
DIMENSIONS OF THE BUDGET

20. COMPARISON OF ACTUAL TO ESTIMATED TOTALS

In successive budgets, the Administration publishes several estimates of the surplus or deficit for a particular fiscal year. Initially, the year appears as an outyear projection at the end of the budget horizon. In each subsequent budget, the year advances in the estimating horizon until it becomes the “budget year.” One year later, the year becomes the “current year” then in progress, and the following year, it becomes the just-completed “actual year.”

The budget is legally required to compare budget year estimates of receipts and outlays with the subsequent actual receipts and outlays for that year. Part I of this chapter meets that requirement by comparing the ac-

tual results for 2006 with the current services estimates shown in the 2006 Budget, published in February 2005.

Part II of the chapter presents a broader comparison of estimates and actual outcomes. This part first discusses the historical record of budget year estimates versus actual results over the last two decades. Second, it lengthens the focus to estimates made for each year of the budget horizon, extending four years beyond the budget year. This longer focus shows that the differences between estimates and the eventual actual results grow as the estimates extend further into the future.

PART I: COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 2006

This part of the chapter compares the actual receipts, outlays, and deficit for 2006 with the current services estimates shown in the 2006 Budget, published in February 2005.¹ This part also presents a more detailed comparison for mandatory and related programs, and reconciles the actual receipts, outlays, and deficit totals shown here with the figures for 2006 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2006 were \$2,407 billion, \$229 billion more than the \$2,178 billion current services estimate in the 2006 Budget (February 2005). As shown in Table 20–1, this increase was the net effect of legislative and administrative changes; economic conditions that differed from what had been expected; and technical factors that resulted in different collection patterns and effective tax rates than had been assumed.

Table 20–1. COMPARISON OF ACTUAL 2006 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	February 2005 estimate	Enacted legislation/administrative actions	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	965	-11	10	81	79	1,044
Corporation income taxes	223	*	-5	136	131	354
Social insurance and retirement receipts	819	.....	16	3	19	838
Excise taxes	76	*	-1	-1	-2	74
Estate and gift taxes	26	1	*	1	2	28
Customs duties	27	-*	1	-3	-2	25
Miscellaneous receipts	43	*	3	-1	2	45
Total receipts	2,178	-10	23	216	229	2,407

* \$500 million or less.

Policy differences. Several laws were enacted after February 2005 that reduced 2006 receipts by a net \$10 billion. The emergency tax relief provided to individuals and businesses affected by hurricanes Katrina, Rita and Wilma in the Katrina Emergency Tax Relief

Act of 2005 and the Gulf Opportunity Zone Act of 2005 accounted for \$5 billion of the net reduction in 2006 receipts. The provisions of the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), primarily the increase in the alternative minimum tax (AMT) exemp-

¹The current services concept is discussed in Chapter 24, “Current Services Estimates.” For mandatory programs and receipts, the February 2005 current services estimate was based on laws then in place, adjusted to reflect extension of certain expiring provisions

in the 2001 and 2003 tax acts. For discretionary programs the current services estimate was based on the current year estimates, excluding one-time emergency appropriations, adjusted for inflation.

tion amount and a modification of the timing of estimated tax payments by corporations, also reduced 2006 receipts by a net \$5 billion. The effects of other legislative and administrative changes on 2006 receipts were largely offsetting.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance increased 2006 receipts by a net \$23 billion. Higher-than-anticipated wages and salaries and other sources of personal income were in large part responsible for the increases in individual income taxes and social insurance and retirement receipts of \$10 billion and \$16 billion, respectively. These increases were partially offset by a \$5 billion decrease in corporation income taxes, attributable to lower-than-expected corporate profits. Differences between anticipated and actual economic performance increased other sources of receipts by a net \$3 billion.

Technical reestimates. Technical factors increased 2006 receipts by a net \$216 billion above the February 2005 current services estimate. This net increase was primarily attributable to higher-than-anticipated collections of individual and corporation income taxes of \$81 billion and \$136 billion, respectively. Different collection patterns and effective tax rates than assumed in February 2005 were primarily responsible for the higher-than-anticipated collections of individual and corporation income taxes. Changes in other sources of receipts attributable to technical factors were largely offsetting.

Outlays

Outlays for 2006 were \$2,655 billion, \$116 billion more than the \$2,539 billion current services estimate in the 2006 Budget (February 2005).

Table 20–2 distributes the \$116 billion net increase in outlays among discretionary and mandatory pro-

grams and net interest.² The table also makes rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

Policy changes are the result of legislative actions that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation, which may themselves reflect responses to changed economic conditions. For 2006, policy changes increased outlays by an estimated \$160 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$141 billion. Defense discretionary outlays increased by \$93 billion and nondefense discretionary outlays increased by \$48 billion. A significant portion of both defense and nondefense outlay increases resulted from enactment of emergency supplemental appropriation acts for defense, the Global War on Terror, and hurricane recovery in 2005 and 2006. Policy changes increased mandatory outlays by a net \$15 billion above current law. This increase largely reflects a \$19 billion increase in outlays for the National flood insurance program in response to hurricane recovery, partly offset by a \$5 billion decrease in Medicare outlays, largely enacted in the Deficit Reduction Act of 2005.

Economic conditions that differed from those forecast in February 2005 resulted in a net increase in outlays of \$18 billion. The most significant changes consist of a \$7 billion increase in Social Security benefits largely resulting from higher cost-of-living adjustments and a \$12 billion increase in net interest due to higher-than-expected interest rates.

Technical estimating differences and other changes resulted in a net decrease in outlays of \$61 billion. Technical changes result from changes in such factors

² Discretionary programs are controlled by annual appropriations, while mandatory programs are generally controlled by authorizing legislation. Mandatory programs are mostly formula benefit or entitlement programs with permanent spending authority that depend on eligibility criteria, benefit levels, and other factors.

Table 20–2. COMPARISON OF ACTUAL 2006 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(Outlays in billions)

	Current Services (Feb. 2005)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Discretionary:						
Defense	437	93	.....	–11	83	520
Nondefense	477	48	.....	–28	20	497
Subtotal, discretionary	914	141	.....	–39	103	1,017
Mandatory:						
Social Security	540	.....	7	–3	4	544
Other programs	876	15	–1	–22	–7	868
Subtotal, mandatory	1,416	15	6	–25	–4	1,412
Net interest	209	3	12	2	17	227
Total outlays	2,539	160	18	–61	116	2,655

Table 20-3. COMPARISON OF THE ACTUAL 2006 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE

(In billions)

	Current Services (Feb. 2005)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Receipts	2,178	-10	23	216	229	2,407
Outlays	2,539	160	18	-61	116	2,655
Deficit	361	170	-6	-277	-113	248

Note: Deficit changes are outlays minus receipts. For these changes, a plus indicates an increase in the deficit.

as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Outlays for discretionary programs decreased an estimated \$39 billion, because budget authority for both defense and nondefense programs was spent more slowly than expected. Outlays for mandatory programs decreased by a net \$25 billion, largely because higher-than-anticipated outlays for higher education and mortgage credit programs were more than offset by lower-than-anticipated outlays for Medicaid, Medicare, unemployment compensation, and other programs. Net interest outlays increased by \$2 billion due to technical factors compared to the February 2005 estimates.

Deficit

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal Government receipts and outlays for 2006. This section combines these effects to show the net impact of these differences.

As shown in Table 20-3, the 2006 current services deficit was initially estimated to be \$361 billion. The actual deficit was \$248 billion, which was a \$113 billion decrease from the initial estimate. Receipts were \$229 billion more than the initial estimate and outlays were \$116 billion more. The table shows the distribution of the changes according to the categories in the preceding two sections.

The net effect of policy changes for receipts and outlays increased the deficit by \$170 billion. Economic conditions that differed from the initial assumptions in February 2005 accounted for an estimated \$6 billion decrease in the deficit. Technical factors reduced the deficit by an estimated \$277 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2006

This section compares the original 2006 outlay estimates for mandatory and related programs under current law in the 2006 Budget (February 2005) with the actual outlays. Major examples of these programs include Social Security and Medicare benefits, agricultural price support payments to farmers, and deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

A number of factors may cause differences between the amounts estimated in the budget and the actual mandatory outlays. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; or economic conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

Table 20-4 shows the differences between the actual outlays for these programs in 2006 and the amounts originally estimated in the 2006 Budget, based on laws in effect at that time. Actual outlays for mandatory spending and net interest in 2006 were \$1,639 billion, which was \$14 billion more than the initial estimate of \$1,625 billion, based on existing law in February 2005.

As Table 20-4 shows, actual outlays for mandatory human resources programs were \$1,444 billion, \$6 billion less than originally estimated. This decrease was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences. Outlays for other functions were \$4 billion more than originally estimated. Undistributed offsetting receipts were \$1 billion higher than expected, thus reducing total outlays.

Outlays for net interest were \$227 billion, or \$17 billion more than the original estimate. This increase was the net effect of changes in interest rates from those initially assumed, changes in borrowing requirements due to differences in deficits, and technical factors.

Reconciliation of Differences with Amounts Published by Treasury for 2006

Table 20-5 provides a reconciliation of the receipts, outlays, and deficit totals published by the Department of the Treasury in the September 2006 Monthly Treasury Statement and those published in this Budget. The Department of the Treasury made adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances, which decreased receipts by \$6 million and increased outlays by \$499 million. Nearly all of the outlay adjustment was the correction of reporting for the Exchange Stabilization Fund. Additional adjustments for this Budget increased receipts and outlays by \$579 million and \$557 million, respectively. Several financial transactions that are not reported to the De-

Table 20-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	2006		
	Feb. 2006 estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services	11	38	27
Health:			
Medicaid	193	181	-12
Other	20	21	1
Total health	213	201	-11
Medicare	340	325	-15
Income security:			
Retirement and disability	106	102	-3
Unemployment compensation	37	31	-6
Food and nutrition assistance	51	48	-3
Other	113	116	3
Total, income security	307	298	-9
Social security	540	544	4
Veterans benefits and services:			
Income security for veterans	35	36	*
Other	3	2	-1
Total veterans benefits and services	38	37	-1
Total mandatory human resources programs	1,449	1,444	-6
Other functions:			
Agriculture	21	20	-1
International	-2	-7	-4
Deposit insurance	-1	-1	—*
Other functions	15	24	9
Total, other functions	33	37	4
Undistributed offsetting receipts:			
Employer share, employee retirement	-60	-61	-1
Rents and royalties on the outer continental shelf	-7	-7	—*
Other undistributed offsetting receipts	—*	—*	—*
Total undistributed offsetting receipts	-67	-68	-1
Total, mandatory	1,416	1,412	-4
Net interest:			
Interest on Treasury debt securities (gross)	391	406	15
Interest received by trust funds	-172	-169	2
Other interest	-10	-10	—*
Total net interest	209	227	17
Total outlays for mandatory and net interest	1,625	1,639	14

* \$500 million or less.

partment of the Treasury, including those for the Affordable Housing Program, the Public Company Accounting Oversight Board, and the United Mine Workers of America benefit funds, are included in the budget. Reporting for these programs adds roughly equivalent amounts to outlays and receipts, with little impact on the deficit. Another significant conceptual difference in reporting is for the National Railroad Retirement

Investment Trust (NRRIT). Reporting to the Department of the Treasury for the NRRIT is done with a one month lag so that the fiscal year total provided in the Treasury Combined Statement covers September 2005 through August 2006. The budget has been adjusted to reflect transactions that occurred during the actual fiscal year, which begins in October.

Table 20-5. RECONCILIATION OF FINAL AMOUNTS FOR 2006

(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September 30 MTS)	2,406,681	2,654,379	-247,698
Miscellaneous Treasury adjustments	-6	499	-505
Totals published by Treasury in Combined Statement	2,406,675	2,654,878	-248,203
Affordable Housing Program	307	307	.....
Public Company Accounting Oversight Board	131	131	.....
United Mine Workers of America benefit funds	119	114	5
National Railroad Retirement Investment Trust .....	.....	-48	48
Other	22	53	-31
Total adjustments, net	579	557	22
Totals in the budget	2,407,254	2,655,435	-248,181
MEMORANDUM:			
Total change since year-end statement	573	1,056	-483

Part II: HISTORICAL COMPARISON OF ACTUAL TO ESTIMATED SURPLUSES OR DEFICITS

This part of the chapter compares estimated surpluses or deficits to actual outcomes over the last two and a half decades. The first section compares the estimate for the budget year of each budget with the subsequent actual result. The second section extends the comparison to the estimated surpluses or deficits for each year of the budget window: that is, for the current year through the fourth year following the budget year. This part concludes with some observations on the historical record of estimates of the surplus or deficit versus the subsequent actual outcomes.

Historical Comparison of Actual to Estimated Results for the Budget Year

Table 20-6 compares the estimated and actual surpluses or deficits since the deficit estimated for 1982 in the 1982 Budget. The estimated surpluses or deficits for each budget include the Administration's policy proposals. Therefore, the original deficit estimate for 2006 differs from that shown in Table 20-3, which is on a current services basis. Earlier comparisons of actual and estimated surpluses or deficits were on a policy basis, so for consistency the figures in Table 20-6 are on this basis.

On average, the estimates for the budget year underestimated actual deficits (or overestimated actual surpluses) by \$20 billion over the 25-year period. Policy outcomes that differed from the original proposals increased the deficit by an average of \$34 billion. Differences between economic assumptions and actual economic performance increased the deficit an average of \$12 billion. Differences due to these two factors were partly offset by technical revisions, which reduced the deficit an average of \$26 billion.

