



FY2011 Appropriations in Budgetary Context

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Summary

The 112th Congress is considering H.R. 1473, the Department of Defense and Full-Year Continuing Appropriations Act, 2011, which would fund the federal government's discretionary programs for the remainder of FY2011, which began on October 1, 2010. H.R. 1473 represents a last-minute compromise reached on April 8, the eve of the expiration of the sixth short-term continuing resolution (CR) enacted to date. The current CR (H.R. 1373/P.L. 112-8) provides funding until April 15, 2011. If further funding is not provided, much of the federal government would be shut down.

The difficulty in reaching agreement on funding levels for the current fiscal year reflects a larger debate about how to restrain federal spending in the face of large deficits this year and in years to come. Much of the debate has focused on how various proposed funding levels compare to the FY2010 enacted level and President Obama's FY2011 budget request. H.R. 1473 proposes a total federal spending level of \$1.21 trillion, or \$66.5 billion below the FY2010 enacted level and \$78.5 billion below the President's request.

All of the proposed funding levels include \$159 billion in emergency spending for the Afghan and Iraq wars as proposed by the President. While funding levels for the Defense Department and other security-related agencies (defined here as Defense, Military Construction/Veterans' Administration, and the Department of Homeland Security) have been reduced below the President's request in H.R. 1473, those levels are slightly above FY2010 enacted levels.

Most of the debate about reducing spending has focused on discretionary spending for all other non-security areas ranging from Agriculture and Commerce to Transportation and Housing. For all non-security agencies, H.R. 1473 proposes a funding level of \$421.7 billion—\$42.0 billion or 4% below the FY2010 enacted level and \$56.1 billion or 7% below the President's request.

H.R. 1473 proposes a funding level of \$23.8 billion or 2% above H.R. 1, which was passed by the House on February 19, 2011, and intended to return non-security spending to FY2008 levels. These comparisons are not precise because the \$42 billion decrease relative to FY2010 enacted includes \$17 billion in decreases to mandatory programs. A new CBO estimate suggests that H.R. 1473 reduces cumulative outlays by about \$20 billion to \$25 billion, largely because many of the changes to mandatory programs would have little effect on outlays.

This report will be updated as necessary.

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Discretionary Funds for FY2011

The 112th Congress is currently discussing how to fund the federal government's discretionary programs for the remainder of FY2011, which began on October 1, 2010. Congress approved a series of seven short-term continuing resolutions (CRs) to fund government activities. The current CR provides funding until April 15, 2011. If further funding were not provided, much of the federal government would be shut down.¹

This report compares the various funding levels that have been considered during the 112th Congress with H.R. 1473, a compromise reached just before the expiration on April 8 of the sixth CR (P.L. 112-8). H.R. 1473 provides discretionary budget authority to run the federal government for the remainder of FY2011, and includes both discretionary and mandatory spending reductions.

Budget authority (BA) provides government agencies with the legal ability to make obligations on behalf of the federal government, subject to restrictions in appropriations legislation. Outlays occur once the U.S. Treasury Department disburses funds to discharge those obligations. The last part of this report summarizes long-term trends in federal spending and presents projections of FY2011 and FY2012 federal spending in terms of outlays.

FY2011 Funding Measures

Congress approved a series of seven short-term continuing resolutions to fund government activities since October 1, 2010, when the fiscal year began. The current CR (P.L. 112-8; H.R. 1363) provides funding until April 15, 2011. The bill reflecting the last minute compromise reached on April 8, 2011, H.R. 1473, the Department of Defense and Full-Year Continuing Appropriations Act, 2011, is expected to be considered this week. **Table 1** shows both short-term and longer-term continuing resolutions considered during the 112th Congress.

Table 1. FY2011 Funding Measures and Proposals: CBO Estimates

Billions of dollars (annualized basis)

	Non-Emergency		Emergency		Total	
	BA	Outlays	BA	Outlays	BA	Outlays
Short-Term Continuing Resolutions						
P.L. 111-322 - through March 4, 2011	1,087.465	1,289.483	159.378	71.913	1,246.843	1,361.396
P.L. 112-4 - through March 18, 2011	1,083.455	1,288.516	159.378	71.913	1,242.833	1,360.429
P.L. 112-6 (H.J.Res-48) - through April 8, 2011	1,077.447	1,287.536	159.378	71.913	1,236.825	1,359.449

¹ For details, see CRS Report RL34680, *Shutdown of the Federal Government: Causes, Processes, and Effects*, by (name redacted); essential personnel are "excepted" from furloughs.

