

---

---

## CURRENT SERVICES ESTIMATES

---

---



## 25. 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 corrects 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. 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 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 2004 through 2010. 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.

### 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 (discre-

tionary 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 2005 through 2010, 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 2005 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, 2005. The baseline estimates provided here assume continuation of these programs throughout the projection period. However, programs enacted after the enactment of the Balanced Budget Act of 1997 that are explicitly temporary in nature expire in the baseline even if

**Table 25-1. BASELINE CATEGORY TOTALS**

(In billions of dollars)

	2004	2005	2006	2007	2008	2009	2010
Receipts .....	1,880.1	2,053.0	2,177.9	2,347.2	2,518.3	2,668.0	2,841.0
Outlays:							
Discretionary:							
DoD-Military .....	436.3	443.1	416.7	416.1	427.8	439.2	453.0
Homeland security .....	25.3	30.2	33.1	33.9	34.5	35.2	36.0
Other discretionary .....	433.8	456.8	464.3	472.7	480.2	487.1	497.0
Subtotal, discretionary .....	895.4	930.0	914.2	922.7	942.5	961.5	986.0
Mandatory:							
Social Security .....	491.5	515.1	540.1	566.7	595.8	629.9	665.5
Medicare .....	264.9	290.3	340.2	381.5	406.5	432.8	460.3
Medicaid and SCHIP .....	180.8	193.6	198.0	210.6	228.8	249.0	270.8
Other mandatory .....	299.3	336.9	337.4	326.5	327.0	332.9	355.3
Subtotal, mandatory .....	1,236.5	1,335.9	1,415.7	1,485.3	1,558.1	1,644.6	1,751.9
Net interest .....	160.2	177.5	209.3	242.1	269.0	290.7	309.8
Total outlays .....	2,292.2	2,443.4	2,539.1	2,650.1	2,769.6	2,896.8	3,047.8
Unified deficit .....	-412.1	-390.4	-361.2	-302.8	-251.3	-228.8	-206.8
On-budget .....	-567.4	-552.4	-534.3	-500.3	-469.4	-462.2	-462.3
Off-budget .....	155.2	162.0	173.1	197.5	218.1	233.3	255.6
Memorandum:							
BEA baseline deficit .....	-412.1	-390.7	-368.8	-314.6	-256.2	-213.3	-211.5
Do not extend emergencies .....			5.3	9.0	10.7	12.0	12.7
Correct growth rates for pay .....			2.0	2.4	2.5	2.7	2.8
Remove special rule for administrative expenses of selected programs .....			0.1	0.2	0.4	0.5	0.6
Extend certain tax provisions .....		0.3	—*	-0.4	-9.6	-31.5	-11.9
Related debt service .....		*	0.1	0.5	0.9	0.7	0.5
Current baseline deficit .....	-412.1	-390.4	-361.2	-302.8	-251.3	-228.8	-206.8

\*\$50 million or less.

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 reductions in individual income taxes on capital gains and dividends, and increased expensing for small businesses. Unlike the two extensions discussed above, the BEA baseline definitions, developed before the enactment of the 2001 and 2003 tax acts, do not provide for extension of these provisions.

*Discretionary spending.*—Discretionary programs differ in one important aspect from direct spending programs—Congress provides spending authority for almost all 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 2005, the current services estimates for discretionary programs are equal to enacted 2005 appropriations. For 2006 through 2010, funding for most accounts is equal to this 2005 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. Also, the estimates presented here exclude the special adjustment for administrative expenses for certain benefit programs required by the BEA. This provision is inconsistent with the baseline rules for other accounts that fund administrative costs. In addition, the baseline estimates presented here assume that emergency appropriations enacted for 2005, largely in response to the Florida hurricanes, are one-time only events. 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 baseline 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, provi-

sions of law that affect parts of mandatory programs, even those that have been consistently extended in the past, are assumed to expire as scheduled.

- *Do not extend any authorizing laws that expire.* If all mandatory programs were assumed to expire as scheduled, the deficit in 2005 would be \$8 billion lower than the current estimates and deficits for 2006 through 2010 would be \$280 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 \$224 billion higher over the period 2006 through 2010. If certain provisions of the 2001 and 2003 Tax Acts were assumed to expire, the deficit would be \$57 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 \$14 lower in 2006 and \$325 billion lower over the period 2006 through 2010.
- *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, under a strict "current law" approach, 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 2006 would be reduced by \$497 billion relative to the current estimates. Clearly this would provide an unrealistic estimate of future spending and the government's future fiscal position.

Table 25–2 provides estimates for a variety of changes in baseline definitions that could be considered.

**Table 25-2. ALTERNATIVE BASELINE ASSUMPTIONS <sup>1</sup>**

(in billions of dollars)

	2005	2006	2007	2008	2009	2010	2006-2010
Current baseline surplus .....	-390	-361	-303	-251	-229	-207	-1,351
Alternative assumptions (surplus impact):							
Extend provisions affecting parts of mandatory programs .....	-*	-2	-2	-2	-2	-2	-10
Do not extend any authorizing laws:							
Mandatory spending .....	8	21	22	72	79	86	280
Trust fund excise taxes .....		-32	-34	-49	-52	-56	-224
Certain provisions of the 2001 and 2003 Tax Acts .....	-*	*	*	10	33	14	57
Straightline appropriations .....		14	36	62	91	121	325
Do not extend any appropriations .....		497	827	961	1,056	1,144	4,485

<sup>1</sup> Estimates provided here are the totals for the illustrative provisions shown in Table 25-5. This is not a complete listing of all provisions that expire.

\*500 million or less.

### 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 25-3. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 12 of this volume.

