



BUDGET OF THE UNITED STATES GOVERNMENT

FISCAL YEAR
1990

THE BUDGET DOCUMENTS

**Budget of the United States Government, 1990* contains the Budget Message of the President and presents an overview of the President's budget proposals. It includes summary information on the economic assumptions used in the 1990 Budget, Federal receipts, and Federal spending. In addition it includes supplemental information on Federal credit programs, several topics that help place the budget in perspective, the budget system and concepts, a listing of the Federal program by agency and account, and summary tables.

**United States Budget in Brief, 1990* is designed for use by the general public. It provides a more concise, less technical overview of the 1990 budget than the above volume, including summary and historical tables on the Federal budget and debt, together with graphic displays.

**Budget of the United States Government, 1990—Appendix* contains detailed information on the various appropriations and funds that constitute the budget. The *Appendix* contains more detailed information than any of the other budget documents. It includes for each agency: the proposed text of appropriation language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, and proposed general provisions applicable to the appropriations of entire agencies or groups of agencies. Supplemental proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget totals.

**Special Analyses, Budget of the United States Government, 1990* contains analyses that are designed to highlight specified program areas or provide other significant presentations of budget data. The first part of this document includes information about two alternative views of the budget; i.e., the current services and Gramm-Rudman-Hollings budget baselines, and the national income accounts. The second part provides analyses and tabulations of the totals that cover the Federal Government's finances and operation as a whole and reflect the ways in which Government finances affect the economy. Financial information on Federal research and development programs and data on Federal civilian employment are also included in this part.

**Historical Tables, Budget of the United States Government, 1990* provides data on budget receipts, outlays, surpluses or deficits, and Federal debt covering extended time periods—in many cases from 1940–1994. These are much longer time periods than those covered by similar tables in other budget documents. The data in this volume and all other historical data in the budget documents are consistent with the concepts and presentation used in the 1990 Budget, so the data series are comparable over time.

**Management of the United States Government, 1990* highlights the many significant achievements of the President's Management Improvement Program, Reform '88 and provides a strategic planning guide to the Government in the Year 2000. Also included are reports to Congress on the President's Private Sector Survey on Cost Control, Debt Collection, Prompt Pay, and the First Progress Report of the Chief Financial Officer of the United States.

**Major Policy Initiatives, 1990* summarizes the changes that are proposed in the 1990 Budget. It contains an overview of Budget policy and a description of each initiative. The descriptions include an explanation of the reasons for the policy change, and where relevant a summary chart showing the funding changes that would occur if the policy change were enacted.

Recommendations for Executive, Legislative and Judicial Salaries provides the recommendations of the President concerning the report of the Quadrennial Commission on Executive, Legislative and Judicial Salaries.

Instructions for purchasing copies of any of these documents are on the last two pages of this volume.

GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in the tables, text and charts of this volume may not add to the totals because of rounding.

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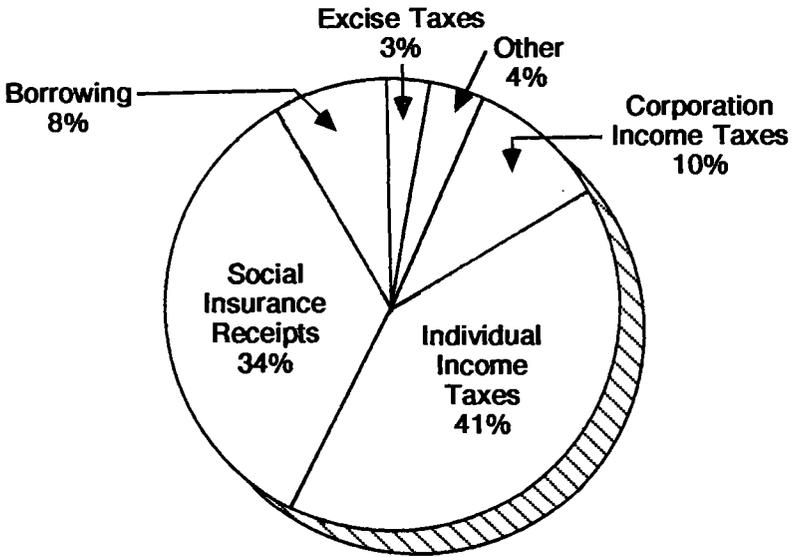
PART 1

**THE BUDGET MESSAGE
OF THE
PRESIDENT**

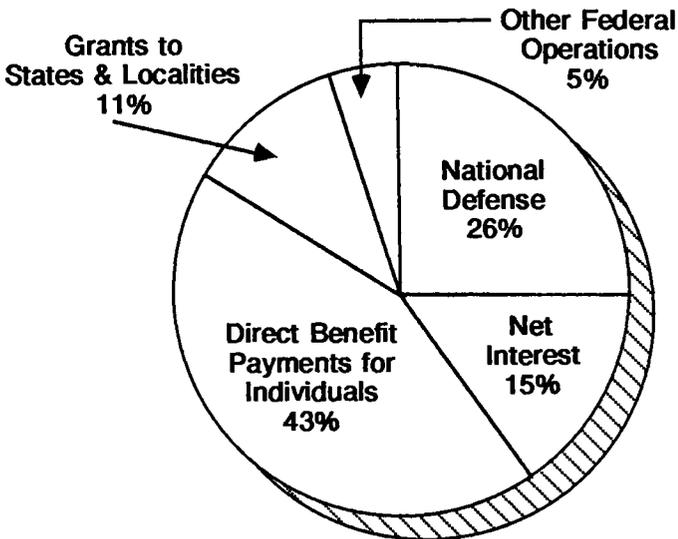
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The Federal Government Dollar Fiscal Year 1990 Estimate

Where It Comes From ...



Where It Goes ...



THE BUDGET MESSAGE OF THE PRESIDENT

*To the Speaker of the House of Representatives and the
President of the Senate:*

Eight years ago many in this country were concerned about the future of our economy, our government and, indeed, the Nation itself. Unemployment was high and rising. Inflation and interest rates were reaching record levels. Our Nation's defense capabilities had been weakened by neglect. The international prestige of the U.S. was at low ebb.

To resolve the economic problems then facing us, our administration proposed a recovery program centering on four fundamental principles:

- Reduce personal and business tax rates.
- Reduce the rate of growth of Federal spending.
- Reduce the Federal regulatory burden by eliminating unnecessary restrictions while protecting the public's interest and safety.
- Support a moderate and steady monetary policy to bring inflation under control.

To rebuild our defense capabilities and restore America's standing in the world we proposed expanded national security and international programs.

We also initiated the largest management improvement program ever attempted in order to restore the proper relationships among the Federal, State and local governments, and the private sector; to eliminate waste in Federal programs; and to introduce management controls and efficiencies, while improving services.

Today, the American people can be proud of the progress that has been made on each of these fronts. As a result of this progress, America is internally stronger, internationally more secure, and stands taller in the eyes of the world than it did eight years ago.

EIGHT YEARS OF ACCOMPLISHMENT

Working together, we have accomplished much over the last eight years.

The Economy

- The current economic expansion, now in its seventy-fourth month, has outlasted all previous peacetime expansions in

U.S. history. Business investment and exports are rising, and economic growth is expected to continue into the 1990's.

- Since this expansion began, 19 million new jobs have been created, while the unemployment rate has fallen by more than 5 percentage points—to 5.4 percent, the lowest level in 14 years.
- Inflation, which averaged 10.4 percent annually during the four years before our administration began, has averaged less than a third of that during the past six years.
- Real after-tax personal income has risen 24 percent since 1982, increasing our overall standard of living.

Taxes and Regulations

- Between 1981 and 1987, changes in the Federal tax code have made the tax laws more equitable, cut income tax rates, and eliminated Federal income taxes for 4.3 million low-income individuals and families.
- Since 1981, the time spent by the public filling out forms required by the Federal Government has been cut by 600 million hours annually, and the number of pages of regulations published annually in the *Federal Register* has been reduced by over 45 percent.

Budget

- The growth in domestic spending has been slowed, and the budget priorities have been shifted to those functions the Federal Government should provide, such as national defense, basic scientific research, and protecting the rights of all citizens.
- The social security system has been rescued from the brink of insolvency and made sound into the next century.
- The runaway growth of spending for means-tested entitlement programs that occurred in the 1970's has been curbed. Eligibility rules have been tightened to retarget benefits to the needy. Basic benefits for the poor, the elderly, and others in need of Federal assistance have been maintained.
- We have begun the process of putting other entitlement programs on a more rational basis, including medicare hospital insurance, which was converted to a system that encourages efficiency and lower costs.

Defense and International Affairs

- Our defenses have been strengthened. Weapons systems have been modernized and upgraded. We are recruiting and retaining higher caliber military personnel. The readiness, training, and morale of our troops have been improved significantly.

- As a result of our greater strength, we were able to negotiate with the Soviet Union a verifiable treaty that completely eliminates an entire class of nuclear missiles.
- We began the Strategic Defense Initiative research and technology program that offers our best hope of a safer world in which our security, and that of our allies, no longer rests on deterrence through the threat of nuclear retaliation, but on defenses that threaten no one.
- Our willingness to defend freedom throughout the world has met with success in the spread of democracy and in turning back the tide of communist expansion.

Management of the Government

- Federal agencies undertook a major management improvement program, "Reform '88," to carry out the cash, credit, and financial operations of the Federal Government in a more business-like manner, and to reduce waste, fraud, and abuse.
- Functions that were pre-empted by the Federal Government are being transferred back to the private sector or to State and local governments.
- Greater use is being made of cost sharing and user fees, shifting the cost of projects and programs where appropriate to those who benefit from them.

The Federal Deficit

The one area in which I have been persistently disappointed throughout my term of office has been in the efforts to bring the budget under control. Time and again I have proposed measures to help curb Federal domestic program spending. Time and again these proposals have been rejected by Congress.

The reasons for the rise in the Federal deficit in the early 1980's are simple. First, we experienced one of the most severe recessions of the post-war period. It has been estimated that 81 percent—over \$640 billion—of the growth of the deficit over the 1981-1986 levels originally projected in my March 1981 budget was attributable to that recession. The second reason is that, even after including necessary increases for defense, my March 1981 budget called for net spending reductions totalling \$331 billion over five years; but Congress approved less than 40 percent of those reductions. Wasteful programs continued to be funded. The necessary reductions have still not been made.

If the deficit is not curbed by continuing to limit the appetite of government, we put in jeopardy all that we worked so hard over the years to achieve. Large deficits brought on by excessive domestic spending undercut the incentives to work and save by absorbing the savings that would otherwise lead to productive investment. We cannot allow this to happen.

I am proud of America's accomplishments. Our economy is booming, our defenses are stronger, and our standing in the world is again second to none.

THIS BUDGET REDUCES THE 1990 DEFICIT BELOW THE G-R-H TARGET AND ACHIEVES BALANCE IN 1993

The fiscal year 1990 budget, my last, represents a continuation of my efforts to reduce the Federal budget deficit through restraint in domestic spending.

The budget I am submitting today complies with the deficit targets set in the Gramm-Rudman-Hollings (G-R-H) Act, by proposing measures that meet the 1990 deficit target of \$100 billion and assure a steady reduction in the deficit leading to a balanced budget in 1993.

Under my proposals, the deficit would decline to less than 2 percent of GNP in 1990, and the Federal debt held by the public would also decline as a proportion of GNP.

BUDGET SUMMARY

(dollar amounts in billions)

	1988	1989	1990	1991	1992	1993	1994
Receipts	909.0	975.5	1,059.3	1,140.5	1,212.2	1,281.4	1,345.0
Outlays	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
Surplus or deficit (—)	—155.1	—161.5	—92.5	—66.8	—32.2	2.4	33.4
Surplus or deficit (—) without asset sales	—155.1	—161.5	—98.6	—69.2	—34.3	1.6	32.6
G-R-H deficit targets	—144.0	—136.0	—100.0	—64.0	—28.0	0.0	NA
Difference	11.1	25.5	—1.4	5.2	6.3	—1.6	NA
ADDENDUM							
Surplus or deficit (—) as a percent of GNP	—3.2	—3.2	—1.7	—1.1	—0.5	0.0	0.5

Note.—Totals include social security, which is off-budget.
NA: Not available

This budget shows that a gradual elimination of the deficit is possible without raising taxes, without cutting into essential social programs, without devastating defense, and without neglecting other national priorities. It can be done in a reasonable, responsible way—with discipline and fairness. New taxes are not required. Receipts will grow dramatically between 1989 and 1990 because our economy is growing. This budget simply proposes to increase spending by less than the increase in revenues, and therefore, reduce the deficit. The proposed reforms will yield additional deficit reductions in future years. We have an opportunity this year to put the worst of the deficit problem behind us and enable the next Administration to begin its term of office with a clean slate and with the promise of continuing prosperity.

FUNDING NATIONAL PRIORITIES

To address urgent national priorities within the deficit limit set by the G-R-H Act, my budget proposes that some programs—such as those for AIDS research and prevention, drug enforcement, and technology development—receive significant funding increases, while others are reduced, reformed, or, in some cases, terminated.

Defense

Maintaining peace and protecting our country are the foremost responsibilities of the Federal government. Defense budget authority declined in real (inflation-adjusted) terms for the fourth straight year with funding of \$299 billion for 1989. This trend cannot continue without severe impact on combat readiness. Therefore, my budget requests defense funding of \$315 billion in budget authority and \$303 billion in outlays for 1990, and \$331 billion in budget authority and \$314 billion in outlays in 1991. These amounts provide 2 percent annual real growth in budget authority over the 1989 level, bringing it back up to the 1984 level in inflation-adjusted terms by 1991. The budget also projects 2 percent real growth in these programs in future years.

We must continue to maintain our nuclear deterrent. For 1990, the budget proposes \$9.0 billion for atomic energy defense programs, a \$0.9 billion increase over 1989. A total of \$2.8 billion is dedicated to the modernization of the nuclear materials production complex and to increase environmental clean-up and waste management efforts.

International

To consolidate and build on the foreign policy gains of the past eight years, additional funds are needed for international affairs that would promote our foreign policy and national security interests in the Middle East, Central America, and elsewhere. A special program is proposed to foster strong economic growth in the Philippines to support that country's return to democracy. Other increases in foreign aid would pay arrearages on contributions to multilateral lending institutions and make payments to the United Nations and related agencies.

Drug Abuse and Law Enforcement

Our fight against drug abuse must continue, as well as our efforts to protect the individual against crime:

- For drug law enforcement, prevention, and treatment programs, I propose \$5.7 billion in 1990, an increase of \$164 million over 1989. This funding, together with the new authorities and sanctions contained in the Anti-Drug Abuse Act of 1988, will enable us to move toward our goal of a drug-free America.

- To relieve prison overcrowding and adequately house a growing inmate population, I would provide \$1.6 billion for prison construction and operation, \$193 million more than was devoted to this purpose in 1989.

AIDS Research and Education

This budget reflects my belief that addressing the problem of AIDS must remain a top priority:

- Preventing and alleviating suffering from the Human Immunodeficiency Virus (HIV), which causes AIDS, is our highest public health priority. Federal support for research, prevention, and treatment exceeds \$2.1 billion in 1989, and will approach \$2.8 billion in 1990. This budget asks for \$1.6 billion, or 24 percent over 1989, for Public Health Service HIV funding.

Research

One of our highest priorities is to strengthen U.S. technology and make America more competitive. For example:

- I propose a continued increase in federally supported basic research aimed at longer-term improvements in the Nation's productivity and global competitiveness. This budget continues the commitment to double National Science Foundation support for academic basic research by 1993, increases support for training future scientists and engineers, and expedites transfer of the results of Government-funded basic research to industry.
- Our space program will provide \$13.1 billion for continued development of America's first permanently manned space station; for increased support for improving the performance and reliability of the space shuttle; for initiation of two major new international planetary space science missions; and for support to encourage the commercial development of space.
- Also included in the budget is \$250 million in 1990 as the Federal share of support for initiating construction of the Superconducting Super Collider (SSC). Non-Federal cost sharing arrangements will be required to support one-third of the project's costs. The SSC as currently envisaged will be the largest pure science project ever undertaken. It will help keep this country on the cutting edge of high energy physics research well into the next century.

Other Priorities

Other areas of Federal responsibility receive priority funding in this budget:

- To continue the Federal Aviation Administration's multi-year program to increase its controller and inspector workforces and to modernize the Nation's air traffic control systems, the

budget provides \$7.7 billion—a 17 percent increase over the 1989 level.

- To alleviate the problems facing our savings institutions, I propose that the Federal Savings and Loan Insurance Corporation (FSLIC) spend \$16 billion in 1989 and \$9 billion in 1990 to address the most serious thrift institution problems. The Secretary of the Treasury is developing a comprehensive plan to resolve the savings industry's problems, and reform the financial institution regulatory structure and deposit insurance system to prevent a reoccurrence of these problems. I expect the Secretary to submit his proposals to the new President shortly.
- To improve coordination of Federal rural development programs and to redirect funding toward needy rural areas and program recipients, I am continuing support of the rural development initiative coordinated by the Secretary of Agriculture.
- By emphasizing housing vouchers, I would provide housing assistance to 132,000 additional low-income households in 1990, 5 percent more than the 126,124 additional households receiving housing subsidies in 1989. Housing vouchers can serve more low-income households at a lower Federal cost and provide greater opportunity for these families to rent housing of their own choosing.
- To maintain the progress we have been making in fostering State and local education reform, I would sustain the present level of spending on discretionary education programs at \$18.5 billion, but refocus those funds to put more money where the needs of the disadvantaged and students with handicaps are greatest.
- To continue the significant progress we have made in cleaning up the environment, I recommend a \$153 million increase for the Environmental Protection Agency's regulatory, research and enforcement programs. I also recommend an increase of \$315 million for the Superfund hazardous waste cleanup program in order to maintain the program's momentum and support a stronger enforcement role.
- Because changes in the earth's natural systems can have tremendous economic and social effects, global climate change is becoming a critical concern. Our ability to understand and predict these changes is currently limited, and a better understanding is essential for developing policies. The budget proposes a coordinated and effective Federal research program on global change. This budget is accompanied by a report by the Committee on Earth Sciences that describes this program and its strategy.

- Last year's fires on Federal forestlands indicated the need for more timely funding for annual fire-fighting costs. I therefore propose that two new Federal wild land firefighting accounts be established in the Departments of Agriculture and Interior.
- To further strengthen our energy security, I propose legislation authorizing the sale of the naval petroleum reserves to the private sector in exchange for cash and oil to be added to the strategic petroleum reserve. I also propose the establishment of a separate 10 million barrel defense petroleum inventory.
- To provide for the timely completion of my Reform '88 management improvement program I propose an additional \$103 million for 1990, to further improve our management and credit systems.

MAJOR PROGRAMS ARE REFORMED TO ACHIEVE DEFICIT REDUCTION

The program structure and incentives underlying many domestic Federal programs need to be altered to promote greater efficiency and cost-effectiveness.

- Current farm price support programs are far too costly. For the period 1986-89 an estimated \$130 billion in Federal spending for farm-related assistance programs provided an average of nearly \$600,000 per farmer. Much of this assistance goes to farmers with high incomes—more than twice the U.S. family average. I therefore propose outlay reductions for the price and income support programs of \$2 billion in 1990 and additional annual reductions of between \$2 and \$2.5 billion in each year from 1991 through 1994. In addition, I urge reform of the counterproductive sugar price support program.
- The rapidly rising costs of the medicare program need to be moderated. I propose a reasonable increase in the medicare prospective payment system rate and reductions in hospital capital payments and special graduate medical education payments. Also, in an effort to restrain excessive growth in supplementary medical insurance (SMI) costs, I propose extension of the current law SMI premiums, limitations on physician payments, reductions in payments for certain overpriced procedures, and reforms in the durable medical equipment payment system. Medicare spending would still grow by 9 percent between 1989 and 1990 under these proposals—but not by the 13 percent that would occur under current law.
- I also propose reforms in the medicaid program to reduce spending growth between 1989 and 1990 to \$1.7 billion, or 5 percent, rather than the \$3.3 billion, or 9 percent, that would

occur under current law. These reforms reinstate successful incentives employed in the early 1980's. My budget also proposes restructuring Federal financing of administrative expenses to give States greater incentives to operate their administrative systems as efficiently as possible.

- The Government often continues programs at the Federal level that are either duplicative or are no longer needed, or more appropriately undertaken by other levels of government or the private sector. This is the case with the Economic Development Administration, Amtrak, urban mass transit discretionary grants, and most operating subsidies for the Postal Service. Efforts to reverse this situation have been undertaken by prior administrations as well as my own. These programs should be eliminated. The budget proposes termination of 82 programs that are not needed to satisfy national priorities.
- Under current law, outlays for Federal employee retirement and health benefits are estimated to grow from \$51.3 billion in 1989 to \$55.9 billion in 1990. I propose freezing retirement cost-of-living allowances (COLAs) and other reforms to hold the 1990 level to slightly above that for 1989, reducing the growth that would otherwise occur by \$4.4 billion.

ACHIEVING A PROPER FEDERAL ROLE AND IMPROVING MANAGEMENT

As the Federal Government grew, it took on improper responsibilities, and managed its programs inefficiently. We undertook to return the Federal Government to its proper role. We also initiated a major program to improve the management of the remaining programs. These priorities are continued and expanded in this budget.

Privatization.—The Government and the private sector should each do what it does best. The Federal Government should not be involved in providing goods and services where private enterprise can do the job cheaper and better.

Accordingly, my budget proposes that a number of Federal enterprises be opened to the private sector, through public offerings or outright sales. Following our success in the sale of Conrail and the sale of \$21 billion in selected loan portfolios, I am proposing sale of the naval petroleum reserves, the Alaska Power Administration, and the Southeastern Power Administration. I also propose sale of the Federal Government's helium-processing assets, excess real property, and a further \$4.3 billion in loan portfolios. In addition, my budget proposes legislation to establish a government corpora-

tion for the uranium enrichment enterprise, as the first step towards eventual privatization.

The Federal Government should also depend more on the private sector to provide ancillary and support services for activities that remain in Federal hands. Therefore, I propose a number of pilot projects and studies in areas such as the private delivery of advertising materials and urgent mail, and the Department of Justice's prison hospitals.

Improved Management

In 1981, I made a promise to the American people "to limit Government to its proper role and make it the servant, not the master, of the people." My "Management Improvement Program: Reform '88" has helped make Government more efficient and more responsive. We reduced waste and fraud in Federal programs by combining the efforts of the inspectors general into the President's Council on Integrity and Efficiency, resulting in over \$110 billion saved or put to better use—and their efforts are continuing.

I saw that the Federal Government did not have effective cash management practices for dealing with what is now a \$2 trillion annual cash flow, nor did it have a government-wide credit management program for what is now a \$1 trillion portfolio. This resulted in the waste of billions of dollars each year. We built the necessary government-wide controls in both areas and stopped the drain.

Moreover, we began the establishment of the first government-wide financial accounting system, consolidating and making uniform over 400 previously incompatible individual agency systems. This was essential for any well-managed government, and is presently being implemented.

The Federal Government has a major effect on our daily lives through the collection of taxes and fees, the direct provisions of services, the payment of financial assistance through various entitlement programs, and the regulation of commercial enterprises. Through modernization, improved administration, and automated services the Government has made substantial reductions in the time it takes to provide services to the public. As the 21st century approaches, the Federal Government must adapt its role in our society to changing conditions and changing technology. At the turn of the century, the U.S. population will exceed 268 million, with a larger proportion of elderly citizens. Changes in technology and communication will increasingly link the world's economies, trade, capital flows, and travel as never before.

The 1990 *Management Report*, which is being forwarded to the Congress as part of the 1990 budget submission, reflects the highlights of OMB's report to me on "Government of the Future." That *Management Report* has been expanded as a beginning to a plan-

ning process that has, in part, shaped the proposals in this budget and should become a part of the annual budget process.

BUDGET PROCESS REFORM IS DESPERATELY NEEDED TO CONTINUE DEFICIT REDUCTION

The persistence of the budget deficit is overwhelming evidence that the Federal budget process is fundamentally flawed. Past efforts at "reform" have been directed largely toward protecting a large portion of domestic spending from real fiscal discipline. Fourteen years after passage of the Congressional Budget Act and three years after enactment of the Balanced Budget and Emergency Deficit Control Act, the Federal budget process remains unwieldy and undisciplined. The American people expect better of their political system, and they deserve it.

Under the Congressional Budget Act, Congressional budget resolutions—Congress' proposed budgets—are passed each year. They are not sent to the President for approval and, therefore, are not law. They provide guidance to the committees of Congress, but the guidance is often late and ambiguous. The resolutions are usually passed well after the dates required by law, and well after they are needed by the finance, authorizing, and appropriations committees. Moreover, there is little agreement within Congress on the guidance provided. The House of Representatives and the Senate do not agree, except in the most general terms, on the priorities implied by resolutions both have approved.

Except for last year's on-time performance, Congress self-imposed budget deadlines have usually been missed, and massive continuing resolutions and reconciliation bills have been the rule rather than the exception. These large, cumbersome bills provide cozy hiding places for hundreds of special interest add-ons, which line-item veto authority would permit the President to challenge.

A number of changes in the budget process—most of which I have recommended before—are needed to instill budget discipline throughout the legislative process. I urge Congress to adopt the following measures:

Balanced budget amendment.—I remain committed to and urge approval of a constitutional amendment requiring a balanced budget. The amendment should require a super-majority vote (at least 60 percent) in the Congress to increase taxes.

Line-item veto.—My successors should be given the authority, subject to Congressional override, to veto line-items in annual appropriations bills, in authorizing legislation that provides or mandates funding for programs, and in revenue bills. Such authority would permit the elimination of substantial waste and would be an effective instrument for enforcing budget discipline.

Enhanced rescission authority.—To enhance the President's ability to control Government spending, I recommend that line-item veto authority be complemented by a change in law that would require the Congress to vote "yea" or "nay" on any rescission proposed by the President. Current law allows the Congress to duck responsibility by simply ignoring proposed rescissions for 45 days.

Biennial budgeting.—The annual budget process consumes too much time and energy. A biennial budget would reduce the repetitive budget tasks, allow more time for considering key spending and revenue decisions, provide less scope for gimmicks that give the illusion of "savings," such as shifting spending from one year to another without affecting the underlying programs, and permit the realization of real savings that would be possible with a more assured availability of funds. For these reasons, I recommend that biennial budgeting be adopted.

Joint budget resolution.—To ensure the broader scrutiny and stricter discipline that is needed in the congressional budget process, I propose that Congress be required to prepare a budget resolution covering a minimum of two years showing revenue proposals individually and showing spending priorities. The Congress should also be required to submit its budget resolution to the President for his signature or veto. Subsequent legislation which exceeds these allocations should not be considered without super-majority approval.

Individual transmittal of appropriations bills.—The practice of transmitting full-year continuing resolutions covering a number of appropriations bills does not permit the Legislative and Executive Branches to exercise proper scrutiny of those bills. Too often in the past, such continuing resolutions have provided convenient cover for special-interest spending that would not survive close scrutiny. To minimize this risk, I propose that appropriations bills be transmitted individually to the President.

Credit reform.—The effects of credit activities are recorded imperfectly under current budget accounting. The subsidy component of Federal lending programs remains hidden.

To correct this major fault in the budget system, I recommended credit reform legislation two years ago. This legislation, which I am recommending again, would measure the true cost—the present value—of the subsidies provided by Federal credit programs and put that cost on an expenditure basis equivalent to the cost of other Federal programs. This change must be an integral part of the reform of the budget process.

Measuring the effects of budget proposals.—Budget discipline and lasting deficit reduction would be facilitated if the Legislative and Executive Branches were to use a common set of principles for scoring budget proposals and actions on them. I urge that the Congressional Budget Office and the Office of Management and Budget be charged with the responsibility to develop, in consultation with the budget, finance, authorizing, and appropriations committees, a common set of budget scoring principles for use by the Legislative and Executive Branches.

Adoption of these reforms should enable the Federal Government to make informed decisions in a deliberate fashion that fosters rational priorities. The American people deserve no less from their elected representatives.

CONCLUSION

The accomplishments of the American people in past eight years will always be for me a source of pride. However, we must continue our recent progress in reducing the Federal deficit.

Deficit reduction is a key national priority, written into law by the G-R-H Act, which, despite its defects, legislated a process to achieve a balanced budget.

This budget achieves the 1990 target of the amended Act, and projects a budget balance in 1993. It preserves legitimate programs for the aged and needy, provides for adequate national security, devotes more resources to other high-priority activities, and accomplishes all this without raising taxes. Tax increases are not needed. History shows that they would simply be used by the Congress to increase spending. Tax increases have been overwhelmingly voted down in the last three Presidential elections.

I call upon the Congress to enact this budget. Higher taxes are not needed—as this budget demonstrates—but genuine deficit reduction through moderating the growth in spending is essential to enable the next Administration and Congress to address the Nation's agenda for the future.

Over the past eight years, we Americans have made our world a safer place for freedom because we had the will to reinvigorate our economy, rebuild our defenses, and provide for the less fortunate among us. Together, we achieved a new beginning for our country and prepared the way for the next Administration to build on our accomplishments.

RONALD REAGAN

JANUARY 9, 1989

PART 2

**BUDGET TRENDS
AND PRIORITIES**

2-1

BUDGET TRENDS IN THE 1980s

This final budget of the Reagan administration comes at the end of a decade of significant changes in both the growth and the composition of Federal spending. These changes have sometimes been overlooked and sometimes been misunderstood, as attention has focused on the deficit. The 1990 budget is a convenient vantage point from which to review the changes of this decade and place them in a longer perspective.

Overall, the 1980s have witnessed a sharp reduction in the rate of growth of Federal spending. Real outlays in 1990 are expected to be 26 percent above their 1980 level; through 1988, the cumulative growth rate has also been 26 percent.¹ This is a much smaller increase than in any previous decade since at least the 1920s, when the Budget Act of 1921 established the Bureau of the Budget and the modern budgeting process. Before then, the role of the Federal Government and its budgeting system were so different that meaningful comparisons are not possible.

PERCENTAGE INCREASE IN REAL FEDERAL SPENDING BY DECADE

	Decade						
	1920s	1930s	1940s	1950s	1960s	1970s	1980s
Real growth of Federal spending.....	-30.7	212.4	165.0	54.4	49.6	37.2	26.0

Because of the slowdown in the rate of growth of Federal outlays, they will account for a slightly smaller share of GNP in 1990 than they did in 1980—21.0 percent vs. 22.1 percent. This will be the first decline over a full decade since the 1920s.

GOVERNMENT SPENDING AS A SHARE OF GROSS NATIONAL PRODUCT

	Year							
	1920	1930	1940	1950	1960	1970	1980	1990
Spending/GNP.....	6.9	4.2	9.9	16.2	18.0	19.8	22.1	21.0

It is worth emphasizing that the 1980s have seen slower growth and a restructuring of Federal Government spending, but not an actual reduction in expenditures. Even after adjusting for inflation, the level of Federal spending will be higher in 1990 than it was in

¹ Unless otherwise indicated, all dollar magnitudes in this section are expressed in 1982 dollars.

1980. The only sense in which the Government is smaller is in relation to the national economy, and even in these terms the reduction is slight; Government's share of economic output has been stabilized rather than lowered significantly. But the changes in the composition of the budget have been substantial.

MAJOR CHANGES IN THE 1980'S

An increasingly popular classification system for federal outlays is the division into national defense, entitlements and other mandatory programs, and discretionary programs. This basic framework was used in the Bipartisan Budget Agreement negotiated in late 1987 between the President and the leaders of Congress. During this decade, outlays for these broad budget categories have shifted in very different ways.

- Defense spending has been increased above the levels of the late 1970s, but defense still constitutes a smaller share of the budget and of GNP than at any time during the 1950s and 1960s.
- Entitlements and other mandatory programs have continued to grow in real terms, albeit more slowly than in the past, and now constitute about the same share of GNP as they did 15 years ago.
- Domestic discretionary programs have been cut back in real terms; however, not all discretionary programs have been scaled back—important priorities have been maintained and expanded.

This is not a full picture. The broad domestic budget categories mask substantial differences among various functions and programs. Entitlements for the elderly have grown as a share of GNP; entitlements for the poor have increased in real terms, and have about kept pace with the growth of the economy. Health outlays, for both the elderly and the poor, have increased more rapidly than other benefits, and are the most rapidly growing large programs in this decade, as they were in the 1970s. This is true of both Medicare and Medicaid. Other entitlements have been reduced for various reasons; unemployment compensation, for example, has declined mainly because the strength of the economy has led to a drop in the unemployment rate.

Among the discretionary programs, the administration has emphasized the basic traditional roles and functions of central government. More resources have been devoted to law enforcement activities; the war on drugs has received especially high priority. The other core executive, legislative, and judicial functions, including the conduct of foreign policy, have also been maintained and strengthened. Administration priorities in drug education, basic science, space, and AIDS prevention and research, have also re-

ceived increased funding. At the same time, other domestic discretionary programs have been cut in real terms. These include grants to state and local governments, for programs other than payments to poor individuals.

The remainder of this section describes these changes in more detail.

COMPOSITION OF BUDGET OUTLAYS, 1970-1990

(As percentages of GNP)

	Year			
	1970	1980	1988	1990
National Defense.....	8.3	5.0	6.1	5.5
Net Interest.....	1.5	2.0	3.2	3.1
Entitlements and other mandatory programs.....	6.4	10.1	10.2	9.6
Payments to elderly and retirees.....	4.2	6.7	7.2	7.1
Low-income benefits.....	1.0	1.7	1.6	1.5
Other.....	1.2	1.7	1.4	1.0
Discretionary programs.....	4.5	5.8	3.8	3.6
Housing Assistance.....	0.1	0.2	0.3	0.3
Basic government functions.....	0.7	0.7	0.5	0.5
Administration priorities.....	0.5	0.3	0.3	0.4
Grants to State and local governments.....	1.6	2.2	1.3	1.2
Remaining programs.....	1.7	2.4	1.4	1.2
Undistributed offsetting receipts.....	-0.9	-0.7	-0.8	-0.8
Total outlays.....	19.8	22.1	22.3	21.0

NATIONAL DEFENSE

The administration has increased defense expenditures in order to rebuild the nation's military capability, which had been allowed to deteriorate in the aftermath of the Vietnam War. Annual real outlays were cut by \$100 billion, almost 40 percent, between 1968 and 1977, then rose by a modest \$10 billion through 1980. Spending by the late 1970s had fallen to levels well below those prevailing at any time since the outbreak of the Korean War, measured either in real terms or as a share of GNP. Strategic forces were in need of modernization; conventional equipment was not receiving proper maintenance, hampering our ability to engage in sustained operations; and the armed services were enlisting too many poorly-qualified recruits, and losing too many of their experienced personnel.

Thus when this administration took office, there was a broad consensus that it was necessary to strengthen the defense program. Between 1980 and 1988, real outlays were increased by \$88 billion, or 54 percent. Real funding for strategic and conventional forces increased by more than 50 percent, and military pay was increased to levels competitive with the private sector. As a share of GNP, defense outlays are now at 6.1 percent, compared to 5.0 percent in

1980. The American economy can readily sustain this level of expenditure. Indeed, during the prosperous peacetime decade of 1955-1964, the United States devoted 10 percent of GNP annually to national defense.

As a result of the increase in spending, improvements have been achieved in all aspects of defense: strategic and conventional weapons have been modernized; training, readiness, and the ability to engage in sustained combat have been improved; and new weapons systems have been developed. Naval and air forces have been strengthened, and the quality of armed forces personnel has improved.

Since 1987, real outlays have been essentially constant. They rose by \$2.6 billion between 1987 and 1988 and will decline by \$2.9 billion in 1989. In 1990 and later years, real outlays will be below \$250 billion. The lower level of outlays reflects the fact that defense program expenditures occur over several years after programs are authorized. Budget authority has declined in both nominal and real terms between 1985 and 1988, after rising by more than 50 percent in 1982 dollars during the first half of the 1980s. This budget projects a 2 percent real annual increase in budget authority through 1994.

Although national defense objectives remain unchanged, the rebuilding of national security capabilities will proceed at a slower pace, even with the real increase contained in this budget. The proposals for 1990 and beyond represent an essential program for maintaining the strength that has enabled us to negotiate fair agreements with our adversaries, and to reduce the risk of major military conflicts.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

Entitlement spending in this decade, and indeed since 1975, has generally fluctuated within the range of 10 to 11 percent of GNP.² In 1988 entitlements and other mandatory programs accounted for 10.2 percent of GNP, not very different from the 10.0 percent prevailing in 1980, or the 10.1 percent in 1975. This period of relative stability has come after a decade of unsustainably rapid growth, during which entitlements more than doubled, starting from 4.2 percent of GNP in 1965.

Mandatory programs have grown substantially in real terms. Total spending amounted to \$270 billion in 1975, \$314 billion in 1980, and \$391 billion in 1988. This budget proposes changes in several programs which will slow the growth of mandatory spending and reduce their share of GNP modestly in the early 1990s.

² Most entitlement programs provide payments to individuals, and most programs providing payments to individuals are also entitlements. The major exceptions are farm price support payments (an entitlement but not a payment to individuals), and housing subsidies (a payment to low-income individuals, but not an entitlement).

REAL OUTLAYS ON ENTITLEMENTS, 1965-1990

(In billions of dollars)

	1965	1970	1975	1980	1988	1990
Retirement programs 57.6	98.2	162.2	209.8	285.3	302.7	388.8
Social security	47.8	69.8	110.1	137.0	173.9	181.9
Medicare	0.0	13.3	21.2	36.2	68.8	79.0
Other	9.8	15.1	30.9	36.6	42.6	41.8
Low-income benefits	14.6	23.8	43.6	52.0	61.5	62.0
Medicaid	0.8	6.5	11.9	16.3	24.4	26.7
Other	13.8	17.3	31.7	35.7	37.1	35.3
Veterans entitlements	11.5	15.3	21.6	16.4	14.1	12.6
Farm income stabilization	10.1	10.1	0.7	1.2	11.2	9.2
All other	0.7	3.0	42.0	35.2	18.7	5.9
Total	94.6	150.6	270.1	314.4	390.7	392.5
ADDENDUM						
Total Low-Income Benefits ¹	15.3	24.8	47.7	60.9	75.0	77.7

¹ Includes discretionary benefits: housing assistance, commodity programs, low-income energy assistance, and refugee and entrant assistance. Does not include administrative costs.

Although the overall share of GNP devoted to mandatory programs was constant, Social Security, Medicare, and Medicaid have grown steadily over the last 15 years, and are now the three largest mandatory programs. Medicare has grown the most rapidly, as a share of GNP; indeed, it has grown almost as rapidly in constant dollars as the much larger Social Security program. These increases have been offset by declines in unemployment compensation and veterans entitlements. Low-income benefit programs (including Medicaid) have fluctuated narrowly between 1.8 and 2.0 percent of GNP.

Social Security.—Real benefits for Social Security recipients have been maintained in this decade. Social Security has grown slightly as a share of GNP from 4.4 to 4.5 percent between 1980 and 1988; total real outlays have increased from \$137 billion in 1980 to \$174 billion over the same period. The number of beneficiaries has increased from 35.1 million to 38.2 million individuals. By 1990, 39.5 million people will be receiving payments. Reforms to preserve Social Security were enacted in 1983, that have put the program on a sound actuarial basis well into the next century by bringing the taxes paid by (and on behalf of) workers into closer balance with the retirement benefits they can expect to receive. The Social Security trust fund is projected to develop a substantial surplus over the next 40 years, to fund retirement benefits for the “baby boom” generation.

Medicare.—Medicare has grown rapidly in this decade, and indeed since its inception in 1966. It has increased from 1.1 percent of GNP in 1980 to 1.6 percent in 1988. Real outlays have nearly doubled, from \$36.2 billion in 1980 to \$68.8 billion in 1988, while

the number of Medicare enrollees has risen by only 1.5 percent. The growth in Medicare outlays has been a serious fiscal problem throughout this decade. The administration has proposed reforms, and Congress has enacted them, almost every year. The enacted reforms have differed from the administration's proposals in various ways, but there has clearly been a consensus that costs need to be contained. This budget contains further proposals to restrain the rise in program costs. Nonetheless, real Medicare outlays will still increase to \$79.0 billion in 1990, in large part because inflation in health care has rapidly outpaced the overall rate of inflation in the American economy. The catastrophic health bill enacted in 1988 will increase outlays in the future, as the new benefits are phased in.

Federal Retirement Programs.—Federal civilian and military retirement outlays have risen in this decade, along with the number of retirees. This is an inevitable result of the growth of Government employment over the last half century, beginning with the New Deal. Retirement outlays have remained at almost exactly 1.0 percent of GNP over this decade, while rising in real terms from \$31.1 billion to \$38.1 billion. Reforms in both the civilian and military retirement systems are expected to save money in the very long run; new systems have been established for newly hired workers that will eventually reduce the cost of the retirement programs, while maintaining income security for retired workers.

Low-Income Benefit Programs.—Spending on programs for the poor and needy doubled as a share of GNP between 1965 and 1975, and the share has remained almost constant since then. Outlays amounted to 1.8 percent of GNP in 1975, 1.9 percent in 1980, and 1.9 percent in 1988; they are expected to be 1.8 percent in 1990. Real outlays have therefore risen as the economy has grown, from \$47.7 billion in 1975 to \$60.9 billion in 1980, \$67.7 billion in 1985, and \$75.0 billion in 1988. Outlays have also risen relative to the number of poor people; real benefits per person below the poverty line reached a record high level of \$1,920 in 1987, compared to \$1,816 in 1980 and \$1,603 in 1975. This ratio has been rising for several years, and will probably continue to do so. Real benefits in 1988 increased by \$3.6 billion, and the continued strong economic performance in 1988 makes it likely that the number of poor people declined. (Data on poverty and income in 1988 will not be available until the summer of 1989.)

The ratio does not measure benefits actually received by individuals and families below the poverty line, because many programs provide benefits to individuals not classified as poor. One goal of this administration has been to target benefits more narrowly to the poorest part of the population.

LOW-INCOME BENEFITS, 1960-1987

(1982 dollars)

	1960	1965	1970	1975	1980	1987
Outlays/GNP (percentage points).....	0.7	0.8	1.1	1.8	1.9	1.9
Real outlays (\$ billions).....	11.2	15.3	24.8	47.7	60.8	71.5
Cash.....	10.1	13.1	15.3	21.2	22.7	23.4
Noncash.....	1.1	2.2	9.5	26.5	38.2	48.1
Real outlays/persons in poverty.....	281	460	975	160	318	161
Cash.....	253	395	600	821	777	718
Noncash.....	28	65	375	782	1,039	1,202

The composition of benefits has changed substantially. There has been a long-term shift from cash to in-kind transfers. Real cash outlays have not kept pace with the number of poor people since about 1973, and while real cash outlays per poor person are higher in 1987 than they were in 1985, they are still below the 1980 level. The decline in the 1980s is entirely accounted for by a \$1 billion reduction in veterans non-service pensions for poor elderly and disabled veterans. From year to year, fewer of the veterans who turn 65 are poor, and therefore fewer receive non-service pensions. This is consistent with the steady decline in the proportion of the elderly who are poor in the United States as a whole.

In-kind benefits, meanwhile, have been increasing. Total real benefits were \$11 billion higher in 1988 than in 1980, and \$10 billion higher in 1980 than in 1975. Medicaid is responsible for about three-quarters of this growth since 1980, partly because of the relatively rapid increase in medical costs, and partly because benefits have increased since 1984. Housing accounts for the rest of the growth since 1980. So far in this decade, real outlays for housing assistance have risen by \$4.9 billion, and the number of assisted families has grown from 4.2 million to 5.4 million (including both HUD and Farmers Home Administration programs), as policy has shifted from building costly projects to utilizing the existing stock of available decent housing.³ There has been a small decline in real outlays for food stamps, of less than \$0.5 billion; the precise amount cannot be ascertained because the nutritional assistance block grant for Puerto Rico, enacted in 1981, combined food stamps with other programs. The reduction is due primarily to the economic recovery of the past six years. The number of food stamp recipients is quite sensitive to economic conditions. It peaked in early 1983 at 22.6 million; as of July 1988, the number is down to 18.4 million.

³ Housing is the only major low-income benefit programs that is not classified as an entitlement; it is included here to give a full picture of programs for the poor. Other small discretionary programs for refugees, energy assistance, and commodity distribution are also included, for the same reason.

Unemployment Compensation.—Outlays for unemployment compensation have come down dramatically since 1983, in a typical business cycle pattern, reflecting the steady economic expansion of the past six years, and the sustained decline in the unemployment rate. As a share of GNP, outlays have been cut by more than half so far in this decade, from 0.8 to 0.3 percent, and real outlays have fallen by \$10 billion. This is the most cyclically sensitive program included in the federal budget.

Veterans Entitlements.—Changes in the eligible population, rather than changes in policy, have led to reductions in real outlays for service-connected pensions and education benefits (the GI Bill). Real outlays for veterans compensation have grown by 15 percent, from \$8.7 billion in 1980 to \$10.0 billion in 1988, while the number of assisted veterans and survivors has fallen by 3.8 percent. Real outlays for veterans education benefits have decreased sharply, from \$2.9 billion in 1980 to \$0.4 billion in 1988, as the number of Vietnam-era veterans receiving education and training has declined. This pattern is beginning to change, however, as the Montgomery GI Bill has started to provide benefits to peacetime veterans. Outlays are expected to rise rapidly until 1992.

Agriculture.—Farm price supports have grown during most of this decade, continuing a trend that began in the mid-1970s. Real outlays in 1980 were \$8.9 billion; by 1986 they had grown to \$24.6 billion. Since then, farm prices have risen, agricultural exports have increased significantly, the financial position of the farm sector has improved, and farm loan default rates have declined. Despite additional Government payments because of the drought in 1988, real outlays have fallen from their peak to \$12.2 billion in 1988, and are projected to decline further to \$11.8 billion in 1990.

DISCRETIONARY PROGRAMS

Total outlays for nondefense discretionary programs have been reduced in this decade, both in real dollars and as a share of GNP. In 1980, these programs accounted for 5.8 percent of GNP; by 1988, this was cut by one-third, to 3.8 percent. Real outlays have been reduced by about 20 percent, from \$182 billion to \$146 billion. Real outlays grew by about 50 percent during the 1970s, and this growth has been reversed in the present decade; discretionary outlays are now down to about their level in 1976. As a share of GNP, discretionary outlays are now lower than they have been for at least a quarter century.

There has been a substantial reshaping of the nondefense discretionary budget, as well as an overall reduction. The President has identified a number of national priorities that have received funding increases. They include the war on drugs, education and re-

search to prevent and treat AIDS, basic scientific research, and the space program. Total real outlays for these priorities will double in this decade, from \$9.1 billion in 1980 to \$18.5 billion in 1990. At the same time, the basic legislative, executive, and judicial functions of the government have been maintained, and the nation's role in international affairs has been strengthened. Other discretionary programs have been given lower priority, and total real spending on these programs has been reduced by more than 25 percent.

Drug Enforcement and Prevention Programs.—The war on drugs has been one of the administration's top priorities. Since 1980, the Federal budget for anti-drug programs has grown from just over \$1 billion to a proposed level of \$5.0 billion in 1990. In real terms, outlays have grown from about \$1.2 billion to \$3.9 billion. Precise comparisons are not possible before 1981, because activities are carried out by several agencies and previous administrations did not identify the share of agency outlays devoted to drug programs as precisely as this administration has. Nonetheless, it is clear that outlays have grown much more in the 1980s than in any previous period. Agencies with major responsibilities in the war on drugs include the Drug Enforcement Administration, the Coast Guard, the Customs Service, and the FBI. All of these have received significant real increases in this decade, and will receive further increases in 1990.

AIDS.—Acquired Immune Deficiency Syndrome (AIDS) is the highest public health concern of this administration. Real outlays have risen from \$30 million in 1982 to \$1.4 billion in 1988; the administration is proposing a further increase to \$2.5 billion for 1990. Federal funds are spent for research on the causes and potential treatments for the disease, and also for health education, risk prevention and treatment. Under a policy established in 1988, innovative treatments will be made available more rapidly to victims of this disease, without requiring extensive testing by the Food and Drug Administration.

Science.—Basic scientific research is an essential investment in the Nation's economic future. Total real outlays for basic research have risen from \$5.2 billion in 1980 to \$7.5 billion in 1988, and this budget proposes a further increase to \$8.3 billion in 1990, an increase of 60 percent during this decade. Nearly all of the increase has come in nondefense basic research; real outlays for such research by all Federal agencies have risen from \$4.6 billion in 1980 to \$6.8 billion in 1988, with a further increase to \$7.6 billion in 1990. Construction of the superconducting supercollider, which will be the world's most powerful high energy physics accelerator, will begin in 1990, with outlays of \$206 million. While outlays for basic

research have increased, expenditures on applied research and development have been reduced, from \$14.0 billion in 1980 to \$8.1 billion in 1988. Funding was curtailed for most exotic higher-cost energy technologies. Many of these projects proved to be misconceived, and the sharp decline in oil prices in this decade undercuts their original justification.

Space.—This administration has recognized the economic and scientific value of space, as well as its importance for national security. Real federal outlays for non-defense space activities have risen from \$5.4 billion in 1980 to \$7.5 billion in 1988, and a further increase to \$9.7 billion is proposed for 1990. This will support nine shuttle flights during the year and further essential development of the space station Freedom, which will serve as a base for significant research projects and a catalyst for commercial development of space.

Core Functions of Government.—The legislative, judicial, and central executive functions are fundamental to the conduct of Government. Real outlays for these activities have increased from \$9.1 billion in 1980 to \$12.9 billion in 1988, and are projected to rise to \$14.7 billion in 1990. Growth is occurring mainly in law enforcement and revenue collection activities.

International Affairs.—This administration has given high priority to increased spending for international programs, including security assistance, the conduct of foreign affairs, and international information and exchange programs. The administration has supported democratic governments and movements throughout the world, and thanks in part to its efforts there has been a renaissance of democracy in this decade. The citizens of Argentina, Brazil, the Phillippines, and the Republic of Korea have replaced military or authoritarian regimes with democratic governments. Soviet forces in Afghanistan are scheduled to leave that country by February 15 of this year, and negotiations are well under way for the removal of Cuban forces from Angola. A peaceful transition to independence for Namibia is also in prospect. Democracy has been restored to Grenada and strengthened in El Salvador. The administration has strongly supported the freedom fighters in Nicaragua.

Real outlays for discretionary international affairs programs averaged about \$14.5 billion annually during the first seven years of this decade, a substantial increase above the \$11.6 billion annual average of the 1970s. Outlays were cut back by Congress, however, to \$12.6 billion in 1987 and have remained near that level under the Bipartisan Budget Agreement. This budget proposes an increase to \$13.7 billion for 1990, to stimulate further progress toward democracy and freedom throughout the world.

Higher Education.—Real federal outlays for student aid have increased during the 1980s, from \$6.0 billion in 1980 to \$7.1 billion in 1988.⁴ They are projected to rise further, to \$8.0 billion by 1990. Program reforms have reduced loan and grant subsidies to students from middle- and upper-income families, while increasing funds for poor students.

Federal programs have worked in conjunction for additional private and State government spending on education. The private sector provides funds for loans that are guaranteed by the Federal Government, and States and educational institutions provide matching funds for Federal grants, direct loans, and work-study funds. The total annual value of the aid generated by these Federal programs increased by more than 20 percent in real dollars between 1980 and 1988.

Grants to State and Local Governments.—Federal grants to State and local governments have been cut back sharply in this decade.⁵ Grants have been cut almost in half as a share of GNP, from 2.2 percent in 1980 to 1.3 percent in 1988, and by more than a third in real terms, from \$68 billion in 1980 to \$43 billion in 1988. Grants have been reduced for programs where the benefits are primarily local rather than national, among them local economic development, transportation systems, and State and local justice assistance grants. Some unnecessary or unsatisfactory grant programs have been eliminated, such as general revenue sharing and public service employment. Other grants have been restructured, such as Federal job training programs, where the Comprehensive Employment and Training Act (CETA) was replaced in 1982 by the Job Training Partnership Act (JTPA). In many areas, categorical programs were consolidated into block grants, simplifying State and local program administration: several CETA programs for training economically disadvantaged individuals were combined into a single block grant under JTPA, numerous health and social services programs were combined into block grants, and 29 small elementary and secondary education programs were combined in the Chapter 2 block grant. As part of the Omnibus Budget and Reconciliation Act of 1981, 57 categorical programs were combined into nine block grants.

Other Domestic Programs.—Taken as a whole, the remaining domestic discretionary programs have been substantially cut during this decade. Real outlays were reduced by more than 25

⁴ Most student aid programs are discretionary, but Guaranteed Student Loans are regarded as mandatory. This discussion includes all higher education programs administered by the Education Department, to give a full picture of Federal Government involvement in higher education. Outlays for Guaranteed Student Loans are included in the tables for mandatory programs.

⁵ This discussion excludes payments for individuals, primarily programs for the poor included in the previous discussion of entitlements.

percent, from \$75 billion in 1980 to \$56 billion in 1988, and the share of GNP devoted to these programs has been cut from 2.4 percent to 1.4 percent. Many of these programs provide direct or indirect subsidies to private business; the administration has been successful in substantially reducing such subsidies. Nominal outlays for a number of small programs have been cut substantially.⁶ Regional economic development activities have been curtailed; outlays by the Appalachian Regional Commission have been cut from \$348 million to \$147 million, and a number of other regional economic commissions have been terminated. Amtrak subsidies have been cut from \$861 million to \$581 million, and Conrail has been sold, enabling the Federal Government to save annual subsidies that amounted to \$550 million in 1980 as well as to realize \$1.9 billion from the sale itself. The Synfuels corporation was terminated in 1987, saving \$200 to \$300 million annually. Free and reduced-rate mail appropriations were cut almost in half, in real terms, from \$782 million in 1980 to \$577 million in 1988.

Where the beneficiaries of Federal Government activities can be identified, the administration has sought to require payments such as user fees for the services that it provides. This has had the effect of reducing net outlays, both because of the receipts from the fees and because the imposition of the fees has caused beneficiaries to evaluate their need for the services more carefully. The Water Resources Development Act of 1986 authorized fees for the use of commercial harbors, amounting to \$148 million in 1988, to help pay for operating and maintenance costs. Customs service user fees were established in 1986 and 1987 for processing passengers and inspecting commercial cargo. These fees produced combined revenues of \$787 million in 1988. Existing fees, such as the FHA mortgage insurance premium, have been brought into better alignment with the value of the service. Finally, the Government has sold some physical and financial assets, where appropriate. The Great Plains Coal Gasification Plant, and Conrail, mentioned above, are examples of physical asset sales. In 1988 the Government realized \$7.8 billion from the sale of loan assets; there were no such sales prior to 1987. The proceeds of these sales are counted as offsetting receipts, and therefore reduce the reported outlays in their respective budget functional categories. Their main purpose, however, has been to improve the management of Federal direct loan programs and loan portfolios, by requiring the administering agencies to improve their loan documentation and servicing practices, in order to conduct the sales.

⁶ Dollar figures in this subsection are expressed in current dollars rather than constant dollars.

CONCLUSION

Significant changes have indeed occurred in the budget during this decade, but they should be put in the context of longer-term trends. The year 1980 is sometimes taken as a reference point against which succeeding budget policy should be evaluated, but it should not be taken as a normative standard. In 1980, the public was generally dissatisfied with both the rapid growth and the composition of Federal spending. Defense outlays, which had been declining in real terms for several years in the aftermath of the Vietnam War, were too low, while domestic discretionary programs, which had been growing rapidly and in some cases haphazardly during the preceding decade, were too high. Entitlements also were growing in real terms, though their share of the budget stabilized after 1975. The policy of this administration has been to reverse some of these trends, restoring national defense capabilities and cutting back sharply on lower priority domestic discretionary programs. Many of the entitlement programs have been restructured to a greater or lesser extent over the course of this administration but the basic entitlement programs for the elderly, the poor, and other important groups have been preserved.

The President's budget for fiscal year 1990 is in many respects a continuation and extension of the changes that have occurred during this decade to date. The proposals contained in this budget are designed to meet the Gramm-Rudman-Hollings deficit target of \$100 billion for 1990, and the subsequent targets, including a balanced budget in fiscal year 1993.

PRIORITIES IN THE 1990 BUDGET

Under the 1990 budget proposals, outlays would increase by \$14.8 billion from 1989 to 1990. Rather than allow all programs to grow at the same rate, the administration has selectively proposed program reforms and initiatives to strengthen high priority programs while reducing programs of lower priority. Entitlements and other mandatory programs would grow by \$4.6 billion between 1989 and 1990, slowing growth in programs that have exploded in size in recent years. Spending for defense programs would increase by \$4.7 billion while spending for international discretionary and domestic discretionary programs would grow by \$1.1 billion and \$4.1 billion, respectively.

1990 BUDGET PROPOSAL

(In billions of dollars)

	1989	1990	Proposed change
Receipts	975.5	1,059.3	83.8
Outlays:			
Defense	298.3	303.0	4.7
International discretionary.....	16.3	17.5	1.1
Domestic discretionary:			
Initiatives.....	47.5	53.9	6.3
Terminations	17.0	13.8	-3.3
Other.....	112.8	113.8	1.0
Subtotal, domestic discretionary.....	177.4	181.5	4.1
Entitlements and other mandatory.....	523.3	528.0	4.6
Asset sales ¹	-7.1	-6.1	0.9
User fees.....		-1.0	-1.0
Other collections.....		-4.4	-4.4
Net interest	165.7	170.2	4.5
Undistributed offsetting receipts.....	-36.9	-36.6	0.3
Total, outlays	1,137.0	1,151.8	14.8
Deficit (-)	-161.5	-92.5	69.0
MEMORANDUM:			
Deficit (-) without asset sales.....	-168.6	-98.6	69.9

^{*} \$50 million or less.
¹ Includes related debt service.

The budget:

- Meets the deficit target for 1990 called for in the G-R-H Act. The budget also meets the Act's requirement for a balanced budget by 1993.
- Does not require new taxes.
- Does not tamper with social security, and assures that truly needy beneficiaries are protected.
- Provides sufficient funding for national security needs as well as high priority non-defense initiatives.

- Includes appropriate entitlement reforms that affect only providers, states or local governments and middle and upper-income recipients.
- Reduces or terminates unnecessary Federal programs.
- Only includes increased revenues from extending existing revenues, reproposing user fees and proposing a moderate level of loan and physical asset sales that are considered to be "good government" proposals and are not needed to meet the G-R-H targets.
- Includes expanded privatization initiatives, including efforts to encourage marketplace competition in the public sector.
- Continues and expands management improvement initiatives.
- Proposes credit and budget process reform.

Under the 1990 budget proposals, the deficit is estimated to decline from \$161.5 billion in 1989 to \$92.5 billion in 1990, \$7.5 billion below the requirements of the G-R-H Act. Adoption of Presidential proposals would bring the budget into surplus by 1993. By 1994, the surplus would reach \$33.4 billion and this is being accomplished without raising new taxes or reducing any benefits to needy beneficiaries.

This section discusses the major proposals in the 1990 budget. The following table shows the budget plan by category. The remainder of this section discusses proposals in each category. It also discusses the administration's management and privatization initiatives.

COMPREHENSIVE BUDGET PLAN

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Receipts	975.5	1,059.3	1,140.5	1,212.2	1,281.4	1,345.0
Outlays:						
Defense	298.3	303.0	314.4	326.4	339.9	354.3
International discretionary.....	16.3	17.5	17.4	18.0	17.8	17.9
Domestic discretionary.....	177.4	181.5	187.3	189.8	192.2	194.6
Entitlements and other mandatory.....	523.3	528.0	566.2	599.4	630.7	659.6
Asset sales ¹	-7.1	-6.1	-2.4	-2.0	-0.8	-0.8
User fees.....		-1.0	-1.3	-1.7	-2.0	-2.2
Other collections.....		-4.4	-1.6	0.4	-0.9	0.1
Net interest.....	165.7	170.2	165.8	154.4	143.8	132.1
Undistributed offsetting receipts.....	-36.9	-36.6	-38.4	-40.2	-41.7	-43.9
Total, outlays	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
Surplus/deficit (-)	-161.5	-92.5	-66.8	-32.2	2.4	33.4

* \$50 million or less.

¹ Includes related debt service.

NATIONAL DEFENSE

The budget proposes \$315.2 billion in budget authority for national defense for 1990 and \$330.8 billion for 1991. These levels

would provide about 2 percent annual real growth above the 1989 level, reversing a trend of four straight years of real decline in defense funding. The budget proposal provides the funds needed to continue modernization of U.S. strategic and conventional forces, maintain readiness, and improve combat sustainability. These increases are sorely needed if a strong national defense is to be maintained. The budget also proposes several initiatives for improving defense program management.

REQUEST FOR NATIONAL DEFENSE

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
DoD—Military:						
Proposed budget authority	290.2	305.6	320.9	335.7	350.7	365.6
Proposed outlays	289.8	293.8	304.7	316.2	329.4	343.5
Outlay change from 1989 level.....		4.0	14.9	26.4	39.6	53.7
Atomic energy defense and other:						
Proposed budget authority	8.6	9.5	9.9	10.4	10.7	11.0
Proposed outlays	8.5	9.2	9.7	10.2	10.5	10.8
Outlay change from 1989 level.....		0.7	1.3	1.7	2.1	2.4
Total, national defense:						
Proposed budget authority	298.8	315.2	330.8	346.1	361.4	376.6
Proposed outlays	298.3	303.0	314.4	326.4	339.9	354.3
Outlay change from 1989 level.....		4.7	16.2	28.2	41.7	56.1

The administration's strategic modernization program remains a high priority. The budget requests \$5.9 billion for the Strategic Defense Initiative in 1990—an increase of \$1.8 billion above the level provided in 1989. Funds are provided to acquire the new B-2 strategic bomber, to continue acquisition of the Trident submarine and missile system, and to develop rail garrison basing for the Peacekeeper intercontinental ballistic missile. The budget also requests funds to modernize and upgrade strategic arms verification capabilities. These capabilities will help our nation verify future arms control agreements, assure compliance with these agreements, and keep pace with changes in technologies in other nations.

Conventional force capability improvements would continue as new systems such as the A-12 attack aircraft complete development and enter production. Combat readiness would be maintained at a high level, although there will be some delays in equipment maintenance. The budget provides for military pay raises of 3.6 percent in 1990 and 3.2 percent in 1991, effective in January of each year. These increases, which are higher than those requested for Federal civilian employees, will help assure the continuation of a high quality military force.

The budget requests \$9.0 billion in budget authority for atomic energy defense activities, an increase above the 1989 level of 8

percent in real terms. This funding level includes \$2.0 billion for environmental, safety, health, and waste disposal activities and \$1.3 billion for modernization of the atomic energy defense production complex.

As budget pressures have increased there has been emphasis on improved management of defense programs. Stretchouts of procurement programs are avoided and production rates are maintained at or above minimum economic levels. Six low priority weapons programs and five ammunition lines have been terminated with 1990-91 savings of more than \$1.0 billion. To improve program stability, the budget proposes multi-year procurement of 32 additional weapons programs. These new multi-year programs are expected to result in savings of \$8.6 billion over the next 8 years. The budget also proposes a two-year pilot program to introduce co-payments in the provision of health care to non-active duty beneficiaries. The purpose of this program is to explore how co-payments can reduce costs and improve the quality of health care in military medical facilities. Funds are included to initiate the base closings recommended by the Secretary's Base Closures Commission. Expected savings from base closings are estimated to be \$2.0 billion by 1994.

DISCRETIONARY PROGRAMS

Funding for discretionary programs is determined by annual appropriations actions. This category includes a wide diversity of Federal programs ranging from basic activities of government such as the conduct of foreign affairs, to grants to State and local governments for education, highway construction and community development.

International Affairs

This budget requests increased funding for international affairs discretionary programs to meet emerging needs of developing countries, to respond to reform by the United Nations, and to enhance U.S. Government and Government-sponsored radio broadcasting abroad. The increases are partly offset by a program termination and selective reductions. Overall, international discretionary programs are funded at \$19.4 billion in budget authority, \$1.1 billion above the 1989 enacted level. Under the budget proposals, 1990 outlays are estimated to be \$1.1 billion above 1989.

For the foreign aid component of international affairs the budget proposes a \$0.8 billion budget authority increase over 1989. One major element of this increase is international security assistance which provides grants for the export of U.S. military goods and services and for related support of the economies of key recipient governments. The \$8.5 billion in budget authority proposed (\$0.4

REQUEST FOR INTERNATIONAL DISCRETIONARY PROGRAMS

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Foreign aid:						
Proposed budget authority	13.8	14.6	14.7	14.8	14.9	15.1
Proposed outlays	12.7	13.4	13.4	14.1	13.9	14.0
Outlay change from 1989 level		0.6	0.7	1.3	1.2	1.3
Export-Import Bank:						
Proposed budget authority	0.7	0.1				
Proposed outlays	-0.3	-0.2	-0.4	-0.5	-0.6	-0.7
Outlay change from 1989 level		0.1	-0.1	-0.2	-0.3	-0.4
Other:						
Proposed budget authority	3.8	4.7	4.4	4.5	4.5	4.6
Proposed outlays	3.9	4.3	4.4	4.4	4.5	4.6
Outlay change from 1989 level		0.4	0.4	0.5	0.6	0.6
Total, international discretionary:						
Proposed budget authority	18.3	19.4	19.1	19.3	19.5	19.6
Proposed outlays	16.3	17.5	17.4	18.0	17.8	17.9
Outlay change from 1989 level		1.1	1.0	1.6	1.5	1.6

* \$50 million or less.

billion over 1989) will continue or enhance activities promoting the security of countries in such areas as the Middle East, Central America and South Asia. Other increases in foreign aid would pay arrearages on contributions due in past years to multilateral lending institutions such as the World Bank and finance the U.S. share of a major multilateral effort to further democracy in the Philippines by strengthening that country's economy.

The budget also proposes a \$0.3 billion increase in payments to the United Nations and related agencies including some arrearages. This responds to the budget reforms these entities are undertaking at U.S. insistence and also would finance vital international peacekeeping operations in the Persian Gulf, Southern Africa and elsewhere. Further, the budget would provide for the construction of new radio transmitters in three countries to be used by the Voice of America and/or Radio Free Europe/Radio Liberty to broadcast to Eastern Europe, the Soviet Union and other regions.

The budget proposes that the direct lending program of the Export-Import Bank be terminated. This proposal is largely the result of the successful efforts of the administration to reduce subsidized export lending by all developed countries through international credit restraint agreements. The Bank's broad range of guaranteed loan and insurance programs will continue to provide comprehensive support for U.S. exporters.

Domestic Discretionary

As in the international affairs area, requests for domestic discretionary programs are based on the relative merits of each program. Increases are requested for high priority programs, while those

that are either of low priority or the responsibility of State and local governments are proposed for termination or deep reductions. Budget authority of \$145.0 billion is requested for domestic discretionary programs in 1990, \$1.4 billion over the 1989 enacted level. Outlays for discretionary programs are estimated to total \$181.5 billion in 1990.

REQUEST FOR DOMESTIC DISCRETIONARY PROGRAMS

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Space and science:						
Proposed budget authority	12.7	15.5	17.4	18.9	19.9	20.7
Proposed outlays	12.6	14.8	16.6	18.0	19.1	20.1
Outlay change from 1989 level		2.3	4.1	5.4	6.5	7.5
Transportation and public works:						
Proposed budget authority	16.2	15.5	15.3	15.3	15.4	15.4
Proposed outlays	32.2	32.3	32.4	32.1	31.9	31.6
Outlay change from 1989 level		0.1	0.2	-0.1	-0.3	-0.6
Economic subsidies and development:						
Proposed budget authority	27.6	26.0	25.8	25.2	25.1	24.3
Proposed outlays	33.8	31.8	30.1	28.7	27.3	26.4
Outlay change from 1989 level		-2.0	-3.7	-5.1	-6.5	-7.4
Education and social services:						
Proposed budget authority	40.6	40.8	49.6	49.1	48.3	48.0
Proposed outlays	47.0	49.1	51.0	52.1	53.1	54.1
Outlay change from 1989 level		2.1	4.0	5.1	6.1	7.1
Health research and services:						
Proposed budget authority	25.7	26.3	27.4	27.9	28.5	29.1
Proposed outlays	24.8	25.9	26.8	27.5	28.0	28.6
Outlay change from 1989 level		1.1	2.0	2.7	3.2	3.8
Law enforcement and other:						
Proposed budget authority	20.8	21.3	21.7	22.2	22.4	22.3
Proposed outlays	27.0	27.9	29.4	29.4	29.8	29.4
Outlay change from 1989 level		0.9	2.4	2.4	2.8	2.9
Allowances:						
Proposed budget authority		-0.4	0.8	1.9	2.9	3.7
Proposed outlays		-0.4	0.9	2.0	3.1	4.0
Outlay change from 1989 level		-0.4	0.9	2.0	3.1	4.0
Total, domestic discretionary:						
Proposed budget authority	143.5	145.0	157.9	160.5	162.5	163.5
Proposed outlays	177.4	181.5	187.3	189.8	192.2	194.6
Outlay change from 1989 level		4.1	9.9	12.4	14.8	17.2

* \$50 million or less.

Space and Science.—The programs in this category—the National Science Foundation (NSF), space programs in the National Aeronautics and Space Administration (NASA) and the general science programs of the Department of Energy—help ensure U.S. strength and leadership in science and space technology. The budget requests \$15.5 billion in budget authority for these programs, 22 percent more than the 1989 enacted level.

The budget includes a major initiative to increase 1990 budget authority for the *National Science Foundation* (NSF) to \$2.1 billion,

14 percent more than the 1989 enacted level. NSF would emphasize the need for academic basic research and for science and engineering education. Continued U.S. leadership in science and industry depends on the future availability of high-quality scientists and engineers. Also proposed is a second competition for interdisciplinary basic science and technology centers to complement the 11 established in 1989. These centers would focus on research across scientific disciplines and encourage substantial participation by industry and the States to speed the transfer of new knowledge from the laboratory to the marketplace. Support for basic research is a key element in helping to ensure, over the long-term, the ability of the United States to compete in increasingly global markets. University-based research not only generates the "intellectual capital" of new knowledge, but also, through the training of future scientists and engineers, the essential "human capital" necessary for continued economic growth.

Budget authority of \$12.2 billion is proposed for *space-related activities of NASA*, a \$2.3 billion increase above the 1989 level. The administration continues to place a high priority on a safe and sustainable space shuttle flight rate. The budget request would allow for the completion of modifications and redesigns identified by post-Challenger accident reviews. The total cost of these activities will be about \$3.6 billion through 1991. Continued development of a new advanced solid rocket motor is also proposed to improve the safety, reliability, and performance of the shuttle fleet. Improvements to the shuttle that would extend the length of time in orbit would also be continued with private sector financing sought for elements of this program. A continued national commitment to a permanently manned space station is essential to technological and economic progress. The budget provides for continued expansion of the manned space station, which is to become operational in the mid-1990's. Through 1989, \$2.0 billion will have been spent on definition and development of the space station. The administration proposes advance funding for 1991 and 1992 and a total development cost ceiling both to provide stable funding and to control program costs. The administration reaffirms and strengthens its commitment to private sector investment and involvement in the space station. NASA is preparing guidelines and criteria for private sector participation in the space station. NASA will rely, to the extent feasible, on private sector design, financing, construction, and operation of future space station requirements.

The budget requests \$1.2 billion in budget authority in 1990, an increase of 27 percent over the 1989 enacted level for *Department of Energy general science programs*. This includes \$0.2 billion for the Federal share of the initiation of construction of the Superconducting Super Collider (SSC). The SSC will be the world's most

powerful proton-proton collider, producing particle collisions with total energies 20 times greater than can be produced today. The actual start of site specific construction will depend on settling the details of non-Federal cost sharing commitments to the project. The budget projections assume one-third cost sharing by the host State and by other nations, with the first cost sharing beginning in 1990.

Transportation and Public Works.—This category includes air, water, and ground transportation programs as well as Federal water resource projects. The budget requests \$15.5 billion in budget authority for these programs, a 4.5 percent decrease from the 1989 enacted level. Increases for modernizing the air traffic control system would be offset by reductions in low priority programs such as mass transit. The budget also proposes termination of unnecessary subsidy programs, such as payments to air carriers for providing service to certain communities, and grants to Amtrak.

The administration requests \$0.1 billion in budget authority for eleven new *construction starts for the Corps of Engineers*, including the Santa Ana flood control project in southern California. Construction of these projects would be contingent on the willingness of State and local governments, and other non-Federal project sponsors, to share in project costs in accordance with the Water Resources Development Act of 1986 (WRDA). By requiring non-Federal cost-sharing for water development projects, WRDA created a new partnership with project beneficiaries. This partnership helps ensure that projects are supported locally, that they are the appropriate size, and that they provide the benefits claimed.

For 1990, the administration requests \$2.0 billion in budget authority to continue the *Federal Aviation Administration's (FAA) airspace modernization program*, \$0.6 billion more than the \$1.4 billion enacted for 1989. This 41 percent increase above the 1989 level reflects the administration's continued strong commitment to improving the reliability, capacity, and safety of the air traffic control system. The increased funds would be used for a variety of important activities and improvements, including acquisition of terminal doppler weather radar systems designed to detect deadly wind shears. It is estimated that the total cost of airspace modernization and other critical improvements from 1982 through 2000 will equal about \$25 billion.

In addition, the budget includes a proposed 14 percent increase in funding for *FAA's operations*. The administration requests \$3.9 billion in budget authority for 1990 to continue the augmentation and upgrading of FAA's safety-critical workforces, \$0.5 billion more than the \$3.4 billion enacted for 1989. This increase in funding will be used to provide for an additional 695 air traffic controllers, an additional 400 aviation safety inspectors and support positions, and

an additional 120 civil aviation security specialists. Funding will also be provided to modernize the air traffic training program.

The budget recommends legislation to reform the *operating differential subsidy program*. The legislation would increase the competitiveness of the U.S. flag fleet by expanding carriers' operating flexibility, implementing certain cost-saving reforms and allowing additional carriers to participate in the program.

In keeping with the administration's policy of reducing Federal responsibility for rail activities unrelated to safety, the administration proposes terminating *subsidies for Amtrak*. Since 1970, the Federal Government has provided Amtrak with about \$14 billion in direct and indirect subsidies, including \$0.6 billion in 1989. Amtrak serves less than one percent of all intercity travel. Given limited budgetary resources and competing demands of higher priority Federal programs, the administration believes the Federal Government cannot afford to continue subsidizing the trips of business travellers and vacationers.

The budget proposes an immediate end to *mass transit* discretionary grant funding, which has promoted the construction of local transit systems that often have been too costly and underutilized. Funding for these grants is provided by the one cent of the Federal motor fuel tax that is dedicated to transit. The administration believes it is inequitable to continue subsidizing the projects of fewer than 20 cities by motor fuel taxes paid throughout the Nation. The administration proposes terminating operating subsidies to large and medium-sized cities, but not those to small urban and rural areas. Most of the operating subsidies are absorbed by high wages and low labor productivity in public mass transit systems. Given that State and local support for transit accounts for less than 2 percent of combined State and local spending, more should be done at that level to address transit systems operating costs.

Economic Subsidies and Development.—This category includes programs for energy, natural resources and the environment, agriculture, commerce and housing credit, and community and regional development. Many programs in this area are proposed for reduction or termination in the 1990 budget because they no longer warrant Federal support. Many reward inefficient private activities and support State and local development more appropriately financed by State and local governments or the private sector. The administration proposes reducing budget authority for this category from \$27.6 billion in 1989 to \$26.0 billion in 1990.

The budget increases funding over the 1989 level for basic operations and maintenance by the *Federal land management agencies*: the National Park Service, Forest Service, Fish and Wildlife Service, and the Bureau of Land Management. The budget also includes

a proposal to fund future forest fire fighting costs (projected at \$0.4 billion in 1990) outside the annual appropriations process. Fire protection is an integral part of the maintenance of Federal land. The budget proposes deducting these costs from timber and mineral receipts generated from Federal lands prior to the sharing of those receipts between the Federal Treasury, States and counties. The administration also proposes capping budget authority for the Wallop-Breaux Sport Fish Restoration and the Pittman-Robertson Federal Aid in Wildlife programs at \$0.1 billion each, beginning in 1990. Savings from this proposal will allow continuation of other Federal programs directly contributing to fish and wildlife restoration.

The administration proposes to increase funding for the *Superfund hazardous waste cleanup program* by \$0.3 billion over the 1989 enacted level. The proposed level of \$1.7 billion continues the Superfund program's momentum and supports a stronger enforcement role. This level would keep the Environmental Protection Agency on target to meet the statutory deadline for cleanup starts.

The budget proposes direct funding to fill the *strategic petroleum reserve* at an average rate of 50,000 barrels per day over the two year period 1989-90. As a result of recent oil price reductions, a portion of the planned 50,000 barrels per day rate in 1990 will be accelerated into 1989. The budget also proposes to sell the Government-run naval petroleum reserves as discussed in the revenues section below. Proceeds from the sale would include oil that would be used to provide additional inventory for defense purposes and accelerate the strategic petroleum reserve fill rate to an average 75,000 barrels per day from 1990 through 1994.

The budget proposes termination of the Small Business Administration's *disaster assistance program*, which provides loans to homeowners and businesses for uninsured losses suffered as a result of physical disaster. Elimination of this program would encourage homeowners and businesses to obtain and maintain adequate private insurance coverage against disaster-related losses instead of relying on the availability of direct Federal loans at preferential interest rates.

The administration again proposes to implement most of the Postal Rate Commission's 1986 recommendations for reform of the *postal subsidy program*, including elimination of nearly all postal service subsidies that allow certain preferred mailers to receive reduced postal rates. The American taxpayer should not be burdened with these inefficient subsidies, which are often misused. Subsidies would be eliminated for materials with high commercial advertising content, political advocacy mail, and "educational" mail from organizations that do not maintain teacher/student relationships. The administration would continue lower rates for most

religious and charitable mailings but shift the residual cost of these lower subsidies from taxpayers to commercial mailers. In 1989, \$0.4 billion in budget authority was provided for postal subsidies.

The budget requests \$1.2 billion in budget authority for *sewage treatment construction grants* for 1990, \$0.8 billion less than the 1989 enacted level. This level is consistent with the administration's long-term plan of providing \$12.0 billion for the period 1986 to 1993, first proposed in the 1988 budget. This program level was designed to be sufficient to fund the Federal share for all projects needed to meet the 1988 municipal compliance requirements, complete all treatment plants that were started with Federal funds, and give States and localities the flexibility they need to make the transition back to financial independence in this area.

The budget proposes major reforms in the repayment practices of the *Power Marketing Administrations (PMAs)*. The PMAs currently have wide discretion in amortizing the Federal investments to be repaid, including the ability to unilaterally re-schedule principal payments. The PMAs also pay interest costs well below Treasury borrowing costs. As a result of these financial subsidies, PMA power rates are often significantly below prevailing electric power rates. The proposed reforms would establish sound business practices by requiring a fixed straight line amortization schedule for principal repayments and by establishing interest rates on unpaid principal at the rate paid by equivalent private electric utilities.

The administration proposes shifting the *Rural Electrification Administration (REA)* loan program from direct loans to partially guaranteed loans. Since most REA borrowers are financially healthy, they can and should increase their reliance on private sector financing. Under the budget proposal, power supply borrowers would be eligible for 90 percent guarantees of private loans, and electric distribution and telephone borrowers would be eligible for 70 percent guarantees. A priority system would be established to target guarantee assistance to borrowers of highest need.

Reforms are also proposed for *Farmer's Home Administration (FmHA)* loan programs. The rural housing insurance fund would reduce its direct loan program and rely more heavily on housing vouchers. Vouchers increase family housing choices and permit more efficient use of existing private market housing. The agricultural credit insurance fund, the "lender of last resort" to agricultural producers, would continue to shift toward guaranteed loans as directed by the 1985 Farm Bill. The rural development insurance fund would also shift to greater use of guaranteed loans. This assistance, part of the administration's rural development initiative, provides a bridge between rural borrowers and private lenders. Loans would be used by rural communities to obtain necessary water, waste and community facilities, as well as to assist business

development. No funding is requested for the rural development grants program in 1990. This program has been poorly targeted and is duplicative of other FmHA programs.

The administration proposes elimination of several grant programs currently providing support for *local community development projects*, including the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). There is no evidence that these programs have resulted in net job creation nationwide. EDA does not target assistance to those in need, but instead serves narrow and specialized local and regional political interests at the Nation's expense. Similarly, ARC development programs target resources to rural districts that are no worse off economically than rural communities in other parts of the country, and therefore not deserving of special injections of Federal resources.

Education and Social Services.—This category includes funding for elementary, secondary, and higher education, job training, and a variety of social services. The Federal Government's role in this area is primarily to provide support for meeting the educational, social services, and training needs of the disadvantaged through programs that allow States and localities flexibility to tailor solutions to their individual problems. The administration believes that States and localities must continue to bear the major financial responsibility for these programs. Programs in this category have been strengthened with these priorities in mind, and the administration proposes termination and phase out of numerous programs that are either highly categorical and thus restrict State options, are duplicative of other Federal activities, have relatively low priority purposes or are best carried out by the private sector. Programs that serve the needs of the disadvantaged are maintained at the 1989 level or increased. The request for budget authority for this category is \$40.8 billion, \$0.2 billion above the 1989 enacted level.

For the Education Department's programs, the budget requests \$21.9 billion in budget authority for 1990, the same as the 1989 enacted level. The administration proposes to increase *compensatory education* programs (grants to State and local school districts that partially finance remedial education services for the educationally disadvantaged) by \$0.2 billion in budget authority above the 1989 enacted level. These programs provide the Federal Government's major contribution to improving the quality of education for children most in need. Most of the increase is for concentration grants, which provide aid to school districts with the highest proportions of disadvantaged children.

The administration proposes *terminating 25* of the over 200 *Education Department programs* including impact aid 'b' payments.

Under impact aid, the Federal Government makes payments to school districts whose revenues are deemed to be adversely affected by Federal activities. The budget proposes to terminate the portion of impact aid funding ('b' payments) that is based on a category of children who pose little or no burden to school districts. Other programs proposed for termination are narrowly focused and provide benefits already available under one or more of the larger education programs.

The budget maintains most *job training programs* assisting low-income unemployed adults and youth at the 1989 enacted level. However, a \$0.1 billion increase over 1989 is requested for a new program that helps dislocated workers find or train for new jobs bringing the total amount for this program to \$0.4 billion in 1990.

The budget proposes adding 132,000 new *housing subsidies for low-income households*. Most of these are housing vouchers, the cornerstone of the administration's housing policy. Vouchers, which are targeted to very low-income households, provide tenants with more housing choices, including the opportunity to live in better neighborhoods with access to available jobs and higher quality schools. They also make more efficient use of private sector housing and are far less costly than other housing programs. For example, a new public housing unit costs over \$700 per month for each family served, while a voucher can provide the same assistance for around \$300 a month. The administration also proposes a new method of financing housing for elderly and handicapped persons using credit vouchers to generate private lending.

The administration again proposes terminating Federal funding for the *Legal Services Corporation*, a private, non-profit organization that funds State and local agencies providing free civil legal assistance to the poor. State and local bar associations have developed programs to provide assistance to indigent clients, and these efforts are expected to continue to grow, consistent with private attorneys' ethical obligations to provide such services. In 1989, \$0.3 billion in budget authority was provided for this program. The administration also repropose termination of *community services block grants*, which have been estimated to provide less than 15 percent of the funding for community action agencies. States may continue community services programs using funds from the social services block grant program.

The administration proposes \$0.3 billion less in budget authority than the 1989 enacted level of \$1.4 billion for the *low-income home energy assistance program*, which provides block grants to States to help pay fuel bills for low-income families. With lower energy prices, low-income households spend a much lower percentage of their income for heat. Since many assistance programs include a

component for energy, there is a decreasing need for a program specializing in energy assistance.

Health Research and Services.—This category includes research at the National Institutes of Health, block grants to States for health, and hospital and medical care for veterans. The President's budget recognizes the importance of many programs in this area. The budget authority request for health research and services is \$26.3 billion, a \$0.6 billion increase over the 1989 enacted level. Proposed increases for high-priority Human Immunodeficiency Virus (HIV) research would be partially offset by reductions in some programs of lesser priority such as subsidies for clinical health professions training.

Combatting HIV is the administration's highest public health priority. Supplementing State and local programs, the Federal effort encompasses health education and prevention as well as research on the causes of, potential treatment for, and vaccination against HIV. The budget authority request for Public Health Service (PHS) HIV programs is \$1.6 billion, a 24 percent increase over the 1989 enacted level.

The budget requests \$0.9 billion in budget authority for 1990 for PHS *drug abuse treatment, research, prevention, and deterrence programs*, a 9 percent increase over the comparable 1989 enacted level. These funds will support the President's initiative to combat drug abuse. The budget also requests an increase in budget authority over the 1989 enacted level for veterans medical care to \$10.7 billion for 1990. This increase would provide the necessary resources to meet the objective of sustaining quality medical care for American's disabled and needy veterans who use veterans' medical services.

Law Enforcement and Other Core Functions of Government.—Programs in this category include the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), and other agencies involved in law enforcement, as well as the Internal Revenue Service and administrative expenses for the major entitlement programs. The budget requests \$21.3 billion in budget authority for these programs in 1990, \$0.5 billion more than the 1989 enacted level.

The administration places a high priority on law enforcement activities of the Federal Government. Budget authority requested for criminal investigations of the *FBI and DEA* for 1990 is \$2.1 billion, an increase of 10 percent over the 1989 enacted level. The FBI and DEA frequently work together with other Federal agencies in 13 regional task forces on organized crime drug enforcement, and have concurrent jurisdiction to combat drug trafficking. The increased funding would provide 275 new positions for DEA

and allow for improved technical capabilities. It would also allow the FBI to intensify its drug enforcement and other field investigative activities and enhance capital investment funding in automated data processing and technical field support.

The budget also requests increased funding for *Federal prisons*. In response to the continuing growth of the Federal prison population, the administration is proposing to acquire three new facilities, lease two new facilities, and expand capacity at nine existing facilities. This expansion would respond to the demands of tougher law enforcement and longer sentencing created by a number of recent initiatives. Budget authority requested for funding Federal prisons in 1990 is \$1.6 billion, a 14 percent increase over the 1989 enacted level.

The budget provides a 19 percent increase for various *civil and criminal litigation activities*, including organized crime, drug enforcement, environmental enforcement, and commercial litigation. In addition, enhancements to continue implementation of office automation for Department of Justice attorneys and computerized litigation support are included. Resources are also requested to administer payments authorized by the Civil Liberties Act of 1988 providing compensation for persons of Japanese ancestry who were deprived of liberty or property during World War II.

The budget also requests an increase in budget authority for the *Internal Revenue Service* to \$5.5 billion, \$0.3 billion above the 1989 enacted level. This funding would allow expanded tax law enforcement programs and improved accuracy and accessibility in taxpayer information services as well as redesigned tax processing systems.

Allowances.—This category includes budgetary transactions that are expected to occur but are not reflected in program detail. Allowances include funding to cover civilian agency pay raises and savings from two proposed reforms. The proposed civilian agency pay raises for 1990 are 2 percent for civilian personnel and 3.6 percent for Coast Guard military personnel. It is assumed that agencies will absorb 75 percent of the increased costs associated with the civilian pay raise in 1990. Reductions in the government contribution for Federal employee health benefits, resulting from reforms discussed in the Entitlements and Other Mandatory Programs section below, would save \$0.3 billion in 1990. Savings from the proposed establishment of new government mail subclasses would also total \$0.3 billion in 1990. Government mail is easier and cheaper to handle than other mail and should be priced accordingly.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

Spending for entitlement and other mandatory programs is determined by eligibility criteria and benefit formulas set in substantive law. Entitlements and other mandatory programs have been one of the fastest growing parts of the budget. If currently enacted policy continued unchanged, this category would grow by 4.5 percent between 1989 and 1990 and by an additional 27.3 percent by 1994. The administration seeks a number of important reforms in these programs to slow their growth. Under the budget proposals, this category would grow by 0.9 percent between 1989 and 1990 and by an additional 24.9 percent by 1994.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Social security benefits:						
Proposed outlays.....	230.0	244.3	259.9	274.5	288.2	301.0
Proposed savings.....						
Unemployment compensation and aid to the poor:						
Proposed outlays.....	60.3	58.6	61.0	63.7	66.5	70.0
Proposed savings.....	-0.1	-2.0	-1.7	-1.6	-1.7	-1.8
Medicare and medicaid:						
Proposed outlays.....	118.8	128.5	143.7	161.1	176.1	190.7
Proposed savings.....	-0.1	-6.7	-10.4	-13.5	-16.5	-19.9
Federal employee health and retirement benefits:						
Proposed outlays.....	51.3	51.5	53.8	56.8	60.0	63.0
Proposed savings.....	*	-4.4	-5.5	-6.5	-7.2	-7.8
Agriculture:						
Proposed outlays.....	16.9	12.4	12.5	11.0	8.5	5.8
Proposed savings.....	0.9	-2.6	-2.1	-2.5	-2.2	-2.1
Other:						
Proposed outlays.....	46.1	32.7	35.3	32.5	31.3	29.1
Proposed savings.....	0.2	-2.3	-3.3	-2.9	-3.0	-3.6
Total, entitlements and other mandatory:						
Proposed outlays.....	523.3	528.0	566.2	599.4	630.7	659.6
Proposed savings.....	1.0	-18.0	-23.1	-26.9	-30.6	-35.1

* \$50 million or less.

Social Security.—The budget does not propose any reductions in *social security* benefits. Social security affects most Americans, either through benefits received or through payroll taxes deducted from earnings. Primarily because of benefit increases tied to the consumer price index and increases in the number of beneficiaries, outlays for social security benefits are expected to grow from \$230.0 billion in 1989 to \$244.3 billion in 1990.

Unemployment compensation and aid to the poor.—The budget proposals also exempt unemployment compensation and aid to the truly needy from fiscal restraint. No benefit reductions are pro-

posed for regular unemployment compensation, food stamps, aid to families with dependent children (AFDC), the earned income tax credit, or supplemental security income. Improved targeting of nutrition aid is proposed. Under current law, over 15 percent of child nutrition funding provides subsidies to families who earn more than 185 percent of the poverty line—approximately \$21,553 per year for a family of four. Under the budget proposals, schools and institutions would no longer receive Federal *subsidies for meals* served to upper and middle-income households. Meal subsidies to households with income below 185 percent of the poverty line would be unaffected. One major program termination is also proposed—*Trade Adjustment Assistance (TAA)*, which provides additional weeks of cash assistance and training to workers who have lost their jobs to imports. This program inequitably favors one group of unemployed workers over others. Workers who lose their job because of imports would continue to receive the full range of unemployment benefits paid to other unemployed workers and would be eligible for training and adjustment services in other programs.

Medicare and medicaid.—The Federal Government is the largest payor of health care costs in the Nation. Spending for medicare, which provides health care for the elderly, and medicaid, which provides health care for low-income Americans, is projected to increase by \$16.3 billion from 1989 to 1990 and by \$75.4 billion from 1990 to 1994. The administration proposes reforms in both programs to slow this rapid growth rate.

Medicare is one of the fastest growing segments of the budget. The program expanded from \$6.8 billion in 1970 to \$34.0 billion in 1980 to \$84.5 billion in 1989, an increase of more than twelve fold since 1970. Under administration proposals, medicare would be reduced by \$5.0 billion from the current services level in 1990, which would reduce growth between 1989 and 1990 from 15.4 percent to 9.5 percent. The administration proposes a moderate increase in the medicare prospective payment reimbursement rate (one modestly below the inflation rate for hospital costs), and reductions in hospital capital payments as well as in medical education payments. In an attempt to restrain excessive growth in *supplementary medical insurance (SMI)* costs, the administration also seeks the extension of the current law SMI premium, limitations on physician payments, reductions in payments for certain overpriced procedures, and reforms in the durable medical equipment payment system.

The administration also proposes reforms in the *medicaid program* that would reduce the growth between 1989 and 1990 to \$1.7 billion rather than the \$3.3 billion that would occur under current law. The administration proposes renewal of cost containment in-

centives that were originally authorized by the Omnibus Budget Reconciliation Act of 1981, but which expired at the end of 1984. This proposal provides the States with incentives to constrain program growth in order to receive a rebate on their reduced Federal matching rate. The budget also proposes to restructure Federal financing of administrative expenses from a matching formula to a block grant indexed by inflation. The proposal to extend the current law medicare part B premium would moderately increase costs for the medicaid program.

Federal employee retirement and health benefits.—Under current law, outlays for Federal employee retirement and health benefits are estimated to grow from \$51.3 billion in 1989 to \$55.9 billion in 1990. The administration proposes reforms in these benefits that would reduce this growth by \$4.4 billion in 1990. The administration proposes two reforms in the *Federal employee health benefits program*, the world's largest multiple-choice health program. The formula used to determine the Government's contribution to enrollees' health premiums would be changed from the current Big Six formula (based on the premiums of six of the largest FEHB plans) to reflect a weighted average of all plans. The new formula would lead to a more equitable distribution of cost sharing between the Government and its employees because it would reflect the premiums of all FEHB plans and the distribution of enrollees among these plans. Under the weighted average formula, trends in the program, such as the shift of enrollees from high to low option plans, would be accounted for when the Government contribution is determined. The budget also proposes that employer health insurance costs for all annuitants of the District of Columbia government and the Postal Service, who participate in Federal personnel benefits, be paid by those entities rather than the Federal taxpayer. Costs for Postal Service annuitants who retired after October 1, 1986 are already funded in this manner.

The budget proposes that no cost-of-living adjustment (COLA) be given to *Federal retirees* in 1990. After 1990, retirees would receive cost-of-living adjustments equal to 1 percentage point less than the annual percentage change in the consumer price index (CPI). This would make the treatment of COLAs for Federal retirement programs generally consistent with the Federal Employees' Retirement System (FERS), which covers employees hired after January 1, 1984, and with the new Military Retirement System, which covers members entering active duty after August 1, 1986. Between 1969 and 1976, COLAs exceeded inflation by 1 percent and were made twice each year. Although COLAs have since been scaled back to the CPI, and awarded on an annual basis, much remains to be done to bring program costs under control. Consistent with the administration's efforts to scale back overly generous features of

the civilian retirement program, the administration also proposes to end the ability of retirees covered by civilian employee retirement systems to receive lump-sum payments based on their contributions to the retirement system. Private sector and state retirement plans generally do not have such a provision. The budget also proposes that, beginning in 1991, the Postal Service and D.C. Government make annual payments to the retirement fund to cover the full cost of COLA liabilities for their annuitants.

Agriculture.—Under current service estimates, *farm price and income supports* are projected to decline from \$13.0 billion in 1989 to \$12.6 billion in 1990, a level still far above normal historical levels. In order to mitigate the adverse effect of the 1988 drought on farm income, and to ensure that our farmers have a sufficient level of operating funds for the 1989 crop year, the administration proposes to increase the level of advance deficiency payments to 50 percent, the maximum allowable under current law. This increase in advance payments adds \$0.9 billion to 1989 outlays while reducing 1990 outlays by a like amount.

The administration's goal of developing more market-oriented agricultural programs and enhanced competitiveness in export markets is working. A limited number of actions are proposed to bring program outlays back to historical levels. These proposals would reduce farm price and income support outlays by \$1.1 billion in 1990. Outlay reductions could be achieved by a 5 percent reduction in target prices for the 1990 crops, with slightly higher percentage reductions for the 1991-1993 crops. It would also be possible to reduce the share of production eligible for deficiency payments. Either approach would continue the administration's policy of shifting to a more market-oriented sector. In addition, outlays for non-target price commodities would be reduced by a fixed percentage—5 to 7 percent—to lower costs and provide equitable reductions across the farming sector. Further, the counterproductive sugar price support program needs to be modified. This program poses significant problems in the areas of trade policy, foreign policy and agricultural policy.

The *Farm Credit System Financial Assistance Corporation (FAC)* provides assistance to Farm Credit System (FCS) institutions mainly by purchasing their preferred stock using proceeds from federally guaranteed debt issuances. Legislation enacted last year transferred an unacceptable amount of the financial risks for the corporation from the private sector to the Federal Government. As a result, FAC outlays will be counted in the budget totals beginning in 1990. The administration proposes repealing the legislation enacted last year, thus reducing 1990 budget outlays by \$0.7 billion below current law.

Federal Savings and Loan Insurance Corporation (FSLIC).—During 1988 the FSLIC spent over \$16.4 billion (net budget outlays were \$8.1 billion) as it accelerated its efforts to close or merge the burgeoning number of insolvent thrift institutions. The 1990 budget projects FSLIC spending another \$15.9 billion in 1989 and \$9.1 billion in 1990 to continue resolving insolvent thrift institution cases. This spending would be offset, in part, by continuation of normal and special assessment insurance premiums and receipts from the Financing Corporation (FICO), an off-budget subsidiary of the Federal Home Loan Banks created in the 1987 Competitive Equality Banking Act to help recapitalize FSLIC. Net budget outlays for FSLIC are estimated to be \$8.7 billion in 1989 and \$2.1 billion in 1990. These projected levels of spending would allow FSLIC to close at least 100 of the most unprofitable and insolvent institutions, which accounted for over 77 percent of the third quarter losses realized by all insolvent thrifts. The administration has also initiated an effort to formulate a comprehensive plan to resolve remaining thrift insolvency problems and reform the Federal depository insurance system. It is expected to be presented to the new President within 60 days.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Disbursements.....	15.9	9.1	10.2	8.6	10.0	10.2
Receipts.....	-7.2	-7.0	-3.6	-3.7	-5.1	-6.8
Net outlays.....	8.7	2.1	6.6	4.9	4.9	3.4

REVENUES

In addition to the programmatic changes discussed above, the budget proposes a number of revenue changes, including increased user fees, and sales of both loans and real assets—but no new taxes.

Asset sales.—The budget estimates include proceeds from loan asset sales and loan prepayments of \$3.4 billion above the current services level in 1990. The loans are to be sold without recourse. Sales of new loans, which provide an incentive for agencies to improve loan origination and documentation, and assist in determining the subsidies inherent in Federal credit programs, are estimated to yield \$0.7 billion in 1990. In addition, the budget includes \$1.7 billion from the 1990 sale of loan assets for programs that are proposed to be terminated.

The administration continues to promote the sale of real assets. It again proposes that the Federal Government sell the two oil

ASSET SALES

(In billions of dollars)

	1990	1991	1992	1993	1994
Savings from loan asset sales:					
Rural housing insurance fund.....	-1.7	-0.4	-0.4	-0.4	-0.4
REA prepayments.....	-0.5	-0.2	-0.2		
Elderly and handicapped housing.....	-0.5	-0.6	-0.6		
Other.....	-0.7	-0.2	-0.2	-0.2	-0.2
Asset sale offsets.....		0.7	0.9	1.1	1.1
Subtotal, loan asset sales.....	-3.4	-0.8	-0.6	0.5	0.5
Savings from real asset sales:					
Naval Petroleum Reserve.....	-1.0				
Power marketing administrations.....	-1.3	-1.5	-1.2	-1.0	-1.0
Other.....	-0.1	-0.2	-0.2	-0.2	-0.2
Asset sale offsets.....		0.6	0.5	0.5	0.5
Subtotal, real asset sales.....	-2.4	-1.1	-0.8	-0.6	-0.6
Total, asset sales savings.....	-5.9	-1.9	-1.4	-0.1	-0.1

fields it operates—Elk Hills, California and Teapot Dome, Wyoming. Running an oil field is a business, not a Government activity. In addition to an estimated \$1.0 billion in revenues from the sale, the buyer of the fields would be required to provide oil to the strategic petroleum reserve in order to accelerate the fill rate to 75,000 barrels per day for 1990 through 1994.

The administration is also reproposing the sale, by the end of 1990, of the Alaska Power Administration (APA), which supplies electricity in the Anchorage and Juneau areas. State and local groups in Alaska have offered to buy APA's two hydropower projects. The administration believes that the divestiture of APA would make operation of these systems more responsive to local and customer needs, without significant increases in power rates. The budget also proposes sale of the Southeastern Power Marketing Administration in 1990, as well as the sale of selected assets of the other power marketing administrations in 1991 through 1994.

Other real assets proposed for sale are helium-processing operations of the Bureau of Mines and additional surplus property held by the General Services Administration.

User fees.—The Federal Government provides numerous services that directly benefit clearly-identifiable, narrow groups of business and private users. Because these services evolved over time, the Federal agencies providing them recover widely varying proportions of their costs through fees levied on the users. User fee financing has several important advantages over general fund financing. It is more equitable for those receiving benefits to pay for them. Also, it is more efficient for these types of Government services to be allocated to those willing to pay for them. User fees

for Government services also allow the private sector to compete more effectively to provide such services. The budget proposes establishing or increasing a variety of fees that in total will reduce the deficit by \$1.0 billion in 1990 and \$8.2 billion for 1990 through 1994. The fees include:

Credit fees.—The administration proposes increasing loan origination fees for a variety of Federal credit programs. The proposed increases would bring Federal credit terms more in line with private sector alternatives. Fees for some Government-sponsored enterprises are also proposed. These enterprises would help pay for the benefits they receive through lower interest costs due to their association with the Government.

USER FEES AND OTHER REVENUE INITIATIVES

(In billions of dollars)

	1990	1991	1992	1993	1994
Savings from user fees:					
Credit fees	-0.6	-0.9	-1.2	-1.5	-1.8
Coast Guard	-0.2	-0.2	-0.2	-0.2	-0.2
FDA fees	-0.1	-0.1	-0.1	-0.1	-0.1
Other	-0.2	-0.2	-0.2	-0.2	-0.2
Subtotal, savings from user fees	-1.0	-1.3	-1.7	-2.0	-2.2
Savings from other revenues:					
Customs fees: ¹					
Offsetting collections	0.8	0.9	0.9	1.0	1.1
Governmental receipts	-0.6	-0.8	-0.8	-0.9	-0.9
Offsetting collections:					
FCC competitive bidding	-2.3	-1.1			
CFC production rights	-0.4	-1.4	-0.6	-0.6	-1.0
Arctic National Wildlife Refuge	-2.1	*	*	-1.3	*
OCS receipts	-0.5				
Governmental receipts:					
HI coverage of State & local employees ²	-1.8	-1.9	-1.9	-1.9	-1.9
R&E revisions	2.1	1.4	1.8	2.0	2.3
Airport and airway trigger repeal ²	-0.9	-1.6	-1.7	-1.8	-1.9
IRS enforcement initiative	-0.3	-0.6	-0.7	-0.7	-0.7
NRC fees	-0.3	-0.3	-0.3	-0.4	-0.4
Other	0.1	*	*	0.2	0.2
Subtotal, savings from other revenues	-6.2	-5.4	-3.2	-4.2	-3.1
Total, revenue initiatives	-7.3	-6.7	-4.9	-6.2	-5.3

* \$50 million or less.

¹ Part of the customs fee proposal involves repeal of a provision that requires OMB to account for the existing customs user fee as an offsetting collection. Under the proposal, the fees would be classified as governmental receipts consistent with budget principles.

² Net of income tax offsets.

NOTE: Increases in receipts are shown as negatives since they reduce the deficit.

Coast Guard.—A fee on recreational boaters who use the navigable waters of the United States is proposed. This largely high-income group receives substantial benefits from Coast Guard activities. Commercial boaters would be assessed similar fees and major shipping companies would share licensing and inspection costs.

Food and Drug Administration (FDA).—The FDA protects consumers from unsafe and impure foods, unnecessary exposure to

radiation from household and medical devices, and unsafe or ineffective drugs, medical devices, and biological products. User fees totalling \$0.1 billion are proposed to enhance these activities. The fees will benefit consumers and lessen the economic cost of FDA regulations by shortening the review time for drugs, medical devices, and consumer safety activities.

Other revenues.—Other revenue proposals include:

Customs Service.—The administration proposes reforms in the existing ad valorem fee charged by the Customs Service. The current fee is inconsistent with provisions of the General Agreement on Tariffs and Trade (GATT). Among other concerns, GATT has ruled that the ad valorem structure of the merchandise processing fee is not indicative of the cost of processing individual entries. The proposed reforms would enable Customs to collect user fees that conform to GATT requirements.

Competitive bidding of unassigned spectrum.—Beginning in 1990, the United States Government will use a competitive bidding process to issue licenses for the exclusive use of unassigned spectrum. The bids will reflect the economic value of the spectrum. The competitive bidding process, expected to be more efficient than current procedures, will raise an estimated \$2.3 billion in 1990.

Charges for chlorofluorocarbon (CFC) production rights.—Because CFCs deplete the ozone layer, CFC production has been limited by international agreement, which will result in higher prices and potential windfall profits to CFC producers. Charging market value for these limited CFC production rights would eliminate this windfall and raise an estimated \$0.4 billion in revenue in 1990.

Arctic National Wildlife Refuge (ANWR).—The budget includes receipts from ANWR oil and gas lease sales. The sales are expected to yield revenue of \$2.1 billion in 1990 and \$1.3 billion in 1993. Congressional authorization for the leases is needed soon in order to achieve ANRW's economic, energy-security, and deficit-reduction benefits in 1990.

Outer Continental Shelf (OCS) receipts.—The budget proposes to proceed in 1990 with four OCS lease sales currently or previously under one-year oil and gas leasing moratoria for certain areas. These sales are expected to generate \$0.5 billion in 1990 receipts. The leasing moratoria are costly and counterproductive, and circumvent effective OCS resource management as set forth in the OCS Lands Act.

Extension of medicare hospital insurance (HI) coverage to all State and local government employees.—Because of eligibility through their spouse or short periods of work in covered employment, as many as three out of four State and local employees who are not contributors to the program are entitled to the full range of medicare benefits. Coverage of these employees, who are the only

major group of employees not assured medicare coverage, would eliminate this drain on the medicare trust fund and make eligibility uniform.

Initiation of a permanent research and experimentation (R&E) tax credit and revision in R&E allocation rules.—To reduce taxpayers' uncertainty about future availability of incentives for research and experimentation, the administration proposes to establish a permanent R&E tax credit. The current law credit is scheduled to expire on December 31, 1989. In addition, the administration proposes allowing companies to allocate at least 67 percent of total R&E expenditure to domestic source income.

Repeal airport and airway tax trigger.—Under current law, airport and airway trust fund taxes will automatically decline by about 50 percent, beginning in calendar year 1990. The administration proposes repealing the tax trigger so that the taxes would remain at their current rates. This will avoid a loss of \$1.2 billion in 1990 aviation tax revenues. These revenues will be needed in future years to support improvements to the national aviation system.

Internal Revenue Service (IRS) enforcement initiative.—To reduce the gap between taxes owed and taxes voluntarily paid, the administration proposes to increase IRS funding for tax law enforcement. This high yield initiative is designed to ensure that taxpayers are correctly reporting income and to improve collections from past due amounts.

Nuclear Regulatory Commission (NRC) fees.—The administration proposes funding 100 percent of the expenses of the NRC through user fees. Under current law, NRC fees would decrease from 45 percent of expenses in 1989 to 33 percent in 1990. The administration believes that the industry that benefits from these services should pay for them.

CREDIT REFORM INITIATIVE

The administration proposes changing the way Federal credit programs are treated in the budget. The proposal would charge the true economic cost of credit—the present value of the subsidy—to any agency making or guaranteeing loans. This proposal would be a significant improvement over current practice. It would:

- put the cost of credit programs on an expenditure basis equivalent to other Federal spending;
- improve the allocation of resources among credit programs and between credit and other spending;
- measure accurately and equitably the benefits of Federal credit programs; and
- encourage delivery of benefits in the form most appropriate to the needs of beneficiaries.

The administration's proposed legislation makes a major change in accounting for direct and guaranteed loans. For direct loans, agency accounts would reflect only subsidy amounts provided by the loans, while the balance of the loan would be reflected in the central direct loan fund; currently, net flows from direct loans (disbursements minus repayments) are shown in the agency accounts. For guaranteed loans, agency accounts after implementation would reflect the subsidy provided by the loans; currently, only defaults and receipts of fees associated with guarantees are reflected in agency accounts.

The credit reform proposal does not affect the deficit. Estimates for individual credit accounts reflect the new accounting structure. However, all outlay effects of the proposal within the credit accounts are exactly offset in financing accounts. The credit reform proposal does require an additional \$10.9 billion in budget authority in 1990 over what would be required under the current accounting treatment.

PRIVATIZATION INITIATIVES

Privatization is an important management tool to raise productivity, cut costs and improve the quality of Government services. Privatization, defined as the transfer of Government services, assets and/or enterprises to private sector providers, replaces monopolies with competition, thereby allowing the competitive pressures of the marketplace to encourage efficiency, quality, and innovation in the delivery of goods and services within the Government. Privatization does not imply abrogation of Government responsibility for any of these services. Rather, it recognizes what matters most is the service provided, not who provides it.

In order for Government departments and agencies to take full advantage of the potential savings opportunities afforded by privatization, the administration has developed the following initiatives designed to realize immediate cost efficiencies as well as long-term fiscal savings.

Competition for Federal Services.—Reducing expenditures and improving quality of service is a top priority of the administration. An important method of achieving this is to inject the incentives of marketplace competition into the public sector. At the Federal level this competitive process is embodied in OMB Circular A-76, which requires the Government to rely on the private sector for the provision of commercially available goods and services. The Circular provides for precise, measurable standards to determine whether the private sector or the Government is best able to meet Federal needs in the most cost effective manner. The administration proposes a series of revisions to the Circular to make greater

use of competitive pressures within the Government framework. These revisions should lead to further improvements in productivity and more contracting with private sector providers.

Specific areas where the Government could place greater reliance on private sector providers include arbitration and legal services, postal delivery, map-making activities, specialized weather services, mass transit, financial services, prisons, prison hospital operations, U.S. and Foreign Commercial Service domestic services, and aircraft services.

Meeting Infrastructure Needs.—Despite significant Federal support, our Nation's public infrastructure (highways, bridges, airports, and harbors) needs improvement. The private sector represents an untapped source of capital resources and management expertise of the magnitude needed to meet these infrastructure needs. The administration proposes a series of initiatives that further the role of the private sector in these areas. In addition to these areas, a major part of the national communications infrastructure is the United States Postal Service, which has increased rates while service has declined. Comprehensive competitive reform of the Postal Service is a top priority of the privatization agenda.

Continuing Initiatives.—The administration continues to support privatization proposals in previous budgets. These include pilot projects on allowing conservation and other groups to manage public lands, customs audit and inspection, and prison construction; privatizing the railroad retirement system; and evaluating options for the eventual transfer of the Transportation Systems Center to the private sector. Finally, the administration continues to support establishing a Government corporation for uranium enrichment as a first step toward privatizing this commercial activity.

OTHER MANAGEMENT INITIATIVES

Improved management of the Federal Government has been a high priority of this administration. The administration has successfully mobilized the extensive resources of the Federal Government to pursue its management improvement agenda.

The cornerstone of the administration's management improvement effort has been Reform '88. This program offered five strategies for achieving better Government through better management. The first strategy was to eliminate the Federal Government role in activities not properly Federal responsibilities. In the process, the administration eliminated excessive and overlapping Federal regulations on State and local Governments, and reduced paperwork burdens on the public. Activities more appropriately State or local government responsibilities were returned to those entities or ter-

minated, and enterprises that should have remained in the private sector, like Conrail, were sold to private bidders.

The second strategy was to make full use of Inspectors General and build on their significant record of accomplishment. This included launching an all-out campaign against fraud, waste, and abuse. There have been over 27,000 successful prosecutions, and almost 11,000 suspensions and debarments since 1981. Internal controls were made a part of every agency's management program and Inspectors General were added in agencies where they did not exist. In addition, the President's Council on Integrity and Efficiency was created to coordinate the activities of agency Inspectors General.

The third strategy was to improve individual agency operations through intensive management reviews and effective corrective actions. This strategy involved making formal management reviews an inherent part of the annual budget review process and implementing recommendations of the President's Private Sector Survey on Cost Control (the Grace Commission).

The fourth strategy was to put in place Government-wide management systems. Modern financial systems based on common standards are being put in place by every executive branch agency. All phases of loan programs are being coordinated between agencies. In addition, methods of handling cash receipts and disbursements have been improved vastly. New technology is being applied to bring Government services into line with the private sector.

The fifth strategy was to improve the timeliness, quality, and efficiency of Government services. Improvements in those programs with which the average taxpayer would have the most contact, including passport applications, income tax processing, and social security benefits and payments have been realized. As the strategy continues, all Federal programs will be subject to intense quality improvement scrutiny.

CONCLUSION

In summary, the proposals put forth in this budget represent a comprehensive program for reducing Federal spending that will enable the Gramm-Rudman-Hollings deficit target for 1990 to be met without an increase in taxes. It contains no cuts in social security and preserves benefits for the truly needy. It provides for strong national defense and high-priority non-defense initiatives while eliminating programs that are ineffective or inappropriate to the Federal Government.

PART 3

**THE ECONOMY AND
THE BUDGET**

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THE ECONOMY AND THE BUDGET

This part of the budget discusses the outlook for the economy and the administration's economic assumptions. The first section reviews economic developments in the 1980's.

This is followed by a discussion of the economic outlook for 1989 and beyond, including the presentation of the budget's economic assumptions for calendar years 1989 through 1994, and an analysis of the budget's effect on international competitiveness, as required by the Omnibus Trade and Competitiveness Act of 1988.

The next section reviews the administration's forecasting record. Administration forecasts are compared with those of the Congressional Budget Office (CBO) and the Blue Chip forecast, a consensus of about 50 private forecasts. The last section reports on the sensitivity of the budget to changes in economic assumptions.

THE ECONOMY IN THE 1980's—RESTORING STABILITY

Six years into the longest recorded peacetime expansion in the history of the United States, it is difficult to recall how troubling the future seemed when President Reagan took office. Inflation and high taxes were the main problems. The Government seemed to have lost control of the price level. Inflation had pushed American families into higher and higher tax brackets. The expectation of further inflation had driven interest rates to unprecedented levels. A massive shift from financial assets to real assets was underway as people sought to shelter their wealth. This held down the prices of stocks and bonds, while driving up the prices of precious metals, farmland, real estate, and collectibles. The excessively high rates of taxation, by reducing incentives to invest, had brought productivity and economic growth to a standstill by the end of the decade.

At the end of 1988, the economic situation is vastly improved. The inflation rate has been cut by two-thirds. Marginal tax rates have been reduced for the typical American family by more than one-third. As a result, real GNP has increased by 27 percent in this recovery, an annual average growth of 4.1 percent per year. Almost 19 million more Americans have jobs, and the unemployment rate has been cut nearly in half.

The economic policies and political theories that were dubbed "Reaganomics" in the late 1970's have been put to an eight-year test. The results are in. The test was eminently successful. The

Nation's economy is far stronger than it was eight years ago, and is poised for continued noninflationary growth.

Controlling inflation.—No action by this administration was more important in restoring economic stability than the decision to support the Federal Reserve in bringing the rate of inflation under control. Controlling inflation was a prerequisite for the administration's other policies. Had the inflation rate not been brought down and stabilized, the recovery of the last six years would have been impossible.

In 1980, the inflation rate increased to over 12 percent, the most rapid inflation since wage and price controls were lifted at the end of World War II. But that proved to be the high point. In two years, inflation was cut by two-thirds to just under 4 percent, and, more importantly, the fear that nothing could be done to restrain inflation was dispelled.

Since that time, the inflation rate has been kept in check, averaging under 4 percent per year. Wringing double-digit inflation out of the economy, while vital to restoring our long-term economic growth trend, was not achieved without its own short-run cost. It resulted in a painful adjustment that contributed to the 1981-1982 recession.

Restoring economic growth.—The 1981-82 recession came as a surprise to almost all forecasters. They failed to anticipate how brief the upturn from the 1980 recession would be. That recovery was the shortest since 1920, lasting only one year. In hindsight, the 1980 and 1981-82 recessions look like two phases of a single interrupted recession, but that pattern was not widely expected in early 1981. Most forecasters assumed that the 1980 recession would eventually be followed by a normal business cycle rebound, perhaps following a few more quarters of sluggish growth in 1981. The administration, for example, in its initial budget projections issued in February 1981, actually underpredicted growth for 1981 because it assumed that the economy would remain in the doldrums for much of the year. A normal business recovery was then expected to get underway in 1982. The mistake in the forecast was not that it overestimated how fast the economy could grow once a rapid economic recovery began, but that it missed the start of the recovery by over a year.

The administration assumed that, starting in the fourth quarter of 1981, real GNP would grow at an average annual rate of 4.5 percent for the next five years. In fact, real GNP grew at an average annual rate of 4.4 percent over the first five years of the recovery. The faster growth, however, did not begin until 1983, more than a year after the administration had expected. (More

information about the administration's forecasting record is presented later in this part of the budget.)

Once the economy began to recover, it soared. The early quarters of the recovery saw one of the strongest rebounds from a business recession ever recorded. In the year and a half following the trough of the recession, real GNP grew at an average annual rate of 7 percent. Employment rose by more than 6.5 million, and the total unemployment rate plunged from 10.7 percent, at its high point in December 1982, to 7.1 percent in June 1984. Real disposable income per person climbed at an average annual rate of 4.3 percent. Business fixed investment, measured in constant dollars, surged ahead at a 12.8 percent annual rate. Labor productivity in the nonfarm business sector finally surpassed its previous peak, reached in 1978, and then bounded forward.

To some observers, this was merely a normal cyclical reaction in view of the severity of the economic downturn in 1980-1982. But equally important were administration policies designed to promote efficiency and a higher pace of economic activity: the individual income tax rate reductions passed in 1981, which only became fully effective in 1983; other provisions of the 1981 tax law that reduced the after-tax cost of capital; and deregulation that opened markets and reduced prices, benefiting consumers while reducing costs for business.

In the second half of 1984, economic growth continued but at a slower pace. For the next two years, the economy continued to expand and millions of new jobs were created, but the average rate of growth was only 2.7 percent, which was not fast enough to cut into the unemployment rate. This slower pace of economic activity was both inevitable and could be considered desirable following the rapid initial rebound from the recession. While the rate of economic growth in 1983-1984 was not sustainable, the slowdown in 1985-1986 was greater than expected and one of the main reasons was the deterioration in the U.S. trade balance. Stagnation in the real volume of U.S. exports and the rapid increase in the volume of imports contributed to a pause in the growth of industrial production.

Trade deficit.—U.S. trade problems in this decade have prompted a flood of analysis, much of it arguing that the trade deficit is a sign of American weakness—of America's decline as an economic power. In a narrow sense, U.S. price competitiveness certainly did deteriorate in the early 1980's. The rise in the exchange rate of the dollar drove down the dollar price that farmers received for their crops, and U.S. manufacturers found that their international competitors could undersell them. These changes made it far more difficult for them to compete in world markets. But it is only partly correct to equate the rise in the dollar with U.S. weakness. If

foreign investors had shared that view, the dollar would never have risen in the first place.

The dollar rose for many reasons and, even now, it is not possible to quantify the factors that were most important. The high real interest rates in the U.S. relative to those abroad encouraged the inflow of foreign capital in search of the highest rate of return. The U.S. recovery itself, which began earlier and was more robust than the corresponding upturn overseas, was a factor. The political stability and security of the U.S. was also a contributing factor, especially in the early part of the decade when worldwide recession and debt problems raised the risk of investment in many other countries.

The trade deficit can be explained in part by the dollar appreciation. Another factor was the more rapid recovery in the United States in 1983-84 relative to that abroad. Still another was the financial distress of some of the less developed countries. This cut into U.S. exports as those countries sought to reduce their imports. The trade deficit was not due to a decline in America's ability to produce high-quality products.

Since 1985, the dollar has retreated. Currently, the trade-weighted exchange rate is only slightly higher than it was in the late 1970's. In these years, as the dollar has reversed direction, U.S. competitiveness has returned in many industries and U.S. exports have risen sharply. Foreign exports to the U.S. remain high, but the trade balance has begun to turn around.

Indeed, in the last two years, the economic recovery that began in 1982 has entered a new phase. Growth has picked up, unemployment has fallen, and productivity and investment are rising more rapidly again. The expansion has become more balanced as the manufacturing sector has responded favorably to the surge in U.S. exports and the farm sector has recovered from its earlier extremely depressed level. This, along with the continuation of moderate rates of inflation, provides a strong foundation for further growth in the years ahead.

ECONOMIC DEVELOPMENTS IN 1987-1988 AND THE OUTLOOK FOR 1989-1994

Recent Developments.—The economic resurgence of the last two years can be traced partly to the turnaround in the foreign sector of the economy. Measured in volume terms, U.S. net exports reached a low point in the third quarter of 1986. Since then, they have increased by \$58 billion (in 1982 prices). Over this period, real GNP has grown at an average annual rate of 3.8 percent, while Americans' total real purchases were rising at only a 2.9 percent rate. The difference is accounted for by a declining trade deficit.

The recovery of net exports has reinvigorated the industrial sector of the economy. In the past two years, about 840,000 new manufacturing jobs have been created, and industrial production has risen at an average annual rate of 5.5 percent. The export boom has been accompanied by another strong increase in real business fixed investment, which expanded at a 7.8 percent annual rate between the third quarter of 1986 and the third quarter of 1988. Net business investment after adjustment for inflation rose even more sharply, at a 25 percent annual rate. Net investment, however, is still below its peak level reached earlier in the expansion, and below historical levels when measured as a share of total net output.

While industrial output has risen, the growth of consumer spending and government purchases has slowed down. Over the last eight quarters, real consumer spending has grown at an annual rate of just 2.5 percent, while real government purchases of goods and services have risen at just 0.4 percent a year. This is a sharp contrast with earlier in the expansion. From the trough of the recession until mid-1986, real consumer spending rose at an average annual rate of 4.8 percent, slightly outpacing the increase in real GNP. Real government purchases were up at an average annual rate of 4.1 percent.

Critics of the Reagan Administration have sometimes pointed with alarm to the rapid growth of consumer spending. They call it a consumption binge financed by borrowing from overseas, and note that such "overindulgence" cannot go on forever. They argue that, when the inevitable reduction in the trade deficit occurs, it will cut into the American standard of living. The critics, however, are only partly correct.

While the trade deficit in the mid-1980's was unsustainably high and a correction was unavoidable, the fact that is often overlooked is that the needed adjustment has already been taking place. It began over two years ago, when the volume of U.S. exports first began to increase more than the volume of U.S. imports.

The nominal balance of trade was slower to reverse direction because import prices rose sharply in 1986-87, reflecting the decline in the exchange value of the dollar. The rising prices pushed up the dollar value of imports even though the increase in the volume of imports was beginning to slow down. Finally, in 1988, the nominal trade deficit also fell sharply. The merchandise trade balance was running at an annual rate of \$161 billion in the fourth quarter of 1987. By the third quarter of 1988, it had dropped to \$118 billion, the lowest level since early 1985.

Further improvements in the trade balance are needed, but the progress already made is substantial and further improvements are likely. In this process, real GNP should continue to grow more

rapidly than real spending by consumers and Government. An actual decline in consumption is not needed to complete the adjustment, however, if the growth in government spending is also controlled. By holding the increase in government and consumer spending below the increase in real GNP, the resources needed to produce the extra exports will be released without requiring an actual drop in consumption.

The stock market crash.—As 1988 began, there were widespread fears that the economy was on the brink of a downturn. The single most important reason for this alarm was the steep decline in the stock market from August to October 1987, climaxed by the largest one-day drop in the market's history on October 19th. The stock market crash was frightening and brought pressure to bear on the Congress to negotiate a two-year Bipartisan Budget Agreement in late 1987.

The crash's effects on the economy, however, proved to be ephemeral. Economic growth did slow down somewhat in 1988 compared with 1987, and the unemployment rate stopped falling in the second half of the year, but that was all. Indeed, had it not been for the effects of the drought on farm output, total output growth for the year would have been up by an estimated 3.3 percent. As it was, real GNP rose at nearly a 3 percent rate through the first three quarters of the year, despite the drought.

The effects of the stock market crash would be expected to show up most clearly in consumer spending and business investment. Consumers normally reduce spending when their wealth drops, and businesses are inclined to reduce investment when their market value has fallen. Neither effect, however, was especially noticeable this time. The four quarters since the crash have been much like the four quarters that immediately preceded them. Consumer spending, for example, had already moderated. From the third quarter of 1986 through the third quarter of 1987, real consumer spending rose by 2.7 percent. Over the next four quarters, it grew only slightly less—2.3 percent. There was a sharp drop in purchases of consumer durables in the fourth quarter of 1987, but that was reversed over the next two quarters. Real business fixed investment continued to grow rapidly, rising 7.0 percent in the four quarters following the crash, only slightly less than the 8.7 percent pace over the previous four quarters. This modest deceleration may reflect the fall in the market, but it could equally well be accounted for by other factors: the rise in interest rates since the beginning of 1987 or the slower pace of overall economic growth in 1988.

The crash also seems to have had little effect on investors' views about the economy. Although well below the highs reached in the summer of 1987, market averages are higher now than they were

two years ago, and most of the one-day loss on October 19th has been recouped.

Monetary policy.—Following the crash, interest rates fell as the Federal Reserve acted promptly to maintain liquidity and bolster public confidence; until then, they had been gradually rising for most of the year. In 1988, interest rates, especially for short-term securities, began rising again, partly as a result of a tighter monetary policy. Broad monetary aggregates were growing at annual rates of 1 to 3 percent. This put them at the middle of the Federal Reserve's target ranges for the year, after being at the upper ends of their ranges earlier. The Federal funds rate reached 8¾ percent in December, compared to about 6½ percent in March.

This tightening of monetary policy was a response to the stronger-than-expected pace of economic activity following the stock market crash and the concern about the risk of inflation. Although short-term rates have risen sharply, long-term rates have remained quite stable. Since May, the yield on 10-year Treasury bonds has fluctuated in a narrow range around 9 percent, suggesting that the market has not changed its expectation of the inflation rate over the longer term.

Current economic conditions.—During 1988, prices overall rose at about the same rate as in 1987. The 12-month increase in the CPI for 1987 was 4.4 percent; the increase over the most recent 12-month period was 4.2 percent. The index rose more rapidly after mid-year, led by sharp increases in the price of food, a result of the drought. The underlying inflation rate excluding volatile food and energy prices shows a modest acceleration this year, rising from 4.2 percent in 1987 to 4.4 percent in the most recent 12-month period.

Unemployment continued to decline in 1988, following a sharp drop in 1987. The total unemployment rate fell one-half percentage point in the first half of 1988, reaching 5.2 percent in June, its lowest level since 1974. In the second half of the year, the unemployment rate fluctuated between 5.2 and 5.5 percent. The unemployment rate is now reaching levels that have not been seen since before the first oil price shock in the mid-1970's.

The demographic changes that reduced the average age of the working population and raised unemployment in the 1970's are now reversing themselves. The work force is becoming older and more experienced. That should lead to a slower rate of job turnover and lower unemployment. It should also manifest itself in higher productivity, permitting more rapid growth with less inflation. The current unemployment rate does not necessarily signal excess labor demand and, although wages are now rising somewhat more rapidly than they were earlier in the expansion, the average rate of

wage increase remains moderate. In the most recent 12-month period, the hourly earnings index was up less than 4 percent.

Thus, the main macroeconomic indicators show a picture of stability in 1988: robust growth, moderate inflation and low unemployment. The only major shock to the economy came not from the stock market, as feared at the beginning of the year, but instead from the weather. This year was one of the driest and hottest on record. The result of the bad weather was poor harvests, especially for corn and wheat. From the fourth quarter of 1987 to the third quarter of 1988, total farm output fell at a 26 percent annual rate. The full effect will not be seen until the fourth quarter figures are in, but the Commerce Department has already announced that real GNP for the year will be held down 0.7 percent because of the drought. There have also been sharp increases in food prices as a result of the poor harvests. This is already showing up in the food component of the CPI. Although the drought has had a drastic effect on the farm economy, much of its macroeconomic effect will be quickly reversed if the weather returns to normal this year. The budget assumes that this will happen.

Economic assumptions for 1989 and 1990.—If it were not for the effects of the drought, the assumptions would call for a slower growth rate of real GNP this year than in 1988. The assumed growth rate for 1989 is 3.5 percent but, without the expected rebound from the drought, it would be 2.8 percent measured on a fourth-quarter over fourth-quarter basis. The fourth-over-fourth quarter growth rate for 1988 would have been 0.7 percentage point higher, or 3.3 percent, had it not been for the drought-induced decline in farm output in the latter part of the year. Thus, adjusted for the drought, real economic growth is lower in 1989 than in 1988.

A slower rate of growth in nonfarm output may occur for several reasons. First, the rapid growth that resumed in late 1986 could be pushing the economy closer to its capacity limits. The economic assumptions underlying the budget last year projected a slowdown in the rate of growth in 1988, and a return to the long-term path in 1989. Because 1988 was stronger than expected, the 1989 growth rate could well be slower. The total growth rate over the two years is essentially unchanged from last year's assumptions. Second, monetary policy tightened somewhat last year, as reflected in a slower rate of money growth and higher short-term interest rates. This should reduce the rate of growth in dollar spending this year. Third, the effects of the sharp dollar depreciation of recent years have been largely realized so that slower growth of U.S. exports can be expected, although the rapid expansion of the world economy ought to prevent a major falloff. Japan's real GNP growth during the first three quarters of 1988 came in stronger than most

SHORT-RANGE ECONOMIC FORECAST

(Calendar years; dollar amounts in billions)

Item	Actual 1987	Forecast		
		1988	1989	1990
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars.....	8.3	6.6	7.4	7.0
Constant (1982) dollars.....	5.0	2.6	3.5	3.4
GNP deflator (percent change, fourth quarter over fourth quarter).....	3.1	3.9	3.7	3.5
Consumer Price Index (percent change, fourth quarter over fourth quarter) ¹	4.6	4.2	3.6	3.5
Unemployment rate (percent, fourth quarter) ²	5.8	5.3	5.2	5.1
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount.....	4,527	4,857	5,211	5,570
Percent change, year over year.....	6.8	7.3	7.3	6.9
Constant (1982) dollars:				
Amount.....	3,847	3,994	4,123	4,254
Percent change, year over year.....	3.4	3.8	3.2	3.2
Incomes:				
Personal income.....	3,780	4,052	4,326	4,633
Wages and salaries.....	2,248	2,434	2,605	2,780
Corporate profits before tax.....	277	301	351	396
Price level:				
GNP deflator:				
Level (1982 = 100), annual average.....	117.7	121.6	126.4	130.9
Percent change, year over year.....	3.3	3.4	3.9	3.6
Consumer Price Index:				
Level (1982-84 = 100), annual average.....	112.5	116.9	121.4	126.0
Percent change, year over year.....	3.6	4.0	3.8	3.7
Unemployment rates:				
Total, annual average ²	6.1	5.4	5.2	5.1
Insured, annual average ³	2.4	2.1	2.0	1.9
Federal pay raises, January (percent):				
Military.....	3.0	2.0	4.1	3.6
Civilian.....	3.0	2.0	4.1	2.0
Interest rate, 91-day Treasury bills (percent) ⁴	5.8	6.7	6.3	5.5
Interest rate, 10-year Treasury notes (percent).....	8.4	8.9	8.3	7.2

¹ CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

² Percent of total labor force, including armed forces residing in the U.S.

³ Unemployment under State regular unemployment insurance as covered employment under the program; does not include recipients of extended benefits under the program.

⁴ Average rate on new issues within period, on a bank discount basis.

analysts had predicted earlier in the year, and the pace of economic activity has also picked up in Germany.

A slower rate of economic growth (adjusted for the effects of the drought), together with the marked deceleration in the rate of growth of the money supply, suggest a moderation in the rate of inflation. The forecast assumes that the CPI will rise 3.7 percent this year on a fourth quarter-over-fourth quarter basis. The implicit price deflator for GNP is expected to rise by the same percentage. This represents a modest slowdown in the CPI of about one-

half percentage point. For the deflator, there is only a marginal decline from its 1988 rate of increase.

Continued weakness in oil prices should also contribute to moderating the rate of inflation. As the budget assumptions were being drawn up, the oil market was in disarray. OPEC production has recently been about 23 million barrels per day (mb/d), or about 5 mb/d greater than current demand. This excess supply has pushed world oil prices down to levels not seen since 1986. Even though oil prices recovered in late November, in the aftermath of OPEC's most recent agreement on production quotas, crude oil prices should remain weak for the foreseeable future. Few analysts believe the cartel has succeeded in permanently reversing the fundamental supply imbalance that has caused the downward pressure on oil prices. In any case, the fall in crude oil prices over the last few months should translate into falling prices for petroleum products in the first half of 1989. This will lower the rate of increase in the overall price level. The effect on the CPI should be greater than on the implicit price deflator because of the greater weight of energy components in the CPI.

A lower inflation rate and slower economic growth (adjusted for the effects of the drought) should also lead to some decline in nominal interest rates this year. The economic assumptions call for declines in both short-term and long-term rates, with short-term rates expected to fall somewhat more from current levels. The unemployment rate is not expected to decline much further this year. Indeed, the total unemployment rate is expected to average 5.3 percent, which is the level it reached last November.

Taken altogether, then, the forecast for 1989 calls for continued expansion, but at a slower pace than in 1988 allowing for the effects of the drought. The slower growth should be accompanied by moderating interest rates and inflation, and a stable rate of unemployment.

The forecast for 1990 shows a pickup in the rate of economic growth. Some of the special factors that are likely to restrain economic growth this year (after adjusting for the drought) are not expected to last into next year. The growth rate forecast for 1990 is 3.4 percent on a fourth quarter-over-fourth quarter basis. This is about the same as it would have been in 1988 had it not been for the drought, and is actually lower than the average growth rate over the period since the real trade deficit began to improve. Further improvement in the trade deficit is expected to propel economic growth in 1990. Further reductions in inflation and interest rates are also projected for 1990, along with a marginal decline in the unemployment rate.

IMPACT OF THE BUDGET ON U.S. INTERNATIONAL COMPETITIVENESS

The Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418) requires that the Office of Management and Budget, after consultation with the Chairman of the Council of Economic Advisers, prepare an analysis of the budget's impact on the international competitiveness of U.S. business and the U.S. balance of payments position.

The Act requires several forecasts for fiscal year 1990, including the amount of borrowing by the Government in private credit markets. Government borrowing from the public is discussed in detail in *Special Analysis E*, and is estimated to be \$125.6 billion under the current services baseline and \$91.2 billion with the President's proposed budget. This compares to actual borrowing of \$162.1 billion in fiscal year 1988.

The Act also requires forecasts of several other variables related to saving, investment, and trade. They include net private domestic investment, net domestic saving by major sector, net foreign investment, the merchandise trade balance, and the current account balance. A range of estimates for these variables is shown below, based on the projected values of GNP, unemployment, and the other economic assumptions, including underlying saving-investment relationships.

PROJECTIONS OF SAVING, INVESTMENT, AND TRADE

(Fiscal years; in billions of dollars)

	1988 actual	1990 estimates
Net domestic saving (excluding Federal saving) ¹	276	285 to 315
Net private domestic investment	265	300 to 330
Net foreign investment	-142	-120 to -90
Merchandise trade balance	-136	-100 to -70
Current account balance	-135	-120 to -90

¹ Defined for purposes of Public Law 100-418 as the sum of private saving and the surpluses of State and local governments. All series are based on National Income and Product Accounts except for the current account balance.

The projected narrowing of the merchandise trade deficit reflects the improved competitive position of U.S. producers in foreign and domestic markets. The gains expected through 1990 are a continuation of the trend of the past few years when the foreign sector made significant contributions to real GNP growth. The current account deficit is projected to be larger than the trade account's because the current account includes net investment income. The latter will decline as a consequence of the need to service our growing international debt.

The Act also requires an estimate of the influence of the Government's borrowing on private credit markets, on U.S. interest rates, and on the real effective exchange rate of the dollar. Projections for interest rates are presented above. Interest rates, however,

depend on many factors besides Government borrowing. They are determined through the complicated interaction of Government policy with the private demand for and supply of credit. The projected decline in interest rates is consistent with the reduction in Government borrowing that would be achieved by adopting the administration's policy proposals, and also with the Federal Reserve's commitment to achieve a gradual reduction in the rate of inflation.

Federal borrowing is just one of many influences on exchange rates, and most experts agree that no consistent relationship can be observed in recent data. The wide swings in the dollar so far in this decade are not yet fully understood. Exchange rates are affected not only by the variables displayed above, but also by public perceptions of future monetary and fiscal policy and the policies and performance of our trading partners. While the administration's proposals in this budget are not projected to exert a substantial independent influence on exchange rates, exchange market stability should be enhanced as the deficit reductions proposed in this budget are achieved and the Federal Government comes closer to budget balance.

LONG-RUN ECONOMIC ASSUMPTIONS

The economic assumptions shown here for 1991-1994 are not an economic forecast in the usual sense. They presume that the policy proposals in this budget are all adopted. That means, specifically, an assumption that the budget deficit will be eliminated by 1993. Moreover, the Federal Reserve is assumed to persist in its announced policy of eliminating inflation through a gradual program of monetary restraint. Further restraint will curb inflation, while the gradualness of the policy should allow the economy time to adapt without slowing real economic growth.

If the budget is balanced within four years, and if inflation is reduced to the levels assumed here, a modest improvement in productivity growth is likely. Such an improvement would permit the economy to achieve the average growth rate of 3.2 percent assumed for 1991-1994.

The rate of economic growth can be divided into two parts: the expected increase in the hours worked by the employed labor force and the projected rate of increase in those workers' productivity. The sum of these two components equals the overall growth rate.

Hours worked.—Most forecasters assume that total hours worked will rise at an average rate between 1.0 and 1.5 percent a year in the 1990's, based on population projections and reasonable estimates of labor force participation and rates of unemployment. Hours could rise faster than this if, for example, the women's labor

LONG-RANGE ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

Item	Assumptions			
	1991	1992	1993	1994
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	6.4	5.8	5.3	4.7
Constant (1982) dollars.....	3.3	3.2	3.2	3.2
GNP deflator (percent change, fourth quarter over fourth quarter)	3.0	2.5	2.0	1.5
Consumer Price Index (percent change, fourth quarter over fourth quarter) ¹	3.0	2.5	2.0	1.5
Unemployment rate (percent, fourth quarter) ²	5.0	5.0	5.0	5.0
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount.....	5,939	6,296	6,640	6,968
Percent change, year over year.....	6.6	6.0	5.5	4.9
Constant (1982) dollars:				
Amount.....	4,396	4,539	4,684	4,834
Percent change, year over year.....	3.3	3.2	3.2	3.2
Incomes:				
Personal income.....	4,924	5,202	5,461	5,719
Wages and salaries.....	2,969	3,159	3,342	3,515
Corporate profits before tax.....	442	475	498	522
Price level:				
GNP deflator:				
Level (1982 = 100), annual average.....	135.1	138.7	141.8	144.2
Percent change, year over year.....	3.2	2.7	2.2	1.7
Consumer Price Index: ¹				
Level (1982-84 = 100), annual average.....	130.0	133.5	136.4	138.7
Percent change, year over year.....	3.2	2.7	2.2	1.7
Unemployment rates:				
Total, annual average ²	5.0	5.0	5.0	5.0
Insured, annual average ³	1.8	1.8	1.8	1.8
Federal pay raises, January (percent):				
Military	3.2	3.0	3.0	3.0
Civilian	3.0	2.8	2.3	1.8
Interest rate, 91-day Treasury bill: (percent) ⁴	4.5	4.0	3.5	3.0
Interest rate, 10-year Treasury notes (percent).....	6.0	5.0	4.5	4.0

¹ CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

² Percent of total labor force, including armed forces residing in the U.S.

³ Unemployment under State regular unemployment insurance as a percentage of a percentage of covered employment under that program; does not include recipients of extended benefits under that program.

⁴ Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation.

force participation rate continues to rise rapidly, or they could rise more slowly if women's labor force participation stabilizes near current levels. Other factors, such as a change in the gradual trend toward fewer hours worked per employee or a shift in men's labor force participation, would also affect the outcome. The risk of a major departure from the consensus estimate, however, is probably less for this component of growth than for its counterpart, the expected rate of change in productivity.

Productivity.—The behavior of productivity growth over the last fifteen years is something of a mystery. Productivity growth slowed sharply following the first oil price shock in 1973 and, for the rest of the decade, the rate of improvement in output per hour in the nonfarm business sector averaged only one-half percent a year. By contrast, in the 25-year period prior to 1973, output per hour of nonfarm workers rose at an average rate of 2.5 percent a year. Since the last normal business cycle peak in the first quarter of 1980, productivity growth has picked up. In the nonfarm sector, productivity has risen at an average rate of 1.3 percent, and in manufacturing it has fully recovered from the 1970's slowdown; it has been rising faster in the 1980's than at any other time in the postwar period. But manufacturing accounts for only about a quarter of total output in the nonfarm economy, and other industries have not matched its extraordinary productivity performance. Consequently, broader measures of productivity still show a subpar performance relative to the earlier postwar period.

The economic assumptions project a return to rates of productivity growth that are closer to those that prevailed prior to 1973. Such an improvement is possible if the policy proposals in this budget are adopted. In that case, the deficit will be eliminated and more resources will be available for capital formation. Price stability is also important if higher productivity growth is to be achieved. Inflation lowers productivity through many subtle channels by distorting price signals and diverting management attention. A higher rate of capital formation and lower inflation should raise the productivity growth rate noticeably.

Continued macroeconomic stability should also be conducive to higher rates of productivity growth. The current expansion has lasted six years. It is the longest peacetime expansion in the Nation's history, but just because it has lasted a long time does not mean that it is about to end soon. Economic expansions do not have a predetermined lifespan. In the post-World War II period, expansions have varied greatly in length. The 1960's expansion lasted almost nine years, while the brief 1980-81 expansion lasted only a single year.

An expansion can continue indefinitely if the economy is not shocked by disturbances that threaten growth. Oil prices, for example, are currently falling, and they are likely to remain subdued for some time to come. If so, this would eliminate a major source of potential disturbances, one that helped to bring on two recessions in the 1970's. A stable U.S. dollar and a steadily improving trade deficit would remove another potential source of economic disturbances. Other shocks are possible, of course, such as last year's harsh weather conditions, and disturbances of some type are inevitable in a dynamic economy. But, with macroeconomic policy

geared to long-run stability rather than short-run demand management, the prospects for continued economic growth are excellent. In this environment, long-range plans that boost productivity will be more attractive.

Over most of the past century, the rate of growth of productivity has averaged about 2 percent a year. That rate is achievable again with appropriate government policies. If it is achieved and if inflation is kept under control and reduced, the long-run growth assumptions in this budget should be realized.

Inflation and interest rates.—The budget assumptions also call for a decline in nominal interest rates. In 1994, the 91-day Treasury-bill rate is projected to reach 3 percent, and the 10-year Treasury bond rate is assumed to fall to 4 percent. These rates would be lower than at any time since the early 1960's. These low nominal rates are a direct consequence of the administration's policy objectives with respect to inflation. Inflation is assumed to reach the lowest rate on a sustained basis since the early 1960's. A return to price level stability would certainly mean a return to lower nominal interest rates. Moreover, these changes would go a long way toward eliminating the risk premium that is incorporated in current interest rates, thus reducing real rates as well. The real interest rates assumed in the budget are only moderately below current levels. If the deficit is eliminated, as projected here, and if inflation declines below 4 percent, lower real interest rates are probable.

THE ADMINISTRATION'S FORECASTING RECORD

From the beginning, the administration has believed that appropriate policies could bring inflation under control, place interest rates and unemployment on a downward path, and raise the economy's rate of real economic growth. These beliefs have been reflected in every set of economic projections made by the administration—from the first set, released in February 1981, to those in this budget.

Economic performance during the past eight years has largely vindicated the administration's vision. Despite this, however, there is a widespread, but mistaken, view that its economic forecasts have been wildly inaccurate because of excessive optimism. Economic forecasting is more art than science, and it is true that the administration has made some large forecasting errors. But critics typically forget that mistakes are common in economic forecasting, and large mistakes are not infrequent. They also overlook the fact that not all of these mistakes were on the optimistic side; some forecasts proved to be too pessimistic.

The record shows that the administration's near-term forecasts have been about as accurate as those prepared by the Congressional Budget Office (CBO), or by the private sector, as represented by the Blue Chip consensus, an average of approximately 50 private forecasts. The record also shows that the administration has not been biased toward optimism or pessimism.

The comparisons of forecasting accuracy in this section are based entirely on the administration's near-term economic forecasts presented in each budget and the comparable forecasts made by CBO and the Blue Chip panel at about the same time. The comparisons are for only two years into the future. This includes the calendar year just begun when the forecast is published and the following calendar year, which overlaps the budget year.

Comparisons of longer term forecasts are not appropriate. The administration's outyear projections differ conceptually from those of other forecasters. They are based on the assumption that all of the administration's policies will be implemented and that steady progress is made toward achieving its macroeconomic policy objectives. Private forecasters and CBO do not make the same policy assumptions in preparing their long-term projections. They typically rely much more heavily on projections of existing trends.

The near-term forecasts are also affected by the difference in policy assumptions, but the consequences are much less significant because, in the near-term, the economic outlook is most strongly influenced by the existing state of the economy and previous policy actions that cannot now be modified. Although the predictions made by all forecasts share these common background conditions their interpretations of where the economy is headed differ significantly. However, differences in policies, as such, do not decide the outcome. Only over a longer forecast horizon do differences in policy assumptions come to dominate the forecast results. Therefore, while it is meaningful to compare the administration's near-term forecasting record with that of other forecasters, it is not meaningful to compare its long-term economic projections with forecasts that do not share its policy assumptions.

There are different ways to measure forecast accuracy. One common procedure is to compute the differences between the forecast and the actual outcome irrespective of the sign. On this method, an error of -1 and an error of $+1$ are both counted as an error of $+1$, so that the average of these two errors would be 1 , rather than 0 . Calculating the mean absolute errors in this way shows how close a forecast comes, on average, to the actual outcome, because large errors of opposite sign do not cancel each other out. But this method does not reveal the forecast's bias, if any. To assess bias, it is necessary to take account of the direction of the forecast errors. For this purpose, the errors should be averaged

with regard for signs so that offsetting errors cancel each other out. Both methods are used to measure forecast errors by the administration, CBO, and Blue Chip in the accompanying table. The table shows the most important economic variables for projecting the budget: GNP, inflation, interest rates and unemployment.

FORECASTING RECORD, CALENDAR YEARS 1981-1988*

(Forecast minus actual, in percentage points)

	Nominal GNP	Real GNP	GNP deflator	91-Day Treasury Bill Rate	Civilian unemployment rate
MEAN ABSOLUTE ERRORS					
Current year:					
Administration	1.3	1.2	0.7	1.2	0.5
CBO	1.2	1.1	0.6	0.9	0.5
Blue Chip	1.4	1.2	0.7	0.9	0.5
One year ahead:					
Administration	3.1	2.0	1.4	1.3	1.2
CBO	2.9	1.5	1.8	2.2	1.1
Blue Chip	2.8	1.5	2.0	1.6	1.3
MEAN ERRORS					
Current year:					
Administration	0.5	-0.2	0.7	-0.4	0.2
CBO	0.3	-0.3	0.6	-0.2	0.2
Blue Chip	0.3	-0.4	0.7	-0.4	0.2
One year ahead:					
Administration	2.6	1.1	1.4	0.0	0.0
CBO	2.4	0.6	1.8	1.3	0.0
Blue Chip	2.6	0.4	2.0	0.9	0.1

* For the final quarter of 1988, which was not known at the time of these calculations, the actual outcome was assumed to be the December 1988 Blue Chip consensus forecast. For nominal GNP, real GNP, and inflation, the actual growth rate was measured as a percentage and subtracted from the forecast growth. The errors in interest rates and unemployment are computed by subtracting the actual level, measured as a percentage from the forecast values. Administration forecasts are from the Budgets for fiscal years 1983 through 1989 and from the fiscal year 1987 Budget revisions.

Two striking conclusions emerge from the error record for the current year. First, the errors are remarkably close across forecasters. The mean absolute errors, which provide the best measure of forecast accuracy, and the mean errors, which reveal bias, are nearly the same for all variables. Even the widest difference, the 0.3 percentage point difference in the mean absolute error between the administration's interest rate forecast and the other two, is quite small compared with the average Treasury-bill rate of 8.6 percent during these eight years.

Second, contrary to the conventional view, there is no evidence of an optimistic bias in the administration's current year forecasts. In fact, the forecasts for real growth were too pessimistic, underestimating it by 0.2 percentage point per year on average. The administration was also too pessimistic concerning the rate of inflation, overestimating it by 0.7 percentage point on average. Inflation actually declined much faster in the 1980's than was anticipated in the budget. Also, the administration tended to overestimate the

unemployment rate slightly. The only consistently optimistic forecast made by the administration was for interest rates, which were higher than forecast. Taken together, the administration's forecasts for all the variables do not display a consistent pattern of bias.

Exactly the same conclusions can be drawn about CBO and Blue Chip. They also were not optimistically biased. Their errors were in the same direction as the administration's—underpredicting growth, overpredicting inflation, too high on unemployment, and too low on interest rates. The extent of their bias was also about the same as the administration's. This is further confirmation that the administration's forecasts were not especially optimistic. Even its forecasts of interest rates, which were too optimistic, were no more biased than those of the Blue Chip consensus (-0.4 percentage point).

For the year-ahead forecasts, some differences in accuracy emerge. As revealed by the mean absolute forecast errors, the administration was less accurate than the other forecasters in predicting real economic growth; it was more accurate, however, in predicting inflation and interest rates. The forecast errors are quite similar for unemployment and nominal GNP growth. On balance, the administration was about as accurate as the other forecasters, although the pattern of its errors is different.

It is also true that, for all the variables, the year-ahead forecasts made by the administration, CBO, and Blue Chip were less accurate than those for the current year. It is common for forecasting errors to increase as the time horizon of the forecast lengthens.

As in the current year forecasts, the administration's year-ahead forecasts were not biased in an optimistic direction. Although real GNP growth was overestimated, as shown by the positive mean error, the inflation rate was also overestimated. The first is an optimistic error, while the second is pessimistic. The administration's mean errors in its forecasts of interest rates and unemployment were zero, so there is no evidence of bias either way in forecasting these variables. The other forecasters' errors were in the same direction as the administration's, once again. They, too, overestimated real growth and inflation. They were less strongly biased in terms of real growth but more strongly biased in terms of interest rates and unemployment.

The administration's largest error occurred in February 1981. It predicted 4.2 percent real growth for 1982, when real GNP actually fell by 2.5 percent. The reason for this was the failure to anticipate a second recession following so closely on the heels of the 1980 downturn (as explained in the first section of this part). Almost without exception, other forecasters also missed the second recession, although the administration's mistake was larger than most. Excluding 1981, the administration's mean error in forecasting real

GNP growth was just 0.1 percentage point, evidence of an essentially unbiased forecast. (Over the same period the mean errors of CBO and the Blue Chip were -0.2 and -0.5 , respectively.)

Summing up this record, the administration has been about as accurate and unbiased as CBO and the Blue Chip consensus—not any better, but not any worse. This is clearly at variance with the widespread perception that the forecasts underlying the budget have been overly optimistic and highly inaccurate. The administration's largest mistake was in missing the onset and depth of the 1981-82 recession. Since that time, its near-term forecasts have been much more accurate, but the earlier error is still remembered. What has been forgotten is that other forecasters made a similar mistake at that time, and what has been ignored is the administration's record in the following seven years. Taking those mistakes into account as well, the administration's forecasting record for the past eight years is not much different from that of others; no one has a clear advantage in the art of forecasting the economy's future.

CHANGES IN ECONOMIC ASSUMPTIONS AND THE BUDGET

The table below shows changes in economic assumptions (on a calendar year basis) since last year's budget. The following table shows how those changes affected the budget outlook for fiscal years 1989-1993.

COMPARISON OF FEBRUARY 1988 AND CURRENT ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	1987	1988	1989	1990	1991	1992	1993
Nominal GNP:							
1988 assumptions ¹	4,522	4,825	5,162	5,535	5,907	6,269	6,613
1989 assumptions	4,527	4,857	5,211	5,570	5,939	6,296	6,640
Real GNP (percent change): ²							
1988 assumptions ¹	4.6	2.4	3.5	3.5	3.4	3.3	3.2
1989 assumptions	5.0	2.6	3.5	3.4	3.3	3.2	3.2
GNP deflator (percent change): ²							
1988 assumptions ¹	3.2	3.9	3.7	3.5	3.0	2.5	2.0
1989 assumptions	3.1	3.9	3.7	3.5	3.0	2.5	2.0
Interest rate on 91-day Treasury bills (percent):							
1988 assumptions	5.8	5.3	5.2	5.0	4.5	4.0	3.5
1989 assumptions	5.8	6.7	6.3	5.5	4.5	4.0	3.5
Unemployment rate (percent):							
1988 assumptions	6.1	5.8	5.6	5.4	5.3	5.2	5.2
1989 assumptions	6.1	5.4	5.3	5.1	5.0	5.0	5.0

¹ Adjusted for July 1988 revisions.

² Fourth quarter to fourth quarter.

Several developments occurred in 1988 that affected the economic outlook and the forecast of the budget deficit. The Commerce Department's benchmark revisions of the National Income and

Product Accounts in July revealed that incomes were higher in 1985-1988 than previously measured. An unexpected rise in short-term interest rates altered the near term outlook for Federal interest payments. The drought and its effects on output and prices have also affected the pattern of growth in the forecast.

EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(Fiscal years; in billions of dollars)

	1989	1990	1991	1992	1993
Budget totals, February 1988 budget:					
Receipts.....	964.7	1,044.1	1,124.4	1,189.9	1,258.1
Outlays.....	1,094.2	1,148.3	1,203.7	1,241.0	1,281.3
Deficit (-).....	-129.5	-104.2	-79.3	-51.1	-23.3
Policy and technical estimating changes since last year:					
Receipts.....	-6.2	-2.6	-1.3	3.0	0.0
Outlays.....	30.9	-7.0	-2.0	1.8	0.2
Deficit increase (+).....	37.1	-4.4	-0.7	-1.2	0.1
Budget totals under February 1988 economic assumptions and January 1989 policies:					
Receipts.....	958.5	1,041.5	1,123.1	1,192.9	1,258.1
Outlays.....	1,125.1	1,141.3	1,201.7	1,242.8	1,281.5
Deficit (-).....	-166.6	-99.8	-78.6	-49.9	-23.4
Changes due to economic assumptions:					
Receipts.....	17.0	17.8	17.4	19.3	23.3
Outlays:					
Inflation and pay raises.....	2.8	1.8	1.4	1.0	-1.2
Unemployment.....	-1.3	-1.4	-1.4	-1.0	-1.0
Interest rates.....	11.2	11.3	7.4	4.1	3.0
Interest on changes in borrowing.....	-0.8	-1.2	-1.8	-2.5	-3.3
Total, outlays.....	11.9	10.5	5.6	1.6	-2.5
Decrease in deficit (-).....	-5.1	-7.3	-11.8	-17.7	-25.8
Budget totals under January 1989 economic assumptions and January 1989 policies:					
Receipts.....	975.5	1,059.3	1,140.5	1,212.2	1,281.4
Outlays.....	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0
Deficit (-).....	-161.5	-92.5	-66.8	-32.2	2.4

Real GNP grew 5.0 percent over the four quarters of 1987, which was considerably higher than the 3.8 percent growth rate for the year shown in last February's budget. This means that the jumping off point for 1988 was higher than envisioned last year. The rate of growth in 1988 is now expected to be 2.6 percent, slightly higher than the 2.4 percent forecast in last year's budget. The discrepancy would have been even larger had it not been for the drought. The economy is expected to rebound in 1989 with a growth rate of 3.5 percent, of which 0.7 percent is due to the recovery from the drought. By the end of next year the level of real GNP should be considerably higher than was forecast in last year's budget.

