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## CURRENT SERVICES ESTIMATES

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## 24. CURRENT SERVICES ESTIMATES

There has long been a desire to have a neutral benchmark against which policy proposals can be measured. Since the early 1970s when the first requirements for the calculation of a “current services” baseline were enacted, a variety of concepts and measures have been employed. In recent years, the current services baseline has been defined to be identical to the baseline required by the Budget Enforcement Act (BEA). However, that baseline has some serious technical flaws, which compromise its ability to serve as a neutral measure. This section provides detailed estimates of a baseline that correct these flaws. It also discusses alternative formulations for the baseline.

Ideally, a current services baseline would provide a projection of estimated receipts, outlays, deficits or surpluses, and budget authority needed to reflect this year’s enacted policies and programs for each year in the future. Because such a concept would be nearly impossible to calculate across all segments of the government, the baseline has become largely a mechanical construct. The following section discusses the construct as it applies to different types of programs. The baseline is not intended to be a prediction of the final outcome of the annual budget process, nor is it a proposed budget. By itself, the current services baseline commits

no one to any particular policy, and it does not constrain the choices available. The commitments or constraints reflected in the current services estimates are based on the tax and spending policies contained in current law.

The current services baseline is used in a variety of ways: It can warn of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs. It provides a starting point for formulating the annual budget. It is a “policy-neutral” benchmark against which the President’s Budget and other budget proposals can be compared to see the magnitude of the proposed changes. The following table shows current services estimates of receipts, outlays, and surpluses for 2003 through 2009. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service Fund are added to the on-budget receipts and outlays to calculate the unified budget totals. The table also shows the current services estimates by major component. The BEA baseline deficits are shown as a memorandum in the table.

**Table 24–1. BASELINE CATEGORY TOTALS**

(In billions of dollars)

	2003	2004	2005	2006	2007	2008	2009
Receipts .....	1,782.3	1,791.2	2,036.6	2,214.9	2,353.7	2,497.1	2,635.6
Outlays:							
Discretionary:							
Defense .....	404.9	451.6	438.8	417.3	420.8	432.9	442.8
Nondefense .....	420.8	456.6	470.8	467.6	475.4	481.1	489.7
Subtotal, discretionary .....	825.7	908.2	909.6	884.9	896.2	914.1	932.5
Mandatory:							
Social Security .....	470.5	492.0	510.5	529.1	552.0	576.6	608.1
Medicare .....	245.7	265.9	289.6	336.4	372.1	393.4	417.7
Medicaid and SCHIP .....	165.0	182.3	188.5	198.4	214.0	232.7	252.5
Other mandatory .....	297.6	314.0	320.5	305.8	302.8	324.7	339.3
Subtotal, mandatory .....	1,178.9	1,254.2	1,309.1	1,369.7	1,440.9	1,527.5	1,617.6
Net interest .....	153.1	156.3	178.0	213.2	245.5	273.1	296.4
Total outlays .....	2,157.6	2,318.7	2,396.7	2,467.7	2,582.5	2,714.7	2,846.6
Unified deficit .....	–375.3	–527.5	–360.1	–252.9	–228.9	–217.5	–211.0
On-budget .....	–536.1	–681.5	–538.9	–454.8	–453.1	–464.9	–473.7
Off-budget .....	160.8	154.0	178.8	201.9	224.2	247.4	262.7
Memorandum:							
BEA baseline deficit .....	–375.3	–527.5	–393.3	–305.3	–291.8	–287.8	–270.9
Correct growth rates for pay .....			1.8	2.2	2.3	2.4	2.5
Do not extend emergencies .....			42.8	78.5	86.3	89.3	91.5
Extend certain tax provisions .....			–11.8	–30.3	–30.5	–29.7	–45.8
Related debt service .....			0.4	2.0	4.7	8.2	11.6
Current baseline deficit .....	–375.3	–527.5	–360.1	–252.8	–228.9	–217.5	–211.0

### Conceptual Basis for Estimates

Receipts and outlays are divided into two categories that are important for calculating the current services estimates: those controlled by authorizing legislation (direct spending and receipts) and those controlled through the annual appropriations process (discretionary spending). Different estimating rules apply to each category. There are numerous alternative rules that could be used to develop current services. The next section discusses some alternatives that might be considered.

*Direct spending and receipts.*—Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price and income supports, where the Government is legally obligated to make payments under certain conditions. Receipts and direct spending are alike in that they involve ongoing activities that generally operate under permanent authority (they do not require annual authorization), and the underlying statutes generally specify the tax rates or benefit levels that must be collected or paid, and who must pay or who is eligible to receive benefits. The current services baseline assumes that receipts and direct spending programs continue in the future as specified by current law. In most cases, that is what will occur without enactment of new legislation. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates.

If a baseline is intended to reflect current law, then the provisions of law providing spending authority and the authority to collect taxes or other receipts that expire under current law should be assumed to expire. However, the current services baseline assumes extension of several types of authority:

- Expiring provisions affecting excise taxes dedicated to a trust fund are assumed to be extended at current rates. During the projection period of 2004 through 2009, taxes deposited in the Leaking Underground Storage Tank trust fund, which are scheduled to expire on March 31, 2005, taxes deposited in the Highway and Aquatic Resources trust funds, which expire on September 30, 2005, and taxes deposited in the Airport and Airway trust fund, which expire on September 30, 2007, are the only taxes affected by this exception.
- Direct spending programs that will expire under current law are assumed to be extended if their 2004 outlays exceed \$50 million. For example, Temporary Assistance for Needy Families and child care entitlement to States, which expired at the end of 2002 and have been temporarily extended several times, are now scheduled to expire in March, 2004. The baseline estimates provided here assume continuation of these programs throughout the projection period. However, programs enacted after the enactment of the Bal-

anced Budget Act of 1997 that are explicitly temporary in nature expire in the baseline even if their current year outlays exceed the \$50 million threshold.

- Certain provisions in the 2001 and 2003 Tax Acts that were clearly not intended to be temporary are assumed to continue past their expiration date. These provisions include tax rate reductions and marriage penalty tax relief. Unlike the two extensions discussed above, the BEA baseline definitions, developed before the enactment of the 2001 and 2003 tax acts, does not provide for extension of these provisions.

*Discretionary spending.*—Discretionary programs differ in one important aspect from direct spending programs—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. If the baseline was intended to reflect current law, then a baseline would only reflect the expenditure of remaining balances from appropriations laws. Instead the current services baseline provides a mechanical definition for discretionary programs that is somewhat arbitrary. The definition used here attempts to keep discretionary spending level in real terms. For 2004, the current services estimates for discretionary programs are based on enacted appropriations for the Departments of Defense and Homeland Security and the conference report on the Consolidated Appropriations Act for Fiscal Year 2004 for the remaining agencies. The estimates assume that the conference report will be adopted as reported. For 2005 through 2009, funding for most accounts is equal to this 2004 level adjusted for inflation. The inflation rates used here are similar to those required by the BEA but adjust to remove the overcompensation for federal pay inherent in the BEA definition. Unlike the BEA requirements, these current services estimates assume that federal pay raises are effective in January, as required under current law. At the time the BEA was enacted, it ignored the nearly contemporaneous enactment of the Federal Employees Compensation Act of 1991 that shifted the effective date of federal employee pay raises from October to January. In addition, the baseline estimates presented here assume that any emergency appropriation enacted for 2004 is a one-time only event. The BEA requires that the baseline assume funding for emergencies repeatedly through the projection period.

