



An Analysis of the Discretionary Spending Proposals in the President's 2025 Budget

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The Administration submitted its latest annual set of budgetary proposals to the Congress on March 11, 2024.¹ In this report, the Congressional Budget Office examines how the discretionary spending proposals in that budget compare with CBO's most recent baseline budget projections, which span the years from 2024 to 2034.²

The President has requested a total of \$1.75 trillion in discretionary appropriations for 2025. That amount includes the effects of proposed changes in mandatory programs that would be enacted in the 12 annual appropriation bills; those changes would, on net, reduce budget authority by \$44 billion in 2025 (and increase it by \$35 billion in 2026), CBO estimates.³ Excluding those effects on mandatory programs, the proposed appropriations for 2025 would total \$1.79 trillion (see Table 1). That amount is \$68 billion (or 4 percent) less than what has been appropriated for 2024 (also excluding

the effect of changes in mandatory programs enacted in 2024 appropriation legislation)—\$59 billion less for defense and \$10 billion less for nondefense activities. In addition, the President requested obligation limitations of \$81 billion for certain transportation programs for 2025, 2 percent more than the amount for 2024.⁴

In analyzing the President's budget, CBO compares the spending that would result from the discretionary funding requested by the Administration for each year from 2025 to 2034 with the spending projected in CBO's baseline. That baseline, which reflects the assumption that current laws governing federal spending and revenues will generally remain in place, is intended to provide a benchmark that policymakers can use to assess the potential effects of future policy decisions on federal spending and revenues and, thus, on deficits and debt. Both CBO's baseline and its analysis of the Administration's budget are based on the agency's most recent economic forecast and its technical assumptions.⁵

The baseline reflects funding provided to date for 2024 and the caps that were established by the Fiscal Responsibility Act of 2023 (FRA; Public Law 118-5) for 2025. (The Office of Management and Budget, or OMB, has determined that funding enacted to date does not exceed the caps established by the FRA for 2024.) CBO's

1. This analysis does not include the budgetary effects of the amendments to the proposed budget that the Administration submitted to the Congress on May 22, 2024.
2. Discretionary spending is controlled by appropriation acts that provide funding or otherwise specify how much money can be obligated for certain government programs in specific years. Such appropriations fund a broad array of government activities.
3. Budget authority is the authority provided by federal law to incur financial obligations that will result in immediate or future outlays of federal government funds. A proposal to delay from 2025 to 2026 the availability of certain funding for the Child Enrollment Contingency Fund (\$21 billion), the Children's Health Insurance Program (\$13 billion), and the Crime Victims Fund (\$2 billion) accounts for \$36 billion of the \$44 billion reduction in budget authority attributable to proposed changes to mandatory programs in appropriation bills for 2025. Those proposals would boost budget authority by those same amounts in 2026, when the delayed funding would become available again. None of those three changes would significantly affect outlays in any year, CBO estimates.

4. The budget authority for those transportation programs is mandatory, but the spending is constrained by obligation limitations set in appropriation acts, and thus outlays for those programs are considered discretionary. Those obligation limitations limit the amount of budget authority that can be used in a given year.
5. For CBO's most recent budget and economic projections, see Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2024 to 2034* (June 2024), www.cbo.gov/publication/60039.

Table 1.

Proposed Changes in Discretionary Budget Authority in the President's Budget, by FRA Category, 2023 to 2025

Billions of dollars

	Actual, 2023 ^a	Enacted, 2024	Administration's request for 2025 ^b	Percentage change	
				2023– 2024	2024– 2025
Defense					
Base funding ^c	861	886	895	3	1
Emergency funding					
Funding provided in advance by laws enacted before 2024	*	*	*	0	0
New emergency funding	33	67	0	105	-100
Subtotal, emergency	33	68	*	104	-100
Subtotal, defense	894	954	895	7	-6
Nondefense					
Base funding ^c	775	749	763	-3	2
Emergency funding					
Funding provided in advance by laws enacted before 2024	70	70	69	**	-2
New emergency funding	69	56	32	-19	-43
Subtotal, emergency	139	126	101	-9	-20
Other nonbase funding ^d	28	29	30	1	5
Subtotal, nondefense	943	904	894	-4	-1
Total	1,837	1,858	1,789	1	-4
Addendum:					
Obligation limitations	78	79	81	2	2
Total base funding	1,636	1,635	1,658	**	1
Total nonbase funding	201	223	131	11	-41

Data source: Congressional Budget Office. See www.cbo.gov/publication/60041#data.