The relatively small average difference between actual and estimated deficits conceals a wide variation in the differences from budget to budget. The differences ranged from a \$389 billion underestimate of the deficit to a \$190 billion overestimate. The \$389

billion underestimate, in the 2002 Budget, was due largely to receipt shortfalls related to the 2001 recession and associated weak stock market performance. About a quarter of the underestimate was due to increased spending for recovery from the September 11, 2001 terrorist attacks, homeland security measures, and the war on terror, along with lower receipts due to tax relief in the March 2002 economic stimulus act. The \$190 billion overestimate of the deficit in the 1998 Budget stemmed largely from stronger-than-expected economic growth and a surge in individual income tax collections beyond that accounted for by economic factors.

Because the average deficit difference obscures the degree of under- and overestimation in the historical data, a more appropriate statistic to measure the magnitude of the differences is the average absolute difference. This statistic measures the difference without regard to whether it was an under- or overestimate. Since 1982, the average absolute difference has been \$99 billion.

Another measure of variability is the standard deviation. This statistic measures the dispersion of the data around the average value. The standard deviation of the deficit differences since 1982 is \$136 billion. Like the average absolute difference, this measure illustrates the high degree of variation in the difference between estimates and actual deficits.

The large variability in errors in estimates of the surplus or deficit for the budget year underscores the inherent uncertainties in estimating the future path of the Federal budget. Some estimating errors are unavoidable, because of differences between the President's original budget proposals and the legislation that Congress subsequently enacts. Occasionally such differences are huge, such as additional appropriations for disaster recovery, homeland security, and war efforts in response to the terrorist attacks of September 11, 2001, which were obviously not envisioned in the

Table 20-6. COMPARISON OF ESTIMATED AND ACTUAL SURPLUSES OR DEFICITS SINCE 1982

(In billions of dollars)

Budget	Surplus or deficit (-) estimated for budget year ¹	Differences due to			Total difference	Actual surplus or deficit(-)
		Enacted legislation	Economic factors	Technical factors		
1982	-62	15	-70	-11	-66	-128
1983	-107	-12	-67	-22	-101	-208
1984	-203	-21	38	-0	17	-185
1985	-195	-12	-17	12	-17	-212
1986	-180	-8	-27	-7	-41	-221
1987	-144	2	-16	8	-6	-150
1988	-111	-9	-19	-16	-44	-155
1989	-130	-22	10	-11	-23	-153
1990	-91	-21	-31	-79	-131	-221
1991	-63	21	-85	-143	-206	-269
1992	-281	-36	-21	48	-9	-290
1993	-350	-8	-13	115	95	-255
1994	-264	-8	16	52	61	-203
1995	-165	-18	1	18	1	-164
1996	-197	6	53	30	89	-107
1997	-140	1	-4	121	118	-22
1998	-121	-9	48	151	190	69
1999	10	-22	56	82	116	126
2000	117	-42	88	73	119	236
2001	184	-129	32	41	-56	128
2002	231	-104	-201	-84	-389	-158
2003	-80	-86	-34	-177	-297	-378
2004	-307	-122	-22	39	-105	-412
2005	-364	-67	-11	123	45	-318
2006	-390	-141	6	277	142	-248
Average .....	.....	-34	-12	26	-20	.....
Absolute average ² .....	.....	38	39	70	99	.....
Standard deviation .....	.....	46	57	94	136	.....

¹ Surplus or deficit estimate includes the effect of the budget's policy proposals.² Absolute average is the average without regard to sign.

President's Budget submitted the previous February. Even aside from differences in policy outcomes, errors in budget estimates can arise from new economic developments, unexpected changes in program costs, shifts in taxpayer behavior, and other factors. The budget impact of changes in economic assumptions is discussed further in Chapter 12 of this volume, "Economic Assumptions."

Five-Year Comparison of Actual to Estimated Surpluses or Deficits

The substantial difference between actual surpluses or deficits and the budget year estimates made less than two years earlier raises questions about the degree of variability for estimates of years beyond the budget year. Table 20-7 shows the summary statistics for the differences for the current year (CY), budget year (BY), and the four succeeding years (BY+1 through BY+4). These are the years that are required to be estimated in the budget by the Budget Enforcement Act of 1990.

On average, the budget estimates since 1982 overstated the deficit in the current year by \$26 billion,

but underestimated the deficit in the budget year by \$20 billion. The budget estimates understated the deficit in the years following, by amounts growing from \$59 billion for BY+1 to \$141 billion for BY+4. While these results suggest a tendency to underestimate deficits toward the end of the budget horizon, the averages are not statistically different from zero in light of the high variation in the data.

The average absolute difference between estimated and actual deficits grows dramatically over the six years from CY through BY+4, from \$58 billion in the current year to \$99 billion for the budget year, to \$269 billion for BY+4. While under- and overestimates of the deficit have historically tended to average out, the absolute size of the under- or overestimates grows as the estimates extend further into the future. The standard deviation of the deficit differences shows the same pattern. The standard deviation grows from \$71 billion for current year estimates to \$136 billion for the budget year estimates and continues to increase steadily as the estimates extend further out, reaching \$289 billion for BY+4.

Table 20-7. DIFFERENCES BETWEEN ESTIMATED AND ACTUAL SURPLUSES OR DEFICITS FOR FIVE-YEAR BUDGET ESTIMATES SINCE 1982

(In billions of dollars)

	Current year estimate	Budget year estimate	Estimate for budget year plus			
			One year (BY+1)	Two years (BY+2)	Three years (BY+3)	Four years (BY+4)
Average difference ¹	26	-20	-59	-97	-128	-141
Average absolute difference ²	58	99	149	202	245	269
Standard deviation	71	136	202	249	271	289

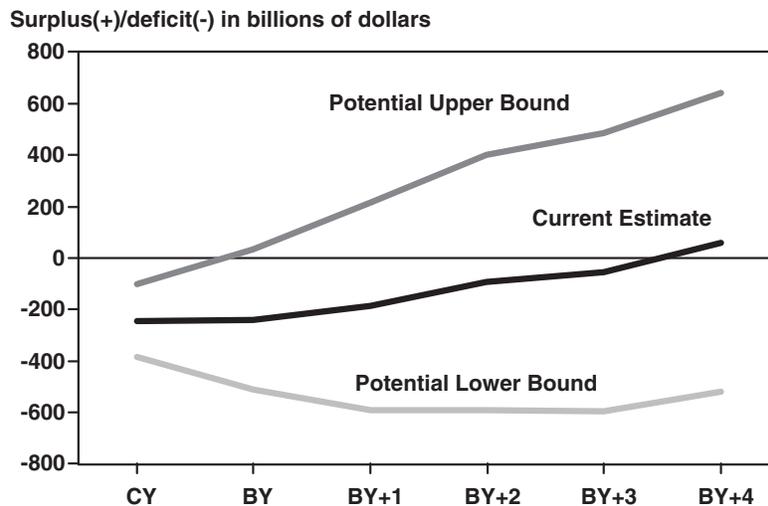
¹ A positive figure represents an underestimate of the surplus or an overestimate of the deficit.

² Average absolute difference is the difference without regard to sign.

The estimates of variability in the difference between estimated and actual deficits can be used to construct a range of uncertainty around a given set of estimates. Statistically, if these differences are normally distributed, the actual deficit will be within a range of two standard deviations above or below the estimate about 90 percent of the time. Chart 20-1 shows this range

of two standard deviations applied to the deficit estimates in this Budget. This chart illustrates that unforeseen economic developments, policy outcomes, or other factors could give rise to large swings in the deficit estimates.

Chart 20-1. Illustrative Range of Budget Outcomes



21. OUTLAYS TO THE PUBLIC, GROSS AND NET

The usual measure of total outlays in the budget is a net measure. First, gross outlays are net of payments from other Federal Government accounts. For example, if account A paid account B \$100 to do some work and account B used \$100 to pay for salaries, materials, and supplies to do the work, gross outlays would be \$200 while the impact on the nation's economy would be only \$100. Netting is done to take out the double count. For all presentations in this chapter, this type of netting is assumed. Second, and more important, is that gross outlays are net of offsetting collections and offsetting receipts from the public. In this case, a net basis of reporting is more significant, since it measures the extent to which general taxpayers are contributing to operating deficits. A counter argument is that net treatment conceals important information. Table 21-1 provides a gross presentation of outlays to the public to permit users of budget information the flexibility to use gross or net outlays. The table shows outlays gross and net of offsetting collections and offsetting receipts from the public for all major agencies.

In 2008, net outlays of \$2,902 billion consist of gross outlays of \$3,221 billion less offsetting collections and receipts from the public of \$319 billion. The table shows that offsetting receipts and offsetting collections from the public are relatively more important for some agen-

cies than for others. For example, in 2008 the Postal Service is estimated to have gross outlays of \$75 billion but net outlays of -\$2 billion, due to offsetting collections and receipts of \$77 billion from the sale of stamps and other income. In contrast, gross and net outlays for the National Aeronautics and Space Administration (NASA) are very similar, because NASA has relatively few offsetting receipts and collections from the public.

In Table 21-1, negative outlays occur when offsetting collections exceed payments. The amounts for "Allowances" cover certain transactions that are expected to increase or decrease outlays but are not, for various reasons, attributed to any specific agency. The amounts labeled "undistributed offsetting receipts" are also deducted from the Government-wide outlay totals but not from any specific agency. These consist principally of rents and royalties on oil and gas production on the Outer Continental Shelf and proceeds from the auction of rights to the electromagnetic spectrum.

See the section on "Outlays" in Chapter 26, "The Budget System and Concepts," for a more detailed discussion on the outlay totals in the budget. Offsetting collections and offsetting receipts are discussed in more detail in Chapter 18 of this volume, "User Charges and Other Collections."

Table 21-1. TOTAL OUTLAYS, GROSS AND NET OF OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, BY AGENCY, 2006-2008

(In millions of dollars)

Department or Other Unit	2006			2007			2008		
	Outlays Gross of Collections and Receipts from the Public	Offsetting Collections and Receipts from the Public	Net Outlays	Outlays Gross of Collections and Receipts from the Public	Offsetting Collections and Receipts from the Public	Net Outlays	Outlays Gross of Collections and Receipts from the Public	Offsetting Collections and Receipts from the Public	Net Outlays
Legislative Branch	4,203	-75	4,128	4,378	-72	4,306	4,776	-72	4,704
Judicial Branch	5,875	-52	5,823	5,911	-66	5,845	6,730	-69	6,661
Executive Branch									
Department of Agriculture	112,884	-19,350	93,534	109,523	-20,756	88,767	108,964	-19,938	89,026
Department of Commerce	8,908	-2,535	6,373	8,121	-1,942	6,179	9,133	-2,055	7,078
Department of Defense—Military	513,353	-13,996	499,357	561,800	-12,885	548,915	595,837	-12,554	583,283
Department of Education	94,758	-1,329	93,429	74,403	-6,363	68,040	63,568	-4,965	58,603
Department of Energy	26,244	-6,595	19,649	28,380	-6,392	21,988	28,343	-6,476	21,867
Department of Health and Human Services	669,477	-55,162	614,315	737,727	-66,473	671,254	770,580	-71,340	699,240
Department of Homeland Security	78,589	-9,491	69,098	60,601	-10,183	50,418	54,690	-11,490	43,200
Department of Housing and Urban Development	45,397	-2,962	42,435	46,839	-4,005	42,834	46,509	-2,107	44,402
Department of the Interior	16,357	-7,293	9,064	16,838	-5,961	10,877	16,983	-6,455	10,528
Department of Justice	24,567	-1,243	23,324	24,006	-967	23,039	25,086	-1,041	24,045
Department of Labor	46,350	-3,212	43,138	51,230	-3,790	47,440	55,937	-3,641	52,296
Department of State	13,910	-948	12,962	17,640	-1,318	16,322	18,385	-1,582	16,803
Department of Transportation	60,827	-688	60,139	64,089	-314	63,775	67,373	-341	67,032
Department of the Treasury	480,937	-16,225	464,712	508,178	-17,671	490,507	543,672	-18,682	524,990
Department of Veterans Affairs	76,196	-6,389	69,807	78,425	-6,100	72,325	88,293	-5,005	83,288
Corps of Engineers-Civil Works	9,543	-2,599	6,944	8,632	-1,075	7,557	7,535	-1,055	6,480
Other Defense Civil Programs	44,451	-15	44,436	47,650	-14	47,636	49,112	-14	49,098

**Table 21-1. TOTAL OUTLAYS, GROSS AND NET OF OFFSETTING COLLECTIONS AND RECEIPTS—Continued
FROM THE PUBLIC, BY AGENCY, 2006-2008**

(In millions of dollars)

