

## **Changes in CBO's Baseline Projections Since January 2001**

Each year, the Congressional Budget Office (CBO) issues baseline projections of federal spending and revenues for the following 10 years. Those projections are not intended as a forecast of future outcomes; rather, they are estimates of spending and revenues under the laws that are in effect at that time and are designed to provide a benchmark against which to measure future policy changes.

In January 2001, CBO's baseline projections showed a cumulative surplus of \$5.6 trillion for the 2002–2011 period. The actual results have differed from those projections because of subsequent policy changes, economic developments that differed from CBO's forecast, and other factors. As a result, the federal government ran deficits from 2002 through 2011. The cumulative deficit over the 10-year period amounted to \$6.1 trillion—a swing of \$11.7 trillion from the January 2001 projections.

The table below summarizes the differences between CBO's baseline projections in January 2001 and the actual results for each of the years over the 2002–2011 period. (CBO published a similar table in May 2011; this document updates the comparison using actual results for 2011.) The table divides changes to those baseline projections between those that stemmed from legislative actions and those that resulted from factors related to economic or other, technical assumptions. Such categorizations were done each year as new projections were prepared—no new analysis has been done to compile this table. Thus, the revisions attributable to legislation represent CBO's estimates of costs or savings associated with new laws relative to the baseline projections that were current at the time of enactment. The effects of legislation may have turned out to be different from the original estimates either because those baseline projections were off-target or because the results of the legislation deviated from what CBO anticipated, but no adjustments have been made in this table to those initial assessments of the legislation.

To illustrate this point, the table reports total outlays associated with the Troubled Asset Relief Program (TARP) of \$189 billion, which reflects CBO's initial baseline estimate of the costs of the program. The agency's latest estimate of the costs of the TARP, released in March 2012, takes into account all activities that have occurred since the program's implementation and equals \$32 billion (including some costs that will be incurred after 2011). The subsequent revisions to CBO's initial projection of TARP outlays were considered "technical" changes, and the entry in the table attributable to legislation has not been changed to reflect that updated estimate. In fact, for most legislation, there is no way to identify the actual impact on spending or revenues over time, and a retroactive analysis of actual costs is not possible.

Consequently, the table is only a very rough approximation of how changes since January 2001 have contributed to the swing from projected surpluses to actual deficits over the 2002–2011 period and should not be interpreted as a precise tracking of all the components of that cumulative change over the past decade. Because the actual budget results are now known for all of the years covered by CBO's January 2001 baseline projections, this table is now complete and no further updates will be required.