Inflation, as measured by the GNP deflator was about as expected in 1988, and the rate projected for 1989 and subsequent years is unchanged. The CPI has risen slightly faster than expected in 1988, but it is expected to return to the forecast path by 1990.

The net result of these changes upon the level of nominal GNP is a substantial increase in all years from last year's projections. This, in conjunction with adjustments to the income components of GNP resulting primarily from the July 1988 GNP benchmark revisions, results in significant increases in estimated receipts for 1989-1993, compared to last year's estimates.

Changes in other economic assumptions—in particular higher interest rates and higher cost-of-living adjustments to benefits such as social security (due to higher CPI increases)—result in higher estimated outlays for 1989 and subsequent years than were estimated in last year's budget. These offset part of the estimated receipts gains, but the net impact of economic effects is a \$7.3 billion deficit reduction in 1990, which grows to nearly \$26 billion by 1993.

Thus the performance of the economy in 1987-88 and the resulting changes in the economic assumptions have made the near-term outlook somewhat better than expected in last year's budget and produce a significant improvement in the long run budget outlook.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

Both receipts and outlays are significantly affected by changes in economic conditions. This sensitivity seriously complicates budget planning because the inevitable errors in economic forecasting lead to errors in the budget forecast. The budgetary effects of changes in economic assumptions are fairly predictable, however, and a set of rules of thumb can be used to estimate how much various changes in the economic forecast would alter outlays, receipts, and the deficit.

Several observations can be made concerning the sensitivity rules shown in the table. The economic variables that affect the budget do not change independently of one another. Output and employment move together in the short run; a higher rate of real GNP growth tends to be associated with a declining rate of unemployment. In the long run, however, changes in the average rate of growth in real GNP result in large part from changes in the rate of growth of productivity, and are not necessarily associated with changes in the average rate of unemployment. Inflation and interest rates are also closely interrelated: a higher expected rate of inflation raises interest rates while less expected inflation leads to lower rates. The connections between nominal and real variables are less predictable; there is no regular connection between changes in the rate of inflation and the rate of real economic

growth or the unemployment rate. Finally, a change in either real GNP growth or inflation has a much greater cumulative effect on the budget over time if it is sustained than if it occurs for only one year.

These patterns are the basis for the combinations of changes examined in the table. The unemployment rate is generally assumed to vary by one-half percentage point for each one percentage point change in real growth. Inflation and interest rates are generally assumed to vary directly by equal percentage point changes; interest rates are higher by one percentage point for each percentage point rise in the rate of inflation. Examples are also shown where only one of these variables changes.

The first section illustrates the effects of changes in real variables on the deficit. If real GNP growth is lower by one percentage point in fiscal year 1990, then 1990 receipts will be lower by \$6.7 billion, and 1990 outlays will be higher by \$1.9 billion, primarily for unemployment-sensitive programs. In 1991, receipts would decline further, by \$11.5 billion, and outlays would increase by \$3.5 billion, compared to the base, even though the growth rate after 1990 followed the path originally assumed. This is because the level of real GNP would be permanently lower. The budget effects would grow slightly in future years.

The effects are much larger if the growth rate is assumed to be one percentage point less in each year. The levels of real and nominal GNP then are below the base case by a cumulatively growing percentage and the unemployment rate steadily rises, compared to the base. The deficit is \$83.0 billion higher than originally projected by 1994.

The effects of slower productivity growth are shown in the third example. Real growth is one percentage point lower per year, while the unemployment rate is unchanged. In this case also the budget effects mount steadily over the years, but more slowly, reaching \$73.5 billion by 1994.

Changes in interest rates and inflation have a smaller effect on the deficit, because their effects on receipts and outlays are substantially offsetting. The first example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during fiscal year 1990 only. In subsequent years, the price level and nominal GNP are one percent higher than in the base case, but interest rates return to their base levels. Outlays for 1990 would rise by \$7.4 billion and receipts by \$7.5 billion, for a net decrease of \$0.1 billion in the 1990 deficit. In 1991, outlays would increase further above the base, by \$13.9 billion, due in part to lagged cost-of-living adjustments, and the increase in receipts would rise to \$12.0 billion, for a net \$1.9 billion increase in the deficit. In subsequent years, the amounts added to receipts and

to outlays would remain close and would continue to have roughly offsetting effects on the deficit. The add-on to receipts would rise slightly over time, while the add-on to outlays would decline.

If the rate of inflation and the level of interest rates are higher by one percentage point in all years, then the price level and nominal GNP rise by a cumulatively growing percentage above their base levels. In this case the effects on receipts and outlays mount steadily in successive years, adding \$66.5 billion to outlays and \$64.8 billion to receipts in 1994. These estimates assume that discretionary program levels and Federal pay are adjusted for the rising price level to maintain real program levels. Under this assumption, receipts rise by nearly the same amount as outlays; the net impact is only a \$1.7 billion increase in the 1994 deficit.

The table also shows the interest rate and the inflation effects separately, and rules of thumb for the added interest cost associated with higher or lower deficits (increased or reduced borrowing) and changes in Federal pay rates.

The effects of changes in economic assumptions in the opposite direction are approximately symmetric. The impact of a one percentage point lower rate of inflation or higher real growth would be of about the same magnitude as shown in the table, but with the opposite sign.

These rules of thumb ignore changes in the income share composition of GNP that would be likely to accompany any changes in real growth, inflation, or interest rates. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be affected significantly by changing income shares. These relationships are too complex, however, to reduce to simple rules.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(Fiscal years; in billions of dollars; current services basis)

Budget effect	1990	1991	1992	1993	1994
REAL GROWTH AND EMPLOYMENT					
Effects of 1 percent lower real GNP growth in fiscal year 1990 only, including higher unemployment: ¹					
Receipts.....	-6.7	-11.5	-12.4	-13.6	-14.4
Outlays.....	1.9	3.5	4.3	5.1	5.7
Deficit increase (+).....	8.6	15.0	16.7	18.7	20.1
Effects of a sustained 1 percent lower annual real GNP growth rate during fiscal years 1990-1994, including higher unemployment: ¹					
Receipts.....	-6.7	-18.7	-32.4	-46.8	-62.6
Outlays.....	1.9	5.5	9.8	14.9	20.4
Deficit increase (+).....	8.6	24.2	42.2	61.7	83.0
Effects of a sustained 1 percent lower annual real GNP growth rate during fiscal years 1990-1994, with no change in unemployment:					
Receipts.....	-6.9	-19.3	-33.8	-49.2	-66.4
Outlays.....	0.3	1.2	2.8	4.7	7.1
Deficit increase (+).....	7.2	20.5	36.6	53.9	73.5
INFLATION AND INTEREST RATES					
Effects of 1 percentage point higher rate of inflation and interest rates during fiscal year 1990 only:					
Receipts.....	7.5	12.0	11.8	11.9	12.6
Outlays.....	7.4	13.9	13.8	13.1	13.0
Deficit increase (+).....	-0.1	1.9	2.0	1.2	0.4
Effects of a sustained 1 percentage point higher rate of inflation and interest rates during fiscal years 1990-94:					
Receipts.....	7.5	20.2	34.1	48.6	64.8
Outlays.....	7.4	21.7	36.2	50.9	66.5
Deficit increase (+).....	-0.1	1.5	2.1	2.3	1.7
Effects of a sustained 1 percentage point higher interest rate during fiscal years 1990-94 (no inflation change):					
Receipts.....	0.7	1.6	2.2	2.6	2.9
Outlays.....	5.2	11.0	15.1	17.7	19.9
Deficit increase (+).....	4.5	9.4	12.9	15.1	17.0
Effects of a sustained 1 percentage point higher rate of inflation during fiscal years 1990-94 (no interest rate change):					
Receipts.....	6.9	18.6	31.9	46.0	61.9
Outlays.....	2.2	10.8	21.4	33.6	47.1
Deficit increase (+).....	-4.7	-7.8	-10.5	-12.4	-14.8
INTEREST COST OF HIGHER FEDERAL BORROWING					
Effect of \$100 billion additional borrowing in fiscal year 1990.....	4.8	8.1	8.3	8.2	8.0
FEDERAL PAY RAISES					
Outlay effect of a 1 percentage point increase in Oct. 1989.....	1.1	1.2	1.2	1.2	1.3

¹ The unemployment rate is assumed to be 0.5 percentage point higher per 1 percent shortfall in the level of real GNP.

PART 4

**FEDERAL RECEIPTS
BY SOURCE**

4-1

FEDERAL RECEIPTS BY SOURCE

Receipts (budget and off-budget) are taxes and other collections from the public that result from the exercise of the Government's sovereign or governmental powers. The difference between receipts and outlays determines the surplus or deficit.

This section of the budget discusses receipts for 1989 and 1990, and the legislative proposals and administrative actions affecting them.¹

SUMMARY

Total receipts in 1990 are estimated to be \$1,059.3 billion, an increase of \$83.8 billion or 8.6 percent from the \$975.5 billion estimated for 1989. These estimates include the effects of:

- previously enacted tax legislation, including the Technical and Miscellaneous Revenue Act of 1988; and
- the receipts proposals in this budget.

As a share of GNP, receipts are projected to rise from 19.1 percent in 1989 to 19.3 percent in 1990. This is primarily due to real economic growth and an increase in the combined employer-employee social security (OASDHI) tax rate from 15.02 percent to 15.3 percent on January 1, 1990.

Composition of Receipts.—The Federal tax system relies predominantly on income and payroll taxes. In 1990:

- Income taxes paid by individuals and corporations are estimated at \$466.7 billion and \$117.4 billion, respectively. These sources together account for 55.1 percent of estimated receipts.
- Social insurance taxes and contributions—composed largely of payroll taxes levied on wages and salaries, most of which are paid in equal amounts by employers and employees—will yield an estimated \$391.5 billion, 37.0 percent of the total.
- Excise taxes imposed on selected products, services, and activities are expected to provide \$35.3 billion, 3.3 percent of the total.

¹ Detailed estimates of receipts by source for 1989 and 1990 are shown in Tables 11 and 15 of Part 10. The economic assumptions on which the receipts estimates are based are presented in Part 3, and estimates of receipts for 1989–1994 are presented in Table 2 of Part 10. Part 7 analyzes the difference between the actual receipts for 1988 and the estimates for 1988 transmitted to the Congress in January 1987. Part 8 explains the conceptual basis for classifying certain amounts collected by the Federal Government as receipts and other amounts as offsetting collections.

- Estate and gift taxes, customs duties and fees, and miscellaneous receipts are estimated at \$48.4 billion, the remaining 4.6 percent of receipts.

RECEIPTS BY SOURCE

(In billions of dollars)

Source	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Individual income taxes.....	401.2	425.2	466.7	508.5	549.3
Corporation income taxes.....	94.5	107.0	117.4	129.2	137.2
Social insurance taxes and contributions.....	334.3	363.9	391.5	419.0	441.9
On-budget.....	(92.8)	(97.0)	(102.6)	(106.5)	(110.1)
Off-budget.....	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)
Excise taxes.....	35.2	34.0	35.3	33.7	33.1
Estate and gift taxes.....	7.6	7.8	8.1	8.3	8.3
Customs duties and fees.....	16.2	16.3	18.0	19.2	20.2
Miscellaneous receipts.....	19.9	21.4	22.4	22.6	22.2
Total receipts.....	909.0	975.5	1,059.3	1,140.5	1,212.2
<i>On-budget.....</i>	<i>(667.5)</i>	<i>(708.7)</i>	<i>(770.4)</i>	<i>(828.0)</i>	<i>(880.4)</i>
<i>Off-budget.....</i>	<i>(241.5)</i>	<i>(266.9)</i>	<i>(288.9)</i>	<i>(312.5)</i>	<i>(331.8)</i>

Because of legislated tax changes, the composition of receipts in 1990 is estimated to be much different than in 1980, the year before the administration took office. Although the Federal tax system relied predominantly on income and payroll taxes in 1980, as it will in 1990, the income tax share of total receipts in 1990 is expected to be 4.6 percentage points less than in 1980. In contrast, the social insurance taxes and contributions share of receipts in 1990 is estimated to be 6.4 percentage points higher than in 1980. The share of all other receipts is expected to decline 1.9 percentage points, from 9.8 percent in 1980 to 7.9 percent in 1990.

ENACTED LEGISLATION

Several major tax laws—including one of the most sweeping overhauls of the tax code in our Nation's history—have been enacted since the administration took office in January 1981. These legislated changes have improved the fairness and efficiency of the tax system and broadened the income tax base by eliminating unintended benefits and obsolete incentives, curbing tax shelter abuse, limiting unwarranted tax benefits, and providing mechanisms to improve tax law enforcement and collection techniques. They have also reduced individual and corporation income tax rates and provided other incentives for work, saving, and investment.

NET EFFECT OF MAJOR ENACTED LEGISLATION ON RECEIPTS ¹

(In billions of dollars)

	1988	1989	1990	1991	1992	1989-90
Economic Recovery Tax Act of 1981	-264.4	-290.9	-322.8	-357.7	-397.6	-613.7
Tax Equity and Fiscal Responsibility Act of 1982	57.3	55.7	57.2	61.2	64.7	112.9
Highway Revenue Act of 1982	4.9	5.1	5.1	5.1	5.1	10.2
Social Security Amendments of 1983	24.6	30.9	23.4	23.8	25.2	54.4
Interest and Dividends Tax Compliance Act of 1983	-1.8	-2.0	-2.5	-2.8	-3.1	-4.4
Railroad Retirement Revenue Act of 1983	1.2	1.1	1.1	1.1	1.2	2.3
Deficit Reduction Act of 1984	25.4	27.7	31.0	33.8	37.9	58.7
Consolidated Omnibus Budget Reconciliation Act of 1985	2.9	3.0	3.0	3.2	3.5	6.0
Federal Employees' Retirement System Act of 1986	-0.2	-0.2	-0.3	-0.4	-0.4	-0.5
Omnibus Budget Reconciliation Act of 1986	2.4	2.0	1.0	0.1	1.0	3.0
Superfund Amendments and Reauthorization Act of 1986	0.6	0.8	0.8	0.8	0.8	1.6
Continuing Resolution for 1987	2.8	3.0	2.6	2.6	2.6	5.6
Tax Reform Act of 1986	-8.9	-24.4	-20.3	-16.4	-20.9	-44.6
Omnibus Budget Reconciliation Act of 1987	8.6	13.9	16.1	15.4	12.2	30.0
Continuing Resolution for 1988	2.0	2.7	2.6	2.7	2.7	5.3
Medicare Catastrophic Coverage Act of 1988 ²		0.6	6.6	7.2	6.9	7.2
Family Support Act of 1988		0.1	0.2	0.3	0.3	0.3
Technical and Miscellaneous Revenue Act of 1988		-0.4	-0.1	0.1	-0.3	-0.6
Net tax reduction (-)	-142.6	-171.3	-195.3	-219.8	-258.3	-366.6
ADDENDUM						
Net effect on receipts by source:						
Individual income taxes	-201.4	-237.6	-259.4	-288.4	-326.9	-496.9
Corporation income taxes	24.0	27.2	33.7	42.6	43.7	60.8
Social insurance taxes and contributions	29.2	35.9	27.6	25.9	27.8	63.5
Excise taxes	12.9	11.5	11.7	9.5	8.0	23.3
Estate and gift taxes	-8.0	-8.9	-9.3	-9.6	-11.1	-18.1
Customs duties and fees	0.2	0.2	*			0.2
Miscellaneous receipts	0.5	0.3	0.3	0.3	0.3	0.7

^{*}\$50 million or less.¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects on the economy are taken into account in forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.² Includes the effect on income taxes of the substitution of cash benefits for a portion of employer medigap insurance that would have been otherwise provided.

For individuals, the sixteen individual income tax brackets and tax rates of pre-1981 tax law—ranging from 14 percent to 70 percent—have been reduced to two tax brackets with rates of 15 and 28 percent.² The zero bracket amount, which was \$3,400 for a married couple filing a joint return and \$2,300 for a single taxpayer or a head of household under pre-1981 tax law, has been re-

² The benefit of the 15 percent bracket is phased out for taxpayers with taxable income exceeding specified levels, implicitly creating a marginal tax rate of 33 percent in the affected income range.

placed with a standard deduction of \$5,000 for a married couple filing a joint return, \$3,000 for a single taxpayer, and \$4,400 for a head of household. The personal exemption has been increased 100 percent, from \$1,000 in 1980 to \$2,000 in 1989. In addition, effective January 1, 1989, the individual income tax brackets and the standard deduction are adjusted annually for inflation; the personal exemption will be adjusted annually beginning in 1990.

Corporate income, which was subject to tax under a 5-bracket rate schedule with rates ranging from 17 to 46 percent under pre-1981 tax law, is now subject to tax under a 3-bracket rate schedule with rates of 15, 25, and 34 percent.

Other legislated changes affecting receipts have restructured highway-related taxes to make the taxes paid by various highway users correspond more equitably to the wear and tear that they cause to the highway system, restored the solvency of the social security trust funds, placed the railroad industry pension program on a more sound financial basis, established the Federal Employees' Retirement System (FERS), reauthorized the Superfund toxic waste cleanup program, established a fund to finance the cleanup of wastes from leaking underground petroleum storage tanks, provided catastrophic illness and prescription drug benefits to individuals eligible for medicare, and reformed the aid to families with dependent children (AFDC) program.

As a result of these legislated changes, taxes have been reduced, on net, by \$171.3 billion in 1989 and \$195.3 billion in 1990, relative to what they would have been under pre-1981 tax law. Individuals have benefited the most from these legislated changes, realizing income tax reductions of \$496.9 billion over these two years.

The provisions of the major laws enacted in 1988 affecting receipts—the Medicare Catastrophic Coverage Act of 1988, the Family Support Act of 1988, and the Technical and Miscellaneous Revenue Act of 1988—are described below.³

MEDICARE CATASTROPHIC COVERAGE ACT OF 1988

Under prior law, medicare consisted of two parts: (1) hospital insurance (Part A), funded primarily by the medicare hospital insurance (HI) payroll tax, and (2) supplementary medical insurance (Part B), the optional part of medicare, funded through a subsidy from general revenue and a flat rate premium paid by enrollees.

³ For a more detailed discussion of the Economic Recovery Tax Act of 1981, see Part 4 of the 1983 *Budget*. A more detailed discussion of the Tax Equity and Fiscal Responsibility Act of 1982 and the Highway Revenue Act of 1982 is provided in Part 4 of the 1984 *Budget*. Detailed discussions of the Social Security Amendments of 1983, the Interest and Dividends Tax Compliance Act of 1983, and the Railroad Retirement Revenue Act of 1983 are provided in Part 4 of the 1985 *Budget*. The major provisions of the Deficit Reduction Act of 1984 are described in Part 4 of the 1986 *Budget*. Part 4 of the 1988 *Budget* includes a detailed discussion of the Tax Reform Act of 1986, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Federal Employees' Retirement System Act of 1986, the Omnibus Budget Reconciliation Act of 1986, the Superfund Amendments and Reauthorization Act of 1986, and the Continuing Resolution for Fiscal Year 1987. Discussions of the Omnibus Budget Reconciliation Act of 1987 and the Continuing Resolution for 1988 are provided in Part 4 of the 1989 *Budget*.

While the payroll tax is classified as a budget receipt, the flat rate premium is classified as an offset to outlays.

The Medicare Catastrophic Coverage Act of 1988 provides benefits for catastrophic illness and outpatient prescription drugs to elderly and disabled individuals eligible for Medicare. These benefits are financed through a combination of a supplemental premium based on income tax liability and an additional flat rate premium, which is classified as an offset to outlays. The supplemental premium based on income tax liability, which is mandatory for all individuals eligible for hospital insurance (Part A), is classified as a trust fund individual income tax receipt. The rate of this premium for each \$150 of Federal income tax liability is 15 percent in 1989, 25 percent in 1990, 26 percent in 1991, 27 percent in 1992, and 28 percent in 1993. Beginning in 1994, the rate of this premium will be indexed in accordance with data on program costs, reserve funds, and premium revenues; however, the annual increase in the rate will be limited to 1 percentage point. The maximum annual supplemental premium per enrollee is capped at \$800 in 1989, \$850 in 1990, \$900 in 1991, \$950 in 1992, and \$1,050 in 1993. Beginning in 1994, the maximum annual premium is indexed in accordance with increases in the subsidized portion of Part B benefits. It is estimated that collections from this supplemental premium based on income tax liability will be \$0.6 billion in 1989 and \$6.5 billion in 1990.

FAMILY SUPPORT ACT OF 1988

This Act reforms the aid to families with dependent children (AFDC) program to encourage and assist parents of needy children obtain the education, training, and employment necessary to avoid long-term welfare dependence. The costs of the new program are financed by the extension of the IRS debt refund offset program (the collections of which are classified as an offset to outlays) and several modifications in taxes. These changes in taxes, most of which are discussed below, are estimated to increase receipts by \$0.1 billion in 1989 and \$0.2 billion in 1990.

Modification of eligibility for the dependent care credit and the exclusion for employer-provided dependent care assistance.—Dependent care expenses incurred by a taxpayer for children under the age of 15 were eligible for the dependent care credit and assistance exclusion under prior law. Effective for taxable years beginning after December 31, 1988, expenses incurred for children age 13 and above are no longer eligible for the credit and the exclusion. In addition, for a given taxpayer, the amount of expenses eligible for the dependent care credit is reduced, dollar for

dollar, by the amount of expenses excludable from the taxpayer's income under the dependent care exclusion.

Provision of taxpayer identification number for dependent care provider.—Effective for taxable years beginning after December 31, 1988, a taxpayer may no longer claim the dependent care credit or exclusion for eligible dependent care expenses unless the correct name, address, and taxpayer identification number of the child care provider is reported to the Internal Revenue Service.

Provision of taxpayer identification number for dependents.—Under prior law, a taxpayer was required to report a taxpayer identification number for each dependent who was at least five years old and claimed as an exemption. Effective for taxable years beginning after December 31, 1988, the reporting requirement is extended to dependents who are at least two years old.

TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

This Act, which was signed by President Reagan on November 11, 1988, makes technical corrections to the Tax Reform Act of 1986, extends a number of expiring tax provisions, puts into place tax administration changes, and restricts or closes several tax loopholes. The revenue provisions of this Act, many of which are highlighted below, are estimated to reduce receipts by a net \$0.4 billion in 1989 and \$0.1 billion in 1990.

Acceleration of corporation estimated tax payments.—In order to avoid an estimated tax penalty, a corporation that uses the annualization method to determine a quarterly estimated tax payment, but does not use that method for a subsequent payment, must make up 100 percent of any shortfall resulting from the use of the annualization method in the subsequent payment. Under prior law a penalty could be avoided if 90 percent of any shortfall in payment resulting from the use of the annualization method was made up in the subsequent payment. This change is effective for estimated payments due after December 31, 1988.

Restrictions on single-premium life insurance.—A life insurance contract that is fully funded more quickly than ratably over the first seven years after issuance is defined statutorily as a modified endowment contract. Any amounts (other than death benefits) received under such contracts entered into or materially changed after June 20, 1988 are treated first as income and then as recovery of basis. Amounts received are also subject to an additional 10 percent tax under rules similar to those applicable to premature

withdrawals from annuities and other retirement savings arrangements.

Repeal of Alaska Native Corporations loophole.—Special rules that allowed Alaska Native Corporations to transfer tax losses and credits to other corporations are repealed retroactive to April 26, 1988. However, substantial transition relief is provided.

Limitations on completed contract method of accounting.—Under prior law, companies engaged in the production of property under a long-term contract were required to compute income from the contract under either the percentage of completion method or the percentage of completion-capitalized cost method. Under the percentage of completion-capitalized cost method, 70 percent of contract income must be reported according to the percentage of completion method and 30 percent according to the taxpayer's normal method of accounting. Effective for contracts entered into on or after June 21, 1988, 90 percent of contract income must be reported according to the percentage of completion method and 10 percent according to the taxpayer's normal method of accounting.

Modification of railroad unemployment financing.—Railroad employment is the only sector not covered by the Federal/State unemployment insurance system. The separate Railroad Sickness and Unemployment Insurance Fund (RSUI), which is financed by payroll taxes paid by rail employers, is deeply in debt to the rail pension fund. To ensure sound financing of rail unemployment benefits and repayment of debts to the financially ailing rail pension fund, several changes in railroad unemployment insurance financing were provided. Effective January 1, 1989, the maximum monthly wage base upon which the unemployment tax is levied (\$600 in 1988) is increased annually, based on the index used to increase the social security tax base. The 8 percent flat rate unemployment insurance tax, which has been in existence since January 1, 1981, will be replaced by a tax rate based on an experience rating formula beginning in 1991. In addition, the temporary unemployment repayment tax, which would have been 2.9 percent in 1989 and 3.2 percent in 1990, is increased to 4 percent and will remain in effect until all borrowing by the railroad unemployment system from the rail pension fund prior to October 1, 1985 has been repaid with interest.

Exemption from capitalization rules for authors, artists, photographers and certain animal producers.—Under the Tax Reform Act of 1986, self-employed authors, artists and photographers were required to capitalize expenses incurred in the production of creative properties, generally meaning that deductions for such expenses were deferred until the creative property was sold. The Act also

required the capitalization of expenses incurred by certain animal producers in the production of livestock with a preproduction period of more than two years. Effective retroactive to January 1, 1987, these self-employed individuals are exempt from the capitalization requirement. Most animal producers—except corporations, partnerships or tax shelters required to use the accrual method of accounting—are exempt from the capitalization requirement effective for expenses incurred after December 31, 1988.

Depreciation of agricultural properties.—The useful life of single-purpose agricultural and horticultural structures is lengthened from 7 years to 10 years. Also, property used in a farming business that was eligible to be depreciated under the double-declining balance method must now be depreciated under the 150 percent declining balance method. Both provisions apply to property placed in service after December 31, 1988.

Relief from diesel fuel excise tax collection.—Under prior law, waterway operators, farmers, fishermen and other off-road users of diesel fuel (including the Department of Defense) were required to pay the diesel fuel excise tax at the time the fuel was purchased. Some of these users were then eligible to apply for a refund. Effective January 1, 1989, all off-road users are exempt from the tax at the time of purchase from a producer.

Restoration of exclusions for employer-paid educational assistance and group legal services.—The exclusions for employer-paid educational assistance and group legal services, which had expired effective December 31, 1987, are extended retroactively through December 31, 1988. However, graduate level educational assistance generally is no longer eligible for the exclusion.

Modification of low-income rental housing tax credit.—In order for a property to be eligible for the low-income rental housing tax credit, prior law required that the property be placed in service before January 1, 1991. This Act extends the deadline through December 31, 1991; however, to be eligible for the credit, at least 10 percent of the expected project costs must be incurred before January 1, 1990.

Extension of authority to issue qualified mortgage bonds and mortgage credit certificates.—The authority of State and local governments to issue tax-exempt qualified mortgage bonds and mortgage credit certificates is extended through December 31, 1989. This authority had been scheduled to expire on December 31, 1988.

Extension of business energy tax credits.—Business energy tax credits for solar, geothermal and ocean thermal properties and

equipment, which were scheduled to expire on December 31, 1988, are extended through December 31, 1989.

Extension of research and experimentation (R&E) tax credit.—The tax credit provided for certain incremental research and experimentation expenditures, which was scheduled to expire on December 31, 1988, is extended for one year through December 31, 1989.

Revision in research and experimentation (R&E) allocation rules.—The rules for allocating R&E expenses to U.S. or foreign source income are modified retroactively, effective for the first 4 months of the first taxable year beginning after August 1, 1987. The change generally requires that 64 percent of U.S. R&E expenses be allocated to U.S. income and that 64 percent of foreign R&E expenses be allocated to foreign-source income. The remaining expenses are to be allocated on the basis of gross income or sales.

Extension of targeted jobs tax credit.—The targeted jobs tax credit, which was scheduled to expire December 31, 1988, is extended through December 31, 1989. The use of the credit is restricted by changes in the definition of “economically disadvantaged youths” and by a reduction in the percentage of the credit applicable to summer jobs for disadvantaged employees.

Exemption of mutual fund expenses from the 2 percent floor for miscellaneous deductions.—The prior law exemption of mutual fund expenses from the 2 percent floor for miscellaneous deductions is made permanent, effective retroactive to January 1, 1988. This exemption had expired on December 31, 1987.

Extension of Federal Savings and Loan Insurance Corporation (FSLIC) relief provisions.—Three provisions providing tax relief to financially troubled thrift institutions, which were scheduled to expire on December 31, 1988, are extended through December 31, 1989. These provisions exclude certain FSLIC assistance payments from gross income, relax the rules for tax-free reorganizations, and permit the carryforward of net operating losses. The Act also requires that effective January 1, 1989, net operating losses and certain other tax attributes be reduced by an amount equal to 50 percent of tax free FSLIC assistance payments. Effective from the date of enactment through December 31, 1989, the relief provisions are expanded to apply to troubled banks receiving assistance from the Federal Deposit Insurance Corporation (FDIC).

Initiation of education savings bonds.—Interest on Series EE U.S. Savings Bonds may be excluded from gross income if the bond

(including both principal and interest) is transferred to an eligible education institution to pay for qualified educational expenses. The exclusion is phased out for taxpayers filing a joint return with modified adjusted gross income from \$60,000 to \$90,000 and for single taxpayers with modified adjusted gross income from \$40,000 to \$55,000. The exclusion applies to bonds issued after December 31, 1989.

Issuance of Taxpayer Bill of Rights.—A series of provisions, commonly known as the “Taxpayer Bill of Rights,” creates and expands certain rights of taxpayers in dealing with the Internal Revenue Service. Generally, these rights address IRS collection activities, and interview processes and procedures. In addition, IRS is required to provide a summary of rights to all taxpayers contacted with respect to the collection or determination of taxes.

EFFECT OF MAJOR LEGISLATION ENACTED IN 1988 ON RECEIPTS ¹

(In billions of dollars)

	1988	1989	1990	1991	1992
Medicare Catastrophic Coverage Act of 1988					
Individual income taxes.....		0.6	6.6	7.2	6.9
Total, Medicare Catastrophic Coverage Act of 1988 ²		0.6	6.6	7.2	6.9
Family Support Act of 1988					
Individual income taxes.....		*	0.2	0.2	0.2
Social insurance taxes and contributions.....		*	0.1	0.1	0.1
Total, Family Support Act of 1988.....		0.1	0.2	0.3	0.3
Technical and Miscellaneous Revenue Act of 1988					
Individual income taxes.....		-0.5	-0.2	-0.2	-0.2
Corporation income taxes.....		0.5	0.1	0.2	-0.1
Social insurance taxes and contributions.....		-0.1	*	0.1	0.1
Excise taxes.....		-0.4	-0.1	*	*
Estate and gift taxes.....		*	*	*	*
Total, Technical and Miscellaneous Revenue Act of 1988.....		-0.4	-0.1	0.1	-0.3
ADDENDUM					
Total effect on receipts by source:					
Individual income taxes.....		0.1	6.6	7.2	6.9
Corporation income taxes.....		0.5	0.1	0.3	*
Social insurance taxes and contributions.....		-0.1	*	0.1	0.1
Excise taxes.....		-0.4	-0.1	*	*
Estate and gift taxes.....		*	*	*	*
Total effect on receipts.....		0.2	6.7	7.6	6.9

* \$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Indirect effects on the economy are taken into account in forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

² Includes the effect on income taxes of the substitution of cash benefits for a portion of employer medicap insurance that would have been otherwise provided.

RECEIPTS PROPOSALS

The receipts changes proposed in this budget are estimated to increase receipts by \$1.8 billion in 1990. However, because the proposed reclassification of the ad valorem customs user fee is estimated to increase 1990 outlays by \$0.8 billion, the combined impact is a reduction in the 1990 deficit of \$1.0 billion.

Extension of medicare hospital insurance (HI) coverage to all State and local government employees.—A minority of the State and local government employees who were hired prior to April 1, 1986, may not be assured of medicare coverage. Because of eligibility through their spouse or short periods of work in covered employment, as many as three out of four State and local employees who contribute nothing to the program are entitled to the full range of medicare benefits. Coverage of these employees, who are the only major group of employees not assured medicare coverage, would correct an inequity in coverage and eliminate this drain on the medicare trust fund. The change in coverage, proposed to be effective October 1, 1989, is estimated to increase receipts to the HI trust fund by \$2.0 billion in 1990.

Revision in research and experimentation (R&E) allocation rules.—For the first 4 months of the first taxable year beginning after August 1, 1987, companies with foreign operations are allowed to allocate 64 percent of domestic R&E expenditures to their domestic operations and 64 percent of foreign R&E expenditures to their foreign operations. The remaining expenses are to be allocated on the basis of gross income or sales. For taxable years prior to August 1, 1987, such companies were allowed to allocate at least 50 percent of R&E expenditures to domestic income. The administration is again proposing to allow companies to allocate at least 67 percent of total R&E expenditures to domestic source income. This proposal is estimated to reduce 1990 receipts by \$1.7 billion.

Initiation of a permanent research and experimentation (R&E) tax credit.—The 20 percent tax credit provided certain incremental research and experimentation expenditures is scheduled to expire on December 31, 1989. To reduce taxpayers' uncertainty about the availability of this incentive for research and experimentation, the administration proposes to establish a permanent R&E tax credit. This proposal, which was reflected in last year's budget, is estimated to reduce 1990 receipts by \$0.4 billion.

Internal Revenue Service (IRS) enforcement initiative.—To close the gap between taxes owed and taxes voluntarily paid, the administration proposes to increase IRS funding for tax law enforcement in 1990. This high yield initiative, designed to ensure that taxpay-

ers are correctly reporting income and to improve collections from past due amounts, is expected to result in increased collections of \$0.3 billion in 1990.

Increase in Nuclear Regulatory Commission (NRC) user fees.—Under current law, 45 percent of NRC's costs incurred in regulating nuclear power plants are recovered through user fees in 1989, decreasing to 33 percent in 1990. The administration proposes to increase these fees to a level sufficient to recover 100 percent of NRC's costs effective October 1, 1989. This proposal is estimated to increase receipts by \$0.3 billion in 1990.

Initiation of Federal Emergency Management Agency (FEMA) user fees.—Under current law, FEMA's costs incurred, as NRC's agent in regulating the evacuation plans of nuclear power plants, are not recovered through user fees. The administration proposes to recover 100 percent of FEMA's costs through user fees, effective October 1, 1989. This proposal is estimated to increase receipts by \$10 million in 1990.

Modification of customs user fee.—Under the Omnibus Budget Reconciliation Act of 1987, the ad valorem fee on imported merchandise (currently 0.17 percent of value), which would have expired on September 30, 1989, was extended through September 30, 1990. The Act also reclassified collections from the fee as offsets to outlays, rather than as receipts. A ruling of the General Agreement on Tariffs and Trade (GATT) requires correcting legislation to make the user fee consistent with GATT requirements. The Administration is again proposing that the ad valorem fee structure represent the costs of processing individual entries and that collections from the fee be reclassified as budget receipts. In 1990, this proposal is estimated to increase receipts by \$0.6 billion; however, it will also increase outlays by \$0.8 billion, for a net deficit increase of \$0.2 billion.

Increase in the District of Columbia (D.C.) employer contributions to the civil service retirement system (CSRS).—The D.C. government currently contributes 7 percent of wages and salaries to CSRS; D.C. government employees contribute an additional 7 percent. The cost of civil service retirement exceeds the combined contribution of the D.C. government and its employees. The budget reflects a proposal making the D.C. government responsible for paying costs of retirement cost-of-living adjustments (COLAs) paid to D.C. government retirees and their survivors. Because the budget proposes a COLA freeze for government annuitants in 1990, the D.C. government's initial annual payment would begin in 1991 and is estimated to be \$6 million.

Modification of oil and gas depletion rules.—Independent oil producers are limited in their use of depletion deductions by two provisions: (1) “proven” properties transferred from integrated oil companies to independent producers are ineligible for percentage depletion, and (2) the deduction may not exceed 50 percent of the owner’s net income from the property. Because these restrictions discourage the transfer of marginal wells to independent producers and result in the premature abandonment of producing wells, the administration proposes to remove the transfer rule restrictions and to raise the deduction limit to 100 percent of the property’s net income, effective January 1, 1990. These changes, which were proposed in last year’s budget, are estimated to reduce 1990 receipts by \$39 million.

Repeal of reduction in aviation-related taxes.—The Airport and Airway Safety and Capacity Expansion Act of 1987 extended the airport and airway trust fund taxes, which had been scheduled to expire on December 31, 1987, at their prior law rates. However, the Act also provided that most of these taxes be reduced by 50 percent, beginning in calendar year 1990, if 1988 and 1989 appropriations for the capital programs funded by these taxes are less than 85 percent of authorizations. Given congressional action for 1988 and 1989, airport and airway trust fund taxes would be reduced by \$1.2 billion in 1990 in accordance with this provision. The administration is proposing to override this tax reduction trigger, resulting in increased receipts to the trust fund in 1990 of \$1.2 billion.

Initiation of Federal marine fishing licenses and fees.—The costs associated with Federal efforts to conserve and manage the Nation’s marine fishery resources currently are borne by the general taxpayer, rather than by those who benefit directly from Federal fishery research, conservation, and management services. The administration is renewing its proposal to fund the conservation and management of the Nation’s federally managed fishing resources through the establishment of a permit and an ad valorem fee on commercial sales. This proposal would apply only to those fishermen who fish in the fishery conservation zone (3 to 200 miles offshore) or who fish for federally managed species. These fees, proposed to become effective January 1, 1990, are estimated to increase 1990 receipts by \$42 million.

Extension of reimbursable status to Amtrak.—Under the Technical and Miscellaneous Revenue Act of 1988, public commuter railroads are exempted from the full rail unemployment tax rate in 1989 and 1990; instead, they are required to reimburse the unemployment fund for the actual costs of their employees. This provision was enacted to prevent public subsidies, given to commuter

lines to hold down fares, from being diverted to pay for the high unemployment costs of the private sector railroads. Amtrak is in much the same position as the commuter lines but was not given the same treatment in the 1988 reforms. To help Amtrak reduce its operating deficiency and prevent unintended cross-subsidization of high unemployment freight railroads, the budget proposes to extend the same reimbursable status to Amtrak. This proposal is estimated to reduce 1990 receipts by \$5 million.

Elimination of tax differentials in superfund petroleum tax.—The superfund petroleum tax is imposed at a rate of 8.2 cents per barrel of domestic crude oil and 11.7 cents per barrel of imported petroleum products. This tax differential, if not changed, could subject the United States to retaliation or possible compensatory damage payments under the General Agreement on Tariffs and Trade (GATT). A revenue neutral change in the excise tax rates, slightly increasing the rate on domestic crude oil and lowering to an equal level the rate on imported petroleum products, would be GATT-consistent and have no effect on receipts.

Other.—Additional changes affecting receipts include the administration's pay raise proposals; extension of the customs processing fee, which is scheduled to expire September 30, 1990, at current rates; and the establishment of a fee for the U.S. Travel and Tourism Administration (USTTA).⁴ A user fee on taxpayer telephone information services is proposed for 1991; a design evaluation will be conducted in 1989 and 1990 that will include an actual demonstration of the technologies and systems capabilities.

EFFECT OF ENACTED AND PROPOSED CHANGES ON RECEIPTS

The actual change in receipts that will result from an enacted or proposed tax revision will depend on both the direct effect of the tax change and the indirect or "feedback" effect. The direct effect is the increase or decrease in receipts due only to the tax change at the levels of income reflected in the administration's forecast. The indirect or feedback effect is the increase or decrease in receipts due to the effect of the tax change on income levels.

The estimates of the effect of enacted and proposed tax changes shown in this budget represent only the direct effect of these changes on receipts, based on the levels of corporate and individual income reflected in the administration's forecast. These levels of income already reflect enactment of the tax change; therefore, the estimated indirect or feedback effect on receipts due to the tax-

⁴ Fees are requested to recover the full cost of the USTTA program. Collections equal to the cost of the program would offset outlays; anticipated excess fees would be classified as receipts. Once the fees are collected, additional appropriations would be adjusted to allocate the excess fees to finance USTTA programs.

EFFECT OF PROPOSED LEGISLATION AND ADMINISTRATIVE ACTION ON RECEIPTS ¹

(In billions of dollars)

	1989	1990	1991	1992
HI coverage of State and local employees ²		1.8	1.9	1.9
R&E allocation rules		-1.7	-0.7	-0.8
R&E tax credit		-0.4	-0.7	-1.0
IRS enforcement initiative		0.3	0.6	0.7
NRC fees		0.3	0.3	0.3
FEMA fees		*	*	*
D.C. contributions to CSRS			*	*
Oil and gas depletion rules		-*	-*	-*
Aviation-related taxes ²		0.9	1.6	1.7
Marine fishing licenses		*	0.1	0.1
Reimbursable status to Amtrak	-*	-*	-*	*
Other		-0.1	0.1	0.1
Subtotal, policy proposals	-*	1.2	3.2	3.0
Subtotal, customs reclassification		0.6	0.6	0.6
Total effect on receipts	-*	1.8	3.8	3.6
Total effect on customs outlays		0.8	0.9	0.9
Total deficit increase/decrease (-)	*	-1.0	-2.9	-2.7
ADDENDUM				
Effect of proposals on receipts by source:				
Individual income taxes		-0.3	-0.4	-0.4
Corporation income taxes		-2.0	-1.2	-1.5
Social insurance taxes and contributions	-*	2.0	2.0	2.1
Excise taxes		1.2	2.1	2.2
Customs duties and fees		0.6	0.8	0.8
Other		0.4	0.5	0.4
Total effect on receipts	-*	1.8	3.8	3.6
Total effect on customs outlays		0.8	0.9	0.9
Total deficit increase/decrease (-)	*	-1.0	-2.9	-2.7

* \$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects on the economy are taken into account in forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.² Net of income tax offsets.

induced change in incomes is already included in the baseline (pre-tax change) estimates of receipts.

For example, the estimates of the effect of the Economic Recovery Tax Act of 1981 (ERTA) shown in this budget represent only the direct effect of the changes provided in the Act, based on the levels of income reflected in the administration's forecast. These levels of income already reflect enactment of ERTA; therefore, the increased receipts resulting from the tax-induced increase in incomes are included in the baseline estimates of receipts. The estimates of the direct effect of the Economic Recovery Tax Act of 1981 on receipts therefore overstate, in this sense, the net loss to the

Treasury of the income tax reductions and other tax changes provided in the Act.

The estimates in this budget of the effect of the administration's proposals on receipts also represent only the direct effect of these changes. The indirect effect of these proposals is likewise included in the baseline estimates of receipts.

CHANGES IN RECEIPTS

Receipts are estimated to increase by \$66.6 billion in 1989 and \$83.8 billion in 1990. These year-to-year changes can be divided between changes due to growth in the tax base and changes due to revisions in the tax structure. For example, under the administration's forecast and the tax rates and structure in effect on January 1, 1981, receipts would have risen by \$85.6 billion in 1989 and \$79.1 billion in 1990. Administrative action and enacted and proposed tax changes reduce the growth in 1989 receipts by \$19.0 billion and increase the growth in 1990 receipts by \$4.7 billion.

COMPONENTS OF CHANGES IN RECEIPTS

(In billions of dollars)

	1989	1990	1991	1992
Growth in receipts:				
Under existing law and administrative action and proposed legislation.....	66.6	83.8	81.2	71.7
Under tax rates and structure in effect January 1, 1981	85.6	79.1	85.4	97.2
Difference.....	-19.0	4.7	-4.3	-25.5

CHANGES IN RECEIPTS

(In billions of dollars)

	1988	1989	1990	1991	1992
Receipts under tax rates and structure in effect January 1, 1981 ¹	1,002.6	1,088.2	1,167.3	1,252.7	1,349.9
Administrative action	0.8	0.8	0.6	0.2	0.2
Enacted legislative changes:					
Economic Recovery Tax Act of 1981.....	-264.4	-290.9	-322.8	-357.7	-397.6
Tax Equity and Fiscal Responsibility Act of 1982.....	57.3	55.7	57.2	61.2	64.7
Highway Revenue Act of 1982.....	4.9	5.1	5.1	5.1	5.1
Social Security Amendments of 1983 ²	10.9	11.8	14.5	17.2	18.1
Interest and Dividends Tax Compliance Act of 1983.....	-1.8	-2.0	-2.5	-2.8	-3.1
Railroad Retirement Revenue Act of 1983.....	1.2	1.1	1.1	1.1	1.2
Deficit Reduction Act of 1984.....	25.4	27.7	31.0	33.8	37.9
Consolidated Omnibus Budget Reconciliation Act of 1985.....	2.9	3.0	3.0	3.2	3.5
Federal Employees' Retirement System Act of 1986.....	-0.2	-0.2	-0.3	-0.4	-0.4
Omnibus Budget Reconciliation Act of 1986 ³	1.2	2.0	1.0	0.1	1.0
Superfund Amendments and Reauthorization Act of 1986.....	0.6	0.8	0.8	0.8	0.8
Continuing Resolution for 1987.....	2.8	3.0	2.6	2.6	2.6
Tax Reform Act of 1986.....	-8.9	-24.4	-20.3	-16.4	-20.9
Omnibus Budget Reconciliation Act of 1987.....	8.6	13.9	16.1	15.4	12.2
Continuing Resolution for 1988.....	2.0	2.7	2.6	2.7	2.7
Medicare Catastrophic Coverage Act of 1988 ⁴		0.6	6.6	7.2	6.9
Family Support Act of 1988.....		0.1	0.2	0.3	0.3
Technical and Miscellaneous Revenue Act of 1988.....		-0.4	-0.1	0.1	-0.3
Social security taxable earnings base increases: ⁵					
\$29,700 to \$32,400 on Jan. 1, 1982.....	6.9	8.0	9.0	10.0	11.1
\$32,400 to \$35,700 on Jan. 1, 1983.....	6.9	8.1	9.2	10.4	11.6
\$35,700 to \$37,800 on Jan. 1, 1984.....	3.6	4.3	5.0	5.7	6.4
\$37,800 to \$39,600 on Jan. 1, 1985.....	2.8	3.4	3.9	4.5	5.1
\$39,600 to \$42,000 on Jan. 1, 1986.....	3.3	4.0	4.7	5.5	6.2
\$42,000 to \$43,800 on Jan. 1, 1987.....	2.2	2.7	3.1	3.7	4.2
\$43,800 to \$45,000 on Jan. 1, 1988.....	0.5	1.6	1.9	2.2	2.6
\$45,000 to \$48,000 on Jan. 1, 1989.....		1.5	4.4	5.2	6.1
\$48,000 to \$50,700 on Jan. 1, 1990.....			1.4	4.0	4.7
\$50,700 to \$53,400 on Jan. 1, 1991.....				1.4	4.2
\$53,400 to \$56,100 on Jan. 1, 1992.....					1.4
Social security (OASDHI) tax rate increases: ⁶					
13.3% to 13.4% effective Jan. 1, 1982.....	1.8	2.0	2.0	2.2	2.2
13.4% to 14.0% effective Jan. 1, 1984.....	13.6	14.5	15.3	16.1	16.8
14.0% to 14.1% effective Jan. 1, 1985.....	2.5	2.7	2.8	2.9	3.1
14.1% to 14.3% effective Jan. 1, 1986.....	4.5	4.8	5.1	5.4	5.7
14.3% to 15.02% effective Jan. 1, 1988.....	10.8	15.8	16.7	17.7	18.6
15.02% to 15.3% effective Jan. 1, 1990.....			6.1	10.4	10.7
Other.....	3.4	3.8	3.3	2.9	3.0
Proposed legislation and administrative action		-*	1.8	3.8	3.6
Total, receipts under existing and proposed legislation and administrative action ⁷	909.0	975.5	1,059.3	1,140.5	1,212.2

* \$50 million or less.

¹ These estimates assume a social security taxable earnings base of \$29,700 through 1992.² Excludes the effect of increases in the OASDHI tax rate that are shown below.³ Excludes the effect of increases in the social security taxable earnings base that are shown below.⁴ Includes the effect on income taxes of the substitution of cash benefits for a portion of employer medigap insurance that would have been otherwise provided.⁵ When the tax rate and the taxable earnings base increase at the same time, dividing up the total effect on receipts is arbitrary to some small extent because of an interaction effect. The increase in receipts due to this interaction effect is attributed to the rate and base changes in proportion to the increases in receipts that would occur if the rate and base were each changed separately.⁶ The combined employer-employee old age and survivors, disability, and hospital insurance (OASDHI) tax rate.⁷ These estimates include both the direct and indirect effects of administrative action and legislative changes.

RECEIPTS BY SOURCE

Individual income taxes.—Individual income taxes are estimated to increase by \$41.5 billion or 9.8 percent from 1989 to 1990, largely due to increases in incomes resulting from both real economic growth and inflation. These estimates reflect the legislated reductions in individual income taxes provided since the administration took office in January 1981, the newly enacted medicare premium based on income tax liability, and the changes proposed in this budget. The administration's proposals are estimated to reduce individual income taxes by \$0.3 billion in 1990.

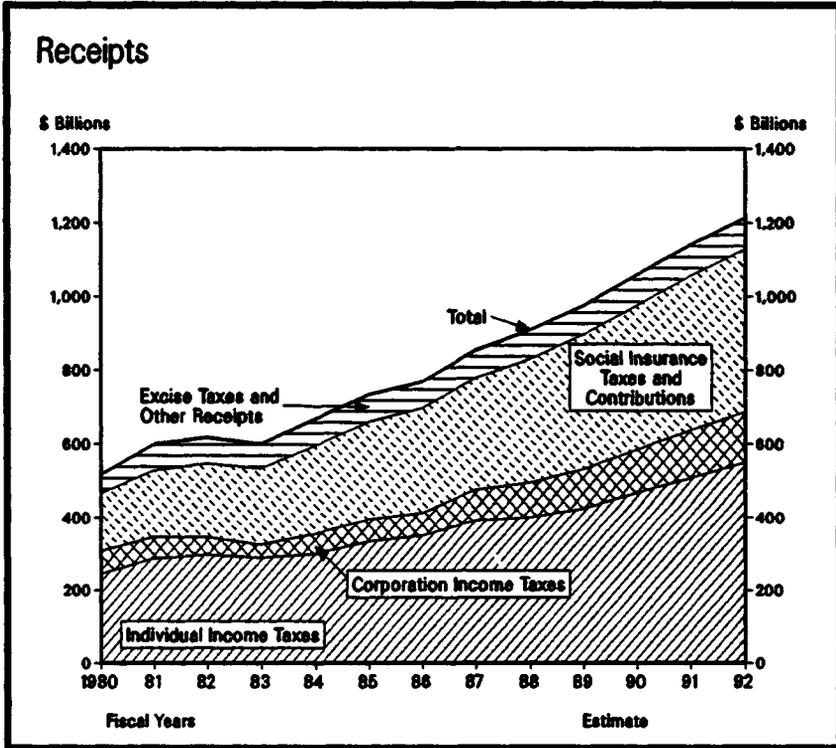
Corporation income taxes.—Corporation income taxes are estimated to increase from \$107.0 billion in 1989 to \$117.4 billion in 1990, in large part due to higher corporate profits. These estimates reflect the changes in corporation income taxes provided in the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1987, and other legislation enacted since January 1981. They also reflect the administration's proposals, which include a permanent R&E tax credit and modification of the R&E allocation rules. Together, the administration's proposals are estimated to reduce corporation income taxes by \$2.0 billion in 1990.

Social insurance taxes and contributions.—This category includes social security and railroad retirement taxes, unemployment insurance taxes and deposits, and other retirement contributions.

Receipts from this source are expected to increase from \$363.9 billion in 1989 to \$391.5 billion in 1990. These estimates reflect the scheduled increase in the combined employer-employee social security (OASDHI) tax rate from 15.02 percent to 15.3 percent on January 1, 1990, and annual increases in the social security taxable earnings base from \$48,000 in 1989 to an estimated \$50,700 in 1990. The estimates also reflect the changes in railroad unemployment financing provided in the Technical and Miscellaneous Revenue Act of 1988 and the administration's proposal to extend medicare coverage to State and local government employees, which is estimated to increase this source of receipts by \$2.0 billion in 1990.

Excise taxes.—Excise taxes are levied on a variety of products, services, and activities. Receipts from these taxes are estimated to increase from \$34.0 billion in 1989 to \$35.3 billion in 1990. These estimates reflect the provision provided in the Technical and Miscellaneous Revenue Act of 1988 that exempts off-road users of diesel fuel from the tax at the time of purchase from the producer. They also reflect the administration's proposal to repeal a current law reduction in airport and airway trust fund taxes, which is expected to become effective in 1990.

Other receipts.—Estate and gift taxes, customs duties and fees, and miscellaneous receipts (consisting primarily of deposits of earnings by the Federal Reserve System) are estimated to total \$45.5 billion in 1989 and \$48.4 billion in 1990. These estimates reflect the administration’s proposal to modify and reclassify the ad valorem customs user fee as a budget receipt.



PART 5

**FEDERAL PROGRAMS
BY FUNCTION**

5-1

PART 5

INTRODUCTION

National Needs and the Functional Classification.—This section discusses budget authority, outlays, and related measures of Federal spending, focusing on the end purposes served by the spending. The presentation is organized in terms of national needs as defined by the functional structure.

The Part 5 structure includes 19 functions and two additional categories—allowances and undistributed offsetting receipts—that are not functions but are needed to encompass the entire budget. Each function is further divided into subfunctions, which consist of more homogeneous groupings of programs. Federal spending is classified in the functional structure according to the primary purpose of the activity. To the extent feasible, this classification is made without regard to agency or organizational distinctions. Classifying each activity solely in the function that defines its most important purpose—even though many activities serve more than one purpose—permits adding the budget authority and outlays for each function to obtain the budget totals.

The function-subfunction-program hierarchy is used in the tables of budget authority and outlays and the text presented for each function. The text begins with a statement of national needs served by programs in the function. This is followed by a paragraph or two that describes the function and summarizes the major proposals. The President's proposals for individual programs are then described in greater detail.

Changes in the Functional Structure.—Although it is desirable to maintain stability in the functional classification from budget to budget so that budget users will not have to learn a new system each year, absolute stability is impossible. Changing conditions frequently require functional modifications. When such changes are made, the historical data base is usually revised to conform to the new functional structure so that budget users can compare program trends over time without discontinuities caused by changes in classification or accounting conventions.

One functional reclassification has been made for this budget. This change involves the shifting of the ready reserve force from the defense related activities subfunction in the defense function to

the water transportation subfunction in the transportation function. The ready reserve force maintains Government-owned merchant ships in an advanced state of readiness to meet surge shipping requirements during a national emergency.

There are two additional modifications that involve changes in subfunctions within the same function. The first involves the creation of an other undistributed offsetting receipts subfunction in the undistributed offsetting receipts category. Estimated receipts from the proposed sale by the Federal Communications Commission of the unassigned radio frequency spectrum, which were previously classified in the sale of major assets subfunction in this category, are included in this new subfunction. Estimated receipts from the proposal to charge for chlorofluorocarbon production rights are also classified in this subfunction. The second subfunction change involves moving the account financing payments to the Asia Foundation from the conduct of foreign affairs subfunction to the foreign information and exchange activities subfunction, both of which are in the international affairs function.

Credit Budget.—While budget authority and outlays are important measures of resources allocated to Federal programs, they do not cover all Federal activities. Federal activity may also take the form of direct loans or loan guarantees, which do not always become budget authority or outlays. For example, Federal loan guarantees generally require no outlays unless the borrower defaults. To monitor and control Federal credit activities, a subsidiary credit budget measures and provides a mechanism for controlling all loan guarantee commitments and direct loan obligations.

Most functions contain Federal credit programs. The functional sections discuss these programs and contain a table of credit activity. The figures in these tables add up to the credit budget totals, which appear in Tables 18 and 19 in Special Analysis F, "Federal Credit Programs."

The budget reflects the administration's proposal to separate the subsidy from the non-subsidy portion of Federal credit activities. The outlays for the subsidy portion are shown in the functional locations of the credit programs, while the non-subsidy portion is shown in the central Federal credit activities function.

The credit budget and the administration's credit reform proposal are explained in Part 6 of this volume and in Special Analysis F.

Tax Expenditures.—Tax expenditures are provisions of the tax laws that provide special benefits in comparison with what would be permitted under the general provisions of the Internal Revenue Code. They arise from special exclusions, exemptions, or deductions from gross income, or from special credits, preferential tax rates, or deferrals of tax liability. In many cases tax expenditures can be

viewed as alternatives to other means by which the Federal Government can carry out policy objectives, such as direct outlays, loan guarantees, regulations, or other tax law provisions.

Tax expenditures are discussed in the functional presentation that follows so that they may be compared with outlays and loan guarantees that serve similar purposes. To aid in this comparison all tax expenditures estimates in Part 5 are shown as outlay equivalents—that is, the amount of outlays that would be required to provide the same level of after-tax benefits if direct spending programs were substituted for the tax expenditure. The definition and measurement of tax expenditures are discussed in Part 7 of this volume and in Special Analysis G, “Tax Expenditures.”

Relationship to Other Budget Tables.—The following tables appear in other parts of this volume and supplement the tables shown in Part 5:

- Outlays by function and subfunction for 1980 through 1990, in Table 16 of Part 10.
- Budget authority and outlays by function for 1988 through 1994, in Tables 6 and 3, respectively, of Part 10.
- Budget authority and outlays for 1988 through 1990 for each agency and account, in Part 9. Each account has a 3-digit code indicating the function and subfunction in which it is classified.

Data for earlier years are published in *Historical Tables, Budget of the United States Government, Fiscal Year 1990*.

NATIONAL DEFENSE

The objectives of the national defense program are to protect the United States and its allies from foreign aggression and to maintain sufficient military strength to deter both nuclear and conventional war. Should armed conflict nonetheless occur, we must be prepared to defend ourselves successfully, while limiting the scope and intensity of the conflict.

Carrying out these objectives requires a full range of defense capabilities. These include survivable and flexible capabilities for nuclear deterrence; strong maritime, air, and ground forces forward deployed in Europe and other critical areas; and the means to deploy reinforcements rapidly from the United States and to sustain our military forces anywhere in the world.

Budget authority for national defense declined in real terms for the fourth straight year with funding of \$298.8 billion provided in 1989. This decline in real defense funding levels has resulted in smaller annual procurements of equipment, ammunition, and war reserve stocks than previously planned, slower development of new weapons, and delays in equipment maintenance. To reverse this adverse trend, the budget proposes sustained, moderate real growth of about 2 percent per year in 1990 and after. In comparison to last year's estimates, total 1989-1993 funding for national defense is lower by \$19.1 billion.

As required by the Defense Authorization Act of 1986, a two-year budget for 1990 and 1991 is submitted for national defense. The budget proposes \$315.2 billion in budget authority and estimates \$303.0 billion in outlays for the national defense function in 1990 and \$330.8 billion in budget authority and \$314.4 billion in outlays for 1991. These levels are below those projected in last year's budget request, (\$316.4 billion and \$333.7 billion, respectively, for budget authority).

The accompanying table shows budget authority and outlays for the three national defense subfunctions: military functions of the Department of Defense, atomic energy defense activities, and defense-related activities of other agencies.

Department of Defense—Military.—Budget authority of \$305.6 billion in 1990 and \$320.9 billion in 1991 is requested for the military functions of the Department of Defense (DOD). The budget provides for continuing efforts to:

- modernize all components of U.S. strategic forces to ensure that they deter nuclear attack by virtue of their ability to survive and retaliate should an attack occur;
- develop and procure conventional equipment for essential modernization of U.S. conventional forces;

NATIONAL DEFENSE

(Functional code 050; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Department of Defense—Military:					
Military personnel.....	76,584	78,566	79,845	82,060	84,283
Operation and maintenance.....	81,629	85,939	91,725	95,518	97,245
Procurement.....	80,053	79,232	84,115	91,894	99,759
Research, development, test and evaluation...	36,521	37,542	41,024	41,252	42,372
Military construction.....	5,349	5,703	5,280	5,937	7,104
Family housing.....	3,199	3,266	3,280	3,671	3,958
Revolving funds and other.....	1,274	749	853	968	1,224
Offsetting receipts.....	-855	-811	-786	-749	-759
Allowances: Other legislation (proposed).....			309	358	524
Subtotal, Department of Defense-Military.....	283,755	290,186	305,645	320,909	335,710
Atomic energy defense activities.....	7,749	8,100	9,027	9,389	9,862
Defense-related activities.....	504	519	521	525	531
Total, budget authority.....	292,008	298,805	315,193	330,823	346,103
OUTLAYS					
Department of Defense—Military:					
Military personnel.....	76,337	78,229	79,377	81,625	83,833
Operation and maintenance.....	84,475	85,394	88,673	92,685	95,558
Procurement.....	77,166	80,651	78,711	81,112	85,840
Research, development, test and evaluation...	34,792	37,023	38,700	40,118	41,072
Military construction.....	5,874	5,751	5,361	5,313	5,747
Family housing.....	3,082	3,215	3,353	3,521	3,735
Revolving funds and other.....	1,065	348	330	870	870
Offsetting receipts.....	-855	-811	-786	-749	-759
Allowances: Other legislation (proposed).....			102	226	354
Subtotal, Department of Defense-Military.....	281,935	289,800	293,820	304,721	316,250
Atomic energy defense activities.....	7,913	7,945	8,647	9,177	9,653
Defense-related activities.....	512	510	524	528	535
Total, outlays.....	290,361	298,255	302,991	314,426	326,439

- maintain the readiness and improve the combat sustainability of conventional forces;
 - develop sufficient sealift and airlift capacity to ensure that U.S. forces can be rapidly deployed overseas in order to protect our critical interests, support our allies, and allow continued access to essential resources; and
 - strengthen alliances and coalitions to protect U.S. interests worldwide and, in particular, to achieve NATO objectives.
- Budget authority estimates for the Department of Defense—Military are displayed by mission category in the following table.

Strategic Forces.—The budget continues the President's strategic modernization program, which is essential for strengthening deterrence and achieving meaningful arms control agreements. Main-

taining a modern triad of strategic forces remains the highest defense priority. Nevertheless, some adjustments to individual strategic programs have been made as part of the administration's efforts to fit within reduced defense budget levels.

U.S. bomber forces are being modernized by acquiring the B-2 bomber, a modernized short-range attack missile (SRAM II), and the advanced cruise missile. B-1B bomber production was completed in 1988 with the delivery of the one-hundredth aircraft. Continued procurement of the Peacekeeper intercontinental ballistic missile (ICBM) is proposed, to provide for operational and reliability testing and for deployment in rail garrisons. To continue the modernization of U.S. submarine-based forces, the budget provides for procurement of one new Trident ballistic missile submarine each year, as well as procurement of the new Trident II missile. Finally, the budget also supports continued improvements to strategic command and control systems, as well as to early warning and strategic defense capabilities. These programs for strategic forces are essential to ensure that the U.S. deterrent remains strong in the near term and through the 1990's.

MISSION CATEGORIES: DEFENSE, MILITARY ¹

(Functional code 051; in billions of dollars)

Major missions and programs	1988 actual	Estimate		
		1989	1990	1991
Strategic forces ²	19.8	21.2	23.4	27.6
General purpose forces.....	114.9	112.8	117.8	122.8
Intelligence and communications.....	28.3	29.6	31.7	32.8
Airlift and sealift.....	4.4	5.4	6.3	7.1
Guard and reserve.....	16.9	17.2	17.2	17.8
Research and development ³	28.4	29.1	32.1	32.6
Central supply and maintenance.....	24.3	25.3	27.0	28.1
Training, medical, and other general personnel activities	37.3	38.5	40.0	42.1
Administration and associated activities.....	6.7	6.9	5.9	6.3
Support of other nations.....	0.8	1.0	1.1	1.1
Special operations forces.....	2.0	3.2	3.1	2.6
Total, budget authority.....	283.8	290.2	305.6	320.9

¹ Preliminary data; subject to revision.

² Excludes strategic systems development included in the research and development category.

³ Excludes research and development in other program areas on systems approved for production.

General Purpose Forces.—U.S. conventional forces must be able to respond effectively to all levels of potential conflict—up to and including a war between NATO and the Warsaw Pact—while retaining the flexibility to meet other threats. The budget provides support for 18 active-duty Army divisions, 3 Marine divisions, 3 Marine and 13 Navy active-duty tactical airwings, the equivalent of nearly 24 active-duty wings of Air Force tactical aircraft, a 574-ship Navy in 1990 and a 571-ship Navy (including strategic missile submarines and support ships) in 1991.

The Defense Appropriations Act for 1989 requires the submission of information on the costs of overseas military units and dependents accompanying military personnel abroad. This information will be provided separately by the Department of Defense.

Army General Purpose Forces.—The budget provides for new weapons to improve the firepower, mobility, and survivability of Army forces, and supports the maintenance and training of these forces.

Under the 1990-91 budget request, the Army would procure 448 M-1 Abrams tanks in 1990 and 261 in 1991. Also, the budget proposes procurement of 600 Bradley fighting vehicles a year in 1990 and 1991. The budget would continue procurement of Apache helicopters at a rate of 72 per year and includes funds for buying 83 Blackhawk utility and Special Operations Forces helicopters a year in 1990 and 1991.

The budget continues procurement of air defense missile systems such as the short-range Stinger and Chaparral missiles and the long-range Patriot area defense system. Procurement of a new Forward Area Air Defense (FAAD) system to provide short-range air defense for mechanized infantry and armored divisions will continue.

The 1990-91 budget would support the Army's 18 active and 10 reserve divisions. About 800 older utility helicopters would be eliminated from the Army force structure.

Navy General Purpose Forces.—Naval forces are essential for protecting our national interests in many parts of the world. In peacetime, these forces demonstrate our capability to honor national commitments, as shown by our recent successful naval operations in the Persian Gulf. In wartime, they would engage in offensive operations and protect the movement at sea of U.S. military forces and vital supplies.

The Navy's deployable battle force ships will increase from 568 ships in 1989 to 574 ships in 1990. As a result of retiring a large number of older ships, however, the number will decrease to 571 ships in 1991. The 1990-91 shipbuilding plan provides for the construction of 32 conventional force ships, including 4 nuclear attack submarines, 10 guided missile destroyers, 2 amphibious ships, and 16 other ships.

The budget continues modernization of the 13 Navy and 3 Marine Corps active tactical airwings and 24 active land-based patrol air squadrons. Procurement of the F-14, F-18, and AV-8B aircraft for tactical airwings as well as the SH-60B Lamps III ship-based and the SH-60F carrier-based anti-submarine helicopters is proposed. The budget also funds development and initial procurement of the Advanced Tactical Aircraft, the A-12, which will replace the medium range A-6 attack aircraft.

To sustain the substantial increase in naval readiness that has occurred since 1980, the budget will fund the same levels of flying hours per flight crew and steaming days per ship that have been achieved in recent years. However, some maintenance of equipment and facilities will be deferred.

Air Force General Purpose Forces.—The Air Force's tactical forces include fighter, attack, and support aircraft that are employed to gain air superiority and to conduct attacks against enemy ground forces and interdiction targets. Active fighter and attack aircraft comprise nearly 24 fully-equipped active wings. Fighter and attack units of the active Air Force, the Air National Guard, and the Air Force Reserve together provide the equivalent of 35 fully-equipped wings in 1990, a reduction of 3 wing equivalents from the 1988 force level. In addition to these forces, units equipped with the F-117A stealth fighter are now operational.

The Air Force plans to procure 36 F-15E aircraft a year in 1990 and 1991, as well as 150 F-16 multi-mission fighters each year.

Improvements in readiness and combat sustainability will continue. Monthly aircrew flying hours will be maintained near the 1989 level. To enhance air-to-air combat capability and sustainability, the budget provides for procurement of 1,450 advanced medium range air-to-air missiles for the Air Force in 1990 and 2,200 in 1991. These are sizeable increases over the 1989 procurement level of 874 missiles.

Intelligence and Communications.—To employ our weapon systems and forces effectively, we must be able to direct them in accordance with national policy and military strategy. Information on friendly, hostile, and potentially hostile forces must be gathered and evaluated to aid decision makers. Decisions and operational orders, in turn, must be communicated to the appropriate forces.

The budget seeks improvements in intelligence and communications by providing for development and modernization of command centers, sensors, computers, satellites, and other data-gathering and communication links. These improvements will be made in five broad mission areas: strategic and non-strategic nuclear force management; theater and tactical force management; world-wide information and communication systems; electronic warfare; and intelligence.

The budget requests funds to support an initiative in last year's budget to modernize and upgrade our verification capabilities. These capabilities will help the U.S. verify future arms control agreements, ensure compliance with these agreements, and keep pace with changes in technologies in other nations.

Airlift and Sealift Forces.—The ability to deploy military forces to crisis areas and to sustain them once deployed depends on airlift and sealift forces.

The budget proposes increasing funded airlift capability to 48.2 million ton miles per day by 1991, compared to 28.5 million ton miles per day in 1980. As previously planned, the procurement of C-17 cargo aircraft increases from 6 in 1990 to 10 in 1991 as production increases toward an economical production rate.

Government-controlled sealift capability will have increased under this administration from 550,000 short tons in 1980 to 895,000 short tons in 1991 in this budget. Part of this sealift fleet, the Ready Reserve Fleet maintained by the Maritime Administration, will be funded by the Transportation Department and in the transportation function (subfunction 403) beginning in 1990.

Stockpiling equipment and materials near potential trouble spots greatly aids the deployment of forces to distant areas. The Army has stockpiled in Europe heavy equipment for four divisions and supporting units, but the acquisition of equipment for two more divisions has been slowed. Equipment to support the rapid deployment of tactical fighter squadrons is also being stockpiled in Europe.

National Guard and Reserves.—Guard and Reserve forces are essential partners of the active forces in supporting national defense. Total Selected Reserve strength of 1,170,744 in 1989 will increase to 1,178,300 in 1990 and 1,181,700 in 1991. Full-time support personnel, who provide training and administer Reserve programs, will increase from 71,814 in 1989 to 73,709 in 1990 and 74,772 in 1991. In addition, upgrading of Guard and Reserve equipment continues.

Research and Development.—This category includes funds for all research and development (R&D) except improvements to systems that are already operational. Weapon systems are developed, tested, and evaluated to meet new military requirements. At the same time, a strong research and technology base allows continued investigation into promising new technologies and guards against technological surprise by potential adversaries.

Major strategic force development programs include rail garrison basing for the Peacekeeper ICBM, the Trident II submarine-launched missile, the B-2 bomber, and the advanced cruise missile. The budget requests \$5.6 billion for R&D and military construction for the Strategic Defense Initiative (SDI) in 1990. Additional SDI funding of \$0.3 billion is requested in the Department of Energy budget. Overall, SDI funding for 1990 is \$1.8 billion above the level provided in 1989.

Development programs for general purpose forces that are approaching completion and transition to production include the V-22 tilt-rotor aircraft, the C-17 transport aircraft, and the A-12 attack aircraft. Full-scale development of the advanced tactical fighter aircraft would begin in 1991. Major anti-submarine warfare

efforts are also funded, including development of the SSN-21 attack submarine and a new long-range maritime patrol aircraft. In addition, the Army continues development of its new light helicopter, advanced anti-tank weapon systems, precision artillery munitions, as well as systems for air defense.

Training, Medical, and Other General Personnel Activities.—This category includes recruiting, training, and providing medical care to active duty personnel, dependents, and retirees. The budget proposes an increase in resources for recruiting because of the low U.S. unemployment rate, which tends to make recruiting more difficult. Recent innovations to provide more rigorous and realistic training are continued or expanded.

The budget proposes a two-year pilot program to introduce copayments in the provision of health care to non-active duty beneficiaries. The program will be conducted in several geographical areas. Copayments will be consistent with those required in other Federal programs including Department of Veterans Affairs programs. Families of junior enlisted personnel would be exempt. The purpose of the program is to explore how copayments can reduce costs and improve the quality of health care in military medical facilities. The budget also proposes the establishment of an advisory panel whose members will be selected by the Secretary of Defense and will include medical experts from outside the Government. The panel will make recommendations on the design of the pilot program and report these recommendations to the Secretary by June 1, 1989. The Secretary will forward his own recommendations to Congress soon thereafter. The panel will also review the conduct of the program, evaluate its results, and make recommendations for follow-on actions.

Special Operations Forces.—Special operations units include Army Special Forces and Rangers, Navy SEALs, and Air Force special units. Although special operations forces are mainly used for low-intensity conflict situations, they can be employed across the entire spectrum of military operations—from peacetime operations to conventional and nuclear war. Modernization of these forces would continue with procurement and delivery of new and specially modified helicopters, transport aircraft, and high-speed boats.

Military Personnel and Compensation.—The budget proposes military compensation levels that will continue to attract and retain quality personnel. The budget provides for military pay raises of 3.6 percent in 1990 and 3.2 percent in 1991 effective in January of each year. Overall active forces manpower levels will change little, declining from 2,138,200 in 1988 to 2,134,600 in 1991. These strength levels will allow full manning of U.S. ships, aircraft and front line forces, including new equipment and weapon sys-

tems entering service. Some personnel reductions have been made in support areas to meet budget constraints.

SUMMARY OF ACTIVE MILITARY PERSONNEL AND FORCES

(Year end—i.e., as of September 30)

	1988 actual	Estimate		
		1989	1990	1991
Military personnel (in thousands):				
End strength:				
Army.....	772	772	772	772
Navy.....	593	593	598	598
Marine Corps.....	197	197	197	197
Air Force.....	576	571	571	567
Total, Department of Defense.....	2,138	2,133	2,138	2,135
Average strength:				
Army.....	769	769	772	772
Navy.....	582	589	593	596
Marine Corps.....	198	197	197	197
Air Force.....	593	578	574	571
Total, Department of Defense.....	2,142	2,133	2,137	2,137
Strategic forces:				
Intercontinental ballistic missiles:				
Peacekeeper.....	38	50	50	50
Minuteman.....	950	950	950	950
Poseidon-Trident.....	624	656	632	656
Strategic bomber squadrons.....	25	24	21	21
General purpose forces:				
Land forces:				
Army divisions.....	18	18	18	18
Marine Corps divisions.....	3	3	3	3
Tactical air forces:				
Air Force wing equivalents.....	25.5	24.4	23.7	23.7
Navy attack wings.....	13	13	13	13
Marine Corps wings.....	3	3	3	3
Naval Forces:				
Attack and multipurpose carriers.....	14	14	15	15
Battleships.....	3	4	4	4
Nuclear attack submarines.....	97	97	95	96
Other warships.....	200	193	189	180
Amphibious assault ships.....	61	64	63	62
Airlift and sealift forces:				
C-5 airlift squadrons.....	4	4	4	4
Other airlift squadrons.....	15	15	15	15
Sealift fleet.....	70	70	70	70

Consistent with proposals for Federal civil service retirees, the budget proposes eliminating the cost-of-living adjustment planned for January 1990 and changing future cost-of-living adjustments. Under current law, military retirees who joined the armed services before August 1986 receive cost-of-living adjustments equal to the annual percent change in the Consumer Price Index (CPI). Those who joined after 1986 will receive annual adjustments equal to the percent change in the CPI, minus one percentage point. Beginning

in 1991, it is proposed that all military retirees, current and future, receive annual cost-of-living adjustments equal to the percent change in the CPI, minus one percentage point.

Drug Interdiction Support.—In the 1989 Defense Authorization Act, Congress directed that the Department of Defense serve as the single lead agency of the Federal Government for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States. The Authorization Act also charged the Department of Defense with developing a plan for the integration into an effective communications network of all command, control, communication, and technical intelligence assets of the United States that are dedicated to the interdiction of illegal drugs. In 1989, Congress allocated \$300 million for transfer to other appropriations once the Department determined the best method for carrying out its new responsibilities.

The Department of Defense will shortly determine how best to carry-out Congress' drug interdiction and law enforcement assignment and will report its plans to Congress.

Management Initiatives.—Over the past eight years the Department of Defense (DOD) has made major improvements in the way it does business. Continued improvements have become increasingly important in light of recent budget reductions. For 1990-91, major goals of the Department's management improvement program include simplifying and improving the acquisition process, strengthening the financial management system by consolidating financial management data within each military department and the defense agencies, and accelerating the Department's efforts to improve productivity.

For 1990, 32 additional programs will be proposed for multi-year procurement to lessen the instability inherent in the traditional, one-year-at-a-time approach to weapons procurement. Savings from these multi-year procurement proposals are estimated to be \$8.6 billion over the next eight years. Emphasis has also been placed on avoiding procurement stretchouts and on maintaining production rates at or above minimum economic levels. In addition, six low-priority weapons programs and five ammunition lines have been terminated with 1990-91 savings of more than \$1 billion.

Competition will be encouraged in order to keep costs down, quality up, and the industrial base strong. Commercially available products will be used instead of custom-made items wherever possible. The administration proposes to streamline commercial products acquisition procedures, as well as to simplify the basic procurement statutes. A policy on contractors' rights to technical data developed under Government contracts is going into force. DOD plans to continue improving its cash management programs.

The bipartisan Commission on Base Realignment and Closure has submitted to both the Secretary of Defense and Congress its report on bases recommended for closure and realignment. The Secretary must decide on these recommendations by January 16, 1989, at which time planning for the implementation would begin. The budget assumes approval of a significant closure and realignment package. The 1990-91 defense budget proposes appropriations of \$500 million each year for the initial costs of consolidation. Savings are expected to be realized by 1992 and to increase to about \$2 billion a year by 1994.

As required by Executive Order 12615, the Department will accelerate its program of opening to competition some of its Government-operated commercially available activities. The Order requires studies covering over 29,000 full-time-equivalent positions (FTE) in 1989. For 1990 and beyond, DOD will conduct studies covering no less than 3 percent of its civilian employment annually until all identified potential commercial activities have been studied. In 1988 this program covered 12,000 FTE, achieving cost reductions through increased productivity of \$110 million.

The Department will initiate a pilot project to demonstrate innovative ways to organize, staff, reward, and compensate the workforce. Innovations to be explored include pay-for-knowledge experiments, the use of multi-skilled employees without job classifications, gainsharing, and other performance-based pay schemes.

Atomic Energy Defense Activities.—These activities, conducted by the Department of Energy, include research, development, testing, and production of nuclear weapons; production of special nuclear materials; storage and clean-up of nuclear wastes from defense programs; and design of reactors for nuclear-powered Navy vessels.

The accompanying table shows the funding levels for these programs. In total, budget authority of \$9.0 billion is requested for 1990 compared to \$8.1 billion for 1989. Outlays are estimated to increase from \$7.9 billion in 1989 to \$8.6 billion in 1990. Budget authority of \$9.4 billion is requested for 1991 with outlays estimated to be \$9.2 billion.

The nuclear weapons program involves the design, testing, and production of nuclear warheads for the nuclear weapons stockpile, including quality control and periodic inspection of the finished devices. Budget authority proposed for 1990 and 1991 would provide for continuing warhead production for current and new weapon systems, and for production of special nuclear materials for use in these warheads.

The budget provides for conceptual design of two new production reactors to replace the aging reactors at the Savannah River Plant. Spending levels in 1990 and 1991 would maintain the same pace of development for the heavy water reactor and high temperature gas

ATOMIC ENERGY DEFENSE ACTIVITIES

(Functional code 053; in millions of dollars)

Major missions and programs	1988 actual	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Weapons research, development, test and production	4,170	4,234	4,479	4,714	4,855
Weapons materials production, and waste management.....	2,704	2,960	3,618	3,708	4,007
Naval reactor development.....	607	630	652	671	692
Other research programs.....	268	276	278	296	308
Total, budget authority.....	7,749	8,100	9,027	9,389	9,862
OUTLAYS					
Weapons research, development, test and production	4,225	4,212	4,381	4,605	4,783
Weapons materials production and waste management.....	2,803	2,826	3,341	3,621	3,886
Naval reactor development.....	593	619	641	666	686
Other research programs.....	292	288	284	285	298
Total, outlays.....	7,913	7,945	8,647	9,177	9,653

reactor designs. Additional activities in support of new production reactor capacity include compliance with National Environmental Policy Act requirements, development of the safety review process, initiation of long lead procurement, and tritium target development.

The budget supports a significant increase in activities to bring existing facilities into compliance with all Federal and State environmental, safety, and health requirements and to clean up contamination from prior activities. It also provides for modernization of facilities throughout the nuclear weapons production complex.

The defense nuclear waste management program provides interim storage for all defense nuclear wastes. The program also supports research and development activities for the isolation and permanent storage of these wastes.

The naval reactor development program includes the research and development, design, procurement, and testing of prototype reactors for current and future nuclear-powered naval vessels.

Other atomic energy defense and research and development programs involve security at defense nuclear facilities, security investigations, and arms control and verification technology development.

Defense-Related Activities.—Activities of departments and agencies that support national defense include emergency preparedness programs and the Selective Service System.

The Federal Emergency Management Agency conducts civil defense and other preparedness programs. Budget authority of \$152 million is proposed for 1990 and \$154 million in 1991 for civil defense programs in order to improve State and local preparedness

to cope with emergencies. Total outlays for all defense-related activities of this agency are estimated at \$318 million in 1990 and \$313 million 1991.

CREDIT PROGRAMS—NATIONAL DEFENSE

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Navy industrial fund:					
Change in outstandings.....	—29	—38	—48	—48	—48
Outstandings.....	1,759	1,721	1,672	1,624	1,576
Total, direct loans:					
Change in outstandings.....	—29	—38	—48	—48	—48
Outstandings.....	1,759	1,721	1,672	1,624	1,576

The Selective Service System maintains a high level of readiness to meet defense manpower requirements in case of a national emergency. Activities in support of this objective include national and regional operational planning, maintenance of automated registration information on eligible inductees, and training of Reserve officers and local and appeal board members necessary to set up local offices. The agency has begun development of a post-mobilization system for the registration and classification of health care personnel. Estimated outlays for 1990 and 1991 are \$26 and \$27 million, respectively.

To advance democracy in Nicaragua and security in all of Central America, it is intended that additional assistance to the Nicaraguan democratic resistance will be requested for 1989 and 1990 as needed to achieve U.S. foreign policy objectives.

Tax Expenditures.—The housing and meals provided military personnel, either in cash or in-kind, are excluded from taxable income, which results in a tax expenditure estimated at \$2.3 billion in 1990.

INTERNATIONAL AFFAIRS

The Federal Government bears the primary responsibility for protecting and advancing the interests of the United States and its people in international affairs. The funds for international affairs proposed in this budget are necessary to carry out that responsibility.

For all international affairs programs in 1990, \$18.9 billion in budget authority is requested and outlays of \$17.3 billion are estimated. These amounts represent increases over 1989 levels of \$2.7 billion and \$6.6 billion for budget authority and outlays, respectively. For 1990, new direct loan obligations for international affairs are proposed to be \$0.8 billion, and new guaranteed loan commitments are proposed to be \$10.7 billion.

Foreign Aid.—Two budget subfunctions—international security assistance and international development and humanitarian assistance—comprise foreign aid.

International Security Assistance.—Security assistance programs are vital to the exercise of national security and foreign policy and serve to strengthen allied and friendly governments where the United States has special security concerns. These programs make it possible for other governments to strengthen their economies and to acquire and use the U.S. military equipment necessary for their defense. Security assistance also helps ensure U.S. access to military bases and facilities overseas. For 1990, budget authority of \$9.1 billion is proposed. Outlays for 1990 are estimated to be \$8.4 billion, an increase of \$5.6 billion over 1989. The substantial increase is because the large reduction in 1989 outlays resulting from prepayments of past military loans will not recur in 1990.

Foreign Military Sales Financing.—This renamed program provides grant financing for foreign governments to purchase U.S. military equipment, training, and design and construction services for their security needs. In previous years, this activity was carried in two separate accounts. For 1990, budget authority of \$5.0 billion is requested and net outlays of \$3.8 billion are estimated. Much of this assistance will be aimed at promoting peace in the Middle East as well as maintaining democracy in Central America and the Philippines.

Economic Support Fund.—This program provides grants to over 40 countries. The largest portion goes to countries where there are major U.S. political and security concerns. The grants help accomplish two goals: (1) they provide general budget and balance of payments support to friendly governments, and (2) they help finance individual development projects that also serve national security objectives. The proposed budget authority for 1990 is \$3.3

billion. Outlays for 1990 are estimated to be \$3.5 billion. Middle Eastern and Central American countries will also be major recipients under the program.

In the past the budget has contained funds to advance democracy in Nicaragua and promote security throughout Central America. It is intended that additional assistance to the Nicaraguan democratic resistance will subsequently be requested for 1989, as well as for 1990 in the context of future plans for peace and democratic reform in the region.

International Development and Humanitarian Assistance.—An important complement to security assistance are international development and humanitarian assistance programs. These programs are designed to encourage the expansion of a market-oriented international economic system through budgetary support, capital projects, and technical assistance. They also provide funds for the relief of major disasters and for on-going humanitarian purposes such as refugee care. Budget authority requested for 1990 is \$5.4 billion. Outlays for 1990 are estimated at \$4.8 billion.

Multilateral Development Banks (MDBs).—The United States purchases equity in the World Bank group of institutions and regional banks for Latin America, Asia, and Africa. These institutions provided more than \$25.4 billion in long-term loans and technical assistance in calendar year 1987 and promoted sound economic policies in recipient countries. Lending programs are funded through the direct contributions of members and through borrowing in world capital markets, backed by guaranteed repayment of that borrowing by member governments. Both are provided in accord with multiyear international agreements to replenish the resources of each bank.

To carry out U.S. pledges to the MDBs, budget authority of \$1.6 billion is requested for 1990. More than half of this budget authority will be used to support the International Development Association, a World Bank affiliate that lends to the poorest countries on concessional terms. Of the remaining funds, \$314 million will be used to make up for arrearages on past commitments and the balance will be used to make authorized annual payments to the other multilateral banks.

International Organizations.—Contributions of \$209 million in budget authority are recommended for 1990 for several developmental, humanitarian, and scientific programs carried out by the United Nations and other international organizations—\$17 million less than the 1989 level. The administration believes that, useful as some of these programs may be, a higher priority must be afforded other foreign assistance activities accomplishing the same objectives.

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS

(Functional code 150; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Foreign aid:					
International security assistance:					
Foreign military sales (FMS) financing	4,049	4,273	5,027	5,110	5,181
FMS prepayments		-850			
Guarantee reserve fund	532	594	720	523	489
Military assistance	701	467	40	41	42
Economic support fund	3,269	3,258	3,349	3,404	3,452
Other	117	125	98	100	101
Offsetting receipts	-70	-127	-150	-203	-396
Subtotal, International security assistance	8,598	7,741	9,084	8,975	8,869
International development and humanitarian assistance:					
Multilateral development banks	1,206	1,315	1,637	1,483	1,408
International organizations	245	226	209	212	215
Agency for International Development:					
Existing law	2,339	2,338	2,383	2,409	2,441
Proposed legislation			200	200	200
Proposed credit reform			22	27	29
P.L. 480 food aid:					
Existing law	1,060	1,098	931	1,056	1,077
Proposed credit reform			-208	-217	-222
Refugee assistance	362	412	380	355	343
Other:					
Existing law	293	308	334	341	347
Proposed credit reform			28	31	32
Offsetting receipts	-483	-480	-505	-520	-545
Subtotal, International development and humanitarian assistance	5,022	5,216	5,411	5,376	5,325
Subtotal, Foreign aid	13,620	12,957	14,495	14,351	14,194
Conduct of foreign affairs:					
Administration of foreign affairs:					
Existing law	2,038	2,061	2,280	2,329	2,376
Proposed credit reform			*	*	*
International organizations and conferences	515	521	832	831	861
Other	78	82	91	89	90
Subtotal, Conduct of foreign affairs	2,631	2,665	3,204	3,249	3,326
Foreign information and exchange activities					
	1,056	1,127	1,386	1,184	1,159
International financial programs:					
Export-Import Bank:					
Existing law	8	110	100		328
Proposed credit reform			136	163	159
Foreign military sales trust fund (net)	-835	-582	-500	-660	-420
International monetary programs:					
Existing law	796				
Proposed legislation			150		
Offsetting receipts	-90	-92	-94	-96	-98
Subtotal, International financial programs	-123	-564	-208	-593	-31
Total, budget authority	17,184	16,185	18,877	18,191	18,647

* \$500,000 or less

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS

(Functional code 150; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Foreign aid:					
International security assistance:					
Foreign military sales (FMS) financing	3,078	3,227	3,791	3,901	4,528
FMS prepayments	-3,152	-5,000			
Guarantee reserve fund	659	599	720	523	489
Military assistance	607	599	499	172	71
Economic support fund	3,269	3,361	3,467	3,502	3,551
Other	109	162	101	100	100
Offsetting receipts	-70	-127	-150	-203	-396
Subtotal, International security assistance	4,500	2,823	8,428	7,995	8,343
International development and humanitarian assistance:					
Multilateral development banks	1,235	1,302	1,326	1,391	1,373
International organizations	263	247	236	231	226
Agency for International Development:					
Existing law	2,082	2,136	2,254	2,303	2,348
Proposed legislation			150	180	200
Proposed credit reform			5	14	21
P.L. 480 food aid:					
Existing law	1,060	1,098	931	1,056	1,077
Proposed credit reform			-208	-217	-222
Refugee assistance	378	410	404	367	347
Other:					
Existing law	170	195	212	217	241
Proposed credit reform			1	8	13
Offsetting receipts	-483	-480	-505	-520	-545
Subtotal, International development and humanitarian assistance	4,703	4,907	4,805	5,030	5,079
Subtotal, Foreign aid	9,203	7,730	13,233	13,025	13,422
Conduct of foreign affairs:					
Administration of foreign affairs:					
Existing law	2,092	2,186	2,209	2,231	2,276
Proposed credit reform			*	*	*
International organizations and conferences	547	538	809	816	860
Other	90	98	99	89	90
Subtotal, Conduct of foreign affairs	2,729	2,822	3,117	3,136	3,225
Foreign information and exchange activities					
	1,051	1,154	1,263	1,289	1,218
International financial programs:					
Export-Import Bank:					
Existing law	-894	-862	-216	-421	-530
Proposed credit reform			61	101	130
Foreign military sales trust fund (net)	93	125	120	108	135
International monetary programs:					
Existing law	-136				
Proposed legislation			3	5	8
Special defense acquisition fund	13	-28	-57	-60	-8
Exchange stabilization fund	-1,498	-100	-107	-107	-107
Offsetting receipts	-90	-92	-94	-96	-98
Subtotal, International financial programs	-2,513	-957	-291	-470	-470
Total, outlays	10,471	10,748	17,322	16,980	17,394

* \$500,000 or less.

Agency for International Development (AID).—This agency carries out bilateral development assistance programs in more than 60 countries in Latin America, Africa, and Asia as well as being the primary implementing agency for Economic Support Fund programs and P.L. 480 food aid. The agency also supports the overseas humanitarian relief and development programs of U.S. private and voluntary organizations and assists development-related research activities in U.S. universities. Proposed budget authority for AID programs for 1990 is \$2.6 billion.

AID funds include \$565 million for the Development Fund for Africa with funding increases targeted for the economic policy reform program. Principal objectives of bilateral development programs include meeting the basic human needs of aid recipients, supporting sound economic policies in recipient countries, using the private sector as a vehicle for economic growth, improving the capability of indigenous institutions in developing countries, and increasing the use of science and technology in development.

In 1990, the budget assumes the creation of a new account for Special Assistance Initiatives (SAI). The SAI would provide funds for joint efforts with bilateral and multilateral donors to meet extraordinary economic assistance needs. The SAI would be inaugurated in 1990 with \$200 million for the Philippines. These resources would be used to help nurture economic growth, thereby fostering the consolidation of Philippine democracy.

Public Law 480 Food Aid.—This program provides U.S. agricultural commodities to foreign governments under either long term (up to 40 years) low interest rate (2 to 3 percent) loans or through grants. Food aid commodities are limited to those declared by the Secretary of Agriculture to be available in excess of normal domestic and commercial export needs.

The U.S. agricultural sector benefits when these available commodities are exported in a manner that does not displace commercial exports. The food aid program serves U.S. objectives in promoting international security, agricultural export market development, and economic development. Recipients of these loans benefit by saving their scarce foreign exchange to import non-food goods and services beneficial to economic development.

Under the Title II grant program, food aid is targeted by foreign governments and private and voluntary organizations, as well as international organizations, mainly to needy children, pregnant women, and refugees. Title II also constitutes the U.S. Government's primary response mechanism to emergency food needs in Africa, Asia, and Latin America.

Excluding the financing effects of credit reform, the budget includes a total P.L. 480 program level of \$1.5 billion, with a request of \$931 million in 1990 budget authority and outlays. The budget

authority and outlay amounts are nearly \$167 million below 1989 because of technical financing changes. Program levels remain the same as 1989.

Refugee Assistance.—Budget authority of \$380 million is proposed in 1990 for assistance to refugees abroad, primarily in Africa, the Near East, Pakistan, and Southeast Asia; for the admission of up to 84,000 refugees and Asian-American immigrants to the United States; and for refugee emergencies. Together with the continuing needs of existing refugee populations, this admissions level will cover the major inflow of Armenians and Soviet Jews into the United States. This budget request continues United States leadership in international humanitarian programs to assist refugees. Additional funding for refugee assistance in the United States is discussed under the domestic income security function of the budget.

Conduct of Foreign Affairs.—Funds for this group of programs primarily cover the operating costs of the Department of State in carrying out diplomatic and consular activities with foreign governments. Contributions to international organizations of which the United States is a member are also included here. For 1990, \$3.2 billion of budget authority is requested, and \$3.1 billion in outlays are estimated. These figures represent an increase over 1989 of \$602 million and \$361 million for budget authority and outlays, respectively.

Administration of Foreign Affairs.—To promote U.S. interests abroad, diplomatic and consular relations are maintained with foreign governments at 262 posts throughout the world. The overall request for 1990 budget authority is \$2.3 billion, \$0.2 billion above 1989, with estimated outlays of \$2.2 billion. The request for regular State Department operations will increase funding for a more efficient Department of State telecommunications network and for improved word and data processing capabilities. In addition, second year funding is requested for a new Foreign Service Institute facility in Arlington, Virginia.

The 1990 request also provides for the diplomatic security program, which protects U.S. officials and facilities abroad against terrorist or other attacks, as well as counteracting foreign intelligence gathering activities. Requested funding for diplomatic security operating expenses will enhance the surveillance of the construction of U.S. embassies. It will also permit the continuation of high priority perimeter security, office equipment protection against electronic spying, and replacement of certain foreign national employees in communist countries. In addition, the administration is requesting funds for three new high priority construction projects in Thailand, West Germany, and Papua New Guinea, while continuing work on 57 ongoing projects.

International Organizations and Conferences.—The United States remains committed to effective participation in international organizations in pursuit of important U.S. interests. In recent years, the United States has successfully pressed for implementation of the administrative and program budget reforms required to rebuild confidence in the operational effectiveness and policy relevance of these organizations. Budget authority of \$832 million in 1990 is proposed for assessed contributions to international organizations and international peacekeeping activities and to begin the payment of arrearages owed to international organizations. The request recognizes progress made thus far by the United Nations and other international organizations in the area of budget reform by including funds for the full U.S. assessed contribution to these organizations. The request also provides for increased international peacekeeping needs in the Persian Gulf and southern Africa. In addition, the budget requests \$46 million to pay part of the arrearages that have accumulated on past year's assessments. These funds would be directed toward special activities that are mutually agreed upon by the United States and the respective international organizations, and their payment would be conditional upon such agreements.

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Foreign military sales credit:					
New obligations	4,049	410			
Change in outstandings.....	-2,901	-4,899	466	322	-461
Outstandings	22,034	17,135	17,601	17,923	17,462
Economic support fund:					
New obligations	98				
Change in outstandings.....	58	9	9	6	-37
Outstandings	6,368	6,377	6,385	6,391	6,354
Development credit:					
New obligations	49				
Change in outstandings.....	-136	-199	-214	-227	-246
Outstandings	12,774	12,576	12,361	12,134	11,888
Overseas Private Investment Corporation (credit reform):					
New obligations			17	17	17
Change in outstandings.....			1	7	11
Outstandings			1	8	19
Overseas Private Investment Corporation:					
New obligations	23	23			
Change in outstandings.....	2	5	4	*	-7
Outstandings	51	57	61	61	53
AID private sector loans (credit reform):					
New obligations			4		
Change in outstandings.....				1	1
Outstandings				1	2
AID private sector revolving fund:					
New obligations	9	5			
Change in outstandings.....	5	5	*	-5	-8
Outstandings	23	28	28	24	16

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS—Continued

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
AID housing & other guarantee programs:					
Change in outstandings.....	26	26	34	21	19
Outstandings.....	119	145	179	199	218
Public Law 480 food aid (credit reform):					
New obligations.....			747	759	770
Change in outstandings.....			740	731	758
Outstandings.....			740	1,471	2,229
Public Law 480 food aid:					
New obligations.....	837	791			
Change in outstandings.....	413	582	-191	-176	-197
Outstandings.....	11,632	12,214	12,024	11,847	11,651
Export-Import Bank:					
New obligations.....	693	695			
Change in outstandings.....	-1,308	-1,376	-658	-738	-775
Outstandings.....	9,905	8,530	7,871	7,133	6,358
Other:					
New obligations.....	1	1	1	1	1
Change in outstandings.....	634	593	720	523	489
Outstandings.....	1,966	2,560	3,279	3,803	4,292
Total, direct loans:					
New obligations.....	5,759	1,924	768	777	788
Change in outstandings.....	-3,206	-5,253	911	465	-452
Outstandings.....	64,873	59,620	60,531	60,996	60,544
Guaranteed loans:					
Foreign military sales credit:					
New commitments.....	2,480	5,000			
Change in outstandings.....	2,460	4,980	-223	-229	-237
Outstandings.....	2,600	7,580	7,357	7,128	6,892
Overseas Private Investment Corporation (credit reform):					
New commitments.....			175	178	180
Change in outstandings.....			12	69	114
Outstandings.....			12	81	195
Overseas Private Investment Corporation:					
New commitments.....	200	175			
Change in outstandings.....	58	72	92	64	-70
Outstandings.....	366	437	529	594	523
AID private sector loans (credit reform):					
New commitments.....			50	75	100
Change in outstandings.....			*	6	22
Outstandings.....			*	7	29
AID private sector revolving fund:					
New commitments.....		50			
Change in outstandings.....		25			
Outstandings.....		25	25	25	25
AID housing guarantee programs (credit reform):					
New commitments.....			100	100	100
Change in outstandings.....			20	60	90
Outstandings.....			20	80	170
AID housing & other guarantee programs:					
New commitments.....	125	125			
Change in outstandings.....	81	109	98	67	30
Outstandings.....	1,409	1,518	1,616	1,683	1,713
Export-Import Bank:					
New commitments.....	5,739	10,200			
Change in outstandings.....	624	960	-968	-801	-650
Outstandings.....	5,703	6,664	5,696	4,895	4,245
Export-Import Bank (credit reform):					
New commitments.....			10,384	10,555	10,703

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS—Continued

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Change in outstandings.....			1,779	1,356	1,296
Outstandings.....			1,779	3,135	4,431
Total, guaranteed loans:					
New commitments.....	8,544	15,550	10,709	10,908	11,083
Change in outstandings.....	3,224	6,145	810	594	595
Outstandings.....	10,079	16,224	17,034	17,628	18,223
Total, new obligations and new commitments.....	14,304	17,474	10,730	10,926	11,101

* \$500,000 or less.

Foreign Information and Exchange Activities.—An important objective of this administration is to increase international understanding of American society and U.S. foreign policy. The United States Information Agency (USIA) seeks to do so through personal contacts, academic and leadership exchanges, satellite television broadcasting, Voice of America (VOA) radio broadcasting, distribution of books and periodicals, English language teaching, and the operation of libraries and cultural centers in 127 countries. For 1990, the administration proposes \$951 million in budget authority for USIA. The budget reaffirms the administration's commitment to a streamlined radio modernization program that focuses on completion of USIA's top two priority radio transmitter projects. To accomplish this, the 1990 request provides \$89 million in budget authority for radio construction, primarily for new relay facilities in Morocco and Thailand. In recognition of the congressional initiative to develop a television broadcast service for Cuba, the Administration is conducting tests in the Florida area in order to assess the feasibility and technical requirements of such a system. Congress has indicated that it will not consider final action until the tests are completed and results evaluated.

The Board for International Broadcasting provides grants to Radio Free Europe/Radio Liberty, Inc. (RFE/RL), which broadcasts in 22 languages to Eastern Europe and the Soviet Union. For 1990, \$425 million of budget authority is requested for the Board. This includes \$207 million for construction of a high priority shortwave radio relay station in Israel, to be used by both RFE/RL and the VOA. Funds totalling \$28 million are proposed to complete the refurbishment of a relay station in Portugal, another high priority project that will improve the audibility of RFE/RL's broadcast.

International Financial Programs.—To assist in the steady growth of the international economy, the United States conducts

programs to improve the international financial system and to facilitate U.S. participation in world trade, including arms sales. For 1990, offsetting collections are expected to exceed outlays by \$291 million primarily because Export-Import Bank loan repayments are expected to exceed new loan commitments.

Export-Import Bank.—The Export-Import Bank (Eximbank) administers direct loan, guarantee, and insurance programs to promote U.S. export sales. The Reagan administration has had notable success in international negotiations to reduce subsidies on direct loans by about 90 percent since 1980. As a result, the administration proposes that Eximbank's direct loan program be terminated in 1990. The Bank's broad range of loan guarantee and insurance programs (89 percent of Eximbank's 1988 activity) can provide comprehensive financial support for U.S. exporters, including small businesses. A \$100 million "war chest" grant program is retained to ensure implementation of the international Tied-Aid Credit Agreement and encourage improvement in the existing arrangement. Collections for 1990 are estimated to exceed outlays by \$216 million.

International Monetary Fund.—The 1990 budget recommends a U.S. contribution of \$150 million to the Enhanced Structural Adjustment Facility (ESAF) of the International Monetary Fund. The ESAF was created at the end of 1987 to provide balance of payments assistance on concessional terms to low-income developing countries, particularly in Africa, that face serious economic problems. The U.S. contribution will be used to subsidize the interest payments on ESAF loans. Total ESAF resources in 1990 are expected to be \$9.6 billion (at current exchange rates), many times the amount to be provided by the United States to this facility.

Tax Expenditures.—In an effort to encourage exports, a portion of the profits from the export sales of foreign sales corporations (FSCs) is not taxed. Also, Americans working abroad are permitted to exclude substantial amounts of earned income and housing allowances from taxation. Tax expenditures resulting from FSCs and the foreign earned-income exclusion are an estimated \$0.7 billion and \$1.9 billion, respectively, for 1990. Additional estimated tax expenditures of \$4.7 billion, \$100 million, and \$105 million result from the source rules exception for inventory property sales, the interest allocation rules exception for certain nonfinancial institutions, and the deferral of income tax on the undistributed earnings of foreign corporations controlled by U.S. shareholders. Total tax expenditures for international affairs are estimated to be \$7.5 billion in 1990.

GENERAL SCIENCE, SPACE, AND TECHNOLOGY

The programs in this function help to ensure U.S. strength and leadership in science and space technology. All the programs of the National Science Foundation (NSF), the space programs of the National Aeronautics and Space Administration (NASA), and the general science programs of the Department of Energy (DOE) are included in this function. Continued support for these programs in the budget reflects the administration's view that the ability of the Nation to meet global competition, provide for national security, and improve the quality of life for all citizens depends in part upon national investments in science and technology.

Proposed budget authority for these programs is \$15.5 billion in 1990, an increase of \$2.6 billion or 20 percent above the 1989 level. Outlays for programs in this function are estimated to reach \$14.9 billion in 1990, an increase of 18 percent or \$2.3 billion over 1989.

The budget increases funding for general science programs, and strengthens a vigorous and balanced space program. Even in a time of fiscal restraint, the increased budget authority proposed for these programs represents a necessary investment in the Nation's future because of the important contribution such programs make to long-range economic growth and the competitiveness of the U.S. economy.

All programs in this function support basic research, and account for well over one-third of total Federal funding for such research. These programs are of particular importance to the Nation because they, along with research programs of the Department of Defense (DOD), constitute the predominant Federal sources of funding for basic research in the physical and engineering sciences.

The major initiatives proposed in the 1990 budget include:

- a 14 percent increase for the NSF, including a second competition for Science and Technology Centers and a continued commitment to double the support for academic basic research.
- an increase of nearly 27 percent in DOE general science programs, including a total of \$250 million to initiate construction of the Superconducting Super Collider; and
- a 20 percent increase for NASA space research and technology programs, including more than a doubling of support for the development of the space station to \$2.1 billion.

General Science and Basic Research.—This area covers all NSF programs, as well as the general science projects and programs of DOE in high energy and nuclear physics. Budget authority of \$3.3 billion is proposed for these programs in 1990, an increase of 18 percent or \$512 million over the 1989 level.

NATIONAL NEED: INCREASING BASIC SCIENTIFIC KNOWLEDGE AND USE OF SPACE

(Functional code 250; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
General science and basic research:					
National Science Foundation programs.....	1,737	1,906	2,171	2,410	2,699
Department of Energy general science programs.....	805	922	1,169	1,398	1,529
Subtotal, General science and basic research.....	2,542	2,828	3,340	3,808	4,228
Space research and technology:					
Space flight.....	4,759	6,080	7,808	8,778	9,577
Space science, applications, and technology...	2,488	2,805	3,164	3,488	3,677
Supporting space activities.....	1,075	1,268	1,236	1,366	1,413
Subtotal, Space research and technology.....	8,322	10,154	12,207	13,632	14,667
Total, budget authority.....	10,864	12,982	15,548	17,440	18,895
OUTLAYS					
General science and basic research:					
National Science Foundation programs.....	1,665	1,850	2,014	2,261	2,524
Department of Energy general science programs.....	763	884	1,119	1,348	1,399
Subtotal, General science and basic research.....	2,428	2,734	3,133	3,610	3,923
Space research and technology:					
Space flight.....	5,007	6,245	7,512	8,414	9,313
Space science, applications, and technology...	2,261	2,727	2,996	3,269	3,479
Supporting space activities.....	1,145	886	1,221	1,376	1,296
Subtotal, Space research and technology.....	8,413	9,859	11,730	13,060	14,088
Total, outlays.....	10,841	12,593	14,863	16,669	18,011

National Science Foundation Programs.—The principal mission of the NSF is to support basic research in all fields of science and engineering. The NSF's broad-based research programs complement the basic research programs of agencies with specialized missions, such as NASA, DOD, and the National Institutes of Health. This approach of funding basic research across several agencies helps ensure balanced Federal support across all scientific disciplines. The 1990 budget includes \$2.2 billion in budget authority for the NSF, an increase of 14 percent or \$0.3 billion over the 1989 level. Within this amount, \$1.8 billion is for the support of basic research in 1990, an increase from \$1.6 billion in 1989. In addition, the budget projects a doubling of the 1987 level of support for academic basic research through the NSF by 1993.

The NSF supports research at academic institutions through grants to individual scientists and engineers. The increased level of basic research support proposed for 1990 places special emphasis on

interdisciplinary research. Basic research among several disciplines often leads to the creation of important new fields of science (e.g., biotechnology). These activities also include the NSF contributions to the U.S. Global Change Research Program being coordinated by the Committee on Earth Sciences of the Federal Coordinating Council for Science, Engineering, and Technology. The U.S. Global Change Research Program is highlighted in a separate document accompanying the budget. The administration proposes continued support for the 11 interdisciplinary basic Science and Technology Centers that were established in December 1988, as well as initiation of a second round of competition. All of these centers focus on research between scientific disciplines, and encourage substantial participation by industry and the States to speed the transfer of new knowledge from the laboratory to the marketplace.

The budget request emphasizes research programs that contribute to the development of "human capital." Continued U.S. leadership in science and industry depends on the future availability of high-quality scientists and engineers. Academic basic research is a primary means of expanding the U.S. pool of trained scientists and engineers that, over the long term, enhances the ability of the U.S. to compete globally. This emphasis is reflected in the science and technology centers, discussed above, as well as in a variety of ongoing NSF programs, including the engineering research centers, the advanced scientific computing centers, the graduate fellowship program, and programs to improve student research and to increase funds for scientific equipment at undergraduate institutions.

Increased support is also requested for NSF programs aimed at improving the quality of pre-college science and mathematics education. These programs are intended to complement the efforts of State and local education agencies and the private sector.

In addition, continued support is requested for the U.S. Antarctic program, managed by the NSF. Through this science program, the U.S. maintains an active and influential presence in that region. The proposed budget includes a multi-year initiative to address important health, safety, and environmental issues in the Antarctic.

Department of Energy General Science Programs.—The general science programs of the DOE support basic research in nuclear and high energy physics, and support the construction and operation of facilities required to carry out this research. The goal of the research is to achieve a comprehensive understanding of the basic components of matter and energy and the forces that govern their interaction. Budget authority of \$1.2 billion is requested for support of these programs in 1990, an increase of \$247 million or 27 percent over the 1989 level.

The budget proposes continued funding for research carried out at the nuclear and particle physics accelerators supported by DOE. The budget also proposes to upgrade the linear accelerator at Fermi National Laboratory, currently the world's foremost experimental high energy physics facility. Substantial funds to increase the operations of the new accelerators at the Stanford Linear Accelerator Center and the Fermi National Laboratory are also requested. In addition, the budget proposes continued funding for advanced accelerator and detector research and development related to the next generation of high energy particle accelerators.

The administration is requesting budget authority of \$250 million in 1990 for the Federal share of the initiation of construction of the Superconducting Super Collider (SSC). The SSC will be the world's most powerful proton-proton collider, producing particle collisions with total energies approaching 40 trillion electron volts, an energy 20 times greater than the highest energies available in the world today. The actual initiation of site specific construction will be dependent upon the details of non-Federal cost sharing commitments to the project. The budget projections assume approximately one-third cost sharing by the host State and other nations, beginning in 1990.

Space Research and Technology.—This part of the function covers the space-related activities of NASA. The budget proposes a vigorous and balanced program in the primary areas of space flight, space science, and space technology. These activities ensure U.S. preeminence in areas critical to achieving the Nation's goals in space. Budget authority of \$12.2 billion is proposed for these programs in 1990, compared to \$10.2 billion in 1989, an increase of about 20 percent. Outlays are estimated to increase 19 percent, from \$9.9 billion in 1989 to \$11.7 billion in 1990. The proposed budget authority provides for increases for the continued development of the space station, completion of shuttle recovery activities, a build up in shuttle flights to achieve a safe and sustainable flight rate, compensation for loss of previously planned reimbursements for the use of the shuttle, and procurement of expendable launch vehicle services for scientific and other missions. Increases are also requested for program enhancements, such as continued development of the advanced solid rocket motor, and initiation of a new space science mission.

Space Flight.—U.S. preeminence in critical areas of manned space flight is ensured through programs to return the space shuttle to safe operations and achieve a safe and sustainable flight rate, and to develop, deploy, and use the space station. Commitment to the use of commercial goods and services, and private sector investment and involvement in space encourages greater commercial use of space. Specific activities are proposed to further implement the

President's commercial space policy and initiatives. Budget authority of \$7.8 billion is proposed for these programs in 1990, compared to \$6.1 billion in 1989, an increase of about 28 percent. Outlays are estimated to be \$7.5 billion in 1990, 20 percent or \$1.3 billion over the 1989 level.

The administration places high priority on a safe and sustainable shuttle flight rate. The administration proposal includes planned increases in the number of shuttle flights from five flights in 1989 to nine in 1990, nine in 1991, twelve in 1992, fourteen in 1993, and thirteen in 1994. The budget calls for the completion of modifications and redesigns identified by post-Challenger accident reviews. The total cost of these activities is estimated to be about \$3.6 billion through 1991. The recommendations of the Rogers Commission provided valuable guidance to enhance the safe and effective operation of the shuttle fleet. The orbiter logistics program provides hardware to support the buildup of the flight rate in 1990. Proposed funding for operations supports training, mission planning, hardware and payload processing, and other preparations for flights planned in 1990 and 1991. Work on the replacement orbiter would continue, with delivery scheduled for 1991. Continued development of a new advanced solid rocket motor (ASRM) is proposed. The ASRM is intended to improve the safety, reliability, and performance of the shuttle fleet. The first delivery of the new motor is planned for 1994. NASA is currently examining options for private financing of the production facility, which is a key element in the ASRM development program. Development of improvements to the shuttle for extending the time in orbit would be continued, with NASA seeking private sector financing for elements of this program. The budget proposes using domestic commercial launch services for small, medium, and large classes of expendable vehicles. NASA continues to explore new approaches for the use of commercial expendable launch vehicle services in support of approved missions. The advanced launch system, a joint program of NASA and DOD, would continue to develop technologies to meet future national space transportation needs. The budget also proposes funds for the lease of space for government payloads on a commercially-developed space facility beginning in 1992. This privately financed, developed and operated man-tended facility is to be used by both the government and the private sector for microgravity research. NASA is supporting internal and external studies prior to implementation of this program.

For the manned space station program, the administration is requesting an increase in budget authority from \$0.9 billion in 1989 to \$2.1 billion in 1990, and a three-year advance appropriation for \$8.5 billion. This increase is necessary to maintain the current schedule of development activities leading to an operating capabil-

ity in the mid-1990s. For space station development, the administration also recommends legislation to establish a total development cost ceiling of \$13.0 billion (in 1984 dollars, with adjustments for inflation and commercialization). Through 1989, \$1.4 billion will have been committed for development activities. When operational, the space station will facilitate space-based research, help develop advanced technologies potentially useful to the economy, and encourage greater commercial use of space. The administration's proposal provides stable funding and controls program costs. The administration's proposal further reaffirms and strengthens its commitment for private sector investment and involvement in the space station and seeks to rely, to the greatest extent feasible, on private sector design, financing, construction, and operation of future space station requirements, including those currently under study. Consistent with the administration's policy, NASA is developing guidelines for commercial participation in the space station program. NASA is also actively pursuing approaches to encourage the private sector to invest in ground-based facilities for the space station as well as space-based elements such as the Flight Telerobotic System and the space station docking system. NASA continues to evaluate other private sector proposals for participation in the space station.

Space Science, Applications, and Technology.—This area includes programs that study the solar system, the universe, and the Earth's environment; support research on materials processing in space; and develop technology for future space programs. Budget authority of \$3.2 billion is proposed for 1990, an increase of \$359 million from the 1989 level. For space science and space applications, the administration's proposals are largely based on NASA's strategic plan for space science and applications. In particular, this plan maintains an appropriate balance between research areas, and supports a vital and productive research base.

In *space science*, the administration proposes to continue broad-based, high-quality flight programs and supporting ground-based research. Spacecraft development is funded for the gamma ray observatory, the Magellan mission, and the Mars observer. Operational support is provided in 1990 for the Hubble space telescope, the Galileo mission to Jupiter, and for the Voyager 2 after its rendezvous with Neptune in 1989. Planning activities are continued for several smaller space physics, astronomy, and life sciences experiments, which were rescheduled due to the Challenger accident. In addition, preparations would be made for future science flight missions. Funding is also proposed to initiate the development of the Comet Rendezvous-Asteriod Flyby (CRAF)/Cassini Mission. The initiation of these two missions has been combined due to the planetary alignment required for launch and potential cost-

savings from the purchase of two Mariner Mark II spacecraft. The CRAF mission will fly by an asteroid and make on-site observations of a comet. The Cassini mission will make detailed observations of Saturn and its moons. The European Space Agency plans to participate by building the probe to investigate a large moon of Saturn. The Federal Republic of Germany will provide propulsion modules. This international participation will total about \$250 million. In 1990, proposed funding provides for launch services for small payloads on Scout-class rockets and for the explorer program. The global geospace sciences program continues to expand space-based research on the physics of the interaction between the Sun and the Earth.

For *space applications*, the budget emphasizes space experiments and ground-based supporting research to study the Earth and its environment and to explore concepts and techniques for materials processing in space.

The administration proposes continued efforts to develop space-based remote sensing technologies to help better understand the Earth's environment and the interaction of the Sun and the Earth. It also calls for the continuation of planning activities for the ocean topography experiment, which will permit oceanographic studies to provide a better understanding of the effect of ocean circulation on the Earth's climate. These NASA activities represent an important contribution to the U.S. Global Change Research Program being coordinated by the Federal Coordinating Council for Science, Engineering and Technology's Committee on Earth Sciences. The U.S. Global Change Research Program is highlighted in a separate document accompanying the budget. In the area of materials processing, increased funding supports the operation of the microgravity materials science laboratory and numerous ground-based microgravity experiments. The budget also provides for the continuation of planning activities for space-based experiments on the space shuttle and space station.

For the generic *space technology* program, the administration is proposing continued growth in funding for 1990 to help provide the technology base for future space programs in areas such as propulsion, electronics, and materials research. The civil space technology initiative started in 1988 and the Pathfinder program begun in 1989 would continue in 1990. These programs are intended to strengthen the technology base for continued U.S. leadership in space. A new program to develop engineering experiments to be flown aboard the space shuttle and space station is proposed to be initiated in 1990.

The commercial space programs encourage and facilitate greater private sector investment and involvement in space. The budget provides for increased funding in 1990 to help non-aerospace firms

and universities explore potential new uses of space for future economic benefits.

The transatmospheric research and technology program, a joint program of NASA and DOD, explores new approaches for cost-effective hypersonic vehicles for flight in the atmosphere and for access to space. Funding increases are proposed for 1990 to continue cooperative research as well as technology development and testing. These efforts are expected to lead to a transatmospheric flight research vehicle demonstration as part of the National Aerospace Plane program. The budget authority request for civil space-related elements of this activity is in this function; budget authority for NASA efforts related to aeronautical applications are discussed in the transportation function.

Supporting Space Activities.—Budget authority of \$1.2 billion is proposed in 1990 for spacecraft tracking, data gathering, and data processing support for the space program, about the same as the 1989 level. The budget also provides for continued repayments of loan obligations for the tracking and data relay satellite (TDRS) services, and for other tracking and data acquisition services required to support planned missions. The accompanying credit table shows NASA's repayment schedules on the outstanding direct loans made by the Federal Financing Bank for TDRS construction and acquisition. No new obligations for this account are expected.

CREDIT PROGRAMS—GENERAL SCIENCE, SPACE, AND TECHNOLOGY

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
NASA:					
Change in outstandings.....	84	96	-126	-142	-160
Outstandings.....	899	995	869	727	567

Tax Expenditures.—In addition to direct Federal funding of basic research, the tax code encourages private sector research and development, including basic research, by allowing expenditures for such purposes to be deducted as a current expense. The 1990 estimate for this provision is \$1.3 billion. A 20 percent tax credit to encourage increases in certain basic research and experimentation was extended through December 31, 1989, by the Technical and Miscellaneous Revenue Act of 1988. This will cost \$1.4 billion in 1990. The administration is proposing that this credit be made permanent after 1989, which would result in a 1990 cost of an additional \$0.4 billion. The administration also proposes that the apportionment of research and experimentation expenses be at least 67 percent to domestic-source income. This tax expenditure

would cost \$1.7 billion in 1990. Tax expenditures for general science, space, and technology are estimated to total \$3.0 billion in 1990.

ENERGY

The Nation needs adequate supplies of energy at reasonable prices. Experience shows that this is best achieved by minimizing Government intervention in the operation of energy markets. This market-based approach has produced significant benefits. For example, while the economy has expanded about 30 percent in the past decade, the United States is using 10 percent less oil. Gasoline prices, adjusted for the overall rate of inflation, are lower than they were in the 1950's. Worldwide dependence on Persian Gulf oil has decreased significantly.

Further progress in meeting the Nation's energy needs can be achieved by eliminating controls on natural gas prices, providing open access to natural gas pipelines, deregulating most of the Nation's oil pipelines, and adopting regulatory proposals to increase competition in the electric utility industry.

Federal spending can complement the workings of our market economy if it is carefully focused on meeting appropriate Federal responsibilities. For example, the Nation's strategic petroleum stockpiles have been increased fivefold since 1980 to provide protection against energy supply disruptions.

The 1990 budget continues this policy of limited Federal energy spending focused on meeting appropriate Federal responsibilities. It proposes that spending be reduced on activities that are more appropriately non-Federal responsibilities, that activities be privatized that can and should be undertaken by non-Federal entities, and that remaining programs be managed on a business-like basis. The major initiatives in the 1990 budget are:

- A legislative proposal to establish a Government corporation for uranium enrichment activities, as the first step toward privatization.
- A proposal to sell the Government-run oil fields at Elk Hills and Teapot Dome. The proceeds from the sale would include \$1 billion in cash, plus oil that would be added to the strategic petroleum reserve (SPR), and used to create an additional oil stockpile for defense purposes. The sale proposal would permit acceleration of the strategic petroleum reserve fill rate to 75,000 barrels per day.
- A renewed initiative to transfer the Alaska Power Administration and selected assets of the other Federal power marketing administrations (PMAs) to local ownership and control, coupled with financial reforms to put PMA repayments to the Treasury on a sound business-like basis in the interim.
- Proposed major reforms to overhaul the lending practices of the Rural Electrification Administration (REA) and reduce

costly subsidies by relying on partial REA guarantees of private loans rather than direct REA lending.

Total budget authority of \$3.6 billion is requested for energy programs in 1990, a reduction of \$2.1 billion from the level in 1989. This reduction includes a \$1.4 billion decrease for REA, a \$0.4 billion decrease for the power marketing administrations, a \$0.2 billion reduction for energy conservation, and a \$0.1 billion reduction in appropriations-funded SPR oil acquisition, offset in part by a \$0.3 billion increase for the proposed uranium enrichment corporation. Outlays are estimated to be \$2.3 billion in 1990, a decrease of \$1.9 billion from the level in 1989. This decrease is due mainly to the effect of PMA repayment reforms and the reduction in appropriations-funded oil acquisition for the strategic petroleum reserve.

The budget also includes \$1.0 billion in cash receipts in 1990 from the proposed sale of the naval petroleum reserves and \$0.1 billion from the proposed sale of assets of the Alaska Power Administration. The budget assumes sale of selected assets of the other PMAs. These proceeds are included in the undistributed offsetting receipts category.

Energy Supply.—The Federal Government's energy supply activities fall into three main categories: research and development (R&D), direct production activities, and subsidies for certain electric utilities and telephone systems.

Research and Development.—A total of \$2.7 billion in budget authority is requested for energy supply R&D programs in 1990. This is \$0.1 billion below the funding level for 1989. Federal spending on energy technology R&D is focused on longer-term, high-risk activities with high potential payoff. Federal support should complement, rather than duplicate or compete with, R&D investments undertaken by the private sector.

Budget authority of \$353 million is requested for nuclear fission R&D in 1990. This program supports research and development on advanced nuclear reactor technologies for the commercial sector and space power requirements for NASA and Department of Energy (DOE) applications. The budget assumes 50 percent private sector cost sharing for R&D programs for advanced light water reactors and the high temperature gas reactor. During 1989, a study will be conducted by the National Academy of Sciences to determine if Plutonium-238 production should be transferred from the Savannah River site to the Hanford site.

For 1990, budget authority of \$349 million is requested for nuclear fusion R&D, nearly the same as the enacted 1989 level. In 1990, the program would continue to focus on resolving scientific questions key to the ultimate achievement of controlled fusion energy generation. This includes R&D to understand and demonstrate control and burning in the fusion process. The 1990 budget again

NATIONAL NEED: ENERGY

(Functional code 270; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Energy supply:					
Research and development:					
Fission	331	350	353	333	335
Fusion	331	352	349	392	408
Fossil	521	571	489	555	373
Solar and renewable energy resources	148	151	114	118	121
Energy science	942	902	944	1,042	1,143
Other	406	439	437	385	392
Offsetting transfers	-104				
Direct production (net):					
Petroleum reserves:					
Existing law	-493	-379	-318	-295	-294
Proposed legislation				295	294
Federal power marketing:					
Existing law	-213	-102	-100	-55	3
Proposed legislation			-373	-97	-93
Tennessee Valley Authority:					
Existing law	1,021	648	628	545	814
Proposed legislation			-43	-33	-23
Uranium Enrichment					
Nuclear Waste Disposal Fund	-112	-156	-34	-36	-38
Other subsidies:					
Nonconventional fuel production	50	*	16	*	*
Rural electric and telephone:					
Existing law	1,265	1,488	31	30	29
Proposed legislation			78	16	4
Subtotal, Energy supply	3,807	4,263	2,571	3,195	3,470
Energy conservation:					
Conservation research and development	153	161	88	91	93
Conservation grants	157	154	8	4	1
Subtotal, Energy conservation	310	315	96	95	94
Emergency energy preparedness	609	422	329	394	340
Energy information, policy, and regulation	799	717	618	809	815
Total, budget authority	5,526	5,717	3,614	4,493	4,719

* \$500,000 or less.

proposes initiation of the Compact Ignition Tokamak, the next generation fusion machine, with a total project cost of \$567 million. The budget also includes substantial funding to support cooperation with the Soviet Union and other foreign countries on magnetic fusion research.

The administration requests total budget authority of \$489 million for two R&D programs addressing the clean and economical use of fossil fuels: a fossil energy R&D program and a clean coal technology demonstration program. Budget authority of \$164 million is requested for the research program, a reduction of \$217 million from the 1989 level. The budget proposes to reduce funding for R&D on synthetic fuels; to eliminate subsidies for company-

NATIONAL NEED: ENERGY

(Functional code 270; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Energy supply:					
Research and development:					
Fission	329	357	322	362	346
Fusion	318	359	349	371	389
Fossil	355	446	383	420	361
Solar and renewable energy resources	142	153	140	130	133
Energy science	884	900	952	933	1,017
Other	404	436	417	442	438
Offsetting transfers					
Direct production (net):					
Petroleum reserves:					
Existing law	-466	-392	-324	-304	-290
Proposed legislation				304	291
Federal power marketing:					
Existing law	-451	-601	-610	-617	-561
Proposed legislation			-907	-568	-530
Tennessee Valley Authority:					
Existing law	992	540	300	254	483
Proposed legislation			-43	-33	-23
Uranium Enrichment:					
Existing law	-97	-112	-69	-166	-328
Proposed legislation			69	166	328
Nuclear Waste Disposal Fund					
Existing law	-67	-99	-100	-58	-46
Other subsidies:					
Nonconventional fuel production	143	302	157	182	219
Rural electric and telephone:					
Existing law	-1,738	148	442	186	-86
Proposed legislation			-512	-273	-284
Proposed credit reform			12	20	25
Subtotal, Energy supply	746	2,436	978	1,750	1,882
Energy conservation:					
Conservation research and development	136	156	145	103	94
Conservation grants	206	158	171	48	15
Subtotal, Energy conservation	342	314	316	151	109
Emergency energy preparedness	568	652	348	368	374
Energy information, policy, and regulation	640	735	635	802	811
Total, outlays	2,297	4,137	2,277	3,071	3,176

specific proprietary technology development, such as fuel cells; and to reduce lower priority R&D, such as magnetohydrodynamics, not central to the core research program.

The budget request continues to support important, broad-based research in coal chemistry and geosciences, the development of new environmental control technology for coal, and enhanced oil recovery.

The 1990 budget continues the administration's commitment to a \$2.5 billion multi-year program of clean coal technology demonstration projects to stimulate development and application of innovative technologies to reduce emission of air pollutants. This initia-

tive implements the recommendations of the U.S. and Canadian Special Envoys on Acid Rain. The 1990 budget proposes continuing congressional funding policy established in the appropriation for 1990 and reallocating the 1990 advance appropriation over three years to support a third solicitation for demonstration projects to be issued in 1989. In addition, the budget requests additional advanced appropriations of \$1.2 billion in future years. The schedule for this program has been revised to permit a more orderly pace of technology development, including more time for technical feedback between each round of demonstration projects. Non-Federal sources are expected to contribute at least equal amounts of funding to these projects, as well as provide for recoupment of the Federal investment, as they did with the first two solicitations. Outlays for this program are estimated to be \$126 million in 1989 and \$95 million in 1990.

Budget authority of \$114 million is requested for solar and renewable energy R&D in 1990, a reduction of \$37 million from 1989. This research covers a broad range of technologies, with emphasis on the generation of electricity from sunlight, biomass, geothermal, and wind energy. The budget also proposes continued funding for research on the potential use of the new high-temperature superconducting materials by electric utilities.

Energy-related basic and applied research in the physical, biological, environmental, and engineering sciences is supported through the energy sciences program. This research is conducted at both major universities and the DOE national laboratories. The objective of this work is to provide fundamental scientific knowledge and a broadened engineering data base useful for the development of a wide spectrum of high technology industries including energy technologies.

The 1990 budget requests \$944 million for the energy sciences program, an increase of \$42 million from the 1989 level. The increase in 1990 is actually \$102 million, because the budget assumes elimination of \$60 million for congressionally earmarked university building projects. The six building projects added by Congress in the 1989 appropriation legislation have not been approved through a merit review process and are not necessary to further program objectives.

The increases for the on-going energy sciences research programs emphasize research on new high-temperature superconducting materials and the development of methods for mapping the constituents of human DNA. In addition, the Department's basic research programs that focus on global change would be substantially increased. These research efforts are part of the national global change research program being considered by the Committee on Earth Sciences of the Federal Coordinating Council on Science,

Engineering, and Technology. (The U.S. Global Change Research Program will be highlighted in a separate document accompanying this budget.)

The energy sciences program also supports the construction and operation of DOE's major science "user" facilities, such as research reactors and synchrotrons. The operations budgets for the scientific user facilities would increase substantially to meet the continuing demand for time on these machines. In addition, the budget proposes initiation of construction of a new 6-7 GeV synchrotron with a total project cost of \$637 million. This facility would enable scientists to investigate the structure of matter and thereby make significant contributions to materials science.

Budget authority of \$437 million is requested for other energy supply R&D activities in 1990. This category includes research by the Environmental Protection Agency in support of the National Acid Precipitation Assessment Program, which is expected to complete in 1990 its assessment addressing the major scientific questions associated with acid precipitation. DOE studies of health and safety issues at its facilities and investments to conserve energy at the national laboratories are also included in these activities. In addition, funding is requested for environmental cleanup at DOE civilian energy facilities and for the cleanup of wastes from uranium mining.

Direct Production.—The Federal Government's direct production activities in the energy function include producing oil and gas at the naval petroleum reserves (NPRs); the production and distribution of electric power by the Federal power marketing administrations and the Tennessee Valley Authority; enriching uranium; disposing of nuclear waste; and producing radioisotopes.

The Government operates two oilfields, at Elk Hills, California, and Teapot Dome, Wyoming. These fields supply about 85,000 barrels of oil a day, one percent of domestic production. They are called the naval petroleum reserves because they were originally set aside to supply oil for the Navy when it converted its ships from coal to oil. The administration proposes to sell these assets in exchange for oil for the strategic petroleum reserve (SPR), and oil for a separate 10 million barrel inventory dedicated to defense purposes. In addition, the buyer is expected to pay the Government a bonus payment in 1990 estimated to be \$1.0 billion.

The SPR is a much better emergency source of oil than the NPRs. It can pump out oil at a rate of 3 million barrels per day, 35 times faster than the NPRs can. The SPR is also more accessible to key pipelines and refineries. Selling the NPRs for cash, SPR oil, and oil for defense would thus increase energy security; get the Government out of an activity best left to the private sector; in-

crease State and local tax revenues; and help reduce the 1990 Federal budget deficit.

The Federal Government is a major producer of electric power. It generates six percent of the country's power supply at 127 Federal dams and other installations. It sells this power through TVA and five power marketing administrations (PMAs) in the Department of Energy. The PMAs are substantial government businesses, with sales currently running \$2.5 billion a year.

The administration proposes a two-fold strategy for the PMAs in the budget. Where possible it proposes to sell Federal power assets to the customers they now serve. That assures their continued control. In the interim, it proposes a set of strict financial reforms to ensure that the PMAs retained by the Federal Government are run in a business-like way. This two-fold policy is designed to benefit both PMA customers and Federal taxpayers.

The assets of the Alaska Power Administration, consisting of two Federal dams together with their power houses and associated transmission lines, are expected to be sold in 1990 for \$85 million. A consortium of three utilities has offered to buy the power system that serves the Anchorage area and the State of Alaska has offered to buy the system that serves Juneau. In addition, the budget proposes sale of selected assets of the Southeastern Power Administration under terms and conditions that would protect the interests of existing preference customers.

While the PMA systems remain as Federal Government entities, the budget proposes a set of financial reforms designed to end the subsidies that PMA customers currently receive. Thus, for example, the interest rates charged on the unrepaid Federal investment would be raised to the rates non-Federal utilities now pay for borrowing. In addition, the PMAs would be required to repay principal on a fixed, straight line amortization schedule. These financial reforms are estimated to reduce the budget deficit by \$900 million in 1990.

The Tennessee Valley Authority (TVA) has pledged to hold electricity rates steady for three years and has undertaken a major cost cutting program to meet this goal. As a result, TVA estimates that \$0.6 billion of its planned capital investment of \$1.1 billion can be financed from net revenues. The remaining capital investment of \$0.5 billion will be borrowed from the Federal Financing Bank. Two of the five non-operating nuclear units returned to service in 1988. One of the remaining three non-operating units at Brown's Ferry near Decatur, Alabama is scheduled to return to service in 1989.

The Federal Government's uranium enrichment enterprise is expected to have sales revenues in 1990 of \$1.5 billion and spending of \$1.5 billion. The budget proposes the creation of a wholly-owned

Government corporation that would be responsible for maintaining a reliable and economical domestic source of enrichment services (enrichment of uranium and uranium compounds in the isotope U-235). The corporation would be self-financing and would not require appropriations or other sources of Government funding. The corporation would be required to make annual payments to the Treasury for interest on an initial debt of \$364 million and establish a fund in the Treasury to cover future expenditures for decontaminating and decommissioning the enrichment plants. The corporation would also pay dividends to the Treasury on Government-held stock. The proposed conversion of the uranium enrichment program into a Government corporation is the first step toward eventual privatization of the enterprise.

The commercial nuclear waste program, which is financed by a fee on electricity generated by nuclear power plants, provides for the permanent disposal of spent nuclear reactor fuel rods and other high-level radioactive waste. As a result of recent legislative changes in the program, DOE is now focusing its detailed study on one waste repository site, located at Yucca Mountain, Nevada. If this site proves technically feasible, DOE plans to build a repository there. The newly amended Nuclear Waste Policy Act provides incentive payments to any State that agrees to host the repository. The 1990 budget provides \$500 million in budget authority for the program, an increase of \$130 million from 1989. Receipts are estimated at \$733 million in 1990, including both fees and interest earned on prior year fund balances.

The 1990 budget includes a separate new fund for isotope sales and distribution. This new structure, along with focused management at DOE, would ensure that this service is run on a business-like basis that fully recovers costs. In addition, the restructured program would be better able to assure its customers a secure supply of both radioactive and stable isotopes.

Other Subsidies.—The Rural Electrification Administration (REA), in the Department of Agriculture, provides heavily subsidized 5 percent interest direct loans and Treasury rate loans financed by the Federal Financing Bank (FFB) for the construction and operation of electric utilities and telephone systems serving rural areas. At the end of 1988 \$34 billion in REA loans were outstanding.

Because most REA borrowers are financially healthy and the goals of the REA program have been largely accomplished, the administration proposes that rural electric and telephone systems increase their reliance on private financing and that REA financing assistance shift to use of partially guaranteed loans. Under this proposal power supply borrowers would be eligible for 90 percent guarantees of private loans, and electric distribution and telephone

borrowers would be eligible for 70 percent Federal guarantees. A priority system would be used to target guarantee assistance to borrowers of highest needs.

The administration proposes guarantee authority of \$1.4 billion for 1990, including \$100 million for telephone loan guarantees. Direct loans from the Rural Telephone Bank, a separate Department of Agriculture program, can be used to supplement financing requirements for the most financially needy telephone borrowers. In addition, the budget proposes incentives to shift current borrowers to private financing sources by allowing prepayments of loans while waiving the usual prepayment penalty. Borrowers with loans financed by the FFB can prepay using an 80 percent guarantee. All prepaying borrowers must agree not to seek further REA financing assistance.

The budget authority and outlays shown in the tables as proposed credit reform reflect the estimated subsidies implicit in Federal loan programs. The administration's proposed credit reform initiative is discussed in Part 6. REA guarantee authority shown in the credit program table includes guarantees for prepayments.

Energy Conservation.—The administration proposes \$96 million of budget authority in 1990 for programs in this subfunction, including energy conservation research and development and State and local energy conservation grants.

Federal Government energy conservation R&D spending supports development of methods to use energy more efficiently in buildings, transportation, and industry. The administration requests budget authority of \$88 million in 1990 for energy conservation R&D, a reduction of \$73 million from 1989. The proposed reduction would eliminate subsidies for development of company-specific proprietary commercial products, such as heat pumps and industrial cogeneration equipment. Subsidizing research and development projects for one company creates an unfair competitive advantage relative to other firms that do not receive Federal R&D funds. The proposed program continues support for many broad-based and long-range technology developments, including new ceramic materials for high efficiency engines, advanced chemical and biochemical processes for industry, and applications for new superconductors. The budget also requests \$8 million for R&D on alternative automotive fuels and electric vehicles, including funds for implementation of the Alternative Motor Fuels Act of 1988.

Conservation grants to State and local governments are used to weatherize the homes of low-income people, especially the elderly, and school and hospital buildings. They also provide funding for State energy extension activities. However, because States have received more than \$3.3 billion from the settlement of petroleum

CREDIT PROGRAMS—ENERGY

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
TVA power program:					
New obligations	73	74	66	59	53
Change in outstandings.....	-6	-13	-16	-13	-21
Outstandings	260	248	232	219	198
TVA Seven States:					
New obligations	348	214	233	242	292
Change in outstandings.....	339	108	37	75	20
Outstandings	2,162	2,271	2,308	2,383	2,404
Rural electrification and telephone loans (credit reform):					
New obligations			1	1	1
Change in outstandings.....			*	*	*
Outstandings			*	1	1
Rural electrification and telephone revolving fund:					
New obligations	1,590	1,795			
Change in outstandings.....	-222	30	-147	-152	-421
Outstandings	34,354	34,384	34,237	34,084	33,663
Geothermal resources and other:					
Change in outstandings.....	34	-1	*	-1	-1
Outstandings	56	56	55	55	54
Total, direct loans:					
New obligations	2,012	2,083	299	302	346
Change in outstandings.....	145	125	-126	-90	-421
Outstandings	36,833	36,958	36,832	36,742	36,321
Guaranteed loans:					
Biomass energy development:					
Change in outstandings.....	-75	-7	-10	-13	-13
Outstandings	502	495	485	472	459
Rural electrification and telephone loans (credit reform):					
New commitments			1,865	1,615	1,615
Change in outstandings.....			629	648	982
Outstandings			629	1,277	2,259
Rural electrification and telephone revolving fund:					
New commitments	2,000	500			
Change in outstandings.....	1,435	485	-15	-15	-15
Outstandings	2,868	3,353	3,338	3,323	3,308
TVA power program:					
Change in outstandings.....	*	-1		1	*
Outstandings	1			1	1
Geothermal resources and other:					
Change in outstandings.....	-57				
Total, guaranteed loans:					
New commitments	2,000	500	1,865	1,615	1,615
Change in outstandings.....	1,303	477	604	620	954
Outstandings	3,372	3,849	4,453	5,073	6,028
Total, new obligations and new commitments.....	4,012	2,583	2,164	1,917	1,961

* \$500,000 or less.

pricing violation cases and these amounts are available in 1990 to fund the State grant programs, the budget requests \$8 million for

1990 for administrative costs only; no budget authority is proposed for new grants.

Emergency Energy Preparedness.—The 1990 budget continues to support the development of a 750 million barrel strategic petroleum reserve (SPR). The SPR is a Government stockpile of crude oil that is intended to supplement the market in the event of a severe disruption in world oil supplies. By the end of 1989, the SPR will contain 573 million barrels of crude oil, an amount equal to three months of 1988 net U.S. imports of crude oil and petroleum products.

The 1990 budget includes \$322 million in budget authority for storage facilities development and oil acquisition at an average rate of 50,000 barrels per day over the two-year period 1989 and 1990. As a result of recent oil price reductions, a portion of the planned 1990 acquisition will be accelerated into 1989. The budget also assumes enactment of legislation to sell the naval petroleum reserves (NPRs) in exchange for cash and additional oil to be delivered to the SPR, increasing the average annual fill to 75,000 barrels per day. The NPR/SPR proposal also provides for a separate 10 million barrel inventory to assure a supply of oil for defense purposes.

Energy Information, Policy, and Regulation.—Net outlays for this subfunction are expected to be \$635 million in 1990, a decrease of \$100 million from the 1989 level. Included in this total are DOE general administrative expenses and the operating expenses of the Energy Information Administration, the Federal Energy Regulatory Commission (FERC), and the Nuclear Regulatory Commission (NRC). The reduction is attributable to a one-time increase in FERC fee collections, assuming successful resolution of a court challenge to prior year fees. Proposed budget authority for the FERC in 1990 is \$117 million, which is completely offset by user fees. FERC has played an important role in reducing or eliminating counterproductive regulations affecting natural gas and is pursuing similar reforms for electricity.

There is and will continue to be a strong need for nuclear generation of electricity in this country for both environmental and economic reasons. In 1987, nuclear power produced about 18 percent of the Nation's electricity. To retain its position as a vital contributor to the Nation's energy needs, it is essential that nuclear power remain safe and viable. The nuclear power industry is continuing to improve both in terms of safety and electrical output. In particular, indicators relating to safety concerns such as the number of significant operating events, the number of unplanned automatic shutdowns, and the average radiation exposure of plant personnel, have all continued to improve in the past five years.

Recent data also show a significant increase in the average annual capacity factors for U.S. nuclear reactors. This increase in productivity equates to savings of over \$1 billion per year when measured in terms of replacement power costs and also benefits the Nation's balance of trade through reduced oil imports.

For 1990, the budget proposes \$463 million in budget authority for the Nuclear Regulatory Commission, an increase of \$25 million from 1989. This increase would ensure continued improvement in this vital public health and safety program. In particular, the NRC deals with new requests to extend the life of existing plants, approve standardized designs, and support critical high-level and low-level radioactive waste programs. Under current law, the NRC would collect fees in 1990 equal to 33 percent of its budget authority. The fees are classified as governmental receipts and are not included in this function. The budget proposes increasing NRC fee collections to 100 percent of budget authority.

Tax Expenditures.—To encourage energy resource exploration and production, the tax code permits certain capital costs to be deducted as current expenses rather than amortized over the useful life of the property. In addition, the smaller, independent operators in the extractive industries are generally permitted to use percentage depletion rather than cost depletion.

TAX EXPENDITURES FOR ENERGY

(Outlay equivalents; in millions of dollars)

Description	Estimates		
	1988	1989	1990
Expensing of exploration and development costs:			
Oil and gas.....	-385	-15	150
Other fuels.....	35	35	35
Excess of percentage over cost depletion:			
Oil and gas.....	680	490	480
Other fuels.....	215	210	220
Capital gains treatment of royalties on coal.....	*		
Exclusion of interest on State and local industrial development bonds for certain energy facilities.....	385	400	400
Alternative, conservation and new technology credits:			
Supply incentives.....	95	35	20
Conservation incentives.....	-*	-*	
Alternative fuel production credit.....	15	15	15
Alcohol fuel credit ¹	10	10	10
Energy credit for intercity buses.....	-*	-*	-*
Special rules for mining reclamation reserves.....	45	45	50
Exception from passive loss limitation for working interests in oil and gas properties.....	75	70	75
Total (after interactions), energy ².....	831	920	1,040

* 500 thousand or less.

¹ In addition, the exemption from the excise tax on alcohol fuel results in a reduction in excise receipts of \$480 million in 1988, \$430 million in 1989, and \$420 million in 1990.

² The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore, the estimates cannot simply be added.

Special tax credits for business investments in specified energy property, which were scheduled to expire at the end of 1988, were extended through 1989 by the Technical and Miscellaneous Revenue Act of 1988.

Currently, "proven" oil and gas properties that are transferred from major oil companies to independent oil producers are ineligible for percentage depletion. This discourages the transfer of marginal wells. The administration again proposes to remove this restriction. The independents currently may not deduct more than 50 percent of the owner's net income from a property as percentage depletion. The administration's proposal would raise the deduction back to 100 percent. These proposed changes would raise the cost of allowing percentage depletion by an additional \$39 million in 1990.

Tax expenditures for energy are listed in the accompanying table and discussed in more detail in Special Analysis G.

NATURAL RESOURCES AND ENVIRONMENT

Federal natural resources and environment programs manage public lands and resources for their preservation, conservation, and economic development; assist State governments to ensure a clean environment; and encourage increased knowledge and understanding of the environment. A total of \$12.7 billion in budget authority is requested for this function in 1990, a decrease of \$4.1 billion from 1989. This change results from a \$2.1 billion estimate of receipts from the proposed initial oil and gas leasing on the coastal plain of the Arctic National Wildlife Refuge, a \$750 million decrease for sewage treatment plant construction grants, and reductions in Federal land acquisition and other natural resources programs. These reductions are partially offset by a \$325 million increase for the Hazardous Substance Superfund.

Pollution Control and Abatement.—Efforts to control pollution of air, water, and land are carried out through direct Federal programs and through financial assistance to State and local governments. The administration proposes budget authority of \$4.8 billion for these programs in 1990, a decrease of \$251 million from 1989.

Regulatory, Enforcement, and Research Programs.—Budget authority of \$1.8 billion is proposed for these programs in 1990, an increase of \$143 million over the 1989 level. Increases are proposed for high priority environmental problems including radon, non-attainment of Clean Air Act standards, and contamination of groundwater by pesticides. Significant research increases are proposed for global climate change, long-term research, and purchase of lab equipment.

Hazardous Substance Response Fund.—This trust fund finances the cleanup of uncontrolled hazardous waste sites and hazardous chemical spills. The administration proposes budget authority of \$1.7 billion for 1990, an increase of \$325 million over 1989. The requested level continues the Superfund program's momentum and supports a stronger enforcement role. This level will keep EPA on target to meet the statutory deadline for cleanup starts.

Sewage Treatment Plant Construction Grants.—This program provides financial assistance to States and municipalities for the construction of publicly owned treatment facilities. For 1990, funding of \$1.2 billion is requested. One-third of the funds would be used for the existing municipal grant program and two-thirds would be used for capitalizing the State Revolving Fund (SRF) program. Capitalization grants to SRFs will be used to set up self-sustaining financial mechanisms that make loans to municipalities, enable refinancing, and provide loan guarantees. The 1990 funding level, which is \$750 million below the 1989 level, is consistent with

1993, which was first proposed in the 1988 budget. This program level was designed to be sufficient to fund the Federal share for all projects needed to meet the 1988 municipal compliance requirements, complete all treatment plants started with Federal funds, and give States the flexibility they need to make the transition to financial independence in this area.

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT

(Functional code 300; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Pollution control and abatement:					
Regulatory, enforcement, and research programs	1,538	1,691	1,834	1,834	1,834
Hazardous substance response fund	1,128	1,425	1,750	1,875	1,925
Oil pollution funds (gross)	5	6	6	6	6
Sewage treatment plant construction grants..	2,304	1,950	1,200	1,000	800
Leaking underground storage tank trust fund	14	50	100	100	100
Offsetting receipts:					
Existing law	-58	-81	-95	-149	-274
Proposed legislation			-6	-6	-6
Subtotal, Pollution control and abatement	4,932	5,040	4,789	4,660	4,385
Water resources:					
Corps of Engineers:					
Existing law	3,396	3,413	3,365	3,376	3,279
Proposed legislation			13	14	14
Bureau of Reclamation:					
Existing law	1,034	1,100	1,073	1,074	907
Proposed legislation			-98	-150	-133
Proposed credit reform			-15	-2	-1
Other	215	212	142	149	139
Offsetting receipts:					
Existing law	-351	-389	-410	-408	-398
Proposed legislation			70	83	67
Subtotal, Water resources	4,295	4,336	4,141	4,136	3,873
Conservation and land management:					
Management of national forests, cooperative forestry, and forestry research (Forest Service):					
Existing law	2,125	2,779	2,168	2,198	2,198
Proposed legislation			24	24	24
Management of public lands (BLM):					
Existing law	564	548	596	610	610
Proposed legislation			175	81	81
Mining reclamation and enforcement	309	296	254	251	251
Conservation reserve program	1,086	1,803	1,202	1,664	1,840
Other conservation of agricultural lands:					
Existing law	687	709	526	537	537
Proposed legislation			8	8	8
Other resources management:					
Existing law	322	305	327	332	332
Proposed legislation			11	-25	-25
Arctic National Wildlife Refuge (proposed) ..			-2,101	-1	-1
Offsetting receipts:					
Existing law	-2,443	-2,792	-2,440	-2,502	-2,615

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT—Continued

(Functional code 300; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Proposed legislation			- 116	- 149	- 217
Subtotal, Conservation and land management.....	2,650	3,648	633	3,029	3,024
Recreational resources:					
Federal land acquisition: ¹					
Existing law	188	195	87	87	91
Proposed legislation			- 30	- 30	- 30
Urban park and historic preservation funds.....	27	30			
Operation of recreational resources:					
Existing law	1,539	1,727	1,442	1,449	1,452
Proposed legislation			7	12	13
Offsetting receipts:					
Existing law	- 108	- 115	- 106	- 110	- 111
Proposed legislation			- 28	- 28	- 30
Subtotal, Recreational resources.....	1,647	1,838	1,372	1,379	1,384
Other natural resources:					
Program activities:					
Existing law	1,868	1,994	1,760	1,853	1,818
Proposed legislation			42	42	42
Offsetting receipts.....	- 15	- 30	- 28	- 28	- 28
Subtotal, Other natural resources.....	1,852	1,965	1,774	1,867	1,832
Total, budget authority.....	15,375	16,826	12,709	15,070	14,497

¹ Includes budget authority from State grants financed by the land and water conservation fund.

Water Resources.—Total 1990 proposed budget authority for the Department of the Army's Corps of Engineers, the Department of the Interior's Bureau of Reclamation, and the Department of Agriculture's Soil Conservation Service (SCS) is \$4.1 billion, which is \$154 million less than the 1988 level, and \$195 million below the 1989 level. Decreases for 1990 are due primarily to less construction and a proposed change in the method of financing operation and maintenance for the Bureau of Reclamation. There is also a decrease for SCS. Most proposed funding for water resources development covers ongoing construction of projects started in previous years, and operation and maintenance of completed projects. However, with the enactment of the Water Resources Development Act of 1986 (WRDA), the beneficiaries of water projects must pay a bigger share of planning and construction costs. While these new requirements allow continued work on needed water projects, cost sharing has already resulted in smaller, less environmentally damaging projects.

The administration proposes eleven new construction starts for the Corps of Engineers, including the Santa Ana flood control project in Southern California. Construction of these projects is

contingent upon the willingness of State and local governments, and other non-Federal project sponsors, to share in project costs in accordance with WRDA.

WRDA authorized an *ad valorem* user fee for use of the 200 U.S. commercial harbors to recover annually up to 40 percent of the Corps of Engineers harbor operation and maintenance expenses that were previously financed entirely by general tax funds. The fee is equivalent to 4 cents for every \$100 of value of cargo loaded or unloaded. In 1990, the administration proposes using \$164 million of the *ad valorem* user fee receipts to offset harbor expenses.

In addition, the administration proposes to offset 1990 construction costs of inland waterway projects with \$119 million in receipts from the existing tax on fuel to transport cargo on the inland waterway system (WRDA imposed a gradual increase in this tax, doubling it by 1995). Both harbor and inland waterway revenues are classified as governmental receipts.

WRDA also authorized greater concurrent non-Federal financing of Corps of Engineers construction costs and established new requirements for repayment of construction costs over time with interest. Budget estimates reflect these new cost-sharing policies.

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT

(Functional code 300; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Pollution control and abatement:					
Regulatory, enforcement, and research programs	1,531	1,625	1,813	1,826	1,819
Hazardous substance response fund	829	1,150	1,375	1,625	1,850
Oil pollution funds (gross)	3	6	7	6	6
Sewage treatment plant construction grants ..	2,514	2,390	2,350	2,220	1,780
Leaking underground storage tank trust fund	14	32	43	67	92
Offsetting receipts:					
Existing law	-58	-81	-95	-149	-274
Proposed legislation			-6	-6	-6
Subtotal, Pollution control and abatement	4,832	5,122	5,486	5,589	5,266
Water resources:					
Corps of Engineers:					
Existing law	3,198	3,454	3,429	3,393	3,279
Proposed legislation			13	14	14
Bureau of Reclamation:					
Existing law	964	1,103	1,072	1,081	934
Proposed legislation			-107	-148	-137
Proposed credit reform			-19	3	-1
Other	222	223	199	167	145
Offsetting receipts:					
Existing law	-351	-389	-410	-408	-398
Proposed legislation			70	83	67
Subtotal, Water resources	4,034	4,391	4,247	4,185	3,903

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT—Continued

(Functional code 300, in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Conservation and land management:					
Management of national forests, cooperative forestry, and forestry research (Forest Service):					
Existing law.....	2,320	2,522	2,158	2,194	2,198
Proposed legislation.....			17	24	24
Management of public lands (BLM):					
Existing law.....	635	557	553	594	610
Proposed legislation.....			118	144	109
Mining reclamation and enforcement.....	349	320	292	281	267
Conservation reserve program.....	291	1,652	1,771	1,944	1,840
Other conservation of agricultural lands:					
Existing law.....	722	711	644	635	581
Proposed legislation.....			1	8	8
Other resources management:					
Existing law.....	316	308	305	325	331
Proposed legislation.....			3	-3	-14
Arctic National Wildlife Refuge (proposed) ...			-2,101	-1	-1
Offsetting receipts:					
Existing law.....	-2,443	-2,792	-2,440	-2,502	-2,615
Proposed legislation.....			-116	-149	-217
Subtotal, Conservation and land management.....	2,189	3,278	1,204	3,493	3,121
Recreational resources:					
Federal land acquisition ¹	258	236	168	87	66
Urban park and historic preservation funds.....	26	33	15	6	
Operation of recreational resources:					
Existing law.....	1,497	1,572	1,576	1,534	1,501
Proposed legislation.....			5	21	16
Offsetting receipts:					
Existing law.....	-108	-115	-106	-110	-111
Proposed legislation.....			-28	-28	-30
Subtotal, Recreational resources.....	1,673	1,726	1,630	1,509	1,442
Other natural resources:					
Program activities:					
Existing law.....	1,893	2,000	1,864	1,941	1,929
Proposed legislation.....			29	39	41
Offsetting receipts.....	-15	-30	-28	-28	-28
Subtotal, Other natural resources.....	1,878	1,970	1,865	1,952	1,942
Total, outlays.....	14,606	16,487	14,434	16,728	15,674

¹ Includes outlays from State grants financed by the land and water conservation fund.

Program levels for the Bureau of Reclamation are consistent with the change in the Bureau's mission announced in October 1987, although a proposed change in the method of financing operation and maintenance reduces new budget authority. Specifically, the proposed revolving fund would move the reimbursable portion of the operation, maintenance, and replacement (O,M&R) program to a more direct user-financed basis. This is in contrast with the current arrangement of funding through annual appropriations

from the reclamation fund and reimbursement by project beneficiaries.

As a result of the increased managerial flexibility afforded by the revolving fund, the Bureau will be better able to coordinate its plans for the operation and maintenance of existing dams, power plants, and irrigation facilities. With respect to power generation facilities, the Bureau of Reclamation, the Bonneville Power Administration, and the Western Area Power Administration will be full partners in approving budgets, projects, and priorities for O,M&R plans in order to ensure that funding is sufficient to meet operating needs, and is in the best interest of their respective rate payers.

