

SECTION 80—DEVELOPMENT OF BASELINE ESTIMATES

Table of Contents	
80.1	What are the basic requirements?
80.2	What general rules do I need to know?
80.3	What rules apply to discretionary spending and collections?
80.4	What rules apply to mandatory spending and collections?
80.5	What rules apply to mandatory supplemental requests?
80.6	What rules apply to governmental receipts?
80.7	What materials must I provide in support of baseline estimates?

80.1 What are the basic requirements?

OMB baseline estimates follow the rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBEDCA). The baseline rules were reinstated through amendments to BBEDCA enacted in the Budget Control Act of 2011 (BCA).

Each agency, including the legislative and judicial branches, must submit estimates of budgetary resources, outlays, and receipts that project the current year (CY) levels into the budget year (BY) through BY+9, except:

- For credit financing accounts, baseline data is required only for net financing disbursements; and
- Government-sponsored enterprises do not have to submit baseline estimates.

Section [82](#) provides detailed information on entering baseline data into MAX A-11 DE.

BBEDCA provides explicit instructions on how to develop the baseline estimates. Some apply to all baseline estimates. However, most rules are specific to two categories of collections and spending:

- Those that are controlled through appropriations acts (discretionary spending); and
- Those that are controlled through authorizing legislation (mandatory spending and receipts).

The classification of collections and spending as discretionary or mandatory spending generally follows the criteria specified in BBEDCA. Consult your OMB representative if you have questions concerning the classification.

OMB may work with affected agencies to make adjustments to the estimates to produce an adjusted baseline to be used in the budget documents.

80.2 What general rules do I need to know?

The baseline is a projection of the budgetary resources, outlays, and receipts for mandatory programs and governmental receipts based generally on current law, and a projection of the CY levels of budgetary resources, outlays, and receipts into the outyears for discretionary programs. Below are general rules that apply to the baseline estimates:

- *Legislative proposals.* Legislative proposals are considered to be changes from the baseline projection. Do not reflect legislative proposal budgetary effects in the baseline estimates.
- *Supplemental proposals.* Include only supplementals associated with mandatory programs that would finance obligations required by current law in the baseline.
- *Regulations, management initiatives, and administrative actions.* Include the effects of these actions, including planned regulations that are not final, in the baseline estimates, as long as they can be implemented without further legislation.
- *Credit programs.* Base the estimates for credit programs on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments. In addition, see section [185.11\(d\)](#) for baseline requirements for net financing disbursements in liquidating and financing accounts (schedule Y).

80.3 What rules apply to discretionary spending and collections?

Follow the BBEDCA guidelines and base the baseline estimates for discretionary spending and collections on the levels provided in the most recent appropriations Act or full-year continuing resolution (CR). If a short-term CR is in effect, base the estimates on the annualized level of the CR. Except for advance appropriations, the most recent appropriations Act or full-year CR is normally for the CY.

(a) CY base

Estimates will equal the enacted CY amounts reported in MAX A-11 DE under transmittal code 0. You must separate discretionary budgetary resources, except those related to spending authority from offsetting collections, into portions related to civilian pay and benefits, military pay and benefits, or not related to pay and benefits. See section [81.2](#) for pay and non-pay definitions.

(b) BY through BY+9 baseline estimates

In most cases, baseline estimates of budgetary resources are calculated by MAX A-11 DE to be equal to the most recent full-year appropriation (generally the CY level) adjusted for anticipated pay and non-pay inflation using factors supplied by OMB.

For the four BBEDCA-specified accounts with social insurance administrative expenses (the Federal Hospital Insurance Trust Fund, the Supplementary Medical Insurance Trust Fund, the Unemployment Trust Fund, and the Rail Industry Pension Fund), you must report estimates of the beneficiary population (see explanation of line 5150-00 in section [82.9](#)).

For programs financed by the Highway Trust Fund and controlled by annual obligation limitations, projections of discretionary outlays are derived from a projection with inflation of the CY level of the obligation limitation.

Outlays from budgetary resources provided prior to the BY should be the same in the baseline and in the Presidential policy estimates. Baseline budgetary resources generally should outlay at a rate that is consistent with Presidential policy outlay rates. Section [82.6](#) describes outlays more fully.

(c) Advance appropriations

If an account is completely funded through advance appropriations, the last fiscal year of the enacted advance appropriation is the base for calculating the baseline estimate for the remaining fiscal years.

However, if the Congress discontinues an advance appropriation and provides the funding for that advance in the current appropriations instead, the last fiscal year of the advance appropriation should be assumed to be zero, and the regular appropriation should be inflated accordingly.

If an account is funded with both current and advance appropriations, inflate the current appropriation as described in (b) above; for the advance appropriation, follow the guidance in the paragraph above.

(d) Discretionary credit accounts

MAX A-11 DE inflates CY subsidy budget authority using the annual adjustment factor for non-pay costs from the economic assumptions for the Budget. The estimated policy subsidy rate for the BY should be a separate and distinct calculation from that done for the CY. The OMB credit subsidy calculator computes the subsidy rate using the economic assumptions for the Budget. (See section [185.5](#) for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) OMB does not collect baseline information on direct loan obligations and guarantee commitments.

(e) Discretionary offsetting collections and receipts

The baseline estimates should be consistent with the levels of budgetary resources assumed for the account conducting the activity that generates the collections. When the level of collections is independent of the appropriated level, reflect collections consistent with the level of activity anticipated under current law.

