



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

March 3, 2006

Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As you requested, the Congressional Budget Office (CBO), with contributions from the Joint Committee on Taxation (JCT), has analyzed the President's budget submission for fiscal year 2007.¹ This letter and the attached tables summarize the main results of CBO's work. A report of the full analysis, including CBO's assessment of the macroeconomic effects of the President's proposals, will be published on March 14.

Fiscal Years 2006 and 2007

The proposals in the President's budget would add \$35 billion to the deficit that CBO currently projects for this year, reducing revenues by nearly \$9 billion and boosting outlays by \$27 billion (mostly for military operations in Iraq and Afghanistan). If those proposals were enacted, the deficit in 2006 would total \$371 billion, or 2.8 percent of gross domestic product (GDP), CBO estimates (see Table 1 on page 6). By comparison, the deficit in 2005 was \$318 billion, or 2.6 percent of GDP.

In 2007, the deficit under the President's budget would total \$335 billion, CBO estimates. However, the amount that the President has requested to fund military operations in Iraq and Afghanistan for that year (\$50 billion) may not be sufficient. If the pace of those operations continued at about this year's level, the deficit in 2007 would be in the vicinity of \$355 billion, or 2.6 percent of GDP.

The 2007-2016 Period

The deficit would continue to decline after 2007 under the President's proposals: to 1.6 percent of GDP in 2008 and 1.3 percent in 2009, before stabilizing at around

1. The analysis incorporates the budget that the President submitted on February 6 as well as the detailed requests for supplemental funding for military operations in Iraq and Afghanistan and hurricane recovery that were transmitted on February 16.

1 percent annually through 2016.² (Those figures do not reflect any appropriations for military operations in Iraq and Afghanistan after 2007.) Deficits under the President's budget would total \$2.1 trillion over the 10 years from 2007 through 2016—\$1.4 trillion higher than under current law, as projected in CBO's latest baseline.³ Debt held by the public would grow from 37.4 percent of GDP at the end of last year to 38.5 percent of GDP at the end of 2007 and then gradually fall to 34.5 percent of GDP by 2016.

If the President's proposals were enacted, revenues would remain at about 17.6 percent of GDP this year and next year (see Table 2 on page 7). By 2016, revenues would rise to 18.2 percent of GDP (equal to their average percentage between 1965 and 2005).

Outlays would peak at 20.4 percent of GDP this year under the President's policies (slightly below their average of 20.5 percent over the past four decades) and then fall to about 19 percent of GDP over the next several years. Spending for mandatory programs would grow faster than nominal GDP through 2016: by an average of 6.1 percent annually, versus 4.8 percent for nominal GDP. By contrast, discretionary outlays would decline slightly over the next five years in dollar terms; as a percentage of GDP, they would fall from 7.5 percent in 2007 to 5.9 percent in 2011. (The President's budget presents funding totals only through 2011.)

The Impact of the President's Proposals on the Budget Outlook

For the five years from 2007 to 2011, the cumulative deficit would be \$61 billion higher under the President's policies than in CBO's baseline projections (see Table 3 on page 8). Over that period, tax policies—such as extending some expiring provisions that were enacted in 2001 and 2003 and continuing the research and experimentation tax credit—would reduce revenues by an estimated \$282 billion. Spending under the President's policies would be \$40 billion higher in 2007 than projected in the baseline; however, it would be \$261 billion lower than the baseline between 2008 and 2011, mostly because of the proposals for nondefense discretionary funding.

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2. The President's budget does not provide year-by-year estimates of spending and revenues after 2011. It does, however, specify a total effect from changes in tax and mandatory spending laws for the 10-year period through 2016. For discretionary spending, the budget provides details only for 2006 and 2007; the request for 2008 through 2011 is provided only in the aggregate, by budget function. CBO incorporated those aggregate levels in its estimates and calculated discretionary outlays for the 2012-2016 period by projecting the amount of discretionary budget authority that the President recommended for 2011 and adjusting it for inflation.
 3. By law, CBO's baseline incorporates the assumption that current laws and policies remain unchanged. Specifically, CBO assumes that various tax provisions expire as scheduled and that all discretionary funding for the current year (including supplemental appropriations) grows at the rate of inflation in future years.