Emphasis in the Bureau's program is placed on completion of ongoing construction and planning activities that are substantially underway. Funding for new activities and projects is restrained.

The administration does not repropose merging the SCS's small watershed program accounts. However, funding for new starts is not being proposed. The budget again reflects making SCS flood control cost sharing consistent with WRDA provisions for the Army Corps of Engineers. The administration is proposing \$96 million in budget authority for the small watershed program in 1990.

Conservation and Land Management.—Changes in these programs reflect the administration's continuing efforts to improve the management of the national forests and public lands, maintain efficient mineral-leasing programs, and place maximum feasible responsibility with the States for surface coal mining regulatory and reclamation programs. Proposed budget authority for these programs decreases by \$3.0 billion between 1989 and 1990 primarily due to a \$2.1 billion estimate for offsetting receipts from initial oil and gas leasing on the coastal plain of the Arctic National Wildlife Refuge, and a \$601 million decrease for the conservation reserve program.

Management of National Forests, Cooperative Forestry, and Forestry Research.—Proposed budget authority in 1990 for management of national forests, cooperative forestry, and forestry research is \$2.2 billion, a decrease of \$587 million from the 1989 level. This occurs primarily as a result of the postponement of some construction projects, deferral of land acquisition and other lower priority program activities, and the termination of financial assistance and reduced technical support to State forestry agencies.

The administration proposes to improve the productivity of national forest management through careful control of costs and close attention to benefit-cost relationships. The objective of this policy is to produce timber, minerals, recreation, and other products or services at the lowest unit costs, considering both market and nonmarket benefits and the costs of resources.

Planned timber sales from National Forest lands in 1990 are 11.4 billion board feet (BBF). Together with the estimated 20 BBF sold but still uncut at the end of 1989, this level will be adequate to respond to anticipated housing construction needs in 1990 and in subsequent years.

Gross receipts from the harvest of timber are estimated to be approximately \$1.0 billion in 1990. Under current law, 25 percent of these receipts are paid to States for schools and roads in the counties of origin.

The administration proposes to reduce budget authority for contributions to State and private forestry programs from \$87 million in 1989 to \$49 million in 1990. Funding will be retained for pest suppression on Federal and closely associated lands, and for the collection and dissemination of data dealing with national problems. General financial assistance to States for pest suppression, fire protection, and for forestry technical assistance on non-Federal lands is not proposed in 1990.

Beginning in 1990, the budget assumes enactment of legislation to fund all Agriculture and Interior Department forest, wild land, and other fire-fighting costs from two new, permanent, indefinite appropriations, one administered by each agency. This would replace the existing procedure whereby costs are financed piecemeal, in part before and in part after costs are incurred, through current appropriations to the Agriculture Department's Forest Service and the Interior Department's Bureau of Land Management, Bureau of Indian Affairs, National Park Service, and Fish and Wildlife Service.

Projected 1990 spending from the new Agriculture forest fire-fighting account is \$282 million, and from the new Interior account, \$166 million. These amounts would support fire management, pre-suppression, suppression, and emergency rehabilitation on all Federal lands. As in the past, fire protection will be afforded to a variety of valuable resources located on Federal lands, including harvestable timber, mineral-extraction facilities, and recreation facilities. States and localities receive a substantial share of Federal timber and mineral receipts, and significant local economic activity is generated by Federal land stewardship and by visitorship to Federal recreation areas. Also, Federal fire-fighting efforts greatly assist in the protection of adjoining private properties, thereby significantly reducing fire risks.

In recognition of the many benefits Federal fire-fighting provides to non-Federal entities, the administration's proposal to establish the new fire-fighting appropriations accounts would also provide that an amount equal to the total estimated Federal cost of fighting fires in a given year would be deducted from Federal timber and mineral receipts that year, before the receipts are deposited in

the Treasury General Fund or shared with States and localities. The projected impact in 1990 would be to continue payments to States and localities at about 80 percent of payment levels under current law. Federal lands, taken as a whole, should pay for their own fire protection; neither the Federal Treasury nor States and localities should receive income from those lands until necessary fire protection has been paid for.

Management of Public Lands.—The Bureau of Land Management (BLM) administers 270 million acres of public lands for multiple use, and 300 million acres of other federally owned subsurface mineral rights. The BLM will continue to emphasize mineral leasing, realty management, data support systems, and renewable resource activities that affect water, range, timber, wildlife and recreation. Hazardous waste assessment and removal from public lands will also continue to be emphasized. For BLM, the administration proposes \$771 million in budget authority. This is an increase of \$223 million over 1989, due primarily to the administration's recommended proposal to fund Department of the Interior fire-fighting costs through a new, permanent, indefinite account in BLM.

Mining Reclamation and Enforcement.—The administration requests budget authority of \$254 million, \$42 million below 1989 for mining reclamation and enforcement. This proposal, coupled with the program's unobligated balances, would accommodate reclamation requirements at a rate that can be effectively absorbed by States and sustained each year until program completion in 1992. For 1990, approximately 200 projects to reclaim abandoned mined lands in 24 States and on three Indian reservations would be financed by the \$150 million of proposed budget authority.

Conservation of Agricultural Lands.—The Federal conservation reserve program, authorized by the Food Security Act of 1985, continues in 1990. Under this program, the Secretary of Agriculture enters into contracts with owners of erodible lands to remove those lands from active crop production. In return, the landowners receive assistance in establishing appropriate conservation cover on the land, and rental payments for each acre put into reserve status. The 1990 budget proposes budget authority for 40 million acres, the minimum authorized by law. This technical adjustment is consistent with the assumption that under current market conditions, the program will not be sufficient to bring erosive corn acres out of production. The budget does propose to terminate a number of other conservation programs.

Arctic National Wildlife Refuge (ANWR).—During 1989, Congress will again consider opening the coastal plain of ANWR for the exploration and development of potentially vast oil and gas resources. Such development would greatly increase expected off-

setting receipts. Congress should move quickly to harness this energy resource in order to enhance United States energy security, yet do so in a manner that ensures that environmental safeguards are carefully maintained. Because these resources belong to the Nation as a whole, to the maximum extent feasible, these receipts should be used to benefit all the people by being returned to the Treasury in order to serve the Nation's highest priorities. The budget assumes passage of ANWR authorization legislation early in calendar year 1989, with the first ANWR lease sale projected for 1990, and the second sale in 1993, with estimated receipts of \$2.1 billion and \$1.3 billion respectively.

Recreational Resources.—Overall proposed budget authority for recreation decreases from \$1.8 billion in 1989 to \$1.4 billion in 1990. However, proposed funding for operation of the national park system is increased. The overall reduction is due to postponing or foregoing various construction and land acquisition projects. Proposed budget authority for Federal recreational land acquisition is reduced from the \$195 million appropriated in 1989 to \$57 million in 1990. The administration is proposing that discretionary acquisitions for park and refuge purposes be postponed through 1994—except for wetlands to be acquired with revenue from the sale of duck stamps, refuge entrance fee collections, and other dedicated receipts. Grants to States for acquisition and development of outdoor recreation lands, and for the support of State historic preservation staffs are proposed for elimination in 1990. These needs can be met through State, local, and private resources, and through the positive effect of Federal tax incentives on private investment in historic buildings.

The Department of the Interior is pursuing private market approaches to the supply, rehabilitation, and construction of employee housing in areas, such as parks, where there are problems with existing supply. In addition, the 1990 budget provides \$10 million in direct Federal funds for National Park Service employee housing rehabilitation.

The budget fully utilizes entrance fees to national parks and service charges for the recreational use of national parks, forests, and other Federal recreation facilities as authorized by the Omnibus Budget Reconciliation Act of 1987. The budget assumes enactment of legislation to broaden the type of recreation fees that may be charged by the Forest Service. This is estimated to increase total fees by \$10 million in 1990.

Total 1990 budget authority of \$781 million, an increase of \$41 million over 1989, is proposed to operate and maintain the national park system's 354 units and 80 million acres. This includes \$56 million to be financed by entrance and user fees collected in 1989.

In addition, the administration proposes to charge entrance fees at recreation units administered by the Army Corps of Engineers beginning in 1990. This would increase receipts by an estimated \$20 million in 1990 and provide funding for the Corps of Engineers' recreation program.

The administration proposes capping budget authority for the Wallop-Breaux Sport Fish Restoration and the Pittman-Robertson Federal Aid in Wildlife programs at \$100 million each, beginning in 1990. Unappropriated balances in the trust fund that finances the sport fish restoration program will increase due to the cap and continue to be available for appropriation in the future. The outlay reduction resulting from this proposal will allow the continuation of other Federal programs directly contributing to fish and wildlife restoration.

Other Natural Resources.—These activities focus on the understanding, conservation, and careful husbandry of the Earth's resources, structure, and environment through research and development and through information dissemination programs. They comprise elements of the Geological Survey (USGS), the Bureau of Mines (BOM), and the National Oceanic and Atmospheric Administration (NOAA).

The USGS 1990 budget authority request totals \$453 million. This would permit USGS to undertake or expand several high priority efforts, including global climate change and water quality research initiatives, the land remote-sensing satellite (LANDSAT) and other remote-sensing data-archiving, and a major increase over 1989 for the multi-year capitalization to develop advanced cartographic systems for USGS's mapping activities. The global change effort contributes to the overall, multi-agency U.S. Global Change Research Program being coordinated by the Federal Coordinating Council on Science, Engineering, and Technology's Committee on Earth Sciences.

Budget authority of \$141 million is requested for the BOM in 1990. No funds have been requested for the Mineral Institutes program, which generally focuses on short-term, local and regional concerns. BOM research activities will reflect long-term basic research projects with high potential national benefit. The budget proposal also includes the privatization of Federal helium operations. Current Federal helium activities are indistinguishable from commercial operations and transfer to the private market can efficiently meet future Federal helium needs. All helium operation assets will be considered for sale. However, BOM would retain a sufficient crude helium inventory to ensure future supplies for Federal agency use.

For the NOAA programs in this subfunction, the 1990 budget authority request of \$1.1 billion reflects a reduction of \$184 million

from the 1989 level. The 1990 budget proposes a number of initiatives to support the National Weather Service. Increased funding is included for the procurement of next generation technologies, including doppler weather radars, a class VII supercomputer, the Advanced Surface Observing System, an improved communications system, and improved forecaster workstations. Funding is also included to continue the procurement of polar-orbiting and geostationary weather satellites. These advanced technologies will enable the National Weather Service to provide improved weather forecasts and severe weather warnings to the public through a nationwide network of 115 enhanced Weather Forecast Offices. Also proposed are increases for an integrated NOAA program in earth systems science that will support research to improve predictions and scientific understanding of global climate change. Funding is also included to acquire an additional Class VII supercomputer to support this program.

NOAA's program is part of an integrated Government-wide global change initiative that is described in more detail in the separate Global Change Research Strategy. In 1990, an increase is included for a coordinated NOAA Coastal Ocean Science program to improve the monitoring and understanding of the problems of coastal resource and environmental quality degradation. Increased funding is included for the commercialization of the LANDSAT program. Reductions are proposed for State and industry financial assistance, and for research and service programs. Funding for other life safety, resource management and development programs, and for atmospheric and oceanic research and services is maintained.

Offsetting Receipts.—Offsetting receipts for the entire natural resources and environment function—primarily from user fees, sales of products, and rents and royalties—are expected to increase from \$3.6 billion in 1989 to \$5.3 billion in 1990. Receipts other than those from the Arctic National Wildlife Refuge discussed above, decline by \$398 million to \$3.2 billion in 1990. More than half of these collections are rents and royalties.

CREDIT PROGRAMS—NATURAL RESOURCES AND ENVIRONMENT

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Water resources and other:					
New obligations	41	59	31	2	3
Change in outstandings.....	-448	59	57	10	-12
Outstandings.....	118	177	234	244	232
Total, new obligations and new commitments.....	41	59	31	2	3

Tax Expenditures.—As an incentive to encourage production, certain capital costs associated with exploration and development of nonfuel minerals may be recovered at preferentially rapid rates. In addition, most nonfuel mineral extractors are permitted to use percentage depletion, rather than cost depletion. Percentage depletion is more generous than cost depletion in that total deductions are not limited to the cost of the investment. The estimates for these two provisions are \$40 million and \$330 million, respectively, in 1990.

The Tax Reform Act of 1986 eliminated the use of State and local government debt to finance privately owned pollution control facilities and capped the use of such debt to fund waste disposal facilities of private firms. Previously, investment for all of these purposes could be financed at below market interest rates because the interest was excluded from income subject to Federal income tax. The estimated cost for 1990 is \$2.3 billion.

Prior to 1987, a special 25 percent tax credit was available for expenditures made to restore certain historic structures. The Tax Reform Act of 1986 reduced the credit to 20 percent. The 1990 cost estimate is \$135 million.

Special benefits are provided to the timber industry to encourage production. The gains from the sale of cut timber had been taxed as capital gains. Because of the special capital gains exclusion, the effective capital gains rates were lower than rates on ordinary income before the exclusion was repealed by the Tax Reform Act of 1986. The Act, however, did exempt timber growers from the newly codified rules for capitalizing production and holding costs for all producers of goods beginning in 1987. This tax expenditure will cost an estimated \$360 million in 1990. Private forestry is also encouraged because a limited amount of reforestation expenditures are eligible for special tax credits and writeoffs that will cost \$215 million in 1990.

Tax expenditures for natural resources and environment total an estimated \$3.3 billion in 1990.

AGRICULTURE

Federal agricultural programs help meet domestic and international trade demands for food and fiber while mitigating the adverse effects of price fluctuations on farmers. The programs operate under two major laws enacted recently to improve U.S. agriculture's competitive position in world markets and strengthen the farm credit system: the Food Security Act of 1985, as amended (known as the farm bill); and the Agricultural Credit Act of 1987. The farm bill permits a greater market orientation in the Federal Government's farm price support programs. The Agricultural Credit Act provides the needed authority and Federal assistance for the Farm Credit System and the Farmers Home Administration (FmHA) to deal effectively with their financial problems.

For 1990, the administration proposes to reduce outlays for the farm price and income support programs carried out by the Commodity Credit Corporation. In addition, changes are needed to modify the current domestic sugar program to implement more equitable treatment for taxpayers, consumers, and farmers.

A total of \$20.6 billion in budget authority is proposed for agriculture programs in 1990, a decrease of \$4.5 billion from 1989. Total outlays are expected to decrease from \$20.9 billion in 1989 to \$15.9 billion in 1990. The \$5.0 billion reduction is the result of the continuing shift away from direct loans to private loans that are federally guaranteed and the success of the administration's policies aimed at developing more market-oriented price levels and enhancing the United States' competitiveness.

The administration is requesting \$3.7 billion of lending assistance for agricultural credit in 1990 to help ensure that viable but high-risk farmers have operating credit available to continue operations. Within this level of agricultural credit authority, direct Government lending is reduced and guarantees of private loans are increased.

Farm Income Stabilization.—Outlays for farm income stabilization programs are estimated to decline from \$18.8 billion in 1989 to \$13.8 billion in 1990.

Commodity Price Support and Related Programs.—These programs were created to stabilize and support farm income and prices. Price and income support activities currently constitute the largest portion of Federal Government expenditures in the agricultural sector of the economy and include deficiency payments and loans to farmers.

Deficiency payments are made to farmers based on the difference between target prices that are set by law and the higher of either the market price or loan level. Through these payments, the Government guarantees farmers a certain level of income. Using their

NATIONAL NEED: IMPROVED AGRICULTURE

(Functional code 350; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Farm income stabilization:					
Commodity Credit Corporation:					
Existing law	11,131	15,274	12,936	12,892	11,955
Proposed legislation			-1,100	-1,900	-2,500
Proposed credit reform			833	650	482
Crop insurance	429	314	389	480	464
Agricultural credit:					
Existing law	4,757	7,225	5,088	6,297	6,833
Proposed credit reform			312	275	248
Farm Credit System assistance:					
Existing law		175	933	434	451
Proposed legislation			-810	-270	-270
Other programs and unallocated overhead	*	*			
Subtotal, Farm income stabilization	16,317	22,988	18,581	18,858	17,662
Agricultural research and services:					
Research programs	912	925	900	911	911
Extension programs	358	361	325	325	325
Marketing programs:					
Existing law	138	143	142	145	145
Proposed legislation			-4	-4	-4
Animal and plant health programs:					
Existing law	337	339	353	323	323
Proposed legislation			-68	-68	-68
Economic intelligence	204	211	224	222	222
Other programs and unallocated overhead	223	232	235	235	234
Offsetting receipts	-96	-102	-102	-102	-102
Subtotal, Agricultural research and services	2,075	2,110	2,004	1,987	1,986
Total, budget authority	18,392	25,098	20,585	20,845	19,649

* \$500,000 or less.

crops as collateral, farmers also have access to price-support loans that enable them to hold their crop for later sale. If market prices are below the price-support loan rate determined by law, the producer can default on the loan without penalty, surrendering the crop to the Federal Government as settlement of the loan.

In order to mitigate the adverse effect of the 1988 drought on farm income, and to insure that our farmers have a sufficient level of operating funds for the 1989 crop year, the administration has increased the level of advance deficiency payments to fifty percent, the maximum allowable under current law.

Agricultural price and income support outlays were \$12.2 billion in 1988, down from the record level of \$25.8 billion in 1986. Outlays are estimated to be \$13.9 billion in 1989 and \$11.8 billion in 1990. The administration's goal of developing more market-oriented agricultural programs that would enhance the U.S. competitiveness is working. There has been major improvement in export markets. Although farm income is expected to be down slightly due to the

1988 drought, income will still be near record levels in 1989, and farm debt is projected to decline again for the sixth straight year.

NATIONAL NEED: IMPROVED AGRICULTURE

(Functional code 350; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Farm income stabilization:					
Commodity Credit Corporation:					
Existing law	12,224	14,073	11,918	12,892	11,955
Proposed legislation			-1,100	-1,900	-2,500
Proposed credit reform.....			833	650	482
Crop insurance	411	1,245	586	557	551
Agricultural credit:					
Existing law	2,618	3,435	1,958	1,628	1,577
Proposed credit reform.....			-446	-208	-163
Farm Credit System assistance:					
Existing law	6	43	692	366	362
Proposed legislation			-652	-289	-271
Other programs and unallocated overhead.....	-12	8	*		
Subtotal, Farm income stabilization.....	15,246	18,804	13,788	13,696	11,993
Agricultural research and services:					
Research programs.....	842	928	981	964	930
Extension programs.....	318	353	327	330	333
Marketing programs:					
Existing law	142	128	150	145	145
Proposed legislation			-4	-4	-4
Animal and plant health programs:					
Existing law	340	341	364	323	323
Proposed legislation			-68	-68	-68
Economic intelligence	191	208	222	222	222
Other programs and unallocated overhead.....	226	244	236	236	235
Offsetting receipts.....	-96	-102	-102	-102	-102
Subtotal, Agricultural research and services.....	1,964	2,099	2,104	2,046	2,013
Total, outlays	17,210	20,903	15,892	15,742	14,007

* \$500,000 or less.

The administration plans to utilize fully the discretion provided in the 1985 farm bill to set price supports closer to market clearing levels. The reduction in artificially high price supports should increase U.S. exports, thereby reducing the need for export subsidies. The value of agricultural exports in 1988 was \$35.5 billion, while imports totalled \$21.0 billion, resulting in a positive agricultural trade balance of \$14.5 billion. This is almost double the 1987 level. The importance of agricultural trade to the economic health of the farm sector and the Nation as a whole mandates increased reliance on free markets for farm products.

While Federal outlays for the farm price and income support programs have declined from their record high level in 1986, spending on these programs remains at historically high levels. The administration plans to achieve further outlay reductions of \$2

billion in 1990 and additional annual reductions of between \$2 and \$2.5 billion in each year from 1991 through 1994.

There are a limited number of actions that could be taken to achieve the outlay reductions needed to bring this program back to historic levels, and, at the same time, maintain the administration's commitment to a more market-oriented agricultural sector and to the current round of GATT negotiations.

The most direct way to achieve these outlay reductions would be a 5 percent reduction in target prices for 1990 crops, with slightly higher percentage reductions for the 1991-1993 crops. This would be consistent with proposals made by the administration in the past and with the current farm bill. It would also be possible to lower the share of production eligible for deficiency payments. Either approach would continue the administration's policy of shifting to a more market-oriented agriculture. In addition, outlays for other commodities, e.g. soybeans, honey, wool, tobacco, peanuts and dairy would be reduced by a fixed percentage, 5 to 7 percent, to lower costs and provide equitable reductions across the farming sector. Reductions include lower cash disbursements for loans or producer assessments. Also, the April 1, 1989 dairy price support amendment could be rescinded.

Only minor adjustments in export programs would need to be considered to reduce program costs. The Targeted Export Assistance Program could be held at current levels and a small increase in the administrative fee for the export credit programs could be instituted.

It should be noted that higher loan rates and large acreage reduction programs were specifically excluded from consideration. While such actions would reduce outlays in the short term, they would reverse the export expansion that has been underway since the passage of the 1985 farm bill. In the longer term, such actions would lead to higher foreign production, a return to burdensome surpluses in the U.S. and in the end would require even larger acreage reduction programs.

The current price support program for the sugar industry is in direct conflict with the market-oriented goals of the 1985 farm bill and other policy objectives for the following reasons: the quota system runs counter to a free trade policy; international trade tensions are fostered by reducing the quota; and there is a loss of foreign exchange in countries that are economically weak but vital to U.S. interests. Accordingly, changes are needed in the sugar program to make it more market-oriented and to reduce Government interference in trade.

Crop Insurance.—The Federal Crop Insurance Corporation (FCIC) provides farmers with subsidized insurance against crop losses due to a wide range of natural risks, including adverse weather condi-

tions, insect infestation, and plant disease. Since 1980, FCIC has rapidly expanded the availability of insurance by commodity and by region with the intention of replacing disaster assistance. Eighty-five percent of all commodity production is now eligible for coverage. The private sector sells on commission and adjusts claims for most of this all-risk crop insurance. The Federal Government continues to provide a backstop against very large, catastrophic losses. The insurance in force is projected to reach \$9.1 billion in 1990, an increase of \$128 million over the 1989 estimate.

Agricultural Credit.—The Farmers Home Administration (FmHA) is the “lender of last resort” to agriculture producers who cannot obtain private financing for farm operating and ownership purposes. Currently, FmHA holds about 15 percent of total outstanding agriculture-related debt. Nearly half of FmHA’s \$25 billion farm program loan portfolio is owed by borrowers who are delinquent on one or more of their FmHA loans. The Agricultural Credit Act of 1987 provided FmHA the authority to restructure loans held by delinquent borrowers—allow them to buy-back their loans at FmHA’s “net recovery value” upon foreclosure—or to proceed with foreclosure on a borrower in default. This foreclosure authority will result in an estimated \$9 billion in write-offs of FmHA agriculture loans between 1989 and 1991.

The Administration proposes to continue the shift from direct to guaranteed loans contained in the 1985 farm bill. For 1990, the budget proposes authority of \$3.7 billion for agricultural credit insurance fund loans. This amount includes \$3.0 billion of guaranteed loans, largely for farm operating purposes, and \$0.7 billion of direct loans for emergency disaster, farm ownership, and farm operating purposes. In addition, an estimated \$200 million in direct loans to finance sales of FmHA inventory property will be made in 1990.

The Agricultural Credit Act of 1987 also created an assistance mechanism for the Farm Credit System (FCS), a nationwide, non-Federal, agricultural lender. The FSC Financial Assistance Corporation (FAC) was authorized to issue securities guaranteed by the Federal Government, proceeds of which are used to provide needed capital and equity to FCS institutions. FAC was originally considered to be a non-Federal entity. However, legislation enacted in 1989 changed the FAC authorizing statute sufficiently to require that FAC obligations, and the resulting outlays, be recorded in the budget. The budget assumes enactment of legislation to return FAC to its status as a non-Federal entity. Failure to enact this change is estimated to increase Federal outlays by over \$650 million in 1990.

The budget authority and outlays shown as proposed credit reform reflect the estimated subsidies implicit in Federal loan pro-

grams. The administration's proposed credit reform initiative is discussed in Part 6 of the budget.

Agricultural Research and Services.—The proposed budget authority for agricultural research and services is \$2.0 billion in 1990, a decrease of \$106 million from 1989.

Research Programs.—The budget requests budget authority of \$900 million for research programs in 1990, a \$25 million decrease from the 1989 level due to reduced funding for buildings and special grants to States. Agricultural research is carried out at Federal laboratories and in cooperation with the States at land grant colleges and agricultural experiment stations. The proposed program emphasizes national priorities in basic research to advance biotechnology in both plant and animal science. To promote environmental quality, a Government-wide initiative is proposed to address the potential for, and prevention of, groundwater contamination from farming activities. Assessment of the relationship between global climate change and agriculture is also an integral part of the 1990 program.

Extension Programs.—The Federal Extension Service, States, and localities finance the Cooperative Extension System. This system provides social and economic services in agriculture, home economics, community development, and 4-H youth programs. The administration proposes a reduction in the Federal share of Extension support, from \$361 million in 1989 to \$325 million in 1990. Federal monies would still represent a third of all Extension funds available nationally in 1990. Federal funding for most categorical grants would be lower, and States would be required to match these funds as they now do with formula grants.

Marketing Programs.—The Federal Government provides unbiased, timely marketing information on most major agricultural commodities in international, national, and regional segments of the agricultural marketing chain. Marketing transaction data are compiled into market reports that are released to users through radio, television, telephone answering devices, and printed media. These data aid in the orderly marketing of farm products and services. Most of these sources are offered on a user fee basis. The Federal Government also provides grading and inspection services for meat and poultry operations. The 1990 budget proposes \$138 million in budget authority for these programs, a decrease of \$5 million from 1989 levels. This decrease results from a proposal to fund the development and maintenance of commodity grading standards through increased grading user fees.

Animal and Plant Health.—The Federal Government carries out a number of programs to prevent the introduction and spread of plant and animal pests and diseases that can cause severe losses in crop yields or livestock. The budget includes funds to support a

CREDIT PROGRAMS—AGRICULTURE

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Agricultural credit insurance fund (credit reform):					
New obligations			900	700	650
Change in outstandings.....			862	649	543
Outstandings.....			862	1,512	2,054
Agricultural credit insurance fund:					
New obligations	1,168	1,767			
Change in outstandings.....	-2,119	-3,081	-4,733	-4,553	-2,377
Outstandings.....	25,481	22,400	17,666	13,113	10,736
Commodity price support and related loans:					
New obligations	13,302	6,095	8,040	8,829	8,092
Change in outstandings.....	-6,579	-2,180	-603	-121	-179
Outstandings.....	11,999	9,819	9,216	9,095	8,916
Total, direct loans:					
New obligations	14,470	7,862	8,940	9,529	8,742
Change in outstandings.....	-8,697	-5,261	-4,474	-4,025	-2,014
Outstandings.....	37,480	32,219	27,745	23,720	21,706
Guaranteed loans:					
Agricultural credit insurance fund (credit reform):					
New commitments			3,000	3,000	3,000
Change in outstandings.....			1,300	2,410	2,043
Outstandings.....			1,300	3,710	5,753
Agricultural credit insurance fund:					
New commitments	1,255	3,325			
Change in outstandings.....	1,018	1,703	263	-1,260	-1,118
Outstandings.....	3,507	5,209	5,472	4,212	3,094
CCC export loans (credit reform):					
New commitments			5,500	5,500	5,500
Change in outstandings.....			5,500	3,783	2,067
Outstandings.....			5,500	9,283	11,350
CCC export guarantee loans:					
New commitments	4,557	5,500			
Change in outstandings.....	1,187	3,018	-3,223	-2,516	-1,775
Outstandings.....	4,919	7,937	4,714	2,198	423
Total, guaranteed loans:					
New commitments	5,812	8,825	8,500	8,500	8,500
Change in outstandings.....	2,205	4,721	3,839	2,417	1,217
Outstandings.....	8,426	13,147	16,986	19,403	20,620
Total, new obligations and new commitments.....	20,282	16,687	17,440	18,029	17,242

variety of pest monitoring, detection, and eradication activities in the United States as well as in trading partners. Although the 1990 request of \$285 million in budget authority for these programs is \$54 million less than the 1989 level, the difference reflects an administration proposal to cover the total cost of inspections for agricultural pests at ports-of-entry through user fees. These fees would also pay for the development of new detection techniques and regulate the movement of endangered species.

Tax Expenditures.—Agriculture is promoted by several tax expenditures. Farmers are permitted to deduct the costs of soil and water conservation projects on their land. In addition, the Tax Reform Act of 1986 permits farmers and timber growers to deduct the costs of producing products that have multi-year growing seasons. In contrast, non-agricultural entities are required to capitalize the costs of multi-year production processes. The tax expenditures for these two agricultural deductions are estimated to be \$565 million and \$110 million, respectively, in 1990.

The 1986 tax legislation repealed the capital gains benefit farmers could derive from the sale of such products as livestock, which had been treated as capital assets. However, farmers were accorded a new tax expenditure that provides for preferential treatment when collateralized loans are settled for less than the principal owed. This preferential treatment is estimated to cost \$10 million in 1990.

Altogether, the estimated 1990 cost of tax expenditures in support of agriculture is \$645 million.

COMMERCE AND HOUSING CREDIT

The Federal Government needs to ensure a stable supply of credit to all sectors of the economy. Commerce and housing credit programs supplement private sector financing of business and housing by providing assistance for mortgage credit, deposit insurance, and other subsidies for business. This function also includes non-credit programs for the advancement of commerce.

The budget proposals reflect the administration's goals of maintaining low-inflation, growth-oriented monetary and fiscal policies; reducing Federal intervention in private markets; and making existing programs more efficient. These policies have supported continued economic expansion, contributing to nearly 70,000 new business incorporations last year and the strongest sustained levels of housing starts and home sales since the 1970's. Because of the booming private sector activity in this area, the budget proposes to reduce, terminate, or privatize programs in which the beneficiaries can be better served by the private sector.

The administration is proposing \$17.5 billion in budget authority for commerce and housing credit in 1990, and 1990 outlays are estimated to be \$8.3 billion. Mortgage credit and deposit insurance programs and activities are a major portion of the assistance, with \$11.6 billion in proposed budget authority in 1990. In addition, the budget proposes \$0.8 billion in new direct loan obligations and \$62.5 billion in new guaranteed loan commitments in 1990.

The budget authority and outlays shown as proposed credit reform reflect the estimated subsidies implicit in Federal loan programs. The administration's proposed credit reform initiative is discussed in Part 6 of this volume.

Mortgage Credit and Deposit Insurance.—In support of both the housing and financial markets, the Federal Government's primary goals are fiscal and monetary policies that result in non-inflationary economic growth and a stable, sound financial system. Additionally, the Government has long provided direct support in the form of grants and direct and guaranteed loans to those areas of the economy that the private sector does not adequately serve.

Mortgage-Backed Securities.—The Government National Mortgage Association (GNMA) supports the mortgage market by guaranteeing mortgage-backed securities that are issued by private lenders and backed by mortgages insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). The GNMA guarantee enhances the saleability of these securities in the capital markets. In 1989, GNMA is expected to issue new commitments on \$62.6 billion in securities. For 1990, the administration proposes a new commitment limitation of \$75

NATIONAL NEED: COMMERCE AND HOUSING CREDIT

(Functional code 370; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Mortgage credit and deposit insurance:					
Mortgage-backed securities (GNMA):					
Proposed credit reform.....			1,425	1,425	1,425
Mortgage purchase activities (GNMA).....	209	24			
Mortgage credit (FHA):					
Existing law.....	984	1,558	1,421	1,937	1,311
Proposed credit reform.....			852	808	810
Housing for the elderly or handicapped:					
Existing law.....	573	429			
Proposed legislation.....			78	81	83
Proposed credit reform.....			6	6	6
Rural housing programs (FmHA):					
Existing law.....	6,595	4,371	2,897	3,006	2,658
Proposed legislation.....					-110
Proposed credit reform.....			98	94	76
Federal Deposit Insurance Corporation.....	1,014	2,500	1,000		
Federal Savings and Loan Insurance Corporation.....	9,821	9,748	3,800	3,871	5,030
Other.....			7		
Subtotal, Mortgage credit and deposit insurance.....	19,196	18,629	11,584	11,229	11,289
Postal service:					
Payments to the Postal Service fund:					
Existing law.....	517	436	497	560	578
Proposed legislation.....			-481	-500	-517
Postal Service:					
Existing law.....	941	1,656	3,255	2,524	2,266
Proposed legislation.....			-448		
Subtotal, Postal service.....	1,458	2,093	2,823	2,584	2,327
Other advancement of commerce:					
Small and minority business assistance:					
Existing law.....	458	459	331	409	431
Proposed legislation.....			-13	-14	-16
Proposed credit reform.....			120	45	-74
Science and technology.....	388	290	284	262	236
Economic and demographic statistics.....	473	688	1,530	465	312
International trade and other:					
Existing law.....	744	778	817	829	838
Proposed legislation.....			1		
Subtotal, Other advancement of commerce.....	2,063	2,215	3,070	1,994	1,727
Total, budget authority.....	22,717	22,937	17,477	15,807	15,343

billion. Of that amount, new commitments are estimated to be issued for \$66.3 billion in securities.

GNMA mortgage-backed issuers earn a fee for servicing FHA and VA mortgages underlying GNMA's securities. The administration has recently published a notice of intent to deregulate this fee, thereby letting the market establish the rate. Currently, GNMA sets the servicing fee paid to issuers at 44 basis points per annum (44/100 of one percent) of the outstanding mortgage amount. This

minimum fee was originally established to ensure that lenders could profitably service the GNMA mortgage pools. However, the fee may be in excess of that needed to protect the Government's interests and may in fact lead to higher mortgage rates for borrowers.

The administration is also proposing to raise the fee paid to GNMA for guaranteeing mortgage-backed securities beginning in 1991. The fee, which is currently set at 6 basis points, would be increased to 10 basis points by 1991 and to 15 basis points by 1992 and thereafter. The fee increase would help bring GNMA's fee structure closer to that charged by private issuers of mortgage-backed securities who provide similar guarantees, thereby improving opportunities for private sector activity in the secondary market for home mortgages. The administration is proposing a similar phase-in of fees for the housing Government-sponsored enterprises: the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. This fee is discussed in the general government function.

Mortgage Credit.—The FHA provides mortgage insurance on single-family homes, apartments, manufactured housing, and health care facilities. This insurance protects lenders from loss in the event of default on loans. The single-family mortgage insurance program (the largest of the FHA programs) has underwriting and downpayment requirements intended to assist low- and moderate-income families who otherwise would not be able to afford to buy a home. However, many families using the FHA program can qualify for private mortgage insurance. In 1989, nearly \$57 billion in new FHA mortgage insurance commitments are expected. For 1990, the administration proposes a new commitment limitation of \$67 billion on FHA guarantees, which exceeds the \$59 billion of new commitments estimated for 1990.

Housing for the Elderly or Handicapped.—The section 202 housing program provides direct loan financing at subsidized rates to non-profit organizations for the development of housing for the very-low-income elderly and handicapped. Housing for the elderly and handicapped is also subsidized through other rental assistance programs. These programs are described in the income security function.

The administration proposes to replace section 202 direct loans with \$78 million in credit vouchers. These vouchers are expected to help subsidize \$389 million in private market loans for the construction of 7,000 elderly and handicapped units in 1990. The total includes 3,000 units for the handicapped, of which 400 are set aside for the mentally ill, otherwise handicapped, homeless.

Credit vouchers provide private lenders with a cash grant whose value reflects both the interest subsidy and default risk associated

NATIONAL NEED: COMMERCE AND HOUSING CREDIT

(Functional code 370; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Mortgage credit and deposit insurance:					
Mortgage-backed securities (GNMA):					
Existing law	-92	-210	-313	-364	-339
Proposed legislation			-23	-75	
Proposed credit reform			863	1,138	1,186
Mortgage purchase activities (GNMA)	16	-3	-5	-4	-4
Mortgage credit (FHA):					
Existing law	1,134	1,447	586	922	660
Proposed credit reform			1,605	1,597	1,928
Housing for the elderly or handicapped:					
Existing law	322	340	-143	-19	57
Proposed legislation					19
Proposed credit reform					-5
Rural housing programs (FmHA):					
Existing law	3,612	3,295	1,596	1,312	1,051
Proposed legislation			-1,692	140	115
Proposed credit reform			35	34	61
Federal Deposit Insurance Corporation	2,146	3,807	-1,324	-1,940	-2,624
Federal Savings and Loan Insurance Corporation	8,075	8,725	2,067	6,567	4,934
National Credit Union Administration	-217	-164	-211	-197	-211
Other			5	2	
Subtotal, Mortgage credit and deposit insurance	14,997	17,238	3,069	9,164	6,752
Postal service:					
Payments to the Postal Service fund:					
Existing law	517	436	497	560	578
Proposed legislation			-481	-500	-517
Postal Service:					
Existing law	1,712	142	2,198	1,429	1,372
Proposed legislation					
Subtotal, Postal service	2,229	579	2,214	1,489	1,433
Other advancement of commerce:					
Small and minority business assistance:					
Existing law	334	396	232	418	365
Proposed legislation			-88	-90	-91
Proposed credit reform			118	48	-69
Science and technology	141	351	284	269	247
Economic and demographic statistics	365	704	1,619	445	350
International trade and other:					
Existing law	742	772	813	816	821
Proposed legislation			1		
Subtotal, Other advancement of commerce	1,581	2,223	2,980	1,906	1,623
Total, outlays	18,808	20,040	8,262	12,559	9,808

with the project. The voucher amount is sufficient to provide lenders the same return that could be earned on a market-rate loan to a comparable project. Credit vouchers provide a method of financing projects that is consistent with the goals of credit reform and a more efficient use of budget resources.

The administration proposes to address the needs of elderly and handicapped households, as well as other very low-income households, primarily through the rental housing voucher program rather than housing construction programs. Rental vouchers are discussed in the income security function.

Rural Housing Programs.—The Farmers Home Administration (FmHA) in the Department of Agriculture operates several loan and grant programs to repair and construct housing in rural areas. The largest of these programs is the rural housing insurance fund, which makes single- and multi-family housing loans at deeply subsidized interest rates. The President proposes to build upon the successful 1988 rural housing voucher initiative operated by HUD in conjunction with FmHA. That initiative placed over 2,200 HUD housing vouchers in rural areas traditionally served by FmHA. Vouchers increase family housing choices and permit more efficient use of existing private market housing. For 1990, the administration is requesting 20,000 rural housing vouchers to be funded by FmHA, and \$100 million in direct loans for multi-family housing construction targeted to areas experiencing housing shortages. The administration is also proposing funding to bring substandard rural homes up to housing code standards. Further discussion of these programs can be found in the income security function. The budget also reflects legislation to sell rural housing loans, without recourse, in 1990 through 1994.

Credit and Banking.—A number of programs enhance the safety and soundness of the banking system and affect its responsiveness to the needs of both savers and borrowers. The Federal Deposit Insurance Corporation (FDIC) insures the deposits of all federally chartered and many State-chartered commercial and savings banks. FDIC handled over 200 failures and assistance transactions in 1988, resulting in a net loss to the fund of \$2 billion and a year-end equity balance of \$16.3 billion. The loss was the first operating loss in FDIC's history. FDIC's problem bank list continues to decline from its 1987 high of 1,624 institutions. FDIC anticipates bank failures and assistance agreements will decrease to approximately 150 to 175 transactions in 1990. As a result, FDIC expects to add about \$1 billion to its reserve balance in 1990 as the number and size of bank failures declines.

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Mortgage-backed securities (GNMA):					
Change in outstandings.....	176	—33	—43	—47	—52
Outstandings.....	278	245	201	155	103

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT—Continued

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Mortgage-backed securities (GNMA) (credit reform):					
Change in outstandings.....				1	3
Outstandings.....				1	4
Mortgage insurance (FHA):					
Change in outstandings.....	478	931	528	669	607
Outstandings.....	5,123	6,054	6,582	7,252	7,858
Mortgage purchase activity (GNMA):					
Change in outstandings.....	-422	-34			
Outstandings.....	34				
FHA fund (credit reform):					
New obligations.....			89	139	203
Change in outstandings.....			37	75	118
Outstandings.....			37	113	231
Housing for the elderly or handicapped: ¹					
New obligations.....	565	480			
Change in outstandings.....	298	301	-313	-225	-177
Outstandings.....	6,863	7,165	6,851	6,626	6,449
Housing for the elderly or handicapped (credit reform):					
New obligations.....			32	30	28
Change in outstandings.....					8
Outstandings.....					8
Rural housing insurance loan (credit reform):					
New obligations.....			550	520	465
Change in outstandings.....			458	470	446
Outstandings.....			458	928	1,374
Rural housing insurance fund:					
New obligations.....	2,319	2,325			
Change in outstandings.....	587	335	-5,812	-2,181	-2,189
Outstandings.....	27,098	27,432	21,620	19,439	17,250
Central liquidity facility (NCUA):					
New obligations.....	63	68	20	20	20
Change in outstandings.....	7	5	-52	-5	-5
Outstandings.....	118	123	71	66	61
Small Business Administration:					
New obligations.....	82	82			
Change in outstandings.....	-358	-290	-413	-319	-377
Outstandings.....	4,149	3,859	3,446	3,127	2,749
FDIC:					
Change in outstandings.....	559	-3,283	-4	-50	-50
Outstandings.....	3,649	366	361	311	261
FSLIC:					
New obligations.....	84	75	35	20	20
Change in outstandings.....	83	66	26	10	10
Outstandings.....	1,852	1,918	1,944	1,954	1,964
Other:					
New obligations.....	3	6	30		
Change in outstandings.....	-20	4	20	-9	-9
Outstandings.....	23	27	48	39	30
Total, direct loans:					
New obligations.....	3,116	3,036	756	729	736
Change in outstandings.....	1,388	-1,999	-5,569	-1,610	-1,667
Outstandings.....	49,187	47,189	41,620	40,010	38,343
Guaranteed loans:					
Mortgage-backed securities (GNMA): ²					
New commitments.....	53,071	62,612			
Change in outstandings.....	24,448	27,592	-18,609	-35,707	-36,609
Outstandings.....	333,445	361,037	342,428	306,721	270,112

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT—Continued

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Mortgage-backed securities subsidies (GNMA):					
New commitments.....			66,260	68,438	69,233
Change in outstandings.....			43,290	54,566	53,504
Outstandings.....			43,290	97,856	151,360
Mortgage insurance (FHA):					
New commitments.....	50,123	56,762			
Change in outstandings.....	25,341	21,046	-9,791	-23,304	-19,212
Outstandings.....	300,758	321,804	312,013	288,709	269,497
FHA fund (credit reform):					
New commitments.....			58,979	60,690	62,566
Change in outstandings.....			32,754	44,622	44,445
Outstandings.....			32,754	77,376	121,821
Rural housing (FmHA):					
Change in outstandings.....	-127	-4	-5	-9	-9
Outstandings.....	50	46	41	31	22
Small Business Administration:					
New commitments.....	3,553	3,740	3,535	3,535	3,535
Change in outstandings.....	681	595	592	503	438
Outstandings.....	9,972	10,568	11,160	11,663	12,101
FSLIC:					
New commitments.....	64	55	19	20	20
Change in outstandings.....	-985	-73	-34	-30	-30
Outstandings.....	3,077	3,005	2,971	2,941	2,911
Other:					
New commitments.....	94	75			
Change in outstandings.....	40	55	-26	-26	-25
Outstandings.....	317	372	346	320	295
Less guaranteed loans held as direct loans by GNMA:³					
Change in outstandings.....	422	34			
Outstandings.....	-34				
Total, guaranteed loans:					
New commitments.....	53,835	60,632	62,533	64,245	66,121
Change in outstandings.....	25,372	21,654	23,490	21,756	25,607
Outstandings.....	314,140	335,794	359,284	381,040	406,647
Total, new obligations and new commitments.....	56,951	63,668	63,135	64,850	66,787

¹ Does not include credit generated by credit vouchers.² GNMA guarantees securities that are backed by pools of loans previously insured by FHA, VA, or FmHA. These secondary guarantees of loans are not included in the guaranteed loan totals on this table.³ When guaranteed loans are acquired by another budget account, they are counted as direct loans in the credit budget. This deduction for GNMA eliminates double counting.

During 1988, the Federal Savings and Loan Insurance Corporation (FSLIC) significantly increased the number of insolvent thrift institutions it has closed or merged—the approximately 150 institutions closed or assisted from January through November represent an historic high. Many of these institutions were in the oil-depressed southwest, reflecting the priority assigned by the Bank Board to this region through its Southwest Plan. Although the thrift industry as a whole continued to incur losses during 1988, the aggregate loss during the third quarter of 1988 was only \$1.6 billion, down sharply from the more than \$3.5 billion in losses realized in each of the previous two quarters. Losses were concen-

trated among 434 General Accepted Accounting Principle (GAAP) insolvent thrifts (with about 10 percent of thrift industry assets). On the other hand, 2,590 GAAP solvent thrifts realized third quarter earnings (net income after taxes) of almost \$800 million. The 1988 FSLIC financial assistance contributed to the decline in industry losses and reduction in insolvencies. From January to September, the number of GAAP insolvent thrifts, adjusting for new insolvencies, was reduced from over 500 to 434.

Net outlays for FSLIC in 1988 were \$8.1 billion. Total gross outlays of \$16.4 billion (primarily for new thrift insolvency case resolutions) were offset by \$8.3 billion in 1988 collections. The principal sources of income for FSLIC are insurance premiums—both the regular deposit insurance premium of one-twelfth of 1 percent of deposits and the special assessment of one-eighth of 1 percent of deposits; receipts from the Financing Corporation (FICO), an off-budget subsidiary of the Federal Home Loan Banks created in the 1987 Competitive Equality Banking Act (CEBA) to help recapitalize the FSLIC; and investment earnings and proceeds from the sale of acquired assets of liquidated thrifts.

The budget projects that FSLIC will expend another \$15.9 billion in 1989, \$9.1 billion in 1990 and \$39 billion in the out-years to continue resolving the worst of the remaining GAAP insolvent thrift cases. Net budget outlays for FSLIC are estimated to be \$8.7 billion in 1989 and \$2.1 billion in 1990. This level of spending should allow the FSLIC to close at least the 100 most unprofitable of the remaining GAAP insolvent institutions, which accounted for over 77 percent of the 3rd quarter losses realized by all the GAAP insolvent thrifts. The administration has initiated an effort, led by the Secretary of Treasury, to formulate a comprehensive plan to resolve remaining thrift insolvency problems, including identifying additional funding sources for FSLIC and essential reforms of the Federal deposit insurance system to ensure that these problems do not reoccur. This plan is expected to be presented to the new President shortly after the budget is submitted. For more details, see the discussion in Major Policy Initiatives, Fiscal Year 1990.

This budget does not reflect the use of any resources that may become available pending completion of this comprehensive reform plan. Should additional resources be made available, FSLIC has prepared plans to proceed at a more rapid pace in 1989 and 1990.

The National Credit Union Administration charters and regulates Federal credit unions, provides liquidity assistance to member credit unions, and insures depositors' accounts at both federally-chartered and State-chartered credit unions. The equity of the National Credit Union Share Insurance Fund (NCUSIF) reached \$1.9 billion in 1988, up from \$1.6 billion in 1987. From 1989 to 1990, NCUSIF equity is expected to grow from \$2.0 billion to \$2.2 billion.

NCUSIF collections are expected to exceed its gross outlays by \$167 million in 1990. The budget proposes that the Central Liquidity Fund (CLF) discontinue its borrowing from the Federal Financing Bank, relying instead on existing liquidity sources and credit union industry resources.

Postal Service.—The U.S. Postal Service (USPS) is an independent federal corporation within the executive branch. There are three components of Postal Service budget outlays: the subsidy for religious and charitable mailings (the Revenue Forgone Appropriation), appropriation for nonfunded liabilities for former Post Office Department employees, and the difference between total USPS receipts (e.g., stamp sales receipts) and expenditures. Expenditures are expected to exceed receipts in both 1989 and 1990. Net outlays for 1989 are estimated to be \$579 million, with a substantial increase in 1990 to \$2.2 billion due to higher operating costs and capital outlays. The Postal Service will operate at a cash loss in both years despite a \$4.3 billion revenue infusion from the 17 percent rate increase implemented in April 1988.

The budget reflects several administration initiatives to achieve competitive postal service reform by: (1) endorsing phased implementation of the Privatization Commission's recommendations in the 1990 management report that accompanies the President's budget, (2) proposing two limited regional test projects to expand private delivery of addressed third-class and urgent mail, and (3) establishing a Presidential Commission on the future of the Postal Service.

The budget also reflects legislation to terminate Federal subsidies for the Postal Service. Postal operating and capital costs would be reduced to offset the Federal subsidy loss. The budget reflects draft legislation to implement most of the Postal Rate Commission's remaining 1986 recommendations to eliminate abuses of Federal postal rate subsidies provided through Revenue Forgone Appropriation. The legislation would: (1) terminate certain categories of the subsidized rate program, such as political advocacy mail, materials with high commercial advertising content, and "educational" mail from organizations that do not maintain student/teacher relationships; (2) request a small appropriation for free-for-the-blind and overseas voters mail; and (3) shift remaining subsidy costs for religious and charitable organizations to other postal patrons. These reforms would reduce the 1990 appropriation by \$481 million.

The budget reflects legislation that would establish separate subclasses for Government mail to eliminate excess overhead charges paid by the Government. Rates would be based on actual attributable costs and overhead charges equal to average overhead rates for comparable classes of mail. Government mail would still be proc-

essed in USPS's current mail stream, without change in service standards, but would be charged rates more closely aligned with actual costs incurred. The 1990 savings in government postage is estimated at \$346 million and is shown in the defense function (\$85 million) and the allowances category (\$261 million).

Finally, the budget reflects legislation that would require USPS to fund new liabilities created with each new retirement COLA for Postal Service and Post Office Department annuitants. USPS payments to the Retirement Fund would be equal to the present value of new retirement COLA liabilities amortized over 10 years. Because the budget proposes a 1990 COLA freeze for government annuitants, USPS's initial payment to the retirement fund would begin in calendar year 1991. This proposal would also require USPS to make annual Federal Employment Health Benefits (FEHB) payments to the FEHB Fund for all postal annuitants and survivors of annuitants, beginning in 1990.

To insure that these subsidy terminations are achieved without service cutbacks, cash drawdowns, or increased postal rates, the budget requests legislation to require \$1.6 billion in outlay reductions in Postal's capital and operating budgets for 1990. The Postal Service would be required to achieve these reductions through contracting-out and other productivity improvements; capping 1990 pay and COLA raises at the Government-wide 2 percent level; and hiring additional low-cost casual employees to replace attrition losses. New capital commitments would be held at the 1987 record-high level of \$2,136 million.

Other Advancement of Commerce.—Federal programs attempt to support an environment for fair and equitable business opportunities and increase international competitiveness by providing technical assistance, developing and distributing scientific standards, collecting and disseminating information on the economy and the population, administering U.S. trade laws, and providing export promotion assistance to small and medium-sized businesses.

Small and Minority Business Assistance.—The administration proposes to continue to provide Federal credit assistance to small and minority businesses in the form of guaranteed loans. Direct loans are proposed for termination. Guaranteed loans of \$2.9 billion are proposed in 1990 for the Small Business Administration (SBA) general and handicapped business programs, small and minority enterprise business investment company programs, and development company programs. To improve the Federal Government's efforts to assist minority business enterprises, the administration proposes to consolidate the minority business development assistance program, currently in the Department of Commerce, into the minority business assistance programs within the SBA.

As part of the effort to improve Federal credit management, the administration is proposing increases in guarantee fees for SBA's programs, which are expected to result in \$94 million in increased receipts for 1990. In addition, measures are proposed to reduce the Federal Government's contingent liability, by increasing both the borrowers' and the lenders' share of default costs. These proposals would encourage sounder credit origination decisions and should result in lower default rates. The budget also proposes to sell loans during 1990, resulting in \$182 million in gross proceeds.

Other.—The U.S. Travel and Tourism Administration's (USTTA) international marketing program encourages foreign travel to the United States by providing technical assistance to private, State, and local tourism organizations. For 1990 and beyond, the administration proposes that the entire USTTA program be fee-funded. The administration again requests legislation to establish a Travel Facilitation Fee of \$1 for each traveler arriving at ports of entry in the United States, its possessions, and its territories. The charge would be collected from airline and cruise ship carriers, which are the primary beneficiaries of the program, and would be used to fund existing and expanded USTTA programs in 1990 and beyond.

The administration proposes \$1.5 billion in budget authority in 1990 for the Bureau of the Census, an increase of over \$900 million above the 1989 appropriation. This increase would finance activities associated with the 1990 Decennial Census, including the collection and processing of approximately 100 million census questionnaires.

The Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) are responsible for ensuring that the Nation's financial markets are operated efficiently and fairly. The securities, futures and options markets perform important roles in the economy. The administration proposes to increase budget authority in 1990 for the SEC and CFTC by 19 percent and 8 percent, respectively, to permit these agencies to keep pace with major changes in these markets and corresponding increased workloads.

The administration is continuing its support for numerous initiatives in the International Trade Administration, directed at increasing exports and improving the nation's trade balance.

The National Bureau of Standards was renamed the National Institute of Standards & Technology by the Omnibus Trade and Competitiveness Act of 1988. The budget proposes increases over the 1989 enacted level of \$8.7 million for scientific initiatives to strengthen U.S. competitiveness and \$3 million for continued implementation of the Computer Security Act of 1987.

Tax Expenditures.—There are numerous tax expenditure programs designed to increase the supply of savings, to encourage

TAX EXPENDITURES FOR COMMERCE AND HOUSING CREDIT

(Outlay equivalents; in millions of dollars)

Description	Estimates		
	1988	1989	1990
Commerce and housing credit:			
Exclusion of interest on State and local industrial development bonds	3,435	3,475	3,335
Exemption of credit union income	275	295	315
Excess bad debt reserves of financial institutions	120	65	35
Exclusion of interest on life insurance savings	7,260	7,940	8,740
Special merger rules for financial institutions	1,225	2,145	2,320
Special alternative tax on small property and casualty insurance companies	85	120	120
Tax exemption of certain insurance companies	20	25	25
Small property and casualty insurance company deduction	20	45	40
Small life insurance company deductions	80	85	85
Exemption of RIC expenses from the miscellaneous deductions floor	285	345	415
Deductibility of interest on consumer credit	6,530	3,280	1,740
Deductibility of mortgage interest on owner—occupied homes	33,675	32,180	35,110
Deductibility of property tax on owner—occupied homes	10,100	10,410	11,765
Exclusion of interest on State and local housing bonds for owner—occupied housing	2,375	2,360	2,230
Exclusion of interest on State and local debt for rental housing	1,650	1,630	1,720
Deferral of income from post-1987 installment sales	260	670	735
Capital gains (other than agriculture, timber, iron ore and coal)	265		
Deferral of capital gains on homes sales	3,700	3,910	4,110
Exclusion of capital gains on home sales for persons age 55 and over	3,835	4,195	4,250
Carryover basis of capital gains at death	16,030	17,310	18,695
Carryover basis of capital gains on gifts	70	75	85
Investment credit (other than employee stock ownership plans, rehabilitation of structures, energy property, and reforestation expenditures)	11,785	8,355	5,255
Accelerated depreciation of rental housing	440	540	660
Accelerated depreciation of buildings other than rental housing	510	620	780
Accelerated depreciation of machinery and equipment	35,000	48,300	53,300
Safe harbor leasing rules	660	535	480
Amortization of start—up costs	245	230	245
Reduced rates on the first \$100,000 of corporate income	4,200	4,470	5,275
Exception from passive loss rules for \$25,000 of rental losses	1,480	1,370	1,535
Treatment of Alaska Native Corporations	400	700	240
Permanent exceptions from imputed interest rules	175	140	160
Total (after interactions), commerce and housing credit ¹	143,245	152,860	160,660

¹ The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore, the estimates cannot simply be added.

homeownership, and to reduce the cost of acquiring or financing the purchase of assets used in commerce. These are listed in the table. Some of the programs, such as the depreciation and bank bad debt reserve provisions, have been modified by the Tax Reform Act of 1986; and others, such as capital gains and investment tax credit, were repealed. Individuals may deduct miscellaneous expenses only to the extent that they exceed 2 percent of adjusted gross income (AGI). Regulated investment company (RIC), i.e., mutual fund, shareholder expenses are exempt from this floor. Taxpayers are thus not required to include in their taxable income, amounts greater than actually received from mutual funds. Altogether, the estimated 1990 budget outlays for these tax subsidies to

commerce and housing credit is \$160.7 billion, 5.1 percent more than the \$152.9 billion total for 1989. A detailed description of these tax expenditure programs and the way they have been affected by the Tax Reform Act can be found in Special Analysis G.

TRANSPORTATION

The Federal Government seeks to facilitate a safe, efficient, and cost-effective national transportation system that contributes to the national economy, advances interstate commerce, and supports the national defense.

An integrated and efficient national, State, and local transportation network requires the combined and cooperative efforts of the Federal Government, States, localities, and the private sector. Each level of government should promote and maintain those transportation services and facilities for which it is appropriately responsible, with the Federal Government concentrating its efforts and limited resources on improving the interstate transportation system and on ensuring compliance with needed safety standards. The private sector, when freed of unnecessary governmental restrictions and allowed to compete freely in the transportation market, is an invaluable partner with all levels of government in the effort to ensure appropriate and cost-effective levels of transportation services at the lowest reasonable cost.

The administration requests \$28.8 billion of budget authority in 1990 for national ground, air, water, and other transportation systems, \$0.6 billion less than for 1989. Obligations for highway, highway safety, and transit programs supported by the highway trust fund are targeted to the level of anticipated user fee receipts over the authorization period, 1987 through 1991. Requested funding for air transportation is increased by \$1.2 billion, or 16 percent, between 1989 and 1990, with the largest increase associated with the need to continue modernization of the air traffic control system.

The administration continues to stress the importance of requiring transportation users to pay the full cost of their transportation benefits. In 1981, 45 percent of the Department of Transportation's (DOT) costs were funded by user fees. As a result of continual efforts since 1981, the administration is able to propose that 74 percent of DOT's costs be financed through user fees in 1990. Subsidizing certain transportation services at the expense of all taxpayers results in a misallocation of society's resources and provides an unfair disadvantage to unsubsidized, but socially and economically useful, transportation services.

Ground Transportation.—Proposed budget authority in 1990 is \$15.9 billion for highway, highway safety, mass transit, railroad, and regulatory programs, a \$2.7 billion decrease from 1989. The budget continues the administration's commitment to maintaining the quality of the Federal-aid highway system within available user fee resources, promoting highway, railroad and pipeline safety, eliminating general taxpayer subsidies for Amtrak and

NATIONAL NEED: EFFICIENT TRANSPORTATION SYSTEMS

(Functional code 400; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Ground transportation:					
Highways.....	13,807	14,222	13,850	13,850	13,850
Highway safety.....	402	328	335	337	339
Mass transit:					
Existing law.....	3,337	3,317	1,394	1,490	1,521
Proposed legislation.....			223	123	84
Railroads:					
Existing law.....	676	672	61	56	56
Proposed legislation.....			-9	-15	-31
Regulation:					
Existing law.....	44	43	45	45	45
Proposed legislation.....			-14	-29	-29
Subtotal, Ground transportation.....	18,267	18,582	15,885	15,857	15,835
Air transportation:					
Airports and airways (FAA).....	6,143	6,631	7,743	8,235	8,420
Aeronautical research and technology.....	740	815	940	1,002	1,003
Air carrier subsidies.....	24	25			
Subtotal, Air transportation.....	6,906	7,472	8,683	9,237	9,423
Water transportation:					
Marine safety and transportation:					
Existing law.....	2,541	2,953	3,451	3,332	3,430
Proposed legislation.....			-182	-188	-185
Ocean shipping:					
Existing law.....	406	258	379	384	371
Proposed legislation.....			465	43	44
Proposed credit reform.....			*	*	*
Reimbursement to Treasury from Panama Canal.....	-86				
Subtotal, Water transportation.....	2,861	3,212	4,113	3,572	3,660
Other transportation.....	107	133	150	145	145
Total, budget authority.....	28,141	29,398	28,831	28,810	29,064

* \$500,000 or less.

mass transit, providing equitable distribution of user fee revenues, and requiring State and local cost sharing on all projects.

Highways.—The administration proposes to implement the provisions of the Surface Transportation and Uniform Relocation Assistance Act (STURAA) within the level of anticipated user fee receipts deposited in the highway account of the highway trust fund. Consistent with previous policy, the administration proposes to set annual obligations so that spending from the highway account of the highway trust fund does not exceed user fee receipts during the 1987-1991 authorization period, as it did during the previous highway authorization period by \$5.1 billion. Therefore, obligations for the Federal-aid highways program are planned at \$12.4 billion in 1990, compared to \$13.4 billion projected for 1989. To ensure judicious use of user fee revenue, the administration also plans to

require a non-Federal cost sharing of at least 20 percent of project costs for all so-called "demonstration" and special interest projects.

NATIONAL NEED: EFFICIENT TRANSPORTATION SYSTEMS

(Functional code 400; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Ground transportation:					
Highways.....	13,921	13,524	13,337	12,784	12,591
Highway safety.....	292	335	352	361	358
Mass transit:					
Existing law.....	3,315	3,533	3,212	2,923	2,519
Proposed legislation.....			112	184	322
Railroads:					
Existing law.....	577	514	199	121	60
Proposed legislation.....			-9	-15	-31
Regulation:					
Existing law.....	43	43	45	45	45
Proposed legislation.....			-16	-29	-29
Subtotal, Ground transportation.....	18,148	17,949	17,230	16,373	15,834
Air transportation:					
Airports and airways (FAA).....	5,191	5,769	6,639	7,268	7,559
Aeronautical research and technology.....	680	752	866	961	999
Air carrier subsidies.....	26	25	2		
Subtotal, Air transportation.....	5,897	6,546	7,507	8,228	8,558
Water transportation:					
Marine safety and transportation:					
Existing law.....	2,719	2,917	3,083	3,335	3,500
Proposed legislation.....			-182	-186	-188
Ocean shipping:					
Existing law.....	478	478	514	576	562
Proposed legislation.....			-4	3	22
Proposed credit reform.....			-4	-4	-4
Reimbursement to Treasury from Panama Canal.....	-86				
Subtotal, Water transportation.....	3,111	3,395	3,406	3,724	3,893
Other transportation.....	116	137	144	144	145
Total, outlays.....	27,272	28,027	28,287	28,470	28,429

Highway Safety.—The proposed funding level of \$335 million in 1990 for Federal highway safety programs is 2 percent higher than the 1989 level of \$328 million. The proposed 1990 funds would maintain current support for Federal vehicle safety research and development and for promulgation and enforcement of Federal safety standards.

The administration continues to support State and local efforts to reduce the incidence of individuals driving under the influence of alcohol or illegal drugs. The 1990 budget request is \$11.1 million more than the 1989 enacted level for programs to reduce the use of alcohol and drugs while operating a motor vehicle.

Mass Transit.—The current Federal program for mass transit is contrary to the administration's view that support of essentially local activities is not an appropriate Federal role, especially when financed from the general fund in excess of user fee receipts. In an effort to use Federal dollars as wisely as possible, the administration requests legislation to be effective in 1990 to target mass transit funding (except for Washington Metro) to the level of receipts provided by the one cent per gallon of the motor fuel tax dedicated to mass transit. Most of the funds would be distributed by formula to States and large urban areas, which could use grant funds on public transportation capital projects provided they make matching contributions of at least 50 percent. Based on these objectives, the administration is seeking \$1.6 billion in budget authority for mass transit in 1990.

The administration recommends an immediate end to transit discretionary grant funding, which has promoted the construction of local transit systems that often have been too costly and underutilized. Funding for these grants comes from the one cent of the fuel tax dedicated to transit. The administration believes it is inequitable to continue subsidizing the projects of less than 20 cities by fuel taxes paid throughout the country. The fuel tax receipts should be distributed more equitably by formula to States and localities. Adoption of this proposal would save \$1.0 billion in 1990.

The administration also recommends termination of operating subsidies to large and medium-sized cities, but not small urban and rural areas. Federal operating subsidies, begun in 1974 in response to the energy crisis to increase transit ridership and decrease fuel consumption, have generally financed inefficiency. Given that State and local support for transit accounts for less than 2 percent of combined State/local spending, more should be done at that level to pay the costs of operating transit systems.

The administration proposes a \$42 million grant for the Washington, D.C., Metrorail, which is the amount needed in 1990 for testing and training costs consistent with the Federal commitment made in the 1986 full funding agreement. The Federal Government has fulfilled its commitment for funding construction of the 89.5-mile system. Through 1990, a total of \$7.6 billion will have been made available by the Federal Government for the Washington Metro system, far more than what has been provided for any other new subway system in the country.

Railroads.—In keeping with the administration's policy of reducing Federal responsibility for rail activities unrelated to safety, proposed budget authority for railroads in 1990 is \$52 million, which includes \$9 million in requested user fees. This amount is \$620 million less than in 1989. The decrease is attributable to the

proposed elimination of subsidies for Amtrak as well as the elimination of the Northeast corridor improvement and local rail service assistance programs. The administration recommends a new rail safety user fee to offset the costs of the Government to ensure safe rail operations nationwide.

Since 1970, the Federal Government has provided Amtrak with approximately \$14 billion in direct and indirect subsidies. Despite a virtual monopoly on intercity rail passenger service and a subsidy averaging about \$30 per passenger in 1988, Amtrak serves less than 0.5 percent of all intercity travel. Given scarce resources and competing demands of high priority Federal programs, the administration believes the Federal Government simply cannot afford to continue subsidizing the trips of business travellers and vacationers.

Regulation.—The administration proposes the continuation of its efforts to eliminate unnecessary Federal transportation regulations and to remove nonessential constraints on the competitive operation of the private transportation sector, especially the motor freight transportation industry. The administration again recommends complete deregulation of the motor carrier, household goods freight forwarder, bus, and inland water transportation industries, and termination of the Interstate Commerce Commission (ICC) as an independent agency by October 1, 1989. Most ICC rail activities would transfer to the Department of Transportation and rail anti-trust matters would be policed by the Department of Justice. Handling of consumer protection complaints regarding household goods movers would be administered by the Federal Trade Commission. At the same time the 1990 budget reflects significant increases in the Federal Government's commitment to safety in the rail and motor carrier industries. Beginning in 1990, the administration proposes to add 34 additional rail and 150 additional motor carrier safety inspectors.

Air Transportation.—Budget authority of \$8.7 billion is requested for air transportation in 1990, an increase of \$1.2 billion over the 1989 level.

Airports and Airways.—The Federal Aviation Administration (FAA) operates, maintains, and ensures the safety and efficiency of the national airspace system; provides funds to the Nation's airports to ensure the safe and efficient movement of the Nation's air traffic; and undertakes aviation-related research.

Budget authority of \$7.7 billion is proposed for FAA in 1990, a 17 percent increase from the \$6.6 billion provided in 1989. Aviation tax receipts, primarily from passenger ticket and freight waybill taxes, are estimated to be \$2.7 billion in 1990, under current law, a decrease of 26 percent from estimated 1989 receipts of \$3.7 billion, due to a tax reduction trigger in the Airport and Airway Safety

and Capacity Expansion Act of 1987. The administration requests that this tax trigger be overridden, because meeting the future year costs of modernizing and operating the air traffic system requires the full level of current aviation tax receipts. With this override, 1990 receipts are estimated at \$3.9 billion, 7 percent more than estimated for 1989.

Most of the requested 1990 funding increase is due to a proposed 41 percent increase in funding for the FAA's program to modernize the Nation's airspace system. In 1990, the administration is requesting \$2.0 billion in budget authority to continue the FAA's airspace modernization program, \$571 million more than the amount appropriated in 1989. This increase in funding reflects the administration's continued strong commitment to improving the reliability, capacity, and safety of the current air traffic control system. The funds would be used for a variety of important activities and improvements, including the advanced automation system, surveillance radar, communications equipment, and terminal doppler weather radar systems designed to detect deadly wind shears. In addition, funding is requested to begin work on FAA facilities and equipment at the new Denver airport and to make major improvements to facilities and equipment supporting aviation growth in and around the Los Angeles and Dallas/Ft. Worth airports.

The proposed obligation limitation for the airport improvement program is \$1.3 billion in 1990, slightly less than the 1989 level. A high priority of the administration is to direct these funds toward improvements that would enhance national airway system capacity. Toward this goal, at least \$250 million would be made available for discretionary grants addressing national capacity and safety needs.

The administration also proposes a 14 percent increase in funding for FAA operations from \$3.4 billion in 1989 to \$3.9 billion in 1990. This funding level will permit increases in all essential safety workforces—controllers, inspectors, security personnel, and enforcement attorneys. Substantial funding increases are also requested to improve the recruitment, selection, training, and retention of employees in safety critical positions, including a pay demonstration project to enhance recruitment and retention in high-cost areas. This results, in part, from the Office of Personnel Management (OPM) delegating to FAA the responsibility for hiring its own workforce.

The administration is also recommending that an amount equal to the estimated cost of operating the air traffic control system be drawn from the trust fund for FAA operations. Currently, the trust fund supports the airspace modernization program, the airport improvement program, and research efforts. Of at least equal impor-

tance to the national aviation system is funding for the salaries and related expenses of air traffic controllers and other critical air traffic employees, upon whom the daily safety and efficiency of the air traffic system rest. Though this is only a limited portion of the total costs of FAA operations, the administration strongly believes that these direct and essential costs of operating the air traffic system should be borne by the users of the system through their aviation taxes.

Aeronautical Research and Technology.—The National Aeronautics and Space Administration (NASA) conducts research in aeronautical sciences and operates unique research and testing facilities to help maintain U.S. leadership in aeronautics. The 1990 budget reflects a strong program of fundamental research, including increased support for key areas such as high-speed and high-performance research. The budget also continues the joint NASA/Department of Defense program of research and advanced technology development in hypersonic flight, as part of the national aerospace plane program. The administration requests \$940 million in 1990 budget authority for aeronautical research and technology, an increase of 15 percent from 1989.

Air Carrier Subsidies.—In 1989, \$25 million was provided for air carrier subsidies. The administration recommends termination of the air carrier subsidy program in 1990. In some communities, subsidies are as high as \$500 per passenger, while service to 72 percent of the subsidized communities carry 10 or fewer passengers per day.

Water Transportation.—To meet its Federal responsibility in water transportation, the administration requests \$4.1 billion in budget authority for 1990, an increase of \$0.9 billion from the 1989 level.

Marine Safety and Transportation.—Coast Guard services basically include drug enforcement, search and rescue, maintenance of navigation aids, enforcement of maritime laws, and other activities.

The administration's request of \$3.5 billion in 1990 budget authority for Coast Guard represents an increase of 16.7 percent above the 1989 enacted level. The majority of these funds would support Coast Guard operations, including drug enforcement, search and rescue, and law enforcement activities. Proposed budget authority in 1990 for Coast Guard's capital improvements is being increased from \$386 million in 1989 to \$682 million in 1990. The 1990 capital request includes \$244 million to obtain a third polar ice breaker to augment Coast Guard's existing fleet of two. The addition of a third ice breaker would provide back-up support to the existing fleet.

As in 1989, drug law enforcement continues to receive major emphasis in 1990, with 25 percent of Coast Guard's operating budg-

ets supporting interdiction of drug smuggling. Funds for drug enforcement will increase by 8 percent over the 1989 enacted level.

In keeping with the administration's user fee efforts, a new Coast Guard user fee, collected from the sale of \$25 decals to the approximately six million recreational and commercial boaters using U.S. waterways, is being proposed. In addition, processing fees for inspections and other specific services are assumed. These fees are estimated to generate \$180 million annually.

Ocean Shipping.—Programs in ocean shipping are administered by the Department of Transportation's Maritime Administration, Saint Lawrence Seaway Development Corporation, the Panama Canal Commission, and the Federal Maritime Commission. Proposed outlays for ocean shipping in 1990 are \$506 million, which is approximately the same as in 1989.

The Maritime Administration has traditionally provided subsidies to assist the U.S. merchant marine and shipbuilding industries in competing with foreign maritime industries. The budget requests funds to continue operating subsidies to offset the higher costs of operating U.S.-flag vessels. The 1990 cost to fund current operations under existing operating subsidy contracts is estimated to be \$226 million. The administration recommends legislation that would reform the operating subsidy program by expanding carriers' operating flexibility, substantially reducing the cost of subsidy per ship, and allowing additional carriers to participate in the program. In addition, the legislation contains reforms to reduce the cost of administering the cargo preference program.

The administration proposes that the State maritime schools share federally-supplied training vessels, rather than the Federal Government supplying each school with its own ship. As a condition of Federal assistance, it is recommended that the State maritime schools require their graduates to accept a Naval Reserve commitment.

The 1990 budget reflects the functional reclassification of funding for the Ready Reserve Force (RRF) from defense-related activities in the defense function to water transportation in the transportation function. The recommended 1990 RRF budget authority is \$116 million to acquire and upgrade nine additional ships for the RRF, including one auxiliary crane ship. This compares to a 1989 funding level of \$32 million.

The administration recommends legislation to return the Saint Lawrence Seaway Development Corporation to direct financing from toll and other revenues, consistent with its organization and mission. This proposal would result in the Corporation's operation and maintenance being funded from toll revenues, as was the case prior to April 1, 1987.

CREDIT PROGRAMS—TRANSPORTATION

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Highway programs:					
New obligations	45	46	48	48	48
Change in outstandings	-22	-20			
Outstandings	121	101	101	101	101
Aid to railroads:					
New obligations	11				
Change in outstandings	-175	-318	-16	-128	
Outstandings	462	144	128		
Aircraft purchase guarantee defaults:					
Change in outstandings	8	-9			
Outstandings	49	40	40	40	40
MarAd ship financing fund (credit reform):					
New obligations			5	5	5
Change in outstandings			4	3	2
Outstandings			4	7	9
MarAd ship financing fund:					
New obligations		5	5	5	5
Change in outstandings	-317	184	130	81	82
Outstandings	1,294	1,478	1,603	1,684	1,766
Other transportation:					
Change in outstandings	4	1	1		
Outstandings	15	16	17	17	17
Total, direct loans:					
New obligations	57	51	53	53	53
Change in outstandings	-502	-162	119	-44	84
Outstandings	1,942	1,781	1,899	1,855	1,939
Guaranteed loans:					
Mass transit programs:					
Outstandings	997	997	997	997	997
Aircraft purchase:					
Change in outstandings	-84	-16	-18	-13	-11
Outstandings	115	99	82	69	58
Assistance to ocean shipping:					
New commitments	26				
Change in outstandings	-415	-348	-298	-249	-249
Outstandings	3,864	3,516	3,218	2,970	2,721
Other transportation:					
Change in outstandings	-1				
Total, guaranteed loans:					
New commitments	26				
Change in outstandings	-500	-363	-316	-262	-260
Outstandings	4,976	4,613	4,297	4,035	3,776
Total, new obligations and new commitments	83	51	53	53	53

Credit Programs.—The budget assumes no new ship construction loan guarantee commitments after 1989 on the basis that the maritime industry should be encouraged to rely on the private credit market, without Federal intervention, as the source of capital. The administration recommends the continuation of its policy of not providing loans to private freight railroad companies, in light of the health of the railroad industry. The administration is also

recommending the sale of its direct railroad loan portfolio; these direct loans were made to private railroad companies from 1977 to 1985.

Tax Expenditures.—In addition to direct Federal funding, tax expenditures provide assistance to shipping concerns and mass transit systems. Certain companies that operate U.S.-flag vessels were able to defer taxes indefinitely on income invested in construction, repair and modernization of ships, prior to 1987. Thereafter, the deferral has been limited to 25 years, which results in a tax expenditure of \$125 million in 1990. State and local governments could issue tax-exempt bonds for mass transit vehicles until December 31, 1984, which results in a tax expenditure estimated to be \$20 million in 1990. Total tax expenditures for transportation are estimated to be \$145 million in 1990.

COMMUNITY AND REGIONAL DEVELOPMENT

The Nation requires healthy and thriving communities to maintain the economic vitality and general well-being of society. Federal programs for community and regional development supplement State and local government efforts to sustain economic and social growth in urban and rural neighborhoods, communities, and regions. Specific programs assist particular regions, provide disaster relief, and accomplish the major goals of Federal Indian policy. Most of this assistance takes the form of grants, but direct and guaranteed loan programs exist as well.

The 1990 budget continues to concentrate Federal resources on national priorities and provide maximum opportunity for State and local governments to meet their own local community and economic development needs. Shifting responsibility for economic development programs to the State and local levels brings both economic development funding and policy decisions closer to the people who benefit directly. To achieve this, the administration proposes to eliminate a number of Federal categorical programs currently providing support for specific local community development projects. The comprehensive and more flexible community development block grant (CDBG) program would be the principal vehicle for Federal support.

The administration is requesting budget authority of \$6.4 billion in 1990 for community and regional development, \$0.3 billion below the 1989 request. Outlays are also estimated to total \$6.4 billion in 1990.

Community Development.—The Community Development Block Grant (CDBG) Program, administered by the Department of Housing and Urban Development (HUD), is the principal program in this category. It provides Federal support for cities, counties, Indian tribes, and U.S. territories, to help them meet their community and economic development needs. After certain funds are set aside for the HUD Secretary's discretionary fund (which provides grants for Indians, insular areas, technical assistance, a work-study program and special projects in support of CDBG activities) CDBG funds are allocated by formula to States, large cities, and urban counties. Seventy percent of the funds allocated by formula go to the large city/urban county program. The remaining 30 percent is allocated by formula to the State-administered small cities program to be distributed to smaller communities and rural areas in their jurisdictions.

The administration proposes to establish the CDBG program level at \$2.8 billion for 1990, slightly below the 1989 program level of \$3.0 billion. The 1990 program level includes \$2.7 billion of new budget authority and a transfer of \$136 million from both the

NATIONAL NEED: COMMUNITY AND REGIONAL DEVELOPMENT

(Functional code 450; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Community development:					
Community development block grants	2,880	2,650	2,650	2,650	2,650
Urban development action grants	216	-52			
Rental rehabilitation	205	150	130	130	130
Rental development	10	5			
Pennsylvania Avenue Development Corpora- tion	6	6	18	5	4
Other:					
Existing law	227	238	261	253	252
Proposed legislation			*	*	*
Subtotal, Community development	3,546	2,997	3,059	3,038	3,036
Area and regional development:					
Rural development:					
Existing law	3,860	2,260	2,039	1,727	1,197
Proposed legislation			-58	2	*
Proposed credit reform			53	-7	3
Economic development assistance	207	205	20	9	4
Indian programs:					
Existing law	1,109	1,089	1,069	1,060	1,060
Proposed credit reform			13	10	8
Regional commissions:					
Existing law	111	115	4	4	4
Proposed legislation			-3	-4	-4
Tennessee Valley Authority	103	103	88	91	93
Other			14	14	15
Offsetting receipts:					
Existing law	-310	-290	-296	-306	-313
Proposed legislation			4	4	4
Subtotal, Area and regional develop- ment	5,080	3,482	2,948	2,606	2,069
Disaster relief and insurance:					
Disaster relief:					
Existing law	120	100	270	279	287
Proposed legislation			50	50	50
Other:					
Existing law	85	100	97	98	98
Proposed legislation			*	*	*
Subtotal, Disaster relief and insurance ..	205	200	416	426	435
Total, budget authority	8,831	6,679	6,423	6,070	5,540

* \$500,000 or less.

unobligated balances of the section 312 rehabilitation loan fund and 1990 recaptures in the Urban Development Action Grant (UDAG) program. Although this reduces the total resources available for the CDBG program, recently enacted legislation increases the percentage of funds used to benefit persons of low and moderate income from 51 percent to 60 percent.

Urban Development Action Grants (UDAG).—The administration proposes to repeal authorization for UDAG in 1990. Congress provided no funding for this program in 1989. This measure is part of

NATIONAL NEED: COMMUNITY AND REGIONAL DEVELOPMENT

(Functional code 450; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Community development:					
Community development block grants	3,044	3,021	3,025	3,014	2,811
Urban development action grants	216	310	252	266	85
Rental rehabilitation	107	135	150	154	156
Rental development	73	80	100	100	34
Pennsylvania Avenue Development Corpora- tion	— *	13	37	10	13
Other:					
Existing law	10	210	251	192	170
Proposed legislation			*	*	*
Subtotal, Community development	3,449	3,769	3,816	3,736	3,269
Area and regional development:					
Rural development:					
Existing law	900	1,228	1,506	1,375	1,236
Proposed legislation			-151	-71	-79
Proposed credit reform			-12	-71	-148
Economic development assistance	171	201	183	120	59
Indian programs:					
Existing law	1,070	1,095	1,067	1,051	1,049
Proposed credit reform			1	-2	-4
Regional commissions:					
Existing law	152	112	110	90	52
Proposed legislation			-1	-4	-4
Tennessee Valley Authority	97	105	99	91	92
Other	-5	-6	9	9	9
Offsetting receipts:					
Existing law	-310	-290	-296	-306	-313
Proposed legislation			4	4	4
Subtotal, Area and regional develop- ment	2,075	2,445	2,519	2,288	1,953
Disaster relief and insurance:					
Small business disaster loans:					
Existing law	-348	-209	-236	-258	-160
Proposed legislation			-128	-238	-204
Disaster relief:					
Existing law	187	225	236	244	251
Proposed legislation			40	50	50
National flood insurance fund	-211	-78	-40	-41	-37
Other:					
Existing law	142	151	158	150	150
Proposed legislation			— *	— *	— *
Subtotal, Disaster relief and insurance ..	-230	89	31	-94	50
Total, outlays	5,294	6,303	6,365	5,930	5,272

* \$500,000 or less.

the administration's effort to cut back categorical local economic development subsidy programs that distort economic investment choices and impose Federal priorities on State and local governments. These grant programs divert productive resources away from private investment projects to Government-subsidized projects that may provide local benefits, but are less efficient for the national economy as a whole. By approving awards to assist success-

ful companies, major hotel chains, and large commercial banks, the UDAG program unwisely spent Government dollars and diverted scarce capital from its best possible use. Cities may, at their discretion, continue to use CDBG resources to assist economic development projects. The \$252 million in outlays estimated for this program in 1990 reflect the continued spendout of funds for projects approved in prior years.

The administration supports the use of the enterprise zoning program as a more economically efficient approach to assisting structurally depressed local economies. The administration believes that State and local governments should be consulted to determine the most effective ways Federal enterprise zones can be used to support and expand business development.

Rental Rehabilitation Grants (RRG).—In 1983, the administration proposed, and the Congress enacted, a new housing rehabilitation program to support the rental voucher program in communities with substandard quality low and moderate-income housing. The administration is proposing a \$150 million program level for RRG in 1990. The 1990 proposal includes \$130 million of new budget authority and an estimated \$20 million in recaptures of unused budgetary resources from prior years. Outlays in 1990 are estimated to be \$150 million.

The RRG program provides financial incentives to building owners to rehabilitate rental property for low-income families. Under current law, rent controls cannot be applied to buildings rehabilitated with RRG funds unless such controls existed prior to 1983. To this extent, Congress has already recognized that this program cannot work effectively where rent controls are in effect. In order to maximize the cost effectiveness of Federal assistance, the administration proposes, as it did in last year's budget, to target funds to localities that do not have rent controls. The proposal does not seek to supercede or otherwise waive a local decision to impose rent controls, but merely seeks to avoid Federal expenditures that are unlikely to have the intended effect on low-income housing markets.

Rental Development Grants.—In the Housing Urban and Rural Recovery Act of 1983, the Congress created a new rental development grant program to subsidize the construction or substantial rehabilitation of rental housing in low- and moderate-income neighborhoods experiencing a severe shortage of rental housing. The 1987 Housing and Community Development Act calls for termination of this program at the end of 1989. Although Congress provided no new funding for the program in 1989, \$5 million was reappropriated from monies recaptured. The administration proposes no new funding in 1990 and requests repeal of the authorization language. This program has proven to be a costly subsidy

supporting the construction of new rental units at a time of historically high vacancy rates, and thus cannot be justified. Furthermore, the program is not well targeted to low-income people—those who are most in need of housing assistance. Outlays in 1990 are estimated to be \$100 million from grants awarded in previous years.

Pennsylvania Avenue Development Corporation (PADC).—PADC was created in 1972 to develop and implement a plan for the physical rejuvenation of Pennsylvania Avenue between the White House and the Capitol; an area that had experienced economic and physical decline up to that time. The development plan was approved by the executive branch and Congress in 1975 and implementation began in 1978. Since then, over \$200 million in U.S. Treasury borrowings and appropriations has been obligated by PADC for land acquisition and extensive improvement of the public areas, including the creation of new parks and plazas; a Federal investment that has directly contributed to attracting \$1.5 billion in private investment on the project area's blocks. The \$17.5 million in budget authority requested for 1990, combined with projected 1991-92 budget authority of \$10 million would enable PADC to complete the plan in 1992 and go out of business.

Area and Regional Development.—Programs in this category support rural development, development programs of American Indian tribal governments, and multi-State regional development.

Rural Development.—The administration, continuing its Rural Development Initiative, proposes a program to provide grants, and direct and guaranteed loans to small communities through the Farmers Home Administration in the Department of Agriculture. The \$75 million in grants, \$200 million in direct loans, and \$50 million in guaranteed loans proposed for 1990 will help small communities finance necessary water and waste treatment systems. \$96 million of guaranteed loans are proposed for qualified businesses and industries that establish or expand operations in rural areas. \$50 million of loan guarantees are also proposed for construction of community facilities, typically health care facilities. The administration proposes to terminate rural development grants, which have not been sufficiently targeted, and have proven largely ineffective.

Economic Development Assistance.—The Department of Commerce's Economic Development Administration (EDA) provides public works grants to States and communities, and loan guarantees to businesses. The administration proposes to terminate the EDA in 1990.

EDA programs do not target assistance to those in need, but instead serve narrow and specialized local and regional political interests at the public's expense. Furthermore, there is no evidence

that these programs create net new jobs nationwide. Rather, they shift jobs between localities.

Indian Programs.—The three major objectives of Federal Indian policy are to fulfill the trusteeship responsibilities of the Federal Government, to increase self-determination for American Indian tribal governments, and to encourage economic development on Indian reservations.

Budget authority requested for regional development, provided through the Indian programs and Indian trust funds administered by the Bureau of Indian Affairs, is \$1.1 billion in 1990, the same as the level enacted in 1989. This includes funds for direct loans, guaranteed loans and economic development grants. Also included is \$15 million for recently enacted Indian Water rights settlements in Colorado, California, and Arizona.

The Department of Housing and Urban Development also provides community development support specifically for Indians through a set-aside in the community development block grant program described earlier. Total discretionary budget authority requested for special Indian programs Government-wide, including programs in other functions such as income security and education, is expected to be \$3.2 billion in 1990. This amount does not include payments received by Indians from trust funds established for their benefit or from programs serving all qualified U.S. citizens.

Appalachian Regional Commission (ARC).—The ARC was established in 1965 to provide economic development assistance to the 13-State Appalachian region. Since 1965, more than \$5.5 billion in Federal funds has financed highway construction and community development-related facilities. The administration proposes to terminate ARC in 1990. ARC highway funds unnecessarily duplicate the Department of Transportation's Federal highways program. ARC development programs target resources to rural districts that are no worse off economically than rural communities in other parts of the country, and therefore should not be eligible for special injections of Federal resources.

Tennessee Valley Authority (TVA).—The administration proposes to terminate TVA's economic and community development programs, which are more appropriately private, or State and local government responsibilities. These programs promote tourism, provide technical assistance to cities and towns, and encourage the development of commercial resources in the region. TVA's basic responsibilities continue to be water resources systems management and fertilizer research. For 1990, emphasis is placed on TVA's stewardship role over Government resources in the region, focusing on land use, water quality and fertilizer plant clean-up activities. Outlays for TVA's activities in this function are estimated at \$99 million in 1990, down \$6 million from 1989. The TVA

power program, financed through the sale of electricity, is discussed in the energy function.

Rural Telephone Bank (RTB).—The RTB, in the Department of Agriculture, provides subsidized direct loans for the construction and operation of rural telephone systems. Total RTB loans outstanding were \$1.4 billion at the end of 1988. Most RTB borrowers are financially healthy, and the administration proposes that they increase their reliance on private financing through phased privatization of the RTB. The RTB would take the necessary steps to achieve privatization in 1995, including accumulation of reserves to repurchase the \$535 million of its class A stock that has been purchased by Treasury. Consistent with this approach, the administration proposes \$125 million in direct loan obligations for 1990, and an increase in interest rates charged on RTB loans.

Disaster Relief and Insurance.—Providing insurance against losses from floods, hurricanes, tornadoes, and other natural disasters is primarily the responsibility of private insurers. State and local governments aid recovery when necessary, and Federal insurance and disaster relief programs are available to supplement State and local resources when those resources are insufficient.

Small Business Disaster Loans.—The administration is proposing to eliminate the Small Business Administration's (SBA) program that provides loans to homeowners and businesses for uninsured losses suffered as a result of physical disasters. Under current law, recipients must be able to demonstrate the financial ability to repay the loans. These loans are heavily subsidized at an interest rate of 4 percent if credit cannot be obtained elsewhere (i.e., if the borrower is not likely to satisfy commercial credit requirements). Interest rates can be no more than 8 percent if credit can be obtained from private sources. Eliminating SBA's disaster loan program will encourage homeowners and businesses to obtain and maintain adequate private insurance coverage against disaster-related losses instead of relying on direct Federal loans at preferential interest rates. Although elimination of this program will increase eligibility for the FEMA Individual Family Grant program, savings are estimated to be \$102 million in outlays for 1990. The General Accounting Office has found that insurance is a better form of disaster protection than direct Federal loans. The administration also proposes to sell the disaster loan portfolio over a period of 5 years beginning in 1990.

Disaster Relief.—The Federal Emergency Management Agency administers this nationwide program, which provides supplemental assistance to individuals and State and local governments in the event of a Presidentially-declared emergency or disaster. In addition, States or Federal agencies may be reimbursed for disaster

relief work performed under this authority. Outlays are estimated at \$276 million in 1990.

National Flood Insurance Fund.—The Federal Emergency Management Agency operates a national program of direct Federal flood insurance at subsidized rates. Since the program began in 1968, losses have totalled more than \$0.7 billion through 1988. A series of rate increases have eliminated the annual losses in this program, thereby recovering clearly allocable costs of flood insurance from beneficiaries of this program. Receipts for this program are estimated to exceed outlays by \$40 million in 1990.

CREDIT PROGRAMS—COMMUNITY AND REGIONAL DEVELOPMENT

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Rural development insurance (credit reform):					
New obligations			200	200	200
Change in outstandings.....			8	52	118
Outstandings			8	60	178
Rural development insurance fund:					
New obligations	426	426			
Change in outstandings.....	-1,289	-631	111	51	-91
Outstandings	5,141	4,510	4,622	4,673	4,582
Rural development loan fund (credit reform):					
New obligations			14	14	14
Change in outstandings.....			1	6	11
Outstandings			1	8	19
Rural development loan fund:					
New obligations	14	14			
Change in outstandings.....	-1	6	8	6	1
Outstandings	32	38	46	52	53
Economic development assistance:					
Change in outstandings.....	-197	-50	-19	-21	-16
Outstandings	359	309	290	269	253
Small business disaster loans:					
New obligations	185	280			
Change in outstandings.....	-459	-328	-574	-673	-551
Outstandings	3,260	2,932	2,358	1,685	1,134
Rural telephone bank (credit reform):					
New obligations			125	125	125
Change in outstandings.....			8	34	59
Outstandings			8	41	100
Rural telephone bank:					
New obligations	80	177			
Change in outstandings.....	-33	92	11	64	40
Outstandings	1,413	1,505	1,517	1,580	1,620
Other:					
New obligations	110	33	13	13	13
Change in outstandings.....	-338	-87	-149	-629	-63
Outstandings	1,293	1,206	1,057	428	366
Total, direct loans:					
New obligations	816	930	352	352	352
Change in outstandings.....	-2,318	-998	-595	-1,111	-492
Outstandings	11,499	10,501	9,907	8,796	8,304
Guaranteed loans:					
Rural development insurance (credit reform):					
New commitments			196	196	196
Change in outstandings.....			28	82	120

CREDIT PROGRAMS—COMMUNITY AND REGIONAL DEVELOPMENT—Continued

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Outstandings.....			28	111	231
Rural development insurance fund:					
New commitments.....	96	296			
Change in outstandings.....	-231	-92	-114	-166	-194
Outstandings.....	1,688	1,596	1,483	1,317	1,123
Economic development assistance:					
New commitments.....		20			
Change in outstandings.....	28	2	-12	-11	-10
Outstandings.....	123	125	113	102	92
Small business disaster loans:					
Change in outstandings.....	*	*	*	*	*
Outstandings.....	1	1	1	1	*
Other:					
New commitments.....	182	189	45	45	45
Change in outstandings.....	81	115	103	-20	-36
Outstandings.....	372	487	590	569	533
Total, guaranteed loans:					
New commitments.....	277	505	241	241	241
Change in outstandings.....	-122	25	5	-115	-120
Outstandings.....	2,185	2,210	2,214	2,100	1,980
Total, new obligations and new commitments.....	1,093	1,434	197	197	197

* \$500,000 or less.

Tax Expenditures.—Direct Federal funding for community and regional development is supplemented by several existing tax expenditures. The provision that allowed certain taxpayers to amortize rehabilitation expenditures for low- and moderate-income rental housing over a 5-year period expired at the end of 1986. It has been replaced by a tax credit structured to have a present value equal to 70 percent of construction or rehabilitation costs. The credit is reduced to 30 percent for federally subsidized projects. The 1990 tax expenditure for this provision is \$1.1 billion. Development is also assisted by the exclusion of interest on State and local industrial development bonds for airports, docks, and similar public facilities. The Technical and Miscellaneous Revenue Act of 1988 expanded this category by providing tax-exempt financing to intercity high-speed rail facilities. The estimate for this provision is \$1 billion for 1990. Special tax credits are also available for rehabilitation of older nonresidential buildings. For 1990, the estimated tax expenditure for this program is \$115 million. Total tax expenditures for community and regional development for 1990 are estimated to be \$2.2 billion.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Federal programs for education, training, employment, and social services are intended to: (1) assist parents, States, and localities in providing education, especially for educationally disadvantaged, low-income, and handicapped persons; (2) assist economically disadvantaged or dislocated workers in gaining job skills and finding jobs; (3) help employers and employees maintain stable and productive relations; and (4) help provide social services for children, families, the elderly, and other persons. Historically, the responsibility for meeting most of these needs has rested with State and local governments and the private sector. Excluding the financing effects of the proposed credit reform legislation, total outlays for this function are estimated to be \$36.3 billion for 1990, \$31 million below the 1989 level.

EDUCATION

Funding proposed for education activities in 1990 is intended to provide support for the major programs assisting the educationally disadvantaged, the handicapped, and low-income postsecondary students.

Excluding the financing effects of the proposed credit reform legislation, outlays requested for education programs in 1990 are \$20.9 billion, \$426 million or 2.1 percent above the level estimated for 1989.

Elementary, Secondary, and Vocational Education.—The administration requests \$10.3 billion in budget authority in 1990 for elementary, secondary, and vocational education programs, \$130 million above the level estimated for 1989.

School Improvement Programs.—These programs provide assistance to States, school districts, and others, to design and implement education reform, operate drug abuse prevention education programs, upgrade the teaching of mathematics and science, and demonstrate new approaches to school reform. The largest of these programs is the education block grant, for which the administration is proposing budget authority of \$479 million in 1990. The administration is seeking \$367 million in budget authority for the drug-free schools program in 1990.

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(Functional code 500; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Education:					
Elementary, secondary, and vocational education:					
School improvement programs.....	1,040	1,217	1,201	1,194	1,190
Compensatory education.....	4,337	4,579	4,730	4,780	4,830
Education for the handicapped.....	1,869	1,966	2,014	2,024	2,063
Impact aid.....	708	733	629	629	629
Vocational and adult education:					
Existing law.....	1,013	1,081	177	187	197
Proposed legislation.....			942	942	942
Other:					
Existing law.....	572	585	566	578	586
Proposed legislation.....			31	31	31
Subtotal, Elementary, secondary, and vocational education.....	9,539	10,161	10,291	10,366	10,469
Higher education:					
Student financial assistance.....	5,545	5,819	5,845	5,738	5,723
Guaranteed student loan program:					
Existing law.....	2,565	3,504	3,130	2,675	2,619
Proposed legislation.....			-167	-188	-223
Proposed credit reform.....			4,013	3,389	2,712
Other:					
Existing law.....	875	920	894	884	872
Proposed legislation.....			3	3	3
Subtotal, Higher education.....	8,985	10,243	13,718	12,502	11,706
Research and general education aids:					
Existing law.....	1,363	1,403	1,339	1,430	1,397
Proposed legislation.....			137	137	137
Subtotal, Research and general education aids.....	1,363	1,403	1,476	1,568	1,534
Subtotal, Education.....	19,887	21,807	25,485	24,435	23,710
Training, employment, and other labor services:					
Training and employment:					
Block grants to States.....	1,809	1,788	1,788	1,788	1,788
Summer youth employment.....	718	709	709	709	709
Assistance to dislocated workers:					
Existing law.....	338	364	474	469	466
Proposed legislation.....			-74	-69	-66
Job Corps.....	716	742	762	790	816
Older Americans employment.....	331	344	336	336	336
Work incentive program.....	93	91			
Other training programs.....	297	286	262	248	249
Federal-State employment service.....	1,025	1,069	1,002	1,044	1,082
Subtotal, Training and employment.....	5,327	5,393	5,259	5,315	5,379
Other labor services.....	778	802	815	831	846
Subtotal, Training, employment, and other labor services.....	6,106	6,195	6,075	6,146	6,225
Social services:					
Social services block grant.....	2,700	2,700	2,700	2,700	2,700
Community services block grant.....	382	381			
Rehabilitation services.....	1,590	1,657	1,726	1,782	1,841

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES—Continued

(Functional code 500; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Payments to states for foster care and adoption assistance:					
Existing law	811	1,719	1,286	1,433	1,574
Proposed legislation			-571	-662	-753
Human development services:					
Existing law	2,456	2,574	2,571	2,612	2,648
Proposed legislation			483	499	513
Domestic volunteer programs	163	170	170	174	176
Interim assistance to States for legalization...	930	645	444	433	
Other social services	25	28	27	27	27
Subtotal, Social services	9,057	9,873	8,836	8,997	8,726
Total, budget authority	35,050	37,875	40,395	39,578	38,661

Compensatory Education for the Disadvantaged.—These programs provide the major Federal support for remedial education services for the educationally disadvantaged. For 1990, the administration is proposing \$4.7 billion in budget authority, an increase of \$151 million over the 1989 enacted level.

Education for the Handicapped.—The administration is requesting \$2.0 billion in budget authority for the education of handicapped children in 1990. An increase of \$47 million over the 1989 enacted level is provided for the major State grant.

Impact Aid.—The Government compensates school districts whose enrollments and available revenues are deemed to have been adversely affected by Federal activities, such as the presence of a military base. The administration proposes aid only for those school districts that provide services to children who both live on Federal property and whose parents work on Federal property. The administration requests no funds in 1990 for school districts that provide services to children who either live on Federal property or whose parents work on Federal property, but not both. This change in the impact aid program would ensure that funds go only to those districts in which, in general, such “federally connected” children pose a demonstrable burden on the school system.

Vocational and Adult Education.—The administration requests \$949 million for vocational education including \$942 million under an administration proposal. Budget authority of \$170 million is requested for adult education, \$8 million more than the 1989 enacted level. Adult education programs are a key part of the administration’s efforts to combat adult illiteracy.

Other Elementary and Secondary Education.—The administration is requesting budget authority of \$204 million in 1990 for bilingual, immigrant, and refugee education. In addition, \$270 million is requested for the Department of Interior’s Indian education

programs and \$74 million for the Department of Education's Indian education programs. Increases over 1989 are proposed for an elementary and a secondary school for deaf children operated by Gallaudet University, and for the American Printing House for the Blind.

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(Functional code 500; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Education:					
Elementary, secondary, and vocational education:					
School improvement programs.....	443	975	1,235	1,293	1,195
Compensatory education.....	4,028	4,226	4,312	4,701	4,773
Education for the handicapped.....	1,466	1,872	1,940	2,013	2,026
Impact aid.....	708	721	686	674	633
Vocational and adult education:					
Existing law.....	1,276	828	796	338	204
Proposed legislation.....			113	754	923
Other:					
Existing law.....	493	556	600	594	599
Proposed legislation.....			4	25	30
Subtotal, Elementary, secondary, and vocational education.....	8,413	9,178	9,687	10,391	10,385
Higher education:					
Student financial assistance.....	5,220	5,792	6,006	5,748	5,735
Guaranteed student loan program:					
Existing law.....	2,779	3,202	3,182	2,736	2,601
Proposed legislation.....		-21	-118	-178	-216
Proposed credit reform.....			3,211	3,514	2,847
Other:					
Existing law.....	299	915	905	917	885
Proposed legislation.....			-258	34	24
Subtotal, Higher education.....	8,299	9,889	12,927	12,771	11,876
Research and general education aids:					
Existing law.....	1,261	1,413	1,449	1,487	1,406
Proposed legislation.....			55	106	137
Subtotal, Research and general education aids.....	1,261	1,413	1,503	1,593	1,544
Subtotal, Education.....	17,972	20,480	24,117	24,755	23,804
Training, employment, and other labor services:					
Training and employment:					
Block grants to States.....	1,901	1,873	1,799	1,788	1,788
Summer youth employment.....	707	696	701	701	709
Assistance to dislocated workers:					
Existing law.....	205	344	402	466	464
Proposed legislation.....			-22	-58	-69
Job Corps.....	689	698	741	780	801
Older Americans employment.....	324	334	342	336	336
Work incentive program.....	90	97	5		
Other training programs.....	262	295	281	263	250
Federal-State employment service.....	1,037	1,047	1,059	1,019	1,059
Subtotal, Training and employment.....	5,215	5,384	5,308	5,295	5,338

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES—Continued

(Functional code 500; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Other labor services.....	739	801	803	823	838
Subtotal, Training, employment, and other labor services.....	5,954	6,185	6,111	6,119	6,175
Social services:					
Social services block grant.....	2,666	2,688	2,694	2,700	2,700
Community services block grant.....	408	391	119	9	
Rehabilitation services.....	1,537	1,618	1,703	1,767	1,825
Payments to states for foster care and adoption assistance:					
Existing law.....	1,004	1,548	1,326	1,388	1,531
Proposed legislation.....			-421	-624	-724
Human development services:					
Existing law.....	2,216	2,485	2,572	2,594	2,629
Proposed legislation.....			352	477	506
Domestic volunteer programs.....	153	169	171	172	175
Interim assistance to States for legalization...	10	756	759	551	339
Other social services.....	17	30	28	27	27
Subtotal, Social services.....	8,011	9,686	9,303	9,061	9,007
Total, outlays.....	31,938	36,351	39,531	39,934	38,987

Higher Education.—Excluding the financing effects of the proposed credit reform legislation, the administration requests \$9.7 billion in budget authority for higher education in 1990, \$538 million below the 1989 enacted level of \$10.2 billion.

Student Financial Assistance and Guaranteed Student Loans.—The budget continues the Federal Government's longstanding commitment to increasing access to higher education for lower income persons. Under the budget proposals, total aid available to students under the programs in these accounts would be over \$19 billion, higher than ever before. Budget authority for student financial assistance for 1990 is requested at \$5.8 billion, \$31 million higher than 1989. Major proposals include:

- Expansion of the recently begun income contingent loan program from \$4.9 million in 1989 to \$20 million in 1990. Under this program, repayments are adjusted annually to fit within the income the student earns after leaving school.
- Budget authority of \$4.7 billion in 1990 for the Pell grant program for low-income students (including \$96 million to retire prior year funding shortfalls), with the maximum award at \$2,300.
- No funds are proposed in 1990 for new capital grants to schools for Perkins loans or for State student incentive grants, which were funded in total at \$255 million in 1989. The Perkins program provides unnecessarily high loan subsidies and is not needed, given the \$12.5 billion in loans anti-

pated under the guaranteed student loan programs. The State student incentive grant program has long since fulfilled its objective of stimulating State need-based aid programs.

Budget authority for guaranteed student loans is requested at \$3.0 billion, excluding financing effects of the proposed credit reform legislation. Student loan defaults are estimated at over \$1.8 billion in 1989. Under the administration's proposals, a small part of the cost of financing defaults would be shared with lenders and guarantee agencies, who will thus have incentives to improve their performance in default prevention and debt collection. Other proposals would reduce the cost of the program by reducing lender profit and would reduce the number of defaults.

The budget authority and outlays for the administration's credit reform proposal reflect the estimated subsidies implicit in the guaranteed student loan program. The administration's proposed credit reform initiative is discussed in Part 6 of this volume.

Other Aid to Higher Education.—Budget authority of \$87 million is requested for historically black colleges and universities. Funding increases are requested for the operations of Gallaudet University, the National Technical Institute for the Deaf and Howard University, including an increase for endowment matching grants to help Howard move more rapidly toward reduced dependency on Federal funds. Policies are being developed with Howard to reduce subsidies for foreign students. No funding is sought in 1990 for certain small, relatively lower priority programs, some of which also duplicate other programs.

The budget includes Education Department sales of college housing and higher education facilities loan assets in 1990. About \$475 million of college housing and higher education facilities loans are planned for sale with proceeds estimated at about \$261 million.

Research and General Education Aids.—The administration proposes to increase budget authority in 1990 for Education Department research and statistics to \$88 million, \$10 million over the 1989 enacted level. Funding of \$137 million is sought under new legislation to support library programs. Funding is proposed at the 1989 program level for the National Endowments for the Arts and for the Humanities and for the Institute of Museum Services. The administration is proposing that 1992 funding for the Corporation for Public Broadcasting (which receives two-year advance appropriations) should be held at the 1991 level for general, not satellite, support. This level is sufficient to meet programming requirements while providing incentives for the development of non-Federal sources of funding.

Tax Expenditures.—A variety of exclusions, exemptions, and deductions provide assistance for education. Student loans are subsi-

CREDIT PROGRAMS—EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Guaranteed student loans (credit reform):					
Change in outstandings.....			16	78	281
Outstandings.....			16	94	374
Guaranteed student loans:					
Change in outstandings.....	801	806	682	399	-28
Outstandings.....	5,593	6,399	7,081	7,480	7,452
Student financial assistance:					
Change in outstandings.....	-53	-15	-9	-5	-6
Outstandings.....	604	588	579	574	568
College housing and other:					
New obligations.....	62	30			
Change in outstandings.....	-615	3	-442	29	25
Outstandings.....	848	851	408	438	463
SLMA obligations:					
Change in outstandings.....	-30		-30	-30	-30
Outstandings.....	4,910	4,910	4,880	4,850	4,820
Total, direct loans:					
New obligations.....	62	30			
Change in outstandings.....	103	794	217	471	242
Outstandings.....	11,954	12,748	12,965	13,436	13,678
Guaranteed loans:					
Guaranteed student loans (credit reform):					
New commitments.....			13,080	13,861	14,682
Change in outstandings.....			12,459	13,118	13,650
Outstandings.....			12,459	25,577	39,227
Guaranteed student loans:					
New commitments.....	11,812	12,090			
Change in outstandings.....	4,875	4,433	-8,310	-8,989	-9,629
Outstandings.....	47,610	52,043	43,733	34,744	25,115
Total, guaranteed loans:					
New commitments.....	11,812	12,090	13,080	13,861	14,682
Change in outstandings.....	4,875	4,433	4,149	4,129	4,021
Outstandings.....	47,610	52,043	56,192	60,321	64,342
Total, new obligations and new commitments.....	11,874	12,120	13,080	13,861	14,682

dized through the exclusion of interest on State and local student loan bonds. Students receive additional benefits because scholarship and fellowship awards are not subject to tax to the extent that they pay for tuition, books, and related fees. These two tax expenditures are estimated at \$405 million and \$720 million, respectively, in 1990. Other assistance is provided through a tax exemption available to parents of students age 19 or over who do not claim an exemption on their own tax return and by the deductibility of charitable contributions to educational institutions. Tax expenditures for these items are estimated at \$450 million and \$1.8 billion, respectively, in 1990. The exclusion of interest on State and local debt for private nonprofit educational facilities results in a tax expenditure estimated at \$330 million in 1990. A new program,

enacted in 1988 at the request of the administration, creates a college savings bond program to help lower- and middle-income families save for the rising cost of a college education. Tax expenditures in 1990 would be \$20 million. Current tax expenditures for education are estimated to total \$3.8 billion in 1990.

TRAINING, EMPLOYMENT, AND OTHER LABOR SERVICES

Federal training and employment programs are designed to improve individuals' abilities to obtain and retain jobs and to facilitate the operation of the labor market by contributing to a more skilled and flexible workforce. Those who have difficulty getting and keeping jobs may receive skill training or information on the location of suitable jobs and how to seek them. Other labor services include the compilation of labor statistics and the regulation of employer-employee relations. In 1990, outlays for these activities are expected to be \$6.1 billion, a decrease of \$74 million from the estimate for 1989.

Training and Employment.—The major Federal activities for training and employment are financed through grants to States. In turn, States engage in training those economically disadvantaged youths and adults who have the greatest difficulties in the job market; help experienced workers displaced from their jobs find new employment; provide subsidized jobs, remediation, and training for youth in the summer; and operate the Employment Service. In addition, the Federal Government contracts for the operation of other job training programs, including the Job Corps. Under the Job Training Partnership Act (JTPA), States have major control over the use of funds. In each State and locality, the private sector is heavily involved in planning and carrying out the programs. The primary JTPA program is a block grant that provides States and localities program discretion within broad Federal guidelines. To provide lead time for adequate planning, the budget authority enacted for a fiscal year for JTPA and the Employment Service finances a 12-month program year beginning on July 1 of that year.

Block Grants to States.—Under JTPA, each State designs its program in close cooperation with private sector employers to meet the needs of its population and the opportunities in its job market. These programs are intended to prepare low-income and unskilled youth and adults for entry into the labor force and to provide job training to those who are in special need of such training in order to obtain productive employment. Activities are designed in conjunction with the Employment Service, educational institutions, and other service providers to prepare individuals for jobs in the area. Although few restrictions are placed on the States and local-

ities, JTPA requires that at least 70 percent of the grant amount must be used for training and 90 percent of the participants must be economically disadvantaged. At least 40 percent of the resources must be spent for youth, and welfare recipients must be served on an equitable basis. Estimated outlays of \$1.9 billion in 1989 and \$1.8 billion in 1990 will provide services to over 1 million people in each program year.

Summer Youth Employment.—Under the summer youth employment program, grants are made to States in the spring of each year to subsidize minimum-wage public sector jobs during the following summer for disadvantaged youth between the ages of 14 and 21. The 1989 budget authority provides jobs in the summer of 1990; the 1990 budget authority provides jobs in the summer of 1991. While the program usually has been successful in providing summer jobs, there is no evidence that simply providing such jobs has benefitted those low-income youth with the fewest skills and most at risk of not finding a productive role in the economy. Nor is it clear that using these resources only for jobs is the most effective use of tax dollars. Under current law, local areas have limited flexibility to use these resources in new and innovative programs mixing jobs and longer term comprehensive training. The administration, therefore, proposes amending the current summer jobs program.

The administration recommends that legislation be enacted to change the existing summer youth employment program to allow States and local areas to establish a comprehensive program of services for low-income youth. The enhanced program would better target resources to disadvantaged youth and enable States and localities to operate a year-round program of remedial education, basic skills training, and related support; a subsidized summer jobs program as they do now; or a mixture of both programs. The mix of services between training and jobs will be up to States and local areas. This proposal is intended to allow local areas to put together the best combination of services for their jurisdiction to help youth who suffer from illiteracy, lack job skills, and are the most seriously at risk of failing to participate fully in our society. Budget authority of \$709 million in 1990 is proposed for this program, the same level as enacted for 1989.

Assistance to Dislocated Workers.—Two programs have been available to help workers whose jobs have disappeared because of changes in the economy.

JTPA provides grants to States to help dislocated workers find new jobs, get training in new skills for which there is a demand, or meet the costs of looking for work or moving to new locations where they have found permanent employment. An appropriation of \$287 million was enacted to be distributed in this manner in 1988.

Beginning with the 1989 program year, the current JTPA program will be replaced by a new dislocated worker training program. The Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), which is an outgrowth of an administration proposal, was enacted as part of the Omnibus Trade and Competitiveness Act of 1988 and amends the JTPA dislocated worker title replacing all current provisions of that portion of the law. EDWAA requires each State to designate an identifiable agency responsible for the program at the State level that has the capability to respond rapidly to major layoffs and plant closures. In addition, EDWAA establishes a sub-State service delivery system similar to the other JTPA programs and authorizes funds for rapid response assistance, basic readjustment and support services, retraining services, needs related payments, and the promotion of labor-management committees to assist in transition activities during a plant or facility closure. Individuals eligible for assistance include those affected by layoffs or plant closings, unemployed persons who have exhausted their eligibility for unemployment compensation, the long-term unemployed, and self-employed persons, including farmers.

For 1989, the \$284 million already appropriated for the previous JTPA dislocated worker assistance program will be available for transition to, and for activities authorized by, EDWAA. For 1990, \$400 million is requested and some 300,000 unemployed dislocated workers will be served. Assistance to workers is expected to be provided faster and more efficiently than under the previous JTPA program.

The second program for helping dislocated workers is trade adjustment assistance (TAA), which provides unemployment benefit payments for a period beyond that available from regular unemployment insurance. TAA also pays for retraining workers whose skills are obsolete or for job search and relocation costs. This aid is available only to workers who are determined to have been displaced from their jobs by increased imports. Experience under the program suggests that the additional weeks of unemployment benefits encourage some workers to delay efforts to seek new opportunities in the hope that they will be recalled to their old jobs. In addition, the separate TAA program assisting only one group of unemployed workers raises serious questions about equity of treatment. TAA was amended and expanded in 1988 to cover workers in the oil and natural gas industries and to make training an entitlement for TAA-certified workers. Congress provided \$48 million for retraining and relocation assistance and resources to finance \$184 million in cash benefit payments under TAA in 1989. The administration is requesting supplementals to increase the amount for training to \$80 million and cash benefits to \$276 million.

The administration proposes to remove the authority for the program and no resources are requested for serving new enrollees in the TAA program in 1990. These workers would be served by the new EDWAA program. Current TAA recipients would continue to receive their benefits and complete their training.

Job Corps.—The Job Corps provides disadvantaged youth remedial education and job skills training in 105 residential centers that also provide meals, room, recreation, medical care, and living and readjustment allowances. Because the Job Corps continues to be the most costly domestic job training program financed by the Federal Government, it is important to help keep program costs under control and improve program efficiency while maintaining service levels. For 1990, savings would be achieved by implementing the results of several pilot and demonstration projects that tested ways to reduce costs or improve performance. Finally, in later years, savings will accrue from competitively bidding the centers currently run by the Departments of Agriculture and Interior, starting in 1990. The 1990 budget authority request of \$762 million would be sufficient to support 40,500 training slots, the same level as in previous years, and to continue work on opening new centers.

Older Americans Employment.—Part-time public service employment for low-income older workers is provided under Title V of the Older Americans Act through contracts with 9 national service organizations, the U.S. Forest Service, and through grants to States. Budget authority of \$336 million is requested for 1990, with outlays estimated to be \$342 million. Some 64,300 job opportunities would be provided for older workers in 1990.

Work Incentive Program/Job Opportunities and Basic Skills Training Program.—The work incentive program (WIN) has provided grants to States for employment and training job services to recipients of AFDC (aid to families with dependent children). Although the program's aim is to help curb welfare dependency, it has not proved successful or cost-effective. The Family Support Act of 1988 established a new, more comprehensive program, job opportunities and basic skills training program (JOBS) to replace the WIN program. States can replace WIN jobs at the beginning of any quarter from the last quarter of fiscal year 1989 until the end of fiscal year 1990. For 1990, remaining Federal financing of WIN would come out of the JOBS appropriation; therefore, no separate funding is requested for WIN in 1990.

Other Training Programs.—Outlays of \$281 million are estimated in 1990 for other national training programs, including research and demonstration projects and special programs for veterans, native Americans, and migrant and seasonal farm workers.

Federal-State Employment Services.—Grants are made to State employment service agencies under a formula based on each State's share of the civilian labor force and of unemployed individuals. These grants support the cost of job search and placement services for job seekers and of recruitment and special technical services for employers. Certain employment services designed to meet national needs are financed with grants under specific agreements with the State agencies. These national activities include special services to veterans, collection of general purpose labor market statistics, and determinations of labor needs under immigration laws.

Beginning in 1990, States will receive special grants under the new Economic Dislocation and Worker Adjustment Assistance program described earlier. States will be able to use these resources to provide adjustment services tailored to the needs of dislocated workers in their jurisdiction.

Tax Expenditures.—Training and employment is subsidized through a diverse group of tax expenditures. The Economic Recovery Tax Act of 1981 (ERTA) expanded the credit for child and dependent care and created a special exclusion for employer payments for child care. These provisions for child and dependent care, designed to provide work incentives for families with children, are estimated to cost \$4.7 billion and \$205 million, respectively, in 1990.

The targeted jobs tax credit, intended to provide incentives for employers to hire disadvantaged individuals from certain target groups and recipients of certain welfare payments, will be allowed to expire on December 31, 1989. The preponderance of evidence shows that this tax credit is a windfall to employers and subsidizes hiring that would have occurred in the absence of the tax. Special tax credits for employee stock ownership plans (ESOPs), designed to encourage employee ownership of their employer's stock, were allowed to expire at the end of 1986. The tax expenditures for these provisions are estimated at \$280 million and \$100 million, respectively, in 1990. Total tax expenditures for training and employment are estimated to be \$6.2 billion in 1990.

SOCIAL SERVICES

The Federal Government makes grants to States and to local public and private institutions to help defray the cost of social services. Beneficiaries are low-income persons, the elderly, the disabled, children, youth, and Native Americans. Federal outlays for social services are expected to be \$9.7 billion in 1989 and \$9.3 billion in 1990.

Social Services Block Grant.—Block grant funding of social services gives States discretion to determine which social services will be offered and who will be eligible to receive them. Child day care, foster care, child protective services, preparation and delivery of meals, and legal services are some examples of social services offered by the States. Block grant funds may also be used by State and local governments for administrative costs and are distributed among the States on the basis of population. States may transfer up to 10 percent of their social services block grant allotment to other block grants that support health services, health promotion and disease prevention, and low-income home energy assistance.

Budget authority of \$2.7 billion is requested for the social services block grant in 1990, the same level as enacted for 1989.

Community Services Block Grant.—In 1990, the administration proposes to end Federal funding of the community services block grant program. No budget authority is requested. States may continue community services programs under the social services block grant.

Rehabilitation Services.—For vocational rehabilitation, budget authority of \$1.7 billion is requested, an increase of \$69 million over 1989, primarily for State formula grant programs. Most other activities are proposed to be funded in 1990 at their 1989 enacted levels.

Payments to States for Foster Care and Adoption Assistance.—In 1990, budget authority of \$715 million is requested for payments to States for maintenance payments to children eligible for the Federal foster care and adoption assistance programs. Funds support State programs to reunite children with their families or, when this not possible, to place them promptly in adoptive homes. The budget reflects proposed legislation to transfer \$483 million in estimated payments to States for foster care and adoption assistance administration and training claims to a new discretionary comprehensive child welfare services formula grant. As proposed, funds for the new formula grant are being requested as part of human development services discussed below. In addition, a 1989 supplemental of \$599 million is requested for States' prior years' claims and reestimates of 1989 claims.

Human Development Services.—In 1990, budget authority of \$3.1 billion is requested to support social services for children, victims of family violence, the elderly, persons with developmental disabilities, and Native Americans. The request reflects the legislative proposal for child welfare services discussed under foster care.

Domestic Volunteer Programs.—The ACTION agency operates programs to help older citizens provide various social services, pays stipends and other support costs of the volunteers in service to America (VISTA) program, and provides small grants to stimulate

other volunteer services. In 1990, the foster grandparent program would support approximately 28,000 older volunteers who would work with about 70,000 children with special needs. The senior companions program would provide support for approximately 12,600 volunteers to work with 30,000 older people confined to their homes. The retired senior volunteer program would support about 402,000 part-time volunteers in 1990 who work on a great variety of community needs. Funds requested for the VISTA program would provide 2,600 volunteer service years in 1990.

Other Social Services.—Funding is provided for certain administrative functions of the Education Department and for the interim assistance to States for legalization programs of the Department of Health and Human Services.

Tax Expenditures.—The provision of social services by a wide variety of private charitable and religious institutions is encouraged by the tax deductibility of contributions to those institutions. The tax expenditure estimate for charitable contributions, other than to educational and health institutions, is \$11.1 billion in 1990. Parsonage housing allowances are excluded from ministers' taxable incomes. This allows them to accept lower cash remuneration from their congregations. The tax expenditure for parsonage allowances is estimated at \$240 million in 1990. For social services, tax expenditures are estimated to total \$11.6 billion in 1990.

Total tax expenditures for education, training, employment, and social services are estimated at \$21.6 billion in 1990.

HEALTH

The Federal Government helps to meet the Nation's health needs by financing and supporting activities involving health care services, disease prevention, research, training, and consumer and occupational health and safety. Since 1960, per capita spending on health care has increased rapidly—more than twice the rate of inflation. Americans now spend 11.1 percent of GNP on medical care, more than any other industrialized nation. Federal health spending has grown even faster than medical spending generally. Despite major policy reforms enacted since 1981, this spending will more than double within a decade unless present trends are tempered.

Health Care Services.—Four-fifths of Federal outlays for health are devoted to financing or supporting health care services provided directly to individuals. Federal outlays for health care services, excluding medicare, military, and veterans medical programs, are estimated to increase from \$40.6 billion in 1989 to \$42.4 billion in 1990.

Medicaid Grants.—Under current law, the Federal Government is expected to finance 56 percent of the cost of the joint State-Federal medicaid program. In 1990, the State and local share is projected to be \$29.4 billion. The projected 1990 Federal share of \$37.4 billion is an increase of 9 percent over 1989. The medicaid program will finance health care for 25 million Americans. Steep growth in the cost of medical care will contribute to rapidly rising Federal outlays, which are projected to increase by an average of 9 percent per year between 1989 and 1994.

The budget proposes a renewal of cost containment incentives that were originally authorized by the Omnibus Budget Reconciliation Act of 1981 but which expired at the end of 1984. The budget also proposes to restructure Federal financing of administrative expenses from a matching formula to a block grant indexed to inflation. A proposal to continue the current medicare Part B premium levels (which is discussed in the medicare function) would moderately increase costs for the medicaid program.

Federal Employees Health Benefits (FEHB).—The budget reflects proposed legislation for two reforms in the FEHB program, the world's largest multiple-choice health program, with estimated outlays in 1989 of \$1.9 billion. The first reform proposes that the formula used to determine the Government's contribution to enrollees' health premiums be changed to a program-wide weighted average that reflects the premiums of all FEHB plans and the distribution of enrollees among those plans. Currently, this contribution is based on a simple average of the high-option coverage offered by six of the largest plans. This outdated formula prevents the Gov-

NATIONAL NEED: HEALTH

(Functional code 550; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Health care services:					
Medicaid grants:					
Existing law	30,768	34,292	37,398	41,356	45,373
Proposed legislation			-1,437	-1,987	-2,358
Federal employees' health benefits:					
Existing law	1,789	2,374	3,780	4,325	5,338
Proposed legislation			-970	-1,191	-1,366
Other health care services:					
Existing law	4,195	4,856	4,808	4,838	4,916
Proposed credit reform			-*		
Subtotal, Health care services	36,752	41,523	43,579	47,341	51,902
Health research:					
National Institutes of Health research ¹	6,365	6,834	6,453	6,567	6,655
Other research programs	653	843	1,847	1,960	2,082
Subtotal, Health research	7,018	7,677	8,300	8,527	8,737
Education and training of health care work force:					
Research training					
Existing law	301	313	324	328	333
Clinical training:					
Existing law	208	198	7	37	40
Proposed legislation			-7		
Proposed credit reform			29	8	6
Other	41	45	39	36	35
Subtotal, Education and training of health care work force	550	556	392	409	413
Consumer and occupational health and safety:					
Consumer safety	908	976	869	881	883
Occupational safety and health	405	417	432	441	448
Subtotal, Consumer and occupational health and safety	1,313	1,393	1,301	1,322	1,331
Total, budget authority	45,634	51,149	53,571	57,599	62,383

* \$500,000 or less.

¹ HIV funds are included in 1988-89, but excluded in 1990-92, where they appear under "other research programs."

ernment's contribution from reflecting the shift of enrollees from high-option to low-option coverage and the dramatic growth in the number of FEHB plans. The proposed formula would reflect these and other changes in the FEHB program, providing more equitable cost sharing between the Government and its employees.

The second reform proposes that the respective employer health insurance costs for current annuitants and survivors be transferred from the Federal Government to the U.S. Postal Service and the District of Columbia government. This proposal expands a principle already in current law, which requires the Postal Service to pay the Government contributions for annuitants who retire on or after October 1, 1986.

Of the \$958 million in estimated 1990 FEHB outlay reductions in this function, \$806 million represents the transfer of annuitants' costs to the Postal Service and the District of Columbia government. The remaining \$152 million is in estimated 1990 outlay savings from the program-wide weighted average proposal. An additional \$256 million in outlay savings from the program-wide weighted average proposal accrues to agencies throughout the Government, and is presented in the allowances section.

NATIONAL NEED: HEALTH

(Functional code 550; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Health care services:					
Medicaid grants:					
Existing law	30,462	34,292	37,398	41,356	45,373
Proposed legislation			-1,437	-1,987	-2,358
Federal employees' health benefits:					
Existing law	1,755	1,884	2,779	3,706	4,575
Proposed legislation			-958	-1,171	-1,336
Other health care services:					
Existing law	3,802	4,373	4,595	4,910	4,871
Proposed legislation			-20		
Proposed credit reform.....			-*		
Subtotal, Health care services.....	36,019	40,549	42,357	46,814	51,125
Health research:					
National Institutes of Health research	6,051	6,455	6,654	6,435	6,506
Other research programs	594	877	1,391	1,704	2,087
Subtotal, Health research	6,645	7,332	8,045	8,139	8,593
Education and training of health care work force:					
Research training	283	298	318	321	326
Clinical training:					
Existing law	229	190	75	88	60
Proposed legislation			-7	2	2
Proposed credit reform.....			29	8	6
Other	29	48	44	40	38
Subtotal, Education and training of health care work force	541	536	459	460	432
Consumer and occupational health and safety:					
Consumer safety.....	886	934	890	890	888
Occupational safety and health.....	398	411	426	440	447
Subtotal, Consumer and occupational health and safety.....	1,285	1,345	1,316	1,330	1,335
Total, outlays	44,490	49,761	52,177	56,743	61,484

* \$500,000 or less.

Other Health Care Services.—Budget authority of \$1.6 billion is requested for health block grants in 1990, \$156 million more than the 1989 level. This increase reflects a proposed family planning block grant to give States greater latitude in delivering voluntary

family planning services, and a proposed expansion of the Preventive Health and Health Services Block Grant. Block grants allow States flexibility in coordinating and improving the effectiveness of services for their citizens. Under such grants, unnecessary Federal regulatory, legal, and reporting requirements are eliminated, allowing the States to streamline program administration and to devote more resources to services.

Total budget authority of \$1.1 billion is proposed for the Indian Health services in 1990. This consists of separate requests of \$266 million for Tribal Health Administration and \$820 million for Federal Indian Health Administration. Separate appropriations are requested to support advancement towards the 10-year goal of entrusting 75 percent of Indian health hospitals and clinics to tribal organizations. The Tribal Health Administration proposal includes \$73 million for full funding of tribal contracts' indirect costs, a 64 percent increase over 1989. In addition, the tribal and Federal Indian health services will collect an estimated \$121 million in third-party reimbursements for health services, including an additional \$40 million in increased collections of third-party reimbursements authorized under the Indian Health Care Amendments of 1988.

Budget authority of \$942 million is requested for drug abuse treatment, research, prevention, and deterrence programs in the Public Health Service (PHS), an 8.6 percent increase over the comparable 1989 level. These funds will support the President's initiative to combat drug abuse.

For 1990, \$18 million in budget authority is requested for the direct Federal subsidy for the care of District of Columbia residents at Saint Elizabeths Hospital. This represents the ninth year of a 10-year phasedown of this subsidy. On October 1, 1987, ownership of Saint Elizabeths Hospital was transferred to the District of Columbia. An additional transition subsidy is also requested as part of the Federal payment to the District of Columbia government. This payment is classified in the general government function.

Health Research.—The administration's 1990 budget request supports the view, long held by the National Institutes of Health (NIH) and the university research community, that basic biomedical research should be a priority, and reflects the expressed scientific priorities of the biomedical research community. Unlike applied and developmental research, which have commercial applications and many other sources of funding, basic research is a core Federal function. Specifically, the proposed funding request would:

- Stabilize and accelerate the accumulation of vital knowledge through a 6.6 percent increase over 1989 for basic research.

- Commit \$100 million in 1990 to the long-term human genome project.
- Expand the funding for biomedical research training by 3 percent.
- Maintain support for applied and developmental research.

Excluding efforts on the Human Immunodeficiency Virus (HIV, commonly called AIDS), the health research request for the Department of Health and Human Services totals \$7.2 billion in budget authority, an increase of \$350 million over 1989. The 1990 request includes \$6.5 billion for the NIH and \$0.6 billion for the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA).

Preventing and alleviating suffering from HIV infection is the highest public health priority of the administration. In implementing the President's 10-point action plan to combat HIV, support for research, prevention, and treatment will exceed \$2.1 billion in 1989. This complements multi-million dollar State, local and private efforts. The budget seeks a 24 percent increase over 1989 funding levels, or a total of \$1.6 billion for Public Health Service (PHS) HIV funding. The current sharing of HIV funding management among 23 separate PHS agencies impairs rapid, effective responses to HIV issues. The budget seeks to lift this and other impediments by consolidating HIV management and resources in the National HIV Program of the Public Health Service.

Education and Training of the Health Care Workforce.—In 1990, \$392 million in budget authority is requested for these programs, compared to \$556 million appropriated in 1989. Between 1965, when Federal subsidies for health professions training began, and 1988, the supply of physicians per capita grew by 60 percent. Surpluses are projected for most health care disciplines in the 1990s. Because the supply of health care professionals is now adequate, direct Federal subsidies for most clinical health professions training are no longer essential. For this reason, the administration proposes to eliminate the Federal subsidies for most health professions in 1990.

In 1990, the budget proposes to support an estimated 10,000 students in health professions training programs—medical and allied health professionals—with \$100 million in new guaranteed loan commitments under the health education assistance loan program. An additional 45,400 nursing and health professions students would continue to receive assistance through revolving fund loans. To expand the future pool of basic biomedical and behavioral scientists, the budget seeks a 3 percent increase for research training.

Consumer and Occupational Health and Safety.—Budget authority of \$1.3 billion in 1990 is requested to protect consumers from

CREDIT PROGRAMS—HEALTH

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Health resources, education, and facilities:					
New obligations	38	46	48	46	50
Change in outstandings	88	18	-163	28	25
Outstandings	804	821	658	686	711
Total, direct loans:					
New obligations	38	46	48	46	50
Change in outstandings	88	18	-163	28	25
Outstandings	804	821	658	686	711
Guaranteed loans:					
Health profession graduate student loans:					
New commitments	229	230			
Change in outstandings	545	192	-41	-42	-42
Outstandings	1,850	2,042	2,001	1,959	1,917
Health education assistance loans (credit reform):					
New commitments			100	100	75
Change in outstandings			100	100	75
Outstandings			100	200	275
Health resources, education, and facilities:					
Change in outstandings	-164	-107	-107	-114	-122
Outstandings	672	564	457	343	221
Total, guaranteed loans:					
New commitments	229	230	100	100	75
Change in outstandings	381	85	-48	-56	-89
Outstandings	2,522	2,606	2,558	2,502	2,413
Total, new obligations and new commitments	267	276	148	146	124

unsafe and defective products and to protect workers from occupational hazards.

Consumer Safety.—Budget authority for consumer safety activities is proposed to be \$869 million in 1990. An additional \$100 million in Food and Drug Administration user fees is proposed to enhance these activities. This funding would support research, consumer education, and the development of both voluntary and regulatory measures to protect consumers from unreasonable risks. Inspections would be continued to ensure the safety and efficacy of drugs, medical devices, and foods.

Occupational Safety and Health.—The budget requests \$432 million in budget authority to improve occupational safety and health in 1990. The Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) in the Department of Labor issue and enforce standards to eliminate workplace hazards causing injury, illness, or death. Both OSHA and MSHA will continue efforts to revise or eliminate standards that burden employers without enhancing protection of

workers, focusing resources on those activities most likely to ensure safe and healthful working conditions. Cooperative and voluntary efforts of employers and employees to increase workplace safety and health are also encouraged. All mine inspections required by the Mine Safety and Health Act in 1989 and 1990 are expected to be accomplished.

Tax Expenditures.—Federal tax laws help finance health insurance by allowing employees to exclude from their taxable income the insurance premiums paid by their employers. The estimated tax expenditure for this provision is \$37.3 billion for 1990. Employees are also allowed to exclude from their taxable income the employers' payments made on their behalf into the Hospitalization Trust Fund which finances Medicare benefits. This tax expenditure equals \$6.7 billion in 1990. Individuals also are permitted to itemize as deductions certain expenses for health care. In 1990, the estimate for this health-related tax expenditure is \$2.3 billion. In addition, health-related charitable contributions result in a tax expenditure estimated at \$1.6 billion for 1990, and the exclusion of interest on State and local hospital bonds results in an estimated 1990 tax expenditure of \$3.0 billion. Estimated tax expenditures for existing health provisions total \$51.0 billion in 1990.

Related Programs.—The Federal Government supports health-related expenditures that are reported in other functions. Among the most important are medicare, discussed in the next function, and medical care for veterans and military personnel, discussed in both the veterans benefits and services and national defense functions. Agency contributions to Federal employees health benefits are described under health care services but are included in individual agency budgets in virtually all functions.

MEDICARE

The Federal Government contributes to the health of aged and disabled Americans through medicare. In 1990, medicare will provide health insurance for an estimated 33 million persons who are aged, disabled, or suffer from end-stage renal (i.e., kidney) disease. In addition, the recently enacted Medicare Catastrophic Coverage Act of 1988 (Public Law 100-360) will expand medicare coverage and limit beneficiary out-of-pocket expenses for medicare covered services.

Medicare consists of three parts. Hospital insurance (Part A), funded primarily by social security payroll taxes, pays for care provided by hospitals, skilled nursing facilities, home health agencies, and hospices. Supplementary medical insurance (Part B) pays for physician services, hospital outpatient and laboratory services, treatment for end-stage renal disease, and durable medical equipment. While enrollees pay about 25 percent of Part B costs through premiums, a subsidy from general revenue finances the bulk of the Part B program. In 1989, this subsidy is expected to total \$30.7 billion, or an average of \$79 per month per enrollee. With the enactment of the Medicare Catastrophic Coverage Act of 1988, beneficiary out-of-pocket expenses are limited under Part A and Part B, and reimbursement for certain outpatient prescription drug expenses will be phased in starting in 1990. In calendar year 1990, medicare enrollees will pay \$4.90 in special catastrophic monthly premiums for this increased protection, with an estimated two-fifths of higher-income medicare eligibles also paying an income-related supplemental premium.

Under current law, which assumes continuation of three provisions in effect in 1989, medicare outlays are expected to increase 11 percent annually—or a total of nearly \$53 billion—between 1990 and 1994. Medicare's spending on physician services, one of the fastest growing parts of the budget, is expected to increase 13 percent annually over the five-year period.

Even with the administration's savings proposals, medicare outlays are projected to increase from \$94.9 billion in 1990 to \$143.3 billion in 1994. This increase significantly exceeds general inflation and the growth in the beneficiary population. The administration proposes to modestly restrain the rate of increase in per capita medicare spending but without adversely affecting beneficiaries or altering the new Medicare Catastrophic Coverage Act benefits. In the budget, medicare spending per beneficiary increases from \$2,857 in 1990 to \$4,039 in 1994.

Hospital Insurance.—The budget proposes to reduce medicare capital payments in 1990 by 10 percentage points below 1989 current law rates. The indirect medical education add-on would be

NATIONAL NEED: MEDICARE

(Functional code 570; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Medicare:					
Hospital insurance (HI):					
Existing law	67,999	75,331	80,689	86,908	92,617
Proposed legislation			2,289	2,639	3,027
Catastrophic hospital reserve fund		554	2,847	2,238	2,660
Supplementary medical insurance (SMI):					
Existing law	35,002	42,070	48,551	54,501	62,672
Proposed legislation			-1,130	-2,439	-3,593
SMI, catastrophic		1,169	4,915	5,644	5,724
Federal catastrophic drug insurance			833	2,418	2,697
Medicare premiums and collections:					
Existing law	-8,798	-10,511	-12,066	-13,721	-15,416
Proposed legislation			297	613	877
SMI, catastrophic premium		-1,163	-1,838	-2,130	-2,614
Catastrophic drug insurance premium				-593	-957
Total, budget authority	94,203	107,450	125,387	136,078	147,694
OUTLAYS					
Medicare:					
Hospital insurance (HI):					
Existing law	52,730	58,383	64,290	70,317	76,614
Proposed legislation			-2,396	-3,022	-3,324
Supplementary medical insurance (SMI):					
Existing law	34,947	39,901	45,833	52,648	60,699
Proposed legislation			-985	-2,215	-3,415
SMI, catastrophic:					
Existing law		123	1,724	3,509	4,619
Proposed legislation			-90	-160	-200
Federal catastrophic drug insurance			150	1,831	3,994
Medicare premiums and collections:					
Existing law	-8,798	-10,511	-12,066	-13,721	-15,416
Proposed legislation			297	613	877
SMI, catastrophic premium		-1,163	-1,838	-2,130	-2,614
Catastrophic drug insurance premium				-593	-957
Total, outlays	78,878	86,734	94,918	107,077	120,877

reduced from 7.7 percent to 4.05 percent (the best estimate of added teaching costs historically experienced by hospitals). The prospective payment system hospital rate increase would be limited to hospital inflation minus 1.5 percent (which is more generous than previously enacted annual increases).

Supplementary Medical Insurance.—The Omnibus Budget Reconciliation Act of 1987 (OBRA 1987) limited payments for physician and diagnostic clinical laboratory services, durable medical equipment, and hospital outpatient radiology. Current law reflects extension of the OBRA 1987 provisions for supplementary medical insurance premiums and clinical laboratory payments. Without further changes, physician payments are projected to continue to increase 13 percent annually. Hospital outpatient and clinical laboratory payments are increasing 20 percent each year. Without

additional savings measures, supplementary medical insurance gross outlays are estimated to double from \$39.9 billion in 1989 to \$79.7 billion 1994.

The administration proposes to restrain excessive growth in the supplementary medical insurance program by limiting payments to non-primary care physicians, by reducing anesthesiology, radiology and surgery reimbursement, and by reforming the durable medical equipment payment system. Additional savings from hospital outpatient services are proposed for 1991.

Catastrophic Drug Insurance.—Effective in calendar year 1990, medicare will begin to phase in coverage for outpatient prescription drugs. Coverage for home intravenous and immunosuppressive drugs, and coverage of certain other outpatient prescription drug expenses will begin in calendar year 1990 and calendar year 1991, respectively.

INCOME SECURITY

Federal programs in the income security function help meet the needs of individuals by insuring against loss of income resulting from retirement, disability, death, or unemployment of a wage earner, and by assisting the truly needy who are unable to provide for themselves. The income security function includes retirement and disability programs for Federal civilian and military personnel, railroad employees, and coal miners. Retirement and disability benefits are financed by a combination of employer and employee contributions and direct Federal payments. This function also includes unemployment compensation programs and a wide range of housing, food, and cash assistance programs. Outlays for these programs are estimated at \$136.9 billion in 1989 and \$136.8 billion in 1990.

General Retirement and Disability Insurance (Excluding Social Security).—This subfunction includes programs that provide retirement and disability benefits for railroad workers and coal miners.

Railroad Retirement.—The Railroad Retirement Board (RRB) administers retirement and disability benefits to an estimated 890,000 former railroad employees, their dependents, and survivors. RRB payments include benefits equivalent to social security retirement and disability benefits, as well as rail industry pensions and federally subsidized windfall payments. Benefits are financed through railroad employee payroll deductions and railroad employer contributions, payments from the social security trust funds, and direct subsidies from taxpayers. Estimated 1990 outlays of \$4.2 billion include \$333 million for the Federal windfall subsidy component, which represents an annual subsidy of more than \$1,000 per active railroad employee.

The budget proposes to restore rail industry pensions, the amounts above social security equivalent levels, to the private sector. Rail pensions are the only private industry pensions subsidized by Federal taxpayers and administered by a Federal agency. Privatization of rail pensions would: (1) fully cover the rail sector under social security, (2) free rail labor and management to collectively bargain for new benefit levels and new funding arrangements, and (3) require sound financing of pensions for new rail workers by placing rail pensions under the Employee Retirement Income Security Act (ERISA). Although not included in the budget estimates, privatization would generate long-term savings. The budget also proposes limiting the Federal windfall subsidy. Under current law, rail pensions, funded primarily from rail sector resources, are reduced by 25 percent of the windfall benefits paid to rail retirees. The proposal would eliminate this reduction in rail

sector financed benefits while maintaining the same total benefits, in effect reducing the Federal windfall subsidy by 25 percent.

Finally, consistent with proposals in civil service and military retirement, the budget proposes to eliminate the 1990 rail pension cost-of-living adjustment (COLA). This proposal will not affect rail social security equivalent benefits, which will continue to get the full social security COLA. Beginning in 1991, the budget proposes to pay uniform rail pension COLAs for all non-social security equivalent benefits. These COLAs will be calculated by multiplying the current law rail pension COLA factor of 32.5 percent by the civil service COLA.

NATIONAL NEED: PROVIDING INCOME SECURITY

(Functional code 600; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
General retirement and disability insurance (excluding social security):					
Railroad retirement:					
Existing law.....	4,974	4,844	4,702	4,642	4,550
Proposed legislation.....			-147	-88	-88
Special benefits for disabled coal miners.....	1,597	1,579	1,505	1,488	1,449
Other.....	71	87	95	101	108
Subtotal, General retirement and disability insurance (excluding social security).....	6,641	6,510	6,155	6,143	6,019
Federal employee retirement and disability:					
Civilian retirement and disability programs:					
Existing law.....	46,984	48,936	51,214	53,103	54,633
Proposed legislation.....			72	-21	76
Military retirement.....	33,006	34,680	34,892	37,075	39,193
Federal employees workers' compensation (FECA).....	213	242	217	265	278
Federal employees life insurance fund.....			3	9	14
Subtotal, Federal employee retirement and disability.....	80,203	83,858	86,397	90,430	94,194
Unemployment compensation:					
Existing law.....	23,620	24,341	24,277	24,058	23,031
Proposed legislation.....		-3	-176	-197	-184
Subtotal, Unemployment compensation.....	23,620	24,338	24,101	23,861	22,847
Housing assistance:					
Subsidized housing.....	6,938	7,155	6,683	14,857	13,604
Public housing operating subsidies.....	1,450	1,618	1,694	1,733	1,792
Public housing modernization.....			1,000	1,033	1,062
Low-rent public housing loans.....	1,050	856	567	270	
Transitional housing and emergency shelter for the homeless.....	73	128	72	71	71
Other housing assistance:					
Existing law.....	186	207	217	216	216
Proposed credit reform.....			-27	-27	-27
Subtotal, Housing assistance.....	9,698	9,963	10,207	18,153	16,719

NATIONAL NEED: PROVIDING INCOME SECURITY—Continued

(Functional code 600; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Food and nutrition assistance:					
Food stamps and aid to Puerto Rico:					
Existing law	13,518	13,599	14,088	14,642	15,070
Proposed legislation			-80	-91	-98
Child nutrition and other programs:					
Existing law	7,132	7,438	7,875	8,329	8,728
Proposed legislation		-80	-955	-1,025	-1,114
Subtotal, Food and nutrition assistance.....	20,650	20,957	20,928	21,856	22,585
Other income security:					
Supplemental security income (SSI)	12,563	12,474	12,052	13,818	14,476
Family support payments:					
Existing law	11,125	10,892	11,172	11,044	11,512
Proposed legislation			-350	-357	-137
JOBS training program for welfare recipients			350	685	805
Earned income tax credit (EITC)	2,698	3,849	3,841	3,705	3,790
Refugee assistance	347	382	242	232	222
Low-income home energy assistance	1,532	1,383	1,100	1,100	1,100
Other	188	203	224	223	227
Subtotal, Other income security	28,452	29,183	28,632	30,451	31,995
Total, budget authority	169,264	174,810	176,420	190,894	194,360

Special Benefits for Disabled Coal Miners.—Miners who suffer from chronic dust disease of the lungs—black lung—and who meet specified medical criteria, are entitled to monthly cash payments and medical benefits. Cash payments are also made to their dependents and survivors. The basic monthly cash payment is based on the GS-2 Federal salary level. In 1990, beneficiaries will receive an estimated \$1.5 billion. The black lung disability trust fund, which is financed by a fee on coal production, is projected to have a cumulative deficit of \$3.1 billion at the end of 1990. The excise tax paid by coal operators is insufficient to cover the cost of medical and income replacement benefits for miners disabled by the black lung disease for which these operators are legally responsible. This is true even though the Government has assumed full responsibility for paying income benefits to two-thirds of those disabled by black lung disease. Legislation passed in 1987 will retain the current excise taxes beyond their previously proposed expiration date in order to slowly restore the trust fund to solvency by the year 2014.

Pension Benefit Guaranty Corporation (PBGC).—This Government corporation insures payment of pension benefits promised to workers by private employers that sponsor defined benefit pension plans. When a bankrupt or financially distressed employer can no longer support a pension plan, the PBGC takes over the plan and

pays monthly retirement benefits up to a legal maximum. PBGC may also lend money to an insolvent multi-employer plan to prevent termination, thereby forestalling the need for the government to take over the plan. The Corporation's revenues include variable rate premiums charged to sponsors of single employer plans and flat rate premiums charged to sponsors of multi-employer plans; earnings on investments; and collections from sponsors that terminate plans. Effective in 1988, premiums were increased and a variable rate structure was started for single employer pension plans.

Federal Employee Retirement and Disability.—Of the several employee retirement and disability programs in the legislative, judicial, and executive branches of the Federal Government, the largest are civil service retirement and disability and military retirement.

NATIONAL NEED: PROVIDING INCOME SECURITY

(Functional code 600; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
General retirement and disability insurance (excluding social security):					
Railroad retirement:					
Existing law	3,934	4,155	4,186	4,306	4,346
Proposed legislation			-32	10	-7
Special benefits for disabled coal miners	1,562	1,584	1,531	1,494	1,453
Pension Benefit Guaranty Corporation	-278	-231	-342	-346	-338
Other	75	81	89	95	102
Subtotal, General retirement and disability insurance (excluding social security)	5,294	5,589	5,432	5,559	5,556
Federal employee retirement and disability:					
Civilian retirement and disability programs:					
Existing law	28,399	29,908	32,567	33,817	35,636
Proposed legislation			-2,827	-3,454	-3,939
Military retirement:					
Existing law	19,011	20,088	21,228	22,465	23,629
Proposed legislation			-617	-954	-1,221
Federal employees workers' compensation (FECA)	212	231	207	259	272
Federal employees life insurance fund:					
Existing law	-743	-782	-829	-842	-805
Proposed legislation			18	23	29
Subtotal, Federal employee retirement and disability	46,879	49,445	49,749	51,313	53,601
Unemployment compensation:					
Existing law	15,271	15,782	16,220	16,382	17,353
Proposed legislation			-170	-195	-187
Subtotal, Unemployment compensation	15,271	15,782	16,050	16,187	17,166
Housing assistance:					
Subsidized housing	11,057	12,366	13,645	14,719	15,278
Public housing operating subsidies	1,489	1,547	1,652	1,711	1,760
Public housing modernization				120	454

NATIONAL NEED: PROVIDING INCOME SECURITY—Continued

(Functional code 600; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Low-rent public housing loans.....	1,173	1,096	634	394	76
Transitional housing and emergency shelter for the homeless.....	34	80	70	57	64
Other housing assistance:					
Existing law.....	154	209	167	186	168
Proposed credit reform.....			28	-36	-26
Subtotal, Housing assistance.....	13,906	15,299	16,197	17,152	17,774
Food and nutrition assistance:					
Food stamps and aid to Puerto Rico:					
Existing law.....	13,145	13,776	13,606	14,635	15,063
Proposed legislation.....			-70	-89	-97
Child nutrition and other programs:					
Existing law.....	6,938	7,555	7,852	8,273	8,673
Proposed legislation.....		-72	-834	-1,024	-1,111
Subtotal, Food and nutrition assist- ance.....	20,083	21,259	20,554	21,794	22,528
Other income security:					
Supplemental security income (SSI).....	12,345	12,477	12,148	13,818	14,476
Family support payments:					
Existing law.....	10,765	11,322	11,180	11,044	11,512
Proposed legislation.....			-350	-357	-137
JOBS training program for welfare recipi- ents.....			350	685	805
Earned income tax credit (EITC).....	2,698	3,849	3,841	3,705	3,790
Refugee assistance.....	321	345	287	241	227
Low-income home energy assistance.....	1,585	1,373	1,125	1,102	1,100
Other.....	186	207	226	224	226
Subtotal, Other income security.....	27,899	29,574	28,806	30,463	31,999
Total, outlays.....	129,332	136,947	136,788	142,468	148,624

Civilian Retirement and Disability Programs.—Nearly all of the Federal Government's civilian employees are covered by either the civil service retirement system (CSRS) or the Federal employees' retirement system (FERS). Under existing law, approximately 2.2 million retirees and survivors will receive payments in 1990 totaling an estimated \$29.7 billion for these two retirement systems. The vast majority of these payments will be paid by CSRS. Benefits are paid to former employees who meet eligibility requirements based on age and length of service and to their survivors. Currently, full retirement benefits can begin at age 55 for employees with 30 years of service under the CSRS; however, under the new FERS, the retirement age will gradually increase to age 57. Retirement benefits for Foreign Service employees covered under both systems can begin at age 50 with 20 years of service. Benefit levels under CSRS and FERS are based on the employee's three highest salary years.

Under current law, participants in CSRS and FERS, as well as participants in other civilian retirement systems, have the option, at

retirement, to withdraw their own retirement contributions in the form of a lump-sum payment and to receive a reduced annuity based solely on the Government's contributions.

The FERS retirement plan consists of social security, a basic retirement benefit, and the thrift savings plan. Currently, there are approximately 800,000 active employees covered by FERS, and that number will grow rapidly each year, because all new employees entering the Federal Government must now join FERS. The number of annuitants under FERS is less than 5,000 because few FERS participants currently meet retirement eligibility requirements. It is expected that the number of FERS annuitants will grow to approximately 15,000 by 1995.

The thrift savings fund is a tax-deferred, voluntary savings fund to which FERS employees may contribute up to 10 percent of their salary and receive matching Government contributions of up to 5 percent of their salary. Employees covered by CSRS may also contribute up to 5 percent of their salaries to the thrift savings fund and receive tax deferral benefits, but they receive no matching Government contributions.

The thrift savings fund is not part of the budget because the fund belongs to employee participants and is administered on behalf of those participants by the Government in a purely fiduciary capacity. However, the costs of that administration are included in the budget in the general government function.

Consistent with the administration's efforts to scale back certain overly generous features of the civilian retirement program, the budget reflects proposed legislation that would eliminate the lump-sum annuity payment option beginning on January 1, 1990.

Current benefit levels under CSRS and FERS are based on the employee's three highest salary years. The budget proposes legislation that, starting in 1991, permanently indexes CSRS benefit levels to a formula based on the Consumer Price Index (CPI) minus 1 percent, with some variations. The FERS defined benefit is already indexed to a modified CPI formula.

The budget also seeks to slow the rate of growth of retirement costs by not providing a cost-of-living adjustment (COLA) in 1990.

The administration has sought for several years to have the U.S. Postal Service and the District of Columbia Government pay their full share of COLA liabilities for their own annuitants. The budget proposes enactment of legislation that, beginning in 1991, would require the Postal Service and the District Government to make annual payments to the retirement fund to cover the cost of COLAs for their annuitants, including survivors. The proposal is discussed in greater detail in the commerce and housing credit function.

Military Retirement.—Approximately 1.6 million military retirees and survivors would receive an estimated \$21.2 billion under existing law in 1990. Normal retirement eligibility is attained at 20 years of service. The initial benefit is 2.5 percent of final basic pay for each year of service—50 percent of final pay at 20 years—up to a maximum of 75 percent of final pay at 30 years. For personnel entering after September 1980, however, the average of the member's highest three years of basic pay will be used, instead of final basic pay. Benefits are fully indexed to the CPI.

Under legislation enacted in 1986, persons entering the military after August 1, 1986, are subject to a reduction in their initial retirement annuity if they retire before the age of 62 with less than 30 years of service. Their initial annuity is reduced from 2.5 percent to 2.0 percent of the average of the member's highest three years of basic pay per year of service—40 percent at 20 years—with the annuity increasing by 3.5 percentage points for each additional year of service up to the full 75 percent maximum for retirement with 30 years of service. When the retiree reaches age 62, the annuity is restored to the standard rather than the reduced annuity formula. This new class of beneficiaries will also receive a COLA equal to the CPI minus 1 percent for life, subject to a one-time restoral of purchasing power at age 62. Disability retirees and survivor benefits will not be affected by the reduction in initial annuities, but will be subject to the revised COLA formula.

Consistent with proposals for civil service retirees, the budget proposes to eliminate the January 1990 COLA for all military retirees. The budget also proposes to permanently extend the CPI minus 1 percent COLA formula to all military retirees, both current and future, beginning in 1991. Military personnel will continue to make contributions to and be eligible for social security.

Federal Employees Workers' Compensation.—The Department of Labor provides tax-free cash and medical benefits to Federal employees or their survivors for job-related injuries, illnesses, or deaths. About 53,000 workers with long-term disabilities, or their survivors, will receive monthly payments in 1989 and 1990.

Unemployment Compensation.—About 97 percent of wage and salaried employment in the United States is covered by unemployment compensation programs, which pay benefits to individuals who are temporarily out of work and are searching for jobs. Based on the economic assumptions described in Part 3 of this volume, an average of 1.8 million workers per week will receive unemployment benefits during 1989 and 1990. Outlays are estimated to increase from \$15.8 billion in 1989 to \$16.0 billion in 1990, as weekly benefit amounts rise.

Regular benefits, usually paid for up to 26 weeks, are financed by State taxes on employers and vary according to State law. Ex-

tended unemployment benefits, which increase by 50 percent the number of weeks an unemployed worker can receive unemployment compensation, are payable in States with high rates of unemployment among covered individuals. The total number of weeks of regular and extended benefits may not exceed 39. Extended benefits are financed in equal portions by State and Federal taxes on employers.

