



FISCAL YEAR 2013

MID-SESSION REVIEW

BUDGET OF THE U.S. GOVERNMENT

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

July 27, 2012

The Honorable John A. Boehner
Speaker of the House of Representatives
Washington, DC 20510

Dear Mr. 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 enclosed 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 2012 through 2022.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey D. Zients".

Jeffrey D. Zients
Acting Director

Enclosure

Identical Letter Sent to the President of the Senate

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GENERAL NOTES

1. Unless otherwise noted, years referenced for budget data are fiscal years, and years referenced for economic data are calendar years.
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

This Mid-Session Review (MSR) updates the Administration's estimates for outlays, receipts, and the deficit for economic, legislative, and other changes that have occurred since the President's 2013 Budget was released in February. The 2012 deficit is now projected to be \$1,211 billion, \$116 billion lower than the \$1,327 billion deficit projected in February, due to lower-than-expected spending, partially offset by lower-than-expected receipts. As a percentage of gross domestic product (GDP), the deficit is now projected to equal 7.8 percent, down from the 8.5 percent projected in February. Cumulative deficits for the following 10 years are also projected to be lower than previously projected, with a total reduction of \$240 billion over the 10-year period. This reduction results primarily from lower projected spending for Medicare, Medicaid, Social Security, and net interest, partially offset by lower projected receipts.

CREATING JOBS AND ECONOMIC GROWTH

The Budget released in February reflected an economy no longer in the free-fall it was experiencing when the President took office. In the last quarter of 2008, real GDP was dropping at annual rate of 8.9 percent. Credit markets that provided access to business capital seized up, and companies began to lay off workers and cut costs at an unprecedented rate. In January 2009 alone, the economy lost 839,000 private sector jobs. A steep decline in the stock market, combined with falling home prices, led to an enormous loss of household wealth. Corresponding to this loss in wealth was a reduction in consumer demand, a key driver of economic growth. The economy was in the worst downturn since the Great Depression, with significant risk that conditions could worsen. That is why the President took swift action to jumpstart economic growth and avoid a second Great Depression by signing into law the American Recovery and Reinvestment Act (Recovery Act). The Recovery Act provided critical support to promote economic activity, mitigate the damaging effects of the recession, and save and create jobs.

The Recovery Act was augmented by several other critical policy interventions. In March 2010, the President signed the Hiring Incentive to Restore Employment (HIRE) Act, which provided subsidies for firms that hired unemployed workers and provided other incentives. The Small Business Jobs Act, enacted the following September, provided tax relief and better access to credit to small businesses. In December 2010, the President signed into law the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (TRUIRJCA), which included a two-percentage point payroll tax holiday and extended emergency unemployment benefits. The one-year payroll tax holiday and emergency unemployment benefits in TRUIRJCA were extended for two months at the end of 2011 and through the remaining 10 months of calendar year 2012 in mid-February, shortly after the President's Budget was released.

The Recovery Act and these subsequent legislative actions helped put the country on the path to economic recovery. Since 2009, real GDP has risen for 11 straight quarters. The unemployment rate has declined from its peak of 10.0 percent to 8.2 percent in June 2012 and private sector employment has grown for 28 straight months. Yet despite this progress, the economy is not growing fast enough and there are still too many people out of work. Most troubling, the pace of improvement in the labor market slowed in the second quarter of this year.

The Nation faces these challenges because of a number of economic headwinds. First, economists have found that recessions linked with financial crises tend to be deeper than other recessions, and the subsequent recoveries take longer. Our current situation is no exception. As is common following a financial crisis in which banks and other credit market institutions suffer severe losses, many credit-worthy borrowers are finding it difficult to obtain credit, dampening spending and investment. Second, while the housing sector is seeing some recovery in prices from the bursting of the housing bubble, this critical part of the economy is taking time to rebound fully. Third, State and local governments have still

found it necessary to pursue fiscal consolidation to meet their balanced budget requirements. This fiscal tightening at the State and local levels has reduced aggregate demand and has had the effect of slowing overall economic growth.

Finally, economic and financial fragility in the Euro area remains a significant risk to the U.S. recovery and to the global economy. Europe is the U.S.'s largest export market, so weaker demand in Europe means weaker job growth at home. European banks are interconnected with financial markets around the world, so volatility in Europe undermines sentiment here at home. That is why the Administration has consulted closely with its European counterparts throughout the crisis and has urged European officials to take steps to reduce immediate financial market stresses, even as they undertake longer-term reform and integration plans to promote growth, adjustment, and stability.

Because the economic recovery is facing headwinds and not creating enough jobs, the President has called for commonsense, targeted, and fiscally responsible measures to boost economic activity.

In September 2011, the President sent Congress the American Jobs Act (AJA), a package of cross-sectoral proposals with a simple goal: to put more people back to work and place more money in the pockets of working Americans, without increasing the deficit. The proposal included tax cuts to help America's small businesses hire and grow; tax credits to spur hiring; investments in infrastructure improvements; new pathways back to work for Americans looking for jobs; and tax cuts to put more money in the pockets of every American worker and family – all historically bipartisan ideas that independent economists estimated would create 1.3 to 1.9 million jobs and boost growth in 2012 by up to 2 percent. Lack of Congressional action has so far prevented critical components of the AJA from becoming law.

In February, the President put forward his 2013 Budget proposal. In addition to making tough choices to put the Nation on a sustainable fiscal path, the President's Budget included a number of measures from the AJA, along with other proposals to help boost eco-

nomical growth and job creation. Specifically, the President called for \$350 billion in short-term measures for job creation that included the extension of the payroll tax cut and unemployment insurance benefits for rest of 2012; an upfront investment of \$50 billion from the surface transportation reauthorization bill for roads, rails, and runways to create thousands of quality jobs in the short term; a continuation of the business write-off of the full amount of new investments; \$30 billion to modernize at least 35,000 schools; and \$30 billion to help States and localities retain and hire teachers and first responders.

In June, at the Administration's urging, Congress passed a bipartisan bill to stop student loan interest rates from doubling and to reauthorize surface transportation legislation that will keep millions of construction workers on the job rebuilding the Nation's aging infrastructure. But there is still much more Congress can do to create jobs and grow the economy.

That is why the President has called on Congress to act on a "To Do List" that would create jobs and help restore middle-class security. The To Do List includes proposals to reward American jobs and curb tax incentives to ship jobs overseas; cut red tape so that responsible homeowners can refinance; invest in a new hire tax credit for small businesses; create jobs by investing in affordable clean energy; and put returning veterans to work using skills developed in the military. These are all commonsense steps that would help counter the economic challenges we face, get more Americans back to work, and strengthen our economy. With the exception of the short-term agreement in February 2012 to extend the payroll tax holiday and emergency unemployment provisions through the end of the calendar year, Congress has not yet passed any of these plans to boost economic growth and create jobs.

BALANCED DEFICIT REDUCTION

Constructing an economy that is built to last and creates good jobs for generations to come will require making the investments in education, infrastructure, innovation, and clean energy that are critical to a 21st century, high-growth economy. To pay for these investments, cut persistent deficits, and sta-

bilize the debt, we need to give everyone a fair shot and ask everyone to pay their fair share as we put the Nation's fiscal house in order.

For too long, Washington has enacted new tax cuts or spending programs without identifying a way to pay for them. Indeed, the cost of the 2001 and 2003 tax cuts and the Medicare prescription drug benefit passed during the last Administration contributed significantly to turning the surpluses of the 1990s into the deficits of the following decade. The financial crisis and recession that began in 2008 exacerbated Federal deficits as revenue decreased and automatic Government outlays increased to mitigate the impacts of the recession. The result was that, upon taking office, the President faced an annual deficit of \$1.3 trillion, or 9.2 percent of GDP, and a 10-year deficit of more than \$8 trillion — a figure that grew even larger as the depth of the recession became clear. While the need to jumpstart the economy through the Recovery Act and other measures added to the short-term deficit, these critical measures were temporary and will not have significant deficit effects in the longer term.

Since taking office, the President has worked to restore fiscal responsibility. Recognizing the role that rising health care costs play in the Nation's long-term fiscal future, the President advocated for, and signed into law, fiscally responsible health care reform that will reduce the deficit by more than \$1 trillion over the next two decades and pay for all new coverage. The President also convened the bipartisan National Commission on Fiscal Responsibility and Reform (the Fiscal Commission) whose work reset the debate about further deficit reduction and provided a framework for the kind of balanced deficit reduction package that is needed.

The President's submission to the Joint Select Committee on Deficit Reduction in September 2011 and his 2013 Budget released last February both included many proposals from the Fiscal Commission plan and followed a similar approach of drawing from all parts of the budget. In the 2013 Budget, the President put forward a plan that, building on the deficit reduction undertaken the previous year, would reduce the deficit over the next decade by more than \$4 trillion, put the country on a course to achieve deficits be-

low 3 percent of GDP by the end of the decade, and stabilize the debt relative to the size of the economy. The President's plan, as updated in the Mid-Session Review, achieves those results by following a balanced approach. First, implementing the discretionary spending caps in the Budget Control Act of 2011 (BCA) will generate approximately \$1 trillion in savings over the next decade and will bring domestic discretionary spending to its lowest level as a share of the economy since the Eisenhower Administration. Second, to build on the work done to reduce health care costs through the Affordable Care Act, the President proposes \$326 billion in additional reforms to Medicare, Medicaid, and other health programs over 10 years. Third, he puts forward \$254 billion in additional mandatory savings over the next decade. Fourth, the President proposes a plan to raise more than \$1.5 trillion in revenues over the next decade through tax reform that would not raise taxes on those making less than \$250,000 per year (for married couples), but would ask millionaires, billionaires, and large corporations to shoulder their fair share.

Unfortunately, Congress has not yet passed a balanced deficit reduction framework, let alone the necessary legislation enacting that framework into law. Instead, the House has embraced a budget resolution that fails the test of balance, fairness, and responsibility - proposing large tax cuts for the wealthy and deep cuts in areas needed to grow the economy and support small and growing businesses, the middle class, and vulnerable populations.

Because the Joint Select Committee on Deficit Reduction established by the BCA failed to agree on a balanced approach to deficit reduction by its November 2011 deadline, Congress was unable to meet the requirements of the BCA that it voted into law, to approve \$1.2 trillion in additional deficit reduction by the end of 2011. As a result, the Nation faces the prospect of a sequestration taking effect on January 2, 2013. The scheduled sequestration is, by design, bad policy that will have destructive effects on both defense and non-defense discretionary programs and services and on critical entitlement programs such as Medicare. The Administration believes Congress should act to avoid the sequester with a balanced deficit reduction package, along the lines of the President's 2013 Budget. Congress still has time to act and it should do

so promptly, to reduce the deficit in a way that is balanced and not harmful to the economic health of the nation.

The President has also called on Congress to extend middle-class tax cuts for the 98 percent of Americans making less than \$250,000 for another year. If Congress fails to act, a typical middle-class family of four will see its taxes go up by \$2,200 next year.

MID-SESSION UPDATE

The Mid-Session Review updates estimates of Federal receipts, outlays, and the deficit for legislation enacted through early July, and for a revised economic forecast, technical re-estimates, and other policy changes that have occurred since the President's Budget was released in February.

Revised Deficit and Debt Outlook

The deficit for 2012 is now expected to be \$1,211 billion, down \$116 billion from the deficit of \$1,327 billion deficit estimated in February. As a percentage of GDP, the 2012 deficit is projected to be 7.8 percent of GDP, down from 8.5 percent of GDP in February. This latest projection also represents a decline in the deficit from 2011, both in dollar terms and as a percentage of GDP. The reduction in the estimated 2012 deficit from February is more than accounted for by lower projections of spending for this year, which are partly offset by lower projected receipts. A portion of the lower deficit is due to revised estimates of the impact of the Administration's proposals for temporary tax relief and investments to create jobs and jumpstart growth. In the February Budget, much of the cost of these proposals was estimated to occur in 2012. However, because most of these proposals have not yet been enacted, the MSR estimates that these costs will largely shift to 2013 and later years, which reduces the 2012 deficit.

Relative to the February estimate, the deficit is now projected to be higher in 2013, estimated at \$991 billion as compared to \$901 billion in February. This increase is driven by lower receipt projections and the shift in costs of the temporary jobs proposals. Over the 10-year budget window, 2013 through 2021, deficits are now projected to be \$240 billion lower than in February, due almost entirely

to economic and technical revisions that reduce outlays while reducing receipts by lower amounts. As a percent of GDP, deficits are reduced in each year of the MSR forecast after 2014. The deficit is projected to stabilize at 2.6 percent of GDP after 2017, down from an ultimate level of 2.8 percent of GDP in the February projections.

The lower deficit outlook in the MSR produces correspondingly lower projections for Federal Government debt held by the public. Debt held by the public, which is an important indicator of the extent to which Government activity affects the financial markets, is projected to be \$11,414 billion at the end of 2012, or 73.5 percent of GDP, down from the estimate of \$11,578 billion, or 74.2 percent of GDP, in February. Debt at the end of 2013 is projected to be \$12,572 billion, down from \$12,637 billion in February, but as a percent of GDP is projected to be slightly higher than in February (77.5 percent versus 77.4 percent) because of downward revisions in the GDP forecast.

Over the longer term, the lower deficits in the MSR result in a declining path for debt held by the public as a share of GDP. In the February Budget, deficits stabilized in the second half of the 10-year budget window at around 2.8 percent of GDP, a level which was sufficient to hold debt stable at around 76.5 percent of GDP. The reduction of outyear deficits in the MSR to 2.6 percent of GDP is sufficient to bring the debt share of GDP down slightly each year, with debt falling from 77.1 percent in 2017 to 75.1 percent in 2022. Debt net of financial assets, a measure which nets out financial assets such as direct loan holdings from the debt level, shows a similar declining path, falling from 68.4 percent of GDP in 2017 to 66.2 percent of GDP in 2022.

Enacted Legislation

Legislation enacted since the February Budget was released has a minimal effect on the updated budget projections, because the provisions of that legislation with the largest effects on receipts and outlays were already reflected in the Administration's February proposals. Overall, enacted legislation and other policy changes, including debt service on these changes, increases the deficit relative to the February Budget by \$1 billion in

2012 and reduces deficits by \$15 billion over the 10-year period, 2013 through 2022.

Middle Class Tax Relief and Job Creation Act. This legislation, enacted shortly after the President's Budget was released, extended the two-percentage point payroll tax holiday, emergency unemployment benefits, and relief from reductions in Medicare physician payments for the remainder of calendar year 2012. These provisions were all due to expire at the end of February. In addition to extending these expiring provisions, the bill also increased retirement contributions for new Federal civilian employees, repealed certain timing shifts in corporation income tax payments, expanded authority for auctions of the electromagnetic spectrum with a portion of the proceeds designated for development of an interoperable public safety communications network, and made several changes in Medicare and Medicaid. The February Budget already reflected proposals that were similar to the provisions in the act, so that its passage had only a minimal effect on the Budget estimates, raising the deficit by \$2 billion in 2012 and reducing the deficit by \$1 billion over 2013 through 2022.

Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 reauthorized surface transportation programs through 2014, reauthorized the National Flood Insurance Program through 2017, and delayed for one year an increase in student loan interest rates that was scheduled to take place as of July 1, 2012. Among the act's numerous other provisions, it changed requirements for employers to make contributions to defined benefit pension programs, raised premiums paid to the Pension Benefit Guaranty Corporation, limited the receipt of student loans to 150 percent of the institution's program length, and established a phased retirement program for Federal employees. As with the Middle Class Tax Relief and Job Creation Act, most of the bill's provisions with significant budgetary effects were versions of proposals already included in the February Budget. Enactment of MAP-21 reduced the deficit by \$1 billion in 2012 and by \$5 billion over 2013-22.

Estimating Changes

New estimates of receipts and outlays due to revisions to the economic forecast and technical estimating assumptions reduce the deficit by \$117 billion in 2012. These changes increase the deficit by \$101 billion in 2013, but reduce the deficit by a total of \$225 billion over the 10-year period as a whole.

The \$117 billion reduction in the deficit in 2012 due to estimating changes is more than accounted for by a \$144 billion reduction in outlays, due to new information on spending to date, delay in enactment of the February jobs proposals, and other factors. The outlay reduction is spread across discretionary and mandatory programs, including \$32 billion lower outlays due to the cost of the temporary jobs proposals shifting from 2012 into 2013 and 2014. The \$144 billion reduction in outlays is partly offset by a reduction of \$27 billion in receipts, which is itself due to a weaker near-term economic forecast and revisions in technical factors, offset by a shift in receipt effects of unenacted jobs proposals from 2012 into 2013 and later years.

Over the 10-year period 2013 through 2022, revisions to the economic projection and technical re-estimates reduce the deficit by \$225 billion. This reduction is the net effect of reductions in outlays of \$743 billion over 10 years, offset by reductions in receipts of \$518 billion. The reductions in outlays are the result of lower projected spending for net interest, resulting primarily from lower assumed interest rates relative to the February economic forecast, and lower spending for Social Security, Medicare, and Medicaid, due to a combination of economic and technical factors. About half of the reduction in receipts is due to the revised economic forecast, particularly reduced levels of GDP growth and incomes, and the remainder is due to technical factors, chiefly updated information about corporation income tax payments. More detail about changes in receipt and outlay projections can be found in the receipt and spending sections of the Mid-Session Review.

Table 1. CHANGES IN DEFICITS FROM THE FEBRUARY BUDGET

(Dollar amounts in billions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022
2013 February Budget deficit	1,327	901	668	610	649	612	575	626	658	681	704		
Percent of GDP	8.5%	5.5%	3.9%	3.4%	3.4%	3.0%	2.7%	2.8%	2.8%	2.8%	2.8%		
Enacted legislation and policy changes:													
Middle Class Tax Relief and Job Creation													
Job Act of 2012	2	-8	*	-2	-1	-*	1	3	2	2	1	-10	-1
Moving Ahead for Progress in the 21st													
Century Act of 2012	-1	-4	-8	-8	-5	-1	1	2	5	7	7	-27	-5
Other legislation and policy changes	*	*	*	*	-*	-*	-*	-*	-*	-*	-*	*	*
Debt service	*	-*	-*	-1	-1	-1	-2	-1	-1	-1	-1	-3	-9
Subtotal, enacted legislation and policy changes	1	-12	-8	-10	-7	-3	1	4	6	7	7	-40	-15
Economic and technical reestimates:													
Receipts:													
Temporary tax relief to create jobs and													
jumpstart growth	-49	32	3	2	1	1	1	*	*	*	*	38	40
Other receipts	76	113	51	56	51	53	47	29	23	25	29	324	478
Total receipts	27	144	53	58	52	54	47	30	23	25	29	363	518
Discretionary programs	-55	-17	16	17	7	2	*	-*	-*	-*	-*	25	24
Mandatory:													
Medicaid	4	-7	-6	-7	-9	-12	-14	-15	-17	-18	-18	-41	-123
Medicare	-9	-15	-12	-8	-10	-8	-10	-10	-10	-8	-7	-52	-97
Social Security	-4	-7	-8	-9	-10	-11	-11	-12	-12	-15	-15	-45	-110
Unemployment compensation	-13	-11	-8	-5	-3	-1	-1	*	*	*	*	-29	-28
Supplemental Nutrition Assistance													
Program	-4	-1	-2	-4	-4	-4	-3	-2	-2	-2	-2	-16	-26
Mutual Mortgage Insurance Fund	-2	-*	-*	-1	-1	-2	-2	-2	-3	-3	-4	-4	-19
Purchases of GSE preferred stock	-16												
Deposit Insurance Fund	-6	2	*	*	2	3	4	5	1	1	*	7	18
Temporary investments to create jobs													
and jumpstart growth	-32	30	2									32	32
Other	-1	2	1	-3	4	-1	3	-*	*	1	2	2	8
Total mandatory	-84	-7	-35	-37	-33	-34	-34	-37	-42	-44	-43	-146	-346
Net interest ¹	-6	-19	-33	-43	-53	-55	-47	-44	-41	-41	-45	-203	-422
Subtotal, economic and technical reestimates	-117	101	1	-5	-26	-33	-33	-51	-59	-61	-59	38	-225
Total, changes	-116	89	-6	-15	-33	-36	-33	-47	-54	-53	-52	-1	-240
Mid-Session Review deficit	1,211	991	661	595	615	576	543	578	604	627	652		
Percent of GDP	7.8%	6.1%	3.9%	3.3%	3.2%	2.9%	2.6%	2.6%	2.6%	2.6%	2.6%		

Note: positive figures represent higher outlays or lower receipts.

