CHAPTER

1

Introduction

Since 2007, federal debt held by the public has more than doubled in relation to the size of the economy, and it will keep growing significantly if the large annual budget deficits projected under current law come to pass (see Figure 1-1). The Congress faces an array of policy choices as it confronts the challenges posed by such large and growing debt. To help inform lawmakers, the Congressional Budget Office periodically issues a compendium of policy options that would help reduce the deficit, reporting the estimated budgetary effects of those options and highlighting some arguments for and against them.

This report, the latest in the series, presents 121 options that would decrease federal spending or increase federal revenues over the next 10 years (see Table 1-1 on page 6).[1] Of those options, 112 are presented in the main body of the report, and most of those 112 would save $10 billion or more over that period. The remaining 9 options are presented in an appendix and would generally have smaller budgetary effects.

The options in this report come from various sources. Some are based on proposed legislation or on the budget proposals of various Administrations; others come from Congressional offices or from entities in the federal government or in the private sector. The options cover many areas—defense, health, Social Security, provisions of the tax code, and more. The budgetary effects identified for most of the options span the 10 years from 2019 to 2028 (the period covered by CBO's baseline budget projections), although many of the options would have longer-term effects as well.[2]

Chapters 2 through 4 present options in the following categories:

- Chapter 2: Mandatory spending,
- Chapter 3: Discretionary spending, and
- Chapter 4: Revenues.[3]

Each chapter begins with a description of budgetary trends for the topic area, a general discussion of the method underlying the estimates of budgetary effects, and an overview of the options in the chapter. Then the chapter offers individual entries for each option that provide background information; describe the option; discuss the estimated budgetary effects, the basis of those estimates, and the largest sources of uncertainty; and summarize arguments for and against the change.

As a collection, the options are intended to reflect a range of possibilities, not a ranking of priorities or an exhaustive list. The inclusion or exclusion of any particular option does not imply that CBO endorses it or opposes it, and the report makes no recommendations. The report also does not contain comprehensive budget plans; it would be possible to devise such plans by combining certain options in various ways (although some would overlap and would interact with others).

CBO's website includes a search tool that allows users to filter options by major budget category, budget function, topic, and date. That tool is regularly updated to include only the most recent version of budget options from various CBO reports. Therefore, the tool currently includes all of the options that appear in this report. It also

1. For the previous edition, see Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026* (December 2016), www.cbo.gov/publication/52142.

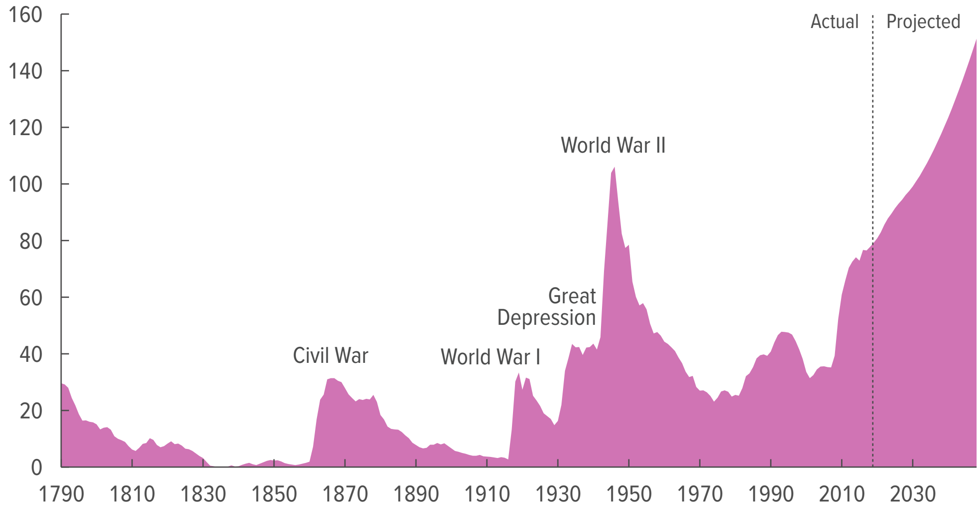
2. CBO's most recent baseline budget projections underlie the analysis in Congressional Budget Office, *An Analysis of the President's 2019 Budget* (May 2018, revised August 2018), www.cbo.gov/publication/53884. For additional discussion, see Congressional Budget Office, *The Budget and Economic Outlook: 2018 to 2028* (April 2018), www.cbo.gov/publication/53651.