**Table 25-3. SUMMARY OF ECONOMIC ASSUMPTIONS**

(Fiscal years; dollar amounts in billions)

	2005	2006	2007	2008	2009	2010
Gross Domestic Product (GDP):						
Levels, dollar amounts in billions:						
Current dollars .....	12,227	12,907	13,617	14,349	15,111	15,906
Real, chained (2000) dollars .....	11,137	11,528	11,916	12,298	12,685	13,078
Percent change, year over year:						
Current dollars .....	5.8	5.6	5.5	5.4	5.3	5.3
Real, chained (2000) dollars .....	3.7	3.5	3.4	3.2	3.1	3.1
Inflation measures (percent change, year over year):						
GDP chained price index .....	2.0	2.0	2.1	2.1	2.1	2.1
Consumer price index (all urban) .....	2.7	2.2	2.4	2.4	2.4	2.4
Unemployment rate, civilian (percent) .....	5.4	5.2	5.1	5.1	5.1	5.1
Interest rates (percent):						
91-day Treasury bills .....	2.4	3.4	3.8	4.0	4.1	4.2
10-year Treasury notes .....	4.5	5.1	5.4	5.5	5.6	5.6
<b>MEMORANDUM</b>						
Related program assumptions:						
Automatic benefit increases (percent):						
Social security and veterans pensions .....	2.7	2.3	2.3	2.4	2.4	2.4
Federal employee retirement .....	2.7	2.3	2.3	2.4	2.4	2.4
Food stamps .....	5.8	1.4	2.3	2.4	2.4	2.4
Insured unemployment rate .....	2.3	2.2	2.2	2.2	2.2	2.2

### 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 25-4. Assumptions about various automatic cost-of-living-adjustments are shown in Table 25-3.

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 at the end of March 2005. The baseline does not assume additional spending under this authority beyond that point. Table 25-5 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 25-5 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 25-4. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS**

(Annual average, in thousands)

	2004 Actual	Estimate					
		2005	2006	2007	2008	2009	2010
Farmer direct payments .....	1,596	1,856	1,840	1,826	1,822	1,811	1,811
Federal family education loans .....	6,612	6,972	6,892	6,584	6,927	7,286	7,658
Federal direct student loans .....	2,152	2,275	2,303	2,312	2,425	2,543	2,667
Medicaid/State Children's Health Insurance Program .....	47,600	48,900	50,200	50,300	50,500	50,800	51,200
Medicare-eligible military retiree health benefits .....	1,679	1,710	1,734	1,734	1,734	1,734	1,734
Medicare:							
Hospital insurance .....	41,078	41,677	42,292	43,014	43,851	44,750	45,701
Supplementary medical insurance .....	38,706	39,237	39,751	40,339	41,051	41,822	42,615
Railroad retirement .....	610	597	584	573	563	554	547
Federal civil service retirement .....	2,393	2,421	2,455	2,487	2,519	2,551	2,586
Military retirement .....	1,787	1,802	1,819	1,838	1,852	1,862	1,869
Unemployment compensation .....	8,770	8,610	8,970	9,070	9,240	9,340	9,420
Food stamps .....	23,854	26,417	29,059	28,187	27,201	26,113	26,061
Child nutrition .....	31,693	32,603	33,115	33,642	34,168	34,675	35,162
Foster care and adoption assistance .....	565	584	600	617	636	656	678
Supplemental security income (SSI):							
Aged .....	1,133	1,118	1,107	1,102	1,100	1,099	1,099
Blind/disabled .....	5,533	5,703	5,913	6,071	6,165	6,230	6,291
Subtotal, SSI .....	6,666	6,821	7,020	7,173	7,265	7,329	7,390
Child care and development fund (CCDF) <sup>1</sup> .....	2,300	2,200	2,200	2,100	2,100	2,000	2,000
Social security (OASDI):							
Old age and survivor insurance .....	39,488	39,813	40,263	40,770	41,375	42,118	43,011
Disability insurance .....	7,696	8,005	8,302	8,576	8,835	9,088	9,318
Veterans compensation:							
Veterans .....	2,518	2,594	2,688	2,818	2,911	2,979	3,069
Survivors (non-veterans) .....	316	328	335	343	351	359	368
Subtotal, veterans compensation .....	2,834	2,922	3,023	3,161	3,262	3,338	3,437
Veterans pensions:							
Veterans .....	343	336	330	323	317	311	305
Survivors (non-veterans) .....	219	210	203	195	188	181	174
Subtotal, veterans pensions .....	562	546	533	518	505	492	479

<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.

**Table 25-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE**

(In millions of dollars)

Category	Estimate					
	2005	2006	2007	2008	2009	2010
<b>REGULATIONS</b>						
Foster care program:						
Administrative claims for children in unlicensed relative homes .....		-82	-87	-91	-96	-101
Old age and survivors insurance (OASI) and disability insurance (DI):						
Ticket to Work and Self-Sufficiency .....	18	26	27	18	5	-14
Reduction of Title II benefits under family maximum in cases of dual entitlement .....	16	17	18	19	20	21
Trial work period .....	4	3	3	2	1	1
Medicare, HI: <sup>1</sup>						
Inpatient Rehabilitation Facilities .....	-50	-70	-70	-180	-230	-260
Inpatient Hospital Post-Acute Transfers .....		-740	-900	-960	-1,010	-1,080
Skilled Nursing Facility Case Mix Refinement .....		-1,520	-1,980	-2,040	-2,230	-2,360
Medicare, HI and SMI: <sup>1</sup>						
Bad debt reimbursement .....		-10	-50	-80	-90	-100
Supplemental security income (SSI):						
Ticket to Work and Self-Sufficiency .....	-12	-12	-6	-3	-7	-19
Title XVI cross-program recovery .....	-30	-15	-15	-15	-15	-20
Student earned income exclusion .....	4	4	4	4	5	5
EPA Pesticides tolerance fee .....					-21	-22
<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 .....						369
State administrative expenses .....						184
CCC market access, bioenergy and commodity programs:						
Counter-cyclical payment program .....					1,072	912
Dairy price support program .....				50	50	50
Dairy export incentive program .....				45	67	67
Direct payment program .....				2,621	5,303	5,303
Marketing assistance loan and loan deficiency payment program .....				1,042	132	88
Conservation reserve program .....				2,319	2,505	2,506
Farm security and rural investment:						
Conservation security program .....				559	648	693
Environmental quality incentives program .....				1,184	1,253	1,276
Farm and ranch lands protection program .....				91	96	97
Ground and surface water conservation .....				68	63	62
Wildlife habitat incentives program .....				77	83	85
Wetlands reserve program .....				287	281	279
Food stamps:						
Benefit costs .....				32,728	32,248	33,061
State administrative expenses .....				2,638	2,730	2,825
Employment and training .....				308	317	321
Other program costs .....				60	61	63
Nutrition assistance for Puerto Rico .....				1,586	1,624	1,663
Food donations on Indian reservations .....				83	85	87
The emergency food assistance program commodities .....				140	140	140
Promoting safe and stable families .....			305	305	305	305
Secure rural schools—payments to Oregon and California counties .....				117	118	120
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 .....	1,000					1,000
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 .....				499	971	1,043
Trade adjustment assistance—farmers .....				90	90	90
Veterans compensation—annual cost of living adjustment .....		478	1,008	1,709	2,464	3,269
Revenues:						
Excise taxes dedicated to trust funds:						
Airport and Airway trust fund taxes .....				11,897	12,566	13,271
Aquatic resources trust fund taxes .....		319	328	336	346	355
Highway trust fund taxes .....		31,468	32,163	32,783	33,366	33,940
Certain provisions for the 2001 tax cut and 2003 jobs and growth tax cut .....	313	-48	-363	-9,647	-31,462	-11,901