	Non-Emergency		Emergency		Total	
	BA	Outlays	BA	Outlays	BA	Outlays
H.R. 1363 – through Sept. 30, 2011 (Defense); through April 15, 2011 (Rest of Govt)	1,071.341	1,291.569	159.565	76.000	1,230.906	1,367.569
P.L. 112-8 (H.R. 1363 as amended); through April 15, 2011	1,074.296	1,286.193	159.378	71.913	1,233.674	1,358.106
FY2011 Rest of the Year Proposals						
H.R. 1, as passed by the House	1,025.976	1,280.680	153.026	75.285	1,179.002	1,355.965
Senate Amendment #149 (Inouye)	1,078.798	1,296.388	157.897	75.344	1,236.695	1,371.732
H.R. 1473 – as posted on the House Committee on Rules website on April 12, 2011	1,049.782	1,289.131	158.142	75.583	1,207.924	1,364.714

Source: CBO scores of FY2011 proposals, March 15, 2011, available at <http://www.cbo.gov/ftpdocs/121xx/doc12109/CR-FY2011-112thCongress.pdf>; CBO Estimate of H.R. 1363, the Department of Defense and Further Continuing Appropriations Act, as Posted on the Rules Website on April 4, 2011; “Continuing Resolutions for 2011 in the 112th Session of Congress,” available at <http://www.cbo.gov/ftpdocs/121xx/doc12109/ContinuingResolutions.pdf>.

Notes: CBO scores will not reflect subsequent legislative changes to proposals. First three CRs not shown. For additional details, see **Table A-1**. Changes in mandatory spending (CHIMPs) included in some measures.

Debate about FY2011 Spending Levels

Congressional discussions of FY2011 measures have opened a vigorous interchange of views on the federal budget, with a strong focus on restraining federal spending. Some contend that FY2011 funding decisions should take a first step in reshaping the size and responsibilities of the federal government.

Others note that the economy has not yet fully recovered from the 2009 recession, and criticize the proposed reductions for their likely impact on programs and services provided by the government, and potentially on a still fragile economy. In particular, unemployment rates remain high in most parts of the country, the housing sector remains weak, and the number of banking and financial institutions on watch lists is at historically elevated levels.²

Comparisons of Spending Levels

Much of the discussion has focused on comparing proposed funding levels with the FY2010 enacted level, the President’s FY2011 budget request, and H.R. 1, the funding level approved by

² For a discussion of deficits as a fiscal policy tool, see CRS Report RL33657, *Running Deficits: Positives and Pitfalls*, by (name redacted).

the House on February 19, 2011, which was intended to return spending levels for most agencies other than the Defense Department and other security-related agencies to FY2008 levels.

For several years, the Administration has shown funding levels for “security” and “non-security” agencies separately. In its definition, security agencies include the Defense Department, the Veterans Administration (VA), the State Department/USAID, and the Department of Homeland Security (DHS).³ All other agencies are non-security.⁴ There has been little debate about the Administration’s proposed funding levels for the Afghan and Iraq wars, which is treated separately.

More recently, the House Budget Committee and the House Appropriations Committee have adopted a definition of “security” which includes DOD, VA, and DHS but excludes the State Department/USAID. Some House presentations of spending data also exclude war funding (described as Overseas Contingency Operations) from security totals.

Table 2 below shows funding levels for H.R. 1473 and other funding proposals by the House subcommittee allocations, with subtotals for “security” and “non-security” using the House definition to give a sense of how funding for different purposes compares in the various funding proposals. (See **Appendix** for a summary of other FY2011 funding measures.)

Table 2. FY2010 Enacted, FY2011 President’s Request, and Selected Continuing Resolutions

Billions of dollars of budget authority, by House subcommittee, security and non-security, and non-emergency and emergency

Subcommittee	FY2010 Enacted CBO Estimate	FY2011 President’s Request	H.R. 3082, P.L. 111-322, CR through March 4, 2011	H.R. 1 as passed by the House, February 19, 2011	H.R. 1363, P.L. 112-8, One-Week CR until April 15, 2011	H.R. 1473, Pending Year-Long CR
NON-EMERGENCY						
Non-security and Security Total^a	1,090.50	1,128.35	1,087.47	1,025.98	1,074.30	1,049.78
NON-SECURITY^a						
Ag/Rural Development, FDA	23.25	23.13	23.31	18.14	22.77	19.97
Commerce, Justice, Science	64.42	60.54	56.68	52.69	54.15	53.45
Energy and Water	33.47	35.34	33.87	29.88	32.88	31.75
Financial Services	24.19	25.25	23.36	20.36	22.18	22.00
Interior, Environment, and Rel.	32.24	32.38	32.28	27.80	31.57	29.62
Labor, HHS, Education	164.83	170.61	169.35	143.88	166.90	157.77

³ The Obama Administration’s definition of security spending is not neatly commensurable with boundaries defined by regular appropriations bill. For example, the Obama Administration includes the U.S. Department of Energy’s National Nuclear Security Administration, which is funded through the Energy and Water appropriations bill.