3. Options that would change health-related spending or revenues are divided among those three chapters. In several previous editions, such options were in a separate chapter.

Figure 1-1.

Federal Debt Held by the Public

Percentage of Gross Domestic Product



High and rising federal debt would reduce national saving and income in the long term; increase the government's interest payments, thereby putting more pressure on the rest of the budget; limit lawmakers' ability to respond to unforeseen events; and increase the likelihood of a fiscal crisis.

Source: Congressional Budget Office.

CBO's most recent long-term projection of federal debt was completed in June 2018. See Congressional Budget Office, *The 2018 Long-Term Budget Outlook* (June 2018), www.cbo.gov/publication/53919. For details about the sources of data used for past debt held by the public, see Congressional Budget Office, *Historical Data on Federal Debt Held by the Public* (July 2010), www.cbo.gov/publication/21728.

CBO's projection generally reflects current law, following the agency's 10-year baseline budget projections through 2028 and then extending most of the concepts underlying those baseline projections for the rest of the long-term projection period.

includes options that were analyzed in the past, were not updated for this report, but remain informative. Those options were either in previous editions of this report or in different CBO reports analyzing specific federal programs or aspects of the tax code.[4]

The Current Context for Decisions About the Budget

The federal budget deficit in fiscal year 2018 totaled $779 billion—3.8 percent of gross domestic product, or GDP (see Table 1-2 on page 10).[5] That deficit represented an increase from the 2017 deficit, which equaled 3.5 percent of GDP.[6] As a result, debt held by the public increased to 78 percent of GDP at the end of 2018—about 2 percentage points higher than the amount in 2017 and the highest percentage since 1950.

In accordance with law, CBO constructs its baseline projections of federal revenues and spending under the assumption that current laws will generally remain unchanged. In those projections, budget deficits rise to an average of 5.1 percent of GDP between 2022 and 2025. That percentage has been exceeded in only five years since 1946; four of those years followed the deep 2007–2009 recession. After 2025, deficits dip—primarily because some tax provisions are scheduled to expire under current law, boosting revenues. Nevertheless, between 2026 and 2028, the projected deficit averages $1.4 trillion, or 4.8 percent of

4. However, CBO has removed from the tool most options not included in this report that would modify provisions of the tax code, because the significant changes to provisions of the tax code in Public Law 115-97—originally called the Tax Cuts and Jobs Act and referred to as the 2017 tax act in this report—have rendered estimates for those options or the options themselves obsolete.

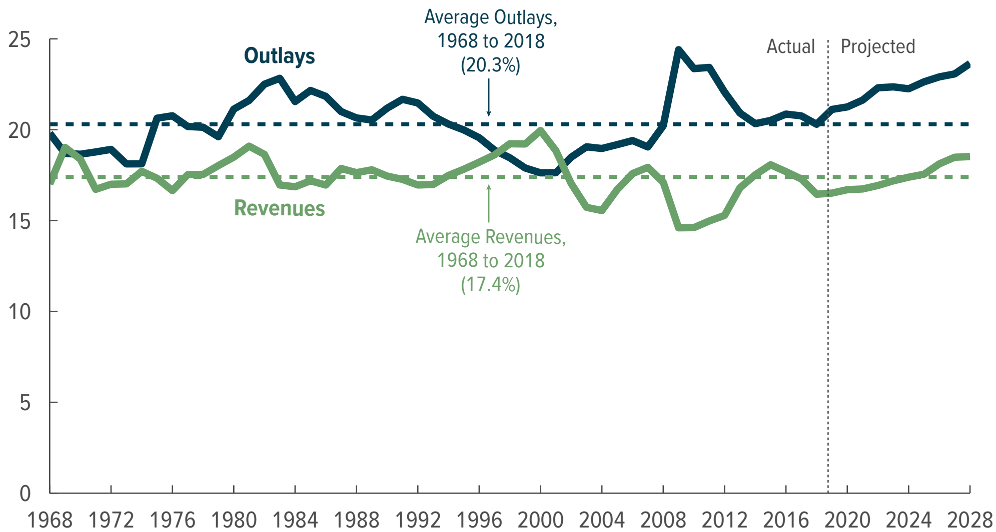
5. Actual amounts for *total* revenues and outlays are available for 2018. So are details regarding revenues. In contrast, details regarding outlays are available only through 2017.

