Mid-Session Review

Budget of the U.S. Government

Fiscal Year 2011

Office of Management and Budget
www.budget.gov

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

THE DIRECTOR

July 23, 2010

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 2010 through 2020.

Sincerely,

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

The economy now is markedly different from what it was at the beginning of the President's term, 18 months ago. In January of 2009, the economy was on the brink of a potentially severe depression, precipitated by an era of irresponsibility marked by excessive risk-taking in, lax oversight of, and an eventual meltdown in the country's credit and capital markets. The result was a severe and rapid economic contraction, the collapse of the financial markets, and damaging and painful job losses. More than 750,000 jobs were lost just in the first month of 2009, 3.7 million were lost in the first half of that year, and 8.4 million were lost between the beginning of the recession, at the end of 2007, and the beginning of the recovery.

At its start, then, the Administration faced a gap between what the economy could be producing and what it was producing: a difference of $1 trillion or approximately 7 percent of gross domestic product (GDP). In addition, the country faced historic budget deficits and an unsustainable fiscal trajectory. No longer was the Nation expecting to enjoy the surpluses projected at the beginning of the last decade. Instead, upon taking office, the President was presented with a budget deficit for 2009 estimated to be $1.3 trillion, or 9.2 percent of GDP. The previous Administration's decisions not to pay for three large domestic initiatives (the tax cuts of 2001 and 2003 and the Medicare prescription drug benefit of 2003), along with the effects of the economic collapse and the steps needed to combat it, produced an historically large ten-year deficit of more than $8 trillion. Even this large amount did not account for the depth or duration of the recession, and the ten-year deficit projections grew by an additional $2 trillion as the severity of the downturn became fully apparent.

The Administration moved swiftly to prevent the economy from falling into a second Great Depression. To stimulate demand and jumpstart economic growth, the President signed into law the American Recovery and Reinvestment Act of 2009. The Recovery Act provided tax cuts to small businesses and 95 percent of working families and helped to lay a new foundation for long-term economic growth and prosperity with investments in health care, education, infrastructure, and clean energy. The Recovery Act has had a demonstrable and significant effect on the economy, raising real GDP as of the second quarter of 2010 by an estimated 2.7 to 3.2 percent relative to what it otherwise would have been, and increasing employment by an estimated 2.5 to 3.6 million. The Nation's economy has grown for three consecutive quarters and created nearly 600,000 private sector jobs in the first half of this year—a stark contrast to the 3.7 million lost over the first half of last year. In fact, after 22 straight months of job loss, the economy has created jobs in the private sector for six months in a row. In addition, other economic indicators are showing signs of improvement. Industrial production (which primarily reflects manufacturing), real disposable income, shipments of capital goods, and U.S. exports have all improved.

Despite these hopeful signs, the economy is still struggling; too many Americans are still out of work; and the Nation's long-term fiscal trajectory is unsustainable, threatening future prosperity. Building on the steps the Administration and the Congress have already taken, the Administration's proposals, reflected in the Mid-Session Review (MSR), seek to speed the recovery, keep the economy growing, and put the country on more sound fiscal footing.

Sparking Job Creation and Economic Growth

In order to provide relief and augment the positive effects of the Recovery Act, the 2011 Budget proposed specific recovery measures as well as an allowance for additional recovery efforts. Since the release of the Budget in February, the Administration has worked with the Congress to enact a number of these measures. On March 18, the President signed into law the Hiring Incentives to Restore Employment (HIRE) Act. This Act eliminates the employer's share of payroll taxes for the remainder of this calendar year for those businesses that hire workers who have been unemployed or underemployed for at least two months, provides a credit to those businesses that retain new workers for at least one year, allows small businesses to depreciate immediately the full cost of equipment purchases made this calendar year, allows municipal governments to acquire the needed financing for schools and clean energy projects through Build America Bonds, and provides resources for investments in transportation infrastructure. In addition, the President signed into law the Temporary Extension Act of 2010 on March 2 and the Continuing Extension Act of 2010 on April 15, which, among other things, extended unemployment insurance (UI) benefits and COBRA health insurance premium assistance.

To further help the recovery, the Administration is also working with the Congress to quickly pass legislation that will maintain extended UI benefits for those individuals hardest hit by the economic downturn. As of early July, more than 2 million laid-off workers had lost their unemployment benefits due to a lack of Congressional action on a bill to continue unemployment insurance benefits for those experiencing extended episodes of unemployment. Extended unemployment insurance will do more than provide relief to those hardest hit by the recession; it will put money in the hands of those most likely to spend it, leading to increased consumption of goods and services, and subsequent business growth and hiring. That is why the Congressional Budget Office and other independent institutions have identified extended unemployment benefits as among the most effective short-term measures to support the economic recovery.

To help states struggling to make ends meet, the Administration supports a six-month, $21.7 billion extension of the temporary increases in the Federal matching percentages for State Medicaid expenditures as well as $25 billion to prevent the firing of teachers, firefighters, and police officers along with accountability measures for those funds. To assist small businesses that are still having trouble accessing capital, which is critical to their growth and ability to hire, the Administration supports a $30 billion lending fund, a State Small Business Credit Initiative to bolster innovative State small business programs, and enhancements to Small Business Administration lending programs including higher loan limits. To encourage new investment, the Administration calls for the elimination of capital gains taxes on certain small business investments and the acceleration of the depreciation allowance for new investment for all businesses. To bolster the residential improvement industry and promote energy efficiency, the Administration urges passage of its Home Star program to provide $6 billion in direct rebates to consumers for home weatherization. And to help hard-working families through this difficult time as well as to stimulate the economy, the Administration proposes to extend the Making Work Pay tax credit for one year, which will benefit 95 percent of working families.

In addition to the specific proposals to promote job growth detailed above, the MSR reflects an allowance for further jobs initiatives of $50 billion. The February Budget included an allowance of $100 billion. With the subsequent enactment of the HIRE Act, and the specification in the MSR of jobs initiatives that had not been previously specified in February, such as the $25 billion fund to prevent the firing of teachers, firefighters, and police officers, total support in the MSR for jobs initiatives remains at the level of the February Budget. The Administration believes that the remaining $50 billion allowance will provide flexibility to support additional job growth.

Restoring Fiscal Responsibility

In the short term, the Administration is working to speed up the recovery and keep the economy growing. Looking to the medium and long term as the economy recovers, the Administration is taking steps to strengthen the Government's fiscal outlook and restore fiscal responsibility to Washington. The 2011 Budget contained more than $1 trillion in deficit reduction over ten years, including a three-year freeze on non-security discretionary spending; an end to subsidies for oil, gas, and coal companies and other tax loopholes; and the expiration of the 2001 and 2003 tax cuts for those making more than $250,000 a year. The Administration also proposed in the Budget to terminate or reduce 126 programs, generating $23 billion in savings in 2011 alone. Augmenting these proposed efficiencies, the Administration has moved aggressively to curtail the $110 billion in improper payments made by the Federal Government each year, save $40 billion through contracting reform by 2012, improve how funds are spent on information technology projects and terminate those that have little prospect for success, and begin to dispose of unneeded Federal real property.

Since the release of the Budget in February, the President also has moved to improve the budget process, restoring responsibility and empowering policymakers with the tools to help reduce unnecessary or wasteful spending. On February 12, 2010, the President signed the Statutory Pay-As-You-Go Act, which sets in law the simple proposition that Congress should pay for what it spends. Specifically, it requires that enacted legislation that increases mandatory spending or reduces tax revenues be offset by other legislation that either reduces mandatory spending or increases governmental receipts. This law restores the "pay-as-you-go" requirement that was in place during the 1990s and contributed toward creating the surpluses of that era.

On May 24, 2010, the Administration submitted to the Congress the Reduce Unnecessary Spending Act of 2010 to establish a new tool to reduce unnecessary or wasteful spending. Under this new expedited procedure, the President could submit to the Congress a package of rescissions shortly after a spending law is enacted. The Congress would be required to consider these recommendations as a package, without amendment, and with a guaranteed up-or-down vote within a specified timeframe. This new expedited rescission authority would empower the President and the Congress to eliminate unnecessary spending while discouraging waste in the first place. It would be particularly effective in reining in programs that are heavily earmarked or not merit-based as well as those that are clearly wasteful and duplicative.

The Administration is also demanding responsibility from the financial sector. As a result of improved financial conditions and careful stewardship, the expected cost of the Troubled Asset Relief Program (TARP) continues to fall. In August 2009, the Administration projected that TARP—which permitted up to $700 billion in Government financial assistance to be outstanding at any given time—would ultimately cost a total of $341 billion; today, that cost is over $225 billion lower. While the Administration is pleased that the cost of the TARP program is much less than first estimated, shared responsibility requires that the financial firms pay back the taxpayer for the extraordinary action taken to prevent a deeper financial crisis. When the Congress wrote the legislation authorizing TARP in the fall of 2008, it required that the President propose a way for the financial sector to pay back taxpayers so that not one penny of TARP-related debt is passed on to the next generation of Americans. That is why the President has proposed a Financial Crisis Responsibility Fee on the largest financial firms. The proposed fee would remain in place for at least ten years and is estimated to raise $90 billion over that time.

The most recent step toward financial sector reform is enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This law will restrict risky financial activities, hold financial firms accountable for the risks they take, and protect consumers from abusive credit practices. Because this law was enacted so recently, it is not reflected in the MSR's outlay and receipt estimates; however, the Congressional Budget Office estimates the law to provide $3.2 billion in savings over the ten-year budget window.

Finally, since the biggest driver of deficits in the long-term is the rising cost of health care, the most important step taken to contribute to the long-term fiscal sustainability of the Nation has been the enactment of the Patient Protection and Affordable Care Act on March 23, as amended by the Health Care and Education Reconciliation Act of 2010 on March 30, and collectively referred to as the Affordable Care Act. The Affordable Care Act provides middle-class tax credits for health care and reduces health insurance premiums for comparable coverage for both families and small businesses. It also establishes health insurance exchanges to provide health insurance options to Americans that are the same as the options given to Members of Congress, and it ends discrimination against those Americans who have pre-existing health conditions. In addition, the Affordable Care Act helps to prevent excessive premium increases and improper denials of coverage, and prohibits arbitrary rescissions of policies and annual and lifetime benefit limits.

From a fiscal standpoint, the Affordable Care Act will—according to the Congressional Budget Office—reduce the deficit by more than $100 billion over the next ten years and more than $1 trillion over the subsequent ten years. Moreover, it puts in place important mechanisms to both improve quality and reduce cost, such as the Independent Payment Advisory Board, the excise tax on expensive health care plans, and reforms that seek to transform the health care system into one that pays for the quality rather than the quantity of treatments. The Affordable Care Act includes the most auspicious set of changes ever enacted to reduce the rate of health care cost growth over the long term, which is critical to the fiscal health of the country. Recent Congressional Budget Office long-term projections indicate that full implementation of the Affordable Care Act would reduce the long-term fiscal gap by between 2 and 3 percent of GDP. The Administration is working both expeditiously and carefully to implement the Affordable Care Act.

Even with the deficit reduction measures that this Administration has enacted and proposed, the Nation remains on an unsustainable fiscal course. In the medium term, the economic recovery and the Administration's policies will reduce the deficit from 10 percent of GDP today to 4 percent by the middle of the decade. This is the largest and fastest deficit reduction to occur since World War II, but the deficit would still remain undesirably high. And while, over the long term, the Affordable Care Act will help significantly to reduce deficits, health care costs are still expected to continue to consume a growing share of the Federal budget for decades to come. In addition, the aging of the population will add to the fiscal pressure the Government already faces because of the irresponsibility of the past and the fiscal pressure it will continue to face in coming decades.

Because of the unsustainable nature of the Government's medium- and long-term fiscal outlook and the importance of bringing all sides in Washington together to tackle this serious problem, the President established the bipartisan National Commission on Fiscal Responsibility and Reform. The Commission will make recommendations to balance the Government's annual program spending with receipts by 2015, achieving what is known as "primary balance." The result of the Commission's recommendations will be annual deficits that are approximately equal to 3 percent of GDP. Deficits of this size will stabilize the ratio of debt to GDP. Most economists consider this to be necessary for fiscal sustainability as debt and interest payments rise only as much as economic growth, rather than rising as a share of output and the budget over time. Stabilizing the debt-to-GDP ratio also will allow the United States to fulfill the commitment it made to the G-20 Nations in Toronto in June regarding sovereign debt.

MID-SESSION UPDATE

The Mid-Session Review updates estimates of Federal receipts, outlays, and the deficit to reflect legislation enacted through July 2, 2010, including action on the President's Budget proposals, and policy, economic, and technical changes that have occurred since the Budget was released.

Receipts

Receipts for 2010 are now projected to be $33 billion lower than projected in February for a total of $2.132 trillion, or 14.5 percent of GDP. For 2011, receipts are now projected to be $141 billion lower than projected in February for a total of $2.426 trillion, or 15.8 percent of GDP. Two-thirds of the reduction in receipts for 2011 result from technical reestimates, which reflect actual tax collections so far in 2010, tax model revisions, and updated taxable wage base data from employer tax returns. The next most significant factor in the downward reestimate of 2011 receipts is the reestimate of Administration policy proposals contained in the MSR. This results largely from the assumption of later enactment of a number of tax relief measures—such as accelerated depreciation for new business investment—than assumed in the Budget, which shifts revenue loss from 2010 to 2011.

Just as receipts for the current and budget years are now projected to be somewhat lower than projected in the Budget, receipts for 2012 through 2017 are also projected to be lower. This downward reestimate is generally shrinking over time and ranges from a reduction of $112 billion in 2012 to $11 billion in 2017. For 2018 through 2020, receipts are projected to be slightly higher than projected in the Budget. Overall, total receipts are projected to be $391 billion lower for the 2011 to 2015 budget horizon and $402 billion lower for the 2011 to 2020 budget horizon.

Outlays

Outlays for 2010 are now projected to be $118 billion lower than projected in February for a total of $3.603 trillion, or 24.6 percent of GDP. The reduction is due in large part to lower outlay estimates for unemployment and deposit insurance, and non-defense discretionary programs. Outlays for 2011 are now projected to be $3.842 trillion, essentially unchanged from the Budget projection, or 25.1 percent of GDP.

Starting in 2012 and continuing through the budget horizon, outlays are projected to be slightly lower than projected in February, with the reductions through 2015 resulting primarily from reductions in interest payments and the reductions after 2015 resulting primarily from lower entitlement program spending, including Medicare spending. The size of the downward reestimate in outlays fluctuates over the outyears, with the reduction ranging from $22 billion to $87 billion.

Deficits

Because of the lower outlays now projected for 2010, the deficit for 2010 is expected to be $1.471 trillion, $84 billion lower than projected in February. The 2010 deficit is projected to be 10.0 percent of GDP, which is 0.6 percentage points lower than projected in February and about the same as the 2009 level.

For 2011, the deficit is projected to decline from the 2010 level to $1.416 trillion, or 9.2 percent of GDP, $150 billion higher than projected in February. This reestimate is primarily because of the reduction in projected receipts. For 2012, the deficit is also projected to be slightly higher than projected in February, equal to 5.6 percent of GDP, again because of the reduction in projected receipts.

Beginning in 2013, the deficit projections are not significantly different from the February projections, with the deficits ranging from 3.4 to 4.3 percent of GDP for the remaining years. The deficit projections show that the budget is still on track to meet the President's goal of cutting the deficit, as a percent of GDP, in half by the end of his first term. The deficit the President inherited on January 20, 2009, was equal to 9.2 percent of GDP and the deficit for 2013 is projected to be equal to 4.3 percent of GDP. In addition, the budget is on track to fulfill the United States' commitment at the G-20 Toronto Summit in June, which was to cut the current deficit (10.0 percent of GDP for 2010) in half by 2013. These MSR deficit projections do not take into account the additional deficit reduction tasked to the Fiscal Commission.

Debt held by the public, which can be viewed as the sum of all prior deficits, is projected to be $9.2 trillion at the end of 2010, or 62.7 percent of GDP. Some Government debt that is held by the public was issued to acquire financial assets as part of TARP. Debt held by the public net of these and other financial assets is projected to be $8.1 trillion, or 55.1 percent of GDP, at the end of 2010.

For 2011, debt held by the public is projected to rise to $10.6 trillion, or 68.9 percent of GDP, and to continue increasing throughout the ten-year budget horizon to a projected 77.4 percent of GDP in 2020. Similarly, debt net of financial assets is projected to increase to 61.9 percent of GDP in 2011 and to increase gradually each year thereafter to 69.2 percent of GDP in 2020. As noted above for deficit projections, these debt projections do not take into account the additional deficit reduction tasked to the Fiscal Commission.

