

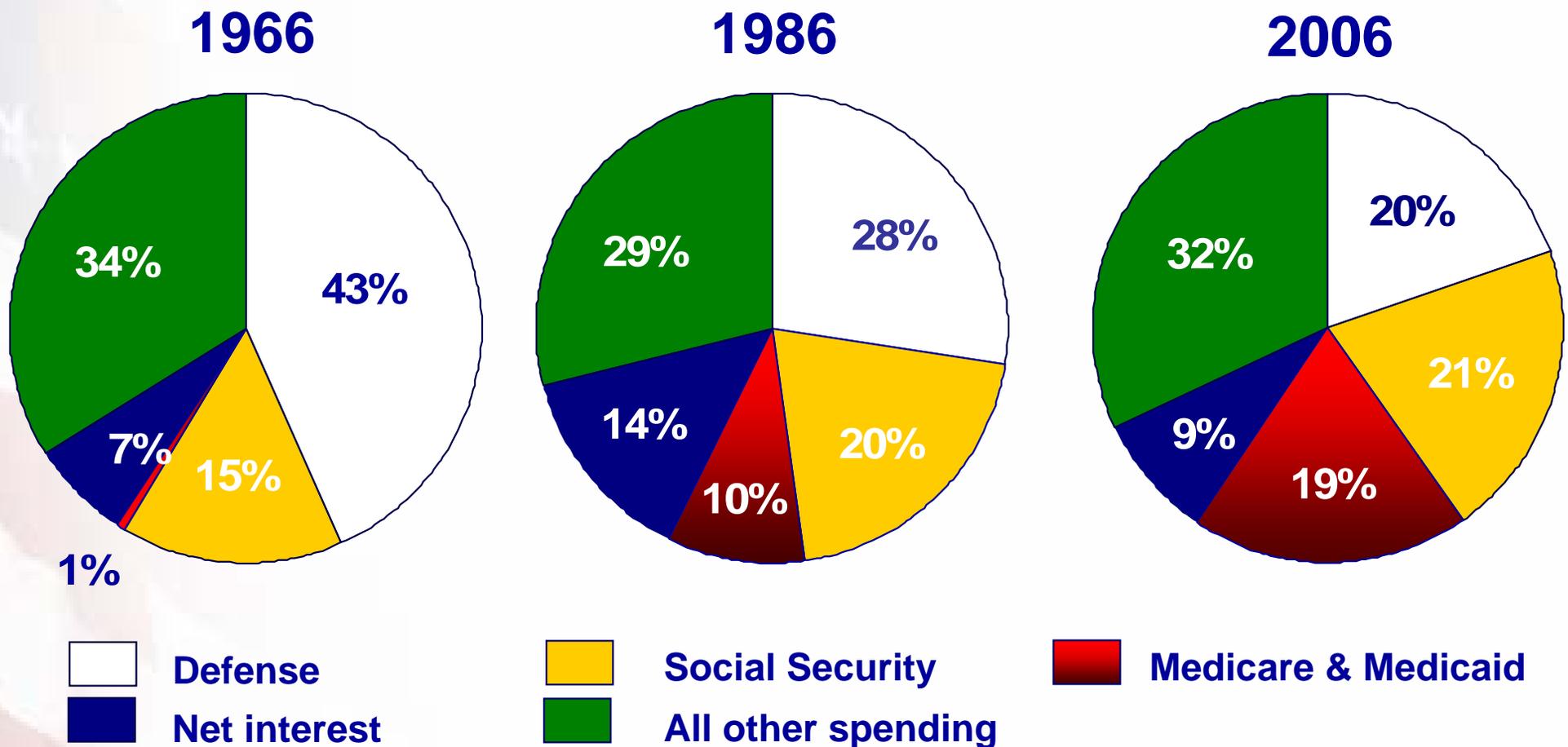
# **Federal Budget Outlook**

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**Susan J. Irving**  
**GSA Quality Partnership Council**  
**February 27, 2007**

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# Composition of Federal Spending