FRA = Fiscal Responsibility Act of 2023; * = between zero and \$500 million; ** = between -1 percent and zero.

Estimates do not include enacted and proposed changes to certain mandatory programs through the appropriation process. In keeping with long-standing procedures, those changes are credited against discretionary spending for purposes of budget enforcement. Obligation limitations for certain transportation programs are reflected only in the addendum and are not included elsewhere in this table.

- Amounts show how the FRA would have applied to budget authority had that act been in place in 2023.
- Excludes proposed reductions of \$44 billion in budget authority for certain mandatory programs made through the appropriation process.
- Base funding is funding that is constrained by the caps on discretionary spending established by the FRA. For 2025, the cap on defense funding established by section 101 of that act is \$895 billion, and the cap on nondefense funding is \$711 billion.
- Consists of funding for disaster relief, certain program integrity initiatives (which identify and reduce overpayments in some benefit programs), certain wildfire suppression operations, certain funding provided to the Army Corps of Engineers, and programs designated in the 21st Century Cures Act.

baseline incorporates the assumption that after 2025, funding grows with inflation when not constrained by those caps. (In the case of advance appropriations, funding grows with inflation from the amount of the final enacted advance appropriation.)

By contrast, the President's budget includes specified requests rather than amounts that grow with inflation. In the President's request, base funding—that is, funding constrained by the caps—grows by an average of about

1.6 percent a year after 2025. Nonbase funding—that is, funding that is not constrained by the caps—proposed for those years is substantially less than what has been provided in 2024 and what is proposed for 2025.

The main differences between the President's budget and CBO's baseline are as follows:

- CBO estimates that under the President's budget, discretionary funding would be \$43 billion (or

2 percent) below baseline amounts in 2025 and \$1.9 trillion (or 9 percent) below baseline amounts over the 2025–2034 period.

- Nonbase funding in the President's budget is \$95 billion (or 42 percent) less than baseline amounts in 2025 and \$2.0 trillion (or 82 percent) less than baseline amounts over the 2025–2034 period.
- Base funding in the President's budget is \$52 billion (or 3 percent) greater than baseline amounts in 2025 and \$75 billion (or less than 1 percent) greater over the 2025–2034 period.
- Although the President's request includes less funding for 2025 than the amount projected in CBO's baseline, discretionary outlays under the President's budget would be \$34 billion (or 2 percent) larger in that year, CBO estimates. That difference occurs because proposed increases in base funding would translate to increases in outlays more quickly than the proposed decreases in nonbase funding would translate into decreases in outlays. Over the 2025–2034 period, discretionary outlays under the President's budget would be \$878 billion (or 4 percent) less than they are in CBO's baseline.

As a share of gross domestic product (GDP), discretionary outlays under the President's proposals would total 4.9 percent in 2034. Defense discretionary outlays would be 2.4 percent of GDP, and nondefense discretionary outlays would be 2.5 percent. Those amounts would be lower than their values in any of the past 50 years and smaller than outlays projected in CBO's baseline.

Proposals for Discretionary Appropriations in 2025

The President's budget for 2025 includes base funding of \$1.66 trillion, excluding the effects of proposed changes to mandatory programs. That amount is 1 percent greater than was appropriated in 2024 and in 2023. Proposed nonbase funding totals \$131 billion, of which \$101 billion is designated as an emergency requirement.⁶ Other nonbase funding, including funding for disaster relief and program integrity initiatives, accounts for the remaining \$30 billion of nonbase funding requested for 2025. The total amount of nonbase funding requested for 2025 is 41 percent less than has been appropriated for 2024 and 35 percent less than was appropriated in 2023.

6. Of the \$101 billion in funding designated as an emergency requirement for 2025 included in the President's budget, \$69 billion was provided in advance by laws enacted before 2024.

Defense Funding in 2025

The President proposes total discretionary defense funding of \$895 billion in 2025, \$59 billion (or 6 percent) less than the amount provided for 2024 (see Figure 1). Total defense funding would decrease under the President's budget because the proposal contains no defense funding designated as an emergency requirement beyond the \$20 million already provided under current law for 2025 and 2026. To date, \$67 billion of such funding has been provided for 2024 to furnish aid to Ukraine, Israel, and the Indo-Pacific region.