6. The increase was smaller than it would otherwise have been because October 1, 2017 (the first day of fiscal year 2018), fell on a weekend; as a result, certain payments that were to be made on that day were instead made in September, in fiscal year 2017.

Figure 1-2.

Revenues and Outlays

Percentage of Gross Domestic Product



Revenues and outlays, measured as a percentage of gross domestic product, grow over the next decade in CBO's projections. Both are above their 50-year averages by 2028.

Source: Congressional Budget Office.

The projected values shown are from Congressional Budget Office, *An Analysis of the President's 2019 Budget* (May 2018, revised August 2018), www.cbo.gov/publication/53884.

GDP—which is still well above its 50-year average of 2.9 percent. In those years, revenues and outlays too are projected to be above their 50-year averages as measured in relation to GDP (see Figure 1-2). Significant growth in spending on retirement and health care programs—caused by the aging of the population and rising health care costs per person—and growing interest payments on federal debt drive much of the projected growth in spending over the coming decade.

As deficits accumulate in CBO's baseline projections, debt held by the public grows to 96 percent of GDP (or $29 trillion) by 2028. At that level, debt held by the public, measured as a percentage of GDP, would be more than twice its 50-year average. Beyond the 10-year period, if current laws remained in place, the pressures that contributed to rising deficits during the baseline period would accelerate and push up debt even more sharply. Three decades from now, for instance, debt held by the public is projected to be about twice as high in relation to GDP as it is this year—which would be a higher ratio than the United States has ever recorded.[7]

Such high and rising debt would have serious consequences, both for the economy and for the federal budget. Federal spending on interest payments would rise substantially as a result of increases in interest rates, such as those projected to occur over the next few years. Moreover, because federal borrowing reduces national saving over time, the nation's capital stock ultimately would be smaller, and productivity and income would be lower, than would be the case if the debt was smaller. In addition, lawmakers would have less flexibility than otherwise to respond to unexpected challenges, such as significant economic downturns or financial crises. Finally, the likelihood of a fiscal crisis in the United States would increase. Specifically, the risk would rise of investors' becoming unwilling to finance the government's borrowing unless they were compensated with very high interest rates. If that occurred, interest rates on

7. See Congressional Budget Office, *The 2018 Long-Term Budget Outlook* (June 2018), www.cbo.gov/publication/53919. The long-term projections, which focus on the 30-year period ending in 2048, extend most of the concepts underlying the 10-year projections for an additional 20 years, and they reflect the economic effects of projected fiscal policy over the 30-year period. For a discussion of how the federal budget and the nation's economy would evolve under three alternative scenarios, see Congressional Budget Office, *The Long-Term Budget Outlook Under Alternative Scenarios for Fiscal Policy* (August 2018), www.cbo.gov/publication/54325.

federal debt would rise suddenly and sharply in relation to rates of return on other assets.

Not only are deficits and debt projected to be greater in coming years; the United States is also on track to have a federal budget that will look very different from past budgets. In 2028, if current laws generally did not change, spending for all federal activities other than the major health care programs and Social Security would account for its smallest share of GDP in the past 50 years.[8] And those major health care programs (particularly Medicare) and Social Security would equal a much larger percentage of GDP than they have in the past. Furthermore, revenues would represent a larger share of GDP in 2028 than they generally have in the past few decades.

Choices for the Future

To put the federal budget on a sustainable long-term path, lawmakers would need to make significant policy changes—allowing revenues to rise more than they would under current law, reducing spending for large benefit programs to amounts below those currently projected, or adopting some combination of those approaches.