Table 1. CHANGE IN DEFICITS FROM THE FEBRUARY BUDGET

(In billions of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2015	2011-2020
February Budget deficit	1,556	1,267	828	727	706	752	778	778	785	908	1,003		
Percent of GDP	10.6%	8.3%	5.1%	4.2%	3.9%	3.9%	3.9%	3.7%	3.6%	3.9%	4.2%		
Enacted legislation and policy changes:													
Affordable Care Act	2	26	23	–5	–17	–2	–3	3	–*	–4	–8	25	13
Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act	1	–*	–6	–7	–8	–8	–9	–10	–10	–11	–12	–29	–82
Student Aid and Fiscal Responsibility Act	–2	1	6	–4	–5	–5	–6	–6	–7	–9	–12	–7	–46
Other legislation and policy changes	–6	20	–3	–6	–22	–1	15	–1	2	–2	8	–11	11
Debt service	–*	*	1	2	1	–1	–1	–1	–2	–3	–5	3	–10
Subtotal, policy changes	–5	48	22	–21	–51	–17	–4	–15	–18	–30	–28	–19	–114
Economic and technical reestimates:													
Receipts	38	124	99	72	32	22	14	5	–11	–22	–33	349	302
Discretionary programs	–30	17	11	6	2	1	3	5	2	2	2	37	51
Mandatory programs:													
Medicare	–4	–3	4	2	–8	–4	–17	–13	–7	–16	–13	–9	–75
Unemployment compensation	–34	–17	–9	–7	–7	–6	–6	–5	–4	–3	–2	–46	–66
Veterans Compensation and Pension	–9	10	1	2	2	3	3	3	3	4	4	18	37
Medicaid	–1	–11	–7	–5	12	8	–1	–5	–4	–4	–4	–3	–21
Deposit insurance	–18	11	14	3	–1	–6	–11	–16	21	3	*	21	18
Social Security	–1	–*	–1	*	1	2	2	2	2	2	2	2	13
Supplemental Nutrition Assistance Program	*	*	1	1	*	–1	–3	–4	–3	–1	–*	1	–11
Troubled Asset Relief Program	–10	–3	*	2	2	2	2	1	*	....	....	4	7
Other	–8	5	–4	6	39	24	6	–10	–15	–19	–28	69	4
Subtotal, mandatory programs	–83	–8	1	5	40	21	–25	–47	–6	–34	–40	58	–94
Net interest[1]	–3	–30	–49	–53	–31	–16	–9	–5	–2	–2	–4	–179	–202
Allowance for future disaster costs	–1	–1	–*	–*	–*	–*	–*	....	....	....	....	–2	–2
Subtotal, economic and technical reestimates	–79	102	61	30	43	27	–16	–42	–17	–56	–75	262	56
Total, changes	–84	150	83	9	–8	10	–20	–57	–36	–86	–103	243	–58
Mid-Session Review deficit	1,471	1,416	911	736	698	762	758	721	749	822	900		
Percent of GDP	10.0%	9.2%	5.6%	4.3%	3.8%	4.0%	3.8%	3.4%	3.4%	3.6%	3.8%		

Note: positive figures represent higher outlays or lower receipts.

* $500 million or less.

[1] Includes debt service on all reestimates.

ECONOMIC ASSUMPTIONS

This Mid-Session Review (MSR) updates the economic forecast from the 2011 Budget. The Budget forecast, completed last November and released with the Budget in early February, projected that the increase in output that began in the second half of 2009 would continue during 2010 and 2011 and that unemployment would fall gradually from its elevated levels.

Output growth had just begun to appear in the economic data at the time of the previous forecast, but it is now well established. Industrial production, retail sales, and shipments and orders for capital goods are all substantially higher than they were in the worst months of 2009. There have been three consecutive quarters of positive real GDP growth since 2009:Q2, and real GDP almost certainly continued to increase in 2010:Q2.

While the economy has begun adding jobs—with private sector employment increasing in each of the past six months—labor market recovery is occurring only gradually. Unemployment has fallen 0.6 percentage points from its peak in October 2009, but remains above 9 percent. While the 147,000 jobs per month that have been added on average over the past six months is a major improvement from the job losses of 750,000 per month the economy was experiencing in early 2009, it will take many months of job growth to offset the 8.4 million jobs that were lost between December 2007 and December 2009.

Two policy initiatives are driving this resumption of economic growth and job creation. The Recovery Act provides stimulus in the form of tax reductions, support for State and local government budgets, and increases in Federal spending, all serving to mitigate the severity of the downturn. The Council of Economic Advisers estimates that the Recovery Act has raised real GDP, as of the second quarter of 2010, by between 2.7 and 3.2 percent and employment by between 2.5 and 3.6 million compared with what would have happened in the absence of the recovery measures. These estimates are similar to those of the Congressional Budget Office and other analysts. Also, aggressive actions by the Federal Reserve and the Department of the Treasury have stabilized financial markets while helping to unlock household and business access to credit.

The economy has responded to these policy actions. Real GDP, for instance, has expanded at an annual rate of 3.5 percent over the most recent three quarters, and real consumer spending and business fixed investment are both expanding again. So far in 2010, payroll employment in the private sector has increased by 593,000 jobs. Total payroll employment has increased more, but some of this represents hiring for the 2010 Census, which has already begun to unwind. Another indicator of labor market repair is the 2.9 percent annual rate of growth in hours worked since December 2009. Business spending on equipment and software has risen at a 10.4 percent annual rate since the second quarter of 2009, as businesses have responded to the improved sales outlook. Moreover, sales of motor vehicles, after plunging in 2008 and 2009, are up 21 percent from a low in February 2009—and auto companies are making profits once again.

Despite these positive developments, the U.S. economy still faces strong headwinds. First, financial market uncertainty has hampered credit creation since 2007. Spreads between private debt, such as commercial paper, and Treasury securities have returned to pre-crisis levels, but commercial banks and other private lenders have tightened credit standards and many credit-worthy borrowers still have difficulty finding credit. Still, after declining in every month since October 2008, commercial and industrial loans at the Nation's banks increased in June.

Second, although the housing market is showing signs of stabilizing, there is a large overhang of unsold property, which is holding back new construction. At current sales rates, the existing supply of new homes would last for 8.5 months, well above the long-run average supply. The median wait to sell a new home is 14.2 months, near the all-time peak.

Third, most State governments face balanced budget requirements, and the economic downturn has forced fiscal consolidations that have reduced aggregate demand and slowed growth. The Recovery Act has helped ease State fiscal adjustments, and the Administration has proposed additional measures to help ease State budget shortfalls and prevent the firing of employees such as teachers, firefighters, and police officers. However, even with this fiscal support, further consolidation is likely.

Finally, several European countries have encountered difficulty in recent months in obtaining credit, and financial markets around the world have responded negatively to these developments. The European Union has acted forcefully, however, to confront these issues, establishing a $1 trillion financial rescue package that may be drawn upon by threatened eurozone nations, and the affected governments have acted to restrain their projected budget deficits. Even with these actions, the European recovery is at risk because of increased uncertainty while government stimulus is withdrawn, and a further slowdown in Europe would pose problems for the rest of the world whose exports to Europe may be reduced.

Despite these headwinds, the Administration expects economic growth and job creation to continue for the rest of 2010 and to rise in 2011 and beyond. As the economy expands, the unemployment rate is expected to fall gradually to more normal levels, but the collapse of the housing bubble and the subsequent financial crisis have taken a significant toll on the economy, and many of the after-effects are likely to be felt for years to come.

Beyond 2016, the Administration's forecast is based on the long-run trends expected for real GDP growth, price inflation, and interest rates. Projected real GDP growth in the long run is below the historical average for the United States because of an expected slowdown in the growth of the labor force as the population ages. Long-run economic growth is expected to average 2.5 percent, which is unchanged from the February Budget forecast.

ECONOMIC PROJECTIONS

The revised MSR economic projections are based on information available through early June 2010. They are summarized in Table 2.

Real Gross Domestic Product (GDP) and the Unemployment Rate: Real GDP is expected to rise by 3.1 percent during the four quarters of 2010 and to increase 4.0 percent in 2011. The growth rate is projected to rise to 4.3 percent in 2012 and 4.2 percent in 2013 as the economy returns closer to its potential output level. Beyond 2013, real GDP growth is projected to moderate, declining gradually to 2.5 percent per year in 2018-2020.

The unemployment rate is projected to average 9.7 percent in 2010. This is the average level of unemployment that has prevailed during the first six months of the year. Despite the growth in output, unemployment is projected to decline slowly because, as labor market conditions improve, discouraged workers rejoin the labor force, adding temporarily to unemployment, while part-time workers increase their hours of work. With continued healthy growth in 2011 and beyond, the unemployment rate is projected to fall, but it is not projected to fall below 6.0 percent until 2015. The increase in unemployment was unusually steep in this cycle, exceeding what might have been expected based on the decline in real GDP. Conceivably, the outsized rise in unemployment might be followed by an equally rapid decline, but that is not assumed in these projections. Rather, they reflect the close relationship that has prevailed historically between changes in real GDP and unemployment.

Inflation: Inflation peaked in 2008 mainly because of a sharp rise in world oil prices, and it has declined since then. Core inflation, 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; it was 1.7 percent over the following 12 months; and from June 2009 through June 2010 it was only 0.9 percent. This is the lowest rate of core inflation since 1963. Core inflation is expected to edge up in coming years as the economy recovers and unemployment declines. In the long run, the CPI inflation rate is projected to be 2.1 percent per year.

The other main measure of inflation is the price index for GDP. Year-over-year inflation by this measure is projected to be 0.7 percent in 2010, 1.0 percent in 2011, 1.5 percent in 2012, and ultimately 1.8 percent in 2016-2020.

Table 2. ECONOMIC ASSUMPTIONS[1]

(Calendar years; dollar amounts in billions)

	Actual	Projections											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Domestic Product (GDP):													
Levels, dollar amounts in billions:													
Current dollars	14,441	14,256	14,817	15,516	16,412	17,383	18,384	19,369	20,337	21,281	22,204	23,166	24,167
Constant (2005) dollars	13,312	12,987	13,406	13,894	14,474	15,084	15,690	16,248	16,765	17,227	17,659	18,095	18,543
Price index (2005 = 100)	108.5	109.7	110.5	111.6	113.4	115.2	117.1	119.2	121.3	123.5	125.7	128.0	130.3
Percent change, Q4/Q4:													
Current dollars	0.1	0.7	4.0	5.3	6.0	5.9	5.7	5.2	4.9	4.4	4.3	4.3	4.3
Constant (2005) dollars	–1.9	0.1	3.1	4.0	4.3	4.2	3.9	3.4	3.1	2.6	2.5	2.5	2.5
Price index (2005 = 100)	1.9	0.7	0.8	1.3	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.8	1.8
Percent change, year over year:													
Current dollars	2.6	–1.3	3.9	4.7	5.8	5.9	5.8	5.4	5.0	4.6	4.3	4.3	4.3
Constant (2005) dollars	0.4	–2.4	3.2	3.6	4.2	4.2	4.0	3.6	3.2	2.8	2.5	2.5	2.5
Price index (2005 = 100)	2.1	1.2	0.7	1.0	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.8	1.8
Incomes, billions of current dollars:													
Corporate profits before tax	1,463	1,428	1,821	1,893	1,902	1,875	1,928	2,003	2,046	2,056	2,049	1,993	2,049
Employee compensation	8,037	7,783	7,948	8,395	8,927	9,506	10,103	10,695	11,282	11,855	12,426	13,028	13,617
Wages and salaries	6,546	6,277	6,398	6,755	7,191	7,685	8,194	8,684	9,158	9,630	10,087	10,580	11,058
Other taxable income[2]	3,311	3,102	3,209	3,325	3,563	3,794	4,026	4,210	4,408	4,604	4,790	4,996	5,225
Consumer Price Index (all urban):[3]													
Level (1982–84 = 100)	215.2	214.5	218.1	220.9	225.0	229.3	233.8	238.6	243.5	248.7	253.9	259.3	264.7
Percent change, Q4/Q4	1.6	1.5	1.0	1.6	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Percent change, year/year	3.8	–0.3	1.6	1.3	1.8	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Unemployment rate, civilian, percent:													
Fourth quarter level	6.9	10.0	9.6	8.7	7.7	6.8	6.0	5.5	5.2	5.2	5.2	5.2	5.2
Annual average	5.8	9.3	9.7	9.0	8.1	7.1	6.3	5.7	5.3	5.2	5.2	5.2	5.2
Federal pay raises, January, percent:													
Military[4]	3.5	3.9	3.4	1.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Civilian[5]	3.5	3.9	2.0	1.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Interest rates, percent:													
91-day Treasury bills[6]	1.4	0.2	0.2	0.7	1.9	3.3	4.1	4.1	4.1	4.1	4.1	4.1	4.1
10-year Treasury notes	3.7	3.3	3.5	4.0	4.6	5.0	5.3	5.3	5.3	5.3	5.3	5.3	5.3

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

[1] Based on information available as of early June 2010.

[2] Rent, interest, dividend, and proprietors' income components of personal income.

[3] Seasonally adjusted CPI for all urban consumers.

[4] Percentages apply to basic pay only; percentages to be proposed for years after 2011 have not yet been determined.

[5] Overall average increase, including locality pay adjustments. Percentages to be proposed for years after 2011 have not yet been determined.

[6] Average rate, secondary market (bank discount basis).

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 2010 but to begin rising in 2011 and reach 4.1 percent by 2014. The yield on the ten-year Treasury note is projected to average 3.5 percent in 2010 and to rise to 5.3 percent by 2014. In the later years of the forecast, projected real interest rates are close to their historical averages in real terms, given the projected rate of inflation.

Incomes and Income Shares: Corporate profits have rebounded more quickly than labor compensation (which consists of wages and salaries and employee fringe benefits such as employer-provided insurance and pensions). As a result, corporate profits have risen as a share of the economy over the past five quarters, while labor compensation as a share of the economy has fallen below its long-run average. As the economy continues to recover, this trend is expected to reverse. Labor compensation is projected to rise somewhat relative to the size of the economy, while the share of corporate profits is projected to fall somewhat. The wage share, excluding fringe benefits, is also expected to recover from its recent low level, in step with the increase in compensation.

FORECAST COMPARISONS

A comparison with the Blue Chip and Federal Open Market Committee (FOMC) forecasts is shown below in Table 3. For 2010, the projected rate of real GDP growth is similar to that of the June Blue Chip Consensus (an average of about 50 private-sector forecasts). The MSR forecast for 2010 is in the lower half of the forecast range from the most recent public FOMC forecast. The most recent CBO forecast, which dates to last December, was somewhat lower. In 2011, real GDP growth (fourth quarter over fourth quarter) is expected to be 4.0 percent, which is within the FOMC range of 3.5 to 4.2 percent, but is somewhat stronger than the Blue Chip consensus. CBO is required to assume that all of the 2001 and 2003 tax cuts expire as scheduled in 2011, and, under this assumption, projects significantly lower growth than other forecasters for 2011. CBO explained in its *Budget and Economic Outlook: Fiscal Years 2010 to 2020* that, absent this required assumption, its forecast would have been similar to that of other forecasters.

The Administration projects that unemployment will average 9.7 percent in 2010, 9.0 percent in 2011, and 8.1 percent in 2012. The Blue Chip consensus is quite similar: 9.6 percent in 2010 and 9.0 percent in 2011. The FOMC projects that unemployment will fall more quickly. By the fourth quarter of 2012, the FOMC forecast range extends from 7.1 percent to 7.5 percent, whereas the Administration forecast for that quarter is 7.7 percent.

Table 3. COMPARISON OF ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nominal GDP:												
MSR	14,256	14,817	15,516	16,412	17,383	18,384	19,369	20,337	21,281	22,204	23,166	24,167
Budget	14,252	14,768	15,514	16,444	17,433	18,446	19,433	20,408	21,373	22,329	23,312	24,323
CBO	14,253	14,706	15,116	15,969	16,918	17,816	18,622	19,425	20,231	21,033	21,882	22,770
Blue Chip	14,256	14,839	15,256									
Percent change, year over year												
Real GDP:												
MSR	–2.4	3.2	3.6	4.2	4.2	4.0	3.6	3.2	2.8	2.5	2.5	2.5
Budget	–2.5	2.7	3.8	4.3	4.2	4.0	3.6	3.2	2.8	2.6	2.5	2.5
CBO	–2.5	2.2	1.9	4.5	4.8	3.9	2.9	2.5	2.3	2.2	2.2	2.3
Blue Chip	–2.4	3.3	3.1									

Table 3. COMPARISON OF ECONOMIC ASSUMPTIONS—Continued

(Calendar years; dollar amounts in billions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Percent change, fourth quarter over fourth quarter												
Real GDP:												
MSR	0.1	3.1	4.0	4.3	4.2	3.9	3.4	3.1	2.6	2.5	2.5	2.5
Budget	–0.5	3.0	4.3	4.3	4.2	3.9	3.4	3.1	2.7	2.6	2.5	2.5
CBO	–0.4	2.1	2.4	5.1	4.7	3.4	2.7	2.5	2.2	2.3	2.2	2.3
FOMC	0.1	3.0–3.5	3.5–4.2	3.5–4.5	Longer Run Average: 2.5–2.8							
Blue Chip	0.1	3.1	3.1									
Percent change, year over year												
GDP Price Index:												
MSR	1.2	0.7	1.0	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.8	1.8
Budget	1.2	0.9	1.2	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8
CBO	1.2	0.9	0.9	1.0	1.1	1.3	1.6	1.7	1.8	1.8	1.8	1.8
Blue Chip	1.2	0.9	1.5									
Consumer Price Index (CPI-U):												
MSR	–0.3	1.6	1.3	1.8	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Budget	–0.3	1.9	1.5	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1
CBO	–0.2	2.4	1.3	1.2	1.1	1.3	1.7	1.9	2.0	2.0	2.0	2.0
Blue Chip	–0.3	1.8	1.7									
Annual average in percent												
Unemployment Rate:												
MSR	9.3	9.7	9.0	8.1	7.1	6.3	5.7	5.3	5.2	5.2	5.2	5.2
Budget	9.3	10.0	9.2	8.2	7.3	6.5	5.9	5.5	5.3	5.2	5.2	5.2
CBO	9.3	10.1	9.5	8.0	6.3	5.3	5.1	5.0	5.0	5.0	5.0	5.0
FOMC [1]	10.0	9.2–9.5	8.3–8.7	7.1–7.5	Longer Run Average: 5.0–5.3							
Blue Chip	9.3	9.6	9.0									
91-Day Treasury Bills:												
MSR	0.2	0.2	0.7	1.9	3.3	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Budget	0.2	0.4	1.6	3.0	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1
CBO	0.1	0.2	0.7	1.9	3.0	3.9	4.2	4.4	4.7	4.8	4.8	4.8
Blue Chip	0.2	0.3	1.4									
10-Year Treasury Notes:												
MSR	3.3	3.5	4.0	4.6	5.0	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Budget	3.3	3.9	4.5	5.0	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
CBO	3.2	3.6	3.9	4.2	4.5	4.9	5.2	5.4	5.6	5.6	5.6	5.6
Blue Chip	3.3	3.7	4.4									

MSR = Mid-Session Review (forecast date June 2010).