**Table 25–5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**

(In millions of dollars)

Category	Estimate					
	2005	2006	2007	2008	2009	2010
Provisions not extended in the baseline (effect of extension):						
Spending:						
Biomass research and development .....				14	14	14
EPA pesticides maintenance fee .....					–15	–15
Loans for broadband services in rural areas .....				1	6	9
Medicare, SMI:						
Medicare low income premium assistance <sup>2</sup> .....		230	255	280	300	320
Medicaid:						
Transition benefits <sup>3</sup> .....	221	488	524	554	580	601
Milk income loss contract program (CCC) .....		600	600	600	600	600
TANF:						
Supplemental grants .....	128	319	319	319	319	319
Welfare research .....	7	15	15	15	15	15
Veterans programs:						
Income verification match .....					–6	–11
Contract disability medical exams .....					9	103
Native American veterans housing loans .....						–1
Hybrid adjustable rate mortgages .....					4	4
Enhanced loan asset sales .....						–89
Loan guarantees for multifamily transitional housing for homeless veterans .....						11
Wool research, development, and promotion .....			2	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 .....	–208	–208	164	7		
Effect of enhanced rate of paternity testing .....	7	7	7	7	8	8
Food stamps:						
Tax offset, recoupment, and general claims collection .....	–154	–154	–154	–154	–154	–154
Quality control liabilities .....		–18	–18	–16	–12	–12
Allocation of administrative costs between public assistance programs .....	–197	–197	–197	–197	–197	–197
Medicare:						
Medicare Advantage Risk Adjustment .....		2,200	2,100	1,800	1,400	800
Physicians .....	56,096	56,345	55,152	54,483	53,745	52,638
Prescription Drug Benefit <sup>4</sup> .....	1,155	45,846	64,839	70,905	77,417	84,328
Data Processing Improvement for Overpayments .....		–90	–100	–110	–120	–100
Contracting Reform .....				–70	–280	–550
Medicaid: <sup>5</sup>						
Financial management recoveries .....	–480	–491	–524	–570	–622	–678
Vaccines for Children, total program costs .....	1,635	1,502	1,271	1,259	1,280	1,309
Allocation of administrative costs between public assistance programs .....	471	509	549	593	640	692
Institutional long term care .....	34,290	36,245	38,744	41,391	44,404	47,629
Home and community based institutional alternatives .....	20,273	23,078	25,766	28,630	31,893	35,381
Pharmaceuticals (FFS, net of rebates) .....	19,643	11,464	9,159	9,933	10,857	11,811
Managed care (including Medicaid MCOs, PHPs, PCCM) .....	30,466	33,914	38,182	42,731	47,915	53,452
State Children's Health Insurance Program (Title XXI) .....	5,343	5,434	5,438	5,267	5,251	5,423
Approved Demonstrations: <sup>6</sup>						
Medicare, HI:						
Mercy Medical SNF						
Baseline estimate .....	6	1				
Demonstration estimate .....	6	1				
Premier—Hospital Quality Incentive						
Baseline estimate .....	3,052	3,265				
Demonstration estimate .....	3,064	3,277	12			
Rural Community Hospital <sup>7</sup>						
Baseline estimate .....	63	66	69	73	76	80
Demonstration estimate .....	67	79	83	87	91	90
New York Graduate Medical Education						
Baseline estimate .....	53	53	53	53		
Demonstration estimate .....	45	37	26	13		
Utah Graduate Medical Education						
Baseline estimate .....	5	6	6			
Demonstration estimate .....	5	6	6			
Medicare, SMI:						
Municipal Health						
Baseline estimate .....	20	22	6			
Demonstration estimate .....	39	43	12			

**Table 25–5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2005	2006	2007	2008	2009	2010
Diabetes (Telemedicine)						
Baseline estimate	8	7	4			
Demonstration estimate	8	7	4			
United Mine Workers Program—Prescription Drug Benefits <sup>8</sup>						
Baseline estimate						
Demonstration estimate	120					
Smoking Cessation						
Baseline estimate	*					
Demonstration estimate	*					
BIPA Disease Management						
Baseline estimate	1,134	1,279	640			
Demonstration estimate	1,134	1,279	639			
Case Management/Lovelace						
Baseline estimate	2					
Demonstration estimate	2					
Coordinated Care						
Baseline estimate	188	95				
Demonstration estimate	163	82				
Medicare Replacement Drug						
Baseline estimate						
Demonstration estimate	400	100				
Disease Management for Chronically Ill Dual Beneficiaries (Lifemasters)						
Baseline estimate	280	603	634	152		
Demonstration estimate	251	541	568	136		
Medicare Lifestyle Modification Program						
Baseline estimate	1	1				
Demonstration estimate	1	1				
Influenza Medication						
Baseline estimate						
Demonstration estimate	200					
United Mine Workers Program—Health Benefits						
Baseline estimate	442					
Demonstration estimate	411					
Oncology/quality of care						
Baseline estimate						
Demonstration estimate	200	100				
Medicare, HI and SMI:						
Evercare						
Baseline estimate	88					
Demonstration estimate	88					
Home Health Third Party Liability						
Baseline estimate	110	85	62	59		
Demonstration estimate	110	85	62	59		
Homebound						
Baseline estimate						
Demonstration estimate	9	10				
Medicare+Choice Phase I						
Baseline estimate	137					
Demonstration estimate	141	3				
Medicare+Choice Phase II						
Baseline estimate	1,215	350	28			
Demonstration estimate	1,310	395	30			
SHMO-ESRD						
Baseline estimate	18	5				
Demonstration estimate	20	6				
S/HMO I—Medicare						
Baseline estimate	925	969	1,010	336		
Demonstration estimate	1,160	1,210	1,260	425		
S/HMO II—Medicare						
Baseline estimate	440	461	480	160		
Demonstration estimate	550	575	600	195		
Physician Group Practice						
Baseline estimate	1,216	1,680	1,761	445		
Demonstration estimate	1,181	1,596	1,634	450	77	
Medicaid: <sup>6</sup>						
Alabama Family Planning	92					
Arizona AHCCCS	2,929	3,300				