### Alternative Formulations of Baseline

Throughout much of U.S. history, budget proposals were often compared to either the President's request or the previous year's budget. In the early 1970s, development of a baseline was pursued in attempt to provide a more neutral benchmark for comparisons. The Congressional Budget Act of 1974 included a requirement that OMB and the Congressional Budget Office (CBO)

provide estimates of a current services baseline. The definition of the baseline was very general and specific guidance was not provided.

Since these estimates have been developed, current services for direct spending programs and receipts were generally estimated based on laws currently in place. Major direct spending programs were assumed to continue past their expiration date. The initial budget enforcement legislation, enacted in 1990, specifically required that programs sunset on schedule in the baseline. This provision was subsequently amended to require extension of most major direct spending programs. However, in the case of receipts, the BEA requires only the extension of trust fund excise taxes.

For discretionary programs, the proper definition of current services was more ambiguous. OMB, for most accounts, applied an inflation adjustment to the current year budgetary resource. However, numerous exceptions were made to give a better picture of providing the same services in the future. Programs that were clearly temporary in nature were allowed to expire. Some programs were allowed to grow along a path that reflected development of a project: design, followed by construction, followed by operating expenses. CBO also made similar adjustments to their estimates. In addition, they produced a baseline that straightlined budgetary resources rather than apply an inflation adjustment. With enactment of budget enforcement legislation in the 1990s, a precise definition of baseline for discretionary programs was instituted and all discretionary programs were estimated based on precise rules.

It is clear, however, that a number of “current services” definitions could be developed that differ for those presented in this chapter:

- *Extend provisions affecting parts of mandatory programs.* Currently, mandatory programs that have current year outlays of over \$50 million are generally assumed to continue. However, provisions of law that affect parts of mandatory programs, even those that have been consistently extended in the past, are assumed to expire as scheduled. This creates an upward bias on spending as extensions of programs are not scored as

increasing outlays where extension of savings provisions are counted as savings and provide offsets for other spending.

- *Do not extend any authorizing laws that expire.* If all mandatory programs were assumed to expire as scheduled, the deficit in 2005 would be \$21 billion lower than the current estimates and deficits for 2005 through 2009 would be \$208 billion lower. (See the section below on major program assumptions for details on mandatory program extensions assumed in the estimates.) If excise taxes were allowed to expire, the deficit would be \$165 billion higher over the period 2005 through 2009. If certain provisions of the 2001 and 2003 Tax Acts were assumed to expire, the deficit would be \$162 billion lower over the period.
- *Straightline appropriations.* If all discretionary budgetary resources were to be the same in each year in the projection period as provided for the current year, total outlays would be \$13 lower in 2005 and \$271 billion lower over the period 2005 through 2009.
- *Do not extend any appropriations.* The current treatment of expiring provisions is inconsistent with the treatment of discretionary spending. All discretionary spending continues whether there is authorization for the program or not and whether funds have already been provided or not. In nearly all cases, funds for discretionary programs have not been provided in advance for years beyond the current year. If rules consistent with the treatment of other expiring provisions were applied to discretionary spending, no new budgetary resources would be provided. Thus, the only discretionary outlays that would be included in the baseline would be the lagged spending from the current year budgetary resource. If this rule were followed, outlays in 2005 would be reduced by \$570 billion relative to the current estimates. Clearly this would provide an unrealistic estimate of future spending and the government’s future fiscal position.

**Table 24–2. ALTERNATIVE BASELINE ASSUMPTIONS**

(in billions of dollars)

	2004	2005	2006	2007	2008	2009	2005–2009
Current baseline deficit .....	–527	–360	–253	–229	–218	–211	–1,270
Alternative assumptions: <sup>1</sup>							
Extend provisions affecting parts of mandatory programs .....	–1	–*	*	*	*	1	2
Do not extend any authorizing laws:							
Mandatory spending <sup>2</sup> .....	8	21	22	24	66	76	208
Trust fund excise taxes .....		–*	–31	–33	–48	–52	–165
Certain provisions of the 2001 and 2003 Tax Acts .....		12	31	33	34	52	162
Straightline appropriations .....		13	30	50	75	102	271
Do not extend any appropriations .....		570	881	1,022	1,127	1,222	4,822

<sup>1</sup> A positive number represents a reduction in the deficit. All estimates include related debt service impacts.

<sup>2</sup> Estimates provided here are the totals for the illustrative provisions shown in Table 24–5. This is not a complete listing of all provisions that expire.

\*\$500 million or less.

Table 24–2 provides estimates for a variety of changes in baseline definitions that could be considered.

### Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's Budget, which are based on enactment of the President's Budget proposals. The economy and the budget interact. Changes in economic conditions significantly alter the estimates of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, economic growth, consumption, savings, and investment. Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President's Budget. However, this would diminish the value of current services estimates as a benchmark for measuring proposed policy changes,

because it would then be difficult to separate the effects of proposed policy changes from the effects of different economic assumptions. By using the same economic assumptions for current services and the President's Budget, this potential source of confusion is eliminated. The economic assumptions underlying both the budget and the current service estimates are summarized in Table 24–3. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 2 of this volume.

### Major Programmatic Assumptions

A number of programmatic assumptions must be made in order to calculate the baseline estimates. These include assumptions about the number of beneficiaries who will receive payments from the major benefit programs and annual cost-of-living adjustments in the indexed programs. Assumptions on baseline caseload projections for the major benefit programs are shown in Table 24–4. Assumptions about various automatic cost-of-living-adjustments are shown in Table 24–3.

**Table 24–3. SUMMARY OF ECONOMIC ASSUMPTIONS**

(Fiscal years; dollar amounts in billions)

	2003	2004	2005	2006	2007	2008	2009
Gross Domestic Product (GDP):							
Levels, dollar amounts in billions:							
Current dollars .....	10,828	11,466	12,042	12,641	13,279	13,973	14,702
Real, chained (2000) dollars) .....	10,288	10,753	11,154	11,536	11,919	12,306	12,690
Percent change, year over year:							
Current dollars .....	4.4	5.9	5.0	5.0	5.0	5.2	5.2
Real, chained (2000) dollars) .....	2.7	4.5	3.7	3.4	3.3	3.2	3.1
Inflation measures (percent change, year over year):							
GDP chained price index .....	1.6	1.3	1.3	1.5	1.7	1.9	2.0
Consumer price index (all urban) .....	2.4	1.6	1.4	1.7	2.0	2.3	2.5
Unemployment rate, civilian (percent) .....	6.0	5.7	5.5	5.3	5.2	5.1	5.1
Interest rates (percent):							
91-day Treasury bills .....	1.1	1.1	2.1	3.1	3.8	4.3	4.4
10-year Treasury notes .....	3.9	4.5	4.9	5.3	5.5	5.7	5.8
<b>MEMORANDUM</b>							
Related program assumptions:							
Automatic benefit increases (percent):							
Social security and veterans pensions .....	1.4	2.1	1.3	1.5	1.8	2.1	2.4
Federal employee retirement .....	1.4	2.1	1.3	1.5	1.8	2.1	2.4
Food stamps .....	2.9	1.3	2.1	1.5	1.7	2.1	2.3
Insured unemployment rate .....	2.8	2.7	2.5	2.4	2.3	2.3	2.3

**Table 24–4. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS**

(Annual average, in thousands)

