



An Analysis of the Discretionary Spending Proposals in the President's 2023 Budget

JULY | 2022

On March 28, 2022, the Administration submitted its annual set of budgetary proposals to the Congress.¹ In this report, the Congressional Budget Office examines how the discretionary spending proposals compare with CBO's most recent baseline budget projections, which span 2022 to 2032.² The agency's baseline, which reflects the assumption that current laws governing federal spending and revenues will generally remain in place, is intended to provide a benchmark that policymakers can use to assess the potential effects of future policy decisions on federal spending and revenues and, therefore, on deficits and debt.³ Both CBO's baseline and its analysis of the Administration's proposals are based on the agency's most recent economic forecast.

In analyzing the President's budget, CBO incorporates the discretionary funding levels requested by the Administration rather than using baseline amounts, which incorporate the assumption that funding will grow with inflation after 2022 (or, in the case of advance appropriations, from the final enacted advance appropriation).

Proposals That Would Affect Discretionary Spending in 2023

The President has requested a total of \$1.67 trillion in discretionary appropriations for 2023. That amount includes certain changes in budget authority attributable to proposed changes in mandatory programs that would be enacted in the annual appropriation bills; those provisions would, on net, reduce budget authority by \$33 billion in 2023 and increase it by \$26 billion in 2024, CBO estimates.⁴ With those effects on mandatory programs excluded, the proposed appropriations for 2023 would total \$1.71 trillion (see Table 1). That amount is \$38 billion (or 2 percent) less than what had been appropriated for 2022 when CBO's baseline (which likewise excludes the effects of changes to mandatory programs enacted in 2022

1. The Administration transmitted subsequent amendments on June 7, 2022. The budgetary effects of those amendments are not included in this analysis. For details about those amendments, see Office of Management and Budget, "Estimate #2—FY 2023 Budget Amendments: Departments of Agriculture, Defense, Energy, Health and Human Services, the Interior, Justice, Labor, and Transportation, as well for the Commission of Fine Arts, and Legislative Branch" (June 7, 2022), www.whitehouse.gov/omb/supplementals-amendments-and-releases/.
2. Discretionary spending is controlled by appropriation acts that provide funding or otherwise specify how much money can be obligated for certain government programs in specific years. Appropriations fund a broad array of government activities. CBO will provide an analysis of the budgetary effects of proposals affecting mandatory spending and revenues later this year.
3. For CBO's most recent baseline budget and economic projections, see Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (May 2022), www.cbo.gov/publication/57950.

4. Budget authority is the authority provided by federal law to incur financial obligations that will result in immediate or future outlays of federal government funds. A proposal to delay the date of availability of certain funding for the Child Enrollment Contingency Fund (\$20 billion) and the Children's Health Insurance Program (\$6 billion) from 2023 to 2024 accounts for three-quarters of the reduction in budget authority attributable to proposed changes to mandatory programs in appropriation bills in 2023. That proposal would boost budget authority by those same amounts in 2024, when the delayed funding would become available again. A second proposal related to the Children's Health Insurance Program would further reduce budget authority in 2023 by \$6 billion. None of those changes would affect outlays in either year, CBO estimates.

Table 1.

Proposed Discretionary Spending in the President's Budget Compared With CBO's Baseline Projections

