

CBO's long-term projections reflect two broad scenarios:

**EB**

## CBO's Extended Baseline Scenario

Reflects the assumption that current laws generally remain unchanged, implying that lawmakers will allow tax increases and spending cuts scheduled under current law to occur and that they will forgo measures routinely taken in the past to avoid such changes. Noninterest spending continues to rise, however, pushed up by the aging of the population and the rising costs of health care, and revenues reach historically high levels.

**EAF**

## CBO's Extended Alternative Fiscal Scenario

Maintains what might be deemed current policies, as opposed to current laws, implying that lawmakers will extend most tax cuts and other forms of tax relief currently in place but set to expire and that they will prevent automatic spending reductions and certain spending restraints from occurring. Therefore, revenues remain near their historical average, and the gap between noninterest spending and revenues widens over the long term.

## Federal Debt Held by the Public, Historically and Projected Under Two Policy Scenarios

(As a percentage of gross domestic product, GDP)



Recent federal budget deficits, including net interest, have been the largest since 1945. As a result, federal debt is expected to exceed 70 percent of GDP at the end of 2012.

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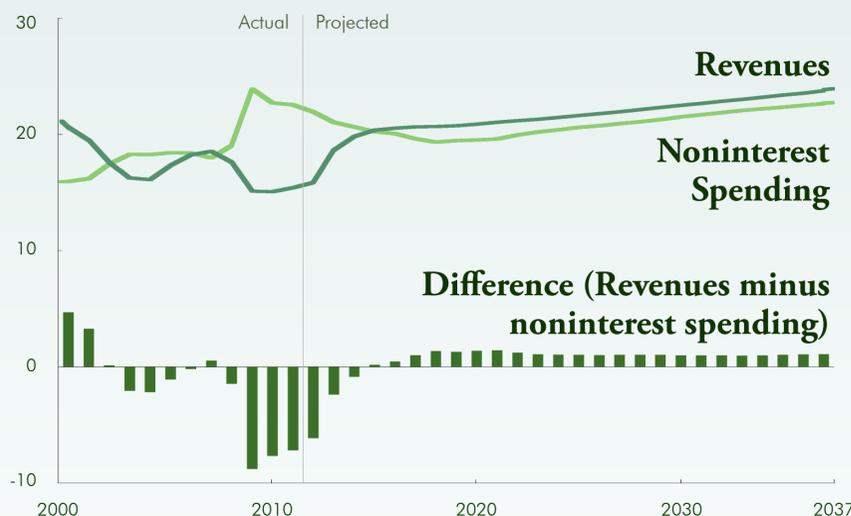
The explosive path of federal debt underscores the need for major changes to current policies.

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Deficits are relatively small, and a growing economy results in declining federal debt as a percentage of GDP.

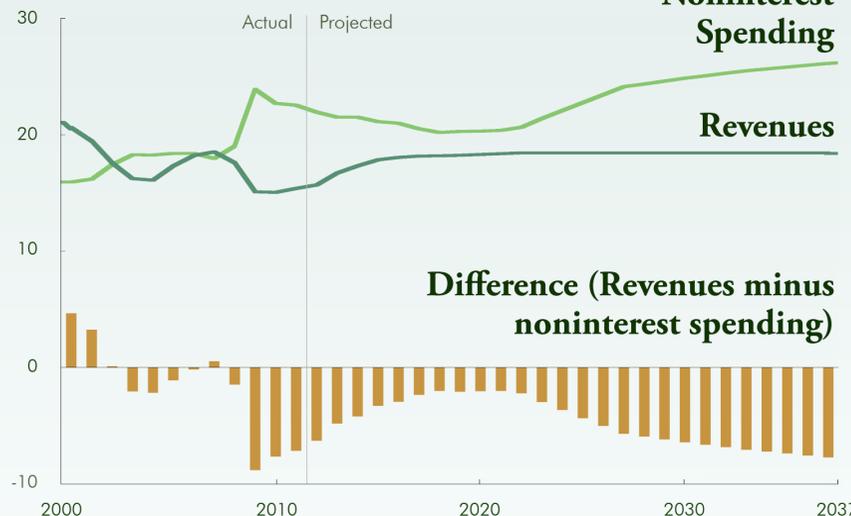
## Extended Baseline Scenario **EB**

(As a percentage of GDP)



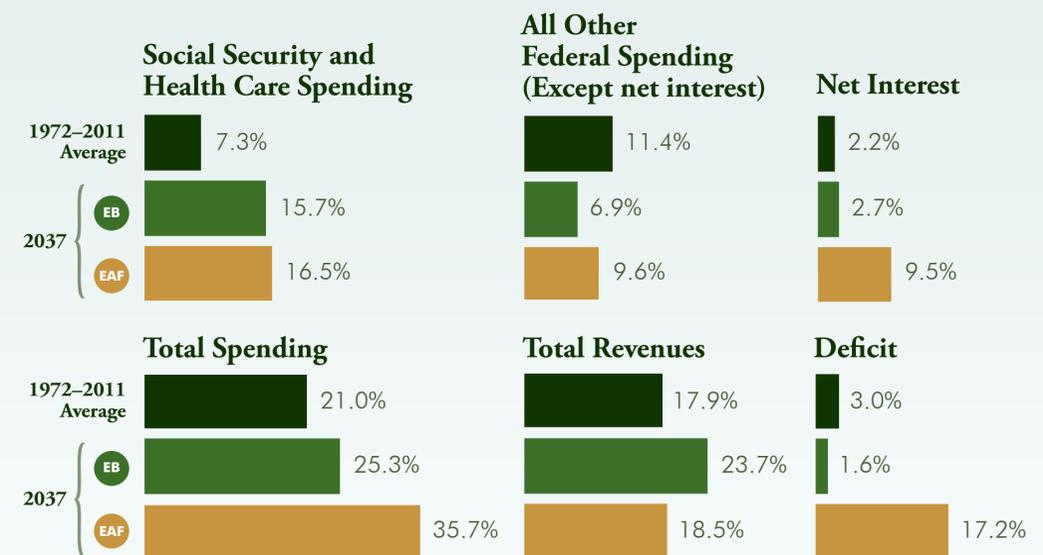
## Extended Alternative Fiscal Scenario **EAF**

(As a percentage of GDP)



## Components of the Federal Budget

(As a percentage of GDP)



Note: Numbers may not add up to totals because of rounding.

