
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 2007 with the current services estimates shown in the 2007 Budget, published in February 2006.

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 and a half 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 2007

This part of the chapter compares the actual receipts, outlays, and deficit for 2007 with the current services estimates shown in the 2007 Budget, published in February 2006.¹ 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 2007 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2007 were \$2,568 billion, \$124 billion more than the \$2,444 billion current services estimate in the 2007 Budget (February 2006). 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 2007 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	February 2006 estimate	Enacted legislation/administrative actions	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	1,119	–38	7	75	45	1,163
Corporate income taxes	265	–12	15	102	105	370
Social insurance and retirement receipts	884	.....	–10	–4	–15	870
Excise taxes	75	–*	–2	–8	–10	65
Estate and gift taxes	24	1	*	1	2	26
Customs duties	29	–1	1	–3	–3	26
Miscellaneous receipts	48	.....	2	–3	–1	48
Total receipts	2,444	–49	13	161	124	2,568

* \$500 million or less.

Policy differences. Several laws were enacted after February 2006 that reduced 2007 receipts by a net \$49 billion. The provisions of the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), primarily the increase in the alternative minimum tax (AMT)

exemption amount and a modification of the timing of estimated tax payments by corporations, reduced 2007 receipts by a net \$34 billion. Enactment of the Tax Relief and Health Care Act of 2006, which extended a number of expired or expiring tax provisions,

¹The current services concept is discussed in Chapter 25, “Current Services Estimates.” For mandatory programs and receipts, the February 2006 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.

reduced 2007 receipts by an additional \$16 billion. The effects of other legislative and administrative changes on 2007 receipts were largely offsetting.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance increased 2007 receipts by a net \$13 billion above the February 2006 estimate. Higher-than-expected corporation income tax liability in tax years 2006 and 2007, attributable to higher-than-expected taxable profits, increased collections of 2007 corporation income taxes \$15 billion above the February 2006 estimate. Higher-than-anticipated non-wage sources of personal income, which more than offset lower-than-anticipated wages and salaries, were in large part responsible for the increase in individual income taxes of a net \$7 billion. These increases in individual and corporation income taxes were partially offset by a \$10 billion decrease in social insurance and retirement receipts, attributable in large part to lower-than-expected wages and salaries. Differences between anticipated and actual economic performance increased other sources of receipts by a net \$1 billion.

Technical reestimates. Technical factors increased receipts by a net \$161 billion above the February 2006 current services estimate. This net increase was in large part attributable to higher-than-expected collections of individual and corporation income taxes and estate and gift taxes, which were partially offset by lower-than-expected collections of other sources of receipts. Different collection patterns and effective tax rates than assumed in February 2006 were primarily responsible for the higher-than-anticipated collections of individual and corporation income taxes of \$75 billion and \$102 billion, respectively. Greater-than-anticipated numbers and values of taxable estates increased 2007 receipts an additional \$1 billion above the February 2006 estimate. Court decisions that effectively invali-

dated part of the Federal telephone tax were in large part responsible for the \$8 billion reduction in excise tax collections relative to the February 2006 estimate. Technical factors reduced collections of the remaining sources of receipts (social insurance and retirement receipts, customs duties and miscellaneous receipts) below the February 2006 estimates by smaller amounts.

Outlays

Outlays for 2007 were \$2,730 billion, \$30 billion more than the \$2,701 billion current services estimate in the 2007 Budget (February 2006).

Table 20–2 distributes the \$30 billion net increase in outlays among discretionary and mandatory programs 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 2007, policy changes increased outlays by an estimated \$133 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$124 billion. Defense discretionary outlays increased by \$105 billion and nondefense discretionary outlays increased by \$19 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, veterans' care, and hurricane recovery in 2006 and 2007. Policy changes increased mandatory outlays by a net \$6 billion

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 2007 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(Outlays in billions)

	Current Services (Feb. 2006)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Discretionary:						
Defense	463	105	.....	–18	86	549
Nondefense	500	19	.....	–25	–7	493
Subtotal, discretionary	962	124	.....	–44	80	1,042
Mandatory:						
Social Security	581	.....	3	–3	*	581
Medicare and Medicaid	589	3	–1	–29	–28	561
Other programs	324	3	1	–19	–16	308
Subtotal, mandatory	1,495	6	2	–51	–44	1,451
Net interest	244	4	3	–14	–7	237
Total outlays	2,701	133	6	–109	30	2,730

* \$500 million or less.

above current law. This increase reflects a \$3.5 billion increase in outlays for the Commodity Credit Corporation, enacted in the Emergency Supplemental Appropriations and Additional Supplemental Appropriations for Agriculture and Other Emergency Assistance Act for 2007, and a \$3 billion increase in Medicare outlays, enacted in the Tax Relief and Health Care Act of 2006. Debt service costs associated with the policy receipt and outlay changes were \$4 billion.

Economic conditions that differed from those forecast in February 2006 resulted in a net increase in outlays of \$6 billion. The most significant changes consist of a \$3 billion increase in Social Security benefits largely resulting from higher cost-of-living adjustments and a \$3 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 \$109 billion. Technical changes result from changes in such factors 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 \$44 billion, because budget authority for both defense and nondefense programs was spent more slowly than expected. Outlays for mandatory programs decreased a net \$51 billion, largely due to lower-than-anticipated outlays for Medicare, Medicaid, and the Commodity Credit Corporation. Net interest outlays also decreased by \$14 billion due to technical factors compared to the February 2006 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 2007. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 20-3, the 2007 current services deficit was initially estimated to be \$257 billion. The actual deficit was \$162 billion, which was a \$95 billion decrease from the initial estimate. Receipts were \$124 billion more than the initial estimate and outlays were \$30 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 \$183 billion. Economic conditions that differed from the initial assumptions in February 2006 accounted for an estimated \$7 billion decrease in the deficit. Technical factors reduced the deficit by an estimated \$270 billion.

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

This section compares the original 2007 outlay estimates for mandatory and related programs under current law in the 2007 Budget (February 2006) 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 2007 and the amounts originally estimated in the 2007 Budget, based on laws in effect at that time. Actual outlays for mandatory spending and net interest in 2007 were \$1,688 billion, which was \$50 billion less than the initial estimate of \$1,738 billion, based on existing law in February 2006.

As Table 20-4 shows, actual outlays for mandatory human resources programs were \$1,525 billion, \$28 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 \$24 billion less than originally estimated. Undistributed offsetting receipts were \$9 billion lower than expected, thus increasing total outlays.

Outlays for net interest were \$237 billion or \$7 billion less than the original estimate. This decrease was the net effect of changes in interest rates from those ini-

Table 20-3. COMPARISON OF THE ACTUAL 2007 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE

(In billions)

	Current Services (Feb. 2006)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Receipts	2,444	-49	13	161	124	2,568
Outlays	2,701	133	6	-109	30	2,730
Deficit	257	183	-7	-270	-95	162

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

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

(In billions of dollars)

	2007		
	Feb. 2006 estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services	10	12	2
Health:			
Medicaid	199	191	-9
Other	22	23	1
Total health	221	214	-7
Medicare	390	371	-19
Income security:			
Retirement and disability	111	111	1
Unemployment compensation	38	32	-5
Food and nutrition assistance	49	49	—*
Other	114	117	3
Total, income security	312	310	-2
Social security	581	581	*
Veterans benefits and services:			
Income security for veterans	36	36	—*
Other	3	2	-1
Total veterans benefits and services	39	38	-2
Total mandatory human resources programs	1,554	1,525	-28
Other functions:			
Agriculture	21	12	-9
International	-2	-6	-4
Deposit insurance	-2	-1	*
Other functions	15	4	-11
Total, other functions	32	8	-24
Undistributed offsetting receipts:			
Employer share, employee retirement	-62	-62	*
Rents and royalties on the outer continental shelf	-9	-7	3
Other undistributed offsetting receipts	-20	-14	6
Total undistributed offsetting receipts	-91	-82	9
Total, mandatory	1,495	1,451	-44
Net interest:			
Interest on Treasury debt securities (gross)	438	430	-8
Interest received by trust funds	-181	-178	3
Other interest	-13	-15	-2
Total net interest	244	237	-7
Total outlays for mandatory and net interest	1,738	1,688	-50

* \$500 million or less.

tially assumed, changes in borrowing requirements due to differences in deficits, and technical factors.

