

CONGRESSIONAL BUDGET OFFICE

REVISED BASELINE BUDGET PROJECTIONS
FOR FISCAL YEARS 1999-2008

MARCH 3, 1998

In the course of preparing its annual analysis of the President's budget, the Congressional Budget Office (CBO) typically updates its baseline projections to take account of new information from the President's budget and other sources. The revised March projections usually become the baseline for the budget resolution.

CBO's new March projections are not materially different from those issued in its January 1998 report, *The Economic and Budget Outlook: Fiscal Years 1999-2008*. The only major change since January is an increase in revenues from 1998 through 2000 to reflect more rapid inflows into the Treasury than either CBO or the Administration had anticipated (see Table 1). That change, however, is enough to shift CBO's projections from small annual deficits to small annual surpluses during those years. CBO expects that the budget surplus for this year will be nearly \$8 billion. Assuming that current policies do not change and that the economy stays on the anticipated course, surpluses are projected to rise eventually to \$138 billion in 2008.

Both federal spending and revenues are expected to total around \$1.7 trillion this year—or approximately 20 percent of gross domestic product (GDP). Under CBO's baseline assumptions, projected outlays as a percentage of GDP fall gradually to 18.3 percent by 2008. Revenues decline to 19.3 percent of GDP by 2003 and remain at that level through 2008 (see Table 2).

Table 1.
Changes in CBO Baseline Deficits or Surpluses Since January 1998 (By fiscal year, in billions of dollars)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
January 1998 Baseline Deficit (-) or Surplus	-5	-2	-3	14	69	54	71	75	115	129	138
Technical Changes											
Revenues	15	10	5	a	a	a	a	a	a	a	a
Outlays											
Discretionary	a	a	a	a	a	a	a	a	a	a	a
Mandatory	a	a	1	2	4	1	2	1	a	a	a
Net interest	<u>1</u>	<u>a</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>
Subtotal	2	-1	a	1	3	1	1	1	a	a	a
Total Technical Changes	13	11	5	-1	-3	-1	-1	-1	a	a	a
March 1998 Baseline Surplus	8	9	1	13	67	53	70	75	115	130	138

SOURCE: Congressional Budget Office.

NOTE: Numbers in the table may not add to totals because of rounding.

a. Less than \$500 million.

Table 2.
CBO Revised Baseline Projections (By fiscal year)

	Actual 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
In Billions of Dollars												
Revenues												
Individual income	737	783	792	810	840	886	922	974	1,027	1,083	1,143	1,207
Corporate income	182	197	200	200	200	203	209	216	224	232	241	250
Social insurance	539	573	600	625	651	679	710	743	781	817	856	892
Other	<u>120</u>	<u>127</u>	<u>147</u>	<u>149</u>	<u>155</u>	<u>161</u>	<u>167</u>	<u>173</u>	<u>177</u>	<u>181</u>	<u>187</u>	<u>191</u>
Total	1,579	1,680	1,738	1,784	1,847	1,930	2,008	2,105	2,208	2,314	2,426	2,540
Outlays												
Discretionary ^a	548	558	561	565	564	560	576	592	609	626	643	661
Mandatory												
Social Security	362	376	391	409	428	449	471	495	522	551	582	614
Medicare	208	218	231	244	268	277	306	330	367	377	417	448
Medicaid	96	101	108	115	123	131	141	152	165	179	194	210
Other	<u>231</u>	<u>257</u>	<u>273</u>	<u>293</u>	<u>305</u>	<u>319</u>	<u>332</u>	<u>344</u>	<u>362</u>	<u>370</u>	<u>378</u>	<u>399</u>
Subtotal	896	951	1,004	1,060	1,123	1,176	1,250	1,322	1,417	1,477	1,570	1,672
Net interest	244	245	247	243	237	230	226	221	215	209	202	194
Offsetting receipts	<u>-87</u>	<u>-82</u>	<u>-82</u>	<u>-85</u>	<u>-91</u>	<u>-103</u>	<u>-97</u>	<u>-101</u>	<u>-107</u>	<u>-113</u>	<u>-119</u>	<u>-126</u>
Total	1,601	1,672	1,730	1,782	1,833	1,863	1,954	2,035	2,134	2,199	2,297	2,402
Deficit (-) or Surplus	-22	8	9	1	13	67	53	70	75	115	130	138
Memorandum:												
On-budget Deficit (-) or Surplus	-103	-92	-104	-121	-117	-72	-94	-88	-96	-64	-59	-59
Debt Held by the Public	3,771	3,774	3,781	3,793	3,795	3,743	3,706	3,651	3,591	3,491	3,375	3,251
As a Percentage of Gross Domestic Product												
Revenues												
Individual income	9.3	9.4	9.1	8.9	8.8	8.9	8.9	8.9	9.0	9.0	9.1	9.2
Corporate income	2.3	2.4	2.3	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.9
Social insurance	6.8	6.8	6.9	6.9	6.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Other	<u>1.5</u>	<u>1.5</u>	<u>1.7</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total	19.8	20.1	19.9	19.6	19.4	19.4	19.3	19.3	19.3	19.3	19.3	19.3
Outlays												
Discretionary ^a	6.9	6.7	6.4	6.2	5.9	5.6	5.5	5.4	5.3	5.2	5.1	5.0
Mandatory												
Social Security	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.6	4.6	4.6	4.7
Medicare	2.6	2.6	2.6	2.7	2.8	2.8	2.9	3.0	3.2	3.1	3.3	3.4
Medicaid	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6
Other	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.1</u>	<u>3.0</u>	<u>3.0</u>
Subtotal	11.2	11.4	11.5	11.7	11.8	11.8	12.0	12.1	12.4	12.3	12.5	12.7
Net interest	3.1	2.9	2.8	2.7	2.5	2.3	2.2	2.0	1.9	1.7	1.6	1.5
Offsetting receipts	<u>-1.1</u>	<u>-1.0</u>	<u>-0.9</u>	<u>-0.9</u>	<u>-1</u>	<u>-1.0</u>	<u>-0.9</u>	<u>-0.9</u>	<u>-0.9</u>	<u>-0.9</u>	<u>-0.9</u>	<u>-1.0</u>
Total	20.1	20.0	19.8	19.6	19.3	18.8	18.8	18.7	18.7	18.4	18.3	18.3
Deficit (-) or Surplus	-0.3	0.1	0.1	b	0.1	0.7	0.5	0.6	0.7	1.0	1.0	1.1
Memorandum:												
On-budget Deficit (-) or Surplus	-1.3	-1.1	-1.2	-1.3	-1.2	-0.7	-0.9	-0.8	-0.8	-0.5	-0.5	-0.5
Debt Held by the Public	47.3	45.1	43.3	41.7	39.9	37.7	35.6	33.5	31.4	29.2	26.9	24.8

SOURCE: Congressional Budget Office.

NOTE: Numbers in the table may not add to totals because of rounding.

a. The baseline assumes that discretionary spending will equal the statutory caps on discretionary spending in 1999 through 2002 and will increase at the rate of inflation in succeeding years.

b. Less than 0.05 percent.