

TABLE 1: NON-ELR BASE FORECAST FROM FAIRMODEL

Qtr	1 %Δ GDPR	2 GDPR	3 UR	4 Inflat	5 T-Bill	6 Fed Surp	7 UB	8 State Srp
20031	2.70	9,567	5.95	1.65	1.43	(235.43)	62.26	(45.28)
20032	2.71	9,633	5.88	1.77	1.72	(241.87)	59.55	(39.36)
20033	2.72	9,698	5.78	1.89	1.94	(247.32)	56.60	(33.27)
20034	3.06	9,773	5.67	2.02	2.08	(258.43)	53.68	(26.73)
20041	2.95	9,845	5.58	2.13	2.22	(261.56)	51.15	(20.76)
20042	2.82	9,915	5.51	2.21	2.35	(265.41)	49.22	(15.64)
20043	2.72	9,982	5.48	2.25	2.45	(270.03)	47.91	(11.34)
20044	2.69	10,050	5.48	2.27	2.51	(283.89)	47.14	(7.53)
20051	2.65	10,117	5.50	2.28	2.56	(289.71)	46.79	(4.29)
20052	2.61	10,183	5.53	2.27	2.59	(296.13)	46.78	(1.47)
20053	2.60	10,249	5.58	2.26	2.60	(303.05)	47.01	1.05
20054	2.66	10,317	5.63	2.24	2.61	(319.19)	47.40	3.66
20061	2.67	10,386	5.68	2.23	2.62	(326.53)	47.87	6.19
20062	2.66	10,456	5.72	2.22	2.62	(334.23)	48.40	8.68
20063	2.66	10,526	5.77	2.21	2.62	(342.25)	48.98	11.17
20064	2.73	10,598	5.81	2.21	2.62	(359.80)	49.58	13.94

Column 1 is the annualized quarterly growth in real GDP

Column 2 is the annualized level of real GDP in billions of 1996 dollars

Column 3 is the civilian unemployment rate

Column 4 is the annualized quarterly growth in the price level

Column 5 is the Fed's short-term interest rate target

Columns 6 and 8 are annualized, nominal government surpluses in billions of dollars

Column 7 is the annualized, nominal unemployment benefits in billions of dollars

TABLE 2: CHANGES IN ELR WORKERS DIRECTLY AFFECT UB, BPSW FOR ELR WORKERS IS \$7 IN 20031

Qtr	COMPARISONS TO NON-ELR BASE FORECAST														COST ESTIMATES OF ELR					MULT 2÷11
	1 % ELR	2 Real GDP	3 UR	4 Inflation	5 T-Bill	6 Fed Surp	7 UB	8 State Surp	9 #ELR	10 Cost of ELR	11 Real Cost	12 Pub Bddg	13 Net Ben	14						
20031	25%	36.14	(0.01)	0.01	0.01	(9.62)	(7.17)	7.78	874,310	(11.90)	(10.98)	(1.84)	34.45	3.29						
20032	50%	70.26	(0.03)	0.04	0.03	(18.58)	(14.95)	16.16	1,693,400	(23.15)	(21.27)	(2.42)	68.07	3.30						
20033	75%	101.03	(0.05)	0.02	0.05	(26.56)	(21.39)	23.17	2,419,800	(33.22)	(30.39)	(3.39)	97.96	3.32						
20034	100%	127.70	(0.08)	0.07	0.08	(33.52)	(26.19)	28.49	3,041,900	(41.98)	(38.22)	(5.03)	123.17	3.34						
20041	100%	122.06	(0.09)	0.03	0.09	(32.02)	(25.87)	28.11	2,893,300	(40.14)	(36.36)	(3.91)	118.60	3.36						
20042	100%	117.63	(0.10)	0.06	0.10	(31.38)	(24.82)	27.00	2,801,700	(39.07)	(35.20)	(4.38)	113.80	3.34						
20043	100%	115.62	(0.10)	0.08	0.10	(31.45)	(24.00)	26.14	2,765,800	(38.78)	(34.75)	(5.30)	111.01	3.33						
20044	100%	115.37	(0.10)	0.04	0.11	(32.06)	(23.56)	25.71	2,774,400	(39.11)	(34.86)	(6.35)	109.88	3.31						
20051	100%	116.67	(0.10)	0.03	0.11	(32.98)	(23.46)	25.66	2,814,100	(39.89)	(35.37)	(7.32)	110.38	3.30						
20052	100%	118.81	(0.10)	0.06	0.12	(34.13)	(23.64)	25.91	2,876,100	(41.00)	(36.16)	(8.22)	111.79	3.29						
20053	100%	122.10	(0.10)	0.02	0.12	(35.46)	(24.02)	26.38	2,952,300	(42.33)	(37.13)	(9.07)	114.39	3.29						
20054	100%	124.98	(0.11)	0.06	0.13	(36.89)	(24.52)	26.98	3,032,300	(43.72)	(38.16)	(9.91)	116.60	3.28						
20061	100%	128.40	(0.11)	0.02	0.13	(38.26)	(25.06)	27.63	3,110,600	(45.11)	(39.16)	(10.63)	119.46	3.28						
20062	100%	131.42	(0.11)	0.05	0.14	(39.65)	(25.62)	28.31	3,187,300	(46.49)	(40.14)	(11.34)	121.95	3.27						
20063	100%	134.36	(0.12)	0.05	0.14	(41.03)	(26.21)	29.01	3,262,400	(47.85)	(41.10)	(12.03)	124.37	3.27						
20064	100%	137.11	(0.12)	0.04	0.15	(42.44)	(26.79)	29.70	3,332,100	(49.15)	(42.00)	(12.74)	126.62	3.26						

Column 1 is the percent of the ELR policy in effect

Column 2 is the annualized, inflation-adjusted billions of dollar difference from the non-ELR base forecast

Columns 3, 4, and 5 are differences from the percent given in the non-ELR base forecast

Columns 6, 7, and 8 are annualized nominal billions of dollar differences from the non-ELR base forecast

Column 9 is the number of ELR workers employed during the quarter

Columns 10 and 11 are, respectively, the nominal and the inflation-adjusted (base=2001, govt sector deflator) costs of ELR workers and materials

Column 12 is column 6 plus column 8, or the sum of the effects upon state and federal budgets (NIPA) in nominal terms