Reconciliation of Differences with Amounts Published by Treasury for 2007

Table 20–5 provides a reconciliation of the receipts, outlays, and deficit totals published by the Department

of the Treasury in the September 2007 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 increased receipts by \$2 million and decreased outlays by \$6 million. Additional adjustments for this Budget increased receipts by \$566

million and decreased outlays by \$258 million. Several financial transactions that are not reported to the Department of the Treasury, including those for the Affordable Housing Program, the Public Company Accounting Oversight Board, the Electric Reliability Organization, 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 2006 through August 2007. 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 2007

(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September 30 MTS)	2,567,671	2,730,505	-162,834
Miscellaneous Treasury adjustments	2	-6	8
Totals published by Treasury in Combined Statement	2,567,673	2,730,499	-162,826
Affordable Housing Program	315	315	.....
Public Company Accounting Oversight Board	122	122	.....
Electric Reliability Organization	65	65	.....
United Mine Workers of America benefit funds	44	49	-5
National Railroad Retirement Investment Trust .....	.....	-782	782
Other	20	-27	47
Total adjustments, net	566	-258	824
Totals in the budget	2,568,239	2,730,241	-162,002
MEMORANDUM:			
Total change since year-end statement	568	-264	832

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 \$12 billion over the 26-year period. Policy outcomes that differed from the original proposals in-

creased the deficit by an average of \$36 billion. Differences between economic assumptions and actual economic performance increased the deficit an average of \$11 billion. Differences due to these two factors were partly offset by technical revisions, which reduced the deficit an average of \$35 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 \$192 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. As discussed above, the \$192 billion overestimate of the deficit in the 2007 Budget stemmed largely from higher-than-anticipated collections of individual and corporation income taxes due to different collection patterns and effective tax rates than initially assumed, as well as lower-than-expected outlays due to technical factors.

Because the average deficit difference obscures the degree of under- and overestimation in the historical

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	–413
2005	–364	–67	–11	123	45	–318
2006	–390	–141	6	277	142	–248
2007	–354	–85	7	270	192	–162
Average		–36	–11	35	–12	
Absolute average ²		40	38	77	103	
Standard deviation		47	56	104	140	

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

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 \$103 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 \$140 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 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 \$28 billion, but underestimated the deficit in the budget year by \$12 billion. The budget estimates understated the deficit in the years following, by amounts growing from \$50 billion for BY+1 to \$147 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.

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	28	-12	-50	-89	-122	-147
Average absolute difference ²	59	103	149	197	235	269
Standard deviation	70	140	202	246	266	284

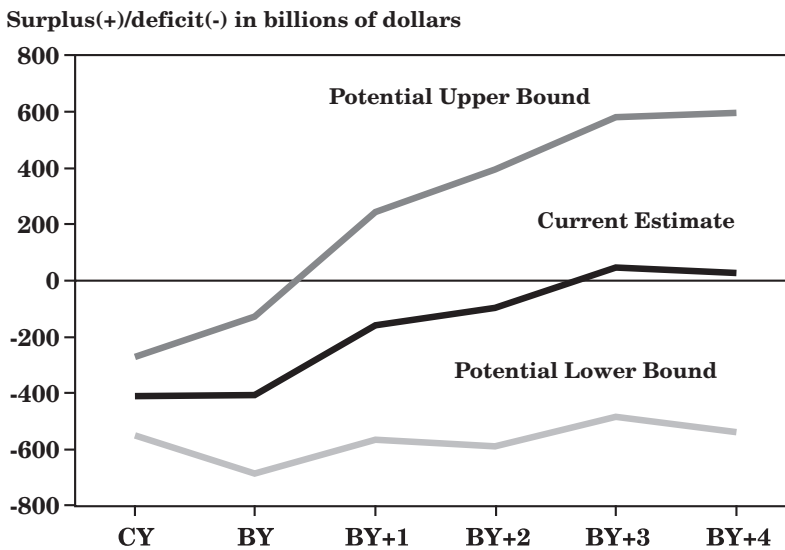
¹ A positive figure represents an underestimate of the surplus or an overestimate of the deficit.

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

Outlays are the measure of Government spending. The Government records outlays when payments are made for such things as Federal employee salaries, purchases of supplies and equipment, grants to State and local governments, and benefits to individuals. The Government's gross outlays are the sum of all these payments. Net outlays equal gross outlays minus certain kinds of receipts or collections (discussed below) that are reported as negative amounts on the outlay side of the budget. The outlay totals in the budget, whether for the Government as a whole or for agencies, programs, and functions (such as national defense), are net outlays, unless otherwise specified.

Two categories of receipts are reported in the budget as offsets (reductions) to outlays, instead of being shown on the receipts side of the ledger:

- Income the Government receives from business-like transactions or market-oriented activities with the public, such as fees charged for admittance to recreational areas, proceeds from sales of electricity by the Power Marketing Administrations, and proceeds from selling land or natural resources. These collections are offset against the payments made by the Government to provide those goods and services, so that the budget totals for receipts and outlays represent governmental rather than market activity.
- Collections for goods and services provided by one Federal Government account to another. The amounts are deducted to avoid double counting outlays—once as outlays of the purchasing agency and again as outlays of the agency providing the goods or services.

As shown at the bottom of Table 21–1, total gross outlays to the public (i.e.; gross outlays adjusted to

avoid double-counting of collections from one Federal account to another) were \$3,051 billion in 2007, and total net outlays were \$2,730 billion. The difference—\$321 billion—represents business-like collections from the public, which is deducted from gross outlays. Fees collected by the Postal Service and premiums paid by Medicare recipients are the largest of these collections.

Table 21–1 also shows outlays by major agency, gross and net of business-like collections from the public. These are rough approximations of each agency's transactions with the public. They are not exact because they include payments by each agency to other agencies, net of collections of payments received from other agencies. These payments and collections between agencies net to zero at the total Government level, but not at the individual agency level. Indeed, for 2007 the table shows \$260 billion of "undistributed offsetting receipts" in the net outlays column, of which \$240 billion are collections of payments between agencies. Thus, the amounts shown for each agency as gross outlays to the public are overstated by \$240 billion in total. This has the largest impact on the Department of the Treasury, which shows gross outlays of \$507 billion, of which \$178 billion is interest outlays to various trust funds that is not distributed by agency in this table.

See the section on "outlays" in Chapter 26, "The Budget System and Concepts," for a more detailed discussion of 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." An illustration of the difference between gross receipts and net governmental receipts is shown in Chapter 22 of this volume, "Trust Funds and Federal Funds," Table 22–3.

**Table 21-1. TOTAL OUTLAYS, GROSS AND NET OF OFFSETTING COLLECTIONS AND RECEIPTS
FROM THE PUBLIC, BY AGENCY, 2007-2009**

(In millions of dollars)

Department or Other Unit	2007			2008			2009		
	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	4,374	-66	4,308	4,655	-69	4,586	5,023	-61	4,962
Judicial Branch	6,104	-98	6,006	6,235	-74	6,161	7,060	-79	6,981
Executive Branch									
Department of Agriculture	103,739	-19,302	84,437	113,894	-19,130	94,764	112,213	-17,460	94,753
Department of Commerce	9,130	-2,654	6,476	10,241	-2,090	8,151	11,470	-2,224	9,246
Department of Defense—Military	542,965	-13,090	529,875	595,566	-12,509	583,057	663,603	-12,441	651,162
Department of Education	72,988	-6,616	66,372	75,301	-7,255	68,046	68,116	-4,616	63,500
Department of Energy	26,115	-5,999	20,116	29,947	-6,738	23,209	30,153	-6,828	23,325
Department of Health and Human Services	740,226	-68,191	672,035	782,062	-72,681	709,381	814,399	-75,766	738,633
Department of Homeland Security	49,932	-10,760	39,172	53,580	-11,240	42,340	56,282	-11,985	44,297
Department of Housing and Urban Development	50,341	-4,780	45,561	55,803	-3,534	52,269	47,254	-1,624	45,630
Department of the Interior	16,630	-6,140	10,490	18,077	-6,996	11,081	18,177	-7,938	10,239
Department of Justice	24,264	-915	23,349	26,022	-996	25,026	27,481	-961	26,520
Department of Labor	51,231	-3,687	47,544	53,522	-3,870	49,652	59,534	-5,342	54,192
Department of State	14,969	-1,222	13,747	21,036	-2,144	18,892	24,325	-2,222	22,103
Department of Transportation	62,128	-431	61,697	69,163	-501	68,662	71,437	-333	71,104
Department of the Treasury	506,521	-15,916	490,605	538,698	-18,535	520,163	567,044	-19,243	547,801
Department of Veterans Affairs	78,983	-6,163	72,820	93,049	-6,406	86,643	97,115	-5,300	91,815
Corps of Engineers-Civil Works	4,476	-558	3,918	8,254	-1,043	7,211	9,776	-1,004	8,772
Other Defense Civil Programs	47,129	-16	47,113	49,082	-15	49,067	51,234	-14	51,220
Environmental Protection Agency	8,732	-473	8,259	7,927	-386	7,541	8,433	-434	7,999
Executive Office of the President	2,960	-4	2,956	2,081	-2	2,079	530	-2	528
General Services Administration	901	-870	31	491	-134	357	816	-94	722
International Assistance Programs	30,250	-17,480	12,770	32,251	-17,027	15,224	32,205	-15,754	16,451
National Aeronautics and Space Administration	16,564	-703	15,861	17,556	-238	17,318	18,300	-163	18,137
National Science Foundation	5,532	-3	5,529	6,258	-2	6,256	6,416	-2	6,414
Office of Personnel Management	70,113	-11,663	58,450	76,484	-12,311	64,173	80,238	-13,025	67,213
Small Business Administration	1,994	-819	1,175	1,318	-788	530	865	-40	825
Social Security Administration	629,133	-7,370	621,763	664,332	-7,769	656,563	700,720	-7,937	692,783
Export-Import Bank of the United States	464	-1,829	-1,365	716	-1,200	-484	225	-249	-24
Federal Deposit Insurance Corporation	-406	-592	-998	3,962	-5,546	-1,584	6,898	-9,947	-3,049
Postal Service	79,088	-73,891	5,197	78,005	-76,961	1,044	79,482	-78,322	1,160
Railroad Retirement Board	6,217	-4,734	1,483	6,571	-3,313	3,258	6,876	-1,624	5,252
Other Independent Agencies	26,870	-13,175	13,695	29,729	-13,562	16,167	31,084	-14,535	16,549
Allowances							-495		-495
Undistributed Offsetting Receipts	-239,742	-20,464	-260,206	-262,281	-23,300	-285,581	-276,738	-12,627	-289,365
Totals	3,050,915	-320,674	2,730,241	3,269,587	-338,365	2,931,222	3,437,551	-330,196	3,107,355

