

Introduction

The Congress faces an array of policy choices as it confronts the challenges posed by the amount of federal debt held by the public—which has more than doubled relative to the size of the economy since 2007—and the prospect of continued growth in that debt over the coming decades if the large annual budget deficits projected under current law come to pass (see Figure 1-1). To help inform lawmakers, the Congressional Budget Office periodically issues a compendium of policy options that would help to reduce the deficit.¹ This edition reports the estimated budgetary effects of various options and highlights some of the advantages and disadvantages of those options.

This volume presents 115 options that would decrease federal spending or increase federal revenues over the next decade (see Table 1-1 on page 6). The options included in this volume come from various sources. Some are based on proposed legislation or on the budget proposals of various Administrations; others come from Congressional offices or from entities in the federal government or in the private sector. The options cover many areas—ranging from defense to energy, Social Security, and provisions of the tax code. The budgetary effects identified for most of the options span the 10 years from 2017 to 2026 (the period covered by CBO’s March 2016 baseline budget projections), although many of the options would have longer-term effects as well.²

1. For the most recent previous compilation of budget options, see Congressional Budget Office, *Options for Reducing the Deficit: 2015 to 2024* (November 2014), www.cbo.gov/publication/49638. That document included a brief description of the policy involved for each option. For additional information, including a description of each option’s advantages and disadvantages, see Congressional Budget Office, *Options for Reducing the Deficit: 2014 to 2023* (November 2013), www.cbo.gov/publication/44715.

Chapters 2 through 5 present options in the following categories:

- Chapter 2: Mandatory spending other than that for health-related programs,
- Chapter 3: Discretionary spending other than that for health-related programs,
- Chapter 4: Revenues other than those related to health, and
- Chapter 5: Health-related programs and revenue provisions.

Chapter 6 differs from the rest of the volume; it discusses the challenges and the potential budgetary effects of eliminating a Cabinet department.

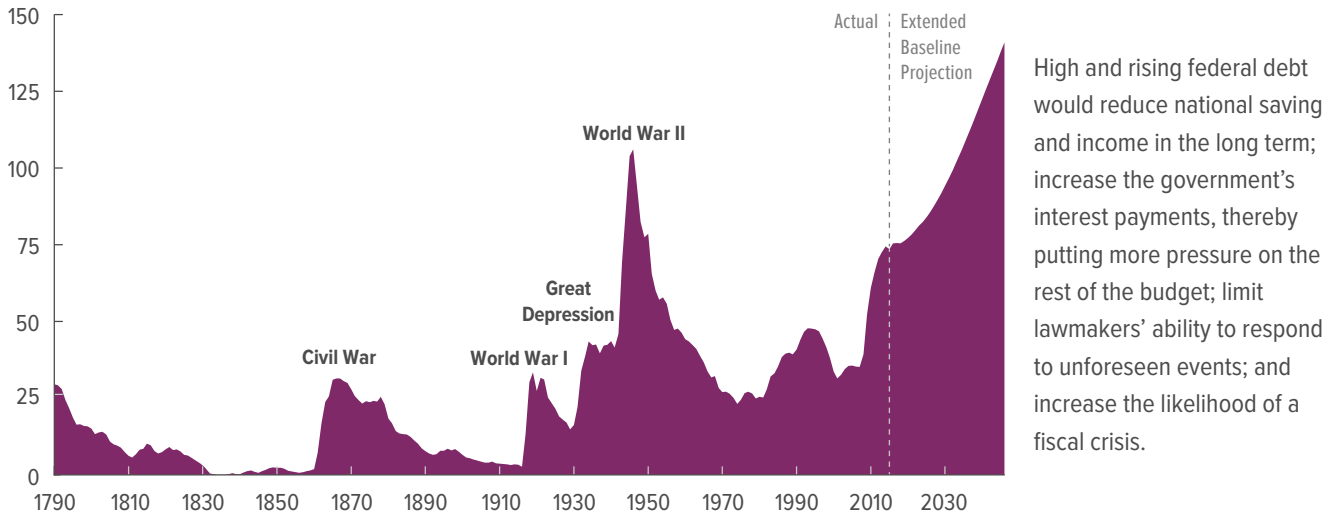
Chapters 2 through 5 begin with a description of budgetary trends for the topic area. Then, entries for the options provide background information, describe the possible policy change, and summarize arguments for and against that change. As appropriate, related options in this volume are referenced, as are related CBO publications. As a collection, the options are intended to reflect a range of possibilities, not a ranking of priorities or an exhaustive list. Inclusion or exclusion of any particular option does not imply an endorsement or rejection by CBO, and the report makes no recommendations. This volume does not contain comprehensive budget plans; it would be possible to devise such plans by combining certain options in various ways (although some would overlap and would interact with others).

