

BUDGET OF THE UNITED STATES GOVERNMENT

ANALYTICAL PERSPECTIVES



Fiscal Year 1995

THE BUDGET DOCUMENTS

Budget of the United States Government, Fiscal Year 1995 contains the Budget Message of the President and presents the President's budget proposals.

Analytical Perspectives, Budget of the United States Government, Fiscal Year 1995 contains analyses that are designed to highlight specified program areas or provide other significant presentations of budget data that place the budget in perspective.

It includes economic and accounting analyses, such as a balance sheet-type presentation; information on Federal receipts and collections, including user fees and tax expenditures; analyses of Federal spending; detailed information on Federal borrowing and debt; the Budget Enforcement Act preview report; current services estimates; and other technical presentation, such as the national income and product accounts.

It also includes information on management improvements; the budget system and concepts; a listing of the Federal programs by agency and account; and a glossary of budget terms.

Historical Tables, Budget of the United States Government, Fiscal Year 1995 provides data on budget receipts, outlays, surpluses or deficits, and Federal debt covering an extended time period—in many cases beginning in fiscal year 1940 and ending in fiscal year 1999. 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 1995 Budget, so the data series are comparable over time.

Budget of the United States Government, Fiscal Year 1995—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 group of agencies. Supplemental and rescission proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget totals.

Automated Sources of Budget Information. Copies of the budget number data in electronic form may be obtained from the U.S. Department of Commerce, National Technical Information Service, Springfield, VA 22161, telephone (703) 487-4650. Refer to stock number PB94-500030. Historical budget information is available on compact disk (CD) from the U.S. Department of Commerce, Office of Business Analysis, HCHB Room 4885, Washington, D.C. 20230, telephone (202) 482-1986. Refer to the National Economic, Social, and Environmental Data Bank (NESE-DB). There is a charge for both of these items.

GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in this document may not add to the totals due to rounding.

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ECONOMIC AND ACCOUNTING ANALYSES

1. ECONOMIC ASSUMPTIONS

Introduction

A year ago, the two-year old recovery from the 1990-91 recession was still very fragile; now it is secure. This transformation was the result of a series of corrective actions taken by the private and public sectors. Households reduced their share of disposable income needed to service outstanding debt. Businesses improved their balance sheets by relying on equity rather than debt financing. In the construction industry, the overhang of excess office space was reduced substantially.

But most importantly, the Federal Government seriously addressed its own deficit problem. Congress enacted the Administration's deficit reduction plan, committed itself to follow with further cuts in health care costs and refocused spending priorities on productivity-enhancing investment.

The return to fiscal responsibility contributed to a fall of one percentage point in long-term interest rates between the election in November 1992 and the end of 1993. Even though they increased slightly in the closing months of the year, long-term interest rates in the fourth quarter were the lowest in over two decades. Falling rates stimulated key interest-sensitive sectors, pushed the stock market to record highs and reduced the debt servicing costs of governments, households and businesses.

By the second half of 1993, households and businesses were willing and able to undertake the investment spending that produces self-sustaining growth. Business and consumer confidence improved noticeably as sales picked up, orders increased, payrolls expanded and incomes rose. Even though the pace of economic activity quickened during 1993 and the unemployment rate declined steadily, inflation remained well under control. Thus, as 1994 begins, the essential elements for sustained, noninflationary growth are in place.

Signs of a Secure Expansion

The favorable trends evident in product and labor markets last year suggest that the economy in 1994—and the five years beyond—will be healthier than it has been during the past half dozen years.

- Real GDP growth was faster in each successive quarter of 1993, reaching an estimated 4-1/2 percent annual rate in the final quarter. The acceleration was achieved through faster growth of spending on the investment components of GDP (consumer durables, housing and business equipment) rather than inventory accumulation or foreign trade.
- To meet growing demand, businesses both lengthened the workweek and increased their hiring. In

the fourth quarter, the manufacturing workweek set a record high for the post-World War II period; factory overtime reached the highest level since record keeping began in 1956; and factories increased their payrolls by 40,000 following seven consecutive months of reductions. In addition to the manufacturing sector, the construction industry added significantly to its payrolls in the fourth quarter and private sector service jobs continued to grow.

- The unemployment rate in December was 6.4 percent, down from 7.3 percent a year earlier. All major demographic groups experienced substantial unemployment rate declines during 1993.
- The Consumer Price Index (CPI) rose just 2.7 percent during 1993; the producer price index, a mere 0.2 percent. The reduction of inflation was broadly based; even the medical component of the CPI slowed last year. In addition, energy prices fell near the end of 1993. Faster growth of productivity in the second half of the year helped restrain inflation by providing an offset to rising labor compensation.

There were important restraints on growth during 1993, some of which will continue during 1994, and perhaps even beyond.

- On the domestic side, the shift from defense to nondefense priorities in the post-Cold War world has caused a sharp retrenchment by defense-related industries. During 1993, industries with 50 percent or more of their output geared to defense reduced their payrolls by 140,000, about the same as in 1992. At the state and local government level, fiscal pressures have curtailed hiring and spending, although these pressures might ease as a growing economy boosts tax revenues. In the construction sector, investment in new office buildings and multifamily rental housing was depressed in 1993 by the high vacancy rates of recent years. These rates, however, came down during 1993, suggesting a turnaround may be in the offing.
- Abroad, recessions in Europe and Japan contributed to a widening of the U.S. trade deficit last year, and a further deterioration is probable this year. During 1993, industries with 20 percent or more of their employment directly or indirectly tied to exports lost 120,000 jobs, considerably less than the 230,000 of 1992.
- Finally, the same competition from foreign and domestic firms that helps hold inflation in check will maintain pressure on U.S. companies to control costs by downsizing their workforces wherever feasible.

In the view of the Administration, and most private sector forecasters, however, the growth-promoting trends in the economy far outweigh the restraining ones. If the Congress delivers on its commitment to fiscal responsibility and the Federal Reserve continues to provide sufficient growth of the monetary aggregates to sustain the expansion, the economic future will be brighter than it has been in many years.

Economic Assumptions

The Administration's economic assumptions developed in early December 1993 project a continuation of the trends evident in 1993: real economic growth sufficiently strong to lower unemployment gradually without reigniting inflation. (See Table 1-1 for details.)

- Between the fourth quarter of 1993 and the fourth quarter of 1994, real GDP is expected to increase 3.0 percent. From 1995 through 1999, the growth rate slows progressively to 2.5 percent, close to the estimate of potential growth.
- The unemployment rate is expected to decline 0.3 percentage point in 1994. Further decreases of about this magnitude are projected each year through 1998, at which time the unemployment

rate is projected to be close to the noninflationary unemployment rate.¹

- Inflation, as measured by the Consumer Price Index, is projected to be 3.0 percent during 1994, compared with 2.7 percent during 1993. As the slack in labor and product markets is taken up, the inflation rate is assumed to edge up slightly, leveling off at 3.4 percent per year during 1997-1999.
- Short-term interest rates are projected to rise moderately from their exceptionally low current levels as the economy expands, while long-term rates are projected to remain unchanged at their levels at the end of 1993.

Data that became available after these assumptions were completed suggest that real growth in the fourth quarter of 1993 was stronger than anticipated, while unemployment, inflation and interest rates were lower. Economic assumptions updated for these recent developments would raise the level of both real and nominal GDP by about 0.2 percent each year 1994-1999, but

¹ Because of a major revision of the monthly labor force questionnaire beginning in January 1994, there is likely to be a noticeable break in the official unemployment rate beginning with 1994. Table 1-1 shows an unemployment rate projection consistent with the historical data through 1993. The unemployment rate based on the revised questionnaire might be about one-half percentage point higher than this.

TABLE 1-1. ECONOMIC ASSUMPTIONS¹

(Calendar years; dollar amounts in billions)

	Actual 1992	Projections						
		1993	1994	1995	1996	1997	1998	1999
Gross Domestic Product (GDP):								
Levels, dollar amounts in billions:								
Current dollars	6,038	6,371	6,736	7,118	7,522	7,950	8,400	8,870
Constant (1987) dollars	4,986	5,126	5,284	5,433	5,579	5,725	5,873	6,021
Implicit price deflator (1987 = 100), annual average	121.1	124.3	127.5	131.0	134.8	138.9	143.0	147.3
Percent change, fourth quarter over fourth quarter:								
Current dollars	6.7	5.0	5.8	5.6	5.7	5.7	5.7	5.6
Constant (1987) dollars	3.9	2.3	3.0	2.7	2.7	2.6	2.6	2.5
Implicit price deflator (1987 = 100)	2.8	2.6	2.7	2.8	2.9	3.0	3.0	3.0
Percent change, year over year:								
Current dollars	5.5	5.5	5.7	5.7	5.7	5.7	5.7	5.6
Constant (1987) dollars	2.6	2.8	3.1	2.8	2.7	2.6	2.6	2.5
Implicit price deflator (1987 = 100)	2.9	2.6	2.6	2.8	2.9	3.0	3.0	3.0
Incomes, billions of current dollars:								
Personal income	5,145	5,385	5,691	6,016	6,365	6,746	7,148	7,551
Wages and salaries ²	2,973	3,083	3,261	3,442	3,636	3,849	4,071	4,293
Corporate profits before tax	395	447	508	531	555	573	595	631
Consumer Price Index (all urban):³								
Level (1982-84 = 100), annual average	140.3	144.5	148.6	153.3	158.3	163.6	169.2	174.9
Percent change, fourth quarter over fourth quarter	3.1	2.8	3.0	3.2	3.3	3.4	3.4	3.4
Percent change, year over year	3.0	3.0	2.8	3.2	3.3	3.3	3.4	3.4
Unemployment rate, civilian, percent:⁴								
Fourth quarter level	7.3	6.7	6.4	6.0	5.8	5.6	5.5	5.5
Annual average	7.4	6.8	6.5	6.1	5.9	5.7	5.5	5.5
Federal pay raises, January, percent ⁵	4.2	3.7	.....	1.6	2.2	2.5	2.5	2.5
Interest rates, percent:								
91-day Treasury bills ⁶	3.5	3.0	3.4	3.8	4.1	4.4	4.4	4.4
10-year Treasury notes	7.0	5.9	5.8	5.8	5.8	5.8	5.8	5.8

¹ Based on information available as of December 1993.

² Pre-health care reform. Reform is assumed to increase wages and salaries by \$23 billion in 1997, \$35 billion in 1998 and \$47 billion in 1999.

³ CPI for all urban consumers.

⁴ Pre-1994 basis. The introduction of a new labor force questionnaire in January 1994 may result in higher unemployment rates than these shown in the table.

⁵ In January 1994 there was a 2.2% pay raise for military personnel.

⁶ Average rate (bank discount basis) on new issues within period.

TABLE 1-2. COMPARISON OF ECONOMIC ASSUMPTIONS IN THE 1994 AND 1995 BUDGETS
(Calendar years; dollar amounts in billions)

	1993	1994	1995	1996	1997	1998
Percent increase:						
Nominal GDP:						
1994 budget assumptions ¹	6,348	6,692	7,046	7,397	7,740	8,070
1995 budget assumptions	6,371	6,736	7,118	7,522	7,950	8,400
Real GDP (percent change): ²						
1994 budget assumptions	2.8	3.0	2.8	2.6	2.2	1.8
1995 budget assumptions	2.3	3.0	2.7	2.7	2.6	2.6
GDP deflator (percent change): ²						
1994 budget assumptions	2.5	2.4	2.3	2.2	2.2	2.2
1995 budget assumptions	2.6	2.7	2.8	2.9	3.0	3.0
Consumer Price Index (percent change): ²						
1994 budget assumptions	2.8	2.7	2.7	2.7	2.7	2.7
1995 budget assumptions	2.8	3.0	3.2	3.3	3.4	3.4
Civilian unemployment rate (percent): ³						
1994 budget assumptions	7.1	6.6	6.2	6.0	5.8	5.7
1995 budget assumptions	6.8	6.5	6.1	5.9	5.7	5.5
91-day Treasury bill rate (percent):						
1994 budget assumptions	3.2	3.7	4.3	4.7	4.8	4.9
1995 budget assumptions	3.0	3.4	3.8	4.1	4.4	4.4
10-year Treasury note rate (percent):						
1994 budget assumptions	6.7	6.6	6.6	6.5	6.5	6.4
1995 budget assumptions	5.9	5.8	5.8	5.8	5.8	5.8

¹Adjusted for August 1993 revisions.

²Fourth quarter to fourth quarter.

³Pre-1994 basis.

would not change the growth rates shown in Table 1-1. The update would also reduce the unemployment rate by one or two tenths in 1994-1997 and lower the ten-year Treasury note by one-tenth percentage point through 1999. These revisions are included in the Administration assumptions published in the Council of Economic Advisors, *Economic Report of the President*, 1994. The changes would reduce the deficits for 1995-1999 by \$5-6 billion a year compared to the deficits estimated using Table 1-1 assumptions.

The economic assumptions presume enactment of the Administration's budget proposals. The Administration's health care reform proposal was also taken into account in framing them. While there are likely to be important sectoral effects from health care reform, these are expected to be largely offsetting at the level of the economy as a whole. Thus, the projections of nominal and real GDP, the GDP implicit price deflator, the overall CPI, unemployment and interest rates shown in Table 1-1 are assumed to be unaffected.²

Impact of Changes in Economic Assumptions

The budget for 1994 was based on economic assumptions identical to those used by the Congressional Budget Office (CBO) at the time. In contrast, the 1995 budget is based on the Administration's own forecast and assumptions. While the rate of real growth projected for the next few years is similar, the 1995 budget assumptions show somewhat stronger real growth in the

out-years. They also show slightly higher inflation, and lower interest rates (the latter particularly reflecting the experience of this past year).

The changes in economic assumptions have significant effects on the budget outlook. Higher real growth and inflation rates both contribute to raising estimates of receipts. The higher inflation, however, also increases estimates of outlays for programs such as social security, the benefits for which rise automatically each year due to cost-of-living adjustments. Lower interest rates reduce estimated outlays for payment of interest on the public debt. The changes in economic assumptions since last year's budget lower the 1994 deficit by \$5.5 billion while the 1998 deficit is reduced by \$40.6 billion (Table 1-3).

Omnibus Trade and Competitiveness Act of 1988

As required by the Omnibus Trade and Competitiveness Act of 1988, Table 1-4 shows estimates for economic variables related to saving, investment, and foreign trade consistent with the economic assumptions. The merchandise trade and current account balances deteriorated in fiscal year 1993, as growth in U.S. exports was restrained by recessions in Europe and Japan. The continued faster rate of growth in the United States than abroad is likely to further widen our external deficits.

Net private investment in the United States is projected to increase substantially as the economy expands. The sources of finance for the increased private investment are the substantial decline in the Federal deficit plus the larger inflow of foreign capital. Private domestic saving is expected to change little through 1995.

The Act requires information on the amount of borrowing by the Federal Government in private credit

²The medical component of the CPI is expected to rise more slowly as a result of health care reform. By 1999, when the reform is fully implemented, medical inflation is assumed to be one percentage point higher than the overall CPI, compared with 2 percentage points higher in a baseline that excludes health care reform. This difference is assumed to be offset by differences in inflation outside the medical sector so that the overall rate of inflation is the same for baseline and policy estimates. See Chapter 17, "Current Services Estimates."

TABLE 1-3. EFFECTS ON THE BUDGET OF CHANGE IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(In billions of dollars)

	1994	1995	1996	1997	1998
Budget totals under 1994 budget economic assumptions and 1995 budget policies:					
Receipts	1,249.5	1,352.0	1,425.4	1,492.1	1,555.1
Outlays	1,489.7	1,529.4	1,609.3	1,701.1	1,786.2
Deficit (-)	-240.2	-177.4	-183.9	-209.0	-231.1
Changes due to economic assumptions:					
Receipts	-0.4	+1.8	+1.9	+13.0	+31.8
Outlays:					
Inflation, mandatory programs	-0.7	+0.7	+3.8	+9.0	+15.6
Unemployment	-0.8	-0.9	-0.9	0.0	-2.1
Interest rates	-4.4	-9.8	-14.2	-16.5	-18.5
Interest on changes in borrowing	-*	-0.5	-1.1	-2.0	-3.7
Total, outlays	-5.9	-10.5	-12.4	-9.6	-8.7
Decrease in deficit	5.5	12.3	14.3	22.6	40.6
Budget totals under 1995 budget economic assumptions and policies:					
Receipts	1,249.1	1,353.8	1,427.3	1,505.1	1,586.9
Outlays	1,483.8	1,518.9	1,596.9	1,691.4	1,777.4
Deficit (-)	-234.8	-165.1	-169.6	-186.4	-190.5

TABLE 1-4. SAVING, INVESTMENT, AND TRADE BALANCE

(Fiscal years; in billions of dollars)

	1993 actual	1995 estimate
Current account	-101	-145 to -105
Merchandise trade balance	-123	-175 to -135
Net foreign investment	-89	-140 to -100
Net domestic saving (excluding Federal saving) ¹	332	325 to 365
Net private domestic investment	203	280 to 320

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.

markets. This is presented in Chapter 13, "Federal Borrowing and Debt."

It is difficult to gauge with precision the effect of Federal Government borrowing from the public on interest rates and exchange rates, as required by the Act. Both are influenced by many factors besides Government borrowing in a complicated process involving supply and demand for credit and perceptions of fiscal and monetary policy here and abroad.

Structural vs. Cyclical Deficit

When there is slack in the economy, receipts are lower than they would be if resources were fully employed, and outlays for unemployment-sensitive programs (such as unemployment compensation and food

stamps) are higher. As a result, the deficit is higher than it would be at full employment. The portion of the deficit that can be traced to such factors is called the cyclical deficit. The remainder, the portion that would remain at full employment (consistent with a 5.5 percent unemployment rate), is called the structural deficit.

Changes in the structural deficit give a better picture of the impact of budget policy on the economy than the unadjusted deficit affords. The structural deficit also gives a clearer picture of the deficit problem that fiscal policy must address, since this part of the deficit will persist even when the economy has fully recovered, unless policy changes.

TABLE 1-5. ADJUSTED STRUCTURAL DEFICIT

(In billions of dollars)

	1992	1993	1994	1995	1996	1997	1998	1999
Actual deficit (unadjusted)	290.4	254.7	234.8	165.1	169.6	186.4	190.5	181.1
Cyclical component	61.8	52.0	42.4	30.3	21.1	15.1	7.6	4.0
Structural deficit	228.6	202.6	192.4	134.9	148.5	171.3	182.9	177.1
Deposit insurance ¹	2.4	28.0	3.3	11.1	11.3	6.1	4.9	3.3
Adjusted structural deficit	231.0	230.6	195.7	146.0	159.8	177.4	187.8	180.4

¹ For 1992 includes allied contributions for Desert Storm.

In recent years, outlays for deposit insurance (mainly for resolving insolvencies in the savings and loan industry) have had substantial impacts on the actual deficit. However, these outlays have little current impact on economic performance, because the Federal liability for S&L insolvencies occurred years ago. Furthermore, these are in the nature of one-time expenditures that will not be repeated. Indeed, future outlays for this purpose are expected to be negative as the Government sells the assets acquired in shutting down insolvent S&Ls. It has therefore become customary to remove deposit insurance outlays as well as the cyclical component from the actual deficit to compute the adjusted structural deficit. This is shown in Table 1-5.

The downward trend of the adjusted structural deficit over the next several years measures real progress in correcting the fiscal imbalance inherited by this Administration. Some period of restrictive policy was unavoidable if the actual deficit was to be reduced from the unsustainably high levels of the past decade. The decline in the level of the structural deficit is neither so pronounced nor abrupt as to pose a threat to sustained moderate economic growth. In particular, it is consistent with the economic assumptions underlying the budget, presented above.

Sensitivity of the Budget to Economic Assumptions

Both receipts and outlays are affected by changes in economic conditions. This sensitivity seriously complicates budget planning because errors in economic assumptions lead to errors in the budget projections. It is therefore useful to examine the implications of alternative economic assumptions.

Many of the budgetary effects of changes in economic assumptions are fairly predictable, and a set of rules of thumb embodying these relationships can aid in estimating how changes in the economic assumptions would alter outlays, receipts, and the deficit. The final table summarizes these rules of thumb.

Economic variables that affect the budget do not usually change independently of one another. Employment and output tend to move together in the short run: a higher rate of real GDP growth is associated with declining unemployment, while weak or negative growth is accompanied by rising unemployment. In the long run, however, changes in the average rate of growth of real GDP are mainly due to changes in the rates of growth of productivity and labor supply, and are not associated with changes in the average rate of unemployment. Inflation and interest rates are also linked: a higher expected rate of inflation tends to increase interest rates, while lower expected inflation reduces rates. Changes in real GDP growth or inflation have a much greater cumulative effect on the budget over time if they are sustained for several years than if they occur for only one year.

The table shows that if real GDP growth is lower by one percentage point in calendar year 1994 and the unemployment rate rises by one-half percentage point,

the 1994 deficit would increase by \$7.5 billion. Receipts in 1994 would be lower by \$6.6 billion, and outlays would be higher by \$1.0 billion, primarily for unemployment-sensitive programs. If growth resumes at its previously assumed rate in 1995, the receipts shortfall would nonetheless grow further that year, to \$14.4 billion, and outlays would be increased by \$5.0 billion, raising the 1995 deficit by \$19.4 billion relative to the base case. The budget effects would continue to grow slightly in later years. The permanent change in the deficit is due to the permanent reduction in the level of real (and nominal) GDP and taxable incomes and the permanent increase in unemployment relative to the baseline economic path, even though the rate of real growth in calendar year 1995 and beyond is the same.

The budget effects grow much larger if the real growth rate is assumed to be one percentage point less in each year, 1994–1999, with the unemployment rate continuing to rise by one-half percentage point, relative to its base path, in each year. On these assumptions, the levels of real and nominal GDP would be below the base case by a cumulatively growing percentage. The deficit would be \$146.2 billion higher than under the base case by 1999.

The effects of slower productivity growth are shown in a third example, where real growth is one percentage point lower per year while the unemployment rate is unchanged. In this case, the estimated budget effects mount steadily over the years, but more slowly. The effect on the deficit reaches \$121.5 billion by 1999.

Joint changes in interest rates and inflation have a smaller effect on the deficit than equal percentage point changes in real GDP growth because their effects on receipts and outlays are substantially offsetting. An example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 1994 only. In subsequent years, the price level and nominal GDP would be one percent higher than in the base case, but interest rates are assumed to return to their base levels. Outlays for 1994 rise by \$5.7 billion and receipts by \$7.3 billion, for a decrease of \$1.6 billion in the 1994 deficit. In 1995, outlays would be above the base by \$13.3 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$15.4 billion above the base, however, resulting in a \$2.0 billion decrease in the deficit. In subsequent years, the amounts added to receipts would be larger than the additions to outlays.

If the rate of inflation and the level of interest rates are higher by one percentage point in all years, the price level and nominal GDP would 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 \$75.0 billion to outlays and \$98.7 billion to receipts in 1999, which reduces the 1999 deficit by \$23.6 billion.

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).

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

These rules of thumb are computed while holding the income share composition of GDP constant; i.e., while assuming the same fractions of GDP go to wages and profits in all cases. 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, however, have proved to be too complex to reduce to simple rules.

TABLE 1-6. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(In billions of dollars)

Budget effect	1994	1995	1996	1997	1998	1999
Real Growth and Employment						
Effects of 1 percent lower real GDP growth in calendar year 1994 only, including higher unemployment: ¹						
Receipts	-6.6	-14.4	-16.8	-17.3	-18.0	-18.8
Outlays	1.0	5.0	6.5	8.1	9.9	11.6
Deficit increase (+)	7.5	19.4	23.3	25.4	27.9	30.3
Effects of a sustained 1 percent lower annual real GDP growth rate during 1994-1999, including higher unemployment: ¹						
Receipts	-6.6	-21.3	-39.0	-58.0	-78.5	-100.8
Outlays	1.0	6.9	14.1	21.9	34.0	45.3
Deficit increase (+)	7.5	28.2	53.1	80.0	112.5	146.2
Effects of a sustained 1 percent lower annual real GDP growth rate during 1994-1999, with no change in unemployment:						
Receipts	-6.6	-21.6	-40.1	-60.3	-82.4	-106.6
Outlays	0.1	0.8	2.4	5.3	9.4	14.9
Deficit increase (+)	6.7	22.4	42.5	65.5	91.7	121.5
Inflation and Interest Rates						
Effects of 1 percentage point higher rate of inflation and interest rates during calendar year 1994 only:						
Receipts	7.3	15.4	16.0	15.4	16.2	17.0
Outlays	5.7	13.3	10.9	9.4	9.2	9.4
Deficit increase (+)	-1.6	-2.0	-5.2	-6.0	-7.0	-7.6
Effects of a sustained 1 percentage point higher rate of inflation and interest rates during 1994-1999:						
Receipts	7.3	23.2	40.6	58.2	77.5	98.7
Outlays	5.8	19.1	30.6	42.4	55.5	75.0
Deficit increase (+)	-1.6	-4.1	-10.0	-15.8	-22.0	-23.6
Effects of a sustained 1 percentage point higher interest rate during 1994-1999 (no inflation change):						
Receipts	0.7	1.8	2.4	2.7	2.9	3.2
Outlays	5.3	15.2	21.3	26.7	31.9	44.3
Deficit increase (+)	4.6	13.4	18.9	24.0	29.0	41.2
Effects of a sustained 1 percentage point higher rate of inflation during 1994-1999 (no interest rate change):						
Receipts	6.6	21.4	38.2	55.5	74.6	95.5
Outlays	0.5	3.9	9.3	15.7	23.6	30.7
Deficit increase (+)	-6.2	-17.5	-28.9	-39.8	-50.9	-64.8
Interest Cost of Higher Federal Borrowing						
Effect of \$100 billion additional borrowing during 1994	2.2	4.6	5.0	5.5	6.0	6.3

¹ The unemployment rate is assumed to be 0.5 percentage point higher per 1.0 percent shortfall in the level of real GDP.

2. STEWARDSHIP: TOWARD A FEDERAL BALANCE SHEET

Introduction

This chapter presents a framework for describing the financial condition of the Federal Government and its performance as a steward of publicly-owned resources. Although the data are similar in some ways, there are basic conceptual differences that distinguish the tables below from a business balance sheet. The Government's sovereign powers have no counterparts in the business world, and its resources and responsibilities extend beyond the types of assets and liabilities found on a conventional balance sheet. For this reason, it is not possible to judge how well the Government is discharging its stewardship obligations simply from an examination of its own books. A review of the Government's contribution to national well-being and security is also needed.

The differences between Government and business accounting, together with serious limitations in the available data, argue for caution in interpreting the material presented below. Conclusions based on this presentation are necessarily tentative and subject to future revision as the estimating methods are improved and better data become available. The presentation consists of three components:

- The first, summarized in Table 2-1, shows Federal assets and Federal liabilities resulting from past Government operations. In this table, what the Government owns and what it owes are defined relatively narrowly. This table corresponds most closely to a corporate balance sheet.
- The second component, as reflected in Chart 2-2, consists of Federal budget projections. The projections indicate possible future paths for the balance between Federal resources and responsibilities and show how policy changes can affect that balance. In this section, Table 2-2 also shows the actuarial balances for the major social insurance programs and how they have changed in the past year.
- The final component consists of various ways in which Federal activities contribute to social and economic well-being. Table 2-3 shows how Federal investments have contributed to national wealth. In a future development, this framework could be expanded to include tables showing Government performance measures including broad indicators of social and economic well-being.

The Federal Government does not have a single bottom line that would reveal its financial status in a glance, but the tables and charts shown here can contribute to a balanced view of that condition and the Government's stewardship of its resources. The Government's liabilities exceed its owned assets and that gap

has widened markedly over the last decade or more. The President's economic plan should narrow the gap as a result of deficit reduction, national health reform, and expanded Federal investments.

Relationship with FASAB Objectives

The framework presented here meets one of the four objectives¹ of Federal financial reporting recommended by the Federal Accounting Standards Advisory Board and adopted for use by the Federal Government in September 1993. This Stewardship Objective says:

Federal financial reporting should assist report users in assessing the impact on the country of the Government's operations and investments for the period and how, as a result, the Government's and the Nation's financial conditions have changed and may change in the future. Federal financial reporting should provide information that helps the reader to determine:

3a. Whether the Government's financial position improved or deteriorated over the period.

3b. Whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.

3c. Whether Government operations have contributed to the Nation's current and future well-being.

The Board is in the process of developing guidance as to the specific displays that would meet this Objective and the accounting standards for use in such statements and schedules. This experimental presentation explores one possible approach for meeting the Objective at the Governmentwide level.

What Can Be Learned from a Balance Sheet Approach

The budget is an essential tool for allocating resources within the Federal Government, but the standard budget presentation with its focus on annual outlays, receipts, and the deficit, does not provide sufficient information for a full analysis of the Government's financial and investment decisions. Additional information about the stocks of Federal assets and liabilities is needed as well. It is also important to examine the effects of Government decisions on national wealth and well-being. Measurements that correct for inflation are also useful. The framework presented here would fill some of these needs.

Assessing the financial condition of the Government is more complicated than drawing up a balance sheet for a business enterprise. The Government's sovereign powers to tax, regulate commerce, and set monetary policy give it resources that no private enterprise possesses. Although these resources are not "assets" in any conventional sense, they need to be considered in

¹ *Objectives of Federal Financial Reporting*, Statement of Federal Financial Accounting Concepts Number 1, September 2, 1993. The other three Objectives relate to budgetary integrity, operating performance, and systems and controls.

Figure 2-1 - A BALANCE SHEET PRESENTATION FOR THE FEDERAL GOVERNMENT

ASSETS/ RESOURCES	LIABILITIES/ RESPONSIBILITIES
<p style="text-align: center;">Federal Assets</p> <p>Financial Assets</p> <p style="padding-left: 20px;">Gold and Foreign Exchange</p> <p style="padding-left: 20px;">Other Monetary Assets</p> <p style="padding-left: 20px;">Mortgages and Other Loans</p> <p style="padding-left: 40px;">Less Expected Loan Losses</p> <p style="padding-left: 20px;">Other Financial Assets</p> <p>Physical Assets</p> <p style="padding-left: 20px;">Fixed Reproducible Capital</p> <p style="padding-left: 40px;">Defense</p> <p style="padding-left: 40px;">Nondefense</p> <p style="padding-left: 20px;">Inventories</p> <p style="padding-left: 20px;">Non-reproducible Capital</p> <p style="padding-left: 40px;">Land</p> <p style="padding-left: 40px;">Mineral Rights</p> <hr style="border-top: 1px dashed black;"/> <p style="text-align: center;">Resources/Receipts</p> <p>Projected Receipts</p> <p>Addendum: Real GDP Projections</p> <hr style="border-top: 1px dashed black;"/> <p style="text-align: center;">National Assets/Resources</p> <p>Federally Owned Physical Assets</p> <p>State & Local Physical Assets</p> <p style="padding-left: 20px;">Federal Contribution</p> <p>Privately Owned Physical Assets</p> <p>Education Capital</p> <p style="padding-left: 20px;">Federal Contribution</p> <p>R&D Capital</p> <p style="padding-left: 20px;">Federal Contribution</p>	<p style="text-align: center;">Federal Liabilities</p> <p>Financial Liabilities</p> <p style="padding-left: 20px;">Currency and Bank Reserves</p> <p style="padding-left: 20px;">Debt Held by the Public</p> <p style="padding-left: 20px;">Miscellaneous</p> <p style="padding-left: 20px;">Guarantees and Insurance Liabilities</p> <p style="padding-left: 40px;">Deposit Insurance</p> <p style="padding-left: 40px;">Pension Benefit Guarantees</p> <p style="padding-left: 40px;">Loan Guarantees</p> <p style="padding-left: 40px;">Other Insurance</p> <p style="padding-left: 20px;">Federal Pension Liabilities</p> <p>Net Balance</p> <hr style="border-top: 1px dashed black;"/> <p style="text-align: center;">Responsibilities/Outlays</p> <p>Discretionary Outlays</p> <p>Mandatory Outlays</p> <p style="padding-left: 20px;">Social Security</p> <p style="padding-left: 20px;">Health Programs</p> <p style="padding-left: 20px;">Other Programs</p> <p>Net Interest</p> <p>Deficit</p> <hr style="border-top: 1px dashed black;"/> <p style="text-align: center;">National Needs/Conditions</p> <p>Indicators of economic, social, educational, and environmental conditions to be used as a guide to Government investment and management.</p>
Federal Government Assets and Liabilities (Table 2-1)	
Long-Run Federal Budget Projections (Figure 2-2)	
National Wealth and Well-Being (Table 2-3)	

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any complete review of the Government's financial condition.

Similar differences exist on the liabilities side. Some Government obligations have clear counterparts in the business world. For example, Treasury notes are similar to corporate bonds and clearly belong on a Government balance sheet. But the Government has other obligations with a financial dimension for which there are no clear analogues in business accounting. For example, the Government's obligation to promote the general welfare has led in the twentieth century to the establishment of a broad array of social welfare programs. It is reasonable to expect that these programs will continue in the future, and that they will require future Federal funding. Does this make them a liability?

Such obligations are different from the legally binding liabilities normally found on a business balance sheet, but they can have implications for the Treasury that are similar to a liability. If such obligations were ignored, a Government balance sheet would provide an incomplete picture of the Government's financial condition, but it is hard to know where to draw the line between obligations that belong on and off the balance sheet once the analogy with a business liability is abandoned.

Further complicating the issue, almost all of the broader Federal resources and responsibilities are subject to change through the political process, and future decisions by Congress and the President could alter

their value. If they were included in a balance sheet with Government debt, it would be very difficult to estimate the size of the Government's liabilities.

In the presentation that follows, these issues are resolved by presenting a series of tables and charts no single one of which is "the balance sheet." The schematic diagram, Chart 2-1, shows how they fit together. The tables and charts should be viewed as an ensemble. The main elements of each can be grouped together in two broad categories, either as assets/resources or as liabilities/responsibilities. When combined with appropriate data, this framework permits a balanced assessment of Federal stewardship.

- Reading down the left-hand side of the diagram shows the range of Federal resources, including assets the Government owns, tax receipts it can expect to collect, and national wealth that provides the base for Government revenues.
- Reading down the right-hand side reveals the full range of Federal obligations and responsibilities, beginning with Government's acknowledged liabilities, such as the debt held by the public, and going on to include future budget outlays. This column potentially would include a set of indicators highlighting areas where Government activity might require adjustment either through new investment or through reductions or reallocations of existing resources.

THE FEDERAL GOVERNMENT'S ASSETS AND LIABILITIES

Table 2-1 presents data on the value of Federal assets and liabilities summarizing what the Government owns and what it owes as a result of its past operations. The values are measured in terms of constant 1993 dollars to remove the distorting effects of inflation on the comparisons across time.

For more than three decades, the Government's liabilities have exceeded the value of its assets. In the 1960s, however, the disparity was small and for many years it deteriorated only gradually. In the late 1970s a speculative run-up in the prices of oil, gold, and other real assets boosted the value of Federal assets. Temporarily, the balance of Federal assets and liabilities improved.² Following 1981, however, there was an especially large decline in the net balance which has continued.

The sharp decline in net Federal assets was due in large part to the Federal budget deficits of the 1980s, which led to a rapid increase in Federal debt, as well as to the declining market value of some Federal assets. Currently, the net balance of assets and liabilities is about -\$2,800 billion or almost -\$11,000 per capita.

Assets

The assets in Table 2-1 reflect a complete listing of physical and financial resources owned by the Federal Government. They correspond to the items that would appear on a Federal balance sheet, but they do not constitute an exhaustive catalogue of Federal resources. For example, the Government's most important financial resource, its ability to tax, is not reflected.

Financial Assets: At the end of 1993, the Federal Government's holdings of financial assets amounted to about \$570 billion. Government loans (measured in constant dollars) reached a peak in the mid-1980s. Since then, Federal loans have declined. Government-owned mortgages expanded during the savings and loan crisis, and have declined sharply over the last two years.

The face value of mortgages and other loans overstates their economic worth. OMB estimates that the discounted present value of future loan losses is about \$58 billion as of 1993. These estimated losses are subtracted from the face value of outstanding loans to obtain a better estimate of their economic worth. These estimated losses increased by \$18 billion in real terms between 1990 and 1993.

Over time, variations in the price of gold have accounted for major swings in this category. Since 1980, gold prices have fallen by 80 percent and the real value

²This temporary improvement highlights the importance of the other tables in this presentation. What was good for the Federal Government as an asset holder was not necessarily favorable to the economy. The decline in inflation, which reversed the speculative runup in gold and other commodity prices, reversed the improvement in the Federal balance sheet while improving national economic performance.

TABLE 2-1. GOVERNMENT ASSETS AND LIABILITIES*

(As of the end of the fiscal year, in billions of 1993 dollars)

	1960	1965	1970	1975	1980	1985	1990	1991	1992	1993
ASSETS										
Financial assets:										
Gold and foreign exchange	101	70	59	130	318	154	194	176	173	171
Other monetary assets	38	54	32	14	37	23	29	21	37	37
Mortgages and other loans	126	159	202	200	270	327	263	266	245	219
Less expected loan losses	-2	-6	-10	-20	-37	-36	-40	-46	-48	-58
Other financial assets	59	78	63	63	81	104	157	185	213	190
Subtotal	323	355	346	387	669	571	603	604	620	559
Physical assets:										
Fixed reproducible capital:										
Defense	853	856	839	674	569	667	735	749	749	747
Nondefense	151	178	189	213	241	239	243	240	239	240
Inventories	260	221	203	178	214	242	209	191	177	163
Nonreproducible capital:										
Land	84	116	144	224	284	305	301	272	243	222
Mineral rights	302	279	230	320	581	655	436	412	389	370
Subtotal	1,650	1,649	1,605	1,610	1,889	2,108	1,924	1,865	1,798	1,742
Total assets	1,973	2,005	1,951	1,996	2,558	2,679	2,527	2,469	2,418	2,301
LIABILITIES										
Financial liabilities:										
Currency and bank reserves	227	245	268	270	271	284	341	344	360	385
Debt held by the public	985	957	800	777	989	1,736	2,369	2,552	2,785	2,922
Miscellaneous	60	60	57	52	59	66	91	83	72	68
Subtotal	1,272	1,262	1,125	1,099	1,318	2,086	2,802	2,980	3,217	3,375
Insurance liabilities:										
Deposit insurance					2	8	108	84	77	53
Pension benefit guarantees				41	29	39	57	59	62	75
Loan guarantees		1	6	17	31	26	38	60	70	27
Other insurance	31	27	21	19	25	15	18	17	17	23
Subtotal	31	29	27	77	87	90	221	220	226	178
Federal employee pension liabilities	739	923	1,078	1,207	1,656	1,625	1,550	1,538	1,547	1,577
Total liabilities	2,042	2,214	2,230	2,383	3,062	3,801	4,572	4,738	4,990	5,130
Balance	-69	-209	-279	-387	-504	-1,122	-2,045	-2,270	-2,572	-2,829
Per capita (in 1993 dollars)	-382	-1,077	-1,361	-1,790	-2,206	-4,692	-8,161	-8,957	-10,039	-10,925

*This table shows assets and liabilities for the Government as a whole, including the Federal Reserve System. Therefore, it does not break out separately the assets held in certain Government accounts, such as social security, that are the obligation of specific Government agencies. Estimates for 1993 are extrapolated in some cases.

of U.S. gold and foreign exchange holdings has dropped by about half.

Fixed Reproducible Capital: The Federal Government is a major investor in physical capital. Government-owned stocks of fixed capital amounted to over \$1.0 trillion in 1993. About three-quarters of this capital is in the form of military equipment and structures. From 1960 to 1980, the net stock of defense capital fell as a share of GDP, but since 1980 the ratio has held steady at between 12 and 13 percent. The slowdown in defense purchases that followed the end of the Cold War has not yet had much effect on the accumulated net stock of fixed defense capital.

Inventories: The effects of the slowdown in defense purchases have been more noticeable for inventories. Data on Federal inventories are maintained by the Bureau of Economic Analysis, Department of Commerce. Since the late 1980s, Federal inventories have declined by about 20 percent, accounted for entirely by a drop in military stocks.

Non-reproducible Capital: The Government owns significant amounts of land and mineral deposits. There are no official estimates of the market value of these holdings. Researchers in the private sector have estimated what they are worth, and these estimates are extrapolated in Table 2-1. Since the late 1980s, land values have fallen; oil prices have fluctuated but are lower now than three years ago. These shifts have pulled down the value of Federal land and mineral deposits.

Total Assets: The total real value of Government assets has declined somewhat over the last 10 years, principally because of declines in the real prices of gold, land, and minerals. At the end of 1993, the Government's holdings of all assets were worth about \$2.3 trillion.

Liabilities

The liabilities shown in Table 2-1 are analogous to a business corporation's liabilities and include public

debt, trade credit, and pension obligations owed to Federal workers. Other Federal financial responsibilities, however, are not reflected in this table.

Financial Liabilities: These amounted to about \$3.4 trillion at the end of 1993. The largest component was the Federal debt held by the public, amounting to \$2.9 trillion. This measure of Federal debt is net of the holdings of the Federal Reserve System, which exceeded \$300 billion in 1993. The Federal Reserve is an independent agency, but it is part of the Federal Government, and its assets and liabilities are included here in the Federal totals.

In addition to debt held by the public, the Government's financial liabilities include \$390 billion in currency and bank reserves, which are mainly obligations of the Federal Reserve System, and about \$70 billion in miscellaneous liabilities.

Guarantees and Insurance Liabilities: The Federal Government has contingent liabilities arising from loan guarantees and insurance programs. When the Government guarantees a loan or offers insurance, the initial outlays may be small or even negative, if a fee is charged, but the risk of future outlays can be large. The deposit insurance programs have experienced large losses recently following many years in which these programs had no budgetary cost in excess of premiums.

In the past, the budget did not recognize the risk of such future outlays, even when they were predictable. In the last few years, however, techniques have been developed which permit an estimate of the budgetary cost incurred from current commitments that risk future outlays. These estimates are reported in Table 2-1. They amounted to about \$180 billion in 1993.

Federal Pension Liabilities: The Federal Government owes pension benefits to its retired workers and to current employees who will eventually retire. The amount of these liabilities is large. As of 1992, the discounted present value of the benefits is estimated to have been around \$1.5 trillion. The estimate for 1993 is an extrapolation of the recent trend.³

The Balance of Net Liabilities

The balance between Federal liabilities and Federal assets has deteriorated over the past decade at a rapid rate. In 1981, the negative balance was less than 10 percent of GDP. Currently, it is estimated to be over 40 percent. Although the Government need not maintain a positive balance, because the range of Government resources extends beyond the conventional assets shown in Table 2-1, continuation of this trend would be worrisome.

THE BALANCE OF RESOURCES AND RESPONSIBILITIES

The data summarized in Table 2-1 are useful in showing some of the consequences of the Government's past policies, but the Government's continuing commitments to provide public services are not reflected in this table, nor can the Government's broader resources be displayed in a table limited to assets that it owns. A better way to examine the balance between future Government obligations and resources is a budget projection. Examples of such projections are summarized in Chart 2-2.

The Government's budget deficit is highlighted in this chart. Last year's budget agreement brings down the Federal deficit over the next few years. This will be a significant improvement, but permanent success in controlling the deficit will depend on health reform and its effectiveness in controlling Federal medical costs in the years after 1998. The initial estimates of the effect

of health reform suggest that significant deficit reduction is achievable by the end of the decade.

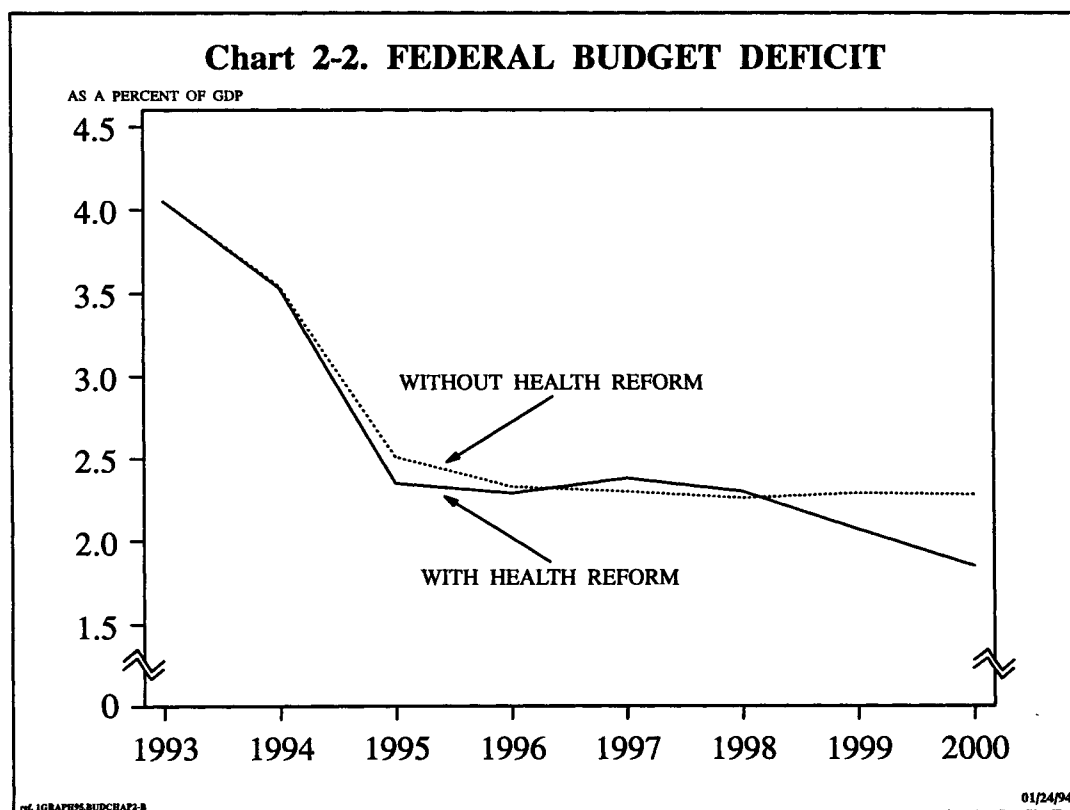
For the period beyond the year 2000, the budget outlook is highly uncertain. Demographic trends that will begin to assert themselves early in the next century promise to raise the Federal cost of social security and other benefits for the elderly. Future adjustments may be needed to cope with these responsibilities.

Some future claims on budgetary resources deserve special emphasis because of their importance in individual retirement planning. These claims are highlighted in Table 2-2. The Social Security Trustees present an annual report on the balance in the Social Security Trust Fund based on a 75-year projection of future costs and benefits. Table 2-2 shows how these projections changed between 1992 and 1993. The table also reports similar projections for the Medicare Trust Fund.

³These pension liabilities are expressed as the actuarial present value of benefits accrued-to-date based on past and projected salaries. In the version of this table published previously, this liability was based only on past salaries.

**TABLE 2-2. CHANGE IN 75-YEAR ACTUARIAL BALANCE FOR OASDI AND HI TRUST FUNDS
(ALTERNATIVE II)**
(As a percent of taxable payroll)

	OASI	DI	OASDI	HI
Actuarial balance in 1992 report	-1.01	-0.46	-1.46	-4.20
Changes in balance due to changes in:				
Valuation period	-0.05	0.00	-0.05	-0.12
Economic and demographic assumptions	0.09	0.01	0.10	0.09
Disability assumptions	0.00	-0.08	-0.08	.....
Revised base due to 1992 costs .....	.....	.....	.....	-0.52
Home health utilization .....	.....	.....	.....	-0.46
Other changes	0.00	0.03	0.03	0.10
Total changes	0.04	-0.04	0.00	-0.91
Actuarial balance in 1993 report	-0.97	-0.49	-1.46	-5.11



NATIONAL WEALTH AND FEDERAL INVESTMENTS

Unlike a private corporation, the Federal Government routinely invests in ways that do not add directly to its assets. For example, Federal grants are frequently used to fund capital projects that involve investment at the State or local level of government. Such investments are often valuable nationally, but they are not owned by the Federal Government.

The Federal Government also invests in education and R&D. These outlays contribute to future productivity and are in that sense analogous to an investment in physical capital. Indeed, economists have computed stocks of human and knowledge capital to reflect the

accumulation of such investments. Nonetheless, these capital stocks are not owned by the Federal Government, nor would they appear on a Federal balance sheet.

Table 2-3 presents a national balance sheet. It includes estimates of total national wealth classified in three categories: physical assets, education capital, and R&D capital. The Federal Government has made contributions to each of these categories, and these contributions are also shown in the table.

TABLE 2-3. NATIONAL WEALTH
(As of the end of the fiscal year, in trillions of 1993 dollars)

	1960	1965	1970	1975	1980	1985	1990	1991	1992	1993
ASSETS										
Publicly owned physical assets:										
Structures and equipment	2.1	2.4	2.8	3.3	3.6	3.6	3.7	3.7	3.8	3.8
Federally owned or financed	1.1	1.2	1.3	1.3	1.3	1.4	1.5	1.5	1.5	1.5
Federally owned	1.0	1.0	1.0	0.9	0.8	0.9	1.0	1.0	1.0	1.0
Grants to state and local governments	0.1	0.2	0.2	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Funded by state and local governments	0.9	1.2	1.5	2.1	2.3	2.1	2.2	2.2	2.2	2.2
Other Federal assets	0.7	0.7	0.6	0.8	1.4	1.3	1.1	1.0	0.9	0.9
Subtotal	2.8	3.0	3.4	4.2	5.0	4.9	4.8	4.7	4.7	4.6
Privately owned physical assets:										
Reproducible assets	5.6	6.3	7.9	10.1	12.6	13.0	14.3	14.3	14.3	14.5
Residential structures	2.0	2.3	2.7	3.6	4.7	4.7	5.2	5.2	5.3	5.4
Nonresidential plant and equipment	2.0	2.3	3.0	3.9	4.9	5.3	5.7	5.7	5.7	5.7
Inventories	0.7	0.8	0.9	1.1	1.3	1.2	1.2	1.1	1.1	1.1
Consumer durables	0.9	1.0	1.3	1.4	1.7	1.8	2.2	2.2	2.3	2.3
Land	2.0	2.3	2.6	3.3	4.9	5.6	5.6	5.1	4.5	4.1
Subtotal	7.6	8.6	10.4	13.3	17.5	18.6	19.9	19.3	18.8	18.6
Education capital:										
Federally financed	0.1	0.1	0.2	0.3	0.4	0.5	0.7	0.7	0.7	0.8
Financed from other sources	6.3	8.0	10.5	11.8	14.5	17.3	22.0	23.0	24.2	25.5
Subtotal	6.3	8.2	10.7	12.1	14.9	17.9	22.7	23.7	24.9	26.3
Research and development capital:										
Federally financed R&D	0.2	0.3	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8
R&D Financed from other sources	0.1	0.2	0.3	0.4	0.4	0.6	0.8	0.8	0.8	0.8
Subtotal	0.3	0.5	0.7	0.9	1.0	1.2	1.5	1.5	1.6	1.6
Total assets	17.0	20.4	25.3	30.5	38.5	42.5	48.9	49.3	50.0	51.2
LIABILITIES:										
Net claims of foreigners on U.S.	-0.2	-0.2	-0.2	-0.2	-0.5	-0.2	0.3	0.4	0.5	0.6
Balance	17.2	20.6	25.6	30.7	38.9	42.7	48.6	48.9	49.5	50.6
Per capita (thousands of 1993 dollars)	95.0	106.0	124.8	142.3	170.4	178.8	193.7	192.9	193.3	195.3
ADDENDA:										
Total Federally funded capital	2.1	2.3	2.6	2.9	3.7	3.9	4.0	4.0	4.0	4.0
Percent of national wealth	12.2	11.2	10.2	9.5	9.4	9.1	8.2	8.1	8.0	7.9

Data in this table are especially uncertain, because of the assumptions needed to prepare the estimates. Overall, the Federal contribution to the current level of national wealth is about 8 percent. Chart 2-3 illustrates the relative contribution of different categories of wealth to the national total.

Physical Assets

These include stocks of plant and equipment, office buildings, residential structures, and government physical assets such as military hardware. Automobiles and consumer appliances are also included in this category. The total amount of such capital is vast, amounting to around \$23 trillion in 1993. By comparison GDP was only \$6 trillion.

The Federal Government's contribution to this stock of capital includes its own physical assets plus \$0.6 trillion in accumulated grants to State and local governments for capital projects. The Federal Government has financed about one-quarter of the physical capital held by other levels of government.

Education Capital

Economists have developed the concept of human capital to reflect the notion that individuals and society invest in people as well as in physical assets. Investment in education is a good example of how human capital is accumulated.

For this table an estimate has been made of the stock of capital represented by the Nation's investment in education. The estimate is based on the cost of replacing the years of schooling embodied in the U.S. population aged 16 and over. The idea is to measure how much it would cost to reeducate the U.S. workforce at today's prices.

This is a crude measure, but it can provide a rough order of magnitude. According to this measure, the stock of education capital amounted to \$26 trillion in 1993, of which about 3 percent was financed by the Federal Government. The total exceeded the Nation's stock of physical capital. The main investors in education capital have been State and local governments, parents, and the students themselves who often forego earning opportunities in order to acquire education.

Research and Development Capital

Research and development (R&D) can also be thought of as an investment, because R&D represents a current expenditure for which there is a prospect of future returns. After adjusting for depreciation, the flow of R&D investment can be added up to provide an estimate of the current R&D stock.⁴ That stock is estimated to have been about \$1.6 trillion in 1993. Although this is a large amount of research, it is a relatively small portion of the total national wealth. About half of this stock was funded by the Federal Government.

Liabilities

When considering the debts of the Nation as a whole, the private debts that Americans owe to one another cancel out, and the only debts that remain are those owed to foreigners. America's foreign debt has been increasing rapidly in recent years, as a consequence of the U.S. trade deficit, but the size of this debt is small compared with America's total stock of assets.

Most of the Federal debt held by the public is owned by Americans, so it does not appear in Table 2-3. Only that portion of the Federal debt held by foreigners is included in this table. Even so, it is of interest to compare the imbalance between Federal assets and liabilities with national wealth. The Federal imbalance as estimated in Table 2-1 amounts to less than 5 percent of total national wealth.

Trends in National Wealth

The net stock of wealth in the United States at the end of 1993 was about \$50 trillion. Since 1980 it has increased in real terms at an annual rate of about 2 percent per year—about half the average annual growth rate from 1960 to 1980. (In this section all comparisons are in terms of constant 1993 dollars.)

Public capital formation slowed down markedly between the two periods. Aside from the reproducible capital owned by the Federal Government, consisting largely of military hardware, the net stock of public capital was lower in 1993 than in 1980. During this period, Federal grants to State and local governments for capital projects increased at an average rate of 0.7 percent per year compared with 7.9 percent in the 1960s and 1970s, while capital funded directly by State and local governments shrank at an average yearly rate of 0.4 percent. Government holdings of land and mineral rights lost value over the same period.

Private capital formation in tangible assets also grew more slowly after 1980. The net stock of nonresidential plant and equipment grew 1.2 percent per year from 1980 to 1993 compared with 4.6 percent in the 1960s and 1970s, and the stock of business inventories actually declined. Overall, the stock of private tangible capital grew at an average rate of just 0.5 percent per year between 1980 and 1993.

The accumulation of education capital, as measured here, did not slow down in the 1980s. It maintained

about the same rate of increase as in the 1960s and 1970s, around 4½ percent per year. This continuing growth reflects both the rising cost of education and the extra resources devoted to schooling in this period. R&D stocks grew faster than physical capital, but at a somewhat slower rate after 1980 than in earlier decades.

Other Federal Contributions to Wealth

Many Federal policies contributed to the slowdown in capital formation that occurred after 1980. Federal investment policies obviously were important, but the Federal Government also contributes to wealth in ways that cannot be easily captured in a formal presentation. Monetary and fiscal policies affect the rate and direction of capital formation. Regulatory and tax policies affect how capital is invested, as do the Federal Government's credit assistance policies.

One important channel of influence is the Federal budget deficit, which determines the size of the Federal Government's borrowing requirement. Smaller deficits in the 1980s would have resulted in a smaller gap between Federal liabilities and assets than is shown in Table 2-1. It is also likely that, had the \$1.9 trillion in added Federal debt since 1980 been avoided, a significant share of these funds would have gone into private investment. National wealth might have been 2 to 4 percent larger in 1993 had fiscal policy avoided the buildup in the debt.

Government Performance Measures and Indicators of Well-Being

Unlike private business, Government typically lacks a direct measure of the value of its services. As a result, the costs of Government are reported while the benefits often are not. For this reason, it can be difficult to evaluate how well Government agencies are performing their functions. With passage of the Government Performance and Results Act of 1993, Federal Departments and agencies will be selecting performance measures with which to monitor outputs and outcomes of their activities.⁵

Examples of performance measures for agency outputs would include:

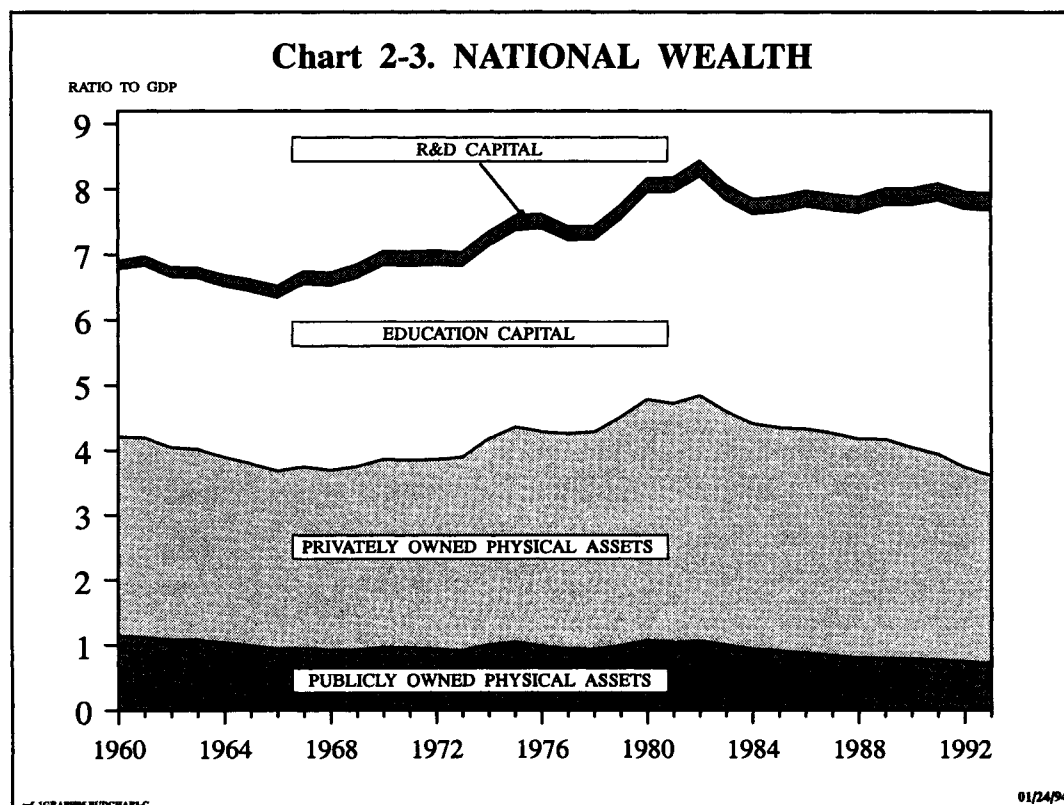
- Numbers of loans extended for Federal credit programs
- The timeliness with which social security checks are issued.
- Number of inspections by the Animal and Plant Health Inspection Service.

Measures of outcomes show how such outputs affect people's lives. Examples might include:

- The number of households lifted out of poverty by social security.
- Lives saved or losses prevented through inspection and control measures.

⁴R&D depreciates in the sense that the economic value of applied research tends to decline with the passage of time and movement in the technological frontier.

⁵Performance measures for Government agencies were given a hearty endorsement in the report of the National Performance Review, "Creating a Government that Works Better & Costs Less."



As appropriate performance measures are developed, it should be possible to integrate them with reports on the cost of Government activities to create a system of financial reporting that would more analogous to private sector accounting statements.

Indicators of Well-Being

There are certain broad responsibilities that are unique to the Federal Government as a whole. Especially important are the Government's role in fostering healthy economic conditions, maintaining national security, protecting the environment, and promoting health and social welfare. The design for the set of tables presented here includes a place for a table of social and economic indicators that would serve as rough measures of how well the Federal Government was doing in promoting general welfare and security.

The individual measures in this table would be influenced by many Government policies and programs, as well as by external factors beyond the Government's control. Thus, they would not be outcome indicators in the sense defined above, because such measures indicate the direct results achieved through a program.

Such a table would serve two functions. First, it would highlight areas where the Federal Government

might need to modify its current practices or consider fresh action in order to better serve the public. Second, it would provide a context for evaluating the other tables. For example, Government actions that weaken its own financial position may be appropriate when they promote a broader social objective, as in a recession when increased government borrowing adds to its liabilities while providing an automatic stabilizer for the private sector.

An Interactive Analytical Framework

No single framework can encompass all of the factors that affect the financial condition of the Federal Government. Nor is any framework a substitute for analysis. Nevertheless, the framework presented above offers a useful way of tracing the major financial effects of Federal policies. Increased Federal support for investment, the reduction in Federal absorption of saving through deficit reduction, and other Administration policies to enhance economic growth are expected to promote national wealth and improve the future financial condition of the Federal Government. As that occurs, the efforts will be clearly revealed in these tables.

TECHNICAL NOTE: SOURCES OF DATA AND METHOD OF ESTIMATION

Federally Owned Assets and Liabilities

Assets

Financial Assets: The source of data is the Federal Reserve Board's Flow-of-Funds Accounts. Two adjustments were made to this data. First, U.S. Government holdings of financial assets were consolidated with the holdings of the monetary authority, i.e., the Federal Reserve System. Second, the gold stock, which is valued in the Flow-of-Funds at a constant historical price, is revalued using the market value for gold.

Fixed Reproducible Capital: Estimates were developed from the OMB historical data base for physical capital outlays presented in Chapter 8. The data base extends back to 1940 and was supplemented by data from other selected sources for 1915–1939. The source data are in current dollars. To estimate investment flows in constant dollars, it is necessary to deflate the nominal investment series. This was done using Commerce Department price deflators for Federal purchases of durables and structures. These price deflators are available going back as far as 1940. For earlier years, deflators were based on Census Bureau historical statistics for constant price public capital formation. The capital stock series were adjusted for depreciation on a straight-line basis, assuming useful lives of 46 years for water and power projects; 40 years for other direct Federal construction; and 16 years for major nondefense equipment and for defense procurement.

Fixed Nonreproducible Capital: Historical estimates for 1960–1985 were based on estimates in Michael J. Boskin, Marc S. Robinson, and Alan M. Huber, "Government Saving, Capital Formation and Wealth in the United States, 1947–1985," published in *The Measurement of Saving, Investment, and Wealth*, edited by Robert E. Lipsey and Helen Stone Tice (The University of Chicago Press, 1989). Estimates were updated using changes in the value of private land from the Flow-of-Funds Balance Sheets and in the Producer Price Index for Crude Energy Materials.

Liabilities

Financial Liabilities: The principal source of data is the Federal Reserve's Flow-of-Funds Accounts.

Contingent Liabilities: Sources of data are the OMB Deposit Insurance Model and the OMB Pension Guarantee Model. Historical data on contingent liabilities for deposit insurance were also drawn from the Congressional Budget Office's study, *The Economic Effects of the Savings and Loan Crisis*, issued January 1992.

Pension Liabilities: For 1979–1992, the estimates are the actuarial accrued liabilities as reported in the annual reports for the Civil Service Retirement System, the Federal Employees Retirement System, and the Military Retirement System (adjusted for inflation). Estimates for the years before 1979 are not actuarial; they are extrapolations. The estimate for 1993 is a projection.

National Balance Sheet

Publicly Owned Physical Assets: Basic sources of data for the federally owned or financed stocks of capital are the investment flows described in Chapter 8. Federal grants for State and local government capital were added together with adjustments for inflation and depreciation in the same way as described above for direct Federal investment. Data for total State and local government capital come from the capital stock data prepared by John Musgrave of the Bureau of Economic Analysis, Commerce Department.

Privately Owned Physical Assets: Data are from the flow-of-funds national balance sheet. Preliminary estimates for 1993 were prepared based on net investment from the National Income and Product Accounts.

Education Capital: The stock of education capital is computed by valuing the cost of replacing the total years of education embodied in the U.S. population 16 years of age and older at the current cost of providing additional schooling. The estimated cost includes both direct expenditures in the private and public sectors and an estimate of students' foregone earnings, i.e., it reflects the opportunity cost of education.

For this presentation, Federal investment in education capital is a portion of the Federal outlays included in the conduct of education and training. This portion includes direct Federal outlays and grants for elementary, secondary, and vocational education and for higher education. The data exclude Federal outlays for physical capital at educational institutions and for research and development conducted at colleges and universities because these outlays are classified elsewhere as investment in physical capital and investment in R&D capital. The data also exclude outlays under the GI Bill; outlays for graduate and post-graduate education spending in HHS, Defense and Agriculture; and most outlays for vocational training.

Data on investment in education financed from other sources come from educational institution reports on the sources of their funds, published in U.S. Department of Education, *Digest of Education Statistics*. Nominal expenditures were deflated by the implicit price deflator for GDP to convert them to constant dollar values. Education capital is assumed not to depreciate. An education capital stock computed using this method with different source data can be found in Walter McMahon, "Relative Returns To Human and Physical Capital in the U.S. and Efficient Investment Strategies," *Economics of Education Review*, Vol. 10, No. 4, 1991. The method is described in detail in Walter McMahon, "Investment in Higher Education," 1974.

Research and Development Capital: The stock of R&D capital financed by the Federal Government was developed from a data base that measures the conduct of R&D. The data exclude Federal outlays for physical capital used in R&D because such outlays are classified elsewhere as investment in federally financed physical

capital. Nominal outlays were deflated using the GDP deflator to convert them to constant dollar values.

Federally funded capital stock estimates were prepared using the perpetual inventory method in which annual investment flows are cumulated to arrive at a capital stock. This stock was adjusted for depreciation by assuming an annual rate of depreciation of 10 percent for applied research and development. Basic research is assumed not to depreciate. Chapter 8 contains additional details on the estimates of the total federally financed R&D stock, as well as its national defense and nondefense components (see *Budget of the U.S.*

Government, Fiscal Year 1993, 1993, January 1992, Part Three, pages 39–40).

A similar method was used to estimate the stock of R&D capital financed from sources other than the Federal Government. The component financed by universities, colleges and other nonprofit organizations is based on data from the National Science Foundation, *Surveys of Science Resources*. The industry-financed R&D stock component is from that source and from the U.S. Department of Labor, "The Impact of Research and Development on Productivity Growth," Bulletin 2331, September 1989.

3. GENERATIONAL ACCOUNTING

Government deficits, taxes, transfer payments, and other expenditures affect the distribution of income and wealth among different generations. Generational accounting is a new method for considering the fiscal treatment of different generations.¹ It is still being refined, and a number of the assumptions used to estimate the accounts are controversial.² Further development of generational accounting is needed to improve the quality of the estimates and the usefulness of the method.

Generational accounts indicate, in present value terms, what the members of each generation can expect to pay on average, now and in the future, in net taxes (taxes paid to the government less transfers received, such as social security benefits). This is shown for both existing generations and future generations. Generational accounting can also be used to calculate the lifetime net tax rate of each generation—the net taxes that a generation pays as a percentage of labor income, over its entire lifetime, in present value terms.

Generational accounts were presented in chapters in the fiscal year 1993 *Budget* and the January 1993 *Budget Baselines, Historical Data, and Alternatives for the Future*. These chapters explained the concept and provided some illustrative results of how the accounts would be affected by policy changes. The chapter in *Budget Baselines* initiated the use of lifetime net tax rates by generation. The present chapter provides baseline generational accounts for 1992, estimates the effect of the Omnibus Budget Reconciliation Act of 1993 (OBRA93), and estimates the further effect of the Administration's proposal for health care reform. It also compares U.S. generational accounts with those for Italy and Norway.

The present analysis reaches the following major conclusions:

- The lifetime net tax rates paid by Americans in the "baby boom" and later generations is higher than the lifetime net tax rates paid by Americans born earlier.
- The lifetime net tax rate estimated for future generations is much higher than the lifetime net tax rates estimated for existing generations.
- The deficit reduction in the Omnibus Budget Reconciliation Act of 1993 significantly reduced the lifetime net tax rate facing future generations.

- The Administration's health care reform proposal would further significantly reduce the lifetime net tax rate facing future generations. The combined effect of OBRA93 and health care reform would reduce the previous generational imbalance by over one-half.
- The fiscal policies of Italy and Norway, like that of the United States, suggest a severe imbalance in the treatment of future and existing generations.

The Nature of Generational Accounts and Lifetime Net Tax Rates

The budget normally measures receipts and outlays for one year at a time, and it usually shows these estimates for only a few years into the future. Moreover, while the standard budget presentation divides receipts and outlays into a number of categories, it does not do so in a way that shows the effects of the budget on different generations.

Generational accounts, in contrast, look ahead many decades; and they classify taxes paid and transfers received—such as social security, medicare, and food stamps—according to the generation that pays or receives the money. For an existing generation, they estimate its taxes and transfers year-by-year over its entire remaining lifespan; and they summarize these amounts for that generation in terms of one number, the present value of its entire annual series of average future tax payments net of transfers received. For future generations, generational accounts estimate the net tax payments based on the proposition that the government's bills that are not paid by people who are now alive will have to be paid by future generations. They calculate how much future generations will have to pay on average to the government, above the amounts they will receive in transfers, if the government's total spending is not reduced from the projected path and if the people now alive do not pay more than projected.

Defined more precisely, generational accounts measure, as of a particular base year, the present value of the average future taxes that a member of each given generation is estimated to pay to the government minus the present value of the average future transfers that a member is estimated to receive. This difference is called the "net tax payment" or "net tax" in the following discussion. A generation is defined as all the males or females who are born in a given year.

The generational accounts as such—i.e., these net tax payments—are prospective, considering only the present value of future taxes and transfers as of a base year for existing generations and generations yet to be born. A prospective analysis can estimate the effect of policy changes, because all the effects of a

¹ Generational accounting was developed by Alan J. Auerbach, Jagadeesh Gokhale, and Laurence J. Kotlikoff. See Auerbach, Gokhale, and Kotlikoff, "Generational Accounts: A Meaningful Alternative to Deficit Accounting," in David Bradford, ed., *Tax Policy and the Economy*, vol. 5 (MIT Press for the National Bureau of Economic Research, 1991), pp. 55-110; and Kotlikoff, *Generational Accounting—Knowing Who Pays, and When, for What We Spend* (New York: The Free Press, 1992).

² The merits of generational accounting are debated in two companion articles that will be published in the Spring 1994 issue of *The Journal of Economic Perspectives*. One is Auerbach, Gokhale, and Kotlikoff, "Generational Accounting—A Meaningful Way to Assess the Stance of Fiscal Policy." The other is Robert Haveman, "Should Generational Accounts Replace Public Budgets and Deficits?"

policy change are in the future; and it can compare the lifetime net taxes of the newly born and future generations, because their entire lifetime taxes and transfers are in the future. However, it cannot compare the lifetime net taxes paid by one existing generation with the lifetime net taxes paid by a different existing generation or with the lifetime net taxes paid by future generations, because part of any living generation's taxes and transfers were in the past and therefore are not taken into account.

A comparison of one existing generation with another, or with future generations, must be based on their entire lifetime taxes and transfers. The lifetime net tax rate of a generation is defined as the present value of its lifetime net taxes (taxes paid less transfers received) divided by the present value of its lifetime labor income. The present values are calculated as of the generation's year of birth, so that each generation can be evaluated from the standpoint of when it was born. Since lifetime taxes, transfers, and income have tended to rise over time and have fluctuated to some extent, the relative net tax paid by different generations is compared in terms of lifetime net tax rates rather than the absolute amounts of lifetime net tax payments.

Generational accounting can be used to make two types of comparison. First, through the use of lifetime net tax rates, it can be used to compare the lifetime net taxes of future generations, of the generation of people just born, and of different generations of people born in the past. The lifetime net taxes of generations born in the past are based on estimates of actual taxes paid and transfer payments received in past years up through 1992 and projections of taxes to be paid and transfer payments to be received in the future.

Secondly, generational accounting can be used to compare the effects of actual or proposed policy changes on the remaining lifetime net tax payments of generations currently alive and on future generations. Such comparisons may be made in terms of lifetime net tax rates; or they may be made in terms of the absolute amounts of the generational accounts, because the changes in all lifetime taxes and transfers will be in the future for every generation and thus will be included in the comparison. The comparisons can be made equally well for policies that change the totals of receipts or expenditures while also changing the deficit; for policies that change the composition of receipts or expenditures without affecting the deficit; and for policies that change the levels of receipts and expenditures together without affecting the deficit.

Generational accounts have a number of limitations as they are now constructed. These accounts, unlike almost every other table in this budget, include the taxes and transfers of all levels of government alike—Federal, State, and local. While this is appropriate for some analyses, the accounts do not show the separate effect of the Federal budget alone or the State and local sector alone. However, the difference in generational accounts due to a Federal Government policy change can be analyzed alone. Thus, this consolida-

tion does not limit generational accounts as a method for assessing the effects of a change in Federal policy.

Generational accounts reflect only taxes paid to the government and transfers received. They do not impute to particular generations the value of the government purchases of goods and services made to provide them with education, highways, national defense, and other services. Therefore, they do not show the full net benefit or burden that any generation receives from government fiscal policy as a whole. Insofar as the benefits of purchases could be imputed, they would reduce the net tax payments. This omission may be important, because government purchases are about half of total government expenditures. Nevertheless, generational accounts can show a generation's net benefit or burden from a particular policy change that affects only taxes and transfers. Moreover, although they do not show how the benefits of government purchases are spread across generations, they do illuminate which generations will pay for this spending. In the future, the usefulness of generational accounting would be improved if the value of certain types of government purchases such as education were imputed to specific generations.

Generational accounting does not, as yet, incorporate any feedback of policy on the economy's growth and interest rates. Feedback effects can be significant, but they generally occur slowly, so their impact on the discounted values used in the generational accounts are likely to be small. Moreover, there is reason to believe they would reinforce the conclusions derived in this chapter. For example, policies that decrease the net tax payment by existing generations and increase the net tax payment by future generations are likely to stimulate more current consumption and thereby reduce the saving available to finance investment. This, in turn, will lower productivity and real wage growth and raise real interest rates, which on balance will harm future generations.

Generational accounting divides the people born in the same year into only two categories, males and females, each designated a "generation." This is an important distinction, for males and females differ significantly in characteristics such as lifetime earnings and longevity. However, it does not reveal differences with respect to other characteristics, such as income level or race, nor does it reveal the wide diversity among individuals within any grouping. The categories would be expanded if more data were available.

Lifetime net tax rates introduce a number of further conceptual issues. For example, how should lifetime income be measured? Lifetime income is defined as a present value, like lifetime taxes and transfers. The present value calculation should include all income that increases a generation's resources: labor earnings, inherited wealth, and capital gains over and above the normal return to saving. The normal return to saving is not itself included in income, because that would be double counting. Saving out of labor income and then earning a normal rate of return on the amount saved does not increase the present value of a house-

hold's resources when its income is discounted at the same rate as the normal rate of return. Data do not exist on the share of each generation's income that has come from inherited wealth or supernormal capital gains, so labor earnings are used to represent income.³

Even within the scope of generational accounts as now constructed, the results in this chapter should be viewed as experimental and illustrative. They are limited by the availability and quality of data, especially for earlier years. The lifetime net tax rates are calculated from historical data on taxes, transfers, and income up to 1992 and on projections of future data. The historical data, however, are not available to the same extent as the data for recent years that underlie the projections, and in some cases they are not available at all. As work on generational accounting progresses, the estimates can be expected to change due to improvements in the data and refinements in the method. Some of the changes from a year ago are discussed in the technical note at the end of the chapter.

In addition, the generational accounts are necessarily based on a number of simplifying assumptions, about which reasonable people may disagree. They assume that government intergenerational redistribution does not substitute for, and is not offset by, private intergenerational transfers. This is similar to the usual assumption made in cross-section estimates of the distributional effect of taxes and transfers by income class or other characteristic. The generational accounts are also based on assumptions concerning the pattern of future taxes and spending, the interest rate used to discount future taxes and transfers to form present values, mortality and birth rates, and so forth. The absolute amounts of the generational accounts are sensitive to these assumptions.

The projections of government expenditures are especially sensitive to the assumptions about health care costs. Health care expenditures have risen from 9 percent of GDP in 1980 to 14 percent currently and have been projected to reach more than 20 percent early in the next century unless they are constrained by cost control. The government pays for around 45 percent of health care costs, and its costs have been rising more rapidly than the private sector's, so future trends in government expenditures are strongly influenced by future trends in health care costs. The estimates in this chapter without health care reform reflect continued rapid growth in cost, but the probable pattern is very uncertain.

Despite these qualifications, the generational accounts can be illuminating when considered in the light of their assumptions, as has been the case for the 75-year projections made every year by the social security trustees. Moreover, the most fundamental result holds for a wide range of reasonable changes in the assumptions: the net tax payment by future generations is

relatively much larger than the net tax payment by the generation just born or other existing generations.

The following sections illustrate the results of generational accounting. A technical note at the end explains the concepts, data sources, calculations, and other assumptions more fully.

Lifetime Net Tax Rates before Deficit Reduction

Table 3-1 estimates the lifetime net tax rates for different generations as they stood before OBRA93 reduced the deficit. Lifetime net tax rates are shown for the generations born in 1900 and every tenth year thereafter; for the generation born in 1992, the "newly born" in this year's analysis; and for the future generations, those born in 1993 and later. All Federal, State, and local taxes and transfers are included in the calculations. Males and females are combined.⁴ The calculations in this table and throughout the chapter are as of calendar year 1992. Because of the time needed to prepare these estimates, they are based on the receipts and outlays in the *Mid-Session Review of the 1994 Budget* rather than this budget. Since the budget outlook has improved since the *Mid-Session Review*, lifetime net tax rates for both existing and future generations would probably be smaller if based on the estimates in the present budget.

TABLE 3-1. LIFETIME NET TAX RATES BEFORE OBRA93

(In percentages)

Generation's year of birth	Net tax rate	Components of net tax rate	
		Gross tax rate	Transfer rate
1900	23.6	27.3	3.7
1910	27.2	33.0	5.8
1920	29.0	35.9	6.9
1930	30.5	38.7	8.2
1940	31.6	40.9	9.2
1950	32.8	43.7	10.9
1960	34.4	46.7	12.3
1970	35.7	49.8	14.1
1980	36.0	51.5	15.0
1990	35.5	51.5	16.0
1992	35.4	51.5	16.2
Future generations	93.7	.....	.....
Percentage difference: future generations and 1992	165.1	.....	.....

The lifetime net tax rates exhibit a strong upward trend over the past century, rising from 24 percent for the generations born in 1900 to 35–36 percent for the generations born since 1970.⁵ The lifetime net tax rate on future generations was much larger before OBRA93 was enacted—94 percent. This was 165 percent higher than the lifetime net tax rate for the generation of people newly born in 1992.

⁴Males and females were combined because of the conceptual problem of how to attribute taxes, transfers, and income within a family. The technical note explains the present method and the change from last year. For further discussion of the conceptual problem, see the January 1993 *Budget Baselines*, page 537.

⁵The lifetime net tax rate for the generation born in 1900 was estimated as 21.5 percent in the January 1993 *Budget Baselines* rather than the 23.6 percent reported here. The increase is primarily due to a reduction in the estimate of lifetime labor earnings, which is the denominator of the lifetime net tax rate. This revision also raises the lifetime net tax rate of generations born after 1900, including future generations, by roughly 10 percent.

³The error due to this omission is relatively small in the aggregate, given that labor income has long accounted for approximately four-fifths of all income and that only part of the remaining income from capital should be included. However, the errors for different generations could vary depending on trends and fluctuations in asset values and bequest behavior.

Table 3-1 also breaks down the net tax rates between gross tax rates and transfer rates. To calculate these latter rates, the present value of a generation's lifetime taxes (or transfers) is divided by the present value of its lifetime income. This breakdown reveals the expanded role of government transfer payments during the past century. The lifetime transfer rate more than quadrupled between the generations born in 1900 and those born in 1992, starting at 3.7 percent and increasing each decade to a rate of 16.2 percent. The increase was more rapid, in both relative and absolute terms, for the generations born before World War II than afterwards.

The gross tax rate has risen much more than the net tax rate. It nearly doubled between the generations born in 1900 and 1992, starting at 27.3 percent and increased each decade to a rate of 51.5 percent. In contrast, the net tax rate increased by about a half. The larger increase in the gross tax rate is because a generation's lifetime gross taxes pay for the government's purchases of goods and services as well as transfers and pay for transfers to other generations as well as its own.

The estimates of lifetime net tax rates by generation, such as shown in this table, are affected by the amounts of future taxes, transfers, and other government expenditures that are assumed year-by-year in the underlying projections. These assumptions could differ widely, and the actual amounts that eventuate could differ substantially from any assumptions made. As explained in the technical note, the projection methods generally seek to maintain current policy in some sense. However, "current policy" can be interpreted in different ways, especially for discretionary expenditures such as defense; and the long-term projections for medicare and medicaid assume that even in the absence of the Administration's health care reform some policy actions or other forces will eventually hold the spending growth to the overall rate of economic expansion (adjusted for shifts in the age and sex composition of the population), even though the projected growth rate is still quite rapid relative to GDP for the next few decades.⁶

The lifetime net tax rates—and, hence, the imbalance between future generations and existing generations—are defined in such a way that the generations now alive, including the newly born, do not pay any more taxes (or receive any less transfers) than projected under the specified fiscal policy. This assumption is an analytical device for determining the size of the fiscal imbalance; it is not meant to suggest that future generations will in fact close the gap all by themselves. Any actual policy change—whether a policy change enacted in the past, or one proposed for the future—is almost certain to bear in some degree on generations now living as well as those to be born in the future. If such a policy change is made, the net tax rates paid by the newly born and other existing generations would

be higher than shown in this table. Policy changes of this kind are considered below.

The generational imbalance shown in table 3-1 depends on the assumption that all future generations of the same sex have the same lifetime net tax rate. Alternatively, suppose that the future generations born during 1993-2000 pay the same lifetime net tax rate as the generation born in 1992. Because these future generations would pay less than otherwise assumed, those future generations born after 2000 would have to pay more. The greater the number of future generations who pay no more than the generation newly born, the larger is the lifetime net tax rate that will be required of those generations who are born still later.

The size of the imbalance estimated between future generations and the newly born is also sensitive to the assumptions about the interest rate used for discounting and the growth rate of the economy. Table 3-2 shows the percentage differential under alternative assumptions. It considers interest rates of 3, 6, and 9 percent and productivity growth rates of 0.25, 0.75, and 1.25 percent. The assumptions used for all other calculations in this chapter were an interest rate of 6 percent and a growth rate of 0.75 percent. This led to a 165 percent larger net payment by future generations than the newly born. Under the alternatives in table 3-2, the difference ranges from 93 percent to 350 percent. While this range is large, the basic conclusion holds for all alternatives. Future generations are estimated to make a much larger payment of taxes to the government, net of the transfers they receive, than the generation just born or other existing generations.

TABLE 3-2. PERCENTAGE DIFFERENCE IN LIFETIME NET TAX RATES OF FUTURE GENERATIONS AND THE 1992 GENERATION FOR ALTERNATIVE ASSUMPTIONS

Interest rate	Growth rate		
	0.25	0.75	1.25
3.0	167	127	93
6.0	205	165	131
9.0	350	297	249

Effects of OBRA93

The Omnibus Budget Reconciliation Act of 1993 reduced the estimated deficits from 1994 through 1998 by a cumulative total of around \$500 billion. Table 3-3 compares the lifetime net tax rates of different generations with and without this Act. OBRA93 reduced the lifetime net tax rate of future generations from 94 percent to 82 percent. In order to accomplish this, it raised the lifetime net tax rate on existing generations: on the very young generations by roughly 1 percentage point, on the baby boom generations by about 0.3 to 0.6 percentage points, and on older generations by 0.3 percentage point or less. The lower impact on the lifetime net tax rates of older generations is partly because they have fewer remaining years of life to be affected and any given dollar amount of taxes or transfers is discounted over more years in order to calculate the present value as of the generation's year of birth.

⁶ A pure extrapolation of recent trends, in contrast, would imply that health care costs would eventually bankrupt the government.

TABLE 3-3. LIFETIME NET TAX RATES UNDER ALTERNATIVE POLICIES

(In percentages)

Generation's year of birth	Before OBRA93	After OBRA93	With health care reform	Health care reform but faster cost growth
1900	23.6	23.6	23.6	23.6
1910	27.2	27.2	27.2	27.2
1920	29.0	29.0	29.1	29.1
1930	30.5	30.6	30.9	30.9
1940	31.6	31.9	32.4	32.2
1950	32.8	33.2	34.0	33.5
1960	34.4	35.0	35.9	35.2
1970	35.7	36.5	37.6	36.6
1980	36.0	36.9	38.2	36.7
1990	35.5	36.5	38.3	36.2
1992	35.4	36.3	38.3	36.0
Future generations	93.7	82.0	66.5	75.2
Percentage difference: future generations and 1992	165.1	126.0	73.9	108.8

OBRA93 thus brought the lifetime net tax rates of future generations and existing generations closer to each other. The generational imbalance—defined as the percentage difference in lifetime net tax rate between future generations and the newly born—was reduced by about one-quarter, from 165 percent to 126 percent. These calculations roughly show where the lifetime net tax rates stand now. The generational imbalance remains large despite OBRA93. To a great extent this is because the government's health care spending is projected to continue to rise rapidly relative to GDP unless government policy changes to limit it.

Effects of Health Care Reform

The Administration has proposed a program of health care reform to provide every American with comprehensive health care benefits and to limit the rapid growth of health care costs as a share of GDP. If enacted and implemented as proposed, this plan would substantially reduce the generational imbalance. Table 3-3 shows the lifetime net tax rates with health care reform. Health care reform would reduce the lifetime net tax rate of future generations beyond the effect of OBRA93—from 82 percent to 66 percent. Because estimates of health care reform on taxes and spending were not available after 2000, this calculation is based on rough projections for subsequent years (as explained in the technical note to this chapter). Medicare and medicaid transfers after 2000 are assumed to grow at a similar rate as benefits under health reform, although their spending is not directly limited by the plan. The estimates do not include the premiums paid to the health alliances or the benefits financed by these premiums.

Health care reform would increase the lifetime net tax rates of all existing generations by decreasing the lifetime transfers that they would be recorded as receiving. This is because government health care spending is recorded as a transfer from the government to those individuals who receive the health care. However, one

of the basic principles of the Administration proposal is to reduce the complexity and in general to improve the efficiency of the health care system. To the extent that efficiency is improved, health care reform will allow lower government transfer payments but people will not receive less health care or have worse health. The measured decline in the lifetime transfers to existing generations would overstate the change in the value of benefits they receive, and the increase in the lifetime net tax rates from this effect would not represent an increase in actual fiscal burden.

The effect of health care reform is shown in table 3-3 to reduce the generational imbalance by about two-fifths, from 126 percent to 74 percent. In combination, OBRA93 and health care reform would eliminate over half of the previous imbalance of 165 percent.

Table 3-3 also illustrates the importance of implementing the cost-containment principle of health care reform. It estimates the lifetime net tax rates from enacting the proposal but modified so that all government health care transfers grow from 2000 through 2020 at a rate that is 2 percentage points higher than warranted by demographic change and economy-wide productivity growth. In this case the generational imbalance is only reduced from 126 percent to 109 percent instead of the 74 percent under the full Administration proposal.

Net Tax Payments by Different Generations

Tables 3-4 and 3-5 provide a complementary perspective to lifetime net tax rates by showing the net tax payments for different generations in absolute amounts solely for those taxes and transfers to be paid or received in the future. These are the "generational accounts" as defined previously in this chapter and as emphasized in most presentations of generational accounting. The generational accounts in the year of a generation's birth are the same as its lifetime net tax payments.

