

Part 4

BUDGET AUTHORITY AND OUTLAYS BY FUNCTION: 1983-1986

The longer-range budget outlook is the result of past and present budget decisions as well as projected economic and demographic trends. The longer-range numbers are by their nature preliminary because they include substantial budget authority and outlays for existing programs that the Administration intends to reduce or eliminate in order to meet its spending and deficit/surplus targets.

The economic assumptions that are used for the budget projections are presented in Part 2. They project downward trends for inflation, interest rates, and unemployment, which will all help restrain the growth in budget outlays. However, the demographic trends -- especially the aging of the population in the next 10 years -- will help increase budget costs, especially for retirement and health programs. Moreover, essential tax reductions are planned for three consecutive years. The net result of these trends is that excess outlays of \$30 billion for 1983, \$44 billion for 1984, \$44 billion for 1985, and \$43 billion for 1986 are being temporarily carried in the out-year budget projections pending the presentation of specific policy measures to eliminate them.

These savings measures are now being developed and planned, and will be transmitted to the Congress at the earliest possible date and on a continual basis. Illustrative options under consideration include:

- development of fundamental and comprehensive health care financing reforms, which would reduce health care inflation;
- more efficient delivery of veterans health services;
- development of alternative ways of financing strategic petroleum reserves;
- improved efficiency in the many Defense Department programs;
- reduction in error rates in income transfer programs;
- reevaluation of the housing subsidy programs;
- better coordination of programs that benefit specific groups of people such as Indians and migrant workers;
- reform of military and civilian retired pay so that people who have been retired for a while would not receive substantially more than people at their same grade level who have just retired;

- reconsideration of how Federal annuities are determined in order not to reward disproportionately people who worked for a few years at high salary levels;
- review of the Federal credit and loan guarantee programs with particular attention on improved debt collection and forbearance policies;
- change in the structure of the Northeast rail system to ensure a private sector solution;
- imposition of further user charges where a restricted group of people benefit disproportionately from the Government service, such as specialized weather services;
- examination of the present Federal stockpiles to see if further disposals of non-critical commodities can be made;
- elimination of overlapping or redundant subsidies and benefits;
- deletion of programs that have objectives which the private sector can meet if disincentives caused by Government regulations or actions are removed;
- termination of programs which the private sector or State or local governments can perform better or at lower cost;
- exploration of ways to reduce or minimize certain interest subsidies by recovering their value from the beneficiaries; and
- examination of the relative changes in the size of the Federal and State and local sectors, and how growth in the public sector in general can be efficiently shared among the three levels of government.

The combined effects of the revised economic outlook, substantial upward technical reestimates, and the President's budget reform plan are shown in Table 14. In comparison to the January budget estimates, the revised budget outlay estimates are lower by \$55.5 billion in 1983 and \$95.6 billion by 1986. Despite the substantial reductions underlying the revised long-range estimates, the Administration will propose additional savings in future budgets. When combined with the projected receipts and spending levels resulting from the proposals in this document, these further proposals would produce a balanced budget by 1984.

Table 14.--CHANGES FROM JANUARY BUDGET
TO REVISED BUDGET, 1983-1986
(in billions of dollars)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	892.0	962.7	1047.2	1139.1
Change.....	<u>-51.3</u>	<u>-62.2</u>	<u>-72.0</u>	<u>-78.9</u>
Revised budget.....	840.7	900.5	975.2	1060.2
<u>Outlays</u>				
January budget.....	817.3	890.3	967.9	1050.3
Change.....	<u>-55.5</u>	<u>-75.8</u>	<u>-80.2</u>	<u>-95.6</u>
Revised budget.....	761.8	814.4	887.7	954.7
Additional savings to be proposed.....	<u>-29.8</u>	<u>-44.2</u>	<u>-43.7</u>	<u>-42.7</u>
Target outlay ceiling.....	732.0	770.2	844.0	912.0
<u>Receipts</u>				
January budget.....	809.2	922.3	1052.6	1188.5
Change.....	<u>-100.1</u>	<u>-151.6</u>	<u>-202.7</u>	<u>-248.3</u>
Revised budget.....	709.1	770.7	849.9	940.2
<u>Memorandum</u>				
Surplus or deficit under target outlay ceiling.....	-22.9	0.5	5.9	28.2

The spending targets provide sufficient funds to continue support for the well established programs developed over the years that provide an essential social safety net. Under the Administration targets, the share of budget resources devoted to the social safety net would increase from an estimated 37% in 1981 to 39% by 1986. At the same time, our Nation's defenses would be modernized and fortified. The budget share devoted to national defense would increase from 25% in 1981 to 38% by 1986.

