
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 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 apply across all segments of the government, the baseline has instead become largely a mechanical construct.

Moreover, it is important to discuss what a baseline is not. The baseline is not 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. Instead, 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 also a “policy-neutral” benchmark against which the President’s Budget and other budget proposals can be compared to measure the magnitude of the proposed changes. The following table shows current services estimates of receipts, outlays, and surpluses for 2005 through 2011. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis, i.e., 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 estimates for both categories. 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. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates. This year, because the major deficit reduction package in the Deficit Reduction Act has passed both chambers in Congress with only a small technical difference that is expected to be resolved shortly, the impact of the Act is included here as current law.

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 2006 through 2011, 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 2006 outlays exceed \$50 million. For example, Temporary Assistance for Needy Families and child care entitlement to States are scheduled to expire at the end of 2010. The baseline estimates provided here assume continuation of these programs in 2011. However, programs enacted after the enactment of the Balanced Budget Act of 1997 that are explicitly temporary in nature expire in

Table 25-1. BASELINE CATEGORY TOTALS

(In billions of dollars)

	2005	2006	2007	2008	2009	2010	2011
Receipts	2,154	2,301	2,444	2,597	2,729	2,901	3,064
Outlays:							
Discretionary:							
DoD-Military	473	480	440	438	445	456	472
Homeland security	30	32	34	35	35	36	38
Other discretionary	465	486	488	484	493	498	507
Subtotal, discretionary	968	998	962	957	973	990	1,017
Mandatory:							
Social Security	519	550	581	612	645	683	723
Medicare	294	338	390	405	429	457	500
Medicaid and SCHIP	187	198	205	219	234	251	270
Other mandatory	320	365	319	340	359	371	390
Subtotal, mandatory	1,320	1,451	1,495	1,575	1,668	1,762	1,883
Net interest	184	219	244	266	284	298	310
Total outlays	2,472	2,669	2,701	2,798	2,925	3,050	3,210
Unified deficit	-318	-367	-257	-201	-196	-149	-146
On-budget	-494	-549	-449	-416	-428	-402	-420
Off-budget	175	182	192	216	233	252	274
Memorandum:							
BEA baseline deficit	-318	-367	-305	-266	-244	-230	-127
Do not extend emergencies			45	67	76	82	86
Correct growth rates for pay			2	3	3	3	3
Remove special rule for administrative expenses of selected programs			*	*	*	*	1
Extend certain tax provisions		*	-1	-8	-37	-14	-119
Related debt service		*	1	4	6	9	11
Current baseline deficit	-318	-367	-257	-201	-196	-149	-146

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 reductions in individual income taxes on capital gains and dividends, increased expensing for small businesses, and reductions in income taxes and estate and gift taxes scheduled to sunset on December 31, 2010. 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 some-

what arbitrary. The definition used here attempts to keep discretionary spending level in real terms. For 2006, the current services estimates for discretionary programs are equal to enacted 2006 appropriations. For 2007 through 2011, funding for most accounts is equal to this 2006 level adjusted for inflation. The inflation rates used here are similar to those required by the BEA but adjusted 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 2006, including the response to Hurricane Katrina, funding to address Pandemic Influenza, and funding for the Global War on Terror, are one-time only events. The BEA requires that the base-

line 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, policy-makers developed the concept of a baseline to provide a more neutral benchmark for comparisons. While 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.

Subsequent budget acts have specified in increasing detail the requirements for constructing baselines. Current services estimates for direct spending programs and receipts are generally estimated based on laws currently in place and most major programs are assumed to continue even past sunset dates set in law. In the case of receipts, the BEA requires only the extension of trust fund excise taxes, but otherwise bases the estimates on current law. For discretionary programs, these acts instituted a precise definition of baseline with numerous rules for its construction.

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, 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.
- *Do not extend any authorizing laws that expire.* If all mandatory programs were assumed to expire as scheduled, deficits for 2007 through 2011 would be \$244 billion lower than the current estimates. (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 \$54 billion

higher over the period 2007 through 2011. If certain provisions of the 2001 and 2003 Tax Acts were assumed to expire, the deficit would be \$188 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 \$15 billion lower in 2007 and \$350 billion lower over the period 2007 through 2011.
- *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 2007 would be reduced by \$551 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.

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

Table 25–2. ALTERNATIVE BASELINE ASSUMPTIONS

(in billions of dollars)

	2006	2007	2008	2009	2010	2011	2006–2011
Current baseline deficit	-367	-257	-201	-196	-149	-146	-948
Alternative assumptions ("–" represents deficit increase) ¹ :							
Extend provisions affecting parts of mandatory programs ²		–*	–1	–1	–1	–2	–5
Do not extend any authorizing laws:							
Mandatory spending		1	43	54	60	85	244
Trust fund excise taxes			–12	–13	–14	–16	–54
Certain provisions of the 2001 and 2003 Tax Acts	–*	1	8	38	16	125	188
Straightline appropriations		15	39	67	97	130	350
Do not extend any appropriations		551	858	996	1,094	1,184	4,684

¹ Estimates include related debt service.

² 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

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)

	2006	2007	2008	2009	2010	2011
Gross Domestic Product (GDP):						
Levels, dollar amounts in billions:						
Current dollars	13,030	13,761	14,521	15,296	16,102	16,955
Real, chained (2000) dollars	11,418	11,800	12,187	12,573	12,963	13,364
Percent change, year over year:						
Current dollars	6.0	5.6	5.5	5.3	5.3	5.3
Real, chained (2000) dollars	3.4	3.3	3.3	3.2	3.1	3.1
Inflation measures (percent change, year over year):						
GDP chained price index	2.5	2.2	2.2	2.1	2.1	2.1
Consumer price index (all urban)	3.3	2.4	2.4	2.4	2.4	2.4
Unemployment rate, civilian (percent)	5.0	5.0	5.0	5.0	5.0	5.0
Interest rates (percent):						
91-day Treasury bills	4.1	4.2	4.2	4.3	4.3	4.3
10-year Treasury notes	4.9	5.3	5.5	5.6	5.6	5.6
MEMORANDUM						
Related program assumptions:						
Automatic benefit increases (percent):						
Social security and veterans pensions	4.1	2.6	2.4	2.4	2.4	2.4
Federal employee retirement	4.1	2.6	2.4	2.4	2.4	2.4
Food stamps	1.5	2.7	2.4	2.4	2.4	2.4
Insured unemployment rate	2.2	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 non-emergency 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, under the Deficit Reduction Act, medicaid transition assistance will expire at the end of December 2006. 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)

