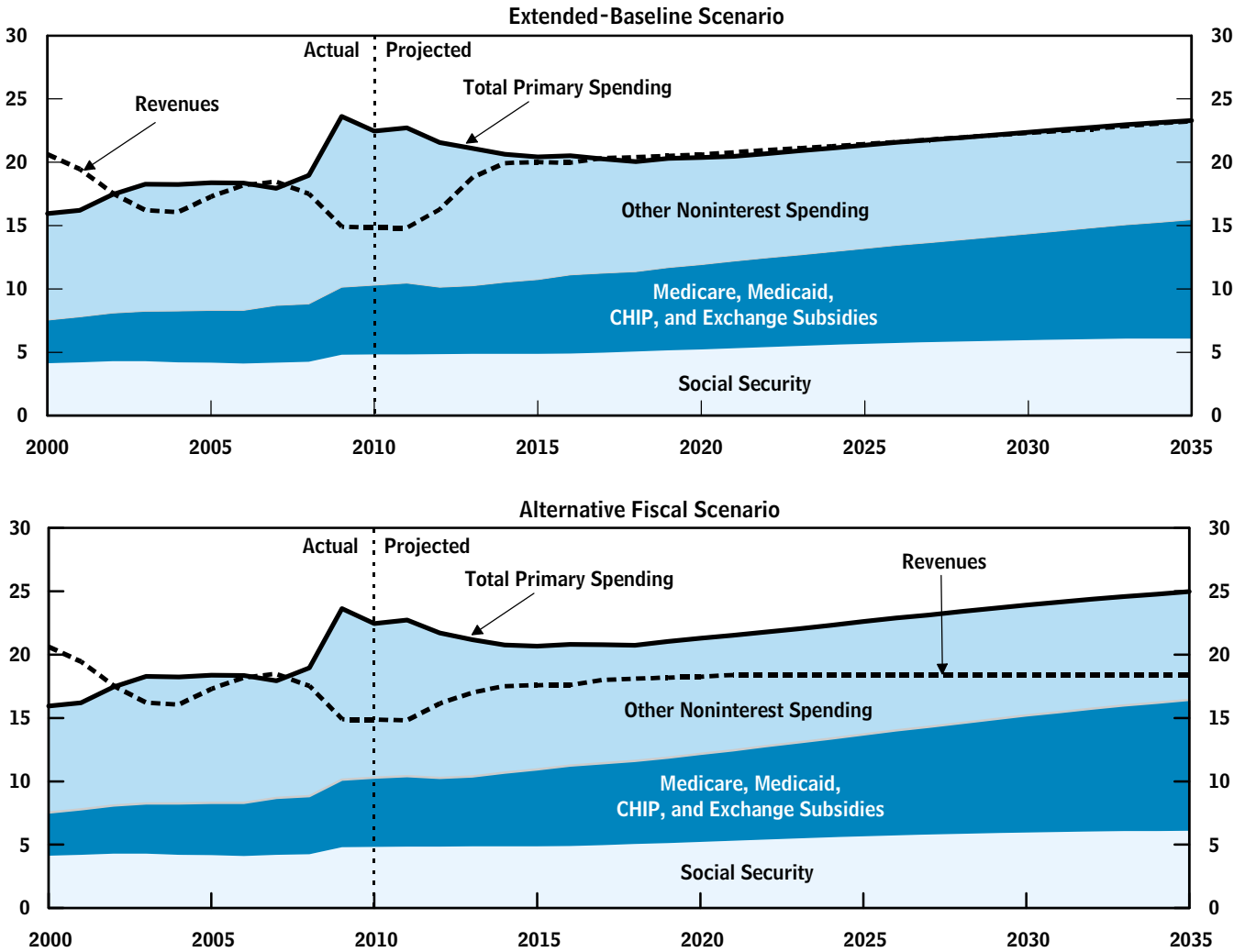


**Figure 1-1.**

## Primary Spending and Revenues, by Category, Under CBO’s Long-Term Budget Scenarios

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Primary spending refers to all spending other than interest payments on federal debt.

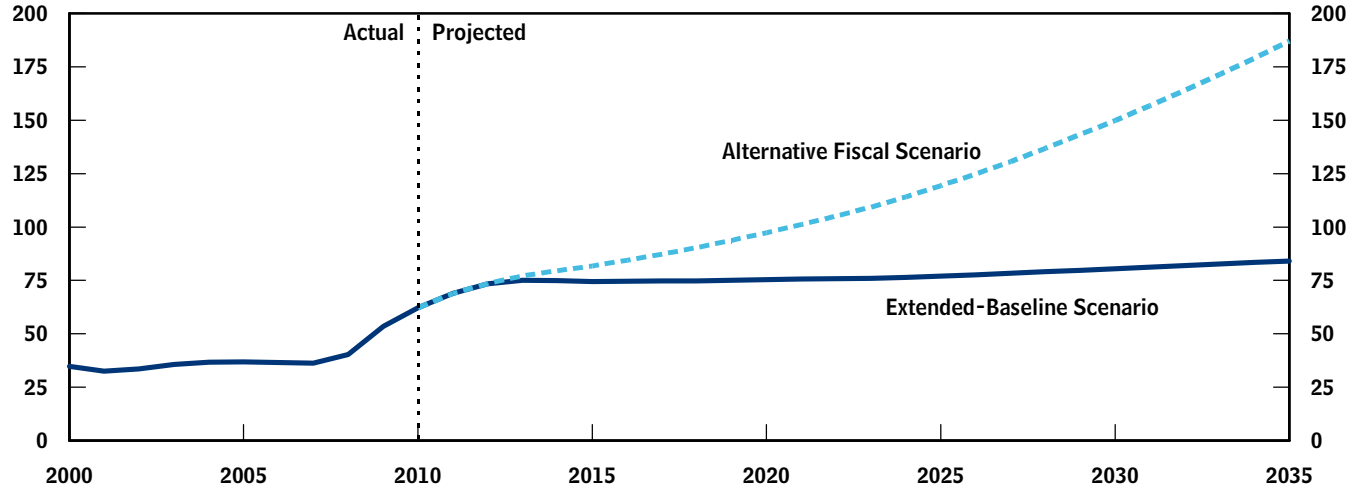
The extended-baseline scenario adheres closely to current law, following CBO’s 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

CHIP = Children’s Health Insurance Program.

**Figure 1-2.**

## Federal Debt Held by the Public Under CBO's Long-Term Budget Scenarios

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Note: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

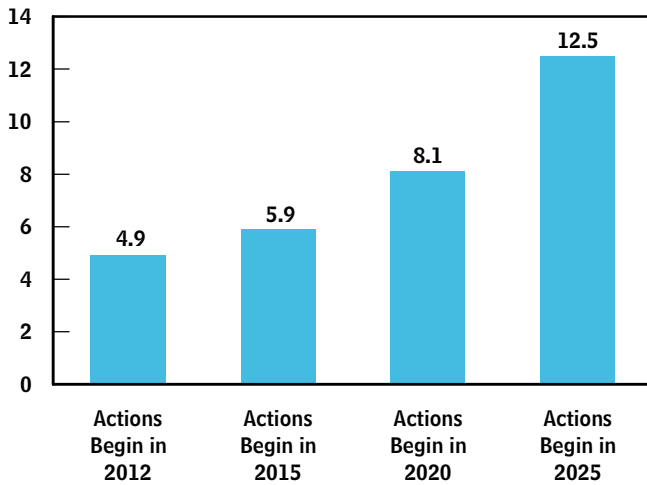
**Figure 1-3.**

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**Reductions in Primary Spending or  
Increases in Revenues in Various Years  
Needed to Close the 25-Year Fiscal Gap  
Under CBO's Alternative Fiscal Scenario**

---

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Primary spending refers to all spending other than interest payments on federal debt.

The fiscal gap is a measure of the difference between projected primary spending and revenues over a given period. It represents the extent to which the government would need to immediately and permanently either raise tax revenues or cut spending—or do both, to some degree—to make the government's debt the same size (relative to gross domestic product) at the end of the period that it was at the beginning of 2011.