Budget = 2011 Budget (forecast date November 2009).

CBO = Congressional Budget Office (forecast date December 2009).

FOMC = Federal Reserve Open Market Committee (forecast central tendency, date June 2010).

Blue Chip = June Blue Chip Consensus Forecast.

Sources: Administration; CBO, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020*, January 2010; FOMC, *Minutes of the Federal Open Market Committee, June 22-23, 2010; Blue Chip Economic Indicators*, June 2010, Aspen Publishers.

[1] Fourth quarter levels of unemployment rate.

RECEIPTS

The Mid-Session Review estimates of receipts are below the February Budget estimates by $33 billion in 2010, $141 billion in 2011, and continue to be lower through 2017, ranging from a reduction of $112 billion in 2012 to $11 billion in 2017. These reductions are partially offset by higher estimates of receipts in 2018 through 2020, for a net reduction of $402 billion over the ten-year budget horizon (2011 through 2020). These changes in receipts are primarily due to the effect of economic and technical revisions, which account for $200 billion and $174 billion, respectively, of the net reduction in receipts over ten years. Policy changes reduce receipts by an additional $100 billion over the ten years. Revisions to Budget proposals attributable to economic and technical factors partially offset these net reductions in receipts, increasing receipts by $71 billion over the ten-year budget horizon.

POLICY CHANGES

Changes that have resulted from the enactment of legislation and revisions in the Administration's proposals increase receipts by $5 billion in 2010 and reduce receipts in each subsequent year, for a net reduction in receipts of $100 billion over ten years. The February Budget included a placeholder for the effects of health reform legislation based on the bills that had been passed by the House and Senate at the time. Relative to that placeholder and several other Administration proposals, enactment of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (Affordable Care Act), reduces receipts by $2 billion in 2010, $19 billion in 2011, and $108 billion over the ten years, 2011 through 2020. (Note that the deficit effect of this reduction in receipts is almost entirely offset by the final legislation's reduction in outlays relative to the placeholder in the Budget.) Other legislated changes in taxes and fees, which include the Hiring Incentives to Restore Employment Act, reduce receipts by a net $7 billion over the ten-year budget horizon relative to the Administration's February Budget proposals. These net reductions in receipts attributable to legislated tax changes are partially offset by revisions in the Administration's proposals, which increase receipts by $15 billion over the ten-year budget horizon. These revisions include reduction of the February Budget's placeholder for further jobs initiatives to reflect the subsequent enactment or proposal of initiatives that had not been previously specified in February.

ECONOMIC AND TECHNICAL REVISIONS IN PROPOSALS

Revisions in the estimates of the Administration's proposals that have not been enacted increase receipts by $43 billion in 2010, reduce receipts by $24 billion in 2011, and increase receipts by a net $71 billion over the ten years, 2011 through 2020. Of this, a 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 increases receipts by $125 billion over ten years. 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 permanently extending these provisions is partially offset by a $54 billion reduction in the estimated net receipt gain from the Administration's other proposals. A reduction in the estimated receipt gain from the Administration's proposed tax increases on higher-income individuals, attributable in large part to reductions in taxable income, particularly capital gains and dividends, accounts for most of the $54 billion reduction in the estimated receipt gain from the Administration's other proposals.

ECONOMIC CHANGES

Revisions in the economic forecast have the greatest effect on individual income taxes and social insurance and retirement receipts. Reductions in the economic forecast for wages and salaries and other sources of taxable personal income reduce individual income taxes by $7 billion in 2010, $8 billion in 2011, and

$138 billion over ten 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 $3 billion in 2010, $8 billion in 2011, and $134 billion over ten years. Wages and salaries and proprietor's income are the tax base for Social Security and Medicare payroll taxes, the largest component of this source of receipts. Reductions in wages and salaries, which are based on additional income data, are responsible for the reductions in social insurance and retirement receipts in each year. These reductions are partially offset by increases in proprietor's income. Reductions in deposits of earnings of the Federal Reserve System, attributable to lower interest rates, reduce receipts by an additional $7 billion over the ten-year budget horizon. These reductions in individual income taxes, social insurance and retirement receipts, and deposits of earnings of the Federal Reserve System are only partially offset by increases in corporation income taxes and other sources of receipts. Changes in GDP and other economic measures that affect the profitability of corporations increase corporation income taxes by $11 billion in 2010, $7 billion in 2011 and $3 billion to $12 billion in each subsequent year, for an increase of $79 billion over ten years.

ESTIMATING CHANGES

Technical reestimates of receipts reduce collections by $83 billion in 2010, $92 billion in 2011, and a net $174 billion over the ten-year budget horizon. Technical reestimates of individual income taxes and social insurance and retirement receipts account for most of this reduction in receipts. The revisions in individual income taxes are in large part attributable to more recent collections data and revisions in the individual income tax model based primarily on updated tax data for prior years. More recent taxable wage data from employer returns accounts for most of the technical revisions in social insurance and retirement receipts.

Table 4. CHANGE IN RECEIPTS

(In billions of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2015	2011-2020
February Budget estimate	2,165	2,567	2,926	3,188	3,455	3,634	3,887	4,094	4,299	4,507	4,710	15,771	37,268
Changes due to policy:													
Affordable Care Act	–2	–19	–19	–18	–2	–15	–4	–7	–7	–8	–8	–73	–108
Other enacted legislation	–4	–4	1	2	18	*	–16	*	–2	2	–9	17	–7
Changes in proposals	11	5	4	3	2	*	*	*	*	*	*	14	15
Total changes due to policy	5	–18	–14	–14	18	–15	–20	–7	–9	–6	–17	–41	–100
Changes due to economic and technical revisions in proposals	43	–24	–1	7	13	13	11	11	12	13	16	9	71
Changes due to revised economic assumptions:													
Individual income taxes	–7	–8	–13	–14	–14	–12	–14	–15	–18	–15	–14	–61	–138
Corporation income taxes	11	7	3	6	7	11	12	11	10	7	5	33	79
Social insurance and retirement receipts	–3	–8	–12	–12	–13	–14	–17	–16	–16	–14	–12	–59	–134
Deposit of earnings, Federal Reserve System	*	1	–*	–1	–1	–1	–1	–1	–1	–1	–1	–2	–7
Other	1	*	–*	–*	–*	–*	*	*	*	*	*	–*	1
Total changes due to revised economic assumptions	1	–7	–22	–22	–21	–17	–19	–21	–25	–24	–22	–89	–200
Changes due to technical reestimates	–83	–92	–76	–57	–25	–19	–7	6	24	33	39	–269	–174
Total change in receipts	–33	–141	–112	–86	–14	–37	–35	–11	2	16	16	–391	–402
Mid-Session Review estimate	2,132	2,426	2,814	3,102	3,441	3,597	3,853	4,083	4,301	4,523	4,725	15,380	36,865

* $500 million or less.

EXPENDITURES

Outlays for fiscal year 2010 are now estimated to be $3.603 trillion, a $118 billion decrease from the February Budget estimate, due largely to reduced spending for unemployment compensation and downward revisions in discretionary spending and net outlays for deposit insurance. Relative to the February Budget, total outlays have increased by $8 billion in 2011 and decreased by $461 billion over ten years. These changes are largely the effect of technical and economic revisions in estimates of major programs as well as enactment of major pieces of legislation since the February Budget release, including the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 ("Affordable Care Act").

POLICY CHANGES

Changes that have resulted from the enactment of legislation and changes in policy since the release of the February Budget have a minimal effect on outlays in 2010, but increase spending by $30 billion in 2011. Yet over the ten-year period, 2011 through 2020, policy changes decrease outlays by $215 billion. The largest of these changes is the enactment of the Affordable Care Act.

Health reform. The health reform provisions of the Affordable Care Act expand health insurance coverage through Medicaid and new market-based health insurance exchanges, make health care more affordable, and make numerous other changes in health programs. The February Budget included a placeholder for the effects of health reform legislation, based on the bills that had been passed by the House and Senate at the time. Relative to the February Budget placeholder, enacted health reform reduces outlays by $94 billion over the ten-year window, 2011 through 2020.

Student Aid and Fiscal Responsibility Act (SAFRA). SAFRA, included as part of the Reconciliation Act, enacted the Administration's proposal to eliminate subsidies under the bank-based guaranteed student loan program and originate all new loans under the more efficient Direct Loan Program. The Act also increased funding for Federal Pell Grants and made other changes to education programs. Relative to the education proposals in the February Budget, SAFRA reduces outlays by $46 billion over ten years, largely because SAFRA included more modest increases in the Pell Grant maximum award in future years.

Other enacted legislation. Other legislation enacted since February included several temporary extensions of extended unemployment benefits, health subsidies for laid-off workers under COBRA, and relief from scheduled reductions in Medicare physician payments. These extensions were part of the February Budget proposals and therefore the enacted extensions had little effect relative to the outlay estimates in the Budget. The Medicare physician payment legislation enacted in June included a provision to clarify that payment for inpatient hospital care covers certain preadmission services, which reduced Medicare outlays relative to the February estimates.

Changes in proposals. Revisions in the Administration's budget proposals reduce outlays by $4 billion in 2010 and increase outlays by $7 billion over the next ten years. These revisions include new proposals to provide funding for States to prevent layoffs of teachers, firefighters, and police; create a Small Business Lending Fund and State Small Business Credit Initiative to promote access to capital by small businesses; and establish a home energy retrofit rebate program to jump-start demand and improve energy efficiency. The revisions also include a reduction in the size of the February Budget's placeholder for further jobs initiatives (from $100 billion to $50 billion, evenly divided between spending and receipts) to reflect the subsequent enactment or proposal of jobs initiatives—such as the new jobs measures described above—that had not been previously specified in the 2011 Budget.

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. Relative to the Budget estimate, economic and technical changes decrease estimated outlays for 2010 by $118 billion and by $246 billion from 2011 through 2020.

Discretionary appropriations. Outlays for discretionary appropriations fall by $30 billion in 2010 and increase by $51 billion over the next ten years relative to the Budget as a result of technical revisions. These changes reflect higher outlays in 2010 compared to the February Budget for the Department of Housing and Urban Development, with significantly lower spending in the Departments of Defense, Health and Human Services, Education, Energy, Transportation, and Homeland Security. In 2011, the Departments of Defense, Energy, Labor, and the Corps of Engineers show significantly higher outlays than projected in the Budget, while the Department of Health and Human Services is again lower than projected in the Budget due to technical revisions.

Medicare. Estimating changes reduce outlays for Medicare by $75 billion over the next ten years, most notably in the later years of the period. Outlays for Medicare Parts A and B are expected to decrease, while those for Medicare Part D are expected to increase. Slower-than-projected spending growth relative to the February Budget reduces outlays, but the reductions are partially offset by increases due to higher estimated Medicare enrollment.

Unemployment compensation. Changes in economic and technical assumptions decrease outlays for unemployment benefits by $34 billion in 2010 and $17 billion in 2011. Over the ten-year period of 2011 through 2020, outlays are down by $66 billion. The reduction is driven by lower-than-expected Unemployment Insurance rates as well as reduced projections of total civilian unemployment over the next several years.

Veterans Compensation and Pension. Outlays for Veterans' Compensation and Pension benefits are $9 billion lower than the February estimates in 2010 but are higher than the February estimates in subsequent years. The reduction in 2010 is due to delays in enacting appropriations and implementing regulations necessary to pay retroactive claims related to Agent Orange exposure. The MSR assumes that these payments will begin later this fiscal year but the bulk of payments will outlay the following year, accounting for most of the $10 billion increase in outlays in 2011. Over the 11-year period 2010 through 2020, compensation and pension outlays rise by $27 billion due to increased caseload estimates, which are only partly offset by reduced outlays from expected lower cost of living adjustments (COLAs).

Medicaid. Projected Federal outlays for Medicaid decrease by $21 billion over ten years from the February Budget estimates. The decreases stem primarily from slower projected spending growth in State estimates and actuarial models relative to the baseline estimates in the Budget and lower inflation.

Deposit insurance. Deposit insurance outlays fall by $18 billion in 2010 relative to the February estimates, but rise by $18 billion over the following ten years. Much of the reduction in 2010 results from the increased use of loss sharing agreements by the Federal Deposit Insurance Corporation (FDIC) when resolving failed institutions. Loss sharing agreements result in lower upfront payments by the Deposit Insurance Fund (DIF), as partnering institutions take over the insolvent banks but reduce expected future receipts to the DIF from selling assets after bank failures. The revised MSR estimates also reflect an increased forecast of failed bank assets because of weaker conditions in the banking industry following the European debt crisis and a slower-than-expected recovery. National Credit Union Administration (NCUA) spending comprised $6 billion of the reduction in 2010 outlays due primarily to a timing shift from 2010 to 2011.

Social Security. Estimating changes reduce outlays for Social Security by $1 billion in 2010 and increase outlays by $13 billion over the next ten years. Spending decreases due to lower COLAs are more than offset by increases in outlays due to recent program experience, lower projected mortality rates for persons ages 65 and older, and revised estimates of the effects of the recession on disability incidence.

Supplemental Nutrition Assistance Program (SNAP). Outlays for SNAP, formerly called Food Stamps, decrease by $11 billion over the next ten years due to economic and technical factors. Technical changes include increased participation assumptions of 300,000 individuals in 2012 and 2013. This increased participation drives up SNAP program costs relative to the Budget. In the long term, however, participation is expected to fall to historical levels more rapidly than estimated in February due to the strengthening economy, which results in out-year participation estimates that are lower than in the Budget, decreasing program costs starting in 2015.

Troubled Asset Relief Program (TARP). Relative to the February Budget, outlays for TARP are now expected to be $10 billion lower in 2010 due to technical revisions, and decrease $3 billion over the course of the 11-year period from 2010 to 2020. Outlays for the Home Affordable Modification Program (HAMP) are assumed to occur later than reflected in the Budget, with lower outlays in 2010 and 2011, and higher outlays in 2012 and beyond, with total outlays unchanged. The $3 billion reduction in programs other than HAMP is primarily due to the Administration's decision to remove a $3 billion placeholder in TARP that was assumed in the Budget for small business initiatives, as the Administration is instead seeking to create a Small Business Lending Fund and State Small Business Credit Initiative outside of TARP.

Net interest. Excluding the debt service associated with policy changes, outlays for net interest are projected to decrease by $202 billion over ten years. These reductions are virtually all due to the effect of lower short- and long-term Treasury interest rates over the next few years of the revised MSR economic forecast, partially offset by increased debt service due to estimating changes in receipts and outlays.

Table 5. CHANGE IN OUTLAYS

(In billions of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2015	2011-2020
February Budget estimate	3,721	3,834	3,755	3,915	4,161	4,386	4,665	4,872	5,084	5,415	5,713		
Changes due to policy:													
Affordable Care Act	....	7	4	–23	–19	–17	–8	–4	–8	–11	–16	–48	–94
Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act	1	–*	–6	–7	–8	–8	–9	–10	–10	–11	–12	–29	–82
Student Aid and Fiscal Responsibility Act	–2	1	6	–4	–5	–5	–6	–6	–7	–9	–12	–7	–46
Other legislation and policy changes	1	22	3	–2	–2	–*	–*	–*	–*	–*	–*	20	18
Debt service	–*	*	1	2	1	–1	–1	–1	–2	–3	–5	3	–10
Subtotal, policy changes	–*	30	8	–35	–33	–31	–24	–22	–28	–36	–45	–61	–215
Changes due to reestimates:													
Discretionary appropriations:													
Security	–8	4	3	1	*	–*	2	2	2	2	2	7	17
Non-security	–22	13	8	5	2	1	1	3	*	*	–*	29	34
Medicare	–4	–3	4	2	–8	–4	–17	–13	–7	–16	–13	–9	–75
Unemployment compensation	–34	–17	–9	–7	–7	–6	–6	–5	–4	–3	–2	–46	–66
Veterans Compensation and Pension	–9	10	1	2	2	3	3	3	3	4	4	18	37
Medicaid	–1	–11	–7	–5	12	8	–1	–5	–4	–4	–4	–3	–21
Deposit insurance	–18	11	14	3	–1	–6	–11	–16	21	3	*	21	18
Social Security	–1	–*	–1	*	1	2	2	2	2	2	2	2	13
Supplemental Nutrition Assistance Program	*	*	1	1	*	–1	–3	–4	–3	–1	–*	1	–11
Troubled Asset Relief Program	–10	–3	*	2	2	2	2	1	*	....	....	4	7
Other mandatory programs	–8	4	–4	6	38	24	6	–10	–15	–19	–28	68	2
Net interest [1]	–3	–30	–49	–53	–31	–16	–9	–5	–2	–2	–4	–179	–202
Subtotal, reestimates	–118	–22	–37	–42	10	5	–31	–47	–6	–34	–42	–87	–246
Total change in outlays	–118	8	–29	–77	–22	–27	–55	–68	–34	–70	–87	–148	–461
Mid-Session Review estimate	3,603	3,842	3,725	3,838	4,139	4,359	4,610	4,804	5,051	5,345	5,626		

* $500 million or less.