Benefits paid to former Federal civilian and military employees are financed by the Federal agency that employed them. Additional benefits are available to workers in specific circumstances, such as former Conrail employees. Beginning in 1990, the administration proposes to eliminate weekly benefits provided under the trade adjustment assistance program for workers affected by imports, as part of the changeover to the Economic Dislocation and Worker Adjustment Assistance program (EDWAA). Discussed in the education, training, employment, and social services function, the new program would be tied closely to the unemployment compensation program and would provide workers who have become unemployed because of imports or other causes, with special help in finding new work. Under the proposed legislation, those workers collecting trade adjustment assistance benefits at the end of 1989 would remain eligible to collect benefits in 1990.

Housing Assistance.—The Federal Government provides housing subsidies for low-income families and individuals through several programs administered by the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA) in the Department of Agriculture. Outlays are estimated to increase from \$15.3 billion in 1989 to \$16.2 billion in 1990.

The number of households receiving housing assistance through HUD and FmHA has increased substantially since 1980, when there were 4.2 million households receiving such help. By the end of 1988, the number had grown to 5.4 million. By the end of 1990, the number of assisted households is estimated to reach 5.6 million, an increase of more than 1.4 million households since 1980.

Subsidized Housing.—There are two main types of housing assistance. Subsidies are either “project-based” and earmarked specifically for a publicly or privately owned unit, or they are “tenant-based” and assigned to an eligible family or elderly household to be used in private units of the household’s choice, provided that such units meet designated housing quality standards.

Tenant-based housing vouchers are the cornerstone of the administration’s housing policy. The Housing and Community Development Act (HCDA) of 1987 permanently authorized HUD’s voucher program and authorized a voucher program in areas served by FmHA.

Housing vouchers, which are targeted to very-low-income households (i.e., those whose incomes do not exceed 50 percent of the local median income) provide tenants with more housing choice, including the opportunity to live in better neighborhoods with access to available jobs and higher quality schools. Vouchers also cost about one-half as much as new construction, which often requires additional subsidies (such as rent subsidies or other assistance, even though such projects already receive mortgage assistance). Finally, housing vouchers make more policy sense because the primary deficiency in metropolitan and rural areas is not a shortage of adequate units nor a failure of housing market financial institutions, but rather an income deficiency among poor families. This problem is most efficiently addressed with tenant-based housing vouchers.

The administration proposes to add approximately 132,000 more subsidized households to those currently being served. Most of these new subsidies would be tenant-based vouchers: 100,000 through HUD and 20,000 through FmHA. The remaining 11,793 units would be project-based, funded through both HUD and FmHA. The proposed HUD program would include the construction of 7,000 new units for the elderly or handicapped, including at least 400 units for permanent housing of the homeless handicapped; and rehabilitation of 2,000 single-room-occupancy (SRO) units, specifically set aside for the homeless under the Section 8 moderate rehabilitation program. The proposed FmHA program (Section 515 new construction program) includes construction of 2,793 project-based units in rural areas experiencing low vacancy rates.

The budget requests \$6.7 billion in budget authority for HUD's and FmHA's subsidized housing program including \$360 million for FmHA's rural housing voucher program. The administration proposes to fund the smaller project-based FmHA program at \$100 million through the FmHA rural housing insurance fund.

The request for HUD programs includes estimates of the costs of renewing expiring housing subsidy contracts, although all such contracts are assumed to be renewed under a voucher system. The budget also assumes that HUD fees paid to public housing authorities (PHAs) shall be made comparable for both housing vouchers and Section 8 certificates at the 7.65 percent level.

Public Housing Operating Subsidies.—HUD provides funds to PHAs and Indian housing authorities (IHAs) to fund the difference between total operating costs (based on a HUD-established cost formula) and income from tenant rents and other sources. The budget includes \$1.7 billion in budget authority for operating subsidies to the 1.4 million existing public and Indian housing units. This total reflects \$40 million savings from implementation of re-

cently passed income verification legislation. The Stewart B. McKinney Homeless Reauthorization Act of 1988 allows HUD to match tenant reported incomes with State employment security agency data.

In order to curtail escalating costs of operating subsidies, the 1990 budget proposes a demonstration to give PHAs more flexibility in setting tenant rents. This reform would allow HUD to waive the requirement that public housing residents pay 30 percent of their adjusted income for rent if PHAs agree to eliminate operating subsidies over three years. These PHAs would be able to charge more or less rent for a given unit depending on the condition and location of the unit. As in the private market, public housing families would be able to pay rent based on the condition and location of housing, without automatic rent increases when their income increases.

Public Housing Modernization.—In addition to operating subsidies, HUD also provides funds to PHAs and IHAs to modernize public housing. The 1990 budget proposes \$1.0 billion of budget authority for public and Indian housing modernization. Of this amount, \$750 million is to be allocated through grants authorized by Congress in the HCDA of 1987. The remaining \$250 million is to be made available to States for distribution to PHAs on a matching basis.

Low-Rent Public Housing Loans.—The 1990 budget includes budget authority of \$567 million resulting from indefinite borrowing authority reserved prior to 1987 for public housing new construction and rehabilitation. Since 1987, funds reserved for new construction and modernization have been provided directly through capital grants. It is estimated that budget authority from earlier loan commitments will be reduced to zero by 1992.

Transitional Housing and Emergency Shelter for the Homeless.—The 1990 budget proposes budget authority of \$71 million for the supportive housing demonstration program, with all of this funding targeted to transitional housing for the homeless. No funding is requested for permanent housing for the handicapped homeless because the budget includes a 400 unit setaside for the handicapped homeless within subsidized housing. As noted under subsidized housing, the budget also includes a request for 2,000 rehabilitated SROs for the homeless.

In addition to these programs, the budget for HUD includes budget authority of \$114 million for the emergency food and shelter program, currently operated by the Federal Emergency Management Agency and contained in the food and nutrition assistance subfunction. The budget proposes to transfer this program to HUD to improve coordination of the delivery of homeless services, given HUD's lead responsibility for all housing and shelter programs.

All of HUD's housing assistance programs give preference to the homeless on low-income housing waiting lists—a policy promulgated through HUD's 1988 preference rule. In addition, HUD continues to lease certain Federal Housing Administration properties for \$1 per year to providers of shelter to the homeless, and to sell others at discounts for such use. Finally, the administration continues to support the Interagency Council for the Homeless at \$0.9 million for 1990.

Other Housing Programs.—The 1990 budget proposes funding for two FmHA rural housing repair programs: very-low-income housing repair grants, at \$10 million; and housing preservation grants, at \$15 million. These programs represent cost-effective means for preserving suitable housing in rural areas.

The 1990 budget also assumes the continuation of the public housing homeownership program as authorized in the HCDA of 1987. In addition, the administration proposes to provide tenants in public housing with more housing choices by offering them vouchers so that they may continue to live in public housing or choose to live in private rental units. Likewise, households receiving vouchers who are currently not residing in public housing could use their vouchers to live in public housing. Public housing and its tenants would, therefore, be more integrated into a community's overall housing market.

Food and Nutrition Assistance.—Low- and middle-income families and individuals receive food and nutrition assistance through a number of Federal programs. The Hunger Prevention Act of 1988 represents a renewed national commitment to Federal nutrition programs. The Act increased food stamp benefit levels and amends the food stamp program in various other respects; increases assistance under the school breakfast and child care food programs; and authorizes demonstration projects and makes other changes in nutrition programs.

Food Stamps and Aid to Puerto Rico.—Food stamps help lower-income families maintain a nutritious diet. Eligible households receive monthly allotments of stamps based on income and household size to finance food purchases. Benefits are entirely federally funded; administrative costs are shared by the States and the Federal Government. Benefits are adjusted each year for changes in the cost-of-living, with the next adjustment scheduled for October 1989. During 1990, an estimated 18.1 million people will receive food stamps each month, with associated Federal outlays of \$12.8 billion under current law. Outlays for nutrition assistance for Puerto Rico are estimated to be \$825 million in 1990.

The Hunger Prevention Act of 1988 revised the food stamps quality control system. Financial incentives will be given to States with the lowest payment error rates, and States with high error

CREDIT PROGRAMS—INCOME SECURITY

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Flexible subsidy fund loans (credit reform):					
New obligations			36		
Change in outstandings			9	37	37
Outstandings			9	46	83
Flexible subsidy program:					
Change in outstandings	68	52	40		
Outstandings	68	121	161	161	161
Low-rent public housing:					
Change in outstandings	-37	-42	-44	-47	-50
Outstandings	2,037	1,995	1,951	1,904	1,853
Nonprofit sponsor assistance:					
New obligations	*	1			
Change in outstandings	*	*	*	*	*
Outstandings	2	2	2	2	2
Nonprofit sponsor assistance (credit reform):					
New obligations			1	1	1
Change in outstandings				*	*
Outstandings				*	1
Other:					
New obligations	*	*	*	2	2
Change in outstandings	*	*	*	*	*
Outstandings	3	3	3	3	4
Total, direct loans:					
New obligations	1	1	38	3	3
Change in outstandings	32	11	5	-10	-12
Outstandings	2,110	2,121	2,126	2,115	2,103
Guaranteed loans:					
Low-rent public housing:					
Change in outstandings	-255	-300	-325	-350	-375
Outstandings	5,998	5,698	5,373	5,023	4,648
Total, new obligations and new commitments	1	1	*	2	2

* \$500,000 or less.

rates will be required to share the cost of payment error liabilities. The 1990 budget assumes USDA will collect \$101 million from the States during the year.

States operate employment and training (E&T) programs for able-bodied food stamp recipients. Besides a fixed E&T Federal formula grant and a capped amount to reimburse participant expenses, the Federal Government pays 50 percent of States' additional administrative funds. The administration proposes to provide \$30 million annually for Federal matching of these additional State E&T expenditures. Total Federal outlays for E&T will be nearly \$150 million in 1990.

The budget reflects legislation to fund Federal reimbursement of State food stamp program administration costs at a 50 percent level, fund 1990 costs at the 1989 level, and index costs after 1990 by the GNP deflator. This change will produce \$70 million in

savings in 1990 and \$465 million from 1990 to 1994. Similar legislation is being proposed under the AFDC and medicaid programs.

Child Nutrition and Other Programs.—The child nutrition programs subsidize institutions for meals served to students in schools, child care facilities, and other institutions. Schools get cash and commodity subsidies for meals served to *all* students, regardless of income level. In 1989, schools and other institutions are anticipated to get \$5.0 billion in cash and commodities to subsidize meals served to students. Of that amount, \$860 million will subsidize institutions for meals served to students from households with income levels above 185 percent of the poverty level.

The budget reflects legislation to better target Federal funds to the needy by maintaining institutional subsidies for meals served to students whose family incomes are below 185 percent of the poverty level. The proposal would discontinue subsidies to students with incomes above that level. Under this proposal, nearly 12 million needy students would be given federally subsidized free and reduced price meals in 1990, for total program costs of \$4.4 billion. Limiting the subsidy to students who need it would save budget authority of \$935 million in 1990. Other administration initiatives focus on improving program integrity, and ensuring efficient and effective use of Federal meal subsidies.

Low-income women, infants, and children get monthly food supplements from two supplemental feeding programs: the special supplemental food program for women, infants, and children (WIC) and the commodity supplemental food program (CSFP). WIC provides monthly food assistance and nutrition education to over three million low-income women, infants, and children determined to be at nutritional risk. WIC is designed to lessen health problems associated with inadequate diets during the critical early stages of child development, especially pre-natal. Federal funding for WIC has expanded rapidly in recent years, more than doubling since 1980. The administration's 1990 request of \$2.0 billion in budget authority for the supplemental feeding programs is \$44 million above the 1989 level, and would continue to support over three million participants monthly.

Related Food Assistance Programs in Other Functions.—The Commodity Credit Corporation (CCC) donates surplus food, such as cheese, butter, and nonfat dry milk, for distribution to food banks, charitable institutions, and schools. Acquired as part of the agricultural price support programs, CCC commodities valued at \$657 million are expected to be donated in 1990.

Other Income Security.—A number of other income security programs assist the poor. Estimated Federal outlays for these programs are \$29.6 billion in 1989 and \$28.8 billion in 1990.

Supplemental Security Income (SSI).—This program will make cash payments to an estimated four million needy aged, blind, or disabled persons in 1990. Benefits are to be automatically increased in January 1990 by the same percentage as social security benefits. Some States also supplement the basic Federal grant. SSI may be administered by the Federal Government at no charge to the States, at the States' option. Total Federal funding for SSI in 1990 is estimated to be \$12.1 billion, based on an eleven month year.

Family Support Payments to States.—Aid to families with dependent children (AFDC) is a cash assistance program to low-income families funded jointly by the States and the Federal Government. States administer the AFDC program, and determine AFDC eligibility criteria and benefit levels within broad Federal guidelines. The AFDC program also administers emergency assistance cash payments to families experiencing a temporary tragedy such as a fire or eviction. AFDC and emergency assistance payments to families will total approximately \$17.3 billion in 1990, including the State share. About 3.7 million families will receive AFDC benefits in 1990. The Federal Government reimburses State governments for, on average, 55 percent of the cash payments administered, and greater than half of the costs of administering the program.

The budget reflects legislation to fund Federal reimbursement of State AFDC program administration costs at a 50 percent level, fund 1990 costs at the 1989 level, and index costs after 1990 by the GNP deflator. This change will produce \$123 million in savings in 1990 and \$620 million from 1990 to 1994. Similar legislation is being proposed under the food stamps and medicaid programs.

Child support enforcement (CSE) complements AFDC by financing State and local administrative costs for establishing paternity and collecting support from legally liable absent parents. Including incentive payments to States, the Federal Government finances about 86 percent of these costs, providing an estimated \$1.3 billion in 1990. Child support collections offset some State and Federal AFDC costs. In 1990, child support collections are anticipated on behalf of about one million families who receive AFDC benefits, and 1.2 million families who do not receive AFDC benefits. Legislative proposals in the 1990 budget include efforts to increase the number of children receiving health coverage from absent parents, and to increase CSE services on behalf of additional low-income families. Federal funding of AFDC and child support will total approximately \$11.2 billion in 1990.

The Family Support Act of 1988, commonly known as the welfare reform bill, changed many aspects of the AFDC program. One major change is that States will be required to provide at least six months of AFDC coverage to two parent families in which the

principal wage-earner is unemployed. One parent would be required to work at least 16 hours a week as a condition of receiving benefits. A second change is the transition to the job opportunities and basic skills training program (JOBS) from the work incentives program (WIN). The JOBS program will require that AFDC recipients with children over age three (or age one at State option) must participate in a job training or education program. Another change is the provision of transitional medicaid and child care coverage. For parents leaving AFDC because of employment, medicaid and child care coverage would continue for twelve months to facilitate the transition to independence. The welfare reform bill also includes reforms to strengthen the establishment of paternity and collection of child support payments, and is estimated to cost around \$3.4 billion over the first five years of implementation.

Earned Income Tax Credit (EITC).—Wage earners with children are eligible for tax credits if they earn less than \$19,340 beginning in calendar year 1989. When the credit exceeds a wage earner's income tax liability, the Treasury Department makes a cash payment. Credits can be received as additions to paychecks or as a lump sum at the end of the year. Total 1990 outlays for these payments are estimated to be \$3.8 billion. When the credit does not exceed the wage earner's tax liability, no direct Treasury payment is made and the credit is considered a tax expenditure rather than an outlay. In 1990, the EITC tax expenditure is estimated to be \$2.1 billion.

Refugee Assistance.—The Federal Government fully subsidizes States for initial costs associated with refugee and entrant resettlement, including preventive health activities, cash and medical assistance, employment, and English language training. Outlays in 1990 are estimated to be \$287 million. Assistance is intended to help refugees become self-sufficient as soon as possible after they arrive in the United States. Aid to refugees while they are overseas is discussed in the international affairs function.

Low-Income Home Energy Assistance.—The Department of Health and Human Services gives States block grants to help pay the fuel bills of low-income families. States can make direct cash payments to eligible families, payments to fuel vendors, or payments to public housing building operators. The States may also finance weatherization of homes for some low-income families. For 1990, the administration requests low-income home energy assistance budget authority of \$1.1 billion, a decrease of \$283 million from 1989.

The Federal Government provides heating assistance to millions through HUD shelter cost subsidies, open-ended AFDC matching for utility grants, and utility components in other entitlements. Now that the energy crisis has ended, low-income households are

spending smaller and smaller portions of their income on heat. As a percent of income, heating costs have dropped 30 percent since 1984. As a result, there is a decreasing need for a assistance program specializing in energy.

TAX EXPENDITURES FOR INCOME SECURITY

(Outlay equivalents, in millions of dollars)

Description	Estimates		
	1988	1989	1990
Net exclusion of pension contribution earnings:			
Employer plans	59,210	61,065	65,410
Individual Retirement Accounts (IRAs)	11,725	11,590	12,540
Keogh plans	2,315	1,670	1,850
Exclusion of income earned by voluntary employee beneficiary associations	425	410	445
Exclusion of other employee benefits:			
Premiums on group term life insurance	2,395	2,550	2,730
Premiums on accident and disability insurance	160	165	170
Income of trust to finance supplementary unemployment benefits	30	30	30
Special ESOP rules (other than investment credit)	220	285	345
Additional deduction for the elderly	1,535	1,155	1,140
Additional deduction for the blind	15	15	15
Tax credit for the elderly and disabled	225	240	255
Exclusion of military disability pensions	100	100	105
Exclusion of railroad retirement system benefits	385	370	390
Exclusion of special benefits for disabled coal miners	115	110	110
Exclusion of workmen's compensation benefits	2,910	2,845	3,070
Exclusion of employer—provided death benefits	25	25	25
Deductibility of casualty losses	265	265	280
Exclusion of public assistance benefits	380	340	345
Earned income credit ¹	1,075	1,640	2,140
Total (after interactions) income security ²	81,645	82,915	89,255

¹ The figures in the table indicate the tax subsidies provided by the earned income tax credit. The effect on outlays is: 1988, \$2,695 million; 1989, \$3,850 million; and 1990, \$3,700 million.

² The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore, the estimates cannot simply be added.

Tax Expenditures.—Federal tax laws encourage provision for retirement income by excluding from employee taxable income their employer's contributions to pension plans and by allowing individuals to exclude their own contributions to individual retirement accounts (IRAs) and Keogh accounts. The maximum IRA contribution is limited to \$2,000 annually. Individuals, however, are allowed to make it a tax deductible contribution only if (1) they, and their spouse in the case of joint returns, are not active participants in an employer-maintained retirement plan, or (2) their adjusted gross income is below a specified amount. Those individuals who do not meet either restriction may still make nondeductible contributions and defer taxes on the earnings until the funds are withdrawn. Married taxpayers whose spouses have no earnings may invest in a spousal IRA as well. The total invested in both accounts may not exceed \$2,250, with no more than \$2,000 in any single account. The

deductibility of contributions and the deferral of taxes on the earnings result in tax expenditures.

Many tax expenditures related to income security programs result from Government benefits not being included in the taxable income of recipients. For example, workers' compensation benefits, and other income security assistance for the needy are excluded from taxable income. In contrast, Federal employee retirement benefits are subject to tax and, therefore, are not tax expenditures. The largest tax expenditure item in this function is the net exclusion of pension contributions and earnings, including contributions to IRAs and similar pension plans.

SOCIAL SECURITY

The Federal Government contributes to the income security of aged and disabled Americans through social security, which is comprised of the old-age and survivors insurance (OASI) and the disability insurance (DI) programs. Social security represents about one-fifth of estimated total Federal outlays in 1990 and provides benefits to one in every six Americans.

NATIONAL NEED: SOCIAL SECURITY

(Functional code 650; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Social security:					
Old-age and survivors insurance (OASI):					
Existing law.....	235,760	263,538	286,488	310,750	333,165
Proposed legislation.....					
Disability insurance (DI):					
Existing law.....	22,380	24,807	29,004	32,268	34,580
Proposed legislation.....					
Interfund transactions.....	*				
Other.....			8		
Total, budget authority.....	258,140	288,344	315,500	343,018	367,745
On-budget.....	(4,852)	(5,414)	(6,167)	(4,921)	(5,517)
Off-budget.....	(253,289)	(282,931)	(309,332)	(338,097)	(362,228)
OUTLAYS					
Social security:					
Old-age and survivors insurance (OASI):					
Existing law.....	197,060	209,237	222,402	236,562	249,550
Proposed legislation.....			7	12	17
Disability insurance (DI):					
Existing law.....	22,280	23,096	24,306	25,679	27,224
Proposed legislation.....			1	1	2
Interfund transactions.....					
Other.....			8		
Total, outlays.....	219,341	232,334	246,724	262,254	276,793
On-budget.....	(4,852)	(5,414)	(6,167)	(4,921)	(5,517)
Off-budget.....	(214,489)	(226,920)	(240,557)	(257,333)	(271,276)

* \$500,000 or less.

The administration proposes no reductions in social security benefits. Social security affects most Americans, either through benefits received or through payroll taxes deducted from earnings. In almost all cases, beneficiaries paid into the system during their working years to help support these programs. The average annual benefit for a retired worker and spouse will be about \$11,010 in 1989, an increase of nearly \$4,176 over the 1981 level. Combined outlays for OASI and DI are estimated to increase from \$232.3 billion in 1989 to \$246.7 billion in 1990, primarily because of benefit increases tied to the consumer price index and increases in the number of beneficiaries.

This function is composed not only of the two off-budget social security expenditure accounts, but also of a number of intragovernmental transactions (i.e., payments from accounts within the Government to other accounts within the Government). The principal intragovernmental transactions are the payments from the general fund to the social security trust funds, which in 1990 amount to an estimated \$6.2 billion of federal fund outlays and trust fund offsetting collections.

The budget includes a legislative proposal to conform social security coverage for rail workers with that for workers covered by title II of the Social Security Act. Under current law, certain individuals covered by the Railroad Retirement Act do not get full social security equivalent benefits. The Social Security Administration (SSA) is proposing to fill any social security coverage gaps for rail workers and their families. SSA would pay these benefits from the social security trust funds and deduct the amounts paid from the yearly financial interchange transfers to the railroad social security equivalent benefit account. The social security trust funds would therefore not be adversely affected by this legislative proposal.

Tax Expenditures.—The exclusion from income tax of a portion of social security benefits, including those for dependents and survivors, results in a 1990 estimated tax expenditure of \$18.2 billion. Up to one-half of social security benefits are, however, subject to tax. This provision affects single taxpayers whose incomes exceed \$25,000, and married taxpayers who file jointly and have incomes exceeding \$32,000. The threshold for married taxpayers filing separately is zero.

VETERANS BENEFITS AND SERVICES

Federal benefits and services for veterans and their survivors recognize the sacrifices that wartime and peacetime veterans made in military service. Benefits compensate for loss of earnings resulting from service-related disabilities, provide medical care for physical and psychological disabilities, and assist returning veterans to prepare themselves for reentry into civilian life. In addition, veterans benefits provide financial assistance to needy veterans of wartime service and their survivors. Outlays for veterans benefits and services are estimated to be \$29.2 billion in 1989 and \$29.9 billion in 1990. In March 1989, after 58 years of serving the Nation's veterans, the Veterans Administration will be established as a Cabinet agency: the Department of Veterans Affairs (VA). Cabinet status will provide veterans continued access to decision making at the highest levels of government and give them the recognition that they deserve.

The budget continues current administration policy for VA medical care. This policy is to maintain quality care for all patients and provide medical care to veterans in the following order of priority as prescribed in law: (1) veterans with service-connected disabilities; (2) veterans with low incomes without service-connected disabilities; and (3) moderate and higher income veterans without service-connected disabilities. The administration also proposes to ensure full and timely increases in veterans compensation benefits by indexing the cost-of-living adjustment to the annual change in the Consumer Price Index.

Income Security for Veterans.—In addition to Federal income security programs for the general population, such as social security and unemployment insurance, several VA programs help certain veterans and their survivors maintain their income when the veteran is disabled, aged, or deceased. Outlays for this purpose are estimated to increase from \$15.6 billion in 1989 to \$16.4 billion in 1990.

Service-Connected Compensation.—Veterans with disabilities resulting from or coincident with military service—combat and non-combat veterans alike—receive monthly compensation payments scaled to the degree of disability. The payment is made regardless of the veteran's income or age. The amount depends on the average reduction in earnings capacity that is presumed for different individuals with the same degree of disability. Survivors of veterans who die from service-connected injuries also receive payments in the form of death and indemnity compensation. Legislation passed last year increased these benefits by 4.1 percent; payable starting in January 1989.

The administration recommends that legislation be enacted to link future veterans compensation cost-of-living adjustments (COLA) to the annual change in the Consumer Price Index. This legislation would ensure that veterans with service-connected disabilities and survivors of veterans who died from service-connected conditions receive full and timely adjustments to their benefits, protecting them from the erosion of their benefits and the uncertainties of an annually legislated COLA. For 1990, this adjustment is expected to be 3.6 percent. Allowances provided to compensate beneficiaries for dependents and clothing would be indexed similarly.

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES

(Functional code 700; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Income security for veterans:					
Service-connected compensation:					
Existing law	10,865	10,682	11,226	11,114	11,003
Proposed legislation			318	740	1,116
Non-service-connected pensions.....	3,826	3,865	3,989	4,068	4,139
Burial and other benefits:					
Existing law	146	137	153	156	160
Proposed legislation			-36	-38	-39
Supplemental for compensation, pensions, and burial benefits.....		701			
National service life insurance trust fund.....	1,407	1,421	1,419	1,410	1,372
All other insurance programs.....	31	28	27	31	31
Insurance program receipts	-425	-405	-395	-383	-371
Subtotal, Income security for veterans..	15,848	16,429	16,701	17,098	17,411
Veterans education, training, and rehabilitation:					
Readjustment benefits (GI Bill and related programs):					
Existing law	689	606	434	423	501
Proposed legislation			5	7	7
Post-Vietnam era education					
All-volunteer force educational assistance trust fund	-178	-197	-186	-165	-171
Other: Proposed credit reform			*	*	*
Subtotal, Veterans education, training, and rehabilitation.....	511	409	253	265	338
Veterans housing:					
Loan guaranty revolving fund:					
Existing law	1,484	970	1,364	1,434	1,527
Proposed legislation			-1,162	-1,240	-1,146
Proposed credit reform.....			882	793	637
Direct loan revolving fund: Proposed credit reform.....			*	*	*
Subtotal, Veterans housing.....	1,484	970	1,084	986	1,019
Other veterans benefits and services:					
Cemeteries, administration of veterans bene- fits, and other:					

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES—Continued

(Functional code 700; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Non-VA support programs.....	68	77	70	61	61
Subtotal, Other veterans benefits and services.....	863	883	926	875	878
Hospital and medical care for veterans:					
Medical care and hospital services:					
Existing law.....	10,151	10,543	10,741	11,327	11,597
Proposed legislation.....			-1	-1	-1
Medical administration, research, and other... ..	240	259	246	247	247
Construction.....	563	543	530	764	778
Third-party reimbursement:					
Existing law.....	-119	-138	-304	-361	-378
Proposed legislation.....			-86	-99	-104
Subtotal, Hospital and medical care for veterans.....	10,836	11,206	11,127	11,877	12,139
Total, budget authority.....	29,542	29,897	30,091	31,102	31,785

* \$500,000 or less.

The number of veterans and survivors of deceased veterans receiving compensation benefits is expected to decline slightly from 2.53 million in 1989 to 2.51 million by 1990. However, outlays for compensation benefits are estimated to increase from \$10.8 billion in 1989 to \$11.5 billion in 1990, primarily because of the proposed COLA.

Non-Service-Connected Pensions.—Pensions are provided to low-income, wartime-service veterans—combat and non-combat veterans alike—who are 65 or older, or who have become permanently and totally disabled subsequent to their military service. Survivors of wartime-service veterans also may qualify for pension benefits based on financial need. A 4.0 percent cost-of-living increase became effective with the January 1989 payments. The next cost-of-living increase, effective with the January 1990 payments, is estimated to be 3.6 percent.

Outlays for veterans pensions are estimated to be \$3.9 billion in 1989 and \$4.0 billion in 1990. The number of veterans aged 65 and over has continued to increase since 1980 and is expected to increase by 6 percent from 1989 to 1990. The number of pension recipients is expected to continue to decline, however, from 1.17 million in 1989 to 1.12 million in 1990, because veterans over age 65 increasingly have higher incomes.

Burial and Other Benefits.—Families of deceased veterans who received pension or compensation benefits and who are buried in private cemeteries may receive burial benefits to assist in defraying funeral expenses of the veteran. The budget reflects proposed legislation that would limit existing allowances for the purchase of

burial plots to families of these same veterans. Outlays in 1990 are estimated to be \$116 million.

Insurance Programs.—Life insurance programs that assist veterans and their survivors will continue to provide in excess of \$215 billion of coverage to nearly seven million veterans and active duty personnel in 1990.

Veterans Education, Training, and Rehabilitation.—Several Federal programs support job training and finance education for the general population including veterans, and several programs are run by the Department of Labor exclusively for veterans. In addition, four VA programs—the Vietnam-era GI bill, the post-Vietnam era education program, the all-volunteer force educational assistance program (the Montgomery GI bill), and the Vocational Rehabilitation program—provide education, training, and rehabilitation benefits to veterans and military personnel who meet specific eligibility criteria. Outlays for readjustment benefits are estimated to decline from \$620 million in 1989 to \$451 million in 1990, because of a continued decline in the number of eligible beneficiaries.

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES

(Functional code 700; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Income security for veterans:					
Service-connected compensation:					
Existing law	11,251	10,220	11,198	11,123	11,012
Proposed legislation			286	704	1,085
Non-service-connected pensions	3,935	3,859	3,953	4,041	4,112
Burial and other benefits:					
Existing law	142	136	153	156	160
Proposed legislation			-36	-38	-39
Supplemental for compensation, pensions, and burial benefits		664	37		
National service life insurance trust fund	1,096	1,163	1,197	1,240	1,273
All other insurance programs	-36	-20	4	12	20
Insurance program receipts	-425	-405	-395	-383	-371
Subtotal, Income security for veterans ..	15,963	15,617	16,397	16,856	17,252
Veterans education, training, and rehabilitation:					
Readjustment benefits (GI Bill and related programs):					
Existing law	700	620	451	431	511
Proposed legislation			5	7	7
Post-Vietnam era education	29	73	79	72	59
All-volunteer force educational assistance trust fund	-294	-290	-272	-226	-194
Veterans jobs program	25	20	2	*	
Other:					
Existing law	-6	-7	-7	-7	-7
Proposed legislation			*	*	
Proposed credit reform			*	*	*

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES—Continued

(Functional code 700; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Subtotal, Veterans education, training, and rehabilitation.....	454	415	259	278	378
Veterans housing:					
Loan guaranty revolving fund:					
Existing law.....	1,219	1,112	1,458	1,428	1,521
Proposed legislation.....			-1,162	-1,240	-1,146
Proposed credit reform.....			882	793	637
Direct loan revolving fund:					
Existing law.....	-80	-24	-18	-14	-11
Proposed credit reform.....		*	-1	-1	-*
Other (HUD participation sales trust fund)....	153				
Subtotal, Veterans housing.....	1,292	1,088	1,159	965	1,001
Other veterans benefits and services:					
Cemeteries, administration of veterans benefits, and other:					
Existing law.....	799	799	851	822	820
Proposed legislation.....			-4	-5	-5
Non-VA support programs.....	77	65	71	84	70
Subtotal, Other veterans benefits and services.....	877	864	918	901	884
Hospital and medical care for veterans:					
Medical care and hospital services:					
Existing law.....	10,045	10,384	10,580	11,157	11,423
Proposed legislation.....			-1	-1	-1
Medical administration, research, and other....	238	254	246	248	247
Construction.....	677	733	704	631	649
Third-party reimbursement:					
Existing law.....	-119	-138	-304	-361	-378
Proposed legislation.....			-86	-99	-104
Subtotal, Hospital and medical care for veterans.....	10,842	11,233	11,140	11,575	11,836
Total, outlays.....	29,428	29,218	29,872	30,574	31,350

* \$500,000 or less.

Vietnam-era GI Bill.—The Vietnam-era GI bill provides benefits payments for college courses as well as for vocational and on-the-job training to veterans and active duty military personnel who served, at least in part, between February 1, 1955, and December 31, 1976. This program assists beneficiaries in making the transition from military to civilian life by helping them finance the education they might otherwise have received during the time they were in military service if they begin their education within 10 years of discharge. The last year to have begun was 1986. These benefits are also available to active duty personnel and to spouses and children of veterans who were totally disabled in military service or died of service-connected conditions.

More than 80 percent of all eligible Vietnam-era veterans who live in the United States or Puerto Rico have used Vietnam-era GI bill benefits. Trainees (veterans, survivors, and dependents) partici-

pating in the program are expected to decrease from 201,600 in 1989 to 200,000 in 1990. In 1991, approximately 32,000 Vietnam-era active duty members and veterans discharged after October 1984 will continue their training under the Montgomery GI bill described below.

Post-Vietnam Era Education.—Individuals who entered military service after 1976 and before July 1985 are eligible for the post-Vietnam era educational assistance program, which allows them to set aside \$25 to \$100 from their monthly pay to finance future education. These funds are matched by the Government on a two-for-one basis and are returned to the beneficiary as education payments after discharge from the military. The VA administers this program, but it is funded by the Department of Defense (DOD). Enrollment in this program was closed as of March 1987.

The Montgomery GI Bill.—This program was originally established as a test program with more generous benefits than the post-Vietnam era program in order to aid armed forces recruitment. The program was made permanent in 1987. Servicepersons electing to enter the program have their pay reduced by \$100 a month during their first year of military service. Upon discharge, they receive basic education benefits equivalent to an eight-to-one match of their pay reduction. The VA administers the program and pays the costs of the basic benefits. DOD may provide additional benefits to aid in the recruitment of certain specialties and critical skills. Nearly 78,600 veterans and servicepersons are expected to use benefits under this program in 1990.

The Montgomery GI bill also provides education benefits to reservists. DOD pays these benefits, and the VA administers the program. In 1990, 213,500 reservists are expected to use benefits under this program.

Other Education and Training.—Effective in 1990, the administration proposes to increase assistance allowances for the dependents of veterans and vocational rehabilitation subsistence allowances by 5 percent. Neither of these allowances has been increased since 1984.

Veterans Housing.—In addition to mortgage assistance available to veterans through the Federal Housing Administration (FHA) insurance program, VA-guaranteed and direct loan programs are expected to assist 178,000 veterans in obtaining mortgages in 1990. Guaranteed loan commitments for mortgage loans in 1990 are estimated to be \$14 billion.

The administration proposes to charge origination fees for participation in Federal credit programs in order that the borrower shares the cost of the Federal subsidy. These fees would be large enough to cover projected losses from default and obviate the need for future appropriations. In line with this initiative, the budget

proposes legislation to increase and make permanent the expiring fee charged on VA-guaranteed housing loans and vendee loans from the current 1.0 percent to 3.8 percent of the mortgage amount. (Vendee loans are direct loans made to both veterans and non-veterans who purchase property that the VA has acquired through prior defaults.) The borrower would be able to add the amount of this fee to the mortgage. Veterans with service-connected disabilities would continue to be exempt from the fee.

The administration also recommends enactment of legislation to permit negotiated interest rates on VA-guaranteed mortgages. By allowing negotiated rates, veterans will have maximum flexibility to structure the financing of their home purchases to best meet their needs. The administration also believes the executive branch's discretion to sell loan assets without recourse to the Government should continue after 1989 when the current authority expires. Selling loans without recourse reduces the Loan Guaranty Revolving Fund's exposure to future default costs and promotes improved credit management practices.

The budget authority and outlays shown as proposed credit reform reflect the estimated subsidies implicit in Federal loan programs. The administration's proposed credit reform initiative is discussed in Part 6 of this volume.

Other Veterans Benefits and Services.—Veterans benefits are provided through a network of 59 regional offices located throughout the Nation. The administration proposes that the VA continue to modernize its operations to improve the cost-effectiveness, accuracy, and timeliness of service delivery to veterans.

The budget includes several initiatives to improve the management of delivering veterans' benefits. These include making greater use of contractor support to perform services that private business can provide more efficiently and investing in automated data processing equipment, which continues to yield productivity savings in the form of smaller administrative staff.

The VA manages the national cemetery system for eligible veterans, active duty military personnel, and their dependents. Over 100 national cemeteries are open throughout the Nation. The policy goal of providing one large national cemetery per Federal region has now been attained. In 1990, funding is requested to expand the National Cemeteries at Fort Snelling, Minnesota, and Jefferson Barracks, Missouri.

Funding is also requested for the State cemetery grant program to assist at least four States in establishing, improving, or expanding State-operated veterans cemeteries.

The administration also requests budget authority of \$1.5 million in 1990 for the court of Veterans Appeals, a new independent agency. The court will provide judicial review for veterans, ena-

CREDIT PROGRAMS—VETERANS BENEFITS AND SERVICES

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Income security:					
New obligations			971	1,001	761
Change in outstandings.....			201	11	-94
Outstandings	*	*	201	212	118
Education:					
New obligations	1	1			*
Change in outstandings.....	-19	-5	-5	-1	-1
Outstandings	19	14	9	8	6
Housing:					
New obligations	849	910			
Change in outstandings.....	62	9	-223	-3	9
Outstandings	1,364	1,373	1,151	1,148	1,156
Total, direct loans:					
New obligations	850	911	971	1,001	761
Change in outstandings.....	43	4	-27	7	-87
Outstandings	1,383	1,388	1,361	1,368	1,281
Guaranteed loans:					
Housing:					
New commitments	17,682	13,486			
Change in outstandings.....	3,386	-1,179	-14,313	-11,950	-10,627
Outstandings	149,705	148,526	134,213	122,263	111,636
Loan guarantees (credit reform):					
New commitments			13,851	14,342	13,694
Change in outstandings.....			13,824	12,869	10,741
Outstandings			13,824	26,693	37,434
Total, guaranteed loans:					
New commitments	17,682	13,486	13,851	14,342	13,694
Change in outstandings.....	3,386	-1,179	-489	919	114
Outstandings	149,705	148,526	148,037	148,956	149,070
Total, new obligations and new commitments	18,533	14,397	14,821	15,343	14,455

* \$500,000 or less.

bling them to appeal some veterans benefits decisions of the Department's Board of Veterans' Appeals to a higher level independent of the VA. The justices, once appointed, would propose whatever budget they deem necessary, which the President will transmit to the Congress.

Outlays for other veterans benefits and services are estimated to be \$864 million in 1989 and \$918 million in 1990.

Hospital and Medical Care for Veterans.—The VA provides medical services, including hospital, outpatient and nursing home care, to veterans by operating a nationwide medical care system. In 1990, this system will provide support for an estimated 23 million outpatient visits and treat 1.1 million inpatients and nearly 74,000 nursing home patients in VA and community facilities and State veterans' homes.

This program is carried out in 172 hospitals, 233 outpatient clinics, 126 nursing homes, 26 domiciliary facilities, 194 vet centers and, in some situations, in other Federal facilities and the private sector. Outlays, excluding receipts, for medical programs are estimated to rise from \$11.4 billion in 1989 to \$11.5 billion in 1990.

Medical Care and Hospital Services.—VA's primary health mission is to treat veterans who were injured during military service for their service-connected disabilities. In addition, VA is obligated by law to provide care on a first-priority basis to veterans who have service-connected disabilities for medical conditions that are not related to military services; certain special categories of veterans, such as former prisoners of war; and lower income veterans who do not have service-connected disabilities. VA may provide care, if resources are available after treating higher priority veterans, to veterans without service-connected disabilities with moderate to high incomes. Currently, most of the system's users are either veterans with service-connected disabilities or lower income veterans. Adequate medical care for America's disabled and lower income veterans is one of the Nation's highest priorities. The administration's proposal for VA medical care provides sufficient resources to treat all service-connected, special categories, and lower income veterans, and most moderate and higher income veterans expected to apply for care.

The budget provides for opening newly completed medical facilities, increased funding for community and state nursing home programs, continued funding for the treatment of veterans with AIDS and homeless veterans, and additional funds for automation investments intended to assist mental health professionals in providing care. In order to partially offset the rising costs of providing medical care, the budget reflects legislation for nominal copayments for moderate and higher income veterans for their inpatient and outpatient care, and to collect reimbursement from third party insurers for the treatment of non-service-connected disabilities of insured veterans who have relatively minor service-connected disabilities (20 percent or below). The budget also reflects legislation to modify requirements in law for reimbursing veterans' travel expenses to VA medical facilities. This proposal would return to a policy of providing reimbursement only for emergency travel needs of veterans who need special transportation, such as an ambulance or a wheelchair van, and for veterans who live over 100 miles from a VA medical center, thereby allowing maximum medical resources to be available for patient care.

Budget authority of \$10.7 billion is requested for medical care and hospital services in 1990, an increase of nearly \$200 million over 1989.

Construction of Hospital and Extended Care Facilities.—New budget authority of \$530 million is requested for VA medical construction in 1990.

The administration proposes to maintain and upgrade the full network of medical facilities throughout the Nation and expand capabilities and bed space. Rather than defer maintenance, renovation, and modification of older facilities, funding is provided to maintain and upgrade the physical system. Budget authority of \$366 million is requested in 1990 to support 13 major projects and other maintenance, safety correction, and design activities. An additional \$122 million is requested for minor construction projects and construction of parking facilities.

The administration proposes to continue the average rate of construction over the last 15 years, modernizing or replacing two large hospitals each year. In 1990, construction funds are proposed for two large hospital projects in Palm Beach, Florida, and Newington, Connecticut. The Palm Beach hospital is the first medical center to be added to the VA system since 1977, and also includes construction of a parking garage and laundry. The administration also proposes to construct a new joint venture hospital with the Air Force at Las Vegas, Nevada, and a large clinical addition project in Dublin, Georgia.

Budget authority of \$42 million is requested for 1990 for grants to States for the construction or repair of State nursing homes for the care of aging veterans. This continues the 1989 level and will enable VA to support approximately 15 grants in 10 States. A total of 36 States are participating in the State nursing home program.

Tax Expenditures.—In addition to direct Federal funding, a number of tax expenditures provide assistance to veterans. All cash benefits administered by VA (disability compensation, pension, and GI bill benefits) are excluded from taxable income. The estimated tax expenditures for these exclusions in 1990 are \$1.5 billion, \$80 million, and \$50 million, respectively. Veterans are aided in obtaining housing through veterans bonds issued by State and local governments, the interest on which is not subject to tax. In 1990, the tax expenditure estimate for this provision is \$380 million. Total tax expenditures for veterans are estimated to be \$2.0 billion for 1990.

Related Programs.—In addition to the assistance provided specifically for veterans by the VA, many veterans receive assistance from other income security, health, housing credit, education, training, employment, and social service programs supported by the Federal Government and available to the general population, as well as preference for Federal jobs. Some of these programs have components specifically intended to assist veterans.

ADMINISTRATION OF JUSTICE

A fundamental responsibility of the Federal Government is to provide for the safety of its people and for the peaceful and fair resolution of disputes. Federal expenditures for the administration of justice are intended to protect persons and property through enforcement of Federal laws, provide Federal courts to resolve disputes, defend the public interest in criminal and civil proceedings, and operate detention and correctional facilities for those charged with or convicted of violating Federal law. The proposed budget authority for 1990 for this function is \$10.7 billion, an \$800 million increase from the 1989 level.

Federal Law Enforcement Activities.—Of total Federal resources for the administration of justice, over half is dedicated to law enforcement. Proposed budget authority of \$5.7 billion in 1990, \$1.0 billion above the 1989 level, focuses on resources dedicated to drug enforcement and computer and communications upgrades.

Criminal Investigations.—Budget authority requested for criminal investigations for 1990 is \$2.3 billion, an increase of 15 percent over the 1989 level. The Justice Department carries out criminal investigations, primarily through the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA). The FBI and DEA frequently work together with other Federal agencies, such as the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, and the Customs Service, in 13 regional task forces on organized crime drug enforcement (OCDE) and have concurrent jurisdiction to combat drug trafficking. In 1990, the administration is requesting \$215 million for these task forces, a 10 percent increase over 1989. Prior to 1990, funding for these task forces was included in the budgets of the participating agencies but in 1990, the full \$215 million for OCDE is shown in a separate account. The administration is also requesting funding for over 275 new domestic and foreign positions for DEA, as well as funding to improve DEA's technical equipment capabilities. These resources will allow DEA to expand and formalize its foreign suppression and enforcement programs, seize more drug trafficker assets, destroy more clandestine laboratories, and create new State and local task forces. The Anti-Drug Abuse Act of 1988 provided several new tools to the drug enforcement agencies, all of which generate increased staffing needs.

The FBI enforces a broad range of Federal criminal statutes, investigates criminal activity, works with other Federal agencies as well as State and local authorities, and assists States and localities through training, dissemination of information, and other law enforcement activities. A total of \$1.5 billion in budget authority is requested for the FBI in 1990, an increase of 4.6 percent over the

1989 level. (Without the transfer from the FBI to OCDE, the increase would be 8.2 percent over 1989 levels.) The increase will support enhancements in drug enforcement, field investigation programs, automated data processing and telecommunications, foreign counterintelligence and technical field support and equipment.

Border Enforcement Activities.—Budget authority of \$2.3 billion for 1990 is proposed for border enforcement activities, a slight increase over 1989 levels. The Immigration and Naturalization Service (INS) and the United States Customs Service are responsible for border enforcement activities. The INS administers laws related to the admission, exclusion, deportation, and naturalization of aliens. In 1990, the INS will be in its fourth year of expanded responsibilities under the Immigration Reform and Control Act of 1986. Resources are requested to administer legalization and agricultural worker programs, enforce employer sanctions, and deter further illegal immigration.

The United States Customs Service assesses and collects duties, excise taxes, fees and penalties on imported merchandise; combats the illegal entry of narcotics and other goods into the United States; and processes persons, carriers, cargo and mail into and out of the United States. Budget authority of \$1.3 billion is proposed for 1990, of which \$395 million is proposed for border enforcement and the remainder is for customs processing activities.

Congress enacted legislation in 1986 requiring the imposition of user fees to cover fully the costs of Customs' commercial merchandise processing. The structure of the current fee, however, violates provisions of the General Agreement on Tariffs and Trade (GATT). GATT recently ruled that the ad valorem structure of the merchandise processing fee was not indicative of the cost of processing individual entries. The budget assumes enactment of legislation to make the merchandise processing fee consistent with the GATT requirements so that the fees collected correspond to the costs incurred in processing individual transactions. Additionally, the administration believes the fee collections should be recorded as budget receipts in order to conform to appropriate budget concepts. This proposal is discussed in more detail in Part 4 of this volume.

Law Enforcement Training.—The Federal Law Enforcement Training Center provides both basic and advanced law enforcement training courses for over 60 federal agencies. Demand for this type of training has increased dramatically in recent years and the number of student-weeks has doubled between 1986 and 1989. In 1989, a site in New Mexico will be acquired to serve as a satellite facility for advanced training. The 1990 budget proposal contains funding for a new dormitory, continuing the facilities expansion efforts of the past several years.

NATIONAL NEED: ADMINISTRATION OF JUSTICE

(Functional code 750; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Federal law enforcement activities:					
Criminal investigations (DEA, FBI, and OCDE)	1,896	1,974	2,267	2,275	2,309
Alcohol, tobacco, and firearms investigation (ATF)	218	241	227	230	232
Border enforcement activities (Customs and INS)	2,231	2,313	2,319	2,344	2,333
Customs user fee:					
Existing law		-637	-771	-851	-936
Proposed legislation			771	851	936
Protection activities (Secret Service)	384	376	386	384	414
Other enforcement	411	451	494	498	501
Subtotal, Federal law enforcement activities	5,140	4,717	5,693	5,731	5,788
Federal litigative and judicial activities:					
Civil and criminal prosecution and representation:					
Existing law	1,252	1,528	1,666	1,690	1,712
Proposed legislation			1	1	2
Federal judicial activities	1,369	1,528	1,550	1,573	1,593
Representation of indigents in civil cases	306	309			
Subtotal, Federal litigative and judicial activities	2,926	3,364	3,217	3,264	3,307
Federal correctional activities	1,059	1,361	1,554	1,614	1,899
Criminal justice assistance	316	420	196	210	218
Total, budget authority	9,441	9,862	10,661	10,818	11,211

Federal Litigative and Judicial Activities.—The Department of Justice prosecutes all of the Federal Government's criminal cases and litigates most of its civil cases. The administration requests \$3.2 billion in budget authority for civil and criminal prosecution and representation and Federal judicial activities in 1990. This amount represents an increase of \$160 million over 1989 levels for these two activities. (Without the \$48 million transfer from U.S. Attorneys to OCDE, the increase would be \$208 million over 1989 levels.)

Civil and Criminal Prosecution and Representation.—Budget authority for civil and criminal prosecution and representation is proposed to be \$1.7 billion in 1990, \$139 million higher than in 1989.

Increases over 1989 include additional resources to:

- prosecute offenders under organized crime and drug statutes, and augment asset forfeiture and civil enforcement activities to increase collections into the Asset Forfeiture Fund and the Treasury;

NATIONAL NEED: ADMINISTRATION OF JUSTICE

(Functional code 750; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Federal law enforcement activities:					
Criminal investigations (DEA, FBI, and OCDE)	1,890	1,950	2,111	2,250	2,309
Alcohol, tobacco, and firearms investigation (ATF)	213	239	240	229	232
Border enforcement activities (Customs and INS)	2,180	2,308	2,265	2,335	2,328
Customs user fee:					
Existing law		-637	-771	-851	-936
Proposed legislation			771	851	936
Protection activities (Secret Service)	382	396	391	383	409
Other enforcement	396	453	500	502	500
Subtotal, Federal law enforcement activities	5,061	4,709	5,507	5,700	5,778
Federal litigative and judicial activities:					
Civil and criminal prosecution and representation:					
Existing law	1,208	1,337	1,598	1,687	1,595
Proposed legislation			1	1	2
Federal judicial activities	1,365	1,516	1,546	1,556	1,570
Representation of indigents in civil cases	306	298	40		
Subtotal, Federal litigative and judicial activities	2,880	3,150	3,184	3,245	3,167
Federal correctional activities	930	1,196	1,462	1,687	1,900
Criminal justice assistance	352	373	444	313	263
Total, outlays	9,223	9,428	10,598	10,945	11,108

- defend against the tens of thousands of civil suits filed annually against the Government and its officials;
- provide administration expenses to implement provisions of the Civil Liberties Act of 1988 to recompense individuals of Japanese ancestry who were deprived of their liberty during World War II; and
- continue litigative efforts to combat fraud, waste, and abuse, as well as recover billions of dollars in delinquent debt owed the Government.

In addition, an \$18 million increase is included to continue implementation of an office automation system for the Department of Justice legal divisions and U.S. Attorneys and resources for computerized litigation support.

Federal Judicial Activities.—By law, budget requests from the Judiciary are included in the budget without change by the executive branch. The U.S. Courts have proposed budget authority of \$1.6 billion in 1990 for judicial branch activities in this function, a slight increase over the 1989 level. However, this budget includes a

reduction to the overall requests of the Judiciary in anticipation of expected action by the Congress to provide 1990 funding that is consistent with the Gramm-Rudman-Hollings deficit reduction targets. This adjustment eliminates the portion of the request that exceeds the 1990 current services level.

Representation of Indigents in Civil Cases.—The Legal Services corporation is a private, non-profit organization that funds State and local agencies providing free civil legal assistance to the poor. The corporation provides grants to attorneys and legal organizations involved in cases for individual clients and in broader “law reform” activities.

The administration again recommends that the Corporation not be reauthorized and asks that no further separate Federal funding be provided. State and local bar associations have developed programs to provide free assistance to indigent clients, and these efforts are expected to continue to grow, consistent with private attorneys’ ethical obligations to provide such free services.

Federal Correctional Activities.—The Federal Government is responsible for the care and custody of prisoners charged with or convicted of violating Federal laws. In response to the continuing growth of the Federal prisoner population, the administration proposes building three new facilities, leasing two new facilities, and expanding capacity at nine existing facilities. This expansion will meet the demand for additional prison capacity created by tougher law enforcement and longer sentencing required by a number of recent initiatives, including the 1986 and 1988 Anti-Drug Abuse Acts and the U.S. Sentencing Commission Guidelines. Further, the administration proposes reducing the level of overcrowding in the Federal prison system from almost 60 percent in 1988 to 30 percent by 1995. To reduce the detrimental effects that this level of overcrowding could cause, the administration supports prison staffing increases to achieve a 1:3 staff-to-inmate ratio. Budget authority requested for the expansion and operation of the prison system in 1990 is \$1.6 billion, a 14 percent increase above the enacted 1989 level.

Criminal Justice Assistance.—Criminal justice assistance is intended to provide financial, technical, and emergency assistance to States and local governments to reduce crime and juvenile delinquency as well as establish programs to collect and disseminate accurate and comprehensive justice statistics. Financial and technical assistance is provided to States through a number of specific programs, including one for missing and exploited children and another designed to aid victims of crime. Budget authority requested for these programs in 1990 is \$196 million, a decrease of \$224 million from 1989 levels.

The administration proposes termination of the juvenile justice and delinquency prevention grants because its original goals have largely been accomplished, namely the separation and removal of juveniles from adult correctional facilities. The administration also proposes terminating State and local assistance grants, anti-drug abuse grants, the regional information sharing system, and Mariel Cuban reimbursement grants. These programs primarily benefit the States; therefore, the States should assume the costs. Federal criminal justice assistance was never intended to establish dependence on Federal resources, even in the important area of anti-drug abuse. Rather, funds were intended to be used to provide seed money and to fund demonstration projects that would then be turned over to the States for continued funding.

Deposits of criminal fines and penalties into the Crime Victims Fund are estimated to be \$100 million for 1990. All of these funds will subsequently be made available for victim compensation and assistance programs at the Federal, State, and local levels. In 1989, the benefit paid to public safety officers killed in the line of duty was increased from \$50,000 to \$100,000. In 1990, the estimated outlays for this program are \$25 million. Budget authority of \$4.2 million is requested for the Missing and Exploited Children program, a slight increase over the 1989 level.

Related Programs.—A number of programs classified in other functions support the administration of justice. Over 100 agencies and regulatory commissions perform some type of law enforcement activity. About 30 Federal agencies, including the Departments of Agriculture and Labor, the Environmental Protection Agency, and most independent regulatory commissions have some litigation authority independent of the Department of Justice.

GENERAL GOVERNMENT

The general government function encompasses the central management activities for both the executive and legislative branches of the Federal Government. This function focuses primarily on Federal finances, tax collection, personnel management, and property control. A goal of this administration is to provide these basic services in a business-like and efficient manner.

The four central management agencies—the Office of Management and Budget, the Office of Personnel Management, the General Services Administration, and the Department of the Treasury—work with other agencies on a variety of management reform initiatives. These management improvements include procurement simplification, real property management, personnel retention and recruitment, quality and productivity improvement, business-like cash management practices, financial management systems upgrades, and credit management and debt reform.

Budget authority proposed for general government activities for 1990 is \$10.1 billion, an increase of \$204 million from the 1989 enacted level. Major goals in this function include broadening efforts to identify and collect unpaid taxes, improving services to taxpayers, and improving productivity in the Federal Government.

Legislative Functions.—By law, budget requests of the legislative branch are included in the budget without change. For 1990, \$1.7 billion in budget authority is proposed for the legislative branch activities in this function. In addition, the budget includes a reduction to the overall requests of the legislative branch in anticipation of expected action by the Congress to provide 1990 funding that is consistent with the Gramm-Rudman-Hollings deficit reduction targets. This adjustment would eliminate the portion of the request that exceeds the 1990 current services level. Legislative functions include the operation of Congress, the General Accounting Office, the Congressional Budget Office, and other legislative branch agencies, boards, commissions, and activities. Portions of these activities are also included in other budget functions. A complete listing of all legislative branch accounts appears in Part 9 of this volume.

Executive Direction and Management.—Budget authority of \$275 million is included for the Executive Office of the President and related activities in 1990. This office assists the President in the discharge of his budgetary, management, policy development, and other executive responsibilities. Beginning in 1990, the Office of National Drug Control Policy will become part of the Executive Office of the President. This office was established by the Anti-Drug Abuse Act of 1988 and will be responsible for developing a national strategy to fight drug abuse in the United States. In

addition, \$84 million is requested in Funds Appropriated to the President for Investments in Management Improvements. These funds are requested to complete the implementation of Reform '88, President Reagan's multi-year effort to establish accuracy, quality, and speed standards for the internal management of the executive branch that are as high as those of the private sector. Funds will be transferred to agencies to complete ongoing projects in financial accounting systems, and for the continued implementation of management initiatives in the areas of credit and cash management and productivity improvements.

Central Fiscal Operations.—The central fiscal operations of the Federal Government include collecting taxes, making payments on behalf of the Government, administering the public debt, maintaining accountability for Federal funds, administering the Federal Financing Bank, and carrying out certain other financial operations. For 1990, \$5.8 billion of budget authority is requested, an increase of \$425 million from 1989.

NATIONAL NEED: GENERAL GOVERNMENT

(Functional code 800; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Legislative functions.....	1,602	1,670	1,656	1,660	1,659
Executive direction and management.....	125	137	275	289	287
Central fiscal operations:					
Collection of taxes.....	5,059	5,195	5,484	5,577	5,659
Other fiscal operations:					
Existing law.....	130	214	-348	154	197
Proposed legislation.....			693	196	189
Proposed credit reform.....			4	4	4
Subtotal, Central fiscal operations.....	5,189	5,408	5,833	5,932	6,050
General property and records management:					
Property receipts.....	-98	-287	-289	-316	-318
Records management.....	116	122	123	119	120
Other.....	280	259	273	281	282
Subtotal, General property and records management.....	298	94	107	84	84
Central personnel management:					
Existing law.....	145	151	190	164	166
Proposed legislation.....					
Subtotal, Central personnel management.....	145	151	190	164	166
General purpose fiscal assistance:					
Payments and loans to the District of Columbia.....	520	526	464	458	445
Payments to States and counties from Forest Service receipts:					
Existing law.....	301	356	362	372	387

NATIONAL NEED: GENERAL GOVERNMENT—Continued

(Functional code 800; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Proposed legislation			- 64	- 64	- 62
Payments to States from receipts under the Mineral Leasing Act:					
Existing law	396	449	423	445	491
Proposed legislation			- 71	- 79	- 81
Payments to States and counties from Federal land management activities:					
Existing law	187	104	94	94	94
Proposed legislation			- 14	- 14	- 15
Payments in lieu of taxes	105	105	105	110	110
Payments to territories and Puerto Rico	190	193	196	202	206
Other	264	242	259	409	410
Subtotal, General purpose fiscal assistance	1,963	1,974	1,756	1,933	1,986
Other general government:					
Compacts of free association	161	319	206	189	193
Territories	120	121	74	69	69
Treasury claims	1,409	349	349	349	349
Other:					
Existing law	116	92	114	114	103
Proposed legislation			19		
Subtotal, Other general government	1,805	882	761	721	714
Deductions for offsetting receipts:					
Government-sponsored enterprise fees (proposed)			- 59	- 240	- 555
Other	- 694	- 400	- 400	- 400	- 400
Subtotal, Deductions for offsetting receipts	- 694	- 400	- 459	- 640	- 955
Total, budget authority	10,435	9,916	10,120	10,144	9,990

Collection of Taxes.—The administration requests \$5.5 billion in budget authority for the Internal Revenue Service (IRS) in 1990, \$289 million more than the 1989 enacted level. This increase will fund workload growth due to the larger number of returns expected to be filed in 1990 and service improvements, such as quicker processing of tax refunds and correspondence with taxpayers and greater accuracy in IRS responses to taxpayer questions. Major investments in automated data processing systems are also budgeted for redesigning the tax processing system to improve tax administration, increase tax law compliance, reduce staffing needs, and improve taxpayer service. Additional revenues will be collected through enforcement initiatives designed to reduce the current tax gap—the difference between taxes owed and taxes voluntarily paid by individuals and businesses as well as taxes owed from previous tax years.

During 1989 and 1990, the Internal Revenue Service, with the Treasury Department and the Office of Management and Budget, will evaluate the feasibility of a user fee arrangement for parts of

the taxpayer services telephone program. This evaluation will include an actual demonstration of the technologies and systems capabilities. The fee would be designed to recover the phone circuit costs and to partially support the service cost of providing information to taxpayers.

Depending on the outcome of the steps outlined above, a decision will be made on how to proceed. Estimated receipts from this proposed fee are included in the budget beginning in 1991.

NATIONAL NEED: GENERAL GOVERNMENT

(Functional code 800; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Legislative functions.....	1,599	1,720	1,696	1,667	1,664
Executive direction and management.....	120	136	138	276	288
Central fiscal operations:					
Collection of taxes.....	4,985	5,224	5,456	5,563	5,648
Other fiscal operations:					
Existing law.....	-175	232	-364	8	28
Proposed legislation.....			614	117	110
Proposed credit reform.....			4	4	4
Subtotal, Central fiscal operations.....	4,809	5,456	5,711	5,693	5,791
General property and records management:					
Federal buildings fund.....	-332	-14	146	450	39
Property receipts.....	-98	-287	-289	-316	-318
Records management.....	102	120	118	113	113
Other.....	147	252	245	277	277
Subtotal, General property and records management.....	-182	71	220	524	111
Central personnel management:					
Existing law.....	113	159	163	161	169
Proposed legislation.....					
Subtotal, Central personnel management.....	113	159	163	161	169
General purpose fiscal assistance:					
Payments and loans to the District of Columbia.....	520	510	486	471	445
Payments to States and counties from Forest Service receipts:					
Existing law.....	305	344	360	372	387
Proposed legislation.....			-47	-64	-62
Payments to States from receipts under the Mineral Leasing Act:					
Existing law.....	396	449	423	445	491
Proposed legislation.....			-71	-79	-81
Payments to States and counties from Federal land management activities:					
Existing law.....	86	105	94	94	94
Proposed legislation.....			-14	-14	-15
Payments in lieu of taxes.....	103	105	105	110	110
Payments to territories and Puerto Rico.....	187	193	196	202	206
Other.....	217	243	259	409	409

NATIONAL NEED: GENERAL GOVERNMENT—Continued

(Functional code 800; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
Subtotal, General purpose fiscal assistance	1,816	1,948	1,793	1,947	1,985
Other general government:					
Compacts of free association.....	165	319	206	189	193
Territories.....	108	120	82	72	69
Treasury claims.....	1,409	349	349	349	349
Other:					
Existing law.....	211	111	94	101	224
Proposed legislation.....			1	3	7
Subtotal, Other general government.....	1,893	900	732	714	842
Deductions for offsetting receipts:					
Government-sponsored enterprise fees (proposed)			— 59	— 240	— 555
Other.....	— 694	— 400	— 400	— 400	— 400
Subtotal, Deductions for offsetting receipts.....	— 694	— 400	— 459	— 640	— 955
Total, outlays.....	9,474	9,990	9,993	10,341	9,895

General Property and Records Management.—The General Services Administration (GSA) is the Government's builder, landlord, wholesaler, and retailer. Its services support the activities of other Federal agencies. GSA is also responsible for disposal of properties no longer needed by the Government. Planned disposal of surplus properties in 1990 is estimated to generate \$225 million in collections.

The cost of operating the National Archives and Records Administration, which is responsible for the recordkeeping activities of the Federal Government, is also included in this subfunction.

Central Personnel Management.—Personnel management functions are carried out by the Office of Personnel Management, the Federal Labor Relations Authority, and the Merit Systems Protection Board. Outlays for these activities are estimated to be \$163 million in 1990, an increase of \$4 million from 1989.

General Purpose Fiscal Assistance.—Outlays in this subfunction provide financial aid to State and local governments, including payments to the District of Columbia, grants from Forest Service and Interior Department timber and mineral receipts, and payments to territories and Puerto Rico. This assistance can generally be used for State or local services, construction, debt retirement, and other purposes of general government. Outlays for these programs are estimated to be \$1.8 billion in 1990, a decrease of \$155 million from 1989 primarily due to administration proposals.

CREDIT PROGRAMS—GENERAL GOVERNMENT

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Loans to DC:					
Change in outstandings.....	-30	-34	-33	-35	-37
Outstandings.....	685	652	619	584	547
General Services Administration (GSA):					
Change in outstandings.....	-8	-9	-11	-12	-14
Outstandings.....	387	378	367	355	341
Administration of territories:					
Change in outstandings.....	-2	-2	-2	-2	-2
Outstandings.....	59	57	55	53	51
Total, direct loans:					
Change in outstandings.....	-39	-45	-46	-49	-53
Outstandings.....	1,131	1,087	1,041	992	938
Guaranteed loans:					
Payments to the Financial Assistance Corp.:					
New commitments.....	450	1,000	810	270	270
Change in outstandings.....	450	1,000	810	270	270
Outstandings.....	450	1,450	2,260	2,530	2,800
General Services Administration (GSA):					
Change in outstandings.....	-61	-26	-28	-30	-32
Outstandings.....	504	478	450	421	389

Payments and Loans to the District of Columbia.—The District of Columbia's operating budget is financed in part by annual reimbursements for the net cost of the Federal presence in the city. The administration requests \$498 million in budget authority for the District of Columbia in 1990 (excluding \$34 million of proprietary receipts for capital loan repayments). Of this total \$431 million is for the Federal payment to the District for general purposes and \$52 million is for the annual Federal contribution to the retirement funds for the District's police officers, firefighters, teachers, and judges. The remaining funds are for Saint Elizabeths Hospital.

In lieu of providing the District of Columbia with a lump-sum appropriation for water and sewer services, the administration recommends legislation that would require the District to bill Federal agencies directly for these services. Federal agencies (e.g., Defense, General Services Administration, Smithsonian, etc.) that own property in the District would make payments to the District for buildings under their control. This proposal (1) reduces appropriated Federal payments for non-government entities, such as the American Red Cross and the Pan American Union, as well as for entities outside the appropriations process, such as the U.S. Postal Service, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, and the Federal Deposit Insurance Corporation; (2) insures accuracy and accountability in water and

sewer billings; and (3) creates incentives for agencies to economize on water and sewer services.

The budget reflects legislation that would require the District to cover its full share of the costs of retirement for District retirees and their survivors.

Shared Revenues.—Some jurisdictions receive payments from the Federal Government based on a percentage of Federal receipts generated from timber sales, mineral leases, grazing permits, and other activities on Federal property. Under current law, 50 percent of receipts under the Mineral Leasing Act are shared with the State of origin. Twenty-five percent of the receipts from the National Forests and 50 percent of the receipts from the Oregon and California grant lands are shared with the counties of origin. Sharing is on a gross basis before any costs of obtaining these receipts are deducted. Beginning in 1990, the administration proposes that an amount equal to the total estimated Federal cost of fighting fires in a given year be deducted from Federal timber and mineral receipts that year before the receipts are deposited in the Treasury General Fund or shared with States and localities.

Payments to States and counties from Forest Service receipts, payments to States from receipts under the Mineral Leasing Act, and payments to States and counties from Federal land management activities are offset against, and deducted from, the formula amounts of payments in lieu of taxes for the following year.

Payments in lieu of Taxes (PILT).—The Federal Government provides payments based on a formula to local governments for certain Federal lands located within their jurisdictions. The administration proposes \$105 million in outlays in 1990 for PILT.

Payments to Territories and Puerto Rico.—The Federal Government provides special assistance to help finance the local governments of Puerto Rico, Guam, and the Virgin Islands. These payments comprise annual advance payments of certain income tax withholding and excise tax collections for Guam and the Virgin Islands, and excise tax withholding for Puerto Rico. Outlays are estimated to increase from \$193 million in 1989 to \$196 million in 1990.

Other.—The Civil Liberties Act of 1988 provides for the payment of reparations for Japanese Americans who were interned during World War II. The budget includes \$20 million to establish the reparation fund.

Other General Government.—Other activities in the general government function include payments of claims and judgments against the Federal Government, and funding for the territories, Indian affairs, and other activities.

Compacts of Free Association.—The Compacts of Free Association with the Federated States of Micronesia and the Republic of the

Marshall Islands bind the United States to make annual payments to these two freely associated states totaling \$2.3 billion over a 15 year period. Similarly, funding for the Compact of Free Association for Palau is proposed on the assumption that Palau and the United States will implement the Compact in 1989. The Compact of Free Association funds will aid all of these former U.S. territories in their successful development as sovereign states. Budget authority of \$206 million is proposed for 1990.

Territories.—The administration proposes budget authority of \$74 million in 1990 for continued support of the U.S. territories of Guam, American Samoa, the Virgin Islands, and the Northern Marianas. The budget requests \$3 million for the Trust Territory of the Pacific Islands in 1990. This amount includes funds to pay liabilities remaining subsequent to the close down of the Trust Territory government. A transition office has been established to continue close out of Federal grants and to monitor the completion of construction project grants. The only remaining Trust Territory, Palau, will be operating under a new relationship in 1989 through implementation of the Compact of Free Association. The territories and the freely associated states receive grants and payments from many other Federal agencies for programs classified in other functions.

Deductions for Offsetting Receipts.—The administration proposes to impose on certain Government-sponsored enterprises (GSEs) a fee on new securities issued after September 30, 1989. The GSEs affected include the Student Loan Marketing Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the College Construction Loan Insurance Association. The purpose of this fee is to reimburse the Federal Government for the borrowing advantages these enterprises enjoy as a result of their special relationship with the Government. The fees will be phased in over three years and should eliminate most of the interest rate advantage enjoyed by GSE securities in the credit markets. Eliminating the competitive advantage of the housing GSEs will permit greater competition with private securities issuers. Receipts from these fees are estimated to be \$59 million in 1990.

Tax Expenditures.—The Federal Government provides general purpose fiscal assistance through several tax provisions. Interest on State and local government debt is excluded from the taxable income of businesses—mainly commercial banks and casualty insurance companies—and individuals. As a result, State and local governments can borrow at lower interest rates than would be possible if such interest were taxable. In effect, the Federal Government subsidizes States and localities by paying part of their

interest costs. Only the effect of excluding interest on general purpose obligations and revenue bonds for public purposes such as schools, sewers, and roads is included in this function. The exclusion of interest on tax-exempt bonds issued for private or quasi-public activities is covered in applicable budget functions, such as commerce and housing credit. The tax expenditure estimate for the exclusion of interest on public purpose State and local debt is \$16.0 billion in 1990.

The Federal Government also provides indirect assistance to States and localities by allowing individuals to deduct nonbusiness State and local taxes, primarily income taxes, from income in calculating their Federal tax liability. The value of this assistance is estimated at \$18.7 billion in 1990. Tax expenditures resulting from deductibility of taxes on owner-occupied homes are included in the commerce and housing credit function.

As a means of providing assistance to U.S. possessions, primarily Puerto Rico, the Federal Government permits a special tax credit for qualifying U.S. corporations doing business in the possessions. This tax credit, which effectively exempts earnings attributable to the possessions, results in an estimated tax expenditure of \$3.1 billion in 1990. Altogether, tax expenditures for general purpose fiscal assistance are an estimated \$37.7 billion in 1990.

Related Programs.—In addition to general purpose fiscal assistance, the Federal Government provides States and localities with assistance through a variety of Federal grant-in-aid programs. These programs, which range from relatively narrow categorical programs to broader grant programs, are more restrictive than general purpose fiscal assistance, and are designed to meet other national needs and priorities. Therefore, they are not included as general purpose fiscal assistance, although, in total, they provided 18.2 percent in 1988 of the financing of total State and local expenditures. Total grant-in-aid outlays to States and localities are estimated to be \$123.6 billion in 1990, the same amount as estimated for 1989.

Grants are discussed in more detail in Special Analysis H, "Federal Aid to State and Local Governments."

CENTRAL FEDERAL CREDIT ACTIVITIES

This new function is proposed to begin in 1990. It is composed entirely of the transactions of two new Federal credit revolving funds, a key part of the administration's proposal to reform the way credit programs are treated in the budget. One of the new revolving funds is to finance direct loans, the other fund finances guaranteed loan insurance.

The Direct Loan Fund and Guaranteed Loan Fund are to be established within the Department of the Treasury. Federal agencies would be required to obtain appropriations from Congress to finance the subsidies implicit in all new direct loans obligated and guaranteed loans committed in 1990 and later years. The financing and payment of loans obligated or committed before 1990 would not be affected.

CENTRAL FEDERAL CREDIT ACTIVITIES

(Functional code 870; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Central federal credit activities:					
Proposed credit reform.....			2,107	2,092	1,715
Total, budget authority.....			2,107	2,092	1,715
OUTLAYS					
Central federal credit activities:					
Direct loan revolving fund:					
Proposed credit reform.....			1,492	1,508	1,122
Guaranteed loan revolving fund:					
Proposed credit reform.....			-8,648	-9,380	-8,547
Total, outlays.....			-7,156	-7,872	-7,425

Under the administration's credit reform proposal, agencies would continue to originate and close direct loans as they do now. But as borrowers draw down obligated direct loans, the agency would pay the subsidy component of each loan into the Direct Loan Fund. This fund would finance the balance of the loan—the non-subsidized portion—through borrowing from Treasury. The borrower would pay interest and repayments of principal to the agency that originated the loan; the agency would deposit these amounts in the Direct Loan Fund to repay the Treasury for its financing of the loan.

For loan guarantees, the appropriated subsidy would be paid by the agency to the Guaranteed Loan Fund when a loan being guaranteed is disbursed by a lender. All fees and premiums collected by the agency would be deposited in the Guaranteed Loan Fund. In turn, the Guaranteed Loan Fund would assume the financial re-

sponsibility for payment of defaults. In all other respects, agencies would continue to make loan guarantees as they do now.

Proposed budget authority in 1990 for this function is \$2.1 billion; the outlay estimate in that year is -\$7.2 billion because of the large amounts of offsetting collections paid into the loan guarantee revolving fund from other budget accounts. The outlays, however, are offset fully by corresponding adjustments in other functions. Credit reform is discussed in more detail in Part 6 of this volume.

NET INTEREST

The Federal Government engages in both borrowing and lending, and as a result it both pays and receives interest. The principal form of Federal borrowing is through issuance of public debt securities by the Treasury, and the largest subfunction in the net interest function is the subfunction for interest on the public debt. The other three subfunctions in this function are composed primarily of interest income; however, the "other interest" subfunction includes both interest payments and interest income. Net interest is thus defined as interest paid by the Government less the interest it collects. Interest payments include the interest paid by Treasury on trust fund holdings of public debt; however, the interest earned on these holdings is also deducted in this function. Net interest approximates the Government's net transactions with the public. Net interest outlays are estimated to increase from \$165.7 billion in 1989 to \$170.1 billion in 1990.

Interest on the Public Debt.—Virtually all Federal debt is in the form of public debt issued by the Treasury, and all interest on the public debt is interest paid directly by the Treasury. Outlays for interest on the public debt are estimated to be \$235.6 billion in 1989 and \$248.1 billion in 1990.

Interest outlays are determined by the size of the debt and the interest rates on that debt. As shown in the economic assumptions in Part 3 of this volume, the rates for new 91-day Treasury bills are assumed to decline steadily from an average of 6.6 percent in calendar year 1988 to 4.0 percent by 1992. Similarly, the rates for notes and bonds with more than 5 years to maturity are assumed to decline from 8.9 percent in calendar year 1988 to 5.0 percent in 1992. These declining interest rates partially offset the rise in interest payments due to higher Federal debt. Interest-bearing public debt issued by the Treasury is estimated to increase by \$255.8 billion in 1989 and an additional \$234.5 billion in 1990.

Interest Received by On-budget Trust Funds.—Interest earnings of on-budget trust funds are estimated to be \$39.8 billion in 1989 and \$44.7 billion in 1990. More than half is received by the civil service retirement and disability fund, and one-fifth is received by medicare. Under law, most major trust funds are required to invest any surpluses in Treasury debt, and the Treasury pays interest on those holdings. The interest payments are included in the interest on the public debt subfunction. However, since the trust funds are part of the Government, these intragovernmental transactions are deducted from Federal outlays in this subfunction.

The budget assumes legislation to restrain the growth in outlays of the medicare and civil service retirement trust funds. These

proposals, as well as other proposals affecting on-budget trust fund balances, would increase the interest collections received by these funds by \$0.3 billion in 1990 relative to current law.

NET INTEREST

(Functional code 900; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Interest on the public debt:					
Existing law.....	214,066	235,618	248,655	251,715	246,569
Proposed legislation.....			- 569	80	902
Subtotal, Interest on the public debt....	214,066	235,618	248,086	251,795	247,471
Interest received by on-budget trust funds:					
Existing law.....	- 34,480	- 39,775	- 44,351	- 48,369	- 50,923
Proposed legislation.....			- 301	- 875	- 1,612
Subtotal, Interest received by on-budget trust funds.....	- 34,480	- 39,775	- 44,652	- 49,244	- 52,535
Interest received by off-budget trust funds:					
Existing law.....	- 7,416	- 11,210	- 15,758	- 20,472	- 24,718
Proposed legislation.....			870	795	710
Subtotal, Interest received by off-budget trust funds.....	- 7,416	- 11,210	- 14,888	- 19,677	- 24,008
Other interest:					
Interest on loans to Federal Financing Bank ..	- 15,228	- 14,110	- 13,420	- 13,223	- 13,049
Interest on refunds of tax collections.....	1,681	1,800	1,776	1,680	1,613
Interest on uninvested funds:					
Existing law.....	20	20	21	22	22
Proposed credit reform.....			205	512	750
Other:					
Existing law.....	- 6,900	- 6,639	- 7,020	- 6,134	- 5,777
Proposed legislation.....				8	18
Subtotal, Other interest.....	- 20,426	- 18,929	- 18,437	- 17,134	- 16,423
Total, budget authority.....	151,744	165,704	170,109	165,740	154,504
On-budget.....	(159,160)	(176,914)	(184,997)	(185,417)	(178,512)
Off-budget.....	(- 7,416)	(- 11,210)	(- 14,888)	(- 19,677)	(- 24,008)

Interest Received by Off-budget Trust Funds.—By law, the receipts and disbursements of the old-age and survivors insurance trust fund and the disability insurance trust fund (collectively referred to as social security) are excluded from the budget. However, social security is a Federal Government program, just as are the on-budget trust funds. Hence, the net interest function includes, as a separate subfunction, the off-budget interest earnings that have the same nature as the interest earnings of on-budget trust funds. Interest earnings of the off-budget trust funds are estimated to be \$11.2 billion in 1989 and \$14.9 billion in 1990.

Other Interest.—This subfunction includes both interest payments and interest collections. While a significant portion of this subfunction involves interest payments to, or collections from, the public, most of the subfunction is composed of intragovernmental payments and collections that arise from Federal revolving funds. The revolving funds generally borrow from the Treasury in order to carry out lending or other business-type activities, and they pay interest to the Treasury on the money they borrow. The Treasury collection of interest from these revolving funds is included in this subfunction. This subfunction also includes any interest payments to the public on income tax refunds.

Interest on Loans to the Federal Financing Bank (FFB).—The FFB is a revolving fund administered by the Treasury, which provides loans to finance a number of Government programs. The FFB normally borrows from the Treasury and uses these borrowed funds to make loans to various Government agencies or on their behalf. It collects interest on its lendings, and in turn, pays interest to the Treasury on its borrowings. Most of its borrowings are from the Treasury, the interest on which is recorded as offsetting collections in this subfunction. Interest payments by the FFB to the Treasury are estimated to be \$14.1 billion in 1989 and \$13.4 billion in 1990.

Interest on Refunds of Tax Collections.—The Treasury pays interest on tax refunds if the money refunded has been held by the Treasury for longer than a period specified by law. Interest on these refunds is estimated to be \$1.8 billion in 1990, about the same as in 1989. Under current law, the rate paid on refunds of tax collections is set quarterly at the average market bid yield on outstanding marketable obligations of the United States with maturities of three years or less.

Federal Credit Revolving Funds.—A central element of the administration's proposal for credit reform (discussed in Part 6 of this volume and in Special Analysis F, "Federal Credit Programs") is the creation of two new funds in Treasury—the Direct Loan Fund and the Guaranteed Loan Fund. If enacted, the Direct Loan Fund would borrow directly from the Treasury to finance the non-subsidized portions of Federal direct loans, and would pay Treasury interest on its borrowings (the interest payments would be financed from interest collections by the fund on its loans to the public). Thus, starting in 1990 this subfunction would begin to record interest from this new fund. In turn, existing loan revolving funds would cease to make new loans using money borrowed from the Treasury, and their interest payments to the Treasury on existing loans would gradually decline as the old loans were repaid or sold.

The Guaranteed Loan Fund is proposed to administer an insurance program to cover all Federal loan guarantees. The fund would

NET INTEREST

(Functional code 900; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
OUTLAYS					
Interest on the public debt:					
Existing law.....	214,066	235,618	248,655	251,715	246,569
Proposed legislation.....			— 569	80	902
Subtotal, Interest on the public debt....	214,066	235,618	248,086	251,795	247,471
Interest received by on-budget trust funds:					
Existing law.....	— 34,480	— 39,775	— 44,351	— 48,369	— 50,923
Proposed legislation.....			— 301	— 875	— 1,612
Subtotal, Interest received by on-budget trust funds.....	— 34,480	— 39,775	— 44,652	— 49,244	— 52,535
Interest received by off-budget trust funds:					
Existing law.....	— 7,416	— 11,210	— 15,758	— 20,472	— 24,718
Proposed legislation.....			870	795	710
Subtotal, Interest received by off-budget trust funds.....	— 7,416	— 11,210	— 14,888	— 19,677	— 24,008
Other interest:					
Interest on loans to Federal Financing Bank ..	— 15,228	— 14,110	— 13,420	— 13,223	— 13,049
Interest on refunds of tax collections.....	1,681	1,800	1,776	1,680	1,613
Interest on uninvested funds:					
Existing law.....	24	20	21	22	22
Proposed credit reform.....			205	512	750
Other:					
Existing law.....	— 6,900	— 6,639	— 7,020	— 6,134	— 5,777
Proposed legislation.....				8	18
Subtotal, Other interest.....	— 20,422	— 18,929	— 18,437	— 17,134	— 16,423
Total, outlays.....	151,748	165,704	170,109	165,740	154,504
On-budget.....	(159,164)	(176,914)	(184,997)	(185,417)	(178,512)
Off-budget.....	(— 7,416)	(— 11,210)	(— 14,888)	(— 19,677)	(— 24,008)

collect insurance premiums from guaranteed borrowers and subsidy payments from other Federal accounts. In turn, the fund would disburse money to make good on any Federal guarantee that went into default. In the near-term, the fund would accumulate large balances to finance future payments and it would maintain these as uninvested balances in the Treasury. Treasury, in turn, would pay interest on these uninvested balances based on the Treasury cost of borrowing.

Other.—The remainder of this subfunction is estimated to collect \$6.6 billion in 1989 and \$7.0 billion in 1990. This income comes from two principal sources. By far the larger source is interest that Treasury charges to Federal agency revolving funds. Revolving funds, such as that of the Commodity Credit Corporation (CCC), borrow from the Treasury primarily to finance direct loans to the public, and then pay interest to the Treasury on their borrowings.

The other principal source is interest collected from the public by funds other than revolving funds. Such collections include interest on loans made to the public by non-revolving funds, interest received from the Outer Continental Shelf (OCS) escrow account, and interest collected from banks on Federal tax collections kept on deposit in banks.

Net Budgetary Effect.—The Federal Reserve System owns Government securities for the purpose of implementing monetary policy. The Treasury pays interest on these securities, but, virtually all of the interest the Federal Reserve receives on these securities is returned to the Treasury as deposits of earnings of the Federal Reserve System (classified as budget receipts). As shown below, deposits of earnings are projected to be \$18.0 billion in 1989 and \$18.6 billion in 1990. Deducting these receipts from the outlay totals for the function shows the net budgetary effect of interest transactions with the public.

NET BUDGETARY EFFECT OF INTEREST TRANSACTIONS WITH THE PUBLIC

(In millions of dollars)

	1988 actual	Estimates			
		1989	1990	1991	1992
Net interest function.....	151,748	165,704	170,109	165,740	154,504
LESS: Deposits of earnings by the Federal Reserve System ¹	17,163	17,950	18,618	18,861	18,225
Net budgetary effect.....	134,585	147,754	151,490	146,879	136,279

¹ Shown as budget receipts.

Tax Expenditures.—A tax expenditure arises from the optional deferral of interest income on U.S. savings bonds. Interest is normally taxed each year as it is earned, but the holder of a U.S. savings bond may defer paying tax until the bond is redeemed. The estimate for this provision is \$995 million in 1990.

ALLOWANCES

The budget includes allowances to cover certain forms of budgetary transactions that are expected to occur but are not reflected in the program details shown in the preceding functions. When these transactions actually take place, they are reported as outlays for the appropriate agencies and functions rather than as allowances. For this reason, allowances for completed years are always zero. In 1990, allowances included in this category reduce budget authority by \$364 million and outlays by \$360 million.

Civilian Agency Pay Raises.—This allowance covers the costs of pay raises for civilian agency employees and Coast Guard military personnel in 1990 and subsequent years. Allowances to cover similar pay raises for military and civilian personnel of the Department of Defense-Military are included in the national defense function.

The budget includes a 2 percent increase for civilian employees and a 3.6 percent pay increase for Coast Guard military personnel, effective in January 1990. It assumes that each agency will be required to absorb 75 percent of the costs of these proposed increases. The allowance covers the remaining 25 percent of the proposed increases. The pay raise allowances for 1991 and 1992 assume that Federal civilian employees will receive pay raises of 3.0 percent and 2.8 percent, respectively, effective in January, and that Coast Guard military personnel will receive 3.2 percent and 3.0 percent, respectively, also effective in January.

Employees' Health Benefits Reform (FEHB).—The administration proposes a reform in the FEHB program that would change the formula used to determine the Government's contribution to enrollees' health premiums to a weighted average that reflects the premiums of all FEHB plans and the distribution of enrollees among those plans. This proposal is discussed in further detail in the health function. The savings from this proposal would accrue to agencies throughout the Government. These savings, estimated to be \$256 million in 1990, are included as an allowance.

Reduced Government Mail Rates.—The budget reflects a proposed change in postal rates for Government mail. Separate subclasses would be established to eliminate excess overhead charges paid by the Government. Rates would be based on actual attributable costs and overhead charges equal to average overhead rates for comparable classes of mail. Government mail would still be processed in USPS's current mail stream, without change in service standards, but would be charged rates more closely aligned with actual costs incurred. The budget includes an allowance of \$261 million in

ALLOWANCES

(Functional code 920; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Civilian agency pay raises:					
Civilian agency pay raises ¹			136	1,411	2,509
Coast Guard military pay raises			17	46	75
Subtotal, Civilian agency pay raises			153	1,457	2,584
Employee health benefits reform:					
Proposed legislation			-256	-373	-423
Subtotal, Employee health benefits reform			-256	-373	-423
Reduced government mail rates:					
Proposed legislation			-261	-261	-261
Subtotal, Reduced government mail rates			-261	-261	-261
Allowance for contingencies:					
Relatively uncontrollable programs					
Other requirements					
Total, budget authority			-364	823	1,900
OUTLAYS					
Civilian agency pay raises:					
Civilian agency pay raises ¹			140	1,445	2,634
Coast Guard military pay raises			17	46	75
Subtotal, Civilian agency pay raises			157	1,491	2,709
Employee health benefits reform:					
Proposed legislation			-256	-373	-423
Subtotal, Employee health benefits reform			-256	-373	-423
Reduced government mail rates:					
Proposed legislation			-261	-261	-261
Subtotal, Reduced government mail rates			-261	-261	-261
Allowance for contingencies:					
Relatively uncontrollable programs					
Other requirements					
Total, outlays			-360	857	2,025

¹ Includes allowance for administration of the off-budget social security trust funds.

outlay savings from the reduced rates. The Department of Defense allowances for contingencies also contain \$85 million for this reduced Government mail rate proposal.

Allowances for Contingencies.—The Congressional Budget Act of 1974, as amended, requires that the budget include an allowance for unanticipated spending or savings in relatively uncontrollable programs and an allowance for other unanticipated spending or

savings. The contingency allowance for relatively uncontrollable programs is estimated to be zero for all years, because the chance of these outlays being lower than the estimates is as great as the chance of being higher. The contingency allowance for other requirements is also assumed to be zero, with probable increases being offset by unanticipated decreases.

UNDISTRIBUTED OFFSETTING RECEIPTS

Offsetting receipts are collections by the Federal Government that are credited to receipt accounts but are deducted as offsets to outlays rather than recorded as governmental receipts. Such collections may result from intragovernmental transactions or they may arise from business-like transactions between the Government and the public, such as sales of goods and services. Governmental receipts, by contrast, include those collections that arise from the Government's sovereign power (mainly taxes and other compulsory charges).¹ Offsetting receipts are deducted from both budget authority and outlays.

UNDISTRIBUTED OFFSETTING RECEIPTS

(Functional code 950; in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY AND OUTLAYS					
Employer share, employee retirement (on-budget):					
Military retired contributions	-18,382	-18,798	-16,608	-16,939	-17,257
Contributions to HI trust fund	-1,884	-2,010	-2,131	-2,198	-2,294
Contributions from Postal Service:					
Existing law	-3,705	-3,436	-3,578	-3,905	-4,066
Proposed legislation				-225	-405
Contributions from other civilian agencies	-5,066	-5,183	-5,528	-5,890	-6,262
Subtotal, Employer share, employee retirement (on-budget)	-29,037	-29,427	-27,844	-29,158	-30,283
Employer share, employee retirement (off-budget)	-4,382	-4,849	-5,551	-5,928	-6,444
Rents and royalties on the Outer Continental Shelf	-3,548	-2,655	-3,710	-3,283	-3,516
Sale of major assets:					
Sale of petroleum reserve (proposed)			-1,000		
Sale of power administrations (proposed)			-1,285	-1,500	-1,200
Subtotal, Sale of major assets			-2,285	-1,500	-1,200
Other undistributed offsetting receipts:					
Chlorofluorocarbon production rights			-400	-1,350	-550
Spectrum fees, FCC			-2,252	-1,126	
Subtotal, Other undistributed offsetting receipts			-2,652	-2,476	-550
Total, budget authority and outlays	-36,967	-36,931	-42,042	-42,345	-41,993
On-budget	(-32,585)	(-32,082)	(-36,491)	(-36,417)	(-35,549)
Off-budget	(-4,382)	(-4,849)	(-5,551)	(-5,928)	(-6,444)

Most offsetting receipts are offset against the function that contains the activity that generates the receipts. Such offsetting re-

¹ The conceptual basis for classifying certain amounts collected by the Federal Government as receipts and other amounts as offsetting collections is explained in Part 8 of this volume.

ceipts are deducted before reaching functional outlay totals and are referred to as "distributed" to the functions. However, there are several categories of offsetting receipts that cannot be properly offset against any specific function. These collections are deducted just before reaching Government-wide totals and are referred to as "undistributed offsetting receipts."

There are five categories of undistributed offsetting receipts: 1) on-budget collections of amounts paid by Federal agencies to Federal employee retirement funds and medicare; 2) off-budget collections of amounts paid by Federal agencies for Federal employee retirement funds under social security; 3) collections from the public of bonuses, rents, and royalties on the Outer Continental Shelf; 4) collections from the public arising from the sale of major Federal assets; and 5) collections from the sale of spectrum rights and chlorofluorocarbon production rights.

Undistributed offsetting receipts are estimated to be \$36.9 billion in 1989 and \$42.0 billion in 1990. Details of all offsetting receipts are shown in table 12 in Part 10. The totals for undistributed offsetting receipts shown on tables organized by agency exceed the totals shown on tables organized by function. This is because interest received by on- and off-budget trust funds are included in the net interest function rather than the undistributed function, but they are undistributed in the agency displays.

Employer Share, Employee Retirement (on-budget).—Classification within the functional structure is relatively straightforward for most Federal Government accounts, because only one type of transaction occurs—a payment to the public. In the case of intragovernmental transactions, which are payments by one Government account to another, the functional classification becomes more complex because of the special accounting conventions used to record these transactions. Outlays are charged to the "paying agency" (for the payment to the "receiving agency" for services provided) and also to the receiving agency (for the expenditures it makes on behalf of the paying agency). Although two expenditures occur, only one is made to the public, and therefore one of these expenditures must be offset (reduced) in order to measure properly the Federal Government's net transactions with the public. Since the paying agency is ultimately responsible for the expenditure to the public, and the receiving agency simply acts on its behalf, the budget authority and outlays of the receiving agency are normally offset (reduced) by the size of the payment. Thus outlays are recorded for the agency ultimately responsible for the expenditure and within the function that best represents the purpose of the expenditure.

Employing agency payments for employee retirement are an exception to this convention. These payments to Federal retirement

funds constitute a funding of the accrued liabilities for retirement benefits earned by current employees and are a cost of fulfilling the employing agency's mission. Hence the payments are recorded as outlays of the paying account and the function within which the paying account is classified. The retirement funds in turn pay retirement and medicare benefits to current retirees, thereby serving important functions that are distinct from the ones served by the employing agencies. Hence the benefits paid are recorded as outlays of the retirement funds and the medicare and income security functions. Neither the employing agency payments nor the retirement benefits are offset directly, because this would seriously understate the resources used to fulfill their purposes. Instead, the offset is recorded as an undistributed offsetting receipt.

Most of the \$27.8 billion in 1990 that are collected by on-budget accounts are used to finance the military retirement and the civil service retirement trust funds.

The budget reflects proposed legislation that would require the U.S. Postal Service (USPS) to fund new civil service retirement liabilities created with each new retirement cost-of-living adjustment (COLA) for Postal Service annuitants and survivors. USPS payments to the retirement fund would be equal to the present value of new COLA liabilities amortized over 10 years. Because the budget proposes a 1990 COLA freeze for Government annuitants, USPS's initial annual payment to the retirement fund will begin in 1991.

Employee Share, Employee Retirement (off-budget).—Because, by law, social security is off-budget, and because some of intragovernmental employer retirement contributions are used to finance social security for Federal personnel, the collections by off-budget accounts are recorded in a separate subfunction from the on-budget retirement collections.

Rents and Royalties on the Outer Continental Shelf (OCS).—The Federal Government administers the OCS and collects bonuses, rents, and royalties from the companies that successfully bid for the right to explore and produce oil and gas from the OCS. Because these collections result from business-like transactions rather than from compulsory collections, they are classified as proprietary receipts from the public and not governmental receipts.

However, the income to the Government from this source is large and does not arise in significant measure from any spending program by the function or agency that administers the transactions. As a result, their inclusion as offsetting receipts in any particular function or agency would substantially understate the amount of budget authority and outlays needed to carry out programs in that

function. To avoid this distortion, these collections are undistributed.

The collections in this category include cash bonuses from the leasing of OCS lands with potential oil and gas resources; annual rents on existing leases; and royalties, based on a percentage of the value of production. Current estimates of proceeds from OCS sales are \$2.7 billion in 1989 and \$3.7 billion in 1990. None of these sales will be conducted until environmental impact studies and other requirements of the National Environmental Policy Act have been completed.

The administration opposes continuation of current "one-year" leasing moratoria enacted in appropriations bills for certain OCS areas, which circumvent the effective management of OCS resources set forth in the OCS Lands Act. The continuation of leasing moratoria and a related prohibition on exploration and development activities on some existing OCS leases would be a clear signal to private industry that the Federal Government can no longer be considered a trustworthy partner, resulting in a retargeting of industry investment in exploration activities to foreign areas. Such moratoria and prohibitions prevent the Nation as a whole from realizing the economic and energy security benefits, including revenues and employment, derived from exploration for and development of OCS oil and gas resources.

Sale of Major Assets.—Certain asset sales result in large offsetting receipts that are not closely related to any particular on-going spending program. As a result, these collections are included as undistributed offsetting receipts rather than as an offset to a function.

The administration's proposals for 1990 include the sale of two Federal dams and associated hydropower systems in Alaska for \$85 million, the sale of selected assets of Southeastern Power Marketing Administration for \$1.2 billion, and the sale of the naval petroleum reserves (NPR) in Elk Hills, California. The buyer of the NPR is expected to pay the Government \$1.0 billion in 1990 and to supply oil to fill the strategic petroleum reserve from 1990 through 1995 at no cost to the Government. These asset sales and swaps are discussed in greater detail in the energy and natural resources functions.

Charges for Spectrum and Chlorofluorocarbon Rights.—The budget proposes that, beginning in 1990, the U.S. Government use a competitive bidding process to grant licenses for exclusive use of certain unassigned portions of the spectrum. These could be used for services such as cellular radio and private land mobile radio services. The 1990 budget estimates revenue of \$2.3 billion in 1990

and \$1.1 billion in 1991 for bidding on six megahertz of currently unassigned portions of the spectrum.

Currently, the Federal Communications Commission (FCC) employs two methods—comparative hearings and lotteries—for awarding non-mass-media licenses. In comparative hearings, the FCC compares the merits of rival applicants in an often complex, prolonged administrative process. In lotteries, the FCC processes thousands of applications prior to a drawing. Both methods are costly to the FCC and delay the introduction of valuable new services. Lotteries also impose delays and costs on the public. In contrast to the delay associated with these processes, competitive bidding would immediately assign frequency channels to users who can put them to their highest valued use without the need for costly, time-consuming allocations and resales.

The administration is also proposing to charge market value for the rights to produce chlorofluorocarbons (CFCs) and related substances that deplete the ozone layer. CFCs are used as refrigerants and solvents as well as to make insulation. Current regulations, which require major reductions in the production of CFCs, will lead to a significant rise in the price of CFCs. By charging market value for these limited production rights, the revenue resulting from the price rise would accrue to the Treasury for the benefit of the general public, rather than to producers as windfall profits. Capturing this windfall will also remove the potential disincentive that such profits might have on current producers to quickly develop environmentally safer but potentially less profitable substitutes for CFCs. The charges for these rights, whether by auction or permit fee, are expected to generate proceeds in 1990 of \$0.4 billion.

PART 6

FEDERAL CREDIT

6-1

PART 6
FEDERAL CREDIT
OVERVIEW

Introduction.—Since entering office in 1981, the administration has placed a high priority on reforming Federal credit programs, which had been neglected for too many years. There had been a far greater emphasis on handing out funds, rather than managing loan programs well, and it was costing the taxpayer billions of dollars every year.

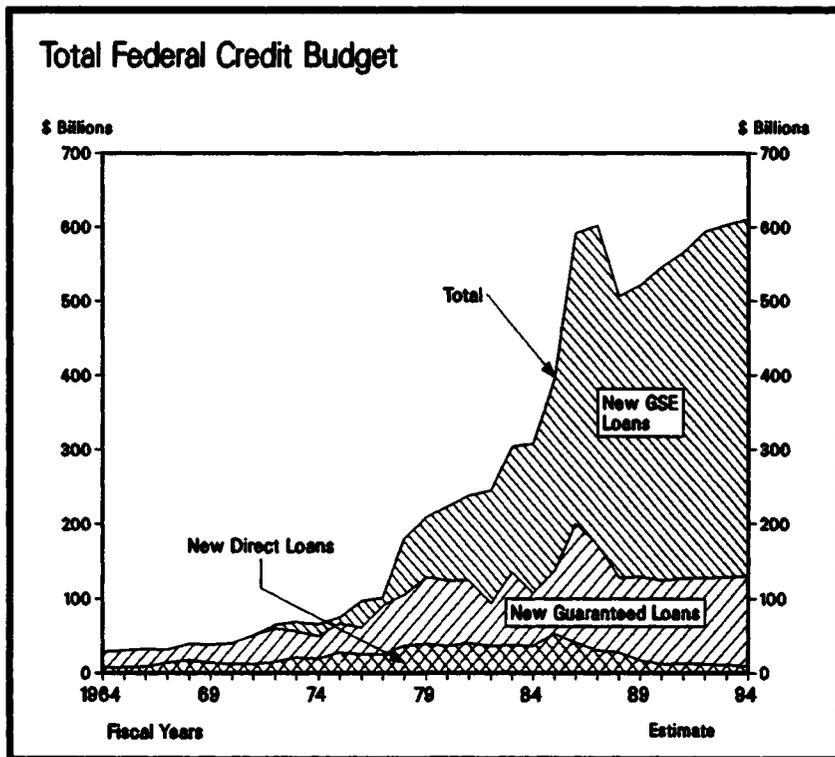
This reform effort has been comprehensive and far-reaching by necessity. The administration has proposed to treat credit programs in the budget on a basis consistent with other operating and grant programs and has improved the management of loan programs and loan portfolios, from origination through servicing to default. The results of this effort are embodied in three documents: Circular A-70, defining the appropriate Federal Government role in credit and providing guidance for sound credit policy; Circular A-129, establishing goals and procedures for better credit management and debt collection; and the proposed Credit Reform Act, changing the way credit is treated in the budget. Together these documents establish a framework for credit policy, program management, and effective budgeting.

The following sections review the scope of Federal credit programs; discuss the administration's accomplishments, along with its continuing efforts at implementation; and review other forms of credit activity that are not fully captured in the budget.

*Summary of Federal Credit Activities.*¹—The Federal Government is the largest financial intermediary in the United States. At the end of 1988, it held outstanding loans with a face value of \$222 billion in its direct loan portfolio and had another \$550 billion in guaranteed loans outstanding. (All data in this discussion are based on the face value of loans, not the unsubsidized market value.) Government-sponsored enterprises had an additional \$666 billion of loans outstanding at the end of the year. Thus, directly or indirectly, the Government had influenced the allocation of \$1.4 trillion of

¹ See also Special Analysis F, "Federal Credit Programs," and *Management of the U.S. Government*.

outstanding credit. This is up 134 percent from 1980. An effective credit management program was badly needed.



Through direct loans and loan guarantees, the Government has provided subsidized credit to many different types of borrowers: farmers, homeowners, students, veterans, small businesses, exporters, utilities, shipbuilders, Indian tribes, and State, local, and foreign governments. In 1990, the estimated subsidies total \$9 billion. Most will go to students (\$4 billion with an average subsidy of 31 percent), farmers (nearly \$2 billion), and housing (over \$3 billion). The subsidies inherent in these Federal credit programs have come at the expense of both taxpayers and those borrowers who did not receive subsidized credit. Unsubsidized borrowers paid higher interest rates or fees for their credit or were not able to borrow at all. Federally subsidized credit often results in unfair competition and can, if primarily driven by political concerns, channel funds away from more productive financing for the Nation's priorities. In 1990, the Federal Government will provide an estimated \$12 billion in new direct loan obligations and \$112 billion in new guaranteed loan commitments. Government-sponsored enterprises (GSEs) are expected to lend an additional \$422 billion. The accompanying

chart summarizes Federal and federally assisted credit activity from 1964 to 1994.

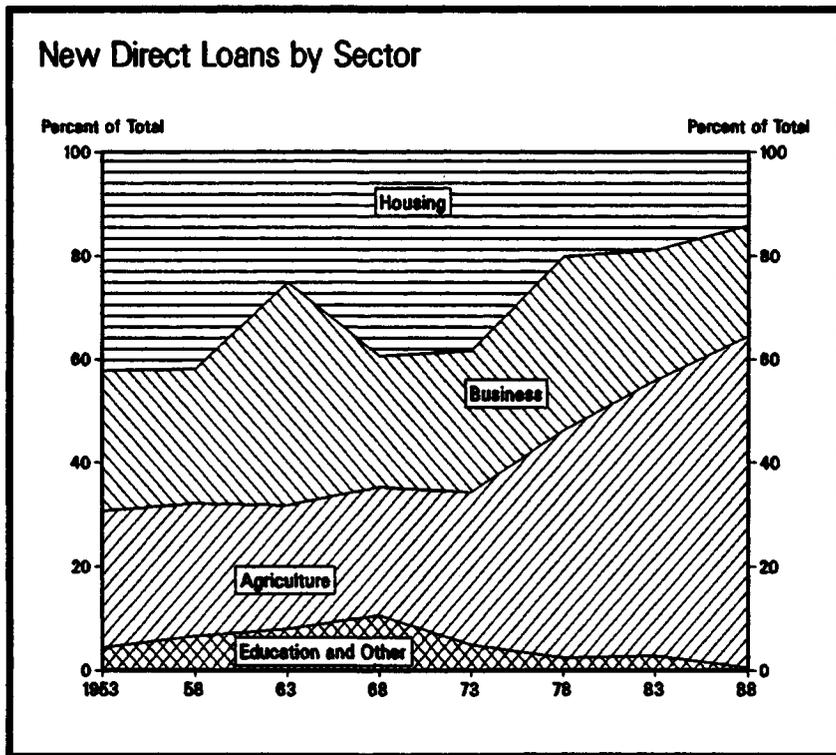
Direct Loans.—The Federal Government makes direct loans to individuals, businesses, and State, local, and foreign governments. Direct loans are primarily disbursements of funds by a Federal agency under the terms of a loan contract in which the borrower agrees to repay the loan principal to the Government, with or without interest.

Three other types of transactions are also classified as direct loans: (1) acquisition of defaulted private loans that were guaranteed by the Government and for which the Government made direct payment to the lender to honor the guarantee; (2) purchase by the Government of a private loan in the secondary market; and (3) sales of Government assets on credit terms of more than 90 days.

Direct loans are financed from a variety of sources, including borrowing, repayment of previous loans, and appropriated funds. They are designed to direct economic resources to federally determined uses by providing credit on more favorable terms than would otherwise be available from private sources. Although it is questionable whether the Federal Government should be a direct lender at all, a direct loan is best justified when the Federal objective cannot be met with financing from private sources, even with a Government guarantee. In most cases, however, the Federal Government can meet its policy goals through the guarantee mechanism. The objectives of direct loan programs may require financing at interest rates that are lower or loan maturities that are longer than those available from private lenders. These provide subsidies and result in lending situations, such as in the foreign aid program, where it could make more sense to provide grants to the truly needy and eliminate others from the program.

The accompanying chart shows the shifting composition of new direct loans issued over the past 35 years. Four sectors of the economy receive almost all direct loans: housing, business, agriculture, and education.

During the 1950s and again from 1965 to 1975, housing accounted for about 35 percent of direct loan obligations; however, this percentage has been trending downward; housing accounted for 14 percent of total obligations in 1988. Under this budget, the housing share of direct loans would remain just below this level. The trend reflects the increasing amount of direct lending to agriculture during the same period, and, to a lesser extent, the conversion of the rapidly expanding lending activity of the Federal National Mortgage Association (FNMA) in 1968 from an on-budget program to a Government-sponsored enterprise that is outside the budget.



New direct loans provided to agriculture have been rising rapidly both in absolute terms and relative to all direct loans in recent years. Agriculture reached 69 percent of new direct loans in 1987, receded from this share in 1988, but is expected to account for about 82 percent of direct loans in the early 1990s. This includes lending for farm ownership and operations, rural housing and water treatment facilities, and the price support program of the Commodity Credit Corporation.

During the early 1960s, business borrowers received 45 percent of the Government's new direct loans. In recent years, the business share was about a quarter. This budget reduces direct loans to business further to about 4 percent of the total. The Export-Import Bank, Small Business Administration, and deposit insurance agencies are the principal lenders to, or in support of, the business sector.

Direct loans for education include loans for construction of facilities, direct financial assistance to students, and payments for defaulted guaranteed student loans. No new loans to schools are proposed starting in 1990. Student loan defaults are expected to

cost over \$2 billion in 1990. Education loans have never been a large share of direct loans, and their share has diminished in recent years.

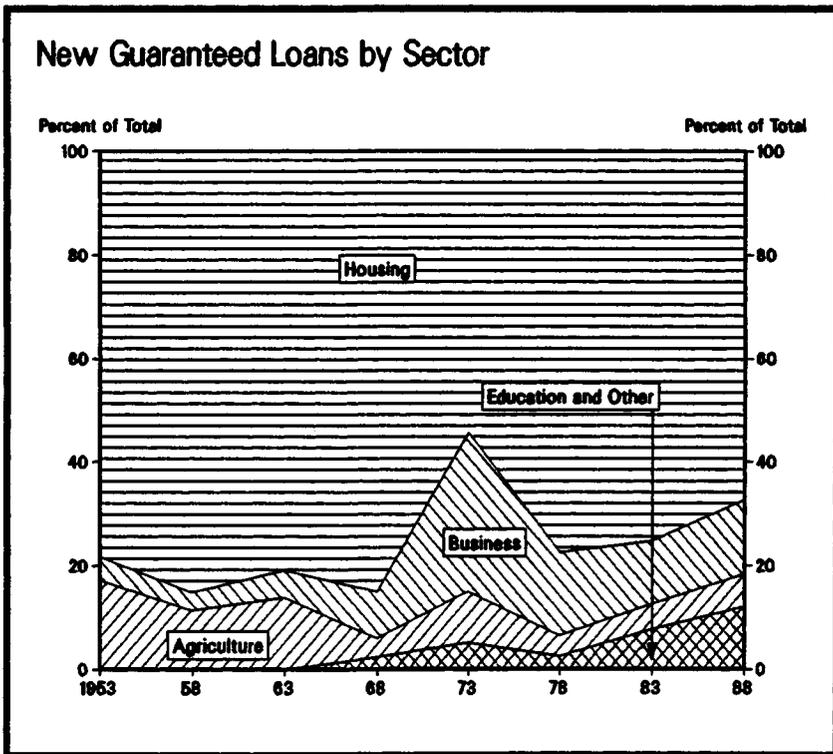
Since direct loans, depending on their financial terms and conditions, potentially provide greater subsidies to favored borrowers than loan guarantees, the administration is continuing the policy of minimizing the amount of direct loans originated. Under this administration there has been a major shift away from direct lending to Federal guarantees of privately originated loans. In 1980, direct loan obligations totaled \$36 billion. By 1990, direct loan obligations are estimated to be only \$12 billion, or \$4 billion excluding the Commodity Credit Corporation (CCC). Corresponding to this decline in direct loans, guaranteed loan commitments are expected to increase by \$24 billion, from \$88 billion in 1980 to \$112 billion in 1990.

In sum, loans to agriculture and rural areas have come to dominate Federal direct lending. Under this budget, loans for housing would comprise much of the remainder. Business loans, once the largest share of Federal direct loans, have been reduced substantially; private lenders are better able to judge productive business investments.

Guaranteed Loans.—Guaranteed loans are loans by non-Federal lenders for which the Government guarantees the payment of the principal and the interest, in whole or in part, in the event of borrower default. Loan guarantees are contingent liabilities of the Federal Government. They generally result in budget outlays only in the case of default.

The guarantees may be for the full or partial value of the loan principal. In some programs, such as the guaranteed student loan program, they are supplemented by explicit interest subsidies or other forms of assistance. Most guaranteed loans are made by banks or other private institutional lenders and take the form of mortgages or bank loans. Some guaranteed loans are sold in securities markets.

A loan guarantee transfers from the private lender to the Government some or all of the default risk of the loan. Where the Government guarantees timely payment of 100 percent of the loan principal and interest, it transforms a private loan into a near-Government direct loan financed by a Government security. However, even in this case, the guaranteed loan will not have all the attributes of a direct Government loan, since private lenders will negotiate different financial terms and conditions than would a Government agency. Nor will the guaranteed loan have all of the attributes of a U.S. Treasury security, because it will be less liquid and will have higher transaction costs. The administration has initiated a policy to require agencies, to the extent permitted by



law, to reduce the amount of a loan covered by a Federal guarantee to not more than 80 percent from 1990 to 1994.

Loan guarantees are designed to allocate economic resources to particular uses by providing credit at more favorable terms than are otherwise available in the private market. If loan guarantee recipients are not sufficiently creditworthy to borrow without Federal assistance, the subsidy provided by the guarantee may be large and the guarantee will directly reallocate credit towards federally selected uses, thereby increasing the total volume of credit channeled into these uses. This leaves a smaller supply of credit to be allocated to those potential borrowers who do not receive assistance and increases the costs to these borrowers. However, the guarantee does not always change the allocation of credit. Many beneficiaries of loan guarantee programs would have been able to secure the funds privately, without Government support. For example, a federally guaranteed mortgage might be used to finance, at a lower cost, a house that would have been purchased anyway. In this case, not only is there a subsidy provided to the borrower, but the loan does not serve the public purpose of the guarantee program.

Many of the guarantee programs operated by the Federal Government began as efforts to revive the economy during the depression of the 1930s. The Reconstruction Finance Corporation, created in 1932, was the forerunner of the Export-Import Bank, the Small Business Administration, and other credit programs. The Nation's single largest credit program, the Federal Housing Administration's (FHA) home mortgage insurance program, was created in 1934 to help financial markets overcome the risk associated at that time with "balloon" mortgages.

As the accompanying chart shows, housing guarantees dominated Federal guarantee activities during the 1950s and 1960s. The range of activities financed with Federal guarantees widened during the 1970s and early 1980s. Guarantees of business-related activities amounted to about a quarter of the total in the 1970s and still make up about 14 percent. Guaranteed student loans are the fastest growing category; they are expected to double their 1984 level by 1994, and amount to 14 percent of all Federal guaranteed loans. Nevertheless, housing continues to be a large majority of all new loan guarantees, particularly because falling interest rates in recent years have led many homeowners to refinance their mortgages. Between 1985 and 1986, housing guarantees shot up from \$60 billion to \$137 billion. For the 1990 budget, housing programs account for an estimated \$73 billion or 65 percent of all new guaranteed loan commitments.

Government-sponsored Enterprise Lending.—The Government also influences the allocation of credit through the creation and use of Government-sponsored enterprises (GSEs). (GSEs are discussed in more detail later in this part of the budget.) Due to their perceived "special relationship" with the Federal Government, GSEs historically have been able to borrow in the credit markets at yields carrying only slight premiums above those of Treasury securities of comparable maturity. The special relationship has arisen both from the intangible nature of Government sponsorship and through direct benefits that have been available to most GSEs, including a line of credit at Treasury and an exemption of interest income of investors from State and local income tax.

GSEs have traditionally operated in three major areas: (1) to assist farmers and associated rural borrowers to have better access to the credit markets, (2) to facilitate credit operations for the housing industry, and (3) to facilitate the financing of higher education. While the focus of these areas has not changed in the past few years, the contingent liability of the Federal Government has grown dramatically. In 1980, GSE obligations equaled \$99 billion. By 1985, this lending had grown to \$260 billion. In 1990, GSE lending is projected to be \$422 billion, a 327 percent increase over the level ten years earlier.

THE REAGAN RECORD IN CREDIT POLICY

Perspective.—During the 1970s, the amount of credit advanced under Federal auspices rose over four fold, reaching 23 percent of all funds loaned to nonfinancial borrowers by 1980. This was clearly too high—and could be looked at as a Federal “intrusion” into the private financial market. Although an OMB Circular issued in 1965 required agencies to answer a series of questions when proposing or reviewing new credit legislation, the Circular contained no evaluation criteria and no guidance on measuring the cost of credit programs. Similarly in 1980, no standards for managing credit programs had been established. Agencies paid considerably more attention to extending credit than to servicing loans or collecting the debt owed. The credit budget was created in January 1980, in an effort to control the volume of new lending.

Reducing Federal Intervention.—From its inception, the administration tried both to constrain the rapid growth of Federal credit, and to improve credit management and establish cross-cutting policies based on sound economic principles. It was long overdue. The March 1981 Budget Revisions expressed concern over the distortions and inefficiencies caused by undisciplined Federal intervention in financial markets. The criteria that the administration applied to on-budget and off-budget credit programs were the same as those applied to other programs. Generally, the administration proposed to terminate or reduce lending to borrowers who were able to obtain loans in the private market, and to raise interest rates and fees which had not kept pace with market rates.

Many of the reductions to credit programs proposed in 1981 were based on “applying sound economic criteria to subsidy programs.” Reductions and terminations were proposed for farm ownership, operating, and disaster loans, and rural housing, development, and electrification credit. Lending reductions were also proposed for the Small Business Administration, various energy subsidy programs, the Export-Import Bank, and the P.L. 480 export program. Terminations were proposed for the Economic Development Administration credit programs and the National Consumer Cooperative Bank. The goal was to move away from special purpose subsidies and rely instead on the President’s broad program for economic recovery.

As a way of “reducing subsidies to middle and upper income families,” proposals were made to reform the guaranteed student loan program, to better target Federal Housing Administration guarantees, to restrict the Student Loan Marketing Association (Sallie Mae) from Treasury borrowing through the Federal Financing Bank, to terminate the college housing program, and to end the

Government National Mortgage Association's tandem plan. Fiscal restraint was also proposed for low priority loan programs.

Not all of these proposals were enacted by Congress. Among those that were not, many have been resubmitted in subsequent budgets, sometimes in modified form. Through continued efforts, substantial reductions and reforms were achieved.

- The Farmers Home Administration and Rural Electrification Administration loan programs were reduced. Agriculture Credit Insurance Fund direct loan levels decreased from \$3.0 billion in 1982 to \$1.6 billion in 1989; REA direct loans decreased from over \$4.0 billion in 1984 to \$1.8 billion in 1989. Other FmHA loan program levels, for rural housing and rural development, have also been reduced.
- In 1981, SBA's non-physical disaster program, which permitted SBA assistance to counter economic dislocation, was terminated. Since 1986, SBA has not made drought-related loans to farmers for farm losses under the SBA disaster assistance program.
- Needs testing was reinstated in the guaranteed student loan program, ensuring that credit subsidies were allocated to low income families. A five percent origination fee was enacted in the most subsidized program to help offset the interest subsidy costs.
- Sallie Mae ceased borrowing from the Federal Financing Bank in 1982, and the National Consumer Cooperative Bank was privatized.
- The administration and the Congress have worked together to provide a more effective way for the Government to manage its legal obligations resulting from foreclosed guaranteed properties. The Deficit Reduction Act of 1984 changed VA's prior practice of acquiring virtually all foreclosed guaranteed properties. These changes have reduced the implicit full guarantee of the program.

The administration has also used the credit budget established in 1980 to propose annual appropriations bill limitations on the volume of new direct loan obligations and new guaranteed loan commitments. (See Special Analysis F, "Federal Credit Programs," for a detailed discussion of the credit budget.) In the 1986 budget transmitted in February 1985, the administration suggested that Congress establish binding aggregate limits on new direct loan obligations and guaranteed loan commitments in the congressional budget resolution and implement these limits through the reconciliation process. It also proposed that lending financed by the Federal Financing Bank (FFB) be included on-budget, with safeguards to prevent agencies from financing outside the FFB. Congress included credit in the budget resolution enacted that year, and enacted

both reforms in the Balanced Budget and Emergency Deficit Reduction Act of 1985, commonly called Gramm-Rudman-Hollings.

The growth of Federal lending was also constrained by raising the interest rates and fees that were charged. During the accelerating inflation of the 1970s, when market interest rates rose sharply, interest rates on Federal loans became relatively cheaper by steadily larger amounts. This inadvertently increased the subsidies provided to Federal borrowers and increased the Federal "market share." The administration proposed changes in laws and regulations to restore the intended relationship of Federal lending rates to market rates.

- The administration has been a leader in reducing the subsidies on export credits in the industrial countries through a series of international negotiations and agreements. As a result, export credits provided by the U.S. Export-Import Bank and its counterparts in other countries are tied to market rates, requiring less taxpayer support than formerly.
- The guarantee fees for SBA's general business program were increased from 1 percent to 2 percent in the 1985 Consolidated Omnibus Budget Reconciliation Act (enacted April 1986).
- For the Department of Veterans Affairs home loan guaranty program, the administration has proposed increases in the one percent loan origination fee since 1986. For 1990, the administration proposes to increase the fee to 3.8 percent, a level comparable to the FHA mortgage insurance premium.
- In the 1990 budget, origination fees are also being increased by the Farmers Home Administration, the Rural Electrification Administration, the Commodity Credit Corporation, and the Small Business Administration.

Establishing Credit Policy.—Following initial efforts to constrain the growth of Federal lending, a Federal Credit Policy Working Group was formed under OMB leadership in 1981. It reported to the Cabinet Council on Economic Affairs and later to the Cabinet-level Economic Policy Council. Its first task was to undertake a comprehensive review of the Government's direct and guaranteed loan programs in order to shape a consistent credit policy. The result was a thorough revision of OMB Circular A-70, "Policies and Guidelines for Federal Credit Programs," issued in August 1984.

Circular A-70 establishes policies to be followed by all agencies when proposing or reviewing legislation on credit programs. It also requires an annual review of existing program authority in conjunction with the annual budget submission.

Limiting the Federal Role: The Circular limits the Federal role in credit programs to two broad categories: where Federal objectives require correction of a specific capital market imperfection (which must be defined), or where a subsidy to specific beneficiaries

is provided more efficiently through a loan than a grant. Agencies are required to displace private lending activity to the smallest degree possible.

Most Federal credit assistance meets Federal objectives by providing credit on more favorable terms than would otherwise be available in private markets. Consequently, the Circular requires that agency budget justifications for OMB and the Congress include information on existing and potential private sources of credit and the terms on which such credit would be available to borrowers similar to those applying for a Federal loan or guarantee. Agencies are required to explain why private sources are inadequate and to calculate the subsidy that they propose using the method specified in the Circular.

Increasing amounts of information on Federal credit subsidies have been published in Special Analysis F. The special analysis for the 1985 budget contained an extended discussion of subsidy estimation together with a table comparing Federal and private terms for most direct loan programs. The following year, Special Analysis F reported subsidies for loan guarantees as well as direct loans, and showed the subsidy reductions inherent in proposals to increase interest rates and fees for a variety of programs.

Shifting to Guaranteed Loans: Circular A-70 specifies that direct loans should be used only when loan guarantees cannot provide the intended degree of subsidy. In accordance with this principle, the composition of Federal credit has shifted from direct loans to loan guarantees. The absolute amount of direct loan obligations peaked in 1985, and the share of new credit extended in the form of direct loans peaked at 39 percent in 1982. It declined to 21 percent in 1988, and is proposed to be only 10 percent in 1990. If CCC commodity price supports are excluded, the decline is even sharper. The major remaining direct loan programs include VA vendee loans, which are used to encourage the sale of homes on which veterans have defaulted, P.L. 480 aid, farm operating loans, and other rural assistance.

The shift away from direct loans has followed several routes.

- In a few cases, programs have been or should be terminated. For example, the 1990 budget proposes to eliminate Small Business Administration disaster loans. Businesses and homeowners can already obtain insurance against most disasters in the private marketplace.
- In other cases, guaranteed loan programs can substitute for terminated direct loan programs. One case where this can be done is the Export-Import Bank direct loans, which are proposed for conversion to guarantees in this budget.
- Several loan programs that are heavily subsidized are being transformed into grant programs. Many countries that had

previously received foreign military sales (FMS) credit are experiencing growing debt service problems. Also, starting in 1985, military assistance has been reduced. To offset these developments, the 1990 FMS financing program contains grant funds only. This will not only reduce FMS debt collection problems, but will also increase the political benefit of the programs in many countries.

- The 1990 budget proposes to substitute credit vouchers for the Section 202 housing program direct loans. Credit vouchers would provide a cash grant equal in value to the current Federal loan subsidy. Private lenders will then make the below-market-rate loans to borrowers to cover the cost of constructing Section 202 housing for the elderly and handicapped.

Requiring Co-Insurance: Circular A-70 also requires that private lenders should bear a substantial share of the risk of guaranteed loans (at least 20 percent). This principle is important. Under a full guarantee, the private lender has every incentive to make as many loans as possible without screening borrowers for creditworthiness, and he has no incentive to monitor the loans carefully after they are made. Full guarantees lead to an inefficient allocation of credit, they carry the risk of massive future default costs for the taxpayer, and they encourage lax lending standards that increase systemic risk for the economy as a whole.

In 1988, 70 percent of Federal loan guarantees still came from programs that formally provide full guarantees. Much of the remainder was in the VA vendee program, which provides de facto full coverage for the 75 percent of foreclosures in which the VA takes over the property. In the remaining programs, either the lender's risk was small or the program itself was small; altogether lenders were at risk for only \$7 billion out of a total of \$400 billion in guaranteed loans outstanding. For 1990, the administration proposes a change in the way VA determines whether or not to acquire a foreclosed property. This change would reduce the provision of a full guarantee to 65 percent of foreclosed properties.

To the extent permitted by law, the administration is requiring agencies to increase co-insurance (i.e., risk assumed by the private sector) administratively starting in 1990 and to reach 20 percent by 1994. Where legislative change is necessary, the 1990 budget repeats several proposals to initiate or increase co-insurance.

Reducing Guarantee Levels: In the guaranteed student loan program, which has suffered very high default rates, incentives for more careful origination would be improved by reducing the guarantee for lenders from 100 percent to 90 percent. For the State agencies that provide the initial guarantee, Federal reinsurance would be changed from the current 100 percent/90 percent/80

percent pattern, depending on default rates, to a 90 percent/80 percent/70 percent pattern. For the Rural Electrification Administration, the Federal guarantee would be 90 percent for electricity supply and 70 percent for electricity distribution and telephone loans. Health education assistance loan guarantees would be reduced from 100 percent to 80 percent. By 1994, SBA business loan guarantees would be reduced to 75 percent for loans over \$75,000 and 80 percent for loans under that threshold.

Prudent Lending Rules: To avoid inadvertent changes in the amount of the subsidy such as occurred in the 1970s, Circular A-70 requires that interest rates and fees set on Federal loans at the time of origination be determined in relation to a relevant current private sector rate; the rates and fees set at origination on Federal loans and guarantees are to be subject to revision at least once a quarter. The Circular also requires that borrowers retain an equity interest, that loan maturity be shorter than the life of the asset or project financed, that the Government's claim not be subordinated to other lenders, and that contractual agreements protect the Government's interest.

Circular A-70 requires all of these policies to be used to modify existing credit program legislation and to be incorporated in new legislation. In this way, Federal competition with the private sector is limited, and constructive incentives for borrowers and primary lenders as part of prudent credit program management are created.

Improving Credit Management.—The administration has been concerned about the management of credit programs, as well as credit policies. Mismanagement of Federal credit programs was rampant before 1980—costing the taxpayers billions of dollars a year. The Office of Management and Budget designed a nine-point program to improve management, and the Federal Credit Policy Working Group undertook a series of initiatives to upgrade the origination and servicing of loans and guarantees and to collect debts owed the Government.

This emphasis on better management was badly needed. Delinquencies over 30 days on Federal loans jumped 40 percent from \$6.5 billion in 1981 to \$9.1 billion in 1982. The increase continued, albeit at a slower pace, until it finally ground to a halt in 1988 as the table below shows.

From 1981 through 1984, data on loan delinquencies were understated because of poor agency reporting of delinquencies to the Treasury. In spite of the poor data prior to 1985, several trends are evident. For the 6-year period from 1981 through 1987, the dollars associated with delinquent loans increased from \$6.5 billion to \$17.8 billion. The 1988 total of \$17.6 billion delinquent is the first sign that the upward trend in delinquencies may be reversing. The

DELINQUENT LOANS BY SECTOR ¹

(In billions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988
Loans receivable.....	185.0	207.8	223.0	229.3	257.4	251.6	234.2	222.0
Loans delinquent.....	6.5	9.1	10.6	12.7	13.8	15.2	17.8	17.6
Percent delinquent:								
Total.....	3.5	4.4	4.8	5.5	5.4	6.0	7.6	7.9
Agriculture.....	0.7	2.2	3.0	3.9	4.6	6.4	8.8	9.2
Business.....	3.1	3.7	4.2	4.6	5.0	4.1	4.7	4.2
Education ²	10.2	10.3	9.8	12.3	8.9	8.4	9.1	9.3
Housing.....	2.5	3.3	3.7	3.6	2.6	2.2	4.7	5.6
Other.....	0.1	0.2	0.1	0.6	1.4	0.2	0.1	0.3

¹ In the table, the amount delinquent represents the scheduled payment amounts in arrears only. The outstanding principal due is not accelerated.

² The education category includes federally guaranteed as well as direct loans.

growth in delinquencies was slowed by implementation of the administration's nine-point credit management program, a Government-wide initiative started in 1985, which is described below. Further, total loans receivable have been decreasing since 1986 as direct lending levels have been reduced and loans have been sold or prepaid. Together, management improvements and reductions in receivables account for the first slight reversal in loans delinquent.

Four factors had contributed to the high and rising level of delinquencies.

- First, by intent Federal programs often serve less creditworthy borrowers. The Farmers Home Administration and the Small Business Administration require that borrowers be turned down by private lenders before they apply for Federal loans. Similarly, in comparison to private lenders, the VA and FHA mortgage guarantees permit larger loans in relation to the value of the house, effectively serving families who have virtually no equity in the property. Private and public experience shows that defaults are higher for such borrowers.
- Second, Federal credit programs, like private financial institutions, were affected by the 1981 recession and by the debt problems in less developed countries and in the agriculture, energy, and real estate sectors.
- Third, Federal programs did not have sound lending policies within the scope of their mission. Agencies did not screen borrowers for creditworthiness even when they could have done so. They did not require borrowers to have equity in the project. Loan documentation was poor and often missing; the contractual protections common in private loan contracts were frequently missing. Loans were not monitored to ensure that conditions in the contract were being fulfilled, nor were there any early warning systems to signal when the loan might be headed for trouble.

- Finally, many Federal credit programs provided forbearance on a habitual and highly discretionary basis. Loans had been given to help these borrowers, not as in the private sector to earn a profit. Delinquencies and defaults were not systematically recorded according to standard definitions. Thus, the cost to the taxpayer was not known, and the advantages and disadvantages of forbearance in specific circumstances could not be analyzed. Part of the increase in delinquencies and defaults under this administration was the documenting of longstanding forbearance.

As a result of these policies, substantial proportions of Federal loans are delinquent. For Federal direct loans to the housing and business sectors, one loan out of every five is delinquent. In agriculture, the proportion is 15 percent, but half of all Farmers Home Administration loans are to borrowers who are delinquent on at least one loan.

The defaults which accumulated under these policies are now being written off. Direct loan writeoffs will average \$3.7 billion over the next three years, much of it in loans to agriculture. Guaranteed loan defaults will average \$11.6 billion a year over the next three years. About \$8.6 billion a year of this is in mounting mortgage defaults; another \$1.8 billion a year is in losses on education loans.

Standards for Credit Management: The nine-point program was developed to improve loan servicing and debt collection. This was embodied in the original version of Circular A-129, "Managing Federal Credit Programs," issued in May 1985. This Circular complemented Circular A-70 by setting standards for the administration of Federal credit programs after their authorizing legislation had been enacted.

For all credit agencies, Circular A-129 required that (1) borrowers be prescreened by checking their creditworthiness with credit bureaus, and that, in turn, (2) the status of all commercial and delinquent consumer loans made under Federal programs be reported to credit bureaus. These actions linked Federal lending to the borrower's private credit record and provided an incentive for borrowers to keep current. Except where required by law or specifically approved by the head of the agency, no funds are to be awarded to any applicant who is delinquent on a Federal loan until the delinquency is made current or a satisfactory agreement is reached between the affected agency and the debtor.

This Circular also required agencies (3) to upgrade and automate regular loan servicing, or to contract for private loan servicing. Standards were set for loan documentation, and agencies were required to report to OMB annually on their progress in improving loan servicing and debt collection.

Particular emphasis was placed on improving debt collection. Agencies were encouraged (4) to use private debt collection services, (5) to recover delinquent debt through IRS income tax refund offsets and (6) Federal employee salary offsets, (7) to refer delinquent accounts to the Department of Justice for litigation, and, when all these failed, (8) to write off the account. For the purpose of improving credit management, agencies were (9) to sell portions of their loan portfolios, as discussed in the section on the pilot program below.

Legislative support for this nine-point program was provided by the Debt Collection Act of 1982, which authorized agencies to use private debt collection tools, the Deficit Reduction Act of 1984, which allowed an income tax refund offset experiment (recently extended to early 1994), and the Federal Debt Recovery Act of 1986, which authorized the Department of Justice to use private attorneys to collect debt. OMB and the Treasury Department signed an accord defining their respective responsibilities to assist and monitor agency follow-up.

Implementation of the Nine-Point Program: In the past, Federal agencies did not check credit ratings before making a loan. And they almost never reported a defaulted borrower to a credit bureau. No more. (1) In 1988, the major Federal credit agencies purchased 2 million credit bureau reports to help screen applicants for direct loans. In 1989, agencies will also require primary lending institutions to use credit bureau reports for all federally guaranteed loans. All application forms for Federal financial assistance are now required to include a question as to whether the applicant is delinquent or has defaulted on any Federal loan. The Department of Housing and Urban Development has established a data base and voice response system that allows lenders for HUD-guaranteed mortgages to match applicants against debtors already delinquent on HUD loans. In 1989, this system will be expanded to include delinquent accounts from other Federal credit programs and to allow other agencies and the primary lenders for other federally guaranteed loans to access the system to screen applicants. (2) At the other end of the credit cycle, in 1988 Federal agencies reported to credit bureaus on 2.4 million accounts valued at \$79 billion. In 1989, emphasis will be placed on ensuring that primary lending institutions report to credit bureaus for guaranteed loan programs, as well as Federal direct loan programs.

(3) Agencies are upgrading and automating loan servicing and collection systems. The Department of Veterans Affairs, Small Business Administration, and Commodity Credit Corporation are installing or expanding automated systems. The Departments of Education and HUD use private contractors for servicing much of their portfolios. Agencies that have not upgraded their systems and

cannot do so effectively will be required to contract with the private sector or other agencies for servicing. Innovative methods of contracting out servicing are also to be explored.

(4) The Department of Education and the Public Health Service have been contracting out debt collection since 1982, leading to a successful pilot Government-wide contract with four private firms. A new Government-wide effort with six contractors began at the end of 1987. Agencies have placed \$1.4 billion of seriously delinquent debt with these firms.

(5) Offsets of delinquent debts against tax refunds collected \$318 million in 1988 for a total of \$841 million over the three years that this program has operated. Plans are underway to expand credit agency participation and to offset corporate tax refunds for delinquent debt owed the Government. Collections are estimated to be \$2 billion over the next five years.

(6) In 1987 and 1988, five credit agencies matched their delinquent accounts with Federal employment rosters. Over 140,000 Federal employees were found to be delinquent on Federal loans valued at \$500 million, and \$58 million has been recovered. The legislative and judicial branches are also participating in a salary offset program for their employees. The application for Federal employment has been revised so that delinquent debtors can be identified.

(7) Litigation collected \$479 million in 1988, bringing to \$2.5 billion the amount collected by the Department of Justice since 1982. The Department has reviewed its backlog of cases, returning half to agencies for collection or write-off, and plans a multi-faceted strategy to clean up the remainder. It has established an automated case management system, and is contracting for support from private attorneys and credit agencies. (8) Finally, in 1988, \$11.3 billion in uncollectable accounts was written off.

Loan Asset Sales: (9) In order to help agencies identify possible management improvements by learning about private sector methods of loan origination and servicing, and to stimulate agencies to adopt such improvements, the administration initiated a three-year pilot project in 1987 to sell loan assets without recourse. (Previously, most Federal loan asset sales had carried a Government guarantee.) Guidelines for the sales were established by the Federal Credit Policy Working Group.

The guidelines were designed to ensure that agencies met the objectives of the loan asset sales program which were to:

- Reduce the Government's cost of administering credit by transferring servicing, collection, and other administrative activities to the private sector;
- Provide an incentive for agencies to improve loan origination and documentation;

- Provide information that will aid in the identification of the subsidies inherent in Federal credit programs; and
- Increase offsetting collections in the year of sale.

Each major credit agency chose, through a competitive process, a professional financial consultant to conduct a portfolio valuation, to compare pricing options for the sale, and to recommend management improvements. Plans and proposed pricing options were reviewed with OMB and Treasury prior to any offering.

The administration proposed to sell loans with a face value of \$4.4 billion in 1987; this amount was raised to \$7.9 billion in the Omnibus Reconciliation Act of 1986. Although the thrust of the program was loan sales to the public, Congress also required that certain borrowers be offered an opportunity to prepay before loans were sold. Gross proceeds from the 1987 transactions totaled \$5.6 billion, of which \$3.1 billion came from sales. Sales proceeds are less than face value because of the subsidy, and because interest rates are generally higher and other conditions have changed since the loans were made. Three major nonrecourse sales were conducted in that first year by the Department of Education's college housing and academic facilities programs and by the Department of Agriculture's rural development insurance fund and its rural housing insurance fund.

In 1988, the sale or prepayment of loans with a face value of \$9.8 billion produced \$8.1 billion in gross proceeds, of which \$858 million came from sales. These included another sale of the Department of Education's college housing and academic facilities loans, two nonrecourse sales of the Department of Veterans Affairs vendee loans, and three sales by the Department of Housing and Urban Development—from the public facilities, multi-family assigned, and single family housing loan portfolios.

The loan asset sales program will continue in 1989, with sales and prepayments involving seven Federal agencies. Proceeds are estimated at \$7.4 billion from portfolios with a face value of \$8.3 billion. In 1990, loans with a face value of \$7.8 billion and estimated proceeds of \$4.3 billion are proposed for sale or prepayment. Four programs are to sell newly originated loans in 1990: the rural development, rural housing, Small Business Administration business and disaster, and VA vendee loan programs. These sales will help to identify the Federal subsidy in these programs, and will provide an incentive to improve loan origination and documentation. Four sales are to be made from portfolios that have been or are proposed for termination or transformation into vouchers: college housing, Economic Development Administration drought, rural housing, and elderly and handicapped housing loans. These sales will reduce administrative costs. Finally, prepayment of rural electrification and rural telephone loans will be encouraged as part

of the administration's proposal to shift borrowers away from these programs to private sources of credit that will be only partially guaranteed by the Federal Government.

The effect of loan asset sales on agency management is becoming evident. Preparation of loan portfolios for sale has made selling agencies aware of the private sector's standards for loan documentation and their own deficiencies in that regard. The financial advisors selected by the agencies to counsel them on how to obtain the best price for their loans have prepared post-sale management evaluations. In addition to better documentation, these evaluations have recommended improvements in account servicing and computer support.

In response, agencies have developed and are implementing specific improvement plans. For example, the Department of Education now contacts delinquent borrowers promptly and uses audited financial statements and management reports to monitor a borrower's financial status and trigger intensified collection efforts in advance of defaults. The Farmers Home Administration is upgrading its data on rural development projects and its system of tracking loan cases. Legal review of origination documents is being undertaken by agency general counsel staff to ensure enforceability of contracts.

Revised Credit Management Standards: Lessons learned from implementation of the nine-point program and from the loan asset sales have been incorporated in an extensive revision of OMB Circular A-129 issued in November 1988. The new Circular is expressly designed to complement Circular A-70. Circular A-70 prescribes how Federal credit should be allocated and how the cost of providing such credit should be determined, and Circular A-129 sets the standards for the management of approved credit programs. In particular, the A-129 data integrity standards enhance the validity of the A-70 subsidy calculations.

The revised Circular A-129 requires each agency to establish clear lines of authority over all phases of the credit cycle and to create a credit board to coordinate credit management policies within the agency. It distinguishes OMB's role in setting Government-wide credit management policy from Treasury's role in monitoring agencies and facilitating implementation of that policy. It also recognizes the Federal Credit Policy Working Group as the interagency forum for credit policy issues.

The revised Circular explicitly requires that agency credit management improvement plans be submitted annually to OMB. Agencies are supposed to evaluate options of contracting out servicing with private firms or with other agencies. Where the decision is to continue in-house operations, the Circular sets standards for computer systems supporting loan servicing activities, and for mainte-

nance of credit histories and other accounting and reporting systems comparable to those used in the private sector. Uniform definitions of delinquency, default, and write-off are to be used by all agencies.

The new Circular makes clear that its standards cover loan guarantee, as well as direct loan, programs. Agencies are expected to exercise effective oversight over primary lenders. The ways in which the Circular applies to grants and contracts have also been elaborated.

Much more emphasis is placed in the new version on improving originations.

- Loan documentation is expected to be comparable to private sector practices in quality and, to the extent possible, in standard usage.
- Borrowers' rights and responsibilities are to be spelled out; conditions under which forbearance or prepayment may occur are to be spelled out, and changes in these provisions would require amending the contract.
- To the extent permitted under law, agencies are to implement administratively the provisions of Circular A-70 requiring that interest rates and fees at origination be linked to comparable market rates, that the borrower retain equity, that the term of the loan be shorter than the life of the asset or project financed, and that the Government's interests be contractually protected and not be subordinated.
- Prescreening for creditworthiness continues to be required, and loan applications are to be amended to include certification of non-delinquency. Each loan is to be analyzed and given a credit rating at origination, using the classification system of the Comptroller of the Currency or a similar one.
- Uniform standards for property appraisals are to be applied, and formation of a State certification procedure for property appraisals is to be encouraged.

Finally, the revised Circular requires agencies to have an explicit debt collection strategy, adds emphasis on charging interest and penalties, and sets tighter standards for referral to the Justice Department and the treatment of write-offs. These debt collection tools are to be applied to loan guarantees, grants, and contracts, as well as direct loans.

In 1989, a major effort will be undertaken to evaluate agency compliance with the requirements of Circular A-129. Agencies not in compliance will be directed to take corrective action.

Reforming the Budgetary Treatment of Credit.—The administration has made an important legislative proposal that would reform the way credit programs are treated in the budget.

Credit Program Costs are Hidden: The Federal budget serves to allocate resources among Federal programs, to disclose the effect of that allocation on the economy, and to facilitate control of budgetary resources. For most programs, the budget performs these functions well. Credit programs have been recognized as the major exception, at least since the *Report of the President's Commission on Budget Concepts* in October 1967.

The extension of credit constitutes an exchange of assets. For a direct loan, the lender provides cash and receives in exchange the borrower's promise to repay it with interest over time. For a loan guarantee, the guarantor agrees to provide cash in the future, under specified conditions, in exchange for a fee. No resources are consumed in such transactions. Private lenders do not ordinarily expect their wealth to decline as a result of their lending. The Government, however, does deliberately reduce its wealth through its credit activities.

As explained above, Federal credit programs provide a subsidy to help particular borrowers or to encourage particular activities. Federal credit is generally provided on easier terms and conditions than would be available to a similar borrower for a similar purpose in the private marketplace. Interest rates and fees are lower, terms may be longer, loan-to-value ratios may be higher, and credit is provided to less creditworthy borrowers. Thus, the cash flows on a Federal direct loan, when discounted by the rate of return that the market would require to bear that loan's risk, yield a present value smaller than the amount disbursed. Similarly, guarantee fees are not high enough to cover the risk assumed.

What the Government gives the borrower is thus worth more than what the borrower gives the Government. This difference in value is a subsidy, equivalent to a grant to the borrower. The subsidy transfers resources to the borrower in order to achieve Federal program objectives. In this sense, credit subsidies are the same as other grants, transfers, and purchases in the Federal budget.

The subsidy lowers the cost of credit to borrowers served by Federal credit programs. The size of the subsidy—along with the elasticity of the supply of funds and the elasticity of target group demand—determines the extent of credit reallocation caused by the Federal credit program. This credit reallocation, together with the transfer of resources, determines the effects of the credit program on the economy.

Thus, Federal credit programs have a unique characteristic. They combine in a single transaction a direct Federal subsidy and a pure loan or loan guarantee. Special budgetary treatment is required in order to separate the two components and to measure properly the grant component of credit programs, which is compa-

SUBSIDIES BY SECTOR IN 1990

Sector	Direct loans	Guaranteed loans	Total credit budget
PERCENT OF LOAN			
Agriculture	39	10	14
Business	11	2	2
Education		31	31
Housing	11	4	4
Other	42	28	36
Total	26	8	8
PERCENT OF TOTAL SUBSIDIES			
Agriculture	78	12	19
Business	2	3	3
Education		49	44
Housing	18	36	34
Other	2		
Total	100.0	100.0	100.0

rable to outlays for other programs. The present budgetary treatment does not do this.

The President's Proposal for Credit Reform: To record the true cost of Federal credit programs—the subsidy cost—in the budget, a Credit Reform Act was developed under the sponsorship of the Federal Credit Policy Working Group, and was transmitted to Congress by the President in March 1987. This proposal was introduced in both the Senate and the House, and drew bipartisan support as an improvement in budgeting. A modified version of the bill passed the Senate as Amendment 645 to H.J. Res. 324, which increased the statutory limit on the public debt. The Conference Report did not include credit reform. However, the resulting Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 directed the Congressional Budget Office, in consultation with the General Accounting Office, to report as soon as possible on measuring the cost of credit programs more accurately and comparing them with other Federal assistance. That report is expected to be published shortly. Meanwhile, the administration revised its original proposal, and in August 1988 submitted a modified bill, which was introduced in both Houses of Congress.

The modified proposal requires agencies to estimate the subsidies inherent in the direct loans or loan guarantees they plan to make in the budget year and to request appropriations for these subsidy costs. For programs which now have credit budget limitations, annual definite appropriations would be requested; for programs which now have no credit budget limitations, permanent indefinite appropriations would be requested. New subsidy accounts would be established in the agencies for each program.

Agencies would continue to operate credit programs, as they do now, handling origination, servicing, workout, and collections on loans and loan guarantees. No changes would be made to program design. Two Funds would be established in the Department of the Treasury: a Direct Loan Fund to finance the unsubsidized portion of direct loans, and a Guaranteed Loan Fund to cover guaranteed loan defaults.

When a program obligates the Government to make a direct loan, the subsidy would be calculated by Treasury or by the lending agency under guidelines established by the Treasury Department. This amount would be a direct obligation of the program's subsidy account and an obligation reimbursable from the program's subsidy account for the Direct Loan Fund. The nonsubsidy portion of the loan would be a direct obligation of the Fund.

When the borrower draws down all or part of the loan, the subsidy portion of that outlay would be transferred from the program's subsidy account to the program subaccount at the Fund, the nonsubsidy portion of the outlay would be borrowed from Treasury by the Direct Loan Fund and deposited in the program subaccount in the Fund, and the loan would be disbursed to the borrower from the program subaccount in the Fund. All fees, interest, and repayments would be sent by the borrower to the credit program, but deposited by the agency in the program's subaccount at the Fund and used to pay interest on and repay principal of the loan from Treasury. The proceeds from the sale of any loan or the collateral from defaults would be similarly used.

In parallel, when a program commits the Government to guarantee a loan, the inherent subsidy would be calculated by Treasury or by the agency under guidelines established by Treasury. This amount would be obligated from the program's subsidy account. When the underlying loan is paid out by the non-Federal lender, the subsidy inherent in the guarantee of that amount would be transferred from the program's subsidy account to the program subaccount in the Guaranteed Loan Fund, along with any fees paid for the guarantee. The Fund would then become liable for any defaults to the same extent that the program would have been liable.

Thus, under the administration's proposal, the subsidy amount for all new loan obligations or commitments would be charged to the program, the agency, and the function. All nonsubsidy financial flows would be shown under the Funds in Treasury, and would be reported in a newly created budget function for central credit revolving funds. For all loan obligations and commitments made prior to credit reform, payments and collections would continue to be made from the existing agency accounts.

The administration's credit reform proposal has no effect on the deficit, but it does represent a much more accurate accounting for the true cost of the lending programs. Additional budget authority would be needed to accommodate the fact that guaranteed loan subsidies would now require budget authority; this one-time increase would be specifically earmarked for credit programs. Similarly, a one-time adjustment would be needed in the congressional budget 302(A) allocations to accommodate the difference in functional distribution between the current appropriations and those needed under credit reform. Budget authority would generally increase for functions which contain large amounts of loan guarantees, because appropriations would cover the subsidies on the larger volume of new guarantees, rather than the defaults on the smaller volume of guarantees made in prior years; it would decrease for functions with direct loans, because the nonsubsidy financing costs would no longer be included.

Advantages: Under the administration's proposal, credit programs would be put on an expenditure basis equivalent to other Federal spending. The subsidies provided by credit programs would be accurately and equitably measured. This would encourage benefits to be delivered in the form most appropriate to the needs of beneficiaries, rather than the form with the least effect on the budget. It would also improve the allocation of resources among credit programs and between credit and other forms of spending.

Credit reform would improve the way credit is now reflected in the budget for two reasons. First, the true resource cost of credit programs, which is the subsidy, would be treated the same as spending on other Federal programs. Under the current budget treatment, the full amount of a direct Federal loan is scored as an outlay when the loan is made; then interest and principal repayments are shown as offsetting collections in later years. The value of the subsidy is shown nowhere in the budget for any year. For loan guarantees, any initial premium shows up as an offsetting collection when the loan is made; then in subsequent years no cost is shown unless or until there is a default. At that point, the default is shown as an outlay. The current budget accounting system does not contain information on default rates, and therefore does not indicate the cost of providing the guarantee incurred by the Federal Government.

Second, the cost would be recorded and controlled at the time of the decision to extend credit. This is far from being the case now. For direct loans, repayments and interest on prior loans are generally netted against new loan disbursements within accounts and for the budget as a whole. Most on-going direct loan programs are made from revolving funds and so can make new loans using funds provided by repayments of old loans without requesting new au-

thority. The timing and size of requests for appropriations is determined as much by the volume and default rate on past loans as by the plans for new loans. For loan guarantees, collections from upfront fees offset outlays at the time of commitment, whereas defaults are future outlays.

Credit reform would correct this timing problem. It would require appropriations in advance of obligation or commitment, and it would record obligations at the time the decision was made to extend or to guarantee credit. The amounts appropriated and obligated would be the amounts of resources absorbed by the new credit planned in the budget and extended in the budget year—not the net cash flows due to decisions made over a long span of time.

At present, the main system of budgetary control over credit programs is the credit budget. This system of control is described in Special Analysis F. Credit reform is superior to the credit budget for two reasons. First, the credit budget records and limits the total volume of new credit obligated or committed through loans and guarantees, but it does not distinguish between loans or guarantees that have a relatively large subsidy component and those that have a relatively small subsidy. The volume of credit does not measure the amount of resources absorbed, nor does it measure the reallocations of credit to meet program objectives. Credit reform would identify, record, and control the subsidies—the amount of Federal spending—rather than the volume of new credit extended. Second, credit reform would incorporate spending for all credit programs into the budget itself, whereas the credit budget is an auxiliary system that is not part of the regular budget and whose measures are not comparable with budget outlays. Credit reform would facilitate decisions about allocation of resources among all Federal programs in a single comprehensive system of comparable measures.

In the original draft bill, transmitted in March 1987, the administration had proposed that newly made direct loans be sold immediately and competitively to measure the subsidy cost, with exceptions for loans deemed unsuitable for sale due to sensitive foreign or domestic policy reasons. Reinsurance for loan guarantees was proposed to be gradually phased-in as the market for reinsurance developed. In order to make clear that the thrust of its proposal was to improve the budgetary treatment of credit programs, the administration now proposes to estimate these subsidy costs by calculating the present value of the cash flows from Federal loans and loan guarantees using comparable private sector internal rates of return. The modified proposal also includes a separate Direct Loan Fund and a Guaranteed Loan Fund in order to clarify accounting, instead of a single Fund.

The administration's August 1988 legislative proposal is being resubmitted with this 1990 budget. The budget shows the effects of

this proposal account by account. The inherent subsidy estimates have been improved, although further improvement is needed.

Achievements and Agenda.—In sum, this administration has established a consistent framework of credit policy, set forth standards for credit management, and proposed a major reform in the budgetary treatment of credit programs. Much progress has been made in implementing these principles, but more remains to be done. In particular, credit reform legislation is necessary to improve the allocation of scarce Federal resources and scarce private credit and capital. Further improvements in the management of credit programs will also reduce the cost of credit programs and ensure consistent and equitable treatment for borrowers.

OTHER TYPES OF CREDIT ACTIVITY

Background.—The Federal Government provides guarantees and insurance against several types of risk for many sectors of the economy. These guarantees and insurance create contingent liabilities for the Government; that is, the Government agrees to compensate the holders of the guarantees or insurance if a specified event occurs. Contingent liabilities other than loan guarantees may be placed in three categories that reflect activities that generate the liability: Government-sponsored enterprises, deposit insurance, and other insurance-type programs. Estimates of the contingent liability associated with each of these categories is presented in Special Analysis F, "Federal Credit Programs." In 1988, the contingent liability of the Government due to all of these activities amounted to approximately \$3.8 trillion.

Government-Sponsored Enterprises.—One of the major forms of Federal intervention in credit markets is the creation and sponsorship of Government-sponsored enterprises (GSEs). GSEs engage in financial transactions that, although not guaranteed by the Federal Government (with the exception, discussed below, of the Farm Credit System Financial Assistance Corporation), are often perceived by private lenders as being implicitly insured against default. That perception has been underscored recently by several events discussed below. Financial statements for GSEs appear in Part IV of the Appendix, and their borrowing and lending are shown in Table F-20 of Special Analysis F. However, these presentations are for informational purposes only. The transactions of GSEs are not included in the budget, and their activities affect Federal outlays in only limited circumstances.

GSEs were created by the Federal Government to pursue Federal goals, but were designed to be private—not Federal—enterprises. However, their links to the Federal Government are sufficiently strong that the financial markets have historically treated them as

roughly equivalent to Federal agencies, even though some of the statutes governing their creation and operation explicitly state that the Government's objective is to have them operate as private enterprises.

The principles governing the budget treatment of these enterprises were enunciated in 1967 in the *Report of the President's Commission on Budget Concepts*. The Commission sought to distinguish between those activities that are truly Federal—and therefore belong in the budget—and those that are truly private—and therefore do not belong in the budget. Since GSEs are federally created and sponsored, but are intended to operate as private financial intermediaries, they occupy a middle ground between those endpoints. The Commission recommended that certain criteria be applied to evaluate the status of an entity in order to determine its categorization. Even when such enterprises are sufficiently private that they do not belong in the Federal budget, the Commission concluded that financial statements of their operations should be published in the Budget Appendix because the enterprises carry out Federal programs and receive implicit benefits from their close association with the Government.

In principle, budget concepts call for a clear delineation between Federal Government operations or activities and private sector operations or activities. Thus, for example, because the Tennessee Valley Authority, the Federal Housing Administration, and the Export-Import Bank are all Federal operations, they belong in the Federal budget. In contrast, privately owned commercial banks, savings and loan associations, and credit unions are not Federal, even though they may be federally regulated, chartered, and insured. The GSE status means that the enterprise is in an intermediate status; it is classified as federally sponsored, but not Federal.

The 1990 budget proposes to levy user fees on a number of GSEs. The fees, which would be structured differently for each entity, are designed to reduce or eliminate the special advantages these entities enjoy in competition with private financial institutions performing similar functions. The GSEs' ties to the Federal Government enable them to borrow more cheaply than their private counterparts, as evidenced by the fact that financial markets ordinarily price their securities close to Treasury issues of comparable maturity. The GSEs subject to the proposed fees include the Student Loan Marketing Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the College Construction Loan Insurance Association.

Four new GSEs have been established in the past two years. They have been created to serve three sectors of the economy: agriculture, housing, and education. Most of the newly created entities conform strictly to the principle outlined in the Commis-

sion's report with regard to private ownership. However, they all have greater direct governmental involvement than entities identified as GSEs before 1985. Their categorization as GSEs may change, as the new entities are more closely examined both as to structure and as to the perception of them by the financial markets.

Agriculture.—Two new GSEs were created in January 1988 as part of the rescue package developed for the Farm Credit System (FCS).¹ In each case, private firms will be the sole owners of the two entities, with the Federal Government taking no equity position in them.

- *The Farm Credit System Financial Assistance Corporation (FAC)* was chartered to provide the mechanism through which the Farm Credit System could raise needed capital. FAC is authorized to issue up to \$4.0 billion in debt obligations, with the Federal Government guaranteeing the timely payment of principal and interest to investors. No other GSE has this explicit guarantee on its debt obligations. Moreover, for all but a small amount of FAC debt the Treasury Department is responsible for the interest cost in whole or in part for the first 10 years of the bonds' 15-year maturities. Legislation enacted in 1989 changed the private, FCS capital contribution required in the FAC authorizing statute. As a result, FAC is reclassified as a Federal agency as of October 1990. However, under proposed legislation the original contribution formula will be restored. As a result, the budget totals reflect FAC as a GSE for all years.
- *The Federal Agricultural Mortgage Corporation (FAMC)* was created to guarantee the timely repayment of interest and principal on securities representing interests in or obligations backed by pools of farm mortgages and certain rural housing loans. FAMC will guarantee loans originated both by Farm Credit System banks and by qualified commercial banks, thrifts, and insurance companies. It has available a line of credit of up to \$1.5 billion with the Treasury. Initial capital has been raised through a stock offering, and ongoing operations will be financed by assessments on participating institutions for the Corporation's guarantee and by occasional additional stock offerings. The FAMC is expected to begin providing guarantees of qualified pools during 1989.