Funding for operation and maintenance (a category that covers day-to-day operations ranging from health care to equipment maintenance) and funding for procurement would fall by \$33 billion (or 9 percent) and \$26 billion (or 13 percent) respectively (see Table 2). Those decreases are driven by changes to funding designated as an emergency requirement, which is nonbase funding; base funding for operations and maintenance would rise by \$11 billion (or 3 percent), and base funding for procurement would fall by \$4 billion (or 2 percent). Funding for military personnel would rise by \$5 billion (or 3 percent), and funding for research, development, test, and evaluation would fall by \$5 billion (or 4 percent) primarily because of changes to base funding. All told, base funding for defense would rise by \$9 billion (or 1 percent).

Nondefense Funding in 2025

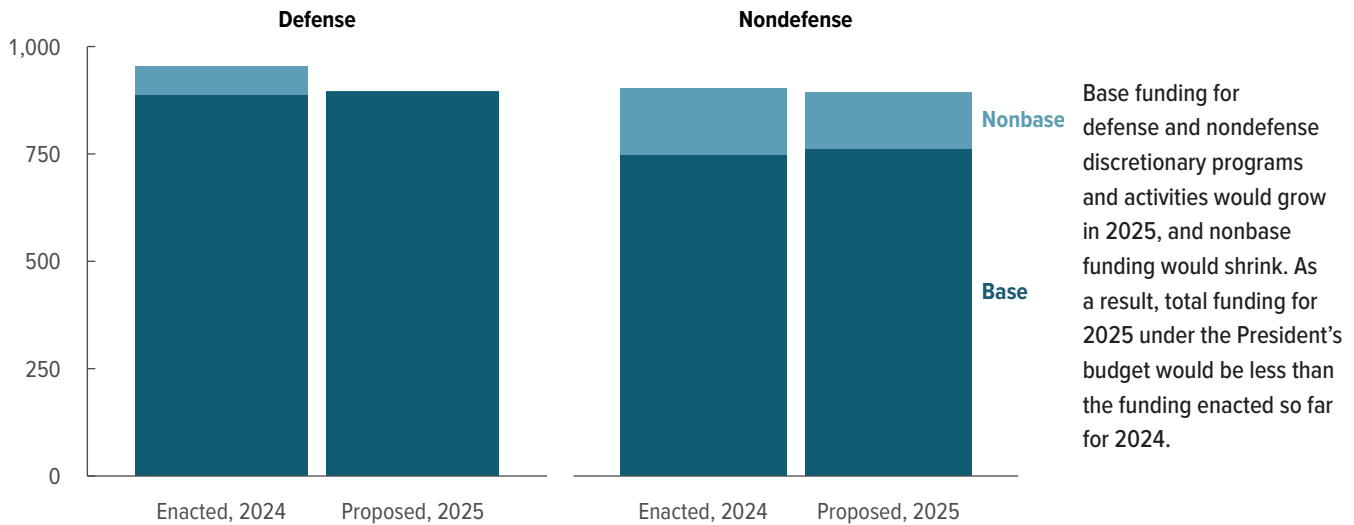
Under the Administration's budget, discretionary nondefense funding for 2025 (not including obligation limitations for certain transportation programs) would total \$894 billion, \$10 billion (or 1 percent) less than the amount provided for 2024. That decrease would be the net result of changes in base funding (an increase of \$14 billion), discretionary funding designated as an emergency requirement (a decrease of \$25 billion), and other nonbase funding (an increase of \$1 billion).

Base Funding. Base nondefense funding in 2025 would rise to \$763 billion, 2 percent more than the amount provided for 2024, CBO estimates. The largest total increases under the President's budget would be \$9 billion (or 10 percent) for health programs activities, \$6 billion (or 31 percent) for general government programs and activities (including \$5 billion for real property activities executed by the General Services Administration, or GSA), and \$5 billion for international affairs. A \$6 billion reduction in discretionary funding for veterans' benefits would partially offset those proposed increases.

Figure 1.

Defense and Nondefense Discretionary Budget Authority Proposed in the President's Budget

Billions of dollars

Data source: Congressional Budget Office. See www.cbo.gov/publication/60041#data.