⁴ Office of Management and Budget, “FY2012 Summary Tables,” Table 11.

Subcommittee	FY2010 Enacted CBO Estimate	FY2011 President's Request	H.R. 3082, P.L. 111- 322, CR through March 4, 2011	H.R. 1 as passed by the House, February 19, 2011	H.R. 1363, P.L. 112-8, One-Week CR until April 15, 2011	H.R. 1473, Pending Year-Long CR
Leg Branch	4.66	5.13	4.65	4.46	4.65	4.55
State Dept, Foreign Ops	48.76	56.65	50.77	44.93	50.76	48.26
Transportation, Housing	67.88	68.74	66.29	52.37	61.91	55.49
Full Committee ^b	0.00	0.00	0.00	0.00	0.00	-1.14
Non-security Total	463.68	477.77	460.57	394.51	447.77	421.71
SECURITY^a						
Defense ^c	508.18	530.94	508.69	515.76	508.69	513.03
Homeland security	42.67	43.64	42.56	41.52	42.19	41.75
Mil Con, VA, and Related	75.98	76.00	75.65	74.18	75.65	73.30
Security Total	626.82	650.57	626.90	631.46	626.53	628.07
EMERGENCY						
Emergency Total	185.14	159.34	159.38	154.43	159.38	159.40
Full Committee ^d	0	0	0	-5.00	0	0
Other Emergencies ^e	22.05	0	0	0.00	0	0
Department of Defense	163.08	159.34	159.38	159.432	159.378	159.401
NON-EMERGENCY AND EMERGENCY TOTAL						
Grand Total	1,275.64	1,287.68	1,246.84	1,180.41	1,233.67	1,209.18

Source: HAC, Chair Rogers, Revised 302 (b) allocations for FY2011 in 112th Congress, 2-14-11 for President's FY2011 Request, <http://www.gpo.gov/fdsys/pkg/CRPT-112/hrpt12/pdf/CRPT-112/hrpt12.pdf>. CBO Estimates for H.R. 3082, H.R. 1, H.R. 1363, and H.R. 1473; CBO Status of FY2010 Current Appropriations as of August 23, 2010.

Notes: FY2010 enacted levels are for discretionary appropriations. Other columns contain changes in mandatory programs. Source documents also contain other notes and caveats.

- Uses "Security" as defined in H.R. 1 and House Budget Committee FY2012 Budget Resolution, which includes Defense, Homeland Security, and Mil Con/VA. Other subcommittee areas are considered "Non-security." This definition differs from Administration's definition of security, which includes DOD, DHS, International, and VA.
- Section 1119 of Division B provides for an across-the-board rescission of 0.2% to all 2011 discretionary budget authority except that in Division A (Defense Appropriations Act, 2011), and BA for contingency operations.
- CRS adjusted CBO figures to present a modified definition of "Emergency/Non-emergency" in order to show war funding consistently; CRS included "Additional Appropriations" for war categorized as "Other Contingency Operations" in addition to other "Emergency" spending identified by CBO.
- Rescission of all discretionary, unobligated balances from the American Recovery and Reinvestment Act (P.L. 111-5) except Offices of Inspector General and the Recovery Act Accountability and Transparency Board (Division C).
- "Other Emergencies" including Haiti earthquake.

As **Table 2** shows, for non-emergency funding, the continuing resolution enacted at the end of the 111th Congress (H.R. 3082; P.L. 111-322) set funding levels at close to FY2010 levels—a total of

\$1.087 trillion compared to \$1.090 trillion until final levels could be agreed upon. H.R. 1, as passed by the House on February 19, 2011, but which failed in the Senate on March 9, 2011, proposed a total of \$1.026 trillion, below the FY2010 enacted level and substantially below the President's FY2011 budget request. H.R. 1473, being considered this week, proposes a level of \$1.050 trillion, an overall total below the FY2010 enacted level but above the level proposed in H.R. 1.

Comparisons between various spending measures, as noted above, have been central to the spirited discussions of FY2011 funding measures. **Table 3** presents dollar differences between bills. Overall, H.R. 1473 is \$66.5 billion below FY2010 enacted levels including a decrease of \$42.0 billion for non-security agencies and a \$1.3 billion increase for security agencies.

