

July 21, 1999

Honorable John R. Kasich
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In response to questions transmitted to us by your staff, I have enclosed a table that estimates the impact on April's Congressional Budget Resolution of substituting the tax cuts described in the manager's amendment to the bill recently passed by the Ways and Means Committee for the tax cuts in the April Resolution. As the table indicates, even with the greater tax cuts found to the Ways and Means bill, the revised Resolution would still produce on-budget surpluses in every year from 2000 to 2009 and a cumulative on-budget surplus of \$257 billion.

I hope this information is useful to you.

Sincerely,

Dan L. Crippen

cc: Honorable John M. Spratt, Jr.
Ranking Democratic Member

Enclosure

CBO Estimate of the Congressional Budget Resolution for Fiscal Year 2000 using Ways & Means tax cut proposal (amended)
(By fiscal year, in billions of dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total 2000- 2009
Baseline Deficit (-) or Surplus												
On-Budget	-4	14	38	82	75	85	92	129	146	157	178	996
Off-Budget	<u>125</u>	<u>147</u>	<u>155</u>	<u>164</u>	<u>172</u>	<u>181</u>	<u>195</u>	<u>205</u>	<u>217</u>	<u>228</u>	<u>235</u>	<u>1,901</u>
Total	121	161	193	246	247	266	286	334	364	385	413	2,896
Effect on the Surplus of the Budget Resolution's Policies (with amended House tax cut proposal)^a												
Revenues	0	-4	-16	-34	-45	-56	-85	-102	-110	-143	-195	-791
Outlays												
Discretionary	0	0	0	0	10	6	-6	-24	-42	-55	-70	-180
Mandatory	0	-0	1	1	1	1	1	-0	-0	-1	-1	4
Net interest	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>8</u>	<u>12</u>	<u>16</u>	<u>21</u>	<u>26</u>	<u>33</u>	<u>123</u>
Subtotal	0	0	1	3	16	15	6	-7	-21	-29	-38	-53
Total	0	-5	-18	-38	-61	-71	-91	-94	-90	-114	-157	-738
Surplus or Deficit (-) Under the Policies of the Budget Resolution as Estimated by CBO												
On-Budget	-4	10	20	45	14	14	1	34	57	43	21	257
Off-Budget	<u>125</u>	<u>147</u>	<u>155</u>	<u>164</u>	<u>172</u>	<u>181</u>	<u>195</u>	<u>205</u>	<u>217</u>	<u>228</u>	<u>235</u>	<u>1,901</u>
Total	120	157	175	209	186	195	195	240	274	271	256	2,158
Memorandum:												
Debt Held by the Public												
Baseline	3,618	3,473	3,297	3,066	2,835	2,584	2,312	1,992	1,640	1,267	865	n.a.
Budget resolution as estimated by CBO	3,618	3,478	3,319	3,126	2,956	2,776	2,595	2,369	2,107	1,848	1,603	n.a.

SOURCE: Congressional Budget Office.

NOTE: n.a. = not applicable.

- a. These projections assume that discretionary outlays will follow the path specified in Concurrent Resolution on the Budget for Fiscal Year 2000 with two exceptions. The effect of the 1999 supplemental appropriations bill (P.L. 106-31), which was enacted after the resolution was passed, has been added to the resolution totals. Also, the projections include spending from contingent emergencies. Such spending was excluded from the fiscal year 2000 resolution.
- b. Less than \$500 million.