*-\$500 million or less.

¹Includes debt service on all reestimates.

ECONOMIC ASSUMPTIONS

This Mid-Session Review (MSR) updates the economic forecast from the 2013 Budget, which was completed last November and released with the Budget in early February. The 2013 Budget forecast projected that the economic recovery that began in 2009 would continue. Unemployment was expected to decline as the economy recovered, and inflation was expected to remain moderate. Interest rates were expected to remain quite low in the near term, but to rise gradually in the medium term. The MSR forecast, which was completed in June, maintains these assumptions with minor modifications to take account of changing conditions since the last forecast.

Since 2009, real GDP has risen for 11 straight quarters.¹ The unemployment rate has declined from its peak of 10.0 percent to 8.2 percent in June 2012. Following the resumption of real GDP growth, the economy began adding jobs, and private sector employment has increased in each of the past 28 months. The labor market recovery is occurring only gradually, however, and the pace of improvement slowed again in the second quarter of this year. It will take several more years of healthy job growth to offset fully the 8.9 million private sector jobs that were lost between January 2008 and February 2010.

Administration policies have contributed to the economic recovery, as have the automatic fiscal stabilizers such as the unemployment compensation system. In the last quarter of 2008, real GDP was dropping at an annual rate of 8.9 percent; in January 2009 alone, the economy lost 839,000 private sector jobs. The Administration's prompt action in enacting the American Recovery and Reinvestment Act helped to reverse these declines in jobs and real GDP and opened the way to a sustained economic recovery.

Additional actions by the Administration and Congress culminating in the passage of

¹ Data were available only through 2012:Q1 when the forecast was completed in June. Data for the second quarter were released on July 27, after the MSR was printed.

the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (TRUIRJCA) in December 2010 further sustained demand and fostered continued growth. TRUIRJCA included a two-percent-age point payroll tax holiday and extended emergency unemployment benefits among other measures. The one-year payroll tax holiday and emergency unemployment benefits in TRUIRJCA were extended for two months at the end of 2011. In mid-February 2012, the President and Congress agreed to extend the payroll tax holiday and a modified version of the emergency unemployment provisions through the end of the calendar year.

Last summer, the Administration and Congress reached agreement on the Budget Control Act of 2011 (BCA), which will reduce the budget deficit and moderate the rise in the debt-to-GDP ratio in the later years of the forecast. This fiscal adjustment is needed to avoid an unsustainable rise in debt that would undermine future growth. At the same time, near-term action is needed to avoid a major fiscal contraction in 2013, which would threaten the recovery. The 2013 Budget also proposed a number of policies that would help sustain growth in 2012 and 2013. Some of these, including the extension of the payroll tax holiday and emergency unemployment compensation, have been enacted. The Administration continues to support the remaining policies, and the MSR forecast assumes they will be enacted.

Although Administration actions helped spark and sustain the ongoing recovery, the economy continues to face serious headwinds that have dampened growth and limited gains in employment. Financial market uncertainty has hampered new borrowing and lending for purposes of business investment and home construction. Spreads between private debt, such as commercial paper, and Treasury securities have generally returned to pre-crisis levels, but standards remain relatively tight, and many credit-worthy borrowers still have had difficulty finding credit. Eventually, credit should become more available, but that usually takes time.

The bursting of the housing bubble and dramatic loss of housing wealth during the crisis has had a severe impact on the overall U.S. economy. Despite the deep hole created by the crisis, there is growing evidence that the housing market has stabilized and is beginning to rebound. The inventory of homes on the market has been declining rapidly, from a peak of 12.1 months in July of 2010 to 6.4 months in June of 2012. Moreover, housing starts jumped to a nearly 4-year high in June, increasing 23.6 percent from 12 months earlier. Meanwhile, housing prices have begun to recover. All three of the major housing price indices posted increases in prices this spring. Government and private sector mortgage modification programs have allowed millions of affected homeowners to stay in their homes by restructuring unaffordable mortgages, increasingly by writing down the principal on these loans. Moreover, efforts to remove barriers to refinancing have begun to have an impact. Since changes were implemented in the Home Affordable Refinance Program (HARP), HARP refinancing closings have increased dramatically, growing 93 percent between the last quarter of 2011 and the first quarter of 2012.

The country has also faced an unprecedented amount of fiscal drag from State and local governments, which over the past four decades have contributed about $\frac{1}{4}$ percentage point to GDP growth annually on average. However, thus far in the recovery State and local government spending has been on a downward trajectory. State governments generally face balanced budget requirements, and the economic downturn, which reduced State and local tax revenue significantly, has forced fiscal consolidation at the State and local government level. The 2009 Recovery Act helped ease the burden of State and local government fiscal adjustments in 2009-2010, and subsequent measures have also helped the States and localities deal with budget shortfalls. But despite this Federal aid, State and local governments have still found it necessary to pursue fiscal consolidation to meet their balanced budget requirements. This fiscal tightening at the State and local level has reduced aggregate demand and slowed growth nationally. Since June 2010, employment in State and local government has de-

clined by 408,000 jobs, while the private sector has been a net creator of jobs. Over the four quarters ending in 2012:Q1, real outlays by State and local governments for consumption and investment fell by 2.3 percent and lowered real GDP growth by 0.5 percentage points.

Economic and financial fragility in the Euro area remains a significant risk to the U.S. recovery and to the global economy. Europe is the largest export market for the U.S., so weaker demand in Europe means weaker job growth at home. European banks are interconnected with financial markets around the world, so volatility in Europe undermines sentiment in the United States. Because of these concerns, the Administration has consulted closely with its European counterparts throughout the crisis and has urged European officials to take steps to reduce immediate financial market stresses, even as they undertake longer-term reform and integration plans to promote growth, adjustment, and stability.

Despite these headwinds, the Administration expects economic growth to continue at a moderate pace in 2012 and 2013 and to pick up in 2014. The U.S. economy is operating well below its capacity, with higher levels of unused resources than at any time in over a quarter century. The potential for a more rapid recovery is present in this low level of resource utilization. At some point over the next few years, such an acceleration in the recovery is likely to occur, and the Administration forecast reflects that expectation. The Administration does not believe that the U.S. economy has permanently foregone all of the output lost during the recession.

With improved growth in 2014-2018, unemployment is projected to further decline, as the economy returns to its potential. Beyond 2018, the Administration's forecast is based on the long-run trends expected for real GDP growth, price inflation, and interest rates. Real GDP growth is expected to average 2.5 percent in the long run, which is unchanged from previous forecasts. This projection is somewhat below the historical average for the United States, because of an expected slowdown in the growth of the labor force as the population ages.

Table 2. ECONOMIC ASSUMPTIONS¹

(Calendar years; dollar amounts in billions)

	Actual					Projections							
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross Domestic Product (GDP):													
Levels, dollar amounts in billions:													
Current dollars	14,527	15,094	15,702	16,396	17,252	18,272	19,340	20,457	21,507	22,505	23,515	24,563	25,663
Constant (2005) dollars	13,088	13,315	13,626	13,996	14,484	15,084	15,689	16,290	16,804	17,252	17,687	18,129	18,582
Price index (2005 = 100)	111.0	113.3	115.2	117.1	119.1	121.1	123.3	125.6	128.0	130.4	133.0	135.5	138.1
Percent change, Q4/Q4:													
Current dollars	4.7	3.8	4.3	4.3	5.7	6.0	5.8	5.8	4.8	4.6	4.4	4.5	4.5
Constant (2005) dollars	3.1	1.6	2.6	2.6	4.0	4.2	3.9	3.8	2.8	2.6	2.5	2.5	2.5
Price index (2005 = 100)	1.6	2.1	1.7	1.6	1.7	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9
Percent change, year over year:													
Current dollars	4.2	3.9	4.0	4.4	5.2	5.9	5.8	5.8	5.1	4.6	4.5	4.5	4.5
Constant (2005) dollars	3.0	1.7	2.3	2.7	3.5	4.1	4.0	3.8	3.2	2.7	2.5	2.5	2.5
Price index (2005 = 100)	1.2	2.1	1.7	1.7	1.7	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9
Incomes, billions of current dollars:													
Domestic corporate profits	1,418	1,514	1,743	1,817	1,820	1,913	2,017	2,081	2,103	2,072	2,042	1,956	1,906
Employee compensation	7,971	8,277	8,540	8,869	9,318	9,903	10,532	11,211	11,857	12,493	13,126	13,796	14,487
Wages and salaries	6,408	6,668	6,888	7,182	7,538	7,988	8,505	9,071	9,610	10,135	10,653	11,193	11,753
Other taxable income ²	3,108	3,303	3,437	3,607	3,842	4,123	4,419	4,675	4,914	5,137	5,372	5,594	5,801
Consumer Price Index (all urban):³													
Level (1982-84 = 100)	218.1	224.9	229.7	234.0	238.7	243.5	248.5	254.0	259.5	265.3	271.1	277.1	283.1
Percent change, Q4/Q4	1.2	3.3	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Percent change, year/year	1.6	3.1	2.1	1.9	2.0	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Unemployment rate, civilian, percent:													
Fourth quarter level	9.6	8.7	7.9	7.6	7.1	6.5	6.0	5.5	5.4	5.4	5.4	5.4	5.4
Annual average	9.6	8.9	8.0	7.7	7.3	6.7	6.2	5.7	5.4	5.4	5.4	5.4	5.4
Federal pay raises, January, percent:													
Military ⁴	3.4	1.4	1.6	1.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
Civilian ⁵	2.0	0.0	0.0	0.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
Interest rates, percent:													
91-day Treasury bills ⁶	0.1	0.1	0.1	0.2	1.1	2.3	3.3	3.6	3.8	3.8	3.8	3.8	3.8
10-year Treasury notes	3.2	2.8	2.0	2.7	3.5	4.1	4.5	4.9	5.0	5.1	5.1	5.1	5.1

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

¹Based on information available as of June 2011.²Rent, interest, dividend, and proprietors' income components of personal income.³Seasonally adjusted CPI for all urban consumers.⁴Percentages apply to basic pay only; percentages to be proposed for years after 2013 have not yet been determined.⁵Overall average increase, including locality pay adjustments. Percentages to be proposed for years after 2013 have not yet been determined.⁶Average rate, secondary market (bank discount basis).

ECONOMIC PROJECTIONS

The MSR economic projections are based on information available through early June 2012. They are summarized in Table 2.

Real Gross Domestic Product (GDP) and the Unemployment Rate: Real GDP is expected to rise by 2.6 percent during the four quarters of 2012 and to increase 2.6 percent in the four quarters of 2013. The growth rate is projected to rise to 4.0 percent in 2014 and 4.2 percent in 2015. Beyond 2015, real GDP growth is projected to moderate as the level of real GDP approaches its potential. The growth rate is steady at 2.5 percent per year in 2020-2022.

The unemployment rate is projected to reach 7.9 percent by the fourth quarter of 2012, below its level in June. Unemployment is projected to decline slowly this year and next, because of the moderate pace of expected real GDP growth and because, as labor market conditions improve, workers rejoin the labor force, adding upward pressure on unemployment. With accelerated growth, the unemployment rate is projected to fall more rapidly, eventually stabilizing at 5.4 percent.

Inflation: Overall inflation rose in early 2012 mainly because of a sharp rise in world oil prices, and it has moderated since then as oil prices have declined. Core inflation, which excludes food and energy prices, also rose, but much less dramatically than the top-line measure. Although core inflation does not include direct energy costs, it does reflect indirect costs, as energy is used to produce a wide range of goods and services throughout the economy. For example, airplane fares and trucking costs bear a close relationship to energy prices. Core inflation was 2.2 percent between June 2011 and June 2012; it had been only 1.6 percent over the preceding 12 months. Looking ahead, inflation is expected to edge down somewhat in the short term. As the economy recovers and unemployment declines in the medium term, inflation is expected to rise somewhat. In the long run, the CPI inflation rate is projected to be 2.2 percent per year. The other main measure of inflation in the projection is the chained price index for Gross Domestic Product. Year-over-year inflation by this measure is projected to be 1.7 percent in 2012, and 1.9 percent in 2017-2022.

Interest Rates: The projections for interest rates are based on financial market data and market expectations at the time the forecast was developed. The three-month Treasury bill rate is expected to average only 0.1 percent in 2012 and 0.2 percent in 2013. It is expected to begin to rise in 2014 and to reach 3.8 percent by 2018. The yield on the 10-year Treasury note is projected to average just 2.0 percent in 2012, the lowest rate ever recorded for the 10-year note, which has been issued since 1953. As the economy continues to recover, the 10-year rate is expected to rise and to reach 5.1 percent by 2019. In the later years of the forecast, 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). As a result, corporate profits have risen as a share of total income, while labor compensation as a share of total income has fallen below its long-run average. As the economy recovers, this trend is expected to reverse. Labor compensation is projected to rise somewhat relative to total income, while the share of corporate profits is projected to fall. 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 of the MSR forecast with the most recent Blue Chip (an average of about 50 private-sector forecasts) and Federal Open Market Committee (FOMC) forecasts is shown in Table 3. For 2012, the Administration projects a real GDP growth rate (fourth quarter over fourth quarter) of 2.6 percent. This projection is above the Blue Chip Consensus and the range defined by the central tendency of the forecasts from the June FOMC meeting due to the Administration's assumption that its additional economic recovery proposals will be adopted. For 2013, real GDP growth is also projected to be 2.6 percent, which is within the FOMC central tendency of forecasts and near the Blue Chip consensus of 2.5 percent.

The Administration projects that the unemployment rate will average 8.0 percent in 2012, 7.7 percent in 2013, and 7.3 percent in 2014. The Blue Chip consensus is quite simi-

Table 3. COMPARISON OF ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Nominal GDP:												
MSR	15,094	15,702	16,396	17,252	18,272	19,340	20,457	21,507	22,505	23,515	24,563	25,663
Budget	15,106	15,779	16,522	17,397	18,448	19,533	20,651	21,689	22,666	23,659	24,688	25,760
Blue Chip ¹	15,094	15,683	16,326	17,153	18,056	18,989	19,949	20,918	21,884	22,902	23,967	25,082
<i>percent change, fourth quarter over fourth quarter</i>												
Real GDP:												
MSR	1.6	2.6	2.6	4.0	4.2	3.9	3.8	2.8	2.6	2.5	2.5	2.5
Budget	1.7	3.0	3.0	4.0	4.2	3.9	3.8	2.8	2.6	2.5	2.5	2.5
Blue Chip ¹	1.6	2.0	2.5	3.1	3.0	2.9	2.8	2.7	2.4	2.6	2.4	2.6
FOMC Central Tendency	1.6	1.9–2.4	2.2–2.8	3.0–3.5	Longer Run Average: 2.3–2.5							
<i>percent change, year over year</i>												
Real GDP:												
MSR	1.7	2.3	2.7	3.5	4.1	4.0	3.8	3.2	2.7	2.5	2.5	2.5
Budget	1.8	2.7	3.0	3.6	4.1	4.0	3.9	3.2	2.7	2.5	2.5	2.5
Blue Chip	1.7	2.1	2.3	3.0	3.0	2.9	2.8	2.7	2.5	2.5	2.5	2.5
GDP Price Index:												
MSR	2.1	1.7	1.7	1.7	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9
Budget	2.1	1.7	1.7	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Blue Chip	2.1	1.8	1.8	2.1	2.2	2.2	2.2	2.1	2.2	2.2	2.2	2.2
Consumer Price Index (CPI-U):												
MSR	3.1	2.1	1.9	2.0	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Budget	3.2	2.2	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Blue Chip	3.1	2.0	1.9	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5
<i>annual average in percent</i>												
Unemployment Rate:												
MSR	8.9	8.0	7.7	7.3	6.7	6.2	5.7	5.4	5.4	5.4	5.4	5.4
Budget	9.0	8.9	8.6	8.1	7.3	6.5	5.8	5.5	5.4	5.4	5.4	5.4
Blue Chip	9.0	8.2	7.8	7.2	6.7	6.4	6.1	5.9	5.8	5.8	5.8	5.8
FOMC Central Tendency ²	8.7	8.0–8.2	7.5–8.0	7.0–7.7	Longer Run Average: 5.2–6.0							
91-Day Treasury Bills:												
MSR	0.1	0.1	0.2	1.1	2.3	3.3	3.6	3.8	3.8	3.8	3.8	3.8
Budget	0.1	0.1	0.2	1.4	2.7	3.9	4.1	4.1	4.1	4.1	4.1	4.1
Blue Chip	0.1	0.1	0.2	1.3	2.4	3.2	3.6	3.7	3.7	3.7	3.7	3.7
10-Year Treasury Notes:												
MSR	2.8	2.0	2.7	3.5	4.1	4.5	4.9	5.0	5.1	5.1	5.1	5.1
Budget	2.8	2.8	3.5	3.9	4.4	4.7	5.0	5.1	5.1	5.1	5.3	5.3
Blue Chip	2.8	1.9	2.4	3.7	4.2	4.6	4.9	4.9	4.9	4.9	4.9	4.9

MSR = Mid-Session Review (forecast date June 2012)

Budget = 2013 Budget (forecast date November 2011)

FOMC = Federal Reserve Open Market Committee (forecast central tendency, date June 20, 2012)

Blue Chip = July 2012 Blue Chip Consensus Forecast extended with March 2012 Blue Chip long-run survey

Sources: Administration; Federal Open Market Committee *Projections Materials*, June 20, 2012; *Blue Chip Economic Indicators*, March and July 2012, Aspen Publishers.¹ Values for 2014–2022 interpolated by OMB from annual growth rates² Fourth quarter levels of unemployment rate.

lar: 8.2 percent in 2012, 7.8 percent in 2013, and 7.2 percent in 2014. The FOMC also projects that unemployment will fall. By the fourth quarter of 2012, the central tendency of the FOMC forecast ranges from 8.0 percent to 8.2 percent, in 2013:Q4 it ranges from 7.5 to 8.0 percent, and in 2014:Q4 it ranges from 7.0 to 7.7 percent. The Administration forecast is generally near the bottom of that range.

The forecasts are similar for inflation and interest rates. The private forecasters expect

inflation to rise to between 2 percent to 2-1/2 percent per year for both main measures of inflation, which is close to the average inflation rate of the past several years. The Administration forecast projects slightly less inflation, and slightly higher interest rates than the private consensus. The unusually low level of Federal interest rates that has prevailed since the financial crisis is expected to end but not until after another year of very low rates in 2013. Eventually, real interest rates return to near their historical averages.

RECEIPTS

The Mid-Session Review (MSR) estimates of receipts are below the February Budget estimates by \$27 billion in 2012 and by \$138 billion in 2013. In each subsequent year, the MSR estimates of receipts are below the February Budget estimates by amounts ranging from \$27 billion to \$52 billion, resulting in a \$500 billion decrease in receipts over the 10-year budget horizon (2013 through 2022).

The net reduction in 2012 receipts is in large part attributable to the effect of technical revisions based on new tax reporting data, collections to date, and other information, which decrease receipts by \$68 billion. Revised economic assumptions reduce 2012 receipts by an additional \$38 billion. These reductions are partially offset by a \$58 billion increase in receipts attributable to a reduction in the estimated cost of the Administration's proposals and a \$21 billion increase in receipts attributable to a reduction in the estimated cost of expiring provisions extended in the adjusted baseline. The reductions in the cost of proposals and extensions in the adjusted baseline are due largely to later assumed enactment of these proposals than in the February Budget, which shifts net revenue losses from the proposals out of 2012 and into later years.

The \$138 billion reduction in 2013 receipts reflects revisions in the economic forecast, which reduce collections by \$59 billion; technical re-estimates, which reduce receipts by \$27 billion; and increases in the estimated cost of the Administration's proposals and the expiring provisions extended in the adjusted baseline of \$47 billion and \$12 billion, respectively. The \$500 billion reduction in receipts over the 10-year budget horizon is primarily due to receipt losses of \$260 billion and \$224 billion, respectively attributable to revisions in the economic forecast and to technical revisions. Changes in the estimated cost of the Administration's proposals, attributable to economic and technical revisions, reduce collections over the 10-year budget horizon by an additional \$60 billion. Legislated tax changes and changes in the estimates of the provisions extended in the adjusted baseline offset these reductions by \$18 billion and \$25 billion, respectively.