**Table 25–5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2005	2006	2007	2008	2009	2010
Arkansas (ARKids B) .....	59					
Arkansas Family Planning Services .....	207	35				
Arkansas Cash & Counseling .....	9	9	2			
Arkansas TEFRA .....	28	30	32	8		
California Family Planning .....	53					
California In-Home Supportive Services Plus .....	242	280	325	378	357	
California—LA County <sup>9</sup> .....	65					
Colorado Consumer Directed Attendant Support .....	14	17	19	3		
Delaware—Diamond State Health Plan .....	456	504	129			
District of Columbia HIV .....	5	8	11	14	4	
District of Columbia Childless Adults 50–64 .....	5	5	3			
Florida Cash & Counseling .....	53	57	61	26		
Hawaii Health QUEST .....	277					
Illinois Family Planning .....	339	362	387	414		
Kentucky Health Care Partnership Program .....	378	33				
Maine HIV .....	8	9	7			
Maryland (Health Choice) .....	929					
Massachusetts MassHealth .....	1,885					
Minnesota (Prepaid Med. Assist. Project Plus) .....	101					
Mississippi Family Planning .....	122	134	146			
Mississippi—Healthier Mississippi .....	59	65	71	78	86	
Missouri Managed Care Plus .....	205	204	86			
Montana Basic Medicaid for Able-Bodied Adults .....	29	32	35	39	13	
New Jersey Cash & Counseling .....	4	4	5	3		
New Mexico—Family Planning Expansion .....	9	11				
New York (Partnership Plan) .....	9,753	5,252				
Oklahoma Sooner Care .....	843	906	230			
Oregon Family Planning .....	65	76	6			
Oregon Independent Choices .....	2	3	*			
Rhode Island Rite Care (Medicaid) .....	111					
South Carolina Family Planning .....	10					
TennCare II .....	3,488	3,865	3,124			
Utah (Primary Care Network) .....	87	97	79			
Vermont Health Access Plan .....	204	218	57			
Virginia—Family Planning .....	165	171	176			
Washington (Take Charge/Family Planning) .....	200	160				
Wisconsin Badger Care (Medicaid) .....	40	42	18			
Wisconsin Family Planning .....	28	34	40	10		
Pharmacy Plus (demonstration estimate): <sup>10</sup>						
Wisconsin Pharmacy Plus .....	183	218	260			
Florida Pharmacy Plus .....	95	105	93			
Illinois Pharmacy Plus .....	298	357	277			
South Carolina Pharmacy Plus .....	153	179	208	52		
State Children's Health Insurance Program (Title XXI) (demonstration estimates): <sup>10</sup>						
Alaska .....	9	9	10			
Maryland Health Choice <sup>11</sup> .....	121					
Minnesota Care .....	47					
Missouri MC+c <sup>11</sup> .....	93	108	117			
New Jersey FamilyCare <sup>12</sup> .....						
New Mexico SCHIP <sup>11</sup> .....	24	25	26			
Rhode Island (SCHIP RiteCare) .....	10					
Wisconsin (BadgerCare) .....	123	132	142			
Health Insurance Flexibility and Accountability (HIFA) (demonstration estimate):						
Arizona HIFA (SCHIP funds) .....	41	43				
Colorado HIFA (SCHIP funds) .....	4	11				
Idaho HIFA .....	20	23	25	26	24	
Illinois HIFA (KidCare Parent Coverage)						
Baseline estimate (Medicaid funds) .....	5	5	6			
Demonstration estimate (SCHIP funds) .....	129	180	191			
Maine HIFA (Maine Care for Childless Adults—Medicaid funds)						
Baseline estimate .....	102	102	102			
Michigan HIFA .....	110	112	117	123	31	
Oregon HIFA (Oregon Health Plan 2)						
Baseline estimate (Medicaid funds) .....	1,349	1,467	1,603			
Demonstration estimate (SCHIP funds) .....	18	15	16			

**Table 25-5. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**

(In millions of dollars)

Category	Estimate					
	2005	2006	2007	2008	2009	2010
Joint Medicare and Medicaid:						
Minnesota-Dual Eligibles						
Baseline estimate .....	154	174	194	54		
Demonstration estimate .....	160	180	200	55		
Wisconsin-Dual Eligibles						
Baseline estimate .....	130	176	45			
Demonstration estimate .....	130	176	45			
Massachusetts—Dual Eligibles						
Demonstration estimate .....	20	28	34	9		
Baseline estimate .....	21	29	35	9		
OASI, DI, SSI:						
Performance of continuing disability reviews (baseline levels) (OASI, DI, SSI) .....	-105	-525	-1,030	-1,630	-2,230	-2,845
OASDI:						
Payments to states for vocational rehabilitation .....	80	104	112	121	130	138
DI:						
Research and demonstration projects .....	17	42	55	27		
SSI:						
Payments from states for state supplemental benefits .....	-4,318	-4,520	-4,755	-4,895	-5,060	-5,224
Payments for state supplemental benefits .....	4,650	4,520	4,355	4,885	5,045	5,210
Fees for administration of State supplement:						
Treasury share .....	-142	-142	-145	-146	-148	-149
SSA share .....	-124	-131	-128	-128	-129	-129
Research and demonstration projects .....	44	46	27	26	27	27
Payments to states for vocational rehabilitation .....	52	67	71	76	81	84
Performance of non-disability redeterminations .....	-310	-990	-1,340	-1,440	-1,510	-1,590
State grants and demonstrations—health care:						
Ticket to work grant programs:						
Infrastructure grant program .....	15	17	17	20	20	32
Demonstration to maintain independence and employment .....	28	21	21	22	22	10
High risk pools:						
Initial seed grants .....	1					
Operation of pools .....	22	40				
Emergency health services for undocumented aliens .....	63	250	250	250	187	
Pilot program for national and state background checks .....	9	8	8			
State pharmaceutical assistance programs .....	62	63				