Department or Other Unit	2006			2007			2008		
	Outlays Gross of Collections and Receipts from the Public	Offsetting Collections and Receipts from the Public	Net Outlays	Outlays Gross of Collections and Receipts from the Public	Offsetting Collections and Receipts from the Public	Net Outlays	Outlays Gross of Collections and Receipts from the Public	Offsetting Collections and Receipts from the Public	Net Outlays
Environmental Protection Agency	8,728	-407	8,321	8,404	-366	8,038	8,208	-430	7,778
Executive Office of the President	5,382	-3	5,379	2,679	-2	2,677	1,391	-2	1,389
General Services Administration	721	-697	24	1,002	-504	498	1,350	-522	828
International Assistance Programs	29,776	-15,832	13,944	33,382	-16,321	17,061	31,885	-13,926	17,959
National Aeronautics and Space Administration	11,878	3,247	15,125	16,381	-238	16,143	17,488	-238	17,250
National Science Foundation	5,546	-4	5,542	5,862	-2	5,860	6,028	-2	6,026
Office of Personnel Management	73,561	-11,161	62,400	70,364	-11,562	58,802	76,371	-12,209	64,162
Small Business Administration	1,976	-1,071	905	1,508	-833	675	781	-56	725
Social Security Administration	593,142	-7,399	585,743	630,650	-7,731	622,919	662,085	-7,618	654,467
Export-Import Bank of the United States	334	-2,525	-2,191	474	-1,811	-1,337	247	-220	27
Federal Deposit Insurance Corporation	-425	-252	-677	-944	-865	-1,809	-367	-2,526	-2,893
Postal Service	69,377	-70,348	-971	76,417	-73,672	2,745	74,527	-76,733	-2,206
Railroad Retirement Board	6,012	-2,690	3,322	6,404	-2,408	3,996	6,657	-1,474	5,183
Other Independent Agencies	26,816	-13,366	13,450	27,748	-12,635	15,113	27,902	-12,927	14,975
Allowances				8,002		8,002	2,269		2,269
Undistributed Offsetting Receipts	-230,152	-7,396	-237,548	-242,450	-20,690	-263,140	-257,206	-21,496	-278,702
Totals	2,935,498	-280,063	2,655,435	3,100,254	-315,987	2,784,267	3,221,122	-319,261	2,901,861

22. TRUST FUNDS AND FEDERAL FUNDS

When money is received by the Federal Government, it is credited to an account, and when money is spent by the Government, it is taken from an account. All budget accounts belong to one of two groups of funds: Federal funds and trust funds. This section presents summary information about the transactions of each of these two fund groups. Information is provided about the income and outgo of the major trust funds and a number of Federal funds that are financed by earmarked collections in a manner similar to trust funds.

Federal Funds Group

The Federal funds group accounts for a larger share of the budget than the trust funds group, and includes all transactions that are not required by law to pass through trust funds.

The Federal funds group includes the general fund, which is the largest fund in the Government and is used to carry out the general purposes of Government rather than being restricted by law to a specific program. The general fund receives all collections not earmarked by law for some other fund, including virtually all income taxes and many excise taxes. Together with Treasury borrowing, the general fund finances all expenditures not financed by earmarked collections.

The Federal funds group also includes special funds and revolving funds, which receive earmarked collections for spending on specific purposes. Where the law requires that Federal fund collections be earmarked to finance a particular program, the collections and associated disbursements are recorded in special fund receipt and expenditure accounts. An example is the portion of the Outer Continental Shelf mineral leasing receipts deposited into the Land and Water Conservation Fund. The majority of special fund collections are derived from the Government's power to impose taxes, fines, and other compulsory payments. Money in these funds must be appropriated before it can be obligated and spent. Although a majority of special fund collections are derived from the Government's power to compel payment, significant amounts of collections credited to special funds are derived from business-like activity, such as the receipts from Outer Continental Shelf mineral leasing.

Revolving funds are used to conduct continuing cycles of business-like activity. Revolving funds receive money collected from the sale of products or services and these proceeds are used to finance spending of the program providing the products or services. Instead of being deposited in receipt accounts, the programs' proceeds are recorded in the revolving funds, which are expenditure accounts. The proceeds collected in this way are generally available automatically for obligation and expenditure. Outlays for programs with revolving funds

are reported net of these collections, which are known as "offsetting collections" because they offset outlays rather than being recorded as Governmental receipts. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service Fund, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

Trust Funds Group

The trust funds group consists of funds that are designated by law as trust funds. Like special funds and revolving funds, they receive earmarked collections for spending on specific purposes. Many of the larger trust funds are used to finance social insurance payments, such as Social Security, Medicare, and unemployment compensation. Other major trust funds finance military and Federal civilian employees' retirement benefits, highway and transit construction, and airport and airway development. There are a few trust revolving funds that are credited with collections earmarked by law to carry out a cycle of business-type operations. There are also a few small trust funds that have been established to carry out the terms of a conditional gift or bequest.

There is no substantive difference between special funds in the Federal funds group and trust funds or, as noted below, between revolving funds and trust revolving funds. Whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary. For example, the National Service Life Insurance Fund is a trust fund, but the Servicemen's Group Life Insurance Fund is a Federal fund, even though both are financed by earmarked fees paid by veterans and both provide life insurance payments to veterans' beneficiaries.¹

The meaning of the term "trust" in the Federal Government budget differs significantly from the private sector usage. The beneficiary of a private trust owns the trust's income and often its assets. A custodian or trustee manages the assets on behalf of the beneficiary according to the stipulations of the trust, which neither the trustee nor the beneficiary can change unilaterally. In contrast, the Federal Government owns the assets and the earnings of most Federal trust funds, and it can unilaterally raise or lower future trust fund collections and payments, or change the purpose for which the collections are used, by changing existing law. Only a few small Federal trust funds are managed

¹Another example is the Violent Crime Reduction Trust Fund, established pursuant to the Violent Crime Control and Law Enforcement Act of 1994. Because the Fund is substantively a means of accounting for general fund appropriations, and does not have any dedicated receipts, it is classified as a Federal fund rather than a trust fund, notwithstanding the presence of the words "Trust Fund" in its official name.

pursuant to a trust agreement whereby the Government acts as the trustee, and even then the Government generally owns these funds and has some ability to alter the amount deposited into or paid out of these funds. Deposit funds, which are funds held by the Government as a custodian on behalf of some non-governmental entity, are similar to private-sector trust funds. The Government makes no decisions about the amount of money placed in deposit funds or about how the proceeds are spent. Therefore, these funds are considered to be non-budgetary instead of Federal trust funds and are excluded from the Federal budget.

A trust fund must use its income for the purposes designated by law. Some, such as the Federal Employees Health Benefits fund, spend their income almost as quickly as it is collected. Others, such as the Social Security and the Federal civilian employees' retirement trust funds, currently spend considerably less than they collect each year. A surplus of income over outgo adds to the trust fund's balance, which is available to finance future expenditures. The balances are generally required by law to be invested in Treasury securities.²

A trust fund normally consists of one or more receipt accounts (to record income) and an expenditure account

(to record outgo). However, a few trust funds, such as the Veterans Special Life Insurance fund, are established by law as trust revolving funds. These funds are similar to revolving funds in the Federal funds group, in that they may consist of a single account to record both income and outgo. They are used to conduct a cycle of business-type operations; offsetting collections are credited to the funds (which are also expenditure accounts); and their outlays are displayed net of the offsetting collections.

Income and Outgo by Fund Group

Table 22-1 shows income, outgo, and surplus or deficit by fund group and in the aggregate (netted to avoid double-counting) from which the total unified budget receipts, outlays, and surplus or deficit are derived. The estimates assume enactment of the President's budget proposals. Income consists mostly of receipts (derived from governmental activity—primarily income, payroll, and excise taxes—and gifts). It also consists of offsetting receipts, which include proprietary receipts (derived from business-like transactions with the public) and interfund collections (receipts by one fund of payments from a fund in the other fund group) that are deposited into receipt accounts. Outgo consists of

Table 22-1. RECEIPTS, OUTLAYS AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Receipts:							
Federal funds cash income:							
From the public	1,569.8	1,679.9	1,742.1	1,834.9	1,926.5	2,020.7	2,171.3
From trust funds:	2.1	24.8	4.2	1.5	1.5	1.6	1.8
Total, Federal funds cash income	1,572.0	1,704.7	1,746.3	1,836.3	1,928.1	2,022.3	2,173.1
Trust funds cash income:							
From the public	961.5	1012.1	1069.7	1114.7	1177.2	1241.1	1302.7
From Federal funds:							
Interest	171.3	183.5	194.8	208.1	223.7	239.7	254.8
Other	298.9	316.3	338.1	352.2	374.9	403.2	428.6
Total, trust funds cash income	1,431.7	1,511.9	1,602.6	1,675.0	1,775.8	1,884.0	1,986.1
Offsetting receipts	-596.4	-676.5	-686.4	-713.0	-749.1	-802.8	-851.9
Total, unified budget receipts	2,407.3	2,540.1	2,662.5	2,798.3	2,954.7	3,103.6	3,307.3
Outlays:							
Federal funds cash outgo	2,109.2	2,194.4	2,279.6	2,334.5	2,357.0	2,425.4	2,469.8
Trust funds cash outgo	1,142.6	1,266.3	1,308.7	1,363.9	1,441.2	1,534.7	1,628.4
Offsetting receipts	-596.4	-676.5	-686.4	-713.0	-749.1	-802.8	-851.9
Total, unified budget outlays	2,655.4	2,784.3	2,901.9	2,985.5	3,049.1	3,157.3	3,246.3
Surplus or deficit (-):							
Federal funds	-537.3	-489.7	-533.3	-498.2	-428.9	-403.1	-296.7
Trust funds	289.1	245.6	293.9	311.1	334.5	349.3	357.7
Total, unified surplus/deficit (-)	-248.2	-244.2	-239.4	-187.2	-94.4	-53.8	61.0

Note: Receipts include governmental, interfund, and proprietary receipts. Receipts exclude intrafund receipts, which are offset against intrafund payments so that cash income and cash outgo of the fund group are not overstated.

payments made to the public or to a fund in the other fund group.

Two types of transactions are treated specially in the table. First, income and outgo for each fund group net out all transactions that occur between funds within the same fund group.³ These intrafund transactions constitute outgo and income for the individual funds that make and collect the payments, but they are offsetting for the fund group as a whole. The totals for each fund group measure only the group's transactions with the public and the other fund group. Second, income is computed net of the collections that are offset against outgo in revolving fund expenditure accounts.⁴ It would be conceptually appropriate to classify these offsetting collections as income, but at present the data are not tabulated centrally for both fund groups. Consequently, they are offset against outgo in Table 22-1 and are not shown separately.

Some funds in the Federal funds group and some trust funds are authorized to borrow from the general

fund of the Treasury.⁵ Borrowed funds are not recorded as receipts of the fund or included in the income of the fund. The borrowed funds finance outlays by the fund in excess of available receipts. Subsequently, fund receipts are transferred from the fund to the general fund in repayment of the borrowing. The repayment is not recorded as an outlay of the fund or included in fund outgo.

Some income in both Federal funds and trust funds consists of offsetting receipts. For most budget purposes, offsetting receipts are excluded from receipts figures and subtracted from gross outlays. There are two reasons for the normal treatment:

- *Business-like or market-oriented activities with the public:* The collections from such activities are deducted from gross outlays, rather than added to receipts, in order to produce budget totals for receipts and outlays that represent governmental rather than market activity.
- *Intragovernmental transactions:* Collections by one Government account from another are deducted from gross outlays, rather than added to receipts, so that the budget totals measure the transactions of the Government with the public.

³For example, the railroad retirement trust funds pay the equivalent of Social Security benefits to railroad retirees, in addition to the regular railroad pension. These benefits are financed by a payment from the Federal Old-Age and Survivors Insurance trust fund to the railroad retirement trust funds. The payment and collection are both deducted so that total trust fund income and outgo measure disbursements to the public and to Federal funds.

⁴For example, postage stamp fees are deposited as offsetting collections in the Postal Service fund. As a result, the Fund's outgo is disbursements net of collections.

⁵For example, the Bonneville Power Administration Fund, a revolving fund in the Department of Energy, is authorized to borrow from the general fund, and the Black Lung Disability Trust Fund in the Department of Labor is authorized to receive appropriations of repayable advances from the general fund (a form of borrowing).

Table 22-2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Total Trust Funds							
Balance, start of year	3,148.5	3,437.5	3,683.1	3,976.7	4,287.8	4,622.3	4,971.6
Income:							
Governmental receipts	891.5	929.4	985.3	1,025.7	1,082.0	1,139.6	1,193.8
Proprietary receipts	83.2	96.3	98.7	104.1	111.2	118.6	127.0
Receipts from Federal funds:							
Interest	171.3	183.5	194.8	208.1	223.7	239.7	254.8
Other	334.6	353.3	377.0	393.0	417.9	448.9	476.8
Subtotal, income	1,480.7	1,562.5	1,655.8	1,730.8	1,834.7	1,946.8	2,052.4
Outgo:							
To the public	1189.5	1292.2	1357.7	1418.3	1498.7	1596.0	1692.9
Payments to Federal funds	2.1	24.8	4.2	1.5	1.5	1.6	1.8
Subtotal, outgo	1191.6	1317.0	1361.9	1419.8	1500.2	1597.5	1694.7
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	117.7	62.1	99.1	103.0	110.9	109.6	102.9
Interest	171.3	183.5	194.8	208.1	223.7	239.7	254.8
Subtotal, surplus or deficit (-)	289.1	245.6	293.9	311.1	334.5	349.3	357.7
Adjustments:							
Transfers/lapses (net)	*	*	-0.3	.....	.....	.....	.....
Other adjustments .....	*	*	*	.....	.....	.....	.....
Total, change in fund balance	289.1	245.6	293.6	311.1	334.5	349.3	357.7
Balance, end of year	3,437.5	3,683.1	3,976.7	4,287.8	4,622.3	4,971.6	5,329.4

Because the income for Federal funds and for trust funds recorded in Table 22–1 includes offsetting receipts, those offsetting receipts must be deducted from the two fund groups' combined gross income in order to reconcile to total (net) unified budget receipts. Similarly, because the outgo for Federal funds and for trust funds in Table 22–1 consists of outlays gross of offsetting receipts, the amount of the offsetting receipts must be deducted from the sum of the Federal funds' and the trust funds' gross outgo in order to reconcile to total (net) unified budget outlays. Table 22–3 reconciles, for fiscal year 2006, the gross total of all trust fund and Federal fund receipts with the net total of the Federal fund group's and the trust fund group's cash income (as shown in Table 22–1), and with the unified budget's receipt total.