Including reductions to budget authority resulting from proposed changes to mandatory programs, base nondefense discretionary budget authority under the President's budget would amount to \$719 billion, by CBO's estimate. That estimate is \$8 billion more than the cap on nondefense discretionary funding in section 101 of the FRA.⁷ OMB—the agency that determines whether sequestration is required—estimates that the President's request for base nondefense funding complies with that cap.⁸ CBO's estimate of such funding is greater than OMB's, in part because CBO includes in its estimate the \$5 billion provided in advance for 2025 by 2024 appropriation acts in its estimate, whereas OMB only counts the amounts the President proposes.⁹ CBO

also estimates that a proposal to allow the GSA to purchase certain properties would require \$3 billion more in budget authority in 2025 than OMB estimates.¹⁰ Other estimating differences account for small remaining discrepancies.

Nonbase Funding. Nonbase nondefense funding would decrease by \$24 billion. Funding designated as an emergency requirement (including funding for 2025 provided in advance by laws enacted before 2024) would drop by \$25 billion (or 20 percent) in 2025, from \$126 billion provided so far in 2024 to \$101 billion, CBO estimates. The largest decline would be a \$28 billion reduction in funding for international affairs activities, mostly funding to provide aid to Ukraine, Israel, and countries in the Indo-Pacific region. In addition, emergency funding for community and regional development programs would fall by \$17 billion, CBO estimates, driven by less funding

7. When appropriation acts make changes to mandatory programs, those changes are reflected in cost estimates as discretionary costs or savings pursuant to Congressional scorekeeping guidelines. Because cost estimates for appropriation legislation are used when enforcing the caps, such changes affect the determination of whether funding exceeds the caps.

8. Sequestration is the process by which across-the-board reductions are applied to budgetary resources. Budgetary resources include discretionary funding provided in appropriation acts as well as other spending authority.

9. The laws that provide full-year funding for 2024 provided \$5 billion in advance appropriations to the Indian Health Service account for 2025. The President's budget—which was submitted before full-year funding had been provided—includes

\$6 billion in funding for 2025. In this analysis, CBO counts the funding in the President's request as an addition to the advance appropriation already provided under current law.

10. The President proposes a total of \$3.5 billion for the GSA to purchase a new headquarters for the FBI through a series of installment payments. In keeping with long-standing scorekeeping guidelines that govern the purchase of assets, CBO records the full cost of \$3.5 billion in 2025, when the first payment would be made. The President's budget includes annual funding for each installment payment.

Table 2.

Proposed Changes in Discretionary Budget Authority in the President's Budget, by Functional Classification, 2024 to 2025

Billions of dollars

	Base ^a				Total			
	Enacted, 2024	Proposed, 2025 ^b	Difference	Percentage change	Enacted, 2024	Proposed, 2025 ^b	Difference	Percentage change
Defense								
Operation and maintenance	327	338	11	3	371	338	-33	-9
Procurement	171	168	-4	-2	193	168	-26	-13
Military personnel	176	182	6	3	176	182	5	3
Research, development, test, and evaluation	148	143	-5	-3	148	143	-5	-4
Other	65	65	*	**	65	65	*	**
Subtotal, defense	886	895	9	1	954	895	-59	-6
Nondefense								
Health	88	97	9	10	89	98	9	10
General government	20	26	6	31	20	26	6	31
International affairs	58	63	5	9	88	66	-22	-25
Veterans' benefits	136	130	-6	-4	136	130	-6	-4
Other ^c	447	447	*	**	571	574	3	1
Subtotal, nondefense	749	763	14	2	904	894	-10	-1
Total, budget authority	1,635	1,658	23	1	1,858	1,789	-68	-4
Addendum:								
Nondefense CHIMPs in the President's budget ^d	-44	-44	*	-1	-44	-44	*	-1
Nondefense budget authority, including the effect of CHIMPs	704	719	15	2	860	850	-9	-1

Data source: Congressional Budget Office. See www.cbo.gov/publication/60041#data.

CHIMP = Change in Mandatory Programs; * = between -\$500 million and \$500 million; ** = between -1 percent and 1 percent.