22. TRUST FUNDS AND FEDERAL FUNDS

When money is received by the Federal Government, it is credited to a budget account, and when money is spent by the Government, it is taken from a budget 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, both of 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 or fines, or otherwise compel payment. 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 proceeds collected from the sale of products or services and these proceeds finance spending of the program that provides 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 ex-

penditure. Outlays for programs with revolving funds are reported net of these proceeds. Because program proceeds offset outlays rather than being recorded as governmental receipts, they are known as “offsetting collections.” 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, trust funds 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 may own the trust’s 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

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 contain 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.

existing law. Only a few small Federal trust funds are managed 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. The income of some trust funds, such as the Federal Employees Health Benefits fund, is spent almost as quickly as it is collected. In other cases, such as the Social Security and the Federal civil-

ian employees' retirement trust funds, considerably less income is currently spent each year than is collected. A surplus of income over outgo adds to the trust fund's balance, which is available to authorize 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 the fund's outlays are displayed net of the offsetting collections.

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Receipts:							
Federal funds cash income:							
From the public	1,709.8	1,629.6	1,748.7	1,939.0	2,020.4	2,163.0	2,264.9
From trust funds:	18.8	1.9	4.2	1.5	1.6	1.7	1.7
Total, Federal funds cash income	1,728.7	1,631.5	1,752.9	1,940.5	2,022.0	2,164.7	2,266.6
Trust funds cash income:							
From the public	1,012.8	1,056.0	1,098.1	1,146.1	1,206.9	1,264.6	1,329.9
From Federal funds:							
Interest	180.2	200.1	211.4	223.3	239.0	256.6	275.5
Other	318.8	344.0	371.0	383.9	409.0	426.0	464.2
Total, trust funds cash income	1,511.8	1,600.1	1,680.4	1,753.4	1,854.9	1,947.2	2,069.6
Offsetting receipts	-672.2	-710.4	-733.4	-762.5	-800.5	-842.0	-908.0
Total, unified budget receipts	2,568.2	2,521.2	2,699.9	2,931.3	3,076.4	3,269.9	3,428.2
Outlays:							
Federal funds cash outgo	2,139.4	2,324.8	2,454.5	2,424.9	2,465.9	2,511.6	2,612.6
Trust funds cash outgo	1,263.1	1,316.8	1,386.3	1,429.0	1,505.8	1,552.2	1,694.3
Offsetting receipts	-672.2	-710.4	-733.4	-762.5	-800.5	-842.0	-908.0
Total, unified budget outlays	2,730.2	2,931.2	3,107.4	3,091.3	3,171.2	3,221.8	3,398.9
Surplus or deficit (-):							
Federal funds	-410.7	-693.4	-701.6	-484.3	-443.9	-347.0	-345.9
Trust funds	248.7	283.3	294.2	324.3	349.1	395.0	375.3
Total, unified surplus/deficit (-)	-162.0	-410.0	-407.4	-160.0	-94.8	48.1	29.3

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

²The relationships between Treasury securities held by trust funds (and by other Government accounts), debt held by the public, and gross Federal debt are discussed in Chapter 16 of this volume, "Federal Borrowing and Debt."

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 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 offset-

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.

ting 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 two types of offsetting collections as income, but at present the data are not tabulated centrally for both fund groups. Consequently, they are offset against outgo in Tables 22–1 and 22–2, 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, the fund's 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 fig-

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)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Total Trust Funds							
Balance, start of year	3,437.4	3,686.0	3,969.3	4,263.5	4,587.8	4,937.0	5,332.0
Income:							
Governmental receipts	925.6	966.3	1,007.3	1,054.6	1,111.2	1,163.9	1,222.2
Proprietary receipts	100.8	104.1	105.9	107.5	112.7	118.7	126.9
Receipts from Federal funds:							
Interest	180.2	200.1	211.4	223.3	239.0	256.6	275.5
Other	355.4	382.4	411.5	426.3	453.9	473.0	513.7
Subtotal, income	1,562.1	1,652.9	1,736.2	1,811.8	1,916.9	2,012.3	2,138.3
Outgo:							
To the public	1,294.5	1,367.8	1,437.8	1,486.0	1,566.2	1,615.6	1,761.3
Payments to Federal funds	18.8	1.9	4.2	1.5	1.6	1.7	1.7
Subtotal, outgo	1,313.4	1,369.6	1,442.0	1,487.5	1,567.8	1,617.3	1,763.0
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	68.5	83.2	82.8	101.0	110.1	138.4	99.8
Interest	180.2	200.1	211.4	223.3	239.0	256.6	275.5
Subtotal, surplus or deficit (–)	248.7	283.3	294.2	324.3	349.1	395.0	375.3
Adjustments:							
Transfers/lapses (net) .....	*	–*	.....	.....	.....	.....	.....
Other adjustments	–0.1	–*	–*	.....	.....	.....	.....
Total, change in fund balance	248.6	283.3	294.2	324.3	349.1	395.0	375.3
Balance, end of year	3,686.0	3,969.3	4,263.5	4,587.8	4,937.0	5,332.0	5,707.3

* \$50 million or less.

ures 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.

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 2007, 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 definitions of income and outgo in this table differ 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 \$50 billion in 2007. 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

Table 22–3. COMPARISON OF TOTAL FEDERAL FUND AND TRUST FUND RECEIPTS TO UNIFIED BUDGET RECEIPTS, FISCAL YEAR 2007

(In billions of dollars)

Gross trust fund receipts	1,517.2
Gross Federal fund receipts	1,775.4
Total of trust fund receipts and Federal fund receipts	3,292.6
Deduct intrafund receipts (from funds within the same fund group):	
Trust intrafund receipts	–5.4
Federal intrafund receipts	–46.8
Subtotal, intrafund receipts	–52.2
Total trust funds and Federal funds cash income	3,240.5
Deduct offsetting receipts:	
Trust fund receipts from Federal funds:	
Interest in receipt accounts	–178.0
General fund payment to Medicare Parts B and D	–179.2
Employing agencies' payments for pensions, Social Security, and Medicare	–50.2
General fund payments for unfunded liabilities of Federal employees retirement funds	–57.4
Transfer of taxation of Social Security and RRB benefits to OASDI, HI, and RRB	–31.1
Other receipts from Federal funds	–3.1
Subtotal, trust fund receipts from Federal funds	–499.0
Federal fund receipts from trust funds	–18.8
Proprietary receipts	–154.4
Subtotal, offsetting receipts	–672.2
Unified budget receipts	2,568.2

Note: Offsetting receipts are included in cash income for each fund group, but are deducted from outlays in the unified budget.