Income, Outgo, and Balances of Trust Funds

Table 22–2 shows, for the trust funds group as a whole, the funds' balance at the start of each year, income and outgo during the year, and the end of year balance. Income and outgo are divided between transactions with the public and transactions with Federal funds. Receipts from Federal funds are divided between interest and other interfund receipts.

The definition of income and outgo in this table differs from those in Table 22–1 in one important way. Trust fund collections that are offset against outgo (as offsetting collections) within expenditure accounts instead of being deposited in separate receipt accounts are classified as income in this table but not in Table 22–1. This classification is consistent with the definitions of income and outgo for trust funds used elsewhere in the budget. It has the effect of increasing both income and outgo by the amount of the offsetting collections. The difference was approximately \$49 billion in 2006. Table 22–2, therefore, provides a more transparent summary of trust fund income and outgo.

The trust funds group is expected to have large and growing surpluses over the projection period. As a consequence, trust fund balances are estimated to grow substantially, continuing a trend that has persisted over the past two decades. The size of the anticipated balances is unprecedented and results mainly from changes in the way some trust funds are financed.

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances increased tenfold from 1982 to 2000, from \$205 billion to \$2.1 trillion. The balances are estimated to increase by more than 150 percent by the year 2012,

Table 22–3. RELATIONSHIP OF TOTAL FEDERAL FUND AND TRUST FUND RECEIPTS TO UNIFIED BUDGET RECEIPTS, FISCAL YEAR 2006

(In billions of dollars)

Gross trust fund receipts	1,436.5
Gross Federal fund receipts	1,607.6
Total of trust fund receipts and Federal fund receipts	3,044.1
Deduct intrafund receipts (from funds within the same fund group):	
Trust intrafund receipts	–4.8
Federal intrafund receipts	–35.6
Subtotal, intrafund receipts	–40.4
Total of trust funds cash income and Federal funds cash income	3,003.7
Deduct offsetting receipts: ¹	
Trust fund receipts from Federal funds:	
Interest in receipt accounts	–169.3
General fund payment to Medicare Parts B and D	–162.6
Employing agencies' payments for pensions, Social Security, and Medicare	–49.7
General fund payments for unfunded liabilities of Federal employees retirement funds	–51.6
Transfer of taxation of Social Security and RRB benefits to OASDI, HI, and RRB	–33.5
Other receipts from Federal funds	–3.5
Subtotal, trust fund receipts from Federal funds	–470.2
Federal fund receipts from trust funds	–2.1
Proprietary receipts	–124.1
Subtotal, offsetting receipts	–596.4
Unified budget receipts	2,407.3

¹ Offsetting receipts are included in cash income for each fund group, but in the unified budget totals are excluded from the receipts total and instead deducted from outlays

rising to \$5.3 trillion.⁶ Almost all of these balances are invested in Treasury securities and earn interest. Therefore, they represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

Until the 1980s, most trust funds operated on a pay-as-you-go basis. Taxes and user fees were set at levels high enough to finance program expenditures and administrative expenses, and to maintain prudent reserves, generally defined as being equal to one year's expenditures. As a result, trust fund balances tended to grow at about the same rate as their annual expenditures.

Pay-as-you-go financing was replaced in the 1980s by full or partial advance funding for some of the larger trust funds. In order to partially prefund the Social Security benefits of the "baby-boomers", the Social Security Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1984 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies and their employees to make annual payments to the Federal employees' retirement trust funds in an amount equal to the retirement benefits earned by employees. Since many years will pass between the time when benefits are earned and when they are paid, the trust funds will accumulate substantial balances over time.

These balances are available to finance future benefit payments and other trust fund expenditures—but only in a bookkeeping sense. These funds are not set up to be pension funds, like the funds of private pension plans. The holdings of the trust funds are not assets of the Government as a whole that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury. When trust fund holdings are redeemed to pay benefits, Treasury will have to finance

⁶The trust fund balances shown here reflect the Administration's proposal to add Personal Retirement Accounts (PRAs) as part of a reform to return the Social Security program to solvency. Because the PRAs would be privately owned, their balances would not be included in the budget or in trust fund balances. Diverting a portion of payroll taxes into PRAs would slow the growth of aggregate trust fund balances in the short term, but in combination with other reforms to restore Social Security to solvency would have a positive effect on trust fund balances in the long run.

the expenditure in the same way as any other Federal expenditure: out of current receipts, by borrowing from the public, or by reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, increase the Government's ability to pay benefits.

From an economic standpoint, the Government is able to prefund benefits only by increasing saving and investment in the economy as a whole. This can be fully accomplished only by simultaneously running trust fund surpluses equal to the actuarial present value of the accumulating benefits while maintaining an unchanged Federal fund deficit, so that the trust fund surplus reduces the unified budget deficit or increases the unified budget surplus. This would reduce Federal borrowing by the amount of the trust funds surplus and increase the amount of national saving available to finance investment. As long as the increase in Government saving is not offset by a reduction in private saving, greater investment would increase future incomes and wealth, which would provide more real economic resources to support the benefits.

Table 22-4 shows estimates of income, outgo, and balances for 2006 through 2012 for the major trust funds. With the exception of transactions between trust funds, the data for the individual trust funds are conceptually the same as the data in Table 22-2 for the trust funds group. As explained previously, transactions between trust funds are shown as outgo of the fund that makes the payment and as income of the fund that collects it in the data for an individual trust fund, but the collections are offset against outgo in the data for the trust fund group as a whole. Additional information for these and other trust funds can be found in the Status of Funds tables in the *Budget Appendix*.

Table 22-5 shows income, outgo, and balances of five Federal funds—three revolving funds and two special funds. All these funds are similar to trust funds in that they are financed by earmarked receipts, the excess of income over outgo is invested, the interest earnings add to balances, and the balances remain available to finance future expenditures. The table is illustrative of the Federal funds group, which includes many other revolving funds and special funds in addition to the ones shown.

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS
(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Airport and Airway Trust Fund							
Balance, start of year	11.3	10.3	10.2	8.6	9.2	10.2	11.5
Income:							
Governmental receipts	10.6	11.4	12.1	4.3	4.7	5.1	5.5
Proprietary receipts	0.1	*	*	*	*	*	*
Receipts from Federal funds:							
Interest	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Other	*	0.2	*	*	*	*	0.1
Receipts from Trust funds							
Subtotal, income	11.2	12.1	12.6	4.8	5.1	5.5	5.9
Outgo:							
To the public	12.1	12.3	14.2	4.2	4.1	4.2	4.3
Payments to Other funds							
Subtotal, outgo	12.1	12.3	14.2	4.2	4.1	4.2	4.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-1.4	-0.7	-2.0	0.2	0.6	0.9	1.2
Interest	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Subtotal, surplus or deficit (-)	-1.0	-0.2	-1.5	0.6	1.0	1.3	1.6
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	-1.0	-0.2	-1.5	0.6	1.0	1.3	1.6
Balance, end of year	10.3	10.2	8.6	9.2	10.2	11.5	13.2
Memorandum commitments against balance, end of year:							
Obligated balances	7.6	6.5	3.9	5.0	5.5	5.6	5.6
Unobligated balances	1.0	1.7	1.6	0.4			
Total commitments	8.6	8.2	5.5	5.4	5.5	5.6	5.6
Uncommitted balance, end of year	1.8	2.0	3.1	3.8	4.7	5.9	7.5
Federal Civilian Employees Retirement Funds							
Balance, start of year	674.8	704.5	716.9	754.5	793.5	835.0	878.4
Income:							
Governmental receipts	4.3	4.7	4.6	4.8	4.9	5.0	5.0
Proprietary receipts							
Receipts from Federal funds:							
Interest	37.2	42.9	44.6	45.5	46.6	47.0	46.3
Other	46.9	50.1	53.4	56.2	59.7	63.3	67.4
Receipts from Trust funds							
Subtotal, income	88.5	97.7	102.6	106.5	111.1	115.2	118.6
Outgo:							
To the public	58.7	62.3	65.0	67.4	69.7	71.8	74.0
Payments to Other funds		23.0 ¹					
Subtotal, outgo	58.7	85.3	65.0	67.4	69.7	71.8	74.0
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-7.5	-30.5	-7.0	-6.5	-5.1	-3.6	-1.6
Interest	37.2	42.9	44.6	45.5	46.6	47.0	46.3
Subtotal, surplus or deficit (-)	29.7	12.4	37.6	39.0	41.4	43.4	44.6
Adjustments:							
Transfers/lapses (net)							
Other adjustments		*	*				

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Total, change in fund balance	29.7	12.4	37.6	39.0	41.4	43.4	44.6
Balance, end of year	704.5	716.9	754.5	793.5	835.0	878.4	923.0
Federal Employees Health Benefits Fund							
Balance, start of year	12.5	14.8	16.4	17.1	17.7	18.4	19.4
Income:							
Governmental receipts							
Proprietary receipts	9.1	9.4	10.0	10.7	11.6	12.6	13.5
Receipts from Federal funds:							
Interest	0.6	0.7	0.7	0.8	0.8	0.8	0.9
Other	23.9	24.7	26.3	28.1	30.2	32.7	34.8
Receipts from Trust funds							
Subtotal, income	33.5	34.8	37.1	39.6	42.6	46.1	49.1
Outgo:							
To the public	31.3	33.2	36.4	39.0	41.9	45.0	48.3
Payments to Other funds							
Subtotal, outgo	31.3	33.2	36.4	39.0	41.9	45.0	48.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	1.7	0.9	-*	-0.1	-0.2	0.2	-*
Interest	0.6	0.7	0.7	0.8	0.8	0.8	0.9
Subtotal, surplus or deficit (-)	2.3	1.6	0.7	0.6	0.7	1.1	0.8
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	2.3	1.6	0.7	0.6	0.7	1.1	0.8
Balance, end of year	14.8	16.4	17.1	17.7	18.4	19.4	20.3
Foreign Military Sales Trust Fund							
Balance, start of year	6.7	7.9	7.9	7.9	7.9	7.9	7.9
Income:							
Governmental receipts							
Proprietary receipts	14.2	15.1	13.1	11.4	11.7	11.9	12.1
Receipts from Federal funds:							
Interest							
Other							
Receipts from Trust funds							
Subtotal, income	14.2	15.1	13.1	11.4	11.7	11.9	12.1
Outgo:							
To the public	13.0	15.1	13.1	11.4	11.7	11.9	12.1
Payments to Other funds							
Subtotal, outgo	13.0	15.1	13.1	11.4	11.7	11.9	12.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	1.2						
Interest							
Subtotal, surplus or deficit (-)	1.2						
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	1.2						

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Balance, end of year	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Highway Trust Fund							
Balance, start of year	12.5	15.1	15.8	12.2	6.8	*	-7.0
Income:							
Governmental receipts	38.4	39.7	40.9	41.9	42.7	43.3	43.9
Proprietary receipts	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest							
Other	0.1	0.1	0.2	0.1	0.1	0.2	0.2
Receipts from Trust funds							
Subtotal, Income	38.5	39.9	41.0	42.1	42.8	43.5	44.1
Outgo:							
To the public	36.0	39.1	44.4	47.4	49.7	50.5	51.6
Payments to Other funds							
Subtotal, Outgo	36.0	39.1	44.4	47.4	49.7	50.5	51.6
Change in fund balance:							
Surplus or deficit:							
Excluding interest	2.5	0.7	-3.3	-5.4	-6.8	-7.0	-7.5
Interest							
Subtotal, surplus or deficit	2.5	0.7	-3.3	-5.4	-6.8	-7.0	-7.5
Adjustments:							
Transfers/lapses (net)	-*	-*	-0.3				
Other adjustments							
Total, Change in fund balance	2.5	0.7	-3.6	-5.4	-6.8	-7.0	-7.5
Balance, End of Year	15.1	15.8	12.2	6.8	*	-7.0	-14.5
Medicare: Hospital Insurance (HI) Trust Fund							
Balance, start of year	277.7	303.1	316.0	338.8	362.8	391.4	417.3
Income:							
Governmental receipts	177.7	185.5	199.0	209.0	221.5	234.1	246.1
Proprietary receipts	4.7	5.0	5.2	5.4	5.7	6.0	6.3
Receipts from Federal funds:							
Interest	15.4	15.2	16.0	17.5	18.8	20.3	21.9
Other	14.5	15.3	17.2	18.4	20.2	22.2	24.2
Receipts from Trust funds							
Subtotal, income	212.4	221.0	237.4	250.4	266.3	282.6	298.4
Outgo:							
To the public	186.9	208.1	214.6	226.3	237.7	256.7	260.7
Payments to Other funds		*	*	*	*	*	0.1
Subtotal, outgo	186.9	208.2	214.6	226.3	237.7	256.7	260.8
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	10.1	-2.4	6.8	6.5	9.8	5.6	15.7
Interest	15.4	15.2	16.0	17.5	18.8	20.3	21.9
Subtotal, surplus or deficit (-)	25.5	12.8	22.8	24.1	28.6	25.9	37.6
Adjustments:							
Transfers/lapses (net)							
Other adjustments	-*						
Total, change in fund balance	25.5	12.8	22.8	24.1	28.6	25.9	37.6
Balance, end of year	303.1	316.0	338.8	362.8	391.4	417.3	455.0

