

## 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	1,211	1,340	1,399	1,611	1,753	1,863	1,962	2,070	2,184	2,307	2,438	7,966	18,928
Corporate income taxes	370	364	356	334	333	357	327	342	350	361	374	388	1,707	3,522
Social insurance taxes	870	910	947	997	1,049	1,101	1,149	1,199	1,249	1,301	1,355	1,411	5,244	11,758
Other	164	169	174	177	188	231	245	260	272	285	298	311	1,016	2,441
<b>Total</b>	<b>2,568</b>	<b>2,654</b>	<b>2,817</b>	<b>2,907</b>	<b>3,182</b>	<b>3,442</b>	<b>3,585</b>	<b>3,763</b>	<b>3,941</b>	<b>4,131</b>	<b>4,334</b>	<b>4,548</b>	<b>15,933</b>	<b>36,649</b>
On-budget	1,933	1,990	2,123	2,177	2,414	2,636	2,743	2,883	3,024	3,175	3,337	3,509	12,093	28,020
Off-budget	635	665	694	730	768	806	842	880	918	957	997	1,039	3,839	8,629
<b>Outlays</b>														
Mandatory spending	1,450	1,550	1,654	1,737	1,846	1,884	2,022	2,138	2,270	2,451	2,578	2,706	9,142	21,285
Discretionary spending	1,042	1,089	1,121	1,145	1,170	1,186	1,216	1,243	1,272	1,307	1,335	1,360	5,838	12,356
Net interest	238	234	241	266	283	286	285	285	282	278	271	259	1,360	2,735
<b>Total</b>	<b>2,731</b>	<b>2,873</b>	<b>3,015</b>	<b>3,148</b>	<b>3,299</b>	<b>3,355</b>	<b>3,524</b>	<b>3,666</b>	<b>3,824</b>	<b>4,037</b>	<b>4,183</b>	<b>4,325</b>	<b>16,341</b>	<b>36,376</b>
On-budget	2,277	2,404	2,519	2,628	2,757	2,788	2,926	3,037	3,160	3,334	3,439	3,536	13,618	30,124
Off-budget	454	469	496	520	541	568	597	629	664	702	744	789	2,723	6,251
<b>Deficit (-) or Surplus</b>	<b>-163</b>	<b>-219</b>	<b>-198</b>	<b>-241</b>	<b>-117</b>	<b>87</b>	<b>61</b>	<b>96</b>	<b>117</b>	<b>95</b>	<b>151</b>	<b>223</b>	<b>-408</b>	<b>274</b>
On-budget	-344	-414	-396	-450	-343	-151	-184	-154	-136	-160	-102	-27	-1,525	-2,104
Off-budget	181	195	198	210	226	238	244	251	254	254	253	249	1,117	2,378
Debt Held by the Public	5,035	5,232	5,443	5,698	5,827	5,751	5,701	5,613	5,503	5,414	5,269	5,050	n.a.	n.a.
<b>Memorandum:</b>														
Gross Domestic Product	13,670	14,201	14,812	15,600	16,445	17,256	18,043	18,856	19,685	20,540	21,426	22,355	82,156	185,018
<b>As a Percentage of Gross Domestic Product</b>														
<b>Revenues</b>														
Individual income taxes	8.5	8.5	9.0	9.0	9.8	10.2	10.3	10.4	10.5	10.6	10.8	10.9	9.7	10.2
Corporate income taxes	2.7	2.6	2.4	2.1	2.0	2.1	1.8	1.8	1.8	1.8	1.7	1.7	2.1	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	1.2	1.1	1.1	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.2	1.3
<b>Total</b>	<b>18.8</b>	<b>18.7</b>	<b>19.0</b>	<b>18.6</b>	<b>19.3</b>	<b>19.9</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	14.0	14.3	14.0	14.7	15.3	15.2	15.3	15.4	15.5	15.6	15.7	14.7	15.1
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	10.9	11.2	11.1	11.2	10.9	11.2	11.3	11.5	11.9	12.0	12.1	11.1	11.5
Discretionary spending	7.6	7.7	7.6	7.3	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	1.6	1.7	1.7	1.7	1.6	1.5	1.4	1.4	1.3	1.2	1.7	1.5
<b>Total</b>	<b>20.0</b>	<b>20.2</b>	<b>20.4</b>	<b>20.2</b>	<b>20.1</b>	<b>19.4</b>	<b>19.5</b>	<b>19.4</b>	<b>19.4</b>	<b>19.7</b>	<b>19.5</b>	<b>19.3</b>	<b>19.9</b>	<b>19.7</b>
On-budget	16.7	16.9	17.0	16.8	16.8	16.2	16.2	16.1	16.1	16.2	16.1	15.8	16.6	16.3
Off-budget	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.5	3.5	3.3	3.4
<b>Deficit (-) or Surplus</b>	<b>-1.2</b>	<b>-1.5</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-0.7</b>	<b>0.5</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>-0.5</b>	<b>0.1</b>
On-budget	-2.5	-2.9	-2.7	-2.9	-2.1	-0.9	-1.0	-0.8	-0.7	-0.8	-0.5	-0.1	-1.9	-1.1
Off-budget	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.1	1.4	1.3
Debt Held by the Public	36.8	36.8	36.7	36.5	35.4	33.3	31.6	29.8	28.0	26.4	24.6	22.6	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	2009-2013	2009-2018
Social Security	581	611	646	682	719	761	807	856	908	965	1,027	1,092	3,615	8,464
Medicare <sup>a</sup>	436	454	485	512	561	565	629	671	719	803	841	879	2,752	6,666
Medicaid	191	208	225	243	261	282	304	328	353	381	412	445	1,314	3,232
Income Security														
Supplemental Security Income	36	41	43	45	51	44	50	52	53	60	57	53	234	509
Earned income and child tax credits	54	56	56	57	58	40	41	41	41	41	41	41	252	458
Unemployment compensation	33	39	46	43	40	43	45	48	50	52	54	56	217	476
Food Stamps	35	38	41	42	42	43	44	44	45	46	48	49	212	445
Family support <sup>b</sup>	24	24	24	24	24	24	24	25	25	25	25	25	121	246
Child nutrition	14	15	16	16	17	18	18	19	20	21	22	23	85	190
Foster care	7	7	7	7	7	8	8	8	9	9	9	9	37	81
Subtotal	202	221	233	235	240	220	230	237	243	254	256	257	1,159	2,406
Other Retirement and Disability														
Federal civilian <sup>c</sup>	72	75	78	82	85	89	92	96	100	104	107	111	426	945
Military	44	46	49	50	51	53	54	55	56	58	59	61	257	546
Veteran <sup>d</sup>	36	40	41	42	47	42	46	47	49	54	52	49	218	470
Other	8	9	8	9	9	10	10	10	11	11	11	11	46	99
Subtotal	159	169	177	183	192	193	202	209	216	226	229	233	947	2,060