	2005 Actual	Estimate					
		2006	2007	2008	2009	2010	2011
Farmer direct payments	1,674	1,780	1,746	1,716	1,695	1,702	1,704
Federal family education loans	5,864	6,213	6,490	6,781	7,102	7,436	7,790
Federal direct student loans	1,806	1,882	1,963	2,049	2,141	2,238	2,339
Medicaid/State Children's Health Insurance Program	53,400	56,200	56,800	57,400	57,900	58,300	58,700
Medicare-eligible military retiree health benefits	1,841	1,872	1,902	1,935	1,966	1,991	2,019
Medicare:							
Hospital insurance	41,874	42,489	43,201	44,027	44,927	45,889	46,973
Supplementary medical insurance	39,462	39,986	40,592	41,300	42,076	42,883	43,778
Railroad retirement	595	585	574	564	556	549	543
Federal civil service retirement	2,413	2,468	2,531	2,564	2,597	2,630	2,661
Military retirement	2,087	2,111	2,135	2,154	2,169	2,178	2,182
Unemployment compensation	8,085	9,044	9,082	9,154	9,222	9,308	9,410
Food stamps	25,681	26,946	25,868	25,390	24,773	24,539	24,451
Child nutrition	32,343	33,158	33,880	34,546	35,139	35,670	36,165
Foster care and adoption assistance	597	623	651	682	713	746	780
Supplemental security income (SSI):							
Aged	1,118	1,111	1,105	1,103	1,102	1,103	1,105
Blind/disabled	5,657	5,803	5,998	6,141	6,245	6,323	6,389
Subtotal, SSI	6,775	6,914	7,103	7,244	7,347	7,426	7,494
Child care and development fund ¹	2,200	2,100	2,000	2,000	1,900	1,900	1,800
Social security (OASDI):							
Old age and survivor insurance	39,844	40,262	40,762	41,389	42,163	43,080	44,070
Disability insurance	8,054	8,424	8,743	9,017	9,251	9,448	9,649
Veterans compensation:							
Veterans	2,601	2,714	2,867	2,989	3,099	3,217	3,333
Survivors (non-veterans)	326	340	349	358	367	377	387
Subtotal, veterans compensation	2,927	3,054	3,216	3,347	3,466	3,594	3,720
Veterans pensions:							
Veterans	338	331	325	319	314	308	303
Survivors (non-veterans)	211	203	195	187	179	172	165
Subtotal, veterans pensions	549	534	520	506	493	480	468

¹ 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)

	Estimate					
	2006	2007	2008	2009	2010	2011
REGULATIONS						
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	17	18	19	20	21	23
Trial work period	3	3	2	1	1	.....
Expedited reinstatement of disability benefits	NA	NA	NA	NA	NA	NA
Medicaid: ¹						
Payment Reform		-384	-624	-900	-939	-965
Provider Tax Reform			-230	-460	-690	-690
Medicaid Services Reform		-225	-364	-523	-564	-610
Pharmacy Pay and Chase Reform		-105	-95	-85	-75	-70
Clarifying Regulations						
School-based Services Administration Reform		-615	-670	-725	-785	-850
Medicare, HI: ¹						
Long-term care hospitals		-280	-480	-550	-570	-600
Inpatient rehabilitation facilities		-180	-210	-220	-230	-250
Medicare, SMI: ¹						
Part B covered drugs, supplies, and wheelchairs	-100	-260	-360	-360	-410	-410
Supplemental security income (SSI):						
Ticket to Work and Self-Sufficiency	-12	-12	-6	-3	-7	-19

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

	Estimate					
	2006	2007	2008	2009	2010	2011
Title XVI cross-program recovery	-15	-15	-15	-15	-20	-20
Student earned income exclusion	4	4	4	5	5	5
Expedited reinstatement of disability benefits	NA	NA	NA	NA	NA	NA
EPA Pesticides tolerance fee				-13	-13	-13
EXPIRING AUTHORIZATIONS						
Provisions extended in the baseline (effect of extension):						
Spending:						
Child care entitlement to States						2,917
Child nutrition:						
Summer food service program					360	380
State administrative expenses					191	200
CCC market access, bioenergy and commodity programs:						
Counter-cyclical payment program				1,489	2,193	1,847
Dairy price support program			67	171	204	208
Dairy export incentive program			40	45	48	49
Direct payment program			1,142	5,257	5,257	5,257
Marketing assistance loan and loan deficiency payment program		73	310	1,616	1,407	1,154
Sugar nonrecourse loan program						
Upland cotton forgiven interest			25			
Market access program			200	200	200	200
Export credit guarantee programs			115	115	115	115
Food for progress			154	154	154	154
Bill Emerson Humanitarian Trust			140	140	140	140
Conservation reserve program			408	779	1,242	1,673
Farm security and rural investment			1,915	1,959	2,020	2,174
Food stamps:						
Benefit costs			30,412	30,489	31,103	31,849
State administrative expenses			2,689	2,790	2,896	3,006
Employment and training			347	355	364	373
Other program costs			60	61	63	64
Nutrition assistance for Puerto Rico			1,594	1,632	1,671	1,711
Food donations on Indian reservations			77	80	85	87
The emergency food assistance program commodities			140	140	140	140
Promoting safe and stable families		345	345	345	345	345
Temporary assistance for needy families (TANF) resources:						
State family assistance grants (SFAG)						16,489
SFAG to territories						78
Matching grants to territories						6
Tribal work program						7
Health Marriage and Fatherhood						150
Census survey of program dynamics						10
Trade adjustment assistance—training and income support			547	934	985	1,019
Trade adjustment assistance—farmers			90	90	90	90
Veterans compensation—annual cost of living adjustment		590	1,353	2,185	3,090	4,076
Revenues:						
Excise taxes dedicated to trust funds:						
Airport and Airway trust fund taxes			11,396	12,071	12,784	13,542
Certain provisions for the 2001 tax cut and 2003 jobs and growth tax cut (includes outlay impact)	83	-531	-7,736	-37,023	-13,596	-119,388
Provisions not extended in the baseline (effect of extension):						
Spending:						
Medicare, SMI:						
Medicare low income premium assistance ²			380	405	430	460
Medicaid:						
Transition benefits ³		393	554	580	601	625
Promoting safe and stable families:						
Court improvement grants						20
TANF:						
Supplemental grants						319
Welfare research						15
Veterans programs:						
Income verification match				-6	-11	-16
Contract disability medical exams					92	96
Native American veterans housing loans				-1	-1	-1
Hybrid adjustable rate mortgages				4	4	4
Mandatory appropriation for administration of income verification match				11	11	11
Loan guarantees for multifamily transitional housing for homeless veterans						3

