

# Issue Brief for Congress

Received through the CRS Web

## The Budget for Fiscal Year 2002

Updated June 14, 2002

Philip D. Winters  
Government and Finance Division

# **CONTENTS**

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

Budget Totals

    Budget Proposals and Estimates

    Uncertainty in Budget Projections

Budget Action

Outlays

Receipts

Surpluses Or Deficits

The Budget and the Economy

LEGISLATION

CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS

FOR ADDITIONAL READING

    CRS Products

## The Budget for Fiscal Year 2002

### SUMMARY

The President submitted a \$27 billion emergency supplemental appropriations request for fiscal year (FY) 2002 on March 21, 2002. The funds would be used for defense, homeland security, and other purposes. The House passed a larger (\$29 billion) bill (H.R. 4775) on May 24. The Senate adopted its version (S. 2551) on June 3 (\$31 billion). The President has threatened a veto.

The deterioration in the FY 2002 budget outlook became apparent in the early 2002 budget reports from the Administration (OMB) and the CBO. The very large surplus (with baseline estimates of \$300 billion) expected early in 2001 for FY2002 disappeared and has been replaced by a deficit. A combination of changes in policies, expected economic conditions, and technical assumptions all contributed to the reduction and disappearance of the surplus over the last year.

In December 2001, Congress completed action on the last of the 13 regular appropriation bills for FY2002. While considering the regular appropriations during the fall, Congress adopted eight continuing resolutions (CR) on appropriations to provide interim funding. Policy disagreements, the terrorist attacks in September, and the anthrax disruptions all slowed the progress of the appropriations.

The budget outlook for the year was deteriorating prior to the events of the fall. A worsening economic outlook (a recession had started in March 2001) and the effects of the June tax cut (P.L. 107-16) had dropped the baseline surplus estimate (CBO) to \$175 billion in August from over \$300 billion in May. In late November 2001, the Administration indicated that it expected the budget would fall into a deficit for the year.

Earlier in 2001, Congress had adopted the FY2002 budget resolution (H.Con.Res. 83) on May 10. It modified both the House and Senate versions of the resolution adopted earlier. The resolution resembled President Bush's original proposals that had been presented in *A Blueprint for New Beginnings* (February 28, 2001). Those proposals included a 10-year \$1.6 trillion tax cut, increased spending for education, a review of defense needs, and an "Immediate Helping Hand" to provide prescription drug benefits to low income seniors. (The Administration released its complete and detailed budget on April 9, 2001.) A modified version of the tax cut (totaling \$1.35 trillion over ten years) was enacted in early June.

Over the summer of 2001, work continued on preparing for the fall debate on the appropriations for the year. In late August 2001, the Administration's *Mid-Session Review* (MSR) and the Congressional Budget Office's (CBO) *Update* contained sharply lower surplus estimates for FY2002. These surplus estimates for FY2002 ranged from \$173 billion to \$176 billion (down from April and May 2001 estimates of \$231 billion to \$257 billion incorporating the estimated effects of the President's policy proposals including the tax cut).

Immediately after the terrorist attacks, Congress passed emergency supplemental appropriations (P.L. 107-38; September 18, 2001) providing \$20 billion immediately and directing that another \$20 billion be provided in regular appropriations. Legislation also provided \$15 billion (\$10 billion in loan guarantees) for airline stabilization (P.L. 107-42; September 22, 2001).

## **MOST RECENT DEVELOPMENTS**

*In response to the Administration's March 21, 2002, request for \$27 billion in emergency supplemental appropriations for fiscal year (FY) 2002, mostly for defense and homeland security, the House passed a \$29 billion appropriations (H.R. 4775) on May 24. The Senate adopted its version of the supplemental appropriation (S. 2551), worth an estimated \$31 billion, on June 3, substituting the text of S. 2551 for the text of H.R. 4775. The President has threatened a veto if the amounts in the House and Senate bills are not reduced.*

*Earlier in the year, the House (on March 7, 2002) and the Senate (on March 8, 2002) agreed to H.R. 3090, the Job Creation and Worker Assistance Act of 2002. The legislation, designed for economic stimulus, would increase the deficit, from baseline levels, by \$51 billion in FY2002. The President signed the bill on March 9, 2002 (P.L. 107-147)*

## **BACKGROUND AND ANALYSIS**

Presidents generally submit their budget proposals for the upcoming fiscal year early in each calendar year. For FY2002, the new Bush Administration presented its summary budget document (*A Blueprint for New Beginnings*) on February 28, 2001. The single volume contained a general description the Administration's policy proposals and expectations for the budget for FY2002 and for the years through FY2011. On April 9, 2001, the Administration released its full set of budget documents containing extensive and detailed budget related information, including estimates of the budget without the proposed policy changes (current service baseline estimates), historical budget data, detailed outlay and receipt data, selected analysis of specific budget related topics, and the Administration's economic forecast. These detailed budget documents are an annual basic reference source for federal budget information in addition to their use as a transmitter of the Administration's policy proposals.

The Administration's annual budget submission is followed by congressional action on the budget. This includes the annual budget resolution, appropriations, and, possibly, a reconciliation bill or bills. During the months of deliberation on budget related legislation, the Administration often modifies its proposals, not only because of interactions with Congress, but because of changing circumstances in the economy and the world.

## **Budget Totals**

**Table 1** contains budget estimates and proposals for FY2002 from the Congressional Budget Office (CBO), the Administration (the Office of Management and Budget – OMB), and the congressional budget resolution. Differences in totals occur because of differing underlying economic, technical, and budget-estimating assumptions and techniques as well as differences in policy assumptions. Most *policy* differences between the Administration and congressional proposals or assumptions for an upcoming fiscal year are often relatively

small compared to the budget as a whole. These small one-year changes may have large implications over extended time periods. Budget totals should be expected to change over time from those originally proposed, either by the President or by Congress.