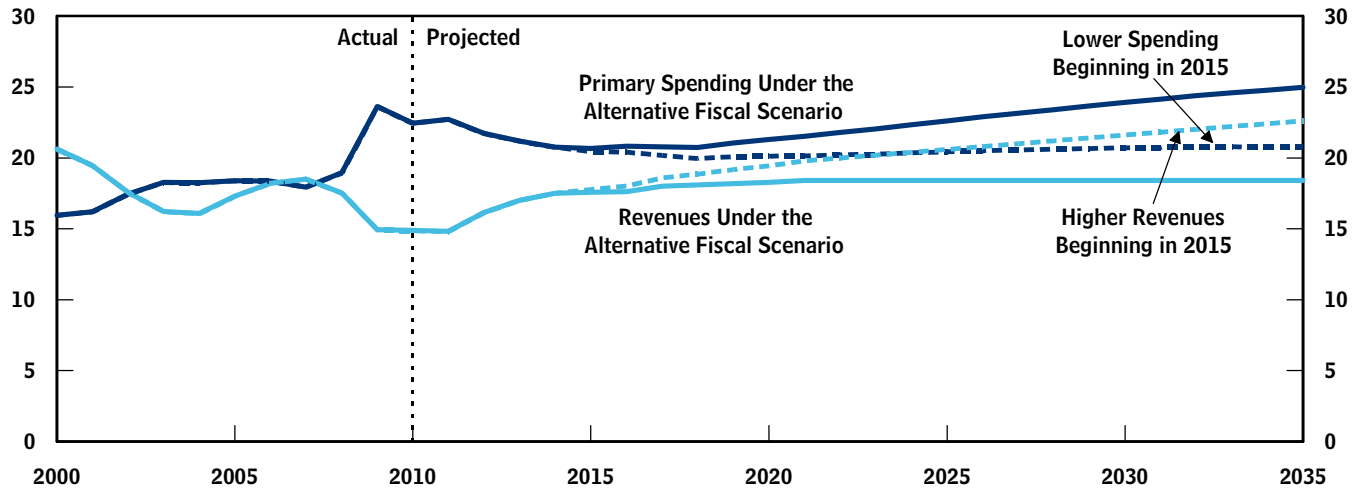
The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

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**Figure 1-4.**

## One Potential Path for Revenues and Noninterest Spending Sufficient to Close the 25-Year Fiscal Gap

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Primary spending refers to all spending other than interest payments on federal debt.

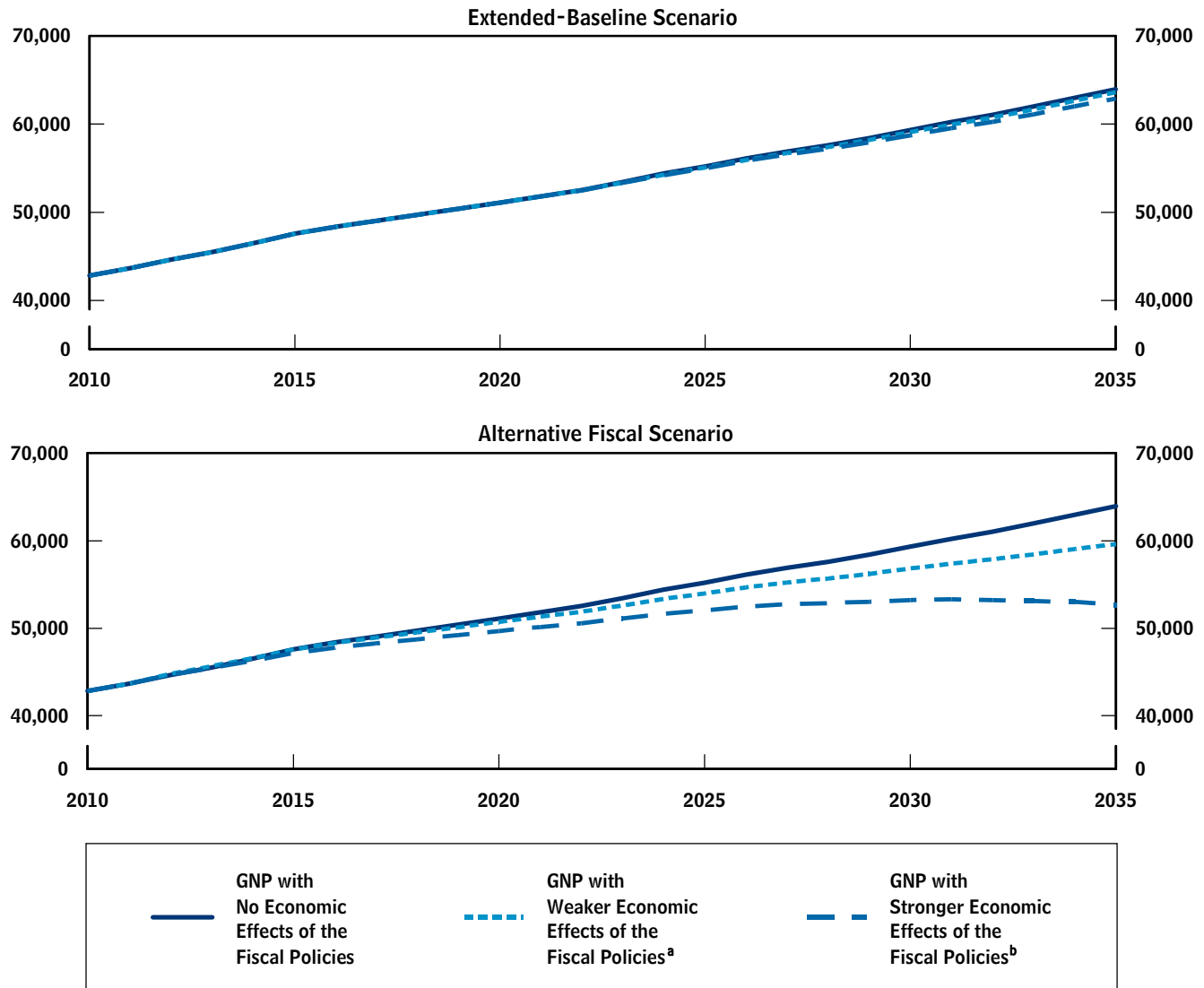
The fiscal gap is a measure of the difference between projected primary spending and revenues over a given period. It represents the extent to which the government would need to immediately and permanently either raise tax revenues or cut spending—or do both, to some degree—to make the government's debt the same size (relative to gross domestic product) at the end of the period that it was at the beginning of 2011.

The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

**Figure 2-1.**

## The Effect of the Fiscal Policies Assumed in CBO's Long-Term Budget Scenarios on Real Gross National Product per Person

(2010 dollars)



Source: Congressional Budget Office.

Notes: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

The range of estimates shown stems from varying assumptions about how much deficits "crowd out" investment in capital goods such as factories and computers (because a larger portion of people's savings is being used to purchase government securities) and how much people respond to alterations in after-tax wages and interest rates by changing the number of hours they work and the amount they save.

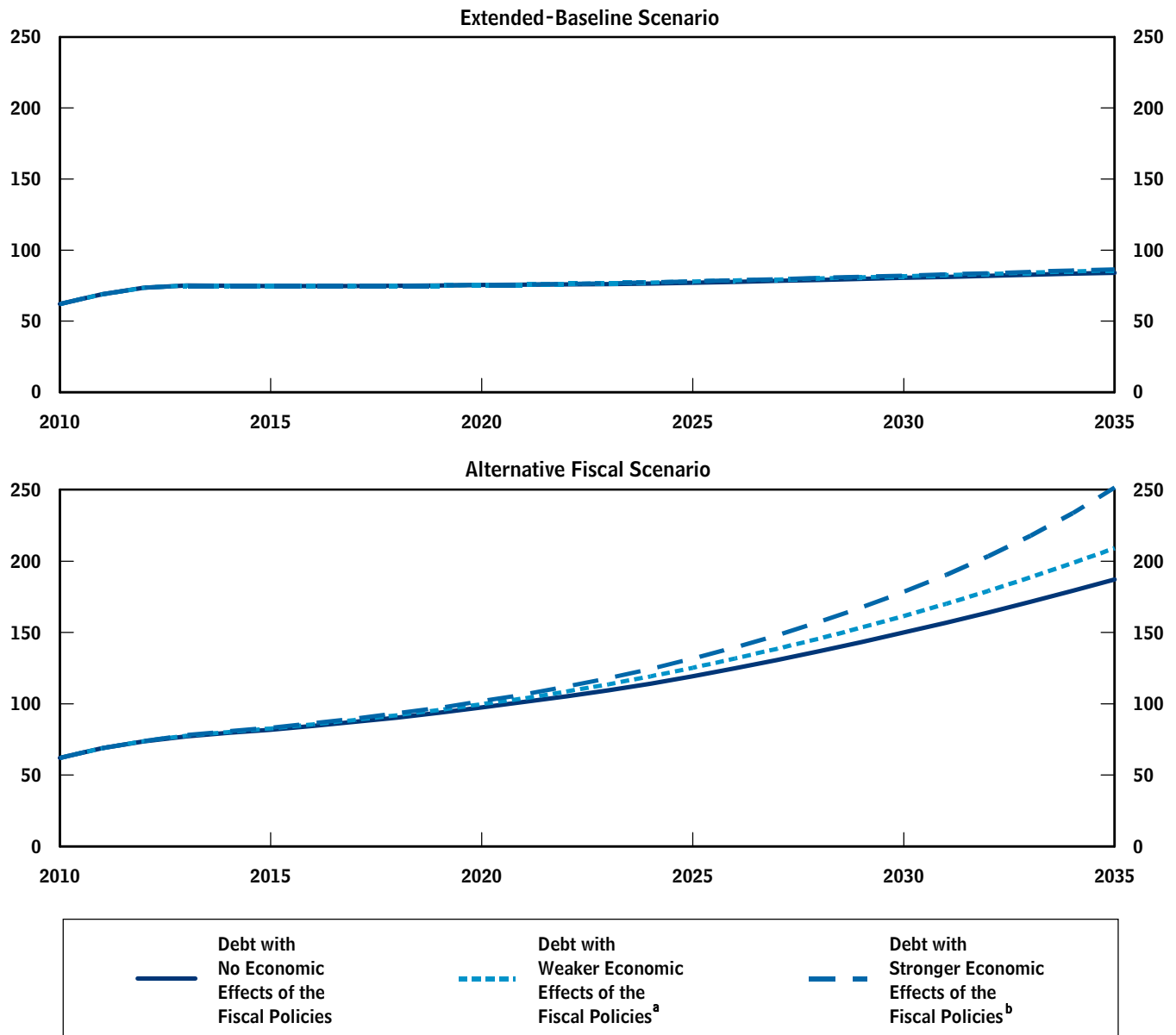
Real (inflation-adjusted) gross national product, or GNP, differs from gross domestic product (the more common measure of the output of the economy) primarily by including the income that U.S. residents earn from their investments abroad and excluding the income that nonresidents earn from their investments in this country.