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

	Estimate					
	2006	2007	2008	2009	2010	2011
OTHER IMPORTANT PROGRAM ASSUMPTIONS						
Child support enforcement (CSE):						
Alternative penalties for Family Support Act systems and Statewide Disbursement Unit requirements	-224	-7	-7	-7	-7	.....
Food stamps:						
Tax offset, recoupment, and general claims collection	-175	-174	-176	-176	-180	-184
Quality control liabilities	-3	-3	-3	-3	-3	-3
Allocation of administrative costs between public assistance programs	-197	-197	-197	-197	-197	-197
Medicare:						
Physicians	58,739	60,984	59,103	59,356	58,650	57,635
Contracting Reform			-70	-280	-550	-580
Medicaid: ⁴						
Financial management recovers	-480	-505	-545	-588	-634	-685
Vaccines for Children, total program costs	1,958	2,006	1,698	1,688	1,713	1,729
Institutional long term care	35,279	36,476	38,352	40,335	42,471	44,833
Home and community based institutional alternatives	21,334	23,183	25,731	28,495	31,471	34,837
Pharmaceuticals (FFS, net of rebates)	14,931	14,378	15,110	16,132	17,269	18,578
Managed care (including Medicaid MCOs, PHPs, PCCM)	32,569	36,331	39,936	43,597	47,770	52,466
State Children's Health Insurance Program (Title XXI)	5,775	5,244	5,345	5,316	5,311	5,176
Approved Demonstrations and Pilot Programs: ⁵						
Medicare, HI:						
Rural Hospice						
Baseline estimate	*	1	1	1	1	.....
Demonstration estimate	*	1	1	1	1	.....
Mercy Medical SNF						
Baseline estimate	6	2				
Demonstration estimate	6	2				
Premier—Hospital Quality Incentive						
Baseline estimate	3,265					
Demonstration estimate	3,299	12				
Rural Community Hospital ⁶						
Baseline estimate	66	47	49	51	54	
Demonstration estimate	79	56	59	62	59	
New York Graduate Medical Education						
Baseline estimate	69	69	69	69		
Demonstration estimate	59	48	35	17		
Utah Graduate Medical Education						
Baseline estimate	6	6				
Demonstration estimate	6	6				
Medicare, SMI:						
Chronic Care Improvement Program (Medicare Health Support)						
Baseline estimate						
Demonstration estimate	175	198	177			
Chiropractic						
Baseline estimate	20	10				
Demonstration estimate	30	14				
Municipal Health						
Baseline estimate	15	4				
Demonstration estimate	29	8				
Diabetes (Telemedicine)						
Baseline estimate	7	4				
Demonstration estimate	7	4				
United Mine Workers Program—Prescription Drug Benefits						
Baseline estimate	26	37				
Demonstration estimate	114	118				
BIPA Disease Management						
Baseline estimate	582	318				
Demonstration estimate	582	318				
Coordinated Care						
Baseline estimate	174	178	90			
Demonstration estimate	151	158	79			
Medicare Replacement Drug						
Baseline estimate						
Demonstration estimate	149					
Disease Management for Chronically Ill Dual Beneficiaries (Lifemasters)						
Baseline estimate	584	679	164			
Demonstration estimate	526	613	149			

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

	Estimate					
	2006	2007	2008	2009	2010	2011
Medicare Lifestyle Modification Program						
Baseline estimate	2	1				
Demonstration estimate	1	1				
Oncology/quality of care						
Baseline estimate						
Demonstration estimate	100					
Care Management for High-Cost Beneficiaries						
Baseline estimate	NA					
Demonstration estimate	61	95	82	13		
Low Vision Rehabilitation						
Baseline estimate	1	2	2	2	2	1
Demonstration estimate	1	4	4	4	4	2
Medicare: HI and SMI:						
ESRD Disease Management						
Baseline estimate	150	240	278	287	75	
Demonstration estimate	149	239	277	286	74	
Home Health Third Party Liability						
Baseline estimate	173	191	174	31		
Demonstration estimate	171	186	171	28		
Homebound						
Baseline estimate						
Demonstration estimate	1	1				
Medicare+Choice Phase I						
Baseline estimate						
Demonstration estimate	6	3				
Medicare+Choice Phase II						
Baseline estimate	195					
Demonstration estimate	210	35				
SHMO-ESRD						
Baseline estimate	4					
Demonstration estimate	4					
S/HMO I—Medicare						
Baseline estimate	1,140	1,534	515			
Demonstration estimate	1,368	1,741	584			
S/HMO II—Medicare						
Baseline estimate	507	629	202			
Demonstration estimate	608	711	228			
Physician Group Practice						
Baseline estimate	1,702	1,793	454			
Demonstration estimate	1,618	1,666	459	77		
United Mine Workers Program—Health Benefits						
Baseline estimate	415	440				
Demonstration estimate	404	420				
Medicaid: ⁵						
Alabama Family Planning	31					
Arizona AHCCCS	3,300					
Arkansas (ARKids B)	81	91	102			
Arkansas Family Planning Services	61					
Arkansas Independent Choices (Cash & Counseling)	9	2				
Arkansas TEFRA	30	32	8			
California Family Planning	612					
California In-Home Supportive Services Plus	280	325	378	357		
California—MediCal Hospital/Uninsured Care	601	766	766	766	702	
Colorado Consumer Directed Attendant Support	17	19	3			
Delaware—Diamond State Health Plan	504	129				
District of Columbia Childless Adults 50–64	5	3				
District of Columbia HIV	8	11	14	18	6	
Florida Consumer Directed Care Plus (Cash & Counseling)	57	61	26			
Florida Family Planning	8					
Florida MEDS-AD Program	680	975	1,072	1,180	1,298	
Hawaii Health QUEST	85					
Illinois Family Planning	387	414	442			
IowaCare	102	109	117	125	134	
Kentucky Health Care Partnership Program	482	513	568	48		
Maine HIV	9	7				
Maryland (Health Choice)	1,578	1,610	1,086			
Massachusetts MassHealth	2,569	2,757	2,960			