**Table 1. Budget Proposals and Estimates for FY2002**  
(in billions of dollars)

	Receipts	Outlays	Deficit(-)/ Surplus
<i>Actual for FY1997</i>	\$1,579.3	\$1,601.3	-\$22
<i>Actual for FY1998</i>	1,721.8	1,652.6	69
<i>Actual for FY1999</i>	1,827.5	1,703.0	124
<i>Actual for FY2000</i>	2,025.2	1,789.0	236
<i>Actual for FY2001</i>	1,991	1,864	127
CBO Baseline for <b>FY2002</b> 1/31/01	2,236	1,923	313
President's Budget Blueprint for <b>FY2002</b> 2/28/01	2,190	1,959	231
House budget resolution for <b>FY2002</b> 3/28/01	2,168	1,941	227
Senate budget resolution for <b>FY2002</b> 4/6/01	2,177	1,979	198
President's Budget for <b>FY2002</b> 4/9/01	2,192	1,961	231
OMB Baseline for <b>FY2002</b> 2/28/01 & 4/9/01	2,221	1,938	283
Conference budget resolution for <b>FY2002</b> 5/10/01	2,171	1,952	219
CBO revised baseline for <b>FY2002</b> 5/18/01	2,226	1,922	304
CBO reestimate of President's budget for <b>FY2002</b> 5/18/01	2,201	1,944	257
President's MSR for <b>FY2002</b> 8/22/01	2,135	1,962	173
President's MSR baseline for <b>FY2002</b> 8/22/01	2,135	1,949	187
CBO Update baseline for <b>FY2002</b> 8/28/01	2,134	1,958	176
<b>FY2002 Estimates in FY2003 Budget Documents</b>			
CBO B&E Outlook, baseline <b>FY2002</b> 1/31/02	1,983	2,003	-21
President's Budget, baseline <b>FY2002</b> 2/4/02	2,011	2,020	-9
President's Budget, <b>FY2002</b> 2/4/02	1,946	2,052	-106
CBO reestimate of President's budget, <b>FY2002</b> , 3/6/02	1,942	2,033	-90
CBO revised baseline <b>FY2002</b> , 3/6/02	2,006	2,001	5
House budget resolution for FY2003 3/20/02	1,968	2,033	-66

a. The Senate and conference budget resolution included an \$85 billion tax rebate that was reflected in the Allowances function on the outlay side of the budget.

MSR – Mid-Session Review.

B&E Outlook – *The Budget and Economic Outlook: FY2003-2012*, January 31, 2002.

The terrorist attacks on the United States on September 11, 2001, the recession, changes from the originally proposed policies, and technical changes in budget estimating relationships methods, all contributed to the large change in the short- and long-term budget outlooks between early 2001 and early 2002. Further changes to the FY2002 budget may still occur in the last four months of the fiscal year.

## Budget Proposals and Estimates

CBO's original FY2002 budget report, the *Budget and Economic Outlook* (January 2001), contained baselines estimates and projections for FY2001 through FY2011.<sup>1</sup> CBO's report estimated a FY2002 surplus of \$313 billion, receipts of \$2,236 billion, and outlays of \$1,923 billion. The 10-year (FY2002-FY2011) cumulative total surplus in the CBO report was \$5.6 trillion; the 10-year cumulative *on-budget surplus* (the portion of the total surplus excluding Social Security and the Postal Service) was \$3.1 trillion.

President Bush's FY2002 budget (both the *Blueprint* from February 2001 and the complete budget from April 2001) used the then expected positive economic and budget outlook over the 10-year budget window to support his proposals to cut taxes and increase selected spending. The proposals, as measured against the 10-year baseline, included a \$1.6 trillion tax cut, increases in defense, education, and Medicare spending (totaling \$172 billion, which included both increases and decreases in other federal activities). The budget implied that there would be possible additional increases in defense spending after a review of defense needs and, because the policy proposals resulted in smaller surpluses and higher levels of debt, higher interest payments (of \$420 billion) over the 10 years. The policy changes, according to the Administration, would leave a cumulative \$841 billion in the *on-budget surplus* over the 10-year budget horizon. The proposals would, assuming all underlying assumptions proved correct, eliminate \$2 trillion of the existing \$3.4 trillion publicly held debt by FY2011.

For FY2002, the Bush Administration originally proposed a surplus of \$231 billion, \$52 billion below its baseline surplus and smaller than its \$281 billion estimated surplus for FY2001. The reduction in the surplus from the baseline surplus resulted from approximately equally sized increases in outlays and reductions in receipts from baseline levels. The resulting original on-budget surplus was \$59 billion in FY2002, \$52 billion below the baseline estimate and smaller than the then estimated \$125 billion FY2001 surplus. In the original Administration budget documents, the surplus reduction for FY2002 and all 10 years would have come from only the then estimated on-budget surplus – reserving the off-budget surplus for reducing the federal debt held by the public.

The President's FY2002 budget proposed, from baseline levels, increases in discretionary spending of \$8 billion (1.2%), in mandatory spending of \$13 billion (1.2%), and in net interest of \$2 billion (1.1%). The proposed tax cut would reduce FY2002 receipts by \$31 billion (1.4%) below baseline levels. The overall proposed policy changes particularly in outlays, obscured particular increases and decreases proposed by the Administration.

In the spring of 2001, Congress adopted the congressional budget resolution for FY2002 (H.Con.Res. 83; May 10, 2001), which contained somewhat smaller receipts, outlays, and a surplus than in the President's original proposals for FY2002. The differences between the

---

<sup>1</sup> Baseline estimates provide a foundation from which to measure proposed policy changes. They extrapolate current policies into the future based on expectations of the future economy and other factors that affect the budget. They are not meant to predict future budget outcomes.

Administration's proposed amounts and those in the budget resolution were small compared to the amounts involved (although there were differences in policy choices).

CBO's reestimates of the President's proposals (May 2001) differed relatively little from the Administration's numbers for FY2002. CBO's estimates of the Administration's proposed policy produced larger receipts (by \$9 billion), smaller outlays (by \$17 billion), and a larger surplus (by \$26 billion) than the Administration. Over the 10-year budget window, CBO showed smaller cumulative receipts, by approximately \$200 billion, larger cumulative outlays, by \$57 billion, and a smaller cumulative surplus, by approximately \$250 billion. These differences between the CBO reestimates and the Administration's proposals were fairly small compared to the \$26 trillion in cumulative receipts and \$22 trillion in cumulative outlays projected over the 10 years. (The report also contained slightly revised CBO baseline estimates and projections.)

