

Baseline Estimates (MAX Schedules S, K, and Y)

23.1. General instructions.

(a) **Purpose.**—OMB is required to produce estimates by following the rules specified in section 257 of the Budget Enforcement Act of 1990 (BEA). These estimates are used for sequestration reporting purposes.

(b) **Materials required.**—Each agency, including the legislative branch and the judicial branch, will submit estimates, with related supporting materials, of the budgetary resources, outlays, and receipts that project the CY levels into BY through BY+9, except as noted below. The guidelines for deriving all baseline estimates are described in section 23.2. Baseline estimates are not required for Government-sponsored enterprises.

Baseline estimates, including receipts data, are required for all programs under current law. Data will be reported in the following MAX schedules:

- schedule S (CY through BY+9) for data on budgetary resources, outlays, limitations, and spendout rates (see sections 21.2, 21.3, and 23.3);
- schedule Y (CY through BY+4) for credit liquidating and financing accounts. For credit financing accounts, MAX schedule S is not required (see section 33.10); and
- schedule K (CY through BY+9) for receipts data (see section 21.4).

Baseline estimates for discretionary resources in schedule S will be calculated automatically for BY through BY+9, as described in section 23.2(b).

23.2. Development of baseline estimates.

The law provides explicit instructions about how to develop the baseline estimates. Some apply to all baseline estimates. However, most rules are specific to two categories of collections and spending: those that are controlled through annual appropriations acts (discretionary spending) and those that are controlled through authorizing legislation (direct spending and receipts). The classification of collections and spending follow the criteria specified in the BEA. Agencies should consult their OMB representative with questions concerning BEA classification.

(a) **General rules.**—The baseline is a projection of the current year (CY) levels of budgetary resources, outlays, and receipts into the outyears based on laws already enacted. The following rules apply to all baseline estimates:

- (1) *Legislative proposals.*—Legislative proposals are considered to be changes from current law, and their budgetary effects should not be reflected in the baseline estimates.
- (2) *Supplementals.*—Generally, only supplementals associated with mandatory programs should be included in the baseline.
- (3) *Regulations, management initiatives, and administrative actions.*—The effect of these, including planned regulations that are not final, should be included in the baseline estimates, as long as they can be implemented without further legislation.
- (4) *Reductions pursuant to a sequester order.*—CY reductions resulting from sequestration will be reflected without separate identification in the baseline estimates.
- (5) *Credit programs.*—The baseline estimates for credit programs will be based on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments (see section 33).

(b) **Baseline estimates for discretionary spending and collections.**—The BEA requires the baseline estimates for discretionary spending and collections to be based on the levels provided in the most recent appropriations act or full-year continuing resolution (CR) (or if a part-year CR is in effect, on the annualized level of the CR). Except for advance appropriations, the most recent appropriations act or full-year CR is normally for the current year. Special rules are provided for estimating the baseline for BY–BY+9, when no appropriations have been enacted for those years.

- (1) *Current year base.*—Estimates will be consistent with the enacted current year amounts reported in MAX schedule A for the account (see section 21.3). Proposed supplementals are excluded from the estimates. Consistent with the BEA scoring rules (see Appendix A), the effects of enacted rescissions and transfers will be included in the current year estimates. The rescission or transfer of unobligated balances to another account will be scored as a reduction in current year budget authority. Transfers of unobligated balances into an account are scored as increases in budget authority in the receiving account. Budgetary resources must be separated into sequestrable and exempt (from sequester) components. Each of these components, except

those related to spending authority from offsetting collections, must be separated into pay-related and non-pay portions.

- (2) *BY through BY+9 baseline estimates.*—In most cases, baseline estimates of budgetary resources will be equal to the most recent full year appropriation (generally the CY level), adjusted for anticipated inflation using factors supplied by OMB.

