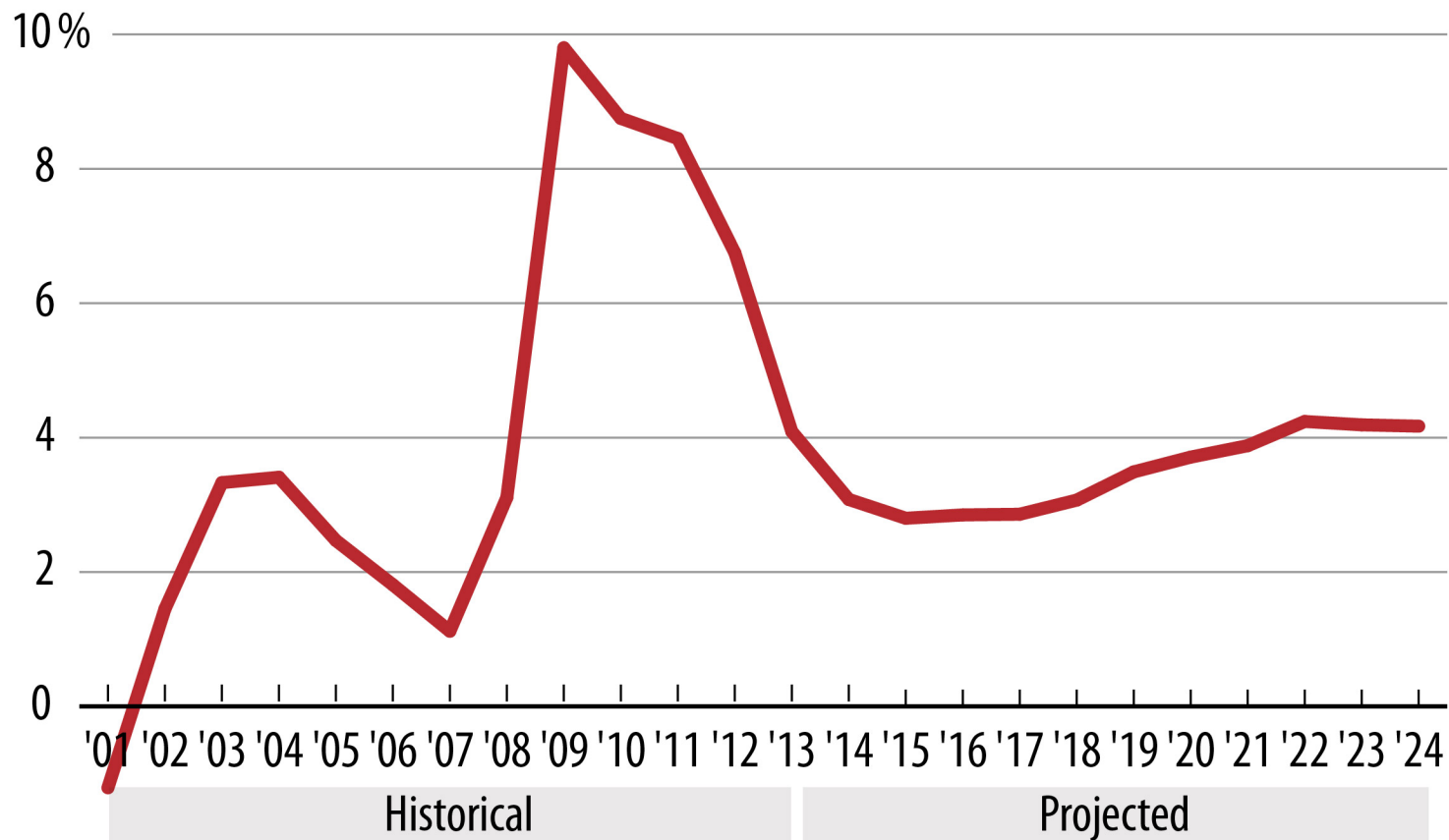




Deficits Have Fallen Sharply Since Recession

Annual deficit including sequestration, as a percent of GDP



Source: CBPP based on Congressional Budget Office, February 2014 baseline.



