

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
Policy Alternatives That Affect Discretionary Spending													
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 ^a													
Effect on the deficit or surplus ^b	-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 ^c													
Effect on the deficit or surplus ^b	-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 ^d													
Effect on the deficit or surplus ^b	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 ^b	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
Policy Alternatives That Affect the Tax Code^e													
Extend EGTRRA and JGTRRA ^f													
Effect on the deficit or surplus ^b	*	-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 ^b	-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 ^g													
Effect on the deficit or surplus ^b	-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
Memorandum:													
Interactive Effect of Extending EGTRRA and JGTRRA and Indexing the AMT ^e													
Effect on the deficit or surplus ^b	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).