ENACTED LEGISLATION

Legislation enacted since the February Budget was released increases receipts relative to the February estimates by a negligible amount in 2012, \$6 billion in 2013, and a net \$18 billion over the 10-year budget horizon. The bulk of this increase in receipts is due to enactment of the Middle Class Tax Relief and Job Creation Act of 2012. This Act included several of the Administration's proposals, including the proposed extension of the temporary reduction in the Social Security payroll tax rate for employees and self-employed individuals and the proposed elimination of special rules modifying the timing of estimated tax payments by corporations, as well as modified versions of the Administration's proposals to extend unemployment insurance benefits and to expand the short-time compensation unemployment program. Enactment of these proposals had only a small effect on receipts relative to the February Budget, increasing receipts a net \$3 billion over the 10-year budget horizon. This Act also included a provision to increase contributions to the Federal Employees Retirement System (FERS), effective for employees joining the Federal service after December 31, 2012. This provision, which was a modification of the Administration's proposal to increase the contributions of all civilian employees to civil service retirement (CSRS) and FERS by smaller amounts, accounts for \$7 billion of the net increase in receipts relative to the February Budget. Other legislation enacted since February that affects receipts includes the Moving Ahead for Progress in the 21st Century (MAP-21) Act and the FAA Modernization and Reform Act of 2012. Legislated changes enacted in MAP-21, which include modification of the interest rate used for purposes of determining required contributions by employers to pension plans, account for \$7 billion of the 10-year net increase in receipts relative to the February Budget.

REVISIONS IN EXPIRING PROVISIONS EXTENDED IN THE ADJUSTED BASELINE

The February adjusted baseline permanently continued the 2001 and 2003 tax cuts for all taxpayers; permanently continued estate, gift, and generation-skipping transfer taxes at 2012 parameters; and reflected permanent extension of relief from the alternative minimum tax (AMT). Revisions in the estimated cost of these provisions increase receipts by \$21 billion in 2012, reduce receipts by \$12 billion in 2013, and increase receipts in each subsequent year for a net increase of \$25 billion over the 10 years, 2013 through 2022. The \$21 billion increase in 2012 is in large part attributable to delay in enacting the proposed extension of AMT relief, which expired on December 31, 2011. This delay in enactment, which pushes the cost of extension into 2013, is in large part responsible for the \$12 billion increase in the estimated cost of extending these expiring provisions in 2013. The reduction in the cost of extending these expiring provisions in each subsequent year is due primarily to reductions in the economic forecast for wages and salaries and revisions to models of receipts, which were re-estimated using current collection experience and updated tax data for prior years.

ECONOMIC CHANGES

Revisions in the economic forecast reduce receipts by \$38 billion in 2012, \$59 billion in 2013, and declining amounts in each subsequent year, for a total reduction of \$260 billion over the 10 years beginning in 2013 and running through 2022. In 2012, revisions to the economic forecast have the greatest effect on individual income taxes and social insurance and retirement receipts, reducing those sources of receipts by \$22 billion and \$12 billion, respectively. The reduction in 2012 individual income tax receipts is primarily attributable to reductions in the forecasts of wages and salaries and nonwage sources of personal income. Reductions in the forecast of wages and salaries and proprietor's income, which are the tax base for Social Security and Medicare payroll taxes, the largest components of social insurance and retirement receipts, account for most of the \$12 billion reduction in this source of receipts in 2012.

Over the 10-year budget horizon, revisions in the economic forecast have the greatest effect on individual income taxes and social insurance and retirement receipts, reducing collections by \$226 billion and \$115 billion, respectively. Reductions in the economic forecast for wages and salaries, nonwage sources of personal income, and proprietor's income account for most of the downward revision in these two sources of receipts. The reductions in individual income taxes and social insurance and retirement receipts are partially offset by net increases in corporation income taxes of \$87 billion, due to changes in the forecast of GDP and other economic measures that affect the profitability of corporations. Revisions in the forecast of GDP, interest rates, other sources of income, and imports reduce other sources of receipts (excise taxes, estate and gift taxes, customs duties, and deposits of earnings by the Federal Reserve System) by a net \$5 billion.

TECHNICAL CHANGES

Technical revisions in the estimates reduce receipts by \$68 billion in 2012, \$27 billion in 2013, and \$13 billion to \$30 billion in each subsequent year, for a decrease of \$224 billion over the 10-year budget horizon. The net decrease in receipts in each year over the 10-year budget horizon is primarily due to net downward re-estimates of corporation income taxes, along with reductions in individual income taxes and social insurance and retirement receipts, which are only partially offset by net upward re-estimates of the remaining sources of receipts. The technical revisions in both individual and corporation income taxes are in large part attributable to more recent collections data and revisions in the tax models based primarily on updated tax data for prior years, including updated data showing reduced profit margins in corporation income tax filings for tax year 2010 and reduced take-up of bonus depreciation provisions. More recent taxable wage data from employer returns accounts for most of the technical revision in social insurance and retirement receipts.

REVISIONS IN PROPOSALS

Revisions in the estimates of the Administration's proposals that have not yet been enacted increase receipts by \$58 billion in 2012, reduce receipts by \$47 billion in 2013,

and have a much smaller effect in subsequent years, reducing receipts by a net \$60 billion over the 10 years, 2013 through 2022. The \$58 billion increase in 2012 receipts is attributable to delay in enacting the Administration's

tax relief proposals. This delay in enactment increases the cost of these proposals in 2013 and accounts for much of the \$47 billion increase in the cost of the Administration's proposals in that year.

Table 4. CHANGE IN RECEIPTS

(In billions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013– 2017	2013– 2022
February estimate	2,469	2,902	3,215	3,450	3,680	3,919	4,153	4,379	4,604	4,857	5,115		
Changes due to enacted legislation	*	6	7	8	5	2	1	-1	-3	-4	-3	28	18
Changes due to economic and technical revisions in provisions extended in the adjusted baseline	21	-12	4	4	5	5	5	4	4	3	3	7	25
Changes due to revised economic assumptions:													
Individual income taxes	-22	-25	-21	-23	-23	-24	-24	-24	-22	-21	-19	-115	-226
Corporation income taxes	-2	-17	-16	-4	3	9	15	20	25	26	27	-25	87
Social insurance and retirement ...	-12	-12	-10	-11	-12	-12	-13	-11	-13	-11	-10	-57	-115
Other	-2	-5	-2	-*	*	-1	-2	-1	*	2	2	-8	-5
Subtotal, economic assumptions	-38	-59	-49	-37	-32	-28	-24	-16	-10	-4	-1	-204	-260
Changes due to technical re-estimates:													
Individual income taxes	-52	-10	2	2	*	-2	-4	-4	-4	-6	-10	-9	-36
Corporation income taxes	-28	-14	-19	-14	-15	-18	-17	-18	-19	-19	-19	-80	-172
Social insurance and retirement ...	11	-4	-*	-5	-6	-4	-3	-1	-2	-4	-5	-19	-33
Other	1	1	4	2	1	1	-*	1	2	3	3	8	17
Subtotal, technical reestimates	-68	-27	-13	-16	-20	-23	-25	-21	-23	-25	-30	-100	-224
Changes due to economic and technical revisions in proposals:													
Temporary tax relief to create jobs and jumpstart growth	49	-32	-3	-2	-1	-1	-1	-*	-*	-*	-*	-38	-40
Other proposals	9	-15	7	-7	-4	-7	-3	3	6	1	-1	-27	-20
Subtotal, economic and technical revisions in proposals	58	-47	4	-9	-6	-8	-3	3	6	1	-1	-66	-60
Total change in receipts	-27	-138	-47	-51	-47	-52	-46	-31	-27	-29	-33	-334	-500
Mid-Session estimate	2,442	2,764	3,169	3,400	3,633	3,867	4,107	4,348	4,577	4,827	5,083		

*\$500 million or less

EXPENDITURES

Outlays for 2012 are now estimated to be \$3,653 billion, \$143 billion lower than the February Budget estimate, due to slower-than-expected spending across a range of discretionary and mandatory programs, as well as the delay in enactment of proposals from the February Budget to promote near-term economic and job growth. Relative to the February Budget, projected total outlays have decreased by \$49 billion in 2013 and by \$741 billion over 2013 to 2022. These reductions in outyear spending are primarily the cumulative downward effect of economic and technical reestimates in a number of mandatory programs, most notably Social Security, Medicare, and Medicaid.

POLICY CHANGES

Relative to the estimates in the February Budget, legislation enacted since the Budget was released has had only a modest impact on outlays, because the Budget already incorporated proposals similar to the enacted provisions. In 2012, enacted legislation increases spending by \$1 billion. Enacted legislation continues to have a minimal effect on spending over the next 10 years, 2013 through 2022, increasing outlays by \$2 billion over that time period.

Middle Class Tax Relief and Job Creation Act of 2012. This act, passed in February, enacted several key provisions very similar to ones included in the February Budget, most notably an extension through the end of calendar year 2012 of the two-percentage point payroll tax holiday, emergency unemployment compensation, and relief from scheduled reductions in Medicare physician payments. Additional provisions in the act included the expansion of the FCC's authority to auction spectrum rights and use of auction proceeds to help build an interoperable public safety broadband network. Reflecting the enactment of this legislation in the MSR increases spending relative to the February Budget by \$1 billion in 2012 and increases spending relative to the Budget by \$9 billion over the next 10 years.

Moving Ahead for Progress in the 21st Century Act of 2012 (MAP-21 Act). At the end of June, Congress passed the MAP-21 Act, which again enacted many provisions closely tied to key Budget proposals from February. These included a one-year suspension of the student loan interest rate increase scheduled for July 1st, reauthorization of surface transportation programs, and reforms in the National Flood Insurance Program. Reflecting the enactment of MAP-21 in the MSR decreases spending relative to the February Budget by a negligible amount in 2012 and increases spending relative to the Budget by \$2 billion over the next 10 years.

ESTIMATING CHANGES

Estimating changes are due to factors other than enacted legislation or changes in policy. These result from 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 2012 by \$144 billion while also decreasing outlays by an additional \$743 billion from 2013 through 2022.

Discretionary appropriations. Outlays for discretionary appropriations decrease by \$55 billion in 2012 but increase by \$24 billion over the next 10 years relative to the Budget as a result of technical revisions. These changes reflect lower outlays in 2012 compared to the February Budget for both security and non-security discretionary programs. The Departments of Defense, Education, Homeland Security, Housing and Urban Development, and Energy now expect significantly lower discretionary outlays in 2012 than were projected in the Budget due to lower-than-expected spending so far this fiscal year. As obligations previously expected to outlay in 2012 shift into 2013 and later years, spending for security programs rises by a total of \$12 billion over 2013 through 2022, while spending for non-security related programs increases by \$13 billion over this period.

Medicaid. Economic and technical revisions increase projected Federal outlays for Medicaid by \$4 billion in 2012, but decrease outlays by \$123 billion over the next 10 years from 2013 to 2022 relative to the February Budget estimates. The large decrease stems primarily from lower projected benefit payments in 2012 and 2013 and slightly slower projected growth throughout the 10-year budget window, offset by slight projected growth increases in the market basket and price indices used to calculate Medicaid benefits relative to the February Budget.

Social Security. Estimating changes reduce outlays for Social Security by \$4 billion in 2012 and by an additional \$110 billion over the next 10 years. Lower spending in both the Old Age and Survivors' Insurance (OASI) and Disability Insurance (DI) programs is partially due to lower cost-of-living adjustments (COLAs) starting in 2013 than were assumed in the February Budget. Technical changes have an even more pronounced effect on the lowered spending projections, most notably due to fewer-than-expected OASI beneficiaries in recent months and lower revised estimates of disability incidence than assumed in the February Budget.

Medicare. Technical changes reduce outlays for Medicare by \$9 billion in 2012 and by an additional \$121 billion over the next 10 years, which is offset in part by economic changes, resulting in a net reduction over 2013 to 2022 of \$97 billion. Projected outlays for all three parts of the Medicare program decrease significantly over the next 10 years due to these changes. The spending decrease in Part A is a result of revised cost and utilization estimates based on updated historical data. The Part A reduction is partially offset by higher projected outlays due to revised economic assumptions, most notably due to decreased productivity and increased CPI-W assumptions relative to the February Budget. The decrease in Medicare Part B spending is also due in large part to revised estimates of cost and utilization and a lower estimate of the ten-year cost of a zero percent physician payment update, offset somewhat by economic changes to productivity and CPI-W assumptions. The decrease in spending for Medicare Part D is due to lower drug prices and revised enrollment assumptions

compared to the Budget, partially offset by lower estimated manufacturer rebates under proposed law.

Unemployment compensation. Changes in economic and technical assumptions decrease outlays for unemployment benefits by \$13 billion in 2012. Over 2013 through 2022, outlays are down by an additional \$28 billion relative to the February Budget estimate. The reduction is driven by lower-than-expected insured unemployment rates as well as lower actual unemployment rates in 2012 than had been assumed in the February Budget. Additionally, the projection of the unemployment rate is lower from 2013 through 2017 than in the President's Budget—averaging 6.7 percent in the MSR rather than 7.3 percent in the Budget—which contributes significantly to the downward revision in spending throughout the budget horizon.

Supplemental Nutrition Assistance Program (SNAP). Outlays for SNAP decrease by \$4 billion in 2012 and \$26 billion over the next 10 years due to economic and technical factors. The technical changes arise from lower actual participation in the program than was assumed in the February Budget, while economic changes are due to a lower assumed cost of food in the Thrifty Food Plan and lower assumed unemployment relative to the Budget's assumptions.

FHA-Mutual Mortgage Insurance Fund. Technical changes lower net spending for the mandatory portion of the FHA-Mutual Mortgage Insurance Fund by \$2 billion in 2012 and by an additional \$19 billion relative to the Budget over the next 10 years. This reduction is attributable to receipt of mortgage servicing settlement funds and estimated gains to be realized upon the sale of long-term Treasury investments in the short term and increased projections of interest earnings in the outyears.

Tennessee Valley Authority. Spending for the Tennessee Valley Authority (TVA) is virtually unchanged in 2012 but is revised downward by \$16 billion over 2013 through 2022 to correct an error in the February Budget, which had failed to properly reflect the use of TVA's excess revenues to pay down outstanding agency debt.

Support for Government Sponsored Enterprises (GSEs). Lower draws requested by Fannie Mae and Freddie Mac from Treasury in 2012 under the Preferred Stock Purchase Agreement, net of dividends, result in \$16 billion lower projected outlays for 2012 than in the February Budget. Gross draws by the GSEs for 2012 are now expected to be \$23 billion, down from \$40 billion in February. Dividends paid by the GSEs are virtually unchanged from February, while draws net of dividends fall from \$21 billion to \$5 billion.

Student loan programs. Technical changes in student loans increase spending by \$3 billion in 2012 and by an additional \$10 billion over the next 10 years. The majority of the change is a result of downward revisions in loan volume relative to the February Budget, which reduce negative subsidy receipts.

Deposit Insurance Fund. Technical changes lower deposit insurance spending in 2012 by \$6 billion, but raise spending over 2013 through 2022 by \$18 billion. The short-term reduction in spending is attributable to fewer bank failures experienced to date than

were projected in the February Budget. The outyear spending increase can be attributed to a reduction in the projection of future bank failures relative to the February Budget, which lowers the future premiums the Fund is expected to receive, more than offsetting the lower outlays required as a result of fewer failures.

Temporary investments to create jobs and jumpstart growth. The delay in enactment of the President's proposals to create jobs and jumpstart growth reduces outlays in 2012 by \$32 billion relative to the February Budget. These outlays shift into 2013 and 2014, increasing spending in those years by \$30 billion and \$2 billion respectively.

Net interest. Excluding the debt service associated with enacted legislation and policy changes, outlays for net interest are projected to decrease from February by \$6 billion in 2012 and by an additional \$422 billion over 2013 to 2022. These reductions are virtually all due to the effect of lower short- and long-term Treasury interest rates over the next few years in the revised MSR economic forecast.

Table 5. CHANGE IN OUTLAYS

(In billions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013–2017	2013–2022
February estimate	3,796	3,803	3,883	4,060	4,329	4,532	4,728	5,004	5,262	5,537	5,820		
Changes due to enacted legislation and other changes to policy:													
Middle Class Tax Relief and Job Creation Job Act of 2012	1	-5	1	-1	-1	*	3	4	3	3	3	-6	9
Moving Ahead for Progress in the 21st Century Act of 2012	-*	-*	-1	-1	-*	*	1	1	1	1	2	-3	2
Other policy changes	*	*	*	*	*	*	*	*	*	*	_*	_*	*
Debt service	*	-*	-*	-1	-1	-1	-2	-1	-1	-1	-1	-3	-9
Subtotal, enacted legislation and policy changes	1	-6	-1	-2	-2	-1	2	3	2	3	4	-12	2
Changes due to reestimates:													
Discretionary appropriations:													
Security	-38	-25	13	15	7	1	_*	*	_*	_*	*	12	12
Non-Security	-16	8	3	2	*	1	*	_*	_*	_*	_*	13	13
Medicaid	4	-7	-6	-7	-9	-12	-14	-15	-17	-18	-18	-41	-123
Social Security	-4	-7	-8	-9	-10	-11	-11	-12	-12	-15	-15	-45	-110
Medicare	-9	-15	-12	-8	-10	-8	-10	-10	-10	-8	-7	-52	-97
Unemployment compensation	-13	-11	-8	-5	-3	-1	-1	*	*	*	*	-29	-28
Supplemental Nutrition Assistance Program	-4	-1	-2	-4	-4	-4	-3	-2	-2	-2	-2	-16	-26
Mutual Mortgage Insurance Fund	-2	_*	_*	-1	-1	-2	-2	-2	-3	-3	-4	-4	-19
Tennessee Valley Authority	_*	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-7	-16
Purchases of GSE preferred stock	-16												
Student loan programs	3	1	1	1	1	1	1	1	1	1	2	4	10
Deposit Insurance Fund	-6	2	*	*	2	3	4	5	1	1	*	7	18
Temporary investments to create jobs and jumpstart growth	-32	30	2									32	32
Other programs	-3	2	1	-3	4	1	3	*	1	2	2	5	13
Net interest ¹	-6	-19	-33	-43	-53	-55	-47	-44	-41	-41	-45	-203	-422
Subtotal, reestimates	-144	-43	-52	-63	-79	-87	-81	-81	-83	-86	-88	-324	-743
Total change in outlays	-143	-49	-53	-65	-81	-88	-79	-78	-80	-83	-84	-336	-741
Mid-Session estimate	3,653	3,754	3,830	3,995	4,248	4,444	4,649	4,926	5,181	5,455	5,735		

* \$500 million or less.

¹ Includes debt service on all reestimates.² Includes debt service.