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

	Estimate					
	2006	2007	2008	2009	2010	2011
Minnesota (Prepaid Med. Assist. Project Plus)	156	186	148			
Minnesota Family Planning	217	248				
Mississippi Family Planning	134	146				
Mississippi—Healthier Mississippi	65	71	78	86		
Missouri Managed Care Plus	204	86				
Montana Basic Medicaid for Able-Bodied Adults	32	35	39	13		
New Jersey Personal Preference (Cash & Counseling)	4	5	3			
New Mexico—Family Planning Expansion	11					
New York (Partnership Plan)	5,252					
North Carolina Family Planning	392	424	457	494		
Oklahoma Family Planning	153	159	166			
Oregon Family Planning	77					
Oregon Independent Choices	3	1				
Rhode Island Rite Care (Medicaid)	179	192	169			
South Carolina Family Planning	26					
TennCare II	3,865	3,124				
Utah (Primary Care Network)	97	79				
Vermont Long Term Care Plan	116	129	143	159	176	
Vermont Global Commitment to Health	492	494	538	586	639	160
Virginia—Family Planning	171	176				
Washington (Take Charge/Family Planning)	170					
Wisconsin Badger Care (Medicaid)	42	18				
Wisconsin Family Planning	20	23				
Pharmacy plus (demonstration estimate):						
Wisconsin Pharmacy Plus	126	150				
Florida Pharmacy Plus	24					
Illinois Pharmacy Plus	26					
South Carolina Pharmacy Plus	11					
State Children's Health Insurance Program (Title XXI) (demonstration estimates):						
Alaska	9	9	10	11		
Maryland Health Choice ⁷	139	150				
Minnesota Care						
Demonstration estimate (SCHIP funds)	53	39	41	39		
Baseline estimate (medicaid funds)						
Missouri MC+c ⁷	108	56				
New Jersey FamilyCare ⁸	132	167	173			
New Mexico SCHIP ⁷	25	26				
Rhode Island (SCHIP RiteCare) ⁸	30	34	11			
Wisconsin (BadgerCare)	84	88				
Health Insurance Flexibility and Accountability (HIFA) (demonstration estimate—SCHIP funds):						
Arizona HIFA—amendment to AHCCCS	43					
Colorado HIFA	11					
Idaho HIFA	19	21	23	18		
Illinois HIFA (KidCare Parent Coverage)						
Demonstration estimate	133	159				
Baseline estimate (medicaid funds)	5	6				
Maine HIFA (Maine Care for Childless Adults)						
Baseline estimate (medicaid funds)	102	102				
Michigan HIFA	127	120	112	24		
New Mexico HIFA	18	21	24	27		
Oklahoma Sooner Care Demo+HIFA						
Baseline estimate (medicaid funds)	906	230				
Oregon HIFA (Oregon Health Plan 2)						
Demonstration estimate (SCHIP funds)	15	16				
Baseline estimate (medicaid funds)	1,467	1,603				
Virginia HIFA	11	12	12	13		
Joint Medicare and Medicaid: ⁹						
Minnesota-Dual Eligibles						
Baseline estimate	600	1,231	308			
Demonstration estimate	599	1,231	308			
Wisconsin-Dual Eligibles						
Baseline estimate	88	95	24			
Demonstration estimate ¹⁰	88	95	24			
Massachusetts—Dual Eligibles						
Demonstration estimate	62	85	21			
Baseline estimate	62	85	21			

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

	Estimate					
	2006	2007	2008	2009	2010	2011
OASI, DI, SSI:						
Performance of continuing disability reviews (baseline levels) (OASI, DI, SSI)	-95	-460	-1,010	-1,600	-2,195	-2,900
Collection of overpayments:						
OASI	-630	-678	-678	-678	-678	-678
DI	-522	-581	-581	-581	-581	-581
SSI (federal)	-884	-960	-960	-960	-960	-960
Debts written off as uncollectable (no effect on outlays):						
OASI	126	135	135	135	135	135
DI	411	458	458	458	458	458
SSI (federal)	353	383	383	383	383	383
OASDI:						
Payments to states for vocational rehabilitation	77	80	87	95	102	110
DI:						
Research and demonstration projects	38	59	54	27		
SSI:						
Payments from states for state supplemental benefits	-4,240	-4,560	-4,725	-4,917	-5,083	-5,219
Payments for state supplemental benefits	4,240	4,175	4,715	4,900	5,070	5,645
Fees for administration of State supplement:						
Treasury share	-138	-130	-144	-146	-148	-161
SSA share	-119	-122	-124	-127	-130	-132
Research and demonstration projects	37	27	27	28	28	29
Payments to states for vocational rehabilitation	51	53	56	59	63	67
Performance of non-disability redeterminations (excludes related overpayment collections reported above)	-390	-1,180	-1,490	-1,570	-1,650	-1,730
State grants and demonstrations—health care:						
Ticket to work grant programs:						
Infrastructure grant program	17	17	20	20	32	35
Demonstration to maintain independence and employment	21	21	22	22	10	10
High risk pools:						
Initial seed grants	21					
Operation of pools	150	175	200	175	175	125
Emergency health services for undocumented aliens	8	8	7			
Pilot program for national and state background checks	32	50	30			
State pharmaceutical assistance programs	140	1				
Health care infrastructure improvement program						
TANF:						
Work verification penalties				-7	-16	-28

* = \$500,000 or less.