balances increased tenfold from 1982 to 2000, from \$205 billion to \$2.1 trillion. The current balances, of \$3.7 trillion, are estimated to increase by more than 50 percent by the year 2013, rising to \$5.7 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 the fund's 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 transfer 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

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.

on the Treasury. When trust fund holdings are redeemed to authorize the payment of benefits, the Department of the Treasury will have to finance the expenditure in the same way as any other Federal expenditure: by using then 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 2007 through 2013 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 authorize 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)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Airport and Airway Trust Fund							
Balance, start of year	10.2	10.1	10.2	8.2	8.0	8.6	9.7
Income:							
Governmental receipts	11.5	11.9	12.6	4.4	4.7	4.9	5.2
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	12.2	12.5	13.0	4.7	5.0	5.3	5.6
Outgo:							
To the public	12.2	12.4	15.0	5.0	4.5	4.1	4.0
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo	12.2	12.4	15.0	5.0	4.5	4.1	4.0
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-0.5	-0.4	-2.4	-0.6	0.2	0.8	1.2
Interest	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Subtotal, surplus or deficit (-)	-0.1	0.1	-1.9	-0.2	0.5	1.2	1.6
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	-0.1	0.1	-1.9	-0.2	0.5	1.2	1.6
Balance, end of year	10.1	10.2	8.2	8.0	8.6	9.7	11.4
Federal Civilian Employees Retirement Funds							
Balance, start of year	704.5	716.8	749.2	783.2	818.7	855.2	893.7
Income:							
Governmental receipts	4.2	4.7	4.8	4.7	4.7	5.0	4.9
Proprietary receipts .....	.....	.....	.....	.....	.....	.....	.....
Receipts from Federal funds:							
Interest	38.1	43.6	45.4	47.0	47.4	48.7	50.5
Other	48.9	49.0	51.4	53.9	56.4	59.2	62.8
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income	91.2	97.4	101.5	105.6	108.6	112.8	118.1
Outgo:							
To the public	61.8	65.0	67.6	70.1	72.1	74.3	76.6
Payments to Other funds	17.1	.....	.....	.....	.....	.....	.....
Subtotal, outgo	78.9	65.0	67.6	70.1	72.1	74.3	76.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-25.8	-11.2	-11.5	-11.5	-11.0	-10.2	-8.9
Interest	38.1	43.6	45.4	47.0	47.4	48.7	50.5
Subtotal, surplus or deficit (-)	12.3	32.4	34.0	35.5	36.5	38.5	41.5
Adjustments:							
Transfers/lapses (net) .....	-*	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	12.3	32.4	34.0	35.5	36.5	38.5	41.5
Balance, end of year	716.8	749.2	783.2	818.7	855.2	893.7	935.2

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Highway Trust Fund							
Balance, start of year	15.2	15.4	9.4	1.2	-4.6	-6.1	-5.9
Income:							
Governmental receipts	39.4	39.2	39.9	40.7	41.1	41.7	42.3
Proprietary receipts	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest							
Other	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Receipts from Trust funds							
Subtotal, Income	39.4	39.5	40.2	40.9	41.4	41.9	42.6
Outgo:							
To the public	39.3	45.5	48.3	46.7	42.9	41.8	41.8
Payments to Other funds							
Subtotal, Outgo	39.3	45.5	48.3	46.7	42.9	41.8	41.8
Change in fund balance:							
Surplus or deficit:							
Excluding interest	0.2	-6.1	-8.2	-5.8	-1.5	0.2	0.8
Interest							
Subtotal, surplus or deficit	0.2	-6.1	-8.2	-5.8	-1.5	0.2	0.8
Adjustments:							
Transfers/lapses (net)		-*					
Other adjustments							
Total, Change in fund balance	0.2	-6.1	-8.2	-5.8	-1.5	0.2	0.8
Balance, End of Year	15.4	9.4	1.2	-4.6	-6.1	-5.9	-5.1
Medicare: Hospital Insurance (HI) Trust Fund							
Balance, start of year	303.1	311.0	314.6	324.2	343.3	368.6	410.8
Income:							
Governmental receipts	185.1	195.7	200.0	210.3	224.3	237.4	252.7
Proprietary receipts	7.5	7.9	8.3	8.7	9.0	9.4	9.7
Receipts from Federal funds:							
Interest	16.1	16.5	16.1	16.5	17.5	19.2	21.1
Other	15.1	17.2	20.3	21.1	22.6	24.2	26.6
Receipts from Trust funds							
Subtotal, income	223.9	237.4	244.7	256.6	273.5	290.2	310.2
Outgo:							
To the public	207.6	229.6	235.0	237.5	248.1	248.0	268.5
Payments to Other funds							
Subtotal, outgo	207.6	229.6	235.0	237.5	248.1	248.0	268.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	0.2	-8.8	-6.5	2.5	7.8	22.9	20.6
Interest	16.1	16.5	16.1	16.5	17.5	19.2	21.1
Subtotal, surplus or deficit (-)	16.3	7.8	9.6	19.0	25.4	42.1	41.7
Adjustments:							
Transfers/lapses (net)	-8.5	-4.1					
Other adjustments							
Total, change in fund balance	7.8	3.6	9.6	19.0	25.4	42.1	41.7
Balance, end of year	311.0	314.6	324.2	343.3	368.6	410.8	452.5

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Medicare: Supplementary Medical Insurance (SMI) Trust Fund							
Balance, start of year	33.3	47.6	61.7	69.8	73.0	69.2	77.9
Income:							
Governmental receipts							
Proprietary receipts	57.8	61.9	64.8	67.0	70.4	75.0	81.5
Receipts from Federal funds:							
Interest	2.0	3.6	3.2	3.3	3.5	3.7	3.8
Other	179.2	181.0	191.5	198.7	214.0	220.6	245.7
Receipts from Trust funds							
Subtotal, income	239.0	246.5	259.5	269.0	288.0	299.2	331.0
Outgo:							
To the public	233.2	236.5	251.3	265.7	291.8	290.5	327.5
Payments to Other funds							
Subtotal, outgo	233.2	236.5	251.3	265.7	291.8	290.5	327.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	3.8	6.4	4.9	-0.1	-7.3	5.0	-0.3
Interest	2.0	3.6	3.2	3.3	3.5	3.7	3.8
Subtotal, surplus or deficit (-)	5.8	10.0	8.1	3.2	-3.8	8.7	3.5
Adjustments:							
Transfers/lapses (net)	8.5	4.1					
Other adjustments							
Total, change in fund balance	14.3	14.1	8.1	3.2	-3.8	8.7	3.5
Balance, end of year	47.6	61.7	69.8	73.0	69.2	77.9	81.4
Military Retirement Fund							
Balance, start of year	206.0	216.0	248.5	284.3	320.3	360.0	402.5
Income:							
Governmental receipts							
Proprietary receipts							
Receipts from Federal funds:							
Interest	10.6	14.1	16.2	16.2	18.9	20.5	22.5
Other	42.9	63.9	67.4	69.6	72.2	74.9	77.6
Receipts from Trust funds							
Subtotal, income	53.5	78.0	83.7	85.7	91.0	95.4	100.1
Outgo:							
To the public	43.5	45.5	47.8	49.7	51.4	52.9	54.5
Payments to Other funds							
Subtotal, outgo	43.5	45.5	47.8	49.7	51.4	52.9	54.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-0.6	18.4	19.6	19.9	20.8	22.0	23.2
Interest	10.6	14.1	16.2	16.2	18.9	20.5	22.5
Subtotal, surplus or deficit (-)	10.0	32.5	35.9	36.0	39.7	42.5	45.6
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	10.0	32.5	35.9	36.0	39.7	42.5	45.6
Balance, end of year	216.0	248.5	284.3	320.3	360.0	402.5	448.1