Under current tax and spending laws, deficits would be followed by small surpluses beginning in 2012, CBO projects; under the President's policies, by contrast, deficits would continue throughout the 2007-2016 period. Over those 10 years, the President's proposals would reduce revenues by more than \$1.7 trillion from baseline levels, CBO and JCT estimate, mainly by extending tax provisions that are scheduled to expire by 2011. Over that same period, proposals in the President's budget would increase mandatory spending by a total of \$226 billion from baseline levels but would decrease discretionary spending by \$738 billion. The higher deficits that would result under the President's budget would require additional federal borrowing; debt-service costs on that borrowing would add another \$179 billion to the cumulative deficit between 2007 and 2016.

Revenue Proposals. The President's budget proposes a number of changes to tax law that would reduce revenues over the next decade relative to the amounts that would be collected under current law. Most of the budgetary impact would stem from proposals to permanently extend various provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 that are set to expire in coming years. Those provisions include reductions in individual income tax rates, relief from the so-called marriage penalty, an increase in the child tax credit, reductions in tax rates on capital gains and dividends, and repeal of the estate tax.

The President also proposes to extend through 2006 measures to provide relief from the alternative minimum tax and to make permanent the research and experimentation tax credit. In addition, the budget proposes some new tax provisions, including:

- Allowing all qualified taxpayers to deduct certain premiums paid for health care plans with high deductibles, even if they do not itemize deductions on their tax returns;
- Creating refundable tax credits for some contributions to health savings accounts and for the purchase of health insurance;
- Expanding tax-free savings accounts; and
- Making changes related to charitable giving, health care, education, pensions, and other retirement saving.

Mandatory Spending Proposals. The mandatory spending proposal that would have the largest effect on the budget is the creation of individual Social Security accounts. That policy would increase outlays by an estimated \$312 billion between 2007 and 2016, CBO estimates. (The Administration projects much higher outlays—\$712 billion over the 10-year period—chiefly because it assumes that two-thirds of eligible

people would sign up for individual accounts, whereas CBO estimates that about one-third would participate.)

Several of the tax policies described above would also add to mandatory spending: the extension of expiring tax provisions would boost outlays for the refundable portions of the earned income and child tax credits, and the proposal for health-care-related tax credits would provide for refundable payments. Another proposal that would increase mandatory outlays is the request for additional funding to pay flood insurance claims.

The President's budget also contains proposals that would reduce mandatory spending (relative to that under current law), mainly for the Medicare program. Such changes include holding increases in payment rates for many services below the rate of inflation from 2007 through 2009, eliminating the planned indexing of the income thresholds for the income-related Part B premium, and imposing across-the-board cuts in payment rates when more than 45 percent of the program's spending is funded from general revenues (which CBO projects will occur in 2011). In total, the proposals related to Medicare would reduce outlays by \$138 billion over the 2007-2016 period, CBO estimates.

Other proposals that would lower mandatory spending during that period include raising the premiums charged by the Pension Benefit Guaranty Corporation and making various modifications to Medicaid and to agricultural price- and income-support programs.

Discretionary Spending Proposals. The President's budget proposes about \$925 billion in discretionary budget authority for 2007, CBO estimates (see Table 4 on page 9).⁴ By comparison, discretionary budget authority for 2006 will total \$993 billion if the requests for supplemental budget authority of \$92 billion for military operations in Iraq and Afghanistan and relief from hurricane damage are enacted. (Nearly \$59 billion in net supplemental funding has already been enacted this year.)

If funding for activities in Iraq and Afghanistan and supplemental appropriations for 2006 were excluded from the comparison, discretionary budget authority under the President's budget would grow by about 3.6 percent, or \$30 billion, from 2006 to 2007. Appropriations for defense would increase by 6.4 percent, and those for homeland security activities would rise by 6.6 percent. Funding for other nondefense activities would grow by 0.2 percent.

4. For a number of reasons—including differences in projections of offsetting collections, the subsidy cost of the Mutual Mortgage Insurance program, and other technical factors—the Administration's estimate of budget authority for 2007 is \$2.4 billion lower than CBO's estimate.

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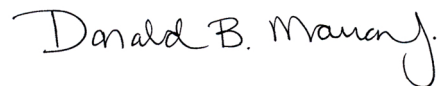
For 2008 through 2011, the President's budget proposes increasing defense funding by an average of 2.8 percent per year (excluding possible appropriations for operations in Iraq and Afghanistan) and essentially holding nondefense funding constant, other than spending for homeland security.