	2003 Actual	Estimate					
		2004	2005	2006	2007	2008	2009
Farmer direct payments .....	1,997	1,957	1,957	1,938	1,918	1,899	1,880
Federal family education loans .....	5,980	6,302	6,556	6,726	6,855	7,216	7,588
Federal direct student loans .....	2,073	2,163	2,275	2,382	2,507	2,635	2,768
Medicaid/State Children's Health Insurance Program .....	46,000	47,900	48,300	48,600	49,000	49,300	49,600
Medicare-eligible military retiree health benefits .....	1,634	1,682	1,720	1,754	1,788	1,827	1,863
Medicare:							
Hospital insurance .....	40,467	41,198	41,880	42,561	43,294	44,111	45,053
Supplementary medical insurance .....	38,369	38,928	39,477	40,028	40,619	41,282	42,054
Railroad retirement .....	629	614	599	585	573	562	553
Federal civil service retirement .....	2,383	2,386	2,407	2,441	2,473	2,505	2,538
Military retirement .....	2,006	2,030	2,052	2,074	2,099	2,118	2,132
Unemployment compensation .....	10,340	10,190	10,050	9,930	9,830	9,830	9,910
Food stamps .....	21,264	23,690	24,872	24,201	23,596	23,077	22,645
Child nutrition .....	31,194	31,929	32,427	32,941	33,448	33,966	34,494
Foster care and adoption assistance .....	558	584	609	638	668	700	733
Supplemental security income (SSI):							
Aged .....	1,150	1,134	1,122	1,113	1,107	1,104	1,102
Blind/disabled .....	5,403	5,577	5,745	5,877	5,975	6,049	6,116
Subtotal, SSI .....	6,553	6,711	6,867	6,990	7,082	7,153	7,218
Child care and development fund <sup>1</sup> .....	2,500	2,400	2,400	2,300	2,300	2,200	2,200
Social security (OASDI):							
Old age and survivor insurance .....	39,254	39,588	39,969	40,382	40,899	41,524	42,256
Disability insurance .....	7,330	7,664	7,996	8,302	8,587	8,855	9,082
Veterans compensation:							
Veterans .....	2,445	2,548	2,607	2,691	2,773	2,848	2,897
Survivors (non-veterans) .....	312	323	328	334	341	349	357
Subtotal, veterans compensation .....	2,757	2,871	2,935	3,025	3,114	3,197	3,254
Veterans pensions:							
Veterans .....	345	344	343	340	337	334	330
Survivors (non-veterans) .....	226	218	208	199	190	182	175
Subtotal, veterans pensions .....	571	562	551	539	527	516	505

<sup>1</sup> Includes children served through the CCDF (including TANF transfers) and through funds spent directly on child care in the Social Services Block Grant and TANF programs.

It is also necessary to make assumptions about the continuation of expiring programs and provisions. In the estimates provided here, expiring excise taxes dedicated to a trust fund are extended at current rates. Certain income tax provisions from the 2001 and 2003 Tax Acts, that were not designed to be temporary in nature, are assumed to be permanent for purposes of calculating revenue estimates. In general, mandatory programs with current year spending of at least \$50 million are also assumed to continue. All discretionary programs with enacted appropriations in the current year are assumed to continue. However, specific provisions of law that affect mandatory programs (but are not necessary for program operation) are allowed to expire as scheduled. For example, medicaid transition assistance will expire mid-way through 2004. The base-

line does not assume additional spending under this authority beyond that point. Table 24–5 provides a listing of mandatory programs and taxes assumed to continue in the baseline after their expiration.

Many other important assumptions must be made in order to calculate the baseline estimates. These include assumptions about the timing and substance of regulations that will be issued over the projection period, the use of administrative discretion provided under current law, and other assumptions about the way programs operate. Table 24–5 lists many of these assumptions and their impact on the baseline estimates. It is not intended to be an exhaustive listing; the variety and complexity of Government programs are too great to provide a complete list. Instead, some of the more important assumptions are shown.

**Table 24-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE**

(In millions of dollars)

Category	Estimate					
	2004	2005	2006	2007	2008	2009
<b>REGULATIONS</b>						
Foster care program:						
Administrative claims for children in unlicensed relative homes .....			-82	-87	-91	-96
Information and guidance on implementation of AFCARS penalties .....			-2	-5	-5	-5
Old age and survivors insurance (OASI) and disability insurance (DI):						
Ticket to Work and Self-Sufficiency .....	6	18	26	27	18	5
Reduction of Title II benefits under family maximum in cases of dual entitlement .....	15	16	17	18	19	20
Trial work period .....	5	4	3	3	2	1
Musculoskeletal system and related criteria .....	-85	-110	-135	-165	-195	-225
Medicare, HI: <sup>1</sup>						
Inpatient Rehabilitation Facilities .....	-20	-50	-70	-70	-180	-230
Inpatient Psychiatric Facilities, Prospective Payment System .....						
Medicare, HI and SMI: <sup>1</sup>						
Consistent reimbursement for bad debt .....		-10	-40	-70	-80	-90
Supplemental security income (SSI):						
Ticket to Work and Self-Sufficiency .....	-5	-12	-12	-6	-3	-7
Title XVI cross-program recovery .....	-40	-30	-15	-15	-15	-15
Student earned income exclusion .....	3	4	4	4	4	5
Musculoskeletal system and related criteria .....	-15	-20	-25	-25	-30	-35
Interior:						
Bureau of Land Management cost recovery fees .....		-4	-4	-4	-4	-4
<b>EXPIRING AUTHORIZATIONS</b>						
Provisions extended in the baseline (effect of extension):						
Spending:						
Child care entitlement to States .....		2,717	2,717	2,717	2,717	2,717
Child nutrition:						
Summer food service program .....	308	329	352	374	398	420
State administrative expenses .....	149	156	162	167	175	181
CCC market access, bioenergy and commodity programs .....					5,412	10,300
Conservation reserve program .....						41
Farm security and rural investment:						
Conservation security program .....					873	1,046
Environmental quality incentives program .....					1,107	1,116
Farm and ranch lands protection program .....					134	136
Wildlife habitat incentives program .....					74	76
Wetlands reserve program .....					294	218
Food stamps:						
Benefit costs .....					25,994	26,312
State administrative expenses .....					2,553	2,626
Employment and training .....					321	326
Other program costs .....					70	71
Nutrition assistance for Puerto Rico .....					1,518	1,554
Food donations on Indian reservations .....					83	85
The emergency food assistance program commodities .....					140	140
Promoting safe and stable families .....				305	305	305
Temporary assistance for needy families (TANF) resources:						
State family assistance grants (SFAG) .....	6,595	16,489	16,489	16,489	16,489	16,489
SFAG to territories .....	31	78	78	78	78	78
Matching grants to territories .....	6	15	15	15	15	15
Bonus to reward high performing States .....	1000					
Bonus to reward decrease in illegitimacy .....	100	100	100	100	100	100
Tribal work program .....	8	8	8	8	8	8
Census survey of program dynamics .....	5	10	10	10	10	10
Trade adjustment assistance—training and income support .....					649	1,143
Trade adjustment assistance—farmers .....					90	90
Veterans compensation						
Annual cost-of-living adjustment .....		242	592	967	1,519	2,185
Revenues:						
Excise taxes dedicated to trust funds:						
Airport and Airway trust fund taxes .....					11,852	12,536
Aquatic resources trust fund taxes .....			328	338	349	359
Highway trust fund taxes .....			30,121	30,949	31,720	32,416
Leaking Underground Storage Tank taxes .....		82	202	208	211	217
Certain provisions for the 2001 tax cut and 2003 jobs and growth tax cut:						
Revenue effect .....		-11,776	-26,020	-26,321	-25,682	-41,828
Outlay effect .....			4,265	4,131	4,003	3,936