- The highest estimated value for GNP per person in each year.
- The lowest estimated value for GNP per person in each year.

**Figure 2-2.**

## Federal Debt Held by the Public, With and Without the Economic Effects of the Fiscal Policies Assumed in CBO's Long-Term Budget Scenarios

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

The range of estimates shown stems from varying assumptions about how much deficits "crowd out" investment in capital goods such as factories and computers (because a larger portion of people's savings is being used to purchase government securities) and how much people respond to alterations in after-tax wages and interest rates by changing the number of hours they work and the amount they save.

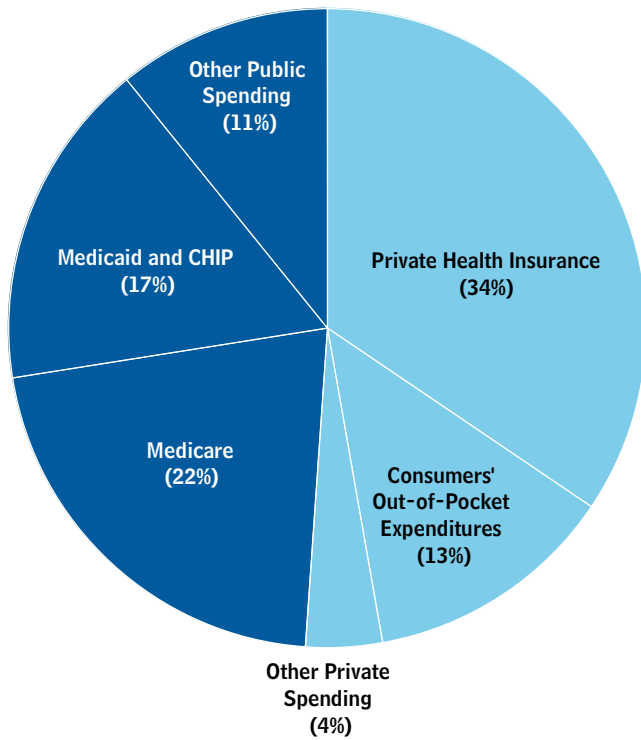
- a. The lowest ratio of debt to GDP for each year.
- b. The highest ratio of debt to GDP for each year.

**Figure 3-1.**

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**Distribution of Spending for Health Services and Supplies, 2009**

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Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services.

Note: CHIP = Children's Health Insurance Program.

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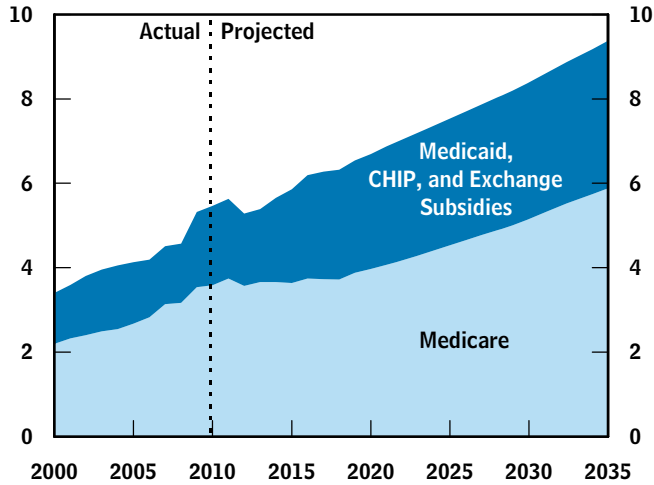
**Figure 3-2.**

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## Mandatory Federal Spending on Health Care, by Category, Under CBO's Extended-Baseline Scenario

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(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. (For details, see Table 1-1 on page 4.)

CHIP = Children's Health Insurance Program.

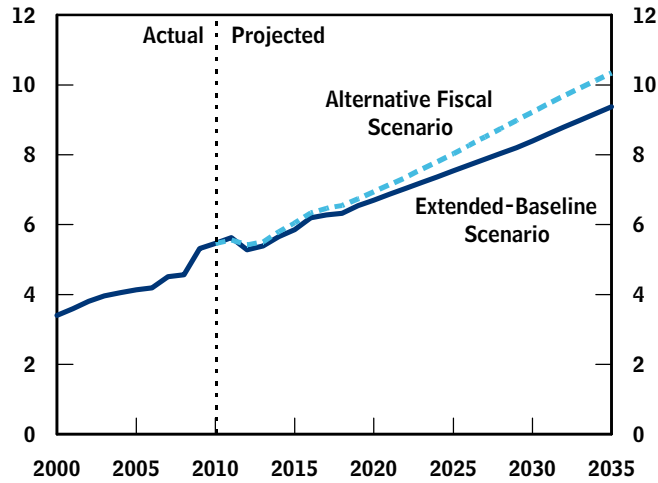
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**Figure 3-3.**

## Mandatory Federal Spending on Health Care Under CBO's Long-Term Budget Scenarios

(Percentage of gross domestic product)



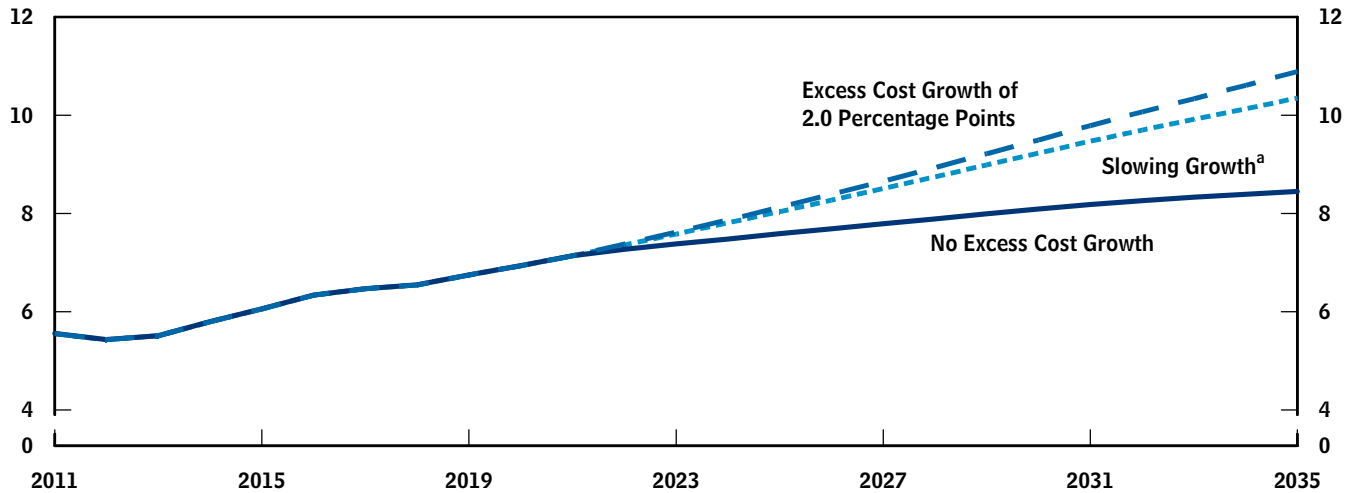
Source: Congressional Budget Office.