Special adjustments are required for assumptions about expiring housing contracts and social insurance administrative expenses. For the four accounts with social insurance administrative expenses (the Federal hospital insurance trust fund, the Supplementary medical insurance trust fund, the Unemployment trust fund, and the Rail industry pension fund), estimates of the beneficiary population will be reported in MAX schedule S on line 9993 (see section 21.3). In developing estimates for expiring housing contracts, affected agencies should contact their OMB representative for guidance.

Estimates for accounts that have been provided advance appropriations and for offsetting collections credited to appropriations accounts should be consistent with the instructions in subsections 23.2(b)(3) and (5) below.

Outlays from budgetary resources provided prior to the budget year should be the same in the baseline and in the Presidential policy estimates, unless policy proposals restrict or accelerate spending from such balances. New budgetary resources generally should outlay at a rate that is consistent with Presidential policy spendout rates.

Budgetary resources (except offsetting collections) and outlays (including outlays financed by offsetting collections) will be calculated automatically in MAX. The calculations will be based on the level of CY budgetary resources, outlays from end of PY balances, and CY and BY spendout rates entered into MAX by agencies, and pay-related and non-pay deflators entered into MAX by OMB. Outlays of PY balances will be reported as memorandum entries. Agencies will report spendout rates by using the separate MAX drop-down menu that is accessible for each budgetary resource, as described in the *MAX Users' Guide*. (see exhibits 23A and 23B)

- (3) *Advance appropriations.*—If an advance appropriation has been provided, and the budgetary

resources provided were clearly intended to fund all of the account's activities or if the advance appropriation exceeds the current year appropriations level, then the baseline estimate of new budgetary resources should be equal to the advance appropriation, not the CY inflated level. The last year of the advance appropriation becomes the base for calculating the baseline estimates for the remaining years, using the rules described in (2) above. If an advance appropriation is clearly intended to fund only a portion of the account's activities, it should be ignored, and the baseline should be estimated using the CY level as the base. Affected agencies should consult with their OMB representative for guidance.

- (4) *Discretionary credit accounts.*—The OMB subsidy model will inflate CY subsidy budget authority using the annual adjustment factor for non-pay costs from the economic assumptions for the budget. Subsidy outlays will be derived from the subsidy budget authority. The estimated subsidy rate for the BY should be a separate and distinct calculation from that done for the CY. The OMB subsidy model will compute the subsidy rate using the economic assumptions for the budget. (See section 33.10(c) for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) Baseline direct loan obligations and guarantee commitments will not be collected.

- (5) *Discretionary offsetting collections and receipts.*—The baseline estimates should be consistent with the levels of budgetary resources assumed for the account conducting the activity that generates the collections. Where the level of collections is independent of the appropriated level, the estimates will reflect the level of activity anticipated under current law.

- (6) *Multi-account appropriations.*—If an appropriation covers more than one account and does not specify the amount provided for each account, such as the limitation on administrative expenses for the Social Security Act, the distribution of the budget authority by account in the CY is the base for subsequent years. The CY amount should be inflated by account to derive the budget authority for BY through BY+9.

- (7) *Accounts with negative budget authority in the CY.*—If the budget authority for an account is negative in the CY, the budget authority for BY through BY+9 will be estimated as zero.

If the account has negative budget authority in the CY because it is credited with discretionary offsetting collections and the collections exceed the discretionary appropriation provided to the account, the net budget authority of zero by BY through BY+9 will be assumed to be composed of the “best guess” of offsetting collections under current law and an equal amount of new discretionary budget authority. Net outlays will equal the outlays estimated to result from the total spending authority for the account offset by any anticipated collections.

