The President's 2001 Budget – An Overview

When President Clinton took office in 1993 the deficit stood at $290 billion. When he completes his term at the end of this year, the unified surplus is expected to reach $167 billion, the largest on record, and the on-budget surplus may top $19 billion. Government spending, which stood at 22 percent of gross domestic product (GDP) in 1992 is now at 18.7 percent — the smallest government since 1966. By the end of this year, the government is expected to pay down the public debt by $297 billion and the policies in this budget will eliminate all debt by 2013. By contrast, under Presidents Reagan and Bush, the debt held by the public quadrupled.

The President's 2001 budget presents a balanced set of priorities within the context of continued fiscal restraint and realistic budget projections. ***More than 86 percent of the unified surplus is used to pay down debt and strengthen Social Security and Medicare.*** The remaining on-budget surplus is used to help finance a badly needed prescription drug benefit, broaden health care coverage, and reduce taxes for lower and middle income working families. The President's budget framework is displayed in table 1.

Table 1: The President's Budget Framework

($ billions)	2001	2001-05	2001-10
Current Services unified surplus	**171**	**1,022**	**2,919**
Social Security solvency lockbox	160	924	2,169
Remaining On-budget surplus	**11**	**98**	**750**
Initiatives:			
Medicare solvency reserve	15	28	299
Reserve for catastrophic prescription drug	0	0	35
Prescription drug benefit	0	38	160
Expanded health coverage	1	18	91
Tax cuts	6	102	351
Offsets:			
Discretionary savings	-2	1	-17
Tax loophole closers	-6	-47	-96
Mandatory and other paygo offsets	-12	-60	-153
Debt service	+(*)	5	64
Residual On-budget surplus	**9**	**13**	**16**

Continued fiscal restraint and debt reduction. Of the $2.9 trillion unified surplus, $2.5 trillion, or 86 percent, is applied to debt reduction. Proposals that pay off debt include the Social Security solvency lock box, the Medicare solvency and catastrophic prescription drug reserve, and the unallocated on-budget surplus. Of the total on-budget surplus, nearly half (47 percent) is dedicated to debt reduction, with the vast majority used to extend Medicare solvency. Table 2 shows total debt reduction in the President's plan.

Table 2: Debt Reduction in the 2001 Budget

($ billions)	2001-10
Unified surplus reserved for solvency and debt reduction:	
Social Security solvency lock box	2,169
Medicare solvency reserve	299
Reserve for catastrophic prescription drug coverage	35
Residual on-budget surplus	16
Total debt reduction	2,519
% of unified budget surplus	*86%*
% of on-budget surplus	*47%*

This is not a tax and spend budget. The portion of the on-budget surplus not reserved for solvency or debt reduction is split almost equally between tax cuts (5 percent) and spending initiatives (6 percent).

Small government. Government spending as a share of the economy has declined from 22.2 percent in 1992 to 18.7 percent in 1999. Overall spending would decline further under the President's plan, to 16.7 percent by 2010. By contrast, spending during the Reagan and Bush administrations increased as a share of the economy from 21.6 percent in 1980 to 22.2 percent in 1992. Discretionary spending, now 6.5 percent of GDP, would decline to 5.1 percent of GDP by 2010 under President Clinton's plan.

Meanwhile, revenues, which ended 1999 at 20 percent of GDP, would decline under the President's plan to 19.1 percent by 2010.

Credible, realistic assumptions. The 2001 budget is based on credible and realistic estimates**.** Several gimmicks enacted in last year's appropriations bills would be repealed, including more than $10 billion in obligation and pay delays. The Administration's economic assumptions are mainstream and even somewhat more conservative than those adopted by the Congressional Budget Office (CBO). The overall request for discretionary spending is based on tight but realistic levels, which trend slightly below the rate of inflation over the next ten years.

A strong economy. The nation's economy has enjoyed the longest expansion in history (107 months) with high rates of economic growth and the lowest levels of unemployment in 30 years. America has created 20.8 million jobs since January, 1993. Yet inflation remains nearly dormant thanks largely to continued fiscal discipline and strong productivity growth from technological innovation.