The release of the Administration's Mid-Session Review (MSR; August 22, 2001) substantially changed the short-term budget outlook and, at that time, was seen as increasing the difficulty of completing the new year's budget legislation, in particular, the appropriations. The continuing economic sluggishness combined with technical adjustments to the estimates and other, less significant factors reduced the Administration's estimated surplus for FY2002 to \$173 billion (from \$231 billion in April). The MSR also showed the non-Social Security surplus for FY2002 almost disappearing, falling from the \$56 billion estimated in April to the \$1 billion estimated in August 2001. For the full 10-year period covered by the budget window, the MSR showed a cumulative total surplus of \$3.1 trillion incorporating the Administration's remaining unadopted proposals (and \$3.8 trillion without the proposals).

CBO's mid-year report, the *Economic and Budget Outlook: An Update (Update; August 28, 2001)*, mirrored the Administration's MSR. The baseline numbers in the CBO report incorporated the effects of the continuing very slowly growing economy, the policy changes adopted since May, particularly the tax cut, and technical changes. The results were much smaller surpluses for FY2002 (\$176 billion). The revised CBO baseline numbers showed that the cumulative surplus (for FY2002 through FY2011) would be almost \$3.4 trillion, slightly smaller than the Administration's baseline estimate for the same period.

CBO released revised FY2002 budget estimates as part of the FY2003 budget report (January 31, 2002). Reflecting the sharp changes in the budget outlook over the last year, CBO's revised estimates expect a *deficit* of \$21 billion in FY2002. The policy changes proposed for FY2002 as part of the Administration's FY2003 budget (February 4, 2002) would increase the size of the expected deficit to \$106 billion (from the Administration's \$9 billion deficit baseline estimate). Most of the Administration's proposed changes for FY2002 in the FY2003 budget were tied to the Administration's proposed "Bipartisan Economic Security Plan," which would increase both spending and cut taxes and was presented as an economic stimulus package.<sup>2</sup>

---

<sup>2</sup> The Bipartisan Economic Security Plan, if adopted as proposed, would have increased outlays by \$27 billion and reduced revenues by \$64 billion in FY2002.

A subsequent budget report from CBO (*An Analysis of the President's Budgetary Proposals for Fiscal Year 2003*, March 2002) revised its baseline, showing a slightly improved budget outlook, and provided reestimates of the President's proposals based on CBO's economic and technical assumptions. The revised CBO baseline had a \$5 billion surplus for FY2002. The reestimates of the Administration's policy had a \$90 billion deficit for the year, smaller than the amount in the President's budget.

## Uncertainty in Budget Projections

All budget estimates and projections are inherently uncertain. Their dependence on assumptions that are themselves subject to substantial variation makes budget estimates and projections susceptible to fairly rapid and dramatic changes. The changes in the budget estimates for FY2002 between January 2001 and early in 2002 illustrate this volatility. The estimates stretching over 5 to 10 years into the future are subject to even greater volatility. The September 2001 attacks on the United States, the legislation adopted in response, and the weakened economy all show how changes in the budget's environment can substantially alter the budget path from the one originally expected or proposed.

CBO devotes a chapter to budget uncertainty in its annual budget report.<sup>3</sup> To illustrate the uncertainty of budget estimates, it provides two alternative budget path scenarios to its baseline estimate. These alternative optimistic and pessimistic scenarios reflect changes to the conditions (mostly economic variables but including some technical assumptions) underlying the budget estimates. The result of the CBO exercise, especially over the 10-year budget window, shows a very large difference of almost \$1 trillion in FY2011 in the expected budget balance between the optimistic and pessimistic scenarios

Budget projections are very dependent on the underlying assumptions about the direction of the economy and future government policy and how these interact. Any deviation from the expected underlying assumptions, such as faster or slower economic growth, higher or lower inflation, or changes in assumed spending and tax policy can have substantial effects on the budget projections and eventual budget outcomes.

## Budget Action

During the first five months of 2001, the House adopted a series of bills (H.R. 3, March 8; H.R. 6, March 29; H.R. 8, April 4; and H.R. 10, May 2) that would have, if enacted into law, implemented various parts of President Bush's proposed \$1.6 trillion 10-year tax-cut proposal. While the House was passing the tax bills, the House and Senate were also considering the congressional budget resolution for FY2002, which eventually contained tax cut instructions of its own. On March 21, 2001, the House Budget Committee adopted, along party lines, a budget resolution (H.Con.Res. 83; H.Rept. 107-26), that closely followed the Administration's proposals for FY2002 through FY2011.<sup>4</sup> On March 28, 2001, the

---

<sup>3</sup> See chapter 5 in the Budget and Economic Outlook: Fiscal Years 2003-2012, January 2002.

<sup>4</sup> The budget numbers in the resolution differ somewhat from those in the Administration's proposals mostly because of differences in the underlying baselines and assumptions used by the Committee and the Administration rather than any fundamental differences in policy proposals. The House



House adopted the House Budget Committee budget resolution (222-205) mostly along party lines. The House rejected four alternative budget resolutions, three from the Democrats and one from conservative Republicans, before passing the House Budget Committee version. The resolution authorized a series of tax bills to implement the Administration's tax-cut plan.

The Senate began debating the FY2002 budget resolution on April 2. The Senate Budget Committee did not develop its own budget resolution for the upcoming fiscal year (expected problems in getting the evenly divided committee to agree on a resolution discouraged the attempt). Instead, the Senate used the House-passed budget resolution as the starting point for the debate. The Senate modified the House passed resolution by among other changes, reducing the size of the proposed \$1.6 trillion tax cut to approximately \$1.2 trillion over 10 years and speeded up discretionary spending growth in FY2002. The Senate passed (65-35) the modified resolution, on April 6.

A conference to resolve the differences between the House and Senate version of the resolution began on April 24, 2001. The conference reached agreement on May 2, 2001. The agreement included an 11-year tax cut of \$1.35 trillion (below the House budget resolution and the amount the President proposed, but above the amount in the Senate budget resolution). This included an immediate advance tax rebate of approximately \$100 billion over FY2001 and FY2002.

The House began its deliberations on the conference report on May 3, but halted them when a technical problem with the resolution – two pages were missing – cropped up in its printed version. The agreement was resubmitted to the conference. After further deliberations over the weekend of May 5 and 6 and Monday May 7 the further modified conference agreement on the budget resolution (H.Rept. 107-60) went back to the House. The House passed it on May 9. The Senate followed on May 10. The individual tax cut bills previously passed by the House were overtaken by the adoption of the conference report on the congressional budget resolution and its included reconciliation instructions for a \$1.35.