- a. Base funding is funding that is constrained by the caps on discretionary spending established by the Fiscal Responsibility Act of 2023. For 2025, the cap on defense funding established by section 101 of that act is \$895 billion and the cap on nondefense funding is \$711 billion.
- b. Except for those in the addendum, amounts exclude proposed reductions of \$44 billion in budget authority for certain mandatory programs made through the appropriation process.
- c. Excludes budgetary resources provided by obligation limitations for certain surface and air transportation programs.
- d. Amounts for 2024 reflect the amount included in the estimates of discretionary budget authority for 2024 appropriation acts at the time of enactment. In the baseline, those changes affect estimates of mandatory spending. Amounts for 2025 reflect CBO's estimates of the changes to mandatory programs that would be enacted in the President's budget proposals for the 12 annual appropriation bills.

for assistance following natural disasters. Furthermore, funding designated as an emergency requirement that was provided in advance by laws enacted before 2024—primarily the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) and the Bipartisan Safer Communities Act (BSCA; P.L. 117-159)—is set to decrease under current law by \$1 billion in 2025, to \$69 billion. A \$23 billion increase in funding that would typically be categorized as base funding but that would be designated as an emergency requirement in the President's budget partially offsets those decreases. Nearly half of that \$23 billion would be for housing programs.

Funding for other nonbase nondefense categories would increase in 2025 to \$30 billion. Such nonbase funding includes certain appropriations for disaster relief, certain program integrity initiatives (which identify and reduce overpayments in some benefit programs), certain wildfire suppression operations, certain funding provided to the Army Corps of Engineers, and programs designated in the 21st Century Cures Act (P.L. 114-255). Although those categories of funding are not constrained by the overall caps on discretionary funding, they are each subject to their own limits.



Table 3.

Proposed Discretionary Spending in the President's Budget Compared With CBO's Baseline Projections

Billions of dollars

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total		
												2025–2029	2025–2034	
Budget authority														
Base^a														
CBO's baseline	1,635	1,606	1,644	1,680	1,717	1,757	1,798	1,841	1,885	1,930	1,976	8,405	17,835	
CBO's estimate of the President's budget	1,635	1,658	1,680	1,714	1,749	1,787	1,812	1,838	1,864	1,890	1,917	8,588	17,910	
Difference	0	52	36	34	32	30	14	-3	-21	-39	-59	184	75	
Nonbase^b														
CBO's baseline	223	226	227	232	236	241	246	251	256	261	266	1,162	2,441	
CBO's estimate of the President's budget	223	131	92	27	27	28	28	28	28	29	29	305	447	
Difference	0	-95	-135	-205	-209	-213	-218	-222	-227	-232	-238	-857	-1,994	
Total														
CBO's baseline	1,858	1,832	1,871	1,912	1,954	1,998	2,044	2,091	2,141	2,190	2,243	9,566	20,276	
CBO's estimate of the President's budget ^c	1,858	1,789	1,771	1,742	1,776	1,815	1,840	1,866	1,892	1,919	1,946	8,893	18,357	
Difference	0	-43	-99	-171	-177	-183	-204	-225	-249	-272	-297	-673	-1,919	
Outlays^d														
Base^a														
CBO's baseline	1,728	1,719	1,742	1,755	1,785	1,807	1,848	1,886	1,928	1,977	2,016	8,808	18,463	
CBO's estimate of the President's budget	1,728	1,764	1,807	1,823	1,855	1,877	1,910	1,933	1,959	1,991	2,012	9,126	18,931	
Difference	0	45	66	68	70	71	62	47	31	14	-4	319	468	
Nonbase^b														
CBO's baseline	63	113	157	189	207	219	226	230	234	238	243	885	2,055	
CBO's estimate of the President's budget	63	103	98	98	92	81	67	55	44	37	33	471	708	
Difference	0	-11	-59	-91	-116	-138	-158	-175	-189	-201	-210	-414	-1,347	
Total														
CBO's baseline	1,791	1,832	1,898	1,944	1,992	2,026	2,074	2,116	2,161	2,215	2,259	9,693	20,518	
CBO's estimate of the President's budget	1,791	1,867	1,905	1,921	1,947	1,958	1,977	1,988	2,003	2,028	2,045	9,598	19,640	
Difference	0	34	7	-23	-46	-67	-97	-128	-158	-187	-214	-95	-878	

Continued

How Discretionary Spending in the President's Budget Compares With CBO's Baseline Projections From 2025 to 2034

Over the 2025–2034 period, both funding and outlays would be less under the President's budget than they are projected to be in CBO's baseline. Differences in funding would be split roughly evenly between defense and nondefense: Each would be about \$1 trillion less under the President's budget than they are in the baseline. Reductions in discretionary outlays under the President's budget would fall more heavily on defense programs

and activities mostly because of the effects of unspecified reductions in future funding for nondefense programs and activities discussed below. Outlays for defense programs and activities would be \$773 billion less than they are in the baseline whereas nondefense outlays would be \$105 billion less.