Continued fiscal discipline has played a significant role in keeping interest rates low and business investment high. Lower interest payments already have cut mortgage payments by $2000 for families with $100,000 mortgages.

Major Proposals in the 2001 Budget

The budget dedicates roughly $2.5 trillion of the unified surplus to preserve and extend the solvency of the Social Security and Medicare programs. These proposals are designed to reduce the need for radical cuts in these programs when the baby boom generation enters their retirement years.

Social Security Lockbox. The budget includes a proposal for a *Social Security solvency lock box* to ensure that the trust fund surplus is not used for anything other than debt reduction, pending its use for Social Security benefits. The proposal also allocates general funds to the trust fund — beginning in 2011 — equivalent to the cumulative interest savings resulting from the reduction in federal debt. A limited share of the funds transferred to Social Security will be invested in corporate equities, where they should earn a higher rate of return. The lockbox proposals extends the solvency of the Social Security trust fund from 2034 to 2050.

Medicare solvency and catastrophic drug coverage. The President’s plan would provide additional resources to extend the solvency of the Hospital Insurance (HI) trust fund by ten years, from 2015 to 2025. The proposal also allocates $35 billion of the on-budget surplus for catastrophic prescription drug coverage over the period 2006-2010. The *Medicare solvency debt reduction reserve* would represent a new budget category parallel to the existing on-budget and off-budget categories. Amounts in this reserve would be available only for debt reduction, pending its use for Medicare or a catastrophic prescription drug program.

Mandatory Proposals

Medicare prescription drug benefit. The President’s plan includes a prescription drug benefit that would be available to all beneficiaries. The benefit would have no deductible and pay half of all beneficiaries’ prescription drugs costs up to $2,000 in 2003 and $5,000 when fully phased-in by 2009. Beneficiaries would receive a price discount for prescriptions after the $5,000 limit is reached. The plan would cost $26 per month in 2003 and $51 per month when fully phased-in by 2009. Enrollees with incomes below 135 percent of poverty would pay no premiums or cost sharing and premium assistance would be offered to those with incomes between 135 and 150 percent of poverty. The drug benefit would also provide financial incentives to private sector employers to encourage them to offer or retain retirees drug coverage that is at least equivalent to the Medicare drug benefit.

Expanded health care coverage. The President's budget includes several new proposals to expand health insurance to the uninsured. These initiatives include: a new Family Care program; a Medicaid/S-CHIP expansion for older children; improved enrollment procedures for Medicaid and S-CHIP; restoration of Medicaid/S-CHIP for specific classes of legal immigrants; and permanent extension of transitional Medicaid benefits.

Family-Care Although nearly two-thirds of uninsured parents (6.5 million) have children who are eligible for Medicaid/S-CHIP, their incomes are too high to qualify for health care coverage in many states. The President requests $76 billion over ten years to provide states with the flexibility to cover the uninsured parents of S-CHIP/Medicaid-eligible children. States that choose to take advantage of this option would receive higher federal matching rates and increased S-CHIP allotments. In order to receive additional funding, however, states would have to first cover children up to 200 percent of poverty. After five years, states would have to expand CHIP at least to parents whose earnings equal the poverty rate. The plan would allow employers to pool expenses with state funding, so that families could purchase the insurance their employer offers.

Expanding Medicaid/S-CHIP to Include Older Children The President requests an additional $1.9 billion to extend CHIP coverage to eligible uninsured 19- and 20-year-olds.

Improving Medicaid/S-CHIP Enrollment Procedures The President requests $5.5 billion over ten years to enroll an additional 400,000 children into CHIP and Medicaid by: (1) allowing school lunch programs to share information with Medicaid; (2) expanding the number sites eligible to enroll children in S-CHIP and Medicaid; and (3) requiring states to make their Medicaid and CHIP forms equally simple.

