

## CBO's Baseline Budget Projections

	Actual 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
<b>In Billions of Dollars</b>														
<b>Revenues</b>														
Individual income taxes	1,163	1,141	1,337	1,412	1,624	1,767	1,875	1,969	2,076	2,192	2,314	2,445	8,014	19,009
Corporate income taxes	370	326	338	331	332	356	325	339	347	357	369	384	1,683	3,480
Social insurance taxes	870	912	950	1,002	1,056	1,107	1,154	1,202	1,251	1,303	1,357	1,413	5,268	11,793
Other	165	168	168	171	188	234	246	261	274	287	300	313	1,008	2,443
<b>Total</b>	<b>2,568</b>	<b>2,546</b>	<b>2,793</b>	<b>2,916</b>	<b>3,200</b>	<b>3,463</b>	<b>3,600</b>	<b>3,770</b>	<b>3,947</b>	<b>4,138</b>	<b>4,341</b>	<b>4,555</b>	<b>15,973</b>	<b>36,725</b>
On-budget	1,933	1,880	2,097	2,183	2,428	2,653	2,755	2,889	3,028	3,180	3,342	3,515	12,116	28,071
Off-budget	635	667	696	734	772	810	845	882	919	958	998	1,040	3,857	8,654
<b>Outlays</b>														
Mandatory spending	1,451	1,577	1,664	1,740	1,853	1,889	2,031	2,151	2,286	2,470	2,597	2,725	9,177	21,406
Discretionary spending	1,042	1,092	1,122	1,146	1,171	1,187	1,218	1,245	1,274	1,309	1,336	1,363	5,844	12,371
Net interest	237	234	214	243	270	282	281	284	283	280	274	266	1,291	2,677
<b>Total</b>	<b>2,730</b>	<b>2,903</b>	<b>3,000</b>	<b>3,130</b>	<b>3,294</b>	<b>3,358</b>	<b>3,530</b>	<b>3,680</b>	<b>3,843</b>	<b>4,059</b>	<b>4,207</b>	<b>4,354</b>	<b>16,312</b>	<b>36,455</b>
On-budget	2,277	2,433	2,500	2,604	2,748	2,787	2,929	3,047	3,175	3,353	3,458	3,559	13,567	30,159
Off-budget	454	470	500	526	546	572	601	633	668	707	749	794	2,745	6,296
<b>Deficit (-) or Surplus</b>	<b>-162</b>	<b>-357</b>	<b>-207</b>	<b>-213</b>	<b>-93</b>	<b>105</b>	<b>70</b>	<b>90</b>	<b>104</b>	<b>79</b>	<b>134</b>	<b>202</b>	<b>-339</b>	<b>270</b>
On-budget	-343	-553	-403	-421	-320	-133	-174	-158	-147	-172	-116	-44	-1,451	-2,088
Off-budget	181	197	196	208	227	238	244	249	251	251	250	246	1,112	2,358
Debt Held by the Public	5,035	5,367	5,591	5,822	5,933	5,845	5,792	5,717	5,627	5,563	5,444	5,255	n.a.	n.a.
<b>Memorandum:</b>														
Gross Domestic Product	13,671	14,242	14,773	15,589	16,490	17,284	18,077	18,885	19,713	20,569	21,457	22,386	82,213	185,223
<b>As a Percentage of Gross Domestic Product</b>														
<b>Revenues</b>														
Individual income taxes	8.5	8.0	9.0	9.1	9.8	10.2	10.4	10.4	10.5	10.7	10.8	10.9	9.7	10.3
Corporate income taxes	2.7	2.3	2.3	2.1	2.0	2.1	1.8	1.8	1.8	1.7	1.7	1.7	2.0	1.9
Social insurance taxes	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.3	6.3	6.3	6.3	6.4	6.4
Other	1.2	1.2	1.1	1.1	1.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.2	1.3
<b>Total</b>	<b>18.8</b>	<b>17.9</b>	<b>18.9</b>	<b>18.7</b>	<b>19.4</b>	<b>20.0</b>	<b>19.9</b>	<b>20.0</b>	<b>20.0</b>	<b>20.1</b>	<b>20.2</b>	<b>20.3</b>	<b>19.4</b>	<b>19.8</b>
On-budget	14.1	13.2	14.2	14.0	14.7	15.4	15.2	15.3	15.4	15.5	15.6	15.7	14.7	15.2
Off-budget	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.6	4.7	4.7
<b>Outlays</b>														
Mandatory spending	10.6	11.1	11.3	11.2	11.2	10.9	11.2	11.4	11.6	12.0	12.1	12.2	11.2	11.6
Discretionary spending	7.6	7.7	7.6	7.4	7.1	6.9	6.7	6.6	6.5	6.4	6.2	6.1	7.1	6.7
Net interest	1.7	1.6	1.5	1.6	1.6	1.6	1.6	1.5	1.4	1.4	1.3	1.2	1.6	1.4
<b>Total</b>	<b>20.0</b>	<b>20.4</b>	<b>20.3</b>	<b>20.1</b>	<b>20.0</b>	<b>19.4</b>	<b>19.5</b>	<b>19.5</b>	<b>19.5</b>	<b>19.7</b>	<b>19.6</b>	<b>19.4</b>	<b>19.8</b>	<b>19.7</b>
On-budget	16.7	17.1	16.9	16.7	16.7	16.1	16.2	16.1	16.1	16.3	16.1	15.9	16.5	16.3
Off-budget	3.3	3.3	3.4	3.4	3.3	3.3	3.3	3.4	3.4	3.4	3.5	3.5	3.3	3.4
<b>Deficit (-) or Surplus</b>	<b>-1.2</b>	<b>-2.5</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>-0.4</b>	<b>0.1</b>
On-budget	-2.5	-3.9	-2.7	-2.7	-1.9	-0.8	-1.0	-0.8	-0.7	-0.8	-0.5	-0.2	-1.8	-1.1
Off-budget	1.3	1.4	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.2	1.2	1.1	1.4	1.3
Debt Held by the Public	36.8	37.7	37.8	37.3	36.0	33.8	32.0	30.3	28.5	27.0	25.4	23.5	n.a.	n.a.