[1] Includes debt service on all reestimates.

SUMMARY TABLES

Table S–1. BUDGET TOTALS

(In billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011-2015	Totals 2011-2020
Budget (Without Fiscal Commission)														
Budget Totals in Billions of Dollars:														
Receipts	2,105	2,132	2,426	2,814	3,102	3,441	3,597	3,853	4,083	4,301	4,523	4,725	15,380	36,865
Outlays	3,518	3,603	3,842	3,725	3,838	4,139	4,359	4,610	4,804	5,051	5,345	5,626	19,903	45,339
Deficit	1,413	1,471	1,416	911	736	698	762	758	721	749	822	900	4,523	8,474
Debt held by the public	7,545	9,199	10,550	11,602	12,459	13,264	14,134	14,984	15,795	16,619	17,514	18,505		
Debt net of financial assets	6,646	8,079	9,482	10,393	11,129	11,826	12,588	13,345	14,065	14,814	15,636	16,535		
Gross domestic product (GDP)	14,230	14,674	15,317	16,176	17,137	18,131	19,128	20,094	21,052	21,970	22,922	23,912		
Budget Totals as a Percent of GDP:														
Receipts	14.8%	14.5%	15.8%	17.4%	18.1%	19.0%	18.8%	19.2%	19.4%	19.6%	19.7%	19.8%	17.8%	18.7%
Outlays	24.7%	24.6%	25.1%	23.0%	22.4%	22.8%	22.8%	22.9%	22.8%	23.0%	23.3%	23.5%	23.2%	23.2%
Deficit	9.9%	10.0%	9.2%	5.6%	4.3%	3.8%	4.0%	3.8%	3.4%	3.4%	3.6%	3.8%	5.4%	4.5%
Debt held by the public	53.0%	62.7%	68.9%	71.7%	72.7%	73.2%	73.9%	74.6%	75.0%	75.6%	76.4%	77.4%		
Debt net of financial assets	46.7%	55.1%	61.9%	64.3%	64.9%	65.2%	65.8%	66.4%	66.8%	67.4%	68.2%	69.2%		

FISCAL COMMISSION

On February 18, 2010, the President signed Executive Order 13531, creating the National Commission on Fiscal Responsibility and Reform. The Commission is charged with identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run. Specifically, the Commission is charged with proposing recommendations designed to balance the budget, excluding interest payments on the debt, by 2015. This result is projected to stabilize the debt-to-GDP ratio at an acceptable level once the economy recovers. The magnitude and timing of the policy measures necessary to achieve this goal are subject to considerable uncertainty and will depend on the evolution of the economy. In addition, the Commission is charged with proposing recommendations that meaningfully improve the long-run fiscal outlook, including changes to address the growth of entitlement spending and the gap between the projected revenues and expenditures of the Federal Government.

Table S–2. EFFECT OF BUDGET PROPOSALS ON PROJECTED DEFICITS

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

												Totals	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
Projected deficits in the baseline projection of current policy[1]	**1,405**	**1,233**	**967**	**904**	**896**	**985**	**1,003**	**987**	**1,037**	**1,132**	**1,230**	**4,986**	**10,375**
Percent of GDP	9.6%	8.0%	6.0%	5.3%	4.9%	5.2%	5.0%	4.7%	4.7%	4.9%	5.1%	5.9%	5.4%
Temporary recovery measures:													
Tax cuts	12	55	22	–5	–3	–3	–2	–2	–1	–1	–1	67	59
Mandatory proposals	38	64	8	1	1	*	....	....	....	....	....	74	74
Allowance for other jobs initiatives	2	40	8	....	....	....	....	....	....	....	....	48	48
Subtotal, temporary recovery measures	52	159	38	–4	–3	–3	–2	–2	–1	–1	–1	188	180
Allowance for climate policy[2]	....	....	....	....	....	....	....	....	....	....	....	....	....
Tax cuts for families and businesses[3, 4]	*	40	32	22	22	24	25	27	28	30	31	140	281
Other revenue changes and loophole closers[3, 5]	....	–28	–56	–65	–71	–74	–77	–79	–80	–84	–87	–294	–702
Proposed changes in mandatory programs and user fees	2	4	2	–1	–3	–7	–10	–13	–15	–17	–19	–4	–77
Proposed changes in appropriated (“discretionary”) programs:													
Overseas contingency operations (OCO)	9	36	–42	–75	–83	–88	–91	–93	–96	–98	–101	–251	–731
Security (except OCO)	3	13	20	22	25	28	31	33	35	36	37	107	279
Non-security	*	–11	–16	–25	–28	–30	–31	–31	–32	–31	–26	–109	–259
Subtotal, appropriated programs	12	39	–38	–78	–87	–89	–90	–91	–93	–94	–90	–253	–711
Subtotal, policy proposals	**67**	**214**	**–22**	**–126**	**–141**	**–149**	**–154**	**–158**	**–161**	**–165**	**–166**	**–224**	**–1,028**
Upper-income tax provisions devoted to deficit reduction	**.........**	**–30**	**–36**	**–45**	**–54**	**–62**	**–69**	**–75**	**–80**	**–86**	**–91**	**–228**	**–629**
Credit and other indirect interest effects	–*	–1	–1	–1	–*	–*	–*	–*	–*	*	*	–3	–3
Debt service	*	1	3	3	–3	–12	–23	–34	–46	–59	–73	–8	–241
Total reduction in projected deficits	**66**	**183**	**–56**	**–168**	**–198**	**–224**	**–245**	**–266**	**–287**	**–310**	**–330**	**–463**	**–1,901**
Resulting deficits in Mid-Session Review	**1,471**	**1,416**	**911**	**736**	**698**	**762**	**758**	**721**	**749**	**822**	**900**	**4,523**	**8,474**
Percent of GDP	10.0%	9.2%	5.6%	4.3%	3.8%	4.0%	3.8%	3.4%	3.4%	3.6%	3.8%	5.4%	4.5%

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

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

												Totals	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
Memorandum, proposed changes in appropriated (“discretionary”) budgetary resources:													
Overseas contingency operations	33	28	–84	–86	–88	–90	–93	–95	–98	–101	–103	–320	–810
Security (except OCO)	7	16	27	30	33	37	38	39	39	40	41	144	341
Non-security	1	–14	–19	–31	–29	–27	–32	–34	–34	–32	–25	–120	–278
Total, appropriated funding	41	30	–75	–86	–85	–80	–87	–91	–93	–93	–87	–296	–747
Memorandum, deficit reduction exclusive of OCO savings and related debt service	58	147	–15	–92	–110	–127	–141	–155	–169	–183	–195	–197	–1,039

Note: Figures displayed in the table do not reflect the impact of any recommendations from the Fiscal Commission.

* $500 million or less.

[1] See tables S-3 and S-7 for information on the baseline projection of current policy.

[2] A comprehensive market-based climate change policy will be deficit neutral because proceeds from emissions allowances will be used to compensate vulnerable families, communities, and businesses during the transition to a clean energy economy. Receipts will also be reserved for investments to reduce greenhouse gas emissions, including support of clean energy technologies, and in adapting to the impacts of climate change, both domestically and in developing countries.

[3] Includes refundable tax credits.

[4] Includes the effects of continuing certain expiring provisions through calendar year 2011.

[5] Includes limiting itemized deductions, trade initiatives, and other tax initiatives on Table S-10.

Table S–3. BASELINE PROJECTION OF CURRENT POLICY BY CATEGORY [1]

(In billions of dollars)

													Totals	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2015	2011-2020
Outlays:														
Appropriated (“discretionary”) programs:														
Security	782	837	850	852	865	883	903	923	946	970	995	1,021	4,354	9,208
Non-security	437	528	544	502	487	487	495	507	521	530	542	555	2,515	5,169
Subtotal, appropriated programs	1,219	1,364	1,394	1,354	1,352	1,371	1,399	1,429	1,466	1,499	1,537	1,576	6,869	14,377
Mandatory programs:														
Social Security	678	702	729	761	802	847	896	949	1,007	1,069	1,136	1,207	4,035	9,404
Medicare	425	450	489	491	534	565	592	643	666	694	759	815	2,672	6,250
Medicaid	251	274	263	265	287	351	394	433	464	497	535	576	1,560	4,064
Troubled Asset Relief Program (TARP) [2]	151	–82	7	10	10	8	5	3	1	*	....	....	40	46
Other mandatory programs	607	653	605	538	530	588	592	610	599	641	677	696	2,854	6,078
Subtotal, mandatory programs	2,112	1,997	2,094	2,066	2,163	2,359	2,480	2,639	2,738	2,901	3,107	3,295	11,162	25,841
Net interest	187	185	221	292	382	482	565	638	707	772	836	901	1,942	5,796
Disaster costs [3]	....	1	2	4	4	4	5	5	5	5	5	5	19	44
Total outlays	3,518	3,547	3,711	3,715	3,901	4,216	4,448	4,711	4,916	5,177	5,486	5,776	19,991	46,057
Receipts:														
Individual income taxes	915	889	1,047	1,207	1,353	1,483	1,618	1,744	1,867	1,984	2,104	2,222	6,708	16,629
Corporation income taxes	138	185	291	342	376	456	388	424	454	464	478	480	1,853	4,152
Social insurance and retirement receipts:														
Social Security payroll taxes	654	631	661	709	754	799	843	896	938	982	1,028	1,068	3,766	8,680
Medicare payroll taxes	191	180	191	206	223	242	257	274	287	301	316	329	1,119	2,626
Unemployment insurance	38	45	54	60	67	71	73	73	71	71	70	71	325	681
Other retirement	8	9	8	9	9	9	9	9	9	9	9	10	43	89
Excise taxes	62	70	82	85	89	98	103	105	109	124	131	135	456	1,060
Estate and gift taxes	23	19	25	21	21	23	25	27	29	31	33	36	115	271
Customs duties	22	23	28	31	34	37	40	44	47	51	55	60	170	426
Deposits of earnings, Federal Reserve System	34	73	73	61	54	51	47	49	52	54	56	57	286	554
Other miscellaneous receipts	18	18	17	18	18	52	59	64	66	69	74	78	163	514
Total receipts	2,105	2,142	2,478	2,748	2,997	3,320	3,463	3,708	3,929	4,140	4,353	4,546	15,006	35,682
Deficit	**1,413**	**1,405**	**1,233**	**967**	**904**	**896**	**985**	**1,003**	**987**	**1,037**	**1,132**	**1,230**	**4,986**	**10,375**

Table S–3. BASELINE PROJECTION OF CURRENT POLICY BY CATEGORY[1]—Continued

(In billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011-2015	Totals 2011-2020
On-budget deficit	1,550	1,479	1,312	1,071	1,019	1,021	1,118	1,148	1,129	1,174	1,262	1,343	5,541	11,598
Off-budget surplus (–)	–137	–74	–79	–104	–115	–125	–132	–145	–141	–138	–130	–113	–556	–1,223
Memorandum, funding (“budgetary resources”) for appropriated programs:														
Security	824	814	834	854	874	895	917	939	963	988	1,013	1,040	4,374	9,318
Non-security	689	446	456	466	478	489	500	512	524	537	550	564	2,390	5,076
Total, appropriated funding	1,513	1,260	1,291	1,320	1,352	1,384	1,417	1,451	1,487	1,525	1,563	1,604	6,764	14,395

* $500 million or less.

[1] See Table S-7 for information on adjustments to the Budget Enforcement Act (BEA) baseline.

[2] Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program, and other estimated TARP obligations incurred through October 3, 2010.

[3] These amounts represent a placeholder for major disasters 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Outlays:														
Appropriated (“discretionary”) programs:														
Security	782	849	900	830	812	825	844	863	886	909	932	956	4,210	8,756
Non-security	437	528	533	485	462	459	466	476	490	498	511	529	2,406	4,910
Subtotal, appropriated programs	1,219	1,377	1,433	1,316	1,274	1,284	1,309	1,339	1,375	1,406	1,443	1,486	6,616	13,665
Mandatory programs:														
Social Security	678	714	730	761	801	846	894	947	1,005	1,066	1,133	1,203	4,032	9,386
Medicare	425	450	488	490	533	563	590	640	663	690	756	812	2,665	6,226
Medicaid	251	274	284	265	287	351	393	432	463	496	533	574	1,580	4,079
Troubled Asset Relief Program (TARP)[1]	151	–82	7	10	10	8	5	3	1	*	....	....	40	46
Allowance for jobs initiatives	....	1	20	4	....	....	....	....	....	....	....	....	24	24
Other mandatory programs	607	683	657	582	545	603	608	626	616	658	695	715	2,993	6,303
Subtotal, mandatory programs	2,112	2,041	2,186	2,112	2,175	2,371	2,491	2,649	2,749	2,911	3,117	3,304	11,335	26,064
Net interest	187	185	221	294	385	480	554	617	675	728	780	831	1,934	5,566
Disaster costs[2]	....	1	2	4	4	4	5	5	5	5	5	5	19	44
Total outlays	3,518	3,603	3,842	3,725	3,838	4,139	4,359	4,610	4,804	5,051	5,345	5,626	19,903	45,339
Receipts:														
Individual income taxes	915	885	1,032	1,253	1,429	1,574	1,723	1,858	1,991	2,117	2,246	2,373	7,010	17,595
Corporation income taxes	138	180	280	366	402	482	414	450	478	486	500	502	1,944	4,359
Social insurance and retirement receipts:														
Social Security payroll taxes	654	631	662	709	753	799	843	896	938	982	1,028	1,068	3,766	8,680
Medicare payroll taxes	191	180	192	206	224	243	258	275	289	303	317	331	1,123	2,638
Unemployment insurance	38	45	54	62	69	73	75	75	73	73	71	74	333	699
Other retirement	8	9	8	9	9	9	9	9	9	9	9	10	43	89
Excise taxes	62	70	76	83	89	99	104	106	110	126	132	136	451	1,061
Estate and gift taxes	23	19	25	22	23	25	27	29	32	34	37	39	123	294
Customs duties	22	23	27	30	33	36	39	43	46	50	54	59	166	417
Deposits of earnings, Federal Reserve System	34	73	73	61	54	51	47	49	52	54	56	57	286	554
Allowance for jobs initiatives	....	–1	–20	–4	....	....	....	....	....	....	....	....	–24	–24
Other miscellaneous receipts	18	18	16	17	17	51	58	63	65	68	72	77	159	504
Total receipts	2,105	2,132	2,426	2,814	3,102	3,441	3,597	3,853	4,083	4,301	4,523	4,725	15,380	36,865
Deficit	**1,413**	**1,471**	**1,416**	**911**	**736**	**698**	**762**	**758**	**721**	**749**	**822**	**900**	**4,523**	**8,474**

Table S–4. PROPOSED BUDGET BY CATEGORY—Continued

(In billions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals	
													2011–2015	2011–2020
On-budget deficit	1,550	1,545	1,495	1,015	851	823	895	904	865	890	956	1,017	5,080	9,711
Off-budget surplus (–)	–137	–74	–79	–104	–115	–126	–133	–146	–144	–141	–133	–117	–556	–1,237
Primary deficit	1,226	1,287	1,195	617	351	218	208	140	46	21	42	69	2,589	2,908
Net interest	187	185	221	294	385	480	554	617	675	728	780	831	1,934	5,566
Memorandum, funding (“budgetary resources”) for appropriated programs:														
Security	824	859	879	796	817	838	862	884	906	929	952	977	4,192	8,839
Non-security	689	447	441	446	446	459	472	479	489	502	517	538	2,265	4,789
Total, appropriated funding	1,513	1,306	1,320	1,242	1,263	1,297	1,335	1,362	1,395	1,430	1,469	1,515	6,457	13,628

Note: Figures displayed in the table do no reflect the impact of any recommendations from the Fiscal Commission.

* $500 million or less.

[1] Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program, and other estimated TARP obligations incurred through October 3, 2010.