Table 15.--BUDGET OUTLAY TARGET SHARES, 1981 AND 1986
(percent)

	<u>1981</u>	<u>1986</u>
National defense.....	24.7	37.6
Nondefense:		
Social safety net.....	36.8	39.0
Net interest.....	9.8	6.9
All other.....	<u>28.6</u>	<u>16.6</u>
Subtotal, Nondefense.....	<u>75.3</u>	<u>62.4</u>
Target outlay ceiling.....	100.0%	100.0%

The projections also include the Administration's initiatives to redefine the role of the Federal Government in relation to States and localities. The major proposals in this area are the several grant consolidations, described in Part 3. Additional information on grants to State and local governments is provided in Appendix A.

In addition to the savings resulting from specific program reductions described in Part 3, the revised budget projections for discretionary nondefense programs provide no funds during 1983-1986 to cover future inflation. This results in across-the-board reductions in real resources for these programs, and will provide an incentive to increase efficiency and cost-consciousness.

Summary tables of long-range projections by various categories appear in Part 5. Appendix B and Appendix C provide projections of proposed increases and decreases in budget authority and outlays for 1981-1986.

050: NATIONAL DEFENSE

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	228.6	258.0	289.7	324.1
Change.....	<u>31.0</u>	<u>36.9</u>	<u>43.3</u>	<u>50.2</u>
Revised budget.....	259.6	294.9	333.0	374.3
<u>Outlays</u>				
January budget.....	210.4	237.8	267.8	299.5
Change.....	<u>15.7</u>	<u>17.8</u>	<u>36.1</u>	<u>43.2</u>
Revised budget.....	226.0	255.6	303.9	342.7

In comparison to the January budget projections, budget authority for national defense is now projected to be \$31.0 billion higher in 1983 and \$50.2 billion higher by 1986. Outlays are projected to be higher by \$15.7 billion in 1983 and \$43.2 billion by 1986. These increases are the net differences between substantial increases in funding necessary to improve our defense capabilities, lower costs due to lower projected rates of inflation, and reductions and economies in civilian pay and other areas noted in Part 3.

150: INTERNATIONAL AFFAIRS

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	18.4	20.1	21.3	22.4
Change.....	<u>-0.7</u>	<u>-3.8</u>	<u>-5.2</u>	<u>-6.3</u>
Revised budget.....	17.7	16.3	16.1	16.1
<u>Outlays</u>				
January budget.....	12.9	13.6	14.5	15.3
Change.....	<u>-1.1</u>	<u>-1.4</u>	<u>-2.3</u>	<u>-3.1</u>
Revised budget.....	11.8	12.2	12.2	12.3

In comparison to the January budget projections, budget authority for international affairs is now projected to be \$0.7 billion lower in 1983 and \$6.3 billion lower by 1986. Outlays are projected to be \$1.1 billion lower in 1983 and \$3.1 billion lower by 1986. These reductions are the net result of reestimates, proposed reductions, and a policy increase for international security assistance discussed above in Part 3.

The decisions to reduce foreign development assistance programs, payments of international organization assessments, and Export-Import Bank lending authority result in significant reductions from the January projections, and make room for critical increases for security assistance.

250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	8.8	8.4	8.0	7.7
Change.....	<u>-1.1</u>	<u>-1.3</u>	<u>-1.1</u>	<u>-1.0</u>
Revised budget.....	7.7	7.1	6.9	6.8
<u>Outlays</u>				
January budget.....	8.3	8.3	8.0	7.8
Change.....	<u>-1.0</u>	<u>-1.2</u>	<u>-1.2</u>	<u>-1.1</u>
Revised budget.....	7.3	7.2	6.8	6.7

In comparison to the January budget projections, budget authority for general science, space and technology is now projected to be \$1.1 billion lower in 1983 and \$1.0 billion lower by 1986. Outlays are projected to be \$1.0 billion lower in 1983 and \$1.1 billion lower by 1986. These reductions are the result of reestimates and proposed reductions and deferrals discussed above in Part 3.