Billions of Dollars

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total	
												2023-2027	2023-2032
Budget Authority													
IJA and Emergency^a													
CBO's baseline	221	222	227	231	233	238	243	248	254	259	265	1,150	2,419
CBO's estimate of the President's request	221	70	68	68	66	2	2	2	2	2	2	274	285
Difference	0	-153	-158	-163	-167	-236	-241	-246	-251	-257	-263	-876	-2,134
Other													
CBO's baseline	1,522	1,587	1,633	1,674	1,716	1,761	1,805	1,849	1,894	1,941	1,986	8,371	17,846
CBO's estimate of the President's request	1,522	1,636	1,651	1,677	1,711	1,737	1,763	1,788	1,814	1,841	1,868	8,412	17,486
Difference	0	49	19	4	-6	-24	-42	-61	-80	-101	-118	41	-360
Total													
CBO's baseline	1,743	1,809	1,859	1,905	1,949	1,999	2,048	2,097	2,147	2,200	2,251	9,521	20,265
CBO's estimate of the President's request	1,743	1,705	1,720	1,745	1,777	1,739	1,765	1,790	1,816	1,843	1,871	8,686	17,771
Difference	0	-104	-139	-159	-172	-260	-283	-307	-331	-358	-380	-834	-2,494
Outlays													
IJA and Emergency^a													
CBO's baseline	25	72	113	147	177	198	210	218	226	233	238	707	1,832
CBO's estimate of the President's request	25	48	60	66	74	67	53	36	24	17	12	314	456
Difference	0	-24	-53	-81	-104	-131	-157	-182	-202	-216	-226	-393	-1,376
Other													
CBO's baseline	1,697	1,686	1,685	1,714	1,753	1,798	1,847	1,878	1,929	1,976	2,023	8,637	18,290
CBO's estimate of the President's request	1,697	1,700	1,694	1,728	1,754	1,785	1,819	1,834	1,868	1,893	1,921	8,662	17,997
Difference	0	15	8	14	1	-13	-28	-44	-62	-84	-101	25	-293

Continued

appropriation legislation) was prepared.⁵ In addition, the President requested obligation limitations of \$78 billion for certain transportation programs for 2023.⁶

5. Since CBO completed its baseline, lawmakers have enacted the Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128), providing another \$40 billion in funding in 2022, and the Bipartisan Safer Communities Act (P.L. 117-159), providing another \$2 billion in funding for this year (and an additional \$2.6 billion between 2023 and 2026). Those amounts have not been included in the analysis for this report. For CBO's cost estimates for those bills, see Congressional Budget Office, cost estimate for H.R. 7691, Additional Ukraine Supplemental Appropriations Act, 2022 (May 11, 2022), www.cbo.gov/publication/58100, and estimated budgetary effects of S. 2938, Bipartisan Safer Communities Act, as Amended by Senate Amendment Number 5099 (June 22, 2022), www.cbo.gov/publication/58238.

6. Obligation limitations are restrictions on the amount, purpose, or period of availability of budget authority.

2023 Funding for Defense Programs

The President's proposals would increase total defense funding by \$17 billion (or 2 percent) in 2023 over the amount provided for 2022. Funding for research and development would receive the largest increase, rising by \$11 billion (or 9 percent), to \$130 billion, CBO estimates. In addition, funding for military personnel would increase by \$7 billion (or 4 percent) in 2023. The President proposes no defense funding designated as an emergency requirement beyond the \$20 million already provided under current law for each year from 2023 through 2026. (At the time CBO's baseline was prepared, \$14 billion in such funding had been provided for 2022, mostly for operations and maintenance.) All told, total defense funding would be \$15 billion (or 2 percent) less than projected in CBO's baseline for 2023.



Table 1.

Continued

Proposed Discretionary Spending in the President's Budget Compared With CBO's Baseline Projections