**Table 24-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**

(In millions of dollars)

Category	Estimate					
	2004	2005	2006	2007	2008	2009
Provisions not extended in the baseline (effect of extension):						
Spending:						
Agriculture recreation fee demonstration project .....			-17	-12	-7	-2
Customs user fees .....		-820	-1,391	-1,448	-1,507	-1,570
EPA pesticides maintenance fee .....						-15
Medicare, SMI:						
Medicare low income premium assistance <sup>2</sup> .....		136	141	147	152	158
Medicaid:						
Transition benefits <sup>3</sup> .....	175	446	488	524	554	580
TANF:						
Supplemental grants .....	128	319	319	319	319	319
Welfare research .....	7	15	15	15	15	15
Veterans programs:						
Income verification match .....						-6
Authorize purchase of headstones .....				2	2	2
<b>OTHER IMPORTANT PROGRAM ASSUMPTIONS</b>						
Child support enforcement (CSE):						
Alternative penalties for Family Support Act systems and Statewide Disbursement Unit requirements .....	-166	-203	-188	175		
Effect of enhanced rate of paternity testing .....	8	8	8	8	8	8
Food stamps:						
Tax offset, recoupment, and general claims collection .....	-168	-177	-175	-175	-175	-177
Quality control liabilities .....			-18	-18	-16	-12
Allocation of administrative costs between public assistance programs .....	-197	-197	-197	-197	-197	-197
Medicare: <sup>4</sup>						
Medicare Advantage .....	38,460	49,435	62,558	82,744	92,250	102,607
Inpatient Hospital .....	118,552	125,786	124,173	122,175	125,593	130,527
Physicians .....	51,125	54,095	51,003	47,606	46,780	45,896
Medicaid:						
Financial management recoveries .....	-466	-482	-530	-580	-634	-691
Vaccines for Children, total program costs .....	1,208	1,208	1,201	984	1,009	1,028
Allocation of administrative costs between public assistance programs .....	432	471	509	549	593	640
Remaining upper payment limit-related costs .....	2,800	2,400	2,000	1,800	1,600	1,400
Institutional long term care .....	33,805	33,892	36,269	38,657	41,100	43,504
Home and community based institutional alternatives .....	18,457	19,002	22,015	25,539	29,705	34,515
Pharmaceuticals (FFS, net of rebates) .....	18,304	20,800	13,951	12,209	13,201	14,349
Managed care (including Medicaid MCOs, PHPs, PCCM) .....	29,809	31,853	36,188	40,589	45,032	49,368
State Children's Health Insurance Program (Title XXI) .....	5,232	5,299	5,292	5,494	5,566	5,601
Approved Demonstrations: <sup>5</sup>						
Medicare, HI:						
Mercy Medical SNF						
Baseline estimate .....	5	1				
Demonstration estimate .....	5	1				
Premier—Hospital Quality Incentive						
Baseline estimate .....	2,844	3,053	3,267	11		
Demonstration estimate .....	2,844	3,053	3,267	11		
Medicare, SMI:						
Municipal Health .....	15	17	19	5		
Baseline estimate .....	30	33	37	10		
Demonstration estimate .....						
Diabetes (Telemedicine)						
Baseline estimate .....	7	7	8	8		
Demonstration estimate .....	7	7	8	8		
United Mine Workers Program—Prescription Drug Benefits						
Baseline estimate .....						
Demonstration estimate .....	109	120				
Smoking Cessation						
Baseline estimate .....						
Demonstration estimate .....	*					
Home Health Third Party Liability						
Baseline estimate .....	153	110	85	62	59	
Demonstration estimate .....	153	110	85	62	59	
BIPA Disease Management						
Baseline estimate .....	101	271	288	144		
Demonstration estimate .....	101	270	286	142		
Case Management/Lovelace						
Baseline estimate .....	12	2				
Demonstration estimate .....	10	2				

**Table 24-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2004	2005	2006	2007	2008	2009
Coordinated Care						
Baseline estimate .....	177	188	95			
Demonstration estimate .....	154	163	82			
Medicare: HI and SMI:						
Evercare						
Baseline estimate .....	206	69				
Demonstration estimate .....	206	69				
New York Graduate Medical Education						
Baseline estimate .....	53	53	53	53		
Demonstration estimate .....	45	37	26	13		
Medicare Lifestyle Modification Program						
Baseline estimate .....	1	1	1			
Demonstration estimate .....	1	1	1			
Medicare+Choice Phase I						
Baseline estimate .....	377	103				
Demonstration estimate .....	386	106				
Medicare+Choice Phase II						
Baseline estimate .....	859	945	260			
Demonstration estimate .....	916	1,008	277			
United Mine Workers Program—Health Benefits						
Baseline estimate .....	366	442				
Demonstration estimate .....	343	411				
UTAH GME						
Baseline estimate .....	5	5	6	6		
Demonstration estimate .....	5	5	6	6		
SHMO-ESRD						
Baseline estimate .....	16	16	4			
Demonstration estimate .....	18	18	5			
NJHA Hospital Performance Based Incentive						
Baseline estimate .....	260	372	400	107		
Demonstration estimate .....	255	365	392	105		
S/HMOs—Medicare						
Baseline estimate .....	893	295				
Demonstration estimate .....	1,050	347				
S/HMO II—Medicare						
Baseline estimate .....	533	172				
Demonstration estimate .....	550	182				
Virginia Cardiac Surgery Initiative						
Baseline estimate .....	28	115	118	90		
Demonstration estimate .....	28	114	116	89		
Medicaid: <sup>5</sup>						
Alabama Family Planning .....	239	202				
Arizona AHCCCS .....	2,515	2,733	3,029			
Arkansas (ARKids B) .....	49	44				
Arkansas Family Planning Services .....	169	207	35			
Arkansas Cash & Counseling .....	8	8	8	7		
Arkansas TEFRA .....	38	46	57	69		
California Family Planning .....	159	27				
California—LA County <sup>6</sup> .....	123	65				
Colorado Consumer Directed Attendent Support .....	4	5	5	6	1	
Delaware—Diamond State Health Plan .....	409	456	504	129		
District of Columbia HIV .....	2	10	12	15		
District of Columbia Childless Adults 50–64 .....	5	5	5	3		
Florida Family Planning .....	10	8	8	1		
Florida Cash & Counseling .....	49	53	57	62	26	
Hawaii Health QUEST .....	284	143				
Kentucky Health Care Partnership Program .....	324	335	28			
Maine HIV .....	7	8	9	7		
Maryland (Health Choice) .....	1,282	975				
Massachusetts MassHealth .....	2,428	1,866				
Minnesota (Prepaid Med. Assist. Project Plus) .....	117	104				
Mississippi Family Planning .....	105	115	125	137	109	
Missouri Managed Care Plus .....	204	205	204	86		
New Jersey Cash & Counseling .....	4	2				
New Mexico—Family Planning Expansion .....	8	9	11			
New York (Partnership Plan) .....	9,421	9,753	5,252			
Oklahoma Sooner Care .....	168	843	906	230		