TABLE 3-4. GENERATIONAL ACCOUNTS FOR MALES: PRESENT VALUE OF TAXES AND TRANSFERS, WITH OBRA93

(In thousands of dollars)

Generation's age in 1992	Net tax payment	Taxes paid				Transfers received		
		Labor income taxes	Capital income taxes	Payroll taxes	Excise taxes	Social security	Health	Welfare
0	78.4	32.2	7.9	34.7	30.2	6.8	16.2	3.6
5	99.3	41.3	10.1	44.6	35.6	8.6	19.1	4.6
10	124.8	52.6	12.9	56.9	41.3	10.3	22.7	5.9
15	157.2	67.1	16.6	72.8	47.4	11.9	27.3	7.6
20	187.7	80.8	21.0	88.2	51.4	13.3	31.0	9.2
25	203.0	88.2	25.2	96.7	52.2	16.4	33.0	9.9
30	201.6	87.8	30.2	96.5	51.4	20.1	34.7	9.4
35	192.4	84.5	36.1	93.2	50.4	25.2	37.9	8.7
40	170.9	77.2	40.8	85.4	49.4	31.7	42.3	8.0
45	132.5	64.9	43.5	72.0	46.7	39.8	47.5	7.2
50	81.0	49.6	44.0	55.2	42.8	50.4	53.6	6.5
55	19.5	32.7	42.2	36.6	37.8	63.7	60.2	5.8
60	-43.9	17.5	38.9	19.6	32.2	80.4	66.7	5.1
65	-94.1	6.2	34.3	6.9	26.9	90.6	73.4	4.4
70	-98.6	2.5	27.1	2.9	21.5	82.7	66.1	3.8
75	-92.9	1.2	18.2	1.3	16.4	69.0	57.8	3.2
80	-79.4	0.6	9.2	0.7	11.5	52.0	47.2	2.2
85	-69.4	0.3	.....	0.3	7.9	39.4	37.5	1.0
90	-11.6	.....	.....	.....	1.7	6.9	6.4	.....
Future generations	177.1	—	—	—	—	—	—	—
Percentage difference in net tax payment: future generations and age zero	126.0	—	—	—	—	—	—	—

TABLE 3-5. GENERATIONAL ACCOUNTS FOR FEMALES: PRESENT VALUE OF TAXES AND TRANSFERS, WITH OBRA93

(In thousands of dollars)

Generation's age in 1992	Net tax payment	Taxes paid				Transfers received		
		Labor income taxes	Capital income taxes	Payroll taxes	Excise taxes	Social security	Health	Welfare
0	44.1	16.6	8.4	18.0	29.2	6.4	13.1	8.6
5	54.8	21.3	10.8	23.0	34.2	8.1	15.5	11.0
10	67.3	27.1	13.8	29.4	39.3	9.7	18.6	14.0
15	82.5	34.4	17.7	37.5	44.5	11.1	22.6	17.9
20	96.9	40.7	22.3	44.6	48.0	12.4	25.8	20.5
25	101.5	42.1	27.3	46.2	49.1	15.4	29.4	18.5
30	96.9	39.5	32.2	43.5	49.0	18.9	33.4	15.0
35	87.8	36.3	37.3	40.0	48.9	23.7	39.1	11.9
40	69.1	31.5	40.5	34.9	47.8	29.9	46.6	9.1
45	39.7	25.1	41.4	27.8	45.4	37.9	55.3	6.8
50	2.4	18.1	40.2	20.2	41.5	48.4	64.1	5.2
55	-40.2	11.6	38.1	13.0	37.0	62.0	73.9	4.1
60	-86.3	6.0	34.9	6.8	31.8	79.2	83.2	3.5
65	-122.5	2.2	29.5	2.4	26.6	88.4	91.6	3.1
70	-124.6	0.9	20.7	1.0	21.7	81.4	84.6	2.8
75	-117.9	0.4	11.4	0.5	16.5	69.1	75.2	2.4
80	-100.5	0.2	4.3	0.2	12.1	54.1	61.2	2.0
85	-79.3	0.1	.....	0.1	9.2	39.9	47.1	1.6
90	-11.3	.....	.....	.....	1.6	5.9	6.7	0.3
Future generations	99.6	—	—	—	—	—	—	—
Percentage difference in net tax payment: future generations and age zero	126.0	—	—	—	—	—	—	—

The amounts in these tables are the generational accounts as of calendar year 1992 for every fifth generation alive in that year. The first column, "net tax payment," is the difference between the present value of taxes that a member of each generation will pay, on average, over his or her remaining life and the present value of the transfers he or she will receive. The other columns show the average present values of different taxes and transfers. As with the lifetime net tax rates,

all Federal, State, and local taxes and transfers are included in these calculations. Federal spending and receipts include the effects of OBRA93.

Remaining net tax payments by existing generations.—The present value of the future taxes to be paid by the young and middle aged generations is much more than the present value of the future transfers they will receive. For males who were age 40 in 1992, for example, the present value of future taxes is

\$171,000 more than the present value of future transfers. The amounts are large because these generations are close to their peak tax paying years. For newborn males, on the other hand, the present value of the net tax payment is much smaller, \$78,000, because they will not pay much in taxes for a number of years.

The older generations, who are largely retired, will receive more social security, medicare, and other future benefits than they will pay in future taxes. That is, they have negative net tax payments. Females have smaller net tax payments than males, mostly because they earn less income and therefore pay less income and social security taxes.

Since the figures in these tables show the *remaining* lifetime net tax payments of particular generations, they do not include the taxes a generation paid in the past or the transfer payments it received in the past. This needs to be kept in mind in considering the net tax payments by those now alive. The portion of a generation's lifetime net tax payments that is remaining depends on whether it is 10, 40, or 65 years old. The fact that 40 year-old males can expect to pay more in the future than they receive, in present value terms, while the reverse is true for 65 year-old males, does not mean that the Federal, State, and local governments are treating 40 year-old males unfairly. Males who are now 65 paid substantial taxes when they were younger, and these past taxes are not included in the remaining lifetime net tax payments shown in their generational accounts. Therefore, the remaining lifetime net tax payment by one existing generation cannot be directly compared with that of another. The lifetime net tax payments of existing generations can be compared, however, using the lifetime net tax rates presented previously.

Tables 3-4 and 3-5 also show the different generational effects of various taxes and transfers. For example, the present value of future labor income taxes and payroll taxes is much higher for the generations under 60 than for older generations, whereas the present value of future capital income taxes and excise taxes is higher for the generations under 60 but not by so much. This is because the elderly tend to be retired from the labor force but still own homes and buy goods and services subject to property tax, sales tax, and other excises. As another example, the present value of social security and health care transfers is much higher for the elderly than the young and middle aged, because these kinds of transfers are made largely to the elderly and thus are discounted in the calculations over a relatively few years. Welfare benefits, on the other hand, provide relatively large benefits to the young, so the present value of these benefits is higher for these age groups than for others.

Net tax payments by future generations.—Future generations—those born in 1993 and later—are estimated to make a 126 percent larger net tax payment to the government, on average, than those born in 1992. The \$177,000 average net tax payment by future males and the \$100,000 average net tax payment by future

females are calculated assuming that the ratio of net tax payments by males to that of females is the same for future generations as those born in 1992.

The calculations also assume that all people of a particular sex born in the future will make the same average net tax payment over their lifetimes after adjusting for overall productivity growth in the economy. A growth adjustment is needed to the average net tax payment because future generations will pay more in taxes, net of the transfers they receive, simply because their incomes will be higher. This does not represent a heavier fiscal burden. To properly assess the net tax payment by future generations relative to the newly born, it is necessary to calculate the net payment they would make above and beyond the amount due to economic growth. The generational accounts assume that all future generations pay the same net taxes apart from the effect of growth. This net tax is the number shown in the table for all future generations of the same sex.

OBRA93 and health care reform.—Table 3-6 displays the generational accounts for the three policy regimes previously evaluated using lifetime net tax rates: a baseline before the enactment of OBRA93, estimates including OBRA93 (as shown with more detail in tables 3-4 and 3-5), and estimates including both OBRA93 and health care reform.

This table is a different way of viewing the generational effects of policy changes and complements the effects revealed in table 3-3 on lifetime net tax rates. OBRA93 and health care reform substantially reduce the generational imbalance between future generations and living generations. The net tax payments of future generations (in present value) are reduced by both policies. The net tax payment for future generations of males is lowered by \$25,000 by OBRA93 and \$32,000 by health care reform; for females, by \$14,000 and \$20,000, respectively. Each existing generation pays a larger net amount in present value, but not by as much as the reduction for future generations. For example, 50 year-old males pay \$5,000 more due to OBRA93 and \$10,000 more due to health care reform. As explained above, the lower transfer payments received under health care reform do not represent less health care to the extent they reflect a more efficient health care system.

International Comparisons

The Italian and Norwegian governments have prepared generational accounts to examine the long-term sustainability of their fiscal policies,⁷ and the Japanese government is in the process of estimating generational accounts for Japan.

⁷ See Daniele Franco, Jagadeesh Gokhale, Luigi Guiso, Laurence J. Kotlikoff, and Nicola Sartor, "Generational Accounting—The Case of Italy," Report to the Bank of Italy (January 1991) and Boston University Department of Economics, The Ruth Pollack Working Paper Series on Economics, no. 18 (January 1990); and Alan J. Auerbach, Jagadeesh Gokhale, Laurence J. Kotlikoff, and Erling Steigum, Jr., "Generational Accounting in Norway: Is Norway Overconsuming Its Petroleum Wealth?," Report to the Norwegian Research Council for Applied Social Science (October 1993) and Boston University Department of Economics, The Ruth Pollack Working Paper Series on Economics, no. 24 (October 1993).

TABLE 3-6. GENERATIONAL ACCOUNTS UNDER DIFFERENT POLICIES

(In thousands of dollars)

Generation's Age in 1992	Before OBRA93		After OBRA93		With health care reform		Health care reform but faster cost growth	
	Males	Females	Males	Females	Males	Females	Males	Females
0	76.4	42.9	78.4	44.1	83.2	45.8	79.3	42.2
5	96.8	53.3	99.3	54.8	104.8	56.5	100.3	52.5
10	121.6	65.5	124.8	67.3	130.8	68.9	126.0	64.6
15	153.2	80.3	157.2	82.5	163.8	84.3	158.7	79.6
20	183.0	94.2	187.7	96.9	194.7	100.1	189.5	95.0
25	197.8	98.4	203.0	101.5	210.2	106.5	204.9	101.0
30	196.2	93.4	201.6	96.9	209.3	103.8	203.9	97.9
35	186.9	84.0	192.4	87.8	200.9	96.7	195.2	90.2
40	165.2	65.0	170.9	69.1	180.3	80.1	174.4	73.0
45	127.0	35.4	132.5	39.7	142.6	52.1	137.1	45.1
50	75.9	-2.0	81.0	2.4	91.1	15.2	87.0	9.4
55	14.7	-44.8	19.5	-40.2	29.3	-27.4	27.5	-30.9
60	-48.4	-91.2	-43.9	-86.3	-35.0	-74.4	-35.5	-76.3
65	-98.1	-127.1	-94.1	-122.5	-87.6	-113.2	-87.0	-113.4
70	-101.9	-128.4	-98.6	-124.6	-94.2	-118.0	-93.2	-116.9
75	-95.3	-120.9	-92.9	-117.9	-90.3	-114.0	-89.4	-112.5
80	-80.9	-102.6	-79.4	-100.5	-77.9	-98.2	-77.5	-97.4
85	-70.4	-80.7	-69.4	-79.3	-68.9	-78.5	-68.9	-78.5
90	-11.6	-11.3	-11.6	-11.3	-11.6	-11.3	-11.6	-11.3
Future generations	202.5	113.8	177.1	99.6	144.7	79.7	165.6	88.2
Percentage difference in net tax payments: future generations and age zero	165.1	165.1	126.0	126.0	73.9	73.9	108.8	108.8

Italy has changed its fiscal policies since the generational accounts were constructed for 1990, and therefore the estimates for Italy will not be displayed in a table. The 1990 accounts, however, showed the Italian generational imbalance to be two to three times greater than the U.S. imbalance after OBRA93.

This result was primarily due to three factors. First, Italy's ratio of government debt to GDP was almost twice that of the United States. Second, its transfer payments were roughly twice as large as those in the United States, relative to GDP, while its taxes were

only one-quarter larger. Consequently, relative to GDP, the current net tax payments of existing generations were lower than in the United States. Third, Italy is aging more rapidly. Given that annual net tax payments fall with age in both countries, an aging population means that in future years the existing generations will make lower aggregate net tax payments. Furthermore, government purchases were nearly as large as in the United States. The combination of these factors produces a relatively large net tax to be paid by future generations of Italians.

TABLE 3-7. U.S. AND NORWEGIAN GENERATIONAL ACCOUNTS

(In thousands of dollars)

Generation's age in 1992	United States		Norway	
	Males	Females	Males	Females
0	78.4	44.1	104.7	47.7
5	99.3	54.8	127.6	52.6
10	124.8	67.3	154.6	57.4
15	157.2	82.5	186.1	63.6
20	187.7	96.9	214.5	66.1
25	203.0	101.5	237.9	67.3
30	201.6	96.9	241.0	62.0
35	192.4	87.8	225.6	59.7
40	170.9	69.1	198.8	54.1
45	132.5	39.7	157.5	35.1
50	81.0	2.4	105.4	6.8
55	19.5	-40.2	46.6	-24.7
60	-43.9	-86.3	-14.2	-60.3
65	-94.1	-122.5	-57.8	-71.6
70	-98.6	-124.6	-61.1	-71.1
75	-92.9	-117.9	-68.3	-66.8
80	-79.4	-100.5	-50.4	-54.0
85	-69.4	-79.3	-36.0	-43.2
90	-11.6	-11.3	-26.1	-34.8
Future generations	177.1	99.6	178.2	81.2
Percentage difference in net tax payments: future generations and age zero	126.0	126.0	68.9	68.9

Norway's generational accounts are compared in table 3-7 with those of the United States after OBRA93. Because of its large petroleum and hydroelectric wealth, the Norwegian government has positive net wealth equal to roughly 20 percent of GDP. Norway is aging at about the same rate as the United States. Its government purchases are almost 40 percent greater than in the United States, relative to GDP, and its transfer payments are about 60 percent greater. However, Norwegian gross taxes are higher, and Norwegian net tax payments relative to GDP are about 50 percent greater.

As a result, the Norwegian primary deficit—expenditures, other than interest, less taxes—is smaller relative to GDP than in the United States.

The large government net wealth in Norway and the lower primary deficit relative to GDP have led to a smaller generational imbalance than in the United States. Table 3-7 estimates the imbalance to be 69 percent in Norway, just over half the U.S. amount. The absolute net tax payment by future generations is similar in the two countries, but the higher net tax payment by existing Norwegians produces a lower imbalance.

TECHNICAL NOTE: CONSTRUCTION OF THE GENERATIONAL ACCOUNTS

The Present Value Constraint

Generational accounting is based on the present value budget constraint of the government sector. In simple terms, this constraint says that the government must ultimately pay for its purchases of goods and services with resources it obtains from current and future generations or with its current assets (net of debt). If current generations pay less in taxes (net of transfers received) to finance government purchases, future generations will have to pay more.

This does not mean that the government ever has to fully retire its debt at any point in time. What it does require is that the government pay the interest on its debt through the net taxation of existing or future generations (or with its current assets). For example, suppose that through borrowing the payments for the government's bills were repeatedly shifted to future generations by each successive current generation. Then this debt would grow, with interest. Eventually the interest on this debt would exceed the lifetime income of future generations, which would result in default.

More precisely, the government's present value constraint says that, at any point in time, the present value of the government's future purchases of goods and services cannot exceed the sum of three items: (1) the present value of future taxes to be paid (net of transfers received) by existing generations (i.e., the sum of their generational accounts multiplied by the number of people in each generation), (2) the present value of taxes to be paid (net of transfers received) by future generations, and (3) the value of government assets that yield income, less the government debt. Generational accounting estimates the present value of the government's purchases of goods and services and the amounts (1) and (3). Amount (2), the present value of taxes to be paid by all future generations (net of transfers received), is calculated as the present value of future government purchases minus amounts (1) and (3).

The generational accounts for future generations are derived from the aggregate amount (2). For the illustrations in this chapter, different net tax payments (after adjusting for economic growth) are not estimated for

different future generations. Rather, the aggregate present value net tax payment by future generations is divided on an even basis among all future generations in such a way that the average net tax payment by the members of each generation keeps pace with the economy's growth in productivity. Thus, as shown in tables 3-4 and 3-5, one single (growth adjusted) average figure stands as the generational account for all future generations of a given sex. Because the generational account for future generations is calculated indirectly from the above aggregates, it can only be shown as a single number and cannot be divided among specific taxes and transfers.

The lifetime net tax rate of future generations is the ratio of the present value of total net tax payments by future generations to the present value of total labor income earned by future generations. This calculation is made under the assumption that labor income increases at the same rate as the economy's growth in productivity.

The Underlying Calculations

The calculation of the generational accounts is a three-step process. The first step entails projecting each currently living generation's average taxes and transfers to each future year in which at least some member of the generation will be alive. The second step converts these projected average taxes and transfers into an actuarial present value, using assumptions for the discount rate and the probability that the generation's members will be alive in each future year. The sum of these present values, with transfers subtracted from taxes, is the generational account or "net tax payment" for existing generations shown in the first column of tables 3-4 and 3-5. The third step is to estimate the other terms of the present value constraint explained in the previous section so as to derive the average net tax payment by future generations. The calculations are based on projections to 2200.

Projection of taxes and transfers.—The projection of average future taxes and transfers begins with the national totals of all Federal, State, and local taxes and transfers as reported by the national income and product accounts (NIPAs) for calendar year 1992. (All

years in this chapter are calendar years unless otherwise stated.) The relationship of the NIPA data to the Federal budget is described in Chapter 19 of this volume. Employee retirement and veterans benefits paid by government are considered a form of employee compensation and classified as the purchase of a service rather than a transfer payment.

The base year NIPA totals are distributed to all existing generations, as defined by age and sex, based on the corresponding distributions in cross-section survey data. These surveys include the Survey of Income and Program Participation by the Bureau of the Census, the Survey of Consumer Expenditures by the Bureau of Labor Statistics, the Survey of Consumer Expenditures by the Federal Reserve, and the Current Population Survey by the Bureau of the Census. Those taxes not directly paid by persons and so not appearing in these surveys, such as the corporation income tax, are allocated. Since generational accounting attributes taxes and transfers to individuals, household taxes and transfers are attributed to the individuals in the household. No special imputations are made to children, but the cross-section surveys impute some consumption to children and the taxes on that consumption would be attributed to the children. The attribution rules affect the values of the baseline accounts but are not likely to alter the generational implications of policy changes.

The distribution of average taxes and transfers by age and sex in the future is adjusted for growth and projected policy. In the case of Federal taxes and transfers for 1993–2004, the projected aggregate amounts are the estimates of outlays and receipts in the *Mid-Session Review of the 1994 Budget* (September 1993), extended beyond 1998 and updated for the actual fiscal year 1993 results. (Adjustments were made to remove the effects of OBRA93 for the base case.) These amounts are distributed by age and sex according to the age-sex relative profiles for these transfers and receipts based on the cross-section surveys cited above. In the case of State and local taxes and transfers for 1993–2004 (other than medicaid transfers), the aggregate amounts are based on the GDP projections in the *Mid-Session Review* and the assumption that the ratios of State and local tax and transfer aggregates to GDP remain constant at the 1992 levels. After 2004 the average Federal, State, and local taxes (except the social security payroll tax) and transfer payments (except social security, medicare, and medicaid) by age and sex are projected to increase at the assumed rate of productivity growth. Productivity (both labor and multi-factor productivity) is assumed to increase at 0.75 percent a year, which is close to the average annual rate of labor productivity growth since 1970.

Social security transfer payments and payroll tax receipts after 2004 are based on special calculations made by the Social Security Administration assuming a productivity growth rate of 0.75 percent. These calculations otherwise follow the social security intermediate alternative II assumptions. Except under the health care reform scenario, medicaid transfers from 1993 through

2030 and medicare transfers from 2005 through 2030 are projected using the medicaid and medicare growth rates in the Health Care Financing Administration middle scenario estimates published in 1991.⁸ After 2030, health care transfers are assumed to stabilize as a percentage of GDP apart from the effect of changes in the composition of the population by age and sex.

The effects of health care reform on taxes and transfers were projected through 2000 using Administration estimates. Since estimates were not available after 2000, rough projections were made for subsequent years. Health care reform spending was increased by a one-time level adjustment in 2001 to take account of a scheduled expansion in the standard benefit package. After 2001, it was assumed to grow at the same rate as productivity apart from changes in the composition of the population by age and sex. Medicare and medicaid transfers after 2000 are not directly limited by the health care reform plan but were also projected to grow at the same rate as productivity apart from changes in the composition of the population by age and sex.

Assumptions for present value.—The appropriate discount rate for calculating the present value of future amounts depends on whether or not these amounts are known with certainty. Future government receipts and expenditures are risky, which suggests that they be discounted by a rate higher than the real rate of interest on government securities. On the other hand, government receipts and expenditures appear to be less volatile than the real return on capital, which suggests that they be discounted by a lower rate than that. The calculations assume a 6 percent real discount rate, which is intermediate between the average real return available in recent years on short-term Treasury securities and the real return available in recent years on capital.

The present values of future average taxes and transfers are also discounted for mortality probabilities in order to derive actuarial present values. The demographic probabilities through 2066 are those embedded in the social security trustees' intermediate projection in 1992 (alternative II) of the population by age and sex. The fertility, mortality, and immigration probabilities in 2066 were used for later years. Immigration is treated as equivalent to a change in mortality.

Other projections.—Federal purchases of goods and services through 2004, like Federal taxes and transfers, are from the latest *Mid-Session Review* extended beyond 1998 and updated for the actual fiscal year 1993 results. State and local purchases through 2004 are kept at the same ratio to GDP as in 1992. Federal, State, and local purchases after 2004 were divided between (1) those made on behalf of specific age groups—the young, middle aged, and elderly—such as educational expenditures; and (2) those that are more near-

⁸This scenario is discussed in Sally Sonnefeld and others, "Projections of National Health Expenditures through the Year 2000," *Health Care Financing Review* (vol. 13, Fall 1991).

ly pure public goods, such as defense and public safety. Purchases per person in each of the three age groups, and purchases of public goods per capita, all increase at the assumed rate of productivity growth.

The economic value of the government's assets that yield income, less the government debt, was estimated to be the cumulative amount of the NIPA deficit since 1900 converted to constant dollars by the GDP deflator. No account was taken of the government's land and mineral rights.

The average growth-adjusted net tax payment to be made by future generations was determined using the aggregate present value of the net tax payment (as derived through the present value budget constraint), the assumed productivity growth, and the projected size of future generations. The size of future generations was estimated using the social security alternative II projection through 2066 and the demographic assumptions for 2066 applied to later years.

Historical lifetime net tax rates.—Lifetime net tax rates for generations born between 1900 and 1992 were calculated by dividing the generational account of each generation at birth by its human wealth—the present value at birth of its future labor earnings. The calculation of a generation's human wealth requires knowing its average labor earnings in each future year. The average labor earnings received by particular generations in particular years was determined by distributing aggregate labor income by age and sex using cross-section distributions of labor income found in cross-section survey data. The lifetime generational accounts for generations born between 1900 and 1992 are based on actual taxes and transfers from 1900 through 1992 and projected taxes and transfers in years after 1992.

Aggregate labor earnings, taxes, and transfers were obtained from the national income and product accounts for 1929 and later years. Pre-1929 aggregate labor earnings were from series in *Historical Statistics of the United States, Colonial Times to 1970*. Pre-1929 taxes

and transfers were from the 1982 Census of Governments, *Historical Statistics on Government Finances and Employment*. Various cross-section surveys were used to distribute aggregate labor earnings, taxes, and transfers by age and sex. Cross-section surveys prior to the early 1960s were not available for this study, so surveys from years after 1960 were used for earlier years. The Current Population Surveys were used to distribute aggregate labor earnings and taxes on labor earnings in 1964 and later years, and the 1964 survey was used for earlier years.

Differences in projections from January 1993 Budget Baselines.—The imbalance in the lifetime net tax rate between future generations and the generations born in 1992 is estimated to be 165 percent in the baseline before taking account of OBRA93 and health care reform. This is much higher than the 111 percent imbalance estimated a year ago between future generations and the generations born in 1991. Half of this difference is due to incorporating the Health Care Financing Administration's projection of medicaid transfers through 2004 instead of assuming that these transfers remained constant relative to GDP at the last actual ratio. If last year's method had been used this year, the reported imbalance this year would have been 145 percent. Part of the increase from 111 percent to 145 percent is because one more generation, those born in 1992, does not make the higher lifetime net tax payments required of future generations. As a result, the generations born after 1992 have still larger bills to pay. This effect accounts for about 8 percentage points of the increase. Of the remaining increase, a little less than half reflects the use of actual 1992 aggregate taxes, transfers, and purchases instead of projections; and the rest is due to improvements in the cross-section profiles used to distribute taxes and transfers by age and sex and to interactions among the various factors.

FEDERAL RECEIPTS AND COLLECTIONS

4. FEDERAL RECEIPTS

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.

Growth in receipts.—Total receipts in 1995 are estimated to be \$1,353.8 billion, an increase of \$104.7 billion or 8.4 percent relative to 1994. This increase is largely due to assumed increases in incomes resulting from both real economic growth and inflation. However, it is also attributable, in part, to enactment of the Om-

nibus Budget Reconciliation Act of 1993 (OBRA93), which is estimated to increase 1995 receipts \$21.0 billion relative to 1994, and the effect of the Health Care Security Act and other Administration proposals, which are estimated to increase 1995 receipts by a net \$12.2 billion. Receipts are projected to grow at an average annual rate of 5.4 percent between 1995 and 1999, to \$1,672.9 billion.

As a share of GDP, receipts are projected to rise from 18.8 percent in 1994 to 19.3 percent in 1995, and to decline slightly to 19.1 percent in 1999.

TABLE 4-1. RECEIPTS BY SOURCE—SUMMARY

(In billions of dollars)

Source	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Individual income taxes	509.7	549.9	595.0	627.7	664.1	701.6	745.1
Corporation income taxes	117.5	130.7	140.4	145.8	149.8	152.5	157.2
Social insurance taxes and contributions	428.3	461.9	490.4	518.3	548.5	580.0	610.2
(On-budget)	(116.4)	(125.7)	(135.2)	(143.6)	(151.0)	(158.6)	(165.0)
(Off-budget)	(311.9)	(336.2)	(355.2)	(374.7)	(397.5)	(421.4)	(445.1)
Excise taxes	48.1	54.6	71.9	71.7	72.7	73.6	74.9
Estate and gift taxes	12.6	12.7	13.9	15.0	16.1	17.3	18.5
Customs duties	18.8	19.2	20.9	21.3	22.2	23.1	24.0
Miscellaneous receipts	18.6	20.0	21.3	27.6	31.6	38.7	43.1
Total receipts	1,153.5	1,249.1	1,353.8	1,427.3	1,505.1	1,586.9	1,672.9
(On-budget)	(841.6)	(912.9)	(998.6)	(1,052.6)	(1,107.6)	(1,165.5)	(1,227.8)
(Off-budget)	(311.9)	(336.2)	(355.2)	(374.7)	(397.5)	(421.4)	(445.1)

TABLE 4-2. CHANGES IN RECEIPTS

(In billions of dollars)

	Estimate					
	1994	1995	1996	1997	1998	1999
Receipts under tax rates and structure in effect January 1, 1993¹	1,224.0	1,292.8	1,352.4	1,405.2	1,478.7	1,555.5
Enacted legislative changes:						
Omnibus Budget Reconciliation Act of 1993 ²	24.3	45.3	52.5	65.9	58.3	57.9
North America Free Trade Agreement Implementation Act ²	-0.1	-0.1	-0.2	-0.1	1.2	-1.6
Social security (OASDI) taxable earnings base increases:						
\$57,600 to \$60,600 on Jan. 1, 1994	1.0	3.1	3.4	3.9	4.4	5.0
\$60,600 to \$62,100 on Jan. 1, 1995		0.5	1.5	1.8	2.0	2.2
\$62,100 to \$63,900 on Jan. 1, 1996			0.7	2.0	2.2	2.5
\$63,900 to \$66,600 on Jan. 1, 1997				1.0	3.1	3.4
\$66,600 to \$69,300 on Jan. 1, 1998					1.1	3.1
\$69,300 to \$72,300 on Jan. 1, 1999						1.2
Proposals²	-0.1	12.2	16.9	25.5	35.9	43.7
Total, receipts under existing and proposed legislation	1,249.1	1,353.8	1,427.3	1,505.1	1,586.9	1,672.9

¹ These estimates assume social security and medicare taxable earnings bases of \$57,600 and \$135,000, respectively, through 1999.

² Net of income offsets.

ENACTED LEGISLATION

The Omnibus Budget Reconciliation Act of 1993.—This Act, which achieved the largest deficit reduction in our Nation's history, was signed by President Clinton on August 10, 1993. By providing substantial, fair, and balanced deficit reduction, it represented a vital first step toward economic renewal and growth in jobs and higher living standards for families today and in the future. Roughly half of the deficit reduction provided in the Act came from tax increases; 80 percent of these increases from households making over \$200,000—the top 1.3 percent of the population. Almost twenty million low-income working families are receiving a tax cut, while only the 1.4 million most well-off American households are paying higher income taxes. The major revenue provisions of the Act are described below.

Stimulus/Investment

Provide capital gains exclusion for certain small business stock.—A noncorporate taxpayer who holds qualified small business stock for more than 5 years is allowed to exclude 50 percent of any gain on the sale or exchange of the stock. The amount of gain eligible for the 50 percent exclusion is limited to the greater of 10 times the taxpayer's basis in the stock or \$10 million in gain from the sale of stock in that corporation. This exclusion applies to stock issued after August 10, 1993.

Modify minimum tax depreciation rules.—A corporate taxpayer is subject to an alternative minimum tax of 20 percent on minimum taxable income in excess of an exemption amount. Alternative minimum taxable income is the taxpayer's taxable income increased by certain tax preferences and adjustments. Effective for property placed in service after December 31, 1993, depreciation is no longer an adjustment to taxable income in determining alternative minimum taxable income.

Increase expensing deduction for small business.—Effective for property placed in service in taxable years beginning after December 31, 1992, the amount a taxpayer is allowed to expense under section 179 is increased from \$10,000 to \$17,500.

Expand and simplify earned income tax credit (EITC).—For eligible taxpayers with one qualifying child, the EITC is increased to 26.3 percent of the first \$7,750 of earned income in 1994, for a maximum credit of \$2,038. The credit is reduced by 15.98 percent of earned income (or adjusted gross income, if greater) in excess of \$11,000. For 1995 and thereafter, the credit rate increases to 34 percent; the phase-out rate remains at 15.98 percent. For taxpayers with two or more qualifying children, the EITC is 30 percent of the first \$8,425 of earned income in 1994, for a maximum credit of \$2,527. The credit is reduced by 17.68 percent of earned income (or adjusted gross income, if greater) in excess of \$11,000. The credit rate increases to 36 percent for 1995 and to 40 percent for 1996 and subsequent years. The phase-out rate increases to 20.22 per-

cent for 1995 and to 21.06 percent for 1996 and subsequent years. The EITC is extended to low-income workers who do not have any qualifying children if they are between the ages of 25 and 65 and cannot be claimed as a dependent on another taxpayer's return. For these taxpayers, the EITC is 7.65 percent of the first \$4,000 of earned income in 1994, for a maximum credit of \$306. The maximum credit is reduced by 7.65 percent of earned income above \$5,000. Beginning in 1995, all maximum income levels on which the EITC may be claimed and all income thresholds for the phaseout of the EITC are indexed for inflation. The supplemental young child credit and the supplemental health insurance credit of prior law are repealed.

Modify passive loss rules for certain real estate persons.—Effective with respect to taxable years beginning after December 31, 1993, the rental real estate income and losses of a taxpayer who materially participates in rental real estate activities is no longer subject to the passive loss rules that limit deductions and credits from passive trade or business activities.

Increase recovery period for depreciation of nonresidential real property.—Effective with respect to property placed in service on or after May 13, 1993, the period over which a taxpayer may recover the cost or other basis of the property through depreciation is increased from 31.5 to 39 years. The provision does not apply to property placed in service before January 1, 1994 if a binding contract to purchase or construct the property had been entered into prior to May 13th or if construction had commenced prior to that date.

Provide tax benefits for empowerment zones and enterprise communities.—Certain tax benefits will be provided for nine empowerment zones and 95 enterprise communities designated during 1994 and 1995. Six empowerment zones and 65 enterprise communities will be located in eligible urban areas and three empowerment zones and 30 enterprise communities will be located in rural areas. The tax incentives will be available during the period that the designation remains in effect, which generally will be 10 years.

Extend exclusion for employer-provided educational assistance.—The exclusion for certain amounts paid by an employer for educational assistance provided to an employee, which had expired with respect to amounts paid after June 30, 1992, is extended retroactively from July 1, 1992 through December 31, 1994.

Extend targeted jobs tax credit.—The targeted jobs tax credit, which was available to employers who hire individuals from several targeted groups, had expired with respect to individuals hired after June 30, 1992. This credit is extended retroactively from July 1, 1992 through December 31, 1994.

Extend research and experimentation (R&E) tax credit.—The 20 percent tax credit provided for certain research and experimentation expenditures, which had expired with respect to expenditures made after June

30, 1992, is extended retroactively from July 1, 1992 through June 30, 1995.

Modify research and experimentation (R&E) allocation rules.—Under prior law, companies with foreign operations were 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 were to be allocated on the basis of gross sales or gross income. Effective for the first taxable year beginning on or before August 1, 1994 that follows the last taxable year to which the prior law rules applied, the allowable percentages are reduced to 50 percent.

Extend tax exemption for small issue manufacturing bonds.—Prior to July 1, 1992, interest on certain small issues of private activity bonds was exempt from tax if at least 95 percent of the bond proceeds was used to finance manufacturing facilities or certain land or property for first-time farmers. The authority to issue these bonds is permanently extended, with special placed-in-service rules for the period July 1, 1992 through December 31, 1993.

Extend tax credit for orphan drug clinical testing expenses.—Under prior law, a 50 percent nonrefundable tax credit was allowed for a taxpayer's qualified clinical testing expenses paid or incurred in the testing of certain drugs, generally referred to as orphan drugs, for rare diseases or conditions. This credit, which expired with respect to expenses incurred after June 30, 1992, is extended for 30 months, from July 1, 1992 through December 31, 1994.

Extend tax exemption for qualified mortgage bonds.—The proceeds of qualified mortgage bonds are used to finance the purchase, rehabilitation or improvement of single-family, owner-occupied residences located within the jurisdiction of the issuer of the bonds. Qualified governmental units may elect to exchange qualified mortgage bond authority for authority to issue mortgage credit certificates. These certificates entitle homebuyers to nonrefundable income tax credits for a specified percentage of interest paid on mortgage loans on their principal residence. This exemption, which had expired with respect to bonds issued after June 30, 1992, is permanently extended retroactive to July 1, 1992.

Extend low-income housing tax credit.—A tax credit is allowed in annual installments over ten years for qualifying newly constructed or substantially rehabilitated low-income rental housing. This credit is permanently extended effective with respect to expenditures incurred on or after July 1, 1992. Under prior law, the credit had expired with respect to expenditures incurred after June 30, 1992.

Extend tax deduction for health insurance costs of self-employed individuals.—Up to 25 percent of the amount paid by a self-employed individual for health insurance expenses incurred before July 1, 1992 was deductible under prior law. This deduction is extended for 18 months and applies to expenditures incurred on or after July 1, 1992 through December 31, 1993.

Extend minimum tax exception for gifts of appreciated tangible property.—Charitable contributions of tangible personal property, such as art-work, are not treated as a minimum tax preference item for purposes of computing alternative minimum taxable income. This provision, which had expired with respect to gifts made after June 30, 1992, is permanently extended retroactive to July 1, 1992 for tangible property and to January 1, 1993 for all property.

Repeal luxury tax on yachts, aircraft, jewelry and furs.—Effective for sales after January 1, 1993, the 10 percent excise tax on the retail price of yachts and boats in excess of \$100,000, and on the retail price of jewelry and furs above \$10,000 is repealed. In addition, effective for sales on or after the date of enactment, the \$30,000 threshold for the luxury excise tax on automobiles is indexed annually for inflation.

Revenue Raisers—Individual Income Tax Provisions

Increase top rates for high income individuals.—Effective for taxable years beginning after December 31, 1992, the top individual income tax rate for individuals and estates and trusts is increased from 31 to 36 percent. In addition, a 10 percent surtax is levied on individuals with taxable income in excess of \$250,000 and on estates and trusts with taxable income in excess of \$7,500.

Modify alternative minimum tax for individuals.—The tax rate on alternative minimum taxable income in excess of the exemption amount, which had been 24 percent, is replaced with a two-tiered graduated rate schedule of 26 and 28 percent. The exemption amount is increased to \$45,000 for married individuals filing joint returns, to \$33,750 for unmarried individuals, and to \$22,500 for married individuals filing separate returns and estates and trusts. These changes are effective for taxable years beginning after December 31, 1992.

Extend limitation on itemized deductions and phase-out of personal exemptions.—The limitation on itemized deductions and the phaseout of personal exemptions, which were scheduled to expire after December 31, 1995 and December 31, 1996, respectively, are permanently extended.

Increase taxable portion of social security benefits.—Under prior law, a portion of a taxpayer's social security or railroad retirement tier 1 benefits was included in gross income if the taxpayer's provisional income exceeded \$25,000 for a single return and \$32,000 for a married couple filing a joint return. The amount included in gross income was the lesser of: (1) 50 percent of the taxpayer's social security or railroad retirement tier 1 benefit, or (2) 50 percent of the excess of the taxpayer's provisional income over the applicable threshold amount. Effective for taxable years beginning after December 31, 1993, the threshold amounts are increased to \$34,000 for a single return and \$44,000 for a married couple filing a joint return. In addition, the amount included in gross income is the lesser of

85 percent of the taxpayer's social security or railroad retirement tier 1 benefit, or 85 percent of the excess of the taxpayer's provisional income over the applicable threshold amount.

Repeal medicare health insurance (HI) wage base cap.—Effective for wages and self-employment income earned after December 31, 1993, the dollar limit on income subject to HI taxes is repealed.

Reinstate top estate and gift tax rates.—Effective for decedents dying, gifts made, and generation skipping transfers occurring after December 31, 1992, the top marginal tax rates of 53 percent (applicable to taxable transfers greater than \$2.5 million and less than or equal to \$3.0 million) and 55 percent (applicable to taxable transfers over \$3.0 million) are reinstated.

Reduce deductible portion of business meals and entertainment expenses.—The deductible portion of otherwise allowable business meals and entertainment expenses is reduced from 80 percent to 50 percent effective for taxable years beginning after December 31, 1993. The Administration will monitor and consider ways to ease the impact of this change.

Modify deduction for moving expenses.—Deductions from gross income for certain costs associated with moving to a new residence in connection with one's employment are no longer allowed effective for such costs incurred after December 31, 1993. Expenses no longer deductible include: the costs of pre-move house hunting trips and temporary living expenses, expenses associated with selling the old residence and purchasing the new residence, and the cost of meals consumed while traveling to the new location. Also, in order to claim a moving expense deduction, the taxpayer's new principal place of work must be at least 50 miles farther from the taxpayer's former residence than was the taxpayer's former principal place of work.

Reduce pension compensation cap.—The limit on compensation taken into account under a tax-qualified pension plan is reduced to \$150,000, effective for benefits accruing in plan years beginning after December 31, 1993.

Revenue Raisers—Business Provisions

Increase corporate tax rate.—Effective for taxable years beginning on or after January 1, 1993, a new top marginal tax rate of 35 percent is levied on corporate taxable income in excess of \$10 million. The 35 percent rate also applies to net corporate capital gains. A corporation with taxable income in excess of \$15 million is required to increase its tax liability by the lesser of three percent of the excess or \$100,000; this recaptures the benefit of the 34 percent rate on income less than or equal to \$10 million.

Modify corporate estimated income tax rules.—To avoid a penalty for underpayment of estimated tax, a corporation must base its estimated tax payments on 100 percent of the tax shown on its return for the current year. The 100 percent of last year's liability safe-harbor provided to large and small corporations under prior law remains in effect. This change is effective for taxable years beginning after December 31, 1993.

1993.

Cap possessions tax credit.—Under prior law, certain domestic corporations with business operations in the U.S. possessions were allowed to elect the use of a tax credit that generally eliminated U.S. tax on certain income related to their operations in the possessions. Effective for taxable years beginning after December 31, 1993, the credit allowed to a possession corporation against U.S. tax on its active business income (income derived from the active conduct of a possession-based business, or from the sale of assets used in such a business) is determined as under prior law, but is subject to either of two alternative limitations. One alternative limitation is based on factors that reflect the corporation's economic activity in the possessions (the economic activity limitation) and the other limitation is based on a statutorily defined percentage of the credit that would be allowable under prior-law rules (the percentage limitation).

Require securities dealers to mark to market.—This provision conforms the accounting and tax treatment of securities inventories by generally requiring that securities be included in inventory at their market value effective for taxable years ending on or after December 31, 1993. The income attributable to this change is included in income ratably over 5 years.

Revise foreign tax credit for oil and gas and shipping income.—Prior law provided more favorable foreign tax credit treatment for income associated with foreign oil and gas or shipping activities than for income earned abroad by other United States industries. Effective with respect to income earned in taxable years beginning after December 31, 1992, certain passive income related to oil and gas and shipping operations is placed in the passive category for foreign tax credit limitation purposes. In addition, passive income related to foreign oil and gas extraction is excluded from the computation of the foreign oil and gas extraction income foreign tax credit limitations.

Improve transfer pricing compliance.—Under prior law, a "substantial" valuation misstatement (the net transfer pricing adjustment exceeds \$10 million but is less than \$20 million), could result in a penalty of 20 percent of the understatement of tax. The penalty for a "gross" valuation misstatement (the net transfer pricing adjustment is greater than or equal to \$20 million) was 40 percent. However, a net increase in taxable income attributable to a price redetermination was disregarded, if it could be shown that there was a reasonable cause for the taxpayer's determination of the price, and that the taxpayer acted in good faith with respect to the price. Effective for taxable years beginning after December 31, 1993, the threshold for a "substantial" misstatement is lowered to the lesser of \$5 million or 10 percent of gross receipts and the threshold for a "gross" misstatement is the lesser of \$20 million or 20 percent of gross receipts. In addition, penalties will no longer be excused for reasonable cause and good faith unless certain statutory requirements are met.

Revenue Raisers—Excise Taxes

Increase transportation fuels tax.—Effective October 1, 1993, an additional tax of 4.3 cents per gallon is imposed on all transportation fuels. Taxable fuels include motor fuels used for highway transportation or in motorboats, gasoline used in aviation and in off-highway non-business uses, diesel fuel used in trains, and fuels used in inland waterways transportation. Increased revenues from this tax are retained in the General Fund of the Treasury.

Extend current 2.5 cents per gallon motor fuels tax.—Under prior law, a temporary 2.5 cents per gallon tax was levied on gasoline, special motor fuels, and diesel fuels used for highway transportation, in motor boats, and in trains. Revenues from this tax, which was scheduled to expire after September 30, 1995, were deposited in the General Fund of the Treasury. This tax is extended from October 1, 1995 through September 30, 1999. Revenues are to be transferred to the Highway Trust Fund; however, revenues from the tax on diesel fuel used in trains, which is reduced to 1.25 cents per gallon, are to be retained in the General Fund of the Treasury.

Revenue Raisers—Other

Extend Federal Unemployment Act (FUTA) surtax.—The temporary unemployment surtax of 0.2 percent imposed on employers, which was scheduled to expire with respect to wages paid after December 31, 1996, is extended through December 31, 1998.

North America Free Trade Agreement (NAFTA) Implementation Act.—This Act approves the agreement entered into by the United States, Canada and Mexico on December 17, 1992. It eliminates tariffs and other restrictions on trade among the three nations over a 15 year phase-in period. Although NAFTA will generate net economic and revenue gains through its effect on the economy, technical requirements of the Budget Enforcement Act require that the revenue losses from the tariff tax reduction be offset. The provisions of the Act that affect governmental receipts are as follows:

Reduce tariff rates.—Tariffs on trade among the United States, Canada and Mexico will be eliminated. About half of the tariffs disappeared on January 1, 1994; most of the rest will be phased-out over 10 years, though in some sectors—notably agriculture—tariffs will be phased-out over 15 years.

Implement a new electronic Federal tax deposit system.—A new electronic fund transfer system will be established for the collection of depository taxes. The system shall be designed to ensure that taxes are credited to the Treasury on the date such taxes are deposited to the Federal tax deposit system.

Disclose certain tax information to the United States Customs Service.—The Secretary of the Treasury is provided with authority to disclose certain tax information that will assist the Customs Service in conducting audits and in recovering taxes, duties or fees determined to be due as a result of such audits.

TABLE 4-3. EFFECT OF MAJOR LEGISLATION ENACTED IN 1993 ON RECEIPTS

(In billions of dollars)

	Estimate					
	1994	1995	1996	1997	1998	1999
Omnibus Budget Reconciliation Act of 1993						
Individual income taxes	9.8	24.5	26.1	32.1	26.0	27.3
Corporation income taxes	6.8	7.6	8.9	14.2	11.9	10.7
Social insurance taxes and contributions	2.0	6.6	7.1	8.8	9.8	9.2
Excise taxes	6.0	6.1	9.8	10.0	9.9	9.9
Estate and gift taxes	0.5	0.5	0.6	0.6	0.6	0.7
Customs duties	-0.9	.....	.....	.....	.....	.....
Miscellaneous receipts .....	.....	.....	.....	0.1	0.1	.....
Total, Omnibus Budget Reconciliation Act of 1993¹	24.3	45.3	52.5	65.9	58.3	57.9
North America Free Trade Agreement Implementation Act						
Individual income taxes	*	0.2	0.2	0.2	1.0	-0.5
Corporation income taxes	0.1	0.2	0.2	0.2	0.2	0.3
Social insurance taxes and contributions	*	0.1	0.2	0.2	0.9	-0.5
Excise taxes	*	0.1	*	0.1	*	0.2
Customs duties	-0.3	-0.6	-0.8	-0.9	-1.0	-1.1
Total, North America Free Trade Agreement Implementation Act¹	-0.1	-0.1	-0.2	-0.1	1.2	-1.6
ADDENDUM						
Total effect on receipts by source:						
Individual income taxes	9.9	24.6	26.3	32.3	27.0	26.9
Corporation income taxes	6.9	7.8	9.1	14.5	12.2	11.0
Social insurance taxes and contributions	2.1	6.7	7.3	9.0	10.7	8.8
Excise taxes	6.0	6.2	9.9	10.1	9.9	10.1
Estate and gift taxes	0.5	0.5	0.6	0.6	0.6	0.7
Customs duties	-1.2	-0.6	-0.8	-0.9	-1.0	-1.1
Miscellaneous receipts .....	.....	.....	.....	0.1	0.1	.....
Total effect on receipts¹	24.1	45.2	52.4	65.7	59.5	56.3

* \$50 million or less.

¹ Net of income offsets.

ADMINISTRATION PROPOSALS

Health Security Act.—The Administration's Health Security Act, which was transmitted to Congress on November 20, 1993, would provide insurance to all legal residents of the United States for expenses resulting from a wide range of medical services. A detailed discussion of this Act is presented in Chapter 4 of the 1995 budget. The major provisions of the Act that affect governmental receipts include the following:

Increase tax on tobacco products.—Effective October 1, 1994, the excise tax on cigarettes would be increased by \$.75 per pack to \$.99 per pack. Comparable increases in Federal excise taxes on other tobacco products are also proposed.

Levy assessment on corporate alliance employers.—A one-percent annual assessment would be levied on the total payroll of firms that provide health insurance through corporate alliances. The assessment generally would be effective January 1, 1996.

Increase deduction for health insurance costs of self-employed individuals.—The health insurance deduction for self-employed individuals would be increased to 100 percent of premiums paid to a health alliance for the comprehensive benefit package. The current 25 percent health insurance deduction for self-employed taxpayers

would remain in effect until the taxpayer's State of residence establishes a regional alliance.

Limit exclusion of employer-provided health coverage.—Effective January 1, 1997, contributions for health benefits made through cafeteria plans would no longer be excluded from an employee's taxable income. In addition, effective January 1, 2004, employer-paid premiums for supplemental health coverage (coverage for benefits in excess of the basic comprehensive benefit package) would be taxable to the employee for income and employment tax purposes.

Provide deduction for qualified long-term care services.—Effective for taxable years beginning after December 31, 1995, expenses incurred by certain incapacitated individuals for qualified long-term care services would be deductible as a medical expense (subject to the current law 7.5 percent of adjusted gross income floor).

Modify tax treatment of qualified long-term care insurance premiums and benefits.—Effective for policies issued after December 31, 1995, premiums for qualified long-term care insurance would be deductible as a medical expense (subject to the current law 7.5 percent of adjusted gross income floor). Effective on that date,

taxpayers would also be able to exclude from taxable income up to \$150 per day in benefits paid under a long-term care policy, provided the qualified policy did not provide benefits in excess of \$150 per day. Taxpayers participating in plans providing more than \$150 per day in benefits would not be eligible for the exclusion. The \$150 cap would be adjusted annually for inflation. In addition, employers would be able to deduct the cost of premiums paid for qualified long-term care coverage, and employees would be able to exclude the value of coverage from taxable income.

Modify tax treatment of accelerated death benefits.—Distributions under a life insurance contract on the life of an insured individual who is terminally ill and expected to die within 12 months would be treated as an amount paid by reason of death and would be excluded from taxable income with respect to such distributions made in taxable years beginning after December 31, 1993.

Provide tax credit for the cost of personal assistance services required by employed individuals.—Impaired taxpayers with earned income would be allowed to claim a non-refundable tax credit for 50 percent of certain impairment-related personal assistance services expenses, up to a maximum of \$15,000 in expenses, effective for expenses incurred in taxable years beginning after December 31, 1995. Specifically, the maximum allowable annual tax credit would be the lesser of 50 percent of the taxpayer's earned income or \$7,500. The credit would be gradually phased-out for taxpayers with adjusted gross income between \$50,000 and \$70,000.

Provide tax credit for primary health services providers in health professional shortage areas.—Effective for taxable years beginning after December 31, 1994, physicians who receive the required certification and commence work full-time in an area that is designated as being short of health professionals would be eligible to receive a non-refundable tax credit of \$1,000 per month for up to 60 months. Certified nurse midwives, nurse practitioners, and physician assistants who work in health professional shortage areas would receive a non-refundable tax credit of \$500 per month for up to 60 months.

Increase expensing limit for medical equipment in health professional shortage areas.—The expensing limit for medical equipment used by physicians who work full-time in a designated area and placed in service after December 31, 1994 would be increased by \$10,000.

Modify self-employment tax treatment of certain subchapter S corporation shareholders and partners.—Effective for taxable years beginning after December 31, 1995, certain limited partners and shareholders who own 2 percent or more of the stock in a service industry subchapter S corporation would be required to pay the self-employment social security and medicare taxes on their non-wage income from the Subchapter S corporation.

Modify penalty for failure to report payments to independent contractors.—To prevent employers from avoid-

ing their health care premium payment responsibilities, the Secretary of the Treasury would be given greater authority to prevent mischaracterization of employees as independent contractors. In addition, the penalty for not reporting a payment made to an independent contractor would be increased by \$50 or 5 percent of the payment, whichever was greater. These changes would be effective for information returns due more than 30 days following date of enactment.

Modify tax treatment of health care organizations.—The Administration's reform plan would require all health plans receiving premiums through health alliances to charge community rated premiums for the comprehensive benefit package, thus eliminating the need for the favorable income tax treatment provided Blue Cross/Blue Shield organizations under current law. Specifically, such organizations would no longer be allowed to deduct the difference between 25 percent of their health claims and adjusted surplus; in addition, these organizations would be required to include 20 percent of the change in their unearned premium reserves in taxable income. Recognizing that a nonprofit health care provider should not qualify for tax exemption unless it provides services that are beneficial to the community, nonprofit hospitals and other nonprofit health providers would be required to assess the health needs of their community and develop a plan to meet those needs in order to retain tax-exempt status. These changes generally would be effective for taxable years beginning after December 31, 1996.

Relate early retiree health premium discounts to income.—Effective January 1, 1998, retirees between the ages of 55 and 64 (early retirees) would be eligible for a discount for the employer share of their health insurance premiums. However, single taxpayers with combined income above \$90,000 and married couples filing joint returns with combined income above \$115,000 would be required to repay the discount.

Levy assessments on employers to pay for coverage for early retirees.—A temporary assessment would be levied on employers who provide health insurance benefits to early retirees. The assessment would be levied for 3 years, 1998, 1999, and 2000, and in each year employers would pay 50 percent of the greater of: (1) the estimated employer savings in the current year for providing health coverage to retirees between the ages of 55 and 64 as a result of the health care reform legislation, and (2) the annual average of the actual early-retiree health benefits paid by the employer during the period 1991–93, adjusted for medical cost inflation.

Modify employer contributions to post-retirement medical and life insurance reserves and retiree health accounts maintained by pension plans.—Employers would no longer be able to contribute to retiree medical 401(h) accounts in pension plans, generally effective January 1, 1995. Moreover, additions to reserves for post-retirement medical or life benefits in funded welfare benefit plans, typically Voluntary Employee's Beneficiary Ac-

counts (VEBAs), would be funded no more rapidly than over a period of at least 10 years.

Recapture medicare Part B subsidies.—Effective January 1, 1996, high-income taxpayers who choose to enroll in medicare Part B would be required to pay additional premiums. The additional premium would increase the taxpayers' total contribution from about 25 percent of program costs to about 75 percent of program costs. The additional premiums would be phased-in for single taxpayers with combined income above \$90,000 and married couples filing joint returns with combined income above \$115,000.

Extend medicare hospital insurance coverage to all State and local government employees.—Effective October 1, 1995, mandatory medicare coverage would be extended to all employees of State and local governments not covered under present law.

Levy assessment on premiums for health coverage purchased through regional alliances.—A 1.5 percent assessment would be levied on premiums for comprehensive health coverage purchased through regional alliances.

Effect of employer mandate, cost containment, and subsidies on individual income and payroll taxes.—Under this Act, employers would be required to contribute towards the costs of a comprehensive health insurance plan for their employees. The effects of the mandate would be mitigated by subsidies to employers and reductions in the growth of health insurance costs. In combination, these effects would result in a net increase in taxable wages and receipts from individual income taxes and payroll taxes.

Modify Federal pay raise (receipt effect).—National and locality pay increases would sum to 1.6 percent in 1995, 2.2 percent in 1996, and 2.5 percent in each year, 1997 through 1999. These proposed pay adjustments affect employee contributions to the Civil Service Retirement System (CSRS).

Levy surcharge on civil judgments.—Where the Justice Department wins a judgment for civil debt, an enforceable 15 percent surcharge will be added. The surcharge would apply to all judgments rendered after September 30, 1994.

Reform Pension Benefit Guaranty Corporation funding (receipt effect).—The Administration is proposing comprehensive, balanced reforms that will assure that the hard-earned pensions of American workers and retirees are secure. In addition to strengthening the funding requirements for underfunded plans, the proposal modifies existing tax rules regarding contributions to certain types of plans and modifies or eliminates existing excise taxes levied on some pension plan contributions.

Reallocate old age and survivors (OASI) and disability (DI) insurance tax rates.—To prevent the projected insolvency of the DI trust fund, a reallocation

of OASI and DI payroll tax rates is proposed. The proposal has no net effect on receipts or the deficit.

Adjust civil monetary penalties for inflation.—The Administration proposes to adjust civil monetary penalties for inflation. A "catch-up" adjustment would be effective October 1, 1994; additional adjustments would be made every four years, if needed.

Increase and/or establish new Bureau of Alcohol Tobacco and Firearms (BATF) fees.—Effective October 1, 1994, many existing fees levied by the BATF on alcohol, tobacco and firearms would be increased and several new fees would be established. The amounts collected from these fees, which are listed below, would be used to offset the costs of the Bureau of Alcohol, Tobacco and Firearms.

Increase Federal firearms dealer license fee.—Under current law, firearms dealers pay \$90 for an original 3-year license and \$200 for a 3-year renewal license. The Administration proposes to increase the licensing fee to \$600 per year. It is believed that this increase would drastically reduce the number of dealers.

Levy fee on firearms importers.—A sliding scale fee, based on the number of firearms imported on a permit, would be levied on importers of firearms.

Levy fee on applications for certification of labelling and testing of alcoholic beverages.—To offset the cost of operating the alcohol compliance program, a fee would be charged for processing applications for certification of alcoholic beverage labels and for review of formulae, statements of process, laboratory tests and other analyses performed under the authority of the Federal Alcohol Administration Act.

Increase Federal license and permit fees levied on manufacturers of and dealers in explosives.—Existing fees levied on explosives manufacturers and dealers, which range from \$2 to \$50, would be increased to range from \$25 to \$500.

Levy fee on applications for permits to manufacture alcohol and tobacco products.—A fee, to be based on the size of the business, would be levied on original applications for permits to manufacture alcohol and tobacco.

Modify collection of alcohol special occupational tax.—In order to increase compliance, wholesalers will not be able to sell to retailers until the retailer shows evidence that the special occupational tax has been paid.

Increase and/or expand fees collected under the securities laws.—Effective October 1, 1994, several existing securities-related fees would be increased and/or expanded to new markets. Amounts collected from these fees, which are listed below, would be deposited into a special fund to be established in the Treasury to fully-fund the Securities and Exchange Commission (SEC). Amounts collected in excess of the SEC's appropriation would be deposited in the General Fund of the Treasury.

Increase tender offer and merger acquisition fees.—The existing fees, which are 1/60th of one percent of

the cash, securities or property involved in a tender offer or merger acquisition, would be increased to $\frac{1}{29}$ th of one percent.

Increase securities sales fee.—The fee on the sale of all U.S. exchange-listed securities would be increased from $\frac{1}{300}$ th of one percent of the sale to $\frac{1}{250}$ th of one percent of the sale. In addition, the fee would be expanded to cover the sale of all over-the-counter securities transactions effective January 1, 1995.

Increase securities registration fee.—Applicants filing securities registration statements currently pay a fee equal to $\frac{1}{50}$ th of one percent of the maximum aggregate price at which the securities are proposed to be offered. An increase in the fee to $\frac{1}{29}$ th of one percent is proposed.

Increase investment advisor registration fee.—The existing one-time registration fee of \$150 levied on investment advisors would be increased to an annual fee based on the volume of assets under management.

Levy fees on users of Federal fisheries.—Effective October 1, 1994, fees would be levied on the beneficiaries of Federal fisheries management programs. Amounts collected would be used to rebuild U.S. fisheries and to maintain the productivity of healthy fisheries.

Tax simplification.—The Administration supports revenue-neutral initiatives designed to promote sensible and equitable administration of the internal revenue laws. These include simplification, technical corrections, and taxpayer compliance measures.

IRS initiative.—The 1990 budget agreement included an IRS tax compliance initiative, which provided additional funding for activities that would reasonably be expected to increase revenue collections. The Administration is considering a similar multi-year IRS initiative—beginning in 1995—to increase taxpayer compliance further. This initiative would add 5,000 FTEs to compliance efforts in 1995, most of whom would be used to increase the number of focused examinations of tax returns, to collect more delinquent taxes, and to make more effective use of information-reporting documents.

The cost of this program would be \$405 million per year, or \$2.025 billion over five years. The initiative will yield far more revenue than its cost over the five-year period, and would continue to enhance tax revenue after that period (assuming continued funding at the same rate). In view of this deficit-reducing potential, the Administration would consider budgetary treatment similar to the 1990 budget agreement, under which the cost of the initiative was considered outside the discretionary caps. Under no circumstances would the Administration permit projected additional revenues to fund mandatory spending increases or tax reductions. Subsequent to the release of the President's budget, the Administration will work with the congress to develop such an initiative. Therefore, the revenue yield and costs of this initiative are not reflected in the President's 1995 budget itself.

TABLE 4-4. EFFECT OF PROPOSALS ON RECEIPTS

(In billions of dollars)

	Estimate					
	1994	1995	1996	1997	1998	1999
Health Security Act:						
Increase tax on tobacco products ¹		12.0	11.3	11.2	11.1	11.0
Levy assessment on corporate alliance employers ¹			3.8	5.0	5.1	5.1
Increase deduction for health insurance costs of the self-employed	-0.1	-0.5	-0.6	-0.9	-1.7	-2.5
Limit exclusion of employer-provided health coverage				5.3	8.1	8.7
Provide deduction for qualified long-term care services			-0.1	-0.2	-0.2	-0.2
Modify tax treatment of long-term care insurance premiums and benefits			-0.1	-0.2	-0.3	-0.4
Modify tax treatment of accelerated death benefits	*	*	*	*	*	*
Provide tax credit for cost of personal assistance services			*	-0.1	-0.1	-0.1
Provide tax credit for health service providers in shortage areas			*	*	*	*
Increase expensing limit for medical equipment in shortage areas		*	*	*	*	*
Modify self-employment tax treatment of certain S corporation shareholders and partners			0.2	0.5	0.5	0.5
Modify penalty for failure to report payments to independent contractors		0.1	0.1	0.1	0.1	0.1
Modify tax treatment of health care organizations				0.1	0.2	0.2
Relate early retiree health premium discounts to income				*	*	0.1
Levy assessments on employers to pay for early retirees ¹					2.4	4.3
Modify employer contributions to post-retirement medical and life insurance reserves and retiree health accounts		*	*	*	*	0.1
Recapture medicare Part B subsidies			0.2	0.9	0.8	0.9
Extend medicare coverage to all State and local government employee ¹			1.6	1.6	1.5	1.5
Levy assessment on premiums for health coverage purchased through regional alliances ¹			0.5	1.6	4.3	5.5
Effect of employer mandate, cost containment, and subsidies on individual income and payroll taxes			0.1	0.9	4.4	9.3
Subtotal, Health Security Act¹	-0.1	11.6	16.9	25.6	36.2	44.0
Other proposals:						
Modify Federal pay raise (receipt effect)		-0.1	-0.1	-0.2	-0.3	-0.4
Levy surcharge on civil judgements		*	*	*	*	*
Reform PBGC funding (receipt effect)	*	0.1	-0.4	-0.4	-0.5	-0.4
Reallocate old age survivors (OASI) and disability (DI) tax rates						
Adjust civil monetary penalties for inflation		*	*	*	*	*
Increase or establish new BATF fees ¹		0.1	0.1	*	*	*
Increase or expand fees collected under securities laws		0.4	0.4	0.4	0.4	0.4
Levy fees on users of Federal fisheries ¹		0.1	0.1	0.1	0.1	0.1
Subtotal, other proposals¹	*	0.5	*	-0.2	-0.3	-0.2
Total effect of proposals¹	-0.1	12.2	16.9	25.5	35.9	43.7

* \$50 million or less.

¹ Net of income offsets.

TABLE 4-5. RECEIPTS BY SOURCE
(In millions of dollars)

Source	1993 actual	1994 estimate	1995 estimate	Source	1993 actual	1994 estimate	1995 estimate
Individual income taxes (federal funds):				Excise taxes:			
Withheld	430,427	455,119	482,654	Federal funds:			
Other	154,800	174,824	201,816	Alcohol taxes:			
Refunds	- 75,546	- 79,978	- 87,351	Distilled spirits	3,797	3,802	3,763
Proposals		37	50	Beer	3,329	3,342	3,352
Health Security Act (proposal)		- 101	- 2,122	Wines	578	565	555
Total net individual income taxes	509,680	549,901	595,048	Liquor Occupations	112	110	110
				Refunds	- 233	- 227	- 226
Corporation income taxes:				Total alcohol taxes	7,583	7,592	7,554
Federal funds:				Tobacco taxes:			
Gross collections	130,917	145,566	157,150	Cigarettes	5,786	5,563	5,529
Refunds	- 14,027	- 15,529	- 16,834	Cigars	54	54	53
Proposals			- 4	Cigarette papers and tubes	2	2	2
Health Security Act (proposal)		- 1	- 604	Smokeless tobacco	33	33	33
Total Federal funds net corporation income taxes	116,891	130,035	139,708	Pipe tobacco	11	11	11
Trust funds:				Refunds	- 11	- 11	- 11
Gross collections (Hazardous substance superfund)	629	684	729	Health Security Act (proposal)			16,041
Total Trust funds net corporation income taxes	629	684	729	Total tobacco taxes	5,875	5,652	21,658
Total net corporation income taxes	117,520	130,719	140,437	Miscellaneous excise taxes:			
Social insurance taxes and contributions (trust funds):				Fuels	3,422	9,460	9,775
Employment taxes and contributions:				Firearms, shells, and cartridges	99	102	105
Old-age and survivors insurance (Off-budget)	281,735	303,650	322,067	Pistols and revolvers	45	47	50
Proposals		- 11,942	- 16,114	Bows and arrows	23	25	27
Health Security Act (proposal)			- 1,221	Gas guzzlers	134	136	139
Disability insurance (Off-budget)	30,199	32,529	34,506	Telephone and teletype services	3,320	3,493	3,675
Proposals		11,942	16,114	Wagers and related occupations	17	18	18
Health Security Act (proposal)			- 131	Employee pension plans, etc	126	129	132
Hospital insurance	81,224	90,115	99,344	Undistributed income of private foundations	212	218	223
Health Security Act (proposal)			- 338	Policies issued by foreign insurers	101	107	113
Railroad retirement:				Ship passengers	15	16	16
Social Security equivalent account	1,414	1,472	1,495	Ozone depleting chemicals and products	854	943	797
Rail pension fund	2,367	2,387	2,423	Luxury items	379	309	402
Total employment taxes and contributions	396,939	430,153	458,145	Other	1,709	60	109
On-budget	85,005	93,974	102,924	Proposals		- 1	84
Off-budget	311,934	336,179	355,221	Refunds	- 353	- 355	- 354
Unemployment insurance:				Total miscellaneous excise taxes	10,103	14,707	15,311
State taxes deposited in Treasury ¹	20,966	21,557	22,008	Undistributed Federal tax deposits and unapplied collections	962	720	734
Federal unemployment tax receipts ¹	5,437	5,443	5,536	Total Federal fund excise taxes	24,522	28,672	45,256
Railroad unemployment tax receipts ¹	64	41	23	Trust funds:			
Railroad debt repayment ¹	89			Highway:			
Total unemployment insurance	26,556	27,041	27,567	Gasoline	12,605	12,536	12,636
Other retirement contributions:				Trucks, buses, and trailers	1,199	1,320	1,387
Federal employees' retirement—employee contributions	4,709	4,636	4,646	Tires	305	318	320
Proposals			- 55	Diesel fuel	3,582	3,931	4,089
Contributions for non-Federal employees ²	96	93	89	Highway use of heavy vehicles	630	636	656
Total other retirement contributions	4,805	4,729	4,681	Refunds	- 282	- 452	- 447
Total social insurance taxes and contributions	428,300	461,923	490,393	Total highway trust fund	18,039	18,290	18,642
On-budget	116,366	125,744	135,172	Airport and airway:			
Off-budget	311,934	336,179	355,221	Transportation of persons	2,776	4,742	5,087
				Transportation of property	156	261	283
				Fuels	123	185	179
				International departure	223	235	252
				Refunds	- 17	- 17	- 18
				Total airport and airway trust fund	3,262	5,407	5,783
				Aquatic resources	276	296	292
				Black lung disability	634	654	668
				Inland waterway	79	93	102
				Hazardous substance superfund	826	838	849
				Oil spill liability	229		

TABLE 4-5. RECEIPTS BY SOURCE—Continued
(In millions of dollars)

Source	1993 actual	1994 estimate	1995 estimate
Vaccine injury compensation	38	148	141
Leaking underground storage tank	153	153	155
Total trust fund excise taxes	23,535	25,878	26,632
Total excise taxes	48,057	54,550	71,888
Estate and gift taxes	12,577	12,749	13,885
Customs duties and fees:			
Federal funds	18,119	18,530	20,173
Trust funds	683	668	683
Total customs duties and fees	18,802	19,198	20,856
Miscellaneous receipts:³			
Miscellaneous taxes	138	152	157
United Mine Workers of America combined benefit fund	161	239	236
Deposit of earnings, Federal Reserve System	14,908	15,847	16,604
Fees for permits and regulatory and judicial services:			
Immigration, passport, and consular fees ..	332	446	461
Patent and copyright fees .....	.	.	.
Registration and filing fees	640	708	737
Proposals			378
Coal mining reclamation fees	238	258	261
Miscellaneous fees for permits, licenses, etc	3	3	3
Proposals			40
Miscellaneous fees for regulatory and judicial services	426	391	421
Proposals			39

Source	1993 actual	1994 estimate	1995 estimate
Fees for legal and judicial services	80	75	75
Total fees for permits and regulatory and judicial services	1,719	1,881	2,415
Fines, penalties, and forfeitures	1,686	1,791	1,764
Proposals			17
Restitutions, reparations, and recoveries under military occupation	11	11	11
Gifts and contributions	130	116	110
Refunds and recoveries	-154	-6	-5
Total miscellaneous receipts	18,599	20,031	21,309
Total budget receipts	1,153,535	1,249,071	1,353,815
On-budget	841,601	912,892	998,594
Off-budget	311,934	336,179	355,221
MEMORANDUM			
On-budget:			
Federal funds	704,848	763,250	838,888
Trust funds	314,712	313,842	321,803
Interfund transactions	-177,958	-164,200	-162,097
Total on-budget	841,601	912,892	998,594
Off-budget (trust funds)	311,934	336,179	355,221
Total	1,153,535	1,249,071	1,353,815

³ \$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: 1993, \$446 million; 1994, \$532 million; and 1995, \$521 million.

5. USER FEES AND OTHER COLLECTIONS

This section discusses income to the Government from the public. The Government provides goods and services to specific public beneficiaries under its sovereign powers and in business-like transactions and may collect fees for these goods and services. The fees collected may be governmental receipts, offsetting receipts, or offsetting collections.

Governmental receipts are collections from the public that result primarily from the exercise of the Government's sovereign or governmental powers. They consist mostly of individual and corporate income taxes and social insurance taxes, but also include compulsory user charges. Offsetting receipts and offsetting collections result from business-like or market-oriented activities (for example, proceeds from the sale of postage stamps or electricity, fees or admittance to recreation areas, or the proceeds from the sale Government-owned land). Offsetting receipts are deposited in receipt accounts, whereas offsetting collections are credited directly to expenditure accounts. Offsetting receipts and collections are deducted from gross budget authority and outlays, rather than combined with governmental receipts. The purpose of this treatment is to produce budget totals

for receipts, budget authority, and outlays that represent governmental rather than market activity.

As shown in Table 5-1 total offsetting collections from the public, including those proposed by the Administration (but excluding the collections of the off-budget Postal Service), are estimated to be \$148.0 billion in 1995. Table 5-1 itemizes all offsetting collections from the public credited to receipt accounts and appropriation accounts. The information in Table 5-1 regarding offsetting collections deposited in receipt accounts is also available, in greater detail, in Table 5-3.

The budget contains a variety of user fee and other offsetting collections proposals that would yield \$1.5 billion in 1995 and \$8.4 billion over the years 1995 through 1999. These proposals establish or increase fees in order to recover more of the costs of providing Government services. Table 5-2 splits the proposals between discretionary and mandatory categories for the appropriate scoring under the Budget Enforcement Act of 1990 (BEA).

Discretionary.—The following discretionary user fee proposals would be credited as offsets to the BEA's discretionary spending limits.

TABLE 5-1. OFFSETTING COLLECTIONS FROM THE PUBLIC

(In millions of dollars)

Type	1993 actual	Estimate	
		1994	1995
Collections deposited in receipt accounts:			
Medicare premiums	15,306	17,581	20,054
Military assistance trust fund property sales	13,239	13,370	13,740
Outer Continental Shelf payments, naval petroleum reserve lease and other undistributed offsetting receipts	2,785	2,708	3,903
Sale of property and services, interest income and all other col- lections deposited in receipt accounts	13,589	14,978	15,208
Subtotal, collections from the public deposited in receipt ac- counts	44,919	48,637	52,905
Collections credited to appropriation accounts:			
Postal Service stamp sales and other collections	46,502	47,842	49,110
Deposit insurance funds	50,866	31,356	25,315
Tennessee Valley Authority and Power Administration collec- tions	8,367	8,940	8,817
Commodity Credit Corporation loan repayments and other col- lections	9,229	7,903	10,487
Other loan repayments	9,686	10,606	7,543
Loan guaranty and other insurance premiums, interest income, and all other collections credited to appropriation accounts	44,941	43,757	42,933
Subtotal, collections from the public credited to appropriation accounts	169,591	150,405	144,206
Offsetting collections from the public	214,510	199,041	197,110
Offsetting collections from the public excluding off-budget Postal Service collections	168,008	151,199	148,000

Table 5-2. PROPOSED USER FEES AND OTHER COLLECTIONS

(In millions of dollars)

	Estimate				
	1995	1996	1997	1998	1999
Outlay offsets:					
Discretionary:					
Agriculture:					
Meat/poultry plant overtime inspection fee (FSIS)	-103	-103	-103	-103	-103
Catastrophic Crop Insurance fee for administrative activities (FSA)	-40	-40	-40	-40	-40
Commodity standards and overtime inspection fees (AMS)	-6	-6	-6	-6	-6
Licensing fees (PSA)	-9	-12	-12	-12	-12
Standardization fee (FGIS)	-5	-5	-5	-5	-5
Guaranteed loan fee (FmHA)	-13	-13	-13	-13	-13
Commerce:					
Fisheries management program fees ¹	-82	-82	-82	-82	-82
Marine sanctuary fee	-3	-3	-3	-3	-3
Aeronautical chart fee	-3	-3	-3	-3	-3
Health and Human Services:					
Food and Drug Administration	-338	-350	-368	-378	-389
Interior:					
National Park Service entrance and recreation fees	-27	-33	-33	-37	-33
Justice:					
Bankruptcy reorganization petition fee	-5	-5	-5	-5	-5
Pre-merger notification filing fee	-13	-13	-13	-13	-13
Transportation:					
FAA certification and surveillance of foreign repair stations	-2	-2	-2	-2	-2
Treasury:					
Definitive marketable securities fee	-1	-1	-1	-1	-1
Treasury direct account fee	-2	-2	-2	-2	-2
Customs merchandise processing fee	-94	-94	-94	-94	-94
IRS installment agreements	-54	-54	-54	-54	-54
IRS tax return copy fee	-5	-5	-5	-5	-5
IRS refund indicator fee	-87	-87	-87	-87	-87
Environmental Protection Agency:					
Pesticide registration fee	-15	-15	-15		
Federal Trade Commission:					
Pre-merger notification filing fee	-13	-13	-13	-13	-13
Securities and Exchange Commission:					
Fee increases ¹	-378	-356	-366	-372	-377
Small Business Administration:					
Service fees	-26	-27	-28	-29	-30
Corps of Engineers:					
Wetland permit fees	-6	-12	-12	-12	-12
Subtotal, discretionary	-1,329	-1,336	-1,363	-1,371	-1,384
Mandatory:					
Interior:					
Hardrock royalty ²		-16	-112	-110	-108
Fee collection support, National Park System	-5	-8	-10	-12	-13
National Park Renewal Fund		-12	-25	-34	-42
Justice:					
Surcharge on civil judgments ¹	-39	-39	-39	-39	-39
Transportation:					
Tonnage duty fees	-100	-100	-100	-100	-100
Extend rail safety		-39	-40	-42	-43
Treasury:					
Federal firearms dealer license fee ¹	-25	-25	-23	-23	-23
Alcohol labeling program fee ¹	-5	-5	-5	-5	-5
Explosives license and permit fees ¹	-3	-3	-3	-3	-3
Firearms importer permits ¹	-1	-1	-1	-1	-1
Alcohol and tobacco permit applications fee ¹	-6	-6	-6	-6	-6
Environmental Protection Agency:					
Reregistration of pesticides fee	-5	-5	-5	-19	-19
Subtotal, mandatory	-189	-259	-371	-395	-403
Total user fees and other collections	-1,518	-1,595	-1,734	-1,765	-1,787

¹ Governmental receipts.² Not coded as a user fee in the database.

Agriculture

- *Meat/poultry plant overtime inspection fee.*—Charge fees for all overtime inspection of meat and poultry products at all establishments inspected by the Food Safety and Inspection Service. Currently, fees to reimburse the cost of overtime inspection are required at some Food Safety Inspection Service inspected establishments, but not at others. The Federal government would continue to pay the full cost for a primary, eight-hour inspection shift.
- *Catastrophic Crop Insurance fee for administrative activities.*—Authorize the Farm Service Agency to collect a nominal fee from agriculture producers to help defray the administrative costs associated with the proposed free catastrophic crop insurance coverage.
- *Commodity standards and overtime inspection fees.*—Establish fees for the Agricultural Marketing Service to develop agricultural commodity standards and to recover the costs of overtime inspections for egg products.
- *Licensing fees.*—Establish a licensing fee for the costs of administering the programs of the Packers and Stockyards Administration. The fee would be applied to livestock market agencies, livestock dealers, meat packers and live poultry dealers as defined in the Packers and Stockyards Act.
- *Standardization fee.*—Establish a user fee for standardization activities of the Federal Grain Inspection Service, including maintaining uniform standards for grain quality, determining criteria and recommending specifications for grain inspection instrumentation and developing an agency-wide quality assurance program.
- *Guaranteed loan fee.*—Charge a one percent fee on Farmers Home Administration (FmHA) single-family loan guarantees. This fee would go to defraying the costs of administering the program. A similar fee is charged on other FmHA guaranteed loans.

Commerce

- *Fisheries Management Program Fees.*—Charge users of fisheries management programs fees which would fund or finance rebuilding U.S. fisheries and maintaining the productivity of healthy fisheries.
- *Marine Sanctuary Fee.*—Charge fees to support the operation of the National Marine Sanctuaries.
- *Aeronautical Chart fee.*—Charge fees to support the costs of maintaining and distributing of aeronautical charts.

Health and Human Services

- *Food and Drug Administration.*—Assess user fees on FDA-regulated industries to capture a portion of the private benefit those industries receive from FDA regulation. Includes user fees authorized by

the Prescription Drug User Fee Act of 1992 and the Mammography Quality Standards Act of 1992.

Interior

- *National Park Service entrance and recreation fees.*—Implements NPR recommendation to expand authority to collect park entrance and recreation user fees. Additional revenues collected in 1995 (less receipts used for collection costs) are made available in 1996 to augment park operations and resource protection.

Justice

- *Bankruptcy reorganization petition fee.*—Increase fees assessed against debtor businesses filing bankruptcy reorganization petitions. The proceeds would be available to the United States Trustees as offsetting collections for increased oversight of the process of distributing debtor assets to creditors.
- *Pre-merger notification filing fee.*—Increase the pre-merger notification filing fee from \$25,000 to \$40,000 per filing. One-half of the fee increase would go to the Department of Justice and one-half would go to the Federal Trade Commission.

Transportation

- *FAA certification and surveillance of foreign repair stations.*—Permit recovery of full costs associated with the Federal Aviation Administration's certification and surveillance of foreign repair stations.

Treasury

- *Definitive marketable securities fee.*—Assess a fee for issuing definitive marketable securities.
- *Treasury direct account fee.*—Charge an annual maintenance fee to investors with large Treasury Direct Accounts.
- *Customs merchandise processing fee.*—Increase the current ad valorem charge and the maximum and minimum fees in the merchandise processing fee.
- *IRS installment agreements.*—Assess a small charge to cover the costs of administering installment agreements under which taxpayers pay taxes.
- *IRS tax return copy fee.*—Increase the charge for providing photocopies of tax returns from \$4.25 to approximately \$12.00. This proposal enables the IRS to recover its costs and encourages taxpayers to request less costly abstracts of tax returns from summary data stored on IRS computers.
- *IRS refund indicator fee.*—Charge institutions for providing a direct deposit indicator after receipt of an electronically filed tax return. The indicator is not necessary for the IRS to process the return however, it is useful to institutions in processing refund anticipation loans.

Environmental Protection Agency

- *Pesticide registration fee.*—Impose user fees on manufacturers of pesticides to recover the costs of EPA's registration program.

Federal Trade Commission

- *Pre-merger notification filing fee.*—Increase the pre-merger notification filing fee from \$25,000 to \$40,000 per filing. One-half the fee increase would go to the Department of Justice and one-half the fee increase would go to the Federal Trade Commission.

Securities and Exchange Commission

- *Fee increases.*—Increase and/or expand several existing securities-related fees. Amounts collected from these fees, which are listed below, would be deposited into a special fund to be established in the Treasury to fully-fund the Securities and Exchange Commission (SEC). Amounts collected in excess of the SEC's appropriation would be deposited in the General Fund of the Treasury.
 - Increase from $\frac{1}{60}$ th to $\frac{1}{25}$ th of one percent the fee for a tender offer and merger acquisition fees.
 - Increase the fee on the sale of all U.S. exchange-listed securities from the current level of $\frac{1}{300}$ th of one percent of the amount of the sale to $\frac{1}{250}$ th of one percent. In addition, the fee would be expanded to cover the sale of all over-the-counter (OTC) securities transactions effective January 1, 1995.
 - Increase the fee applicants filing securities registration statements must pay from $\frac{1}{60}$ th to $\frac{1}{25}$ th of one percent of the maximum aggregate price at which the securities are proposed to be offered.
 - Increase the SEC's existing one-time \$150 fee to become a registered SEC investment advisor to an annual fee based on the volume of assets under management.

Small Business Administration

- *Service fees.*—Impose a \$15 per hour fee on individuals obtaining assistance from Small Business Development Centers. Also impose fees for certain SBA publications, administrative loan servicing and SBA's electronic bulletin board.

Corps of Engineers

- *Wetland permit fees.*—Increase the fee structure for certain types of permits issued by the Army Corps of Engineers pursuant to Section 404 of the Clean Water Act. The new fee structure would more closely approximate the costs of evaluating such applications.

Mandatory.—The following mandatory user fee proposals would be scored as "pay-as-you-go" savings under the BEA's scoring rules.

Interior

- *Hardrock royalty.*—Impose an 8% royalty on hardrock minerals removed from public lands.
- *Fee Collection Support, National Park System.*—Use up to 15 percent of increased revenues estimated under new authority to collect park entrance and other recreation user fees to defray additional expenses necessary to collect the proposed new receipts.
- *National Park Renewal Fund.*—Implements NPR recommendation to create a new, National Park Renewal Fund, which would receive half of the additional revenues, net of fee collection costs, and return them to the collecting parks for direct expenditure from receipts in 1996.

Transportation

- *Tonnage duty fees.*—Increase the existing tonnage duty fees by 150 percent. These fees would offset the costs of services provided to the maritime industry by the Coast Guard.
- *Extend rail safety.*—Extend existing fees, which are due to expire at the end of 1995.

Treasury

- *Federal firearms dealer license fee.*—Increase the federal firearms dealer license fee from its current \$90 for three year original license and \$200 for three year renewal license to a \$600/yr fee for each license.
- *Alcohol labeling program fee.*—Collect a fee to offset the cost of operating of the Alcohol Compliance Program. This fee would be charged for processing applications for Certification of Label Approval for alcoholic beverages and for reviews of formulae, statements of process, laboratory tests and analyses performed under the authority of the Federal Alcohol Administration Act and the Internal Revenue Code.
- *Explosives license and permit fees.*—Increase the fees for explosives licenses and permits from a present range of \$2 through \$50 to proposed levels of \$25 to \$500.
- *Firearms importer permits.*—Assess a fee against firearms importers for the processing and clearance of permits to import firearms. The fee on importers would be on a sliding scale based on the number of firearms imported on a particular permit.
- *Alcohol and tobacco permit applications fee.*—Assess a charge for processing original applications for alcohol and tobacco permits at a rate depending on the size of the business.

Justice

- *Surcharge on civil judgments.*—Create an enforceable 15 percent surcharge on judgments for civil debt collected by the Justice Department.

Environmental Protection Agency

- *Reregistration of pesticides fee.*—Increase and extend fees collected from pesticide manufacturers in support of reregistration of old pesticides.

Table 5-3 itemizes all receipts on the outlay side of the budget not credited to appropriation accounts. The presentation includes payments from one part of the government to another, called intragovernmental transactions, as well as collections from the public. In total, offsetting receipts are estimated at \$288.7 billion in 1995.

TABLE 5-3. OFFSETTING RECEIPTS BY TYPE
(In millions of dollars)

Type	1993 actual	1994 estimate	1995 estimate	Type	1993 actual	1994 estimate	1995 estimate
INTRAGOVERNMENTAL TRANSACTIONS				Other Federal employees retirement ..	112	119	128
On-budget receipts:				Total employer share, employee retirement	28,186	28,217	28,493
Federal intrafund transactions:				Interest received by on-budget trust funds	55,537	56,772	57,191
Distributed by agency:				Total interfund transactions undistributed by agency	83,723	84,990	85,684
Interest from the Federal Financing Bank	11,333	9,601	8,794	Total interfund transactions	183,123	169,895	168,353
Interest on Government capital in enterprises	2,191	2,165	1,945	Total on-budget receipts	197,385	182,515	179,987
Other	553	853	894				
Total Federal intrafunds	14,077	12,620	11,633	Off-budget receipts:			
Trust intrafund transactions:				Interfund transactions:			
Distributed by agency:				Distributed by agency:			
Payments to railroad retirement ¹	3,435	3,616	3,711	Federal fund payments to trust funds:			
Other	184	1	1	Old-age, survivors, and disability insurance	6,246	5,790	6,639
Total intrafund transactions	17,697	16,237	15,345	Undistributed by agency:			
Interfund transactions:				Employer share, employee retirement (off-budget)	6,416	6,463	6,756
Distributed by agency:				Interest received by off-budget trust funds	26,788	29,073	31,669
Federal fund payments to trust funds:				Total off-budget receipts	39,449	41,326	45,064
Contributions to insurance programs:				Total intragovernmental transactions	240,269	227,457	228,762
Military retirement fund	12,273	11,908	12,564				
Supplementary medical insurance ..	44,227	38,148	34,899	PROPRIETARY RECEIPTS FROM THE PUBLIC			
Hospital insurance	495	2,240	4,789	Distributed by agency:			
Railroad social security equivalent fund	2,996	3,109	3,194	Interest:			
Rail industry pension fund	2	-7	.	Interest on loans, Foreign Assistance Act ..	370	352	300
Civilian supplementary retirement contributions	20,118	20,585	20,768	Other interest on foreign loans and deferred foreign collections	746	765	749
Unemployment insurance	13,148	3,963	1,210	Interest on deposits in tax and loan accounts	542	624	740
National separation liability	172	96	91	Other interest (domestic—civil) *	842	961	1,575
Other	1,375	471	526	Total interest	2,501	2,701	3,364
Miscellaneous payments:				Rents:			
State and local government fiscal assistance		15	15	Rent and bonuses from land leases, etc	16	9	10
Other	650	504	574	Rent of land and other real property	62	63	70
Subtotal	95,456	81,033	78,630	Rent of equipment and other personal property	5	8	8
Trust fund payments to Federal funds:				Total rents	83	80	88
Repayment of loans or advances to trust funds	2,914	2,921	3,056	Royalties	1,028	1,107	1,079
Charges for services to trust funds	412	329	338	Sale of products:			
Other	617	622	646	Sale of timber and other natural land products	817	853	875
Subtotal	3,944	3,873	4,039				
Total interfunds distributed by agency	99,401	84,905	82,669				
Undistributed by agency:							
Employer share, employee retirement ² :							
Civil service retirement and disability insurance	7,735	7,842	8,007				
CSRD from Postal Service	4,785	5,136	5,669				
Hospital insurance (contribution as employer) ³	2,375	2,448	2,531				
Military retirement fund	13,179	12,671	12,158				

TABLE 5-3. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1993 actual	1994 estimate	1995 estimate
Sale of minerals and mineral products	467	437	622
Sale of power and other utilities	705	788	820
Sale of other products ⁴	9	44	48
Recovery of mint manufacturing expense ..	84	93	61
Total sale of products	2,082	2,216	2,427
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust funds)	15,306	17,581	20,054
Nuclear waste disposal revenues	437	391	551
Veterans life insurance (trust funds)	393	317	304
Other ³	1,737	1,906	2,004
Total fees and other charges	17,872	20,195	22,913
Sale of Government property:			
Sale of land and other real property ⁴	19	45	46
Sale of equipment and other personal property:			
Military assistance program sales (trust funds)	13,239	13,370	13,740
Sale of scrap and salvage material	- 5		
Total sale of Government property	13,254	13,415	13,786
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development	866	687	597
Foreign military credit sales	469	574	628
Negative loan subsidies	274	451	617
Downward reestimates of subsidies	276	871	
Dollar conversion of foreign currency	15	15	15
Repayment of loans to United Kingdom	100	102	104
Other	314	167	167
Total realization upon loans and investments	2,313	2,867	2,127
Recoveries and refunds ⁴	1,469	1,707	1,807

Type	1993 actual	1994 estimate	1995 estimate
Miscellaneous receipt accounts ⁴	1,534	1,371	1,410
Total proprietary receipts from the public distributed by agency	42,135	45,644	48,985
Undistributed by agency:			
Other interest: Interest received from Outer Continental Shelf escrow account			855
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses	176	199	588
Royalties	2,608	2,509	2,460
Total proprietary receipts from the public undistributed by agency	2,785	2,708	3,903
Total proprietary receipts from the public ⁵	44,919	48,367	52,905
OFFSETTING GOVERNMENTAL RECEIPTS			
Distributed by agency:			
Defense cooperation	38		
Other	2,103	2,270	2,765
Undistributed by agency:			
Spectrum auction proceeds		500	4,300
Total offsetting governmental receipts	2,141	2,770	7,065
Total offsetting receipts	287,330	278,594	288,731

⁴ \$500 thousand or less.⁵ 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.² Includes contributions from Postal Service off-budget accounts.³ Includes provision for covered Federal civilian employees and military personnel.⁴ Includes both Federal funds and trust funds.⁵ Consists of:

	1993 actual	1994 estimate	1995 estimate
Federal funds	14,632	15,761	17,462
Trust funds	30,281	32,590	35,427
Off-budget	6	16	16

6. TAX EXPENDITURES

Tax expenditures are revenue losses due to preferential provisions of the Federal tax laws, such as special exclusions, exemptions, deductions, credits, deferrals, or tax rates. Tax expenditures are an alternative to other Government policy instruments, such as direct expenditures and regulations. The Congressional Budget Act of 1974 (Public Law 93-344) requires that a list of tax expenditures be included in the budget.

Tax expenditures relating to the individual and corporate income taxes are considered first in this chapter, followed by those relating to the unified transfer tax. The supplement at the end of the chapter presents major tax expenditures in the income tax ranked by revenue loss.

The Omnibus Budget Reconciliation Act of 1993 (OBRA 93) had a number of effects on income tax expenditures. The Act broadened the tax base by reducing some tax preferences, such as the exclusion for a portion of social security income and the credit available for business income earned in U.S. possessions. Conversely, the Act narrowed the tax base, and increased tax expenditures, by creating, renewing, or expanding several other tax preferences. New provisions include empowerment zones. Certain expired provisions, such

as mortgage revenue bonds and the low-income housing tax credit, were extended permanently. Others, such as the research and experimentation tax credit and the targeted jobs tax credit, were extended but not made permanent. Expanded tax expenditures include more generous expensing provisions for small business investments and increases in the earned income tax credit.

OBRA 93 also increased the revenue losses from tax expenditures by raising the top individual and corporate tax rates. As tax rates rise, the revenue losses from deductions and exclusions also increase. For example, raising the top marginal tax rate from 31 percent to 39.6 percent would increase the revenue loss from a \$1,000 exclusion in this tax bracket from \$310 to \$396.

In addition to reflecting the changes associated with OBRA 93, this year's tax expenditure budget includes two new features that better indicate the long-term effects of tax expenditures. First, revenue loss estimates are now presented through 1999, as is done for outlay programs. Second, a new table reports present-value estimates of the revenue losses for tax expenditures that involve deferrals of tax payments into the future or have similar long-term effects.

TAX EXPENDITURES IN THE INCOME TAX

Tax Expenditure Estimates

The Treasury Department prepared all tax expenditure estimates presented here based upon income tax law enacted as of December 31, 1993. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity in years before 1993.

The total revenue loss estimates for tax expenditures for fiscal years 1993-99 are displayed by the budget's functional categories in table 6-1. Descriptions of the specific tax expenditure provisions follow the tables of estimates and discussion of general features of the tax expenditure concept.