2. Congressional Budget Office, *Updated Budget Projections: 2016 to 2026* (March 2016), www.cbo.gov/publication/51384.

Figure 1-1.

Federal Debt Held by the Public

Percentage of Gross Domestic Product



High and rising federal debt would reduce national saving and income in the long term; increase the government's interest payments, thereby putting more pressure on the rest of the budget; limit lawmakers' ability to respond to unforeseen events; and increase the likelihood of a fiscal crisis.

Source: Congressional Budget Office.

CBO's most recent long-term projection of federal debt was completed in July 2016. See Congressional Budget Office, *The 2016 Long-Term Budget Outlook* (July 2016), www.cbo.gov/publication/51580. For details about the sources of data used for past debt held by the public, see Congressional Budget Office, *Historical Data on Federal Debt Held by the Public* (July 2010), www.cbo.gov/publication/21728.

The extended baseline generally reflects current law, following CBO's 10-year baseline budget projections through 2026 and then extending most of the concepts underlying those baseline projections for the rest of the long-term projection period.

CBO's website includes a "Budget Options search" that allows users to search for options by major budget category, budget function, topic, and date.³ The online search is updated regularly to include only the most recent version of budget options from various CBO reports. All of the options in this volume currently appear in that online search. In addition, other options that appear in that search were analyzed in the past but not updated for this volume. Among those other options are ones that would yield comparatively small savings and ones discussed in recently published CBO reports analyzing specific federal programs or aspects of the tax code in detail. Although those other options were not updated in this volume, they represent approaches that policymakers might take to reduce deficits.

3. See Congressional Budget Office, "Budget Options," www.cbo.gov/budget-options.

The Current Context for Decisions About the Budget

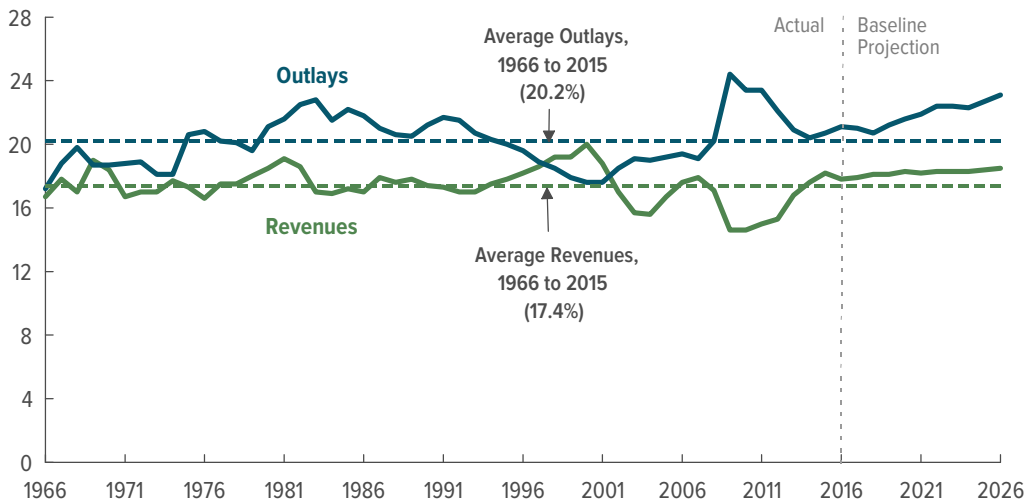
The federal budget deficit in fiscal year 2016 totaled \$587 billion, or 3.2 percent of gross domestic product (GDP), up from 2.5 percent in 2015.⁴ Last year's deficit marked the first increase in the budget shortfall, measured as a share of the nation's output, since 2009. As a result, debt held by the public increased to 77 percent of GDP at the end of 2016—about 3 percentage points higher than the amount in 2015 and the highest ratio since 1950.