Proposed changes in the scope of National Science Foundation activities reduce outlays by \$324 million in 1983 and by \$462 million in 1986. Deferral of construction in the Department of Energy's general science programs results in outlays savings of \$42 million in 1982, rising to \$83 million by 1986. Deferral of previously planned National Aeronautics and Space Administration space and general support activities reduces estimated outlays by \$631 million in 1983, and \$592 million by 1986.

270: ENERGY

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	12.7	10.8	11.5	15.7
Change.....	<u>-3.6</u>	<u>-2.9</u>	<u>-2.9</u>	<u>-3.2</u>
Revised budget.....	9.1	8.0	8.6	12.5
<u>Outlays</u>				
January budget.....	12.4	11.1	10.9	13.0
Change.....	<u>-3.2</u>	<u>-3.4</u>	<u>-2.9</u>	<u>-3.0</u>
Revised budget.....	9.2	7.7	8.0	10.0

In comparison to the January budget projections, budget authority for energy is now projected to be \$3.6 billion lower in 1983 and \$3.2 billion lower by 1986. Outlays are projected to be \$3.2 billion lower in 1983 and \$3.0 billion lower by 1986. These reductions are the net result of reestimates and proposed reductions discussed above in Part 3. These include reduced subsidies for synthetic and alcohol fuels and demonstration and development programs for fossil and solar energy, termination of the Solar Energy and Energy Conservation Bank, and elimination of many information and regulatory programs of the Department of Energy.

300: NATURAL RESOURCES AND ENVIRONMENT

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January estimate.....	15.3	16.2	16.4	16.4
Change.....	<u>-4.7</u>	<u>-5.9</u>	<u>-6.6</u>	<u>-6.9</u>
Revised budget.....	10.6	10.3	9.8	9.5
<u>Outlays</u>				
January estimate.....	15.0	15.5	15.4	15.3
Change.....	<u>-4.0</u>	<u>-5.7</u>	<u>-6.2</u>	<u>-6.1</u>
Revised budget.....	11.0	9.7	9.2	9.1

In contrast to the January budget projections, budget authority for the natural resources and environment function is now projected to be \$4.7 billion lower in 1983 and \$6.9 billion lower by 1986. Outlays are projected to be \$4.0 billion lower in 1983 and \$6.1 billion lower by 1986. These reductions are the net result of reestimates and proposed reductions discussed above in Part 3. The major reductions in 1983-1986 include continuation of the moratorium on Federal recreation and conservation land acquisition begun in 1981 and termination of funding for State and urban recreation and historic preservation grants. Changes also include increased receipts and increased resources for existing national parks to provide necessary facilities to protect the health and safety of visitors and to preserve park areas from damage.

The Administration will propose legislation for two major user charge programs in the water resources area. The first will sufficiently increase inland waterways fees to provide recovery, starting in 1982, of the entire cost of operating and maintaining existing waterways (discussed in Parts 2 and 3). This legislation will also provide for new waterway cost recovery in the future. The second user charge will recover, through proprietary receipts, the cost of dredging and maintaining deep water channels leading to our seaports, except for that portion allocated to Government use. Together, these proposals will increase revenues by \$2.1 billion over the 1983-86 period, offsetting costs otherwise borne by the general taxpayer.

Increased shared revenue payments to States, as a result of mineral leasing acceleration, are included in the general purpose fiscal assistance function.

350: AGRICULTURE

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January estimate.....	5.6	4.9	5.3	5.6
Change.....	<u>0.2</u>	<u>-0.3</u>	<u>-0.4</u>	<u>-0.6</u>
Revised budget.....	5.7	4.6	4.9	5.1
<u>Outlays</u>				
January estimate.....	4.5	4.8	5.2	5.5
Change.....	<u>-0.5</u>	<u>-0.8</u>	<u>-1.0</u>	<u>-1.1</u>
Revised budget.....	3.9	4.0	4.2	4.4

In comparison to the January budget projections, budget authority for the agriculture function is now projected to be \$0.2 billion higher in 1983 and \$0.6 billion lower by 1986. Outlays are projected to be \$0.5 billion lower in 1983 and \$1.1 billion lower by 1986. These reductions are the result of proposed reductions in the dairy price support and other commodity price support programs discussed above in Part 3.

The reductions in price support programs in 1983-1986 reflect the continued impact of the 1981-1982 proposed reductions as well as anticipated revisions to price support operations as part of the Administration's 4-year farm program to be transmitted to the Congress later this year.