Column 13 is column 2 plus inflation adjusted values of columns 6 and 8

Column 14 is column 2 divided by the negative of column 11

FIGURE 1: FAIRMODEL AND ELR FORECASTS FOR 20031-20064

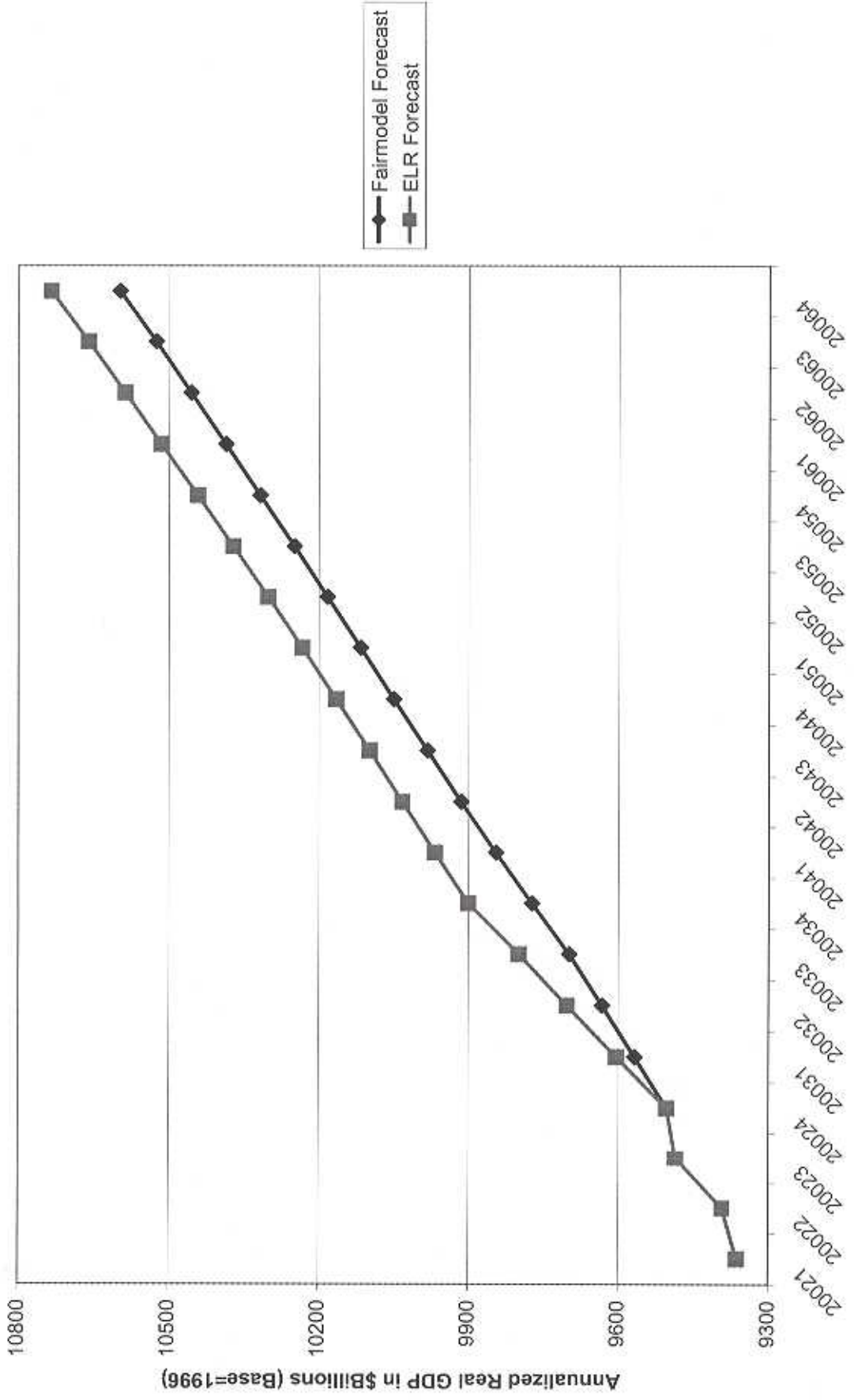


TABLE 3: ALTERNATIVE SCENARIOS FOR ELR SIMULATION

ALTERNATIVE 1: CHANGES IN ELR WORKERS DIRECTLY AFFECT UB, BPSW ELR FOR WORKERS IS \$14 IN 20031

Qtr	COMPARISONS TO NON-ELR BASE FORECAST													COST ESTIMATES OF ELR				MULT
	1	2	3	4	5	6	7	8	9	10	11	12	13	13	2÷11			
% ELR	Real GDP	UR	Inflation	T-Bill	Fed Surp	UB	State Surp	#ELR	Cost of ELR	Real Cost	Pub Budg	Net Ben	Net Ben					
20031	25%	38.94	(0.02)	0.01	0.02	(18.79)	(7.22)	872,010	(23.74)	(21.91)	(10.17)	29.56	29.56	1.78				
20032	50%	77.86	(0.05)	0.04	0.05	(35.59)	(15.07)	1,678,100	(45.88)	(42.17)	(17.57)	61.74	61.74	1.85				
20033	75%	113.03	(0.09)	0.06	0.10	(49.80)	(21.51)	2,374,600	(65.22)	(59.66)	(23.78)	91.33	91.33	1.89				
20034	100%	142.90	(0.14)	0.11	0.15	(61.56)	(26.21)	2,949,700	(81.46)	(74.15)	(29.39)	116.25	116.25	1.93				
20041	100%	138.86	(0.17)	0.11	0.18	(57.23)	(25.86)	2,778,600	(77.13)	(69.84)	(25.18)	116.20	116.20	1.99				

ALTERNATIVE 2: NO DIRECT EFFECT OF ELR WORKERS ON UB, BPSW FOR ELR WORKERS IS \$7 IN 20031

Qtr	COMPARISONS TO NON-ELR BASE FORECAST													COST ESTIMATES OF ELR				MULT
	1	2	3	4	5	6	7	8	9	10	11	12	13	13	2÷11			
% ELR	Real GDP	UR	Inflation	T-Bill	Fed Surp	UB	State Surp	#ELR	Cost of ELR	Real Cost	Pub Budg	Net Ben	Net Ben					
20031	25%	37.34	(0.01)	0.01	0.01	(9.19)	(0.17)	872,980	(11.88)	(10.97)	(8.24)	29.74	29.74	3.40				
20032	50%	73.86	(0.04)	0.04	0.04	(17.21)	(0.52)	1,684,000	(23.02)	(21.16)	(14.97)	60.12	60.12	3.49				
20033	75%	107.43	(0.08)	0.06	0.08	(23.88)	(1.00)	2,390,800	(32.82)	(30.03)	(20.20)	88.98	88.98	3.58				
20034	100%	135.70	(0.12)	0.07	0.12	(29.37)	(1.50)	2,981,300	(41.16)	(37.47)	(24.28)	113.67	113.67	3.62				
20041	100%	131.26	(0.14)	0.11	0.15	(26.86)	(1.86)	2,815,300	(39.07)	(35.38)	(21.21)	112.18	112.18	3.71				