Almost immediately after the adoption of the budget resolution, legislation to implement the tax cut instructions in the budget resolution cleared the House (H.R. 1836; May 16). The Senate Finance Committee reported its version of the tax legislation (S.896) on May 16. The Senate in considering the legislation (beginning on May 21), substituted the text of S. 896 for the text of the House bill and adopted the amended bill on May 23. A conference to resolve the differences began shortly thereafter and reached agreement on May 26. The conference report (H.Rept. 107-84) was agreed to by both chambers on May 26 and cleared for the President. The President signed the legislation into law on June 7, 2001 (P.L. 107-16).

Additional legislation beyond the adopted tax-cut reconciliation bill was necessary to fulfill the budget outline contained in the budget resolution. Congress began implementing the spending parts of the budget resolution by beginning consideration of the 13 regular appropriations bills in early June. Appropriations are needed each year to fund the

---

Budget Committee used the January 2001 CBO budget report, and its baseline, to generate its budget resolution numbers; the President's proposals were derived from OMB's baseline estimates and projections. CBO and OMB differ, although only slightly, in their respective underlying assumptions used in creating their respective budget baselines.

discretionary activities of the government and other activities not covered by some type of permanent funding (appropriations fund approximately one-third of total federal spending).

As the summer wore on, disputes over how to divide up the amount provided in the budget resolution for discretionary spending among the 13 regular appropriations bills delayed their adoption. The terrorist attacks in September set back the already delayed consideration and adoption of the appropriations bills for FY2002.

In response to the attacks, President Bush requested a \$20 billion (relatively) unfettered emergency supplemental appropriations to be used to respond to the terrorist attacks. Congress doubled the amount to \$40 billion, added some oversight restrictions, and passed the legislation (H.R. 2888) on September 14, 2001; it was signed into law on September 18 (P.L. 107-38). The second \$20 billion was allocated in the regular appropriations bills.

The disrupted consideration of appropriations legislation resulted in none of the regular appropriations having been enacted into law when the new fiscal year began on October 1, 2002. To avoid a funding crisis, Congress passed (H.J.Res. 65; September 28) and the President signed (P.L. 107-44; September 28) a continuing resolution on appropriations (CR) that provided funds for appropriations-dependent federal activities through October 16, 2001. Congress continued considering the regular appropriations bills through October, November, and into December. The anthrax threat on Capitol Hill and continuing disagreements over policy further delayed adoption of the regular appropriations bills. Seven more CRs were adopted (P.L. 107-48, October 12; P.L. 107-53, October 22; P.L. 107-58, October 31; P.L. 107-70, November 17; P.L. 107-79, December 7; and H.Con.Res. 79, December 20) continuing funding through January 10, 2002 (the last to give the President time to consider the final appropriations bills adopted by Congress). Congress adopted the remaining regular appropriation bills on December 20 and then recessed. Congress considered but did not agree on economic stimulus legislation before adjourning.

Congress responded to the Administration's economic stimulus proposal (in the FY2003 budget – the bipartisan economic security plan) by passing, on March 8, 2002, the Job Creation and Worker Assistance Act of 2002 (H.R. 3090). The legislation would increase the deficit in FY2002 by an estimated \$51 billion, mostly through tax cuts. The President signed the bill on March 9 (P.L. 107-147).

The House adopted its version of the FY2003 budget resolution containing modifications to the budget for FY2002 on March 20, 2002. The modifications reflected the changes to the budget over the last nine months and the possibility of further changes for the fiscal year. The Senate Budget Committee adopted its version of the budget resolution (S.Con.Res. 100) on March 22. The full Senate has not considered the committee's reported budget resolution as of the end of May 2002.

The House passed supplemental appropriations for FY2002 (H.R. 4775) of \$29 billion on May 24. The Senate adopted its slightly larger (\$31 billion) supplemental appropriations bill (S. 2551) on June 3. It substituted the text of S. 2551 for the text of H.R. 4775. Much of the funding provided by the supplemental is for defense and homeland security.

## Outlays

The Administration originally proposed total outlays of \$1.96 trillion for FY2002, an increase of \$105 billion over the then estimated FY2001 level. Proposed policy changes accounted for approximately \$23 billion of the increase. Over the 10-year budget horizon (FY2002-FY2011), total outlays were originally projected to increase by \$745 billion with approximately \$592 billion of the increase resulting from the President's policy proposals (with \$420 billion of the policy increase due to higher interest payments mostly the result of the proposed tax cut). Although total outlays would have grown by 5.7% from FY2001 to FY2002, their average annual rate of increase over the 10-year period (through FY2011) was 3.8%. (The 4% increase proposed by the Administration referred to the increase in budget authority for discretionary spending; the expectations of falling interest payments held down the rate of growth in outlays.)

**Table 2. Outlays for FY2000-2006 and FY2011**  
(in billions of dollars)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2011
OMB Clinton Baseline 1/16/01	\$1,789 <sup>a</sup>	\$1,868	\$1,933	\$1,994	\$2,058	\$2,145	\$2,204	\$2,623
CBO Baseline 1/31/01		1,853	1,923	1,984	2,056	2,137	2,184	2,558
President's Budget Blueprint 2/28/01		1,856	1,959	2,012	2,071	2,164	2,221	2,709
House budget resolution 3/28/01		1,857	1,941	2,007	2,086	2,176	2,237	2,718
Senate budget resolution 4/6/01 <sup>b</sup>		1,949	1,979	2,046	2,123	2,209	2,271	2,776
President's Budget 4/9/01		1,856	1,961	2,016	2,077	2,169	2,224	2,706
OMB Baseline 4/9/01		1,853	1,938	1,991	2,051	2,130	2,182	2,580
Conference budget resolution 5/10/01 <sup>b</sup>		1,948	1,952	2,021	2,103	2,196	2,256	2,742
CBO revised baseline 5/18/01		1,839	1,922	1,985	2,054	2,133	2,181	2,564
CBO reest. of Pres.'s budget 5/18/01		1,843	1,944	2,013	2,084	2,177	2,234	2,725
President's MSR for FY2002 8/22/01		1,855	1,962	2,025	2,111	2,208	2,272	2,761
Pres. MSR baseline for FY2002 8/22/01		1,855	1,949	2,011	2,084	2,172	2,231	2,697
CBO Update for FY2002 8/28/01		1,858	1,958	2,024	2,106	2,194	2,254	2,713
<i>Actual for FY2001 10/29/01</i>		1,863	—	—	—	—	—	—
<b>FY2002 Estimates in FY2003 Budget Documents</b>								
CBO Outlook for FY2002 1/31/02		—	2,003	2,085	2,152	2,238	2,319	2,838
OMB FY2003 baseline FY2002 est. 2/4/02		—	2,020	2,070	2,126	2,197	2,266	NA
OMB FY2003 prop., FY2002 est. 2/4/02		—	2,052	2,128	2,189	2,277	2,369	NA
CBO reestimate of President's budget, FY2002, 3/6/02		—	2,033	2,134	2,201	2,291	2,394	2,993
CBO revised baseline FY2002, 3/6/02		—	2,001	2,080	2,148	2,231	2,312	2,825
House budget res. for FY2003 3/20/02		—	2,033	2,122	2,192	2,289	2,383	NA

a. Actual outlays for FY2000.