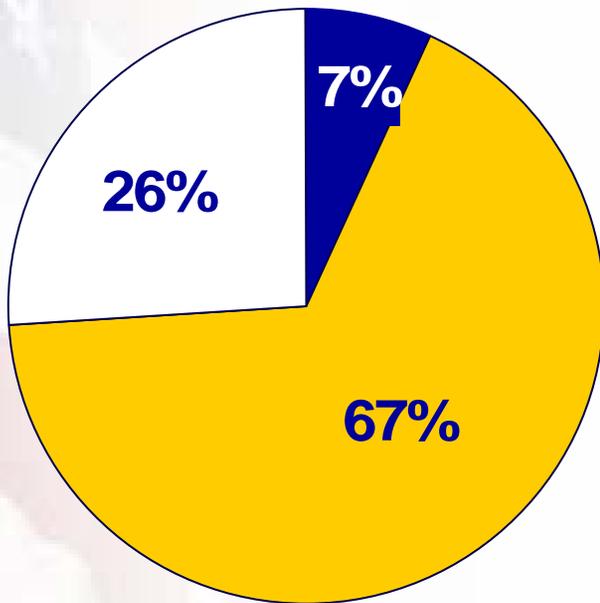


Source: Office of Management and Budget.

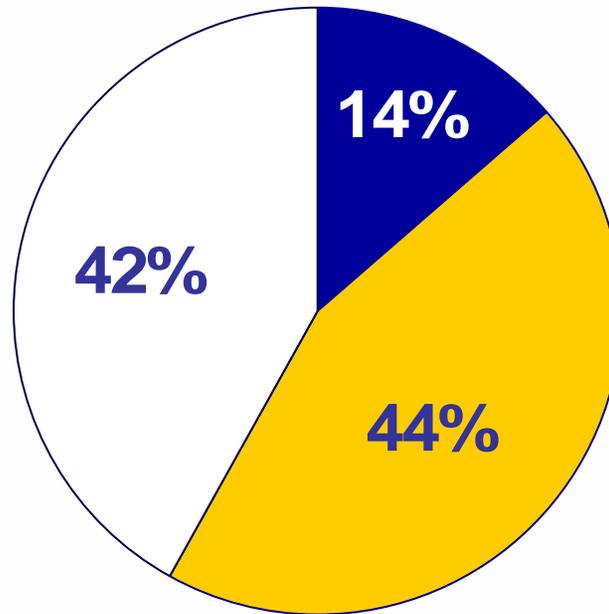
Note: Numbers may not add to 100 percent due to rounding.

