



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

Douglas Holtz-Eakin, Director

March 4, 2005

Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As you requested, the Congressional Budget Office (CBO), with contributions from the Joint Committee on Taxation, has analyzed the President's budget submission for fiscal year 2006. This letter and the attached tables summarize the main results of CBO's work; a report of the full analysis, including CBO's assessment of the macroeconomic effects of the President's proposals, will be published on March 15.

Fiscal Years 2005 and 2006

CBO estimates that under the President's policies, the deficit will be \$394 billion in 2005, which equals 3.2 percent of gross domestic product (GDP). (By comparison, the deficit in 2004 was \$412 billion, or 3.6 percent of GDP.) Included in the deficit estimate for 2005 are outlays of \$32 billion that would result from the President's recent request for supplemental appropriations, mostly for military activities in Iraq.

For 2006, the deficit under the President's budget would total \$332 billion, in CBO's estimation (see Table 1)—but the President's request for that year omits additional funds to continue U.S. military operations in Iraq and Afghanistan. As a result, CBO's estimate of the President's 2006 request reflects only outlays for activities resulting from the 2005 supplemental request (a total of \$82 billion in budget authority) and from appropriations enacted for previous years. Additional funding to maintain those operations at about the same level as that expected for 2005 would add about \$40 billion to the deficit

in 2006, bringing it to between \$370 billion and \$375 billion, or 2.9 percent of GDP.¹

The Outlook for the 2006-2015 Period

Under the President's budget, the deficit would decline further—to 2.0 percent of GDP—in 2007 and then drop to 1.3 percent by 2015. Those percentages reflect neither significant spending for military activities in Iraq and Afghanistan nor the potential budgetary impact of the President's proposal to provide individual investment accounts under the Social Security program. The President's budget provides no details regarding other possible changes in the Social Security program. Without that information, it is difficult to estimate the accounts' impact because those changes would affect participation in the accounts. (CBO will discuss the President's Social Security proposal more fully in its March 15 report.)

Over the 10-year period from 2006 through 2015, deficits would total \$2.6 trillion under the President's budget—\$1.6 trillion higher than CBO's current baseline projection of the cumulative deficit.² Over the next few years, debt held by the public would grow to 39 percent of GDP, up slightly from 37 percent of GDP at the end of 2004; it would then gradually fall back to that level by 2015.

Under the President's budgetary proposals, revenues would rise from 16.8 percent of GDP this year to 17.1 percent in 2006 (see Table 2); by 2015, revenues would reach 18 percent of GDP. Outlays would peak at 20 percent of GDP this year if the President's proposals were enacted and then fall to a share of around 19 percent annually. From 2005 through 2015, spending for entitlements and other mandatory programs under the President's policies would grow faster than nominal GDP (5.9 percent annually versus

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1. That assumption is consistent with the policy alternative CBO presented in its January report (Congressional Budget Office, *Budget and Economic Outlook: Fiscal Years 2006-2015*, January 2005, Table 1-3).
 2. The President's budget does not provide year-by-year estimates of spending and revenues after 2010. It does, however, specify a total effect from changes in tax and mandatory spending laws for the full 10-year period. For discretionary spending, the budget provides details only for 2005 and 2006; the request for such spending for 2007 through 2010 is provided only in the aggregate, by budget function. CBO incorporated those aggregate levels in its estimates and calculated discretionary outlays for the 2011-2015 period by projecting the amount of discretionary budget authority recommended by the President for 2010 and adjusting for inflation.

4.9 percent), whereas discretionary outlays would increase at an average annual rate of 1.2 percent a year.

Discretionary Spending

By CBO's estimates, the President's budget proposes about \$843 billion in discretionary budget authority for 2006 (see Table 3).³ If supplemental budget authority of \$82 billion is enacted, total discretionary budget authority for 2005 will be \$922 billion. The total for 2005 also includes \$11.5 billion of supplemental appropriations for disaster relief enacted in October 2004. If supplemental appropriations for 2005 were excluded from the comparison, discretionary budget authority under the President's budget would grow by about 1.7 percent, or \$14 billion, from 2005 to 2006 (see Table 4). Defense appropriations would grow by 4.4 percent, but funding for nondefense activities would decline—except for most homeland security programs. However, total budget authority for homeland security would drop by \$1.5 billion as a result of two factors: funding for Project Bioshield, which received \$2.5 billion in 2005 but is not slated to receive additional money in 2006; and a proposed increase in fees charged by the Transportation Security Administration, which would boost offsetting collections by about \$1.7 billion in 2006. For the years 2007 through 2010, the President has proposed average annual increases of 3.4 percent in defense funding and would essentially freeze nondefense spending other than that for homeland security.