SUMMARY TABLES

Table S-1. BUDGET TOTALS

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
													2013-2017	2013-2022
Budget Totals in Billions of Dollars:														
Receipts	2,303	2,442	2,764	3,169	3,400	3,633	3,867	4,107	4,348	4,577	4,827	5,083	16,832	39,774
Outlays	3,603	3,653	3,754	3,830	3,995	4,248	4,444	4,649	4,926	5,181	5,455	5,735	20,271	46,218
Deficit	1,300	1,211	991	661	595	615	576	543	578	604	627	652	3,439	6,444
Debt held by the public	10,128	11,414	12,572	13,375	14,112	14,860	15,556	16,213	16,896	17,595	18,318	19,070		
Debt net of financial assets	9,170	10,363	11,345	12,004	12,599	13,214	13,791	14,333	14,911	15,515	16,143	16,795		
Gross domestic product (GDP)	14,953	15,538	16,226	17,012	18,009	19,071	20,172	21,258	22,256	23,261	24,296	25,383		
Budget Totals as a Percent of GDP:														
Receipts	15.4%	15.7%	17.0%	18.6%	18.9%	19.0%	19.2%	19.3%	19.5%	19.7%	19.9%	20.0%	18.6%	19.1%
Outlays	24.1%	23.5%	23.1%	22.5%	22.2%	22.3%	22.0%	21.9%	22.1%	22.3%	22.5%	22.6%	22.4%	22.3%
Deficit	8.7%	7.8%	6.1%	3.9%	3.3%	3.2%	2.9%	2.6%	2.6%	2.6%	2.6%	2.6%	3.9%	3.2%
Debt held by the public	67.7%	73.5%	77.5%	78.6%	78.4%	77.9%	77.1%	76.3%	75.9%	75.6%	75.4%	75.1%		
Debt net of financial assets	61.3%	66.7%	69.9%	70.6%	70.0%	69.3%	68.4%	67.4%	67.0%	66.7%	66.4%	66.2%		

Table S-2. EFFECT OF MID-SESSION REVIEW PROPOSALS ON PROJECTED DEFICITS

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013-2017	2013-2022
Projected deficits in the adjusted baseline¹	1,197	840	705	705	766	764	752	819	884	946	1,126	3,780	8,306
Percent of GDP	7.7%	5.2%	4.1%	3.9%	4.0%	3.8%	3.5%	3.7%	3.8%	3.9%	4.4%	4.2%	4.0%
Proposals in the 2013 Mid-Session Review:²													
Short-term measures for jobs growth	13	148	29	12	3	1	1	1	1	*	-*	192	195
Net deficit reduction proposals:													
Health and other mandatory initiatives	1	-4	-14	-29	-35	-47	-53	-61	-70	-75	-128	-127	-513
Allow Bush tax cuts to expire for high-income taxpayers		-54	-58	-71	-85	-96	-103	-110	-117	-125	-133	-364	-952
Other revenue proposals		-44	-86	-85	-89	-94	-99	-104	-110	-114	-118	-398	-943
Reductions in overseas contingency operations not reserved for surface transportation					-26	-92	-96	-98	-101	-104	-107	-117	-624
Proposed program integrity cap adjustment for IRS and Unemployment Insurance, including mandatory savings		*	-*	-1	-2	-3	-4	-4	-4	-5	-5	-6	-28
Proposed BCA disaster relief cap adjustment		5	1	-*	-*	-*	-*	-*	-*	-*	-*	6	6
Outlay effects of discretionary policy	-*	7	3	-5	-6	-7	-6	-5	-3	-7	-7	-9	-37
Total net deficit reduction proposals	1	-89	-154	-191	-243	-339	-360	-383	-406	-429	-498	-1,016	-3,092
Surface transportation reauthorization:													
Investments in surface transportation		*	4	9	13	18	24	22	15	11	8	45	125
Reductions in overseas contingency operations		-16	-57	-75	-61							-210	-210
Net cost of surface transportation reauthorization		-16	-54	-67	-48	18	24	22	15	11	8	-165	-85
Tax cuts for families, individuals, and businesses³													
		37	38	30	31	32	34	36	38	39	42	168	357
Debt service and indirect interest effects	-*	-*	-*	-4	-13	-26	-41	-56	-72	-90	-110	-44	-412
Total proposals in the 2013 Mid-Session Review	13	79	-141	-219	-270	-314	-342	-379	-424	-469	-558	-865	-3,038
Effect of replacing Joint Committee enforcement with 2013 Mid-Session Review deficit reduction proposals:													
Programmatic effects		71	96	105	109	109	109	109	109	109	38	490	966
Debt service		*	1	5	11	17	24	29	35	41	46	34	209
Total effect of replacing Joint Committee enforcement		71	97	110	120	127	133	139	145	150	84	524	1,175
Resulting deficits in 2013 Mid-Session Review ..	1,211	991	661	595	615	576	543	578	604	627	652	3,439	6,444
Percent of GDP	7.8%	6.1%	3.9%	3.3%	3.2%	2.9%	2.6%	2.6%	2.6%	2.6%	2.6%	3.9%	3.2%

* \$500 million or less.

¹ See Tables S-4 and S-8 for information on the adjusted baseline.

² For total deficit reduction since January 2011, see Table S-3.

³ Includes the effects of continuing certain expiring provisions through calendar year 2013.

Table S-3. DEFICIT REDUCTION SINCE JANUARY 2011

(Deficit reduction (-) or increase (+) in billions of dollars)

	2012- 2021	2013- 2022
Enacted appropriations ¹	-696	-676
Budget Control Act (BCA) discretionary caps for 2012 through 2021 ²	-901	-1,028
PAYGO legislation enacted during the 1st Session of the 112th Congress ³	-7	-11
Legislation enacted to date in the 2nd Session of the 112th Congress	78	-12
2013 Mid-Session Review:		
Short-term measures for job growth	208	195
Tax cuts for families, individuals, and businesses ⁴	315	357
Reauthorize surface transportation	117	125
Health and other mandatory initiatives:		
Health savings	-264	-326
Other mandatory savings	-181	-254
Other mandatory initiatives	61	67
Subtotal, health and other mandatory initiatives	-384	-513
Expiration of high income tax cuts	-819	-952
Other revenue proposals	-825	-943
Cap Overseas Contingency Operations (OCO) funding	-727	-834
Proposed program integrity cap adjustment for IRS and Unemployment Insurance, including mandatory savings	-23	-28
Proposed BCA disaster relief cap adjustment	6	6
Outlay effects of discretionary policy	-31	-37
Debt service	-557	-746
Total deficit reduction since January 2011	-4,247	-5,098
Memorandum, revenue and outlay effects:		
Enacted outlay reductions and 2013 MSR spending proposals	-3,047	-3,625
Enacted receipt increases and 2013 MSR revenue proposals	-1,200	-1,472

¹Includes enactment of 2011 full-year appropriations and enactment of 2012 full-year OCO appropriations. Enactment of 2011 appropriations savings totaled through 2021.

²Includes program integrity and the cap adjustment for proposed disaster relief.

³Savings totaled through 2021.

⁴Includes the effects of continuing certain expiring provisions through calendar year 2013.

Table S-4. ADJUSTED BASELINE BY CATEGORY¹

(In billions of dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals		
													2013-2017	2013-2022	
Outlays:															
Appropriated ("discretionary") programs: ²															
Defense ³	699	682	672	678	685	693	706	721	736	753	769	787	3,434	7,200	
Non-defense ⁴	600	582	577	551	546	548	555	562	574	586	598	611	2,776	5,706	
Subtotal, appropriated programs	1,300	1,264	1,248	1,229	1,231	1,241	1,261	1,283	1,310	1,338	1,367	1,398	6,210	12,906	
Mandatory programs:															
Social Security	725	769	813	859	908	960	1,015	1,074	1,137	1,204	1,272	1,346	4,555	10,588	
Medicare ²	480	469	513	551	577	627	650	672	737	796	859	955	2,918	6,936	
Medicaid	275	259	276	331	364	393	419	444	472	501	532	567	1,783	4,299	
Troubled Asset Relief Program (TARP) ⁵	-38	35	12	8	5	2	1	*	*	*	.....	.....	29	30
Other mandatory programs ²	631	626	580	583	609	661	671	676	715	743	792	844	3,103	6,873	
Subtotal, mandatory programs	2,073	2,157	2,193	2,332	2,463	2,643	2,756	2,866	3,062	3,244	3,456	3,712	12,387	28,726	
Net interest	230	218	228	275	346	432	518	600	673	742	804	869	1,798	5,486	
Adjustments for disaster costs ⁶ .....	.....	*	2	5	7	8	9	9	10	10	10	10	31	80
Joint Committee enforcement .....	.....	.....	-71	-96	-105	-109	-109	-109	-109	-109	-109	-38	-490	-966
Total outlays	3,603	3,639	3,600	3,745	3,942	4,215	4,434	4,648	4,945	5,225	5,527	5,951	19,936	46,232	
Receipts:															
Individual income taxes	1,091	1,126	1,246	1,376	1,492	1,617	1,746	1,870	1,991	2,115	2,242	2,373	7,478	18,068	
Corporation income taxes	181	251	336	373	398	417	438	455	468	480	494	507	1,961	4,365	
Social insurance and retirement receipts:															
Social Security payroll taxes	566	572	673	740	777	829	876	929	979	1,024	1,083	1,138	3,896	9,049	
Medicare payroll taxes	188	201	207	224	237	254	269	286	302	316	334	352	1,191	2,779	
Unemployment insurance	56	58	59	56	56	57	56	55	55	55	56	59	284	563	
Other retirement	8	8	9	9	10	10	11	12	12	13	15	16	49	118	
Excise taxes	72	79	86	95	100	102	107	115	130	136	143	152	489	1,165	
Estate and gift taxes	7	13	12	13	14	15	16	17	18	19	20	21	69	164	
Customs duties	30	30	33	36	38	41	44	46	50	53	57	60	192	459	
Deposits of earnings, Federal Reserve System	83	80	78	65	48	38	36	36	39	43	45	46	265	475	
Other miscellaneous receipts	20	24	21	52	67	70	73	76	82	88	94	100	282	721	
Total receipts	2,303	2,442	2,760	3,040	3,237	3,449	3,671	3,896	4,126	4,340	4,582	4,825	16,157	37,926	
Deficit	1,300	1,197	840	705	705	766	764	752	819	884	946	1,126	3,780	8,306	
Net interest	230	218	228	275	346	432	518	600	673	742	804	869	1,798	5,486	
Primary deficit	1,070	979	612	431	359	334	246	152	146	142	141	258	1,981	2,820	
On-budget deficit	1,367	1,259	872	733	723	788	784	773	836	888	947	1,117	3,901	8,462	
Off-budget deficit/surplus (-)	-67	-62	-32	-28	-18	-23	-20	-22	-17	-4	-2	9	-121	-156	

SUMMARY TABLES

Table S-4. ADJUSTED BASELINE BY CATEGORY¹—Continued

(In billions of dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
													2013– 2017	2013– 2022
Memorandum, budget authority for appropriated programs:²														
Defense ³	710	670	664	676	688	702	717	733	748	765	781	800	3,446	7,273
Non-defense ⁴	507	523	509	519	529	539	551	563	576	589	601	616	2,648	5,593
Total, appropriated funding	1,217	1,193	1,173	1,195	1,217	1,241	1,268	1,296	1,324	1,353	1,382	1,417	6,094	12,866

* \$500 million or less.

¹ See Table S-8 for information on adjustments to the Budget Enforcement Act (BEA) baseline.

² Does not include effects of Joint Committee enforcement.

³ Reflects revision in security category to consist of accounts in defense function (050).

⁴ Reflects revision in nonsecurity category to consist of accounts not in the defense function (050).

⁵ Outlays for TARP result from obligations incurred through October 3, 2010 for the Home Affordable Modification Program and other TARP programs.

⁶ 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

(In billions of dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
													2013-2017	2013-2022
Outlays:														
Appropriated ("discretionary") programs: ¹														
Security	838	830	826	781	765	764	773	786	803	820	837	856	3,909	8,012
Nonsecurity	462	434	418	395	387	386	391	397	405	415	420	430	1,977	4,045
Subtotal, appropriated programs	1,300	1,264	1,245	1,176	1,152	1,150	1,164	1,183	1,208	1,236	1,257	1,287	5,886	12,057
Mandatory programs:														
Social Security	725	769	813	859	908	960	1,015	1,074	1,136	1,203	1,271	1,345	4,554	10,585
Medicare	480	469	508	539	562	608	626	644	706	758	813	901	2,843	6,665
Medicaid	275	259	276	331	361	390	411	436	464	493	525	559	1,769	4,246
Troubled Asset Relief Program (TARP) ²	-38	35	12	8	5	2	1	*	*	*	.....	.....	29	30
Other mandatory programs	631	638	670	636	652	701	709	721	755	776	822	828	3,370	7,272
Subtotal, mandatory programs	2,073	2,169	2,279	2,373	2,489	2,661	2,762	2,874	3,061	3,231	3,432	3,634	12,565	28,797
Net interest	230	219	229	276	347	429	510	583	646	705	756	804	1,790	5,284
Adjustments for disaster costs ³ .....	.....	*	2	5	7	8	9	9	10	10	10	10	31	80
Total outlays	3,603	3,653	3,754	3,830	3,995	4,248	4,444	4,649	4,926	5,181	5,455	5,735	20,271	46,218
Receipts:														
Individual income taxes	1,091	1,126	1,292	1,464	1,600	1,744	1,890	2,025	2,158	2,292	2,432	2,575	7,990	19,472
Corporation income taxes	181	251	294	402	425	442	463	479	491	503	515	527	2,026	4,542
Social insurance and retirement receipts:														
Social Security payroll taxes	566	572	673	741	776	828	875	928	978	1,022	1,082	1,138	3,893	9,040
Medicare payroll taxes	188	201	207	225	237	255	270	287	303	317	335	353	1,194	2,790
Unemployment insurance	56	58	57	55	67	71	65	66	65	68	65	68	314	645
Other retirement	8	8	10	11	12	13	13	14	15	16	17	18	59	138
Excise taxes	72	79	86	96	102	104	109	117	132	138	146	154	497	1,184
Estate and gift taxes	7	13	13	23	25	27	29	32	34	37	40	43	118	303
Customs duties	30	30	33	36	38	41	44	46	50	53	57	60	192	458
Deposits of earnings, Federal Reserve System	83	80	78	65	48	38	36	36	39	43	45	47	266	475
Other miscellaneous receipts	20	24	21	52	67	71	73	77	82	88	94	100	284	726
Total receipts	2,303	2,442	2,764	3,169	3,400	3,633	3,867	4,107	4,348	4,577	4,827	5,083	16,832	39,774
Deficit	1,300	1,211	991	661	595	615	576	543	578	604	627	652	3,439	6,444
Net interest	230	219	229	276	347	429	510	583	646	705	756	804	1,790	5,284
Primary deficit/surplus (-)	1,070	992	762	386	248	186	67	-40	-68	-101	-128	-152	1,649	1,160
On-budget deficit	1,367	1,277	1,032	689	611	633	595	561	596	608	630	644	3,559	6,597
Off-budget deficit/surplus (-)	-67	-66	-41	-28	-16	-18	-18	-18	-17	-4	-2	9	-121	-153

SUMMARY TABLES

Table S-5. PROPOSED BUDGET BY CATEGORY—Continued

(In billions of dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals		
													2013– 2017	2013– 2022	
Memorandum, budget authority for appropriated programs: ¹															
Security	847	816	788	743	756	769	785	802	819	836	853	874	3,841	8,023	
Nonsecurity	370	377	358	366	373	381	389	398	407	416	425	435	1,866	3,946	
Total, appropriated funding	1,217	1,193	1,146	1,108	1,129	1,150	1,174	1,199	1,225	1,251	1,277	1,309	5,707	11,969	

* \$500 million or less.

¹Discretionary spending levels other than overseas contingency operations reflect the budget authority caps under the Budget Control Act of 2011. The split of discretionary spending between security and nonsecurity after 2013 is based on increasing budget authority in each category by the growth rate in the aggregate discretionary cap.

²Outlays for TARP result from obligations incurred through October 3, 2010 for the Home Affordable Modification Program and other TARP programs.

³These 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 AS A PERCENT OF GDP
(As a percent of GDP)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages	
													2013-2017	2013-2022
Outlays:														
Appropriated (“discretionary”) programs: ¹														
Security	5.6	5.3	5.1	4.6	4.2	4.0	3.8	3.7	3.6	3.5	3.4	3.4	4.4	3.9
Nonsecurity	3.1	2.8	2.6	2.3	2.1	2.0	1.9	1.9	1.8	1.8	1.7	1.7	2.2	2.0
Subtotal, appropriated programs	8.7	8.1	7.7	6.9	6.4	6.0	5.8	5.6	5.4	5.3	5.2	5.1	6.6	5.9
Mandatory programs:														
Social Security	4.8	4.9	5.0	5.0	5.0	5.0	5.0	5.1	5.1	5.2	5.2	5.3	5.0	5.1
Medicare	3.2	3.0	3.1	3.2	3.1	3.2	3.1	3.0	3.2	3.3	3.3	3.6	3.1	3.2
Medicaid	1.8	1.7	1.7	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.2	2.2	1.9	2.0
Troubled Asset Relief Program (TARP) ²	-0.3	0.2	0.1	*	*	*	*	*	*	*	.....	.....	*	*
Other mandatory programs	4.2	4.1	4.1	3.7	3.6	3.7	3.5	3.4	3.4	3.3	3.4	3.3	3.7	3.5
Subtotal, mandatory programs	13.9	14.0	14.0	14.0	13.8	14.0	13.7	13.5	13.8	13.9	14.1	14.3	13.9	13.9
Net interest	1.5	1.4	1.4	1.6	1.9	2.3	2.5	2.7	2.9	3.0	3.1	3.2	1.9	2.5
Adjustments for disaster costs ³ .....	.....	*	*	*	*	*	*	*	*	*	*	*	*	*
Total outlays	24.1	23.5	23.1	22.5	22.2	22.3	22.0	21.9	22.1	22.3	22.5	22.6	22.4	22.3
Receipts:														
Individual income taxes	7.3	7.2	8.0	8.6	8.9	9.1	9.4	9.5	9.7	9.9	10.0	10.1	8.8	9.3
Corporation income taxes	1.2	1.6	1.8	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.1	2.1	2.2	2.2
Social insurance and retirement receipts:														
Social Security payroll taxes	3.8	3.7	4.1	4.4	4.3	4.3	4.3	4.4	4.4	4.4	4.5	4.5	4.3	4.4
Medicare payroll taxes	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.3	1.3
Unemployment insurance	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other retirement	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Excise taxes	0.5	0.5	0.5	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.6
Estate and gift taxes	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1
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	0.6	0.5	0.5	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2
Other miscellaneous receipts	0.1	0.2	0.1	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Total receipts	15.4	15.7	17.0	18.6	18.9	19.0	19.2	19.3	19.5	19.7	19.9	20.0	18.6	19.1
Deficit	8.7	7.8	6.1	3.9	3.3	3.2	2.9	2.6	2.6	2.6	2.6	2.6	3.9	3.2
Net interest	1.5	1.4	1.4	1.6	1.9	2.3	2.5	2.7	2.9	3.0	3.1	3.2	1.9	2.5
Primary deficit/surplus (-)	7.2	6.4	4.7	2.3	1.4	1.0	0.3	-0.2	-0.3	-0.4	-0.5	-0.6	1.9	0.8
On-budget deficit	9.1	8.2	6.4	4.0	3.4	3.3	2.9	2.6	2.7	2.6	2.6	2.5	4.0	3.3
Off-budget deficit/surplus (-)	-0.4	-0.4	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-*	-*	*	-0.1	-0.1

Table S-6. PROPOSED BUDGET BY CATEGORY AS A PERCENT OF GDP—Continued

(As a percent of GDP)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages	
													2013– 2017	2013– 2022
Memorandum, budget authority for appropriated programs:														
Security	5.7	5.3	4.9	4.4	4.2	4.0	3.9	3.8	3.7	3.6	3.5	3.4	4.3	3.9
Nonsecurity	2.5	2.4	2.2	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.7	1.7	2.1	1.9
Subtotal, appropriated programs	8.1	7.7	7.1	6.5	6.3	6.0	5.8	5.6	5.5	5.4	5.3	5.2	6.3	5.9

*0.05 percent of GDP or less.

¹Discretionary spending levels other than overseas contingency operations reflect the budget authority caps under the Budget Control Act of 2011. The split of discretionary spending between security and nonsecurity after 2013 is based on increasing budget authority in each category by the growth rate in the aggregate discretionary cap.

²Outlays for TARP result from obligations incurred through October 3, 2010 for the Home Affordable Modification Program and other TARP programs.