\* = \$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, 2005.<sup>3</sup> Current law extends program through March 31, 2005.<sup>4</sup> Net mandatory outlays.<sup>5</sup> Not shown on table are anticipated collections from various state liabilities under current law.<sup>6</sup> Baseline estimates reflect costs absent the demonstration; demonstration estimate reflects costs of the demonstration. The differences represent the net impact of the demonstration.<sup>7</sup> Costs of this demonstration are offset annually by a reduction to inpatient hospital prospective payment rates.<sup>8</sup> Estimate for 2006 is currently unavailable.<sup>9</sup> Budget modified from original agreement for phase-out of waiver funding.<sup>10</sup> Beginning in 2006, Pharmacy Plus estimates may be affected by Part D.<sup>11</sup> Estimates reflect costs for SCHIP children under the State's Medicaid 1115.<sup>12</sup> For 2005 and 2006, the state will revert to Medicaid funds for this demonstration.

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

*Receipts.*—Table 25–6 shows baseline receipts by major source. Total receipts are projected to increase by \$125 billion from 2005 to 2006 and by \$663 billion from 2006 to 2010, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$71 billion from 2005 to 2006 under current law. This growth of 7.9 percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of 9.0 percent between 2006 and 2010.

Corporation income taxes under current law are estimated to decline by \$4 billion or 1.6 percent between

2005 and 2006, in large part due to the timing and magnitude of tax changes provided in the 2003 jobs and growth tax cut. Corporation income taxes are projected to increase at an annual rate of 4.8 percent from 2006 to 2010, reflecting higher corporate profits.

Social insurance and retirement receipts are estimated to increase by \$45 billion between 2005 and 2006, and by an additional \$198 billion between 2006 and 2010. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$90,000 in 2005 to \$111,300 in 2010.

Excise taxes are estimated to increase by \$9 billion from 2005 to 2010, 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 \$26 billion from 2005 to 2010.

**Table 25–6. BASELINE RECEIPTS BY SOURCE**

(In billions of dollars)

	2004 Actual	Estimate					
		2005	2006	2007	2008	2009	2010
Individual income taxes .....	809.0	893.9	964.8	1,070.0	1,170.5	1,252.1	1,361.5
Corporation income taxes .....	189.4	226.6	222.9	234.2	251.5	263.3	268.9
Social insurance and retirement receipts .....	733.4	773.7	818.8	866.2	911.7	959.2	1,016.9
On-budget .....	198.7	212.4	225.6	237.0	247.2	258.6	273.7
Off-budget .....	534.7	561.4	593.2	629.2	664.6	700.7	743.2
Excise taxes .....	69.9	73.9	75.5	77.2	79.1	81.1	83.0
Other .....	78.5	84.9	95.8	99.5	105.5	112.3	110.7
Total .....	1,880.1	2,053.0	2,177.9	2,347.2	2,518.3	2,668.0	2,841.0
On-budget .....	1,345.3	1,491.6	1,584.7	1,718.0	1,853.8	1,967.3	2,097.8
Off-budget .....	534.7	561.4	593.2	629.2	664.6	700.7	743.2

**Outlays.**—Current services outlays are estimated to grow from \$2,443 billion in 2005 to \$2,539 billion in 2006, a 3.8 percent increase. Between 2005 and 2010, they are projected to increase at an average annual rate of 4.5 percent. Because the baseline assumes no spending for the war beyond what is already enacted, outlays for discretionary programs decline from \$930 billion in 2005 to \$914 billion in 2006. The assumed decline in spending for the war more than offsets increases to keep pace with inflation. Discretionary outlays increase each year from 2006 through 2010, reflecting increases in resources to keep pace with inflation, reaching \$986 billion in 2010. Entitlement and other mandatory programs are estimated to grow from \$1,336 billion in 2005 to \$1,416 billion in 2006, and to \$1,752 billion in 2010, 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 \$515 billion in 2005 to \$666 billion in 2010, an average annual rate of 5.3 percent. Medicare and medicaid are projected to grow at annual average rates of 7.1 and 9.7 percent, respectively, outpacing inflation. Other areas of growth are federal em-

ployee retirement (average rate of 4.5 percent) and unemployment compensation (5.3 percent). Offsetting growth in other areas, after surging in 2005 spending for farm programs is nearly halved between 2005 and 2010, reflecting anticipated changes in market supply and demand.

Net interest payments to the public total \$177 billion in 2005 and \$209 billion in 2006. They rise each year reaching \$310 billion in 2010. This pattern reflects increased borrowing requirements as well as changes in the mix of debt issuance and interest rates over the period.

Tables 25–8 and 25–9 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 25–10 and 25–11 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 25–7. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY**

(Dollar amounts in billions)

	2005	2006	2010	Change 2005 to 2006		Change 2005 to 2010	
				Amount	Percent	Amount	Average Annual Rate
<b>Outlays:</b>							
Discretionary:							
DoD-Military .....	443.1	416.7	453.0	–26.3	–5.9%	9.9	0.4%
Homeland security .....	30.2	33.1	36.0	3.0	9.9%	5.9	3.6%
Other discretionary .....	456.8	464.3	497.0	7.5	1.6%	40.2	1.7%
Subtotal, discretionary .....	930.0	914.2	986.0	–15.9	–1.7%	56.0	1.2%
Mandatory:							
Farm programs .....	25.2	21.0	12.5	–4.1	–16.5%	–12.6	–13.0%
Medicaid .....	188.3	192.6	265.4	4.3	2.3%	77.1	7.1%
Medicare .....	290.3	340.2	460.3	49.9	17.2%	170.0	9.7%
Federal employee retirement and disability .....	94.1	98.9	117.4	4.8	5.1%	23.3	4.5%
Unemployment compensation .....	35.4	37.0	45.8	1.6	4.4%	10.4	5.3%
Other income security programs .....	167.8	171.0	181.8	3.3	1.9%	14.1	1.6%
Social Security .....	515.1	540.1	665.5	25.0	4.9%	150.5	5.3%
Other mandatory programs .....	78.0	81.7	84.0	3.7	4.8%	6.0	1.5%
Credit subsidy reestimates .....	6.7	.....	.....	–6.7	NA	–6.7	NA
Undistributed offsetting receipts .....	–65.0	–66.8	–81.0	–1.8	2.8%	–16.0	4.5%
Subtotal, mandatory .....	1,335.9	1,415.7	1,751.9	79.8	6.0%	416.1	5.6%
Net interest .....	177.5	209.3	309.8	31.8	17.9%	132.3	11.8%
<b>Total outlays .....</b>	<b>2,443.4</b>	<b>2,539.1</b>	<b>3,047.8</b>	<b>95.7</b>	<b>3.9%</b>	<b>604.4</b>	<b>4.5%</b>