Note: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

**Figure 3-4.**

## Mandatory Federal Spending on Health Care Under CBO's Alternative Fiscal Scenario and Different Assumptions About Excess Cost Growth After 2021

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Excess cost growth refers to the extent to which the annual growth rate of health care spending per beneficiary—adjusted for demographic characteristics of the relevant populations—is assumed to exceed the annual growth rate of nominal gross domestic product per capita.

The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

- a. In the alternative fiscal scenario, the rate of excess cost growth is assumed to decline each year from an initial value of 1.7 percentage points in 2022.

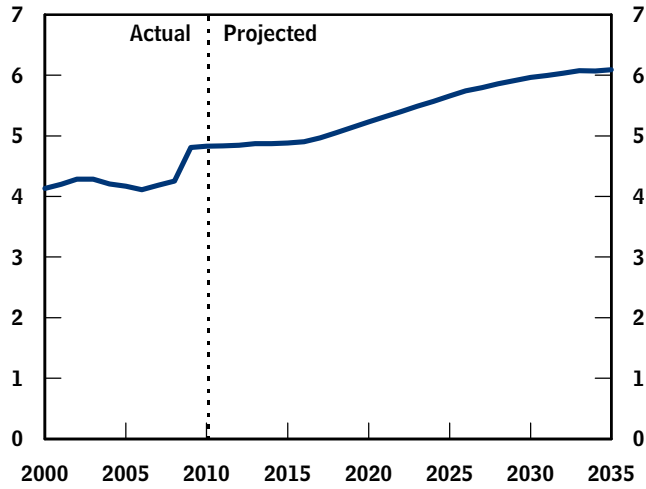
**Figure 4-1.**

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## Spending for Social Security Under CBO's Long-Term Budget Scenarios

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(Percentage of gross domestic product)



Source: Congressional Budget Office.

Note: Projected spending for Social Security is identical under CBO's two long-term budget scenarios, the extended-baseline scenario and the alternative fiscal scenario. (For details of the scenarios, see Table 1-1 on page 4.)

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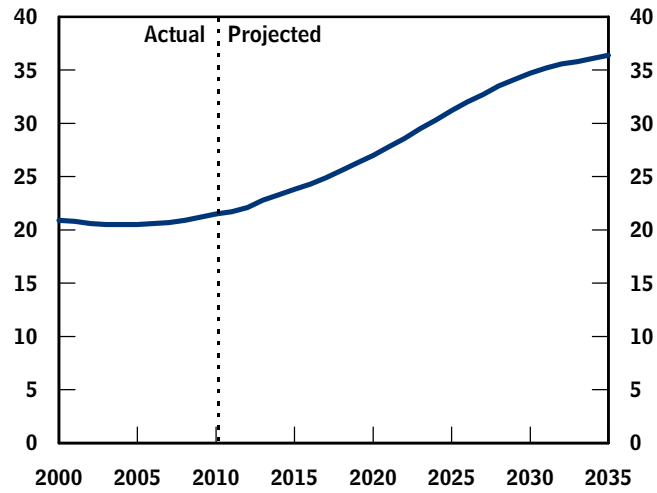
**Figure 4-2.**

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**The Population Age 65 or Older as a Percentage of the Population Ages 20 to 64**

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(Percent)



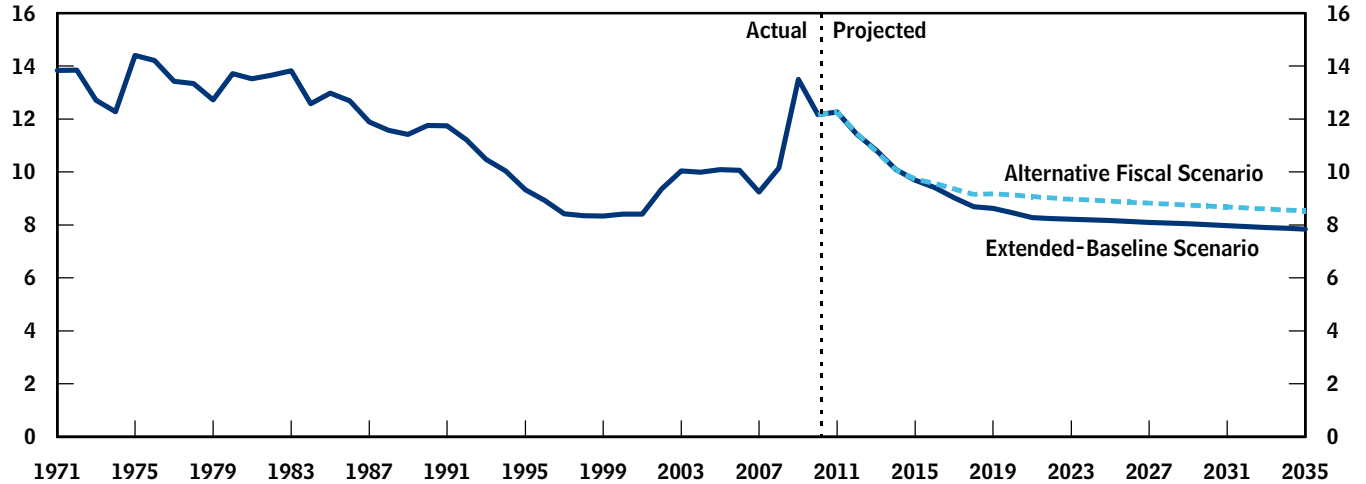
Source: Congressional Budget Office.

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**Figure 5-1.**

## Other Federal Spending Under CBO's Long-Term Budget Scenarios

(Percentage of gross domestic product)



Source: Congressional Budget Office.

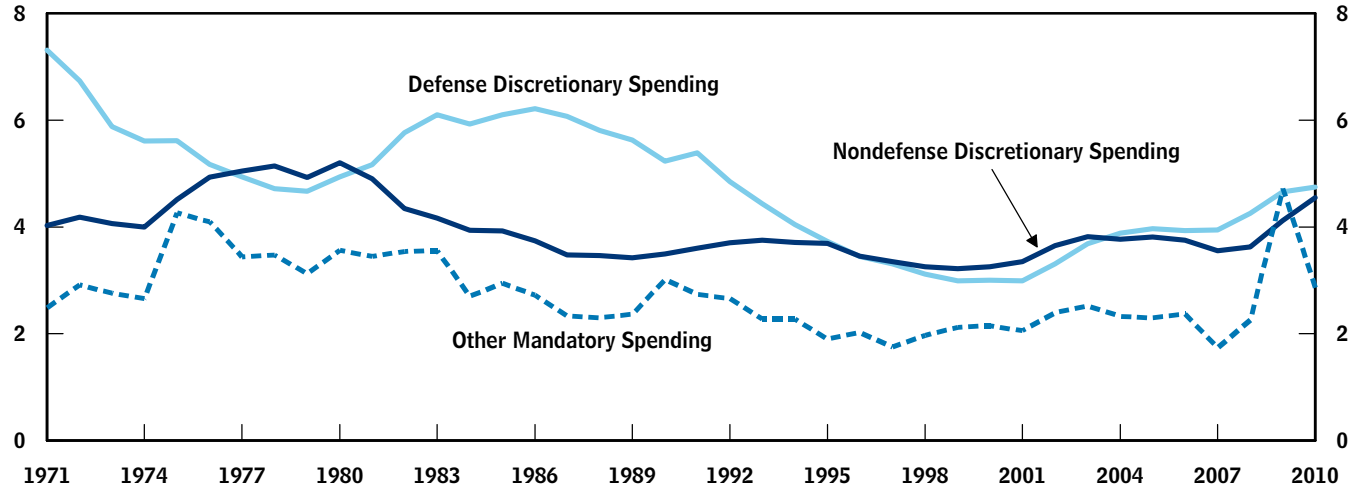
Notes: Other federal spending is all spending other than for the major mandatory health care programs, Social Security, and interest payments on debt held by the public.