Restoring Medicaid/S-CHIP for Legal Immigrants The 1996 welfare reform law excluded certain groups of legal immigrants from qualifying for Medicaid coverage. The President's budget request includes $6.5 billion over 10 years to restore Medicaid eligibility for pregnant women, children, and disabled individuals who are eligible for SSI.

Extending Transitional Medicaid The President requests $4.3 billion over ten years to make Medicaid coverage permanently available for twelve months to families in transition from welfare to work. The proposal would also simplify reporting requirements during the transition.

Farm safety net programs. The 2001 budget includes a comprehensive $14 billion package to strengthen the farm safety net through 2002, when the next farm bill will be enacted. The proposal includes counter-cyclical income assistance, crop insurance reform — which provides $640 million in premium discounts and $100 million in multi-year loss coverage — a major farm conservation program initiative which would increase mandatory conservation funding by nearly $1.3 billion over authorized levels in 2001, and $15 million in mandatory funding for the remaining eight years of the five Second Round rural Empowerment Zones and 20 Second Round rural Enterprise Communities. This additional funding is designed to support farm family incomes when crop prices fall or natural disasters strike

Table 3: Major Proposals in the 2001 Budget

($ billions)	2001	2002	2003	2004	2005	2001-05	2001-10
Social Security and Medicare lock box:							
Social Security lockbox	160	172	184	195	214	924	2,169
Medicare solvency reserve	15	13	0	0	0	28	299
Catastrophic prescription drugs	0	0	0	0	0	0	35
Major mandatory initiatives:							
Prescription drug coverage	0	0	7	15	17	38	160
Expanded health care coverage	1	2	3	5	6	18	91
Farm safety net programs	4	4	1	1	1	10	14
Major mandatory offsets:							
Medicare reform proposals	-(*)	-(*)	-2	-4	-7	-14	-62
Other health-related offsets	-1	-2	-2	-2	-2	-10	-24
Discretionary changes	-2	3	-(*)	-2	2	1	-17
Defense military	-3	-2	-2	-1	5	-3	-2
Nondefense (net of offsets)	2	4	2	-1	-3	5	-15
Major tax cuts:							
Retirement savings provisions	0	1	2	2	4	9	54
Small business tax credit	0	+(*)	1	2	3	6	15
Marriage penalty tax relief	+(*)	1	2	2	5	9	45
Adjustments to AMT	+(*)	1	1	1	2	5	33
College opportunity tax cuts	+(*)	2	2	3	3	11	30
Tax credits for school construction . .	+(*)	+(*)	+(*)	1	1	2	8
Long-term care tax credit	+(*)	1	2	2	3	8	25
EITC tax credit (includes outlay effect)	2	2	2	2	2	10	21
Child and dependent care tax credit .	+(*)	1	1	1	2	5	17
Deduction for charitable contributions	1	1	1	1	1	4	13
Major revenue raisers:							
Eliminate unwarranted tax benefits . .	-6	-9	-10	-11	-12	-47	-96
Tobacco policy	-4	-4	-4	-10	-10	-31	-66

Medicare reform proposals. The President's Medicare reform proposals include traditional provider payment reductions, fee for service modernizations, some additional beneficiary cost-sharing, and a new methodology for calculating the payment to private plans. These proposals save $62 billion over the next decade.

Other health related savings proposals. The President's budget proposes $6 billion in savings over 10 years by restricting certain administrative Medicaid-TANF cost shifts, revising the Medicaid drug rebate law, and providing the Secretary with additional enforcement authority for the Medicaid program.

Discretionary Proposals

Beginning in 2001, the Administration proposes to revise the discretionary caps to reflect the cost of maintaining the current operation of the Federal government into the future. To help maintain fiscal discipline, the caps, now set to expire after 2002, would be extended through 2010.