Source: Congressional Budget Office.

Note: n.a. = not applicable.

## CBO's Baseline Projections of Mandatory Outlays

(Billions of dollars)

	Actual											Total,	Total,	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-	2009-
Social Security	581	612	646	680	715	756	802	851	904	961	1,022	1,088	3,599	8,425
Medicare <sup>a</sup>	437	455	488	515	567	569	637	681	730	814	851	888	2,776	6,739
Medicaid	191	207	224	242	260	281	303	327	353	381	412	445	1,309	3,226
Income Security														
Supplemental Security Income	36	41	43	45	51	44	50	52	53	60	57	53	233	508
Earned income and child tax credits	54	56	56	57	57	40	40	40	40	40	41	41	249	451
Unemployment compensation	33	40	48	43	40	43	45	48	50	52	54	56	219	478
Food Stamps	35	38	41	42	42	43	44	44	45	46	48	49	211	443
Family support <sup>b</sup>	24	25	24	24	24	24	25	25	25	25	25	25	122	247
Child nutrition	14	15	16	16	17	18	18	19	20	21	22	23	85	190
Foster care	7	7	7	7	8	8	8	8	9	9	9	10	38	82
Subtotal	202	222	234	235	238	219	229	235	242	253	255	256	1,156	2,398
Other Retirement and Disability														
Federal civilian <sup>c</sup>	72	76	79	82	86	89	93	96	100	104	107	111	430	948
Military	44	46	49	50	51	52	53	55	56	57	59	60	256	543
Veteran <sup>d</sup>	36	41	42	43	48	43	48	49	50	55	54	51	224	483
Other	8	8	8	9	9	10	10	10	11	11	11	11	46	100
Subtotal	159	171	179	185	194	194	204	210	217	227	231	234	955	2,074

Continued

## CBO's Baseline Projections of Mandatory Outlays (Continued)

(Billions of dollars)