The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

**Figure 5-2.**

## Other Federal Spending, by Category, 1971 to 2010

(Percentage of gross domestic product)



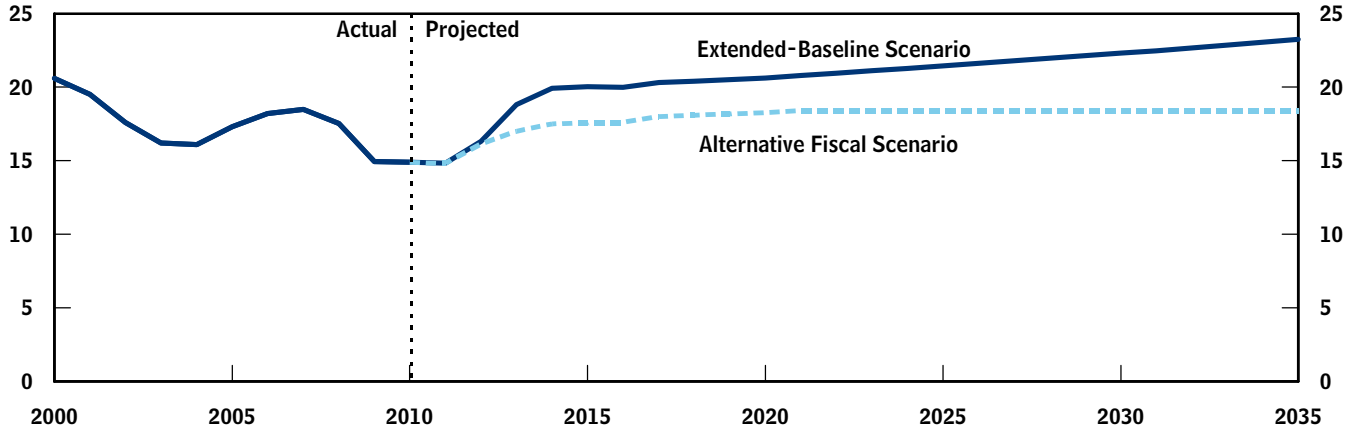
Source: Congressional Budget Office.

Note: Other federal spending is all spending other than for the major mandatory health care programs, Social Security, and interest payments on debt held by the public.

**Figure 6-1.**

## Total Revenues Under CBO's Long-Term Budget Scenarios

(Percentage of gross domestic product)



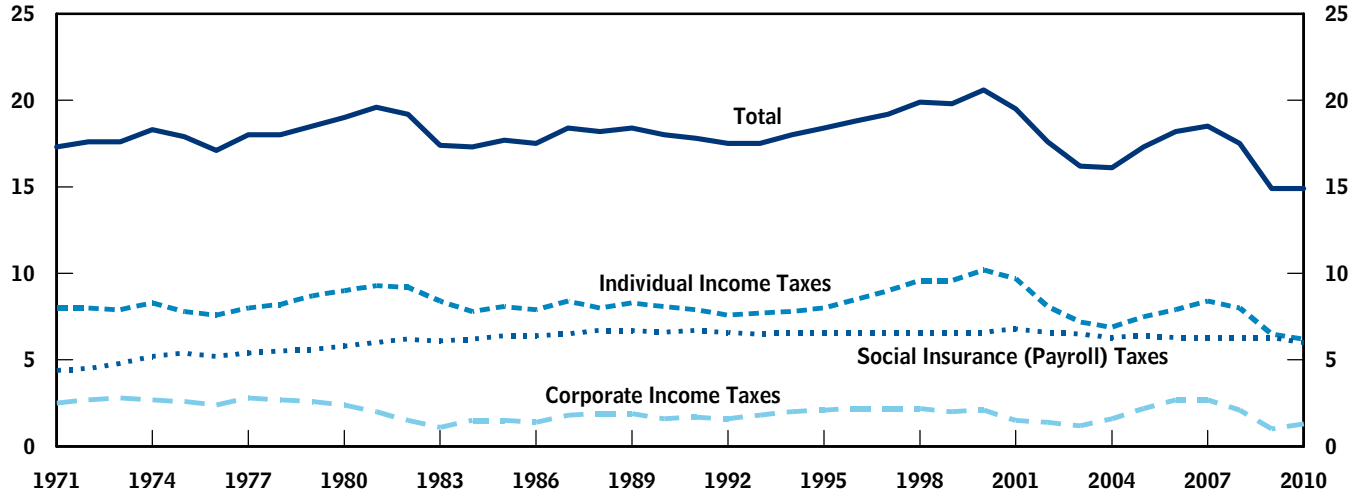
Source: Congressional Budget Office.

Note: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 6-1.)

**Figure 6-2.**

## Revenues, by Source, 1971 to 2010

(Percentage of gross domestic product)



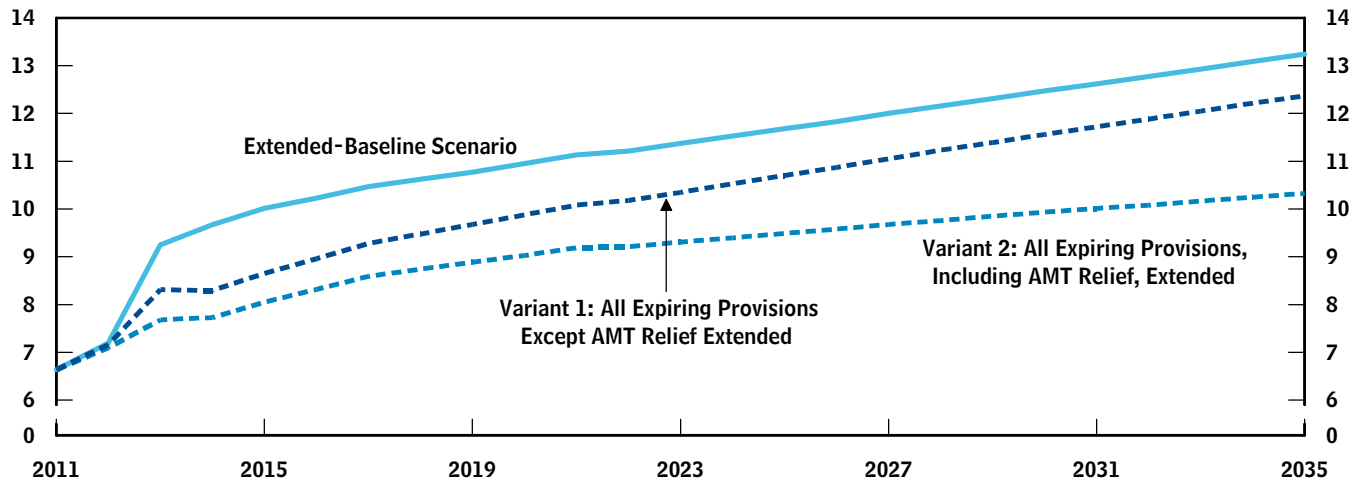
Source: Congressional Budget Office.



**Figure 6-3.**

## Individual Income Tax Revenues Under CBO's Extended-Baseline Scenario and Two Variants

(Percentage of gross domestic product)



Source: Congressional Budget Office.

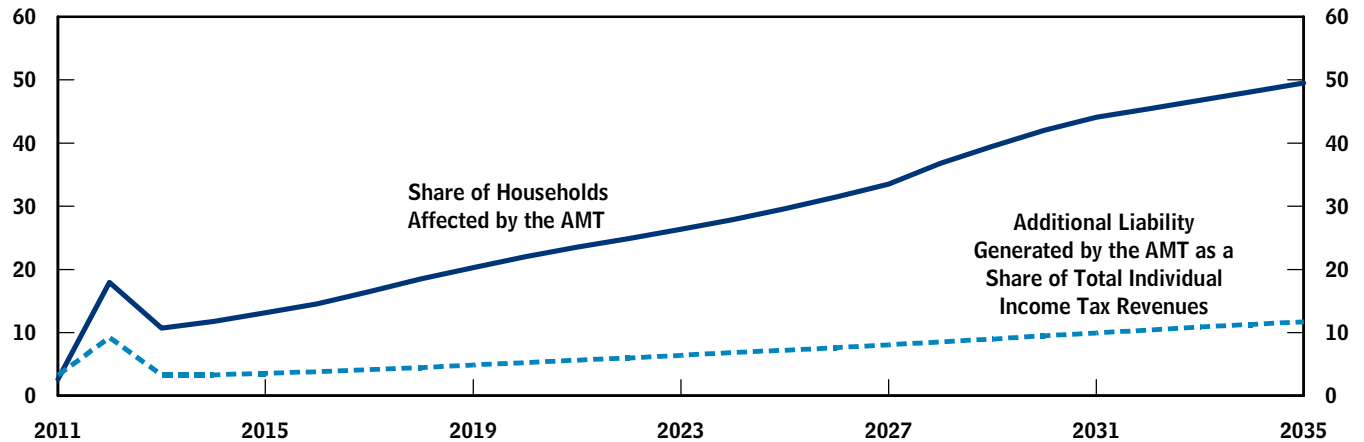
Notes: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. (For details, see Table 6-1 on page 13.)

AMT = alternative minimum tax.

**Figure 6-4.**

## The Impact of the Alternative Minimum Tax on Individual Income Tax Liability Under CBO's Extended-Baseline Scenario

(By calendar year, in percent)



Source: Congressional Budget Office.

Notes: The shares of households and revenues rise in 2012 after the temporary increase in the AMT exemption expires. After 2012, the shares initially fall because the amount of regular income tax owed rises with the expiration of certain provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312).