370: COMMERCE AND HOUSING CREDIT

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	12.3	13.4	14.1	15.1
Change.....	<u>-6.9</u>	<u>-7.6</u>	<u>-7.8</u>	<u>-8.7</u>
Revised budget.....	5.4	5.8	6.3	6.4
<u>Outlays</u>				
January budget.....	7.9	9.2	9.8	10.5
Change.....	<u>-4.5</u>	<u>-6.1</u>	<u>-7.6</u>	<u>-8.4</u>
Revised budget.....	3.4	3.1	2.2	2.1

In comparison with the January budget projections, budget authority for commerce and housing credit is now projected to be \$6.9 billion lower in 1983 and \$8.7 billion lower by 1986. Outlays are projected to be \$4.5 billion lower in 1983 and \$8.4 billion lower in 1986. These reductions are the net result of reestimates, revised economic assumptions, and proposed reductions discussed above in Part 3.

The major reductions include:

- discontinuation of the tandem mortgage purchase program of GNMA;
- a reduction in the limitation for FHA mortgage insurance and loan guarantee commitments;
- a reduction in direct loan obligations for the rural housing insurance fund;
- a reduction in subsidies to the U.S. Postal Service;
- withdrawal of the previous administration's proposal to make 30% of the investment tax credit refundable;
- elimination of funding for the National Consumer Cooperative Bank; and
- substantial reductions in funding and staff in the Federal Trade Commission's Bureaus of Consumer Protection and Competition.

400: TRANSPORTATION

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January estimate.....	27.2	28.3	29.4	30.5
Change.....	<u>-6.0</u>	<u>-7.0</u>	<u>-8.0</u>	<u>-8.1</u>
Revised budget.....	21.2	21.3	21.4	22.4
<u>Outlays</u>				
January estimate.....	24.9	26.6	27.7	29.1
Change.....	<u>-4.5</u>	<u>-5.6</u>	<u>-6.9</u>	<u>-7.5</u>
Revised budget.....	20.4	21.0	20.9	21.7

In comparison to the January budget projections, budget authority for the transportation function is now projected to be \$6.0 billion lower in 1983 and \$8.1 billion lower by 1986. Outlays are projected to be \$4.5 billion lower in 1983 and \$7.5 billion lower by 1986. These reductions are the net result of reestimates and proposed reductions discussed above in Part 3 as well as additional policy changes occurring in 1983-1986.

The major reductions in 1983-1986 would eliminate or stretch out lower priority Federal highway projects and would refocus Federal highway program resources on the interstate and primary systems. A reduction in mass transit capital grants, starting in 1982, reflects a moratorium on new Federal commitments for building transit rail lines or systems, whereas the phaseout of mass transit operating subsidies by 1985 is part of a general effort to reduce dependency on government subsidy.

While Coast Guard funding continues at real rates of growth comparable to those projected in the Carter budget, a major study of Coast Guard roles and missions being conducted in 1981 may reveal ways to achieve future savings in the methods used to provide the types of services and defense preparedness now furnished by the Coast Guard.

450: COMMUNITY AND REGIONAL DEVELOPMENT

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	9.3	9.4	9.7	10.0
Change.....	<u>-1.9</u>	<u>-2.0</u>	<u>-2.1</u>	<u>-2.1</u>
Revised budget.....	7.4	7.4	7.6	7.8
<u>Outlays</u>				
January budget.....	8.9	9.2	9.5	9.6
Change.....	<u>-1.3</u>	<u>-1.8</u>	<u>-2.4</u>	<u>-2.5</u>
Revised budget.....	7.6	7.3	7.2	7.1

In comparison to the January budget projections, budget authority for the community and regional development function is now projected to be \$1.9 billion lower in 1983 and \$2.1 billion lower by 1986. Outlays are projected to be \$1.3 billion lower in 1983 and \$2.5 billion lower by 1986. These reductions are the result of reestimates and proposed reductions discussed in Part 3. The major reductions include:

- integration of the community development block grant and the urban development action grant programs into a more efficient and flexible grant mechanism;
- termination of the rehabilitation loan fund;
- a reduction in direct loan obligations of the Farmers Home Administration;
- termination of the Economic Development Administration and the Regional Development Commissions of the Department of Commerce, and the non-highway programs of the Appalachian Regional Commission;
- termination of the coastal and inland energy impact programs; and
- reductions in funding for disaster assistance.