## Federal Spending for Mandatory and Discretionary Programs

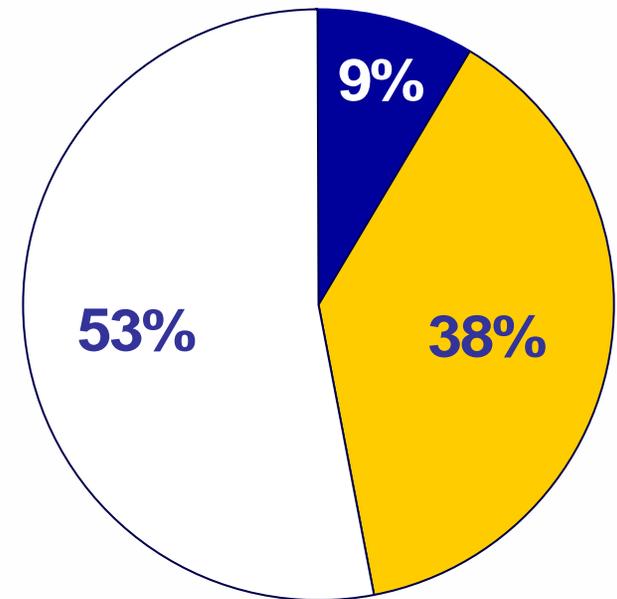
1966



1986



2006

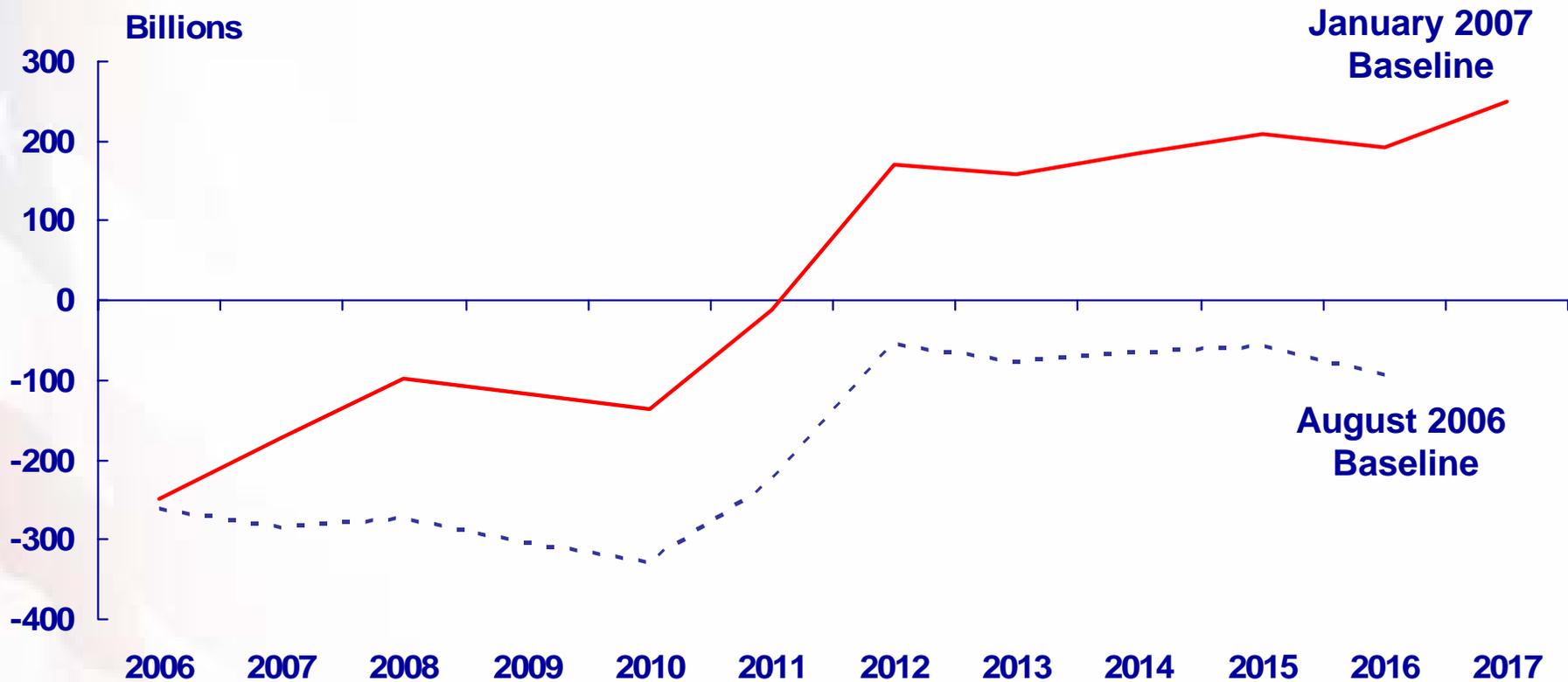


 Net Interest

 Discretionary