Over the next ten years, the overall level of discretionary spending would be slightly below the "zero real growth" or "inflated" baseline in most years. Table 4 compares the gross and net levels of discretionary spending for 2000-2010 to the current services baseline. These totals assume the restoration of traditional discretionary timing for defense and nondefense pay, obligation delays, and advanced appropriations, shifting about $10 billion in spending from 2001 into 2000.

As in previous years, the discretionary request offsets a portion of discretionary spending with mandatory and revenue provisions. These offsets include: FAA and Harbor services user fees, a one-time Federal reserve transfer, State bank exam and revised regulatory fees, and student loan savings. Over ten years, these offsets total $21 billion. The discretionary spending limits are set at these new "net" levels.

Defense (DoD) For discretionary funding for DoD, the budget request proposes $292.2 billion in budget authority and $278.6 billion in outlays for 2001. This is an increase of $11.3 billion in budget authority over the 2000 level and $4.8 billion more than what was assumed in the 2000 budget for 2001, or a real increase of 1.1 percent.

The 10 year total funding for DoD discretionary is $3,231.6 billion. Over the first five year period (2001-2005), discretionary funding for DoD would total $1,516.6 billion, an increase of $11.8 billion above the levels assumed for these years in the 2000 budget.

The DoD procurement accounts receive more than $6 billion over the 2000 level, bringing them to $60 billion; a target for those accounts established several years ago. A 3.7 percent pay raise is proposed for military personnel, which is 0.5 percent more than the Employment Cost Index. Two more BRAC rounds are proposed, for both 2003 and 2005. The budget also proposes $2.3 billion in emergency supplemental appropriations in 2000 for: Kosovo operations, DoD's portion of increased assistance to Colombia, purchase of support aircraft for the Foreign Emergency Support Team, support operations in East Timor, and repair of structures damaged by Hurricane Floyd.

Table 4: Defense and Nondefense Discretionary Totals

($ billions)		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Baseline	BA	607	625	641	657	674	690	709	727	745	764
	O	636	648	665	683	699	712	730	748	766	785
Caps (net total)	**BA**	**614**	**626**	**636**	**650**	**665**	**683**	**701**	**720**	**739**	**758**
	O	**626**	**649**	**663**	**679**	**699**	**709**	**723**	**743**	**762**	**780**
Offsets	BA	*-8*	*-2*	*-2*	*-2*	*-2*	*-2*	*-1*	*-1*	*-(*)*	*-(*)*
	O	*-8*	*-2*	*-2*	*-2*	*-2*	*-2*	*-1*	*-1*	*-(*)*	*-(*)*
Gross totals . .	BA	622	628	638	652	668	685	703	721	739	758
	O	634	651	665	681	701	711	724	744	762	781
Gross v Base .	BA	15	3	-3	-5	-6	-6	-7	-7	-6	-6
	O	-2	3	-(*)	-2	2	-1	-6	-4	-4	-4
Defense (DoD)	BA	292	296	302	309	317	326	334	343	352	361
	O	279	285	294	303	317	318	322	332	341	349
Nondefense	BA	330	332	336	343	350	359	368	378	387	397
	O	355	366	371	378	384	393	402	412	421	431

Nondefense. The President's 2001 nondefense budget authority request is $330 billion (excluding mandatory and revenue offsets), $11 billion above the current services (inflated) baseline. However, for all subsequent years, nondefense spending is somewhat below current services. Between 2001 and 2010, nondefense spending grows at an average annual rate of 2 percent. The overall levels proposed for nondefense programs accommodate investments in key priorities like education, health care, environment, and public safety. A sample of the key priorities for 2001 include:

- **Class size reduction**. More than $1.7 billion is included in 2001 to hire 49,000 public school teachers**.**

- **Head Start**. An increase in Head Start's funding by $1 billion is proposed for 2001, to serve approximately 950,000 children.

- **Environment and Public Health**. The budget includes $42.5 billion in 2001 — an 11 percent increase over 2000 and a 36 percent increase over 1993 — to protect natural resources, communities, and families.

- **Biomedical research.** The budget contains a $1 billion increase in biomedical research at the National Institutes of Health.

