
CURRENT SERVICES ESTIMATES

25. CURRENT SERVICES ESTIMATES

Current services estimates or the “baseline” are designed to provide 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. Shortly after enactment of the Budget Enforcement Act (BEA) which provided detailed rules for calculating a baseline, there was a consensus to define the current services estimates according to those rules. 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. Table 25–1

Table 25–1. BASELINE CATEGORY TOTALS

(In billions of dollars)

	2006	2007	2008	2009	2010	2011	2012
Receipts	2,407	2,550	2,714	2,831	3,008	3,151	3,348
Outlays:							
Discretionary:							
DoD-Military	499	511	444	455	464	475	486
Homeland security	31	35	36	38	36	37	38
International affairs	36	36	34	34	33	33	33
Other discretionary	451	450	448	450	454	463	470
Subtotal, discretionary	1,017	1,032	961	976	987	1,008	1,028
Mandatory:							
Social Security	544	582	608	640	678	718	762
Medicare	325	367	391	418	447	493	503
Medicaid and SCHIP	186	197	209	224	241	259	279
Other mandatory	357	318	330	348	361	381	374
Subtotal, mandatory	1,412	1,465	1,537	1,631	1,727	1,850	1,918
Net interest	227	238	254	258	259	258	255
Total outlays	2,655	2,735	2,752	2,866	2,973	3,116	3,201
Unified deficit	-248	-185	-38	-35	34	35	147
On-budget	-434	-368	-250	-261	-210	-228	-130
Off-budget	186	183	212	225	244	263	277
Memorandum:							
BEA baseline deficit	-248	-186	-81	-104	-34	95	287
Do not extend emergencies			40	64	72	76	79
Correct growth rates for pay			2	3	3	3	3
Remove special rule for administrative expenses of selected programs			*	*	1	1	1
Extend certain tax provisions		*	-1	-2	-14	-146	-225
Related debt service		*	1	4	7	7	2
Current baseline deficit	-248	-185	-38	-35	34	35	147

shows current services estimates of receipts, outlays, and surpluses for 2006 through 2012. 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. Table 25–2 shows the changes proposed in the budget relative to the current services estimates. Detailed descriptions of the budget proposals can be found in the main *Budget* volume.

Conceptual Basis for Estimates

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

tion), 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.

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 2007 through 2012, the only taxes affected by this exception are taxes deposited in the Airport and Airway trust fund, which expire on September 30, 2007, and taxes deposited in the Highway trust fund, the Leaking Underground Storage Tank trust fund, and the Sport Fish Restoration and Boating Safety trust fund, which expire on September 30, 2011.
- Direct spending programs that will expire under current law are assumed to be extended if their 2007 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 through 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 25–2. IMPACT OF BUDGET POLICY

(in billions of dollars)

	2007	2008	2009	2010	2011	2012	Total 2008–2012
Current Services Baseline Deficit	–185	–38	–35	34	35	147	143
Proposals:							
Global war on terror and other emergencies	–37	–133	–94	–47	–25	–18	–316
Discretionary policy:							
Security	–6	–17	–47	–55	–61	–52	–233
Non-security	–7	–8	6	15	28	37	79
Subtotal, discretionary	–12	–26	–41	–40	–32	–15	–154
Revenue proposals ¹	–10	–53	–36	–63	–60	–55	–267
Mandatory proposals:							
Social security personal accounts						–30	–30
Other proposals	*	10	19	21	28	32	110
2008 Budget Deficit	–244	–239	–187	–94	–54	61	–514

*\$500 million or less.

Note: Each line includes debt service.

¹ Includes outlay impact of revenue proposals.

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 somewhat arbitrary. The definition used here attempts to keep discretionary spending level in real terms. For 2007, the current services estimates for discretionary programs are equal to enacted 2007 appropriations for accounts included in the Defense and Homeland Security Appropriations Acts. For all other discretionary accounts, current services estimates are set at the annualized continuing resolution rate. For 2008 through 2012, funding for most accounts is equal to this 2007 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 2007, which primarily provide funding for the Global War on Terror, are one-time only expenditures. 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, policymakers 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 laws 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 2008 through 2012 would be \$314 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 \$110 billion higher over the period 2008 through 2012. If certain provisions of the 2001 and 2003 Tax Acts were assumed to expire, the deficit would be \$404 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 \$18 billion lower in 2008 and \$381 billion lower over the period 2008 through 2012.
- *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 treat-

ment 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 2008 would be reduced by \$553 billion relative to the current estimates. Clearly this would provide an unrealistic estimate of future spending and the government’s future fiscal position.

Table 25–3 provides estimates for a variety of changes in baseline definitions that could be considered.

Economic Assumptions

The current services estimates are based on the same economic assumptions as the President’s Budget, which are based on enactment of the President’s Budget proposals. The economy and the budget interact. Changes in economic conditions significantly alter the estimates

of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, economic growth, consumption, savings, and investment. Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President’s Budget. However, this would diminish the value of current services estimates as a benchmark for measuring proposed policy changes, because it would then be difficult to separate the effects of proposed policy changes from the effects of different economic assumptions. By using the same economic assumptions for current services and the President’s Budget, this potential source of confusion is eliminated. The economic assumptions underlying both the budget and the current service estimates are summarized in Table 25–4. The economic outlook underlying these as-

Table 25–3. ALTERNATIVE BASELINE ASSUMPTIONS

(in billions of dollars)

	2007	2008	2009	2010	2011	2012	2008–2012
Current baseline surplus/deficit	–185	–38	–35	34	35	147	143
Alternative assumptions (“–” represents deficit increase):							
Extend provisions affecting parts of mandatory programs ¹	–*	–1	–2	–2	–2	–2	–9
Do not extend any authorizing laws:							
Mandatory spending		41	51	55	80	87	314
Trust fund excise taxes		–12	–13	–14	–16	–55	–110
Certain provisions of the 2001 and 2003 Tax Acts	–*	1	2	14	150	237	404
Straightline appropriations		18	44	74	106	140	381
Do not extend any appropriations		553	863	1,005	1,105	1,193	4,718

¹ 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.