As in prior years, two baseline concepts—the normal tax baseline and the reference tax law baseline—are considered for the estimates. For the most part, the two concepts coincide. However, items treated as tax expenditures under the normal tax baseline, but not the reference tax law baseline, are indicated by the designation “normal tax method” in the tables. The revenue losses for these items are zero using the reference

tax rules. The alternative baseline concepts are discussed in detail following the estimates.

Table 6-2 reports the respective portions of the total revenue losses that arise under the individual and corporate income taxes. Listing revenue loss estimates under the individual and corporate headings does not imply that these categories of filers benefit from the special tax provisions in proportion to the respective tax expenditure amounts shown. Rather, these breakdowns show the specific tax accounts through which the various provisions are cleared. The ultimate beneficiaries of corporate tax expenditures, for example, could be stockholders, employees, customers, or others, depending on the circumstances.

Table 6-6 at the end of this chapter ranks the major tax expenditures by fiscal year 1995 revenue loss. This table merges several individual entries provided in table 6-1; for example, table 6-6 contains one merged entry for charitable contributions instead of the three separate entries found in table 6-1.

TABLE 6-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

	Total Revenue Loss						
	1993	1994	1995	1996	1997	1998	1999
National defense:							
Exclusion of benefits and allowances to armed forces personnel	2,115	2,060	2,030	2,020	2,015	2,030	2,055
International affairs:							
Exclusion of income earned abroad by United States citizens	510	860	895	945	1,000	1,055	1,115
Exclusion of income of foreign sales corporations	1,200	1,300	1,400	1,500	1,600	1,700	1,800
Inventory property sales source rules exception	1,100	1,200	1,300	1,400	1,500	1,600	1,700
Interest allocation rules exception for certain financial operations	100	95	95	95	95	95	95
Deferral of income from controlled foreign corporations (normal tax method)	1,600	1,600	1,700	1,800	2,000	2,200	2,400
General science, space, and technology:							
Expensing of research and experimentation expenditures (normal tax method)	2,060	2,230	2,390	2,560	2,740	2,930	3,130
Credit for increasing research activities	1,240	1,395	1,270	740	315	135	45
Suspension of the allocation of research and experimentation expenditures	0	270	270	0	0	0	0
Energy:							
Expensing of exploration and development costs:							
Oil and gas	185	145	140	100	60	55	95
Other fuels	20	20	20	20	20	25	25
Excess of percentage over cost depletion:							
Oil and gas	995	1,010	1,035	1,055	1,065	1,090	1,105
Other fuels	100	100	100	100	105	105	105
Alternative fuel production credit	760	900	970	1,000	990	940	880
Exception from passive loss limitation for working interests in oil and gas properties	50	50	50	50	50	50	50
Capital gains treatment of royalties on coal	10	15	15	15	15	15	15
Exclusion of interest on State and local IDBs for energy facilities	165	175	175	175	175	175	165
New technology credit	55	60	65	70	75	80	85
Alcohol fuel credit ¹	15	15	35	45	50	50	50
Tax credit and deduction for clean-fuel burning vehicles and properties	15	50	65	65	65	75	80
Exclusion from income of conservation subsidies provided by public utilities	50	100	145	175	190	190	190
Natural resources and environment:							
Expensing of exploration and development costs, nonfuel minerals	50	50	50	50	50	50	55
Excess of percentage over cost depletion, nonfuel minerals	185	195	195	195	200	205	210
Capital gains treatment of iron ore	*	*	*	*	*	*	*
Special rules for mining reclamation reserves	50	50	50	50	50	50	50
Exclusion of interest on State and local IDBs for pollution control and sewage	595	610	625	615	600	585	565
Capital gains treatment of certain timber income	10	15	15	15	15	15	15
Expensing of multiperiod timber growing costs	535	560	575	600	635	670	695
Investment credit and seven-year amortization for reforestation expenditures	35	35	35	40	40	40	45
Tax incentives for preservation of historic structures	135	130	125	125	120	115	115
Agriculture:							
Expensing of certain capital outlays	75	70	70	65	65	65	70
Expensing of certain multiperiod production costs	90	85	85	80	80	80	85
Treatment of loans forgiven solvent farmers as if insolvent	10	10	10	10	10	10	10
Capital gains treatment of certain income	115	135	140	145	145	145	150
Commerce and housing:							
Financial institutions and insurance:							
Exemption of credit union income	300	340	380	420	465	510	560
Excess bad debt reserves of financial institutions	30	35	40	40	45	50	55
Exclusion of interest on life insurance savings	7,520	8,115	8,730	9,385	10,090	10,805	11,660
Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5
Tax exemption of certain insurance companies	105	110	110	115	120	130	135
Small life insurance company deduction	120	125	135	140	145	155	160
Exemption of RIC expenses from the 2% floor for miscellaneous itemized deductions	525	600	690	810	925	1,055	1,205
Housing:							
Exclusion of interest on owner-occupied mortgage revenue bonds	1,715	1,760	1,785	1,775	1,715	1,640	1,575
Exclusion of interest on State and local debt for rental housing	1,000	970	920	870	810	750	685
Deductibility of mortgage interest on owner-occupied homes	48,705	51,835	54,800	57,985	61,420	65,050	68,785
Deductibility of State and local property tax on owner-occupied homes	13,055	13,865	14,655	15,545	16,425	17,395	18,395
Deferral of income from post 1987 installment sales	820	915	935	950	965	980	995
Deferral of capital gains on home sales	13,265	13,925	14,620	15,195	15,620	15,915	16,065
Exclusion of capital gains on home sales for persons age 55 and over	4,625	4,770	4,960	5,155	5,300	5,400	5,450
Exception from passive loss rules for \$25,000 of rental loss	6,070	5,945	5,775	5,680	5,625	5,595	5,545
Accelerated depreciation of rental housing (normal tax method)	1,190	1,085	1,100	1,145	1,220	1,290	1,345
Commerce:							
Cancellation of indebtedness	60	120	110	70	35	10	-10
Permanent exceptions from imputed interest rules	140	150	150	150	155	155	160
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method)	5,510	6,565	6,920	7,045	7,120	7,160	7,225

TABLE 6-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

	Total Revenue Loss						
	1993	1994	1995	1996	1997	1998	1999
Step-up basis of capital gains at death	25,340	26,850	28,305	29,480	30,265	30,710	30,655
Carryover basis of capital gains on gifts	120	125	130	135	140	145	150
Ordinary income treatment of loss from small business corp. stock sale	25	30	30	35	35	35	35
Accelerated depreciation of buildings other than rental housing (normal tax method)	2,895	2,995	3,185	3,430	3,745	4,075	4,410
Accelerated depreciation of machinery and equipment (normal tax method)	19,625	22,775	23,210	22,550	22,330	21,380	20,155
Expensing of certain small investments (normal tax method)	1,540	2,095	1,560	1,235	905	610	385
Amortization of start-up costs (normal tax method)	200	200	200	210	215	220	225
Graduated corporation income tax rate (normal tax method)	3,325	3,655	3,890	4,140	4,340	4,540	4,745
Exclusion of interest on small-issue IDBs	865	690	545	420	325	280	255
Deferral of gains from sale of broadcasting facilities to minority owned business	260	275	290	305	320	335	350
Treatment of Alaska Native Corporations	65	45	30	20	15	10	5
Transportation:							
Deferral of tax on shipping companies	15	15	15	15	15	15	15
Exclusion of reimbursed employee parking expenses	1,790	1,845	1,930	2,015	2,100	2,190	2,275
Exclusion for employer-provided transit passes	10	30	40	50	65	80	95
Community and regional development:							
Credit for low-income housing investments	1,545	1,925	2,265	2,600	2,945	3,270	3,500
Investment credit for rehabilitation of structures (other than historic)	90	90	80	80	80	70	70
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	730	785	830	870	915	960	1,005
Exemption of certain mutuals' and cooperatives' income	25	25	30	30	30	35	35
Empowerment zones	5	155	330	440	510	565	620
Education, training, employment, and social services:							
Education:							
Exclusion of scholarship and fellowship income (normal tax method)	790	835	875	920	965	1,015	1,065
Exclusion of interest on State and local student loan bonds	310	310	305	295	275	255	240
Exclusion of interest on State and local debt for private nonprofit educational institutions	705	735	750	770	785	810	845
Exclusion of interest on savings bonds transferred to educational institutions	*	5	5	5	10	10	15
Parental personal exemption for students age 19 or over	505	520	535	545	565	580	595
Deductibility of charitable contributions (education)	1,960	2,120	2,230	2,340	2,460	2,590	2,720
Exclusion of employer provided educational assistance	215	235	85	0	0	0	0
Training, employment, and social services:							
Targeted jobs credit	160	305	395	325	60	40	20
Exclusion of employer provided child care	620	675	725	775	830	890	955
Exclusion of employee meals and lodging (other than military)	490	525	550	580	610	640	670
Credit for child and dependent care expenses	2,540	2,675	2,820	2,975	3,145	3,320	3,510
Credit for disabled access expenditures	150	160	160	160	165	165	165
Expensing of costs of removing certain architectural barriers to the handicapped	20	20	20	20	20	20	20
Deductibility of charitable contributions, other than education and health	13,130	14,290	15,080	15,830	16,630	17,460	18,330
Exclusion of certain foster care payments	25	30	30	35	35	40	40
Exclusion of parsonage allowances	235	260	290	320	355	395	440
Health:							
Exclusion of employer contributions for medical insurance premiums and medical care	46,895	51,445	56,265	61,675	67,345	73,450	79,995
Credit for child medical insurance premiums ²	110	125	0	0	0	0	0
Deductibility of medical expenses	3,010	3,270	3,560	3,870	4,195	4,535	4,890
Exclusion of interest on State and local debt for private nonprofit health facilities	1,405	1,455	1,495	1,535	1,585	1,640	1,700
Deductibility of charitable contributions (health)	1,770	1,910	2,020	2,130	2,230	2,340	2,460
Tax credit for orphan drug research	0	35	15	0	0	0	0
Special Blue Cross/Blue Shield deduction	105	115	125	140	100	170	185
Income security:							
Exclusion of railroad retirement system benefits	415	395	400	405	410	420	425
Exclusion of workmen's compensation benefits	3,815	4,240	4,455	4,740	5,065	5,565	6,100
Exclusion of public assistance benefits (normal tax method)	500	545	585	605	640	695	735
Exclusion of special benefits for disabled coal miners	100	100	100	95	95	90	80
Exclusion of military disability pensions	130	130	130	130	130	130	130
Net exclusion of pension contributions and earnings:							
Employer plans	49,430	48,750	55,540	59,010	59,490	59,950	60,400
Individual Retirement Accounts	5,720	5,415	5,290	5,275	5,175	4,970	4,615
Keogh plans	3,245	3,670	3,875	4,130	4,400	4,690	5,000
Exclusion of employer provided death benefits	25	30	35	35	40	40	45
Exclusion of other employee benefits:							
Premiums on group term life insurance	2,620	2,750	2,880	3,020	3,170	3,325	3,485
Premiums on accident and disability insurance	135	140	140	145	150	160	165
Income of trusts to finance supplementary unemployment benefits	35	35	35	35	35	35	35
Special ESOP rules (other than investment credit)	2,070	2,035	1,760	1,635	1,545	1,415	1,285
Additional deduction for the blind	40	45	45	45	50	50	55
Additional deduction for the elderly	1,510	1,535	1,555	1,570	1,585	1,600	1,605

TABLE 6-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

	Total Revenue Loss						
	1993	1994	1995	1996	1997	1998	1999
Tax credit for the elderly and disabled	60	65	65	70	70	75	75
Deductibility of casualty losses	695	770	230	230	230	230	230
Earned income credit ³	3,605	3,940	5,100	5,795	6,435	6,740	7,125
Social Security:							
Exclusion of social security benefits:							
OASI benefits for retired workers	18,310	16,695	16,525	17,370	18,140	18,880	19,670
Disability insurance benefits	1,725	1,765	1,905	2,105	2,320	2,540	2,765
Benefits for dependents and survivors	3,620	3,610	3,730	3,940	4,150	4,365	4,590
Veterans benefits and services:							
Exclusion of interest on public purpose State and local debt	1,755	1,860	1,920	1,855	1,885	1,985	2,025
Exclusion of veterans pensions	80	80	75	70	70	75	85
Exclusion of GI bill benefits	45	55	65	70	75	80	80
Exclusion of interest on State and local debt for veterans housing	100	90	85	80	75	75	75
General purpose fiscal assistance:							
Exclusion of interest on public purpose State and local debt	11,575	11,970	12,350	12,690	13,085	13,535	14,040
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes ...	22,555	24,255	25,640	27,130	28,740	30,435	32,185
Tax credit for corporations receiving income from doing business in U.S. possessions	3,075	2,890	2,630	2,680	2,735	2,815	2,960
Interest:							
Deferral of interest on savings bonds	1,130	1,190	1,250	1,310	1,380	1,450	1,520
Addendum—Aid to State and local governments:							
Deductibility of:							
Property taxes on owner-occupied homes	13,055	13,865	14,655	15,545	16,425	17,395	18,395
Nonbusiness State and local taxes other than on owner-occupied homes	22,555	24,255	25,640	27,130	28,740	30,435	32,185
Exclusion of interest on:							
Public purpose State and local debt	11,575	11,970	12,350	12,690	13,085	13,535	14,040
IDBs for certain energy facilities	165	175	175	175	175	175	165
IDBs for pollution control and sewage and waste disposal facilities	595	610	625	615	600	585	565
Small-issue IDBs	865	690	545	420	325	280	255
Owner-occupied mortgage revenue bonds	1,715	1,760	1,785	1,775	1,715	1,640	1,575
State and local debt for rental housing	1,000	970	920	870	810	750	685
IDBs for airports, docks, and sports and convention facilities	730	785	830	870	915	960	1,005
State and local student loan bonds	310	310	305	295	275	255	240
State and local debt for private nonprofit educational facilities	705	735	750	770	785	810	845
State and local debt for private nonprofit health facilities	1,405	1,455	1,495	1,535	1,585	1,640	1,700
State and local debt for veterans housing	100	90	85	80	75	75	75

Note: Provisions with estimates denoted "normal tax method" have no revenue loss under the reference tax law method.

All estimates have been rounded to the nearest \$5 million. Totals in table 6-1 may differ from figures in table 6-2 because of rounding.

*\$2.5 million or less.

¹In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts of \$675 million in 1995.

²The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The effect on outlays in 1994 is \$395 million.

³The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays in 1995 is \$15,795 million.

TABLE 6-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES
(In millions of dollars)

	Revenue Loss													
	Corporations							Individuals						
	1993	1994	1995	1996	1997	1998	1999	1993	1994	1995	1996	1997	1998	1999
National defense:														
Exclusion of benefits and allowances to armed forces personnel	—	—	—	—	—	—	—	2,115	2,060	2,030	2,020	2,015	2,030	2,055
International affairs:														
Exclusion of income earned abroad by United States citizens	—	—	—	—	—	—	—	510	860	895	945	1,000	1,055	1,115
Exclusion of income of foreign sales corporations	1,200	1,300	1,400	1,500	1,600	1,700	1,800	—	—	—	—	—	—	—
Inventory property sales source rules exception	1,100	1,200	1,300	1,400	1,500	1,600	1,700	—	—	—	—	—	—	—
Interest allocation rules exception for certain financial operations	100	95	95	95	95	95	95	—	—	—	—	—	—	—
Deferral of income from controlled foreign corporations (normal tax method)	1,600	1,600	1,700	1,800	2,000	2,200	2,400	—	—	—	—	—	—	—
General science, space, and technology:														
Expensing of research and experimentation expenditures (normal tax method)	2,025	2,195	2,345	2,515	2,685	2,875	3,075	35	35	45	45	55	55	55
Credit for increasing research activities	1,210	1,365	1,240	730	315	135	45	30	30	30	10	—	—	—
Suspension of the allocation of research and experimentation expenditures	0	270	270	—	—	—	—	—	—	—	—	—	—	—
Energy:														
Expensing of exploration and development costs:														
Oil and gas	140	110	105	75	45	40	70	45	35	35	25	15	15	25
Other fuels	15	15	15	15	15	20	20	5	5	5	5	5	5	5
Excess of percentage over cost depletion:														
Oil and gas	745	760	775	790	800	815	830	250	250	260	265	265	275	275
Other fuels	85	85	85	85	90	90	90	15	15	15	15	15	15	15
Alternative fuel production credit	640	760	820	850	840	800	750	120	140	150	150	150	140	130
Exception from passive loss limitation for working interests in oil and gas properties	—	—	—	—	—	—	—	50	50	50	50	50	50	50
Capital gains treatment of royalties on coal	—	—	—	—	—	—	—	10	15	15	15	15	15	15
Exclusion of interest on State and local IDBs for energy facilities	65	70	70	70	70	70	65	100	105	105	105	105	105	100
New technology credit	55	60	65	70	75	80	85	•	•	•	•	•	•	•
Alcohol fuel credit ¹	5	5	5	5	5	5	5	10	10	30	40	45	45	45
Tax credit and deduction for clean-fuel burning vehicles and properties	15	45	55	55	55	60	60	0	5	10	10	10	15	20
Exclusion from income of conservation subsidies provided by public utilities	35	45	85	110	120	120	120	15	55	60	65	70	70	70
Natural resources and environment:														
Expensing of exploration and development costs, nonfuel minerals	45	45	45	45	45	45	50	5	5	5	5	5	5	5
Excess of percentage over cost depletion, nonfuel minerals	160	165	165	165	170	175	180	25	30	30	30	30	30	30
Capital gains treatment of iron ore	—	—	—	—	—	—	—	•	•	•	•	•	•	•
Special rules for mining reclamation reserves	45	45	45	45	45	45	45	5	5	5	5	5	5	5
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities	240	245	250	245	240	235	225	355	365	375	370	360	350	340
Capital gains treatment of certain timber income	—	—	—	—	—	—	—	10	15	15	15	15	15	15
Expensing of multiperiod timber growing costs	390	405	415	435	460	485	505	145	155	160	165	175	185	190
Investment credit and seven-year amortization for reforestation expenditures	20	20	20	20	20	20	25	15	15	15	20	20	20	20
Tax incentives for preservation of historic structures	45	40	40	40	35	35	35	90	90	85	85	85	80	80
Agriculture:														
Expensing of certain capital outlays	10	10	10	10	10	10	10	65	60	60	55	55	55	60
Expensing of certain multiperiod production costs	10	10	10	10	10	10	10	80	75	75	70	70	70	75
Treatment of loans forgiven solvent farmers as if insolvent	—	—	—	—	—	—	—	10	10	10	10	10	10	10
Capital gains treatment of certain income	—	—	—	—	—	—	—	115	135	140	145	145	145	150
Commerce and housing:														
Financial institutions and insurance:														
Exemption of credit union income	300	340	380	420	465	510	560	—	—	—	—	—	—	—
Excess bad debt reserves of financial institutions	30	35	40	40	45	50	55	—	—	—	—	—	—	—
Exclusion of interest on life insurance savings	210	225	245	265	280	305	325	7,310	7,890	8,485	9,120	9,810	10,500	11,335
Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	—	—	—	—	—	—	—
Tax exemption of certain insurance companies	105	110	110	115	120	130	135	—	—	—	—	—	—	—
Small life insurance company deduction	120	125	135	140	145	155	160	—	—	—	—	—	—	—
Exemption of RIC expenses from the 2% floor for miscellaneous itemized deductions	—	—	—	—	—	—	—	525	600	690	810	925	1,055	1,205
Housing:														
Exclusion of interest on owner-occupied mortgage subsidy bonds	690	705	715	705	680	650	625	1,025	1,055	1,070	1,070	1,035	990	950
Exclusion of interest on State and local debt for rental housing	400	385	365	345	320	295	270	600	585	555	525	490	455	415

TABLE 6-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued
(In millions of dollars)

	Revenue Loss													
	Corporations							Individuals						
	1993	1994	1995	1996	1997	1998	1999	1993	1994	1995	1996	1997	1998	1999
Deductibility of mortgage interest on owner-occupied homes	—	—	—	—	—	—	—	48,705	51,835	54,800	57,985	61,420	65,050	68,785
Deductibility of State and local property tax on owner-occupied homes	—	—	—	—	—	—	—	13,055	13,865	14,655	15,545	16,425	17,395	18,395
Deferral of income from post 1987 installment sales	210	225	235	240	245	250	255	610	690	700	710	720	730	740
Deferral of capital gains on home sales	—	—	—	—	—	—	—	13,265	13,925	14,620	15,195	15,620	15,915	16,065
Exclusion of capital gains on home sales for persons age 55 and over	—	—	—	—	—	—	—	4,625	4,770	4,960	5,155	5,300	5,400	5,450
Exception from passive loss rules for \$25,000 of rental loss	—	—	—	—	—	—	—	6,070	5,945	5,775	5,680	5,625	5,595	5,545
Accelerated depreciation on rental housing (normal tax method)	780	720	730	765	815	855	895	415	365	370	385	405	430	450
Commerce:														
Cancellation of indebtedness	—	—	—	—	—	—	—	60	120	110	70	35	10	-10
Permanent exceptions from imputed interest rules	—	—	—	—	—	—	—	140	150	150	150	155	155	160
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method)	—	—	—	—	—	—	—	5,510	6,565	6,920	7,045	7,120	7,160	7,225
Step-up basis of capital gains at death	—	—	—	—	—	—	—	25,340	26,850	28,305	29,480	30,265	30,710	30,655
Carryover basis of capital gains on gifts	—	—	—	—	—	—	—	120	125	130	135	140	145	150
Ordinary income treatment of loss from small business corporation stock sale	—	—	—	—	—	—	—	25	30	30	35	35	35	35
Accelerated depreciation of buildings other than rental housing (normal tax method)	2,190	2,275	2,415	2,605	2,845	3,100	3,350	705	720	765	820	895	980	1,060
Accelerated depreciation of machinery and equipment (normal tax method)	15,840	18,420	18,720	18,140	17,965	17,200	16,210	3,785	4,355	4,490	4,410	4,365	4,180	3,940
Expensing of certain small investments (normal tax method)	590	785	595	470	345	235	145	945	1,310	965	765	560	380	240
Amortization of start-up costs (normal tax method)	100	100	100	105	105	110	110	100	100	100	105	110	110	115
Graduated corporation income tax rate (normal tax method)	3,325	3,655	3,890	4,140	4,340	4,540	4,745	—	—	—	—	—	—	—
Exclusion of interest on small issue IDBs	335	265	210	160	125	110	100	530	425	335	260	200	170	155
Deferral of gains from sale of broadcasting facilities to minority owned business	260	275	290	305	320	335	350	*	*	*	*	*	*	*
Treatment of Alaska Native Corporations	65	45	30	20	15	10	5	—	—	—	—	—	—	—
Transportation:														
Deferral of tax on shipping companies	15	15	15	15	15	15	15	—	—	—	—	—	—	—
Exclusion of reimbursed employee parking expenses	—	—	—	—	—	—	—	1,790	1,845	1,930	2,015	2,100	2,190	2,275
Exclusion for employer-provided transit passes	—	—	—	—	—	—	—	10	30	40	50	65	80	95
Community and regional development:														
Credit for low-income housing investments	465	580	680	780	885	980	1,050	1,080	1,345	1,585	1,820	2,060	2,290	2,450
Investment credit for rehabilitation of structures (other than historic)	30	30	25	25	25	20	20	60	60	55	55	55	50	50
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	295	315	335	350	370	385	405	435	470	495	520	545	575	600
Exemption of certain mutuals' and cooperatives' income	25	25	30	30	30	35	35	—	—	—	—	—	—	—
Empowerment zones	0	45	95	130	155	175	195	5	110	235	310	355	390	425
Education, training, employment, and social services:														
Education:														
Exclusion of scholarship and fellowship income (normal tax method)	—	—	—	—	—	—	—	790	835	875	920	965	1,015	1,065
Exclusion of interest on State and local student loan bonds	125	125	120	115	110	100	95	185	185	185	180	165	155	145
Exclusion of interest on State and local debt for private nonprofit educational facilities	285	295	300	310	315	325	340	420	440	450	460	470	485	505
Exclusion of interest on savings bonds transferred to educational institutions	—	—	—	—	—	—	—	*	5	5	5	10	10	15
Parental personal exemption for students age 19 or over	—	—	—	—	—	—	—	505	520	535	545	565	580	595
Deductibility of charitable contributions (education)	600	640	670	700	740	780	820	1,360	1,480	1,560	1,640	1,720	1,810	1,900
Exclusion of employer provided educational assistance	—	—	—	—	—	—	—	215	235	85	—	—	—	—
Training, employment, and social services:														
Targeted jobs credit	130	260	320	270	50	30	15	30	45	75	55	10	10	5
Exclusion of employer provided child care	—	—	—	—	—	—	—	620	675	725	775	830	890	955
Exclusion of employee meals and lodging (other than military)	—	—	—	—	—	—	—	490	525	550	580	610	640	670
Credit for child and dependent care expenses	—	—	—	—	—	—	—	2,540	2,675	2,820	2,975	3,145	3,320	3,510
Credit for disabled access expenditures	120	130	130	130	135	135	135	30	30	30	30	30	30	30
Expensing of costs of removing certain architectural barriers to the handicapped	15	15	15	15	15	15	15	5	5	5	5	5	5	5
Deductibility of charitable contributions, other than education and health	750	800	840	880	930	980	1,020	12,380	13,490	14,240	14,950	15,700	16,480	17,310
Exclusion of certain foster care payments	—	—	—	—	—	—	—	25	30	30	35	35	40	40
Exclusion of parsonage allowances	—	—	—	—	—	—	—	235	260	290	320	355	395	440

TABLE 6-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued
(In millions of dollars)

	Revenue Loss													
	Corporations							Individuals						
	1993	1994	1995	1996	1997	1998	1999	1993	1994	1995	1996	1997	1998	1999
Health:														
Exclusion of employer contributions for medical insurance premiums and medical care	—	—	—	—	—	—	—	46,895	51,445	56,265	61,675	67,345	73,450	79,995
Credit for child medical insurance premiums ²	—	—	—	—	—	—	—	110	125	—	—	—	—	—
Deductibility of medical expenses	—	—	—	—	—	—	—	3,010	3,270	3,560	3,870	4,195	4,535	4,890
Exclusion of interest on State and local debt for private nonprofit health facilities	565	585	600	615	635	660	685	840	870	895	920	950	980	1,015
Deductibility of charitable contributions (health)	380	400	420	450	470	490	520	1,390	1,510	1,600	1,680	1,760	1,850	1,940
Tax credit for orphan drug research	0	35	15	—	—	—	—	—	—	—	—	—	—	—
Special Blue Cross/Blue Shield deduction	105	115	125	140	100	170	185	—	—	—	—	—	—	—
Income security:														
Exclusion of railroad retirement system benefits	—	—	—	—	—	—	—	415	395	400	405	410	420	425
Exclusion of workmen's compensation benefits	—	—	—	—	—	—	—	3,815	4,240	4,455	4,740	5,065	5,585	6,100
Exclusion of public assistance benefits (normal tax method)	—	—	—	—	—	—	—	500	545	585	605	640	695	735
Exclusion of special benefits for disabled coal miners	—	—	—	—	—	—	—	100	100	100	95	95	90	80
Exclusion of military disability pensions	—	—	—	—	—	—	—	130	130	130	130	130	130	130
Net exclusion of pension contributions and earnings:														
Employer plans	—	—	—	—	—	—	—	49,430	48,750	55,540	59,010	59,490	59,950	60,400
Individual Retirement Accounts	—	—	—	—	—	—	—	5,720	5,415	5,290	5,275	5,175	4,970	4,615
Keogh plans	—	—	—	—	—	—	—	3,245	3,670	3,875	4,130	4,400	4,690	5,000
Exclusion of employer provided death benefits	—	—	—	—	—	—	—	25	30	35	35	40	40	45
Exclusion of other employee benefits:														
Premiums on group term life insurance	—	—	—	—	—	—	—	2,820	2,750	2,880	3,020	3,170	3,325	3,485
Premiums on accident and disability insurance	—	—	—	—	—	—	—	135	140	140	145	150	160	165
Income of trusts to finance supplementary unemployment benefits ..	—	—	—	—	—	—	—	35	35	35	35	35	35	35
Special ESOP rules (other than investment credit)	2,070	2,035	1,760	1,635	1,545	1,415	1,285	—	—	—	—	—	—	—
Additional deduction for the blind	—	—	—	—	—	—	—	40	45	45	45	50	50	55
Additional deduction for the elderly	—	—	—	—	—	—	—	1,510	1,535	1,555	1,570	1,585	1,600	1,605
Tax credit for the elderly and disabled	—	—	—	—	—	—	—	60	65	65	70	70	75	75
Deductibility of casualty losses	—	—	—	—	—	—	—	695	770	230	230	230	230	230
Earned income credit ³	—	—	—	—	—	—	—	3,605	3,940	5,100	5,795	6,435	6,740	7,125
Social Security:														
Exclusion of social security benefits:														
OASI benefits for retired workers	—	—	—	—	—	—	—	18,310	16,695	16,525	17,370	18,140	18,880	19,670
Disability insurance benefits	—	—	—	—	—	—	—	1,725	1,765	1,905	2,105	2,320	2,540	2,765
Benefits for dependents and survivors	—	—	—	—	—	—	—	3,620	3,610	3,730	3,940	4,150	4,365	4,590
Veterans benefits and services:														
Exclusion of veterans disability compensation	—	—	—	—	—	—	—	1,755	1,860	1,920	1,855	1,885	1,985	2,025
Exclusion of veterans pensions	—	—	—	—	—	—	—	80	80	75	70	70	75	85
Exclusion of GI bill benefits	—	—	—	—	—	—	—	45	55	65	70	75	80	80
Exclusion of interest on State and local debt for veterans housing	40	35	35	30	30	30	30	60	55	50	50	45	45	45
General purpose fiscal assistance:														
Exclusion of interest on public purpose State and local debt	4,660	4,810	4,955	5,095	5,255	5,440	5,645	6,915	7,160	7,395	7,595	7,830	8,095	8,395
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	—	—	—	—	—	—	—	22,555	24,255	25,640	27,130	28,740	30,435	32,185
Tax credit for corporations receiving income from doing business in U.S. possessions	3,075	2,890	2,630	2,680	2,735	2,815	2,960	—	—	—	—	—	—	—
Interest:														
Deferral of interest on savings bonds	—	—	—	—	—	—	—	1,130	1,190	1,250	1,310	1,380	1,450	1,520
Addendum—Aid to State and local governments:														
Deductibility of:														
Property taxes on owner-occupied homes	—	—	—	—	—	—	—	13,055	13,865	14,655	15,545	16,425	17,395	18,395
Nonbusiness State and local taxes other than on owner-occupied homes	—	—	—	—	—	—	—	22,555	24,255	25,640	27,130	28,740	30,435	32,185
Exclusion of interest on:														
Public purpose State and local debt	4,660	4,810	4,955	5,095	5,255	5,440	5,645	6,915	7,160	7,395	7,595	7,830	8,095	8,395
IDBs for certain energy facilities	65	70	70	70	70	70	65	100	105	105	105	105	105	100
IDBs for pollution control and sewage and waste disposal facilities ..	240	245	250	245	240	235	225	355	365	375	370	360	350	340
Small-issue IDBs	335	265	210	160	125	110	100	530	425	335	260	200	170	155
Owner-occupied mortgage revenue bonds	690	705	715	705	680	650	625	1,025	1,055	1,070	1,070	1,035	990	950
State and local debt for rental housing	400	385	365	345	320	295	270	600	585	555	525	490	455	415
IDBs for airports, docks, and sports and convention facilities	295	315	335	350	370	385	405	435	470	495	520	545	575	600
State and local student loan bonds	125	125	120	115	110	100	95	185	185	185	180	165	155	145

TABLE 6-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued
(In millions of dollars)

	Revenue Loss													
	Corporations							Individuals						
	1993	1994	1995	1996	1997	1998	1999	1993	1994	1995	1996	1997	1998	1999
State and local debt for private nonprofit educational facilities	285	295	300	310	315	325	340	420	440	450	460	470	485	505
State and local debt for private nonprofit health facilities	565	585	600	615	635	660	685	840	870	895	920	950	980	1,015
State and local debt for veterans housing	40	35	35	30	30	30	30	60	55	50	50	45	45	45

Note: Provisions with estimates denoted "normal tax method" have no revenue loss under the reference tax law method.

All estimates have been rounded to the nearest \$5 million.

* \$2.5 million or less.

¹ In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts of \$675 million in 1995.

² The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The effect on outlays in 1994 is \$395 million.

³ The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays in 1995 is \$15,795 million.

Interpreting Tax Expenditure Estimates

Tax expenditure revenue loss estimates do not necessarily equal the increase in Federal revenues (or the reduction in budget deficits) that would accompany the repeal of the special provisions, for the following reasons:

- *Eliminating a tax expenditure may have incentive effects that alter economic behavior.* These incentives can affect the resulting magnitudes of the formerly subsidized activity or of other tax preferences or Government programs. For example, if deductibility of mortgage interest were limited, some taxpayers would hold smaller mortgages, with a concomitantly smaller effect on the budget than if no such limits were in force.
- *Tax expenditures are interdependent even without incentive effects.* Repeal of a tax expenditure provision can increase or decrease the revenue losses associated with other provisions. For example, even if behavior does not change, repeal of an itemized deduction could increase the revenue losses from other deductions because some taxpayers would be moved into higher tax brackets. Alternatively, repeal of an itemized deduction could lower the revenue loss from other deductions if taxpayers are led to claim the standard deduction instead of itemizing. Similarly, if two provisions were repealed simultaneously, the increase in tax liability could be greater or less than the sum of the two separate tax expenditures, since each is estimated assuming that the other remains in force.
- *The annual value of tax expenditures for tax deferrals is reported on a cash basis in all tables except table 6-3.* Cash-based estimates reflect the difference between taxes deferred in the current year and incoming revenues that are received due to deferrals of taxes from prior years. While such estimates are useful as a measure of cash flows into the Government, they do not always accurately reflect the true economic cost of these provisions. For example, for a provision where activity levels have changed, so that incoming tax receipts from past deferrals are greater than deferred receipts from new activity, the cash-basis tax ex-

penditure estimate can be negative, despite the fact that in present-value terms current deferrals do have a real cost to the Government. Alternatively, in the case of a newly enacted deferral provision, a cash-based estimate can overstate the real cost to the Government because the newly deferred taxes will ultimately be received. Present-value estimates, which are a useful supplement to the cash-basis estimates for provisions involving deferrals, are discussed below.

- *Repeal of some provisions could affect overall levels of income and rates of economic growth.* In principle, repeal of major tax provisions may have some impact on the budget economic assumptions. In general, however, most changes in particular provisions are unlikely to have significant effects on macroeconomic conditions.

Present-Value Estimates

Discounted present-value estimates of revenue losses are presented in table 6-3 for certain provisions that involve tax deferrals or similar long-term revenue effects. These estimates complement the cash-based tax expenditure estimates presented in the other tables in this chapter.

The present-value estimates represent the revenue losses, net of future tax payments, that follow from activities undertaken during calendar year 1994 which cause the deferrals or related revenue effects. For instance, a pension contribution in 1994 would cause a deferral of tax payments on wages in 1994 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 1994 pension contribution and accrued earnings will be paid out and taxes will be due; these receipts are included in the present-value estimate. In general, this conceptual approach is similar to the one used for reporting the budgetary effects of credit programs, where direct loans and guarantees in a given year affect future cash flows.

The discount rate used for the present-value estimates is the interest rate on comparable maturity Treasury debt. As noted in the table, the estimates for several of the provisions have been made based on the normal tax baseline, as by definition there is

**TABLE 6-3. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR
ACTIVITY IN CALENDAR YEAR 1994**

(In millions of dollars)

Provision	Present Value of Revenue Loss
Deferral of income from controlled foreign corporations (normal tax method)	1,640
Expensing of research and experimentation expenditures (normal tax method)	2,035
Expensing of exploration and development costs—oil and gas	275
Expensing of exploration and development costs—other fuels	35
Expensing of exploration and development costs—nonfuels	90
Expensing of multiperiod timber growing costs	235
Expensing of certain multiperiod production costs—agriculture	65
Expensing of certain capital outlays—agriculture	80
Deferral of capital gains on home sales	15,605
Accelerated depreciation of rental housing (normal tax method)	1,140
Accelerated depreciation of buildings other than rental housing (normal tax method)	670
Accelerated depreciation of machinery and equipment (normal tax method)	22,105
Expensing of certain small investments (normal tax method)	3,995
Amortization of start-up costs (normal tax method)	165
Deferral of capital gains from sale of broadcasting facilities to minority-owned businesses	230
Deferral of tax on shipping companies	10
Credit for low-income housing investments	2,055
Exclusion of pension contributions and earnings—employer plans	40,500
Exclusion of IRA contributions and earnings	1,735
Exclusions of contribution and earnings for Keogh plans	2,710
Exclusion of interest on State and local public-purpose bonds	16,140
Exclusion of interest on State and local non-public purpose bonds	8,780
Deferral of interest on U.S. savings bonds	655

Note: Provisions with estimates denoted "normal tax method" have no revenue loss under the reference tax law method.

no tax expenditure for these provisions under the reference tax law baseline.

Outlay Equivalents

The concept of "outlay equivalents" complements "revenue losses" as a measure of the budget effect of tax expenditures. It is the amount of outlay that would be required to provide the taxpayer the same after-tax income as would be received through the tax preference. The outlay equivalent measure allows a comparison of the cost of the tax expenditure with that of a direct Federal outlay. Outlay equivalents are reported in table 6-4.

The measure is larger than the revenue loss estimate when the tax expenditure is judged to function as a

Government payment for service. This occurs because an outlay program would increase the taxpayer's pre-tax income. For some tax expenditures, however, the revenue loss equals the outlay equivalent measure. This occurs when the tax expenditure is judged to function like a price reduction or tax deferral that does not directly enter the taxpayer's pre-tax income.¹

¹ Budget outlay figures generally reflect the pre-tax price of the resources. In some instances, however, Government purchases or subsidies are exempted from tax by a special tax provision. When this occurs, the outlay figure understates the resource cost of the program and is, therefore, not comparable with other outlay amounts. For example, the outlays for certain military personnel allowances are not taxed. If this form of compensation were treated as part of the employee's taxable income, the Defense Department would have to make larger cash payments to its military personnel to leave them as well off after tax as they are now. The tax subsidy must be added to the tax-exempt budget outlay to make this element of national defense expenditures comparable with other outlays.

TABLE 6-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

	Outlay Equivalents						
	1993	1994	1995	1996	1997	1998	1999
National defense:							
Exclusion of benefits and allowances to armed forces personnel	2,465	2,395	2,365	2,350	2,355	2,375	2,395
International affairs:							
Exclusion of income earned abroad by United States citizens	675	1,135	1,185	1,255	1,325	1,400	1,480
Exclusion of income of foreign sales corporations	1,845	2,000	2,155	2,310	2,460	2,615	2,770
Inventory property sales source rules exception	1,690	1,845	2,000	2,155	2,310	2,460	2,615
Interest allocation rules exception for certain financial operations	150	140	140	140	140	140	140
Deferral of income from controlled foreign corporations (normal tax method)	1,600	1,600	1,700	1,800	2,000	2,200	2,400
General science, space, and technology:							
Expensing of research and experimentation expenditures (normal tax method)	2,060	2,230	2,390	2,560	2,740	2,930	3,130
Credit for increasing research activities	1,900	2,150	1,950	1,145	485	205	65
Suspension of the allocation of research and experimentation expenditures	0	385	385	—	—	—	—
Energy:							
Expensing of exploration and development costs:							
Oil and gas	185	145	140	100	60	55	95
Other fuels	20	20	20	20	20	25	25
Excess of percentage over cost depletion:							
Oil and gas	1,400	1,425	1,455	1,480	1,505	1,535	1,560
Other fuels	140	140	140	140	150	150	150
Alternative fuel production credit	1,070	1,260	1,370	1,400	1,390	1,330	1,240
Exception from passive loss limitation for working interests in oil and gas properties	50	50	50	50	50	50	50
Capital gains treatment of royalties on coal	15	20	20	20	20	20	20
Exclusion of interest on State and local IDBs for energy facilities	235	245	250	255	250	245	240
New technology credit	85	90	95	100	105	110	115
Alcohol fuel credit ¹	15	15	35	45	50	50	50
Tax credit and deduction for clean-fuel burning vehicles and properties	20	65	90	90	95	105	110
Exclusion from income of conservation subsidies provided by public utilities	70	140	205	245	265	265	265
Natural resources and environment:							
Expensing of exploration and development costs, nonfuel minerals	50	50	50	50	50	50	55
Excess of percentage over cost depletion, nonfuel minerals	260	270	270	275	280	285	300
Capital gains treatment of iron ore	*	*	*	*	*	*	*
Special rules for mining reclamation reserves	50	50	50	50	50	50	50
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities	855	885	895	885	865	840	815
Capital gains treatment of certain timber income	15	20	20	20	20	20	20
Expensing of multiperiod timber growing costs	535	555	575	605	635	665	700
Investment credit and seven-year amortization for reforestation expenditures	40	40	40	40	45	45	45
Tax incentives for preservation of historic structures	135	130	125	125	120	115	115
Agriculture:							
Expensing of certain capital outlays	75	70	65	65	60	65	65
Expensing of certain multiperiod production costs	90	90	85	80	80	80	85
Treatment of loans forgiven solvent farmers as if insolvent	10	10	10	10	10	10	10
Capital gains treatment of certain income	155	180	185	195	195	195	200
Commerce and housing:							
Financial institutions and insurance:							
Exemption of credit union income	380	435	490	535	590	650	715
Excess bad debt reserves of financial institutions	45	50	55	65	70	75	80
Exclusion of interest on life insurance savings	10,580	11,415	12,275	13,190	14,185	15,250	16,395
Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5
Tax exemption of certain insurance companies	145	150	160	165	170	180	190
Small life insurance company deduction	170	180	190	200	210	220	230
Exemption of RIC expenses from the 2% floor for miscellaneous itemized deductions	700	800	915	1,075	1,230	1,405	1,605
Housing:							
Exclusion of interest on owner-occupied mortgage revenue bonds	2,460	2,540	2,575	2,545	2,465	2,360	2,260
Exclusion of interest on State and local debt for rental housing	1,425	1,395	1,325	1,245	1,160	1,070	985
Deductibility of mortgage interest on owner-occupied homes	48,705	51,835	54,800	57,985	61,420	65,050	68,785
Deductibility of State and local property tax on owner-occupied homes	13,055	13,865	14,655	15,545	16,425	17,395	18,395
Deferral of income from post 1987 installment sales	820	915	935	950	965	980	995
Deferral of capital gains on home sales	13,265	13,925	14,620	15,195	15,620	15,915	16,065
Exclusion of capital gains on home sales for persons age 55 and over	6,165	6,360	6,615	6,875	7,065	7,200	7,265
Exception from passive loss rules for \$25,000 of rental loss	6,070	5,945	5,775	5,680	5,625	5,595	5,545
Accelerated depreciation on rental housing (normal tax method)	1,190	1,085	1,100	1,145	1,220	1,290	1,345
Commerce:							
Cancellation of indebtedness	60	120	110	70	35	10	-10
Permanent exceptions from imputed interest rules	140	150	150	150	155	155	160

TABLE 6-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

	Outlay Equivalents						
	1993	1994	1995	1996	1997	1998	1999
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method)	7,345	8,755	9,225	9,395	9,495	9,545	9,635
Step-up basis of capital gains at death	34,060	36,090	38,045	39,625	40,679	41,280	41,205
Carryover basis of capital gains on gifts	120	125	130	135	140	145	150
Ordinary income treatment of loss from small business corp. stock sale	35	40	40	50	50	50	50
Accelerated depreciation of buildings other than rental housing (normal tax method)	2,895	2,995	3,185	3,430	3,745	4,075	4,410
Accelerated depreciation of machinery and equipment (normal tax method)	19,625	22,775	23,210	22,550	22,330	21,380	20,155
Expensing of certain small investments (normal tax method)	1,540	2,095	1,560	1,235	905	610	385
Amortization of start-up costs (normal tax method)	200	200	200	210	215	220	225
Graduated corporation income tax rate (normal tax method)	4,750	5,220	5,555	5,910	6,200	6,485	6,780
Exclusion of interest on small issue industrial development bonds	1,220	985	770	595	465	400	370
Deferral of gains from sale of broadcasting facilities to minority owned business	260	275	290	305	320	335	350
Treatment of Alaska Native Corporations	65	45	30	20	15	10	5
Transportation:							
Deferral of tax on shipping companies	15	15	15	15	15	15	15
Exclusion of reimbursed employee parking expenses	2,330	2,400	2,510	2,625	2,735	2,845	2,960
Exclusion for employer-provided transit passes	15	35	50	65	80	100	115
Community and regional development:							
Credit for low-income housing investments	1,555	1,935	2,275	2,610	2,955	3,280	3,510
Investment credit for rehabilitation of structures (other than historic)	90	90	80	80	80	70	70
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	1,055	1,135	1,200	1,260	1,320	1,385	1,450
Exemption of certain mutuals' and cooperatives' income	25	25	30	30	30	35	35
Empowerment zones	5	150	330	440	510	565	620
Education, training, employment, and social services:							
Education:							
Exclusion of scholarship and fellowship income (normal tax method)	1,000	1,070	1,120	1,180	1,235	1,300	1,365
Exclusion of interest on State and local student loan bonds	445	445	440	420	395	370	345
Exclusion of interest on State and local debt for private nonprofit educational facilities	1,015	1,055	1,080	1,105	1,135	1,170	1,210
Exclusion of interest on savings bonds transferred to educational institutions	5	5	5	10	10	15	20
Parental personal exemption for students age 19 or over	560	575	595	605	630	645	660
Deductibility of charitable contributions (education)	1,960	2,120	2,230	2,340	2,460	2,590	2,720
Exclusion of employer provided educational assistance	255	275	100	—	—	—	—
Training, employment, and social services:							
Targeted jobs credit	160	305	395	325	60	40	20
Exclusion of employer provided child care	810	880	945	1,010	1,085	1,160	1,245
Exclusion of employee meals and lodging (other than military)	600	640	670	705	740	780	815
Credit for child and dependent care expenses	3,200	3,375	3,555	3,755	3,965	4,190	4,425
Credit for disabled access expenditures	205	220	220	220	225	225	225
Expensing of costs of removing certain architectural barriers to the handicapped	20	20	20	20	20	20	20
Deductibility of charitable contributions, other than education and health	13,130	14,290	15,080	15,830	16,630	17,460	18,330
Exclusion of certain foster care payments	30	40	40	45	45	50	50
Exclusion of parsonage allowances	290	320	355	395	440	485	540
Health:							
Exclusion of employer contributions for medical insurance premiums and medical care	58,910	64,670	70,805	77,615	84,750	92,435	100,675
Credit for child medical insurance premiums ²	130	145	—	—	—	—	—
Deductibility of medical expenses	3,010	3,270	3,580	3,870	4,195	4,535	4,890
Exclusion of interest on State and local debt for private nonprofit health facilities	2,015	2,100	2,155	2,215	2,285	2,365	2,455
Deductibility of charitable contributions (health)	1,770	1,910	2,020	2,130	2,230	2,340	2,460
Tax credit for orphan drug research	0	50	20	—	—	—	—
Special Blue Cross/Blue Shield deduction	150	160	175	185	140	240	260
Income security:							
Exclusion of railroad retirement system benefits	415	395	400	405	410	420	425
Exclusion of workmen's compensation benefits	3,815	4,240	4,455	4,740	5,065	5,565	6,100
Exclusion of public assistance benefits (normal tax method)	500	545	585	605	640	695	735
Exclusion of special benefits for disabled coal miners	100	100	100	95	95	90	80
Exclusion of military disability pensions	130	130	130	130	130	130	130
Net exclusion of pension contributions and earnings:							
Employer plans	67,320	66,960	75,940	80,410	81,040	81,650	82,230
Individual Retirement Accounts	7,790	7,510	7,430	7,475	7,430	7,245	6,885
Keogh plans	4,270	4,965	5,240	5,585	5,955	6,345	6,760
Exclusion of employer provided death benefits	30	40	45	45	50	50	55
Exclusion of other employee benefits:							
Premiums on group term life insurance	3,440	3,610	3,785	3,970	4,165	4,365	4,580
Premiums on accident and disability insurance	180	185	185	195	205	215	225
Income of trusts to finance supplementary unemployment benefits	35	35	35	35	35	35	35
Special ESOP rules (other than investment credit)	2,955	2,910	2,510	2,340	2,205	2,020	1,840
Additional deduction for the blind	50	55	55	55	60	60	65

TABLE 6-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

	Outlay Equivalents						
	1993	1994	1995	1996	1997	1998	1999
Additional deduction for the elderly	1,830	1,855	1,880	1,900	1,920	1,935	1,940
Tax credit for the elderly and disabled	75	80	80	85	90	90	95
Deductibility of casualty losses	900	1,000	300	300	300	300	300
Earned income credit ³	4,240	4,635	5,995	6,815	7,575	7,925	8,380
Social Security:							
Exclusion of social security benefits:							
OASI benefits for retired workers	18,310	16,695	16,525	17,370	18,140	18,880	19,670
Disability insurance benefits	1,725	1,765	1,905	2,105	2,320	2,540	2,765
Benefits for dependents and survivors	3,620	3,610	3,730	3,940	4,150	4,365	4,590
Veterans benefits and services:							
Exclusion of veterans disability compensation	1,755	1,860	1,920	1,855	1,885	1,985	2,025
Exclusion of veterans pensions	80	80	75	70	70	75	85
Exclusion of GI bill benefits	45	55	65	70	75	80	80
Exclusion of interest on State and local debt for veterans housing	140	130	120	115	110	105	105
General purpose fiscal assistance:							
Exclusion of interest on public purpose State and local debt	16,585	17,265	17,800	18,295	18,870	19,525	20,250
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes ...	22,555	24,255	25,640	27,130	28,740	30,435	32,185
Tax credit for corporations receiving income from doing business in U.S. possessions	4,395	4,160	3,810	3,885	3,960	4,085	4,295
Interest:							
Deferral of interest on savings bonds	1,130	1,190	1,250	1,310	1,380	1,450	1,520
Addendum—Aid to State and local governments:							
Deductibility of:							
Property taxes on owner-occupied homes	13,055	13,865	14,655	15,545	16,425	17,395	18,395
Nonbusiness State and local taxes other than on owner-occupied homes	22,555	24,255	25,640	27,130	28,740	30,435	32,185
Exclusion of interest on:							
Public purpose State and local debt	16,585	17,265	17,800	18,295	18,870	19,525	20,250
IDBs for certain energy facilities	235	245	250	255	250	245	240
IDBs for pollution control and sewage and waste disposal facilities	855	885	895	885	865	840	815
Small-issue IDBs	1,220	985	770	595	465	400	370
Owner-occupied mortgage revenue bonds	2,460	2,540	2,575	2,545	2,465	2,360	2,260
State and local debt for rental housing	1,425	1,395	1,325	1,245	1,160	1,070	985
IDBs for airports, docks, and sports and convention facilities	1,055	1,135	1,200	1,260	1,320	1,385	1,450
State and local student loan bonds	445	445	440	420	395	370	345
State and local debt for private nonprofit educational facilities	1,015	1,055	1,080	1,105	1,135	1,170	1,210
State and local debt for private nonprofit health facilities	2,015	2,100	2,155	2,215	2,285	2,365	2,455
State and local debt for veterans housing	140	130	120	115	110	105	105

Note: Provisions with estimates denoted "normal tax method" have outlay equivalents of zero under the reference tax law method.

All estimates have been rounded to the nearest \$5 million.

¹ \$2.5 million or less.² In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts of \$675 million in 1995.³ The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The effect on outlays in 1994 is \$395 million.⁴ The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays in 1995 is \$15,795 million.

Tax Expenditure Baselines

A tax expenditure is a preferential exception to the baseline provisions of the tax structure. The 1974 Congressional Budget Act does not, however, specify the baseline provisions of the tax law. Deciding whether provisions are preferential exceptions, therefore, is a matter of judgement. As in prior years, this year's tax expenditure estimates are presented using two baselines: the *normal tax baseline*, which is used by the Joint Committee on Taxation, and the *reference tax law baseline*, which has been used by the Administration since 1983.

The normal tax baseline is patterned on a comprehensive income tax, which defines income as the sum of consumption and the change in net wealth in a given period of time. The normal tax baseline allows personal exemptions, a standard deduction, and deductions of the expenses incurred in earning income. It

is not limited to a particular structure of tax rates, or by a specific definition of the taxpaying unit.

The reference tax law baseline is closer to existing law. Reference law tax expenditures are limited to special exceptions in the tax code that serve programmatic functions. These functions correspond to specific budget categories such as national defense, agriculture, or health care. While tax expenditures under the reference law baseline are generally tax expenditures under the normal tax baseline, the reverse is not always true.

Both the normal and reference tax baselines allow several major departures from a pure comprehensive income tax. For example:

- *Income is taxable when realized in exchange.* Thus, neither the deferral of tax on unrealized capital gains nor the tax exclusion of imputed income (such as the rental value of owner-occupied housing or farmers' consumption of their own produce)

is regarded as a tax expenditure. Both accrued and imputed income would be taxed under a comprehensive income tax.

- *There is a separate corporation income tax.* Under a comprehensive income tax corporate income would be taxed only once—at the shareholder level, whether or not distributed in the form of dividends.
- *Values of assets and debt are not adjusted for inflation.* A comprehensive income tax would adjust the cost basis of capital assets and debt for changes in the price level during the time the assets or debt are held. Thus, under a comprehensive income tax baseline the failure to take account of inflation in measuring depreciation, capital gains, and interest income would be regarded as a negative tax expenditure (i.e., a tax penalty), and failure to take account of inflation in measuring interest costs would be regarded as a positive tax expenditure (i.e., a tax subsidy).

While the reference law and normal tax baselines are generally similar, areas of difference include:

- *Tax rates.* The separate schedules applying to the various taxpaying units are included in the reference law baseline. Thus, corporate tax rates below the maximum statutory rate do not give rise to a tax expenditure. The normal tax baseline is similar, except that it specifies the current maximum rate as the baseline for the corporate income tax. The lower tax rates applied to the first \$10 million of corporate income are thus regarded as a tax expenditure. Similarly, under the reference law baseline, preferential tax rates for capital gains generally do not yield a tax expenditure; only capital gains treatment of otherwise “ordinary income,” such as that from coal and iron ore royalties and the sale of timber and certain agricultural products, is considered a tax expenditure. The alternative minimum tax is treated as part of the baseline rate structure under both the reference and normal tax methods.
- *Income subject to the tax.* Income subject to tax is defined as gross income less the costs of earning that income. The Federal income tax defines gross income to include: (1) consideration received in the exchange of goods and services, including labor services or property; and (2) the taxpayer’s share of gross or net income earned and/or reported by another entity (such as a partnership). Under the reference tax rules, therefore, gross income does not include gifts—defined as receipts of money or property that are not consideration in an exchange—or most transfer payments, which can be thought of as gifts from the Government.² The normal tax baseline also excludes gifts between individuals from gross income. Under the normal tax baseline, however, all cash transfer payments from the Government to private individuals are

counted in gross income, and exemptions of such transfers from tax are identified as tax expenditures. The costs of earning income are generally deductible in determining taxable income under both the reference and normal tax baselines.³

- *Capital recovery.* Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. Under the normal tax baseline, the depreciation allowance for machinery and equipment is determined using straight-line depreciation over tax lives equal to mid-values of the asset depreciation range (a depreciation system in effect from 1971 through 1980). The normal tax baseline for real property is computed using 40-year straight-line depreciation.
- *Treatment of foreign income.* Both the normal and reference tax baselines allow a tax credit for foreign income taxes paid (up to the amount of U.S. income taxes that would otherwise be due), which prevents double taxation of income earned abroad. Under the normal tax method, however, controlled foreign corporations (CFCs) are not regarded as entities separate from their controlling U.S. shareholders. Thus, the deferral of tax on income received by CFCs is regarded as a tax expenditure under this method. In contrast, except for tax haven activities, the reference law baseline follows current law in treating CFCs as separate taxable entities whose income is not subject to U.S. tax until distributed to U.S. taxpayers. Under this baseline, deferral of tax on CFC income is not a tax expenditure because U.S. taxpayers generally are not taxed on accrued, but unrealized, income.

In addition to these areas of difference, the Joint Committee on Taxation considers a somewhat broader set of tax expenditures under its normal tax baseline than is considered here.

Other Considerations

Additional tax expenditure analysis may be helpful to policy makers. For example, information on the programmatic and economic effects of tax expenditures could be useful. The outputs and efficiency of tax expenditures could then be compared more systematically with direct outlay programs.

In addition, the tax expenditure analysis could be extended beyond the income and transfer taxes to include payroll and excise taxes. The exclusion of certain forms of compensation from the wage base, for instance, reduces payroll taxes, as well as income taxes. Payroll tax exclusions are complex to analyze, however, because they also affect social insurance benefits. Certain targeted excise tax provisions might also be considered

² Gross income does, however, include transfer payments associated with past employment, such as social security benefits.

³ In the cases of individuals who hold “passive” equity interests in businesses, however, the pro rata shares of sales and expense deductions reportable in a year are limited. A passive business activity is defined to be one in which the holder of the interest, usually a partnership interest, does not actively perform managerial or other participatory functions. The taxpayer may generally report no larger deductions for a year than will reduce taxable income from such activities to zero. Deductions in excess of the limitation may be taken in subsequent years, or when the interest is liquidated.

tax expenditures. In this case challenges include determining an appropriate baseline.

Descriptions of Income Tax Provisions

Descriptions of the individual and corporate income tax expenditures reported upon in this chapter follow.

NATIONAL DEFENSE

Benefits and allowances to armed forces personnel.—The housing and meals provided military personnel, either in cash or in kind, are excluded from income subject to tax.

INTERNATIONAL AFFAIRS

Income earned abroad.—A U.S. citizen or resident alien who resides in a foreign country or who stays in one or more foreign countries for a minimum of 11 out of the past 12 months may exclude \$70,000 per year of foreign-earned income. Eligible taxpayers also may exclude or deduct reasonable housing costs in excess of one-sixth of the salary of a civil servant at grade GS-14, step 1. These provisions do not apply to Federal employees working abroad; however, the tax expenditure estimate does reflect certain allowances that are excluded from their taxable income.

Income of Foreign Sales Corporations.—The Foreign Sales Corporation (FSC) provisions exempt from tax a portion of U.S. exporters' foreign trading income to reflect the FSC's sales functions as foreign corporations. These provisions conform to the General Agreement on Tariffs and Trade.

Source rule exceptions.—The worldwide income of U.S. persons is taxable by the United States and a credit for foreign taxes paid is allowed. The amount of foreign taxes that can be credited is limited to the pre-credit U.S. tax on the foreign source income. Two exceptions give rise to tax expenditures: sales of inventory property that reduces the U.S. tax of exporters; and, for financial institutions and certain financing operations of nonfinancial enterprises, an exception from the rules that require allocation of interest expenses between domestic and foreign activities of a U.S. taxpayer.

Income of U.S.-controlled foreign corporations.—The income of foreign corporations controlled by U.S. shareholders is not subject to U.S. taxation. The income becomes taxable only when the controlling U.S. shareholders receive dividends or other distributions from their foreign stockholding. Under the normal tax method, the currently attributable foreign source pre-tax income from such a controlling interest is subject to U.S. taxation, whether or not distributed. Thus, under the normal tax baseline the excess of controlled foreign corporation income over the amount distributed to a U.S. shareholder gives rise to a tax expenditure in the form of a tax deferral.

GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Expensing R&E expenditures.—Research and experimentation (R&E) projects can be viewed as investments because their benefits accrue for several years when they are successful. It is difficult, however, to identify whether a specific R&E project is completed and successful and, if it is successful, what its expected life will be. For these reasons, the statutory provision that these expenditures may be expensed is considered part of the reference law. Under the normal tax method, however, the expensing of R&E expenditures is viewed as a tax expenditure. The baseline assumed for the normal tax method is that all R&E expenditures are successful and have an expected life of five years.

R&E credit.—Under legislation that expires on July 1, 1995, the tax credit is 20 percent of the qualified expenditures in excess of each year's base amount. This threshold is determined by multiplying a "fixed-base percentage" (limited to a maximum of .16 for existing companies) by the average amount of the company's gross receipts for the four preceding years. The "fixed-base percentage" is the ratio of R&E expenses to gross receipts for the 1984 to 1988 period. Start-up companies that did not both incur qualified expenses and have gross receipts in at least three of the base years are assigned a "fixed-base percentage" of .03. A similar credit with its own separate threshold is provided for taxpayers' basic research grants to universities. Beginning in 1989, the otherwise deductible qualified R&E expenditures were reduced by the amount of the credit.

Allocation of R&E expenditures.—Regulations issued in 1977 were designed to achieve a reasonable allocation of R&E expenses between corporations' domestic and foreign activities, but successive legislative and administrative actions suspended this requirement. Under legislation that expires on July 1, 1995, 50 percent of both U.S.- and foreign-based R&E expenses were allocated to their respective income sources. The remaining R&E expenses then had to be allocated on the basis of gross sales or gross income.

ENERGY

Exploration and development costs.—In the case of successful investments in domestic oil and gas wells, intangible drilling costs, such as wages, the costs of using machinery for grading and drilling, and the cost of unsalvageable materials used in constructing wells, may be expensed rather than amortized over the productive life of the property.

Integrated oil companies may currently deduct only 70 percent of such costs and amortize the remaining 30 percent over five years. The same rule applies to the exploration and development costs of surface striping and the construction of shafts and tunnels for other fuel minerals.

Percentage depletion.—Independent fuel mineral producers and royalty owners are generally allowed to take percentage depletion deductions rather than cost depletion on limited quantities of output. Under cost depletion, outlays are deducted over the productive life of the property based on the fraction of the resource extracted. Under percentage depletion taxpayers deduct a percentage of gross income from mineral production at rates of 22 percent for uranium, 15 percent for oil, gas and oil shale, and 10 percent for coal. The deduction is limited to 50 percent of net income from the property, except for oil and gas where the deduction can be 100 percent of net property income. Production from geothermal deposits is eligible for percentage depletion at 65 percent of net income, but with no limit on output and no limitation with respect to qualified producers. Unlike depreciation or cost depletion, percentage depletion deductions can exceed the cost of the investment.

Alternative fuel production credit.—A nontaxable credit of \$3 per barrel (in 1979 dollars) of oil-equivalent production is provided for several forms of alternative fuels. It is generally available as long as the price of oil stays below \$29.50 (in 1979 dollars).

Oil and gas exception to passive loss limitation.—Although owners of working interests in oil and gas properties are subject to the alternative minimum tax, they are exempted from the "passive income" limitations. This means that the working interest-holder, who manages on behalf of himself and all other owners the development of wells and incurs all the costs of their operation, may aggregate negative taxable income from such interests with his income from all other sources. Thus, he will be relieved of the minimum tax rules limit on tax deferrals.

Capital gains treatment of royalties on coal.—Sales of certain coal under royalty contracts can be treated as capital gains. While the top statutory rate on ordinary income is 39.6 percent, the rates on capital gains are limited to 28 percent.

Tax-exempt bonds for energy facilities.—Certain energy facilities, such as municipal electric and gas utilities, may benefit from tax-exempt financing.

New technology credits.—A credit of 10 percent is available for investment in solar and geothermal energy facilities. In addition, a credit of 1.5 cents is provided per kilowatt hour of electricity produced from renewable resources such as wind and biomass. The renewable resources credit applies only to electricity produced by a facility placed in service before July 1, 1999.

Alcohol fuel credit.—Gasohol, a motor fuel composed of at least 10 percent alcohol, is exempt from 5.4 of the 18.4 cents per gallon Federal excise tax on gasoline. There is a corresponding income tax credit for alcohol used as a fuel in applications where the

excise tax is not assessed. This credit, equal to a subsidy of 54 cents per gallon for alcohol used as a motor fuel, is intended to encourage substitution of alcohol for petroleum-based gasoline.

Credit and deduction for clean-fuel vehicles and property.—A tax credit of 10 percent is provided for electric vehicles. In addition, a deduction is provided for other clean-fuel burning vehicles as well as refueling property.

Exclusion of utility conservation subsidies.—Subsidies by public utilities for customer expenditures on energy conservation measures are excluded from the gross income of the customer.

NATURAL RESOURCES AND ENVIRONMENT

Exploration and development costs.—As is true for fuel minerals, certain capital outlays associated with exploration and development of nonfuel minerals may be expensed rather than depreciated over the life of the asset.

Percentage depletion.—Most nonfuel mineral extractors also make use of percentage depletion rather than cost depletion, with percentage depletion rates ranging from 22 percent for sulphur down to 5 percent for sand and gravel.

Capital gains treatment of iron ore and of certain timber income.—Iron ore and certain timber sold under a royalty contract can be treated as capital gains.

Mining reclamation reserves.—Taxpayers are allowed to establish reserves to cover certain costs of mine reclamation and of closing solid waste disposal properties. Net increases in reserves may be taken as a deduction against taxable income.

Tax-exempt bonds for pollution control and waste disposal.—Interest on State and local government debt issued to finance private pollution control and waste disposal facilities was excludable from income subject to tax. This authorization was repealed for pollution control equipment and a cap placed on the amount of debt that could be issued for waste disposal facilities by the Tax Reform Act of 1986.

Expensing multiperiod timber growing costs.—Generally, costs must be capitalized when goods are produced for inventory used in one's own trade or business, or under contract to another party. Timber production, however, was specifically exempted from these multiperiod cost capitalization rules, creating a special benefit derived from this deferral of taxable income.

Credit and seven-year amortization for reforestation.—A special 10 percent investment tax credit is allowed for up to \$10,000 invested annually in clearing land and planting trees for the ultimate production of timber. The same amount of forestation investment

may also be amortized over a seven-year period. Without this preference, the amount would have to be capitalized and could be recovered (deducted) only when the trees were sold or harvested 20 or more years later. Moreover, the amount of forestation investment that is amortizable is not reduced by any of the investment credit that is allowed.

Historic preservation.—Expenditures to preserve and restore historic structures qualify for a 20 percent investment credit, but the depreciable basis must be reduced by the full amount of the credit taken.

AGRICULTURE

Expensing certain capital outlays.—Farmers, except for certain agricultural corporations and partnerships, are allowed to deduct certain expenditures for feed and fertilizer, as well as for soil and water conservation measures. Expensing is allowed, even though these expenditures are for inventories held beyond the end of the year, or for capital improvements that would otherwise be capitalized.

Expensing multiperiod livestock and crop production costs.—The production of livestock and crops with a production period of less than two years is exempted from the uniform cost capitalization rules. Farmers establishing orchards, constructing farm facilities for their own use, or producing any goods for sale with a production period of two years or more may elect not to capitalize costs. If they do, they must apply straight-line depreciation to all depreciable property they use in farming.

Loans forgiven solvent farmers.—Farmers are granted special tax treatment by being forgiven the tax liability on certain forgiven debt. Normally, the amount of loan forgiveness is accounted for as a gain (income) of the debtor and he must either report the gain, or reduce his recoverable basis in the property to which the loan relates. If the debtor elects to reduce basis and the amount of forgiveness exceeds his basis in the property, the excess forgiveness is taxable. However, in the case of insolvent (bankrupt) debtors, the amount of loan forgiveness never results in an income tax liability.⁴ Farmers with forgiven debt are considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

Capital gains treatment of certain income.—Certain agricultural income, such as unharvested crops, can be treated as capital gains.

COMMERCE AND HOUSING

This category includes a number of tax expenditure provisions that also affect economic activity in other functional categories. For example, provisions related

to investment, such as accelerated depreciation, could also have been classified under the energy, natural resources and environment, agriculture, or transportation categories.

Credit union income.—The earnings of credit unions not distributed to members as interest or dividends are exempt from income tax.

Bad debt reserves.—Only commercial banks with less than \$500 million in assets, mutual savings banks, and savings and loan associations are permitted to deduct additions to bad debt reserves in excess of actually experienced losses. The deduction for additions to loss reserves allowed qualifying mutual savings banks and savings and loan associations is 8 percent of otherwise taxable income. To qualify, the thrift institutions must maintain a specified fraction of their assets in the form of mortgages, primarily residential.

Interest on life insurance savings.—Savings in the form of policyholder reserves are accumulated from premium payments and interest is earned on the reserves. Such interest income is not taxed as it accrues nor when received by beneficiaries upon the death of the insured.

Small property and casualty insurance companies.—Insurance companies that have annual net premium incomes of less than \$350,000 are exempted from tax; those with \$350,000 to \$2,100,000 of net premium incomes may elect to pay tax only on the income earned by their investment portfolio.

Insurance companies owned by exempt organizations.—Generally, the income generated by life and property and casualty insurance companies is subject to tax, albeit by special rules. Insurance operations conducted by such exempt organizations as fraternal societies and voluntary employee benefit associations, however, are exempted from tax.

Mutual funds (RIC) expenses.—Individuals may deduct miscellaneous expenses only to the extent that they exceed 2 percent of their adjusted gross income. Certain costs incurred by individuals in managing their personal securities portfolios are among the miscellaneous deductions allowed taxpayers who itemize deductions. Mutual funds (or regulated investment companies) perform these portfolio management functions for their shareholders and pay out their portfolio incomes net of these expenses. Shareholders are permitted to report their fund income net of management expenses; thus, they are thereby able to deduct portfolio management expenses without regard to the miscellaneous deduction limitation.

Mortgage housing bonds.—Interest on all mortgage revenue bonds issued by State and local governments is exempt from taxation. Proceeds are used to finance homes purchased by first-time buyers—with low to

⁴The insolvent taxpayer's carryover losses and unused credits are extinguished first, and then his basis in assets reduced to no less than amounts still owed creditors. Finally, the remainder of the forgiven debt is excluded from tax.

moderate incomes—of dwellings with prices under 90 percent of the average area purchase price.

There are limits imposed on the amount of tax-exempt State and local government bonds that could be issued to fund private activity. The volume cap for single-family mortgage revenue bonds and multifamily rental housing bonds is combined with the cap for student loans and industrial development bonds (IDBs). The cap is set at \$50 per capita or a minimum of \$150 million for each State.

States are authorized to issue mortgage credit certificates (MCCs) in lieu of qualified mortgage revenue bonds because the bonds are relatively inefficient subsidies to first-time home buyers. MCCs entitle home buyers to income tax credits for a specified percentage of interest on qualified mortgage loans. In this way, the entire amount of the subsidy flows directly to the home buyer without being partly diverted to financial middlemen or bondholders. A State cannot issue an aggregate annual amount of MCCs greater than 25 percent of its annual ceiling for qualified mortgage bonds. Because of the relationship between MCCs and qualified mortgage bonds, their estimates are presented as one line item in the tables.

Rental housing bonds.—State and local government issues of IDBs are restricted to multifamily rental housing projects in which 20 percent (15 percent in targeted areas) of the units are reserved for families whose income does not exceed 50 percent of the area's median income; or 40 percent for families with incomes of no more than 60 percent of the area median income. Other tax-exempt bonds for multifamily rental projects are generally issued with the requirement that all tenants must be low or moderate income families. Rental housing bonds are subject to the volume cap discussed in the mortgage housing bond section above.

Interest and taxes on owner-occupied homes.—Owner-occupants of homes may deduct mortgage interest and property taxes on their primary and secondary residences as itemized nonbusiness deductions. The mortgage interest deduction is limited to interest on debt no greater than the owner's basis in the residence and, for debt incurred after October 13, 1987, it is limited to no more than \$1 million. Interest on up to \$100,000 of other debt secured by a lien on a principal or second residence is also deductible, irrespective of the purpose of borrowing, provided the debt does not exceed the fair market value of the residence. Mortgage interest deductions on personal residences are tax expenditures because the taxpayers are not required to report the value of owner-occupied housing services as gross income.

Real property installment sales.—Dealers in real and personal property, i.e., sellers that regularly hold property for sale or resale, cannot defer taxable income from installment sales until the receipt of the loan repayment. Nondealers, defined as sellers of real property used in their business, are required to pay interest

to the Federal Government on deferred taxes attributable to their total installment obligations in excess of \$5 million. Only properties with sales prices exceeding \$150,000 are includable in the total. The payment of a market rate of interest eliminates the benefit of the tax deferral. The tax exemption for nondealers with total installment obligations of less than \$5 million is, therefore, a tax expenditure.

Capital gains on home sales.—When a primary residence is sold, the homeowner can defer paying a capital gains tax on the proceeds by purchasing or constructing a home of value at least equal to that of the prior home (net of sales and qualified fix-up expenses) within two years. This deferral is a tax expenditure.

Capital gains on sales by owners aged 55 or older.—A taxpayer who is 55 years of age or older at the time of the sale of his residence may elect to exclude from tax up to \$125,000 of the gain from its sale. This is a once-in-a-lifetime election. In effect, this provision converts some prior deferrals of tax into forgiveness of tax.

Passive loss real estate exemption.—The Tax Reform Act of 1986 disallowed the offset of passive losses against income from other sources. Losses up to \$25,000 attributable to certain rental real estate activity, however, are exempted from this rule.

Accelerated depreciation of real property, machinery and equipment.—As previously noted, the tax depreciation allowance provisions are part of the reference law rules, and thus do not cause tax expenditures under the reference method. Under the normal tax method, however, a 40-year tax life for depreciable real property is the norm, so the statutory depreciation period in effect from 1987 to 1993 for nonresidential properties of 31.5 years gives rise to tax expenditures. OBRA 93 lengthened the statutory depreciation period for nonresidential property to 39 years for property placed in service after February 25, 1993. The statutory depreciation period for residential property is 27.5 years. Statutory depreciation of machinery and equipment also is somewhat accelerated relative to the normal tax baseline. In addition, tax expenditures arise from pre-1987 tax allowances for real and personal property.

Cancellation of indebtedness.—Individuals are not required to report the cancellation of certain indebtedness as current income. However, if they do not, it would be included as an adjustment in the basis of the underlying property.

Imputed interest rules.—Under reference law rules commonly referred to as original issue discount (OID), both the holder and seller of a financial contract are generally required to report interest earned in the period it accrues, not when the contract payments are

made. Moreover, the amount of interest accruable is determined by the actual price paid for the contract, not by the stated or nominal principal and interest stipulated in the contract.⁵

Exceptions to the general rules for accounting for interest expense or income include the following: (a) permission for the mortgagor of his personal residence to treat the discount from the nominal principal of his mortgage loan, commonly called "points," as prepaid interest which is deductible in the year paid, not the year accrued; and (b) sellers of farms and small businesses worth less than \$1 million, in exchange for the purchaser's debt obligation, are exempted from the OID rules. This is \$750,000 more than the \$250,000 exemption that the reference tax law generally allows for such transactions.

Capital gains (other than agriculture, timber, iron ore and coal).—While the top statutory rate on ordinary income is 39.6 percent, the rates on capital gains are limited to 28 percent. This treatment is considered a tax expenditure under the normal tax method but not under the reference law method.

Step-up in basis of capital gains at death.—Capital gains on assets held at the owner's death are not subject to capital gains taxes. The cost basis of the appreciated assets is adjusted upward to the market value at the owner's date of death. The step-up in the heir's cost basis means that, in effect, the capital gain is forgiven.

Carryover basis of capital gains on gifts.—When a gift is made, the transferred property carries to the donee the donor's basis—the cost that was incurred when the property was first acquired. The carryover of the donor's basis allows a continued deferral of unrealized capital gains.

Ordinary income treatment of losses from sale of small business corporate stock shares.—Up to \$100,000 in losses from the sale of such stock may be treated as ordinary losses, and therefore not be subject to the \$3,000 annual capital loss write-off limit if the corporation's capitalization is less than \$1 million.

Expensing of certain small investments.—Qualifying investments in tangible property up to \$17,500 (\$10,000 prior to 1993) can be expensed rather than depreciated over time. To the extent that qualifying investment during the year exceeds \$200,000, the amount eligible for expensing is decreased. The amount expensed is completely phased out when qualifying investments exceed \$217,500.

Business start-up costs.—When an individual or corporation acquires or otherwise enters into a new

business, certain start-up expenses, such as the costs of investigating opportunities and legal services, are normally incurred. The taxpayer may elect to amortize these outlays over 60 months although they are similar to other payments he makes for nondepreciable intangible assets that are not recoverable until the business is sold. Under the normal tax method this gives rise to a tax expenditure, while under the reference method it does not.

Graduated corporation income tax rate schedule.—The schedule is graduated, with rates of 15 percent on the first \$50,000 of taxable income, 25 percent on the next \$25,000, 34 percent on the next \$9.925 million, and a rate of 35 percent on income over \$10 million. As compared with a flat 35 percent tax rate, the lower rates provide a \$111,000 reduction in tax liability for corporations with taxable incomes of \$10 million. This benefit is recaptured in the cases of corporations with taxable incomes exceeding \$100,000. This is accomplished by (1) a 5 percent additional tax on corporate incomes in excess of \$100,000, but less than \$335,000 and (2) a 3 percent additional tax on income over \$15 million but less than \$18.33 million. At this point the \$111,000 is fully recaptured. Since this rate schedule is part of the reference tax law, it does not give rise to a tax expenditure under the reference method. A flat corporation income tax rate is taken as the baseline under the normal tax method; therefore the lower rates do yield a tax expenditure under this concept.

Small issue industrial development bonds.—The interest on small issue industrial development bonds (IDBs) issued by State and local governments to finance private business property is excluded from income subject to tax. Depreciable property financed with small issue IDBs must be depreciated, however, using the straight-line method. The tax exemption of small issue bonds expired in 1986, except for small issue IDBs exclusively issued to finance manufacturing facilities for which the tax exemption is permanent. The annual volume of small issue IDBs is subject to the unified volume cap discussed in the mortgage housing bond section above.

Deferral of gains from sale of broadcasting facility to minority owned business.—The voluntary sale of assets generally requires the seller to pay tax on the gain that has accrued over the period of ownership. However, in the case of an involuntary sale, as when an owner's property must be sold in a condemnation proceeding, or to implement a change in a government's regulatory policy, the owner is permitted to defer payment of tax, provided the proceeds are reinvested in similar property within a specified period. In 1979, the Federal Communications Commission instituted a policy of encouraging minority group ownership of broadcast licenses. Since that time, the tax laws have been interpreted to permit voluntary sellers of licensed broadcasting facilities to defer payment of cap-

⁵ Thus, when a borrower on December 31, 1993, issues a promise to pay \$1,000 plus interest at 10 percent on December 31, 1994, for a total repayment of \$1,100, and accepts \$900 from a lender in exchange for the contract, the rules require that both parties: (a) recognize that \$900 is the amount lent, so that the effective loan interest rate is not the nominal 10 percent rate but is 22.2 percent; and (b) both report \$200 as interest paid or received in 1994, as the case may be.

ital gains tax when the buyer has been certified as a "minority business," in effect treating the sale as "involuntary."

Treatment of Alaskan Native Corporations losses.—Tax law restricts the ability of profitable corporations to reduce their tax liabilities by merging or buying corporations with accumulated net operating losses (NOLs) and as yet unrefunded claims to investment credits. Alaska Native Corporations have a limited exemption (fifteen years after the NOL or credit claim was first experienced) from these restrictions that includes NOLs and credits claimable prior to April 26, 1988.

TRANSPORTATION

Shipping companies that are U.S. flag carriers.—Certain companies that operate U.S. flag vessels receive a deferral of income taxes on that portion of their income used for shipping purposes, primarily construction, modernization and major repairs to ships, and repayment of loans to finance these qualified investments. Once indefinite, the deferral has been limited to 25 years since January 1, 1987.

Exclusion of reimbursed employee parking expenses.—Parking at or near an employer's business premises that is paid for by the employer is excludable from the income of the employee as a working condition fringe benefit. The maximum amount of the parking exclusion is \$155 month, indexed in \$5 increments. The tax expenditure estimate does not include parking at facilities owned by the employer.

Exclusion of employer-provided transit passes.—Transit passes, tokens, and fare cards provided by an employer to defray an employee's commuting costs are excludable from the employee's income as a de minimis fringe benefit, if the total value of the benefit does not exceed \$60 per month, indexed in \$5 increments.

COMMUNITY AND REGIONAL DEVELOPMENT

Low-income housing investment.—Through 1989, a tax credit for investment in new, substantially rehabilitated, and certain unrehabilitated low-income housing was structured to have a present value of 70 percent of construction or rehabilitation costs incurred and was allowed over 10 years. For Federally subsidized projects and those involving unrehabilitated existing low income housing, the credit was structured to have a present value of 30 percent. Beginning on January 1, 1990, the credit was extended at a present value of 70 percent, including projects financed with other Federal subsidies, but only if substantial rehabilitation was done. Notwithstanding the capital grant character of this subsidy, the investor's recoverable basis is not reduced by the substantial credit allowed.

Rehabilitation of structures.—A 10 percent investment tax credit is available for the rehabilitation of

buildings that are used for business or productive activities and that were erected before 1936 for other than residential purposes. A full reduction by the amount of the credit is required in the taxpayer's recoverable basis.

Tax-exempt bonds for airports and similar facilities.—Government-owned airports, docks and wharves, as well as high-speed rail facilities that need not be government-owned, may continue to be financed with tax-exempt bond issues. These bonds are not covered by a volume cap.

Exemption of certain mutuals' and cooperatives' income.—The incomes of mutual and cooperative telephone and electric companies are exempted from tax if at least 85 percent of their revenues are derived from patron service charges.

Empowerment zones.—Qualifying businesses in designated economically depressed areas can receive tax benefits such as an employer wage credit, increasing expensing of investment in equipment, tax-exempt financing, and accelerated depreciation. In addition, a tax credit for contributions to certain community development corporations can be available.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Scholarship and fellowship income.—Scholarships and fellowships are not excluded from taxable income to the extent they exceed tuition and course-related expenses of the grantee. From an economic point of view, scholarships and fellowships are either gifts not conditioned on the performance of services, or they are rebates of educational costs. Thus, under the reference law method, the exclusion is not a tax expenditure because this method does not include either gifts or price reductions in a taxpayer's gross income. Under the normal tax method, however, the exclusion is considered a tax expenditure because under this method gift-like transfers of government funds—and many scholarships are derived directly or indirectly from government funding—are included in gross income.

Tax-exempt bonds for educational purposes.—Interest on State and local government debt issued to finance student loans or the construction of facilities used by private nonprofit educational institutions is excluded from income subject to tax. The aggregate volume of such private activity bonds that each State may issue during any calendar year is limited.

U.S. savings bonds for education.—Interest on U.S. savings bonds, issued after December 31, 1989, may be excluded from tax if the bonds, plus accrued interest, are transferred to an educational institution as payment for educational expenses. The exclusion from tax is phased out for joint returns with adjusted gross incomes of \$61,850 to \$91,850 and \$41,200 to

\$56,200 for single and head of household returns in 1994.

Dependent students age 19 or older.—Taxpayers can claim personal exemptions for dependent children age 19 or over who receive parental support payments of \$1,000 or more per year, are full-time students, and do not claim a personal exemption on their own tax returns. This preferential arrangement usually generates tax savings because the students' marginal tax rates are more often than not lower than their parents' marginal tax rates.

Charitable contributions.—Contributions to charitable, religious, and certain other nonprofit organizations are allowed as an itemized deduction for individuals, generally up to 50 percent of adjusted gross income. Taxpayers who donate capital assets to charitable or educational organizations can deduct the assets' current value without the taxation of any appreciation in value. Corporations can also deduct charitable contributions up to 10 percent of their pre-tax income. Tax expenditures resulting from the deductibility of contributions are shown separately for educational and other institutions. Contributions to health institutions are reported under the health function.

Employer provided benefits.—Many employers provide employee benefits that are not counted in employee income. The employers' costs for these benefits are deductible business expenses. The exclusion from an employee's income of the value of educational assistance, child care, meals and lodging, as well as ministers' housing allowances and the rental value of parsonages are tax expenditures. The exclusion for educational assistance and legal services expires on December 31, 1994. Health and other insurance benefits are reported under the health and income security functions. Certain parking and transit benefits are reported under the transportation function.

Targeted jobs credit.—Employers may claim a tax credit for qualified wages paid to individuals who begin work before January 1, 1995, and who are certified as members of various targeted groups. The amount of the credit that may be claimed is 40 percent of the first \$3,000 paid during the first year of employment. The 40 percent credit also applies to the summer employment wages paid 16 and 17 year old youths who are members of low income families. Employers must reduce their deduction for wages paid by the amount of the credit claimed.

Child and dependent care expenses.—A tax credit may be claimed by married couples for child and dependent care expenses incurred when one spouse works full time and the other works at least part time or goes to school. The credit may also be claimed by divorced or separated parents who have custody of children, and by single parents. Expenditures up to a maximum \$2,400 for one dependent and \$4,800 for two or

more dependents are eligible for the credit. The credit is equal to 30 percent of qualified expenditures for taxpayers with incomes of \$10,000 or less. The credit is reduced to a minimum of 20 percent by one percentage point for each \$2,000 of income between \$10,000 and \$28,000.

Disabled access expenditures.—A credit is provided of 50 percent of eligible disabled access expenditures in excess of \$250. The credit is limited to \$5,000.

Costs of removing architectural barriers to the handicapped.—The investment cost of making any business accessible to persons suffering physical or mental disabilities may be deducted, rather than capitalized as part of the taxpayer's basis in such property and recovered by subsequent depreciation allowances, as is generally required.

Foster care payments.—Foster parents provide a home and care for children who are wards of the State, under contract with the State. Compensation received for this service is explicitly excluded from the gross incomes of foster parents, making the expenses they incur nondeductible. This activity is, in effect, tax-exempt.

HEALTH

Employer paid medical insurance and expenses.—Employee compensation, in the form of payments by employers for health insurance premiums and other medical expenses, is deducted as a business expense by employers, but it is not included in employee gross income.

Child health insurance.—The earned income tax credit provided for a credit for certain child health insurance expenses. This credit was repealed after December 31, 1993.

Medical care expenses.—Personal expenditures for medical care (including the costs of prescription drugs) exceeding 7.5 percent of the taxpayer's adjusted gross income are deductible.

Tax-exempt bonds for hospital construction.—Interest earned on State and local government debt issued to finance hospital construction is excluded from income subject to tax.

Charitable contributions to health institutions.—Contributions to nonprofit health institutions are allowed as a deduction for individuals and corporations. Tax expenditures resulting from the deductibility of contributions to other charitable institutions are listed under the education, training, employment, and social services function.

Orphan drugs.—To encourage the development of drugs for the treatment of rare diseases or physical conditions, a tax credit is granted equal to 50 percent

of the costs for clinical testing that has to be completed before manufacture and distribution are approved by the Food and Drug Administration. Because the drug firm is not required to reduce its deduction for testing expenses (an R&D expenditure) by the amount of this credit, the private cost of clinically testing orphan drugs is reduced substantially. This tax expenditure expires December 31, 1994.

Blue Cross and Blue Shield.—Although these organizations are not qualified as exempt, they are provided exceptions from otherwise applicable insurance company income tax accounting rules that effectively eliminate their tax liabilities.

INCOME SECURITY

Railroad retirement benefits.—These benefits are not generally subject to the income tax unless the recipient's gross income reaches a certain threshold discussed more fully under the social security function.

Workmen's compensation benefits.—Workmen's compensation provides payments to disabled workers. These benefits, although income to the recipients, are a tax preference because they are not subject to the income tax.

Public assistance benefits.—The exclusion from taxable income of public assistance benefits received by individuals is listed as a tax expenditure under the normal tax method because, under this method, cash transfers from government are included in gross income. In contrast, gifts not conditioned on the performance of services, including transfers from government, are not taxable under the reference law. Therefore, under the reference tax method, the tax exclusion for public assistance benefits is not shown as a tax expenditure.

Special benefits for disabled coal miners.—Disability payments to former coal miners out of the Black Lung Trust Fund, although income to the recipient, are not subject to the income tax.

Military disability pensions.—Most of the military pension income received by current disabled retired veterans is excluded from their income subject to tax.

Pension contributions and earnings.—Certain employer contributions to pension plans, along with individual contributions to individual retirement accounts (IRAs) and amounts set aside by the self-employed, are excluded from adjusted gross income in the year of contribution. The investment income earned by pension funds and other qualifying retirement plans is not taxable when earned, and this deferral is, therefore, also a tax expenditure.

Limited amounts (about \$9,260 in 1994) can be excluded from an employee's adjusted gross income under a qualified cash or deferred arrangement with the employer (401(k) plan). An employee's own contribution

of no more than \$9,500 or the 401(k) limitation (whichever is greater) may be excluded annually from an employee's adjusted gross income when placed in a tax-sheltered annuity (403(b) plan).

Employees may deduct annual contributions to an IRA of \$2,000 (or 100 percent of compensation, if less), or \$2,250 on a joint return with only one spouse earning income, if: (a) neither the individual or spouse is an active participant in an employer-provided retirement plan; or (b) their adjusted gross income falls below \$40,000 (\$25,000 for a single taxpayer). The allowable IRA deduction is phased out between \$40,000 and \$50,000 for a joint return and \$25,000 and \$35,000 for a single return. Beyond these income limits, non-deductible contributions to IRAs are available to taxpayers who are active participants in employer-provided retirement plans. Self-employed persons can make deductible contributions to their own retirement (Keogh) plans equal to 25 percent of their income, up to a maximum of \$30,000 per year.

Employer provided insurance benefits.—Many employers cover part or all the cost of premiums or payments for: (a) employees' life insurance benefits; (b) accident and disability benefits; (c) death benefits; and (d) supplementary unemployment benefits. The amounts are deductible by the employers and are excluded as well from employees' gross incomes for tax purposes.

Employer Stock Ownership Plan (ESOP) provisions.—A special type of employee benefit plan, organized as a trust, is tax-exempt. Employer-paid contributions (the value of stock issued to the ESOP) are deductible by the employer as part of employee compensation costs. They are not included in the employees' gross income for tax purposes, however, until they are paid out as benefits. The following special income tax provisions for ESOPs are intended to increase ownership of corporations by their employees: (1) annual employer contributions are subject to less restrictive limitations (percentages of employees' cash compensation); (2) ESOPs may borrow to purchase employer stock, guaranteed by their agreement with the employer that the debt will be serviced by his payment (deductible by him) of a portion of wages (excludable by the employees) to service the loan; (3) ESOPs' lenders may exclude half the interest from their gross income; (4) employees who sell appreciated company stock to the ESOP may defer any taxes due until they withdraw benefits; and (5) dividends paid to ESOP-held stock are deductible by the employer.