Impact of the President's Proposals

The President's budgetary proposals would add \$30 billion to the deficit that CBO currently projects for 2005, mainly as a result of the proposed supplemental appropriations (see Table 5). Over the 2006-2010 period, the cumulative deficit would rise by \$104 billion under the President's policies relative to CBO's baseline projections. Higher defense spending during those years would be largely offset by lower nondefense spending; however, tax policies—such as those extending the reduced rates on dividends and capital gains that were enacted in 2003 and extending the research and experimentation credit—would reduce revenues by nearly \$100 billion.

Over the 2006-2015 period, the President's proposals would increase the total deficit by an estimated \$1.6 trillion. Under the assumptions incorporated in

3 For a number of reasons (including differences in projections of offsetting collections, the subsidy cost of the mutual mortgage insurance program, and other technical factors), the Administration estimates that budget authority for 2006 will be \$2.7 billion lower than CBO has projected.

CBO's baseline, deficits are projected to turn into small surpluses by 2012; under the President's policies, deficits would continue throughout the 10-year period. Revenues under those policies for the 10 years would be more than \$1.4 trillion below the baseline's levels, primarily because of the proposal to extend certain expiring provisions of tax legislation enacted in 2001 and 2003. Discretionary spending would be \$77 billion below the baseline, but proposals affecting mandatory spending would increase the cumulative deficit from 2006 through 2015 by \$16 billion. (Additional spending in the President's budget for refundable tax credits would be mostly offset by higher premiums paid to the Pension Benefit Guaranty Corporation, by reductions in outlays for Medicaid, and by other savings in mandatory programs.) Debt-service costs on additional borrowing would add another \$237 billion to the cumulative deficit.

Recent Changes in CBO's Baseline

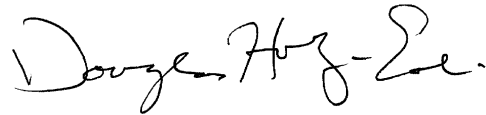
In conjunction with its analysis of the President's budget, CBO typically updates its baseline projections to take into account new information from the budget and other sources. Those changes are almost exclusively technical; legislative changes since January have been minimal, and CBO has not updated its economic assumptions. CBO now projects that under the rules governing baseline projections, which assume the continuation of current tax and spending policies, the cumulative deficit for the 2006-2015 period will total nearly \$1 trillion—an increase of \$125 billion from the projections that CBO published in January (see Table 6).

Much of that change stems from a rise of \$70 billion in CBO's estimate of spending for Medicare over the 2006-2015 period, which is primarily attributable to revised estimates of the cost of the prescription drug program (Part D of Medicare). CBO has increased its projection of net spending for Part D over the period by \$54 billion; about \$36 billion of that amount is expected through 2013, the time frame covered by CBO's original estimate of the cost of the Medicare Modernization Act. Changes in the estimated net cost of the basic benefits account for somewhat more than half of the total revision and changes in the cost of the low-income subsidy account for the rest of the increase in projected Part D spending. Those changes reflect both a refinement

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of CBO's estimating methods and provisions in the final rules governing formulary requirements and eligibility for the low-income subsidy that differ from those CBO had anticipated on the basis of legislative language. (CBO will provide additional details on its estimates of spending under Part D of Medicare in its March 15 report.)

Sincerely,

A handwritten signature in black ink that reads "Douglas Holtz-Eakin". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

Douglas Holtz-Eakin

Attachments

Identical letter sent to the Honorable Robert C. Byrd

Table 1.

Comparison of Projected Deficits and Surpluses in CBO's Estimate of the President's Budget and in CBO's March Baseline

(Billions of dollars)