³These 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. PROPOSED BUDGET IN POPULATION- AND INFLATION-ADJUSTED DOLLARS

(In billions of constant dollars, adjusted for population growth)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Outlays:										
Appropriated (“discretionary”) programs: ¹										
Security	826	759	721	699	686	676	670	663	656	650
Nonsecurity	418	384	365	353	347	341	338	336	329	327
Subtotal, appropriated programs	1,245	1,143	1,086	1,052	1,033	1,018	1,008	999	985	977
Mandatory programs:										
Social Security	813	834	856	878	901	924	947	972	996	1,022
Medicare	508	524	530	557	555	554	589	612	637	685
Medicaid	276	322	341	357	365	375	387	399	411	425
Troubled Asset Relief Program (TARP) ²	12	8	5	2	1	*	*	*	.....	.....
Other mandatory programs	670	618	615	642	629	620	629	627	644	629
Subtotal, mandatory programs	2,279	2,306	2,347	2,436	2,451	2,473	2,553	2,611	2,688	2,760
Net interest	229	268	327	393	452	501	539	570	592	611
Adjustments for disaster costs ³	2	5	7	8	8	8	8	8	8	8
Total outlays	3,754	3,721	3,767	3,889	3,944	4,000	4,107	4,188	4,273	4,355
Receipts:										
Individual income taxes	1,292	1,422	1,509	1,597	1,677	1,742	1,799	1,853	1,905	1,955
Corporation income taxes	294	390	401	405	411	412	410	407	403	400
Social insurance and retirement receipts										
Social Security payroll taxes	673	720	732	758	777	798	815	826	848	864
Medicare payroll taxes	207	218	224	233	240	247	253	256	263	268
Unemployment insurance	57	53	63	65	57	57	54	55	51	51
Other retirement	10	11	12	12	12	12	12	13	13	14
Excise taxes	86	93	96	95	96	100	110	112	114	117
Estate and gift taxes	13	22	24	25	26	27	29	30	31	32
Customs duties	33	34	36	38	39	40	41	43	45	46
Deposits of earnings, Federal Reserve System	78	63	46	35	32	31	33	34	35	35
Other miscellaneous receipts	21	51	63	65	65	66	68	71	74	76
Total receipts	2,764	3,078	3,206	3,326	3,433	3,533	3,625	3,699	3,782	3,860
Deficit	991	643	561	563	512	467	482	488	491	495
Net interest	229	268	327	393	452	501	539	570	592	611
Primary deficit/surplus (-)	762	375	234	170	59	-34	-57	-82	-101	-115
On-budget deficit	1,032	669	576	580	528	483	497	491	493	489
Off-budget deficit/surplus (-)	-41	-27	-15	-16	-16	-16	-14	-3	-2	7

SUMMARY TABLES

Table S-7. PROPOSED BUDGET IN POPULATION- AND INFLATION-ADJUSTED DOLLARS—Continued

(In billions of constant dollars, adjusted for population growth)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Memorandum, budget authority for appropriated programs:¹										
Security	788	721	713	704	697	690	683	675	668	663
Nonsecurity	358	355	352	348	345	342	339	336	333	330
Subtotal, appropriated programs	1,146	1,077	1,064	1,053	1,042	1,032	1,022	1,011	1,001	994
Memorandum, index of population growth and inflation	1.00	1.03	1.06	1.09	1.13	1.16	1.20	1.24	1.28	1.32

*\$500 million or less.

¹ Discretionary spending levels other than overseas contingency operations reflect the budget authority caps under the Budget Control Act of 2011. The split of discretionary spending between security and nonsecurity after 2013 is based on increasing budget authority in each category by the growth rate in the aggregate discretionary cap.

² Outlays for TARP result from obligations incurred through October 3, 2010 for the Home Affordable Modification Program and other TARP programs.

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-8. BRIDGE FROM BUDGET ENFORCEMENT ACT BASELINE TO ADJUSTED BASELINE

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
													2013-2017	2013-2022
BEA baseline deficit	1,300	1,197	666	492	459	475	425	370	384	394	399	438	2,517	4,502
Adjustments for current policy:														
Index to inflation the 2011 parameters of the AMT			135	113	127	145	165	188	213	238	266	295	685	1,886
Continue the 2001 and 2003 tax cuts			116	180	195	211	223	231	238	245	253	260	926	2,153
Extend estate, gift, and generation-skipping transfer taxes at current parameters			6	32	36	40	44	48	52	56	59	63	158	436
Prevent reduction in Medicare physician payments			13	26	31	37	40	37	44	49	54	63	147	394
Reflect incremental cost of funding existing Pell maximum grant award			-1	-1	7	7	7	5	5	5	5	5	18	45
Subtotal			269	350	396	441	479	510	552	593	637	687	1,935	4,914
Adjustments for provisions contained in the Budget Control Act:														
Set discretionary budget authority at cap levels			-25	-47	-61	-70	-76	-81	-87	-92	-99	-103	-280	-742
Reflect Joint Committee enforcement			-71	-96	-105	-109	-109	-109	-109	-109	-109	-38	-490	-966
Make program integrity adjustments		*	*	-2	-3	-4	-4	-5	-6	-6	-7	-8	-13	-44
Subtotal		*	-96	-145	-169	-184	-190	-195	-202	-208	-215	-149	-783	-1,752
Adjustments for disaster costs¹		*	2	5	7	8	9	9	10	10	10	10	31	80
Reclassify surface transportation outlays:														
Remove outlays from appropriated category	-48	-53	-55	-56	-58	-58	-59	-59	-60	-60	-61	-62	-286	-588
Add outlays to mandatory category	48	53	55	56	58	58	59	59	60	60	61	62	286	588
Subtotal														
Total program adjustments		*	174	210	235	266	298	323	360	395	432	548	1,183	3,242
Debt service on adjustments		*	*	3	11	25	41	58	75	94	115	140	80	562
Total adjustments		*	174	213	246	291	339	381	435	490	547	688	1,263	3,804
Adjusted baseline deficit	1,300	1,197	840	705	705	766	764	752	819	884	946	1,126	3,780	8,306

*\$500 million or less.

¹These 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-9. CHANGE IN THE ADJUSTED BASELINE FROM BUDGET TO MSR

(Dollar amounts in billions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013-2017	2013-2022
February deficits in the adjusted baseline	1,127	772	662	749	862	815	793	862	944	1,011	1,193		
Percent of GDP	7.2%	4.7%	3.9%	4.1%	4.5%	4.0%	3.7%	3.8%	4.0%	4.1%	4.7%		
Revisions due to enacted legislation and other policy changes:													
Middle Class Tax Relief and Job Creation Job Act of 2012	87	43	51	-16	-53	-5	2	8	-6	-4	-5	20	15
Moving Ahead for Progress in the 21st Century Act of 2012	1	-1	-7	-10	-8	-5	-2	-1	2	4	3	-31	-25
Other policy changes	*	*	*	_*	_*	_*	_*	_*	_*	_*	_*	_*	-1
Debt service	*	*	1	3	4	3	4	4	4	4	4	13	33
Subtotal, enacted legislation and other policy changes	88	42	45	-22	-57	-6	3	11	1	3	2	2	22
Revisions due to updated economic assumptions:													
Receipts	38	59	49	37	32	28	24	16	10	4	1	204	260
Mandatory outlays:													
Medicare	_*	*	1	2	3	4	4	4	5	6	6	9	33
Unemployment compensation	-2	-5	-4	-3	-3	-2	-1	_*	_*	_*	*	-17	-19
Social Security	*	-2	-3	-3	-3	-3	-2	-1	*	2	3	-13	-11
Supplemental Security Income Program	_*	_*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-9
Supplemental Nutrition Assistance Program .....	.....	.....	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8
Medicaid .....	.....	.....	*	*	*	*	1	1	1	1	1	1	5
Other	1	-2	-2	_*	_*	*	1	1	2	2	3	-4	5
Net interest	-7	-24	-37	-43	-47	-48	-42	-39	-35	-35	-38	-200	-388
Subtotal, economic revisions	29	26	2	-13	-21	-23	-18	-20	-19	-22	-25	-29	-133
Revisions due to updated technical assumptions:													
Receipts	47	39	9	12	15	18	20	17	20	22	28	92	198
Discretionary outlays:													
Defense	-27	-28	5	7	4	*	*	*	*	*	*	-11	-11
Non-defense	-27	11	5	2	2	1	*	_*	_*	_*	_*	21	21
Mandatory outlays:													
Medicare	-9	-16	-14	-11	-15	-14	-17	-18	-19	-20	-19	-69	-162
Medicaid	4	-7	-7	-7	-9	-12	-13	-15	-17	-18	-19	-41	-122
Social Security	-4	-5	-6	-7	-7	-8	-9	-11	-12	-17	-18	-32	-99
Unemployment compensation	-11	-6	-4	-2	_*	*	1	*	*	*	_*	-12	-11
Supplemental Nutrition Assistance Program	-4	-1	-2	-3	-3	-3	-2	-1	-1	-1	-1	-11	-18
Mutual Mortgage Insurance Fund	-2	_*	_*	-1	-1	-2	-2	-2	-3	-3	-4	-4	-19
Tennessee Valley Authority	_*	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-7	-16
Purchases of GSE preferred stock	-16	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Table S-9. CHANGE IN THE ADJUSTED BASELINE FROM BUDGET TO MSR—Continued

(Dollar amounts in billions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013-2017	2013-2022
Direct student loans	3	1	1	1	1	1	1	1	1	1	2	4	10
Deposit Insurance Fund	-6	2	*	*	2	3	4	5	1	1	*	7	18
Other	6	5	4	-2	1	*	1	1	1	1	2	9	14
Net interest	2	6	5	1	-5	-7	-7	-8	-9	-11	-13	1	-48
Subtotal, technical revisions	-46	*	-5	-9	-18	-22	-26	-34	-41	-47	-44	-54	-245
Total changes since February	71	68	43	-44	-96	-51	-41	-43	-59	-65	-67	-80	-356
MSR deficits in the adjusted baseline	1,197	840	705	705	766	764	752	819	884	946	1,126		
Percent of GDP	7.7%	5.2%	4.1%	3.9%	4.0%	3.8%	3.5%	3.7%	3.8%	3.9%	4.4%		
Memorandum, budget authority for appropriated programs:													
February budget authority	1,195	1,146	1,173	1,199	1,226	1,256	1,287	1,318	1,350	1,383	1,474		
Change in budget authority:													
Defense .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Non-defense	-2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total change in budget authority	-2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
MSR budget authority:	1,193	1,146	1,173	1,199	1,226	1,256	1,287	1,318	1,350	1,383	1,474		

*\$500 million or less.

SUMMARY TABLES

Table S-10. MANDATORY AND RECEIPT PROPOSALS

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013-2017	2013-2022
Temporary Tax Relief and Investments to Create Jobs and Jumpstart Growth:													
Tax initiatives:													
Extend 100-percent first-year depreciation deduction for certain property		39,383	-10,806	-8,077	-5,701	-4,196	-2,751	-1,798	-1,154	-893	-804	10,603	3,203
Provide a temporary 10-percent tax credit for new jobs and wage increases ¹		19,595	736	869	749	668	341	329	294	170	122	22,617	23,873
Provide additional tax credits for investment in qualified property used in a qualified advanced energy manufacturing project		851	1,426	1,206	415	24	-72	-114	-57	-21	-7	3,922	3,651
Provide tax credit for energy-efficient commercial building property expenditures in place of existing tax deduction		400	517	367	232	115	32	-2	-2	-2	-2	1,631	1,655
Reform and extend Build America bonds ¹		2	4	3	4	3	4	4	4	4	6	16	38
Mandatory initiatives:													
Enact Reemployment NOW	400	2,800	800	.....	.....	.....	.....	.....	.....	.....	.....	3,600	3,600
Create a Pathways Back to Work fund	1,250	10,625	625	.....	.....	.....	.....	.....	.....	.....	.....	11,250	11,250
Establish a community college initiative	267	2,400	2,667	2,133	533	.....	.....	.....	.....	.....	.....	7,733	7,733
Provide HomeStar rebates for energy efficient home retrofits		300	1,800	2,100	1,020	600	180	.....	.....	.....	.....	5,820	6,000
Develop a national network of manufacturing innovation institutes		206	131	174	189	139	69	44	28	16	4	839	1,000
Establish advanced vehicles community development challenge		150	450	400	.....	.....	.....	.....	.....	.....	.....	1,000	1,000
Invest in immediate surface transportation priorities	3,880	20,090	12,090	5,250	3,650	1,480	1,560	960	640	320	80	42,560	46,120
Create infrastructure bank	22	107	478	899	1,186	1,487	1,684	1,411	1,183	859	547	4,157	9,841
Provide for teacher stabilization	2,500	22,500	.....	.....	.....	.....	.....	.....	.....	.....	.....	22,500	22,500
Modernize schools	3,000	18,000	6,000	3,000	.....	.....	.....	.....	.....	.....	.....	27,000	27,000
Support first responders	890	2,880	1,230	.....	.....	.....	.....	.....	.....	.....	.....	4,110	4,110
Support VA conservation jobs		50	237	237	238	238	.....	.....	.....	.....	.....	1,000	1,000
Strengthen the teaching profession	250	2,500	2,250	.....	.....	.....	.....	.....	.....	.....	.....	4,750	4,750
Continue temporary SNAP assistance		369	1,351	23	.....	.....	.....	.....	.....	.....	.....	1,743	1,743
Help entrepreneurs and small businesses access capital and grow	1	1	1	.....	.....	.....	.....	.....	.....	.....	.....	2	2
Rehabilitate and repurpose vacant property (neighborhood stabilization)	50	4,650	7,100	3,200	.....	.....	.....	.....	.....	.....	.....	14,950	14,950
Total, temporary tax relief and investments to create jobs and jumpstart growth	12,510	147,859	29,087	11,784	2,515	558	1,047	834	936	453	-54	191,803	195,019

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals		
												2013– 2017	2013– 2022	
Tax Proposals:														
Tax cuts for families and individuals:														
Extend exclusion from income for cancellation of certain home mortgage debt		1,329	1,507	355	.....	.....	.....	.....	.....	.....	.....	.....	3,191	3,191
Extend American opportunity tax credit (AOTC) ¹		670	12,114	12,883	13,961	14,045	15,225	15,542	16,481	17,001	18,260	.....	53,673	136,182
Provide for automatic enrollment in IRAs, including an employer tax credit, and doubling of the tax credit for small employer plan start-up costs ¹	707	1,160	1,243	1,341	1,503	1,719	1,950	2,243	2,622	.....	4,451	14,488
Expand earned income tax credit (EITC) for larger families ¹		72	1,412	1,448	1,475	1,502	1,524	1,555	1,587	1,619	1,649	.....	5,909	13,843
Expand child and dependent care tax credit ¹		252	934	949	956	957	956	950	938	928	916	.....	4,048	8,736
Provide exclusion from income for student loan forgiveness for students after 25 years of income-based or income-contingent repayment
Provide exclusion from income for student loan forgiveness and for certain scholarship amounts for participants in the IHS Health Professions Programs		5	13	13	13	13	13	14	14	14	15	.....	57	127
Total, tax cuts for families and individuals		2,328	16,687	16,808	17,648	17,858	19,221	19,780	20,970	21,805	23,462	.....	71,329	176,567
Incentives for expanding manufacturing and insourcing jobs in America:														
Provide tax incentives for locating jobs and business activity in the United States and remove tax deductions for shipping jobs overseas		10	8	8	8	8	9	10	10	10	11	.....	42	92
Provide new Manufacturing Communities tax credit		19	103	242	394	517	617	702	732	644	456	.....	1,275	4,426
Target the domestic production activities deduction to domestic manufacturing activities and double the deduction for advanced manufacturing activities
Enhance and make permanent the research and experimentation tax credit		10,879	7,676	8,481	9,332	10,202	11,074	11,921	12,754	13,593	14,448	.....	46,570	110,360
Provide a tax credit for the production of advanced technology vehicles		29	181	285	457	676	510	479	182	-314	-311	.....	1,628	2,174
Provide a tax credit for medium- and heavy-duty alternative-fuel commercial vehicles		44	227	261	310	371	389	177	-42	-25	-15	1,213	1,697

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Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013–2017	2013–2022
Extend and modify certain energy incentives ¹		1,359	2,223	846	320	137	50	98	126	139	149	4,885	5,447
Total, incentives for expanding manufacturing and insourcing jobs in America		12,340	10,418	10,123	10,821	11,911	12,649	13,387	13,762	14,047	14,738	55,613	124,196
Tax cuts for small business:													
Eliminate capital gains taxation on investments in small business stock						214	619	1,018	1,525	2,079	2,536	214	7,991
Double the amount of expensed start-up expenditures		328	323	320	318	316	313	308	306	304	303	1,605	3,139
Expand and simplify the tax credit provided to qualified small employers for non-elective contributions to employee health insurance ¹		310	1,205	1,757	1,684	1,463	1,263	1,101	1,012	724	484	6,419	11,003
Total, tax cuts for small business		638	1,528	2,077	2,002	1,993	2,195	2,427	2,843	3,107	3,323	8,238	22,133
Incentives to promote regional growth:													
Extend and modify the New Markets tax credit		86	184	306	397	465	513	528	466	310	129	1,438	3,384
Designate Growth Zones ¹			533	973	931	884	844	138	-453	-425	-369	3,321	3,056
Modify tax-exempt bonds for Indian tribal governments		2	4	8	11	15	19	24	27	31	35	40	176
Allow current refundings of State and local governmental bonds ³		38	100	184	274	370	469	572	675	780	889	966	4,351
Reform and expand the Low-Income Housing tax credit		6	17	35	55	76	98	119	142	165	191	189	904
Total, incentives to promote regional growth		132	838	1,506	1,668	1,810	1,943	1,381	857	861	875	5,954	11,871
Continue certain expiring provisions through calendar year 2013^{1,3}		21,196	9,826	1,022	460	174	95	175	211	297	342	32,678	33,798
Upper-income tax provisions:													
Sunset the Bush tax cuts for those with income in excess of \$250,000 (\$200,000 if single):													
Reinstate the limitation on itemized deductions for upper-income taxpayers		-4,317	-9,016	-9,889	-10,901	-11,926	-12,943	-13,969	-15,018	-16,113	-17,245	-46,049	-121,337
Reinstate the personal exemption phaseout for upper-income taxpayers		-1,500	-3,157	-3,439	-3,717	-4,050	-4,413	-4,779	-5,154	-5,555	-5,983	-15,863	-41,747
Reinstate the 36% and 39.6% rates for upper-income taxpayers		-21,317	-31,739	-34,623	-38,100	-41,573	-45,055	-48,604	-52,297	-56,221	-60,253	-167,352	-429,782
Tax qualified dividends as ordinary income for upper-income taxpayers		-19,451	-8,970	-14,154	-18,892	-21,325	-22,005	-22,515	-23,025	-23,703	-24,476	-82,792	-198,516
Tax net long-term capital gains at a 20% rate for upper-income taxpayers		-6,897	2,999	664	-3,054	-5,348	-5,823	-6,186	-6,530	-6,863	-7,205	-11,636	-44,243

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Subtotal, sunset the Bush tax cuts for those with income in excess of \$250,000 (\$200,000 if single) ⁴	-53,482	-49,883	-61,441	-74,664	-84,222	-90,239	-96,053	-102,024	-108,455	-115,162	-323,692	-835,625	
Reduce the value of certain tax expenditures	-26,320	-42,900	-46,572	-50,897	-55,942	-60,983	-65,352	-69,862	-74,854	-79,995	-222,631	-573,677	
Total, upper-income tax provisions	-79,802	-92,783	-108,013	-125,561	-140,164	-151,222	-161,405	-171,886	-183,309	-195,157	-546,323	-1,409,302	
Modify estate and gift tax provisions:													
Restore the estate, gift and generation-skipping transfer (GST) tax parameters in effect in 2009	-253	-8,479	-9,732	-10,621	-11,623	-12,706	-13,886	-15,104	-16,456	-17,700	-40,708	-116,560	
Require consistency in value for transfer and income tax purposes	-154	-165	-173	-183	-193	-205	-219	-232	-247	-262	-868	-2,033	
Modify rules on valuation discounts	-794	-1,425	-1,521	-1,632	-1,758	-1,900	-2,054	-2,209	-2,380	-2,558	-7,130	-18,231	
Require a minimum term for grantor retained annuity trusts (GRATs)	-41	-85	-144	-207	-275	-349	-429	-514	-605	-713	-752	-3,362	
Limit duration of GST tax exemption													
Coordinate certain income and transfer tax rules applicable to grantor trusts	-23	-31	-39	-50	-65	-82	-106	-134	-171	-216	-208	-917	
Extend the lien on estate tax deferrals provided under section 6166	-5	-9	-13	-16	-17	-18	-19	-20	-21	-22	-60	-160	
Total modify estate and gift tax provisions	-1,270	-10,194	-11,622	-12,709	-13,931	-15,260	-16,713	-18,213	-19,880	-21,471	-49,726	-141,263	
Reform U.S. international tax system:													
Defer deduction of interest expense related to deferred income of foreign subsidiaries	-2,639	-4,500	-4,679	-4,863	-5,059	-5,257	-5,446	-5,644	-2,812	-889	-21,740	-41,788	
Determine the foreign tax credit on a pooling basis	-3,514	-5,993	-6,232	-6,477	-6,738	-7,001	-7,254	-7,517	-7,806	-8,112	-28,954	-66,644	
Tax currently excess returns associated with transfers of intangibles offshore	-1,469	-2,595	-2,523	-2,468	-2,398	-2,356	-2,314	-2,250	-2,169	-2,107	-11,453	-22,649	
Limit shifting of income through intangible property transfers	-30	-67	-95	-124	-154	-185	-217	-252	-289	-330	-470	-1,743	
Disallow the deduction for excess non-taxed reinsurance premiums paid to affiliates	-110	-209	-227	-239	-245	-257	-272	-272	-289	-310	-1,030	-2,430	
Limit earnings stripping by expatriated entities	-222	-382	-401	-421	-442	-464	-487	-512	-537	-564	-1,868	-4,432	
Modify tax rules for dual capacity taxpayers	-514	-883	-933	-988	-1,044	-1,101	-1,154	-1,207	-1,261	-1,296	-4,362	-10,381	
Tax gain from the sale of a partnership interest on look-through basis	-158	-218	-229	-240	-252	-265	-278	-292	-307	-322	-1,097	-2,561	
Prevent use of leveraged distributions from related foreign corporations to avoid dividend treatment	-280	-296	-307	-320	-332	-345	-358	-371	-385	-400	-1,535	-3,394	