4. About \$41 billion of the deficit increase resulted from a shift in the timing of some payments that the government would ordinarily have made in fiscal year 2017; those payments were instead made in fiscal year 2016 because October 1, 2016 (the first day of fiscal year 2017), fell on a weekend. If not for that shift, CBO estimates, the deficit in 2016 would have been about \$546 billion, or 3.0 percent of GDP—still considerably higher than the deficit recorded for 2015.

Figure 1-2.

Total Revenues and Outlays

Percentage of Gross Domestic Product



Over the next 10 years, revenues and outlays are projected to be above their 50-year averages as measured relative to gross domestic product.

Source: Congressional Budget Office.

CBO's most recent budget projections (through 2026) were completed in August 2016. See Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2016 to 2026* (August 2016), www.cbo.gov/publication/51908.

As specified in law, CBO constructs its baseline projections of federal revenues and spending under the assumption that current laws will generally remain unchanged. Under that assumption, annual budget shortfalls in CBO's projection rise substantially over the 2017–2026 period, from a low of \$520 billion in 2018 to \$1.2 trillion in 2026 (see Table 1-2 on page 10).⁵ That increase is projected to occur mainly because growth in revenues would be outpaced by a combination of significant growth in spending on retirement and health care programs—caused by the aging of the population and rising health care costs per person—and growing interest payments on federal debt. Deficits are projected to dip from 3.1 percent of GDP in 2017 to 2.6 percent in 2018 and then to begin rising again, reaching 4.6 percent at the end of the 10-year period—significantly above the average deficit as a percentage of GDP between 1966 and 2015. Over the next 10 years, revenues and outlays alike are projected to be above their 50-year averages as measured relative to GDP (see Figure 1-2).

5. For CBO's most recent budget and economic projections, see Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2016 to 2026* (August 2016), www.cbo.gov/publication/51908.

As deficits accumulate in CBO's baseline, debt held by the public rises to 86 percent of GDP (or \$23 trillion) by 2026. At that level, debt held by the public, measured as a percentage of GDP, would be more than twice the average over the past five decades. Beyond the 10-year period, if current laws remained in place, the pressures that contributed to rising deficits during the baseline period would accelerate and push up debt even more sharply. Three decades from now, for instance, debt held by the public is projected to be about twice as high, relative to GDP, as it is this year—which would be a higher ratio than the United States has ever recorded.⁶

Such high and rising debt would have serious consequences, both for the economy and for the federal budget. Federal spending on interest payments would rise substantially as a result of increases in interest rates, such as those projected to occur over the next few years. Moreover, because federal borrowing reduces national saving over time, the nation's capital stock ultimately

6. See Congressional Budget Office, *The 2016 Long-Term Budget Outlook* (July 2016), www.cbo.gov/publication/51580. CBO's long-term projections, which focus on the 30-year period ending in 2046, generally adhere closely to current law, following the agency's March 2016 baseline budget projections through the usual 10-year projection period and then extending the baseline concept into later years.

would be smaller and productivity and income would be lower than would be the case if the debt was smaller. In addition, lawmakers would have less flexibility than otherwise to respond to unexpected challenges, such as significant economic downturns or financial crises. Finally, the likelihood of a fiscal crisis in the United States would increase. Specifically, the risk would rise of investors' becoming unwilling to finance the government's borrowing unless they were compensated with very high interest rates. If that occurred, interest rates on federal debt would rise suddenly and sharply relative to rates of return on other assets.