	Actual												Total,	Total,
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-	2006-
													2010	2015
CBO's Estimate of the President's Budget														
On-Budget Deficit	-567	-569	-517	-484	-474	-487	-486	-539	-512	-535	-544	-557	-2,449	-5,135
Off-Budget Surplus	155	175	186	206	224	241	257	271	282	290	297	301	1,113	2,554
Total Deficit	-412	-394	-332	-278	-250	-246	-229	-268	-230	-244	-247	-256	-1,336	-2,581
CBO's Baseline														
On-Budget Deficit	-567	-539	-487	-477	-473	-463	-461	-370	-229	-226	-203	-183	-2,361	-3,571
Off-Budget Surplus	155	175	189	209	227	244	260	275	286	295	302	305	1,129	2,591
Total Deficit (-) or Surplus	-412	-365	-298	-268	-246	-219	-201	-95	57	69	99	122	-1,232	-980
Difference (President's budget minus baseline)														
On-Budget Deficit	0	-30	-31	-7	-1	-24	-25	-169	-283	-309	-341	-374	-88	-1,564
Off-Budget Surplus	0	0	-3	-3	-3	-3	-3	-4	-4	-4	-5	-5	-16	-37
Total Deficit	0	-30	-34	-10	-4	-28	-28	-173	-287	-313	-346	-378	-104	-1,601
Memoranda:														
Total Deficit as a Percentage of GDP														
CBO's estimate of the President's budget														
	-3.6	-3.2	-2.6	-2.0	-1.8	-1.6	-1.5	-1.6	-1.3	-1.4	-1.3	-1.3	-1.9	-1.6
CBO's baseline														
	-3.6	-3.0	-2.3	-2.0	-1.7	-1.5	-1.3	-0.6	0.3	0.4	0.5	0.6	-1.7	-0.6
Debt Held by the Public as a Percentage of GDP														
CBO's estimate of the President's budget														
	37.2	38.3	39.0	39.1	39.0	38.8	38.5	38.5	38.2	37.9	37.6	37.3	n.a.	n.a.
CBO's baseline														
	37.2	38.1	38.5	38.6	38.5	38.2	37.8	36.7	34.8	33.0	31.1	29.1	n.a.	n.a.

Source: Congressional Budget Office.

Note: n.a. = not applicable.

Table 2.
CBO's Estimate of the President's Budget for 2006

	Actual												Total, 2006-	Total, 2006-
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2010	2015
In Billions of Dollars														
Revenues														
On-budget	1,345	1,484	1,605	1,713	1,820	1,919	2,029	2,110	2,226	2,351	2,482	2,621	9,086	20,876
Off-budget	535	573	605	638	672	706	740	774	809	845	882	919	3,361	7,591
Total	1,880	2,057	2,210	2,350	2,492	2,625	2,770	2,884	3,036	3,196	3,364	3,540	12,447	28,467
Outlays														
Discretionary spending	894	962	947	926	931	949	968	993	1,006	1,033	1,057	1,083	4,721	9,893
Mandatory spending	1,237	1,313	1,382	1,451	1,532	1,626	1,718	1,832	1,918	2,053	2,185	2,330	7,709	18,028
Net interest	160	177	213	252	278	297	312	327	342	354	369	383	1,352	3,127
Total	2,292	2,451	2,542	2,629	2,742	2,872	2,999	3,152	3,266	3,441	3,611	3,796	13,783	31,047
On-budget	1,913	2,053	2,122	2,197	2,294	2,407	2,515	2,649	2,738	2,886	3,026	3,177	11,535	26,011
Off-budget	380	399	419	432	448	465	484	503	527	555	585	618	2,248	5,037
Deficit (-) or Surplus	-412	-394	-332	-278	-250	-246	-229	-268	-230	-244	-247	-256	-1,336	-2,581
On-budget	-567	-569	-517	-484	-474	-487	-486	-539	-512	-535	-544	-557	-2,449	-5,135
Off-budget	155	175	186	206	224	241	257	271	282	290	297	301	1,113	2,554
Debt Held by the Public	4,296	4,681	5,021	5,310	5,573	5,831	6,070	6,346	6,582	6,831	7,081	7,338	n.a.	n.a.
Memorandum:														
Gross Domestic Product	11,553	12,233	12,888	13,586	14,307	15,029	15,757	16,494	17,245	18,023	18,826	19,652	71,566	161,806
As a Percentage of GDP														
Revenues														
On-budget	11.6	12.1	12.5	12.6	12.7	12.8	12.9	12.8	12.9	13.0	13.2	13.3	12.7	12.9
Off-budget	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Total	16.3	16.8	17.1	17.3	17.4	17.5	17.6	17.5	17.6	17.7	17.9	18.0	17.4	17.6
Outlays														
Discretionary spending	7.7	7.9	7.3	6.8	6.5	6.3	6.1	6.0	5.8	5.7	5.6	5.5	6.6	6.1
Mandatory spending	10.7	10.7	10.7	10.7	10.7	10.8	10.9	11.1	11.1	11.4	11.6	11.9	10.8	11.1
Net interest	1.4	1.4	1.7	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9
Total	19.8	20.0	19.7	19.3	19.2	19.1	19.0	19.1	18.9	19.1	19.2	19.3	19.3	19.2
On-budget	16.6	16.8	16.5	16.2	16.0	16.0	16.0	16.1	15.9	16.0	16.1	16.2	16.1	16.1
Off-budget	3.3	3.3	3.3	3.2	3.1	3.1	3.1	3.0	3.1	3.1	3.1	3.1	3.1	3.1
Deficit (-) or Surplus	-3.6	-3.2	-2.6	-2.0	-1.8	-1.6	-1.5	-1.6	-1.3	-1.4	-1.3	-1.3	-1.9	-1.6
On-budget	-4.9	-4.7	-4.0	-3.6	-3.3	-3.2	-3.1	-3.3	-3.0	-3.0	-2.9	-2.8	-3.4	-3.2
Off-budget	1.3	1.4	1.4	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.6	1.6
Debt Held by the Public	37.2	38.3	39.0	39.1	39.0	38.8	38.5	38.5	38.2	37.9	37.6	37.3	n.a.	n.a.

