



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

Keith Hall, Director

January 2, 2018

Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Re: Estimated Deficits and Debt Under the Conference Agreement of H.R. 1, a Bill to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, as filed by the Conferees to H.R. 1 on December 15, 2017

Dear Senator:

This letter responds to your request for information about the estimated deficits and debt under the Conference Agreement of H.R. 1 as filed by the Conferees on December 15, 2017. The Congressional Budget Office and the staff of the Joint Committee on Taxation determined that provisions in the Conference Agreement would increase deficits over the 2018-2027 period by \$1.5 trillion (not including any macroeconomic effects). By CBO's estimate, additional debt service would boost the 10-year increase in deficits to \$1.8 trillion. As a result of those higher deficits, debt held by the public would increase from the 91.2 percent of gross domestic product in CBO's June 2017 baseline to 97.5 percent.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Hall'.

Keith Hall

Enclosure

cc: Honorable Orrin G. Hatch
Chairman

Estimated Deficits and Debt Under the Conference Agreement of

H.R. 1, a Bill to Provide for Reconciliation Pursuant to Titles II and V of the Conference Resolution on the Budget for Fiscal Year 2018 as filed by the Conferees to H.R. 1 on December 15, 2017

1/2/2018

By Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2027
In Billions of Dollars											
Deficit											
CBO's June 2017 Baseline	-563	-689	-775	-879	-1,027	-1,057	-1,083	-1,225	-1,352	-1,463	-10,112
Estimated effects on the deficit from the Tax Cuts and Jobs Act ^a	-136	-280	-259	-221	-178	-138	-120	-114	-40	33	-1,455
Estimated debt service ^b	-1	-6	-14	-23	-31	-37	-43	-49	-54	-56	-314
Total	-137	-286	-273	-244	-208	-175	-163	-163	-94	-23	-1,769
Deficit including the Tax Cuts and Jobs Act	-699	-975	-1,048	-1,123	-1,235	-1,233	-1,246	-1,388	-1,446	-1,486	-11,881
Debt Held by the Public (End of Year)											
CBO's June 2017 Baseline	15,537	16,282	17,108	18,037	19,109	20,212	21,342	22,613	24,014	25,524	n.a.
Cumulative Adjustment	137	422	695	929	1,148	1,323	1,486	1,650	1,744	1,767	n.a.
Debt Held by the Public including the Tax Cuts and Jobs Act	15,674	16,705	17,803	18,976	20,257	21,535	22,828	24,263	25,758	27,291	n.a.

Memorandum:

Gross Domestic Product in CBO's June 2017 baseline

As a Percentage of Gross Domestic Product

19,924	20,671	21,380	22,165	23,037	23,951	24,905	25,896	26,927	27,999	29,686	
Deficit											
CBO's June 2017 Baseline	-2.8	-3.3	-3.6	-4.0	-4.5	-4.4	-4.3	-4.7	-5.0	-5.2	-4.3
Estimated effects on the deficit from the Tax Cuts and Jobs Act ^a	-0.7	-1.4	-1.2	-1.0	-0.8	-0.6	-0.5	-0.4	-0.2	0.1	-0.6
Estimated debt service ^b	*	*	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1
Total	-0.7	-1.4	-1.3	-1.1	-0.9	-0.7	-0.7	-0.6	-0.3	-0.1	-0.7
Deficit including the Tax Cuts and Jobs Act	-3.5	-4.7	-4.9	-5.1	-5.4	-5.1	-5.0	-5.4	-5.4	-5.3	-5.0
Debt Held by the Public (End of Year)											
CBO's June 2017 Baseline	78.0	78.8	80.0	81.4	82.9	84.4	85.7	87.3	89.2	91.2	n.a.
Cumulative Adjustment	0.2	2.0	3.3	4.2	5.0	5.5	6.0	6.4	6.5	6.3	n.a.
Debt Held by the Public including the Tax Cuts and Jobs Act	78.7	80.8	83.3	85.6	87.9	89.9	91.7	93.7	95.7	97.5	n.a.

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation

NOTES

Numbers may not sum to totals because of rounding.

Does not incorporate any macroeconomic effects of enacting the legislation.

n.a. = not applicable; * = between -0.05 percent and zero.

a. Congressional Budget Office, cost estimate for H.R. 1, a Bill to Provide for Reconciliation Pursuant to Titles II and V of the Conference Resolution on the Budget for Fiscal Year 2018 (December 15, 2017), www.cbo.gov/publication/52473

b. Debt service refers to a change in interest payments resulting from a change in the estimate of the deficit.