Billions of Dollars

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total		
												2023-2027	2023-2032	
Total														
CBO's baseline	1,722	1,758	1,798	1,862	1,930	1,996	2,057	2,096	2,155	2,209	2,261	9,344	20,122	
CBO's estimate of the President's request	<u>1,722</u>	<u>1,748</u>	<u>1,753</u>	<u>1,794</u>	<u>1,828</u>	<u>1,852</u>	<u>1,872</u>	<u>1,870</u>	<u>1,892</u>	<u>1,909</u>	<u>1,933</u>	<u>8,976</u>	<u>18,453</u>	
Difference	0	-9	-45	-67	-103	-144	-185	-226	-263	-300	-328	-368	-1,669	
Memorandum:														
Total Outlays (Percentage of GDP)														
CBO's baseline	7.0	6.7	6.6	6.6	6.6	6.6	6.5	6.4	6.3	6.3	6.2	6.6	6.5	
CBO's estimate of the President's request	7.0	6.7	6.4	6.3	6.2	6.1	5.9	5.7	5.6	5.4	5.3	6.3	5.9	
Outlays Excluding IIJA and Emergency Requirements (Percentage of GDP)														
CBO's baseline	6.9	6.4	6.2	6.1	6.0	5.9	5.9	5.7	5.7	5.6	5.5	6.1	5.9	
CBO's estimate of the President's request	6.9	6.5	6.2	6.1	6.0	5.9	5.8	5.6	5.5	5.4	5.2	6.1	5.8	

Data source: Congressional Budget Office. See www.cbo.gov/publication/57972#data.

GDP = gross domestic product; IIJA = Infrastructure Investment and Jobs Act.

These estimates do not include obligation limitations for certain transportation programs. They also do not include changes to certain mandatory programs that were made through the appropriation process and enacted in 2022 or the changes proposed for future years. In keeping with long-standing procedures, those changes are credited against discretionary appropriations for purposes of budget enforcement.

a. Division J of the IIJA specifies discretionary funding for certain programs each year from 2022 through 2026. In its baseline, CBO followed provisions of law that require the agency to project funding for years in which no appropriation exists by adjusting the most recently provided funding for inflation. As a result, the amount of funding related to the IIJA in CBO's baseline exceeds the amounts specified in that law. (In addition, division J of the IIJA provides a permanent appropriation of certain Superfund taxes.)

2023 Funding for Nondefense Programs

Under the Administration's request, total nondefense funding for 2023 (including obligation limitations for certain transportation programs) would be \$54 billion (or 5 percent) less than the amount provided for 2022 (see Table 2). That decline would be the net result of changes for different types of funding.

- Discretionary funding provided in division J of the Infrastructure Investment and Jobs Act (IIJA, Public Law 117-58)—nearly all of which was designated as an emergency requirement—is set to drop under current law by \$93 billion in 2023, to \$70 billion. The President proposes no other nondefense funding designated as an emergency requirement for 2023. (At the time CBO's baseline

was prepared, \$44 billion in non-IIJA emergency funding had been provided for 2022.) Those two factors would reduce total nondefense funding by \$138 billion from 2022 to 2023. The programs most affected are those related to commerce and housing credit (funding would fall by \$57 billion in 2023) and natural resources and environment (funding would fall by \$38 billion).

- All other nondefense funding (that is, funding other than what was provided by the IIJA or was otherwise designated as an emergency requirement), including obligation limitations, in 2023 would rise by \$84 billion (or 10 percent) from the amount provided for 2022, CBO estimates. The largest total increases under the President's budget would be for veterans' benefits and services (\$23 billion, or 20 percent) and



Table 2.

Proposed Changes in Nondefense Discretionary Funding From 2022 to 2023 in the President's Budget

Billions of Dollars

	Enacted, 2022 ^a	Proposed, 2023	Change	Percentage Change
Transportation ^b	161	159	-2	-1.1
Veterans' Benefits and Services	113	136	23	20.2
Education, Training, Employment, and Social Services	105	123	18	16.7
Natural Resources and Environment	104	66	-38	-36.6
Income Security	97	102	4	4.5
Health	84	89	5	5.9
Administration of Justice	72	75	3	3.6
International Affairs	68	68	*	-0.5
Commerce and Housing Credit ^c	54	-3	-57	n.m.
Community and Regional Development	43	37	-6	-12.9
General Science, Space, and Technology	40	43	3	8.7
Energy	27	25	-2	-7.2
General Government	23	27	4	15.9
Agriculture	18	8	-9	-53.1
Medicare	8	9	1	12.7
Social Security	6	7	*	5.5
Other	0	*	*	n.a.
Total	1,023	970	-54	-5.2
Memorandum:				
Funding From Division J of IIJA Appropriations	163	70	-93	-57.3
Other Funding Designated as an Emergency Requirement	44	0	-44	-100.0
Transportation Obligation Limitations	76	78	2	2.1
All Other Funding	740	822	83	11.2

Data source: Congressional Budget Office. See www.cbo.gov/publication/57972#data.