b. The Senate and conference budget resolutions call for an \$85 billion tax rebate in FY2001, which is accounted for in the Allowances function (920) on the outlay side of the budget.

MSR – Mid-Session Review.

NA – Not available.

The revised numbers in the August 2001 MSR increased projected outlays in most years, but not by very large amounts. Outlays in FY2002 were expected to be only \$2 billion larger than in the April budget. Over the 10 years, outlays, cumulatively, would have been 1.7% larger in the MSR projections than the April proposal. (Most of the changes in the budget numbers between April and August occurred in receipts). CBO's *Update* (August 2001) baselines were similar to the Administration's baseline (current services) estimates in the MSR, with cumulative outlays differing by less than 1%, although individual years differ by greater amounts. Outlays in FY2002 were expected to reach \$1,962 billion in the MSR, and \$1,958 billion in CBO's *Update* (see **Table 2**). The emergency supplemental (P.L. 107-38, September 2001) would add close to an estimated \$40 billion in outlays to the FY2002 total. The increased overall level of appropriations agreed to by Congress and the President in early October 2001 would also increase FY2002 outlays. The possibility of higher outlays from an economic stimulus package never materialized before the first session ended.

The conference report on the congressional budget resolution for FY2002 showed federal outlays increasing by a little over \$3 billion between FY2001 and FY2002. But this small increase was somewhat misleading. Outlays for FY2001 were increased in the resolution by the \$85 billion needed to accommodate the advance tax rebate checks as part of the later-adopted tax cut. Without that one-time \$85 billion increase in FY2001 outlays, the conference report's outlay growth was similar to that in the President's proposals.

The emergency supplemental appropriations in the fall of 2001 raised total outlays above the levels in the budget resolution or the revised estimates in the August budget reports from the Administration and CBO. The \$15 billion airline stabilization legislation (P.L. 107-42) will add up to \$5 billion in outlays to the FY2002 total (some of the money from this legislation was spent in the last days of FY2001). The loan guarantee portion of the law (\$10 billion), if used, will direct financial market resources to the airlines but will only generate outlays for the government if a borrower defaults. Both CBO and Administration estimates from early 2002, reflecting changed circumstances, pushed total outlays for FY2002 slightly above \$2 trillion.

## Receipts

Congress adopted (May 26, 2001) an 11-year, \$1.35 trillion tax cut bill (H.R. 1836) that the President signed on June 7 (P.L. 107-16). The legislation flowed from the reconciliation instructions contained in the congressional budget resolution for FY2002 (H.Con.Res. 83; H.Rept. 107-60) that Congress adopted on May 10.<sup>5</sup> The size of the tax cut (as estimated at that time) fell below the \$1.6 trillion 10-year tax cut in President Bush's budget proposal. The tax cut was estimated to reduce FY2001 revenues by \$74 billion, FY2002 taxes by \$38 billion, and then to phase in other reduction over 10 years.

---

<sup>5</sup> To avoid exceeding the \$1.35 trillion limit on tax cuts allowed by the budget resolution, the tax reductions are rescinded on or before December 31, 2010.

Even with the tax cuts, the August 2001 MSR showed that FY2002 receipts would be \$122 billion (6.1%) larger than in FY2001.<sup>6</sup> CBO's mid-year report showed similar increases between FY2001 and FY2002. The August 2001 MSR showed that the policy and economic assumption changes between the April and August budget reports reduced receipts in the next few years (from what had been expected) but increased them in FY2005 and beyond. The net result was a \$74 billion increase in 10-year cumulative receipts in the August estimates compared to the April estimates. The January 2002 estimates from CBO show a year-to-year fall in receipts of \$8 billion between FY2001 and FY2002. OMB's updated numbers from February 2002 show receipts falling by \$45 billion between FY2001 and FY2002. The expected weaker economy (than previously expected) produced most of the change in receipt outlook. The Job Creation and Worker Assistance Act of 2002 that passed Congress on March 8, 2002, is likely to further reduce receipts in FY2002.

Neither the tax cut nor the economic conditions kept receipts from growing in current dollars over the 10-year budget period in either the Administration's MSR or in the CBO *Update*. The MSR showed them rising from \$2,135 billion in FY2002 to \$3,245 billion in FY2011. CBO's August 2001 report showed (baseline) receipts rising from \$2,134 billion in FY2002 to \$3,341 billion in FY2011.

The January 2002 CBO estimates still showed receipts rising over the same 10-year period, but more slowly, rising from \$1,983 billion (FY2002) to \$3,277 billion (FY2011). The Administration's FY2003 budget proposal included additional tax cuts for FY2002 as well as subsequent years. These would produce FY2002 receipts of \$1,946 billion, \$45 billion below the FY2001 level and \$79 billion the FY2000 amount.