	Actual												Total,	Total,
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-	2009-
													2013	2018
<b>Other Programs</b>														
Commodity Credit Corporation Fund	8	7	7	7	7	7	8	8	8	8	8	8	37	77
TRICARE For Life	8	8	9	9	9	10	11	12	12	13	14	15	47	114
Student loans	7	4	0	3	5	5	4	3	3	3	3	3	17	32
Universal Service Fund	7	8	8	9	9	9	9	10	10	10	10	10	45	94
SCHIP	6	7	6	6	5	5	5	5	5	5	5	5	27	53
Social services	5	5	5	5	5	5	5	5	5	5	6	6	26	53
Refundable income tax rebates	0	38	4	0	0	0	0	0	0	0	0	0	4	4
Other	19	32	35	34	33	32	30	29	31	32	38	41	164	335
Subtotal	60	109	75	72	74	74	72	72	74	77	84	88	367	761
<b>Offsetting Receipts</b>														
Medicare <sup>e</sup>	-66	-69	-73	-75	-79	-84	-90	-95	-102	-109	-118	-128	-401	-953
Employers' share of employees' retirement	-48	-51	-54	-58	-60	-63	-65	-68	-71	-74	-83	-87	-300	-682
Other	-65	-77	-54	-55	-56	-58	-60	-62	-60	-61	-57	-59	-284	-582
Subtotal	-179	-198	-182	-188	-195	-204	-216	-225	-233	-244	-257	-273	-985	-2,217
<b>Total Mandatory Outlays</b>	<b>1,451</b>	<b>1,577</b>	<b>1,664</b>	<b>1,740</b>	<b>1,853</b>	<b>1,889</b>	<b>2,031</b>	<b>2,151</b>	<b>2,286</b>	<b>2,470</b>	<b>2,597</b>	<b>2,725</b>	<b>9,177</b>	<b>21,406</b>
<b>Memorandum:</b>														
Mandatory Outlays Excluding														
Offsetting Receipts	1,630	1,775	1,845	1,928	2,048	2,093	2,247	2,376	2,519	2,713	2,854	2,998	10,161	23,623
Medicare Outlays Net of														
Offsetting Receipts	371	385	415	440	489	485	546	586	628	705	733	760	2,375	5,786

Source: Congressional Budget Office.

Note: Spending for the benefit programs shown above generally excludes administrative costs, which are discretionary.

- Excludes offsetting receipts.
- Includes Temporary Assistance for Needy Families and various programs that involve payments to states for child support enforcement and family support.
- Includes Civil Service, Foreign Service, Coast Guard, and other small retirement programs and annuitants' health benefits.
- Includes veterans' compensation, pensions, and life insurance programs.
- Includes Medicare premiums and amounts paid by states from savings on Medicaid prescription drug costs.

## Defense and Nondefense Discretionary Outlays, 1985 to 2008

	Defense Outlays			Nondefense Outlays			Total Discretionary Outlays		
	In Billions of Dollars	As a Percentage of GDP	Percentage Change From Previous Year	In Billions of Dollars	As a Percentage of GDP	Percentage Change From Previous Year	In Billions of Dollars	As a Percentage of GDP	Percentage Change From Previous Year
1985	253	6.1	11.0	163	3.9	7.4	416	10.0	9.6
1986	274	6.2	8.2	165	3.7	1.2	439	10.0	5.5
1987	283	6.1	3.2	162	3.5	-1.8	444	9.5	1.3
1988	291	5.8	3.0	174	3.5	7.3	464	9.3	4.6
1989	304	5.6	4.5	185	3.4	6.5	489	9.1	5.3
1990	300	5.2	-1.3	200	3.5	8.5	501	8.7	2.4
1991	320	5.4	6.5	214	3.6	6.6	533	9.0	6.5
1992	303	4.8	-5.3	231	3.7	8.2	534	8.6	0.1
1993	292	4.4	-3.4	247	3.8	6.8	539	8.2	1.0
1994	282	4.1	-3.5	259	3.7	4.9	541	7.8	0.4
1995	274	3.7	-3.1	271	3.7	4.7	545	7.4	0.6
1996	266	3.5	-2.8	267	3.5	-1.7	533	6.9	-2.2
1997	272	3.3	2.1	276	3.4	3.3	547	6.7	2.7
1998	270	3.1	-0.5	282	3.3	2.3	552	6.4	0.9
1999	275	3.0	1.9	297	3.2	5.2	572	6.3	3.6
2000	295	3.0	7.1	320	3.3	7.9	615	6.3	7.5
2001	306	3.0	3.8	343	3.4	7.3	649	6.5	5.6
2002	349	3.4	14.0	385	3.7	12.3	734	7.1	13.1
2003	405	3.7	16.0	420	3.9	9.1	825	7.6	12.4
2004	454	3.9	12.1	441	3.8	5.0	895	7.8	8.5
2005	494	4.0	8.7	475	3.9	7.6	968	7.9	8.1
2006	520	4.0	5.3	497	3.8	4.6	1017	7.8	5.0
2007	549	4.0	5.6	493	3.6	-0.7	1043	7.6	2.5
2008 <sup>a</sup>	573	4.0	4.3	520	3.6	5.3	1092	7.7	4.8

Source: Congressional Budget Office.