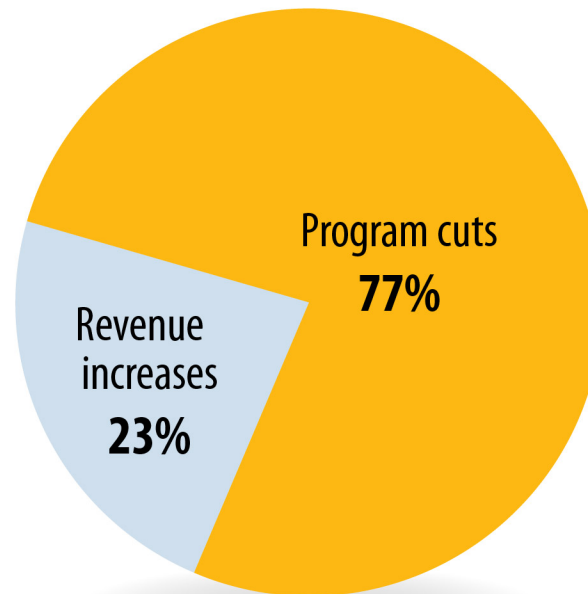
Deficit Reduction Achieved Through Legislation

- Major legislation has reduced projected deficits by \$4 trillion over 2015-2024 period
 - 2011 Funding cuts & Budget Control Act Caps: \$1.5 T
 - Sequestration: \$978 B
 - Fiscal cliff tax bill, Murray/Ryan budget deal, farm bill: \$880 B
 - Interest savings



Recent Policy Savings to Reduce Deficits Largely Come from Program Cuts

Total policy savings 2015-2024

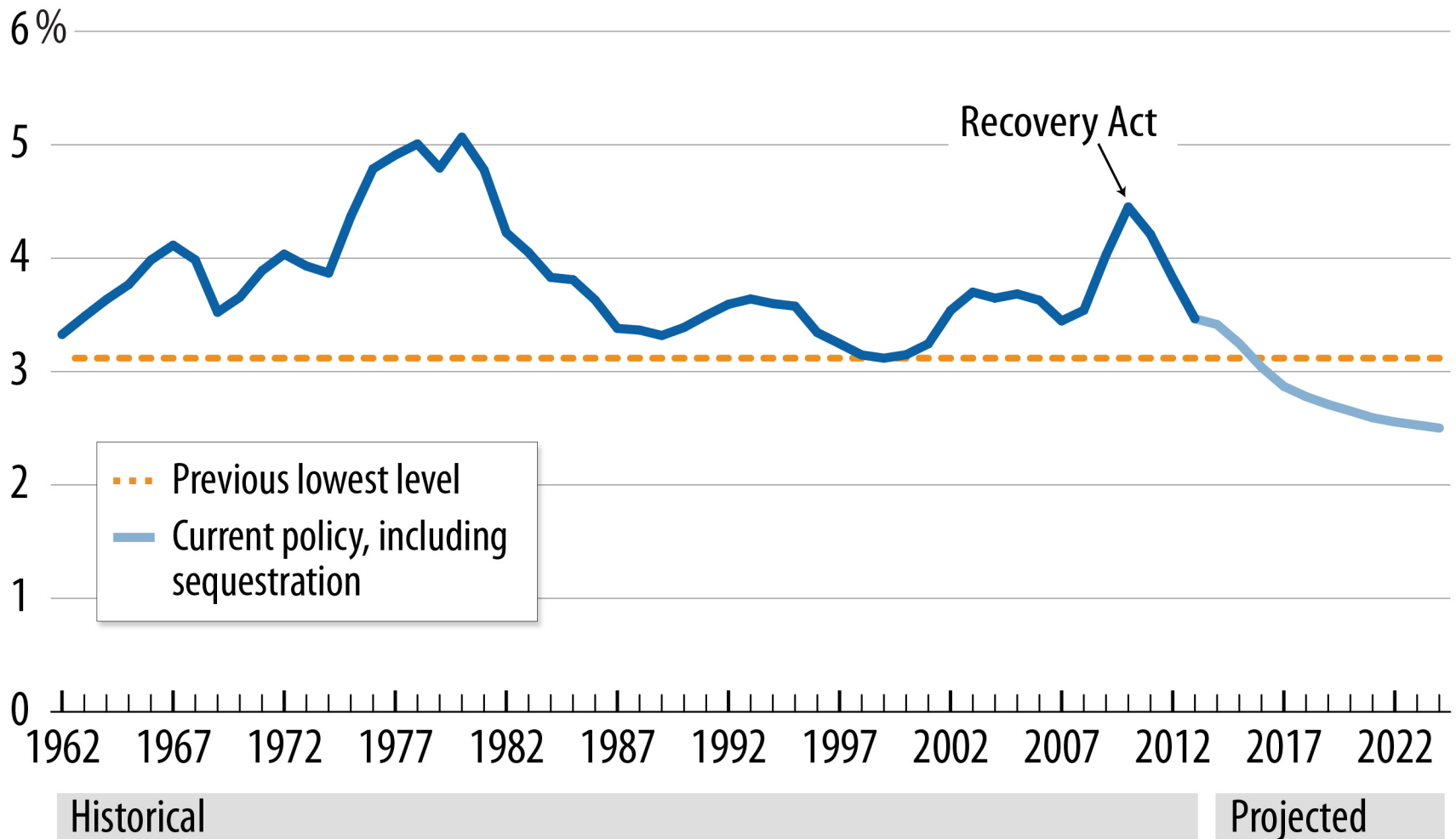


Note: Revenue increases and cuts were enacted in the 2012 American Taxpayer Relief Act and the 2013 Bipartisan Budget Act; program cuts were also enacted in the 2011 Budget Control Act and the 2014 farm bill.

