

necessary. (See also Budget and Accounting Act of 1921; Budget Enforcement Act; Gramm-Rudman-Hollings; Sequestration.)

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## Baseline

An estimate of spending, revenue, the deficit or surplus, and the public debt expected during a fiscal year under current laws and current policy. The baseline is a benchmark for measuring the budgetary effects of proposed changes in revenues and spending. It assumes that receipts and mandatory spending will continue or expire in the future as required by law and that the future funding for discretionary programs will equal the most recently enacted appropriation, adjusted for inflation. Under the Budget Enforcement Act (BEA), which will expire at the end of fiscal year 2006, the baseline is defined as the projection of current-year levels of new budget authority, outlays, revenues, and the surplus or deficit into the budget year and outyears based on laws enacted through the applicable date. (See also Projections.)

## CBO Baseline

Projected levels of governmental receipts (revenues), budget authority, and outlays for the budget year and subsequent fiscal years, assuming generally that current policies remain the same, except as directed by law. The baseline is described in the Congressional Budget Office's (CBO) annual report for the House and Senate Budget Committees, *The Budget and Economic Outlook*, which is published in January. The baseline, by law, includes projections for 5 years, but at the request of the Budget Committees, CBO has provided such projections for 10 years. In most years the CBO baseline is revised in conjunction with CBO's analysis of the President's budget, which is usually issued in March, and again during the summer. The "March" baseline is the benchmark for measuring the budgetary effects of proposed legislation under consideration by Congress.

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## Bases of Budgeting

Methods for calculating budget figures. Not all methods are mutually exclusive. For example, the federal budget includes both net and gross figures and reports both obligations and cash or cash equivalent spending. As a general rule, budget receipts and outlays are on a cash or cash equivalent basis; however, interest on public issues of public debt is recorded on an accrual basis. Under credit reform, the subsidy cost of both direct loans and guaranteed loans is included in the budget (i.e., the budget