IIJA = Infrastructure Investment and Jobs Act; n.a. = not applicable; n.m. = not meaningful; * = between zero and \$500 million.

These estimates do not include obligation limitations for certain transportation programs. They also do not include changes to certain mandatory programs that were made through the appropriation process and enacted in 2022 or the changes proposed for future years. In keeping with long-standing procedures, those changes are credited against discretionary appropriations for purposes of budget enforcement.

a. Includes all funding enacted through April 8, 2022.

b. Includes budgetary resources provided by obligation limitations for certain ground and air transportation programs.

c. Subsidies for commerce and housing credit programs are typically negative. When the federal government provides a loan under one of those programs, that negative subsidy results in a credit to the federal government that is recorded as negative budget authority. The IIJA provided \$60 billion of budget authority (10 times the base amount) for 2022 only, more than offsetting the receipts from negative subsidies that CBO estimates for that year.

education, training, employment, and social services (\$18 billion, or 17 percent). In total, such nondefense funding would be \$48 billion (or 6 percent) more than projected in CBO's baseline for 2023.

How Proposals Would Affect Discretionary Spending Over the 2023–2032 Period

Appropriations under the President's budget would increase by 1 percent per year, on average, over the decade, rising from \$1.71 trillion in 2023 to \$1.87 trillion in

2032. If not for the reductions in IIJA funding scheduled to occur under current law as well as the proposed changes to emergency funding, discretionary budget authority in the President's budget would increase by 2 percent per year, on average, between 2023 and 2032.

All told, over that decade, discretionary outlays under the President's budget would be \$1.7 trillion (or 8 percent) less than the amount in the most recent baseline, CBO estimates (see Table 1 on page 2). As a percentage of gross domestic product (GDP), outlays under the

President's budget would fall in each year, from 6.7 percent in 2023 to 5.3 percent in 2032; in CBO's baseline, they are projected to fall from 6.7 percent to 6.2 percent, respectively. (Over the past 50 years, total discretionary outlays have averaged 8.1 percent of GDP.)

Much of that difference stems from a difference between how funding provided by division J of the IIJA and other funding designated as an emergency requirement is treated in CBO's baseline and what the President is proposing. In CBO's baseline projections, funding attributed to the IIJA or otherwise designated as an emergency requirement rises from \$221 billion in 2022 to \$265 billion in 2032, totaling \$2.4 trillion in additional funding over the decade. Those projections follow provisions of law that require CBO to project funding for years in which no appropriation exists by adjusting the most recently provided funding for inflation. By contrast, the President's budget includes the \$221 billion in such funding that has been provided for 2022 but no additional emergency funding over the following 10 years other than the \$285 billion in advance appropriations provided by the IIJA. That smaller amount of funding related to the IIJA and other emergency funding reduced outlays in the President's budget relative to CBO's baseline by \$1.4 trillion over the 2023–2032 period.

Beyond the effects of those differing treatments, all of the President's other proposals would reduce total discretionary outlays, relative to CBO's baseline, by \$293 billion (or 2 percent). Discretionary outlays (with those resulting from the IIJA and other emergency funding excluded) under the President's proposals would fall as a share of GDP in each year over the next decade, from 6.5 percent in 2023 to 5.2 percent in 2032; in CBO's baseline, they are projected to fall from 6.4 percent to 5.5 percent, respectively.