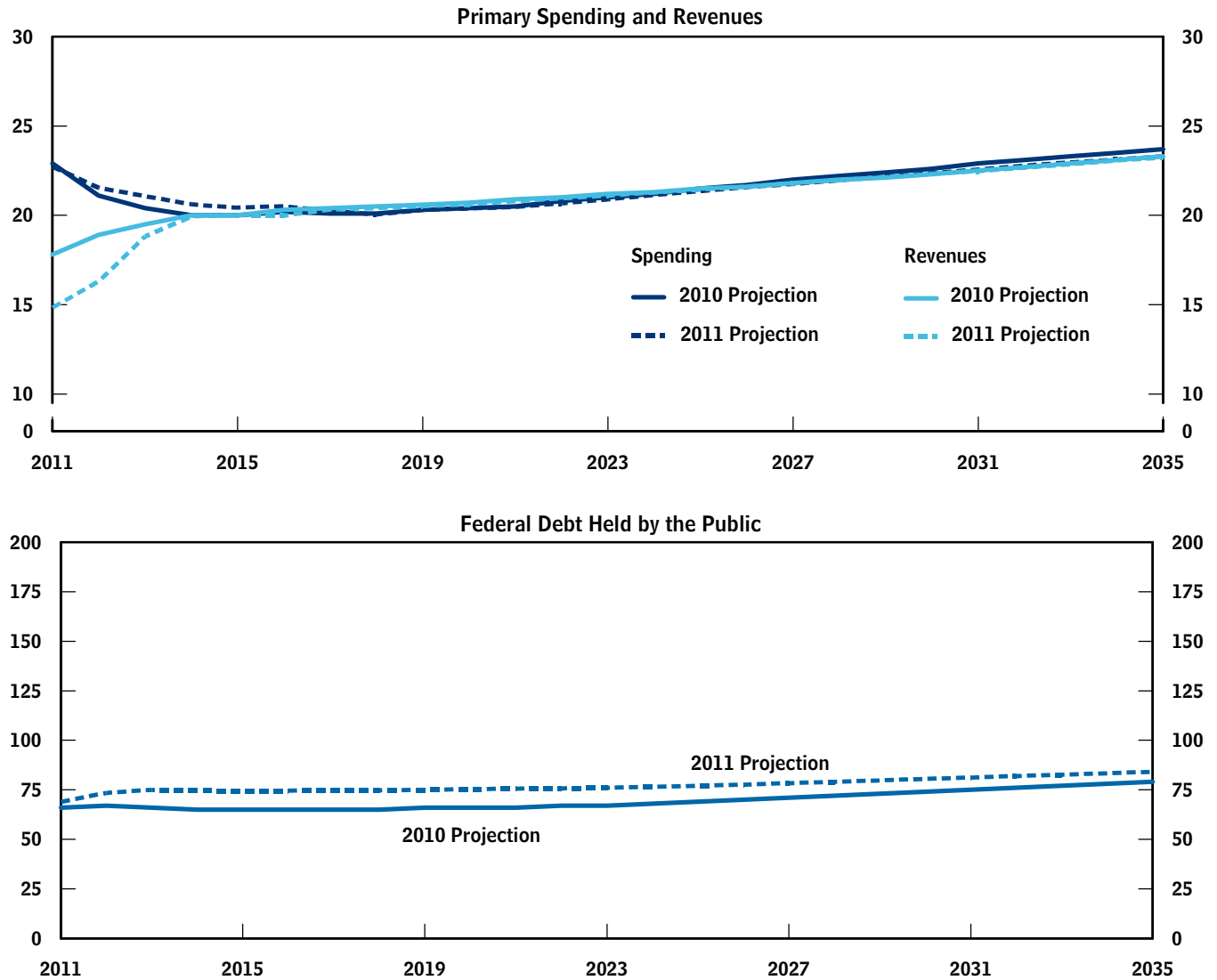
The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. (For details, see Table 6-1 on page 13.)

AMT = alternative minimum tax.

**Figure A-1.**

## Comparison of CBO's 2010 and 2011 Budget Projections Under the Extended-Baseline Scenario

(Percentage of gross domestic product)



Source: Congressional Budget Office.

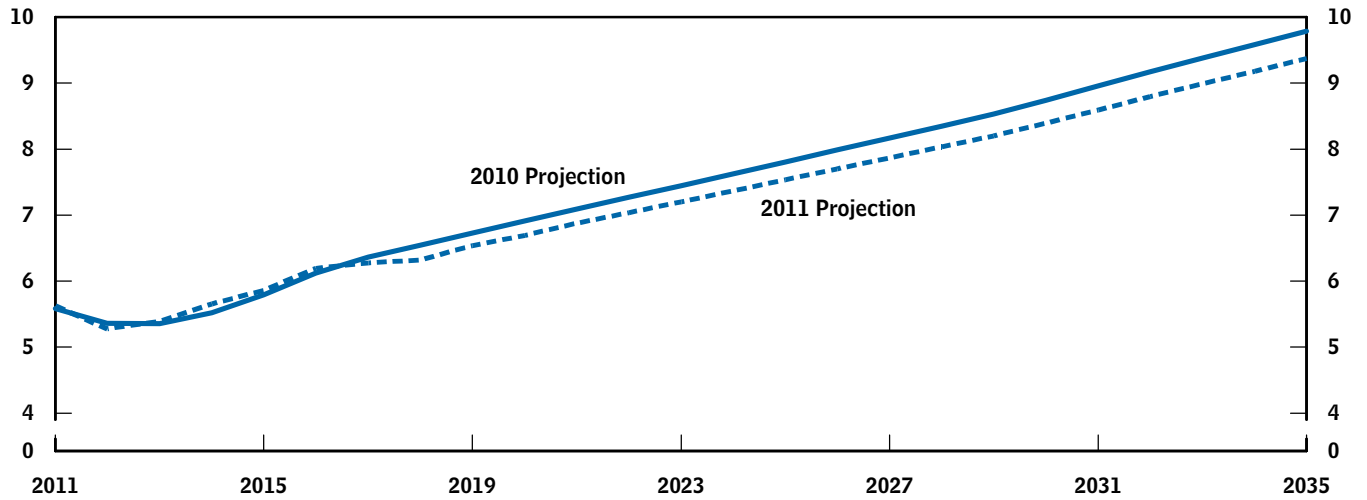
Notes: Primary spending refers to all spending other than interest payments on federal debt.

The extended-baseline scenario adheres closely to current law, following CBO's baseline budget projections for the first 10 years and then extending the baseline concept for the rest of the long-term projection period. (For details, see Table 1-1 on page 4.)

**Figure A-2.**

## Comparison of CBO's 2010 and 2011 Projections of Mandatory Federal Spending on Health Care Under the Extended-Baseline Scenario

(Percentage of gross domestic product)



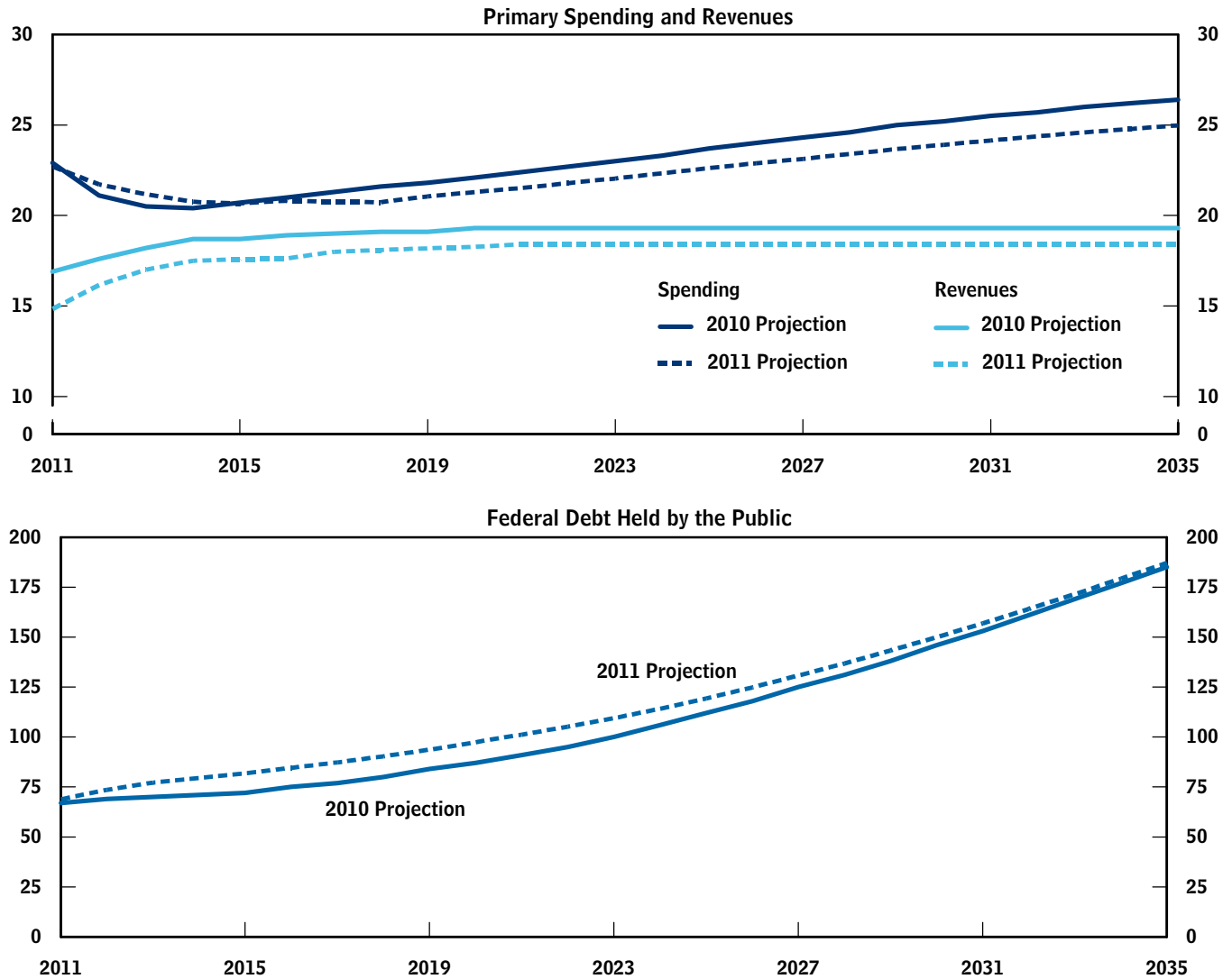
Source: Congressional Budget Office.