[2] These amounts represent a placeholder for major disasters 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–5. PROPOSED BUDGET BY CATEGORY AS A PERCENT OF GDP

(As a percent of GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Averages 2011–2015	Averages 2011–2020
Outlays:														
Appropriated (“discretionary”) programs:														
Security	5.5	5.8	5.9	5.1	4.7	4.6	4.4	4.3	4.2	4.1	4.1	4.0	4.9	4.5
Non-security	3.1	3.6	3.5	3.0	2.7	2.5	2.4	2.4	2.3	2.3	2.2	2.2	2.8	2.6
Subtotal, appropriated programs	8.6	9.4	9.4	8.1	7.4	7.1	6.8	6.7	6.5	6.4	6.3	6.2	7.8	7.1
Mandatory programs:														
Social Security	4.8	4.9	4.8	4.7	4.7	4.7	4.7	4.7	4.8	4.8	4.9	5.0	4.7	4.8
Medicare	3.0	3.1	3.2	3.0	3.1	3.1	3.1	3.2	3.2	3.1	3.3	3.4	3.1	3.2
Medicaid	1.8	1.9	1.8	1.6	1.7	1.9	2.1	2.2	2.2	2.3	2.3	2.4	1.8	2.0
Troubled Asset Relief Program (TARP)[1]	1.1	–0.6	*	0.1	0.1	*	*	*	*	*	....	....	*	*
Allowance for jobs initiatives	....	*	0.1	*	....	....	....	....	....	....	....	....	*	*
Other mandatory programs	4.3	4.6	4.3	3.6	3.2	3.3	3.2	3.1	2.9	3.0	3.0	3.0	3.5	3.3
Subtotal, mandatory programs	14.8	13.9	14.3	13.1	12.7	13.1	13.0	13.2	13.1	13.2	13.6	13.8	13.2	13.3
Net interest	1.3	1.3	1.4	1.8	2.2	2.6	2.9	3.1	3.2	3.3	3.4	3.5	2.2	2.8
Disaster costs[2]	....	*	*	*	*	*	*	*	*	*	*	*	*	*
Total outlays	24.7	24.6	25.1	23.0	22.4	22.8	22.8	22.9	22.8	23.0	23.3	23.5	23.2	23.2
Receipts:														
Individual income taxes	6.4	6.0	6.7	7.7	8.3	8.7	9.0	9.2	9.5	9.6	9.8	9.9	8.1	8.9
Corporation income taxes	1.0	1.2	1.8	2.3	2.3	2.7	2.2	2.2	2.3	2.2	2.2	2.1	2.2	2.2
Social insurance and retirement receipts:														
Social Security payroll taxes	4.6	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.4	4.4
Medicare payroll taxes	1.3	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3
Unemployment insurance	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4
Other retirement	0.1	0.1	0.1	*	*	*	*	*	*	*	*	*	*	*
Excise taxes	0.4	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.5
Estate and gift taxes	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Customs duties	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Deposits of earnings, Federal Reserve System	0.2	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Allowance for jobs initiatives	....	–*	–0.1	–*	....	....	....	....	....	....	....	....	–*	–*
Other miscellaneous receipts	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
Total receipts	14.8	14.5	15.8	17.4	18.1	19.0	18.8	19.2	19.4	19.6	19.7	19.8	17.8	18.7
Deficit	**9.9**	**10.0**	**9.2**	**5.6**	**4.3**	**3.8**	**4.0**	**3.8**	**3.4**	**3.4**	**3.6**	**3.8**	**5.4**	**4.5**

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

(As a percent of GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Averages 2011–2015	Averages 2011–2020
On-budget deficit	10.9	10.5	9.8	6.3	5.0	4.5	4.7	4.5	4.1	4.0	4.2	4.2	6.0	5.1
Off-budget surplus (–)	–1.0	–0.5	–0.5	–0.6	–0.7	–0.7	–0.7	–0.7	–0.7	–0.6	–0.6	–0.5	–0.6	–0.6
Primary deficit	8.6	8.8	7.8	3.8	2.0	1.2	1.1	0.7	0.2	0.1	0.2	0.3	3.2	1.7
Net interest	1.3	1.3	1.4	1.8	2.2	2.6	2.9	3.1	3.2	3.3	3.4	3.5	2.2	2.8
Memorandum, funding (“budgetary resources”) for appropriated programs:														
Security	5.8	5.8	5.7	4.9	4.8	4.6	4.5	4.4	4.3	4.2	4.2	4.1	4.9	4.6
Non-security	4.8	3.0	2.9	2.8	2.6	2.5	2.5	2.4	2.3	2.3	2.3	2.2	2.6	2.5
Subtotal, appropriated programs	10.6	8.9	8.6	7.7	7.4	7.2	7.0	6.8	6.6	6.5	6.4	6.3	7.6	7.0

Note: Figures displayed in the table do not reflect the impact of any recommendations from the Fiscal Commission.

* 0.05 percent of GDP or less.

[1] Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program, and other estimated TARP obligations incurred through October 3, 2010.

[2] These amounts represent a placeholder for major disasters 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 2011 prices and population)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Outlays:										
Appropriated (“discretionary”) programs:										
Security	900	808	768	757	752	747	744	740	737	733
Non-security	533	473	437	422	415	412	411	405	404	406
Subtotal, appropriated programs	1,433	1,281	1,205	1,179	1,168	1,159	1,155	1,146	1,140	1,139
Mandatory programs:										
Social Security	730	741	758	777	798	820	843	868	895	922
Medicare	488	477	504	517	526	554	557	562	597	622
Medicaid	284	258	271	323	351	374	389	404	421	440
Troubled Asset Relief Program (TARP)[1]	7	10	9	7	5	3	1	*	....	....
Allowance for jobs initiatives	20	4	....	....	....	....	....	....	....	....
Other mandatory programs	657	566	515	554	542	542	517	536	549	548
Subtotal, mandatory programs	2,186	2,055	2,057	2,178	2,221	2,293	2,307	2,371	2,463	2,533
Net interest	221	286	364	441	494	534	566	593	617	637
Disaster costs[2]	2	4	4	4	4	4	4	4	4	4
Total outlays	3,842	3,626	3,630	3,802	3,887	3,990	4,033	4,114	4,224	4,313
Receipts:										
Individual income taxes	1,032	1,219	1,351	1,446	1,536	1,609	1,672	1,725	1,775	1,819
Corporation income taxes	280	356	380	443	369	389	401	396	395	385
Social insurance and retirement receipts:										
Social Security payroll taxes	662	690	712	734	752	776	788	800	812	819
Medicare payroll taxes	192	201	212	224	230	238	242	247	251	254
Unemployment insurance	54	60	65	67	67	65	62	59	56	56
Other retirement	8	8	8	8	8	8	7	7	7	7
Excise taxes	76	81	85	91	93	91	92	102	105	104
Estate and gift taxes	25	22	22	23	24	25	27	28	29	30
Customs duties	27	29	32	33	35	37	39	40	43	45
Deposits of earnings, Federal Reserve System	73	59	51	46	42	43	43	44	44	44
Allowance for jobs initiatives	–20	–4	....	....	....	....	....	....	....	....
Other miscellaneous receipts	16	16	16	47	52	54	54	55	57	59
Total receipts	2,426	2,739	2,934	3,161	3,207	3,335	3,427	3,504	3,574	3,622
Deficit	**1,416**	**887**	**696**	**641**	**679**	**656**	**605**	**610**	**650**	**690**

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

(In billions of dollars, based on 2011 prices and population)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
On-budget deficit	1,495	988	805	756	798	782	726	725	755	780
Off-budget surplus (–)	–79	–101	–109	–115	–119	–126	–121	–114	–105	–90
Primary deficit	1,195	601	332	200	185	122	39	17	33	53
Net interest	221	286	364	441	494	534	566	593	617	637
Memorandum, funding (“budgetary resources”) for appropriated programs:										
Security	879	775	773	770	769	765	760	756	752	749
Non-security	441	434	422	422	421	414	410	409	409	412
Subtotal, appropriated programs	1,320	1,209	1,195	1,192	1,190	1,179	1,171	1,165	1,161	1,161

Note: Figures displayed in the table do not reflect the impact of any recommendations from the Fiscal Commission.

* $500 million or less.

[1] Outlays for TARP in 2011 and subsequent years result from obligations for the Home Affordable Modification Program, and other estimated TARP obligations incurred through October 3, 2010.

[2] These amounts represent a placeholder for major disasters 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals	
													2011-2015	2011-2020
BEA baseline deficit	**1,413**	**1,404**	**1,012**	**668**	**546**	**481**	**514**	**478**	**408**	**401**	**433**	**464**	**3,221**	**5,404**
Adjustments to reflect current policies:														
Index to inflation the 2009 parameters of the AMT	....	....	75	31	36	42	50	59	68	78	90	103	235	633
Continue the 2001 and 2003 tax cuts[1]	....	*	130	229	255	278	303	325	343	360	376	392	1,196	2,992
Prevent reduction in Medicare physician payments	....	....	14	28	33	35	37	39	42	45	51	56	148	382
Correct baseline growth rates for pay increases	....	....	–2	–3	–3	–3	–3	–3	–3	–4	–4	–4	–14	–32
Subtotal	....	*	216	287	321	353	387	419	450	480	514	548	1,564	3,975
Adjustment to reflect costs of possible emergencies[2]	....	1	2	4	4	4	5	5	5	5	5	5	19	44
Adjustments to Pell Grants:														
Reflect cost of funding existing maximum grant award	....	....	2	3	12	13	13	13	13	13	13	13	42	108
Remove Pell Grants from appropriated category	–19	–28	–25	–21	–31	–31	–31	–32	–32	–33	–33	–34	–138	–303
Add Pell Grants to mandatory category	19	28	25	21	31	31	31	32	32	33	33	34	138	303
Subtotal	....	....	2	3	12	13	13	13	13	13	13	13	42	108
Total program adjustments	....	1	221	293	338	370	405	437	468	498	532	566	1,625	4,126
Debt service on adjustments	....	*	1	6	21	45	66	88	112	138	167	200	139	845
Total adjustments	....	1	221	299	359	415	471	525	580	636	699	766	1,765	4,971
Baseline projection of current policy deficit	**1,413**	**1,405**	**1,233**	**967**	**904**	**896**	**985**	**1,003**	**987**	**1,037**	**1,132**	**1,230**	**4,986**	**10,375**

*$500 million or less.

[1] In continuing the 2001 and 2003 tax cuts, the estate tax is maintained at its 2009 parameters.

[2] These amounts represent a placeholder for major disasters 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–8. CHANGE IN THE BASELINE PROJECTION OF CURRENT POLICY FROM BUDGET TO MSR

(In billions of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
February deficits in the baseline projection of current policy	**1,430**	**1,145**	**934**	**940**	**934**	**983**	**1,013**	**1,042**	**1,077**	**1,227**	**1,346**	**4,936**	**10,640**
Percent of GDP	9.8%	7.5%	5.8%	5.5%	5.1%	5.1%	5.0%	4.9%	4.9%	5.3%	5.6%		
Revisions due to enacted legislation:													
Affordable Care Act	7	–3	–20	–50	–48	–8	7	3	–8	–18	–29	–130	–174
Student Aid and Fiscal Responsibility Act	–2	–4	5	–3	2	–*	*	1	2	2	2	–*	6
Temporary extensions of unemployment benefits	20	2	*	....	....	....	....	....	....	....	....	3	3
Other legislative changes:													
Receipts	5	4	–2	–3	–19	–1	15	–1	1	–3	8	–21	*
Discretionary outlays	–3	–*	2	*	–1	–1	–1	–1	–1	–1	–1	*	–3
Mandatory outlays	1	1	–5	–7	–7	–8	–9	–9	–10	–11	–12	–26	–77
Debt service on legislative changes	*	*	*	–*	–2	–3	–1	–1	–2	–4	–6	–5	–19
Subtotal, enacted legislation	28	–*	–20	–62	–76	–20	11	–8	–18	–34	–39	–179	–265
Revisions due to updated economic assumptions:													
Receipts	–6	9	20	19	16	12	16	18	21	20	18	76	168
Mandatory outlays	–14	–1	–3	–5	–7	–6	–7	–7	–6	–5	–5	–23	–52
Net interest	–6	–29	–48	–52	–40	–29	–23	–19	–15	–11	–10	–199	–276
Subtotal, economic revisions	–26	–22	–31	–39	–31	–23	–14	–7	1	4	3	–146	–160
Revisions due to updated technical assumptions:													
Receipts	70	96	70	48	10	6	–4	–15	–35	–45	–52	230	80
Discretionary outlays:													
Security	–7	4	2	1	*	–*	2	2	2	2	2	7	16
Non-security	–22	15	10	8	5	4	4	6	2	2	2	41	57
Mandatory outlays:													
Medicare	–*	–7	1	–1	–11	–9	–21	–17	–11	–21	–18	–27	–115
Medicaid	–2	–8	–6	–4	13	10	1	–4	–3	–3	–3	5	–7
Unemployment compensation	–24	–12	–5	–4	–3	–2	–2	–2	–1	–*	–*	–26	–32
Veterans Compensation and Pension	–9	10	2	2	3	3	3	4	4	4	5	19	39

Table S–8. CHANGE IN THE BASELINE PROJECTION OF CURRENT POLICY FROM BUDGET TO MSR—Continued

(In billions of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Other	–35	12	12	15	44	24	–1	–23	10	–11	–20	108	63
Net interest	3	1	–1	*	9	11	11	10	10	7	4	20	62
Disaster costs	–1	–1	–*	–*	–*	–*	–*	....	....	....	....	–2	–2
Subtotal, technical revisions	–28	110	84	65	70	46	–7	–39	–23	–65	–80	375	161
Total changes since February	–25	87	33	–35	–38	2	–10	–54	–40	–95	–116	50	–265
MSR deficits in the baseline projection of current policy	**1,405**	**1,233**	**967**	**904**	**896**	**985**	**1,003**	**987**	**1,037**	**1,132**	**1,230**	**4,986**	**10,375**
Percent of GDP	9.6%	8.0%	6.0%	5.3%	4.9%	5.2%	5.0%	4.7%	4.7%	4.9%	5.1%		
Memorandum:													
February funding (“budgetary resources”) for appropriated programs	1,260	1,290	1,319	1,351	1,383	1,416	1,450	1,486	1,524	1,562	1,602	6,760	14,385
Change in funding:													
Security	....	....	....	....	*	....	....	–*	–*	–*	–*	*	–*
Non-security	–1	1	1	1	1	1	1	1	1	1	1	5	10
Total change in funding	–1	1	1	1	1	1	1	1	1	1	1	5	10
MSR funding for appropriated programs:	1,260	1,291	1,320	1,352	1,384	1,417	1,451	1,487	1,525	1,563	1,604	6,764	14,395

* $500 million or less.

Table S–9. MANDATORY AND RECEIPT PROPOSALS

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Temporary Recovery Measures (emergency):													
Tax Cuts:													
Extend making work pay tax credit in 2011[1]	....	29,668	30,447	....	....	....	....	....	....	....	....	60,115	60,115
Extend COBRA health insurance premium assistance[1]	725	1,918	821	....	....	....	....	....	....	....	....	2,739	2,739
Provide additional tax credits for investment in qualified property used in a qualified advanced energy manufacturing project	....	284	731	1,145	1,114	539	122	–72	–114	–62	–26	3,813	3,661
Extend temporary bonus depreciation for certain property	9,046	21,370	–9,424	–5,786	–3,884	–2,876	–1,838	–1,157	–698	–494	–453	–600	–5,240
Extend option for grants to States in lieu of housing tax credits[1]	2,435	1,798	–91	–269	–429	–511	–538	–538	–538	–538	–538	498	–2,192
Total, tax cuts	12,206	55,038	22,484	–4,910	–3,199	–2,848	–2,254	–1,767	–1,350	–1,094	–1,017	66,565	59,083
Mandatory Initiatives:													
Provide 6-month extension of FMAP relief to States:													
Medicaid impact	....	21,671	....	....	....	....	....	....	....	....	....	21,671	21,671
Foster care impact	....	200	17	4	....	....	....	....	....	....	....	221	221
Establish funds to prevent firing of teachers, firefighters, and police officers	6,000	15,000	4,000	....	....	....	....	....	....	....	....	19,000	19,000
Extend EUC/EB unemployment insurance benefits	17,000	23,000	....	....	....	....	....	....	....	....	....	23,000	23,000
Enhance TANF emergency fund	508	1,357	1,363	273	....	....	....	....	....	....	....	2,993	2,993
Extend ARRA suspension of SNAP time limits	....	29	36	....	....	....	....	....	....	....	....	65	65
Provide $250 Economic Recovery Payments[2]	13,611	762	95	....	....	....	....	....	....	....	....	857	857
Interaction with the making work pay tax credit	–866	–1,888	–2	....	....	....	....	....	....	....	....	–1,890	–1,890
Provide rebates for energy efficiency home retrofits	300	1,800	2,100	1,020	600	180	....	....	....	....	....	5,700	5,700
Enhance small business lending	1,000	2,000	....	....	....	....	....	....	....	....	....	2,000	2,000
Total, mandatory initiatives	37,553	63,931	7,609	1,297	600	180	....	....	....	....	....	73,617	73,617
Allowance for other jobs initiatives[2,3]	2,500	40,000	7,500	....	....	....	....	....	....	....	....	47,500	47,500