Support of the aged and the blind.—Taxpayers who are blind or 65 years of age or older may take an additional \$950 standard deduction if single, or \$750 if married. In addition, individuals who are 65 years of age or older, or who are permanently disabled, can take a tax credit equal to 15 percent of the sum of their earned and retirement income. Qualified income is limited to no more than \$2,500 for single individuals

or married couples filing a joint return where only one spouse is 65 years of age or older, and up to \$3,750 for joint returns where both spouses are 65 years of age or older. These limits are reduced by one-half of the taxpayer's adjusted gross income over \$7,500 for single individuals and \$10,000 for married couples filing a joint return.

Casualty losses.—Neither the purchase of property nor insurance premiums to protect its value are deductible as costs of earning income; therefore, reimbursement for insured loss of such property is not reportable as a part of gross income. However, a special provision permits relief for taxpayers suffering an uninsured loss. They may deduct casualty and theft losses of more than \$100 each, but only to the extent that total losses during the year exceed 10 percent of adjusted gross income.

Earned income credit.—This credit may be claimed by low income workers. For a family with one qualifying child, the credit is 26.3 percent of the first \$7,750 of earned income in 1994. The credit is 30.0 percent of the first \$8,425 of income for a family with two or more qualifying children. When the taxpayer's income exceeds \$11,000, the credit is phased out at the rate of 15.98 percent (17.68 percent if two or more qualifying children are present). It is completely phased out at \$23,760 of adjusted gross income (\$25,300 if two or more qualifying children are present).

Beginning in 1994, the credit may also be claimed by workers who do not have children. Qualifying workers must be at least age 25 and may not be claimed as a dependent on another taxpayer's return. The credit is not available to workers age 65 or older. In 1994, the credit is 7.65 percent of the first \$4,000 of earned income. When the taxpayer's income exceeds \$5,000, the credit is phased out at the rate of 7.65 percent. It is completely phased out at \$9,000 of adjusted gross income.

For workers with or without children, the income level at which the credit's phase-outs begin and the maximum amounts of income on which the credit can be taken are adjusted for inflation. Earned income tax credits in excess of tax liabilities are refundable to individuals, and as such are paid by the Federal Government. This portion of the credit is included in outlays, while the amount that offsets tax liabilities is shown as a tax expenditure.

SOCIAL SECURITY

Old Age and Survivors Insurance (OASI) benefits for retired workers.—Social security benefits that exceed the beneficiary's contributions out of taxed income are deferred employee compensation and the deferral of tax on that compensation is a tax expenditure. These additional retirement benefits are paid for partly by employers' contributions that were not included in employees' taxable compensation. Portions (reaching as much as 85 percent) of recipients' social security and tier 1 railroad retirement benefits are included in the

income tax base, however, if the recipient's provisional income exceeds certain base amounts. Provisional income is equal to adjusted gross income plus foreign or U.S. possession income and tax-exempt interest, and one half of social security and tier 1 railroad retirement benefits. The tax expenditure is limited to the portion of the benefits received by taxpayers who are below the base amounts at which 85 percent of the benefits are taxable.

Social Security benefits for the disabled, dependents and survivors.—Benefit payments from the Social Security Trust Fund, for disability and for dependents and survivors, are excluded from the beneficiaries' gross incomes, and thus give rise to tax expenditures.

VETERANS BENEFITS AND SERVICES

Veterans benefits.—All compensation due to death or disability and pensions paid by the Veterans Administration are excluded from taxable income.

Tax-exempt mortgage bonds for veterans.—Interest earned on general obligation bonds issued by State and local governments to finance housing for veterans is excluded from taxable income. The issuance of such bonds is limited, however, to five pre-existing State programs and to amounts based upon previous volume levels for the period January 1, 1979 to June 22, 1984. Furthermore, future issues are limited to veterans who served on active duty before 1977.

GENERAL GOVERNMENT

Public purpose State and local debt.—Interest on State and local government debt, issued to finance government activities, is excluded from Federal taxation. State and local governments, therefore, can sell debt obligations at a lower interest cost than would be possible if such interest were subject to tax. Only the excluded interest on bonds for public purposes, such as schools, roads, and sewers, is included here.

Nonbusiness State and local taxes excluding home-owner property taxes.—The deductibility of nonbusiness State and local taxes gives indirect assistance to these governments by reducing the costs of the services they provide and, thus, the burden on their taxpayers. Although general sales taxes may no longer be deducted, State and local income taxes still may be deducted.

Business income earned in U.S. possessions.—Under certain conditions, U.S. corporations receiving income from an active trade or business, or from investments located in a U.S. possession, can claim a special credit against U.S. tax otherwise due.

INTEREST

U.S. savings bonds.—The interest on U.S. savings bonds is not taxable until the bonds are redeemed,

thereby deferring tax liability. The deferral is equivalent to an interest-free loan and, therefore, it is a tax expenditure.

TAX EXPENDITURES IN THE UNIFIED TRANSFER TAX

Exceptions to the general terms of the Federal unified transfer tax favor particular transferees or dispositions of transferors, similar to Federal direct expenditure or loan programs. The transfer tax provisions identified as tax expenditures satisfy the reference law criteria for inclusion in the tax expenditure budget that were described above. There is no generally accepted normal tax baseline for transfer taxes.

Unified Transfer Tax Reference Rules

The reference tax rules for the unified transfer tax from which departures represent tax expenditures include:

- *Definition of the taxpaying unit.* The payment of the tax is the liability of the transferor whether the transfer of cash or property was made by gift or bequest.
- *Definition of the tax base.* The base for the tax is the transferor's cumulative, taxable lifetime gifts made plus the net estate at death. Gifts in the tax base are all annual transfers in excess of \$10,000 to any donee except the donor's spouse. Excluded are, however, payments on behalf of family members' educational and medical expenses, as well as the cost of ceremonial gatherings and celebrations that are not in honor of the donor.
- *Property valuation.* In general, property is valued at its fair market value at the time it is transferred. This is not necessarily the case in the valuation of property for transfer tax purposes. Executors of estates are provided the option to value assets at the time of the testator's death or up to six months later.
- *Tax rate schedule.* A single graduated tax rate schedule applies to all taxable transfers. This is reflected in the name of the "unified transfer tax" that has replaced the former separate gift and estate taxes. The tax rates vary from 18 percent on the first \$10,000 of aggregate taxable transfers, to 55 percent on amounts exceeding \$3 million. A \$192,800 lifetime credit is provided against the tax in determining the final amount of transfer taxes that are due and payable. This allows each taxpayer to make a \$600,000 tax-free transfer of assets that otherwise would be liable to the unified transfer tax.⁶
- *Time when tax is due and payable.* Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the

gift. The net estate tax liability is due and payable within nine months after the decedent's death. The Internal Revenue Service may grant an extension of up to 10 years for a reasonable cause. Interest is charged on the unpaid tax liability at a rate equal to the cost of Federal short-term borrowing, plus three percentage points.

Tax Expenditures by Function

The 1993-99 estimates of tax expenditures in the Federal unified transfer tax are displayed by functional category in table 6-5. Outlay equivalent estimates are similar to revenue loss estimates for transfer tax expenditures and, therefore, are not shown separately. A description of the provisions follows.

NATURAL RESOURCES AND ENVIRONMENT

Donations of conservation easements.—Bequests for conservation are excluded from taxable estates. A conservation bequest is the value of property and easements (in perpetuity) to such property the use of which is restricted to any one or more of the following: the public for outdoor recreation; protection of the natural habitats of fish, wildlife, plants, etc.; scenic enjoyment of the public; and preservation of historic land areas and structures. Similar conservation gifts are excluded from the gift tax base and are also deductible from the donor's otherwise taxable income in the year of the gift.

AGRICULTURE

Special use valuation of farms.—Farmland owned and operated by a decedent and/or a member of the family may be valued for estate tax purposes on the basis of its "continued use" as a farm if: the farmland is at least 25 percent of the decedent's gross estate; the entire value of all farm property is at least 50 percent of the gross estate; and family heirs to the farm agree to continue to operate the property as a farm for at least 10 years. Since continued use valuation of farmland is frequently substantially less than the fair market value, the resulting reduction in tax liability serves as a subsidy to the continued operation of family farms.

Tax deferral of closely held farms.—Decedents' estates may use a preferential, extended installment payment period of five to 15 years to discharge estate tax liabilities if the value of the farm properties exceeds 35 percent of the net estates. The interest charged is only 4 percent for the first five years, rather than the standard Federal short-term borrowing rate plus three percentage points, which applies during the last 10 years of the repayment period.

⁶An additional tax, at a flat rate of 55 percent, is imposed on lifetime, generation-skipping transfers in excess of \$1 million. It is considered a generation-skipping transfer whenever the transferee is at least two generations younger than the transferor, as it would be in the case of transfers to grandchildren or great-grandchildren. The liability of this tax is on the recipients of the transfer.

COMMERCE AND HOUSING CREDIT

Special use valuation of closely held businesses.—The two estate tax incentives to family farming are also available to the estates of owners of non-farm family businesses. If the same three conditions previously described are met, the real property in their estates is eligible for continued use valuation.

Tax deferral of closely held businesses.—Nonfarm family businesses that satisfy the net estate requirements qualify for preferential 15 year deferred estate tax payment. Also, the redemption of stock, required to pay funeral and administrative expenses and estate and gift taxes, may be characterized as a sale of stock. This applies in those cases where the family business is incorporated and only the closely held corporation stock, rather than the business assets, appear in the decedent's estate. This subjects to tax only the appreciation in the value of the stock whereas, under reference tax law rules, all of the proceeds generally would be taxed as a dividend. To be eligible for this special provision, the value of stock in closely held corporations must exceed 35 percent of the decedent's gross estate, less debt and funeral expenses.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Bequests to tax-exempt organizations.—These bequests are deductible from decedent's otherwise taxable lifetime transfers.

HEALTH

Bequests to health providers.—Such bequests, that are exempt from the income tax, are deductible from otherwise taxable lifetime transfers of decedents.

GENERAL GOVERNMENT

State and local death taxes.—A credit is allowed for state death taxes against any Federal estate tax that otherwise would be due. The amount of the state death tax credit is determined by a rate schedule that reaches a limit of 16 percent of the taxable estate in excess of \$60,000. This provision is intended to restrain states from competing for wealthy individuals' official domicile.

TABLE 6-5. REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX
(In millions of dollars)

Description	Fiscal Years						
	1993	1994	1995	1996	1997	1998	1999
Natural Resources and Environment:							
Deductions for donations of conservation easements	*	*	*	*	*	*	*
Agriculture:							
Special use valuation of farm real property	70	70	75	80	85	90	95
Tax deferral of closely held farms	55	55	60	65	70	75	80
Commerce:							
Special use valuation of real property used in closely held businesses	20	20	20	20	25	25	25
Tax deferral of closely held business	10	10	10	10	10	15	15
Education, training, employment, and social services:							
Deduction for charitable contributions (education)	500	505	550	590	630	670	715
Deduction for charitable contributions (other than education and health) ...	1,480	1,490	1,620	1,735	1,850	1,965	2,095
Health:							
Deduction for charitable contributions (health)	455	460	500	535	570	605	645
General government:							
Credit for State death taxes	2,775	2,795	3,035	3,255	3,475	3,695	3,935

Note: All estimates have been rounded to the nearest \$5 million.
* \$2.5 million or less.

TABLE 6-6. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 1995 REVENUE LOSS

(In millions of dollars)

Total Revenue Loss	1995
Exclusion of employer contributions for medical insurance premiums and medical care	56,265
Net exclusion of employer pension contributions and earnings	55,540
Deductibility of mortgage interest on owner-occupied homes	54,800
Step-up basis of capital gains at death	28,305
Accelerated depreciation (normal tax method)	27,495
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	25,640
Deductibility of charitable contributions (all types)	19,330
Exclusion of OASI benefits for retired workers	16,525
Deductibility of State and local property tax on owner-occupied homes	14,655
Deferral of capital gains on home sales	14,620
Exclusion of interest on public purpose State and local debt	12,350
Exclusion of interest on life insurance savings	8,730
Exclusion of interest on State and local debt for various non-public purposes	7,515
Preferential treatment of capital gains (normal tax method)	6,920
Exception from passive loss rules for \$25,000 of rental loss	5,775
Net exclusion of Individual Retirement Account contributions and earnings	5,290
Earned income credit ¹	5,100
Exclusion of capital gains on home sales for persons age 55 and over	4,960
Exclusion of workmen's compensation benefits	4,455
Graduated corporation income tax rate (normal tax method)	3,890
Net exclusion of Keogh plan contributions and earnings	3,875
Exclusion of social security benefits for dependents and survivors	3,730
Deductibility of medical expenses	3,560
Exclusion of employer premiums on group term life insurance	2,880
Credit for child and dependent care expenses	2,820
Tax credit for corporations receiving income from doing business in U.S. possessions	2,630
Expensing of research and development expenditures (normal tax method)	2,390
Credit for low-income housing investments	2,265
Exclusion of benefits and allowances to armed forces personnel	2,030
Exclusion of reimbursed employee parking expenses	1,930
Exclusion of veterans disability compensation	1,920
Exclusion of social security disability insurance benefits	1,905
Special ESOP rules (other than investment credit)	1,760
Deferral of income from controlled foreign corporations (normal tax method)	1,700
Expensing of certain small investments (normal tax method)	1,560
Additional deduction for the elderly	1,555
Exclusion of income of foreign sales corporations	1,400
Excess of percentage over cost depletion, fuel and nonfuel minerals	1,330
Inventory property sales source rules exception	1,300
Credit for increasing research activities	1,270
Deferral of interest on savings bonds	1,250
Alternative fuel production credit	970
Deferral of income from post 1987 installment sales	935
Exclusion of income earned abroad by United States citizens	895
Exclusion of scholarship and fellowship income (normal tax method)	875
Exclusion of employer provided child care	725
Exemption of RIC expenses from the 2% floor for miscellaneous itemized deductions	690
Exclusion of public assistance benefits (normal tax method)	585
Expensing of multiperiod timber growing costs	575
Exclusion of employee meals and lodging (other than military)	550
Parental personal exemption for students age 19 or over	535
Exclusion of railroad retirement system benefits	400
Targeted jobs credit	395
Exemption of credit union income	380
Empowerment zones	330
Deferral of gains from sale of broadcasting facilities to minority owned business	290
Exclusion of parsonage allowances	290
Suspension of the allocation of research and experimentation expenditures	270
Deductibility of casualty losses	230
Expensing of exploration and development costs, fuel and nonfuel minerals	210
Amortization of start-up costs (normal tax method)	200
Credit for disabled access expenditures	160
Permanent exceptions from imputed interest rules	150
Exclusion from income of conservation subsidies provided by public utilities	145
Capital gains treatment of certain agricultural income	140
Exclusion of employer premiums on accident and disability insurance	140
Small life insurance company deduction	135
Carryover basis of capital gains on gifts	130
Exclusion of military disability pensions	130

TABLE 6-6. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 1995 REVENUE LOSS—Continued
(In millions of dollars)

Total Revenue Loss	1995
Special Blue Cross/Blue Shield deduction	125
Tax incentives for preservation of historic structures	125
Cancellation of indebtedness	110
Tax exemption of certain insurance companies	110
Exclusion of special benefits for disabled coal miners	100
Interest allocation rules exception for certain financial operations	95
Expensing of certain multiperiod production costs	85
Exclusion of employer provided educational assistance	85
Investment credit for rehabilitation of structures (other than historic)	80
Exclusion of veterans pensions	75
Expensing of certain agricultural capital outlays	70
Exclusion of GI bill benefits	65
New technology credit	65
Tax credit for the elderly and disabled	65
Tax credit and deduction for clean-fuel burning vehicles and properties	65
Exception from passive loss limitation for working interests in oil and gas properties	50
Special rules for mining reclamation reserves	50

Note: Provisions with estimates denoted "normal tax method" have no revenue loss under the reference tax law method.

¹ The figure in the table indicates the effect of the earned income tax credit on receipts. The effect on outlays in 1995 is \$15,795 million.

FEDERAL SPENDING

7. FEDERAL SPENDING BY FUNCTION, SUBFUNCTION, AND MAJOR PROGRAM

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
050 National defense:							
051 Department of Defense—Military	267,194	248,967	252,153	243,441	240,234	246,723	253,024
053 Atomic energy defense activities	12,059	10,877	10,598	10,971	10,867	11,017	11,158
054 Defense-related activities	1,823	1,074	914	916	931	946	962
Total, National defense	281,076	260,918	263,666	255,329	252,032	258,686	265,145
150 International affairs:							
151 International development and humanitarian assistance:							
Agency for International Development	2,986	2,605					
Assistance for New Independent States of Former Soviet Union	1,018	1,510					
Multilateral development banks (MDB's)	1,583	1,478					
Food aid	1,573	1,426					
Refugee programs	670	720					
Voluntary contributions to international organizations	320	361					
Peace Corps	220	220					
Other programs	589	512					
Credit liquidating accounts	-1,014	-572	-510	-361	-286	-240	-212
Offsetting receipts	-939	-710	-618	-549	-516	-472	-432
Subtotal, International development and humanitarian assistance	7,007	7,551	-1,127	-910	-802	-712	-644
152 International security assistance:							
Non-proliferation and disarmament fund		10					
Foreign military financing grants and loans	3,382	3,131					
Economic support fund	2,676	2,072					
Other programs	90	96					
Foreign military financing repayment	-469	-574	-628	-726	-731	-632	-606
Foreign military financing liquidating account	-204	-235	-286	-245	-230	-230	-223
Subtotal, International security assistance	5,475	4,499	-913	-971	-961	-862	-828
153 Conduct of foreign affairs:							
State Department salaries and expenses	2,164	2,111	2,178	2,178	2,178	2,178	2,178
Foreign buildings	560	400	422	422	422	422	422
Contributions to International Organizations (UN)	913	861	914	1,036	1,130	1,170	1,283
Contributions to International Peacekeeping (UN)	460	1,072					
Other programs	229	175	187	191	192	194	195
Subtotal, Conduct of foreign affairs	4,327	4,619	3,700	3,826	3,921	3,963	4,078
154 Foreign information and exchange activities:							
U.S. Information Agency	1,190	1,132	1,175	1,289	1,294	1,305	1,317
Board for International Broadcasting	40	208	257				
Other programs	18	17	17	17	17	17	17
Subtotal, Foreign information and exchange activities	1,248	1,358	1,449	1,306	1,312	1,323	1,334
155 International financial programs:							
Export-Import Bank	751	1,018	796	677	669	663	660
International monetary fund	14,653						
IMF enhanced structural adjustment facility (proposed)			100				
Foreign military sales trust fund (net)	87	1,280	740	-1,170	-1,460	-1,710	-1,690
Special defense acquisition fund	-193	-266	-282	-220	-166	-106	-30
Credit liquidating account (Exim)	-923	-1,125	-766	-454	-348	-225	-224
Offsetting receipts	-100	-102	-104	-106	-108	-110	-112
Subtotal, International financial programs	14,275	805	484	-1,273	-1,413	-1,489	-1,397
156 International cooperation:							
Agency for International Development			3,173	3,173	3,260	3,348	3,413
Assistance for New Independent States of Former Soviet Union			900	800	700	600	500

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Multilateral development banks (MDB's)			2,058	2,390	2,155	1,972	1,797
Food aid			1,245	1,249	1,249	1,249	1,249
Refugee programs			683	683	683	683	683
Peace Corps			227	227	227	227	227
Regional peace and security			5,460	5,430	5,608	5,785	5,925
Contributions to international peacekeeping			533	245	245	245	245
Other programs			885	854	794	710	599
Subtotal, International cooperation			15,164	15,050	14,921	14,818	14,638
Total, International affairs	32,333	18,831	18,757	17,028	16,978	17,042	17,180
250 General science, space, and technology:							
251 General science and basic research:							
National Science Foundation programs	2,702	2,985	3,167	3,201	3,267	3,367	3,467
Department of Energy general science programs	1,471	1,615	1,113	940	933	888	888
Subtotal, General science and basic research	4,173	4,600	4,281	4,142	4,201	4,256	4,356
252 Space flight, research, and supporting activities:							
Science, Aeronautics and Technology			5,003	5,040	4,978	4,944	4,950
Human space flight			5,720	5,595	5,534	5,493	5,564
Mission support			2,291	2,433	2,571	2,661	2,708
Research and program development	1,320	1,350					
Space flight control and data communications	5,059	4,822					
Construction of facilities	462	287					
Research and development	6,208	6,440					
Other	15	15	16	17	17	18	18
Subtotal, Space flight, research, and supporting activities	13,064	12,915	13,029	13,083	13,100	13,115	13,240
Total, General science, space, and technology	17,236	17,515	17,310	17,225	17,301	17,371	17,595
270 Energy:							
271 Energy supply:							
Research and development	3,457	3,774	3,839	3,960	3,997	4,006	4,234
Naval petroleum reserves:							
Existing Law	-220	-211	-212	-377	-392	-373	-351
Proposed legislation not subject to PAYGO			-200	153	162	95	319
Subtotal, Naval petroleum reserves	-220	-211	-412	-224	-230	-278	-32
Federal power marketing	37	-400	-364	-65	-82	-165	-207
Tennessee Valley Authority	3,409	1,334	1,056	1,841	1,419	1,094	1,033
Hydropower leasing (proposed—PAYGO)						-160	-160
Uranium enrichment:							
Existing Law	437	135	63	30	30	30	30
Proposed legislation subject to PAYGO			-74	-125			
Subtotal, Uranium enrichment	437	135	-11	-95	30	30	30
Uranium enrichment decontamination and decommissioning fund		157	168	165	162	159	157
Nuclear waste program:							
Existing Law	275	261	256	265	276	287	298
Proposed legislation subject to PAYGO			148	236	279	297	305
Subtotal, Nuclear waste program	275	261	404	501	555	584	603
Nuclear waste fund receipts	-437	-391	-551	-585	-591	-592	-600
Subsidies for nonconventional fuel production	-56	-26	-4	-2	-2	-2	-2
Rural electric and telephone lines	250	105	53	65	60	60	62
Isotopes	5	4	7	7	7	7	7
Credit liquidating account (REA)	247	-1,263	-955	-964	-957	-976	-985
Subtotal, Energy supply	7,404	3,479	3,230	4,605	4,370	3,768	4,141
272 Energy conservation	561	673	961	983	1,050	1,139	1,211
274 Emergency energy preparedness	60	216	144	158	159	252	252
276 Energy information, policy, and regulation:							
Nuclear Regulatory Commission (NRC)	33	9	22	22	22	22	22

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other energy programs	207	364	362	405	405	405	405
Subtotal, Energy information, policy, and regulation	240	373	384	427	427	427	427
Total, Energy	8,264	4,741	4,720	6,173	6,005	5,586	6,031
300 Natural resources and environment:							
301 Water resources:							
Corps of Engineers	4,021	4,145	3,550	3,952	3,736	4,077	3,790
Bureau of Reclamation	911	928	836	860	847	858	810
Other	333	700	131	130	144	165	165
Offsetting receipts:							
Existing Law	-464	-472	-483	-489	-553	-541	-478
Proposed legislation not subject to PAYGO			-6	-12	-12	-12	-12
Subtotal, Offsetting receipts	-464	-472	-489	-501	-565	-553	-490
Subtotal, Water resources	4,801	5,301	4,028	4,441	4,162	4,545	4,275
302 Conservation and land management:							
Forest Service	2,995	2,902	2,901	2,892	2,865	2,839	2,817
Management of public lands (BLM):							
Existing Law	907	966	987	1,000	1,005	1,010	1,014
Proposed legislation subject to PAYGO					4	100	100
Subtotal, Management of public lands (BLM)	907	966	987	1,000	1,008	1,110	1,114
Federal land acquisition	28	12	21	21	21	21	21
Mining reclamation and enforcement	300	302	278	273	273	273	273
Conservation reserve program	1,547	1,743	1,752	1,806	1,741	1,061	622
Other conservation of agricultural lands:							
Existing Law	860	920	1,032	857	857	857	857
Proposed legislation not subject to PAYGO			27	27	27	27	30
Subtotal, Other conservation of agricultural lands	860	920	1,059	884	884	884	887
Other	356	371	372	373	374	374	374
Offsetting receipts:							
Existing Law	-2,218	-2,379	-2,362	-2,434	-2,497	-2,516	-2,555
Proposed legislation subject to PAYGO				-16	-158	-181	-221
Subtotal, Offsetting receipts	-2,218	-2,379	-2,362	-2,450	-2,655	-2,698	-2,776
Subtotal, Conservation and land management	4,775	4,837	5,009	4,799	4,511	3,864	3,333
303 Recreational resources:							
Federal land acquisition	257	247	234	234	234	234	234
Urban park and historic preservation funds	42	45	47	47	47	47	47
Operation of recreational resources:							
Existing Law	2,509	2,649	2,697	2,834	2,863	2,878	2,951
Proposed legislation not subject to PAYGO			-19	-19	-19	-19	-19
Proposed legislation subject to PAYGO			5	20	35	46	55
Subtotal, Operation of recreational resources	2,509	2,649	2,682	2,835	2,879	2,905	2,987
Offsetting receipts:							
Existing Law	-204	-223	-261	-276	-285	-293	-301
Proposed legislation not subject to PAYGO			-27	-33	-33	-37	-33
Proposed legislation subject to PAYGO			-5	-20	-35	-46	-55
Subtotal, Offsetting receipts	-204	-223	-293	-329	-353	-376	-389
Subtotal, Recreational resources	2,604	2,719	2,670	2,786	2,806	2,810	2,878
304 Pollution control and abatement:							
Regulatory, enforcement, and research programs	2,712	2,600	2,983	3,002	3,085	3,168	3,221
Hazardous substance superfund	1,589	1,497	1,500	1,513	1,513	1,513	1,572
Oil pollution funds (gross)	165	153	169	169	169	169	169
Water infrastructure financing:							
Existing Law	2,550	2,477	1,950	2,150	2,250	2,250	2,350

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Proposed legislation not subject to PAYGO			700	700	800	900	1,000
Subtotal, Water infrastructure financing	2,550	2,477	2,650	2,850	3,050	3,150	3,350
Leaking underground storage tank trust fund	84	76	77	77	77	77	77
Superfund recoveries and other:							
Existing Law	-191	-236	-248	-224	-200	-176	-151
Proposed legislation not subject to PAYGO			-15	-15	-15		
Subtotal, Superfund recoveries and other	-191	-236	-263	-239	-215	-176	-151
Subtotal, Pollution control and abatement	6,908	6,568	7,115	7,372	7,679	7,901	8,238
306 Other natural resources:							
Program activities	2,566	2,758	2,793	2,816	2,784	2,765	2,719
Offsetting receipts	-19	-18	-19	-19	-19	-19	-19
Subtotal, Other natural resources	2,547	2,740	2,774	2,797	2,765	2,747	2,700
Total, Natural resources and environment	21,636	22,163	21,596	22,196	21,924	21,867	21,425
350 Agriculture:							
351 Farm income stabilization:							
Commodity Credit Corporation:							
Existing Law	14,570	11,455	9,423	8,374	8,914	8,837	8,791
Proposed legislation subject to PAYGO			-974	-956	-940	-923	-905
Subtotal, Commodity Credit Corporation	14,570	11,455	8,449	7,418	7,974	7,914	7,885
Crop insurance:							
Existing Law	286	236	219	219	219	219	219
Proposed legislation subject to PAYGO			648	832	949	1,067	1,187
Subtotal, Crop insurance	286	236	867	1,051	1,168	1,286	1,407
Agricultural credit insurance	427	486	421	420	420	419	419
Emergency food assistance program	165	120	40	40	40	40	40
Other:							
Existing Law	1,085	1,018	1,089	1,089	1,089	1,089	1,089
Proposed legislation not subject to PAYGO			-67	-102	-115	-127	-137
Subtotal, Other	1,085	1,018	1,022	987	974	962	952
Credit liquidating accounts (ACIF & FAC)	-70	50	-623	-731	-912	-863	-767
Subtotal, Farm income stabilization	16,464	13,366	10,176	9,184	9,664	9,758	9,936
352 Agricultural research and services:							
Research programs	1,139	1,130	1,160	1,121	1,129	1,136	1,136
Extension programs	428	436	432	432	432	432	432
Marketing programs:							
Existing Law	191	191	192	192	192	192	192
Proposed legislation not subject to PAYGO			-20	-23	-23	-23	-23
Subtotal, Marketing programs	191	191	172	169	169	169	169
Animal and plant health programs	459	469	450	450	450	450	450
Economic intelligence	143	140	146	146	146	146	146
Other programs and unallocated overhead	429	471	548	584	681	662	850
Offsetting receipts	-130	-117	-114	-113	-110	-109	-109
Subtotal, Agricultural research and services	2,660	2,721	2,795	2,790	2,898	2,886	3,075
Total, Agriculture	19,124	16,087	12,972	11,974	12,561	12,645	13,011
370 Commerce and housing credit:							
371 Mortgage credit:							
Mortgage credit (FHA)	287	-3	108	-1	-20	-22	-8
Rural housing programs	1,081	1,154	746	746	746	746	746
Credit liquidating accounts	934	1,478	904	560	40	-660	-1,015
Subtotal, Mortgage credit	2,302	2,630	1,758	1,305	766	65	-277

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
372 Postal service:							
Payments to the Postal Service fund (on-budget)	161	130	130	130	129	129	129
Postal service (off-budget)	2,239	4,282	5,349	2,057	311	1,579	6
Subtotal, Postal service	2,400	4,412	5,479	2,186	440	1,708	135
373 Deposit insurance:							
Resolution Trust Corporation Fund		18,315					
FSLIC Resolution Fund	2,428	396	827				
Savings Association Insurance Fund				1,174	452	142	
Discretionary	34	34	32	20			
Subtotal, Deposit insurance	2,462	18,745	859	1,194	452	142	
376 Other advancement of commerce:							
Small and minority business assistance	815	611	720	709	731	749	767
Science and technology	413	546	986	1,119	1,409	1,437	1,452
Economic and demographic statistics	344	284	363	395	345	545	1,545
Payments to copyright owners	213	250	250	260	270	280	290
Regulatory agencies	341	230	446	465	482	502	524
International trade and other business promotion	367	477	416	466	496	517	536
Credit liquidating accounts	250	8	3				
Subtotal, Other advancement of commerce	2,743	2,405	3,184	3,413	3,732	4,031	5,114
Total, Commerce and housing credit	9,906	28,191	11,281	8,099	5,391	5,945	4,972
On-budget	(7,667)	(23,909)	(5,932)	(6,042)	(5,080)	(4,366)	(4,966)
Off-budget	(2,239)	(4,282)	(5,349)	(2,057)	(311)	(1,579)	(6)
400 Transportation:							
401 Ground transportation:							
Highways	21,129	19,170	19,966	19,937	19,944	19,652	19,652
Highway safety	395	420	405	427	432	362	362
Mass transit	3,867	4,579	4,979	4,861	6,087	4,724	4,724
Railroads	1,052	1,111	1,289	1,148	1,148	1,023	1,023
Regulation (ICC)	44	45	44	44	44	44	44
Extend rail safety user fees (proposed—PAYGO)				-39	-40	-42	-43
Other offsetting receipts	-42	-44	-50	-11	-9	-8	-7
Subtotal, Offsetting receipts	-42	-44	-50	-50	-50	-50	-50
Subtotal, Ground transportation	26,446	25,281	26,633	26,366	27,604	25,755	25,755
402 Air transportation:							
Airports and airways (FAA)	9,112	8,114	8,807	8,756	8,756	8,756	8,756
Aeronautical research and technology	1,245	1,551	1,271	1,317	1,400	1,485	1,360
Payments to air carriers	39	29	26	26	26	26	39
Subtotal, Air transportation	10,396	9,694	10,103	10,098	10,182	10,267	10,155
403 Water transportation:							
Marine safety and transportation	3,202	3,531	3,665	3,658	3,671	3,723	3,761
Ocean shipping:							
Existing Law	163	184	221	168	166	162	158
Proposed legislation subject to PAYGO			1,000				
Subtotal, Ocean shipping	163	184	1,221	168	166	162	158
Panama Canal Commission		1	6	1	-2	-1	1
Increase tonnage duties (proposed—PAYGO)			-100	-100	-100	-100	-100
Other offsetting receipts	-78	-87	-99	-102	-103	-104	-104
Subtotal, Offsetting receipts	-78	-87	-199	-202	-203	-204	-204
Subtotal, Water transportation	3,287	3,628	4,692	3,624	3,632	3,680	3,716
407 Other transportation:							
Miscellaneous programs	324	351	368	368	368	368	368

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Offsetting receipts	-24	-36	-37	-37	-37	-37	-37
Subtotal, Other transportation	299	315	331	330	330	330	330
Total, Transportation	40,428	38,918	41,759	40,419	41,748	40,032	39,957
450 Community and regional development:							
451 Community development:							
Community development block grants	4,243	4,400	4,400	4,400	4,400	4,400	4,400
Project-based community development grants (proposed—Nonpaygo)			800	200	200	200	200
Colonias assistance program (proposed—Nonpaygo)			100	100	100	100	100
Community development financial institutions (proposed—Nonpaygo)			144	144	111	101	
Pennsylvania Avenue Development Corporation	15	14	7	5	4	1	1
Other	590	177	272	380	373	382	406
Subtotal, Community development	4,848	4,591	5,724	5,229	5,188	5,184	5,107
452 Area and regional development:							
Rural development:							
Existing Law	732	856	962	957	957	957	958
Proposed legislation not subject to PAYGO			1	6	6	6	6
Subtotal, Rural development	732	856	963	963	963	964	964
Economic development assistance	333	351	412	430	430	430	430
Indian programs	1,467	1,625	1,570	1,532	1,514	1,504	1,499
Appalachian Regional Commission	195	254	192	192	192	192	192
Tennessee Valley Authority	135	140	140	140	140	140	140
Credit liquidating accounts	513	316	75	136	74	61	106
Offsetting receipts	-455	-412	-389	-347	-333	-322	-322
Subtotal, Area and regional development	2,919	3,129	2,963	3,046	2,980	2,969	3,009
453 Disaster relief and insurance:							
Small business disaster loans	148	171	130	134	139	143	147
Disaster relief	2,027	292	320	320	320	320	320
National flood insurance fund		4					
Other	212	170	183	183	183	183	183
Subtotal, Disaster relief and insurance	2,387	637	633	637	641	646	650
Total, Community and regional development	10,154	8,357	9,319	8,912	8,809	8,798	8,767
500 Education, training, employment, and social services:							
501 Elementary, secondary, and vocational education:							
Education reform:							
Existing Law		155					
Proposed legislation not subject to PAYGO			900	1,250	1,250	1,215	1,160
Subtotal, Education reform		155	900	1,250	1,250	1,215	1,160
School improvement programs:							
Existing Law	1,531	1,377	38	38	38	38	38
Proposed legislation not subject to PAYGO			1,681	1,669	1,589	1,589	1,589
Subtotal, School improvement programs	1,531	1,377	1,719	1,707	1,627	1,627	1,627
Education for the disadvantaged:							
Existing Law	6,709	6,924	10	10	10	10	10
Proposed legislation not subject to PAYGO			7,568	7,810	8,054	8,298	8,544
Subtotal, Education for the disadvantaged	6,709	6,924	7,579	7,821	8,064	8,309	8,554
Special education	2,966	3,109	3,295	3,295	3,295	3,295	3,295
Impact aid:							
Existing Law	840	798					
Proposed legislation not subject to PAYGO			750	575	658	668	678
Subtotal, Impact aid	840	798	750	575	658	668	678
Vocational and adult education	1,481	1,488	1,455	1,455	1,455	1,455	1,455
Indian education programs:							
Existing Law	535	579	513	532	552	573	577

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Proposed legislation not subject to PAYGO			86	86	86	86	86
Subtotal, Indian education programs	535	579	599	618	638	659	663
Other:							
Existing Law	152	247	7	7	7	7	7
Proposed legislation not subject to PAYGO			254	247	247	247	247
Subtotal, Other	152	247	261	253	253	253	253
Subtotal, Elementary, secondary, and vocational education	14,214	14,677	16,558	16,974	17,240	17,481	17,685
502 Higher education:							
Student financial assistance	7,920	8,023	7,867	7,746	7,746	7,746	7,746
Family education loan program	2,647	2,441	1,909	1,325	1,208	1,153	1,085
Federal direct loan program	10	298	694	1,262	1,418	1,894	2,293
Higher education	838	894	890	870	868	867	866
Other	289	290	299	301	303	303	300
Credit liquidating account (Family education loan program)	3,055	-443	756	-2,118	-674	-604	-616
Subtotal, Higher education	14,759	11,503	12,414	9,385	10,869	11,360	11,674
503 Research and general education aids:							
Research and general education aids:							
Existing Law	2,119	2,158	2,000	2,038	2,034	2,055	2,082
Proposed legislation not subject to PAYGO			340	340	340	340	340
Subtotal, Research and general education aids	2,119	2,158	2,340	2,377	2,374	2,395	2,422
Subtotal, Research and general education aids	2,119	2,158	2,340	2,377	2,374	2,395	2,422
504 Training and employment:							
Training and employment services:							
Existing Law	4,614	5,014	5,684	5,896	6,340	6,413	6,574
Proposed legislation not subject to PAYGO			150	200	200	165	110
Subtotal, Training and employment services	4,614	5,014	5,834	6,096	6,540	6,578	6,684
Trade adjustment assistance	80	76	101	102	92	103	80
Older Americans employment	396	410	396	396	396	396	396
Payments to States for AFDC work programs	1,000	1,100	1,300	1,000	1,000	1,000	1,000
Federal-State employment service	1,181	1,254	1,463	1,463	1,463	1,463	1,463
Other	77	93	95	95	95	95	95
Subtotal, Training and employment	7,347	7,946	9,189	9,151	9,586	9,635	9,718
505 Other labor services	933	957	1,062	1,048	1,059	1,057	1,053
506 Social services:							
National service initiative	202	577	861	1,376	1,616	1,905	2,246
Family support and preservation		60	150	225	240	255	270
Social services block grant	2,800	3,800	2,800	2,800	2,800	2,800	2,800
Community services block grant	441	464	435	435	435	435	435
Rehabilitation services	2,183	2,297	2,362	2,420	2,487	2,556	2,632
Payments to States for foster care and adoption assistance	2,924	2,993	3,441	4,000	4,249	4,654	5,079
Children and families services programs	3,659	4,237	4,913	5,612	6,312	7,012	7,712
Aging services program	839	871	876	873	873	873	873
Interim assistance to States for legalization	326	812	243				
Other social services	15	16	54	54	54	54	54
Subtotal, Social services	13,387	16,127	16,133	17,794	19,065	20,543	22,100
Total, Education, training, employment, and social services	52,760	53,368	57,696	56,730	60,193	62,471	64,652
550 Health:							
551 Health care services:							
Medicaid grants:							
Existing Law	82,596	89,077	89,238	108,191	121,488	136,338	152,235
Health Security Act (PAYGO)			-15	-3,547	-11,778	-30,447	-51,335
Subtotal, Medicaid grants	82,596	89,077	89,223	104,644	109,711	105,891	100,900
Health insurance earned income credit	650	373					

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Federal employees' health benefits (FEHB)	4,149	3,805	4,211	4,646	5,276	5,757	6,062
Coal miners retirees health benefits	161	239	236	233	230	228	226
Indian health	1,868	1,947	1,700	1,716	1,735	1,745	1,834
Substance abuse and mental health services	2,039	2,150	2,434	2,412	2,439	2,452	2,577
Other health care services	4,176	4,914	4,973	5,132	5,353	5,446	5,737
Allowance for:							
Supplemental services (Health Security Act—PAYGO)				200	700	2,000	2,900
Long-term care (gross benefits) (Health Security Act—PAYGO)				6,000	10,200	13,900	18,200
Federal employee's health benefits (Health Security Act—PAYGO)				60	203	-1,600	-2,514
Access to health care fund (Health Security Act—Nonpaygo)				1,102	847	194	-73
Access to health care fund (Health Security Act—PAYGO)			505				
Premium subsidies (Health Security Act—PAYGO)				8,153	25,240	64,565	77,576
Subtotal, Health care services	95,638	102,506	103,282	134,298	161,934	200,578	213,426
552 Health research and training:							
National Institutes of Health	10,335	10,965	11,482	11,964	12,466	12,989	13,598
DoD breast cancer and other health research	210						
Clinical training	353	358	358	351	344	335	338
Other research and training	264	309	283	294	304	312	326
Allowance for:							
Access to health care fund (Health Security Act—Nonpaygo)				1,000	1,200	1,300	1,300
Access to health care fund (Health Security Act—PAYGO)			600				
Academic health centers and graduate medical education (Health Security Act—Nonpaygo)				600	600	600	600
Academic health centers and graduate medical education (Health Security Act—PAYGO)			750	1,325	3,238	4,288	5,603
Subtotal, Health research and training	11,161	11,632	13,474	15,533	18,153	19,825	21,765
554 Consumer and occupational health and safety:							
Food safety and inspection:							
Existing Law	494	517	534	535	537	541	541
Proposed legislation not subject to PAYGO			-103	-103	-103	-103	-103
Subtotal, Food safety and inspection	494	517	431	432	434	438	438
Other consumer safety	830	915	685	691	698	702	736
Occupational safety and health	493	505	538	605	669	669	669
Subtotal, Consumer and occupational health and safety	1,817	1,937	1,654	1,729	1,801	1,809	1,843
Total, Health	108,616	116,075	118,410	151,560	181,888	222,212	237,034
570 Medicare:							
571 Medicare:							
Hospital insurance (HI):							
Existing Law	89,076	102,779	112,133	123,848	134,879	147,534	162,051
Health Security Act (PAYGO)			-200	-5,165	-9,835	-17,015	-23,665
Subtotal, Hospital insurance (HI)	89,076	102,779	111,933	118,683	125,044	130,519	138,386
Supplementary medical insurance (SMI):							
Existing Law	49,735	58,545	66,176	73,722	81,840	90,990	101,587
Health Security Act (PAYGO)		-150	-1,920	6,509	13,833	10,217	8,014
Subtotal, Supplementary medical insurance (SMI)	49,735	58,395	64,256	80,231	95,673	101,207	109,601
Medicare premiums and collections:							
Existing Law	-14,054	-10,592	-20,056	-19,914	-21,348	-23,859	-25,372
Health Security Act (PAYGO)			2	-2,431	-3,841	-2,760	-3,979
Subtotal, Medicare premiums and collections	-14,054	-10,592	-20,054	-22,345	-25,189	-26,619	-29,351
Total, Medicare	124,757	150,583	156,135	176,568	195,528	205,108	218,636
600 Income security:							
601 General retirement and disability insurance (excluding social security):							
Railroad retirement	4,192	4,654	4,633	4,687	4,678	4,662	4,708
Special benefits for disabled coal miners	1,308	1,388	1,311	1,259	1,209	1,156	1,102

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other	179	202	205	212	219	225	233
Subtotal, General retirement and disability insurance (excluding social security)	5,678	6,245	6,149	6,158	6,106	6,043	6,043
602 Federal employee retirement and disability:							
Civilian retirement and disability programs	35,502	36,753	38,271	39,903	42,076	44,089	46,213
Military retirement	25,823	26,513	27,195	28,302	29,514	30,808	32,948
Federal employees workers' compensation (FECA):							
Existing Law	288	278	258	248	279	326	334
Proposed legislation subject to PAYGO			-2	-3	-3	-3	-3
Subtotal, Federal employees workers' compensation (FECA)	288	278	256	245	276	323	331
Federal employees life insurance fund	12	2	19	21	23	26	29
Subtotal, Federal employee retirement and disability	61,625	63,546	65,740	68,470	71,889	75,246	79,520
603 Unemployment compensation	38,164	29,195	25,442	25,895	26,311	26,426	27,506
604 Housing assistance:							
Subsidized housing including section 8	15,623	14,365	14,561	22,911	24,706	27,060	28,224
Homeless assistance grants (proposed—Nonpaygo)			1,250	1,000	1,000	1,000	1,000
Public housing	2,342	2,721	2,546	2,426	2,160	2,157	2,163
Supportive housing program	150	334					
Emergency shelter grants	50	115					
Home investment partnerships program	1,232	1,275	1,100	1,100	1,100	1,100	1,100
Shelter plus care	267	124					
Community partnerships against crime	175	265	265	265	265	265	265
Youthbuild program	40		50	50	50	50	50
HOPE grants	271	-207	100	100	100	100	100
Revitalization of distressed public housing	300	778	500	500	500	500	500
Rural housing assistance	513	546	622	774	759	736	622
Other housing assistance:							
Existing Law	213	413	-26	70	181	213	242
Proposed legislation subject to PAYGO			733	763	858	811	779
Subtotal, Other housing assistance	213	413	708	833	1,039	1,024	1,021
Subtotal, Housing assistance	21,177	20,729	21,702	29,959	31,680	33,991	35,045
605 Food and nutrition assistance:							
Food stamps	27,064	27,046	27,688	28,625	29,702	30,698	31,705
Nutrition assistance for Puerto Rico	1,040	1,079	1,143	1,143	1,143	1,143	1,143
Child nutrition and special milk	6,841	7,517	7,469	8,332	8,939	9,573	10,254
Special supplemental food program for women, infants, and children (WIC)	2,860	3,210	3,564	3,402	3,508	3,616	3,728
Special supplemental food program (Health Security Act—Nonpaygo)				512	658	629	666
Other nutrition programs	1,211	1,112	858	888	888	888	888
Subtotal, Food and nutrition assistance	39,016	39,963	40,721	42,902	44,839	46,548	48,385
609 Other income security:							
Supplemental security income (SSI):							
Existing Law	22,568	27,334	27,875	28,793	31,456	34,959	38,528
Proposed legislation subject to PAYGO			-18	-13	-9	-9	-9
Subtotal, Supplemental security income (SSI)	22,568	27,334	27,857	28,780	31,447	34,950	38,519
Family support payments	15,695	16,173	16,962	17,510	18,232	18,904	19,739
Earned income tax credit (EITC)	8,781	10,036	15,797	18,932	21,456	22,368	23,167
Refugee assistance	381	400	414	414	414	414	414
Low income home energy assistance	1,346	1,437	730	745	730	730	730
Payments to states for day-care assistance	893	893	1,091	1,091	1,091	1,091	1,091
Other	226	170	171	171	172	171	171
SSI offsetting receipts	-735	-922	-1,047	-1,147	-1,350	-1,477	-1,609
Subtotal, Other income security	49,154	55,521	61,974	66,496	72,192	77,150	82,221
Total, Income security	214,815	215,198	221,729	239,881	253,016	265,404	278,719

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
650 Social Security:							
651 Social security:							
Old-age and survivors insurance (OASI):							
Existing Law	271,282	283,845	296,715	311,587	326,733	342,636	359,534
Proposed legislation not subject to PAYGO			-17	-13	-8	-8	-8
Subtotal, Old-age and survivors insurance (OASI)	271,282	283,845	296,698	311,574	326,725	342,628	359,526
Disability insurance (DI):							
Existing Law	35,060	38,135	42,003	45,887	49,940	54,216	58,725
Proposed legislation not subject to PAYGO			-25	-19	-13	-13	-13
Subtotal, Disability insurance (DI)	35,060	38,135	41,978	45,868	49,927	54,203	58,712
Social security interfunas	-4	-16	-16	-16	-16	-16	-16
Total, Social Security	306,338	321,964	338,660	357,426	376,636	396,815	418,221
On-budget	(6,248)	(5,790)	(6,639)	(7,004)	(7,447)	(7,910)	(8,404)
Off-budget	(300,090)	(316,174)	(332,021)	(350,422)	(369,189)	(388,905)	(409,817)
700 Veterans benefits and services:							
701 Income security for veterans:							
Compensation:							
Existing Law	13,429	14,014	14,173	14,172	14,163	14,134	14,132
Proposed legislation not subject to PAYGO			347	790	1,266	1,753	2,264
Proposed legislation subject to PAYGO			*	*	*	*	*
Subtotal, Compensation	13,429	14,014	14,520	14,961	15,429	15,888	16,396
Pensions	3,477	3,398	3,344	3,314	3,304	3,296	3,768
Burial benefits and miscellaneous assistance	99	108	111	114	118	121	124
National service life insurance trust fund	1,480	1,388	1,357	1,300	1,280	1,179	1,104
All other insurance programs	34	25	33	37	35	35	34
Insurance program receipts	-395	-319	-306	-288	-274	-261	-246
Subtotal, Income security for veterans	18,123	18,615	19,059	19,439	19,892	20,258	21,182
702 Veterans education, training, and rehabilitation:							
Readjustment benefits (GI Bill and related programs)	779	1,051	1,287	1,445	1,525	1,607	1,664
Post-Vietnam era education	-16	-3	-1	-1			
All-volunteer force educational assistance trust fund	-89	-63	-146	-141	-130	-137	-123
Other	1	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	675	985	1,140	1,305	1,397	1,471	1,542
703 Hospital and medical care for veterans:							
Medical care and hospital services	14,962	15,953	16,413	16,913	17,413	17,413	17,413
Veterans health care investment fund (Health Security Act—Nonpaygo)				600	1,700		
Veterans health care investment fund (Health Security Act—PAYGO)			1,000				
Construction	684	565	308	300	443	368	368
Third-party medical recoveries	-53	-63	-61	-56	-57	-61	370
Fees and other charges for medical services	-357	-420	-503	-587	-644	-701	-709
Subtotal, Hospital and medical care for veterans	15,235	16,036	17,157	17,171	18,855	17,020	17,442
704 Veterans housing:							
Loan guaranty	207	96	78	71	60	47	36
Direct loans	6	3	1	1	*	*	*
Guaranty and indemnity	855	-57	434	417	363	346	518
Credit liquidating accounts	112						
Subtotal, Veterans housing	1,181	42	513	489	423	393	554
705 Other veterans benefits and services:							
Cemeteries, administration of veterans benefits, and other	948	964	988	967	985	986	987
Non-VA support programs	95	94	92	91	94	94	94
Subtotal, Other veterans benefits and services	1,043	1,057	1,080	1,058	1,079	1,080	1,081
Total, Veterans benefits and services	36,259	36,736	38,949	39,462	41,646	40,222	41,802

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
750 Administration of justice:							
751 Federal law enforcement activities:							
Criminal investigations (DEA, FBI, FinCEN, OCDE)	3,209	3,413	3,462	3,373	3,353	3,333	3,313
Alcohol, tobacco, and firearms investigations (ATF)	372	372	380	380	380	380	380
Border enforcement activities (Customs and INS)	3,187	3,357	3,695	3,709	3,733	3,757	3,779
Customs and INS fees	-1,276	-1,423	-1,763	-1,832	-1,859	-1,886	-1,913
Protection activities (Secret Service)	521	502	512	524	502	502	502
Other enforcement	738	651	703	710	709	712	717
Subtotal, Federal law enforcement activities	6,751	6,872	6,989	6,864	6,818	6,797	6,778
752 Federal litigative and judicial activities:							
Civil and criminal prosecution and representation	2,501	2,695	2,695	2,695	2,695	2,695	2,695
Federal judicial activities	2,614	2,820	3,188	3,200	3,211	3,223	3,237
Representation of indigents in civil cases	357	400	500	500	500	500	500
Other	14	7	1				
Subtotal, Federal litigative and judicial activities	5,486	5,922	6,384	6,394	6,406	6,418	6,432
753 Federal correctional activities	1,937	2,220	2,598	2,980	3,174	3,444	3,709
754 Criminal justice assistance:							
Criminal justice assistance	1,006	859	565	570	575	580	585
Crime control fund (proposed—Nonpaygo)			2,423	4,287	5,000	5,500	6,500
Subtotal, Criminal justice assistance	1,006	859	2,988	4,857	5,575	6,080	7,085
Total, Administration of justice	15,180	15,873	18,960	21,095	21,973	22,740	24,004
800 General government:							
801 Legislative functions	2,109	2,114	2,323	2,473	2,559	2,648	2,695
802 Executive direction and management	254	254	299	345	351	346	346
803 Central fiscal operations:							
Collection of taxes	7,105	7,352	7,466	7,899	7,785	7,521	7,234
Other fiscal operations	149	228	165	230	236	236	237
Subtotal, Central fiscal operations	7,254	7,580	7,631	8,129	8,021	7,757	7,471
804 General property and records management:							
Real property activities	408	398	1,428				
Property and other receipts	-11	-43	-52	-52	-52	-52	-52
Records management	168	193	198	198	198	198	198
Other	198	192	187	187	186	192	192
Subtotal, General property and records management	763	740	1,760	332	332	338	338
805 Central personnel management	178	177	171	169	172	176	180
806 General purpose fiscal assistance:							
Payments and loans to the District of Columbia	528	678	700	699	698	698	698
Payments to States and counties from Forest Service receipts	305	285	279	272	265	261	256
Payments to States from receipts under the Mineral Leasing Act	463	531	515	539	565	570	585
Payments to States and counties from Federal land management activities	86	102	102	78	78	78	78
Payments in lieu of taxes	104	104	104	104	104	104	104
Payments to territories and Puerto Rico	227	230	236	244	253	259	270
Other	207	228	235	241	249	256	264
Subtotal, General purpose fiscal assistance	1,919	2,158	2,170	2,176	2,211	2,226	2,255
808 Other general government:							
Compact of free association	161	322	174	175	151	146	147
Territories:							
Existing Law	112	106	80	80	79	79	79
Proposed legislation not subject to PAYGO			-10	-19	-28	-28	-28
Subtotal, Territories	112	106	70	61	51	51	51
Treasury claims	518	591	611	523	523	523	518
Civil liberties public education fund	500	100	5	5	5	5	5
Presidential election campaign fund	28	81	81	81	81	81	81

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other	183	91	105	107	110	112	115
Subtotal, Other general government	1,503	1,291	1,045	953	921	918	917
809 Deductions for offsetting receipts	-739	-691	-700	-710	-710	-710	-710
Total, General government	13,240	13,623	14,701	13,868	13,857	13,700	13,493
900 Net interest:							
901 Interest on the public debt	292,502	298,505	310,906	324,314	339,361	356,197	372,652
902 Interest received by on-budget trust funds:							
Civil Service retirement and disability	-25,155	-26,197	-27,069	-27,850	-28,477	-29,056	-29,730
Military retirement	-9,831	-10,252	-10,692	-11,039	-11,511	-11,929	-12,345
Medicare:							
Existing Law	-12,468	-12,724	-12,337	-11,503	-11,118	-10,402	-9,251
Health Security Act (Nonpaygo)		-10	-30	-33	-795	-1,891	-3,481
Subtotal, Medicare	-12,468	-12,734	-12,367	-11,536	-11,913	-12,293	-12,732
Other on-budget trust fund interest	-8,082	-7,590	-7,063	-7,173	-7,366	-7,880	-8,309
Subtotal, interest received by on-budget trust funds	-55,537	-56,772	-57,191	-57,598	-59,267	-61,158	-63,116
903 Interest received by off-budget trust funds	-26,788	-29,073	-31,669	-34,922	-38,784	-43,151	-48,023
908 Other interest:							
Interest on loans to Federal Financing Bank	-11,333	-9,601	-8,794	-7,645	-6,708	-5,874	-5,144
Interest on refunds of tax collections	2,127	2,679	2,899	3,016	3,151	3,297	3,440
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	514	553	798	991	1,169	1,309	1,340
Interest received from direct loan financing accounts:							
Existing Law	-493	-707	-1,184	-1,933	-2,953	-4,130	-4,996
Proposed legislation not subject to PAYGO			-2	-6	-11	-15	-18
Subtotal, interest received from direct loan financing accounts	-493	-707	-1,186	-1,939	-2,964	-4,145	-5,014
Interest on deposits in tax and loan accounts	-542	-624	-740	-805	-870	-885	-885
Cash management improvement			-56	-64	-69	-60	-53
Other	-3,957	-3,840	-4,462	-3,478	-3,344	-3,209	-3,122
Subtotal, Other interest	-11,356	-9,212	-9,211	-7,595	-7,306	-7,240	-7,110
Total, Net interest	198,822	203,448	212,835	224,199	234,004	244,648	254,402
On-budget	(225,610)	(232,521)	(244,504)	(259,121)	(272,788)	(287,799)	(302,425)
Off-budget	(-26,788)	(-29,073)	(-31,669)	(-34,922)	(-38,784)	(-43,151)	(-48,023)
920 Allowances:							
922 Reinventing Federal procurement			-712	-2,796	-2,779	-2,859	-3,106
923 Reducing Federal agency rents			-207				
924 Adjustment to continue certain accounts at baseline levels			-236	-390	-494	-608	-685
929 Health security:							
Health Security Act receipts (Health Security Act—Nonpaygo)				-550	-1,650	-4,600	-6,100
Agency share of FEHB premiums (Health Security Act—Nonpaygo)				148	466	-388	-872
Administrative/start up costs, (Health Security Act—Nonpaygo)				892	1,188	901	586
Administrative/start up costs, (Health Security Act—PAYGO)			1,279				
Savings (Health Security Act—Nonpaygo)				-300	-700	-2,000	-2,200
Subtotal, Health security			1,279	190	-696	-6,087	-8,586
Total, Allowances			124	-2,996	-3,969	-9,554	-12,377
950 Undistributed offsetting receipts:							
951 Employer share, employee retirement (on-budget):							
Contributions to military retirement fund	-13,179	-12,671	-12,158	-10,320	-10,210	-10,308	-10,389
Contributions to HI trust fund	-2,375	-2,448	-2,531	-3,249	-2,743	-2,874	-3,031
Postal Service contributions to CSRS	-4,785	-5,136	-5,669	-5,678	-5,925	-6,389	-6,519

TABLE 7-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other contributions to civilian retirement fund	-7,847	-7,961	-8,135	-8,341	-8,581	-8,764	-8,839
Subtotal, Employer share, employee retirement (on-budget)	-28,186	-28,217	-28,493	-27,587	-27,459	-28,335	-28,778
952 Employer share, employee retirement (off-budget)	-6,416	-6,463	-6,756	-7,184	-7,628	-8,279	-8,887
953 Rents and royalties on the Outer Continental Shelf	-2,785	-2,708	-3,048	-2,708	-2,755	-2,805	-2,848
959 Other undistributed offsetting receipts		-500	-4,300	-4,200	-1,600	-2,000	
Total, Undistributed offsetting receipts	-37,386	-37,887	-42,597	-41,679	-39,442	-41,420	-40,513
On-budget	(-30,970)	(-31,425)	(-35,841)	(-34,495)	(-31,814)	(-33,141)	(-31,626)
Off-budget	(-6,416)	(-6,463)	(-6,756)	(-7,184)	(-7,628)	(-8,279)	(-8,887)
Total	1,473,557	1,504,701	1,536,981	1,623,468	1,718,081	1,810,316	1,892,156
On-budget	(1,204,431)	(1,219,782)	(1,238,035)	(1,313,095)	(1,394,993)	(1,471,263)	(1,539,243)
Off-budget	(269,126)	(284,919)	(298,945)	(310,373)	(323,088)	(339,054)	(352,913)

* \$500 thousand or less.

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM
(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
050 National defense:							
051 Department of Defense—Military	278,561	267,360	259,228	249,095	244,586	244,686	245,503
053 Atomic energy defense activities	11,017	11,184	10,497	10,847	10,893	10,963	11,070
054 Defense-related activities	1,508	1,280	1,001	1,073	950	945	961
Total, National defense	291,086	279,824	270,725	261,015	256,429	256,594	257,534
150 International affairs:							
151 International development and humanitarian assistance:							
Agency for International Development	2,971	2,679	2,028	1,007	531	321	207
Assistance for New Independent States of Former Soviet Union	48	635	694	784	341		
Multilateral development banks (MDB's)	1,165	1,354	1,588	1,202			
Food aid	1,481	2,061	619	-5			
Refugee programs	672	686	202	34			
Voluntary contributions to international organizations	382	370	107	9	3	*	*
Peace Corps	212	226	41	5			
Other programs	477	608	155	64	21	3	2
Credit liquidating accounts	-1,057	-585	-521	-371	-297	-251	-223
Offsetting receipts	-939	-710	-618	-549	-516	-472	-432
Subtotal, International development and humanitarian assistance	5,413	7,325	4,294	2,178	84	-399	-446
152 International security assistance:							
Non-proliferation and disarmament fund		2	3	3	2		
Foreign military financing grants and loans	4,580	4,131	1,154	131	74	10	
Economic support fund	3,231	2,846	1,203	765	486	309	197
Other programs	83	156	62	22	13	6	3
Foreign military financing repayment	-469	-574	-628	-726	-731	-632	-606
Foreign military financing liquidating account	206	186	179	-228	-503	-502	-485
Subtotal, International security assistance	7,631	6,747	1,973	-34	-659	-809	-890
153 Conduct of foreign affairs:							
State Department salaries and expenses	2,287	2,106	2,168	2,174	2,177	2,178	2,178
Foreign buildings	484	491	497	515	513	503	498
Contributions to International Organizations (UN)	915	861	913	1,034	1,128	1,168	1,256
Contributions to International Peacekeeping (UN)	458	1,073	11				
Other programs	181	212	203	202	190	192	195
Subtotal, Conduct of foreign affairs	4,325	4,742	3,793	3,926	4,008	4,041	4,127
154 Foreign information and exchange activities:							
U.S. Information Agency	1,088	1,163	1,171	1,265	1,291	1,304	1,315
Board for International Broadcasting	246	225	216	39	3		
Other programs	18	17	18	18	17	17	17
Subtotal, Foreign information and exchange activities	1,352	1,405	1,404	1,321	1,311	1,321	1,332
155 International financial programs:							
Export-Import Bank	211	445	551	643	668	636	588
International monetary fund	336	13	19	19	19	19	19
IMF enhanced structural adjustment facility (proposed)					6	6	6
Exchange stabilization fund	-1,379	-925	-950	-1,000	-1,000	-1,000	-965
Foreign military sales trust fund (net)	-78	70	110	100	-60	-70	-90
Special defense acquisition fund	71	-75	-146	-105	-98	-75	-19
Credit liquidating account (Exim)	-958	-677	-537	-458	-347	-217	-178
Offsetting receipts	-100	-102	-104	-106	-108	-110	-112
Subtotal, International financial programs	-1,896	-1,251	-1,057	-907	-920	-810	-751
156 International cooperation:							
Agency for International Development			882	2,068	2,614	2,929	3,105
Assistance for New Independent States of Former Soviet Union			194	428	689	744	644
Multilateral development banks (MDB's)			138	785	2,186	2,296	2,203
Food aid			722	1,262	1,248	1,249	1,249
Refugee programs			500	651	683	683	683
Peace Corps			186	222	227	227	227
Regional peace and security			3,645	4,929	5,178	5,456	5,700
Contributions to international peacekeeping			527	245	245	245	245

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued
(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other programs			597	779	824	812	747
Subtotal, International cooperation			7,390	11,370	13,894	14,640	14,803
Total, International affairs	16,826	18,968	17,798	17,855	17,718	17,984	18,176
250 General science, space, and technology:							
251 General science and basic research:							
National Science Foundation programs	2,441	2,793	2,826	3,009	3,156	3,233	3,328
Department of Energy general science programs	1,481	1,653	1,067	1,059	935	899	888
DoD general science programs	16						
Subtotal, General science and basic research	3,938	4,445	3,893	4,068	4,091	4,133	4,217
252 Space flight, research, and supporting activities:							
Science, Aeronautics and Technology			2,482	4,498	4,865	4,951	4,936
Human space flight			3,855	5,461	5,476	5,431	5,517
Mission support			1,939	2,277	2,477	2,619	2,691
Research and program development	1,309	1,334	77	21	6	2	1
Space flight control and data communications	5,025	4,747	1,724	225	49	15	6
Construction of facilities	492	453	391	144	52	19	7
Research and development	6,251	6,285	2,565	411	82	21	8
Other	15	15	16	16	17	17	18
Subtotal, Space flight, research, and supporting activities	13,092	12,833	13,048	13,053	13,025	13,076	13,183
Total, General science, space, and technology	17,030	17,279	16,941	17,121	17,115	17,209	17,400
270 Energy:							
271 Energy supply:							
Research and development	3,382	3,803	3,932	4,124	4,036	4,108	4,308
Naval petroleum reserves:							
Existing Law	-255	-199	-198	-279	-357	-371	-345
Proposed legislation not subject to PAYGO			-200	153	162	95	319
Subtotal, Naval petroleum reserves	-255	-199	-398	-126	-195	-275	-26
Federal power marketing	409	-356	-388	-385	-354	-417	-443
Tennessee Valley Authority	1,486	773	500	533	601	649	375
Hydropower leasing (proposed—PAYGO)						-160	-160
Uranium enrichment:							
Existing Law	-350	127	26	31	66	115	169
Proposed legislation subject to PAYGO			-106	-261	-248	-314	-350
Subtotal, Uranium enrichment	-350	127	-79	-230	-182	-200	-181
Uranium enrichment decontamination and decommissioning fund		48	141	173	162	159	157
Nuclear waste program:							
Existing Law	264	269	259	260	270	281	292
Proposed legislation subject to PAYGO			74	192	258	288	301
Subtotal, Nuclear waste program	264	269	333	452	528	569	593
Nuclear waste fund receipts	-437	-391	-551	-585	-591	-592	-600
Subsidies for nonconventional fuel production	74	90	36	35	-2	-2	-2
Rural electric and telephone lines:							
Existing Law	117	151	119	99	107	110	101
Proposed legislation not subject to PAYGO			5	-2	*	*	*
Subtotal, Rural electric and telephone lines	117	151	124	98	107	110	101
Isotopes	5	4	7	7	7	7	7
Credit liquidating account (REA)	-1,409	-574	-451	-693	-824	-904	-923
Subtotal, Energy supply	3,286	3,743	3,206	3,403	3,293	3,054	3,205
272 Energy conservation	521	586	743	925	1,003	1,072	1,148
274 Emergency energy preparedness	336	279	242	254	257	252	252
276 Energy information, policy, and regulation:							
Nuclear Regulatory Commission (NRC)	-19	-1	7	22	22	22	22

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued
(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other energy programs	195	381	367	389	399	402	402
Subtotal, Energy information, policy, and regulation	176	380	373	411	421	424	424
Total, Energy	4,319	4,988	4,564	4,992	4,975	4,802	5,030
300 Natural resources and environment:							
301 Water resources:							
Corps of Engineers	3,522	4,526	3,823	3,830	3,879	3,952	3,922
Bureau of Reclamation	912	1,025	842	849	839	850	802
Other	287	516	437	203	173	174	176
Offsetting receipts:							
Existing Law	-464	-472	-483	-489	-553	-541	-478
Proposed legislation not subject to PAYGO			-6	-12	-12	-12	-12
Subtotal, Offsetting receipts	-464	-472	-489	-501	-565	-553	-490
Subtotal, Water resources	4,258	5,596	4,615	4,382	4,326	4,423	4,411
302 Conservation and land management:							
Forest Service	2,897	2,853	2,835	2,939	2,867	2,839	2,818
Management of public lands (BLM):							
Existing Law	857	943	1,002	999	1,003	1,008	1,013
Proposed legislation subject to PAYGO					1	29	49
Subtotal, Management of public lands (BLM)	857	943	1,002	999	1,004	1,037	1,061
Federal land acquisition	28	23	19	18	21	21	21
Mining reclamation and enforcement	304	262	309	311	329	278	273
Conservation reserve program	1,690	1,819	1,808	1,806	1,741	1,061	622
Other conservation of agricultural lands:							
Existing Law	854	884	942	1,029	885	836	825
Proposed legislation not subject to PAYGO			26	27	27	27	27
Subtotal, Other conservation of agricultural lands	854	884	968	1,056	912	863	852
Other	367	367	366	357	372	372	373
Offsetting receipts:							
Existing Law	-2,218	-2,379	-2,362	-2,434	-2,497	-2,516	-2,555
Proposed legislation subject to PAYGO				-16	-158	-181	-221
Subtotal, Offsetting receipts	-2,218	-2,379	-2,362	-2,450	-2,655	-2,698	-2,776
Subtotal, Conservation and land management	4,777	4,772	4,944	5,035	4,591	3,773	3,244
303 Recreational resources:							
Federal land acquisition	305	265	256	246	242	237	236
Urban park and historic preservation funds	43	50	47	45	46	47	47
Operation of recreational resources:							
Existing Law	2,475	2,564	2,762	2,827	2,851	2,861	2,910
Proposed legislation not subject to PAYGO			-22	-21	-13	-16	-19
Proposed legislation subject to PAYGO			4	17	32	44	53
Subtotal, Operation of recreational resources	2,475	2,564	2,744	2,823	2,870	2,888	2,943
Offsetting receipts:							
Existing Law	-204	-223	-261	-276	-285	-293	-301
Proposed legislation not subject to PAYGO			-27	-33	-33	-37	-33
Proposed legislation subject to PAYGO			-5	-20	-35	-46	-55
Subtotal, Offsetting receipts	-204	-223	-293	-329	-353	-376	-389
Subtotal, Recreational resources	2,620	2,655	2,754	2,785	2,805	2,796	2,837
304 Pollution control and abatement:							
Regulatory, enforcement, and research programs:							
Existing Law	2,516	2,714	2,900	3,025	3,053	3,135	3,200
Proposed legislation subject to PAYGO			-1	-*	-*	-2	-1
Subtotal, Regulatory, enforcement, and research programs	2,516	2,714	2,899	3,025	3,053	3,133	3,199
Hazardous substance superfund	1,418	1,613	1,586	1,566	1,543	1,511	1,497
Oil pollution funds (gross)	108	113	128	133	134	134	134

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Water infrastructure financing:							
Existing Law	2,130	2,385	2,375	2,369	2,414	2,342	2,326
Proposed legislation not subject to PAYGO			14	119	368	604	744
Subtotal, Water infrastructure financing	2,130	2,385	2,389	2,488	2,782	2,946	3,070
Leaking underground storage tank trust fund	80	78	77	77	77	77	77
Superfund recoveries and other:							
Existing Law	-191	-236	-248	-224	-200	-176	-151
Proposed legislation not subject to PAYGO			-15	-15	-15		
Subtotal, Superfund recoveries and other	-191	-236	-263	-239	-215	-176	-151
Subtotal, Pollution control and abatement	6,061	6,667	6,816	7,050	7,375	7,625	7,825
306 Other natural resources:							
Program activities	2,541	2,613	2,707	2,904	2,969	2,831	2,496
Offsetting receipts	-19	-18	-19	-19	-19	-19	-19
Subtotal, Other natural resources	2,522	2,595	2,688	2,885	2,950	2,813	2,478
Total, Natural resources and environment	20,239	22,285	21,817	22,137	22,047	21,430	20,794
350 Agriculture:							
351 Farm income stabilization:							
Commodity Credit Corporation:							
Existing Law	16,047	12,118	8,997	9,218	9,584	9,708	9,691
Proposed legislation subject to PAYGO			-500	-1,000	-1,000	-1,000	-1,000
Subtotal, Commodity Credit Corporation	16,047	12,118	8,497	8,218	8,584	8,708	8,691
Crop insurance:							
Existing Law	145	726	556	408	440	440	440
Proposed legislation subject to PAYGO			168	701	877	977	1,159
Subtotal, Crop insurance	145	726	724	1,109	1,317	1,417	1,599
Agricultural credit insurance	372	485	418	421	420	419	419
Emergency food assistance program	163	124	40	40	40	40	40
Other:							
Existing Law	1,120	941	974	973	966	1,038	1,035
Proposed legislation not subject to PAYGO			-109	-102	-114	-127	-137
Subtotal, Other	1,120	941	864	871	852	911	898
Credit liquidating accounts (ACIF & FAC)	-48	-231	-593	-800	-1,050	-947	-859
Subtotal, Farm income stabilization	17,799	14,162	9,950	9,859	10,163	10,548	10,789
352 Agricultural research and services:							
Research programs	1,133	1,157	1,171	1,146	1,144	1,154	1,145
Extension programs	404	427	434	432	432	432	432
Marketing programs:							
Existing Law	204	176	191	192	191	191	191
Proposed legislation not subject to PAYGO			-20	-23	-23	-23	-23
Subtotal, Marketing programs	204	176	172	169	167	167	167
Animal and plant health programs	489	448	449	444	450	450	450
Economic intelligence	147	139	144	145	146	146	146
Other programs and unallocated overhead	396	475	591	598	713	681	837
Offsetting receipts	-130	-117	-114	-113	-110	-109	-109
Subtotal, Agricultural research and services	2,643	2,705	2,846	2,821	2,943	2,923	3,069
Total, Agriculture	20,443	16,868	12,795	12,680	13,106	13,471	13,858
370 Commerce and housing credit:							
371 Mortgage credit:							
Government National Mortgage Association (GNMA)	-4	-2	-1	-1	*	*	-*
Mortgage credit (FHA)	319	-14	95	-16	-27	-27	-12
Rural housing programs	921	1,103	874	772	750	748	743
Federal housing enterprise oversight and other	-1	2	-*	-*	-*	*	-*

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued
(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Credit liquidating accounts:							
Existing Law	319	-957	-1,438	-1,918	-3,187	-3,925	-4,487
Proposed legislation subject to PAYGO		-520	-6	-21	-44	-71	-195
Subtotal, Credit liquidating accounts	319	-1,477	-1,444	-1,939	-3,231	-3,996	-4,681
Subtotal, Mortgage credit	1,554	-388	-477	-1,184	-2,507	-3,275	-3,951
372 Postal service:							
Payments to the Postal Service fund (on-budget)	161	130	130	130	129	129	129
Postal service (off-budget)	1,441	1,748	3,259	242	-534	-1,079	-1,458
Subtotal, Postal service	1,602	1,879	3,389	372	-405	-950	-1,329
373 Deposit insurance:							
Resolution Trust Corporation Fund	-19,183	3,522	-5,057	-6,963	-3,144	-2,647	-1,723
Bank Insurance Fund	-9,834	-6,833	-5,578	-5,315	-2,748	-1,586	-870
FSLIC Resolution Fund	2,362	1,367	988	108	-267	-281	12
Savings Association Insurance Fund	-943	-1,065	-1,119	1,292	424	79	-212
National Credit Union Administration	-372	-305	-356	-378	-398	-428	-463
Other mandatory	-18	-4	-9	-14	-11	-11	-6
Discretionary	30	33	33	23	6		
Subtotal, Deposit insurance	-27,957	-3,285	-11,097	-11,247	-6,138	-4,874	-3,262
376 Other advancement of commerce:							
Small and minority business assistance	701	769	741	712	723	742	760
Science and technology	267	400	561	827	1,088	1,287	1,387
Economic and demographic statistics	392	325	344	361	359	505	1,330
Payments to copyright owners	16	250	250	260	270	280	290
Regulatory agencies	306	248	437	463	480	501	523
International trade and other business promotion	335	436	476	451	457	472	486
Credit liquidating accounts	60	-131	-104	-13	-35	-59	-138
Subtotal, Other advancement of commerce	2,077	2,298	2,704	3,061	3,342	3,728	4,637
Total, Commerce and housing credit	-22,725	504	-5,482	-8,999	-5,709	-5,372	-3,904
On-budget	(-24,166)	(-1,245)	(-8,741)	(-9,241)	(-5,175)	(-4,293)	(-2,446)
Off-budget	(1,441)	(1,748)	(3,259)	(242)	(-534)	(-1,079)	(-1,458)
400 Transportation:							
401 Ground transportation:							
Highways	16,608	18,180	18,923	19,610	19,833	19,867	19,946
Highway safety	316	358	372	375	364	353	353
Mass transit	3,510	3,770	3,850	4,182	4,328	4,706	4,835
Railroads	818	1,070	1,164	1,120	1,044	1,030	1,021
Regulation (ICC)	41	45	45	44	44	44	44
Extend rail safety user fees (proposed—PAYGO)				-39	-40	-42	-43
Other offsetting receipts	-42	-44	-50	-11	-9	-8	-7
Subtotal, Offsetting receipts	-42	-44	-50	-50	-50	-50	-50
Subtotal, Ground transportation	21,251	23,380	24,305	25,281	25,563	25,950	26,149
402 Air transportation:							
Airports and airways (FAA)	8,800	8,718	8,659	8,684	8,726	8,733	8,721
Aeronautical research and technology	1,212	1,349	1,362	1,322	1,375	1,453	1,409
Payments to air carriers	37	37	29	26	26	26	26
Subtotal, Air transportation	10,049	10,103	10,049	10,031	10,127	10,212	10,155
403 Water transportation:							
Marine safety and transportation	3,168	3,551	3,403	3,656	3,682	3,685	3,752
Ocean shipping:							
Existing Law	356	324	414	353	309	178	147
Proposed legislation subject to PAYGO			80	98	110	104	104
Subtotal, Ocean shipping	356	324	494	451	419	282	251
Panama Canal Commission	-23	-5	-7	-8	-*	-*	-*
Increase tonnage duties (proposed—PAYGO)			-100	-100	-100	-100	-100

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other offsetting receipts	-78	-87	-99	-102	-103	-104	-104
Subtotal, Offsetting receipts	-78	-87	-199	-202	-203	-204	-204
Subtotal, Water transportation	3,423	3,783	3,690	3,897	3,898	3,764	3,799
407 Other transportation:							
Miscellaneous programs	306	351	361	368	369	368	368
Offsetting receipts	-24	-36	-37	-37	-37	-37	-37
Subtotal, Other transportation	281	315	324	331	332	330	330
Total, Transportation	35,004	37,582	38,368	39,541	39,920	40,256	40,433
450 Community and regional development:							
451 Community development:							
Community development block grants	3,198	3,746	4,136	4,580	4,721	4,416	4,400
Project-based community development grants (proposed—Nonpaygo)			26	189	238	231	229
Colonias assistance program (proposed—Nonpaygo)			4	43	82	97	100
Community development financial institutions (proposed—Nonpaygo)			86	144	124	105	40
Pennsylvania Avenue Development Corporation	82	185	211	148	-4	-7	-7
Other	437	410	442	437	410	380	401
Credit liquidating accounts	-37	-30	-27	-81	-128	-133	-121
Subtotal, Community development	3,681	4,311	4,878	5,460	5,444	5,090	5,042
452 Area and regional development:							
Rural development:							
Existing Law	390	568	717	802	876	925	981
Proposed legislation not subject to PAYGO			-6	3	6	6	6
Subtotal, Rural development	390	568	711	805	882	931	987
Economic development assistance	157	293	347	501	471	492	428
Indian programs	1,471	1,504	1,557	1,537	1,527	1,494	1,499
Appalachian Regional Commission	150	154	185	210	203	200	198
Tennessee Valley Authority	143	139	133	133	133	133	133
Coastal energy impact fund	-*						
Credit liquidating accounts	588	292	119	106	72	78	72
Offsetting receipts	-455	-412	-389	-347	-333	-322	-322
Subtotal, Area and regional development	2,443	2,538	2,662	2,944	2,953	3,007	2,994
453 Disaster relief and insurance:							
Small business disaster loans	453	391	209	147	138	142	146
Disaster relief	2,276	2,024	1,456	579	451	320	320
National flood insurance fund	475	104	-13	-26	-35	-45	-57
Other	187	232	205	192	182	181	181
Credit liquidating accounts	-465	-317	-244	-267	-233	-197	-167
Subtotal, Disaster relief and insurance	2,927	2,434	1,614	625	502	401	424
Total, Community and regional development	9,051	9,282	9,154	9,030	8,899	8,497	8,460
500 Education, training, employment, and social services:							
501 Elementary, secondary, and vocational education:							
Education reform:							
Existing Law		19	104	29	3		
Proposed legislation not subject to PAYGO			108	765	1,163	1,239	1,215
Subtotal, Education reform		19	212	793	1,166	1,239	1,215
School improvement programs:							
Existing Law	2,017	1,645	1,263	297	65	38	38
Proposed legislation not subject to PAYGO			202	1,344	1,628	1,606	1,591
Subtotal, School improvement programs	2,017	1,645	1,464	1,641	1,693	1,643	1,629
Education for the disadvantaged:							
Existing Law	6,615	6,900	6,019	1,391	149	10	10

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1983 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Proposed legislation not subject to PAYGO			908	6,084	7,640	8,029	8,274
Subtotal, Education for the disadvantaged	6,615	6,900	6,927	7,474	7,788	8,040	8,284
Special education	2,564	3,604	3,274	3,323	3,291	3,295	3,295
Impact aid:							
Existing Law	432	983	249	129	15		
Proposed legislation not subject to PAYGO			614	590	646	665	676
Subtotal, Impact aid	432	983	863	719	661	665	676
Vocational and adult education	1,190	1,317	1,373	1,568	1,455	1,455	1,455
Indian education programs:							
Existing Law	505	502	528	506	541	559	573
Proposed legislation not subject to PAYGO			13	69	84	86	86
Subtotal, Indian education programs	505	502	541	576	625	645	659
Other:							
Existing Law	157	282	233	63	11	7	7
Proposed legislation not subject to PAYGO			30	202	243	247	247
Subtotal, Other	157	282	263	265	255	254	253
Subtotal, Elementary, secondary, and vocational education	13,481	15,252	14,918	16,360	16,935	17,235	17,466
502 Higher education:							
Student financial assistance	7,678	7,421	7,439	7,740	7,746	7,746	7,746
Family education loan program	2,228	2,370	1,906	1,422	1,165	1,095	1,036
Federal direct loan program	10	154	474	849	1,057	1,213	1,511
Higher education	1,042	881	852	882	873	868	866
Other	322	302	275	274	271	264	264
Credit liquidating account (Family education loan program)	3,203	-552	882	-2,029	-595	-547	-578
Subtotal, Higher education	14,483	10,575	11,828	9,138	10,517	10,639	10,846
503 Research and general education aids:							
Research and general education aids:							
Existing Law	2,040	2,219	2,177	2,054	2,012	2,051	2,086
Proposed legislation not subject to PAYGO			123	308	334	338	340
Subtotal, Research and general education aids	2,040	2,219	2,301	2,362	2,346	2,389	2,425
Subtotal, Research and general education aids	2,040	2,219	2,301	2,362	2,346	2,389	2,425
504 Training and employment:							
Training and employment services:							
Existing Law	4,241	4,536	4,807	5,456	5,796	6,264	6,428
Proposed legislation not subject to PAYGO			8	122	187	197	169
Subtotal, Training and employment services	4,241	4,536	4,814	5,578	5,983	6,461	6,597
Trade adjustment assistance	77	78	91	90	69	73	68
Older Americans employment	389	386	406	397	396	396	396
Payments to States for AFDC work programs	736	860	1,031	1,005	996	995	987
Federal-State employment service	1,180	1,196	1,291	1,463	1,463	1,463	1,463
Other	76	81	90	93	93	93	93
Subtotal, Training and employment	6,700	7,136	7,724	8,626	8,999	9,480	9,603
505 Other labor services	948	952	1,036	1,031	1,048	1,049	1,045
506 Social services:							
National service initiative	208	196	466	718	1,132	1,419	1,610
Family support and preservation		48	131	209	236	252	267
Social services block grant	2,785	2,877	3,240	3,255	2,835	2,800	2,800
Community services block grant	423	475	465	444	437	435	435
Rehabilitation services	1,984	2,397	2,476	2,405	2,470	2,538	2,612
Payments to States for foster care and adoption assistance	2,636	3,000	3,362	3,874	4,174	4,559	4,976
Children and families services programs	3,432	4,135	4,441	5,158	5,835	6,538	7,239
Aging services program	567	817	876	875	872	872	872
Interim assistance to States for legalization	318	699	244				

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other social services	6	16	16	42	50	54	54
Subtotal, Social services	12,360	14,660	15,717	16,979	18,041	19,467	20,864
Total, Education, training, employment, and social services	50,012	50,793	53,524	54,495	57,886	60,260	62,250
550 Health:							
551 Health care services:							
Medicaid grants:							
Existing Law	75,774	87,156	96,388	108,191	121,488	136,338	152,235
Health Security Act (PAYGO)			-15	-3,547	-11,778	-30,447	-51,335
Subtotal, Medicaid grants	75,774	87,156	96,373	104,644	109,711	105,891	100,900
Health insurance earned income credit	650	373					
Federal employees' health benefits (FEHB)	2,879	2,918	3,517	4,045	4,112	4,825	5,213
Coal miners retirees health benefits	161	239	236	233	230	228	226
Indian health	1,742	1,949	1,804	1,767	1,765	1,757	1,832
Substance abuse and mental health services	1,994	2,089	2,214	2,522	2,451	2,445	2,512
Other health care services	3,659	4,245	4,655	5,021	5,170	5,301	5,504
Allowance for:							
Supplemental services (Health Security Act—PAYGO)				200	700	2,000	2,900
Long-term care (gross benefits) (Health Security Act—PAYGO)				6,000	10,200	13,900	18,200
Federal employee's health benefits (Health Security Act—PAYGO)				60	203	-1,600	-2,514
Access to health care fund (Health Security Act—Nonpaygo)				404	661	290	31
Access to health care fund (Health Security Act—PAYGO)			185	212	81	27	
Premium subsidies (Health Security Act—PAYGO)				8,153	25,240	64,565	77,576
Subtotal, Health care services	86,860	98,969	108,983	133,260	160,524	199,629	212,379
552 Health research and training:							
National Institutes of Health	9,543	10,261	11,018	11,690	12,378	13,080	13,603
DoD breast cancer and other health research		124	67				
Clinical training	335	353	362	350	372	374	373
Substance abuse and mental health research	672	342	104				
Other research and training	244	256	290	288	296	304	314
Allowance for:							
Access to health care fund (Health Security Act—Nonpaygo)				367	670	927	1,175
Access to health care fund (Health Security Act—PAYGO)			219	150	150	81	
Academic health centers and graduate medical education (Health Security Act—Nonpaygo)				190	459	549	596
Academic health centers and graduate medical education (Health Security Act—PAYGO)			340	1,594	3,339	4,328	5,603
Subtotal, Health research and training	10,794	11,336	12,401	14,629	17,664	19,644	21,665
554 Consumer and occupational health and safety:							
Food safety and inspection:							
Existing Law	506	495	533	535	537	541	541
Proposed legislation not subject to PAYGO			-103	-103	-103	-103	-103
Subtotal, Food safety and inspection	506	495	430	432	434	438	438
Other consumer safety	775	948	729	691	701	701	730
Occupational safety and health	480	504	534	597	659	666	669
Subtotal, Consumer and occupational health and safety	1,762	1,947	1,693	1,720	1,794	1,805	1,837
Total, Health	99,415	112,252	123,077	149,609	179,982	221,078	235,881
570 Medicare:							
571 Medicare:							
Hospital insurance (HI):							
Existing Law	91,604	102,892	112,258	123,359	135,197	147,664	161,540
Health Security Act (PAYGO)			-200	-5,165	-9,835	-17,015	-23,665
Subtotal, Hospital insurance (HI)	91,604	102,892	112,058	118,194	125,362	130,649	137,875
Supplementary medical insurance (SMI):							
Existing Law	54,254	58,490	66,144	73,665	81,825	90,981	101,552

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Health Security Act (PAYGO)		-150	-1,920	6,509	13,833	10,217	8,014
Subtotal, Supplementary medical insurance (SMI)	54,254	58,340	64,224	80,174	95,658	101,198	109,566
Medicare premiums and collections:							
Existing Law	-15,306	-17,581	-20,056	-19,914	-21,348	-23,859	-25,372
Health Security Act (PAYGO)			2	-2,431	-3,841	-2,760	-3,979
Subtotal, Medicare premiums and collections	-15,306	-17,581	-20,054	-22,345	-25,189	-26,619	-29,351
Total, Medicare	130,552	143,651	156,228	176,023	195,831	205,228	218,090
600 Income security:							
601 General retirement and disability insurance (excluding social security):							
Railroad retirement	4,274	4,517	4,542	4,577	4,584	4,593	4,627
Special benefits for disabled coal miners	1,416	1,398	1,322	1,273	1,213	1,160	1,106
Pension Benefit Guaranty Corporation:							
Existing Law	-1,508	-909	-745	-694	-629	-559	-489
Proposed legislation subject to PAYGO		4	-74	-259	-472	-526	-1,314
Subtotal, Pension Benefit Guaranty Corporation	-1,508	-905	-819	-953	-1,101	-1,085	-1,803
Other	165	194	196	203	210	215	223
Subtotal, General retirement and disability insurance (excluding social security)	4,347	5,203	5,241	5,100	4,906	4,883	4,153
602 Federal employee retirement and disability:							
Civilian retirement and disability programs	35,210	36,615	38,095	39,716	41,881	43,884	46,004
Military retirement	25,708	26,513	27,195	28,302	29,514	30,808	32,948
Federal employees workers' compensation (FECA):							
Existing Law	205	215	212	216	234	280	292
Proposed legislation subject to PAYGO			-2	-3	-3	-3	-3
Subtotal, Federal employees workers' compensation (FECA)	205	215	210	213	231	278	289
Federal employees life insurance fund:							
Existing Law	-1,076	-1,086	-1,100	-1,120	-1,096	-1,118	-1,149
Proposed legislation not subject to PAYGO			8	25	47	71	96
Subtotal, Federal employees life insurance fund	-1,076	-1,086	-1,092	-1,094	-1,049	-1,047	-1,053
Subtotal, Federal employee retirement and disability	60,047	62,257	64,408	67,136	70,577	73,922	78,188
603 Unemployment compensation	37,802	29,210	25,453	25,824	26,174	26,291	27,370
604 Housing assistance:							
Subsidized housing including section 8	17,015	18,078	18,966	19,285	19,617	19,736	20,267
Homeless assistance grants (proposed—Nonpaygo)			152	315	614	875	1,058
Public housing	2,604	2,698	2,670	2,492	2,294	2,147	2,146
Supportive housing program	91	107	159	159	159	159	116
Emergency shelter grants	71	68	86	29			
Home investment partnerships program	212	876	1,200	1,192	1,169	1,149	1,100
Shelter plus care	1	15	50	50	50	50	50
Community partnerships against crime	116	268	239	265	265	265	265
Youthbuild program		8	16	25	36	44	47
HOPE grants	35	68	86	104	116	103	100
Revitalization of distressed public housing		30	146	277	346	428	510
Rural housing assistance	415	518	527	579	697	746	677
Other housing assistance:							
Existing Law	987	1,107	1,095	1,079	1,053	1,052	1,059
Proposed legislation subject to PAYGO			6	36	44	71	195
Subtotal, Other housing assistance	987	1,107	1,101	1,115	1,097	1,123	1,254
Subtotal, Housing assistance	21,548	23,840	25,396	25,889	26,460	26,826	27,587
605 Food and nutrition assistance:							
Food stamps	23,577	25,547	25,182	26,115	27,191	28,188	29,188
Nutrition assistance for Puerto Rico	1,025	1,078	1,141	1,143	1,143	1,143	1,143
Child nutrition and special milk	6,612	7,258	7,707	8,249	8,852	9,480	10,155

