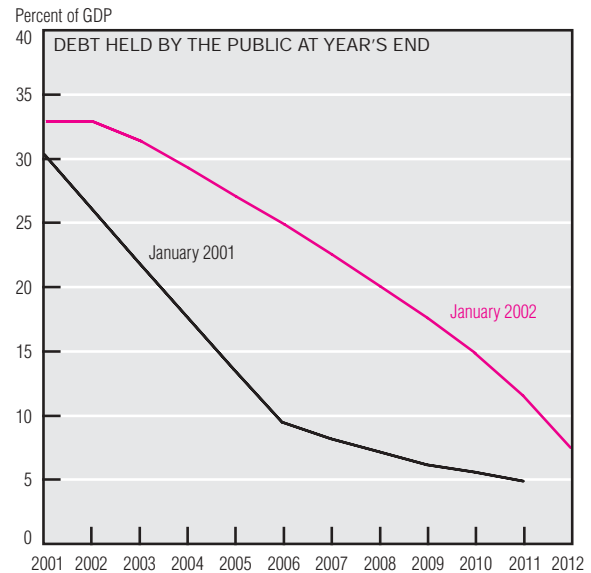
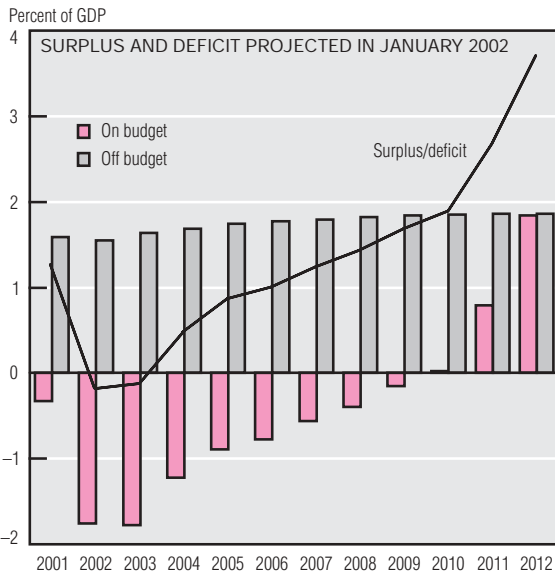
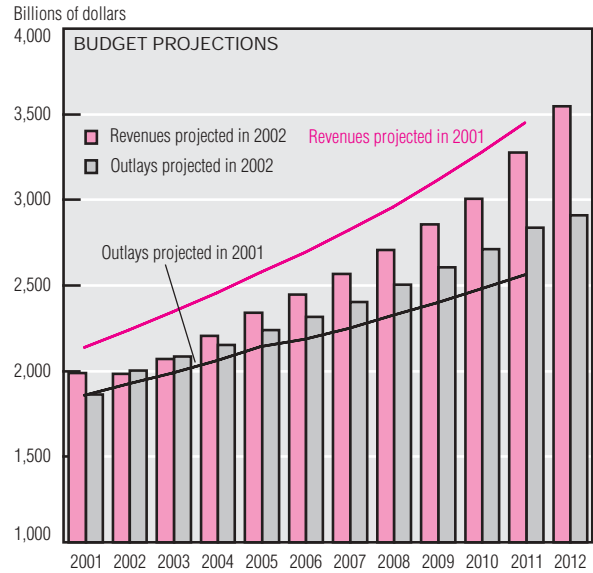
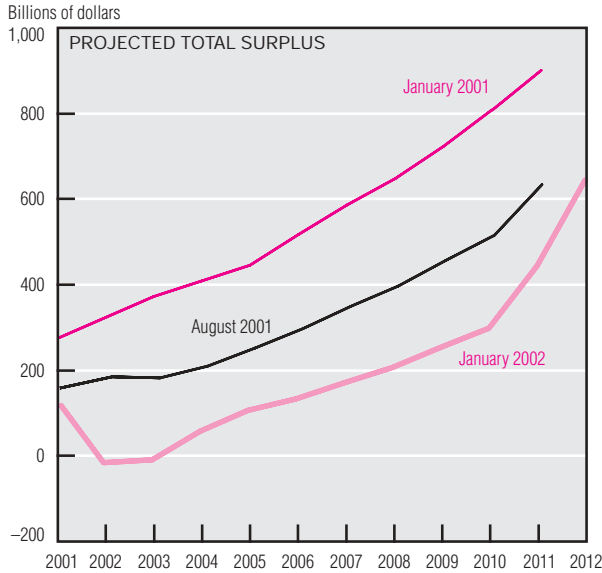


# The Federal Budget



NOTE: All 2001 data in the 2002 projections are actual.  
 SOURCE: Congressional Budget Office, *The Budget and Economic Outlook*, fiscal years 2002–2011 and 2003–2012.

The Congressional Budget Office projects that, under current tax and spending policies, the federal budget will show a small total deficit in fiscal years 2002 (\$21 billion) and 2003 (\$14 billion). This is a far cry from the \$176 billion and \$172 billion surpluses projected as late as last August. Indeed, since January 2001, the cumulative 10-year (2002–2011) estimated surplus has plummeted from \$5.6 trillion to just \$1.6 trillion. Of this decline, \$2.4 trillion can be traced to policies enacted in 2001, about half of

it resulting from increased outlays (including debt service) and the rest from reduced revenues. A revision to projected economic performance on the heels of the 2001 recession contributed almost \$1 trillion more to the decline, mostly by reducing projected revenues. The remaining drop in the 10-year estimated surplus is attributable to unanticipated factors and changes in projection methods.

Since January 2001, the cumulative 10-year off-budget (Social Security and Postal Service) surplus has

declined just \$206 billion, mainly because of lower payroll tax receipts. This means that most of the drop in projected surpluses occurs on the on-budget side, which now is not projected to revert to surplus until 2010.

Because of the worsened federal budget picture, federal debt cannot be paid down as rapidly as was conjectured a year ago. Under current projections, federal debt held by the public will remain close to 15% of GDP through the end of 2010.