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Climate policy (deficit-neutral reserve)[4]	....	....	....	....	....	....	....	....	....	....	....	....	....
Other Tax Provisions:[5]													
Tax Cuts for Families and Individuals:[6]													
Expand earned income tax credit[1]	....	81	1,611	1,576	1,553	1,544	1,554	1,571	1,596	1,625	1,649	6,365	14,360
Expand the child and dependent care tax credit[1]	....	382	1,340	1,355	1,366	1,364	1,364	1,358	1,351	1,325	1,323	5,807	12,528
Provide for automatic enrollment in IRAs and double the tax credit for small employer plan startup costs[1]	....	....	506	825	876	982	1,113	1,261	1,423	1,604	1,801	3,189	10,391
Expand saver's credit[1]	....	323	2,683	2,996	3,029	3,109	3,195	3,323	3,490	3,716	3,910	12,140	29,774
Extend American opportunity tax credit[1]	....	103	5,386	5,844	6,151	6,644	7,097	7,159	7,025	7,068	7,158	24,128	59,635
Provide exclusion from income for student loan forgiveness	....	....	....	....	....	....	....	....	....	....	....	....	....
Total, tax cuts for families and individuals	....	889	11,526	12,596	12,975	13,643	14,323	14,672	14,885	15,338	15,841	51,629	126,688
Tax Cuts for Businesses:													
Eliminate capital gains taxation on small businesses	....	....	....	....	55	280	731	1,217	1,591	1,933	2,248	335	8,055
Make research and experimentation tax credit permanent	....	8,408	5,963	6,608	7,265	7,922	8,571	9,211	9,843	10,476	11,120	36,166	85,387
Remove cell phones from listed property	....	354	230	241	252	269	285	301	317	334	353	1,346	2,936
Total, tax cuts for businesses	....	8,762	6,193	6,849	7,572	8,471	9,587	10,729	11,751	12,743	13,721	37,847	96,378
Continue certain expiring provisions through calendar year 2011[1]	66	30,500	14,685	2,140	1,720	1,601	1,424	1,201	1,350	1,647	1,733	50,646	58,001
Other Revenue Changes and Loophole Closers:													
Reform treatment of financial institutions and products:													
Impose a financial crisis responsibility fee	....	–8,000	–8,000	–9,000	–9,000	–9,000	–9,000	–9,000	–9,000	–10,000	–10,000	–43,000	–90,000
Require accrual of income on forward sale of corporate stock	....	–6	–12	–19	–26	–33	–36	–38	–40	–42	–44	–96	–296
Require ordinary treatment of income from day-to-day dealer activities for certain dealers of equity options and commodities	....	–95	–214	–226	–240	–254	–270	–286	–303	–321	–341	–1,029	–2,550
Modify the definition of "control" for purposes of Section 249	....	–6	–15	–16	–17	–17	–18	–19	–20	–21	–22	–71	–171
Subtotal, reform treatment of financial institutions and products	....	–8,107	–8,241	–9,261	–9,283	–9,304	–9,324	–9,343	–9,363	–10,384	–10,407	–44,196	–93,017

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Reinstate Superfund taxes	....	–1,173	–1,619	–1,749	–1,859	–1,953	–2,034	–2,097	–2,155	–2,208	–2,249	–8,353	–19,096
Increase Oil Spill Liability Trust Fund financing rate by one cent	....	–46	–46	–47	–47	–48	–48	–50	–47	–46	–46	–234	–471
Repeal LIFO method of accounting for inventories	....	....	–2,667	–6,007	–7,070	–7,120	–7,162	–7,224	–7,207	–7,278	–7,350	–22,864	–59,085
Repeal gain limitation for dividends received in reorganization exchanges	....	–19	–31	–31	–31	–32	–33	–33	–33	–33	–33	–144	–309
Reform U.S. international tax system:													
Defer deduction of interest expense related to deferred income	....	–2,235	–3,737	–3,711	–3,752	–3,882	–3,992	–4,038	–2,026	–669	–673	–17,317	–28,715
Reform foreign tax credit: Determine the foreign tax credit on a pooling basis	....	–2,128	–3,559	–3,535	–3,574	–3,698	–3,803	–3,846	–3,846	–3,778	–3,798	–16,494	–35,565
Reform foreign tax credit: Prevent splitting of foreign income and foreign taxes	....	–1,147	–2,016	–2,180	–2,310	–2,402	–2,453	–2,461	–2,438	–2,395	–2,363	–10,055	–22,165
Tax currently excess returns associated with transfers of intangibles offshore	....	–13	–35	–59	–85	–113	–142	–173	–206	–240	–277	–305	–1,343
Limit shifting of income through intangible property transfers	....	–620	–1,554	–1,543	–1,560	–1,614	–1,660	–1,679	–1,679	–1,649	–1,659	–6,891	–15,217
Disallow the deduction for excess nontaxed reinsurance premiums paid to affiliates	....	–22	–53	–54	–53	–49	–50	–53	–57	–60	–64	–231	–515
Limit earnings stripping by expatriated entities	....	–211	–352	–350	–354	–366	–376	–381	–380	–374	–376	–1,633	–3,520
Repeal 80/20 company rules	....	–83	–111	–111	–112	–116	–120	–122	–123	–124	–127	–533	–1,149
Modify tax rules for dual capacity taxpayers	....	–436	–750	–795	–841	–888	–933	–977	–1,021	–1,065	–1,112	–3,710	–8,818
Subtotal, reform U.S. international tax system	....	–6,895	–12,167	–12,338	–12,641	–13,128	–13,529	–13,730	–11,776	–10,354	–10,449	–57,169	–117,007
Eliminate fossil fuel tax preferences:													
Oil and gas company preferences:													
Repeal enhanced oil recovery credit [7]	....	....	....	....	....	....	....	....	....	....	....	....	....
Repeal credit for oil and gas produced from marginal wells [7]	....	....	....	....	....	....	....	....	....	....	....	....	....
Repeal expensing of intangible drilling costs	....	–1,336	–1,788	–1,276	–1,087	–997	–812	–569	–446	–409	–372	–6,484	–9,092

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Repeal deduction for tertiary injectants	....	–5	–9	–9	–8	–7	–6	–6	–5	–6	–6	–38	–67
Repeal exception to passive loss limitations for working interests in oil and natural gas properties	....	–20	–24	–19	–18	–17	–17	–17	–16	–16	–16	–98	–180
Repeal percentage depletion for oil and natural gas wells	....	–582	–989	–1,014	–1,032	–1,049	–1,070	–1,093	–1,117	–1,140	–1,160	–4,666	–10,246
Repeal domestic manufacturing tax deduction for oil and natural gas companies	....	–755	–1,303	–1,381	–1,462	–1,543	–1,623	–1,702	–1,779	–1,858	–1,939	–6,444	–15,345
Increase geological and geophysical amortization period for independent producers to seven years	....	–44	–161	–250	–236	–180	–124	–66	–26	–15	–16	–871	–1,118
Subtotal, oil and gas company preferences	....	–2,742	–4,274	–3,949	–3,843	–3,793	–3,652	–3,453	–3,389	–3,444	–3,509	–18,601	–36,048
Coal tax preferences:													
Repeal expensing of exploration and development costs	....	–34	–60	–52	–47	–46	–44	–40	–36	–34	–31	–239	–424
Repeal percentage depletion for hard mineral fossil fuels	....	–57	–98	–102	–106	–109	–111	–115	–119	–122	–123	–472	–1,062
Repeal capital gains treatment for royalties	....	–28	–25	–48	–67	–78	–87	–95	–103	–111	–119	–246	–761
Repeal domestic manufacturing deduction for hard mineral fossil fuels	....	–10	–17	–18	–19	–20	–21	–22	–23	–24	–26	–84	–200
Subtotal, coal tax preferences	....	–129	–200	–220	–239	–253	–263	–272	–281	–291	–299	–1,041	–2,447
Subtotal, eliminate fossil fuel tax preferences	....	–2,871	–4,474	–4,169	–4,082	–4,046	–3,915	–3,725	–3,670	–3,735	–3,808	–19,642	–38,495
Tax carried interest as ordinary income	....	–878	–2,051	–2,654	–2,829	–2,654	–2,304	–1,935	–1,605	–1,527	–1,204	–11,066	–19,641
Eliminate advanced earned income tax credit[1]	....	–106	–64	–62	–61	–60	–61	–61	–63	–65	–68	–353	–671
Deny deduction for punitive damages	....	....	–23	–33	–34	–35	–35	–36	–36	–37	–37	–125	–306
Repeal lower-of-cost-or-market inventory accounting method	....	....	–286	–1,423	–2,045	–1,402	–1,127	–283	–296	–309	–323	–5,156	–7,494
Make unemployment insurance surtax permanent	....	....	–1,437	–1,480	–1,516	–1,558	–1,586	–1,604	–1,616	–1,624	–1,628	–5,991	–14,049

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Reduce the tax gap and make reforms:													
Expand information reporting:													
Require information reporting for rental property expense payments	....	–114	–249	–295	–309	–323	–336	–348	–362	–373	–384	–1,290	–3,093
Require information reporting for private separate accounts of life insurance companies	....	–1	–2	–3	–4	–4	–6	–7	–8	–10	–12	–14	–57
Require a certified Taxpayer Identification Number for contractors	....	–17	–44	–63	–72	–76	–79	–83	–86	–90	–94	–272	–704
Require increased information reporting for certain government payments	....	–25	–70	–58	–28	–30	–32	–34	–35	–37	–39	–211	–388
Increase information return penalties	....	–20	–34	–35	–35	–36	–42	–43	–43	–44	–44	–160	–376
Subtotal, expand information reporting	....	–177	–399	–454	–448	–469	–495	–515	–534	–554	–573	–1,947	–4,618
Improve compliance by businesses:													
Require electronic filing by certain large organizations	....	....	....	....	....	....	....	....	....	....	....	....	....
Implement standards clarifying when employee leasing companies can be held liable for their clients' Federal employment taxes	....	–4	–6	–6	–7	–7	–7	–8	–8	–9	–9	–30	–71
Strengthen rules pertaining to classification of employees as independent contractors	....	–11	–211	–537	–681	–758	–839	–923	–1,011	–1,103	–1,201	–2,198	–7,275
Subtotal, improve compliance by businesses	....	–15	–217	–543	–688	–765	–846	–931	–1,019	–1,112	–1,210	–2,228	–7,346
Strengthen tax administration:													
Allow assessment of criminal restitution as tax	....	....	–2	–3	–3	–4	–4	–4	–4	–4	–4	–12	–32
Revise offer-in-compromise application rules	....	–2	–2	–2	–2	–2	–2	–3	–3	–3	–3	–10	–24

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Expand IRS access to information in the National Directory of New Hires for tax administration purposes	....	....	....	....	....	....	....	....	....	....	....	....	....
Make repeated willful failure to file a tax return a felony	....	....	....	....	–1	–1	–1	–1	–2	–2	–2	–2	–10
Facilitate tax compliance with local jurisdictions	....	....	....	....	....	–1	–1	–1	–1	–1	–1	–1	–6
Extend statute of limitations where State adjustment affects Federal tax liability	....	....	....	....	–2	–4	–4	–4	–4	–4	–4	–6	–26
Improve investigative disclosure statute	....	....	....	....	–1	–1	–1	–1	–2	–2	–2	–2	–10
Subtotal, strengthen tax administration	....	–2	–4	–5	–9	–13	–13	–14	–16	–16	–16	–33	–108
Expand penalties:													
Clarify the bad check penalty applies to electronic checks and other payment forms	....	–1	–2	–2	–2	–3	–3	–3	–3	–4	–4	–10	–27
Impose a penalty on failure to comply with electronic filing requirements	....	....	....	....	....	–1	–1	–1	–2	–2	–2	–1	–9
Subtotal, expand penalties	....	–1	–2	–2	–2	–4	–4	–4	–5	–6	–6	–11	–36
Modify estate and gift tax valuation discounts and make other reforms:													
Require consistent valuation for transfer and income tax purposes	....	–80	–171	–182	–192	–204	–216	–229	–243	–258	–273	–829	–2,048
Modify rules on valuation discounts	....	–222	–1,403	–1,510	–1,650	–1,797	–1,952	–2,114	–2,284	–2,464	–2,651	–6,582	–18,047
Require a minimum term for grantor retained annuity trusts (GRATs)	....	–5	–36	–74	–140	–212	–288	–370	–457	–551	–651	–467	–2,784
Subtotal, modify estate and gift tax valuation discounts and make other reforms	....	–307	–1,610	–1,766	–1,982	–2,213	–2,456	–2,713	–2,984	–3,273	–3,575	–7,878	–22,879
Subtotal, reduce the tax gap and make reforms	....	–502	–2,232	–2,770	–3,129	–3,464	–3,814	–4,177	–4,558	–4,961	–5,380	–12,097	–34,987
Reform treatment of insurance institutions and products:													

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Modify rules that apply to sales of life insurance contracts	....	–22	–71	–84	–101	–117	–136	–156	–179	–204	–233	–395	–1,303
Modify dividends-received deduction for life insurance company separate accounts	....	–142	–361	–389	–420	–438	–463	–469	–469	–455	–444	–1,750	–4,050
Expand pro rata interest expense disallowance for corporate-owned life insurance	....	–20	–87	–183	–276	–437	–659	–910	–1,293	–1,731	–2,188	–1,003	–7,784
Permit partial annuitization of a nonqualified annuity contract	....	–5	–21	–39	–59	–81	–105	–132	–160	–192	–226	–205	–1,020
Subtotal, reform treatment of life insurance and products	....	–189	–540	–695	–856	–1,073	–1,363	–1,667	–2,101	–2,582	–3,091	–3,353	–14,157
Total, other revenue changes and loophole closers	....	–20,786	–35,878	–42,719	–45,483	–45,877	–46,335	–45,965	–44,526	–45,143	–46,073	–190,743	–418,785
Upper-Income Tax Provisions:													
Upper-income tax provisions devoted to deficit reduction:													
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)	....	–12,822	–23,969	–27,502	–31,249	–34,757	–38,105	–41,442	–44,559	–47,839	–51,214	–130,299	–353,458
Reinstate the personal exemption phaseout and limitation on itemized deductions for those taxpayers with income over $250,000 (married) and $200,000 (single)	....	–6,201	–13,827	–16,102	–18,078	–20,198	–22,238	–24,253	–26,128	–27,965	–29,825	–74,406	–204,815
Impose 20-percent tax rate on capital gains and dividends for those taxpayers with income over $250,000 (married) and $200,000 (single)	....	–11,452	1,457	–1,035	–4,409	–7,430	–8,390	–9,138	–9,640	–10,030	–10,335	–22,869	–70,402
Subtotal, upper-income provisions devoted to deficit reduction	....	–30,475	–36,339	–44,639	–53,736	–62,385	–68,733	–74,833	–80,327	–85,834	–91,374	–227,574	–628,675
Limit the tax rate at which itemized deductions reduce tax liability to 28 percent	....	–7,456	–20,481	–23,566	–26,459	–29,234	–31,819	–34,471	–37,033	–39,534	–42,192	–107,196	–292,245
Total, upper-income tax provisions	....	–37,931	–56,820	–68,205	–80,195	–91,619	–100,552	–109,304	–117,360	–125,368	–133,566	–334,770	–920,920
Trade Initiatives:													
Promote trade	....	145	430	552	606	647	680	705	729	753	777	2,380	6,024

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Other Initiatives:													
Extend and modify the New Markets tax credit	....	113	229	345	430	480	511	510	441	279	103	1,597	3,441
Reform and extend build America bonds[1]	....	–7	3	4	4	3	3	3	3	3	3	7	22
Total, other initiatives	....	106	232	349	434	483	514	513	444	282	106	1,604	3,463
Mandatory Initiatives and Savings:[8]													
Agriculture:													
Enact Animal Plant and Health Inspection Service (APHIS) fees	....	–20	–27	–27	–28	–29	–30	–31	–32	–33	–34	–131	–291
Enact Food Safety and Inspection Service (FSIS) performance fee	....	–11	–13	–13	–13	–14	–14	–14	–14	–15	–15	–64	–136
Enact Grain Inspection, Packers, and Stockyards Administration (GIPSA) fees	....	–29	–30	–31	–31	–31	–32	–32	–32	–33	–34	–152	–315
Enact Natural Resources Conservation Service (NRCS) fee	....	–19	–19	–19	–19	–19	–19	–19	–19	–19	–19	–95	–190
Eliminate Commodity Storage payments	....	–2	....	....	....	....	....	....	....	....	....	–2	–2
Reduce commodity payments to wealthy farmers	....	–1	–172	–201	–241	–245	–258	–262	–277	–297	–309	–860	–2,263
Reauthorize Child Nutrition Programs	....	860	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	4,860	9,860
Reform Market Access Program	....	–8	–38	–40	–40	–40	–40	–40	–40	–40	–40	–166	–366
Total, Agriculture	....	770	701	669	628	622	607	602	586	563	549	3,390	6,297
Commerce:													
Eliminate grants to manufacturers of worsted wool	....	–5	–5	–5	–5	–5	....	....	....	....	....	–25	–25
Corps of Engineers:													
Support capital investment in the inland waterways (receipt effect)[2]	....	....	–196	–163	–187	–129	–100	–72	–70	–68	–68	–675	–1,053
Defense:													
Implement concurrent receipt policy:													
Effect on military retirement	....	217	346	435	511	531	541	550	560	570	581	2,040	4,842
Accrual payments to the Military Retirement Fund	....	408	395	406	416	426	440	455	470	486	503	2,051	4,405
Military Retirement Fund offsetting receipts for concurrent receipt accruals	....	–408	–395	–406	–416	–426	–440	–455	–470	–486	–503	–2,051	–4,405
Payments to Military Retirement Fund	....	469	487	505	524	604	627	651	675	700	727	2,589	5,969

