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FERC		

DUE DATE ~~12/20/77~~

FROM: McIntyre, James T. Acting Director Office of Management and Budget

TO: Secretary letter dated: 11/25
 Deputy Sec'y memo
 Under Sec'y twx
 Other other Bulletin No. 78-5

SUBJECT: Preparation and submission of 1978 "current services" estimates--instructions apply to all agencies of Gov't incl. Legis Branch, Judiciary, and off-budget Fed. entities; req. estimates, materials by 12/20/77

ENCLOSURE: Current Services Data and Update Form, Abbreviations listing, samples of format.

- appropriate action
 - draft remarks
 - draft reply
 - comments
 - direct reply
 - prepare brief & agenda
 - files
- PREPARE FOR SIGNATURE OF:
- Secretary
 - Deputy Sec'y
 - Under Sec'y
 - Other

REMARKS: Read - 12/21/77 - discuss 12/20/77 for comments

DIRECTOR Office Of The Secretary *(Signature)*

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 21 PM 2 53

BULLETIN NO. 78-5

November 25, 1977

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Preparation and submission of 1979 "current services" estimates

1. Purpose. These instructions cover the preparation and submission of "current services" estimates for fiscal years 1978 and 1979. The instructions apply to all agencies of the Government including the Legislative Branch, the Judiciary, and off-budget Federal entities.

2. Background. Section 605 of the Congressional Budget Act of 1974 (P.L. 93-344) requires the President to submit the proposed budget authority and estimated outlays that would be included in the 1979 budget if all programs and activities were carried on at the same level as the fiscal year in progress (base year, 1978) and without policy changes. The Act also requires submission of supporting information such as economic assumptions and program caseloads.

The Congress -- in particular the Joint Economic Committee, and the budget committees -- will use the current services information to assess the size and direction of the budget and as a base against which alternatives, including the President's budget proposals, can be evaluated.

3. Basis for the estimates.

a. Current services base estimates for FY 1978. -- The current services estimates for 1978 will constitute the base estimates from which the 1979 current services estimates will be determined and should be derived from the amounts for 1978 to be included in the 1979 Budget. In estimating current services outlays, agencies will be expected to exercise the same care to avoid overestimates (the "shortfall" problem) that they have been instructed to exercise in preparing Presidential budget outlay estimates.

(1) The current services estimates should include the effects of legislation signed into law on or before November 30, 1977. It should be assumed that deferral actions will continue in effect for the period specified in special messages transmitted to the Congress under the Impoundment Control Act of 1974, unless overturned by the Congress by November 30, 1977. (Agencies will be asked to make subsequent corrections to reflect congressional action, if any, during December.)

(2) The estimates should be based on the economic assumptions provided by OMB in connection with the 1979 budget estimates.

(3) If 1978 appropriations have not been enacted, alternative bases will have to be used. In the case of major procurement and construction programs that are largely governed by amounts contained in annual authorizing legislation, adequate appropriations to permit the orderly execution of enacted authorizing legislation should be assumed in the absence of completed appropriation action. For other programs, estimates will be based on the levels contained in the continuing resolution in effect on November 30.

b. Current services estimates for FY 1979.--The current services estimates for 1979 should reflect the anticipated costs of continuing on-going Federal programs and activities at 1978 current services base levels without policy changes (i.e., ignoring all pending new legislative proposals, Presidential and congressional). The estimates should allow for the expected future implications of current law (as specified in paragraph 3a(1) above), and for anticipated changes of a relatively uncontrollable nature (as distinct from policy changes). More specifically:

(1) Programs that expire under existing laws should not be assumed to carry forward if the activities or benefits are clearly temporary or one-time (such as temporary commissions scheduled to expire). All recurring programs whose authority is scheduled to expire will be assumed to continue.

(2) Current services estimates will be based on the same general level of prices as the budget request. Estimates will not be adjusted for subsequent price increases except to the extent required or specifically permitted by current law, or as approved by OMB for fully-funded, multi-year major procurement, construction, and

research and development programs for major systems. Effects of future Federal pay increases will not be included in the estimates prepared by agencies; a separate Government-wide allowance will be developed by OMB.

(3) Estimates for benefit programs that have legislated cost-of-living increases (such as social security and food stamps) or whose outlays increase automatically with rising prices (such as medicare and medicaid) should be adjusted from the 1978 current services base estimates for (a) changes in beneficiary and average benefit levels due to economic or demographic factors; (b) the effects of anticipated inflation (based on price assumptions provided by OMB); and (c) enacted legislation that changes the entitlement formula or coverage of the program.

(4) Estimates for benefit programs that do not have legislated cost-of-living increases under current law (such as veterans compensation and pensions) should be adjusted from the 1978 current services base estimates only for (a) anticipated changes in beneficiary and average benefit levels due to demographic factors; and (b) enacted legislation that changes benefit levels or coverage of the program. Average benefits should not be adjusted for inflation, since this would require a change in existing law.