Decreases relative to FY2010 levels are concentrated in Commerce, Justice, Science (CJS; \$11 billion); Labor, HHS, and Education (\$7.1 billion);⁵ and Transportation, Housing and Urban Development, and Related Agencies (T-HUD)(\$12.4 billion).⁶ Much of the decrease in CJS funding relative to FY2010 reflects the winding down of costs of the 2010 decennial census of population and housing.⁷ Much of the decrease in T-HUD funding relative to FY2010 was in cuts to transportation funding; the largest cuts came from zeroing out funding for the high speed rail grant program for FY2011 (as well as rescinding \$400 million from prior year funding and from rescissions in prior year highway contract authority).⁸ (These comparisons do not reflect the 0.2% across-the-board reduction in Section 119 of Division B of H.R. 1473.)

Table 4 shows those differences in percentage-change terms. In percentage terms, the largest spending (BA) decreases relative to FY2010 enacted levels would affect program funding controlled by the following subcommittees: Agriculture/Rural Development (-14%); Commerce, Justice, Science (-17%); Financial Services (-9%); Interior and the Environment (-8%); and Transportation and Housing (-18%).

The President's FY2011 budget request sets another benchmark for FY2011 funding proposals. Compared to the FY2011 request, H.R. 1473 would be \$78.5 billion lower, or 6% overall. Decreases range from 8% (Labor-HHS-Education) to 19% (Transportation-HUD) in all of the non-security subcommittee jurisdictions.

H.R. 1, the FY2011 funding measure passed by the House, provides another benchmark. H.R. 1473 funding is \$28.8 billion or 2% higher than H.R. 1. Levels in H.R. 1473 are higher for Agriculture (10%), Labor/HHS (10%), as well as Energy & Water (6%), Financial Services (8%), and Interior-Environment (7%).⁹

⁵ CRS Report R41657, *Proposed FY2011 Appropriations for the Departments of Education and Labor Under H.R. 1 and Related Bills*, by (name redacted), (name redacted), and (name redacted)

⁶ HHS is the Department of Health and Human Services; HUD is the Department of Housing and Urban Development.

⁷ For details, see CRS Report R41161, *Commerce, Justice, Science, and Related Agencies: FY2011 Appropriations*, coordinated by (name redacted), (name redacted), and (name redacted).

⁸ CRS Report R41492, *Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2011 Appropriations*, by (name redacted) and (name redacted).

⁹ For a comparison of spending levels in H.R. 1 and related legislation on a more detailed level (i.e., by titles within appropriations subcommittee areas), see CRS Report R41703, *FY2011 Appropriations: A Side-by-Side Comparison of Key Proposals*, coordinated by (name redacted) and Marian Leonardo Lawson.

Security and Non-security Funding Levels

A comparison of totals for “Security” and “Non-Security” shows that essentially all reductions are being taken in non-security areas. While the funds within the Defense Appropriations Subcommittee’s jurisdiction would receive funding below the President’s FY2011 request in all of the proposals, both H.R. 1473 and H.R. 1 propose funding above FY2010 enacted levels—almost \$5 billion in the case of H.R. 1473 and about \$7 billion in the case of H.R. 1.

These totals omit some Department of Defense funding because military construction is considered by the Military Construction/VA Subcommittee. That funding was slated to decrease in FY2011 with completion of funding for base closures. If that funding is taken into account, overall funding for the Department of Defense in H.R. 1473 would be \$2 billion below FY2010 enacted levels.

Table 3. H.R. 1473 Full Year Continuing Resolution Compared to Other Proposals

Billions of dollars of budget authority, by House subcommittee, security and non-security, and non-emergency and emergency

Subcommittee	H.R. 1473 vs. FY2010	H.R. 1473 vs. FY2011 Request	H.R. 1473 vs. P.L. 111-322, 4 th CR	H.R. 1473 vs. H.R. 1 as passed by the House	H.R. 1473 vs. 7 th CR
NON-EMERGENCY					
Non-security and Security Total^a	-40.72	-78.56	-37.68	23.81	-24.51
NON-SECURITY^a					
Ag/Rural Development, FDA	-3.29	-3.16	-3.34	1.82	-2.81
Commerce, Justice, Science	-10.97	-7.09	-3.23	0.75	-0.70
Energy and Water	-1.72	-3.60	-2.12	1.87	-1.13
Financial Services	-2.19	-3.25	-1.36	1.64	-0.18
Interior, Environment, and Rel.	-2.62	-2.76	-2.66	1.82	-1.95
Labor, HHS, Education	-7.06	-12.85	-11.59	13.89	-9.14
Leg Branch	-0.11	-0.58	-0.10	0.09	-0.10
State Dept, Foreign Ops	-0.50	-8.39	-2.51	3.33	-2.50
Transportation, Housing	-12.38	-13.24	-10.80	3.13	-6.42
Full Committee ^b	-1.14	-1.14	-1.14	-1.14	-1.14
Non-security Total^a	-41.97	-56.06	-38.86	27.20	-26.06
SECURITY^a					
Defense ^c	4.85	-17.92	4.33	-2.74	4.33
Homeland security	-0.92	-1.89	-0.81	0.23	-0.44
Mil Con, VA, and Related	-2.68	-2.70	-2.35	-0.88	-2.35
Security Total	1.25	-22.50	1.18	-3.39	1.55