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Railroad Retirement Trust Funds							
Balance, start of year	27.3	30.7	32.5	32.4	32.1	31.7	31.2
Income:							
Governmental receipts	4.3	4.4	4.4	4.5	4.6	4.7	4.8
Proprietary receipts	4.7	3.3	1.6	1.7	1.7	1.7	1.7
Receipts from Federal funds:							
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.5	0.6	0.6	0.6	0.7	0.7	0.7
Receipts from Trust funds							
Subtotal, income	9.5	8.3	6.6	6.8	7.0	7.1	7.3
Outgo:							
To the public	9.9	10.3	10.7	11.1	11.5	11.8	12.2
Payments to Other funds	-3.8	-3.9	-3.9	-4.0	-4.1	-4.2	-4.3
Subtotal, outgo	6.0	6.5	6.8	7.1	7.4	7.6	7.9
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	3.4	1.7	-0.2	-0.4	-0.5	-0.5	-0.7
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (-)	3.5	1.8	-0.2	-0.3	-0.4	-0.5	-0.6
Adjustments:							
Transfers/lapses (net)	*						
Other adjustments							
Total, change in fund balance	3.5	1.8	-0.2	-0.3	-0.4	-0.5	-0.6
Balance, end of year	30.7	32.5	32.4	32.1	31.7	31.2	30.6
Social Security: Old-Age, Survivors and Disability Insurance (OASDI) Trust Funds							
Balance, start of year	1,994.2	2,180.8	2,373.9	2,578.6	2,803.4	3,044.5	3,295.5
Income:							
Governmental receipts	635.1	662.2	695.6	740.2	781.4	818.6	859.1
Proprietary receipts	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:							
Interest	106.0	114.3	121.9	131.4	142.2	154.7	167.2
Other	31.6	31.8	36.7	39.9	43.0	46.5	50.9
Receipts from Trust funds							
Subtotal, income	772.8	808.4	854.2	911.5	966.6	1,019.8	1,077.3
Outgo:							
To the public	581.3	610.4	644.3	681.6	720.3	763.3	841.9
Payments to Other funds	4.8	5.0	5.1	5.2	5.3	5.5	5.6
Subtotal, outgo	586.2	615.3	649.4	686.8	725.5	768.8	847.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	80.6	78.8	82.9	93.4	98.9	96.4	62.7
Interest	106.0	114.3	121.9	131.4	142.2	154.7	167.2
Subtotal, surplus or deficit (-)	186.6	193.1	204.8	224.8	241.1	251.1	229.9
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	186.6	193.1	204.8	224.8	241.1	251.1	229.9
Balance, end of year	2,180.8	2,373.9	2,578.6	2,803.4	3,044.5	3,295.5	3,525.4

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Unemployment Trust Fund							
Balance, start of year	66.6	75.4	84.8	93.7	102.3	110.1	117.3
Income:							
Governmental receipts	41.1	43.4	45.0	44.6	45.0	46.1	47.2
Proprietary receipts	*	*	*	0.6	0.7	0.6	0.6
Receipts from Federal funds:							
Interest	3.2	3.7	4.1	4.5	4.8	5.1	5.4
Other	0.8	0.8	0.8	0.8	0.9	0.9	0.8
Receipts from Trust funds							
Subtotal, income	45.1	47.8	49.9	50.5	51.4	52.6	54.1
Outgo:							
To the public	36.3	38.5	41.0	41.8	43.7	45.4	47.2
Payments to Other funds							
Subtotal, outgo	36.3	38.5	41.0	41.8	43.7	45.4	47.2
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	5.6	5.7	4.8	4.2	2.9	2.2	1.5
Interest	3.2	3.7	4.1	4.5	4.8	5.1	5.4
Subtotal, surplus or deficit (-)	8.8	9.4	8.9	8.7	7.7	7.3	6.9
Adjustments:							
Transfers/lapses (net)	-*						
Other adjustments							
Total, change in fund balance	8.8	9.4	8.9	8.7	7.7	7.3	6.9
Balance, end of year	75.4	84.8	93.7	102.3	110.1	117.3	124.2
Veterans Life Insurance Trust Funds							
Balance, start of year	12.2	11.8	11.3	10.8	10.2	9.5	8.8
Income:							
Governmental receipts							
Proprietary receipts	0.5	0.5	0.4	0.4	0.4	0.3	0.3
Receipts from Federal funds:							
Interest	0.7	0.7	0.6	0.6	0.5	0.5	0.4
Other	*	*	*	*	*	*	*
Receipts from Trust funds							
Subtotal, income	1.2	1.1	1.1	1.0	0.9	0.8	0.8
Outgo:							
To the public	1.6	1.6	1.6	1.6	1.6	1.5	1.5
Payments to Other funds							
Subtotal, outgo	1.6	1.6	1.6	1.6	1.6	1.5	1.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.2
Interest	0.7	0.7	0.6	0.6	0.5	0.5	0.4
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	11.8	11.3	10.8	10.2	9.5	8.8	8.1

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Other Trust Funds							
Balance, start of year	42.2	45.2	47.5	50.7	54.1	57.7	61.6
Income:							
Governmental receipts	5.0	4.9	5.2	5.3	5.5	5.7	5.8
Proprietary receipts	4.8	5.0	5.1	5.3	5.4	5.5	5.7
Receipts from Federal funds:							
Interest	2.2	2.4	2.6	2.8	3.0	3.1	3.3
Other	11.8	12.4	15.8	12.8	12.8	12.8	12.7
Receipts from Trust funds							
Receipts adjustments							
Subtotal, income	23.8	24.7	28.7	26.2	26.7	27.1	27.6
Outgo:							
To the public	20.1	21.6	22.5	22.4	22.7	22.8	22.9
Payments to Other funds	0.7	0.7	3.1	0.4	0.4	0.4	0.5
Subtotal, outgo	20.8	22.4	25.5	22.8	23.1	23.3	23.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	0.8	-*	0.6	0.6	0.6	0.7	0.9
Interest	2.2	2.4	2.6	2.8	3.0	3.1	3.3
Subtotal, surplus or deficit (-)	3.0	2.3	3.2	3.4	3.6	3.9	4.2
Adjustments:							
Transfers/lapses (net)	*						
Other adjustments	-0.1	-*	-*				
Total, change in fund balance	3.0	2.3	3.2	3.4	3.6	3.9	4.2
Balance, end of year	45.2	47.5	50.7	54.1	57.7	61.6	65.9

* \$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)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Abandoned Mine Reclamation Fund							
Balance, start of year	2.3	2.4	2.4	2.6	2.7	2.9	3.0
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	0.2	0.1
Other							
Receipts from Trust funds							
Subtotal, income	0.4	0.4	0.4	0.4	0.5	0.5	0.4
Outgo:							
To the public	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Payments to Other funds							
Subtotal, outgo	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	_*	_*	_*	*	*	_*	-0.1
Interest	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Subtotal, surplus or deficit (-)	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Balance, end of year	2.4	2.4	2.6	2.7	2.9	3.0	3.1
National Credit Union Share Insurance Fund							
Balance, start of year	6.7	7.0	7.4	7.8	8.2	8.6	9.0
Income:							
Governmental receipts							
Proprietary receipts	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Receipts from Federal funds:							
Interest	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Other		*					
Receipts from Trust funds							
Subtotal, income	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Outgo:							
To the public	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Payments to Other funds							
Subtotal, outgo	0.1	0.2	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
Interest	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Subtotal, surplus or deficit (-)	0.4	0.3	0.4	0.4	0.4	0.4	0.5
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.4	0.3	0.4	0.4	0.4	0.4	0.5
Balance, end of year	7.0	7.4	7.8	8.2	8.6	9.0	9.5

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Overseas Private Investment Corporation							
Balance, start of year	4.2	4.4	4.6	4.7	4.9	5.1	5.3
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	0.3	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	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	_*	_*
Interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, surplus or deficit (-)	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Adjustments:							
Transfers/lapses (net)	_*	-0.1	-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	4.4	4.6	4.7	4.9	5.1	5.3	5.5
Pension Benefit Guaranty Corporation							
Balance, start of year	15.1	14.6	14.3	14.9	16.5	18.5	20.5
Income:							
Governmental receipts							
Proprietary receipts	3.6	3.8	5.2	7.6	8.3	8.9	9.2
Receipts from Federal funds:							
Interest	0.5	0.7	0.8	0.9	1.0	1.1	1.2
Other							
Receipts from Trust funds							
Subtotal, income	4.1	4.6	6.0	8.5	9.3	9.9	10.4
Outgo:							
To the public	4.6	4.9	5.4	6.8	7.3	8.0	8.5
Payments to Other funds							
Subtotal, outgo	4.6	4.9	5.4	6.8	7.3	8.0	8.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-0.9	-1.1	-0.2	0.8	1.0	0.9	0.7
Interest	0.5	0.7	0.8	0.9	1.0	1.1	1.2
Subtotal, surplus or deficit (-)	-0.5	-0.3	0.6	1.6	2.0	2.0	1.9
Adjustments:							
Transfers/lapses (net)	_*						
Other adjustments							
Total, change in fund balance	-0.5	-0.3	0.6	1.6	2.0	2.0	1.9
Balance, end of year	14.6	14.3	14.9	16.5	18.5	20.5	22.3

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

(In billions of dollars)