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	7	8	8	8	8	8	37	77
TRICARE For Life	8	8	8	8	9	9	10	11	12	13	13	15	45	108
Student loans	7	3	2	4	5	5	3	3	3	2	2	2	20	32
Universal Service Fund	7	8	8	8	8	9	9	9	9	9	9	9	42	87
State Children's Health Insurance Program	6	7	6	6	5	5	5	5	5	5	5	5	28	53
Social services	5	5	5	5	5	5	5	5	5	5	6	6	26	53
Other	<u>18</u>	<u>34</u>	<u>35</u>	<u>33</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>29</u>	<u>30</u>	<u>32</u>	<u>38</u>	<u>40</u>	<u>161</u>	<u>329</u>
Subtotal	59	73	71	72	72	72	71	69	72	74	81	85	357	739
<b>Offsetting Receipts</b>														
Medicare <sup>e</sup>	-66	-69	-74	-79	-84	-90	-96	-103	-110	-119	-129	-139	-423	-1,024
Employers' share of employees' retirement	-48	-51	-55	-57	-59	-62	-64	-67	-70	-73	-82	-86	-297	-674
Other	<u>-64</u>	<u>-65</u>	<u>-54</u>	<u>-54</u>	<u>-56</u>	<u>-57</u>	<u>-60</u>	<u>-62</u>	<u>-61</u>	<u>-62</u>	<u>-57</u>	<u>-60</u>	<u>-282</u>	<u>-583</u>
Subtotal	-178	-186	-183	-190	-200	-209	-220	-231	-241	-254	-268	-285	-1,001	-2,281
<b>Total Mandatory Outlays</b>	<b>1,450</b>	<b>1,550</b>	<b>1,654</b>	<b>1,737</b>	<b>1,846</b>	<b>1,884</b>	<b>2,022</b>	<b>2,138</b>	<b>2,270</b>	<b>2,451</b>	<b>2,578</b>	<b>2,706</b>	<b>9,142</b>	<b>21,285</b>
<b>Memorandum:</b>														
Mandatory Outlays Excluding														
Offsetting Receipts	1,628	1,736	1,836	1,927	2,046	2,092	2,243	2,369	2,511	2,705	2,846	2,991	10,143	23,566
Medicare Outlays Net of Offsetting Receipts	370	385	411	433	477	475	533	569	609	684	712	740	2,329	5,642