- **21st Century Policing Initiative**. This initiative funds 50,000 more police by 2005; access by law enforcement to the latest crime-fighting technologies; collaboration between new prosecutors and local law enforcement; and public-private partnerships to prevent crime.

- **Lands Legacy**. The President is proposing dedicated, protected discretionary funding of $1.4 billion for his Lands Legacy initiative to expand federal protection of critical lands, help states and communities preserve local lands and habitat, and strengthen protections for our oceans and coasts. In addition, the President proposes a new Lands Legacy discretionary budget category to protect this funding so that it cannot be used for other programs.

Tax Cuts

The President's budget provides tax cuts totaling $351 billion over the next ten years, targeted primarily for ordinary families. The tax cuts are designed to help Americans afford child care and long-term care, promote savings, reduce the marriage penalty, assist lower income working families, reduce the cost of higher education, and encourage philanthropy, among other things.

The President offset a portion of these tax cuts with a reduction in unwarranted tax benefits, an excise tax on tobacco products, reinstatement of Superfund taxes, and a variety of other revenue raisers. The net change in Federal revenues between 2001 and 2010 is $150 billion.

The President's proposed tax cuts build on an impressive record of reducing taxes for ordinary Americans. ***Under President Clinton, the total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999, the lowest tax rate since 1978.*** For families at one-half the median income, the effective Federal tax rate has been reduced from 19.8 percent in 19992 to 14.1 percent in 1999, the lowest since 1968.

These are the primary tax cut proposals in the President's budget:

Retirement Saving Accounts (RSAs). The President proposes to create a new type of account in which contributions of moderate and low income workers would be matched by an employer or financial institution. The match would be provided in the form of a tax credit. Workers would receive a basic match of as much as 100 percent for up to $1,000. The basic match would phase down to 20 percent for workers with Adjusted Gross Income between $25,000 and $50,000. This provision cuts taxes by $53 billion over ten years.

Marriage penalty tax relief. The President proposes to increase the standard deduction for two-income married couples to twice that of single filers, providing substantial relief for 9.1 million married couples. The increase in the standard deduction would be phased in, and ultimately would be increased by $1,450. The proposal also would increase the standard deduction by $500 for single earner married couples, $350 for heads of households, and $250 for single filers. This proposal cuts taxes by $45 billion over the next ten years.

Small business pensions. This proposal offers a business with up to 100 employees a tax credit that will pay for 25 percent of the qualified contributions made to pension plans on behalf of lower paid workers for three years. Smaller employers also would receive an additional tax credit for the administrative costs of starting and administering a new plan. This proposal cuts taxes by $15 billion over the next decade.

Alternative minimum tax relief. The President proposes to correct serious design flaws in the individual Alternative Minimum Tax (AMT) that increasingly hurts middle-income families who play by the rules. This proposal cuts taxes by $33 billion over the next ten years.

College opportunity tax cut. The budget proposes to make up to $10,000 of tuition and fees for any post-secondary education (including training and graduate school) deductible for the first time. In general, the proposal would provide up to $2,800 annually in tax relief per family. The deduction would phase out for families making $100,000 and $120,000 and $50,000 and $60,000 for singles. This proposal cuts taxes by $30 billion over the next ten years.

Long-term care credit. As part of a 10-year, $27 billion initiative that helps address the nation's multifaceted long-term care challenge, the President proposes a $3,000 tax credit to compensate people with long-term care needs or their care givers for the cost of care. This revenue measure costs $26 billion over ten years.

Tax credit bonds for public school construction. The President's budget renews the Administration's commitment to provide $22 billion in tax credit School Modernization Bonds over two years to modernize up to 6,000 schools. The tax credit bonds will raise capital more efficiently than traditional tax exempt interest bonds. This item reduces revenues by $8 billion over ten years.