Recent Changes in CBO's Baseline

In conjunction with its analysis of the President's budget, CBO typically updates its baseline budget projections, which assume the continuation of current tax and spending policies over the next 10 years (see Table 5 on page 10). Those updates take into account new information from the President's budget and other sources, as well as legislation enacted since the previous baseline was completed in January.⁵

Most of the current changes to CBO's baseline stem from the enactment of the Deficit Reduction Act of 2005, which will reduce mandatory spending by an estimated \$106 billion between 2007 and 2016.⁶ CBO now projects that under current law, the cumulative deficit for the 2007-2016 period would total \$726 billion rather than the \$832 billion projected in January.

Sincerely,



Donald B. Marron
Acting Director

Attachments

Identical letter sent to the Honorable Robert C. Byrd

5. For the previous baseline, see Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2007 to 2016* (January 2006).

6. CBO estimates that the Deficit Reduction Act will reduce mandatory spending by \$39 billion between 2006 and 2010, the period covered by the budget resolution for 2006. See Congressional Budget Office, *Cost Estimate for S. 1932, Deficit Reduction Act of 2005* (January 27, 2006).

Table 1.

Comparison of Projected Deficits and Surpluses in CBO's Estimate of the President's Budget and in CBO's March Baseline

(Billions of dollars)

	Actual												Total, Total, 2007- 2007-	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2011	2016
CBO's Estimate of the President's Budget for 2007														
On-Budget Deficit	-493	-551	-527	-448	-422	-410	-447	-389	-414	-412	-412	-450	-2,255	-4,332
Off-Budget Surplus ^a	175	180	192	213	228	245	244	231	218	214	208	200	1,123	2,195
Total Deficit	-318	-371	-335	-236	-194	-165	-204	-158	-195	-197	-204	-250	-1,133	-2,137
CBO's Baseline														
On-Budget Deficit	-493	-516	-460	-466	-456	-465	-382	-216	-227	-211	-198	-220	-2,228	-3,300
Off-Budget Surplus ^a	175	180	195	215	232	249	265	274	280	286	288	290	1,156	2,574
Total Deficit (-) or Surplus	-318	-336	-265	-250	-224	-216	-117	58	53	74	91	70	-1,072	-726
Difference (President's budget minus baseline)^b														
On-Budget Deficit	0	-35	-67	17	34	54	-66	-174	-186	-201	-214	-230	-27	-1,031
Off-Budget Surplus ^a	0	0	-3	-3	-3	-4	-21	-42	-62	-71	-80	-90	-33	-380
Total Deficit or Surplus	0	-35	-70	15	31	50	-86	-216	-249	-272	-294	-320	-61	-1,411
Memorandum:														
Total Deficit as a Percentage of GDP														
CBO's estimate of the President's budget														
	-2.6	-2.8	-2.4	-1.6	-1.3	-1.0	-1.2	-0.9	-1.1	-1.0	-1.0	-1.2	-1.5	-1.2
CBO's baseline														
	-2.6	-2.6	-1.9	-1.7	-1.5	-1.3	-0.7	0.3	0.3	0.4	0.5	0.3	-1.4	-0.4
Debt Held by the Public as a Percentage of GDP														
CBO's estimate of the President's budget														
	37.4	38.0	38.5	38.3	37.8	37.1	36.7	36.1	35.7	35.2	34.8	34.5	n.a.	n.a.
CBO's baseline														
	37.4	37.7	37.8	37.7	37.4	37.0	36.2	34.3	32.6	30.9	29.1	27.6	n.a.	n.a.

Source: Congressional Budget Office.

Note: GDP = gross domestic product; n.a. = not applicable.

a. Off-budget surpluses comprise surpluses in the Social Security trust funds as well as the net cash flow of the Postal Service.

b. Negative numbers indicate an increase in the deficit or a decrease in the surplus.