Table 25–8. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	2004 Actual	Estimate					
		2005	2006	2007	2008	2009	2010
National defense:							
Department of Defense—Military .....	436.5	443.9	418.6	417.9	429.8	441.2	455.1
Other .....	19.4	22.0	21.9	22.2	22.2	22.6	23.1
Total, National defense .....	455.9	465.9	440.6	440.1	451.9	463.9	478.2
International affairs .....	26.9	32.0	37.3	33.9	33.1	30.9	31.3
General science, space, and technology .....	23.1	24.0	24.3	25.1	25.7	26.3	26.8
Energy .....	–0.2	1.4	2.5	2.2	2.7	2.8	3.1
Natural resources and environment .....	30.7	31.0	32.8	34.0	34.6	35.7	36.7
Agriculture .....	15.4	30.5	26.8	24.3	21.6	19.7	19.3
Commerce and housing credit .....	5.3	10.7	8.2	2.4	1.7	0.4	–0.2
On-Budget .....	(9.4)	(11.7)	(7.3)	(6.0)	(6.0)	(4.7)	(4.5)
Off-Budget .....	(–4.1)	(–1.0)	(1.0)	(–3.5)	(–4.3)	(–4.3)	(–4.8)
Transportation .....	64.6	68.6	72.3	73.1	74.2	75.8	77.6
Community and regional development .....	15.8	20.1	19.4	18.1	16.9	15.5	15.3
Education, training, employment, and social services .....	87.9	95.7	86.8	91.7	92.9	94.6	96.7
Health .....	240.1	257.3	266.0	280.6	301.2	323.3	346.9
Medicare .....	269.4	295.4	344.8	385.6	410.8	437.2	464.9
Income security .....	332.8	350.9	360.5	365.9	379.2	388.7	400.9
Social security .....	495.5	519.7	544.7	571.4	600.7	635.0	670.8
On-Budget .....	(14.3)	(16.4)	(16.1)	(17.7)	(20.5)	(21.4)	(23.2)
Off-Budget .....	(481.2)	(503.3)	(528.6)	(553.7)	(580.2)	(613.6)	(647.7)
Veterans benefits and services .....	59.8	68.2	69.0	69.6	75.6	78.8	82.3
Administration of justice .....	45.5	40.7	42.7	42.9	43.8	46.1	47.6
General government .....	21.8	18.8	17.9	18.3	18.9	19.4	20.0
Net interest .....	160.2	177.5	209.3	242.1	269.0	290.7	309.8
On-Budget .....	(246.5)	(269.5)	(307.4)	(348.8)	(386.0)	(419.4)	(451.2)
Off-Budget .....	(–86.2)	(–92.0)	(–98.1)	(–106.7)	(–117.0)	(–128.7)	(–141.4)
Allowances .....	.....	.....	.....	0.2	0.4	0.5	0.6
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget) .....	–42.1	–48.1	–48.2	–50.3	–52.9	–55.5	–58.2
Employer share, employee retirement (off-budget) .....	–11.3	–10.9	–11.4	–11.8	–12.5	–13.2	–13.9
Rents and royalties on the Outer Continental Shelf .....	–5.1	–5.9	–7.1	–6.7	–6.8	–7.1	–7.3
Sale of major assets .....	.....	.....	.....	–0.3	.....	.....	.....
Other undistributed offsetting receipts .....	.....	–0.1	–0.1	–2.3	–13.3	–12.4	–1.5
Total, Undistributed offsetting receipts .....	–58.5	–65.0	–66.8	–71.5	–85.4	–88.2	–81.0
On-Budget .....	(–47.2)	(–54.1)	(–55.5)	(–59.7)	(–72.9)	(–75.0)	(–67.1)
Off-Budget .....	(–11.3)	(–10.9)	(–11.4)	(–11.8)	(–12.5)	(–13.2)	(–13.9)
<b>Total .....</b>	<b>2,292.2</b>	<b>2,443.4</b>	<b>2,539.1</b>	<b>2,650.1</b>	<b>2,769.6</b>	<b>2,896.8</b>	<b>3,047.8</b>
On-Budget .....	(1,912.7)	(2,044.0)	(2,119.0)	(2,218.4)	(2,323.2)	(2,429.5)	(2,560.1)
Off-Budget .....	(379.5)	(399.4)	(420.1)	(431.7)	(446.5)	(467.3)	(487.6)