ALTERNATIVE 3: NO DIRECT EFFECT OF ELR WORKERS ON UB, BPSW FOR ELR WORKERS IS \$14 IN 20031

Qtr	COMPARISONS TO NON-ELR BASE FORECAST													COST ESTIMATES OF ELR				MULT
	1	2	3	4	5	6	7	8	9	10	11	12	13	13	2÷11			
% ELR	Real GDP	UR	Inflation	T-Bill	Fed Surp	UB	State Surp	#ELR	Cost of ELR	Real Cost	Pub Budg	Net Ben	Net Ben					
20031	25%	40.14	(0.02)	0.01	0.02	(18.35)	(0.24)	870,690	(23.70)	(21.88)	(16.54)	24.88	24.88	1.83				
20032	50%	81.06	(0.06)	0.04	0.06	(34.14)	(0.78)	1,668,800	(45.63)	(41.94)	(29.92)	53.59	53.59	1.93				
20033	75%	118.63	(0.12)	0.09	0.13	(46.87)	(1.50)	2,346,300	(64.45)	(58.95)	(40.01)	82.09	82.09	2.01				
20034	100%	150.50	(0.18)	0.11	0.19	(56.92)	(2.27)	2,891,500	(79.87)	(72.70)	(47.49)	107.40	107.40	2.07				
20041	100%	147.26	(0.22)	0.15	0.23	(51.52)	(2.81)	2,704,900	(75.11)	(68.00)	(41.11)	110.24	110.24	2.17				

FIGURE 2: EFFECTS ON INFLATION OF BPSW=\$14 IN 20031

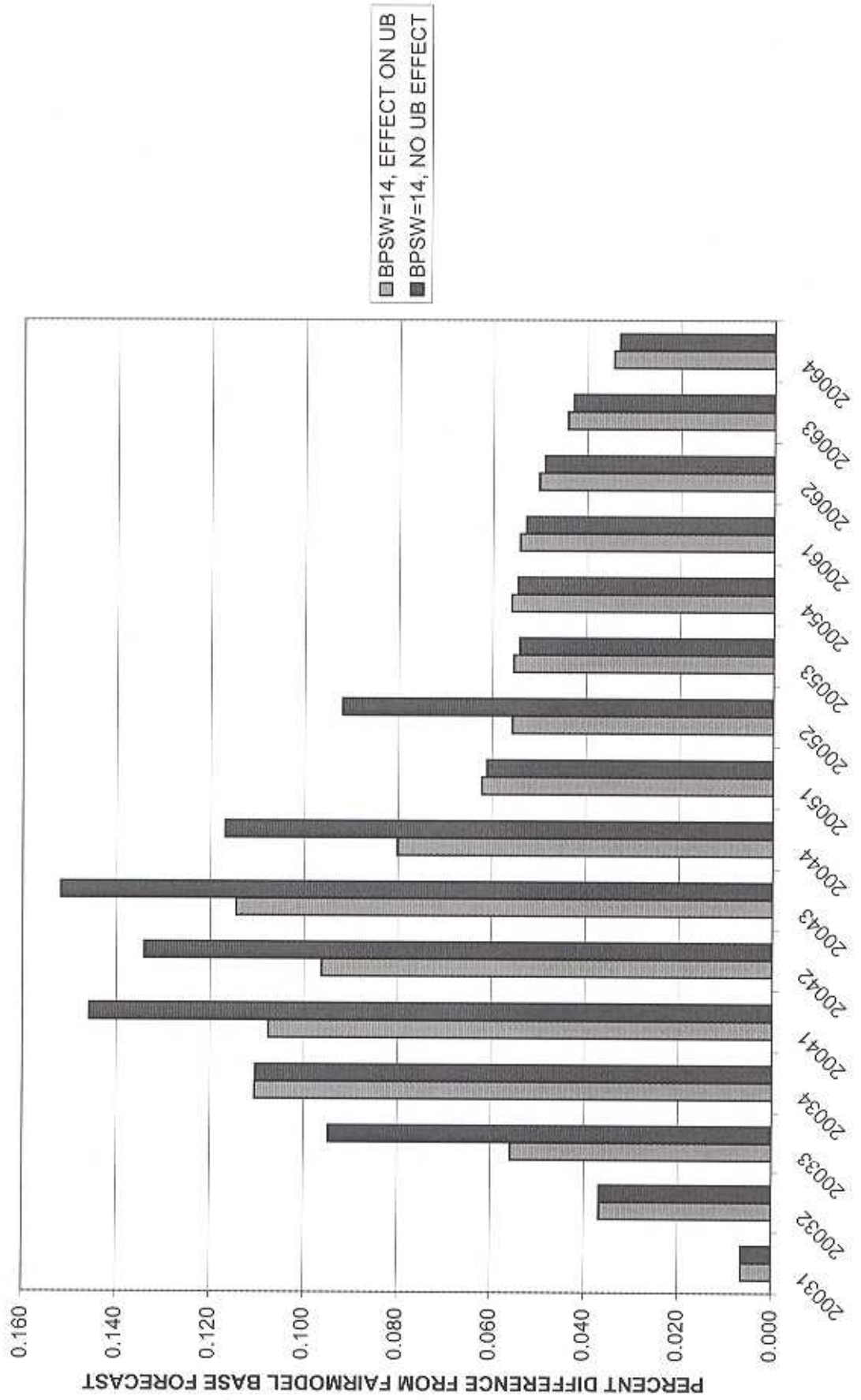


FIGURE 3: SIMULATED 19901-20024 REAL GDP WITH (diamonds) AND WITHOUT (squares) RESIDUALS