(5) Federal employment will be assumed to remain level, in general. Productivity increases will be assumed to offset growth in workload except for major uncontrollable changes. Other exceptions are permissible only when the authorizing statutes specifically provide for either rising or declining employment and must be approved by OMB.

(6) Grants to State and local governments excluding those for benefit programs (such as those for public service employment, education, or mass transit) should be adjusted only for the implications of current law and the spend-out of unexpended balances of budget authority from prior years. In the case of annual appropriations, assume the same program level (generally, budget authority) as in the current services base estimates. Outlays under these programs should not be adjusted for inflation beyond the level reflected in the 1979 budget estimates unless such adjustment is specifically provided for by law.

(7) Estimated budget authority for all other Federal activities, such as caseload programs, construction, procurement, operations and maintenance, loans, and

subsidies, should be held at the 1978 current services base level unless changes are required by current law or prior contracts and commitments. Estimated budget authority and outlays under these programs should not be adjusted for inflation beyond the levels reflected in the 1979 budget estimates unless such adjustments are specifically provided for by law or are approved by OMB for fully-funded, multi-year major procurement, construction, and research and development programs for major systems. In general, estimated budget authority and outlays for major projects (e.g., the space shuttle and major weapons systems) will be determined by following the approved construction, development, and/or procurement schedules. However, in cases where the approved construction schedule is usually not met due to constrained appropriation levels, assume the same budget authority as included in the current services base year (1978) and outlays that are consistent with that amount of budget authority for the budget year plus the appropriate spend-out of balances of prior budget authority.

4. Materials required.

a. Computer listing.--OMB will provide each agency with three (3) copies of a computer listing in the format of Exhibit 1. The listing displays agency, bureau, and account titles and contains budget authority and outlay line entries labeled "current services," "proposed legislation," and "discretionary" for 1977, 1978 and 1979. The sum of amounts entered on these lines in the 1977 "actual" and 1978 and 1979 "last estimate" columns will equal the budget authority and outlay amounts entered on the "total Presidential request" lines for these columns. The listing also contains information pertaining to offsetting receipts. Agencies will mark up the computer listings in accordance with the following guidelines and return two (2) copies to OMB:

(1) Corrections will be made by entering the correct amounts in the 1978 and 1979 "revised estimate" columns opposite the computer generated amount in the "last estimate" column. No corrections will be made for "1977 actual" amounts.

(2) The "total Presidential request" is the total amount of budget authority or outlays requested for the account in the 1979 budget. The "proposed legislation" lines consist of items with a transmittal code of "2"--proposed for later transmittal under proposed legislation. (See OMB Circular No. A-11, section 21.4.) Amounts printed in the "last estimate" columns for these lines represent the

most recent information in the 1979 budget computer file. Make any corrections necessary to update these amounts on this listing. Calculations of the current services and discretionary amounts should be based on the corrected amounts. Agencies should note, however, that this computer file will be used only for construction of the current services data base. Annotations of "Presidential request" and "proposed legislation" amounts made on this listing will not be used to update the OMB computer system used to compile the President's budget. To change Presidential budget information in the computer system, agencies must contact the OMB budget examiner concerned with the agency's budget estimates.

(3) The "current services" figures printed on the listing are computer generated numbers that arbitrarily assume that the "discretionary" amount is zero. Ignore these amounts in estimating the true current services amounts. Estimates should be based on the instructions contained in section 3 above.

(4) Changes from an on-going current services base level that do not require new legislation can be regarded as the result of "discretionary" policy action. The "discretionary" amounts for budget authority and outlays are to be computed as a residual, such that the "current services" estimate, plus the "proposed legislation," plus the "discretionary" amount equals the corrected "Presidential request" for the account. Note that the computer listing will show no entry for "discretionary" amounts since this amount has arbitrarily been assumed to be zero.

(5) The number of changes made to each numbered line of the listing should be recorded in the column labelled "number of changes."

(6) Information on offsetting receipts is not required since the data necessary to generate current services offsetting receipt amounts is already available in OMB's computer files.

b. Back-up material.--Two (2) copies of analyses of differences in the format of Exhibits 2 and 3 will be submitted for program estimates with major budget authority or outlay differences (more than \$100 million) and for the major benefit programs identified in Attachment A.

(1) Major differences in program estimates. In the analysis of differences between current services estimates and Presidential budget estimates (Exhibit 2), agencies will explain major differences in budget authority or outlays (more than \$100 million) between:

(a) the 1978 Presidential budget estimate and the current services base estimate for 1978 and

(b) the 1979 current services estimate and the 1979 Presidential budget estimate.