SUMMARY TABLES

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Extend section 338(h)(16) to certain asset acquisitions		-60	-100	-100	-100	-100	-100	-100	-100	-100	-100	-460	-960
Remove foreign taxes from a section 902 corporation's foreign tax pool when earnings are eliminated		-10	-20	-27	-36	-46	-50	-50	-50	-50	-50	-139	-389
Total reform U.S. international tax system		-9,006	-15,263	-15,753	-16,276	-16,810	-17,381	-17,930	-18,467	-16,005	-14,480	-73,108	-157,371
Reform treatment of financial and insurance industry institutions and products:													
Require accrual of income on forward sale of corporate stock		-4	-11	-18	-26	-34	-38	-40	-42	-44	-46	-93	-303
Require ordinary treatment of income from day-to-day dealer activities for certain dealers of equity options and commodities		-152	-240	-254	-270	-286	-303	-321	-341	-361	-383	-1,202	-2,911
Modify rules that apply to sales of life insurance contracts		-11	-36	-44	-55	-68	-80	-94	-110	-127	-148	-214	-773
Modify proration rules for life insurance company general and separate accounts		-463	-798	-776	-781	-799	-803	-798	-757	-736	-711	-3,617	-7,422
Expand pro rata interest expense disallowance for corporate- owned life insurance (COLI)		-20	-65	-167	-252	-399	-601	-831	-1,180	-1,579	-1,996	-903	-7,090
Total reform treatment of financial and insurance industry institutions and products		-650	-1,150	-1,259	-1,384	-1,586	-1,825	-2,084	-2,430	-2,847	-3,284	-6,029	-18,499
Eliminate fossil fuel tax preferences:													
Eliminate oil and gas preferences:													
Repeal enhanced oil recovery credit ⁵													
Repeal credit for oil and gas produced from marginal wells ⁶													
Repeal expensing of intangible drilling costs		-1,667	-2,305	-1,807	-1,715	-1,405	-948	-636	-428	-311	-255	-8,899	-11,477
Repeal deduction for tertiary injectants . . .		-7	-11	-11	-11	-11	-10	-10	-10	-10	-10	-51	-101
Repeal exception to passive loss limitations for working interests in oil and natural gas properties		-9	-11	-10	-9	-8	-8	-7	-7	-7	-6	-47	-82
Repeal percentage depletion for oil and natural gas wells		-637	-1,110	-1,187	-1,241	-1,282	-1,319	-1,347	-1,370	-1,391	-1,422	-5,457	-12,306
Increase geological and geophysical amortization period for independent producers to seven years		-61	-222	-336	-305	-220	-139	-59	-5	7	2	-1,144	-1,338
Subtotal, eliminate oil and gas preferences		-2,381	-3,659	-3,351	-3,281	-2,926	-2,424	-2,059	-1,820	-1,712	-1,691	-15,598	-25,304

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013- 2017	2013- 2022
Eliminate coal preferences:													
Repeal expensing of exploration and development costs		-26	-44	-46	-48	-50	-50	-48	-46	-43	-39	-214	-440
Repeal percentage depletion for hard mineral fossil fuels		-154	-158	-164	-165	-167	-172	-178	-185	-192	-202	-808	-1,737
Repeal capital gains treatment for royalties		-11	-25	-31	-38	-43	-47	-51	-55	-58	-63	-148	-422
Subtotal, eliminate coal preferences		-191	-227	-241	-251	-260	-269	-277	-286	-293	-304	-1,170	-2,599
Total eliminate fossil fuel tax preferences ⁶		-2,572	-3,886	-3,592	-3,532	-3,186	-2,693	-2,336	-2,106	-2,005	-1,995	-16,768	-27,903
Other revenue changes and loophole closers:													
Increase Oil Spill Liability Trust Fund financing rate by one cent and update the law to include other sources of crudes ³		-54	-73	-73	-72	-74	-74	-73	-71	-70	-70	-346	-704
Reinstate Superfund taxes		-1,432	-2,068	-2,019	-1,932	-2,083	-2,159	-2,209	-2,223	-2,233	-2,293	-9,534	-20,651
Make unemployment insurance surtax permanent ³		-1,010	-1,416	-1,448	-1,482	-1,517	-1,549	-1,574	-1,598	-1,621	-1,646	-6,873	-14,861
Repeal LIFO method of accounting for inventories			-9,382	-8,464	-8,344	-8,399	-9,050	-8,547	-8,216	-8,577	-8,216	-34,589	-77,195
Repeal lower-of-cost-or-market inventory accounting method			-6,199	-2,455	-1,517	-1,531	-303	-317	-331	-347	-363	-11,702	-13,363
Eliminate special depreciation rules for purchases of general aviation passenger aircraft		-46	-148	-227	-257	-302	-320	-236	-141	-109	-106	-980	-1,892
Repeal gain limitation for dividends received in reorganization exchanges		-96	-163	-168	-173	-178	-183	-189	-194	-200	-206	-778	-1,750
Tax carried (profits) interests as ordinary income		-1,286	-1,932	-1,913	-1,698	-1,421	-1,158	-1,097	-1,162	-1,008	-762	-8,250	-13,437
Expand the definition of built-in loss for purposes of partnership loss transfers		-2	-6	-6	-7	-7	-7	-7	-8	-8	-8	-28	-66
Extend partnership basis limitation rules to nondeductible expenditures		-6	-67	-74	-83	-89	-94	-97	-100	-105	-111	-319	-826
Limit the importation of losses under section 267(d)		-5	-63	-69	-77	-82	-87	-90	-94	-97	-103	-296	-767
Deny deduction for punitive damages			-24	-35	-35	-36	-36	-37	-37	-39	-40	-130	-319
Eliminate the deduction for contributions of conservation easements on golf courses		-37	-51	-53	-55	-59	-61	-64	-68	-71	-74	-255	-593
Total, other revenue changes and loophole closers		-3,974	-21,592	-17,004	-15,732	-15,778	-15,081	-14,537	-14,243	-14,485	-13,998	-74,080	-146,424

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Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Reduce the tax gap and make reforms:													
Expand information reporting:													
Require information reporting for private separate accounts of life insurance companies			-1	-1	-1	-1	-1	-1	-1	-1	-2	-4	-10
Require a certified Taxpayer Identification Number (TIN) from contractors and allow certain withholding		-53	-90	-123	-129	-135	-141	-147	-154	-161	-168	-530	-1,301
Improve compliance by businesses:													
Require greater electronic filing of returns													
Authorize the Department of the Treasury to require additional information to be included in electronically filed Form 5500 Annual Reports													
Implement standards clarifying when employee leasing companies can be held liable for their clients' Federal employment taxes		-4	-5	-6	-6	-6	-7	-7	-8	-8	-8	-27	-65
Increase certainty with respect to worker classification		-65	-322	-635	-776	-864	-956	-1,052	-1,152	-1,256	-1,366	-2,662	-8,444
Repeal special estimated tax payment provision for certain insurance companies													
Strengthen tax administration:													
Streamline audit and adjustment procedures for large partnerships		-50	-221	-105	-128	-161	-192	-210	-214	-216	-217	-665	-1,714
Revise offer-in-compromise application rules		-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
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	-1	-3	-8
Extend statute of limitations where State adjustment affects Federal tax liability					-1	-4	-4	-4	-4	-4	-4	-5	-25
Improve investigative disclosure statute ...					-1	-1	-1	-1	-2	-2	-2	-2	-10
Require taxpayers who prepare their returns electronically but file their returns on paper to print their returns with a 2-D bar code													

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013–2017	2013–2022
Allow the IRS to absorb credit and debit card processing fees for certain tax payments		-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-8	-18
Improve and make permanent the provision authorizing the IRS to disclose certain return information to certain prison officials													
Extend IRS math error authority in certain circumstances ¹		-7	-16	-17	-16	-17	-18	-19	-19	-21	-21	-73	-171
Impose a penalty on failure to comply with electronic filing requirements					-1	-1	-1	-1	-2	-2	-2	-2	-10
Total, reduce the tax gap and make reforms		-181	-657	-891	-1,064	-1,195	-1,326	-1,447	-1,562	-1,677	-1,796	-3,988	-11,796
Simplify the tax system:													
Simplify the rules for claiming the EITC for workers without qualifying children ¹		36	486	497	506	514	522	532	542	552	563	2,039	4,750
Eliminate minimum required distribution (MRD) requirements for IRA/plan balances of \$75,000 or less		5	8	13	19	27	36	46	58	72	86	72	370
Allow all inherited plan and IRA accounts to be rolled over within 60 days													
Clarify exception to recapture of unrecognized gain on sale of stock to an ESOP													
Repeal non-qualified preferred stock designation		-30	-49	-49	-48	-45	-42	-37	-33	-29	-26	-221	-388
Repeal preferential dividend rule for publicly offered REITs													
Reform excise tax based on investment income of private foundations		4	4	5	5	5	5	6	6	7	7	23	54
Remove bonding requirements for certain taxpayers subject to Federal excise taxes on distilled spirits, wine, and beer													
Simplify arbitrage investment restrictions		2	10	18	28	38	46	58	68	76	87	96	431
Simplify single-family housing mortgage bond targeting requirements					1	1	1	3	3	3	3	2	15
Streamline private business limits on governmental bonds		1	3	5	7	9	11	13	15	17	19	25	100
Total, simplify the tax system		18	462	489	518	549	579	621	659	698	739	2,036	5,332
Trade initiatives:													
Establish Reconstruction Opportunity Zones ³		1	5	8	13	19	25	32	36	41	43	46	223

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Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals		
												2013– 2017	2013– 2022	
Other initiatives:														
Authorize the limited sharing of business tax return information to improve the accuracy of important measures of our economy														
Eliminate certain reviews conducted by the U.S. Treasury Inspector General for Tax Administration (TIGTA)														
Modify indexing to prevent deflationary adjustments														
Total, other initiatives														
Total, tax proposals	-60,802	-105,761	-126,101	-143,128	-158,336	-168,081	-178,649	-189,569	-199,352	-208,659	-594,128	-1,538,438		
Mandatory Initiatives and Savings:														
Invest in surface transportation:														
Reauthorize surface transportation for six years (outlays from Transportation Trust Fund)		267	3,763	8,646	13,437	18,492	24,063	22,478	15,099	10,645	8,038	44,605	124,928	
<i>Invest in immediate surface transportation priorities (non-add; shown above under "Temporary tax relief and investments to create jobs and jumpstart growth")</i>	<i>3,880</i>	<i>20,090</i>	<i>12,090</i>	<i>5,250</i>	<i>3,650</i>	<i>1,480</i>	<i>1,560</i>	<i>960</i>	<i>640</i>	<i>320</i>	<i>80</i>	<i>42,560</i>	<i>46,120</i>	
Health and other mandatory proposals:														
Agriculture:														
Reduce agriculture subsidies		291	-3,560	-2,729	-1,536	-1,788	-3,079	-4,445	-4,607	-4,496	-4,340	-9,322	-30,289	
Better target conservation spending		-46	-106	-159	-222	-222	-227	-221	-216	-211	-211	-755	-1,841	
Permanently reauthorize stewardship contracting		-8	-4	2	2	2	2	1	1	1	1	-6		
Enact Natural Resources Conservation Service (NRCS) fee		-22	-22	-22	-22	-22	-22	-22	-22	-22	-22	-110	-220	
Enact Animal Plant and Health Inspection Service (APHIS) fee		-20	-27	-27	-28	-29	-30	-31	-32	-33	-34	-131	-291	
Enact Food Safety and Inspection Service (FSIS) fee		-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-65	-130	
Enact Grain Inspection, Packers, and Stockyards Administration (GIPSA) fees		-27	-27	-27	-27	-27	-27	-27	-27	-27	-27	-135	-270	
Impose biobased labeling fee		-1										-1	-1	
Extend funding for Secure Rural Schools ...			198	151	93	59	9					501	510	
Outyear mandatory effects of discretionary changes to the Conservation Stewardship Program			-1	-14	-13	-13	-14	-14	-14	-14	-14	-41	-111	
Total, Agriculture		154	-3,562	-2,838	-1,766	-2,053	-3,401	-4,772	-4,930	-4,815	-4,660	-10,065	-32,643	

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Education:													
Provide mandatory appropriation to sustain recent Pell Grant increases			1,055	4,372	4,194	58	183	675	703	724	746	9,679	12,710
Reform and expand Perkins loan program		-644	-1,768	-1,395	-1,113	-900	-727	-640	-594	-554	-515	-5,820	-8,850
Adjust guaranty agency loan rehabilitation compensation		-3,390										-3,390	-3,390
Overhaul TEACH Grants and replace with Presidential Teaching Fellows ...			105	152	156	150	137	-2	-61	-77	-86	563	474
Eliminate in-school interest subsidies for current undergraduates after 150 percent of program length		-80	-159	-180	-51							-470	-470
Establish career academies		10	110	270	350	200	60					940	1,000
Outyear mandatory effects of discretionary changes to the Vocational Rehabilitation State Grants program			-40	-61	-66	-67	-70	-70	-72	-73	-75	-234	-594
Total, Education		-4,104	-697	3,158	3,470	-559	-417	-37	-24	20	70	1,268	880
Energy:													
Reauthorize special assessment from domestic nuclear utilities ²		-200	-204	-208	-212	-217	-221	-226	-231	-235	-240	-1,041	-2,194
Repeal ultra-deepwater oil and gas research and development program ...		-20	-40	-30	-10							-100	-100
Total, Energy		-220	-244	-238	-222	-217	-221	-226	-231	-235	-240	-1,141	-2,294
Health and Human Services (HHS):													
Health proposals:													
Medicare providers:													
Bad debts:													
Reduce Medicare coverage of patients' bad debts		-310	-1,020	-1,910	-2,410	-2,620	-2,810	-2,990	-3,190	-3,410	-3,640	-8,270	-24,310
Graduate medical education:													
Align graduate medical education payments with patient care costs			-860	-960	-980	-1,010	-1,050	-1,110	-1,180	-1,260	-1,340	-3,810	-9,750
Better align payments to rural providers with the cost of care:													
Reduce Critical Access Hospital (CAH) payments from 101% of reasonable costs to 100% of reasonable costs		-70	-120	-120	-130	-130	-140	-150	-170	-180	-190	-570	-1,400

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Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Prohibit CAH designation for facilities that are less than 10 miles from the nearest hospital			-50	-60	-70	-70	-70	-80	-80	-90	-90	-250	-660
Cut waste, fraud, and improper payments in Medicare:													
Reduce fraud, waste, and abuse in Medicare		-10	-20	-20	-30	-50	-50	-60	-70	-70	-70	-130	-450
Dedicate penalties for failure to use electronic health records toward deficit reduction									-170	-190	-200		-560
Update Medicare payments to more appropriately account for utilization of advanced imaging		-40	-60	-70	-80	-80	-80	-90	-90	-100	-110	-330	-800
Require prior authorization for advanced imaging													
Drug rebates:													
Align Medicare drug payment policies with Medicaid policies for low-income beneficiaries ...		-3,516	-8,588	-9,376	-10,327	-11,759	-13,482	-14,725	-16,501	-18,583	-20,272	-43,566	-127,129
Encourage efficient post-acute care:													
Adjust payment updates for certain post-acute care providers		-30	-890	-2,030	-3,360	-4,780	-6,380	-8,330	-10,490	-12,920	-15,590	-11,090	-64,800
Equalize payments for certain conditions commonly treated in Inpatient Rehabilitation Facilities and Skilled Nursing Facilities (SNFs)		-180	-220	-230	-240	-250	-260	-280	-290	-310	-330	-1,120	-2,590
Encourage appropriate use of inpatient rehabilitation hospitals		-180	-220	-220	-230	-240	-250	-260	-260	-270	-290	-1,090	-2,420
Adjust SNF payments to reduce hospital readmissions					-230	-280	-300	-330	-350	-380	-420	-510	-2,290
Total, Medicare providers		-4,336	-12,048	-14,996	-18,087	-21,269	-24,872	-28,405	-32,841	-37,763	-42,542	-70,736	-237,159
Medicare structural reforms:													
Increase income-related premiums under Medicare Parts B and D ..						-1,500	-2,330	-2,790	-5,437	-7,433	-9,260	-1,500	-28,750
Modify Part B deductible for new enrollees						-50	-50	-230	-320	-700	-820	-50	-2,170
Introduce home health co-payments for new beneficiaries						-20	-30	-50	-80	-110	-140	-20	-430
Introduce a Part B premium surcharge for beneficiaries that purchase near first-dollar medigap coverage						-80	-210	-340	-490	-640	-800	-80	-2,560

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals		
												2013– 2017	2013– 2022	
Strengthen the Independent Payment Advisory Board (IPAB) to reduce long-term drivers of Medicare cost growth												-1,193		-1,193
Total, Medicare structural reforms						-1,650	-2,620	-3,410	-6,327	-8,883	-12,213	-1,650		-35,103
Interactions		38	53	20	47	91	834	2,185	2,643	2,915	3,505	249		12,331
Medicaid and other:														
Enact Medicaid reforms		319	549	-2,156	-3,191	-7,456	-7,351	-7,581	-7,201	-7,741	-8,187	-11,936		-49,997
Pharmaceutical savings:														
Prohibit brand and generic drug companies from delaying the availability of new generic drugs and biologics		-714	-792	-858	-938	-1,007	-1,085	-1,182	-1,276	-1,376	-1,495	-4,309		-10,723
Modify length of exclusivity to facilitate faster development of generic biologics				-156	-354	-415	-483	-622	-672	-702	-742	-925		-4,146
Total, pharmaceutical savings ...		-714	-792	-1,014	-1,292	-1,422	-1,568	-1,804	-1,948	-2,078	-2,237	-5,234		-14,869
Accelerate the issuance of state innovation waivers														
Total, Medicaid and other		-395	-243	-3,170	-4,483	-8,878	-8,919	-9,385	-9,149	-9,819	-10,424	-17,170		-64,866
Provide administrative expenses for implementation		100	250	50									400	400
Total, HHS health proposals		-4,593	-11,988	-18,096	-22,523	-31,706	-35,577	-39,015	-45,674	-53,550	-61,674	-88,907		-324,397
Extend the child welfare study	1	3	5	6	6	6	6	6	6	6	6	26		56
Strengthen and expand child care access ...		409	634	731	748	750	750	750	750	750	750	3,272		7,022
Improve permanency and safety and child welfare		220	243	248	250	250	250	250	250	250	250	1,211		2,461
Modernize child support		7	9	182	224	271	283	336	378	380	236	693		2,306
Supplemental Security Income (SSI) effects				-1	-2	-2	-3	-3	-4	-4	-4	-5		-23
SNAP effects				-21	-32	-43	-54	-65	-76	-76	-76	-96		-443
Medicaid effects				10	10	10	10	10	10	10	10	30		80
Foster care effects		2	36	36	35	34	34	33	32	31	30	143		303
Make TANF supplemental grant funding permanent and reduce the annual amount available in the TANF contingency fund														
Total, HHS	1	-3,952	-11,061	-16,905	-21,284	-30,430	-34,301	-37,698	-44,328	-52,203	-60,472	-83,633		-312,635