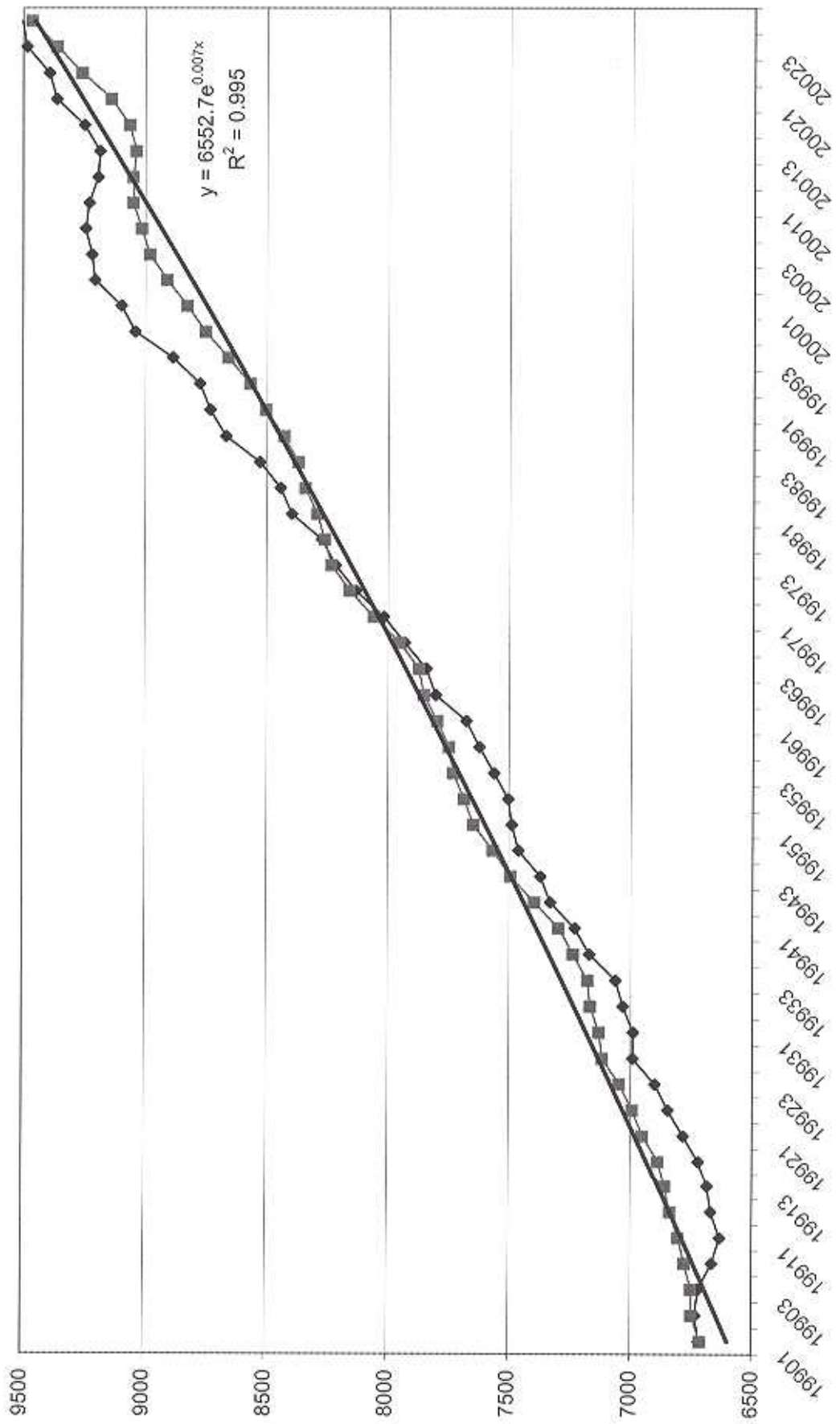


TABLE 4: NON-ELR SIMULATIONS OF FAIRMODEL WITH RESIDUALS

Year	1 %Δ GDPR	2 GDPR	3 UR	4 Inflat	5 T-Bill	6 Fed Surp	7 UB	8 State Srp
1990	1.75	6707.90	5.61	3.91	7.51	(172.97)	18.00	2.60
1991	(0.47)	6676.42	6.84	2.41	5.41	(215.32)	26.60	(7.78)
1992	3.01	6880.10	7.50	2.33	3.46	(297.52)	38.90	(4.98)
1993	2.62	7062.65	6.91	2.04	3.02	(274.17)	34.13	1.48
1994	3.96	7347.73	6.09	2.24	4.27	(212.27)	23.60	8.57
1995	2.63	7543.83	5.60	2.02	5.51	(191.95)	21.45	15.38
1996	3.51	7813.12	5.40	1.75	5.02	(136.85)	22.08	21.43
1997	4.34	8159.45	4.94	2.34	5.07	(53.37)	19.88	30.95
1998	4.19	8508.90	4.50	0.94	4.78	43.85	19.48	40.73
1999	4.03	8858.93	4.22	1.86	4.64	112.00	20.28	38.18
2000	3.68	9191.40	3.99	2.27	5.82	206.88	20.55	17.90
2001	0.25	9214.55	4.76	1.88	3.39	72.00	31.88	(31.33)
2002	2.38	9436.10	5.79	1.17	1.63	(196.37)	62.88	(50.94)