Under the President's budget, discretionary outlays for defense programs and activities (again, with those that result from the IIJA and other emergency funding excluded) over the next decade would be \$0.4 trillion (or 4 percent) lower than the amount in CBO's baseline (see Table 3). Outlays for nondefense activities under the President's budget would be \$101 billion (or 1 percent) higher over the period.

As a share of GDP, total outlays for defense programs would fall under the President's proposals, from 3.0 percent in 2023 to 2.4 percent in 2032, when they would be about 0.3 percentage points lower than the amount in CBO's baseline in that year. (The lowest percentage recorded in the past 50 years was 2.9 percent.) Outlays for nondefense discretionary programs as a share of GDP would fall from 3.7 percent in 2023 to 2.9 percent in 2032 and would be about 0.6 percentage points lower than the amount in CBO's baseline in that year. (The lowest percentage in the past 50 years was 3.1 percent.) With outlays that result from the IIJA and other emergency funding excluded, nondefense outlays would be about the same under the President's budget as in the baseline, falling from about 3.5 percent this year to 2.8 percent in 2032.

The Congressional Budget Office prepared this report at the request of the Senate Committee on Appropriations. In keeping with CBO's mandate to provide objective, impartial analysis, the report makes no recommendations.

Barry Blom wrote the report, with contributions from many members of CBO's Budget Analysis Divisions and with guidance from Christina Hawley Anthony and Theresa Gullo.

Robert Sunshine and Jeffrey Kling reviewed the report. John Skeen edited it, and R. L. Rebach prepared the text for publication. The report is available on CBO's website at www.cbo.gov/publication/57972.

CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



Phillip L. Swagel
Director



Table 3.

Proposed Defense and Nondefense Discretionary Spending in the President's Budget Compared With CBO's Baseline Projections

Billions of Dollars

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total		
												2023-2027	2023-2032	
Budget Authority														
Defense														
IIJA and emergency ^a														
CBO's baseline	14	15	15	15	16	16	16	17	17	18	18	77	163	
CBO's estimate of the President's request	14	*	*	*	*	0	0	0	0	0	0	*	*	
Difference	0	-15	-15	-15	-16	-16	-16	-17	-17	-18	-18	-76	-163	
Other														
CBO's baseline	782	814	836	857	878	900	922	945	968	992	1,013	4,285	9,126	
CBO's estimate of the President's request	782	813	842	850	864	870	876	882	888	895	901	4,240	8,683	
Difference	0	*	6	-7	-14	-30	-46	-63	-80	-97	-112	-45	-443	
Total, defense														
CBO's baseline	796	828	851	872	894	916	939	962	985	1,010	1,031	4,361	9,288	
CBO's estimate of the President's request	796	813	842	850	864	870	876	882	888	895	901	4,240	8,683	
Difference	0	-15	-9	-22	-30	-46	-63	-80	-97	-115	-130	-121	-605	
Nondefense														
IIJA and emergency ^a														
CBO's baseline	207	208	212	215	217	222	227	232	236	242	247	1,073	2,256	
CBO's estimate of the President's request	207	70	68	68	66	2	2	2	2	2	2	274	285	
Difference	0	-138	-143	-147	-151	-220	-225	-229	-234	-239	-244	-799	-1,971	
Other														
CBO's baseline	740	774	796	817	838	861	882	904	926	949	973	4,086	8,720	
CBO's estimate of the President's request	740	822	809	827	847	867	886	906	926	946	967	4,172	8,803	
Difference	0	49	13	10	8	6	4	2	*	-3	-6	86	83	
Total, nondefense														
CBO's baseline	947	981	1,008	1,032	1,055	1,083	1,109	1,135	1,162	1,191	1,220	5,159	10,977	
CBO's estimate of the President's request	947	892	878	895	913	869	888	908	928	948	969	4,446	9,088	
Difference	0	-89	-130	-137	-142	-214	-220	-228	-234	-243	-250	-713	-1,888	
Outlays														
Defense														
IIJA and emergency ^a														
CBO's baseline	6	10	12	14	15	15	15	16	16	17	17	66	147	
CBO's estimate of the President's request	6	5	2	1	*	*	*	*	0	0	0	8	8	
Difference	0	-6	-10	-13	-14	-15	-15	-16	-16	-17	-17	-58	-139	
Other														
CBO's baseline	754	785	802	828	849	870	898	908	937	960	981	4,133	8,817	
CBO's estimate of the President's request	754	786	803	821	831	844	859	856	868	874	881	4,085	8,423	
Difference	0	1	1	-7	-18	-26	-39	-52	-68	-85	-100	-48	-394	

