5	0.5	1.4	1.7	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1
Percent change, year/year ...	2.9	3.8	-0.7	1.4	1.5	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1
<b>Unemployment rate, civilian, percent:</b>													
Fourth quarter level .....	4.8	6.9	10.0	9.7	8.0	7.5	6.5	5.7	5.5	5.4	5.3	5.3	5.2
Annual average .....	4.6	5.8	9.3	9.8	8.6	7.7	6.8	5.9	5.6	5.5	5.3	5.3	5.2
<b>Federal pay raises, January, percent:</b>													
Military <sup>4</sup> .....	2.7	3.5	3.4	2.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
Civilian <sup>5</sup> .....	2.2	3.5	2.9	2.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Interest rates, percent:</b>													
91-day Treasury bills <sup>6</sup> .....	4.4	1.4	0.2	1.3	2.6	3.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0
10-year Treasury notes .....	4.6	3.7	3.6	4.5	4.9	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2

NA = Not Available; Q4/Q4 = fourth quarter over fourth quarter.

<sup>1</sup>Based on information available as of early June 2009.<sup>2</sup>Rent, interest, dividend, and proprietors' income components of personal income.<sup>3</sup>Seasonally adjusted CPI for all urban consumers.<sup>4</sup>Percentages apply to basic pay only; percentages to be proposed for years after 2010 have not yet been determined.<sup>5</sup>Overall average increase, including locality pay adjustments. Percentages to be proposed for years after 2010 have not yet been determined.<sup>6</sup>Average rate, secondary market (bank discount basis).

**Table 2a. ECONOMIC ASSUMPTIONS ADJUSTED FOR NIPA REVISIONS<sup>1</sup>**

(Calendar years; dollar amounts in billions)

	Actual					Projections							
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gross Domestic Product (GDP):</b>													
Levels, dollar amounts in billions:													
Current dollars .....	14,078	14,441	14,210	14,680	15,433	16,361	17,357	18,381	19,378	20,352	21,311	22,268	23,245
Constant (2005) dollars .....	13,254	13,312	12,892	13,148	13,651	14,238	14,850	15,461	16,021	16,535	17,006	17,455	17,898
Price index (2005 = 100) .....	106.2	108.5	110.2	111.6	113.0	114.8	116.8	118.8	120.9	123.0	125.2	127.5	129.8
Percent change, Q4/Q4:													
Current dollars .....	5.3	0.1	-0.2	4.1	5.8	6.1	6.1	5.8	5.2	4.9	4.6	4.5	4.3
Constant (2005) dollars .....	2.5	-1.9	-1.7	2.9	4.3	4.3	4.3	4.0	3.4	3.1	2.7	2.6	2.5
Price index (2005 = 100) .....	2.7	1.9	1.4	1.2	1.4	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8
Percent change, year over year:													
Current dollars .....	5.1	2.6	-1.6	3.3	5.1	6.0	6.1	5.9	5.4	5.0	4.7	4.5	4.4
Constant (2005) dollars .....	2.1	0.4	-3.2	2.0	3.8	4.3	4.3	4.1	3.6	3.2	2.8	2.6	2.5
Price index (2005 = 100) .....	2.9	2.1	1.5	1.3	1.3	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8
<b>Incomes, billions of current dollars:</b>													
Corporate profits before tax ...	1,774	1,463	1,378	1,585	1,777	1,832	1,919	1,963	2,008	2,008	2,093	2,163	2,262
Employee Compensation .....	7,856	8,037	8,021	8,326	8,774	9,303	9,863	10,450	11,024	11,586	12,127	12,680	13,229
Wages and salaries .....	6,409	6,546	6,489	6,666	7,034	7,485	7,947	8,434	8,905	9,363	9,805	10,252	10,691
Other taxable income <sup>2</sup> .....	3,273	3,311	3,130	3,382	3,474	3,804	4,027	4,309	4,551	4,810	5,053	5,301	5,556

<sup>1</sup>After the forecast was completed, the Bureau of Economic Analysis released a comprehensive benchmark revision to the National Income and Product Accounts. Such revisions to the historical data generally occur every five years and include conceptual and classification changes as well as simple data updates based on more detailed information. Table 2a shows how the economic assumptions would change using the revised levels for GDP and its components.

<sup>2</sup>Rent, interest, dividend, and proprietors' income components of personal income.

The other main measure of inflation is the chain-type GDP price index. It is projected to rise by 1.6 percent between 2008:Q4 and 2009:Q4, and, following a two-year decline in 2010-2011, to increase in 2012, and eventually to return to a rate of 1.8 percent per year.

*Interest Rates:* The projections for interest rates are based on financial market data and market expectations at the time that the forecast was developed. The three-month Treasury bill rate is expected to average only 0.2 percent in 2009 and then to rise steadily, reaching 4.0 percent by 2013. The yield on the 10-year Treasury note is projected to average 3.6 percent in 2009 and then to rise to 5.2 percent by 2012. Projected real interest rates are assumed to be close to their historical averages in the long run.

*Incomes and Income Shares:* Labor compensation—consisting of wages and salaries and employee fringe benefits such as employer-

provided insurance and pensions—is currently 56.9 percent of GDP. It is projected to return gradually over the next six years to its historical average of around 57.4 percent of GDP. The share of corporate profits, which has been temporarily reduced by the recession, is projected to rise during the early stages of recovery but then eventually to decline. The wage share in GDP is also projected to rise from its recent low level, but by less than the increase in total compensation because employee benefits are expected to increase further, holding down the expected rise in wages and salaries. A major health care reform could lead to a reduction in the growth rate of employer-paid health insurance premiums and allow a greater increase in wages and salaries.

## FORECAST COMPARISONS

Table 3 compares the MSR economic assumptions with those for the 2010 Budget and with recent projections by CBO and the Blue Chip Consensus.



**Table 3. COMPARISON OF ECONOMIC ASSUMPTIONS—Continued**

(Calendar years; dollar amounts in billions)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Interest Rates:<sup>3</sup></b>												
<b>91-Day Treasury Bills:</b>												
MSR .....	1.4	0.2	1.3	2.6	3.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Budget .....	1.4	0.2	1.6	3.4	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0
CBO <sup>1</sup> .....	1.4	0.3	0.9	1.8	3.0	3.9	4.4	4.7	4.7	4.8	4.8	4.8
Blue Chip .....	1.4	0.2	0.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>10-Year Treasury Notes:</b>												
MSR .....	3.7	3.6	4.5	4.9	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Budget .....	3.7	2.8	4.0	4.8	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.2
CBO <sup>1</sup> .....	3.7	2.9	3.4	4.0	4.6	5.0	5.3	5.4	5.5	5.6	5.6	5.6
Blue Chip .....	3.7	3.4	4.1	NA	NA	NA	NA	NA	NA	NA	NA	NA

MSR = Mid-Session Review; CBO = Congressional Budget Office (March 2009); Blue Chip = July Blue Chip Consensus forecast.

Note: GDP estimates are not adjusted for July 31, 2009 comprehensive National Income and Product Account revisions.

Sources: Administration; CBO, *A Preliminary Analysis of the President's Budget and an Update of CBO's Budget and Economic Outlook*, March 2009; July 2009 *Blue Chip Economic Indicators*, Aspen Publishers, Inc.<sup>1</sup>CBO economic projections include the effects of the American Recovery and Reinvestment Act of 2009, but not the 2010 Budget proposals.<sup>2</sup>Year-over-year percent change.<sup>3</sup>Annual averages, percent; 91-day Treasury bills on discount basis.



# RECEIPTS

The Mid-Session Review estimates of receipts are less than the May estimates by \$83 billion in 2009, \$68 billion in 2010, and between \$31 billion and \$144 billion in each subsequent year, for a reduction of \$791 billion over the 10-year budget horizon, 2010 through 2019. The effects of revised economic assumptions on collections under current law account for \$26 billion of the reduction in 2009, \$63 billion of the reduction in 2010, and \$691 billion or 87 percent of the reduction over the 10-year budget horizon. Technical revisions attributable to new tax data and collections experience account for \$57 billion of the reduction in 2009, \$7 billion of the reduction in 2010, and \$107 billion of the reduction over 10 years. The reductions in estimates of receipts under current law are partially offset by revisions in the estimates of the Administration's proposals, which increase receipts by a net \$8 billion over 10 years.

Revisions in the economic forecast have the greatest effect on individual and corporation income taxes. Reductions in wages and salaries and other sources of taxable personal income reduce individual income taxes under current law by \$21 billion in 2009, \$46 billion in 2010, and a net \$363 billion over 10 years. Reductions in gross domestic product (GDP) and other economic measures that affect the profitability of corporations reduce corporation income taxes by \$1 billion in 2009, \$2 billion in 2010, and \$9 billion to \$25 billion in each subsequent year, for a net reduction of \$178 billion over 10 years. The revised economic forecast, specifically reductions in the forecast of imports, also has a significant impact on customs duties, reducing collections by \$1 billion in 2009, \$4 billion in 2010, and \$131 billion over 10 years. Social insurance and retirement receipts, which include Social Security and Medicare payroll taxes, unemployment insurance receipts, and railroad retirement and other retirement receipts, decline by \$5 billion to \$20 billion in each year, 2009 through 2014, and increase by \$3 billion to \$13 billion in each subsequent year, for a net reduction of \$27 billion over 10 years. Reductions in wages and salaries and in proprietor's income, the tax base for Social Security and Medicare payroll taxes, reduce these receipts

in each year. Beginning in 2015, these reductions in payroll taxes are more than offset by increases in unemployment receipts, attributable to increases in State unemployment insurance tax rates and to reductions in credits against the Federal unemployment insurance tax, both reflecting the need to fund increased benefits as unemployment rises. The net increase in other sources of receipts of \$2 billion in 2009, \$3 billion in 2010, and \$7 billion over 10 years, reflects increases in deposits of earnings of the Federal Reserve System, attributable to higher interest rates, that more than offset reductions in excise taxes and estate and gift taxes.

Technical reestimates of receipts under current law have the largest effect on corporation income taxes, reducing collections by \$25 billion in 2009, \$13 billion in 2010, and smaller amounts in each subsequent year, for a net reduction of \$71 billion over the 10 years, 2010 through 2019. These revisions in corporation income taxes reflect new tax and collections data that were not available at the time the May estimates were prepared. Technical reestimates reduce individual income taxes by \$28 billion in 2009, increase receipts by \$19 billion in 2010, and reduce receipts by a net \$20 billion over 10 years. Reductions in the estimate of 2009 tax liability and revisions in the timing of collections, based on more recent collections data, are in large part responsible for the reduction in individual income taxes of \$28 billion in 2009 and the partially offsetting increase of \$19 billion in 2010. Revisions in the individual income tax model, based primarily on updated tax data for prior years, are in large part responsible for the technical revisions in individual income taxes in each subsequent year. Technical revisions, attributable mostly to more recent taxable wage data from employer returns, reduce social insurance and retirement receipts by \$3 billion in 2009, \$16 billion in 2010, and \$59 billion over 10 years. The downward technical revisions in income and payroll taxes are partially offset by net increases in estate and gift taxes and other sources of receipts. The increases in estate and gift taxes reflect increases in the estimated value of estates, attributable in large part to stock market

**Table 4. CHANGE IN RECEIPTS**

(In billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010– 2014	2010– 2019
May estimate .....	2,157	2,333	2,685	3,075	3,305	3,480	3,662	3,841	4,021	4,218	4,429	14,879	35,049
Changes in current law receipts:													
Due to revised economic assumptions:													
Individual income taxes .....	-21	-46	-65	-72	-72	-55	-33	-15	-5	1	-1	-310	-363
Corporation income taxes .....	-1	-2	-9	-17	-25	-25	-21	-19	-18	-20	-21	-79	-178
Social insurance and retirement .....	-5	-14	-16	-17	-20	-9	3	8	13	13	13	-77	-27
Customs duties .....	-1	-4	-7	-11	-13	-15	-16	-17	-17	-16	-15	-50	-131
Other .....	2	3	*	*	1	*	*	*	1	1	1	4	7
Total revised economic assumptions .....	-26	-63	-97	-117	-131	-104	-67	-43	-25	-22	-23	-511	-691
Due to technical reestimates:													
Individual income taxes .....	-28	19	-4	-7	-7	-7	-6	-5	-3	-1	1	-6	-20
Corporation income taxes .....	-25	-13	-4	-5	-5	-4	-6	-7	-8	-9	-9	-31	-71
Social insurance and retirement .....	-3	-16	-6	-6	-6	-6	-7	*	-2	-2	-8	-39	-59
Estate and gift taxes .....		1	-1	3	4	4	4	5	5	5	6	12	38
Other .....	-*	1	4	2	1	*	*	-*	-1	-1	-1	8	5
Total technical reestimates .....	-57	-7	-10	-12	-14	-12	-15	-8	-9	-8	-12	-56	-107
Changes in estimates of proposals:													
Provisions continued in current policy baseline .....	-*	1	16	11	12	11	10	8	7	7	7	51	90
Reform U.S. international tax system .....		-*	-4	-6	-6	-6	-6	-7	-7	-8	-8	-22	-59
Upper-income tax provisions .....	*	1	1	-7	-7	-6	-4	-3	-3	-3	-3	-18	-36
Other provisions .....	-*	-*	*	1	1	2	2	2	2	2	*	4	12
Total changes in estimates of proposals .....	-*	2	13	-1	*	1	1	-*	-2	-2	-4	15	8
Total changes in receipts .....	-83	-68	-94	-130	-144	-116	-81	-51	-36	-31	-39	-553	-791
Mid-Session estimate .....	2,074	2,264	2,591	2,945	3,161	3,365	3,582	3,791	3,985	4,186	4,389	14,326	34,259

\* \$500 million or less.

gains since the May estimates were prepared, which are treated as a technical rather than an economic change.

Revisions in the estimates of the Administration's proposals have a minimal effect on receipts in 2009, increase receipts by \$2 billion in 2010, and increase receipts by a net \$8 billion over the 10-year budget horizon. This increase includes a \$90 billion reduction in the estimated cost of permanently extending alternative minimum tax relief, the 2001 and 2003 tax cuts, and estate and gift taxes at parameters in effect for calendar year 2009. The lower cost of extending these temporary tax provisions, which are reflected in the Administration's baseline projection of current policy, is due in large part to reductions in the economic forecast for wages and salaries and other sources of taxable income. The reduction in the estimated cost of these provisions

is largely offset by an \$82 billion reduction in the estimated receipt gain from the Administration's other proposals. This \$82 billion reduction is the net effect of reductions in the estimated receipt gain from the proposed reforms of the U.S. international tax system and the proposed increases in taxes on higher-income individuals, and reductions in the cost of the proposed tax reductions for individuals and businesses. Revisions in the estimated receipt gain from the proposed reforms of the U.S. international tax system, attributable primarily to technical revisions in the behavioral response of taxpayers to these changes based on more recent information, reduce receipts by \$59 billion over 10 years. Reductions in wages and salaries and other sources of taxable income, particularly dividends, are in large part responsible for the \$36 billion reduction in the estimated receipt gain from the proposed increases in taxes on upper-income

taxpayers over 10 years. Reductions in the cost of the proposed tax cuts for individuals and businesses and other initiatives, attributable in large part to reductions in incomes, increase receipts by \$12 billion over 10 years.

In addition to changes in receipts, the Mid-Session Review also reflects changes in outlays related to refundable tax credits. These tax credits are classified as outlays to the extent that refunds are in excess of a taxpayer's tax liability. Seven refundable tax credits, including the Making Work Pay Tax Credit, Child Tax Credit, and Earned Income Tax

Credit, combine to have \$8 billion in higher outlays in 2009 than the Budget estimated. Over the 10-year budget window, estimating changes increase outlays for refundable tax credits by \$34 billion. These changes include revisions in estimates under current law and revisions in estimates of the Administration's proposals for these credits. The main drivers of the increase are the economic changes resulting from a weakened economy and job market. These decrease wages and increase the number of people who qualify under the income thresholds for these programs.