**Table 24-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2004	2005	2006	2007	2008	2009
Oregon Family Planning .....	58	65	76	6		
Oregon Independent Choices .....	2	2	3	*		
Rhode Island Rite Care (Medicaid) .....	126	103				
South Carolina Family Planning .....	19	7				
TennCare II .....	3,244	3,488	3,865	3,124		
Utah (Primary Care Network) .....	81	87	97	79		
Vermont Health Access Plan .....	344	208	214	54		
Virginia—Family Planning .....	159	165	171	176		
Washington (Take Charge/Family Planning) .....	179	200	160			
Wisconsin Badger Care (Medicaid) .....	19					
Wisconsin Family Planning .....	23	28	34	40	10	
Pharmacy plus (demonstration estimate):						
Wisconsin Pharmacy Plus .....	154	183	218	260		
Florida Pharmacy Plus .....	87	95	105	93		
Illinois Pharmacy Plus .....	232	298	357	277		
South Carolina Pharmacy Plus .....	129	153	179	208	52	
State Children's Health Insurance Program (Title XXI) (demonstration estimates): <sup>5</sup>						
Maryland Health Choice <sup>7</sup> .....	126	90				
Minnesota Care .....	64	47				
Missouri MC+ <sup>7</sup> .....	82	91	103	117		
New Jersey FamilyCare .....	19					
New Mexico SCHIP <sup>7</sup> .....	20	23				
Rhode Island (SCHIP RiteCare) .....	10	10				
Wisconsin (BadgerCare) .....	33					
Health Insurance Flexibility and Accountability (HIFA) (demonstration estimate):						
Arizona HIFA amendment to AHCCCS (SCHIP funds) .....	39	41	43			
California HIFA (SCHIP funds) .....	466	487	337			
Colorado HIFA Adult Prenatal Coverage (SCHIP funds) .....	13	14				
Illinois HIFA (KidCare Parent Coverage)						
Demonstration estimate (SCHIP funds) .....	33	72	106	150		
Baseline estimate (Medicaid funds) .....	71	85	113	148		
Maine HIFA (Maine Care for Childless Adults—Medicaid funds)						
Baseline estimate .....	61	57	57	57		
New Mexico HIFA (SCHIP funds) .....	13	15	19	22		
Oregon HIFA (Oregon Health Plan 2)						
Demonstration estimate (SCHIP funds) .....	30	33	36	6		
Baseline estimate (Medicaid funds) .....	1,457	1,558	1,718	1,893	159	
Joint Medicare and Medicaid:						
Minnesota-Dual Eligibles						
Demonstration estimate .....	88					
Baseline estimate .....	92					
Wisconsin-Dual Eligibles						
Demonstration estimate .....	97	127	167			
Baseline estimate .....	97	127	167			
Massachusetts—Dual Eligibles						
Demonstration estimate .....	11	21	29	35		
Baseline estimate .....	15	28	38	50		
OASI, DI, SSI:						
Performance of continuing disability reviews (baseline levels) (OASI, DI, SSI) .....	-90	-570	-1,150	-1,700	-2,385	-2,990
Collection of overpayments:						
OASI .....	-640	-650	-650	-650	-650	-650
DI .....	-460	-498	-498	-498	-498	-498
SSI (federal) .....	-849	-903	-903	-903	-903	-903
Debts written off as uncollectable (no effect on outlays):						
OASI .....	108	110	110	110	110	110
DI .....	363	393	393	393	393	393
SSI (federal) .....	511	544	544	544	544	544
OASDI:						
Payments to states for vocational rehabilitation .....	93	100	109	116	124	132
Research and demonstration projects .....	14	51	74	37		
SSI:						
Payments from states for state supplemental benefits .....	-4,229	-4,314	-4,485	-4,661	-4,762	-4,925
Payments for state supplemental benefits .....	4,195	4,670	4,485	4,270	4,755	4,910
Fees for administration of State supplement:						
Treasury share .....	-153	-156	-159	-161	-163	-164
SSA share .....	-120	-121	-128	-135	-142	-151
Research and demonstration projects .....	51	42	28	28	28	29

**Table 24-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE**

(In millions of dollars)

Category	Estimate					
	2004	2005	2006	2007	2008	2009
Payments to states for vocational rehabilitation .....	89	92	98	106	111	117
Performance of non-disability redeterminations (excludes related overpayment collections reported above) .....	-980	-1,800	-1,985	-2,145	-2,290	-2,430
Ticket to work grant programs:						
Infrastructure grant program .....	15	22	26	27	30	31
Demonstration to maintain independence and employment .....	1	6	7	8	10	10

\* = \$500,000 or less.

NA = Not available.

<sup>1</sup> Medicare regulations reflect gross outlays.<sup>2</sup> Current law extends program through September 30, 2004.<sup>3</sup> Current law extends program to March 31, 2004.<sup>4</sup> Not shown on table are anticipated collections from various state liabilities under current law.<sup>5</sup> Baseline estimates reflect costs absent the demonstration; demonstration estimate reflects costs of the demonstration.<sup>6</sup> Budget modified from original agreement for phase-out of waiver funding.<sup>7</sup> Estimates reflect costs for SCHIP children under the State's Medicaid 1115.

### Current Services Receipts, Outlays, and Budget Authority

**Receipts.**—Table 24-6 shows baseline receipts by major source. Total receipts are projected to increase by \$245 billion from 2004 to 2005 and by \$599 billion from 2005 to 2009, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$116 billion from 2004 to 2005 under current law. This growth of 15.2 percent is primarily the effect of increased collections resulting from rising personal incomes and the timing and magnitude of tax changes provided under the 2001 and 2003 tax cuts. Individual income taxes are projected to grow at an annual rate of 8.5 percent between 2005 and 2009.

Corporation income taxes under current law are estimated to grow by \$60 billion or 37.1 percent between 2004 and 2005, in large part due to increasing corporate profits and the timing and magnitude of tax changes provided in the 2002 economic stimulus bill and the 2001 and 2003 tax cuts. Corporation income taxes are

projected to increase at an annual rate of 4.5 percent from 2005 to 2009, reflecting higher corporate profits.

Social insurance and retirement receipts are estimated to increase by \$62 billion between 2004 and 2005, and by an additional \$166 billion between 2005 and 2009. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$87,900 in 2004 to \$106,200 in 2009.

Excise taxes are estimated to increase by \$11 billion from 2004 to 2009, in large part due to increased economic activity. Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$28 billion from 2004 to 2009.

The current services revenue estimates reflect a downward adjustment for revenue uncertainty of \$20 billion in 2004 and \$15 billion in 2005. These amounts reflect an additional adjustment to receipts beyond what the economic and tax models forecast that has been made in the interest of cautious and prudent forecasting.