Subcommittee	H.R. 1473 vs. FY2010	H.R. 1473 vs. FY2011 Request	H.R. 1473 vs. P.L. 111-322, 4 th CR	H.R. 1473 vs. H.R. 1 as passed by the House	H.R. 1473 vs. 7 th CR
EMERGENCY					
Emergency Total	-25.73	0.07	0.02	4.97	0.02
Full Committee ^d	0	0	0	5.00	0.00
Other Emergencies ^d	—	—	—	—	—
Department of Defense	-3.68	0.07	0.02	-0.03	0.02
Non-emergency and Emergency Total	-66.45	-78.50	-37.66	28.77	-24.49

Source: HAC, Chair Rogers, Revised 302 (b) allocations for FY2011 in 112th Congress, 2-14-11 for President's FY2011 Request, <http://www.gpo.gov/fdsys/pkg/CRPT-112/hrpt12/pdf/CRPT-112/hrpt12.pdf>. CBO Estimates for H.R. 3082, H.R. 1, H.R. 1363, and H.R. 1473; CBO Status of FY2010 Current Appropriations as of August 23, 2010.

Notes: See notes for **Table 2** and in source documents.

- Uses "Security" as defined in H.R. 1 and House Budget Committee FY2012 Budget Resolution Non-security, which defines Defense, Homeland Security, and Mil Con/VA; differs from Administration "Security" to include DOD, DHS, International, and VA.
- Section 1119 of Division B provides for an across-the-board rescission of .2% to all 2011 discretionary budget authority except that in Division A (Defense Appropriations Act, 2011), and BA for contingency operations.
- CRS adjusted CBO figures to present a modified definition of "Emergency/Non-emergency" in order to show war funding consistently; CRS included "Additional Appropriations" for war categorized as "Other Contingency Operations" in addition to other "Emergency" spending identified by CBO.
- Rescission of all discretionary, unobligated balances from the American Recovery and Reinvestment Act (P.L. 111-5) except Offices of Inspector General and the Recovery Act Accountability and Transparency Board (Division C).
- Other emergencies including Haiti earthquake.

Table 4. H.R. 1473 Full Year Continuing Resolution Compared to Other Proposals

Billions of dollars of budget authority, by House subcommittee, security and non-security, and non-emergency and emergency

Subcommittee	H.R. 1473 vs. FY2010	H.R. 1473 vs. FY2011 Request	H.R. 1473 vs. P.L. 111-322, 4 th CR	H.R. 1473 vs. H.R. 1 as passed by the House	H.R. 1473 vs. 7 th CR
NON-EMERGENCY					
Non-Security and Security Total^a	-4%	-7%	-3%	2%	-2%
NON-SECURITY^a					
Ag/Rural Development, FDA	-14%	-14%	-14%	10%	-12%
Commerce, Justice, Science	-17%	-12%	-6%	1%	-1%
Energy and Water	-5%	-10%	-6%	6%	-3%
Financial Services	-9%	-13%	-6%	8%	-1%
Interior, Environment, and Rel.	-8%	-9%	-8%	7%	-6%
Labor, HHS, Education	-4%	-8%	-7%	10%	-5%
Leg Branch	-2%	-11%	-2%	2%	-2%
State Dept, Foreign Ops	-1%	-15%	-5%	7%	-5%
Transportation, Housing	-18%	-19%	-16%	6%	-10%
Full Committee ^b	—	—	—	—	—
Non-Security Total	-9%	-12%	-8%	7%	-6%
SECURITY^a					
Defense ^c	1%	-3%	1%	-1%	1%
Homeland security	-2%	-4%	-2%	1%	-1%
Mil Con, VA, and Related	-4%	-4%	-3%	-1%	-3%
Security Total	0%	-3%	0%	-1%	0%
EMERGENCY					
Emergency Total	-14%	0%	0%	3%	0%
Full Committee ^d	—	—	—	—	—
Other Emergencies ^e	-100%	—	—	—	—
Department of Defense	-2%	0%	0%	0%	0%
Non-emergency and Emergency Total	-5%	-6%	-3%	2%	-2%

Source: See source notes for **Table 2**.**Notes:** See notes for **Table 2**.