Housing.—The Federal Savings and Loan Insurance Corporation (FSLIC), an on-budget Federal agency, provides Federal insurance to the thrift industry, which historically has been a principal source of housing finance. This industry has been under severe

¹ The Act also created the Farm Credit System Insurance Corporation. It was initially considered to be a GSE but, upon further examination, was reclassified as a Federal agency as of its inception.

pressure in the past few years due to several factors, including the depressed conditions in the oil and agriculture sectors, the increased importance of mortgage-backed securities, and outright mismanagement of some institutions. While many of the thrifts are profitable, over 400 institutions are insolvent and others are solvent and profitable only because of continuing FSLIC assistance. This state of affairs has caused the FSLIC to deplete its resources to such an extent as to become technically bankrupt by the end of 1986 and to project continued losses into the near future.

During 1988, the FSLIC significantly increased the number of insolvent institutions it closed or merged—the approximately 150 institutions assisted or closed from January through November represent an historical high. Many of these thrifts were in the depressed Southwest and reflect the priority the Bank Board has given to this region through its “Southwest Plan.” Although the thrift industry as a whole continued to incur losses during 1988, the aggregate loss during the third quarter of calendar year 1988 was only \$1.6 billion, down sharply from the more than \$3.5 billion losses in each of the two previous quarters. The losses were concentrated among 434 thrifts (with about 10 percent of thrift industry assets) that were insolvent by Generally Accepted Accounting Principles (GAAP); on the other hand, the 2,590 GAAP-solvent thrifts realized third quarter net income of almost \$0.8 billion. The 1988 FSLIC financial assistance contributed to the decline in industry losses and the reduction in insolvencies. From January to September, the number of GAAP-insolvent thrifts was reduced from 509 to 434, adjusting for new insolvencies.

The principal sources of income for FSLIC are insurance premiums—both the regular assessment of one-half of one percent of deposits and a special assessment of one-eighth of one percent of deposits; investment earnings; proceeds from the sale of acquired assets of liquidated thrifts; and receipts from the Financing Corporation (FICO), a subsidiary of the Federal Home Loan Banks created in the 1987 Competitive Equality Banking Act (CEBA) to help recapitalize the FSLIC.

- *The Financing Corporation (FICO)*, created by the Act, provides a financing mechanism through which FSLIC can raise needed capital in the credit markets. The Corporation has the authority to raise up to \$10.8 billion through the sale of debt obligations to the public and, in turn, to purchase FSLIC capital certificates. The Federal Government does not directly guarantee the payment of principal or interest. However, the interest payment is financed through a mandatory assessment-sharing arrangement with FSLIC. If additional funds are needed, a special assessment may be levied on insured institutions. FSLIC currently levies this special assessment on

insured thrifts, and FICO may claim as much of that assessment as necessary to cover its interest obligations. The principal will be repaid with the proceeds of zero-coupon Government securities purchased by FICO with funds provided by the Federal Home Loan Banks. The initial capital for FICO was provided by the Federal Home Loan Banks through a stock purchase plan. Most FICO 30-year bond issuances in 1988 were priced to yield 90-100 basis points over U.S. Treasury bonds of comparable maturity. While there is no net impact on the Federal budget when the FICO proceeds are spent by FSLIC, industry premiums are diverted to pay the interest. This reduction in offsetting collections will affect the budget over the next 30 years.

Education.—In 1987, a congressionally created entity to assist in the financing of college construction and renovation was incorporated.

- *The College Construction Loan Insurance Association (Connie Lee)* was organized as a for-profit insurance corporation to guarantee and insure loans made for college construction and renovation. The authorizing statute specifically states that obligations issued by Connie Lee will not be guaranteed by the Federal Government. In order to provide the initial capitalization, the Secretary of Education, Student Loan Marketing Association (Sallie Mae), and other investors are authorized to purchase stock in the Corporation. The Secretary of Education has purchased \$19 million in stock, with funds specifically appropriated for that purpose, and Sallie Mae has purchased \$2 million. The Federal Government has appointed four of the eleven members of Connie Lee's Board of Directors. The Corporation expects to initiate insurance activity in 1989.

Deposit Insurance.—Deposit insurance serves two purposes: it helps stabilize the Nation's monetary and financial system and thereby the economy as a whole, and it protects depositors in the insured financial intermediaries. Although only a small part of the transactions of Federal deposit insurance programs are included in the credit budget, these programs make up the largest portion of the Government's contingent liability. The Federal Government insures depositors through the FDIC, FSLIC, and the National Credit Union Administration's share insurance fund.

Federal deposit insurance programs may assist insured depositors in a variety of ways. When an insured financial institution becomes troubled, deposit insurance programs may: (1) liquidate the institution and pay depositors directly (or transfer deposits to another institution); (2) merge the troubled institution with a healthier institution, in some cases providing financial assistance

to the acquiring partner in the merger; or (3) provide financial assistance directly to the troubled institution in the expectation that it will recover. Financial assistance to private financial intermediaries has consisted of equity purchases, purchases of physical assets, direct loans and loan guarantees, and income maintenance agreements.

Although similar to a loan guarantee, Federal deposit insurance is not included in the guaranteed loan portion of the credit budget, principally because it does not directly allocate credit to the ultimate borrowers of that credit. Deposit insurance directly affects the liabilities (deposits) of financial intermediaries but only indirectly their assets (loans). All other Federal guarantee programs are structured to influence the assets or loans of financial intermediaries directly. Nonetheless Federal deposit insurance may give insured institutions an incentive to take on more risk than they would otherwise, either by making riskier loans or by increasing leverage. To this extent, deposit insurance indirectly allocates credit. It also indirectly affects the allocation and amount of credit by changing depositor behavior as a result of its protection, and by insuring the stability of the financial system and the economy.

The credit budget records direct loan obligations of FDIC and FSLIC for two types of transactions: cash advances to troubled institutions, and purchases of loans to the public held in the portfolios of failing financial institutions. Both of these transactions increase Federal outlays and are included in the budget. In addition, the budget records the volume of Federal Home Loan Bank System advances to troubled thrifts that FSLIC has guaranteed.

Leases.—A related kind of contingent liability arises when the Federal Government signs leases to acquire goods and services. Leases commit the Government to make specified payments over a period of time.

Like all Government contracts, leases are subject to the requirements of the Anti-Deficiency Act (31 U.S.C. 1341). The Act requires the lessee agency to obligate funds sufficient to cover the commitments of the Government in the contract. Leases typically include termination clauses that limit the potential exposure of the Government and, therefore, also limit the amount of funds that need to be obligated.

Recently, however, several agencies and Committees of the Congress have proposed financing schemes involving lease-purchase arrangements. These schemes are designed to allow agencies to enter into multiyear contracts that do not include effective termination rights and yet permit agencies to obligate only the annual costs, as opposed to the full legal obligation of the lessee agency under the contracts. Such proposals have included specific language exempting the transactions from the Anti-Deficiency Act.

This violates the intent of the Act by under-reporting the liabilities of the Government. It also understates the cost of these programs relative to other Federal programs, because the lease obscures some of the costs of the transaction. The administration is strongly opposed to any efforts by agencies or the Congress that would hide outlays and debts of the Government.

PART 7

**PERSPECTIVES
ON THE BUDGET**

7-1

PART 7

PERSPECTIVES ON THE BUDGET

This part of the budget explains several topics that help to interpret the budget totals and place the budget in perspective:

- the relationship of budget authority to outlays;
- limitations on the availability of funds;
- fiscal activities outside the Federal budget:
 - off-budget Federal entities,
 - tax expenditures, and
 - regulation;
- Federal debt and the relationship of budget funds to changes in Federal debt;
- comparison of the actual and estimated totals in 1988 for:
 - receipts,
 - outlays, and
 - the deficit; and
- comparison of the actual and estimated relatively uncontrollable outlays in 1988.

RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress must usually provide budget authority, which is generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays. For 1990, the Administration proposes \$1,331.2 billion of new budget authority for the Federal Government. Of this amount, \$1,042.3 billion is for agencies included in the budget and \$288.9 billion is for off-budget Federal entities.

Of this total new budget authority, both on-budget and off-budget, \$607.8 billion will require congressional action. New budget authority of \$960.4 billion will be available through permanent appropriations under existing law. This consists mainly of trust fund receipts, which in most trust fund programs are automatically appropriated under existing law, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847. This gross amount of new budget authority is partially offset by \$237.0 billion of deductions for offsetting receipts, which consist of proprietary receipts from the public and collections of one Government account from another.

BUDGET AUTHORITY

(In billions of dollars)

Description	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Available through current action by the Congress:					
Enacted and pending appropriations.....	572.7	595.2			
Proposed in this budget:					
Appropriations.....			602.6	661.8	691.6
Supplemental requests.....		2.3			
Rescission proposals.....		-0.1			
To be requested separately:					
Upon enactment of proposed legislation.....		-0.1	5.0	0.5	-2.7
Allowances:					
Civilian agencies ¹			0.2	1.5	2.6
Department of Defense—Military ²					
Subtotal, available through current action by the Congress.....	572.7	597.3	607.8	663.7	691.5
Available without current action by the Congress (permanent appropriations):					
Trust funds (existing law).....	506.8	559.7	606.1	647.2	689.4
On-budget.....	(247.7)	(270.4)	(290.7)	(304.2)	(321.6)
Off-budget.....	(259.1)	(289.3)	(315.5)	(343.0)	(367.7)
Interest on the public debt.....	214.1	235.6	248.7	251.7	246.6
Other.....	92.0	95.8	105.6	87.1	88.2
Subtotal, available without current action by the Congress.....	812.9	891.1	960.4	986.0	1,024.1
Deductions for offsetting receipts	-200.2	-215.7	-237.0	-246.6	-263.2
On-budget.....	(-182.6)	(-193.3)	(-210.4)	(-216.1)	(-227.3)
Off-budget.....	(-17.6)	(-22.4)	(-26.6)	(-30.5)	(-36.0)
Total, budget authority	1,185.5	1,272.7	1,331.2	1,403.1	1,452.4
On-budget.....	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)
Off-budget.....	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)

¹ Allowance for civilian agency pay raises, Coast Guard military pay raises, and other purposes.² Allowances for other proposed legislation for Department of Defense—Military.

Not all of the new budget authority for 1990 will be obligated or spent in that year: ¹

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts. Any balances remain available to these trust funds indefinitely in order to finance benefits and other purposes specified by law.
- Budget authority for most major construction and procurement projects covers the entire cost estimated when the projects are initiated, even though work will take place and outlays will be made over a period extending beyond the year

¹ This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

for which the budget authority is enacted. Some exceptions are made to this convention, notably for water resource programs.

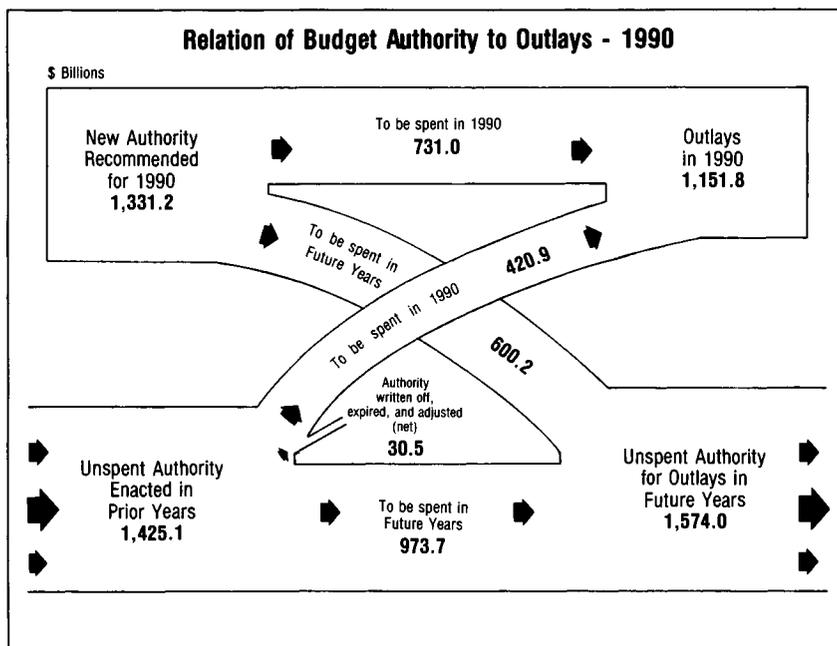
- Budget authority for large portions of the subsidized housing programs is equal to the Government's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 20 years.
- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for most education and training activity is appropriated for school or program years that begin with the fourth quarter of the fiscal year. Most of these funds result in outlays in the year after the year of appropriation.
- Budget authority for many direct loan programs provides financing for a number of years; budget authority for many insurance and loan guarantee programs provides amounts to be used only in the event of defaults or other contingent claims made upon the programs.
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in the event of special circumstances.

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, primarily the amount for contingencies that do not occur or reserves that never have to be used.

As shown in the chart on the next page, \$420.9 billion of the outlays in 1990 (37 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$600.2 billion of the new budget authority proposed for 1990 (45 percent of the total amount proposed) will not lead to outlays until future years. Thus, the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays. Budget authority and its relationship to obligations and outlays are discussed further in Part 8 of this volume, "The Budget System and Concepts," and are displayed in table 9 of Part 10.

LIMITATIONS ON THE AVAILABILITY OF FUNDS

Limitations on the availability of funds are a control mechanism that supplements the use of appropriations and other budgetary resources discussed in the previous section. Unlike budget authority, limitations on the availability of funds generally are not the source of authority to incur obligations; rather, they place a special



ceiling on the use of that authority by limiting the amount that can be obligated or committed for a specific purpose. These limitations are established most often through the appropriations process.

Some limitations establish stricter control over the amounts provided by appropriations or other acts by limiting the amount to be allocated for specific purposes within an appropriation or fund account.

- Many appropriation accounts provide funding for several activities. A limitation can single out and restrict the amount of obligations for one or more of these activities within the overall budget authority provided for the account. For example, the 1989 appropriation of \$993 million for Operation of Indian programs in the Department of the Interior includes language specifying that an amount not to exceed \$71 million is available for higher education scholarships and assistance to public schools.
- A limitation can be established on the amount that can be used for a particular type of expense, such as travel, consultants, or publications. These limitations can apply to (1) a single account; (2) all amounts within a single appropriations act; or (3) amounts in more than one appropriations act or amounts provided in substantive law.

SELECTED LIMITATIONS THAT AFFECT THE TOTAL LEVEL OF OUTLAYS

(In billions of dollars)

	1988 enacted	1989 estimate	1990 estimate
Administrative expenses	7.0	7.5	7.1
Direct loan obligations	11.2	8.4	2.3
Program levels (other than loans)	17.5	18.0	17.9
Total, selected limitations	35.7	33.9	27.3

Other limitations can affect the total level—not just the composition—of obligations and spending. They are used to control funds that would otherwise become available under relatively broad authority provided in substantive law without further action by the Congress in an appropriations act. In most cases these limitations apply either (1) to trust fund activities, which are normally financed through earmarked receipts, like the payroll tax receipts for the social security trust funds; (2) to revolving funds, which finance business-type operations that generate their own income to pay their expenses; or (3) to other accounts for which substantive law provides spending authority.

For many trust funds, all income of the fund automatically becomes budget authority and is available for spending. The Congress exercises control over the benefits that are paid from these funds through the use of eligibility criteria and benefit levels established in substantive law. Through the use of limitations, the Congress can also exercise control over the administrative expenses of these trust funds. Such limits apply, for example, to the old-age and survivors insurance trust fund and the hospital insurance trust fund.

Under the credit control system, limitations on Federal direct loan obligations and guaranteed loan commitments, most of which are financed by revolving funds, are the principal method of controlling the allocation of Federal credit.² These limitations provide a mechanism for annual Congressional review of the gross level of new credit activity. All direct lending results in outlays. Guaranteed loan commitments—also important because of their effects on the credit market and the economy—ordinarily lead to Government spending only in the event of default.

In addition to credit activities, certain other Federal activities are also constrained through the use of limitations (e.g., on the obligations level or the program level of the activity). For example, the use of the budget authority of the highway trust fund and the airport and airway trust fund is controlled by limitations on the

²The credit control system is discussed further in Part 6 of this volume, "Federal Credit," and in Special Analysis F, "Federal Credit Programs," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990*.

agencies' ability to obligate the Federal Government to make payments. Non-loan, business-type activities controlled through limitations include the Federal buildings fund, which is controlled through limitations on the use of offsetting collections.

The preceding table summarizes some of the major limits on the availability of funds that affect budget spending. The amounts identified do not include all limitations, but they illustrate that spending can be changed significantly without changing budget authority.

FISCAL ACTIVITIES OUTSIDE THE FEDERAL BUDGET

The budget does not include some activities of the Federal Government that result in spending similar to budget outlays. These activities, nevertheless, channel economic resources toward particular uses in ways that are the same or analogous to the effects of budget spending.

The total receipts and outlays of the Federal Government are composed of both on-budget receipts and outlays and off-budget receipts and outlays. The receipts and outlays of the off-budget Federal entities are a significant exclusion from the budget. The first section below discusses the off-budget Federal entities.

This is followed by a discussion of fiscal activities that are outside the scope of budget outlays by their inherent nature. Taxation and tax expenditures have significant allocative effects on the economy that are analogous to budget outlays. Some types of regulation have economic effects that are similar to budget outlays by requiring the private sector to make expenditures for specified purposes such as safety and pollution control.

Two other major fiscal activities not recorded in budgetary outlays are the outlays of the Government-sponsored enterprises, which are excluded from the budget because the enterprises are privately owned, and loan guarantees, which generally do not result in budget outlays except in the case of default. Government-sponsored enterprises and loan guarantees are discussed in Part 6 of this volume, "Federal Credit," together with Federal direct loans. Part 6 also discusses the Administration's proposal for credit reform, which would make budgetary accounting for loan guarantees and direct loans more comparable with budgetary accounting for other programs.

Off-budget Federal 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 calls for the budget to include all of the Government's fiscal transactions with the public. Starting in 1971, however, various laws were enacted under which several Federal entities were removed from

the budget or created outside the budget. Subsequently, other laws moved certain off-budget Federal entities onto the budget. Under current law the off-budget Federal entities consist of the two social security trust funds, old-age and survivors insurance and disability insurance.³

The off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals under provisions of law. When an entity is off-budget, its receipts, outlays, and surplus or deficit are not included in budget receipts, budget outlays, or the budget deficit; its budget authority is not included in the totals of budget authority for the budget; and its receipts, outlays, and surplus or deficit ordinarily are not subject to the targets set by the congressional budget resolution.^{4 5}

Nevertheless, the Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act) included the off-budget surplus or deficit in calculating the deficit targets under that Act and in calculating the excess deficit for purposes of that Act.⁶ Partly for this reason, attention has focused on the total receipts, outlays, and deficit of the Federal Government instead of the on-budget amounts alone. Many of the tables in the budget documents show the on-budget and off-budget amounts separately, but these tables also add them together to arrive at the total Federal receipts, outlays, and deficit. Other tables include the on-budget and off-budget amounts only in combination in order to concentrate on the total amounts of the Federal Government.

The Federal entities that were off-budget until 1986 primarily made direct loans to the public. The Gramm-Rudman-Hollings Act, however, placed on-budget all of the entities that were then off-budget. This Act also changed the budgetary status of social security. The Social Security Amendments of 1983 had already required that beginning in 1993 the old-age and survivors insurance trust fund (OASI), the disability insurance trust fund (DI), and the hospital insurance trust fund (HI) would be excluded from the budget. The Gramm-Rudman-Hollings Act required that OASI and DI (but not HI) be off-budget as of 1986, even though, as noted above, it also provided that their receipts and disbursements should be included in calculating the deficit targets. In order to provide consistent comparisons over time, the on-budget and off-budget amounts

³The "Perspectives" part of the 1986 and preceding *Budgets* describes the history of the off-budget Federal entities.

⁴Financial statements for the off-budget Federal entities are published in the chapter entitled "Department of Health and Human Services, Social Security," in the *Appendix, Budget of the United States Government, Fiscal Year 1990*, Part I.

⁵The Board of Governors of the Federal Reserve System is a Federal organization. It is excluded from the budget and from this discussion. Financial statements are published for information purposes in the *Appendix*, Part IV, "Government-Sponsored Enterprises."

⁶The role of these particular deficit figures is explained in Part 8 of this volume, "The Budget System and Concepts."

COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS ¹

(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
1970.....	192.8	159.3	33.5	195.6	168.0	27.6	-2.8	-8.7	5.9
1971.....	187.1	151.3	35.8	210.2	177.3	32.8	-23.0	-26.1	3.0
1972.....	207.3	167.4	39.9	230.7	193.8	36.9	-23.4	-26.4	3.1
1973.....	230.8	184.7	46.1	245.7	200.1	45.6	-14.9	-15.4	0.5
1974.....	263.2	209.3	53.9	269.4	217.3	52.1	-6.1	-8.0	1.8
1975.....	279.1	216.6	62.5	332.3	271.9	60.4	-53.2	-55.3	2.0
1976.....	298.1	231.7	66.4	371.8	302.2	69.6	-73.7	-70.5	-3.2
TQ.....	81.2	63.2	18.0	96.0	76.6	19.4	-14.7	-13.3	-1.4
1977.....	355.6	278.7	76.8	409.2	328.5	80.7	-53.6	-49.7	-3.9
1978.....	399.6	314.2	85.4	458.7	369.1	89.7	-59.2	-54.9	-4.3
1979.....	463.3	365.3	98.0	503.5	403.5	100.0	-40.2	-38.2	-2.0
1980.....	517.1	403.9	113.2	590.9	476.6	114.3	-73.8	-72.7	-1.1
1981.....	599.3	469.1	130.2	678.2	543.0	135.2	-78.9	-73.9	-5.0
1982.....	617.8	474.3	143.5	745.7	594.3	151.4	-127.9	-120.0	-7.9
1983.....	600.6	453.2	147.3	808.3	661.2	147.1	-207.8	-208.0	0.2
1984.....	666.5	500.4	166.1	851.8	686.0	165.8	-185.3	-185.6	0.3
1985.....	734.1	547.9	186.2	946.3	769.5	176.8	-212.3	-221.6	9.4
1986.....	769.1	568.9	200.2	990.3	806.8	183.5	-221.2	-237.9	16.7
1987.....	854.1	640.7	213.4	1,003.8	810.0	193.8	-149.7	-169.3	19.6
1988.....	909.0	667.5	241.5	1,064.4	861.4	202.7	-155.1	-193.9	38.8
1989 est.....	975.5	708.7	266.9	1,137.0	926.2	210.9	-161.5	-217.5	56.0
1990 est.....	1,059.3	770.4	288.9	1,151.8	931.7	220.1	-92.5	-161.3	68.8
1991 est.....	1,140.5	828.0	312.5	1,207.3	975.6	231.7	-66.8	-147.6	80.8
1992 est.....	1,212.2	880.4	331.8	1,244.4	1,003.6	240.8	-32.2	-123.2	91.0
1993 est.....	1,281.4	927.1	354.4	1,279.0	1,029.3	249.8	2.4	-102.2	104.6
1994 est.....	1,345.0	970.7	374.2	1,311.6	1,053.8	257.8	33.4	-83.1	116.4

¹ The division of transactions between on-budget and off-budget is based for all years on the current definition of off-budget Federal entities.

for previous years that are published in the budget documents are all calculated on the basis of the current definition of off-budget Federal entities. The transactions of HI are shown for the present as on-budget amounts.

The table above compares the total Federal Government receipts, outlays, and deficit with the amounts that are on-budget and off-budget (i.e., OASI and DI). In 1990 the off-budget receipts are an estimated 27 percent of total receipts, and the off-budget outlays are an estimated 19 percent of total outlays. The off-budget surplus of \$68.8 billion is large relative to the on-budget deficit of \$161.3 billion. As shown in the table, off-budget receipts and outlays have grown more rapidly than the on-budget amounts since 1970 and are estimated to continue growing more rapidly through 1994. The off-budget entities in total had deficits during 1976-82, but because of the Social Security Amendments of 1983 and an expanding econo-

my they have had surpluses beginning in 1983 and are estimated to have growing surpluses through 1994.

Taxation and Tax Expenditures.—Taxation provides the Government with receipts, which withdraw purchasing power from the private sector in order to finance direct Government expenditure. In addition to this effect, the structure of the tax system has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the choice of taxes and by the structural characteristics of each of these different taxes—for example, by the rate schedules, exemptions, deductions, and exclusions of the individual income tax. The effects of taxation on resource allocation and income distribution are analogous to the effects of outlays.

Some features of the tax system have been defined as “tax expenditures” and receive special attention in the budget. Tax expenditures are defined as amounts attributable to provisions of the Federal tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability. The Congressional Budget Act requires that estimates of tax expenditures be published in the budget.

Tax expenditures are so designated because they are one means by which the Federal Government pursues public policy objectives, and because in many cases they can be regarded as an alternative means of achieving the same objectives as direct expenditures. They can also be regarded as an alternative means of achieving the same targetted objectives as other instruments of Government policy, such as loan guarantees, regulations, and general provisions of the tax law. There are numerous examples of the similarity in objective between tax expenditures and direct outlays. For instance, the cost of medical care is reduced both by direct Government expenditures for the medicare and medicaid programs and by the exclusion from individual income of the medical insurance premiums that employers pay for their employees. State and local governments benefit both from direct grants and from the ability to borrow funds at tax-exempt rates. Individuals benefit both from social security payments and from the exemption of most of these payments from tax.

Tax expenditures ordinarily result from permanent legislation. They therefore are not submitted to the Congress each year and do not routinely receive a formal and systematic annual review. In this sense they share a legislative status with entitlement programs, such as social security, which do not require annual appropriations. However, tax expenditures as well as other parts of the tax law are generally reviewed whenever policy decisions are considered regarding the overall level of tax receipts. As listed in Part

4 of this volume, "Federal Receipts by Source," several major tax laws have been adopted since 1981. Most recently the Tax Reform Act of 1986, which was enacted after a comprehensive review of the income tax law by the Treasury Department and the Congress, made major revisions to both tax expenditures and other provisions of the individual and corporation income taxes.

The classification of certain provisions of law as resulting in tax expenditures requires some baseline tax structure against which the actual tax law can be compared. By definition, characteristics of the tax structure included in the baseline do not give rise to tax expenditures; deviations of the law from this baseline are deemed to cause tax expenditures. The Congressional Budget Act does not provide an exact specification of the baseline against which tax expenditures are to be measured.

The baseline used in the budget is intended to consist of the general provisions of the Internal Revenue Code. For the income tax, the baseline includes those provisions that exist under current law for the definition of taxpaying units (including the separate corporation income tax), graduated rate schedules, personal exemptions, standard deductions, and basic accounting rules. The use of many of the general provisions of the Internal Revenue Code for defining this baseline tax structure makes it clear that listing an item as a tax expenditure does not imply that it is either a desirable or an undesirable provision. When different provisions of the Code are considered to be in the baseline, the list of tax expenditures is different and the amounts of particular tax expenditures may also be different.

Alternative baselines might be used. In particular, a baseline tax structure might reflect a truly comprehensive income tax base. A truly comprehensive income tax base, among other differences from present law, would adjust income for the effect of inflation; would integrate the individual and corporation income taxes rather than regard the separate tax treatment of individuals and corporations as part of the baseline tax structure; would include not only cash income but also imputed income, such as the consumption benefit received from owner-occupied homes; and would tax income when it was accrued instead of when it was realized. Thus, for example, the failure under present law to tax imputed income would be regarded as giving rise to tax expenditures. On the other hand, the failure under present law to take account of inflation in measuring capital gains, depreciation, and interest income would be regarded as negative tax expenditures, because these deviations from the comprehensive baseline raise the amount of taxes paid. Therefore, under such a baseline structure, the list of tax expenditures and the estimated amounts would be different from what they are now.

Regardless of how the baseline is defined, the provisions of the tax law that do not result in tax expenditures deserve as much scrutiny as the provisions of the tax law that do. This is because the other provisions also have major effects on the allocation of resources and the distribution of income, and because general provisions of tax law may be alternative means of achieving the same targetted objectives or roughly similar objectives as tax expenditures achieve. For example, investment in equipment may be stimulated by either an investment tax credit or a decrease in the corporation income tax rate; the former causes a tax expenditure, but the latter does not. Similarly, income support may be provided by either the exclusion of social security benefits from taxable income or by the standard deduction; the former causes a tax expenditure, but the latter does not.

Tax expenditures are estimated in two steps. First, the revenue loss of a tax provision is estimated, i.e., the difference between tax receipts and the amount that tax receipts would be if the tax law conformed to a specified baseline. If removing a tax provision would increase taxable income, for example, the revenue loss is estimated as the increase in taxable income multiplied by the tax rate that would be paid on the additional income.

The revenue loss is then adjusted to an outlay equivalent, i.e., the amount of outlays that would be required to provide an after-tax income to the taxpayer that was equal to the amount provided by the special tax provision (and that would thereby also provide an equal incentive). In many cases the required outlays are greater than the revenue loss, because taxpayers would have to pay taxes on the higher income derived from the outlays. For example, one tax expenditure provision is the exclusion from taxable income of the value of housing and meals supplied to military personnel. If the Government were to repeal this tax exclusion and instead pay higher salaries, the increase in salaries would be taxed. Consequently, if the Government were to pay higher salaries (a taxable direct expenditure) in place of this tax expenditure—and still provided the same total after-tax compensation—the increase in direct outlays for higher salaries would have to be greater than the revenue loss under the special tax provision. The Federal deficit would be the same in either case, however, because higher outlays would be required only to the extent needed to make up the difference caused by higher tax receipts.

This adjustment makes the tax expenditures more comparable with direct outlays than the revenue loss would be and therefore more useful in analyzing Federal programs. For some tax expenditures, though, the revenue loss is equivalent to a direct outlay without any adjustment. Special Analysis G, "Tax Expenditures," presents estimates of tax expenditures defined both as outlay

equivalents and as revenue losses, but for program analysis in this budget only the outlay equivalent estimates are used.

The size of a particular tax expenditure depends not only on the tax provision in question but also on the interaction of this provision with the rest of the tax structure. The reduction in the individual and corporation income tax rate schedules provided by the Tax Reform Act of 1986, for example, automatically decreased most tax expenditures below what they otherwise would have been. A tax rate reduction decreases the amount of receipts that would be gained by repealing deductions, exemptions, and exclusions, because lower tax rates are applied to the increase in taxable income.

The interaction among tax provisions means that special calculations are generally needed to add tax expenditures together. For example, if more than one exclusion from individual income were ended, the gain in receipts would generally be greater than the sum of the separate tax expenditures, because some taxpayers would move into higher tax rate brackets. If more than one personal deduction were ended, the gain in receipts would generally be smaller than the sum of the separate tax expenditures, because some taxpayers would switch to using the standard deduction. Consequently, adding together separate tax expenditures would usually be inaccurate, and they are not aggregated in this budget except for specially computed totals by functional category.

Tax expenditures are presented at two places in the budget. Part 5 of this volume, "Federal Programs by Function," discusses the major tax expenditures in each functional category, together with outlays and loan guarantees, in order to describe more fully the Government's policy. Special Analysis G, "Tax Expenditures," analyzes the concept and measurement of tax expenditures and presents a complete list of tax expenditure estimates for 1988-90. Special Analysis G in the past has normally shown tax expenditures only for the individual and corporation income taxes. This year, however, it also includes estimates for the estate and gift taxes. The Treasury Department plans to extend the analysis to excise and payroll taxes as well.

As discussed in Part 4 of the 1988 *Budget*, the Tax Reform Act of 1986 made major revisions to the individual and corporation income taxes. Many of its provisions repealed or directly reduced tax expenditures. For example, the investment tax credit was repealed, the personal deduction for sales taxes was eliminated, the personal deduction for interest on consumer credit was phased-out, the exclusion of contributions to individual retirement accounts (IRAs) was restricted, all of long-term realized capital gains were included in income, and the deductibility of passive business losses was limited. The Act also changed provisions of law other than tax expenditures, notably by decreasing the individual and corporation

income tax rates and also by such provisions as raising personal exemptions and the standard deduction. To a significant extent the lower tax rates and the reduction in tax expenditures were a trade-off for each other.

A number of minor changes in tax expenditures were enacted by the Technical and Miscellaneous Revenue Act of 1988. In the present budget, as explained in Part 4, the Administration is proposing several tax changes. Some are tax expenditures, such as enhancing the research and experimentation credit and making it permanent. Other proposed measures would change receipts but not tax expenditures, such as extending medicare (hospital insurance) coverage to the minority of State and local employees who are now exempted.

Regulation.—Federal regulations provide a large variety of goods and services to the public, including the protection of the environment, the creation of incentives for the development of useful innovations, and the fair and efficient disbursement of Federal entitlements. These three types of regulatory activities are examples of the major categories of regulation: social, economic, and managerial. Social regulation generally establishes standards either for the characteristics of products or for the methods of producing products. Social regulations are usually aimed at curbing the unintended, harmful effects of products or production methods, such as pollution and accidents from industrial production or product use. Economic regulation directly controls prices and market entry for objectives such as to promote competition and curb monopolistic behavior. In the last ten years the scope of economic regulation at the Federal level has been significantly reduced as the harmful effects of regulating naturally competitive industries have become better understood. Finally, managerial regulation sets the conditions for the efficient and proper use of Government funds and property and ranges from the terms for procurement of Government purchases to the Federal tax code.⁷

Social regulation differs from the other Federal activities outside the budget—from loan guarantees and tax expenditures, in particular, and also from the other forms of regulation—by directly requiring expenditures for specific public purposes rather than inducing desired private action by offering various types of incentives. Nevertheless, social regulatory activities are directly analogous to budget outlays in two important ways.

First, the expenditures required by regulation have many of the same overall economic effects on output, employment, prices, and growth as do budget outlays. The Federal Government finances

⁷ For a short discussion of regulation and recent efforts at regulatory reform, see chapter 5, "Rethinking Regulation," in the *Economic Report of the President* (January 1989).

outlays by diverting resources from the private sector through taxation or borrowing. Similarly, business firms finance expenditures required by regulation (e.g., for pollution control) by borrowing, increasing prices, reducing other expenditures, or reducing dividends. These, of course, are the same ways firms finance taxes and thus have the same general effects on the economy as do many taxes. The incentive effects on working, investing, and saving may differ from income taxes, however, to the extent that tax liability is more directly tied to earnings, profits, and interest income than is regulation. Thus regulation may be closer to user fees and excise taxes in such impacts than to income taxes. In such instances social regulation can be considered a cost of production.

Second, the effects of social regulation on the allocation of economic resources are also similar to the effects of budget outlays. Most fundamentally, both social regulation and budget outlays divert private resources to public purposes. Furthermore, in many cases expenditures required by regulation may be an alternative means of achieving the same public policy objectives as budget outlays or other instruments of Government policy such as taxes, tax expenditures, or loan guarantees. For example, firms can be required by regulation to treat their effluents before dumping. Alternatively, public waste water treatment facilities can be constructed by direct expenditure of the Federal Government; such facilities can be constructed by States and localities with assistance in the form of Federal outlays for grants; they can be constructed by private firms with assistance from Federal loan guarantees for their borrowing, Federal income tax exemption for the interest on their bonds, or rapid amortization of their capital costs for determining their Federal income tax; or the Federal Government could even charge firms an effluent fee sufficient to cause them to cut back on their dumping by the same amount. The basic allocative effects are similar, although the efficiency of the method might differ from one policy instrument to another, and the implications for the distribution of income might also differ.

Perhaps the most basic procedural difference between budget outlays, loan guarantees, and tax expenditures on the one hand, and expenditures to meet social regulations on the other, is that no systematic accounting is kept of the latter. Some incomplete estimates of these expenditures have been made by adding up estimates of the costs of individual regulations made by various researchers, who often use different methods, assumptions, and time periods. Not surprisingly, these estimates show considerable variation. They range from about \$50 billion to \$150 billion per year, which is equal to about 5 to 15 percent of Federal outlays.

The Federal Government thus does not currently have any formal accounting of regulatory costs or any process analogous to

the budget process for the purposes of reviewing and controlling regulatory costs, either in the aggregate or for individual programs. Nevertheless, new regulatory activities are now examined under a formal review process established by Executive Order 12291, issued in February 1981, and Executive Order 12498, issued in January 1985. Executive Order 12291 established regulatory principles and required each agency covered by the Order to adhere to them, to the extent permitted by law. Agencies must also submit drafts of proposed and final rules and drafts of regulatory impact analyses, before they are issued, to the Office of Management and Budget for review for consistency with the President's principles. According to these principles, agencies must:

- base regulations upon adequate information concerning the need for and consequences of the proposed action,
- not issue regulations unless the potential benefits to society outweigh the potential costs to society, and
- select the alternative approach to a given regulatory objective that involves the least net cost to society.

These policies are conducted within the statutory authorities of the agencies and apply only to the extent of the discretion given by the statutes to Federal regulatory officials.

Executive Order 12498 established that an annual regulatory program would be developed and published each year in order to explain the Administration's regulatory plan and priorities for the upcoming year. Agencies are required to submit to the Office of Management and Budget a statement of the regulatory policies, goals, and objectives they intend to pursue during the coming year. This Executive Order also directs the agencies to provide summary descriptions of all significant regulatory actions underway or planned for the coming year. The Office of Management and Budget is directed by the Executive Order to review each agency's draft regulatory program for consistency with the Administration's regulatory policies and priorities and with the regulatory programs submitted by other agencies. The first *Regulatory Program of the United States Government* was published in August 1985 and the most recent in September 1988.

This program moves the regulatory oversight process a step closer toward the budgetary process, because the Administration's priorities and goals are now spelled out in one document for Congress and the American people to understand and review. This process, however, cannot deal systematically with the overall impact of regulatory activities on the economy until an estimate of the annual incremental expenditures required by regulation is made. This is extremely difficult because, unlike budgetary decisions, regulatory decisions are still to a large extent made on an individual basis.

In an effort to determine better the overall effects of regulatory activities and to improve the regulatory oversight process, members of Congress and the past two Administrations have considered developing an accounting framework to track those expenditures that are directly required by regulation. This framework, however, is still in the proposal stage, and more work needs to be done to solve the practical accounting problems inherent in measuring private expenditures required by Federal regulation.

One practical problem is that in order to get accurate expenditure figures it might be necessary to ask private firms and individuals to keep records, which would not necessarily be accurate and could create a considerable and expensive compliance burden. Second, estimating which expenditures were made because of a regulation compared to which would have occurred in the absence of regulation is often extremely subjective. For example, in the absence of regulations for automobile safety standards some level of safety would still be built into vehicles, but since the amount is unknown the additional cost of regulation cannot be calculated accurately. A third type of problem arises because the indirect costs of regulation are extremely difficult to estimate and probably are relatively more important for regulation than for spending and taxing.

Indirect costs result when regulation reduces otherwise desirable economic activities by raising production or product costs, by making the product less desirable, or, in the extreme, by banning the product or making it unprofitable to produce. The economic loss caused by this decline in economic activity is the excess of the value to consumers of this forgone output above the costs of production. Since this indirect cost is not directly measurable, and can only be estimated by complicated statistical models, it would be problematic to combine estimates of these indirect costs with the direct costs of regulation. Yet measuring only the direct expenditure costs of regulation for use in an oversight program may create a bias toward banning substances and products rather than controlling them, since banning a product, service, or manufacturing process mainly gives rise to indirect costs. These practical problems must be addressed in developing an accounting system for measuring the aggregate impacts of regulation.

One way to address these problems is to begin implementation of a system that makes use of such information. In fact, both the fiscal budgetary process for outlays and receipts and the information collection budget evolved in this fashion. As the budgetary process evolved from the Treasury Act of 1789, the accounting concepts used for Government outlays and receipts were continually refined. It was not until the Budget and Accounting Act of 1921, however, that a comprehensive Federal budget system was estab-

lised. This Act established the institutional framework for the President to prepare a budget for the United States Government as a whole. The new framework included the Bureau of the Budget to assist the President in the preparation of the budget and the General Accounting Office to assist the Congress in carrying out its legislative and oversight responsibilities. Since 1921 the accounting principles and standards for the budget have continued to change as a result of both executive and legislative action.

In a similar manner, the information collection budget evolved over time with refinements to its accounting and estimation procedures and with more centralized and comprehensive controls. The Federal Reports Act of 1942 first set the requirement for agencies to measure and control their paperwork burdens. Executive Order 12174, "Paperwork," issued November 30, 1979, required agencies to plan and budget total paperwork reporting requirements in a manner analogous to fiscal resources. The Paperwork Reduction Act of 1980 directed the Office of Management and Budget to establish general policies and procedures for controlling information collections, and to report to Congress each year the estimated "burden hours" imposed by each Federal agency. That Act and subsequently a 1986 amendment set paperwork burden reduction goals. Over the last nine years of administering the information collection budget, the paperwork coverage and the estimates of the paperwork burden have substantially improved.

In the regulatory cost area, requirements similar to the early fragmented requirements for the fiscal budget and the paperwork burden estimates have been in existence since 1974. In that year President Ford issued Executive Order 11821, requiring agencies to prepare cost impact statements for their major regulations. These requirements were extended, refined, and tightened by various Executive Orders issued by both President Carter and President Reagan. As mentioned above, agencies are now required to list all significant regulatory activities in the *Regulatory Program of the United States Government*, but they are not required to estimate the cost impacts except for certain "major" regulations.

A proposal of regulatory cost estimates for all new and proposed regulations and all proposed legislation was contained in the Economic Bill of Rights issued by the President on July 3, 1987. It would require that every new or proposed regulation and every piece of proposed legislation be accompanied by a "financial impact statement" evaluating the costs to the general economy and consumers, the effect on employment, and the ability of U.S. industries to compete internationally. Making these estimates available to the public for comment and criticism would improve decision making with regard to regulations and legislation. It would also be a valuable first step in developing a consensus as to the proper

general accounting conventions and the validity of specific estimation methods.

One approach to developing a practical accounting scheme that would follow the models of the development of the fiscal budget and the information collection budget would be to require a "regulatory cost ceiling" in any new legislation that imposes private sector costs. Under this scheme, each new statute would include a ceiling on the total private sector costs that agencies could impose in implementing the statute. Agencies would then keep track of the estimated costs imposed by the regulations. Once the statutory ceiling was reached, new regulations would require either additional legislation to raise the ceiling or offsetting changes in other regulations that would keep total private sector regulatory costs within the ceiling.

This regulatory cost ceiling system would give Congress and the agencies even more incentive to make accurate estimates of the likely costs of regulation than simply requiring financial impact estimates of the proposal. Regulatory cost ceilings that were excessively low would frustrate the purpose of the statute because agencies could not issue implementing regulations. Although Congress might be tempted to authorize excessively generous amounts, it would have to declare itself willing to impose a specific level of costs on the public. Moreover, Congressional estimates would have a real effect on agency decision making, and would give agencies strong incentives to choose regulatory approaches that would produce benefits at the least possible cost.

This approach still shares some of the drawbacks mentioned above. Agencies would have incentives to underestimate regulatory costs and to regulate in ways that impose unmeasurable or difficult to measure costs, such as banning products or production processes. However, regulatory cost ceilings would provide more information on the costs of regulation to the public and would internalize more regulatory costs to the political process of regulation setting. The bias toward certain types of regulatory intervention and the tendency toward agency underestimation of costs are problems that, although they remain to be solved, are not unlike those still faced in the fiscal budgetary process.

BUDGET FUNDS AND THE FEDERAL DEBT

The budget consists of two major groups of funds: Federal funds and trust funds. The Federal funds, in the main, are derived from tax receipts and borrowing and are used for the general purposes of the Government. Most of these funds are part of the general fund, which is not restricted by law to any specific Government program. The trust funds, on the other hand, are financed by certain taxes and other receipts earmarked by law for specified

purposes, such as paying social security and unemployment insurance benefits. The social security trust funds (old-age and survivors insurance and disability insurance) are excluded from the budget by law and consequently classified as off-budget Federal entities.

The budget includes the receipts and outlays of both the Federal funds and the on-budget trust funds and, as shown in the following table, deducts the various transactions that occur between them in order to arrive at the on-budget totals for receipts, outlays, and the deficit. The on-budget totals plus the off-budget totals may be added, as also shown in this table, to arrive at the total receipts, outlays, and deficit of the Federal Government. These latter totals for receipts and outlays generally represent the net transactions of the Federal Government with the public.⁸

TRANSACTIONS BY FUND GROUP

(In billions of dollars)

	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Receipts:					
On-budget:					
Federal funds	560.2	593.8	643.6	695.7	744.2
Trust funds	232.2	250.2	270.5	285.5	300.1
Interfund transactions	-124.9	-135.3	-143.8	-153.2	-163.9
Total, on-budget receipts	667.5	708.7	770.4	828.0	880.4
Off-budget (trust funds)	241.5	266.9	288.9	312.5	331.8
Total, Federal Government receipts	909.0	975.5	1,059.3	1,140.5	1,212.2
Outlays:					
On-budget:					
Federal funds	813.1	877.2	884.6	924.6	946.3
Trust funds	173.2	184.3	190.8	204.1	221.2
Interfund transactions	-124.9	-135.3	-143.8	-153.2	-163.9
Total, on-budget outlays	861.4	926.2	931.7	975.6	1,003.6
Off-budget (trust funds)	202.7	210.9	220.1	231.7	240.8
Total, Federal Government outlays	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4
Surplus or deficit (-):					
On-budget:					
Federal funds	-252.9	-283.4	-241.0	-228.9	-202.1
Trust funds	59.0	65.9	79.7	81.4	78.9
Total, on-budget surplus or deficit (-)	-193.9	-217.5	-161.3	-147.6	-123.2
Off-budget (trust funds)	38.8	56.0	68.8	80.8	91.0
Total, Federal Government surplus or deficit (-)	-155.1	-161.5	-92.5	-66.8	-32.2

Therefore, as shown in the table on the next page the total Federal Government deficit or surplus is the principal determinant

⁸ Special Analysis C, "Funds in the Budget," discusses further the two major groups of funds and the off-budget Federal entities.

FEDERAL GOVERNMENT FINANCING AND CHANGE IN DEBT OUTSTANDING ¹

(In billions of dollars)

Description	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Surplus or deficit (-)	-155.1	-161.5	-92.5	-66.8	-32.2
On-budget.....	(-193.9)	(-217.5)	(-161.3)	(-147.6)	(-123.2)
Off-budget.....	(38.8)	(56.0)	(68.8)	(80.8)	(91.0)
Means of financing other than borrowing from the public:					
Decrease or increase (-) in Treasury operating cash balance.....	-8.0	14.4			
Increase or decrease (-) in:					
Checks outstanding, etc.....	0.5	2.9	1.7		
Deposit fund balances.....	-0.6	*	-0.9		
Seigniorage on coins.....	0.5	0.6	0.6	0.6	0.6
Proceeds from the sale of loan assets with recourse.....	0.6	*	*	*	*
Total, means of financing other than borrowing from the public....	-7.0	17.9	1.3	0.6	0.6
Total, requirements for borrowing from the public.....	-162.1	-143.6	-91.2	-66.2	-31.6
Change in debt held by the public.....	162.1	143.6	91.2	66.2	31.6
Change in Federal debt held by Government accounts:					
Federal funds.....	-2.6	2.8	2.2		
Trust funds (on-budget) ²	57.0	67.5	76.2	81.4	78.9
Off-budget Federal entities (trust funds) ³	38.9	55.2	68.8	80.8	91.0
Deposit funds ⁴	-0.2	-1.0			
Total, change in Federal debt held by Government accounts....	93.1	124.4	147.2	162.1	169.8
Change in gross Federal debt.....	255.2	268.0	238.4	228.4	201.5

* \$50 million or less.

¹ Several amounts have been assumed to be zero in 1991-92 because they are usually small and cannot be estimated accurately.² Estimates for 1991 and 1992 are equal to the surplus of the trust funds on-budget.³ Estimates for 1991 and 1992 are equal to the surplus of the trust funds off-budget.⁴ Only those deposit funds classified as Government accounts.

of the change in the Federal debt held by the public.⁹ The Federal Government deficit, together with the other factors noted in that table, is estimated to increase the Federal debt held by the public by \$143.6 billion in 1989 and \$91.2 billion in 1990. These borrowing projections are based on deficits that are consistent with the economic assumptions explained in Part 3 of this volume.

Gross Federal debt is the sum of the debt held by the public and the debt held by the Government itself, which includes such investments as the Treasury debt held by the social security, unemployment, and other trust funds. At the end of 1990 gross Federal debt

⁹ Table 4 in Part 10 of this volume contains more detail on budget financing through 1994 and shows the levels of debt from 1987 to 1994. Federal borrowing and debt are discussed extensively in Special Analysis E, "Borrowing and Debt." Historical data since 1940 are published in *Historical Tables, Budget of the United States Government, Fiscal Year 1990*. The historical data since 1956 have been revised conceptually, as explained in Special Analysis E.

is estimated to be \$3,107.2 billion, of which debt held internally by the Government itself is \$822.2 billion and debt held by the public is \$2,285.0 billion. Thus, gross Federal debt is much larger than the Federal debt held by the public.

Gross Federal debt is estimated to rise by \$238.4 billion during 1990. As indicated in the lower section of the previous table, \$147.2 billion of this increment will be held in trust funds and other Government accounts. This is nearly all due to the investment of trust fund surpluses in Treasury debt.

The gross Federal debt consists almost entirely of securities issued by the Treasury Department. However, a few Government agencies are authorized to issue their own debt instruments to the public or to other Government accounts. These securities are part of the gross Federal debt. At the end of 1988 the public held \$12.4 billion of agency debt, most of which was issued recently by the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation. These agencies borrow from the public in a way that is inherent in the operation of their programs. As part of some agreements to resolve the financial problems of troubled thrift institutions and banks, they may issue notes to prospective purchasers or others. The issuance of these notes is an outlay and a borrowing.¹⁰ The remaining agency debt was largely issued some years ago by agencies that now borrow only from the Federal Financing Bank, which is an entity within the Treasury Department. Borrowings from the Federal Financing Bank are not included in gross Federal debt in order to avoid double counting.

Almost all Treasury securities are subject to a general statutory debt limitation. The present limit is \$2,800 billion. The debt subject to limit is estimated to rise to \$2,845.4 billion by the end of 1989. Therefore, in order to permit the Federal Government to meet its obligations, the limit will have to be raised during 1989.

Debt subject to the general statutory limit, like gross Federal debt, includes debt held internally within the Government, such as the Treasury issues held by the social security trust funds. Debt subject to the statutory limit is therefore much larger than the debt held by the public and is nearly as large as gross Federal debt. It is a little less than gross Federal debt because a few types of Treasury debt and most agency debt are excluded from the general statutory limitation.

Trust fund surpluses for the most part are invested in Treasury debt securities, rather than being held as cash assets. The Federal funds deficit must therefore be financed primarily by issuing debt. This debt, including the Treasury securities issued to trust funds, is almost entirely subject to the statutory limit. As shown in the table

¹⁰ This type of transaction is discussed more fully in Special Analysis E, "Borrowing and Debt."

FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO LIMIT

(In billions of dollars)

Description	1988 actual	1989 estimate	1990 estimate
Federal funds surplus or deficit (-)	-252.9	-283.4	-241.0
Means of financing other than borrowing:			
Decrease or increase (-) in Treasury operating cash balance.....	-8.0	14.4	
Increase or decrease (-) in:			
Checks outstanding, etc.....	2.3	2.1	5.1
Deposit fund balances.....	-0.6	*	-0.9
Seigniorage on coins.....	0.5	0.6	0.6
Proceeds from the sale of loan assets with recourse.....	0.6	*	*
Total, means of financing other than borrowing.....	-5.1	17.1	4.8
Decrease or increase (-) in Federal debt held by Federal funds and deposit funds ¹	2.9	-1.8	-2.2
Increase or decrease (-) in Federal debt not subject to limit.....	8.5	12.2	3.6
Total, requirements for borrowing subject to debt limit.....	-246.7	-255.8	-234.8
Increase or decrease (-) in unamortized discounts (less premiums) on Treasury debt held by the public.....	4.2	2.6	3.8
Change in debt subject to limit	250.9	258.5	238.6

* \$50 million or less.

¹ Only those deposit funds classified as Government accounts.

above, the estimated Federal funds deficit is \$241.0 billion in 1990, and the estimated increase in debt subject to statutory limit is \$238.6 billion. Thus, the Federal funds deficit approximately accounts for the increase in the debt subject to limit.

COMPARISON OF ACTUAL AND ESTIMATED FEDERAL GOVERNMENT TOTALS FOR 1988

The following sections compare the actual 1988 receipts, outlays, and deficit with the amounts estimated in the 1988 budget, which was transmitted to the Congress in January 1987 for the fiscal year ending on September 30, 1988.

Comparison of Receipts.—Receipts in 1988 were \$909.0 billion, which is \$7.6 billion less than the January 1987 estimate of \$916.6 billion. This shortfall was the net effect of differences in tax law from the legislation proposed in the 1988 budget, economic conditions that differed from the budget forecast, and different collection patterns and effective tax rates than had been assumed.

Differences in tax law from the legislation proposed in the budget increased 1988 receipts by \$4.5 billion. These legislative differences consisted of congressional inaction on, or modification of, the proposals in the 1988 budget, and of changes in law that the Administration did not propose at that time.

In keeping with President Reagan's pledge that the changes provided in the Tax Reform Act of 1986 must not be undone with

COMPARISON OF ACTUAL 1988 RECEIPTS WITH THE JANUARY 1987 ESTIMATES

(In billions of dollars)

	January 1987 estimate	Differences in tax law from 1987 proposals	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes.....	392.8	-0.6	3.1	5.9	8.4	401.2
Corporation income taxes.....	117.2	3.7	-17.3	-9.1	-22.7	94.5
Social insurance taxes and contributions.....	333.2	-0.3	-0.2	1.6	1.2	334.3
Excise taxes.....	33.4	0.8	-0.1	1.1	1.8	35.2
Estate and gift taxes.....	5.8	1.0	-0.5	1.3	1.8	7.6
Customs duties and fees.....	15.3	-0.1	2.2	-1.3	0.9	16.2
Miscellaneous receipts.....	18.9	-*	0.8	0.3	1.0	19.9
Total.....	916.6	4.5	-12.0	-0.2	-7.6	909.0

*\$50 million or less.

income tax rate increases, the receipts proposals in the 1988 budget were limited to initiatives to collect taxes owed but not paid, increased user charges for Federal services, and trust fund reforms. These initiatives included increases in IRS funding; extension of medicare hospital insurance coverage to all State and local government employees; repeal of exemptions from gasoline and other highway excise taxes; extension of social security coverage to certain earnings; and increases in customs, Nuclear Regulatory Commission, and IRS user fees. Altogether, the January 1987 proposals were estimated to increase 1988 receipts by \$6.1 billion.

The Omnibus Budget Reconciliation Act of 1987 and the Continuing Resolution for 1988 were the only major laws enacted after January 1987 that affected 1988 receipts. The provisions of the Omnibus Budget Reconciliation Act of 1987 primarily affected corporations and wealthy individuals, and met the Bipartisan Budget Agreement target of \$23 billion in tax increases over two years (1988 and 1989) without affecting the reductions in income tax rates or the increases in the personal exemption and the standard deduction provided in the Tax Reform Act of 1986. Several of the provisions of this Act were modifications of the 1988 budget proposals, but others, such as the extension of the 3 percent telephone excise tax, the extension of the temporary 0.2 percent Federal unemployment tax, and the extension of the 55 percent maximum estate and gift tax rate, had not been proposed by the Administration. The Continuing Resolution for 1988 provided funds to the IRS for increases in staffing and equipment, as proposed by the Administration in the 1988 budget. These two Acts, together with some minor legislative changes, increased 1988 receipts by \$10.7 billion, which is \$4.5 billion greater than the \$6.1 billion proposed by the Administration.

Differences between the economic assumptions upon which the original receipts estimates were based and the actual outcome ac-

counted for a net decrease in receipts of \$12.0 billion. The greatest effect was on corporation income taxes, which were \$17.3 billion below the budget estimate because of substantially lower corporate profits than had been assumed. Individual income taxes were above the budget estimate by \$3.1 billion due to higher than expected personal incomes, while social insurance taxes and contributions were slightly below the budget estimate due to lower than expected wages and salaries. Higher than expected imports increased customs duties and fees by \$2.2 billion; higher than anticipated interest rates increased deposits of earnings by the Federal Reserve System, which are classified as miscellaneous receipts, by \$0.9 billion.

Different collection patterns and effective tax rates than had been assumed in January 1987—attributable in large part to the difficulty in accurately assessing the effect of the changes provided in the Tax Reform Act of 1986 on taxpayer behavior and the timing of collections—reduced receipts by a net \$0.2 billion.

Comparison of Outlays.¹¹—Outlays for 1988 were \$1,064.0 billion, which is \$36.4 billion higher than the initial estimate (adjusted for the removal of the Federal Retirement Thrift Savings Fund) made by the Administration in its budget transmitted to Congress in January 1987. This section reviews the major causes of the increase.

The following table compares the initial outlay estimate with the actual outlay total and shows both as a percentage of GNP. Total outlays were \$36.4 billion or 3.5 percent above the initial estimate. Actual outlays for defense were \$7.2 billion or 2.4 percent less than the initial estimate, while outlays for nondefense were \$43.6 billion or 6.0 percent higher.

1988 OUTLAY DIFFERENCES

(Dollars in billions)

	January 1987 estimate ^a	Actual	Change	
			Amount	Percent
Total outlays	1,027.7	1,064.0	36.4	3.5
National defense	297.6	290.4	-7.2	-2.4
Nondefense	730.1	773.7	43.6	6.0
Total outlays as a percent of GNP	21.7	22.3	0.5	2.5

^aSee footnote 11 for the adjustment to the originally published estimate.

Chronology of the outlay increase.—The Administration's initial estimate for outlays for 1988 was \$1,027.7 billion. The following table shows subsequent revisions to this estimate. In August 1987,

¹¹The original outlay estimates published in the fiscal year 1988 *Budget* have been adjusted retroactively to reflect moving the Federal Retirement Thrift Savings Fund to a nonbudgetary status during 1988. As a result, the original estimate shown in this section is \$3.3 billion higher than originally published. This adjustment makes the original estimate of outlays comparable with the actual outcome. This change applies throughout the discussion and tables in this section.

the estimate was increased by \$8.0 billion. The major increase was for net interest, largely due to higher than expected interest rates. The estimate was increased by \$20.3 billion in the budget in February 1988. The largest decreases were for national defense and higher estimated foreign military sales loan prepayments. These were more than offset by increases for medicare, failure to achieve proposed physical asset sales, technical reestimates of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation, and other revisions. The outlay estimate was increased in July 1988 by \$9.9 billion, as a result of many increases and decreases. The actual amount at the end of the year was \$1,064.0 billion, about the same as the July estimate.

CHRONOLOGY OF THE 1988 OUTLAY INCREASE

(In billions of dollars)

1988 Budget (January 1987)	1,027.7
Changes from previous estimate:	
August 1987 (Mid-Session Review): The major changes were increases for net interest (\$5.7 billion), medicaid (\$1.4 billion), higher education (\$1.4 billion), and the Federal Housing Administration (\$1.3 billion), partially offset by decreases for CCC agricultural price support payments (\$5.2 billion)	8.0
February 1988 (1989 Budget): The major changes were decreases for national defense (\$12.1 billion) and higher foreign military sales loan prepayments (\$5.9 billion), more than offset by many increases, the larger ones being for medicare (\$5.7 billion), failure to achieve proposed physical asset sales (\$4.4 billion), FDIC and FSLIC deposit insurance (\$4.1 billion), medicaid (\$2.4 billion), and net interest (\$2.9 billion)	20.3
July 1988 (Mid-Session Review): The major changes were increases for fewer than estimated foreign military sales loan prepayments (\$3.7 billion), FDIC and FSLIC deposit insurance (\$4.6 billion), and net interest (\$3.2 billion), partially offset by decreases for CCC agricultural price support payments (\$4.5 billion)	9.9
September 30, 1988: The major changes were an increase for national defense (\$4.9 billion), more than offset by decreases, the major ones being for international affairs (\$2.3 billion) and medicare and medicaid (\$1.0 billion)	-1.7
Total increase	36.4
Actual	1,064.0

Major causes of the increase.—The following table distributes the \$36.4 billion increase in outlays according to three categories: (1) policy changes, (2) economic conditions, and (3) technical estimating differences and other changes. The amounts in the first two categories are approximations for the major items, while the third category is a residual.

Policy changes to the 1988 budget proposals were a result of revised Administration proposals and congressional action that differed from the initial Administration request. The final action was consistent with the Bipartisan Budget Agreement between Congress and the Administration in November 1987. The net effect of all policy changes was a \$13.8 billion increase in outlays. Outlays for national defense programs were \$12.6 billion lower than proposed due to policy changes, because of lower defense appropria-

SUMMARY OF REASONS FOR DIFFERENCE IN 1988 OUTLAYS

(In billions of dollars)

	Total
Reasons for difference (net):	
Policy changes.....	13.8
Economic conditions.....	6.8
Technical estimating differences and other changes.....	15.7
Total.....	36.4

tions than initially requested by the Administration. Outlays for nondefense programs were \$26.4 billion higher. This pattern of decreased defense outlays and increased nondefense outlays due to policy changes also occurred for the budget proposals in the six previous years.

Outlays for nondefense programs are composed of several groups. Outlays for nondefense discretionary programs (i.e., programs generally subject to control by annual appropriations) were \$6.3 billion above the Administration's original request for policy reasons. This includes increases in regular and supplemental appropriations bills above what the Administration had originally requested.

Outlays for benefit payments for individuals were \$7.4 billion above the Administration's proposals due to policy changes. The largest single change was in medicare. The medicare reforms enacted by the Congress saved \$2.6 billion less than the reforms proposed by the Administration. The remaining policy increases for benefit payments for individuals were mostly due to the failure to enact proposed Administration reforms for medicaid, military and civilian retirement, aid to families with dependent children, and related benefit programs.

Policy changes for other mandatory programs increased nondefense outlays by \$5.6 billion. (Mandatory programs are mostly formula benefit programs not normally controlled by annual appropriations.) Most of this increase, \$4.3 billion, was for advanced deficiency payments for farm price supports.

Policy differences affecting collections that offset outlays increased net outlays by \$6.7 billion. Increases of \$7.0 billion, from the failure to enact most of the physical asset sales and user fees proposed by the Administration, were slightly offset by higher than originally expected loan asset sales and prepayments.

The remaining increase for nondefense policy outlays, \$0.5 billion, is the effect on net interest of policy changes for outlays and receipts.

Economic conditions differed from those forecast in January 1987 as shown in the following table. Growth in real GNP exceeded the growth projected by 1.8 percentage points in 1987 but fell short by

1.1 percentage points in 1988. Inflation, as measured by the GNP deflator, was about the same as projected for 1987 and 1988 but it was higher than projected using the Consumer Price Index. The total unemployment rate was 0.6 percentage points lower than anticipated in 1987 and 0.9 percentage points lower in 1988. Interest rates, as measured by the 91-day Treasury bill rate, were 0.4 percentage points higher than projected in 1987 and 1.1 percentage points higher in 1988.

COMPARISON OF JANUARY 1987 ECONOMIC FORECAST AND ACTUAL ECONOMIC PERFORMANCE

(Calendar years)

	January 1987 estimate		Actual		Difference	
	1987	1988	1987	1988 ¹	1987	1988
Percent change:						
GNP (constant dollars): 4th quarter over 4th quarter.....	3.2	3.7	5.0	2.6	1.8	-1.1
Inflation (4th quarter over 4th quarter):						
GNP deflator	3.6	3.5	3.1	3.9	-0.5	0.4
Consumer Price Index (CPI)	3.8	3.6	4.6	4.2	0.8	0.6
Total unemployment rate (annual average)	6.7	6.3	6.1	5.4	-0.6	-0.9
Interest rate (91-day bills, annual average)	5.4	5.6	5.8	6.7	0.4	1.1

¹ Preliminary and partly estimated.

The difference between the economic forecast and economic performance resulted in a net outlay increase of \$6.8 billion for 1988. Most of this revision, \$5.7 billion, was made in the forecast in the 1988 Mid-Session Review in August 1987, before fiscal year 1988 began. The revised economic forecast at that time projected outlays that eventually changed about \$1.1 billion for economic reasons.

Estimates of the major components of the \$6.8 billion increase are shown in the following table. The total unemployment rate was lower than forecast, which decreased unemployment compensation and related outlays by \$2.2 billion. Higher inflation increased outlays by \$2.4 billion primarily due to cost-of-living adjustments for social security and other programs linked to the Consumer Price Index. Outlays increased by \$6.4 billion due to interest differences, with net interest outlays increasing \$5.5 billion due to higher interest rates.

Technical estimating differences and other changes account for a net \$15.7 billion increase in 1988 outlays. A decrease of \$0.7 billion for nondefense discretionary programs was more than offset by increases for national defense (\$5.4 billion), net interest (\$5.7 billion), major mandatory programs (\$3.6 billion), and lower than expected major offsetting receipts (\$1.6 billion). For major mandatory programs, technical increases for the Federal Savings and Loan Insurance Corporation (\$8.8 billion), medicare and medicaid (\$5.1 billion), the Federal Housing Administration (\$3.5 billion), and other programs were partially offset by decreases in agricultural

**EFFECT OF DIFFERENCES BETWEEN ESTIMATED AND ACTUAL ECONOMIC CONDITIONS ON 1988
OUTLAYS**

(In billions of dollars)

	<i>Difference</i>
Unemployment assumptions (primarily unemployment compensation)	-2.2
Price differences:	
Cost of living adjustments:	
Social security	1.1
Other	0.8
Medical prices:	
Medicare and medicaid	0.3
Other changes	0.2
Subtotal, price differences	2.4
Interest differences:	
Net interest:	
Interest rates	5.5
Differences in borrowing ¹	0.8
Other	0.1
Subtotal, interest differences	6.4
Offsetting receipts from the Outer Continental Shelf	0.2
Total	6.8

¹ Includes only the effect of differences in borrowing associated with differences in economic conditions for receipts and outlays.

price support payments (\$12.3 billion) due to higher agricultural prices resulting from the drought and net decreases of \$1.5 billion for other major mandatory programs.

Comparison of the Deficit.¹²—The preceding two sections discuss the differences between the January 1987 budget estimates and the actual amounts of Federal Government receipts and outlays in 1988. This section summarizes the net impact of these differences on the deficit.

The deficit for 1988, adjusted for the removal of the Federal Retirement Thrift Savings Fund, was originally estimated to be \$111.1 billion; the actual deficit was \$155.1 billion, a \$44.0 billion increase. The following table shows the approximate distribution of this difference according to three categories: (1) policy; (2) economic conditions that were different from the original forecast; and (3) technical estimating differences and other changes. Each category is subdivided to show the impact of receipts compared to outlays. An increase in outlays is shown as negative because it increases the deficit, while an increase in receipts is shown as positive because it reduces the deficit.

¹²The original deficit estimate published in the fiscal year 1988 *Budget* has been adjusted retroactively to reflect moving the Federal Retirement Thrift Savings Fund to a nonbudgetary status during 1988. As a result, the original estimate shown in this section is \$3.3 billion higher than originally published. This adjustment makes the original estimate comparable with the actual outcome. This change applies throughout this section.

SUMMARY OF REASONS FOR CHANGES IN THE 1988 DEFICIT

(In billions of dollars)

	Total
January 1987 estimate of the 1988 deficit ¹	-111.1
Changes:	
Policy:	
Receipts increase	4.5
Outlay increase	-13.8
Subtotal, increase in deficit due to policy	-9.3
Economic conditions:	
Receipts decrease	-12.0
Outlay increase	-6.8
Subtotal, increase in deficit due to economic conditions	-18.8
Technical estimating differences and other changes:	
Receipts decrease	-0.2
Outlay increase	-15.7
Subtotal, increase in deficit due to technical estimating differences and other changes	-15.9
Total, net increase in deficit	-44.0
Actual deficit	-155.1
Recapitulation:	
January 1987 estimate of 1988 deficit	-111.1
Net effect of lower receipts	-7.6
Net effect of higher outlays	-36.4
Actual 1988 deficit	-155.1

¹See footnote 12 for the adjustment to the originally published estimate.

Note: Outlay increases and receipt decreases are shown as negative because they increase the deficit.

Policy changes increased the deficit by \$9.3 billion. Receipts increased \$4.5 billion, but outlays increased \$13.8 billion, more than offsetting the receipts increase. Changes in economic conditions accounted for a \$18.8 billion increase in the deficit largely due to a loss of receipts of \$12.0 billion. The latter was more than accounted for by lower than expected corporate profits. Outlays increased \$6.8 billion due to economic reasons largely because of higher than expected interest rates. Technical estimating differences and other changes increased the actual deficit \$15.9 billion from the original estimate.

COMPARISON OF THE ACTUAL AND ESTIMATED RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1988

Outlays in any one year are considered to be relatively uncontrollable when the program level is determined by existing statutes or by contracts or other obligations. Outlays for these programs generally depend on factors that are beyond administrative control under existing law at the start of the fiscal year. For example, the criteria making people eligible for programs like medicaid and civil

service retirement are established by law. Prior-year contracts and obligations are also legally binding.

Relatively uncontrollable outlays are grouped into two major categories: (1) open-ended programs and fixed costs, for which outlays are generally mandated by law; and (2) payments from prior-year contracts and obligations, for which outlays are required because of previous action, such as entering into contracts. Estimates of relatively uncontrollable outlays are for outlays mandated under existing law (i.e., they exclude any effect of proposed legislation on the programs).

A number of factors may cause differences between the amounts estimated in the budget and the actual outlays. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; and economic conditions (such as interest rates) may differ from what was assumed in making the estimates.

The following table shows the differences between actual outlays for relatively uncontrollable programs in 1988 and the amounts originally estimated in the 1988 budget in January 1987. The list of programs is the same as in Table 14 (Controllability of Outlays) in Part 10 of this volume. Actual outlays for relatively uncontrollable programs in 1988 were \$807.4 billion, which is \$11.9 billion or 1.5 percent more than the initial estimate of \$795.5 billion based on existing law in January 1987. Outlays for open-ended programs and fixed costs were \$18.3 billion more than the initial estimate, and outlays from prior-year contracts and obligations were \$6.4 billion less than the initial estimate.

Payments for individuals, which are essentially income transfers, were 72.1 percent of all open-ended programs and fixed costs in 1988. Actual outlays for these payments were \$2.7 billion higher than originally estimated. This increase 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 social security and railroad retirement, the largest category of payments for individuals, were almost identical to the original estimate.

Federal employees' retirement and disability insurance programs consist of military retirement, civilian employee retirement and disability, and veterans service-connected compensation. Except for the latter, these benefits are automatically indexed to the consumer price index. In contrast to automatic adjustments, veterans service-connected compensation has been adjusted by law each year for cost-of-living increases. Total outlays for this category were \$1.5 billion higher than the original estimate, due in part to higher cost-of-living adjustments than originally estimated.

RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1988¹

(In billions of dollars)

Relatively uncontrollable under present law	January 1987 estimate (existing law)	Actual	Change
Open-ended programs and fixed costs:			
Payments for individuals:			
Social security and railroad retirement.....	220.4	220.3	-0.1
Federal employees' retirement and insurance.....	57.8	59.3	1.5
(Military retired pay).....	(18.9)	(19.0)	(0.1)
(Other).....	(38.9)	(40.3)	(1.4)
Unemployment assistance.....	16.4	13.8	-2.6
Medical care.....	111.4	114.7	3.3
Assistance to students.....	3.7	3.9	0.1
Food and nutrition assistance.....	4.5	4.3	-0.2
Public assistance and related programs.....	28.2	28.8	0.6
Other.....	2.9	2.9	*
Subtotal, payments for individuals.....	445.3	448.0	2.7
Other open-ended programs and fixed costs:			
Net interest.....	139.4	151.7	12.3
Farm price supports (CCC).....	21.0	12.2	-8.8
Other.....	-3.4	8.7	12.1
Subtotal, other open-ended programs and fixed costs.....	157.0	172.7	15.7
Total, open-ended programs and fixed costs.....	602.3	620.6	18.3
Outlays from prior-year contracts and obligations:			
National defense.....	117.1	115.3	-1.8
Nondefense.....	76.1	71.5	-4.6
Total, outlays from prior-year contracts and obligations.....	193.2	186.8	-6.4
Total, relatively uncontrollable outlays.....	795.5	807.4	11.9

* \$50 million or less.

¹ The January 1987 estimate shown in this table is \$2.0 billion higher than originally published to reflect moving the Federal Retirement Thrift Savings Fund to a nonbudgetary status during 1988. This adjustment makes the initial estimate of relatively uncontrollable outlays comparable to the actual outcome.

Outlays for unemployment compensation programs were \$2.6 billion below the initial estimate due primarily to lower than assumed unemployment rates.

Outlays for medical care were \$3.3 billion higher than originally estimated. This category includes medicare and medicaid. Savings enacted for medicare were more than offset by higher outlays as a result of increased utilization of services and higher medical costs.

Assistance to students consists of GI bill benefits and the guaranteed student loan program. Outlays for these programs were about the same as the original estimate.

Food and nutrition assistance includes the child nutrition and special milk programs. Outlays for these programs were also about the same as originally estimated.

Public assistance and related programs include family support payments, supplemental security income, outlays for earned income tax credits, and veterans non-service-connected pensions.

Outlays for these programs were \$0.6 billion above the estimate. Most of this increase was in family support payments to States, which was a result of higher than estimated State caseload and average benefit levels.

Relatively uncontrollable outlays for all other payments for individuals were about the same as originally estimated.

Open-ended programs and fixed costs other than payments for individuals were \$172.7 billion or 27.8 percent of all open-ended programs and fixed costs in 1988. Outlays for net interest were \$12.3 billion or 8.8 percent higher than the original estimate. This increase was primarily the effect of higher than expected interest rates.

Outlays for farm price supports (Commodity Credit Corporation) were \$8.8 billion below the initial current law estimate. This was due in part to higher prices resulting from the drought, which decreased outlays. The remaining category increased \$12.1 billion from the original estimate largely due to increased payments by the Federal Savings and Loan Insurance Corporation to assist troubled savings and loan institutions.

Outlays for prior-year contracts and obligations were \$6.4 billion below the initial estimate. Outlays for nondefense programs were \$4.6 billion lower than the initial estimate, and outlays for defense programs were \$1.8 billion lower.

PART 8

**THE BUDGET SYSTEM
AND CONCEPTS**

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PART 8

THE BUDGET SYSTEM AND CONCEPTS

The budget system of the U.S. Government provides the framework within which decisions on resource allocation and program management are made in relation to the requirements of the Nation, the availability of Federal resources, effective financial control, and accountability for use of the resources.

THE BUDGET PROCESS

The budget process has three main phases: (1) executive formulation and transmittal; (2) congressional action; and (3) budget execution and control. Each of these is interrelated with the others.

Executive Formulation and Transmittal.—The budget sets forth the President's financial plan and indicates his priorities for the Federal Government. The primary focus of the budget is on the budget year—the next fiscal year for which the Congress needs to make appropriations. However, the budget is developed in the context of a multi-year budget planning system that includes coverage of the four years following the budget year in order to integrate long-range planning into the executive budget process. The system requires that broad fiscal goals and agency spending and employment targets be established beyond the budget year. This budget also includes appropriations requests for both 1990 and 1991 for the Department of Defense and related agencies and for the Coast Guard, as required by law.

The President transmits his budget to the Congress early in each calendar year, eight to nine months before the next fiscal year begins on October first. In a year in which a new President takes office, as in this year, the outgoing President submits a budget. Usually, the new President proposes changes to that budget.

The process of formulating the budget begins not later than the spring of each year, at least nine months before the budget is transmitted and at least 18 months before the budget fiscal year begins. For the 1990 budget, which is being transmitted to the Congress in January of 1989, the process began in the spring of 1988.

During the formulation of the budget, there is a continual exchange of information, proposals, evaluations, and policy decisions

among the President, the Office of Management and Budget (OMB), other Executive Office units, and the various Government agencies. Decisions concerning the upcoming budget are influenced by the results of previously enacted budgets, including the one being executed by the agencies, and reactions to the last proposed budget, which is being considered by the Congress. Decisions are influenced also by projections of the economic outlook that are prepared jointly by the Council of Economic Advisers, OMB, and the Treasury.

The President establishes general budget and fiscal policy guidelines. Based on his decisions, OMB issues general policy directions and planning ceilings to the agencies, both for the budget year and for the following four years, to guide the preparation of their budget requests.

Agencies submit budget requests in September to OMB, where they are reviewed in detail, and decisions are made. These decisions may be revised as a result of Presidential review. Fiscal policy issues, which affect outlays and receipts, are reexamined. The effect of budget decisions on receipts, budget authority, and outlays in the years that follow are also considered and are explicitly taken into account, in the form of multi-year budget planning estimates. Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs, the total outlays and receipts that are appropriate in relation to current and prospective economic conditions, and the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).¹

The Congressional Budget Act of 1974, as amended, requires that current services estimates be transmitted to the Congress with the budget to provide a basis for reviewing the President's budget recommendations.² The current services estimates of budget authority and outlays are those amounts required to continue Federal programs and activities without policy changes from the fiscal year in progress. Current services estimates of receipts generally assume that tax changes will occur as scheduled under current law.

Congressional Action.—The Congress can approve, modify, or disapprove the President's budget proposals. It can change funding levels, eliminate programs, or add programs not requested by the President. It can enact legislation affecting taxes and other sources of receipts.

Prior to making appropriations, the Congress usually enacts legislation that authorizes an agency to carry out a particular program and, in some cases, includes limits on the amount that can be

¹ These requirements are discussed further under "Deficit reduction," which appears later in this part.

² See Special Analysis A, "Baseline Estimates," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990*.

appropriated for the program. Some programs require annual authorizing legislation. Others are authorized for a specified number of years or indefinitely.

In making appropriations, the Congress does not vote on the level of outlays directly, but rather on *budget authority* or other authority to incur obligations that will result in immediate or future outlays. For the majority of Federal programs, budget authority becomes available each year only as voted by the Congress in appropriations acts. However, in many cases the Congress has voted permanent budget authority, under which funds become available annually without further congressional action. Many trust fund appropriations are permanent, as are a number of Federal fund appropriations, such as the appropriation to pay interest on the public debt. Some authority to incur obligations takes forms other than budget authority, and such obligational authority usually becomes available for obligation without further congressional action. In recent years, more obligational authority has become available under permanent appropriations than by current actions of the Congress. In turn, the outlays from permanent appropriations, together with the outlays from obligations incurred in prior years, comprise the majority of the outlay total for any year in the budget. Therefore, most outlays in any year are not controlled through appropriations actions for that year. The types of budget authority, other budgetary resources, their control by the Congress, and the relation of outlays to budget authority are discussed in more detail in sections that appear later in this part.

Congressional review of the budget begins when the President transmits his budget estimates to the Congress. Under standing law, the budget is required to be transmitted on or before the first Monday after January third of each year—January 9 this year.

Under the procedures established by the Congressional Budget Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, the Congress considers budget totals before completing action on individual appropriations. The Act requires each standing committee of the Congress to report on budget estimates to the House and Senate Budget Committees by February 25. The Congress adopts a concurrent budget resolution as a guide in its subsequent consideration of appropriations and receipt measures. The budget resolution, which is scheduled to be adopted by April 15, sets targets for total receipts and for budget authority and outlays, in total and by functional category. The resolution also sets targets for direct loan obligations and guaranteed loan commitments. It is not in order for either House to consider a resolution that includes a budget deficit that is greater than the maximum deficit specified in the Act for the budget year. In 1990, the maximum deficit is \$100 billion.

Congressional budget resolutions do not require Presidential approval. Frequently, however, there is informal consultation between the congressional leadership and the Administration, because legislation developed to attain congressional budget targets must be sent to the President for his approval. In some recent years, the Congress enacted omnibus reconciliation legislation that reduced budget authority and outlays or increased receipts to achieve specified levels of budget authority and outlays. In 1987, the President and the joint leadership of Congress reached an agreement on the broad outlines of a deficit reduction strategy for 1988 and 1989. This agreement, known as the Bipartisan Budget Agreement, was reflected in the budget legislation passed for those years.

Congressional consideration of requests for appropriations and changes in revenue laws occurs first in the House of Representatives. The Appropriations Committee, through its subcommittees, studies the requests for appropriations and examines in detail each agency's performance. The Ways and Means Committee reviews proposed revenue measures. Each committee then recommends the action to be taken by the House of Representatives. After passage of the budget resolution, a point of order can be raised to block consideration of bills that would cause a committee's targets, as set by the resolution, to be breached.

When the appropriations and tax bills are approved by the House, they are forwarded to the Senate, where a similar review follows. In case of disagreement between the two Houses of the Congress, a conference committee (consisting of Members of both bodies) meets to resolve the differences. The report of the conference committee is returned to both Houses for approval. When the measure is agreed to, first in the House and then in the Senate, it is ready to be transmitted to the President as an enrolled bill, for his approval or veto.

When action on appropriations is not completed by the beginning of the fiscal year, the Congress enacts a *continuing resolution* to provide authority for the affected agencies to continue financing operations up to a specified date or until their regular appropriations are enacted. The Congress completed action on all of the 13 regular appropriations bills for 1989 before the start of the fiscal year so such a resolution was not needed.

Deficit Reduction.—The Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act), as amended in 1987, calls for a balanced Federal budget by 1993. It sets declining deficit targets for each fiscal year and specifies a procedure designed to achieve these targets. In 1990, the target is \$100 billion. For 1991 through 1993, the targets are \$64 billion, \$28 billion, and zero, respectively.

According to the Act, the President's budget must propose receipts and outlays consistent with the deficit target for the budget year, and the budget must include estimates of total receipts, total outlays, the deficit, and other aggregate-level estimates using the same budget baseline rules that are specified for other reports required under the Act. Then, congressional action on the budget is supposed to ensure that the deficit target for that year will be met. If the target is not met, the Act specifies a process to sequester (i.e., cancel or withhold from obligation) budgetary resources to reduce outlays by the amount required to meet the specified target for the year ahead.

On August 25 of each year, the Director of the Office of Management and Budget (OMB) submits a report to the President and the Congress estimating the deficit for the upcoming fiscal year and the amount of net deficit reduction that has resulted from laws enacted and regulations promulgated. On October 15 he submits a revised report, which reflects the effects on the deficit of any legislation enacted or regulations promulgated since August 25. If his estimates show that the projected deficit exceeds the specified target by more than \$10 billion (zero in 1993) and that the requisite amount of net deficit reduction has not been achieved through laws and regulations, he must calculate the amount of reductions in budgetary resources required to eliminate the deficit excess. The Act specifies rules for determining uniform percentage reductions for most programs subject to reduction and special rules for certain programs subject to reduction. Many programs are exempt from reduction. The Director of OMB must explain, in his initial and revised reports, any significant differences between his estimates and the estimates provided to him and the Congress in initial and revised reports by the Director of the Congressional Budget Office. Events after October 15 that affect the deficit do not result in new or additional spending reductions under the Act.

The reports by the Director of OMB become the basis for the initial and final sequester orders issued by the President. The President's orders may not change any of the particulars in the Director's reports.

Budgetary resources have been sequestered only once since the Act was passed. That was in 1986. On November 20, 1987, the President issued a sequester order for FY 1988 but the order was reversed and the sequestered resources restored as a result of the enactment of the Omnibus Reconciliation Act of 1987.

Budget Execution and Control.—Once approved, the President's budget, as modified by the Congress and reduced by sequestration, if necessary, becomes the basis for the financial plan for the operations of each agency during the fiscal year. Under the law, most budget authority and other budgetary resources are made available

to the agencies of the executive branch through an apportionment system. The Director of OMB apportions (distributes) appropriations and other budgetary resources to each agency by time periods and by activities, in order to ensure the effective use of available resources and to preclude the need for additional appropriations.

Changes in laws or other factors may indicate the need for additional appropriations during the year, and supplemental requests may have to be sent to the Congress. On the other hand, amounts appropriated may be withheld temporarily from obligation under certain, limited circumstances to provide for contingencies, or to achieve savings made possible through changes in requirements or greater efficiency of operations, or as specifically provided in law. The Impoundment Control Act of 1974 provides that the executive branch, in regulating the rate of spending, must report to the Congress any deferrals or proposed rescissions³ of budget authority; that is, any effort through administrative action to postpone or eliminate spending provided by law. Deferrals, which are temporary withholdings of budget authority, may be overturned by an act of the Congress at any time. Rescissions, which permanently cancel budget authority, must be passed by the Congress within 45 days of continuous session. Otherwise, the withheld funds must be made available for spending.

Budget Calendar for 1989.—The following timetable highlights significant dates during calendar year 1989.

BUDGET CALENDAR FOR 1989

January 3.....	Congress convenes.
January 9.....	President Reagan transmits FY 1990 budget.
January 20.....	Inauguration Day.
February 25.....	Congressional committees report budget estimates to Budget Committees.
April 15.....	Action to be completed on congressional budget resolution.
May 15.....	House consideration of annual appropriations bills may begin.
June 15.....	Action to be completed on reconciliation.
June 30.....	Action on appropriations to be completed by House.
July 15.....	President Bush transmits Mid-Session Review of FY 1990 Budget, including preliminary estimates of the G-R-H baseline.
August 15.....	Initial snapshot of the G-R-H baseline.
August 25.....	OMB issues initial G-R-H report to the President and Congress, and President issues initial sequester order.
October 1.....	Fiscal year begins and initial sequester order becomes effective.
October 15.....	OMB issues final G-R-H report to the President and Congress, and President issues final sequester order, which becomes effective immediately.

³ These actions are discussed further under "Budgetary resources," which appears later in this part.

COVERAGE OF THE BUDGET TOTALS

Agencies and Programs.—The budget documents provide information on all agencies and programs, including trust funds and Government corporations. The total receipts and outlays of the Federal Government are composed of both on-budget receipts and outlays and off-budget receipts and outlays. The receipts and outlays of social security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) are excluded from the budget totals by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177). Such receipts and outlays are referred to as being off-budget. However, the law that shifted these outlays and receipts off-budget also specified that they be included in calculating the deficit targets specified in the Act. The off-budget transactions are shown in a separate chapter of the *Appendix*, entitled "Department of Health and Human Services, Social Security," and are separately identified elsewhere in the budget documents. The on-budget and off-budget amounts are added together to derive totals for the Federal Government.

Neither the on-budget nor the off-budget totals include transactions of private, Government-sponsored enterprises, such as the Federal National Mortgage Association and Federal home loan banks. However, because of their relationship to the Government, these enterprises are discussed in several parts of the budget.⁴

A presentation for the Board of Governors of the Federal Reserve System is included in Part IV of the *Appendix*. Those amounts are presented for information only (they are not included in either the on-budget or off-budget totals) because of the independent status of the System.

Functional Classification.⁵—The functional classification arrays budget authority, outlays, and other budget data according to the major purpose served—e.g., agriculture. There are nineteen major functions, most of which are divided into subfunctions. For example, the *Agriculture* function is divided into *Farm income stabilization* and *Agricultural and research services*. In accordance with the Congressional Budget Act of 1974, as amended, the congressional budget resolution establishes budget targets using these functional categories.

The following criteria are used in the establishment of functional categories and the assignment of activities to them:

- A function comprises activities with similar purposes addressing an important national need. The emphasis is on what the

⁴ See Part 6, "Federal Credit," in this volume; Special Analysis E, "Borrowing and Debt;" Special Analysis F, "Federal Credit Programs;" Part IV, "Government-Sponsored Enterprises," in the *Appendix, Budget of the United States Government, Fiscal Year 1990*.

⁵ Part 5, "Federal Programs by Function," in this volume discusses the budget by function.

Federal Government seeks to accomplish rather than the means of accomplishment, the objects purchased, or the clientele or geographic area served.

- A function must be of continuing national importance, and the amounts attributable to it must be significant.
- Each basic unit being classified (generally the appropriation or fund account) usually is classified according to its predominant purpose and assigned to only one subfunction. However, some large accounts that serve more than one major purpose are subdivided into two or more subfunctions.
- Activities and programs are normally classified according to their primary purpose (or function) regardless of which agencies conduct the activities.

National Needs Presentation.—Section 601 of the Congressional Budget Act of 1974 requires that the budget for each fiscal year shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

- (1) a detailed structure of national needs, which shall be used to reference all agency missions and programs;
- (2) agency missions; and
- (3) basic programs.

To meet that requirement of law, each major function is described in Part 5 of this volume in the context of the national needs being served, and subfunctions are described in the context of the major missions devoted to serving national needs. Part 5 also meets the budget presentation requirements of the Full Employment and Balanced Growth Act of 1978.

Types of Funds.—Agency activities are financed through Federal funds and trust funds.

Federal funds are of several types. The *general fund* is credited with receipts not earmarked by law for a specific purpose and is also financed by the proceeds of general borrowing. General fund appropriation accounts record general fund expenditures. *Special funds* account for Federal receipts earmarked for specific purposes, other than for carrying out a cycle of operations, and the associated expenditure of those receipts. *Public enterprise (revolving) funds* conduct a cycle of business-type operations in which outlays generate collections, primarily from the public, which are credited directly to the fund. *Intragovernmental funds*, including revolving and management funds, conduct business-type operations primarily within and between Government agencies and are financed by collections, which are credited directly to the fund.

Trust funds are established to account for the receipt and expenditure of monies by the Government for carrying out specific

purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund (e.g., the Highway Trust Fund) or for carrying out the stipulations of a trust agreement (e.g., any of several trust funds for gifts and donations for specific purposes). These monies are not available for other purposes of the Government. *Trust revolving funds* are credited with collections earmarked by law to carry out a cycle of business-type operations.

There is little practical difference between a trust fund and a special fund or between a trust revolving fund and a public enterprise revolving fund.

Current Expenses and Capital Investment.—The budget includes spending for both current operating expenses and capital investment, such as the purchase of lands, structures, and equipment. It also includes capital investment in the form of lending; the purchase of other financial assets; and the conduct of research, development, education, and training. Investment outlays are displayed in Special Analysis D, “Federal Investment Outlays.”

BUDGETARY RESOURCES AND RELATED TRANSACTIONS

Budgetary Resources.—Government agencies are permitted to enter into obligations requiring either immediate or future payment of money only when they have been granted authority to do so by law. This authority, which constitutes the budgetary resources available to an agency, is most commonly provided in the form of budget authority. In addition, collections specifically authorized to be credited to appropriation and fund accounts (e.g., postal revenues from the sale of stamps), while not scored as budget authority, are also available for obligation. The use of budgetary resources may be restrained by the imposition of legally binding limitations on obligations, including obligations for administrative expenses of entitlement programs and for direct loans.⁶

Budget authority and other budgetary resources permit *obligations* to be incurred. The amounts of budget authority requested are determined by the nature of the programs or projects being financed and the amounts of other resources (such as unobligated balances and offsetting collections) available for the purpose.

For activities such as operation and maintenance, for which the cost depends upon the program level during the fiscal year, the amount of budget authority requested usually is the amount estimated to be needed to cover the obligations to be incurred during the year.

For most major procurement programs and construction projects, an amount adequate to complete the procurement or project gener-

⁶ See “Limitations on the Availability of Funds,” in Part 7 of this volume.

ally is requested to be appropriated in the first year, even though it may be obligated over several years. This policy, sometimes referred to as "full funding," is intended to avoid piecemeal funding of programs and projects that cannot be used until they have been completed.

For lease-purchase arrangements, budget authority adequate to cover the Federal Government's maximum current liability is requested. Where lease-purchases contain contract clauses that condition the Federal Government's obligation to pay on the availability of appropriations, the policy is to request sufficient budget authority to cover the full lifetime cost of the lease.

Budget authority usually takes the form of *appropriations*, which permit obligations to be incurred and payments to be made. However, some budget authority is in the form of *contract authority*, which, when specifically authorized by law, permits obligations in advance of appropriations but requires a subsequent appropriation or the collection of receipts to liquidate (pay) these obligations. Another form of budget authority is *authority to borrow*, which permits obligations to be incurred but requires that funds be borrowed, generally from the Treasury, to liquidate these obligations.

With certain exceptions, it is not in order for either House of the Congress to consider any bill that provides new borrowing or contract authority unless that bill also provides that such new spending authority will be effective only to the extent or in such amounts as provided in appropriations acts.

Appropriations are available for obligation only during the fiscal year for which they are enacted, unless the appropriation language specifies that an appropriation is available for a longer period. Typically, appropriations for current operations are made available for obligation in only one year. Some appropriations are made available for a specified number of years. Others, including most of those for construction, some for research, and many for trust funds, are made available for obligation until the amount appropriated has been expended or until the program objectives have been attained.

Usually the Congress makes budget authority available on the first day of the fiscal year for which the appropriation act is passed. Occasionally, the appropriations language specifies a different timing. The language may provide an *advance appropriation*—one made to become available one year or more beyond the fiscal year for which the appropriations act is passed.⁷ Appropriations related to multi-year budget requests include advance appropriations language.⁸ To meet the special timing requirements of many

⁷ A list of advance appropriations included in this budget appears in Part III, "Other Materials," in the *Appendix*.

⁸ Multi-year budget requests are discussed under "Data for 1991 through 1994," which appears later in this part.

education programs, the appropriations for them provide for *forward funding*— budget authority that is made available for obligation beginning in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year. For certain entitlement programs funded by annual appropriations, the appropriation provides for *advance funding*—budget authority that is to be charged to the appropriation in the succeeding year but which authorizes obligations to be incurred in the last quarter of the fiscal year if necessary to meet higher than anticipated benefit payments in excess of the specific amount appropriated for the year.

When budget authority is made available by the Congress for a specific period of time, any part that is not obligated during that period expires (lapses) and cannot be used later. Congressional actions that extend the availability of unobligated amounts that have expired or would otherwise expire are known as *reappropriations*. Reappropriations are counted as new budget authority in the fiscal year in which the balances become newly available.

A *rescission* is a legislative action that cancels new budget authority or the availability of unobligated balances of budget authority prior to the time the authority would otherwise have expired. Rescissions of both new budget authority and unobligated balances of budget authority are recorded as decreases to new budget authority for that year. Accordingly, it is possible that some accounts show negative budget authority because an amount of unobligated balances was rescinded that was greater than the amount of new budget authority made available. Proposed rescissions, if any, usually are identified in separate schedules in Part II of the *Appendix*.

A *deferral* is an executive branch action or inaction permitted in limited situations (such as the establishment of reserves under the Antideficiency Act) that delays the obligation or expenditure of funds within the year that the action is taken. Deferrals are not identified separately in the budget.⁹

Budget authority is classified and labeled in the budget as *current* or *permanent*. Budget authority is current if it is provided in legislation enacted during or for the fiscal year in which it becomes available. Budget authority is permanent if it becomes available in a fiscal year pursuant to legislation that was enacted in a previous year. Current budget authority usually is provided annually in appropriations acts, and permanent budget authority usually is provided by standing authorizing legislation. However, advance appropriations of budget authority are classified as permanent, even though they are provided in annual appropriations acts, because they become available a year or more following the year to which

⁹ Rescissions and deferrals are discussed further in this part under the previous section, "Budget Execution and Control."

the act pertains; and budget authority that is provided by authorizing legislation is classified as current in the year such legislation is enacted and as permanent thereafter. Though not recorded as budget authority, offsetting collections credited to appropriation and revolving fund accounts provide permanent authority to incur obligations.

Obligations and outlays resulting from permanent budget authority and from offsetting collections credited to appropriation and revolving fund accounts comprise more than half of the budget totals. Put another way, less than half of the obligations and outlays in the budget result from current actions by the Congress. Most permanent budget authority represents the authority to spend trust fund receipts and the authority to pay interest on the public debt. Most obligations and outlays from offsetting collections occur in public enterprise revolving funds.¹⁰

Budget authority is classified and labeled in the budget as *definite* or *indefinite*. Budget authority is definite if the legislation that provides it specifies a definite amount or an amount not to be exceeded. Budget authority is indefinite if the legislation providing it permits the amount to be determined by subsequent circumstances. Examples of indefinite authority are authority to borrow that is limited only to the amount of debt that may be outstanding at any time, the appropriation for interest on the public debt, and the trust fund appropriation equal to receipts under the Federal Insurance Contributions Act (social security). Indefinite budget authority is presented as the amount of receipts collected or estimated to be collected each year in the case of many special and trust funds, and as the amount needed to finance obligations incurred or estimated to be incurred in the case of certain appropriations, contract authority, and authority to borrow.

Obligations Incurred.—Following the enactment of budget authority and the completion of required apportionment action, Government agencies incur obligations. Such obligations include: the current liabilities for salaries, wages, and interest; agreements to make loans; contracts for the purchase of supplies and equipment, construction, and the acquisition of office space, buildings, and land; and other arrangements requiring the payment of money.

Outlays.—When obligations are liquidated (paid), *outlays* are recorded. Outlays usually are in the form of checks, cash, or electronic fund transfers. Obligations also may be liquidated (and outlays recorded) by the accrual of interest on public issues of Treasury debt securities (including an increase in the redemption value of

¹⁰ See "Relationship of Budget Authority to Outlays," in Part 7 of this volume.

bonds outstanding); or by the issuance of bonds, debentures, notes, or monetary credits.¹¹

Refunds of receipts¹² are treated as reductions of receipts, rather than as outlays. Payments for earned income tax credits in excess of tax liabilities are treated as outlays rather than as a reduction to receipts. Outlays during a fiscal year may be for the payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.¹³ Outlays are stated net of offsetting collections, and total outlays for the Federal Government include both on-budget and off-budget outlays.

Balances of Authority.—Not all budget authority enacted for a fiscal year results in obligations and outlays in the same year. In the case of budget authority that is available for more than one year, the *unobligated balance* of budget authority that is still available may be carried forward for obligation in the following year. The *obligated balance* is that portion of the budget authority that has been obligated but not yet paid. For example, in the case of salaries and wages, 1 to 3 weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payment may occur over several years. Obligated balances of budget authority are carried forward until the obligations are subsequently paid.¹⁴ The ratio of the outlays resulting from budget authority enacted in any year to the amount of that budget authority is referred to as the *spendout rate*. Collections authorized to be credited directly to appropriations or fund accounts also may be carried forward as unobligated or obligated balances.

A change in the amount of obligations incurred from one year to the next is not necessarily accompanied by an equal change in either the budget authority or the outlays of that same year. Conversely, a change in budget authority in any one year may cause changes in the level of obligations and outlays for several years.

Allocations Between Agencies.—In some cases, an agency may share in the administration of a program for which appropriations are made to another agency or to the President. This is made possible by the establishment of allocations from the “parent” account, that is, the account to which the appropriation was made. Obligations incurred under such allocations are included with the

¹¹ See Special Analysis E, “Borrowing and Debt,” for further discussion of the use of such instruments.

¹² This term is discussed under “Collections,” which appears later in this part.

¹³ See “Relationship of Budget Authority to Outlays,” in Part 7 of this volume.

¹⁴ Additional information is provided in a separate report, “Balances of Budget Authority,” which is available from the National Technical Information Service, Department of Commerce, shortly after the budget is transmitted.

parent account in the budget (without separate identification) and in the *Appendix* (where the total obligations of each participating agency are identified separately under each parent account).

FEDERAL CREDIT ¹⁵

In addition to the resource measures previously described, Government programs may be carried out through federally supported credit in the form of direct loans or loan guarantees. These are included in the budget as obligations for direct loans and commitments for guaranteed loans. *Obligations for direct loans* result from agreements requiring the Government to make a loan immediately or at some future time. *Commitments for guaranteed loans* result from agreements entered into by the Government to guarantee the repayment of principal and/or interest on loans made by non-Federal lenders. Since loan guarantees, unlike direct loans, do not require obligational authority and, by themselves, do not require Federal disbursements, the amounts are not included in the President's budget totals. They create Government liabilities of a contingent nature that result in obligations and outlays *only* in the event of borrower default. The Administration has proposed a fundamental change in the way credit programs are controlled and budgeted. This proposal is described in Part 6 of this volume.

COLLECTIONS

In General.—Money collected by the Government is classified into two major categories:

- *Governmental receipts*, which are compared to outlays in calculating the surplus or deficit.¹⁶
- *Offsetting collections*, which are deducted from gross disbursements in calculating outlays.

Governmental Receipts.—These are collections from the public that result from the exercise of the Government's sovereign or governmental powers. Governmental receipts consist primarily of tax receipts (including social insurance taxes), but also include compulsory user charges, receipts from customs duties, court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as governmental receipts. Total receipts for the Federal Government include both on-budget and off-budget receipts.

¹⁵ Part 6, "Federal Credit," in this volume and Special Analysis F, "Federal Credit Programs," discuss this subject in detail.

¹⁶ Part 4, "Federal Receipts by Source," of this volume discusses governmental receipts in more detail.

Offsetting Collections.—These are amounts received from the public that result from business-like or market-oriented activities (e.g., the sale of a product or service) or collections of payments from other Government accounts. They are classified into two major categories: *offsetting collections credited to appropriation or fund accounts* and *offsetting receipts* (that is, offsetting collections deposited in receipt accounts). The offset is applied differently for each type.

Offsetting Collections Credited to Appropriation or Fund Accounts.—For all revolving funds and some appropriation accounts, laws authorize collections to be credited directly to expenditure accounts and, usually, make them available to spend for the purpose of the account without further action by the Congress. However, it is not unusual for the Congress to enact limitations in annual appropriations acts on the obligations that can be financed by these collections. The outlays of the appropriation or fund account are quantified as disbursements less offsetting collections.

Offsetting Receipts.—These are offsetting collections credited to general fund, special fund, or trust fund receipt accounts. They are deducted from budget authority and outlays in arriving at total budget authority and outlays. In most cases, such deductions are made at the subfunction and agency levels. Offsetting receipts are subdivided into two categories, as follows:

- **Proprietary receipts from the public.**—These are collections from the public, deposited in receipt accounts, that arise out of the business-type or market-oriented activities of the Government. While most proprietary receipts are deducted at the agency and subfunction level, some are classified as undistributed offsetting receipts and are deducted from total budget authority and outlays (e.g., collections of rent and royalties from Outer Continental Shelf lands.)
- **Intragovernmental transactions.**—These are payments into receipt accounts from governmental appropriation or fund accounts. In most cases, intragovernmental transactions are deducted from both the outlays and the budget authority of the subfunction and the agency receiving the payment. However, in two cases intragovernmental transactions appear as special deductions in computing total budget authority and outlays for the Government rather than offsets at the agency level—agencies' payments as employers into employee retirement trust funds and interest received by trust funds.

There are several categories of intragovernmental transactions. *Intrabudgetary transactions* include all payments from on-budget expenditure accounts to on-budget receipt accounts. These are subdivided into three categories: (1) *interfund trans-*

actions, where the payment is from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) *Federal intrafund transactions*, where the payment and receipt both occur within the Federal fund group; and (3) *trust intrafund transactions*, where the payment and receipt both occur within the trust fund group. In addition, there are intragovernmental payments from on-budget accounts to off-budget receipt accounts, and from off-budget accounts to on-budget receipt accounts.

OTHER TRANSACTIONS

Borrowing and Repayment.—Borrowing and debt repayment are not treated as receipts or outlays. If they were, the budget would be balanced by definition. This rule applies both to borrowing in the form of public debt securities and to specialized borrowing in the form of agency securities, including the issuance of debt securities to liquidate an obligation, and the sale of certificates representing participation in a pool of loans. Where Federal loan assets are sold with recourse (i.e., where the Federal Government guarantees repayment of principal and interest on the loan assets in the event of default), the proceeds of the sale are treated as a means of financing the deficit other than borrowing.

Exercise of Monetary Power.—Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from receipts and treated as a means of financing a deficit (or as a supplementary amount to be applied to reduce debt in a year with a surplus). The increment (profit) resulting from the sale of gold as a monetary asset also is treated as a means of financing, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

Balances in Deposit Fund Accounts.—Certain accounts outside the budget, known as deposit funds, are established to record amounts held in suspense temporarily (for example, proceeds from mineral leases on the Outer Continental Shelf to which title is in dispute) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government). Deposit fund balances may be held in the form of either invested or uninvested balances. Changes in deposit fund balances, if they are not invested, affect Treasury's cash balances, even though the transactions are not a

part of the budget. To the extent that deposit fund balances are not invested, changes in the balances are reflected as a means of financing the deficit other than borrowing from the public.

Exchange of Cash.—The Government's deposits with the International Monetary Fund (IMF) are considered to be monetary assets. Therefore, the movement of money between the IMF and the Department of the Treasury is not considered in itself a receipt or an outlay, borrowing, or lending. However, interest paid by the IMF on those deposits is an offsetting collection. In a similar manner, the holdings of foreign currency by the Exchange Stabilization Fund are considered to be cash assets. Changes in these holdings are outlays only to the extent there is a realized loss of dollars on the exchange and are offsetting collections only to the extent there is a realized dollar profit.

BASIS FOR BUDGET FIGURES

In General.—Outlays usually are stated in terms of payments (in the form of checks, cash, and electronic fund transfers) net of offsetting collections received. When a cash-equivalent financial instrument is developed to use as a substitute for cash or checks, the monetary value of the instrument is normally counted as outlays in the budget in order to record the transaction in the same manner regardless of the means of effecting it. The accrual basis is used for interest on the public issues of Treasury debt securities. Interest on special issues of the debt securities held by trust funds and other Government accounts is normally stated on a cash basis. When a Government account invests in Federal debt securities, the purchase price is usually close to the par (face) value of the security. The budget records the investment at par value and adjusts the interest paid by Treasury and collected by the account by the difference between purchase price and par. However, in the case of two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund,¹⁷ the differences between purchase price and par are routinely relatively large. For these funds, the budget records the holdings of debt at par and records the differences between purchase price and par as adjustments to the assets of the funds that are amortized over the life of the security.

Data for 1988.—The past year (1988) column of the budget generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Department of Treasury. Occasionally the budget reports corrections to data reported erroneously to Treasury but

¹⁷ See "Department of Defense—Civil" in Part I, "Detailed Budget Estimates," in the *Appendix*.

not discovered in time to be reflected in Treasury's published data. The "Explanation of the Summary Tables" at the beginning of Part 10 in this volume notes the sources of such differences.

Data for 1989.—The current year (1989) column of the budget includes estimates of transactions and balances based on the amounts of budgetary resources that were available when the budget was transmitted, including amounts provided as appropriations for 1989, and that are expected to become available during the year. For the first time in 40 years, all of the 13 appropriations bills for 1989 were enacted as separate acts by the start of the fiscal year.

Where the word "enacted" is used with reference to 1989, the amount generally represents budget authority already voted by the Congress. In the case of indefinite appropriations, the enacted sums include the amounts likely to be required. Where the word "estimate" is used, the amounts include both enacted budget authority and requested supplementals and rescissions.

Data for 1990.—The budget year (1990) column of the budget includes estimates of transactions and balances based on the amounts of budgetary resources that are expected to be available, including amounts proposed to be appropriated. The budget generally includes the appropriations language for the amounts proposed to be appropriated.¹⁸ Where the estimates represent amounts that will be requested under proposed legislation, the appropriation language usually is not included; it is transmitted later, usually after the legislation is enacted. In a few cases, proposed language for appropriations to be requested under existing legislation is transmitted later because the exact requirements are not known at the time the budget is transmitted. In certain tables of the budget, the items for later transmittal and the related outlays are identified separately. Estimates of the total requirements for 1990 include both the amounts requested with the transmission of the budget and the amounts planned for later transmittal.

Data for 1991 Through 1994.—To place emphasis on longer term objectives and plans consistent with the multi-year budget planning system, the budget presents estimates through 1994. These data often reflect specific Presidential policy determinations and are shown in a number of budget tables.

This budget also includes *multi-year budget requests*, which differ from multi-year planning estimates in that advance appropriations for 1991 are proposed to be enacted in the 1990 appropriations process. The 1986 Defense Authorization Act (Public Law 99-145)

¹⁸ See Part I, "Detailed Budget Estimates," in the *Appendix*.

requires 2-year requests (1990 and 1991) for accounts of the Department of Defense and related agencies in the national defense function. Similarly, the 1988 Coast Guard Authorization Act (Public Law 100-448) requires 2-year requests for Coast Guard programs. There are also multi-year requests for several other accounts. Advance appropriations language for multi-year budget requests is included in the *Appendix* presentation for the affected budget accounts. The schedules in the *Appendix* include a 1991 column only for Coast Guard, Defense, and Defense-related accounts. The "Budget by Agency and Account" in the *Budget*¹⁹ includes a 1991 column for all accounts in the budget; those that represent multi-year budget requests, rather than planning estimates, are footnoted.

Allowances.—Lump-sum allowances are included in the tables to cover certain forms of budgetary transactions that are expected to result in increases or decreases in budget authority or outlays but are not reflected in the program details, such as allowances for civilian agency pay increases.²⁰

Budget authority and outlays included in the allowance section are never appropriated as undistributed allowances, but rather indicate the estimated budget authority and outlays that may be requested for specific programs.

In addition, allowances are included for the legislative and judicial branches that reflect the President's recommendation that these branches reduce their budget requests to current services levels.

¹⁹See Part 9, "The Federal Program by Agency and Account," in this volume.

²⁰See Part 5, "Federal Programs by Function," in this volume for a further discussion of allowances.

PART 9

**FEDERAL PROGRAM
BY AGENCY AND ACCOUNT**

9-1

PART 9

FEDERAL PROGRAM BY AGENCY AND ACCOUNT

EXPLANATORY NOTE

This tabulation contains information on budget authority (BA), outlays (O), and subfunctional code number(s) for each appropriation and fund account. Budget authority amounts reflect transfers of budget authority between appropriations. All budget authority items are definite appropriations except where otherwise indicated.

This budget reflects the Administration's credit reform proposal. The effects of the proposal are identified in this tabulation by the footnote "W" to distinguish it from other proposed legislation items.

Congressional action in the appropriation process occasionally takes the form of a limitation on the use of a trust fund or other fund, or of an appropriation to liquidate contract authority. Amounts for such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch					
Senate					
<i>Federal funds</i>					
General and Special Funds:					
Compensation of members, Senate	801				
Appropriation, permanent, indefinite.....	BA	10,800	14,676	17,675	17,675
Outlays.....	O	10,596	14,676	17,675	17,675
Mileage of the Vice President and Senators	801				
Appropriation, current.....	BA	60	60	60	60
Outlays.....	O	48	60	60	60
Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips	801				
Appropriation, current.....	BA	71	56	56	56
Outlays.....	O	47	56	56	56
Representation allowances for the Majority and Minority Leaders	801				
Appropriation, current.....	BA	5	20	20	20
Outlays.....	O		20	20	20
Salaries, officers and employees	801				
Appropriation, current.....	BA	95,222	49,255 ^ 490	85,804	85,804
Outlays.....	O	94,637	49,255 ^ 490	85,804	85,804
Total Salaries, officers and employees.....	BA	95,222	49,745	85,804	85,804
	O	94,637	49,745	85,804	85,804
Office of the Legislative Counsel of the Senate	801				
Appropriation, current.....	BA	1,761	1,799	3,036	3,036
Reappropriation, indefinite.....	BA	137			
Outlays.....	O	1,619	1,799	3,036	3,036
Total Office of the Legislative Counsel of the Senate.....	BA	1,898	1,799	3,036	3,036
	O	1,619	1,799	3,036	3,036
Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority and	801				
Appropriation, current.....	BA	12	12	12	12
Outlays.....	O	7	12	12	12
Office of Senate Legal Counsel	801				
Appropriation, current.....	BA	633	646	676	676
Outlays.....	O	478	646	676	676
Senate policy committees	801				
Appropriation, current.....	BA	2,203	2,203	2,203	2,203
Outlays.....	O	1,875	2,203	2,203	2,203
Inquiries and investigations	801				
Appropriation, current.....	BA	57,161	62,673	65,108	65,108
Outlays.....	O	59,684	62,673	65,108	65,108
Expenses of United States Senate Caucus on Inter- national Narcotics Control	801				
Appropriation, current.....	BA	325	325	325	325
Outlays.....	O	307	325	325	325

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
Senate—Con.					
Miscellaneous items	801				
Appropriation, current	BA	5,632	6,180 ^ 570	6,276	6,276
Outlays.....	0	8,071	6,180 ^ 570	6,276	6,276
Total Miscellaneous items.....	BA 0	5,632 8,071	6,750 6,750	6,276 6,276	6,276 6,276
Senators' official personnel and office expense account	801				
Appropriation, current	BA	105,526	151,065	160,866	160,866
Outlays.....	0	105,390	151,065	160,866	160,866
Secretary of the Senate	801				
Appropriation, current	BA	666	727	727	727
Outlays.....	0	487	727	727	727
Sergeant at Arms and Doorkeeper of the Senate	801				
Appropriation, current	BA	68,021	65,643 ^ 157	81,520	81,520
Reappropriation	BA	2,250			
Outlays.....	0	50,840	65,643 ^ 157	81,520	81,520
Total Sergeant at Arms and Doorkeeper of the Senate.....	BA 0	70,271 50,840	65,800 65,800	81,520 81,520	81,520 81,520
Stationery (revolving fund)	801				
Appropriation, current	BA	13	13	13	13
Outlays.....	0	-25	13	13	13
Congressional use of foreign currency, Senate	801				
Appropriation, permanent	BA	2,000			
Outlays.....	0	929			
Public Enterprise Funds:					
Recording studio (revolving fund)	801				
Outlays.....	0	248			
Senate barber and beauty shops (revolving fund)	801				
Outlays.....	0	-3			
Total Federal funds Senate.....	BA 0	352,498 335,235	356,570 356,570	424,377 424,377	424,377 424,377
House of Representatives					
<i>Federal funds</i>					
General and Special Funds:					
Compensation of Members and related administrative expenses	801				
Appropriation, permanent	BA	50,250	50,250	50,250	50,250
Outlays.....	0	46,665	50,250	50,250	50,250
Payments to widows and heirs of deceased members of Congress	801				
Appropriation, current	BA	90	358		
Outlays.....	0	90	358		
Mileage of Members	801				
Appropriation, current	BA	210	210	210	210
Outlays.....	0	98	210	210	210

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
House of Representatives—Con.					
Salaries and expenses	801				
Appropriation, current	BA	513,487	505,500 ^ 6,102	593,244	593,244
Outlays.....	0	517,538	505,500 ^ 6,102	593,244	593,244
Total Salaries and expenses.....	BA 0	513,487 517,538	511,602 511,602	593,244 593,244	593,244 593,244
Stationery (revolving fund)	801				
Outlays.....	0	-123	-123	-123	-123
Congressional use of foreign currency, House of Representatives	801				
Appropriation, permanent	BA	2,000	3,360	3,360	3,360
Outlays.....	0	2,508	3,360	3,360	3,360
Public Enterprise Funds:					
Recording studio (revolving fund)	801				
Outlays.....	0	-41	-41	-41	-41
Beauty shop (revolving fund)	801				
Outlays.....	0	-13	-13	-13	-13
House barber shops (revolving fund)	801				
Outlays.....	0	-14	-14	-14	-14
Office of the attending physician (revolving fund)	801				
Outlays.....	0	-1	-1	-1	-1
Page residence hall and meal plan	801				
Outlays.....	0	-165	-165	-165	-165
Total Federal funds House of Representatives ..	BA 0	566,037 566,542	565,780 565,423	647,064 646,707	647,064 646,707
Joint Items					
<i>Federal funds</i>					
General and Special Funds:					
Joint Economic Committee	801				
Appropriation, current	BA	3,179	3,330	3,555	3,555
Outlays.....	0	2,860	3,330	3,555	3,555
Joint Committee on Printing	801				
Appropriation, current	BA	1,037	1,143	1,326	1,326
Outlays.....	0	985	1,143	1,326	1,326
Joint Committee on Inaugural Ceremonies of 1989	801				
Appropriation, current	BA		775		
Outlays.....	0		775		
Joint Committee on Taxation	801				
Appropriation, current	BA	4,219	4,346	4,422	4,422
Outlays.....	0	3,901	4,129	4,201	4,422
Office of the Attending Physician	801				
Appropriation, current	BA	1,493	1,414	1,414	1,414
Outlays.....	0	2,361	1,414	1,414	1,414
General expenses, Capitol police	801				
Appropriation, current	BA	1,734	1,887	2,292	2,292
Outlays.....	0	1,912	1,887	2,292	2,292
Salaries, Capitol Police	801				
Appropriation, current	BA		52,922	59,453	59,453
Outlays.....	0		52,922	59,453	59,453

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.				
Joint Items—Con.				
Official mail costs	801			
Appropriation, current	BA	82,163	53,926	114,025
Outlays.....	0	78,483	53,926 ^ 7,057	114,025
Total Official mail costs.....	BA	82,163	60,983	114,025
	0	78,483	60,983	114,025
Capitol Guide Service	801			
Appropriation, current	BA	1,137	1,220	1,397
Outlays.....	0	1,088	1,220	1,397
Statements of appropriations	801			
Appropriation, current	BA	19	20	20
Outlays.....	0		20	20
Total Federal funds Joint Items	BA	94,981	128,040	187,904
	0	91,590	127,823	187,683
Congressional Budget Office				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	801			
Appropriation, current	BA	17,886	18,361	19,950
Outlays.....	0	17,199	18,382	19,793
Architect of the Capitol				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Architect of the Capitol: Salaries				
Appropriation, current	BA	5,925	6,532	6,936
Outlays.....	0	5,613	6,542	6,916
Contingent expenses	801			
Appropriation, current	BA	48	100	100
Outlays.....	0	60	199	100
Capitol buildings	801			
Appropriation, current	BA	12,793	15,471	24,916
Outlays.....	0	13,652	20,074	26,275
Capitol grounds	801			
Appropriation, current	BA	3,404	3,771	4,536
Outlays.....	0	3,156	4,224	4,363
West central front of the Capitol	801			
Outlays.....	0	2,633	5,000	20,585
Congressional cemetery	801			
Outlays.....	0	— 8	26	
Senate office buildings	801			
Appropriation, current	BA	23,265	24,086	45,118
Outlays.....	0	27,273	30,291	40,774
Construction of an extension to the New Senate Office Building	801			
Outlays.....	0	234	225	
House office buildings	801			
Appropriation, current	BA	30,547	28,895	49,295
Outlays.....	0	26,834	36,959	42,948
Acquisition of property, construction, and equipment, additional House Office Building	801			
Outlays.....	0		64	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
Architect of the Capitol—Con.					
Installation of solar collectors in House office buildings	801				
Outlays.....	0	8	39		
Capitol Power Plant	801				
Appropriation, current.....	BA	24,583	24,785	35,258	27,894
Outlays.....	0	21,942	27,615	28,641	31,999
Expansion of facilities, Capitol Power Plant	801				
Outlays.....	0		54		
Modifications and enlargement, Capitol Power Plant	801				
Outlays.....	0	365	236		
Alterations and improvements, buildings and grounds, to provide facilities for the physically handicapped	801				
Outlays.....	0	255	150	150	150
Structural and mechanical care, Library buildings and grounds	801				
Appropriation, current.....	BA	6,741	7,500	8,825	8,882
Outlays.....	0	16,268	35,256	16,814	27,568
Public Enterprise Funds:					
Senate restaurant fund	801				
Outlays.....	0	-24	306		
House of Representatives restaurant fund (revolving fund)	801				
Outlays.....	0	560	101		
Total Federal funds Architect of the Capitol.....	BA	107,306	111,140	174,984	139,265
	0	118,821	167,361	187,566	166,239

Library of Congress

Federal funds

General and Special Funds:					
Salaries and expenses	503				
Appropriation, current.....	BA	138,866	148,042	169,114	181,400
Outlays.....	0	122,356	147,485	166,239	179,800
Copyright Office: Salaries and expenses	376				
Appropriation, current.....	BA	11,130	11,663	12,990	13,900
Reappropriation.....	BA	150			
Outlays.....	0	10,262	12,249	12,825	13,800
Total Copyright Office.....	BA	11,280	11,663	12,990	13,900
	0	10,262	12,249	12,825	13,800
Congressional Research Service: Salaries and expenses	801				
Appropriation, current.....	BA	43,022	44,684	49,806	53,300
Outlays.....	0	42,822	45,011	49,315	52,800
Books for the blind and physically handicapped: Salaries and expenses	503				
Appropriation, current.....	BA	36,186	36,474	39,205	43,100
Outlays.....	0	36,245	35,944	36,610	40,100
National Film Preservation Board, Salaries and expenses	503				
Appropriation, current.....	BA		250		
Outlays.....	0		250		
Collection and distribution of library materials (special foreign currency program)	503				
Outlays.....	0	405	159		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
Library of Congress—Con.					
Furniture and furnishings	503				
Appropriation, current	BA	5,816	3,381	4,378	1,600
Outlays	0	1,499	5,513	6,316	4,178
Civic Achievement Award Program in Honor of the Office of Speaker of the House of Representa- tives	801				
Appropriation, current	BA			3,280	3,300
Outlays	0			3,280	3,300
Payments to copyright owners	376				
Appropriation, permanent, indefinite	BA	283,722	202,000	205,000	200,000
Outlays	0	62,317	235,949	202,009	200,000
Oliver Wendell Holmes devise fund	503				
Appropriation, permanent, indefinite	BA	3	5	5	5
Outlays	0	-1	13	9	9
<i>Trust funds</i>					
Gift and trust fund accounts	503				
Appropriation, permanent, indefinite	BA	9,203	7,889	7,889	6,927
Outlays	0	7,330	9,662	8,945	6,927
Total Federal funds Library of Congress	BA	518,895	446,499	483,778	496,605
	0	275,905	482,573	476,603	493,987
Total Trust funds Library of Congress	BA	9,203	7,889	7,889	6,927
	0	7,330	9,662	8,945	6,927
Government Printing Office					
<i>Federal funds</i>					
General and Special Funds:					
Printing and binding	801				
Outlays	0	935	3,063		
Congressional printing and binding	801				
Appropriation, current	BA	70,359	72,000	84,900	87,700
Outlays	0	80,565	72,922	83,953	86,700
Office of Superintendent of Documents: Salaries and expenses	808				
Appropriation, current	BA	19,162	13,731	25,500	26,200
Outlays	0	21,841	22,871	23,715	24,100
Intragovernmental Funds:					
Government Printing Office revolving fund	808				
Outlays	0	-25,134	22,757	13,632	
Total Federal funds Government Printing Office	BA	89,521	85,731	110,400	113,900
	0	78,207	121,613	121,300	110,800
General Accounting Office					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	801				
Appropriation, current	BA	329,847	347,339	385,354	387,107
Outlays	0	326,316	338,477	380,715	383,547

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
United States Tax Court					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current	BA	27,500	29,345	28,120	29,300
Outlays	O	24,246	29,198	28,120	29,300
Tax courts independent counsel, U.S. Tax Court					
	752				
Appropriation, permanent, indefinite	BA	353	10	10	10
Outlays	O		50	50	50
<i>Trust funds</i>					
Tax Court judges survivors annuity fund					
	602				
Appropriation, permanent, indefinite	BA	449	350	386	425
Outlays	O	96	108	108	108
Total Federal funds United States Tax Court					
	BA	27,853	29,355	28,130	29,310
	O	24,246	29,248	28,170	29,350
Total Trust funds United States Tax Court					
	BA	449	350	386	425
	O	96	108	108	108
Other Legislative Branch Agencies					
<i>Legislative Branch Boards and Commissions</i>					
<i>Federal funds</i>					
General and Special Funds:					
Commission on Security and Cooperation in Europe:					
Salaries and expenses					
	801				
Appropriation, current	BA	701	741	912	795
Outlays	O	699	704	866	869
National Commission on Children					
	801				
Appropriation, current	BA		790		
Outlays	O		692	88	10
International conferences and contingencies: House and Senate expenses					
	801				
Appropriation, current	BA	290			
Appropriation, permanent	BA		340	340	340
Outlays	O	290	340	340	340
Total International conferences and contingencies					
	BA	290	340	340	340
	O	290	340	340	340
Botanic Garden: Salaries and expenses					
	801				
Appropriation, current	BA	2,221	2,521	3,161	3,180
Outlays	O	2,091	2,613	3,104	3,178
Copyright Royalty Tribunal: Salaries and expenses					
	376				
Appropriation, current	BA	129	123	135	135
Outlays	O	-73	208	135	130
Prospective Payment Assessment Commission					
	551				
Outlays	O		161		
Physician payment review commission					
	801				
Outlays	O	-1,487	-209		
Railroad Accounting Principles Board: Salaries and expenses					
	801				
Outlays	O	121	1		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
Other Legislative Branch Agencies—					
Con.					
<i>Legislative Branch Boards and Commissions—Con.</i>					
Commission on Railroad Retirement Reform	801				
Appropriation, current	BA		988		
Outlays	O		988		
Biomedical Ethics: Salaries and expenses	801				
Appropriation, current	BA	100		2,359	2,462
			^ 904		
Reappropriation	BA	150	241		
Outlays	O		183	1,768	2,402
			^ 652	^ 252	
Total Biomedical Ethics	BA	250	1,145	2,359	2,462
	O		835	2,020	2,402
Payment to the Congressional Award Board	801				
Appropriation, current	BA	189			
Outlays	O	171			
United States Bipartisan Commission on Comprehensive Health Care	801				
Appropriation, current	BA		1,033		
Outlays	O		868	165	
Total Federal funds Legislative Branch Boards and Commissions	BA	3,780	7,681	6,907	6,912
	O	1,973	7,040	6,718	6,929
<i>Office of Technology Assessment</i>					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	801				
Appropriation, current	BA	16,901	17,937	19,655	20,523
Outlays	O	16,902	17,634	19,176	20,258
<i>Trust funds</i>					
Contributions and donations	801				
Appropriation, permanent, indefinite	BA	3	4	4	4
Outlays	O	3	4	4	4
Dwight David Eisenhower Centennial Commission					
<i>Federal funds</i>					
General and Special Funds:					
Expenses	801				
Outlays	O	2	48		
John C. Stennis Center for Public Service Training and Development					
<i>Federal funds</i>					
General and Special Funds:					
Payment to the John C. Stennis Center	801				
Appropriation, current	BA		7,500		
Outlays	O		7,500		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
Other Legislative Branch Agencies— Con.					
<i>John C. Stennis Center for Public Service Training and Development— Con.</i>					
<i>Trust funds</i>					
John C. Stennis Center for Public Service Development trust fund 801					
Appropriation, permanent, indefinite.....	BA		656	656	656
Outlays.....	O		656	656	656
Total Federal funds Other Legislative Branch Agencies.....					
	BA	20,681	33,118	26,562	27,435
	O	18,877	32,222	25,894	27,187
Total Trust funds Other Legislative Branch Agencies.....					
	BA	3	660	660	660
	O	3	660	660	660

Allowances

Federal funds

General and Special Funds:

Technical adjustment* 801					
Appropriation, current	BA			-29,826	-29,826
Outlays.....	O			-29,826	-29,826
Adjustment recommended by the President to the estimates of the Legislative Branch 801					
Appropriation, current	BA			-318,625	-251,573
Outlays.....	O			-284,235	-266,416
Total Federal funds Allowances					
	BA			-348,451	-281,399
	O			-314,061	-296,242

*Corrects double counting in data shown above. The Legislative Branch has requested funding for the Senate portion of Capitol Police salaries under both the Senate account, "Sergeant at Arms and Doorkeeper of the Senate," and the Joint Item, "Salaries, Capitol Police."

Summary

Federal funds:

(As shown in detail above)	BA	2,125,505	2,121,933	2,140,052	2,155,081
	O	1,852,938	2,239,692	2,184,747	2,157,342
Deductions for offsetting receipts:					
Intrafund transactions 803	BA				
	O	-1,189	-2,200	-2,736	-3,283
	908				
	BA				
	O	-2,197	-2,005	-2,005	-2,005
Total Federal funds.....					
	BA	2,122,119	2,117,728	2,135,311	2,149,793
	O	1,849,552	2,235,487	2,180,006	2,152,054

Trust funds:

(As shown in detail above)	BA	9,655	8,899	8,935	8,012
	O	7,429	10,430	9,713	7,695
Deductions for offsetting receipts:					
Proprietary receipts from the public 503	BA				
	O	-4,778	-4,828	-5,196	-5,150

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Legislative Branch—Con.					
Summary—Con.					
	908 BA				
	0	—245	—150	—125	—125
Total Trust funds.....	BA	4,632	3,921	3,614	2,737
	0	2,406	5,452	4,392	2,420
Interfund transactions	801 BA				
	0		—7,500		
Total Legislative Branch	BA	2,126,751	2,114,149	2,138,925	2,152,530
	0	1,851,958	2,233,439	2,184,398	2,154,474

The Judiciary

Supreme Court of the United States

Federal funds

General and Special Funds:

Salaries and expenses	752				
Appropriation, current	BA	15,247	15,901	17,313	17,346
Outlays.....	0	15,181	15,793	17,192	17,228
Salaries and expenses excluding salaries of judges.....		(14,160)	(14,814)	(16,159)	(16,259)
Care of the buildings and grounds	752				
Appropriation, current	BA	2,110	2,131	5,714	4,962
Outlays.....	0	2,283	3,104	5,017	5,067
Total Federal funds Supreme Court of the United States	BA	17,357	18,032	23,027	22,308
	0	17,464	18,897	22,209	22,295

United States Court of Appeals for the Federal Circuit

Federal funds

General and Special Funds:

Salaries and expenses	752				
Appropriation, current	BA	7,430	8,300	8,985	9,115
Outlays.....	0	7,396	8,267	8,943	9,079
Salaries and expenses excluding salaries of judges.....		(6,222)	(7,092)	(7,775)	(7,905)

United States Court of International Trade

Federal funds

General and Special Funds:

Salaries and expenses	752				
Appropriation, current	BA	7,768	8,000	8,423	8,571
Outlays.....	0	7,709	7,996	8,411	8,558
Salaries and expenses excluding salaries of judges.....		(6,908)	(7,140)	(8,411)	(7,711)

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
The Judiciary—Con.					
Courts of Appeals, District Courts, and other Judicial Services					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current	BA	1,081,447	1,180,100 ^ 2,800	1,353,174	1,369,435
Appropriation, permanent, indefinite	BA			7,000	7,000
Outlays	0	1,091,113	1,175,674 ^ 2,679	1,341,245 ^ 121	1,363,957
Salaries and expenses excluding salaries of judges		(988,981)	(1,073,538)	(1,250,567)	(1,226,828)
Total Salaries and expenses	BA 0	1,081,447 1,091,113	1,182,900 1,178,353	1,360,174 1,341,366	1,376,435 1,363,957
Defender services	752				
Appropriation, current	BA	85,100	110,100	145,135	149,061
Outlays	0	81,951	100,376	126,511	129,810
Fees of jurors and commissioners	752				
Appropriation, current	BA	43,135	44,135 ^ 2,465	48,585	50,188
Outlays	0	48,082	44,329 ^ 2,349	48,376 ^ 116	49,972
Total Fees of jurors and commissioners	BA 0	43,135 48,082	46,600 46,678	48,585 48,492	50,188 49,972
Furniture and furnishings	752				
Outlays	0	57	382		
Court security	752				
Appropriation, current	BA	40,853	41,423 ^ 1,080	56,490	58,322
Outlays	0	36,913	40,549 ^ 765	51,054 ^ 315	52,709
Total Court security	BA 0	40,853 36,913	42,503 41,314	56,490 51,369	58,322 52,709
Special rail reorganization court	752				
Outlays	0	170	56	1	
Registry administration	752				
Appropriation, current, indefinite	BA		21,000		
Appropriation, permanent, indefinite	BA			21,000	21,000
Outlays	0		21,000	21,000	21,000
Total Registry administration	BA 0		21,000 21,000	21,000 21,000	21,000 21,000
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services	BA 0	1,250,535 1,258,286	1,403,103 1,388,159	1,631,384 1,588,739	1,655,006 1,617,448

Administrative Office of the United States Courts

Federal funds

General and Special Funds:					
Salaries and expenses	752				
Appropriation, current	BA	31,167	33,600	33,600	33,862
Outlays	0	31,654	33,443	33,598	33,692

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
The Judiciary—Con.					
Administrative Office of the United States Courts—Con.					
Study of construction of office building	752				
Outlays.....	0	13			
Total Federal funds Administrative Office of the United States Courts.....	BA	31,167	33,600	33,600	33,862
	0	31,667	33,443	33,598	33,692
Federal Judicial Center					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current.....	BA	10,548	11,200	13,170	13,413
Outlays.....	0	10,829	11,144	12,857	13,094
Commission for the Judiciary Office Building					
<i>Federal funds</i>					
Intragovernmental Funds:					
Judiciary office building development and operations fund	752				
Outlays.....	0		663		
Bicentennial Expenses, The Judiciary					
<i>Federal funds</i>					
General and Special Funds:					
Bicentennial activities	808				
Outlays.....	0	234	558	418	
Judiciary Retirement Funds					
<i>Federal funds</i>					
General and Special Funds:					
Payment to judicial officers' retirement fund	752				
Appropriation, current, indefinite.....	BA		4,000	4,000	5,000
			4,000		
Outlays.....	0		4,000	4,000	5,000
			4,000		
Total Payment to judicial officers' retirement fund.....	BA		4,000	4,000	5,000
	0		4,000	4,000	5,000
<i>Trust funds</i>					
Judicial officers' retirement fund	602				
Appropriation, current.....	BA		4,000		
Indefinite.....	BA		667		
Appropriation, permanent.....	BA			4,000	
Indefinite.....	BA			167	13,000
Outlays.....	0		667	4,167	5,000
			4,000		
Total Judicial officers' retirement fund.....	BA		4,667	4,167	13,000
	0		4,667	4,167	5,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
The Judiciary—Con.					
Judiciary Retirement Funds—Con.					
Judicial survivors' annuities fund	602				
Appropriation, permanent, indefinite.....	BA	13,647	18,743	21,175	23,386
Outlays.....	0	3,669	4,274	4,753	5,231
Total Federal funds Judiciary Retirement Funds	BA		4,000	4,000	5,000
	0		4,000	4,000	5,000
Total Trust funds Judiciary Retirement Funds...	BA	13,647	23,410	25,342	36,386
	0	3,669	8,941	8,920	10,231
Allowances					
<i>Federal funds</i>					
General and Special Funds:					
Adjustment recommended by the President to the estimates of the Judiciary	752				
Appropriation, current.....	BA			-203,312	-205,520
Outlays.....	0			-171,144	-191,161
Summary					
Federal funds:					
(As shown in detail above).....	BA	1,324,805	1,486,235	1,519,277	1,541,755
	0	1,333,585	1,473,127	1,508,031	1,518,005
Trust funds:					
(As shown in detail above).....	BA	13,647	23,410	25,342	36,386
	0	3,669	8,941	8,920	10,231
Interfund transactions	752				
	BA		-4,000	-4,000	-5,000
	0				
Total The Judiciary.....	BA	1,338,452	1,505,645	1,540,619	1,573,141
	0	1,337,254	1,478,068	1,512,951	1,523,236

Executive Office of the President

Compensation of the President

Federal funds

General and Special Funds:					
Compensation of the President	802				
Appropriation, current.....	BA	250	250	250	250
Outlays.....	0	230	250	250	250

The White House Office

Federal funds

General and Special Funds:					
Salaries and expenses	802				
Appropriation, current.....	BA	26,426	27,950	28,639	28,987
Outlays.....	0	25,374	27,788	28,567	28,951

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Executive Office of the President—Con.					
Executive Residence at the White House					
<i>Federal funds</i>					
General and Special Funds:					
Operating expenses	802				
Appropriation, current	BA	7,403	5,698	6,773	5,816
Outlays	O	5,152	6,531	6,375	6,621
Official Residence of the Vice President					
<i>Federal funds</i>					
General and Special Funds:					
Operating expenses	802				
Appropriation, current	BA	258	258	378	389
Outlays	O	102	227	310	383
<i>Trust funds</i>					
Donations for the Official Residence of the Vice President	802				
Outlays	O	4			
Special Assistance to the President					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current	BA	2,163	2,199	2,335	2,372
Outlays	O	2,140	2,193	2,314	2,366
Council of Economic Advisers					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current	BA	2,500	2,787	2,906	2,932
Outlays	O	2,463	2,760	2,895	2,930
Council on Environmental Quality and Office of Environmental Quality					
<i>Federal funds</i>					
General and Special Funds:					
Council on Environmental Quality and Office of Environmental Quality	802				
Appropriation, current	BA	826	850	861	861
Outlays	O	839	849	860	861
Intragovernmental Funds:					
Management fund, Office of Environmental Quality	802				
Outlays	O	352			
Total Federal funds Council on Environmental Quality and Office of Environmental Quality					
	BA	826	850	861	861
	O	1,191	849	860	861

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Executive Office of the President—Con.					
Council on Wage and Price Stability					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Outlays.....	0		2		
Office of Policy Development					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current.....	BA	3,000	3,000	3,079	3,103
Outlays.....	0	2,979	2,998	3,073	3,101
National Security Council					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current.....	BA	5,000	5,100	5,409	5,474
Outlays.....	0	4,743	5,080	5,409	5,474
National Critical Materials Council					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current.....	BA	350	225		
Outlays.....	0	200	342	22	
Office of Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current.....	BA	16,000	16,850	18,325	18,676
Outlays.....	0	16,479	16,648	18,017	18,602
Office of Management and Budget					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current.....	BA	39,000	39,640	42,435	42,831
Outlays.....	0	38,923	39,587	42,207	42,799
Office of Federal Procurement Policy: Salaries and expenses					
	802				
Appropriation, current.....	BA	2,300	2,353	2,660	2,680
Outlays.....	0	1,753	2,302	2,591	2,675
Total Federal funds Office of Management and Budget					
	BA	41,300	41,993	45,095	45,511
	0	40,676	41,889	44,798	45,474

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Executive Office of the President—Con.				
Office of National Drug Control Policy				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current	BA	3,500	3,500	3,500
Outlays	0	2,625	3,500	3,500
Intragovernmental Funds:				
Special forfeiture fund	802			
Appropriation, current	BA		136,000	150,000
Outlays	0			136,000
Total Federal funds Office of National Drug Control Policy	BA	3,500	139,500	153,500
	0	2,625	3,500	139,500
Office of Science and Technology Policy				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current	BA	1,888	1,587	2,027
Outlays	0	1,911	1,707	1,851
Office of the United States Trade Representative				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current	BA	15,229	15,229	16,546
Outlays	0	14,638	15,221	16,583
Total Salaries and expenses	BA	15,229	15,229	16,546
	0	14,638	15,221	16,583
White House Conference for a Drug Free America				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	551			
Appropriation, current	BA	2,500		
Outlays	0	3,000	200	90
<i>Trust funds</i>				
Gifts and donations	551			
Outlays	0	-2		
Summary				
Federal funds:				
(As shown in detail above)	BA	125,093	127,476	272,407
	0	121,280	127,308	273,139

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Executive Office of the President—Con.				
Summary—Con.				
Trust funds:				
(As shown in detail above)	0	2		
Total Executive Office of the President.....	BA 0	125,093 121,282	127,476 127,308	272,407 134,953
		286,460	273,139	

Funds Appropriated to the President

Unanticipated Needs

Federal funds

General and Special Funds:				
Unanticipated needs	802			
Appropriation, current	BA	1,000	1,000	1,000
Outlays.....	0	437	1,000	1,000

Investment in Management Improvement

Federal funds

General and Special Funds:				
Investment in management improvement:				
(Energy information, policy and regulation)				
	276			
(Appropriation, current)	BA		5,000	
(Outlays)	0		3,000	2,000
(Water resources)	301			
(Appropriation, current)	BA		1,000	
(Outlays)	0		1,000	
(Conservation and land management)	302			
(Appropriation, current)	BA		500	
(Outlays)	0		300	200
(Other natural resources)	306			
(Appropriation, current)	BA		1,500	
(Outlays)	0		1,500	
(Mortgage credit and deposit)	371			
(Appropriation, current)	BA		6,600	
(Outlays)	0		4,600	2,000
(Other advancement of commerce)	376			
(Appropriation, current)	BA		3,000	
(Outlays)	0		2,250	750
(Other transportation)	407			
(Appropriation, current)	BA		3,000	
(Outlays)	0		2,500	500
(Higher education)	502			
(Appropriation, current)	BA		3,000	
(Outlays)	0		450	1,800
(Health care services)	503			
(Appropriation, current)	BA		5,000	
(Outlays)	0		750	3,000
(Health care services)	551			
(Appropriation, current)	BA		2,000	
(Outlays)	0		2,000	
(Unemployment compensation)	603			
(Appropriation, current)	BA		1,000	
(Outlays)	0		1,000	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.					
Investment in Management Improvement—Con.					
(Housing assistance)	604				
(Appropriation, current)	BA			1,000	
(Outlays)	0			500	500
(Food and nutrition assistance)	605				
(Appropriation, current)	BA			1,000	
(Outlays)	0			1,000	
(Other income security)	609				
(Appropriation, current)	BA			3,000	
(Outlays)	0			3,000	
(Social security)	651				
(Appropriation, current)	BA			7,500	
(Outlays)	0			7,500	
(Other veterans benefits and services)	705				
(Appropriation, current)	BA			7,500	
(Outlays)	0			6,900	600
(Federal law enforcement activities)	751				
(Appropriation, current)	BA			2,500	
(Outlays)	0			2,240	260
(Executive direction and management)	802				
(Appropriation, current)	BA		1,000		
(Outlays)	0		750	250	
(Central fiscal operations)	803				
(Appropriation, current)	BA			3,650	
(Outlays)	0			2,650	1,000
(General property and records management)	804				
(Appropriation, current)	BA			200	
(Outlays)	0			200	
(Central personnel management)	805				
(Appropriation, current)	BA			26,000	
(Outlays)	0			26,000	
Total Investment in management improvement	BA		1,000	83,950	
	0		750	69,590	12,610
Total Federal funds Investment in Management Improvement	BA		1,000	83,950	
	0		750	69,590	12,610

International Security Assistance*Federal funds***General and Special Funds:**

Foreign military sales financing	152				
Appropriation, current	BA	4,049,000	4,272,750	[*] 5,027,000	5,109,946
Outlays	0	-74,644	-922,541	3,791,033	3,900,900
Limitation on direct loan obligations		(4,049,000)	(410,000)		
Total Foreign military sales financing	BA	4,049,000	4,272,750	5,027,000	5,109,946
	0	-74,644	-922,541	3,791,033	3,900,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.					
International Security Assistance—					
Con.					
Economic support fund	152				
Appropriation, current	BA	3,188,320	3,258,500	3,331,100	3,390,360
Reappropriation	BA	81,045		18,000	14,000
Outlays	0	3,268,907	3,361,153	3,467,333	3,501,977
Total Economic support fund	BA	3,269,365	3,258,500	3,349,100	3,404,360
	0	3,268,907	3,361,153	3,467,333	3,501,977
Military assistance	152				
Appropriation, current	BA	700,750	467,000	40,432	41,116
Outlays	0	607,409	599,248	499,014	172,003
Total Military assistance	BA	700,750	467,000	40,432	41,116
	0	607,409	599,248	499,014	172,003
International military education and training	152				
Appropriation, current	BA	47,400	47,400	54,500	55,399
Outlays	0	48,921	49,857	53,093	55,473
Total International military education and training	BA	47,400	47,400	54,500	55,399
	0	48,921	49,857	53,093	55,473
Peacekeeping operations	152				
Appropriation, current	BA	31,689	31,689	33,377	33,928
Outlays	0	36,401	29,397	36,238	33,757
Total Peacekeeping operations	BA	31,689	31,689	33,377	33,928
	0	36,401	29,397	36,238	33,757
Assistance for relocation of facilities in Israel	152				
Outlays	0	-300	158		
Public Enterprise Funds:					
Guarantee reserve fund	152				
Appropriation, current, indefinite	BA	532,000			
Authority to borrow, current, indefinite	BA		594,027		
Authority to borrow, permanent, indefinite	BA			719,545	523,000
Outlays	0	659,418	599,074	719,545	523,000
Total Guarantee reserve fund	BA	532,000	594,027	719,545	523,000
	0	659,418	599,074	719,545	523,000
Summary					
Federal funds:					
(As shown in detail above)	BA	8,630,204	8,671,366	9,223,954	9,167,749
	0	4,546,112	3,716,346	8,566,256	8,187,110
Deductions for offsetting receipts:					
Proprietary receipts from the public	152 BA	-70,152	-976,585	-150,000	-202,990
	0				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.				
International Security Assistance—				
Con.				
908 BA	-117,899	-365,135	-403,482	-430,620
O				
Total International Security Assistance	BA 8,442,153	7,329,646	8,670,472	8,534,139
	O 4,358,061	2,374,626	8,012,774	7,553,500
International Development Assistance				
Multilateral Assistance				
<i>Federal funds</i>				
General and Special Funds:				
Contribution to the International Bank for Recon-				
struction and Development 151				
Appropriation, current	BA 40,176	50,001	90,252	70,126
Outlays.....	O 230,181	91,388	31,526	70,126
Contribution to the International Development Asso-				
ciation 151				
Appropriation, current	BA 915,000	995,000	965,000	.....
Outlays.....	O 620,000	827,000	903,000	824,000
Contribution to the special facility for Sub-Saharan				
Africa 151				
Outlays.....	O 38,257	9,723	.....	.....
Contribution to the International Finance Corpora-				
tion 151				
Appropriation, current	BA 20,300	4,892	114,936	.....
Outlays.....	O 20,300	4,892	35,032	40,228
Contribution to the Inter-American Development				
Bank 151				
Appropriation, current	BA 58,635	.....	120,843	.....
Outlays.....	O 138,298	155,612	147,907	100,305
Contribution to the Asian Development Bank 151				
Appropriation, current	BA 43,057	152,392	230,712	246,070
Outlays.....	O 105,698	132,538	113,738	117,338
Contribution to the African Development Fund				
151				
Appropriation, current	BA 75,000	105,000	105,000	105,000
Outlays.....	O 50,849	73,483	84,243	99,060
Contribution to the African Development Bank				
151				
Appropriation, current	BA 8,999	7,345	10,641	8,987
Outlays.....	O 8,999	7,335	10,651	8,987
Contribution to Multilateral Investment Guarantee				
Agency 151				
Appropriation, current	BA 44,403	.....	.....	.....
Outlays.....	O 22,202	.....	.....	.....
Multilateral Development Banks - Other 151				
Appropriation, current	BA	.....	.....	1,052,464
Outlays.....	O	.....	.....	131,154
International organizations and programs 151				
Appropriation, current	BA 244,648	226,115	209,000	212,000
Outlays.....	O 262,754	246,629	235,914	230,984
Total International organizations and programs	BA 244,648	226,115	209,000	212,000
	O 262,754	246,629	235,914	230,984
Total Federal funds Multilateral Assistance.....	BA 1,450,218	1,540,745	1,846,384	1,694,647
	O 1,497,538	1,548,600	1,562,011	1,622,182

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.					
International Development Assistance—Con.					
<i>Agency for International Development</i>					
<i>Federal funds</i>					
General and Special Funds:					
Functional development assistance program	151				
Appropriation, current	BA	1,141,689	1,175,526	[*] 1,190,000	1,209,635
				^W 793	
Reappropriation	BA	104,956	59,000	[*] 39,000	26,000
Outlays	O	1,473,515	1,272,382	1,271,890	1,249,619
				^W 63	^W 270
Total Functional development assistance program	BA	1,246,645	1,234,526	1,229,793	1,235,635
	O	1,473,515	1,272,382	1,271,953	1,249,889
Sub-Saharan Africa, development assistance	151				
Appropriation, current	BA	550,000	550,000	[*] 565,000	574,323
Outlays	O	30,443	251,760	365,655	442,524
Total Sub-Saharan Africa, development assistance	BA	550,000	550,000	565,000	574,323
	O	30,443	251,760	365,655	442,524
Sahel development program	151				
Outlays	O	79,286	55,104	37,061	24,460
Special assistance initiatives	151				
Appropriation, current	BA			[*] 200,000	[*] 200,000
Outlays	O			[*] 150,000	[*] 180,000
American schools and hospitals abroad	151				
Appropriation, current	BA	40,000	35,000	[*] 30,000	30,495
Outlays	O	33,064	40,418	35,603	32,043
Total American schools and hospitals abroad	BA	40,000	35,000	30,000	30,495
	O	33,064	40,418	35,603	32,043
International disaster assistance	151				
Appropriation, current	BA	28,000	28,000	[*] 25,000	25,413
Reappropriation	BA	167			
Outlays	O	34,004	45,376	33,165	29,421
Total International disaster assistance	BA	28,167	28,000	25,000	25,413
	O	34,004	45,376	33,165	29,421
Operating expenses Agency for International Development	151				
Appropriation, current	BA	406,000	414,000	[*] 447,684	458,221
Reappropriation	BA		4,000		
Outlays	O	367,657	405,505	431,939	446,148
Total Operating expenses Agency for International Development	BA	406,000	418,000	447,684	458,221
	O	367,657	405,505	431,939	446,148

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
<i>Agency for International Development—Con.</i>				
Payment to the Foreign Service retirement and disability fund 153				
Appropriation, current BA	35,132	40,532	40,147	40,107
Outlays..... O	35,132	40,532	40,147	40,107
Operating expenses of the Agency for International Development Office of Inspector General 151				
Appropriation, current BA	23,970	28,500	[*] 31,194	32,189
Outlays..... O	17,696	26,673	29,818	31,249
Total Operating expenses of the Agency for International Development Office of Inspector General BA	23,970	28,500	31,194	32,189
O	17,696	26,673	29,818	31,249
Housing guarantee loan subsidies 151				
Appropriation, current BA			^w 21,530	^w 19,140
Outlays..... O			^w 4,306	^w 12,440
Limitation on guaranteed loan commitments.....			^w (100,000)	^w (100,000)
Private sector revolving fund loan subsidies 151				
Appropriation, current BA			^w 4,207	^w 6,563
Outlays..... O			^w 84	^w 636
Limitation on direct loan obligations			^w (3,500)	
Limitation on guaranteed loan commitments.....			^w (50,000)	^w (75,000)
Miscellaneous appropriations, AID 151				
Outlays..... O	74			
Public Enterprise Funds:				
Housing and other credit guaranty programs 151				
Authority to borrow, current BA	25,000	30,000	45,000	[*] 48,000
Indefinite..... BA			^w 200	^w 850
Outlays..... O	23,865	29,864	45,000	48,000
Limitation on guaranteed loan commitments.....	(125,000)	(125,000)	^w 200	^w 850
			^w (100,000)	^w (100,000)
			^w (— 100,000)	^w (— 100,000)
Total Housing and other credit guaranty programs..... BA	25,000	30,000	45,200	48,850
O	23,865	29,864	45,200	48,850
Private sector revolving fund 151				
Appropriation, current BA	6,337	8,500	[*] 5,000	
			^w — 5,000	
Reappropriation BA	2,186			
Outlays..... O	4,350	3,989	— 1,345	— 5,416
Limitation on direct loan obligations	(12,000)	(12,000)	^w 350	^w — 435
Limitation on guaranteed loan commitments.....		(50,000)	^w (— 3,500)	
			(50,000)	(75,000)
			^w (— 50,000)	^w (— 75,000)
Total Private sector revolving fund..... BA	8,523	8,500		
O	4,350	3,989	— 995	— 5,851

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.					
International Development Assistance—Con.					
<i>Agency for International Development—Con.</i>					
Development loans—revolving fund	151				
Outlays.....	0	-3			
Intragovernmental Funds:					
Advance acquisition of property—revolving fund	151				
Outlays.....	0	129			
<i>Trust funds</i>					
Miscellaneous trust funds, AID	151				
Appropriation, permanent, indefinite.....	BA	11,033	5,000	5,000	5,000
Outlays.....	0	17,445	5,000	5,000	5,000
Summary					
Federal funds:					
(As shown in detail above)	BA	2,363,437	2,373,058	2,639,755	2,670,936
	0	2,099,212	2,171,603	2,443,936	2,531,916
Deductions for offsetting receipts:					
Proprietary receipts from the public	151 BA	-433,939	-430,000	-455,000	-470,000
	0				
	908 BA	-353,110	-350,000	-345,000	-340,000
	0				
Total Federal funds.....	BA	1,576,388	1,593,058	1,839,755	1,860,936
	0	1,312,163	1,391,603	1,643,936	1,721,916
Trust funds:					
(As shown in detail above)	BA	11,033	5,000	5,000	5,000
	0	17,445	5,000	5,000	5,000
Deductions for offsetting receipts:					
Proprietary receipts from the public	151 BA	-11,033	-5,000	-5,000	-5,000
	0				
Total Trust funds.....	0	6,412			
Total Agency for International Development	BA	1,576,388	1,593,058	1,839,755	1,860,936
	0	1,318,575	1,391,603	1,643,936	1,721,916
Trade and Development Program					
<i>Federal funds</i>					
General and Special Funds:					
Trade and development program	151				
Appropriation, current	BA	25,000	25,000	25,000	25,413
Outlays.....	0	19,872	21,342	22,978	26,475
Total Trade and development program.....	BA	25,000	25,000	25,000	25,413
	0	19,872	21,342	22,978	26,475