Notes: GDP = gross domestic product.

The growth rates include the effects of shifts in the timing of some defense payments.

- a. Estimated. If additional funding for operations in Iraq and Afghanistan is provided, defense outlays for 2008 could total about \$600 billion.

## CBO's Baseline Projections of Federal Debt

(Billions of dollars)

	Actual											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Held by the Public at the Beginning of the Year	4,829	5,035	5,367	5,591	5,822	5,933	5,845	5,792	5,717	5,627	5,563	5,444
Changes to Debt Held by the Public												
Deficit or surplus (-)	162	357	207	213	93	-105	-70	-90	-104	-79	-134	-202
Other means of financing	44	-25	17	19	18	16	16	16	14	14	14	13
<b>Total</b>	<b>206</b>	<b>332</b>	<b>223</b>	<b>232</b>	<b>111</b>	<b>-88</b>	<b>-53</b>	<b>-74</b>	<b>-90</b>	<b>-64</b>	<b>-119</b>	<b>-189</b>
Debt Held by the Public at the End of the Year	5,035	5,367	5,591	5,822	5,933	5,845	5,792	5,717	5,627	5,563	5,444	5,255
<b>Memorandum:</b>												
Debt Held by the Public at the End of the Year as a Percentage of GDP	36.8	37.7	37.8	37.3	36.0	33.8	32.0	30.3	28.5	27.0	25.4	23.5

Source: Congressional Budget Office.

# Changes in CBO's Baseline Projections of the Deficit or Surplus Since January 2008

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
Total Deficit (-) or Surplus as Projected in January 2008	-219	-198	-241	-117	87	61	96	117	95	151	223	-408	274
<b>Changes to Revenue Projections</b>													
Legislative	-114	-12	12	9	8	6	4	2	1	1	1	22	31
Economic	-1	-15	-6	8	12	9	5	5	6	6	7	7	36
Technical	6	3	4	2	1	*	-1	-1	*	*	-1	11	8
<b>Total Revenue Changes</b>	<b>-108</b>	<b>-24</b>	<b>9</b>	<b>19</b>	<b>21</b>	<b>15</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>40</b>	<b>76</b>
<b>Changes to Outlay Projections</b>													
Legislative													
Mandatory													
Refundable tax credits	38	4	0	0	0	0	0	0	0	0	0	4	4
Other	*	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal, mandatory	38	4	*	*	*	*	*	*	*	*	*	4	4
Discretionary	*	*	*	*	*	*	*	*	*	*	*	2	3
Net interest (Debt service)	1	4	6	7	7	7	8	8	8	9	9	31	73
<b>Subtotal, legislative</b>	<b>39</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>37</b>	<b>80</b>
Economic													
Mandatory													
Medicare <sup>a</sup>	*	-1	-2	-2	-2	-3	-3	-4	-5	-5	-6	-10	-34
Social Security	0	0	-2	-4	-4	-4	-4	-3	-3	-2	-2	-14	-28
Other	-1	-1	-2	-3	-2	-2	-2	-2	-2	-1	-1	-11	-19
Subtotal, mandatory	-1	-2	-6	-9	-9	-9	-9	-9	-9	-9	-10	-36	-81
Discretionary	0	-1	-1	-1	*	*	*	*	*	*	*	-4	-4
Net interest													
Debt service	*	*	-2	-3	-5	-7	-8	-10	-11	-12	-14	-18	-73
Rate effect/inflation	-10	-31	-25	-19	-9	-7	-5	-3	-2	-2	-2	-92	-106
Subtotal, net interest	-10	-32	-27	-22	-15	-14	-13	-13	-13	-15	-16	-109	-180
<b>Subtotal, economic</b>	<b>-10</b>	<b>-35</b>	<b>-34</b>	<b>-32</b>	<b>-24</b>	<b>-24</b>	<b>-23</b>	<b>-21</b>	<b>-22</b>	<b>-24</b>	<b>-26</b>	<b>-149</b>	<b>-265</b>