Trends in Federal Spending

Discretionary spending is provided and controlled through appropriations acts, which fund many of the activities commonly associated with such federal government functions as running executive branch agencies, congressional offices and agencies, and international operations of the government. Essentially all spending on federal wages and salaries is discretionary. Discretionary spending, in general, funds costs of administering federal programs such as Medicare and Social Security, whose benefits are funded by mandatory spending.

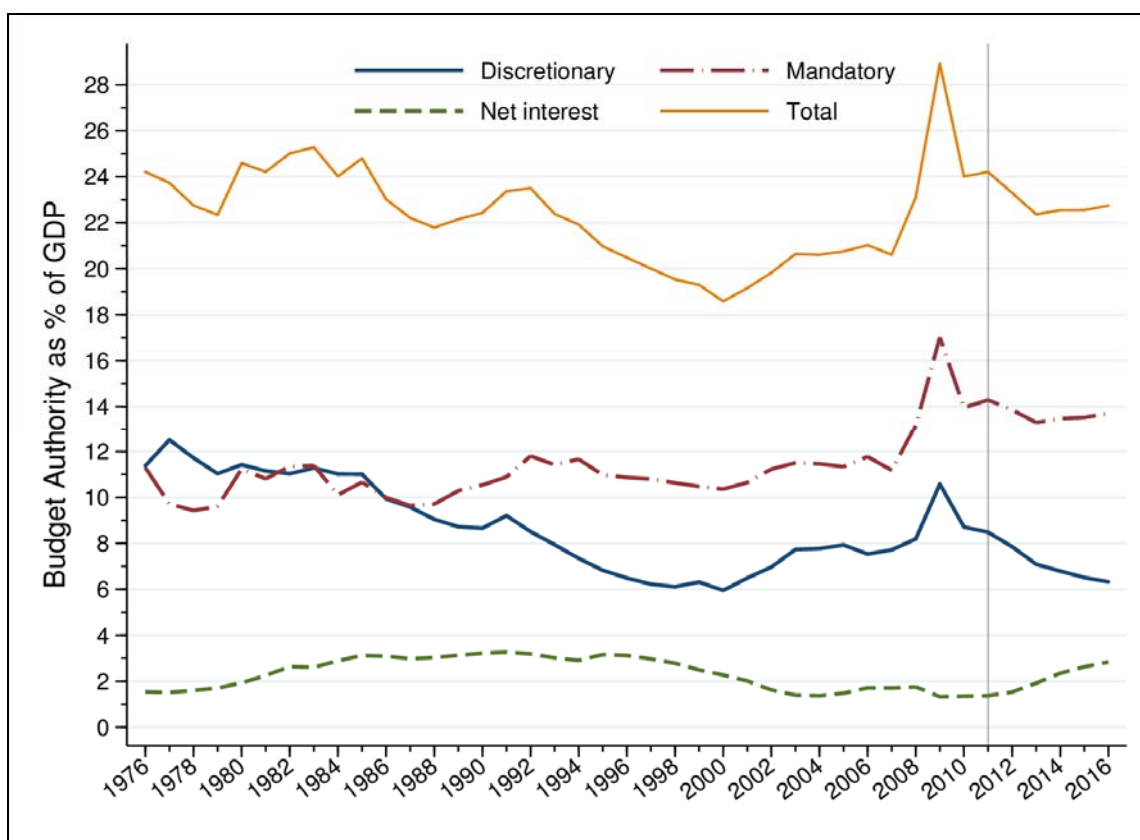
Mandatory spending, by and large, has grown more rapidly than discretionary spending over the past several decades. **Figure 1** shows trends in spending, as measured by budget authority, since FY1976. Budget authority (BA), which gives federal agencies the legal ability to obligate federal funds, has been compared to funds in a checking account. Outlays occur once the U.S. Treasury disburses funds to federal contractors, employees, grantees, or other payees. Congressional analysts often consider spending in terms of budget authority, which Congress controls, rather than outlays, which can depend on decisions made in the executive branch. Deficits, however, are computed as the difference between revenues and outlays.

Both discretionary and mandatory spending spiked in FY2009 due to the effects of the financial crisis of 2007-2009 and the subsequent recession.¹⁰ President Obama has proposed a five-year freeze in discretionary spending in his FY2012 budget submission, which is reflected in the projected decline in discretionary spending as a proportion of the economy after FY2011. Net interest payments are expected to rise after FY2011 because interest rates typically increase during economic recovery.