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Military Retirement Fund offsetting receipts	....	–469	–487	–505	–524	–604	–627	–651	–675	–700	–727	–2,589	–5,969
Provide additional accrual payments to Medicare-Eligible Retiree Health Care Fund	....	–143	....	....	....	....	....	....	....	....	....	–143	–143
Total, Defense	....	74	346	435	511	531	541	550	560	570	581	1,897	4,699
Energy:													
Repeal ultra-deepwater oil and gas research and development program	....	–20	–40	–50	–50	–30	–10	....	....	....	....	–190	–200
Environmental Protection Agency:													
Enact pesticide and pre-manufacture notification (PMN) fees	....	–50	–54	–80	–83	–89	–89	–92	–92	–95	–95	–356	–819
Health and Human Services (HHS):													
Expand child care entitlement to states	....	502	753	961	1,115	1,106	1,142	1,226	1,314	1,403	1,493	4,437	11,015
Extend ARRA child support enforcement incentive match provision	....	555	114	....	....	....	....	....	....	....	....	669	669
Create a LIHEAP trigger	....	1,460	1,475	1,115	690	373	285	258	250	250	250	5,113	6,406
Continue child welfare study	....	3	2	1	....	....	....	....	....	....	....	6	6
Expand CMS program integrity authority	....	–58	–139	–884	–966	–993	–1,001	–1,004	–973	–972	–993	–3,040	–7,983
Extend TANF supplemental grants	....	251	61	7	....	....	....	....	....	....	....	319	319
Establish Fatherhood, Marriage, and Families Innovation Fund	....	....	175	105	70	....	....	....	....	....	....	350	350
Improve child support enforcement tools	....	1	–2	–2	–2	–2	–2	–2	–2	–2	–2	–7	–17
Outyear costs of extending TANF supplemental grants	....	....	251	315	319	319	319	319	319	319	319	1,204	2,799
Reauthorize the Court Improvement Program	....	1	4	16	18	20	19	16	4	2	....	59	100
Support teen pregnancy prevention	....	20	42	48	49	50	50	50	50	50	50	209	459
Total, HHS	....	2,735	2,736	1,682	1,293	873	812	863	962	1,050	1,117	9,319	14,123
Homeland Security:													
Eliminate grants to manufacturers of worsted wool	....	5	5	5	5	....	....	....	....	....	....	20	20
Housing and Urban Development:													
Provide funding for the Affordable Housing Trust Fund	....	20	140	250	250	240	100	....	....	....	....	900	1,000

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Interior:													
Increase fees for migratory bird hunting and conservation stamps[2]	....	–4	....	....	....	....	....	....	....	....	....	–4	–4
Increase return from minerals on Federal lands:													
End Abandoned Mine Lands (AML) payments to certified States	....	–115	–171	–177	–176	–97	–72	–75	–123	–140	–95	–736	–1,241
Impose fee on nonproducing oil and gas leases	....	–8	–22	–38	–53	–68	–81	–98	–115	–134	–152	–189	–769
Repeal Energy Policy Act fee prohibition and mandatory permit funds	....	....	–22	–22	–21	–20	....	....	....	....	....	–85	–85
Reauthorize Federal land sales/acquisition law (FLTFA)	....	–4	–6	–11	–12	–3	....	....	....	....	....	–36	–36
Repeal geothermal payments to counties under EPAct	....	–8	–8	–8	–8	–8	–8	–8	–8	–8	–8	–40	–80
Return to net receipts sharing for energy minerals	....	....	–38	–40	–44	–50	–49	–51	–52	–55	–57	–172	–436
Reserve funds for insular affairs assistance	....	21	21	21	21	16	16	16	16	16	15	100	179
Total, Interior	....	–118	–246	–275	–293	–230	–194	–216	–282	–321	–297	–1,162	–2,472
Labor:													
Implement unemployment insurance integrity legislation[2, 9]	....	....	–246	–343	–281	–210	–235	–286	–61	5	–264	–1,080	–1,921
Reform FECA program	....	–10	–14	–7	–10	–20	–29	–39	–50	–60	–71	–61	–310
Extend foreign labor certification fees	....	....	....	1	17	18	18	20	20	20	21	36	135
Reform Trade Adjustment Assistance	....	139	532	796	1,033	938	856	807	799	816	847	3,438	7,563
Total, Labor	....	129	272	447	759	726	610	502	708	781	533	2,333	5,467
State:													
Change retention policy for consular fees (receipt effect)[2]	....	782	1,108	1,123	1,138	1,155	1,171	1,189	1,207	1,225	1,244	5,306	11,342
Treasury:													
Levy payments to Federal contractors with delinquent tax debt:													
Authorize post-levy due process (receipt effect)[2]	....	–64	–115	–119	–124	–109	–113	–118	–122	–127	–132	–531	–1,143
Increase levy authority to 100 percent for vendor payments (receipt effect)[2]	....	–51	–87	–86	–90	–78	–82	–85	–88	–92	–96	–392	–835
Revise terrorism risk insurance program[2]	....	14	–5	–126	–150	–56	88	186	–62	–13	–8	–323	–132

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Offset tax refunds to collect deliquent taxes for out-of-state residents	....	....	....	....	....	....	....	....	....	....	....	....	....
Establish FMS debt collection fee	....	....	....	....	....	....	....	....	....	....	....	....	....
Restructure assistance to New York City:													
Provide tax incentives for transportation infrastructure (receipt effect)[2]	....	200	200	200	200	200	200	200	200	200	200	1,000	2,000
Total, Treasury	....	99	–7	–131	–164	–43	93	183	–72	–32	–36	–246	–110
Veterans Affairs:													
Implement concurrent receipt policy:													
Effect on Veterans disability payments	....	47	49	51	53	54	54	54	53	53	52	254	520
Extend VBA pension limitation	....	....	–559	–571	–584	–597	–611	....	....	....	....	–2,311	–2,922
Medicaid impact	....	....	313	326	339	353	367	....	....	....	....	1,331	1,698
Reform criteria for special monthly pension	....	–3	–6	–10	–13	–16	–20	–23	–27	–30	–33	–48	–181
Extend VBA authority for use of HHS data	....	....	2	1	....	–1	–2	–3	–4	–5	–5	2	–17
Extend veterans income verification	....	....	20	–7	–13	–20	–27	....	....	....	....	–20	–47
Provide authority for vendee loan pooling	....	....	–86	–99	–5	....	....	....	....	....	....	–190	–190
Total, Veterans Affairs	....	44	–267	–309	–223	–227	–239	28	22	18	14	–982	–1,139
Federal Communications Commission (FCC):													
Auction domestic satellite spectrum	....	–100	–75	–25	....	....	....	....	....	....	....	–200	–200
Provide permanent auction authority	....	....	....	–200	–200	–200	–200	–200	–200	–200	–200	–600	–1,600
Enact spectrum license user fee	–50	–200	–300	–425	–550	–550	–550	–550	–550	–550	–550	–2,025	–4,775
Eliminate Telecommunications Development Fund	–3	–7	–7	–7	–6	–6	–6	–6	–6	–6	–6	–33	–63
Total, FCC	–53	–307	–382	–657	–756	–756	–756	–756	–756	–756	–756	–2,858	–6,638
Social Security Administration:													
Require States and localities to provide pension information	....	....	....	....	–172	–375	–492	–523	–478	–452	–417	–547	–2,909
Revert to Quarterly Wage Reporting	....	20	30	100	....	....	....	....	....	....	....	150	150
Total, Social Security Administration	....	20	30	100	–172	–375	–492	–523	–478	–452	–417	–397	–2,759
Other Independent Agencies:													
Reform financial regulatory system	....	867	1,595	2,204	2,583	2,893	3,052	2,397	1,855	1,433	1,141	10,142	20,020

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Reflect discrimination claims settlement	690	230	230	....	....	....	....	....	....	....	....	460	460
Total, other independent agencies	690	1,097	1,825	2,204	2,583	2,893	3,052	2,397	1,855	1,433	1,141	10,602	20,480
Multi-Agency:													
Fund Cobell settlement costs	1,512	400	400	200	200	200	200	200	100	....	....	1,400	1,900
Implement program integrity allocation adjustments [2]	....	–1,866	–4,561	–7,011	–9,459	–12,517	–15,821	–17,955	–19,465	–21,157	–22,527	–35,414	–132,339
Exclude refundable tax credits from means-tested programs	21	21	21	20	15	15	14	13	13	12	12	92	156
Reform asset limits in means-tested programs	....	233	464	672	640	595	555	523	501	497	499	2,604	5,179
Total, multi-agency	1,533	–1,212	–3,676	–6,119	–8,604	–11,707	–15,052	–17,219	–18,851	–20,648	–22,016	–31,318	–125,104
Total, mandatory and receipt proposals	**54,495**	**144,717**	**–19,750**	**–92,924**	**–108,340**	**–121,870**	**–132,559**	**–141,780**	**–148,778**	**–157,574**	**–166,984**	**–198,167**	**–945,842**

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.

Note: Figures displayed in the table do not reflect the impact of any recommendations from the Fiscal Commission.

[1] The estimates for this proposal include effects on outlays. The outlay effects included in the totals above are listed below:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
Extend making work pay tax credit in 2011	....	703	20,792	....	....	....	....	....	....	....	....	21,495	21,495
Extend COBRA health insurance premium assistance	72	191	83	....	....	....	....	....	....	....	....	274	274
Extend option for grants to States in lieu of housing tax credits	2,435	1,815	....	....	....	....	....	....		....	....	1,815	1,815
Expand earned income tax credit	....	80	1,605	1,566	1,546	1,539	1,549	1,568	1,593	1,622	1,645	6,336	14,313
Expand child and dependent care tax credit	....	....	385	395	396	390	390	392	394	395	393	1,566	3,530
Provide for automatic enrollment in IRAs and double the tax credit for small employer plan startup costs	....	....	83	146	149	158	177	200	223	250	281	536	1,667
Expand saver's credit	....	570	3,715	1,402	1,369	1,366	1,349	1,337	1,339	1,340	1,353	8,422	15,140
Provide American opportunity tax credit	....	....	4,667	4,924	5,187	5,477	5,738	5,781	5,826	5,893	5,951	20,255	49,444
Continue certain expiring provisions through calendar year 2011	66	177	170	150	143	142	142	142	142	142	142	782	1,492
Eliminate advanced earned income tax credit	....	–106	–64	–62	–61	–60	–61	–61	–63	–65	–68	–353	–671
Reform and extend build America bonds	....	225	1,031	2,238	3,519	4,844	6,181	7,513	8,839	10,159	11,473	11,857	56,022

Table S–9. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011–2015	Totals 2011–2020
Total outlay effects of receipt proposals	2,573	3,655	32,467	10,759	12,248	13,856	15,465	16,872	18,293	19,736	21,170	72,985	164,521

[2] The estimates for this proposal include effects on receipts. The receipt effects included in the totals above are listed below.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
Provide $250 economic recovery payments	–454	–1,360	....	....	....	....	....	....	....	....	....	–1,360	–1,360
Jobs initiatives allowance	1,250	20,000	3,750	....	....	....	....	....	....	....	....	23,750	23,750
Preserve cost-sharing of inland waterways capital costs	....	....	–196	–163	–187	–129	–100	–72	–70	–68	–68	–675	–1,053
Increase fees for migratory bird hunting and conservation stamps	....	–14	–14	–14	–14	–14	–14	–14	–14	–14	–14	–70	–140
Implement unemployment insurance integrity legislation	....	....	–37	–37	–10	63	42	–2	234	313	58	–21	624
Change retention policy for consular fees	....	782	1,108	1,123	1,138	1,155	1,171	1,189	1,207	1,225	1,244	5,306	11,342
Levy payments to Federal contractors with delinquent tax debt:													
Authorize post-levy due process	....	–64	–115	–119	–124	–109	–113	–118	–122	–127	–132	–531	–1,143
Increase levy authority to 100 percent for vendor payments	....	–51	–87	–86	–90	–78	–82	–85	–88	–92	–96	–392	–835
Revise terrorism risk insurance program	....	44	68	4	40	110	211	260	–15	18	19	266	759
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	....	–385	–1,164	–2,355	–3,955	–6,015	–7,987	–9,238	–9,931	–10,378	–10,809	–13,874	–62,217
Total receipt effects of mandatory proposals	796	19,152	3,513	–1,447	–3,002	–4,817	–6,672	–7,880	–8,599	–8,923	–9,598	13,399	–28,273

[3] Relative to the February Budget, the allowance for other jobs initiatives has been reduced to reflect the subsequent proposal or enactment of jobs initiatives that had not been previously specified.

[4] A comprehensive market-based climate change policy will be deficit neutral because proceeds from emissions allowances will be used to compensate vulnerable families, communities, and businesses during the transition to a clean energy economy. Receipts will also be reserved for investments to reduce greenhouse gas emissions, including support of clean energy technologies, and in adapting to the impacts of climate change, both domestically and in developing countries.

[5] Receipt effects unless otherwise noted.

[6] The Administration continues to support expanding refundability of the child tax credit by lowering the refundability threshold to $3,000, as 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 are incorporated in the baseline projection of current policy.

[7] This provision is estimated to have zero receipt effects under the Administration's current projections for energy prices.

[8] Outlay effects unless otherwise noted.

[9] Net of income offsets.

Table S–10. FUNDING LEVELS FOR APPROPRIATED ("DISCRETIONARY") PROGRAMS BY CATEGORY

(Budgetary resources in billions of dollars)

	2009 Actual													Totals	
	Non-ARRA	ARRA[1]	2010 Enacted	2011 Request	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
Discretionary Policy by Category:															
Security Agencies	650.1	12.0	683.7	719.2	745.9	767.1	788.0	812.4	833.7	855.8	878.5	902.1	927.0	3,832.6	8,229.7
Non-Security Agencies	407.8	253.1	445.7	441.4	446.4	446.2	459.2	472.3	478.8	488.9	501.6	517.0	537.5	2,265.5	4,789.3
Total, Base Discretionary Funding	**1,057.9**	**265.1**	**1,129.4**	**1,160.6**	**1,192.3**	**1,213.3**	**1,247.2**	**1,284.7**	**1,312.5**	**1,344.6**	**1,380.1**	**1,419.2**	**1,464.6**	**6,098.1**	**13,019.0**
Other Discretionary Funding (not included above):															
Overseas Contingency Operations[2]	146.0	....	130.0	159.3	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	359.3	609.3
Other Supplemental/ Emergency Funding	44.1	....	0.5	....	....	....	....	....	....	....	....	....	....	....	....
Proposed 2010 Supplemental Funding[3]	....	....	46.2	–*	–*	*	*	*	*	*	*	*	*	–*	–*
Grand Total, Discretionary Budgetary Resources	**1,247.9**	**265.1**	**1,306.1**	**1,319.9**	**1,242.3**	**1,263.3**	**1,297.2**	**1,334.7**	**1,362.5**	**1,394.6**	**1,430.1**	**1,469.2**	**1,514.6**	**6,457.4**	**13,628.3**
Memorandum:															
Base Security Budget Authority adjusted for Inflation and Population	682.2	12.6	696.7	719.2	726.0	725.5	724.0	724.4	721.6	718.4	715.5	712.8	710.6	3,619.0	7,198.0
Base Non-Security Budgetary Resources adjusted for Inflation and Population	427.9	265.6	454.2	441.4	434.5	422.0	421.8	421.1	414.4	410.4	408.6	408.5	412.1	2,140.9	4,194.8
Grand Total, Discretionary Budgetary Resources adjusted for Inflation and Population	1,309.5	278.1	1,331.0	1,319.9	1,209.1	1,194.8	1,191.8	1,190.1	1,179.3	1,170.7	1,164.8	1,160.8	1,161.0	6,105.7	11,942.4
Grand Total, Discretionary Budgetary Resources as a Percent of GDP	8.8%	1.9%	8.9%	8.6%	7.7%	7.4%	7.2%	7.0%	6.8%	6.6%	6.5%	6.4%	6.3%	7.6%	7.0%

* $50 million or less.

[1] "ARRA" refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111–5).

[2] The Budget includes placeholder estimates of $50 billion per year for Overseas Contingency Operations in 2012 and beyond. These estimates do not reflect any specific policy decisions.

Table S–10. FUNDING LEVELS FOR APPROPRIATED ("DISCRETIONARY") PROGRAMS BY CATEGORY—Continued

(Budgetary resources in billions of dollars)

[3] At the time the 2011 Mid-Session Report was prepared, a 2010 Supplemental had not been enacted. Therefore, the Administration's 2010 Requested Supplemental from the 2011 Budget, as amended, is included in the estimates. This estimate is updated to include budget amendments and other new requests for FEMA's Disaster Relief Fund, the earthquake response in Haiti, the Port of Guam, the BP Deepwater Horizon Oil Spill, the Title 17 Loan Guarantee Program, security enhancements for the Southwest Border, and Mine Safety. Although transmitted as a discretionary budget amendment, the requested supplemental does not include funding for 2010 to implement the settlement of a case involving the management of individual Indian trust accounts related to Indian lands (Cobell) or funding to settle claims of prior discrimination brought by black farmers against the Department of Agriculture (Pigford). It is assumed that this funding will be enacted in a mandatory authorization bill. The 2011 to 2020 levels for the supplemental (all estimated to be under $50 million per year) are for spending and reimbursement for oil spill employment assistance, oil spill unemployment assistance, oil spill supplemental nutrition assistance, and oil spill Section 32 response and reflect a probabilistic score that captures any potential Oil Spill of National Significance.