Source: Congressional Budget Office.

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

- a. Excludes offsetting receipts.
- b. Includes Temporary Assistance for Needy Families and various programs that involve payments to states for child support enforcement and family support.
- c. Includes Civil Service, Foreign Service, Coast Guard, and other small retirement programs and annuitants' health benefits.
- d. Includes veterans' compensation, pensions, and life insurance programs.
- e. 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	9.0	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	-0.6	282	3.3	2.3	552	6.4	0.9
1999	276	3.0	2.0	296	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	8.2
2006	520	4.0	5.3	496	3.8	4.5	1016	7.8	4.9
2007	549	4.0	5.5	493	3.6	-0.5	1042	7.6	2.6
2008 <sup>a</sup>	572	4.0	4.3	517	3.6	4.8	1089	7.7	4.5

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		5,035	5,232	5,443	5,698	5,827	5,751	5,701	5,613	5,503	5,414	5,269	5,050
Debt Held by Government Accounts													
Social Security		2,181	2,378	2,577	2,788	3,014	3,252	3,496	3,746	4,000	4,254	4,506	4,755
Other government accounts <sup>a</sup>		1,735	1,822	1,910	2,009	2,109	2,233	2,343	2,457	2,573	2,673	2,781	2,899
Total		3,916	4,200	4,487	4,797	5,123	5,485	5,839	6,203	6,573	6,927	7,287	7,654
Gross Federal Debt		8,951	9,432	9,930	10,495	10,950	11,236	11,540	11,817	12,076	12,341	12,556	12,704
Debt Subject to Limit <sup>b</sup>		8,921	9,403	9,901	10,466	10,921	11,207	11,511	11,788	12,048	12,313	12,528	12,676

Source: Congressional Budget Office.

Note: Figures are as of the end of the year.

- a. Mainly Civil Service Retirement and Disability, Military Retirement, Medicare, and Unemployment Insurance Trust Funds.
- b. Differs from the gross federal debt primarily because debt issued by agencies other than the Treasury is excluded from the debt limit. The current debt limit is \$9,815 billion.