¹⁰ Early events in the financial crisis include the failure of a Bear Stearns hedge fund holding large inventories of subprime mortgage-backed securities in late July 2007 and the decision of BNP Paribas, a major French bank, to suspend withdrawals from funds backed by subprime mortgage loans in early August 2007. For a chronology of the credit crunch, see Stephen G. Cecchetti, "Monetary Policy and the Financial Crisis of 2007-2008," CEPR Policy Insight 21, April 2008, available at http://www.cepr.org/pubs/PolicyInsights/CEPR_Policy_Insight_021.asp.

Figure I. Budget Authority by Category, FY1976-FY2016

As a % of GDP



Source: CRS, based on OMB data from the President's FY2012 budget submission.

Notes: Funding levels for FY2011 reflect annualized levels in P.L. 111-322. Levels for FY2012-FY2016 reflect President's proposals.

CBO Current-Law Baseline and Scoring

CBO current-law baseline projections are computed using assumptions set forth in budget enforcement legislation. The CBO baseline projections are not intended to serve as a prediction of what budget outcomes are most plausible or likely. Rather, the CBO baseline projections are designed to serve as a budgeting tool, which is used to determine how legislative changes would increase or decrease the federal deficit.¹¹

CBO baseline projections are based on current law, not current policy. If under current law a provision is slated to expire, the CBO baseline is computed on the assumption that the provision will expire—even when past Congresses have repeatedly extended similar provisions. For example, if a tax cut is slated to expire under current law, the baseline revenue projections would

¹¹ CBO's role is set forth in Title II of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344) and the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177). While the portions of that legislation affecting the CBO current-law baseline expired in September 2006, CBO has not changed how it constructs baseline projections.

include an increase in revenues after the scheduled expiration of that tax cut—even if similar tax cuts had been extended in the past.

CBO baseline projections presume that discretionary spending remains constant in inflation-adjusted (real) terms. As **Figure 1** shows, discretionary spending in past decades has generally kept pace with growth of the economy as a whole, and thus has increased in terms of inflation-adjusted dollars. For these reasons, the CBO current-law baseline projections typically yield estimates of higher growth in revenue and slower growth of discretionary spending relative to scenarios that independent forecasters consider likely. CBO typically includes alternative projections that use assumptions that many economists consider more plausible as predictions of future budgetary outcomes.

Changes in Mandatory Spending (CHIMPs)

Appropriation legislation sometimes includes changes in mandatory programs (CHIMPs). CBO often includes summaries of cost savings or increases due to CHIMPs in its cost estimates. H.R. 1473 includes \$17.5 billion in reductions in mandatory programs.¹² A new CBO estimate suggests that these reductions in mandatory programs would have relatively little effect on outlays.¹³

The treatment of CHIMPs in CBO scoring differs from changes in discretionary spending. Suppose a proposal to increase discretionary spending by \$1 is offset by a \$1 reduction in mandatory spending in order to keep scoring of discretionary spending below a cap. If the proposal were enacted, the next update of the CBO current-law baseline would be rebased in order to reflect the legislative changes necessary to achieve the mandatory spending reduction. To keep the increased discretionary spending below the cap would then require a new decrease in mandatory spending. By contrast, if the discretionary spending increase were offset by a reduction in another discretionary program, additional offsets would not be necessary. Thus, changes in mandatory spending serve as one-time offsets to discretionary spending increases.

Projections of FY2011 and FY2012 Outlays

While discussions of appropriations legislation typically consider spending in terms of budget authority, data on estimated outlays are important because they are used to compute total budget deficits. Furthermore, the federal government's current fiscal policy stance (i.e., its effect on current macroeconomic trends) depends on outlays. **Table 5** presents projections and proposals for FY2011, along with enacted levels for FY2010. **Table 6** presents projections and proposals for FY2012, along with actual levels for FY2010.

¹² CBO, HR-1473, "Changes to Mandatory Programs, (CHIMPS)," April 12, 2011.

¹³ CBO, "Cost Estimate for H.R. 1473, the Department of Defense and Full-Year Continuing Appropriations Act of 2011, Additional information for the bill as posted on the House Committee on Rules website on April 12, 2011;" http://www.cbo.gov/ftpdocs/121xx/doc12143/additional_info_hr1473.pdf.