Source: Congressional Budget Office.

Note: n.a. = not applicable.

Table 3.

Discretionary Spending Under the President's Budget and in CBO's March Baseline

(Billions of dollars)

	Actual												Total, Total, 2006- 2006-	
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2010	2015
CBO's Estimate of Discretionary Spending Under the President's Budget^a														
Budget Authority														
Defense	486	497	439	463	481	501	511	524	538	551	566	580	2,395	5,154
Nondefense														
Homeland security ^b	27	31	29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	394	394	375	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subtotal, nondefense	421	425	404	403	406	410	409	418	428	438	448	458	2,032	4,222
Total	907	922	843	866	887	911	920	943	966	989	1,013	1,038	4,427	9,376
Outlays														
Defense	454	495	472	457	468	486	503	522	526	544	558	572	2,387	5,108
Nondefense														
Homeland security ^b	23	26	28	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	417	441	446	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subtotal, nondefense	440	467	474	468	463	463	465	471	480	490	500	510	2,334	4,785
Total	894	962	947	926	931	949	968	993	1,006	1,033	1,057	1,083	4,721	9,893
CBO's Baseline for Discretionary Spending														
Budget Authority														
Defense	486	422	432	442	453	464	475	487	499	511	524	537	2,266	4,826
Nondefense														
Homeland security ^b	27	31	29	29	30	33	31	32	33	34	34	35	152	320
Other	394	388	398	407	417	427	436	447	457	468	479	490	2,085	4,424
Subtotal, nondefense	421	418	427	437	447	459	468	479	490	501	513	525	2,237	4,744
Total	907	840	859	879	900	923	943	966	989	1,013	1,037	1,062	4,503	9,570
Outlays														
Defense	454	464	438	435	448	458	469	484	489	505	517	530	2,248	4,773
Nondefense														
Homeland security ^b	23	26	29	30	31	31	31	32	33	33	34	35	152	319
Other	417	440	448	455	463	471	480	490	500	512	524	535	2,316	4,878
Subtotal, nondefense	440	466	477	485	493	502	511	522	533	545	558	570	2,468	5,197
Total	894	930	915	921	941	960	980	1,006	1,022	1,050	1,075	1,100	4,716	9,970

Continued

Table 3.

Continued

(Billions of dollars)

	Difference (President's budget minus baseline)													
Budget Authority														
Defense	0	75	7	21	28	37	36	37	38	40	41	43	128	328
Nondefense														
Homeland security ^b	0	*	*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	0	7	-23	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subtotal, nondefense	0	7	-23	-33	-41	-50	-58	-60	-62	-64	-65	-67	-204	-522
Total	0	82	-16	-13	-13	-13	-22	-23	-23	-24	-24	-24	-76	-194
Outlays														
Defense	0	31	34	22	20	28	34	37	38	39	40	42	139	336
Nondefense														
Homeland security ^b	0	*	-1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	0	1	-2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subtotal, nondefense	0	1	-2	-17	-30	-39	-46	-51	-54	-56	-58	-60	-134	-412
Total	0	32	32	5	-10	-11	-12	-14	-16	-17	-17	-18	5	-77

Source: Congressional Budget Office.