Not only are deficits and debt projected to be greater in coming years, but the United States also is on track to have a federal budget that will look very different from budgets of the past. Under current law, in 2026 spending for all federal activities other than the major health care programs and Social Security is projected to account for its smallest share of GDP since 1962.⁷ At the same time, revenues would represent a larger percentage of GDP in the future—averaging 18.3 percent of GDP over the 2017–2026 period—than they generally have in the past few decades. Despite those trends, revenues would not keep pace with outlays under current law because the government's major health care programs (particularly Medicare) and Social Security would absorb a much larger share of the economy's output in the future than they have in the past.

Choices for the Future

To put the federal budget on a sustainable long-term path, lawmakers would need to make significant policy changes—allowing revenues to rise more than they would under current law, reducing spending for large benefit programs to amounts below those currently projected, or adopting some combination of those approaches.

Lawmakers and the public may weigh several factors in considering new policies that would reduce budget deficits: What is an acceptable amount of federal debt, and hence, how much deficit reduction is necessary? How rapidly should such reductions occur? What is the proper

size of the federal government, and what would be the best way to allocate federal resources? What types of policy changes would most enhance prospects for near-term and long-term economic growth? What would be the distributional implications of proposed changes—that is, who would bear the burden of particular cuts in spending or increases in taxes, and who would realize long-term economic benefits?

The scale of changes in noninterest spending or revenues would depend on the target level of federal debt. If lawmakers set out to ensure that debt in 2046 would equal 75 percent of GDP (close to the current share), cutting noninterest spending or raising revenues in each year (or both) beginning in 2017 by amounts totaling 1.7 percent of GDP (about \$330 billion in 2017, or \$1,000 per person) would achieve that result.⁸ Increases in revenues or reductions in noninterest spending would need to be larger to reduce debt to the percentages of GDP that are more typical of those in recent decades. If lawmakers wanted to return the debt to 39 percent of GDP (its average over the past 50 years) by 2046, one way to do so would be to increase revenues or cut noninterest spending (in relation to current law), or do some combination of the two, beginning in 2017 by amounts totaling 2.9 percent of GDP each year. (In 2017, 2.9 percent of GDP would be about \$560 billion, or \$1,700 per person.)

In deciding how quickly to implement policies to put federal debt on a sustainable path—regardless of the chosen goal for federal debt—lawmakers face trade-offs. Reducing the deficit sooner would have several benefits: less accumulated debt, smaller policy changes required to achieve long-term outcomes, and less uncertainty about which policies lawmakers would adopt. However, if lawmakers implemented spending cuts or tax increases quickly, people would have little time to plan and adjust to the policy changes, and the ongoing economic expansion would be weakened. By contrast, waiting several years to implement reductions in federal spending or increases in taxes would mean more accumulated debt over the long run, which would slow long-term growth

7. The major health care programs consist of Medicare, Medicaid, and the Children's Health Insurance Program, along with federal subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

8. The amounts of those reductions are calculated before macroeconomic feedback is taken into account. The projected effects on debt include both those direct effects of the specified policy changes and the resulting macroeconomic feedback to the budget.

in output and income. Also, delaying would mean that reaching any chosen target for debt would require larger policy changes.⁹

Caveats About This Volume

The ways in which specific federal programs, the budget as a whole, and the U.S. economy will evolve under current law are uncertain, as are the possible effects of proposed changes to federal spending and revenue policies. Because a broad range of results for any change in policy is plausible, CBO's estimates are designed to fall in the middle of the distribution of possible outcomes.

The estimates presented in this volume could differ from cost estimates for similar proposals that CBO might produce later or from revenue estimates developed later by the staff of the Joint Committee on Taxation (JCT). One reason is that the proposals on which those estimates were based might not precisely match the options presented here. Another is that the baseline budget projections against which such proposals would ultimately be measured might have changed and thus would differ from the projections used for this report.

