



CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, DC 20515

Dan L. Crippen
Director

September 8, 1999

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

CBO's analysis of the President's Mid-Session Review, which was released on July 21, showed an estimated on-budget deficit of \$7 billion in 2000. As requested in your letter of September 7, the Congressional Budget Office has computed what the on-budget deficit would be using the following additional assumptions that you specified.

You requested that we omit the President's proposed tax increases of \$13 billion and proposed net decreases of \$1 billion in direct spending. Including about \$350 million in additional costs for debt service, the adjustments that you have specified total \$15 billion. Applying those adjustments to CBO's July estimate of the Mid-Session Review would produce an estimated on-budget deficit of \$21 billion.

CBO's estimate of the on-budget deficit excludes about \$3 billion in spending for administrative expenses of Social Security because that spending is designated as off-budget. The budget resolution, however, treats such expenses as on-budget. If the deficit figure were adjusted to be consistent with the budget resolution, the projected on-budget deficit under your assumptions would be \$24 billion.

The Administration has not yet released any details of a proposal to seek additional emergency funding. Any such proposal would almost certainly increase on-budget outlays in 2000, thus producing an estimated on-budget deficit that would be commensurately higher.

Sincerely,



Dan L. Crippen

cc: Honorable Frank R. Lautenberg
Ranking Democratic Member