Table S–11. FUNDING LEVELS FOR APPROPRIATED ("DISCRETIONARY") PROGRAMS BY AGENCY

(Budgetary resources in billions of dollars)

	2009 Actual								Totals	
	Non-ARRA	ARRA [1]	2010 Enacted	2011 Request	2012	2013	2014	2015	2011-2015	2011-2020
Base Discretionary Resources by Agency:										
Security Agencies:										
Defense (DOD)	513.2	7.4	530.8	548.9	566.4	581.8	597.8	616.0	2,910.9	6,255.3
Energy—National Nuclear Security Administration	9.1	....	9.9	11.2	11.1	11.4	11.9	12.4	57.9	124.4
Homeland Security (DHS) [2]	42.1	2.8	39.4	43.6	44.2	44.8	45.3	46.7	224.6	481.4
Veterans Affairs [3]	47.6	1.4	53.1	57.0	59.7	61.3	63.0	64.7	305.6	659.7
State and Other International Programs [4]	38.1	0.4	50.6	58.5	64.6	67.8	70.1	72.5	333.5	709.0
Subtotal, Security Agencies	**650.1**	**12.0**	**683.7**	**719.2**	**745.9**	**767.1**	**788.0**	**812.4**	**3,832.6**	**8,229.7**
Non-Security Agencies:										
Agriculture [4]	22.6	6.9	25.0	23.9	24.6	24.5	25.2	26.0	124.2	266.1
Commerce	9.4	7.8	13.9	9.0	9.1	8.8	8.5	8.8	44.2	101.1
Census Bureau	*3.1*	*1.0*	*7.2*	*1.3*	*1.1*	*1.2*	*1.3*	*1.5*	*6.4*	*29.1*
Education [5]	41.4	81.1	46.8	49.7	50.1	50.2	51.4	52.7	254.1	537.5
Energy (excluding National Nuclear Security Administration)	16.9	36.7	16.5	17.2	17.2	17.3	17.8	18.3	87.7	186.6
Health and Human Services (HHS) [6]	77.6	22.4	84.1	83.6	82.4	80.7	83.1	85.5	415.2	881.2
Housing and Urban Development	40.0	13.6	42.9	41.6	41.3	42.0	44.1	45.3	214.3	464.1
Interior	11.2	3.0	12.1	12.0	11.8	11.8	12.2	12.4	60.3	126.6
Justice	26.0	4.0	27.6	24.1	28.5	28.0	29.0	29.9	139.5	291.8
Labor	12.9	4.8	14.3	14.0	13.5	13.1	13.3	13.5	67.4	138.5
State and Other International Programs [4]	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1.3
Transportation	70.5	48.1	76.0	77.6	79.2	80.6	82.1	84.7	404.2	824.5
Budget Authority (BA)	*16.8*	*48.1*	*21.8*	*22.8*	*70.0*	*33.8*	*39.0*	*41.2*	*206.6*	*418.1*
Obligation Limitations	*53.7*	....	*54.2*	*54.8*	*9.3*	*46.8*	*43.1*	*43.6*	*197.6*	*406.4*
Treasury	12.6	0.3	13.6	13.9	14.1	14.5	15.1	15.9	73.6	159.0
Corps of Engineers	5.3	4.6	5.4	4.9	4.7	4.6	4.7	4.8	23.6	49.3
Environmental Protection Agency	7.6	7.2	10.3	10.0	9.4	8.8	8.6	8.5	45.4	89.0

Table S–11. FUNDING LEVELS FOR APPROPRIATED (“DISCRETIONARY”) PROGRAMS BY AGENCY—Continued

(Budgetary resources in billions of dollars)

	2009 Actual								Totals	
	Non-ARRA	ARRA[1]	2010 Enacted	2011 Request	2012	2013	2014	2015	2011-2015	2011-2020
General Services Administration	0.6	5.9	0.6	0.7	0.6	0.6	0.6	0.7	3.2	6.8
National Aeronautics and Space Administration	17.8	1.0	18.7	18.9	19.4	20.0	20.6	21.0	99.9	212.6
National Science Foundation	6.5	3.0	6.9	7.4	7.8	8.3	8.9	9.5	41.9	96.9
Small Business Administration	0.6	0.7	0.8	1.0	1.0	0.9	0.9	1.0	4.8	9.9
Social Security Administration[6]	8.5	1.1	9.3	10.1	10.5	10.9	11.4	11.7	54.7	117.6
Corporation for National and Community Service	0.9	0.2	1.2	1.4	1.7	2.0	2.3	2.6	10.0	26.9
Other Agencies	18.6	0.3	19.5	20.2	19.2	18.6	19.1	19.5	96.7	202.0
Subtotal, Non-Security Discretionary Budget Authority	**354.0**	**253.1**	**391.4**	**386.6**	**437.1**	**399.4**	**416.0**	**428.7**	**2,067.9**	**4,382.9**
Subtotal, Non-Security Discretionary Budgetary Resources	**407.8**	**253.1**	**445.7**	**441.4**	**446.4**	**446.2**	**459.2**	**472.3**	**2,265.5**	**4,789.3**
Other Discretionary Funding (not included above):										
Overseas Contingency Operations[7]	**146.0**	....	**130.0**	**159.3**	**50.0**	**50.0**	**50.0**	**50.0**	**359.3**	**609.3**
Defense	*145.7*	....	*129.6*	*159.1*	*50.0*	*50.0*	*50.0*	*50.0*	*359.1*	*609.1*
Homeland Security	*0.3*	....	*0.2*	*0.3*	....	....	....	....	*0.3*	*0.3*
Justice	....	....	*0.1*	....	....	....	....	....	....	....
Other Enacted Supplemental or Emergency Funding	**44.1**	....	**0.5**	....	....	....	....	....	....	....
Agriculture	*1.4*	....	*0.4*	....	....	....	....	....	....	....
Energy (excluding National Nuclear Security Administration)	*7.9*	....	....	....	....	....	....	....	....	....
Health and Human Services	*10.5*	....	....	....	....	....	....	....	....	....
State and Other International Programs	*13.8*	....	....	....	....	....	....	....	....	....
Department of Transportation	*3.0*	....	....	....	....	....	....	....	....	....
Corps of Engineers-Civil Works	*6.6*	....	....	....	....	....	....	....	....	....
Other Agencies	*0.9*	....	*0.1*	....	....	....	....	....	....	....
Proposed 2010 Supplemental Funding[8]	....	....	**46.2**	**–***	**–***	*****	*****	*****	**–***	**–***
Defense (includes Overseas Contingency Operations)	....	....	*33.6*	....	....	....	....	....	....	....
Homeland Security	....	....	*5.5*	....	....	....	....	....	....	....

Table S–11. FUNDING LEVELS FOR APPROPRIATED ("DISCRETIONARY") PROGRAMS BY AGENCY—Continued

(Budgetary resources in billions of dollars)

	2009 Actual								Totals	
	Non-ARRA	ARRA[1]	2010 Enacted	2011 Request	2012	2013	2014	2015	2011-2015	2011-2020
State and Other International Programs	....	....	*6.2*	....	....	....	....	....	....	....
Other Agencies	....	....	*0.9*	*–**	*–**	***	***	***	*–**	*–**
Grand Total, Discretionary Budget Authority	**1,194.2**	**265.1**	**1,251.8**	**1,265.1**	**1,233.0**	**1,216.5**	**1,254.1**	**1,291.1**	**6,259.8**	**13,221.9**
Grand Total, Discretionary Budgetary Resources	**1,247.9**	**265.1**	**1,306.1**	**1,319.9**	**1,242.3**	**1,263.3**	**1,297.2**	**1,334.7**	**6,457.4**	**13,628.3**

* $50 million or less.

[1] "ARRA" refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

[2] The DHS level includes $1.8 billion for BioShield in 2009 and a -$3.0 billion transfer in 2010 of BioShield balances to HHS.

[3] The Veterans Affairs total is net of medical care collections.

[4] The Security category for State and Other International Programs consists entirely of International Function 150. This includes funding for International Food Aid programs in the Department of Agriculture.

[5] Adjusted for advance appropriations, 2009 funding for the Department of Education is $46.2 billion. All numbers exclude funding for Pell Grants.

[6] 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 is included in the HHS total and not in the Social Security Administration total. Additionally, the HHS total includes $0.4 billion and $3.0 billion in 2009 and 2010, respectively, for transfer of the BioShield program in DHS.

[7] The Budget includes placeholder estimates of $50 billion per year for Overseas Contingency Operations in 2012 and beyond. These estimates do not reflect any specific policy decisions.

[8] At the time the 2011 Mid-Session Report was prepared, a 2010 Supplemental had not been enacted. Therefore, the Administration's 2010 Requested Supplemental from the 2011 Budget, as amended, is included in the estimates. This estimate is updated to include budget amendments and other new requests for FEMA's Disaster Relief Fund, the earthquake response in Haiti, the Port of Guam, the BP Deepwater Horizon Oil Spill, the Title 17 Loan Guarantee Program, security enhancements for the Southwest Border, and Mine Safety. Although transmitted as a discretionary budget amendment, the requested supplemental does not include funding for 2010 to implement the settlement of a case involving the management of individual Indian trust accounts related to Indian lands (Cobell) or funding to settle claims of prior discrimination brought by black farmers against the Department of Agriculture (Pigford). It is assumed that this funding will be enacted in a mandatory authorization bill. The 2011 to 2020 levels for the supplemental (all estimated to be under $50 million per year) are for spending and reimbursement for oil spill employment assistance, oil spill unemployment assistance, oil spill supplemental nutrition assistance, and oil spill Section 32 response and reflect a probabilistic score that captures any potential Oil Spill of National Significance.

Table S–12. OUTLAYS FOR MANDATORY PROGRAMS UNDER CURRENT LAW [1, 2]

(In billions of dollars)

	2009 Actual	Estimate					
		2010	2011	2012	2013	2014	2015
Human resources programs:							
Education, training, employment and social services	–3	–6	9	15	9	11	12
Health	278	306	305	303	324	452	507
Medicare	425	450	475	463	501	530	556
Income security	470	555	477	428	434	431	429
Social Security	678	702	729	761	802	847	896
Veterans' benefits and services	49	62	78	66	76	82	87
Subtotal, human resources programs	1,896	2,069	2,074	2,036	2,145	2,354	2,486
Other mandatory programs:							
National defense	4	5	5	5	5	5	5
International affairs	–6	–3	–2	–2	–2	–2	–2
Energy	–1	4	3	2	–1	–2	–3
Agriculture	16	18	17	9	17	14	13
Commerce and housing credit	284	–56	29	11	–14	–22	–30
Transportation	2	3	3	2	2	2	2
Community and regional development	3	1	1	1	*	*	*
Justice	2	2	5	4	3	2	2
General government	4	4	5	6	5	5	5
Undistributed offsetting receipts	–93	–80	–89	–89	–93	–95	–99
Other functions	1	1	3	3	3	3	3
Subtotal, other mandatory programs	216	–100	–19	–48	–74	–88	–102
Total, outlays for mandatory programs under current law	2,112	1,969	2,055	1,988	2,071	2,265	2,384

*$500 million or less.

[1] This table meets the requirements of Section 221(b) of the Legislative Reorganization Act of 1970.

[2] 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 2011 *Budget*) and also from the baseline projection of current policy (see Table S–7).

Table S–13. MARKET VALUATION AND BALANCE SHEET OF FANNIE MAE AND FREDDIE MAC

(In billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals 2011-2015	Totals 2011-2020
Transactions between Treasury and Fannie Mae/Freddie Mac:															
Senior Preferred Liquidity Payments to Fannie Mae/Freddie Mac	....	96	69	23	....	....	....	....	....	....	....	....	....	23	23
Senior Preferred Dividend Payments from Fannie Mae/Freddie Mac	....	–4	–12	–18	–7	–7	–7	–7	–7	–7	–7	–7	–7	–44	–78
Net Payments	....	91	57	5	–7	–7	–7	–7	–7	–7	–7	–7	–7	–21	–55
Market Valuation of Fannie Mae and Freddie Mac:															
Market Value of Net Liability	–18	–18													
Value of Private Equity Shares	–3	–3													
Net Position of Fannie Mae and Freddie Mac:															
Assets:															
U.S. Treasury Securities	....	12													
Other Financial Assets	1,524	1,579													
Cash	115	110													
Other	63	54													
Liabilities:															
Debt Outstanding	1,615	1,607													
Other Financial Liabilities	90	155													
Equity:															
Treasury Senior Preferred Stock	....	96													
Private Equity	–4	–101													
Net Position	–4	–5													

Table S–14. FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

	Actual	Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financing:												
Unified budget deficit	1,413	1,471	1,416	911	736	698	762	758	721	749	822	900
Other transactions affecting borrowing from the public:												
Changes in financial assets and liabilities:[1]												
Change in Treasury operating cash balance[2]	–96	–5	–200	....	....	....	....	....	....	....	....	....
Net disbursements of credit financing accounts:												
Direct loan accounts	293	200	142	131	114	107	110	96	99	90	103	114
Guaranteed loan accounts	7	–7	8	11	10	6	4	3	1	-2	-4	-6
Troubled Asset Relief Program (TARP) equity purchase accounts	105	–3	–15	*	–2	–5	–4	–5	-9	-11	-25	-16
Net purchases of non-Federal securities by the National Railroad Retirement Investment Trust (NRRIT)	–3	–1	–1	–1	–1	–1	–1	–1	-1	-1	-1	-1
Net change in other financial assets and liabilities[3]	22	....	....	....	....	....	....	....	....	....	....	....
Subtotal, changes in financial assets and liabilities	329	184	–66	141	122	108	109	93	90	76	73	91
Seigniorage on coins	–*	–*	–*	–*	–*	–*	–*	–1	-1	-1	-1	-1
Total, other transactions affecting borrowing from the public	329	183	–66	141	121	108	108	92	89	75	72	90
Total, requirement to borrow from the public (equals change in debt held by the public)	1,742	1,655	1,350	1,052	857	805	870	850	810	824	895	991
Changes in Debt Subject to Statutory Limitation:												
Change in debt held by the public	1,742	1,655	1,350	1,052	857	805	870	850	810	824	895	991
Change in debt held by Government accounts	148	248	137	201	261	306	350	375	395	377	370	364
Change in other factors	4	–2	–1	1	1	1	1	1	1	1	1	–*
Total, change in debt subject to statutory limitation	1,893	1,901	1,486	1,255	1,120	1,111	1,221	1,226	1,206	1,202	1,265	1,355
Debt Subject to Statutory Limitation, End of Year:												
Debt issued by Treasury	11,850	13,752	15,238	16,491	17,610	18,720	19,940	21,165	22,371	23,572	24,837	26,192
Adjustment for discount, premium, and coverage[4]	3	2	2	4	5	6	7	8	8	9	9	9
Total, debt subject to statutory limitation[5]	11,853	13,754	15,240	16,495	17,614	18,726	19,947	21,173	22,379	23,581	24,846	26,200
Debt Outstanding, End of Year:												
Gross Federal debt:[6]												
Debt issued by Treasury	11,850	13,752	15,238	16,491	17,610	18,720	19,940	21,165	22,371	23,572	24,837	26,192

Table S–14. FEDERAL GOVERNMENT FINANCING AND DEBT—Continued

(In billions of dollars)

	Actual 2009	Estimate 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt issued by other agencies	26	27	27	27	27	28	28	28	27	26	26	26
Total, gross Federal debt	11,876	13,779	15,265	16,518	17,637	18,748	19,968	21,192	22,398	23,598	24,863	26,218
Held by:												
Debt held by Government accounts	4,331	4,579	4,716	4,917	5,178	5,483	5,833	6,208	6,603	6,979	7,349	7,713
Debt held by the public [7]	7,545	9,199	10,550	11,602	12,459	13,264	14,134	14,984	15,795	16,619	17,514	18,505
Debt Held by the Public Net of Financial Assets:												
Debt held by the public	7,545	9,199	10,550	11,602	12,459	13,264	14,134	14,984	15,795	16,619	17,514	18,505
Less financial assets net of liabilities:												
Treasury operating cash balance [2]	275	270	70	70	70	70	70	70	70	70	70	70
Credit financing account balances:												
Direct loan accounts	489	689	831	962	1,076	1,183	1,293	1,389	1,488	1,578	1,681	1,795
Guaranteed loan accounts	–35	–42	–34	–23	–13	–7	–2	1	2	–*	-4	-10
TARP equity purchase accounts	105	102	87	88	86	82	77	73	64	53	28	12
Government-sponsored enterprise preferred stock	65	102	115	115	115	115	115	115	115	115	115	115
Non-Federal securities held by NRRIT	22	21	20	19	18	17	16	15	13	12	11	10
Other assets net of liabilities	–22	–22	–22	–22	–22	–22	–22	–22	-22	-22	-22	-22
Total, financial assets net of liabilities	899	1,121	1,067	1,208	1,330	1,438	1,547	1,639	1,730	1,805	1,878	1,969
Debt held by the public net of financial assets	6,646	8,079	9,482	10,393	11,129	11,826	12,588	13,345	14,065	14,814	15,636	16,535

* $500 million or less.

[1] 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.

[2] Includes assumed Supplementary Financing Program balance of $200 billion on September 30, 2010, and zero on September 30, 2011, and beyond.

[3] Includes checks outstanding, 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.

[4] 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.

[5] The statutory debt limit is $14,294 billion, as enacted on February 12, 2010.

[6] 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).

[7] At the end of 2009, the Federal Reserve Banks held $769.2 billion of Federal securities and the rest of the public held $6,775.5 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

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