	2007 Actual	Estimate					
		2008	2009	2010	2011	2012	2013
Uniformed services retiree health care fund							
Balance, start of year	84.7	108.5	129.3	150.2	174.1	199.9	227.7
Income:							
Governmental receipts							
Proprietary receipts							
Receipts from Federal funds:							
Interest	4.0	4.8	5.8	6.8	8.1	9.5	11.0
Other	27.2	24.4	24.1	26.8	28.3	29.7	31.2
Receipts from Trust funds							
Subtotal, Income	31.2	29.2	29.9	33.7	36.4	39.2	42.2
Outgo:							
To the public	7.6	8.3	9.0	9.7	10.5	11.4	12.3
Payments to Other funds							
Subtotal, Outgo	7.6	8.3	9.0	9.7	10.5	11.4	12.3
Change in fund balance:							
Surplus or deficit:							
Excluding interest	19.6	16.1	15.1	17.1	17.7	18.3	18.9
Interest	4.0	4.8	5.8	6.8	8.1	9.5	11.0
Subtotal, surplus or deficit	23.6	20.9	20.8	23.9	25.8	27.8	29.8
Adjustments:							
Transfers/lapses (net)	0.2						
Other adjustments							
Total, Change in fund balance	23.8	20.9	20.8	23.9	25.8	27.8	29.8
Balance, End of Year	108.5	129.3	150.2	174.1	199.9	227.7	257.6

* \$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 the Government's financial plan for proposing, deciding, and controlling the allocation of resources. Those financial activities that constitute the direct allocation of resources are included in the budget's measures of receipts and expenditures, and characterized as "budgetary."

Federal Government activities that do not involve the direct allocation of resources in a measurable way are characterized as "non-budgetary" and classified outside of the budget. For example, the budget does not include funds that are privately owned, but held and managed by the Government in a fiduciary capacity, such as the deposit funds owned by Native American Indians. In addition, the budget does not include costs that are borne by the private sector even when those costs result from Federal regulatory activity. Also, although the budget includes the subsidy costs of Federal loan programs, it does not include the other cash flows of these programs that do not involve an allocation of resources by the Government. Non-budgetary activities can be important instruments of Federal policy and are discussed briefly in this chapter and in more detail in other parts of the budget.

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, as discussed below, refers to Federal Government activities that are required by law to be excluded from the budget totals.

Off-Budget Federal Entities

The budget of the Federal Government reflects the 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 the programs of off-budget entities result in the same kind of spending and receipts as on-budget entities. The

"unified budget" reflects the conceptual similarity between on-budget and off-budget entities by showing combined totals of outlays and receipts for both types of 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 financial 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.

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 was classified off-budget in 1989.¹ 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.

¹The President's 2009 Budget requests appropriations for two new off-budget accounts—the Postal Regulatory Commission and the Office of Inspector General of the United States Postal Service. These appropriations will fund the administrative expenses of these two entities. As in the past, these expenses will be funded by the off-budget Postal Service Fund, but will now be classified as discretionary rather than mandatory, as required by the Postal Accountability and Enhancement Act, P.L. 109-435.

Because Social Security is the largest single program in the unified budget and is classified by law as off-budget, the off-budget accounts comprise a significant part of total Federal spending and receipts. In 2009, off-budget receipts are an estimated 26 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 2009 is \$407 billion—a \$611 billion on-budget deficit partly offset by a \$204 billion off-budget surplus. The off-budget sur-

plus consists entirely 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 and never reach balance again. The long-term challenge of Social Security is discussed in Chapter 13 of this volume, “Stewardship.”

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

(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	2,568.2	1,933.2	635.1	2,730.2	2,276.6	453.6	-162.0	-343.5	181.5
2008 estimate	2,521.2	1,859.0	662.2	2,931.2	2,461.2	470.1	-410.0	-602.2	192.2
2009 estimate	2,699.9	2,004.4	695.6	3,107.4	2,615.5	491.9	-407.4	-611.1	203.7
2010 estimate	2,931.3	2,191.2	740.2	3,091.3	2,575.0	516.4	-160.0	-383.8	223.8
2011 estimate	3,076.4	2,295.1	781.4	3,171.2	2,630.5	540.8	-94.8	-335.4	240.6
2012 estimate	3,269.9	2,451.3	818.6	3,221.8	2,653.8	568.0	48.1	-202.5	250.6
2013 estimate	3,428.2	2,569.1	859.1	3,398.9	2,769.7	629.2	29.3	-200.6	229.9

Non-Budgetary Activities

Some important Government activities are characterized as non-budgetary because they do not involve the direct allocation of resources by the Government. Some of the Government’s major non-budgetary activities are discussed below.

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

make direct loans or guarantee private loans. The Federal Credit Reform Act of 1990 changed 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 creates 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 creates 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 the future repayments of principal and interest as receipts. In addition, prior to the Credit Reform Act, the budget did not record loan guarantees as a cost or an outlay unless or until a loan actually defaulted, and the Government had to fulfill its guarantee commitment.

Since 1992, under the Credit Reform Act, the budgetary costs of direct loans and loan guarantees have been 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. For example, 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. Similarly, a group of loan guarantees with upfront fees that exactly offset the expected cost of defaults would have zero net cost and no effect on Government outlays. 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 is measured on a present value basis. This subsidy 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 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. Under the Credit Reform Act, the financing accounts are non-budgetary and excluded from the budget.² 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 the adoption of credit reform, the budget outlays of credit programs reflect only the subsidy costs of Government credit and show this cost when the credit assistance is provided, thereby reflecting the true cost of credit decisions. 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.³ 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 Social Security proposal is adopted, contributions into the personal accounts will be recorded as outlays, but the accounts themselves will be classified as 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."

Government-sponsored enterprises.—The Federal Government has 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, despite their origin, they are now all privately owned and controlled. However, because they were established by the Federal Government to serve public-policy purposes and because

²For 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.

²See §505(b) of the Federal Credit Reform Act of 1990.

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."

Tax expenditures.—The Federal tax system includes numerous special tax exclusions, exemptions, deductions, and similar provisions. These provisions subsidize particular activities and can 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.

Although the effects of tax expenditures are incorporated into the Budget's estimates of receipts, tax expenditures are considered non-budgetary. This is because tax expenditures are not shown explicitly as outlays or as negative tax receipts and because tax expenditures pose significant measurement problems. Tax expenditures are identified and measured by first specifying a hypothetical "baseline" tax system, which as noted below can be highly subjective and technically complex. Tax expenditures are discussed in Chapter 19 of this volume, "Tax Expenditures." Chapter 19 presents estimates for tax expenditures associated with individual and corporate income taxes, and discusses how tax expenditures compare with spending programs and regulation as alternative methods for achieving policy objectives.

The current tax expenditure baseline is loosely patterned on a comprehensive income tax, but departs from that standard in a number of areas. As explained in more detail in Chapter 19, the current baseline concepts used to identify and measure tax expenditures are somewhat arbitrary and yet essential. As noted in the chapter, the magnitude and distribution of tax expenditures would be significantly different if measured relative to a pure comprehensive income tax or a comprehensive consumption tax rather than the current baseline. The appendix to Chapter 19 provides a critique of the current tax expenditure presentation and attempts to answer three questions: (1) what would tax expenditures be if a comprehensive income tax were used as the baseline without any departures from such a standard; (2) what would tax expenditures be 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 the baseline. Examples include interest, capital gains and depreciation provisions that are not adjusted for inflation.

Hypothetically, tax expenditures could be included as outlays in the budget. Doing so would require measuring receipts as the sum of actual receipts plus the total revenue lost to the tax expenditures and meas-

uring outlays as the sum of actual outlays plus the tax expenditures. The budget would then show the Government's allocation of resources to education, housing and other activities as the sum of spending programs plus tax expenditures; this allocation would be different from the allocation for just spending programs alone. Because receipts and outlays would be increased by the same amount, the resulting deficit would be unchanged. The difficulties in identifying and measuring tax expenditures make it impractical to include tax expenditures in the budget in this manner.

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 Government's cost of conducting regulatory activities, the costs imposed on the private sector as a result of the regulation are treated as non-budgetary and not included in the budget. 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.⁴

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 March 2007.⁵ The report estimates the total costs and benefits of major Federal regulations reviewed by OMB from October 1996 through September 2006, and the impact of Federal regulation on State, local, and tribal governments. It also includes a report on Agency Compliance with the Unfunded Mandates Reform Act of 1995.