In addition, some proposals similar to options presented in this volume would be defined as "major" legislation and thus would require CBO and JCT, to the greatest extent practicable, to incorporate the budgetary impact of macroeconomic effects into 10-year cost estimates. (Major legislation is defined as either having a gross budgetary effect, before incorporating macroeconomic effects, of 0.25 percent of GDP in any year over the next 10 years, or having been designated as such by the Chair of either Budget Committee. CBO projects that 0.25 percent of GDP in 2026 would be about \$70 billion.) Those macroeconomic effects might include, for example, changes in the labor supply or private investment. Incorporating such macroeconomic feedback into cost estimates is often called dynamic scoring. The estimates presented in this volume do not incorporate such effects.

Many of the options in this volume could be combined to provide building blocks for broader changes. In some cases, however, combining various spending or revenue options would produce budgetary effects that would differ from the sums of those estimates as presented here

because some options would overlap or interact in ways that would change their budgetary impact. And some options would be mutually exclusive. In addition, some options are flexible enough to be scaled up or down, leading to larger or smaller effects on households, businesses, and government budgets. Other options, such as those that eliminate programs, could not be scaled up.

To reduce projected deficits (relative to the baseline) through changes in discretionary spending, lawmakers would need to decrease the statutory funding caps below the levels already established under current law or enact appropriations below those caps. The discretionary options in this report could be used to accomplish either of those objectives. Alternatively, some of the options could be implemented to help comply with the existing caps on discretionary funding that are in place through 2021.

In some cases, CBO has not yet developed specific estimates of secondary effects for some options that would primarily affect mandatory or discretionary spending or revenues but that also could have other, less direct, effects on the budget.

The estimated budgetary effects of options do not reflect the extent to which those policy changes would reduce interest payments on federal debt. Those savings may be included as part of a comprehensive budget plan (such as the Congressional budget resolution), but CBO does not make such calculations for individual pieces of legislation or for individual options of the type discussed here.

Some of the estimates in this volume depend on projections of states' responses to federal policy changes, which can be difficult to predict and can vary over time because of states' changing fiscal conditions and other factors. CBO's analyses do not attempt to quantify the impact of options on states' spending or revenues.

Some options might impose federal mandates on other levels of government or on private entities. The Unfunded Mandates Reform Act of 1995 requires CBO to estimate the costs of any mandates that would be imposed by new legislation that the Congress considers. (The law defines mandates as enforceable duties imposed on state, local, or tribal governments or the private sector as well as certain types of provisions affecting large mandatory programs that provide funds to states.) In this volume, CBO does not address the costs of any mandates that might be associated with the various options.

9. For additional discussion, see Congressional Budget Office, *Choices for Deficit Reduction: An Update* (December 2013), www.cbo.gov/publication/44967.

Table 1-1.