Table 25–4. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

	2007	2008	2009	2010	2011	2012
Gross Domestic Product (GDP):						
Levels, dollar amounts in billions:						
Current dollars	13,761	14,515	15,306	16,112	16,938	17,786
Real, chained (2000) dollars	11,637	11,985	12,357	12,732	13,114	13,502
Percent change, year over year:						
Current dollars	5.4	5.5	5.5	5.3	5.1	5.0
Real, chained (2000) dollars	2.8	3.0	3.1	3.0	3.0	3.0
Inflation measures (percent change, year over year):						
GDP chained price index	2.5	2.4	2.3	2.2	2.1	2.0
Consumer price index (all urban)	2.0	2.6	2.6	2.5	2.4	2.3
Unemployment rate, civilian (percent)	4.6	4.7	4.8	4.8	4.8	4.8
Interest rates (percent):						
91-day Treasury bills	4.8	4.6	4.4	4.3	4.1	4.1
10-year Treasury notes	4.9	5.0	5.2	5.3	5.3	5.3
MEMORANDUM						
Related program assumptions:						
Automatic benefit increases (percent):						
Social security and veterans pensions	3.3	1.4	2.6	2.5	2.4	2.3
Federal employee retirement	3.3	1.4	2.6	2.5	2.4	2.3
Food stamps	2.2	4.1	2.6	2.6	2.4	2.4
Insured unemployment rate	1.9	1.9	1.9	2.0	2.0	2.0

sumptions is discussed in greater detail in Chapter 12 of this volume.

Major Programmatic Assumptions

A number of programmatic assumptions must be made in order to calculate the baseline estimates. These include assumptions about the number of beneficiaries who will receive payments from the major benefit programs and annual cost-of-living adjustments in the indexed programs. Assumptions on baseline caseload projections for the major benefit programs are shown in Table 25–5. Assumptions about various automatic cost-of-living-adjustments are shown in Table 25–4.

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 Tax Relief and Health Care Act of 2006, Medicaid Transitional Medical Assistance will expire at the end of June 2007. The baseline does not assume additional spending under this authority beyond that point. Table 25–6 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 25–6 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 25–5. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS

(Annual average, in thousands)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Farmer direct payments	1,587	1,579	1,571	1,563	1,555	1,548	1,540
Federal family education loans	5,883	6,173	6,396	6,640	6,909	7,191	7,487
Federal direct student loans	1,714	1,709	1,767	1,832	1,904	1,978	2,057
Medicaid/State Children's Health Insurance Program	52,273	53,353	53,859	54,400	54,914	55,227	55,622
Medicare-eligible military retiree health benefits	1,871	1,903	1,938	1,969	1,995	2,025	2,069
Medicare:							
Hospital insurance	42,684	43,356	44,190	45,132	46,084	47,153	48,505
Supplementary medical insurance	40,100	40,618	41,335	42,134	42,919	43,749	44,894
Railroad retirement	583	573	565	558	552	547	542
Federal civil service retirement	2,453	2,471	2,488	2,518	2,541	2,564	2,587
Military retirement	2,116	2,142	2,162	2,178	2,188	2,193	2,196
Unemployment compensation	7,538	7,537	7,982	8,372	8,456	8,543	8,574
Food stamps	26,736	26,335	26,245	26,113	25,860	25,661	25,430
Child nutrition	32,748	33,713	34,374	34,942	35,465	35,967	36,416
Foster care and adoption assistance	600	616	638	658	680	703	727
Supplemental security income (SSI):							
Aged	1,116	1,113	1,112	1,111	1,113	1,118	1,128
Blind/disabled	5,762	5,932	6,110	6,255	6,378	6,495	6,604
Subtotal, SSI	6,878	7,045	7,222	7,366	7,491	7,613	7,732
Child care and development fund ¹	2,300	2,200	2,100	2,100	2,000	2,000	2,000
Social security (OASDI):							
Old age and survivor insurance	40,264	40,688	41,263	42,007	42,947	43,964	45,074
Disability insurance	8,373	8,729	9,056	9,329	9,550	9,764	9,954
Veterans compensation:							
Veterans	2,683	2,782	2,879	2,977	3,072	3,164	3,252
Survivors (non-veterans)	330	334	341	347	353	359	366
Subtotal, veterans compensation	3,013	3,116	3,220	3,324	3,425	3,523	3,618
Veterans pensions:							
Veterans	332	326	320	315	309	304	298
Survivors (non-veterans)	203	198	193	188	183	178	174
Subtotal, veterans pensions	535	524	513	503	492	482	472

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 25-6. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE

(In millions of dollars)

	Estimate					
	2007	2008	2009	2010	2011	2012
REGULATIONS						
EPA pesticides tolerance fee			-13	-13	-13	-13
Foster care and adoption assistance:						
National Youth in Transition Database		6	6	7	6	5
Impact of Total Case Management	10	65	68	71	73	75
Medicaid: ¹						
Payment Reform	-120	-530	-840	-1,170	-1,210	-1,250
School-based Services Administration Reform		-615	-670	-725	-785	-850
Medicaid Graduate Medical Education Reform		-140	-290	-440	-450	-460
Medicaid Services Reform		-230	-360	-520	-570	-610
Managed Care reform						
Clarifying Regulations						
Payment Error Rate Measurement	5	5	5	6	6	7
Medicare: ¹						
Post-Acute Care Provider Reform, Program Integrity, Upcoding Adjustments and other efficiency and productivity improvements		-1,000	-1,572	-2,159	-2,637	-2,867
Old age and survivors insurance (OASI) and disability insurance (DI):						
Reduction of Title II benefits under family maximum in cases of dual entitlement	18	19	20	21	23	23
Trial work period	3	2	1	1		
Expedited reinstatement of disability benefits	NA	NA	NA	NA	NA	NA
Continuing disability review failure to cooperate process	-10	-12	-12	-12	-13	-14
State Children's Health Insurance Program: ¹						
Payment Error Rate Measurement	7	8	8	9	9	10
Supplemental security income (SSI):						
Title XVI cross-program recovery	-15	-15	-15	-20	-20	-20
Student earned income exclusion	4	4	5	5	5	5
Expedited reinstatement of disability benefits	NA	NA	NA	NA	NA	NA
EXPIRING AUTHORIZATIONS						
Provisions extended in the baseline (effect of extension):						
Spending:						
Child care entitlement to States:						
Child care mandatory					1,178	1,178
Child care match					1,674	1,674
Child care tribal					58	58
Training and technical assistance					7	7
Child nutrition:						
Summer food service program				347	366	386
State administrative expenses				191	200	208
CCC market access, bioenergy and commodity programs:						
Counter-cyclical payment program			439	949	898	944
Dairy price support program		60	55	47	47	47
Dairy export incentive program			3			
Direct payment program		1,155	5,249	5,249	5,249	5,249
Marketing assistance loan and loan deficiency payment program		735	1,154	566	656	844
Sugar nonrecourse loan program			170	129	111	117
Market access program		200	200	200	200	200
Export credit guarantee programs		70	70	70	70	70
Food for progress		154	154	154	154	154
Bill Emerson Humanitarian Trust		140	140	140	140	140
Conservation reserve program		22	102	228	604	1,002
Farm security and rural investment						
Ground and surface water conservation		2	17	26	35	43
Farm and ranch lands protection		2	37	65	81	97
Food stamps:						
Benefit costs		31,875	32,714	33,389	34,115	34,786
State administrative expenses		2,644	2,754	2,865	2,977	3,092
Employment and training		321	330	338	346	352
Other program costs		59	61	62	64	65
Nutrition assistance for Puerto Rico		1,612	1,655	1,698	1,739	1,780
Food donations on Indian reservations		80	83	86	88	90
The emergency food assistance program commodities		140	140	140	140	140
Other activities under the Food Stamp Act of 1977		28	27	26	26	27
Promoting safe and stable families						345
Temporary assistance for needy families (TANF) resources:						
State family assistance grants (SFAG)					16,553	16,480
SFAG to territories					78	78