500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	38.0	39.7	41.3	42.7
Change.....	<u>-13.3</u>	<u>-14.9</u>	<u>-16.6</u>	<u>-17.9</u>
Revised budget.....	24.8	24.8	24.7	24.8
<u>Outlays</u>				
January budget.....	36.5	38.6	40.3	41.7
Change.....	<u>-11.7</u>	<u>-14.6</u>	<u>-16.2</u>	<u>-17.6</u>
Revised budget.....	24.7	24.0	24.0	24.1

In comparison to the January budget projections, budget authority for education, training, employment, and social services is now projected to be \$13.3 billion lower in 1983 and \$17.9 billion lower by 1986. Outlays are projected to be \$11.7 billion lower in 1983 and \$17.6 billion lower by 1986. These reductions are the net result of reestimates, revised economic assumptions, and proposed reductions discussed in Part 3.

The major reductions involve: elimination of the two CETA public service employment programs by the end of fiscal year 1981; consolidation of 44 categorical education grant programs into two block grants; consolidation of CETA youth programs with general purpose CETA training grants; and funding of numerous social and community services activities under one block grant. In addition, the Administration proposes improved targeting of student financial assistance provided by the Pell grant program on the truly needy.

For education programs, the current long-range estimates are significantly below the January estimates. In 1983, budget authority for education programs is estimated to be \$4.5 billion below the January estimates, and \$3.6 billion lower in outlays. By 1986, the differences from the January estimates are \$6.2 billion and \$5.9 billion, respectively.

For training and employment programs, the Administration proposals reduce 1983 budget authority by \$6.1 billion and outlays by \$5.8 billion below the January estimates. By 1986, the savings from these proposals are \$8.3 billion and \$7.9 billion, respectively.

For social and community services programs, the Administration's block grant proposal would reduce 1983 budget authority by \$1.7

billion and outlays by \$2.0 billion below the January estimates for programs in this function. By 1986, the savings from this proposal are \$2.2 billion in budget authority and \$2.5 billion in outlays. Additional savings result from consolidating Federal management, research and demonstration, and administrative activities previously undertaken along categorical lines. Withdrawal of support for the previous administration's proposed tax credit for non-profit institutions reduces budget authority and outlays by \$0.3 billion in 1983 and by \$0.5 billion in 1986.

-110-

550: HEALTH

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	96.1	107.5	121.7	139.0
Change.....	<u>-5.2</u>	<u>-8.5</u>	<u>-12.4</u>	<u>-17.0</u>
Revised budget.....	90.9	99.0	109.3	122.0
<u>Outlays</u>				
January budget.....	84.5	95.4	107.1	119.9
Change.....	<u>-2.9</u>	<u>-5.1</u>	<u>-8.4</u>	<u>-13.2</u>
Revised budget.....	81.6	90.3	98.7	106.7

In comparison to the January budget projections, budget authority for the health function is now projected to be \$5.2 billion lower in 1983 and \$17.0 billion lower by 1986. Outlays are projected to be \$2.9 billion lower in 1983 and \$13.2 billion lower by 1986. These changes are the net result of reestimates, revised economic assumptions, proposed reduction, and reforms that the Administration expects to institute to establish a more competitive market in the health care industry. The interim reform of medicaid achieves sizeable outlay savings in all years, rising from \$2 billion in 1983 to \$5 billion in 1986.

The health service and prevention grant consolidations are described in Part 3. By allowing States the flexibility to design comprehensive services programs according to their own priorities, publicly funded services would become more effective and less costly.

600: INCOME SECURITY

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	310.4	332.4	362.8	389.8
Change.....	<u>-26.3</u>	<u>-28.9</u>	<u>-32.6</u>	<u>-33.5</u>
Revised budget.....	285.2	303.5	330.2	356.3
<u>Outlays 1/</u>				
January budget.....	284.0	309.1	337.5	364.8
Change.....	<u>-23.7</u>	<u>-32.0</u>	<u>-41.7</u>	<u>-51.5</u>
Revised budget.....	260.2	277.1	295.7	313.3

1/ Estimated OASI benefit outlays for 1983 through 1986 are contained in these amounts although under current law and economic assumptions, the OASI trust fund will be unable to make timely benefit payments. The Administration is currently developing a plan for this and longer-range social security financing issues, which will be submitted to Congress in the near future. The benefit outlays are displayed here under the assumption firmly held by this Administration that neither the Congress nor the Administration will allow any interruption in the timely payment of social security benefits.