Options for Reducing the Deficit

Option Number	Title	Savings, 2017–2026^a (Billions of dollars)
Mandatory Spending (Other than that for health-related programs)		
Option 1	Change the Terms and Conditions for Oil and Gas Leasing on Federal Lands	3
Option 2	Limit Enrollment in the Department of Agriculture's Conservation Programs	10
Option 3	Eliminate Title I Agriculture Programs	25
Option 4	Reduce Subsidies in the Crop Insurance Program	27
Option 5	Eliminate ARC and PLC Payments on Generic Base Acres	4
Option 6	Limit ARC and PLC Payment Acres to 50 Percent of Base Acres	11
Option 7	Raise Fannie Mae's and Freddie Mac's Guarantee Fees and Decrease Their Eligible Loan Limits	6
Option 8	Eliminate the Add-On to Pell Grants, Which Is Funded With Mandatory Spending	60
Option 9	Limit Forgiveness of Graduate Student Loans	19
Option 10	Reduce or Eliminate Subsidized Loans for Undergraduate Students	8 to 27
Option 11	Eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Disabled Veterans	139
Option 12	Reduce Pensions in the Federal Employees Retirement System	7
Option 13	Convert Multiple Assistance Programs for Lower-Income People Into Smaller Block Grants to States	367 ^b
Option 14	Eliminate Subsidies for Certain Meals in the National School Lunch, School Breakfast, and Child and Adult Care Food Programs	10
Option 15	Tighten Eligibility for the Supplemental Nutrition Assistance Program	88
Option 16	Reduce TANF's State Family Assistance Grant by 10 Percent	14
Option 17	Eliminate Supplemental Security Income Benefits for Disabled Children	104 ^b
Option 18	Link Initial Social Security Benefits to Average Prices Instead of Average Earnings	72 to 114
Option 19	Make Social Security's Benefit Structure More Progressive	8 to 36
Option 20	Raise the Full Retirement Age for Social Security	8
Option 21	Reduce Social Security Benefits for New Beneficiaries	105 to 190
Option 22	Require Social Security Disability Insurance Applicants to Have Worked More in Recent Years	45
Option 23	Eliminate Eligibility for Starting Social Security Disability Benefits at Age 62 or Later	17
Option 24	Narrow Eligibility for Veterans' Disability Compensation by Excluding Certain Disabilities Unrelated to Military Duties	26
Option 25	Restrict VA's Individual Unemployability Benefits to Disabled Veterans Who Are Younger Than the Full Retirement Age for Social Security	40
Option 26	Use an Alternative Measure of Inflation to Index Social Security and Other Mandatory Programs	182
Discretionary Spending (Other than that for health-related programs)		
Option 1	Reduce the Size of the Military to Satisfy Caps Under the Budget Control Act	251
Option 2	Reduce DoD's Operation and Maintenance Appropriation, Excluding Funding for the Defense Health Program	49 to 151
Option 3	Cap Increases in Basic Pay for Military Service Members	21
Option 4	Replace Some Military Personnel With Civilian Employees	13
Option 5	Cancel Plans to Purchase Additional F-35 Joint Strike Fighters and Instead Purchase F-16s and F/A-18s	23
Option 6	Stop Building Ford Class Aircraft Carriers	15
Option 7	Reduce Funding for Naval Ship Construction to Historical Levels	27
Option 8	Reduce the Size of the Nuclear Triad	9 to 13

Continued

Table 1-1.

Continued

Options for Reducing the Deficit

Option Number	Title	Savings, 2017–2026^a (Billions of dollars)
Discretionary Spending (Other than that for health-related programs) (Continued)		
Option 9	Build Only One Type of Nuclear Weapon for Bombers	6 to 8
Option 10	Defer Development of the B-21 Bomber	27
Option 11	Reduce Funding for International Affairs Programs	117
Option 12	Eliminate Human Space Exploration Programs	81
Option 13	Reduce Department of Energy Funding for Energy Technology Development	16
Option 14	Eliminate Certain Forest Service Programs	6
Option 15	Convert the Home Equity Conversion Mortgage Program From a Guarantee Program to a Direct Loan Program	23 ^b
Option 16	Eliminate the International Trade Administration's Trade Promotion Activities	3
Option 17	Eliminate Funding for Amtrak and the Essential Air Service Program	16 ^b
Option 18	Limit Highway Funding to Expected Highway Revenues	40
Option 19	Eliminate Federal Funding for National Community Service	8
Option 20	Eliminate Head Start	84
Option 21	Restrict Pell Grants to the Neediest Students	4 to 65 ^b
Option 22	Increase Payments by Tenants in Federally Assisted Housing	18
Option 23	Reduce the Number of Housing Choice Vouchers or Eliminate the Program	16 to 111
Option 24	Reduce the Annual Across-the-Board Adjustment for Federal Civilian Employees' Pay	55
Option 25	Reduce the Size of the Federal Workforce Through Attrition	50
Option 26	Impose Fees to Cover the Cost of Government Regulations and Charge for Services Provided to the Private Sector	24
Option 27	Repeal the Davis-Bacon Act	13 ^b
Option 28	Eliminate or Reduce Funding for Certain Grants to State and Local Governments	56
Revenues (Other than those related to health)		
Option 1	Increase Individual Income Tax Rates	93 to 734
Option 2	Implement a New Minimum Tax on Adjusted Gross Income	66
Option 3	Raise the Tax Rates on Long-Term Capital Gains and Qualified Dividends by 2 Percentage Points	57
Option 4	Use an Alternative Measure of Inflation to Index Some Parameters of the Tax Code	157
Option 5	Convert the Mortgage Interest Deduction to a 15 Percent Tax Credit	105
Option 6	Curtail the Deduction for Charitable Giving	229
Option 7	Limit the Deduction for State and Local Taxes	955
Option 8	Limit the Value of Itemized Deductions	119 to 2,232
Option 9	Change the Tax Treatment of Capital Gains From Sales of Inherited Assets	68
Option 10	Eliminate the Tax Exemption for New Qualified Private Activity Bonds	28
Option 11	Expand the Base of the Net Investment Income Tax to Include the Income of Active Participants in S Corporations and Limited Partnerships	160
Option 12	Tax Carried Interest as Ordinary Income	20
Option 13	Include Disability Payments From the Department of Veterans Affairs in Taxable Income	38 to 94
Option 14	Include Employer-Paid Premiums for Income Replacement Insurance in Employees' Taxable Income	336
Option 15	Further Limit Annual Contributions to Retirement Plans	92