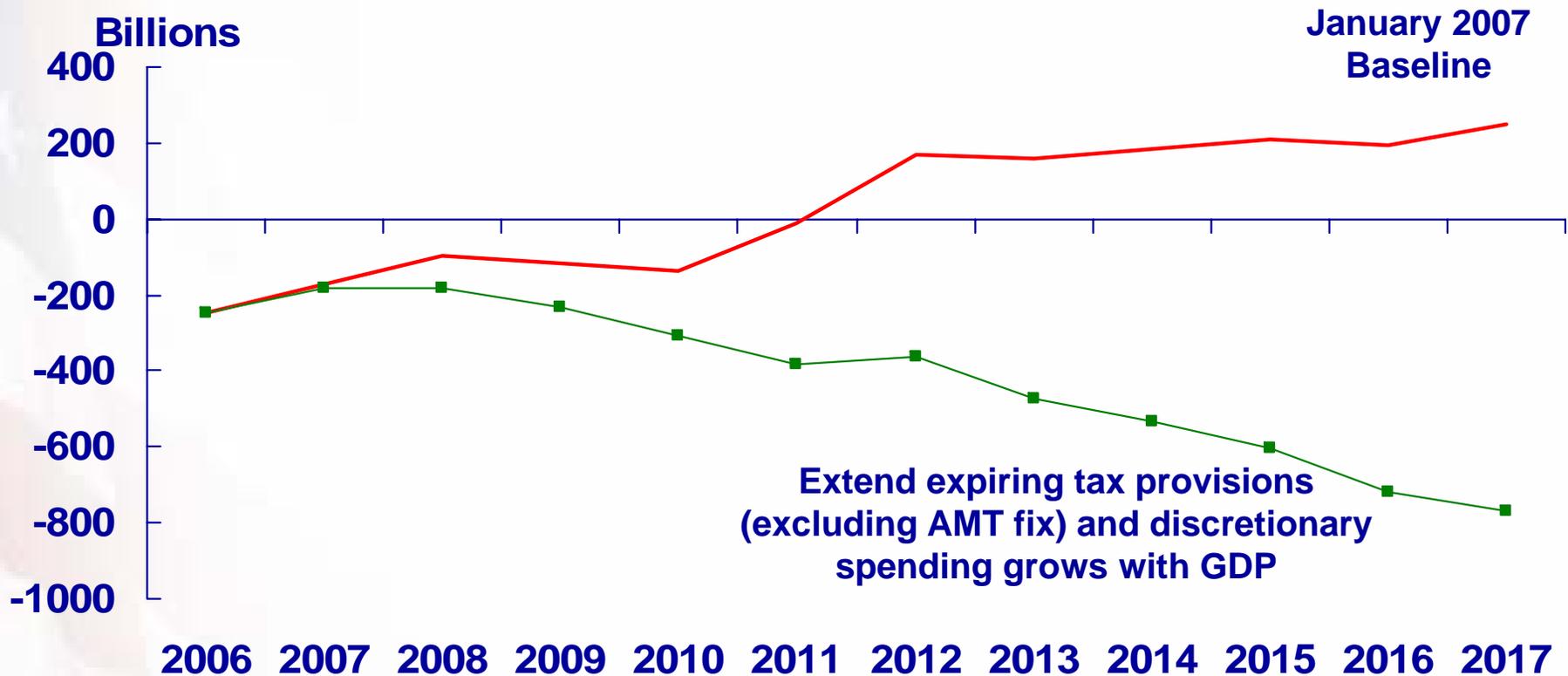
 Mandatory

# CBO's Budget Outlook Improved



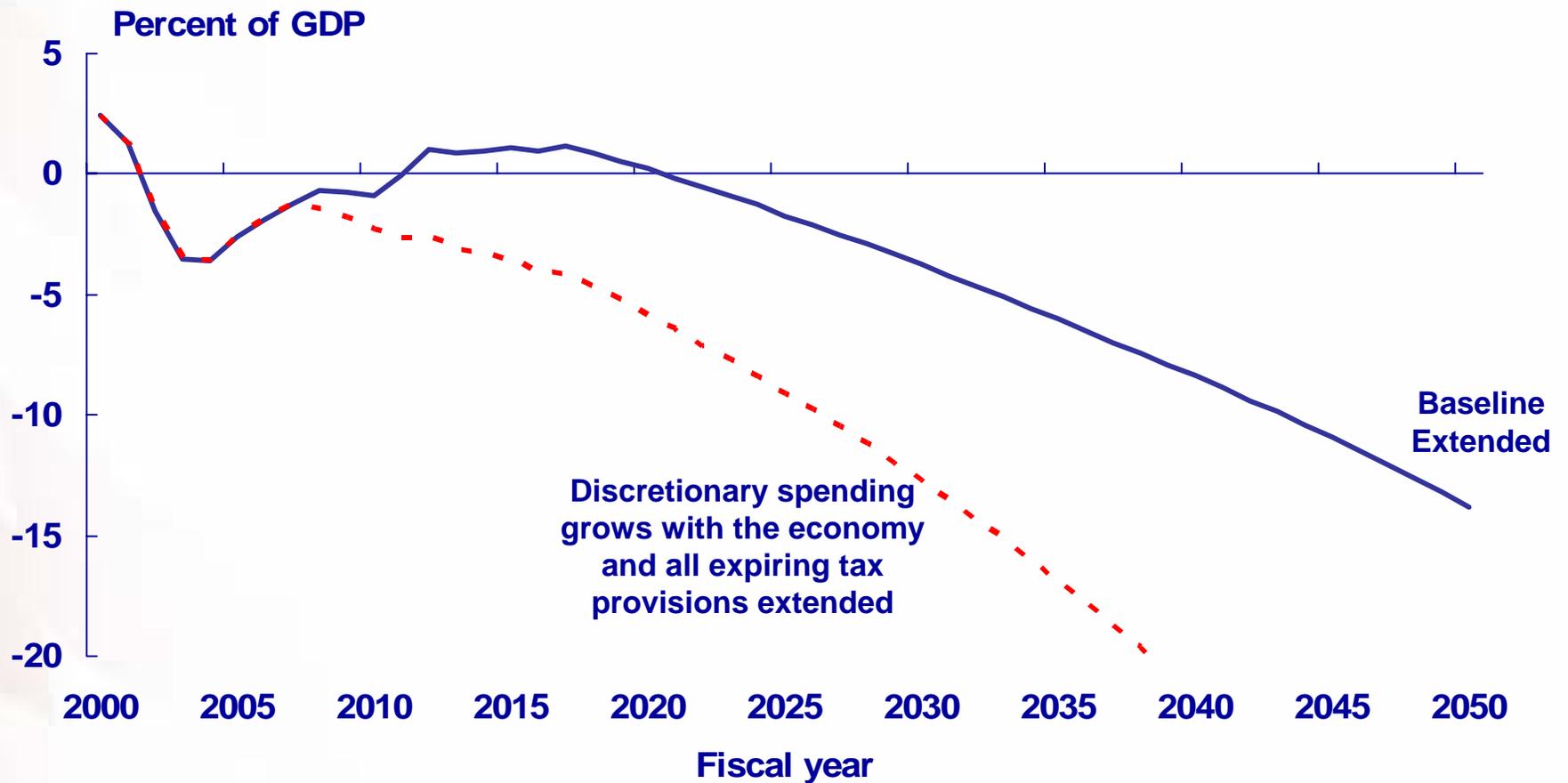
Source: CBO *The Budget and Economic Outlook: Fiscal Years 2007-2017* (January 2007).

# CBO's Budget Outlook Under Alternative Assumptions



Source: GAO analysis of data from CBO *The Budget and Economic Outlook: Fiscal Years 2008-2017* (January 2007).