Expanding the Earned Income Tax Credit (EITC). The budget proposes to expand the EITC to deliver tax relief for 6.4 million families, providing up to $1,155 in additional tax relief. The maximum credit for working families with three or more children would be increased from 40 percent to 45 percent through the creation of a new third tier of the credit. Three or more children families are the most concentrated source of child poverty. The credit would be expanded for two earner couples to allow them an additional $1,450 before entering the phase out range of the credit. The credit would be phased out more slowly than under current law. This proposal costs $21 billion over ten years.

Child and dependent care tax credit (CDCTC). This proposal, which reduces taxes by $17 billion, provides tax relief to those who, in order to work, pay for the care of children under 13 or for a disabled dependent or spouse. The budget proposes to make the tax credit refundable for lower income families that do not have sufficient tax liability to qualify for the credit. The amount of expenses the credit would offset would be increased from 30 percent to 50 percent for families making up to $30,000. The President also proposes to make up to $500 eligible for the credit for families in which a parent stays home to take care of a child less than one year old, a tax cut of $154.

Encouraging Philanthropy. The President proposes $14 billion in tax changes to encourage philanthropy that would: allow non-itemizers to take a tax deduction for charitable giving ($13 billion), simplify and reduce the excise tax on foundation investment income ($758 million), and increase the limit on donations of appreciated property ($159 million).

Eliminating unwarranted benefits and other revenue measures. The budget includes revenues raisers of $95.6 billion that trim corporate subsidies, close loopholes, and eliminate unwarranted benefits. Examples of these revenue raising proposals are: creating limits on the benefits of corporate tax shelter transactions; prevent mismatching of deductions and income transactions with related foreign persons, require lessors of tax-exempt-use property to include service contract options in the lease term, prohibit tax deferral on contributions of appreciated property to swap funds, provide consistent amortization periods of intangibles, and restore the phase out of the unified credit for large estates.

Tobacco policy. The budget includes a combination of excise tax increases and assessments against the tobacco industry based on youth smoking rates. The cigarette excise tax would be increased 25 cents per pack beginning October 1, 2000. In addition, the effective date of a scheduled 5 cent per pack excise tax increase would be moved up from January 1, 2002 to October 1, 2000. Further, if youth smoking is not cut in half by 2004, tobacco companies would pay a youth smoking assessment of $3,000 per underage smoker – twice the estimated lifetime profit – each year that the 50 percent youth smoking reduction target has not been met. These provisions combined are expected to raise $4.1 billion in 2001, and $65.9 billion over 10 years.

Budget Process Reform

Discretionary spending caps. The President's budget would extend through 2010 the caps on annual discretionary spending, which are currently set to expire in 2002. The caps, which are enforced by sequesters, would be extended at a level slightly below the current services baseline, meaning that discretionary spending would increase at somewhat less than the rate of inflation. In addition, the President proposes a new set of discretionary limits, within these overall discretionary totals, to limit spending on his Lands Legacy initiative.

Pay-As-You-Go. In his budget, the President proposes that the existing pay-as-you-go ("paygo") law – currently set to expire in 2002 – be extended through 2010. The paygo law requires that all mandatory spending or revenue legislation that would increase a budget deficit or reduce a surplus be fully offset in order to avoid triggering a sequester at the end of the fiscal year.

Restoring budgetary conventions. The President proposes to replace 2001 advance appropriations that departed from budgetary conventions with full, up-front funding in 2000. However, this proposal would not affect advance appropriations enacted for programmatic reasons such as advance funding for the Corporation for Public Broadcasting or multi-year construction programs. This year's budget also proposes to reverse a number of obligation delays and timing shifts that were enacted last year, restoring traditional budgetary treatment of those items.

Biennial budgeting. Currently, the President submits budget plans to Congress on an annual basis, and Congress likewise budgets and appropriates annually. Under biennial budgeting, in the first year of a new Congress, the President would be required to submit to Congress a two-year budget plan. Congress would then pass its own two-year budget and enact two-year appropriations bills, and use the second year of each Congress for considering authorizing legislation. The President's budget expresses support for biennial budgeting.