**Outlays.**—Current services outlays are estimated to grow from \$2,319 billion in 2004 to \$2,397 billion in 2005, a 3.4 percent increase. Between 2004 and 2009,

**Table 24-6. BASELINE RECEIPTS BY SOURCE**

(In billions of dollars)

	2003	Estimate					
		2004	2005	2006	2007	2008	2009
Individual income taxes .....	793.7	765.8	882.0	969.4	1,051.5	1,139.6	1,220.1
Corporation income taxes .....	131.8	162.1	222.1	246.8	252.2	258.1	264.9
Social insurance and retirement receipts .....	713.0	732.4	794.0	834.0	878.6	918.6	960.0
On-budget .....	189.1	198.4	218.9	230.9	242.3	251.0	261.1
Off-budget .....	523.8	534.0	575.1	603.1	636.3	667.6	698.9
Excise taxes .....	67.5	70.2	73.2	74.8	76.9	79.1	81.3
Other .....	76.4	80.8	80.3	89.9	94.5	101.7	109.3
Adjustment for revenue uncertainty .....		-20.0	-15.0				
Total .....	1,782.3	1,791.2	2,036.6	2,214.9	2,353.7	2,497.1	2,635.6
On-budget .....	1,258.5	1,257.2	1,461.5	1,611.7	1,717.4	1,829.5	1,936.7
Off-budget .....	523.8	534.0	575.1	603.1	636.3	667.6	698.9

they are projected to increase at an average annual rate of 4.2 percent. Outlays for discretionary programs remain almost level from 2004 to 2005, largely reflecting increases in resources to keep pace with inflation offset by a reduction from lower spending for the war. Discretionary outlays actually decline from 2005 to 2006, largely from continued fall off in war spending. Reflecting increases in resources to keep pace with inflation, outlays rise each year thereafter, reaching \$933 billion in 2009. Entitlement and other mandatory programs are estimated to grow from \$1,254 billion in 2004 to \$1,309 billion in 2005, and to \$1,618 billion in 2009, due in large part to changes in the number of beneficiaries and to automatic cost-of-living adjustments and other adjustments for inflation. Social security outlays grow from \$492 billion in 2004 to \$608 billion in 2009, an average annual rate of 4.3 percent. Medicare and medicaid are projected to grow at annual average rates of 9.4 and 6.9 percent, respectively, outpacing inflation. Offsetting growth in other areas, unemployment compensation declines from \$46 billion in 2004 to \$40 billion in 2005, reflecting lower unemploy-

ment rates as economic growth increases. Other areas of growth are federal employee retirement and other income security programs, including food assistance, the earned income and child tax credits, and the supplemental security income program.

Net interest payments to the public total \$156 billion in 2004 and \$178 billion in 2005. They rise each year reaching \$296 billion in 2009. This pattern reflects increased borrowing requirements as well as changes in the mix of debt issuance and interest rates over the period.

Tables 24–8 and 24–9 show current services outlays by function and by agency, respectively. A more detailed presentation of outlays (by function, subfunction, category, and program) appears on the CD-ROM that accompanies this volume.

*Budget authority.*—Tables 24–10 and 24–11 show current services estimates of budget authority by function and by agency, respectively. A more detailed presentation of budget authority with program level estimates appears on the CD-ROM that accompanies this volume.

**Table 24–7. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY**

(Dollar amounts in billions)

	2004	2005	2009	Change 2004 to 2005		Change 2004 to 2009	
				Amount	Percent	Amount	Average Annual Rate
<b>Outlays:</b>							
Discretionary:							
Defense .....	451.6	438.8	442.8	–12.8	–2.8%	–8.8	–0.4%
Nondefense .....	456.6	470.8	489.7	14.2	3.1%	33.1	1.4%
Subtotal, discretionary .....	908.2	909.6	932.5	1.4	0.2%	24.3	0.5%
Mandatory:							
Medicaid .....	177.1	183.2	246.9	6.1	3.4%	69.8	6.9%
Medicare .....	265.9	289.6	417.7	23.7	8.9%	151.7	9.4%
Federal employee retirement and disability .....	89.1	92.7	107.5	3.6	4.0%	18.4	3.8%
Unemployment compensation .....	45.6	40.5	45.4	–5.1	–11.2%	–0.2	–0.1%
Other income security programs .....	151.4	161.5	171.2	10.1	6.7%	19.8	2.5%
Social Security .....	492.0	510.5	608.1	18.5	3.8%	116.2	4.3%
Other mandatory programs .....	92.4	93.3	95.8	0.9	0.9%	3.4	0.7%
Undistributed offsetting receipts .....	–59.3	–62.2	–75.0	–2.8	4.8%	–15.6	4.8%
Subtotal, mandatory .....	1,254.2	1,309.1	1,617.6	54.9	4.4%	363.4	5.2%
Net interest .....	156.3	178.0	296.4	21.7	13.9%	140.1	13.7%
<b>Total outlays .....</b>	<b>2,318.7</b>	<b>2,396.7</b>	<b>2,846.6</b>	<b>78.0</b>	<b>3.4%</b>	<b>527.8</b>	<b>4.2%</b>

**Table 24–8. CURRENT SERVICES OUTLAYS BY FUNCTION**

(in billions of dollars)

Function	2003 Actual	Estimate					
		2004	2005	2006	2007	2008	2009
National defense:							
Department of Defense—Military .....	387.3	434.8	420.6	399.1	402.6	414.6	424.1
Other .....	17.6	18.9	19.7	19.7	19.7	19.9	20.3
Total, National defense .....	404.9	453.7	440.3	418.8	422.3	434.5	444.3
International affairs .....	21.2	34.2	36.6	29.3	26.8	27.0	27.5
General science, space, and technology .....	20.9	22.3	23.8	23.7	24.5	25.0	25.4
Energy .....	–0.8	1.0	1.2	1.6	1.6	1.7	1.8
Natural resources and environment .....	29.7	31.7	32.5	33.6	35.3	36.2	37.0
Agriculture .....	22.6	20.1	22.4	21.3	21.2	21.0	21.2
Commerce and housing credit .....	–1.6	7.7	3.8	–1.2	–0.4	–0.7	0.1
On-Budget .....	(3.6)	(12.7)	(4.1)	(2.8)	(3.6)	(4.0)	(4.3)
Off-Budget .....	(–5.2)	(–5.0)	(–0.2)	(–4.0)	(–3.9)	(–4.7)	(–4.3)
Transportation .....	67.1	68.2	69.5	70.1	71.1	72.5	74.5
Community and regional development .....	18.8	18.8	17.3	16.2	16.7	15.8	15.7
Education, training, employment, and social services .....	82.6	87.2	89.5	89.4	90.2	91.4	93.2
Health .....	219.6	243.3	254.2	266.0	283.6	304.6	326.6
Medicare .....	249.4	270.5	295.2	342.1	378.0	399.6	424.1
Income security .....	334.4	339.5	348.8	353.6	357.4	366.5	373.8
Social security .....	474.7	496.2	514.8	533.5	556.6	581.3	613.0
On-Budget .....	(13.3)	(14.3)	(15.1)	(16.4)	(17.9)	(20.5)	(21.5)
Off-Budget .....	(461.4)	(481.9)	(499.7)	(517.1)	(538.6)	(560.8)	(591.5)
Veterans benefits and services .....	57.0	60.5	68.3	69.1	69.4	75.8	79.6
Administration of justice .....	35.4	41.6	42.7	43.5	43.2	44.5	46.8
General government .....	23.0	25.4	19.9	20.1	20.9	21.8	22.3
Net interest .....	153.1	156.3	178.0	213.2	245.5	273.1	296.4
On-Budget .....	(236.6)	(242.6)	(269.9)	(313.3)	(355.6)	(395.5)	(433.1)
Off-Budget .....	(–83.5)	(–86.3)	(–91.9)	(–100.1)	(–110.2)	(–122.4)	(–136.6)
Allowances .....				–1.2	–1.2		
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget) .....	–39.8	–44.1	–46.1	–48.3	–50.9	–53.6	–56.5
Employer share, employee retirement (off-budget) .....	–9.6	–10.7	–11.2	–11.8	–12.5	–13.5	–14.4
Rents and royalties on the Outer Continental Shelf .....	–5.0	–4.6	–4.8	–5.6	–5.6	–5.7	–5.7
Sale of major assets .....				–0.3			
Other undistributed offsetting receipts .....			–0.1	–9.0	–11.2	–4.2	–*
Total, Undistributed offsetting receipts .....	–54.4	–59.3	–62.2	–75.0	–80.2	–77.0	–76.6
On-Budget .....	(–44.8)	(–48.7)	(–51.0)	(–63.2)	(–67.7)	(–63.5)	(–62.2)
Off-Budget .....	(–9.6)	(–10.7)	(–11.2)	(–11.8)	(–12.5)	(–13.5)	(–14.4)
<b>Total .....</b>	<b>2,157.6</b>	<b>2,318.7</b>	<b>2,396.7</b>	<b>2,467.7</b>	<b>2,582.5</b>	<b>2,714.7</b>	<b>2,846.6</b>
On-Budget .....	(1,794.6)	(1,938.7)	(2,000.4)	(2,066.5)	(2,170.5)	(2,294.4)	(2,410.4)
Off-Budget .....	(363.0)	(380.0)	(396.3)	(401.2)	(412.0)	(420.2)	(436.2)