NA = Not available.

¹ Medicare and medicaid regulations reflect gross outlays.

² Current law extends program through September 30, 2007.

³ Deficit Reduction Act extends program through December 31, 2006.

⁴ Not shown on table are anticipated collections from various state liabilities under current law.

⁵ Baseline estimates reflect costs absent the demonstration; demonstration estimate reflects costs of the demonstration. The differences represent the net impact of the demonstration.

⁶ Costs of this demonstration are offset annually by a reduction to inpatient hospital prospective payment rates.

⁷ Estimates reflect costs for SCHIP children under the State's Medicaid 1115.

⁸ States project covering a portion or their entire demonstration population with medicaid funds.

⁹ Large enrollment increases due to passive enrollment in Medicare Advantage Special Needs Plan demonstration. Enrollees would be in other Medicare Advantage plans in the absence of demonstrations.

¹⁰ Demonstration estimate includes Medicare and Medicaid Federal Share. Medicare share is 50% and 60%, respectively for 2006 and 2007. Medicaid share is 38% and 46%.

Current Services Receipts, Outlays, and Budget Authority

Receipts.—Table 25–6 shows baseline receipts by major source. Total receipts are projected to increase by \$143 billion from 2006 to 2007 and by \$620 billion from 2007 to 2011, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$108 billion from 2006 to 2007 under baseline assumptions. This growth of 10.6 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 7.3 percent between 2007 and 2011.

Table 25-6. BASELINE RECEIPTS BY SOURCE

(In billions of dollars)

	2005 Actual	Estimate					
		2006	2007	2008	2009	2010	2011
Individual income taxes	927	1,011	1,119	1,211	1,276	1,383	1,486
Corporation income taxes	278	279	265	273	284	292	302
Social insurance and retirement receipts	794	841	884	931	979	1,036	1,095
On-budget	217	231	242	252	263	277	293
Off-budget	577	610	642	679	716	758	802
Excise taxes	73	74	75	76	78	79	83
Estate and gift taxes	25	28	24	24	26	20	2
Other	56	69	77	82	86	92	97
Total	2,154	2,301	2,444	2,597	2,729	2,901	3,064
On-budget	1,576	1,691	1,802	1,918	2,013	2,142	2,262
Off-budget	577	610	642	679	716	758	802

Corporation income taxes under current law are estimated to decline by \$14 billion or 5.0 percent between 2006 and 2007, in large part due to economic factors and legislated tax changes. Corporation income taxes are projected to increase at an annual rate of 3.3 percent from 2007 to 2011, reflecting higher corporate profits.

Social insurance and retirement receipts are estimated to increase by \$43 billion between 2006 and 2007, and by an additional \$211 billion between 2007 and 2011. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$94,200 in 2006 to \$119,400 in 2011.

Excise taxes are estimated to increase by \$10 billion from 2006 to 2011, in large part due to increased economic activity and the expiration of various excise tax credits. Estate and gift taxes remain relatively level until 2010 when the estate tax is repealed. Other baseline receipts (customs duties and miscellaneous receipts) are projected to increase by \$28 billion from 2006 to 2011.

Outlays.—Current services outlays are estimated to grow from \$2,669 billion in 2006 to \$2,701 billion in 2007, a 1.2 percent increase. Between 2006 and 2011, they are projected to increase at an average annual rate of 3.8 percent. However, quirks in the calendar somewhat distort this comparison. When October 1 falls on a weekend, military pay and certain benefit payments are paid the previous Friday, shifting them into the previous fiscal year. Outlays for 2006 are relatively low because payments shifted from 2006 into 2005 while estimates for 2011 include \$23 billion in payments that have shifted from 2012. After adjustment for timing shifts, the average annual rate of growth between 2006 and 2011 is 3.6 percent.

Even though most discretionary spending is assumed to grow with inflation, outlays for discretionary programs decline from \$998 billion in 2006 to \$962 billion in 2007 and \$957 billion in 2008 because the baseline assumes no additional spending for the war or Katrina-related disasters beyond what is already enacted. Outlays increase each year thereafter, reflecting increases in resources to keep pace with inflation, reaching

\$1,017 billion in 2011. Entitlement and other mandatory programs are estimated to grow from \$1,451 billion in 2006 to \$1,495 billion in 2007, and to \$1,883 billion in 2011, 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 \$550 billion in 2006 to \$723 billion in 2011, an average annual rate of 5.6 percent. Medicare and medicaid are projected to grow at annual average rates of 8.1 (7.4 after adjustment for timing shifts) and 6.6 percent, respectively, outpacing inflation. Other areas of growth include federal employee retirement (average annual growth of 3.9 percent), unemployment compensation (5.6 percent) and veterans programs (8.8 percent, but 7.4 percent after adjustment for timing shifts).

Partially offsetting this growth, outlays for flood insurance and higher education decline from high levels in 2006. Flood insurance is estimated to spike to \$18 billion in 2006 due to large claims related to Katrina. For 2007 and beyond, the program returns to its normal level. Likewise, higher education spending is projected to remain very high in 2006 as people take advantage of favorable conditions in which to refinance loans. Projections for 2007 and beyond assume that this trend will not continue as interest rates remain relatively level. Undistributed offsetting receipts spike in 2007, reflecting expected large one-time payments from auctions of electromagnetic spectrum, and thus contribute to lower total outlays in that year.

Farm program spending is also projected to decline through the projection period reflecting changes in market supply and demand. For the first time, the Budget incorporates probabilistic price and production variability into its baseline for Commodity Credit Corporation programs for feed grains, wheat, rice, upland cotton, soybeans, and dairy. Previously, farm program outlays projections were based solely on a point estimate or deterministic approach. Because some commodity support programs protect producer income only when prices fall below targeted levels, deterministic projections, by their nature, tend to underestimate outlays. Probabilistic outlay estimates account for the price and corresponding outlay variability around the deter-

ministic estimate. The change in methodology has increased commodity outlay projections by about \$11 billion over the 2006 through 2011 period relative to deterministic projections.