**Table 3. Receipts for FY2000-2006 and FY2011**  
(in billions of dollars)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2011
OMB Clinton Baseline 1/16/01	\$2,025 <sup>a</sup>	\$2,125	\$2,210	\$2,301	\$2,401	\$2,525	\$2,649	\$3,434
CBO Baseline 1/31/01		2,135	2,236	2,343	2,453	2,570	2,689	3,447
President's Budget Blueprint 2/28/01		2,137	2,190	2,258	2,339	2,436	2,528	3,233
House budget resolution 3/28/01		2,129	2,168	2,260	2,344	2,437	2,521	3,206
Senate budget resolution 4/6/01		2,134	2,177	2,284	2,380	2,474	2,565	3,279
President's Budget 4/9/01		2,137	2,192	2,258	2,339	2,438	2,529	3,233
OMB Baseline 4/9/01		2,137	2,221	2,324	2,438	2,569	2,698	3,483
Conference on budget resolution 5/10/01		2,135	2,171	2,267	2,369	2,473	2,551	3,256
CBO revised baseline 5/18/01		2,115	2,226	2,338	2,453	2,570	2,689	3,447
CBO reest. of Pres.'s budget 5/18/01		2,115	2,201	2,275	2,359	2,440	2,517	3,165
President's MSR for FY2002 8/22/01		2,013	2,135	2,220	2,328	2,463	2,553	3,245
Pres. MSR baseline for FY2002 8/22/01		2,013	2,135	2,222	2,334	2,476	2,573	3,383
CBO Update for FY2002 8/28/01		2,011	2,134	2,196	2,307	2,438	2,543	3,341
<i>Actual for FY2001 10/29/01</i>		1,990	—	—	—	—	—	—

<sup>6</sup> The large uncertainties currently surrounding the budget outlook at that time, made the August 2001 estimates a poor guides to the budget's future look.

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2011
<b>FY2002 Estimates in FY2003 Budget Documents</b>								
CBO Outlook for FY2002 1/31/02	—	1,983	2,070	2,206	2,342	2,447	3,277	
OMB FY03 baseline FY2002 est. 2/4/02	—	2,011	2,121	2,234	2,366	2,461	NA	
OMB FY03 prop., FY2002 est. 2/4/02	—	1,946	2,048	2,175	2,338	2,455	NA	
CBO reestimate of President's budget, <b>FY2002</b> , 3/6/02	—	1,942	2,013	2,150	2,314	2,442	3,143	
CBO revised baseline <b>FY2002</b> , 3/6/02	—	2,006	2,086	2,209	2,342	2,448	3,279	
House budget res. for FY2003 3/20/02	—	1,968	2,077	2,200	2,356	2,471	NA	

a. Actual receipts for FY2000.  
MSR – Mid-Session Review.  
NA – Not available

The February 2001 Administration's original budget proposals (in the *Blueprint* and the *April Budget*) included a proposed \$1.6 trillion tax cut over 10 years. Like the legislation that cleared Congress, the President's proposals would lower marginal rates, address the marriage penalty issue, and have an effect on many of the same topics included in the legislation (see CRS Report RS20819, *President Bush's Tax Proposal: A Brief Overview*, for more information). The effort to make permanent the tax cuts adopted in 2001 will have little effect in FY2002.

## Surpluses Or Deficits

Surpluses or deficits are the residuals left after Congress and the President determine the level of spending and receipts. Reducing the deficit and eventually reaching a balanced budget or generating and keeping a surplus (the government had its first surplus in 30 years in FY1998) has been a major focus of the budget debate for over a decade. The original baseline projections from both OMB and CBO (in early 2001 for FY2002) showed substantial and growing surpluses, both on- and off-budget, through FY2011. The question became, what to do with the surpluses? Surpluses can be used to cut taxes, to raise spending, or, if not used for tax cuts or spending increases, to reduce federal debt held by the public. The President's original FY2002 proposals and the congressional budget resolution for FY2002 would have combined the three: cut taxes, raised spending for selected activities (while cutting others), and reduced federal debt held by the public by attempting to reserve an amount equal to Social Security surplus and, originally, some of the non-Social Security (or on-budget) surplus for reducing debt held by the public.

The events and policy changes of 2001 drastically altered the surplus outlook that had been forecast early in 2001. Instead of large and growing surpluses, the early 2002 budget estimates from the Administration and CBO (contained in their FY2003 budget proposals or reports) now expect *deficits* (or very small surpluses) over the next few years after which small but growing surpluses return. The previously expected (early in 2001) FY2002 surplus

of \$231 billion to \$312 billion now range from a small (baseline) surplus of \$5 billion (CBO; March 2002) to a deficit of \$106 billion (OMB, proposed).<sup>7</sup>

**Table 4. Surpluses/Deficits(-) for FY2000-FY2006 and FY2011**  
(in billions of dollars)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2011
OMB Clinton Baseline 1/16/01	\$236 <sup>a</sup>	\$256	\$277	\$307	\$343	\$380	\$446	\$810
CBO Baseline 1/31/01		281	313	359	397	433	505	889
President's Budget Blueprint 2/28/01		281	231	246	268	273	307	524
House budget resolution 3/28/01		272	227	253	259	261	285	488
Senate budget resolution 4/6/01		186	198	238	257	265	294	503
President's Budget 4/9/01		281	231	242	262	269	305	526
OMB Baseline 4/9/01		284	283	334	387	439	515	903
Conference on budget resolution 5/10/01		186	219	247	266	277	295	514
CBO revised baseline 5/18/01		275	304	353	400	437	508	883
CBO reest. of Pres.'s budget 5/18/01		272	257	262	274	262	283	440
President's MSR for FY2002 8/22/01		158	173	195	217	254	281	484
Pres. MSR baseline for FY2002 8/22/01		158	187	211	250	304	342	686
CBO Update for FY2002 8/28/01		153	176	172	201	244	289	628
<i>Actual for FY2001 10/29/01</i>		127	—	—	—	—	—	—
<b>FY2002 Estimates in FY2003 Budget Documents</b>								
CBO Outlook for FY2002 1/23/02		—	-21	-14	54	103	128	439
OMB FY2003 baseline FY2002 est. 2/4/02		—	-9	51	109	169	196	NA
OMB FY2003 prop., FY2002 est. 2/4/02		—	-106	-80	-14	61	86	NA
CBO reestimate of President's budget, <b>FY2002</b> , 3/6/02		—	-90	-121	-51	24	48	150
CBO revised baseline <b>FY2002</b> , 3/6/02		—	5	6	61	111	135	454
House budget res. for FY2003 3/20/02		—	-66	-46	8	67	89	NA

a. Actual surplus for FY2000.

Last August (2001), OMB and CBO released revised surplus numbers indicating that there would be little or no non-Social Security surplus available in FY2002 for any purpose. In CBO's estimates, the total surplus fell below the size of the Social Security surplus in FY2001, FY2003, and FY2004 (by relatively small amounts; a total surplus smaller than the reported size of the Social Security surplus leaves the government with a surplus and the ability to reduce the amount of outstanding debt held by the public.)