Continued

Table 1-1.

Continued

Options for Reducing the Deficit

Option Number	Title	Savings, 2017–2026 ^a (Billions of dollars)
Revenues (Other than those related to health) (Continued)		
Option 16	Tax Social Security and Railroad Retirement Benefits in the Same Way That Distributions From Defined Benefit Pensions Are Taxed	423
Option 17	Eliminate Certain Tax Preferences for Education Expenses	195
Option 18	Lower the Investment Income Limit for the Earned Income Tax Credit and Extend That Limit to the Refundable Portion of the Child Tax Credit	7
Option 19	Require Earned Income Tax Credit and Child Tax Credit Claimants to Have a Social Security Number That Is Valid for Employment	37
Option 20	Increase the Maximum Taxable Earnings for the Social Security Payroll Tax	633 to 1,008
Option 21	Expand Social Security Coverage to Include Newly Hired State and Local Government Employees	78
Option 22	Increase the Payroll Tax Rate for Medicare Hospital Insurance by 1 Percentage Point	823
Option 23	Tax All Pass-Through Business Owners Under SECA and Impose a Material Participation Standard	137
Option 24	Increase Taxes that Finance the Federal Share of the Unemployment Insurance System	13 to 15
Option 25	Increase Corporate Income Tax Rates by 1 Percentage Point	100
Option 26	Capitalize Research and Experimentation Costs and Amortize Them Over Five Years	185
Option 27	Extend the Period for Depreciating the Cost of Certain Investments	251
Option 28	Repeal Certain Tax Preferences for Energy and Natural Resource-Based Industries	24
Option 29	Repeal the Deduction for Domestic Production Activities	174
Option 30	Repeal the "LIFO" and "Lower of Cost or Market" Inventory Accounting Methods	102
Option 31	Subject All Publicly Traded Partnerships to the Corporate Income Tax	6
Option 32	Repeal the Low-Income Housing Tax Credit	34
Option 33	Determine Foreign Tax Credits on a Pooling Basis	82
Option 34	Require a Minimum Level of Taxation of Foreign Income as It Is Earned	301
Option 35	Further Limit the Deduction of Interest Expense for Multinational Corporations	68
Option 36	Increase Excise Taxes on Motor Fuels by 35 Cents and Index for Inflation	474
Option 37	Impose an Excise Tax on Overland Freight Transport	343
Option 38	Increase All Taxes on Alcoholic Beverages to \$16 per Proof Gallon	70
Option 39	Impose a 5 Percent Value-Added Tax	1,770 to 2,670
Option 40	Impose a Fee on Large Financial Institutions	98
Option 41	Impose a Tax on Financial Transactions	707
Option 42	Impose a Tax on Emissions of Greenhouse Gases	977
Option 43	Increase Federal Civilian Employees' Contributions to the Federal Employees Retirement System	48

Continued

Table 1-1.