Net interest payments to the public total \$219 billion in 2006 and \$244 billion in 2007. They then continue to rise each year reaching \$310 billion in 2011. 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)

	2006	2007	2011	Change 2006 to 2007		Change 2001 to 2011	
				Amount	Percent	Amount	Average Annual Rate
Outlays:							
Discretionary:							
DoD-Military	480	440	472	-40	-8.3%	-8	-0.3%
Homeland security	32	34	38	2	6.2%	6	3.3%
Other discretionary	486	488	507	2	0.4%	21	0.9%
Subtotal, discretionary	998	962	1,017	-36	-3.6%	18	0.4%
Mandatory:							
Farm programs	22	21	16	-1	-3.8%	-6	-6.4%
Flood insurance	18	*	*	-17	-99.1%	-17	-66.1%
Higher education	11	5	7	-6	-55.7%	-4	-9.7%
Medicaid	192	199	265	7	3.7%	73	6.6%
Medicare	338	390	500	52	15.3%	162	8.1%
Federal employee retirement and disability	99	104	120	5	4.9%	21	3.9%
Unemployment compensation	36	38	47	2	5.2%	11	5.6%
Other income security programs	171	170	195	-1	-0.4%	24	2.7%
Social Security	550	581	723	31	5.7%	173	5.6%
Veterans programs	38	39	57	1	4.0%	20	8.8%
Other mandatory programs	36	38	37	2	5.2%	*	0.1%
Credit subsidy reestimates	10	.....	.....	-10	NA	-10	NA
Undistributed offsetting receipts	-69	-91	-83	-22	31.3%	-14	3.7%
Subtotal, mandatory	1,451	1,495	1,883	43	3.0%	431	5.3%
Net interest	219	244	310	25	11.4%	91	7.2%
Total outlays	2,669	2,701	3,210	32	1.2%	541	3.8%
Memorandum:							
Timing shifts caused by calendar	4	3	-23	.....	.....	.....	.....
Total outlays adjusted for timing shifts	2,672	2,704	3,187	32	1.2%	515	3.6%

Table 25-8. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	2005 Actual	Estimate					
		2006	2007	2008	2009	2010	2011
National defense:							
Department of Defense—Military	474.2	482.0	442.2	439.7	447.2	458.4	474.1
Other	21.2	23.9	23.9	23.8	24.2	24.6	25.1
Total, National defense	495.3	505.9	466.0	463.5	471.3	483.0	499.2
International affairs	34.6	34.8	32.5	32.3	32.0	32.2	32.8
General science, space, and technology	23.7	24.0	25.0	25.4	26.3	26.6	27.2
Energy	0.4	2.6	1.1	2.3	2.1	2.4	2.6
Natural resources and environment	28.0	32.7	33.1	33.3	34.4	35.6	36.6
Agriculture	26.6	26.8	27.0	25.1	23.7	22.8	22.6
Commerce and housing credit	7.6	7.9	9.6	6.9	5.8	3.9	3.5
On-Budget	(9.4)	(9.4)	(9.4)	(10.3)	(9.3)	(8.1)	(7.2)
Off-Budget	(-1.8)	(-1.5)	(0.2)	(-3.4)	(-3.6)	(-4.2)	(-3.7)
Transportation	67.9	71.6	76.9	77.6	78.9	79.9	81.7
Community and regional development	26.3	47.0	26.8	20.6	20.8	16.6	14.7
Education, training, employment, and social services	97.5	109.7	89.9	89.9	92.2	94.6	96.6
Health	250.6	267.1	276.4	291.6	308.2	327.1	349.1
Medicare	298.6	343.0	394.5	410.0	434.8	462.1	505.2
Income security	345.8	360.6	367.0	382.4	391.7	402.5	418.9
Social security	523.3	554.7	586.1	616.8	650.6	688.6	728.4
On-Budget	(16.5)	(16.0)	(18.3)	(21.4)	(22.1)	(23.8)	(27.4)
Off-Budget	(506.8)	(538.7)	(567.7)	(595.4)	(628.5)	(664.8)	(700.9)
Veterans benefits and services	70.2	70.4	72.6	79.2	83.3	87.3	95.2
Administration of justice	40.0	41.3	43.5	42.8	44.1	45.5	47.0
General government	17.0	19.0	20.1	20.1	20.4	21.0	21.9
Net interest	184.0	218.8	243.7	265.9	283.8	298.0	310.3
On-Budget	(275.8)	(316.2)	(349.5)	(381.6)	(411.6)	(438.4)	(464.6)
Off-Budget	(-91.8)	(-97.4)	(-105.7)	(-115.7)	(-127.8)	(-140.4)	(-154.3)
Allowances							
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	-48.0	-48.5	-49.8	-51.9	-54.3	-56.8	-59.5
Employer share, employee retirement (off-budget)	-10.9	-11.7	-12.2	-12.8	-13.5	-14.2	-15.0
Rents and royalties on the Outer Continental Shelf	-6.1	-9.1	-9.5	-9.2	-9.1	-8.8	-8.8
Sale of major assets				-0.3			
Other undistributed offsetting receipts	-0.2	-0.1	-19.7	-13.3	-2.9	-0.1	-0.1
Total, Undistributed offsetting receipts	-65.2	-69.4	-91.2	-87.6	-79.7	-79.9	-83.4
On-Budget	(-54.3)	(-57.8)	(-79.0)	(-74.8)	(-66.2)	(-65.7)	(-68.4)
Off-Budget	(-10.9)	(-11.7)	(-12.2)	(-12.8)	(-13.5)	(-14.2)	(-15.0)
Total	2,472.2	2,668.5	2,700.7	2,798.0	2,924.7	3,049.8	3,209.8
On-Budget	(2,070.0)	(2,240.5)	(2,250.6)	(2,334.6)	(2,441.1)	(2,543.8)	(2,682.0)
Off-Budget	(402.2)	(428.1)	(450.1)	(463.5)	(483.7)	(506.0)	(527.8)