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Special supplemental food program for women, infants, and children (WIC)	2,846	3,222	3,538	3,423	3,500	3,608	3,720
Special supplemental food program (Health Security Act—Nonpaygo)				473	647	631	663
Other nutrition programs	1,087	1,078	875	886	887	887	887
Subtotal, Food and nutrition assistance	35,148	38,183	38,443	40,288	42,220	43,938	45,756
609 Other income security:							
Supplemental security income (SSI):							
Existing Law	22,642	26,706	28,455	28,870	31,456	34,959	38,528
Proposed legislation subject to PAYGO			-18	-13	-9	-9	-9
Subtotal, Supplemental security income (SSI)	22,642	26,706	28,437	28,857	31,447	34,950	38,519
Family support payments	15,628	16,413	16,921	17,486	18,172	18,857	19,683
Earned income tax credit (EITC)	8,781	10,036	15,797	18,932	21,456	22,368	23,167
Refugee assistance	360	378	399	408	412	413	413
Low income home energy assistance	1,068	2,076	791	747	731	730	730
Payments to states for day-care assistance	411	980	1,037	1,146	1,096	1,091	1,091
Other	211	266	164	167	170	170	170
SSI offsetting receipts	-735	-922	-1,047	-1,147	-1,350	-1,477	-1,609
Subtotal, Other income security	48,366	55,933	62,499	66,595	72,134	77,101	82,164
Total, Income security	207,257	214,626	221,440	230,833	242,471	252,961	265,220
650 Social Security:							
651 Social security:							
Old-age and survivors insurance (OASI):							
Existing Law	269,960	282,394	295,631	311,429	323,290	339,323	356,112
Proposed legislation not subject to PAYGO			-17	-13	-8	-8	-8
Subtotal, Old-age and survivors insurance (OASI)	269,960	282,394	295,614	311,416	323,282	339,315	356,104
Disability insurance (DI):							
Existing Law	34,641	38,075	41,595	45,465	49,454	53,790	58,265
Proposed legislation not subject to PAYGO			-25	-19	-13	-13	-13
Subtotal, Disability insurance (DI)	34,641	38,075	41,570	45,446	49,441	53,777	58,252
Social security interfunas	-17	-10	-16	-16	-16	-16	-16
Total, Social Security	304,585	320,460	337,168	356,847	372,707	393,075	414,340
On-budget	(6,236)	(5,796)	(6,639)	(7,004)	(7,447)	(7,910)	(8,404)
Off-budget	(298,349)	(314,663)	(330,529)	(349,843)	(365,260)	(385,165)	(405,936)
700 Veterans benefits and services:							
701 Income security for veterans:							
Compensation:							
Existing Law	13,376	15,035	14,176	13,078	14,164	14,137	14,132
Proposed legislation not subject to PAYGO			346	728	1,228	1,714	2,203
Proposed legislation subject to PAYGO			*	*	*	*	*
Subtotal, Compensation	13,376	15,035	14,522	13,806	15,392	15,851	16,336
Pensions	3,529	3,661	3,344	3,062	3,305	3,296	3,730
Burial benefits and miscellaneous assistance	99	109	111	114	118	121	124
National service life insurance trust fund	1,127	1,205	1,238	1,254	1,280	1,326	1,368
All other insurance programs	21	110	50	11	20	23	-3
Insurance program receipts	-395	-319	-306	-288	-274	-261	-246
Subtotal, Income security for veterans	17,758	19,801	18,959	17,960	19,840	20,357	21,310
702 Veterans education, training, and rehabilitation:							
Readjustment benefits (GI Bill and related programs)	854	1,198	1,300	1,405	1,511	1,603	1,659
Post-Vietnam era education	61	35	43	20	19	16	14
All-volunteer force educational assistance trust fund	-89	-63	-146	-141	-130	-137	-123
Other	-*	-*	*	*	1	1	1
Subtotal, Veterans education, training, and rehabilitation	826	1,170	1,196	1,285	1,401	1,483	1,552
703 Hospital and medical care for veterans:							
Medical care and hospital services	14,613	15,629	16,342	16,840	17,342	17,403	17,410

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Veterans health care investment fund (Health Security Act—Nonpaygo)				600	1,700		
Veterans health care investment fund (Health Security Act—PAYGO)			1,000				
Construction	617	692	636	525	425	385	379
Third-party medical recoveries	-60	-60	-62	-56	-58	-61	370
Fees and other charges for medical services	-357	-420	-503	-587	-644	-701	-709
Subtotal, Hospital and medical care for veterans	14,812	15,842	17,413	17,322	18,765	17,026	17,450
704 Veterans housing:							
Loan guaranty	207	96	78	71	60	47	36
Direct loans	2	4	2	2	2	*	*
Guaranty and indemnity	855	-57	434	417	363	346	518
Credit liquidating accounts	235	169	123	69	54	21	13
Subtotal, Veterans housing	1,299	212	637	560	479	415	568
705 Other veterans benefits and services:							
Cemeteries, administration of veterans benefits, and other	937	1,009	943	976	965	968	969
Non-VA support programs	88	95	98	87	88	88	88
Subtotal, Other veterans benefits and services	1,025	1,104	1,042	1,063	1,053	1,056	1,057
Total, Veterans benefits and services	35,720	38,129	39,247	38,188	41,538	40,337	41,937
750 Administration of justice:							
751 Federal law enforcement activities:							
Criminal investigations (DEA, FBI, FinCEN, OCDE)	3,248	3,277	3,290	3,401	3,372	3,336	3,315
Alcohol, tobacco, and firearms investigations (ATF)	376	371	380	380	380	380	380
Border enforcement activities (Customs and INS)	3,199	3,364	3,615	3,684	3,741	3,755	3,776
Customs and INS fees	-1,276	-1,423	-1,763	-1,832	-1,859	-1,886	-1,913
Protection activities (Secret Service)	511	500	510	493	501	497	502
Other enforcement	615	755	693	707	707	711	715
Subtotal, Federal law enforcement activities	6,674	6,843	6,725	6,833	6,842	6,793	6,776
752 Federal litigative and judicial activities:							
Civil and criminal prosecution and representation	2,285	2,855	2,682	2,691	2,707	2,710	2,711
Federal judicial activities	2,649	2,889	3,108	3,121	3,132	3,145	3,158
Representation of indigents in civil cases	389	393	483	500	500	500	500
Other	13	13	11	16	1	*	
Subtotal, Federal litigative and judicial activities	5,336	6,151	6,283	6,327	6,341	6,355	6,369
753 Federal correctional activities	2,124	2,482	2,856	3,377	3,299	3,495	3,633
754 Criminal justice assistance:							
Criminal justice assistance	822	1,002	769	703	572	552	558
Crime control fund (proposed—Nonpaygo)			698	2,325	3,936	4,988	6,407
Subtotal, Criminal justice assistance	822	1,002	1,467	3,028	4,508	5,540	6,965
Total, Administration of justice	14,955	16,479	17,331	19,565	20,991	22,183	23,743
800 General government:							
801 Legislative functions	2,124	2,169	2,318	2,456	2,542	2,631	2,678
802 Executive direction and management	197	254	271	336	350	346	347
803 Central fiscal operations:							
Collection of taxes	6,879	7,316	7,398	7,724	7,733	7,548	7,300
Other fiscal operations	96	262	160	290	230	175	234
Subtotal, Central fiscal operations	6,976	7,578	7,558	8,014	7,963	7,723	7,534
804 General property and records management:							
Real property activities	573	830	700	1,494	816	126	-383
Property and other receipts	-11	-43	-52	-52	-52	-52	-52
Records management	269	282	191	186	187	187	187
Other	175	255	199	199	197	194	192
Subtotal, General property and records management	1,005	1,324	1,038	1,827	1,147	456	-56

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
805 Central personnel management	182	162	167	169	172	175	179
806 General purpose fiscal assistance:							
Payments and loans to the District of Columbia	539	676	700	699	698	698	698
Payments to States and counties from Forest Service receipts	309	285	279	272	265	261	256
Payments to States from receipts under the Mineral Leasing Act	463	531	515	539	565	570	585
Payments to States and counties from Federal land management activities ..	93	102	102	77	78	78	78
Payments in lieu of taxes	103	105	104	104	104	104	104
Payments to territories and Puerto Rico	223	230	236	244	253	259	270
Other	206	229	236	241	249	256	264
Subtotal, General purpose fiscal assistance	1,935	2,158	2,172	2,176	2,211	2,226	2,255
808 Other general government:							
Compact of free association	160	322	174	175	151	146	147
Territories:							
Existing Law	60	85	76	78	77	77	77
Proposed legislation not subject to PAYGO			-10	-19	-28	-28	-28
Subtotal, Territories	60	85	66	59	49	49	49
Treasury claims	519	591	611	523	523	523	518
Civil liberties public education fund	500	100	5	5	5	5	5
Presidential election campaign fund	6	*	24	183	4		29
Other	84	247	105	111	113	116	118
Subtotal, Other general government	1,329	1,346	984	1,056	845	839	866
809 Deductions for offsetting receipts	-739	-691	-700	-710	-710	-710	-710
Total, General government	13,009	14,299	13,807	15,325	14,519	13,685	13,093
900 Net interest:							
901 Interest on the public debt	292,502	298,505	310,906	324,314	339,361	356,197	372,652
902 Interest received by on-budget trust funds:							
Civil Service retirement and disability	-25,155	-26,197	-27,069	-27,850	-28,477	-29,056	-29,730
Military retirement	-9,831	-10,252	-10,692	-11,039	-11,511	-11,929	-12,345
Medicare:							
Existing Law	-12,468	-12,724	-12,337	-11,503	-11,118	-10,402	-9,251
Health Security Act (Nonpaygo)		-10	-30	-33	-795	-1,891	-3,481
Subtotal, Medicare	-12,468	-12,734	-12,367	-11,536	-11,913	-12,293	-12,732
Other on-budget trust fund interest	-8,082	-7,590	-7,063	-7,173	-7,366	-7,880	-8,309
Subtotal, Interest received by on-budget trust funds	-55,537	-56,772	-57,191	-57,598	-59,267	-61,158	-63,116
903 Interest received by off-budget trust funds	-26,788	-29,073	-31,669	-34,922	-38,784	-43,151	-48,023
908 Other interest:							
Interest on loans to Federal Financing Bank	-11,333	-9,601	-8,794	-7,645	-6,708	-5,874	-5,144
Interest on refunds of tax collections	2,127	2,679	2,899	3,016	3,151	3,297	3,440
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	514	553	798	991	1,169	1,309	1,340
Interest received from direct loan financing accounts:							
Existing Law	-493	-707	-1,184	-1,933	-2,953	-4,130	-4,996
Proposed legislation not subject to PAYGO			-2	-6	-11	-15	-18
Subtotal, Interest received from direct loan financing accounts	-493	-707	-1,186	-1,939	-2,964	-4,145	-5,014
Interest on deposits in tax and loan accounts	-542	-624	-740	-805	-870	-885	-885
Cash management improvement			-56	-64	-69	-60	-53
Other	-3,968	-3,840	-4,462	-3,478	-3,344	-3,209	-3,122
Subtotal, Other interest	-11,367	-9,212	-9,211	-7,595	-7,306	-7,240	-7,110
Total, Net interest	198,811	203,448	212,835	224,199	234,004	244,648	254,402
On-budget	(225,599)	(232,521)	(244,504)	(259,121)	(272,788)	(287,799)	(302,425)
Off-budget	(-26,788)	(-29,073)	(-31,669)	(-34,922)	(-38,784)	(-43,151)	(-48,023)

TABLE 7-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
920 Allowances:							
922 Reinventing Federal procurement			-544	-1,772	-2,432	-2,878	-3,016
923 Reducing Federal agency rents			-203	-4			
924 Adjustment to continue certain accounts at baseline levels			-177	-312	-414	-525	-599
925 Grant recipients administrative costs			-150				
929 Health security:							
Health Security Act receipts (Health Security Act—Nonpaygo)				-550	-1,650	-4,600	-6,100
Agency share of FEHB premiums (Health Security Act—Nonpaygo)				148	466	-388	-872
Administrative/start up costs, (Health Security Act—Nonpaygo)				892	1,188	901	586
Administrative/start up costs, (Health Security Act—PAYGO)			1,279				
Savings (Health Security Act—Nonpaygo)				-300	-700	-2,000	-2,200
Subtotal, Health security			1,279	190	-696	-6,087	-8,586
Total, Allowances			205	-1,898	-3,542	-9,490	-12,201
950 Undistributed offsetting receipts:							
951 Employer share, employee retirement (on-budget):							
Contributions to military retirement fund	-13,179	-12,671	-12,158	-10,320	-10,210	-10,308	-10,389
Contributions to HI trust fund	-2,375	-2,448	-2,531	-3,249	-2,743	-2,874	-3,031
Postal Service contributions to CSRS	-4,785	-5,136	-5,669	-5,678	-5,925	-6,389	-6,519
Other contributions to civilian retirement fund	-7,847	-7,961	-8,135	-8,341	-8,581	-8,764	-8,839
Subtotal, Employer share, employee retirement (on-budget)	-28,186	-28,217	-28,493	-27,587	-27,459	-28,335	-28,778
952 Employer share, employee retirement (off-budget)	-6,416	-6,463	-6,756	-7,184	-7,628	-8,279	-8,887
953 Rents and royalties on the Outer Continental Shelf	-2,785	-2,708	-3,048	-2,708	-2,755	-2,805	-2,848
959 Other undistributed offsetting receipts		-500	-4,300	-4,200	-1,600	-2,000	
Total, Undistributed offsetting receipts	-37,386	-37,887	-42,597	-41,679	-39,442	-41,420	-40,513
On-budget	(-30,970)	(-31,425)	(-35,841)	(-34,495)	(-31,814)	(-33,141)	(-31,626)
Off-budget	(-6,416)	(-6,463)	(-6,756)	(-7,184)	(-7,628)	(-8,279)	(-8,887)
Total	1,408,205	1,483,829	1,518,945	1,596,877	1,691,443	1,777,416	1,854,023
On-budget	(1,141,618)	(1,202,953)	(1,223,582)	(1,288,898)	(1,373,129)	(1,444,760)	(1,506,455)
Off-budget	(266,587)	(280,876)	(295,364)	(307,979)	(318,314)	(332,656)	(347,568)

* \$500 thousand or less.

8. FEDERAL INVESTMENT OUTLAYS AND CAPITAL BUDGETING

Investment outlays are outlays that yield long-term benefits. They take several forms and are made for many purposes. They can be direct Federal outlays or grants to State and local governments. They may be aimed at improving the efficiency of internal Federal agency operations or at increasing the Nation's overall stock of capital for economic growth. They can be for physical capital, which yields a stream of services over a period of years, or for research, development, education, and training, which are less tangible but also increase income in the future or provide other long-term benefits. They can also be for acquiring commodities or other purposes.

The Administration is strongly committed to increasing investment—both public and private—in order to raise economic growth and future living standards. In *A Vision of Change For America*, the President identified these as key elements of his economic plan for the Nation—"long-term public investments to increase the productivity of our people and businesses; and a serious, fair, and balanced deficit-reduction plan to stop the government from draining the private investments that generate jobs and increase incomes." Thus, the President proposed to increase investment outlays above the baseline and to reduce the deficit by about one-half of 1 percent of GDP per year over the budget horizon. Congress appropriated a substantial amount of the President's 1994 request for investment funding, and \$504.8 billion of deficit reduction was achieved by enactment of the Omnibus Budget Reconciliation Act

of 1993 (OBRA). The 1995 budget builds on these successes by requesting additional investment funding for 1995 while maintaining the fiscal policy constraint envisioned by OBRA.

Higher investment funding carries with it the responsibility to use Federal investment dollars wisely. Yet, as recognized by the National Performance Review (NPR), "Poor choices of capital investment and the acquisition methods are currently costing the taxpayer millions of dollars each year."¹ Therefore, in addition to requesting higher investment funding, the Administration will implement the NPR recommendation to establish a capital budgeting process for the Federal Government that will improve the analysis and review of its acquisition of general purpose fixed assets.

Most presentations of the Federal budget combine investment outlays with outlays for current use. This chapter focuses solely on Federal and federally financed investment. It discusses the size, composition, and long-term trend of Federal investment outlays. It presents a capital budget for Federal investment using two definitions of investment, and it analyzes the effectiveness of a capital budget for the Federal Government as a capital planning tool. Information about Federal and federally financed capital stocks and the depreciation of these assets is also presented. The final section provides projections of Federal physical capital spending and information regarding recent assessments of public civilian capital needs, as required by the Federal Capital Investment Program Information Act of 1984.

Part I—DESCRIPTION OF FEDERAL INVESTMENT

For more than forty years, the budget has shown Federal investment outlays separately from outlays for current use, using the broad definition of investment as those outlays which yield long-term benefits. This presentation has been primarily for analytical purposes rather than to direct budget decision-making. This section of the chapter describes the composition of Federal investment outlays and discusses recent trends in Federal investment.

The classification of spending into investment and current outlays is a matter of judgment. The budget has historically employed a relatively broad classification, including both physical investment and items such as research, development, education and training. But presentations for particular purposes would adopt different definitions of investment:

- To suit the purposes of a traditional balance sheet, investment might include only those physical as-

sets owned by the Federal Government, excluding capital financed through grants and intangible assets such as research, education, and training.

- Focusing on the role of investment in improving national productivity and enhancing economic growth would exclude items such as national defense assets, the benefits of which are enhanced national security rather than economic growth.
- Concern with the efficiency of Federal operations would lead to a focus solely on investments to reduce costs or improve the effectiveness of internal Federal agency operations, such as computer systems.
- A "social investment" perspective might broaden the coverage of investment beyond what is included in this chapter to encompass programs such as childhood immunization, maternal health, and substance abuse treatment, which are de-

¹ *Creating A Government That Works Better & Costs Less*, Report of the National Performance Review, September 7, 1993, p. 111.

signed in part to prevent more costly health problems in future years.

The relatively broad definition of investment used in this section has the presentational virtue of consistency over time: historical figures on investment outlays back to 1940 can be found in the separate *Historical Tables* volume. The detailed tables at the end of this section allow disaggregation of the data to focus on those investment outlays that best suit a particular purpose.

In addition to this basic definitional issue, there are two technical problems in the classification of investment data, involving the treatment of grants to State and local governments and the classification of spending that could be shown in more than one category.

First, for some grants to State and local governments, the recipient jurisdiction, not the Federal Government, ultimately determines whether the money is used to finance investment or current purposes. This analysis classifies all of the outlays in the category where the recipient jurisdictions are expected to spend most of the money. Hence, community development block grants are classified as physical investment, although some may be spent for current purposes. General purpose fiscal assistance is classified as current spending,

although some may be spent by recipient jurisdictions on physical investment.

Second, some spending could be classified into more than one category of investment. For example, grants for construction of research facilities finance the acquisition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified in the category that is most commonly recognized as investment. Consequently outlays for the conduct of research and development do not include outlays for research facilities, because these outlays are included in the category for physical investment. Similarly, physical investment and research and development related to education and training are included in the categories of physical assets and the conduct of research and development.

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction, education and training, or non-investment outlays. For more information about the treatment of Federal credit programs, refer to Chapter 10, "Underwriting Federal Credit and Insurance."

Composition of Federal Investment Outlays

Major Federal Investment

The composition of major Federal investment outlays is summarized in Table 8-1. They include major public physical investment, the conduct of research and development, and the conduct of education and training. Defense and nondefense investment outlays totalled \$236.7 billion in 1993, falling to an estimated \$233.6 billion in 1994 and edging up to \$234.0 billion in 1995. Major Federal investment will comprise an estimated 15.4 percent of total Federal outlays in 1995, representing 3.3 percent of the Nation's gross domestic product (GDP). Greater detail on the composition of Federal investment is available in two tables that appear at the end of this section.

Physical investment.—Outlays for major public physical capital investment (hereafter referred to as physical investment outlays) will total an estimated \$119.8 billion in 1995. Physical investment outlays are primarily outlays for construction, rehabilitation, and major equipment. About three-quarters of these outlays are for direct physical investment outlays by the Federal Government, with the remaining quarter representing grants to State and local governments for physical investment.

Direct physical investment outlays by the Federal Government are primarily for national defense. Defense physical outlays are an estimated \$60.4 billion in 1995. Almost all of these outlays, or \$55.4 billion, are for the procurement of weapons and other military equipment, and the remainder, \$5.0 billion, is primarily for

construction of military bases and family housing for military personnel.

Outlays for direct physical investment for nondefense purposes are estimated at \$22.9 billion in 1995. These outlays include \$15.0 billion for construction and rehabilitation. This amount funds water, power, and natural resources projects of the Corps of Engineers, the Department of Interior, the Tennessee Valley Authority, and the power administrations in the Department of Energy; construction and rehabilitation of veterans hospitals and Postal Service facilities; and facilities for space and science programs. Outlays for the acquisition of major equipment are estimated to be \$7.1 billion. The largest items are for the space program and the air traffic control system. Outlays for the purchase of land and buildings are estimated to be \$0.8 billion, mostly for the Federal buildings fund in the General Services Administration.

Grants to State and local governments for physical investment are estimated to total \$36.5 billion in 1995. About half of these outlays, or \$18.3 billion, are to assist with the Interstate Highway System and other major highways. Other major grants for physical investment fund sewage treatment plants, community development, airports, and mass transit.

Conduct of research and development.—Outlays for the conduct of research and development are estimated to be \$69.7 billion in 1995. These outlays are devoted to increasing basic scientific knowledge and promoting related research and development. They increase the Nation's security, improve the productivity

TABLE 8-1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

(In billions of dollars)

	1993 actual	Estimate	
		1994	1995
MAJOR FEDERAL INVESTMENT OUTLAYS			
Major public physical capital investment:			
Direct:			
National defense	76.1	66.5	60.4
Nondefense	19.1	22.5	22.9
Subtotal, direct major public physical capital investment	95.2	89.0	83.3
Grants to State and local governments	31.2	34.2	36.5
Subtotal, major public physical capital investment	126.4	123.3	119.8
Conduct of research and development:			
National defense	40.4	38.9	39.4
Nondefense	28.0	29.2	30.3
Subtotal, conduct of research and development	68.4	68.1	69.7
Conduct of education and training:			
Grants to State and local governments	21.5	24.9	25.6
Direct	20.4	17.4	19.0
Subtotal, conduct of education and training	41.9	42.3	44.6
Major Federal investment outlays	236.7	233.6	234.0
MEMORANDUM			
Major Federal investment outlays:			
National defense	116.6	105.5	99.8
Nondefense	120.1	128.2	134.2
Total, major Federal investment outlays	236.7	233.6	234.0
Miscellaneous physical investment:			
Commodity inventories	-0.2	-0.8	-0.2
Other physical investment (nondefense, direct)	5.6	5.8	5.5
Total, miscellaneous physical investment	5.4	4.9	5.3
Total, Federal investment outlays, including miscellaneous physical investment	242.1	238.6	239.3

of capital and labor for both public and private purposes, and enhance the quality of life. Slightly more than half of these outlays, an estimated \$39.4 billion in 1995, are for national defense. Physical investment for research and development facilities and equipment is included in the physical investment category.

Nondefense outlays for the conduct of research and development are estimated to be \$30.3 billion in 1995. This is almost entirely direct spending by the Federal Government, and is largely for the space programs, the National Science Foundation, health research, and research for nuclear and non-nuclear energy facilities.

Conduct of education and training.—Outlays for the conduct of education and training are estimated to be \$44.6 billion in 1995. These outlays add to the stock of human capital by developing a more skilled and productive labor force. Grants to State and local governments for this category are estimated to be \$25.6 billion in 1995, more than half of the total. They are primarily for the disadvantaged and the handicapped, and for vocational and adult education. Direct education and training outlays by the Federal Government are estimated to be \$19.0 billion in 1995. Programs in this

category are primarily aid for higher education through student financial assistance, loan subsidies, the veterans GI bill, and health training programs.

This category does not include outlays for education and training of Federal civilian and military employees. Outlays for education and training that are for physical investment and for research and development are in the categories for physical investment and the conduct of research and development.

Miscellaneous Investment Outlays

In addition to the categories of major Federal investment, several miscellaneous categories of investment outlays are shown in Table 8-1. These items, all for physical investment, are generally unrelated to improving Government operations or enhancing economic activity. Sales of commodity inventories are estimated to exceed purchases by \$0.2 billion in 1995. Outlays in this category are for the purchase or sale of agricultural products pursuant to farm price support programs, purchases of oil for the strategic petroleum reserve, and other purposes.

Outlays for other miscellaneous physical investment are estimated to be \$5.5 billion in 1995. This category

includes primarily conservation programs and assets acquired and sold as collateral on defaulted loans. These outlays are entirely for nondefense, direct Federal spending.

Trends in Federal Investment Outlays

In real terms, Federal investment outlays rose from the mid-1970s to the mid-1980s and have held roughly steady until now. Table 8-2 shows the major categories of Federal investment since 1970 in constant 1987 dollars.

The overall trend in Federal investment conceals two very different patterns for defense and nondefense outlays. Through the 1970s, annual defense investment declined in real terms from \$92.6 to \$66.4 billion, an average annual decrease of 3.3 percent. The defense buildup of the early 1980s reversed this trend, with defense investment growing at a rate of 9.7 percent annually through 1987. Since then, in response to budgetary pressures and the end of the Cold War, defense investment has again begun to decline. This decline continues in the 1995 budget, with defense investment

reduced by 19.2 percent from 1993 levels. At the same time, defense R&D, with its greater potential to spill over into the general economy, will make up an increasing share of defense investment. While declining in real terms, defense R&D is estimated to increase to 37 percent of total defense investment in 1995, up from 32 percent in 1993.

Nondefense investment rose steadily in the 1970s, at an annual rate of 2.4 percent, and was then cut sharply in the early 1980s. In the late 1980s, nondefense investment began to increase again in real terms. However, only in the last few years has nondefense investment reached its level of the end of the 1970s. Its share of GDP is still lower than in 1970: non-defense investment was 2.6 percent of GDP in 1970, while in 1993 it was only 1.9 percent.

TABLE 8-2. MAJOR FEDERAL INVESTMENT OUTLAYS IN CONSTANT PRICES

(In billions of constant 1987 dollars)

	Total Investment	Physical Investment					Research and Development			Education and Training
		Total	Direct Federal			Grants	Total	National Defense	Nondefense	
			Total	National Defense	Nondefense					
1970	168.2	98.6	76.7	69.4	7.3	21.9	43.8	23.2	20.6	25.5
1971	159.7	88.6	66.1	58.0	8.1	22.5	42.3	22.3	20.1	28.4
1972	156.7	83.4	60.9	51.5	9.4	22.6	42.6	23.1	19.5	30.0
1973	149.8	76.4	54.0	44.9	9.2	22.4	42.4	22.7	19.6	30.1
1974	142.0	72.0	49.7	40.5	9.3	22.3	40.3	21.7	18.5	29.0
1975	145.0	71.0	50.3	41.0	9.3	20.6	39.0	20.4	18.5	34.4
1976	149.2	73.9	49.3	40.0	9.4	24.5	39.0	19.2	19.8	35.7
1977	148.5	77.3	49.4	39.6	9.8	27.9	38.7	19.6	19.1	32.0
1978	154.2	79.7	50.8	40.0	10.7	29.0	41.2	20.3	20.9	32.9
1979	158.0	83.1	55.2	43.9	11.3	27.9	40.7	18.7	21.9	34.2
1980	161.6	83.4	55.7	45.7	10.0	27.7	42.8	20.7	22.1	35.7
1981	164.7	85.2	59.8	49.6	10.2	25.4	43.9	21.8	22.2	35.2
1982	156.2	86.0	63.5	54.3	9.2	22.5	41.5	23.7	17.8	28.4
1983	160.6	92.8	70.2	61.7	8.5	22.6	41.3	25.6	15.6	26.3
1984	174.4	103.7	79.2	68.9	10.3	24.5	45.1	28.4	16.8	25.4
1985	190.9	114.8	89.1	77.0	12.1	25.8	50.1	32.2	17.9	25.9
1986	200.5	120.5	94.0	82.6	11.4	26.5	53.7	36.7	17.0	26.3
1987	203.8	125.9	102.1	89.5	12.5	23.8	53.3	37.1	16.2	24.7
1988	204.4	124.4	100.4	86.1	14.3	24.1	54.1	36.7	17.4	25.9
1989	209.5	125.5	101.9	88.6	13.3	23.7	56.1	37.3	18.8	27.8
1990	210.2	125.4	100.6	86.5	14.1	24.9	56.5	36.4	20.1	28.2
1991	207.5	124.7	99.3	84.1	15.2	25.4	52.8	32.2	20.6	29.8
1992	207.7	122.6	96.0	76.9	19.2	26.5	53.4	31.5	21.9	31.4
1993	204.8	115.0	87.6	69.4	18.1	27.4	54.9	32.4	22.5	34.6
1994 est.	197.1	109.5	80.0	59.2	20.9	29.4	53.3	30.5	22.9	34.0
1995 est.	192.0	103.5	72.9	52.3	20.6	30.6	53.1	30.0	23.1	35.0

TABLE 8-3. FEDERAL INVESTMENT OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS

(In millions of dollars)

	1993 actual	1994 estimate	1995 estimate		1993 actual	1994 estimate	1995 estimate
MAJOR FEDERAL INVESTMENT OUTLAYS:							
NATIONAL DEFENSE:							
Major public physical investment:				Subtotal, purchase or sale of land and structures	1,269	874	835
Construction and rehabilitation:				Other physical assets (grants)	675	662	688
Military construction	3,876	3,733	3,217	Subtotal, major public physical investment	50,209	56,700	59,371
Family housing	421	707	739	Conduct of research and development:			
Atomic energy defense activities and other	1,211	995	1,037	General science, space, and technology:			
Subtotal, construction and rehabilitation	5,508	5,435	4,993	NASA	7,004	6,999	7,071
Acquisition of major equipment:				National Science Foundation	1,753	1,983	2,001
Procurement	69,929	60,629	55,003	Other general science	789	757	708
Atomic energy defense activities and other	781	509	403	Subtotal, general science, space, technology	9,546	9,740	9,779
Subtotal, acquisition of major equipment	70,710	61,138	55,406	Energy	2,517	2,470	2,708
Purchase or sale of land and structures	- 16	- 9	- 9	Transportation:			
Subtotal, major public physical investment	76,201	66,564	60,390	Department of Transportation	420	611	700
Conduct of research and development				NASA	1,084	1,206	1,227
Defense military	37,666	36,219	36,773	Subtotal, transportation	1,504	1,816	1,927
Atomic energy and other	2,730	2,664	2,600	Health:			
Subtotal, research and development	40,396	38,883	39,373	National Institutes of Health	9,063	9,713	10,391
Conduct of education and training (civilian)	39	42	39	All other health	1,380	1,235	1,165
Subtotal, national defense investment	116,637	105,489	99,803	Subtotal, health	10,442	10,948	11,556
NONDEFENSE:				Agriculture	1,129	1,142	1,172
Major public physical investment:				Natural resources and environment	1,762	1,825	1,958
Construction and rehabilitation:				International affairs	318	345	174
Highways	16,203	17,602	18,277	All other research and development	764	895	1,043
Mass transportation	3,058	2,367	3,033	Subtotal, research and development	27,982	29,181	30,316
Rail transportation	141	389	338	Conduct of education and training:			
Air transportation	2,022	1,958	1,798	Education, training, employment and social services:			
Water transportation	107	133	122	Elementary, secondary, and vocational education	13,523	15,184	14,846
Community development block grants	3,198	3,746	4,136	Higher education	14,458	10,563	11,809
Other community and regional development	763	1,118	1,354	Research and general education aids	1,840	2,012	2,031
Pollution control and abatement	3,242	3,688	3,631	Training and employment	5,006	5,428	5,890
Water resources	2,166	2,869	2,241	Social services	4,035	5,507	6,044
Other natural resources and environment	445	556	450	Subtotal, education, training, and social services	38,861	38,693	40,620
Housing assistance	3,226	4,558	5,679	Income security	109	128	148
General science, space, and technology	1,232	1,459	876	Veterans education, training, and rehabilitation	1,091	1,424	1,518
Energy	2,868	3,450	3,212	Health	775	825	1,015
Veterans hospitals and other health	1,134	1,386	2,327	International affairs	212	239	235
Postal Service	677	653	688	Other education and training	838	963	1,019
Federal buildings fund	675	1,355	1,278	Subtotal, conduct of education and training	41,885	42,272	44,555
International affairs	351	367	368	Subtotal, nondefense investment	120,077	128,152	134,242
Other programs	672	978	973	Total, major Federal investment outlays	236,713	233,641	234,045
Subtotal, construction and rehabilitation	42,180	48,630	50,780	ADDENDUM: Miscellaneous physical investment			
Acquisition of major equipment:				Commodity inventories:			
Air transportation	2,204	2,050	2,141	Agriculture	- 359	- 416	- 71
Other transportation	336	371	484	Strategic petroleum reserve and other	134	- 415	- 141
Space flight, research, and supporting activities	1,371	1,347	1,301	Subtotal, commodity inventories	- 225	- 831	- 212
General science and basic research	39	94	96	Other physical assets (direct)	5,578	5,751	5,501
Veterans medical care	594	800	670	Subtotal, misc. physical investment	5,354	4,920	5,290
Postal Service	516	649	1,033	Total investment outlays, including misc. ..	242,067	238,561	239,335
General supply fund	371	555	526				
Other	652	667	817				
Subtotal, acquisition of major equipment	6,085	6,534	7,068				
Purchase or sale of land and structures							
International affairs	4	4	4				
Domestic	1,265	870	831				

TABLE 8-4. FEDERAL INVESTMENT OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS

(In millions of dollars)

	1993 actual	1994 estimate	1995 estimate		1993 actual	1994 estimate	1995 estimate
MAJOR FEDERAL INVESTMENT OUTLAYS:							
GRANTS:							
Major public physical investment:							
Construction and rehabilitation:							
Highways	16,177	17,574	18,253	General supply fund	371	555	526
Mass transportation	3,058	2,367	3,033	Other	535	452	723
Rail transportation	19	43	35				
Air transportation	1,931	1,850	1,710	Subtotal, acquisition of major equipment	76,794	67,672	62,474
Pollution control and abatement	2,358	2,637	2,570				
Other natural resources and environment ..	170	254	119	Purchase or sale of land and structures:			
Community development block grants	3,198	3,746	4,136	National defense	-16	-9	-9
Other community and regional development ..	524	788	956	International affairs	4	4	4
Housing assistance	2,929	4,049	4,834	Domestic	1,265	870	831
National defense	60	79	4				
Other construction	69	192	169	Subtotal, purchase or sale of land and structures	1,253	865	826
Subtotal, construction and rehabilitation ..	30,493	33,580	35,818	Subtotal, major public physical investment ..	95,242	89,022	83,254
Other physical assets	675	662	688	Conduct of research and development:			
				National defense	40,396	38,883	39,373
Subtotal, major public physical capital	31,169	34,242	36,506	International affairs	318	345	174
				Domestic	27,321	28,407	29,470
Conduct of research and development	344	429	672				
Conduct of education and training:				Subtotal, conduct of research and development	68,034	67,635	69,017
Elementary, secondary, and vocational education	12,763	14,341	13,964				
Higher education	119	105	91	Conduct of education and training:			
Research and general education aids	315	312	306	Elementary, secondary, and vocational education	760	843	882
Training and employment	3,982	4,327	4,747	Higher education	14,339	10,457	11,718
Social services	3,862	5,264	5,790	Research and general education aids	1,525	1,699	1,725
National defense (civilian)	6	6	3	Training and employment	1,024	1,101	1,143
Other	496	528	713	Health	775	825	845
				Veterans education, training, and rehabilitation ..	1,091	1,424	1,518
Subtotal, conduct of education and training ..	21,543	24,884	25,614	National defense	33	36	36
				International affairs	212	239	235
Subtotal, grants for investment	53,055	59,555	62,793	Other	623	805	879
DIRECT FEDERAL PROGRAMS:				Subtotal, conduct of education and training ..	20,382	17,429	18,981
Major public physical investment:							
Construction and rehabilitation:				Subtotal, direct Federal major investment outlays	183,658	174,086	171,252
National defense	5,448	5,356	4,989				
International affairs	351	367	368	Total, major Federal investment outlays	236,713	233,641	234,045
General science, space, and technology	1,232	1,459	876				
Water resources projects	2,038	2,675	2,168	ADDENDUM: Miscellaneous physical investment:			
Other natural resources and environment ..	1,287	1,548	1,466	Commodity inventories:			
Energy	2,868	3,450	3,212	Emergency energy preparedness	137	76	9
Transportation	345	613	536	Commodity Credit Corporation	-359	-416	-71
Veterans hospitals and other health facilities ..	1,079	1,314	2,268	Other	-3	-490	-150
Postal Service	677	653	688				
Federal prison system	385	527	524	Subtotal, commodity inventories	-225	-831	-212
Federal buildings fund	675	1,355	1,278				
Other construction	810	1,169	1,582	Other physical investment:			
				Department of Agriculture:			
Subtotal, construction and rehabilitation ..	17,195	20,485	19,955	Conservation reserve program	1,690	1,819	1,808
				Other	3,542	3,782	3,551
Acquisition of major equipment:							
National defense	70,710	61,138	55,406	Subtotal, Department of Agriculture	5,231	5,601	5,359
General science and basic research	39	94	96				
Space flight, research, and supporting activities	1,371	1,347	1,301	Department of the Interior	65	48	60
Energy	231	367	346	Other	282	102	83
Postal Service	516	649	1,033				
Air transportation	2,204	2,050	2,141	Subtotal, other physical capital	5,578	5,751	5,501
Water transportation (Coast Guard)	222	219	232				
Hospital and medical care for veterans	594	800	670	Subtotal, miscellaneous physical investment	5,354	4,920	5,290
				Total Federal investment outlays, including miscellaneous	242,067	238,561	239,335

A key priority of the Administration is to accelerate the restoration of domestic investment outlays. The budget proposes dramatic increases in a number of areas of investment. Full funding of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 will enhance the ability of States to maintain and improve interstate and other major highways, while a 40 percent increase in mass transit formula capital grants will provide critical support in addressing urban congestion and pollution. Clean water and safe drinking water revolving funds will assist States in meeting the mandates of the Clean Water Act and the Safe Drinking Water Act.

In addition to these increases in physical investment, the budget proposes a number of increases in the areas of research and development and education and training. These include new initiatives supporting development of a national information infrastructure, a 21 percent expansion of Head Start funding, and a strengthened and integrated JOBS program. These proposals

in physical and other investment, along with the programs funded in the 1994 appropriations acts, will increase the share of Federal outlays devoted to non-defense investment from 8.5 percent in 1993 to 8.8 percent in 1995.

Detailed Tables

Tables 8-3 and 8-4 present further detail on the composition of physical and other investment outlays. They provide two basic classifications. The first separates national defense from nondefense investment outlays, and the second separates grants to State and local governments for investment from direct Federal investment outlays.

Additional data about trends in Federal investment outlays can be found in the separate *Historical Tables* volume of the budget. Section 9 of that volume contains data on physical investment, and Section 10 contains data on the conduct of research and development and the conduct of education and training.

Part II—ALTERNATIVE CAPITAL BUDGET PRESENTATIONS

A capital budget would separate Federal expenditures into two categories: spending for investment and all other spending. In this sense, the previous section provided a capital budget for the Federal Government, distinguishing outlays that yield long-term benefits from all others. But alternative capital budget presentations have been suggested, two of which are described in this section.

The Federal budget finances investment for two quite different types of reasons. It invests in capital—such as office buildings, computers, and weapons systems—that primarily contributes to its ability to provide governmental services to the public; some of these services, in turn, are designed to increase economic growth. And it invests in capital—such as highways, education, and

research—that contributes more directly to the economic growth of the Nation. Most of the capital in the second category, unlike the first, is not owned or controlled by the Federal Government. In the discussion that follows, the first is called “Federal capital” and the second is called “national capital.” Table 8-5 compares total Federal investment as defined in this chapter with investment in national capital and with the part of investment in Federal capital that the National Performance Review (NPR) singled out for special attention.

Capital budgets and other changes in Federal budgeting have been suggested for both types of investment. Some of these proposals are discussed below and illustrated by alternative capital budget presentations.

Investment in Federal Capital

The goal of investment in Federal capital is to deliver Government services as efficiently and effectively as possible. The Congress allocates resources to Federal agencies to accomplish a wide variety of programmatic goals. Because these goals are diverse and most are not measured in dollars, they are difficult to compare with each other. Policy judgments must be made as to their relative importance.

Once amounts have been allocated for one of these goals, however, analysis may be able to assist in choosing the most efficient and effective means of delivering service. This is the context in which decisions are made on the amount of investment in Federal capital. For example, budget proposals for the Department of Justice must consider whether to increase the number of

FBI agents, the amount of justice assistance grants to State and local governments, or the number of prisons in order to accomplish the department’s objectives. The optimal amount of investment in Federal capital derives from these decisions. There is no efficient target for total investment in Federal capital as such.

The universe of Federal capital encompasses federally owned fixed assets. It excludes Federal grants to States for infrastructure, such as highways, and it excludes intangible investment, such as education and research. Investment in Federal capital in 1995 is estimated to be \$83.3 billion, or 36 percent of the total Federal investment outlays shown in table 8-1. Of the investment in Federal capital, 73 percent is for defense and 27 percent for nondefense purposes.

TABLE 8-5. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 1995

(In millions of dollars)

	All Federal investment	NPR Federal capital	National capital
Construction and rehabilitation:			
Grants:			
Transportation	23,031	.....	23,031
Natural resources and environment	2,689	.....	2,659
Community and regional development	5,092	.....	933
Housing assistance	4,834	.....	.....
Other grants	861	.....	98
Direct Federal:			
National defense	4,989	739	.....
International affairs	368	368	.....
General science, space, and technology	876	436	876
Natural resources and environment	3,634	72	3,333
Energy	3,212	.....	3,212
Transportation	536	.....	536
Veterans and other health facilities	2,268	2,268	2,268
Postal Service	688	688	688
Federal buildings fund	1,278	1,278	.....
Other construction	2,106	202	462
Total construction and rehabilitation	56,461	6,051	38,095
Acquisition of major equipment (direct):			
National defense	55,406	.....	.....
General science, space, and technology	1,397	96	1,397
Energy	346	.....	346
Postal Service	1,033	1,033	1,033
Air transportation	2,141	.....	2,141
Water transportation	232	.....	232
Hospital and medical care for veterans	670	670	670
General supply fund	526	526	.....
Other	723	462	283
Total major equipment	62,474	2,787	6,102
Purchase or sale of land and structures	826	564	.....
Total physical investment	119,761	9,401	44,197
Research and development:			
Defense	39,373	.....	1,139
Nondefense	30,316	.....	29,545
Total research and development	69,690	.....	30,684
Education and training	44,595	.....	44,127
Total investment outlays	234,045	9,401	119,008

NPR Recommendations

The recommendation by NPR that the budget “recognize the special nature and long-term benefits of investments through a separate capital budget”² takes this perspective and refines it further. For the purpose of a capital budget, NPR would limit the coverage of investment to include only a small part of the Federal capital as defined above. It would include only common commercial-type products used to support the delivery of Federal services: office buildings, computers, hospitals, automobiles, and the like. This excludes not only investment in military weapons systems and bases, but also non-defense special purpose capital such as space stations and dams.

The NPR recommended partitioning the unified budget into a capital budget, an operating budget, and a cash budget, to be implemented fully in the 1996 budget.

A capital budget process of this kind, utilizing the operating budget and a cash budget, could improve the Government’s fixed asset decisions. To construct the capital budget—the explicit plan for cash outlays for fixed assets over a period of years—agencies would have to make systematic long-range plans for their fixed asset acquisitions and these plans would then have to be incorporated in the budget process. This would help to achieve the NPR goal of “steer[ing] our scarce resources toward the most economical means of acquisition of the most needed assets.”³

For capital budgeting to be most effective, however, it needs to be accompanied by several related improvements that NPR also recommends to the planning and budgeting process for fixed assets. OMB plans to put them into effect for the 1996 budget.

- A long-term planning and analysis process for fixed asset acquisitions will be established to de-

² *Creating A Government That Works Better & Costs Less*, Report of the National Performance Review, September 7, 1993, p. 111.

³ *Ibid.*

termine agencies' current and prospective needs—extending the present short-term focus of budget requests over the full 5-year budget horizon. Guidance will be provided to assist agencies in evaluating choices and setting priorities. The process will include assessing the cost-effectiveness of fixed assets in fulfilling agency missions, determining the least-cost method of asset acquisition, life-cycle planning for the acquisition and management of fixed assets, and analysis of risk. Guidance will also be provided to improve agencies' accountability for and management of their fixed assets; this will complement the planning process for new acquisitions.

- The budget process will incorporate the results of agency plans, so that agency planning can be implemented in an orderly way within the framework of setting priorities for the Federal Government. Fixed asset acquisitions would be distinguished from other spending in the budget review process so the long-term nature of the benefits and the time pattern of the cash outlays can be taken into account. Cross-cutting analysis of fixed asset proposals among different agencies would help determine which acquisitions had the highest priority.
- More flexible funding mechanisms will be adopted, where appropriate. Procedures will be developed to ensure that the rules of the annual budget process will not prevent fixed assets that have been justified from being acquired by the most economical means. In particular, the rules will be designed to accommodate temporary "spikes" in agency spending when they are caused by needed acquisitions of fixed assets.

Table 8-6 illustrates a capital budget for fixed assets under the NPR coverage of investment. It is accompanied by an operating budget and a total budget. The operating budget consists of all expenditures except those included in the capital budget, plus depreciation on the stock of assets that corresponds to those purchased through the capital budget. The capital budget consists of expenditures for fixed assets and, on the income side of the account, depreciation. The total budget is the present unified budget, largely cash based and often called a "cash budget," which records all outlays and receipts of the Federal Government. It consolidates the operating and capital budgets by adding them together and netting out depreciation as an intragovernmental transaction. The figures in table 8-6 and the other tables of this section are rough estimates and intended to be illustrative.

Budget Discipline and a Capital Budget

The total budget or cash budget, as the NPR stated, "reflects the effect of both the capital and the operating budget on the economy." As NPR concluded: "Therefore,

TABLE 8-6. CAPITAL, OPERATING, AND UNIFIED (CASH) BUDGETS: NPR DEFINITION OF CAPITAL, 1995¹

(In billions of dollars)

Operating Budget	
Receipts	1,354
Expenses:	
Depreciation	4
Other	1,510
Subtotal, expenses	1,514
Surplus or deficit (–)	–160
Capital Budget	
Income: depreciation	4
Capital expenditures	9
Surplus or deficit (–)	–5
Unified (Cash) Budget	
Receipts	1,354
Outlays	1,519
Surplus or deficit (–)	–165

¹ Historical data to estimate the capital stocks and calculate depreciation are not readily available for the NPR definition of capital. Depreciation estimates were based on the assumption that such outlays were a constant percentage of their larger categories over time. They are also subject to the limitations discussed in Part III of this chapter.

the discipline of the cash outlay caps in the Budget Enforcement Act must be maintained."⁴

The NPR recommendation thus differs from some proposals for a capital budget, which would effectively dispense with the unified budget and make expenditure decisions on fixed asset acquisitions in terms of the operating budget instead. The operating budget would include only the depreciation on the proposed purchase of a fixed asset. For example, suppose that an agency proposed to buy a \$50 million building at the beginning of the year with an estimated life of 25 years and with depreciation calculated according to the straight-line method. Operating expense in the budget year would increase by only \$2 million, or 4 percent of the asset cost. The same amount of depreciation would be recorded as an increase in operating expense for each year of the asset's life.

Recording the annual depreciation in the operating budget each year would provide little control over the decision about whether to invest in the first place. Most Federal investments are sunk costs and as a practical matter cannot be recovered by selling or renting the asset. At the same time, there is a significant risk that the need for a fixed asset may change over a period of years, because either the need was not permanent, it was initially misjudged, or other needs became more important. Since the cost is sunk, however, control cannot be exercised later on by comparing the annual benefit of the asset services with depreciation and interest and then selling the asset if its annual services are not worth this expense. Control can only be exercised when the Government commits itself up-front to the full sunk cost. By spreading the real cost of the

⁴ *Ibid.*

project over time, however, use of the operating budget for expenditure decisions would make the budgetary cost of the fixed asset appear very cheap when decisions were being made that compared it to alternative expenditures. As a result, there would be an incentive to purchase fixed assets with little regard for need, and also with little regard for the least-cost method of acquisition. NPR was therefore wise to conclude that budget control should be exercised through the unified cash budget and the caps on its spending.

A budget is a financial plan for allocating resources—deciding how much the Federal Government should spend in total, program by program, and for the parts of each program. The budgetary system provides a process for proposing policies, making decisions, implementing them, and reporting the results. The budget needs to measure costs accurately so that decision makers can compare the cost of a program with its benefits, the cost of one program with another, and the cost of alternative methods of reaching a specified goal. These costs need to be fully included in the budget up front, when the spending decision is made, so that executive and congressional decision makers have the information and the incentive to take the total costs into account.

The unified budget does this for investment. By recording investment on a cash basis, it causes the total cost to be compared up front in a rough and ready way with the total expected future net benefits. Since the budget measures only cost, the benefits with which these costs are compared, based on policy makers' judgment, must be presented in supplementary materials. Such a comparison of total cost with benefits is consistent with the formal method of cost-benefit analysis of capital projects in government, in which the full cost of a fixed asset as the cash is paid out is compared with the full stream of future benefits (all in terms of present values).⁵ This comparison is also consistent with common business practice, in which capital budgeting decisions for the most part are made by comparing cash flows. The cash outflow for the full purchase price is compared with expected future cash inflows either through a relatively sophisticated technique of discounted cash flows—such as net present value or internal rate of return—or through cruder methods such as payback periods.⁶ Regardless of the specific technique adopted, it usually requires comparing future returns with the entire cost of the asset up front—not spread over time through annual depreciation.⁷

⁵For example, see Edward M. Gramlich, *A Guide to Benefit-Cost Analysis* (2nd ed.; Englewood Cliffs: Prentice Hall, 1990), chap. 6; or Joseph E. Stiglitz, *Economics of the Public Sector* (New York: Norton, 1986), chap. 10. This theory is applied in formal OMB instructions to Federal agencies in OMB Circular No. A-94, "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs" (October 29, 1992). GAO, *Discount Rate Policy*, GAO/OCE-17.1.1 (May 1991) discusses the appropriate discount rate for such analysis but not the foundation of the analysis itself, which is implicitly assumed.

⁶For a full textbook analysis of capital budgeting techniques in business, see Harold Bierman, Jr., and Seymour Smidt, *The Capital Budgeting Decision* (7th ed.; New York: Macmillan, 1988). Shorter analyses may be found, for example, in Charles T. Horngren and George Foerter, *Cost Accounting* (6th ed.; Englewood Cliffs: Prentice-Hall, 1987), chap. 19 and 20; and in Surendra S. Singhvi, "The Capital Budgeting Process" and "The Capital Expenditure Evaluation Methods," chap. 19 and 20 in Robert Rachlin and H.W. Allen Sweeny, *Handbook of Budgeting* (3rd ed.; New York: Wiley, 1993).

⁷A recent survey of business practice finds that such techniques are predominant. See Glenn H. Petry and James Sprow, "The Theory and Practice of Finance in the 1990s," *The Quarterly Review of Economics and Finance*, vol. 33 (Winter 1993), pp. 359-82. Petry

Practice Outside the Federal Government

The proponents of making investment decisions on the basis of an operating budget with depreciation have sometimes claimed that this is the common practice outside the Federal Government. However, while the practice of others may differ from the Federal budget and the terms "capital budget" and "capital budgeting" are often used, these terms do not normally mean that fixed asset acquisitions are decided on the basis of annual depreciation cost.

Private business firms call their investment decision making process "capital budgeting," and they record the resulting planned expenditures in a "capital budget." However, decisions are normally based on up-front comparisons of cash outflows with cash inflows, and the capital budget records the period-by-period amounts of cash outflows for capital projects.⁸ This supports the business's goal of deciding upon and controlling the use of its resources.

The cash-based focus of business budgeting for capital is in contrast to business financial statements—the income statement and balance sheet—which use accrual accounting for a different purpose, namely to record how well the business is meeting its objectives of earning profit and accumulating wealth for its owners. For this purpose, the income statement shows the profit in a year from earning revenue net of the expenses incurred. These expenses include depreciation, which is an allocation of the cost of fixed assets over their estimated useful life. With similar objectives in mind, the Federal Accounting Standards Advisory Board (FASAB) is considering the appropriate use of depreciation as a measure of expense in financial statements and cost accounting for Federal agencies.

Business borrowing to finance investment is constrained in ways that Federal borrowing is not. The amount that a business borrows is limited by its own profit motive and the market's assessment of its capacity to repay. The greater a business's indebtedness, other things equal, the more risky is any additional borrowing and the higher is the cost of funds it must pay. Since the profit motive ensures that a business will not want to borrow unless the expected return is at least as high as the cost of funds, the amount of investment that a business will want to finance is limited; and it has an incentive to borrow only for projects where the expected return is as high or higher than the cost of funds. No such constraint limits the Federal Government—either in the total amount of its borrowing for investment, or in its choice of which assets to buy—because of its sovereign power to tax. It can tax to pay for investment; and, if it borrows, its power to tax ensures that the credit market will judge U.S. Treasury securities free from any risk of default even if it borrows "excessively" or for projects that do not seem worthwhile.

and Sprow also verify that such techniques are recommended by the most widely used textbooks in managerial finance.

⁸A business capital budget is depicted in Glenn A. Weisch et al., *Budgeting: Profit Planning and Control* (5th ed.; Englewood Cliffs: Prentice Hall, 1988), pp. 396-99.

Most *States* also have a "capital budget," but the operating budget is not like the operating budget envisaged by proponents of making Federal investment decisions on the basis of depreciation. State capital budgets differ widely in many respects but generally relate some of the State's purchases of fixed assets to borrowing and other earmarked means of financing. For the debt-financed portion of investment, the interest and repayment of principal are usually recorded in the operating budget. State operating budgets are not charged for assets purchased in the capital budget but financed by grants or taxes. No State operating budget is charged for depreciation.⁹

State borrowing to finance investment, like business borrowing, is subject to limitations that do not apply to Federal borrowing. Like business borrowing, it is constrained by the credit market's assessment of the State's capacity to repay. Furthermore, it is usually designated for specified investments, and it is almost always subject to constitutional limits or referendum requirements.

Other developed *nations* tend to show a more systematic breakdown between investment and operating expenditures within their budgets than does the United States, even while they record capital expenditures on a cash basis within the same budget totals. For example, the United Kingdom shows the capital spending within each agency total and displays the sum of cap-

ital spending for the government as a whole. However, a survey by the Congressional Budget Office found that all developed nations except Chile and New Zealand budget on a cash basis;¹⁰ and New Zealand requires the equivalent of appropriations for the full cost up front before a department can make net additions to its fixed assets. Some countries—including Sweden, Denmark, and Finland—formerly had separate capital budgets but abandoned them a number of years ago.¹¹

Conclusions

It is for reasons such as these that the General Accounting Office has recently issued a report that criticized budgeting for capital in terms of depreciation. Although the criticisms were in the context of what is termed "national capital" in this chapter, they apply equally to "Federal capital."

"Depreciation is not a practical alternative for the Congress and the administration to use in making decisions on the appropriate level of spending intended to enhance the nation's long-term economic growth for several reasons. Currently, the law requires agencies to have budget authority before they can obligate or spend funds. Unless the full amount of budget authority is appropriated up front, the ability to control decisions when total resources are committed to a particular use is reduced. Appropriating only annual depreciation, which is only a fraction of the total cost of an investment, raises this control issue."¹²

Investment in National Capital

A Target for National Investment

The Federal Government's investment in national capital has a much broader and more varied form than its investment in Federal capital. The Government's goal is to support and accelerate sustainable economic growth for the Nation as a whole and in some instances for specific regions or groups of people. The Government's investment concerns for the Nation are two-fold:

- The effect of its own investment in national capital on the output and income that the economy can produce. Reducing expenditure on consumption and increasing expenditure on investment that supports economic growth are a major priority for the Administration. In both the 1994 and the 1995 budgets, it has reordered priorities by proposing more investment and less other expenditure within the budget constraints. The Congress is generally supportive of this shift.

- The effect of Federal taxation, borrowing, and other policies on private investment. The Administration's deficit reduction policy has reduced interest rates and thereby brought about an expansion of private investment.

In its recent report, *Incorporating an Investment Component in the Federal Budget*, the General Accounting Office recommended establishing an investment component within the unified budget—but not a separate capital budget or the use of depreciation—for this type of investment.¹³ GAO defines this investment as "federal spending, either direct or through grants, that is directly intended to enhance the private sector's long-term productivity."¹⁴ To increase investment—both public and private—GAO recommends establishing targets for the level of Federal investment and for a declining path of unified budget deficits over time.¹⁵ Such a target for investment in national capital would focus attention on policies for growth, encourage a conscious

⁹The characteristics of State capital budgets were examined in a survey of State budget officers for all 50 States in 1986. See Lawrence W. Hush and Kathleen Peroff, "The Variety of State Capital Budgets: A Survey," *Public Budgeting and Finance* (Summer 1988), pp. 67–79. More detailed results are available in an unpublished OMB document, "State Capital Budgets" (July 7, 1987). Two GAO reports examined some of the same issues and reached similar conclusions on the issues in question. See *Budget Issues: Capital Budgeting Practices in the States*, GAO/AFMD–86–63FS (July 1986) and *Budget Issues: State Practices for Financing Capital Projects*, GAO/AFMD–89–64 (July 1989).

¹⁰Robert W. Hartman, Statement before the Subcommittee on Economic Development, Committee on Public Works and Transportation, U.S. House of Representatives (May 26, 1993). Hartman stated: "to our knowledge, only two developed countries, Chile and New Zealand, recognize depreciation in their budgets."

¹¹The budgets in Sweden, Great Britain, Germany, and France are described in GAO, *Budget Issues: Budgeting Practices in West Germany, France, Sweden, and Great Britain*,

GAO/AFMD–87–8FS (November 1986). Sweden had separate capital and operating budgets from 1937 to 1981 and a total combined budget from 1986 onwards. The reasons for abandoning the capital budget are discussed briefly in the GAO report and more extensively by a government commission established to recommend changes in the Swedish budget system. See Sweden, Ministry of Finance, *Proposal for a Reform of the Swedish Budget System: A Summary of the Report of the Budget Commission Published by the Ministry of Finance* (Stockholm, 1974), chapter 10.

¹²*Budget Issues: Incorporating an Investment Component in the Federal Budget*, GAO/AFMD–94–40 (November 1993), p. 11. GAO had made the same recommendation in earlier reports but with less extensive analysis than in this report.

¹³*Ibid.*, pp. 1–2, 9–10, and 15.

¹⁴*Ibid.*, pp. 1 and 5.

¹⁵*Ibid.*, pp. 2 and 13–16.

decision about the overall level of growth-enhancing investment, and make it easier to set spending priorities in terms of policy goals for aggregate formation of national capital.

Table 8-7 illustrates the unified budget reorganized as GAO recommends to have a separate component for investment in national capital. This component is roughly estimated to be \$119 billion in 1995. It includes infrastructure outlays financed by Federal grants to State and local governments, such as highways and sewer projects, as well as direct Federal purchases of infrastructure, such as electric power generation equipment. It also includes intangible investment for nondefense research and development, for basic research financed through defense, and for education and training. Much of this consists of grants and credit assistance to other governments, nonprofit organizations, or individuals. Military investment and fixed assets in the NPR capital budget are excluded, because that investment does not primarily enhance economic growth.

TABLE 8-7. UNIFIED (CASH) BUDGET WITH NATIONAL INVESTMENT COMPONENT

(In billions of dollars)

Receipts	1,354
Outlays:	
National investment	119
Other	1,400
Subtotal, outlays	1,519
Surplus or deficit (-)	-165

A Capital Budget for National Investment

Table 8-8 roughly illustrates what a capital budget and operating budget would look like under this definition of investment—although it must be emphasized that this is *not* GAO's recommendation. Some proponents of a capital budget would make spending decisions within the framework of such a capital budget and operating budget. But the limitations that apply to the use of depreciation in deciding on investment decisions for Federal capital apply even more strongly for assets neither owned nor controlled by the Federal Government, which is the case for most national investments.

In addition to those basic limitations, the definition of investment is more malleable for national capital than Federal capital. Many programs promise long-term intangible benefits to the Nation, and depreciation rates are much harder to determine for intangible investment such as research and education than they are for physical investment such as highways and office buildings. These and other definitional questions are hard to resolve. The answers could significantly affect budget decisions, because they would determine whether the budget would record all or only a small part of the cost of a decision when policy makers were comparing

TABLE 8-8. CAPITAL, OPERATING, AND UNIFIED (CASH) BUDGETS: NATIONAL CAPITAL, 1995¹

(In billions of dollars)

Operating Budget	
Receipts	1,329
Expenses:	
Depreciation ²	68
Other	1,400
Subtotal, expenses	1,468
Surplus or deficit (-)	-139
Capital Budget	
Income:	
Depreciation ²	68
Earmarked tax receipts ³	24
Subtotal, income	93
Capital expenditures	119
Surplus or deficit (-)	-27
Unified (Cash) Budget	
Receipts	1,354
Outlays	1,519
Surplus or deficit (-)	-165

¹ For the purpose of this illustrative table only, education and training outlays are arbitrarily depreciated over 30 years by the straight-line method. This differs from the treatment of education and training elsewhere in this chapter and in Chapter 2.

² Excludes depreciation on capital financed by tax receipts allocated to the capital budget.

³ Consists of tax receipts of the highway and airport and airways trust funds.

the budgetary cost of a project with their judgment of the benefits. The process of reaching an answer with a capital budget would open the door to misrepresentation, because there would be an incentive to make the operating expenses and deficit look smaller by classifying outlays as investment and using low depreciation rates. This would "justify" more spending by the program or the Government overall.¹⁶

Borrowing to Finance a Capital Budget

A further issue raised by a capital budget for national investment is the financing of capital expenditures. Some have argued that the Government ought to balance the operating budget and borrow to finance the capital budget—capital expenditures less depreciation (and less tax receipts earmarked to finance capital expenditure). The rationale is that if the Government borrows for net investment and the rate of return exceeds the interest rate, the additional debt does not add a burden onto future generations. Instead, the burden of paying interest on the debt and repaying its principal is spread over the generations that will benefit from the investment. The additional debt is "justified" by the additional assets.

This argument is at best a justification to borrow to finance *net* investment, after depreciation is subtracted from *gross* outlays, not to borrow to finance *gross* investment. To the extent that capital is used up during the year, there are no additional assets to

¹⁶ These problems are also pointed out in *ibid.*, pp. 11–12.

justify additional debt. If the Government borrows to finance *gross* investment, the additional debt exceeds the additional capital assets. The Government is thus adding onto the amount of future debt service without providing the additional capital that would produce the additional income needed to service that debt. This justification, furthermore, requires that depreciation be measured in terms of current cost, not historical cost, because, when prices change, historical cost depreciation will not measure the extent to which the capital stock is used up each year.

Table 8-8 shows that the operating deficit, defined to be net of current cost depreciation, would not be a great deal less than the unified budget deficit—\$139 billion in 1995 compared to \$165 billion. Depreciation (plus the earmarked excise taxes for highways and airports and airways) is high relative to gross new capital outlays, because the stock of national capital has not been growing very fast.

Even with depreciation calculated in current cost, the rationale for borrowing to finance net investment is not persuasive. The Federal Government, unlike a business or household, is responsible not only for its own affairs but also for the general welfare of the Nation. To maintain and accelerate national economic growth and development, the Government needs to sustain private investment as well as its own national investment. In the last decade, however, net national saving and investment have been low, both by historical standards and in comparison to the amounts needed to achieve the Administration's goals for accelerated growth. (For the past trend in net national saving, see Chart 1-4 in Chapter 1 of the *Budget*.)

To the extent that the Government finances its national investment in a way that results in lower private investment, the net increase of total investment in the economy is less than the increase from the additional Federal capital outlays alone. The net increase in total investment is significantly less if the Federal investment is financed by borrowing than if it is financed by taxation, because borrowing primarily draws upon the saving available for private (and State and local) investment whereas much of taxation comes out of private consumption instead. Therefore, the net effect of Federal investment on economic growth would be reduced if it were financed by borrowing. This would be the result even if the rate of return on Federal investment in national capital was higher than the rate of return on private investment. For example, if a Federal investment that yielded a 15 percent rate of return crowded out private investment that yielded 10 percent, the net social return would still be positive but it would only be 5 percent.¹⁷

The 1994 budget was a bold proposal to increase the saving available for private investment while also increasing Federal investment for national capital. Nevertheless, current deficits still exceed net Federal investment for national capital, and balancing the operating budget in 1995 would require additional deficit reduction of \$139 billion—not a great deal less than balancing the unified budget. As the NPR concluded, a capital budget is not a justification to relax current budget constraints.¹⁸ Any easing would undo the gains from the \$504.8 billion of deficit reduction achieved in the Omnibus Budget Reconciliation Act of 1993.

Part III—FEDERALLY FINANCED CAPITAL STOCKS

Federal investment outlays, by definition, create a "stock" of capital that is available in the future for productive use. Each year, Federal investment spending adds to the stock of capital, while wear and tear and obsolescence reduce it. This section presents very rough measures of three different kinds of capital stocks financed by the Federal Government: public physical capital, research and development (R&D), and education. Capital stocks are not estimated for training.

Federal outlays for physical assets add to the Nation's capital stock of tangible assets, such as roads, buildings, and aircraft carriers. These assets deliver a flow of services over their lifetime. The capital depreciates as the asset is used, wears out, or becomes obsolete.

Federal outlays for the conduct of research, development, and education add to an "intangible" asset, the Nation's stock of knowledge. Although financed by the Federal Government, the research and development or education can be performed by Federal or State government laboratories, universities and other nonprofit or-

ganizations, or private industry. Research and development covers a wide range of endeavors, from the investigation of subatomic particles to the exploration of outer space; it can be "basic" research without particular applications in mind, or it can have a highly specific practical use. Similarly, education includes a wide variety of programs, assisting people of all ages with basic education through graduate studies. Like physical assets, the capital stocks of R&D and education provide services over a number of years and depreciate as they become outdated.

For this analysis, physical and R&D capital stocks were estimated using the perpetual inventory method. In this method, the estimates are based on the sum of net investment in prior years, rather than, for example, a survey of the current market worth of the asset. Each year's Federal outlays are treated as gross investment, adding to the capital stock; depreciation and discards reduce the capital stock. Gross investment less depreciation and discards is net investment.

¹⁷The GAO report considered deficit financing of investment but did not recommend it. See *ibid.*, pp. 12-13.

¹⁸NPR, *Creating a Government That Works Better & Costs Less*, p. 111.

In contrast, the estimate of the education stock is based on the replacement cost method. Data on the cumulative years of education in the U.S. population are combined with data on the cost of education and the Federal share of education spending to yield the cost of replacing the Federal share of the Nation's stock of education.

Additional detail about the methods used to estimate capital stocks appears in a methodological note at the end of this section. It should be stressed that these estimates are rough approximations, and provide a basis only for making broad generalizations. Errors may arise from incomplete data for historical outlays, imprecision in the deflators used to express costs in 1987 dollars, and uncertainty about the useful lives and depreciation rates of different types of assets.

The Stock of Physical Capital

This section presents data on stocks of physical capital assets and estimates of the depreciation on these assets.

Trends.—Table 8-9 shows the value of the total net federally financed physical capital stock since 1970, in constant fiscal year 1987 dollars. The total stock held constant through the 1970s and began rising in the early 1980s. The stock reached a high of \$1,380 billion in 1993 and is estimated to increase to \$1,387 billion in 1994, remaining at roughly that level in 1995. In 1993, the national defense capital stock accounted for \$682 billion, or 49 percent of the total, and nondefense stocks for \$698 billion, or 51 percent of the total.

TABLE 8-9. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL

(In billions of constant 1987 dollars)

	Total	National Defense	Total Nondefense	Direct Federal Capital			Capital Financed by Federal Grants				
				Total	Water and Power	Other	Total	Transportation	Community and Regional	Natural Resources	Other
1970	1,063	696	368	152	92	60	215	164	26	11	15
1971	1,065	682	383	154	94	60	229	172	30	12	15
1972	1,062	662	399	156	96	60	243	179	35	13	16
1973	1,051	637	414	158	97	61	256	186	39	15	17
1974	1,037	609	428	160	99	61	268	191	43	18	17
1975	1,023	583	441	162	101	61	278	195	45	21	17
1976	1,013	557	457	164	103	61	292	201	49	25	18
1977	1,005	525	480	167	106	61	313	208	55	32	18
1978	1,003	502	501	170	109	62	331	213	63	37	18
1979	1,005	485	520	174	111	62	347	218	69	42	17
1980	1,008	470	538	176	113	63	362	224	74	46	17
1981	1,013	460	553	179	114	65	374	230	78	50	16
1982	1,019	456	563	180	114	66	383	233	81	53	16
1983	1,034	462	572	181	115	66	392	237	84	55	15
1984	1,061	477	584	183	114	69	401	243	86	57	15
1985	1,100	501	599	187	114	72	412	250	89	59	14
1986	1,143	531	612	189	114	76	422	257	90	61	14
1987	1,189	566	623	193	114	79	430	263	91	62	13
1988	1,230	595	635	199	114	84	437	268	92	64	13
1989	1,270	625	645	203	114	89	443	273	92	64	14
1990	1,306	649	656	207	114	93	449	278	92	65	14
1991	1,339	670	668	212	114	98	456	283	92	66	15
1992	1,365	681	684	221	115	106	463	288	92	66	17
1993	1,380	682	698	228	115	113	471	294	92	66	19
1994 est.	1,387	670	717	237	116	121	480	299	92	66	22
1995 est.	1,386	652	735	245	116	129	489	305	92	66	26

Real stocks of defense and nondefense capital show very different trends. Nondefense stocks have grown consistently since 1970, increasing from \$368 billion in 1970 to \$698 billion in 1993. With the investments proposed in the budget, nondefense stocks are estimated to grow further to \$735 billion in 1995. During the 1970s, the nondefense capital stock grew at an average annual rate of 3.9 percent, above the rate of growth of real GDP. In the 1980s, however, the growth rate slowed to just over half that rate, or 2.0 percent annually, less than GDP growth. More recently, the rate of growth in nondefense stocks has accelerated. Under this budget, the stock will grow at an estimated

2.6 percent annual rate from 1993 to 1995, closer to the rate of growth in GDP.

National defense stocks began in 1970 at a relatively high level, and declined steadily throughout the decade, as depreciation from the Vietnam era exceeded new investment in military construction and weapons procurement. Starting in 1982, however, a large defense buildup began to increase the stock of defense capital. By 1992, the defense stock had nearly equalled its level at the height of the Vietnam War. In the last few years, reduced defense investments due to the end of the Cold War and the recognition of other pressing national needs have once again begun to reduce the

defense stock. The stock will decline by an estimated 2.7 percent in the 1995 budget.

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 56 percent of federally financed nondefense capital was owned by the Federal Government, and 44 percent was owned by State and local governments but financed by Federal grants. Expansion in Federal grants for highways and other state and local capital, coupled with relatively slow growth in direct Federal investments in agencies such as the Bureau of Reclamation and Corps of Engineers, shifted the composition of the stock substantially. In 1993, 33 percent of the nondefense stock was owned by the Federal Government and 67 percent by State and local governments.

The growth in the stock of physical capital financed by grants has come in several areas. The growth in

the stock for transportation is largely grants for highways, including the Interstate Highway System. The growth in community and regional development stocks occurred largely with the enactment of the community development block grant in the early 1970s. The value of this capital stock has been unchanged in the past few years. The growth in the natural resources area occurred primarily because of construction grants for sewage treatment facilities. The value of this federally financed stock has also been relatively stable since the mid-1980s, although new investments proposed in the budget for clean water and safe drinking water revolving funds should increase this stock in coming years.

Table 8-10 shows nondefense physical capital outlays both gross and net of depreciation for selected years from 1960 to 1985 and annually from 1985 to 1995. The net capital outlays in this table are the change in the net nondefense physical capital stock displayed in Table 8-9.

TABLE 8-10. COMPOSITION OF GROSS AND NET FEDERAL AND FEDERALLY FINANCED NONDEFENSE PUBLIC PHYSICAL INVESTMENT

(In billions of constant 1987 dollars)

Year	Total nondefense investment			Direct Federal investment					Investment financed by Federal grants						
	Gross	Deprecia- tion	Net	Gross	Deprecia- tion	Net	Composition of net in- vestment		Gross	Deprecia- tion	Net	Composition of net investment			
							Water and power	Other				Transporta- tion (mainly highways)	Communi- ty and regional develop- ment	Natural resources and envi- ronment	Other
Five year intervals:															
1960	21.0	8.3	12.7	7.3	4.6	2.7	1.4	1.3	13.7	3.7	10.0	10.2	-0.3	-0.2	0.3
1965	29.9	11.1	18.9	10.5	5.6	4.9	2.1	2.8	19.5	5.5	14.0	12.4	1.4	-*	0.3
1970	29.2	14.5	14.7	7.3	6.6	0.7	1.0	-0.3	21.9	7.9	14.0	8.6	3.8	0.4	1.2
1975	29.9	17.6	12.3	9.3	7.3	2.0	2.0	-*	20.6	10.3	10.3	3.8	2.9	3.3	0.3
1980	37.7	20.1	17.6	10.0	7.6	2.4	1.4	1.0	27.6	12.4	15.2	6.1	4.8	4.8	-0.5
1985	37.8	23.6	14.2	12.1	8.3	3.7	0.1	3.6	25.7	15.2	10.5	6.7	2.3	1.9	-0.4
Annual data:															
1990	38.8	27.8	11.1	14.1	9.7	4.3	0.2	4.1	24.8	18.0	6.7	5.1	*	0.7	0.8
1991	40.5	28.7	11.8	15.2	10.1	5.1	-0.2	5.3	25.3	18.6	6.7	5.0	-0.1	0.8	1.0
1992	45.5	29.8	15.7	19.2	10.6	8.5	1.1	7.4	26.3	19.2	7.2	5.2	-0.1	0.7	1.3
1993	45.5	30.9	14.6	18.1	11.2	7.0	-0.1	7.1	27.4	19.8	7.6	5.8	-0.4	-0.2	2.4
1994 est.	50.2	32.1	18.1	20.9	11.7	9.2	0.9	8.3	29.4	20.4	9.0	5.5	0.2	-*	3.3
1995 est.	51.2	33.3	17.9	20.6	12.3	8.3	*	8.3	30.6	21.0	9.5	5.7	0.4	-0.3	3.8

* \$50 million or less.

TABLE 8-11. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT¹

(In billions of constant FY 1987 dollars)

Fiscal Year	National Defense			Nondefense			Total Federal		
	Total	Basic Research	Applied Research and Development	Total	Basic Research	Applied Research and Development	Total	Basic Research	Applied Research and Development
1970	207	13	195	171	54	117	378	66	311
1971	210	13	196	179	58	121	389	72	317
1972	213	14	199	186	63	123	399	77	322
1973	216	15	201	193	68	126	409	83	326
1974	217	16	201	200	73	128	417	88	329
1975	217	16	201	207	77	129	424	94	330
1976	216	17	199	214	82	132	430	99	331
1977	216	18	198	221	87	134	437	105	332
1978	216	18	198	228	92	136	444	110	333
1979	216	19	197	235	97	137	450	116	334
1980	217	20	197	242	103	138	458	123	336
1981	219	20	198	248	109	139	467	129	337
1982	223	21	201	251	115	137	474	136	338
1983	229	22	207	254	121	133	482	143	339
1984	235	23	212	257	128	129	492	151	341
1985	244	24	221	260	135	126	505	159	346
1986	258	25	233	265	142	122	522	167	355
1987	270	25	245	268	150	119	538	175	363
1988	281	26	255	274	157	117	555	184	371
1989	291	27	264	281	166	115	573	193	380
1990	300	28	272	290	174	116	590	202	387
1991	303	29	274	300	184	116	603	213	390
1992	307	30	277	311	194	117	617	223	394
1993	311	31	281	321	203	118	632	233	399
1994 est.	314	32	282	332	212	120	646	244	402
1995 est.	316	32	283	343	222	121	659	254	405

¹ Excludes outlays for physical capital for research and development, which are included in Table 8-9.

The Stock of Research and Development Capital

This section presents data on the stock of research and development, taking into account adjustments for its depreciation.

Trends.—As shown in Table 8-11, the R&D capital stock financed by Federal outlays is estimated to be \$632 billion in 1993 in constant 1987 dollars. About one-third is the stock of basic research knowledge; about two-thirds is the stock of applied research and development.

The total federally financed R&D stock in 1993 was about evenly divided between defense and nondefense. Although investment in defense R&D has exceeded that of nondefense R&D in every year since 1981, the two stocks are about the same because of the different emphasis between basic research and applied R&D. Defense R&D outlays are heavily concentrated in applied research and development, which depreciates much more quickly than basic research. Applied research and development is assumed to depreciate at a ten percent geometric rate, while basic research is assumed not to depreciate at all.

The defense R&D stock rose slowly during the 1970s, as gross outlays for R&D trended down in constant dollars and the stock created in the 1960s depreciated.

A renewed emphasis on defense R&D spending from 1980 through 1989 led to a more rapid growth of the R&D stock. Since then, defense R&D outlays have tapered off, depreciation has grown, and, as a result, the net defense R&D stock has grown more slowly.

The growth of the nondefense R&D stock slowed from the 1970s to the late 1980s, from an annual rate of 3.6 percent in the 1970s to a rate of 1.6 percent from 1980 to 1988. Real gross investment fell during much of the 1980s, and about three-fourths of new outlays went to replacing depreciated R&D. Since 1988, however, nondefense R&D outlays have been on an upward trend while depreciation has edged down. As a result, the net nondefense R&D capital stock has grown more rapidly.

The Stock of Education Capital

This section presents estimates of the stock of education capital financed by Federal government outlays.

As shown in Table 8-12, the federally financed education stock is estimated at \$653 billion in 1993 in constant 1987 dollars, rising to \$738 billion in 1995. This stock represents about 3 percent of the Nation's total education stock.¹⁹ Three-quarters is for elementary and secondary education, while the remaining one quarter is for higher education.

¹⁹ For estimates of the total education stock, see Table 2-3 in Chapter 2, "Stewardship: Toward a Federal Balance Sheet."

TABLE 8-12. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL

(In billions of constant 1987 dollars)

Fiscal Year	Total Education Stock	Elementary and Secondary Education	Higher Education
1970	193	153	39
1971	208	167	41
1972	226	183	43
1973	242	197	46
1974	249	202	47
1975	257	209	47
1976	278	225	53
1977	285	227	58
1978	305	241	64
1979	325	256	69
1980	346	273	74
1981	367	288	79
1982	369	288	81
1983	377	289	88
1984	396	299	97
1985	423	318	105
1986	448	337	111
1987	468	351	117
1988	496	371	125
1989	525	391	134
1990	550	408	141
1991	577	429	149
1992	612	455	157
1993	653	485	168
1994 est.	696	518	178
1995 est.	738	551	188

In 1970, the federally financed stock of education was only about half the size of the research and development stock, but with steady growth in the intervening decades the education stock now exceeds the stock of R&D. Despite a slowdown in growth during the early

1980s, the stock grew at an average annual rate of 5.4 percent from 1970 to 1993. Expansion of education stock is projected to accelerate under this budget, reflecting in part the emphasis on investment in education, with stocks estimated to increase at a 6.3 percent annual rate from 1993 to 1995.

Methodological Note

This note provides further technical detail in the estimation of the capital stock series presented in Tables 8-9 through 8-12.

As stated previously, the capital stock estimates are only rough approximations. Sources of possible error include:

The historical outlay series.—The historical outlay series for physical capital was based on budget records since 1940 and was extended back to 1915 using data from selected sources. There are no consistent outlay data on physical capital for this earlier period, and the estimates are approximations. In addition, the historical outlay series in the budget for physical capital extending back to 1940 may be incomplete. The historical outlay series for the conduct of research and development began in the early 1950s and required selected sources to be extended back to 1940. In addition, separate outlay data for basic research and applied R&D were not available for any years and had to be estimated from obligations and budget authority. For edu-

cation, data for Federal outlays from the budget were combined with data for non-Federal spending from the institution or jurisdiction receiving Federal funds, which may introduce error because of differing fiscal years and confusion about whether the Federal Government was the original source of funding.

Price adjustments.—The prices for the components of the Federal stock of physical, R&D, and education capital have increased through time, but the rates of increase are not precisely known. Estimates of costs in fiscal year 1987 prices were made through the application of the National Income and Product Accounts deflator series, but these should be considered only approximations of the costs of these assets in 1987 prices.

Depreciation.—The useful lives of physical, R&D, and education capital, as well as the pattern by which they depreciate, are very uncertain. This is compounded by using depreciation rates for broad classes of assets, which do not apply uniformly to all the components

of each group. As a result, the depreciation estimates should also be considered approximations.

Research continues on the best methods to estimate these capital stocks. The estimates presented in the text could change as better information becomes available on the underlying investment data and as improved methods are developed for estimating the stocks based on those data.

Physical Capital Stocks

For many years, current and constant-cost data on the value of most forms of public and private physical capital—e.g., roads, factories, and housing—have been estimated annually by the Bureau of Economic Analysis (BEA) in the Department of Commerce.²⁰ However, the BEA data are not directly linked to the Federal budget, do not include estimates for the years covered by the budget, and do not classify as Federal the capital financed but not owned by the Federal Government. For budgetary purposes, OMB prepared separate estimates.

Method of estimation.—The estimates were developed from the OMB historical data base for physical capital outlays and grants to State and local governments for physical capital. These are the same major public physical capital outlays presented in Part I. This data base extends back to 1940 and was supplemented by rough estimates for 1915–1939.

The deflators for Federal, State, and local purchases of durables and structures were used going back to 1940. Specific deflators were not used for subdivisions of durables and structures. There are no specific price indices for public purchases of durables and structures for 1915 through 1939, and estimates were made on the basis of Census Bureau historical statistics on constant price public capital formation. Using these deflators, the outlays were converted to constant fiscal year 1987 dollars.

The resulting series was adjusted for depreciation. The data were depreciated on a straight-line basis over the following assumed useful lives: 46 years for water and power projects; 40 years for other direct Federal construction and capital financed by grants (primarily highways); and 16 years for defense procurement and major nondefense equipment.

Part IV—SUPPLEMENTAL PHYSICAL CAPITAL INFORMATION

The Federal Capital Investment Program Information Act of 1984 (Title II of Public Law 98–501; hereafter referred to as the Act) requires that the budget include projections of Federal physical capital spending and information regarding recent assessments of public civil-

Research and Development Capital Stocks

Method of estimation.—The estimates were developed from a data base for the conduct of research and development largely consistent with the data in the *Historical Tables*. Although there is not a consistent time series on basic and applied R&D for defense and nondefense outlays back to 1940, it was possible to estimate the data using obligations and budget authority. The data are for the conduct of R&D only and exclude outlays for physical capital for research and development, because they are included in the section on physical capital. Nominal outlays were deflated by the implicit price deflator for gross domestic product (GDP) in fiscal 1987 dollars to obtain estimates of constant dollar R&D spending.

The appropriate depreciation rate of intangible R&D capital is even more uncertain than that of physical capital. Empirical evidence is inconclusive. It was assumed that basic research capital does not depreciate and that applied research and development capital has a ten percent geometric depreciation. These are the same assumptions used in a study published by the Bureau of Labor Statistics estimating the R&D stock financed by private industry.²¹

Education Capital Stocks

Method of estimation.—The estimates of the federally financed education capital stock in Table 8–12 were calculated by first estimating the Nation's total stock of education capital, based on the current replacement cost of the total years of education of the population. To derive the Federal share of this total stock, the Federal share of total educational expenditures was applied to the total amount. The percent in any year was estimated by averaging the prior years' share of Federal education outlays in total education costs. For more information, refer to the technical note in Chapter 2, "Stewardship: Toward a Federal Balance Sheet."

The stock of capital estimated in Table 8–12 is based only on outlays for education. Stocks created by other human capital investment outlays included in Table 8–1, such as training and vocational rehabilitation, were not calculated because of the lack of historical data prior to 1962 and the absence of estimates of depreciation rates.

ian physical capital needs. This section is submitted to fulfill that requirement.

This section is organized in two major parts. The first part projects Federal outlays for public physical capital and the second part presents information regarding public civilian physical capital needs.

²⁰ See "Fixed Reproducible Tangible Wealth in the United States", *Survey of Current Business*, September 1993, pp. 61–69.

²¹ See U.S. Department of Labor, Bureau of Labor Statistics, *The Impact of Research and Development on Productivity Growth*, Bulletin 2331, September 1989.

Projections of Federal Outlays For Public Physical Capital

Federal public physical capital spending was \$126.4 billion in 1993 and is projected to increase to \$151.5 billion by 2003 on a current services basis. The largest components are for national defense and for roads and bridges, which together accounted for about four-fifths of Federal public physical capital spending in 1993.

Federal public physical capital spending is defined here to be the same as the "major public physical capital investment" category in Part I of this chapter. It covers spending for construction and rehabilitation, acquisition of major equipment, and other physical assets. This section excludes outlays for human capital, such as the conduct of education, training, and research.

Table 8-13 shows projected current services outlays for Federal physical capital by the major categories specified in the Act. Total Federal outlays for transportation-related physical capital were \$23.9 billion in

1993, and current services outlays are estimated to increase to \$33.2 billion by 2003. Outlays for nondefense housing and buildings were \$7.8 billion in 1993 and are estimated to increase to \$11.5 billion by 2003. Physical capital outlays for other nondefense categories were \$18.5 billion in 1993 and are projected to be \$27.0 billion by 2003. For national defense, this spending was \$76.2 billion in 1993 and is estimated to increase to \$79.7 billion in 2003.

Table 8-14 shows current services projections adjusted for inflation on a constant dollar basis, using fiscal year 1987 as the base year.

Table 8-15 compares the current services and presidential policy projections from 1993 to 1999 in current and constant dollars.

For outlay details for most programs, see the items included in major public physical capital in tables 8-3 and 8-4.

TABLE 8-13. BASELINE OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of dollars)

	1993 actual	Estimate									
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Nondefense:											
Transportation-related categories:											
Roadways and bridges	16.3	17.7	18.7	19.7	20.4	20.9	21.6	22.3	22.9	23.6	24.3
Airports and airway facilities	4.2	4.0	3.9	4.1	4.2	4.4	4.5	4.6	4.7	4.9	5.0
Mass transportation systems	3.1	2.4	2.7	2.8	2.9	3.2	3.0	3.0	3.1	3.2	3.3
Railroads	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Subtotal, transportation	23.9	24.6	25.8	27.1	28.0	29.0	29.6	30.4	31.2	32.2	33.2
Housing and buildings categories:											
Federally assisted housing	3.2	4.6	5.1	5.3	5.5	5.7	5.9	6.1	6.3	6.4	6.6
Hospitals	1.6	2.0	2.1	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5
Public buildings ¹	3.0	3.6	3.2	3.5	3.0	2.5	2.1	2.2	2.3	2.4	2.4
Subtotal, housing and buildings	7.8	10.2	10.4	10.8	10.6	10.3	10.2	10.6	10.9	11.2	11.5
Other nondefense categories:											
Wastewater and drinking water treatment facilities	2.4	2.7	2.8	2.9	3.1	3.2	3.1	3.2	3.3	3.4	3.5
Water resources projects	2.3	2.9	2.6	2.7	2.8	2.9	3.0	3.0	3.1	3.2	3.3
Space and communications facilities	3.1	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.5	3.6	3.8
Energy programs	3.1	3.8	3.7	3.9	3.9	4.0	4.0	4.1	4.2	4.4	4.5
Community development programs	3.2	3.9	4.3	4.8	5.0	4.8	4.9	5.1	5.2	5.4	5.5
Other nondefense	4.4	5.4	5.2	5.3	5.4	5.6	5.7	5.8	6.0	6.2	6.4
Subtotal, other nondefense	18.5	21.9	21.8	22.8	23.4	23.8	24.0	24.6	25.5	26.2	27.0
Subtotal, nondefense	50.2	56.7	58.0	60.7	62.0	63.0	63.8	65.6	67.6	69.6	71.7
National defense	76.2	66.4	65.0	66.1	67.5	69.1	70.8	73.0	75.2	77.4	79.7
Total	126.4	123.2	123.1	126.9	129.4	132.1	134.6	138.7	142.9	147.1	151.5

¹ Excludes outlays for public buildings that are included in other categories in this table.

TABLE 8-14. BASELINE OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING IN CONSTANT PRICES

(In billions of constant FY 1987 dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Nondefense:							
Transportation-related categories:							
Roadways and bridges	14.4	15.2	15.7	16.1	16.2	16.2	16.2
Airports and airway facilities	3.9	3.6	3.4	3.5	3.5	3.5	3.5
Mass transportation systems	2.7	2.0	2.3	2.3	2.3	2.5	2.2
Railroads	0.2	0.5	0.5	0.4	0.4	0.4	0.4
Subtotal, transportation	21.2	21.3	21.8	22.3	22.4	22.6	22.3
Housing and buildings categories:							
Federally assisted housing	2.9	4.0	4.3	4.3	4.4	4.4	4.5
Hospitals	1.5	1.9	1.8	1.8	1.8	1.8	1.8
Public buildings ¹	2.8	3.3	2.9	3.1	2.5	2.0	1.7
Subtotal, housing and buildings	7.2	9.2	9.1	9.2	8.7	8.2	8.0
Other nondefense categories:							
Wastewater and drinking water treatment facilities	2.1	2.3	2.4	2.4	2.5	2.5	2.4
Water resources projects	2.1	2.7	2.3	2.4	2.4	2.4	2.4
Space and communications facilities	3.0	3.0	2.9	2.8	2.7	2.7	2.7
Energy programs	2.9	3.5	3.3	3.4	3.3	3.3	3.2
Community development programs	2.9	3.4	3.6	3.9	4.0	3.7	3.7
Other nondefense	4.1	4.9	4.5	4.5	4.5	4.5	4.5
Subtotal, other nondefense	17.1	19.8	19.1	19.4	19.4	19.1	18.9
Subtotal, nondefense	45.5	50.3	50.0	50.9	50.5	49.8	49.2
National defense	69.5	59.1	56.2	55.6	55.1	54.8	54.5
Total	115.0	109.4	106.3	106.5	105.5	104.6	103.6

¹ Excludes outlays for public buildings that are included in other categories in this table.**TABLE 8-15. PROJECTIONS OF FEDERAL OUTLAYS FOR PHYSICAL CAPITAL: CURRENT SERVICES AND PRESIDENTIAL POLICY**

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
In current dollars:							
Current services:							
Nondefense	50.2	56.7	58.0	60.7	62.0	63.0	63.8
National defense	76.2	66.4	65.0	66.1	67.5	69.1	70.8
Total	126.4	123.2	123.1	126.9	129.4	132.1	134.6
Presidential policy:							
Nondefense	50.2	56.7	59.4	61.3	61.9	59.5	59.0
National defense	76.2	66.6	60.4	60.5	60.4	60.4	60.5
Total	126.4	123.3	119.8	121.8	122.3	119.9	119.5
In constant FY 1987 dollars:							
Current services:							
Nondefense	45.5	50.3	50.0	50.9	50.5	49.8	49.2
National defense	69.5	59.1	56.2	55.6	55.1	54.8	54.5
Total	115.0	109.4	106.3	106.5	105.5	104.6	103.6
Presidential policy:							
Nondefense	45.5	50.3	51.2	51.4	50.3	47.0	45.4
National defense	69.5	59.2	52.3	50.9	49.4	47.9	46.5
Total	115.0	109.5	103.5	102.3	99.7	94.9	91.9

Public Civilian Capital Needs Assessments

The Act requires information regarding the state of major Federal infrastructure programs, including highways and bridges, airports and airway facilities, mass transit, railroads, federally assisted housing, hospitals, water resources projects, and space and communications investments. Funding levels, long-term projections, policy issues, needs assessments, and critiques, are required for each category.