Lawmakers and the public may weigh several factors in considering new policies that would reduce budget deficits. What is an acceptable amount of federal debt, and how much deficit reduction is consequently necessary? How rapidly should such reductions occur? What is the proper size of the federal government, and what would be the best way to allocate federal resources? What types of policy changes would most enhance prospects for near-term and long-term economic growth? What would be the distributional implications of proposed changes—that is, who would bear the burden of particular cuts in spending or increases in taxes, and who would realize the economic benefits?

The scale of changes in noninterest spending or revenues would depend on the target level of federal debt. If lawmakers set out to ensure that debt in 2048 matched its current level of 78 percent of GDP, cutting noninterest spending or raising revenues (or both) in each year beginning in 2019 by amounts totaling 1.9 percent of GDP (about $400 billion in 2019, or $1,200 per person) would achieve that result. Increases in revenues or reductions in noninterest spending would need to be larger to reduce debt to the percentages of GDP that are more typical of those in recent decades. For instance, if lawmakers wanted to lower the debt to 41 percent of GDP (its average over the past 50 years) by 2048, they could achieve that outcome by increasing revenues, cutting noninterest spending, or both by amounts totaling 3.0 percent of GDP each year, beginning in 2019. (In 2019, 3.0 percent of GDP would be about $630 billion, or $1,900 per person.)[9]

Regardless of the chosen goal for federal debt, lawmakers would face trade-offs in deciding how quickly to implement policies designed to put federal debt on a sustainable path. The benefits of reducing the deficit sooner would include a smaller accumulated debt, smaller policy changes required to achieve long-term outcomes, and less uncertainty about the policies that lawmakers would adopt. However, if lawmakers implemented spending cuts or tax increases too quickly, people might have insufficient time to plan for or adjust to the new system. By contrast, if policymakers waited several years to reduce federal spending or increase taxes, more debt would accumulate over the long term, which would slow long-term growth in output and income and ultimately require larger policy changes to reach any chosen target for debt.[10]

Caveats About This Report

The ways in which specific federal programs, the budget as a whole, and the U.S. economy will evolve under current law are uncertain, as are the possible effects of proposed changes to federal spending and revenue policies. CBO's projections, especially its projections of how the economy will evolve, are even more uncertain than usual this year, because they incorporate estimates of the economic effects of major recent changes in fiscal policy—and those estimates are themselves particularly

8. The major health care programs consist of Medicare, Medicaid, and the Children's Health Insurance Program, along with federal subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

9. Those changes to spending or revenues do not include economic feedback—that is, the effect on the budget from increases in economic growth and decreases in interest rates that result from reductions in deficits. The projected effects on debt, however, include both the direct effects of the policy changes and the resulting economic feedback.

10. See Congressional Budget Office, *The Deficit Reductions Necessary to Meet Various Targets for Federal Debt* (August 2018), www.cbo.gov/publication/54181.

uncertain. CBO aims to formulate projections that fall in the middle of the distribution of possible outcomes.

The estimates presented in this report could differ from cost estimates for similar proposals that CBO might produce later or from revenue estimates developed later by the staff of the Joint Committee on Taxation (JCT). One reason is that the proposals on which those estimates were based might not precisely match the options presented here. A second is that the baseline budget projections against which such proposals would be measured might have changed and thus would differ from the projections used for this report. A third is that CBO has not yet developed specific estimates of secondary effects for some options.

A fourth reason is that some proposals similar to options presented here would be defined as "major" legislation and thus would require CBO and JCT, to the extent practicable, to incorporate the budgetary impact of macroeconomic effects into cost estimates. (The Congress defines major legislation as either having a gross budgetary effect, before macroeconomic effects are incorporated, of 0.25 percent of GDP in any year over the next 10 years, or having been designated as such by the Chair of either Budget Committee. CBO projects that 0.25 percent of GDP in 2028 would be $75 billion.) Those macroeconomic effects might include, for example, changes in the labor supply or private investment. Incorporating such macroeconomic feedback into cost estimates is often called dynamic scoring. The estimates presented in this report do not incorporate such effects.

