At the end of fiscal year 1998, there was a surplus on the books of the federal government—the first in 28 years. The latest Congressional Budget Office projections indicate that federal surpluses will accumulate during the next decade to the tune of $2.7 trillion. Over the short term, most of the surplus is expected to occur on the off-budget side of the ledger—in the Social Security plus Postal Service account. The on-budget side will not register a surplus until 2001. As a percent of GDP, revenues are at a postwar high of 20.9%, while outlays have hit a 25-year low of 19.6%. If discretionary spending after 2002 adheres to the real level set for that year, outlays are expected to reach a low point of 17.3% of GDP by 2009.

The Clinton Administration projects a total surplus of $4.8 trillion over the next 15 years, of which $2.1 trillion emerges on-budget. Contingent on "saving" Social Security, the President's proposal sets aside $1.4 trillion for additional discretionary spending, establishing Universal Saving Accounts, and meeting the associated financing charges. In addition, $0.7 trillion is allocated to bolstering the Medicare trust fund. The off-budget surplus of $2.7 trillion would be used to pay down part of the debt held by the public. The proposal "saves" Social Security by having the Treasury issue additional nonmarketable securities to the Social Security trust fund in the amount of $2.8 trillion. This manner of saving Social Security seems to involve committing on-budget revenues beyond a 15-year horizon.