Changes in CBO's Baseline Projections of the Surplus Since January 2001

June 7, 2012

(Billions of dollars, by fiscal year)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total, 2002- 2011
<b>January 2001 Baseline Projections</b>												
Revenues	2,135	2,236	2,343	2,453	2,570	2,689	2,816	2,955	3,107	3,271	3,447	27,886
Outlays	1,853	1,923	1,984	2,056	2,137	2,184	2,243	2,320	2,396	2,475	2,558	22,277
<b>Total Surplus</b>	<b>281</b>	<b>313</b>	<b>359</b>	<b>397</b>	<b>433</b>	<b>505</b>	<b>573</b>	<b>635</b>	<b>710</b>	<b>796</b>	<b>889</b>	<b>5,610</b>
<b>Changes to Revenue Projections</b>												
Legislative												
EGTRRA	-70	-31	-84	-101	-100	-126	-142	-151	-158	-176	-117	-1,186
JGTRRA	0	0	-53	-135	-78	-21	-14	-17	-11	-4	4	-328
WFTRA	0	0	0	0	-27	-37	-20	-16	-12	-8	-1	-121
Economic Stimulus Act of 2008	0	0	0	0	0	0	0	-114	-12	12	9	-106
ARRA	0	0	0	0	0	0	0	0	-65	-180	-8	-253
Tax Act of 2010	0	0	0	0	0	0	0	0	0	0	0	-354
Other	-1	-43	-42	-29	-7	-6	-46	-76	-104	-58	-50	-460
Subtotal, legislative	-71	-75	-179	-265	-211	-190	-222	-373	-363	-414	-517	-2,808
Subtotal, economic and technical	-72	-308	-381	-308	-205	-92	-26	-58	-639	-695	-627	-3,339
<b>Total Revenue Changes</b>	<b>-143</b>	<b>-382</b>	<b>-561</b>	<b>-573</b>	<b>-416</b>	<b>-282</b>	<b>-248</b>	<b>-431</b>	<b>-1,002</b>	<b>-1,109</b>	<b>-1,144</b>	<b>-6,147</b>
<b>Changes to Outlay Projections</b>												
Legislative												
Discretionary	2	50	120	171	221	270	287	339	417	546	526	2,948
Mandatory												
EGTRRA	4	6	7	7	7	10	10	9	10	11	12	89
JGTRRA	0	0	9	12	5	*	*	*	*	0	0	26
Medicare Prescription Drug Program <sup>a</sup>	0	0	0	4	6	27	40	44	47	50	53	272
Economic Stimulus Act of 2008	0	0	0	0	0	0	0	38	4	0	0	42
TARP	0	0	0	0	0	0	0	0	184	5	*	189
ARRA	0	0	0	0	0	0	0	0	90	115	55	261
Tax Act of 2010	0	0	0	0	0	0	0	0	0	0	37	37
Other Mandatory	8	14	35	26	32	44	34	30	74	87	101	477
Subtotal, mandatory	11	21	51	49	49	81	84	121	409	269	259	1,392
Net Interest	1	4	14	35	60	92	130	174	225	287	353	1,375
Subtotal, legislative	13	75	185	255	331	443	501	634	1,051	1,102	1,138	5,715
Economic and Technical												
Discretionary	1	2	-5	-5	-3	-20	-27	-8	-4	-44	-45	-160
Mandatory	-6	24	20	3	*	3	-34	-15	103	-37	-20	46
Net Interest	1	-13	-24	-16	7	45	47	52	-29	-40	-28	1
Subtotal, economic and technical	-4	13	-9	-18	4	28	-15	28	71	-121	-93	-112
<b>Total Outlay Changes</b>	<b>10</b>	<b>88</b>	<b>176</b>	<b>237</b>	<b>335</b>	<b>471</b>	<b>486</b>	<b>662</b>	<b>1,122</b>	<b>981</b>	<b>1,045</b>	<b>5,602</b>
<b>Total Impact on Surplus</b>	<b>-153</b>	<b>-471</b>	<b>-737</b>	<b>-810</b>	<b>-751</b>	<b>-753</b>	<b>-733</b>	<b>-1,094</b>	<b>-2,123</b>	<b>-2,089</b>	<b>-2,188</b>	<b>-11,749</b>
<b>Actual Surplus or Deficit (-)</b>	<b>128</b>	<b>-158</b>	<b>-378</b>	<b>-413</b>	<b>-318</b>	<b>-248</b>	<b>-161</b>	<b>-459</b>	<b>-1,413</b>	<b>-1,293</b>	<b>-1,300</b>	<b>-6,140</b>
<b>Memorandum:</b>												
Total Legislative Changes	-85	-150	-364	-520	-542	-633	-723	-1,007	-1,413	-1,516	-1,655	-8,523
Total Economic and Technical Changes	-68	-321	-372	-290	-209	-120	-11	-87	-710	-574	-533	-3,226

Sources: Congressional Budget Office, Joint Committee on Taxation (JCT).

Notes: EGTRRA = Economic Growth and Tax Relief Reconciliation Act of 2001; JGTRRA = Jobs and Growth Tax Relief Reconciliation Act of 2003; WFTRA = Working Families Tax Relief Act of 2004; ARRA = American Recovery and Reinvestment Act of 2009; TARP = Troubled Asset Relief Program.

Projections of outlays and revenues reflect CBO's and JCT's original scoring of legislation regarding spending and tax policies since 2001.

\* = between -\$500 million and \$500 million.

a. Includes other effects of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.