Many of the options in this report could be used as building blocks for broader changes. In some cases, however, combining various spending or revenue options would produce budgetary effects that would differ from the sums of those estimates as presented here because some options would overlap or interact in ways that would change their budgetary impact. Furthermore, some options are mutually exclusive.

Some options discussed in this report are flexible enough to be scaled up or down, leading to larger or smaller effects on households, businesses, and the budget. This report presents estimates for some of those alternatives. However, some options, such as those that eliminate programs, could not be scaled up or down.

Discretionary spending is controlled by annual appropriation acts in which policymakers specify how much money will be provided for certain government programs in specific years. CBO's baseline projections incorporate the assumption that discretionary funding will not exceed caps imposed by the Budget Control Act of 2011 (Public Law 112-25) and modified by subsequent legislation. To reduce projected deficits through changes in discretionary spending, lawmakers would therefore need to decrease the caps below their current levels or enact appropriations below those caps. The discretionary options in this report could be used either to reduce appropriations below the existing caps or to help comply with those caps. (Using the options merely to comply with existing caps would not reduce projected deficits.)

The estimated budgetary effects of options do not reflect the extent to which the options would reduce interest payments on federal debt. Those savings may be included as part of a comprehensive budget plan (such as the Congressional budget resolution), but CBO does not generally make such calculations for individual pieces of legislation or for individual options of the type discussed here.

Some of the estimates in this report depend on projections of states' responses to federal policy changes, which can be difficult to predict and can vary over time because of states' changing fiscal conditions and other factors. CBO's analyses do not attempt to quantify the impact of options on states' spending or revenues.

Some options might impose federal mandates on other levels of government or on private entities. The Unfunded Mandates Reform Act of 1995 requires CBO to estimate the costs of any mandates that would be imposed by new legislation that the Congress considers. (The law defines mandates as enforceable duties imposed on state, local, or tribal governments or the private sector, as well as certain types of provisions affecting large mandatory programs that provide funds to states.) In this report, CBO does not address the costs of any mandates that might be associated with the various options.

Table 1-1.