(c) Rules for direct spending programs.—The BEA requires the estimates for permanent budgetary resources and for appropriated entitlements to reflect the level of activity anticipated under current law, using the economic and technical assumptions that are used for the Presidential policy estimates. The effect of changes to programs and activities directed by already enacted legislation (such as a change in a benefit formula that becomes effective in BY+2) should be included in the year that the changes become effective. The following special rules apply:

- (1) *Expiring authorizations.*—Programs that would expire under current law must be assumed to expire, with one exception. If CY outlays are greater than \$50 million, the program is assumed to continue at current levels. However, an expiring provision of law (in contrast to the entire program) is assumed to expire if that assumption would not have the effect of terminating the basic program.
- (2) *Veterans’ compensation cost-of-living-adjustment (COLA).*—The baseline should assume enactment of a COLA for veterans’ compensation that is equal to the COLA required by law for veterans’ pensions.

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

(d) Rules for mandatory collections.—Estimates of governmental receipts, offsetting receipts, and offsetting collections credited to an appropriation account that is not classified as discretionary should be based on current law. Note that collections affected by Federal pay rates should also be based on current law (i.e., FEPCA pay rates), not on the levels of compensation assumed in the baseline for the pay portion of discretionary accounts. The estimates should also assume that expiring provisions of law providing collections will expire, except that provisions providing for excise taxes dedicated to

a trust fund will be assumed to continue at current levels.

23.3. Submission of data.

(a) Revised computer listings.—For those agencies furnishing automated budget data to OMB, data will be entered in MAX schedules S, Y, and K. If necessary, agencies may order copies of the MAX computer listings by means of remote job entry. For those agencies without access to MAX, copies of the computer listings will be provided by the agency’s OMB budget representative.

Baseline estimates will be prepared for each budget account that has a transmittal code of “0” and for supplemental requests with a transmittal code of “1” that are classified as *mandatory*; e.g., payments under entitlement programs (see section 14.2(e)).

—Baseline estimates for *mandatory supplemental* requests will reflect *current year* baseline estimates of budget authority and the related outlays. No budget authority will be shown in the BY through BY+9 baseline columns. However, the spendout of current year budget authority will be reflected, where appropriate, in the BY through BY+9 columns.

—Baseline estimates of *limitations* will also be provided for CY through BY+9 where limitations are established, including those established to report the effect of reductions pursuant to the G-R-H law, as amended (see section 21.3). Note: Baseline data on credit limitations are not required because these limitations are not sequestrable.

Baseline estimates are not required for accounts included in the budget under transmittal codes “2”, “3”, “4”, or “5”, unless specifically requested by OMB.

(b) GRH program information.—Additional sub-account data is required in MAX schedule S for the accounts and programs indicated below. This information is needed to calculate the sequestrable budget authority and outlays for accounts that are subject to special sequestration rules under the BEA. The rules specify the maximum sequester that can be applied to these accounts and the method for calculating the maximum sequester. *The special code should be used only for the portion of the account that is subject to the special rule.* For example, the maximum sequester for the mandatory portion of Medicare is 4%. The BA and outlays that are subject to this limit should be entered on lines coded 52, divided between the sequestrable

4% amount and the 96% that is exempt because of the special rule.

Agency	Line Code*
<i>Department of Education:</i>	
Federal family education loan program account (91-0231)	31
<i>Department of Health and Human Services:</i>	
Foster care and adoption assistance (75-1545)	41
Medicare, amount subject to 4% sequester limit	52
Other health programs, amount subject to 2% sequester limit.	62
<i>Department of Veterans Affairs:</i>	
Medical care (36-0160), amount subject to 2% sequester limit	62
<i>Automatic Spending Increase (ASI) Accounts:</i>	
Amount subject to special rule sequester	22
Default value	01

*Internal OMB code.

(c) **Supporting materials.**—After final budget decisions are made, two copies of an agency summary table will be submitted to provide a bridge between the current year baseline estimates and the budget year baseline estimates. This table should identify, as separate stub entries, major budget authority or outlay differences (\$50 million or more) between

the current year and budget year baseline estimates. These differences should be explained in terms of:

- effects of enacted appropriations and other legislation;
- inflation and pay-related costs;
- prior year contracts and obligations; and
- anticipated changes in relatively uncontrollable programs or receipts (including offsetting receipts).