Source: CBPP based on Congressional Budget Office and Joint Committee on Taxation data.



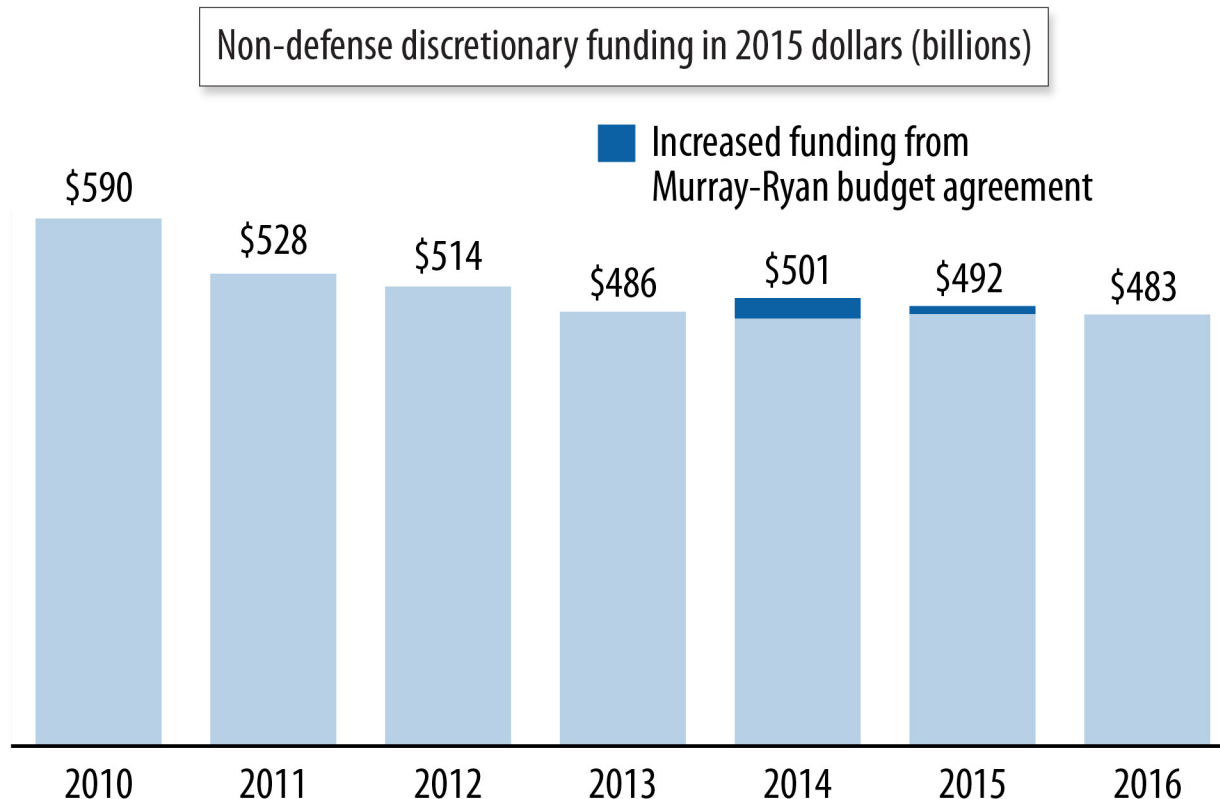
Non-Defense Discretionary Spending Set to Fall to Historic Lows as Percent of Economy



Source: Center on Budget and Policy Priorities based on Office of Management and Budget and Congressional Budget Office data.



Non-Defense Discretionary Funding Still Constrained Even After Budget Deal



Notes: 2013 figure represents Congressional Budget Office (CBO) estimate of actual funding after sequestration. All amounts exclude funding for disasters, emergencies, program integrity, and Overseas Contingency Operations. The 2010 level does not include any Recovery Act funds.