Options for Reducing the Deficit

Option Number	Title	Savings, 2019–2028[a] (Billions of dollars)
	Mandatory Spending	
Option 1	Limit Enrollment in the Department of Agriculture's Conservation Programs	3 to 10
Option 2	Eliminate Title I Agriculture Programs	20
Option 3	Reduce Subsidies in the Crop Insurance Program	4 to 21
Option 4	Limit ARC and PLC Payment Acres to 30 Percent of Base Acres	10
Option 5	Raise Fannie Mae's and Freddie Mac's Guarantee Fees and Decrease Their Eligible Loan Limits	3 to 12
Option 6	Eliminate or Reduce the Add-On to Pell Grants, Which Is Funded With Mandatory Spending	31 to 62
Option 7	Limit Forgiveness of Graduate Student Loans	12 to 32
Option 8	Reduce or Eliminate Subsidized Loans for Undergraduate Students	7 to 22
Option 9	Reduce or Eliminate Public Service Loan Forgiveness	9 to 22
Option 10	Remove the Cap on Interest Rates for Student Loans	11 to 16
Option 11	Adopt a Voucher Plan and Slow the Growth of Federal Contributions for the Federal Employees Health Benefits Program	35 to 37[b]
Option 12	Establish Caps on Federal Spending for Medicaid	162 to 703
Option 13	Limit States' Taxes on Health Care Providers	15 to 344
Option 14	Reduce Federal Medicaid Matching Rates	55 to 394
Option 15	Introduce Enrollment Fees Under TRICARE for Life	12
Option 16	Introduce Minimum Out-of-Pocket Requirements Under TRICARE for Life	27
Option 17	Change the Cost-Sharing Rules for Medicare and Restrict Medigap Insurance	44 to 116
Option 18	Increase Premiums for Parts B and D of Medicare	40 to 418
Option 19	Raise the Age of Eligibility for Medicare to 67	15 to 22
Option 20	Reduce Medicare's Coverage of Bad Debt	12 to 39
Option 21	Require Manufacturers to Pay a Minimum Rebate on Drugs Covered Under Part D of Medicare for Low-Income Beneficiaries	154
Option 22	Modify Payments to Medicare Advantage Plans for Health Risk	47 to 67
Option 23	Reduce Quality Bonus Payments to Medicare Advantage Plans	18 to 94
Option 24	Consolidate and Reduce Federal Payments for Graduate Medical Education at Teaching Hospitals	34 to 40
Option 25	Convert Multiple Assistance Programs for Lower-Income People Into Smaller Block Grants to States	88 to 247
Option 26	Eliminate Subsidies for Certain Meals in the National School Lunch, School Breakfast, and Child and Adult Care Food Programs	11
Option 27	Reduce TANF's State Family Assistance Grant by 10 Percent	13
Option 28	Eliminate Supplemental Security Income Benefits for Disabled Children	100[b]
Option 29	Link Initial Social Security Benefits to Average Prices Instead of Average Earnings	77 to 121
Option 30	Make Social Security's Benefit Structure More Progressive	7 to 36
Option 31	Raise the Full Retirement Age for Social Security	28
Option 32	Require Social Security Disability Insurance Applicants to Have Worked More in Recent Years	50
Option 33	Eliminate Eligibility for Starting Social Security Disability Benefits at Age 62 or Later	20
Option 34	Narrow Eligibility for Veterans' Disability Compensation by Excluding Certain Disabilities Unrelated to Military Duties	4 to 33
Option 35	End VA's Individual Unemployability Payments to Disabled Veterans at the Full Retirement Age for Social Security	7 to 48
Option 36	Reduce VA's Disability Benefits to Veterans Who Are Older Than the Full Retirement Age for Social Security	11
Option 37	Narrow Eligibility for VA's Disability Compensation by Excluding Veterans With Low Disability Ratings	6 to 38
Option 38	Use an Alternative Measure of Inflation to Index Social Security and Other Mandatory Programs	202

Continued

Table 1-1. Continued

Options for Reducing the Deficit

Option Number	Title	Savings, 2019–2028[a] (Billions of dollars)
	Discretionary Spending	
Option 1	Reduce the Department of Defense's Budget	248 to 517
Option 2	Reduce DoD's Operation and Maintenance Appropriation (Excluding Funding for the Defense Health Program)	70 to 195
Option 3	Cap Increases in Basic Pay for Military Service Members	18
Option 4	Replace Some Military Personnel With Civilian Employees	14
Option 5	Cancel Plans to Purchase Additional F-35 Joint Strike Fighters and Instead Purchase F-16s and F/A-18s	13
Option 6	Stop Building Ford Class Aircraft Carriers	10
Option 7	Reduce Funding for Naval Ship Construction to Historical Levels	50
Option 8	Reduce the Size of the Nuclear Triad	8 to 9
Option 9	Cancel the Long-Range Standoff Weapon	11
Option 10	Defer Development of the B-21 Bomber	32
Option 11	Modify TRICARE Enrollment Fees and Cost Sharing for Working-Age Military Retirees	11[b]
Option 12	Reduce the Size of the Bomber Force by Retiring the B-1B	17
Option 13	Reduce the Size of the Fighter Force by Retiring the F-22	27
Option 14	Cancel the Ground-Based Midcourse Defense System	18
Option 15	Reduce the Basic Allowance for Housing to 80 Percent of Average Housing Costs	15[b]
Option 16	Cancel Development and Production of the New Missile in the Ground-Based Strategic Deterrent Program	24
Option 17	Reduce Funding for International Affairs Programs	116
Option 18	Reduce Appropriations for Global Health to Their Level in 2000	57
Option 19	Eliminate Human Space Exploration Programs	89
Option 20	Reduce Department of Energy Funding for Energy Technology Development	3 to 16
Option 21	Eliminate Funding for Amtrak and the Essential Air Service Program	2 to 20[b]
Option 22	Limit Highway and Transit Funding to Expected Revenues	116
Option 23	Eliminate the Federal Transit Administration	87
Option 24	Increase the Passenger Fee for Aviation Security	21
Option 25	Eliminate Federal Funding for National Community Service	9
Option 26	Eliminate Head Start	92
Option 27	Tighten Eligibility for Pell Grants	3 to 86[b]
Option 28	Increase Payments by Tenants in Federally Assisted Housing	21
Option 29	Reduce Funding for the Housing Choice Voucher Program or Eliminate the Program	9 to 125
Option 30	End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8	57[b]
Option 31	Reduce the Annual Across-the-Board Adjustment for Federal Civilian Employees' Pay	58
Option 32	Reduce the Size of the Federal Workforce Through Attrition	35
Option 33	Reduce Funding for Certain Grants to State and Local Governments	1 to 42
Option 34	Repeal the Davis-Bacon Act	12[b]