Notes: Discretionary outlays derive from both budget authority and obligation limitations. Spending from the Highway Trust Fund and the Airport and Airway Trust Fund is subject to such limitations. Budget authority for those programs is provided in authorizing legislation and is not considered discretionary.

n.a. = not applicable; * = between -\$500 million and \$500 million.

- a. The President's budget specifies total discretionary spending only through 2010. Discretionary spending after 2010 under the President's budget is projected by CBO using its baseline rates of inflation.
- b. The amounts shown here reflect net spending for homeland security activities (about \$3 billion to \$4 billion in spending per year is offset by fees and other receipts). CBO's classification of homeland security funding is based on designations established by the Administration. Those designations are not limited to the activities of the Department of Homeland Security. In fact, some of the department's activities (such as disaster relief) are not included in the definition, whereas nondepartmental activities (such as some defense-related programs and some funding for the National Institutes of Health) fall within the Administration's homeland security definition. About half of all spending considered to be for homeland security is for activities outside the Department of Homeland Security.

Table 4.

Proposed Change in Discretionary Budget Authority, 2004 to 2006

(Billions of dollars)

	Administration's Request			Percentage Change	
	2004	2005 ^a	2006	2004-2005	2005-2006
Budget Authority					
Defense	486	497	439	2.3	-11.7
Nondefense					
Homeland security ^b	27	31	29	11.9	-4.9
Other nondefense	394	394	375	0.1	-4.9
Subtotal, nondefense	421	425	404	0.9	-4.9
Total	907	922	843	1.6	-8.6
Budget Authority Excluding Supplementals ^c					
Defense	394	421	439	6.8	4.4
Nondefense					
Homeland security ^b	27	31	29	12.3	-4.9
Other nondefense	368	377	375	2.4	-0.7
Subtotal, nondefense	396	408	404	3.1	-1.0
Total Excluding Supplementals	789	829	843	4.9	1.7

Source: Congressional Budget Office.

- a. Includes the Administration's request for supplemental appropriations to fund activities in Iraq and Afghanistan and for other purposes. CBO assumed that none of that funding was classified as homeland security.
- b. The amounts shown here reflect net spending for homeland security activities (about \$3 billion to \$4 billion in spending per year is offset by fees and other receipts). CBO's classification of homeland security funding is based on designations established by the Administration. Those designations are not limited to the activities of the Department of Homeland Security. In fact, some of the department's activities (such as disaster relief) are not included in the definition, whereas nondepartmental activities (such as some defense-related programs and some funding for the National Institutes of Health) fall within the Administration's homeland security definition. About half of all spending considered to be for homeland security is for activities outside the Department of Homeland Security.
- c. Supplemental appropriations in 2004, mostly for activities in Iraq and Afghanistan, totaled \$117 billion. Supplemental funding of \$11.5 billion has been provided thus far in 2005 for hurricane disaster assistance. The President has requested \$82 billion in additional supplemental funding--mostly for activities in Iraq and Afghanistan--but those appropriations have not yet been enacted.

Table 5.

CBO's Estimate of the Effect of the President's Budget on Baseline Deficits or Surpluses