# EXPENDITURES

Outlays for fiscal year 2009 are now estimated to be \$3,653 billion, a \$345 billion decrease from the May Budget estimate, due largely to removal of the May Budget's placeholder for further financial stabilization efforts and to lower projected outlays for deposit insurance. Relative to the May Budget, total outlays have increased by \$175 billion in 2010 and \$1,152 billion over 10 years. These changes are largely the effect of technical and economic revisions in estimates of major programs since the May Budget release. However, \$700 billion of the \$1,152 billion increase in outlays is produced by higher interest payments, which themselves result in part from lower receipts.

## POLICY CHANGES

Changes that have resulted from the enactment of legislation and changes in policy since the release of the Budget decrease outlays by \$228 billion in 2009 and increase outlays by \$39 billion in 2010. Over the 10-year period 2010 through 2019, policy changes increase outlays by \$225 billion. The major pieces of legislation that Congress has enacted since the transmittal of the Budget are the 2009 Supplemental Appropriations Act and the Helping Families Save Their Homes Act of 2009. The primary policy change since the Budget is the removal of the placeholder for further financial stabilization efforts.

**2009 Supplemental Appropriations Act.** The Supplemental Appropriations Act provides discretionary appropriations for overseas contingency operations, largely as proposed in the Budget, along with funding for the International Monetary Fund (IMF), additional emergency funding related to the H1N1 influenza virus, and other items. Relative to the original Budget proposal, the supplemental increases spending by \$5 billion in 2009, \$8 billion in 2010, and \$12 billion over 2010 through 2019. Administration estimates of the Act largely mirror those of the Congressional Budget Office (CBO), except that the Administration scores the subsidy costs of the IMF provisions to be \$444 million in budget authority, whereas CBO scores them at \$5 billion.

**Helping Families Save Their Homes Act of 2009.** The Helping Families Save Their Homes Act expands the Federal Housing Administration's foreclosure relief authorities, extends higher limits on deposit insurance, and increases the borrowing authority for the Federal Deposit Insurance Corporation and National Credit Union Administration, allowing those agencies to avoid near-term increases in deposit insurance premiums in the current financial environment. On net, the Act decreases outlays relative to the Budget by \$8 billion in 2009 and \$9 billion in 2010. Over 2010 through 2019, it increases outlays by \$5 billion.

**Placeholder for further financial stabilization efforts.** The Mid-Session Review no longer reflects a placeholder for further financial stabilization efforts. As a result of the completion of the Supervisory Capital Assessment Program and the Administration's other efforts under the Financial Stability Plan, the substantial amounts of private capital that financial institutions have raised, and the repayments to the Government of \$70 billion in investments by the Troubled Asset Relief Program (TARP) since the Budget was issued, it is now significantly less likely that additional funding authority for financial stabilization will be needed. Removing the placeholder has the direct effect of reducing 2009 outlays by \$250 billion relative to the Budget. The indirect effects of removing the placeholder on the non-budgetary credit financing accounts reduce interest received from these financing accounts, resulting in an offsetting \$25 billion increase in net interest outlays in 2009 and a total 10-year increase of \$230 billion.

## ESTIMATING CHANGES

Estimating changes are due to factors other than enacted legislation or changes in policy, including changes in economic assumptions, discussed earlier in this Review, and changes in technical factors. Economic and technical changes reduce estimated outlays for 2009 by \$117 billion relative to the Budget estimate, and increase estimated outlays for 2010 by \$136 billion. Over the period 2010 through 2019, outlays are \$928 billion above the Budget for economic and technical reasons.

**Discretionary appropriations.** Outlays for discretionary appropriations decrease by \$33 billion in 2009 and increase by \$11 billion in 2010 relative to the Budget as a result of technical revisions. These changes largely reflect slower spending in 2009 and higher estimated spending in 2010 of regular and emergency appropriations in the Department of Defense. The Departments of Health and Human Services, State, Homeland Security, and Housing and Urban Development comprise most of the remaining decrease in 2009 and increase in 2010 discretionary spending. The Department of Energy also contributes to

the decrease in 2009, while the Department of Education contributes to the increase in 2010.

**Social Security.** Estimating changes reduce outlays for Social Security by \$37 billion over the next 10 years. The decrease largely results from lower projections for Cost of Living Adjustments (COLAs) but is offset by recent program experience, anticipated increases in the number of beneficiaries, and updated demographic assumptions in the 2009 Trustees' Report resulting in higher average benefit amounts.

**Table 5. CHANGE IN OUTLAYS**

(in billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010- 2014	2010- 2019
May estimate .....	3,998	3,591	3,615	3,633	3,817	4,016	4,190	4,487	4,696	4,905	5,207	18,672	42,157
Changes due to policy:													
2009 Supplemental Appropriations Act ...	5	8	2	1	*	*	*	*	*	*	*	11	12
Financial stabilization reserve:													
Direct outlays .....	-250												
Credit interest effects .....	25	42	34	27	23	22	20	18	17	14	12	148	230
Other legislation and policy changes .....	-8	-9	-4	-1	3	8	15	*	*	*	*	-3	12
Debt service .....	-*	-2	-4	-5	-5	-4	-3	-2	-2	-1	-*	-21	-29
Subtotal, policy .....	-228	39	28	22	21	26	32	16	15	14	12	135	225
Changes due to reestimates:													
Discretionary appropriations:													
Defense (050) .....	-25	5	9	1	*	*	*	*	*	*	*	15	18
Non-defense .....	-8	6	2	2	-2	-*	-*	-*	-*	-1	-*	8	6
Social Security .....	2	6	7	4	1	-2	-6	-9	-11	-12	-13	15	-37
Unemployment compensation .....	17	54	31	20	20	15	10	8	6	5	3	139	172
Supplemental Nutrition Assistance													
Program .....	1	2	2	2	2	2	-*	-3	-4	-5	-5	9	-8
Pell Grants .....		1	3	3	3	3	3	3	3	3	3	12	27
Medicaid .....	-4	-5	-2	*	3	5	7	9	11	12	12	1	52
Title 48 energy grants .....	*	3	4	5	3	*						15	15
Troubled Asset Relief Program .....	-24	62	1	-1	-2	-*	-*	*	*			60	60
Deposit insurance .....	-78	-19	10	23	21	19	17	1	*	*	*	53	73
Refundable tax credits .....	8	7	2	5	5	5	3	2	2	2	2	24	34
Other programs .....	-11	-5	-1	5	6	6	5	2	4	-2	-1	11	19
Net interest <sup>1</sup> .....	5	21	3	17	38	50	59	68	74	80	87	129	497
Subtotal, reestimates .....	-117	136	72	86	97	101	98	83	84	82	88	493	928
Total change in outlays .....	-345	175	100	108	118	127	131	99	99	96	100	628	1,152
Mid-Session estimate .....	3,653	3,766	3,715	3,741	3,936	4,143	4,321	4,586	4,795	5,001	5,307	19,300	43,309

\* \$500 million or less.

<sup>1</sup>Includes debt service on all reestimates.

**Unemployment compensation.** Changes in economic and technical assumptions increase outlays for unemployment benefits by \$17 billion in 2009 and \$172 billion over the next 10 years. This increase largely results from higher unemployment rates than were assumed in the Budget and also includes the effect of higher claims levels and the extension of benefits in 17 States that have enacted the Total Unemployment Rate trigger.

**SNAP.** Outlays for the Supplemental Nutrition Assistance Program (SNAP), formerly called Food Stamps, are estimated to decrease by \$8 billion over the next 10 years due to economic and technical factors. Technical changes increase participation assumptions by about 2 million individuals in 2010 and 2011. This increased participation drives up SNAP program costs in the short term. Projected inflation in food prices is now significantly lower than expected in the May Budget, and this would normally create an offsetting decrease in SNAP outlays. However, the American Recovery and Reinvestment Act (ARRA) provided a special increase in benefit levels above the normal inflation-indexed benefit increase. In the out-years, after inflation increases the normal benefit level above the level provided in ARRA, the slower-than-expected inflation reduces SNAP outlays relative to the Budget.

**Medicaid.** Projected 2009 Federal outlays for Medicaid have decreased by \$4 billion since the Budget, but over 2010 to 2019, total outlays are now expected to be \$52 billion higher than in the Budget due to estimating changes. The overall increase over the 10-year period is attributable largely to technical changes, including updated utilization projections. In addition, updated economic assumptions of faster growth in wages and hospital prices in later years contribute to the increase in the estimate of Medicaid outlays. Over the 10-year period, technical changes to Recovery Act Medicaid are attributable to updated estimates of State administrative costs under Sec. 4201.

**Deposit insurance.** Federal Deposit Insurance Corporation (FDIC) outlays are \$78 billion lower in 2009 than in the May Budget. However, over the following 10 years, net outlays are expected to increase by \$73 billion, for a net outlay decrease over 11 years of \$5

billion. The near-term decreases are mostly due to improved conditions in the banking industry since the May Budget, resulting in fewer expected resolutions of failed banks. In addition, the FDIC has increased its use of loss-sharing agreements instead of deposit payoffs when resolving insolvent institutions. Loss-sharing agreements lower upfront payments by the FDIC, as partnering institutions take over the insolvent banks while the FDIC covers a share of losses of the partnering institution over time. As a result of these lower upfront payments due to fewer bank liquidations and to loss-sharing agreements, the FDIC is now expected to require lower premium levels in later years to maintain balances in the Deposit Insurance Fund. The lower premium collections increase net FDIC outlays from 2011 through 2015 relative to the May Budget.

**Pell Grants.** Outlays under the Administration's proposal for Pell Grants are now estimated to increase by \$27 billion over 2010 to 2019. This increase is driven almost entirely by technical revisions to reflect historic increases in the demand for Pell Grants as more individuals choose to go to college in a weakened labor market.

**Troubled Asset Relief Program.** Relative to the May Budget, outlays from TARP are now expected to decrease by \$24 billion in 2009, but rise by \$62 billion in 2010 due to technical revisions. The changes are primarily a result of incorporating actual subsidy rates for TARP activity to date as well as new estimates of expected TARP obligations for this fiscal year and next. The estimates reflect the reallocation of \$77 billion in TARP repayments within the program's overall \$700 billion limit on holdings of troubled assets, up from \$25 billion in reallocations estimated in the May Budget.

**Title 48 energy grants.** Outlays for Title 48 grants in lieu of energy tax credits, enacted in ARRA, increase relative to the May Budget by \$15 billion over the next 10 years due to technical revisions to reflect higher-than-expected demand for this Recovery program. Nearly all of these changes in estimates occur from 2010 to 2013.

**Net interest.** Excluding the debt service associated with policy changes and the credit

interest effects of removing the financial stabilization reserve, outlays for net interest are projected to increase by \$497 billion over 10 years. Higher debt service costs related to estimating changes in receipts and outlays

contribute to a large share of the increase in projected net interest. Interest outlays also increase due to higher interest rates than in the May Budget economic forecast.



## **SUMMARY TABLES**



**Table S-1. BUDGET TOTALS**

(In billions of dollars and as a percent of GDP)

														Totals	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019	
<b>Budget Totals in Billions of Dollars:</b>															
Receipts .....	2,524	2,074	2,264	2,591	2,945	3,161	3,365	3,582	3,791	3,985	4,186	4,389	14,326	34,259	
Outlays .....	2,983	3,653	3,766	3,715	3,741	3,936	4,143	4,321	4,586	4,795	5,001	5,307	19,300	43,309	
Deficit .....	459	1,580	1,502	1,123	796	775	778	739	795	810	815	917	4,974	9,051	
Debt held by the public .....	5,803	7,856	9,575	10,590	11,443	12,281	13,126	13,927	14,782	15,651	16,523	17,493			
Debt net of financial assets .....	5,297	6,770	8,230	9,330	10,125	10,899	11,677	12,415	13,210	14,019	14,834	15,751			
Gross domestic product (GDP) .....	14,222	14,116	14,442	15,123	16,021	16,997	18,011	19,016	19,983	20,944	21,890	22,857			
<b>Budget Totals as a Percent of GDP:</b>															
Receipts .....	17.7%	14.7%	15.7%	17.1%	18.4%	18.6%	18.7%	18.8%	19.0%	19.0%	19.1%	19.2%	17.7%	18.4%	
Outlays .....	21.0%	25.9%	26.1%	24.6%	23.3%	23.2%	23.0%	22.7%	22.9%	22.9%	22.8%	23.2%	24.0%	23.5%	
Deficit .....	3.2%	11.2%	10.4%	7.4%	5.0%	4.6%	4.3%	3.9%	4.0%	3.9%	3.7%	4.0%	6.3%	5.1%	
Debt held by the public .....	40.8%	55.7%	66.3%	70.0%	71.4%	72.3%	72.9%	73.2%	74.0%	74.7%	75.5%	76.5%			
Debt net of financial assets .....	37.2%	48.0%	57.0%	61.7%	63.2%	64.1%	64.8%	65.3%	66.1%	66.9%	67.8%	68.9%			

**Table S-2. EFFECT OF BUDGET PROPOSALS ON PROJECTED DEFICITS**

(Deficit increases (+) or decreases (-) in billions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Projected deficits in the baseline projection of current policy<sup>1</sup></b> .....	<b>1,552</b>	<b>1,449</b>	<b>1,173</b>	<b>939</b>	<b>938</b>	<b>955</b>	<b>925</b>	<b>988</b>	<b>1,013</b>	<b>1,031</b>	<b>1,145</b>	<b>5,454</b>	<b>10,555</b>
Percent of GDP .....	11.0%	10.0%	7.8%	5.9%	5.5%	5.3%	4.9%	4.9%	4.8%	4.7%	5.0%	6.9%	5.9%
Reserve funds:													
Health reform:													
Health savings <sup>2</sup> .....		-3	-11	-27	-38	-73	-65	-81	-93	-107	-123	-153	-622
Limit the rate at which itemized deductions reduce tax liability to 28 percent <sup>2</sup> .....			-9	-24	-27	-30	-32	-35	-37	-40	-42	-89	-275
Reduce the tax gap and make other reforms <sup>2</sup> .....		-3	-4	-5	-6	-6	-6	-6	-6	-7	-7	-24	-58
Net total .....													
Climate revenues:													
Dedicated to climate policy (clean energy technologies) .....				-15	-15	-15	-15	-15	-15	-15	-15	-45	-120
Dedicated to Making Work Pay .....				-62	-63	-63	-63	-63	-64	-64	-65	-187	-507
Tax cuts for families and businesses <sup>3, 4</sup> .....	28	45	40	78	83	88	92	96	99	102	105	333	827
Other revenue changes and loophole closers .....		-3	-17	-27	-32	-34	-35	-36	-36	-37	-38	-113	-295
Proposed changes in mandatory programs and user fees <sup>5</sup> .....	*	-3	1	-5	-8	-6	-4	-1	2	5	8	-20	-10
Proposed changes in appropriated ("discretionary") programs:													
Cost of overseas contingency operations .....		-12	-60	-92	-101	-106	-109	-112	-115	-118	-121	-370	-944
Defense (050) excluding overseas contingency operations .....		10	8	4	-1	-3	-4	-5	-6	-7	-8	18	-12
Non-defense discretionary .....		17	7	19	29	37	43	47	49	51	53	110	352
Subtotal, appropriated programs .....		15	-44	-68	-72	-72	-70	-70	-72	-74	-76	-242	-604
<b>Subtotal, policy proposals</b> .....	<b>28</b>	<b>54</b>	<b>-20</b>	<b>-100</b>	<b>-106</b>	<b>-102</b>	<b>-96</b>	<b>-89</b>	<b>-85</b>	<b>-83</b>	<b>-80</b>	<b>-275</b>	<b>-709</b>
<b>Upper-income tax provisions dedicated to deficit reduction</b> .....		<b>-2</b>	<b>-29</b>	<b>-39</b>	<b>-49</b>	<b>-59</b>	<b>-68</b>	<b>-74</b>	<b>-80</b>	<b>-87</b>	<b>-93</b>	<b>-178</b>	<b>-580</b>
Credit and other indirect interest effects .....	*	-*	-2	-2	-*	1	3	4	7	9	13	-3	33
Debt service .....	*	1	1	-2	-8	-16	-25	-34	-44	-55	-67	-24	-248
<b>Total reduction in projected deficits</b> .....	<b>28</b>	<b>53</b>	<b>-50</b>	<b>-143</b>	<b>-163</b>	<b>-177</b>	<b>-186</b>	<b>-193</b>	<b>-203</b>	<b>-216</b>	<b>-227</b>	<b>-480</b>	<b>-1,505</b>
<b>Resulting deficits in 2010 Mid-Session Review</b> ....	<b>1,580</b>	<b>1,502</b>	<b>1,123</b>	<b>796</b>	<b>775</b>	<b>778</b>	<b>739</b>	<b>795</b>	<b>810</b>	<b>815</b>	<b>917</b>	<b>4,974</b>	<b>9,051</b>
Percent of GDP .....	11.2%	10.4%	7.4%	5.0%	4.6%	4.3%	3.9%	4.0%	3.9%	3.7%	4.0%	6.3%	5.1%

**Table S-2. EFFECT OF BUDGET PROPOSALS ON PROJECTED DEFICITS—Continued**

(Deficit increases (+) or decreases (–) in billions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010– 2014	2010– 2019
Memorandum, proposed changes in appropriated (“discretionary”) budgetary resources:													
Overseas contingency operations .....		–18	–101	–103	–106	–109	–112	–114	–117	–120	–123	–437	–1,024
Defense (050) excluding overseas contingency operations .....		11	7	2	–1	–3	–3	–4	–5	–6	–7	17	–8
Non-defense discretionary .....		22	24	41	44	48	47	49	49	49	52	178	424
Total, appropriated funding .....		15	–70	–59	–64	–64	–68	–70	–73	–77	–79	–241	–608

\* \$500 million or less.