(f) Multi-account appropriations

If an appropriation covers more than one account and does not specify the amount provided for each account, such as the limitation on administrative expenses under the Social Security Act, the distribution of the budget authority by account in the CY is the base for subsequent fiscal years. MAX A-11 DE inflates the CY amount by account to derive the budget authority for BY through BY+9.

(g) Accounts with negative budget authority in the CY

- If the account has net negative budget authority in the CY as a result of a rescission, reduction, or transfer of balances, estimate the budget authority for BY through BY+9 as zero. Prior to setting the budget authority for BY through BY+9 to zero, contact your OMB representative to request that the MAX A-11 DE automatic calculator be turned off for this row.
- If the account has negative budget authority because the offsetting collections credited to the account exceed the spending authority from those offsetting collections (e.g., as a result of limitations on administrative expenses or repayments of debt), provide your best estimate of the *offsetting collections* under current law, and
 - ▶ If the *spending authority is controlled by appropriations*, project the authority using the guidance in section [80.3\(b\)](#).
 - ▶ If the *spending authority from offsetting collections is indefinite*, reflect the level of activity anticipated under current law.

80.4 What rules apply to mandatory spending and collections?

Section 257 of BBEDCA requires the estimates for budgetary resources provided in authorizing law and for appropriated entitlements to reflect the level of activity anticipated under current law, using the Budget's economic and technical assumptions. Include the effect of changes to programs and activities directed by

previously enacted legislation (such as a change in a benefit formula that becomes effective in BY+2) in the fiscal year that the changes become effective. The following special rules apply:

- *Expiring authorizations.* Assume that a program explicitly designated as temporary will expire in the baseline if the program was enacted after the Balanced Budget Act of 1997. Assume that programs scheduled to expire under current law (even if not explicitly designated as temporary) will expire in the baseline if CY outlays for the program are \$50 million or less. Assume that all other expiring programs will continue in the baseline if CY outlays exceed \$50 million. For programs with definite budget authority (BA), extend the BA at the same level authorized in the last full fiscal year, and for programs with indefinite BA, project future BA and outlays based on the program's eligibility criteria, benefit formulas, and other provisions in effect at the point of expiration. Assume an expiring *provision* of law (in contrast to an expiring *program*) will expire if that assumption does not have the effect of terminating the basic program.
- *Veterans' compensation cost-of-living-adjustment (COLA).* Assume enactment of a COLA for veterans' compensation that is equal to the COLA required by law for veterans' pensions.

Agencies affected by these special rules should contact their OMB representative for guidance.

You should base collections affected by Federal pay rates on rates used for Presidential policy, not on the levels of compensation assumed in the baseline for the pay-related portion of discretionary accounts. If a pay increase for the CY has not been enacted, you should assume a CY pay increase equal to the pay increase proposed for the CY in the previous President's Budget, unless otherwise directed by OMB. Similarly, if a Presidential policy decision on the pay increase for the BY has not been made, you should use the provisional pay increase for the BY from section [32.1](#), unless otherwise directed.

Certain substantive changes to or restrictions on entitlement law or other mandatory spending law contained in appropriations laws (including changes in offsetting receipts or collections) shall be treated as changes in discretionary spending for the purposes of scoring those appropriations laws (see section [21](#) and Appendix [A](#)). However, in the subsequent budget, OMB can decide to reclassify such changes, especially in accounts that are generally mandatory. If advised by OMB to reclassify the change, the mandatory spending entries for the account should reflect the change made in appropriations law.

Sequestration of mandatory resources for all fiscal years that sequestration is required under current law should be reflected in the baseline in MAX A-11 DE. Temporary reductions of budgetary resources sequestered in revolving, trust, or special fund accounts, or offsetting collections sequestered in appropriations accounts, that are determined by OMB to become available in a subsequent fiscal year without further legislative action should be included in the baseline for the fiscal year in which they become available. See section [100.14](#) for more information on showing these resources in budgetary reporting.

80.5 What rules apply to mandatory supplemental requests?

Baseline estimates for mandatory supplemental requests will reflect CY baseline estimates of budget authority and the related outlays insofar as that budget authority will finance obligations that exist under current law. Budget authority estimates for BY through BY+9 will be zero. However, you should reflect the outlays for CY budget authority, as appropriate, over the period BY through BY+9.

80.6 What rules apply to governmental receipts?

Governmental receipts should be projected based on provisions of the tax code under current law, except that excise taxes dedicated to trust funds are assumed to continue after their scheduled expirations. (These receipts will not necessarily be carried over in policy if the trust fund spending is assumed to expire.) Thus,

estimates should include the effect of changes to governmental receipts directed by previously enacted legislation (such as a change in a tax rate, deduction, or credit that becomes effective in BY+2) in the fiscal year that the changes become effective.

80.7 What materials must I provide in support of baseline estimates?

After final budget decisions, you may be required to submit a table showing the impact on the baseline of estimates for some or all of the following:

- Major regulations;
- Expiring provisions of law or programs assumed to be extended in the baseline;
- Expiring provisions of law or programs not extended in the baseline;
- Caseloads for major mandatory programs;
- Management initiatives;
- Administrative actions; and
- Other major program assumptions included in the baseline.

Show the budgetary impact of each major assumption separately. For example, a change in outlays due to a regulatory change should be shown separately from a change due to the expiration of a provision of law. Consult with your OMB representative on the format and content of this table.