Budget authority and outlays for income security programs are estimated to be substantially lower during 1983-1986 than estimated in January. The net effect of revised economic assumptions, reestimates and proposed reductions reduce budget authority by \$26.3 billion in 1983 and \$33.5 billion by 1986. Outlay estimates are reduced by \$23.7 billion in 1983 and \$51.5 billion by 1986. As discussed in Part 3, the Administration has proposed reductions in the following program areas: general retirement and disability insurance, Federal employee retirement and disability, unemployment compensation, housing assistance, food and nutrition assistance, and other income security programs.

However, the proposed reductions in income security do not affect the programs that comprise an essential social safety net of income support. For example, the basic retirement and disability benefits under the social security program are not affected but many of the ancilliary benefits that have been added in recent years are either eliminated or reduced.

The Administration is also proposing a hardship assistance block grant, consolidating energy and related assistance, to aid families experiencing emergencies.

In addition, changes in the areas of Federal employee retirement and disability, housing assistance, and food and nutrition assistance have rather small changes in 1981 and 1982 compared with the substantial changes through 1983-86.

-113-

700: VETERANS BENEFITS AND SERVICES

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	27.0	29.2	30.7	31.7
Change.....	<u>-1.2</u>	<u>-1.9</u>	<u>-2.6</u>	<u>-3.4</u>
Revised budget.....	25.7	27.3	28.1	28.3
<u>Outlays</u>				
January budget.....	26.2	28.0	30.3	31.2
Change.....	<u>-1.4</u>	<u>-2.0</u>	<u>-2.6</u>	<u>-3.3</u>
Revised budget.....	24.8	26.0	27.6	27.9

In comparison to the January budget projections, budget authority for veterans benefits and services is now projected to be \$1.2 billion lower in 1983 and \$3.4 billion lower by 1986. Outlays are projected to be \$1.4 billion lower in 1983 and \$3.3 billion lower by 1986. These reductions are the result of revised economic assumptions and proposed reductions discussed in Part 3.

Lower proposed cost of living adjustments for service-connected compensation, reflecting lower projected inflation, reduce budget authority and outlays by \$0.3 billion in 1983 and \$1.2 billion by 1986. Proposed restrictions on the growth of the VA medical care program reduce budget authority and outlays by an additional \$0.6 billion in 1983 and \$1.3 billion by 1986. Other major reductions include a decrease in the interest subsidy now given to veterans receiving insurance loans, the withdrawal of a proposal by the previous administration to extend for 2 years the period of eligibility for certain readjustment benefits for needy and educationally disadvantaged Vietnam-era veterans, and some cancellations and delays in the VA hospital construction programs.

750: ADMINISTRATION OF JUSTICE

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January estimate.....	4.9	5.1	5.3	5.5
Change.....	<u>-0.8</u>	<u>-1.0</u>	<u>-1.2</u>	<u>-1.4</u>
Current estimate.....	4.1	4.1	4.1	4.0
<u>Outlays</u>				
January estimate.....	4.9	5.1	5.2	5.4
Change.....	<u>-0.8</u>	<u>-1.0</u>	<u>-1.2</u>	<u>-1.5</u>
Current estimate.....	4.1	4.0	4.0	3.9

In comparison with the January budget projections, budget authority for the administration of justice function is now projected to be \$0.8 billion lower in 1983 and \$1.4 billion lower by 1986. Outlays are projected to be \$0.8 billion lower in 1983 and \$1.5 billion lower in 1986. These reductions are the net result of reestimates and proposed reductions discussed above in Part 3.

The Administration will propose to make services currently provided by the Legal Services Corporation and the Office of Juvenile Justice and Delinquency Prevention eligible activities under a social services block grant. This is discussed in the education, training, employment, and social services section of Part 3. The Administration also proposes to make significant personnel reductions in the agencies in this function.

800: GENERAL GOVERNMENT

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	5.6	5.5	5.6	5.6
Change.....	<u>-0.3</u>	<u>-0.5</u>	<u>-0.6</u>	<u>-0.8</u>
Revised budget.....	5.3	5.0	5.0	4.8
<u>Outlays</u>				
January budget.....	5.2	5.4	5.3	5.2
Change.....	<u>-0.3</u>	<u>-0.6</u>	<u>-0.8</u>	<u>-0.8</u>
Revised budget.....	4.9	4.8	4.5	4.3

Budget authority and outlays for the general government function are \$0.3 billion lower than the levels in the January budget for 1983 and \$0.8 billion lower by 1986. These reductions are primarily due to the reductions in Internal Revenue Service personnel discussed in Part 3.