Continued

# Changes in CBO's Baseline Projections of the Deficit or Surplus Since January 2008 (Continued)

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
Changes to Outlay Projections (Continued)													
Technical													
Mandatory													
Medicare <sup>a</sup>	1	5	8	13	12	16	20	23	26	26	26	56	177
Veterans' benefits and services	1	1	1	2	2	2	2	2	2	2	2	8	18
Spectrum auction and OCS receipts	-11	1	-1	*	-1	-1	-1	-1	-1	-1	-1	-2	-5
Other	-1	2	1	1	1	*	1	*	*	*	2	5	8
Subtotal, mandatory	-10	9	9	16	14	18	22	25	28	28	29	66	198
Discretionary	3	2	2	2	1	1	1	1	1	1	3	8	16
Net interest													
Debt service	*	*	*	1	3	4	5	7	9	11	13	8	54
Other	8	1	-2	1	1	-1	-1	-1	-2	-2	*	1	-4
Subtotal, net interest	8	1	-2	3	4	3	5	6	7	9	13	9	49
<b>Subtotal, technical</b>	<b>1</b>	<b>11</b>	<b>9</b>	<b>21</b>	<b>20</b>	<b>22</b>	<b>28</b>	<b>32</b>	<b>36</b>	<b>38</b>	<b>44</b>	<b>83</b>	<b>263</b>
<b>Total Outlay Changes</b>	<b>30</b>	<b>-16</b>	<b>-18</b>	<b>-5</b>	<b>3</b>	<b>6</b>	<b>14</b>	<b>19</b>	<b>23</b>	<b>24</b>	<b>29</b>	<b>-29</b>	<b>79</b>
<b>Total Impact on the Deficit or Surplus<sup>b</sup></b>	<b>-138</b>	<b>-8</b>	<b>28</b>	<b>24</b>	<b>18</b>	<b>9</b>	<b>-6</b>	<b>-13</b>	<b>-16</b>	<b>-17</b>	<b>-21</b>	<b>69</b>	<b>-4</b>
Total Deficit (-) or Surplus as Projected in March 2008	-357	-207	-213	-93	105	70	90	104	79	134	202	-339	270
<b>Memorandum:</b>													
Total Legislative Changes <sup>b</sup>	-153	-20	5	2	*	-2	-4	-6	-7	-8	-9	-15	-49
Total Economic Changes <sup>b</sup>	10	20	27	41	36	32	27	26	28	30	33	156	300
Total Technical Changes <sup>b</sup>	5	-8	-5	-19	-18	-22	-29	-33	-37	-39	-45	-72	-255

Source: Congressional Budget Office.

Note: \* = between -\$500 million and \$500 million; OCS = Outer Continental Shelf.

a. Includes offsetting receipts.