Column 1 is the percent growth in real GDP

Column 2 is the level of real GDP in billions of 1996 dollars

Column 3 is the average civilian unemployment rate for the year

Column 4 is the 4th qtr to 4th qtr growth rate in the firm's price level

Column 5 is the average 3-month T-bill for the year

Columns 6 and 8 are NIPA nominal government surpluses in billions of dollars

Column 7 is the nominal unemployment benefits in billions of dollars

FIGURE 4: SIMULATION WITH AND WITHOUT ELR FOR 19901-20024

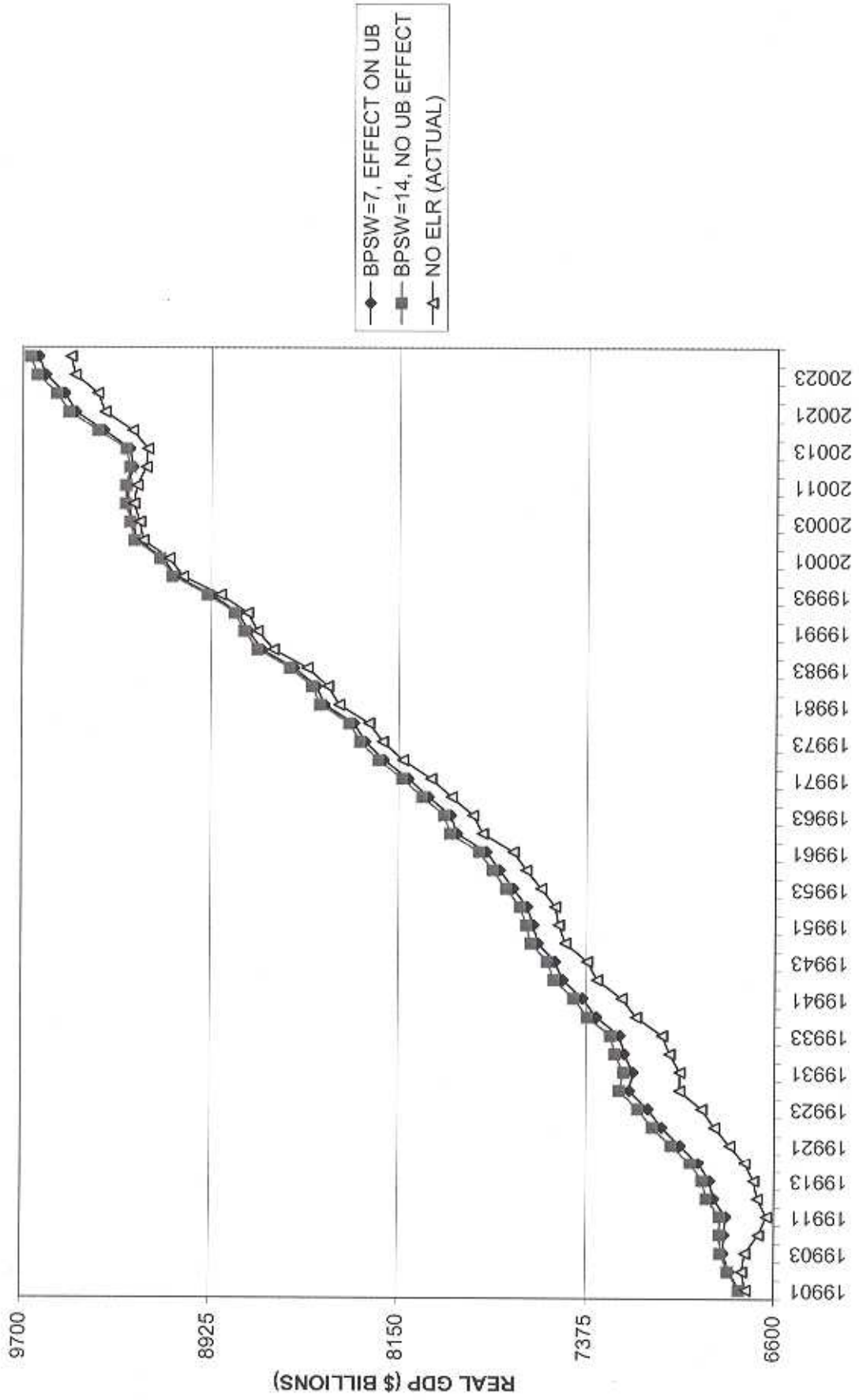


FIGURE 5: NUMBER OF ELR WORKERS FOR 19901-20024 SIMULATIONS

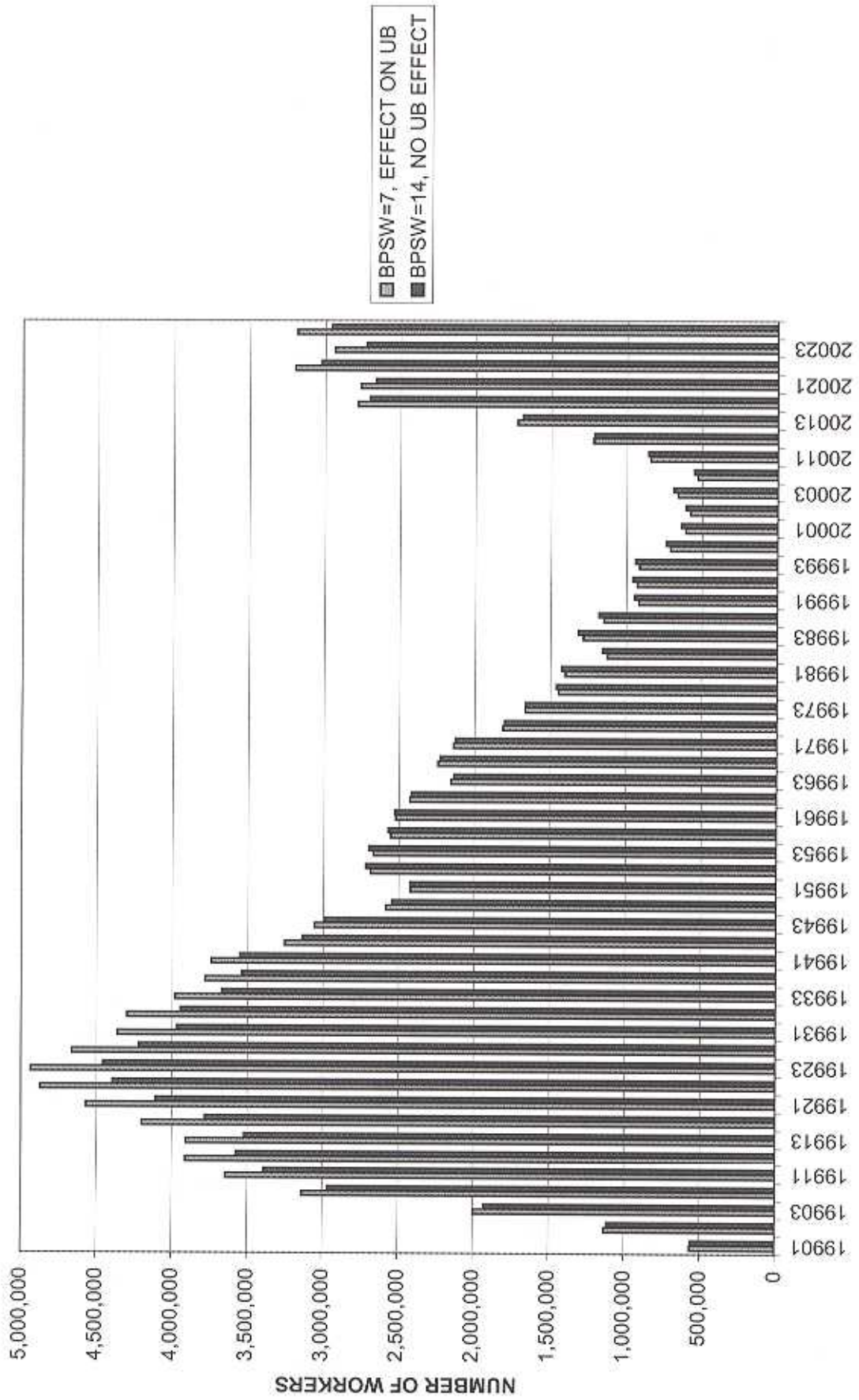


TABLE 5: COMPARISON OF NON-ELR AND ELR SIMULATIONS FOR 19901-20024  
 CHANGES IN ELR WORKERS DIRECTLY AFFECT UB, BPSW FOR ELR WORKERS IS \$7 IN 20031

Year	COMPARISONS TO NON-ELR BASE FORECAST											COST ESTIMATES OF ELR				MULT 2÷11
	1 % ELR	2 Real GDP	3 UR	4 Inflation	5 T-Bill	6 Fed Surp	7 UB	8 State Surp	9 #ELR	10 Cost of ELR	11 Real Cost	12 Pub Budg	13 Net Ben			
1990	25%-100%	76.20	(0.06)	0.04	0.06	(14.25)	(5.66)	6.98	1,708,158	(17.94)	(19.87)	(7.26)	68.20	3.84		
1991	100%	179.78	(0.24)	0.14	0.25	(33.48)	(16.84)	20.23	3,916,425	(42.52)	(45.85)	(13.26)	165.78	3.92		
1992	100%	212.20	(0.28)	0.13	0.32	(45.06)	(26.78)	30.66	4,760,075	(53.18)	(56.65)	(14.41)	197.64	3.75		
1993	100%	179.55	(0.23)	0.05	0.30	(43.90)	(22.35)	25.75	4,105,450	(57.74)	(60.44)	(18.16)	161.43	2.97		
1994	100%	137.37	(0.17)	(0.00)	0.25	(38.40)	(13.80)	16.86	3,160,150	(37.21)	(38.35)	(21.54)	115.84	3.58		
1995	100%	111.47	(0.14)	(0.02)	0.21	(36.81)	(11.10)	14.17	2,583,500	(31.12)	(31.37)	(22.65)	89.18	3.55		
1996	100%	101.38	(0.15)	(0.01)	0.21	(36.22)	(10.85)	14.21	2,337,800	(28.60)	(28.52)	(22.01)	79.76	3.56		
1997	100%	76.75	(0.14)	(0.01)	0.19	(32.67)	(8.38)	11.66	1,766,475	(22.14)	(21.98)	(21.01)	55.95	3.49		
1998	100%	53.10	(0.10)	(0.03)	0.15	(29.56)	(6.42)	9.61	1,239,350	(15.87)	(15.73)	(19.96)	33.10	3.38		
1999	100%	37.17	(0.09)	(0.03)	0.13	(26.72)	(5.16)	8.38	867,543	(11.26)	(11.02)	(18.34)	18.89	3.37		
2000	100%	26.40	(0.07)	(0.02)	0.12	(25.49)	(4.02)	7.26	594,923	(7.810)	(7.478)	(18.23)	8.51	3.53		
2001	100%	71.35	(0.10)	0.01	0.15	(36.54)	(11.48)	15.63	1,641,630	(21.91)	(20.68)	(20.92)	51.53	3.45		
2002	100%	127.20	(0.17)	0.04	0.20	(51.17)	(33.73)	38.40	3,021,400	(40.92)	(38.15)	(12.76)	115.80	3.33		

Column 1 is the percent of the ELR policy in effect. In 1990, ELR is 25%, 50%, 75%, and 100% in quarters 1, 2, 3, and 4, respectively