Continued

Table 1-1. Continued

Options for Reducing the Deficit

Option Number	Title	Savings, 2019–2028[a] (Billions of dollars)
	Revenues	
Option 1	Increase Individual Income Tax Rates	123 to 905
Option 2	Raise the Tax Rates on Long-Term Capital Gains and Qualified Dividends by 2 Percentage Points and Adjust Tax Brackets	70 to 81
Option 3	Eliminate or Modify Head-of-Household Filing Status	66 to 165
Option 4	Curtail the Deduction for Charitable Giving	146 to 176
Option 5	Eliminate Itemized Deductions	1,312
Option 6	Change the Tax Treatment of Capital Gains From Sales of Inherited Assets	105
Option 7	Eliminate the Tax Exemption for New Qualified Private Activity Bonds	32
Option 8	Expand the Base of the Net Investment Income Tax to Include the Income of Active Participants in S Corporations and Limited Partnerships	199
Option 9	Tax Carried Interest as Ordinary Income	14
Option 10	Include Disability Payments From the Department of Veterans Affairs in Taxable Income	4 to 93
Option 11	Include Employer-Paid Premiums for Income Replacement Insurance in Employees' Taxable Income	342
Option 12	Reduce Tax Subsidies for Employment-Based Health Insurance	256 to 638
Option 13	Further Limit Annual Contributions to Retirement Plans	103
Option 14	Tax Social Security and Railroad Retirement Benefits in the Same Way That Distributions From Defined Benefit Pensions Are Taxed	411
Option 15	Eliminate Certain Tax Preferences for Education Expenses	188
Option 16	Lower the Investment Income Limit for the Earned Income Tax Credit and Extend That Limit to the Refundable Portion of the Child Tax Credit	8
Option 17	Require Earned Income Tax Credit and Child Tax Credit Claimants to Have a Social Security Number That Is Valid for Employment	24
Option 18	Increase the Payroll Tax Rate for Medicare Hospital Insurance	898 to 1,787
Option 19	Increase the Payroll Tax Rate for Social Security	716 to 1,422
Option 20	Increase the Maximum Taxable Earnings for the Social Security Payroll Tax	785 to 1,223
Option 21	Expand Social Security Coverage to Include Newly Hired State and Local Government Employees	80
Option 22	Tax All Pass-Through Business Owners Under SECA and Impose a Material Participation Standard	163
Option 23	Increase Taxes That Finance the Federal Share of the Unemployment Insurance System	18
Option 24	Increase the Corporate Income Tax Rate by 1 Percentage Point	96
Option 25	Repeal Certain Tax Preferences for Energy and Natural Resource–Based Industries	2 to 8
Option 26	Repeal the "LIFO" and "Lower of Cost or Market" Inventory Accounting Methods	58
Option 27	Require Half of Advertising Expenses to Be Amortized Over 5 or 10 Years	63 to 132
Option 28	Repeal the Low-Income Housing Tax Credit	49
Option 29	Increase All Taxes on Alcoholic Beverages to $16 per Proof Gallon and Index for Inflation	68 to 83
Option 30	Increase the Excise Tax on Tobacco Products by 50 Percent	42
Option 31	Increase Excise Taxes on Motor Fuels and Index for Inflation	237 to 515
Option 32	Impose an Excise Tax on Overland Freight Transport	358
Option 33	Impose Fees to Cover the Costs of Government Regulations and Charge for Services Provided to the Private Sector	* to 14
Option 34	Impose a 5 Percent Value-Added Tax	1,920 to 2,970
Option 35	Impose a Tax on Emissions of Greenhouse Gases	1,099
Option 36	Impose a Fee on Large Financial Institutions	90 to 103
Option 37	Impose a Tax on Financial Transactions	777
Option 38	Tax Gains from Derivatives as Ordinary Income on a Mark-to-Market Basis	19
Option 39	Increase Federal Civilian Employees' Contributions to the Federal Employees Retirement System	45
Option 40	Increase Appropriations for the Internal Revenue Service's Enforcement Initiatives	35