Table 25-9. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Agency	2005 Actual	Estimate					
		2006	2007	2008	2009	2010	2011
Legislative Branch	4.0	4.4	4.2	4.4	4.6	4.7	4.9
Judicial Branch	5.6	6.1	6.1	6.3	6.5	6.7	7.0
Agriculture	85.3	95.7	95.0	94.6	94.3	95.2	97.3
Commerce	6.2	6.5	6.7	7.5	8.1	7.6	7.5
Defense—Military	474.4	482.0	442.2	439.7	447.2	458.4	474.1
Education	72.9	84.0	65.4	66.0	67.7	69.6	71.1
Energy	21.3	21.7	21.8	22.5	22.8	23.5	24.0
Health and Human Services	581.5	641.5	701.0	730.1	770.2	816.3	880.7
Homeland Security	39.3	61.7	42.5	37.3	38.2	34.5	33.9
Housing and Urban Development	42.5	46.8	43.7	43.4	43.0	43.0	43.4
Interior	9.1	9.1	10.2	10.5	11.0	11.4	11.6
Justice	22.7	22.3	25.3	23.8	24.6	25.3	26.2
Labor	47.0	51.4	51.6	53.5	56.1	59.0	61.9
State	12.8	13.6	14.0	14.5	14.6	14.8	15.1
Transportation	56.9	61.3	65.5	65.7	66.5	67.2	68.4
Treasury	408.7	450.8	492.5	531.1	566.1	599.1	631.5
Veterans Affairs	70.0	70.4	72.5	79.0	83.0	87.1	95.0
Corps of Engineers—Civil Works	4.8	7.4	6.3	5.7	5.9	6.1	6.3
Other Defense Civil Programs	43.5	45.7	47.2	48.6	49.6	50.2	50.5
Environmental Protection Agency	7.9	7.9	8.0	8.3	8.4	8.6	8.8
Executive Office of the President	7.7	7.4	2.4	1.1	0.4	0.4	0.4
General Services Administration	0.1	0.4	1.0	0.4	0.5	0.5	0.5
International Assistance Programs	15.0	16.3	16.6	17.1	17.3	17.3	17.6
National Aeronautics and Space Administration	15.6	15.6	16.4	16.9	17.6	17.7	18.2
National Science Foundation	5.4	5.8	5.7	5.8	5.9	6.1	6.2
Office of Personnel Management	59.5	63.5	67.3	70.7	73.7	76.5	78.8
Small Business Administration	2.5	1.2	0.5	0.5	0.6	0.6	0.6
Social Security Administration	561.3	592.4	622.6	658.9	694.4	734.0	779.6
On-Budget	(54.5)	(53.7)	(54.9)	(63.4)	(66.0)	(69.2)	(78.6)
Off-Budget	(506.8)	(538.7)	(567.7)	(595.4)	(628.5)	(664.8)	(700.9)
Other Independent Agencies	14.8	14.4	18.7	16.3	16.5	15.5	16.1
On-Budget	(16.6)	(15.9)	(18.4)	(19.7)	(20.1)	(19.7)	(19.8)
Off-Budget	(-1.8)	(-1.5)	(0.2)	(-3.4)	(-3.6)	(-4.2)	(-3.7)
Allowances .....	.....	.....	.....	.....	.....	.....	.....
Undistributed Offsetting Receipts	-226.2	-238.6	-272.3	-282.3	-290.7	-307.0	-327.2
On-Budget	(-123.4)	(-129.5)	(-154.4)	(-153.8)	(-149.4)	(-152.4)	(-157.9)
Off-Budget	(-102.8)	(-109.1)	(-117.9)	(-128.5)	(-141.2)	(-154.6)	(-169.4)
Total	2,472.2	2,668.5	2,700.7	2,798.0	2,924.7	3,049.8	3,209.8
On-Budget	(2,070.0)	(2,240.5)	(2,250.6)	(2,334.6)	(2,441.1)	(2,543.8)	(2,682.0)
Off-Budget	(402.2)	(428.1)	(450.1)	(463.5)	(483.7)	(506.0)	(527.8)

Table 25–10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

Function	2005 Actual	Estimate					
		2006	2007	2008	2009	2010	2011
National defense:							
Department of Defense—Military	483.9	468.2	424.5	437.0	449.8	463.1	476.8
Other	21.9	23.7	23.4	23.9	24.3	24.8	25.3
Total, National defense	505.8	491.8	447.9	460.9	474.2	487.9	502.1
International affairs	32.9	27.7	30.7	32.5	33.3	34.2	35.1
General science, space, and technology	24.4	24.9	25.2	25.8	26.4	27.0	27.6
Energy	1.3	1.6	1.4	2.1	2.0	2.4	2.6
Natural resources and environment	33.0	33.0	32.3	32.8	34.3	35.7	36.8
Agriculture	29.2	24.7	28.6	25.3	23.6	23.0	22.7
Commerce and housing credit	14.2	12.1	17.2	17.1	13.2	13.2	13.7
On-Budget	(13.2)	(10.0)	(13.4)	(16.2)	(12.4)	(12.8)	(13.2)
Off-Budget	(1.0)	(2.0)	(3.9)	(0.9)	(0.8)	(0.4)	(0.5)
Transportation	76.2	75.4	81.0	82.7	75.7	85.0	86.0
Community and regional development	84.5	16.7	11.5	12.2	12.4	12.6	12.8
Education, training, employment, and social services	99.9	114.2	91.7	94.1	96.6	99.3	100.7
Health	251.8	292.8	276.1	293.2	313.1	331.0	353.4
Medicare	303.4	360.5	394.2	409.9	435.1	461.8	505.2
Income security	349.0	352.3	368.1	382.3	393.5	405.2	423.3
Social security	531.7	557.9	588.6	619.4	653.5	691.9	731.8
On-Budget	(16.5)	(16.0)	(18.3)	(21.4)	(22.1)	(23.8)	(27.4)
Off-Budget	(515.1)	(541.8)	(570.3)	(598.0)	(631.4)	(668.1)	(704.3)
Veterans benefits and services	69.2	70.4	76.2	80.0	84.1	88.1	92.1
Administration of justice	40.6	40.8	43.5	43.1	44.5	46.0	47.5
General government	16.9	19.8	20.4	20.7	21.4	21.9	22.7
Net interest	184.0	218.8	243.7	265.9	283.8	298.0	310.3
On-Budget	(275.8)	(316.2)	(349.5)	(381.6)	(411.6)	(438.4)	(464.6)
Off-Budget	(-91.8)	(-97.4)	(-105.7)	(-115.7)	(-127.8)	(-140.4)	(-154.3)
Allowances							
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	-48.0	-48.5	-49.8	-51.9	-54.3	-56.8	-59.5
Employer share, employee retirement (off-budget)	-10.9	-11.7	-12.2	-12.8	-13.5	-14.2	-15.0
Rents and royalties on the Outer Continental Shelf	-6.1	-9.1	-9.5	-9.2	-9.1	-8.8	-8.8
Sale of major assets				-0.3			
Other undistributed offsetting receipts	-0.2	-0.1	-19.7	-13.3	-2.9	-0.1	-0.1
Total, Undistributed offsetting receipts	-65.2	-69.4	-91.2	-87.6	-79.7	-79.9	-83.4
On-Budget	(-54.3)	(-57.8)	(-79.0)	(-74.8)	(-66.2)	(-65.7)	(-68.4)
Off-Budget	(-10.9)	(-11.7)	(-12.2)	(-12.8)	(-13.5)	(-14.2)	(-15.0)
Total	2,582.9	2,665.8	2,687.1	2,812.7	2,941.0	3,084.4	3,243.0
On-Budget	(2,169.5)	(2,231.1)	(2,230.9)	(2,342.2)	(2,450.1)	(2,570.5)	(2,707.6)
Off-Budget	(413.4)	(434.7)	(456.2)	(470.4)	(490.9)	(513.9)	(535.5)
MEMORANDUM							
Discretionary budget authority:							
National defense	499.8	488.3	444.6	457.8	471.1	484.8	499.0
International	34.7	31.5	32.1	32.9	33.7	34.5	35.3
Domestic	450.4	382.0	391.8	403.3	414.3	425.6	437.1
Total	984.9	901.8	868.6	894.0	919.1	944.9	971.4