<sup>1</sup> See Tables S-3 and S-7 for information on the baseline projection of current policy.<sup>2</sup> Non-additive.<sup>3</sup> Includes refundable tax credits.<sup>4</sup> Includes the effects of proposed financing system modifications for the Federal Aviation Administration and of continuing certain expiring provisions through calendar year 2010.<sup>5</sup> Includes PAYGO impact of changes in mandatory programs included in appropriations language.

**Table S-3. BASELINE PROJECTION OF CURRENT POLICY BY CATEGORY<sup>1</sup>**

(In billions of dollars)

													Totals	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Outlays:</b>														
Appropriated (“discretionary”) programs:														
Defense (050) including cost of overseas contingency operations .....	612	662	717	715	718	732	747	766	784	803	823	843	3,628	7,647
Non-defense discretionary .....	508	584	681	639	607	595	597	608	622	637	652	667	3,118	6,304
Subtotal, appropriated programs .....	1,120	1,246	1,397	1,353	1,325	1,326	1,344	1,374	1,407	1,440	1,474	1,509	6,746	13,950
Mandatory programs:														
Social Security .....	612	677	702	729	755	792	837	886	939	997	1,060	1,128	3,814	8,825
Medicare .....	386	425	452	497	507	565	631	650	720	751	780	871	2,652	6,425
Medicaid .....	201	258	285	273	284	307	332	360	389	418	450	483	1,481	3,580
Troubled Asset Relief Program (TARP) <sup>2</sup> .....	.....	235	70	11	9	6	6	3	1	*	.....	.....	102	106
Other mandatory programs .....	411	636	644	590	499	500	489	489	517	526	526	553	2,722	5,333
Subtotal, mandatory programs .....	1,610	2,232	2,152	2,100	2,054	2,170	2,295	2,387	2,566	2,693	2,817	3,035	10,771	24,269
Net interest .....	253	173	196	288	392	477	542	603	660	716	770	829	1,895	5,473
Disaster costs <sup>3</sup> .....	.....	2	8	15	18	20	22	24	26	27	29	30	83	220
Total outlays .....	2,983	3,653	3,754	3,756	3,788	3,993	4,204	4,389	4,659	4,876	5,090	5,403	19,495	43,913
<b>Receipts:</b>														
Individual income taxes .....	1,146	904	1,026	1,155	1,306	1,418	1,537	1,657	1,771	1,885	2,001	2,114	6,443	15,870
Corporation income taxes .....	304	149	206	275	325	355	359	392	412	431	451	474	1,520	3,680
Social insurance and retirement receipts:														
Social Security payroll taxes .....	658	653	661	699	734	775	823	866	919	958	1,003	1,045	3,691	8,482
Medicare payroll taxes .....	194	190	189	202	214	227	241	254	270	282	294	307	1,074	2,481
Unemployment insurance .....	40	40	50	62	72	76	78	79	77	76	72	73	339	715
Other retirement .....	9	9	9	8	8	9	9	9	9	9	9	9	43	87
Excise taxes .....	67	65	69	79	83	85	86	87	88	89	88	89	403	844
Estate and gift taxes .....	29	26	19	23	24	26	27	29	31	33	36	38	119	286
Customs duties .....	28	23	21	22	23	24	25	27	29	31	34	36	114	272
Deposits of earnings, Federal Reserve System ...	34	27	39	41	43	43	46	48	49	51	53	55	211	468
Other miscellaneous receipts .....	17	16	16	16	17	17	17	18	18	18	18	18	83	172
Total receipts .....	2,524	2,102	2,305	2,583	2,850	3,055	3,249	3,464	3,671	3,863	4,059	4,258	14,041	33,357
<b>Deficit .....</b>	<b>459</b>	<b>1,552</b>	<b>1,449</b>	<b>1,173</b>	<b>939</b>	<b>938</b>	<b>955</b>	<b>925</b>	<b>988</b>	<b>1,013</b>	<b>1,031</b>	<b>1,145</b>	<b>5,454</b>	<b>10,555</b>
On-budget deficit .....	642	1,684	1,559	1,302	1,085	1,101	1,135	1,112	1,189	1,210	1,225	1,329	6,182	12,247
Off-budget surplus (-) .....	-183	-133	-110	-128	-147	-163	-180	-188	-201	-197	-194	-184	-728	-1,692

**Table S-3. BASELINE PROJECTION OF CURRENT POLICY BY CATEGORY<sup>1</sup>—Continued**

(In billions of dollars)

													Totals	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
Memorandum, funding (“budgetary resources”) for appropriated programs:														
Defense (050) including funding for overseas contingency operations .....	686	695	694	708	725	742	760	778	797	816	836	856	3,629	7,710
Non-defense discretionary .....	533	818	551	562	575	589	602	616	631	646	661	677	2,880	6,112
Total, appropriated funding .....	1,219	1,513	1,246	1,271	1,300	1,331	1,362	1,394	1,427	1,462	1,497	1,533	6,509	13,822

\* \$500 million or less.

<sup>1</sup> See Table S-7 for information on adjustments to the Budget Enforcement Act (BEA) baseline.<sup>2</sup> Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program and the Term Asset-Backed Securities Loan Facility incurred through December 31, 2009.<sup>3</sup> These amounts represent the statistical probability of a major disaster requiring Federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary or mandatory outlays or tax relief. These amounts are included as outlays for convenience.

**Table S-4. PROPOSED BUDGET BY CATEGORY**

(In billions of dollars)

													Totals	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Outlays:</b>														
Appropriated (“discretionary”) programs:														
Defense (050) including cost of overseas contingency operations ...	612	662	714	663	630	630	639	653	667	682	698	714	3,276	6,690
Non-defense discretionary .....	508	584	698	646	626	624	634	651	669	686	702	720	3,228	6,656
Subtotal, appropriated programs ...	1,120	1,246	1,412	1,309	1,256	1,254	1,273	1,304	1,336	1,368	1,400	1,434	6,504	13,346
Mandatory programs:														
Social Security .....	612	677	702	728	754	791	835	884	937	996	1,059	1,127	3,811	8,815
Medicare .....	386	425	452	496	506	564	630	650	720	750	780	871	2,648	6,418
Medicaid .....	201	258	284	273	284	306	332	359	389	418	450	482	1,479	3,577
Troubled Asset Relief Program (TARP) <sup>1</sup> .....	.....	235	70	11	9	6	6	3	1	*	.....	.....	102	106
Other mandatory programs .....	411	636	642	595	525	526	518	516	546	557	559	588	2,805	5,570
Subtotal, mandatory programs ....	1,610	2,232	2,150	2,103	2,078	2,193	2,321	2,411	2,592	2,721	2,847	3,069	10,845	24,486
Net interest .....	253	173	196	288	388	468	527	581	631	678	725	774	1,868	5,257
Disaster costs <sup>2</sup> .....	.....	2	8	15	18	20	22	24	26	27	29	30	83	220
Total outlays .....	2,983	3,653	3,766	3,715	3,741	3,936	4,143	4,321	4,586	4,795	5,001	5,307	19,300	43,309
<b>Receipts:</b>														
Individual income taxes .....	1,146	904	1,028	1,157	1,307	1,428	1,558	1,680	1,798	1,916	2,037	2,154	6,478	16,063
Corporation income taxes .....	304	121	164	290	351	381	385	416	435	454	474	498	1,571	3,847
Social insurance and retirement receipts:														
Social Security payroll taxes .....	658	653	661	700	734	775	824	867	920	959	1,004	1,046	3,695	8,490
Medicare payroll taxes .....	194	190	189	202	215	228	241	255	270	282	295	307	1,075	2,483
Unemployment insurance .....	40	40	51	63	72	76	78	79	76	76	72	71	340	714
Other retirement .....	9	9	9	8	8	9	9	9	9	9	9	9	43	87
Excise taxes .....	67	65	68	71	74	76	77	77	77	78	77	78	366	753
Estate and gift taxes .....	29	26	19	23	24	26	27	29	31	33	36	38	119	286
Customs duties .....	28	23	20	21	23	24	25	27	29	31	34	36	114	271
Deposits of earnings, Federal Reserve System .....	34	27	39	41	43	43	46	48	49	51	53	55	211	468
Climate revenues .....	.....	.....	.....	.....	77	78	78	78	78	79	79	80	232	627
Other miscellaneous receipts .....	17	16	16	16	17	17	17	17	18	18	18	18	83	171



**Table S-4. PROPOSED BUDGET BY CATEGORY—Continued**

(In billions of dollars)

													Totals	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010– 2014	2010– 2019
Total receipts .....	2,524	2,074	2,264	2,591	2,945	3,161	3,365	3,582	3,791	3,985	4,186	4,389	14,326	34,259
<b>Deficit .....</b>	<b>459</b>	<b>1,580</b>	<b>1,502</b>	<b>1,123</b>	<b>796</b>	<b>775</b>	<b>778</b>	<b>739</b>	<b>795</b>	<b>810</b>	<b>815</b>	<b>917</b>	<b>4,974</b>	<b>9,051</b>
On-budget deficit .....	642	1,712	1,612	1,252	942	938	959	928	997	1,008	1,010	1,102	5,703	10,748
Off-budget surplus (-) .....	-183	-133	-110	-128	-147	-163	-181	-189	-202	-198	-195	-185	-729	-1,697
Primary deficit .....	206	1,406	1,305	836	407	307	251	158	164	131	90	143	3,106	3,793
Net interest .....	253	173	196	288	388	468	527	581	631	678	725	774	1,868	5,257
Memorandum, funding (“budgetary resources”) for appropriated programs:														
Defense (050) including funding for overseas contingency operations ...	686	695	687	615	624	635	648	663	678	693	709	725	3,209	6,678
Non-defense discretionary.....	533	818	573	586	617	632	650	663	680	695	711	729	3,058	6,535
Total, appropriated funding.....	1,219	1,513	1,261	1,201	1,241	1,267	1,298	1,326	1,358	1,388	1,420	1,454	6,268	13,214

\* \$500 million or less.

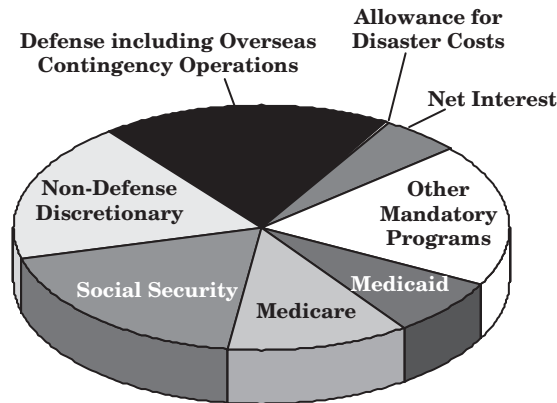
<sup>1</sup> Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program and the Term Asset-Backed Securities Loan Facility incurred through December 31, 2009.

<sup>2</sup> These amounts represent the statistical probability of a major disaster requiring Federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary or mandatory outlays or tax relief. These amounts are included as outlays for convenience.

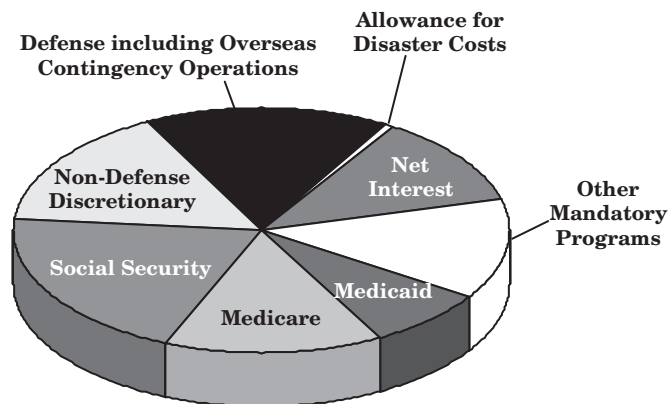
# Composition of Policy Outlays and Receipts

## Policy Outlays by Category

2010

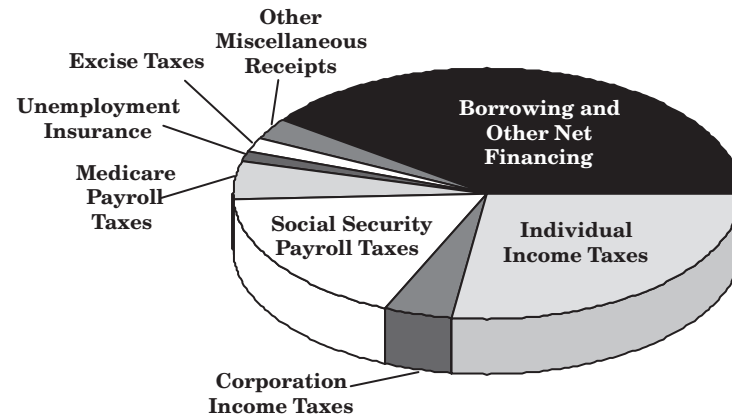


2013

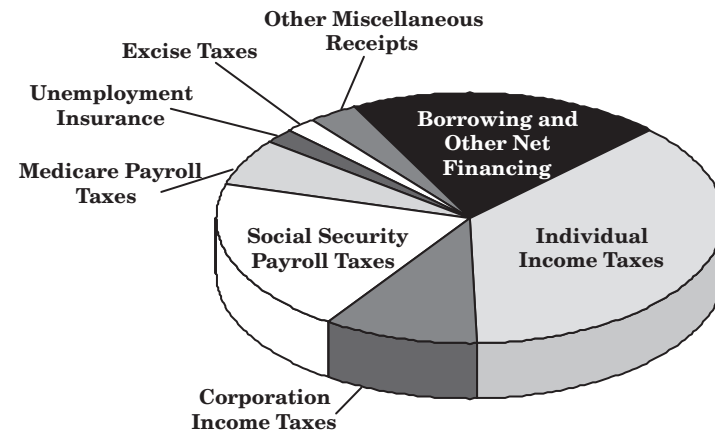


## Policy Receipts by Source

2010



2013



**Table S-5. PROPOSED BUDGET BY CATEGORY AS A PERCENT OF GDP**

(As a percent of GDP)