Monetary Policy.—As noted above, the budget is a financial plan for allocating resources by raising revenues and spending those revenues. This fiscal policy tool is used by elected Government officials to promote economic growth. Monetary policy is another tool that governments use to promote a strong and stable economy, primarily by maintaining price stability and a sound banking system. In the United States, monetary policy is conducted by the Federal Reserve System, which, by law, is a self-financing entity that is independent of the other branches of Government. The effects of monetary policy and the actions of the Federal Reserve System are non-budgetary; the budget of the Board of Governors of the Federal Reserve System is included in the *Budget Appendix* for informational purposes only.

⁴The 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 10, 2007 (vol. 72, no. 236). Both the Regulatory Plan and Unified Agenda are available on-line at www.reginfo.gov and at www.gpoaccess.gov.

⁵Office of Information and Regulatory Affairs, Office of Management and Budget, 2007 Draft Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities (2007). The Report is available at www.whitehouse.gov/omb/inforeg/2007_cb/2007_draft_cb_report.pdf.

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.

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.

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 Employment

Table 24-1 shows Executive Branch civilian FTE (excluding the U.S. Postal Service) growing by five percent between 2005 and 2009. The primary reason for this growth continues to be mission increases for homeland security and the global war on terrorism. Chart 24-1 shows the trend in Executive Branch civilian FTE over the last several years. Table 24-2 shows FTE totals Government wide, to include military. For the 2009 Budget, additional significant changes by agency are discussed below.

Within the *Department of Commerce*, the Bureau of the Census is preparing for the 2010 Census. In 2009, the bureau will open 150 early local census offices, and hire temporary staff to conduct address canvassing, the first major nationwide field operation of the 2010 Census. The U.S. Patent and Trademark Office requests additional FTE in an effort to decrease processing times for patent applications, which are increasing.

Department of Energy proposes to increase the Department of Energy's federal staff to meet the increasing workload in specific areas. Overall, major increases are in (1) the National Nuclear Security Administration to support requirements in Defense Nuclear Non-proliferation and Emergency Operations programs as well as emerging skill mix needs in the Office of the Administrator; (2) the Office of Science to support investments in research and infrastructure associated with the President's American Competitiveness Initiative; (3) the Office of Loan Guarantees to provide staff for this new program; and, (4) the Nuclear Waste Fund FTE to support design and license defense activities and prepare DOE to obtain a Nuclear Regulatory Commission license to manage the construction and operation of the Yucca Mountain project in a safe and cost-effective manner.

Department of Health and Human Services requests additional FTE to support a number of program areas. Notable increases relate to the Food and Drug Adminis-

tration's food protection activities, expanded staff at Indian Health Service health care facilities, recruitment of medical countermeasure development experts to support the public health and emergency preparedness mission, and additional officers in the Public Health Service Commissioned Corps to form new Health and Medical Response (HAMR) Teams.

Within the *Department of Homeland Security*, Immigration and Customs Enforcement and Customs and Border Protection have seen 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. Also, there have been increases for aviation and transportation security and emergency management. The U.S. Coast Guard will grow by almost one percent in 2009, with specific workforce increases directed to programs supporting their Marine Safety and Port Security missions.

Department of Justice requests an FTE increase to enhance critical law enforcement and counterterrorism related programs, including in the Federal Prison System to accommodate the growing federal prisoner population and in the Federal Bureau of Investigation as it continues to transform to meet both law enforcement and counterterrorism responsibilities.

Department of Transportation's workforce growth largely comes from the Federal Aviation Administration (FAA.) FAA is planning on increasing its FTE's for the "Air Traffic Organization" and "Safety and Operations" accounts in 2009 in order to annualize hiring made during 2007 and increase personnel for the air traffic control and safety workforces.

Department of State requests additional FTE to meet new high-priority foreign policy requirements including strengthening American presence in critical emerging areas, strengthening civilian response capabilities, improving professional training capacity, increasing efforts against visa and passport fraud, and enhancing security for diplomatic personnel worldwide.

Within *International Assistance Programs*, the United States Agency for International Development (USAID) will initiate the Development Leadership Initiative in 2009 to strengthen the Agency's capacity by expanding its permanent Foreign Service Officer corps. In 2009, USAID will increase FTE as they begin the recruitment, hiring and training of approximately 300 new Foreign Service Officers.

Within the *Department of Veterans Affairs*, the Veterans Benefits Administration is increasing its disability claims adjudication staff to respond to the increasing volume and complexity of disability claims. The additional FTE will bring the Department closer to reaching its disability claims processing strategic target of 125 days to process. To accomplish the priority

of providing high-quality health care, the Veterans Health Administration is increasing the number of providers and other personnel to (1) help meet the projected growth in the number of patients seeking medical care, including meeting the mental health needs of returning veterans; (2) oversee and manage Non Recurring Maintenance projects and reduce backlog; and (3) increase operational oversight. Additional FTE in the National Cemetery Administration will staff six new national cemeteries expected to open in 2009.

Equal Opportunity Employment Commission requests 175 additional FTE in 2009 for front-line investigative positions to reduce EEOC's private-sector charge inventory and for the new in-house National Contact Center.

Small Business Administration requests a reduction in staff due to the decrease in workload associated with Hurricanes Katrina, Rita, and Wilma. The Small Business Administration also continues to reduce the number of temporary FTEs that assisted in providing Disaster Loans to Gulf Coast homeowners, renters, and businesses.

Personnel Compensation and Benefits

Table 24-3 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.

The U.S. Overseas Staffing Presence

There are approximately 66,000 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 2009 is projected to be about \$549,000, 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 (PMA) 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 Under COM Authority (Including American and Locally Engaged Staff) Projected for 2008	Total American Personnel Under COM Authority Projected for 2008	Average Cost of an American Position Overseas Estimated for 2009	New Overseas American Positions Requested in the President's 2009 Budget
65,900	15,335	\$549,000	493

* As reported by agencies in their 2009 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: 2005 to 2009	
	2005	2006	2007	2008	2009	FTE's	Percent
Cabinet agencies:							
Agriculture	99.6	97.0	94.8	95.4	91.1	-8.5	-8.6%
Commerce	35.1	36.0	36.3	40.1	53.9	18.8	53.7%
Defense-military functions	653.0	661.8	658.8	671.3	677.2	24.2	3.7%
Education	4.3	4.2	4.1	4.2	4.2	-0.1	-3.0%
Energy	14.9	14.7	14.6	15.8	16.1	1.2	8.0%
Health and Human Services	59.3	59.1	58.8	60.0	60.8	1.5	2.6%
Homeland Security	143.3	144.4	148.1	162.3	166.2	22.9	15.9%
Housing and Urban Development	9.9	9.6	9.5	9.7	9.5	-0.4	-4.2%
Interior	70.4	68.7	67.4	68.3	68.6	-1.8	-2.6%
Justice	103.0	104.2	105.0	113.9	115.8	12.8	12.4%
Labor	16.0	15.8	15.9	16.1	16.8	0.8	4.9%
State	30.1	30.0	30.1	31.1	32.2	2.1	6.9%
Transportation	55.5	53.3	53.4	55.2	55.5	0.0	-0.1%
Treasury	110.0	107.7	107.7	107.6	109.6	-0.4	-0.4%
Veterans Affairs	222.0	222.6	230.4	249.4	253.4	31.4	14.1%
Other agencies—excluding Postal Service:							
Agency for International Development	2.4	2.4	2.4	2.4	2.6	0.2	9.0%
Broadcasting Board of Governors	2.2	2.1	2.0	2.2	2.1	-0.1	-4.2%
Corps of Engineers—Civil Works	22.5	22.1	21.2	21.0	17.0	-5.5	-24.4%
Environmental Protection Agency	17.5	17.3	17.0	17.2	17.1	-0.4	-2.3%
Equal Employment Opportunity Comm	2.4	2.2	2.2	2.4	2.6	0.2	9.2%
Federal Deposit Insurance Corporation	4.9	4.5	4.5	4.6	4.6	-0.3	-6.1%
General Services Administration	12.5	12.3	11.9	12.0	12.0	-0.5	-4.0%
National Aeronautics and Space Admin	18.8	18.3	18.2	18.1	18.1	-0.7	-3.8%
National Archives and Records Administration	2.8	2.8	2.8	2.9	2.9	0.1	1.9%
National Labor Relations Board	1.8	1.8	1.7	1.7	1.7	-0.1	-6.9%
National Science Foundation	1.3	1.3	1.3	1.4	1.4	0.1	9.5%
Nuclear Regulatory Commission	3.1	3.2	3.5	3.8	3.8	0.7	20.9%
Office of Personnel Management	3.6	4.3	4.6	5.0	4.9	1.3	37.4%
Peace Corps	1.0	1.1	1.1	1.1	1.3	0.3	24.8%
Railroad Retirement Board	1.0	1.0	1.0	1.0	1.0	0.0	-0.7%
Securities and Exchange Commission	3.9	3.7	3.5	3.6	3.5	-0.4	-9.1%
Small Business Administration	4.1	5.9	4.4	3.3	3.2	-0.9	-22.6%
Smithsonian Institution	5.1	5.0	5.0	5.3	5.3	0.2	4.7%
Social Security Administration	64.6	63.7	61.7	60.7	59.8	-4.8	-7.4%
Tennessee Valley Authority	12.6	13.1	11.3	11.9	11.5	-1.1	-9.0%
All other small agencies	14.8	15.4	15.6	16.5	16.9	2.1	13.9%
Total, Executive Branch civilian employment *	1,829.6	1,832.8	1,831.6	1,898.3	1,924.2	94.6	5.2%
Subtotal, Defense	653.0	661.8	658.8	671.3	677.2	24.2	3.7%
Subtotal, Non-Defense	1,176.6	1,171.0	1,172.8	1,227.0	1,247.0	70.4	6.0%

*Totals may not add due to rounding.