## Changes in CBO's Baseline Projections of the Deficit or Surplus Since August 2007

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
Total Deficit (-) or Surplus as Projected in August 2007	-155	-215	-255	-134	62	36	65	85	58	109	-696	-343
Changes to Revenue Projections												
Legislative	-69	20	*	1	3	-1	1	1	*	*	-46	-44
Economic	-33	-60	-63	-55	-45	-44	-44	-45	-45	-45	-256	-479
Technical	-14	2	19	10	7	10	7	4	2	1	25	51
<b>Total Revenue Changes</b>	<b>-116</b>	<b>-38</b>	<b>-43</b>	<b>-44</b>	<b>-35</b>	<b>-35</b>	<b>-36</b>	<b>-40</b>	<b>-42</b>	<b>-44</b>	<b>-276</b>	<b>-472</b>
Changes to Outlay Projections												
Legislative												
Mandatory outlays												
Terrorism risk insurance	*	1	1	1	1	1	1	1	1	*	3	7
Medicare	4	1	-2	-3	-2	2	1	-1	-1	-1	-2	-2
Education programs	-1	*	1	2	2	*	-3	*	*	*	4	1
Other	1	1	*	*	*	*	*	-1	*	*	2	*
Subtotal, mandatory	4	3	-1	-1	1	3	-1	-1	-1	-1	7	6
Discretionary outlays												
Defense	-20	-40	-51	-56	-56	-57	-58	-60	-62	-62	-222	-521
Nondefense	5	7	7	6	5	5	4	5	4	4	29	51
Subtotal, discretionary	-15	-33	-44	-50	-51	-53	-54	-55	-57	-58	-193	-470
Net interest outlays (Debt service)	1	1	-1	-3	-6	-8	-11	-15	-18	-22	-7	-82
<b>Subtotal, legislative</b>	<b>-10</b>	<b>-29</b>	<b>-45</b>	<b>-54</b>	<b>-56</b>	<b>-58</b>	<b>-66</b>	<b>-71</b>	<b>-77</b>	<b>-81</b>	<b>-194</b>	<b>-546</b>
Economic												
Mandatory outlays												
Medicare	-1	-3	-4	-5	-6	-6	-7	-7	-9	-10	-19	-58
Social Security	-1	2	4	4	3	3	2	1	-1	-2	13	15
Unemployment compensation	4	7	3	-2	-2	-2	-1	-1	-1	-1	10	4
Other	-2	1	2	3	2	2	2	2	2	2	5	14
Subtotal, mandatory	*	7	5	-1	-2	-3	-4	-6	-9	-11	9	-25
Discretionary outlays	0	1	*	*	-1	*	*	1	2	3	*	7
Net interest outlays												
Debt service	*	2	4	7	9	11	14	16	19	22	22	104
Rate effect/inflation	-17	-24	-14	-8	-6	-5	-2	-1	-1	-1	-69	-80
Subtotal, net interest	-16	-22	-10	-1	3	7	12	15	18	21	-47	25
<b>Subtotal, economic</b>	<b>-16</b>	<b>-14</b>	<b>-5</b>	<b>-2</b>	<b>*</b>	<b>3</b>	<b>8</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>-37</b>	<b>8</b>