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Medicare: Supplementary Medical Insurance (SMI) Trust Fund							
Balance, start of year	16.9	33.3	41.9	48.2	51.6	54.0	51.1
Income:							
Governmental receipts							
Proprietary receipts	47.2	59.2	63.6	69.0	74.5	80.5	87.5
Receipts from Federal funds:							
Interest	1.5	2.0	2.5	2.7	2.9	3.0	3.2
Other	162.6	175.7	186.1	194.2	206.9	224.0	237.9
Receipts from Trust funds							
Subtotal, income	211.3	236.8	252.2	266.0	284.4	307.6	328.6
Outgo:							
To the public	194.9	228.2	245.9	262.5	282.0	310.5	319.8
Payments to Other funds		*	*	*	*	*	0.1
Subtotal, outgo	194.9	228.2	245.9	262.5	282.0	310.5	319.9
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	14.9	6.6	3.8	0.7	-0.5	-6.0	5.5
Interest	1.5	2.0	2.5	2.7	2.9	3.0	3.2
Subtotal, surplus or deficit (-)	16.4	8.6	6.3	3.4	2.4	-2.9	8.6
Adjustments:							
Transfers/lapses (net)							
Other adjustments	*						
Total, change in fund balance	16.4	8.6	6.3	3.4	2.4	-2.9	8.6
Balance, end of year	33.3	41.9	48.2	51.6	54.0	51.1	59.8
Military Retirement Fund							
Balance, start of year	194.7	206.0	214.2	221.7	229.1	237.0	245.7
Income:							
Governmental receipts							
Proprietary receipts							
Receipts from Federal funds:							
Interest	13.0	9.7	8.9	8.6	9.2	9.9	10.7
Other	39.4	42.2	44.3	46.4	48.1	50.0	51.7
Receipts from Trust funds							
Subtotal, income	52.4	51.9	53.2	55.0	57.4	59.9	62.4
Outgo:							
To the public	41.1	43.7	45.7	47.6	49.4	51.2	52.4
Payments to Other funds							
Subtotal, outgo	41.1	43.7	45.7	47.6	49.4	51.2	52.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-1.7	-1.5	-1.4	-1.2	-1.3	-1.2	-0.6
Interest	13.0	9.7	8.9	8.6	9.2	9.9	10.7
Subtotal, surplus or deficit (-)	11.3	8.2	7.5	7.4	8.0	8.7	10.0
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	11.3	8.2	7.5	7.4	8.0	8.7	10.0
Balance, end of year	206.0	214.2	221.7	229.1	237.0	245.7	255.7

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Railroad Retirement Trust Funds							
Balance, start of year	25.6	27.3	28.3	28.4	28.3	27.9	27.4
Income:							
Governmental receipts	4.2	4.4	4.5	4.7	4.7	4.8	5.0
Proprietary receipts	2.7	2.4	1.4	1.5	1.5	1.5	1.5
Receipts from Federal funds:							
Interest	*	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Receipts from Trust funds	4.8	5.2	5.3	5.4	5.7	6.2	6.0
Subtotal, income	12.2	12.5	11.8	12.1	12.5	13.1	13.1
Outgo:							
To the public	9.5	9.9	10.2	10.6	11.0	11.4	11.8
Payments to Other funds	1.1	1.5	1.6	1.6	1.8	2.2	1.8
Subtotal, outgo	10.6	11.4	11.8	12.2	12.8	13.6	13.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	1.5	1.0	-*	-0.2	-0.4	-0.6	-0.6
Interest	*	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (-)	1.6	1.1	*	-0.1	-0.3	-0.6	-0.5
Adjustments:							
Transfers/lapses (net) .....	*	*	*	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	1.6	1.1	*	-0.1	-0.3	-0.6	-0.5
Balance, end of year	27.3	28.3	28.4	28.3	27.9	27.4	26.9
Social Security: Old-Age, Survivors and Disability Insurance (OASDI) Trust Funds							
Balance, start of year	1,809.0	1,994.2	2,179.6	2,388.9	2,616.4	2,862.6	3,129.0
Income:							
Governmental receipts	608.4	634.1	674.1	711.4	753.3	795.8	835.3
Proprietary receipts	*	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:							
Interest	97.7	106.2	114.6	124.8	136.5	149.3	162.1
Other	33.7	31.6	33.1	35.9	39.0	42.9	46.6
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income	739.8	772.1	821.8	872.1	928.8	988.0	1,044.1
Outgo:							
To the public	549.6	581.8	607.7	639.8	677.6	716.5	789.6
Payments to Other funds	5.1	4.8	4.8	4.9	5.0	5.1	5.3
Subtotal, outgo	554.6	586.6	612.6	644.7	682.6	721.7	795.0
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	87.5	79.2	94.7	102.6	109.7	117.1	87.1
Interest	97.7	106.2	114.6	124.8	136.5	149.3	162.1
Subtotal, surplus or deficit (-)	185.2	185.5	209.3	227.4	246.2	266.4	249.2
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	185.2	185.5	209.3	227.4	246.2	266.4	249.2
Balance, end of year	1,994.2	2,179.6	2,388.9	2,616.4	2,862.6	3,129.0	3,378.2

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Unemployment Trust Fund							
Balance, start of year	54.8	66.6	79.8	91.9	103.3	113.8	123.9
Income:							
Governmental receipts	43.4	45.0	45.2	44.6	45.3	46.3	47.6
Proprietary receipts	*	*	*	0.6	0.6	0.5	0.5
Receipts from Federal funds:							
Interest	2.7	3.3	3.9	4.6	5.1	5.5	5.9
Other	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Receipts from Trust funds							
Subtotal, income	47.0	49.1	50.0	50.6	51.8	53.2	54.8
Outgo:							
To the public	35.2	35.8	37.8	39.2	41.3	43.1	44.8
Payments to Other funds							
Subtotal, outgo	35.2	35.8	37.8	39.2	41.3	43.1	44.8
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	9.1	10.0	8.2	6.9	5.4	4.5	4.2
Interest	2.7	3.3	3.9	4.6	5.1	5.5	5.9
Subtotal, surplus or deficit (-)	11.7	13.3	12.1	11.4	10.5	10.0	10.0
Adjustments:							
Transfers/lapses (net)	—*	—*	—*				
Other adjustments							
Total, change in fund balance	11.7	13.2	12.1	11.4	10.5	10.0	10.0
Balance, end of year	66.6	79.8	91.9	103.3	113.8	123.9	133.9
Veterans Life Insurance Trust Funds							
Balance, start of year	12.6	12.2	11.7	11.2	10.6	9.9	9.2
Income:							
Governmental receipts							
Proprietary receipts	0.5	0.5	0.5	0.4	0.4	0.4	0.3
Receipts from Federal funds:							
Interest	0.8	0.7	0.7	0.6	0.6	0.5	0.5
Other	*	*	*	*	*	*	*
Receipts from Trust funds							
Subtotal, income	1.3	1.2	1.1	1.1	1.0	0.9	0.8
Outgo:							
To the public	1.7	1.7	1.7	1.7	1.6	1.6	1.6
Payments to Other funds							
Subtotal, outgo	1.7	1.7	1.7	1.7	1.6	1.6	1.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-1.2	-1.2	-1.2	-1.2	-1.3	-1.2	-1.2
Interest	0.8	0.7	0.7	0.6	0.6	0.5	0.5
Subtotal, surplus or deficit (-)	-0.4	-0.5	-0.5	-0.6	-0.7	-0.7	-0.7
Adjustments:							
Transfers/lapses (net)							
Other adjustments	—*	*	*				
Total, change in fund balance	-0.4	-0.5	-0.5	-0.6	-0.7	-0.7	-0.7
Balance, end of year	12.2	11.7	11.2	10.6	9.9	9.2	8.5

Table 22-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Other Trust Funds							
Balance, start of year	39.4	42.4	44.4	47.4	50.6	54.1	57.8
Income:							
Governmental receipts	4.4	4.6	4.9	5.0	5.1	5.3	5.4
Proprietary receipts	4.6	4.7	4.8	4.9	5.0	5.1	5.3
Receipts from Federal funds:							
Interest	2.0	2.1	2.3	2.5	2.7	2.9	3.0
Other	12.2	12.1	15.2	12.3	12.2	12.2	12.5
Receipts from Trust funds							
Receipts adjustments							
Subtotal, income	23.2	23.6	27.2	24.6	25.0	25.5	26.2
Outgo:							
To the public	19.5	20.8	21.1	21.1	21.1	21.5	21.9
Payments to Other funds	0.7	0.7	3.1	0.3	0.4	0.4	0.4
Subtotal, outgo	20.2	21.5	24.2	21.4	21.5	21.9	22.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	1.0	-0.1	0.7	0.7	0.9	0.8	0.9
Interest	2.0	2.1	2.3	2.5	2.7	2.9	3.0
Subtotal, surplus or deficit (-)	3.0	2.1	3.0	3.2	3.5	3.6	3.9
Adjustments:							
Transfers/lapses (net)	*	*	*				
Other adjustments	-*	-*	-*				
Total, change in fund balance	3.0	2.1	3.0	3.2	3.5	3.6	3.9
Balance, end of year	42.4	44.4	47.4	50.6	54.1	57.8	61.6

¹ This amount reflects a payment from the Civil Service Retirement and Disability Fund to the newly-created Postal Service Retiree Health Benefits Fund at the Office of Personnel Management as required by the Postal Accountability and Enhancement Act (P.L. 109-435).

* \$50 million or less.

Note: Balances shown include committed and uncommitted cash balances.

Table 22-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Abandoned Mine Reclamation Fund							
Balance, start of year	2.1	2.3	2.4	2.5	2.5	2.6	2.7
Income:							
Governmental receipts	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Proprietary receipts							
Receipts from Federal funds:							
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other							
Receipts from Trust funds							
Subtotal, income	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Outgo:							
To the public	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Payments to Other funds							
Subtotal, outgo	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	*	*	-*	-0.1	-0.1	-*	-0.1
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (-)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Balance, end of year	2.3	2.4	2.5	2.5	2.6	2.7	2.8
National Credit Union Share Insurance Fund							
Balance, start of year	6.4	6.7	7.0	7.5	7.9	8.3	8.8
Income:							
Governmental receipts							
Proprietary receipts	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Receipts from Federal funds:							
Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.4
Other	*						
Receipts from Trust funds							
Subtotal, income	0.4	0.5	0.5	0.6	0.5	0.6	0.6
Outgo:							
To the public	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Payments to Other funds							
Subtotal, outgo	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	*	0.1	0.1	0.1	0.1	0.1	0.1
Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.4
Subtotal, surplus or deficit (-)	0.3	0.4	0.4	0.5	0.4	0.4	0.5
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.3	0.4	0.4	0.5	0.4	0.4	0.5
Balance, end of year	6.7	7.0	7.5	7.9	8.3	8.8	9.2

Table 22-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Overseas Private Investment Corporation							
Balance, start of year	4.0	4.2	4.3	4.4	4.6	4.8	4.9
Income:							
Governmental receipts							
Proprietary receipts	0.1	*	*	*	*	*	*
Receipts from Federal funds:							
Interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other	*	*	*	*	*	*	*
Receipts from Trust funds							
Subtotal, income	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Outgo:							
To the public	*	0.1	0.1	0.1	0.1	0.1	0.1
Payments to Other funds							
Subtotal, outgo	*	0.1	0.1	0.1	0.1	0.1	0.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	0.1	-0.1	-*	-*	-0.1	-*	-*
Interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, surplus or deficit (-)	0.3	0.1	0.2	0.2	0.2	0.2	0.2
Adjustments:							
Transfers/lapses (net)	-*	-*	-0.1				
Other adjustments							
Total, change in fund balance	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Balance, end of year	4.2	4.3	4.4	4.6	4.8	4.9	5.1
Pension Benefit Guaranty Corporation							
Balance, start of year	12.5	15.1	14.8	13.7	14.6	15.6	16.5
Income:							
Governmental receipts							
Proprietary receipts	3.2	3.8	3.5	6.5	7.5	7.9	8.5
Receipts from Federal funds:							
Interest	3.9	0.7	0.7	0.7	0.8	0.8	0.8
Other							
Receipts from Trust funds							
Subtotal, income	7.1	4.5	4.2	7.2	8.2	8.7	9.3
Outgo:							
To the public	4.4	4.8	5.3	6.3	7.2	7.8	8.4
Payments to Other funds							
Subtotal, outgo	4.4	4.8	5.3	6.3	7.2	7.8	8.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-1.3	-1.0	-1.8	0.2	0.3	0.1	0.1
Interest	3.9	0.7	0.7	0.7	0.8	0.8	0.8
Subtotal, surplus or deficit (-)	2.6	-0.3	-1.1	1.0	1.0	0.9	0.9
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	2.6	-0.3	-1.1	1.0	1.0	0.9	0.9
Balance, end of year	15.1	14.8	13.7	14.6	15.6	16.5	17.4

Table 22-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Uniformed services retiree health care fund							
Balance, start of year	60.2	84.7	108.1	132.2	158.6	187.1	218.1
Income:							
Governmental receipts .....	.....	.....	.....	.....	.....	.....	.....
Proprietary receipts .....	.....	.....	.....	.....	.....	.....	.....
Receipts from Federal funds:							
Interest	3.8	3.8	5.0	6.3	7.8	9.4	11.1
Other	27.8	27.2	27.4	29.0	30.4	32.0	33.5
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Income	31.5	31.0	32.4	35.3	38.2	41.4	44.6
Outgo:							
To the public	7.1	7.7	8.3	8.9	9.7	10.4	11.3
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Outgo	7.1	7.7	8.3	8.9	9.7	10.4	11.3
Change in fund balance:							
Surplus or deficit:							
Excluding interest	20.7	19.5	19.1	20.1	20.8	21.5	22.2
Interest	3.8	3.8	5.0	6.3	7.8	9.4	11.1
Subtotal, surplus or deficit	24.5	23.3	24.1	26.4	28.5	30.9	33.3
Adjustments:							
Transfers/lapses (net) .....	.....	0.2	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, Change in fund balance	24.5	23.5	24.1	26.4	28.5	30.9	33.3
Balance, End of Year	84.7	108.1	132.2	158.6	187.1	218.1	251.4

* \$50 million or less.