Table 25–6. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	Estimate					
	2007	2008	2009	2010	2011	2012
Tribal work program					8	8
Health Marriage and Fatherhood					150	150
Contingency fund					91	96
Welfare research					15	15
Trade adjustment assistance—training and income support		685	841	918	968	992
Trade adjustment assistance—farmers		15	15	15	15	15
Veterans compensation—annual cost of living adjustment		348	1,132	2,017	2,933	3,876
Revenues:						
Excise taxes dedicated to trust funds:						
Airport and Airway trust fund taxes		11,495	12,185	12,906	13,662	14,453
Aquatic Resources trust fund taxes						516
Highway trust fund taxes						35,940
LUST taxes						212
Certain provisions for the 2001 tax cut and 2003 jobs and growth tax cut (includes outlay impact)	188	–690	–1,595	–13,789	–146,193	–224,918
Provisions not extended in the baseline (effect of extension):						
Spending:						
Abstinence education (Children and Families Services)	5	25	44	49	50	50
Biobased product testing		1	1	1	1	1
Biodiesel fuel education		1	1	1	1	1
EPA						
Pesticide maintenance fee			–15	–15	–15	–15
Pesticide registration service fee			–3	–3	–3	–3
Farm bill programs:						
Klamath Basin			2	3	6	7
Grassland reserve program		14	38	44	46	48
Milk income loss contract program		300	185	120	85	70
Small watershed rehabilitation program		38	56	65	65	65
Wetlands reserve program			18	200	291	364
Wildlife habitat incentives		1	18	31	45	58
Medicare, SMI—medicare low income premium assistance		425	440	465	495	525
Medicaid—Transitional Medical Assistance	35	554	580	601	625	650
Promoting safe and stable families—court improvement grants					20	20
TANF—supplemental grants			229	287	302	319
Trade adjustment assistance—alternative TAA			6	18	24	25
Veterans programs:						
Income verification match			4	–1	–5	11
Medicaid for veterans and spouses in nursing homes						–576
Adjustable rate mortgages			3		3	
Increase loan fees for housing loans						–170
Benefits for on-the-job training or apprenticeships		10	14	15	15	16
OTHER IMPORTANT PROGRAM ASSUMPTIONS						
Child support enforcement (CSE):						
Alternative penalties for Family Support Act systems and Statewide Disbursement Unit requirements	–7	–7	–7	–7		
Federal family education loan program:						
Eliminate voluntary flexible agreements with guarantee agencies	–945	–123	–123	–123	–123	–123
Food stamps:						
Tax offset, recoupment, and general claims collection	–181	–189	–194	–198	–203	–207
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	59,503	58,634	58,402	57,875	56,708	55,804
Contracting Reform		–70	–280	–550	–580	
Medicaid:						
Financial management recoveries	–656	–704	–759	–819	–884	–954
Vaccines for Children, total program costs	2,905	2,762	2,751	2,704	2,683	2,675
Institutional long term care	34,213	36,302	38,262	40,325	42,506	44,808
Home and community based institutional alternatives	23,548	25,635	28,836	32,435	36,438	40,983
Pharmaceuticals (FFS, net of rebates)	9,766	10,533	11,126	12,026	12,966	13,951
Managed care (including Medicaid MCOs, PHPs, PCCM)	35,375	40,223	43,738	47,352	51,486	56,030
State Children's Health Insurance Program (Title XXI)	5,647	5,424	5,401	5,497	5,456	5,507
Approved Demonstrations and Pilot Programs: ²						
Medicare, HI:						
Rural Hospice						
Baseline estimate	3	3	3	4		
Demonstration estimate	3	3	3	4		

Table 25–6. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued
(In millions of dollars)