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
<i>Peace Corps</i>				
<i>Federal funds</i>				
General and Special Funds:				
Peace Corps	151			
Appropriation, current	BA	146,200	153,500	166,314
			[*] 163,614	
Outlays.....	0	146,125	155,155	165,756
			163,359	
Total Peace Corps.....	BA	146,200	153,500	166,314
	0	146,125	155,155	165,756
<i>Trust funds</i>				
Peace Corps miscellaneous trust funds	151			
Appropriation, permanent, indefinite.....	BA	326	300	300
Outlays.....	0	306	300	300
Overseas Private Investment Corporation				
<i>Federal funds</i>				
General and Special Funds:				
Overseas Private Investment Corporation loan subsidies	151			
Appropriation, current	BA		^w 28,343	^w 30,555
Outlays.....	0		^w 1,971	^w 11,337
Limitation on direct loan obligations			^w (17,000)	^w (17,264)
Limitation on guaranteed loan commitments.....			^w (175,000)	^w (177,713)
Public Enterprise Funds:				
Overseas Private Investment Corporation	151			
Outlays.....	0	-110,388	-107,783	-118,656
			^w -606	^w -3,625
Limitation on program level (obligations)			(3,000)	(3,000)
Limitation on direct loan obligations		(23,000)	(23,000)	(17,264)
			^w (-17,000)	^w (-17,264)
Limitation on guaranteed loan commitments.....		(200,000)	(175,000)	(177,713)
			^w (-175,000)	^w (-177,713)
Total Overseas Private Investment Corporation.	0	-110,388	-107,783	-122,281
			-110,844	
Total Federal funds Overseas Private Investment Corporation.....	BA		28,343	30,555
	0	-110,388	-107,783	-110,944
Inter-American Foundation				
<i>Federal funds</i>				
Public Enterprise Funds:				
Inter-American Foundation	151			
Appropriation, current	BA	13,000	16,600	16,932
Outlays.....	0	15,628	13,652	17,423
			15,614	
<i>Trust funds</i>				
Gifts and contributions, Inter-American Foundation	151			
Appropriation, permanent, indefinite.....	BA	4		
Outlays.....	0	3	7	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.					
International Development Assistance—Con.					
<i>African Development Foundation</i>					
<i>Federal funds</i>					
General and Special Funds:					
African Development Foundation	151				
Appropriation, current	BA	7,000	8,000	9,000	9,149
Outlays.....	0	6,846	7,665	8,420	8,843
Total African Development Foundation.....	BA	7,000	8,000	9,000	9,149
	0	6,846	7,665	8,420	8,843
Total Federal funds International Development Assistance	BA	3,217,806	3,336,903	3,929,028	3,804,225
	0	2,887,784	3,030,234	3,307,445	3,451,651
Total Trust funds International Development Assistance	BA	330	300	300	300
	0	6,721	307	300	300
International Monetary Programs					
<i>Federal funds</i>					
General and Special Funds:					
United States quota, International Monetary Fund	155				
Outlays.....	0	-136,042			
Maintenance of value adjustments, International Monetary Fund	155				
Appropriation, permanent, indefinite.....	BA	795,615			
Enhanced structural adjustment facility	155				
Appropriation, current	BA			150,000	
Outlays....., current	0			3,000	5,000
Total Federal funds International Monetary Programs.....	BA	795,615		150,000	
	0	-136,042		3,000	5,000
Military Sales Programs					
<i>Federal funds</i>					
Public Enterprise Funds:					
Special defense acquisition fund	155				
Outlays.....	0	13,379	-27,922	-57,186	-59,541
Limitation on program level (obligations)		(236,865)	(236,865)	(325,000)	(325,000)
<i>Trust funds</i>					
Foreign military sales trust fund	155				
Contract authority, permanent, indefinite.....	BA	8,128,932	8,012,000	7,830,000	7,195,000
Liquidation of contract authority, permanent		(8,964,275)	(8,594,000)	(8,330,000)	(7,855,000)
Outlays.....	0	9,057,318	8,719,000	8,450,000	7,963,000
Summary					
Federal funds:					
(As shown in detail above)	0	13,379	-27,922	-57,186	-59,541
Trust funds:					
(As shown in detail above)	BA	8,128,932	8,012,000	7,830,000	7,195,000
	0	9,057,318	8,719,000	8,450,000	7,963,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.					
Military Sales Programs—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	155 BA	-8,964,275	-8,594,000	-8,330,000	-7,855,000
	0				
Total Trust funds.....	BA	-835,343	-582,000	-500,000	-660,000
	0	93,043	125,000	120,000	108,000
Total Military Sales Programs.....	BA	-835,343	-582,000	-500,000	-660,000
	0	106,422	97,078	62,814	48,459
Special Assistance for Central America					
<i>Federal funds</i>					
General and Special Funds:					
Central American reconciliation assistance	152				
Reappropriation.....	BA	27,700	36,340		
Outlays.....	0	12,301	71,571		
Assistance to the Nicaraguan democratic resistance	054				
Appropriation, current.....	BA	7,128			
Outlays.....	0	16,531	270		
Promotion of security and stability in Central America	153				
Outlays.....	0	432	1,568		
Total Federal funds Special Assistance for Central America.....	BA	34,828	36,340		
	0	29,264	73,409		
Summary					
Federal funds:					
(As shown in detail above).....	BA	13,466,502	12,826,609	14,187,932	13,782,974
	0	8,127,983	7,573,817	12,690,105	12,407,830
Deductions for offsetting receipts:					
Proprietary receipts from the public	151 BA	-433,939	-430,000	-455,000	-470,000
	0				
	152 BA	-70,152	-976,585	-150,000	-202,990
	0				
	908 BA	-471,009	-715,135	-748,482	-770,620
	0				
Total Federal funds.....	BA	12,491,402	10,704,889	12,834,450	12,339,364
	0	7,152,883	5,452,097	11,336,623	10,964,220
Trust funds:					
(As shown in detail above).....	BA	8,140,295	8,017,300	7,835,300	7,200,300
	0	9,075,072	8,724,307	8,455,300	7,968,300
Deductions for offsetting receipts:					
Proprietary receipts from the public	151 BA	-11,033	-5,000	-5,000	-5,000
	0				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Funds Appropriated to the President—Con.				
Summary—Con.				
155 BA	-8,964,275	-8,594,000	-8,330,000	-7,855,000
0				
Total Trust funds.....	BA -835,013	-581,700	-499,700	-659,700
	O 99,764	125,307	120,300	108,300
Total Funds Appropriated to the President.....	BA 11,656,389	10,123,189	12,334,750	11,679,664
	O 7,252,647	5,577,404	11,456,923	11,072,520

Department of Agriculture

Office of the Secretary

Federal funds

General and Special Funds:

Office of the Secretary	352				
Appropriation, current	BA	5,710	5,953	6,115	6,272
Outlays.....	O	4,434	5,953	6,094	6,272

Trust funds

Gifts and bequests	352				
Appropriation, permanent, indefinite.....	BA	1,585	2,328	50	50
Outlays.....	O	41	4,004	50	50

Departmental Administration

Federal funds

General and Special Funds:

Departmental administration	352				
Appropriation, current	BA	24,916	25,922	27,054	28,180
Outlays.....	O	23,010	29,959	26,863	28,180
Hazardous waste management	304				
Appropriation, current	BA	2,000	5,000	25,688	25,688
Outlays.....	O	708	6,087	25,471	25,688
Rental payments and building operations	352				
Appropriation, current	BA	68,969	70,764	74,268	74,378
Outlays.....	O	66,449	70,764	74,271	74,378
Advisory committees	352				
Appropriation, current	BA	1,308	1,494	1,494	1,494
Outlays.....	O	951	1,494	1,494	1,494
Intragovernmental Funds:					
Working capital fund	352				
Appropriation, current	BA	5,708	4,708	3,750	
Outlays.....	O	1,455	10,416	3,750	1,001
Total Federal funds Departmental Administration	BA	102,901	107,888	132,254	129,740
	O	92,573	118,720	131,849	130,741

Office of Governmental and Public Affairs

Federal funds

General and Special Funds:

Office of Governmental and Public Affairs	352				
Appropriation, current	BA	8,673	8,859	9,068	9,219
Outlays.....	O	8,520	8,859	9,077	9,219

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Office of the Inspector General					
<i>Federal funds</i>					
General and Special Funds:					
Office of the Inspector General	352				
Appropriation, current	BA	48,795	50,510	52,530	53,871
Outlays.....	O	48,609	50,510	52,148	53,871
Office of the General Counsel					
<i>Federal funds</i>					
General and Special Funds:					
Office of the General Counsel	352				
Appropriation, current	BA	18,734	20,836	22,340	21,966
Outlays.....	O	18,543	20,836	22,340	21,966
Agricultural Research Service					
<i>Federal funds</i>					
General and Special Funds:					
Agricultural Research Service	352				
Appropriation, current	BA	540,684	563,381	581,118	592,237
Outlays.....	O	514,155	550,459	583,004	592,237
Buildings and facilities	352				
Appropriation, current	BA	15,300	5,390	18,500	18,500
Reappropriation	BA		10,631		
Outlays.....	O	23,113	30,127	16,105	18,500
Total Buildings and facilities	BA	15,300	16,021	18,500	18,500
	O	23,113	30,127	16,105	18,500
<i>Trust funds</i>					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite.....	BA	3,509	5,000	5,000	5,000
Outlays.....	O	3,123	5,000	5,000	5,000
Total Federal funds Agricultural Research Service	BA	555,984	579,402	599,618	610,737
	O	537,268	580,586	599,109	610,737
Total Trust funds Agricultural Research Service	BA	3,509	5,000	5,000	5,000
	O	3,123	5,000	5,000	5,000
Cooperative State Research Service					
<i>Federal funds</i>					
General and Special Funds:					
Cooperative State Research Service	352				
Appropriation, current	BA	349,169	338,067	295,398	295,685
Appropriation, permanent	BA	2,850	2,850		
Outlays.....	O	301,775	342,485	376,592	348,553
Total Cooperative State Research Service	BA	352,019	340,917	295,398	295,685
	O	301,775	342,485	376,592	348,553

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Extension Service					
<i>Federal funds</i>					
General and Special Funds:					
Extension Service	352				
Appropriation, current	BA	357,963	361,370	324,840	325,167
Outlays.....	0	317,529	352,982	326,955	330,135
National Agricultural Library					
<i>Federal funds</i>					
General and Special Funds:					
National Agricultural Library	352				
Appropriation, current	BA	12,194	13,268	14,947	15,165
Outlays.....	0	12,359	13,519	14,719	15,165
National Agricultural Statistics Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current	BA	61,176	63,588	71,038	66,310
Outlays.....	0	57,801	63,089	70,026	66,310
<i>Trust funds</i>					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite.....	BA	165	200	200	200
Outlays.....	0	275	200	200	200
Economic Research Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current	BA	48,186	49,336	51,714	53,308
Outlays.....	0	47,153	49,030	50,702	53,308
<i>Trust funds</i>					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite.....	BA	91	200	200	200
Outlays.....	0	63	200	200	200
World Agricultural Outlook Board					
<i>Federal funds</i>					
General and Special Funds:					
World agricultural outlook board	352				
Appropriation, current	BA	1,730	1,820	2,045	2,102
Outlays.....	0	1,747	1,799	2,027	2,102
Foreign Agricultural Service					
<i>Federal funds</i>					
General and Special Funds:					
Foreign Agricultural Service	352				
Appropriation, current	BA	92,217	95,417	98,620	99,769
Outlays.....	0	84,354	93,466	98,509	99,769

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Office of International Cooperation and Development					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current	BA	5,295	5,319	4,983	5,074
Outlays	0	14,587	5,319	4,983	5,074
Scientific activities overseas (foreign currency program)	352				
Appropriation, current	BA	1,500	1,000		
Outlays	0	3,563	1,000	400	121
<i>Trust funds</i>					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite	BA	3,213	3,935	3,935	3,935
Outlays	0	5,186	3,935	3,935	3,935
Total Federal funds Office of International Cooperation and Development	BA	6,795	6,319	4,983	5,074
	0	18,150	6,319	5,383	5,195
Total Trust funds Office of International Cooperation and Development	BA	3,213	3,935	3,935	3,935
	0	5,186	3,935	3,935	3,935
Foreign Assistance Programs					
<i>Federal funds</i>					
General and Special Funds:					
Expenses, Public Law 480, foreign assistance programs, Agriculture	151				
Appropriation, current	BA	1,059,596	1,098,100	930,945	1,056,000
				W - 739,530	W - 736,371
Outlays	0	1,059,596	1,098,100	930,945	1,056,000
				W - 739,530	W - 736,371
Total Expenses, Public Law 480, foreign assistance programs, Agriculture	BA	1,059,596	1,098,100	191,415	319,629
	0	1,059,596	1,098,100	191,415	319,629
Public law 480 loan subsidies	151				
Appropriation, current	BA			W 531,864	W 519,847
Outlays	0			W 531,864	W 519,847
Total Federal funds Foreign Assistance Programs	BA	1,059,596	1,098,100	723,279	839,476
	0	1,059,596	1,098,100	723,279	839,476
Agricultural Stabilization and Conservation Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	351				
Appropriation, current	BA	223	345		
Outlays	0	-12,671	3,635		
Rural clean water program	304				
Outlays	0	5,207	4,990	4,558	3,033
Agricultural conservation program	302				
Appropriation, current	BA	176,935	176,935	8,000	8,000
Outlays	0	202,741	166,283	103,513	90,843

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Agricultural Stabilization and Conservation Service—Con.					
Colorado river basin salinity control program	304				
Appropriation, current	BA	4,904	5,452	10,420	10,420
Outlays	0	3,568	5,037	10,046	10,177
Conservation reserve program	302				
Appropriation, current	BA	1,085,760	1,802,539	1,202,000	1,663,961
Outlays	0	291,477	1,651,966	1,771,212	1,944,310
Water Bank program	302				
Appropriation, current	BA	8,371	9,000		
Outlays	0	8,744	9,808	8,371	8,371
				7,841	6,796
				787	8,371
Total Water Bank program	BA	8,371	9,000	8,371	8,371
	0	8,744	9,808	8,628	15,167
Emergency conservation program	453				
Appropriation, current	BA	1,000	5,000		
Outlays	0	4,763	7,742	9,045	
Dairy indemnity program	351				
Appropriation, current	BA	95	5		
Outlays	0	545	971	95	
Forestry incentives program	302				
Appropriation, current	BA	11,891	12,446		
Outlays	0	12,373	11,471	8,917	3,669
Total Federal funds Agricultural Stabilization and Conservation Service	BA	1,289,179	2,011,722	1,228,791	1,690,752
	0	516,747	1,861,903	1,916,014	2,067,199
Federal Crop Insurance Corporation					
<i>Federal funds</i>					
General and Special Funds:					
Administrative and operating expenses	351				
Appropriation, current	BA	200,000	201,992	225,626	276,681
Outlays	0	188,163	195,669	214,754	253,195
Public Enterprise Funds:					
Federal Crop Insurance Corporation fund	351				
Appropriation, current	BA	228,523	112,000	162,939	203,317
Outlays	0	222,375	1,049,142	370,764	303,370
Total Federal funds Federal Crop Insurance Corporation	BA	428,523	313,992	388,565	479,998
	0	410,538	1,244,811	585,518	556,565
Commodity Credit Corporation					
<i>Federal funds</i>					
General and Special Funds:					
Commodity Credit Corporation export loan guarantee subsidies	351				
Appropriation, current	BA			797,950	706,650
Outlays	0			797,950	706,650
Temporary emergency food assistance program	351				
Appropriation, current	BA	50,000	170,000	120,000	
Outlays	0	49,172	178,208	131,850	
			(170,000)	(120,000)	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Commodity Credit Corporation—Con.					
Public Enterprise Funds:					
Commodity Credit Corporation Fund	351				
Appropriation, permanent, indefinite.....	BA	152,130	4,527	88,509	97,817
Authority to borrow, current.....	BA			’ -1,100,000	’ -1,900,000
				” 34,580	” -56,412
Authority to borrow, permanent.....	BA	10,929,150	15,099,398	12,727,779	12,794,538
Liquidation of contract authority, current.....		(7,333,612)			
Outlays.....	0	12,174,834	13,894,812	11,785,725	12,892,355
				’ -1,100,000	’ -1,900,000
				” 34,580	” -56,412
Limitation on administrative expenses and direct loans.....		(7,157)	(7,200)	(7,630)	(7,630)
Total Commodity Credit Corporation Fund.....	BA	11,081,280	15,103,925	11,750,868	10,935,943
	0	12,174,834	13,894,812	10,720,305	10,935,943
Total Federal funds Commodity Credit Corporation.....	BA	11,131,280	15,273,925	12,668,818	11,642,593
	0	12,224,006	14,073,020	11,650,105	11,642,593
Office of Rural Development Policy					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	452				
Outlays.....	0		2		
Rural Electrification Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	271				
Appropriation, current.....	BA	30,868	31,284	30,862	29,773
Outlays.....	0	27,505	32,985	31,757	29,880
Reimbursement to the Rural electrification and telephone revolving fund for interest subsidies and losses	271				
Appropriation, current.....	BA	327,675	341,000		
Outlays.....	0	327,675	341,000		
Purchase of Rural Telephone Bank capital stock	452				
Appropriation, current.....	BA	28,710	28,710		
Outlays.....	0	28,710	28,710		
Rural electrification and telephone revolving fund loan subsidies	271				
Appropriation, current.....	BA			” 78,106	” 16,388
Outlays.....	0			” 11,075	” 20,076
Limitation on guaranteed loan commitments.....				” (1,365,000)	” (1,365,000)
Rural telephone bank loan subsidies	452				
Appropriation, current.....	BA			” 19,163	” 10,138
Outlays.....	0			” 1,150	” 4,633
Limitation on direct loan obligations.....				” (125,000)	” (125,000)
Public Enterprise Funds:					
Rural communication development fund	452				
Appropriation, current.....	BA	1,309	1,447	1,329	1,331
Outlays.....	0	1,052	1,416	1,404	1,390

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.				
Rural Electrification Administration—				
Con.				
Rural electrification and telephone revolving fund 271				
Appropriation, current.....	BA	540		
Authority to borrow, permanent.....	BA	906,272	1,114,751	
Outlays.....	0	-2,093,290	-226,230	410,305
			✓ -511,791	✓ -273,126
			W 477	
Limitation on direct loan obligations.....		(1,590,133)	(1,794,375)	
Limitation on guaranteed loan commitments.....			✓ (1,365,000)	✓ (1,365,000)
			W (-1,365,000)	W (-1,365,000)
Total Rural electrification and telephone revolving fund.....	BA	906,272	1,115,291	
	0	-2,093,290	-226,230	-101,009
				-116,629
Rural telephone bank 452				
Appropriation, current, indefinite.....	BA		✓ -57,911	✓ 2,054
Authority to borrow, permanent, indefinite.....	BA		88,101	57,911
				W -53,422
Outlays.....	0	-117,024	16,063	39,575
			✓ -76,411	✓ 2,054
			W -7,208	W -32,338
Limitation on direct loan obligations.....		(80,139)	(177,045)	(125,000)
			W (-125,000)	W (-125,000)
Total Rural telephone bank.....	BA		88,101	
	0	-117,024	16,063	-42,401
				9,291
Total Federal funds Rural Electrification Administration.....	BA	1,294,834	1,605,833	129,460
	0	-1,825,372	193,944	-98,024
				57,630
				-51,359

Farmers Home Administration

Federal funds

General and Special Funds:

Salaries and expenses 452				
Appropriation, current.....	BA	408,441	415,517	418,334
Outlays.....	0	397,427	411,933	414,700
				416,900
Rural water and waste disposal grants 452				
Appropriation, current.....	BA	109,395	109,395	75,000
Outlays.....	0	136,054	151,441	128,323
				113,638
Rural community fire protection grants 452				
Appropriation, current.....	BA	3,091	3,091	
Outlays.....	0	2,840	2,970	2,150
				310
Rural housing for domestic farm labor 604				
Appropriation, current.....	BA	9,513	9,513	5,000
Outlays.....	0	7,488	12,636	12,636
				10,242
Rural development insurance fund loan subsidies 452				
Appropriation, current.....	BA			W 38,600
Outlays.....	0			W 1,863
Limitation on direct loan obligations.....				W (200,000)
Limitation on guaranteed loan commitments.....				W (195,700)
Rural housing insurance fund loan subsidies 371				
Appropriation, current.....	BA			W 98,370
Outlays.....	0			W 43,128
Limitation on direct loan obligations.....				W (100,000)
				W (100,000)

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.				
Farmers Home Administration—Con.				
Rural development loan fund loan subsidies	452			
Appropriation, current	BA		W 9,440	W 9,064
Outlays	0		W 944	W 4,211
Limitation on direct loan obligations			W (14,000)	W (14,000)
Mutual and self-help housing	604			
Appropriation, current	BA	8,000	8,000	
Outlays	0	6,938	6,483	5,126
Very low income housing repair grants	604			
Appropriation, current	BA	12,500	12,500	10,000
Outlays	0	12,674	12,218	10,125
Rural housing voucher program	604			
Appropriation, current	BA		360,000	405,000
Outlays	0	14,845	15,677	34,689
Compensation for construction defects	371			
Appropriation, current	BA	713	500	250
Outlays	0	258	500	250
Rural housing preservation grants	604			
Appropriation, current	BA	19,140	19,140	15,000
Outlays	0	18,880	19,851	16,905
Rural development grant program	452			
Appropriation, current	BA	6,500	6,500	
Outlays	0	520	9,500	2,490
Agricultural credit insurance fund loan subsidies	351			
Appropriation, current	BA		W 312,180	W 274,600
Outlays	0		W 236,968	W 263,105
Limitation on direct loan obligations			W (700,000)	W (500,000)
Limitation on guaranteed loan commitments			W (3,000,000)	W (3,000,000)
Public Enterprise Funds:				
Agricultural credit insurance fund	351			
Appropriation, current	BA	3,605,153	3,467,596	4,462,159
Authority to borrow, permanent, indefinite	BA	1,152,128	3,757,245	625,908
Outlays	0	2,617,671	3,435,238	1,958,425
Limitation on administrative expenses		(16,515)	(100,000)	(100,000)
Limitation on direct loan obligations		(1,049,337)	(1,617,156)	(700,000)
Limitation on guaranteed loan commitments		(1,254,879)	(2,777,000)	(3,000,000)
			W (-3,000,000)	W (-3,000,000)
Total Agricultural credit insurance fund	BA	4,757,281	7,224,841	5,088,067
	0	2,617,671	3,435,238	1,275,085
Self-help housing land development fund	371			
Outlays	0	6	58	84
Limitation on direct loan obligations		(500)	(500)	
Rural housing insurance fund	371			
Appropriation, current	BA	2,964,249	3,660,061	2,677,897
Indefinite	BA	149,587	182,428	218,945
Authority to borrow, permanent, indefinite	BA	3,479,998	527,905	
Outlays	0	3,611,339	3,294,690	1,595,394
Limitation on administrative expenses		(275,310)	(290,310)	
Limitation on direct loan obligations		(1,844,990)	(1,844,990)	(100,000)
			W (-100,000)	W (-100,000)
Total Rural housing insurance fund	BA	6,593,834	4,370,394	2,896,842
	0	3,611,339	3,294,690	-104,606
				3,006,184
				1,405,963

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.				
Farmers Home Administration—Con.				
Rural development insurance fund	452			
Appropriation, current	BA 835,182	1,596,047	1,474,499	1,166,654
Authority to borrow, permanent, indefinite	BA 2,460,361			
Outlays	O 449,808	595,803	902,367	788,578
			J -74,097	J -72,732
			W -7,675	W -51,635
Limitation on direct loan obligations	(426,080)	(426,080)	(200,000)	(200,000)
			W (-200,000)	W (-200,000)
Limitation on guaranteed loan commitments	(95,700)	(295,700)	(195,700)	(195,700)
			W (-195,700)	W (-195,700)
Total Rural development insurance fund	BA 3,295,543	1,596,047	1,474,499	1,166,654
	O 449,808	595,803	820,595	664,211
Rural development loan fund	452			
Appropriation, current	BA 7,500	11,000	12,000	12,091
			W -14,000	W -14,000
Outlays	O 212	10,030	13,772	13,876
			W -1,400	W -6,230
Limitation on direct loan obligations	(14,000)	(14,000)	(14,000)	(14,000)
			W (-14,000)	W (-14,000)
Total Rural development loan fund	BA 7,500	11,000	-2,000	-1,909
	O 212	10,030	12,372	7,646
Total Federal funds Farmers Home Administration	BA 15,231,451	13,786,438	10,799,582	11,818,188
	O 7,276,960	7,979,028	2,920,020	4,255,516

Soil Conservation Service

Federal funds

General and Special Funds:

Conservation operations	302			
Appropriation, current	BA 444,391	465,368	474,750	485,397
Outlays	O 449,699	475,291	477,069	485,397
Watershed planning	301			
Appropriation, current	BA 8,651	8,651	7,830	8,022
Outlays	O 8,515	8,846	7,945	8,022
River basin surveys & investigations	301			
Appropriation, current	BA 12,051	12,051	9,600	9,810
Outlays	O 9,439	13,348	9,747	9,810
Watershed and flood prevention operations	301			
Appropriation, current	BA 175,873	172,373	96,100	97,611
Outlays	O 184,698	181,780	155,997	119,303
Great plains conservation program	302			
Appropriation, current	BA 20,474	20,474	18,623	18,824
Outlays	O 20,823	20,979	21,593	21,721
Resource conservation and development	302			
Appropriation, current	BA 25,120	25,120	24,487	24,959
Outlays	O 27,147	26,826	24,873	26,420

Trust funds

Miscellaneous contributed funds:

(Water resources)	301			
(Appropriation, permanent, indefinite)	BA 211	460	460	460
(Outlays)	O 1,044	1,825	1,595	1,822

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Soil Conservation Service—Con.					
(Conservation and land management) 302					
(Appropriation, permanent, indefinite)	BA	100	100	100	100
(Outlays)	0	100	100	100	100
Total Miscellaneous contributed funds	BA	311	560	560	560
	0	1,144	1,925	1,695	1,922
Total Federal funds Soil Conservation Service...	BA	686,560	704,037	631,390	644,623
	0	700,321	727,070	697,224	670,673
Total Trust funds Soil Conservation Service.....	BA	311	560	560	560
	0	1,144	1,925	1,695	1,922
Animal and Plant Health Inspection Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 352					
Appropriation, current	BA	329,330	331,207	332,756	314,179
				' - 68,056	' - 68,056
Outlays.....	0	330,682	331,207	346,427	314,179
				' - 68,056	' - 68,056
Total Salaries and expenses.....	BA	329,330	331,207	264,700	246,123
	0	330,682	331,207	278,371	246,123
Buildings and facilities 352					
Appropriation, current	BA	2,246	2,546	15,172	3,672
Outlays.....	0	4,011	4,400	12,554	3,672
<i>Trust funds</i>					
Miscellaneous trust funds 352					
Appropriation, permanent, indefinite.....	BA	5,039	5,000	5,000	5,000
Outlays.....	0	5,309	5,000	5,000	5,000
Total Federal funds Animal and Plant Health Inspection Service	BA	331,576	333,753	279,872	249,795
	0	334,693	335,607	290,925	249,795
Total Trust funds Animal and Plant Health Inspection Service	BA	5,039	5,000	5,000	5,000
	0	5,309	5,000	5,000	5,000
Federal Grain Inspection Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 352					
Appropriation, current	BA	7,020	8,115	8,255	8,472
Outlays.....	0	7,239	8,115	8,255	8,472
Public Enterprise Funds:					
Inspection and weighing services 352					
Outlays.....	0	-4,946			
Total Federal funds Federal Grain Inspection Service	BA	7,020	8,115	8,255	8,472
	0	2,293	8,115	8,255	8,472

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Agricultural Marketing Service					
<i>Federal funds</i>					
General and Special Funds:					
Marketing services	352				
Appropriation, current	BA	32,409	33,373	32,242	34,780
				✓ -4,246	✓ -4,246
Outlays	O	36,635	40,361	39,469	34,780
				✓ -4,246	✓ -4,246
Total Marketing services	BA	32,409	33,373	27,996	30,534
	O	36,635	40,361	35,223	30,534
Payments to States and possessions	352				
Appropriation, current	BA	942	942		
Outlays	O	776	1,164	795	
Perishable Agricultural Commodities Act fund					
Appropriation, permanent, indefinite	BA	5,676	5,500	5,500	5,500
Outlays	O	4,500	5,500	5,500	5,500
Funds for strengthening markets, income, and supply (section 32)	605				
Appropriation, permanent, indefinite	BA	366,742	405,873	522,746	363,547
Outlays	O	382,040	382,240	363,247	363,547
				✓ -6,685	✓ -8,007
Total Funds for strengthening markets, income, and supply (section 32)	BA	366,742	405,873	522,746	363,547
	O	382,040	382,240	356,562	355,540
<i>Trust funds</i>					
Miscellaneous trust funds	352				
Appropriation, permanent, indefinite	BA	82,473	85,979	85,979	85,979
Outlays	O	88,831	63,088	85,979	85,979
Milk market orders assessment fund	351				
Outlays	O		3,282		
Total Federal funds Agricultural Marketing Service	BA	405,769	445,688	556,242	399,581
	O	423,951	429,265	398,080	391,574
Total Trust funds Agricultural Marketing Service	BA	82,473	85,979	85,979	85,979
	O	88,831	66,370	85,979	85,979
Office of Transportation					
<i>Federal funds</i>					
General and Special Funds:					
Office of Transportation	352				
Appropriation, current	BA	2,397	2,397	1,395	1,539
Outlays	O	2,489	2,397	1,581	1,539
Food Safety and Inspection Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current	BA	392,009	404,954	422,799	431,898
Outlays	O	389,757	404,954	422,799	431,898

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Food Safety and Inspection Service—Con.					
<i>Trust funds</i>					
Expenses and refunds, inspection and grading of farm products 352					
Appropriation, permanent, indefinite.....	BA	1,043	1,050	1,150	1,150
Outlays.....	O	1,129	1,050	1,150	1,150
Food and Nutrition Service					
<i>Federal funds</i>					
General and Special Funds:					
Food program administration 605					
Appropriation, current	BA	85,828	89,223	96,830	88,423
Outlays.....	O	84,831	88,954	96,357	94,558
Food stamp program 605					
Appropriation, current	BA	12,638,880	12,690,705	13,263,485	13,817,419
				' - 79,921	' - 90,663
Outlays.....	O	12,264,964	12,867,642	12,780,781	13,809,551
				' - 70,147	' - 89,349
Total Food stamp program	BA	12,638,880	12,690,705	13,183,564	13,726,756
	O	12,264,964	12,867,642	12,710,634	13,720,202
Nutrition assistance for Puerto Rico 605					
Appropriation, current	BA	879,250	908,250	825,000	825,000
Outlays.....	O	880,261	908,010	825,166	825,000
Special milk program 605					
Appropriation, current	BA	21,500	19,925	20,449	22,823
				' - 19,749	' - 21,481
Outlays.....	O	18,342	23,626	22,113	23,202
			' - 3,583	' - 15,943	' - 21,110
Total Special milk program.....	BA	21,500	19,925	700	1,342
	O	18,342	20,043	6,170	2,092
Child nutrition programs 605					
Appropriation, current	BA	679,826	497,544	693,426	1,249,484
			' - 80,348	' - 935,334	' - 1,003,356
Appropriation, permanent.....	BA	3,817,803	4,093,272	4,156,554	4,156,554
Outlays.....	O	4,286,242	4,697,508	4,989,036	5,348,584
			' - 68,793	' - 811,331	' - 995,167
Total Child nutrition programs.....	BA	4,497,629	4,510,468	3,914,646	4,402,682
	O	4,286,242	4,628,715	4,177,705	4,353,417
Supplemental feeding programs 605					
Appropriation, current	BA	1,852,363	1,979,362	2,023,390	2,087,637
Outlays.....	O	1,852,446	2,000,883	2,021,235	2,083,500
Cash and commodities for selected groups 605					
Appropriation, current	BA	194,108	239,147	246,510	244,475
Outlays....., current	O	193,937	243,023	245,302	243,497
			(40,000)	(40,000)	(32,000)
Total Federal funds Food and Nutrition Service	BA	20,169,558	20,437,080	20,290,640	21,376,315
	O	19,581,023	20,757,270	20,082,569	21,322,266

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Human Nutrition Information Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current	BA	8,623	8,823	9,468	9,598
Outlays	O	10,621	8,910	9,200	9,598
Packers and Stockyards Administration					
<i>Federal funds</i>					
General and Special Funds:					
Packers and Stockyards Administration	352				
Appropriation, current	BA	9,402	9,562	9,562	10,150
Outlays	O	9,240	9,562	9,633	10,150
Agricultural Cooperative Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current	BA	4,611	4,655	2,303	2,533
Outlays	O	4,517	4,655	2,968	2,533
Forest Service					
<i>Federal funds</i>					
General and Special Funds:					
National forest system	302				
Appropriation, current	BA	1,239,991	1,329,488 ^ 250,000	1,265,614 ^ - 258,139	1,290,331 ^ - 262,361
Reappropriation, indefinite	BA		9,117		
Outlays	O	964,476	1,316,512 ^ 250,000	1,246,116 ^ - 180,697	1,287,043 ^ - 261,799
Total National forest system	BA O	1,239,991 964,476	1,588,605 1,566,512	1,007,475 1,065,419	1,027,970 1,025,244
Construction	302				
Appropriation, current	BA	214,078	225,518	221,000	224,020
Outlays	O	243,214	213,563	219,941	223,348
Forest research	302				
Appropriation, current	BA	132,510	137,867	133,799	136,306
Outlays	O	135,758	129,347	134,816	135,686
State and private forestry	302				
Appropriation, current	BA	79,869	86,668	48,606	49,070
Outlays	O	74,430	91,225	53,567	48,948
Federal wildland firefighting	302				
Appropriation, current	BA			^ 281,992	^ 286,214
Outlays	O			^ 197,394	^ 285,653
Other appropriations	302				
Appropriation, current	BA	37,000	35,999		
Outlays	O	- 48	26,363	9,764	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.					
Forest Service—Con.					
Operation and maintenance of recreation facilities 303					
Appropriation, current	BA			9,000	9,000
				7,500	7,500
Outlays.....	O			7,200	9,000
				6,000	7,500
Total Operation and maintenance of recreation facilities.....					
	BA			16,500	16,500
	O			13,200	16,500
Range betterment fund 302					
Appropriation, current, indefinite.....	BA	3,605	3,946	4,700	4,700
Outlays.....	O	3,330	4,265	4,646	4,700
Land acquisition 303					
Appropriation, current	BA	49,076	64,205	5,554	5,641
Outlays.....	O	63,339	49,392	39,656	11,454
Acquisition of lands for national forests, special acts 302					
Appropriation, current	BA	966	966	1,068	1,068
Outlays.....	O	247	966	1,058	1,068
Acquisition of lands to complete land exchanges 302					
Appropriation, current, indefinite.....	BA	385	335	1,070	1,070
Outlays.....	O	92	408	989	1,070
Operations and maintenance of quarters 302					
Appropriation, permanent, indefinite.....	BA	5,610	5,869	5,852	5,852
Outlays.....	O	4,976	5,805	5,856	5,852
General and Special Funds:					
Resource management—timber receipts 302					
Appropriation, permanent, indefinite.....	BA		73,125		
Outlays.....	O		58,500	14,625	
Forest Service permanent appropriations 302					
Appropriation, current, indefinite.....	BA		— 40,000		
Appropriation, permanent, indefinite.....	BA	84,007	112,294	140,747	140,747
Outlays.....	O	145,201	130,341	128,228	140,747
Total Forest Service permanent appropriations .					
	BA	84,007	72,294	140,747	140,747
	O	145,201	130,341	128,228	140,747
Forest Service permanent appropriations 806					
Appropriation, current, indefinite.....	BA			— 64,254	— 63,521
Appropriation, permanent, indefinite.....	BA	300,761	355,954	362,133	371,910
Outlays.....	O	305,025	343,919	359,830	371,910
				— 46,699	— 63,718
Total Forest Service permanent appropriations .					
	BA	300,761	355,954	297,879	308,389
	O	305,025	343,919	313,131	308,192
Intragovernmental Funds:					
Working capital fund 302					
Outlays.....	O	7,716			
<i>Trust funds</i>					
Reforestation trust fund 302					
Appropriation, permanent, indefinite.....	BA	30,907	30,000	30,000	30,000
Outlays.....	O	33,434	30,000	30,517	30,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Agriculture—Con.				
Forest Service—Con.				
Cooperative work trust fund 302				
Appropriation, current, indefinite..... BA		^A 250,000		
Appropriation, permanent, indefinite..... BA	296,334	267,748	315,117	315,117
Outlays..... O	706,753	265,037	308,067	315,117
Total Cooperative work trust fund..... BA	296,334	517,748	315,117	315,117
O	706,753	265,037	308,067	315,117
Gifts, donations and bequests for forest and range- land research 302				
Appropriation, current..... BA	3	30	30	30
Outlays..... O	36	30	30	30
Highway Construction: Mount St. Helens National Monument 401				
Contract authority, current..... BA		5,333		
Liquidation of contract authority, current.....		(5,333)		
Outlays..... O		4,008	4,596	
Total Federal funds Forest Service..... BA	2,147,858	2,651,351	2,166,242	2,207,547
O	1,947,756	2,620,606	2,202,290	2,208,462
Total Trust funds Forest Service..... BA	327,244	553,111	345,147	345,147
O	740,223	299,075	343,210	345,147
Summary				
Federal funds:				
(As shown in detail above)..... BA	56,273,323	60,805,908	52,002,173	53,565,073
O	44,619,951	53,467,372	43,587,966	46,370,293
Deductions for offsetting receipts:				
Proprietary receipts from the public 302 BA				
O	-1,070,200	-1,171,234	-1,091,103	-1,105,129
BA			-82,017	-107,043
O				
303 BA		-8,071	-9,000	-9,000
O				
BA			-7,500	-7,500
O				
Total Federal funds..... BA	55,203,123	59,626,603	50,812,553	52,336,401
O	43,549,751	52,288,067	42,398,346	45,141,621
Trust funds:				
(As shown in detail above)..... BA	424,673	657,363	447,221	447,221
O	845,324	386,759	446,419	448,583
Deductions for offsetting receipts:				
Proprietary receipts from the public 302 BA				
O	-296,334	-517,748	-315,117	-315,117
352 BA				
O	-95,844	-101,924	-102,024	-102,024
Total Trust funds..... BA	32,495	37,691	30,080	30,080
O	453,146	-232,913	29,278	31,442
Total Department of Agriculture..... BA	55,235,618	59,664,294	50,842,633	52,366,481
O	44,002,897	52,055,154	42,427,624	45,173,063

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Commerce					
General Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	39,204	40,404	29,009	29,466
Outlays	O	44,096	37,888	28,519	29,606
Office of the Inspector General	452				
Appropriation, current	BA			14,341	14,496
Outlays	O			13,739	14,289
Special foreign currency program	376				
Outlays	O	122	284		
Grants and loans administration	452				
Appropriation, current	BA	24,742	24,742	20,000	9,400
Outlays	O	23,986	23,943	20,579	10,693
Economic development assistance programs	452				
Appropriation, current	BA	182,028	182,028		
Outlays	O	210,614	198,295	167,087	115,103
Limitation on guaranteed loan commitments		(187,500)	(187,500)	^ -444	^ -444
Total Economic development assistance programs	BA	182,028	180,597		
	O	210,614	198,152	166,643	114,659
Miscellaneous appropriations:					
(Other advancement of commerce)	376				
(Appropriation, current)	BA	-1,541			
(Area and regional development)	452				
(Outlays)	O	84	400		
(Disaster relief and insurance)	453				
(Outlays)	O	-46			
(Training and employment)	504				
(Outlays)	O	5	100		
Total Miscellaneous appropriations	BA	-1,541			
	O	43	500		
Public Enterprise Funds:					
Economic development revolving fund	452				
Outlays	O	-63,444	-21,200	-4,000	-5,000
Intragovernmental Funds:					
Working capital fund	376				
Outlays	O	-153			
<i>Trust funds</i>					
Gifts and bequests	376				
Appropriation, permanent, indefinite	BA	391	200	200	200
Outlays	O	372	200	200	200
Total Federal funds General Administration	BA	244,433	245,743	63,350	53,362
	O	215,264	239,567	225,480	164,247
Total Trust funds General Administration	BA	391	200	200	200
	O	372	200	200	200

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Commerce—Con.					
Bureau of the Census					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	94,835	96,035	116,635	120,381
Outlays	0	82,649	114,579	114,369	119,969
Periodic censuses and programs	376				
Appropriation, current	BA	346,444	517,304	1,380,579	311,364
Reappropriation	BA		42,012		
Outlays	0	249,960	557,008	1,472,244	291,484
Total Periodic censuses and programs	BA	346,444	559,316	1,380,579	311,364
	0	249,960	557,008	1,472,244	291,484
Total Federal funds Bureau of the Census	BA	441,279	655,351	1,497,214	431,745
	0	332,609	671,587	1,586,613	411,453
Economic and Statistical Analysis					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	32,079	32,899	32,861	33,163
Outlays	0	32,438	32,759	32,865	33,130
Economic Development Assistance					
<i>Regional Development Program</i>					
<i>Federal funds</i>					
General and Special Funds:					
Regional development programs	452				
Outlays	0	72	70		
Promotion of Industry and Commerce					
<i>International Trade Administration</i>					
<i>Federal funds</i>					
General and Special Funds:					
Operations and administration	376				
Appropriation, current	BA	161,432	167,502	174,591	175,586
Outlays	0	160,922	166,784	176,533	174,989
Participation in United States expositions	376				
Outlays	0	-1	405		
Total Federal funds International Trade Administration	BA	161,432	167,502	174,591	175,586
	0	160,921	167,189	176,533	174,989
Export Administration					
<i>Federal funds</i>					
General and Special Funds:					
Operations and administration	376				
Appropriation, current	BA	37,465	40,106	42,284	43,419
Outlays	0	26,902	35,923	41,515	42,871

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Commerce—Con.					
Promotion of Industry and Commerce—Con.					
<i>Minority Business Development Agency</i>					
<i>Federal funds</i>					
General and Special Funds:					
Minority business development	376				
Appropriation, current	BA	39,705	39,705		
Outlays	O	40,346	33,691		
United States Travel and Tourism Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	11,724	13,800		
Outlays	O	11,954	11,837	3,052	1,035
Total Federal funds Promotion of Industry and Commerce	BA O	250,326 240,123	261,113 248,640	216,875 221,100	219,005 218,895
Science and Technology					
<i>National Oceanic and Atmospheric Administration</i>					
<i>Federal funds</i>					
General and Special Funds:					
Operations, research, and facilities	306				
Appropriation, current	BA	1,154,412	1,257,252 ^ 2,500	887,424 ^ 41,992 ^ 145,724	1,092,614 ^ 41,992
Outlays	O	1,191,064	1,241,561 ^ 14,756	1,142,653 ^ 5,425 ^ 28,555	1,181,220 ^ 1,085 ^ 39,053
Total Operations, research, and facilities	BA O	1,154,412 1,191,064	1,259,752 1,256,317	1,075,140 1,176,633	1,134,606 1,221,358
Construction	306				
Outlays	O	156	170		
Fisheries promotional fund	376				
Appropriation, current	BA	2,625	3,000		
Outlays	O	138	3,474	2,763	
Promote and develop fishery products and research pertaining to American fisheries	376				
Appropriation, current	BA	-47,022	-48,600	-53,700	-53,700
Appropriation, permanent, indefinite	BA	56,337	53,688	53,700	53,700
Outlays	O	5,800	12,945	6,840	2,205
Total Promote and develop fishery products and research pertaining to American fisheries	BA O	9,315 5,800	5,088 12,945	6,840	2,205

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Commerce—Con.					
Science and Technology—Con.					
National Oceanic and Atmospheric Administration—Con.					
Fishing vessel and gear damage compensation fund 376					
Appropriation, current.....	BA			1,000	1,000
Outlays.....	0	862	972	1,000	1,000
Fishermen's contingency fund 376					
Appropriation, current.....	BA	719	719	750	750
Outlays.....	0	724	692	748	750
Foreign fishing observer fund 376					
Appropriation, current.....	BA	1,919	1,919	2,000	2,000
Outlays.....	0	1,482	2,810	2,024	2,000
Fisheries loan fund 376					
Outlays.....	0	-19	-169		
Public Enterprise Funds:					
Coastal energy impact fund 452					
Outlays.....	0	-4,722	-5,800	-5,200	-5,200
Federal ship financing fund, fishing vessels 376					
Outlays.....	0	174	806	-5,400	-5,400
<i>Trust funds</i>					
Aviation weather services program 306					
Appropriation, current.....	BA	28,291	28,717	30,000	30,000
Outlays.....	0	28,291	28,717	30,000	30,000
Total Federal funds National Oceanic and Atmospheric Administration.....	BA	1,168,990	1,270,478	1,078,890	1,138,356
	0	1,195,659	1,272,217	1,179,408	1,216,713
Total Trust funds National Oceanic and Atmospheric Administration.....	BA	28,291	28,717	30,000	30,000
	0	28,291	28,717	30,000	30,000
Patent and Trademark Office					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 376					
Appropriation, current.....	BA	120,000	109,000	101,912	86,026
Outlays.....	0	95,164	134,974	105,102	93,174
Technology Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 376					
Appropriation, current.....	BA			* 4,100	4,196
Outlays.....	0			3,526	4,183
Total Salaries and expenses.....	BA			4,100	4,196
	0			3,526	4,183
<i>Trust funds</i>					
Information products and services 376					
Appropriation, permanent, indefinite.....	BA	41,849	47,000	50,000	53,000
Outlays.....	0	43,278	47,000	50,000	53,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Commerce—Con.					
Science and Technology—Con.					
National Institute of Standards and Technology					
<i>Federal funds</i>					
General and Special Funds:					
Scientific and technical research and services					
	376				
Appropriation, current	BA	140,788	157,491	152,179	155,600
Outlays	O	129,071	159,406	153,116	155,056
Intragovernmental Funds:					
Working capital fund					
	376				
Appropriation, current	BA	3,995	1,509	^κ 3,430	2,522
Outlays	O	-10,258	2,752	2,469	2,976
Total Working capital fund	BA	3,995	1,509	3,430	2,522
	O	-10,258	2,752	2,469	2,976
Total Federal funds National Institute of Standards and Technology	BA	144,783	159,000	155,609	158,122
	O	118,813	162,158	155,585	158,032
National Telecommunications and Information Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses					
	376				
Appropriation, current	BA	13,814	13,630	^κ 14,554	14,713
Outlays	O	14,311	14,595	14,380	14,866
Total Salaries and expenses	BA	13,814	13,630	14,554	14,713
	O	14,311	14,595	14,380	14,866
Public telecommunications facilities, planning and construction					
	503				
Appropriation, current	BA	21,290	20,000		
Outlays	O	20,185	23,654	22,463	10,523
Total Federal funds National Telecommunications and Information Administration	BA	35,104	33,630	14,554	14,713
	O	34,496	38,249	36,843	25,389
Total Federal funds Science and Technology	BA	1,468,877	1,572,108	1,355,065	1,401,413
	O	1,444,132	1,607,598	1,480,464	1,497,491
Total Trust funds Science and Technology	BA	70,140	75,717	80,000	83,000
	O	71,569	75,717	80,000	83,000
Summary					
Federal funds:					
(As shown in detail above)	BA	2,436,994	2,767,214	3,165,365	2,138,688
	O	2,264,638	2,800,221	3,546,522	2,325,216
Deductions for offsetting receipts:					
Intrafund transactions	908 BA	-1,485	-400	-500	-500
	O				
Proprietary receipts from the public	306 BA	-14,682	-28,828	-26,834	-27,297
	O				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate	
Department of Commerce—Con.					
Summary—Con.					
376 BA 0		-8,129	-16,555	-15,885	
Total Federal funds.....	BA 0	2,420,827 2,248,471	2,729,857 2,762,864	3,121,476 3,502,633	2,095,006 2,281,534
Trust funds:					
(As shown in detail above)	BA 0	70,531 71,941	75,917 75,917	80,200 80,200	83,200 83,200
Deductions for offsetting receipts:					
Proprietary receipts from the public	376 BA 0	-38,024	-40,140	-45,320	-48,050
Total Trust funds.....	BA 0	32,507 33,917	35,777 35,777	34,880 34,880	35,150 35,150
Interfund transactions	376 BA 0	-3,825	-6,860	-4,860	-4,950
Total Department of Commerce.....	BA 0	2,449,509 2,278,563	2,758,774 2,791,781	3,151,496 3,532,653	2,125,206 2,311,734

Department of Defense—Military

Military Personnel

Federal funds

General and Special Funds:

Military personnel, Army	051				
Appropriation, current	BA	23,918,252	24,525,037	24,997,600	^N 25,702,300
Outlays.....	0	23,849,142	24,545,500	24,916,200	^N 25,646,800
Military personnel, Navy	051				
Appropriation, current	BA	18,237,199	19,021,360	19,439,800	^N 20,019,900
Outlays.....	0	18,438,594	18,710,800	19,334,600	^N 19,921,900
Military personnel, Marine Corps	051				
Appropriation, current	BA	5,557,442	5,719,198	5,818,900	^N 5,984,100
Outlays.....	0	5,590,626	5,698,200	5,795,500	^N 5,970,100
Military personnel, Air Force	051				
Appropriation, current	BA	20,009,860	20,200,155	20,431,200	^N 20,781,100
Outlays.....	0	19,764,080	20,244,100	20,321,400	^N 20,687,400
Reserve personnel, Army	051				
Appropriation, current	BA	2,240,740	2,211,800	2,261,400	^N 2,378,200
Outlays.....	0	2,176,958	2,223,900	2,225,900	^N 2,338,500
Reserve personnel, Navy	051				
Appropriation, current	BA	1,512,963	1,590,269	1,583,100	^N 1,649,900
Outlays.....	0	1,489,169	1,572,700	1,570,700	^N 1,635,900
Reserve personnel, Marine Corps	051				
Appropriation, current	BA	295,411	315,100	319,200	^N 337,700
Outlays.....	0	276,843	316,800	312,200	^N 330,600
Reserve personnel, Air Force	051				
Appropriation, current	BA	615,081	654,444	668,700	^N 696,300
Outlays.....	0	597,116	647,100	660,500	^N 686,200
National Guard personnel, Army	051				
Appropriation, current	BA	3,209,299	3,299,100	3,277,700	^N 3,422,100
Outlays.....	0	3,169,808	3,259,100	3,210,700	^N 3,338,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Military Personnel—Con.				
National Guard personnel, Air Force	051			
Appropriation, current	BA	988,189	1,029,591	1,047,000
Outlays.....	O	984,511	1,011,200	1,029,000
Total Federal funds Military Personnel.....	BA	76,584,436	78,566,054	79,844,600
	O	76,336,847	78,229,400	79,376,700
Operation and Maintenance				
<i>Federal funds</i>				
General and Special Funds:				
Operation and maintenance, Army	051			
Appropriation, current	BA	21,157,664	22,390,128	^N 25,551,200
Outlays.....	O	22,205,610	22,358,300	^K 24,262,500
			23,323,400	^N 24,610,900
Total Operation and maintenance, Army.....	BA	21,157,664	22,390,128	24,262,500
	O	22,205,610	22,358,300	23,323,400
Operation and maintenance, Navy	051			
Appropriation, current	BA	24,135,975	25,233,432	^N 27,626,000
Outlays.....	O	25,529,575	25,410,700	^K 26,364,300
			25,755,800	^N 26,826,700
Total Operation and maintenance, Navy.....	BA	24,135,975	25,233,432	26,364,300
	O	25,529,575	25,410,700	25,755,800
Operation and maintenance, Marine Corps	051			
Appropriation, current	BA	1,800,488	1,819,334	^N 1,802,500
Outlays.....	O	1,860,392	1,840,800	^K 1,745,100
			1,728,300	^N 1,782,900
Total Operation and maintenance, Marine Corps.....	BA	1,800,488	1,819,334	1,745,100
	O	1,860,392	1,840,800	1,728,300
Operation and maintenance, Air Force	051			
Appropriation, current	BA	20,080,585	21,911,918	^N 23,869,600
Outlays.....	O	20,826,988	21,616,200	^K 23,265,200
			22,714,500	^N 23,452,900
Total Operation and maintenance, Air Force.....	BA	20,080,585	21,911,918	23,265,200
	O	20,826,988	21,616,200	22,714,500
Operation and maintenance, Defense agencies	051			
Appropriation, current	BA	7,270,377	7,709,179	^N 8,408,100
Outlays.....	O	7,373,066	7,408,000	^K 8,085,000
			7,887,600	^N 8,205,300
Total Operation and maintenance, Defense agencies.....	BA	7,270,377	7,709,179	8,085,000
	O	7,373,066	7,408,000	7,887,600
Office of the Inspector General	051			
Appropriation, current	BA		95,800	^N 97,600
Outlays.....	O		71,900	^N 90,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Operation and Maintenance—Con.				
Operation and maintenance, Army Reserve 051				
Appropriation, current	BA 879,685	792,600	^K 867,100	^N 907,600
Outlays.....	O 800,301	807,500	828,200	^N 868,800
Total Operation and maintenance, Army Reserve	BA 879,685	792,600	867,100	907,600
	O 800,301	807,500	828,200	868,800
Operation and maintenance, Navy Reserve 051				
Appropriation, current	BA 929,896	976,425	^K 984,400	^N 1,014,100
Outlays.....	O 902,336	936,900	935,700	^N 964,200
Total Operation and maintenance, Navy Reserve	BA 929,896	976,425	984,400	1,014,100
	O 902,336	936,900	935,700	964,200
Operation and maintenance, Marine Corps Reserve 051				
Appropriation, current	BA 69,500	77,631	^K 77,400	^N 79,400
Outlays.....	O 65,807	72,900	74,800	^N 76,400
Total Operation and maintenance, Marine Corps Reserve	BA 69,500	77,631	77,400	79,400
	O 65,807	72,900	74,800	76,400
Operation and maintenance, Air Force Reserve 051				
Appropriation, current	BA 1,000,981	1,031,540	^K 1,007,400	^N 1,043,100
Outlays.....	O 974,439	1,053,600	1,004,100	^N 1,022,200
Total Operation and maintenance, Air Force Reserve	BA 1,000,981	1,031,540	1,007,400	1,043,100
	O 974,439	1,053,600	1,004,100	1,022,200
Operation and maintenance, Army National Guard 051				
Appropriation, current	BA 1,881,542	1,796,100	^K 1,873,200	^N 1,904,500
Outlays.....	O 1,752,958	1,751,000	1,811,500	^N 1,840,400
Total Operation and maintenance, Army National Guard	BA 1,881,542	1,796,100	1,873,200	1,904,500
	O 1,752,958	1,751,000	1,811,500	1,840,400
Operation and maintenance, Air National Guard 051				
Appropriation, current	BA 1,958,063	1,967,640	^K 2,055,800	^N 2,184,900
Outlays.....	O 1,951,029	1,980,000	2,018,000	^N 2,130,200
Total Operation and maintenance, Air National Guard	BA 1,958,063	1,967,640	2,055,800	2,184,900
	O 1,951,029	1,980,000	2,018,000	2,130,200

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Operation and Maintenance—Con.					
National Board for the Promotion of Rifle Practice, Army 051					
Appropriation, current	BA	4,099	4,300	^K 4,700	^N 5,600
Outlays.....	0	3,423	4,200	4,400	^N 5,200
Total National Board for the Promotion of Rifle Practice, Army	BA	4,099	4,300	4,700	5,600
	0	3,423	4,200	4,400	5,200
Claims, Defense 051					
Appropriation, current	BA	195,174			
Outlays.....	0	188,889	4,100		
Court of Military Appeals, Defense 051					
Appropriation, current	BA	3,241	3,500	^K 4,000	^N 4,200
Outlays.....	0	3,212	3,300	3,800	^N 4,100
Total Court of Military Appeals, Defense	BA	3,241	3,500	4,000	4,200
	0	3,212	3,300	3,800	4,100
Drug interdiction, Defense 051					
Appropriation, current	BA		210,000		
Outlays.....	0		135,000	80,100	^N 44,100
Goodwill games 051					
Appropriation, current	BA		5,000	^K 15,000	
Outlays.....	0		2,200	9,200	^N 7,700
Total Goodwill games	BA		5,000	15,000	
	0		2,200	9,200	7,700
DoD Base closure account 051					
Appropriation, current	BA			^K 500,000	^N 500,000
Outlays.....	0			108,200	^N 331,600
Total DoD Base closure account	BA			500,000	500,000
	0			108,200	331,600
Foreign currency fluctuations, Defense 051					
Reappropriation	BA	251,670			
Summer olympics 051					
Outlays.....	0	- 541			
Tenth International Pan American games 051					
Outlays.....	0	15,418	100		
Environmental restoration, Defense 051					
Appropriation, current	BA			517,800	^N 519,900
Outlays.....	0	14,889		310,700	^N 420,700
Humanitarian assistance 051					
Appropriation, current	BA	10,000	10,000		
Outlays.....	0	7,330	9,400	2,400	^N 400
Total Federal funds Operation and Maintenance	BA	81,628,940	85,938,727	91,724,700	95,518,300
	0	84,475,121	85,394,200	88,672,600	92,685,100

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Procurement				
<i>Federal funds</i>				
General and Special Funds:				
Aircraft procurement, Army	051			
Appropriation, current	BA	2,632,199	2,871,788	^N 3,377,300
Outlays.....	O	2,877,984	2,869,000	^K 3,267,500 2,813,400
Total Aircraft procurement, Army	BA	2,632,199	2,871,788	3,267,500
	O	2,877,984	2,869,000	2,813,400
Missile procurement, Army	051			
Appropriation, current	BA	2,222,273	2,592,008	^N 3,032,600
Outlays.....	O	2,238,503	2,292,400	^K 2,907,900 2,261,000
Total Missile procurement, Army	BA	2,222,273	2,592,008	2,907,900
	O	2,238,503	2,292,400	2,261,000
Procurement of weapons and tracked combat vehicles, Army	051			
Appropriation, current	BA	3,066,671	2,820,353	^N 3,002,100
Outlays.....	O	3,878,719	3,177,000	^K 2,745,000 2,910,600
Total Procurement of weapons and tracked combat vehicles, Army	BA	3,066,671	2,820,353	2,745,000
	O	3,878,719	3,177,000	2,910,600
Procurement of ammunition, Army	051			
Appropriation, current	BA	2,266,392	2,005,195	^N 1,542,300
Outlays.....	O	2,249,878	2,079,300	^K 1,735,700 1,969,200
Total Procurement of ammunition, Army	BA	2,266,392	2,005,195	1,735,700
	O	2,249,878	2,079,300	1,969,200
Other procurement, Army	051			
Appropriation, current	BA	4,720,919	4,659,951	^N 4,282,400
Outlays.....	O	4,332,989	4,630,200	^K 4,233,800 4,553,100
Total Other procurement, Army	BA	4,720,919	4,659,951	4,233,800
	O	4,332,989	4,630,200	4,553,100
Aircraft procurement, Navy	051			
Appropriation, current	BA	9,038,499	9,313,705	^N 11,368,600
Outlays.....	O	9,406,523	9,346,000	^K 10,784,300 9,019,200
Total Aircraft procurement, Navy.....	BA	9,038,499	9,313,705	10,784,300
	O	9,406,523	9,346,000	9,019,200
Weapons procurement, Navy	051			
Appropriation, current	BA	5,376,319	6,092,970	^N 6,332,900
Outlays.....	O	4,239,539	4,712,500	^K 5,725,000 5,270,700
Total Weapons procurement, Navy	BA	5,376,319	6,092,970	5,725,000
	O	4,239,539	4,712,500	5,270,700

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Procurement—Con.				
Shipbuilding and conversion, Navy	051			
Appropriation, current	BA	15,697,655	9,532,450	^N 9,765,400
Reappropriation	BA	152,300		
Outlays	0	8,877,739	10,539,800	^N 10,942,100
Total Shipbuilding and conversion, Navy	BA	15,849,955	9,532,450	10,419,600
	0	8,877,739	10,539,800	10,674,500
Other procurement, Navy	051			
Appropriation, current	BA	4,355,523	4,625,391	^N 5,723,900
Outlays	0	4,799,233	4,709,500	^N 4,729,000
Total Other procurement, Navy	BA	4,355,523	4,625,391	4,986,900
	0	4,799,233	4,709,500	4,721,100
Coastal defense augmentation	051			
Appropriation, current	BA	20,000		
Outlays	0	91,504	160,200	^N 67,300
Procurement, Marine Corps	051			
Appropriation, current	BA	1,212,999	1,291,840	^N 1,415,300
Outlays	0	1,384,855	1,417,900	^N 1,307,900
Total Procurement, Marine Corps	BA	1,212,999	1,291,840	1,207,600
	0	1,384,855	1,417,900	1,348,500
Aircraft procurement, Air Force	051			
Appropriation, current	BA	11,792,407	15,619,486	^N 20,628,400
Outlays	0	15,961,482	16,535,900	^N 15,884,800
Total Aircraft procurement, Air Force	BA	11,792,407	15,619,486	17,975,000
	0	15,961,482	16,535,900	14,678,200
Missile procurement, Air Force	051			
Appropriation, current	BA	7,023,804	7,120,396	^N 10,371,900
Outlays	0	6,045,663	7,307,200	^N 7,496,700
Total Missile procurement, Air Force	BA	7,023,804	7,120,396	7,690,000
	0	6,045,663	7,307,200	7,279,400
Other procurement, Air Force	051			
Appropriation, current	BA	7,885,024	8,153,501	^N 9,256,000
Outlays	0	8,837,521	8,563,100	^N 8,858,800
Total Other procurement, Air Force	BA	7,885,024	8,153,501	8,735,800
	0	8,837,521	8,563,100	8,607,700
Procurement, Defense agencies	051			
Appropriation, current	BA	1,196,763	1,181,553	^N 1,466,800
Outlays	0	1,294,712	1,287,800	^N 1,392,000
Total Procurement, Defense agencies	BA	1,196,763	1,181,553	1,403,800
	0	1,294,712	1,287,800	1,322,700

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Procurement—Con.				
National guard and reserve equipment 051				
Appropriation, current BA	1,182,100	1,138,801		
Outlays..... O	536,322	821,700	954,000	^N 611,800
Defense production act purchases 051				
Appropriation, current BA	13,000	33,500	^K 10,700	^N 14,100
Outlays..... O	970	4,400	5,700	^N 3,300
Total Defense production act purchases BA	13,000	33,500	10,700	14,100
O	970	4,400	5,700	3,300
Chemical agents and munitions destruction, De- fense 051				
Appropriation, current BA	198,500	179,500	286,500	^N 313,700
Outlays..... O	111,306	196,900	213,800	^N 264,400
Procurement of aircraft and missiles, Navy 051				
Outlays..... O	263			
Procurement of equipment and missiles, Army 051				
Outlays..... O	40			
Total Federal funds Procurement BA	80,053,347	79,232,388	84,115,100	91,893,700
O	77,165,745	80,650,800	78,711,200	81,112,400
Research, Development, Test, and Evaluation				
<i>Federal funds</i>				
General and Special Funds:				
Research, development, test, and evaluation, Army 051				
Appropriation, current BA	4,672,698	5,117,396	^K 5,603,000	^N 5,873,700
Outlays..... O	4,624,143	4,989,100	5,285,300	^N 5,633,700
Total Research, development, test, and evaluation, Army BA	4,672,698	5,117,396	5,603,000	5,873,700
O	4,624,143	4,989,100	5,285,300	5,633,700
Research, development, test, and evaluation, Navy 051				
Appropriation, current BA	9,426,051	9,344,589	^K 10,184,400	^N 9,635,800
Outlays..... O	8,827,956	9,535,300	9,701,700	^N 9,720,300
Total Research, development, test, and evaluation, Navy BA	9,426,051	9,344,589	10,184,400	9,635,800
O	8,827,956	9,535,300	9,701,700	9,720,300
Research, development, test, and evaluation, Air Force 051				
Appropriation, current BA	14,616,656	14,678,763	^K 14,772,200	^N 13,784,300
Outlays..... O	14,302,179	14,615,500	14,492,600	^N 13,960,900
Total Research, development, test, and evaluation, Air Force BA	14,616,656	14,678,763	14,772,200	13,784,300
O	14,302,179	14,615,500	14,492,600	13,960,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Research, Development, Test, and Evaluation—Con.				
Research, development, test, and evaluation, Defense agencies 051				
Appropriation, current	BA 7,552,925	8,180,610	^κ 9,995,500	^η 11,352,500
Outlays.....	O 6,910,773	7,705,300	8,966,100	^η 10,410,600
Total Research, development, test, and evaluation, Defense agencies	BA 7,552,925	8,180,610	9,995,500	11,352,500
	O 6,910,773	7,705,300	8,966,100	10,410,600
Developmental test and evaluation, Defense 051				
Appropriation, current	BA 182,116	149,320	^κ 316,400	^η 444,700
Outlays.....	O 119,579	130,100	179,200	^η 266,400
Total Developmental test and evaluation, Defense	BA 182,116	149,320	316,400	444,700
	O 119,579	130,100	179,200	266,400
Operational test and evaluation, Defense 051				
Appropriation, current	BA 70,221	70,958	^κ 153,000	^η 160,800
Outlays.....	O 7,154	47,600	75,100	^η 125,800
Total Operational test and evaluation, Defense	BA 70,221	70,958	153,000	160,800
	O 7,154	47,600	75,100	125,800
Total Federal funds Research, Development, Test, and Evaluation	BA 36,520,667	37,541,636	41,024,500	41,251,800
	O 34,791,784	37,022,900	38,700,000	40,117,700
Military Construction				
<i>Federal funds</i>				
General and Special Funds:				
Military construction, Army 051				
Appropriation, current	BA 983,190	929,692	^κ 904,800	^η 1,182,600
Appropriation, permanent	BA 221,000	214,000		
Outlays.....	O 1,535,727	1,514,100	1,097,500	^η 1,056,800
Total Military construction, Army	BA 1,204,190	1,143,692	904,800	1,182,600
	O 1,535,727	1,514,100	1,097,500	1,056,800
Military construction, Navy 051				
Appropriation, current	BA 1,388,152	1,576,516	^κ 1,142,100	^η 1,310,300
Outlays.....	O 1,709,524	1,527,400	1,422,100	^η 1,284,900
Total Military construction, Navy	BA 1,388,152	1,576,516	1,142,100	1,310,300
	O 1,709,524	1,527,400	1,422,100	1,284,900
Military construction, Air Force 051				
Appropriation, current	BA 1,188,514	1,225,926	^κ 1,528,100	^η 1,579,000
Outlays.....	O 1,405,145	1,311,000	1,331,000	^η 1,423,000
Total Military construction, Air Force.....	BA 1,188,514	1,225,926	1,528,100	1,579,000
	O 1,405,145	1,311,000	1,331,000	1,423,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.				
Military Construction—Con.				
Military construction, Defense agencies 051				
Appropriation, current..... BA	543,286	659,985	^K 703,700	^N 926,600
Outlays..... O	461,307	528,700	610,100	^N 703,800
Total Military construction, Defense agencies... BA	543,286	659,985	703,700	926,600
O	461,307	528,700	610,100	703,800
North Atlantic Treaty Organization infrastructure 051				
Appropriation, current..... BA	373,690	492,000	^K 537,900	^N 539,000
Outlays..... O	327,437	350,000	350,000	^N 350,000
Total North Atlantic Treaty Organization infrastructure..... BA	373,690	492,000	537,900	539,000
O	327,437	350,000	350,000	350,000
Military construction, Army National Guard 051				
Appropriation, current..... BA	181,905	229,158	^K 125,000	^N 138,500
Outlays..... O	106,596	165,800	189,100	^N 158,000
Total Military construction, Army National Guard..... BA	181,905	229,158	125,000	138,500
O	106,596	165,800	189,100	158,000
Military construction, Air National Guard 051				
Appropriation, current..... BA	147,791	158,508	^K 164,600	^N 107,200
Outlays..... O	145,899	145,500	148,000	^N 151,900
Total Military construction, Air National Guard..... BA	147,791	158,508	164,600	107,200
O	145,899	145,500	148,000	151,900
Military construction, Army Reserve 051				
Appropriation, current..... BA	93,300	85,958	^K 76,900	^N 61,900
Outlays..... O	70,055	80,300	84,800	^N 78,100
Total Military construction, Army Reserve..... BA	93,300	85,958	76,900	61,900
O	70,055	80,300	84,800	78,100
Military construction, Naval Reserve 051				
Appropriation, current..... BA	72,537	60,900	^K 50,900	^N 53,300
Outlays..... O	46,872	58,000	61,500	^N 54,300
Total Military construction, Naval Reserve..... BA	72,537	60,900	50,900	53,300
O	46,872	58,000	61,500	54,300
Military construction, Air Force Reserve 051				
Appropriation, current..... BA	77,300	70,600	^K 46,200	^N 38,500
Outlays..... O	65,136	70,000	67,200	^N 52,300
Total Military construction, Air Force Reserve.. BA	77,300	70,600	46,200	38,500
O	65,136	70,000	67,200	52,300

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Military Construction—Con.					
Foreign currency fluctuations, construction	051				
Appropriation, current	BA	39,308			
Reappropriation	BA	39,328			
Total Foreign currency fluctuations, construction	BA	78,636			
Total Federal funds Military Construction	BA	5,349,301	5,703,243	5,280,200	5,936,900
	O	5,873,698	5,750,800	5,361,300	5,313,100
Family Housing					
<i>Federal funds</i>					
General and Special Funds:					
Family housing, Army	051				
Appropriation, current	BA	1,581,809	1,527,231	^K 1,468,700	^N 1,654,300
Outlays	O	1,523,923	1,586,000	1,608,100	^N 1,671,100
Total Family housing, Army	BA	1,581,809	1,527,231	1,468,700	1,654,300
	O	1,523,923	1,586,000	1,608,100	1,671,100
Family housing, Navy and Marine Corps	051				
Appropriation, current	BA	759,941	799,041	^K 758,283	^N 877,107
Outlays	O	644,304	717,600	803,100	^N 820,900
Total Family housing, Navy and Marine Corps..	BA	759,941	799,041	758,283	877,107
	O	644,304	717,600	803,100	820,900
Family housing, Air Force	051				
Appropriation, current	BA	828,160	910,885	^K 1,023,297	^N 1,109,800
Outlays	O	888,842	891,600	919,400	^N 1,006,600
Total Family housing, Air Force	BA	828,160	910,885	1,023,297	1,109,800
	O	888,842	891,600	919,400	1,006,600
Family housing, Defense agencies	051				
Appropriation, current	BA	20,428	20,700	^K 22,000	^N 22,800
Outlays	O	20,613	19,400	20,900	^N 21,700
Total Family housing, Defense agencies	BA	20,428	20,700	22,000	22,800
	O	20,613	19,400	20,900	21,700
Public Enterprise Funds:					
Homeowners assistance fund, Defense	051				
Appropriation, current	BA	2,800	2,000	5,100	^N 5,100
Authority to borrow, permanent	BA	5,974	6,472	2,553	^N 2,337
Outlays	O	4,286	600	1,800	^N 300
Total Homeowners assistance fund, Defense	BA	8,774	8,472	7,653	7,437
	O	4,286	600	1,800	300
Total Federal funds Family Housing	BA	3,199,112	3,266,329	3,279,933	3,671,444
	O	3,081,968	3,215,200	3,353,300	3,520,600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Special Foreign Currency Program					
<i>Federal funds</i>					
General and Special Funds:					
Special foreign currency program	051				
Outlays.....	0	2,165	200		
Revolving and Management Funds					
<i>Federal funds</i>					
Public Enterprise Funds:					
National defense stockpile transaction fund	051				
Appropriation, current.....	BA	19,000	33,500		
Outlays.....	0	17,399			
William Langer jewel bearing plant revolving fund	051				
Outlays.....	0	484			
Laundry service, Naval Academy	051				
Outlays.....	0	-150			
Intragovernmental Funds:					
Army stock fund	051				
Appropriation, current.....	BA	193,207	291,900	^K 107,600	^N 251,500
Outlays.....	0	200,307	224,200	59,900	^N 215,600
Total Army stock fund.....	BA	193,207	291,900	107,600	251,500
	0	200,307	224,200	59,900	215,600
Navy stock fund	051				
Appropriation, current.....	BA	329,400	184,700	^K 249,400	^N 232,100
Outlays.....	0	-258,989	407,600	320,600	^N 248,000
Total Navy stock fund.....	BA	329,400	184,700	249,400	232,100
	0	-258,989	407,600	320,600	248,000
Air Force stock fund	051				
Appropriation, current.....	BA	226,007	186,900	^K 349,300	^N 279,600
Contract authority, permanent, indefinite.....	BA	226,357			
Outlays.....	0	360,445	230,800	-34,800	^N 235,000
Total Air Force stock fund.....	BA	452,364	186,900	349,300	279,600
	0	360,445	230,800	-34,800	235,000
Defense stock fund	051				
Appropriation, current.....	BA	62,600	25,000	^K 119,100	^N 176,300
Contract authority, permanent, indefinite.....	BA	189,451			
Outlays.....	0	-381,763	-555,100	-58,300	^N 127,900
Total Defense stock fund.....	BA	252,051	25,000	119,100	176,300
	0	-381,763	-555,100	-58,300	127,900
Army industrial fund	051				
Outlays.....	0	68,586			
Navy industrial fund	051				
Outlays.....	0	757,428			
Marine Corps industrial fund	051				
Outlays.....	0	-3,455			
Air Force industrial fund	051				
Outlays.....	0	293,777			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Revolving and Management Funds—					
Con.					
Defense industrial fund	051				
Outlays.....	0	39,908			
Navy management fund	051				
Outlays.....	0	—16,557			
Army conventional ammunition working capital fund	051				
Outlays.....	0	—56,330			
Total Federal funds Revolving and Management Funds.....	BA 0	<u>1,246,022</u> <u>1,021,090</u>	<u>722,000</u> <u>307,500</u>	<u>825,400</u> <u>287,400</u>	<u>939,500</u> <u>826,500</u>
Allowances					
<i>Federal funds</i>					
General and Special Funds:					
Other legislation	051				
Appropriation, current.....	BA			309,100	^N 358,000
Outlays.....	0			102,000	^N 226,300
Total Other legislation.....	BA 0			<u>309,100</u> <u>102,000</u>	<u>358,000</u> <u>226,300</u>
Trust Funds					
<i>Trust funds</i>					
Department of the Army trust funds	051				
Appropriation, permanent, indefinite.....	BA	386	515	415	^N 415
Outlays.....	0	719	300	300	^N 400
Department of the Navy trust funds	051				
Appropriation, permanent, indefinite.....	BA	27,611	26,400	27,400	^N 28,200
Outlays.....	0	24,250	25,000	27,000	^N 28,000
Department of the Air Force general gift fund	051				
Appropriation, permanent, indefinite.....	BA	83	85	85	^N 85
Outlays.....	0	449	100	100	^N 100
Surcharge collections, sales of commissary stores, Army	051				
Outlays.....	0	20,235	2,100	2,100	^N 2,100
Department of the Navy trust revolving funds	051				
Outlays.....	0	714	3,500	3,500	^N 3,500
Department of the Air Force trust revolving funds	051				
Outlays.....	0	—4,227	9,300	9,300	^N 9,300
Total Trust funds Trust Funds.....	BA 0	<u>28,080</u> <u>42,140</u>	<u>27,000</u> <u>40,300</u>	<u>27,900</u> <u>42,300</u>	<u>28,700</u> <u>43,400</u>
Summary					
Federal funds:					
(As shown in detail above).....	BA 0	<u>284,581,825</u> <u>282,748,418</u>	<u>290,970,377</u> <u>290,571,000</u>	<u>306,403,533</u> <u>294,564,500</u>	<u>321,629,144</u> <u>305,426,700</u>

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Summary—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	051 BA				
	O	-829,068	-786,000	-760,000	-722,000
Total Federal funds.....	BA	283,752,757	290,184,377	305,643,533	320,907,144
	O	281,919,350	289,785,000	293,804,500	304,704,700
Trust funds:					
(As shown in detail above)	BA	28,080	27,000	27,900	28,700
	O	42,140	40,300	42,300	43,400
Interfund transactions	051 BA				
	O	-26,152	-25,300	-26,300	-27,100
Total Department of Defense—Military	BA	283,754,685	290,186,077	305,645,133	320,908,744
	O	281,935,338	289,800,000	293,820,500	304,721,000

Department of Defense—Civil

Cemeterial Expenses, Army

Federal funds

General and Special Funds:					
Salaries and expenses	705				
Appropriation, current	BA	8,164	13,195	12,569	12,227
Outlays.....	O	20,500	12,171	12,707	12,334

Corps of Engineers—Civil

Federal funds

General and Special Funds:					
General investigations	301				
Appropriation, current	BA	138,767	142,405	126,108	139,992
Outlays.....	O	131,889	151,113	131,323	135,549
Construction, general	301				
Appropriation, current	BA	1,129,328	1,123,735	1,080,790	1,043,133
			\$ -2,600	\$ 2,000	\$ 2,000
Outlays.....	O	1,057,885	1,047,302	1,101,299	1,069,945
				\$ 2,000	\$ 2,000
Total Construction, general.....	BA	1,129,328	1,121,135	1,082,790	1,045,133
	O	1,057,885	1,047,302	1,103,299	1,071,945
Operation and maintenance, general:					
(Water resources)	301				
(Appropriation, current)	BA	1,240,000	1,199,714	1,098,622	1,101,837
			\$ -1,100		
(Outlays)	O	1,195,342	1,253,241	1,117,774	1,101,226
Total (Water resources)	BA	1,240,000	1,198,614	1,098,622	1,101,837
	O	1,195,342	1,253,241	1,117,774	1,101,226

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.					
Corps of Engineers—Civil—Con.					
(Recreational resources)	303				
(Appropriation, current)	BA	12,000	15,000	20,000	20,000
					✓ 20,000
(Outlays)	0	12,000	15,000	20,000	20,000
					✓ 20,000
Total (Recreational resources)	BA	12,000	15,000	20,000	40,000
	0	12,000	15,000	20,000	40,000
Total Operation and maintenance, general	BA	1,252,000	1,213,614	1,118,622	1,141,837
	0	1,207,342	1,268,241	1,137,774	1,141,226
Regulatory program	301				
Appropriation, current	BA	55,262	60,427 G 1,100	65,427	63,000
				✓ 4,000	✓ 4,000
Outlays	0	53,131	60,582	65,032	63,121
				✓ 4,000	✓ 4,000
Total Regulatory program	BA	55,262	61,527	69,427	67,000
	0	53,131	60,582	69,032	67,121
Flood control and coastal emergencies	301				
Appropriation, current	BA	20,000	20,000		25,150
Outlays	0	24,870	25,000	25,000	25,150
General expenses	301				
Appropriation, current	BA	115,200	120,000 G 2,600	128,800	126,000
Outlays	0	112,175	125,705	127,560	126,560
Total General expenses	BA	115,200	122,600	128,800	126,000
	0	112,175	125,705	127,560	126,560
Flood control, Mississippi River and tributaries	301				
Appropriation, current	BA	317,704	337,980	337,000	352,000
Outlays	0	272,888	370,069	337,265	347,950
Permanent appropriations:					
(Water resources)	301				
(Appropriation, permanent, indefinite)	BA	6,924	7,000	7,000	7,000
(Outlays)	0	7,132	7,022	7,000	7,000
(Other general purpose fiscal assistance)	806				
(Appropriation, permanent, indefinite)	BA	4,878	5,000	5,000	5,000
(Outlays)	0	5,319	4,878	5,000	5,000
Total Permanent appropriations	BA	11,802	12,000	12,000	12,000
	0	12,451	11,900	12,000	12,000
Intragovernmental Funds:					
Revolving fund	301				
Appropriation, current	BA			23,000	30,000
Outlays	0	13,060		18,400	28,600
<i>Trust funds</i>					
Inland waterways trust fund	301				
Appropriation, current	BA	70,847	61,000	119,000	130,000
Outlays	0	58,598	73,035	119,000	130,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.					
Corps of Engineers—Civil—Con.					
Rivers and harbors contributed funds	301				
Appropriation, current, indefinite.....	BA			'7,450	'7,625
Appropriation, permanent, indefinite.....	BA	154,083	185,000	215,550	186,375
Outlays.....	O	122,765	185,000	215,550	186,375
				'7,450	'7,625
Total Rivers and harbors contributed funds.....	BA	154,083	185,000	223,000	194,000
	O	122,765	185,000	223,000	194,000
Harbor maintenance trust fund	301				
Appropriation, current.....	BA	148,000	156,000	164,000	172,000
Outlays.....	O	148,000	156,000	164,000	172,000
Summary					
Federal funds:					
(As shown in detail above).....	BA	3,040,063	3,031,261	2,897,747	2,939,112
	O	2,885,691	3,059,912	2,961,653	2,956,101
Deductions for offsetting receipts:					
Proprietary receipts from the public	301 BA	-4,753	-5,100	-5,100	-5,100
	O				
	303 BA	-17,382	-15,000	-16,000	-17,000
	O				
	BA			'-20,000	'-21,000
	O				
Total Federal funds.....	BA	3,017,928	3,011,161	2,856,647	2,896,012
	O	2,863,556	3,039,812	2,920,553	2,913,001
Trust funds:					
(As shown in detail above).....	BA	372,930	402,000	506,000	496,000
	O	329,363	414,035	506,000	496,000
Deductions for offsetting receipts:					
Proprietary receipts from the public	301 BA	-164,531	-194,700	-225,350	-196,375
	O				
	BA			'2,350	'2,375
	O				
Total Trust funds.....	BA	208,399	207,300	283,000	302,000
	O	164,832	219,335	283,000	302,000
Total Corps of Engineers—Civil.....	BA	3,226,327	3,218,461	3,139,647	3,198,012
	O	3,028,388	3,259,147	3,203,553	3,215,001
Military Retirement					
<i>Federal funds</i>					
General and Special Funds:					
Payment to military retirement fund	054				
Appropriation, permanent, indefinite.....	BA	10,285,000	9,782,000	11,183,000	^N 11,826,000
Outlays.....	O	10,285,000	9,782,000	11,183,000	^N 11,826,000
Retired pay, Defense	602				
Outlays.....	O	2,141			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.					
Military Retirement—Con.					
<i>Trust funds</i>					
Military retirement fund	602				
Appropriation, permanent, indefinite.....	BA	33,005,890	34,680,128	34,891,900	37,074,600
Outlays.....	O	19,008,986	20,088,100	21,228,200	22,465,000
				-617,000	-954,000
Total Military retirement fund.....	BA	33,005,890	34,680,128	34,891,900	37,074,600
	O	19,008,986	20,088,100	20,611,200	21,511,000
Summary					
Federal funds:					
(As shown in detail above)	BA	10,285,000	9,782,000	11,183,000	11,826,000
	O	10,287,141	9,782,000	11,183,000	11,826,000
Trust funds:					
(As shown in detail above)	BA	33,005,890	34,680,128	34,891,900	37,074,600
	O	19,008,986	20,088,100	20,611,200	21,511,000
Interfund transactions	054 BA	-10,285,000	-9,782,000	-11,183,000	-11,826,000
	O				
Total Military Retirement	BA	33,005,890	34,680,128	34,891,900	37,074,600
	O	19,011,127	20,088,100	20,611,200	21,511,000
Education Benefits					
<i>Trust funds</i>					
Education benefits fund	702				
Appropriation, permanent, indefinite.....	BA	183,480	211,200	222,900	217,700
Outlays.....	O	68,023	118,100	136,500	156,800
Summary					
Trust funds:					
(As shown in detail above)	BA	183,480	211,200	222,900	217,700
	O	68,023	118,100	136,500	156,800
Interfund transactions	702 BA	-141,410	-163,537	-173,884	-172,742
	O				
Total Education Benefits.....	BA	42,070	47,663	49,016	44,958
	O	-73,387	-45,437	-37,384	-15,942
Soldiers' and Airmen's Home					
<i>Trust funds</i>					
Operation and maintenance	705				
Appropriation, current.....	BA	35,877	37,248	37,573	38,170
Outlays.....	O	37,312	37,075	37,496	38,132
Capital outlays	705				
Appropriation, current.....	BA	15,445	14,820	8,500	
Outlays.....	O	10,094	5,928	9,842	20,761
Payment of claims	705				
Appropriation, permanent, indefinite.....	BA		2	2	2
Outlays.....	O		2	2	2
Soldiers' and Airmen's Home revolving fund	705				
Outlays.....	O	-46			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.					
Soldiers' and Airmen's Home—Con.					
<i>Summary</i>					
Trust funds:					
(As shown in detail above)	BA	51,322	52,070	46,075	38,172
	O	47,360	43,005	47,340	58,895
Deductions for offsetting receipts:					
Proprietary receipts from the public	705 BA	-5,043	-4,675	-4,831	-5,018
	O				
Total Soldiers' and Airmen's Home	BA	46,279	47,395	41,244	33,154
	O	42,317	38,330	42,509	53,877
Forest and Wildlife Conservation, Military Reservations					
<i>Federal funds</i>					
General and Special Funds:					
Forest products program	302				
Appropriation, permanent, indefinite	BA	-45			
Outlays	O	-26			
Wildlife conservation	303				
Appropriation, permanent, indefinite	BA	2,108	2,100	2,100	2,200
Outlays	O	1,744	2,400	2,400	2,400
<i>Summary</i>					
Federal funds:					
(As shown in detail above)	BA	2,063	2,100	2,100	2,200
	O	1,718	2,400	2,400	2,400
Deductions for offsetting receipts:					
Proprietary receipts from the public	302 BA	45			
	O				
	303 BA	-2,108	-2,100	-2,100	-2,200
	O				
Total Forest and Wildlife Conservation, Military Reservations	O	-345	300	300	200
<i>Summary</i>					
Federal funds:					
(As shown in detail above)	BA	13,335,290	12,828,556	14,095,416	14,779,539
	O	13,195,050	12,856,483	14,159,760	14,796,835
Deductions for offsetting receipts:					
Proprietary receipts from the public	301 BA	-4,753	-5,100	-5,100	-5,100
	O				
	302 BA	45			
	O				
	303 BA	-19,490	-17,100	-18,100	-19,200
	O				
	BA			-20,000	-21,000
	O				
Total Federal funds	BA	13,311,092	12,806,356	14,052,216	14,734,239
	O	13,170,852	12,834,283	14,116,560	14,751,535
Trust funds:					
(As shown in detail above)	BA	33,613,622	35,345,398	35,666,875	37,826,472
	O	19,453,732	20,663,240	21,301,040	22,222,695

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.					
Summary—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	301 BA				
	O	-164,531	-194,700	-225,350	-196,375
	BA			2,350	2,375
	O				
	705 BA	-5,043	-4,675	-4,831	-5,018
	O				
Total Trust funds.....	BA	<u>33,444,048</u>	<u>35,146,023</u>	<u>35,439,044</u>	<u>37,627,454</u>
	O	<u>19,284,158</u>	<u>20,463,865</u>	<u>21,073,209</u>	<u>22,023,677</u>
Interfund transactions	054 BA	-10,285,000	-9,782,000	-11,183,000	-11,826,000
	O				
	702 BA	-141,410	-163,537	-173,884	-172,742
	O				
Total Department of Defense—Civil.....	BA	<u>36,328,730</u>	<u>38,006,842</u>	<u>38,134,376</u>	<u>40,362,951</u>
	O	<u>22,028,600</u>	<u>23,352,611</u>	<u>23,832,885</u>	<u>24,776,470</u>

Department of Education**Office of Elementary and Secondary Education***Federal funds***General and Special Funds:**

Compensatory education for the disadvantaged

	501				
Appropriation, current	BA	4,336,543	4,579,138	4,730,441	4,780,441
Outlays.....	O	4,027,559	4,226,379	4,311,962	4,700,771
Impact aid	501				
Appropriation, current	BA	708,476	733,096	629,260	629,260
Outlays.....	O	707,539	721,432	686,330	673,853
School improvement programs	501				
Appropriation, current	BA	1,040,312	1,217,099	1,200,670	1,193,642
Outlays.....	O	443,429	974,909	1,235,012	1,293,145
Chicago litigation settlement	501				
Outlays.....	O	39	7,849	14,607	16,415
Indian education	501				
Appropriation, current	BA	66,326	71,553	74,168	74,168
Outlays.....	O	18,339	63,774	67,918	72,303
Total Federal funds Office of Elementary and Secondary Education.....	BA	<u>6,151,657</u>	<u>6,600,886</u>	<u>6,634,539</u>	<u>6,677,511</u>
	O	<u>5,196,905</u>	<u>5,994,343</u>	<u>6,315,829</u>	<u>6,756,487</u>

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Education—Con.				
Office of Bilingual Education and Minority Languages Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Bilingual, immigrant, and refugee education 501				
Appropriation, current	BA 190,504	197,394	173,458 30,648	176,551 30,648
Reappropriation	BA 1,247			
Outlays	O 159,746	159,392	198,625 3,678	178,496 24,519
Total Bilingual, immigrant, and refugee educa- tion	BA 191,751	197,394	204,106	207,199
	O 159,746	159,392	202,303	203,015
Office of Special Education and Rehabilitative Services				
<i>Federal funds</i>				
General and Special Funds:				
Education for the handicapped 501				
Appropriation, current	BA 1,869,019	1,966,438	2,013,827	2,023,764
Outlays	O 1,465,985	1,871,745	1,939,973	2,013,432
Rehabilitation services and handicapped re- search 506				
Appropriation, current	BA 1,590,400	1,656,538	1,726,384	1,782,072
Reappropriation	BA 494			
Outlays	O 1,536,905	1,618,193	1,703,126	1,766,525
Total Rehabilitation services and handicapped research	BA 1,590,400	1,657,032	1,726,384	1,782,072
	O 1,536,905	1,618,193	1,703,126	1,766,525
Special institutions for the handicapped:				
(Elementary, secondary, and vocational educa- tion) 501				
(Appropriation, current)	BA 24,453	25,657	26,590	26,590
(Outlays)	O 22,808	34,380	27,670	26,590
(Higher education) 502				
(Appropriation, current)	BA 74,602	79,002	83,350	83,350
(Outlays)	O 65,858	96,004	85,513	81,918
Total Special institutions for the handicapped ..	BA 99,055	104,659	109,940	109,940
	O 88,666	130,384	113,183	108,508
<i>Trust funds</i>				
Promotion of education for the blind 501				
Appropriation, permanent	BA 10	10		
Outlays	O 16	7	5	
Total Federal funds Office of Special Education and Rehabilitative Services	BA 3,558,474	3,728,129	3,850,151	3,915,776
	O 3,091,556	3,620,322	3,756,282	3,888,465
Total Trust funds Office of Special Education and Rehabilitative Services	BA 10	10	5	
	O 16	7	5	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Education—Con.					
Office of Vocational and Adult Education					
<i>Federal funds</i>					
General and Special Funds:					
Vocational and adult education	501				
Appropriation, current	BA	1,005,557	1,073,466	170,000	180,000
				✓ 942,239	✓ 942,239
Appropriation, permanent	BA	7,148	7,148	7,148	7,148
Outlays	0	1,275,800	828,047	796,243	337,703
				✓ 113,069	✓ 753,792
Total Vocational and adult education	BA	1,012,705	1,080,614	1,119,387	1,129,387
	0	1,275,800	828,047	909,312	1,091,495
Office of Postsecondary Education					
<i>Federal funds</i>					
General and Special Funds:					
Student financial assistance	502				
Appropriation, current	BA	5,544,792	5,814,320	5,844,960	5,737,960
Reappropriation	BA		^ 4,308		
Outlays	0	5,219,916	5,791,993	6,001,827	5,748,016
			^ 431	^ 3,748	^ 129
Total Student financial assistance	BA	5,544,792	5,818,628	5,844,960	5,737,960
	0	5,219,916	5,792,424	6,005,575	5,748,145
Guaranteed student loans	502				
Appropriation, current	BA	2,565,000	3,174,400	17,655	22,598
Contract authority, current, indefinite	BA			✓ - 167,201	✓ - 187,583
				✓ - 30,454	✓ - 531,063
Contract authority, permanent, indefinite	BA		329,928	3,112,079	2,652,450
Liquidation of contract authority, current				(3,112,079)	(2,652,450)
			^ (329,928)		
				✓ (167,201)	✓ (187,583)
				✓ (30,454)	✓ (531,063)
Outlays	0	2,779,304	2,938,314	3,115,620	2,735,985
			^ 263,942	^ 65,986	
			✓ - 20,885	✓ - 118,097	✓ - 178,285
				✓ - 24,363	✓ - 430,941
Total Guaranteed student loans	BA	2,565,000	3,504,328	2,932,079	1,956,402
	0	2,779,304	3,181,371	3,039,146	2,126,759
Guaranteed student loan subsidies	502				
Contract authority, current, indefinite	BA			✓ 4,043,661	✓ 3,920,120
Liquidation of contract authority, current				✓ (4,043,661)	✓ (3,920,120)
Outlays	0			✓ 3,234,929	✓ 3,944,828
Higher education	502				
Appropriation, current	BA	534,471	564,129	536,637	530,762
Outlays	0	411,775	604,654	527,785	554,725
Howard University	502				
Appropriation, current	BA	172,203	178,479	182,446	184,904
				^ 2,458	
Reappropriation	BA		494		
Outlays	0	168,503	187,152	191,657	184,904
Total Howard University	BA	172,203	178,973	184,904	184,904
	0	168,503	187,152	191,657	184,904

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Education—Con.					
Office of Postsecondary Education—					
Con.					
Higher education facilities loans	502				
Outlays.....	0	-70,263	-5,225	-4,438 J -26,055	-5,813 J 4,859
Total Higher education facilities loans.....	0	-70,263	-5,225	-30,493	-954
College housing and academic facilities loans	502				
Appropriation, current.....	BA		1,675	5,129	8,304
Authority to borrow, current.....	BA	62,231	29,640		
Outlays.....	0	7,833	32,196	49,169	45,293
Limitation on direct loan obligations.....		(62,231)	(29,640)		
Total College housing and academic facilities loans.....	BA	62,231	31,315	5,129	8,304
	0	7,833	32,196	49,169	45,293
Public Enterprise Funds:					
College housing loans	502				
Outlays.....	0	-372,778	-47,905	-5,038 J -234,473	-17,886 J 25,860
Total College housing loans.....	0	-372,778	-47,905	-239,511	7,974
General and Special Funds:					
College construction loan insurance	502				
Appropriation, current.....	BA	19,148			
Outlays.....	0	19,148			
Total Federal funds Office of Postsecondary Education.....	BA	8,897,845	10,097,373	13,547,370	12,338,452
	0	8,163,438	9,744,667	12,778,257	12,611,674
Office of Educational Research and Improvement					
<i>Federal funds</i>					
General and Special Funds:					
Education research and statistics	503				
Appropriation, current.....	BA	67,526	78,201	88,330	91,280
Outlays.....	0	42,379	80,479	101,407	88,890
Libraries	503				
Appropriation, current.....	BA	135,089	137,200	J 137,200	J 137,200
Outlays.....	0	101,202	121,265	94,878 J 54,880	45,189 J 105,644
Total Libraries.....	BA	135,089	137,200	137,200	137,200
	0	101,202	121,265	149,758	150,833
Total Federal funds Office of Educational Research and Improvement.....	BA	202,615	215,401	225,530	228,480
	0	143,581	201,744	251,165	239,723

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Education—Con.					
Departmental Management					
<i>Federal funds</i>					
General and Special Funds:					
Program administration:					
(Elementary, secondary and vocational education) 501					
(Appropriation, current)	BA	18,429	19,883	21,977	21,977
(Outlays)	O	18,512	21,107	20,674	21,874
(Higher education) 502					
(Appropriation, current)	BA	72,214	92,199	95,744	95,744
(Outlays)	O	71,970	89,835	90,049	95,291
				✓ 2,490	✓ 2,850
Total (Higher education)	BA	72,214	92,199	98,744	98,744
	O	71,970	89,835	92,539	98,141
(Research and general education aids) 503					
(Appropriation, current)	BA	131,707	122,407	130,821	130,821
(Outlays)	O	132,089	134,455	123,604	130,400
(Social services) 506					
(Appropriation, current)	BA	18,678	21,508	23,404	23,404
(Outlays)	O	18,777	22,523	22,053	23,308
Total Program administration	BA	241,028	255,997	274,946	274,946
	O	241,348	267,920	258,870	273,723
Office for civil rights 751					
Appropriation, current	BA	40,530	40,845	45,178	45,178
Outlays	O	38,517	41,148	44,998	44,962
Office of the Inspector General 751					
Appropriation, current	BA	17,560	18,179	22,000	22,000
Outlays	O	15,750	19,163	20,565	21,809
Education and research overseas:					
(Special foreign currency program) (Research and general education aids) 503					
(Outlays)	O		147		
(Special foreign currency program) (Social services) 506					
(Outlays)	O	233	359		
Total Education and research overseas	O	233	506		
<i>Trust funds</i>					
Contributions 503					
Appropriation, permanent, indefinite	BA	8	5		
Outlays	O	26	143	176	154
Total Federal funds Departmental Management	BA	299,118	315,021	342,124	342,124
	O	295,848	328,737	324,433	340,494
Total Trust funds Departmental Management	BA	8	5		
	O	26	143	176	154
Summary					
Federal funds:					
(As shown in detail above)	BA	20,314,165	22,234,818	25,923,207	24,838,929
	O	18,326,874	20,877,252	24,537,581	25,131,353

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Education—Con.					
Summary—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	502 BA 0	-80,659	-49,029	-37,513	-32,161
Total Federal funds.....	BA 0	20,233,506 18,246,215	22,185,789 20,828,223	25,885,694 24,500,068	24,806,768 25,099,192
Trust funds:					
(As shown in detail above)	BA 0	18 42	15 150	181	154
Total Department of Education	BA 0	20,233,524 18,246,257	22,185,804 20,828,373	25,885,694 24,500,249	24,806,768 25,099,346

Department of Energy

Atomic Energy Defense Activities

Federal funds

General and Special Funds:

Atomic energy defense activities	053				
Appropriation, current	BA	7,749,364	8,100,000	9,027,000	^N 9,389,000
Outlays.....	0	7,913,410	7,945,029	8,647,000	^N 9,177,000

Energy Programs

Federal funds

General and Special Funds:

General science and research activities	251				
Appropriation, current	BA	804,713	922,116	1,169,431	1,397,901
Outlays.....	0	763,325	883,957	1,119,375	1,348,150
Energy supply, R&D activities	271				
Appropriation, current	BA	2,003,342	2,142,326	2,162,276	2,234,405
Outlays.....	0	2,024,792	2,150,000	2,132,118	2,194,928
Uranium supply and enrichment activities	271				
Appropriation, current, indefinite.....	BA	949,075			
Outlays.....	0	1,136,748	-112,267	-69,000	-165,600
				^J 69,000	^J 165,600
Total Uranium supply and enrichment activities.....	BA 0	949,075 1,136,748			
			-112,267		
Fossil energy research and development	271				
Appropriation, current	BA	324,139	380,595	163,574	169,755
Outlays.....	0	326,010	353,708	288,482	209,451
Naval petroleum and oil shale reserves	271				
Appropriation, current	BA	159,663	185,071	192,124	209,200
Outlays.....	0	186,503	171,906	185,854	200,282
					^J -209,000
					^J -200,082
Total Naval petroleum and oil shale reserves...	BA 0	159,663 186,503	185,071 171,906	192,124 185,854	200 200
Energy conservation	272				
Appropriation, current	BA	308,311	315,284	95,528	95,160
Outlays.....	0	339,557	313,361	315,880	150,541

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Energy—Con.					
Energy Programs—Con.					
Strategic petroleum reserve	274				
Appropriation, current	BA	164,162	173,421	194,999	238,059
Outlays	0	224,238	239,953	191,792	213,385
SPR petroleum	274				
Appropriation, current	BA	438,744	242,000	35,407	112,375
Appropriation, permanent	BA			91,555	37,458
Outlays	0	337,777	405,620	150,009	147,927
Total SPR petroleum	BA	438,744	242,000	126,962	149,833
	0	337,777	405,620	150,009	147,927
Energy information administration	276				
Appropriation, current	BA	61,398	62,856	65,232	66,608
Outlays	0	64,557	60,326	64,707	65,697
Emergency preparedness	274				
Appropriation, current	BA	6,172	6,154	6,641	6,467
Outlays	0	5,997	6,116	6,641	6,467
Economic regulation	276				
Appropriation, current	BA	21,565	21,372	20,346	19,510
Outlays	0	21,180	20,562	20,346	19,510
Federal Energy Regulatory Commission	276				
Appropriation, current, indefinite	BA	100,000	108,760	116,550	113,818
Outlays	0	99,328	112,487	113,489	113,703
Geothermal resources development fund	271				
Appropriation, current	BA	72	75	75	77
Authority to borrow, permanent, indefinite	BA	49,980			
Outlays	0	56,711	771	75	77
Total Geothermal resources development fund	BA	50,052	75	75	77
	0	56,711	771	75	77
Clean coal technology	271				
Appropriation, current	BA	47,767	-335,000	-385,000	
Appropriation, permanent	BA	149,100	525,000	710,000	385,000
Outlays	0	28,578	91,500	95,000	210,800
Total Clean coal technology	BA	196,867	190,000	325,000	385,000
	0	28,578	91,500	95,000	210,800
Alternative fuels production	271				
Outlays	0	669	49,010	1,020	
Payments to states under Federal Power Act					
Appropriation, permanent, indefinite	BA	1,803	2,446	2,446	2,527
Outlays	0	1,586	1,803	2,446	2,446
Nuclear waste disposal fund	271				
Appropriation, current	BA	360,000	363,832	500,000	517,000
Outlays	0	405,053	418,816	433,932	495,000
Public Enterprise Funds:					
Isotope production and distribution fund	271				
Appropriation, current	BA			16,243	
Outlays	0			-209	-300

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Energy—Con.					
Energy Programs—Con.					
<i>Trust funds</i>					
Advances for cooperative work	271				
Appropriation, permanent, indefinite.....	BA	126,499	69,567	64,931	67,116
Outlays.....	0	131,525	112,917	64,931	67,116
Total Federal funds Energy Programs.....		5,950,006	5,116,308	5,157,427	5,396,320
	0	6,022,609	5,167,629	5,120,957	5,177,982
Total Trust funds Energy Programs.....		126,499	69,567	64,931	67,116
	0	131,525	112,917	64,931	67,116
Power Marketing Administration					
<i>Federal funds</i>					
General and Special Funds:					
Operation and maintenance, Alaska Power Administration 271					
Appropriation, current.....	BA	3,026	3,159	3,145	3,973
Outlays.....	0	3,183	3,079	3,145	3,973
Total Operation and maintenance, Alaska Power Administration.....		3,026	3,159	3,145	3,973
	0	3,183	3,079	3,145	3,973
Operation and maintenance, Southeastern Power Administration 271					
Appropriation, current.....	BA	27,400	36,267	42,369	51,101
Outlays.....	0	30,744	34,937	41,536	49,779
Total Operation and maintenance, Southeastern Power Administration.....		27,400	36,267	42,369	51,101
	0	30,744	34,937	41,536	49,779
Operation and maintenance, Southwestern Power Administration 271					
Appropriation, current.....	BA	16,648	15,389	25,172	35,397
Outlays.....	0	17,704	26,055	33,572	35,397
Construction, rehabilitation, operation and maintenance, Western Area Power Administration 271					
Appropriation, current.....	BA	249,515	273,413	314,797	394,252
Outlays.....	0	281,875	262,830	292,975	368,638
Public Enterprise Funds:					
Bonneville Power Administration fund 271					
Authority to borrow, permanent, indefinite.....	BA	134,557	211,200	218,500	250,900
Outlays.....	0	— 134,376	— 236,600	— 227,500	— 233,900
Limitation on direct loan obligations.....		(10,000)		— 459,600	— 400,500
Total Bonneville Power Administration fund.....		134,557	211,200	218,500	250,900
	0	— 134,376	— 236,600	— 687,100	— 634,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Energy—Con.					
Power Marketing Administration—					
Con.					
Colorado river basins power marketing fund, Western Area Power Administration 271					
Outlays.....	0	— 6,748	— 50,000	— 50,000 ‘ — 74,435	— 50,000 ‘ — 71,934
Total Colorado river basins power marketing fund, Western Area Power Administration	0	— 6,748	— 50,000	— 124,435	— 121,934
Total Federal funds Power Marketing Administration.....	BA 0	431,146 192,382	539,428 40,301	603,983 — 440,307	680,549 — 352,299
Departmental Administration					
<i>Federal funds</i>					
General and Special Funds:					
Departmental administration 276					
Appropriation, current	BA	387,513	162,940	179,923	211,000
Outlays.....	0	387,187	162,699	213,577	205,363
Office of the Inspector General 276					
Appropriation, current	BA			22,959	23,358
Outlays.....	0			22,959	23,358
Total Federal funds Departmental Administration	BA 0	387,513 387,187	162,940 162,699	202,882 236,536	234,358 228,721
Summary					
Federal funds:					
(As shown in detail above)	BA 0	14,518,029 14,515,588	13,918,676 13,315,658	14,991,292 13,564,186	15,700,227 14,231,404
Deductions for offsetting receipts:					
Intrafund transactions 908	BA 0	— 187,905	— 165,700	— 195,300	— 186,400
Proprietary receipts from the public 271	BA 0 BA 0	— 3,002,297	— 1,731,062	— 1,751,828	— 1,848,349
				‘ — 373,423	‘ 462,459
	276 BA 0	— 164,373	— 58,760	— 266,550	— 113,818
Total Federal funds.....	BA 0	11,163,454 11,161,013	11,963,154 11,360,136	12,404,191 10,977,085	14,014,119 12,545,296
Trust funds:					
(As shown in detail above)	BA 0	126,499 131,525	69,567 112,917	64,931 64,931	67,116 67,116
Deductions for offsetting receipts:					
Proprietary receipts from the public 271	BA 0	— 126,499	— 69,567	— 64,931	— 67,116
Total Trust funds.....	0	5,026	43,350		
Total Department of Energy.....	BA 0	11,163,454 11,166,039	11,963,154 11,403,486	12,404,191 10,977,085	14,014,119 12,545,296

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security					
Health Programs					
Public Health Service					
Food and Drug Administration					
<i>Federal funds</i>					
General and Special Funds:					
Program expenses	554				
Appropriation, current	BA	481,616	512,456	412,792	415,451
Outlays	0	459,793	490,026	424,885	418,788
Buildings and facilities	554				
Appropriation, current	BA	1,450	23,950		
Outlays	0	3,284	4,384	8,592	6,015
Public Enterprise Funds:					
Revolving fund for certification and other services	554				
Outlays	0	-348			
Total Federal funds Food and Drug Administration	BA	483,066	536,406	412,792	415,451
	0	462,729	494,410	433,477	424,803
Health Resources and Services Administration					
<i>Federal funds</i>					
General and Special Funds:					
Health resources and services:					
(Health care services)	551				
(Appropriation, current)	BA	1,345,112	1,424,310	1,203,568	1,219,622
				W -43	
(Outlays)	0	1,308,047	1,303,316	1,223,958	1,273,997
				W -43	
(Limitation on direct loan obligations)			(494)	(50)	
				W (-50)	
Total (Health care services)	BA	1,345,112	1,424,310	1,203,525	1,219,622
	0	1,308,047	1,303,316	1,223,915	1,273,997
(Education and training of health care work force)	553				
(Appropriation, current)	BA	208,143	178,311		
(Outlays)	0	226,809	167,104	56,901	51,083
Total Health resources and services	BA	1,553,255	1,602,621	1,203,525	1,219,622
	0	1,534,856	1,470,420	1,280,816	1,325,080
Health education assistance loan subsidies	553				
Appropriation, current	BA			W 14,400	
Outlays	0			W 14,400	
Limitation on guaranteed loan commitments				W (100,000)	W (100,000)

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Health Resources and Services Administration—Con.					
Public Enterprise Funds:					
Health professions graduate student loan insurance fund 553					
Appropriation, current	BA	20,000	6,570	36,800	
			✓ - 6,600	✓ 8,000	
			✓ 14,570	✓ 8,000	
Outlays.....	0 11,581	23,116	18,250	36,800	
			✓ - 6,600	✓ 2,000	
			✓ 14,570	✓ 8,000	
Limitation on guaranteed loan commitments.....			(100,000)	(100,000)	
			✓ (- 100,000)	✓ (- 100,000)	
Total Health professions graduate student loan insurance fund	BA	20,000	14,540	44,800	
	0 11,581	23,116	26,220	46,800	
Health education loans 553					
Outlays.....	0 - 9,338	- 400	- 400		
Nurse training fund 553					
Outlays.....	0 - 27	- 50	- 50		
Medical facilities guarantee and loan fund 551					
Appropriation, current	BA 22,000	21,600	21,000	20,000	
Authority to borrow, permanent	BA		4,364		
Outlays.....	0 16,632	18,560	- 41,375	21,000	
Total Medical facilities guarantee and loan fund	BA 22,000	21,600	25,364	20,000	
	0 16,632	18,560	- 41,375	21,000	
Trust funds					
Vaccine improvement program trust fund 551					
Appropriation, current	BA	101,500	133,100	150,000	
Outlays.....	0	68,200	133,100	150,000	
Total Federal funds Health Resources and Services Administration	BA 1,575,255	1,644,221	1,257,829	1,284,422	
	0 1,553,704	1,511,646	1,279,611	1,392,880	
Total Trust funds Health Resources and Services Administration	BA	101,500	133,100	150,000	
	0	68,200	133,100	150,000	
Indian Health Service					
Federal funds					
General and Special Funds:					
Tribal health administration 551					
Appropriation, current	BA 946,307	1,020,106	266,085	287,242	
Appropriation, permanent	BA	3,000			
Outlays.....	0 899,835	971,593	266,085	287,242	
Total Tribal health administration	BA 946,307	1,023,106	266,085	287,242	
	0 899,835	971,593	266,085	287,242	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Indian Health Service—Con.					
Federal Indian health administration	551				
Appropriation, current	BA			817,314	811,849
Appropriation, permanent	BA			3,000	3,000
Outlays	O			853,201	825,245
Total Federal Indian health administration	BA			820,314	814,849
	O			853,201	825,245
Indian health facilities	551				
Appropriation, current	BA	62,511	61,668		
Outlays	O	50,937	76,014	77,998	38,359
Total Federal funds Indian Health Service	BA	1,008,818	1,084,774	1,086,399	1,102,091
	O	950,772	1,047,607	1,197,284	1,150,846
Centers for Disease Control					
<i>Federal funds</i>					
General and Special Funds:					
Disease control, research, and training:					
(Health care services) 551					
(Appropriation, current)	BA	702,104	860,075	481,185	476,287
(Outlays)	O	551,422	734,239	590,000	525,182
(Health research) 552					
(Appropriation, current)	BA	69,668	118,706	92,373	89,638
(Outlays)	O	62,342	95,079	93,537	91,315
Total Disease control, research, and training	BA	771,772	978,781	573,558	565,925
	O	613,764	829,318	683,537	616,497
Total Federal funds Centers for Disease Control	BA	771,772	978,781	573,558	565,925
	O	613,764	829,318	683,537	616,497
National Institutes of Health					
<i>Federal funds</i>					
General and Special Funds:					
National Cancer Institute:					
(Health research) 552					
(Appropriation, current)	BA	1,436,221	1,537,648	1,460,436	1,484,461
(Outlays)	O	1,378,852	1,461,698	1,498,266	1,475,613
(Education and training of health care work force) 553					
(Appropriation, current)	BA	33,106	33,218	34,305	33,764
(Outlays)	O	24,898	31,532	33,020	33,204
Total National Cancer Institute	BA	1,469,327	1,570,866	1,494,741	1,518,225
	O	1,403,750	1,493,230	1,531,286	1,508,817
National Heart, Lung and Blood Institute:					
(Health research) 552					
(Appropriation, current)	BA	924,084	1,003,870	996,548	1,012,302
(Outlays)	O	918,974	953,353	998,703	1,004,052

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
National Institutes of Health— Con.					
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	41,452	41,800	43,298	44,013
(Outlays).....	O	40,279	41,465	41,861	41,890
Total National Heart, Lung and Blood Institute	BA	965,536	1,045,670	1,039,846	1,056,315
	O	959,253	994,818	1,040,564	1,045,942
National Institute of Dental Research:					
(Health research) 552					
(Appropriation, current).....	BA	120,753	125,040	125,556	129,321
(Outlays).....	O	116,498	120,674	121,266	123,267
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	5,544	5,684	5,971	5,882
(Outlays).....	O	5,350	5,475	5,648	5,741
Total National Institute of Dental Research.....	BA	126,297	130,724	131,527	135,203
	O	121,848	126,149	126,914	129,008
National Institute of Diabetes and Digestive and Kidney Diseases:					
(Health research) 552					
(Appropriation, current).....	BA	513,271	537,502	554,453	563,067
(Outlays).....	O	496,472	486,094	510,821	531,140
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	21,462	22,007	22,782	23,151
(Outlays).....	O	21,769	21,884	22,842	24,101
Total National Institute of Diabetes and Digestive and Kidney Diseases.....	BA	534,733	559,509	577,235	586,218
	O	518,241	507,978	533,663	555,241
National Institute of Neurological Disorders and Stroke:					
(Health research) 552					
(Appropriation, current).....	BA	520,088	467,625	472,818	482,742
(Outlays).....	O	491,712	502,853	473,757	478,532
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	14,604	12,357	12,779	12,787
(Outlays).....	O	14,603	12,544	12,479	12,630
Total National Institute of Neurological Disorders and Stroke.....	BA	534,692	479,982	485,597	495,529
	O	506,315	515,397	486,236	491,162
National Institute of Allergy and Infectious Diseases:					
(Health research) 552					
(Appropriation, current).....	BA	625,112	726,912	428,699	435,272
(Outlays).....	O	529,952	645,616	635,338	444,759

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
National Institutes of Health— Con.					
(Education and training of health care work force) 553					
(Appropriation, current)	BA	13,688	14,665	13,897	14,121
(Outlays)	O	11,610	14,144	14,321	16,753
Total National Institute of Allergy and Infectious Diseases					
	BA	638,800	741,577	442,596	449,393
	O	541,562	659,760	649,659	461,512
National Institute of General Medical Sciences:					
(Health research) 552					
(Appropriation, current)	BA	564,489	608,211	691,074	708,266
(Outlays)	O	523,278	566,129	663,399	680,424
(Education and training of health care work force) 553					
(Appropriation, current)	BA	68,187	74,048	75,347	77,283
(Outlays)	O	63,213	68,922	76,446	78,434
Total National Institute of General Medical Sciences					
	BA	632,676	682,259	766,421	785,549
	O	586,491	635,051	739,845	758,858
National Institute of Child Health and Human Development:					
(Health research) 552					
(Appropriation, current)	BA	381,554	409,632	400,804	407,037
(Outlays)	O	349,084	386,980	405,595	384,528
(Education and training of health care work force) 553					
(Appropriation, current)	BA	15,257	15,836	16,260	16,519
(Outlays)	O	13,959	14,570	14,960	15,198
Total National Institute of Child Health and Human Development					
	BA	396,811	425,468	417,064	423,556
	O	363,043	401,550	420,555	399,726
National Eye Institute:					
(Health research) 552					
(Appropriation, current)	BA	219,057	225,249	227,620	231,270
(Outlays)	O	214,846	220,474	226,557	229,620
(Education and training of health care work force) 553					
(Appropriation, current)	BA	5,890	5,941	6,157	6,174
(Outlays)	O	4,901	4,929	4,978	5,165
Total National Eye Institute					
	BA	224,947	231,190	233,777	237,444
	O	219,747	225,403	231,535	234,785
National Institute of Environmental Health Sciences:					
(Health research) 552					
(Appropriation, current)	BA	206,364	214,045	216,760	219,866
(Outlays)	O	236,283	171,243	203,846	214,826

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
National Institutes of Health— Con.					
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	9,302	9,375	9,711	9,869
(Outlays).....	0	10,617	7,504	9,037	9,608
Total National Institute of Environmental Health Sciences.....	BA 0	215,666 246,900	223,420 178,747	226,471 212,883	229,735 224,434
National Institute on Aging:					
(Health research) 552					
(Appropriation, current).....	BA	186,316	214,145	220,821	224,465
(Outlays).....	0	171,770	189,838	211,827	208,126
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	8,430	8,494	8,799	8,944
(Outlays).....	0	7,772	7,499	8,367	4,271
Total National Institute on Aging.....	BA 0	194,746 179,542	222,639 197,337	229,620 220,194	233,409 212,397
National Institute of Arthritis and Musculoskeletal and Skin Diseases:					
(Health research) 552					
(Appropriation, current).....	BA	141,106	153,900	161,116	163,712
(Outlays).....	0	134,513	144,569	152,093	163,712
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	6,573	5,991	6,218	6,290
(Outlays).....	0	6,271	5,632	5,870	6,290
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases.....	BA 0	147,679 140,784	159,891 150,201	167,334 157,963	170,002 170,002
Research resources:					
(Health research) 552					
(Appropriation, current).....	BA	365,904	355,988	260,929	266,516
(Outlays).....	0	329,405	394,160	314,651	266,693
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	2,249	2,273	2,384	2,425
(Outlays).....	0	2,166	2,358	2,875	2,427
Total Research resources.....	BA 0	368,153 331,571	358,261 396,518	263,313 317,526	268,941 269,120
National Center for Nursing Research:					
(Health research) 552					
(Appropriation, current).....	BA	20,494	25,305	26,091	26,539
(Outlays).....	0	17,217	20,527	23,871	25,213

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
National Institutes of Health— Con.					
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	2,886	3,828	3,879	3,946
(Outlays).....	O	2,425	3,104	3,549	3,748
Total National Center for Nursing Research.....	BA	23,380	29,133	29,970	30,485
	O	19,642	23,631	27,420	28,961
National Institute of Deafness and Other Communication Disorders					
(Health research) 552					
(Appropriation, current).....	BA		84,117	88,937	90,368
(Outlays).....	O		32,191	79,703	85,336
(Education and training of health care work force) 553					
(Appropriation, current).....	BA		2,413	2,496	2,537
(Outlays).....	O		708	2,438	2,466
Total National Institute of Deafness and Other Communication Disorders.....	BA		86,530	91,433	92,905
	O		32,899	82,141	87,802
John E. Fogarty International Center 552					
Appropriation, current.....	BA	15,651	15,810	10,622	11,033
Outlays.....	O	12,571	12,729	8,532	11,033
National Library of Medicine:					
(Health research) 552					
(Appropriation, current).....	BA	20,916	25,245	26,445	26,533
(Outlays).....	O	19,102	24,798	26,746	25,295
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	46,994	48,486	51,784	52,405
(Outlays).....	O	42,958	47,627	51,386	51,642
Total National Library of Medicine.....	BA	67,910	73,731	78,229	78,938
	O	62,060	72,425	78,132	76,937
Office of the Director:					
(Health research) 552					
(Appropriation, current).....	BA	55,986	65,311	76,305	77,191
(Outlays).....	O	95,584	73,814	74,204	76,124
(Education and training of health care work force) 553					
(Appropriation, current).....	BA	5,833	6,784	7,926	8,018
(Outlays).....	O	9,929	7,667	7,708	7,907
Total Office of the Director.....	BA	61,819	72,095	84,231	85,209
	O	105,513	81,481	81,912	84,031
Buildings and facilities 552					
Appropriation, current.....	BA	47,870	38,492	6,700	6,700
Outlays.....	O	24,000	46,975	24,378	6,700
Intragovernmental Funds:					
National Institutes of Health management fund 552					
Outlays.....	O	-8,469	8		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
National Institutes of Health— Con.					
Service and supply fund	552				
Outlays.....	0	-423			
Total Federal funds National Institutes of Health	BA 0	<u>6,666,693</u> <u>6,333,941</u>	<u>7,147,247</u> <u>6,752,287</u>	<u>6,776,727</u> <u>6,971,338</u>	<u>6,894,789</u> <u>6,756,468</u>
Alcohol, Drug Abuse, and Mental Health Administration					
<i>Federal funds</i>					
General and Special Funds:					
Alcohol, drug abuse, and mental health:					
(Health care services)	551				
(Appropriation, current)	BA	826,963	1,110,909	942,686	896,224
(Outlays)	0	719,887	927,316	931,035	869,899
(Health research)	552				
(Appropriation, current)	BA	506,038	688,615	642,924	652,111
(Outlays)	0	446,273	735,273	766,535	754,540
(Education and training of health care work force)	553				
(Appropriation, current)	BA	40,726	44,854	38,706	36,213
(Outlays)	0	29,069	48,390	43,697	40,465
Total Alcohol, drug abuse, and mental health ..	BA 0	<u>1,373,727</u> <u>1,195,229</u>	<u>1,844,278</u> <u>1,710,979</u>	<u>1,624,316</u> <u>1,741,267</u>	<u>1,584,548</u> <u>1,664,904</u>
Federal subsidy for Saint Elizabeths Hospital	551				
Appropriation, current	BA	65,403	23,712	18,000	12,000
Outlays.....	0	40,963	23,742	18,000	12,000
Construction and renovation, Saint Elizabeths Hospi- tal	551				
Outlays.....	0	1,079	1,278		
Total Federal funds Alcohol, Drug Abuse, and Mental Health Administration	BA 0	<u>1,439,130</u> <u>1,237,271</u>	<u>1,867,990</u> <u>1,735,999</u>	<u>1,642,316</u> <u>1,759,267</u>	<u>1,596,548</u> <u>1,676,904</u>
Office of Assistant Secretary for Health					
<i>Federal funds</i>					
General and Special Funds:					
Public health service management:					
(Health care services)	551				
(Appropriation, current)	BA	38,877	43,584	28,651 * 144,347	167,217
(Outlays)	0	42,704	45,692	100,121	153,964
Total (Health care services)	BA 0	<u>38,877</u> <u>42,704</u>	<u>43,584</u> <u>45,692</u>	<u>172,998</u> <u>100,121</u>	<u>167,217</u> <u>153,964</u>

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Office of Assistant Secretary for Health—Con.					
(Health research)	552				
(Appropriation, current)	BA	67,860	25,631	13,846	14,001
(Outlays)	0	64,747	38,931	25,831	23,057
Total Public health service management	BA	106,737	69,215	186,844	181,218
	0	107,451	84,623	125,952	177,021
National HIV program:					
(Health care services)	551				
(Appropriation, current)	BA			540,000	594,000
(Outlays)	0			240,000	552,000
(Health research)	552				
(Appropriation, current)	BA			1,060,000	1,166,000
(Outlays)	0			480,000	800,000
Total National HIV program	BA			1,600,000	1,760,000
	0			720,000	1,352,000
Public health emergency fund					
Outlays	0	26,549	2,657	611	141
Medical treatment effectiveness					
Appropriation, current	BA			24,000	24,449
Outlays	0			9,600	18,420
Retirement pay and medical benefits for commissioned officers					
Appropriation, current	BA			110,201	111,206
Indefinite	BA	89,706	104,315		
Outlays	0	89,991	102,909	103,657	109,526
Total Retirement pay and medical benefits for commissioned officers	BA	89,706	104,315	110,201	111,206
	0	89,991	102,909	103,657	109,526
Scientific activities overseas (special foreign currency program)					
Outlays	0	1,560	1,295	1,233	1,173
Intragovernmental Funds:					
Service and supply fund	551				
Outlays	0	6,532			
<i>Trust funds</i>					
Commissioned officers retirement fund	602				
Appropriation, current, indefinite	BA			110,336	111,538

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Office of Assistant Secretary for Health—Con.					
Miscellaneous trust funds	551				
Appropriation, permanent, indefinite.....	BA	25,615	8,124	8,124	8,124
Outlays.....	O	24,172	27,109	15,149	10,723
Total Federal funds Office of Assistant Secretary for Health	BA	196,443	173,530	1,921,045	2,076,873
	O	232,083	191,484	961,053	1,658,281
Total Trust funds Office of Assistant Secretary for Health.....	BA	25,615	8,124	118,460	119,662
	O	24,172	27,109	15,149	10,723
Total Federal funds Public Health Service	BA	12,141,177	13,432,949	13,670,666	13,936,099
	O	11,384,264	12,562,751	13,285,567	13,676,679
Total Trust funds Public Health Service.....	BA	25,615	109,624	251,560	269,662
	O	24,172	95,309	148,249	160,723
Other Health Programs					
Health Care Financing Administration					
<i>Federal funds</i>					
General and Special Funds:					
Grants to States for Medicaid	551				
Appropriation, current	BA	22,946,000	26,236,000	28,398,197	41,355,605
				✓ - 1,437,000	✓ - 1,987,000
Indefinite.....	BA	722,497	55,986		
Appropriation, permanent.....	BA	7,100,000	8,000,000	9,000,000	
Outlays.....	O	30,461,630	34,291,986	37,398,197	41,355,605
				✓ - 1,437,000	✓ - 1,987,000
State administrative expenses:.....		(1,577,744)	(1,749,178)	(1,839,313)	(1,947,719)
				✓ (- 352,000)	✓ (- 412,000)
Total Grants to States for Medicaid.....	BA	30,768,497	34,291,986	35,961,197	39,368,605
	O	30,461,630	34,291,986	35,961,197	39,368,605
Payments to health care trust funds	571				
Appropriation, current	BA	25,893,000	31,227,000	35,894,000	39,998,000
				✓ - 850,000	✓ - 1,845,000
Appropriation, permanent, indefinite.....	BA	569,980	545,000	367,000	— 7,000
Outlays.....	O	26,462,980	31,772,000	36,261,000	39,991,000
				✓ - 850,000	✓ - 1,845,000
Total Payments to health care trust funds.....	BA	26,462,980	31,772,000	35,411,000	38,146,000
	O	26,462,980	31,772,000	35,411,000	38,146,000
Program management:					
(Health care services)	551				
(Appropriation, current).....	BA	88,637	83,404	88,908	91,299
(Outlays)	O	51,259	81,812	92,741	90,950
(Health research)	552				
(Appropriation, current).....	BA	9,574	9,880	14,000	14,231
(Outlays)	O	11,014	6,248	14,757	15,495
Total Program management.....	BA	98,211	93,284	102,908	105,530
	O	62,273	88,060	107,498	106,445

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Other Health Programs—Con.				
Health Care Financing Administration—Con.				
Public Enterprise Funds:				
Health maintenance organization loan and loan guarantee fund 551				
Appropriation, current, indefinite.....	BA		5,000	
Outlays.....	0 -9,537	-2,188	-1,857	-20,000
Total Health maintenance organization loan and loan guarantee fund.....	BA		5,000	
	0 -9,537	-2,188	-21,857	
<i>Trust funds</i>				
Federal hospital insurance trust fund 571				
Appropriation, current, indefinite.....	BA		2,289,000	2,639,000
Appropriation, permanent, indefinite.....	BA 67,999,299	75,330,747	80,688,514	86,908,000
Outlays.....	0 52,729,527	58,383,319	64,289,560	70,317,209
			-2,396,000	-3,022,000
Administrative expenses: Program management....	(594,752)	(681,437)	(625,282)	(641,563)
Administrative expenses: Social Security Administration.....	(260,229)	(292,146)	(298,806)	(305,414)
Administrative expenses: Other	(74,477)	(67,072)	(84,689)	(90,595)
Total Federal hospital insurance trust fund	BA 67,999,299	75,330,747	82,977,514	89,547,000
	0 52,729,527	58,383,319	61,893,560	67,295,209
Federal hospital insurance catastrophic coverage reserve fund 571				
Appropriation, permanent, indefinite.....	BA	554,000	2,847,037	2,238,390
Federal supplementary medical insurance trust fund 571				
Appropriation, current, indefinite.....	BA		1,129,981	2,438,994
Appropriation, permanent, indefinite.....	BA 35,001,851	42,070,000	48,551,000	54,501,000
Outlays.....	0 34,946,740	39,900,956	45,833,130	52,647,819
			-985,000	-2,215,000
Administrative expenses: Program management....	(853,299)	(902,453)	(913,393)	(941,449)
Administrative expenses: Social Security Administration.....	(231,101)	(232,576)	(237,960)	(243,364)
Administrative expenses: Other	(16,796)	(20,184)	(31,559)	(31,754)
Total Federal supplementary medical insurance trust fund.....	BA 35,001,851	42,070,000	47,421,019	52,062,006
	0 34,946,740	39,900,956	44,848,130	50,432,819
Federal supplementary medical insurance trust fund, catastrophic 571				
Appropriation, permanent, indefinite.....	BA	1,169,000	4,914,963	5,643,610
Outlays.....	0	123,454	1,724,173	3,508,791
			-90,000	-160,000
Administrative expenses:.....		(120,627)	(177,497)	(69,110)
Administrative expenses:.....		(3,600)	(3,600)	(3,600)
Administrative expenses:.....		(326)	(3,867)	(5,835)
Total Federal supplementary medical insurance trust fund, catastrophic.....	BA	1,169,000	4,914,963	5,643,610
	0	123,454	1,634,173	3,348,791

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Other Health Programs—Con.				
Health Care Financing Administration—Con.				
Federal catastrophic drug insurance trust fund				
	571			
Appropriation, permanent, indefinite.....	BA		833,000	2,418,000
Outlays.....	O		149,598	1,830,918
Administrative expenses: Program Management....			(85,000)	(496,883)
Administrative expenses:.....			(204)	(3,254)
Total Federal funds Health Care Financing Administration	BA	57,329,688	66,157,270	71,480,105
	O	56,977,346	66,149,858	71,457,838
Total Trust funds Health Care Financing Administration	BA	103,001,150	119,123,747	138,993,533
	O	87,676,267	98,407,729	108,525,461
Total Federal funds Health Programs.....	BA	69,470,865	79,590,219	85,150,771
	O	68,361,610	78,712,609	84,743,405
Total Trust funds Health Programs.....	BA	103,026,765	119,233,371	139,245,093
	O	87,700,439	98,503,038	108,673,710
Social Security Administration				
<i>Federal funds</i>				
General and Special Funds:				
Payments to social security trust funds 651				
Appropriation, current	BA	105,298	93,631	191,968
Appropriation, permanent, indefinite.....	BA	5,662,318	6,254,000	5,968,000
Outlays.....	O	5,767,600	6,347,631	6,159,968
Total Payments to social security trust funds ..	BA	5,767,616	6,347,631	6,159,968
	O	5,767,600	6,347,631	6,159,968
Special benefits for disabled coal miners 601				
Appropriation, current	BA	663,452	628,581	648,862
Indefinite.....	BA		6,755	
Appropriation, permanent	BA	252,450	250,000	211,000
Outlays.....	O	918,950	898,680	864,862
Total Special benefits for disabled coal miners.	BA	915,902	885,336	859,862
	O	918,950	898,680	864,862
Supplemental security income program 609				
Appropriation, current	BA	9,535,384	9,473,953	9,116,442
Indefinite.....	BA	262,188		
Appropriation, permanent	BA	2,765,000	3,000,000	2,936,000
Outlays.....	O	12,344,977	12,476,836	12,148,388
Administrative expenses: Social Security Administration.....		(1,179,635)	(1,090,131)	(1,110,815)
Total Supplemental security income program ...	BA	12,562,572	12,473,953	12,052,442
	O	12,344,977	12,476,836	12,148,388
Total Federal funds Social Security Administration	BA	19,246,090	19,706,920	19,072,272
	O	19,031,527	19,723,147	19,173,218

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Family Support Administration					
<i>Federal funds</i>					
General and Special Funds:					
Program administration	609				
Appropriation, current	BA	79,464	81,474	2,846	2,750
Indefinite	BA			73,785	73,317
Outlays	O	78,294	85,700	78,685	76,796
Total Program administration	BA	79,464	81,474	76,631	76,067
	O	78,294	85,700	78,685	76,796
Family support payments to States	609				
Appropriation, current	BA	8,644,385	8,204,337	8,471,946	11,044,446
				✓ - 350,000	✓ - 357,000
Indefinite	BA		187,683		
Appropriation, permanent	BA	2,480,615	2,500,000	2,700,000	
Outlays	O	10,764,304	11,321,798	11,179,539	11,044,446
				✓ - 350,000	✓ - 357,000
Total Family support payments to States	BA	11,125,000	10,892,020	10,821,946	10,687,446
	O	10,764,304	11,321,798	10,829,539	10,687,446
Low income home energy assistance	609				
Appropriation, current	BA	1,531,840	1,383,200	1,100,000	1,100,000
Outlays	O	1,584,897	1,373,406	1,124,509	1,102,451
Refugee and entrant assistance	609				
Appropriation, current	BA	346,933	382,356	242,318	232,318
Outlays	O	320,561	345,285	286,883	241,165
Community services block grant	506				
Appropriation, current	BA	382,290	380,598		
Outlays	O	408,432	390,913	118,521	8,921
Payments to states for AFDC work programs	609				
Appropriation, current	BA			349,975	685,238
Outlays	O			349,975	685,238
Work incentives	504				
Appropriation, current	BA	92,551	91,440		
Outlays	O	89,550	96,912	5,486	
Interim assistance to States for legalization	506				
Appropriation, current	BA			- 300,000	- 300,000
Appropriation, permanent	BA	930,000	645,000	744,000	733,000
Outlays	O	9,702	755,826	759,366	550,576
Total Interim assistance to States for legaliza- tion	BA	930,000	645,000	444,000	433,000
	O	9,702	755,826	759,366	550,576
Payments to States from receipts for child sup- port	609				
Appropriation, permanent	BA	303			
Outlays	O	305	97		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Family Support Administration—Con.					
<i>Trust funds</i>					
Gifts and contributions	506				
Outlays.....	0		12		
Total Federal funds Family Support Administration.....	BA 0	14,488,381 13,256,045	13,856,088 14,369,937	13,034,870 13,552,964	13,214,069 13,352,593
Total Trust funds Family Support Administration.....	0		12		
Human Development Services					
<i>Federal funds</i>					
General and Special Funds:					
Social services block grant	506				
Appropriation, current.....	BA	2,700,000	2,700,000	2,700,000	2,700,000
Outlays.....	0	2,665,837	2,688,452	2,693,887	2,699,971
Human development services	506				
Appropriation, current.....	BA	2,455,532	2,573,910	2,570,653 ^ 482,622	2,612,215 ^ 498,549
Outlays.....	0	2,216,002	2,485,450	2,571,927 ^ 352,314	2,593,682 ^ 477,309
Total Human development services.....	BA 0	2,455,532 2,216,002	2,573,910 2,485,450	3,053,275 2,924,241	3,110,764 3,070,991
Payments to States for foster care and adoption assistance	506				
Appropriation, current.....	BA	811,178	1,119,907 ^ 598,679	1,286,447 ^ 571,132	1,432,797 ^ 662,015
Outlays.....	0	1,004,302	1,037,421 ^ 511,012	1,238,175 ^ 87,667 ^ 421,437	1,387,674 ^ 623,610
Total Payments to States for foster care and adoption assistance.....	BA 0	811,178 1,004,302	1,718,586 1,548,433	715,315 904,405	770,782 764,064
Total Federal funds Human Development Services.....	BA 0	5,966,710 5,886,141	6,992,496 6,722,335	6,468,590 6,522,533	6,581,546 6,535,026
Departmental Management					
<i>Federal funds</i>					
General and Special Funds:					
General Departmental management	609				
Appropriation, current.....	BA	67,840	67,342	71,046	72,359
Outlays.....	0	68,332	72,058	72,764	72,996
Office of the General Counsel	609				
Appropriation, current.....	BA			19,281	19,221
Outlays.....	0			16,907	18,239
Office of the Inspector General	609				
Appropriation, current.....	BA	35,769	45,873	49,498	50,526
Outlays.....	0	34,861	42,119	48,093	49,777
Office for Civil Rights	751				
Appropriation, current.....	BA	16,343	15,979	17,567	17,754
Outlays.....	0	15,504	15,904	17,391	17,660

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, except Social Security—Con.					
Departmental Management—Con.					
Office of Consumer Affairs	506				
Appropriation, current	BA	1,670	1,708	1,988	2,038
Outlays	O	1,347	1,611	1,870	1,954
Policy research	609				
Appropriation, current	BA	4,873	7,851	5,012	5,179
Outlays	O	5,005	7,304	6,481	5,711
Intragovernmental Funds:					
Working capital fund	506				
Outlays	O	-7,740	1,299		
Total Federal funds Departmental Management	BA	126,495	138,753	164,392	167,077
	O	117,309	140,295	163,506	166,337
Summary					
Federal funds:					
(As shown in detail above)	BA	109,298,541	120,284,476	123,890,895	131,080,594
	O	106,652,632	119,668,323	124,155,626	130,919,353
Deductions for offsetting receipts:					
Proprietary receipts from the public	551 BA		-3,000	-3,000	-3,000
	O				
Total Federal funds	BA	109,298,541	120,281,476	123,887,895	131,077,594
	O	106,652,632	119,665,323	124,152,626	130,916,353
Trust funds:					
(As shown in detail above)	BA	103,026,765	119,233,371	139,245,093	152,178,668
	O	87,700,439	98,503,050	108,673,710	123,068,460
Deductions for offsetting receipts:					
Proprietary receipts from the public	551 BA	-21,163	-6,903	-6,903	-6,903
	O				
	571 BA	-8,797,950	-11,674,000	-13,904,000	-16,444,000
	O				
	BA			' 297,000	' 613,000
	O				
	908 BA	-10			
	O				
Total Trust funds	BA	94,207,642	107,552,468	125,631,190	136,340,765
	O	78,881,316	86,822,147	95,059,807	107,230,557
Interfund transactions					
	571 BA	-26,462,980	-31,772,000	-36,261,000	-39,991,000
	O				
	BA			' 850,000	' 1,845,000
	O				
Total Department of Health and Human Services, except Social Security	BA	177,043,203	196,061,944	214,108,085	229,272,359
	O	159,070,968	174,715,470	183,801,433	200,000,910

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Health and Human Services, Social Security					
Social Security					
<i>Trust funds</i>					
Federal old-age and survivors insurance trust fund	651				
Appropriation, current	BA			' - 790,000	' - 718,000
Appropriation, permanent, indefinite.....	BA	236,596,349	264,389,631	287,277,968	311,468,000
Outlays.....	O	197,896,648	210,089,399	223,192,363	237,279,771
				' - 783,000	' - 706,000
Administrative expenses: Social Security Administration.....		(1,469,867)	(1,395,607)	(1,427,424)	(1,371,683)
Administration expenses: Other		(289,092)	(232,734)	(233,532)	(233,532)
Total Federal old-age and survivors insurance trust fund.....	BA O	236,596,349 197,896,648	264,389,631 210,089,399	286,487,968 222,409,363	310,750,000 236,573,771
Federal disability insurance trust fund	651				
Appropriation, current	BA			' - 80,000	' - 77,000
Appropriation, permanent, indefinite.....	BA	22,459,930	24,888,722	29,084,041	32,345,000
Outlays.....	O	22,360,053	23,178,376	24,386,392	25,756,025
				' - 79,000	' - 76,000
Limitation on administrative expenses.....		(3,524,114)	(3,750,113)	(3,833,389)	(3,830,737)
Administrative expenses: Social Security Administration.....		(786,731)	(691,527)	(707,292)	(723,084)
Administrative expenses: Other		(31,764)	(26,867)	(44,099)	(44,099)
Total Federal disability insurance trust fund....	BA O	22,459,930 22,360,053	24,888,722 23,178,376	29,004,041 24,307,392	32,268,000 25,680,025
Total Trust funds Social Security.....	BA O	259,056,279 220,256,701	289,278,353 233,267,775	315,492,009 246,716,755	343,018,000 262,253,796
Summary					
Trust funds:					
(As shown in detail above)	BA O	259,056,279 220,256,701	289,278,353 233,267,775	315,492,009 246,716,755	343,018,000 262,253,796
Deductions for offsetting receipts:					
Proprietary receipts from the public	651 BA O	- 137			
Total Trust funds.....	BA O	259,056,142 220,256,564	289,278,353 233,267,775	315,492,009 246,716,755	343,018,000 262,253,796
Interfund transactions	651 BA O	- 5,767,600	- 6,347,631	- 6,159,968	- 4,921,000
Total Department of Health and Human Services, Social Security	BA O	253,288,542 214,488,964	282,930,722 226,920,144	309,332,041 240,556,787	338,097,000 257,332,796

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Housing and Urban Development					
Housing Programs					
<i>Federal funds</i>					
General and Special Funds:					
Subsidized housing programs:					
(Community development) 451					
(Appropriation, current) BA	203,663				
(Reappropriation) BA	13,247	5,000			
(Outlays) O	180,229	215,000	227,500	180,000	
Total (Community development) BA	216,910	5,000			
O	180,229	215,000	227,500	180,000	
(Housing assistance) 604					
(Appropriation, current) BA	6,938,434	7,175,265 H -20,000	6,323,094	14,452,411	
(Liquidation of contract authority, permanent)	(10,531,345)	(12,350,347)	(13,609,957)	(15,104,573)	
(Outlays) O	11,042,025	12,350,347	13,616,832 H -6,875	14,639,740 H -9,375	
Total (Housing assistance) BA	6,938,434	7,155,265	6,323,094	14,452,411	
O	11,042,025	12,350,347	13,609,957	14,630,365	
Total Subsidized housing programs BA	7,155,344	7,160,265	6,323,094	14,452,411	
O	11,222,254	12,565,347	13,837,457	14,810,365	
Congregate services program 604					
Appropriation, current BA	4,224	5,400			
Outlays O	4,669	5,000	5,000		
Housing counseling assistance 506					
Appropriation, current BA	3,360	3,500			
Outlays O	3,450	3,500	3,500	870	
Transitional and supportive housing demonstration program 604					
Appropriation, current BA	64,250	80,000	71,000	71,000	
Outlays O	11,056	34,000	31,000	57,000	
Federal housing administration loan guarantee subsidies 371					
Appropriation, current BA			W 806,747	W 808,300	
Outlays O			W 509,188	W 600,700	
Limitation on direct loan obligations			W (88,600)	W (139,100)	
Limitation on guaranteed loan commitments			W (67,000,000)	W (67,000,000)	
Housing for the elderly or handicapped loan subsidies 371					
Appropriation, current, indefinite BA			W 6,400	W 6,000	
Limitation on direct loan obligations			W (32,000)	W (30,000)	
Housing for the elderly and handicapped credit vouchers 371					
Appropriation, current, indefinite BA			W 77,876	W 80,680	
Nonprofit sponsor assistance loan subsidies 604					
Appropriation, current, indefinite BA			W 200	W 205	
Outlays O				W 205	
Limitation on direct loan obligations			W (910)	W (930)	
Flexible subsidy fund loan subsidies 604					
Appropriation, current BA			W 8,066	W 8,177	
Outlays O			W 2,016	W 8,094	
Manufactured home inspection and monitoring 376					
Appropriation, permanent, indefinite BA	5,040	7,320	7,320	7,320	
Outlays O	6,005	7,300	7,500	7,600	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Housing and Urban Development—Con.				
Housing Programs—Con.				
Interstate land sales	376			
Appropriation, current, indefinite.....	BA		400	
Appropriation, permanent, indefinite.....	BA	535	600	1,000
Outlays.....	0	515	600	1,000
			400	
Total Interstate land sales.....	BA	535	600	1,000
	0	515	1,000	1,000
Public Enterprise Funds:				
Federal Housing Administration fund	371			
Appropriation, current.....	BA	162,866	237,720	350,993
Authority to borrow, current, indefinite.....	BA			45,000
Authority to borrow, permanent, indefinite.....	BA	821,337	1,319,900	1,070,900
Outlays.....	0	1,134,460	1,447,458	585,693
			1,095,988	996,100
Limitation on direct loan obligations.....		(79,272)	(103,350)	(88,600)
			(-88,600)	(-139,100)
Limitation on guaranteed loan commitments.....		(96,000,000)	(96,000,000)	(67,000,000)
			(-67,000,000)	(-67,000,000)
Total Federal Housing Administration fund.....	BA	984,203	1,557,620	1,465,993
	0	1,134,460	1,447,458	1,681,681
Housing for the elderly or handicapped fund	371			
Authority to borrow, current, indefinite.....	BA	573,261	428,998	
Outlays.....	0	322,189	340,453	-142,549
Limitation on direct loan obligations.....		(565,776)	(480,106)	(32,000)
			(-32,000)	(-30,000)
Rental housing assistance fund	604			
Outlays.....	0	6,611	5,417	-50,000
Flexible Subsidy Fund	604			
Appropriation, current.....	BA			35,000
				-35,000
Outlays.....	0	-35,981	1,291	12,445
				26,250
Total Flexible Subsidy Fund.....	0	-35,981	1,291	38,695
Nonprofit sponsor assistance	604			
Outlays.....	0	201	100	110
				260
Limitation on direct loan obligations.....		(903)	(960)	(910)
				(-910)
Total Nonprofit sponsor assistance.....	0	201	100	110
Community disposal operations fund	451			
Outlays.....	0	-12	-50	-45
Homeownership assistance fund	376			
Outlays.....	0	-86	-139	-214
Total Federal funds Housing Programs.....	BA	8,790,217	9,243,703	8,767,696
	0	12,675,331	14,410,296	15,924,339
				17,372,393
				17,334,892

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Housing and Urban Development—Con.					
Public and Indian Housing Programs					
<i>Federal funds</i>					
General and Special Funds:					
Payments for operation of low income housing projects 604					
Appropriation, current	BA	1,450,000	1,617,508	1,694,200	1,733,000
Outlays.....	0	1,488,551	1,547,357	1,651,760	1,711,419
Modernization of low income housing projects 604					
Appropriation, current	BA			1,000,000	1,033,000
Outlays.....	0				120,000
Public Enterprise Funds:					
Low-rent public housing—loans and other expenses 604					
Authority to borrow, permanent; indefinite.....	BA	1,050,000	856,875	567,200	269,700
Outlays.....	0	1,172,953	922,407	634,323	394,464
Total Federal funds Public and Indian Housing Programs.....	BA	2,500,000	2,473,583	3,261,400	3,035,700
	0	2,661,504	2,469,764	2,286,083	2,225,883
Government National Mortgage Association					
<i>Federal funds</i>					
General and Special Funds:					
Guarantee of mortgage-backed securities loan guarantee subsidies 371					
Appropriation, current, indefinite.....	BA			1,425,000	1,425,000
Outlays.....	0			839,296	1,083,601
Limitation on guaranteed loan commitments.....				(75,000,000)	(75,000,000)
Public Enterprise Funds:					
Management and liquidating functions fund 371					
Appropriation, permanent, indefinite.....	BA	209,188	23,947		
Outlays.....	0	-191,231	-3,233	-4,597	-4,400
Guarantees of mortgage-backed securities 371					
Outlays.....	0	-92,006	-209,950	-313,392	-363,900
					23,000
				23,676	54,191
Limitation on guaranteed loan commitments.....		(144,000,000)	(144,000,000)	(75,000,000)	(75,000,000)
				(75,000,000)	(75,000,000)
Total Guarantees of mortgage-backed securities.....	0	-92,006	-209,950	-289,716	-332,709
Participation sales fund:					
(Mortgage credit and deposit insurance) 371					
(Outlays)	0	207,357	55		
(Other advancement of commerce) 376					
(Outlays)	0	30,167	4		
(Community development) 451					
(Outlays)	0	3,005	25		
(Higher education) 502					
(Outlays)	0	71,969	42		
(Health research) 552					
(Outlays)	0	8,252	1		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Housing and Urban Development—Con.					
Government National Mortgage Association—Con.					
(Veterans housing) 704					
Outlays.....	0	152,841	70		
Total Participation sales fund.....	0	473,591	197		
Total Federal funds Government National Mortgage Association.....	BA 0	209,188 190,354	23,947 -212,986	1,425,000 544,983	1,425,000 746,492
Community Planning and Development					
<i>Federal funds</i>					
General and Special Funds:					
Community development grants 451					
Appropriation, current.....	BA	2,880,000	2,650,000	2,650,000	2,650,000
Outlays.....	0	3,043,873 (144,000)	3,021,000 (144,000)	3,025,000	3,014,000
Urban development action grants 451					
Appropriation, current.....	BA	216,000	^H - 51,651		
Outlays.....	0	215,724	310,000	265,000 ^H - 12,500	278,000 ^H - 12,500
Total Urban development action grants.....	BA 0	216,000 215,724	-51,651 310,000	252,500	265,500
Rental rehabilitation grants 451					
Appropriation, current.....	BA		150,000	130,000	130,000
Outlays.....	0			22,500	74,000
Assistance for solar and conservation improvements 272					
Appropriation, current.....	BA	1,500			
Reappropriation.....	BA	282			
Outlays.....	0	2,535	1,000	400	
Total Assistance for solar and conservation improvements.....	BA 0	1,782 2,535	1,000	400	
Urban homesteading 451					
Appropriation, current.....	BA	14,400	13,200	12,000	12,000
Outlays.....	0	16,371	15,000	12,515	12,000
Emergency shelter grants program 604					
Appropriation, current.....	BA	8,000	46,500		
Outlays.....	0	23,171	45,000	38,000	
Emergency food and shelter program 605					
Appropriation, current.....	BA			^J 114,000	^J 116,166
Outlays.....	0			^J 114,000	^J 116,166
Public Enterprise Funds:					
Revolving fund (liquidating programs) 451					
Outlays.....	0	-189,795	10,799	6,373	8,445
Rehabilitation loan fund 451					
Outlays.....	0	-23,259	-43,500	-20,900	-70,400
Total Federal funds Community Planning and Development.....	BA 0	3,120,182 3,088,620	2,808,049 3,359,299	2,906,000 3,450,388	2,908,166 3,419,711

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Housing and Urban Development—Con.					
Policy Development and Research					
<i>Federal funds</i>					
General and Special Funds:					
Research and technology	451				
Appropriation, current	BA	16,512	17,200	21,400	23,000
Outlays	O	14,619	17,200	18,800	20,900
Total Research and technology	BA	16,512	17,200	21,400	23,000
	O	14,619	17,200	18,800	20,900
Supplemental assistance for facilities to assist the homeless	451				
Outlays	O	2,661	6,130	3,750	
Total Federal funds Policy Development and Research	BA	16,512	17,200	21,400	23,000
	O	17,280	23,330	22,550	20,900
Fair Housing and Equal Opportunity					
<i>Federal funds</i>					
General and Special Funds:					
Fair housing activities	751				
Appropriation, current	BA	4,800	10,000	12,753	13,237
Outlays	O	7,639	8,250	12,700	12,731
Management and Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses, Including transfer of funds:					
(Community development)	451				
(Appropriation, current)	BA	162,085	167,976	169,841	169,841
(Outlays)	O	157,985	161,054	166,799	166,799
Total (Community development)	BA	162,085	167,976	170,091	170,092
	O	157,985	164,544	167,049	167,050
(Housing assistance)	604				
(Appropriation, current)	BA	132,714	152,194	150,970	150,970
(Outlays)	O	132,053	145,923	148,266	148,266
(Federal law enforcement activities)	751				
(Appropriation, current)	BA	13,320	14,911	20,441	20,441
(Outlays)	O	13,254	14,297	20,075	20,075
Total Salaries and expenses, Including transfer of funds	BA	308,119	335,081	341,502	341,503
	O	303,292	324,764	335,390	335,391
Office of the Inspector General	451				
Appropriation, current	BA			22,681	22,681
Outlays	O			21,547	21,547
New community assistance grants	451				
Outlays	O	74	23		
Intragovernmental Funds:					
Working capital fund	451				
Outlays	O	-5,993			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Housing and Urban Development—Con.					
Management and Administration—					
Con.					
<i>Trust funds</i>					
Gifts and bequests	451				
Appropriation, permanent, indefinite.....	BA		5	5	5
Outlays.....	O		5	5	5
Total Federal funds Management and Admini- stration	BA	308,119	335,081	364,183	364,184
	O	297,373	324,787	356,937	356,938
Total Trust funds Management and Admini- stration	BA		5	5	5
	O		5	5	5
Summary					
Federal funds:					
(As shown in detail above)	BA	14,949,018	14,911,563	16,758,432	25,141,680
	O	18,938,101	20,382,740	22,597,980	24,117,547
Trust funds:					
(As shown in detail above)	BA		5	5	5
	O		5	5	5
Total Department of Housing and Urban De- velopment.....	BA	14,949,018	14,911,568	16,758,437	25,141,685
	O	18,938,101	20,382,745	22,597,985	24,117,552

Department of the Interior**Land and Minerals Management***Bureau of Land Management**Federal funds***General and Special Funds:**

Management of lands and resources	302				
Appropriation, current	BA	467,105	438,462	504,508	517,145
				' 11,353	' - 82,908
Outlays.....	O	537,986	457,507	448,614	501,198
				' 3,406	' - 20,331
Total Management of lands and resources	BA	467,105	438,462	515,861	434,237
	O	537,986	457,507	452,020	480,867
Construction and access	302				
Appropriation, current	BA	2,930	11,208	2,300	2,349
Outlays.....	O	4,570	4,967	6,179	3,083
Payments in lieu of taxes	806				
Appropriation, current	BA	105,000	105,000	105,000	110,000
Outlays.....	O	103,493	105,000	105,000	110,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Land and Minerals Management—					
Con.					
Bureau of Land Management—Con.					
Oregon and California grant lands 302					
Appropriation, current	BA	58,475	60,000	65,157	66,614
				✓ -2,455	✓ -2,455
Outlays.....	0	57,496	59,465	63,737	65,554
				✓ -1,817	✓ -2,328
Total Oregon and California grant lands	BA	58,475	60,000	62,702	64,159
	0	57,496	59,465	61,920	63,226
Special acquisition of lands and minerals 302					
Authority to borrow, permanent	BA		1,300	1,300	1,300
Outlays.....	0		1,300	1,300	1,300
Federal wildland firefighting 302					
Appropriation, current	BA			✓ 166,500	
Indefinite.....	BA				✓ 166,500
Outlays.....	0			✓ 116,500	✓ 166,500
Total Federal wildland firefighting	BA			166,500	166,500
	0			116,500	166,500
Land acquisition 302					
Appropriation, current	BA	5,205	14,232	100	100
Outlays.....	0	9,683	8,740	7,340	100
Range improvements 302					
Appropriation, current, indefinite.....	BA	8,506	8,506	8,406	8,645
Outlays.....	0	8,714	7,821	8,443	8,594
Service charges, deposits, and forfeitures 302					
Appropriation, current, indefinite.....	BA	7,693	6,000	6,000	6,000
Outlays.....	0	5,030	6,964	6,000	6,000
Operation and maintenance of quarters 302					
Appropriation, permanent, indefinite.....	BA	214	250	250	250
Outlays.....	0	202	250	250	250
Miscellaneous permanent appropriations:					
(Conservation and land management) 302					
(Appropriation, permanent, indefinite)	BA	8,647	7,000	7,000	7,000
(Outlays)	0	7,994	7,000	7,000	7,000
(Other general purpose fiscal assistance) 806					
(Appropriation, current, indefinite)	BA			✓ -13,790	✓ -13,639
(Appropriation, permanent, indefinite)	BA	173,964	91,091	81,291	81,292
(Outlays)	0	74,372	91,091	81,291	81,292
				✓ -13,790	✓ -13,639
Total (Other general purpose fiscal assist-	BA	173,964	91,091	67,501	67,653
ance)	0	74,372	91,091	67,501	67,653
Total Miscellaneous permanent appropriations ..	BA	182,611	98,091	74,501	74,653
	0	82,366	98,091	74,501	74,653
Intragovernmental Funds:					
Working capital fund 302					
Outlays.....	0	-1,355	992	3,510	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Land and Minerals Management—					
Con.					
Bureau of Land Management—Con.					
<i>Trust funds</i>					
Miscellaneous trust funds	302				
Appropriation, current, indefinite.....	BA	3,453	100	100	100
Appropriation, permanent, indefinite.....	BA	1,374	600	600	600
Outlays.....	O	4,582	1,679	700	700
Total Miscellaneous trust funds.....	BA	4,827	700	700	700
	O	4,582	1,679	700	700
Total Federal funds Bureau of Land Management.....	BA	837,739	743,049	942,920	868,193
	O	808,185	751,097	842,963	914,573
Total Trust funds Bureau of Land Management.....	BA	4,827	700	700	700
	O	4,582	1,679	700	700
Minerals Management Service					
<i>Federal funds</i>					
General and Special Funds:					
Leasing and royalty management	302				
Appropriation, current.....	BA	168,717	170,744	180,461	184,199
Outlays.....	O	164,787	170,827	173,995	184,867
Payments to States from receipts under Mineral Leasing Act	806				
Appropriation, current.....	BA			105	
				70,546	
Indefinite.....	BA			550	400
					78,924
Appropriation, permanent, indefinite.....	BA	396,368	448,692	422,720	444,223
Outlays.....	O	396,368	448,692	423,375	444,623
				70,546	78,924
Total Payments to States from receipts under Mineral Leasing Act.....	BA	396,368	448,692	352,829	365,699
	O	396,368	448,692	352,829	365,699
Total Federal funds Minerals Management Service.....	BA	565,085	619,436	533,290	549,898
	O	561,155	619,519	526,824	550,566
Office of Surface Mining Reclamation and Enforcement					
<i>Federal funds</i>					
General and Special Funds:					
Regulation and technology	302				
Appropriation, current.....	BA	103,115	102,595	103,738	101,360
Outlays.....	O	96,137	102,527	103,315	102,233