Table 25–9. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Agency	2004 Actual	Estimate					
		2005	2006	2007	2008	2009	2010
Legislative Branch .....	3.9	4.1	4.1	4.1	4.2	4.4	4.5
Judicial Branch .....	5.4	5.7	5.8	6.0	6.2	6.4	6.6
Agriculture .....	71.8	94.9	96.4	94.0	92.8	91.9	93.7
Commerce .....	5.8	6.3	6.6	6.9	7.0	7.2	7.4
Defense—Military .....	437.1	444.1	418.7	417.9	429.8	441.2	455.1
Education .....	62.8	70.4	61.2	65.7	66.3	67.2	68.8
Energy .....	20.0	22.2	22.6	23.1	23.7	24.2	24.7
Health and Human Services .....	543.4	585.5	642.5	697.1	742.2	790.4	841.4
Homeland Security .....	26.5	33.3	34.1	32.8	33.4	32.8	32.9
Housing and Urban Development .....	45.0	42.6	39.3	38.8	38.1	37.8	37.7
Interior .....	8.9	9.4	10.2	10.9	10.8	11.2	11.6
Justice .....	29.0	21.2	23.5	23.7	24.0	25.6	26.4
Labor .....	56.7	50.0	51.7	53.8	56.4	59.4	62.2
State .....	10.9	11.9	13.3	14.1	14.0	13.6	13.6
Transportation .....	54.5	58.4	61.5	62.2	62.8	64.0	65.4
Treasury .....	374.8	402.5	444.3	490.6	533.0	571.5	609.2
Veterans Affairs .....	59.6	68.0	68.9	69.5	75.5	78.7	82.2
Corps of Engineers—Civil Works .....	4.8	4.9	4.9	4.9	4.9	5.1	5.3
Other Defense Civil Programs .....	41.7	43.5	44.5	45.5	46.6	47.3	47.7
Environmental Protection Agency .....	8.3	7.9	8.3	8.6	8.8	8.8	9.0
Executive Office of the President .....	3.3	5.8	7.2	1.9	–2.3	–3.9	0.4
General Services Administration .....	–0.4	0.5	0.3	0.3	0.2	0.3	0.2
International Assistance Programs .....	13.7	14.8	16.6	16.6	16.5	16.9	17.3
National Aeronautics and Space Administration .....	15.2	15.7	16.0	16.6	17.2	17.5	17.9
National Science Foundation .....	5.1	5.6	5.6	5.7	5.8	6.0	6.0
Office of Personnel Management .....	56.5	61.0	64.5	67.4	70.7	73.9	77.4
Small Business Administration .....	4.1	3.0	0.8	0.6	0.6	0.7	0.7
Social Security Administration .....	530.2	559.0	583.5	608.6	642.6	677.5	715.8
On-Budget .....	(49.0)	(55.8)	(54.9)	(54.9)	(62.4)	(63.9)	(68.2)
Off-Budget .....	(481.2)	(503.3)	(528.6)	(553.7)	(580.2)	(613.6)	(647.7)
Other Independent Agencies .....	5.9	19.7	20.6	15.0	14.8	14.8	14.8
On-Budget .....	(10.0)	(20.7)	(19.6)	(18.5)	(19.0)	(19.1)	(19.6)
Off-Budget .....	(–4.1)	(–1.0)	(1.0)	(–3.5)	(–4.3)	(–4.3)	(–4.8)
Allowances .....	.....	.....	.....	0.2	0.4	0.5	0.6
Undistributed Offsetting Receipts .....	–212.5	–228.4	–238.3	–253.1	–277.2	–296.1	–309.1
On-Budget .....	(–115.0)	(–125.5)	(–128.8)	(–134.6)	(–147.7)	(–154.1)	(–153.8)
Off-Budget .....	(–97.6)	(–102.9)	(–109.5)	(–118.5)	(–129.5)	(–141.9)	(–155.3)
<b>Total .....</b>	<b>2,292.2</b>	<b>2,443.4</b>	<b>2,539.1</b>	<b>2,650.1</b>	<b>2,769.6</b>	<b>2,896.8</b>	<b>3,047.8</b>
On-Budget .....	(1,912.7)	(2,044.0)	(2,119.0)	(2,218.4)	(2,323.2)	(2,429.5)	(2,560.1)
Off-Budget .....	(379.5)	(399.4)	(420.1)	(431.7)	(446.5)	(467.3)	(487.6)

**Table 25–10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION**

(in billions of dollars)

Function	2004 Actual	Estimate					
		2005	2006	2007	2008	2009	2010
National defense:							
Department of Defense—Military .....	471.0	402.0	412.9	424.5	436.7	449.1	462.0
Other .....	19.6	21.6	21.8	22.0	22.4	22.8	23.3
Total, National defense .....	490.6	423.6	434.6	446.5	459.0	471.9	485.2
International affairs .....	45.2	25.8	28.2	30.4	31.3	32.2	33.0
General science, space, and technology .....	23.4	24.4	24.8	25.4	26.1	26.6	27.2
Energy .....	3.2	1.3	2.5	2.5	3.0	3.2	3.5
Natural resources and environment .....	32.7	32.2	32.5	34.0	34.7	36.1	37.3
Agriculture .....	32.7	29.1	26.6	24.1	21.3	19.4	19.0
Commerce and housing credit .....	14.2	14.4	15.6	13.6	14.0	13.1	12.8
On-Budget .....	(12.1)	(13.6)	(11.8)	(13.0)	(13.4)	(12.5)	(12.8)
Off-Budget .....	(2.1)	(0.9)	(3.8)	(0.6)	(0.6)	(0.5)	(0.1)
Transportation .....	71.1	72.4	66.0	66.4	67.0	67.9	68.7
Community and regional development .....	18.1	23.0	15.1	15.5	15.8	16.2	16.6
Education, training, employment, and social services .....	92.0	96.3	92.8	92.8	94.7	96.7	98.9
Health .....	252.3	255.8	288.7	283.6	304.4	329.4	351.8
Medicare .....	271.7	294.3	344.7	385.4	410.8	437.7	464.6
Income security .....	334.2	345.5	356.7	365.0	378.3	388.3	404.5
Social security .....	496.0	520.2	546.7	573.5	603.0	637.7	673.6
On-Budget .....	(14.3)	(16.4)	(16.1)	(17.7)	(20.5)	(21.4)	(23.2)
Off-Budget .....	(481.7)	(503.8)	(530.6)	(555.8)	(582.5)	(616.3)	(650.5)
Veterans benefits and services .....	60.5	67.6	68.9	72.9	76.3	79.6	83.2
Administration of justice .....	45.7	39.9	42.6	42.7	44.1	46.6	48.2
General government .....	23.2	18.1	18.6	18.9	19.6	20.3	21.0
Net interest .....	160.2	177.5	209.3	242.1	269.0	290.7	309.8
On-Budget .....	(246.4)	(269.5)	(307.4)	(348.8)	(386.0)	(419.4)	(451.2)
Off-Budget .....	(-86.2)	(-92.0)	(-98.1)	(-106.7)	(-117.0)	(-128.7)	(-141.4)
Allowances .....				1.2	1.2		
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget) .....	-42.1	-48.1	-48.2	-50.3	-52.9	-55.5	-58.2
Employer share, employee retirement (off-budget) .....	-11.3	-10.9	-11.4	-11.8	-12.5	-13.2	-13.9
Rents and royalties on the Outer Continental Shelf .....	-5.1	-5.9	-7.1	-6.7	-6.8	-7.1	-7.3
Sale of major assets .....				-0.3			
Other undistributed offsetting receipts .....		-0.1	-0.1	-2.3	-13.3	-12.4	-1.5
Total, Undistributed offsetting receipts .....	-58.5	-65.0	-66.8	-71.5	-85.4	-88.2	-81.0
On-Budget .....	(-47.2)	(-54.1)	(-55.5)	(-59.7)	(-72.9)	(-75.0)	(-67.1)
Off-Budget .....	(-11.3)	(-10.9)	(-11.4)	(-11.8)	(-12.5)	(-13.2)	(-13.9)
<b>Total .....</b>	<b>2,408.3</b>	<b>2,396.5</b>	<b>2,548.0</b>	<b>2,665.1</b>	<b>2,788.5</b>	<b>2,925.2</b>	<b>3,078.0</b>
On-Budget .....	(2,022.1)	(1,994.7)	(2,123.1)	(2,227.2)	(2,335.0)	(2,450.3)	(2,582.8)
Off-Budget .....	(386.2)	(401.8)	(424.9)	(437.9)	(453.6)	(474.9)	(495.2)
<b>MEMORANDUM</b>							
Discretionary budget authority:							
National defense .....	485.7	421.3	431.7	443.7	456.2	469.1	482.4
International .....	49.3	29.6	30.2	30.9	31.6	32.4	33.2
Domestic .....	372.6	384.5	384.7	396.4	407.6	419.2	430.5
<b>Total, discretionary .....</b>	<b>907.6</b>	<b>835.4</b>	<b>846.5</b>	<b>871.0</b>	<b>895.5</b>	<b>920.7</b>	<b>946.0</b>