Expedited rescissions. The Supreme Court has previously ruled the Line Item Veto Act unconstitutional, eliminating the President's ability to cancel single items of spending within appropriations bills. However, under the Impoundment Control Act, the President still has the authority to propose rescissions. Rescissions are special messages from the President which propose that all or part of previously-appropriated budget authority be canceled. It is Congress's responsibility to review all proposed rescissions. Currently, the President can withhold for 45 days funding which he has proposed be rescinded. If Congress does not approve rescissions within 45 days, the funds must be released. Some Members of Congress have proposed to strengthen this rescission process by requiring Congress to vote on all rescission items proposed by the President. The President supports such "expedited rescission" authority.

OMB and CBO "Baseline" Surpluses

The President's current services baseline projections assume that discretionary spending grows at the rate of inflation each year, preserving the real level of resources provided for fiscal year 2000. The Congressional Budget Office (CBO) released a similar set of baseline estimates in January, in their annual Budget and Economic Outlook for Fiscal Years 2001-1010. CBO's estimates of the "inflated" baseline surplus relied on the same methodology as the current services estimates prepared by OMB. Although identical in concept, CBO's unified surplus is $233 billion larger than OMB's over the next decade due to different economic forecasts and technical estimates of spending and revenue provisions. Table 5 compares the OMB and CBO projections.

Table 5: Comparison of OMB and CBO Baseline Surplus Projections
(Inflated; Zero real growth baseline)

($ billions)	2001	2002	2003	2004	2005	2001-05	2006-10	2001-10
Unified budget surplus								
OMB	171	197	193	213	247	1,022	1,897	2,919
Economic	9	16	22	22	15	83	6	89
Technical	-3	-2	15	12	9	30	132	162
Discretionary1/	0	-2	-3	-1	-3	-9	-8	-17
Total	**6**	**12**	**34**	**33**	**21**	**104**	**129**	**233**
CBO	177	209	227	246	268	1,126	2,026	3,152
On-budget surplus								
OMB	11	25	8	18	33	95	651	746
CBO	11	26	31	37	43	148	690	838
Difference . .	**0**	**1**	**23**	**19**	**10**	**53**	**39**	**92**

'1/ Differences in discretionary inflation assumptions.

Table 6: 2001 Budget Totals

($ billions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Spending											
Discretionary	618	634	651	665	681	701	711	724	744	762	781
Defense (DoD)	278	279	285	294	303	317	318	322	332	341	349
Nondefense . .	339	355	366	371	378	384	393	402	412	421	431
Mandatory	952	993	1,046	1,108	1,183	1,261	1,324	1,408	1,500	1,594	1,693
Social Security	403	422	443	465	490	516	545	575	608	645	685
Medicare	199	218	226	239	262	284	292	318	340	364	388
Medicaid	116	125	136	149	164	178	197	216	234	253	273
Means-tested . .	110	111	119	126	131	138	140	141	149	154	160
Other	123	117	121	128	136	144	150	157	168	177	187
Net interest	220	208	199	189	178	164	150	134	118	100	80
Total outlays	1,790	1,835	1,895	1,963	2,041	2,125	2,185	2.267	2,362	2,456	2,553
% of GDP	18.7	18.3	18.0	17.9	17.7	17.6	17.2	17.0	16.9	16.8	16.7
Total revenues . . .	1,956	2,019	2,081	2,147	2,236	2,341	2,440	2,559	2,676	2,785	2,917
% of GDP	20.4	20.1	19.8	19.6	19.4	19.4	19.2	19.2	19.2	19.1	19.1
Surplus	167	184	186	185	195	215	256	292	314	329	363
Off-budget	148	160	172	184	195	214	224	239	250	260	272
Medicare	0	15	13	0	0	0	31	52	64	69	91
On-budget	19	9	1	+(*)	+(*)	2	1	1	+(*)	+(*)	+(*)
Public Debt	3,476	3,305	3,134	2,963	2,781	2,578	2,334	2,054	1,752	1,434	1,082