



June 17, 2008

Honorable Paul Ryan  
Ranking Member  
Committee on the Budget  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman:

As you requested in your letter of June 12, 2008, the Congressional Budget Office has made the calculations presented below regarding a potential reserve fund adjustment for revenue measures in the House of Representatives, as specified in section 220 of S. Con. Res. 70, the Concurrent Resolution on the Budget for Fiscal Year 2009.

1. You asked what 80 percent of the projected surplus would be in 2012 and 2013 using CBO's baseline projections. Under CBO's March 2008 baseline, the projected unified budget surplus is \$105 billion for 2012 and \$70 billion for 2013. Eighty percent of the sum of those projected surpluses equals \$140 billion.
2. You also asked what 80 percent of the projected surpluses would be if baseline projections of discretionary spending were replaced with the discretionary levels specified on page 54 of the conference report for S. Con. Res. 70. Incorporating that assumption would increase the projected baseline surpluses for 2012 and 2013 by a total of \$155 billion to \$329 billion; 80 percent of that total would equal \$263 billion.
3. Finally, you asked CBO to compare the sums calculated under 1 and 2 (using the 80 percent factor) with the potential reserve fund adjustment for revenue measures, as specified in section 220 of the budget resolution: \$340.57 billion. The figures cited above would be less than that adjustment amount by \$201 billion and \$77 billion, respectively.

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I hope this analysis is helpful to you. If you would like additional information on this subject, we would be pleased to provide it. The CBO staff contact for this analysis is Eric Schatten, who can be reached at 226-2880.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter R. Orszag". The signature is fluid and cursive, with the first name "Peter" and last name "Orszag" clearly distinguishable.

Peter R. Orszag  
Director

cc: Honorable John M. Spratt Jr.  
Chairman