Total Discretionary Funding

Discretionary funding under the President's budget in 2025 would be \$1.79 trillion, \$43 billion less than the amount projected in CBO's baseline (see Table 3). In 2026 and 2027, appropriations under the President's

Table 3.

Continued

Proposed Discretionary Spending in the President's Budget Compared With CBO's Baseline Projections

Billions of dollars

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total	
												2025–2029	2025–2034
Addendum:													
Outlays													
(percentage of GDP)													
CBO's baseline	6.3	6.2	6.2	6.1	6.0	5.9	5.8	5.7	5.6	5.6	5.5	6.1	5.8
CBO's estimate of the President's budget	6.3	6.3	6.2	6.0	5.9	5.7	5.5	5.4	5.2	5.1	4.9	6.0	5.6
Outlays from base funding													
(percentage of GDP)													
CBO's baseline	6.1	5.8	5.6	5.5	5.4	5.3	5.2	5.1	5.0	5.0	4.9	5.5	5.2
CBO's estimate of the President's budget	6.1	5.9	5.9	5.7	5.6	5.5	5.4	5.2	5.1	5.0	4.9	5.7	5.4

Data source: Congressional Budget Office. See www.cbo.gov/publication/60041#data.

These estimates do not include obligation limitations for certain transportation programs. Nor do they include changes to certain mandatory programs that were made through the appropriation process and enacted in previous years or the \$44 billion in reductions to mandatory budget authority that would result from such changes proposed for 2025. In keeping with long-standing procedures, those changes are credited against discretionary spending for purposes of budget enforcement.

GDP = gross domestic product.

- a. Base funding is funding that is constrained by the caps on discretionary spending established by the Fiscal Responsibility Act of 2023. For 2025, the cap on defense funding established by section 101 of that act is \$895 billion and the cap on nondefense funding is \$711 billion.
- b. Nonbase funding is funding that is not constrained by the caps or does not count toward the caps. Such funding includes funding that has been designated as an emergency requirement or for disaster assistance as well as funding for certain program integrity activities (which identify and reduce overpayments in some benefit programs), certain wildfire suppression operations, certain funding provided to the Army Corps of Engineers, and programs designated in the 21st Century Cures Act. Some of those categories of funding are subject to their own separate caps. For years 2026 and beyond, CBO's estimates of nonbase funding are based on data provided by Office of Management and Budget rather than on language in the appendix to the President's budget. Additionally, funding provided by the Infrastructure Investment and Jobs Act and the Bipartisan Safer Communities Act is designated as an emergency requirement. Those acts provided funding through 2026. When constructing its baseline, CBO (in consultation with the House and Senate Budget Committees) followed procedures established by law and projected funding provided by those laws to continue past 2026 with adjustments for inflation.
- c. The President's budget includes changes in mandatory programs that would reduce the amount of discretionary budget authority attributable to appropriation legislation by \$44 billion. For 2025, the effects of those changes have been removed from this table. If they were included, discretionary budget authority for 2025 would amount to \$1,745 billion.
- d. The Treasury does not distinguish between outlays stemming from base funding and outlays stemming from nonbase funding. Accordingly, CBO's projections do not distinguish nonbase outlays stemming from budget authority provided before 2024 from base outlays. Most outlays from nonbase funding provided before 2024 are instead reflected as base outlays.

budget would decline. After 2027, budget authority would steadily rise, from \$1.74 trillion in 2027 to \$1.95 trillion in 2034—an amount that is \$89 billion more than has been provided for 2024. Proposed changes to nonbase funding (including reductions in IJA and BSCA funding scheduled to occur under current law) slow the growth in discretionary funding over the 2025–2034 period.

Total Discretionary Outlays

Over the 2025–2034 period, discretionary outlays under the President's budget would be \$878 billion (or 4 percent) less than the amount in the most recent baseline,

CBO estimates. The reduction is driven by lower nonbase outlays, offset in part by higher base outlays (see Figure 2). As a percentage of GDP, outlays under the President's budget would decline in each year of the projection period, from 6.3 percent of GDP in 2025 to 4.9 percent in 2034; in CBO's baseline, they are projected to fall over that same period from 6.2 percent of GDP to 5.5 percent. Over the past 50 years, total discretionary outlays have averaged 8.0 percent of GDP.