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Land and Minerals Management—					
Con.					
Office of Surface Mining Reclamation and Enforcement—Con.					
Abandoned mine reclamation fund	302				
Appropriation, current	BA	206,380	193,160	150,387	150,093
Outlays.....	O	252,759	217,689	188,712	178,493
Total Federal funds Office of Surface Mining Reclamation and Enforcement	BA	309,495	295,755	254,125	251,453
	O	348,896	320,216	292,027	280,726
Total Federal funds Land and Minerals Management	BA	1,712,319	1,658,240	1,730,335	1,669,544
	O	1,718,236	1,690,832	1,661,814	1,745,865
Total Trust funds Land and Minerals Management.....	BA	4,827	700	700	700
	O	4,582	1,679	700	700
Water and Science					
Bureau of Reclamation					
<i>Federal funds</i>					
General and Special Funds:					
Construction program	301				
Appropriation, current	BA	703,716	712,305	644,307	636,285
Outlays.....	O	673,401	706,052	655,187	637,568
Loan program	301				
Appropriation, current	BA	32,309	26,022	33,292	3,392
				W - 33,292	W - 3,392
Outlays.....	O	36,385	26,072	30,493	14,903
				W - 30,493	W - 4,885
Limitation on direct loan obligations		(31,972)	(27,766)	(31,092)	(2,192)
				W (-31,092)	W (-2,192)
Total Loan program	BA	32,309	26,022		
	O	36,385	26,072		10,018
Loan subsidies	301				
Appropriation, current	BA			W 18,382	W 1,734
Outlays.....	O			W 11,305	W 8,143
Limitation on direct loan obligations				W (31,092)	W (2,192)
General investigations	301				
Appropriation, current	BA	16,590	14,250	11,550	10,256
Outlays.....	O	20,451	14,018	12,511	10,716
Emergency fund	301				
Appropriation, current	BA	1,000	1,000	1,000	1,000
Outlays.....	O	691	1,491	1,000	1,000
Operation and maintenance	301				
Appropriation, current	BA	151,000	187,731	232,287	250,831
				J - 138,201	J - 150,290
Outlays.....	O	151,123	177,206	222,351	246,696
				J - 107,382	J - 147,594
Total Operation and maintenance	BA	151,000	187,731	94,086	100,541
	O	151,123	177,206	114,969	99,102

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Water and Science—Con.					
Bureau of Reclamation—Con.					
General administrative expenses	301				
Appropriation, current	BA	51,690	48,313	47,983	49,372
Outlays	O	51,169	50,574	48,016	49,233
Colorado River dam fund, Boulder Canyon project	301				
Appropriation, current	BA	-7,003	-2,485	-3,564	-3,564
Appropriation, permanent, indefinite	BA	40,279	40,195	48,664	40,038
Outlays	O	42,346	40,678	41,945	40,157
Total Colorado River dam fund, Boulder Canyon project	BA	33,276	37,710	45,100	36,474
	O	42,346	40,678	41,945	40,157
Miscellaneous permanent appropriations: (Other general purpose fiscal assistance)	806				
(Appropriation, permanent, indefinite)	BA	270	282	282	282
(Outlays)	O	261	324	282	282
Public Enterprise Funds:					
Lower Colorado River Basin development fund	301				
Outlays	O	-22,255			
Upper Colorado River Basin fund	301				
Outlays	O	-22,616			
Reclamation operation and maintenance revolving fund	301				
Appropriation, current	BA			40,000	
Intragovernmental Funds:					
Working capital fund	301				
Appropriation, current, indefinite	BA		4,000	8,500	1,900
Outlays	O	-5,796	25,699	7,600	3,220
Trust funds					
Reclamation trust funds	301				
Appropriation, permanent, indefinite	BA	44,507	68,776	49,095	84,073
Outlays	O	39,526	60,865	53,031	77,077
Total Federal funds Bureau of Reclamation	BA	989,851	1,031,613	911,190	837,844
	O	925,160	1,042,114	892,815	859,439
Total Trust funds Bureau of Reclamation	BA	44,507	68,776	49,095	84,073
	O	39,526	60,865	53,031	77,077
Geological Survey					
Federal funds					
General and Special Funds:					
Surveys, investigations and research	306				
Appropriation, current	BA	447,747	451,506	452,465	482,438
Appropriation, permanent	BA		250	250	250
Outlays	O	450,995	458,859	452,731	482,707
Total Surveys, investigations and research	BA	447,747	451,756	452,715	482,688
	O	450,995	458,859	452,731	482,707
Exploration of national petroleum reserve in Alaska	271				
Outlays	O	141	262	100	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Water and Science—Con.					
Geological Survey—Con.					
Operation and maintenance of quarters	306				
Appropriation, permanent.....	BA			75	75
Indefinite.....	BA	42	75		
Outlays.....	0	42	75	75	75
Total Operation and maintenance of quarters...	BA	42	75	75	75
	0	42	75	75	75
<i>Trust funds</i>					
Contributed funds	306				
Appropriation, permanent, indefinite.....	BA	73			
Outlays.....	0	71	21		
Total Federal funds Geological Survey.....	BA	447,789	451,831	452,790	482,763
	0	451,178	459,196	452,906	482,782
Total Trust funds Geological Survey.....	BA	73			
	0	71	21		
Bureau of Mines					
<i>Federal funds</i>					
General and Special Funds:					
Mines and minerals	306				
Appropriation, current.....	BA	146,398	159,292	141,197	143,070
Outlays.....	0	142,423	161,136	146,818	142,398
Public Enterprise Funds:					
Helium fund	306				
Outlays.....	0	-7,183	-3,110	-15,398	
<i>Trust funds</i>					
Contributed funds	306				
Appropriation, permanent, indefinite.....	BA	440	500	500	500
Outlays.....	0	724	471	503	505
Total Federal funds Bureau of Mines.....	BA	146,398	159,292	141,197	143,070
	0	135,240	158,026	131,420	142,398
Total Trust funds Bureau of Mines.....	BA	440	500	500	500
	0	724	471	503	505
Total Federal funds Water and Science.....	BA	1,584,038	1,642,736	1,505,177	1,463,677
	0	1,511,578	1,659,336	1,477,141	1,484,619
Total Trust funds Water and Science.....	BA	45,020	69,276	49,595	84,573
	0	40,321	61,357	53,534	77,582

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Fish and Wildlife and Parks					
United States Fish and Wildlife Service					
<i>Federal funds</i>					
General and Special Funds:					
Resource management	303				
Appropriation, current	BA	343,794	357,888	344,258	346,350
				J -2,216	J -4,504
Outlays.....	O	340,241	349,867	346,984	345,932
				J -1,773	J -4,046
Total Resource management.....	BA	343,794	357,888	342,042	341,846
	O	340,241	349,867	345,211	341,886
Construction	303				
Appropriation, current	BA	19,507	47,531	10,105	10,866
Outlays.....	O	25,875	30,183	33,756	22,765
Land acquisition	303				
Appropriation, current	BA	50,688	74,759	1,874	1,874
			H -30,000		
Outlays.....	O	38,201	62,217	40,584	9,350
			H -13,500	H -13,500	H -3,000
Total Land acquisition.....	BA	50,688	44,759	1,874	1,874
	O	38,201	48,717	27,084	6,350
Migratory bird conservation account	303				
Appropriation, current	BA	1,000			
Appropriation, permanent, indefinite.....	BA	30,335	29,440	33,340	33,340
Outlays.....	O	30,122	30,009	32,170	33,340
Total Migratory bird conservation account.....	BA	31,335	29,440	33,340	33,340
	O	30,122	30,009	32,170	33,340
National wildlife refuge fund	806				
Appropriation, current	BA	5,645	6,645	6,645	6,645
Appropriation, permanent, indefinite.....	BA	6,799	6,040	6,040	6,040
Outlays.....	O	11,190	13,305	12,611	12,611
Total National wildlife refuge fund	BA	12,444	12,685	12,685	12,685
	O	11,190	13,305	12,611	12,611
Operation and maintenance of quarters	303				
Appropriation, permanent	BA	1,662	1,700	1,736	1,769
Outlays.....	O	1,401	1,538	1,676	1,741
Miscellaneous permanent appropriations	303				
Appropriation, current	BA			-33,200	-35,200
Indefinite.....	BA	2,800			
Appropriation, permanent, indefinite.....	BA	115,251	129,200	133,200	135,200
Outlays.....	O	127,064	122,236	114,945	102,920
Total Miscellaneous permanent appropriations..	BA	118,051	129,200	100,000	100,000
	O	127,064	122,236	114,945	102,920

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
<i>United States Fish and Wildlife Service—Con.</i>				
<i>Trust funds</i>				
Sport fish restoration	303			
Appropriation, current	BA		-90,682	-97,380
Appropriation, permanent, indefinite	BA	161,073	192,891	190,682
Outlays	O	122,485	160,771	150,879
Total Sport fish restoration	BA	161,073	192,891	100,000
	O	122,485	160,771	150,879
Contributed funds	303			
Appropriation, permanent, indefinite	BA	7,287	4,165	4,165
Outlays	O	3,825	6,839	4,165
Total Federal funds United States Fish and Wildlife Service	BA	577,481	623,203	501,782
	O	574,094	595,855	567,453
Total Trust funds United States Fish and Wildlife Service	BA	168,360	197,056	104,165
	O	126,310	167,610	155,044
<i>National Park Service</i>				
<i>Federal funds</i>				
General and Special Funds:				
Operation of the national park system	303			
Appropriation, current	BA	754,299	734,835	765,933
Outlays	O	729,940	754,387	757,961
Total Operation of the national park system	BA	754,299	734,835	767,240
	O	729,940	754,387	758,353
National recreation and preservation	303			
Appropriation, current	BA	12,935	14,608	10,204
Outlays	O	11,619	14,664	11,305
Construction	303			
Appropriation, current	BA	85,517	197,544	44,112
Outlays	O	97,474	82,240	103,325
Road construction	303			
Outlays	O		266	
John F. Kennedy Center for the Performing Arts	303			
Appropriation, current	BA	4,904	5,181	15,193
Outlays	O	4,398	5,112	6,690
Urban park and recreation fund	303			
Appropriation, current	BA	-1,133		
Outlays	O	1,064	4,007	445
Illinois and Michigan canal national heritage-corridor Commission	303			
Appropriation, current	BA	250	250	
Outlays	O	257	476	125
Jefferson national expansion memorial commission	303			
Outlays	O	4		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
<i>National Park Service—Con.</i>				
National park system visitor facilities fund 303				
Outlays.....	0	493	632	
Land acquisition 303				
Appropriation, current	BA	57,149	91,245 H - 35,000	15,779 J - 30,000
Contract authority, current.....	BA			J - 30,000
Contract authority, permanent	BA			30,000
Outlays.....	0	125,949	120,296 H - 12,250	42,654 H - 7,000
			H - 10,500	
Total Land acquisition.....	BA	57,149	56,245	15,779
	0	125,949	108,046	35,654
Planning, development, and operation of recreation facilities 303				
Outlays.....	0	2	79	
Historic preservation fund 303				
Appropriation, current	BA	28,250	30,500	
Outlays.....	0	25,325	28,609	14,343
Operation and maintenance of quarters 303				
Appropriation, permanent, indefinite.....	BA	8,632	8,632	8,632
Outlays.....	0	8,482	8,632	8,632
Miscellaneous permanent appropriations 303				
Appropriation, permanent, indefinite.....	BA	988	953	953
Outlays.....	0	895	953	953
<i>Trust funds</i>				
Construction (trust fund) 401				
Liquidation of contract authority, current.....		(31,000)	(47,000)	
Outlays.....	0	9,356	30,263	29,860
Miscellaneous trust funds 303				
Appropriation, permanent, indefinite.....	BA	4,725	13,067	3,408
Outlays.....	0	7,483	14,130	3,408
Total Federal funds National Park Service.....	BA	951,791	1,048,748	862,113
	0	1,005,902	1,008,103	973,134
Total Trust funds National Park Service.....	BA	4,725	13,067	3,408
	0	16,839	44,393	33,268
Total Federal funds Fish and Wildlife and Parks.....	BA	1,529,272	1,671,951	1,363,895
	0	1,579,996	1,603,958	1,540,587
Total Trust funds Fish and Wildlife and Parks..	BA	173,085	210,123	107,573
	0	143,149	212,003	188,312

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Indian Affairs					
Bureau of Indian Affairs					
<i>Federal funds</i>					
General and Special Funds:					
Operation of Indian programs:					
(Conservation and land management) 302					
(Appropriation, current)	BA	141,631	123,102	133,840	135,205
				✓ 10,825	✓ -25,000
(Outlays)	O	140,606	125,881	118,480	127,705
				✓ 3,248	✓ -3,170
Total (Conservation and land management)	BA	141,631	123,102	144,665	110,205
	O	140,606	125,881	121,728	124,535
(Area and regional development) 452					
(Appropriation, current)	BA	553,483	576,162	538,501	544,065
(Outlays)	O	548,758	572,759	544,150	544,065
(Elementary, secondary, and vocational education) 501					
(Appropriation, current)	BA	271,263	268,503	270,150	279,213
(Outlays)	O	273,410	268,916	269,902	277,854
Total Operation of Indian programs	BA	966,377	967,767	953,316	933,483
	O	962,774	967,556	935,780	946,454
Construction 452					
Appropriation, current	BA	108,225	94,866	100,975	101,194
Outlays	O	86,011	105,117	101,532	101,261
Road construction 452					
Appropriation, current	BA	1,000			
Outlays	O	2,648	2,100		
Payment to the White Earth economic development and tribal government fund 452					
Appropriation, current	BA	59			
Outlays	O	59			
Miscellaneous payments to Indians 452					
Appropriation, current	BA	13,340	13,952	29,255	15,511
Outlays	O	11,104	13,898	27,908	16,198
Eastern Indian land claims settlement fund 808					
Outlays	O	15	39		
Indian direct loan subsidies 452					
Appropriation, current	BA			✓ 3,175	✓ 3,175
Outlays	O			✓ 3,175	✓ 3,175
Limitation on direct loan obligations				✓ (13,000)	✓ (13,000)
Indian guaranteed loan subsidies 452					
Appropriation, current	BA			✓ 11,250	✓ 11,250
Outlays	O			✓ 11,250	✓ 11,250
Limitation on guaranteed commitments				✓ (45,000)	✓ (45,000)
Operation and maintenance of quarters 452					
Appropriation, permanent	BA	6,514	7,000	7,000	7,000
Outlays	O	7,430	7,000	7,000	7,000
Miscellaneous permanent appropriations:					
(Area and regional development) 452					
(Appropriation, permanent, indefinite)	BA	48,427	48,090	50,359	52,652
(Outlays)	O	45,895	40,877	42,805	44,754

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Indian Affairs—Con.					
Bureau of Indian Affairs—Con.					
(Other general government)	808				
(Appropriation, permanent, indefinite)	BA	996	2,000	2,000	2,000
(Outlays)	O	1,035	1,700	1,700	1,700
Total Miscellaneous permanent appropriations	BA	49,423	50,990	52,359	54,652
	O	46,930	42,577	44,505	46,454
Public Enterprise Funds:					
Revolving fund for loans	452				
Outlays	O	-673	3,343	1,930	
				W -12,600	W -12,340
Limitation on direct loan obligations				(13,000)	(13,000)
				W (-13,000)	W (-13,000)
Total Revolving fund for loans	O	-673	3,343	-10,670	-12,340
Indian loan guaranty and insurance fund	452				
Appropriation, current	BA	3,085	3,370	4,767	8,870
				W -1,502	W -4,147
Outlays	O	1,101	8,753	8,123	11,870
				W -825	W -4,147
Limitation on guaranteed loan commitments (P.L. 99-177)				(45,000)	(45,000)
				W (-45,000)	W (-45,000)
Total Indian loan guaranty and insurance fund	BA	3,085	3,370	3,265	4,723
	O	1,101	8,753	7,298	7,723
Trust funds					
Cooperative fund (papago)	452				
Appropriation, permanent, indefinite	BA	1,371	1,300	1,232	1,078
Miscellaneous trust funds:					
(Area and regional development)	452				
(Appropriation, current, indefinite)	BA	1,319			
(Appropriation, permanent, indefinite)	BA	371,700	344,705	337,267	329,624
(Outlays)	O	368,082	341,257	333,894	326,327
Total (Area and regional development)	BA	373,019	344,705	337,267	329,624
	O	368,082	341,257	333,894	326,327
Total Federal funds Bureau of Indian Affairs	BA	1,148,023	1,137,045	1,160,595	1,130,988
	O	1,117,399	1,150,383	1,127,778	1,127,175
Total Trust funds Bureau of Indian Affairs	BA	374,390	346,005	338,499	330,702
	O	368,082	341,257	333,894	326,327
Territorial and International Affairs					
Territorial and International Affairs					
Federal funds					
General and Special Funds:					
Administration of territories	808				
Appropriation, current	BA	78,235	92,767	70,704	68,961
Outlays	O	73,290	91,700	76,724	70,992
Trust Territory of the Pacific Islands	808				
Appropriation, current	BA	41,940	28,434	3,300	
Outlays	O	34,912	28,434	5,032	1,395

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Territorial and International Affairs—					
Con.					
<i>Territorial and International Affairs—</i>					
<i>Con.</i>					
Compact of free association	80R				
Appropriation, current	BA	33,620	32,360	27,580	27,580
Indefinite	BA		161,710		
				18,801	
Appropriation, permanent, indefinite	BA	127,081	125,378	159,378	161,126
Outlays	0	164,928	319,448	205,759	188,706
			(9,480)	(15,120)	(15,120)
Total Compact of free association	BA	160,701	319,448	205,759	188,706
	0	164,928	319,448	205,759	188,706
Micronesian claims fund, Trust Territory of the Pacific Islands	808				
Outlays	0	12			
Payments to the United States territories, fiscal assistance	806				
Appropriation, permanent, indefinite	BA	71,200	70,000	70,000	72,000
Outlays	0	71,200	70,000	70,000	72,000
Total Federal funds Territorial and International Affairs	BA	352,076	510,649	349,763	329,667
	0	344,342	509,582	357,515	333,093
Departmental Offices					
<i>Office of the Secretary</i>					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	306				
Appropriation, current	BA	47,519	49,067	52,741	54,017
Outlays	0	44,507	48,701	52,190	53,826
Office of the Secretary (special foreign currency program)	306				
Outlays	0	512	2,495		
Construction management	306				
Appropriation, current	BA	1,800	1,800	2,300	2,343
Outlays	0	1,124	2,339	2,250	2,339
Intragovernmental Funds:					
Working capital fund	306				
Outlays	0	1,143			
Total Federal funds Office of the Secretary	BA	49,319	50,867	55,041	56,360
	0	47,286	53,535	54,440	56,165
<i>Office of the Solicitor</i>					
<i>Federal funds</i>					
General and Special Funds:					
Office of the Solicitor	306				
Appropriation, current	BA	23,053	24,686	25,325	26,123
Outlays	0	22,000	24,941	25,261	26,043

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.					
Departmental Offices—Con.					
Office of Inspector General					
<i>Federal funds</i>					
General and Special Funds:					
Office of Inspector General	306				
Appropriation, current	BA	17,757	18,749	20,595	21,220
Outlays	O	17,099	18,650	20,410	21,158
Operation and maintenance of quarters	306				
Appropriation, permanent	BA	16			
Outlays	O	3			
Total Federal funds Office of Inspector General	BA	17,773	18,749	20,595	21,220
	O	17,102	18,650	20,410	21,158
National Indian Gaming Commission					
<i>Federal funds</i>					
General and Special Funds:					
National Indian gaming commission	806				
Appropriation, current	BA			2,000	
Outlays	O			1,800	210
Total Federal funds Departmental Offices	BA	90,145	94,302	102,961	103,703
	O	86,388	97,126	101,911	103,576
Summary					
Federal funds:					
(As shown in detail above)	BA	6,415,873	6,714,923	6,212,726	6,053,525
	O	6,357,939	6,711,217	6,266,746	6,246,613
Deductions for offsetting receipts:					
Intrafund transactions	306 BA		-250	-250	-250
	O				
	908 BA	-444	-225	-198	-166
	O				
Proprietary receipts from the public	301 BA	-137,134	-120,823	-130,749	-122,346
	O				
	BA			67,401	80,290
	O				
	302 BA	-1,072,019	-1,102,344	-1,033,538	-1,080,657
	O				
	BA			2,135,420	43,614
	O				
	303 BA	-81,494	-85,419	-74,251	-77,284
	O				
	306 BA	-174	-75	-75	-75
	O				
	452 BA	-54,498	-54,835	-57,161	-59,486
	O				
	908 BA	-24,390	-13,698	-14,515	-15,130
	O				
Total Federal funds	BA	5,045,720	5,337,254	2,833,970	4,734,807
	O	4,987,786	5,333,548	2,887,990	4,927,895
Trust funds:					
(As shown in detail above)	BA	597,322	626,104	496,367	523,548
	O	556,134	616,296	576,440	567,753
Deductions for offsetting receipts:					
Proprietary receipts from the public	301 BA	-44,507	-68,776	-49,095	-84,073
	O				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Interior—Con.				
Summary—Con.				
302 BA	-4,827	-700	-700	-700
0				
303 BA	-7,287	-4,165	-4,165	-4,165
0				
306 BA	-513	-500	-500	-500
0				
452 BA	-251,757	-231,000	-235,000	-242,000
0				
908 BA	-76,552	-77,412	-68,071	-55,783
0				
Total Trust funds.....	BA 211,879	243,551	138,836	136,327
	O 170,691	233,743	218,909	180,532
Interfund transactions	808 BA	-11,327	-20,000	-20,000
	0			
Total Department of the Interior.....	BA 5,246,272	5,560,805	2,952,806	4,851,134
	O 5,147,150	5,547,291	3,086,899	5,088,427

Department of Justice

General Administration

Federal funds

General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	88,360	85,895	104,899
			κ 99,325	
Outlays.....	0	85,519	94,102	104,319
			99,917	
Total Salaries and expenses.....	BA	88,360	85,895	99,325
	O	85,519	94,102	99,917
Office of the Inspector General	751			
Appropriation, current.....	BA		9,049	19,501
			κ 19,433	
Outlays.....	0		8,108	19,494
			18,353	
Total Office of the Inspector General.....	BA		9,049	19,433
	O		8,108	18,353
Intragovernmental Funds:				
Working capital fund	751			
Outlays.....	0	-9,124		
Total Federal funds General Administration.....	BA	88,360	94,944	118,758
	O	76,395	102,210	118,270

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Justice—Con.					
United States Parole Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current	BA	11,665	10,893	^K 10,335	6,912
Outlays	O	10,317	12,092	10,857	7,391
Total Salaries and expenses	BA	11,665	10,893	10,335	6,912
	O	10,317	12,092	10,857	7,391
Legal Activities					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses, General Legal Activities	752				
Appropriation, current	BA	243,209	244,794	^K 295,289	297,855
			^A 2,100		
Outlays	O	251,702	226,723	290,431	296,828
			^A 1,827	^A 231	
Total Salaries and expenses, General Legal Activities	BA	243,209	246,894	295,289	297,855
	O	251,702	228,550	290,662	296,828
Salaries and expenses, Antitrust Division	752				
Appropriation, current	BA	44,937	44,937	47,222	47,599
				^J 1,473	^J 1,490
Outlays	O	43,369	49,843	44,793	48,615
				^J 1,208	^J 1,486
Total Salaries and expenses, Antitrust Division	BA	44,937	44,937	48,695	49,089
	O	43,369	49,843	46,001	50,101
Salaries and expenses, Foreign Claims Settlement Commission	153				
Appropriation, current	BA	500	472	^K 440	442
Outlays	O	423	374	352	347
Total Salaries and expenses, Foreign Claims Settlement Commission	BA	500	472	440	442
	O	423	374	352	347
Payment of Vietnam and U.S.S. Pueblo prisoner of war claims	153				
Outlays	O		10	10	
Salaries and expenses, United States Attorneys	752				
Appropriation, current	BA	380,339	460,212	^K 454,279	456,942
Outlays	O	375,317	449,938	446,458	458,558
Total Salaries and expenses, United States Attorneys	BA	380,339	460,212	454,279	456,942
	O	375,317	449,938	446,458	458,558

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Justice—Con.					
Legal Activities—Con.					
Salaries and expenses, United States Marshals Service	752				
Appropriation, current	BA	186,668	205,129	228,846	234,643
Outlays	O	181,176	206,255	228,878	234,064
Support of United States prisoners	752				
Appropriation, current	BA	97,046	110,100	^K 147,034	151,470
Outlays	O	88,937	89,479	143,400	149,759
Total Support of United States prisoners	BA	97,046	110,100	147,034	151,470
	O	88,937	89,479	143,400	149,759
Fees and expenses of witnesses	752				
Appropriation, current	BA	47,015	52,203	^K 56,784	58,658
Outlays	O	42,560	58,120	64,596	58,103
Total Fees and expenses of witnesses	BA	47,015	52,203	56,784	58,658
	O	42,560	58,120	64,596	58,103
Salaries and expenses, Community Relations Service	752				
Appropriation, current	BA	33,858	27,858	^K 29,609	30,381
Outlays	O	28,855	36,838	29,023	30,178
Total Salaries and expenses, Community Relations Service	BA	33,858	27,858	29,609	30,381
	O	28,855	36,838	29,023	30,178
Independent counsel	752				
Appropriation, current	BA	11,000			
Appropriation, permanent, indefinite	BA		7,000	6,000	
Outlays	O	9,080	8,000	6,000	
Total Independent counsel	BA	11,000	7,000	6,000	
	O	9,080	8,000	6,000	
Civil liberties public education fund	806				
Appropriation, current	BA			20,000	171,429
Outlays	O			20,000	171,429
United States trustees system fund	752				
Appropriation, current	BA	47,370	47,370	^K 62,777	63,212
Outlays	O	36,554	64,011	63,078	63,168
Total United States trustees system fund	BA	47,370	47,370	62,777	63,212
	O	36,554	64,011	63,078	63,168
Assets forfeiture fund	752				
Appropriation, current	BA	160,538	75,000	^K 100,000	105,000
Appropriation, permanent, indefinite	BA		251,000	237,729	243,864
Outlays	O	150,079	145,521	280,613	347,398
Total Assets forfeiture fund	BA	160,538	326,000	337,729	348,864
	O	150,079	145,521	280,613	347,398
Total Federal funds Legal Activities	BA	1,252,480	1,528,175	1,687,482	1,862,985
	O	1,208,052	1,336,939	1,619,071	1,859,933

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Justice—Con.				
Interagency Law Enforcement				
<i>Federal funds</i>				
General and Special Funds:				
Organized crime drug enforcement	751			
Appropriation, current	BA		^κ 214,921	216,107
Outlays.....	0	203	161,191	194,318
Total Organized crime drug enforcement	BA		214,921	216,107
	0	203	161,191	194,318
Federal Bureau of Investigation				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current	BA	1,401,492	1,439,100	1,548,543
Outlays.....	0	1,383,747	1,462,775	1,526,017
Total Salaries and expenses.....	BA	1,401,492	1,439,100	1,548,543
	0	1,383,747	1,462,775	1,526,017
Drug Enforcement Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current	BA	494,076	534,450	510,646
Outlays.....	0	506,374	487,082	529,861
Total Salaries and expenses.....	BA	494,076	534,450	510,646
	0	506,374	487,082	529,861
<i>Trust funds</i>				
Drug abuse prevention and control gift fund	751			
Outlays.....	0	3		
Immigration and Naturalization Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current	BA	729,314	822,023	886,696
Outlays.....	0	747,479	836,642	875,169
Total Salaries and expenses.....	BA	729,314	822,023	886,696
	0	747,479	836,642	875,169
Immigration legalization	751			
Appropriation, current, indefinite	BA	189,279		
Appropriation, permanent, indefinite.....	BA		72,043	54,792
Outlays.....	0	128,320	75,805	40,919
Total Immigration legalization.....	BA	189,279	72,043	39,376
	0	128,320	75,805	40,919

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Justice—Con.					
Immigration and Naturalization Service—Con.					
Immigration user fee	751				
Appropriation, current, indefinite.....	BA	91,707			
Appropriation, permanent, indefinite.....	BA		104,000	105,000	106,094
Outlays.....	0	87,095	108,634	104,900	105,982
Total Immigration user fee.....	BA	91,707	104,000	105,000	106,094
	0	87,095	108,634	104,900	105,982
Immigration examinations fee	751				
Appropriation, current, indefinite.....	BA		21,000		
Appropriation, permanent, indefinite.....	BA			26,500	27,004
Outlays.....	0		21,000	26,500	27,004
Total Immigration examinations fee.....	BA		21,000	26,500	27,004
	0		21,000	26,500	27,004
Total Federal funds Immigration and Naturalization Service.....	BA	1,010,300	1,019,066	1,052,751	1,059,170
	0	962,894	1,042,081	994,397	1,049,074
Federal Prison System					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	753				
Appropriation, current.....	BA	762,423	952,426	^κ 1,152,554	1,298,493
Outlays.....	0	746,851	972,978	1,145,061	1,287,986
Total Salaries and expenses.....	BA	762,423	952,426	1,152,554	1,298,493
	0	746,851	972,978	1,145,061	1,287,986
National Institute of Corrections	754				
Appropriation, current.....	BA	9,590	9,590	^κ 10,112	10,380
Outlays.....	0	10,839	6,584	8,983	12,124
Total National Institute of Corrections.....	BA	9,590	9,590	10,112	10,380
	0	10,839	6,584	8,983	12,124
Buildings and facilities	753				
Appropriation, current.....	BA	297,076	388,143	^κ 401,332	315,060
Outlays.....	0	184,985	203,350	316,960	399,487
Total Buildings and facilities.....	BA	297,076	388,143	401,332	315,060
	0	184,985	203,350	316,960	399,487
Intragovernmental Funds:					
Federal Prison Industries, Incorporated	753				
Authority to borrow, current.....	BA		20,000		
Outlays.....	0	— 2,604	20,000		
Limitation on administrative expenses.....		(2,347)	(2,374)	(2,857)	
Limitation on vocational expenses.....		(7,571)	(4,677)		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Justice—Con.					
Federal Prison System—Con.					
<i>Trust funds</i>					
Commissary funds, Federal prisons (trust revolving fund) 753					
Outlays.....	0	758			
Total Federal funds Federal Prison System.....	BA	1,069,089	1,370,159	1,563,998	1,623,933
	0	940,071	1,202,912	1,471,004	1,699,597
Total Trust funds Federal Prison System.....	0	758			
Office of Justice Programs					
<i>Federal funds</i>					
General and Special Funds:					
Justice assistance 754					
Appropriation, current	BA	229,075	319,075	96,253	99,410
			^A 2,900		
			^H - 5,000		
Outlays.....	0	280,271	279,369	336,795	188,226
			^A 2,900		
			^H - 5,000		
Total Justice assistance.....	BA	229,075	316,975	96,253	99,410
	0	280,271	277,269	336,795	188,226
Crime victims fund 754					
Appropriation, permanent, indefinite.....	BA	77,446	93,559	90,000	100,000
Outlays.....	0	60,729	89,175	98,503	112,670
Public Enterprise Funds:					
Revolving fund 754					
Outlays.....	0	8	55		
Total Federal funds Office of Justice Programs	BA	306,521	410,534	186,253	199,410
	0	341,008	366,499	435,298	300,896
Summary					
Federal funds:					
(As shown in detail above)	BA	5,633,983	6,407,321	6,886,525	7,152,106
	0	5,428,858	6,012,793	6,759,519	7,290,900
Deductions for offsetting receipts:					
Intrafund transactions 908	BA	- 4,034	- 3,072	- 4,279	- 4,279
	0				
Total Federal funds.....	BA	5,629,949	6,404,249	6,882,246	7,147,827
	0	5,424,824	6,009,721	6,755,240	7,286,621
Trust funds:					
(As shown in detail above)	0	761			
Total Department of Justice	BA	5,629,949	6,404,249	6,882,246	7,147,827
	0	5,425,585	6,009,721	6,755,240	7,286,621

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Labor					
Employment and Training Administration					
<i>Federal funds</i>					
General and Special Funds:					
Program administration	504				
Appropriation, current	BA	70,872	70,779	63,193	63,772
Outlays	O	63,853	68,036	61,265	63,139
Training and employment services	504				
Appropriation, current	BA	3,807,651	3,783,169 ^ 34,648	3,857,702	3,871,341
Outlays	O	3,700,518	3,825,679 ^ 11,780	3,823,568 ^ 16,978	3,870,942 ^ 5,890
Total Training and employment services	BA	3,807,651	3,817,817	3,857,702	3,871,341
	O	3,700,518	3,837,459	3,840,546	3,876,832
Community service employment for older Americans	504				
Appropriation, current	BA	331,260	343,824	336,000	336,000
Outlays	O	324,253	334,399	341,908	336,302
Federal unemployment benefits and allowances: (Training and employment)	504				
(Appropriation, current)	BA			74,000	69,000
				^ -74,000	^ -69,000
(Outlays)	O			22,200	57,700
				^ -22,200	^ -57,700
Total (Training and employment)	O				
(Unemployment compensation)	603				
(Appropriation, current)	BA	141,000	134,000 ^ 92,000	210,000	195,000
(Outlays)	O	130,501	152,000 ^ 92,000	210,000	195,000
				^ -170,000	^ -195,000
Total (Unemployment compensation)	BA	141,000	226,000	40,000	40,000
	O	130,501	244,000	40,000	40,000
Total Federal unemployment benefits and allowances	BA	141,000	226,000	40,000	40,000
	O	130,501	244,000	40,000	40,000
State unemployment insurance and employment service operations: (Training and employment)	504				
(Appropriation, current)	BA	22,403	22,559	22,000	23,000
(Outlays)	O	28,684	22,767	22,538	22,280
Advances to the unemployment trust fund and other funds: (General retirement and disability insurance) (excluding social security)	601				
(Appropriation, current)	BA	30,000	72,000	33,000	357,000
(Outlays)	O	41,274	72,000	33,000	357,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Labor—Con.				
Employment and Training Administration—Con.				
(Unemployment compensation) 603				
(Appropriation, current) BA		52,000		
(Outlays) O	53,315	52,000		
Total Advances to the unemployment trust fund and other funds BA	30,000	124,000	33,000	357,000
O	94,589	124,000	33,000	357,000
<i>Trust funds</i>				
Gifts and bequests 504				
Appropriation, permanent, indefinite BA	5	10	10	10
Outlays O	-4	10	10	10
Unemployment trust fund:				
(Training and employment) 504				
(Appropriation, permanent, indefinite) BA	1,002,642	1,046,538	980,258	1,021,010
(Outlays) O	1,008,558	1,024,232	1,036,596	996,709
(Veterans employment and training)	(139,614)	(157,493)	(162,623)	(169,077)
(Employment and Training Administration: Program administration)	(44,380)	(48,320)	(53,817)	(54,703)
(Bureau of Labor Statistics: Salaries and ex- penses)	(41,569)	(45,767)	(49,118)	(51,230)
(State unemployment insurance and employ- ment service operations)	(777,079)	(794,958)	(714,700)	(746,000)
(Unemployment compensation) 603				
(Appropriation, current) BA		3,000	5,800	2,000
(Appropriation, permanent, indefinite) BA	25,980,990	25,353,462	25,319,742	24,178,990
(Outlays) O	17,589,165	16,775,768	17,263,404	16,503,291
(Office of the Inspector General)	(6,201)	(5,633)	(5,194)	(5,417)
(Limitation on railroad unemployment insur- ance administration fund)	(13,830)	(13,950)	(13,450)	(13,000)
(State unemployment insurance and employ- ment service operations)	(1,656,326)	(1,654,998)	(1,725,400)	(1,763,500)
(Departmental Management: Salaries and ex- penses)	(274)	(282)	(285)	(287)
Total (Unemployment compensation) BA	25,980,990	25,350,462	25,313,942	24,176,990
O	17,589,165	16,775,768	17,263,404	16,503,291
Total Unemployment trust fund BA	26,983,632	26,397,000	26,294,200	25,198,000
O	18,597,723	17,800,000	18,300,000	17,500,000
Total Federal funds Employment and Training Administration BA	4,403,186	4,604,979	4,351,895	4,651,113
O	4,342,398	4,630,661	4,339,257	4,655,553
Total Trust funds Employment and Training Administration BA	26,983,637	26,397,010	26,294,210	25,198,010
O	18,597,719	17,800,010	18,300,010	17,500,010
Labor-Management Services				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 505				
Appropriation, current BA	76,776	72,182	75,207	80,288
Outlays O	64,530	71,158	74,709	79,406

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Labor—Con.					
Pension Benefit Guaranty Corporation					
<i>Federal funds</i>					
Public Enterprise Funds:					
Pension Benefit Guaranty Corporation fund	601				
Outlays.....	0	-277,731	-230,959	-342,098	-345,662
Limitation on administration.....		(37,650)	(69,834)	(70,354)	(71,316)
Employment Standards Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current	BA	207,709	211,915	218,322	221,152
Outlays.....	0	194,857	210,494	210,046	220,861
Special benefits:					
(General retirement and disability insurance) (excluding social security)					
	601				
(Appropriation, current).....	BA	4,000	4,000	4,000	4,000
(Outlays).....	0	4,000	4,000	4,000	4,000
(Federal employee retirement and disability)					
	602				
(Appropriation, current).....	BA	213,000	242,000	217,000	265,000
(Outlays).....	0	212,408	242,000	217,000	265,000
Total Special benefits	BA	217,000	246,000	221,000	269,000
	0	216,408	246,000	221,000	269,000
Panama Canal Commission compensation fund					
	602				
Appropriation, current	BA		10,900		
Appropriation, permanent	BA			12,400	12,500
Outlays.....	0			2,800	6,100
Total Panama Canal Commission compensation fund	BA		10,900	12,400	12,500
	0			2,800	6,100
<i>Trust funds</i>					
Black lung disability trust fund					
	601				
Appropriation, current	BA	649,169	690,069	640,326	990,244
			^H -1,445		
Indefinite.....	BA	39,447	756	756	756
Outlays.....	0	639,359	683,077	662,000	991,000
			^H -1,445		
Administrative limitation: ESA, salaries and expenses		(28,028)	(29,847)	(28,640)	(29,121)
			^H (-1,445)		
Administrative limitation: Departmental Management, salaries and expenses.....		(25,924)	(26,278)	(20,691)	(20,970)
Administrative limitation: Office of the Inspector General		(506)	(509)	(509)	(531)
Total Black lung disability trust fund	BA	688,616	689,380	641,082	991,000
	0	639,359	681,632	662,000	991,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Labor—Con.					
Employment Standards Administration—Con.					
Special workers' compensation expenses	601				
Appropriation, permanent, indefinite.....	BA	70,640	87,000	95,000	101,000
Outlays.....	0	75,162	81,000	89,000	95,000
Limitation on administrative expenses.....		(467)	(520)	(1,019)	(1,033)
Total Federal funds Employment Standards Ad- ministration.....	BA 0	424,709 411,265	468,815 456,494	451,722 433,846	502,652 495,961
Total Trust funds Employment Standards Ad- ministration.....	BA 0	759,256 714,521	776,380 762,632	736,082 751,000	1,092,000 1,086,000
Occupational Safety and Health Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current.....	BA	235,474	244,546	252,892	259,113
Outlays.....	0	225,768	241,346	248,928	258,283
Mine Safety and Health Administration					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current.....	BA	160,193	162,621	169,039	171,655
Outlays.....	0	163,605	160,296	167,400	171,143
Bureau of Labor Statistics					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current.....	BA	176,481	188,114	193,171	195,919
Outlays.....	0	169,034	193,435	193,059	195,450
Departmental Management					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current.....	BA	114,929	118,424	114,032	115,530
			[^] 1,445		
Outlays.....	0	110,848	113,515	110,142	110,866
			[^] 1,445		
Total Salaries and expenses.....	BA 0	114,929 110,848	119,869 114,960	114,032 110,142	115,530 110,866
Office of the Inspector General	505				
Appropriation, current.....	BA	37,051	39,517	41,997	42,684
Outlays.....	0	36,232	38,081	40,240	42,213
Special foreign currency program	505				
Outlays.....	0	3	32		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Labor—Con.					
Departmental Management—Con.					
Intragovernmental Funds:					
Working capital fund	505				
Outlays.....	0	— 377	4,432	1,695	308
Total Federal funds Departmental Management	BA	<u>151,980</u>	<u>159,386</u>	<u>156,029</u>	<u>158,214</u>
	O	<u>146,706</u>	<u>157,505</u>	<u>152,077</u>	<u>153,387</u>
Summary					
Federal funds:					
(As shown in detail above)	BA	<u>5,628,799</u>	<u>5,900,643</u>	<u>5,649,955</u>	<u>6,018,954</u>
	O	<u>5,245,575</u>	<u>5,679,936</u>	<u>5,267,178</u>	<u>5,663,521</u>
Deductions for offsetting receipts:					
Proprietary receipts from the public	908 BA				
	O	— 155,188	— 39,000		
Total Federal funds.....	BA	<u>5,473,611</u>	<u>5,861,643</u>	<u>5,649,955</u>	<u>6,018,954</u>
	O	<u>5,090,387</u>	<u>5,640,936</u>	<u>5,267,178</u>	<u>5,663,521</u>
Trust funds:					
(As shown in detail above)	BA	<u>27,742,893</u>	<u>27,173,390</u>	<u>27,030,292</u>	<u>26,290,010</u>
	O	<u>19,312,240</u>	<u>18,562,642</u>	<u>19,051,010</u>	<u>18,586,010</u>
Deductions for offsetting receipts:					
Intrafund transactions	602 BA				
	O		— 10,900	— 12,400	— 12,500
Proprietary receipts from the public	908 BA				
	O	— 4,079	— 2,000	— 2,000	— 2,000
Total Trust funds.....	BA	<u>27,738,814</u>	<u>27,160,490</u>	<u>27,015,892</u>	<u>26,275,510</u>
	O	<u>19,308,161</u>	<u>18,549,742</u>	<u>19,036,610</u>	<u>18,571,510</u>
Interfund transactions					
	601 BA				
	O	— 41,274	— 72,000	— 33,000	— 357,000
	603 BA				
	O	— 2,487,070	— 1,290,000	— 1,254,000	— 316,000
Total Department of Labor	BA	<u>30,684,081</u>	<u>31,660,133</u>	<u>31,378,847</u>	<u>31,621,464</u>
	O	<u>21,870,204</u>	<u>22,828,678</u>	<u>23,016,788</u>	<u>23,562,031</u>

Department of State

Administration of Foreign Affairs

Federal funds

General and Special Funds:

Salaries and expenses	153				
Appropriation, current	BA	<u>1,694,000</u>	<u>1,789,000</u>	<u>1,880,510</u>	<u>1,925,007</u>
Outlays.....	O	<u>1,736,542</u>	<u>1,730,084</u>	<u>1,816,471</u>	<u>1,869,037</u>
Total Salaries and expenses.....	BA	<u>1,694,000</u>	<u>1,789,000</u>	<u>1,880,510</u>	<u>1,925,007</u>
	O	<u>1,736,542</u>	<u>1,730,084</u>	<u>1,816,471</u>	<u>1,869,037</u>

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of State—Con.					
Administration of Foreign Affairs—					
Con.					
Office of the Inspector General	153				
Appropriation, current	BA			^κ 18,672	19,288
Outlays	O			18,300	19,274
Total Office of the Inspector General	BA			18,672	19,288
	O			18,300	19,274
Acquisition and maintenance of buildings abroad	153				
Appropriation, current	BA	313,100	240,021	^κ 348,100	351,145
Outlays	O	329,150	418,291	336,746	305,086
Total Acquisition and maintenance of buildings abroad	BA	313,100	240,021	348,100	351,145
	O	329,150	418,291	336,746	305,086
Acquisition and maintenance of buildings abroad (special foreign currency program)	153				
Outlays	O	5,970	4,000	4,500	4,500
Representation allowances	153				
Appropriation, current	BA	4,500	4,590	^κ 4,600	4,800
Outlays	O	4,384	4,577	4,599	4,800
Total Representation allowances	BA	4,500	4,590	4,600	4,800
	O	4,384	4,577	4,599	4,800
Protection of foreign missions and officials	153				
Appropriation, current	BA	9,000	9,100	^κ 9,100	9,400
Outlays	O	7,000	9,081	9,100	9,300
Total Protection of foreign missions and officials	BA	9,000	9,100	9,100	9,400
	O	7,000	9,081	9,100	9,300
Emergencies in the diplomatic and consular service	153				
Appropriation, current	BA	4,000	4,500	^κ 4,700	4,700
Outlays	O	3,524	4,293	4,618	^w - 432
				^w - 423	^w - 432
Total Emergencies in the diplomatic and consular service	BA	4,000	4,500	4,277	4,268
	O	3,524	4,293	4,195	4,268
Payment to the American Institute in Taiwan	153				
Appropriation, current	BA	11,000	10,890	^κ 11,300	11,700
Outlays	O	7,650	10,919	11,194	11,600
Total Payment to the American Institute in Taiwan	BA	11,000	10,890	11,300	11,700
	O	7,650	10,919	11,194	11,600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of State—Con.					
Administration of Foreign Affairs—					
Con.					
Payment to the Foreign Service retirement and disability fund	153				
Appropriation, current	BA	86,000	107,684	^K 106,034	105,874
Appropriation, permanent, indefinite	BA	143,800	138,300	132,900	127,900
Outlays	0	229,800	245,984	238,934	233,774
Total Payment to the Foreign Service retirement and disability fund	BA	229,800	245,984	238,934	233,774
	0	229,800	245,984	238,934	233,774
Intragovernmental Funds:					
Working capital fund	153				
Outlays	0	-4,986			
<i>Trust funds</i>					
Foreign Service retirement and disability fund					
	602				
Appropriation, permanent, indefinite	BA	718,726	779,634	804,595	832,854
Outlays	0	286,861	326,768	353,662 J - 11,001	381,720 J - 16,100
Total Foreign Service retirement and disability fund	BA	718,726	779,634	804,595	832,854
	0	286,861	326,768	342,661	365,620
Miscellaneous trust funds	153				
Appropriation, permanent, indefinite	BA	2,359	3,200	3,200	3,200
Outlays	0	2,230	3,200	3,200	3,200
Total Federal funds Administration of Foreign Affairs	BA	2,265,400	2,304,085	2,515,493	2,559,382
	0	2,319,034	2,427,229	2,444,039	2,461,639
Total Trust funds Administration of Foreign Affairs	BA	721,085	782,834	807,795	836,054
	0	289,091	329,968	345,861	368,820
International Organizations and Conferences					
<i>Federal funds</i>					
General and Special Funds:					
Contributions to international organizations	153				
Appropriation, current	BA	480,000	485,940	^K 714,927	782,832
Outlays	0	512,575	502,913	691,999	767,958
Total Contributions to international organizations	BA	480,000	485,940	714,927	782,832
	0	512,575	502,913	691,999	767,958

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of State—Con.					
International Organizations and Conferences—Con.					
Contributions for international peacekeeping activities 153					
Appropriation, current	BA	29,400	29,000	^κ 111,184	41,249
Outlays.....	O	29,302	29,000	111,184	41,249
Total Contributions for international peacekeeping activities.....	BA	29,400	29,000	111,184	41,249
	O	29,302	29,000	111,184	41,249
International conferences and contingencies 153					
Appropriation, current	BA	6,000	6,000	^κ 6,340	6,681
Outlays.....	O	5,401	6,190	6,231	6,572
Total International conferences and contingencies	BA	6,000	6,000	6,340	6,681
	O	5,401	6,190	6,231	6,572
Total Federal funds International Organizations and Conferences.....	BA	515,400	520,940	832,451	830,762
	O	547,278	538,103	809,414	815,779
International Commissions					
International Boundary and Water Commission, United States and Mexico:					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses, IBWC 301					
Appropriation, current	BA	10,261	10,261	^κ 10,460	10,583
Outlays.....	O	11,041	10,261	10,441	10,571
Total Salaries and expenses, IBWC.....	BA	10,261	10,261	10,460	10,583
	O	11,041	10,261	10,441	10,571
Construction, IBWC 301					
Appropriation, current	BA	3,166	3,166	^κ 11,500	17,000
Outlays.....	O	2,668	2,138	7,333	12,167
Total Construction, IBWC.....	BA	3,166	3,166	11,500	17,000
	O	2,668	2,138	7,333	12,167
Total Federal funds International Boundary and Water Commission, United States and Mexico.....	BA	13,427	13,427	21,960	27,583
	O	13,709	12,399	17,774	22,738

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of State—Con.					
International Commissions—Con.					
<i>Federal funds</i>					
General and Special Funds:					
American sections, international commissions					
	301				
Appropriation, current	BA	4,316	4,316	^κ 4,500	4,600
Outlays.....	O	4,089	4,300	4,400	4,500
Total American sections, international commissions.....	BA	4,316	4,316	4,500	4,600
	O	4,089	4,300	4,400	4,500
International fisheries commissions					
	302				
Appropriation, current	BA	10,548	10,548	^κ 11,000	11,400
Outlays.....	O	9,673	10,548	11,000	11,400
Total International fisheries commissions.....	BA	10,548	10,548	11,000	11,400
	O	9,673	10,548	11,000	11,400
Total Federal funds International Commissions .	BA	28,291	28,291	37,460	43,583
	O	27,471	27,247	33,174	38,638
Other					
<i>Federal funds</i>					
General and Special Funds:					
Migration and refugee assistance					
	151				
Appropriation, current	BA	338,450	361,950	^κ 370,000	345,000
Outlays.....	O	369,346	355,068	367,115	352,339
Total Migration and refugee assistance.....	BA	338,450	361,950	370,000	345,000
	O	369,346	355,068	367,115	352,339
United States emergency refugee and migration assistance fund					
	151				
Appropriation, current	BA	24,000	50,000	^κ 10,000	10,000
Outlays.....	O	8,523	55,161	36,500	15,000
Total United States emergency refugee and migration assistance fund.....	BA	24,000	50,000	10,000	10,000
	O	8,523	55,161	36,500	15,000
International narcotics control					
	151				
Appropriation, current	BA	98,750	101,000	^κ 115,000	119,000
Outlays.....	O	87,022	100,000	107,000	113,000
Total International narcotics control	BA	98,750	101,000	115,000	119,000
	O	87,022	100,000	107,000	113,000
Anti-terrorism assistance					
	152				
Appropriation, current	BA	9,840	9,840	^κ 10,017	10,182
Outlays.....	O	11,675	11,261	11,466	10,423
Total Anti-terrorism assistance	BA	9,840	9,840	10,017	10,182
	O	11,675	11,261	11,466	10,423

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of State—Con.					
Other—Con.					
U.S. bilateral science and technology agreements 153					
Appropriation, current	BA	1,900	2,000	^κ 4,000	2,000
Outlays	O	1,900	2,000	4,000	2,000
Total U.S. bilateral science and technology agreements	BA	1,900	2,000	4,000	2,000
	O	1,900	2,000	4,000	2,000
Soviet-East European research and training 153					
Appropriation, current	BA	4,600	4,600	^κ 4,600	4,600
Outlays	O	4,120	7,350	7,356	4,600
Total Soviet-East European research and training	BA	4,600	4,600	4,600	4,600
	O	4,120	7,350	7,356	4,600
Payment to the Asia Foundation 154					
Appropriation, current	BA	13,700	13,700	^κ 8,300	8,300
Outlays	O	11,873	16,569	8,300	8,300
Total Payment to the Asia Foundation	BA	13,700	13,700	8,300	8,300
	O	11,873	16,569	8,300	8,300
Counterterrorism research and development 153					
Outlays	O	10,000			
International Center, Washington, D.C. 153					
Appropriation, permanent	BA	1,313	3,303	1,284	3,000
Outlays	O	235	15,001	6,689	3,000
Fishermen's protective fund 376					
Appropriation, current	BA	959		^κ 1,000	1,000
Outlays	O	1,039		1,000	1,000
Total Fishermen's protective fund	BA	959		1,000	1,000
	O	1,039		1,000	1,000
Fishermen's guaranty fund 376					
Appropriation, current	BA	867	1,725	^κ 900	450
Outlays	O	241	1,725	900	^κ 450
Total Fishermen's guaranty fund	BA	867	1,725	900	900
	O	241	1,725	900	900
Total Federal funds Other	BA	494,379	548,118	525,101	503,982
	O	505,974	564,135	550,326	510,562
Summary					
Federal funds:					
(As shown in detail above)	BA	3,303,470	3,401,434	3,910,505	3,937,709
	O	3,399,757	3,556,714	3,836,953	3,826,618
Deductions for offsetting receipts:					
Intrafund transactions	908 BA	—47	—72	—72	—72
	O				
Proprietary receipts from the public	153 BA	—1,313	—3,303	—1,284	—3,000
	O				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate	
Department of State—Con.					
Summary—Con.					
376 BA 0	- 818	- 450	- 450	- 450	
Total Federal funds.....	BA 0	3,301,292 3,397,579	3,397,609 3,552,889	3,908,699 3,835,147	3,934,187 3,823,096
Trust funds:					
(As shown in detail above)	BA 0	721,085 289,091	782,834 329,968	807,795 345,861	836,054 368,820
Deductions for offsetting receipts:					
Intrafund transactions	602 BA 0	- 503	- 500	- 500	- 500
	908 BA 0	- 3			
Total Trust funds.....	BA 0	720,579 288,585	782,334 329,468	807,295 345,361	835,554 368,320
Interfund transactions	153 BA 0	- 264,939	- 286,516	- 279,081	- 273,881
	803 BA 0	- 46	- 41	- 41	- 41
Total Department of State.....	BA 0	3,756,886 3,421,179	3,893,386 3,595,800	4,436,872 3,901,386	4,495,819 3,917,494

Department of Transportation

Federal Highway Administration

Federal funds

General and Special Funds:

Motor carrier safety	401				
Appropriation, current	BA	22,790	27,000	32,190	36,885
Outlays.....	0	21,666	25,310	31,930	36,550
Railroad-highway crossings demonstration projects	401				
Appropriation, current	BA	2,597	2,520		
Outlays.....	0	6,256	3,903	5,581	4,942
Access highways to public recreation areas on certain lakes	401				
Appropriation, current	BA	1,786	1,291		
Outlays.....	0	7,534	6,110	5,097	2,791
			^A - 258	^A - 413	^A - 310
Total Access highways to public recreation areas on certain lakes.....	BA 0	1,786 7,534	1,291 5,852		4,684 2,481
Miscellaneous appropriations	401				
Appropriation, current	BA	35,122	54,625		
Outlays.....	0	49,464	39,409	73,414	45,231
			^A - 7,882	^A - 12,611	^A - 9,458
Total Miscellaneous appropriations.....	BA 0	35,122 49,464	15,216 65,853		60,803 35,773

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.				
Federal Highway Administration—				
Con.				
<i>Trust funds</i>				
Federal-aid highways 401				
Contract authority, permanent	BA 13,706,319	14,119,012	13,850,959	13,850,959
Liquidation of contract authority, current.....	(13,400,000)	(12,700,000)	(13,660,000)	
Outlays.....	0 13,828,874	13,360,000	13,159,000	12,660,000
Limitation on program level (obligations)	(11,780,000)	(12,000,000)	(11,310,000)	(11,310,000)
Highway-related safety grants 401				
Contract authority, permanent	BA 10,000	10,000	10,000	10,000
Liquidation of contract authority, current.....	(9,900)	(10,000)	(10,000)	
Outlays.....	0 9,224	9,631	10,822	10,363
Limitation on program level (obligations)	(9,405)	(9,405)	(10,000)	(10,000)
Baltimore-Washington Parkway 401				
Appropriation, current	BA 14,250	12,825		
Outlays.....	0 4,584	8,199	11,321	8,094
Trust fund share of other highway programs 401				
Appropriation, current	BA 5,193	5,040		
Outlays.....	0 8,277	10,001	12,767	10,654
Highway safety research and development 401				
Appropriation, current	BA 6,650	6,080		
Outlays.....	0 7,255	7,507	6,683	3,837
Motor carrier safety grants 401				
Contract authority, permanent	BA 50,000	60,000	60,000	60,000
Liquidation of contract authority, current.....	(50,000)	(50,000)	(52,000)	
Outlays.....	0 47,293	57,360	62,110	62,110
Limitation on program level (obligations)	(46,992)	(60,000)	(60,000)	(60,000)
Miscellaneous trust funds 151				
Appropriation, permanent	BA 2,211	3,695	3,737	3,882
Contract authority, permanent	BA 526			
Liquidation of contract authority, permanent	(587)	(844)		
Outlays.....	0 4,165	4,171	4,200	4,090
Total Miscellaneous trust funds.....	BA 2,737	3,695	3,737	3,882
	0 4,165	4,171	4,200	4,090
Miscellaneous highway trust funds 401				
Appropriation, current	BA 41,989	63,123		
Outlays.....	0 10,205	36,184	48,951	34,741
Right-of-way revolving fund (trust revolving fund) 401				
Outlays.....	0 -2,947			
Limitation on direct loan obligations	(45,457)	(46,000)	(47,850)	(47,850)
Total Federal funds Federal Highway Administration	BA 62,295	44,736	32,190	36,885
	0 84,920	100,918	102,998	79,746
Total Trust funds Federal Highway Administration	BA 13,837,138	14,279,775	13,924,696	13,924,841
	0 13,916,930	13,493,053	13,315,854	12,793,889

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
National Highway Traffic Safety Administration					
<i>Federal funds</i>					
General and Special Funds:					
Operations and research	401				
Appropriation, current	BA	62,534	67,899	74,933	71,517
Outlays	0	90,346	42,290	69,723	76,107
Total Operations and research	BA	62,534	67,899	74,933	71,517
	0	90,346	42,290	69,723	76,107
Miscellaneous safety programs	401				
Outlays	0	464	1,400	1,400	1,400
<i>Trust funds</i>					
Operations and research (trust fund share)	401				
Appropriation, current	BA	30,346	30,751	31,772	32,509
Outlays	0	-2,716	58,295	35,400	35,285
Highway traffic safety grants	401				
Contract authority, permanent	BA	126,000	126,000	126,000	126,000
Reappropriation	BA	94,085			
Liquidation of contract authority, current		(135,000)	(130,500)	(132,000)	
Outlays	0	118,252	133,400	133,600	135,000
Limitation on program level (obligations)		(128,483)	(126,000)	(128,500)	(128,500)
Total Highway traffic safety grants	BA	220,085	126,000	126,000	126,000
	0	118,252	133,400	133,600	135,000
Total Federal funds National Highway Traffic Safety Administration	BA	62,534	67,899	74,933	71,517
	0	90,810	43,690	71,123	77,507
Total Trust funds National Highway Traffic Safety Administration	BA	250,431	156,751	157,772	158,509
	0	115,536	191,695	169,000	170,285
Federal Railroad Administration					
<i>Federal funds</i>					
General and Special Funds:					
Office of the Administrator	401				
Appropriation, current	BA	22,877	20,952	15,180	16,164
Outlays	0	36,721	51,992	35,606	26,131
Total Office of the Administrator	BA	22,877	30,952	15,180	16,164
	0	36,721	55,992	39,606	28,131
Railroad safety	401				
Appropriation, current	BA	27,968	27,825	30,307	30,615
Outlays	0	28,085	26,184	30,791	30,553
Railroad research and development	401				
Appropriation, current	BA	9,286	9,286	9,277	9,343
Outlays	0	10,559	13,696	10,146	9,751
Freightline rehabilitation	401				
Appropriation, current	BA		6,000		
Outlays	0		3,600	1,800	600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Federal Railroad Administration— Con.					
Conrail commuter transition assistance	401				
Appropriation, current	BA		4,500		
Outlays	0	519	3,500	4,000	2,476
Settlements of railroad litigation	401				
Authority to borrow, current	BA	2,658			
Outlays	0	-36,292			
Northeast corridor improvement program	401				
Appropriation, current	BA	26,600	19,600		
Outlays	0	55,335	49,947	48,559	42,217
Grants to National Railroad Passenger Corporation	401				
Appropriation, current	BA	580,800	584,000		
Outlays	0	591,059	556,135	61,793	
			[^] -10,000	[^] -1,000	
			[^] -9,000		
Total Grants to National Railroad Passenger Corporation	BA	580,800	574,000		
	0	591,059	547,135	60,793	
Public Enterprise Funds:					
Alaska Railroad revolving fund	401				
Outlays	0	38			
Regional rail reorganization program	401				
Appropriation, current, indefinite	BA			6,645	
Authority to borrow, permanent, indefinite	BA	6,107			
Outlays	0	6,107		6,645	
Total Regional rail reorganization program	BA	6,107		6,645	
	0	6,107		6,645	
Railroad rehabilitation and improvement financing funds	401				
Outlays	0	-115,296	-186,639	-3,682	7,454
Total Federal funds Federal Railroad Administration	BA	676,296	672,163	61,409	56,122
	0	576,835	513,415	198,658	121,182

Urban Mass Transportation Administration*Federal funds***General and Special Funds:**

Administrative expenses	401				
Appropriation, current	BA	31,882	31,882		
Outlays	0	29,805	33,365	3,188	
Research, training, and human resources	401				
Appropriation, current	BA	12,217	10,000		
Outlays	0	18,829	18,665	16,443	12,443
Interstate transfer grants-transit	401				
Appropriation, current	BA	123,500	200,000		
Outlays	0	132,349	178,789	184,700	164,700
Washington metro	401				
Appropriation, current	BA	180,500	168,000	42,000	38,000
Outlays	0	185,229	185,020	218,100	234,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Urban Mass Transportation Administration—Con.					
Formula grants	401				
Appropriation, current	BA	1,736,453	1,605,000		
Outlays	0	1,936,600	2,013,512 ^ -22,676	1,620,978 ^ -4,123	1,208,196 ^ 8,246
Total Formula grants	BA 0	1,736,453 1,936,600	1,605,000 1,990,836	1,616,855	1,216,442
Miscellaneous expired accounts	401				
Outlays	0	267,812	200,000	130,000	63,562
<i>Trust funds</i>					
Formula transit grants	401				
Contract authority, current	BA			^ 1,523,000	^ 1,523,000
Liquidation of contract authority, current				^ (300,000)	^ (700,000)
Outlays	0			^ 170,836	^ 516,670
Limitation on program level (obligations)				^ (1,523,000)	^ (1,523,000)
Discretionary grants	401				
Contract authority, current	BA			^ -1,300,000	^ -1,400,000
Contract authority, permanent	BA	1,203,200	1,250,000	1,300,000	1,400,000
Liquidation of contract authority, current		(1,100,000)	(400,000)	(900,000)	(1,000,000)
Outlays	0	695,675	870,000	985,950 ^ -59,050	1,174,695 ^ -332,755
Limitation on program level (obligations)		(1,130,500)	(1,140,000)	(1,300,000) ^ (-1,300,000)	(1,400,000) ^ (-1,400,000)
Total Discretionary grants	BA 0	1,203,200 695,675	1,250,000 870,000	926,900	841,940
Total Federal funds Urban Mass Transportation Administration	BA 0	2,084,552 2,570,624	2,014,882 2,606,675	42,000 2,169,286	38,000 1,691,647
Total Trust funds Urban Mass Transportation Administration	BA 0	1,203,200 695,675	1,250,000 870,000	1,523,000 1,097,736	1,523,000 1,358,610
Federal Aviation Administration					
<i>Federal funds</i>					
General and Special Funds:					
Operations	402				
Appropriation, current	BA	2,358,085	2,973,729 ^ 40,700	2,176,086	2,310,323
Outlays	0	2,318,539	2,971,827 ^ 35,816	2,118,732 ^ 4,884	2,281,283
Total Operations	BA 0	2,358,085 2,318,539	3,014,429 3,007,643	2,176,086 2,123,616	2,310,323 2,281,283
Facilities, engineering and development	402				
Outlays	0	279	2,262		
Metropolitan Washington Airports	402				
Outlays	0	-13			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Federal Aviation Administration—Con.					
Aircraft purchase loan guarantee program	402				
Appropriation, current	BA		^ 1,135		
Authority to borrow, current	BA	9,693	255	150	150
Outlays	O	9,695	255	150	150
			^ 1,135		
Total Aircraft purchase loan guarantee program	BA	9,693	1,390	150	150
	O	9,695	1,390	150	150
Public Enterprise Funds:					
Aviation insurance revolving fund	402				
Outlays	O	-4,558	-3,600	-3,600	-3,600
<i>Trust funds</i>					
Grants-in-aid for airports (Airport and airway trust fund)	402				
Appropriation, current	BA		100		
Contract authority, current	BA	1,688,000	-100,000		1,800,000
Contract authority, permanent	BA		1,700,000	1,700,000	
Liquidation of contract authority, current		(1,063,000)	(1,150,000)	(1,166,000)	
Outlays	O	825,223	1,123,000	1,256,000	1,330,000
Limitation on program level (obligations)		(1,268,725)	(1,400,000)	(1,350,000)	(1,350,000)
Total Grants-in-aid for airports (Airport and airway trust fund)	BA	1,688,000	1,600,100	1,700,000	1,800,000
	O	825,223	1,123,000	1,256,000	1,330,000
Facilities and equipment (Airport and airway trust fund)	402				
Appropriation, current	BA	1,108,056	1,384,184	1,955,000	2,100,000
Outlays	O	1,043,040	1,000,656	1,345,000	1,630,000
Research, engineering and development (Airport and airway trust fund)	402				
Appropriation, current	BA	153,425	159,945	165,000	170,000
Outlays	O	169,683	165,945	171,000	175,000
Trust fund share of FAA operations	402				
Appropriation, current	BA	825,955	471,320	1,746,914	1,854,677
Appropriation, permanent, indefinite	BA	69			
Outlays	O	829,774	471,857	1,746,914	1,854,677
Total Trust fund share of FAA operations	BA	826,024	471,320	1,746,914	1,854,677
	O	829,774	471,857	1,746,914	1,854,677
Total Federal funds Federal Aviation Administration	BA	2,367,778	3,015,819	2,176,236	2,310,473
	O	2,323,942	3,007,695	2,120,166	2,277,833
Total Trust funds Federal Aviation Administration	BA	3,775,505	3,615,549	5,566,914	5,924,677
	O	2,867,720	2,761,458	4,518,914	4,989,677

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Coast Guard					
<i>Federal funds</i>					
General and Special Funds:					
Operating expenses	403				
Appropriation, current	BA	1,782,506	1,952,383	^K 2,212,200	^N 2,298,500
Outlays.....	O	1,798,190	2,017,000	2,171,230	^N 2,287,000
Total Operating expenses.....	BA	1,782,506	1,952,383	2,212,200	2,298,500
	O	1,798,190	2,017,000	2,171,230	2,287,000
Acquisition, construction, and improvements	403				
Appropriation, current	BA	247,000	385,500	^K 682,300	^N 437,800
Outlays.....	O	413,736	335,005	350,000	^N 447,400
Total Acquisition, construction, and improve- ments.....	BA	247,000	385,500	682,300	437,800
	O	413,736	335,005	350,000	447,400
Coast Guard shore facilities	403				
Appropriation, current	BA		50,300		
Outlays.....	O		5,530		
Alteration of bridges	403				
Appropriation, current	BA	940	13,500	^J -2,330	
Outlays.....	O	6,903	3,500	^K 2,330 5,900	
				^J -2,330	
Total Alteration of bridges.....	BA	940	13,500		
	O	6,903	3,500	3,570	
Retired pay	403				
Appropriation, current	BA	386,700	410,800	^K 420,800	^N 451,200
Outlays.....	O	359,630	410,800	420,800	^N 451,200
Total Retired pay.....	BA	386,700	410,800	420,800	451,200
	O	359,630	410,800	420,800	451,200
Reserve training	403				
Appropriation, current	BA	62,880	67,000	^K 73,800	^N 78,400
Outlays.....	O	62,046	65,700	72,400	^N 77,360
Total Reserve training	BA	62,880	67,000	73,800	78,400
	O	62,046	65,700	72,400	77,360
Research, development, test, and evaluation	403				
Appropriation, current	BA	19,000	18,800	^K 19,000	^N 19,000
Outlays.....	O	14,884	19,100	16,800	^N 20,600
Total Research, development, test, and evalua- tion	BA	19,000	18,800	19,000	19,000
	O	14,884	19,100	16,800	20,600
Pollution fund	304				
Appropriation, permanent, indefinite.....	BA	5,208	5,700	5,700	^N 5,700
Outlays.....	O	2,497	6,300	6,500	^N 5,700

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Coast Guard—Con.					
Offshore oil pollution compensation fund	304				
Appropriation, current	BA				^N 350
Outlays	0	126	150	200	^N 250
Deepwater port liability fund	304				
Outlays	0	2			
Intragovernmental Funds:					
Coast Guard supply fund	403				
Outlays	0	6,328	400	400	^N 400
Coast Guard yard fund	403				
Outlays	0	7,369	5,000	5,000	^N 5,000
<i>Trust funds</i>					
Boat safety	403				
Appropriation, current	BA	41,891	60,000	45,000	^N 45,000
Outlays	0	48,941	60,000	45,000	^N 45,000
Limitation on program level (obligations)		(21,375)	(30,000)	(15,000)	^N (15,000)
Coast Guard general gift fund	403				
Appropriation, permanent, indefinite	BA	14	80	80	^N 80
Outlays	0	—10	80	80	^N 80
Miscellaneous trust revolving funds	403				
Outlays	0	510	25	25	^N 25
Total Federal funds Coast Guard	BA	2,504,234	2,903,983	3,413,800	3,290,950
	0	2,671,711	2,868,485	3,046,900	3,294,910
Total Trust funds Coast Guard	BA	41,905	60,080	45,080	45,080
	0	49,441	60,105	45,105	45,105
Maritime Administration					
<i>Federal funds</i>					
General and Special Funds:					
Ship construction	403				
Outlays	0	1,237	1,403		
Operating-differential subsidies	403				
Appropriation, current	BA			57,760	
Indefinite	BA				59,490
Contract authority, current, indefinite	BA			424,290	
Liquidation of contract authority, current		(222,918)	(218,100)	(225,870)	(224,240)
Outlays	0	230,188	218,100	225,870	224,240
				10,130	18,020
Total Operating-differential subsidies	BA			482,050	59,490
	0	230,188	218,100	236,000	242,260
Ocean freight differential	403				
Appropriation, current	BA	600			
Authority to borrow, current	BA			—4,775	—5,024
Authority to borrow, permanent	BA	40,005	49,740	47,750	50,240
Outlays	0	40,714	49,740	47,750	50,240
				—4,775	—5,024
Total Ocean freight differential	BA	40,605	49,740	42,975	45,216
	0	40,714	49,740	42,975	45,216
Research and development	403				
Outlays	0	2,595	6,894		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.				
Maritime Administration—Con.				
Federal ship financing fund loan subsidies 403				
Appropriation, current, indefinite..... BA			W 95	W 100
Outlays..... O			W 95	W 100
Operations and training 403				
Appropriation, current..... BA	75,521	66,250	K 66,300	69,300
Outlays..... O	72,577	76,589	68,325	69,092
Total Operations and training..... BA	75,521	66,250	66,300	69,300
O	72,577	76,589	68,325	69,092
Ready reserve force 403				
Appropriation, current..... BA		110,751	239,030	237,390
Outlays..... O		69,838	148,119	248,887
Public Enterprise Funds:				
Federal ship financing fund 403				
Authority to borrow, permanent, indefinite..... BA	95,000			
Outlays..... O	-6,637	5,839	48,200	3,900
		A -7,350	A -45,521	A -43,943
			W -4,000	W -4,000
Total Federal ship financing fund..... BA	95,000			
O	-6,637	-1,511	-1,321	-44,043
Vessel operations revolving fund 403				
Outlays..... O	-1,979			
War risk insurance revolving fund 403				
Outlays..... O	-916	-900	-900	-900
<i>Trust funds</i>				
Special studies, services and projects 403				
Appropriation, permanent, indefinite..... BA	3	100	100	100
Outlays..... O	7	100	100	100
Gifts and bequests 403				
Appropriation, permanent, indefinite..... BA	2	10	10	10
Outlays..... O	12	10	10	10
Total Federal funds Maritime Administration.... BA	211,126	226,741	830,450	411,496
O	337,779	420,153	493,293	560,612
Total Trust funds Maritime Administration..... BA	5	110	110	110
O	19	110	110	110
Saint Lawrence Seaway Development Corporation				
<i>Federal funds</i>				
Public Enterprise Funds:				
Saint Lawrence Seaway Development Corporation 403				
Outlays..... O	157	-200	-100	-140
			J 1,988	J 1,800
Limitation on administrative expenses.....	(2,016)			
Total Saint Lawrence Seaway Development Corporation..... O	157	-200	1,888	1,660

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Saint Lawrence Seaway Development Corporation—Con.					
<i>Trust funds</i>					
Operations and maintenance	403				
Appropriation, current	BA	10,806	11,100	11,788	11,940
Outlays.....	O	9,335	12,571	11,788	11,940
				✓ -11,788	✓ -11,940
				✓ -11,788	✓ -11,940
Total Operations and maintenance.....	BA	10,806	11,100		
	O	9,335	12,571		
Office of the Inspector General					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	407				
Appropriation, current	BA	27,898	29,000	32,475	32,997
Outlays.....	O	28,299	27,511	32,002	32,926
Research and Special Programs Administration					
<i>Federal funds</i>					
General and Special Funds:					
Research and special programs	407				
Appropriation, current	BA	12,832	14,800	6,860	17,954
Outlays.....	O	15,422	13,721	14,536	17,430
				✕ 10,681	
Total Research and special programs	BA	12,832	14,800	17,541	17,954
	O	15,422	13,721	14,536	17,430
Pipeline safety	407				
Appropriation, current	BA	8,550	9,300	9,848	10,131
Outlays.....	O	4,595	12,754	9,821	10,116
Intragovernmental Funds:					
Working capital fund, Transportation Systems Center	407				
Outlays.....	O	1,314			
Total Federal funds Research and Special Programs Administration	BA	21,382	24,100	27,389	28,085
	O	21,331	26,475	24,357	27,546
Office of the Secretary					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	407				
Appropriation, current	BA	35,992	54,542	56,481	56,403
Outlays.....	O	58,099	56,900	56,292	56,372
Transportation, planning, research and development	407				
Appropriation, current	BA	4,987	5,600	8,126	8,318
Outlays.....	O	5,227	5,195	6,612	7,803
Activities transferred from salaries and expenses, Interstate Commerce Commission	401				
Appropriation, current	BA			✓ 16,289	✓ 16,348
Outlays.....	O			✓ 14,660	✓ 16,342

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Transportation—Con.					
Office of the Secretary—Con.					
Payments to air carriers, DOT	402				
Appropriation, current	BA	23,750	25,000		
Outlays	O	26,241	24,750	2,245	
Intragovernmental Funds:					
Working capital fund	407				
Appropriation, current	BA	1,805	3,200	6,150	3,125
Outlays	O	-13,137	4,700	6,150	3,125
<i>Trust funds</i>					
Gifts and bequests	407				
Outlays	O	383			
Total Federal funds Office of the Secretary	BA	66,534	88,342	87,046	84,194
	O	76,430	91,545	85,959	83,642
Total Trust funds Office of the Secretary	O	383			
Summary					
Federal funds:					
(As shown in detail above)	BA	8,084,629	9,087,665	6,777,928	6,360,719
	O	8,782,838	9,706,362	8,346,630	8,249,211
Deductions for offsetting receipts:					
Intrafund transactions	908				
BA	BA	-15,651	-12,475	-14,115	-15,545
O	O				
Proprietary receipts from the public	304				
BA	BA		-4,700	-4,700	-4,700
O	O				
401	BA			-9,000	-15,300
O	O				
402	BA	-301			
O	O				
403	BA	-6,940	-2,393	-2,418	-2,441
O	O				
407	BA			-180,000	-180,000
O	O				
407	BA	-8,634	-9,300	-9,848	-10,130
O	O				
Total Federal funds	BA	8,053,103	9,058,797	6,557,847	6,132,603
	O	8,751,312	9,677,494	8,126,549	8,021,095
Trust funds:					
(As shown in detail above)	BA	19,118,990	19,373,365	21,217,572	21,576,217
	O	17,655,039	17,388,992	19,146,719	19,357,676
Deductions for offsetting receipts:					
Proprietary receipts from the public	151				
BA	BA	-2,237	-2,960	-2,892	-3,000
O	O				
401	BA	-538	-720	-825	-860
O	O				
403	BA	54	-100	-100	-100
O	O				
Total Trust funds	BA	19,116,269	19,369,585	21,213,755	21,572,257
	O	17,652,318	17,385,212	19,142,902	19,353,716
Total Department of Transportation	BA	27,169,372	28,428,382	27,771,602	27,704,860
	O	26,403,630	27,062,706	27,269,451	27,374,811

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury					
Departmental Offices					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current	BA	78,803	81,618	83,091	83,827
Outlays	0	80,622	91,550	83,105	84,228
Office of the Inspector General	803				
Appropriation, current	BA			13,605	13,712
Outlays	0			11,877	13,698
Presidential election campaign fund	808				
Appropriation, permanent, indefinite	BA	33,422	32,000	32,000	31,000
Outlays	0	156,893	7,231	55	20,742
Public Enterprise Funds:					
Exchange stabilization fund	155				
Outlays	0	-1,498,469	-100,345	-107,368	-107,368
Intragovernmental Funds:					
Working capital fund	803				
Outlays	0	-11,712	-11,580	14,713	
<i>Trust funds</i>					
Gifts and bequests	803				
Appropriation, permanent, indefinite	BA	847	300	500	500
Outlays	0	2,337	296	495	500
Total Federal funds Departmental Offices	BA	112,225	113,618	128,696	128,539
	0	-1,272,666	-13,144	2,382	11,300
Total Trust funds Departmental Offices	BA	847	300	500	500
	0	2,337	296	495	500
Office of Revenue Sharing					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	806				
Outlays	0	417	1,223	113	113
<i>Trust funds</i>					
State and local government fiscal assistance trust fund	806				
Outlays	0	-19	19		
Federal Law Enforcement Training Center					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current	BA	28,672	34,664	34,158	34,507
Reappropriation	BA	661			
Outlays	0	32,580	37,101	40,329	34,472
Total Salaries and expenses	BA	29,333	34,664	34,158	34,507
	0	32,580	37,101	40,329	34,472
Acquisitions, construction, improvements, and related expenses	751				
Appropriation, current	BA		20,000	9,880	3,595
Outlays	0		8,400	13,384	9,972

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.					
Federal Law Enforcement Training Center—Con.					
Construction, Federal Law Enforcement Training Center	751				
Outlays.....	0	180	40		
Total Federal funds Federal Law Enforcement Training Center.....	BA	29,333	54,664	44,038	38,102
	0	32,760	45,541	53,713	44,444
Financial Management Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current.....	BA	265,000	277,230	289,695	295,391
Outlays.....	0	249,573	275,396	287,825	294,536
HUD public housing interest subsidy payments	604				
Outlays.....	0		174,059		
Payments to the farm credit system financial assistance corporation	351				
Appropriation, current, indefinite.....	BA		175,000	123,200	163,616
Outlays.....	0		40,938	123,200	163,616
Claims, judgments, and relief acts	808				
Appropriation, permanent, indefinite.....	BA	1,408,846	348,920	348,920	348,920
Outlays.....	0	1,408,942	348,926	348,920	348,920
Interest on uninvested funds	908				
Appropriation, current, indefinite.....	BA			^W 205,107	
Appropriation, permanent, indefinite.....	BA	20,081	19,907	21,422	21,522
Outlays.....	0	23,795	19,907	21,422	21,522
				^W 205,107	^W 512,172
Total Interest on uninvested funds.....	BA	20,081	19,907	226,529	533,694
	0	23,795	19,907	226,529	533,694
Energy security reserve	271				
Outlays.....	0	80,147	140,800	153,700	180,300
Biomass energy development	271				
Outlays.....	0	615	68,531	2,762	2,060
<i>Trust funds</i>					
St Lawrence Seaway toll rebate program	808				
Appropriation, current.....	BA	9,037	10,700	10,084	10,288
Outlays.....	0	9,037	10,484	9,882	10,082
Miscellaneous trust funds:					
(Other veterans benefits and services)	705				
(Appropriation, permanent, indefinite).....	BA		7	7	7
(Outlays).....	0	-7	58	7	7

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.					
Financial Management Service—Con.					
(Other general government) 808					
(Appropriation, permanent, indefinite)	BA	149	64	63	62
(Outlays)	0	21	44	63	62
Total Miscellaneous trust funds	BA	149	71	70	69
	0	14	102	70	69
Total Federal funds Financial Management Service	BA	1,693,927	821,057	988,344	1,341,621
	0	1,763,072	1,068,557	1,142,936	1,523,126
Total Trust funds Financial Management Service	BA	9,186	10,771	10,154	10,357
	0	9,051	10,586	9,952	10,151
Federal Financing Bank					
<i>Federal funds</i>					
General and Special Funds:					
Central loan accounting account 803					
Appropriation, current	BA			708,888	196,297
Outlays	0			708,888	196,297
Intragovernmental Funds:					
Federal Financing Bank 803					
Outlays	0	-213,311	9,447	-23,099	-166,354
Total Federal funds Federal Financing Bank	BA			708,888	196,297
	0	-213,311	9,447	685,789	29,943
Credit Financing Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 803					
Appropriation, current	BA			4,326	4,403
Outlays	0			4,239	4,401
Public Enterprise Funds:					
Federal credit direct loan revolving fund 871					
Authority to borrow, current, indefinite	BA			2,106,778	2,092,176
Outlays	0			1,492,413	1,507,561
Federal credit guaranteed loan revolving fund 871					
Outlays	0			8,647,985	9,379,529
Total Federal funds Credit Financing Service	BA			2,111,104	2,096,579
	0			7,151,333	7,867,567
Bureau of Alcohol, Tobacco and Firearms					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 751					
Appropriation, current	BA	217,531	241,000	227,133	229,601
Outlays	0	212,760	238,653	240,044	229,354

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.					
Bureau of Alcohol, Tobacco and Firearms—Con.					
Internal revenue collections for Puerto Rico	806				
Appropriation, permanent, indefinite.....	BA	257,478	230,000	230,000	230,000
Outlays.....	O	210,035	230,000	230,000	230,000
Total Federal funds Bureau of Alcohol, Tobacco and Firearms	BA O	475,009 422,795	471,000 468,653	457,133 470,044	459,601 459,354
United States Customs Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current.....	BA	966,000	1,033,911	1,021,490	1,029,985
Appropriation, permanent, indefinite.....	BA	107,176	111,032	116,584	122,413
Outlays.....	O	1,050,409	1,126,498	1,135,516	1,150,593
Total Salaries and expenses.....	BA O	1,073,176 1,050,409	1,144,943 1,126,498	1,138,074 1,135,516	1,152,398 1,150,593
Operation and maintenance, air interdiction program	751				
Appropriation, current.....	BA	140,000	149,262	128,128	132,356
Outlays.....	O	159,361	139,681	134,969	135,575
Payments to the Government of Puerto Rico	751				
Appropriation, current.....	BA	7,800			
Outlays.....	O	7,800			
Customs forfeiture fund	803				
Appropriation, current.....	BA	10,000	10,000	10,000	10,330
Appropriation, permanent.....	BA		20,000	20,000	20,000
Outlays.....	O	8,949	30,000	30,000	30,330
Total Customs forfeiture fund.....	BA O	10,000 8,949	30,000 30,000	30,000 30,000	30,330 30,330
Customs services at small airports	808				
Appropriation, current, indefinite.....	BA	486	1,588	1,588	1,593
Outlays.....	O	—120	1,588	1,588	1,593
Miscellaneous permanent appropriations	806				
Appropriation, permanent, indefinite.....	BA	118,901	123,000	126,000	130,158
Outlays.....	O	116,067	123,000	126,000	130,158
<i>Trust funds</i>					
Refunds, transfers and expenses, unclaimed, abandoned and seized goods	803				
Appropriation, permanent, indefinite.....	BA	6,214	17,230	17,403	17,977
Outlays.....	O	4,845	17,230	17,403	17,977
Total Federal funds United States Customs Service	BA O	1,350,363 1,342,466	1,448,793 1,420,767	1,423,790 1,428,073	1,446,835 1,448,249
Total Trust funds United States Customs Service.....	BA O	6,214 4,845	17,230 17,230	17,403 17,403	17,977 17,977

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.					
Bureau of Engraving and Printing					
<i>Federal funds</i>					
Intragovernmental Funds:					
Bureau of Engraving and Printing fund	803				
Outlays.....	0	—29,756	4,442	2,000	19,977
United States Mint					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current	BA	42,000	47,000	50,735	51,350
Outlays.....	0	35,632	46,650	50,474	51,307
Expansion and improvements	803				
Outlays.....	0	138	3,248		
Coinage profit fund	803				
Appropriation, permanent, indefinite.....	BA	58,578	43,314	6,425	4,655
Outlays.....	0	43,728	49,524	6,425	4,655
Public Enterprise Funds:					
Numismatic program	803				
Outlays.....	0			—78,877	—78,877
Total Federal funds United States Mint	BA	100,578	90,314	57,160	56,005
	0	79,498	99,422	—21,978	—22,915
Bureau of the Public Debt					
<i>Federal funds</i>					
General and Special Funds:					
Administering the public debt	803				
Appropriation, current	BA	215,000	218,730	244,316	248,887
Outlays.....	0	202,014	218,019	239,439	248,015
Payment of Government losses in shipment	803				
Appropriation, current	BA	400	960		
Outlays.....	0	55	800	496	400
Total Federal funds Bureau of the Public Debt. BA		215,400	219,690	244,316	248,887
	0	202,069	218,819	239,935	248,415
Internal Revenue Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current	BA	89,472	87,542	72,382	73,435
Outlays.....	0	86,784	95,454	76,815	73,171
Processing tax returns	803				
Appropriation, current	BA	1,706,666	1,763,110	1,940,640	1,971,011
			^ 32,229		
Outlays.....	0	1,683,664	1,730,059	1,919,985	1,962,881
			^ 31,584	^ 645	
Total Processing tax returns.....	BA	1,706,666	1,795,339	1,940,640	1,971,011
	0	1,683,664	1,761,643	1,920,630	1,962,881

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.					
Internal Revenue Service—Con.					
Examinations and appeals	803				
Appropriation, current	BA	1,796,814	1,868,801 ^ -73,983	1,898,515	1,944,327
Outlays.....	O	1,790,768	1,862,039 ^ -72,503	1,895,841 ^ -1,480	1,940,204
Total Examinations and appeals.....	BA	1,796,814	1,794,818	1,898,515	1,944,327
	O	1,790,768	1,789,536	1,894,361	1,940,204
Investigation, collection and taxpayer service	803				
Appropriation, current	BA	1,465,928	1,475,427 ^ 41,754	1,572,482	1,588,492
Outlays.....	O	1,421,961	1,535,103 ^ 40,919	1,562,717 ^ 835	1,586,891
Total Investigation, collection and taxpayer service.....	BA	1,465,928	1,517,181	1,572,482	1,588,492
	O	1,421,961	1,576,022	1,563,552	1,586,891
Payment where earned income credit exceeds liability for tax	609				
Appropriation, permanent, indefinite.....	BA	2,697,587	3,849,000	3,841,000	3,705,000
Outlays.....	O	2,697,587	3,849,000	3,841,000	3,705,000
Refunding internal revenue collections, interest	908				
Appropriation, permanent, indefinite.....	BA	1,681,223	1,800,000	1,776,000	1,680,000
Outlays.....	O	1,681,223	1,800,000	1,776,000	1,680,000
Public Enterprise Funds:					
Federal tax lien revolving fund	803				
Outlays.....	O	1,473	1,286	966	
Total Federal funds Internal Revenue Service...	BA	9,437,690	10,843,880	11,101,019	10,962,265
	O	9,363,460	10,872,941	11,073,324	10,948,147
United States Secret Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current	BA	367,000	357,500	368,401	365,951
Outlays.....	O	365,273	377,552	373,439	365,151
Contribution for annuity benefits	751				
Appropriation, permanent, indefinite.....	BA	17,000	18,000	18,000	18,000
Outlays.....	O	17,000	18,000	18,000	18,000
Total Federal funds United States Secret Service.....	BA	384,000	375,500	386,401	383,951
	O	382,273	395,552	391,439	383,151
Comptroller of the Currency					
<i>Trust funds</i>					
Assessment funds	376				
Outlays.....	O	8,263	-9,972	-4,475	-2,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.				
Interest on the Public Debt				
<i>Federal funds</i>				
General and Special Funds:				
Interest on the public debt paid to trust funds				
	901			
Appropriation, current	BA		' -568,903	' 80,398
Appropriation, permanent	BA	40,147,207	49,352,110	59,061,005
Outlays	O	40,147,207	49,352,110	59,061,005
			' -568,903	' 80,398
Total Interest on the public debt paid to trust funds				
	BA	40,147,207	49,352,110	58,492,102
	O	40,147,207	49,352,110	58,492,102
Other interest on the public debt				
	901			
Appropriation, permanent, indefinite	BA	173,997,822	186,266,000	189,594,000
Outlays	O	173,997,822	186,266,000	189,594,000
Total Federal funds Interest on the Public Debt				
	BA	214,145,029	235,618,110	248,086,102
	O	214,145,029	235,618,110	248,086,102
Summary				
Federal funds:				
(As shown in detail above)	BA	227,943,554	250,056,626	265,736,991
	O	226,218,106	250,210,330	256,402,539
Deductions for offsetting receipts:				
Intrafund transactions				
	403	BA	-85,583	
		O		
	803	BA	-99	-692,843
		O		-196,396
		BA		' -16,144
		O		
	808	BA	-40	-40
		O		-40
	809	BA	41,942	-407
		O		-407
	908	BA	-18,943,659	-17,445,394
		O		-16,804,177
		BA		-16,505,773
		O		' 8,500
Interfund transactions from off-budget accounts				
	ac-651	BA	-915,931	-934,000
		O		-870,000
		BA		' 870,000
		O		' 795,000
Proprietary receipts from the public				
	151	BA	-35,404	-42,349
		O		-42,349
	155	BA	-90,441	-92,250
		O		-94,095
	304	BA	668	
		O		
	751	BA		-637,000
		O		-771,000
		BA		' 771,000
		O		' 851,000
	803	BA	-99,550	-154,280
		O		-54,285
	808	BA	-419	-1,588
		O		-1,593

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of the Treasury—Con.					
Summary—Con.					
809	BA	-735,575	-400,000	-400,000	-400,000
	O				
	BA			58,947	239,689
	O				
901	BA	-79,105			
	O				
908	BA	-2,239,197	-2,271,630	-2,026,864	-1,797,944
	O				
Total Federal funds.....		BA 204,761,300	228,077,589	245,545,252	249,829,373
		O 203,035,852	228,231,293	236,210,800	239,696,428
Trust funds:					
(As shown in detail above).....					
	BA	16,247	28,301	28,057	28,834
	O	24,477	18,159	23,375	26,128
Deductions for offsetting receipts:					
Proprietary receipts from the public.....					
403	BA		-5,000	-5,000	-5,000
	O				
Total Trust funds.....		BA 16,247	23,301	23,057	23,834
		O 24,477	13,159	18,375	21,128
Interfund transactions					
601	BA	-227,621	-235,800	-220,800	-532,600
	O				5,000
	BA				
	O				
803	BA	-446,366	-346,193	-337,444	-339,645
	O				
Total Department of the Treasury.....		BA 204,103,560	227,518,897	245,010,065	248,985,962
		O 202,386,342	227,662,459	235,670,931	238,850,311

Department of Veterans Affairs

Veterans Benefits Administration

Federal funds

General and Special Funds:

Compensation and pensions..... 701					
Appropriation, current..... BA					
			13,232		
Contract authority, current, indefinite..... BA					
			688,249		
Liquidation of contract authority, current.....					
			(688,249)		
Outlays..... O					
			664,181	37,300	
Total Compensation and pensions.....		BA	701,481		
		O	664,181	37,300	
Compensation..... 701					
Appropriation, current..... BA					
		10,797,500	10,682,051		
Contract authority, current..... BA					
		67,049			
Indefinite..... BA					
				318,100	740,200
Contract authority, permanent, indefinite..... BA					
				11,225,900	11,113,800
Liquidation of contract authority, current.....					
			(67,049)	(11,225,900)	
Outlays..... O					
		11,251,859	10,210,951	11,197,700	11,122,900
				286,300	704,300
Total Compensation.....		BA	10,864,549	10,682,051	11,544,000
		O	11,251,859	10,210,951	11,827,200

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Veterans Affairs—Con.					
Veterans Benefits Administration—					
Con.					
Pensions	701				
Appropriation, current	BA	3,825,700	3,865,200		
Contract authority, permanent, indefinite	BA			3,989,000	4,068,200
Liquidation of contract authority, current				(3,989,000)	
Outlays	0	3,934,821	3,858,600	3,952,900	4,041,000
Total Pensions	BA	3,825,700	3,865,200	3,989,000	4,068,200
	0	3,934,821	3,858,600	3,952,900	4,041,000
Burial benefits and miscellaneous assistance	701				
Appropriation, current	BA	141,687	136,568	152,606	156,362
				✓ -36,500	✓ -37,800
Contract authority, current	BA	3,982			
Liquidation of contract authority, current			(3,982)		
Outlays	0	141,674	136,386	152,570	156,375
				✓ -36,500	✓ -37,800
Total Burial benefits and miscellaneous assistance	BA	145,669	136,568	116,106	118,562
	0	141,674	136,386	116,070	118,575
Readjustment benefits	702				
Appropriation, current	BA	675,700	584,288	434,100	422,619
			^ 22,212	✓ 5,200	✓ 7,400
Contract authority, current	BA	13,312			
Liquidation of contract authority, current			(13,312)		
Outlays	0	700,006	598,788	450,400	431,078
			^ 21,212	^ 1,000	
				✓ 5,200	✓ 7,400
Total Readjustment benefits	BA	689,012	606,500	439,300	430,019
	0	700,006	620,000	456,600	438,478
Reinstated entitlement program for survivors under Public Law 97-377	701				
Outlays	0	-755	8,789		
Veterans job training	702				
Outlays	0	25,252	19,585	2,150	250
Veterans insurance and indemnities	701				
Appropriation, current	BA	14,290	13,470	13,940	19,820
Outlays	0	13,866	9,990	18,080	19,860
Loan guaranty revolving fund subsidies	704				
Appropriation, current, indefinite	BA			^ 833,025	^ 862,141
Outlays	0			^ 833,025	^ 862,141
Direct loan revolving fund subsidies	704				
Appropriation, current	BA			^ 76	^ 116
Outlays	0			^ 76	^ 116
Limitation on direct loan obligations				^ (1,000)	^ (1,000)
Vocational rehabilitation revolving fund subsidies	702				
Appropriation, current	BA			^ 141	^ 138
Outlays	0			^ 141	^ 138

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Veterans Affairs—Con.				
Veterans Benefits Administration—				
Con.				
Public Enterprise Funds:				
Loan guaranty revolving fund	704			
Appropriation, current.....	BA	1,094,670	658,000 ^ 311,800	453,000 J -251,300 W 49,265
Appropriation, permanent.....	BA			J -300,000 W -69,341
Indefinite.....	BA	389,259		J -910,800 W 910,800
Outlays.....	0	1,218,842	800,100 ^ 311,800	J -940,400 W 940,400
				1,457,900 J -1,162,100 W 49,265
Total Loan guaranty revolving fund.....	BA	1,483,929	969,800	250,965
	0	1,218,842	1,111,900	345,065
Direct loan revolving fund	704			
Outlays.....	0	-79,804	-23,900	-18,000 W -1,100
Limitation on direct loan obligations.....		(1,000)	(1,000)	(1,000) W (-1,000)
Total Direct loan revolving fund.....	0	-79,804	-23,900	-19,100 W (-1,000)
Service-disabled veterans insurance fund	701			
Outlays.....	0	-3,093	6,713	-90
Veterans reopened insurance fund	701			
Outlays.....	0	-5,041	-2,990	-110
Education loan fund	702			
Outlays.....	0	-6,336	-6,917	-6,802 J -17
Total Education loan fund.....	0	-6,336	-6,917	-6,699 W -18
Vocational rehabilitation revolving fund	702			
Outlays.....	0	105	-1	-11 W -431
Total Vocational rehabilitation revolving fund...	0	105	-1	-442 W 1
Servicemen's group life insurance fund	701			
Outlays.....	0	-2,910	-4,240	13,990
<i>Trust funds</i>				
Post-Vietnam era veterans education account	702			
Appropriation, permanent, indefinite.....	BA	274,747	208,370	164,773
Outlays.....	0	303,305	280,900	244,100
National service life insurance fund	701			
Appropriation, permanent, indefinite.....	BA	1,406,849	1,421,036	1,419,330
Outlays.....	0	1,096,293	1,162,896	1,196,990
United States government life insurance fund	701			
Appropriation, permanent, indefinite.....	BA	16,364	14,680	12,960
Outlays.....	0	37,476	35,310	33,180

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Veterans Affairs—Con.					
Veterans Benefits Administration—					
Con.					
Veterans special life insurance fund	701				
Outlays.....	0	—75,900	—64,330	—61,180	—56,100
Total Federal funds Veterans Benefits Administration.....	BA 0	17,023,149 17,188,486	16,975,070 16,609,047	17,186,553 17,232,836	17,477,055 17,420,430
Total Trust funds Veterans Benefits Administration.....	BA 0	1,697,960 1,361,174	1,644,086 1,414,776	1,597,063 1,413,090	1,561,961 1,428,610
Veterans Health Services and Research Administration					
<i>Federal funds</i>					
General and Special Funds:					
Medical care	703				
Appropriation, current.....	BA	10,126,538	10,542,546	10,741,431 ✓ - 718	11,326,598 ✓ - 718
Reappropriation.....	BA	24,849			
Outlays.....	0	10,045,310	10,384,408	10,580,310 ✓ - 707	11,156,699 ✓ - 707
Total Medical care.....	BA 0	10,151,387 10,045,310	10,542,546 10,384,408	10,740,713 10,579,603	11,325,880 11,155,992
Medical and prosthetic research	703				
Appropriation, current.....	BA	192,899	210,241	197,310	197,786
Outlays.....	0	197,330	206,036	198,839	198,154
Medical administration and miscellaneous operating expenses	703				
Appropriation, current.....	BA	46,628	47,909	48,541	48,976
Outlays.....	0	40,463	46,721	47,590	48,439
Grants to the Republic of the Philippines	703				
Appropriation, current.....	BA	480	500	500	500
Outlays.....	0	666	655	500	500
Assistance for health manpower training institutions	703				
Outlays.....	0	—7	388		
Public Enterprise Funds:					
Canteen service revolving fund	705				
Outlays.....	0	—19,160	—600	—550	—700
Special therapeutic and rehabilitation activities fund	703				
Outlays.....	0	—51	—30	—30	—10
Medical center research organizations	703				
Outlays.....	0			—1,000	1,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Veterans Affairs—Con.					
Veterans Health Services and Research Administration—Con.					
<i>Trust funds</i>					
General post fund, national homes	705				
Appropriation, permanent, indefinite.....	BA	20,294	21,000	21,500	22,000
Outlays.....	O	16,700	19,000	19,500	20,000
Total Federal funds Veterans Health Services and Research Administration.....	BA O	10,391,394 10,264,551	10,881,196 10,637,578	10,987,064 10,824,952	11,573,142 11,403,375
Total Trust funds Veterans Health Services and Research Administration.....	BA O	20,294 16,700	21,000 19,000	21,500 19,500	22,000 20,000
Departmental Administration					
<i>Federal funds</i>					
General and Special Funds:					
General operating expenses	705				
Appropriation, current.....	BA	762,810	774,316	803,559	767,642
Reappropriation.....	BA	12,000		—4,400	—5,019
Outlays.....	O	780,581	774,354	801,500	770,545
				—4,400	—5,019
Total General operating expenses.....	BA O	774,810 780,581	774,316 774,354	799,159 797,100	762,623 765,526
Office of the Inspector General	705				
Appropriation, current.....	BA			22,249	22,900
Outlays.....	O			20,469	22,848
Grants for the construction of State veterans cemeteries	705				
Appropriation, current.....	BA		9,000	4,356	3,717
Outlays.....	O	370	5,000	1,946	5,344
Construction, major projects	703				
Appropriation, current.....	BA	482,884	363,040	365,849	598,560
Outlays.....	O	483,045	526,776	513,977	447,075
Construction, minor projects	703				
Appropriation, current.....	BA	115,942	111,596	114,699	116,109
Outlays.....	O	158,305	158,849	127,434	118,136
Grants for construction of state extended care facilities	703				
Appropriation, current.....	BA	40,320	42,000	42,000	42,000
Outlays.....	O	27,616	36,991	43,524	53,752
Public Enterprise Funds:					
Parking garage revolving fund	703				
Appropriation, current.....	BA	3,936	26,000	7,075	7,245
Outlays.....	O	8,106	10,555	19,538	11,815
Intragovernmental Funds:					
Supply fund	705				
Outlays.....	O	20,763			
Total Federal funds Departmental Administration.....	BA O	1,337,892 1,478,786	1,325,952 1,512,525	1,355,387 1,523,988	1,553,154 1,424,496

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Veterans Affairs—Con.				
Summary				
Federal funds:				
(As shown in detail above)	BA	28,752,435	29,102,218	29,529,004
	O	28,931,823	28,759,150	29,581,776
Deductions for offsetting receipts:				
Proprietary receipts from the public	702 BA	—220,173	—245,000	—235,000
	O			—210,000
	703 BA	—118,751	—138,000	—304,000
	O			—361,000
	BA			—85,836
	O			—98,778
Total Federal funds	BA	28,413,511	28,719,218	28,904,168
	O	28,592,899	28,376,150	28,956,940
Trust funds:				
(As shown in detail above)	BA	1,718,254	1,665,086	1,618,563
	O	1,377,874	1,433,776	1,432,590
Deductions for offsetting receipts:				
Proprietary receipts from the public	701 BA	—421,744	—402,990	—392,480
	O			—381,090
	702 BA	—93,854	—42,000	—13,100
	O			—5,900
Total Trust funds	BA	1,202,656	1,220,096	1,212,983
	O	862,276	988,786	1,027,010
Interfund transactions	701 BA	—3,304	—2,169	—2,138
	O			—2,108
	702 BA	—180,893	—166,370	—151,673
	O			—135,161
Total Department of Veterans Affairs	BA	29,431,970	29,770,775	29,963,340
	O	29,270,978	29,196,397	29,830,139

Environmental Protection Agency

<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	304			
Appropriation, current	BA	765,000	804,000	764,983
				^κ 103,600
Outlays.....	O	762,502	805,024	839,991
Total Salaries and expenses	BA	765,000	804,000	868,583
	O	762,502	805,024	839,991
Office of the Inspector General	304			
Appropriation, current	BA			31,734
Outlays.....	O			20,895
Research and development:				
(Energy supply)	271			
(Appropriation, current)	BA	49,974	50,252	35,103
				^κ 35,103
(Outlays)	O	51,986	54,862	48,091
Total (Energy supply)	BA	49,974	50,252	35,103
	O	51,986	54,862	48,091

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Environmental Protection Agency—Con.					
(Pollution control and abatement)	304				
(Appropriation, current).....	BA	136,376	152,248	^κ 199,897	199,897
(Outlays).....	0	151,622	144,011	173,313	195,475
Total (Pollution control and abatement).....	BA	136,376	152,248	199,897	199,897
	0	151,622	144,011	173,313	195,475
Total Research and development.....	BA	186,350	202,500	235,000	235,000
	0	203,608	198,873	221,404	237,006
Abatement, control, and compliance	304				
Appropriation, current.....	BA	606,192	715,625	525,750	700,000
(Outlays).....	0	597,721	655,374	^κ 174,250	705,949
Total Abatement, control, and compliance.....	BA	606,192	715,625	700,000	700,000
	0	597,721	655,374	721,344	705,949
Buildings and facilities	304				
Appropriation, current.....	BA	23,500	8,000	8,000	8,000
(Outlays).....	0	9,247	12,929	18,623	9,246
Construction grants	304				
Appropriation, current.....	BA	2,304,000	1,950,000	1,200,000	1,000,000
(Outlays).....	0	2,514,461	2,390,000	2,350,000	2,220,000
Scientific activities overseas (Special foreign currency program)	304				
(Outlays).....	0	42	213	326	250
Operations, research, and facilities	304				
(Outlays).....	0	-88	250	175	250
Payment to the hazardous substance superfund	304				
Appropriation, current.....	BA	239,100	150,000		375,000
(Outlays).....	0	239,100	150,000		375,000
Public Enterprise Funds:					
Revolving fund for certification and other services	304				
(Outlays).....	0	-196	-200	-200	-200
Reregistration and expedited processing revolving fund	304				
(Outlays).....	0		-9,000		
<i>Trust funds</i>					
Hazardous substance superfund	304				
Appropriation, current.....	BA	1,128,000	1,425,000	1,739,683	1,864,683
(Outlays).....	0	828,912	1,150,000	1,372,524	1,619,636
Limitation on administrative expenses.....		(182,400)	(190,000)		
Leaking underground storage tank trust fund	304				
Appropriation, current.....	BA	14,000	50,000	100,000	100,000
(Outlays).....	0	13,838	31,820	43,260	67,160
Limitation on administrative expenses.....		(4,800)	(5,000)		
Miscellaneous contributed funds	304				
Appropriation, permanent, indefinite.....	BA	15	10	10	10
(Outlays).....	0	7	40	28	10
Summary					
Federal funds:					
(As shown in detail above).....	BA	4,124,142	3,830,125	3,043,317	3,218,317
	0	4,326,397	4,203,463	4,172,558	4,428,245

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Environmental Protection Agency—Con.					
Summary—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	304 BA				
	O	— 949	— 2,000	— 2,000	— 2,000
	BA			' — 6,000	' — 6,000
	O				
Total Federal funds.....	BA	<u>4,123,193</u>	<u>3,828,125</u>	<u>3,035,317</u>	<u>3,210,317</u>
	O	<u>4,325,448</u>	<u>4,201,463</u>	<u>4,164,558</u>	<u>4,420,245</u>
Trust funds:					
(As shown in detail above)	BA	<u>1,142,415</u>	<u>1,475,010</u>	<u>1,839,693</u>	<u>1,964,693</u>
	O	<u>842,757</u>	<u>1,181,860</u>	<u>1,415,812</u>	<u>1,686,806</u>
Deductions for offsetting receipts:					
Proprietary receipts from the public	304 BA				
	O	— 55,626	— 70,010	— 82,010	— 135,010
Total Trust funds.....	BA	<u>1,086,789</u>	<u>1,405,000</u>	<u>1,757,683</u>	<u>1,829,683</u>
	O	<u>787,131</u>	<u>1,111,850</u>	<u>1,333,802</u>	<u>1,551,796</u>
Interfund transactions	304 BA				
	O	— 241,553	— 154,606	— 5,863	— 382,084
Total Environmental Protection Agency.....	BA	<u>4,968,429</u>	<u>5,078,519</u>	<u>4,787,137</u>	<u>4,657,916</u>
	O	<u>4,871,026</u>	<u>5,158,707</u>	<u>5,492,497</u>	<u>5,589,957</u>

General Services Administration**Real Property Activities***Federal funds***Intragovernmental Funds:**

Federal buildings fund	804				
Outlays.....	O	— 332,425	— 14,037	146,266	450,312
Limitation on program level (obligations)		<u>(2,867,545)</u>	<u>(3,024,217)</u>	<u>(3,359,883)</u>	<u>(3,451,996)</u>

Personal Property Activities*Federal funds***General and Special Funds:**

Federal supply service	804				
Appropriation, current	BA	<u>69,600</u>	<u>47,000</u>	<u>47,644</u>	<u>49,428</u>
Outlays.....	O	<u>72,337</u>	<u>46,500</u>	<u>46,691</u>	<u>48,441</u>
Expenses of transportation audit contracts	804				
Appropriation, permanent	BA				<u>16,100</u>
Indefinite.....	BA	<u>13,040</u>	<u>15,000</u>	<u>15,500</u>	
Outlays.....	O	<u>9,083</u>	<u>15,000</u>	<u>15,500</u>	<u>16,100</u>
Total Expenses of transportation audit con- tracts	BA	<u>13,040</u>	<u>15,000</u>	<u>15,500</u>	<u>16,100</u>
	O	<u>9,083</u>	<u>15,000</u>	<u>15,500</u>	<u>16,100</u>
Intragovernmental Funds:					
General supply fund	804				
Outlays.....	O	<u>20,592</u>			
Total Federal funds Personal Property Activi- ties.....	BA	<u>82,640</u>	<u>62,000</u>	<u>63,144</u>	<u>65,528</u>
	O	<u>102,012</u>	<u>61,500</u>	<u>62,191</u>	<u>64,541</u>

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
General Services Administration—Con.					
Information Resources Management Service					
<i>Federal funds</i>					
General and Special Funds:					
Operating expenses, information resources management service	804				
Appropriation, current	BA	31,193	31,875	32,480	38,007
Outlays	O	30,516	31,238	31,830	37,247
Intragovernmental Funds:					
Information technology fund	804				
Outlays	O	-133,628	-2,142	-23,706	
Total Federal funds Information Resources Management Service	BA	31,193	31,875	32,480	38,007
	O	-103,112	29,096	8,124	37,247
Federal Property Resources Activities					
<i>Federal funds</i>					
General and Special Funds:					
Operating expenses, federal property resources service	804				
Appropriation, current	BA	12,000	10,800	12,174	12,285
Outlays	O	8,277	10,584	11,931	12,039
Real property relocation	804				
Appropriation, current	BA	5,000	4,000	10,000	10,000
Outlays	O		4,000	10,000	10,000
Expenses, disposal of surplus real and related personal property	804				
Appropriation, permanent, indefinite	BA	2,114	3,668	3,800	3,800
Outlays	O	2,005	3,668	3,800	3,800
Total Federal funds Federal Property Resources Activities	BA	19,114	18,468	25,974	26,085
	O	10,282	18,252	25,731	25,839
General Activities					
<i>Federal funds</i>					
General and Special Funds:					
General management and administration, salaries and expenses	804				
Appropriation, current	BA	122,500	120,774	124,297	125,231
Outlays	O	114,289	118,359	121,813	122,726
Office of Inspector General	804				
Appropriation, current	BA	24,334	25,000	26,500	25,644
Outlays	O	24,278	24,500	25,941	25,151
Allowances and office staff for former Presidents	802				
Appropriation, current	BA	1,198	1,431	1,823	1,840
Outlays	O	1,067	1,402	1,787	1,803
Expenses, presidential transition	802				
Appropriation, current	BA		5,000		
Outlays	O		4,750		
Public Enterprise Funds:					
Consumer information center fund	376				
Appropriation, current	BA	1,279	1,354	1,360	1,382
Outlays	O	1,847	1,354	1,360	1,382

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
General Services Administration—Con.					
General Activities—Con.					
Intragovernmental Funds:					
Working capital fund	804				
Outlays.....	0	— 901			
<i>Trust funds</i>					
Unconditional gifts of real, personal, or other property	804				
Outlays.....	0	— 53		54	
Total Federal funds General Activities.....	BA 0	149,311 140,580	153,559 150,365	153,980 150,901	154,097 151,062
Total Trust funds General Activities.....	0	— 53		54	
Summary					
Federal funds:					
(As shown in detail above)	BA 0	282,258 — 182,663	265,902 245,176	275,578 393,213	283,717 729,001
Deductions for offsetting receipts:					
Proprietary receipts from the public	804 BA				
Outlays.....	0	— 97,931	— 287,000	— 289,000	— 316,000
Total Federal funds.....	BA 0	184,327 — 280,594	— 21,098 — 41,824	— 13,422 104,213	— 32,283 413,001
Trust funds:					
(As shown in detail above)	0	— 53		54	
Total General Services Administration.....	BA 0	184,327 — 280,647	— 21,098 — 41,824	— 13,422 104,267	— 32,283 413,001

National Aeronautics and Space Administration

<i>Federal funds</i>					
General and Special Funds:					
Research and development:					
(Space flight)	253				
(Appropriation, current)	BA	985,700	1,581,000		3,673,700
				* 2,689,200	
(Outlays)	0	813,729	1,185,092	2,111,373	3,099,828
Total (Space flight)	BA 0	985,700 813,729	1,581,000 1,185,092	2,689,200 2,111,373	3,673,700 3,099,828
(Space science, applications, and technology)	254				
(Appropriation, current)	BA	1,917,150	2,202,900		2,757,500
				* 2,516,200	
(Outlays)	0	1,720,156	2,123,211	2,363,887	2,573,166
Total (Space science, applications, and technology)	BA 0	1,917,150 1,720,156	2,202,900 2,123,211	2,516,200 2,363,887	2,757,500 2,573,166

see footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
National Aeronautics and Space Administration—Con.					
(Supporting space activities)	255				
(Appropriation, current)	BA	17,900	18,800	[*] 19,900	20,900
(Outlays)	O	15,673	16,339	18,645	20,031
Total (Supporting space activities)	BA	17,900	18,800	19,900	20,900
	O	15,673	16,339	18,645	20,031
(Air transportation)	402				
(Appropriation, current)	BA	359,150	438,900	[*] 526,300	561,200
(Outlays)	O	366,242	393,336	479,833	530,711
Total (Air transportation)	BA	359,150	438,900	526,300	561,200
	O	366,242	393,336	479,833	530,711
Total Research and development	BA	3,279,900	4,241,600	5,751,600	7,013,300
	O	2,915,800	3,717,978	4,973,738	6,223,736
Space flight, control, and data communications:					
(Space flight)	253				
(Appropriation, current)	BA	2,926,331	3,518,900	[*] 4,037,500	4,093,280
(Outlays)	O	3,405,286	4,135,533	4,368,617	4,283,275
Total (Space flight)	BA	2,926,331	3,518,900	4,037,500	4,093,280
	O	3,405,286	4,135,533	4,368,617	4,283,275
(Supporting space activities)	255				
(Appropriation, current)	BA	640,738	788,608	-174,435	1,028,149
(Authority to borrow, permanent)	BA	238,640	253,108	47,935	48,271
(Outlays)	O	956,946	699,226	996,868	1,121,614
Total (Supporting space activities)	BA	879,378	1,041,716	975,600	1,076,420
	O	956,946	699,226	996,868	1,121,614
Total Space flight, control, and data communi- cations	BA	3,805,709	4,560,616	5,013,100	5,169,700
	O	4,362,232	4,834,759	5,365,485	5,404,889
Construction of facilities:					
(Space flight)	253				
(Appropriation, current)	BA	17,200	73,400	[*] 91,500	59,100
(Outlays)	O	12,263	19,369	52,407	74,133
Total (Space flight)	BA	17,200	73,400	91,500	59,100
	O	12,263	19,369	52,407	74,133
(Space science, applications, and technolo- gy)	254				
(Appropriation, current)	BA	8,600	11,400	[*] 21,600	45,000
(Outlays)	O	15,618	13,570	12,648	19,425
Total (Space science, applications, and tech- nology)	BA	8,600	11,400	21,600	45,000
	O	15,618	13,570	12,648	19,425

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
National Aeronautics and Space Administration—Con.					
(Supporting space activities)	255				
(Appropriation, current)	BA	109,672	137,800	157,600 ^κ	178,700
(Outlays)	O	108,773	100,841	125,077	146,118
Total (Supporting space activities)	BA	109,672	137,800	157,600	178,700
	O	108,773	100,841	125,077	146,118
(Air transportation)	402				
(Appropriation, current)	BA	42,800	52,500	71,100 ^κ	67,200
(Reappropriation, indefinite)	BA	34,916			
(Outlays)	O	29,289	34,987	46,986	61,186
Total (Air transportation)	BA	77,716	52,500	71,100	67,200
	O	29,289	34,987	46,986	61,186
Total Construction of facilities	BA	213,188	275,100	341,800	350,000
	O	165,943	168,767	237,118	300,862
Research and program management:					
(Space flight)	253				
(Appropriation, current)	BA	829,721	906,628	989,904 ^κ	951,903
(Outlays)	O	775,437	905,295	979,990	956,923
Total (Space flight)	BA	829,721	906,628	989,904	951,903
	O	775,437	905,295	979,990	956,923
(Space science, applications, and technology)	254				
(Appropriation, current)	BA	562,038	591,016	625,900 ^κ	685,519
(Outlays)	O	525,532	590,145	619,634	676,556
Total (Space science, applications, and technology)	BA	562,038	591,016	625,900	685,519
	O	525,532	590,145	619,634	676,556
(Supporting space activities)	255				
(Appropriation, current)	BA	68,138	70,150	73,777 ^κ	80,856
(Outlays)	O	63,713	70,047	73,038	79,789
Total (Supporting space activities)	BA	68,138	70,150	73,777	80,856
	O	63,713	70,047	73,038	79,789
(Air transportation)	402				
(Appropriation, current)	BA	302,683	323,806	342,619 ^κ	373,322
(Outlays)	O	283,025	323,332	339,188	368,707
Total (Air transportation)	BA	302,683	323,806	342,619	373,322
	O	283,025	323,332	339,188	368,707
Total Research and program management	BA	1,762,580	1,891,600	2,032,200	2,091,600
	O	1,647,707	1,888,819	2,011,850	2,081,975
Office of the Inspector General	255				
Appropriation, current	BA			8,795	8,900
Outlays	O			7,529	8,838

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
National Aeronautics and Space Administration—Con.					
<i>Trust funds</i>					
Science, space, and technology education trust fund	503				
Appropriation, permanent	BA		500	1,000	1,000
Outlays	O		500	1,000	1,000
Total Science, space, and technology education trust fund	BA		500	1,000	1,000
	O		500	1,000	1,000
Miscellaneous trust funds	255				
Appropriation, permanent, indefinite	BA	147			
Summary					
Federal funds:					
(As shown in detail above)	BA	9,061,377	10,968,916	13,147,495	14,633,500
	O	9,091,682	10,610,323	12,595,720	14,020,300
Trust funds:					
(As shown in detail above)	BA	147	500	1,000	1,000
	O		500	1,000	1,000
Interfund transactions	503				
	BA		-15,000		
	O				
Total National Aeronautics and Space Administration	BA	9,061,524	10,954,416	13,148,495	14,634,500
	O	9,091,682	10,595,823	12,596,720	14,021,300

Office of Personnel Management

<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	805				
Appropriation, current	BA	101,834	108,000	113,668	113,868
Outlays	O	70,171	127,536	113,385	113,858
Limitation payable under trust funds		(70,069)	(77,017)	(81,907)	(84,144)
Office of the Inspector General	805				
Appropriation, current	BA			2,918	2,575
Outlays	O			2,772	2,574
Government payment for annuitants, employees health benefits	551				
Appropriation, current	BA	1,788,931	2,374,414	3,780,169	4,325,067
Outlays	O	2,112,758	2,671,128	3,330,839	4,327,587
				✓ -970,022	✓ -1,191,000
				✓ -957,702	✓ -1,171,000
Total Government payment for annuitants, employees health benefits	BA	1,788,931	2,374,414	2,810,147	3,134,067
	O	2,112,758	2,671,128	2,373,137	3,156,587
Government payment for annuitants, employee life insurance benefits	602				
Appropriation, current	BA			2,700	8,700
Outlays	O			2,100	8,300

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Office of Personnel Management—Con.					
Payment to civil service retirement and disability fund	805				
Appropriation, current	BA	4,720,913	4,858,668	5,211,732	5,316,315
Indefinite	BA			✓ — 65,085	
Appropriation, permanent, indefinite	BA	10,851,400	11,652,352	11,911,998	12,150,157
				✓ — 617,555	
Outlays	0	15,572,313	16,511,020	17,123,730	17,466,472
				✓ — 65,085	✓ — 617,555
Total Payment to civil service retirement and disability fund	BA	15,572,313	16,511,020	17,058,645	16,848,917
	0	15,572,313	16,511,020	17,058,645	16,848,917
Intragovernmental Funds:					
Revolving fund	805				
Outlays	0	1,821	— 10,525	— 25,390	— 2,409
<i>Trust funds</i>					
Civil service retirement and disability fund	602				
Appropriation, current, indefinite	BA			✓ — 38,708	
Appropriation, permanent, indefinite	BA	46,283,564	48,167,847	50,419,879	52,270,977
				✓ — 132,969	
Outlays	0	28,140,313	29,607,925	32,241,292	33,462,269
				✓ — 2,815,770	✓ — 3,438,203
Administrative expenses (discretionary)		(60,269)	(67,007)	(72,463)	(72,507)
Total Civil service retirement and disability fund	BA	46,283,564	48,167,847	50,381,171	52,138,008
	0	28,140,313	29,607,925	29,425,522	30,024,066
Employees health benefits fund	551				
Outlays	0	— 359,252	— 787,039	— 551,484	— 621,487
Employees life insurance fund	602				
Outlays	0	— 742,963	— 782,073	— 830,789	— 850,684
				✓ 18,000	✓ 23,000
Total Employees life insurance fund	0	— 742,963	— 782,073	— 812,789	— 827,684
Retired employees health benefits fund	551				
Outlays	0	1,447	— 52	— 80	124
Summary					
Federal funds:					
(As shown in detail above)	BA	17,463,078	18,993,434	19,988,078	20,108,127
	0	17,757,063	19,299,159	19,524,649	20,127,827
Trust funds:					
(As shown in detail above)	BA	46,283,564	48,167,847	50,381,171	52,138,008
	0	27,039,545	28,038,761	28,061,169	28,575,019
Deductions for offsetting receipts:					
Intrafund transactions	602 BA				
	0	— 42			
Total Trust funds	BA	46,283,522	48,167,847	50,381,171	52,138,008
	0	27,039,503	28,038,761	28,061,169	28,575,019
Interfund transactions	602 BA				
	0	— 32,793	— 35,000	— 36,000	— 37,000
	805 BA				
	0	— 15,572,313	— 16,511,020	— 17,123,730	— 17,466,472

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
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Office of Personnel Management—Con.

Summary—Con.

	BA			' 65,085	' 617,555
	0				
Total Office of Personnel Management.....	BA	48,141,494	50,615,261	53,274,604	55,360,218
	0	29,191,460	30,791,900	30,491,173	31,816,929

Small Business Administration

Federal funds

General and Special Funds:

Salaries and expenses	376				
Appropriation, current	BA	226,132	228,490	299,008	299,132
				' -13,000	' -14,500
Outlays.....	0	302,517	320,659	267,112	359,817
				' -13,000	' -14,500
Total Salaries and expenses.....	BA	226,132	228,490	286,008	284,632
	0	302,517	320,659	254,112	345,317

Office of the Inspector General	376				
Appropriation, current	BA			7,552	7,586
Outlays.....	0			7,174	7,585

White House Conference on Small Business	376				
Outlays.....	0	28			
Business loan subsidies	376				
Appropriation, current	BA			25,642	25,642
Outlays.....	0			12,821	25,642
Limitation on guaranteed loan commitments.....				(3,535,000)	(3,535,000)

Public Enterprise Funds:

Business loan and investment fund	376				
Appropriation, current	BA	155,400	167,500		79,000
				' 13,000	' 12,000
				94,000	19,000

Authority to borrow, permanent, indefinite.....	BA	13,269			
Outlays.....	0	-37,620	12,700	-66,400	27,600
				' -62,000	' -63,000
				105,000	22,000

Limitation on direct loan obligations			(82,000)		
Limitation on guaranteed loan commitments.....				(3,535,000)	(3,535,000)
				(-3,535,000)	(-3,535,000)

Total Business loan and investment fund.....	BA	168,669	167,500	107,000	110,000
	0	-37,620	12,700	-23,400	-13,400

Disaster loan fund	453				
Outlays.....	0	-347,884	-209,000	-236,000	-258,000
				' -128,000	' -238,000

Limitation on direct loan obligations (P.L. 99-177)				(350,000)	(350,000)
				' (-350,000)	

Total Disaster loan fund.....	0	-347,884	-209,000	-364,000	-496,000
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Lease guarantees revolving fund	376				
Outlays.....	0	479			
Surety bond guarantees revolving fund	376				
Appropriation, current	BA	9,497	9,497	11,000	11,000
Outlays.....	0	14,011	15,000	11,000	11,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Small Business Administration—Con.					
Pollution control equipment contract guarantee revolving fund 376					
Appropriation, current	BA	13,656	13,656	13,000	12,000
				✓ - 13,000	✓ - 12,000
Outlays.....	0	14,493	14,000	13,000	12,000
				✓ - 13,000	✓ - 12,000
Total Pollution control equipment contract guarantee revolving fund.....	BA	13,656	13,656		
	0	14,493	14,000		
Summary					
Federal funds:					
Total Small Business Administration.....	BA	417,954	419,143	437,202	438,860
	0	-53,976	153,359	-102,293	-119,856

Other Independent Agencies**ACTION***Federal funds***General and Special Funds:**

Operating expenses 506					
Appropriation, current	BA	163,085	170,420	170,417	173,630
Outlays.....	0	153,345	168,595	171,017	172,380

Administrative Conference of the United States*Federal funds***General and Special Funds:**

Salaries and expenses 751					
Appropriation, current	BA	1,865	1,865	1,865	1,884
Outlays.....	0	1,992	1,929	1,877	1,870

Advisory Committee on Federal Pay*Federal funds***General and Special Funds:**

Salaries and expenses 805					
Appropriation, current	BA	200	205	205	207
Outlays.....	0	207	205	205	195

Advisory Council on Historic Preservation*Federal funds***General and Special Funds:**

Salaries and expenses 303					
Appropriation, current	BA	1,719	1,778	1,795	1,848
Outlays.....	0	1,714	1,777	1,794	1,848

Trust funds

Donations 303					
Appropriation, permanent, indefinite.....	BA		5	5	5
Outlays.....	0		5	5	5

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
American Battle Monuments Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	705				
Appropriation, current	BA	12,408	15,085	14,507	14,828
Outlays	0	14,574	14,530	14,615	14,801
<i>Trust funds</i>					
Contributions	705				
Appropriation, permanent, indefinite	BA	1,092	1,700	1,275	455
Outlays	0	95	192	1,440	3,000
Architectural and Transportation Barriers Compliance Board					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current	BA	1,891	1,890	2,000	2,000
Outlays	0	1,939	1,914	1,971	1,985
Arms Control and Disarmament Agency					
<i>Federal funds</i>					
General and Special Funds:					
Arms control and disarmament activities	153				
Appropriation, current	BA	30,100	31,030	33,876	34,461
Outlays	0	33,272	30,828	33,399	34,231
Barry Goldwater Scholarship and Excellence in Education Foundation					
<i>Trust funds</i>					
Barry Goldwater Scholarship and Excellence in Education Foundation	502				
Appropriation, permanent, indefinite	BA	2,835	3,600	3,840	4,040
Outlays	0		721	1,307	2,242
Board for International Broadcasting					
<i>Federal funds</i>					
General and Special Funds:					
Grants and expenses	154				
Appropriation, current	BA	185,000	194,900	^κ 218,175	198,665
Outlays	0	190,483	201,108	219,534	216,046
Total Grants and expenses	BA	185,000	194,900	218,175	198,665
	0	190,483	201,108	219,534	216,046

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Board for International Broadcasting—Con.					
Israel relay station	154				
Appropriation, current	BA	34,000	33,000	^x 207,000	
Outlays	O	3,803	30,343	88,354	108,450
Total Israel relay station	BA	34,000	33,000	207,000	
	O	3,803	30,343	88,354	108,450
Total Federal funds Board for International Broadcasting	BA	219,000	227,900	425,175	198,665
	O	194,286	231,451	307,888	324,496
Central Intelligence Agency					
<i>Federal funds</i>					
General and Special Funds:					
Payment to the Central Intelligence Agency retirement and disability fund	054				
Appropriation, current	BA	134,700	144,500	154,900	^x 164,600
Outlays	O	134,700	144,500	154,900	^x 164,600
Enhanced security countermeasures capabilities					
Outlays	O	7,096	2,000	916	
Total Federal funds Central Intelligence Agency	BA	134,700	144,500	154,900	164,600
	O	141,796	146,500	155,816	164,600
Commission for the Preservation of America's Heritage Abroad					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	153				
Appropriation, current	BA			200	
Outlays	O			200	
<i>Trust funds</i>					
Gifts and donations	153				
Appropriation, permanent, indefinite	BA			200	400
Outlays	O			200	400
Commission of Fine Arts					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	451				
Appropriation, current	BA	443	475	494	500
Outlays	O	445	525	493	500
National capital arts and cultural affairs	503				
Appropriation, current	BA	4,500	5,000		
Outlays	O	4,500	5,000		
Total Federal funds Commission of Fine Arts	BA	4,943	5,475	494	500
	O	4,945	5,525	493	500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Commission on Civil Rights					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current	BA	5,707	5,707	7,857	13,376
Outlays	0	5,176	5,570	7,534	12,549
Committee for Purchase from the Blind and other Severely Handicapped					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current	BA	850	862	937	937
Outlays	0	709	926	934	937
Commodity Futures Trading Commission					
<i>Federal funds</i>					
General and Special Funds:					
Commodity Futures Trading Commission	376				
Appropriation, current	BA	32,813	34,723	37,399	37,790
Outlays	0	32,292	34,376	37,025	37,412
Community Services Administration					
<i>Federal funds</i>					
General and Special Funds:					
Community services program	506				
Outlays	0	-280	-200	-200	-200
Consumer Product Safety Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current	BA	32,696	34,500	33,479	33,565
Outlays	0	33,889	34,176	33,632	33,552
Corporation for Public Broadcasting					
<i>Federal funds</i>					
General and Special Funds:					
Public broadcasting fund	503				
Appropriation, permanent	BA	214,000	228,000	232,648	298,870
Outlays	0	214,000	228,000	232,648	298,870

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Court of Veterans Appeals					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	705				
Appropriation, current	BA		[^] 1,204	1,462	2,924
Outlays.....	O		[^] 1,204	1,250	2,902
Total Salaries and expenses.....	BA		1,204	1,462	2,924
	O		1,204	1,250	2,902
District of Columbia					
<i>Federal funds</i>					
General and Special Funds:					
Federal payment to the District of Columbia	806				
Appropriation, current	BA	530,000	536,910	492,070 ^κ 5,500	492,570
Appropriation, permanent	BA	20,000	20,000		
Outlays.....	O	550,000	541,406	519,543	506,101
Total Federal payment to the District of Columbia	BA	550,000	556,910	497,570	492,570
	O	550,000	541,406	519,543	506,101
Summary					
Federal funds:					
(As shown in detail above)	BA	550,000	556,910	497,570	492,570
	O	550,000	541,406	519,543	506,101
Deductions for offsetting receipts:					
Proprietary receipts from the public	806				
	BA				
	O	-29,770	-31,372	-33,183	-34,973
Total District of Columbia.....	BA	520,230	525,538	464,387	457,597
	O	520,230	510,034	486,360	471,128
Equal Employment Opportunity Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current	BA	179,812	180,712	188,700	192,631
Outlays.....	O	176,497	185,278	188,192	192,115
Export-Import Bank of the United States					
<i>Federal funds</i>					
General and Special Funds:					
Export-Import Bank loan subsidies	155				
Appropriation, current	BA			^W 136,385	^W 163,050
Outlays.....	O			^W 56,426	^W 103,542
Limitation on guaranteed loan commitments.....				^W (10,384,000)	^W (10,555,000)

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.				
Export-Import Bank of the United States—Con.				
Public Enterprise Funds:				
Export-Import Bank of the United States 155				
Appropriation, current..... BA	7,595	110,000	^κ 100,000	
Outlays..... 0	-894,199	-861,900	-215,700	-421,100
Limitation on administrative expenses.....	(19,500)	(20,390)	^π 4,400	^ω -2,300
Limitation on direct loan obligations.....	(692,934)	(695,000)	(22,782)	(23,534)
Limitation on guaranteed loan commitments.....	(14,601,476)	(10,200,000)	(10,384,000)	(10,555,000)
			^ϖ (-10,384,000)	^ϖ (-10,555,000)
Total Export-Import Bank of the United States. BA	7,595	110,000	100,000	
0	-894,199	-861,900	-211,300	-423,400
Total Federal funds Export-Import Bank of the United States..... BA	7,595	110,000	236,385	163,050
0	-894,199	-861,900	-154,874	-319,858
Farm Credit Administration				
<i>Federal funds</i>				
Public Enterprise Funds:				
Revolving fund for administrative expenses 351				
Outlays..... 0	5,956	2,240	-1	
Limitation on administrative expenses.....	(35,000)	(38,100)	(38,100)	(38,730)
Farm Credit System Assistance Board				
<i>Federal funds</i>				
Public Enterprise Funds:				
Revolving fund for administrative expenses 351				
Outlays..... 0	63	-63		
Farm Credit System Financial Assistance Corporation				
<i>Federal funds</i>				
Public Enterprise Funds:				
Farm credit assistance fund 351				
Authority to borrow, current..... BA			^ζ -810,000	^ζ -270,000
Authority to borrow, permanent..... BA			810,000	270,000
Outlays..... 0			756,540	305,640
			^ζ -756,540	^ζ -305,640
Total Farm credit assistance fund..... 0				
<i>Trust funds</i>				
Financial assistance corporation trust fund 351				
Appropriation, current, indefinite..... BA			^ζ -104,714	^ζ -17,126
Appropriation, permanent, indefinite..... BA			104,714	17,126
Total Financial assistance corporation trust fund..... 0				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Farm Credit System Financial Assistance Corporation—Con.					
<i>Summary</i>					
Trust funds:					
Deductions for offsetting receipts:					
Proprietary receipts from the public	351 BA				
	O			-104,714	-17,126
	BA			+104,714	+17,126
	O				
Total Farm Credit System Financial Assistance Corporation	0				
Farm Credit System Insurance Corporation					
<i>Federal funds</i>					
Public Enterprise Funds:					
Farm credit system insurance fund	351				
Outlays	0			-83,309	-86,436
Federal Communications Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	99,613	99,613		110,674
			+1,431		
				+109,831	
Reappropriation	BA	1,253			
Outlays	O	100,905	104,774	109,218	110,624
			+1,300	+131	
Total Salaries and expenses	BA	100,866	101,944	109,831	110,674
	O	100,905	106,074	109,349	110,624
<i>Summary</i>					
Federal funds:					
(As shown in detail above)	BA	100,866	101,944	109,831	110,674
	O	100,905	106,074	109,349	110,624
Deductions for offsetting receipts:					
Proprietary receipts from the public	376 BA				
	O	-49,019	-48,000	-25,000	-25,000
Total Federal Communications Commission	BA	51,847	53,044	84,831	85,674
	O	51,886	58,074	84,349	85,624
Federal Deposit Insurance Corporation					
<i>Trust funds</i>					
Federal Deposit Insurance Corporation	371				
Authority to borrow, permanent, indefinite	BA	1,013,624	2,500,000	1,000,000	
Outlays	O	2,145,614	3,807,000	-1,324,000	-1,940,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Federal Election Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	808				
Appropriation, current	BA	14,174	15,433	14,257	14,125
Outlays	0	13,971	15,307	14,375	14,138
Federal Emergency Management Agency					
<i>Federal funds</i>					
General and Special Funds:					
Disaster relief	453				
Appropriation, current	BA	120,000	100,000	270,000	278,911
				J 50,000	J 50,000
Outlays	0	186,901	225,000	236,000	243,788
				J 40,000	J 50,000
Total Disaster relief	BA	120,000	100,000	320,000	328,911
	0	186,901	225,000	276,000	293,788
Salaries and expenses:					
(Defense-related activities)	054				
(Appropriation, current)	BA	70,580	68,567	50,961	N 68,907
				K 20,702	
(Outlays)	0	72,844	68,896	71,354	N 69,182
Total (Defense-related activities)	BA	70,580	68,567	71,663	68,907
	0	72,844	68,896	71,354	69,182
(Disaster relief and insurance)	453				
(Appropriation, current)	BA	55,199	68,707	65,059	70,194
				J -250	J -251
				K 4,607	
(Outlays)	0	71,988	74,913	80,249	80,894
				J -250	J -251
Total (Disaster relief and insurance)	BA	55,199	68,707	69,416	69,943
	0	71,988	74,913	79,999	80,643
Total Salaries and expenses	BA	125,779	137,274	141,079	138,850
	0	144,832	143,809	151,353	149,825
Emergency management planning and assistance:					
(Defense-related activities)	054				
(Appropriation, current)	BA	243,490	256,254	113,236	N 240,385
				K 130,833	
(Outlays)	0	233,658	243,953	246,567	N 243,451
Total (Defense-related activities)	BA	243,490	256,254	244,069	240,385
	0	233,658	243,953	246,567	243,451

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Federal Emergency Management Agency—Con.					
(Disaster relief and insurance)	453				
(Appropriation, current)	BA	28,842	26,184	14,880	24,900
				* 9,556	
(Outlays)	0	65,566	68,531	66,672	66,132
Total (Disaster relief and insurance)	BA	28,842	26,184	24,436	24,900
	0	65,566	68,531	66,672	66,132
Total Emergency management planning and assistance	BA	272,332	282,438	268,505	265,285
	0	299,224	312,484	313,239	309,583
Office of the Inspector General	453				
Appropriation, current	BA			2,439	2,445
Outlays	0			2,438	2,444
Emergency food and shelter program	605				
Appropriation, current	BA	114,000	114,000	114,000	116,166
				✓ - 114,000	✓ - 116,166
Outlays	0	119,684	119,044	114,000	116,166
				✓ - 114,000	✓ - 116,166
Total Emergency food and shelter program	BA	114,000	114,000		
	0	119,684	119,044		
Public Enterprise Funds:					
National insurance development fund	451				
Authority to borrow, permanent, indefinite	BA	12,100	16,335	17,222	
Outlays	0	11,940	16,446	17,045	7,060
National flood insurance fund	453				
Outlays	0	-211,416	-77,990	-39,697	-41,466
<i>Trust funds</i>					
Bequests and gifts	453				
Appropriation, permanent, indefinite	BA	37	78	58	54
Outlays	0	5	50	50	50
Gift and bequests, fire administration	451				
Outlays	0		1		
Total Federal funds Federal Emergency Management Agency	BA	644,211	650,047	749,245	735,491
	0	551,165	738,793	720,378	721,234
Total Trust funds Federal Emergency Management Agency	BA	37	78	58	54
	0	5	51	50	50
Federal Home Loan Bank Board					
<i>Federal funds</i>					
Public Enterprise Funds:					
Federal Home Loan Bank Board revolving fund	371				
Outlays	0	708			
Limitation on administrative expenses		(28,806)	(31,942)	(33,464)	(33,774)
Federal Savings and Loan Insurance Corporation fund	371				
Authority to borrow, permanent, indefinite	BA	9,821,086	9,747,714	3,799,910	3,870,975
Outlays	0	8,076,926	8,731,647	2,069,521	6,567,383
Limitation on administrative expenses		(1,467)	(1,667)	(1,748)	(1,763)

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Federal Home Loan Bank Board—					
Con.					
Federal asset disposition association fund	371				
Outlays.....	0	-2,343	-6,568	-3,000	-100
Total Federal funds Federal Home Loan Bank Board.....	BA 0	<u>9,821,086</u> <u>8,075,291</u>	<u>9,747,714</u> <u>8,725,079</u>	<u>3,799,910</u> <u>2,066,521</u>	<u>3,870,975</u> <u>6,567,283</u>
Federal Labor Relations Authority					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	805				
Appropriation, current.....	BA	17,576	17,540	17,500	17,840
Outlays.....	0	17,251	17,365	17,150	17,662
Federal Maritime Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	403				
Appropriation, current.....	BA	13,585	13,585	16,350	15,720
Outlays.....	0	13,472	13,940	16,070	15,779
Federal Mediation and Conciliation Service					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current.....	BA	24,510	25,813	25,190	26,120
Outlays.....	0	24,562	25,098	24,689	25,956
Federal Mine Safety and Health Review Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current.....	BA	3,906	4,030	4,005	4,080
Outlays.....	0	3,677	3,934	3,996	4,136
Federal Retirement Thrift Investment Board					
<i>Federal funds</i>					
General and Special Funds:					
Program expenses	803				
Appropriation, permanent, indefinite.....	BA	14,486	16,603	17,324	17,845
Outlays.....	0	13,135	16,603	17,324	17,845
Limitation on administrative expenses.....		(13,135)	(16,603)	(17,324)	
General and Special Funds:					
Payment from the general fund	602				
Appropriation, permanent, indefinite.....	BA	1,000			
Outlays.....	0	1,000			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Federal Retirement Thrift Investment Board—Con.					
<i>Summary</i>					
Federal funds:					
(As shown in detail above)	BA	15,486	16,603	17,324	17,845
	0	14,135	16,603	17,324	17,845
Deductions for offsetting receipts:					
Proprietary receipts from the public	803 BA				
	0	-14,486	-16,603	-17,324	-17,845
Total Federal Retirement Thrift Investment Board.....					
	BA	1,000			
	0	-351			
Federal Trade Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	66,243	66,243		72,351
				1,419	
				69,580	
Outlays.....	0	68,519	64,918	69,580	70,904
				1,391	
Total Salaries and expenses.....					
	BA	66,243	66,243	70,999	72,351
	0	68,519	64,918	70,971	70,904
Harry S Truman Scholarship Foundation					
<i>Trust funds</i>					
Harry S Truman memorial scholarship trust fund	502				
Appropriation, permanent, indefinite.....	BA	4,508	4,304	4,568	4,295
Outlays.....	0	2,815	2,999	3,061	3,102
Historical and Memorial Agencies					
American Revolution Bicentennial Administration					
<i>Federal funds</i>					
General and Special Funds:					
American Revolution Bicentennial Administration	806				
Appropriation, current	BA		4,765		
Outlays.....	0		4,765		
Christopher Columbus Quincentenary Jubilee Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current	BA	212	212	220	220
Outlays.....	0	250	223	220	220

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Historical and Memorial Agencies—					
Con.					
<i>Christopher Columbus</i>					
<i>Quincentenary Jubilee Commission—</i>					
<i>Con.</i>					
<i>Trust funds</i>					
Gifts and donations	376				
Appropriation, permanent.....	BA	34	23	29	29
Outlays.....	O	66	47	29	29
<hr/>					
<i>Commission on the Bicentennial of</i>					
<i>the U.S. Constitution</i>					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	808				
Appropriation, current.....	BA	21,000	6,936	14,589	15,000
Outlays.....	O	18,976	15,965	16,741	15,330
<hr/>					
<i>Trust funds</i>					
Gifts and donations	808				
Appropriation, permanent, indefinite.....	BA		30	30	30
Outlays.....	O	181	30	30	30
<hr/>					
<i>Franklin Delano Roosevelt Memorial</i>					
<i>Commission</i>					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	808				
Appropriation, current.....	BA	28	28	28	28
Outlays.....	O	23	28	28	28
				19,000	
				1,000	3,000
<hr/>					
Total Salaries and expenses.....	BA	28	28	19,028	28
	O	23	28	1,028	3,028
<hr/>					
Total Federal funds Historical and Memorial					
Agencies.....	BA	21,240	11,941	33,837	15,248
	O	19,249	20,981	17,989	18,578
<hr/>					
Total Trust funds Historical and Memorial					
Agencies.....	BA	34	53	59	59
	O	247	77	59	59
<hr/>					
Institute of American Indian and					
Alaska Native Culture and Arts					
Development					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	502				
Appropriation, current.....	BA		3,094	3,000	3,000
Outlays.....	O		3,094	3,000	3,000
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See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Intelligence Community Staff					
<i>Federal funds</i>					
General and Special Funds:					
Intelligence community staff	054				
Appropriation, current	BA	23,057	23,645	24,100	^N 24,400
Outlays	0	22,326	23,834	23,900	^N 24,263
Intragovernmental Agencies					
<i>Advisory Commission on Intergovernmental Relations</i>					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	808				
Appropriation, current	BA	1,378	1,040	1,300	1,323
Outlays	0	1,386	1,040	1,239	1,294
<i>Trust funds</i>					
Contributions	808				
Appropriation, permanent, indefinite	BA	118	130	135	200
Outlays	0	42	343	135	200
Summary					
Federal funds:					
(As shown in detail above)	BA	1,378	1,040	1,300	1,323
	0	1,386	1,040	1,239	1,294
Trust funds:					
(As shown in detail above)	BA	118	130	135	200
	0	42	343	135	200
Deductions for offsetting receipts:					
Proprietary receipts from the public	808 BA	-6			
	0				
Total Trust funds	BA	112	130	135	200
	0	36	343	135	200
Total Advisory Commission on Intergovernmental Relations	BA	1,490	1,170	1,435	1,523
	0	1,422	1,383	1,374	1,494
Appalachian Regional Commission					
<i>Federal funds</i>					
General and Special Funds:					
Appalachian regional development programs	452				
Appropriation, current	BA	107,000	110,700		
Outlays	0	147,385	107,000	105,500	85,800
<i>Trust funds</i>					
Miscellaneous trust funds					
Appropriation, current, indefinite	BA			-2,864	-4,216
Appropriation, permanent, indefinite	BA	3,700	4,100	4,184	4,216
Outlays	0	4,129	4,480	4,184	4,216
				-1,293	-4,216
Total Miscellaneous trust funds	BA	3,700	4,100	1,320	
	0	4,129	4,480	2,891	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
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Other Independent Agencies—Con.

Intragovernmental Agencies—Con.

**Appalachian Regional Commission—
Con.**

Summary

Federal funds:				
(As shown in detail above)	BA	107,000	110,700	.....
	O	147,385	107,000	105,500 85,800
Trust funds:				
(As shown in detail above)	BA	3,700	4,100	1,320
	O	4,129	4,480	2,891
Deductions for offsetting receipts:				
Proprietary receipts from the public	452 BA			
	O	-1,850	-2,050	-2,092 -2,108
	BA			'2,092 '2,108
	O			
Total Trust funds.....	BA	1,850	2,050	1,320
	O	2,279	2,430	2,891
Interfund transactions	452 BA			
	O	-1,850	-2,050	-2,092 -2,108
	BA			'2,092 '2,108
	O			
Total Appalachian Regional Commission	BA	107,000	110,700	1,320
	O	147,814	107,380	108,391 85,800

Delaware River Basin Commission

Federal funds

General and Special Funds:				
Salaries and expenses	301			
Appropriation, current	BA	203	205	214 216
Outlays.....	O	131	210	213 216
Contribution to Delaware River Basin Commission	301			
Appropriation, current	BA	263	263	345 428
Outlays.....	O	263	263	345 428
Total Federal funds Delaware River Basin Commission	BA	466	468	559 644
	O	394	473	558 644

Interstate Commission on the Potomac River Basin

Federal funds

General and Special Funds:				
Contribution to Interstate Commission on the Potomac River Basin	304			
Appropriation, current	BA	379	379	.....
Outlays.....	O	379	379	.....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Intragovernmental Agencies—Con.					
<i>Susquehanna River Basin Commission</i>					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	301				
Appropriation, current	BA	197	192	200	202
Outlays.....	0	151	196	199	202
Contribution to Susquehanna River Basin Commission	301				
Appropriation, current	BA	249	262	276	276
Outlays.....	0	249	262	276	276
Total Federal funds Susquehanna River Basin Commission	BA	446	454	476	478
	0	400	458	475	478
Washington Metropolitan Area Transit Authority					
<i>Federal funds</i>					
General and Special Funds:					
Interest payments	401				
Appropriation, current	BA	49,080	51,664	51,664	51,664
Outlays.....	0	49,080	56,664	56,664	56,664
Total Federal funds Intragovernmental Agencies	BA	158,749	164,705	53,999	54,109
	0	199,024	166,014	164,436	144,880
Total Trust funds Intragovernmental Agencies..	BA	1,962	2,180	1,455	200
	0	2,315	2,773	3,026	200
Interfund transactions	452				
	BA	-1,850	-2,050	-2,092	-2,108
	0				
	BA			2,092	2,108
	0				
Total Intragovernmental Agencies	BA	158,861	164,835	55,454	54,309
	0	199,489	166,737	167,462	145,080
International Trade Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	153				
Appropriation, current	BA	34,750	35,958	39,943	40,169
Outlays.....	0	37,095	36,114	39,943	40,145
Total Salaries and expenses.....	BA	34,750	35,958	39,943	40,169
	0	37,095	36,114	39,943	40,145

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Interstate Commerce Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	401				
Appropriation, current	BA	44,294	43,115	44,689	45,036
				✓ — 30,231	✓ — 45,036
Outlays.....	0	42,706	43,232	44,680	45,027
				✓ — 30,800	✓ — 45,027
Total Salaries and expenses.....	BA	44,294	43,115	14,458	.....
	0	42,706	43,232	13,880	.....
James Madison Memorial Fellowship Foundation					
<i>Federal funds</i>					
General and Special Funds:					
James Madison Memorial Fellowship Foundation	502				
Appropriation, permanent, indefinite.....	BA	13,200	10,000	.....	.....
Outlays.....	0	13,200	10,000	.....	.....
<i>Trust funds</i>					
James Madison Memorial Fellowship Trust Fund	502				
Appropriation, permanent, indefinite.....	BA	10,395	11,487	11,793	2,065
Outlays.....	0	.....	125	250	924
Summary					
Federal funds:					
(As shown in detail above)	BA	13,200	10,000	.....	.....
	0	13,200	10,000	.....	.....
Trust funds:					
(As shown in detail above)	BA	10,395	11,487	11,793	2,065
	0	.....	125	250	924
Interfund transactions	502				
	BA	— 10,000	— 10,000	.....	.....
	0	.....	.....	.....	.....
Total James Madison Memorial Fellowship Foundation.....	BA	13,595	11,487	11,793	2,065
	0	3,200	125	250	924
Japan-United States Friendship Commission					
<i>Trust funds</i>					
Japan-United States friendship trust fund	154				
Appropriation, current	BA	1,200	1,415	1,350	1,300
Appropriation, permanent, indefinite.....	BA	347	260	338	300
Outlays.....	0	2,274	3,015	2,950	2,600
Total Japan-United States friendship trust fund	BA	1,547	1,675	1,688	1,600
	0	2,274	3,015	2,950	2,600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Legal Services Corporation					
<i>Federal funds</i>					
General and Special Funds:					
Payment to the Legal Services Corporation	752				
Appropriation, current	BA	305,500	308,555		
Outlays	0	306,448	297,997	39,804	
Marine Mammal Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	302				
Appropriation, current	BA	953	953	960	960
Outlays	0	936	1,018	959	959
Merit Systems Protection Board					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	805				
Appropriation, current	BA	20,957	20,488	20,987	21,175
Outlays	0	18,668	19,873	20,777	20,963
Limitation payable under transfers from trust funds		(1,200)	(1,400)	(1,450)	(1,463)
Office of the Special Counsel	805				
Appropriation, current	BA	4,673	5,000	5,142	5,217
Outlays	0	4,594	4,713	5,092	5,166
Total Federal funds Merit Systems Protection Board	BA	25,630	25,488	26,129	26,392
	0	23,262	24,586	25,869	26,129
National Afro-American History and Culture Commission					
<i>Federal funds</i>					
General and Special Funds:					
National Center for the Study of Afro-American History and Culture	503				
Reappropriation	BA	15			
Outlays	0	44	44		
National Archives and Records Administration					
<i>Federal funds</i>					
General and Special Funds:					
Operating expenses	804				
Appropriation, current	BA	116,000	121,900	122,612	118,750
Outlays	0	104,006	121,060	119,744	114,555
<i>Trust funds</i>					
National archives gift fund	804				
Appropriation, permanent, indefinite	BA	373	263	182	216
Outlays	0	463	265	298	263
National archives trust fund	804				
Outlays	0	-2,324	-1,040	-2,039	-2,099

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
National Archives and Records Administration—Con.					
<i>Summary</i>					
Federal funds:					
(As shown in detail above)	BA	116,000	121,900	122,612	118,750
	O	104,006	121,060	119,744	114,555
Trust funds:					
(As shown in detail above)	BA	373	263	182	216
	O	-1,861	-775	-1,741	-1,836
Deductions for offsetting receipts:					
Proprietary receipts from the public	908 BA				
	O		-180	-191	-202
Total Trust funds.....	BA	373	83	-9	14
	O	-1,861	-955	-1,932	-2,038
Total National Archives and Records Administration	BA	116,373	121,983	122,603	118,764
	O	102,145	120,105	117,812	112,517
National Capital Planning Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	451				
Appropriation, current	BA	2,948	2,962	3,133	3,107
Outlays.....	O	2,967	2,961	3,334	3,107
National Commission on Agricultural Finance					
<i>Federal funds</i>					
General and Special Funds:					
National Commission on Agricultural Finance	352				
Outlays.....	O	14	86		
National Commission on Libraries and Information Science					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	503				
Appropriation, current	BA	718	741	770	770
Outlays.....	O	522	1,018	764	770
<i>Trust funds</i>					
Contributions	503				
Appropriation, permanent	BA	12			
Outlays.....	O	7	12		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
National Commission on Migrant Education					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	501				
Appropriation, current	BA		1,976		
Outlays	0		158	1,049	690
National Council on Disability					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	506				
Appropriation, current	BA	892	1,160	1,157	1,157
Outlays	0	956	1,082	1,157	1,157
<i>Trust funds</i>					
Gifts and donations	506				
Appropriation, permanent, indefinite	BA	1			
Outlays	0	2			
National Credit Union Administration					
<i>Federal funds</i>					
Public Enterprise Funds:					
Operating fund	371				
Outlays	0	-1,227	-500	-500	-500
Credit union share insurance fund	371				
Outlays	0	-222,216	-168,441	-167,402	-175,770
Central liquidity facility	371				
Outlays	0	6,754	5,000	-42,831	-20,741
Limitation on administrative expenses		(813)	(880)	(864)	(900)
Limitation on direct loan obligations		(300,000)	(600,000)	(600,000)	(600,000)
Community development credit union revolving loan fund	452				
Outlays	0	-336	-365		
Total Federal funds National Credit Union Administration	0	-217,025	-164,306	-210,733	-197,011
National Foundation on the Arts and the Humanities					
National Endowment for the Arts					
<i>Federal funds</i>					
General and Special Funds:					
National endowment for the arts: Grants and administration	503				
Appropriation, current	BA	167,731	169,090	170,100	170,100
Outlays	0	166,354	166,800	167,835	169,842
<i>Trust funds</i>					
Gifts and donations (arts)	503				
Appropriation, permanent, indefinite	BA	69	30	30	30
Outlays	0	188	28	35	30

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
National Foundation on the Arts and the Humanities—Con.					
<i>National Endowment for the Humanities</i>					
<i>Federal funds</i>					
General and Special Funds:					
National endowment for the humanities: Grants and administration 503					
Appropriation, current	BA	140,435	153,000	153,250	153,250
Outlays.....	O	134,167	151,485	149,746	152,793
<i>Trust funds</i>					
Gifts and donations (humanities) 503					
Appropriation, permanent, indefinite.....	BA	688	703	700	200
Outlays.....	O	195	700	702	689
<i>Institute of Museum Services</i>					
<i>Federal funds</i>					
General and Special Funds:					
Institute of Museum Services: 503					
Appropriation, current	BA	21,944	22,270	22,350	22,350
Outlays.....	O	21,437	22,684	22,162	22,350
<i>Trust funds</i>					
Gifts and donations 503					
Appropriation, permanent, indefinite.....	BA	52	1	1	1
Outlays.....	O	57	2	1	1
Total Federal funds National Foundation on the Arts and the Humanities.....					
	BA	330,110	344,360	345,700	345,700
	O	321,958	340,969	339,743	344,985
Total Trust funds National Foundation on the Arts and the Humanities					
	BA	809	734	731	231
	O	440	730	738	720
National Institute of Building Sciences					
<i>Trust funds</i>					
National Institute of Building Sciences trust fund 376					
Appropriation, permanent, indefinite.....	BA	626	500		
Outlays.....	O	501	500		
National Labor Relations Board					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses 505					
Appropriation, current	BA	133,097	136,983	140,111	141,863
Outlays.....	O	132,356	136,972	141,405	141,760

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
National Mediation Board					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current	BA	7,004	6,472	6,384	6,442
Outlays	0	5,913	5,771	5,652	5,586
National Science Foundation					
<i>Federal funds</i>					
General and Special Funds:					
Research and related activities	251				
Appropriation, current	BA	1,453,000	1,583,000	1,803,022	2,008,000
Outlays	0	1,419,765	1,565,658	1,686,178	1,889,000
U.S. Antarctic program	251				
Appropriation, current	BA	124,800	131,000	156,000	179,000
Outlays	0	127,229	127,737	143,125	166,000
Scientific activities overseas (special foreign currency program)	251				
Outlays	0	766	393	400	400
Science and engineering education activities	251				
Appropriation, current	BA	139,200	171,000	190,000	201,000
Outlays	0	97,466	135,393	162,663	184,000
<i>Trust funds</i>					
Donations	251				
Appropriation, permanent, indefinite	BA	20,482	21,000	21,756	22,000
Outlays	0	19,353	21,000	21,756	22,000
Total Federal funds National Science Foundation	BA	1,717,000	1,885,000	2,149,022	2,388,000
	0	1,645,226	1,829,181	1,992,366	2,239,400
Total Trust funds National Science Foundation	BA	20,482	21,000	21,756	22,000
	0	19,353	21,000	21,756	22,000
National Transportation Safety Board					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	407				
Appropriation, current	BA	24,000	25,360	25,967	26,382
Outlays	0	24,386	25,269	25,927	26,355
Neighborhood Reinvestment Corporation					
<i>Federal funds</i>					
General and Special Funds:					
Payment to the Neighborhood Reinvestment Corporation	451				
Appropriation, current	BA	18,720	19,494	14,581	21,962
Outlays	0	18,720	19,494	21,260	21,962
Nuclear Regulatory Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	276				
Appropriation, current	BA	392,800	420,000	472,100	485,840
Outlays	0	232,171	437,564	460,735	483,440

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
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Other Independent Agencies—Con.