														Averages	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019	
<b>Outlays:</b>															
Appropriated (“discretionary”) programs:															
Defense (050) including cost of overseas contingency operations .....	4.3	4.7	4.9	4.4	3.9	3.7	3.5	3.4	3.3	3.3	3.2	3.1	4.1	3.7	
Non-defense discretionary .....	3.6	4.1	4.8	4.3	3.9	3.7	3.5	3.4	3.3	3.3	3.2	3.1	4.0	3.7	
Subtotal, appropriated programs .....	7.9	8.8	9.8	8.7	7.8	7.4	7.1	6.9	6.7	6.5	6.4	6.3	8.1	7.3	
Mandatory programs:															
Social Security .....	4.3	4.8	4.9	4.8	4.7	4.7	4.6	4.6	4.7	4.8	4.8	4.9	4.7	4.8	
Medicare .....	2.7	3.0	3.1	3.3	3.2	3.3	3.5	3.4	3.6	3.6	3.6	3.8	3.3	3.4	
Medicaid .....	1.4	1.8	2.0	1.8	1.8	1.8	1.8	1.9	1.9	2.0	2.1	2.1	1.8	1.9	
Troubled Asset Relief Program (TARP) <sup>1</sup> .....	.....	1.7	0.5	0.1	0.1	*	*	*	*	*	.....	.....	0.1	0.1	
Other mandatory programs .....	2.9	4.5	4.4	3.9	3.3	3.1	2.9	2.7	2.7	2.7	2.6	2.6	3.5	3.1	
Subtotal, mandatory programs .....	11.3	15.8	14.9	13.9	13.0	12.9	12.9	12.7	13.0	13.0	13.0	13.4	13.5	13.3	
Net interest .....	1.8	1.2	1.4	1.9	2.4	2.8	2.9	3.1	3.2	3.2	3.3	3.4	2.3	2.8	
Disaster costs <sup>2</sup> .....	.....	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Total outlays .....	21.0	25.9	26.1	24.6	23.3	23.2	23.0	22.7	22.9	22.9	22.8	23.2	24.0	23.5	
<b>Receipts:</b>															
Individual income taxes .....	8.1	6.4	7.1	7.6	8.2	8.4	8.7	8.8	9.0	9.1	9.3	9.4	8.0	8.6	
Corporation income taxes .....	2.1	0.9	1.1	1.9	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.2	1.9	2.0	
Social insurance and retirement receipts:															
Social Security payroll taxes .....	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	
Medicare payroll taxes .....	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.3	
Unemployment insurance .....	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	
Other retirement .....	0.1	0.1	0.1	0.1	0.1	0.1	*	*	*	*	*	*	0.1	*	
Excise taxes .....	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.5	0.4	
Estate and gift taxes .....	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.2	
Customs duties .....	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	
Deposits of earnings, Federal Reserve System .....	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.3	
Climate revenues .....	.....	.....	.....	.....	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	
Other miscellaneous receipts .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Total receipts .....	17.7	14.7	15.7	17.1	18.4	18.6	18.7	18.8	19.0	19.0	19.1	19.2	17.7	18.4	
<b>Deficit .....</b>	<b>3.2</b>	<b>11.2</b>	<b>10.4</b>	<b>7.4</b>	<b>5.0</b>	<b>4.6</b>	<b>4.3</b>	<b>3.9</b>	<b>4.0</b>	<b>3.9</b>	<b>3.7</b>	<b>4.0</b>	<b>6.3</b>	<b>5.1</b>	

**Table S-5. PROPOSED BUDGET BY CATEGORY AS A PERCENT OF GDP—Continued**

(As a percent of GDP)

														Averages	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010– 2014	2010– 2019	
On-budget deficit .....	4.5	12.1	11.2	8.3	5.9	5.5	5.3	4.9	5.0	4.8	4.6	4.8	7.2	6.0	
Off-budget surplus (–) .....	–1.3	–0.9	–0.8	–0.8	–0.9	–1.0	–1.0	–1.0	–1.0	–0.9	–0.9	–0.8	–0.9	–0.9	
Primary deficit .....	1.4	10.0	9.0	5.5	2.5	1.8	1.4	0.8	0.8	0.6	0.4	0.6	4.1	2.4	
Net interest .....	1.8	1.2	1.4	1.9	2.4	2.8	2.9	3.1	3.2	3.2	3.3	3.4	2.3	2.8	
Memorandum, funding (“budgetary resources”) for appropriated programs:															
Defense (050) including funding for overseas contingency operations .....	4.8	4.9	4.8	4.1	3.9	3.7	3.6	3.5	3.4	3.3	3.2	3.2	4.0	3.7	
Non-defense discretionary .....	3.8	5.8	4.0	3.9	3.8	3.7	3.6	3.5	3.4	3.3	3.2	3.2	3.8	3.6	
Total, appropriated funding .....	8.6	10.7	8.7	7.9	7.7	7.5	7.2	7.0	6.8	6.6	6.5	6.4	7.8	7.2	

\* 0.05 percent of GDP or less.

<sup>1</sup> Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program and the Term Asset-Backed Securities Loan Facility incurred through December 31, 2009.

<sup>2</sup> These amounts represent the statistical probability of a major disaster requiring Federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary or mandatory outlays or tax relief. These amounts are included as outlays for convenience.

**Table S-6. PROPOSED BUDGET BY CATEGORY ADJUSTED  
FOR INFLATION AND POPULATION GROWTH**

(In billions of dollars, based on 2010 prices and population)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Outlays:</b>										
Appropriated ("discretionary") programs:										
Defense (050) including cost of overseas contingency operations .....	714	647	598	581	572	567	563	558	554	550
Non-defense discretionary .....	698	630	594	575	567	566	564	561	557	554
Subtotal, appropriated programs .....	1,412	1,277	1,193	1,156	1,139	1,133	1,127	1,119	1,111	1,104
Mandatory programs:										
Social Security .....	702	711	716	729	748	768	790	815	841	868
Medicare .....	452	484	480	520	564	564	607	614	619	671
Medicaid .....	284	266	269	282	297	312	328	342	357	371
Troubled Asset Relief Program (TARP) <sup>1</sup> .....	70	11	9	5	5	2	1	*	.....	.....
Other mandatory programs .....	642	580	498	485	464	448	460	456	443	453
Subtotal, mandatory programs .....	2,150	2,052	1,973	2,021	2,077	2,095	2,186	2,226	2,260	2,363
Net interest .....	196	281	369	432	472	505	532	555	575	596
Disaster costs <sup>2</sup> .....	8	14	17	19	20	21	22	22	23	23
Total outlays .....	3,766	3,625	3,551	3,627	3,708	3,754	3,867	3,923	3,969	4,086
<b>Receipts:</b>										
Individual income taxes .....	1,028	1,129	1,241	1,316	1,395	1,460	1,516	1,567	1,617	1,659
Corporation income taxes .....	164	283	333	351	344	362	367	371	376	383
Social insurance and retirement receipts:										
Social Security payroll taxes .....	661	683	697	715	737	754	775	785	797	805
Medicare payroll taxes .....	189	198	204	210	216	221	228	231	234	236
Unemployment insurance .....	51	61	68	70	70	68	64	62	57	55
Other retirement .....	9	8	8	8	8	7	7	7	7	7
Excise taxes .....	68	69	70	70	69	67	65	64	61	60
Estate and gift taxes .....	19	22	23	24	24	25	26	27	28	29
Customs duties .....	20	21	22	22	23	23	25	26	27	28
Deposits of earnings, Federal Reserve System .....	39	40	41	40	41	41	42	42	42	42
Climate revenues .....	.....	.....	73	71	70	68	66	64	63	61
Other miscellaneous receipts .....	16	16	16	16	15	15	15	14	14	14
Total receipts .....	2,264	2,529	2,796	2,913	3,011	3,112	3,196	3,260	3,323	3,380
<b>Deficit .....</b>	<b>1,502</b>	<b>1,096</b>	<b>755</b>	<b>714</b>	<b>697</b>	<b>642</b>	<b>670</b>	<b>663</b>	<b>647</b>	<b>706</b>

**Table S-6. PROPOSED BUDGET BY CATEGORY ADJUSTED  
FOR INFLATION AND POPULATION GROWTH—Continued**

(In billions of dollars, based on 2010 prices and population)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
On-budget deficit .....	1,612	1,221	895	865	858	806	841	824	801	849
Off-budget surplus (-) .....	-110	-125	-139	-151	-162	-164	-170	-162	-155	-142
Memorandum, funding (“budgetary resources”) for appropriated programs:										
Defense (050) including funding for overseas contingency operations .....	687	600	592	585	580	576	572	567	563	559
Non-defense discretionary .....	573	572	585	583	582	576	573	569	564	561
Total, appropriated funding .....	1,261	1,172	1,178	1,168	1,162	1,152	1,145	1,136	1,127	1,120

\*\$500 million or less.

<sup>1</sup> Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program and the Term Asset-Backed Securities Loan Facility incurred through December 31, 2009.

<sup>2</sup> These amounts represent the statistical probability of a major disaster requiring Federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary or mandatory outlays or tax relief. These amounts are included as outlays for convenience.

**Table S-7. BRIDGE FROM BUDGET ENFORCEMENT ACT  
BASELINE TO BASELINE PROJECTION OF CURRENT POLICY**

(Deficit increases (+) or decreases (-) in billions of dollars)

													Totals	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010- 2014	2010- 2019
<b>BEA baseline deficit .....</b>	<b>459</b>	<b>1,549</b>	<b>1,426</b>	<b>945</b>	<b>625</b>	<b>564</b>	<b>522</b>	<b>437</b>	<b>453</b>	<b>434</b>	<b>400</b>	<b>453</b>	<b>4,081</b>	<b>6,259</b>
<b>Adjustments to reflect current policies:</b>														
Index to inflation the 2009 parameters of the AMT .....			13	65	32	37	44	51	60	70	80	92	192	546
Continue the 2001 and 2003 tax cuts <sup>1</sup> .....		*	4	137	232	262	293	317	334	351	368	385	928	2,682
Prevent reduction in Medicare physician payments .....			12	22	28	37	39	41	39	33	29	33	137	311
Continue Diabetes funding, Transitional Medical Assistance and Qualified Individuals programs .....				1	2	2	2	2	2	2	2	3	6	18
Correct baseline growth rates for pay increases .....			-2	-3	-3	-3	-3	-3	-3	-3	-3	-4	-13	-30
Subtotal .....		*	27	223	291	334	374	408	432	452	477	509	1,249	3,527
<b>Adjustments to reflect costs of emergencies and disasters:</b>														
Remove non-recurring emergency funding .....			-14	-20	-21	-23	-23	-24	-24	-25	-25	-26	-101	-225
Insert statistical probability of future major disaster costs <sup>2</sup> .....		2	8	15	18	20	22	24	26	27	29	30	83	220
Subtotal .....		2	-6	-5	-3	-3	-1	1	2	3	3	4	-17	-5
<b>Adjustments to Pell Grants:<sup>3</sup></b>														
Reflect cost of funding existing maximum grant award .....			1	7	11	11	11	11	11	11	11	11	41	95
Remove Pell Grants from appropriated category .....	-15	-19	-24	-21	-18	-18	-18	-19	-19	-19	-20	-20	-100	-197
Add Pell Grants to mandatory category .....	15	19	24	21	18	18	18	19	19	19	20	20	100	197
Subtotal .....			1	7	11	11	11	11	11	11	11	11	41	95
Total program adjustments .....		2	23	224	298	343	384	419	445	466	491	524	1,273	3,617
Debt service on adjustments .....		*	*	4	15	32	49	68	90	114	139	167	100	679
Total adjustments .....		2	23	228	313	375	433	488	535	579	630	691	1,373	4,296
<b>Baseline projection of current policy deficit .....</b>	<b>459</b>	<b>1,552</b>	<b>1,449</b>	<b>1,173</b>	<b>939</b>	<b>938</b>	<b>955</b>	<b>925</b>	<b>988</b>	<b>1,013</b>	<b>1,031</b>	<b>1,145</b>	<b>5,454</b>	<b>10,555</b>

\*\$500 million or less.

<sup>1</sup>In continuing the 2001 and 2003 tax cuts, the estate tax is maintained at its 2009 parameters.

<sup>2</sup>These amounts represent the statistical probability of a major disaster requiring Federal assistance for relief and reconstruction.

<sup>3</sup>The amount of the reclassification equals the existing and projected amounts of Pell as increased on a one-time basis by the Recovery Act.

**Table S-8. CHANGE IN THE BASELINE PROJECTION OF CURRENT POLICY FROM MAY BUDGET**

(In billions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019
<b>May deficits in the baseline projection of current policy .....</b>	<b>1,617</b>	<b>1,270</b>	<b>1,043</b>	<b>761</b>	<b>743</b>	<b>788</b>	<b>797</b>	<b>907</b>	<b>949</b>	<b>977</b>	<b>1,086</b>	<b>4,606</b>	<b>9,323</b>
Percent of GDP .....	11.4%	8.6%	6.7%	4.6%	4.2%	4.3%	4.1%	4.5%	4.5%	4.5%	4.7%		
Revisions due to enacted legislation:													
2009 supplemental appropriations:													
Non-defense discretionary outlays ...	7	11	9	9	9	10	10	10	10	11	11	49	100
Mandatory outlays .....	*	*	*	*	*	*	*	*	*	*	*	*	1
Other legislative changes:													
Mandatory outlays .....		7	1	-1	-2	-2	-3	-1	-*	-*	-*	2	-1
Debt service on legislative changes ...	*	*	1	1	2	3	3	4	4	5	5	7	28
Subtotal, enacted legislation .....	7	18	10	10	10	10	11	13	14	15	16	58	128
Revisions due to updated economic assumptions:													
Receipts .....	26	63	97	117	131	104	67	43	25	22	23	511	691
Mandatory outlays .....	5	43	30	15	13	7	-1	-7	-10	-14	-14	109	63
Net interest .....	-1	12	4	16	34	42	46	50	51	53	55	108	365
Subtotal, economics .....	30	118	132	148	177	153	112	86	67	61	64	728	1,119
Revisions due to updated technical assumptions:													
Receipts .....	57	7	-5	1	2	1	5	-*	2	1	4	5	17
Discretionary outlays:													
Defense (050) including funding for overseas contingency operations <sup>1</sup> ....	-64	-38	-38	-48	-51	-53	-55	-57	-59	-62	-64	-229	-525
Other appropriated programs .....	-8	5	3	2	-1	-*	-*	-*	*	*	*	9	9
Mandatory outlays:													
Troubled Asset Relief Program (TARP) .....	-24	62	1	-1	-2	-*	-*	*	*	.....	.....	60	60
Deposit insurance .....	-78	-19	10	22	20	19	17	2	1	*	*	53	74
Unemployment compensation .....	12	15	5	4	3	2	1	1	*	-*	-*	29	31
Other <sup>2</sup> .....	-2	6	14	41	41	38	38	35	36	32	32	140	312
Net interest .....	7	8	*	-2	-4	-4	-1	1	3	5	6	-1	13
Disaster costs .....	-2	-3	-1	-*	-*	-*	-*	.....	.....	.....	.....	-5	-5
Subtotal, technical revisions .....	-102	42	-12	19	8	3	5	-18	-18	-23	-21	61	-15



**Table S-8. CHANGE IN THE BASELINE PROJECTION OF CURRENT POLICY FROM MAY BUDGET—Continued**

(In billions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019
Total changes since May .....	-65	178	130	177	195	167	128	81	64	53	59	848	1,232
<b>MSR deficits in the baseline projection of current policy .....</b>	<b>1,552</b>	<b>1,449</b>	<b>1,173</b>	<b>939</b>	<b>938</b>	<b>955</b>	<b>925</b>	<b>988</b>	<b>1,013</b>	<b>1,031</b>	<b>1,145</b>	<b>5,454</b>	<b>10,555</b>
Percent of GDP .....	11.0%	10.0%	7.8%	5.9%	5.5%	5.3%	4.9%	4.9%	4.8%	4.7%	5.0%		
Memorandum:													
May funding (“budgetary resources”) for appropriated programs .....	1,537	1,283	1,310	1,341	1,374	1,407	1,441	1,475	1,511	1,548	1,587	6,715	14,277
Change in funding:													
Defense (050) including funding for overseas contingency operations ...	-46	-47	-49	-51	-52	-54	-56	-58	-60	-63	-65	-253	-556
Other appropriated programs .....	21	10	9	9	10	10	10	10	11	11	11	47	101
Total change in funding .....	-24	-38	-40	-41	-43	-45	-46	-48	-50	-52	-53	-206	-455
MSR funding for appropriated programs .....	1,513	1,246	1,271	1,300	1,331	1,362	1,394	1,427	1,462	1,497	1,533	6,509	13,822

\* \$500 million or less.