Continued

Table 1-1. Continued

Options for Reducing the Deficit

Option Number	Title	Savings, 2019–2028[a] (Billions of dollars)
	Spending Options With Smaller Budgetary Effects (Appendix)	
Option A-1	Divest Two Agencies of Their Electric Transmission Assets	2[b]
Option A-2	Change the National Flood Insurance Program	1
Option A-3	Tighten Eligibility for the Supplemental Nutrition Assistance Program	8
Option A-4	Reduce Pension Benefits for New Federal Retirees	3
Option A-5	Eliminate the Special Retirement Supplement for New Federal Retirees	5
Option A-6	Eliminate Certain Forest Service Programs	6
Option A-7	Limit the Number of Cities Receiving Urban Areas Security Initiative Grants	1
Option A-8	Eliminate the International Trade Administration's Trade-Promotion Activities	3
Option A-9	Convert the Home Equity Conversion Mortgage Program Into a Direct Loan Program	3

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

* = between zero and $500 million.

ARC = Agriculture Risk Coverage; DoD = Department of Defense; LIFO = last in, first out; PLC = Price Loss Coverage; SECA = Self-Employment Contributions Act; TANF = Temporary Assistance for Needy Families; VA = Department of Veterans Affairs.

a. For options affecting primarily mandatory spending or revenues, savings sometimes would derive from changes in both. When that is the case, the savings shown include effects on both mandatory spending and revenues. For options affecting primarily discretionary spending, the savings shown are the decrease in discretionary outlays.

b. Savings do not encompass all budgetary effects.

Table 1-2.

CBO's Baseline Budget Projections

	Actual												Total	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–2023	2019–2028
							In Billions of Dollars							
Revenues	3,316	3,329	3,490	3,680	3,829	4,016	4,232	4,448	4,667	5,003	5,301	5,520	19,246	44,186
Outlays	3,982	4,108	4,463	4,683	4,947	5,290	5,505	5,693	6,020	6,324	6,616	7,047	24,888	56,587
Deficit	-665	-779	-973	-1,003	-1,118	-1,275	-1,273	-1,245	-1,352	-1,321	-1,314	-1,527	-5,642	-12,401
Debt Held by the Public at the End of the Year	14,665	15,751	16,743	17,804	18,970	20,290	21,609	22,904	24,310	25,687	27,058	28,642	n.a.	n.a.
							As a Percentage of Gross Domestic Product							
Revenues	17.2	16.4	16.5	16.7	16.7	16.9	17.2	17.4	17.5	18.1	18.5	18.5	16.8	17.5
Outlays	20.7	20.3	21.1	21.3	21.6	22.3	22.4	22.3	22.6	22.9	23.1	23.6	21.8	22.4
Deficit	-3.5	-3.8	-4.6	-4.6	-4.9	-5.4	-5.2	-4.9	-5.1	-4.8	-4.6	-5.1	-4.9	-4.9
Debt Held by the Public at the End of the Year	76.1	77.8	79.2	80.8	82.9	85.6	87.8	89.5	91.4	93.0	94.4	96.1	n.a.	n.a.

Source: Congressional Budget Office.

The projected values shown are from Congressional Budget Office, *An Analysis of the President's 2019 Budget* (May 2018, revised August 2018), www.cbo.gov/publication/53884.

n.a. = not applicable.