	Estimate					
	2007	2008	2009	2010	2011	2012
Mercy Medical						
Baseline estimate	6	2				
Demonstration estimate	6	2				
Premier						
Baseline estimate	2,894	3,047	3,264			
Demonstration estimate	2,906	3,059	3,276	12		
Rural Community Hospital ³						
Baseline estimate	48	51	53	33		
Demonstration estimate	58	61	64	40		
New York Graduate Medical Education						
Baseline estimate	69	69	69			
Demonstration estimate	48	35	17			
Utah Graduate Medical Education						
Baseline estimate	8					
Demonstration estimate	8					
Medicare, SMI:						
Chronic Care Improvement Program (Medicare Health Support)						
Baseline estimate						
Demonstration estimate	198	177	8			
Expansion of Coverage for Chiropractic Services						
Baseline estimate	10					
Demonstration estimate	14					
Municipal Health Services Programs						
Baseline estimate	4					
Demonstration estimate	12	3				
Telemedicine						
Baseline estimate	4					
Demonstration estimate	4					
United Mine Workers of America Prescription Drugs						
Baseline estimate						
Demonstration estimate	89					
Coordinated Care Disease Management						
Baseline estimate	178	90				
Demonstration estimate	158	79				
Lifemasters Disease Management Dual Eligibles						
Baseline estimate	655	159				
Demonstration estimate	614	149				
Medicare Lifestyle Modification Program						
Baseline estimate						
Demonstration estimate						
Care Management for High-Cost Beneficiaries						
Baseline estimate						
Demonstration estimate	95	82	13			
Low Vision Rehabilitation						
Baseline estimate	8	8	8	8		
Demonstration estimate	10	10	10	10		
Cancer Prevention and Treatment for Ethnic and Racial Minorities						
Baseline estimate	5	5	6	7		
Demonstration estimate	5	5	6	7		
Medical Adult Day Care						
Baseline estimate	3	3	3	3		
Demonstration estimate	2	2	3	3		
Demo to Limit Annual Change in Part D Premiums						
Baseline estimate						
Demonstration estimate	640	210	60			
Demo to Transition Enrollment of “Low-Income Subsidy Beneficiaries”						
Baseline estimate						
Demonstration estimate	360	220	240	140	30	
Part D Reconciliation to States (402 demos)						
Baseline estimate						
Demonstration estimate	178					
Part D Payment (reinsurance)						
Baseline estimate						
Demonstration estimate						
Part D Late Enrollment Penalty Waiver ⁴						
Baseline estimate						
Demonstration estimate						

Table 25–6. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued
(In millions of dollars)

	Estimate					
	2007	2008	2009	2010	2011	2012
Medicare: HI and SMI:						
ESRD Disease Management						
Baseline estimate	192	199	205	53		
Demonstration estimate	191	198	204	53		
Home Health Third Party Liability						
Baseline estimate	191	174	187	158	13	
Demonstration estimate	186	171	182	153	13	
Medicare+Choice Phase I						
Baseline estimate						
Demonstration estimate	6					
Medicare+Choice Phase II						
Baseline estimate						
Demonstration estimate	66					
S/HMO I						
Baseline estimate	1,731	558				
Demonstration estimate	1,990	664				
S/HMO II						
Baseline estimate	619	198				
Demonstration estimate	711	228				
Physician Group Practice						
Baseline estimate	1,793	463				
Demonstration estimate	1,667	468	77			
Medical Savings Account						
Baseline estimate	1	2	4	6	8	
Demonstration estimate						
United Mine Workers of America Health						
Baseline estimate	520					
Demonstration estimate	502	6				
Medicaid (baseline estimates): ⁵						
Alabama Family Planning	214	238				
Arizona AHCCCS	4,365	4,839	5,356	5,932	6,571	
Arkansas (ARKids B)	91	102				
Arkansas Family Planning Services	229	249				
Arkansas Independent Choices (Cash & Counseling) ⁶	5					
Arkansas TEFRA	32	8				
California Family Planning	612					
California In-Home Supportive Services Plus ⁶	325	378	357			
California—MediCal Hospital/Uninsured Care	766	766	766	702		
Colorado Consumer Directed Attendant Support ⁶	19	3				
Delaware—Diamond State Health Plan	335	286	302	76		
District of Columbia Childless Adults 50–64	3					
District of Columbia HIV	11	14	18	6		
Florida Consumer Directed Care Plus (Cash & Counseling) ⁶	61	26				
Florida Family Planning	910	967	1,068			
Florida MEDS-AD Program	975	1,072	1,180	1,298		
Florida medicaid reform	4,875	5,662	6,589	7,683	4,137	
Hawaii Health QUEST	256	289	237			
Illinois Family Planning	414	443				
IowaCare	109	117	125	134		
Iowa Family Planning	175	189	205			
Kentucky Health Care Partnership Program	513	568	48			
Louisiana Family Planning	445	483	525	569		
Maine HIV	7					
Maryland (Health Choice)	1,610	1,086				
Massachusetts MassHealth	2,757	2,960				
Michigan Family Planning	425	462	503	547		
Minnesota (Prepaid Med. Assist. Project Plus)	186	148				
Minnesota Family Planning	248					
Mississippi Family Planning	146					
Mississippi—Healthier Mississippi	71	78	86			
Missouri Managed Care Plus	86					
Montana Basic Medicaid for Able-Bodied Adults	35	39	13			
New Jersey Personal Preference (Cash & Counseling) ⁶	5	3				
New Mexico—Family Planning	109	114	119			
New York (Partnership Plan)	7,142	7,823	7,685			
New York Federal-State Health Reform Partnership	10,248	10,907	11,609	12,357	13,153	
North Carolina Family Planning	424	457	494			

Table 25–6. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued
(In millions of dollars)

	Estimate					
	2007	2008	2009	2010	2011	2012
Oklahoma Family Planning	159	166				
Oregon Family Planning	156	169	183			
Oregon Independent Choices ⁶	2					
Rhode Island Rite Care (Medicaid)	192	169				
South Carolina Family Planning	54	57				
TennCare II	3,124					
Utah (Primary Care Network)	106	110	117			
Vermont Long Term Care Plan ⁷	121	135	149	166		
Vermont Global Commitment to Health	494	538	586	639	160	
Virginia—Family Planning	176					
Washington (Take Charge/Family Planning)	296	312	329			
Wisconsin Badger Care (Medicaid)	18					
Wisconsin Family Planning	23					
Pharmacy plus (demonstration estimate)						
Wisconsin Pharmacy Plus	100					
State Children's Health Insurance Program (Title XXI) (demonstration estimates): ⁵						
Alaska	9	10	11			
Hawaii	1	8	9			
Maryland Health Choice ⁸	150					
Minnesota Care:						
Demonstration estimate (SCHIP funds)	39	41	39			
Baseline estimate (medicaid funds)						
Missouri MC+c ⁸	56					
New Jersey Family Care ⁹	167	173				
New Mexico SCHIP ⁸	26					
Rhode Island (SCHIP RiteCare) ⁹	34	11				
Wisconsin (BadgerCare)	88					
Health Insurance Flexibility and Accountability (HIFA) (demonstration estimate—SCHIP funds): ⁵						
Arizona HIFA—amendment to AHCCCS	36	29	24	26	28	144
Arkansas HIFA						
Demonstration estimate	4	8	13	24	31	
Baseline estimate (medicaid funds)	1,421	1,604	1,813	2,049	2,318	
Colorado HIFA	13	16	18			
Idaho HIFA	13	14	11			
Illinois HIFA (KidCare Parent Coverage)						
Demonstration estimate	159					
Baseline estimate (medicaid funds)	6					
Maine HIFA (Maine Care for Childless Adults)						
Baseline estimate (medicaid funds)	102					
Michigan HIFA	120	112	24			
Nevada HIFA	11	16	19	21	17	
New Mexico HIFA	21	24	27			
Oklahoma Sooner Care Demo+HIFA						
Baseline estimate (medicaid funds)	998	1,071	1,137	289		
Oregon HIFA (Oregon Health Plan 2)						
Demonstration estimate (SCHIP funds)	16					
Baseline estimate (medicaid funds)	1,603					
Virginia HIFA	12	12	13			
Joint Medicare and Medicaid:						
Minnesota-Dual Eligibles						
Baseline estimate	1,213	339				
Demonstration estimate	1,213	339				
Wisconsin Health Partnership Dual Eligible						
Baseline estimate	125	35				
Demonstration estimate	125	35				
Massachusetts SCO Dual Eligible						
Demonstration estimate	175	47				
Baseline estimate	175	47				
OASI, DI, SSI:						
Performance of continuing disability reviews (baseline levels):						
OASDI	-11	-60	-128	-211	-378	-714
SSI (federal)	-33	-172	-318	-462	-654	-725
Collection of overpayments:						
OASI	-719	-779	-836	-892	-949	-1,009
DI	-691	-769	-843	-915	-984	-1,055
SSI (federal)	-928	-986	-1,043	-1,101	-1,155	-1,217