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Table 3.

Continued

Proposed Defense and Nondefense Discretionary Spending in the President's Budget Compared With CBO's Baseline Projections

Billions of Dollars

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total	
												2023-2027	2023-2032
Total, defense													
CBO's baseline	760	795	814	842	863	885	914	924	953	976	998	4,199	8,964
CBO's estimate of the President's request	760	791	805	822	832	844	859	856	868	874	881	4,093	8,431
Difference	0	-4	-9	-20	-32	-41	-54	-68	-85	-102	-117	-106	-533
Nondefense													
IIJA and emergency ^a													
CBO's baseline	19	62	101	134	163	183	195	202	209	216	221	641	1,685
CBO's estimate of the President's request	19	43	58	65	73	67	53	36	24	17	12	307	448
Difference	0	-18	-43	-68	-89	-116	-142	-166	-185	-199	-209	-334	-1,237
Other													
CBO's baseline	943	901	884	886	905	928	949	970	993	1,017	1,041	4,504	9,473
CBO's estimate of the President's request	943	914	891	907	923	942	960	978	1,000	1,018	1,040	4,577	9,574
Difference	0	13	7	21	18	14	11	8	7	2	-1	73	101
Total, nondefense													
CBO's baseline	962	963	984	1,020	1,067	1,111	1,144	1,172	1,202	1,233	1,262	5,145	11,158
CBO's estimate of the President's request	962	958	949	972	996	1,009	1,013	1,014	1,024	1,035	1,052	4,884	10,022
Difference	0	-5	-36	-48	-71	-102	-131	-158	-179	-198	-210	-261	-1,136
Memorandum:													
Defense Outlays (Percentage of GDP)													
CBO's baseline	3.1	3.0	3.0	3.0	3.0	2.9	2.9	2.8	2.8	2.8	2.7	3.0	2.9
CBO's estimate of the President's request	3.1	3.0	2.9	2.9	2.8	2.8	2.7	2.6	2.6	2.5	2.4	2.9	2.7
Nondefense Outlays (Percentage of GDP)													
CBO's baseline	3.9	3.7	3.6	3.6	3.6	3.7	3.6	3.6	3.5	3.5	3.4	3.6	3.6
CBO's estimate of the President's request	3.9	3.7	3.5	3.4	3.4	3.3	3.2	3.1	3.0	2.9	2.9	3.5	3.2

Data source: Congressional Budget Office. See www.cbo.gov/publication/57972#data.

GDP = gross domestic product; IIJA = Infrastructure Investment and Jobs Act; * = between -\$500 million and \$500 million.

These estimates do not include obligation limitations for certain transportation programs. They also do not include changes to certain mandatory programs that were made through the appropriation process and enacted in 2022 or the changes proposed for future years. In keeping with long-standing procedures, those changes are credited against discretionary appropriations for purposes of budget enforcement.

a. Division J of the IIJA specifies discretionary funding for certain programs each year from 2022 through 2026. In its baseline, CBO followed provisions of law that require the agency to project funding for years in which no appropriation exists by adjusting the most recently provided funding for inflation. As a result, the amount of funding related to the IIJA in CBO's baseline exceeds the amounts specified in that law. (In addition, division J of the IIJA provides a permanent appropriation of certain Superfund taxes.)