Note: Balances shown include committed and uncommitted cash balances.

23. OFF-BUDGET FEDERAL ENTITIES AND NON-BUDGETARY ACTIVITIES

The Federal Government's activities have far-reaching impacts, affecting the economy and society of the Nation and the world. One of the primary activities of the Government is to allocate resources to meet the Nation's needs. The budget is a financial plan for proposing, deciding, and controlling the allocation of resources by the Federal Government. Those Federal financial activities that affect the Government's allocation of resources in a measurable way are characterized as "budgetary."

Those Federal activities that do not involve the Government's direct allocation of resources are characterized as "non-budgetary" and classified outside of the budget. For example, the budget does not include funds that are privately owned, such as the deposit funds owned by Native American Indians, even though those funds are held and managed by the Government in a fiduciary capacity. In addition, the budget does not include costs that are borne by the private sector rather than the Government even though those costs result from Federal activity, such as regulatory activity. Also, the budget includes the subsidy costs of Federal loan programs, but excludes other cash flows related to these programs because they do not reflect an allocation of resources, as explained below. Although non-budgetary, some of these activities are important instruments of Federal policy and are discussed in other parts of the budget along with relevant financial data; they are also discussed further in the section of this chapter on non-budgetary activities.

The term "off-budget" may appear to be synonymous with "non-budgetary." However, the term "off-budget" has a meaning distinct from "non-budgetary" and refers to Federal Government activities that are required by law to be excluded from the budget totals. The "unified" budget of the Federal Government reflects this legal distinction between "on-budget" and "off-budget" entities by showing outlays and receipts for both types of entities separately. Although there is a legal distinction between on-budget and off-budget entities, there is no conceptual difference between the two. The off-budget Federal entities engage in the same basic activities of government as the on-budget entities and off-budget spending channels economic resources toward particular uses in the same way as does on-budget spending. The unified budget reflects the conceptual similarity between on-budget and off-budget entities by showing outlays and receipts for both types of entities combined. Off-budget spending and receipts are discussed further in the following section on off-budget Federal entities.

Off-Budget Federal Entities

The Federal Government has used the unified budget concept as the foundation for its budgetary analysis and presentation since the 1969 Budget. This concept was developed by the President's Commission on Budget Concepts in 1967. It calls for the budget to include all the Federal Government's programs and all the fiscal transactions of these programs with the public.

Every year since 1971, however, at least one Federal entity that would otherwise be included in the budget has been declared to be off-budget by law. Such off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the on-budget totals by law. When a Federal entity is off-budget by law, its receipts, outlays, and surplus or deficit are separated from the on-budget receipts, outlays, and surplus or deficit; and its budget authority is also separated from the total budget authority for the on-budget Federal entities. Federal entities that are off-budget by law are distinct from entities that are non-budgetary, as discussed below.

Off-budget Federal entities conduct programs of the same type as on-budget entities, and the programs they conduct result in the same kind of spending and receipts as on-budget entities. For this reason, most of the tables in the budget include both on-budget and off-budget amounts separately and in combination, or as a total amount.

The off-budget Federal entities currently consist of the two Social Security trust funds, old-age and survivors insurance and disability insurance, and the Postal Service fund. Social Security was classified off-budget as of 1986 and the Postal Service fund in 1989. A number of other entities that had been declared off-budget by law at different times before 1986 have been classified on-budget by law since at least 1985.

Table 23-1 divides total Federal Government receipts, outlays, and the surplus or deficit between on-budget and off-budget amounts. Within this table, the Social Security and Postal Service transactions are classified as off-budget for all years in order to provide a consistent comparison over time. Entities that were off-budget at one time, but are now on-budget, are classified as on-budget for all years.

Because Social Security is off-budget, the off-budget accounts comprise a significant part of total Federal spending and receipts. In 2008, off-budget receipts are an estimated 25 percent of total receipts, and off-budget outlays are a smaller, but still significant, percentage of total outlays at 16 percent. The estimated unified budget deficit in 2008 is \$239 billion—a \$451 billion on-budget deficit partly offset by a \$212 billion off-budget surplus. The off-budget surplus consists almost en-

tirely of the Social Security surplus. Social Security had small deficits or surpluses from its inception through the early 1980s, but since the middle 1980s it has had a large and growing surplus. However, under present law, the surplus is eventually estimated to decline, turn into a deficit within approximately ten years and never reach balance again. The long-term challenge of Social Security is addressed briefly in a chapter of the main *Budget* volume, "The Nation's Fiscal Outlook," and in Chapter 13 of this volume, "Stewardship."

Non-Budgetary Activities

Some important Federal activities are characterized as non-budgetary because they do not involve the allocation of resources by the Federal Government or they allocate resources in a way that is indirect. The Budget does not reflect these indirect economic and financial effects.

Federal credit: budgetary and non-budgetary transactions.—Federal credit programs make direct

loans or guarantee private loans. The Federal Credit Reform Act of 1990 refined how the costs of credit programs are recorded in the budget by defining as budgetary the subsidies provided by the credit programs and classifying the other credit cash flows as non-budgetary.

When the Government makes a loan, it generates a financial asset that will produce future cash inflows for the Government as the loan is repaid. When the Government guarantees a loan made by a non-Federal lender, it acquires a contingent liability that may require a cash outflow in a future year. Prior to the Credit Reform Act, the budget treated the full amount of a Federal loan as a cost and an outlay at the time the loan was made, and treated the future repayments of principal and interest as receipts. Similarly, the budget did not record the cash outflows for loan guarantees as a cost and an outlay until the loan defaulted, and the Government had to fulfill its guarantee commitment.

TABLE 23-1. COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS ¹

(In billions of dollars)

Fiscal Year	Receipts			Outlays			Surplus or deficit (-)		
	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Total	On-budget	Off-budget
1980	517.1	403.9	113.2	590.9	477.0	113.9	-73.8	-73.1	-0.7
1981	599.3	469.1	130.2	678.2	543.0	135.3	-79.0	-73.9	-5.1
1982	617.8	474.3	143.5	745.7	594.9	150.9	-128.0	-120.6	-7.4
1983	600.6	453.2	147.3	808.4	660.9	147.4	-207.8	-207.7	-0.1
1984	666.5	500.4	166.1	851.9	685.7	166.2	-185.4	-185.3	-0.1
1985	734.1	547.9	186.2	946.4	769.4	176.9	-212.3	-221.5	9.2
1986	769.2	569.0	200.2	990.4	806.9	183.5	-221.2	-237.9	16.7
1987	854.4	641.0	213.4	1,004.1	809.3	194.8	-149.7	-168.4	18.6
1988	909.3	667.8	241.5	1,064.5	860.1	204.4	-155.2	-192.3	37.1
1989	991.2	727.5	263.7	1,143.8	932.9	210.9	-152.6	-205.4	52.8
1990	1,032.1	750.4	281.7	1,253.1	1,028.1	225.1	-221.0	-277.6	56.6
1991	1,055.1	761.2	293.9	1,324.3	1,082.6	241.7	-269.2	-321.4	52.2
1992	1,091.3	788.9	302.4	1,381.6	1,129.3	252.3	-290.3	-340.4	50.1
1993	1,154.5	842.5	311.9	1,409.5	1,142.9	266.6	-255.1	-300.4	45.3
1994	1,258.7	923.7	335.0	1,461.9	1,182.5	279.4	-203.2	-258.8	55.7
1995	1,351.9	1,000.9	351.1	1,515.9	1,227.2	288.7	-164.0	-226.4	62.4
1996	1,453.2	1,085.7	367.5	1,560.6	1,259.7	300.9	-107.4	-174.0	66.6
1997	1,579.4	1,187.4	392.0	1,601.3	1,290.7	310.6	-21.9	-103.2	81.4
1998	1,722.0	1,306.2	415.8	1,652.7	1,336.1	316.6	69.3	-29.9	99.2
1999	1,827.6	1,383.2	444.5	1,702.0	1,381.3	320.8	125.6	1.9	123.7
2000	2,025.5	1,544.9	480.6	1,789.2	1,458.5	330.8	236.2	86.4	149.8
2001	1,991.4	1,483.9	507.5	1,863.2	1,516.4	346.8	128.2	-32.4	160.7
2002	1,853.4	1,338.1	515.3	2,011.2	1,655.5	355.7	-157.8	-317.4	159.7
2003	1,782.5	1,258.7	523.8	2,160.1	1,797.1	363.0	-377.6	-538.4	160.8
2004	1,880.3	1,345.5	534.7	2,293.0	1,913.5	379.5	-412.7	-568.0	155.2
2005	2,153.9	1,576.4	577.5	2,472.2	2,070.0	402.2	-318.3	-493.6	175.3
2006	2,407.3	1,798.9	608.4	2,655.4	2,233.4	422.1	-248.2	-434.5	186.3
2007 estimate	2,540.1	1,906.0	634.1	2,784.3	2,333.0	451.3	-244.2	-427.0	182.8
2008 estimate	2,662.5	1,988.4	674.1	2,901.9	2,439.3	462.5	-239.4	-450.9	211.6
2009 estimate	2,798.3	2,086.9	711.4	2,985.5	2,499.7	485.8	-187.2	-412.7	225.6
2010 estimate	2,954.7	2,201.4	753.3	3,049.1	2,540.5	508.6	-94.4	-339.1	244.7
2011 estimate	3,103.6	2,307.8	795.8	3,157.3	2,625.8	531.5	-53.8	-318.0	264.3
2012 estimate	3,307.3	2,472.0	835.3	3,246.3	2,659.1	587.2	61.0	-187.1	248.1

¹ Off-budget transactions consist of the Social Security trust funds and the Postal Service fund.

Under the Credit Reform Act, beginning in 1992, the budgetary costs of direct loans and loan guarantees are measured as the net present value of estimated cash outflows from the Government less the present value of estimated cash inflows to the Government. The cash flows are discounted at the Government's cost of borrowing. The costs are recorded in the budget at the time the Government makes a loan or guarantees a loan made by a non-Federal lender. A group of loans that is expected to repay exactly what it costs the Government to finance would have zero net cost and, under the Credit Reform Act, no effect on Government outlays. The same is true for a group of non-Federal loans that is guaranteed by the Government and for which upfront fees offset the cost of defaults. However, if the Government provides a subsidy, by charging below-market interest rates or fees that are less than the cost of the defaults, or by paying interest subsidies to non-Federal lenders, the Government incurs a budgetary cost, which also is measured on a present value basis. This cost is similar to the net outlays of other Federal programs and, under the Credit Reform Act, is included in the budget as an outlay of a credit "program" account.

All of the cash transactions with the public that result from Government credit programs—the disbursement and repayment of loans, the payment of default claims on guarantees, and the collection of interest and fees—are recorded in credit "financing" accounts. These financing accounts also receive payments from the credit program accounts for the costs of direct loans and loan guarantees. The net transactions of the financing accounts—i.e., the cash transactions with the public less the amounts received from the program accounts—are not costs or outlays to the Government. Therefore, the financing accounts are non-budgetary and excluded from the budget under the Credit Reform Act.¹ Transactions of the financing accounts do, however, affect the Government's borrowing requirements, as explained in Chapter 16 of this volume, "Federal Borrowing and Debt."

Since credit reform, the budget outlays of credit programs reflect only the subsidy costs of Government credit, thus measuring accurately the cost of credit decisions, and record this cost when the credit assistance is provided. This enables the budget to fulfill its purpose of being a financial plan for allocating resources among alternative uses by comparing the cost of a program with its benefits, comparing the cost of credit programs with the cost of other spending programs, and comparing the cost of one type of credit assistance with the cost of another type.² Credit programs are

discussed in Chapter 7 of this volume, "Credit and Insurance."

Deposit funds.—Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees' salaries and not yet paid to the States). The largest deposit fund is the Government Securities Investment Fund, which is also known as the G Fund. It is one of several investment funds managed by the Federal Retirement Thrift Investment Board, as an agent, for Federal employees who participate in the Government's defined contribution retirement plan, the Thrift Savings Plan (TSP). Because the G Fund assets, which are held by the Department of the Treasury, are the property of Federal employees and are held by the Government only in a fiduciary capacity, the transactions of the Fund are not transactions of the Government itself and are non-budgetary. The administrative functions of the Thrift Investment Board are carried out by Government employees, and are, therefore, included in the budget on a reimbursable basis. For similar reasons, the budget excludes funds that are owned by Native American Indians, but held and managed by the Government in a fiduciary capacity.