Table 25–6. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued
(In millions of dollars)

	Estimate					
	2007	2008	2009	2010	2011	2012
Debts written off as uncollectable (no effect on outlays):						
OASI	134	145	155	166	176	188
DI	474	527	578	628	675	723
SSI (federal)	415	441	467	492	516	544
OASDI:						
Payments to states for vocational rehabilitation	80	88	95	104	112	120
DI:						
Research and demonstration projects	50	57	30			
SSI:						
Payments from states for state supplemental benefits	–4,050	–4,555	–4,755	–4,960	–5,565	–4,965
Payments for state supplemental benefits	4,430	4,572	4,772	4,975	5,137	5,428
Fees for administration of State supplement:						
Treasury share	–128	–143	–146	–149	–164	–141
SSA share	–119	–122	–125	–127	–130	–133
Research and demonstration projects	33	28	27	27	27	27
Payments to states for vocational rehabilitation	53	56	59	62	66	71
Performance of non-disability redeterminations (excludes related overpayment collections reported above)	602	239	2	–49	–137	–681
Royalties and offshore minerals management:						
Increased deepwater oil and gas leases royalty rates		150	60	50	30	10
Royalty-in-kind oil to fill Strategic Petroleum Reserve	435	1,102				
State grants and demonstrations—health care:						
Ticket to work grant programs:						
Infrastructure grant program	17	20	20	32	35	37
Demonstration to maintain independence and employment	21	22	22	10	10	10
High risk pools:						
Initial seed grants	2					
Operation of pools	78					
Emergency health services for undocumented aliens	200	200	133	200		
Katrina relief	1,039					
Psychiatric residential treatment demonstration	10	17	28	33	35	
Money Follow the Person demonstration	18	57	121	213	320	
Medicaid transformation grants	75	75				
Medicaid integrity program	55	50	75	75	75	75

* = \$500,000 or less.

NA = Not available.

¹ Medicare and Medicaid/SCHIP regulations reflect gross outlays.

² Baseline estimates reflect costs absent the demonstration; demonstration estimate reflects costs of the demonstration. The differences represent the net impact of the demonstration. Any demonstrations are implicitly assumed in the current services baseline.

³ Costs of this demonstration are offset annually by a reduction to inpatient hospital prospective payment rates.

⁴ Costs of this demonstration are estimated to be negligible over 10 years.

⁵ Baseline estimates reflect costs absent the demonstration. Demonstration estimates reflect cost of the demonstration.

⁶ Consumer directed program in which “plan of care” is converted to a cash allotment. It is expected that these will convert to DRA State Plan options upon expiration.

⁷ Adjustments have been made since prior year submission to account for Part D.

⁸ Estimates reflect costs for SCHIP children under the State’s Medicaid 1115.

⁹ States project covering a portion of their entire demonstration population with Medicaid funds.

Current Services Receipts, Outlays, and Budget Authority

Receipts.—Table 25–7 shows baseline receipts by major source. Total receipts are projected to increase by \$164 billion from 2007 to 2008 and by \$634 billion from 2008 to 2012, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$117 billion from 2007 to 2008 under baseline assumptions. This growth of 9.9 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 6.4 percent between 2008 and 2012.

Table 25–7. BASELINE RECEIPTS BY SOURCE

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Individual income taxes	1,044	1,178	1,295	1,349	1,465	1,547	1,657
Corporation income taxes	354	342	319	327	334	350	377
Social insurance and retirement receipts	838	873	926	972	1,027	1,084	1,137
On-budget	229	239	252	261	274	288	301
Off-budget	608	634	674	711	753	796	835
Excise taxes	74	58	69	72	73	78	81
Estate and gift taxes	28	25	26	27	22	2	1
Other	70	73	80	83	87	91	95
Total	2,407	2,550	2,714	2,831	3,008	3,151	3,348
On-budget	1,799	1,916	2,040	2,119	2,254	2,356	2,513
Off-budget	608	634	674	711	753	796	835

Corporation income taxes under current law are estimated to decline by \$23 billion or 6.8 percent between 2007 and 2008, in large part due to economic factors and legislated tax changes. Corporation income taxes are projected to increase at an annual rate of 4.3 percent from 2008 to 2012, reflecting higher corporate profits.

Social insurance and retirement receipts are estimated to increase by \$52 billion between 2007 and 2008, and by an additional \$211 billion between 2008 and 2012. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$97,500 in 2007 to \$123,600 in 2012.

Excise taxes are estimated to be unusually low in 2007 due to refunds of certain telephone excise taxes. They return to normal levels in 2008 and increase by \$13 billion from 2008 to 2012, 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 \$22 billion from 2007 to 2012.