<sup>1</sup>Includes effect of shifting the baseline for overseas contingency operations from 2008 enacted funding to 2009 enacted funding.<sup>2</sup>Includes conceptual adjustments to Pell Grants, the child tax credit, and the earned income tax credit to be consistent with the Administration’s PAYGO legislation. The legislation defines the baseline for Pell Grants as the cost of funding the existing maximum award. In addition, the legislation defines the current policy baseline to include all provisions in the 2001 and 2003 tax cuts, as amended and in effect in 2010. Since these two policies are in place for 2009-10 and represent expansions of tax cuts first enacted in the 2001 tax bill, extension of the policies are incorporated in the baseline projection of current policy.

**Table S-9. CHANGE IN PROPOSED BUDGET FROM MAY BUDGET**

(In billions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>2010 May Policy deficit</b> .....	<b>1,841</b>	<b>1,258</b>	<b>929</b>	<b>557</b>	<b>512</b>	<b>536</b>	<b>528</b>	<b>645</b>	<b>675</b>	<b>688</b>	<b>779</b>	<b>3,793</b>	<b>7,108</b>
Percent of GDP .....	13.0%	8.7%	6.1%	3.5%	3.0%	3.0%	2.8%	3.2%	3.2%	3.1%	3.4%		
<b>Change in baseline projection of current policy</b> .....	<b>-65</b>	<b>178</b>	<b>130</b>	<b>177</b>	<b>195</b>	<b>167</b>	<b>128</b>	<b>81</b>	<b>64</b>	<b>53</b>	<b>59</b>	<b>848</b>	<b>1,232</b>
<b>Change in estimates of proposals:</b>													
Reserve fund for climate revenues:													
Dedicated to climate policy (clean energy technologies) .....													
Dedicated to Making Work Pay .....													
Placeholder for potential additional financial stabilization efforts .....													
Tax cuts for families and businesses <sup>1</sup> .....	*	*	-*	-8	-8	-9	-10	-10	-10	-11	-10	-24	-75
Other revenue changes and loophole closers .....	*	*	3	5	6	6	6	6	7	8	9	20	56
Mandatory programs and user fees .....	-7	-16	-8	-9	-3	4	9	-7	-8	-8	-7	-32	-53
Appropriated ("discretionary") programs: <sup>2</sup>													
Overseas contingency operations .....													
Defense (050) excluding overseas contingency operations .....													
Other appropriated programs .....													
Subtotal, appropriated programs .....													
Upper-income tax provisions dedicated to deficit reduction .....	37	41	42	42	42	44	46	47	49	51	53	210	455
Upper-income tax provisions dedicated to deficit reduction .....	-*	-1	-1	7	7	6	4	3	3	3	3	18	36
<b>Subtotal, change in estimates of policy proposals</b> .....	<b>-221</b>	<b>25</b>	<b>36</b>	<b>37</b>	<b>43</b>	<b>50</b>	<b>54</b>	<b>40</b>	<b>42</b>	<b>43</b>	<b>47</b>	<b>190</b>	<b>416</b>
Credit and other indirect interest effects <sup>3</sup> .....	25	42	31	25	24	22	21	18	16	13	10	144	221
Debt service .....	-*	-1	-3	-2	1	4	8	11	15	19	23	-2	73
<b>Total change in policy proposals</b> .....	<b>-196</b>	<b>65</b>	<b>64</b>	<b>61</b>	<b>68</b>	<b>76</b>	<b>83</b>	<b>69</b>	<b>72</b>	<b>74</b>	<b>80</b>	<b>333</b>	<b>711</b>
<b>Total changes since May</b> .....	<b>-262</b>	<b>243</b>	<b>194</b>	<b>238</b>	<b>263</b>	<b>242</b>	<b>211</b>	<b>150</b>	<b>135</b>	<b>127</b>	<b>139</b>	<b>1,181</b>	<b>1,943</b>
<b>August Policy deficit</b> .....	<b>1,580</b>	<b>1,502</b>	<b>1,123</b>	<b>796</b>	<b>775</b>	<b>778</b>	<b>739</b>	<b>795</b>	<b>810</b>	<b>815</b>	<b>917</b>	<b>4,974</b>	<b>9,051</b>
Percent of GDP .....	11.2%	10.4%	7.4%	5.0%	4.6%	4.3%	3.9%	4.0%	3.9%	3.7%	4.0%		

\*\$500 million or less.

<sup>1</sup>Includes refundable tax credits and the effects of proposed financing system modifications for the Federal Aviation Administration.

<sup>2</sup>Almost all of these changes reflect changes in the baseline (see Table S-8) rather than changes in proposed levels.

<sup>3</sup>This change consists almost entirely of effects related to dropping the placeholder for potential additional financial stabilization efforts.

**Table S-10. CHANGE IN PROPOSED BUDGET BY CATEGORY FROM MAY BUDGET**

(In billions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Change in outlays:</b>													
Appropriated (“discretionary”) programs:													
Defense (050) including cost of overseas contingency operations .....	-24	7	10	2	*	*	*	*	*	*	*	19	21
Non-defense discretionary .....	-5	10	5	4	-1	-*	-*	-*	-*	-1	-*	18	16
Subtotal, appropriated programs .....	-29	18	15	5	-1	*	*	*	*	-*	*	37	37
Mandatory programs:													
Social Security .....	2	6	7	4	1	-2	-6	-9	-11	-12	-13	15	-37
Medicare .....													
Medicaid .....	-4	-5	-2	*	3	5	7	9	11	12	12	1	52
Troubled Asset Relief Program (TARP) <sup>1</sup> .....	-24	62	1	-1	-2	-*	-*	*	*			60	60
Placeholder for potential additional financial stabilization efforts .....	-250												
Unemployment compensation .....	17	54	31	20	20	15	10	8	6	5	3	139	172
Deposit insurance .....	-101	-31	5	23	27	32	36	1	*	*	*	55	93
Other mandatory programs .....	17	15	11	17	14	11	7	4	4	-2	-1	69	81
Subtotal, mandatory programs .....	-344	100	53	64	63	60	54	14	10	2	1	339	421
Net interest .....	30	61	33	39	57	67	77	85	89	94	99	257	700
Disaster costs <sup>2</sup> .....	-2	-3	-1	-*	-*	-*	-*					-5	-5
Total outlays .....	-345	175	100	108	118	127	131	99	99	96	100	628	1,152
<b>Change in receipts:</b>													
Individual income taxes .....	-49	-24	-55	-74	-73	-54	-30	-11	-*	8	7	-279	-307
Corporation income taxes .....	-26	-15	-16	-27	-36	-35	-34	-33	-33	-37	-39	-129	-305
Social insurance and retirement receipts:													
Social Security payroll taxes .....	-2	-22	-19	-23	-29	-20	-13	-7	-5	-2	-4	-113	-144
Medicare payroll taxes .....	-1	-7	-8	-8	-8	-6	-4	-2	-1	-1	-1	-37	-45
Unemployment insurance .....	-5	-1	5	8	10	11	13	17	17	14	9	34	104
Other retirement .....	-*	-*	-*	-*	-*	-*	-*	*	*	*	*	-*	-*
Excise taxes .....	-1	-7	-3	-2	-2	-2	-3	-4	-4	-5	-6	-16	-37
Estate and gift taxes .....		-*	1	2	2	2	2	2	3	3	3	6	19
Customs duties .....	-1	-3	-7	-11	-13	-15	-16	-17	-16	-15	-14	-50	-129
Deposits of earnings, Federal Reserve System .....	3	11	7	5	4	4	4	4	4	4	4	31	52

**Table S-10. CHANGE IN PROPOSED BUDGET BY CATEGORY FROM MAY BUDGET—Continued**

(In billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals	
												2010– 2014	2010– 2019
Climate revenues .....				*	1	1	*	*	*	*	*	2	3
Other miscellaneous receipts .....		–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*
Total receipts .....	–83	–68	–94	–130	–144	–116	–81	–51	–36	–31	–39	–553	–791
<b>Change in deficit .....</b>	<b>–262</b>	<b>243</b>	<b>194</b>	<b>238</b>	<b>263</b>	<b>242</b>	<b>211</b>	<b>150</b>	<b>135</b>	<b>127</b>	<b>139</b>	<b>1,181</b>	<b>1,943</b>
On-budget deficit .....	–265	219	171	213	234	225	204	150	141	137	149	1,061	1,841
Off-budget surplus (–) .....	4	24	23	26	29	18	8	–1	–5	–10	–10	120	102
Memorandum, funding (“budgetary resources”) for appropriated programs:													
Defense (050) including funding for overseas contingency operations .....	4	.....	*	*	*	1	1	1	1	1	1	1	5
Non-defense discretionary .....	14	1	2	1	*	–*	–*	–*	–*	–*	–*	5	4
Total, appropriated funding .....	18	1	2	2	1	*	1	1	1	1	1	6	9

\* \$500 million or less.

<sup>1</sup> Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program and the Term Asset-Backed Securities Loan Facility incurred through December 31, 2009.

<sup>2</sup> These amounts represent the statistical probability of a major disaster requiring federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary or mandatory outlays or tax relief. These amounts are included as outlays for convenience.

**Table S-11. MANDATORY AND RECEIPT PROPOSALS**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010- 2014	2010- 2019
<b>Tax Provisions:</b> <sup>1</sup>													
<b>Tax Cuts for Families and Individuals:</b> <sup>2</sup>													
Provide making work pay tax credit <sup>3</sup> .....			30,850	62,158	62,502	62,826	63,093	63,461	63,818	64,130	64,554	218,336	537,392
Expand earned income tax credit <sup>3</sup> .....			2	1,448	1,425	1,414	1,419	1,433	1,460	1,495	1,537	4,289	11,633
Expand saver's credit and automatic enrollment in IRAs <sup>3,4</sup> .....		200	736	5,219	6,515	6,717	7,037	7,497	8,030	8,709	9,493	19,387	60,153
Provide American opportunity tax credit <sup>3</sup> ....			647	4,880	5,528	6,184	6,660	7,238	7,800	7,900	8,270	17,239	55,107
Total, tax cuts for families and individuals .....		200	32,235	73,705	75,970	77,141	78,209	79,629	81,108	82,234	83,854	259,251	-664,285
<b>Tax Cuts for Businesses:</b>													
Eliminate capital gains taxation on small businesses .....						134	344	700	1,187	1,562	1,908	134	5,835
Make research and experimentation tax credit permanent .....		3,047	5,362	5,966	6,593	7,226	7,852	8,461	9,058	9,645	10,247	28,194	73,457
Expand net operating loss carryback .....	27,800	35,700	-10,700	-10,200	-7,900	-5,600	-3,900	-2,700	-1,800	-1,300	-900	1,300	-9,300
Total, tax cuts for businesses .....	27,800	38,747	-5,338	-4,234	-1,307	1,760	4,296	6,461	8,445	9,907	11,255	29,628	69,992
<b>Modify Federal Aviation Administration Financing (non-PAYGO)</b> <sup>5</sup> .....													
			7,225	7,599	7,980	8,260	8,559	8,869	9,190	9,527	9,873	31,064	77,082
<b>Continue Certain Expiring Provisions Through Calendar Year 2010</b> <sup>3</sup> .....													
	38	6,499	5,435	469	376	382	489	570	416	414	441	13,161	15,491
<b>Other Revenue Changes and Loophole Closers:</b>													
Reinstate Superfund taxes .....			-1,177	-1,576	-1,689	-1,788	-1,875	-1,954	-2,029	-2,112	-2,209	-6,230	-16,409
Tax carried interest as ordinary income .....			-1,895	-3,419	-3,747	-3,466	-2,961	-2,426	-1,949	-1,554	-1,232	-12,527	-22,649
Codify "economic substance doctrine" .....		-31	-100	-180	-277	-386	-500	-604	-691	-775	-866	-974	-4,410
Repeal LIFO method of accounting for inventories .....				-2,992	-6,748	-8,082	-8,431	-8,590	-8,545	-8,630	-9,036	-17,822	-61,054
Reform U.S. international tax system:													
Reform business entity classification rules .....			-1,950	-3,384	-3,657	-3,918	-4,160	-4,346	-4,631	-4,996	-5,417	-12,909	-36,459
Defer deduction of expenses, except R&E expenses, related to deferred income ....			-3,295	-5,594	-5,822	-6,012	-6,150	-6,206	-6,363	-6,598	-6,869	-20,723	-52,909

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
Reform foreign tax credit: Determine the foreign tax credit on a pooling basis .....			-1,531	-2,578	-2,624	-2,669	-2,745	-2,852	-2,982	-3,154	-3,357	-9,402	-24,492
Reform foreign tax credit: Prevent splitting of foreign income and foreign taxes .....			-933	-1,732	-1,952	-2,091	-2,194	-2,276	-2,345	-2,404	-2,456	-6,708	-18,383
Limit shifting of income through intangible property transfers .....			-13	-35	-58	-83	-108	-135	-163	-192	-222	-189	-1,009
Limit earnings stripping by expatriated entities .....			-70	-120	-126	-132	-139	-146	-153	-161	-169	-448	-1,216
Prevent repatriation of earnings in certain cross-border reorganizations ....			-19	-31	-32	-33	-34	-35	-36	-38	-39	-115	-297
Repeal 80/20 company rules .....			-97	-132	-138	-142	-145	-146	-150	-156	-162	-509	-1,268
Prevent the use of equity swaps to avoid dividend withholding taxes .....			-309	-235	-108	-87	-89	-90	-92	-97	-101	-739	-1,208
Modify tax rules for dual capacity taxpayers .....			-275	-474	-503	-535	-563	-592	-623	-651	-681	-1,787	-4,897
Combat under-reporting of income on accounts and entities in offshore jurisdictions .....		-2,365	-1,461	61	90	-469	-793	-886	-931	-979	-1,027	-4,144	-8,760
Subtotal, reform U.S. international tax system .....		-2,365	-9,953	-14,254	-14,930	-16,171	-17,120	-17,710	-18,469	-19,426	-20,500	-57,673	-150,898
Require information reporting for rental property expense payments .....		-177	-264	-279	-291	-304	-316	-330	-344	-359	-374	-1,315	-3,038
Eliminate oil and gas company preferences:													
Levy tax on certain offshore oil and gas production .....			-500	-500	-500	-600	-600	-600	-600	-700	-700	-2,100	-5,300
Repeal enhanced oil recovery credit <sup>6</sup> .....													
Repeal credit for oil and gas produced from marginal wells <sup>6</sup> .....													
Repeal expensing of intangible drilling costs .....			-1,399	-1,789	-1,115	-835	-749	-562	-279	-153	-113	-5,138	-6,994
Repeal deduction for tertiary injectants ..			-5	-9	-9	-8	-7	-6	-6	-6	-6	-31	-62
Repeal exception to passive loss limitations for working interests in oil and natural gas properties .....			-2	-5	-6	-6	-6	-6	-6	-6	-6	-19	-49
Repeal percentage depletion for oil and natural gas wells .....			-351	-835	-1,022	-1,053	-1,086	-1,124	-1,160	-1,189	-1,215	-3,261	-9,035