850: GENERAL PURPOSE FISCAL ASSISTANCE

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January estimate.....	7.4	7.6	7.8	8.0
Change.....	<u>-0.7</u>	<u>-0.8</u>	<u>-0.8</u>	<u>-0.9</u>
Current estimate.....	6.8	6.9	7.0	7.1
<u>Outlays</u>				
January estimate.....	7.5	7.6	7.8	8.0
Change.....	<u>-0.7</u>	<u>-0.9</u>	<u>-1.0</u>	<u>-1.1</u>
Current estimate.....	6.8	6.7	6.8	6.9

In comparison to the January budget projections, budget authority for general purpose fiscal assistance is now projected to be \$0.7 billion lower in 1983 and \$0.9 billion lower by 1986. Outlays are projected to be \$0.7 billion lower in 1983 and \$1.1 billion lower by 1986. These reductions are the net result of reestimates, proposed reductions, and a policy increase discussed above in Part 3.

The major reductions are the withdrawal of the proposed tax credit payments to State and local governments and the proposed phasing out by 1984 of capital improvement loans to the District of Columbia.

-117-

900: INTEREST

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January budget.....	91.7	89.0	87.5	88.2
Change.....	<u>-7.0</u>	<u>-4.2</u>	<u>-4.1</u>	<u>-4.5</u>
Revised budget.....	84.7	84.9	83.4	83.7
<u>Outlays</u>				
January budget.....	91.7	89.1	87.5	88.2
Change.....	<u>-7.0</u>	<u>-4.2</u>	<u>-4.1</u>	<u>-4.5</u>
Revised budget.....	84.7	84.9	83.4	83.7

Budget authority and outlays for the interest function are estimated to be \$7.0 billion lower in 1983 and \$4.5 billion lower in 1986 than estimated in the January budget. These lower budget authority and outlay levels for the interest function in 1983-86 are due to lower projected interest rates and lower borrowing requirements. The large decreases in interest on the public debt are partially offset by decreases in interest received on loans made to the Federal Financing Bank.

920: ALLOWANCES

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority</u>				
January estimate.....	6.8	10.3	12.8	15.4
Change.....	<u>-2.1</u>	<u>-3.6</u>	<u>-4.0</u>	<u>-4.5</u>
Current estimate.....	4.6	6.6	8.7	10.8
<u>Outlays</u>				
January estimate.....	5.7	9.2	11.7	14.3
Change.....	<u>-1.6</u>	<u>-3.2</u>	<u>-3.6</u>	<u>-4.1</u>
Current estimate.....	4.0	6.0	8.1	10.1

Budget authority and outlays for the allowance function are lower than the January budget levels by \$2.1 billion and \$1.6 billion respectively in 1983. By 1986 budget authority is \$4.5 billion lower than the January budget projections and outlays are \$4.1 billion lower.

The changes in Federal employee compensation discussed in Part 3 would decrease the allowance for civilian agency pay raises included in this function. The contingency for other requirements has been reduced to \$1.5 billion in budget authority and \$1.0 billion in outlays in 1983-1986 to reflect anticipated savings due to the improvements in contracting and procurement practices and in debt collection discussed in Part 3.

950: UNDISTRIBUTED OFFSETTING RECEIPTS

	(in billions of dollars)			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Budget Authority and Outlays</u>				
January estimate.....	-34.1	-33.2	-33.5	-34.1
Change.....	<u>-0.8</u>	<u>-4.2</u>	<u>-6.2</u>	<u>-8.2</u>
Current estimate.....	-34.8	-37.4	-39.7	-42.3

Undistributed offsetting receipts are \$0.8 billion higher in 1983 than the January estimates and \$8.2 billion higher by 1986. These increases in receipts reduce budget authority and outlays.

The revision of offshore oil and gas leasing schedules that the President is seeking would increase rents and royalties on the Outer Continental Shelf and therefore reduce budget authority and outlays. Lower projected interest rates reduce interest received by trust funds. This decrease is offset by increased investment in Treasury securities resulting from higher trust fund balances.