Outlays.—Current services outlays are estimated to grow from \$2,735 billion in 2007 to \$2,752 billion in 2008, a 0.6 percent increase. This small increase is in part due to calendar quirks. When October 1 falls on a weekend, military pay and certain benefit payments are paid on the previous Friday, shifting them into the previous fiscal year. Between 2007 and 2012, current services outlays are projected to increase at

an average annual rate of 3.2 percent. October 1 falls on a weekend in both 2007 and 2012.

Even though most discretionary spending is assumed to grow with inflation, outlays for discretionary programs decline from \$1,032 billion in 2007 to \$961 billion in 2008 because the baseline assumes no additional spending for the war beyond what is already enacted. Outlays increase each year thereafter, reflecting increases in resources to keep pace with inflation, reaching \$1,028 billion in 2012. Entitlement and other mandatory programs are estimated to grow from \$1,465 billion in 2007 to \$1,537 billion in 2008, and to \$1,918 billion in 2012, 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 \$582 billion in 2007 to \$762 billion in 2012, an average annual rate of 5.5 percent. Medicare and medicaid are projected to grow at annual average rates of 6.5 and 7.3 percent, respectively, outpacing inflation. Other areas of growth include federal employee retirement (average annual growth of 3.5 percent), unemployment compensation (5.6 percent) and veterans programs (6.6 percent). Net interest payments to the public total \$238 billion in 2007 and \$254 billion in 2008 and remain nearly level through the projection period.

Tables 25–9 and 25–10 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 25–11 and 25–12 show current services estimates of budget authority by function and by agency, respectively. A more detailed presen-

tation of budget authority with program level estimates appears on the CD-ROM that accompanies this volume.

Table 25–8. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY

(Dollar amounts in billions)

	2007	2008	2012	Change 2007 to 2008		Change 2007 to 2012	
				Amount	Percent	Amount	Annual average rate
Outlays:							
Discretionary:							
DoD-Military	511	444	486	-67	-13.1%	-25	-1.0%
Homeland security	35	36	38	*	0.9%	3	1.5%
International affairs	36	34	33	-2	-6.2%	-3	-1.7%
Other discretionary	486	482	504	-4	-0.9%	18	0.7%
Subtotal, discretionary	1,032	961	1,028	-71	-6.8%	-4	-0.1%
Mandatory:							
Farm programs	14	14	15	-1	-3.8%	*	0.3%
Medicaid	192	204	273	12	6.3%	82	7.3%
Other health care	23	24	30	1	3.0%	7	5.2%
Medicare	367	391	503	23	6.3%	136	6.5%
Federal employee retirement and disability	105	109	124	4	4.3%	20	3.5%
Unemployment compensation	32	34	42	2	7.3%	10	5.6%
Other income security programs	174	182	193	8	4.8%	19	2.1%
Social Security	582	608	762	26	4.4%	180	5.5%
Veterans programs	39	45	53	6	15.9%	15	6.6%
Other mandatory programs	20	13	15	-7	-33.8%	-5	-5.7%
Undistributed offsetting receipts	-82	-86	-91	-4	5.0%	-10	2.3%
Subtotal, mandatory	1,465	1,537	1,918	72	4.9%	453	5.5%
Net interest	238	254	255	16	6.7%	17	1.4%
Total outlays	2,735	2,752	3,201	17	0.6%	466	3.2%

Table 25–9. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
National defense:							
Department of Defense—Military	499.3	512.4	446.1	457.6	466.0	477.2	488.5
Other	22.5	22.7	23.2	23.6	23.5	23.4	23.8
Total, National defense	521.8	535.1	469.3	481.1	489.5	500.6	512.3
International affairs	29.5	32.7	32.0	31.8	30.8	30.7	31.3
General science, space, and technology	23.6	24.9	25.7	26.6	26.6	27.1	27.7
Energy	0.8	1.8	1.5	1.7	1.9	2.1	2.1
Natural resources and environment	33.1	35.1	33.1	31.9	33.1	33.8	34.9
Agriculture	26.0	20.1	19.8	19.6	20.1	20.8	21.1
Commerce and housing credit	6.2	0.2	–1.4	0.7	–0.4	–0.2	1.0
On-Budget	(7.3)	(–2.4)	(0.9)	(–1.0)	(–1.7)	(–2.1)	(0.2)
Off-Budget	(–1.1)	(2.6)	(–2.3)	(1.7)	(1.3)	(1.9)	(0.8)
Transportation	70.2	74.6	78.2	78.1	79.5	80.8	82.7
Community and regional development	54.5	31.4	23.7	20.4	17.4	17.9	14.5
Education, training, employment, and social services	118.6	94.0	88.2	91.0	94.2	96.0	97.3
Health	252.8	268.5	281.7	300.2	316.4	336.5	359.6
Medicare	329.9	372.3	395.6	423.4	452.4	498.1	508.8
Income security	352.5	365.4	380.4	389.4	399.5	415.5	415.0
Social security	548.5	586.5	612.5	644.9	683.3	723.0	767.4
On-Budget	(16.1)	(19.4)	(20.0)	(22.0)	(24.2)	(27.1)	(30.1)
Off-Budget	(532.5)	(567.2)	(592.5)	(622.9)	(659.1)	(695.8)	(737.3)
Veterans benefits and services	69.8	72.4	79.5	83.3	87.4	95.9	92.0
Administration of justice	41.0	45.3	44.7	44.9	45.5	46.2	47.6
General government	18.2	18.8	19.8	19.6	20.1	21.0	22.1
Net interest	226.6	237.7	253.5	258.4	259.1	257.8	255.0
On-Budget	(324.3)	(343.9)	(368.2)	(383.2)	(395.6)	(407.0)	(417.9)
Off-Budget	(–97.7)	(–106.2)	(–114.6)	(–124.8)	(–136.5)	(–149.3)	(–162.9)
Allowances							
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	–49.2	–48.8	–51.7	–55.0	–58.4	–62.1	–65.6
Employer share, employee retirement (off-budget)	–11.6	–12.3	–13.1	–13.8	–14.7	–15.8	–16.6
Rents and royalties on the Outer Continental Shelf	–7.3	–6.8	–9.1	–9.9	–9.9	–9.6	–9.3
Sale of major assets				–0.3			
Other undistributed offsetting receipts	–0.1	–13.8	–11.8	–2.2	–0.1	–0.1	
Total, Undistributed offsetting receipts	–68.2	–81.7	–85.8	–81.3	–83.1	–87.6	–91.5
On-Budget	(–56.6)	(–69.4)	(–72.6)	(–67.4)	(–68.4)	(–71.8)	(–74.9)
Off-Budget	(–11.6)	(–12.3)	(–13.1)	(–13.8)	(–14.7)	(–15.8)	(–16.6)
Total	2,655.4	2,735.0	2,752.1	2,865.7	2,973.5	3,115.9	3,200.9
On-Budget	(2,233.4)	(2,283.7)	(2,289.6)	(2,379.8)	(2,464.3)	(2,583.2)	(2,642.2)
Off-Budget	(422.1)	(451.3)	(462.5)	(485.9)	(509.2)	(532.7)	(558.7)