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Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Homeland Security:													
Reform the aviation passenger security user fee to more accurately reflect the costs of aviation security		-200	-1,139	-1,410	-1,675	-1,950	-2,235	-2,279	-2,324	-2,370	-2,417	-6,374	-17,999
Housing and Urban Development:													
Provide funding for the Affordable Housing Trust Fund		10	140	290	230	190	100	20	20	.....	.....	860	1,000
Interior:													
Extend the Palau Compact of Free Association	29	34	27	24	22	20	14	13	12	11	10	127	187
Reform hardrock mining on public lands ... ..	.....	.....	-2	-4	-5	-5	-6	-6	-11	-17	-24	-16	-80
Establish an AML hardrock reclamation fund ² .....	.....	.....	-200	-150	-100	-50	.....	.....	.....	.....	.....	-500	-500
Make permanent net receipts sharing for energy minerals .....	.....	.....	-44	-46	-47	-47	-49	-50	-52	-56	-58	-184	-449
Repeal geothermal payment to counties .....	.....	-4	-4	-5	-5	-5	-5	-5	-5	-6	-6	-23	-50
Repeal oil and gas fee prohibition and mandatory permit funds .....	.....	.....	-18	-18	.....	.....	.....	.....	.....	.....	.....	-36	-36
Impose a fee on nonproducing oil and gas leases .....	.....	-13	-29	-42	-55	-67	-82	-99	-115	-132	-149	-206	-783
Reauthorize the Federal Land Transaction Facilitation Act of 2000 (FLTFA) .....	.....	-3	-5	-8	-9	-3	.....	.....	.....	.....	.....	-28	-28
Increase duck stamp fees ² .....	.....	-4	.....	.....	.....	.....	.....	.....	.....	.....	.....	-4	-4
Total, Interior	29	10	-275	-249	-199	-157	-128	-147	-171	-200	-227	-870	-1,743
Justice:													
Provide incentives for State medical malpractice reform .....	.....	100	50	50	50	.....	.....	.....	.....	.....	.....	250	250
Labor:													
Establish a universal dislocated workers program ⁷ .....	.....	.....	4,945	4,685	4,036	3,697	3,557	3,644	3,793	3,967	4,143	17,363	36,467
Strengthen unemployment insurance system solvency ^{2,3,6}	1,106	3,245	2,713	-6,914	-9,696	-5,687	-7,323	-6,599	-8,623	-5,254	-5,494	-16,339	-49,632
Reform the Federal Employees' Compensation Act (FECA) .....	.....	-10	-13	-23	-33	-43	-54	-65	-76	-87	-99	-122	-503
Implement unemployment insurance administration cap adjustment ^{2,3} .....	.....	-21	-54	-74	-92	-103	-21	-100	-52	-257	-93	-344	-867
Enact foreign labor certification fees .....	.....	1	1	1	1	1	1	1	1	1	1	5	10
Total, Labor	1,106	3,215	7,592	-2,325	-5,784	-2,135	-3,840	-3,119	-4,957	-1,630	-1,542	563	-14,525
Transportation:													
Establish a mandatory surcharge for air traffic services ^{2,3} .....	.....	-644	-661	-688	-713	-738	-760	-776	-791	-806	-821	-3,444	-7,398

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Restructure funding for Essential Air Service Program		30	50	50	50	50	50	50	50	50	50	230	480
Total, Transportation		-614	-611	-638	-663	-688	-710	-726	-741	-756	-771	-3,214	-6,918
Treasury:													
Impose a financial crisis responsibility fee ²			-3,224	-6,404	-6,441	-6,708	-6,975	-7,237	-7,576	-7,910	-8,266	-22,777	-60,741
Implement IRS program integrity cap adjustment ²		-421	-1,123	-2,251	-3,455	-4,694	-5,585	-6,200	-6,483	-6,661	-6,779	-11,944	-43,652
Restructure assistance to New York City, provide tax incentives for transportation infrastructure ²		200	200	200	200	200	200	200	200	200	200	1,000	2,000
Authorize the Bureau of Engraving and Printing (BEP) to conduct a coupon program to distribute electronic currency readers ²		-53	-12	-12	-12	-13	-13	-13	-14	-14	-14	-102	-170
Increase levy authority for payments to Medicare providers with delinquent tax debt ²		-50	-66	-68	-70	-72	-74	-76	-77	-78	-80	-326	-711
Authorize Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery			-2	-2	-2	-2	-2	-2	-2	-2	-2	-8	-18
Provide authority to contact delinquent debtors via their cell phones		-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-60	-120
Allow offset of Federal income tax refunds to collect delinquent State income taxes for out-of-state residents													
Total, Treasury		-336	-4,239	-8,549	-9,792	-11,301	-12,461	-13,340	-13,964	-14,477	-14,953	-34,217	-103,412
Veterans Affairs:													
Extend rounding down of cost of living adjustments (compensation)			-29	-68	-104	-155	-201	-241	-294	-329	-374	-356	-1,795
Extend rounding down of cost of living adjustments (education)			-4	-4	-4	-4	-4					-16	-20
Allow occupancy by a dependent child to satisfy VA home loans occupancy requirement		1	1	1	1	1	1	1	1	1	1	5	10
Allow for government furnished headstones ⁹													
Expand work study activities ¹⁰													
Increase cap on vocational rehabilitation contract counseling		1	1	1	1	1	1	1	1	1	1	5	10
Exclude temporary residence adaptation grants from Specially Adapted Housing (SAH) grants ¹¹													
Replace the SAH program's grant limit ¹²								1	1	1	1		4

SUMMARY TABLES

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Amend visual impairment standard for SAH grant		3	3	3	1	1	1	1	1	1	1	11	16
Restore eligibility for housing adaptation		6	6	6	6	7	7	7	8	8	9	31	70
Provide SAH grants to veterans living with family		6	6	6	7	7	7	8	8	9	9	32	73
Extend supplemental service disabled veterans insurance coverage ¹³													
Expand eligibility for veterans medallion for headstones ¹⁴													
Total, Veterans Affairs		17	-16	-55	-92	-142	-188	-222	-274	-308	-352	-288	-1,632
Corps of Engineers:													
Reform inland waterways funding ^{2,3}		-82	-113	-113	-113	-113	-113	-113	-113	-113	-114	-534	-1,100
Other Defense—Civil Programs:													
Increase TRICARE pharmacy benefit copayments		-256	-335	-542	-678	-936	-1,131	-1,335	-1,575	-1,865	-1,993	-2,747	-10,646
Increase TRICARE pharmacy benefit copayments (accrual effect)		979	1,012	1,069	1,130	1,195	1,264	1,336	1,413	1,495	1,581	5,385	12,474
Increase annual premiums for TRICARE-For-Life (TFL) enrollment		-141	-287	-436	-586	-627	-672	-716	-764	-816	-872	-2,077	-5,917
Increase annual premiums for TFL (accrual effect)		404	416	439	463	490	518	548	579	613	648	2,212	5,118
Provide additional accrual payments to the Medicare-Eligible Retiree Health Care Fund		-271										-271	-271
Total, Other Defense—Civil Programs		715	806	530	329	122	-21	-167	-347	-573	-636	2,502	758
Environmental Protection Agency:													
Enact Pesticide Registration and Premanufacture Notice Fees		-77	-88	-95	-97	-101	-104	-107	-110	-114	-116	-458	-1,009
Establish Hazardous Waste Electronic Manifest System				-6	-4	-3	-3	-3	-3	-3	-3	-13	-28
Total, Environmental Protection Agency		-77	-88	-101	-101	-104	-107	-110	-113	-117	-119	-471	-1,037
Office of Personnel Management:													
Increase employee contributions to the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) ²		-865	-1,656	-2,397	-2,347	-2,300	-2,252	-2,194	-2,132	-2,068	-1,995	-9,565	-20,206
Eliminate the FERS Supplement for new employees (accrual effects)		2	8	12	18	21	26	30	33	35	38	61	223
Streamline Federal Employees Health Benefits Program pharmacy benefit contracting (health proposal)			-101	-196	-211	-227	-244	-264	-284	-307	-333	-735	-2,167

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013– 2017	2013– 2022
Total, Office of Personnel Management		-863	-1,749	-2,581	-2,540	-2,506	-2,470	-2,428	-2,383	-2,340	-2,290	-10,239	-22,150
Social Security Administration (SSA):													
Improve collection of pension information from States and localities		13	20	17	-211	-456	-593	-626	-566	-529	-481	-617	-3,412
Enact Disability Insurance Work Incentives Simplification Pilot		5	10	15	22	25	13					77	90
Establish Workers Compensation Information Reporting		5	5									10	10
Enact SSA quarterly wage reporting		20	30	90								140	140
Extend SSI time limits for qualified refugees		41	43									84	84
Medicaid effects		11	11									22	22
SNAP effects		-7	-7									-14	-14
Lower electronic wage reporting threshold to 100 employees ¹⁵													
Conform treatment of state and local government EITC and CTC for SSI ¹⁴													
Terminate stepchild benefits in the same month as step-parent ¹⁶													
Total, SSA		88	112	122	-189	-431	-580	-626	-566	-529	-481	-298	-3,080
Other Independent Agencies:													
Civilian Property Realignment Board:													
Dispose of unneeded real property		-140	-260	-380	-990	-130	-100	-120	-120	-120	-120	-1,900	-2,480
Postal Service:													
Enact Postal Service financial relief and reform:													
PAYGO impact	1,551	3,114	-3,033	-4,055	-4,072	-4,088	-4,088	-4,088	-4,088	-4,088	-4,088	-12,134	-32,574
Non-scorable impact	-1,696	-656	3,777	5,863	7,690	5,692	7,302	3,933	3,933	3,933	3,933	22,366	45,400
Railroad Retirement Board (RRB):													
Allow the electronic certification of certain RRB benefits													
Total, other independent agencies	-145	2,318	484	1,428	2,628	1,474	3,114	-275	-275	-275	-275	8,332	10,346
Multi-Agency:													
Enact Spectrum License User Fee and allow the FCC to auction predominantly domestic satellite services	-50	-225	-325	-425	-550	-550	-550	-550	-550	-550	-550	-2,075	-4,825
Adjust payment timing											-45,200		-45,200

SUMMARY TABLES

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals		
												2013–2017	2013–2022	
Establish hold harmless for Federal poverty guidelines														
Total, multi-agency	-50	-225	-325	-425	-550	-550	-550	-550	-550	-550	-45,750	-2,075	-50,025	
Total, health and other mandatory proposals	941	-4,046	-14,935	-30,849	-38,263	-51,550	-58,529	-66,815	-76,271	-81,471	-135,229	-139,644	-557,959	
Total, mandatory initiatives and savings ...	941	-3,779	-11,172	-22,203	-24,826	-33,058	-34,466	-44,337	-61,172	-70,826	-127,191	-95,039	-433,031	
Total, mandatory and receipt proposals, including measures for jobs growth	13,451	83,278	-87,846	-136,520	-165,439	-190,836	-201,500	-222,152	-249,805	-269,725	-335,904	-497,364	-1,776,450	

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.

¹ The estimates for this proposal include effects on outlays. The outlay effects included in the totals above are as follows:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013–2017	2013–2022
Provide a temporary 10-percent tax credit for new jobs and wage increases		615										615	615
Reform and extend Build America Bonds		567	1,519	2,739	4,070	5,499	7,012	8,588	10,216	11,904	13,859	14,394	65,973
Extend AOTC			5,402	5,970	6,415	6,451	6,887	7,006	7,467	7,618	8,158	24,238	61,374
Provide for automatic enrollment in IRAs, including an employer tax credit, and doubling of the tax credit for small employer plan start-up costs			134	205	212	218	220	223	231	235	238	769	1,916
Expand EITC for larger families		70	1,405	1,441	1,469	1,496	1,518	1,549	1,581	1,614	1,644	5,881	13,787
Expand child and dependent care tax credit ..			304	319	331	340	351	361	368	376	383	1,294	3,133
Extend and modify certain energy incentives		1,576	977	309	113	72						3,047	3,047
Expand and simplify the tax credit provided to qualified small employers for non-elective contributions to employee health insurance		15	85	123	118	103	88	77	71	50	34	444	764
Designate Growth Zones			23	24	27	27	29					101	130
Continue certain expiring provisions through calendar year 2013		534	596									1,130	1,130
Extend IRS math error authority in certain circumstances		-3	-7	-7	-7	-7	-8	-8	-8	-9	-9	-31	-73
Simplify the rules for claiming the EITC for workers without qualifying children		21	427	437	445	452	459	468	477	486	495	1,782	4,167
Total, outlay effects of receipt proposals ...		3,395	10,865	11,560	13,193	14,651	16,556	18,264	20,403	22,274	24,802	53,664	155,963

² The estimates for this proposal include effects on governmental receipts. The receipt effects included in the totals above are as follows:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013–2017	2013–2022
Reauthorize special assessment from domestic nuclear utilities		-200	-204	-208	-212	-217	-221	-226	-231	-235	-240	-1,041	-2,194
Establish an AML hardrock reclamation fund			-200	-200	-200	-200	-200	-200	-200	-200	-200	-800	-1,800
Increase duck stamp fees		-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-70	-140

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013–2017	2013–2022
Strengthen unemployment insurance system solvency		2,461	2,714	-6,913	-9,696	-5,687	-7,324	-6,599	-8,622	-5,255	-5,494	-17,121	-50,415
Implement unemployment insurance administration cap adjustment				3	8	16	114	41	95	-104	67	27	240
Establish a mandatory surcharge for air traffic services		-644	-661	-688	-713	-738	-760	-776	-791	-806	-821	-3,444	-7,398
Impose a financial crisis responsibility fee			-3,224	-6,404	-6,441	-6,708	-6,975	-7,237	-7,576	-7,910	-8,266	-22,777	-60,741
Implement IRS program integrity cap adjustment		-421	-1,123	-2,251	-3,455	-4,694	-5,585	-6,200	-6,483	-6,661	-6,779	-11,944	-43,652
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
Authorize the BEP to conduct a coupon program to distribute electronic currency readers		-53	-12	-12	-12	-13	-13	-13	-14	-14	-14	-102	-170
Increase levy authority for payments to Medicare providers with delinquent tax debt		-50	-66	-68	-70	-72	-74	-76	-77	-78	-80	-326	-711
Reform inland waterways funding		-82	-113	-113	-113	-113	-113	-113	-113	-113	-114	-534	-1,100
Increase employee contributions to CSRS and FERS		-865	-1,656	-2,397	-2,347	-2,300	-2,252	-2,194	-2,132	-2,068	-1,995	-9,565	-20,206
Total receipt effects of mandatory proposals		332	-4,359	-19,065	-23,065	-20,540	-23,217	-23,407	-25,958	-23,258	-23,750	-66,697	-186,287

³ Net of income offsets.

⁴ The Administration also proposes to restore the estate, gift and GST tax parameters in effect in 2009. The total effect on receipts of allowing the Bush tax cuts to expire for high-income taxpayers is as follows:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013–2017	2013–2022
Sunset the Bush tax cuts for those with income in excess of \$250,000 (\$200,000 if single)	-53,482	-49,883	-61,441	-74,664	-84,222	-90,239	-96,053	-102,024	-108,455	-115,162	-123,692	-323,692	-835,625
Restore the estate, gift and GST tax parameters in effect in 2009	-253	-8,479	-9,732	-10,621	-11,623	-12,706	-13,886	-15,104	-16,456	-17,700	-19,000	-40,708	-116,560
Total, effect on receipts of allowing the Bush tax cuts to expire for high-income taxpayers	-53,735	-58,362	-71,173	-85,285	-95,845	-102,945	-109,939	-117,128	-124,911	-132,862	-142,692	-364,400	-952,185

⁵ The proposal is estimated to have zero receipt effect under the Administration's current economic projections.

⁶ The Administration also proposes to repeal the domestic manufacturing deduction for oil and gas and other fossil fuel production. The effects of repeal on receipts, which are included in the estimates of the Administration's proposal to target the domestic production activities deduction, are as follows:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013–2017	2013–2022
Repeal domestic manufacturing tax deduction for oil and gas production		-569	-978	-1,033	-1,094	-1,157	-1,220	-1,279	-1,337	-1,397	-1,459	-4,831	-11,523

SUMMARY TABLES

Table S-10. MANDATORY AND RECEIPT PROPOSALS—Continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013–2017	2013–2022
Repeal domestic manufacturing tax deduction for coal and other hard mineral fossil fuels		-12	-21	-23	-24	-25	-26	-28	-29	-30	-32	-105	-250
Total, effect on receipts of repealing the domestic manufacturing tax deduction for oil and gas and other fossil fuels ...		-581	-999	-1,056	-1,118	-1,182	-1,246	-1,307	-1,366	-1,427	-1,491	-4,936	-11,773

⁷ This proposal would also result in discretionary savings of \$7.7 billion over 10 years.

⁸ Totals include the effects of interest on unemployment insurance loans to States.

⁹ This proposal has outlays of less than \$500,000 per year. The total cost over 2013–2022 is \$1 million.

¹⁰ This proposal has outlays of less than \$500,000 per year. The total cost is \$1 million from 2013–2017 and \$2 million from 2013–2022.

¹¹ This proposal has outlays of less than \$500,000 per year. The total cost is \$1 million from 2013–2017 and \$3 million from 2013–2022.

¹² This proposal has outlays less than \$500,000 per year in years 2013–2018. The total cost is \$2 million from 2013–2017.

¹³ This proposal has outlays of less than \$500,000 per year. The total cost is \$1 million over 2013–2017 and \$3 million over 2013–2022.

¹⁴ This proposal has outlays of less than \$500,000 per year. The total cost over 2013–2022 is also less than \$500,000.

¹⁵ This proposal has no estimated costs.

¹⁶ This proposal has outlays of less than \$500,000 per year. The total savings are \$1 million over 2013–2017 and \$4 million over 2013–2022.

Table S-11. OUTLAYS FOR MANDATORY PROGRAMS UNDER CURRENT LAW^{1,2}

(In billions of dollars)

	2011 Actual	Estimate					
		2012	2013	2014	2015	2016	2017
Human resources programs:							
Education, training, employment and social services	-15	-2	1	-1	-4	-1	4
Health	310	300	320	412	474	522	553
Medicare	480	469	500	526	547	591	611
Income security	526	492	468	427	431	445	443
Social Security	725	769	813	859	909	961	1,016
Veterans' benefits and services	70	69	80	84	89	101	101
Subtotal, human resources programs	2,096	2,096	2,182	2,306	2,445	2,619	2,729
Other mandatory programs:							
National defense	6	7	9	8	8	8	8
International affairs	-3	-1	-*	-*	-1	-1	-1
Energy	-2	2	1	1	-1	-1	-1
Agriculture	14	14	20	16	15	15	15
Commerce and housing credit	-11	60	-20	-30	-36	-35	-29
Transportation	2	-*	2	3	3	3	3
Community and regional development	-*	*	1	*	-*	-1	-1
Justice	2	3	11	6	3	4	3
General government	6	12	7	7	6	6	6
Undistributed offsetting receipts	-86	-95	-93	-93	-95	-95	-100
Other functions	2	6	4	4	3	4	4
Subtotal, other mandatory programs	-70	8	-58	-81	-94	-94	-94
Total, outlays for mandatory programs under current law	2,026	2,105	2,125	2,225	2,351	2,525	2,635

*\$500 million or less

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

²Estimates 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 2013 Budget) and also from the adjusted baseline (see Table S-8).