Capital needs assessments change little from year to year, in part due to the long-term nature of the facilities themselves, and in part due to the consistency of the analytical techniques used to develop the assessments and the comparatively steady but slow changes in underlying demographics. As a result, the practice has arisen in reports in previous years to refer to earlier discussions, where the relevant information had been carefully presented and changes had been minimal.

The needs assessment material in reports of earlier years is incorporated this year largely by reference to

earlier editions and by reference to other needs assessments. The needs analyses, their major components, and their critical evaluations have been fully covered in past Supplements, such as the 1990 Supplement to Special Analysis D.

It should be noted that the needs assessment data referenced here have not been determined on the basis of cost-benefit analysis. Rather, the data reflect the level of investment necessary to meet a predefined standard (such as maintenance of existing highway conditions). The estimates do not address whether the benefits of each investment would actually be greater than its cost or whether there are more cost-effective alternatives to capital investment, such as initiatives to reduce demand or use existing assets more efficiently. Before investing in physical capital, it is necessary to compare the cost of each project with its estimated benefits, within the overall constraints on Federal spending.

Significant Factors Affecting Infrastructure Needs Assessments

Significant Factors

Amount

Highways

- | | |
|---|-------------------------------|
| 1. Projected annual growth in travel to the year 2011 | 2.5 percent |
| 2. Annual cost to maintain overall 1991 conditions and performance on highways eligible for Federal-aid | \$48.4 billion (1991 dollars) |
| 3. Annual cost to maintain overall 1991 conditions on bridges | \$5.2 billion (1991 dollars) |

Airports and Airway Facilities

- | | |
|---|---|
| 1. Airports in the National Plan of Integrated Airport Systems with scheduled passenger traffic | 554 |
| 2. Air traffic control towers | 454 |
| 3. Airport development eligible under airport improvement program for period 1990–1999 | \$40.5 billion (\$28.2 billion for capacity) (1989 dollars) |

Mass Transportation Systems

- | | |
|---|------------------------------|
| 1. Yearly cost to maintain condition and performance of rail facilities over a period of 10 years | \$1.7 billion (1992 dollars) |
| 2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet | \$2.2 billion (1992 dollars) |

Wastewater Treatment

- | | |
|--|-------------------------------|
| 1. Total needs of sewage treatment facilities | \$80.5 billion (1990 dollars) |
| 2. Total Federal expenditures under the Clean Water Act of 1972 | \$62 billion |
| 3. Percent of population served by centralized treatment facilities that benefits from at least secondary sewage treatment systems | 95 percent |
| 4. States and territories served by State Revolving Funds | 51 |

Significant Factors Affecting Infrastructure Needs Assessments—Continued

Significant Factors

Amount

Housing

1. Total unsubsidized very low income renter families (3.6 million*):
 - A. In severely substandard units 0.4 million
 - B. With a rent burden greater than 50 percent 3.4 million

*The total is less than the sum because some renter families have both problems..

Indian Health (IHS) Care Facilities

1. IHS hospital occupancy rates (1992) 44.9 percent
2. Average length of stay, IHS hospitals (days) (1992) 4.5
3. Hospital admissions (1992) 61,992
4. Outpatient visits (1992) 3,924,484
5. Population (1992) 1,149,881

Department of Veterans Affairs (VA) Hospitals

1. Hospitals 173
2. Outpatient clinics 360
3. Domiciliaries 39
4. Outreach centers 202
5. VA owned nursing home beds 15,952

Water Resources

1. Navigation (deepwater ports and inland waterway)
 2. Flood control and storm damage protection.
 3. Irrigation.
 4. Hydropower.
 5. Municipal and industrial water supply.
 6. Recreation.
 7. Fish and wildlife mitigation, enhancement, and restoration.
 8. Soil conservation.
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9. RESEARCH AND DEVELOPMENT EXPENDITURES

The Administration is proposing \$70 billion (excluding facilities) in research and development (R&D) investments in 1995, a \$2 billion or three percent increase over 1994. Civilian R&D will increase \$1.4 billion or five percent to \$31 billion. In 1995, university-

based research will increase to roughly \$12 billion, a \$362 million or three percent increase over 1994. Chapter 3B of the *Budget of the United States Government, Fiscal Year 1995* includes a discussion of science and technology that contains more information on research and development activities.

TABLE 9-1. FUNDING FOR RESEARCH AND DEVELOPMENT

(Outlays; dollars amounts in millions)

	1993 actual	1994 enacted	1995 proposed	Dollar change: 1994 to 1995	Percent change: 1994 to 1995
Research and Development (R&D):					
Civilian:					
Basic	11,370	11,967	12,454	+487	+4%
Applied and Development	15,886	17,149	18,074	+925	+5%
Total	27,255	29,116	30,527	+1,411	+5%
Defense:					
Basic	1,255	1,232	1,146	-86	-7%
Applied and Development	39,176	37,753	38,237	+484	+1%
Total	40,432	38,985	39,383	+398	+1%
Total R&D (without facilities)	67,687	68,101	69,910	+1,809	+3%
Total R&D (with facilities)	70,320	70,828	72,495	+1,667	+2%
R&D by Agency (w/o facilities):					
Defense	37,662	36,343	36,841	+498	+1%
Health and Human Services	9,579	10,311	10,996	+685	+7%
NASA	8,087	8,213	8,324	+111	+1%
Energy	5,878	6,121	6,449	+328	+5%
National Science Foundation	1,754	1,984	2,001	+18	+1%
Agriculture	1,308	1,353	1,392	+39	+3%
Other	3,417	3,777	3,908	+131	+3%
Total R&D	67,687	68,101	69,910	+1,810	+3%
R&D support to university researchers	10,463	11,327	11,688	+362	+3%

10. UNDERWRITING FEDERAL CREDIT AND INSURANCE

With over \$5.9 trillion in insurance, loan guarantees and direct loans outstanding at the end of 1993, the Federal Government remains the largest underwriter of financial risk in the United States. If activity at Government sponsored enterprises (GSEs) is included, the total is over \$7.1 trillion, up slightly from 1993's level of \$6.9 trillion. Including indirect assistance through deposit insurance (but excluding the influence of tax expenditures on borrowing), the Federal Government directly or indirectly assists over 35 percent of total private domestic borrowing in the United States: approximately \$4 trillion. While the level of Federal assistance has fallen from a peak of 54 percent in 1972, most of the decline was due to the contraction in the thrift and banking industries and the rise of non-bank financial companies. Since 1975, the proportion of private domestic borrowing attributable to non-bank finance companies has jumped from just over 8 percent to 18 percent.

This chapter examines the trends in Federal and federally assisted credit and insurance; analyzes the Federal Government's exposure to loss from these programs; discusses the tools used in estimating, budgeting, and managing the risk from these Federal programs; and describes current efforts to rationalize the allocation of scarce credit resources to their most efficient use. The chapter is divided into four sections. The first section provides an overview of the current exposure of the Federal Government from existing credit and insurance programs. The second section takes a closer look at the current trends in the Federal insurance sector, particularly the largest two segments: deposit insurance and pension insurance. Section three discusses the trends in the largest recipient sectors of Federal credit: business, education, and housing. The fourth section focuses on the current tools used in managing the Federal exposure from these programs, as well as the appropriate budgeting approach for both credit and insurance programs.

Estimated Cost of Federal Credit and Insurance Programs

Table 10-1 reports the face value and the estimated costs of the largest Federal credit and insurance programs.¹ As shown in the table, the face value of Federal insurance remained relatively flat in 1993 (\$5.0 trillion), while the face value of direct loans (\$151 billion) and loan guarantees (\$693 billion) fell slightly. Government sponsored enterprises (GSEs) continued their strong expansion during 1993, reaching just under \$1.3 trillion—88 percent of which is held by Fannie Mae and Freddie Mac.

The present value of future costs from losses embedded in these programs' outstanding portfolios of credit and from projections of future program activity is expected to range from \$180–\$300 billion. This compares with last year's estimate of \$123–\$223 billion. Most of the change in expected costs resulted from improved methods of estimating the costs for Federal insurance programs and trends in the underlying insurance portfolios:

- Improvements in the methods used to calculate the future costs of deposit insurance, pension insurance, and disaster insurance resulted in substantial increases from the prior year. Comparable figures for the present value of future costs for last year were as follows: \$60–90 billion for deposit insurance, \$45–75 billion for pension insurance, and \$11–13 billion for disaster insurance.

- Trends in the financial condition of banks and thrifts and insured pension funds also resulted in significant changes, although in opposite directions:

- A stronger economy, high interest margins, and improvements in bank balance sheets helped boost bank and thrift profits during 1993. As a result, the future costs of insuring banks and thrifts fell by \$5–10 billion and \$10–12 billion, respectively.

- The fall in interest rates over the past year, which created an increase in the present value of promised benefits relative to pension assets, and inadequate funding of underfunded plans increased the future costs of insuring pension benefits by \$15 billion. The Administration has sponsored a reform bill that would significantly reduce, if not eliminate, the Federal pension insurance program's risk from this corporate underfunding.

- A higher than normal volume of claims during 1993 and the Administration's proposal to reform the crop insurance program (which incorporates costs formerly borne by ad hoc disaster assistance) account for most of the increase in the future costs of disaster insurance.

The combined costs for direct loans and loan guarantees (\$56–\$113 billion) was relatively flat compared with last year (\$61–118 billion). However, the composition of costs between direct loans and loan guarantees

¹Table 10-1 does not include credit programs exempt from credit reform, such as CCC price supports. In contrast with Tables 10-2 through 10-11, defaulted guarantees that result in loans receivable are included with guaranteed loans.

changed with the creation of the Federal Direct Student Loan Program and the phase-down of the Federal Family Education Loan Program. Mostly as a result of this change, the future costs of direct loans increased by \$8–11 billion, while the expected costs of guaranteed

loans fell by \$13–18 billion. Small increases in the cost of Farmers Home direct lending and the Small Business Administration loan guaranty program, and a phase-out of the Foreign Military Financing direct loan program resulted in the remaining changes in future credit costs.

TABLE 10-1. FACE VALUE AND ESTIMATED COST OF FEDERAL CREDIT AND INSURANCE PROGRAMS

(In billions of dollars)

Program	Face Value 1992 ¹	1994 Estimates Present Value of Future Costs ^{1,2}	Face Value 1993	Current Estimates Present Value of Future Costs ²	Subsidy Outlays 1994–1999
Direct Loans:³					
Farm Service Agency, Rural Development Administration	50	16–22	49	18–24	4–6
Rural Electrification Admin. and Rural Telephone Bank	38	2–4	36	3–5	1–2
Federal Direct Student Loan Program	—	—	—	7–10	3–5
Export-Import Bank	9	3–5	9	3–5	0–1
Agency for International Development	16	5–7	14	5–7	0–1
Public Law 480	12	7–9	12	7–9	2–3
Foreign Military Financing	9	2–3	9	0–2	0–1
Small Business	6	2–3	6	2–3	0–2
Other Direct	16	2–4	16	2–4	0–1
Total Direct Loans	156	39–57	151	47–69	10–22
Guaranteed Loans³:					
FHA Single-Family	308	(14)–0	292	(18)–0	(10)–0
VA Mortgage	176	3–6	161	3–6	1–?
FHA Multi-Family	79	3–6	81	4–6	0–1
Federal Family Education Loan Program	79	20–30	85	8–11	7–9
Small Business	17	1–3	20	2–4	1–3
Farm Service Agency	6	1–3	7	1–4	0–1
Export-Import Bank	8	4–7	12	4–5	1–3
CCC Export Credits	9	4–5	9	4–5	2–3
Other Guaranteed	22	0–1	26	1–3	0–1
Total Guaranteed Loans	704	22–61	693	9–44	2–24
Federal Insurance:					
Banks ⁴	1,943	1–12	1,889	30–45	15–30
Thrifts ⁴	761	25–37	707	15–25	5–15
Credit Unions	218	—	237	—	—
Total Deposit Insurance	2,922	26–49	2,833	45–70	20–45
PBGC ⁴	950	25–40	950	60–90	18–20
Disaster Insurance	721	7–9	722	10–16	9–13
Other Insurance	358	4–6	511	9–10	8–9
Total Federal Insurance	4,951	62–104	5,016	124–186	55–87
GSEs:⁵					
Freddie Mac	427	—	474	—	—
Fannie Mae	543	—	622	—	—
Federal Home Loan Banks	85	—	107	—	—
Sallie Mae ⁶	—	—	—	—	—
Farm Credit System	50	0–1	52	0–1	0–1
Total GSEs	1,105	0–1	1,255	0–1	0–1
Total	6,916	123–223	7,115	180–300	67–134

¹ Costs are as they were displayed in the 1994 Budget, uncorrected for errors; face values for 1992 have been updated.

² Direct loan future costs are program account outlays projected into the future plus the embedded loss from outstanding loans. Loan guarantee costs are program account outlays plus liquidating account outlays (and outlays from defaulted guarantees that result in loans receivable) projected into the future. Future insurance costs are the equivalent of program plus liquidating costs through 1999, plus the accrued liability remaining at the end of 1999.

³ Exclude loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as CCC farm supports. Defaulted guarantees which become loans receivable are accounted for in guaranteed loans.

⁴ Current estimates of deposit insurance and pension insurance costs reflect improvements in estimation methods. The corrected estimated costs for deposit insurance in 1994 was \$60–\$90 billion (banks: \$35–\$53 billion; thrifts: \$25–\$37 billion), while pension insurance costs were \$45–\$75 billion.

⁵ Net of borrowing from Federal sources, other GSEs, and federally guaranteed loans.

⁶ The face value and Federal costs of Guaranteed Student loans in Sallie Mae's portfolio are included in the Education account above.

Federal Insurance

Deposit Insurance

Through the Federal Deposit Insurance Corporation (FDIC)(and before 1988, the Federal Savings and Loan Insurance Corporation or FSLIC), the Federal Government insures deposits held at U.S. commercial banks and thrifts. Individuals placing their deposits in insured institutions are protected against losses arising from the failure of a bank or thrift, up to a current limit of \$100,000 per account. The system is financed by premiums levied on participating institutions and, in the event of a shortfall, by the U.S. Treasury.

During the 1980s, both the FSLIC and the FDIC faced an increase in failures.

- Between 1982 and 1992, over 1,100 of the 3,731 thrifts open in 1982 had failed. The closure of these thrifts exhausted the FSLIC's \$6 billion reserve, resulting in a taxpayer cleanup that is estimated to have cost \$135 billion.
- Over the same period, 1,419 banks with a combined \$232 billion in assets were closed by the FDIC. As a result, the net worth of the FDIC's insurance fund (known since 1989 as the Bank Insurance Fund or BIF) fell from \$18 billion in 1985 to \$11 billion at the end of 1992 (excluding reserves for expected near-term failures).

Consequently, by the end of the decade, legislative action was required to reinforce both agencies:

- The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) created the Resolution Trust Corporation (RTC) to manage the huge task of closing the backlog of insolvent thrifts and disposing of their assets. In its first four years, the RTC closed 675 thrifts with a combined \$219 billion in assets at an estimated cost of \$80 billion. At the end of September 1993, another 68 thrifts with \$30 billion in assets were being managed under RTC conservatorship, and \$43 billion of assets were in receivership.
- The Financial Deposit Insurance Corporation Improvement Act (FDICIA) was enacted in 1991 to stem the potential losses of the FDIC. FDICIA was designed to recapitalize the BIF, while creating a more stringent regulatory regime for banks and thrifts.

Trends and Exposure

Bank profitability rebounded strongly in 1993 as high interest margins associated with the steepness in the yield curve buoyed earnings and allowed banks to strengthen their balance sheets by selling off low-quality, non-performing assets. As a result, the banking industry posted record earnings of almost \$33 billion for the first three quarters of 1993, up sharply from the \$24 billion earned over the comparable period in 1992. These gains were distributed across banks of all asset sizes and in all geographic regions, with some of the largest improvements occurring at troubled banks in the Northeast and California. Furthermore,

this increase in profits reflected a real increase in core earnings, which have now risen for seven consecutive quarters.

Profits at thrift institutions also remained strong, totaling \$3.8 billion in the first nine months of 1993, compared with \$4.1 billion for the same period in 1992. (Most of the decrease in earnings was due to a \$500 million third-quarter write-down of goodwill by two large thrifts in the Northeast.) Unlike the banking industry, however, thrift profits remained depressed in the West and, to a lesser extent, the Northeast regions.

Reflecting this renewed profitability, the expected deposit insurance liability of the Federal Government improved markedly during 1993. The present value of expected future costs of insuring banks and thrifts fell over the past year from \$75 billion to \$58 billion.

Budget outlays for bank deposit insurance over the 1993–1998 period are now estimated to total –\$32.9 billion, compared with the –\$5.5 billion reported in the 1994 Budget. (That is, premium income and collections from asset recoveries on previous failures are expected to outstrip the costs of new failures by almost \$33 billion.) Most of the increase in negative outlays reflects a reduction in expected failed bank assets, now projected to total \$91 billion over the 1993–1998 period.

The thrift industry is similar. Expected outlays from both the Resolution Trust Corporation (RTC) and the Savings Association Insurance Fund (SAIF) fell during the past year with a drop in projected failed thrift assets. Currently, failed thrift assets are expected to total \$71.7 billion over the 1993–1998 period, resulting in net outlays of –\$34.8 billion. In the 1994 Budget, failed thrift assets and net outlays were projected at \$180.7 billion and –\$21.2 billion, respectively.

Outlook

Clearly, 1993 was a banner year for banks and thrifts. Given the pace and direction of change in the financial services industry, however, the critical question is whether banks' short-term profits represent a renewed competitiveness or just a strong cyclical upturn. While it is too early to give a firm answer, many believe that the current gains in bank profits are just a temporary respite in a continuing decline in banks' market share brought on by increasing competition from nonbank institutions. Further, while the turnaround in bank fortunes and the tighter regulatory environment created by FDICIA has clearly reduced the risk to the FDIC from near-insolvent banks, neither development eliminated the FDIC's exposure to bank asset volatility risk—the risk that swings in the value of bank earnings can force a currently healthy bank to fail in the future.

The estimates of the Federal deposit insurance liability reported in Table 10–1 incorporate this volatility risk and the cyclical nature of bank earnings, adjusting earnings in line with a typical bank business cycle. In addition, the higher end of the range was estimated allowing for a slight secular decline in industry equity.

These estimates, however, do not fully incorporate several factors that could precipitate a larger decline in bank earnings: interest rate risk, nonbank competition, and off-balance sheet risk.

Interest Rate Risk.—As the unusual steepness in the term structure of interest rates continues to abate, banks will lose the interest margin cushion that has boosted earnings over the past 18 months. In addition, in restructuring their balance sheets, banks have increased their holdings of longer-term Government securities from 11 percent to 23 percent of bank assets. While this investment strategy provided banks with much needed profits, this shift into longer-term securities has augmented the duration gap (the difference between average maturities) between bank assets and liabilities—increasing the vulnerability of bank assets to future increases in interest rates.

Nonbank Competition.—New technology and financial engineering have allowed nonbank institutions to reduce many of the cost-of-funds advantages that were once limited to federally insured banks. The recent explosion in money market and mutual fund assets and finance company lending demonstrates this increased competition. Initially, banks responded to this competition by seeking higher returns from riskier investments—using the blanket protection of deposit insurance as security. This added balance sheet risk, however, often led to additional bank and thrift failures, disintermediation, and a cycle of falling industry profits. While FDICIA helped limit the moral hazard incentives in bank risk-taking, it left open the question of bank competitiveness vis-a-vis nonbank financial institutions.

In this respect, FDICIA has fueled the debate on whether unequal regulation of bank and nonbank activities has placed banks at a competitive disadvantage or whether the special role once served by federally insured banks has been “innovated” away by technological advances in financial markets.

- Some have argued that the increasing burden of Federal regulations, designed to guard depositors and potential borrowers against abuse, may now more than offset any advantage conveyed to federally insured banks through the deposit insurance subsidy—handicapping depository institutions relative to the largely unregulated nonbank sector. Examples cited include regulations governing capital requirements, bank lending, and community reinvestment decisions.
- Others, however, argue that the fast pace of technological innovation in the financial services industry, especially among nonbanks, has eroded the long proclaimed ‘specialness’ of banks—their relative advantage in assessing and monitoring credit risk.

Off-Balance Sheet Risk.—The increasing employment of financial derivatives in off-balance sheet operations at banks may have expanded the exposure of

the FDIC. Although the use of derivatives often provides the bank with additional protection against financial risks, the difficulty of overseeing these transactions, when coupled with the moral hazard created by deposit insurance, presents an opportunity for abuse within the banking industry. Since future losses from off-balance sheet holdings directly affect bank profits, and ultimately, the solvency of the bank, these activities increase the exposure of the Federal Government to deposit insurance claims.

Future Reforms

The resurgence in bank profitability and a tighter regulatory regime for banks and thrifts have clearly improved the financial health of the deposit insurance system. Nevertheless, risks still exist within the banking industry and the possibility of a longer-term decline in bank profits cannot be ignored. Thus, further reforms of the deposit insurance system merit exploration. These could include:

- improving the measurement of bank assets and liabilities in order to provide regulators with better information concerning the financial condition of insured banks (e.g., marking-to-market bank balance sheets);
- continued efforts to reduce barriers to interstate banking so as to improve the efficiency and diversification of bank portfolios; and
- allowing an expansion of bank powers into insurance and equity underwriting for those insured institutions that fully collateralize their insured deposit base.

Federal Home Loan Bank System

The Federal Home Loan Bank System has begun to stabilize following the detrimental effects of the recent thrift industry shrinkage. In 1989, commercial banks and credit unions were authorized under FIRREA to become members in the System. As a result, membership has climbed to 4,392, with commercial banks representing almost half of the total. While demand for advances, earnings, and dividends are still lower than they were in the 1980s, the System has not suffered any losses, and its financial condition appears to have stabilized. In 1992, Congress mandated that HUD, CBO, GAO, the Federal Housing Finance Board, and a committee made up of the System’s shareholders assess a range of issues including the System’s capital structure, mission, capacity to pay its REFCorp obligation, and related topics. The studies have raised a number of important issues, including the System’s lack of permanent capital. Addressing this and other related issues will help to ensure the continued financial safety and soundness of the Bank System.

Regulatory Consolidation

The Administration is proposing to consolidate the current regulatory structure of banks and thrifts. The current system of regulation has evolved into a balkanized structure where separate agencies have oversight in regulating nationally chartered banks, State char-

tered banks, savings associations, and bank holding companies. Such a fractured regulatory system may have functioned adequately when depository and financial institutions operated largely within their own specialized markets. However, it is becoming increasingly apparent that technological and financial innovations and global competition have eroded these distinctions, leaving Federal banking regulation obsolete and incapable of addressing the proliferation of issues raised by new banking practices and sources of financial risk.

- The present system is overly complex and needlessly duplicative. As of 1993, 27 percent of all bank and thrift assets were supervised and regulated by 1 Federal regulator, 26 percent were supervised by 2 Federal regulators, while the remaining 47 percent were supervised by 3 or 4 Federal regulators.
- The current system imposes unnecessary costs on the banking and thrift industries at a time when they are under competitive pressure to operate more efficiently.

To institute a more sensible and rational regulatory system, the Administration has proposed the creation of a new banking entity, the Federal Banking Commission (FBC). The FBC would assume all of the functions currently performed by the Office of the Comptroller of the Currency and the Office of Thrift Supervision. It would also perform the regulatory functions of the Federal Deposit Insurance Corporation (FDIC), as primary Federal regulator of State nonmember banks, and the Federal Reserve, as primary Federal regulator of State member banks, foreign banks, and bank holding companies.

The Administration's plan offers a number of important improvements beyond eliminating the obvious redundancy and needless complexity of the current system. Specifically, the Administration's proposal would:

- establish a simplified regulatory structure with clear lines of agency accountability for the safety and soundness of depository institutions and the protection of consumers;
- benefit the banking and thrift industries through a consistent and less burdensome implementation of regulations regardless of charter (the legal form of the institution);
- lower the direct and indirect costs imposed upon the regulated institutions over the long-run;
- allow the FDIC to concentrate on its primary role as the Federal deposit insurance and asset liquidation agency, with full access to FBC inspection reports and special authority to conduct examinations of marginally solvent banks; and
- maintain the Federal Reserve's responsibility for the payment system and monetary policy.

The Federal Reserve would also continue to bear significant responsibility for monitoring systemic risk in the financial system—a responsibility which increasingly entails tracking developments in the financial markets arising from the activities of all types of finan-

cial institutions, including many large non-bank entities such as mutual funds and finance companies.

Systemic Risk and Discount Window Borrowing

The large outflows from insured depository institutions to uninsured investment companies (noted above) have increased the relative importance of mutual funds and other non-bank intermediaries in the U.S. financial system. To help maintain the integrity of our dynamic financial system, and to protect the consumers it serves, the Administration has proposed additional resources for the Securities and Exchange Commission (SEC). Specifically, the Administration is proposing to increase funding for the SEC's Investment Management Division by approximately 47 percent. The increased spending will help to protect the economy and investors against fraud, self-dealing, inadequate disclosure, and other abuses through greater inspection of investment companies for their compliance with the Investment Company Act of 1940.

FDICIA recognized the growing role of nonbank financial institutions in the payments system and included a provision expanding access to the Federal Reserve discount window to nonbank firms that need liquidity and cannot immediately borrow elsewhere. The risk of loss to the Federal Reserve from discount window borrowing was minimized by strong collateral requirements. Nevertheless, discount window lending is a potential source of loss to the Federal Reserve banks. The scale of this risk is difficult to estimate, but any such loss would reduce the system's annual payments to the Treasury from its earnings.

Pension Insurance

While the economic environment of the past year enabled banks to recoup lost profits, falling interest rates and corporate underfunding exacerbated the problems in the Federal pension insurance program. Created by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Guaranty Corporation (PBGC) insures the promised benefits of participants in most private defined benefit pension plans. Before ERISA, when a pension plan sponsor entered bankruptcy and terminated an underfunded plan, the employees in that plan were at risk of losing promised benefits. PBGC insurance was established to insure beneficiaries against this loss, covering the gap between promised benefits and assets in the terminated plan.²

PBGC insurance is divided into a multi-employer program, where the plan sponsor represents an industry or trade group, and single-employer program covering plans sponsored by individual companies. Together,

² "To terminate an underfunded pension plan, a plan sponsor must meet one of four financial distress tests: (1) it has filed for bankruptcy under Chapter 7; (2) it has filed for reorganization under Chapter 11 and the court has determined that the company cannot successfully reorganize and stay in business unless the plan is terminated; (3) it demonstrates that it cannot meet its debts and stay in business unless the plan is terminated; or (4) it demonstrates that pension costs are "unreasonably burdensome" because of a declining work force. While the last of these criteria has seldom been used over the past 20 years, given the aging distribution of the defined benefit pension population, this criterion could create a serious increase in the Federal cost of pension insurance. Moreover, a firm with a defined benefit plan can switch to a defined contribution plan, keeping its existing defined benefit plan for currently enrolled workers, only to terminate it at some later date due to the large number of retirees to active participants in the plan.

these two programs insure around \$950 billion in pension benefits for 41 million participants, with the largest insurance coverage in the single-employer program (\$800 billion in benefits and 32 million participants). This section discusses both programs, but places more emphasis on the single-employer program, where plan underfunding reached \$53 billion in 1993.

Multi-employer Program

The PBGC's multi-employer insurance program covers industry-sponsored defined benefit plans with an estimated \$150 billion in benefits backed by \$160 billion in plan assets. On the surface, the multi-employer program appears to pose a much smaller risk to the PBGC than the single-employer program, where a single corporate bankruptcy could trigger a claim to the PBGC. In contrast, multi-employer claims can only occur in response to industry-wide financial distress. In addition, the Multi-employer Pension Plan Amendment Act (MPPAA) reforms passed in 1980 to stabilize the multi-employer insurance system have been viewed as a success. MPPAA increased the incentives for plan funding by raising the coinsurance component of the insurance—freezing the nominal value of the benefit guarantee and establishing withdrawal liability for firms within each industry. A more thorough evaluation of the multi-employer system has been initiated by the PBGC in accordance with the 5-year statutory review scheduled for 1995.

Single-employer Program

The financial health of the PBGC's single-employer program is more precarious. While the PBGC is not facing a liquidity problem—it has enough cash to pay promised benefits for many years—the agency is becoming increasingly insolvent. By the end of 1992, the PBGC had a balance sheet deficit, with pension claims exceeding agency assets, of \$2.8 billion. More worrisome is the fact that this “booked” deficit does not include the agency's large liability to currently insured plans.

The Nature of the Risk.—A large portion of PBGC's risk of loss is related to a growing concentration of underfunding in financially weak industries or firms. Between the end of 1990 and the end of 1992, pension underfunding increased from \$31 billion to \$53 billion. While falling interest rates contributed to the increase in underfunding during the last year (raising the present value of benefits relative to fund assets), firm contributions have continued to fall short of increases in promised benefits.

The problem for the PBGC is that it must insure against future pension claims without having effective tools for minimizing this risk. Funding rules established under ERISA and later modified in the Pension Protection Act of 1987 have been largely ineffective in increasing firm contributions. In addition, the PBGC is exposed to systemic risk and pension fund volatility risk for all plans; even overfunded plans can become underfunded and present a claim to the PBGC at some future date. To this extent, there is some analogy with savings

and loans. In the thrift industry, firms failed primarily because of systemic risk—an economic shock, namely accelerating inflation and rising interest rates, depressed the value of thrift assets causing many thrifts to fail. If we are, in fact, entering a prolonged period of low interest rates, an analogous scenario is possible with respect to pensions. Already, low interest rates have been at least partially responsible for the increase in underfunding during the past year. A severe shock to the value of pension assets and firm net worth would precipitate additional claims to the PBGC.

Premiums.—To offset losses from claims, the PBGC collects both a flat rate premium and a variable rate premium. The flat rate premium is currently set at \$19 per participant, while the variable rate premium is equal to \$9 per thousand of underfunding, up to a maximum of \$53 per participant. Neither premium, however, is a truly risk-based premium that incorporates the volatility and financial health of the pension plan and the sponsoring firm. The variable rate premium, while a function of current underfunding, is independent of the solvency of the sponsoring firm and the future funding status of the plan. Future premium income is expected to fall well short of future claims.

In fact, Federal pension insurance appears underpriced for almost all firms. Cross-subsidization exists not between existing plan sponsors but as a potential liability on future premium payers (or in the worst case, taxpayers). This liability provides a disincentive against starting or maintaining a defined benefit plan. As a result, the PBGC may experience a broader exodus from the defined benefit system and a contraction in the agency's premium base unless the program is reformed. Since well-funded plans have the strongest incentive to exit the system, the PBGC may also face a serious adverse selection problem in the pool of insured plans—only high-risk plans would remain insured by the PBGC. In this context, the recent trend out of defined benefit plans and into defined contribution plans is troubling.

Reforms.—In response to the growing liability of the PBGC, the Administration submitted a package of reforms to Congress this past fall, entitled the Retirement Protection Act of 1993. This package was designed to stabilize the financial condition of the PBGC by:

- strengthening funding requirements to reduce existing underfunding and force employers with underfunded plans to fully fund new benefits over an approximate five-year period;
- increasing the agency's leverage in monitoring corporate transactions and compliance; and
- removing the current cap on the variable rate premium to increase contributions from plans that pose the highest risk to the agency.

If passed, the PBGC expects the tougher funding requirements to force plans to eliminate existing underfunding over the next 15 years. As such, the reform bill should greatly reduce the agency's risk from

plan underfunding—clearly the most immediate threat to the agency's financial viability.

In order to address any residual risk to the PBGC from currently overfunded plans (volatility risk), the PBGC would need the authority to:

- charge risk-based premiums based on the financial health of the pension plan and the sponsoring firm, and the volatility in the market value of plan and firm assets and liabilities; or
- further constrain employer discretion in managing their pension plans in order to improve the value of PBGC's collateral position and minimize future losses. As an example, the PBGC could require all insured plans to fully immunize or collateralize their pension funds with safe, duration-matched assets.

Crop Insurance

Federal crop insurance is another problem area. Since 1984 the crop insurance program has accumulated an actuarial loss totaling roughly \$8 billion. The crop insurance program was expanded in 1980 in order to eliminate the need for costly ad hoc disaster insurance. Disaster payments, however, have continued—averaging roughly \$1 billion per year over the last ten years. Moreover, because farmers continue to expect ad hoc disaster assistance, their participation in Federal crop insurance has been undermined.

Disaster assistance costs the farmer nothing. The qualifications for coverage are loose, and the probability of receiving assistance in the wake of a disaster is high—disaster assistance has been provided in each of the last six years. Disaster assistance itself is problematic—increasing farming on marginal lands and encountering administrative problems. A 1989 GAO audit of the disaster program found significant rates of overpayment and fraud.

The 1993 Omnibus Budget Reconciliation Act (OBRA 1993) legislated reforms to improve the actuarial soundness of crop insurance, but did not address the low farmer participation. Indeed, the higher premiums that farmers would pay as a result of OBRA 1993 may reduce participation and increase demand for disaster payments. Therefore, unless disaster assistance can be redirected into the Federal crop insurance program, these programs will remain subject to abuse and their costs uncontrolled. The Administration proposes changes in the crop insurance program to achieve this goal:

- Free catastrophic insurance would be provided to all farmers for crops insured by the Federal crop insurance program. The effective level of coverage and expected insurance indemnities would be roughly equal to the current indemnity payments

from ad hoc disaster payments. A \$50 administrative fee would be charged for each crop, limited to \$100 per farmer annually.

- In order to obtain the catastrophic coverage, farmers would be required to participate in the basic Federal crop insurance program. Farmers would still be able to purchase additional coverage from private insurers; for such coverage, administrative expenses would still be subsidized and reinsurance would be provided by the Federal Crop Insurance Corporation (FCIC).
- Participation in the Department of Agriculture commodity income- and price-support programs would require farmers to obtain crop insurance, including the catastrophic coverage.

Crops not currently insured by the FCIC would be covered by a standing disaster program similar to the current disaster program. In combination, the 1995 budget estimates that these reforms would result in over \$500 million in savings over five years.

Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP) administered by the Federal Emergency Management Agency (FEMA). Eligibility is restricted to property owners living in communities that have enacted and enforced appropriate flood plain management measures. The NFIP, however, is not fully administered on an actuarially sound basis. The NFIP is required by statute to provide subsidized flood insurance premiums for structures built before a community joined the NFIP program. Premiums for structures built after that date are fully actuarially rated. Rates have been established for the subsidized insured at a level such that overall premium revenue funds the historical average loss year for both types of coverage.

Through 1992, premium increases on subsidized policies have allowed the Fund to maintain a self-financing status for the historical average loss year. Last year, however, claims were significantly higher. The December 1992 East Coast snowstorm, the March snowstorms, and the Midwest flood resulted in \$985 million in claims—almost double the previous highest loss. As a result, the flood insurance program recorded a net operating loss of \$500 million. Since reserves were inadequate to cover this loss, the program was forced to borrow \$100 million from the U.S. Treasury. The NFIP expects to collect sufficient premium income in 1994 and 1995 to retire these Treasury borrowings and plans on implementing future rate adjustments to reflect the 1993 loss experience. Nonetheless, the subsidized portion of the NFIP will remain at risk to future losses from severe flooding.

Federal Credit

In addition to supporting the extension of credit through deposit insurance, the Federal Government takes a direct role in providing credit where there is a perceived social goal that is being underserved by the market or where the Federal Government is uniquely positioned to diversify the underlying risks. While the fast pace of innovation in private financial markets has greatly reduced the Federal Government's comparative advantage in this later respect, the Government still takes an active role in providing credit for certain forms of business (small business, exports, and agriculture), in financing post-secondary education, and in housing. The contingent exposure of these programs, which are shown in Table 10-1, is roughly \$85 billion. In many of these programs, however, efforts are being taken to redirect Federal support on the basis of net benefits delivered.

Business

Small Business

The Federal Government has been providing credit assistance to small business for almost sixty years. Since 1953, most of this support has come from the Small Business Administration (SBA). The SBA currently operates 5 direct loan programs, 3 loan guarantee programs, 4 programs to provide or guarantee equity capital, and a disaster relief program. SBA programs are designed to help provide loans for small companies denied credit at "reasonable" terms by private lenders. The largest SBA program is the 7(a) loan guarantee program, comprising 85 percent of all SBA business lending. The 7(a) program provides loan guarantees of up to 90 percent of the loan value (for a maximum guarantee of \$750,000) originated by private financial institutions. Loans are statutorily required to be of sound value or so secured as to reasonably assure repayment.

Federal assistance in providing credit for small business is designed to address a reluctance on the part of financial institutions to provide credit to smaller firms. Banks, recognizing the high monitoring costs of these loans and the potential for adverse selection in the pool of applicants, often bypass small business loans as being too risky. This is especially true with respect to the long-term credit needs of start-up firms. Further, there is evidence that small business credit is the first form of lending to be cut by banks during periods of economic and financial contraction. This trend seemed especially apparent during the most recent recession.

- Bank business lending fell by almost 14 percent from the fourth quarter of 1989 to the first quarter of 1993.
- Meanwhile, demand for SBA 7(a) loans skyrocketed, with total guarantees doubling over the past four years to \$6 billion. Guarantee levels in 1994 are projected to total \$7 billion.

The prolonged sluggishness in private bank lending and concerns over the efficacy and efficiency of SBA programs have led to further efforts on the part of the Federal Government to boost the availability of credit for smaller firms. The Administration encouraged federal regulators to adopt a series of credit crunch initiatives last Spring and established a National Economic Council task force to formulate longer-term policy initiatives for improving small business access to credit.

Already this year, the Administration has endorsed Congressional initiatives to remove impediments to private market securitization of business loans. This legislation would facilitate the development of a private secondary market in small business loans, increasing the future liquidity and profitability of small business lending. In addition, the SBA is in the process of revitalizing its Small Business Investment Company (SBIC) program that provides equity capital to new and emerging companies. Reforms that help target SBA assistance only to borrowers truly unable to obtain credit in private markets and initiatives that foster a general environment of strong business growth will be examined during the coming year.

Export Credits

The Federal Government also provides loan guarantees and insurance to help U.S. companies export goods overseas or manage overseas private investments. For example, the Department of Agriculture provides over \$5 billion in loan guarantees annually to finance purchases of U.S. agricultural commodities. Most export credit, however, is extended through the Export-Import Bank (Eximbank): the official export credit agency (ECA) of the United States. Eximbank's traditional mission is to use direct loans, loan guarantees, and export credit insurance to increase U.S. exports in cases where competitive private financing is not available or where foreign governments provide subsidized export credits.

In the past, it has been difficult to determine the extent to which Eximbank's programs have supported U.S. exports that otherwise would not have taken place. In 1995, Eximbank will attempt to refocus its resources in areas where private financing is unavailable, thus creating additional exports ("additionality"), and will participate in multilateral negotiations to further reduce the use of subsidized financing by all governments.

Additionality.—In the vast majority of cases, competitive private sector financing is available for U.S. exports. However, in certain cases the private sector cannot or will not provide financing for specific export transactions. Eximbank is currently exploring ways to ensure, to the maximum extent possible, that its credit assistance actually goes to exporters otherwise unable to secure private credit, and thus, create additional exports. In particular:

- Eximbank has raised fees on credits for aircraft exports and is considering revising its fee struc-

ture so that fees are more commensurate with the true cost of providing credit.

- Eximbank is reviewing its export credit insurance and other programs to ensure that they do not compete directly with private sector providers.
- Eximbank is requiring that applicants demonstrate why competitive private sector financing is not available before it will consider providing official export financing.

Multilateral Negotiations.—The Arrangement on Official Export Credits, negotiated under the auspices of the Organization for Economic Cooperation and Development (OECD), restricts the extent to which subsidies may be provided to exporters through official direct export credits. However, ECAs continue to provide implicit subsidies by underpricing credit risk. At the urging of the U.S. and other countries, the Arrangement Participants are now beginning to consider the question of limits on risk subsidies.

Risk Management.—The question of risk subsidies is also important for managing the U.S. Government's exposure to sovereign risk—the risk that a foreign government will default on payments of debt owed to outside sources—and non-sovereign or project risk. In 1991, the Federal Government implemented a procedure for managing sovereign risk with the creation of the Interagency Country Risk Assessment System (ICRAS). ICRAS applies directly to sovereign lending where the transaction carries the “full faith and credit guarantee” of the foreign central government.

Under this system, every country to which the U.S. Government has lent or will lend is assigned a “risk rating” “(A-F-).” Risk is measured by the probability of payment delays and the probability of subsequent non-recovery. The risk assessment is done by applying an interagency-agreed set of repayment factors and indicators. The five (unweighted) factors are: (1) payments/arrears history; (2) foreign debt service burden; (3) balance of payments adjustment capacity; (4) macroeconomic environment; and (5) political/social constraints. The country rating is then translated into a risk premium that represents the credit risk of lending to a particular country. While continuing efforts are underway to refine the Federal Government's capacity to assess sovereign risk, ICRAS greatly improved the rationality of managing international credit program costs.

Several international credit agencies also provide credit to private sector borrowers operating abroad. Recent efforts, therefore, have concentrated on the development of a framework for accurately and uniformly assessing non-sovereign risk. This framework will draw on the criteria now utilized by these various agencies in assigning risk ratings to individual projects and/or loans. Factors to be considered include: (1) project structure/leverage; (2) management assessment (of the borrower, project operator, financial intermediary); (3) business risk/market assessment; (4) project liquidity; (5) evaluation of financial forecasts; (6) country risk;

(7) sources of repayment; (8) collateral security adequacy; and (9) other/offsetting factors.

Trade Promotion Coordinating Committee (TPCC).—The TPCC was created in 1990 in order to provide a forum for coordinating all U.S. export promotion programs. (A full explanation is contained in the Budget). The objective of the TPCC is to rationalize and consolidate U.S. Government export promotion efforts into a unified export budget—eliminating overlaps and redirecting scarce export budget resources to programs that yield the highest benefits for U.S. exports. The development of a unified export budget will require the examination of each program's objectives, justification (market failure), target recipients, and cost-benefit analysis. Agencies will also be required to develop milestones that will be used to measure progress in meeting programmatic goals.

Agriculture

Federal credit assistance to agricultural-related enterprises is provided through Federal direct and guaranteed loans, and through implicit backing for the Farm Credit System (a GSE). At the end of 1993, U.S. support for agricultural credit programs totaled \$163 billion, down from \$167 billion in 1992.

- The Farmers Home Administration (FmHA) provides direct loans and loan guarantees to family-sized farmers who cannot secure credit on affordable terms from private sources. Although FmHA is a “lender of last resort”, demand for direct farm loans has decreased in recent years as low interest rates have enabled a greater number of farmers to qualify for private credit. The Budget proposes slightly higher levels of guaranteed loans and interest payment subsidies in an attempt to graduate more borrowers to private lenders.
- The Department of Agriculture also provides credit assistance to rural businesses through direct and guaranteed loans issued under the Administration's Rural Development Initiative. Significant increases in these programs were enacted during the past year and further increases are proposed in the Administration's Budget.
- The Administration proposed significant reductions in interest rate subsidies for Rural Electrification Administration (REA) direct loans in 1994, half of which were enacted by Congress. Additional reductions in subsidies for REA loans are proposed in the 1995 budget, but with only a minor reduction in loan levels.

The Farm Credit System (FCS) is a GSE that provides credit to the farming sector through a conglomeration of member-owned cooperatives. The Farm Credit System became insolvent in the mid-1980s when inadequate interest-rate risk management and falling land prices, which depressed the value of collateral behind FCS credit, created large losses and necessitated a Federal bailout through the FCS Financial Assistance Corporation (FAC). While the FCS has fully recovered from its earlier financial difficulties, the failure of the FCS

provides another graphic example of the danger in not fully accounting for the risks inherent in Federal programs.

FCS institutions are still paying off \$1.26 billion in federally guaranteed FAC debt. While the Federal Government pays roughly half of all interest on this debt, the FCS is required to repay all Federal interest payments and redeem FAC debt as it comes due, beginning in 2003. Recent legislation requires the FCS to make annual payments to FAC to defease the Federal interest obligation and certain classes of FAC debt. In 1993, FAC received approximately \$50 million from the FCS for this purpose. However, FCS institutions have also begun to voluntarily make advance payments to FAC in repayment of financial assistance, thereby reducing the Government's contingent liability from FAC debt. These payments will accrue interest and be used to redeem FAC debt as it matures.

Post-secondary Education

The Federal Government has been helping to finance post-secondary educations since the 19th century. This past year, however, marked a watershed in the Federal Government's support for education. In August, the Congress passed the Administration's Student Loan Reform Act of 1993 as part of the Omnibus Budget Reconciliation Act of 1993. By phasing down guaranteed loans under the Federal Family Education Loan Program (FFELP) and increasing the direct Federal lending under the Federal Direct Student Loan Program (FDSLPL), the Student Loan Reform Act promises to lower the Federal costs of providing loans for post-secondary education while providing more flexible repayment options for student borrowers. Specifically, the Act is designed to:

- lower the student and Federal Government costs of financing a post-secondary education;
- provide students with an income-contingent repayment option that will permit many college graduates to take lower paying community service jobs without fear of defaulting on their loan obligations; and
- improve the Federal Government's ability to manage and control the costs of supporting post-secondary education.

Under both programs, combined new loans of \$20 billion will be guaranteed or made directly in 1995 to 6 million borrowers. The outstanding volume of loans at the end of 1994 is estimated to be \$74 billion.

OMB and CBO estimated five-year savings of \$4.2 billion from the enactment of this reform: the cost of providing financial assistance through the FDSLPL is less than under the FFEL Program. Savings come from elimination of payments to private lenders and State guarantee agencies for in-school interest and collection activity, the stream of interest payments that the Federal Government will receive from borrowers under the FDSLPL, and a variety of fees on and lower payments to lenders, guarantors, and secondary markets in the FFEL Program as it phases down. Federal cost of ad-

ministration has been taken into account in these savings estimates; the Act provided \$2.5 billion in mandatory administrative funds for the FDSLPL for fiscal years 1994 through 1998. A description of each of these programs follows.

Federal Family Education Loan Program

The FFELP, formerly the Guaranteed Student Loan Program, was authorized under the Higher Education Act to provide Federal reinsurance for student and parent loans made by private lenders for students attending eligible institutions of higher education (including proprietary vocational schools). These loans are guaranteed by agencies of each State, or by non-profit organizations designated by the State to guarantee student loans. These loans are then reinsured by the Federal Government. In 1993, 8,000 lenders and 46 guarantee agencies participated in the program.

The statute has required the Federal Government to reimburse lenders for all default costs, except for a small percentage for which the State guarantee agencies are responsible in years in which an agency has a high default rate. The 1993 OBRA mandated at least 2 percent risk-sharing for both lenders and State agencies on new guaranteed loans. Default costs in 1993 were \$2.6 billion, and are estimated to be \$2.3 billion in 1995.

The Federal Stafford Loan program is the largest of the FFEL programs (1993 volume was \$11.5 billion, 70 percent of the total FFELP volume), and the most highly subsidized. For borrowers with financial need as defined by the Higher Education Act, the Federal Government pays the interest on these loans while the borrower is attending school and during certain deferment periods. Under the other programs, the borrower is responsible for interest at all times.

Federal Direct Student Loan Program

Loans under the new FDSLPL will be originated by either eligible institutions or alternative originators under contract to the Department of Education, using Federal funds. Borrower payments will be made to a Federal contractor, pending a study by the Departments of Education and Treasury of how to involve the Internal Revenue Service in the servicing of loans, particularly those repaid on an income-contingent basis.

Borrowers will receive loans with comparable interest rates and repayment provisions to those in the FFELP with the notable exception that loans under the FDSLPL Program may also be repaid on an income-contingent basis (for student, not parent, borrowers), not to exceed 25 years. That is, periodic repayment amounts will vary with income, or ability to pay, and below certain family income levels, may be suspended entirely. The specific formulas for income-contingent repayment will be established by regulation. In addition, beginning in the summer of 1994, the Department of Education is authorized to consolidate into the FDSLPL the loans of FFEL borrowers who desire income-contingent repayment.

The FDSLPL will begin making loans to students and their parents in July 1994. The statutory goal is that loans made under the FDSLPL will represent 5 percent of total student loan volume in Academic Year (AY) 1994/95, 40 percent in AY 1995/96, 50 percent in AY 1996/97 and 1997/98, and 60 percent in AY 1998/99, by which time the Act will have undergone its next re-authorization and a decision on full replacement of all guaranteed lending will have been made. Beginning in AY 1996/97, the Secretary of Education may exceed these percentage goals if he or she determines that a higher percentage is warranted by the number of institutions that desire to participate.

Risk Management

The primary risk associated with the transition to direct Federal lending from the guaranteed program is the capacity of the Department of Education to make the direct program work cost effectively while maintaining access to loan capital for students and parents. The transition to the FDSLPL will provide the Department of Education with enhanced risk management controls over credit risk. Student loan defaults will be reduced over time if income-contingent repayment is selected by many borrowers who would have otherwise defaulted because of their inability to repay. Extending the repayment period of borrowers under income contingent repayment will not increase Federal costs since interest will continue to accrue.

Student Loan Marketing Association

The transition to the direct student loan program, however, will reduce and eventually eliminate the need for existing secondary markets for student loans. While there will continue to be a substantial volume of outstanding guaranteed loans for many years, the volume of new guaranteed loans will steadily decline. The largest student loan secondary market is the Student Loan Marketing Association (Sallie Mae), a government-sponsored enterprise currently holding 35 percent of all outstanding guaranteed loans. The Departments of Education and Treasury are preparing a study of Sallie Mae and will present to Congress legislative recommendations for its future.

Housing

The Federal Government underwrites credit for home purchases through the mortgage insurance programs of the Federal Housing Administration (FHA) in the Department of Housing and Urban Development (HUD) and the Department of Veterans Affairs (VA). Credit for the development of low-income multifamily housing is insured through various FHA programs. The Government also provides credit for rural housing through the Farmers Home Administration (FmHA). VA provides mortgage guarantees, including no-downpayment loans, to veterans, active-duty service persons, and selected reservists. In 1993, these Federal housing programs combined to provide over \$560 billion in credit guarantees and insurance.

The Government National Mortgage Association (GNMA) packages FHA and VA mortgages as securities and guarantees timely payment to investors. Two Government-sponsored enterprises—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)—buy conventional mortgages, as well as some FHA mortgages—and package them as guaranteed securities. At the end of 1993, Fannie Mae and Freddie Mac held over \$1.3 trillion in securitized mortgages.

Housing credit supported by Government programs is generally of lower quality than that underwritten by the private markets, and therefore, carries a greater risk of default. Partly this reflects Government's role in expanding access to mortgage credit for groups whose credit needs have been underserved by the private sector.

- FHA's principal mortgage insurance program, for instance, serves younger families who are buying their first homes, but lack sufficient savings to meet conventional downpayment requirements.
- VA guarantees no-downpayment loans and allows veterans to finance the origination fee. Thus, VA loans can have loan-to-value ratios that exceed 100 percent.
- USDA's rural single-family housing direct loan program provides interest rates that are based on a borrower's income, and can be as low as one percent. The Administration, however, proposes to conform the amount required to be contributed by the borrower with other Federal housing standards—increasing the required contribution from 20 to 30 percent.

These programs represent a higher risk to the Federal Government, because buyers with a smaller initial equity stake in their homes are more likely to default under adverse circumstances, especially if the value of their property falls.

Costs also vary with market conditions, however, including trends in housing prices and interest rates. In general, market conditions affecting mortgage defaults have been improving over the last year. As a result, delinquency and default rates have dropped.

These trends have resulted in markedly improved projections for the condition of the FHA's largest single-family insurance program. Reforms enacted in 1990 also are contributing to a gradual improvement in the equity position of FHA's mutual mortgage insurance (MMI) fund, which turned negative after massive default losses in the 1980s. The most recent projections suggest that the MMI fund's economic value is now positive and that, under the most likely economic conditions, it will reach the Congressionally mandated capital ratio target of 2.0 percent by 2000.

This improved forecast is tempered by the wide range of uncertainty about future market conditions. Another source of concern is the possible effect of recent refinancings: both those by buyers switching to conventional mortgages and those refinancing with FHA or VA on a streamlined basis. In 1993, approximately 40

percent of VA's guaranteed loans and 45 percent of FHA's guaranteed loans were refinancing loans. If FHA and VA are left with the riskier portion of their older mortgages while the safer part shifts to conventional financing, this could have a net adverse effect on the subsidies for these programs.

FHA's multifamily insurance programs have been a major source of support for the development of moderate- and low-income rental housing. However, in many instances, flawed program design, poor management, and weak market conditions have led to the deterioration of these properties and, ultimately, default. This has left HUD with a large and growing inventory

of defaulted properties and troubled loans. In 1992, reserves for losses were increased to \$12 billion against \$44 billion of insurance in force.

FHA is hampered in managing and disposing of this inventory both by limited resources and by unnecessary statutory restrictions. Last year, Congress failed to enact reforms that would provide FHA with greater flexibility to dispose of these assets while protecting their tenants. Unless reforms are enacted, FHA's inventory of defaulted properties will grow and taxpayers will bear the cost of operating and capital losses as properties deteriorate. Tenants will suffer, and resources will be diverted from other efforts to meet the housing needs of low-income communities.

Improving Budgeting and Financial Management

Present Value Budgeting: An Update on Credit Reform

The Federal Credit Reform Act of 1990³ fundamentally changed the budgetary treatment of direct loans and loan guarantees. The Act, which became effective in 1992, requires budgeting for the "costs" of Federal credit programs. The Act defines these costs as "the estimated long-term cost to the Government of a direct loan or a loan guarantee, calculated on a net present value basis, excluding administrative costs . . ."

Prior to the Federal Credit Reform Act, direct loans and loan guarantees were recorded on a cash basis. The entire amount of the direct loans were shown as a cash outlay in the year the loan was disbursed. Repayments were recorded as they occurred over a period of years. Loan guarantees (Federal guarantees of loans disbursed by private institutions) were recorded in the budget only when fees were received by the Government or when the Government made payments for default claims and interest supplements to borrowers.

This system had serious shortcomings. It overstated the cost of direct loans when they were made and understated the cost of loan guarantees.

- This encouraged the Federal Government to favor loan guarantees over direct loans regardless of their true cost.
- The true cost of different credit transactions could not be compared to one another or to other budgetary programs, such as grants.
- Direct loans and loan guarantees affected budget outlays in later years, after their cost was sunk and largely uncontrollable.
- Payments for guarantee claims did not require the discipline of normal appropriations.
- Reserves were generally not set aside for loan guarantees to pay for probable defaults.

The Credit Reform Act was a response to these shortcomings. Under credit reform, the full cost (subsidy) is recorded as an obligation when the Government enters into a loan obligation or guarantee commitment.

The full cost of the loan or guarantee is recorded as a budget outlay when the direct loan or guaranteed loan is disbursed to the public. The subsidy element of a credit program is calculated as the difference between the present value of the expected cash outflows from the Government and the present value of the expected cash inflows, each discounted by the interest rate on marketable Treasury securities of like maturity at the time of loan disbursement.

By placing the cost of credit programs on a budgetary basis equivalent to other spending, it allows for a better comparison of cost between direct loan and loan guarantee programs and between credit programs and other federal assistance, such as grants. Credit reform has proven that these comparisons are important in decision making, especially when allocating scarce Federal resources (tax revenue). For example, the debate on the recently enacted change to direct student loans (instead of guaranteed loans) centered on which method of delivery was the most cost-effective, not on the budgetary impact of direct loans versus guarantees. Under credit reform the budgetary impact, as measured by the subsidy cost, is directly comparable. In addition, when legislation was proposed to allow prepayment of outstanding REA and SBA loans, the cost of these modifications was measured on a present value basis and recorded as budget authority and outlays. Appropriations were required before the modifications could be made. Before credit reform, prepayments would have been recorded as an increase in receipts, with no accounting for the real loss and with no action required in the appropriations process.

The analysis performed under credit reform gives a more accurate picture of the costs of Federal credit programs. Evaluation of this information by program managers has been useful in making decisions on how to use scarce resources. In addition, credit reform requires a link between accounting and budgeting that is relatively new to Government budgeting. Agency budget staffs rely on the accounting staff for data to meet the credit reform requirements for reestimating subsidies. Reestimates are done each year, over the

³Title V of the Congressional Budget Act of 1974, as amended by section 13201 of the Omnibus Budget Reconciliation Act of 1990.

life of the loans, with data provided, in part, by the agency accounting staff.

Reestimates

The Federal Credit Reform Act requires periodic reestimates of the subsidy cost of a credit program throughout the lifetime of the loan or guarantee. Reestimates of the subsidy cost must be made at the beginning of each fiscal year following the year in which the initial disbursement was made.

Subsidy estimates are updated and adjusted for new information as the loan matures. Information from actual accounting records used in making reestimates includes: interest rates, loans disbursed, fees and interest

recorded, countries to which international loans were disbursed, distribution of loans across different types/classes of borrowers (risk categories), default claims paid, and delinquencies and loan write-offs reported. Reestimates are also made for changes in default expectations and other technical factors affecting loan repayments and recoveries.

To cover any increase in the subsidy cost resulting from the reestimate, the Federal Credit Reform Act provided permanent indefinite budget authority. These funds are available without further action by the appropriations committees and are not subject to the discretionary cap.

**TABLE 10-2. REESTIMATES OF CREDIT SUBSIDIES ON LOANS
DISBURSED IN 1992 AND 1993¹**

(In millions of dollars)

Program	Reestimate amount
DIRECT LOANS	
International debt reduction	26
Agriculture credit insurance fund	10
Farms for the future	-1
Rural electrification and telephone loans	*
Rural telephone bank	1
Rural development insurance fund	-38
Rural housing insurance fund	52
Rural development loan program	*
VA-Guaranty and indemnity	-12
Export-Import Bank direct loans	-29
LOAN GUARANTEES	
AID housing guaranty	-2
Agriculture credit insurance	5
Commodity Credit Corporation export guarantees	-3
Rural development insurance fund	2
Rural housing insurance fund	-1
Federal family education (formerly GSL)	114
FHA-General and special risk	-196
VA-Guaranty and indemnity program	-446
VA-Loan guaranty program	-111
Export-Import bank guarantees	-11
Total	-640

* \$500 thousand or less.

¹ Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for 1995.

Table 10-2 shows the reestimates of credit subsidies on loans disbursed in 1992 and 1993. The large upward reestimate for the Rural Housing Insurance Fund results from a technical change in the subsidy model methodology. Significant downward reestimates included the VA-Guaranty and Indemnity program, VA-Loan Guaranty program, FHA-General and special risk, and the Federal family education program.

The primary reasons for VA's downward reestimate were the improvements in the methodology used in calculating the subsidy and a change in the foreclosure rate assumed in the estimate. The foreclosure rate changed as a result of the loans being refinanced when interest rates fell. This lowered the mortgage payment burden for borrowers and hence, lowered the expected foreclosure rate. FHA's downward reestimate resulted

from increased historical data that provided more insight into the actual costs of the program.

Budgeting for Federal Insurance Programs

While the Federal Credit Reform Act of 1990 improved the budgeting for Federal credit programs, Federal insurance programs were explicitly excluded from the Act. Federal insurance programs insure bank deposits, pensions, overseas investments, veterans lives, and crops. They also insure against floods and war-risk, and provide vaccine compensation. As in credit programs before credit reform, the current cash budgetary treatment of these programs distorts the information and incentives decision makers need to make proper budget resource allocation decisions.

- The cash budget does not measure or require budgetary authority to cover the Government's expected losses from these programs at the time the insurance is extended.
- Cash budgeting provides little incentive, and in some cases large negative incentives, to enact reforms that reduce expected costs.
- Since future insurance costs remain hidden under a cash budget, the problems of adverse selection and moral hazard remain unchecked—increasing costs and creating the potential for a hidden intergenerational cross-subsidization of benefits.

This distortion created by a cash budget was clearly evident in the Federal budget's inability to account for the rising costs of deposit insurance. Cash budgeting did not assess the costs until the thrifts or banks were closed and the Federal Government could do nothing but pay the bill. Similar problems exist today with pension guarantees, flood insurance, and other insurance liabilities. Thus, a comparable reform is needed in the budgetary treatment of Federal insurance programs.

Federal insurance programs can be thought of as falling into one of two broad categories:

- *Term insurance*.—Some insurance covers losses due to the occurrence of an insured event up to specified limits during a fixed period of time. Deposit, crop, flood, war-risk, and overseas investment insurance have this character.
- *Open-ended insurance*.—Other insurance covers losses up to specified limits for an indefinite period until the insured event occurs or can no longer occur. Pension insurance, veterans whole life, and vaccine compensation are in this category.

If the budgeting for Federal insurance programs were changed to a commitment basis similar to credit reform, the annual cost to the Government would be defined as the cost over the term of the contract of new insurance commitments extended during a given year. For deposit insurance, this would be the expected costs from bank failures during the year. For pensions, this would be the expected costs associated with any increase in benefits guaranteed during the year.

Switching the budgetary treatment of insurance to this new basis would accurately record the costs on new insurance commitments, but it would leave open the question of existing liabilities at the date of conversion to a commitment basis.

- For programs with a short contract term, e.g. one-year crop insurance, this requires only a one-year adjustment.
- For insurance programs with longer-term contracts, however, the establishment of a sub-account for liquidating existing liabilities analogous to the treatment of pre-1992 direct loans or loan guarantees would be necessary. Claims associated with outstanding benefits at the time of conversion to the new basis would be budgeted for as those claims were made.

Switching insurance programs to this new budgetary treatment would increase the accuracy and consistency in budgeting Federal costs and would provide better information and incentives for decision making.

Measuring Underwriting Risk

One of the greatest contributions of credit reform has been the emphasis it has placed on understanding the nature of Federal underwriting risk. As demonstrated by the Federal bailouts of the thrift industry and the Farm Credit System, improperly accounting for underwriting risk often leads to spending Federal tax dollars in ways that few taxpayers would voluntarily choose. In particular, lack of timely information often transfers the cost of a program away from current beneficiaries to later generations of taxpayers. Credit reform attempts to limit this practice by forcing policy-makers to recognize the costs of Federal programs at the time commitments to underwrite the program's risks are undertaken.

Properly managing underwriting risk is predicated on the ability to fully measure the nature of the underlying risks within a particular program. These risks include credit risk, systemic (volatility) risk, and interest rate risk.

- *Credit risk* is the risk that a particular borrower will default, transferring the loss to the Federal Government. Credit reform has focused attention on improving agency estimates of defaults for cohorts of loans, but further work is needed to improve these estimates.
- *Systemic risk* relates to losses in Federal credit and insurance programs caused by general trends and volatility in the economy. The bailouts of the thrift industry and the Farm Credit System graphically demonstrate the danger in failing to account for this risk.
- *Interest rate risk* is the risk that fluctuations in the term structure of interest rates may lead to adverse changes in Federal program costs. Programs with interest supplements provide a clear indication of the need to account for the full distribution of possible future interest rate movements.

Quantifying these risks often involves the difficult task of valuing a group of loan guarantees or direct loans based on historical repayment patterns of the existing program or similar programs. Efforts along these lines are underway at the Department of Education and at the Export-Import Bank, where the analysis of risk is being disaggregated along similar lines as the above three categories.

This estimation approach becomes difficult, however, when repayment histories are unavailable; often, as the result of poor data. Fortunately, analysts have been increasingly able to turn to standard finance theory and contingent claims analysis for valuing these credit programs. Contingent claims analysis allows for the valuation of a Federal credit or insurance instrument whose value is not directly known but can be expressed

as a function of the value of another security for which data is available. As an example, the value of a loan guarantee to a specific company can be valued as a function of the underlying value of that company, usually expressed using the value of the company's stock.

Over the past year, contingent claims models were used in improving the estimates of VA mortgage defaults and prepayments and in estimating the deposit insurance and pension insurance subsidies. These efforts have clearly increased the Federal Government's understanding of the risks inherent in these programs; and suggest a broader applicability of contingent claims pricing in Federal credit programs. Additional work is needed, however, across all agencies. Refining subsidy estimates and developing the tools necessary for quantifying risk will become increasingly important as the wave of financial innovation begins to extend into the design of Federal programs. Credit reform provides the framework and the mandate for developing the tools needed for managing this risk.

Financial Management

To meet the goal of designing and administering loan programs to avoid unnecessary losses, OMB undertook several initiatives in 1993 to improve credit management in the areas of loan origination and servicing. These initiatives focused on providing agencies with the tools to decrease delinquencies and increase collections, and included:

- *Lender Agreements:* OMB and Treasury have been working with credit agencies to develop agreements with private lenders participating in guaranteed loan programs. Standard lender agreements will provide a uniform format for both the Government's and lenders' responsibilities in guaranteed loan programs. A lender agreement for farm programs has been adopted. A proposed agreement has been developed for housing programs, and will be published in the Federal Register for public comment early in 1994.
- *Credit Screening:* Persons who previously defaulted on Government loans are a high risk for new loans. Loan origination has been improved through expanded use of the Department of Housing and Urban Development's computerized system for screening loan applicants for defaults on previous HUD loans (the CAIVRS system). The data base now also includes information on delinquent and defaulted debts from the Departments of Agriculture, Education, Veterans Affairs, and the Small Business Administration. VA has begun using CAIVRS for screening of its housing loan applicants. Next year, other credit agencies will

begin accessing the system for the screening of new loan applicants.

Early intervention is the key to reducing the Government's default losses. The Federal Government uses several tools in its debt collection program, including: private collection agencies, IRS income tax refund offset, administrative offset, federal salary offset, and litigation. In 1993, a new Governmentwide private collection agency contract was let, improving the debt collection service to Federal agencies. During 1993, the Government collected over \$69 million through contracts with private collection agencies administered by the Department of Education and the General Services Administration. In addition, over \$836 million in delinquent debts were collected as the result of tax refund, administrative, and Federal salary offsets. During the past year, delinquent non-tax receivables decreased from \$47 billion to \$44 billion—the first significant since governmentwide numbers became available in 1985. The decrease is attributable to improved collections and write-offs of old uncollectible receivables. New debt collection initiatives include:

- *Debt Collection Legislation:* Debt collection legislation was introduced and passed in the House of Representatives as part of the Government Reform and Savings Act of 1993 (HR 3400). Key provisions of this legislation would: (1) allow agencies to retain a portion of collections to use for debt collection activities; (2) expand the use of private collection agencies to Customs and HHS; and (3) increase Justice's use of private law firms for legal services to litigate and collect delinquent debts.
- *Financial Litigation:* Litigation is often the most effective tool in delinquent debt collection. In 1993, agencies reported that the Department of Justice collected \$334 million for cases referred for litigation. To improve its litigation efforts, Justice contracted for the development and implementation of a financial litigation and collection management information system. Legislation passed in 1993 will allow Justice to pay for this system by retaining a small percentage of collections.

To improve credit management, OMB and the major credit agencies are developing "performance agreements" for credit management and debt collection activities. These agreements would lay out agency commitments for the achievement of collection and default goals of the next 12 to 18 months. In return for these commitments, OMB will give agencies the flexibility to determine the best strategy for meeting these goals, rather than mandating the use of certain governmentwide credit management and debt collection tools and techniques.

TABLE 10-3. ESTIMATED 1995 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS¹

(In millions of dollars)

Agency and Program	1995 Weighted average subsidy as a percent of disbursements	1995 Subsidy budget authority	1995 Estimated loan levels
Funds Appropriated to the President:			
Micro and small enterprise development	8.10	*	1
Regional peace and security (formerly FMF)	7.74	60	770
Overseas Private Investment Corporation	14.22	3	20
Agriculture:			
Agricultural credit insurance fund	13.30	125	937
Rural telecommunication partnership loans	4.24	1	15
Rural housing and community development service	9.50	28	300
Self-help housing	2.99	*	*
Rural housing insurance fund	14.03	315	2,248
Rural development loans	52.25	65	125
Rural economic development loans	23.92	3	13
Rural electric and telephone	1.40	19	1,354
Rural electric and telephone refinancing (mandatory)	16.85	13	1,500
Rural telephone bank	0.02	*	175
Rural utilities service	13.97	136	977
Public Law 480 direct loans	81.06	278	340
Education:			
Federal direct student loan program	7.32	349	4,765
Housing and Urban Development:			
FHA-mutual mortgage insurance direct loans			180
FHA-general and special risk direct loans			220
Interior:			
Bureau of Reclamation loans	27.49	3	11
State Department: Repatriation loans	80.00	1	1
Transportation:			
Minority business resource center program	10.00	2	15
Veterans Affairs:			
Transitional housing loans	10.00	*	*
Direct loan	11.76	*	*
Loan guarantee fund	2.34	18	783
Guaranty and indemnity fund	1.06	6	554
Education loan fund	26.47	*	*
Vocational rehabilitation	2.80	*	2
Other Independent Agencies:			
Community development financial institutions fund	13.19	20	152
Export-Import Bank ²	17.91	371	2,070
Federal Emergency Management Agency:			
Disaster assistance	9.67	2	25
Small Business Administration:			
Business Loans	2.99		
Disaster loans	12.67	52	412
Total		1,869	16,464

* \$500 thousand or less.

¹ Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for 1995.² Includes FY 1993 and 1994 carryover budget authority.

TABLE 10-4. ESTIMATED 1995 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES ¹

(In millions of dollars)

Agency and Program	1995 Weighted-average subsidy as a percent of disbursements	1995 Subsidy budget authority	1995 Estimated loan levels
Funds Appropriated to the President:			
Micro and small enterprise development	5.46	1	26
AID housing and other credit guarantees	14.55	12	82
Overseas Private Investment Corporation	1.83	9	482
Agriculture:			
Agricultural credit insurance fund	2.49	72	2,879
Agricultural resource conservation demonstration	56.10	3	6
Commodity Credit Corporation: Export credits	6.92	394	5,700
Rural housing and community development service	4.97	4	75
Rural housing insurance fund	1.72	22	1,300
Rural business and cooperative development service	0.95	11	1,116
Commerce:			
Economic development guarantees	18.56	50	269
Education:			
Federal family education loan program	11.26	1,844	16,382
Health and Human Services:			
Health professions graduate student loan program	6.74	25	375
Housing and Urban Development:			
Community development (Sec. 108)			2,054
Federal Housing Administration general and special risk ²	3.73	152	19,685
Federal Housing Administration mutual mortgage	-2.78		84,982
GNMA secondary mortgage guarantees			130,000
Community development loan guarantees			2,054
Interior:			
Indian loan guaranty and insurance fund	18.09	10	47
Transportation:			
Title XI maritime guaranteed loans	9.88	50	500
Veterans Affairs:			
Guaranty and indemnity fund	1.18	357	30,256
Loan guaranty fund	13.34	*	2
Other Independent Agencies:			
Export-Import Bank ³	4.34	675	15,565
Small Business Administration:			
Business Loans	2.99	318	11,419
Total		4,009	325,255

* \$500 thousand or less.

¹ Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for Fiscal Year 1995.² Subsidy rate shown is for positive subsidy risk categories only.³ Includes FY 1993 and 1994 carryover budget authority.**TABLE 10-5. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES**

(In billions of dollars)

	Actual		Estimate					
	1992	1993	1994	1995	1996	1997	1998	1999
Direct Loans:								
Obligations	16.4	22.1	19.9	25.9	31.0	33.0	35.5	38.4
Disbursements	26.1	27.1	27.1	31.4	40.5	46.6	51.3	56.6
Loan Guarantees:								
Commitments	130.2	169.9	199.1	195.3	175.0	161.1	159.5	158.9
Lender Disbursements	105.3	144.3	166.8	162.5	159.0	155.5	154.8	155.7

TABLE 10-6. SUBSIDY BUDGET AUTHORITY FOR DIRECT LOANS AND GUARANTEED LOANS BY FUNCTION

(In millions of dollars)

Function	Estimate					
	Direct loan subsidy budget authority			Guaranteed loan subsidy budget authority		
	1994	1995	1996	1994	1995	1996
050 National Defense .....	.....	.....	.....	50	50	.....
150 International affairs	598	709	520	643	697	508
270 Energy	78	32	42	.....	.....	.....
300 Natural resources and environment	13	3	3	.....	.....	.....
350 Agriculture	140	125	125	467	469	468
370 Commerce and housing credit ¹	723	315	315	356	492	423
400 Transportation .....	.....	.....	.....	250	.....	.....
450 Community and regional development	389	289	290	38	74	14
500 Education, training, employment, and social services	38	349	707	2,254	1,844	1,261
550 Health .....	.....	.....	.....	26	26	19
600 Income security .....	.....	.....	.....	1	3	3
700 Veterans benefits and services	29	24	36	462	357	322
800 General government .....	.....	.....	.....	.....	.....	.....
Total	2,008	1,869	2,038	4,547	4,009	3,018
ADDENDUM						
Secondary guaranteed loans .....	.....	.....	.....	.....	.....	.....

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 in the addendum, with its estimated subsidy of zero.

TABLE 10-7. NEW DIRECT LOAN OBLIGATIONS AND GUARANTEED LOAN COMMITMENTS BY FUNCTION

(In millions of dollars)

Function	Direct loan obligations			Guaranteed loan commitments		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
050 National Defense .....	.....	.....	.....	.....	953	500
150 International affairs	3,705	3,128	3,208	15,774	16,749	17,963
270 Energy	2,136	1,537	1,438	.....	.....	.....
300 Natural resources and environment	70	21	11	.....	.....	.....
350 Agriculture	9,813	8,244	10,098	7,871	8,186	8,584
370 Commerce and housing credit ¹	2,228	2,768	2,750	90,198	109,140	117,959
400 Transportation	174	50	58	.....	5	.....
450 Community and regional development	2,446	2,225	2,178	838	2,656	3,561
500 Education, training, employment, and social services	30	489	4,765	19,415	19,160	16,532
550 Health .....	.....	.....	.....	340	375	375
600 Income security .....	.....	.....	.....	.....	7	22
700 Veterans benefits and services	1,539	1,412	1,401	35,434	41,852	30,259
800 General government .....	.....	.....	.....	.....	.....	.....
Total	22,141	19,875	25,906	169,871	199,084	195,755
ADDENDUM						
Secondary guaranteed loans .....	.....	.....	.....	107,700	130,000	130,000

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 in the addendum.

TABLE 10-8. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

Agency or Program	In millions of dollars			As percentage of outstanding loans ¹		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
Direct loans:						
Economic assistance loans	598	.....	.....	4.1	.....	.....
Private sector revolving fund	1	1	1	8.3	9.5	12.5
Foreign military loans .....	.....	11	.....	.....	0.1	.....
Rural development insurance fund	6	6	6	2.8	1.2	0.5
Commodity Credit Corporation	259	.....	.....	7.6	.....	.....
Agricultural credit insurance fund	1,095	924	834	14.3	6.7	6.6
Rural housing insurance fund	133	125	124	0.9	0.4	0.4
Rural development loan	*	1	1	.....	1.2	1.1
Public Law 480 Food Aid	269	.....	.....	2.3	.....	.....
Higher Education	1	.....	.....	.....	.....	.....
Federal direct student loan .....	.....	0	6	.....	0.3	0.3
Economic development revolving fund (EDA)	33	5	.....	34.9	5.9	.....
Interior Revolving Fund	4	3	3	5.0	3.9	4.3
Indian loan guaranty and insurance fund (liquidating) .....	.....	4	5	.....	5.7	6.8
Federal ship financing fund	2	.....	.....	1.2	.....	.....
MARAD ship financing fund .....	.....	50	50	.....	12.4	11.3
Veteran's housing programs	33	23	25	3.3	1.6	1.6
Small Business Administration	273	107	94	6.9	1.4	1.2
Export-Import Bank .....	.....	58	67	.....	0.7	0.8
Tennessee Valley Authority	2	2	2	1.2	1.1	1.0
Total	2,709	1,321	1,218	5.2	1.3	1.2
Guaranteed loans:						
Housing and other credit guaranty programs	17	22	23	0.8	1.1	1.1
Private sector revolving fund	*	1	1	.....	3.7	3.0
Micro and small enterprise development .....	.....	*	1	.....	.....	2.0
Overseas Private Investment Corporation	9	.....	.....	1.6	.....	.....
Agricultural credit insurance fund	64	62	67	2.3	1.0	0.9
CCC export credit guarantees	0	490	0	0	5.0	0
Rural development insurance fund	27	40	32	13.2	14.7	5.6
Rural housing insurance	*	3	7	.....	0.3	0.4
Economic development revolving fund	3	.....	.....	10.0	.....	.....
Federal family education loans	128	665	1,286	8.9	3.5	3.2
Federal Housing Administration fund	5,803	5,409	5,972	3.1	1.4	1.3
Health professions guaranteed student loan	30	36	37	2.3	1.3	1.2
Indian loan guaranty and insurance fund	5	9	10	2.4	4.0	3.8
Federal ship financing fund	1	1	1	0.5	0.6	0.7
MARAD ship financing fund	3	99	99	0.2	5.8	7.1
Veteran's housing programs	1,880	1,414	1,134	2.3	0.9	0.6
Small business administration	497	716	745	2.4	3.3	2.9
Export-Import Bank .....	.....	7	16	.....	.....	0.1
Total	8,467	8,974	9,431	3.5	1.5	1.3
Defaulted guaranteed loans that result in loans receivable:						
Economic development revolving fund	5	.....	.....	.....	.....	.....
CCC export loans	749	545	121	14.0	10.3	2.2
Federal family education loans	504	635	748	6.6	4.2	5.0
Federal Housing Administration	1,161	680	710	20.4	5.9	6.2
Health professions guaranteed student loan	13	15	16	8.1	4.4	3.9
Veterans housing programs	838	769	589	65.7	49.8	49.0
Small Business Administration	43	17	49	15.5	2.4	4.1
Total	3,313	2,661	2,233	18.7	7.9	6.5
Grand Total	14,489	12,956	12,882	.....	.....	.....

¹ Average of loans outstanding over year.

TABLE 10-9. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS
(In millions of dollars)

Agency or Program	1993 actual	Estimate	
		1994	1995
LIMITATIONS ON DIRECT LOAN OBLIGATIONS			
Funds Appropriated to the President:			
AID Micro and small enterprise development ¹	5	.....	1
Overseas Private Investment Corporation ¹	30	16	20
Regional peace and security (formerly FMF)	855	770	770
Agriculture:			
Farmers Home Administration:			
Agricultural credit insurance fund	1,090	1,010	937
Rural housing insurance fund	2,103	2,558	2,248
Self-help housing direct loans .....	.....	1	.....
Rural Development Administration:			
Rural development insurance fund	747	1,059	1,277
Rural development loan fund	34	100	125
Foreign Assistance Programs:			
Public Law 480 direct credit	510	450	340
Debt reduction (International)	68	.....	.....
Rural Electrification Administration:			
Economic development loans	12	13	13
Rural electric and telephone	2,077	1,588	1,354
Rural telephone bank	177	200	175
Education:			
College housing and academic facilities	29	.....	.....
Housing and Urban Development:			
FHA-General and special risk .....	.....	.....	220
FHA-Mutual mortgage insurance .....	.....	.....	180
Interior:			
Bureau of Reclamation direct loans	8	21	11
Indian direct loan	11	11	.....
State Department:			
Repatriation Loans	1	1	1
Transportation:			
AMTRAK Corridor Improvement Loans	4	.....	.....
Orange County (CA) toll road	120	.....	.....
Minority business resource center	8	8	15
Veterans Affairs:			
Direct loan	1	1	1
Transitional housing .....	.....	.....	.....
Education direct loan .....	.....	.....	.....
Native American veteran housing	58	.....	.....
Vocational rehabilitation	2	2	2
Environmental Protection Agency:			
Abatement, control and compliance	70	.....	.....
Small Business Administration:			
Export-Import Bank ¹	1,721	1,873	2,070
FEMA—Disaster assistance	40	25	25
Community development financial institutions fund .....	.....	.....	152
Total, limitations on direct loan obligations	9,781	9,707	9,937

TABLE 10-9. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS—Continued
(In millions of dollars)

Agency or Program	1993 actual	Estimate	
		1994	1995
LIMITATIONS ON GUARANTEED LOAN COMMITMENTS			
Funds Appropriated to the President:			
Loan guarantees to Israel	2,000	2,000	2,000
Micro and small enterprise development	76	25	26
AID housing and other credit	150	110	82
Overseas Private Investment Corporation ¹	375	375	482
Agriculture:			
Agricultural credit insurance fund	2,229	2,608	2,879
Agricultural resource conservation demo (Farms for the future)	7	7	6
Rural development insurance fund	390	360	1,191
Rural housing insurance fund	580	750	1,300
Alcohol fuels credit		30	
Commerce:			
Fishing vessel obligations guarantee	47	46	
Economic development guaranteed loan			269
Education:			
Historically black colleges/universities		357	
Health and Human Services:			
Health professions graduate student	340	375	375
Housing and Urban Development:			
FHA—General and special risk	11,792	15,436	19,685
FHA—Mutual mortgage insurance	100,000	84,565	84,982
Community development guaranteed loans	2,000	2,054	2,054
Indian Housing loan guarantee		7	22
Interior:			
Indian loan guaranty and insurance	69	69	47
Transportation:			
Maritime guaranteed loans (Title XI)	0	0	500
Railroad rehabilitation and improvement		5	
Export-Import Bank ²	13,315	14,782	15,565
Total, limitations on guaranteed loan commitments	133,370	123,961	131,465
ADDENDUM			
Secondary guaranteed loan commitment limitations:			
GNMA, mortgage-backed securities	1,077,000	130,000	130,000

¹ The appropriations language for this program specifies a limitation that applies to direct and guaranteed loans in total.

² The appropriations language for this program does not include direct loan or loan guarantee limitations.