Note: The extended-baseline scenario adheres closely to current law, following CBO's baseline budget projections for the first 10 years and then extending the baseline concept for the rest of the long-term projection period. (For details, see Table 1-1 on page 4.)

**Figure A-3.**

## Comparison of CBO's 2010 and 2011 Budget Projections Under the Alternative Fiscal Scenario

(Percentage of gross domestic product)



Source: Congressional Budget Office.

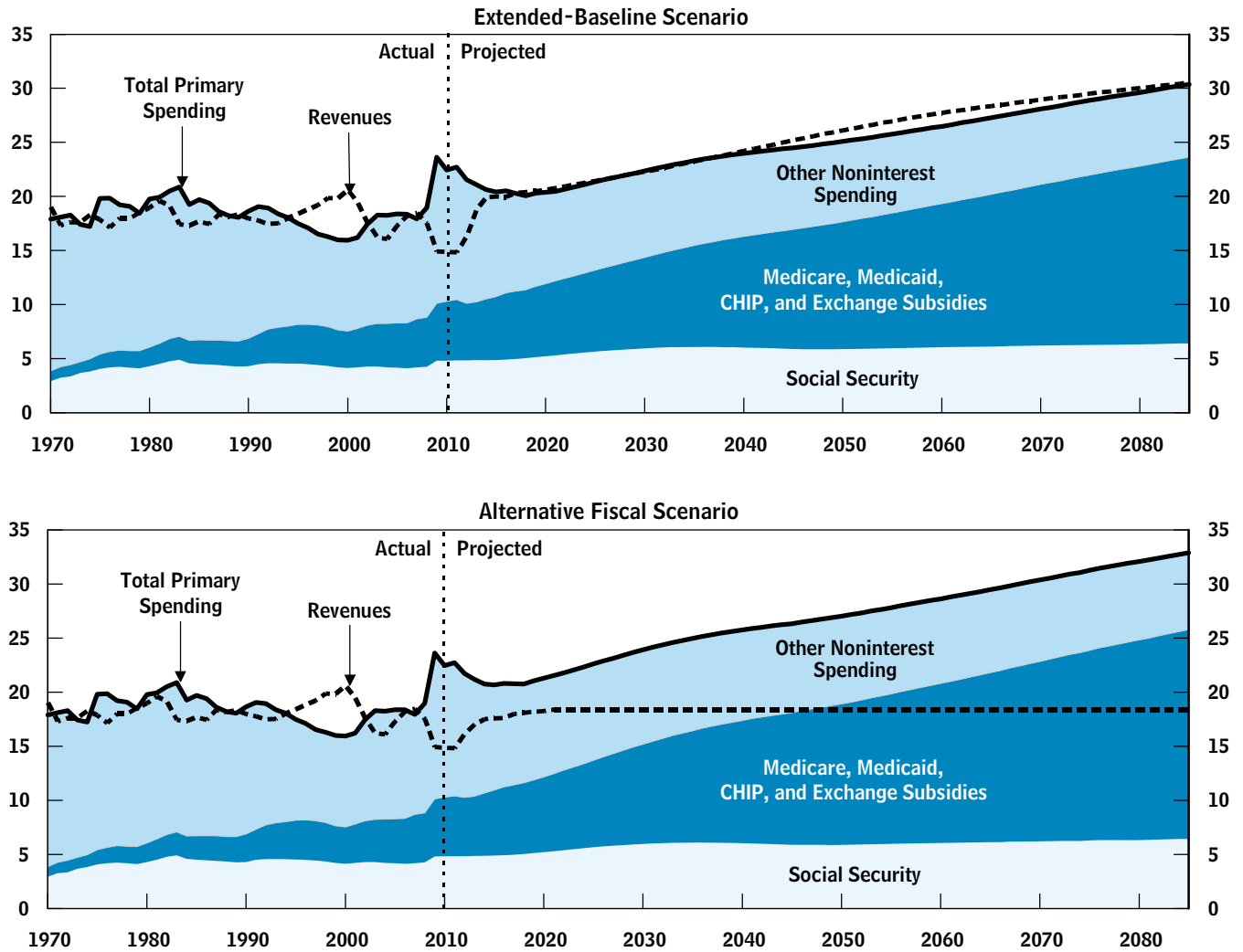
Notes: Primary spending refers to all spending other than interest payments on federal debt.

The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table I-1 on page 4.)

**Figure B-1.**

## Primary Spending and Revenues, by Category, Under CBO's Long-Term Budget Scenarios Through 2085

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Primary spending refers to all spending other than interest payments on federal debt.

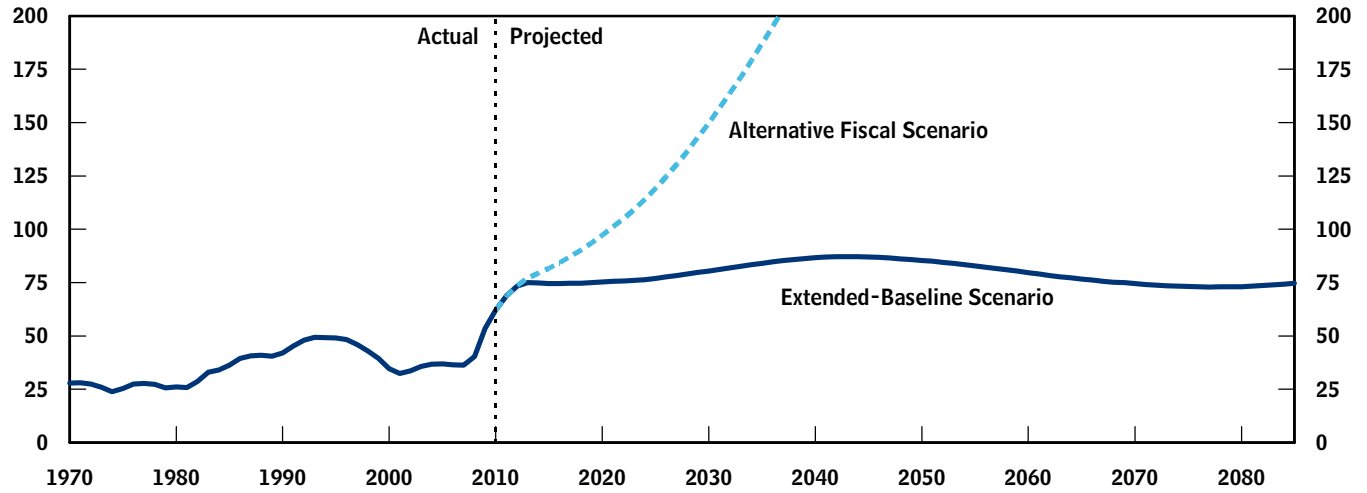
The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

CHIP = Children's Health Insurance Program.