Base Funding and Outlays

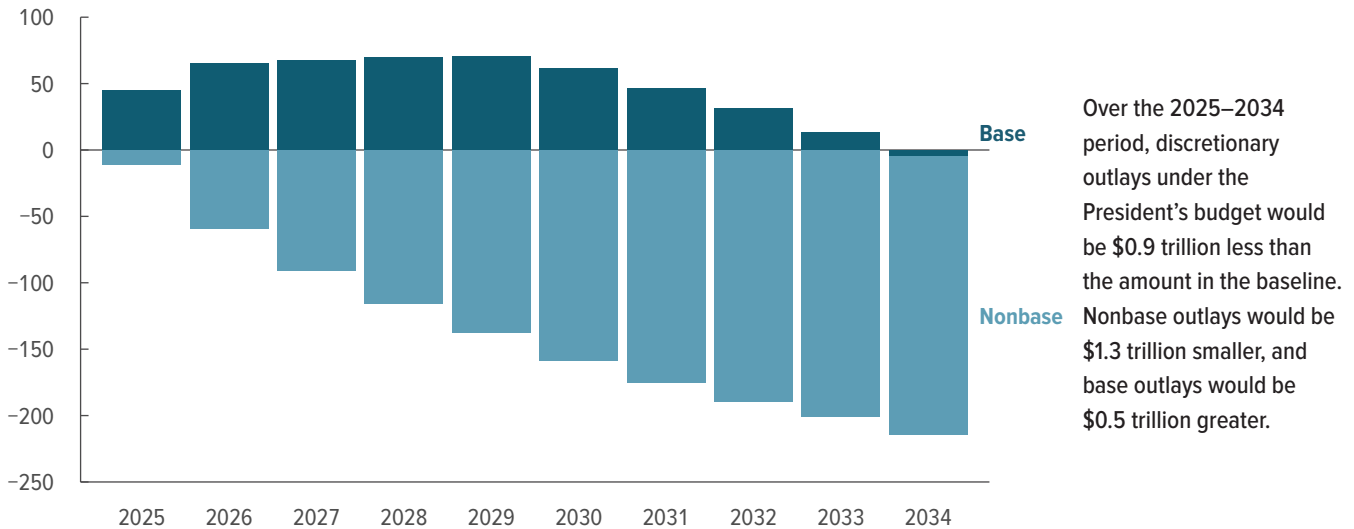
Base discretionary budget authority in the President's budget would be \$259 billion greater in 2034 than in



Figure 2.

Differences in Discretionary Outlays Under the President's Budget Relative to CBO's Baseline

Billions of dollars



Data source: Congressional Budget Office. See www.cbo.gov/publication/60041#data.

2025, growing at a rate of 1.6 percentage points per year, on average. That rate of increase would be 0.7 percentage points slower than the 2.3 percent average annual growth in base funding in CBO's baseline. (Funding in the baseline grows with inflation.)

The President's proposals for base funding would increase total discretionary outlays, relative to baseline amounts, by \$468 billion (or 3 percent), even though proposed base funding exceeds amounts projected in CBO's baseline by much less—\$75 billion (or 0.4 percent). That difference arises from how CBO and OMB treat unspecified reductions in budget authority for future years.

Both CBO's baseline and the President's budget proposal include unspecified reductions in budget authority for future years in amounts of roughly equal magnitude. In CBO's baseline, limits specified in the FRA for 2025 are applied, which reduces the amounts projected for subsequent years. The agency's baseline incorporates the assumption that the reduction would affect funding for all base nondefense discretionary accounts and thus reduce outlays at the average rate for all discretionary accounts, ultimately generating outlay savings roughly equal to the reductions in budget authority.

In contrast, the President's budget incorporates the assumption that some portion of the reduction in

budget authority would not result in reductions in discretionary outlays. That outcome could be achieved by making changes in mandatory programs enacted in appropriation acts or by rescinding funding that was not expected to be fully spent, among other policy options. The Administration's proposed funding reductions are not specific enough to enable CBO to assess their effects on outlays. Because the budgetary effects are achievable targets for detailed policies that may be proposed in the future, the agency used the Administration's estimates in this analysis.