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Funds Appropriated to the President				Outstandings	8	8	8
Multilateral Assistance				International Debt Reduction			
International organizations and programs:				Debt reduction, financing account:			
Obligations				Obligations			
Loan disbursements				Loan disbursements			
Change in outstandings	-2	-2	-2	Change in outstandings	-46	-54	-56
Outstandings	40	38	36	Outstandings	554	500	445
Agency for International Development				Regional Peace, Security and Defense Cooperation			
Economic assistance loans—liquidating account:				Foreign military loan liquidating account:			
Obligations				Obligations			
Loan disbursements	37	12	11	Loan disbursements	497	497	525
Change in outstandings	-1,287	-381	-352	Change in outstandings	-284	-388	-473
Outstandings	14,435	14,054	13,702	Outstandings	9,037	8,649	8,176
Housing and other credit guaranty programs liquidating account:				Regional peace and security direct loan financing account:			
Obligations				Obligations	855	770	770
Loan disbursements	85	64	64	Loan disbursements		456	484
Change in outstandings	55	34	34	Change in outstandings		456	484
Outstandings	368	402	435	Outstandings		456	940
Private sector revolving fund liquidating account:				Military debt reduction financing account:			
Obligations				Obligations			
Loan disbursements		3	2	Loan disbursements		3	
Change in outstandings	-4	-3	-2	Change in outstandings		3	
Outstandings	12	9	7	Outstandings		3	3
Micro and small enterprise development direct loan financing account:				Department of Agriculture			
Obligations	2		1	Farm Service Agency			
Loan disbursements		2	1	Agricultural credit insurance fund liquidating account:			
Change in outstandings		2	1	Obligations			
Outstandings		2	3	Loan disbursements	6	6	3
Micro and small enterprise development guaranteed loan financing account:				Change in outstandings	-2,158	-1,740	-1,433
Obligations				Outstandings	13,205	11,465	10,032
Loan disbursements			1	Agricultural credit insurance fund direct loan financing account:			
Change in outstandings			1	Obligations	723	1,215	937
Outstandings			1	Loan disbursements	709	1,116	932
Housing and other credit guaranty programs guaranteed loan financing account:				Change in outstandings	341	768	244
Obligations				Outstandings	985	1,754	1,998
Loan disbursements			1	Commodity credit corporation price supports:			
Change in outstandings			1	Obligations	9,090	7,030	9,161
Outstandings			1	Loan disbursements	9,090	7,030	9,161
Overseas Private Investment Corporation				Change in outstandings	886	-381	-390
Overseas Private Investment Corporation liquidating account:				Outstandings	3,411	3,029	2,639
Obligations				Commodity Credit Corporation export guarantee financing account (acquisition of defaulted guarantees):			
Loan disbursements		9		Obligations			
Change in outstandings	-16	-2	-8	Loan disbursements	571	453	421
Outstandings	49	47	39	Change in outstandings	558	9	395
Overseas Private Investment Corporation direct loan financing account:				Outstandings	558	567	962
Obligations	5	34	26	Commodity credit corporation guaranteed loans liquidating account:			
Loan disbursements	2	15	39	Obligations			
Change in outstandings	2	13	36	Loan disbursements	756	562	124
Outstandings	2	15	51	Change in outstandings	453	-90	-42
Overseas private investment corporation guaranteed loan financing account:				Outstandings	4,794	4,704	4,662
Obligations							
Loan disbursements	8						
Change in outstandings	8						

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Rural Utilities Service				<i>Change in outstandings</i>	1,769	2,391	2,379
Rural development insurance fund liquidating account:				Outstandings	3,133	5,524	7,903
Obligations				Self-help housing land development fund liquidating account:			
Loan disbursements	306	208	29	Obligations			
<i>Change in outstandings</i>	89	-34	-211	Loan disbursements			
Outstandings	4,723	4,689	4,477	<i>Change in outstandings</i>	-*		
Rural electrification and telephone direct loan financing account:				Outstandings			
Obligations	2,077	1,459	1,354	Rural Business and Cooperative Development Service			
Loan disbursements	877	916	1,014	Rural economic development loans liquidating account:			
<i>Change in outstandings</i>	845	877	970	Obligations			
Outstandings	1,488	2,365	3,335	Loan disbursements	1	2	
Rural telephone bank direct loan financing account:				<i>Change in outstandings</i>			-1
Obligations	175	200	175	Outstandings	10	11	9
Loan disbursements	24	84	112	REA—economic development loans financing account:			
<i>Change in outstandings</i>	24	84	112	Obligations	12	13	13
Outstandings	28	112	224	Loan disbursements	6	12	14
Rural development insurance fund direct loan financing account:				<i>Change in outstandings</i>	6	12	11
Obligations	747	1,059	1,277	Outstandings	7	18	30
Loan disbursements	185	545	745	Rural development direct loan financing account:			
<i>Change in outstandings</i>	183	542	736	Obligations	34	100	125
Outstandings	213	755	1,491	Loan disbursements	9	29	49
Rural electrification and telephone revolving fund liquidating account: ²				<i>Change in outstandings</i>	9	29	49
Obligations				Outstandings	9	38	87
Loan disbursements	571	689	504	Alcohol fuels credit insurance guarantee financing account:			
<i>Change in outstandings</i>	-1,435	-641	-530	Obligations			
Outstandings	34,564	33,922	33,392	Loan disbursements		7	-3
Rural telephone bank liquidating account:				<i>Change in outstandings</i>		7	-3
Obligations				Outstandings		7	3
Loan disbursements	85	62	46	Rural development loan fund (liquidating):			
<i>Change in outstandings</i>	-17	-22	-30	Obligations			
Outstandings	1,706	1,684	1,654	Loan disbursements	13	12	5
Rural Housing and Community Development Service				<i>Change in outstandings</i>	11	8	2
Rural housing insurance fund liquidating account:				Outstandings	79	87	89
Obligations				International Agricultural Trade Service			
Loan disbursements	102	28	8	Expenses, Public Law 480, foreign assistance programs (liquidating):			
<i>Change in outstandings</i>	-1,696	-1,520	-1,457	Obligations			
Outstandings	26,642	25,122	23,666	Loan disbursements			
Rural communication development fund (liquidating):				<i>Change in outstandings</i>	-517	-359	-329
Obligations				Outstandings	11,115	10,755	10,427
Loan disbursements				P.L. 480 Direct credit financing account:			
<i>Change in outstandings</i>	-2	-1	-1	Obligations	460	450	340
Outstandings	12	11	10	Loan disbursements	464	459	356
Self-help housing direct loan financing account:				<i>Change in outstandings</i>	464	459	356
Obligations		1		Outstandings	660	1,120	1,476
Loan disbursements		1		P.L. 480 Title I Food for Progress Credits, financing account:			
<i>Change in outstandings</i>				Obligations	599		
Outstandings	1	1	1	Loan disbursements			
Rural housing insurance fund direct loan financing account:				<i>Change in outstandings</i>			
Obligations	2,056	2,538	2,248	Outstandings			
Loan disbursements	1,795	2,427	2,462	Debt reduction—financing account:			
				Obligations	62		
				Loan disbursements	68		

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
<i>Change in outstandings</i>	67	.....	- 1	Outstandings	555	540	511
Outstandings	67	67	66	Federal family education loan program, financing account:			
Department of Commerce				Obligations			
Economic Development Administration				Loan disbursements	122	647	1,258
Economic development revolving fund liquidating account:				<i>Change in outstandings</i>	122	597	1,091
Obligations				Outstandings	122	719	1,810
Loan disbursements	3			College housing and academic facilities direct loan financing account:			
<i>Change in outstandings</i>	-45	-15	-8	Obligations	29		
Outstandings	92	77	69	Loan disbursements		3	18
Miscellaneous appropriations:				<i>Change in outstandings</i>		3	18
Obligations				Outstandings		3	20
Loan disbursements				Federal direct stud. loan program, financing account:			
<i>Change in outstandings</i>	-4	-2	-2	Obligations		489	4,765
Outstandings	60	58	57	Loan disbursements		304	3,106
National Oceanic and Atmospheric Administration				<i>Change in outstandings</i>		302	3,072
Federal ship financing fund, fishing vessels liquidating account:				Outstandings		302	3,373
Obligations				Federal family education loan liquidating account:			
Loan disbursements	3	5	2	Obligations			
<i>Change in outstandings</i>	-3	-4	-1	Loan disbursements	2,560	1,670	1,085
Outstandings	10	5	4	<i>Change in outstandings</i>	1,006	-416	-1,202
Department of Defense—Military				Outstandings	14,798	14,381	13,179
Revolving and Management Funds				Guarantees of SLMA obligations (FFEL) liquidating account:			
Defense business operations fund:				Obligations			
Obligations				Loan disbursements			
Loan disbursements				<i>Change in outstandings</i>	-30	-2,030	-30
<i>Change in outstandings</i>	-48	-49	-47	Outstandings	4,790	2,760	2,730
Outstandings	1,528	1,480	1,432	Energy Programs			
Department of Education				Energy supply, R&D activities:			
Office of Postsecondary Education				Obligations			
Student financial assistance:				Loan disbursements			
Obligations				<i>Change in outstandings</i>	-*	-*	-*
Loan disbursements				Outstandings	*	*	*
<i>Change in outstandings</i>	31	5	10	Power Marketing Administration			
Outstandings	319	324	334	Bonneville Power Administration fund:			
Higher education:				Obligations			
Obligations				Loan disbursements			
Loan disbursements				<i>Change in outstandings</i>	-*	-*	-*
<i>Change in outstandings</i>	-1			Outstandings	3	3	2
Outstandings				Department of Health and Human Services			
Higher education facilities loans:				Health Resources and Services Administration			
Obligations				Health Resources and Services:			
Loan disbursements				Obligations			
<i>Change in outstandings</i>	-7	-6	-6	Loan disbursements	21	23	24
Outstandings	69	63	58	<i>Change in outstandings</i>	16	17	18
College housing and academic facilities loans liquidating account:				Outstandings	521	538	557
Obligations				Health professions graduate student loan guaranteed loan financing account:			
Loan disbursements	12	31	2	Obligations			
<i>Change in outstandings</i>	10	29	-5	Loan disbursements			
Outstandings	120	149	143	<i>Change in outstandings</i>			
College housing loans:				Outstandings			
Obligations							
Loan disbursements	7	18	4				
<i>Change in outstandings</i>	-37	-15	-29				

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Health professions graduate student loan insurance fund liquidat:				FHA-mutual mortgage insurance direct loan financing account:			
Obligations				Obligations			180
Loan disbursements	56	65	67	Loan disbursements			180
Change in outstandings	60	70	73	Change in outstandings			179
Outstandings	309	379	452	Outstandings			179
Health loan funds:				FHA-mutual mortgage insurance guaranteed loan financing account:			
Obligations				Obligations			
Loan disbursements	1	2	2	Loan disbursements	27	160	389
Change in outstandings	-31	-9	-8	Change in outstandings	27	156	377
Outstandings	82	73	66	Outstandings	27	183	560
Department of Housing and Urban Development				Public and Indian Housing Programs			
Housing Programs				Low-rent public housing—loans and other expenses:			
Community disposal operations fund:				Obligations			
Obligations				Loan disbursements			
Loan disbursements				Change in outstandings	-52	-54	-58
Change in outstandings	-*	-*		Outstandings	1,801	1,747	1,689
Outstandings	*						
Nonprofit sponsor assistance liquidating account:				Government National Mortgage Association			
Obligations				Guarantees of mortgage-backed securities liquidating account:			
Loan disbursements	*			Obligations			
Change in outstandings	-*	-*		Loan disbursements	624	829	792
Outstandings	2	1	1	Change in outstandings	-149	-73	-45
Flexible Subsidy Fund:				Outstandings	477	405	359
Obligations				Community Planning and Development			
Loan disbursements	85	129	94	Revolving fund (liquidating programs):			
Change in outstandings	85	128	93	Obligations			
Outstandings	367	494	588	Loan disbursements	11	6	5
FHA-mutual mortgage and cooperative housing insurance funds liquidating account:				Change in outstandings	-52	-50	-49
Obligations				Outstandings	504	454	405
Loan disbursements	906	577	463	Community development guaranteed loans liquidating account:			
Change in outstandings	459	51	-196	Obligations			
Outstandings	3,315	3,366	3,170	Loan disbursements			
FHA general and special risk insurance funds liquidating account:				Change in outstandings	-43	-25	-20
Obligations				Outstandings	131	106	86
Loan disbursements	898	966	939				
Change in outstandings	-404	231	-393	Department of the Interior			
Outstandings	7,792	8,023	7,630	Bureau of Reclamation			
FHA-General and special risk guaranteed loan financing account:				Loan program liquidating account:			
Obligations				Obligations			
Loan disbursements	7	163	312	Loan disbursements	7	1	
Change in outstandings	7	153	294	Change in outstandings	3	-2	-3
Outstandings	7	159	454	Outstandings	95	93	89
FHA-General and special risk direct loan financing account:				Bureau of Reclamation direct loan financing account:			
Obligations			220	Obligations	6	21	11
Loan disbursements			220	Loan disbursements	7	18	11
Change in outstandings			219	Change in outstandings	7	18	11
Outstandings			219	Outstandings	10	28	39
Housing for the elderly or handicapped fund liquidating account:				Emergency fund:			
Obligations				Obligations			
Loan disbursements	84	227		Loan disbursements			
Change in outstandings	25	167	-62	Change in outstandings	-1	-1	-1
Outstandings	8,497	8,664	8,602	Outstandings	7	7	6

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
National Park Service				<i>Change in outstandings</i>			
Construction:				Outstandings			
Obligations				Right-of-way revolving fund (trust revolving fund):			
Loan disbursements				Obligations	39	42	42
<i>Change in outstandings</i>	—*	—*	—*	Loan disbursements	30	42	42
Outstandings	8	8	7	<i>Change in outstandings</i>	9		
Bureau of Indian Affairs				Outstandings	139	139	139
Revolving fund for loans liquidating account:				Federal Railroad Administration			
Obligations				Amtrak corridor improvement loans liquidating			
Loan disbursements				account:			
<i>Change in outstandings</i>	—16	—7	—7	Obligations			
Outstandings	80	72	66	Loan disbursements			
Indian loan guaranty and insurance fund liquidat-				<i>Change in outstandings</i>			
ing account:				Outstandings	7	7	7
Obligations				Amtrak corridor improvement direct loan financ-			
Loan disbursements	10	10	10	ing account:			
<i>Change in outstandings</i>	10	7	5	Obligations	2		
Outstandings	50	57	61	Loan disbursements	1	2	
Indian guaranteed loan financing account:				<i>Change in outstandings</i>	1	2	
Obligations				Outstandings	3	6	6
Loan disbursements		3	5	Railroad rehabilitation and improvement liquidat-			
<i>Change in outstandings</i>		3	5	ing account:			
Outstandings		3	9	Obligations			
Indian direct loan financing account:				Loan disbursements			
Obligations	12	11		<i>Change in outstandings</i>	—3	—4	—4
Loan disbursements	11	11	—2	Outstandings	82	78	75
<i>Change in outstandings</i>	10	9	—4	Railroad rehabilitation and improvement direct			
Outstandings	20	29	25	loan financing account:			
Territorial and International Affairs				Obligations	5		
Administration of territories:				Loan disbursements		6	
Obligations				<i>Change in outstandings</i>		6	—1
Loan disbursements				Outstandings		6	5
<i>Change in outstandings</i>	—1	—1	—1	Federal Transit Administration			
Outstandings	23	22	21	Miscellaneous expired accounts:			
Guam Power Liquidating Account:				Obligations			
Obligations				Loan disbursements			
Loan disbursements				<i>Change in outstandings</i>		—177	
<i>Change in outstandings</i>	—8			Outstandings	177		
Outstandings				Maritime Administration			
Department of State				Federal ship financing fund liquidating account:			
Administration of Foreign Affairs				Obligations			
Repatriation loans liquidating account:				Loan disbursements	5	200	200
Obligations				<i>Change in outstandings</i>	—28	112	86
Loan disbursements				Outstandings	501	613	699
<i>Change in outstandings</i>	—*	—*	—*	Office of the Secretary			
Outstandings	*	*	*	Minority business resource center direct loan fi-			
Repatriation loans financing account:				nancing account:			
Obligations	1	1	1	Obligations	8	8	15
Loan disbursements	*	1	1	Loan disbursements	3	12	15
<i>Change in outstandings</i>	—*	—*	—*	<i>Change in outstandings</i>	3	9	3
Outstandings	*	*	*	Outstandings	3	12	15
Department of Transportation				Minority business resource center liquidating ac-			
Federal Highway Administration				count:			
Orange County (CA) toll road demonstration				Obligations			
project direct loan financing account:				Loan disbursements			
Obligations	120			<i>Change in outstandings</i>			
Loan disbursements				Outstandings	1	1	1

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹—Continued

(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Department of the Treasury				Guaranty and indemnity direct loan financing account:			
Financial Management Service				Obligations	211	336	554
Emergency assistance to Rhode Island direct loan financing account:				Loan disbursements	221	336	554
Obligations				Change in outstandings	2	89	146
Loan disbursements				Outstandings	55	144	290
Change in outstandings	-95	-30		Direct loan financing account:			
Outstandings	30			Obligations	*	*	*
Department of Veterans Affairs				Loan disbursements	*	*	*
Veterans Health Administration				Change in outstandings	*	*	*
Transitional housing loans, financing account:				Outstandings	1	1	1
Obligations		*	*	Guaranty and indemnity guaranteed loan financing account:			
Loan disbursements		*	*	Obligations			
Change in outstandings		*	-	Loan disbursements	7	18	31
Outstandings		*	*	Change in outstandings	4	7	9
Veterans Benefits Administration				Outstandings	4	11	20
Guaranty and indemnity fund liquidating account:				Native american veteran housing direct loan financing account:			
Obligations				Obligations		7	11
Loan disbursements	115	109	103	Loan disbursements		7	11
Change in outstandings	34	29	37	Change in outstandings		7	11
Outstandings	53	81	118	Outstandings		7	18
Direct loan revolving fund liquidating account:				Environmental Protection Agency			
Obligations				Environmental Protection Agency			
Loan disbursements				Abatement, control, and compliance direct loan liquidating account:			
Change in outstandings	-9	-6	-4	Obligations			
Outstandings	20	14	9	Loan disbursements	6	11	2
Loan guaranty revolving fund liquidating account:				Change in outstandings	-5	-1	-10
Obligations				Outstandings	118	117	107
Loan disbursements	490	350	251	Abatement, control, and compliance direct loan financing account:			
Change in outstandings	-428	-524	-435	Obligations	64		
Outstandings	2,654	2,130	1,695	Loan disbursements	19	46	22
Vocational rehabilitation direct loan financing account:				Change in outstandings	19	44	16
Obligations	2	2	2	Outstandings	21	65	81
Loan disbursements	2	2	2	Small Business Administration			
Change in outstandings				Small Business Administration			
Outstandings	1	1	1	Pollution control equipment fund liquidating account:			
Education direct loan financing account:				Obligations			
Obligations		*	*	Loan disbursements	19	10	5
Loan disbursements		*	*	Change in outstandings	-33	-2	-6
Change in outstandings		*	*	Outstandings	30	28	22
Outstandings		*	*	Business direct loan financing account:			
Education loan fund liquidating account:				Obligations	76	137	
Obligations				Loan disbursements	59	102	58
Loan disbursements				Change in outstandings	54	82	23
Change in outstandings	-10	-1	-1	Outstandings	89	172	195
Outstandings	4	3	3	Business guaranteed loan financing account:			
Loan guaranty direct loan financing account:				Obligations			
Obligations	1,326	1,008	783	Loan disbursements	80	225	476
Loan disbursements	1,376	1,046	813	Change in outstandings	75	198	390
Change in outstandings	-54	151	102	Outstandings	90	288	678
Outstandings	291	442	544	Disaster direct loan financing account:			
Loan guaranty guaranteed loan financing account:				Obligations	1,419	817	412
Obligations				Loan disbursements	1,022	980	668
Loan disbursements	-			Change in outstandings	929	751	345
Change in outstandings							
Outstandings							

TABLE 10-10. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT¹—Continued

(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Outstandings	1,308	2,059	2,404	FSLIC Resolution			
Disaster loan fund liquidating account:				FSLIC resolution fund:			
Obligations				Obligations			
Loan disbursements	27	5		Loan disbursements	160		
Change in outstandings	-398	-389	-333	Change in outstandings	159	-71	
Outstandings	2,531	2,141	1,808	Outstandings	160	89	89
Business loan fund liquidating account:				Federal Emergency Management Agency			
Obligations				Disaster assistance direct loan liquidating account:			
Loan disbursements	859	660	425	Obligations			
Change in outstandings	706	178	-33	Loan disbursements			
Outstandings	3,988	4,165	4,132	Change in outstandings	-78	-27	-25
Other Independent Agencies				Outstandings	52	25	
Appalachian Regional Commission				Disaster assistance direct loan financing account:			
District of Columbia				Obligations	47	25	25
Loans to the District of Columbia for capital projects:				Loan disbursements	47	25	25
Obligations				Change in outstandings	6		
Loan disbursements				Outstandings	19	19	19
Change in outstandings	-160	-12	-12	National Credit Union Administration			
Outstandings	99	87	75	Credit union share insurance fund:			
Export-Import Bank of the United States				Obligations	7	4	2
Export-Import Bank of the United States liquidating account:				Loan disbursements	7	1	1
Obligations				Change in outstandings	-95	-2	-1
Loan disbursements	470	366	135	Outstandings	7	5	4
Change in outstandings	-799	-797	-678	Central liquidity facility:			
Outstandings	7,865	7,068	6,390	Obligations	89	89	100
Debt reduction financing account:				Loan disbursements		89	100
Obligations				Change in outstandings			
Loan disbursements		18	28	Outstandings			
Change in outstandings		18	28	Community development credit union revolving loan fund:			
Outstandings		18	46	Obligations			
Export-Import Bank direct loan financing account:				Loan disbursements	1	2	2
Obligations	1,721	1,873	2,070	Change in outstandings			
Loan disbursements	312	735	1,205	Outstandings	6	6	6
Change in outstandings	263	630	920	Tennessee Valley Authority			
Outstandings	344	974	1,894	Tennessee Valley Authority fund:			
Farm Credit System Financial Assistance Corporation				Obligations	59	77	83
Financial assistance corporation assistance fund, liquidating account:				Loan disbursements	59	77	83
Obligations				Change in outstandings	-2,197	24	31
Loan disbursements				Outstandings	166	191	221
Change in outstandings	1,182	-74	-24	Community Development Financial Institutions			
Outstandings	1,182	1,108	1,084	Community development financial institutions fund direct loan financing account:			
Bank Insurance				Obligations			152
Bank insurance fund:				Loan disbursements			76
Obligations				Change in outstandings			72
Loan disbursements				Outstandings			72
Change in outstandings	-21			Total, Direct loan transactions:			
Outstandings	16	16	16	Obligations	22,141	19,816	25,855
				Loan disbursements	27,124	27,061	31,427
				Change in outstandings	-1,714	86	4,394
				Outstandings	200,625	200,106	204,535

¹ Includes defaulted guaranteed loans that result in loans receivable.² Outstandings in REA rural electrification and telephone revolving fund liquidating account include refinanced loans (per OBRA 1993) of \$5.5 billion in 1994 and \$1.5 billion in 1995.

TABLE 10-11. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Funds Appropriated to the President				Agricultural resource conservation demonstration guaranteed loan:			
Agency for International Development				Commitments	7	7	6
Loan guarantee to Israel financing account:				New guaranteed loans	17	7	6
Commitments	2,000	1,563	2,000	Change in outstandings	17	7	6
New guaranteed loans	2,000	1,563	2,000	Outstandings	17	24	29
Change in outstandings	2,000	1,563	2,000				
Outstandings	2,000	3,563	5,563	Agricultural credit insurance fund guaranteed loan financing account:			
Housing and other credit guaranty programs liquidating account:				Commitments	2,164	2,479	2,879
Commitments				New guaranteed loans	1,495	2,309	2,810
New guaranteed loans	44	44	44	Change in outstandings	1,302	1,795	1,922
Change in outstandings	4	-4	-7	Outstandings	2,574	4,368	6,290
Outstandings	2,047	2,043	2,036				
Private sector revolving fund liquidating account:				Commodity Credit Corporation export guarantee financing account:			
Commitments				Commitments	5,700	5,700	5,700
New guaranteed loans	5	16		New guaranteed loans	3,022	5,700	5,700
Change in outstandings	5	16	-3	Change in outstandings	1,621	1,232	759
Outstandings	19	35	32	Outstandings	6,704	7,935	8,694
Micro and small enterprise development guaranteed loan financing account:				Commodity credit corporation guaranteed loans liquidating account:			
Commitments	19	19	26	Commitments			
New guaranteed loans	13	28	20	New guaranteed loans			
Change in outstandings	13	28	19	Change in outstandings	-1,849	-651	-226
Outstandings	13	40	60	Outstandings	2,088	1,436	1,210
Housing and other credit guaranty programs guaranteed loan financing account:				Rural Utilities Service			
Commitments	130	95	82	Rural development insurance fund liquidating account:			
New guaranteed loans	33	170	28	Commitments			
Change in outstandings	33	170	27	New guaranteed loans	46	31	7
Outstandings	33	203	230	Change in outstandings	-156	-196	-168
Overseas Private Investment Corporation				Outstandings	897	702	533
Overseas Private Investment Corporation liquidating account:				Rural development insurance guaranteed loan financing account:			
Commitments				Commitments	540	515	1,191
New guaranteed loans	74	281		New guaranteed loans	75	140	471
Change in outstandings	-21	197	-89	Change in outstandings	75	135	467
Outstandings	423	620	531	Outstandings	204	339	805
Overseas private investment corporation guaranteed loan financing account:				Rural electrification and telephone revolving fund liquidating account:			
Commitments	310	290	289	Commitments			
New guaranteed loans	140	302	322	New guaranteed loans			
Change in outstandings	131	302	308	Change in outstandings	181	-17	-19
Outstandings	140	441	749	Outstandings	939	922	904
Regional Peace, Security and Defense Cooperation				Rural Housing and Community Development Service			
Foreign military loan liquidating account:				Rural housing insurance fund liquidating account:			
Commitments				Commitments			
New guaranteed loans				New guaranteed loans	1		
Change in outstandings	-517	-547	-526	Change in outstandings	-4	-4	-3
Outstandings	7,696	7,148	6,623	Outstandings	47	43	40
Department of Agriculture				Rural communication development fund:			
Farm Service Agency				Commitments			
Agricultural credit insurance fund liquidating account:				New guaranteed loans			
Commitments				Change in outstandings			
New guaranteed loans	30	8		Outstandings	5	5	5
Change in outstandings	-1,139	-896	-685	Rural housing insurance fund guaranteed loan financing account:			
Outstandings	3,044	2,148	1,463	Commitments	540	728	1,300
				New guaranteed loans	476	651	1,119

TABLE 10-11. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
<i>Change in outstandings</i>	472	637	1,088	Department of Health and Human Services			
Outstandings	574	1,210	2,298	Health Resources and Services Administration			
Rural Business and Cooperative Development Service				Health Resources and Services (liquidating):			
Alcohol fuels credit insurance guarantee financing account:				Commitments			
Commitments		19	7	New guaranteed loans			
New guaranteed loans		5	6	<i>Change in outstandings</i>	-1	-1	-1
<i>Change in outstandings</i>		5	11	Outstandings	12	11	10
Outstandings		5	11	Health professions graduate student loan guaranteed loan financing account:			
Department of Commerce				Commitments	340	375	375
Economic Development Administration				New guaranteed loans	340	375	375
Economic development guaranteed loan financing account:				<i>Change in outstandings</i>	340	375	375
Commitments			269	Outstandings	680	1,055	1,429
New guaranteed loans			3	Health professions graduate student loan insurance fund liquidating account:			
<i>Change in outstandings</i>			3	Commitments			
Outstandings			3	New guaranteed loans			
Economic development revolving fund liquidating account:				<i>Change in outstandings</i>	-62	-71	-76
Commitments				Outstandings	1,935	1,864	1,788
New guaranteed loans				Health loan funds (liquidating):			
<i>Change in outstandings</i>	-11	-7	-7	Commitments			
Outstandings	30	24	17	New guaranteed loans			
National Oceanic and Atmospheric Administration				<i>Change in outstandings</i>	-54	-56	-40
Fishing vessel obligations guarantees financing account:				Outstandings	375	320	279
Commitments	47	46		Department of Housing and Urban Development			
New guaranteed loans	2	47		Housing Programs			
<i>Change in outstandings</i>	2	45	-4	FHA mutual mortgage and cooperative housing insurance funds liquidating account:			
Outstandings	2	46	42	Commitments			
Federal ship financing fund, fishing vessels liquidating account:				New guaranteed loans			
Commitments				<i>Change in outstandings</i>	-77,517	-8,014	-5,947
New guaranteed loans				Outstandings	190,156	182,142	176,195
<i>Change in outstandings</i>	-115	-45	-25	FHA general and special risk insurance funds liquidating account:			
Outstandings	198	153	128	Commitments			
Department of Education				New guaranteed loans			
Office of Postsecondary Education				<i>Change in outstandings</i>	-8,136	-7,363	-6,512
Federal family education loan liquidating account:				Outstandings	63,131	55,768	49,256
Commitments				FHA-General and special risk guaranteed loan financing account:			
New guaranteed loans	48	30	19	Commitments	9,284	15,436	19,685
<i>Change in outstandings</i>	-8,114	-7,592	-6,801	New guaranteed loans	9,769	12,355	15,637
Outstandings	43,966	36,374	29,573	<i>Change in outstandings</i>	9,679	11,734	13,853
Historically Black College and University Capital financing—financing account:				Outstandings	14,755	26,488	40,341
Commitments		20	150	FHA-mutual mortgage insurance guaranteed loan financing account:			
New guaranteed loans			20	Commitments	72,989	84,565	84,982
<i>Change in outstandings</i>			20	New guaranteed loans	62,502	64,198	64,403
Outstandings			20	<i>Change in outstandings</i>	61,736	58,193	57,339
Federal family education loan program, financing account:				Outstandings	94,331	152,524	209,863
Commitments	19,415	19,140	16,382	Public and Indian Housing Programs			
New guaranteed loans	14,703	17,325	16,062	Low-rent public housing—loans and other expenses (liquidating):			
<i>Change in outstandings</i>	13,132	15,669	12,722	Commitments			
Outstandings	21,575	37,244	49,966	New guaranteed loans			
				<i>Change in outstandings</i>	-261	-300	-325
				Outstandings	4,690	4,390	4,065

TABLE 10-11. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
Indian housing loan guarantee—financing account:				Federal Transit Administration			
Commitments		7	22	Miscellaneous expired accounts:			
New guaranteed loans		6	19	Commitments			
Change in outstandings		6	18	New guaranteed loans			
Outstandings		6	24	Change in outstandings		- 820	
				Outstandings	820		
Government National Mortgage Association				Federal Aviation Administration			
Guarantees of mortgage-backed securities liquidating account:				Aircraft purchase loan guarantee program:			
Commitments				Commitments			
New guaranteed loans	116,912	104,345	95,598	New guaranteed loans			
Change in outstandings	- 7,190	42,895	28,049	Change in outstandings	- 9	- 9	- 7
Outstandings	415,291	458,186	486,235	Outstandings	27	18	10
Guarantees of mortgage-backed securities financing account:				Maritime Administration			
Commitments	107,700	130,000	130,000	Federal ship financing fund liquidating account:			
New guaranteed loans				Commitments			
Change in outstandings				New guaranteed loans			
Outstandings				Change in outstandings	- 444	- 299	- 299
Community Planning and Development				Outstandings	1,846	1,547	1,248
Revolving fund (liquidating programs):				Maritime guaranteed loan (Title XI) financing account:			
Commitments				Commitments		953	500
New guaranteed loans				New guaranteed loans		953	500
Change in outstandings	- 3	- 4	- 1	Change in outstandings		906	427
Outstandings	8	4	3	Outstandings		906	1,333
Community development guaranteed loans financing account:				Department of Veterans Affairs			
Commitments	229	2,054	2,054	Veterans Benefits Administration			
New guaranteed loans	86	100	100	Guaranty and indemnity fund liquidating account:			
Change in outstandings	83	90	80	Commitments			
Outstandings	94	184	264	New guaranteed loans			
Community development guaranteed loans liquidating account:				Change in outstandings	- 1,153	- 1,087	- 1,024
Commitments				Outstandings	18,870	17,783	16,759
New guaranteed loans	53	100	50	Loan guaranty revolving fund liquidating account:			
Change in outstandings	- 20	50		Commitments			
Outstandings	301	351	351	New guaranteed loans			
Department of the Interior				Change in outstandings	- 34,447	- 24,362	- 17,230
Bureau of Indian Affairs				Outstandings	83,216	58,854	41,624
Indian loan guaranty and insurance fund liquidating account:				Loan guaranty guaranteed loan financing account:			
Commitments				Commitments	1	3	3
New guaranteed loans				New guaranteed loans	1	3	3
Change in outstandings	- 45	- 12	- 11	Change in outstandings	1	3	2
Outstandings	157	145	134	Outstandings	2	5	7
Indian guaranteed loan financing account:				Guaranty and indemnity guaranteed loan financing account:			
Commitments	69	69	47	Commitments	35,433	41,849	30,256
New guaranteed loans	37	56	58	New guaranteed loans	35,433	41,849	30,256
Change in outstandings	32	47	45	Change in outstandings	33,148	40,369	27,426
Outstandings	52	98	144	Outstandings	56,105	96,474	123,899
Department of Transportation				Small Business Administration			
Federal Railroad Administration				Small Business Administration			
Railroad rehabilitation and improvement guaranteed loan financing account:				Pollution control equipment fund liquidating account:			
Commitments		5		Commitments			
New guaranteed loans				New guaranteed loans			
Change in outstandings				Change in outstandings	- 23	- 13	- 8
Outstandings				Outstandings	115	102	94
				Business guaranteed loan financing account:			
				Commitments	7,336	8,366	11,919

TABLE 10-11. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(In millions of dollars)

Agency or Program	1993 actual	1994 estimate	1995 estimate	Agency or Program	1993 actual	1994 estimate	1995 estimate
New guaranteed loans	6,470	7,493	9,745	Outstandings	400	360	.....
Change in outstandings	5,418	5,371	6,548	National Credit Union Administration			
Outstandings	9,087	14,458	21,005	Credit union share insurance fund:			
Disaster loan fund liquidating account:				Commitments	1	.....	.....
Commitments .....	.....	.....	.....	New guaranteed loans	1	.....	.....
New guaranteed loans .....	.....	.....	.....	Change in outstandings	- 72	- 1	.....
Change in outstandings	- *	- *	- *	Outstandings	1	.....	.....
Outstandings	1	*	*	Tennessee Valley Authority			
Business loan fund liquidating account:				Tennessee Valley Authority fund:			
Commitments .....	.....	.....	.....	Commitments .....	.....	.....	.....
New guaranteed loans	157	.....	.....	New guaranteed loans	1	1	1
Change in outstandings	- 2,156	- 2,178	- 1,678	Change in outstandings	*	- *	- *
Outstandings	11,046	8,868	7,190	Outstandings	1	*	*
Other Independent Agencies				Subtotal, Guaranteed loans (gross):			
Export-Import Bank of the United States				Commitments	277,571	329,084	325,682
Export-Import Bank of the United States liquidat-				New guaranteed loans	261,206	271,141	258,052
ing account:				Change in outstandings	- 9,225	131,160	115,501
Commitments .....	.....	.....	.....	Outstandings	1,075,225	1,206,385	1,321,886
New guaranteed loans	708	556	422	Less, secondary guaranteed loans: ¹			
Change in outstandings	- 792	- 349	- 330	GNMA guarantees of FmHA/VA/FHA pools:			
Outstandings	5,178	4,829	4,499	Commitments	107,700	130,000	130,000
Export-Import Bank guaranteed loan financing				New guaranteed loans	116,912	104,345	95,598
account:				Change in outstandings	- 7,190	42,895	28,049
Commitments	13,315	14,782	15,565	Outstandings	415,291	458,186	486,235
New guaranteed loans	6,514	10,096	12,250	Total, primary guaranteed loans: ²			
Change in outstandings	5,754	4,264	4,404	Commitments	169,871	199,084	195,682
Outstandings	7,310	11,574	15,978	New guaranteed loans	144,294	166,796	162,454
FSLIC Resolution				Change in outstandings	- 2,035	88,265	87,452
FSLIC resolution fund:				Outstandings	659,934	748,199	835,651
Commitments .....	.....	.....	.....	
New guaranteed loans .....	.....	.....	.....	
Change in outstandings	- 90	- 40	- 360				

¹ Loans guaranteed by FHA, VA, or FmHA are included above. GNMA places a secondary guarantee on these loans, so they are deducted here to avoid double counting.

² When guaranteed loans result in loans receivable, they are shown in the direct loan table.

TABLE 10-12. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)

(In millions of dollars)

Enterprise		1993 actual	Estimate	
			1994	1995
LENDING				
Student Loan Marketing Association	Obligations	7,340	8,722	7,995
	New transactions	7,340	8,722	7,995
	Net change	922	2,946	1,786
	Outstandings	34,585	37,531	39,317
Federal National Mortgage Association:				
Corporation Accounts	Obligations	85,485	87,304	64,100
	New transactions	86,574	89,081	63,341
	Net change	35,323	39,385	23,440
	Outstandings	185,951	225,336	248,776
Mortgage-backed securities	Obligations	338,738	211,532	143,638
	New transactions	209,286	211,532	143,638
	Net change	51,945	56,410	47,950
	Outstandings	481,880	538,290	586,240
Farm Credit System:				
Banks for cooperatives	Obligations	51,225	52,072	53,021
	New transactions	51,240	52,072	53,021
	Net change	- 50	- 21	- 90
	Outstandings	11,264	11,243	11,153
Farm Credit Banks	Obligations	18,509	18,818	19,102
	New transactions	17,103	17,421	17,738
	Net change	40	294	614
	Outstandings	38,421	38,715	39,329
Farm Credit System Financial Assistance Corporation ¹	Obligations			
	New transactions			
	Net change			
	Outstandings			
Federal Home Loan Bank system:				
Federal home loan banks	Obligations	393,008	375,000	375,000
	New transactions	393,008	375,000	375,000
	Net change	18,671	- 2,366	
	Outstandings	99,366	97,000	97,000
Federal Home Loan Mortgage Corporation:				
Corporation accounts	Obligations	22,863	34,695	31,032
	New transactions	22,863	34,695	31,032
	Net change	15,229	21,352	19,470
	Outstandings	46,858	68,210	87,680
Participation certificate pools	Obligations	199,631	170,775	110,957
	New transactions	199,631	170,775	110,957
	Net change	38,327	30,193	32,928
	Outstandings	430,089	460,282	493,210
Subtotal, lending (gross)	Obligations	1,116,799	958,918	804,845
	New transactions	987,045	959,298	802,722
	Net change	160,407	148,193	126,098
	Outstandings	1,328,414	1,476,607	1,602,705
Less secondary funds advanced from Federal sources:				
Student Loan Marketing Association from FFB ²	Obligations			
	New transactions			
	Net change	- 30	- 2,030	- 30
	Outstandings	4,790	2,760	2,730
Less guaranteed loans held as direct loans by:				
Federal National Mortgage Association	Net change	- 3,103	- 2,481	- 833
	Outstandings	20,848	18,367	17,534
Federal home loan banks	Net change			
	Outstandings	573	573	573
Federal Home Loan Mortgage Corporation	Net change	- 762		
	Outstandings	2,766	2,766	2,766
Banks for cooperatives	Net change	63		
	Outstandings	1,106	1,106	1,106
Farm Credit Banks	Net change	109		
	Outstandings	396	396	396
Student Loan Marketing Association ²	Net change	952	4,976	1,816
	Outstandings	29,795	34,771	36,587
Total GSE lending (net)	Obligations	1,116,799	958,918	804,845
	New transactions	987,045	959,298	802,722
	Net change	163,178	147,728	125,145
	Outstandings	1,268,140	1,415,868	1,541,013
BORROWING				
Student Loan Marketing Association ²	Net change	- 66	2,121	847
	Outstandings	43,585	45,706	46,553
Federal National Mortgage Association	Net change	92,499	93,532	73,202
	Outstandings	677,666	771,198	844,400
Farm Credit System:				
Banks for cooperatives	Net change	822	- 452	626

TABLE 10-12. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)—
Continued
(In millions of dollars)

Enterprise		1993 actual	Estimate	
			1994	1995
Farm credit banks	Outstandings	13,642	13,190	13,816
	Net change	-1,623	-489	-89
	Outstandings	39,094	38,605	38,516
Federal Housing Finance Board:				
Federal home loan banks	Net change	19,696	2,250	.....
	Outstandings	130,450	132,700	132,700
The Financing Corporation	Net change	2	1	1
	Outstandings	8,139	8,140	8,141
Resolution Funding Corporation	Net change	-2	-2	-3
	Outstandings	30,081	30,079	30,076
Federal Home Loan Mortgage Corporation	Net change	54,278	57,789	60,127
	Outstandings	482,790	540,579	600,706
Subtotal, borrowing (gross)	Net change	165,606	154,750	134,711
	Outstandings	1,425,447	1,580,197	1,714,908
Less borrowing from other GSEs	Net change	-1,343	.....	.....
	Outstandings	18,467	18,467	18,467
Less borrowing from Federal sources:				
Student Loan Marketing Association from FFB ²	Net change	-30	-2,030	-30
	Outstandings	4,790	2,760	2,730
Less investment in Federal Securities	Net change	-500	340	368
	Outstandings	10,091	10,431	10,799
Less borrowing for guaranteed loans held as direct loans by:				
Federal National Mortgage Association	Net change	-3,103	-2,481	-833
	Outstandings	20,848	18,367	17,534
Federal home loan banks	Net change .....	.....	.....	.....
	Outstandings	573	573	573
Federal Home Loan Mortgage Corporation	Net change	-762	.....	.....
	Outstandings	2,766	2,766	2,766
Banks for cooperatives	Net change	63	.....	.....
	Outstandings	1,106	1,106	1,106
Farm Credit Banks	Net change	109	.....	.....
	Outstandings	396	396	396
Student Loan Marketing Association ²	Net change	952	4,976	1,816
	Outstandings	29,795	34,771	36,587
Total GSE borrowing (net)	Net change	170,220	153,945	133,390
	Outstandings	1,336,615	1,490,560	1,623,950

¹ FAC was reclassified from a GSE to a Federal agency as of October 1, 1992. Its loans and debt were accordingly reclassified as Federal loans and Federal debt. This reclassification does not constitute repayment of GSE loans or GSE debt.

² All SLMA lending financed through the FFB is counted as direct loans. All SLMA loans shown in the table above are guaranteed by the Federal Government and therefore the portion not financed by the FFB is counted as guaranteed loans. To avoid double counting, two deductions were made in this table: one for the amount financed through the FFB, and the other for the remainder.

11. AID TO STATE AND LOCAL GOVERNMENTS ¹

State and local governments have a vital constitutional responsibility to provide government services. They have the major role in providing domestic public services, such as public education, law enforcement, roads, water supply, and sewage treatment. The Federal Government contributes directly toward that role both by promoting a healthy economy and by providing grants, loans, and tax subsidies to State and local governments.

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including income support, infrastructure, education, and social services. Federal grant outlays are estimated to rise from \$217.3 billion in 1994 to an estimated \$230.6 billion in 1995.

Grant outlays for payments for individuals are estimated to be 66 percent of total grants in 1995; for physical capital investment, 16 percent; and for all other purposes, largely education, training, and social services, 19 percent.

States and localities receive Federal loans and guarantees mostly for the purpose of rural development. Direct loan and loan guarantee subsidies to State and local governments are estimated to be \$0.1 billion in 1994 and in 1995.

Information on Federal credit activities appears in Chapter 10, "Underwriting Federal Credit and Insurance."

Federal aid to State and local governments is also provided through tax expenditures. Tax expenditures are a preferential exception to the baseline provisions of the tax structure.

The two major tax expenditures benefiting State and local governments are the deductibility of most State and local taxes, except sales and excise taxes, from taxable income, and the exclusion of interest on State and local securities from Federal taxation. These various provisions, on an outlay equivalent basis, are esti-

mated to be \$66.3 billion in 1994 and \$68.9 billion in 1995. A detailed discussion of the measurement and definition of tax expenditures and a complete list of the amount of specific tax expenditures are in Chapter 6, "Tax Expenditures." As also discussed in this chapter, there are generally interactions among tax expenditure provisions, so that the estimates above only approximate the aggregate effect of these provisions.

Tax expenditures that especially aid State and local governments are displayed separately at the end of Table 6-4 in that chapter.

Federal Grants by Agency

Table 11-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$133.4 billion in 1995, 58 percent of total grants, much more than any other agency.

TABLE 11-1. FEDERAL GRANT OUTLAYS BY AGENCY

(in billions of dollars)

Agency	1993 actual	Estimate	
		1994	1995
Department of Agriculture	14.8	15.9	16.6
Department of Commerce	0.2	0.4	0.4
Department of Education	14.8	16.7	16.4
Department of Energy	0.2	0.2	0.3
Department of Health and Human Services	107.6	123.9	133.4
Department of Housing and Urban Development	17.3	19.7	21.4
Department of the Interior	1.6	1.8	1.8
Department of Justice	0.9	1.1	1.3
Department of Labor	7.1	7.3	7.6
Department of Transportation	22.3	23.0	24.1
Department of the Treasury	0.4	0.5	0.4
Environmental Protection Agency	2.9	3.1	3.1
Federal Emergency Management Agency	2.1	1.9	1.3
Allowances			0.7
Other agencies	1.6	1.9	1.8
Total	193.7	217.3	230.6

HIGHLIGHTS OF THE FEDERAL AID PROGRAM

This section provides a brief overview of the highlights of the Federal aid program. Major initiatives for grants to State and local governments in the 1995 Budget include the following:

Health Security:

- \$4.5 billion in proposed spending for 1995 through 1999 for access to the health care fund grants to assist States in planning and starting State health care alliances;

- \$17.0 billion in grants over the same period for academic health centers and graduate medical education related to improving health care; and
- \$97.1 billion in Federal savings generated over five years for medicaid, as a result of the proposals for health care reform. A more complete explanation is included in Chapter 4, "Reforming the Nation's Health Care System to Provide Health Security for All Americans."

¹Federal aid to State and local governments is defined as the provision of resources by the Federal Government to support a State or local program of governmental service

to the public. The three primary forms of aid are grants, loans, and tax expenditures.

These proposals will help States in their effort to ensure that the Health Security Act will guarantee all Americans access to affordable health care that can never be taken away.

Infrastructure:

- \$0.7 billion increase in 1995 obligations for the core highway programs, which are categorical grants distributed to the States; these grants finance preservation of major highways, including the Interstate Highway System;
- \$4.7 billion in rescissions for 1994 through 1997 for low priority highway demonstration projects;
- \$0.7 billion, or a 40 percent increase in formula capital grant funding for mass transit over 1994 levels;
- \$0.5 billion increase in 1995 budget authority for clean water and drinking water State revolving funds over 1994 levels; and
- \$0.6 billion increase in proposed grants for the 1994–1999 period for rural water and waste water facilities and housing and community development service programs.

These initiatives will promote economic growth, contribute to a clean environment, and create jobs.

Crime Control:

- Up to \$18.3 billion in increased spending for the 1995–1999 period for the crime control fund, to aid States and localities in hiring 100,000 police officers to assist them in establishing community policing programs to combat crime, and to assist States in upgrading their criminal records databases; and
- \$1.4 billion in grant outlay savings achieved over the same period by eliminating the formula portions of the Byrne Law enforcement justice assistance grants program, which will be replaced by

the crime control fund initiative, and by expanding the discretionary portion of the program.

These proposals will put Federal resources to work supporting local law enforcement, rather than by expanding Federal involvement in local crime fighting.

Education and Job Training:

- \$1.8 billion in increased 1995 budget authority over 1994 levels for grants to State and local governments for elementary and secondary education grants, including the education reform programs;
- \$1.1 billion in increased 1995 budget authority over the same year for training and employment services; and
- \$0.2 billion in proposed outlays from 1995 through 1999 for grants to States and localities to connect to the newly-created web of communication networks, computers, databases, and consumer electronics.

These actions will allow States and localities to improve their education systems, and training and employment services for the unemployed, in addition to providing them with the capability to develop and tap into communication networks for their governments, schools, libraries, and law enforcement agencies.

Urban and Community Development:

- \$1.2 billion in proposed grant outlays from 1995–1999 for project-based community development grants and for the Colonias assistance program.

These grant monies will fund various economic revitalization projects, and housing and community development programs in urban areas, and will help implement comprehensive community development strategies in severely distressed settlements along the United States-Mexican border.

HISTORICAL PERSPECTIVES

In recent decades, Federal aid to State and local governments has become a major factor in the financing of certain government functions. The rudiments of the present system date back to the Civil War. The Morrill Act, passed in 1862, established the land grant colleges and instituted certain federally required standards for States that received the grants, as is characteristic of the present grant programs. Federal aid was later initiated for agriculture, highways, vocational education and rehabilitation, forestry, and public health. In the depression years, Federal aid was extended to meet income security and other social welfare needs. However,

Federal grants did not become a significant factor in Federal Government expenditures until after World War II.

Table 11–2 displays trends in Federal grants to State and local governments. Section A shows Federal grants by function. Functions with a substantial amount of grants are shown separately. Grants for the national defense, energy, veterans benefits and services, and the administration of justice functions are relatively small and are combined in the “other functions” line in the table.

TABLE 11-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

(Outlays; dollar amounts in billions)

	Actual								Estimate					
	1960	1965	1970	1975	1980	1985	1990	1993	1994	1995	1996	1997	1998	1999
A. Distribution of grants by function:														
Natural resources and environment	0.1	0.2	0.4	2.4	5.4	4.1	3.7	3.8	4.2	4.0	4.0	4.3	4.3	4.5
Agriculture	0.2	0.5	0.6	0.4	0.6	2.4	1.3	1.1	1.0	0.9	0.8	0.8	0.9	0.8
Transportation	3.0	4.1	4.6	5.9	13.1	17.1	19.2	22.3	23.0	24.1	25.0	25.2	25.5	25.6
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	5.7	6.3	6.4	6.6	6.7	6.3	6.3
Education, training, employment, and social services	0.5	1.1	6.4	12.1	21.9	17.8	23.4	30.2	34.4	35.5	38.7	40.5	42.3	43.9
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	79.7	91.5	101.7	112.6	120.1	117.2	113.5
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	47.0	52.2	53.5	55.4	57.1	58.8	61.1
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.1	2.4	2.2	2.2	2.3	2.3	2.3
Other	0.0	0.1	0.1	0.9	1.2	0.9	1.4	1.8	2.1	2.3	3.6	5.4	6.4	7.6
Total	7.0	10.9	24.1	49.8	91.5	105.9	135.4	193.7	217.3	230.6	248.9	262.3	263.9	265.6
B. Composition:														
Current dollars:														
Payments for individuals ^{1,2}	2.5	3.7	8.7	16.8	32.6	49.3	75.7	124.3	140.8	151.1	161.5	168.1	165.8	163.2
Physical capital ²	3.3	5.0	7.1	10.9	22.5	24.9	27.2	31.2	34.2	36.5	37.9	38.6	38.6	38.7
Other grants	1.2	2.2	8.3	22.2	36.3	31.7	32.5	38.2	42.2	43.1	49.5	55.6	59.5	63.7
Total	7.0	10.9	24.1	49.8	91.5	105.9	135.4	193.7	217.3	230.6	248.9	262.3	263.9	265.6
Percentage of total grants:														
Payments for individuals ^{1,2}	35%	34%	36%	34%	36%	47%	56%	64%	65%	66%	65%	64%	63%	61%
Physical capital ²	47	46	29	22	25	23	20	16	16	16	15	15	15	15
Other grants	17	20	34	45	40	30	24	20	19	19	20	21	23	24
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (1987) dollars:														
Payments for individuals	9.0	12.5	24.7	35.1	46.2	52.9	66.1	97.1	107.0	111.4	115.3	116.1	110.8	105.5
Physical capital ²	13.8	19.5	21.9	20.6	27.7	25.8	24.9	27.4	29.4	30.6	30.9	30.7	29.8	29.1
Other grants	6.4	9.8	26.9	49.6	53.7	34.2	28.6	30.5	32.9	32.7	36.5	40.0	41.6	43.3
Total	29.1	41.8	73.6	105.4	127.6	113.0	119.6	155.0	169.3	174.6	182.7	186.3	182.2	177.8
C. Total grants as a percent of:														
Federal outlays:														
Total	8%	9%	12%	15%	15%	11%	11%	14%	15%	15%	16%	15%	15%	14%
Domestic programs ³	18%	18%	23%	22%	22%	18%	17%	21%	21%	22%	22%	21%	20%	19%
State and local expenditures	15%	16%	20%	24%	28%	23%	20%	22%	N/A	N/A	N/A	N/A	N/A	N/A
Gross domestic product	1%	2%	2%	3%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%
D. As a share of total State and local capital spending:														
Federal capital grants	25%	25%	25%	26%	37%	31%	23%	22%	N/A	N/A	N/A	N/A	N/A	N/A
State and local source financing	75	75	75	74	63	69	77	78	N/A	N/A	N/A	N/A	N/A	N/A
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

N/A: Not available.

¹ For an identification of accounts in this category, see Table 11-3—"Federal Grants to State and Local Governments—Budget Authority and Outlays," including its footnotes.² Grants that are both payments for individuals and capital investment are shown under capital investment.³ Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

Federal grants for transportation increased to \$3.0 billion, or 43 percent of all Federal grants in 1960 after initiation of aid to States to build the Interstate Highway System in the late 1950s.

By 1970 there had been significant increases in the relative amounts for education, training, employment, social services, and health (largely medicaid).

In the early and mid-1970s, major new grants were created for natural resources and environment (construction of sewage treatment plants), community and regional development (community development block grants), and general government (general revenue sharing).

In the 1980s changes in the relative amounts among functions reflected steady growth of grants for health

(medicaid) and income security and restraint in most other areas.

The functions with the largest amount of grants are health and income security, with combined grant outlays of \$155.2 billion or 67 percent of total grant outlays in 1995. Section B of the Table shows the composition of grants divided into three major categories: payments for individuals, physical capital, and other grants.² Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal government and the States share the costs, have grown significantly as a percent of total grants. In 1980, they

² Certain grants are classified in the budget as both payments for individuals and physical capital spending. In the text and tables in this section, these grants are included in the category for physical capital spending.

were 36 percent of the total, and by 1993 they had grown to 64 percent of the total.

These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is medicaid, which had outlays of \$75.8 billion in 1993, increasing to an estimated \$96.4 billion in 1995. Family support payments to States (AFDC), child nutrition programs, and housing assistance are also large grants in this category. All programs in this category are identified by footnote in the detailed Table 11-3, "Federal Grants to State and Local Governments—Budget Authority and Outlays," at the end of this chapter.

Grants for physical capital assist States and localities with construction and other physical capital activities. The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment plant construction, community development, and other facilities. Grants for physical capital were almost half of total grants in 1960, shortly after grants began for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 1993, grants for physical capital were 16 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 45 percent of total grants by 1975, but declined to 20 percent of total grants in 1993.

Section B of Table 11-2 also shows these three categories in constant dollars. In constant 1987 dollars, total grants increased from \$127.6 billion in 1980 to \$155.0 billion in 1993, an average annual increase of 1.5 percent. From 1980 to 1993, payments for individuals grew from \$46.2 billion to \$97.1 billion, an average annual increase of 5.9 percent; grants for physical capital decreased from \$27.7 billion to \$27.4 billion, an average annual decrease of 0.1 percent, and other grants decreased from \$53.7 billion to \$30.5 billion, an average annual decrease of 4.3 percent.

Section C of this table shows grants as a percent of Federal outlays, State and local expenditures, and gross domestic product. Grants have declined as a percent of total Federal outlays from 15 percent in 1980 to 14 percent in 1993 and, as a percent of Federal domestic programs, from 22 percent in 1980 to 21 percent in 1993.

As a percent of total State and local expenditures, grants have declined from 28 percent in 1980 to 22 percent in 1993.

Section D shows the relative contribution of physical capital grants in assisting States and localities with capital spending. Federal capital grants declined as a percent of State and local capital spending from 37 percent in 1980 to 22 percent in 1993, reflecting restraint in Federal spending and increased capital spending by States and localities financed from their own sources, such as taxes or borrowing.

OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Additional information regarding aid to State and local governments can be found elsewhere in this budget and in other documents.

- Major public physical capital investment programs providing Federal grants to State and local governments are described in Chapter 8, "Federal Investment Outlays and Capital Budgeting."
- Data for summary and detailed grants to State and local governments can be found in many sections of a separate document entitled, *Historical Tables*. Section 12 of that document is devoted exclusively to grants to State and local governments. Additional information on grants can be found in Section 6 (Composition of Federal Government Outlays); Section 9 (Federal Government Outlays for Major Physical Capital Investment); Section 10 (Composition of Outlays for the Conduct of Research and Development and for the Conduct of Education and Training); Section 11 (Federal Government Payments for Individuals); and Section 15 (Total (Federal and State and Local) Government Finances).

In addition to these sources, a number of other sources of information are available that use slightly different concepts of grants, provide State-by-State information, or provide information on how to apply for Federal aid.

- *Government Finances*, published annually by the Bureau of the Census in the Department of Commerce, provides data on public finances, including Federal aid to State and local governments.
- *The Survey of Current Business*, published monthly by the Bureau of Economic Analysis in the Department of Commerce, provides data on the national income and product accounts (NIPA), a broad statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this volume in Chapter 20, "National Income and Product Accounts."
- *Budget Information for States (BIS)* provides estimates of State-by-State funding allocations for the largest formula grant programs for the past, present, and budget year. These programs comprise approximately 85 percent of total Federal aid to State and local governments. The document is prepared by the Office of Management and Budget soon after the Budget is released.
- *Federal Expenditures by State*, a report prepared by the Bureau of the Census, shows Federal spending by State for grants and other spending for the most recently completed fiscal year.
- *Consolidated Federal Funds Report (CFFC)* is an annual document that shows the distribution of Federal spending by State county areas and by

local governmental jurisdictions. It is released by the Bureau of the Census in the Spring.

- *The Federal Assistance Awards Data System (FAADS)* provides computerized information about current grant funding. Data on all direct assistance awards are provided quarterly by the Bureau of the Census to the States and to the Congress.
- *The Catalog for Federal Domestic Assistance* is a primary reference source for communities wishing to apply for grants and other domestic assistance.

The Catalog is prepared by the General Services Administration with data collected by the Office of Management and Budget and is available from the Government Printing Office. The basic edition of the Catalog is usually published in June and an update is generally published in December. It contains a detailed listing of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information.

DETAILED FEDERAL AID TABLE

Table 11-3, "Federal Grants to State and Local Governments—Budget Authority and Outlays," provides detailed budget authority and outlay data for grants.

TABLE 11-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS
(in millions of dollars)

Function, agency and program	BUDGET AUTHORITY			OUTLAYS		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
NATIONAL DEFENSE:						
Department of Defense—Military:						
Military construction, Army National Guard	53	75	.....	53	75	.....
Federal Emergency Management Agency:						
Emergency management planning and assistance	102	100	94	99	100	97
Total, national defense	155	174	94	152	175	97
ENERGY:						
Department of Energy:						
Energy conservation	214	236	308	223	221	255
Department of Housing and Urban Development:						
Assistance for solar and conservation improvements .....	.....	.....	.....	*	.....	.....
Tennessee Valley Authority:						
Tennessee Valley Authority fund	237	243	252	237	243	252
Total, energy	451	479	560	460	464	507
NATURAL RESOURCES AND ENVIRONMENT:						
Department of Agriculture:						
Resource conservation and development	2	5	.....	8	7	6
Watershed and flood prevention operations	187	172	.....	128	194	74
Solid waste management grants	3	3	3	3	3	3
Forest research	*	*	*	*	*	*
State and private forestry	85	83	85	85	83	85
Department of Commerce:						
Operations, research, and facilities	198	173	165	48	50	50
Construction	25	30	16	12	15	9
Coastal zone management fund	8	8	8	4	8	8
Department of the Interior:						
National forests fund, payments to States	2	2	2	2	2	2
Leases of lands acquired for flood control, navigation, and allied purposes	1	3	3	1	3	3
Regulation and technology	52	52	52	27	59	52
Abandoned mine reclamation fund	134	136	121	143	129	163
Bureau of Reclamation loans program account	4	13	3	2	7	6
Resource management	25	*	*	20	5	*
Cooperative endangered species conservation fund	7	9	11	4	7	8
Wildlife conservation and appreciation fund .....	.....	2	2	.....	1	2
U.S. Fish and Wildlife Service miscellaneous permanent appropriations	172	198	180	157	178	180
Sport fish restoration	225	208	226	231	216	220
Urban park and recreation fund .....	.....	5	5	7	10	6
Land acquisition and State assistance	26	25	30	24	48	36
Historic preservation fund	42	40	42	37	40	41
National Park Service miscellaneous permanent appropriations	*	*	*	*	*	*
Environmental Protection Agency:						
Water infrastructure financing	2,550	2,477	2,650	2,109	2,355	2,350
Abatement, control, and compliance	500	507	506	488	475	485

TABLE 11-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Function, agency and program	BUDGET AUTHORITY			OUTLAYS		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
Abatement, control, and compliance loan program account	30	.....	.....	8	17	9
Hazardous substance superfund	140	120	120	187	212	148
Leaking underground storage tank trust fund	66	66	69	59	66	69
Total, natural resources and environment	4,483	4,336	4,298	3,796	4,192	4,016
AGRICULTURE:						
Department of Agriculture:						
Cooperative State Research Service	223	229	229	213	245	229
Extension Service	428	436	432	404	427	434
Payments to States and possessions	1	1	1	1	1	1
Agricultural resource conservation demonstration guaranteed loan program account	4	4	3	9	4	3
Commodity Credit Corporation fund	281	235	156	281	235	156
State mediation grants	3	3	.....	3	2	2
Outreach for socially disadvantaged farmers .....	.....	3	5	.....	3	5
P.L. 102-552 temporary assistance .....	.....	.....	.....	42	.....	.....
Emergency food assistance program	165	120	40	163	124	40
Total, agriculture	1,106	1,031	867	1,117	1,041	870
COMMERCE AND HOUSING CREDIT:						
Department of Commerce:						
U.S. Travel and Tourism Administration salaries and expenses	3	1	.....	3	2	.....
Promote and develop fishery products and research pertaining to American fisheries	6	7	6	3	4	4
Industrial technology services	1	5	3	*	2	2
Total, commerce and housing credit	10	13	10	6	7	6
TRANSPORTATION:						
Department of Transportation:						
Highway-related safety grants	20	20	.....	11	9	9
Motor carrier safety grants	76	80	83	62	65	72
Federal-aid highways	20,248	18,889	19,350	15,895	17,325	18,058
Miscellaneous appropriations	17	-198	.....	231	200	167
Miscellaneous highway trust funds	325	-137	.....	74	94	94
Miscellaneous safety programs .....	.....	.....	.....	5	*	.....
Highway traffic safety grants	171	196	196	131	135	144
Office of the Administrator .....	.....	.....	.....	5	5	3
Local rail freight assistance	29	17	.....	7	35	17
Next generation high speed rail program .....	.....	.....	3	.....	.....	1
Conrail commuter transition assistance	7	.....	.....	7	2	15
Research, training, and human resources .....	.....	.....	.....	11	14	9
Interstate transfer grants—transit	75	45	39	163	112	78
Washington metro	170	200	200	149	189	148
Formula grants	1,700	2,415	2,865	2,240	1,387	1,851
Transit planning and research	44	147	92	16	45	74
Discretionary grants (trust fund)	1,725	1,734	1,725	1,298	1,450	1,608
Miscellaneous expired accounts .....	.....	.....	.....	8	29	21
Grants-in-aid for airports (airport and airway trust fund)	2,050	1,202	1,690	1,931	1,850	1,710
Research, development, test, and evaluation .....	.....	.....	.....	*	1	1
Boat safety	32	32	.....	37	40	24
Pipeline safety	7	8	8	7	7	7
Emergency preparedness grants	9	10	10	*	9	10
Washington Metropolitan Area Transit Authority:						
Interest payments	52	52	9	53	47	14
Total, transportation	26,757	24,710	26,270	22,343	23,049	24,134
COMMUNITY AND REGIONAL DEVELOPMENT:						
Department of Agriculture:						
Distance learning and medical link programs	5	10	5	.....	18	6
Water and wastewater and community facility loans program account	149	144	193	85	121	127
Emergency community water assistance grants	30	10	.....	7	11	18
Rural water and waste disposal grants	353	415	436	200	270	318
Rural community fire protection grants	4	4	5	3	3	4
Rural technology and cooperative development grants .....	.....	.....	5	.....	.....	*
Local technical assistance and planning grants .....	.....	.....	5	.....	.....	*
Rural development grants	15	30	36	12	16	23

TABLE 11-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Function, agency and program	BUDGET AUTHORITY			OUTLAYS		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
Economic development grants (REA)		30	10		-15	10
Rural development loan fund				-*	1	1
Department of Commerce:						
Economic development assistance programs	388	324	328	130	267	308
Regional development commissions				*		
Department of Housing and Urban Development:						
Other assisted housing programs	3			1	1	
Community development grants	4,243	4,400	4,400	3,198	3,746	4,136
Urban development action grants				51	45	35
Supplemental assistance for facilities to assist the homeless	-*			5	7	6
Project-based community development grants			800			26
Colonias assistance program			100			4
Revolving fund (liquidating programs)				-86	-77	-74
Department of the Interior:						
Operation of Indian programs (area and regional development)	69	86	93	66	81	91
Indian direct loan program account				2	2	
Indian guaranteed loan program account	10	10	10	4	10	10
Appalachian Regional Commission:						
Appalachian regional development programs	190	249	187	138	143	174
Community Investment Program:						
Community investment program		-225				
Federal Emergency Management Agency:						
Emergency management planning and assistance	17	17	30	17	17	23
Disaster relief	1,622	234	256	1,821	1,619	1,165
Neighborhood Reinvestment Corporation:						
Payment to the Neighborhood Reinvestment Corporation	11	14	15	11	14	15
Total, community and regional development	7,107	5,751	6,911	5,666	6,300	6,428
EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:						
Department of Commerce:						
Public broadcasting facilities, planning, and construction	18	22	9	12	13	17
Information infrastructure grants		24	92		*	6
Department of Education:						
Indian education	72	74	82	91	72	75
Impact aid	836	794	748	468	979	858
Chicago litigation settlement				15	18	8
Education reform		139	867		17	199
Education for the disadvantaged	6,680	6,896	7,559	6,582	6,877	6,903
School improvement programs	1,429	1,260	1,535	1,903	1,522	1,339
Bilingual and immigrant education	187	199	217	101	209	206
Special education	2,725	2,866	3,053	2,356	3,344	3,021
Rehabilitation services and disability research	1,978	2,082	2,144	1,804	2,169	2,246
American printing house for the blind	6	6	7	8	6	7
Vocational and adult education	1,411	1,411	1,387	1,133	1,251	1,303
Student financial assistance ¹	78	94	35	89	79	58
Higher education	25	34	44	30	26	33
Libraries	129	129	103	159	147	132
Education research, statistics, and improvement	35	35	10	29	32	29
Department of Health and Human Services, except Social Security:						
Community services block grant	441	464	435	423	475	465
Interim assistance to States for legalization	324	810	243	317	696	243
Payments to States for AFDC work programs	1,000	1,100	1,300	736	860	1,031
Family preservation and support		58	144		47	126
Social services block grant	2,800	3,800	2,800	2,785	2,877	3,240
Children and families services programs	3,406	3,999	4,602	3,191	3,856	4,149
Payments to States for foster care and adoption assistance	2,924	2,993	3,441	2,636	3,000	3,362
Aging services programs ¹	839	871	876	567	817	876
Department of the Interior:						
Operation of Indian programs (elementary, secondary, and vocational education)	48	59	64	43	52	60
Department of Labor:						
Training and employment services	3,548	3,907	4,582	3,245	3,467	3,716
Community service employment for older Americans	87	90	87	84	85	89
State unemployment insurance and employment service operations	24	77	277	23	34	117
Unemployment trust fund	1,078	1,106	1,113	1,077	1,090	1,102
Federal unemployment benefits and allowances	80	76	101	77	78	91
Corporation for Public Broadcasting:						
Public broadcasting fund	84	92	98	84	92	98

TABLE 11-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Function, agency and program	BUDGET AUTHORITY			OUTLAYS		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
National Endowment for the Arts:						
Grants and administration	44	43	43	43	43	43
Institute of Museum Services:						
Institute of Museum Services: grants and administration	7	7	7	5	8	7
Corporation for National and Community Service:						
Domestic volunteer service programs, operating expenses	133	131	148	43	43	46
National and community service programs, operating expenses .....	.....	244	408	.....	45	185
Total, education, training, employment, and social services	32,474	35,992	38,659	30,160	34,429	35,486
HEALTH:						
Department of Agriculture:						
Food Safety and Inspection Service salaries and expenses	36	40	41	36	40	41
Department of Health and Human Services, except Social Security:						
Health resources and services ¹	1,612	1,706	1,721	1,438	1,580	1,646
Disease control, research and training	509	662	598	355	591	608
Substance abuse and mental health services ¹	1,850	1,938	2,194	1,994	2,089	2,214
Grants to States for Medicaid ¹	82,596	89,077	89,223	75,774	87,156	96,373
Department of Labor:						
Occupational Safety and Health Administration salaries and expenses	69	70	75	61	62	65
Mine Safety and Health Administration salaries and expenses	6	6	6	6	6	6
Allowances:						
Access to health care fund (health care services) .....	.....	.....	505	.....	.....	185
Access to health care fund (health research and training) .....	.....	.....	600	.....	.....	219
Academic health centers and graduate medical education .....	.....	.....	750	.....	.....	340
Total, health	86,678	93,499	95,711	79,665	91,524	101,696
INCOME SECURITY:						
Department of Agriculture:						
Funds for strengthening markets, income, and supply (section 32) ¹	400	400	400	400	400	400
Rural housing for domestic farm labor ¹	44	11	11	19	43	8
Supervisory and technical assistance grants ¹	2	2	2	.....	1	2
Rural housing preservation grants ¹	23	23	23	7	7	8
Special milk program ¹	15	20	18	15	21	20
Food donations programs for selected groups ¹	257	259	230	248	255	257
Food stamp program ¹	1,580	1,614	1,631	1,586	1,539	1,620
Special supplemental food program for women, infants, and children ¹	2,855	3,205	3,560	2,842	3,213	3,534
Commodities supplemental food program ¹	94	92	94	77	107	95
State child nutrition payments ¹	6,803	7,467	7,404	6,574	7,207	7,640
Nutrition assistance for Puerto Rico ¹	1,040	1,079	1,143	1,025	1,078	1,141
Department of Health and Human Services, except Social Security:						
Family support payments to States ¹	15,695	16,173	16,962	15,628	16,413	16,921
Low income home energy assistance ¹	1,346	1,437	730	1,067	2,075	791
Refugee and entrant assistance ¹	381	400	324	327	345	364
Payments to States for child care assistance ¹	893	893	1,091	411	980	1,037
Payments to States from receipts for child support .....	.....	.....	.....	.....	.....	.....
Department of Housing and Urban Development:						
Housing programs annual contributions for assisted housing ¹	5,828	5,830	6,449	8,899	8,107	7,868
Congregate services ¹	21	25	6	5	11	16
Assistance for renewal of expiring Section 8 subsidy contracts ¹	6,353	4,763	4,400	1,999	3,615	4,451
Section 8 moderate rehabilitation, single room occupancy	105	150	.....	3	19	36
Homeownership and opportunity for people everywhere grants ¹	271	-207	100	35	68	86
Payments for operation of low-income housing projects ¹	2,282	2,621	2,496	2,453	2,533	2,563
Community partnerships against crime ¹	175	265	265	116	268	239
Revitalization of severely distressed public housing projects ¹	300	778	500	.....	30	146
Low-rent public housing—loans and other expenses ¹	123	154	108	213	219	166
Emergency shelter grants program ¹	50	115	.....	71	68	86
Supportive housing program ¹	150	334	.....	91	107	159
Homeless assistance grants .....	.....	.....	1,250	.....	.....	152
Shelter plus care ¹	267	124	.....	1	15	50
Home investment partnerships program	1,232	1,275	1,100	212	876	1,200
Youthbuild program	40	.....	50	.....	8	16
Innovative homeless initiatives demonstration program .....	.....	100	.....	.....	8	18
Department of Labor:						
Unemployment trust fund	2,606	2,504	2,464	2,536	2,469	2,396
Federal Emergency Management Agency:						
Emergency food and shelter program ¹	129	130	.....	129	130	.....

TABLE 11-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Function, agency and program	BUDGET AUTHORITY			OUTLAYS		
	1993 actual	1994 estimate	1995 estimate	1993 actual	1994 estimate	1995 estimate
Total, income security	51,362	52,036	52,811	46,991	52,234	53,485
VETERANS BENEFITS AND SERVICES:						
Department of Veterans Affairs:						
Medical care ¹	129	149	178	129	149	178
Grants for the construction of State extended care facilities ¹	40	41	37	56	72	59
Grants for the construction of State veterans cemeteries	5	5	5	5	5	5
Total, veterans benefits and services	174	195	221	189	226	242
ADMINISTRATION OF JUSTICE:						
Department of Housing and Urban Development:						
Fair housing activities	15	25	33	9	12	22
Department of Justice:						
Weed and seed program fund	12	12	13	12	9	13
Assets forfeiture fund	193	225	220	193	225	220
National Institute of Corrections	1	1	1	1	1	1
Justice assistance	746	607	287	545	714	489
Crime victims fund	150	139	160	125	114	146
Crime control fund			2,071			402
Department of the Treasury:						
Department of the Treasury forfeiture fund		102	102	51	133	102
Customs forfeiture fund				14	5	
Equal Employment Opportunity Commission:						
Salaries and expenses	25	26	26	25	26	26
State Justice Institute:						
Salaries and expenses	12	5	1	11	13	11
Total, administration of justice	1,154	1,141	2,915	987	1,253	1,433
GENERAL GOVERNMENT:						
Department of Agriculture:						
Forest Service permanent appropriations	305	285	279	309	285	279
Department of Defense—Civil:						
Corps of Engineers permanent appropriations	5	5	5	6	5	5
Department of Energy:						
Payments to States under the Federal Power Act	2	2	2	2	2	2
Department of the Interior:						
Payments in lieu of taxes	104	104	104	103	105	104
Bureau of Land Management miscellaneous permanent payments accounts	68	84	82	75	84	82
Mineral leasing and associated payments	463	531	515	463	531	515
National wildlife refuge fund	18	18	20	18	18	20
Administration of Territories	81	82	69	26	61	63
Trust Territory of the Pacific Islands	23	24	1	26	24	3
Payments to the United States Territories, fiscal assistance	97	83	85	97	83	85
Department of the Treasury:						
Internal revenue collections for Puerto Rico	197	219	226	197	219	226
Miscellaneous permanent appropriations	102	119	123	102	119	123
Commission on National and Community Service:						
Salaries and expenses	89			8	136	
District of Columbia:						
Federal payment to the District of Columbia	688	700	722	698	698	722
Total, general government	2,243	2,256	2,232	2,131	2,370	2,228
Total, grants	214,154	221,615	231,559	193,664	217,265	230,628

*\$500 thousand or less.

¹ Programs included in the "grants for payments to individuals" category shown in Table 11-2—"Trends in Federal Grants to State and Local Governments."

12. FEDERAL EMPLOYMENT

This section provides data on civilian and military employment in the Executive Branch and personnel compensation and benefits. It also provides information on employment in the legislative and judicial branches and comparisons between the Federal workforce, State and local Government workforces, and the United States population.

Total Federal Employment in the Executive Branch

Civilian employment in the Executive Branch is measured on the basis of full-time equivalents (FTEs). One FTE is equal to one work year or 2,080 hours.

The Budget continues the implementation of a reduction of Federal positions, measured on an FTE basis, pursuant to Executive Order 12839 issued February 10, 1993. The Executive Order sets a reduction target of 100,000 FTEs by 1995. Allocations of FTE resources by agency were made based upon Presidential priorities and other factors. As shown in Table 12-1, a reduction of 118,300 FTEs or 5.5 percent is anticipated in 1995.

The National Performance Review (NPR) has recommended that the Federal Government reduce 252,000 Federal positions by 1999. This recommendation was mandated by the Presidential Memorandum, "Streamlining the Bureaucracy," dated September 11, 1993. These reductions include the 100,000 FTE reduced by 1995, with the additional 152,000 reductions to be accomplished in 1996-1999. These reductions would be made as agencies streamline their operations, trim overhead, and reduce unnecessary layers of bureaucracy. The NPR has recommended that these reductions be focused in the areas of administrative and central control staffs and supervisors.

Total Federal Employment Levels

The tables that follow show total Federal employment in all branches of Government, as well as the U.S. Postal Service, Postal Rate Commission, and active duty uniformed military personnel. The table entitled "Total Federal Employment as Measured by Total Positions Filled" displays total Federal employment as measured by actual positions filled, and the table entitled "Total Federal Employment as Measured by Full-

Time Equivalents" shows total Federal employment on an FTE basis.

Personnel Compensation and Benefits

The table entitled "Personnel Compensation and Benefits" displays personnel compensation and benefits for all branches of Government, as well as for military personnel.

Direct compensation of the Federal work force includes base pay and premium pay, such as overtime. In addition, it includes other cash components, such as geographic pay differentials (i.e., locality pay, interim geographic adjustments, special pay adjustments for law enforcement officers), recruitment and relocation bonuses, retention allowances, performance awards, and cost-of-living and overseas allowances.

In the case of military personnel, compensation includes basic pay, special and incentive pay (including enlistment and reenlistment bonuses), and allowances for clothing, housing, and subsistence.

Related compensation in the form of personnel benefits for current personnel consists primarily of the Government's share (as an employer) of health insurance, life insurance, old age survivors' disability and health insurance, and payments to the Department of Defense's Military Retirement Fund, the Civil Service Retirement and Disability Fund, and the Federal Employees Retirement System to finance future retirement benefits.

Government Employment and Population Comparisons

As illustrated in the table entitled "Government Employment and Population," the Federal share of total Government employment has declined significantly over the last three decades, from 21.2 percent in 1962 to 14.3 percent in 1993. Employment for all Government has risen steadily over the period mostly due to increases in state and local Government employment.

The ratio of Federal civilian employment to the total U.S. population is estimated to be 11.0 per thousand in 1994, down from a high of 14.9 in 1968 and 1969. A further decline, to 10.7 per thousand, is expected for 1995.

TABLE 12-1. FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH

(Civilian employment as measured by Full-Time Equivalents in thousands)

Agency	1993 Base	1993 actual	Estimate		Change: 1993 base to 1995	
			1994	1995	FTE's	Percent
Cabinet agencies:						
Agriculture	114.6	113.4	110.2	108.5	-6.1	-5.3%
Commerce	36.7	36.1	35.8	35.8	-0.9	-2.6%
Defense—military functions ¹	931.4	931.8	886.0	854.9	-76.5	-8.2%
Education	5.0	4.9	5.1	5.2	0.2	2.4%
Energy	20.6	20.3	20.4	20.6	.....	.....
Health and Human Services	130.0	129.0	127.7	127.2	-2.8	-2.2%
Housing and Urban Development	13.6	13.3	13.3	13.4	-0.2	-1.8%
Interior	77.9	76.7	76.0	74.6	-3.3	-4.3%
Justice	99.4	95.4	97.2	101.9	2.5	2.5%
Labor	19.9	19.6	19.4	19.5	-0.4	-2.3%
State	26.0	25.6	25.4	25.0	-1.0	-4.0%
Transportation	71.1	69.9	68.9	67.5	-3.6	-5.0%
Treasury ²	166.1	161.1	161.2	157.6	-8.5	-5.1%
Veterans Affairs	232.4	234.4	235.1	229.7	-2.7	-1.1%
Other agencies (excluding Postal Service):						
Agency For International Development	4.4	4.1	4.0	4.0	-0.4	-8.6%
Corps of Engineers	29.2	28.4	28.5	27.8	-1.4	-4.7%
Environmental Protection Agency	19.0	18.3	18.6	19.4	0.4	2.2%
Equal Employment Opportunity Commission	2.9	2.8	2.9	3.0	0.1	5.6%
Federal Emergency Management Agency	2.7	2.6	2.6	2.7	.....	-1.1%
Federal Deposit Insurance Corporation and Resolution Trust Corporation	21.3	21.6	20.4	15.1	-6.2	-28.8%
General Services Administration	20.7	20.2	20.1	19.7	-1.0	-4.7%
National Aeronautics and Space Administration	25.7	24.9	24.5	23.6	-2.1	-8.2%
National Archives and Records Administration	2.8	2.6	2.7	2.6	-0.2	-4.7%
National Labor Relations Board	2.1	2.1	2.1	2.1	.....	-4.2%
National Science Foundation	1.3	1.2	1.2	1.3	.....	-4.0%
Nuclear Regulatory Commission	3.4	3.4	3.3	3.2	-0.2	-5.5%
Office of Personnel Management	6.2	5.9	6.0	5.8	-0.4	-7.3%
Panama Canal Commission	8.7	8.5	8.6	8.8	0.1	0.7%
Peace Corps	1.3	1.2	1.2	1.2	-0.1	-1.0%
Railroad Retirement Board	1.9	1.8	1.8	1.8	-0.1	-4.7%
Securities and Exchange Commission	2.7	2.7	2.7	2.9	0.2	7.2%
Small Business Administration	4.0	3.9	3.8	3.8	-0.2	-4.4%
Smithsonian Institution	4.9	4.5	4.8	4.7	-0.2	-3.6%
Tennessee Valley Authority	19.1	17.3	17.3	16.6	-2.5	-13.2%
United States Information Agency	8.7	8.3	8.5	8.3	-0.4	-5.0%
All other small agencies	17.5	16.4	17.0	17.2	-0.3	-1.8%
Total, Executive Branch civilian employment ³	2,155.2	2,134.3	2,084.2	2,036.9	-118.3	.....
FTE reduction from the base .....	.....	-20.9	-71.0	-118.3	.....	.....
Percentage reduction from the base .....	.....	-1.0%	-3.3%	-5.5%	.....	.....
Percentage reduction target/FTE reduction target .....	.....	-1.0%	-2.5%	-4.0%	-100.0	.....

¹ Because Defense was already reduced by almost 42,000 from 1992 to 1993, no further reduction was required in 1993.² The Administration is working with Congress to design a deficit reduction/tax compliance initiative for the Internal Revenue Service that would increase Treasury FTEs by approximately 5,000 above the level shown. Even with these additional FTEs, the Administration still achieves the 100,000 reduction under E.O. 12839.³ Excludes Postal Service and Postal Rate Commission.

TABLE 12-2. TOTAL FEDERAL EMPLOYMENT

(As measured by total positions filled)

Description	Actual as of September 30			Percent change: 1991 to 1993
	1991	1992	1993	
Executive branch civilian employment:				
All agencies except Postal Service and Postal Rate Commission:				
Full-time permanent	1,937,686	1,946,705	1,891,686	-2.4%
Other than full-time permanent	261,298	235,984	221,004	-15.4%
Subtotal	2,198,984	2,182,689	2,112,690	-3.9%
Postal Service: ¹				
Full-time permanent	644,271	627,074	623,092	-3.3%
Other than full-time permanent	160,125	164,975	167,248	4.4%
Subtotal	804,396	792,049	790,340	-1.7%
Special Categories ²	44,458	45,020	43,431	-2.3%
Subtotal, executive branch civilian employment	3,047,838	3,019,758	2,946,461	-3.3%
Military personnel on active duty: ³				
Department of Defense	2,002,614	1,808,131	1,705,103	-14.9%
Department of Transportation (Coast Guard)	38,669	39,469	39,234	1.5%
Subtotal, military personnel	2,041,283	1,847,600	1,744,337	-14.5%
Subtotal, Executive Branch	5,089,121	4,867,358	4,690,798	-7.8%
Legislative branch:				
Full-time permanent	16,783	16,740	16,460	-1.9%
Other than full-time permanent	21,719	21,769	21,798	0.4%
Subtotal, Legislative Branch	38,502	38,509	38,258	-0.6%
Judicial Branch:				
Full-time permanent	23,306	25,488	25,900	11.1%
Other than full-time permanent	2,499	2,499	2,220	-11.2%
Subtotal, Judicial Branch	25,805	27,987	28,120	9.0%
Grand total	5,153,428	4,933,854	4,757,176	-7.7%
ADDENDUM				
Executive branch civilian personnel (excluding Postal Service):				
DOD-Military functions	974,404	945,356	885,472	-9.1%
All other executive branch	1,224,580	1,237,333	1,227,218	0.2%
Total ⁴	2,198,984	2,182,689	2,112,690	-3.9%

¹ Includes Postal Rate Commission.² Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program, formerly exempt from employment controls.³ Excludes reserve components.⁴ Excludes disadvantaged youth programs.

TABLE 12-3. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	1993 actual	Estimate		Percent change: 1993 to 1995
		1994	1995	
Executive branch civilian personnel:				
All agencies except Postal Service and Defense	1,202,556	1,198,271	1,182,092	-1.7%
Defense-Military functions (civilians)	931,763	885,958	854,859	-8.3%
Subtotal, excluding Postal Service	2,134,319	2,084,229	2,036,951	-4.6%
Postal Service ¹	753,799	770,318	784,515	4.1%
Subtotal, Executive Branch civilian personnel	2,888,118	2,854,547	2,821,466	-2.3%
Executive branch uniformed personnel: ²				
Department of Defense	1,751,362	1,658,149	1,567,522	-10.5%
Department of Transportation (Coast Guard)	39,342	38,921	38,376	-2.5%
Subtotal, uniformed military personnel	1,790,704	1,697,070	1,605,898	-10.3%
Subtotal, Executive Branch	4,678,822	4,551,617	4,427,364	-5.4%
Legislative Branch: ³ Total FTE	37,985	37,035	36,466	-4.0%
Judicial branch: Total FTE	27,378	28,107	29,289	7.0%
Grand total	4,744,185	4,616,759	4,493,119	-5.3%

¹Includes Postal Rate Commission.

²Military personnel on active duty. Excludes reserve components. Data shown are average strength.

³Actual 1993 FTE data not available for legislative branch. Data shown are estimates.

TABLE 12-4. PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

Description	1993 actual	Estimate		Percent change: 1993 to 1995
		1994	1995	
Civilian personnel costs:				
Executive Branch (excluding Postal Service):				
Direct compensation:				
DOD—military functions	34,353	33,724	32,946	-4.1%
All other executive branch	50,631	52,760	53,757	6.2%
Subtotal, direct compensation	84,984	86,484	86,703	2.0%
Personnel benefits:				
DOD—military functions	6,940	7,078	7,054	-1.6%
All other executive branch ¹	18,996	19,590	20,083	5.7%
Subtotal, personnel benefits	25,936	26,668	27,137	4.6%
Subtotal, executive branch	110,920	113,152	113,840	2.6%
Postal Service:				
Direct compensation	29,231	30,184	31,343	7.2%
Personnel benefits	9,108	9,536	10,380	14.0%
Subtotal	38,339	39,720	41,723	8.8%
Legislative Branch: ²				
Direct compensation	781	793	824	5.5%
Personnel benefits	154	159	165	7.1%
Subtotal	935	952	989	5.8%
Judicial Branch:				
Direct compensation	1,194	1,292	1,389	16.3%
Personnel benefits	254	296	333	31.1%
Subtotal	1,448	1,588	1,722	18.9%
Total, civilian personnel costs	151,642	155,412	158,274	4.4%
Military personnel costs:				
Direct compensation	53,453	52,157	49,490	-7.4%
Personnel benefits	21,048	19,633	19,322	-8.2%
Total, military personnel costs ³	74,501	71,790	68,812	-7.6%
Grand total, personnel costs	226,143	227,202	227,086	0.4%
ADDENDUM				
Retired pay for former personnel:				
Civilian personnel	37,804	39,918	40,885	8.1%
Military personnel	26,359	27,045	27,757	5.3%
Total	64,163	66,963	68,642	7.0%

¹ In addition to the employing agency's contribution to the costs of life and health insurance, retirement and Medicare Hospital insurance, this amount includes transfers from general revenues to amortize the effects of general pay increases on Federal retirement systems for employees in the Legislative and Judicial Branches as well as employees (non-Postal) in the Executive Branch and to amortize supplemental liabilities under FERS. The transfers amounted to \$7,178 million in 1993 and are estimated to be \$7,391 million in 1994 and \$7,806 million in 1995.

² Excludes members and officers of Congress.

³ Excludes reserve components.

TABLE 12-5. GOVERNMENT EMPLOYMENT AND POPULATION, 1962-1995

Fiscal year	Government employment							Population	
	Federal ¹				State and local governments (thousands)	All governmental units (thousands)	Federal civilian as a percent of all governmental units	Total United States (thousands) ²	Federal civilian employment per 1,000 population
	Executive branch civilians (thousands)	Uniformed military personnel (thousands)	Legislative and judicial branch personnel (thousands)	Total Federal personnel (thousands)					
1962	2,485	2,840	30	5,355	6,533	11,888	21.2	186,538	13.5
1963 ²	2,490	2,732	30	5,252	6,834	12,086	20.0	189,242	13.3
1964 ²	2,469	2,719	31	5,219	7,236	12,455	20.1	191,889	13.0
1965	2,496	2,687	32	5,215	7,683	12,898	19.6	194,303	13.0
1966	2,664	3,128	33	5,825	8,259	14,084	19.2	196,560	13.7
1967	2,877	3,413	34	6,324	8,730	15,054	19.4	198,712	14.7
1968	2,951	3,585	35	6,571	9,141	15,712	19.0	200,706	14.9
1969 ³	2,980	3,497	36	6,513	9,496	16,009	18.9	202,677	14.9
1970 ⁴	2,944	3,103	38	6,085	5,673	11,758	18.7	205,052	14.5
1971 ⁴	2,883	2,750	40	5,673	6,085	11,758	18.3	207,661	14.1
1972	2,823	2,360	42	5,225	10,896	16,121	17.8	209,896	13.6
1973	2,775	2,290	44	5,109	11,286	16,395	17.2	211,909	13.3
1974	2,847	2,197	46	5,090	11,713	16,803	17.3	213,854	13.5
1975	2,848	2,163	49	5,060	12,114	17,174	16.9	215,973	13.4
1976	2,832	2,118	50	5,000	12,282	17,282	16.7	218,035	13.2
1977 ⁵	2,789	2,112	53	4,954	12,704	17,658	16.1	220,904	12.9
1978	2,820	2,099	55	4,974	13,050	18,024	16.0	223,278	12.9
1979	2,823	2,062	53	4,938	13,359	18,297	15.8	225,779	12.7
1980 ⁴	2,821	2,089	55	4,965	13,542	18,507	15.6	228,468	12.6
1981 ⁴	2,806	2,122	54	4,982	13,274	18,256	15.7	230,848	12.4
1982	2,768	2,148	55	4,971	13,207	18,178	15.6	233,184	12.1
1983	2,819	2,163	56	5,038	13,220	18,258	15.8	235,439	12.2
1984	2,854	2,178	56	5,088	13,504	18,592	15.7	237,663	12.2
1985	2,964	2,189	57	5,210	13,827	19,037	15.9	239,134	12.6
1986	2,967	2,206	55	5,228	14,157	19,385	15.6	241,304	12.5
1987	3,030	2,213	58	5,301	14,402	19,703	15.7	243,479	12.7
1988	3,054	2,176	59	5,289	14,766	20,055	15.6	245,730	12.7
1989	3,064	2,168	60	5,292	15,163	20,455	15.3	248,061	12.6
1990 ⁴	3,067	2,108	61	5,234	15,628	20,862	15.0	250,689	12.2
1991 ⁴	3,048	2,041	64	5,153	15,436	20,897	14.9	253,426	12.0
1992	3,065	1,846	66	4,977	15,684	20,658	15.2	256,271	12.0
1993	2,946	1,744	66	4,756	15,927	20,683	14.3	259,015	11.4
1994	2,892	1,649	65	4,606	.....	.....	.....	262,449	11.0
1995	2,848	1,564	64	4,476	.....	.....	.....	265,142	10.7

¹ Covers total end-of-year civilian employment of full-time permanent, temporary, part-time, and intermittent employees. Executive branch includes the Postal Service, and, beginning in 1970, includes various disadvantaged youth and worker-trainee programs.

² Excludes 7,411 project employees in 1963 and 406 project employees in 1964 for the public works acceleration program.

³ On Jan. 1, 1969, 42,000 civilian technicians of the Army and Air Force National Guard converted by law from State to Federal employment status. They are included in the Federal employment figures in this table starting with 1969.

⁴ Includes temporary employees for the decennial census.

⁵ Data for 1961 through 1976 are as of June 30; for 1977 through 1993, as of September 30.

⁶ Population estimates for 1994 and 1995 are U.S. Census Bureau projections.

FEDERAL BORROWING AND DEBT

13. FEDERAL BORROWING AND DEBT

Debt is the most explicit and legally binding obligation of the Federal Government. At the end of 1993 the Government owed \$3,247.2 billion of principal to the people who had loaned it the money to pay for past deficits. The gross Federal debt, including the amount held by trust funds and other Government accounts, was \$4,351.2 billion. This year the Government is estimated to pay about \$213 billion of interest to the public on its debt.

The present deficit is continuing to increase the amount of debt. However, the Omnibus Budget Reconciliation Act of 1993 and the present economic expansion are reducing the size of the deficit, and the Administration's proposal for health care reform is estimated to reduce it further by the end of the decade.

Trends in Federal Debt

Federal debt held by the public has increased by four and a half times since 1980, as shown in table 13-1. In 1980 it was \$709.3 billion; by the end of 1993 it

stood at \$3,247.2 billion. The data in this table are supplemented for earlier years by tables 7.1-7.3 in *Historical Tables*, which is published as a separate volume of the budget.

At the end of World War II, Federal debt equalled more than 100 percent of GDP. From then until the 1970s, Federal debt grew gradually, but, due to inflation, it declined significantly in real terms. Because of an expanding economy as well as inflation, Federal debt as a percentage of GDP decreased almost every year. With households borrowing heavily to buy homes and consumer durables, and with businesses borrowing heavily to buy plant and equipment, Federal debt also decreased almost every year as a percentage of the total credit market debt outstanding. The cumulative effect of this was impressive. From 1950 to 1970, debt held by the public declined from 82.4 percent of GDP to 28.7 percent, and from 55.3 percent of credit market debt to 20.8 percent. At the same time, despite rising interest rates, interest outlays became a smaller share

TABLE 13-1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC

(Dollar amounts in billions)

	Debt held by the public		Debt held by the public as a percent of:		Interest on debt held by the public as a percent of: ³	
	Current dollars	Constant 1987 dollars ¹	GDP	Credit market debt ²	Total outlays	GDP
1950	219.0	1,094.2	82.4	55.3	11.4	1.8
1955	226.6	1,001.4	58.9	43.4	7.6	1.3
1960	236.8	907.7	46.9	33.8	8.5	1.5
1965	260.8	922.1	38.9	26.9	8.1	1.4
1970	283.2	818.2	28.7	20.8	7.9	1.6
1975	394.7	829.5	26.1	18.4	7.5	1.7
1980	709.3	1,004.9	26.8	18.6	10.6	2.4
1981	784.8	1,009.3	26.5	18.7	12.1	2.8
1982	919.2	1,100.2	29.4	20.0	13.6	3.2
1983	1,131.0	1,299.7	34.1	22.1	13.8	3.4
1984	1,300.0	1,430.9	35.2	22.4	15.7	3.6
1985	1,499.4	1,589.6	37.8	22.7	16.2	3.9
1986	1,736.2	1,786.6	41.2	23.0	16.1	3.8
1987	1,888.1	1,888.1	42.4	22.7	16.0	3.6
1988	2,050.3	1,978.4	42.6	22.6	16.2	3.6
1989	2,189.3	2,021.5	42.3	22.3	16.5	3.7
1990	2,410.4	2,134.0	44.0	22.9	16.2	3.7
1991	2,687.9	2,283.5	47.4	24.4	16.2	3.8
1992	2,998.6	2,472.4	50.5	25.9	15.5	3.6
1993	3,247.2	2,607.2	51.6	26.8	14.9	3.3
1994 estimate	3,472.4	2,742.6	52.3	.....	14.3	3.2
1995 estimate	3,646.1	2,802.1	51.9	.....	14.6	3.2
1996 estimate	3,828.5	2,860.1	51.6	.....	14.5	3.1
1997 estimate	4,029.9	2,923.8	51.4	.....	14.3	3.1
1998 estimate	4,237.2	2,984.6	51.1	.....	14.2	3.0
1999 estimate	4,436.3	3,033.8	50.7	.....	14.1	3.0

¹ Debt in current dollars deflated by the GDP deflator with 1987 = 100.

² Total credit market debt owed by domestic nonfinancial sectors, modified to be consistent with budget concepts for the measurement of Federal debt. Financial sectors are omitted to avoid double counting, since financial intermediaries both borrow and lend in the credit market. Source: Federal Reserve Board flow of funds accounts. Projections are not available.

³ Interest on debt held by the public is estimated as the interest on the public debt less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). It does not include the comparatively small amount of interest on agency debt or the offsets for other interest on public debt received by Government accounts.

of the budget and were roughly stable as a percentage of GDP.

During the 1970s, large budget deficits emerged as the economy was disrupted by oil shocks and inflation. The nominal amount of Federal debt more than doubled, and, despite high inflation, the real value of Federal debt increased by about a fifth. The ratios of Federal debt to GDP and credit market debt stopped declining after the middle of the decade.