Table S-12. FUNDING LEVELS FOR APPROPRIATED (“DISCRETIONARY”) PROGRAMS BY CATEGORY

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears								Totals		
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2013– 2017	2013– 2022
Discretionary Policy by Category:¹															
Security Agencies	684.4	687.8	683.5	686.0	698.4	711.6	725.3	741.0	757.4	774.5	791.5	808.5	829.5	3,562.3	7,523.7
Nonsecurity Agencies	400.4	371.0	372.0	355.9	363.3	370.1	377.3	385.5	394.0	402.9	411.8	420.6	430.9	1,852.2	3,912.4
Total, Base Discretionary Funding	1,084.8	1,058.8	1,055.5	1,041.9	1,061.8	1,081.7	1,102.6	1,126.5	1,151.4	1,177.3	1,203.3	1,229.2	1,260.4	5,414.5	11,436.1
Discretionary Cap Adjustments and Other Funding (not included above):²															
Overseas Contingency Operations ³	162.6	159.4	126.5	96.7	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	273.4	494.2
Disaster Relief .....	.....	.....	10.5	5.6	.....	.....	.....	.....	.....	.....	.....	.....	.....	5.6	5.6
Program Integrity ⁴	0.5	0.5	0.8	1.8	2.3	2.8	3.2	3.7	3.7	3.8	3.9	4.0	4.1	13.9	33.4
Other Emergency/Supplemental Funding ⁵	9.6	-1.3	-*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Grand Total, Discretionary Budget Authority	1,257.6	1,217.5	1,193.3	1,146.1	1,108.2	1,128.7	1,150.0	1,174.4	1,199.3	1,225.3	1,251.3	1,277.3	1,308.6	5,707.4	11,969.3
<i>Memorandum, Grand Total Discretionary Budget Authority Adjusted for Inflation and Population:</i>															
Security	943.7	903.5	840.9	788.2	721.4	712.6	704.4	696.9	689.5	682.5	675.4	668.0	663.5	3,623.5	7,002.4
Nonsecurity	441.6	395.0	388.1	357.9	355.2	351.7	348.3	345.5	342.2	339.1	335.9	332.7	330.3	1,758.5	3,438.7
Grand Total	1,385.3	1,298.4	1,229.0	1,146.1	1,076.6	1,064.4	1,052.7	1,042.4	1,031.7	1,021.6	1,011.3	1,000.7	993.8	5,382.1	10,441.1

* \$50 million or less.

¹The 2013 Budget proposes discretionary funding levels within the caps included in Title I of the Budget Control Act of 2011 with separate categories for “security” and “nonsecurity” programs for 2013 and a single discretionary category for 2014–2021. These caps have been adjusted downward to reflect the Administration’s proposal to reclassify certain Surface Transportation programs as mandatory, as shown in the Preview Report in the Budget Process chapter of the Analytical Perspectives volume. For purposes of this presentation, the security and nonsecurity categories are increased from 2013 based on growth in the overall discretionary category but do not reflect specific policy decisions. For 2022, programs are assumed to grow at current services.

²Where applicable, amounts in 2012 through 2021 are cap adjustment amounts designated pursuant to Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended. Amounts in 2010 and 2011 are not so designated but are shown for comparability purposes.

³The Budget includes placeholder estimates of \$44.2 billion per year for Overseas Contingency Operations (OCO) in 2014 and beyond. These estimates reflect the Administration’s proposal to cap total OCO budget authority from 2013 to 2021 at \$450 billion but do not reflect any specific decisions or assumptions about OCO spending in any particular year.

⁴Amounts in 2012 include requested increased funding for BBEDCA program integrity adjustments. The Budget request for \$140 million to fully fund SSA’s program integrity cap adjustment for 2012 has been removed since the agency no longer has sufficient time to complete the additional program integrity work by the end of the fiscal year.

⁵Amounts are not designated as Emergency funding pursuant to Section 251(b)(2)(A) of the BBEDCA, as amended. These amounts include congressionally-designated emergencies, rescissions of funding provided in the American Recovery and Reinvestment Act of 2009 (P.L. 111–5), and other supplemental funding.

**Table S-13. FUNDING LEVELS FOR APPROPRIATED
("DISCRETIONARY") PROGRAMS BY AGENCY**

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears								Totals		
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022
Base Discretionary Funding by Agency:¹															
Security Agencies:															
Defense ²	530.1	528.3	530.5	525.4	533.6	545.9	555.9	567.3	579.3	592.4	605.4	617.9	634.2	2,728.2	5,757.4
Energy - National Nuclear Security Administration ²	9.9	10.5	11.0	11.5	10.8	11.0	11.2	11.4	11.7	11.9	12.2	12.4	12.8	55.9	116.8
Homeland Security	39.8	41.9	39.7	39.5	39.8	40.5	41.2	41.9	42.8	43.7	44.7	45.7	46.8	202.8	426.5
Veterans Affairs ³	53.1	56.4	58.5	61.0	63.1	64.2	65.5	66.9	68.3	69.8	71.3	72.8	74.8	320.6	677.7
State and Other International Programs ^{4, 5}	50.8	50.1	43.3	48.0	48.9	49.8	50.8	51.9	53.0	54.2	55.3	56.5	58.0	249.3	526.3
Intelligence Community Management Account	0.7	0.7	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	2.9	6.1
Allowance for Security ⁶					1.8	-0.4	0.3	1.0	1.8	1.8	1.9	2.5	2.2	2.6	12.8
Subtotal, Security Agencies⁷	684.4	687.8	683.5	686.0	698.4	711.6	725.3	741.0	757.4	774.5	791.5	808.5	829.5	3,562.3	7,523.7
Nonsecurity Agencies:															
Agriculture ⁴	25.1	21.5	22.0	21.4	22.6	23.1	23.5	24.0	24.6	25.1	25.7	26.2	26.9	114.6	243.0
Commerce	13.9	5.6	7.7	8.0	8.3	8.6	8.9	9.4	10.4	11.5	17.7	9.8	9.7	43.3	102.3
Census Bureau	7.2	-0.7	0.9	1.0	1.2	1.3	1.5	1.8	2.6	3.6	9.6	1.6	1.2	5.9	25.0
Education	64.3	68.3	67.4	69.8	70.3	71.2	72.2	73.3	74.4	75.5	76.7	77.9	79.2	356.9	740.6
Energy (excluding National Nuclear Security Administration)	16.6	15.2	15.3	15.6	16.3	16.6	16.9	17.3	17.6	18.0	18.4	18.8	19.3	82.6	174.8
Health and Human Services ⁸	84.4	78.5	78.3	71.7	79.8	81.3	82.9	84.7	86.5	88.5	90.4	92.4	94.6	400.3	852.6
Housing and Urban Development	42.8	37.1	36.6	34.5	39.2	40.0	40.8	41.7	42.6	43.6	44.6	45.5	46.7	196.1	419.1
Interior	12.1	11.7	11.3	11.4	11.9	12.1	12.4	12.6	12.9	13.2	13.5	13.7	14.1	60.3	127.7
Justice	27.6	26.9	26.8	17.9	27.7	28.3	28.8	29.5	30.1	30.8	31.5	32.2	33.0	132.2	289.8
Labor	13.5	12.5	13.2	12.0	12.0	11.3	11.5	11.8	12.0	12.3	12.5	12.8	13.0	58.6	121.2
State and Other International Programs ⁴	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1.3
Transportation	14.7	13.7	13.7	13.8	14.1	14.4	14.7	15.0	15.3	15.7	16.0	16.4	16.8	72.0	152.2
Treasury	13.4	13.4	13.2	12.5	13.7	14.1	14.5	14.9	15.4	15.9	16.4	16.9	17.3	69.8	151.6
Corps of Engineers	5.5	4.9	5.0	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.5	5.6	5.7	24.6	51.9
Environmental Protection Agency	10.3	8.7	8.5	8.3	8.5	8.7	8.9	9.1	9.3	9.5	9.7	9.9	10.1	43.5	91.9
General Services Administration	0.4	-1.0	-1.0	-0.8	-1.2	-1.3	-1.3	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	-5.9	-13.2
National Aeronautics and Space Administration	18.7	18.4	17.8	17.7	18.0	18.4	18.7	19.1	19.6	20.0	20.4	20.9	21.4	92.0	194.2
National Science Foundation	6.9	6.8	7.0	7.4	7.5	7.6	7.8	8.0	8.1	8.3	8.5	8.7	8.9	38.3	80.8
Small Business Administration	0.8	0.7	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	4.9	10.4
Social Security Administration ⁸	8.9	8.6	8.8	9.0	9.2	9.4	9.5	9.7	9.9	10.1	10.4	10.6	10.8	46.8	98.6

Table S-13. FUNDING LEVELS FOR APPROPRIATED (“DISCRETIONARY”) PROGRAMS BY AGENCY—Continued

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears										Totals	
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2013– 2017	2013– 2022	
Corporation for National and Community Service	1.2	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	5.5	11.6	
Other Agencies	19.1	18.1	18.2	18.9	19.3	19.6	20.0	20.4	20.8	21.3	21.8	22.2	22.7	98.1	207.0	
Allowance for Nonsecurity ⁶ .....	.....	.....	.....	.....	-21.1	-20.4	-20.6	-20.8	-21.7	-22.7	-28.8	-20.8	-20.3	-82.9	-197.2
Subtotal, Nonsecurity Discretionary Budget Authority⁷	400.4	371.0	372.0	355.9	363.3	370.1	377.3	385.5	394.0	402.9	411.8	420.6	430.9	1,852.2	3,912.4	
Discretionary Cap Adjustments and Other Funding (not included above):⁹																
Overseas Contingency																
Operations¹⁰	162.6	159.4	126.5	96.7	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	273.4	494.2	
Defense	162.3	158.8	115.1	88.5	.....	.....	.....	.....	.....	.....	.....	.....	.....	88.5	88.5
Homeland Security	0.2	0.3	0.3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Justice	0.1	0.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State and Other International Programs .....	.....	0.3	11.2	8.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	8.2	8.2
Overseas Contingency Operations Outyears .....	.....	.....	.....	.....	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	176.6	397.4
Disaster Relief .....	.....	.....	10.5	5.6	.....	.....	.....	.....	.....	.....	.....	.....	.....	5.6	5.6
Agriculture .....	.....	.....	0.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Commerce .....	.....	.....	0.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Homeland Security .....	.....	.....	6.4	5.5	.....	.....	.....	.....	.....	.....	.....	.....	.....	5.5	5.5
Housing and Urban Development ...	.....	.....	0.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation .....	.....	.....	1.7	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Corps of Engineers .....	.....	.....	1.7	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Small Business Administration ....	.....	.....	.....	0.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.2	0.2
Program Integrity¹¹	0.5	0.5	0.8	1.8	2.3	2.8	3.2	3.7	3.7	3.8	3.9	4.0	4.1	13.9	33.4	
Health and Human Services .....	.....	.....	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	1.8	4.2
Labor .....	.....	.....	.....	*	*	*	*	*	*	*	*	*	*	0.1	0.3
Treasury .....	.....	.....	.....	0.7	1.0	1.3	1.6	2.0	2.0	2.0	2.1	2.1	2.2	6.7	17.1
Social Security Administration	0.5	0.5	0.5	0.8	0.9	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.3	5.3	11.8	
Other Emergency/Supplemental Funding¹²																
Defense	-1.9	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Energy	-1.5	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Health and Human Services	0.2	-1.3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Homeland Security	5.5	.....	-*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State and Other International Programs	6.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Small Business Administration	1.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Table S-13. FUNDING LEVELS FOR APPROPRIATED (“DISCRETIONARY”) PROGRAMS BY AGENCY—Continued

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears								Totals			
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2013– 2017	2013– 2022	
Other Emergency/Supplemental Funding	0.4															
Grand Total, Discretionary Budget Authority	1,257.6	1,217.5	1,193.3	1,146.1	1,108.2	1,128.7	1,150.0	1,174.4	1,199.3	1,225.3	1,251.3	1,277.3	1,308.6	5,707.4	11,969.3	
Memorandum: 2013 Defense Request versus 2012 Defense Request ¹³														2012– 2016	2012– 2021	
2012 Budget for Defense	n/a	n/a	553.0	570.7	586.4	598.2	610.6	621.6	632.8	644.1	655.7	667.5	n/a	3,540.4	6,140.6	
Savings resulting from 2013 MSR policy	n/a	n/a	-22.5	-45.3	-52.8	-52.2	-54.7	-54.2	-53.5	-51.8	-50.3	-49.6	n/a	-227.5	-486.9	

* \$50 million or less.

¹ The 2013 Budget proposes discretionary funding levels within the caps included in Title I of the Budget Control Act of 2011 with separate categories for “security” and “nonsecurity” programs for 2013 and a single discretionary category for 2014–2021. These caps have been adjusted downward to reflect the Administration’s proposal to reclassify certain Surface Transportation programs as mandatory, as shown in the Preview Report in the Budget Process chapter of the Analytical Perspectives volume.

² The Department of Defense (DOD) levels in 2014–2022 include funding that will be allocated, in annual increments, to the National Nuclear Security Administration (NNSA). Current estimates by which DOD’s budget authority will decrease and NNSA’s will increase are, in millions of dollars: 2014: 677; 2015: 712; 2016: 767; 2017: 781; 2018: 798; 2013–2022: 7,109. The DOD and NNSA are reviewing NNSA’s outyear requirements and these will be included in future reports to the Congress.

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

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

⁵ The variances in the Security category for State and other international programs base funding are due in part to definitional differences in Overseas Contingency Operations (OCO).

⁶ The 2013 Budget includes allowances, similar to the Function 920 allowances used in Budget Resolutions, to represent amounts to be allocated among the respective agencies to reach the notional security and nonsecurity levels for 2014 and beyond. These notional levels are determined for illustrative purposes based on the overall growth of the discretionary category being applied on a proportional basis to the 2013 security/nonsecurity caps but do not reflect specific policy decisions.

⁷ Amounts in 2010–2012 exclude changes in mandatory programs enacted in appropriations bills since those amounts have been rebased as mandatory, whereas amounts in 2013 are net of these proposals. The individual agency chapters in this volume provide a comparative look at the gross funding levels from year to year.

⁸ Funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for administrative expenses incurred by the Social Security Administration that support the Medicare program are included in the Health and Human Service total and not in the Social Security Administration total.

⁹ Where applicable, amounts in 2012 through 2021 are cap adjustment amounts designated pursuant to Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended. Amounts in 2010 and 2011 are not so designated but are shown for comparability purposes.

¹⁰ The Budget includes placeholder estimates of \$44.2 billion per year for OCO in 2014 and beyond. These estimates reflect the Administration’s proposal to cap total OCO budget authority from FY 2013 to FY 2021 at \$450 billion but do not reflect any specific decisions or assumptions about OCO spending in any particular year.

¹¹ Amounts in 2012 include requested increased funding for BBEDCA program integrity adjustments for the Department of Health and Human Services (+\$270 million). The Budget request for \$140 million to fully fund SSA’s program integrity cap adjustment for 2012 has been removed since the agency no longer has sufficient time to complete the additional program integrity work by the end of the fiscal year.

¹² Amounts are not designated as Emergency funding pursuant to Section 251(b)(2)(A) of the BBEDCA, as amended. These amounts include congressionally-designated emergencies, rescissions of funding provided in the American Reinvestment and Recovery Act of 2009 (P.L. 111–5), and other supplemental funding.

¹³ These amounts exclude funding designated as OCO.

Table S-14. FEDERAL GOVERNMENT FINANCING AND DEBT

(Dollar amounts in billions)

	Actual 2011	Estimate										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Financing:												
Unified budget deficit:												
Primary deficit (+)/surplus (-)	1,070	992	762	386	248	186	67	-40	-68	-101	-128	-152
Net interest	230	219	229	276	347	429	510	583	646	705	756	804
Unified budget deficit	1,300	1,211	991	661	595	615	576	543	578	604	627	652
As a percent of GDP	8.7%	7.8%	6.1%	3.9%	3.3%	3.2%	2.9%	2.6%	2.6%	2.6%	2.6%	2.6%
Other transactions affecting borrowing from the public:												
Changes in financial assets and liabilities: ¹												
Change in Treasury operating cash balance	-252	2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Net disbursements of credit financing accounts:												
Direct loan accounts	50	99	176	148	145	134	122	114	106	102	102	105
Guaranteed loan accounts	10	14	12	1	-*	1	*	1	1	-1	-5	-5
Troubled Asset Relief Program (TARP) equity purchase accounts	-2	-39	-19	-5	-3	-*	-2	-*	-*	-5	*	*
Net purchases of non-Federal securities by the National Railroad Retirement Investment Trust (NRRIT)	-1	-*	-1	-1	-1	-2	-1	-1	-1	-1	-1	-1
Net change in other financial assets and liabilities ²	5	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Subtotal, changes in financial assets and liabilities	-190	75	168	142	142	134	120	114	105	95	95	99
Seigniorage on coins .....	.....	.....	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*
Total, other transactions affecting borrowing from the public	-190	75	168	142	141	133	119	114	105	95	95	99
Total, requirement to borrow from the public (equals change in debt held by the public)	1,109	1,286	1,158	803	736	749	696	657	684	699	723	752
Changes in Debt Subject to Statutory Limitation:												
Change in debt held by the public	1,109	1,286	1,158	803	736	749	696	657	684	699	723	752
Change in debt held by Government accounts	126	157	118	183	205	176	141	167	155	150	134	105
Change in other factors	*	1	1	1	1	2	1	1	1	1	2	2
Total, change in debt subject to statutory limitation	1,236	1,443	1,277	987	943	927	838	825	840	850	859	859
Debt Subject to Statutory Limitation, End of Year:												
Debt issued by Treasury	14,737	16,179	17,455	18,440	19,382	20,307	21,144	21,968	22,808	23,658	24,516	25,375
Adjustment for discount, premium, and coverage ³	9	11	12	13	14	16	16	17	18	18	18	18
Total, debt subject to statutory limitation ⁴	14,747	16,190	17,467	18,454	19,396	20,323	21,161	21,985	22,825	23,675	24,534	25,392

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

(Dollar amounts in billions)

	Actual 2011	Estimate										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Outstanding, End of Year:												
Gross Federal debt: ⁵												
Debt issued by Treasury	14,737	16,179	17,455	18,440	19,382	20,307	21,144	21,968	22,808	23,658	24,516	25,375
Debt issued by other agencies	27	28	28	29	29	28	28	27	27	26	24	22
Total, gross Federal debt	14,764	16,207	17,483	18,469	19,410	20,336	21,172	21,996	22,834	23,683	24,540	25,397
Held by:												
Debt held by Government accounts	4,636	4,793	4,911	5,093	5,299	5,475	5,616	5,783	5,938	6,088	6,222	6,327
Debt held by the public ⁶	10,128	11,414	12,572	13,375	14,112	14,860	15,556	16,213	16,896	17,595	18,318	19,070
As a percent of GDP	67.7%	73.5%	77.5%	78.6%	78.4%	77.9%	77.1%	76.3%	75.9%	75.6%	75.4%	75.1%
Debt Held by the Public Net of Financial Assets:												
Debt held by the public	10,128	11,414	12,572	13,375	14,112	14,860	15,556	16,213	16,896	17,595	18,318	19,070
Less financial assets net of liabilities:												
Treasury operating cash balance	58	60	60	60	60	60	60	60	60	60	60	60
Credit financing account balances:												
Direct loan accounts	718	816	992	1,140	1,286	1,420	1,542	1,656	1,762	1,864	1,966	2,071
Guaranteed loan accounts	-22	-9	3	4	4	5	5	7	8	6	1	-4
TARP equity purchase accounts	75	36	17	11	9	9	7	7	7	2	2	2
Government-sponsored enterprise preferred stock	133	151	160	162	162	162	162	162	162	162	162	162
Non-Federal securities held by NRRIT	21	21	20	19	17	16	15	14	12	11	10	9
Other assets net of liabilities	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25
Total, financial assets net of liabilities	958	1,050	1,227	1,371	1,513	1,646	1,766	1,880	1,985	2,080	2,175	2,275
Debt held by the public net of financial assets	9,170	10,363	11,345	12,004	12,599	13,214	13,791	14,333	14,911	15,515	16,143	16,795
As a percent of GDP	61.3%	66.7%	69.9%	70.6%	70.0%	69.3%	68.4%	67.4%	67.0%	66.7%	66.4%	66.2%

* \$500 million or less.

¹A 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.

²Includes 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.

³Consists 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.

⁴The statutory debt limit is \$16,394 billion, as increased after January 27, 2012.

⁵Treasury 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).

⁶At the end of 2011, the Federal Reserve Banks held \$1,664.7 billion of Federal securities and the rest of the public held \$8,463.5 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

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