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

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

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
Total Deficit (-) or Surplus as Projected in CBO's March 2008 Baseline	-357	-207	-213	-93	105	70	90	104	79	134	202	-339	270
Effect of the President's Proposals													
Revenues													
Extension of expiring EGTRRA and JGTRRA provisions													
General tax rates, child tax credit, and tax brackets <sup>a</sup>	0	0	0	-96	-152	-155	-158	-162	-167	-171	-176	-403	-1,237
Estate and gift taxes	0	-1	-2	-31	-69	-77	-84	-91	-97	-105	-112	-181	-670
Tax rates on dividends and capital gains	0	*	-2	-18	-21	-42	-43	-45	-47	-49	-51	-82	-318
Expensing for small businesses	0	0	0	-3	-6	-4	-3	-2	-2	-1	-1	-13	-23
Education, retirement, and other provisions	0	0	0	-1	-2	-2	-2	-3	-3	-3	-3	-5	-18
Subtotal, proposed extensions	0	-1	-4	-148	-250	-280	-291	-303	-316	-330	-344	-683	-2,266
Health insurance taxation and standard deduction <sup>a</sup>	0	-17	-13	5	24	45	46	56	75	94	115	43	429
Research and experimentation tax credit	-3	-5	-6	-8	-9	-10	-11	-12	-13	-15	-16	-38	-105
Air transportation taxes	0	0	-7	-8	-9	-9	-10	-10	-11	-11	-12	-33	-87
AMT extension	-6	-70	15	0	0	0	0	0	0	0	0	-55	-55
Other proposals <sup>a</sup>	*	-1	-1	-1	-5	-3	-1	-1	-2	-2	-2	-12	-21
<b>Total Effect on Revenues</b>	<b>-9</b>	<b>-94</b>	<b>-16</b>	<b>-161</b>	<b>-248</b>	<b>-258</b>	<b>-268</b>	<b>-271</b>	<b>-267</b>	<b>-263</b>	<b>-258</b>	<b>-777</b>	<b>-2,105</b>
Outlays													
Mandatory													
Medicare	*	-9	-23	-34	-40	-46	-52	-58	-65	-73	-81	-151	-481
Social Security individual accounts	0	0	0	0	1	1	23	47	67	72	78	2	287
Earned income and child tax credits	0	3	1	*	20	19	18	17	17	16	16	42	126
Medicaid and SCHIP	*	-2	-1	-2	-3	-3	-3	-3	-2	-2	-2	-11	-24
PBGC premiums	0	*	-2	-2	-2	-2	-2	-2	-2	-2	-2	-9	-19
Social Services Block Grant	0	0	-1	-2	-2	-2	-2	-2	-2	-2	-2	-7	-15
Other proposals	1	-1	-1	-3	-1	-1	-2	*	-1	-3	-4	-8	-18
Subtotal, mandatory	1	-11	-28	-43	-27	-34	-20	*	11	6	2	-143	-143
Discretionary													
Defense	28	50	-2	-48	-71	-81	-85	-88	-90	-92	-94	-151	-599
Nondefense	1	-1	-23	-41	-56	-68	-74	-76	-79	-82	-84	-189	-583
Subtotal, discretionary	29	49	-25	-89	-127	-148	-159	-164	-169	-173	-178	-340	-1,183
Net interest	*	3	5	7	11	15	21	27	33	40	46	41	207
<b>Total Effect on Outlays</b>	<b>30</b>	<b>41</b>	<b>-48</b>	<b>-125</b>	<b>-143</b>	<b>-167</b>	<b>-158</b>	<b>-138</b>	<b>-125</b>	<b>-127</b>	<b>-129</b>	<b>-442</b>	<b>-1,119</b>
<b>Total Impact on the Deficit or Surplus<sup>b</sup></b>	<b>-39</b>	<b>-136</b>	<b>31</b>	<b>-35</b>	<b>-105</b>	<b>-91</b>	<b>-110</b>	<b>-133</b>	<b>-143</b>	<b>-136</b>	<b>-129</b>	<b>-336</b>	<b>-987</b>
Total Deficit (-) or Surplus Under the President's Proposals	-396	-342	-182	-129	*	-21	-20	-29	-64	-3	73	-674	-717
<b>Memorandum:</b>													
Total Deficit (-) or Surplus Under the President's Proposals as Estimated by OMB	-410	-407	-160	-95	48	29	n.a.	n.a.	n.a.	n.a.	n.a.	-585	n.a.

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; SCHIP = State Children's Health Insurance Program; PBGC = Pension Benefit Guaranty Corporation; OMB = Office of Management and Budget.

- The estimates shown include the effect on revenues only; however, refundable earned income and child tax credits are also affected and shown in the outlay section of the table.
- Negative numbers indicate an increase in the deficit or a decrease in the surplus.