# Unified Surpluses and Deficits as a Share of GDP Under Alternative Fiscal Policy Simulations



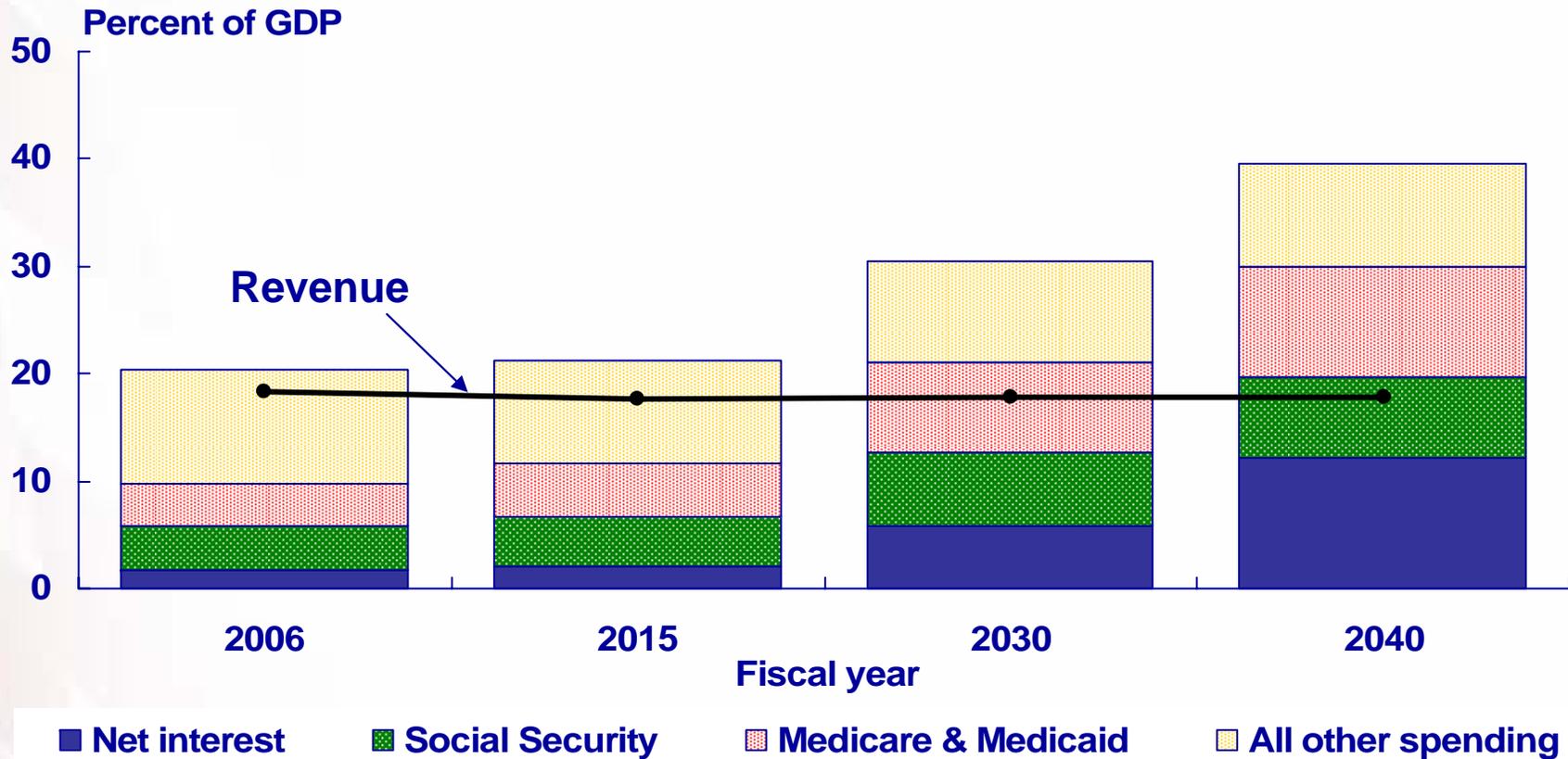
Note: Assume currently scheduled Social Security benefits are paid in full throughout the simulation period.

Source: GAO's January 2007 analysis.

# Potential Fiscal Outcomes Under Alternative Simulation

## Revenues and Composition of Spending as a Share of GDP

### Assuming Discretionary Spending Grows with GDP After 2007 and All Expiring Tax Provisions are Extended



Source: GAO's January 2007 analysis.

Notes: AMT exemption amount is retained at the 2006 level through 2017 and expiring tax provisions are extended. After 2017, revenue as a share of GDP is held constant—implicitly assuming that action is taken to offset increased revenue from real bracket creep, the AMT, and tax-deferred retirement accounts.