The Social Security voluntary personal retirement accounts proposed by the Administration would be owned by individuals, not the Government. If the proposal is adopted, contributions into the accounts will be recorded as outlays, but the accounts themselves would be non-budgetary. If these accounts were held by the Government, it would be only in a fiduciary capacity, and the accounts would be classified as deposit funds. Deposit funds are further discussed in a section of Chapter 26 of this volume, "The Budget System and Concepts."

Tax expenditures.—The Federal tax system includes numerous special tax exclusions, exemptions, deductions, and similar provisions that have been added to the tax code over time. These provisions affect resource allocation and income distribution in ways that are similar to spending programs. Because of this similarity, these provisions are referred to as "tax expenditures." Unlike typical spending programs, however, tax expenditures reduce receipts rather than increase outlays. Measuring tax expenditures requires specifying a hypothetical "baseline" tax system, which as noted below can be highly subjective. Because of the subjectivity in determining what is a tax expenditure and because of the difficulties in measuring them, tax expenditures are treated as non-budgetary.

Tax expenditures are discussed in Chapter 19 of this volume, "Tax Expenditures." Chapter 19 presents estimates for tax expenditures associated with the individual and corporate income taxes, and discusses how tax expenditures compare with spending programs and regulation as alternative methods for achieving policy

¹ See §505(b) of the Federal Credit Reform Act of 1990.

² For more explanation of the budget concepts for direct loans and loan guarantees, see the sections on Federal credit and credit financing accounts in Chapter 26 of this volume, "The Budget System and Concepts." The structure of credit reform is further explained in Chapter VIII.A of the *Budget of the United States Government, Fiscal Year 1992*, Part Two, pp. 223–26. The implementation of credit reform through 1995 is reviewed in Chapter 8, "Underwriting Federal Credit and Insurance," Analytical Perspectives, *Budget of the United States Government, Fiscal Year 1997*, pp. 142–44. Refinements and simplifications enacted by the Balanced Budget Act of 1997 or provided by later OMB guidance are explained in Chapter 8, "Underwriting Federal Credit and Insurance," Analytical Perspectives, *Budget of the United States Government, Fiscal Year 1999*, p. 170.

objectives. The chapter explains that the baseline concepts used to identify and measure tax expenditures are somewhat arbitrary. As the chapter notes, the magnitude and distribution of tax expenditures would be significantly different if measured relative to a comprehensive income tax or a comprehensive consumption tax. The current tax expenditure baseline is loosely patterned on a comprehensive income tax, but departs from that standard in a number of areas. The appendix to Chapter 19 provides a critique of the current tax expenditure presentation and attempts to answer three questions: (1) what would be tax expenditures if a comprehensive income tax were used as the baseline without any departures from such a standard; (2) what would be the tax expenditures if a comprehensive consumption tax were used to define the baseline; and (3) what are the negative tax expenditures under the current system. Negative tax expenditures are provisions that cause people to pay more tax than they would under a baseline—such as the failure to adjust interest, capital gains, and depreciation for inflation.

Hypothetically, tax expenditures could be included in the budget by measuring receipts as the sum of actual receipts plus tax expenditures receipts, and measuring outlays as the sum of actual outlays plus tax expenditures. The budget could then show the allocation of resources to education, housing or other purposes through the combined effect of tax expenditures and spending programs. Receipts and outlays would be increased by the same amount, so this change in display would have no impact on the deficit. However, as noted above, the difficulty in identifying and measuring tax expenditures makes it impractical to include tax expenditures in the budget.

Government-sponsored enterprises.—The Federal Government chartered several Government-sponsored enterprises (GSEs), such as Fannie Mae, Freddie Mac, and the Farm Credit Banks, to provide financial intermediation for specified public purposes. The GSEs are excluded from the budget because they are privately owned and controlled. However, because they were established by the Federal Government for public-policy purposes and because they still serve such purposes to some extent, estimates of their activities are reported in a separate chapter of the budget Appendix and their activities are analyzed in Chapter 7 of this volume, “Credit and Insurance.”

Regulation.—Government regulation often requires the private sector to make expenditures for specified purposes, such as safety and pollution control. Although

the budget reflects the cost to the Government of conducting regulatory activities, the costs imposed on the private sector as a result of the regulation are treated as non-budgetary. The Government’s regulatory priorities and plans are described in the annual *Regulatory Plan* and the semi-annual *Unified Agenda of Federal Regulatory and Deregulatory Actions*.³

Although not included in the budget, the estimated costs and benefits of Federal regulation have been published annually by the Office of Management and Budget (OMB) since 1997. The latest report was released in January 2007.⁴ The report estimates the total costs and benefits of major Federal regulations reviewed by OMB from October 1995 through September 2005, and the impact of Federal regulation on State, local, and tribal governments. It also reviews the international literature on the effects of regulation on national economic growth and performance, provides an update on various initiatives to improve regulatory cooperation internationally, provides an update on the status of regulatory reforms resulting from three public nomination initiatives in 2001, 2002, and 2004, and includes a report on Agency Compliance with the Unfunded Mandates Reform Act of 1995. The draft of the 2007 report will be published in February 2007 for public comment.

Indirect Macroeconomic Effects of Federal Activity.—Government activity has many effects on the Nation’s economy that extend beyond the amounts recorded in the budget. Government expenditures, taxation, tax expenditures, regulation and trade policy can all affect the allocation of resources among private uses and income distribution among individuals. These effects, resulting indirectly from Federal activity, are generally not part of the budget, but the most important of them are discussed in this volume and in the main *Budget* volume.

³The most recent *Regulatory Plan* and introduction to the *Unified Agenda* were issued by the General Services Administration’s Regulatory Information Service Center and were printed in the *Federal Register* of December 11, 2006 (vol. 71, no. 237). Both the *Regulatory Plan* and *Unified Agenda* are available on-line at www.reginfo.gov and at www.gpoaccess.gov.

⁴Office of Information and Regulatory Affairs, Office of Management and Budget, *Validating Regulatory Analysis: 2006 Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities* (2006).

24. FEDERAL EMPLOYMENT AND COMPENSATION

This section provides information on civilian and military employment in the Executive, Legislative, and Judicial branches. It also provides information on personnel compensation and benefits and on overseas staffing presence. New this year is a discussion on the full cost of military personnel.

Measuring Federal Employment

For budgetary purposes, civilian employment is measured on the basis of full-time equivalents (FTEs). One FTE is equal to one work year (see OMB Circular A-11, Section 85). Put simply, one full-time employee counts as one FTE, and two half-time employees also count as one FTE.

Significant Changes in Civilian Employment

Table 24-1 shows Executive Branch civilian FTE (excluding the U.S. Postal Service) growing by three percent between 2004 and 2008. The primary reason for this growth continues to be mission increases for homeland security and the global war on terrorism. Significant changes by agency are discussed below.

Within the *Department of Commerce*, the Bureau of the Census is preparing for the 2010 Census. Census will conduct a “dress rehearsal” in 2008. They will begin opening regional field offices to prepare for nationwide activities in 2009. Also, they will increase FTE for the data collection phase of the Economic Census. The U.S. Patent and Trademark Office requests additional FTE in an effort to decrease processing times for patent and trademark applications, both of which are increasing.

The *Department of Energy* is increasing its FTE as it continues to oversee the Nation’s effort to improve energy supply and conservation. Increases are also due to a change in the technical skills mix required for the National Nuclear Security Administration (NNSA). The NNSA aggressively shed staff several years ago and is now adding back personnel who are better suited to the current and future program of work.

The *Department of Health and Human Services* is requesting additional FTE due to increased activities in a number of program areas. The majority of the increase is due to the following: 1) Additional staff for the Food and Drug Administration’s generic drug review and post-market drug safety activities; 2) Expanded staff at Indian Health Service health care facilities; 3) Increases in activities related to improved bioterrorism and pandemic influenza preparedness; and 4) Increases in the Public Health Service Commissioned Corps to form two new Health and Medical Response (HAMR) Teams.

Within the *Department of Homeland Security*, Immigration and Customs Enforcement (ICE) has seen a

significant growth in its workforce as a part of the Administration’s efforts to increase border security and to improve interior enforcement of our Nation’s immigration laws. ICE has hired new detention and removal personnel to manage the significant growth in the number of detention beds and additional criminal investigators to increase worksite enforcement, to investigate visa overstays and to combat cross-border smuggling of aliens and goods. In addition, the United States Citizenship and Immigration Services is increasing adjudication and supporting staff as part of its effort to more effectively meet the increasing applications for immigration benefits and services. Lastly, there are increases for aviation and transportation security.

Department of Justice FTE increases are due to enhancements in critical law enforcement and counterterrorism related programs. The growth largely occurs within the Federal Prison System as a result of the growing federal prisoner population and in the Federal Bureau of Investigation as it continues its transformation to meet both its law enforcement and counterterrorism responsibilities.

Department of Transportation’s workforce growth largely comes from the Federal Aviation Administration (FAA). The FAA plans to increase its FTE for the “Air Traffic Organization” and “Safety and Operations” accounts in 2008 in order to annualize hiring made during 2006, increase personnel for the air traffic control and safety workforces, and implement new directives regarding contract oversight and homeland security.

The *Office of Personnel Management* has gained FTE as it completes the transfer of security investigative personnel from the Department of Defense to OPM.

Personnel Compensation and Benefits

Table 24-4 displays personnel compensation and benefits (in millions of dollars) for Federal civilian and military personnel of all branches of Government.

Direct compensation of the Federal civilian work force includes base pay and premium pay, such as overtime. In addition, it includes other cash components, such as geographic and other pay differentials (e.g., locality pay, and special pay adjustments for law enforcement officers), recruitment and relocation bonuses, retention allowances, performance awards, and cost-of-living and overseas allowances. Military personnel compensation also includes special and incentive pays (e.g., enlistment and reenlistment bonuses), and allowances for clothing, housing, and subsistence.

Personnel benefits for current employees consists of the cost to Government agencies for health insurance, life insurance, Social Security (old age, survivors, disability, and health insurance) contributions to the retirement funds to finance future retirement benefits,

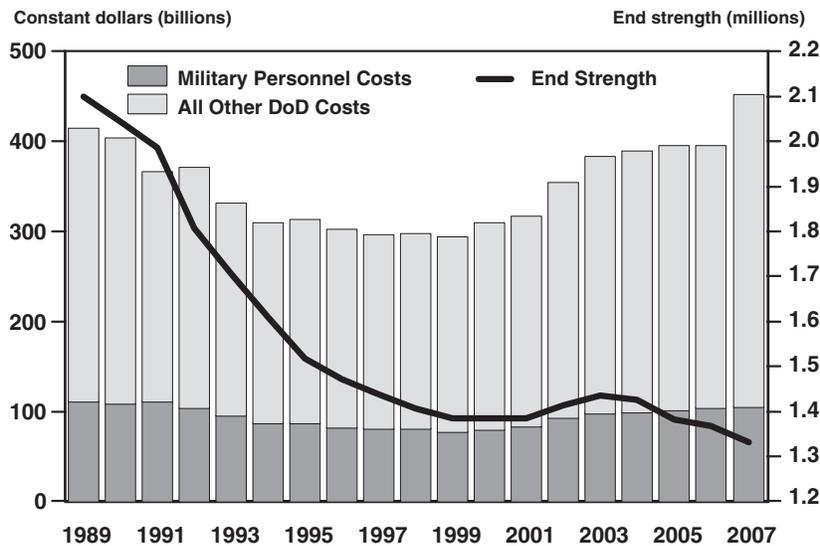
and other items. Compensation for former personnel includes outlays for retirement pay benefits and the Government's share of the cost of health and life insurance.

Military Compensation

Since 1989, military end strength has been decreasing, but the cost per person has steadily risen keeping

the percentage of defense spending devoted to military personnel at a near-constant level. In 1989, when there were 800,000 more active duty military personnel on duty, military personnel costs constituted 27 percent of the base budget. The percentage remains about 25 percent now.

Chart 24-1. Post Cold War End Strength and Spending



What has driven personnel costs higher?

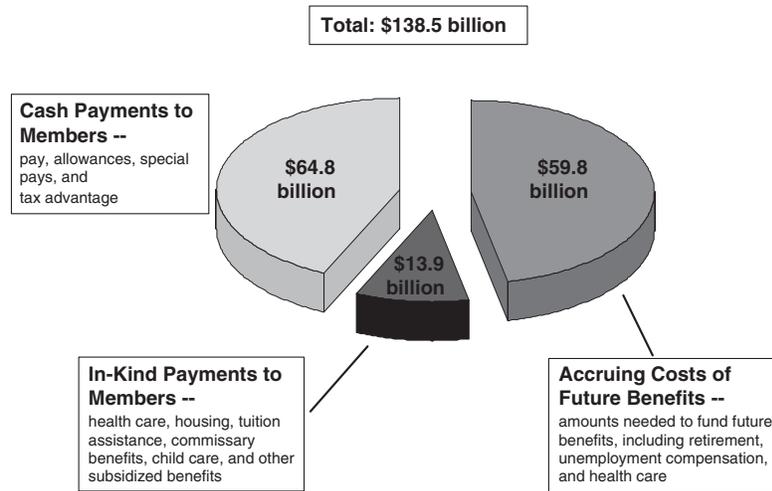
- Increased basic pay by more than 28 percent during this administration alone;
- Increased housing allowances to eliminate the average out-of-pocket housing costs (from approximately 18 percent in the mid-1990s to zero today) as well as the shift from set-percentage increases to the use of surveys to set housing rates;
- Increased health care benefits for both active and reserve forces (increased 95 percent between 2001 and 2005);
- Increased education benefits for both active and reserve forces;

- Increased moving allowances and full replacement value for damaged property;
- Increased post-service benefits, which are financed by investing current funds to ensure money is available in the future;
- Increased special pays and bonuses, and the expansion of eligible populations;
- Increased tax law exemptions to allow service members to claim the Earned Income Tax Credit.