Column 2 is the inflation-adjusted billions of dollar difference from the non-ELR simulation

Columns 3, 4, and 5 are the percentage differences from the non-ELR simulation

Columns 6, 7, and 8 are nominal billions of dollar differences from the non-ELR simulation

Column 9 is the average number of ELR workers during the year

Columns 10 and 11 are, respectively, the nominal and the inflation-adjusted (base=2001, govt sector deflator) costs of ELR workers and materials

Column 12 is column 6 plus column 8, or the sum of the effects upon state and federal budgets (NIPA) in nominal terms

Column 13 is column 2 plus inflation adjusted values of columns 6 and 8

Column 14 is column 2 divided by the negative of column 11

TABLE 6: COMPARISON OF NON-ELR AND ELR SIMULATIONS FOR 19901-20024  
NO DIRECT AFFECT OF ELR ON UB, BPSW FOR ELR WORKERS IS \$14 IN 20031

Year	COMPARISONS TO NON-ELR BASE FORECAST											COST ESTIMATES OF ELR				MULT 2÷11
	1 % ELR	2 Real GDP	3 UR	4 Inflation	5 T-Bill	6 Fed Surp	7 UB	8 State Surp	9 #ELR	10 Cost of ELR	11 Real Cost	12 Pub Budg	13 Net Ben			
1990	25%-100%	86.20	(0.12)	0.09	0.14	(26.00)	(0.51)	3.39	1,642,228	(34.52)	(38.22)	(22.60)	61.27	2.26		
1991	100%	209.58	(0.52)	0.31	0.57	(54.56)	(2.83)	11.57	3,565,725	(77.54)	(83.48)	(42.99)	163.99	2.51		
1992	100%	251.20	(0.65)	0.30	0.76	(70.74)	(4.95)	16.30	4,295,475	(96.27)	(102.21)	(54.44)	195.27	2.46		
1993	100%	217.65	(0.49)	0.10	0.65	(69.65)	(3.56)	14.41	3,780,125	(87.32)	(91.03)	(55.24)	162.10	2.39		
1994	100%	170.67	(0.26)	(0.08)	0.43	(65.91)	(1.50)	11.06	3,055,750	(72.24)	(74.19)	(54.85)	115.77	2.30		
1995	100%	140.97	(0.13)	(0.13)	0.28	(67.69)	(0.71)	9.69	2,604,850	(62.94)	(63.29)	(58.00)	83.65	2.23		
1996	100%	129.18	(0.16)	(0.07)	0.26	(66.11)	(0.91)	10.45	2,327,525	(57.07)	(56.80)	(55.65)	74.32	2.27		
1997	100%	98.65	(0.14)	(0.06)	0.20	(59.87)	(0.84)	9.99	1,762,650	(44.26)	(43.88)	(49.88)	49.28	2.25		
1998	100%	70.20	(0.08)	(0.08)	0.12	(55.09)	(0.55)	9.08	1,270,425	(32.56)	(32.26)	(46.01)	24.35	2.18		
1999	100%	50.38	(0.07)	(0.06)	0.10	(49.86)	(0.54)	8.60	895,883	(23.26)	(22.77)	(41.27)	9.60	2.21		
2000	100%	35.60	(0.05)	(0.05)	0.08	(47.89)	(0.55)	8.37	622,538	(16.35)	(15.65)	(39.52)	(2.71)	2.27		
2001	100%	85.35	(0.12)	0.02	0.15	(67.29)	(1.38)	1.41	1,615,875	(43.14)	(40.72)	(65.87)	23.10	2.10		
2002	100%	158.40	(0.30)	0.12	0.32	(85.32)	(4.91)	28.44	2,843,925	(76.91)	(71.65)	(56.88)	106.01	2.21		