In the analysis of differences between the 1978 and 1979 current services estimates (Exhibit 3), agencies will explain major differences between the current services base estimates for 1978 and the 1979 current services estimates.

The analysis should cite the major reasons for the differences and identify the amount associated with each. Explanations need not be provided at the account level of detail; conventional aggregations (e.g., at a bureau or major program level) may be used provided they are not inconsistent with separately identifying benefit programs as indicated below.

As a rule, differences between the Presidential budget estimates and current services estimates for programs other than benefit programs (Exhibit 2) should result only from:

- proposed legislation (Administration proposals included in the Presidential budget estimates for 1978 and 1979 should be excluded from 1978 and 1979 current services estimates),
- current services estimates that reflect the levels provided in authorizing legislation or a continuing resolution if the 1978 appropriations have not yet been enacted (as provided in section 3a above), and
- Presidential requests for 1979 budget authority that call for a different program level than the estimated 1979 current services level.

Differences between the 1978 current services base and 1979 current services estimates (Exhibit 3) should be explained in terms of:

- the 1979 effects of enacted authorizations, appropriations, and other legislation;
- expiration of temporary programs;
- price increases provided for under current law, or as permitted by OMB for fully-funded, multi-year major procurement, construction, and research and development programs for major systems;
- prior year contracts and obligations;
- anticipated changes in relatively uncontrollable programs or offsetting receipts.

(2) Major benefit programs.--For the benefit programs identified in Attachment A, agencies must indicate the number of beneficiaries assumed, on a current services basis, in 1978 and 1979. A brief explanation of differences between 1978 and 1979 current services estimates and the Presidential budget estimates for 1978 and 1979 is also required. Differences between the budget estimates for 1978 and the current services base estimates should be explained in terms of the effects of proposed legislation included in the budget estimates. The budget estimates and the current services base estimates for 1978 should not differ because of reestimates. Differences between the 1978 current services base and 1979 current services estimates may be explained by identifying changes resulting from (1) mandatory cost-of-living adjustments, (2) other benefit increases resulting from existing law, (3) changes in the number of beneficiaries eligible under existing law, and (4) higher earnings records for new beneficiaries and, in the case of budget authority for certain trust funds, higher receipts. If so requested, agencies should also be prepared to identify the effect of alternative economic assumptions.

5. Timing of submission. The materials required by section 4 of this Bulletin will be submitted no later than December 20, 1977.

James T. McIntyre, Jr.
James T. McIntyre, Jr.
Acting Director

Attachments

MAJOR BENEFIT PROGRAMS

Military Retired Pay

Medicare

Medicaid

Social Security (OASDI)

Railroad Retirement

Special Benefits for Disabled Coal Miners

Civil Service Retirement and Disability

Unemployment Trust Fund

Federal Unemployment Benefits and Allowances

Supplemental Security Income

Grants to States for Maintenance Payments

Housing Assistance

Food Stamps

Child Food Assistance

Veterans Compensation

Veterans Pensions

Veterans Readjustment Benefits

CURRENT SERVICES DATA AND UPDATE FORM

Exhibit 1
OMB Bulletin No. 78-5

PREPARED BY:

John G. Agency
8473-5261

TELEPHONE:

NUMBER
OF
CHANGES

1977
ACTUAL

1978
LAST
ESTIMATE

1978
REVISED
ESTIMATE

1979
LAST
ESTIMATE

1979
REVISED
ESTIMATE

NOTE: IF ANY AMOUNT FIELD IN THIS PRINTOUT IS CORRECT AS SHOWN, THEN LEAVE BLANK THE CORRESPONDING AMOUNT POSITION IN THE FOLLOWING COLUMN LABELLED "REVISED ESTIMATES". OTHERWISE, THESE CORRECT AMOUNTS WILL BE RE-ENTERED NEEDLESSLY. IF ANY AMOUNT EXCEPT 1977 IS INCORRECT AS SHOWN, THEN ENTER THE CORRECT AMOUNT IN THE CORRESPONDING POSITION IN THE FOLLOWING COLUMN LABELLED "REVISED ESTIMATES". PARENTHESIZED CODES PRECEDING 1978 AND 1979 AMOUNTS ARE FOR KEY PUNCHING PURPOSES ONLY. THEREFORE, PLEASE IGNORE THEM. THE PARENTHESIZED CODE TO THE LEFT OF THE FORM REPRESENTS THE SUBFUNCTION OF THE ACCOUNT, IMMEDIATELY FOLLOWING IT IS THE CONTROLLABILITY CLASSIFICATION CODE. BE SURE TO INSERT AMOUNTS IN \$1000S AND FILL IN YOUR NAME AND PHONE NUMBER IN THE SPACE PROVIDED ABOVE. THANK YOU

(In thousands of dollars)