Table 25-10. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Agency	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Legislative Branch	4.1	4.3	4.3	4.3	4.5	4.7	4.8
Judicial Branch	5.8	5.8	6.1	6.3	6.5	6.8	7.0
Agriculture	93.5	88.6	89.3	90.6	93.2	96.2	98.9
Commerce	6.4	6.2	6.5	6.9	7.0	6.8	6.7
Defense—Military	499.4	512.4	446.1	457.6	466.0	477.2	488.5
Education	93.4	68.0	62.8	65.1	67.5	68.8	69.5
Energy	19.6	21.9	21.8	22.7	22.8	22.7	23.2
Health and Human Services	614.3	671.2	705.4	748.6	794.8	860.3	892.7
Homeland Security	69.1	49.1	40.4	38.8	34.6	35.0	35.9
Housing and Urban Development	42.4	42.8	44.2	43.5	42.5	43.5	40.5
Interior	9.1	10.9	10.6	10.4	11.0	11.1	11.4
Justice	23.3	22.9	23.9	24.8	25.2	25.3	26.1
Labor	43.1	47.4	50.4	51.6	54.0	56.3	58.0
State	13.0	15.3	14.5	14.6	14.3	14.2	14.5
Transportation	60.1	63.8	66.1	65.4	66.3	67.2	68.6
Treasury	464.7	489.0	519.5	539.5	557.7	575.1	588.7
Veterans Affairs	69.8	72.3	79.4	83.2	87.3	95.6	91.8
Corps of Engineers—Civil Works	6.9	7.4	6.4	5.2	5.3	5.4	5.5
Other Defense Civil Programs	44.4	47.6	49.1	50.4	51.4	52.5	52.8
Environmental Protection Agency	8.3	8.0	7.9	8.2	8.4	8.5	8.7
Executive Office of the President	5.4	2.7	1.4	0.7	0.5	0.4	0.4
General Services Administration	*	0.5	0.6	-0.2	-0.3	-0.4	-0.3
International Assistance Programs	13.9	16.5	16.3	16.6	16.3	16.3	16.6
National Aeronautics and Space Administration	15.1	16.1	16.8	17.6	17.5	17.7	18.2
National Science Foundation	5.5	5.9	5.8	5.9	6.0	6.2	6.3
Office of Personnel Management	62.4	58.8	64.2	66.8	69.2	71.2	73.9
Small Business Administration	0.9	0.7	0.7	0.5	0.5	0.5	0.5
Social Security Administration	585.7	622.9	654.4	689.0	729.7	775.8	813.7
On-Budget	(53.3)	(55.7)	(61.9)	(66.1)	(70.6)	(80.0)	(76.4)
Off-Budget	(532.5)	(567.2)	(592.5)	(622.9)	(659.1)	(695.8)	(737.3)
Other Independent Agencies	12.9	18.7	15.3	17.6	17.3	18.3	20.1
On-Budget	(14.0)	(16.0)	(17.6)	(15.9)	(16.0)	(16.4)	(19.2)
Off-Budget	(-1.1)	(2.6)	(-2.3)	(1.7)	(1.3)	(1.9)	(0.8)
Allowances	-----	-----	-----	-----	-----	-----	-----
Undistributed Offsetting Receipts	-237.5	-263.0	-278.1	-286.5	-303.4	-323.3	-342.3
On-Budget	(-128.2)	(-144.5)	(-150.4)	(-147.9)	(-152.2)	(-158.2)	(-162.8)
Off-Budget	(-109.3)	(-118.5)	(-127.7)	(-138.6)	(-151.2)	(-165.1)	(-179.5)
Total	2,655.4	2,735.0	2,752.1	2,865.7	2,973.5	3,115.9	3,200.9
On-Budget	(2,233.4)	(2,283.7)	(2,289.6)	(2,379.8)	(2,464.3)	(2,583.2)	(2,642.2)
Off-Budget	(422.1)	(451.3)	(462.5)	(485.9)	(509.2)	(532.7)	(558.7)

* \$50 million or less.