Column 1 is the percent of the ELR policy in effect. In 1990, ELR is 25%, 50%, 75%, and 100% in quarters 1, 2, 3, and 4, respectively

Column 2 is the inflation-adjusted billions of dollar difference from the non-ELR simulation

Columns 3, 4, and 5 are the percentage differences from the non-ELR simulation

Columns 6, 7, and 8 are nominal billions of dollar differences from the non-ELR simulation

Column 9 is the average number of ELR workers during the year

Columns 10 and 11 are, respectively, the nominal and the inflation-adjusted (base=2001, govt sector deflator) costs of ELR workers and materials

Column 12 is column 6 plus column 8, or the sum of the effects upon state and federal budgets (NIPA) in nominal terms

Column 13 is column 2 plus inflation adjusted values of columns 6 and 8

Column 14 is column 2 divided by the negative of column 11

TABLE 7: COMPARISON OF T-BILL IN NON-ELR AND ELR SIMULATIONS

Year	Average Annual 3-Month T-bill		Year-to-Year Change in T-Bill			ELR Change Less Non-ELR Change		
	1 Non-ELR	2 BPSW=\$7	3 BPSW=\$14	4 Non-ELR	5 BPSW=\$7	6 BPSW=\$14	7 BPSW=\$7	8 BPSW=\$14
1989	8.114	8.114	8.114	X	X	X	X	X
1990	7.510	7.574	7.645	(0.604)	(0.540)	(0.469)	0.064	0.135
1991	5.409	5.664	5.976	(2.101)	(1.911)	(1.669)	0.190	0.432
1992	3.460	3.784	4.224	(1.949)	(1.879)	(1.752)	0.070	0.197
1993	3.019	3.315	3.672	(0.441)	(0.470)	(0.553)	(0.029)	(0.112)
1994	4.270	4.518	4.703	1.251	1.203	1.032	(0.048)	(0.219)
1995	5.513	5.728	5.791	1.243	1.210	1.088	(0.033)	(0.156)
1996	5.024	5.235	5.284	(0.489)	(0.493)	(0.507)	(0.003)	(0.018)
1997	5.070	5.259	5.273	0.046	0.024	(0.011)	(0.022)	(0.057)
1998	4.777	4.926	4.899	(0.293)	(0.333)	(0.374)	(0.040)	(0.080)
1999	4.638	4.771	4.738	(0.138)	(0.156)	(0.161)	(0.017)	(0.023)
2000	5.817	5.935	5.898	1.178	1.165	1.160	(0.014)	(0.018)
2001	3.388	3.535	3.535	(2.428)	(2.400)	(2.363)	0.028	0.065
2002	1.628	1.829	1.951	(1.760)	(1.706)	(1.585)	0.054	0.175

Columns 1, 2, and 3 are the average annual 3-month T-bill from the three respective simulations. 1989 data are the same for all simulations because the ELR simulations begin in 1990

Columns 4, 5, and 6 are the year-to-year differences in 3-month T-bill rates for the three respective simulations

Column 7 is Column 5 minus Column 4

Column 8 is Column 6 minus Column 4

FIGURE 6: SECTOR BALANCES AS A PERCENT OF GDP  
 $\text{PUBLIC} = (-\text{SS} - \text{SG}) / \text{GDP}$ ;  $\text{FOREIGN} = -\text{SR} / \text{GDP}$ ;  $\text{PRIVATE} = (\text{SH} + \text{SF} + \text{SB}) / \text{GDP}$