The Administration's (multi-volume) FY2002 budget, released in April 2001, proposed reducing the baseline surplus by \$52 billion in FY2002 (from \$283 billion to \$231 billion) and by a cumulative \$2.2 trillion over the projection period. Reductions in the total surplus would come from the then expected on-budget part of the surplus – the Administration did

<sup>7</sup> OMB's FY2003 budget current services baseline expects a deficit of \$9 billion in FY2002.

not propose any changes in the off-budget surplus in FY2002 (and only insignificant changes throughout the budget forecast years). Since the congressional budget resolution adopted many of the President's proposals, the surpluses were similar in both. (Even with the return of deficits, the off-budget account, mainly Social Security, remain in surplus.)

Surpluses not used for increased spending or tax cuts and that actually occur, would be used by the Treasury, pretty much automatically, to reduce federal debt held by the public, which is what happened to the surpluses generated in FYs1998 through 2001. The Treasury can also take, and has taken, a more active role in retiring debt held by the public by purchasing securities from the financial markets and retiring some callable federal bonds.

**Table 5. Projected Cumulative On-Budget Surpluses/Deficits (-);  
FY2002-2006 and FY2002-2011**  
(in billions of dollars)

	FY2002-FY2006	FY2002-FY2011
OMB Clinton Baseline 1/16/01	\$694	\$2,447
CBO baseline 1/31/01	988	3,122
President's Budget Blueprint 2/28/01	261	842
House budget resolution 3/28/01	264	754
Senate budget resolution 4/6/01	234	787
President's Budget 4/9/01	244	841
OMB baseline 2/28/01	895	3,045
Conference budget resolution 5/10/01	283	897
CBO revised baseline 5/18/01	980	3,141
CBO reest. of Pres.'s budget 5/18/01	321	698
President's MSR for FY2002 8/22/01 <sup>a</sup>	60	575
President's MSR baseline for FY2002 8/22/01	235	1,304
CBO Update for FY2002 8/28/01	49	847
CBO Outlook for FY2002 1/31/02	-722	-742
OMB FY03 baseline FY2002 est. 2/4/02	-459	NA
OMB FY03 prop. FY2002 est. 2/4/02	-1,027	NA
CBO reestimate of President's budget, <b>FY2002</b> , 3/6/02	-1,154	1,227
CBO revised baseline <b>FY2002</b> , 3/6/02	-775	1,045
House budget res. for FY2003 3/20/02	-922	NA

a. Includes the Postal Service accounts, which have a minimal affect on the totals for the periods.

MSR – Mid-Session Review.

NA – Not available

At the beginning of 2001, the prospect of very large *on-budget* surpluses continuing indefinitely produced a general agreement among budget participants to reserve for debt reduction at least that portion of the total surplus attributed to the Social Security accounts. Some suggestions were made at the time to expand the reserved amount to include Medicare's surplus. The revised budget outlook from August ended the effort to expand the reserved amount and made more difficult the effort to reserve even the Social Security surplus exclusively for debt reduction. The Administration's MSR showed on-budget



surpluses of less than \$50 billion through FY2004. CBO's revisions showed *deficits* in the on-budget accounts (meaning the government will use some of the Social Security surpluses to finance its other activities) in FY2001, FY2003, and FY2004, before the on-budget surpluses begin growing slowly. In either set of estimates, the on-budget surplus (if there is one) did not provide much room to finance new spending or additional tax reduction initiatives during these years without using the Social Security surpluses or finding offsets within existing spending or receipts. **Table 5** shows estimates and projections for cumulative on-budget surpluses for FY2002- FY2006 and for FY2002 through FY2011 from OMB, CBO and the various congressional budget resolutions.

The President's original proposals and the congressional budget resolution would have reserved the off-budget portion (Social Security) of the surplus for reducing the debt. Approximately two-thirds of the then estimated on-budget baseline surplus (somewhat over \$2 trillion) in the President's budget and the congressional budget resolution would be used for tax cuts and higher spending (a substantial portion of the expected higher spending would be higher-than-baseline interest costs) over the 10 years. The remaining portion of the on-budget surplus would be reserved for contingencies or additional debt reduction. The August 2001 revised estimates showed that the adopted tax cut (P.L. 107-16) used about as much of the on-budget surplus as earlier estimates expected; changes in the underlying budget assumptions (the economic and technical assumptions) eliminated most of the rest of the previously expected on-budget surpluses.

One result of the originally expected large surpluses was the virtual disappearance of much federal debt held by the public sometime in the latter half of the decade.<sup>8</sup> The August 2001 budget reports, like the earlier ones, showed much of the debt disappearing late in the decade. Such an eventuality would have presented the government with the problem of what to do with surplus cash that cannot be used for debt reduction. CBO called these cash balances "uncommitted funds" which both it and OMB assumed would be invested in unspecified ways in the private sector to provide a financial return to the government. The re-emergence of deficits and relatively small surpluses in the future have made moot the issue of eliminating most federal debt held by the public.

## The Budget and the Economy

The budget and the economy affect each other. The relationship is an unequal one, with the economy shoving and pushing around the budget with every economic twinge while even substantial changes in policy may disappear in the economy with little notice or consequence. This influence that economic conditions can have on the budget has become obvious over the past year. The deterioration in the economy became more pronounced by the time CBO and OMB released their respective August budget reports. Both reports reflected the effect of the economic slump on the budget by reducing the size of the expected surplus for the upcoming fiscal year. The early 2002 estimates from CBO and OMB reflected further

---

<sup>8</sup> Somewhere between \$800 billion and \$1.2 trillion in federal debt held by the public was expected to remain outstanding by the end of FY2011. The amount outstanding at the end of December 2000 was \$3.44 trillion. Federal debt held by federal government accounts, which is not affected by the government's overall surplus (or deficit) will continue to increase throughout the period.

deterioration in the budget outlook for FY2002 resulting from the weak economy. Even if the economy begins recovering in FY2002 (as many analysts expect), it is unclear how much it might improve the FY2002 budget outlook.

Until the revised budget estimates in August 2001 and the subsequent ones in early 2002, the original positive budget outlook had been buoyed by the favorable economic conditions that were then expected over the next couple of years. Such a trend would have continued the overall improvement in the budget situation since the early 1990s. Much of the improvement had come from strong and sustained economic growth. When those favorable economic conditions faltered over the last year, so did the good budget fortunes of the previous few years. What good economic conditions give, bad economic conditions can take away. The unexpectedly lengthy economic sluggishness in 2000, the start of a recession in March 2001, and the budgetary responses to the September 2001 terrorist attacks, have raised outlays, reduced receipts, and eliminated the surplus for FY2002.