Table 25–11. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Agency	2005 Actual	Estimate					
		2006	2007	2008	2009	2010	2011
Legislative Branch	4.1	4.2	4.4	4.5	4.7	4.9	5.1
Judicial Branch	5.7	6.0	6.2	6.4	6.6	6.9	7.1
Agriculture	95.0	96.3	99.6	96.9	96.6	98.1	100.3
Commerce	6.5	6.4	6.8	9.2	7.2	7.4	7.7
Defense—Military	483.9	468.2	424.5	437.0	449.8	463.1	476.8
Education	74.6	88.6	66.4	68.3	70.3	72.4	73.2
Energy	21.2	21.0	21.2	22.4	22.9	23.5	24.1
Health and Human Services	591.5	676.9	700.3	731.5	773.2	819.4	886.5
Homeland Security	101.3	22.7	29.8	31.0	34.0	32.6	33.5
Housing and Urban Development	35.1	47.8	37.7	38.7	39.6	40.6	41.6
Interior	10.4	9.3	10.2	10.4	11.0	11.5	11.6
Justice	22.1	22.6	24.8	23.9	24.7	25.6	26.4
Labor	47.2	51.3	52.6	55.1	57.5	60.1	62.7
State	14.7	13.6	13.9	14.2	14.6	15.0	15.4
Transportation	64.9	64.6	69.3	70.6	63.2	72.1	72.6
Treasury	410.2	452.5	494.1	532.6	567.9	600.9	633.2
Veterans Affairs	69.1	70.4	76.0	79.8	83.8	87.9	91.9
Corps of Engineers—Civil Works	5.5	8.3	5.5	5.7	5.9	6.1	6.3
Other Defense Civil Programs	43.7	45.9	47.4	48.7	49.8	50.4	50.7
Environmental Protection Agency	8.0	7.6	7.8	8.0	8.2	8.5	8.7
Executive Office of the President	0.4	0.3	0.4	0.4	0.4	0.4	0.4
General Services Administration	0.3	0.6	0.6	0.6	0.6	0.6	0.7
International Assistance Programs	18.2	15.6	16.1	17.4	17.9	18.3	18.8
National Aeronautics and Space Administration	16.2	16.6	16.7	17.1	17.5	18.0	18.4
National Science Foundation	5.6	5.7	5.8	6.0	6.1	6.2	6.4
Office of Personnel Management	63.1	66.8	70.3	73.5	76.5	79.5	82.4
Small Business Administration	3.3	0.5	0.6	0.6	0.6	0.6	0.7
Social Security Administration	569.9	594.9	625.4	661.5	697.4	737.4	782.6
On-Budget	(54.8)	(53.0)	(55.2)	(63.4)	(66.0)	(69.2)	(78.2)
Off-Budget	(515.1)	(541.8)	(570.3)	(598.0)	(631.4)	(668.1)	(704.3)
Other Independent Agencies	17.5	19.3	24.8	22.8	23.2	23.4	24.8
On-Budget	(16.5)	(17.3)	(21.0)	(21.9)	(22.4)	(23.0)	(24.3)
Off-Budget	(1.0)	(2.0)	(3.9)	(0.9)	(0.8)	(0.4)	(0.5)
Allowances .....	.....	.....	.....	.....	.....	.....	.....
Undistributed Offsetting Receipts	-226.2	-238.6	-272.3	-282.3	-290.7	-307.0	-327.2
On-Budget	(-123.4)	(-129.5)	(-154.4)	(-153.8)	(-149.4)	(-152.4)	(-157.9)
Off-Budget	(-102.8)	(-109.1)	(-117.9)	(-128.5)	(-141.2)	(-154.6)	(-169.4)
Total	2,582.9	2,665.8	2,687.1	2,812.7	2,941.0	3,084.4	3,243.0
On-Budget	(2,169.5)	(2,231.1)	(2,230.9)	(2,342.2)	(2,450.1)	(2,570.5)	(2,707.6)
Off-Budget	(413.4)	(434.7)	(456.2)	(470.4)	(490.9)	(513.9)	(535.5)