Source: Congressional Budget Office



PRESIDENT'S BUDGET

- Deficit Reduction: Roughly \$1.7 trillion
- Source of savings
 - New revenues
 - Immigration reform
 - Spending cuts, including in Medicare
- Some of the savings are used for new investments



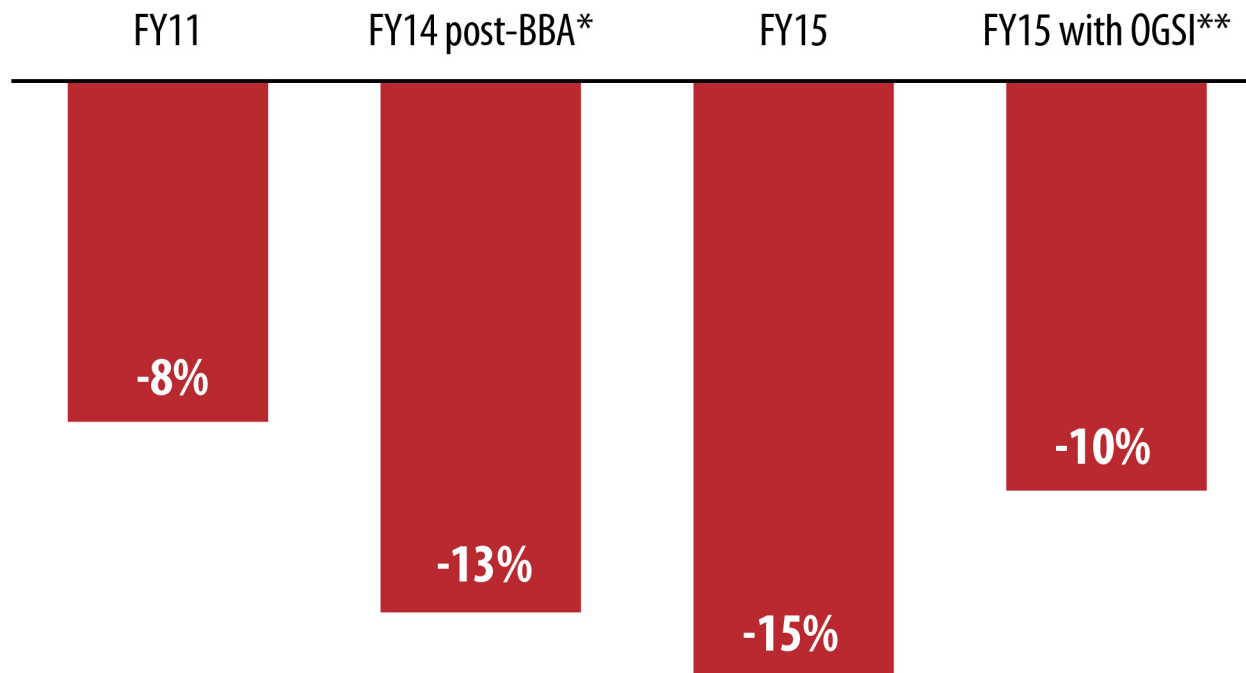
PRESIDENT'S BUDGET: Discretionary Programs

- Base budget adheres to “Murray/Ryan” deal from December
 - Account level detail adds to the Murray/Ryan levels
- Also proposes to increased discretionary program funding in 2015 by \$56 billion – half for NDD
 - Opportunity, Growth, and Security Initiative
 - Examples of areas of additional investment: research, early childhood education, job training/community college initiative, VA and IHS health facilities



Non-Defense Discretionary Funding Still Constrained Even with President's Proposal

Percent cut in non-defense discretionary programs relative to 2010 appropriations, adjusted for inflation



*Bipartisan Budget Act of 2013.

**Opportunity, Growth, and Security Initiative, part of the President's Budget FY2015.

Source: CBPP calculations based on Congressional Budget Office and Office of Management and Budget data.



Ryan Budget

- **Details are just emerging**
- **Basic architecture remains the same as last year**
 - Balances budget by 10th year
 - No new revenues
 - Modest Medicare cuts in first 10 years (premium support/voucher proposals later)
 - Large cuts in low-income mandatory programs (SNAP, Medicaid)
 - Increases defense
 - Larger cuts in NDD than in prior year budget



Ryan Budget

- **Discretionary Budget**
 - Increases Defense by \$483 billion above post-sequester levels (after 2016, levels are the same as last year's budget & equal to pre-sequester caps)
 - Cuts NDD by \$791 billion below post-sequester levels (deeper cuts than last year's budget)
 - In 2016, NDD would be \$43 billion below post-sequester levels.
 - In 2024, NDD would be \$133 billion below post-sequester levels – a 22% reduction.