Table 2.
CBO's Estimate of the President's Budget for 2007

(Billions of dollars)

	Actual												Total,	Total,
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007-	2007-
													2011	2016
In Billions of Dollars														
Revenues														
On-budget	1,576	1,696	1,789	1,908	2,000	2,104	2,182	2,294	2,415	2,544	2,680	2,826	9,984	22,744
Off-budget	577	608	642	676	712	747	782	817	853	890	928	968	3,559	8,014
Total	2,154	2,304	2,431	2,585	2,712	2,852	2,964	3,111	3,268	3,434	3,608	3,794	13,543	30,758
Outlays														
Mandatory spending	1,320	1,431	1,485	1,561	1,643	1,742	1,877	1,961	2,119	2,253	2,396	2,587	8,308	19,624
Discretionary spending	968	1,025	1,034	995	987	988	993	1,001	1,027	1,050	1,074	1,104	4,998	10,253
Net interest	184	219	246	265	276	287	297	307	317	329	341	353	1,370	3,017
Total	2,472	2,675	2,766	2,820	2,906	3,017	3,167	3,270	3,463	3,631	3,812	4,044	14,676	32,895
On-budget	2,070	2,247	2,316	2,357	2,422	2,515	2,629	2,684	2,829	2,956	3,092	3,276	12,239	27,076
Off-budget	402	428	450	464	483	502	538	586	634	675	720	768	2,437	5,819
Deficit (-) or Surplus	-318	-371	-335	-236	-194	-165	-204	-158	-195	-197	-204	-250	-1,133	-2,137
On-budget	-493	-551	-527	-448	-422	-410	-447	-389	-414	-412	-412	-450	-2,255	-4,332
Off-budget	175	180	192	213	228	245	244	231	218	214	208	200	1,123	2,195
Debt Held by the Public	4,592	4,966	5,311	5,560	5,766	5,943	6,158	6,326	6,528	6,733	6,942	7,195	n.a.	n.a.
Memorandum:														
Gross Domestic Product	12,293	13,082	13,781	14,508	15,264	16,021	16,768	17,524	18,311	19,121	19,963	20,839	76,343	172,101
As a Percentage of Gross Domestic Product														
Revenues														
On-budget	12.8	13.0	13.0	13.2	13.1	13.1	13.0	13.1	13.2	13.3	13.4	13.6	13.1	13.2
Off-budget	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.6	4.6	4.7	4.7
Total	17.5	17.6	17.6	17.8	17.8	17.8	17.7	17.8	17.8	18.0	18.1	18.2	17.7	17.9
Outlays														
Mandatory spending	10.7	10.9	10.8	10.8	10.8	10.9	11.2	11.2	11.6	11.8	12.0	12.4	10.9	11.4
Discretionary spending	7.9	7.8	7.5	6.9	6.5	6.2	5.9	5.7	5.6	5.5	5.4	5.3	6.5	6.0
Net interest	1.5	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.8
Total	20.1	20.4	20.1	19.4	19.0	18.8	18.9	18.7	18.9	19.0	19.1	19.4	19.2	19.1
On-budget	16.8	17.2	16.8	16.2	15.9	15.7	15.7	15.3	15.4	15.5	15.5	15.7	16.0	15.7
Off-budget	3.3	3.3	3.3	3.2	3.2	3.1	3.2	3.3	3.5	3.5	3.6	3.7	3.2	3.4
Deficit (-) or Surplus	-2.6	-2.8	-2.4	-1.6	-1.3	-1.0	-1.2	-0.9	-1.1	-1.0	-1.0	-1.2	-1.5	-1.2
On-budget	-4.0	-4.2	-3.8	-3.1	-2.8	-2.6	-2.7	-2.2	-2.3	-2.2	-2.1	-2.2	-3.0	-2.5
Off-budget	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.3	1.2	1.1	1.0	1.0	1.5	1.3
Debt Held by the Public	37.4	38.0	38.5	38.3	37.8	37.1	36.7	36.1	35.7	35.2	34.8	34.5	n.a.	n.a.

Source: Congressional Budget Office.

Note: n.a. = not applicable.

Table 3.

CBO's Estimate of the Effect of the President's Budget on Baseline Deficits or Surpluses