\* \$50 million or less.

**Table 24–9. CURRENT SERVICES OUTLAYS BY AGENCY**

(in billions of dollars)

Agency	2003 Actual	Estimate					
		2004	2005	2006	2007	2008	2009
Legislative Branch .....	3.4	4.3	4.2	4.1	4.3	4.4	4.5
Judicial Branch .....	5.1	5.3	5.6	5.7	5.9	6.1	6.3
Agriculture .....	72.4	77.7	82.8	82.4	83.4	84.6	86.3
Commerce .....	5.7	6.2	6.2	6.3	6.4	6.6	6.8
Defense—Military .....	388.9	435.7	420.8	399.1	402.6	414.6	424.1
Education .....	57.4	62.8	64.4	64.2	64.7	65.4	66.6
Energy .....	19.4	20.6	21.8	21.9	21.9	22.2	22.6
Health and Human Services .....	505.3	547.7	581.9	639.8	692.8	734.4	780.5
Homeland Security .....	32.0	30.7	30.8	30.8	31.6	31.7	31.9
Housing and Urban Development .....	37.5	46.2	39.6	39.4	40.4	36.9	33.9
Interior .....	9.2	10.0	9.8	10.6	11.3	11.5	11.7
Justice .....	21.5	23.5	23.4	23.5	22.6	23.3	24.9
Labor .....	69.6	59.9	54.9	55.0	56.0	58.2	61.0
State .....	9.3	11.3	10.7	10.3	10.6	10.7	11.0
Transportation .....	50.8	58.0	59.2	59.8	60.4	61.6	63.2
Treasury .....	367.0	369.0	399.3	448.4	495.5	541.0	585.6
Veterans Affairs .....	56.9	60.4	68.2	68.9	69.2	75.6	79.4
Corps of Engineers—Civil Works .....	4.8	4.3	4.7	4.9	5.0	5.1	5.3
Other Defense Civil Programs .....	39.9	40.3	40.5	40.8	41.2	41.6	41.8
Environmental Protection Agency .....	8.1	8.1	8.4	8.4	8.8	9.0	9.0
Executive Office of the President .....	0.4	6.6	9.9	4.2	1.1	0.6	0.4
General Services Administration .....	0.6	0.8	0.7	0.3	0.4	0.4	0.4
International Assistance Programs .....	13.5	17.4	15.8	15.0	15.4	16.0	16.3
National Aeronautics and Space Administration .....	14.6	14.6	15.9	15.6	16.3	16.6	16.9
National Science Foundation .....	4.7	5.3	5.5	5.6	5.7	5.9	6.0
Office of Personnel Management .....	54.1	57.6	60.6	63.7	65.8	69.2	72.5
Small Business Administration .....	1.6	4.0	0.7	0.8	0.8	0.8	0.9
Social Security Administration .....	507.7	530.5	553.4	570.7	592.3	622.2	655.3
On-Budget .....	(46.3)	(48.6)	(53.7)	(53.6)	(53.6)	(61.4)	(63.8)
Off-Budget .....	(461.4)	(481.9)	(499.7)	(517.1)	(538.6)	(560.8)	(591.5)
Other Independent Agencies .....	6.9	11.4	18.6	13.6	14.6	14.6	15.3
On-Budget .....	(12.2)	(16.4)	(18.8)	(17.6)	(18.6)	(19.2)	(19.6)
Off-Budget .....	(–5.2)	(–5.0)	(–0.2)	(–4.0)	(–3.9)	(–4.7)	(–4.3)
Allowances .....	.....	.....	.....	–1.2	.....	.....	.....
Undistributed Offsetting Receipts .....	–210.4	–211.4	–221.5	–245.0	–263.3	–275.8	–293.7
On-Budget .....	(–117.3)	(–114.5)	(–118.3)	(–133.2)	(–140.6)	(–140.0)	(–142.7)
Off-Budget .....	(–93.1)	(–96.9)	(–103.1)	(–111.9)	(–122.7)	(–135.9)	(–151.0)
<b>Total .....</b>	<b>2,157.6</b>	<b>2,318.7</b>	<b>2,396.7</b>	<b>2,467.7</b>	<b>2,582.5</b>	<b>2,714.7</b>	<b>2,846.6</b>
On-Budget .....	(1,794.6)	(1,938.7)	(2,000.4)	(2,066.5)	(2,170.5)	(2,294.4)	(2,410.4)
Off-Budget .....	(363.0)	(380.0)	(396.3)	(401.2)	(412.0)	(420.2)	(436.2)

**Table 24–10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION**

(in billions of dollars)