(Billions of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total, 2006- 2010	Total, 2006- 2015
Total Deficit (-) or Surplus as Projected in CBO's March 2005 Baseline	-365	-298	-268	-246	-219	-201	-95	57	69	99	122	-1,232	-980
Effect of the President's Proposals													
Revenues													
Extension of expiring EGTRRA and JGTRRA provisions													
General tax rates, child tax credits, and brackets	0	0	0	0	0	0	-96	-154	-158	-161	-166	0	-736
Estate and gift taxes	0	-1	-2	-2	-2	-3	-28	-55	-59	-67	-72	-9	-290
Tax rates on dividends and capital gains	0	0	0	-2	-13	-8	-22	-23	-25	-27	-28	-23	-148
Expensing for small businesses	0	0	0	-3	-4	-3	-2	-2	-2	-1	-1	-10	-19
Education, retirement, and other provisions	0	0	0	0	0	0	-4	-7	-8	-9	-9	0	-36
Subtotal, proposed extensions	0	-1	-2	-7	-19	-13	-152	-241	-251	-265	-277	-42	-1,228
Research and experimentation credit	0	-2	-5	-6	-7	-8	-9	-9	-10	-10	-11	-29	-78
Deduction for high-deductible health insurance	0	*	-2	-2	-3	-3	-3	-4	-4	-5	-5	-10	-33
Refundable health insurance credit	0	*	-1	-1	-1	-1	-1	-2	-2	-2	-1	-5	-12
Expansion of tax-free savings	0	3	5	4	3	*	-2	-3	-3	-4	-5	15	-2
Tax credit for developers of affordable housing	0	*	*	*	-1	-1	-2	-3	-3	-3	-3	-3	-17
Other proposals	*	-2	-2	-4	-9	-10	-9	-7	-5	-4	-4	-26	-55
Total, Revenues	*	-3	-7	-16	-37	-37	-178	-268	-278	-293	-307	-100	-1,425
Outlays													
Discretionary													
Defense	31	34	22	20	28	34	37	38	39	40	42	139	336
Nondefense	1	-2	-17	-30	-39	-46	-51	-54	-56	-58	-60	-134	-412
Subtotal, discretionary	32	32	5	-10	-11	-12	-14	-16	-17	-17	-18	5	-77
Mandatory													
Earned income and child tax credits	*	*	*	*	*	*	*	16	16	16	15	-1	62
Refundable health insurance credit	0	*	6	6	6	7	7	6	6	6	6	26	57
PBGC	0	*	-5	-5	-5	-5	-6	-6	-5	-3	-2	-21	-42
Medicaid and SCHIP	*	-1	-1	-2	-2	-2	-3	-3	-4	-4	-5	-9	-27
Commodity Credit Corporation	0	*	-2	-2	-2	-2	-2	-2	-2	-2	-2	-7	-16
Education programs	-3	-2	-1	*	*	*	1	1	1	2	2	-3	4
Other proposals	*	*	-3	-4	-2	-2	-2	-2	-2	-2	-1	-11	-21
Subtotal, mandatory	-3	-3	-5	-7	-5	-5	-5	10	11	13	13	-26	16
Net interest	*	2	4	5	6	8	13	25	41	57	76	25	237
Total, Outlays	29	31	3	-12	-9	-9	-5	19	35	52	71	4	176
Total Impact on the Deficit (-) or Surplus	-30	-34	-10	-4	-28	-28	-173	-287	-313	-346	-378	-104	-1,601
Deficit Under the President's Proposals	-394	-332	-278	-250	-246	-229	-268	-230	-244	-247	-256	-1,336	-2,581

Sources: Congressional Budget Office; Joint Committee on Taxation.

Notes: * = between -\$500 million and \$500 million; EGTRRA = Economic Growth and Tax Relief Reconciliation Act of 2001; JGTRRA = Jobs and Growth Tax Relief Reconciliation Act of 2003; PBGC = Pension Benefit Guaranty Corporation; SCHIP = State Children's Health Insurance Program.

Table 6.

Changes in CBO's Baseline Projections of the Deficit or Surplus Since January 2005

(Billions of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total, 2006- 2010	Total, 2006- 2015
Total Deficit (-) or Surplus as Projected in January 2005	-368	-295	-261	-235	-207	-189	-80	71	85	115	141	-1,188	-855
Changes to Projections													
Legislative (Revenues)	*	*	0	0	0	0	0	0	0	0	0	*	*
Technical													
Revenues	*	*	*	*	*	*	*	*	*	*	*	1	3
Outlays													
Discretionary	-1	1	1	1	1	*	*	*	*	*	*	3	3
Mandatory													
Medicare	2	2	5	7	6	5	7	6	8	11	13	25	70
Medicaid	-2	-3	-3	-2	-2	-2	-2	-2	-3	-4	-4	-11	-26
Social Security	*	1	1	1	2	2	2	2	3	3	3	6	19
Veterans' compensation	*	*	1	1	1	1	2	2	2	2	3	4	14
Student loans	*	1	1	1	1	1	1	1	1	1	1	5	10
Other	<u>-1</u>	<u>4</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>*</u>	<u>-1</u>	<u>14</u>	<u>23</u>
Subtotal, mandatory	-1	5	7	11	10	11	13	12	14	13	14	43	110
Net interest	-1	-2	-1	*	1	1	2	2	3	3	5	*	15
Total, Technical	3	-3	-7	-11	-12	-12	-15	-14	-16	-16	-19	-44	-125
Total Impact on the Deficit or Surplus	3	-3	-7	-11	-12	-12	-15	-14	-16	-16	-19	-44	-125
Total Deficit (-) or Surplus as Projected in March 2005	-365	-298	-268	-246	-219	-201	-95	57	69	99	122	-1,232	-980

Source: Congressional Budget Office.

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