CBO's budget report, *The Budget and Economic Outlook: Fiscal Years 2002-2011* (January 2001) in its chapter on *The Uncertainties of Budget Projections*, indicated how significantly the budget can be altered by changes in economic conditions. The chapter contained an optimistic and pessimistic alternative scenario to its baseline projection (see **Table 6**). The optimistic scenario assumed that the very good economic and budget conditions of the last few years would continue indefinitely (which has been proven incorrect by events, at least in the short-term). The pessimistic scenario assumes that the favorable conditions of the last few years have been an unusual and that the economy (and the budget) revert to the conditions that prevailed previously (which may be overly pessimistic).

**Table 6. CBO's Alternative Scenarios,  
Cumulative Surpluses/Deficits(-); FY2002-2006 and FY2002-2011**  
(in billions of dollars)

	FY2002-FY2006	FY2002-FY2011
CBO Optimistic Scenario Total Surplus 1/31/01	\$2,927	\$8,856
CBO Baseline 1/31/01	2,007	5,610
CBO Pessimistic Scenario Total Surplus 1/31/01	920	1,627
CBO Optimistic Scenario Total Surplus 1/31/02	956	4,589
CBO Baseline 1/31/02	250	1,602
CBO Pessimistic Scenario Total Surplus 1/31/02	-538	-1,795

**Source:** CBO, *The Budget and Economic Outlook: Fiscal Years 2003-2012*, Jan. 2002.

CBO repeated this analysis in its January 2002 report, *The Budget and Economic Outlook: Fiscal Years 2003-2012* (January 2002). The numbers reflect the changed outlook for the budget surplus or deficit since last January (see **Table 6**). The optimistic scenario now shows a smaller cumulative surplus for the FY2002 through FY2011 (\$4,589 billion) than for the *baseline* from the January 2001 report (\$5,610 billion). The pessimistic scenario in the current report shows cumulative *deficits* over the 10-year period, while the one from last year projected cumulative surpluses.

The data in **Table 6** reflect the wide range of possible budget outcomes resulting from differences between the assumed and actual underlying conditions and that these ranges will

change over time. Most of the differences reflected in one year's optimistic, mid-range (baseline) and pessimistic scenarios results from different assumptions about economic conditions. Even though FY2002 had only nine months to run when CBO made its alternative estimates (for the FY2003 budget cycle), the optimistic estimate resulted in a surplus of \$7 billion, while the pessimistic scenario had a deficit of \$56 billion. Over this relatively short period of time, these differences were generated by differences in real gross domestic product (GDP), the ratio of individual income taxes to taxable personal income, and the rate of growth of Medicare and Medicaid spending, among other differing assumptions about economic variables.

The presidential budget documents usually include a table showing the budget's sensitivity to economic assumptions (in recent years, this is found in an early chapter of the Analytical Perspectives volume of the budget). The effects of the variables are generally symmetrical, that is higher rates of growth than expected will change the budget by a similar amount but in the opposite direction to the same size slower rate of growth. For FY2002, the President's FY2003 budget indicates that sustained reduction of 1% in the real rate of real GDP growth would increase the currently estimated deficit by \$11.5 billion (a sustained 1% *higher* rate of real GDP growth would have a similar effect on the surplus in the opposite direction). Changes in other variables generally have smaller estimated effects on the budgetary balance than changes in real GDP growth. Larger changes in the underlying economic variables would produce larger changes in the budget numbers.

## **CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS**

U.S. Congress. House. Committee on Ways and Means. *Economic Growth and Tax Relief Act of 2001; report to accompany H.R. 3*. March 6, 2001, Washington, U.S. Govt. Print. Off., 2002. (107<sup>th</sup> Congress, 1<sup>st</sup> session. H.Rept. 107-7).

— Committee on the Budget. *Concurrent Resolution on the Budget – FY2002; report to accompany H.Con.Res. 83*. March 23, 2001 Washington, U.S. Govt. Print. Off., 2001. (107<sup>th</sup> Congress, 1<sup>st</sup> session. H.Rept. 107-26).

## **FOR ADDITIONAL READING**

Also see the CRS Electronic Briefing Book on *Taxation* at:  
[<http://www.congress.gov/brbk/html/ebtxr1.shtml>]

U.S. Congressional Budget Office. *An Analysis of the President's Budgetary Proposals for FY2002*. Washington, May 18, 2001.

— *The Budget and Economic Outlook: Fiscal Years 2002-2011*. Washington, U.S. Govt. Print. Off., January 31, 2001.

— *The Budget and Economic Outlook: An Update*. Washington, U.S. Govt. Print. Off., August 28, 2001.

- *Budget Options*. Washington, U.S. Govt. Print. Off., March 2001.
- *The Budget and Economic Outlook: Fiscal Years 2003-2012*. Washington, U.S. Govt. Print. Off., January 31, 2002.
- U.S. Office of Management and Budget. *FY2002 Economic Outlook, Highlights from FY1994 to FY2001, FY2002 Baseline Projections*. Washington, U.S. Govt. Print. Off., January 16, 2001.
- *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities*. Washington, U.S. Govt. Print. Off., February 27, 2001.
- *The Budget of the United States Government for Fiscal Year 2002*. Washington, U.S. Govt. Print. Off., April 9, 2001.
- *Mid-Session Review*. Washington, U.S. Govt. Print. Off., August 22, 2001.
- *The Budget of the United States Government for Fiscal Year 2003*. Washington, U.S. Govt. Print. Off., February 4, 2002.
- U.S. Council of Economic Advisors. *Economic Report of the President*. Washington, U.S. Govt. Print. Off., January 2001.

## **CRS Products**

- CRS Report RL30583. *The Economics of the Federal Budget Surplus*, by Brian Cashell.
- CRS Report RL30839. *Income Tax Cuts, the Business Cycle, and Economic Growth: A Macroeconomic Analysis*, by Marc Labonte and Gail Makinen.
- CRS Report 98-720. *Manual on the Federal Budget Process*, by Robert Keith and Allen Schick.
- CRS Report RL30854. *Uncertainty in Budget Projections*, by Philip Winters.