Table 25–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

Function	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
National defense:							
Department of Defense—Military	593.8	501.2	443.9	457.3	470.6	484.2	497.8
Other	23.4	21.8	22.5	22.8	23.1	23.6	24.0
Total, National defense	617.2	523.0	466.4	480.0	493.8	507.7	521.8
International affairs	32.8	27.1	29.5	31.1	31.9	32.7	33.6
General science, space, and technology	25.1	24.9	25.5	26.2	26.8	27.4	28.0
Energy	0.3	1.2	1.5	1.6	1.8	2.1	2.2
Natural resources and environment	38.1	29.7	31.0	31.3	32.7	33.7	34.9
Agriculture	25.6	19.1	20.0	19.7	20.5	20.9	21.5
Commerce and housing credit	14.3	11.1	10.4	8.4	8.2	8.8	8.0
On-Budget	(10.6)	(2.8)	(6.7)	(6.7)	(6.9)	(6.9)	(7.2)
Off-Budget	(3.7)	(8.3)	(3.7)	(1.7)	(1.3)	(1.9)	(0.8)
Transportation	75.7	77.7	83.4	84.3	85.1	86.0	86.9
Community and regional development	31.2	12.7	13.0	13.5	13.8	14.2	14.6
Education, training, employment, and social services	125.9	91.7	92.2	94.8	97.6	98.6	100.8
Health	295.2	242.3	283.5	303.1	320.5	341.9	364.7
Medicare	365.4	371.9	395.5	423.8	452.1	498.1	509.2
Income security	351.1	361.0	377.9	390.3	402.3	421.1	419.0
Social security	552.2	589.2	614.6	647.9	686.6	726.3	771.3
On-Budget	(16.1)	(19.4)	(20.0)	(22.0)	(24.2)	(27.1)	(30.1)
Off-Budget	(536.2)	(569.9)	(594.6)	(625.9)	(662.4)	(699.1)	(741.2)
Veterans benefits and services	71.0	74.5	79.5	83.8	88.0	92.4	96.8
Administration of justice	42.7	43.7	44.7	43.9	45.1	46.6	48.0
General government	19.7	18.6	19.0	19.8	20.4	21.2	22.1
Net interest	226.6	237.7	253.5	258.4	259.1	257.8	255.0
On-Budget	(324.3)	(343.9)	(368.2)	(383.2)	(395.6)	(407.0)	(417.9)
Off-Budget	(-97.7)	(-106.2)	(-114.6)	(-124.8)	(-136.5)	(-149.3)	(-162.9)
Allowances							
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	-49.2	-48.8	-51.7	-55.0	-58.4	-62.1	-65.6
Employer share, employee retirement (off-budget)	-11.6	-12.3	-13.1	-13.8	-14.7	-15.8	-16.6
Rents and royalties on the Outer Continental Shelf	-7.3	-6.8	-9.1	-9.9	-9.9	-9.6	-9.3
Sale of major assets				-0.3			
Other undistributed offsetting receipts	-0.1	-13.8	-11.8	-2.2	-0.1	-0.1	
Total, Undistributed offsetting receipts	-68.2	-81.7	-85.8	-81.3	-83.1	-87.6	-91.5
On-Budget	(-56.6)	(-69.4)	(-72.6)	(-67.4)	(-68.4)	(-71.8)	(-74.9)
Off-Budget	(-11.6)	(-12.3)	(-13.1)	(-13.8)	(-14.7)	(-15.8)	(-16.6)
Total	2,841.7	2,675.4	2,755.7	2,880.6	3,003.4	3,149.8	3,246.7
On-Budget	(2,411.1)	(2,215.8)	(2,285.1)	(2,391.7)	(2,490.9)	(2,613.8)	(2,684.1)
Off-Budget	(430.5)	(459.6)	(470.6)	(488.9)	(512.5)	(536.0)	(562.6)
MEMORANDUM							
Discretionary budget authority:							
National defense	556.5	519.9	462.9	476.6	490.4	504.3	518.3
International	35.9	29.9	30.7	31.4	32.2	33.0	33.7
Domestic	404.3	375.4	393.6	404.5	415.4	426.5	437.9
Total	996.7	925.2	887.2	912.6	938.0	963.8	990.0

Table 25-12. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Agency	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Legislative Branch	4.2	4.2	4.3	4.5	4.6	4.8	5.0
Judicial Branch	6.0	5.9	6.1	6.3	6.6	6.8	7.0
Agriculture	97.3	87.4	91.8	93.1	96.1	99.1	102.0
Commerce	6.6	7.9	6.1	6.4	6.5	6.7	6.9
Defense—Military	593.8	501.2	443.9	457.3	470.6	484.2	497.8
Education	100.1	66.3	66.3	68.3	70.5	71.0	72.6
Energy	21.1	20.5	21.2	21.7	22.2	22.8	23.3
Health and Human Services	684.6	643.3	706.8	751.1	798.3	866.7	897.4
Homeland Security	32.4	34.1	33.1	35.5	34.3	35.3	36.3
Housing and Urban Development	52.4	33.8	38.4	39.3	40.3	41.0	41.8
Interior	10.0	9.7	10.1	10.4	11.0	11.2	11.5
Justice	23.1	22.6	24.6	24.1	24.7	25.5	26.4
Labor	45.9	46.7	49.5	51.4	53.7	55.7	57.6
State	15.4	13.0	13.3	13.6	14.0	14.3	14.7
Transportation	64.4	65.6	71.0	71.4	71.8	72.2	72.6
Treasury	466.6	490.5	520.4	540.3	558.8	576.2	589.6
Veterans Affairs	71.0	74.4	79.5	83.7	87.9	92.1	96.6
Corps of Engineers—Civil Works	11.9	4.7	4.8	5.0	5.2	5.4	5.6
Other Defense Civil Programs	44.7	47.8	49.2	50.6	51.6	52.7	53.0
Environmental Protection Agency	7.6	7.5	7.7	7.9	8.1	8.4	8.6
Executive Office of the President	0.3	0.4	0.3	0.4	0.4	0.4	0.4
General Services Administration	0.7	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
International Assistance Programs	18.7	14.5	15.1	16.4	16.8	17.2	17.6
National Aeronautics and Space Administration	16.6	16.2	16.6	17.0	17.5	17.9	18.3
National Science Foundation	5.7	5.7	5.9	6.0	6.2	6.3	6.4
Office of Personnel Management	66.8	62.2	66.9	69.5	72.0	75.5	77.0
Small Business Administration	1.8	0.4	0.5	0.5	0.5	0.5	0.5
Social Security Administration	589.5	626.3	655.5	692.0	733.0	778.7	818.1
On-Budget	(53.4)	(56.4)	(60.9)	(66.2)	(70.6)	(79.6)	(76.9)
Off-Budget	(536.2)	(569.9)	(594.6)	(625.9)	(662.4)	(699.1)	(741.2)
Other Independent Agencies	20.0	26.0	25.0	23.5	23.8	24.9	24.5
On-Budget	(16.3)	(17.7)	(21.3)	(21.8)	(22.4)	(23.0)	(23.7)
Off-Budget	(3.7)	(8.3)	(3.7)	(1.7)	(1.3)	(1.9)	(0.8)
Allowances							
Undistributed Offsetting Receipts	-237.5	-263.0	-278.1	-286.5	-303.4	-323.3	-342.3
On-Budget	(-128.2)	(-144.5)	(-150.4)	(-147.9)	(-152.2)	(-158.2)	(-162.8)
Off-Budget	(-109.3)	(-118.5)	(-127.7)	(-138.6)	(-151.2)	(-165.1)	(-179.5)
Total	2,841.7	2,675.4	2,755.7	2,880.6	3,003.4	3,149.8	3,246.7
On-Budget	(2,411.1)	(2,215.8)	(2,285.1)	(2,391.7)	(2,490.9)	(2,613.8)	(2,684.1)
Off-Budget	(430.5)	(459.6)	(470.6)	(488.9)	(512.5)	(536.0)	(562.6)