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
Repeal domestic manufacturing tax deduction for oil and natural gas companies .....			-757	-1,310	-1,392	-1,464	-1,531	-1,600	-1,670	-1,745	-1,823	-4,923	-13,292
Increase geological and geophysical amortization period for independent producers to seven years .....			-45	-169	-262	-251	-198	-143	-86	-46	-35	-727	-1,235
Subtotal, eliminate oil and gas company preferences .....			-3,059	-4,617	-4,306	-4,217	-4,177	-4,041	-3,807	-3,845	-3,898	-16,199	-35,967
Eliminate advanced earned income tax credit <sup>3</sup> .....		-125	-71	-74	-72	-72	-71	-72	-74	-77	-80	-414	-788
Total, other revenue changes and loophole closers .....		-2,698	-16,519	-27,391	-32,060	-34,486	-35,451	-35,727	-35,908	-36,778	-38,195	-113,154	-295,213
<b>Upper-Income Tax Provisions Dedicated to Deficit Reduction:</b>													
Expand the 28-percent rate and reinstate the 36-percent and 39.6-percent rates for those taxpayers with income over \$250,000 (married) and \$200,000 (single):													
PAYGO .....			660	1,014	1,136	1,279	1,422	1,561	1,705	1,838	1,974	4,089	12,589
Non-PAYGO .....		-127	-14,508	-27,150	-30,296	-33,746	-37,240	-40,704	-44,237	-47,835	-51,488	-105,827	-327,331
Total .....		-127	-13,848	-26,136	-29,160	-32,467	-35,818	-39,143	-42,532	-45,997	-49,514	-101,738	-314,742
Reinstate the personal exemption phaseout and limitation on itemized deductions for those taxpayers with income over \$250,000 (married) and \$200,000 (single) (non-PAYGO) .....			-6,632	-14,549	-16,709	-18,518	-20,397	-22,291	-24,120	-25,890	-27,600	-56,408	-176,706
Impose 20-percent tax rate on capital gains and dividends for those taxpayers with income over \$250,000 (married) and \$200,000 (single) (non-PAYGO) .....		-1,626	-8,717	1,545	-2,735	-8,114	-11,481	-12,658	-13,743	-14,847	-15,983	-19,647	-88,359
Total, upper-income tax provisions dedicated to deficit reduction .....		-1,753	-29,197	-39,140	-48,604	-59,099	-67,696	-74,092	-80,395	-86,734	-93,097	-177,793	-579,807
<b>Trade Initiatives:</b>													
Promote trade .....			2	3	4	5	9	12	17	21	24	14	97
<b>Total, tax provisions .....</b>	<b>27,838</b>	<b>40,995</b>	<b>-6,157</b>	<b>11,011</b>	<b>2,359</b>	<b>-6,037</b>	<b>-11,585</b>	<b>-14,278</b>	<b>-17,127</b>	<b>-21,409</b>	<b>-25,845</b>	<b>42,171</b>	<b>-48,073</b>

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019
<b>Climate Revenues:</b>													
Dedicated to climate policy (clean energy technologies) .....				-15,000	-15,000	-15,000	-15,000	-15,000	-15,000	-15,000	-15,000	-45,000	-120,000
Dedicated to making work pay tax credit .....				-62,158	-62,502	-62,826	-63,093	-63,461	-63,818	-64,130	-64,554	-187,486	-506,542
<b>Total, climate revenues<sup>7</sup> .....</b>				<b>-77,158</b>	<b>-77,502</b>	<b>-77,826</b>	<b>-78,093</b>	<b>-78,461</b>	<b>-78,818</b>	<b>-79,130</b>	<b>-79,554</b>	<b>-232,486</b>	<b>-626,542</b>
<b>Mandatory Initiatives and Savings:<sup>8</sup></b>													
Agriculture:													
Enact Animal Plant and Health Inspection Service (APHIS) fees .....		-20	-27	-27	-28	-29	-30	-31	-32	-33	-34	-131	-291
Eliminate Cotton Storage payments .....		-52	-58	-56	-56	-57	-57	-58	-58	-59	-59	-279	-570
Enact Food Safety and Inspection Service (FSIS) performance fee .....		-4	-4	-4	-4	-4	-4	-5	-5	-5	-5	-20	-44
Enact Grain Inspection, Packers, and Stockyards Administration (GIPSA) fees .....		-27	-30	-30	-31	-31	-31	-32	-32	-32	-33	-149	-309
Reduce direct payments to farms with sales above \$500,000 .....		-85	-480	-625	-1,225	-1,225	-1,225	-1,225	-1,225	-1,225	-1,225	-3,640	-9,765
Reduce Crop Insurance premiums/underwriting gains and increase fees .....			-513	-524	-689	-700	-712	-724	-733	-743	-751	-2,426	-6,089
Reform payments to high-income farmers .....		-58	-24	-10	-9	-7	-5	-4	-3	-3	-3	-108	-126
Reauthorize Child Nutrition .....		850	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	4,850	9,850
Reform Market Access Program .....		-4	-34	-40	-40	-40	-40	-40	-40	-40	-40	-158	-358
<b>Total, Agriculture .....</b>		<b>600</b>	<b>-170</b>	<b>-316</b>	<b>-1,082</b>	<b>-1,093</b>	<b>-1,104</b>	<b>-1,119</b>	<b>-1,128</b>	<b>-1,140</b>	<b>-1,150</b>	<b>-2,061</b>	<b>-7,702</b>
Corps of Engineers:													
Preserve cost-sharing of inland waterways capital costs (receipt effect) <sup>9</sup> .....		-75	-100	-68	-79	-89	-156	-155	-183	-182	-180	-411	-1,267
Defense:													
Implement concurrent receipt policy:													
Effect on military retirement .....		194	313	406	502	552	583	614	646	676	714	1,967	5,200
Accrual payments to the Military Retirement Fund (non-PAYGO) .....		370	381	394	407	421	435	450	465	481	497	1,973	4,301
Military Retirement Fund offsetting receipts (non-PAYGO) .....		-370	-381	-394	-407	-421	-435	-450	-465	-481	-497	-1,973	-4,301
<b>Total, Defense .....</b>		<b>194</b>	<b>313</b>	<b>406</b>	<b>502</b>	<b>552</b>	<b>583</b>	<b>614</b>	<b>646</b>	<b>676</b>	<b>714</b>	<b>1,967</b>	<b>5,200</b>



**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Education:</b>													
Eliminate entitlements for financial intermediaries under the Family Federal Education Loan Program .....	-3,636	-6,037	-5,099	-3,605	-3,121	-3,422	-3,752	-3,970	-4,264	-4,535	-21,498	-41,441	
Make Pell Grant funding mandatory and increase and index maximum awards .....	23	832	1,869	2,777	6,434	4,871	6,248	7,631	9,153	11,006	11,935	50,844	
Modernize and expand the Federal Perkins loan program .....	-726	-661	-540	-606	-692	-687	-678	-671	-661	-635	-3,225	-6,557	
Create a new College Access and Completion Fund .....	100	500	500	500	500	400	.....	.....	.....	.....	2,100	2,500	
<b>Total, Education .....</b>	<b>-4,239</b>	<b>-5,366</b>	<b>-3,270</b>	<b>-934</b>	<b>3,121</b>	<b>1,162</b>	<b>1,818</b>	<b>2,990</b>	<b>4,228</b>	<b>5,836</b>	<b>-10,688</b>	<b>5,346</b>	
<b>Energy:</b>													
Repeal ultra-deepwater oil and gas research and development program .....	-20	-40	-50	-50	-50	-30	-10	.....	.....	.....	-210	-250	
<b>Environmental Protection Agency:</b>													
Enact pesticide and pre-manufacture notification (PMN) fees .....	-52	-56	-55	-67	-69	-69	-71	-71	-73	-73	-299	-656	
<b>Health and Human Services (HHS):</b>													
Create home visitation program .....	87	213	362	528	710	904	1,112	1,332	1,564	1,753	1,900	8,565	
CHIP impact .....	.....	-1	-1	-2	.....	.....	.....	.....	.....	.....	-4	-4	
Medicaid impact .....	-1	-6	-11	-22	-37	-55	-81	-113	-149	-189	-77	-664	
Create a LIHEAP trigger .....	329	414	437	450	450	450	450	450	450	450	2,080	4,330	
Extend TANF supplemental grants .....	.....	255	319	319	319	319	319	319	319	319	1,212	2,807	
Promote high-risk insurance pools .....	20	35	20	.....	.....	.....	.....	.....	.....	.....	75	75	
Improve child support enforcement tools .....	3	3	5	8	8	8	8	8	8	8	27	67	
Enact CMS survey and certification revisit user fee .....	9	23	23	24	24	25	25	26	26	27	104	233	
Enact CMS survey and certification recertification user fee .....	.....	23	49	78	82	83	86	88	91	94	231	673	
Enact CMS survey and certification offsetting receipts .....	-9	-46	-72	-101	-106	-108	-111	-114	-117	-121	-335	-906	
Support teen pregnancy prevention .....	20	42	48	49	50	50	50	50	50	50	209	459	
<b>Total, HHS .....</b>	<b>458</b>	<b>955</b>	<b>1,179</b>	<b>1,330</b>	<b>1,500</b>	<b>1,676</b>	<b>1,858</b>	<b>2,046</b>	<b>2,242</b>	<b>2,391</b>	<b>5,422</b>	<b>15,635</b>	
<b>Homeland Security:</b>													
Enact CBP inspection user fees .....	-124	-124	-124	-124	-124	-124	-124	-124	-124	-71	.....	-620	-1,063

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Housing and Urban Development:</b>													
Expand HOPE for Homeowners program .....	207	1,237	667	.....	.....	.....	.....	.....	.....	.....	.....	1,904	1,904
Provide funding for the Affordable Housing Trust Fund .....	.....	20	140	250	250	240	100	.....	.....	.....	.....	900	1,000
Total, Housing and Urban Development .....	207	1,257	807	250	250	240	100	.....	.....	.....	.....	2,804	2,904
<b>Interior:</b>													
Increase return from minerals on Federal lands:													
Abandoned Mine Lands (AML) Payments to Certified States .....	.....	-142	-164	-208	-210	-206	-90	-90	-94	-158	-161	-930	-1,523
Fee on nonproducing oil and gas leases .....	.....	-122	-121	-115	-107	-109	-112	-114	-116	-119	-121	-574	-1,156
Repeal Energy Policy Act fee prohibition and mandatory permit funds .....	.....	-42	-32	-33	-33	-33	-33	-9	-9	-9	-9	-173	-242
Reserve funds for insular affairs assistance .....	.....	7	6	6	5	5	4	4	4	4	4	29	49
Recover Pick-Sloan project cost .....	.....	-23	-23	-23	-23	-23	-23	-23	-23	-23	-23	-115	-230
Total, Interior .....	.....	-322	-334	-373	-368	-366	-254	-232	-238	-305	-310	-1,763	-3,102
<b>Labor:</b>													
Change Extended Unemployment Insurance benefits trigger .....	.....	.....	8,700	2,500	600	600	1,300	1,700	1,700	1,800	2,100	12,400	21,000
Implement unemployment insurance integrity legislation: <sup>9</sup>													
PAYGO .....	.....	.....	-485	-502	-342	-355	-319	-328	-372	-407	-620	-1,684	-3,730
Non-PAYGO .....	.....	.....	-84	-149	-101	56	-69	-6	220	371	1,399	-278	1,637
Total .....	.....	.....	-569	-651	-443	-299	-388	-334	-152	-36	779	-1,962	-2,093
Reform Trade Adjustment Assistance .....	.....	.....	124	651	1,015	1,217	1,131	1,036	1,047	1,083	1,116	3,007	8,420
Total, Labor .....	.....	.....	8,255	2,500	1,172	1,518	2,043	2,402	2,595	2,847	3,995	13,445	27,327
<b>Treasury:</b>													
Levy payments to Federal contractors with delinquent tax debt:													
Improve debt collection administrative procedures (receipt effect) <sup>9</sup> .....	.....	-77	-115	-119	-124	-109	-113	-118	-122	-127	-132	-544	-1,156
Increase levy authority to 100 percent for vendor payments (receipt effect) <sup>9</sup> .....	.....	-61	-87	-86	-90	-78	-82	-85	-88	-92	-96	-402	-845
Revise terrorism risk insurance program <sup>9</sup> .....	.....	.....	-21	337	-228	-351	-267	-140	-47	26	47	-263	-644
Restructure assistance to New York City: Provide tax incentives for transportation infrastructure (receipt effect) <sup>9</sup> .....	.....	200	200	200	200	200	200	200	200	200	200	1,000	2,000
Total, Treasury .....	.....	62	-23	332	-242	-338	-262	-143	-57	7	19	-209	-645

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

												Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019
<b>Veterans Affairs:</b>													
Implement concurrent receipt policy:													
Effect on Veterans disability payments .....		47	49	51	53	54	54	54	53	53	52	254	520
<b>Federal Communications Commission:</b>													
Auction domestic satellite spectrum .....		-100	-75	-25								-200	-200
Provide permanent auction authority .....					-200	-200	-200	-200	-200	-200	-200	-400	-1,400
Enact spectrum license user fee .....	-50	-200	-300	-425	-550	-550	-550	-550	-550	-550	-550	-2,025	-4,775
Total, FCC .....	-50	-300	-375	-450	-750	-750	-750	-750	-750	-750	-750	-2,625	-6,375
<b>Other Independent Agencies:</b>													
Reflect discrimination claims settlement .....		690	230	230								1,150	1,150
Morris K. Udall Scholarship Fund (non-PAYGO) ....		2	4	4	4	4	4	4	5	5	5	18	41
Total, Other independent agencies .....		692	234	234	4	4	4	4	5	5	5	1,168	1,191
<b>Social Security Administration:</b>													
Program integrity: require states and localities to provide pension information (non-PAYGO) .....					-166	-362	-480	-512	-472	-449	-418	-528	-2,859
<b>Multi-Agency:</b>													
Implement program integrity allocation adjustments (non-PAYGO) <sup>9</sup> .....		-1,073	-3,519	-5,577	-8,054	-10,960	-6,539	-4,373	-3,283	-2,620	-2,439	-29,183	-48,437
<b>Total, mandatory initiatives and savings ...</b>	<b>157</b>	<b>-2,895</b>	<b>506</b>	<b>-5,331</b>	<b>-8,605</b>	<b>-7,212</b>	<b>-4,146</b>	<b>-739</b>	<b>2,029</b>	<b>4,468</b>	<b>7,692</b>	<b>-23,537</b>	<b>-14,233</b>
<b>Outyear PAYGO Impact of Changes in Mandatory Programs included in Appropriations Language:</b>													
Energy, Permanent Reclassification of Power Marketing Administration Receipts to Offset Annual Expenses: <sup>10</sup>													
Sale and Transmission of Electric Energy, Southwestern Power Administration .....			33	34	35	36	36	36	36	36	36	138	318
Sale and Transmission of Electric Energy, Southeastern Power Administration .....			8	8	9	9	9	9	9	9	9	34	79
Reclamation Fund, All Other, Sale of Power and Other Utilities .....			144	149	153	158	158	158	158	158	158	604	1,394
Falcon and Amistad Operating and Maintenance Fund Receipts .....			2	2	2	2	2	2	2	2	2	8	18
<b>Justice:</b>													
Crime Victims Fund Obligation Delay .....			238	477	715	953						2,383	2,383
<b>Total, outyear PAYGO impact of changes in mandatory programs included in appropriations language .....</b>			425	670	914	1,158	205	205	205	205	205	3,167	4,192
<b>Total, mandatory and receipt proposals and climate policies .....</b>	<b>27,995</b>	<b>38,100</b>	<b>-5,226</b>	<b>-70,808</b>	<b>-82,834</b>	<b>-89,917</b>	<b>-93,619</b>	<b>-93,273</b>	<b>-93,711</b>	<b>-95,866</b>	<b>-97,502</b>	<b>-210,685</b>	<b>-684,656</b>