(Billions of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total, 2007- 2011	Total, 2007- 2016
Total Deficit (-) or Surplus as Projected in CBO's March 2006 Baseline	-336	-265	-250	-224	-216	-117	58	53	74	91	70	-1,072	-726
Effect of the President's Proposals													
Revenues													
Extension of expiring EGTRRA and JGTRRA provisions													
General tax rates, child tax credit, and tax brackets	0	0	0	0	0	-94	-154	-159	-162	-166	-172	-94	-906
Estate and gift taxes	*	-1	-2	-1	-2	-30	-56	-60	-67	-73	-79	-35	-369
Tax rates on dividends and capital gains	0	0	-2	-12	-9	-24	-26	-28	-30	-31	-33	-48	-197
Expensing for small businesses	0	0	-3	-6	-4	-3	-2	-1	-1	-1	-1	-16	-23
Education, retirement, and other provisions	0	0	0	0	0	-4	-7	-8	-9	-10	-11	-4	-50
Subtotal, proposed extensions	*	-1	-7	-19	-14	-155	-245	-257	-269	-282	-296	-197	-1,545
AMT extension	-6	-26	0	0	0	0	0	0	0	0	0	-26	-26
Research and experimentation tax credit	-2	-4	-6	-7	-8	-8	-9	-9	-10	-10	-10	-32	-80
Expansion of expensing for small businesses	0	-1	-3	-2	-1	-1	-1	-1	-1	-1	-1	-9	-12
Expansion of health savings accounts	0	*	-1	-1	-2	-2	-2	-2	-2	-2	-3	-5	-16
Deduction for high-deductible health insurance	0	*	-1	-3	-4	-4	-4	-3	-3	-2	-1	-11	-24
Refundable health insurance tax credit	0	*	*	-1	-1	-1	-1	-1	-1	-1	-1	-4	-10
Expansion of tax-free savings accounts	0	3	5	4	3	*	-1	-2	-3	-4	-5	15	*
Other proposals	*	*	-1	-3	-4	-5	-4	-4	-3	-4	-4	-12	-30
Total Effect on Revenues	-9	-30	-14	-31	-32	-175	-267	-279	-291	-305	-320	-282	-1,744
Outlays													
Mandatory													
Social Security individual accounts	0	0	0	1	1	18	38	55	61	66	72	19	312
Medicare	0	-3	-5	-8	-9	-12	-12	-15	-19	-24	-31	-37	-138
Earned income and child tax credits	0	*	*	*	*	*	15	16	16	16	16	-1	77
Pension insurance	0	0	-4	-4	-4	-4	-4	-4	-4	-4	-4	-14	-35
Refundable health care tax credits	0	*	1	1	2	2	2	3	3	3	4	6	21
Medicaid	0	-1	-1	-1	-1	-1	-1	-1	-1	-2	-2	-5	-11
Other proposals	3	5	1	-2	*	*	*	*	1	-2	-3	4	1
Subtotal, mandatory	3	1	-8	-12	-11	2	40	54	56	53	52	-28	226
Discretionary													
Defense	22	35	-6	-16	-21	-25	-26	-27	-28	-28	-29	-33	-171
Nondefense	1	*	-17	-35	-50	-68	-74	-77	-80	-82	-84	-170	-567
Subtotal, discretionary	23	35	-23	-52	-71	-93	-100	-104	-107	-110	-113	-203	-738
Net interest	1	3	3	2	*	1	9	20	33	46	61	10	179
Total Effect on Outlays	27	40	-28	-62	-82	-89	-51	-30	-19	-11	*	-221	-333
Total Impact on the Deficit or Surplus^a	-35	-70	15	31	50	-86	-216	-249	-272	-294	-320	-61	-1,411
Total Deficit Under the President's Proposals	-371	-335	-236	-194	-165	-204	-158	-195	-197	-204	-250	-1,133	-2,137

Sources: Congressional Budget Office; Joint Committee on Taxation.

Note: * = between -\$500 million and \$500 million; EGTRRA = Economic Growth and Tax Relief Reconciliation Act of 2001; JGTRRA = Jobs and Growth Tax Relief Reconciliation Act of 2003; AMT = alternative minimum tax.

a. Negative numbers indicate an increase in the deficit or a decrease in the surplus.

Table 4.

Proposed Changes in Discretionary Budget Authority in the President's Budget, 2005 to 2007

(Billions of dollars)

	Actual 2005	Administration's Request		Percentage Change	
		2006	2007	2005-2006	2006-2007
Budget Authority					
Defense	500	558 ^a	510	11.7	-8.6
Nondefense					
Homeland security ^b	31	28 ^a	29	-9.3	6.2
Other	456	407 ^a	386	-10.8	-5.3
Subtotal, nondefense	487	435 ^a	415	-10.7	-4.6
Total	987	993^a	925	0.7	-6.8
Budget Authority Excluding Funding for Activities in Iraq and Afghanistan and Supplemental Appropriations ^c					
Defense	420	432	460	2.8	6.4
Nondefense					
Homeland security ^b	30	28	29	-8.2	6.6
Other	379	382	383	1.0	0.2
Subtotal, nondefense	409	410	413	0.3	0.7
Total	829	842	873	1.6	3.6

Source: Congressional Budget Office.