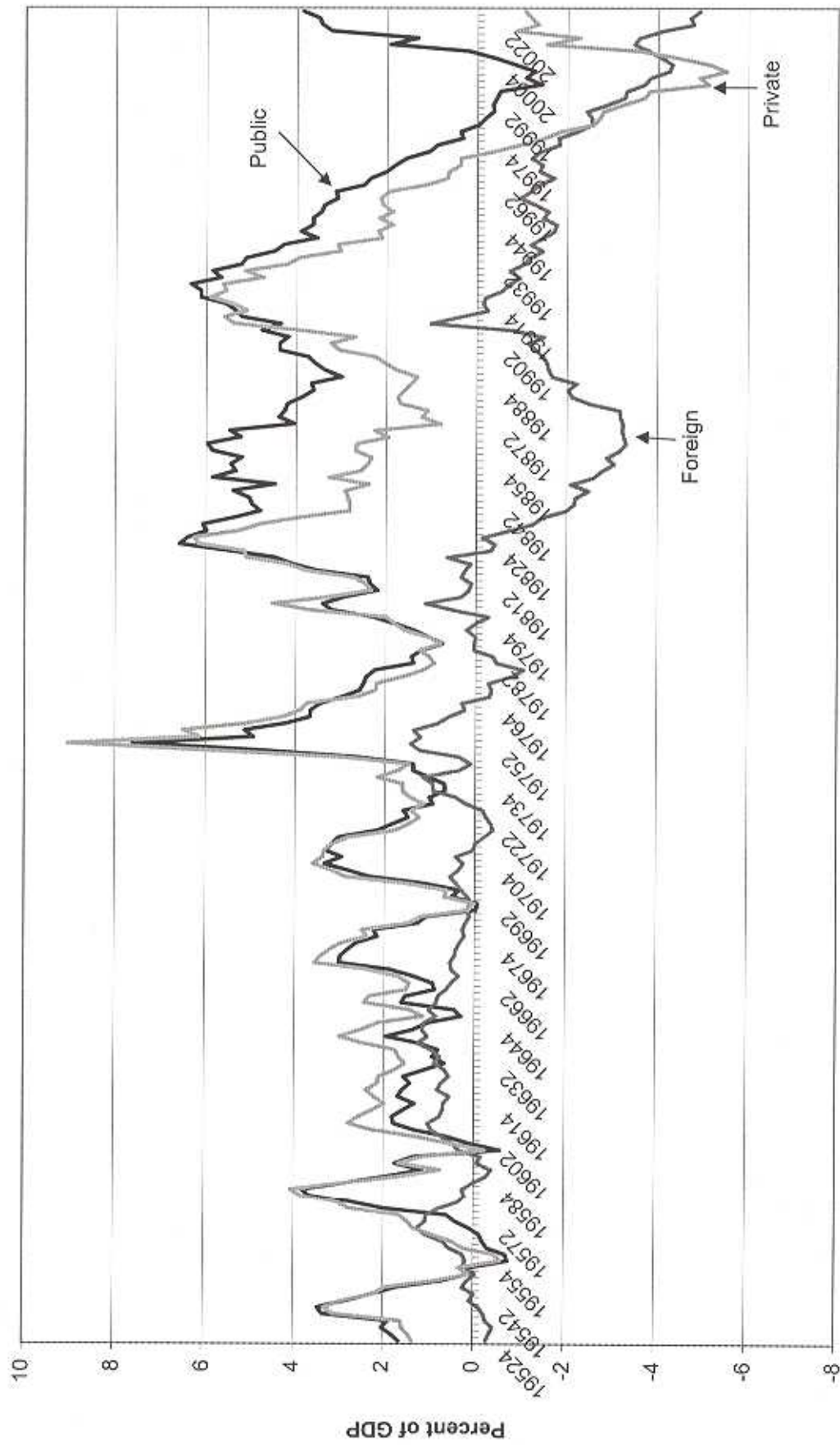


FIGURE 7: SECTOR BALANCES: SIMULATED VALUES (WITH BPSW=\$7 AND DIRECT EFFECT ON UB) LESS ACTUAL VALUES

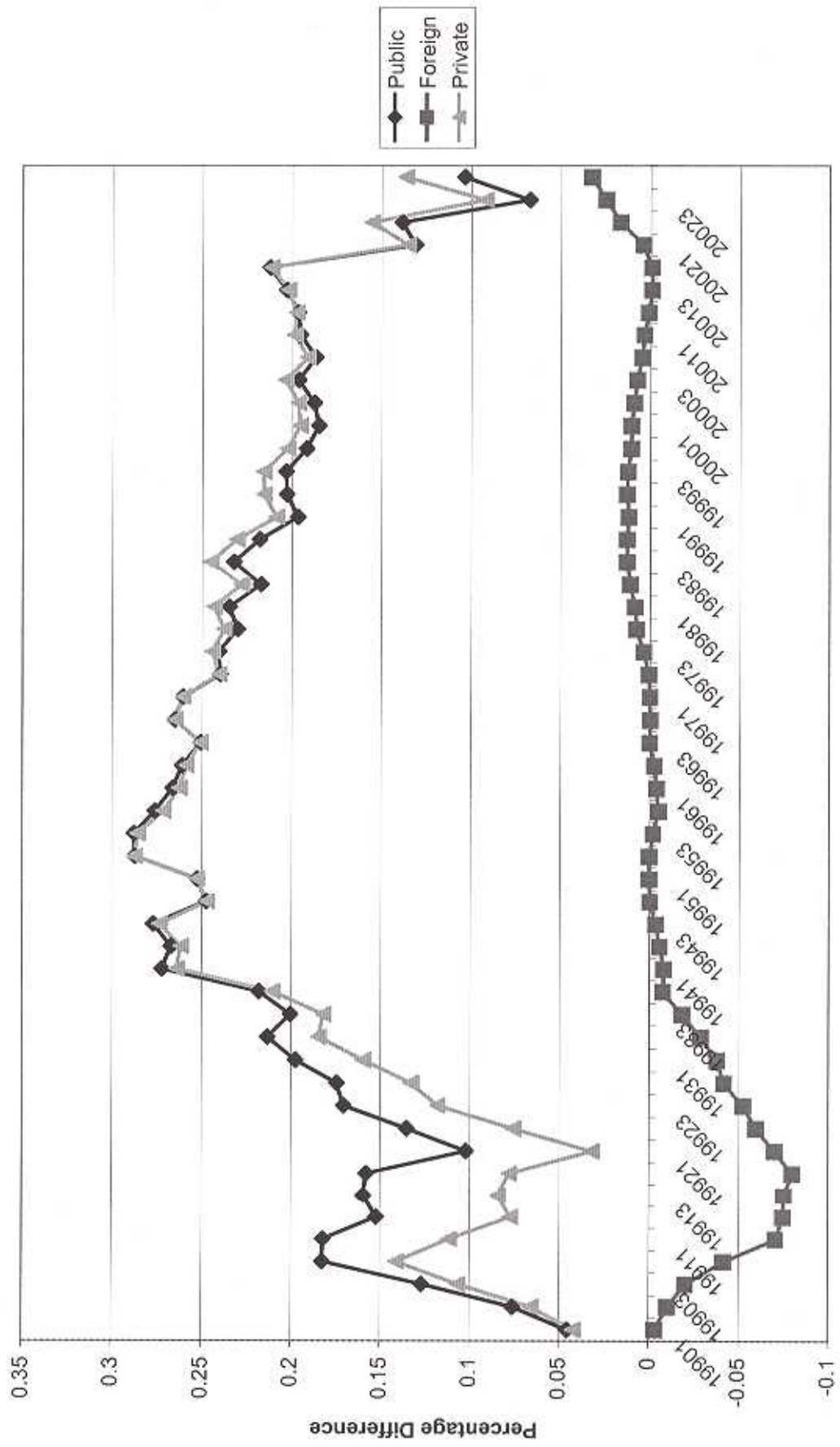


FIGURE 8: SECTOR BALANCES: SIMULATED VALUES (WITH BPSW=\$14 AND NO DIRECT EFFECT ON UB) LESS ACTUAL VALUES