Agencies should also submit a table showing the impact on the baseline estimates of major regulations, management initiatives, administrative actions, and other major program assumptions included in the baseline. The budgetary impact of each major assumption should be shown separately. For example, the change in outlays as a result of a regulation should be shown separately from the impact of an assumption about the expiration of a provision. Affected agencies should consult with their OMB representative for the format and content of this table.

Upon request, agencies should be prepared to furnish caseload estimates and other additional information.

Setting Up Outlay Calculations

S-4300 01 Appropriation (total)
Discretionary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates ¹	5.155	44.43	20.16	13.87	10.88	2.85
BY Spendout Rates ²	10.12	54.13	20.10	10.83	1.50	1.32

	Year 7	Year 8	Year 9	Year 10	Year 11	Total ³
CY Spendout Rates ¹	1.15	.75	.50	.25	.005	100.0
BY Spendout Rates ²	1.05	.90	.05	...	...	100.0

S-6890 01 Spending authority
from offsetting collections
(total)
Discretionary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates ¹	100.0	...	...	...	...	...
BY Spendout Rates ²	95.0	5.00	...	...	...	...

	Year 7	Year 8	Year 9	Year 10	Year 11	Total ³
CY Spendout Rates ¹	100.0
BY Spendout Rates ²	100.0

¹ Enter the spendout rates for the discretionary resources provided in the current year. For this purpose, Year 1 represents CY, Year 2 represents BY, etc. Spendout rates must be provided for each discretionary budgetary resource. *Amounts will be reported as percentages, with the option to include up to six decimal places.*

² Enter the spendout rates for the discretionary resources provided in the budget year. For this purpose, Year 1 represents BY, Year 2 represents BY+1, etc. Spendout rates must be provided for each discretionary resource. *Amounts will be reported as percentages, with the option to include up to six decimal places.*

³ Spendout rates should total 100 percent unless the budget authority does not spend out within eleven years; the total should never exceed 100 percent.

Setting Up Outlay Calculations—Resource with Multiple Spendout Rates

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
BA, Limitations, and Outlays—Baseline (S)								
4300 01 Appropriations (total)								
Discretionary **OL Rates**								
Sequestrable								
Non-Pay								
Outyear data								
		8,098	8,341	8,600				
					8,866	9,141	9,424	9,820

Spendout rates (entered for line 4300 01) for non-pay. Spendout rates are entered from the EDIT SETUP OUTLAYS CALCULATION menu.

Estimates for BY+6 through BY+9 can be viewed by scrolling across the MAX screen.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates :	10.00	10.00	10.00	10.00	10.00	10.00
BY Spendout Rates:	10.00	10.00	10.00	10.00	10.00	10.00
	Year 7	Year 8	Year 9	Year 10	Year 11	Total
CY Spendout Rates :	10.00	10.00	10.00	10.00	.....	100.00
BY Spendout Rates:	10.00	10.00	10.00	10.00	.....	100.00

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
4300 02 Appropriations (total)								
Discretionary **OL Rates**								
Sequestrable								
Civilian-Pay								
Outyear data								
		23,296	24,438	25,464				
					26,533	27,648	28,809	30,019

Different spendout rates (entered for line 4300 02) for civilian pay. Spendout rates are entered from the EDIT SETUP OUTLAYS CALCULATION menu.

Estimates for BY+6 through BY+9 can be viewed by scrolling across the MAX screen.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates :	85.00	15.00	.....	.....	.....	.....
BY Spendout Rates :	85.00	15.00	.....	.....	.....	.....
	Year 7	Year 8	Year 9	Year 10	Year 11	Total
CY Spendout Rates :	.....	.....	.....	.....	.....	100.00
BY Spendout Rates :	.....	.....	.....	.....	.....	100.00