# The Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
<b>Policy Alternatives That Affect Discretionary Spending</b>													
Reduce the Number of Troops Deployed for Military Operations in Iraq and Afghanistan and Other Activities Related to the War on Terrorism to 30,000 by 2010 <sup>a</sup>													
Effect on the deficit or surplus <sup>b</sup>	-30	-40	-13	23	45	55	60	63	65	67	70	70	394
Debt service	*	-1	-3	-3	-2	0	3	6	10	13	17	-8	42
Reduce the Number of Troops Deployed for Military Operations in Iraq and Afghanistan and Other Activities Related to the War on Terrorism to 75,000 by 2013 <sup>c</sup>													
Effect on the deficit or surplus <sup>b</sup>	-30	-55	-58	-50	-29	-13	4	17	21	23	25	-205	-116
Debt service	*	-1	-4	-8	-10	-12	-13	-13	-13	-12	-12	-35	-98
Increase Regular Discretionary Appropriations at the Rate of Growth of Nominal GDP <sup>d</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	-6	-30	-62	-93	-122	-152	-181	-212	-243	-276	-314	-1,378
Debt service	0	*	-1	-3	-7	-13	-20	-29	-40	-53	-69	-24	-236
Freeze Total Discretionary Appropriations at the Level Provided for 2008													
Effect on the deficit or surplus <sup>b</sup>	0	16	37	61	87	115	143	173	204	234	265	316	1,335
Debt service	0	*	1	4	8	13	20	29	39	52	67	26	234
<b>Policy Alternatives That Affect the Tax Code<sup>e</sup></b>													
Extend EGTRRA and JGTRRA <sup>f</sup>													
Effect on the deficit or surplus <sup>b</sup>	*	-2	-5	-149	-271	-301	-312	-324	-336	-350	-364	-729	-2,415
Debt service	*	*	*	-4	-14	-29	-46	-63	-83	-103	-126	-48	-469
Extend Other Expiring Tax Provisions													
Effect on the deficit or surplus <sup>b</sup>	-5	-14	-21	-29	-36	-41	-46	-50	-55	-60	-64	-140	-415
Debt service	*	*	-1	-2	-4	-6	-9	-12	-15	-18	-22	-14	-90
Index the AMT for Inflation <sup>g</sup>													
Effect on the deficit or surplus <sup>b</sup>	-6	-76	-76	-70	-39	-46	-54	-64	-74	-86	-99	-307	-685
Debt service	*	-1	-4	-9	-12	-15	-18	-22	-27	-32	-38	-41	-178

Continued

# The Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline (Continued)

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018
<b>Memorandum:</b>													
Interactive Effect of Extending EGTRRA and JGTRRA and Indexing the AMT <sup>e</sup>													
Effect on the deficit or surplus <sup>b</sup>	0	0	0	-17	-61	-68	-76	-83	-90	-97	-104	-146	-597
Debt service	0	0	0	*	-2	-6	-9	-14	-19	-24	-30	-8	-105
Total Discretionary Outlays in CBO's Baseline	1,092	1,122	1,146	1,171	1,187	1,218	1,245	1,274	1,309	1,336	1,363	5,844	12,371
Total Outlays for Operations in Iraq and Afghanistan in CBO's Baseline	117	104	96	93	93	95	96	98	100	102	104	482	983
Total Deficit (-) or Surplus in CBO's Baseline	-357	-207	-213	-93	105	70	90	104	79	134	202	-339	270

Sources: Congressional Budget Office; Joint Committee on Taxation.

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

- a. This alternative does not extrapolate the \$88 billion in funding for military operations and associated costs in Iraq and Afghanistan provided for 2008. However, it incorporates the assumption that an additional \$105 billion in budget authority will be provided in 2008 to carry out operations in those countries. Future funding for operations in Iraq, Afghanistan, or elsewhere would total \$118 billion in 2009, \$50 billion in 2010, and then about \$34 billion a year from 2011 on—for a total of \$440 billion over the 2009–2018 period.
- b. Excluding debt service.
- c. This alternative does not extrapolate the \$88 billion in funding for military operations and associated costs in Iraq and Afghanistan provided for 2008. However, it incorporates the assumption that an additional \$105 billion in budget authority will be provided in 2008 to carry out operations in those countries. Future funding for operations in Iraq, Afghanistan, or elsewhere would total \$161 billion in 2009, \$147 billion in 2010, \$128 billion in 2011, \$101 billion in 2012, \$79 billion in 2013, and then about \$77 billion a year from 2014 on—for a total of \$1 trillion over the 2009–2018 period.
- d. Under this alternative, appropriations for 2008 for operations in Iraq and Afghanistan (as well as other emergency appropriations) are extrapolated according to rules for the baseline.
- e. The Joint Committee on Taxation's estimates for the tax policy alternatives are preliminary and will be updated later.
- f. These estimates do not include the effects of extending the increased exemption amount or the treatment of personal credits for the AMT that expired at the end of 2007. The effects of that alternative are shown separately.
- g. This alternative incorporates the assumption that the exemption amount for the AMT (which was increased through 2007 in the Tax Increase Prevention Act of 2007) is extended at its higher level and, together with the AMT tax brackets, is indexed for inflation after 2007. In addition, the treatment of personal credits against the AMT (which was also extended through the end of 2007 in that act) is assumed to be continued. If this alternative was enacted jointly with the extension of the expiring tax provisions, an interactive effect after 2010 would make the combined revenue loss over the 2011–2018 period greater than the sum of the two separate estimates (see the memorandum).