Function	2003 Actual	Estimate					
		2004	2005	2006	2007	2008	2009
National defense:							
Department of Defense—Military .....	437.9	441.7	390.0	399.4	409.5	420.4	431.9
Other .....	18.3	18.8	19.0	19.3	19.6	20.0	20.4
Total, National defense .....	456.2	460.5	409.0	418.7	429.1	440.4	452.4
International affairs .....	31.7	41.3	25.2	26.9	27.7	28.5	29.3
General science, space, and technology .....	23.1	23.4	23.7	24.2	24.6	25.2	25.7
Energy .....	0.5	1.2	1.2	1.9	1.7	1.9	2.2
Natural resources and environment .....	31.8	32.2	33.5	33.9	35.3	36.2	37.7
Agriculture .....	24.7	19.5	22.7	21.8	21.7	21.4	21.4
Commerce and housing credit .....	14.9	14.0	9.0	8.6	10.8	11.0	10.8
On-Budget .....	(9.5)	(11.8)	(9.3)	(8.1)	(9.7)	(10.1)	(10.3)
Off-Budget .....	(5.4)	(2.2)	(-0.3)	(0.4)	(1.0)	(1.0)	(0.4)
Transportation .....	68.7	69.4	70.1	70.9	71.6	72.2	72.9
Community and regional development .....	16.7	16.3	15.4	15.7	16.0	16.3	16.6
Education, training, employment, and social services .....	87.6	87.9	90.8	91.4	92.0	93.4	95.2
Health .....	231.7	251.1	250.6	265.7	284.2	305.3	329.7
Medicare .....	249.9	271.0	295.1	342.5	377.7	399.6	424.5
Income security .....	329.5	336.4	342.2	349.1	353.7	366.4	380.8
Social security .....	476.6	497.8	516.2	535.1	558.6	583.5	615.9
On-Budget .....	(13.3)	(14.3)	(15.1)	(16.4)	(17.9)	(20.5)	(21.5)
Off-Budget .....	(463.3)	(483.5)	(501.1)	(518.7)	(540.7)	(563.0)	(594.4)
Veterans benefits and services .....	59.1	60.4	66.0	69.6	72.9	76.5	80.4
Administration of justice .....	39.7	42.7	42.0	42.2	43.6	44.9	47.2
General government .....	25.0	23.9	20.4	21.0	21.6	22.3	23.0
Net interest .....	153.2	156.2	178.0	213.2	245.5	273.1	296.4
On-Budget .....	(236.7)	(242.5)	(269.9)	(313.3)	(355.6)	(395.5)	(433.1)
Off-Budget .....	(-83.5)	(-86.3)	(-91.9)	(-100.1)	(-110.2)	(-122.4)	(-136.6)
Allowances .....				-1.2	-1.2		
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget) .....	-39.8	-44.1	-46.1	-48.3	-50.9	-53.6	-56.5
Employer share, employee retirement (off-budget) .....	-9.6	-10.7	-11.2	-11.8	-12.5	-13.5	-14.4
Rents and royalties on the Outer Continental Shelf .....	-5.0	-4.6	-4.8	-5.6	-5.6	-5.7	-5.7
Sale of major assets .....				-0.3			
Other undistributed offsetting receipts .....			-0.1	-9.0	-11.2	-4.2	-*
Total, Undistributed offsetting receipts .....	-54.4	-59.3	-62.2	-75.0	-80.2	-77.0	-76.6
On-Budget .....	(-44.8)	(-48.7)	(-51.0)	(-63.2)	(-67.7)	(-63.5)	(-62.2)
Off-Budget .....	(-9.6)	(-10.7)	(-11.2)	(-11.8)	(-12.5)	(-13.5)	(-14.4)
<b>Total .....</b>	<b>2,266.2</b>	<b>2,346.1</b>	<b>2,349.0</b>	<b>2,476.2</b>	<b>2,606.8</b>	<b>2,741.2</b>	<b>2,885.5</b>
On-Budget .....	(1,890.6)	(1,957.3)	(1,951.2)	(2,068.9)	(2,187.7)	(2,313.1)	(2,441.6)
Off-Budget .....	(375.5)	(388.8)	(397.7)	(407.3)	(419.0)	(428.1)	(443.8)
<b>MEMORANDUM</b>							
Discretionary budget authority:							
National defense .....	455.0	458.6	407.5	417.2	427.6	438.8	450.7
International .....	33.5	48.6	27.3	27.8	28.3	28.9	29.6
Domestic .....	361.0	367.5	376.9	385.9	396.1	406.3	418.3
<b>Total .....</b>	<b>849.4</b>	<b>874.7</b>	<b>811.7</b>	<b>830.8</b>	<b>851.9</b>	<b>874.0</b>	<b>898.6</b>

\* \$50 million or less.



**Table 24–11. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY**

(in billions of dollars)

Agency	2003 Actual	Estimate					
		2004	2005	2006	2007	2008	2009
Legislative Branch .....	3.9	3.9	4.1	4.2	4.3	4.5	4.6
Judicial Branch .....	5.2	5.5	5.7	5.8	6.0	6.2	6.4
Agriculture .....	78.4	78.4	85.4	85.6	86.9	88.0	89.9
Commerce .....	5.8	5.9	6.2	6.3	6.5	6.7	6.9
Defense—Military .....	439.5	442.7	390.0	399.4	409.5	420.4	431.9
Education .....	63.3	63.3	65.7	65.8	66.0	67.0	68.3
Energy .....	20.6	21.0	21.3	21.5	21.9	22.4	22.8
Health and Human Services .....	515.9	556.4	573.9	638.6	692.4	734.7	784.3
Homeland Security .....	30.8	28.8	31.4	30.1	30.8	31.6	34.6
Housing and Urban Development .....	34.4	34.7	35.0	35.1	35.9	36.6	37.4
Interior .....	10.4	10.4	10.7	10.5	10.9	11.3	11.8
Justice .....	23.7	24.9	23.0	22.1	22.8	23.5	25.2
Labor .....	69.1	60.0	54.7	55.0	56.1	57.9	60.4
State .....	10.3	10.6	10.1	10.3	10.6	10.8	11.1
Transportation .....	54.4	59.4	59.8	60.3	60.8	61.1	61.5
Treasury .....	367.9	369.6	400.7	449.7	496.7	542.0	586.7
Veterans Affairs .....	58.9	60.3	65.8	69.5	72.7	76.3	80.1
Corps of Engineers—Civil Works .....	4.8	4.6	4.7	4.9	5.0	5.2	5.3
Other Defense Civil Programs .....	40.0	40.0	40.5	40.8	41.2	41.6	41.8
Environmental Protection Agency .....	7.9	8.4	8.4	8.6	8.8	9.0	9.3
Executive Office of the President .....	2.6	18.8	0.3	0.4	0.4	0.4	0.4
General Services Administration .....	1.3	0.4	0.5	0.5	0.5	0.5	0.5
International Assistance Programs .....	18.5	13.4	14.8	16.3	16.7	17.1	17.5
National Aeronautics and Space Administration .....	15.4	15.4	15.6	15.9	16.3	16.6	17.0
National Science Foundation .....	5.4	5.6	5.7	5.8	5.9	6.0	6.1
Office of Personnel Management .....	57.3	60.6	63.4	66.5	69.0	72.2	75.7
Small Business Administration .....	1.6	4.1	0.8	0.8	0.8	0.9	0.9
Social Security Administration .....	509.4	532.0	554.1	572.3	594.7	624.4	658.2
On-Budget .....	(46.2)	(48.5)	(53.0)	(53.6)	(54.0)	(61.4)	(63.8)
Off-Budget .....	(463.3)	(483.5)	(501.1)	(518.7)	(540.7)	(563.0)	(594.4)
Other Independent Agencies .....	19.8	18.4	18.2	19.8	21.3	22.1	22.3
On-Budget .....	(14.5)	(16.2)	(18.4)	(19.4)	(20.3)	(21.2)	(21.9)
Off-Budget .....	(5.4)	(2.2)	(-0.3)	(0.4)	(1.0)	(1.0)	(0.4)
Allowances .....	.....	.....	.....	-1.2	-1.2	.....	.....
Undistributed Offsetting Receipts .....	-210.4	-211.4	-221.5	-245.0	-263.3	-275.8	-293.7
On-Budget .....	(-117.3)	(-114.5)	(-118.3)	(-133.2)	(-140.6)	(-140.0)	(-142.7)
Off-Budget .....	(-93.1)	(-96.9)	(-103.1)	(-111.9)	(-122.7)	(-135.9)	(-151.0)
<b>Total .....</b>	<b>2,266.2</b>	<b>2,346.1</b>	<b>2,349.0</b>	<b>2,476.2</b>	<b>2,606.8</b>	<b>2,741.2</b>	<b>2,885.5</b>
On-Budget .....	(1,890.6)	(1,957.3)	(1,951.2)	(2,068.9)	(2,187.7)	(2,313.1)	(2,441.6)
Off-Budget .....	(375.5)	(388.8)	(397.7)	(407.3)	(419.0)	(428.1)	(443.8)