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

<b>HEALTH REFORM RESERVE FUND</b>													Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019	
<b>Aligning incentives toward quality:</b>														
Encourage hospitals serving Medicare beneficiaries to reduce readmission rates .....				-680	-840	-930	-1,020	-1,110	-1,200	-1,280	-1,370	-2,450	-8,430	
Create hospital quality incentive payments .....			-400	-570	-840	-1,170	-1,540	-1,700	-1,830	-1,960	-2,100	-2,980	-12,110	
Encourage primary care physicians to administer the flu vaccine to Medicare beneficiaries .....		*	*	*	*	*	*	*	*	*	*	*	*	
Enable physicians to form voluntary groups that coordinate care for Medicare beneficiaries and to receive performance-based payments for the coordinated care .....		*	*	*	*	*	*	*	*	*	*	*	*	
Total, aligning incentives toward quality .....			-400	-1,250	-1,680	-2,100	-2,560	-2,810	-3,030	-3,240	-3,470	-5,430	-20,540	
<b>Promoting efficiency and accountability:<sup>a</sup></b>														
Establish competitive bidding for Medicare Advantage .....				-11,220	-16,810	-19,560	-21,680	-25,870	-26,080	-25,820	-30,160	-47,590	-177,200	
Promote efficient provision of acute care through bundled Medicare payments covering hospital and post-acute settings .....					-150	-670	-1,690	-2,520	-3,400	-3,710	-3,960	-820	-16,100	
Address financial conflicts of interest in physician-owned specialty hospitals .....		*	*	*	*	*	*	*	*	*	*	*	*	
Ensure that Medicare makes appropriate payments for imaging services through the use of radiology benefit managers .....			-10	-20	-20	-20	-30	-30	-40	-40	-40	-70	-250	
Provide private sector enhancements to ensure Medicare pays accurately .....		-60	-130	-160	-190	-210	-230	-240	-270	-290	-320	-750	-2,100	

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (–) in millions of dollars)

<b>HEALTH REFORM RESERVE FUND —Continued</b>													Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019	
Promote cost-effective purchase and delivery of Medicaid prescription drugs by (1) increasing the Medicaid rebate amounts, (2) extending to and collecting rebates on behalf of managed care plans, and (3) applying rebates to new formulations of existing drugs .....		-1,440	-1,720	-1,680	-1,780	-1,900	-2,050	-2,130	-2,270	-2,430	-2,550	-8,520	-19,950	
Promote increased generic medication utilization by establishing a pathway for FDA approval of generic biologics .....					20	-10	-470	-1,110	-1,330	-1,570	-1,880	10	-6,350	
Expand availability of family planning services under Medicaid .....						-5	-5	-10	-10	-15	-20	-5	-65	
Ensure appropriate Medicaid payments through use of the National Correct Coding Initiative (NCCI) edits .....		-10	-25	-40	-45	-55	-75	-85	-90	-95	-100	-175	-620	
Improve Medicare home health payments to align with costs .....		-460	-2,450	-2,730	-3,100	-3,410	-3,760	-4,170	-4,390	-4,580	-5,020	-12,150	-34,070	
Reallocate Medicare and Medicaid Improvement Funds .....						-23,230	-150	-150	-150	-150		-23,230	-23,830	
Total, promoting efficiency and accountability .....		-1,970	-4,335	-15,850	-22,075	-49,070	-30,140	-36,315	-38,030	-38,700	-44,050	-93,300	-280,535	
<b>Encouraging Shared Responsibility:</b>														
Require certain higher-income beneficiaries enrolled in the Medicare drug benefit to pay higher premiums, as is currently required for physician and outpatient services .....			-390	-590	-670	-760	-870	-980	-1,110	-1,270	-1,430	-2,410	-8,070	
<b>Additional Federal Health Savings:</b>														
Combine Medicare and Medicaid disproportionate share hospital payments into an uncompensated care assistance fund to hospitals ..					-810	-4,780	-10,400	-14,930	-19,570	-25,530	-30,420	-5,590	-106,440	

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

<b>HEALTH REFORM RESERVE FUND —Continued</b>													Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019	
Incorporate productivity adjustments into Medicare payment updates .....		-10	-1,540	-2,990	-5,200	-7,780	-10,830	-14,550	-18,090	-21,780	-26,720	-17,520	-109,490	
Pay appropriately for prescription drugs under the Part D program ....			-2,230	-4,990	-5,680	-6,870	-8,110	-8,650	-10,740	-13,350	-14,350	-19,770	-74,970	
Adopt MedPAC 2010 update recommendations for skilled nursing facilities, inpatient rehabilitation facilities, and long-term care hospitals .....		-780	-1,260	-1,100	-1,240	-1,360	-1,500	-1,650	-1,720	-1,810	-1,960	-5,740	-14,380	
Adjust equipment utilization factor for physician imaging services to better reflect actual usage .....		-260	-630	-580	-510	-530	-560	-620	-690	-750	-810	-2,510	-5,940	
Improve Medicare/Medicaid program integrity .....			-70	-130	-140	-150	-170	-180	-210	-240	-250	-490	-1,540	
<b>Total, additional federal health savings .....</b>	<b>-1,050</b>	<b>-5,730</b>	<b>-9,790</b>	<b>-13,580</b>	<b>-21,470</b>	<b>-31,570</b>	<b>-40,580</b>	<b>-51,020</b>	<b>-63,460</b>	<b>-74,510</b>	<b>-51,620</b>	<b>-312,760</b>		
<b>Total, Medicare/Medicaid savings (-) .....</b>	<b>-3,020</b>	<b>-10,855</b>	<b>-27,480</b>	<b>-38,005</b>	<b>-73,400</b>	<b>-65,140</b>	<b>-80,685</b>	<b>-93,190</b>	<b>-106,670</b>	<b>-123,460</b>	<b>-152,760</b>	<b>-621,905</b>		
Limit the tax rate at which itemized deductions reduce tax liability to 28 percent .....			-8,814	-23,987	-27,095	-29,580	-32,170	-34,676	-37,165	-39,557	-41,845	-89,476	-274,889	
Reduce the tax gap/improve compliance and make reforms to close tax loopholes:														
Reduce the tax gap/improve compliance:														
Expand information reporting .....	-105	-743	-945	-1,053	-1,108	-1,174	-1,224	-1,284	-1,349	-1,416	-3,954	-10,401		
Improve compliance by businesses ....	-4	-6	-6	-6	-7	-7	-7	-7	-7	-7	-29	-64		
Strengthen tax administration ....	-6	-9	-11	-13	-13	-14	-15	-17	-17	-17	-52	-132		
Expand penalties .....	-1	-2	-2	-2	-4	-4	-4	-5	-6	-6	-11	-36		
Make reforms to close tax loopholes:														
Financial institutions and products .....	-178	-284	-237	-256	-278	-301	-324	-344	-365	-386	-1,233	-2,953		
Insurance companies and products .....	-408	-695	-955	-1,137	-1,309	-1,398	-1,486	-1,571	-1,652	-1,748	-4,504	-12,359		
Tax accounting methods .....		-217	-1,170	-1,770	-1,198	-1,019	-270	-282	-295	-307	-4,355	-6,528		
Modify estate and gift tax valuation discounts and other reforms .....	-410	-1,578	-1,765	-1,983	-2,212	-2,454	-2,710	-2,980	-3,268	-3,570	-7,948	-22,930		

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (–) in millions of dollars)

<b>HEALTH REFORM RESERVE FUND —Continued</b>													Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019	
Subtotal, reduce the tax gap/ improve compliance and make reforms to close tax loopholes ..	.....	-1,112	-3,534	-5,091	-6,220	-6,129	-6,371	-6,040	-6,490	-6,959	-7,457	-22,086	-55,403	
Modify alternative fuel mixture credit ..	.....	-2,241	.....	.....	.....	.....	.....	.....	.....	.....	.....	-2,241	-2,241	
<b>Total, revenues (–)</b> .....	.....	<b>-3,353</b>	<b>-12,348</b>	<b>-29,078</b>	<b>-33,315</b>	<b>-35,709</b>	<b>-38,541</b>	<b>-40,716</b>	<b>-43,655</b>	<b>-46,516</b>	<b>-49,302</b>	<b>-113,803</b>	<b>-332,533</b>	
<b>Total available for benefits (–)</b> .....	.....	<b>-6,373</b>	<b>-23,203</b>	<b>-56,558</b>	<b>-71,320</b>	<b>-109,109</b>	<b>-103,681</b>	<b>-121,401</b>	<b>-136,845</b>	<b>-153,186</b>	<b>-172,762</b>	<b>-266,563</b>	<b>-954,438</b>	
*Savings negligible or undetermined at this time.														
<sup>a</sup> Beyond the proposals specified below, the Administration has proposed the creation of an independent, executive-branch agency called the Independent Medicare Advisory Council, which would be empowered to make recommendations on annual Medicare payment rates as well as other Medicare reforms, and which could yield substantial cost savings and quality enhancements in the Medicare program over the long term.														

Note: For receipt effects, positive figures indicate lower receipts. For outlay effects, positive figures indicate higher outlays. For net costs, positive figures indicate higher deficits.

<sup>1</sup>Receipt effects unless otherwise noted.

<sup>2</sup>The Administration continues to support expanding refundability of the child tax credit by lowering the refundability threshold to \$3,000, a well as the expansion of the earned income tax credit for married couples by increasing the phase-out threshold by \$5,000 compared to other filers. These policies were shown as “tax cuts for families and individuals” in the May Budget, but they are no longer reflected here, since they are now incorporated in the baseline projection of current policy (see Table S-8).

<sup>3</sup>The estimates for this proposal include effects on outlays. The outlay effects included in the totals above are listed below:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010–2014	2010–2019
Provide making work pay tax credit .....	.....	.....	703	21,678	21,430	21,125	20,845	20,695	20,562	20,469	20,488	64,936	167,995
Expand earned income tax credit .....	.....	.....	.....	1,439	1,417	1,407	1,413	1,429	1,456	1,490	1,532	4,263	11,583
Expand saver's credit and automatic enrollment in IRAs .....	.....	200	526	1,924	1,985	1,786	1,659	1,705	1,761	1,840	1,937	6,421	15,323
Provide American opportunity tax credit .....	.....	.....	.....	2,159	2,250	2,326	2,445	2,606	2,707	2,755	2,948	6,735	20,196
Continue remaining expiring provisions through calendar year 2010 .....	.....	61	21	.....	.....	.....	.....	.....	.....	.....	.....	82	82
Eliminate advanced earned income tax credit .....	.....	-125	-71	-74	-72	-72	-71	-72	-74	-77	-80	-414	-788
<b>Total outlay effects of receipt proposals .....</b>	.....	<b>136</b>	<b>1,179</b>	<b>27,126</b>	<b>27,010</b>	<b>26,572</b>	<b>26,291</b>	<b>26,363</b>	<b>26,412</b>	<b>26,477</b>	<b>26,825</b>	<b>82,023</b>	<b>214,391</b>

**Table S-11. MANDATORY AND RECEIPT PROPOSALS—Continued**

(Deficit increases (+) or decreases (-) in millions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010– 2014	2010– 2019
Preserve cost-sharing of inland waterways capital costs .....		-75	-100	-68	-79	-89	-156	-155	-183	-182	-180	-411	-1,267
Implement unemployment insurance integrity legislation:													
PAYGO .....			-39	-47	-42	-69	-43	-55	-99	-129	-336	-197	-859
Non-PAYGO .....				10	58	214	89	157	386	541	1,573	282	3,028
Revise terrorism risk insurance program .....			39	493	150	317	511	576	522	416	285	999	3,309
Levy payments to Federal contractors with delinquent tax debt:													
Improve debt collection administrative procedures .....		-77	-115	-119	-124	-109	-113	-118	-122	-127	-132	-544	-1,156
Increase levy authority to 100 percent for vendor payments ..		-61	-87	-86	-90	-78	-82	-85	-88	-92	-96	-402	-845
Restructure assistance to New York City: Provide tax incentives for transportation infrastructure .....		200	200	200	200	200	200	200	200	200	200	1,000	2,000
Implement program integrity allocation adjustments – IRS .....		-290	-1,119	-2,348	-3,864	-5,729	-1,460	-617	-462	-371	-380	-13,350	-16,640
Total receipt effects of mandatory proposals .....		-303	-1,221	-1,965	-3,791	-5,343	-1,054	-97	154	256	934	-12,623	-12,430

<sup>10</sup> These proposals would not be subject to PAYGO under the Administration's PAYGO proposal.<sup>4</sup>The estimates for this proposal include start-up costs associated with establishing a new agency to administer the automatic workplace pensions program.<sup>5</sup>The Budget assumes that some aviation excise taxes are modified and replaced with direct user charges. The estimated cost of reducing the excise taxes is reflected here. The user charges are considered discretionary and offset discretionary budget authority and outlays.<sup>6</sup>This provision is estimated to have zero receipt effects under the Administration's current projections for energy prices.<sup>7</sup>Shown here are those proceeds from auctioning emission allowances that are reserved for clean energy technology initiatives and to compensate families through the Making Work Pay tax cut. These proceeds are included in the grand totals as receipts, though they could alternatively be considered offsets to outlays. Any additional revenue will be used to compensate vulnerable households, communities and businesses for increased energy costs.<sup>8</sup>Outlay effects unless otherwise noted.<sup>9</sup>The estimates for this proposal include effects on receipts. The receipt effects included in the totals above are listed below.



**Table S-12. BRIDGE BETWEEN TOTAL MANDATORY AND RECEIPT PROPOSALS AND PAYGO SCOREKEEPING**

Deficit increases (+) or decreases (-) in millions of dollars

	Total <sup>1</sup>
2010–2019 total mandatory and receipt proposals and climate policies, Table S-11 .....	-684,656
Plus 2009 effects: PAYGO includes a “lookback” provision to capture current-year costs. ....	27,995
<b>2009–2019 total mandatory and receipt proposals and climate policies, Table S-11 .....</b>	<b>-656,661</b>
<b>Adjustments for Non-PAYGO items on Table S-11:</b>	
Loss of FAA aviation excise tax receipts .....	-77,082
Savings from not extending upper-income tax cuts. ....	592,396
Program integrity and other savings generated by increased discretionary funding. ....	49,618
<b>Total, adjustments for non-PAYGO items .....</b>	<b>564,932</b>
<b>Adjustments for Extension of Programs Subject to PAYGO in Baseline Projection of Current Policy:</b>	
Plus Transitional Medical Assistance and Qualifying Individuals Programs .....	15,610
Plus diabetes programs in Indian Health Services and National Institutes of Health .....	2,205
<b>Total, adjustments for extension of programs subject to PAYGO in baseline projection of current policy .....</b>	<b>17,815</b>
<b>Net scoreable PAYGO savings in Administration’s budget .....</b>	<b>-73,914</b>

<sup>1</sup>Totals represent 2009–2019 unless otherwise stated.

**Table S-13. OUTLAYS FOR MANDATORY PROGRAMS UNDER CURRENT LAW<sup>1, 2</sup>**

(In billions of dollars)

	2008 Actual	Estimate					
		2009	2010	2011	2012	2013	2014
<b>Human resources programs:</b>							
Education, training, employment and social services .....	9	-18	1	9	11	11	8
Health .....	227	289	317	306	320	345	368
Medicare .....	386	425	441	474	478	528	591
Income security .....	373	479	542	498	421	418	415
Social Security .....	612	677	702	729	755	792	837
Veterans' benefits and services .....	44	50	58	65	62	70	75
Subtotal, human resources programs .....	1,650	1,902	2,059	2,081	2,045	2,164	2,294
<b>Other mandatory programs:</b>							
National defense .....	4	4	6	5	5	5	6
International affairs .....	-9	-7	-3	-3	-2	-3	-3
Energy .....	-3	-2	1	2	4	*	-1
Agriculture .....	10	18	19	19	11	16	16
Commerce and housing credit .....	25	377	104	20	-15	-24	-24
Transportation .....	2	2	3	2	2	2	2
Community and regional development .....	-*	2	1	1	1	1	-*
Justice .....	*	2	4	3	2	2	2
General government .....	3	4	4	5	5	4	5
Undistributed offsetting receipts .....	-86	-91	-83	-86	-90	-94	-98
Other functions .....	-1	1	1	1	1	1	1
Subtotal, other mandatory programs .....	-55	310	55	-31	-77	-89	-97
Total, outlays for mandatory programs under current law .....	1,595	2,213	2,115	2,050	1,968	2,075	2,198

\*\$500 million or less.