Continued

## Changes in CBO's Baseline Projections of the Deficit or Surplus Since August 2007 (Continued)

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008- 2012	Total, 2008- 2017
Changes to Outlay Projections (Continued)												
Technical												
Mandatory outlays												
Medicare	-9	-4	-3	-3	-3	-4	-4	-4	-4	-6	-21	-44
Medicaid	-2	-2	-1	-1	-1	-1	-2	-2	-3	-4	-6	-19
Food Stamps	2	2	3	3	3	2	2	1	1	1	12	19
Other	1	7	4	3	3	3	2	2	2	1	19	31
Subtotal, mandatory	-7	4	3	2	2	*	-2	-3	-4	-7	4	-12
Discretionary outlays												
	-16	-12	-6	-3	-2	-2	-3	-3	-4	-4	-38	-53
Net interest outlays												
Debt service	-1	-2	-3	-5	-5	-6	-7	-7	-8	-9	-16	-53
Other	-2	-2	-1	1	1	2	2	2	3	3	-3	10
Subtotal, net interest	-3	-5	-4	-4	-4	-3	-4	-5	-5	-6	-19	-43
<b>Subtotal, technical</b>	<b>-26</b>	<b>-12</b>	<b>-7</b>	<b>-4</b>	<b>-4</b>	<b>-5</b>	<b>-9</b>	<b>-11</b>	<b>-13</b>	<b>-17</b>	<b>-53</b>	<b>-108</b>
<b>Total Outlay Changes</b>	<b>-52</b>	<b>-55</b>	<b>-57</b>	<b>-61</b>	<b>-59</b>	<b>-60</b>	<b>-67</b>	<b>-72</b>	<b>-79</b>	<b>-85</b>	<b>-284</b>	<b>-647</b>
<b>Total Impact on the Deficit or Surplus<sup>a</sup></b>	<b>-64</b>	<b>17</b>	<b>14</b>	<b>17</b>	<b>25</b>	<b>25</b>	<b>32</b>	<b>32</b>	<b>36</b>	<b>42</b>	<b>8</b>	<b>175</b>
Total Deficit (-) or Surplus as Projected in January 2008	-219	-198	-241	-117	87	61	96	117	95	151	-688	-168
<b>Memorandum:<sup>a</sup></b>												
Total Legislative Changes	-59	49	45	54	59	57	67	71	77	81	148	502
Total Economic Changes	-17	-46	-58	-52	-45	-47	-52	-55	-56	-58	-218	-486
Total Technical Changes	12	15	26	15	11	15	16	16	16	18	79	159

Source: Congressional Budget Office.

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

a. Positive numbers indicate a decrease in the deficit or an increase 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	-43	-14	22	45	55	60	63	65	68	70	65	390
Debt service	*	-2	-4	-4	-2	0	3	6	9	13	17	-12	35
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	-58	-59	-51	-29	-13	4	17	21	24	25	-210	-120
Debt service	*	-2	-5	-9	-11	-13	-13	-14	-13	-13	-12	-40	-106
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	-9	-33	-64	-95	-125	-154	-184	-214	-246	-280	-324	-1,403
Debt service	0	*	-1	-4	-8	-13	-21	-30	-41	-55	-70	-26	-243
Freeze Total Discretionary Appropriations at the Level Provided for 2008													
Effect on the deficit or surplus <sup>b</sup>	0	17	38	62	87	114	142	171	202	232	263	316	1,326
Debt service	0	*	2	4	8	13	20	29	39	52	67	28	235
<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>	*	-3	-6	-147	-254	-281	-292	-304	-316	-329	-344	-692	-2,277
Debt service	*	*	*	-4	-14	-28	-43	-60	-78	-98	-119	-46	-444
Extend Other Expiring Tax Provisions													
Effect on the deficit or surplus <sup>b</sup>	-6	-14	-22	-31	-38	-44	-49	-53	-58	-63	-67	-149	-438
Debt service	0	-1	-1	-3	-5	-7	-10	-12	-16	-20	-24	-16	-97
Index the AMT for Inflation <sup>g</sup>													
Effect on the deficit or surplus <sup>b</sup>	-6	-75	-76	-71	-42	-49	-58	-68	-80	-94	-110	-313	-724
Debt service	0	-2	-5	-9	-13	-16	-19	-23	-28	-34	-40	-45	-189

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	-18	-61	-69	-76	-83	-90	-97	-105	-148	-598
Debt service	0	0	0	*	-2	-6	-9	-14	-19	-24	-30	-9	-105
Total Discretionary Outlays in CBO's Baseline	1,089	1,121	1,145	1,170	1,186	1,216	1,243	1,272	1,307	1,335	1,360	5,838	12,356
Total Outlays for Operations in Iraq and Afghanistan in CBO's Baseline	115	103	96	93	93	95	97	98	100	102	104	480	981
Total Deficit (-) or Surplus in CBO's Baseline	-219	-198	-241	-117	87	61	96	117	95	151	223	-408	274

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).