OFFICE OF TERRITORIAL AFFAIRS

ADMINISTRATION OF TERRITORIES

ACCOUNT NUMBER	DESCRIPTION	1977 ACTUAL	1978 LAST ESTIMATE	1978 REVISED ESTIMATE	1979 LAST ESTIMATE	1979 REVISED ESTIMATE
228300	CURR.SER.BA(806) (265)	2	58072	21001 (26) 58,072	21001 (28)	58,072
228400	DISCRET. BA(806) (265)	2		(26) -37,071	(28)	-37,071
228500	CURR.SER. O(806) (265)	2	64902	35000 (26) 57,000	20027 (28)	58,072
228600	DISCRET. O (806) (265)	2		(26) -22,000	(28)	-38,045
TOTAL CURR.SER.BA			58072	21001 58,072	21001	58,072
TOTAL DISCRET. BA				-37,071		-37,071
TOTAL CURR.SER. O			64902	35000 57,000	20027	58,072
TOTAL DISCRET. O				-22,000		-38,045
TOTAL PRES.REQ.BA			58072	21001	21001	
TOTAL PRES.REQ. O			64902	35000	20027	

TRUST TERRITORY OF THE PACIFIC ISLANDS

228700	CURR.SER.BA(806) (265)	2	101717	89239 (26) 89,119	90610 (28)	90,430
228800	PEOP.LEG.BA(806) (265)	1		9458 (26) 9,408	(28)	
228900	DISCRET. BA(806) (265)	2		(26) 120	(28)	180
229000	CURR.SER. O(806) (265)	2	91800	91242 (26) 91,142	88250 (28)	88,000
229100	PEOP.LEG.O (806) (265)	0		5058 (26)	5400 (28)	
229200	DISCRET. O (806) (265)	2		(26) 100	(28)	200
TOTAL CURR.SER.BA			101717	89239 89,119	90610	90,430
TOTAL PEOP.LEG.BA				9458 9,408		
TOTAL DISCRET. BA				120		180
TOTAL CURR.SER. O			91800	91242 91,142	88250	88,000
TOTAL PEOP.LEG.O				5058	5400	
TOTAL DISCRET. O				100		200
TOTAL PRES.REQ.BA			101717	98697 98,647	90610	90,610
TOTAL PRES.REQ. O			91800	96200	93650	93,600

93515

Abbreviations Used on Current Services
Data and Update Form

- CURR.SER.BA - Estimated current services budget authority.
- CURR.SER.O - Estimated current services outlays.
- OFF.REC. - Offsetting receipts estimated in the 1979 Budget.
- PROP.LEG.BA - Budget authority under proposed legislation included in the 1979 Budget.
- PROP.LEG.O - Budget outlays under proposed legislation included in the 1979 Budget.
- PROP.LEG.OR - Offsetting receipts under proposed legislation included in the 1979 Budget.
- DISCRET.BA - Discretionary budget authority.
- DISCRET.O - Discretionary outlays.
- PRES.REQ.BA - Net budget authority requested in the 1979 Budget.
- PERS.REQ.O - Net budget outlays estimated in the 1979 Budget.

DEPARTMENT OF GOVERNMENT

Analysis of Differences
Current Services to Presidential Budget Proposals
(1978 and 1979)

(In millions of dollars)

		<u>1978</u>	<u>1979</u>
Current services estimates	BA	41,750	41,825
	O	31,484	31,701
Proposed legislation to reduce costs of Arctic exploration (beginning 4/16/78)	BA	-119	-241
	O	-119	-241
Proposed rescission of Arctic construction funds, currently pending in Congress (R78-12)	BA	220	---
	O	102	118
Other pending rescissions (3)	BA	7	---
	O	5	2
Proposed increase in iceberg surveillance flights	BA	---	108
	O	---	105
Proposed base closing (McMurdo Sound)	BA	---	-83
	O	---	-81
Presidential budget estimates	BA	41,858	41,609
	O	31,472	31,604

DEPARTMENT OF GOVERNMENT

Analysis of Differences
1978 Current Services Base to 1979 Current Services Estimate
(In millions of dollars)

	<u>Budget Authority</u>	<u>Outlays</u>
1978 current services base estimate	41,750	31,484
Benefit payments for disabled explorers:		
Automatic cost-of-living increases (5.2% in June 1978 and 4.9% in June 1979)	100	100
Beneficiaries (average number assumed to increase from 425,000 to 450,000 in 1979)	<u>125</u>	<u>125</u>
Total benefit payments	225	225
Ocean floor exploration program (outlays from prior-year balances)	---	106
Expiration of temporary program to study animal life in desert environments	-150	-140
Other changes, primarily outlays from prior year contracts in water quality research programs	<u>---</u>	<u>26</u>
1979 current services estimate	41,825	31,701