Table 5. FY2011 Outlays: Projections and Proposals

Billions of dollars (annualized basis)

	Revenues	Outlays	Discretionary Outlays	Mandatory Outlays	Total	On- Budget	Off- Budget	Debt Held by the Public ^a
FY2010 Actual	2,163	3,456	1,347	1,913	-1,294	-1,371	77	9,019
CBO Baseline, 1/2011	2,228	3,708	1,375	2,108	-1,480	-1,548	68	10,430
President's FY2011 Budget, 2/11	2,174	3,819	1,416	2,194	1,645	1,653	56	10,856
OMB FY2011 Adjusted Baseline, 2/2011	2,174	3,771	1,386	2,177	1,597	1,653	56	
OMB FY2011 BEA Baseline, 2/2011	2,176	3,769	1,433	2,130	-1,593	-1,649	56	10,805
H.R. 1 (as passed Feb. 19, 2011)			1,356					
S. Amdt. 149 (Inouye)			1,372					
H.R. 1473			1,365					
CBO Prelim Est. of Pres. Budget 3/18/2011	2,229	3,655	1,369	2,071	-1,425	-1,494	69	10,389
CBO Revised Baseline 3/2010	2,230	3,629	1,361	2,055	-1,399	-1,468	69	10,363

Source: CRS compilation of data from OMB and CBO, FY2011 funding proposal levels taken from <http://www.cbo.gov/doc.cfm?index=12109&zzz=41673>.

Notes: See source documents for important caveats.

a. At end of fiscal year.

Table 6. FY2012 Outlays: Projections and Proposals

Billions of dollars (annualized basis)

	Revenues	Outlays	Discretionary Outlays	Mandatory Outlays	Total	On- Budget	Off- Budget	Debt Held by the Public
FY2010 Actual	2,163	3,456	1,349	1,913	-1,294	-1,371	77	9,019
CBO Baseline, 1/2011	2,555	3,655	1,352	2,038	-1,100	-1,186	86	10,430
President's FY2011 Budget, 2/11	2,627	3,729	1,340	2,140	1,101	1,168	77	10,856
OMB FY2011 Adjusted Baseline, 2/2011	2,609	3,699	1,344	2,109	1,090	1,168	77	
OMB FY2011 BEA Baseline, 2/2011	2,644	3,681	1,386	2,055	-1,036	-1,113	77	10,805
CBO Prelim Est. of Pres. Budget 3/18/2011	2,544	3,708	1,362	2,086	-1,164	-1,250	86	10,389
CBO Rev. Baseline 3/2010	2,558	3,639	1,344	2,038	-1,081	-1,167	86	10,363

Source: CRS compilation of data from OMB and CBO, FY2011 funding proposal levels taken from <http://www.cbo.gov/doc.cfm?index=12109&zzz=41673>.

Notes: See source documents for important caveats.

a. At end of fiscal year.

Appendix. FY2011 Funding Measures

Table A-1. Summary of Enacted FY2011 Funding Measures

Enacted Measures	Funding Period	Enacted	Public Law
7 th CR	April 9-15, 2011	April 9, 2011	P.L. 112-8 (H.R.1363)
6 th CR	March 19-April 8, 2011	March 18, 2011	P.L. 112-6(H.J.Res. 48)
5 th CR	March 5-18, 2011	March 2, 2011	P.L. 112-4 (H.J.Res. 44)
4 th CR	Dec. 22, 2010-March 4, 2011	December 22, 2010	P.L. 111-322 (H.R. 3082)
3 rd CR	Dec. 19-21, 2010	December 18, 2010	P.L. 111-317 (H.J.Res. 105)
2 nd CR	Dec. 4-18, 2010	December 4, 2010	P.L. 111-290 (H.J.Res. 101)
1 st CR	Oct. 1-Dec. 3, 2010	September 30, 2010	P.L. 111-242 (H.R. 3081)

Source: CRS. For details, see CRS Appropriations Table for FY2011, available at <http://crs.gov/Pages/AppropriationsStatusTable.aspx>; CBO, "Continuing Resolutions for 2011 in the 112th Session of Congress," available at <http://www.cbo.gov/ftpdocs/121xx/doc12109/ContinuingResolutions.pdf>.

Table A-2. Summary of FY2011 Funding Measures Not Enacted

Measures	Funding Period	Last Action	Bill
Department of Defense and Full-Year Continuing Appropriations Act, 2011	through Sept. 30, 2011	Rules Committee Resolution H. Res. 218 Reported to House, April 12, 2011	H.R. 1473
Department of Defense and Further Continuing Appropriations Act, 2011	through Sept. 30, 2011, for Defense; through April 15 otherwise	Introduced April 4, 2011	H.R. 1363
Government Shutdown Prevention Act of 2011		Passed House, April 1, 2011	H.R. 1255
Full-Year Continuing Appropriations Act, 2011	through Sept. 30, 2011	Failed in Senate March 9, 2011	H.R. 1
DOD and Full-Year Continuing Appropriations Act, 2011	through Sept. 30, 2011	Failed in Senate March 9, 2011	S.Amdt. 149 to H.R. 1
Senate Consolidated Appropriations Act 2011	through Sept. 30, 2011	n.a.	Amendment to H.R. 3082

Source: CRS, based on LIS data.

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