The Economic Outlook
Real Gross Domestic Product
(Trillions of 2005 dollars)
Gap Between GDP and Potential GDP
(Trillions of 2005 dollars)

Projected

$2.6 Trillion

$3.1 Trillion

Actual

C O N G R E S S I O N A L  B U D G E T  O F F I C E
Unemployment Rate
(Percent)


0 | 2 | 4 | 6 | 8 | 10 | 12

Actual | Projected
The Budget Outlook
Deficits or Surpluses, Historically and As Projected in CBO’s Baseline

(Percentage of GDP)
What Policy Assumptions Underlie the Baseline and the Alternative Fiscal Scenario?

Baseline Projections: Current law

Alternative Fiscal Scenario:

– All expiring tax provisions (other than the payroll tax reduction) are extended.

– The alternative minimum tax (AMT) is indexed for inflation after 2011.

– Medicare’s payment rates for physicians’ services are held constant at current level.

– The automatic spending reductions required by the Budget Control Act do not take effect (although the original caps on discretionary appropriations remain in place).
Deficits or Surpluses, Historically and As Projected in CBO’s Baseline and Under the Alternative Fiscal Scenario

(Percentage of GDP)
Deficits Projected in CBO’s Baseline and Under the Alternative Fiscal Scenario
(Percentage of GDP)
Federal Debt Held by the Public, Historically and As Projected in CBO’s Baseline and Under the Alternative Fiscal Scenario

(Percentage of GDP)
Components of Mandatory Spending
(Percentage of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Security</th>
<th>Other Mandatory</th>
<th>Major Federal Health Care Programs</th>
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Social Security Beneficiaries
(In Millions, at End of Calendar Year)
Discretionary Outlays, by Category
(Percentage of GDP)
Revenues Projected in CBO’s Baseline and Under the Alternative Fiscal Scenario
(Percentage of GDP)
Selected Major Tax Expenditures in 2012, Compared with Other Categories of Revenues and Outlays
(Percentage of GDP)
Effects of Selected Major Tax Expenditures from 2013 to 2022

- Income Exclusions
  - Exclusion of Employers' Contributions for Health Care, Health Insurance Premiums, and Long-Term Care Insurance Premiums
  - Net Exclusions of Pension Contributions and Earnings
  - Exclusion of Capital Gains at Death
  - Exclusion of Untaxed Social Security and Railroad Retirement Benefits

- Deductions
  - Deduction for Mortgage Interest on Owner-Occupied Residences
  - Deduction for State and Local Taxes
  - Deduction for Charitable Contributions

- Preferential Rates
  - Reduced Tax Rates on Dividends and Long-Term Capital Gains

- Credits
  - Earned Income Tax Credit
  - Child Tax Credit

Percentage of Gross Domestic Product

0 0.2 0.4 0.6 0.8 1.0 1.2 1.4 1.6 1.8 2.0

Percentage of Gross Domestic Product
Components of the Federal Budget as Shares of GDP: 1972-2011 Average and 2022 Projection Under the Alternative Fiscal Scenario

(Percentage of GDP)

- Social Security and Major Federal Health Care Programs
- All Other Programs
- Net Interest
- Total Outlays
- Total Revenues
- Deficit

1972–2011 Average
2022 Projection Under the Alternative Fiscal Scenario