Continued

Options for Reducing the Deficit

Option Number	Title	Savings, 2017–2026^a (Billions of dollars)
Health		
Option 1	Adopt a Voucher Plan and Slow the Growth of Federal Contributions for the Federal Employees Health Benefits Program	31 ^b
Option 2	Impose Caps on Federal Spending for Medicaid	370 to 680
Option 3	Limit States' Taxes on Health Care Providers	16 to 40
Option 4	Repeal All Insurance Coverage Provisions of the Affordable Care Act	1,236
Option 5	Repeal the Individual Health Insurance Mandate	416
Option 6	Introduce Minimum Out-of-Pocket Requirements Under TRICARE for Life	27
Option 7	Change the Cost-Sharing Rules for Medicare and Restrict Medigap Insurance	18 to 66
Option 8	Increase Premiums for Parts B and D of Medicare	22 to 331
Option 9	Raise the Age of Eligibility for Medicare to 67	18
Option 10	Reduce Medicare's Coverage of Bad Debt	15 to 31
Option 11	Require Manufacturers to Pay a Minimum Rebate on Drugs Covered Under Part D of Medicare for Low-Income Beneficiaries	145
Option 12	Consolidate and Reduce Federal Payments for Graduate Medical Education at Teaching Hospitals	32
Option 13	Limit Medical Malpractice Claims	62 ^b
Option 14	End Congressional Direction of Medical Research in the Department of Defense	9
Option 15	Modify TRICARE Enrollment Fees and Cost Sharing for Working-Age Military Retirees	18 ^b
Option 16	End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8	54 ^b
Option 17	Increase the Excise Tax on Cigarettes by 50 Cents per Pack	35
Option 18	Reduce Tax Preferences for Employment-Based Health Insurance	174 to 429

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

ARC = Agriculture Risk Coverage; DoD = Department of Defense; LIFO = last in, first out; PLC = Price Loss Coverage; SECA = Self-Employment Contributions Act; TANF = Temporary Assistance for Needy Families; VA = Department of Veterans Affairs.

a. For options affecting primarily mandatory spending or revenues, savings sometimes would derive from changes in both. When that is the case, the savings shown include effects on both mandatory spending and revenues. For options affecting primarily discretionary spending, the savings shown are the decrease in discretionary outlays. That same approach applies for the savings shown for health options; most are mandatory spending options or revenue options, although 14, 15, and 16 are discretionary spending options.

b. Savings do not encompass all budgetary effects.

Table 1-2.

CBO's Baseline Budget Projections

	<u>Actual</u>		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	<u>Total</u>	
	2015	2016											2017	2016
In Billions of Dollars														
Revenues	3,250	3,267	3,421	3,600	3,745	3,900	4,048	4,212	4,385	4,574	4,779	4,993	18,714	41,658
Outlays	3,688	3,854	4,015	4,120	4,370	4,614	4,853	5,166	5,373	5,574	5,908	6,235	21,973	50,229
Deficit	-438	-587	-594	-520	-625	-714	-806	-954	-988	-1,000	-1,128	-1,243	-3,258	-8,571
Debt Held by the Public at the End of the Year	13,117	14,173	14,743	15,325	16,001	16,758	17,597	18,584	19,608	20,649	21,824	23,118	n.a.	n.a.
As a Percentage of Gross Domestic Product														
Revenues	18.2	17.8	17.9	18.1	18.1	18.2	18.2	18.3	18.3	18.3	18.4	18.5	18.1	18.3
Outlays	20.6	20.9	21.0	20.7	21.2	21.6	21.9	22.4	22.4	22.3	22.7	23.1	21.3	22.0
Deficit	-2.4	-3.2	-3.1	-2.6	-3.0	-3.3	-3.6	-4.1	-4.1	-4.0	-4.3	-4.6	-3.2	-3.8
Debt Held by the Public at the End of the Year	73.6	77.0	77.2	77.0	77.5	78.4	79.3	80.5	81.7	82.7	84.0	85.5	n.a.	n.a.

Source: Congressional Budget Office. CBO's most recent budget projections (2017 through 2026) were completed in August 2016. See Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2016 to 2026* (August 2016), www.cbo.gov/publication/51908.

n.a. = not applicable.