Table 25–11. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Agency	2004 Actual	Estimate					
		2005	2006	2007	2008	2009	2010
Legislative Branch .....	3.9	3.9	4.0	4.2	4.3	4.5	4.7
Judicial Branch .....	5.4	5.7	5.9	6.1	6.3	6.6	6.8
Agriculture .....	93.1	94.7	98.9	97.8	95.9	95.2	97.1
Commerce .....	5.9	6.5	6.7	6.9	7.1	7.4	7.6
Defense—Military .....	471.9	402.0	412.9	424.5	436.7	449.1	462.0
Education .....	67.2	70.9	66.9	66.4	67.7	69.1	70.6
Energy .....	22.1	21.5	22.5	23.0	24.0	24.6	25.2
Health and Human Services .....	556.7	581.6	662.3	698.7	744.4	793.3	847.2
Homeland Security .....	32.5	38.3	30.1	30.8	31.8	35.0	33.8
Housing and Urban Development .....	35.1	35.5	35.4	35.9	36.6	37.5	38.4
Interior .....	10.5	9.9	10.1	10.6	10.9	11.2	11.7
Justice .....	27.4	21.6	23.6	23.4	24.1	25.9	26.7
Labor .....	56.9	50.7	52.2	54.0	56.6	59.2	61.9
State .....	12.0	11.9	12.2	12.6	12.9	13.2	13.6
Transportation .....	60.5	61.7	55.4	55.2	55.5	55.9	56.3
Treasury .....	375.9	403.7	445.7	491.8	534.1	572.9	610.6
Veterans Affairs .....	60.3	67.5	68.7	72.7	76.2	79.5	83.1
Corps of Engineers—Civil Works .....	4.7	5.1	4.6	4.8	5.0	5.1	5.3
Other Defense Civil Programs .....	41.8	43.6	44.6	45.7	46.7	47.5	47.9
Environmental Protection Agency .....	8.4	8.0	8.2	8.4	8.6	8.9	9.1
Executive Office of the President .....	18.8	0.4	0.3	–1.1	–4.6	–3.9	0.4
General Services Administration .....	0.1	0.3	0.3	0.3	0.3	0.3	0.4
International Assistance Programs .....	15.7	14.1	15.4	17.1	17.6	18.1	18.5
National Aeronautics and Space Administration .....	15.4	16.2	16.4	16.9	17.4	17.7	18.1
National Science Foundation .....	5.6	5.6	5.7	5.8	6.0	6.1	6.2
Office of Personnel Management .....	59.9	63.9	67.4	70.4	73.9	77.5	81.2
Small Business Administration .....	4.2	3.3	0.7	0.6	0.7	0.7	0.7
Social Security Administration .....	531.6	558.9	584.7	611.1	644.9	680.2	718.7
On-Budget .....	(49.9)	(55.0)	(54.1)	(55.3)	(62.4)	(64.0)	(68.2)
Off-Budget .....	(481.7)	(503.8)	(530.6)	(555.8)	(582.5)	(616.3)	(650.5)
Other Independent Agencies .....	17.2	17.8	24.1	22.3	22.9	23.0	23.1
On-Budget .....	(15.2)	(17.0)	(20.4)	(21.8)	(22.3)	(22.4)	(23.1)
Off-Budget .....	(2.1)	(0.9)	(3.8)	(0.6)	(0.6)	(0.5)	(0.1)
Allowances .....	.....	.....	.....	1.2	1.2	.....	.....
Undistributed Offsetting Receipts .....	–212.5	–228.4	–238.3	–253.1	–277.2	–296.1	–309.1
On-Budget .....	(–115.0)	(–125.5)	(–128.8)	(–134.6)	(–147.7)	(–154.1)	(–153.8)
Off-Budget .....	(–97.6)	(–102.9)	(–109.5)	(–118.5)	(–129.5)	(–141.9)	(–155.3)
<b>Total .....</b>	<b>2,408.3</b>	<b>2,396.5</b>	<b>2,548.0</b>	<b>2,665.1</b>	<b>2,788.5</b>	<b>2,925.2</b>	<b>3,078.0</b>
On-Budget .....	(2,022.1)	(1,994.7)	(2,123.1)	(2,227.2)	(2,335.0)	(2,450.3)	(2,582.8)
Off-Budget .....	(386.2)	(401.8)	(424.9)	(437.9)	(453.6)	(474.9)	(495.2)