



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

February 11, 2009

Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. Leader:

The Congressional Budget Office has reviewed H.R. 1, the American Recovery and Reinvestment Act of 2009, as passed by the Senate on February 10, 2009. The following table summarizes our estimate of the budgetary impacts of that legislation; a more detailed table is enclosed. Combining both spending and revenue effects, CBO estimates that enacting H.R. 1 as passed by the Senate would increase federal budget deficits by \$214 billion over the remaining months of fiscal year 2009, by \$441 billion in 2010, by \$137 billion in 2011, and by \$838 billion over the 2009-2019 period.¹

CBO estimates that the Senate-passed version of H.R. 1 would lead to a cumulative deficit increase over the 2009-2019 period that is about \$19 billion more than for the version of H.R. 1 that was passed by the House of Representatives on January 28, 2009. The Senate-passed version includes \$72 billion less in spending from discretionary appropriations in Division A (mostly the result of less funding for education, including the proposed State Stabilization Fund) and about \$20 billion less in direct spending in Division B. Those spending decreases would be more than offset by revenue reductions in Division B totaling about \$110 billion (mostly because the Senate-passed version would raise the exemption amount allowed against an individual's income for the alternative minimum tax for tax year 2009).

1. On February 9, 2009, CBO transmitted a table showing the estimated cost of the amendment in the nature of a substitute offered by Senator Reid on behalf of Senator Nelson and Senator Collins. The estimate provided on February 9 also showed a cumulative deficit increase of \$838 billion over the 2009-2019 period.

SUMMARY OF ESTIMATED COST OF H.R. 1, THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, AS PASSED BY THE SENATE ON FEBRUARY 10, 2009

	By Fiscal Year, in Billions of Dollars											2009-2019
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
DIVISION A—APPROPRIATIONS^a												
Estimated Budget Authority	274.6	5.2	3.7	0.7	0.9	1.1	1.1	1.1	1.1	0.5	*	289.8
Estimated Outlays	36.7	101.3	70.7	35.7	20.6	11.7	5.9	2.4	1.2	0.5	*	286.8
DIVISION A—REVENUES												
Estimated Revenues	*	*	*	*	*	*	*	*	*	*	*	-0.1
DIVISION B—DIRECT SPENDING												
Estimated Budget Authority	85.8	103.8	49.4	7.3	7.1	5.9	3.3	0.9	-0.9	-1.5	-1.7	259.4
Estimated Outlays	83.0	104.9	50.2	7.6	7.1	5.9	3.3	0.9	-0.9	-1.5	-1.7	258.8
DIVISION B—REVENUES												
Estimated Revenues	-94.5	-235.0	-16.3	17.5	11.3	8.2	5.9	4.3	3.1	2.7	0.4	-292.4
NET IMPACT ON THE DEFICIT												
Net Increase or Decrease (-) in the Deficit	214.2	441.2	137.2	25.8	16.5	9.4	3.4	-1.0	-2.8	-3.6	-2.1	838.1

a. Most of the spending for Division A would stem from discretionary appropriations. The totals include about \$24 billion in 2009-2019 changes to mandatory programs that are contained in Division A.

Notes: Components may not sum to totals because of rounding. * = between -\$50 million and \$50 million.

Sources: Congressional Budget Office and the Joint Committee on Taxation.

On February 2, 2009, CBO transmitted a cost estimate for the amendment in the nature of a substitute for H.R. 1, as introduced by Senator Inouye and Senator Baucus on January 31, 2009. CBO's estimate of the budgetary impact of H.R. 1, as passed by the Senate, is about \$46 billion lower over the 2009-2019 period than that of the earlier version. The Senate-passed version would result in about \$76 billion less in outlays from discretionary appropriations (Division A), and about \$40 billion more in revenue losses (Division B) than the earlier amendment.

Honorable Harry Reid
Page 3

I hope this information is helpful to you. If you would like further details about this estimate, the CBO staff contact is Janet Airis.

Sincerely

Douglas W. Elmendorf
Director

Enclosure

cc: Honorable Mitch McConnell
Republican Leader

Honorable Daniel K. Inouye
Chairman
Committee on Appropriations

Honorable Thad Cochran
Vice Chairman

Honorable Max Baucus
Chairman
Committee on Finance

Honorable Charles E. Grassley
Ranking Member

Honorable Susan M. Collins

Honorable Ben Nelson