**Chart 24-1. 2009 Budget Executive Branch Civilian FTE
(Excluding Postal Service)**

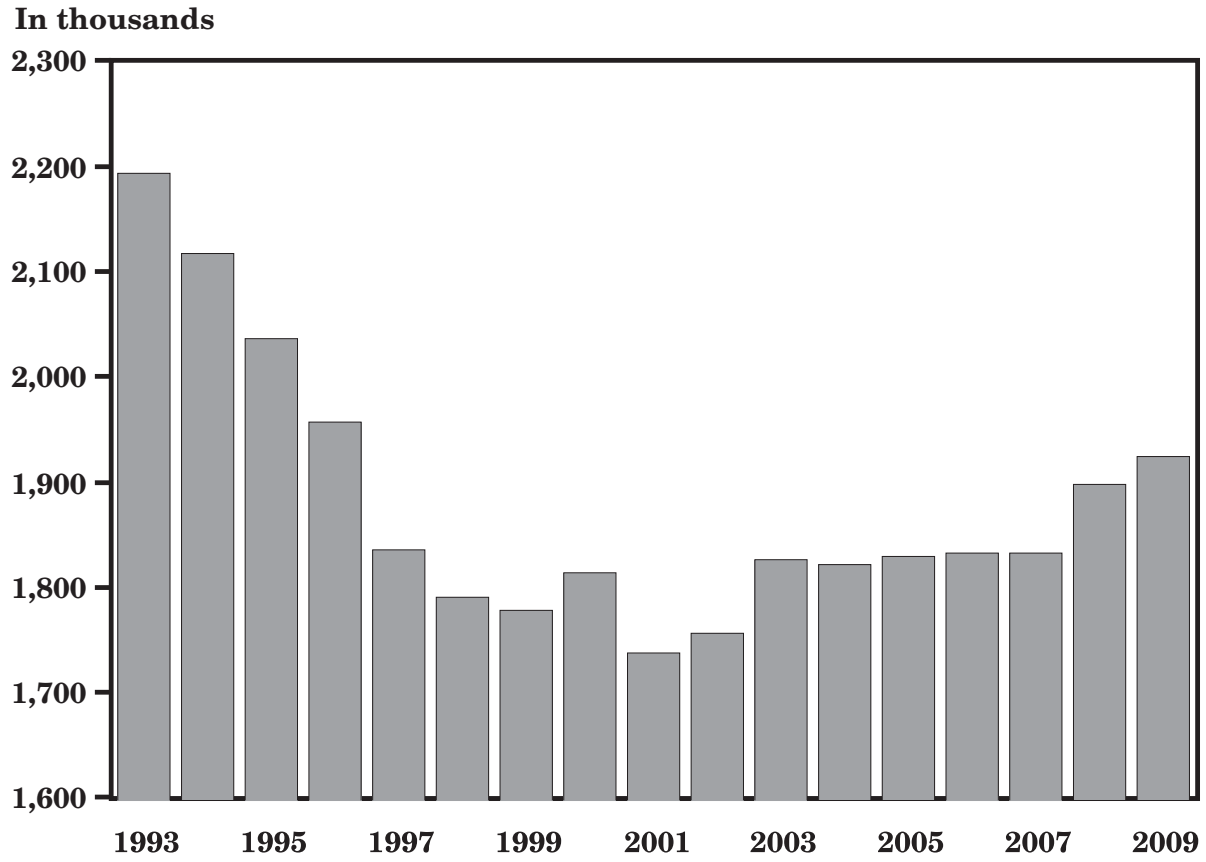


Table 24-2. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	2007 Actual	Estimate		Change: 2007 to 2009	
		2008	2009	FTE's	Percent
Executive branch civilian personnel:					
All agencies except Postal Service and Defense	1,172,774	1,227,007	1,247,007	74,233	6.3%
Defense-Military functions (civilians)	658,800	671,293	677,231	18,431	2.8%
Subtotal, excluding Postal Service	1,831,574	1,898,300	1,924,238	92,664	5.1%
Postal Service ¹	801,641	776,770	762,305	-39,336	-4.9%
Subtotal, Executive Branch civilian personnel	2,633,215	2,675,070	2,686,543	53,328	2.0%
Executive branch uniformed personnel:²					
Department of Defense	1,382,260	1,375,100	1,369,475	-12,785	-0.9%
Department of Homeland Security (USCG)	41,478	42,455	42,604	1,126	2.7%
Commissioned Corps (HHS, EPA, NOAA)	6,250	6,284	6,389	139	2.2%
Subtotal, uniformed military personnel	1,429,988	1,423,839	1,418,468	-11,520	-0.8%
Subtotal, Executive Branch	4,063,203	4,098,909	4,105,011	41,808	1.0%
Legislative Branch: Total FTE ³	31,185	32,480	33,215	2,030	6.5%
Judicial branch: Total FTE	33,558	33,909	34,188	630	1.9%
Grand total	4,127,946	4,165,298	4,172,414	44,468	1.1%

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 24-3. PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

Description	2007 Actual	2008 Estimate	2009 Request	Change: 2007 to 2009	
				Dollars	Percent
Civilian personnel costs:					
Executive Branch (excluding Postal Service):					
Direct compensation:					
DOD—military functions	43,546	46,040	47,544	3,998	9.2%
All other executive branch	90,649	97,604	101,346	10,697	11.8%
Subtotal, direct compensation	134,195	143,644	148,890	14,695	11.0%
Personnel benefits:					
DOD—military functions	11,527	12,367	12,729	1,202	10.4%
All other executive branch	37,051	38,297	39,591	2,540	6.9%
Subtotal, personnel benefits	48,578	50,664	52,320	3,742	7.7%
Subtotal, Executive Branch	182,773	194,308	201,210	18,437	10.1%
Postal Service:					
Direct compensation	41,843	41,356	42,395	552	1.3%
Personnel benefits	20,797	18,609	18,862	-1,935	-9.3%
Subtotal	62,640	59,965	61,257	-1,383	-2.2%
Legislative Branch: ¹					
Direct compensation	1,885	1,988	2,151	266	14.1%
Personnel benefits	524	548	626	102	19.5%
Subtotal	2,409	2,536	2,777	368	15.3%
Judicial Branch:					
Direct compensation	2,672	2,839	3,055	383	14.3%
Personnel benefits	811	879	943	132	16.3%
Subtotal	3,483	3,718	3,998	515	14.8%
Total, civilian personnel costs	251,305	260,527	269,242	17,937	7.1%
Military personnel costs:					
DOD—military functions:					
Direct compensation	74,171	82,510	73,200	-971	-1.3%
Personnel benefits	50,581	48,608	49,143	-1,438	-2.8%
Subtotal	124,752	131,118	122,343	-2,409	-1.9%
All other executive branch, uniformed personnel:					
Direct compensation	2,662	2,717	2,820	158	5.9%
Personnel benefits	1,059	1,040	1,062	3	0.3%
Subtotal	3,721	3,757	3,882	161	4.3%
Total, military personnel costs ²	128,473	134,875	126,225	-2,248	-1.7%
Grand total, personnel costs	379,778	395,402	395,467	15,689	4.1%
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel	79,531	65,522	69,246	-10,285	-12.9%
Government payment for Annuitants:					
Employee health benefits	8,581	8,827	9,638	1,057	12.3%
Employee life insurance	43	45	46	3	7.0%
Former Military Personnel:					
Retired pay for former personnel	43,630	45,480	47,824	4,194	9.6%
Military annuitants health benefits	7,576	8,349	9,021	1,445	19.1%

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