Base discretionary outlays under the President's budget would fall as a share of GDP in each year of the next decade, from 5.9 percent in 2025 to 4.9 percent in 2034, averaging 5.4 percent over the period; in CBO's baseline, they follow a similar pattern, decreasing from 5.8 percent of GDP in 2025 to 4.9 percent in 2034, and averaging 5.2 percent over the period.

Nonbase Funding and Outlays

Most of the difference between outlays estimated in the President's budget and those projected in the baseline stems from differences in nonbase funding amounts. In CBO's baseline projections, nonbase funding (including projections of supplemental appropriations that provided funding for aid to Ukraine, Israel, and countries in the Indo-Pacific region; division J of the IIJA; and division B

of the BSCA) rises in each year, from \$223 billion in 2024 to \$266 billion in 2034. Those projections follow provisions of law that require CBO to project funding for years in which no appropriation exists by adjusting the most recently provided funding for inflation.

By contrast, the President's budget includes the \$223 billion in nonbase funding that has been provided for 2024, followed by reductions in such funding of \$91 billion in 2025, an additional \$39 billion in 2026, and an additional \$65 billion in 2027, by CBO's estimate. From 2027 to 2034, such funding averages \$28 billion a year. All told, over the 2025–2034 period, nonbase funding in the President's proposal would total \$447 billion, compared with \$2.4 trillion in CBO's baseline. (Discretionary funding provided by the IIJA and BSCA accounts for \$132 billion of the nonbase funding in the President's proposals; those amounts, and the projected continuation of such funding, account for \$713 billion of discretionary funding in CBO's baseline.)

The smaller amount of nonbase funding in the President's budget reduces outlays relative to amounts in CBO's baseline by \$1.3 trillion over the 2025–2034 period. Of that reduction, \$1.1 trillion results from the effect of projecting funding provided by laws enacted for 2024 (primarily the 2024 supplemental appropriations) through 2034 in CBO's baseline. Differences in funding provided in advance by laws enacted before 2024 (mainly the IIJA and BSCA) further reduce outlays under the President's budget compared with CBO's baseline, by \$266 billion. The difference in outlays from those laws is smaller than the difference in their budget authority because much of the funding translates to outlays at a very slow rate.

Defense Spending

Under the President's budget, base discretionary outlays for defense programs and activities would be about the same as the amount in CBO's baseline through 2030 and \$176 billion (or 4 percent) lower over the following four years. (The supplemental table accompanying this report shows the totals in Table 3 split into the categories of defense and nondefense discretionary spending.)

As a share of GDP, total discretionary outlays for defense programs and activities would decrease under the President's proposals, from 3.0 percent in 2025 to 2.4 percent in 2034, when they would be 0.4 percentage points lower than the amount in CBO's baseline in that year. The smallest percentage recorded for defense discretionary outlays as a share of GDP in the past 50 years was 2.9 percent.

Nondefense Spending

Outlays for base nondefense activities under the President's budget would be \$646 billion (or 7 percent) larger over the 2025–2034 period than the amount in CBO's baseline. Most of the increase comes from the differences in estimates of unspecified reductions in funding discussed above, although base outlays for the Department of Veterans Affairs would be \$225 billion larger under the President's budget. Base outlays for the Department of Homeland Security and the Department of Health and Human Services would be \$124 billion smaller, in total, with the difference split roughly equally between the two agencies. Spending for nonbase activities would be \$751 billion (or 54 percent) less.

All told, outlays for nondefense discretionary programs and activities as a share of GDP would decline from 3.3 percent in 2025 to 2.5 percent in 2034 and would be 0.2 percentage points lower than the amount in CBO's baseline in 2034. The smallest percentage recorded for those outlays as a share of GDP in the past 50 years was 3.1 percent. Excluding outlays that result from emergency funding, nondefense discretionary outlays would be slightly higher under the President's budget than in the baseline, falling from about 3.0 percent in 2024 to 2.5 percent in 2034.

The Congressional Budget Office prepared this report at the request of the Senate Committee on Appropriations. In keeping with CBO's mandate to provide objective, impartial analysis, the report makes no recommendations. Dan Ready wrote the report, with contributions from many colleagues in CBO's Budget Analysis Division and with guidance from Barry Blom, Megan Carroll, and Christina Hawley Anthony. Robert Sunshine reviewed the report, Caitlin Verboon edited it, and R. L. Rebach created the graphics and prepared the text for publication. The report is available at www.cbo.gov/publication/60041. CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



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