<sup>1</sup>This table meets the requirements of Section 221(b) of the Legislative Reorganization Act of 1970.

<sup>2</sup>Estimates are based on the Budget Enforcement Act (BEA) baseline. The BEA baseline differs in some instances from current law (see the chapter on "Current Services Estimates" in the *Analytical Perspectives* volume of the 2010 Budget) and also from the baseline projection of current policy (see Table S-7).

**Table S-14. FUNDING LEVELS FOR APPROPRIATED  
("DISCRETIONARY") PROGRAMS BY AGENCY**

(Budget authority in billions of dollars)

	2009 Enacted	2009 Recovery Act	2010 Request	Outyears				Totals	
				2011	2012	2013	2014	2010- 2014	2010- 2019
<b>Discretionary Policy by Agency:</b>									
Departments:									
Agriculture .....	25.5	6.9	25.7	26.7	27.1	27.4	27.8	134.6	283.7
<i>International Food Aid and Other Supplemental Funding</i> .....	1.4	.....	.....	.....	.....	.....	.....	.....	.....
Commerce .....	9.4	7.9	13.8	8.0	7.8	8.5	8.7	46.9	94.6
<i>Census Bureau</i> .....	3.1	1.0	7.4	1.3	1.0	1.0	1.0	11.7	22.3
Defense (DOD) .....	659.3	7.4	663.8	591.8	600.7	611.1	624.5	3,092.0	6,435.1
<i>DOD Base, excluding Overseas Contingency Operations</i> .....	513.4	7.4	533.8	541.8	550.7	561.1	574.5	2,762.0	5,855.1
<i>DOD 2009 Overseas Contingency Operations—Enacted<sup>1</sup></i> .....	145.9	.....	.....	.....	.....	.....	.....	.....	.....
<i>DOD 2010 Overseas Contingency Operations—Proposed<sup>1,2</sup></i> .....	.....	.....	130.0	50.0	50.0	50.0	50.0	330.0	580.0
Education <sup>3</sup> .....	41.4	81.1	46.7	53.6	58.5	61.6	64.5	284.9	626.4
Energy .....	33.9	38.7	26.4	26.4	27.1	27.6	28.2	135.6	287.0
<i>Energy—2009 one-time cost</i> .....	7.5	.....	.....	.....	.....	.....	.....	.....	.....
Health and Human Services (HHS) <sup>4</sup> .....	88.1	22.4	80.5	84.3	85.5	87.5	90.7	428.5	923.5
<i>HHS—2009 Supplemental Funding, including H1N1 Response</i> .....	7.7	.....	.....	.....	.....	.....	.....	.....	.....
Homeland Security (DHS) <sup>5</sup> .....	42.0	2.8	41.1	42.0	41.6	41.1	40.6	206.5	423.6
Housing and Urban Development .....	40.7	13.6	43.7	45.0	46.6	47.8	49.0	232.1	498.8
Interior .....	11.3	3.0	12.0	12.2	12.4	12.6	12.8	62.1	130.9
Justice .....	25.8	4.0	24.0	27.8	28.0	28.1	28.3	136.2	285.7
Labor .....	13.1	4.8	14.1	13.3	13.4	13.5	13.5	67.8	139.1
State and Other International Programs Funding <sup>6</sup> .....	50.5	0.6	52.1	56.4	60.7	65.1	69.6	303.9	691.3
<i>State and International Programs—2009 Supplemental Funding<sup>6</sup></i> .....	13.8	.....	.....	.....	.....	.....	.....	.....	.....
Transportation <sup>7</sup> .....	71.5	48.1	72.3	64.1	64.1	65.2	66.4	332.1	682.9
<i>Budget Authority (BA)</i> .....	17.8	48.1	57.5	21.3	24.3	23.4	21.4	147.9	261.6
<i>Obligation Limitations</i> .....	53.7	.....	14.8	42.9	39.8	41.8	45.0	184.2	421.3
Treasury .....	12.6	0.3	13.4	13.7	14.2	14.7	15.3	71.4	158.7
Veterans Affairs <sup>8</sup> .....	47.8	1.4	53.0	57.0	57.5	58.1	59.2	284.8	597.4
<i>Veterans Affairs—2009 one-time cost</i> .....	0.2	.....	.....	.....	.....	.....	.....	.....	.....

**Table S-14. FUNDING LEVELS FOR APPROPRIATED  
("DISCRETIONARY") PROGRAMS BY AGENCY—Continued**

(Budget authority in billions of dollars)

	2009 Enacted	2009 Recovery Act	2010 Request	Outyears				Totals	
				2011	2012	2013	2014	2010- 2014	2010- 2019
Major Agencies:									
Corps of Engineers .....	12.0	4.6	5.1	5.2	5.2	5.3	5.3	26.1	54.8
<i>Corps of Engineers—2009 one-time cost</i> .....	6.6	.....	.....	.....	.....	.....	.....	.....	.....
Environmental Protection Agency .....	7.6	7.2	10.5	10.6	10.7	10.8	10.9	53.5	110.9
General Services Administration .....	0.8	5.9	0.6	0.7	0.6	0.6	0.6	3.2	6.4
National Aeronautics and Space Administration .....	17.8	1.0	18.7	18.6	18.6	18.6	18.9	93.4	191.7
National Science Foundation .....	6.5	3.0	7.0	7.2	8.5	9.1	9.7	41.6	97.9
Small Business Administration .....	0.6	0.7	0.8	0.9	0.9	0.9	1.1	4.5	10.5
Social Security Administration <sup>4</sup> .....	8.6	1.1	9.3	10.3	10.9	11.4	12.0	53.8	120.0
Corporation for National and Community Service .....	0.9	0.2	1.1	1.3	1.7	2.0	2.4	8.6	25.8
National Infrastructure Bank .....	.....	.....	5.0	5.0	5.0	5.0	5.0	25.0	25.2
Climate Policy (Clean Energy Technologies) .....	.....	.....	.....	.....	15.0	15.0	15.0	45.0	120.0
Other Agencies .....	18.3	0.3	19.8	18.6	18.5	18.4	18.4	93.6	192.0
<b>Grand Total, Discretionary Budget Authority .....</b>	<b>1,192.3</b>	<b>267.0</b>	<b>1,245.9</b>	<b>1,158.0</b>	<b>1,200.9</b>	<b>1,225.3</b>	<b>1,253.3</b>	<b>6,083.4</b>	<b>12,792.5</b>
<b>Grand Total, Discretionary Budgetary Resources .....</b>	<b>1,246.1</b>	<b>267.0</b>	<b>1,260.7</b>	<b>1,200.8</b>	<b>1,240.7</b>	<b>1,267.1</b>	<b>1,298.3</b>	<b>6,267.6</b>	<b>13,213.8</b>
Memorandum:									
Grand Total, Discretionary Budgetary Resources adjusted for Inflation and Population .....	1,272.3	272.7	1,260.7	1,171.8	1,177.8	1,167.9	1,161.9	5,940.0	11,619.7
Grand Total, Discretionary Budgetary Resources as a Percent of GDP .....	8.8%	1.9%	8.7%	7.9%	7.7%	7.5%	7.2%	7.8%	7.1%

<sup>1</sup>The DOD Overseas Contingency Operations totals for 2009 Enacted and 2010 Proposed include amounts that will be transferred to the U.S. Coast Guard in DHS.

<sup>2</sup>The Budget includes placeholder estimates of \$50 billion per year for Overseas Contingency Operations in 2011 and beyond. These estimates do not reflect any specific policy decisions.

<sup>3</sup>Adjusted for advance appropriations, 2009 funding for the Department of Education is \$46.2 billion. All numbers exclude funding for Pell Grants.

<sup>4</sup>Funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for administrative expenses incurred by the Social Security Administration that support the Medicare program are included in the HHS total and not in the Social Security Administration total.

<sup>5</sup>The DHS level includes \$1.8 billion for BioShield in 2009 and -\$1.6 billion in 2010 for a transfer of BioShield balances to HHS; adjusted for BioShield, the DHS totals for 2009 and 2010 are \$40.2 billion and \$42.7 billion, respectively. These levels also exclude \$0.2 billion in transfers, both in 2009 and 2010, from the Navy to the Coast Guard in Overseas Contingency Operations funding.

**Table S-14. FUNDING LEVELS FOR APPROPRIATED  
("DISCRETIONARY") PROGRAMS BY AGENCY—Continued**

(Budget authority in billions of dollars)

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<sup>6</sup>The International total includes estimated costs of \$0.4 billion for the increases in the U.S. contribution to the IMF Quota and New Arrangements to Borrow, calculated on a credit reform basis with adjustment to the discount rate for market risk.

<sup>7</sup>Effective with 2011, the Budget assumes a scenario to modify the financing system of the Federal Aviation Administration that replaces certain aviation excise taxes with direct user charges. The direct user charges are considered to be discretionary and offset discretionary budget authority and outlays, while the aviation excise taxes are considered to be a receipt. Because of this budgetary treatment, this scenario results in lower discretionary budget authority starting in 2011, which is reflected here. It also reduces aviation excise taxes. That is shown in Table S-11.

<sup>8</sup>The Veterans Affairs total is net of medical care collections.

**Table S-15. FEDERAL GOVERNMENT FINANCING AND DEBT**

(In billions of dollars)

	Actual 2008	Estimate										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Financing:</b>												
Unified budget deficit .....	459	1,580	1,502	1,123	796	775	778	739	795	810	815	917
Other transactions affecting borrowing from the public:												
Changes in financial assets and liabilities: <sup>1</sup>												
Change in Treasury operating cash balance .....	296	-102	.....	-200	.....	.....	.....	.....	.....	.....	.....	.....
Net disbursements of credit financing accounts:												
Direct loan accounts .....	27	436	252	108	73	79	81	75	72	70	71	67
Guaranteed loan accounts .....	6	4	-6	1	4	5	5	6	5	5	3	-*
Troubled Asset Relief Program (TARP) equity purchase accounts .....	.....	141	-28	-16	-19	-18	-19	-17	-14	-14	-15	-12
Net purchases of non-Federal securities by the National Railroad Retirement Investment Trust (NRRIT) .....	-7	-5	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Net change in other financial assets and liabilities <sup>2</sup> .....	-12	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Subtotal, changes in financial assets and liabilities .....	310	474	218	-108	58	64	66	63	61	60	57	54
Seigniorage on coins .....	-1	-*	-*	-1	-1	-1	-1	-1	-1	-1	-1	-1
Total, other transactions affecting borrowing from the public	309	473	217	-109	57	64	66	62	60	59	57	53
Total, requirement to borrow from the public (equals change in debt held by the public) .....	768	2,053	1,719	1,015	853	839	844	801	855	869	872	971
<b>Changes in Debt Subject to Statutory Limitation:</b>												
Change in debt held by the public .....	768	2,053	1,719	1,015	853	839	844	801	855	869	872	971
Change in debt held by Government accounts .....	267	173	156	173	260	282	294	323	303	296	305	263
Change in other factors .....	3	2	1	2	2	2	1	2	2	2	2	1
Total, change in debt subject to statutory limitation .....	1,039	2,228	1,876	1,190	1,115	1,123	1,140	1,126	1,160	1,168	1,179	1,235
<b>Debt Subject to Statutory Limitation, End of Year:</b>												
Debt issued by Treasury .....	9,961	12,187	14,063	15,251	16,365	17,486	18,625	19,749	20,908	22,075	23,253	24,487
Adjustment for discount, premium, and coverage <sup>3</sup> .....	-1	1	1	2	4	5	6	7	9	9	10	10
Total, debt subject to statutory limitation <sup>4</sup> .....	9,960	12,188	14,064	15,254	16,368	17,491	18,631	19,757	20,916	22,084	23,263	24,498
<b>Debt Outstanding, End of Year:</b>												
Gross Federal debt: <sup>5</sup>												
Debt issued by Treasury .....	9,961	12,187	14,063	15,251	16,365	17,486	18,625	19,749	20,908	22,075	23,253	24,487

**Table S-15. FEDERAL GOVERNMENT FINANCING AND DEBT—Continued**

(In billions of dollars)

	Actual	Estimate										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt issued by other agencies .....	25	25	25	24	24	23	23	22	22	20	18	18
Total, gross Federal debt .....	9,986	12,212	14,087	15,276	16,388	17,509	18,648	19,772	20,930	22,095	23,272	24,505
Held by:												
Debt held by Government accounts .....	4,183	4,356	4,513	4,686	4,946	5,228	5,522	5,845	6,148	6,444	6,749	7,012
Debt held by the public <sup>6</sup> .....	5,803	7,856	9,575	10,590	11,443	12,281	13,126	13,927	14,782	15,651	16,523	17,493
<b>Debt Held by the Public Net of Financial Assets:</b>												
Debt held by the public .....	5,803	7,856	9,575	10,590	11,443	12,281	13,126	13,927	14,782	15,651	16,523	17,493
Less financial assets net of liabilities:												
Treasury operating cash balance .....	372	270	270	70	70	70	70	70	70	70	70	70
Credit financing account balances:												
Direct loan accounts .....	196	632	884	993	1,066	1,145	1,226	1,301	1,372	1,442	1,513	1,580
Guaranteed loan accounts .....	-42	-39	-45	-43	-40	-35	-29	-24	-18	-13	-10	-10
TARP equity purchase accounts .....	.....	141	113	97	78	60	41	24	10	-5	-20	-32
Government-sponsored enterprise preferred stock .....	2	108	149	173	173	173	173	173	173	173	173	173
Non-Federal securities held by NRRIT .....	25	20	19	17	17	16	15	13	12	11	9	8
Other assets net of liabilities .....	-46	-46	-46	-46	-46	-46	-46	-46	-46	-46	-46	-46
Total, financial assets net of liabilities .....	505	1,085	1,344	1,260	1,318	1,382	1,449	1,511	1,572	1,632	1,689	1,743
Debt held by the public net of financial assets .....	5,297	6,770	8,230	9,330	10,125	10,899	11,677	12,415	13,210	14,019	14,834	15,751

\* \$500 million or less.

<sup>1</sup>A decrease in the Treasury operating cash balance (which is an asset) is a means of financing a deficit and therefore has a negative sign; that is, the reduction in cash balances reduces the amount that would otherwise be borrowed from the public. An increase in checks outstanding (which is a liability) is also a means of financing a deficit and therefore also has a negative sign.

<sup>2</sup>Besides checks outstanding, includes accrued interest payable on Treasury debt, uninvested deposit fund balances, allocations of special drawing rights, and other liability accounts; and, as an offset, cash and monetary assets (other than the Treasury operating cash balance), other asset accounts, and profit on sale of gold.

<sup>3</sup>Consists mainly of debt issued by the Federal Financing Bank (which is not subject to limit), debt held by the Federal Financing Bank, the unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds), and the unrealized discount on Government account series securities.

<sup>4</sup>The statutory debt limit is \$12,104 billion, as enacted on February 17, 2009.

<sup>5</sup>Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost all measured at sales price plus amortized discount or less amortized premium. Agency debt securities are almost all measured at face value. Treasury securities in the Government account series are otherwise measured at face value less unrealized discount (if any).

<sup>6</sup>At the end of 2008, the Federal Reserve Banks held \$491.1 billion of Federal securities and the rest of the public held \$5,311.6 billion. Debt held by the Federal Reserve Banks is not estimated for future years.







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