The following chart depicts the average Fiscal Year 2005 peacetime cost to the government of employing service members:

Chart 24-2. DoD Direct Compensation Costs

Fiscal Year 2005



Basic Data: Department of Defense Program Analysis and Evaluation.

In addition to these costs, the Department of Defense spends more than \$12 billion on non-compensation costs for service members and families for facilities, training, child education, and travel and more than \$42 billion for payments to retirees and survivors. The Department of Veterans Affairs spends nearly \$40 billion on medical care, vocational rehabilitation, compensation, pensions, education, home loans, burial and other services for as many as 70 million veterans and their families.

The U.S. Overseas Staffing Presence

There are over 65,000 permanent American and locally hired staff overseas under the authority of Chiefs of Mission (e.g., Ambassadors or Charge d' Affairs at U.S. embassies worldwide). The average cost to support an American position overseas in 2008 is projected to

be about \$505,000, as reported by agencies with personnel overseas. This total includes direct costs, such as salary, benefits, and overseas allowances, and also support costs, such as housing, educational costs for dependents, travel, administrative support, and Capital Security Cost Sharing charges.

The Administration continues to work to improve the safety, efficiency, and accountability in U.S. Government staffing overseas through the Presidential Management Agenda initiative on a Right-sized Overseas Presence. A component of this initiative is developing transparent data on overseas staffing, including the cost of maintaining positions overseas, and incorporating these data in the budget process to better inform decisions makers on overseas staffing levels.

Overseas Staffing Under Chief of Mission Authority*

Total Personnel Overseas Under COM Authority (Including American and Locally Engaged Staff) Projected for 2007	Total American Personnel Overseas Under COM Authority Projected for 2007	Average Cost of a U.S. Direct Hire Overseas Estimated for 2008	New Overseas American Positions Funded in the President's 2008 Budget
65,250	15,400	\$505,000	148

* As reported by agencies in their 2008 Budget submissions.

Table 24-1. FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

(Civilian employment as measured by Full-Time Equivalents, in thousands)

Agency	Actual			Estimate		Change: 2004 to 2008	
	2004	2005	2006	2007	2008	FTE's	Percent
Cabinet agencies:							
Agriculture	100.5	99.6	97.0	96.9	92.2	-8.3	-8.3%
Commerce	34.6	35.1	36.0	37.3	40.7	6.1	17.6%
Defense-military functions	650.4	653.0	661.8	667.4	671.9	21.5	3.3%
Education	4.4	4.3	4.2	4.2	4.2	-0.2	-4.5%
Energy	15.1	14.9	14.7	15.5	16.0	0.9	6.0%
Health and Human Services	59.3	59.3	59.1	59.5	61.5	2.2	3.7%
Homeland Security	137.3	143.3	144.4	150.3	157.2	19.9	14.5%
Housing and Urban Development	10.2	9.9	9.6	9.2	9.5	-0.7	-6.9%
Interior	70.7	70.4	68.7	67.7	69.7	-1.0	-1.4%
Justice	101.4	103.0	104.2	117.6	112.6	11.2	11.0%
Labor	16.5	16.0	15.8	16.2	16.9	0.4	2.4%
State	30.0	30.1	30.0	30.6	30.9	0.9	3.0%
Transportation	57.3	55.5	53.3	54.4	55.1	-2.2	-3.8%
Treasury	113.6	110.0	107.7	108.4	109.0	-4.6	-4.0%
Veterans Affairs	218.7	222.0	222.6	225.4	226.5	7.8	3.6%
Other agencies—excluding Postal Service:							
Agency for International Development	2.2	2.4	2.4	2.5	2.5	0.3	13.6%
Broadcasting Board of Governors	2.3	2.2	2.1	2.2	2.2	-0.1	-4.3%
Corps of Engineers—Civil Works	23.5	22.5	22.1	21.7	21.3	-2.2	-9.4%
Environmental Protection Agency	17.3	17.5	17.3	17.5	17.3	.....	.....
Equal Employment Opportunity Commission	2.5	2.4	2.2	2.4	2.4	-0.1	-4.0%
Federal Deposit Insurance Corporation	5.3	4.9	4.5	4.7	4.7	-0.6	-11.3%
General Services Administration	12.6	12.5	12.3	12.3	12.3	-0.3	-2.4%
National Aeronautics and Space Administration	18.8	18.8	18.3	18.3	18.2	-0.6	-3.2%
National Archives and Records Administration	2.8	2.8	2.8	2.8	2.8	.....	.....
National Labor Relations Board	1.9	1.8	1.8	1.8	1.7	-0.2	-10.5%
National Science Foundation	1.3	1.3	1.3	1.3	1.4	0.1	7.7%
Nuclear Regulatory Commission	3.0	3.1	3.2	3.3	3.6	0.6	20.0%
Office of Personnel Management	2.8	3.6	4.3	4.9	4.9	2.1	75.0%
Peace Corps	1.1	1.0	1.1	1.2	1.1	.....	.....
Railroad Retirement Board	1.1	1.0	1.0	1.0	1.0	-0.1	-9.1%
Securities and Exchange Commission	3.6	3.9	3.7	3.6	3.6	.....	.....
Small Business Administration	3.4	4.1	5.9	3.2	3.2	-0.2	-5.9%
Smithsonian Institution	5.1	5.1	5.0	5.0	5.3	0.2	3.9%
Social Security Administration	63.9	64.6	63.7	59.9	59.8	-4.1	-6.4%
Tennessee Valley Authority	12.0	12.6	13.1	13.3	13.3	1.3	10.8%
All other small agencies	14.9	14.8	15.4	16.3	16.4	1.5	10.1%
Total, Executive Branch civilian employment*	1,821.1	1,829.6	1,832.8	1,859.7	1,872.8	51.7	2.8%
Subtotal, Defense	650.4	653.0	661.8	667.4	671.9	21.5	3.3%
Subtotal, Non-Defense	1,170.7	1,176.6	1,171.0	1,192.3	1,200.9	30.2	2.6%

* Totals may not add due to rounding.

Table 24-2. TOTAL FEDERAL EMPLOYMENT

(As measured by total positions filled)

Description	Actual as of September 30			Change: 2004 to 2006	
	2004	2005	2006	Positions	Percent
Executive branch civilian employment:					
All agencies except Postal Service and Postal Rate Commission:					
Full-time permanent	1,662,990	1,663,043	1,668,529	5,539	0.3%
Other than full-time permanent	218,953	209,157	211,474	-7,479	-3.4%
Subtotal	1,881,943	1,872,200	1,880,003	-1,940	-0.1%
Postal Service: ¹					
Full-time permanent	609,579	605,120	602,409	-7,170	-1.2%
Other than full-time permanent	158,083	159,090	155,058	-3,025	-1.9%
Subtotal	767,662	764,210	757,467	-10,195	-1.3%
Subtotal, Executive branch civilian employment	2,649,605	2,636,410	2,637,470	-12,135	-0.5%
Military personnel on active duty: ²					
Department of Defense	1,426,836	1,389,394	1,384,968	-41,868	-2.9%
Department of Homeland Security (USCG)	40,230	40,710	41,145	915	2.3%
Commissioned Corps (EPA, HHS, NOAA)	6,357	6,363	6,240	-117	-1.8%
Subtotal, military personnel	1,473,423	1,436,467	1,432,353	-41,070	-2.8%
Subtotal, Executive Branch	4,123,028	4,072,877	4,069,823	-53,205	-1.3%
Legislative branch:					
Full-time permanent	11,614	11,389	11,165	-449	-3.9%
Other than full-time permanent	18,435	19,427	18,321	-114	-0.6%
Subtotal, Legislative Branch	30,049	30,816	29,486	-563	-1.9%
Judicial Branch:					
Full-time permanent	30,537	30,765	30,577	40	0.1%
Other than full-time permanent	3,324	3,299	3,183	-141	-4.2%
Subtotal, Judicial Branch	33,861	34,064	33,760	-101	-0.3%
Grand total ³	4,186,938	4,137,757	4,133,069	-53,869	-1.3%
ADDENDUM					
Executive branch civilian personnel (excluding Postal Service):					
DOD civilians—Military functions	644,251	648,590	652,716	8,465	1.3%
All other executive branch	1,237,692	1,223,610	1,227,287	-10,405	-0.8%
Total	1,881,943	1,872,200	1,880,003	-1,940	-0.1%

¹ Includes Postal Rate Commission.² Excludes reserve components.³ Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity, and disadvantage youth programs.

Table 24-3. TOTAL FEDERAL EMPLOYMENT

(As measured by Full-Time Equivalents)

Description	2006 Actual	Estimate		Change: 2006 to 2008	
		2007	2008	FTE's	Percent
Executive branch civilian personnel:					
All agencies except Postal Service and Defense	1,171,021	1,192,286	1,200,873	29,852	2.5%
Defense-Military functions (civilians)	661,789	667,385	671,923	10,134	1.5%
Subtotal, excluding Postal Service	1,832,810	1,859,671	1,872,796	39,986	2.2%
Postal Service ¹	736,382	716,451	704,645	-31,737	-4.3%
Subtotal, Executive Branch civilian personnel	2,569,192	2,576,122	2,577,441	8,249	0.3%
Executive branch uniformed personnel: ²					
Department of Defense	1,384,968	1,378,084	1,369,350	-15,618	-1.1%
Department of Homeland Security (USCG)	41,145	41,715	41,997	852	2.1%
Commissioned Corps (HHS, EPA, NOAA)	6,240	6,337	6,603	363	5.8%
Subtotal, uniformed military personnel	1,432,353	1,426,136	1,417,950	-14,403	-1.0%
Subtotal, Executive Branch	4,001,545	4,002,258	3,995,391	-6,154	-0.2%
Legislative Branch: Total FTE ³	31,294	32,408	32,813	1,519	4.9%
Judicial branch: Total FTE	33,098	33,648	34,129	1,031	3.1%
Grand total	4,065,937	4,068,314	4,062,333	-3,604	-0.1%

¹ Includes Postal Rate Commission.² Military personnel on active duty. Excludes reserve components.³ FTE data not available for the Senate (positions filled were used).

TABLE 24-4. PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

Description	2006 Actual	2007 Estimate	2008 Request	Change: 2006 to 2008	
				Dollars	Percent
Civilian personnel costs:					
Executive Branch (excluding Postal Service):					
Direct compensation:					
DOD-military functions	42,793	43,412	45,011	2,218	5.2%
All other executive branch	87,130	90,409	96,053	8,923	10.2%
Subtotal, direct compensation	129,923	133,821	141,064	11,141	8.6%
Personnel benefits:					
DOD-military functions	11,638	11,814	12,353	715	6.1%
All other executive branch	35,958	36,981	38,428	2,470	6.9%
Subtotal, personnel benefits	47,596	48,795	50,781	3,185	6.7%
Subtotal, Executive Branch	177,519	182,616	191,845	14,326	8.1%
Postal Service:					
Direct compensation	40,578	41,295	41,476	898	2.2%
Personnel benefits	13,989	14,005	14,395	406	2.9%
Subtotal	54,567	55,300	55,871	1,304	2.4%
Legislative Branch: ¹					
Direct compensation	1,842	1,867	2,009	167	9.1%
Personnel benefits	504	525	573	69	13.7%
Subtotal	2,346	2,392	2,582	236	10.1%
Judicial Branch:					
Direct compensation	2,649	2,860	2,985	336	12.7%
Personnel benefits	782	859	926	144	18.4%
Subtotal	3,431	3,719	3,911	480	14.0%
Total, civilian personnel costs	237,863	244,027	254,209	16,346	6.9%
Military personnel costs:					
DOD—Military Functions:					
Direct compensation	78,325	85,222	88,774	10,449	13.3%
Personnel benefits	42,615	40,114	41,673	-942	-2.2%
Subtotal	120,940	125,336	130,447	9,507	7.9%
All other executive branch, uniformed personnel:					
Direct compensation	2,579	2,709	2,957	378	14.7%
Personnel benefits	987	1,029	1,063	76	7.7%
Subtotal	3,566	3,738	4,020	454	12.7%
Total, military personnel costs ²	124,506	129,074	134,467	9,961	8.0%
Grand total, personnel costs	362,369	373,101	388,676	26,307	7.3%
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel	59,237	62,895	65,593	6,356	10.7%
Government payment for Annuitants:					
Employee health benefits	8,360	8,615	9,138	778	9.3%
Employee life insurance	41	41	41	.....	.....
Former Military personnel:					
Retired pay for former personnel	41,233	43,831	45,846	4,613	11.2%
Military annuitants health benefits	7,076	7,680	8,286	1,210	17.1%

¹ Excludes members and officers of the Senate.² Excludes reserve components not on active duty.