**Figure B-2.**

## Federal Debt Held by the Public Under CBO's Long-Term Budget Scenarios Through 2085

(Percentage of gross domestic product)



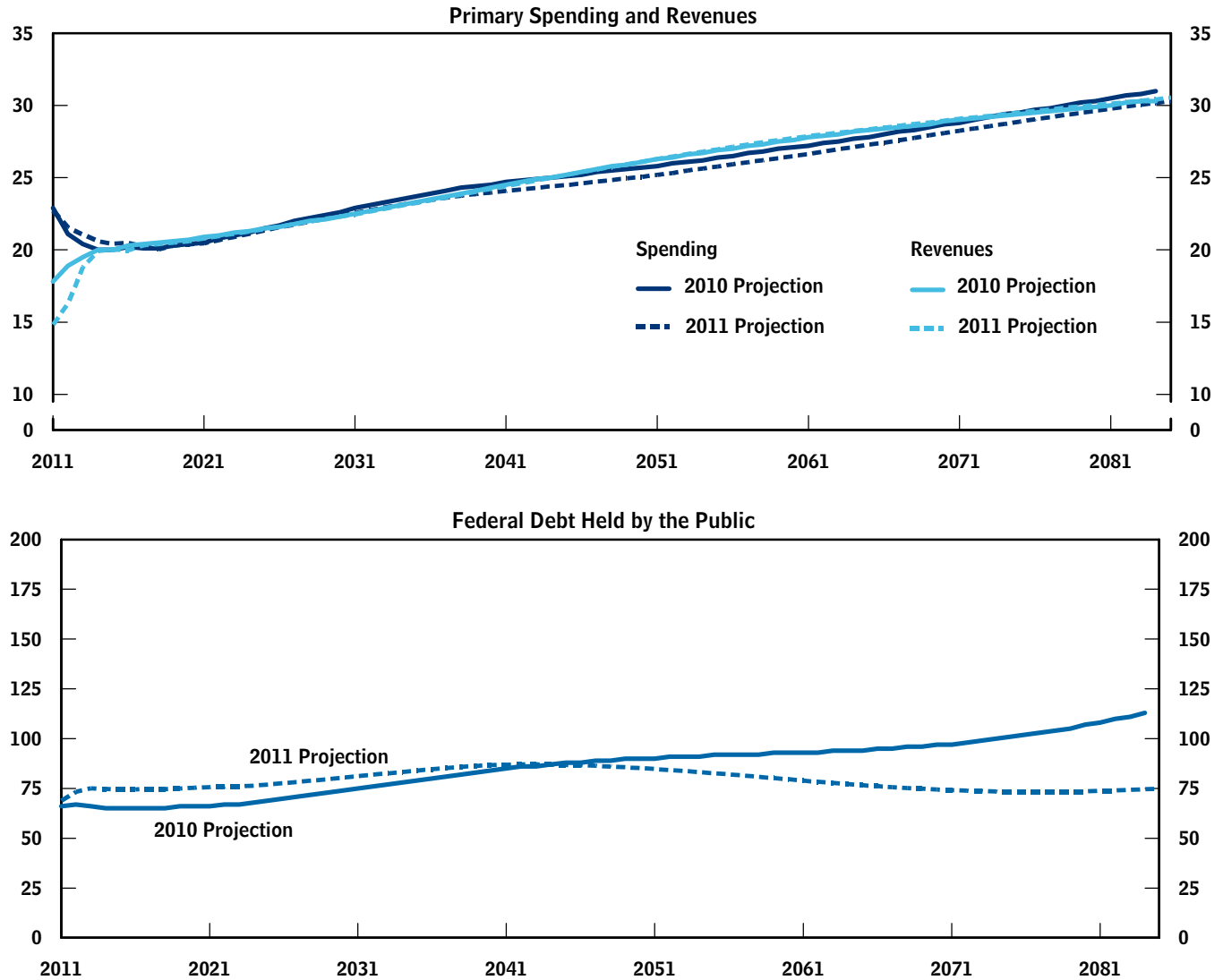
Source: Congressional Budget Office.

Note: The extended-baseline scenario adheres closely to current law, following CBO's 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period. The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. (For details, see Table 1-1 on page 4.)

**Figure B-3.**

## Comparison of CBO's 2010 and 2011 Budget Projections Under the Extended-Baseline Scenario Through 2085

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Primary spending refers to all spending other than interest payments on federal debt.

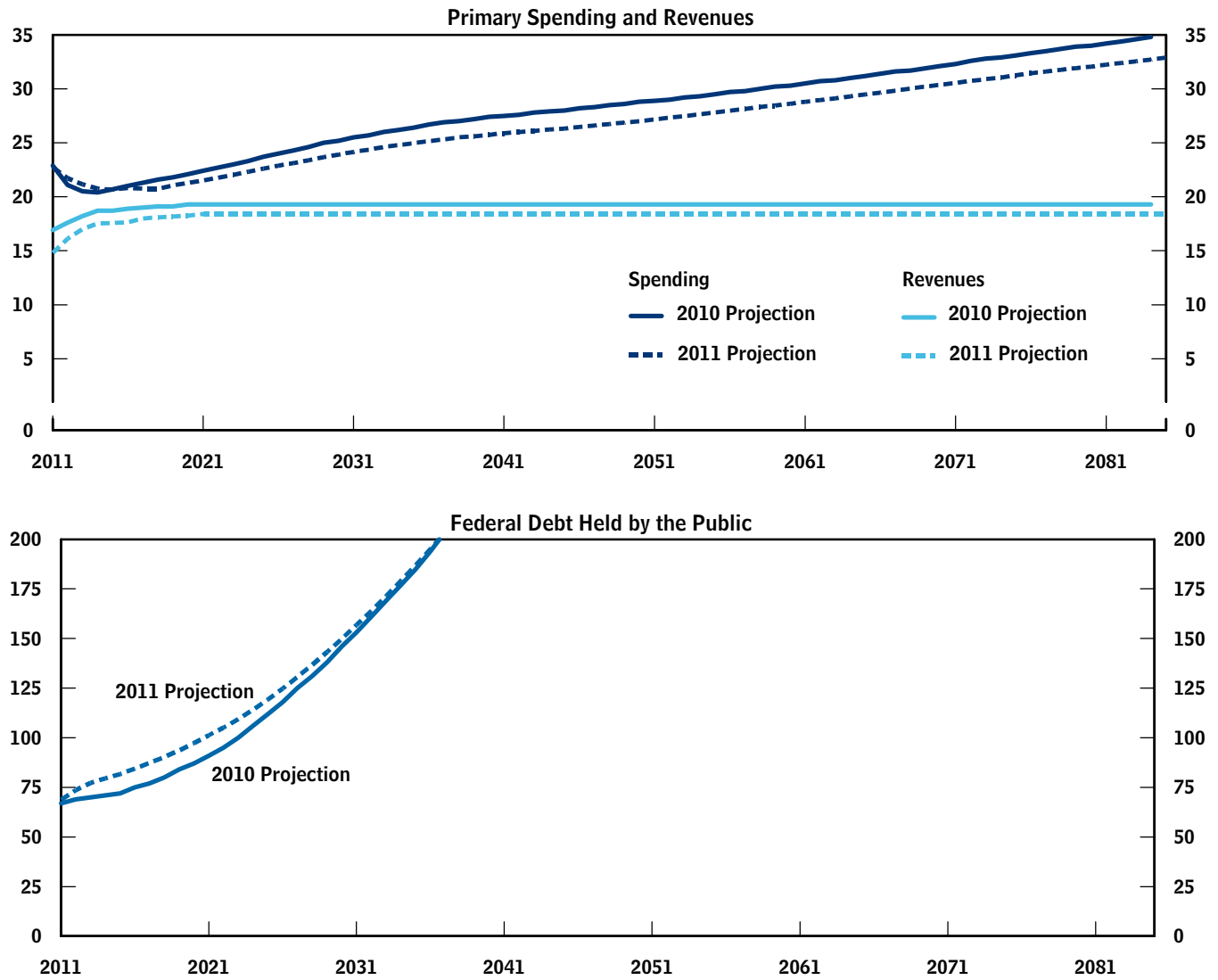
The extended-baseline scenario adheres closely to current law, following CBO's baseline budget projections for the first 10 years and then extending the baseline concept for the rest of the long-term projection period. In the 2011 projection under this scenario, federal debt held by the public is lower as a percentage of GDP in the later decades of the projection period mainly because of lower projected spending on Medicaid and on insurance subsidies that will be provided through the exchanges created by the March 2010 health care legislation. As discussed in Appendix A, projected spending for Medicaid is lower because of revisions to CBO's 10-year baseline, and projected spending for exchange subsidies grows more slowly because of changes in assumptions about the long-term evolution of eligibility for exchange subsidies and the size of the average subsidy.



**Figure B-4.**

## Comparison of CBO's 2010 and 2011 Budget Projections Under the Alternative Fiscal Scenario Through 2085

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Notes: Primary spending refers to all spending other than interest payments on federal debt.

The alternative fiscal scenario incorporates several changes to current law that are widely expected to occur or that would modify some provisions that might be difficult to sustain for a long period. Reasons that CBO's projections under that scenario changed between 2010 and 2011 are discussed in Appendix A.