Note: Does not include obligation limitations for certain transportation programs.

- a. Includes the Administration's request for supplemental appropriations to fund military activities in Iraq and Afghanistan and for further hurricane relief and recovery. CBO assumes that very little of that funding will be classified as related to homeland security.
- b. CBO's classification of homeland security funding is based on designations established by the Administration. Those designations are not limited to the activities of the Department of Homeland Security. In fact, some of the department's activities (such as disaster relief) are not included in the Administration's definition of homeland security, whereas nondepartmental activities (such as some defense-related programs and some funding for the National Institutes of Health) fall within that definition. About 60 percent of all spending considered to be for homeland security is for activities outside the Department of Homeland Security.
- c. In 2005, the Congress and the President provided \$82 billion in supplemental funding primarily for military operations in Iraq and Afghanistan, \$62 billion in supplemental appropriations in response to Hurricanes Katrina and Rita, and \$13 billion in other supplemental funding (mostly for disaster relief from hurricanes in 2004 and veterans' benefits). Thus far in 2006, about \$59 billion has been provided for operations in Iraq and Afghanistan and for supplemental appropriations, net of rescissions. The President's budget for 2007 requests another \$72 billion in supplemental funding for activities in Iraq and Afghanistan and \$20 billion for hurricane relief and recovery. In addition, the President's budget requests \$2.3 billion for 2007 to prepare for a possible flu pandemic; since funding for such activities in 2006 (\$3.8 billion) was provided through supplemental appropriations, for consistency the 2007 request has been excluded along with the supplemental proposals.

Table 5.

Changes in CBO's Baseline Projections of the Deficit or Surplus Since January 2006

(Billions of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total, 2007- 2011	Total, 2007- 2016
Total Deficit (-) or Surplus as Projected in January 2006	-337	-270	-259	-241	-222	-114	38	40	57	73	67	-1,107	-832
Changes to Revenue Projections (Technical)	*	*	*	1	1	1	1	1	1	1	1	3	6
Changes to Outlay Projections													
Legislative													
Mandatory	-5	4	-4	-21	-12	-12	-14	-13	-11	-11	-12	-46	-106
Discretionary	0	1	1	1	1	1	1	1	1	1	1	3	7
Net interest (Debt service)	*	*	*	-1	-1	-2	-3	-3	-4	-5	-6	-5	-25
Subtotal, legislative	-5	4	-4	-21	-13	-13	-16	-15	-14	-15	-16	-47	-124
Technical													
Mandatory													
Medicare ^a	-5	-4	1	6	11	22	2	11	11	12	28	36	102
Medicaid	-1	-1	-1	-2	-3	-5	-6	-8	-10	-12	-15	-12	-63
Social Security	*	*	1	1	1	1	2	2	2	2	2	4	13
Other	7	-3	2	4	1	2	2	2	*	3	4	6	16
Subtotal, mandatory	1	-8	2	9	10	20	*	7	3	5	20	34	68
Discretionary	3	-1	-5	-3	-1	-2	-2	-2	-3	-3	-3	-12	-25
Net interest													
Debt service	*	*	*	*	*	1	1	1	1	1	1	2	7
Other	*	-1	-2	-2	-2	-2	-3	-3	-4	-4	-4	-9	-26
Subtotal, net interest	*	*	-2	-2	-2	-1	-2	-2	-2	-3	-3	-7	-19
Subtotal, technical	4	-9	-5	5	7	17	-4	2	-2	-1	14	15	24
Total Outlay Changes	-1	-5	-8	-16	-6	4	-20	-13	-16	-17	-2	-32	-100
Total Impact on the Deficit or Surplus^b	1	6	9	17	7	-3	20	13	17	17	3	35	106
Total Deficit (-) or Surplus as Projected in March 2006	-336	-265	-250	-224	-216	-117	58	53	74	91	70	-1,072	-726
Memorandum:													
Total Legislative Changes ^b	5	-4	4	21	13	13	16	15	14	15	16	47	124
Total Technical Changes ^b	-4	10	5	-4	-6	-16	5	-2	3	2	-13	-12	-18

Source: Congressional Budget Office.

Note: * = between -\$500 million and \$500 million.

a. Includes offsetting receipts.

b. Negative numbers indicate an increase in the deficit or a decrease in the surplus.