**Nuclear Regulatory Commission—
Con.**

Office of the Inspector General	276			
Appropriation, current	BA		2,900	2,950
Outlays	O		2,500	2,960
Total Federal funds Nuclear Regulatory Commission	BA	392,800	420,000	475,000
	O	232,171	437,564	486,400

**Occupational Safety and Health
Review Commission**

Federal funds

General and Special Funds:

Salaries and expenses	554			
Appropriation, current	BA	5,885	5,845	5,970
Outlays	O	5,356	5,716	6,094

Office of Government Ethics

Federal funds

General and Special Funds:

Salaries and expenses	805			
Appropriation, current	BA		3,414	3,423
Outlays	O		3,243	3,423

Panama Canal Commission

Federal funds

Public Enterprise Funds:

Panama Canal revolving fund	403			
Appropriation, current	BA	287,962		
Appropriation, permanent, indefinite	BA	1,701		
Authority to borrow, permanent, indefinite	BA		9,257	1,800
Outlays	O	236,839	34,257	-1,000
Limitation on administrative expenses			(50,287)	(49,855)
Total Panama Canal revolving fund	BA	289,663	9,257	1,800
	O	236,839	34,257	-1,000

Summary

Federal funds:

(As shown in detail above)	BA	289,663	9,257	1,800
	O	236,839	34,257	-1,000
Deductions for offsetting receipts:				
Proprietary receipts from the public	403 BA	-112,765		
	O			
Total Panama Canal Commission	BA	176,898	9,257	1,800
	O	124,074	34,257	-1,000

**Pennsylvania Avenue Development
Corporation**

Federal funds

General and Special Funds:

Salaries and expenses	451			
Appropriation, current	BA	2,516	2,334	2,425
Outlays	O	2,297	2,145	2,167

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Pennsylvania Avenue Development Corporation—Con.					
Public development	451				
Appropriation, current	BA	3,000	3,175	3,150	2,900
Outlays.....	0	5,858	6,271	6,362	6,175
Public Enterprise Funds:					
Land acquisition and development fund	451				
Appropriation, current, indefinite.....	BA			12,000	
Outlays.....	0	-9,817	5,000	28,000	2,000
<i>Trust funds</i>					
Gifts and donations	451				
Appropriation, permanent, indefinite.....	BA	725			
Outlays.....	0	1,172	8		
Total Federal funds Pennsylvania Avenue Development Corporation.....	BA	5,516	5,509	17,575	5,067
	0	-1,662	13,416	36,942	10,342
Total Trust funds Pennsylvania Avenue Development Corporation.....	BA	725			
	0	1,172	8		
Postal Service					
<i>Federal funds</i>					
General and Special Funds:					
Payment to the Postal Service fund	372				
Appropriation, current	BA	517,001	436,417	459,755	523,308
				J - 480,931	J - 499,636
Outlays.....	0	517,001	436,417	459,755	523,308
				J - 480,931	J - 499,636
Total Payment to the Postal Service fund.....	BA	517,001	436,417	-21,176	23,672
	0	517,001	436,417	-21,176	23,672
Payment to the Postal Service fund for nonfunded liabilities	372				
Appropriation, current	BA			36,942	36,203
Outlays.....	0			36,942	36,203
Public Enterprise Funds:					
Postal Service	372				
Authority to borrow, current, indefinite.....	BA			J - 448,000	
Authority to borrow, permanent, indefinite.....	BA	941,289	1,656,477	3,255,144	2,524,000
Outlays.....	0	1,712,464	142,277	2,197,944	1,429,000
Capital limitation.....		(625,000)	(1,995,000)		
Total Postal Service.....	BA	941,289	1,656,477	2,807,144	2,524,000
	0	1,712,464	142,277	2,197,944	1,429,000
Total Federal funds Postal Service.....	BA	1,458,290	2,092,894	2,822,910	2,583,875
	0	2,229,465	578,694	2,213,710	1,488,875

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Railroad Retirement Board					
<i>Federal funds</i>					
General and Special Funds:					
Federal windfall subsidy	601				
Appropriation, current	BA	352,452	350,897	333,000	323,050
				✓ - 83,250	✓ - 80,750
Outlays	O	348,997	346,000	333,000	323,000
				✓ - 83,250	✓ - 80,750
Total Federal windfall subsidy	BA	352,452	350,897	249,750	242,300
	O	348,997	346,000	249,750	242,250
Federal payments to the railroad retirement ac- counts	601				
Appropriation, current	BA	2,971	2,943		1,120
				✓ - 59,700	✓ - 67,100
Appropriation, permanent, indefinite	BA	2,669,509	2,757,200	2,658,700	2,855,500
Outlays	O	2,671,154	2,760,143	2,659,764	2,856,620
				✓ - 59,700	✓ - 67,100
Total Federal payments to the railroad retire- ment accounts	BA	2,672,480	2,760,143	2,599,000	2,789,520
	O	2,671,154	2,760,143	2,600,064	2,789,520
Milwaukee railroad restructuring, administration	603				
Outlays	O	31			
<i>Trust funds</i>					
Rail Industry Pension Fund	601				
Appropriation, current, indefinite	BA			✓ - 2,100	✓ - 4,000
Appropriation, permanent, indefinite	BA	3,190,664	3,178,890	2,925,091	2,848,900
Outlays	O	2,467,982	2,463,003	2,551,635	2,662,000
				✓ 51,450	✓ 20,750
Limitation on administration		(57,860)	(59,626)	(60,550)	(60,550)
Limitation on the Office of Inspector General		(2,212)	(3,063)	(4,000)	(4,000)
Total Rail Industry Pension Fund	BA	3,190,664	3,178,890	2,922,991	2,844,900
	O	2,467,982	2,463,003	2,603,085	2,682,750
Supplemental Annuity Pension Fund	601				
Appropriation, permanent, indefinite	BA	114,216	117,552	114,617	110,820
Outlays	O	113,862	113,581	110,808	107,400
Railroad social security equivalent benefit ac- count	601				
Appropriation, current, indefinite	BA			✓ - 61,900	✓ - 143,000
Appropriation, permanent, indefinite	BA	6,706,942	6,720,701	7,056,256	7,369,500
Outlays	O	6,395,632	6,755,627	6,916,227	7,223,600
					✓ - 69,900
Total Railroad social security equivalent bene- fit account	BA	6,706,942	6,720,701	6,994,356	7,226,500
	O	6,395,632	6,755,627	6,916,227	7,153,700
Summary					
Federal funds:					
(As shown in detail above)	BA	3,024,932	3,111,040	2,848,750	3,031,820
	O	3,020,182	3,106,143	2,849,814	3,031,770

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Railroad Retirement Board—Con.					
Trust funds:					
(As shown in detail above)	BA	10,011,822	10,017,143	10,031,964	10,182,220
	O	8,977,476	9,332,211	9,630,120	9,943,850
Deductions for offsetting receipts:					
Intrafund transactions	603 BA	-15,391			
	O				
Intrafund transactions from off-budget accounts	ac-601 BA	-2,851,273	-2,865,000	-3,051,000	-3,188,000
	O				
	BA				70,000
	O				
Total Trust funds	BA	7,145,158	7,152,143	6,980,964	7,064,220
	O	6,110,812	6,467,211	6,579,120	6,825,850
Interfund transactions	601 BA	-4,984,299	-5,182,943	-5,113,464	-5,476,520
	O				
	BA			59,700	132,000
	O				
Total Railroad Retirement Board	BA	5,185,791	5,080,240	4,775,950	4,751,520
	O	4,146,695	4,390,411	4,375,170	4,513,100

Securities and Exchange Commission*Federal funds***General and Special Funds:**

Salaries and expenses	376				
Appropriation, current	BA	135,221	142,640	168,707	169,439
				695	
Outlays	O	125,881	137,644	163,315	164,017
				669	
Total Salaries and expenses	BA	135,221	142,640	168,012	169,439
	O	125,881	137,644	162,646	164,017

Selective Service System*Federal funds***General and Special Funds:**

Salaries and expenses	054				
Appropriation, current	BA	25,459	26,313	26,313	26,700
Outlays	O	24,824	26,160	26,313	26,631

Smithsonian Institution*Federal funds***General and Special Funds:**

Salaries and expenses	503				
Appropriation, current	BA	201,432	211,240	227,737	239,169
Outlays	O	198,097	226,367	225,266	235,866
Museum programs and related research (special foreign currency program)	503				
Outlays	O	1,223	2,000	2,000	2,000
Construction and improvements, National Zoological Park	503				
Appropriation, current	BA	8,150	5,305	6,500	6,714
Outlays	O	5,425	3,550	6,210	7,580

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
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Other Independent Agencies—Con.

Smithsonian Institution—Con.

Repair and restoration of buildings	503				
Appropriation, current	BA	19,254	20,735	26,653	28,825
Outlays	O	8,893	13,679	25,377	31,589
Construction	503				
Appropriation, current	BA	1,315	8,655	10,000	10,330
Outlays	O	3,100	4,652	9,085	10,688
Salaries and expenses, National Gallery of Art					
	503				
Appropriation, current	BA	37,352	37,981	40,376	41,401
Outlays	O	37,374	39,347	41,008	41,700
Repair, restoration, and renovation of buildings					
	503				
Appropriation, current	BA		750	2,305	2,360
Outlays	O	1,402	2,843	3,602	2,349
Salaries and expenses, Woodrow Wilson International Center for Scholars					
	503				
Appropriation, current	BA	4,028	4,240	4,700	4,689
Outlays	O	3,514	4,568	4,525	4,474
Payment to the endowment challenge fund					
	503				
Appropriation, current, indefinite	BA		300		
Outlays	O	805	150	150	

Trust funds

Endowment challenge fund	503				
Appropriation, permanent, indefinite	BA		160	270	200
Outlays	O		160	270	200
Canal Zone biological area fund	503				
Appropriation, permanent, indefinite	BA	142	150	150	150
Outlays	O	16	150	150	150

Summary

Federal funds:					
(As shown in detail above)	BA	271,531	289,206	318,271	333,488
	O	259,833	297,156	317,223	336,246
Trust funds:					
(As shown in detail above)	BA	142	310	420	350
	O	16	310	420	350
Interfund transactions					
	503 BA		-150	-150	
	O				
	803 BA		-4	-4	-4
	O				
Total Smithsonian Institution	BA	271,673	289,362	318,537	333,834
	O	259,849	297,312	317,489	336,592

Temporary Study Commissions

Federal funds

General and Special Funds:					
Advisory Commission on Conferences in Ocean Shipping: Salaries and Expenses	403				
Appropriation, current	BA			500	
Outlays	O			450	50
Aviation Safety Commission: Salaries and expenses	402				
Outlays	O	953	229		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Temporary Study Commissions—Con.					
Commission for the Study of International Migration and Cooperative Economic Development: Salaries and expenses					
					153
Appropriation, current	BA	870	1,290	1,290	
Outlays	0	552	1,323	1,290	452
Commission on Agricultural Workers: Salaries and expenses					
					352
Appropriation, current	BA		500	500	500
Outlays	0		450	500	500
Commission on Education of the Deaf: Salaries and expenses					
					503
Outlays	0	370	92		
Commission on Executive, Legislative, and Judicial Salaries: Salaries and expenses					
					805
Outlays	0	2	16		
Commission on the Ukraine Famine: Salaries and expenses					
					153
Outlays	0	-102			
Interagency Council on the Homeless					
					604
Appropriation, current	BA	750	1,100	900	
Outlays	0	229	1,200	1,200	321
International Cultural and Trade Center Commission: Salaries and expenses					
					804
Appropriation, current	BA	150	800	800	800
Outlays	0	-252	452	1,000	1,000
National Commission on Responsibilities for Financing Postsecondary Education					
					502
Appropriation, current	BA		790		
Outlays	0		590	200	
National Commission to Prevent Infant Mortality					
					808
Appropriation, current	BA		494		
Reappropriation	BA		158		
Outlays	0	459	652	131	
Total National Commission to Prevent Infant Mortality	BA		652		
	0	459	652	131	
National Council on Public Works Improvement					
					808
Outlays	0	1,569	30		
National Economic Commission: Salaries and expenses					
					802
Appropriation, current	BA	300	700		
Outlays	0	147	758		
Navajo and Hopi Indian Relocation Commission: Salaries and expenses					
					808
Appropriation, current	BA	25,270	27,323	31,218	31,316
Outlays	0	20,243	29,998	29,777	31,316
Nuclear Waste Technical Review Board:					
					271
Appropriation, current	BA		3,000	2,000	
Outlays	0		3,988	2,000	
Office of the Nuclear Waste Negotiator: Salaries and expenses					
					271
Appropriation, current	BA		3,000	2,000	
Outlays	0		3,987	2,000	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Temporary Study Commissions—Con.					
State Justice Institute: Salaries and expenses					
	752				
Appropriation, current	BA	10,980	10,980		
Outlays.....	O	2,753	11,068	7,211	7,148
<i>Trust funds</i>					
Gifts and donations					
	153				
Appropriation, permanent, indefinite.....	BA	204			
Outlays.....	O	52	152		
Total Federal funds Other Temporary Commissions.....	BA	38,320	50,135	39,208	32,616
	O	26,923	54,833	45,759	40,787
Total Trust funds Other Temporary Commissions.....	BA	204			
	O	52	152		
Tennessee Valley Authority					
<i>Federal funds</i>					
Public Enterprise Funds:					
Tennessee Valley Authority fund:					
(Energy supply)					
	271				
(Authority to borrow, current, indefinite)	BA			W — 42,741	W — 33,046
(Authority to borrow, permanent, indefinite) ...	BA	1,020,709	648,500	628,100	545,300
(Outlays)	O	991,520	539,600	299,500	254,000
				W — 42,741	W — 33,046
Total (Energy supply)	BA	1,020,709	648,500	585,359	512,254
	O	991,520	539,600	256,759	220,954
(Area and regional development)					
	452				
(Appropriation, current)	BA	103,000	103,000	87,596	91,096
(Outlays)	O	97,138	105,000	98,992	91,384
Total Tennessee Valley Authority fund.....	BA	1,123,709	751,500	672,955	603,350
	O	1,088,658	644,600	355,751	312,338
Total Federal funds Tennessee Valley Authority	BA	1,123,709	751,500	672,955	603,350
	O	1,088,658	644,600	355,751	312,338
United States Holocaust Memorial Council					
<i>Federal funds</i>					
General and Special Funds:					
Holocaust Memorial Council					
	808				
Appropriation, current	BA	2,171	2,244		2,406
				K 2,315	
Outlays.....	O	2,231	2,360	2,281	2,406
Total Holocaust Memorial Council.....	BA	2,171	2,244	2,315	2,406
	O	2,231	2,360	2,281	2,406

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
United States Holocaust Memorial Council—Con.					
<i>Trust funds</i>					
Gifts and donations	808				
Appropriation, permanent, indefinite.....	BA	20	50	50	
Outlays.....	O	24	50	50	
<hr/>					
United States Information Agency					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses	154				
Appropriation, current	BA	620,197	620,147	^κ 655,068	661,575
Outlays.....	O	587,852	619,148	648,471	659,644
Total Salaries and expenses.....	BA	620,197	620,147	655,068	661,575
	O	587,852	619,148	648,471	659,644
<hr/>					
Office of the Inspector General	154				
Appropriation, current	BA			^κ 3,677	3,738
Outlays.....	O			2,961	3,726
Total Office of the Inspector General.....	BA			3,677	3,738
	O			2,961	3,726
<hr/>					
Salaries and expenses (special foreign currency program)	154				
Outlays.....	O	335	504		
Educational and cultural exchange programs	154				
Appropriation, current	BA	150,040	150,040	^κ 153,000	158,049
Outlays.....	O	136,646	149,838	151,550	155,457
Total Educational and cultural exchange programs.....	BA	150,040	150,040	153,000	158,049
	O	136,646	149,838	151,550	155,457
<hr/>					
National Endowment for Democracy	154				
Appropriation, current	BA	16,875	15,800	^κ 15,800	15,800
Outlays.....	O	18,160	16,340	15,800	15,800
Total National Endowment for Democracy.....	BA	16,875	15,800	15,800	15,800
	O	18,160	16,340	15,800	15,800
<hr/>					
Radio broadcasting to Cuba	154				
Appropriation, current	BA	12,759	11,175	^κ 12,700	12,881
Outlays.....	O	10,117	11,665	12,424	12,812
Total Radio broadcasting to Cuba.....	BA	12,759	11,175	12,700	12,881
	O	10,117	11,665	12,424	12,812

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
United States Information Agency—					
Con.					
East West Center	154				
Appropriation, current	BA	20,000	20,000	20,000	20,000
				^κ 20,000	
Outlays	0	22,759	20,000	20,000	20,000
Total East West Center	BA	20,000	20,000	20,000	20,000
	0	22,759	20,000	20,000	20,000
Radio construction	154				
Appropriation, current	BA		65,000		102,000
				^κ 89,000	
Outlays	0	65,759	84,121	91,378	84,500
Total Radio construction	BA		65,000	89,000	102,000
	0	65,759	84,121	91,378	84,500
<i>Trust funds</i>					
Miscellaneous trust funds	154				
Appropriation, permanent, indefinite	BA	2,144	1,880	1,640	1,598
Outlays	0	1,241	1,220	1,160	1,598
Summary					
Federal funds:					
(As shown in detail above)	BA	819,871	882,162	949,245	974,043
	0	841,628	901,616	942,584	951,939
Trust funds:					
(As shown in detail above)	BA	2,144	1,880	1,640	1,598
	0	1,241	1,220	1,160	1,598
Deductions for offsetting receipts:					
Proprietary receipts from the public	154 BA				
	0	-117	-104	-90	-90
Total Trust funds	BA	2,027	1,776	1,550	1,508
	0	1,124	1,116	1,070	1,508
Total United States Information Agency	BA	821,898	883,938	950,795	975,551
	0	842,752	902,732	943,654	953,447
United States Institute of Peace					
<i>Federal funds</i>					
General and Special Funds:					
United States Institute of Peace	153				
Appropriation, current	BA	4,308	6,916	6,916	6,916
Outlays	0	3,476	7,730	6,916	6,916
<i>Trust funds</i>					
Gifts and contributions	153				
Appropriation, permanent	BA	270			
Outlays	0	343	273		
United States Railway Association					
<i>Federal funds</i>					
General and Special Funds:					
Administrative expenses	401				
Outlays	0	13	250		

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
United States Sentencing Commission					
<i>Federal funds</i>					
General and Special Funds:					
Salaries and expenses					
Appropriation, current	BA	5,129	5,183	6,920	7,009
Outlays	O	5,117	6,687	6,908	6,997
Water Resources Council					
<i>Federal funds</i>					
General and Special Funds:					
Water resources planning					
Outlays	O	3			
Summary					
Federal funds:					
(As shown in detail above)	BA	22,895,709	23,385,524	18,236,119	18,208,754
	O	20,360,348	19,702,833	14,739,423	18,795,862
Deductions for offsetting receipts:					
Proprietary receipts from the public	376 BA	-49,019	-48,000	-25,000	-25,000
	O				
	403 BA	-112,765			
	O				
	803 BA	-14,486	-16,603	-17,324	-17,845
	O				
	806 BA	-29,770	-31,372	-33,183	-34,973
	O				
Total Federal funds	BA	22,689,669	23,289,549	18,160,612	18,130,936
	O	20,154,308	19,606,858	14,663,916	18,718,044
Trust funds:					
(As shown in detail above)	BA	11,075,520	12,569,012	11,081,684	10,219,788
	O	11,153,987	13,174,699	8,340,851	8,039,264
Deductions for offsetting receipts:					
Intrafund transactions	603 BA	-15,391			
	O				
Intrafund transactions from off-budget accounts	601 BA	-2,851,273	-2,865,000	-3,051,000	-3,188,000
	O				
	BA				70,000
	O				
Proprietary receipts from the public	154 BA	-117	-104	-90	-90
	O				
	351 BA			-104,714	-17,126
	O				
	BA			104,714	17,126
	O				
	452 BA	-1,850	-2,050	-2,092	-2,108
	O				
	BA			2,092	2,108
	O				
	808 BA	-6			
	O				
	908 BA		-180	-191	-202
	O				
Total Trust funds	BA	8,206,883	9,701,678	8,030,403	7,101,496
	O	8,285,350	10,307,365	5,289,570	4,920,972

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Other Independent Agencies—Con.					
Summary—Con.					
Interfund transactions	452 BA	-1,850	-2,050	-2,092	-2,108
	O			2,092	2,108
	BA				
	O				
	502 BA	-10,000	-10,000		
	O				
	503 BA		-150	-150	
	O				
	601 BA	-4,984,299	-5,182,943	-5,113,464	-5,476,520
	O			59,700	132,000
	BA				
	O				
	803 BA		-4	-4	-4
	O				
Total Other Independent Agencies	BA	25,900,403	27,796,080	21,137,097	19,887,908
	O	23,443,509	24,719,076	14,899,568	18,294,492

Allowances

Allowances for:

Federal funds

General and Special Funds:

Civilian agency pay raises					
Appropriation, current	BA			136,000	1,411,000
Outlays	O			140,000	1,445,000
Coast Guard military pay raises					
Appropriation, current	BA			17,000	46,000
Outlays	O			17,000	46,000
Proposed change in government contribution for employee health benefits					
Appropriation, current	BA			256,000	373,000
Outlays	O			256,000	373,000
Reduction in postal rates for government mail					
Appropriation, current	BA			261,000	261,000
Outlays	O			261,000	261,000
Contingencies for:					
Relatively uncontrollable programs					
Appropriation, current	BA			0	0
Outlays	O			0	0
Other requirements					
Appropriation, current	BA			0	0
Outlays	O			0	0
Total Federal funds Allowances for:	BA			-364,000	823,000
	O			-360,000	857,000

Summary

Federal funds:					
Total Allowances	BA			-364,000	823,000
	O			-360,000	857,000

See footnotes at end of table.

9-190 THE FEDERAL PROGRAM BY AGENCY AND ACCOUNT

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Totals					
Budget Totals					
Federal funds:					
(As shown in detail above)	BA	872,756,351	923,817,715	954,817,404	993,634,901
	O	848,360,785	910,203,808	924,656,568	959,059,733
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions	BA	<i>-19,200,252</i>	<i>-17,632,339</i>	<i>-17,716,922</i>	<i>-16,915,116</i>
	O			<i>16,144</i>	<i>8,500</i>
	BA			<i>16,144</i>	<i>8,500</i>
	O				
Interfund transactions from off-budget accounts...	BA	<i>-915,931</i>	<i>-934,000</i>	<i>-870,000</i>	<i>-795,000</i>
	O			<i>870,000</i>	<i>795,000</i>
	BA			<i>870,000</i>	<i>795,000</i>
	O				
Proprietary receipts from the public.....	BA	<i>-11,626,347</i>	<i>-11,791,445</i>	<i>-10,963,742</i>	<i>-10,929,006</i>
	O			<i>2,119,742</i>	<i>674,825</i>
	BA			<i>2,119,742</i>	<i>674,825</i>
	O				
(Undistributed by agency):					
Proprietary receipts from the public:					
Other interest	908 BA	<i>-1,387</i>		<i>-559,071</i>	
	O				
Rents and royalties on the Outer Continental Shelf	953 BA	<i>-3,547,691</i>	<i>-2,655,000</i>	<i>-3,710,020</i>	<i>-3,283,000</i>
	O				
Sale of major assets	954 BA			<i>2,285,000</i>	<i>1,500,000</i>
	O				
Other undistributed offsetting receipts	959 BA			<i>-2,652,000</i>	<i>-2,476,000</i>
	O				
Total deductions	BA	<i>-35,291,608</i>	<i>-33,012,784</i>	<i>-40,022,641</i>	<i>-34,419,797</i>
	O				
Federal fund totals	BA	<i>837,464,743</i>	<i>890,804,931</i>	<i>914,794,763</i>	<i>959,215,104</i>
	O	<i>813,069,177</i>	<i>877,191,024</i>	<i>884,633,927</i>	<i>924,639,936</i>
Trust funds:					
(As shown in detail above)	BA	253,870,222	275,319,694	297,903,996	313,038,193
	O	195,583,167	209,271,669	217,477,600	232,576,925
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions	BA	<i>-15,939</i>	<i>-11,400</i>	<i>-12,900</i>	<i>-13,000</i>
	O				
Intrafund transactions from off-budget accounts ..	BA	<i>-2,851,273</i>	<i>-2,865,000</i>	<i>-3,051,000</i>	<i>-3,188,000</i>
	O				<i>70,000</i>
	BA				<i>70,000</i>
	O				
Proprietary receipts from the public.....	BA	<i>-19,491,169</i>	<i>-22,124,302</i>	<i>-23,971,822</i>	<i>-25,989,585</i>
	O			<i>406,156</i>	<i>634,609</i>
	BA			<i>406,156</i>	<i>634,609</i>
	O				
Total deductions	BA	<i>-22,358,381</i>	<i>-25,000,702</i>	<i>-26,629,566</i>	<i>-28,485,976</i>
	O				
Trust fund totals	BA	<i>231,511,841</i>	<i>250,318,992</i>	<i>271,274,430</i>	<i>284,552,217</i>
	O	<i>173,224,786</i>	<i>184,270,967</i>	<i>190,848,034</i>	<i>204,090,949</i>
Interfund transactions (-):					
Interest received by on-budget trust funds	902 BA	<i>-34,479,701</i>	<i>-39,775,176</i>	<i>-44,350,788</i>	<i>-48,368,538</i>
	O				

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate
Totals—Con.				
Budget Totals—Con.				
	BA		✓ - 301,097	✓ - 875,398
	0			
Employer share, employee retirement (on-budget)	951 BA	- 29,036,842	- 29,427,038	- 27,844,314
	0			- 28,932,092
	BA			✓ - 225,409
	0			
Applied by agency above.....	BA	- 61,425,015	- 66,091,059	- 71,255,647
	0			- 74,765,753
Total interfund transactions.....	BA	- 124,941,588	- 135,293,273	- 143,751,846
	0			- 153,167,190
Budget totals Δ.....	BA	<u>944,035,026</u>	<u>1,005,830,650</u>	<u>1,042,317,347</u>
	0	<u>861,352,405</u>	<u>926,168,718</u>	<u>975,563,695</u>
Off-Budget Totals				
Trust funds:				
(As shown in detail above).....	BA	259,056,279	289,278,353	315,492,009
	0	220,256,701	233,267,775	246,716,755
Deductions for offsetting receipts:				
(As shown in detail above):				
Proprietary receipts from the public.....	BA			
	0	- 137		
Interfund transactions (-):				
Interest received by off-budget trust funds	903 BA	- 7,415,602	- 11,210,000	- 15,758,000
	0			- 20,472,000
	BA		✓ 870,000	✓ 795,000
	0			
Employer share, employee retirement (off-budget)	952 BA	- 4,382,000	- 4,848,722	- 5,551,041
	0			- 5,928,000
Applied by agency above.....	BA	- 5,767,600	- 6,347,631	- 6,159,968
	0			- 4,921,000
Total deductions.....	BA	- 17,565,339	- 22,406,353	- 26,599,009
	0			- 30,526,000
Off-Budget totals Δ.....	BA	<u>241,490,940</u>	<u>266,872,000</u>	<u>288,893,000</u>
	0	<u>202,691,362</u>	<u>210,861,422</u>	<u>220,117,746</u>
Federal Government totals Δ.....	BA	<u>1,185,525,966</u>	<u>1,272,702,650</u>	<u>1,331,210,347</u>
	0	<u>1,064,043,767</u>	<u>1,137,030,140</u>	<u>1,151,847,861</u>

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual		1989 estimate		1990 estimate		1991 estimate	
Federal Government Totals								
Δ Federal Government budget totals are distributed as follows:								
	1988		1989		1990			
	BA	Outlays	BA	Outlays	BA	Outlays		
Federal funds:								
Enacted, pending and initial requests:								
Appropriations	921,987,677	908,152,376	950,956,419	936,161,356	646,268,802	639,333,586		
Multi-year appropriations requests ^(*)					346,350,794	329,940,104		
Proposed in this budget:								
Supplemental requests:								
Programs:								
Under existing legislation ^(A)	2,052,037	2,171,743		164,042		-36,805		
Pay:								
Civilian pay raises ^(B)		3,460						
Military pay raises ^(B)		240						
Rescission proposal ^(C)	-141,651	-30,750		-43,375		-31,875		
To be proposed separately:								
Under proposed legislation ^(D)	-80,348	-93,261	-6,700,047	-11,268,716	-9,871,363	-11,003,124		
Federal credit reform proposal ^(E)			10,925,032	3,261	10,063,668	847		
Allowances			-364,000	-360,000	823,000	857,000		
Deductions for offsetting receipts	-33,012,784	-33,012,784	-36,471,755	-36,471,755	-34,398,122	-34,398,122		
Under proposed legislation ^(D)			-3,550,886	-3,550,886	-21,675	-21,675		
Total Federal funds	<u>890,804,931</u>	<u>877,191,024</u>	<u>914,794,763</u>	<u>884,633,927</u>	<u>959,215,104</u>	<u>924,639,936</u>		
Trust funds:								
Enacted, pending and initial requests:								
Appropriations	564,348,492	442,536,889	612,994,074	471,795,521	656,650,495	505,180,285		
Multi-year appropriations requests ^(*)					73,780	88,505		
Proposed in this budget:								
Supplemental requests:								
Programs:								
Under existing legislation ^(A)	254,000	4,000						
Rescission proposal ^(C)	-1,445	-1,445						
To be proposed separately:								
Under proposed legislation ^(D)	-3,000		401,931	-7,601,166	-668,082	-10,438,069		
Deductions for offsetting receipts	-25,000,702	-25,000,702	-27,035,722	-27,035,722	-29,190,585	-29,190,585		
Under proposed legislation ^(D)			406,156	406,156	704,609	704,609		
Total Trust funds	<u>539,597,345</u>	<u>417,538,742</u>	<u>586,766,439</u>	<u>437,564,789</u>	<u>627,570,217</u>	<u>466,344,745</u>		
Interfund transactions (-)	-157,699,626	-157,699,626	-170,350,855	-170,350,855	-183,693,190	-183,693,190		
Budget totals	<u>1,272,702,650</u>	<u>1,137,030,140</u>	<u>1,331,210,347</u>	<u>1,151,847,861</u>	<u>1,403,092,131</u>	<u>1,207,291,491</u>		

^A Supplemental under existing legislation.
^B Supplemental. Additional authorizing legislation required.
^C Supplemental for wage-board pay raises.
^D Supplemental for civilian pay raises.
^E Supplemental for military pay raises.
^F Proposed transfer to other accounts for pay raises (-)
^G Proposed transfer from other accounts for pay raises.
^H Rescission proposal.
^I Proposed for later transmittal under existing legislation.
^J Proposed for later transmittal under proposed legislation.
^K Additional authorizing legislation required.
^L Legislative action required.
^M Second year of two year budget.
^N Federal credit reform proposal.

PART 10

SUMMARY TABLES

10-1

PART 10

SUMMARY TABLES

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EXPLANATION OF THE SUMMARY TABLES

Overview.—The tables in this part of the budget are organized as follows:

- Tables 1 through 10 provide summary data on the 1990 budget in terms of budget authority, outlays, receipts, and surpluses or deficits for the period 1988–94. Summary information is also included on Federal Government financing and debt, current services estimates, and Federal civilian employment.
- Tables 11 and 12 provide greater detail on governmental and offsetting receipts, respectively.
- Table 13 presents 5-year projections of the estimated costs of proposed legislation pursuant to 31 U.S.C. 1105 (a) (12).
- Table 14 provides data on controllability of outlays.
- Tables 15 through 19, 24 and 25 are historical in nature, giving data for earlier years on receipts by source; outlays by function; total receipts, outlays, and surpluses or deficits; and the on- and off-budget components of these amounts. Comparisons with the gross national product, receipts, and outlays in constant (fiscal year 1982) dollars are also presented.
- Tables 20 through 23 provide summary data on the credit budget and credit subsidies.

Periods covered.—Due to the change in fiscal year required by the Congressional Budget Act, the following periods are covered by the various columns or stub entries:

- July 1 through June 30, for the 1976 and prior fiscal periods.
- July 1 through September 30, 1976, for the transition quarter (TQ).
- October 1 through September 30, for the 1977 and subsequent fiscal periods.

Presentation of data.—As in the 1989 budget, totals shown in the 1990 budget include off-budget amounts, but the on- and off-budget components are identified separately.

In tables by agency, entries for “Health and Human Services, except social security” present on-budget data, and entries for “Health and Human Services, social security” present the off-budget amounts distributed by agency. The order of the agencies has changed to accommodate the enactment of Public Law No. 100-527. This law made the Veterans Administration a Cabinet agency and renamed it the Department of Veterans Affairs.

The outlay and deficit totals for 1988 are lower than those previously reported by the Department of the Treasury by \$11 million. The following table provides a reconciliation of the differences between the total published by Treasury and those published in this budget.

RECONCILIATION OF DIFFERENCES FOR 1988

(In millions of dollars)

	Outlays	Deficit (-)
Totals published by Treasury	1,064,055	- 155,102
Adjustments:		
Canteen revolving fund	- 32	+ 32
Corps of Engineers	- 19	+ 19
HUD participation sales fund	- 18	+ 18
Federal Home Loan Bank Board	- 2	+ 2
Federal Retirement Investment Thrift Board	- *	+ *
Loan guarantee revolving fund	+ 59	- 59
State	+ 1	- 1
Black lung, Labor	+ *	- *
Totals in the budget	1,064,044	- 155,090

* \$500 thousand or less.

The outlay and deficit totals for 1987 published in the 1989 budget have been reduced from \$1,004.6 billion and \$150.4 billion to \$1,003.8 billion and \$149.7 billion, respectively. This is because the 1987 data in the 1989 budget erroneously double counted \$756.6 million of spending. One error resulted from doublecounting a \$750 million intragovernmental transaction between the Commodity Credit Corporation and the Federal Crop Insurance Corporation in the Department of Agriculture. The other error was counting in both agencies \$6.6 million of outlays financed by the highway trust fund in the Department of Transportation but administered by the Department of Agriculture.

Allowances.—The tables in this part include a line entitled “Allowances” to cover certain budgetary transactions that are not reflected in either the agency or functional totals shown in the tables. The amounts on these lines are described in detail in the Allowances section of Part 5, “Federal Programs by Function.”

Undistributed offsetting receipts.—Offsetting receipts are generally deducted from budget authority and outlays at the subfunction and agency levels. However, in some cases these amounts are undistributed, i.e., deducted from totals for the Government as a whole rather than from a single agency or subfunction in order to avoid distortion of agency or subfunction totals. These payments are for the employer share, employee retirement (both on-budget and off-budget amounts), rents and royalties on the Outer Continental Shelf (OCS), the proposed sale of major assets (petroleum reserves and power marketing administrations), spectrum fees by the Federal Communications Commission, and chlorofluorocarbon production rights in 1989–94.

In addition, some offsetting receipts are undistributed at the agency level but not at the subfunction level. These are interest received by on-budget trust funds and interest received by off-

budget trust funds (subfunctions 902 and 903, respectively), and interest received from the OCS escrow account (in subfunction 908). Accordingly, the offsetting receipt totals identified as undistributed in tables by agency are larger than those shown in tables by function by the amount of the interest received by trust funds and the interest received from the OCS escrow account.

Description of the tables.—Each table in this part is described below.

- *Table 1, Summary*, provides a general overview of budget authority, receipts, outlays, and surpluses or deficits for 1988-94. Summary information on the Federal credit budget and on the Federal debt are also provided.
- *Table 2, Receipts by source and outlays by agency, 1988-94*, displays data on the composition of receipts by source, the distribution of outlays by the Legislative and Judicial Branches and by major agency in the Executive Branch, and the surpluses or deficits for these years.
- *Table 3, Outlays by function, 1988-94*, distributes outlays by function. Supporting data by subfunction from 1980-90 is found in table 16. Part 5 of this volume provides detail at the program level for 1988-92.
- *Table 4, Federal Government financing and debt*, shows the means of financing the Federal deficit, the debt held by Government accounts and the public, and the amount of debt subject to statutory limitation. Further data and information are contained in Special Analysis E, "Borrowing and Debt", and Part 7 of this volume.
- *Table 5, Full-time equivalent of Federal civilian employment*, provides full-time equivalent employment estimates for the major departments and agencies of the Executive Branch for 1988-91. For additional information, see Special Analysis I, "Civilian Employment in the Executive Branch", in the Special Analyses volume.
- *Table 6, Budget authority by function, 1988-94*, distributes budget authority by function. For detail at the program level, see Part 5 of this volume. For the subfunctional classification of budget authority in each account, see Part 9 of this volume.
- *Table 7, Budget authority by agency, 1988-94*, presents the distribution of budget authority by Legislative and Judicial Branches and by major agency in the Executive Branch. For account level detail, see Part 9 of this volume.
- *Table 8, Budget authority and outlays available through and without current action by Congress*, presents budget authority, including supplemental requests, for 1988-90 that requires congressional action during or immediately preceding the fiscal year in which it becomes available, and ties budget

authority and outlays available through current action to totals. In most cases, off-budget (social security trust fund) amounts are available as the result of previously enacted legislation (substantive legislation or prior appropriations acts) and do not require further action by Congress. Therefore, they are included in the portion available without current action by Congress. The remaining off-budget amounts are included in the portion available through current action by Congress.

- *Table 9, Relation of budget authority to outlays*, provides a bridge from budget authority to net obligations incurred to outlays for 1988-90. Data on off-budget amounts are included without separate identification. References are included to other tables in this part that provide detail on data shown in this table. A chart on the relationship of budget authority to outlays is shown in Part 7 of this volume.
- *Table 10, Balances of budget authority*, presents data on obligated and unobligated balances of budget authority for 1988-90.
- *Table 11, Receipts by source*, provides detailed data by source for 1988-90 on receipts that are classified as governmental receipts. The total of these receipts is compared with total outlays to calculate the Federal deficit. Information on governmental receipts is also included in table 15 and in Part 4 of this volume.
- *Table 12, Offsetting receipts by type*, presents, by type, offsetting receipts for 1988-90, which are deducted from gross disbursements to calculate outlays. Offsetting receipts data are also included in Part 9 of this volume.
- *Table 13, Legislative proposals for major new and expanded programs in the 1990 budget, projection of costs*, provides a description of major legislative proposals and a projection of costs for 1989-94.
- *Table 14, Controllability of outlays, 1988-90*, displays outlays classified as relatively uncontrollable and relatively controllable.
- *Table 15, Receipts by source, 1980-90*, provides historical data on governmental receipts by source.
- *Table 16, Outlays by function and subfunction, 1980-90*, includes historical data on outlays by function and subfunction.
- *Table 17, Federal finances and the gross national product, 1973-94*, displays receipts, outlays, surpluses or deficits, and Federal debt, and shows these amounts as percentages of the gross national product.

- *Table 18, Composition of receipts and outlays in current dollars, 1975-94*, includes historical data on the composition of receipts and outlays in current dollars.
- *Table 19, Composition of receipts and outlays in constant (fiscal year 1982) dollars, 1975-94*, includes historical data on the composition of receipts and outlays in constant dollars for the same categories shown in table 18.
- *Table 20, Credit budget: new direct loan obligations, guaranteed loan commitments and subsidies by agency*, displays direct loans outstanding for 1988, new obligations for direct loans for 1988-90, guaranteed loans outstanding for 1988, new commitments for guaranteed loans for 1988-90, and subsidies for 1990. Additional credit budget information can be found in Part 6 of this volume and Special Analysis F, "Federal Credit Programs", of the Special Analyses volume.
- *Table 21, Credit budget: new direct loan obligations, guaranteed loan commitments, and subsidies by function*, displays direct loans outstanding for 1988, new obligations for direct loans for 1988-90, guaranteed loans outstanding for 1988, new commitments for guaranteed loans for 1988-90, and subsidies for 1990.
- *Table 22, Direct loan obligations, guaranteed loan commitments and Government-sponsored enterprise obligations, by sector, 1980-94* summarizes total direct loan obligations and guaranteed loan commitments and Government-sponsored enterprise obligations by sector: agriculture, business, education, housing, and other.
- *Table 23, Direct loan obligations, guaranteed loan commitments, and Government-sponsored enterprise obligations, 1951-94*, includes historical data on direct loan obligations, guaranteed loan commitments, and Government-sponsored enterprise obligations. (Government-sponsored enterprise obligation data was not collected prior to 1972.)
- *Table 24, Total receipts and outlays, 1789-94*, includes historical data and out-year estimates of total receipts, outlays, and surpluses or deficits. Beginning in 1937, data include amounts for social security trust funds that are off-budget under current law.
- *Table 25, On-budget and off-budget receipts and outlays, 1937-94*, provides historical data and out-year estimates of on- and off-budget components of total receipts, outlays, and surpluses or deficits shown in table 24.

Table 1. SUMMARY

(In billions of dollars)

Description	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
TOTALS							
Budget authority	1,185.5	1,272.7	1,331.2	1,403.1	1,452.4	1,504.5	1,547.8
On-budget	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)	(1,150.2)	(1,173.5)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Receipts	909.0	975.5	1,059.3	1,140.5	1,212.2	1,281.4	1,345.0
On-budget	(667.5)	(708.7)	(770.4)	(828.0)	(880.4)	(927.1)	(970.7)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Outlays	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
On-budget	(861.4)	(926.2)	(931.7)	(975.6)	(1,003.6)	(1,029.3)	(1,053.8)
Off-budget	(202.7)	(210.9)	(220.1)	(231.7)	(240.8)	(249.8)	(257.8)
Surplus or deficit (-)	-155.1	-161.5	-92.5	-66.8	-32.2	2.4	33.4
On-budget	(-193.9)	(-217.5)	(-161.3)	(-147.6)	(-123.2)	(-102.2)	(-83.1)
Off-budget	(38.8)	(56.0)	(68.8)	(80.8)	(91.0)	(104.6)	(116.4)

THE CREDIT BUDGET

New direct loan obligations ...	27.2	16.9	12.3	12.8	11.8	10.8	9.5
New guaranteed loan commitments ¹	100.7	112.8	111.7	114.1	116.3	118.0	120.0
Total	127.9	129.8	123.9	126.9	128.1	128.8	129.5
Change in outstandings:							
Direct loans	-13.4	-12.6	-9.9	-6.1	-5.1	-5.6	-6.1
Guaranteed loans ¹	40.3	36.7	32.5	29.9	31.9	30.6	29.8
Total	26.9	24.0	22.6	23.7	26.8	25.1	23.7

FEDERAL DEBT

Debt outstanding, end of year:							
Gross Federal debt	2,600.8	2,868.8	3,107.2	3,335.6	3,537.1	3,719.7	3,886.4
Held by:							
Government accounts ...	550.6	675.0	822.2	984.3	1,154.2	1,339.8	1,540.4
The public	2,050.2	2,193.8	2,285.0	2,351.2	2,382.9	2,379.9	2,346.0
(Federal Reserve Banks)	(229.2)						
(Other)	(1,821.0)						
ADDENDUM							
Debt subject to statutory limitation	2,586.9	2,845.4	3,084.0	3,309.3	3,506.1	3,684.1	3,847.3

¹ To avoid double counting, excludes guarantees (or commitments) of loans previously guaranteed or guarantees (or commitments) by one Government account of direct loans made by another Government account.

Table 2. RECEIPTS BY SOURCE AND OUTLAYS BY AGENCY, 1988-94

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
Receipts by source:							
Individual income taxes	401.2	425.2	466.7	508.5	549.3	580.9	613.3
Corporation income taxes	94.5	107.0	117.4	129.2	137.2	145.6	150.6
Social insurance taxes and contribu- tions.....	334.3	363.9	391.5	419.0	441.9	469.8	494.6
On-budget	(92.8)	(97.0)	(102.6)	(106.5)	(110.1)	(115.5)	(120.4)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Excise taxes	35.2	34.0	35.3	33.7	33.1	33.6	34.2
Estate and gift taxes	7.6	7.8	8.1	8.3	8.3	8.3	8.4
Customs duties and fees	16.2	16.3	18.0	19.2	20.2	20.9	21.9
Miscellaneous receipts	19.9	21.4	22.4	22.6	22.2	22.2	21.9
Total receipts	909.0	975.5	1,059.3	1,140.5	1,212.2	1,281.4	1,345.0
On-budget	(667.5)	(708.7)	(770.4)	(828.0)	(880.4)	(927.1)	(970.7)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Outlays by agency:							
Legislative Branch	1.9	2.2	2.2	2.2	2.2	2.2	2.2
The Judiciary	1.3	1.5	1.5	1.5	1.5	1.6	1.6
Executive Office of the President.....	0.1	0.1	0.1	0.3	0.3	0.3	0.3
Funds Appropriated to the President..	7.3	5.6	11.5	11.1	11.6	11.5	11.7
Agriculture.....	44.0	52.1	42.4	45.2	43.3	41.2	39.3
Commerce.....	2.3	2.8	3.5	2.3	2.1	2.0	1.8
Defense—Military.....	281.9	289.8	293.8	304.7	316.3	329.4	343.5
Defense—Civil.....	22.0	23.4	23.8	24.8	25.6	26.3	27.1
Education.....	18.2	20.8	24.5	25.1	24.2	23.5	23.3
Energy.....	11.2	11.4	11.0	12.5	13.2	13.6	14.2
Health and Human Services, except Social Security	159.1	174.7	183.8	200.0	219.7	236.6	254.0
Health and Human Services, Social Security.....	214.5	226.9	240.6	257.3	271.3	284.7	297.0
Housing and Urban Development.....	18.9	20.4	22.6	24.1	24.4	24.1	23.3
Interior.....	5.1	5.5	3.1	5.1	4.8	3.3	4.5
Justice.....	5.4	6.0	6.8	7.3	7.4	7.5	7.6
Labor.....	21.9	22.8	23.0	23.6	24.6	25.6	26.4
State.....	3.4	3.6	3.9	3.9	4.0	4.1	4.2
Transportation.....	26.4	27.1	27.3	27.4	27.3	27.3	27.2
Treasury.....	202.4	227.7	235.7	238.9	235.7	232.3	226.6
Veterans Affairs.....	29.3	29.2	29.8	30.5	31.3	31.9	31.9
Environmental Protection Agency.....	4.9	5.2	5.5	5.6	5.3	4.9	4.7
General Services Administration.....	-0.3	*	0.1	0.4	*	0.1	*
National Aeronautics and Space Ad- ministration.....	9.1	10.6	12.6	14.0	15.1	15.9	16.4
Office of Personnel Management.....	29.2	30.8	30.5	31.8	33.9	36.2	38.3
Small Business Administration.....	-0.1	0.2	-0.1	-0.1	-0.2	-0.1	-0.3
Other Independent Agencies	23.4	24.7	14.9	18.3	16.2	16.0	14.9
Allowances.....			-0.4	0.9	2.0	3.1	4.0
Undistributed offsetting receipts.....	-78.9	-87.9	-102.1	-111.3	-118.5	-126.0	-134.0
Interest.....	(-41.9)	(-51.0)	(-60.1)	(-68.9)	(-76.5)	(-82.7)	(-88.1)
Other.....	(-37.0)	(-36.9)	(-42.0)	(-42.3)	(-42.0)	(-43.4)	(-45.9)
Total outlays	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
On-budget	(861.4)	(926.2)	(931.7)	(975.6)	(1,003.6)	(1,029.3)	(1,053.8)
Off-budget.....	(202.7)	(210.9)	(220.1)	(231.7)	(240.8)	(249.8)	(257.8)

* \$50 million or less.

Table 3. OUTLAYS BY FUNCTION, 1988-94

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
050 National defense.....	290.4	298.3	303.0	314.4	326.4	339.9	354.3
Department of Defense--Military.....	(281.9)	(289.8)	(293.8)	(304.7)	(316.3)	(329.4)	(343.5)
Other.....	(8.4)	(8.5)	(9.2)	(9.7)	(10.2)	(10.5)	(10.8)
150 International affairs.....	10.5	10.7	17.3	17.0	17.4	17.3	17.4
250 General science, space, and technology...	10.8	12.6	14.9	16.7	18.0	19.1	20.1
270 Energy.....	2.3	4.1	2.3	3.1	3.2	3.0	3.1
300 Natural resources and environment.....	14.6	16.5	14.4	16.7	15.7	13.7	14.4
350 Agriculture.....	17.2	20.9	15.9	15.7	14.0	11.4	8.7
370 Commerce and housing credit.....	18.8	20.0	8.3	12.6	9.8	9.0	5.9
400 Transportation.....	27.3	28.0	28.3	28.5	28.4	28.5	28.3
450 Community and regional development.....	5.3	6.3	6.4	5.9	5.3	5.0	4.7
500 Education, training, employment, and social services.....	31.9	36.4	39.5	39.9	39.0	38.1	38.0
550 Health.....	44.5	49.8	52.2	56.7	61.5	66.6	71.1
570 Medicare.....	78.9	86.7	94.9	107.1	120.9	132.1	143.3
600 Income security.....	129.3	136.9	136.8	142.5	148.6	154.4	160.9
650 Social security.....	219.3	232.3	246.7	262.3	276.8	290.5	303.2
On-budget.....	(4.9)	(5.4)	(6.2)	(4.9)	(5.5)	(5.9)	(6.2)
Off-budget.....	(214.5)	(226.9)	(240.6)	(257.3)	(271.3)	(284.7)	(297.0)
700 Veterans benefits and services.....	29.4	29.2	29.9	30.6	31.4	32.0	32.0
750 Administration of justice.....	9.2	9.4	10.6	10.9	11.1	11.3	11.4
800 General government.....	9.5	10.0	10.0	10.3	9.9	9.7	9.5
870 Central federal credit activities.....			-7.2	-7.9	-7.4	-6.2	-5.3
900 Net interest.....	151.7	165.7	170.1	165.7	154.5	144.0	132.3
On-budget.....	(159.2)	(176.9)	(185.0)	(185.4)	(178.5)	(171.9)	(164.0)
Off-budget.....	(-7.4)	(-11.2)	(-14.9)	(-19.7)	(-24.0)	(-27.9)	(-31.7)
920 Allowances							
Civilian agency pay raises.....			0.2	1.5	2.7	3.8	4.8
Employee health benefits reform.....			-0.3	-0.4	-0.4	-0.5	-0.6
Reduced Government mail rates.....			-0.3	-0.3	-0.3	-0.3	-0.3
Total allowances.....			-0.4	0.9	2.0	3.1	4.0
950 Undistributed offsetting receipts							
Employer share, employee retirement (on-budget).....	-29.0	-29.4	-27.8	-29.2	-30.3	-31.4	-32.8
Employer share, employee retirement (off-budget).....	-4.4	-4.8	-5.6	-5.9	-6.4	-7.0	-7.6
Rents and royalties on the Outer Continental Shelf.....	-3.5	-2.7	-3.7	-3.3	-3.5	-3.3	-3.5
Sale of major assets.....			-2.3	-1.5	-1.2	-1.0	-1.0
Other undistributed offsetting receipts.....			-2.7	-2.5	-0.6	-0.6	-1.0
Total undistributed offsetting receipts.....	-37.0	-36.9	-42.0	-42.3	-42.0	-43.4	-45.9
On-budget.....	(-32.6)	(-32.1)	(-36.5)	(-36.4)	(-35.5)	(-36.4)	(-38.3)
Off-budget.....	(-4.4)	(-4.8)	(-5.6)	(-5.9)	(-6.4)	(-7.0)	(-7.6)
Total outlays.....	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
On-budget.....	(861.4)	(926.2)	(931.7)	(975.6)	(1,003.6)	(1,029.3)	(1,053.8)
Off-budget.....	(202.7)	(210.9)	(220.1)	(231.7)	(240.8)	(249.8)	(257.8)

Table 4. FEDERAL GOVERNMENT FINANCING AND DEBT ¹

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
FINANCING							
Surplus or deficit (—)	—155.1	—161.5	—92.5	—66.8	—32.2	2.4	33.4
On-budget	(—193.9)	(—217.5)	(—161.3)	(—147.6)	(—123.2)	(—102.2)	(—83.1)
Off-budget	(38.8)	(56.0)	(68.8)	(80.8)	(91.0)	(104.6)	(116.4)
Means of financing other than borrowing from the public:							
Decrease or increase (—) in Treasury operating cash balance ..	—8.0	14.4					
Increase or decrease (—) in:							
Checks outstanding, etc. ²	0.5	2.9	1.7				
Deposit fund balances	— .6	— *	— .9				
Seigniorage on coins	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Proceeds from the sale of loan assets with recourse	0.6	*	*	*	*	*	*
Total, means of financing other than borrowing from the public	—7.0	17.9	1.3	0.6	0.6	0.6	0.6
Total, requirements for borrowing from the public	—162.1	—143.6	—91.2	—66.2	—31.6	3.0	33.9
Change in debt held by the public	162.1	143.6	91.2	66.2	31.6	—3.0	—33.9
DEBT, END OF YEAR							
Gross Federal debt:							
Debt issued by Treasury	2,588.3	2,844.0	3,078.5	3,303.9	3,500.6	3,678.7	3,841.9
Debt issued by other agencies	12.5	24.7	28.7	31.7	36.4	41.0	44.5
Total, gross Federal debt	2,600.8	2,868.8	3,107.2	3,335.6	3,537.1	3,719.7	3,886.4
Held by:							
Government accounts	550.6	675.0	822.2	984.3	1,154.2	1,339.8	1,540.4
The public	2,050.2	2,193.8	2,285.0	2,351.2	2,382.9	2,379.9	2,346.0
(Federal Reserve Banks)	(229.2)						
(Other)	(1,821.0)						

Table 4. FEDERAL GOVERNMENT FINANCING AND DEBT ¹—Continued

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR							
Debt issued by Treasury	2,588.3	2,844.0	3,078.5	3,303.9	3,500.6	3,678.7	3,841.9
Treasury debt not subject to limitation ²	-15.4	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6
Agency debt subject to limitation	0.1	0.4	0.7	0.7	0.7	0.7	0.7
Unamortized discount (less premium) on Treasury debt held by the public	13.9	16.5	20.3	20.3	20.3	20.3	20.3
Total, debt subject to statutory limitation ⁴ .	2,586.9	2,845.4	3,084.0	3,309.3	3,506.1	3,684.1	3,847.3

* \$50 million or less.

¹ For further data on the debt and for discussion of the debt, see Part 7 of this volume and Special Analysis E, "Borrowing and Debt."
² Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

³ Consists of Federal Financing Bank debt and other Treasury debt not subject to statutory limitation.

⁴ The statutory debt limit is \$2,800 billion.

Table 5. FULL-TIME EQUIVALENT OF FEDERAL CIVILIAN EMPLOYMENT ¹

Agency	Fiscal Year				
	1988 actual ²	1989 estimate	1990 estimate	1991 estimate	difference 1989-90
Agriculture	106,552	106,371	104,290	102,493	-2,081
Commerce	35,080	40,581	86,499	35,529	45,918
Defense—Civil functions.....	28,267	28,181	28,115	27,858	-66
Education	4,516	4,526	4,620	4,620	94
Energy.....	16,258	16,103	15,698	15,374	-405
Health and Human Services	118,734	114,849	114,000	111,593	-849
Housing & Urban Development.....	12,971	13,239	12,975	12,676	-264
Interior.....	70,336	70,335	68,500	68,500	-1,835
Justice.....	70,939	76,971	80,040	81,833	3,069
Labor.....	18,178	18,729	18,491	18,503	-238
State.....	25,482	25,977	25,881	25,736	-96
Transportation	61,330	62,069	64,253	65,577	2,184
Treasury.....	153,063	153,604	155,594	155,084	1,990
Veterans Affairs ³	214,433	215,090	206,064	207,042	-9,026
Environmental Protection Agency.....	14,389	14,720	15,130	14,876	410
National Aeronautics and Space Administration.....	22,326	23,734	24,007	24,007	273
Other:					
Agency For International Development.....	4,582	4,520	4,640	4,640	120
General Services Administration.....	18,807	19,440	19,274	18,856	-166
Nuclear Regulatory Commission.....	3,268	3,180	3,195	3,195	15
Office of Personnel Management.....	5,386	5,662	5,816	5,685	154
Panama Canal Commission.....	8,625	8,813	8,813	8,813	
Small Business Administration.....	4,105	4,065	4,030	3,959	-35
Tennessee Valley Authority.....	29,265	26,000	26,000	26,000	
United States Information Agency.....	8,796	8,815	8,700	8,550	-115
Miscellaneous	41,771	42,750	42,680	42,872	-70
Estimated nondefense lapse		-11,083	-11,473	-10,939	-390
Civilian agency employment.....	1,097,459	1,097,241	1,135,832	1,082,932	38,591
Defense—Military functions: ⁴					
(Civilian personnel).....	1,024,581	1,017,459	1,017,312	1,013,695	-147
Subtotal.....	2,122,040	2,114,700	2,153,144	2,096,627	38,444
Postal Service Employment ⁵	777,171	790,152	802,184	802,184	12,032
Total, Full-time Equivalents, Executive Branch (civilian personnel).....	2,899,211	2,904,852	2,955,328	2,898,811	50,476
ADDENDUM					
Active duty military personnel: ⁶					
Department of Defense.....	2,142,133	2,132,624	2,136,625	2,136,537	4,001
Department of Transportation (Coast Guard).....	38,286	38,225	38,171	38,171	-54
Total, military personnel.....	2,180,419	2,170,849	2,174,796	2,174,708	3,947
Grand total, Executive Branch.....	5,079,630	5,075,701	5,130,124	5,073,519	54,423

¹ Developmental positions under the Worker-Trainee Opportunity Program.

² Data are estimated for portions of Defense-Civil Functions as well as for the Federal Reserve System, Board of Governors and the International Trade Commission.

³ Due to changes in FTE controls enacted in P.L. 100-322 VA employment data are reported on a different basis than those displayed in the FY 1989 budget.

⁴ By law (10 U.S.C., Chapter 4, section 140b), the Department of Defense is exempt from full-time equivalent employment controls. Data shown are estimated.

⁵ Includes the Postal Rate Commission.

⁶ These data represent the average number of active duty military personnel in each fiscal year. They are not strictly comparable to the FTE data presented above and are presented for information purposes only. (See text under "End-of-year employment levels.")

Table 6. BUDGET AUTHORITY BY FUNCTION, 1988-94

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
050 National defense.....	292.0	298.8	315.2	330.8	346.1	361.4	376.6
Department of Defense-Military.....	(283.8)	(290.2)	(305.6)	(320.9)	(335.7)	(350.7)	(365.6)
Other.....	(8.3)	(8.6)	(9.5)	(9.9)	(10.4)	(10.7)	(11.0)
150 International affairs.....	17.2	16.2	18.9	18.2	18.6	19.4	19.5
250 General science, space, and technology...	10.9	13.0	15.5	17.4	18.9	19.9	20.7
270 Energy.....	5.5	5.7	3.6	4.5	4.7	4.7	5.2
300 Natural resources and environment.....	15.4	16.8	12.7	15.1	14.5	12.7	13.2
350 Agriculture.....	18.4	25.1	20.6	20.8	19.6	16.8	11.9
370 Commerce and housing credit.....	22.7	22.9	17.5	15.8	15.3	16.5	12.8
400 Transportation.....	28.1	29.4	28.8	28.8	29.1	28.9	29.0
450 Community and regional development.....	8.8	6.7	6.4	6.1	5.5	5.5	5.6
500 Education, training, employment, and social services.....	35.0	37.9	40.4	39.6	38.7	38.1	38.2
550 Health.....	45.6	51.1	53.6	57.6	62.4	67.3	72.0
570 Medicare.....	94.2	107.4	125.4	136.1	147.7	161.2	175.0
600 Income security.....	169.3	174.8	176.4	190.9	194.4	198.4	203.7
650 Social security.....	258.1	288.3	315.5	343.0	367.7	395.1	419.7
On-budget.....	(4.9)	(5.4)	(6.2)	(4.9)	(5.5)	(5.9)	(6.2)
Off-budget.....	(253.3)	(282.9)	(309.3)	(338.1)	(362.2)	(389.3)	(413.5)
700 Veterans benefits and services.....	29.5	29.9	30.1	31.1	31.8	32.4	32.3
750 Administration of justice.....	9.4	9.9	10.7	10.8	11.2	11.4	11.3
800 General government.....	10.4	9.9	10.1	10.1	10.0	9.9	9.7
870 Central federal credit activities.....			2.1	2.1	1.7	1.5	1.4
900 Net interest.....	151.7	165.7	170.1	165.7	154.5	144.0	132.3
On-budget.....	(159.2)	(176.9)	(185.0)	(185.4)	(178.5)	(171.9)	(164.0)
Off-budget.....	(-7.4)	(-11.2)	(-14.9)	(-19.7)	(-24.0)	(-27.9)	(-31.7)
920 Allowances							
Civilian agency pay raises.....			0.2	1.5	2.6	3.6	4.5
Employee health benefits reform.....			-0.3	-0.4	-0.4	-0.5	-0.6
Reduced Government mail rates.....			-0.3	-0.3	-0.3	-0.3	-0.3
Total allowances.....			-0.4	0.8	1.9	2.9	3.7
950 Undistributed offsetting receipts							
Employer share, employee retirement (on-budget).....	-29.0	-29.4	-27.8	-29.2	-30.3	-31.4	-32.8
Employer share, employee retirement (off-budget).....	-4.4	-4.8	-5.6	-5.9	-6.4	-7.0	-7.6
Rents and royalties on the Outer Continental Shelf.....	-3.5	-2.7	-3.7	-3.3	-3.5	-3.3	-3.5
Sale of major assets.....			-2.3	-1.5	-1.2	-1.0	-1.0
Other undistributed offsetting receipts.....			-2.7	-2.5	-0.6	-0.6	-1.0
Total undistributed offsetting receipts.....	-37.0	-36.9	-42.0	-42.3	-42.0	-43.4	-45.9
On-budget.....	(-32.6)	(-32.1)	(-36.5)	(-36.4)	(-35.5)	(-36.4)	(-38.3)
Off-budget.....	(-4.4)	(-4.8)	(-5.6)	(-5.9)	(-6.4)	(-7.0)	(-7.6)
Total budget authority.....	1,185.5	1,272.7	1,331.2	1,403.1	1,452.4	1,504.5	1,547.8
On-budget.....	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)	(1,150.2)	(1,173.9)
Off-budget.....	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)

Table 7. BUDGET AUTHORITY BY AGENCY, 1988-94

(In billions of dollars)

Department or other unit	1988 Actual	Estimate					
		1989	1990	1991	1992	1993	1994
Legislative Branch.....	2.1	2.1	2.1	2.2	2.2	2.2	2.2
The Judiciary.....	1.3	1.5	1.5	1.6	1.6	1.6	1.6
Executive Office of the President.....	0.1	0.1	0.3	0.3	0.3	0.3	0.3
Funds Appropriated to the President.....	11.7	10.1	12.3	11.7	11.8	12.2	12.4
Agriculture.....	55.2	59.7	50.8	52.4	51.1	48.8	45.0
Commerce.....	2.4	2.8	3.2	2.1	1.9	1.9	1.8
Defense—Military.....	283.8	290.2	305.6	320.9	335.7	350.7	365.6
Defense—Civil.....	36.3	38.0	38.1	40.4	42.4	44.4	46.4
Education.....	20.2	22.2	25.9	24.8	24.2	23.4	23.4
Energy.....	11.2	12.0	12.4	14.0	14.6	14.9	15.4
Health and Human Services, except Social Security.....	177.0	196.1	214.1	229.3	246.5	266.1	286.1
Health and Human Services, Social Security.....	253.3	282.9	309.3	338.1	362.2	389.3	413.5
Housing and Urban Development.....	14.9	14.9	16.8	25.1	23.0	22.0	20.7
Interior.....	5.2	5.6	3.0	4.9	4.6	3.2	4.5
Justice.....	5.6	6.4	6.9	7.1	7.5	7.6	7.5
Labor.....	30.7	31.7	31.4	31.6	30.7	30.6	30.4
State.....	3.8	3.9	4.4	4.5	4.6	4.7	4.7
Transportation.....	27.2	28.4	27.8	27.7	28.0	27.7	27.9
Treasury.....	204.1	227.5	245.0	249.0	244.9	240.2	233.6
Veterans Affairs.....	29.4	29.8	30.0	31.0	31.7	32.3	32.2
Environmental Protection Agency.....	5.0	5.1	4.8	4.7	4.4	4.1	3.5
General Services Administration.....	0.2	—*	—*	—*	—*	—*	—*
National Aeronautics and Space Administration.....	9.1	11.0	13.1	14.6	15.7	16.3	16.7
Office of Personnel Management.....	48.1	50.6	53.3	55.4	57.8	59.6	61.6
Small Business Administration..	0.4	0.4	0.4	0.4	0.3	0.3	0.2
Other Independent Agencies.....	25.9	27.8	21.1	19.9	21.5	23.3	20.9
Allowances:							
Civilian agency pay raises.....			0.2	1.5	2.6	3.6	4.5
Employee health benefits reform.....			—0.3	—0.4	—0.4	—0.5	—0.6
Reduced Government mail rates.....			—0.3	—0.3	—0.3	—0.3	—0.3
Undistributed offsetting receipts.....	—78.9	—87.9	—102.1	—111.3	—118.5	—126.0	—134.0
Total budget authority.....	1,185.5	1,272.7	1,331.2	1,403.1	1,452.4	1,504.5	1,547.8
On-budget.....	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)	(1,150.2)	(1,173.5)
Off-budget.....	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)

* \$50 million or less

Table 8. BUDGET AUTHORITY AND OUTLAYS AVAILABLE THROUGH AND WITHOUT CURRENT ACTION BY CONGRESS ¹

(In millions of dollars)

Department or other unit	Budget Authority			Outlays		
	1988 actual	1989 estimate	1990 estimate	1988 actual	1989 estimate	1990 estimate
Portion available through current action by Congress:						
Legislative Branch	1,776	1,851	1,863	1,593	1,681	1,682
The Judiciary	1,325	1,491	1,491	1,139	1,286	1,272
Executive Office of the President.....	125	127	272	107	111	119
Funds appropriated to the President....	12,671	12,827	13,468	4,864	5,356	5,076
Agriculture.....	32,610	35,415	33,309	27,918	29,766	19,534
Commerce.....	2,409	2,742	3,142	1,530	1,888	2,653
Defense--Military.....	283,939	290,750	306,401	169,854	177,011	184,512
Defense--Civil.....	3,307	3,302	3,235	2,049	2,193	2,198
Education.....	20,307	21,898	22,804	6,960	7,305	7,937
Energy.....	14,183	13,180	13,969	8,569	7,988	8,552
Health and Human Services.....	89,538	99,189	102,490	79,916	89,433	88,486
Housing and Urban Development.....	12,863	12,704	15,112	1,212	1,423	3,071
Interior.....	5,383	5,697	5,058	4,065	4,291	3,948
Justice.....	5,557	5,880	6,367	4,193	4,417	4,907
Labor.....	6,317	6,587	6,273	2,105	2,458	2,124
State.....	3,158	3,260	3,776	2,303	2,435	2,831
Transportation.....	11,959	11,137	10,891	6,753	6,808	6,744
Treasury.....	7,407	7,854	10,556	6,301	6,613	104
Veterans Affairs.....	28,363	29,102	14,314	25,489	25,758	12,196
Environmental Protection Agency.....	5,267	5,305	4,883	1,685	1,665	1,619
General Services Administration.....	267	247	256	187	171	174
National Aeronautics and Space Administration.....	8,823	10,716	13,100	5,696	6,559	7,962
Office of Personnel Management.....	6,612	7,341	8,037	6,565	7,309	4,790
Small Business Administration.....	405	419	437	148	207	231
Other Independent Agencies.....	8,168	8,277	6,647	5,701	5,919	4,584
Allowances.....			-364			-370
Subtotal.....	572,737	597,297	607,787	376,903	400,053	376,936
Portion available without current action by Congress.....	812,946	891,119	960,426	541,404	543,159	524,382
Outlays from obligated balances ²				222,280	233,710	248,193
Outlays from unobligated balances ²				123,614	175,822	239,340
Deductions for offsetting receipts.....	-200,157	-215,713	-237,003	-200,157	-215,713	-237,003
Total budget authority and outlays.....	1,185,526	1,272,703	1,331,210	1,064,044	1,137,030	1,151,848
MEMORANDUM						
Appropriations to liquidate contract authority: ³						
Agriculture.....	7,334	5				
Education.....		330	6,958			
Interior.....	31	47				
Transportation.....	15,981	14,659	16,398			
Veterans Affairs.....		773	15,215			
Total.....	23,345	15,813	38,571			

¹ Includes budget authority and outlays that are off-budget under current law.² Outlays from appropriations to liquidate contract authority are included as outlays from balances.³ Excluded from budget authority above.

Table 9. RELATION OF BUDGET AUTHORITY TO OUTLAYS ¹

(In millions of dollars)

Description	1988 actual	1989 estimate	1990 estimate
<i>Budget authority available through current action by Congress:</i>			
Enacted, pending, or recommended herein:			
Appropriations ²	569,447	595,512	602,511
Contract authority.....	1,772	594	.....
Authority to borrow.....	673	1,103	45
Reappropriations and reauthorizations.....	845	172	57
To be requested separately:			
Appropriations ².....	.....	-83	611
Contract authority.....	.....	.....	4,781
Authority to borrow.....	.....	.....	-219
Total budget authority available through current action by Congress (Table 8).....	572,737	597,297	607,787
<i>Budget authority available without current action by Congress (permanent authorizations):</i>			
Appropriations ²	754,515	827,624	891,590
Proceeds of loan asset sales with recourse.....	598	24	.....
Contract authority.....	23,641	25,607	43,234
Authority to borrow.....	34,192	37,863	25,602
<i>Deductions for offsetting receipts (table 12):</i>			
Intragovernmental transactions.....	-165,490	-179,142	-191,148
Proprietary receipts from the public.....	-34,667	-36,571	-45,855
Total budget authority for the year (table 8).....	1,185,526	1,272,703	1,331,210
<i>Unobligated balances and adjustments:</i>			
Unobligated balances:			
Brought forward at start of year (table 10).....	578,423	666,053	775,947
Written off (rescinded, lapsed, etc.) ³	-20,237	-15,321	-16,643
Carried forward at end of year (table 10).....	-666,053	-775,947	-928,324
Obligations incurred, net ⁴.....	1,077,659	1,147,487	1,162,190
<i>Obligated balances:</i>			
Brought forward at start of year, funded (table 10).....	643,202	651,828	649,148
Adjustments in expired accounts.....	7,066	-136	-984
Adjustments in unexpired accounts.....	-12,055	-13,001	-12,859
Deficiency appropriations.....	.....	.....	.....
Carried forward at end of year (table 10).....	-651,828	-649,148	-645,635
Outlays (table 3).....	1,064,044	1,137,030	1,151,848
MEMORANDUM			
Federal funds included above:			
Budget authority available through current action by Congress....	566,572	592,360	600,536
Budget authority ⁵	837,465	890,805	914,795
Obligations incurred, net ⁵	823,407	885,431	892,708
Budget outlays ⁵	813,069	877,191	884,634

¹ Includes budget authority and outlays that are off-budget under current law.² Excludes appropriations to liquidate contract authority.

	1988 actual	1989 estimate	1990 estimate
Enacted, pending, or recommended herein.....	42,842	36,759	56,413
For later transmittal.....	.....	.....	4,098

³ Includes redemption of agency debt and capital transfers to the general fund.⁴ For additional information on obligations incurred, net, see the OMB report 'Object Class Analysis', which can be purchased from the National Technical Information Service shortly after the budget is transmitted.⁵ Amounts are net of intrafund transactions and proprietary receipts from the public.

Table 10. BALANCES OF BUDGET AUTHORITY ¹

(In millions of dollars)

Description	Start 1988		End 1988		End 1989		End 1990	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
Legislative Branch.....	427	353	429	588	413	487	418	438
The Judiciary.....	146	177	185	140	208	145	219	161
Executive Office of the President.....	19		20	1	20	*	22	137
Funds Appropriated to the President.....	50,835	30,303	50,143	30,641	49,770	30,364	49,860	30,486
Agriculture.....	31,362	2,119	38,555	2,900	38,938	2,881	36,951	2,271
Commerce.....	1,548	248	1,616	286	1,703	166	1,282	172
Defense—Military.....	212,484	47,621	216,941	42,292	218,376	41,196	227,721	43,614
Defense—Civil.....	2,457	37,061	2,495	51,303	2,697	65,751	2,872	79,898
Education.....	13,637	2,241	14,397	2,824	16,491	1,814	17,533	1,829
Energy.....	7,192	1,957	6,923	1,785	7,819	1,091	8,076	1,352
Health and Human Services, except Social Security.....	8,829	57,432	11,010	72,992	12,664	92,621	12,502	123,001
Health and Human Services, Social Security.....	16,864	48,576	18,660	85,579	20,668	139,582	22,007	207,018
Housing and Urban Development.....	207,865	48,160	198,286	44,922	183,295	41,568	165,892	39,748
Interior.....	2,105	2,069	2,188	2,014	2,463	1,745	2,328	1,705
Justice.....	1,517	458	1,640	496	2,012	519	2,146	512
Labor.....	3,705	32,046	3,951	40,484	3,868	49,389	3,878	57,731
State.....	1,009	4,721	1,168	4,915	1,598	4,783	2,032	4,884
Transportation.....	38,538	12,291	37,812	13,506	38,724	13,700	38,074	14,370
Treasury.....	1,846	20,290	3,303	20,155	2,791	20,244	1,640	30,465
Veterans Affairs.....	4,684	13,269	4,535	13,377	5,279	13,208	5,562	13,058
Environmental Protection Agency.....	8,390	1,908	9,093	1,285	9,741	557	9,278	315
General Services Administration..	749	1,106	622	1,669	913	1,387	1,208	964
National Aeronautics and Space Administration.....	2,795	3,298	3,646	2,359	5,321	1,042	6,188	727
Office of Personnel Management.....	3,282	183,758	3,650	202,336	3,972	221,838	4,176	244,417
Small Business Administration....	426	785	439	1,078	488	1,125	415	1,617
Other Independent Agencies: Export-Import Bank.....	1,561	1,093	1,546	717	1,640	597	983	386
Federal Home Loan Bank Board.....	-253	1,181	-1,430	3,097	-1,568	4,249	2,958	1,433
Railroad Retirement Board.....	-29	6,709	48	7,702	18	8,417	179	8,654
All Other Independent Agencies.....	19,212	17,194	19,957	14,609	18,828	15,480	19,242	16,963
Allowances.....							-6	
Total.....	643,202	578,423	651,828	666,053	649,148	775,947	645,635	928,324
MEMORANDUM								
Federal funds.....	569,827	175,094	575,358	169,111	570,460	159,396	564,679	166,044
Trust funds.....	73,375	403,329	76,470	496,942	78,687	616,551	80,956	762,280
Total.....	643,202	578,423	651,828	666,053	649,148	775,947	645,635	928,324

* \$500 thousand or less.

¹ Includes balances of budget authority that are off-budget under current law.

Table 11. RECEIPTS BY SOURCE

(In millions of dollars)

Source	1988 actual	1989 estimate	1990 estimate
Individual income taxes:			
Federal funds:			
Withheld.....	341,435	366,240	392,466
Other.....	132,232	138,405	154,315
Refunds.....	-72,487	-80,003	-86,291
Proposed legislation.....			-307
Total Federal funds net individual income taxes.....	401,181	424,642	460,183
Trust funds (Catastrophic health insurance).....		551	6,528
Total net individual income taxes.....	401,181	425,193	466,711
Corporation income taxes:			
Federal funds:			
Existing law.....	109,683	123,521	137,926
Proposed legislation.....			-1,993
Refunds.....	-15,487	-16,816	-18,848
Total Federal funds net corporation income taxes.....	94,195	106,705	117,086
Trust funds (Hazardous substance superfund).....	313	292	327
Total net corporation income taxes.....	94,508	106,997	117,413
Social insurance taxes and contributions (trust funds):			
Employment taxes and contributions:			
Old-age and survivors insurance (Off-budget).....	220,337	243,529	261,624
Disability insurance (Off-budget).....	21,154	23,343	27,269
Hospital insurance.....	59,859	65,515	69,850
Proposed legislation.....			2,027
Railroad retirement:			
Social Security equivalent account.....	1,417	1,352	1,339
Rail pension fund.....	2,326	2,297	2,255
Total employment taxes and contributions.....	305,093	336,037	364,363
On-budget.....	(63,602)	(69,165)	(75,470)
Off-budget.....	(241,491)	(266,872)	(288,893)
Unemployment insurance:			
State taxes deposited in Treasury ¹	18,310	17,408	16,525
Federal unemployment tax receipts ¹	5,920	5,442	5,612
Railroad unemployment tax receipts ¹	195	193	200
Proposed legislation.....		-3	-6
Railroad debt repayment ¹	158	57	104
Total unemployment insurance.....	24,584	23,097	22,435
Other retirement contributions:			
Federal employees' retirement-employee contributions.....	4,537	4,621	4,600
Contributions for non-Federal employees ²	122	116	110
Total other retirement contributions.....	4,658	4,737	4,710
Total social insurance taxes and contributions.....	334,335	363,871	391,509
On-budget.....	(92,845)	(96,999)	(102,616)
Off-budget.....	(241,491)	(266,872)	(288,893)
Excise taxes:			
Federal funds:			
Alcohol taxes:			
Distilled spirits.....	3,876	3,788	3,734
Beer.....	1,610	1,622	1,634
Wines.....	280	284	289
Special taxes in connection with liquor occupations.....	135	110	110

Table 11. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1988 actual	1989 estimate	1990 estimate
Refunds	-192	-188	-187
Total alcohol taxes	5,709	5,616	5,580
Tobacco taxes:			
Cigarettes	4,550	4,402	4,236
Cigars	40	40	40
Cigarette papers and tubes	2	2	2
Smokeless tobacco	24	24	24
Other	8	8	8
Refunds	-8	-8	-7
Total tobacco taxes	4,616	4,468	4,303
Manufacturers' excise taxes:			
Gasoline	1	1	1
Firearms, shells, and cartridges	85	87	89
Pistols and revolvers	29	30	31
Bows and arrows	12	12	13
Gas guzzler tax	114	123	133
Refunds	-33	-33	-33
Total manufacturers' excise taxes	208	220	234
Miscellaneous excise taxes:			
General and toll telephone and teletype service	2,610	2,755	2,954
Wagering taxes, including occupational taxes	8	9	9
Employee pension plans	212	89	69
Tax on foundations	279	297	295
Foreign insurance policies	138	70	140
Refunds	-139	-220	-20
Total miscellaneous excise taxes	3,110	3,000	3,447
Undistributed Federal tax deposits and unapplied collections	2,542	63	884
Total Federal fund excise taxes	16,185	13,368	14,448
Trust funds:			
Highway:			
Gasoline	9,167	9,348	9,392
Trucks, buses, and trailers	1,277	1,267	1,327
Tires, innertubes, and tread rubber	334	318	320
Diesel fuel used on highways	2,755	3,395	3,154
Use-tax on certain vehicles	581	588	606
Other	1	3	4
Total highway trust fund	14,114	14,919	14,804
Airport and airway:			
Transportation of persons	2,815	3,300	2,432
Waybill tax	168	180	134
Tax on fuels	95	101	68
International departure tax	111	107	111
Proposed legislation			1,190
Total airport and airway trust fund	3,189	3,688	3,934
Aquatic resources trust fund	208	205	203
Black lung disability insurance trust fund	594	606	627
Inland waterway trust fund	48	50	56
Hazardous substances response trust fund	698	931	966
Post-closure liability trust fund	-9	-12	
Vaccine injury compensation fund	74	92	99
Leaking underground storage tank trust fund	125	131	132
Total trust fund excise taxes	19,042	20,610	20,821

Table 11. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1988 actual	1989 estimate	1990 estimate
Total excise taxes	35,227	33,977	35,270
Estate and gift taxes	7,594	7,850	8,084
Customs duties and fees:			
Federal funds.....	16,024	16,062	17,180
Proposed legislation.....			574
Trust funds.....	174	219	234
Total customs duties and fees	16,198	16,281	17,988
Miscellaneous receipts: ³			
Miscellaneous taxes.....	137	257	298
Proposed legislation.....			8
Deposit of earnings, Federal Reserve System.....	17,163	17,950	18,619
Fees for permits and regulatory and judicial services:			
Immigration, passport, and consular fees.....	682	529	554
Patent and copyright fees.....	*		
Registration and filing fees.....	576	488	499
Proposed legislation.....			42
Coal mining reclamation fees.....	228	248	252
Miscellaneous fees for permits, licenses, etc.....	42	46	47
Proposed legislation.....			-6
Miscellaneous fees for regulatory and judicial services.....	119	359	331
Proposed legislation.....			328
Fees for legal and judicial services.....	1	4	4
Total fees for permits and regulatory and judicial services	1,648	1,674	2,052
Fines, penalties, and forfeitures.....	904	1,455	1,361
Restitutions, reparations, and recoveries under military occupation.....	13	2	2
Gifts and contributions.....	47	52	50
Refunds and recoveries.....	-2	-25	-25
Total miscellaneous receipts	19,910	21,365	22,365
Total budget receipts	908,954	975,534	1,059,339
On-budget.....	(667,463)	(708,662)	(770,446)
Off-budget.....	(241,491)	(266,872)	(288,893)
MEMORANDUM			
On-budget:			
Federal funds.....	560,183	593,793	643,649
Trust funds.....	232,222	250,162	270,549
Interfund transactions.....	-124,942	-135,293	-143,752
Total on-budget	667,463	708,662	770,446
Off-budget (trust funds)	241,491	266,872	288,893
Total	908,954	975,534	1,059,339

* \$500 thousand or less.

¹ Deposits by States are State payroll taxes that cover the benefit part of the program. Federal unemployment tax receipts cover administrative costs at both the Federal and State level. Railroad unemployment tax receipts cover both the benefits and administrative costs of the program for the railroads.² Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored, privately owned enterprises and the District of Columbia municipal government.³ Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are: 1988, \$165 million; 1989, \$203 million; and 1990, \$215 million.

Table 12. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Type	1988 actual	1989 estimate	1990 estimate
INTRAGOVERNMENTAL TRANSACTIONS			
Intrabudgetary transactions:			
Federal intrafund transactions:			
Distributed by agency:			
Interest from the Federal Financing Bank	15,228	14,110	13,420
Interest on Government capital in enterprises	3,716	3,335	3,384
Other	257	198	941
Total Federal intrafunds	19,200	17,643	17,745
Trust intrafund transactions:			
Distributed by agency	16	*	*
Total intrafund transactions	19,216	17,644	17,746
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Military retirement fund	10,285	9,782	11,183
Supplementary medical insurance	25,418	30,712	34,647
Hospital insurance	1,045	1,060	764
Railroad social security equivalent benefits	2,429	2,497	2,600
Rail industry pension fund	243	263	*
Civilian supplementary retirement contributions	15,837	16,802	17,342
Unemployment insurance	216	290	322
Other	219	273	245
Miscellaneous contributions	476	408	209
Subtotal	56,167	62,086	67,312
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds	4,584	3,423	3,386
Charges for services to trust funds	446	346	337
Other	228	236	221
Subtotal	5,258	4,005	3,944
Total interfunds distributed by agency	61,425	66,091	71,256
Undistributed by agency:			
Employer share, employee retirement (on-budget):			
Civil service retirement and disability insurance	8,708	8,546	9,029
Hospital insurance (contributions as employer) ¹	1,884	2,010	2,131
Military retirement fund	18,382	18,798	16,608
Other Federal employees retirement	63	73	76
Total employer share, employee retirement (on-budget)	29,037	29,427	27,844
Interest received by on-budget trust funds	34,480	39,775	44,652
Total interfund transactions undistributed by agency	63,517	69,202	72,496
Total interfund transactions	124,942	135,293	143,752
Total intrabudgetary transactions	144,158	152,937	161,498

Table 12. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1988 actual	1989 estimate	1990 estimate
Payments by on-budget accounts to off-budget accounts:			
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Old-age, survivors, and disability insurance	5,768	6,348	6,160
Undistributed by agency:			
Employer share, employee retirement (off-budget)	4,382	4,849	5,551
Interest received by off-budget trust funds	7,416	11,210	14,888
Total payments by on-budget accounts to off-budget accounts	17,565	22,406	26,599
Payments by off-budget accounts to on-budget accounts:			
Intrafund transactions from off-budget accounts:			
Distributed by agency:			
Payments to railroad retirement ²	2,851	2,865	3,051
Total Intrafund transactions from off-budget accounts	2,851	2,865	3,051
Interfund transactions from off-budget accounts:			
Distributed by agency:			
Interest payments to the Treasury	916	934	
Total payments by off-budget accounts to on-budget accounts	3,767	3,799	3,051
Total intragovernmental transactions	165,490	179,142	191,148
PROPRIETARY RECEIPTS FROM THE PUBLIC			
Distributed by agency:			
Interest:			
Interest on loans, Foreign Assistance Act	353	350	345
Other interest on foreign loans and deferred foreign collections	617	863	899
Interest on deposits in tax and loan accounts	1,394	1,341	1,100
Other interest (domestic—civil) ³	606	565	516
Total interest	2,971	3,119	2,860
Dividends and other earnings	79		
Rents:			
Rent and bonuses from land leases, etc	11	80	2,228
Rent of land and other real property	52	52	46
Rent of equipment and other personal property	17	17	18
Total rents	80	148	2,292
Royalties	795	849	776
Sale of products:			
Sale of timber and other natural land products	1,272	1,293	1,279
Sale of minerals and mineral products	653	565	511
Sale of power and other utilities	759	635	1,079
Sale of other products	*	*	*
Recovery of mint manufacturing expense	100	154	54
Total sale of products	2,783	2,647	2,923

Table 12. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1988 actual	1989 estimate	1990 estimate
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust funds)	8,798	10,511	11,769
Revenues for enrichment of uranium	1,234		
Nuclear waste disposal revenues	472	526	538
Veterans life insurance (trust funds)	422	403	392
Tolls and other revenues, Panama Canal	113		
Other ³	1,558	3,577	4,110
Total fees and other charges	12,596	15,017	16,810
Sale of Government property:			
Sale of land and other real property ³	31	231	231
Sale of equipment and other personal property:			
Sale from the stockpile of strategic and critical materials			
Military assistance program sales (trust fund)	8,964	8,594	8,330
Sale of scrap and salvage material	72	73	74
Total sale of Government property	9,067	8,898	8,635
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development	434	430	455
Foreign military credit sales	70	977	150
Dollar conversion of foreign currency	35	42	42
Repayment of loans to United Kingdom	90	92	94
Other	185	161	153
Total realization upon loans and investments	815	1,702	894
Recoveries and refunds ³	526	550	533
Miscellaneous receipt accounts ³	1,405	986	925
Total proprietary receipts from the public distributed by agency	31,118	33,916	36,649
Undistributed by agency:			
Other interest: Interest received from Outer Continental Shelf escrow account			559
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses	1,280	773	1,482
Royalties	2,268	1,882	2,228
Sale of major assets			2,285
Other undistributed offsetting receipts			2,652
Total proprietary receipts from the public undistributed by agency	3,549	2,655	9,206
Total proprietary receipts from the public ⁴	34,667	36,571	45,855
Total offsetting receipts	200,157	215,713	237,003

* \$500 thousand or less.

¹ Includes provision for covered Federal civilian employees and military personnel.² Interchange receipts between the social security and railroad retirement funds place the social security funds in the same position they would have been if there were no separate railroad retirement system.³ Includes both Federal funds and trust funds.⁴ Consists of:

	1988 actual	1989 estimate	1990 estimate
Federal funds	15,175	14,451	22,295
Trust funds	19,491	22,119	23,561
Off-budget		*	

Table 13. LEGISLATIVE PROPOSALS FOR MAJOR NEW AND EXPANDED PROGRAMS IN THE 1990 BUDGET, PROJECTIONS OF COSTS *

(in millions of dollars)

		Estimates						
		1989	1990	1991	1992	1993	1994	
Funds Appropriated to the President:								
International Monetary Fund	BA		150					This proposal would provide a U.S. contribution to the Enhanced Structural Adjustment Facility, a new loan program of the IMF. These concessional loans will be made to low-income countries that have protracted balance of payments problems and adopt multiyear economic reform programs.
	O		3	5	8	11	13	
AID: Special Assistance Initiative	BA		200	200	200	200	200	This program would provide extraordinary economic assistance to selected developing countries. The initial U.S. contribution of \$200 million would support economic restructuring in the Philippines.
	O		150	180	200	200	200	
Department of Transportation								
Operating Differential Subsidies	BA		424	59	61	63	65	This proposal would reform the program to give carriers increased operating flexibility, reduce the amount of subsidy per ship, and permit additional carriers to receive a subsidy.
	O		10	18	37	1	24	
NASA:								
Space Station	BA	900	2,050	2,981	3,494	3,675	3,898	This proposal would continue the planned buildup of funds supporting development of the Space Station for operation in the mid-1990s. The budget includes a request for advance appropriations for 1991 and 1992 and a cap on total program development costs.
	O	646	1,439	2,297	2,997	3,409	3,695	

* The table is supplied to meet the requirements of section 221(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510). The economic assumptions used to prepare these estimates are shown in Part 3 of this volume. These estimates do not reflect the effects of experience gained in operating the programs or reductions in the costs of other programs that might come about if the proposals were adopted. Since the assumptions upon which these estimates are based may change, they do not represent a commitment to specific funding levels in future years.

Table 14. CONTROLLABILITY OF OUTLAYS, 1988-90

(Dollar amounts in billions)

	1988 actual	1989 estimate	1990 estimate
Relatively uncontrollable under present law:			
Open-ended programs and fixed costs:			
Payments for individuals:			
Social security and railroad retirement	220.3	233.7	248.1
On-budget	(2.6)	(2.8)	(2.9)
Off-budget	(217.7)	(230.9)	(245.2)
Federal employees' retirement and insurance	59.3	60.9	65.7
Unemployment assistance	13.8	14.3	14.8
Medical care	114.7	128.7	145.1
Assistance to students	3.9	4.2	4.0
Food and nutrition assistance	4.3	4.7	5.0
Public assistance and related programs	28.8	31.2	30.8
All other relatively uncontrollable payments for individuals	2.9	3.7	3.0
Subtotal, payments for individuals	448.0	481.5	516.5
Net interest	151.7	165.7	169.9
On-budget	(159.2)	(176.9)	(185.7)
Off-budget	(-7.4)	(-11.2)	(-15.8)
General revenue sharing	-*	*	
Farm price supports (CCC)	12.2	13.9	11.8
Other open-ended programs and fixed costs	8.7	7.1	-7.3
Total, open-ended programs and fixed costs	620.6	668.2	690.9
Outlays from prior-year contracts and obligations: ¹			
National defense	115.3	116.3	113.2
Civilian programs	71.5	80.5	98.8
Total, outlays from prior-year contracts and obligations	186.8	196.9	212.0
Total, relatively uncontrollable outlays	807.4	865.1	902.9
Relatively controllable outlays:			
National defense	174.8	181.9	189.7
Civilian programs	115.3	124.4	92.6
Administrative expenses of relatively uncontrollable payments for individuals	(8.7)	(9.3)	(9.3)
On-budget	(6.2)	(6.9)	(6.9)
Off-budget	(2.5)	(2.3)	(2.4)
Other	(106.6)	(115.1)	(83.3)
Total, relatively controllable outlays ²	290.1	306.3	282.3
Undistributed employer share, employee retirement	-33.4	-34.3	-33.4
On-budget	(-29.0)	(-29.4)	(-27.8)
Off-budget	(-4.4)	(-4.8)	(-5.6)
Total outlays	1,064.0	1,137.0	1,151.8

Table 14. CONTROLLABILITY OF OUTLAYS, 1988-90—Continued

(Dollar amounts in billions)

	1988 actual	1989 estimate	1990 estimate
MEMORANDUM—Percent of total outlays			
Relatively uncontrollable under present law:			
Open-ended programs and fixed costs:			
Payments for individuals	42.1	42.3	44.8
Other	16.2	16.4	15.1
Total, open-ended programs and fixed costs	58.3	58.8	60.0
Outlays from prior-year contracts and obligations	17.6	17.3	18.4
Total, relatively uncontrollable outlays	75.9	76.1	78.4
Relatively controllable outlays	27.3	26.9	24.5
Undistributed employer share, employee retirement	-3.1	-3.0	-2.9
Total outlays	100.0	100.0	100.0

* — \$50 million or less.

¹ Excluding prior year contracts and obligations for activities shown as "open-ended programs and fixed costs."² In addition to amounts provided under current law, includes the effect of proposed legislation as follows: for open-ended programs and fixed costs, —\$0.3 billion in 1989 and —\$12.6 billion in 1990 (all of which is for civilian programs); and for other relatively controllable programs, —\$8.3 billion in 1990 (of which \$0.1 billion is for national defense and —\$8.4 billion is for civilian programs).

Table 15. RECEIPTS BY SOURCE, 1980-90

(In millions of dollars)

Source	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Individual income taxes ²	244,069	285,917	297,744	288,938	298,415	334,531	348,959	392,557	401,181	425,193	466,711
Corporation income taxes ²	64,600	61,137	49,207	37,022	56,893	61,331	63,143	83,926	94,508	106,997	117,413
Social insurance taxes and contributions (trust funds):											
Employment taxes and contributions:											
Old-age and survivors insurance (off-budget).....	96,581	117,757	122,840	128,972	150,312	169,822	182,518	194,541	220,337	243,529	261,624
Disability insurance (off-budget).....	16,628	12,418	20,626	18,348	15,763	16,348	17,711	18,861	21,154	23,343	27,269
Hospital insurance.....	23,217	30,340	34,301	35,641	40,262	44,871	51,335	55,992	59,859	65,515	71,877
Railroad retirement.....	2,323	2,457	2,917	2,805	3,321	3,605	3,498	3,634	3,743	3,650	3,593
Total employment taxes and contributions.....	138,748	162,973	180,686	185,766	209,658	234,646	255,062	273,028	305,093	336,037	364,363
Unemployment insurance.....	15,336	15,763	16,600	18,799	25,138	25,758	24,098	25,575	24,584	23,097	22,435
Other retirement contributions:											
Federal employees' retirement, employee contributions.....	3,660	3,908	4,140	4,351	4,494	4,672	4,645	4,613	4,537	4,621	4,600
Contributions for non-Federal employees.....	59	76	72	78	86	87	96	102	122	116	110
Total other retirement contributions.....	3,719	3,984	4,212	4,429	4,580	4,759	4,742	4,715	4,658	4,737	4,710
Total social insurance taxes and contributions..	157,803	182,720	201,498	208,994	239,376	265,163	283,901	303,318	334,335	363,871	391,509
Excise taxes:											
Federal funds:											
Alcohol.....	5,601	5,606	5,382	5,557	5,315	5,562	5,828	5,971	5,709	5,616	5,580
Tobacco.....	2,443	2,581	2,537	4,136	4,660	4,779	4,589	4,763	4,616	4,468	4,303
Windfall profit tax ¹	6,934	23,252	18,407	12,135	8,906	6,348	2,251				
Other.....	585	2,689	2,344	2,258	3,398	2,408	3,385	4,110	5,860	3,284	4,565
Total Federal fund excise taxes.....	15,563	34,128	28,670	24,086	22,279	19,097	16,053	14,844	16,185	13,368	14,448

Trust funds:											
Highway	6,620	6,305	6,744	8,297	11,743	13,015	13,363	13,032	14,114	14,919	14,804
Airport and airway	1,874	21	133	2,165	2,499	2,851	2,736	3,060	3,189	3,688	3,934
Other	272	385	765	753	840	1,028	767	1,521	1,739	2,003	2,083
Total trust fund excise taxes	8,766	6,711	7,641	11,214	15,082	16,894	16,866	17,613	19,042	20,610	20,821
Total excise taxes	24,329	40,839	36,311	35,300	37,361	35,992	32,919	32,457	35,227	33,977	35,270
Estate and gift taxes	6,389	6,787	7,991	6,053	6,010	6,422	6,958	7,493	7,594	7,850	8,084
Customs duties and fees ²	7,174	8,083	8,854	8,655	11,370	12,079	13,327	15,085	16,198	16,281	17,988
Miscellaneous receipts:											
Deposits of earnings by Federal Reserve System	11,767	12,834	15,186	14,492	15,684	17,059	18,374	16,817	17,163	17,950	18,619
Other miscellaneous receipts	981	956	975	1,108	1,347	1,480	1,510	2,490	2,747	3,415	3,746
Total miscellaneous receipts ²	12,748	13,790	16,161	15,601	17,031	18,539	19,884	19,307	19,910	21,365	22,365
Total receipts	517,112	599,272	617,766	600,562	666,457	734,057	769,091	854,143	908,954	975,534	1,059,339
(on-budget)	(403,903)	(469,097)	(474,299)	(453,242)	(500,382)	(547,886)	(568,862)	(640,741)	(667,463)	(708,662)	(770,446)
(off-budget)	(113,209)	(130,176)	(143,467)	(147,320)	(166,075)	(186,171)	(200,228)	(213,402)	(241,491)	(266,872)	(288,893)
MEMORANDUM											
On-budget:											
Federal funds	350,856	410,422	409,253	382,323	419,610	459,488	473,484	537,814	560,183	593,793	643,649
Trust funds	94,679	106,037	122,111	147,290	158,079	197,516	206,921	216,645	232,222	250,162	270,549
Interfund transactions	-41,632	-47,362	-57,065	-76,371	-77,307	-109,118	-111,543	-113,718	-124,942	-135,293	-143,752
Total on-budget	403,903	469,097	474,299	453,242	500,382	547,886	568,862	640,741	667,463	708,662	770,446
Off-budget (trust funds)	113,209	130,176	143,467	147,320	166,075	186,171	200,228	213,402	241,491	266,872	288,893
Total	517,112	599,272	617,766	600,562	666,457	734,057	769,091	854,143	908,954	975,534	1,059,339

¹ Net of refunds.² Includes both Federal and trust funds.

Table 16. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980-90

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
050 NATIONAL DEFENSE:											
051 Department of Defense—Military:											
Military Personnel.....	40,897	47,941	55,170	60,886	64,158	67,842	71,511	72,020	76,337	78,229	79,377
Operation and Maintenance.....	44,788	51,885	59,695	64,932	67,388	72,371	75,288	76,205	84,475	85,394	88,673
Procurement.....	29,021	35,191	43,271	53,624	61,879	70,381	76,517	80,744	77,166	80,651	78,711
Research, Development, Test, and Evaluation.....	13,127	15,278	17,729	20,554	23,117	27,103	32,283	33,596	34,792	37,023	38,700
Military Construction.....	2,450	2,458	2,922	3,524	3,706	4,260	5,067	5,853	5,874	5,751	5,361
Family Housing.....	1,680	1,721	1,993	2,126	2,413	2,642	2,819	2,908	3,082	3,215	3,353
Other.....	-1,050	-605	-65	-1,236	-1,732	553	1,995	2,640	210	-463	-355
051 Subtotal, Department of Defense—Military.....	130,912	153,868	180,714	204,410	220,928	245,154	265,480	273,966	281,935	289,800	293,820
053 Atomic energy defense activities.....	2,878	3,398	4,309	5,171	6,120	7,098	7,445	7,451	7,913	7,945	8,647
054 Defense-related activities.....	206	246	286	322	365	495	450	582	512	510	524
TOTAL, 050 NATIONAL DEFENSE.....	133,995	157,513	185,309	209,903	227,413	252,748	273,375	281,999	290,361	298,255	302,991
150 INTERNATIONAL AFFAIRS:											
151 International development and humanitarian assistance.....	3,626	4,131	3,772	3,955	4,478	5,409	4,968	4,319	4,703	4,907	4,805
152 International security assistance.....	4,763	5,095	5,416	6,613	7,924	9,391	10,499	7,106	4,500	2,823	8,428
153 Conduct of foreign affairs.....	1,366	1,343	1,625	1,761	1,872	2,043	2,270	2,208	2,729	2,822	3,117
154 Foreign information and exchange activities.....	534	528	575	607	691	805	917	1,000	1,051	1,154	1,263
155 International financial programs.....	2,425	2,007	911	-1,089	910	-1,471	-4,501	-2,985	-2,513	-957	-291
TOTAL, 150 INTERNATIONAL AFFAIRS.....	12,714	13,104	12,300	11,848	15,876	16,176	14,152	11,649	10,471	10,748	17,322

250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY:											
251 General science and basic research.....	1,381	1,477	1,607	1,644	1,849	2,019	2,221	2,260	2,428	2,734	3,133
253 Space flight.....	2,594	3,053	3,543	4,053	4,028	3,989	3,794	4,137	5,007	6,245	7,512
254 Space, science, applications, and technology.....	1,346	1,384	1,457	1,486	1,687	1,858	2,127	1,942	2,261	2,727	2,996
255 Supporting space activities.....	512	555	593	751	754	761	835	878	1,145	886	1,221
TOTAL, 250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY.....	5,832	6,469	7,200	7,935	8,317	8,627	8,976	9,216	10,841	12,593	14,863
270 ENERGY:											
271 Energy supply.....	8,367	10,202	8,263	6,143	3,255	2,615	2,839	2,318	746	2,436	978
272 Energy conservation.....	569	730	516	477	527	491	515	281	342	314	316
274 Emergency energy preparedness.....	342	3,280	3,877	1,855	2,518	1,838	597	788	568	652	348
276 Energy information, policy, and regulation.....	878	955	871	878	787	740	785	727	640	735	635
TOTAL, 270 ENERGY.....	10,156	15,166	13,527	9,353	7,086	5,685	4,735	4,115	2,297	4,137	2,277
300 NATURAL RESOURCES AND ENVIRONMENT:											
301 Water resources.....	4,223	4,132	3,948	3,904	4,070	4,122	4,041	3,783	4,034	4,391	4,247
302 Conservation and land management.....	1,043	1,191	1,084	1,503	1,302	1,481	1,388	1,473	2,189	3,278	1,204
303 Recreational resources.....	1,677	1,597	1,435	1,454	1,581	1,621	1,513	1,564	1,673	1,726	1,630
304 Pollution control and abatement.....	5,510	5,170	5,012	4,263	4,044	4,465	4,831	4,869	4,832	5,122	5,486
306 Other natural resources.....	1,405	1,478	1,519	1,548	1,595	1,668	1,866	1,675	1,878	1,970	1,865
TOTAL, 300 NATURAL RESOURCES AND ENVIRONMENT.....	13,858	13,568	12,998	12,672	12,593	13,357	13,639	13,363	14,606	16,487	14,434
350 AGRICULTURE:											
351 Farm income stabilization.....	7,441	9,783	14,344	21,323	11,877	23,751	29,608	24,742	15,246	18,804	13,788
352 Agricultural research and services.....	1,398	1,540	1,599	1,578	1,736	1,813	1,841	1,864	1,964	2,099	2,104
TOTAL, 350 AGRICULTURE.....	8,839	11,323	15,944	22,901	13,613	25,565	31,449	26,606	17,210	20,903	15,892

Table 16. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980-90—Continued

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
370 COMMERCE AND HOUSING CREDIT:											
371 Mortgage credit and deposit insurance.....	5,602	4,696	4,016	3,880	3,766	871	2,341	3,062	14,997	17,238	3,069
372 Postal Service	1,246	1,432	154	1,111	1,239	1,351	758	1,593	2,229	579	2,214
376 Other advancement of commerce	2,542	2,078	2,085	1,690	1,913	2,007	1,790	1,527	1,581	2,223	2,980
TOTAL, 370 COMMERCE AND HOUSING CREDIT.....	9,390	8,206	6,256	6,681	6,917	4,229	4,890	6,182	18,808	20,040	8,262
400 TRANSPORTATION:											
401 Ground transportation.....	15,274	17,074	14,321	14,265	16,158	17,606	18,725	17,150	18,148	17,949	17,230
402 Air transportation	3,723	3,814	3,526	4,000	4,415	4,895	5,287	5,520	5,897	6,546	7,507
403 Water transportation	2,229	2,381	2,687	2,969	3,010	3,201	3,964	3,461	3,111	3,395	3,406
407 Other transportation	104	110	90	99	85	137	140	91	116	137	144
TOTAL, 400 TRANSPORTATION	21,329	23,379	20,625	21,334	23,669	25,838	28,117	26,222	27,272	28,027	28,287
450 COMMUNITY AND REGIONAL DEVELOPMENT:											
451 Community development.....	4,907	5,070	4,608	4,353	4,520	4,598	4,095	3,680	3,449	3,769	3,816
452 Area and regional development	4,303	3,818	3,841	3,208	3,034	3,117	2,723	1,599	2,075	2,445	2,519
453 Disaster relief and insurance.....	2,043	1,680	-102	-1	119	-35	416	-229	-230	89	31
TOTAL, 450 COMMUNITY AND REGIONAL DEVELOPMENT.....	11,252	10,568	8,347	7,560	7,673	7,680	7,233	5,051	5,294	6,303	6,365
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:											
501 Elementary, secondary, and vocational education	6,908	7,157	6,780	6,294	6,520	7,633	7,832	7,911	8,413	9,178	9,687
502 Higher education	6,726	8,866	7,206	7,231	7,383	8,211	8,415	7,406	8,299	9,889	12,927
503 Research and general education aids	1,197	997	1,041	1,055	1,210	1,121	1,164	1,255	1,261	1,413	1,503

504 Training and employment	10,345	9,241	5,464	5,295	4,644	4,972	5,257	5,084	5,215	5,384	5,308
505 Other labor services	551	587	589	599	639	678	672	675	739	801	803
506 Social services.....	6,116	6,861	5,950	6,133	7,185	6,728	7,246	7,394	8,011	9,686	9,303
TOTAL, 500 EDUCATION, TRAINING, EM- PLOYMENT, AND SOCIAL SERVICES.....	31,843	33,709	27,029	26,606	27,579	29,342	30,585	29,724	31,938	36,351	39,531
550 HEALTH:											
551 Health care services.....	18,003	21,205	21,786	23,008	24,522	26,984	28,850	32,616	36,019	40,549	42,357
552 Health research.....	3,442	3,836	3,948	3,973	4,379	4,908	5,393	5,599	6,645	7,332	8,045
553 Education and training of health care work force.....	719	779	670	578	388	468	529	556	541	536	459
554 Consumer and occupational health and safety.....	1,006	1,047	1,041	1,081	1,129	1,182	1,165	1,197	1,285	1,345	1,316
TOTAL, 550 HEALTH.....	23,169	26,866	27,445	28,641	30,417	33,542	35,936	39,968	44,490	49,761	52,177
570 MEDICARE.....	32,090	39,149	46,567	52,588	57,540	65,822	70,164	75,120	78,878	86,734	94,918
600 INCOME SECURITY:											
601 General retirement and disability insur- ance (excluding social security).....	5,083	5,439	5,571	5,581	5,441	5,617	5,330	5,565	5,294	5,589	5,432
602 Federal employee retirement and dis- ability.....	26,594	31,277	34,325	36,507	38,054	38,591	41,363	43,745	46,879	49,445	49,749
603 Unemployment compensation	18,051	19,656	23,728	31,464	18,421	17,475	17,753	17,080	15,271	15,782	16,050
604 Housing assistance.....	5,632	7,752	8,738	9,998	11,270	25,263	12,383	12,656	13,906	15,299	16,197
605 Food and nutrition assistance.....	14,016	16,205	15,581	17,952	18,055	18,540	18,602	18,940	20,083	21,259	20,554
609 Other income security	17,163	19,394	19,774	21,096	21,427	22,715	24,364	25,264	27,899	29,574	28,806
TOTAL, 600 INCOME SECURITY	86,540	99,723	107,717	122,598	112,668	128,200	119,796	123,250	129,332	136,947	136,788
650 SOCIAL SECURITY.....	118,547	139,584	155,964	170,724	178,223	188,623	198,757	207,353	219,341	232,334	246,724
On-budget	(675)	(670)	(844)	(19,993)	(7,056)	(5,189)	(8,072)	(4,930)	(4,852)	(5,414)	(6,167)
Off-budget.....	(117,872)	(138,914)	(155,120)	(150,731)	(171,167)	(183,434)	(190,684)	(202,422)	(214,489)	(226,920)	(240,557)
700 VETERANS BENEFITS AND SERV- ICES:											
701 Income security for veterans.....	11,688	12,909	13,710	14,250	14,400	14,714	15,031	14,962	15,963	15,617	16,397

Table 16. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980-90—Continued

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
702 Veterans education, training and rehabilitation.....	2,342	2,254	1,947	1,625	1,359	1,059	526	454	454	415	259
703 Hospital and medical care for veterans...	6,515	6,965	7,517	8,272	8,861	9,547	9,872	10,266	10,842	11,233	11,140
704 Veterans housing.....	-23	201	102	3	244	214	114	330	1,292	1,088	1,159
705 Other veterans benefits and services.....	665	662	682	696	751	758	813	769	877	864	918
TOTAL, 700 VETERANS BENEFITS AND SERVICES.....	21,185	22,991	23,958	24,846	25,614	26,292	26,356	26,782	29,428	29,218	29,872
750 ADMINISTRATION OF JUSTICE:											
751 Federal law enforcement activities.....	2,237	2,437	2,529	2,887	3,205	3,526	3,632	4,105	5,061	4,709	5,507
752 Federal litigative and judicial activities....	1,347	1,491	1,517	1,627	1,825	2,064	2,176	2,482	2,880	3,150	3,184
753 Federal correctional activities.....	342	361	364	418	494	537	614	711	930	1,196	1,462
754 Criminal justice assistance.....	656	473	294	167	136	150	181	250	352	373	444
TOTAL, 750 ADMINISTRATION OF JUSTICE.....	4,582	4,762	4,703	5,099	5,660	6,277	6,603	7,548	9,223	9,428	10,598
800 GENERAL GOVERNMENT:											
801 Legislative functions.....	1,038	1,041	1,181	1,196	1,319	1,355	1,383	1,444	1,599	1,720	1,696
802 Executive direction and management.....	97	100	96	96	97	113	109	110	120	136	138
803 Central fiscal operations.....	2,614	2,616	2,593	3,053	3,254	3,485	3,605	3,918	4,809	5,456	5,711
804 General property and records management.....	327	144	238	196	201	96	475	146	-182	71	220
805 Central personnel management.....	154	159	136	115	139	164	126	143	113	159	163
806 General purpose fiscal assistance.....	8,582	6,854	6,390	6,452	6,768	6,353	6,431	1,621	1,816	1,948	1,793
808 Other general government.....	569	745	504	768	557	521	482	810	1,893	900	732
809 Deductions for offsetting receipts.....	-351	-222	-216	-636	-513	-506	-78	-623	-694	-400	-459
TOTAL, 800 GENERAL GOVERNMENT.....	13,030	11,436	10,922	11,241	11,821	11,582	12,533	7,569	9,474	9,990	9,993

870 CENTRAL FEDERAL CREDIT ACTIVITIES												-7,156
900 NET INTEREST:												
901 Interest on the public debt	74,781	95,503	117,190	128,619	153,822	178,823	190,155	195,249	214,066	235,618	248,086	
902 Interest received by on-budget trust funds	-9,707	-11,523	-13,995	-15,257	-17,044	-21,838	-26,558	-29,662	-34,480	-39,775	-44,652	
903 Interest received by off-budget trust funds	-2,339	-2,288	-2,071	-1,845	-3,310	-4,118	-4,329	-5,290	-7,416	-11,210	-14,888	
908 Other interest	-10,224	-12,958	-16,129	-21,743	-22,410	-23,438	-23,298	-21,727	-20,422	-18,929	-18,437	
TOTAL, 900 NET INTEREST	52,512	68,734	84,995	89,774	111,058	129,430	135,969	138,570	151,748	165,704	170,109	
On-budget	(54,851)	(71,022)	(87,065)	(91,619)	(114,368)	(133,548)	(140,298)	(143,860)	(159,164)	(176,914)	(184,997)	
Off-budget	(-2,339)	(-2,288)	(-2,071)	(-1,845)	(-3,310)	(-4,118)	(-4,329)	(-5,290)	(-7,416)	(-11,210)	(-14,888)	
920 ALLOWANCES:												
921 Civilian agency pay raises												157
924 Employee health benefits reform												-256
925 Reduced Government mail rates												-261
TOTAL, 920 ALLOWANCES												-360
950 UNDISTRIBUTED OFFSETTING RECEIPTS:												
951 Employer share, employee retirement (on-budget)	-14,638	-16,473	-18,203	-21,706	-23,219	-24,648	-25,434	-27,259	-29,037	-29,427	-27,844	
952 Employer share, employee retirement (off-budget)	-1,204	-1,430	-1,646	-1,778	-2,044	-2,509	-2,857	-3,300	-4,382	-4,849	-5,551	
953 Rents and royalties on the Outer Continental Shelf	-4,101	-10,138	-6,250	-10,491	-6,694	-5,542	-4,716	-4,021	-3,548	-2,655	-3,710	
954 Sale of major assets								-1,875				-2,285
959 Other undistributed offsetting receipts												-2,652
TOTAL, 950 UNDISTRIBUTED OFFSETTING RECEIPTS	-19,942	-28,041	-26,099	-33,976	-31,957	-32,698	-33,007	-36,455	-36,967	-36,931	-42,042	
On-budget	(-18,738)	(-26,611)	(-24,453)	(-32,198)	(-29,913)	(-30,189)	(-30,150)	(-33,155)	(-32,585)	(-32,082)	(-36,491)	
Off-budget	(-1,204)	(-1,430)	(-1,646)	(-1,778)	(-2,044)	(-2,509)	(-2,857)	(-3,300)	(-4,382)	(-4,849)	(-5,551)	

Table 16. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980-90—Continued

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
TOTAL OUTLAYS	590,920	678,209	745,706	808,327	851,781	946,316	990,258	1,003,830	1,064,044	1,137,030	1,151,848
On-budget.....	(476,591)	(543,013)	(594,302)	(661,219)	(685,968)	(769,509)	(806,760)	(809,998)	(861,352)	(926,169)	(931,730)
Off-budget.....	(114,329)	(135,196)	(151,404)	(147,108)	(165,813)	(176,807)	(183,498)	(193,832)	(202,691)	(210,861)	(220,118)
MEMORANDUM											
On-budget:											
Federal funds.....	433,468	496,182	543,437	613,168	637,839	725,897	756,474	760,166	813,069	877,191	884,634
Trust funds.....	84,756	94,193	107,930	124,421	125,436	152,730	161,829	163,550	173,225	184,271	190,848
Interfund transactions.....	-41,632	-47,362	-57,065	-76,371	-77,307	-109,118	-111,543	-113,718	-124,942	-135,293	-143,752
Total on-budget.....	476,591	543,013	594,302	661,219	685,968	769,509	806,760	809,998	861,352	926,169	931,730
Off-budget (trust funds).....	114,329	135,196	151,404	147,108	165,813	176,807	183,498	193,832	202,691	210,861	220,118
Total.....	590,920	678,209	745,706	808,327	851,781	946,316	990,258	1,003,830	1,064,044	1,137,030	1,151,848

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THE BUDGET FOR FISCAL YEAR 1990

Table 17. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1973-94

(Dollar amounts in billions)

Fiscal year	Gross national product	Receipts						Outlays					
		Total		On-budget		Off-budget ¹		Total		On-budget		Off-budget ¹	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1973.....	1,281.4	230.8	18.0	184.7	14.4	46.1	3.6	245.7	19.2	200.1	15.6	45.6	3.6
1974.....	1,416.5	263.2	18.6	209.3	14.8	53.9	3.8	269.4	19.0	217.3	15.3	52.1	3.7
1975.....	1,522.5	279.1	18.3	216.6	14.2	62.5	4.1	332.3	21.8	271.9	17.9	60.4	4.0
1976.....	1,698.2	298.1	17.6	231.7	13.6	66.4	3.9	371.8	21.9	302.2	17.8	69.6	4.1
1977.....	1,933.0	355.6	18.4	278.7	14.4	76.8	4.0	409.2	21.2	328.5	17.0	80.7	4.2
1978.....	2,171.8	399.6	18.4	314.2	14.5	85.4	3.9	458.7	21.1	369.1	17.0	89.7	4.1
1979.....	2,447.8	463.3	18.9	365.3	14.9	98.0	4.0	503.5	20.6	403.5	16.5	100.0	4.1
1980.....	2,670.6	517.1	19.4	403.9	15.1	113.2	4.2	590.9	22.1	476.6	17.8	114.3	4.3
1981.....	2,986.4	599.3	20.1	469.1	15.7	130.2	4.4	678.2	22.7	543.0	18.2	135.2	4.5
1982.....	3,139.1	617.8	19.7	474.3	15.1	143.5	4.6	745.7	23.8	594.3	18.9	151.4	4.8
1983.....	3,321.9	600.6	18.1	453.2	13.6	147.3	4.4	808.3	24.3	661.2	19.9	147.1	4.4
1984.....	3,687.7	666.5	18.1	500.4	13.6	166.1	4.5	851.8	23.1	686.0	18.6	165.8	4.5
1985.....	3,952.4	734.1	18.6	547.9	13.9	186.2	4.7	946.3	23.9	769.5	19.5	176.8	4.5
1986.....	4,186.8	769.1	18.4	568.9	13.6	200.2	4.8	990.3	23.7	806.8	19.3	183.5	4.4
1987.....	4,433.8	854.1	19.3	640.7	14.5	213.4	4.8	1,003.8	22.6	810.0	18.3	193.8	4.4
1988.....	4,780.0	909.0	19.0	667.5	14.0	241.5	5.1	1,064.0	22.3	861.4	18.0	202.7	4.2
1989 estimate.....	5,119.7	975.5	19.1	708.7	13.8	266.9	5.2	1,137.0	22.2	926.2	18.1	210.9	4.1
1990 estimate.....	5,475.7	1,059.3	19.3	770.4	14.1	288.9	5.3	1,151.8	21.0	931.7	17.0	220.1	4.0
1991 estimate.....	5,847.6	1,140.5	19.5	828.0	14.2	312.5	5.3	1,207.3	20.6	975.6	16.7	231.7	4.0
1992 estimate.....	6,208.5	1,212.2	19.5	880.4	14.2	331.8	5.3	1,244.4	20.0	1,003.6	16.2	240.8	3.9
1993 estimate.....	6,555.1	1,281.4	19.5	927.1	14.1	354.4	5.4	1,279.0	19.5	1,029.3	15.7	249.8	3.8
1994 estimate.....	6,887.5	1,345.0	19.5	970.7	14.1	374.2	5.4	1,311.6	19.0	1,053.8	15.3	257.8	3.7

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Table 17. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1973-94—Continued

(Dollar amounts in billions)

Fiscal year	Gross national product	Surplus or deficit (-)						Federal debt, end of year					
		Total		On-budget		Off-budget ¹		Gross		Held by Government accounts		Held by the public	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1973.....	1,281.4	-14.9	-1.2	-15.4	-1.2	0.5	*	466.3	36.4	125.4	9.8	340.9	26.6
1974.....	1,416.5	-6.1	-4	-8.0	-6	1.8	0.1	483.9	34.2	140.2	9.9	343.7	24.3
1975.....	1,522.5	-53.2	-3.5	-55.3	-3.6	2.0	0.1	541.9	35.6	147.2	9.7	394.7	25.9
1976.....	1,698.2	-73.7	-4.3	-70.5	-4.2	-3.2	-2	629.0	37.0	151.6	8.9	477.4	28.1
1977.....	1,933.0	-53.6	-2.8	-49.7	-2.6	-3.9	-2	706.4	36.5	157.3	8.1	549.1	28.4
1978.....	2,171.8	-59.2	-2.7	-54.9	-2.5	-4.3	-2	776.6	35.8	169.5	7.8	607.1	28.0
1979.....	2,447.8	-40.2	-1.6	-38.2	-1.6	-2.0	-1	828.9	33.9	189.2	7.7	639.8	26.1
1980.....	2,670.6	-73.8	-2.8	-72.7	-2.7	-1.1	*	908.5	34.0	199.2	7.5	709.3	26.6
1981.....	2,986.4	-78.9	-2.6	-73.9	-2.5	-5.0	-2	994.3	33.3	209.5	7.0	784.8	26.3
1982.....	3,139.1	-127.9	-4.1	-120.0	-3.8	-7.9	-3	1,136.8	36.2	217.6	6.9	919.2	29.3
1983.....	3,321.9	-207.8	-6.3	-208.0	-6.3	0.2	*	1,371.2	41.3	240.1	7.2	1,131.0	34.0
1984.....	3,687.7	-185.3	-5.0	-185.6	-5.0	0.3	*	1,564.1	42.4	264.2	7.2	1,300.0	35.3
1985.....	3,952.4	-212.3	-5.4	-221.6	-5.6	9.4	0.2	1,817.0	46.0	317.6	8.0	1,499.4	37.9
1986.....	4,186.8	-221.2	-5.3	-237.9	-5.7	16.7	0.4	2,120.1	50.6	383.9	9.2	1,736.2	41.5
1987.....	4,433.8	-149.7	-3.4	-169.3	-3.8	19.6	0.4	2,345.6	52.9	457.4	10.3	1,888.1	42.6
1988.....	4,780.0	-155.1	-3.2	-193.9	-4.1	38.8	0.8	2,600.8	54.4	550.6	11.5	2,050.2	42.9
1989 estimate.....	5,119.7	-161.5	-3.2	-217.5	-4.2	56.0	1.1	2,868.8	56.0	675.0	13.2	2,193.8	42.9
1990 estimate.....	5,475.7	-92.5	-1.7	-161.3	-2.9	68.8	1.3	3,107.2	56.7	822.2	15.0	2,285.0	41.7
1991 estimate.....	5,847.6	-66.8	-1.1	-147.6	-2.5	80.8	1.4	3,335.6	57.0	984.3	16.8	2,351.2	40.2
1992 estimate.....	6,208.5	-32.2	-5	-123.2	-2.0	91.0	1.5	3,537.1	57.0	1,154.2	18.6	2,382.9	38.4
1993 estimate.....	6,555.1	2.4	*	-102.2	-1.6	104.6	1.6	3,719.7	56.7	1,339.8	20.4	2,379.9	36.3
1994 estimate.....	6,887.5	33.4	0.5	-83.1	-1.2	116.4	1.7	3,886.4	56.4	1,540.4	22.4	2,346.0	34.1

* 0.05 percent or less. ¹ Social security trust funds. Note: Excludes transition quarter.

Table 18. COMPOSITION OF RECEIPTS AND OUTLAYS IN CURRENT DOLLARS: 1975-94

(In billions of dollars)

Fiscal year	Receipts	Outlays								Surplus or deficit (-)
		Total	National defense	Nondefense					Undistrib- uted offsetting receipts	
				Total nondefense	Payments for individuals	All other grants ¹	Net interest	Other		
1975.....	279.1	332.3	86.5	245.8	153.5	33.3	23.2	49.4	-13.6	-53.2
1976.....	298.1	371.8	89.6	282.2	180.1	39.4	26.7	50.3	-14.4	-73.7
1977.....	355.6	409.2	97.2	312.0	196.3	46.1	29.9	54.5	-14.9	-53.6
1978.....	399.6	458.7	104.5	354.2	211.0	53.7	35.4	69.9	-15.7	-59.2
1979.....	463.3	503.5	116.3	387.1	232.9	55.9	42.6	73.2	-17.5	-40.2
1980.....	517.1	590.9	134.0	456.9	277.5	59.4	52.5	87.4	-19.9	-73.8
1981.....	599.3	678.2	157.5	520.7	323.4	57.8	68.7	98.8	-28.0	-78.9
1982.....	617.8	745.7	185.3	560.4	356.7	50.3	85.0	94.5	-26.1	-127.9
1983.....	600.6	808.3	209.9	598.4	395.4	50.8	89.8	96.5	-34.0	-207.8
1984.....	666.5	851.8	227.4	624.4	399.8	53.2	111.1	92.2	-32.0	-185.3
1985.....	734.1	946.3	252.7	693.6	425.6	57.6	129.4	113.6	-32.7	-212.3
1986.....	769.1	990.3	273.4	716.9	449.4	59.3	136.0	105.1	-33.0	-221.2
1987.....	854.1	1,003.8	282.0	721.8	469.4	51.8	138.6	98.4	-36.5	-149.7
1988.....	909.0	1,064.0	290.4	773.7	498.8	54.1	151.7	106.0	-37.0	-155.1
1989 estimate.....	975.5	1,137.0	298.3	838.8	534.5	56.8	165.7	118.7	-36.9	-161.5
1990 estimate.....	1,059.3	1,151.8	303.0	848.9	564.5	56.1	170.1	100.2	-42.0	-92.5
1991 estimate.....	1,140.5	1,207.3	314.4	892.9	603.4	55.7	165.7	110.4	-42.3	-66.8
1992 estimate.....	1,212.2	1,244.4	326.4	918.0	643.4	54.3	154.5	107.8	-42.0	-32.2
1993 estimate.....	1,281.4	1,279.0	339.9	939.1	680.1	53.3	144.0	105.0	-43.4	2.4
1994 estimate.....	1,345.0	1,311.6	354.3	957.3	718.1	53.0	132.3	99.8	-45.9	33.4

Note: Excludes transition quarter. Includes off-budget amounts.

¹ Grants to State and local governments excluding those for payments for individuals.

SUMMARY TABLES

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Table 19. COMPOSITION OF RECEIPTS AND OUTLAYS IN CONSTANT (FISCAL YEAR 1982) DOLLARS: 1975-94

(In billions of dollars)

Fiscal year	Receipts	Outlays								Surplus or deficit (-)
		Total	National defense	Nondefense					Undistrib- uted offsetting receipts	
				Total nondefense	Payments for individuals	All other grants ¹	Net interest	Other		
1975.....	492.1	586.0	159.8	426.2	265.8	58.5	40.4	84.9	-23.4	-93.9
1976.....	488.9	609.8	153.6	456.2	291.7	64.3	43.0	80.1	-22.9	-120.9
1977.....	541.0	622.6	154.3	468.3	295.5	70.1	44.6	79.9	-21.7	-81.6
1978.....	568.0	652.2	155.0	497.1	296.8	75.7	49.4	96.9	-21.7	-84.1
1979.....	607.5	660.2	159.1	501.0	301.6	71.8	54.7	95.9	-22.9	-52.7
1980.....	611.7	699.1	164.0	535.1	324.7	68.4	62.0	103.8	-23.8	-87.3
1981.....	642.0	726.5	171.4	555.2	344.3	61.3	73.7	106.0	-30.1	-84.6
1982.....	617.8	745.7	185.3	560.4	356.7	50.3	85.0	94.5	-26.1	-127.9
1983.....	575.8	775.0	201.3	573.7	378.6	48.8	86.1	92.6	-32.5	-199.2
1984.....	616.6	788.1	211.3	576.8	368.7	49.3	102.7	85.6	-29.4	-171.5
1985.....	659.1	849.6	230.0	619.7	380.0	51.0	116.0	101.7	-29.0	-190.6
1986.....	673.8	867.5	243.7	623.8	390.6	50.9	118.7	92.2	-28.6	-193.8
1987.....	729.8	857.8	250.3	607.4	393.1	43.4	117.2	84.6	-30.8	-127.9
1988.....	751.0	879.2	252.9	626.3	400.1	43.4	124.4	88.9	-30.6	-128.1
1989 estimate.....	774.2	902.4	250.0	652.4	412.3	43.2	130.7	95.6	-29.4	-128.2
1990 estimate.....	810.4	881.2	244.6	636.5	420.2	40.8	129.4	78.4	-32.3	-70.8
1991 estimate.....	843.3	892.7	245.6	647.1	434.7	38.8	122.1	83.4	-31.9	-49.4
1992 estimate.....	871.7	894.9	248.3	646.6	450.8	36.4	110.7	79.3	-30.6	-23.2
1993 estimate.....	901.4	899.7	253.0	646.7	465.8	34.6	100.8	75.6	-30.2	1.7
1994 estimate.....	929.3	906.3	259.4	647.0	483.1	33.6	91.0	70.7	-31.4	23.0

Note: Excludes transition quarter. Includes off-budget amounts.

¹ Grants to State and local governments excluding those for payments for individuals.

Table 20. CREDIT BUDGET: NEW DIRECT LOAN OBLIGATIONS, GUARANTEED LOAN COMMITMENTS, AND SUBSIDIES BY AGENCY

(In millions of dollars)

Department or other unit	1988 loans outstanding		Direct loan obligations			Guaranteed loan commitments			1990 loan subsidy estimates		
	Direct	Guaranteed	1988 actual	1989 estimate	1990 estimate	1988 actual	1989 estimate	1990 estimate	Direct	Guaranteed	Total
Funds Appropriated to the President	43,285	4,375	4,228	438	21	2,805	5,350	325	3	51	54
Agriculture.....	117,150	13,032	19,737	13,390	10,577	7,908	9,621	10,561	882	1,004	1,885
Commerce.....	536	438				93	95				
Defense.....	1,759										
Education.....	11,955	47,610	62	30		11,812	12,090	13,080		4,044	4,044
Health and Human Services.....	799	2,504	37	46	47	229	230	100	*	14	14
Housing and Urban Development ¹	15,073	306,781	667	501	158	50,123	56,762	58,979	17	2,229	2,246
Interior.....	176	170	34	41	44	38	45	45	22	12	34
Transportation.....	1,925	4,976	56	51	53	26			*		*
Treasury.....	685	952				450	1,000	810			
Veterans Affairs.....	1,388	149,705	851	911	971	17,682	13,486	13,851	64	769	833
NASA.....	899										
Small Business Administration.....	7,409	9,974	267	362		3,553	3,740	3,535		26	26
Other independent agencies:											
Export-Import Bank.....	9,905	5,703	693	695		5,739	10,200	10,384		136	136
Federal Deposit Insurance Corporation.....	3,649										
Federal Savings and Loan Insurance Corporation.....	1,852	3,077	84	75	35	64	55	19	1	5	6
National Credit Union Administration.....	123	2	66	73	50	1			16		16
Tennessee Valley Authority.....	2,425	1	421	288	299				*		*
Other agencies and programs.....	980	666	19	32		144	144				
Total.....	221,973	549,966	27,222	16,933	12,255	100,668	112,819	111,689	1,005	8,291	9,296
ADDENDUM											
Secondary guaranteed loans ¹		333,445				53,071	62,612	66,260			

* \$500 thousand or less.

¹ Commitments by GNMA to guarantee securities that are backed by loans previously insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, or Farmers Home Administration (secondary guarantees) are excluded from the totals and shown as a memorandum entry.

SUMMARY TABLES

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Table 21. CREDIT BUDGET: NEW DIRECT LOAN OBLIGATIONS, GUARANTEED LOAN COMMITMENTS, AND SUBSIDIES BY FUNCTION

(In millions of dollars)

	1988 loans outstanding		Direct loan obligations			Guaranteed loan commitments			1990 loan subsidy estimates		
	Direct	Guaranteed	1988 actual	1989 estimate	1990 estimate	1988 actual	1989 estimate	1990 estimate	Direct	Guaranteed	Total
050 National defense	1,759										
150 International affairs.....	64,873	10,079	5,759	1,924	768	8,544	15,550	10,709	535	188	723
250 General science, space, and technology	899										
270 Energy.....	36,833	3,372	2,012	2,083	299	2,000	500	1,865	1	78	79
300 Natural resources and environment.....	118		41	59	31				18		18
350 Agriculture	37,480	8,426	14,470	7,862	8,940	5,812	8,825	8,500	187	923	1,110
370 Commerce and housing credit ¹	49,187	314,140	3,116	3,036	792	53,835	60,632	62,533	124	2,259	2,384
400 Transportation.....	1,942	4,976	57	51	53	26			*		*
450 Community and regional development.....	11,499	2,185	816	930	352	277	505	241	67	16	83
500 Education, training, employment, and social services.....	11,954	47,610	62	30		11,812	12,090	13,080		4,044	4,044
550 Health.....	804	2,522	38	46	48	229	230	100	*	14	14
600 Income security.....	2,110	5,998	1	1	1				8		8
700 Veterans benefits and services.....	1,383	149,705	850	911	971	17,682	13,486	13,851	64	769	833
800 General government.....	1,131	954				450	1,000	810			
Total.....	221,973	549,966	27,222	16,933	12,255	100,668	112,819	111,689	1,005	8,291	9,296
ADDENDUM											
Secondary guaranteed loans ¹		333,445				53,071	62,612	66,260			

* \$500 thousand or less.

¹ Commitments by GNMA to guarantee securities that are backed by loans previously insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, or Farmers Home Administration (secondary guarantees) are excluded from the totals and shown as a memorandum entry.

Table 22. DIRECT LOAN OBLIGATIONS, GUARANTEED LOAN COMMITMENTS,
AND GSE LENDING, BY SECTOR, 1981-1994

(In millions of dollars)

Fiscal Year	Sector					Total
	Agriculture	Business	Education	Housing	Other	
DIRECT LOAN OBLIGATIONS						
1981.....	16,949	12,338	1,077	9,644	334	40,342
1982.....	18,063	9,424	504	8,229	230	36,450
1983.....	19,686	9,392	723	6,952	356	37,109
1984.....	12,497	16,617	978	6,428	226	36,746
1985.....	20,600	10,234	1,315	18,882	1,816	52,847
1986.....	24,834	10,398	1,582	3,824	693	41,329
1987.....	20,507	5,830	60	3,365	55	29,817
1988.....	17,418	5,830	96	3,836	39	27,222
1989 estimate.....	11,065	2,014	69	3,736	50	16,933
1990 estimate.....	10,027	458	41	1,678	52	12,255
1991 estimate.....	10,628	411	45	1,690	19	12,793
1992 estimate.....	9,852	455	48	1,456	21	11,832
1993 estimate.....	8,868	428	52	1,390	21	10,758
1994 estimate.....	7,528	542	52	1,322	21	9,462
GUARANTEED LOAN COMMITMENTS						
1981.....	2,933	20,711	5,807	53,992	55	83,498
1982.....	1,747	10,679	6,195	37,860	347	56,828
1983.....	4,822	11,823	7,262	73,567	247	97,721
1984.....	4,746	10,883	7,597	47,289	269	70,784
1985.....	3,910	11,943	9,159	59,581	117	84,710
1986.....	4,118	9,169	8,949	136,889	118	159,243
1987.....	4,678	12,470	9,951	114,895	69	142,064
1988.....	6,358	14,281	12,041	67,805	182	100,668
1989 estimate.....	10,121	19,940	12,320	70,248	189	112,819
1990 estimate.....	9,506	16,128	13,180	72,830	45	111,689
1991 estimate.....	8,966	16,078	13,961	75,032	45	114,081
1992 estimate.....	8,966	16,253	14,757	76,260	45	116,281
1993 estimate.....	8,696	16,153	15,621	77,511	45	118,025
1994 estimate.....	8,696	16,262	16,564	78,450	45	120,017
GSE LOAN OBLIGATIONS						
1981.....	53,646			60,564		114,210
1982.....	51,510		15	100,162		151,687
1983.....	50,299			119,096		169,395
1984.....	48,119			152,511		200,630
1985.....	44,095		3,125	212,764		259,984
1986.....	43,364		4,238	343,421		391,023
1987.....	20,892		5,260	401,366		427,518
1988.....	80,553		5,936	291,573		378,062
1989 estimate.....	80,694		6,529	303,841		391,065
1990 estimate.....	81,870		7,183	333,079		422,132
1991 estimate.....	83,276		7,901	348,000		439,177
1992 estimate.....	84,490		8,692	373,000		466,182
1993 estimate.....	86,072		9,560	378,000		473,632
1994 estimate.....	87,343		10,515	383,000		480,858

Table 23. DIRECT LOAN OBLIGATIONS, GUARANTEED LOAN COMMITMENTS,
AND GSE OBLIGATIONS, 1951-1994

(In millions of dollars)

Fiscal year	Direct loan obligations	Guaranteed loan commitments	GSE lending obligations ¹	Fiscal year	Direct loan obligations	Guaranteed loan commitments	GSE lending obligations
1951	3,057	8,462		1974	18,645	30,800	16,259
1952	3,274	9,702		1975	28,245	38,659	8,505
1953	3,501	9,513		1976	24,813	36,205	36,113
1954	2,534	11,792		TQ	6,256	9,073	N.A.
1955	2,537	14,808		1977	25,411	64,979	11,033
1956	2,495	15,934		1978	36,339	68,838	75,781
1957	4,962	13,226		1979	39,232	88,981	81,175
1958	5,480	12,342		1980	36,198	88,219	98,857
1959	5,729	15,099		1981	40,342	83,498	114,210
1960	4,484	15,365		1982	36,450	56,828	151,687
1961	5,318	14,654		1983	37,109	97,721	169,395
1962	6,814	17,682		1984	36,746	70,784	200,630
1963	7,048	19,475		1985	52,847	84,710	259,984
1964	7,241	21,516		1986	41,329	159,243	391,023
1965	7,388	23,021		1987	29,817	142,064	427,518
1966	8,081	24,268		1988	27,222	100,668	378,062
1967	14,035	16,885		1989 estimate	16,933	112,819	391,065
1968	17,098	21,891		1990 estimate	12,255	111,689	422,132
1969	13,290	25,303		1991 estimate	12,793	114,081	439,177
1970	12,127	27,482		1992 estimate	11,832	116,281	466,182
1971	12,295	38,547		1993 estimate	10,758	118,025	473,632
1972	15,047	44,806	4,365	1994 estimate	9,462	120,017	480,858
1973	20,548	36,411	11,775				

¹ Government Sponsored Enterprise (GSE) lending data were not collected prior to 1972.
N.A.—Not available.

Table 24. TOTAL RECEIPTS AND OUTLAYS, 1789-1994 (In millions of dollars)

Fiscal year	Receipts	Outlays	Surplus or deficit (-)	Fiscal year	Receipts	Outlays	Surplus or deficit (-)
1789-1849 ...	1,160	1,090	+ 70	1947.....	38,514	34,496	+ 4,018
1850-1900 ...	14,462	15,453	- 991	1948.....	41,560	29,764	+ 11,796
1901.....	588	525	+ 63	1949.....	39,415	38,835	+ 580
1902.....	562	485	+ 77	1950.....	39,443	42,562	- 3,119
1903.....	562	517	+ 45	1951.....	51,616	45,514	+ 6,102
1904.....	541	584	- 43	1952.....	66,167	67,686	- 1,519
1905.....	544	567	- 23	1953.....	69,608	76,101	- 6,493
1906.....	595	570	+ 25	1954.....	69,701	70,855	- 1,154
1907.....	666	579	+ 87	1955.....	65,451	68,444	- 2,993
1908.....	602	659	- 57	1956.....	74,587	70,640	+ 3,947
1909.....	604	694	- 89	1957.....	79,990	76,578	+ 3,412
1910.....	676	694	- 18	1958.....	79,636	82,405	- 2,769
1911.....	702	691	+ 11	1959.....	79,249	92,098	- 12,849
1912.....	693	690	+ 3	1960.....	92,492	92,191	+ 301
1913.....	714	715	- *	1961.....	94,388	97,723	- 3,335
1914.....	725	726	- *	1962.....	99,676	106,821	- 7,146
1915.....	683	746	- 63	1963.....	106,560	111,316	- 4,756
1916.....	761	713	+ 48	1964.....	112,613	118,528	- 5,915
1917.....	1,101	1,954	- 853	1965.....	116,817	118,228	- 1,411
1918.....	3,645	12,677	- 9,032	1966.....	130,835	134,532	- 3,698
1919.....	5,130	18,493	- 13,363	1967.....	148,822	157,464	- 8,643
1920.....	6,649	6,358	+ 291	1968.....	152,973	178,134	- 25,161
1921.....	5,571	5,062	+ 509	1969.....	186,882	183,640	+ 3,242
1922.....	4,026	3,289	+ 736	1970.....	192,807	195,649	- 2,842
1923.....	3,853	3,140	+ 713	1971.....	187,139	210,172	- 23,033
1924.....	3,871	2,908	+ 963	1972.....	207,309	230,681	- 23,373
1925.....	3,641	2,924	+ 717	1973.....	230,799	245,707	- 14,908
1926.....	3,795	2,930	+ 865	1974.....	263,224	269,359	- 6,135
1927.....	4,013	2,857	+ 1,155	1975.....	279,090	332,332	- 53,242
1928.....	3,900	2,961	+ 939	1976.....	298,060	371,779	- 73,719
1929.....	3,862	3,127	+ 734	TQ.....	81,232	95,973	- 14,741
1930.....	4,058	3,320	+ 738	1977.....	355,559	409,203	- 53,644
1931.....	3,116	3,577	- 462	1978.....	399,561	458,729	- 59,168
1932.....	1,924	4,659	- 2,735	1979.....	463,302	503,464	- 40,162
1933.....	1,997	4,598	- 2,602	1980.....	517,112	590,920	- 73,808
1934.....	2,955	6,541	- 3,586	1981.....	599,272	678,209	- 78,936
1935.....	3,609	6,412	- 2,803	1982.....	617,766	745,706	- 127,940
1936.....	3,923	8,228	- 4,304	1983.....	600,562	808,327	- 207,764
1937.....	5,387	7,580	- 2,193	1984.....	666,457	851,781	- 185,324
1938.....	6,751	6,840	- 89	1985.....	734,057	946,316	- 212,260
1939.....	6,295	9,141	- 2,846	1986.....	769,091	990,258	- 221,167
1940.....	6,548	9,468	- 2,920	1987.....	854,143	1,003,830	- 149,687
1941.....	8,712	13,653	- 4,941	1988.....	908,954	1,064,044	- 155,090
1942.....	14,634	35,137	- 20,503	1989 est.....	975,534	1,137,030	- 161,496
1943.....	24,001	78,555	- 54,554	1990 est.....	1,059,339	1,151,848	- 92,509
1944.....	43,747	91,304	- 47,557	1991 est.....	1,140,489	1,207,291	- 66,802
1945.....	45,159	92,712	- 47,553	1992 est.....	1,212,216	1,244,438	- 32,222
1946.....	39,296	55,232	- 15,936	1993 est.....	1,281,424	1,279,008	+ 2,416
				1994 est.....	1,344,954	1,311,601	+ 33,353

* \$500 thousand or less.

Data for 1789-1933 are for the administrative budget; data for 1934 and all following years are for the unified budget. Includes amounts for social security trust funds that are off-budget, which begin in 1937. See table 25 for details.

Table 25. ON-BUDGET AND OFF-BUDGET RECEIPTS AND OUTLAYS, 1937-1994

(In millions of dollars)

Fiscal year	On-budget			Fiscal year	Off-budget		
	Receipts	Outlays	Surplus or deficit (-)		Receipts	Outlays	Surplus or deficit (-)
1937	5,122	7,582	-2,460	1937	265	-2	+267
1938	6,364	6,850	-486	1938	387	-10	+397
1939	5,792	9,154	-3,362	1939	503	-13	+516
1940	5,998	9,482	-3,484	1940	550	-14	+564
1941	8,024	13,618	-5,594	1941	688	35	+653
1942	13,738	35,071	-21,333	1942	896	66	+830
1943	22,871	78,466	-55,595	1943	1,130	89	+1,041
1944	42,455	91,190	-48,735	1944	1,292	114	+1,178
1945	43,849	92,569	-48,720	1945	1,310	143	+1,167
1946	38,057	55,022	-16,964	1946	1,238	210	+1,028
1947	37,055	34,193	+2,861	1947	1,459	303	+1,157
1948	39,944	29,396	+10,548	1948	1,616	368	+1,248
1949	37,724	38,408	-684	1949	1,690	427	+1,263
1950	37,336	42,038	-4,702	1950	2,106	524	+1,583
1951	48,496	44,237	+4,259	1951	3,120	1,277	+1,843
1952	62,573	65,956	-3,383	1952	3,594	1,730	+1,864
1953	65,511	73,771	-8,259	1953	4,097	2,330	+1,766
1954	65,112	67,943	-2,831	1954	4,589	2,912	+1,677
1955	60,370	64,461	-4,091	1955	5,081	3,983	+1,098
1956	68,162	65,668	+2,494	1956	6,425	4,972	+1,452
1957	73,201	70,562	+2,639	1957	6,789	6,016	+773
1958	71,587	74,902	-3,315	1958	8,049	7,503	+546
1959	70,953	83,102	-12,149	1959	8,296	8,996	-700
1960	81,851	81,341	+510	1960	10,641	10,850	-209
1961	82,279	86,046	-3,766	1961	12,109	11,677	+431
1962	87,405	93,286	-5,881	1962	12,271	13,535	-1,265
1963	92,385	96,352	-3,966	1963	14,175	14,964	-789
1964	96,248	102,794	-6,546	1964	16,366	15,734	+632
1965	100,094	101,699	-1,605	1965	16,723	16,529	+194
1966	111,749	114,817	-3,068	1966	19,085	19,715	-630
1967	124,420	137,040	-12,620	1967	24,401	20,424	+3,978
1968	128,056	155,798	-27,742	1968	24,917	22,336	+2,581
1969	157,928	158,436	-507	1969	28,953	25,204	+3,749
1970	159,348	168,042	-8,694	1970	33,459	27,607	+5,852
1971	151,294	177,346	-26,052	1971	35,845	32,826	+3,019
1972	167,402	193,824	-26,423	1972	39,907	36,857	+3,050
1973	184,715	200,118	-15,403	1973	46,084	45,589	+495
1974	209,299	217,270	-7,971	1974	53,925	52,089	+1,836
1975	216,633	271,892	-55,260	1975	62,458	60,440	+2,018
1976	231,671	302,170	-70,499	1976	66,389	69,609	-3,220
TQ	63,216	76,552	-13,336	TQ	18,016	19,421	-1,405
1977	278,741	328,487	-49,745	1977	76,817	80,716	-3,899
1978	314,169	369,072	-54,902	1978	85,391	89,657	-4,266
1979	365,309	403,486	-38,178	1979	97,994	99,978	-1,984
1980	403,903	476,591	-72,689	1980	113,209	114,329	-1,120

Table 25. ON-BUDGET AND OFF-BUDGET RECEIPTS AND OUTLAYS, 1937-1994—Continued

(In millions of dollars)

Fiscal year	On-budget			Fiscal year	Off-budget		
	Receipts	Outlays	Surplus or deficit (-)		Receipts	Outlays	Surplus or deficit (-)
1981	469,097	543,013	-73,916	1981	130,176	135,196	-5,020
1982	474,299	594,302	-120,003	1982	143,467	151,404	-7,937
1983	453,242	661,219	-207,977	1983	147,320	147,108	+212
1984	500,382	685,968	-185,586	1984	166,075	165,813	+262
1985	547,886	769,509	-221,623	1985	186,171	176,807	+9,363
1986	568,862	806,760	-237,898	1986	200,228	183,498	+16,731
1987	640,741	809,998	-169,257	1987	213,402	193,832	+19,570
1988	667,463	861,352	-193,890	1988	241,491	202,691	+38,800
1989 est	708,662	926,169	-217,507	1989 est	266,872	210,861	+56,011
1990 est	770,446	931,730	-161,284	1990 est	288,893	220,118	+68,775
1991 est	827,997	975,564	-147,567	1991 est	312,492	231,728	+80,764
1992 est	880,440	1,003,614	-123,174	1992 est	331,776	240,824	+90,952
1993 est	927,058	1,029,251	-102,194	1993 est	354,366	249,756	+104,610
1994 est	970,715	1,053,800	-83,085	1994 est	374,239	257,802	+116,437

Transactions of the social security trust fund are presented off-budget for all years.

PART 11

**GLOSSARY
OF ACRONYMS**

11-1

GLOSSARY OF ACRONYMS

ACIF	Agricultural credit insurance fund
ACRS	Accelerated cost recovery system
AFDC	Aid to families with dependent children
AID	Agency for International Development
AIDS	Acquired immune deficiency syndrome
APA	Alaska Power Administration
ARC	Appalachian Regional Commission
BIA	Bureau of Indian Affairs
BIB	Board for International Broadcasting
BLM	Bureau of Land Management
BOM	Bureau of Mines
BPA	Bonneville Power Administration
CBO	Congressional Budget Office
CCC	Commodity Credit Corporation
CCLIA	College Construction Loan Insurance Association (Connie Lee)
CDBG	Community Development Block Grants
CDC	Centers for Disease Control
CEA	Council of Economic Advisers
CEBA	Competitive Equality Banking Act
CEBAF	Continuous Electron Beam Accelerator Facility
CFTC	Commodity Futures Trading Commission
CHAMPUS	Civilian health and medical program of the uni- formed services
CHI	Catastrophic Health Insurance
COLA	Cost-of-living adjustment
CPI	Consumer Price Index
CSBG	Community services block grant
CSE	Child support enforcement
CSRS	Civil Service Retirement System
DEA	Drug Enforcement Administration
DEFRA	Deficit Reduction Act
DI	Disability insurance
DOD	Department of Defense
DOE	Department of Energy
DOT	Department of Transportation
DPI	Defense Petroleum Inventory
DRG	Diagnosis-related groups
DS	Diplomatic Security
EDA	Economic Development Administration

EDWAA	Economic Dislocation and Worker Adjustment Assistance
EEOC	Equal Employment Opportunity Commission
EITC	Earned income tax credit
EPA	Environmental Protection Agency
ERISA	Employee Retirement Income Security Act
ERTA	Economic Recovery Tax Act
ESOP	Employee stock ownership plans
E&T	Employment and training
Eximbank	Export-Import Bank
EXOP	Executive Office of the President
FAA	Federal Aviation Administration
FAC	Farm Credit System Financial Assistance Corporation
FADA	Federal Asset Disposition Association
FAMC	Federal Agricultural Mortgage Corporation (Farmer Mac)
FAP	Funds Appropriated to the President
FBI	Federal Bureau of Investigation
FCA	Farm Credit Administration
FCC	Federal Communications Commission
FCCE	Farm Credit Capital Corporation
FCIA	Foreign Credit Insurance Association
FCIC	Federal Crop Insurance Corporation
FCS	Farm Credit System
FCSAB	Farm Credit System Assistance Board
FCSIC	Farm Credit System Insurance Corporation
FCRF	Federal credit revolving fund
FDA	Food and Drug Administration
FDIC	Federal Deposit Insurance Corporation
FEHB	Federal employees health benefits
FEMA	Federal Emergency Management Agency
FERC	Federal Energy Regulatory Commission
FERS	Federal employees retirement system
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation (Freddie Mac)
FICO	Financing Corporation
FmHA	Farmers Home Administration
FMS	Foreign military sales
FNMA	Federal National Mortgage Association (Fannie Mae)
FRB	Federal Reserve Board
FSC	Foreign sales corporation
FSLIC	Federal Savings and Loan Insurance Corporation
FSRDF	Foreign Service Retirement and Disability Fund
FTE	Full-time equivalent positions
GAO	General Accounting Office

GATT	General Agreement on Tariffs and Trade
GNMA	Government National Mortgage Association (Ginnie Mae)
GNP	Gross national product
GPO	Government Printing Office
G-R-H	Gramm-Rudman-Hollings
GSA	General Services Administration
GSE	Government-sponsored enterprises
GSL	Guaranteed student loan
HHS	Department of Health and Human Services
HIV	Human Immunodeficiency Virus
HI	Hospital insurance
HUD	Department of Housing and Urban Development
ICBM	Intercontinental Ballistic Missile
ICC	Interstate Commerce Commission
IHA	Indian Housing Authority
IHS	Indian Health Service
INF	Intermediate nuclear force
INS	Immigration and Naturalization Service
IRA	Individual retirement account
IRS	Internal Revenue Service
JTPA	Job Training Partnership Act
Landsat	Land remote sensing satellite
MSHA	Mine Safety and Health Administration
MarAd	Maritime Administration
MDB	Multilateral Development Banks
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
NCUA	National Credit Union Administration
NDSL	National direct student loan
NIH	National Institutes of Health
NLRB	National Labor Relations Board
NOAA	National Oceanic and Atmospheric Administration
NPR	Naval petroleum reserves
NRC	Nuclear Regulatory Commission
NSF	National Science Foundation
O&M	Operations and Maintenance
OASI	Old-age and survivors insurance
OBRA	Omnibus Budget Reconciliation Act
OCC	Office of the Comptroller of the Currency
OCS	Outer Continental Shelf
OMB	Office of Management and Budget
OPEC	Organization of Petroleum Exporting Countries
OPIC	Overseas Private Investment Corporation
OPM	Office of Personnel Management
OSHA	Occupational Safety and Health Administration
PADC	Pennsylvania Avenue Development Corporation
PBGC	Pension Benefit Guaranty Corporation
PCIE	President's Council on Integrity and Efficiency
PHAs	Public Housing Authorities

PHS	Public Health Service
PIS	Postal Inspection Service
PMA	Power Marketing Administration
PPS	Prospective payment system
R&D	Research and development
REA	Rural Electrification Administration
RFE/RL	Radio Free Europe/Radio Liberty, Inc.
RIC	Regulated Investment Company
RRB	Railroad Retirement Board
RRF	Ready Reserve Force
RRG	Rental Rehabilitation Grants
RSVP	Retired senior volunteer program
RTB	Rural Telephone Bank
SBA	Small Business Administration
SCS	Soil Conservation Service
SDI	Strategic Defense Initiative
SEC	Securities and Exchange Commission
SEPA	Southeastern Power Administration
SLMA	Student Loan Marketing Association (Sallie Mae)
SMI	Supplementary medical insurance
SOF	Special Operations Forces
SPR	Strategic petroleum reserve
SRF	State revolving fund
SSA	Social Security Administration
SSC	Superconducting Super Collider
SSI	Supplemental security income
SSS	Selective Service System
SWPA	Southwestern Power Administration
TAA	Trade adjustment assistance
TDRSS	Tracking and data relay satellite services
TEFRA	Tax Equity and Fiscal Responsibility Act
TVA	Tennessee Valley Authority
UDAG	Urban Development Action Grants
UI	Unemployment insurance
USDA	United States Department of Agriculture
USIA	United States Information Agency
USGS	United States Geological Survey
USPS	United States Postal Service
USTTA	United States Travel and Tourism Administration
VA	Department of Veterans Affairs
VISTA	Volunteers in Service to America
VOA	Voice of America
WAPA	Western Area Power Administration
WIC	Women, infants, and children
WIN	Work incentive program
WRDA	Water Resources Development Act

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