The growth of Federal debt held by the public accelerated during the early 1980s due to very large budget deficits. Since the deficits have continued to be large, debt has continued to grow substantially, although the rate of increase has been slowed. With inflation reduced, the large growth in nominal debt has meant a large growth in real debt as well. The ratio of Federal debt to GDP rose from 26.8 percent in 1980 to 51.6 percent in 1993, the highest ratio since 1956. The ratio of Federal debt to credit market debt also rose, though to a much lesser extent, from 18.6 percent to 26.8 percent. Interest outlays on debt held by the public, calculated as a percentage of both total Federal outlays and GDP, increased by about a half.

Federal debt held by the public is estimated in table 13-1 to continue to increase in 1994 and the following years but at a markedly slower rate. The spending reductions and tax increases in the Omnibus Budget Reconciliation Act of 1993 reduced the total cumulative deficit during 1994-98 by about \$500 billion, and by the end of the decade the Administration's proposal for health care reform is estimated to reduce it further. As a result of these measures and the continuing economic expansion, debt as a percentage of GDP is estimated to decline gradually after 1994. Interest outlays have already begun to decline as a percentage of both Federal outlays and GDP and are estimated to gradually decline further over the rest of the decade.

Debt Held by the Public and Gross Federal Debt

The Federal Government issues debt for two principal purposes. First, it borrows from the public in order to finance the Federal deficit. Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, most trust fund surpluses must be invested in Federal securities. The gross Federal debt is thus defined to consist of both the debt held by the public and the debt held by Government accounts. Nearly all the Federal debt has been issued by the Treasury and is formally called "public debt," but a small portion has been issued by other Government agencies and is called "agency debt."¹

Borrowing from the public, whether by the Treasury or some other Federal agency, has a significant impact on the economy. Borrowing from the public is normally a good approximation to the Federal demand on credit markets. Even if the proceeds are used productively

for additional tangible or intangible investment, the Federal demand on credit markets has to be financed by the saving of households and businesses, the State and local sector, or the rest of the world.² Borrowing from the public moreover affects the size and composition of assets held by the private sector and the perceived wealth of the public. It also affects the amount of taxes required to pay interest to the public on Federal debt. Borrowing from the public is therefore an important concern of Federal fiscal policy.

Issuing debt securities to Government accounts is an essential element in accounting for the operation of these funds. The balances of debt represent the cumulative surpluses of these funds due to the excess of their tax receipts and other collections compared to their spending. These balances can be used in later years to finance future payments to the public. The interest on this debt compensates these funds—and the members of the public who pay earmarked taxes or user fees into these funds—for spending some of their income at a later time than when they receive it. Public policy may deliberately run surpluses and accumulate debt in trust funds and other Government accounts in order to finance future spending (as in the case of social security) or to measure the accruing cost of employee pension compensation (in the case of the military and new civilian employees).

However, issuing debt to Government accounts does not have any of the economic effects of borrowing from the public. It is an internal transaction between two accounts, both within the Government itself. It does not represent either current transactions of the Government with the public or an estimated amount of future transactions with the public. For example, if the account conducts a retirement program, the debt that it holds does not represent the actuarial present value of future benefits. The future transactions of Federal social insurance and retirement programs, which own about four-fifths of the debt held by Government accounts, are important in their own right and need to be considered separately. Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.³

Borrowing and Government Deficits

Table 13-2 summarizes Federal borrowing and debt from 1993 through 1999. In 1993 the borrowing from the public was \$247.3 billion, and Federal debt held by the public increased to \$3,247.2 billion. The issuance

²The Federal sector of the national income and product accounts provides a better measure of the deficit for analyzing the effect of Federal fiscal policy on national saving than does the budget deficit or Federal borrowing from the public. The Federal sector and its differences from the budget are discussed in Chapter 19.

³Debt held by the public was measured until recent years as the par value (or face value) of the security, which is the principal amount due at maturity. The only exception was savings bonds. However, most Treasury securities are sold at a discount from par, and some are sold at a premium. Treasury debt held by the public is now measured as the sales prices plus the unamortized discount (or less the unamortized premium). At the time of sale, the value equals the sales price. Subsequently, the value equals the sales price plus the amount of the discount that has been amortized up to that time. In equivalent terms, the value equals par less the unamortized discount. (For a security sold at a premium, the definition is symmetrical.) Agency debt, except for zero-coupon certificates, is recorded at par. For further analysis of the concepts, see Special Analysis E, "Borrowing and Debt," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990*, pp. E-5 to E-8, although some of the practices it describes have been changed.

¹The term "agency debt" is defined more narrowly in the budget than in the securities market, where it includes not only the debt of the Federal agencies listed in table 13-3 but also the debt of the Government-sponsored enterprises listed in a table at the end of Chapter 10 and certain Government-guaranteed securities.

of debt to Government accounts was \$100.7 billion, and gross Federal debt increased to \$4,351.2 billion. Borrowing from the public is estimated to decrease to \$173.7 billion in 1995.

Borrowing from the public depends both on the Federal Government's expenditure programs and tax laws and on economic conditions. The sensitivity of the budget to economic conditions is analyzed in Chapter 1 of this volume.

Debt held by the public.—Table 13-2 shows the relationship between borrowing from the public and the Federal deficit. The total deficit of the Federal Government includes not only the budget deficit but also the surplus or deficit of the off-budget Federal entities,

which have been excluded from the budget by law. Under present law the off-budget Federal entities are the social security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund.⁴ Since they had a large combined surplus in 1993 and are estimated to have a growing surplus during 1994-99, they reduce the requirement for Treasury to borrow from the public by a substantial amount.

The total Federal deficit is financed either by borrowing from the public or by the other means shown in table 13-2, such as a decrease in Treasury's cash balance. Many of these other means of financing are normally small relative to borrowing from the public. This

⁴For further explanation of the off-budget Federal entities, see Chapter 22, "Off-Budget Federal Entities."

TABLE 13-2. FEDERAL GOVERNMENT FINANCING AND DEBT ¹

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
FINANCING							
Surplus or deficit (-)	-254.7	-234.8	-165.1	-169.6	-186.4	-190.5	-181.1
(On-budget)	-300.0	-290.1	-225.0	-236.3	-265.5	-279.2	-278.6
(Off-budget)	45.3	55.3	59.9	66.7	79.2	88.7	97.6
Means of financing other than borrowing from the public:							
Change in: ²							
Treasury operating cash balance	6.3	12.5	—	—	—	—	—
Checks outstanding, etc. ³	0.4	-0.9	-0.4	—	—	—	—
Deposit fund balances	-0.4	-0.5	-1.7	—	—	—	—
Seigniorage on coins	0.4	0.6	0.6	0.6	0.6	0.6	0.6
Less: Net financing disbursements:							
Direct loan financing accounts	-3.8	-6.4	-10.1	-15.9	-17.9	-18.9	-19.0
Guaranteed loan financing accounts	4.6	4.2	3.0	2.5	2.3	1.4	0.4
Total, means of financing other than borrowing from the public	7.4	9.5	-8.6	-12.8	-15.0	-16.8	-18.0
Total, requirement for borrowing from the public	-247.3	-225.2	-173.7	-182.4	-201.4	-207.3	-199.1
Reclassification of debt ⁴	-1.3	—	—	—	—	—	—
Change in debt held by the public	248.5	225.2	173.7	182.4	201.4	207.3	199.1
DEBT, END OF YEAR ¹							
Gross Federal debt:							
Debt issued by Treasury	4,326.5	4,652.1	4,936.0	5,243.0	5,577.2	5,929.4	6,281.4
Debt issued by other agencies	24.8	23.9	24.2	24.1	24.1	24.1	24.1
Total, gross Federal debt	4,351.2	4,676.0	4,960.1	5,267.1	5,601.3	5,953.5	6,305.4
Held by:							
Government accounts	1,104.0	1,203.6	1,314.0	1,438.5	1,571.3	1,716.3	1,869.1
The public	3,247.2	3,472.4	3,646.1	3,828.5	4,029.9	4,237.2	4,436.3
(Federal Reserve Banks)	325.7	.....	.....	.....	.....	.....	.....
(Other)	2,921.5	.....	.....	.....	.....	.....	.....
DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR							
Debt issued by Treasury	4,326.5	4,652.1	4,936.0	5,243.0	5,577.2	5,929.4	6,281.4
Less: Treasury debt not subject to limitation ⁵	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6
Agency debt subject to limitation	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Adjustment for discount and premium ⁶	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total, debt subject to statutory limitation ⁷	4,315.6	4,641.1	4,925.0	5,232.0	5,566.2	5,918.4	6,270.3

¹Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt is almost entirely measured at face value. Treasury securities in the Government account series are measured at face value less unrealized discount (if any).

²A decrease in the Treasury operating cash balance (which is an asset) is a means of financing the deficit. It therefore has a positive sign, which is opposite to the sign of the deficit. An increase in checks outstanding or deposit fund balances (which are liabilities) is also a means of financing the deficit and therefore also has a positive sign.

³Besides 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.

⁴The Farm Credit System Financial Assistance Corporation was reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt was accordingly reclassified as Federal agency debt. This reclassification does not constitute borrowing.

⁵Consists primarily of Federal Financing Bank debt.

⁶Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discounts on Government account series securities.

⁷The statutory debt limit is \$4,900 billion.

is because they are limited by their own nature. Decreases in cash balances, for example, are inherently limited by past accumulations, which themselves required financing when they were built up. In 1993 these other accounts added up to a positive amount, \$7.4 billion, which reduced the need to borrow from the public.

One of the other means of financing was created by the Federal Credit Reform Act of 1990. Budget outlays for direct loans and loan guarantees consist of the estimated subsidy cost of the loans or guarantees at the time when the direct loans or guaranteed loans are disbursed. The portion of the net cash flow that does not represent a cost to the Government is non-budgetary in nature and is recorded as a transaction of the financing account for each credit program.⁵

The "net financing disbursements" of a financing account are defined in the same way as the "outlays" of a budgetary account and may be either positive or negative. They are positive if the gross disbursements by the account—whether to the public or to a budgetary account—exceed the collections from both of these sources; they are negative if the collections exceed the gross disbursements. If the net financing disbursements are positive, they must be paid in cash and thus increase the requirement for Treasury borrowing; if the net financing disbursements are negative, they provide cash to the Treasury that can be used to pay the Government's bills in the same way as tax receipts, borrowing, or any other cash collection. The financing accounts are therefore a means of financing the Government, positive or negative, just like the other means listed in table 13-2. A positive amount of net financing disbursements is shown in the table by the financing account having a negative sign, like the deficit, so that it is shown adding to the requirement for borrowing from the public.

The financing accounts subtracted a small amount from borrowing requirements in 1993. However, they are expected to add to borrowing requirements beginning in 1994, and their total net effect is estimated to widen in the following years and reach \$18.6 billion by 1999. The principal reason is that the Omnibus Budget Reconciliation Act of 1993 replaced much of the guaranteed student lending with direct loans in order to lower Federal cost by providing student assistance more efficiently. It is estimated that 60 percent of the lending in 1998-99 will be direct loans. Since direct loans require cash disbursements equal to the full amount of the loans when the loans are made, Federal borrowing requirements are increased.

Debt held by Government accounts.—The amount of Federal debt issued to Government accounts depends largely on the surpluses of the trust funds, both on-budget and off-budget, which owned 95 percent of the total Federal debt held by Government accounts at the end of 1993. In 1993, for example, the total trust fund

surplus was \$100.0 billion and Government accounts invested \$100.7 billion in Federal securities. The small difference is because some other accounts hold Federal debt and because the trust funds may change the amount of their cash assets not currently invested. The amounts held in major accounts and the annual investments are shown in table 13-4.

Agency Debt

Several Federal agencies, shown in table 13-3, sell debt securities to the public and in one case to other Government accounts. During 1993, agencies borrowed \$5.4 billion, and reclassifying the Farm Credit System Financial Assistance Corporation from a Government-sponsored enterprise to a Federal agency increased agency debt by another \$1.3 billion. Agency debt is only one percent of Federal debt held by the public.

The reason for issuing agency debt differs considerably from one agency to another. The predominant agency borrower in 1993 was the Tennessee Valley Authority, which borrowed \$5.7 billion from the public. Most of this borrowing was to buy back its nuclear fuel inventory that had previously been leased to the Seven States Energy Corporation and to engage in advance refunding of some of its existing debt.

The Federal Housing Administration, on the other hand, has for many years issued both checks and debentures as means of paying claims to the public that arise from defaults on FHA-insured mortgages. Issuing debentures to pay the Government's bills is equivalent to borrowing from the public and then paying the bills by disbursing the cash borrowed, so the transaction is recorded as being simultaneously an outlay and a borrowing. The notes are therefore classified as agency debt. The borrowing by FHA and other agencies that have engaged in similar transactions is thus inherent in the way that their programs operate.⁶

Some types of lease-purchase contracts are equivalent to direct Federal construction financed by Federal borrowing. The Federal Government guaranteed the debt used to finance the construction of buildings for the National Archives and the Architect of the Capitol and has exercised full control over the design, construction, and operation of the buildings. The construction expenditures and interest were therefore classified as Federal outlays, and the borrowing was classified as Federal agency borrowing from the public. The securities used to finance the construction of the building for the Architect of the Capitol were zero-coupon certificates, for which the sales price was about one-fourth of par value. As an exception to the normal treatment of agency debt, but like Treasury zero-coupon bonds, they are recorded at the sales price plus the amortized discount. The interest is accrued as an outlay.

The proper budgetary treatment of lease-purchases was further examined in connection with the Budget

⁵As explained in Chapter 22, "Off-Budget Federal Entities," the financing accounts are non-budgetary in concept because they do not measure cost. For further discussion of credit reform, see Chapter 10, "Underwriting Federal Credit and Insurance."

⁶The debt securities of the Federal Deposit Insurance Corporation and Department of the Interior were also issued as a means of paying specified bills. The budgetary treatment of these securities is further discussed in Special Analysis E of the 1989 Budget, pp. E-25 to E-26; and Special Analysis E of the 1988 Budget, pp. E-27 to E-28.

TABLE 13-3. AGENCY DEBT
(In millions of dollars)

Description	Borrowing or repayment (-) of debt			Debt end of 1995 estimate
	1993 actual	1994 estimate	1995 estimate	
Borrowing from the public:				
Defense	-1	-6	-*	.....
Housing and Urban Development:				
Federal Housing Administration	14	-112	1	81
Interior .....	.....	-5	.....	8
Small Business Administration:				
Participation certificates: SBIC and section 505 development company .....	.....	.....	.....	74
Architect of the Capitol	14	7	-1	182
Farm Credit System Financial Assistance Corporation ¹ .....	.....	.....	.....	1,261
Federal Deposit Insurance Corporation:				
Bank Insurance Fund .....	.....	-93	.....	.....
FSLIC Resolution Fund	-194	-943	.....	.....
National Archives .....	.....	-3	-4	295
Tennessee Valley Authority	5,660	325	250	22,250
Total, borrowing from the public	5,493	-830	246	24,151
Borrowing from other funds:				
Housing and Urban Development:				
Federal Housing Administration	-102	.....	-1	20
Total, borrowing from other funds	-102	.....	-1	20
Total, agency borrowing	5,391	-830	245	24,171

*\$500 thousand or less.

¹ The Farm Credit System Financial Assistance Corporation was reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt of \$1,261 million was accordingly reclassified as Federal agency debt. This reclassification does not constitute borrowing.

Enforcement Act of 1990. Several changes were made. Among other decisions, it was determined that outlays for a lease-purchase in which the Government assumes substantial risk will be recorded in an amount equal to the asset cost over the period during which the contractor constructs, manufactures, or purchases the asset; if the asset already exists, the outlays will be recorded when the contract is signed. Agency borrowing will be recorded each year to the extent of these outlays. The agency debt will subsequently be redeemed over the lease payment period by a portion of the annual lease payments. This rule was effective starting in 1991. However, no lease-purchase agreements in which the Government assumes substantial risk have yet been authorized or are estimated for 1994 or 1995.

Besides the lease-purchases financed by agency borrowing from the public, the budget also reflects the cost of lease-purchases financed by the Federal Financing Bank (FFB). The FFB, established within the Treasury Department, can lend to agencies by purchasing agency debt or in other specified ways. It finances these transactions by borrowing from the Treasury, which in turn borrows from the public. This reduces the cost of financing below what the agency or guaranteed private borrower would have had to pay in the credit market. In 1988, 1989, and 1990 Congress authorized the General Services Administration to enter into lease-purchase contracts for a number of buildings to be constructed over five years at a total cost of \$1.9 billion. The FFB is financing these contracts. The outlays are recorded in the budget as payments are made for construction and other costs, and the financing con-

sists of Treasury borrowing from the public. Borrowings from the FFB are not included in table 13-3 or other tabulations of Federal debt in order to avoid double counting.

Debt Held by Government Accounts

Trust funds, and some public enterprise revolving funds and special funds, accumulate cash in excess of current requirements in order to meet future obligations. These cash surpluses are invested mostly in Treasury debt and, to a very small extent, in agency debt.

Investment by trust funds and other Government accounts was around \$10 billion per year in the early 1980s. Primarily due to the Social Security Amendments of 1983, an expanding economy, and the creation of the military retirement trust fund, investment has risen greatly since then. It was \$100.7 billion in 1993 and, as shown in table 13-4, it is estimated to be \$110.4 billion in 1995. The holdings of Federal securities by Government accounts are estimated to rise to \$1,314.0 billion by the end of 1995. This will be 26 percent of the gross Federal debt.

The large investment by Government accounts is concentrated among a few trust funds. The two social security trust funds—old-age and survivors insurance and disability insurance—have a combined large surplus and invest increasing amounts almost each year: a total of \$166.6 billion during 1993-95, which constitutes 54 percent of the total estimated investment by Government accounts. The hospital insurance trust fund, also financed by the social security payroll tax, has sur-

TABLE 13-4. DEBT HELD BY GOVERNMENT ACCOUNTS ¹

(In millions of dollars)

Description	Investment or disinvestment (-)			Holdings end of 1995 estimate
	1993 actual	1994 estimate	1995 estimate	
Investment in Treasury debt:				
Overseas Private Investment Corporation	92	1,475	-2	3,265
Defense-Military: Defense Cooperation	-2,023	2	-4	7
Defense-Civil: Military retirement trust fund	8,937	9,060	8,220	113,969
Energy: Nuclear waste fund	449	379	589	4,930
Health and Human Services:				
Federal old-age and survivors insurance trust fund ²	48,986	49,160	52,929	457,599
Federal disability insurance trust fund ²	-2,681	8,094	10,135	28,466
Federal hospital insurance trust fund	5,432	3,500	5,945	135,523
Federal supplementary medical insurance trust fund	4,734	-1,407	-8,581	13,280
Housing and Urban Development:				
Federal Housing Administration	-641	1,603	1,335	8,132
Other	468	635	664	4,739
Interior:				
Outer Continental Shelf deposit funds	46	-29	-1,266	4
Abandoned Mine Reclamation	76	77	82	1,257
Labor:				
Unemployment trust fund	1,473	1,918	3,528	42,052
Pension Benefit Guaranty Corporation ¹	1,509	667	819	6,023
State: Foreign Service retirement and disability trust fund	662	564	655	7,880
Transportation:				
Highway trust fund	1,042	-6,772	-169	15,063
Airport and airway trust fund	-2,419	-5,407	28	7,293
Treasury: Exchange stabilization fund	2,322	258	171	6,065
Veterans Affairs:				
National service life insurance trust fund	356	184	120	11,970
Other trust funds	51	28	28	1,681
Federal funds	-44	-96	-41	569
Environmental Protection Agency: Hazardous substance trust fund	942	607	741	6,046
Office of Personnel Management:				
Civil Service retirement and disability trust fund	27,275	28,003	28,146	367,853
Employees life insurance fund	1,084	1,098	1,110	15,896
Employees health benefits fund	801	962	896	8,652
Federal Deposit Insurance Corporation:				
Bank Insurance fund	-339	6,365	5,578	16,267
FSLIC Resolution fund	-517	-362	-161	305
Savings Association Insurance fund	943	1,065	1,119	3,468
National Credit Union Administration: Share insurance fund	367	305	370	3,420
Postal Service fund ²	-1,653	-2,212	-273	542
Railroad Retirement Board trust funds	433	-76	106	11,992
Tennessee Valley Authority	1,213	-452	-3,000	.....
Other Federal funds	-33	-39	117	3,083
Other trust funds	1,506	418	452	7,459
Unrealized discount	-6	.....	.....	-770
Total, investment in Treasury debt ¹	100,844	99,573	100,385	1,313,981
Investment in agency debt:				
Housing and Urban Development:				
Government National Mortgage Association	-102	.....	-1	20
Total, investment in agency debt	-102	.....	-1	20
Total, investment in Federal debt ¹	100,743	99,573	110,384	1,314,001
MEMORANDUM				
Investment by Federal funds (on-budget) ¹	3,740	11,880	7,633	61,550
Investment by Federal funds (off-budget)	-1,653	-2,212	-273	542
Investment by trust funds (on-budget)	52,311	32,678	41,225	766,610
Investment by trust funds (off-budget)	46,305	57,254	63,065	486,065
Investment by deposit funds ³	46	-29	-1,266	4
Unrealized discount	-6	.....	.....	-770

¹ Debt held by Government accounts is measured at face value except for the Treasury zero-coupon bonds held by the Pension Benefit Guaranty Corporation, which were issued beginning in 1991 and recorded at the market or redemption price; and the unrealized discount on Government account series securities, which is not distributed by account. Changes are not estimated in the unamortized discount on PBGC bonds or the unrealized discount. If recorded at face value, PBGC's holdings at the end of 1993 would be \$12,006 million higher.

² Off-budget Federal entity.

³ Only those deposit funds classified as Government accounts.

pluses at present and accounts for 5 percent of the total investment over this period.

In addition to these three funds, the largest investors are the two major Federal employee retirement funds: the civil service retirement and disability trust fund and the military retirement trust fund. They account for 35 percent of the total investment by Government accounts during 1993–95. Altogether, the investment of these two retirement funds and the three funds financed by the social security tax equals 94 percent of the investment by all Government accounts during this period. At the end of 1995, they will account for 84 percent of the total holdings by Government accounts.

Technical note on measurement.—The Treasury securities held by Government accounts consist almost entirely of the Government account series. Most was issued at par value (face value), and the securities issued at a discount or premium have traditionally been recorded at par in the OMB and Treasury reports on Federal debt. However, there are now two exceptions. First, since 1991 Treasury has issued zero-coupon bonds to the Pension Benefit Guaranty Corporation (PBGC). Because the purchase price is a small fraction of par value and the amounts are large, the PBGC holdings are recorded in table 13–4 at purchase price plus amortized discount. The valuation method is the estimated market or redemption price. Treasury aggregates all debt held by Government accounts at par but subtracts the unamortized discount in calculating “net federal securities held as investments of government accounts.”

Second, as of September 1993 Treasury has also subtracted the unrealized discount on other Government account series securities in calculating “net federal securities held as investments of government accounts.” Unlike the discount recorded for PBGC or for debt held by the public, this discount is the amount at the time of issue and is not amortized over the term of the security. It is much smaller than the unamortized discount on the zero-coupon bonds held by PBGC: \$0.8 billion at the end of 1993 compared to \$12.0 billion. In table 13–4 it is shown as a separate item at the end of the table and is not distributed by account. The data for 1989–92 were revised retroactively for this change.

Limitations on Federal Debt

Definition of debt subject to limit.—Statutory limitations have normally been placed on Federal debt. Until World War I, the Congress ordinarily authorized a specific amount of debt for each separate issue. Beginning with the Second Liberty Bond Act of 1917, however, the nature of the limitation was modified in several steps until it developed into a ceiling on the total amount of most Federal debt outstanding. The latter type of limitation has been in effect since 1941. The limit currently applies to most debt issued by the Treasury since September 1917, whether held by the public or by Government accounts; and other debt is-

sued by Federal agencies that, according to explicit statute, is guaranteed as to principal and interest by the United States Government.

The lower part of table 13–2 compares total Treasury debt with the amount of Federal debt that is subject to the limit. Most of the Treasury debt not subject to limit was issued by the FFB. It is authorized to have outstanding up to \$15 billion of publicly issued debt, and this amount has been issued to the civil service retirement and disability trust fund. The remaining Treasury debt not subject to limit consists almost entirely of silver certificates and other currencies no longer being issued.

The sole type of agency debt currently subject to the general limit is the debentures issued by the Federal Housing Administration, which were only \$213 million at the end of 1993. Some of the other agency debt, however, is subject to its own statutory limit. For example, the Tennessee Valley Authority is limited to \$30 billion of securities outstanding (including its debt to the FFB).

The comparison between Treasury debt and debt subject to limit also includes an adjustment for measurement differences in the treatment of discounts and premiums. As explained elsewhere in this chapter, debt securities may be sold at a discount or premium, and the measurement of debt may take this into account rather than recording the face value of the securities. However, the treatment is not uniform. An adjustment is needed to derive debt subject to limit (as defined by law) from Treasury debt, and this adjustment is specified in footnote 6 to table 13–2. The amount is relatively small: \$4.5 billion at the end of 1993 compared to the total discount (less premium) of \$85.0 billion recognized on Treasury securities.

Methods of changing the debt limit.—The statutory debt limit has frequently been changed. Since 1960, Congress has passed 64 separate acts to raise the limit or extend the duration of a temporary increase.

The statutory limit can be changed by normal legislative procedures. It can also be changed as a consequence of the annual Congressional budget resolution, which is not itself a law. The budget resolution includes a provision specifying the appropriate level of the debt subject to limit at the end of each fiscal year. The rules of the House of Representatives provide that, when the budget resolution is adopted by both Houses of the Congress, the vote in the House of Representatives is deemed to have been a vote in favor of a joint resolution setting the statutory limit at the level specified in the budget resolution. The joint resolution is transmitted to the Senate for further action. It may be amended in the Senate to change the debt limit provision or in any other way. If it passes both Houses of the Congress, it is sent to the President for his signature. This method directly relates the decision on the debt limit to the decisions on the Federal deficit and other factors that determine the change in the

debt subject to limit. Both methods have been used numerous times.

Recent changes in the debt limit.—A statutory debt limit of \$4,145 billion was established as part of the budget negotiations between the President and the Congress in the summer and fall of 1990. The negotiations were concluded with the Omnibus Budget Reconciliation Act of 1990, which the President signed on November 5, 1990. The increase in the debt limit was large enough to last nearly two and a half years, the longest time without an increase since the period from 1946 to 1954.

In the spring of 1993 the debt approached the limit, and Treasury had to postpone several auctions. On April 6, 1993, the Congress passed a bill raising the limit to \$4,370 billion through September 30, 1993, and the President signed the bill on that same day. A further debt limit increase, one without an expiration date, accompanied the deficit reduction package as part of the Omnibus Budget Reconciliation Act of 1993. This Act, which the President signed on August 10, 1993, increased the limit to \$4,900 billion.

Federal funds financing and the change in debt subject to limit.—The change in debt held by the public, as shown in table 13-2, is determined principally by the total Government deficit. The debt subject to

limit, however, includes not only debt held by the public but also debt held by Government accounts. The change in debt subject to limit is therefore determined both by the factors that determine the total Government deficit and by the factors that determine the change in debt held by Government accounts.

The budget is composed of two 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. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for specified purposes, such as paying social security or unemployment benefits.⁷

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts. Federal funds borrowing consists almost entirely of the Treasury issuing securities that are subject to the statutory debt limit. Trust fund surpluses are almost entirely invested in these securities, and trust fund holdings include most of the debt held by Government accounts. The change in debt subject to limit is therefore determined principally by the Federal funds deficit,

⁷ For further discussion of the trust funds and Federal funds groups, see Chapter 18, "Trust Funds and Federal Funds."

TABLE 13-5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT

(In billions of dollars)

Description	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Federal funds surplus or deficit (-)	-354.7	-334.4	-267.7	-288.8	-316.5	-333.8	-333.1
(On-budget)	-353.3	-332.6	-264.4	-288.5	-317.0	-334.9	-334.6
(Off-budget)	-1.4	-1.7	-3.3	-0.2	0.5	1.1	1.5
Means of financing other than borrowing:							
Change in: ¹							
Treasury operating cash balance	6.3	12.5	.....	.....	.....	.....	.....
Checks outstanding, etc. ²	1.8	8.8	-2.1	.....	.....	.....	.....
Deposit fund balances ³	-0.4	-0.5	-1.7	.....	.....	.....	.....
Seigniorage on coins	0.4	0.6	0.6	0.6	0.6	0.6	0.6
Less: Net financing disbursements:							
Direct loan financing accounts	-3.8	-6.4	-10.1	-15.9	-17.9	-18.9	-19.0
Guaranteed loan financing accounts	4.6	4.2	3.0	2.5	2.3	1.4	0.4
Total, means of financing other than borrowing	8.8	19.2	-10.3	-12.8	-15.0	-16.8	-18.0
Decrease or increase (-) in Federal debt held by Federal funds and deposit funds ⁴	-2.1	-9.6	-6.1	-5.3	-2.7	-1.6	-0.8
Increase or decrease (-) in Federal debt not subject to limit	6.7	-0.7	0.2	-0.1	..*	..*	..*
Total, requirement for Federal funds borrowing subject to debt limit	-341.3	-325.5	-283.9	-307.0	-334.2	-352.2	-351.9
Adjustment for change in discount or premium ⁵	-0.5	.....	.....	.....	.....	.....	.....
Reclassification of debt	-1.3	.....	.....	.....	.....	.....	.....
Increase in debt subject to limit	343.0	325.5	283.9	307.0	334.2	352.2	351.9
ADDENDUM							
Debt subject to statutory limit⁶	4,315.6	4,641.1	4,925.0	5,232.0	5,566.2	5,918.4	6,270.3

* \$50 million or less.

¹ A decrease in the Treasury operating cash balance (which is an asset) is a means of financing the deficit. It therefore has a positive sign, which is opposite to the sign of the deficit. An increase in checks outstanding or deposit fund balances (which are liabilities) is also a means of financing the deficit and therefore also has a positive sign.

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 Does not include investment in Federal debt securities by deposit funds classified as part of the public.

⁴ Only those deposit funds classified as Government accounts.

⁵ Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

⁶ The statutory debt limit is \$4,900 billion.

which is equal to the arithmetic sum of the total Government deficit and the trust fund surplus.

Table 13-5 derives the change in debt subject to limit. In 1993 the Federal funds deficit was \$354.7 billion; and other factors reduced the requirement to borrow subject to limit by \$13.4 billion. The largest other factors were the decrease in Treasury cash balances and the increase in agency debt not subject to the general limit. As a result, the debt subject to limit increased by \$343.0 billion, which was \$94.5 billion more than the increase in debt held by the public.

So long as the trust fund surplus is large, the Federal funds deficit will be much more than the total Government deficit; and the increase in debt subject to limit will be much more than the increase in debt held by the public. The trust fund surplus is estimated to remain large, so the debt limit will have to be increased in the future by much more than needed to finance the total Government deficit.

Debt Held by Foreign Residents

During most of American history the Federal debt was held almost entirely by individuals and institutions within the United States. In the late 1960s, as shown in table 13-6, foreign holdings were just over \$10.0 billion, less than 5 percent of the total Federal debt held by the public.

Foreign holdings began to grow much faster starting in 1970. This increase has been primarily due to foreign decisions, both official and private, rather than the direct marketing of these securities to foreign residents. At the end of fiscal year 1993 foreign holdings of Treasury debt were \$592.1 billion, which was 18 percent of the total debt held by the public.

Although the amount of debt held by foreigners has grown greatly in the past ten years, the proportion is now about the same as during the late 1970s. It has been roughly stable the past few years. At the end of fiscal year 1993, foreign central banks and other

TABLE 13-6. FOREIGN HOLDINGS OF FEDERAL DEBT

(Dollar amounts in billions)

Fiscal year	Debt held by the public			Borrowing from the public			Interest on debt held by the public		
	Total	Foreign ¹	Percent-age foreign	Total ²	Foreign ¹	Percent-age foreign	Total ³	Foreign ⁴	Percent-age foreign
1965	260.8	12.3	4.7	3.9	0.3	6.4	9.6	0.5	4.9
1966	263.7	11.6	4.4	2.9	-0.7	n.a.	10.1	0.5	5.1
1967	266.6	11.4	4.3	2.9	-0.2	n.a.	11.1	0.6	5.1
1968	289.5	10.7	3.7	22.9	-0.7	n.a.	11.9	0.7	5.6
1969	278.1	10.3	3.7	-1.3	-0.4	n.a.	13.5	0.7	5.3
1970	283.2	14.0	5.0	3.5	3.8	107.2	15.4	0.8	5.5
1971	303.0	31.8	10.5	19.8	17.8	89.8	16.2	1.3	7.9
1972	322.4	49.2	15.2	19.3	17.3	89.5	16.8	2.4	14.2
1973	340.9	59.4	17.4	18.5	10.3	55.3	18.7	3.2	17.2
1974	343.7	56.8	16.5	2.8	-2.6	n.a.	22.7	4.1	17.9
1975	394.7	66.0	16.7	51.0	9.2	18.0	25.0	4.5	18.2
1976	477.4	69.8	14.6	82.2	3.8	4.6	29.3	4.4	15.1
TQ	495.5	74.6	15.1	18.1	4.9	26.9	7.8	1.2	14.9
1977	549.1	95.5	17.4	53.6	20.9	39.0	33.8	5.1	15.0
1978	607.1	121.0	19.9	58.0	25.4	43.5	40.2	7.9	19.5
1979 ⁵	639.8	120.3	18.8	32.6	-0.7	n.a.	49.9	10.7	21.5
1980	709.3	121.7	17.2	69.5	1.4	2.0	62.8	11.0	17.5
1981	784.8	130.7	16.7	75.5	9.0	12.0	81.7	16.4	20.1
1982	919.2	140.6	15.3	134.4	9.9	7.4	101.2	18.7	18.5
1983	1,131.0	160.1	14.2	211.8	19.5	9.2	111.6	19.2	17.2
1984	1,300.0	175.5	13.5	168.9	15.4	9.1	133.5	20.3	15.2
1985 ⁵	1,499.4	222.9	14.9	199.4	47.4	n.a.	152.9	23.0	15.1
1986	1,736.2	265.5	15.3	236.8	42.7	18.0	159.3	24.2	15.2
1987	1,888.1	279.5	14.8	152.0	14.0	9.2	160.4	25.7	16.0
1988	2,050.3	345.9	16.9	162.1	66.4	40.9	172.3	29.9	17.4
1989	2,189.3	394.9	18.0	139.1	49.0	35.2	189.0	37.1	19.6
1990	2,410.4	440.3	18.3	221.0	45.4	n.a.	202.4	40.1	19.8
1991	2,687.9	477.3	17.8	277.6	37.0	13.3	214.8	42.0	19.5
1992	2,998.6	535.2	17.8	310.7	57.9	18.6	214.5	41.0	19.1
1993	3,247.2	592.1	18.2	247.3	56.9	23.0	210.2	41.6	19.8

¹ Estimated by Treasury Department. These estimates exclude agency debt, the holdings of which are believed to be small. The data on foreign holdings are not recorded by methods that are strictly comparable with the data on debt held by the public. Projections are not available.

² Borrowing from the public is defined as equal to the change in debt held by the public from the beginning of the year to the end, except to the extent that the amount of debt is changed by reclassification.

³ Estimated as interest on the public debt less "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). Does not include the comparatively small amount of interest on agency debt or the offsets for other interest on public debt received by Government accounts.

⁴ Estimated by Bureau of Economic Analysis, Department of Commerce. These estimates include small amounts of interest from other sources, including the debt of Government-sponsored enterprises, which are not part of the Federal Government.

⁵ Benchmark revisions reduced the estimated foreign holdings of Federal debt as of December 1978 and increased the estimated foreign holdings as of December 1984 and December 1989. As a result, the data on foreign holdings in different time periods are not strictly comparable, and the "borrowing" from foreign residents in 1978, 1985, and 1989 reflects the benchmark revision as well as the net purchases of Federal debt securities.

n.a. = Not applicable due to negative numbers or benchmark revision.

official institutions owned 62 percent of the Federal debt held by foreign residents; private investors owned nearly all the rest. All the Federal debt held by foreign residents is currently denominated in dollars.

Foreign holdings of Federal debt are about one-fifth of the foreign-owned assets in the U.S., and foreign purchases of Federal debt securities are normally only a moderate part of the total capital inflow from abroad. The foreign purchases of Federal debt securities do not measure the full impact of the capital inflow from abroad on the market for Federal debt securities. The capital inflow supplies additional funds to the credit market generally, which affect the market for Federal debt. For example, the capital inflow includes deposits in U.S. financial intermediaries that themselves buy Federal debt.

Federally Assisted Borrowing

The effect of the Government on borrowing in the credit market arises not only from its own borrowing to finance Federal operations but also from its assistance to certain borrowing by the public. Federally assisted borrowing is of two principal types: Government-guaranteed borrowing, which is another term for guar-

anteed lending, and borrowing by Government-sponsored enterprises (GSEs). The Federal Government also exempts the interest on most State and local government debt from income tax.

Federal credit assistance is discussed in Chapter 10, "Underwriting Federal Credit and Insurance." Detailed data are presented in tables at the end of that chapter. Table 13-7 brings together the totals of Federal and federally assisted borrowing and lending and shows the trends since 1965 in terms of both dollar amounts and, more significantly, as percentages of total credit market borrowing or lending. The Federal and federally assisted lending is recorded at face value. It does not take into account the degree of subsidy and does not indicate the extent to which the credit assistance changed the allocation of financial and real resources.

The Federal borrowing participation rate has trended strongly upward since the 1960s. Much of the recent increase has been due to higher GSE borrowing as well as higher Federal deficits. The Federal lending participation rate has been smaller and more stable over time than the borrowing participation rate, because Federal direct loans are much smaller than Federal borrowing.

TABLE 13-7. FEDERAL PARTICIPATION IN THE CREDIT MARKET

(Dollar amounts in billions)

	Actual									Estimates	
	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995
Total net borrowing in credit market ¹	66.7	87.9	169.7	324.9	803.5	690.2	503.7	552.8	544.4	.....	.....
Federal borrowing from the public	3.9	3.5	51.0	69.5	199.4	221.0	277.6	310.7	247.3	225.2	173.7
Guaranteed borrowing	5.0	7.8	8.6	31.6	21.6	40.7	22.1	19.7 ³	-2.0	88.3	87.5
Government-sponsored enterprise borrowing ²	1.2	4.9	5.3	21.4	57.9	115.4	124.6	150.8	170.2	153.9	133.4
Total, Federal and federally assisted borrowing	10.1	16.2	65.0	122.5	278.9	377.1	424.3	481.2	415.5	467.4	394.6
Federal borrowing participation rate (percent)	15.1	18.4	38.3	37.7	34.7	54.6	84.2	87.0	76.3	.....	.....
Total net lending in credit market ¹	66.7	87.9	169.7	324.9	803.5	690.2	503.7	552.8	544.4	.....	.....
Direct loans	2.0	3.0	12.7	24.2	28.0	2.8	-7.5	7.0	-1.7	-0.2	7.5
Guaranteed loans	5.0	7.8	8.6	31.6	21.6	40.7	22.1	19.7 ³	-2.0	88.3	87.5
Government-sponsored enterprise loans ²	1.4	5.2	5.5	24.1	60.7	90.0	90.7	145.2	163.2	147.7	125.1
Total, Federal and federally assisted lending	8.3	15.9	26.9	79.9	110.3	133.5	105.3	171.9	159.5	235.8	220.1
Federal lending participation rate (percent)	12.4	18.1	15.9	24.6	13.7	19.3	20.9	31.1	29.3	.....	.....

¹ Total net borrowing (or lending) in credit market by domestic nonfinancial sectors excluding equities. Financial sectors are omitted to avoid double counting, since financial intermediaries both borrow and lend in the credit market. Source: Federal Reserve Board flow of funds accounts. Projections are not available.

² Most Government-sponsored enterprises (GSEs) are financial intermediaries. GSE borrowing (lending) is nevertheless compared with total credit market borrowing (lending) because GSE borrowing (lending) is a proxy for the borrowing (lending) by nonfinancial sectors that is intermediated by GSEs. It assists the ultimate nonfinancial borrower (lender) whose loans are purchased or otherwise financed by GSEs. In order to avoid double counting, GSE borrowing and lending are calculated net of transactions with Federal agencies, transactions between GSEs, and transactions in guaranteed loans.

AAA*Revised from the 1994 Budget.

BUDGET ENFORCEMENT ACT PREVIEW REPORT

14. PREVIEW REPORT

The Budget Enforcement Act of 1990 (BEA) contains procedures designed to enforce the deficit reduction agreement of the Omnibus Budget Reconciliation Act of 1990. The BEA divides the budget into two mutually exclusive categories; 1) discretionary programs, and 2) direct spending and receipts. For 1991 through 1995, the BEA limits discretionary spending and establishes a "pay-as-you-go" requirement that legislation changing direct spending and receipts must, in total, be at least deficit neutral. These provisions were extended through 1998 by the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993), which became law on August 10, 1993.

This Preview Report discusses the status of discretionary, pay-as-you-go, and deficit sequestration based on current law as of December 31, 1993. In addition, it explains the differences between the OMB and CBO estimates of the discretionary caps and the maximum deficit amount.

The OMB estimates use the economic and technical assumptions underlying the President's budget submission, as required by the BEA. The OMB Update Report that will be issued in August, and the Final Report that will be issued after the end of the Congressional session, must also use these economic and technical assumptions. Estimates in the Update Report and the Final Report will only be revised to reflect laws enacted since the Preview Report.

Discretionary Sequestration Report

Discretionary programs are, in general, those that have their program levels established annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA, as amended, limits budget authority and outlays available for discretionary programs each year through 1998. Appropriations that cause either the budget authority or outlay limits to be exceeded will trigger a sequester to eliminate any such breach.

Adjustments to the limits.—The BEA permits certain adjustments to the discretionary limits—also known as caps. On December 10, 1993, the Office of Management and Budget submitted the Final Sequestration Report required by the BEA. This report described adjustments permitted by the BEA as of the time the report was issued. The caps resulting from these adjustments are the starting points for this Preview Report. Included in this report are cap adjustments for differences between actual and projected inflation, reestimates of subsidy amounts under credit reform, and changes in concepts and definitions. Table 14-1, Summary of Changes to Discretionary Spending Limits, is a summary of all changes to the 1991 through 1995 caps originally enacted in the BEA. Table 14-2, Discretionary Spending Limits, shows the impact on the caps of adjustments being made in this Preview Report.

TABLE 14-1. SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS, 1991-1995

(In billions of dollars)

		1991	1992	1993	1994	1995
TOTAL DISCRETIONARY						
Statutory Caps as Set in OBRA 1990	BA	491.7	503.4	511.5	510.8	517.7
	OL	514.4	524.9	534.0	534.8	540.8
Adjustments for Allowances	BA	.....	3.6	2.9	2.9	.....
	OL	2.6	3.1	2.7	3.4	1.3
Adjustments for IRS Funding, IMF, and Debt Forgiveness	BA	0.2	0.2	12.5	0.2	.....
	OL	0.3	0.3	0.3	0.4	0.2
Adjustments for Changes in Inflation	BA	.....	-0.5	-5.1	-9.5	-11.8
	OL	.....	-0.3	-2.5	-5.8	-8.8
Adjustments for Redefinition of Concepts (credit reform, etc.), and credit reestimates	BA	.....	7.7	8.7	8.6	9.3
	OL	.....	1.1	2.9	2.8	3.4
Adjustments for Emergency Requirements ¹	BA	0.9	8.3	4.6	0.4	.....
	OL	1.1	1.8	5.4	4.3	1.6
Subtotal, Adjustments Excluding Desert Shield/Desert Storm	BA	1.1	19.3	23.6	2.6	-2.5
	OL	3.9	5.9	8.8	5.1	-2.2
Adjustments for Desert Shield/Desert Storm	BA	44.2	14.0	0.6	*	*
	OL	33.3	14.9	7.5	2.8	1.0
Preview Report Discretionary Spending Limits	BA	537.1	536.6	535.7	513.4	515.2
	OL	551.6	545.7	550.3	542.7	539.6

* Less than \$50 million.

¹ Includes adjustments in 1993 and 1994 for the release of contingent emergency appropriations.

The discretionary caps enacted in the BEA reflect assumptions about inflation, as measured by the gross national product implicit price deflator. These assumptions are presented in the law for 1990 through 1993. The BEA requires an inflation adjustment if the actual rate of inflation for a year is different from the rate identified in the law for that year. Because the actual rate of inflation for 1993 was 2.7 percent, or 0.6 percentage points less than the 3.3 percent assumed in the BEA, a downward adjustment has been made to the discretionary caps for 1995.

Certain changes to the caps affect specific accounts. An adjustment previously was made to the caps for accounting changes made by the Federal Credit Reform Act of 1990. Table 14-2 shows reestimates of these changes that result from better information on subsidy levels in credit programs.

Several cap adjustments represent changes in concepts and definitions resulting from legislative action that reclassified certain programs. These actions shifted programs between the mandatory (i.e., direct spending) category and the discretionary category. For instance, several 1994 appropriations bills included provisions that modified normally mandatory programs. Since funding controlled by appropriations action is considered discretionary, the effects of these provisions are recorded as adjustments to the caps. In other cases, authorizing legislation affecting spending in discretionary accounts was scored with pay-as-you-go savings; downward cap adjustments are made to these accounts to reflect the reduced discretionary spending that will result.

Other adjustments to the limits.—The BEA identifies other adjustments to the discretionary caps that can be made only after legislation has been enacted. For example, an adjustment may be made if 1995 appropriations fund the Internal Revenue Service compliance initiative above the CBO baseline levels estimated in June 1990. The BEA specifies the amounts of these adjustments. The BEA also provides special allowances for budget authority and outlays. Two separate budget authority allowances may be provided for 1994 and 1995, together with an adjustment for outlays associated with one of the allowances, calculated using spendout rates contained in the BEA. For 1994 through 1998, the BEA also provides for an additional budget authority allowance equal to 0.1 percent of the adjusted limit on total discretionary budget authority for the budget year. Another adjustment is the special outlay allowance. The dollar amounts of the special outlay allowance for 1991 through 1995 are specified in the BEA. The annual allowances for 1994 and 1995 are \$6.5 billion. The outlay allowances through 1995 are reduced by the outlays associated with the budget authority allowances. For 1996 through 1998, the outlay allowances are equal to 0.5 percent of the adjusted discretionary outlay limit.

The actual adjustments to the discretionary caps to be included in the final sequester report at the end of the current session of Congress cannot be determined

until appropriations have been enacted. Table 14-2 shows the end-of-session adjustments that would result if the President's legislative program is enacted. The President's request includes funding in 1995 for the IRS compliance initiative.

Consistent with the BEA, the President's request assumes an increase in budget authority and outlays based on the special allowance formulas. The adjustment to total discretionary in 1995 would increase budget authority by \$2.9 billion and outlays by \$1.4 billion. In addition, about \$1.3 billion of the outlay allowance has been used by the special budget authority allowances calculated for 1992, 1993, and 1994. The remaining outlay allowance available in 1995 would be \$3.8 billion.

Table 14-2 also shows two additional adjustments. The first is an adjustment for proposals in the President's budget that would increase certain governmental receipts through appropriations language. Changes to governmental receipts provided in appropriations bills are scored as discretionary by OMB based on the scoring convention that any action by the Appropriations Committees is discretionary. Under accepted budget concepts, however, governmental receipts do not offset budget authority or outlays, although they offset the deficit. This means that governmental receipt changes cannot be included for the purpose of presenting the President's request for discretionary budget authority and outlays. The adjustment shows the credit under the discretionary caps that will be scored to appropriations bills that include the proposals. The caps will actually be adjusted in next year's Preview Report only to the extent enacted appropriations result in permanent changes to the level of receipts.

The second adjustment reflects estimates of the Administration's proposal to charge agencies for the proper costs of employee retirement. This proposal is discussed more fully in Chapter 3A. Enactment of the proposal would substantially increase discretionary payments to the government's retirement funds, particularly the Civil Service Retirement and Disability Fund. A cap adjustment would need to be made after enactment to accommodate this change in accounting between government accounts.

The President's budget proposals for discretionary programs are below the adjusted caps, as currently estimated, for 1995 through 1998. Table 14-3 displays the President's proposals relative to the spending limits, including the adjustment for increased governmental receipts. The budget estimates do not include the spending related to the proper accounting for retirement costs proposal, so the cap adjustment for that proposal is not included in the table.

Sequester determinations.—Five days after enactment of an appropriations act, OMB must submit a report to Congress estimating the budget authority and outlays provided by the legislation for the current year and the budget year. These estimates must be based on the same economic and technical assumptions used in the most recent President's budget. In addition, the

TABLE 14-2. DISCRETIONARY SPENDING LIMITS, 1994-1998

(In millions of dollars)

		1994	1995	1996	1997	1998
Total discretionary spending limits, December 10, 1993 Final Sequester Report	BA	513,177	517,398	519,142	528,079	530,639
	OL	542,606	540,498	547,733	547,502	547,875
Adjustments:						
1993 Inflation	BA		-2,023			
	OL		-849			
Reestimates of credit reform subsidies	BA		57	58	59	61
	OL		16	38	44	50
Statutory and other shifts between categories	BA		-254	-569	-583	-608
	OL		-110	-638	-844	-871
Emergency appropriations (release of contingencies)	BA	186				
	OL	102	75	5	1	1
Reestimates of emergency flood spending	BA					
	OL		6	180	176	
Subtotal, adjustments for the Preview Report	BA	186	-2,220	-511	-524	-547
	OL	102	-862	-415	-623	-820
Preview Report discretionary limits	BA	513,363	515,178	518,631	527,555	530,092
	OL	542,708	539,636	547,318	546,879	547,055
Further adjustments authorized under the Budget Enforcement Act:						
IRS funding	BA		188			
	OL		184			
Special allowances	BA		2,880			
	OL		1,438	753	396	134
Proposed emergency supplemental appropriations	BA	1,942				
	OL	1,124	642	96	30	17
Estimated discretionary spending limits including IRS, special allowances, and emergencies	BA	515,305	518,246	518,631	527,555	530,092
	OL	543,832	541,900	548,167	547,305	547,206
Further adjustments to reflect enactment of the President's program:						
Adjustment to reflect discretionary credit for appropriations language proposals to increase certain fees charged by the government	BA		473	452	455	461
	OL		473	452	455	461
Discretionary spending limits including adjustment for fees	BA	515,305	518,719	519,083	528,010	530,553
	OL	543,832	542,373	548,619	547,760	547,667
Estimated adjustment to reflect change in budget accounting for Federal retirement	BA		5,951	5,957	5,968	5,961
	OL		5,941	5,956	5,966	5,959
Discretionary spending limits including adjustment for change in budget accounting for Federal retirement	BA	515,305	524,670	525,040	533,978	536,514
	OL	543,832	548,314	554,575	553,726	553,626

TABLE 14-3. BUDGET PROPOSALS

(in millions of dollars)

		1995	1996	1997	1998
President's discretionary proposals	BA	512,250	517,682	520,331	525,967
	OL	542,363	546,085	547,759	544,449
Estimated discretionary limits	BA	518,719	519,083	528,010	530,553
	OL	542,373	548,619	547,760	547,667
President's discretionary proposals below (-) the discretionary caps	BA	-6,469	-1,401	-7,679	-4,586
	OL	-10	-2,534	-1	-3,218

report must include CBO estimates and explain the differences between the OMB and CBO estimates. The OMB estimates are used in all subsequent calculations to determine whether a breach of any of the budget authority or outlay caps has occurred, and whether a sequester is required.

Compliance with the discretionary caps is monitored throughout the fiscal year. The first determination of whether a sequester is necessary for a given fiscal year occurs when the final sequestration report is issued after Congress adjourns to end a session—near the be-

ginning of the fiscal year. The monitoring process begins again after Congress reconvenes for a new session. Appropriations for the fiscal year in progress that cause a breach in the caps would, if enacted before July 1st, trigger a sequester. When such a breach is estimated, a "within-session" sequestration report and Presidential sequestration order are issued. For a breach that results from appropriations enacted on or after July 1st, reductions necessary to eliminate the breach are not applied to the budgetary resources available in the current year. Instead, the corresponding caps for the fol-

lowing fiscal year are reduced by the amount of the breach.

A within-session sequester can only be caused by newly enacted appropriations. Reestimates of budget authority and outlays for already enacted funds cannot trigger a sequester. A within-session sequester for 1994 is possible only if additional appropriations for 1994 are enacted. OMB reported in the Final Sequestration Report to the President and the Congress that enacted discretionary appropriations for 1994 were within the prescribed spending limits.

Sequester calculations.—If either the discretionary budget authority or outlay caps are exceeded, an across-the-board reduction of sequestrable budgetary resources would be required to eliminate the breach. The percentage reduction for certain special-rule programs would be limited to 2 percent. Once this limit is reached, the uniform percentage reduction for all other discretionary sequestrable resources would be increased to a level sufficient to achieve the required reduction.

If both the budget authority and outlay caps are exceeded, a sequester would first be calculated to eliminate the budget authority breach. If estimated outlays still remained above the cap, even after applying the available outlay allowance, further reductions in budgetary resources to eliminate the outlay breach would then be required.

Comparison between OMB and CBO discretionary limits.—Section 254(d)(5) of the BEA requires an explanation of differences between OMB and CBO estimates for the discretionary spending limits. Table 14-4 compares OMB and CBO limits for 1994 through 1998.

Differences in 1994 are due primarily to the release of a contingent emergency appropriation for the Small Business Administration on January 19, 1994. This release occurred too late for inclusion in CBO's Preview Report.

Differences in 1995 are due primarily to CBO assuming lower credit subsidy costs than does OMB. As a result, CBO lowers the discretionary limits for reestimates of credit subsidy costs, while OMB raises the limits.

OMB and CBO have different interpretations of the BEA provision that requires an adjustment for differences between actual and estimated inflation. Since the limits for 1996 through 1998 were enacted in OBRA 1993, OMB interprets the inflation assumptions enacted in the original BEA of 1990 as not applying to those years. CBO reduces the limits in each year by the inflation adjustment.

Pay-As-You-Go Sequestration Report

This section of the Preview Report discusses the enforcement procedures that apply to the remainder of the budget—direct spending and receipts. The BEA defines direct spending as budget authority provided by law other than appropriations acts, entitlement authority, and the food stamp program. Social security and the Postal Service are not subject to pay-as-you-go enforcement. Legislation specifically designated as an emergency requirement and legislation fully funding the Government's commitment to protect insured deposits are also exempt from pay-as-you-go enforcement.

TABLE 14-4. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

	1994	1995	1996	1997	1998
CBO Preview Report limits:					
BA	513,268	515,010	516,734	525,608	528,102
OL	542,672	539,539	546,127	545,544	545,653
OMB Preview Report limits:					
BA	513,363	515,178	518,631	527,555	530,092
OL	542,708	539,636	547,318	546,879	547,055
Difference:					
BA	-95	-168	-1,897	-1,947	-1,990
OL	-36	-97	-1,191	-1,335	-1,402

TABLE 14-5. PAY-AS-YOU-GO LEGISLATION ENACTED AS OF DECEMBER 31, 1993

(In millions of dollars)

	Change in the Baseline deficit				
	1994	1995	1996	1997	1998
Revenue impact of enacted legislation	-1,265	-1,194	221	166	-629
Outlay impact of enacted legislation	1,270	225	-671	-635	-485
Total impact of enacted legislation	4	-969	-450	-469	-1,114
MEMORANDUM					
Deficit impact of OBRA 1993: ¹					
Revenue impact	-27,419	-46,948	-54,333	-62,836	-58,559
Outlay impact	-19,333	-35,765	-46,221	-66,062	-87,287
Total impact of OBRA 1993—Public Law 103-66	-46,752	-82,713	-100,554	-128,898	-145,846

¹ OBRA 1993 specified that none of its savings should be included in the totals of the pay-as-you-go scorecard.

Current law requires that direct spending and receipts legislation should not increase the deficit in any year through 1998. If it does, and if it is not fully offset by other legislative savings, the increase must be offset by sequestration of direct spending programs. Net savings enacted for one fiscal year can be used to offset net increases in the subsequent year. The impact of proposed legislation affecting direct spending and receipts is shown in the table entitled "Mandatory and Receipts PAYGO Proposals" in the Summary Tables section of the Budget.

Sequester determinations.—Within five days after enactment of direct spending or receipts legislation, OMB is required to submit a report to Congress estimating the change in outlays or receipts for each fiscal year through 1998 resulting from that legislation. The estimates must use the economic and technical assumptions underlying the most recent President's budget. These OMB estimates are used to determine whether the pay-as-you-go requirements have been met.

The cumulative nature of the pay-as-you-go process requires maintaining a "scorecard" that shows, beginning with the 102nd Congress, the deficit impact of enacted direct spending and receipts legislation and required pay-as-you-go sequesters. The pay-as-you-go Preview Report is intended to show how these past actions affect the upcoming fiscal year.

As of December 31, 1993, OMB had issued 201 reports on legislation affecting direct spending and receipts. Most of these (83 percent) either had no effect on the deficit or changed it by less than \$10 million in each year. Less than ten percent of the pay-as-you-go legislation had a deficit impact greater than \$50 million in any one year.

Table 14-5 shows OMB estimates for legislation enacted through December 31, 1993. In total, pay-as-you-go legislation has reduced the combined 1994 and 1995 deficits by \$1.0 billion. This balance of pay-as-you-go savings can be used to offset legislation that increases direct spending or reduces receipts in 1994 and 1995. Legislation that increases the combined 1994 and 1995 deficits by a greater amount will cause a sequester.

The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) produced savings of \$46.8 billion in 1994 and over \$500 billion over 1994-98. However, the Act specified that none of the resulting savings should be included in the pay-as-you-go scorecard.

Deficit Sequestration Report

The BEA specifies maximum deficit amounts for 1991 through 1995 that reflect the on-budget current law

levels for direct spending and receipts, and the spending limits for discretionary programs.

These deficit amounts reflect the economic and technical assumptions as of the time the BEA was enacted. For the 1992 and 1993 budgets, the BEA required OMB to adjust the maximum deficit amounts to reflect up-to-date economic and technical assumptions for each year through 1995. The BEA gives the President the option of adjusting the maximum deficit amounts to reflect current economic conditions and technical assumptions in 1994 and 1995. Since the President chose to make this adjustment in 1994, the BEA provides him with the same opportunity in 1995. This adjustment has been made for 1995, resulting in a maximum deficit amount of \$239.2 billion, \$48.0 billion below the unadjusted maximum deficit. This reduction is largely due to higher receipts, and lower expected outlays for Medicare, Medicaid, and deposit insurance in FY 1995.

Table 14-6 shows for 1995 the current maximum deficit amount and the current estimated deficit calculated using BEA rules. The current estimated deficit is below the maximum deficit amount by the amount of pay-as-you-go savings enacted and the associated debt service. Therefore, no sequestration is projected at this time. The table also shows adjustments to reach the end-of-session maximum deficit amount.

In its Preview Report, CBO estimates a maximum deficit amount for 1995 of \$244.1 billion, \$5.0 billion above the OMB estimate. Compared to previous years, this difference is relatively minor. The major differences between OMB and CBO are shown in Table 14-7.

TABLE 14-6. MAXIMUM DEFICIT AMOUNTS

(In billions of dollars)

	1995
Maximum deficit amount before adjustments	287.2
Change in deposit insurance	-10.4
Other adjustments for up-to-date economic and technical assumptions ...	-37.5
Current maximum deficit amount	239.2
Current estimated deficit	238.2
Excess deficit	-1.0
MEMORANDUM	
Current maximum deficit amount	239.2
End-of-session cap adjustment ¹	2.3
Related debt service	0.1
Subtotal	2.4
End-of-session maximum deficit amount	241.5

¹ Assumes enactment of Presidential policy.

**TABLE 14-7. DIFFERENCES BETWEEN OMB AND CBO MAXIMUM
DEFICIT AMOUNTS**
(In billions of dollars)

	1995
OMB maximum deficit amount	239.2
Receipts (deficit impact)	7.3
Outlays:	
Discretionary	-0.1
Commodity Credit Corporation	-1.9
Deposit insurance	0.1
Food stamps	-0.6
Medicaid	-0.2
Medicare	2.1
Supplemental Security Income	-1.7
Veterans' Benefits and Services	-1.4
Other mandatory	0.2
On-budget interest	1.1
Total, outlay differences	-2.3
Total, differences	5.0
CBO maximum deficit amount	244.1

15. REVIEW OF DIRECT SPENDING AND RECEIPTS

Introduction

The Budget Enforcement Act of 1990 established mechanisms to control total discretionary spending through caps on spending and legislative changes to mandatory programs and revenues through a pay-as-you-go requirement. It did not, however, control the growth of mandatory spending resulting from economic and technical factors. In August 1993, the President established procedures to control this growth in mandatory spending in Executive Order 12857. The Order provided for targets on the level of mandatory spending, excluding deposit insurance and net interest, for 1994 through 1997. The Order also listed actions that must be taken if the targets were exceeded. These actions may include specific revenue or direct spending changes or reductions in the discretionary caps. The savings to remove the excess in the prior, current, and budget years can be achieved over the six year period covering the current year through four years beyond the budget year. The President also has the option to recommend breaching the targets because of economic conditions or other specific reasons.

As required by the Order, OMB issued an initial report to the Congress in September setting mandatory targets for 1994 through 1997. The initial targets were based on the economic and technical assumptions used in preparing the congressional budget resolution for 1994. The levels are consistent with the policies in the resolution as adjusted by final Congressional action on the Omnibus Budget Reconciliation Act of 1993 (OBRA

1993). This chapter fulfills the Order's requirements for an annual review of direct spending and receipts.

Adjustments to Targets

The Order requires adjustments to the mandatory targets under certain circumstances; in particular, the targets must be adjusted each year for increases in the estimated numbers of beneficiaries of mandatory programs, and for changes in receipts in legislation enacted after OBRA 1993. Table 15-1 shows the targets as revised for these circumstances. The target for 1994 is now \$752.0 billion, \$5.6 billion above the initial target. Similarly, the target for 1995 is now \$792.7 billion, \$7.9 billion above the initial target. The targets have increased by \$37.5 billion over the four year period 1994 through 1997.

Table 15-1 also shows the major differences in current law estimates between August, 1993 (when the Executive Order became effective) and now. Most of the differences are because of decreases in Medicare and Medicaid outlays since the initial targets were calculated.

The Order requires an adjustment to the targets to reflect increases in estimated beneficiaries. Table 15-2 shows the current estimates of beneficiaries for major benefit payment programs as well as the estimates used in the initial targets. For most of the major benefit programs, the current OMB estimates are above the estimates used in the initial targets. This is largely the result of technical differences between resolution

TABLE 15-1. SUMMARY OF CHANGES TO MANDATORY TARGETS AND CURRENT LAW OUTLAYS

(in billions of dollars)

	1994	1995	1996	1997	1994-97
Changes to mandatory targets					
Initial mandatory targets (Executive Order 12857)	746.4	784.7	823.7	887.7	.....
Adjustments for:					
Increase in beneficiaries	5.7	8.0	10.2	14.1	38.1
Changes in receipts	-0.1	-0.1	-0.2	-0.1	-0.5
Changes due to category shifts	0.0	-0.0	-0.1	-0.0	-0.1
Total adjustments	5.6	7.9	10.0	14.0	37.5
Current mandatory targets	752.0	792.7	833.7	901.7	.....
Changes to outlays under current laws					
Outlays under current law as of August 1993	746.4	784.7	823.7	887.7	.....
Adjustments for:					
Increase in beneficiaries	5.7	8.0	10.2	14.1	38.1
Decreases in beneficiaries	-7.6	-4.1	-2.1	-2.1	-15.9
Cost of living adjustments	-1.4	-1.0	1.1	4.0	2.7
Other inflation	0.4	1.3	2.4	4.6	8.7
Other technicals	-8.9	-14.2	-9.0	-20.8	-52.8
Total adjustments	-11.8	-10.0	2.6	-0.1	-19.3
Outlays under current law as of January 1994	734.6	774.7	826.3	887.6	.....
Amount over (+) or under (-) the current target	-17.4	-18.0	-7.4	-14.1	-56.8

assumptions and current OMB assumptions. In each case that beneficiaries have increased, an adjustment to the targets are made that adjusts the initial estimate for the program by the percentage change in the num-

ber of beneficiaries. The largest adjustments are for the supplementary security income, food stamps and social security (disability insurance). In total, the targets are increased by \$38.1 billion for the four year period because of changes in beneficiary estimates.

TABLE 15-2. BENEFICIARIES ESTIMATES FOR MAJOR BENEFIT PAYMENT PROGRAMS

(Annual average, in thousands)

	1994	1995	1996	1997
Family education loans:				
Initial estimate	6,270	5,394	3,898	3,695
Current estimate	5,528	4,413	3,271	3,100
Direct loans:				
Initial estimate	161	1,566	3,189	3,694
Current estimate	137	1,283	2,679	3,102
AFDC work programs:				
Initial estimate	664	708	721	727
Current estimate	637	667	663	652
Foster care and adoption assistance:				
Initial estimate	339	362	384	404
Current estimate	337	359	377	394
Medicaid:				
Initial estimate	35,600	36,500	37,500	38,500
Current estimate:				
Aged/Blind/Disabled	9,619	10,345	11,064	11,779
Other	24,959	25,634	26,376	27,179
Total, current estimate	34,578	35,979	37,440	38,958
Medicare:				
Hospital insurance:				
Initial estimate	35,800	36,400	37,000	37,500
Current estimate	36,148	36,821	37,446	38,001
Supplementary medical insurance:				
Initial estimate	34,900	35,500	36,000	36,500
Current estimate	35,010	35,651	36,244	36,760
Railroad retirement:				
Initial estimate	817	796	774	751
Current estimate	825	805	783	761
Federal civil service retirement:				
Initial estimate	2,267	2,297	2,327	2,365
Current estimate	2,258	2,289	2,319	2,347
Military retirement:				
Initial estimate	1,720	1,750	1,770	1,790
Current estimate	1,775	1,798	1,821	1,843
Unemployment insurance:				
Initial estimate	10,000	9,000	9,000	9,000
Current estimate	8,770	8,810	8,900	8,840
Food stamps:				
Initial estimate	25,800	25,000	24,600	24,600
Current estimate	27,394	27,314	27,161	27,004
Child nutrition:				
Initial estimate	35,800	36,700	37,400	38,100
Current estimate	36,169	37,067	37,938	38,828
Family support: maintenance assistance (AFDC) ¹ :				
Initial estimate	5,210	5,250	5,330	5,410
Current estimate	5,055	5,146	5,252	5,363
Family support: emergency assistance:				
Initial estimate	NA	NA	NA	NA
Current estimate	81	82	83	84
Family support: Child support:				
Initial estimate	NA	NA	NA	NA
Current estimate	14,362	15,151	15,939	16,727
Supplemental security income:				
Initial estimate	5,579	5,896	6,190	6,450
Current estimate:				

TABLE 15-2. BENEFICIARIES ESTIMATES FOR MAJOR BENEFIT PAYMENT PROGRAMS—Continued
(Annual average, in thousands)

	1994	1995	1996	1997
Aged	1,325	1,320	1,325	1,325
Blind/Disabled	4,498	5,013	5,497	5,956
Total, current estimate	5,823	6,333	6,822	7,281
Earned income tax credit:				
Initial estimate	16,000	17,000	17,000	17,000
Current estimate	15,313	15,764	16,296	16,474
Social Security (OASDI):				
Old age and survivors insurance:				
Initial estimate	37,029	37,425	37,795	38,137
Current estimate	37,074	37,459	37,821	38,166
Disability insurance:				
Initial estimate	5,279	5,547	5,796	6,039
Current estimate	5,335	5,685	6,028	6,359
Veterans compensation:				
Initial estimate	2,487	2,487	2,490	2,495
Current estimate	2,523	2,530	2,531	2,527
Veterans pensions:				
Initial estimate	832	778	729	683
Current estimate	834	782	737	699
Memorandum:				
Medicaid with health care reform	34,578	35,980	35,714	33,518
Medicare with health care reform:				
Hospital insurance	36,148	36,821	37,446	38,001
Supplementary medical insurance	35,010	35,651	35,916	36,318

¹ Average number of monthly cases.
NA = Not available.

An adjustment to the mandatory targets is also required for any changes in receipts enacted after OBRA 1993. This allows for tradeoffs between receipt increases and outlay reductions. Since OBRA 1993, there has been only one major piece of enacted legislation that affects receipts—the North American Free Trade Agreement (NAFTA) Implementation Act. This and other minor legislation have decreased receipts by \$0.5 billion over the four year period covered by the targets. As a result, the targets have also been reduced by the same amount.

The targets were adjusted for minor categorical shifts. Since OBRA 1993, there has been no additional

reconciliation action or passage of emergency legislation. Thus, there are no additional adjustments to the targets required by the Order.

Growth in Mandatory Programs

Table 15-3 shows outlays for mandatory and related programs for the years 1993 through 1999. Spending on mandatory programs including net interest is projected to be \$976.6 billion in 1995, \$42.1 billion more than the 1994 estimate. By 1999, spending for mandatory programs including net interest is projected to reach \$1,283.5 billion.

TABLE 15-3. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW
(in billions of dollars)

	1993 Actual	1994	1995	1996	1997	1998	1999
Human resources programs:							
Education, training, employment, and social services:							
Family education loan	2.2	2.3	1.8	1.4	1.1	1.0	1.0
Direct loan	0.0	0.2	0.5	0.8	1.1	1.2	1.5
Other	11.6	9.2	11.3	8.7	10.2	10.7	11.2
Subtotal, education, training, employment, and social services	13.8	11.7	13.6	10.9	12.3	13.0	13.7
Health:							
Medicaid	75.8	87.2	96.4	108.2	121.5	136.3	152.2
FEHB and other	4.0	5.3	4.8	5.0	5.9	6.6	6.6
Subtotal, health	79.8	91.1	100.5	112.8	126.2	141.8	158.1
Medicare:							
Hospital insurance	90.5	101.8	111.1	122.2	134.0	146.5	160.3
Supplementary medical insurance	52.6	56.8	64.4	71.9	80.0	89.2	99.7

TABLE 15-3. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW—Continued

(in billions of dollars)

	1993 Actual	1994	1995	1996	1997	1998	1999
Medicare premiums and collections	-15.3	-17.4	-19.9	-20.4	-23.2	-23.2	-23.2
Subtotal, medicare	127.8	141.0	155.4	174.2	192.7	211.8	234.7
Income security:							
General retirement and disability:							
Railroad retirement	3.9	4.2	4.2	4.2	4.3	4.3	4.3
Other	-0.0	0.9	0.9	0.9	0.9	0.9	0.9
Subtotal, general retirement and disability	3.9	4.7	4.9	5.0	5.0	5.1	5.2
Federal employee retirement and disability:							
Civilian employees retirement	35.1	36.5	38.0	39.6	41.8	43.8	45.9
Military retirement	25.7	26.5	27.2	28.3	29.6	30.9	33.1
Other	-0.9	-0.4	-0.4	-0.3	-0.2	-0.1	-0.1
Subtotal, federal employees retirement and disability	60.0	62.2	64.3	67.1	70.6	73.9	78.2
Unemployment compensation	35.5	26.7	23.0	23.5	23.9	24.0	25.1
Food and nutrition assistance:							
Food stamps	23.6	25.5	25.2	26.1	27.2	28.2	29.2
Child nutrition and special milk	6.6	7.3	7.6	8.2	8.7	9.3	10.0
Other	1.5	1.6	1.6	1.6	1.6	1.6	1.6
Subtotal, food and nutrition assistance	31.7	34.4	34.4	35.8	37.5	39.1	40.7
Other income security:							
Supplemental security income	21.1	24.9	26.2	27.0	29.4	32.9	36.5
Family support payments	15.6	16.4	16.9	17.5	18.2	18.9	19.7
Earned income tax credit	8.8	10.0	15.8	18.9	21.5	22.4	23.2
Other	-0.7	-0.9	-1.0	-1.1	-1.3	-1.5	-1.6
Subtotal, other income security	44.8	50.4	57.8	62.3	67.7	72.7	77.8
Subtotal, income security	175.8	178.5	184.6	193.7	204.6	214.7	226.9
Social security	302.0	317.6	334.6	353.7	369.6	389.7	411.0
Veterans' benefits and services:							
Compensation	13.4	15.0	14.5	13.8	15.4	15.9	16.3
Pensions	3.5	3.7	3.3	3.1	3.3	3.3	3.7
Other	2.4	2.1	2.0	1.8	1.9	2.0	2.0
Subtotal, veterans benefits and services	19.3	20.6	20.1	19.0	20.9	21.4	23.0
Subtotal, human resources programs	718.5	760.4	808.8	864.4	926.4	992.4	1,067.3
Other programs included in the entitlement target:							
Agriculture:							
Farm price supports (CCC)	16.0	12.1	9.1	9.3	9.7	9.8	9.8
Other	0.1	0.4	-0.2	-0.6	-0.8	-0.6	-0.5
Subtotal, agriculture	16.2	12.5	8.9	8.8	8.9	9.2	9.3
Undistributed offsetting receipts:							
Employer share, employee retirement	-34.6	-34.7	-35.5	-35.3	-36.0	-37.9	-39.3
Rents and royalties on the outer continental shelf	-2.8	-2.7	-3.0	-2.7	-2.7	-2.8	-2.8
Spectrum sales	0.0	-0.5	-4.3	-4.2	-1.6	-2.0	0.0
Subtotal, undistributed offsetting receipts	-37.4	-37.9	-42.8	-42.2	-40.3	-42.6	-42.1
Other functions	-2.4	-0.4	-0.3	-4.6	-7.5	-9.1	-10.5
Subtotal, other programs included in the entitlement target	-23.6	-25.9	-34.1	-38.0	-38.9	-42.5	-43.3
Subtotal, mandatory programs included in the entitlement target	694.9	734.6	774.7	826.3	887.6	949.9	1,023.9
Deposit insurance	-28.0	-3.3	-11.1	-11.3	-6.1	-4.9	-3.3
Net interest:							
Interest on the public debt	292.5	298.3	311.1	325.6	341.5	359.5	378.0
Interest received by trust funds	-55.5	-56.8	-57.2	-57.6	-58.5	-59.4	-59.8
Other interest	-38.2	-38.3	-40.9	-42.6	-46.2	-50.6	-55.4
Subtotal net interest	198.8	203.2	213.1	225.4	236.8	249.6	262.9
Total, outlays for mandatory and related programs	865.8	934.5	976.6	1,040.5	1,118.2	1,194.6	1,283.5

Spending on programs covered by the mandatory targets is projected to grow from \$734.6 billion in 1994 to \$1,023.9 in 1999, an annual average rate of 6.9 percent. In percentage terms, the areas of largest growth

are the health entitlements. Approximately 55 percent of the growth in programs covered by the mandatory targets is in Medicaid and Medicare. For additional information on the trends in mandatory spending, refer to Chapter 17 "Current services estimates" in this volume.

Growth in Receipts

Receipts are projected to be \$1,341.6 billion in 1995, \$92.5 billion more than the 1994 estimate. By 1999, receipts are projected to reach \$1,629.2 billion. For additional information on the trends in receipts, refer to Chapter 4 "Federal receipts" in this volume.

As shown in Table 15-4, receipts are higher than the September 1993 Midsession estimates in each year, by amounts ranging from \$7.6 billion to \$38.4 billion. These increases are the net effect of revised economic assumptions, technical estimating revisions, and legislative and regulatory changes. With the exception of 1994, revised economic assumptions increase receipts in each year. For 1995 and 1996, increases in corporation income taxes, attributable to increases in corporate profits, more than offset the reductions in other sources of receipts attributable to reductions in wages and salaries, interest rates, and imports. For 1997 and 1998, the effects of higher corporate profits and wages and salaries on income and payroll taxes more than offset the reductions in other sources of receipts. Technical revisions, primarily reflecting collection experience, updated tabulations from tax returns, and revisions in historical economic data, increase receipts by an additional \$5.4 billion to \$10.3 billion in each year. Regulatory and legislative changes since the September 1993 Midsession do not have a significant effect on receipts.

Comparison of Mandatory Targets and Outlays under Current Laws

As Table 15-1 shows, estimates of spending for programs covered by the targets under current laws are \$17.4 billion below the target for 1994, and \$18.0 billion below the target for 1995. Over the four year period covered by the targets, projections of current law spending are \$56.8 billion below the targets. Most of the difference between the targets and current law estimates are because the targets increased relative to the resolution levels as a result of upward revisions in beneficiary estimates.

Since current law spending is projected to be below the targets, a special message to reduce direct spending is not required.

Comparison of Mandatory Targets and Presidential Proposals

Enactment of the proposals in the President's budget would change the levels of the targets and outlays under current law. As shown in Table 15-5, enactment of health reform would increase mandatory outlays by \$40.8 billion over the four years between 1994 and 1997. This spending would be more than offset by a \$53.1 billion increase in the targets for additional revenue that result from the President's health care proposals. The target enforcement procedure allows for this type of tradeoff between revenue increases and mandatory spending. After adjustments to the targets are made to reflect the President's policy initiatives, spending under the President's budget is \$18.2 billion below the target for 1994, and \$28.4 billion below the target for 1995. Over the four year period covered by the target, projections of the President's budget is \$67.7 billion below the targets.

TABLE 15-4. COMPARISON OF MIDSESSION TO 1995 BUDGET BASELINE RECEIPTS

(in billions of dollars)

	1994	1995	1996	1997	1998	1999
Midsession estimates ¹	1,241.5	1,329.5	1,402.9	1,457.6	1,512.6	.....
Revised economic assumptions:						
Individual income taxes	-3.0	-3.7	-2.3	4.3	16.7	.....
Corporation income taxes	5.8	8.8	8.1	7.2	7.4	.....
Social insurance taxes and contributions	-3.2	-1.7	-1.3	4.4	10.4	.....
Customs duties	-0.5	-1.1	-1.8	-2.4	-3.0	.....
Other receipts	0.2	-0.7	-0.7	-0.4	0.2	.....
Subtotal, economic assumptions	-0.8	1.6	2.0	13.0	31.7	.....
Technical revisions:						
Individual income taxes	4.7	2.5	-2.0	1.2	-3.0	.....
Corporation income taxes	4.6	5.9	6.1	6.5	7.4	.....
Social insurance taxes and contributions	0.4	2.3	2.2	2.0	1.5	.....
Other receipts	-0.5	-0.3	-0.6	-0.6	-0.5	.....
Subtotal technical revisions	9.2	10.3	5.6	9.0	5.4	.....
Enacted legislation	-0.1	-0.1	-0.2	-0.1	1.2	.....
Administrative action ²	-0.6	0.2	0.1	0.1	0.1	.....
Total changes	7.6	12.1	7.6	22.0	38.4	.....
1995 budget baseline estimates	1,249.1	1,341.6	1,410.4	1,479.6	1,551.0	1,629.2

¹ Estimates based on updated CBO economic assumptions.

² Reflects the effect of regulations affecting hedging transactions.

TABLE 15-5. MANDATORY TARGETS ASSUMING ENACTMENT OF PRESIDENTIAL PROPOSALS

(in billions of dollars)

	1994	1995	1996	1997	1994-97
Mandatory targets					
Current mandatory targets	752.0	792.7	833.7	901.7	.....
Receipt adjustment to targets if the President's proposals are enacted:					
Health care reform	-0.1	11.6	16.8	24.8	53.1
Other administration proposals	0.0	0.2	-0.3	-0.4	-0.4
Total adjustments	-0.1	11.8	16.5	24.4	52.6
Targets adjusted for Presidential proposals	751.9	804.4	850.3	926.1	.....
Proposed Outlays					
Outlays under current law	734.6	774.7	826.3	887.6	.....
Presidential proposals:					
Health care reform	-0.2	0.9	11.7	28.3	40.8
Other	-0.7	0.4	0.7	0.6	1.0
Total	-0.9	1.3	12.4	28.9	41.7
Proposed outlay totals	733.7	776.0	838.8	916.5	.....
Amount over (+) or under (-) the targets	-18.2	-28.4	-11.5	-9.6	-67.7

16. DEFICIT REDUCTION FUND

On August 4, 1993, the President issued Executive Order 12858 to guarantee that the net deficit reduction achieved by the Omnibus Budget Reconciliation Act (OBRA) of 1993 is dedicated exclusively to reducing the deficit. The order established the Deficit Reduction Fund and requires that amounts equal to the spending reductions and revenue increases resulting from OBRA be credited to the Fund. The order also requires that information about the fund, including statements of the amounts in and Federal debt redeemed by the fund, be included in the President's budget. Table 16-1 presents the amounts that will be credited to the fund, adjusted to reflect final scoring of OBRA by OMB:

TABLE 16-1. REVENUE INCREASES AND SPENDING REDUCTIONS CREDITED TO THE DEFICIT REDUCTION FUND
(In millions of dollars)

Fiscal Year	Annual amount	Cumulative amount
1994	46,752	46,752
1995	82,713	129,465
1996	100,554	230,019
1997	128,898	358,917
1998	145,846	504,763

Each year, amounts are credited to the fund on a daily basis equal to the net deficit reduction achieved by OBRA. The order requires that the fund balances be used exclusively to redeem maturing debt obligations of the Treasury held by foreign governments. On October 1, 1993, amounts began to be credited to the fund and, during the year, these amounts were used for the stated debt redemption purposes.

The status of the fund on December 31, 1993, was:

TABLE 16-2. STATUS OF THE DEFICIT REDUCTION FUND
(In millions of dollars)

Description	Amount
Beginning balance .....	.....
Deposits made between October 1, 1993, and December 31, 1993	11,362
Redemptions of Treasury debt held by foreign governments between October 1, 1993, and December 31, 1993	11,362
Fund balance as of December 31, 1993 .....	.....

CURRENT SERVICES ESTIMATES

17. CURRENT SERVICES ESTIMATES

The current services baseline is designed to show what receipts, outlays, deficits, and budget authority would be if no changes are made to laws already enacted. The baseline is not a prediction of the final outcome of the annual budget process, nor is it a proposed budget. Instead it is largely a mechanical application of estimating models to existing laws. By itself, the current services baseline commits no one to any particular policy, and it does not constrain the choices available. The commitments or constraints reflected in the current services estimates are inherent in the tax and spending policies contained in current law.

The current services baseline can be useful for several reasons:

- It warns of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs.
- It provides a starting point for formulating the annual budget.
- It is a "policy-neutral" benchmark against which the President's budget and other budget proposals can be compared to see the magnitude of the proposed changes.
- It is the basis, under the Budget Enforcement Act (BEA), for determining the amount that would be sequestered from each mandatory account and the level of funding that would be available after sequestration.

The following table shows current services estimates of receipts, outlays, and deficits for 1993 through 1999. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service Fund are added to the on-budget receipts and outlays to calculate the unified budget totals.

The table also shows the current services estimates by major component. These estimates assume that discretionary funding is held constant in real terms at the 1994 enacted level. Other assumptions about discretionary funding are plausible. For example, all discretionary cap levels established in the BEA through 1998 with adjustment for inflation in 1999. Total discretionary outlays and the deficit under this assumption are shown as memorandum items on the table.

Conceptual Basis for Estimates

Receipts and outlays are divided into two categories that are important for calculating the current services estimates: those controlled by authorizing legislation (direct spending and receipts) and those controlled through the annual appropriations process (discretionary spending). Different estimating rules apply to each category.

TABLE 17-1. CURRENT SERVICES ESTIMATES, 1993-1999

(In billions of dollars)

	1993 actual	Estimates					
		1994	1995	1996	1997	1998	1999
Receipts	1,153.5	1,249.1	1,341.6	1,410.4	1,479.6	1,551.0	1,629.2
Outlays:							
Discretionary:							
Defense	292.4	279.7	273.0	278.0	285.4	294.3	303.8
Nondefense	250.5	269.4	276.0	286.8	297.7	306.8	317.3
Subtotal, discretionary	542.5	549.1	548.9	564.8	583.1	601.1	621.1
Mandatory:							
Deposit insurance	-28.0	-3.3	-11.1	-11.3	-6.1	-4.9	-3.3
Other	694.9	734.6	774.7	826.3	887.6	949.9	1,023.9
Subtotal, mandatory	666.9	731.3	763.6	815.1	881.4	945.0	1,020.7
Net interest	198.8	203.2	213.1	225.4	236.8	249.6	262.9
Total, outlays	1,408.2	1,483.6	1,525.6	1,605.3	1,701.3	1,795.6	1,904.7
Deficit (-)	-254.7	-234.5	-183.9	-194.9	-221.7	-244.6	-275.4
On-budget	-300.0	-289.8	-244.7	-263.2	-300.3	-331.7	-370.1
Off-budget	45.3	55.3	60.7	68.4	78.7	87.1	94.7
MEMORANDUM							
With discretionary spending at BEA caps:							
Discretionary	543.0	550.3	542.4	548.6	547.8	547.7	564.6
Deficit (-)	-254.7	-235.7	-177.3	-178.0	-184.3	-186.8	-211.5

Direct spending and receipts.—Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price and income supports, where the Government is legally obligated under certain conditions to make payments. Receipts and direct spending are alike in that they involve ongoing activities that generally operate under permanent authority (they do not require annual authorization), and the underlying statutes generally specify the level of receipts or benefits that must be collected or paid, and who must pay or who is eligible to receive benefits.

The current services baseline assumes that receipts and direct spending programs continue in the future as specified by current law. That is in fact what will occur without enactment of new legislation.

Provisions of law providing spending authority and the authority to collect taxes or other receipts that expire under current law are usually assumed to expire as scheduled. However, the current services baseline assumes extension of two types of authority that, in fact, normally are extended in some form by Congress. Expiring provisions affecting excise taxes dedicated to a trust fund, such as airport and airway taxes, are assumed to be extended at current rates. In addition, direct spending programs that will expire under current law are assumed to be extended if their 1994 outlays exceed \$50 million. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates.

Discretionary spending.—Discretionary programs differ in one important aspect from direct spending pro-

grams—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. For this reason, the definition of current services for discretionary programs is somewhat arbitrary.

The definition used here is that, for 1994, the current services estimates for discretionary programs are equal to the enacted 1994 appropriations. In subsequent years, funding is equal to the 1994 level adjusted for inflation.

Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's budget. These assumptions assume that the President's budget proposals will be adopted.

The economy and the budget interact. Economic conditions significantly alter the estimates of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, economic growth, consumption, savings, and investment.

Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President's budget. However, this would diminish the value of current services estimates as a benchmark for measuring proposed policy changes, because it would then be difficult to separate the effects of proposed policy changes from the effects of different economic as-

TABLE 17-2. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

	1993	1994	1995	1996	1997	1998	1999
Gross Domestic Product (GDP):							
Levels, dollar amounts in billions:							
Current dollars	6,294	6,641	7,022	7,419	7,842	8,285	8,750
Constant (1987) dollars	5,096	5,245	5,397	5,542	5,689	5,836	5,984
Percent change, year over year:							
Current dollars	6.0	5.5	5.7	5.7	5.7	5.7	5.6
Constant (1987) dollars	3.2	2.9	2.9	2.7	2.7	2.6	2.5
Inflation measures (percent change, year/year):							
GDP deflator	2.7	2.5	2.8	2.9	3.0	3.0	3.0
Consumer Price Index (all urban)	3.0	2.8	3.1	3.3	3.3	3.4	3.4
Unemployment rate, civilian (percent) ¹	7.0	6.6	6.2	5.9	5.8	5.5	5.5
Interest rates (percent):							
91-day Treasury bills	3.0	3.3	3.7	4.0	4.3	4.4	4.4
10-year Treasury notes	6.2	5.8	5.8	5.8	5.8	5.8	5.8
MEMORANDUM							
Related programmatic assumptions:							
Automatic benefit increases (percent):							
Social security and veterans pensions (January)	2.6	2.6	3.0	3.2	3.3	3.3	3.4
Federal employee retirement ²	2.6	2.6	3.0	3.2	3.3	3.3	3.4
Food stamps (October)	1.2	2.7	3.1	3.3	3.4	3.4	3.4
Insured unemployment rate	2.7	2.7	2.5	2.4	2.3	2.2	2.2

¹ Corresponds to survey methodology used through December, 1993.

² April in 1994. For civilians, April in 1995 and 1996, January for 1997-99. For military, none in 1995, October for 1996-98, and January for 1999.

sumptions. By using the same economic assumptions for current services and the President's budget, this potential source of confusion is eliminated.

The health care reform proposals in the budget would significantly affect the way the health care industry works in the U.S. These effects would not affect the macroeconomy to such an extent that the budget estimates (which assume enactment of health care reform proposals) require a fundamentally different set of economic assumptions than the baseline estimates (which assume no change in the health care system). Technical consistency between baseline and policy projections for the out-years, however, requires recognition of two economic effects. First, health care cost controls would reduce the annual rate of inflation in the medical care sector by about a percentage point. (This is assumed to be offset outside the medical care sector so that the overall rate of inflation for the macroeconomy is unchanged.) Second, employer costs for contributions for employee health insurance would be reduced, slightly changing the division of total compensation between (taxable) wages and salaries and fringe benefits. Neither of these factors becomes significant before 1997.

These minor exceptions aside, the common set of economic assumptions underlying both the budget and the current service estimates are summarized in the Table 17-2. The economic outlook underlying these assumptions is discussed in greater detail in the Economic Projections section.

Major Programmatic Assumptions

A number of programmatic assumptions must be made in order to calculate the baseline estimates. These include assumptions about the number of beneficiaries who will receive payments from the major benefit programs and annual cost-of-living adjustments in the indexed programs. Assumptions on baseline caseload projections for the major benefit programs are shown in Chapter 15, Review of Direct Spending and Receipts. Assumptions about various automatic cost-of-living adjustments are shown in Table 17-2.

Many other important assumptions must be made in order to calculate the baseline estimates. These include assumptions about the timing and substance of regulations that will be issued over the projection period, which programs that expire under current law are extended and which are allowed to expire, the use of administrative discretion provided under current law, and other assumptions about the way programs operate.

Table 17-3 lists many of these assumptions and their impact on the baseline estimates. It is not intended to be an exhaustive listing; the variety and complexity of Government programs are too great to provide a complete list. Instead, some of the more important assumptions are shown.

TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE
(In millions of dollars)

	1994	1995	1996	1997	1998	1999
REGULATIONS						
Grazing fees:						
Fee increase beginning in 1995 and phased-in over three years to reach fair market value:						
Department of Agriculture		-6	-10	-15	-15	-15
Department of Interior		-12	-15	-17	-14	-14
Subtotal, grazing fees		-18	-25	-32	-29	-29
Foster care:						
Provide 75% enhanced Federal match for States child welfare tracking automated systems in 1994-96, 50% thereafter	56	124	184	111	94	70
Medicare hospital insurance (HI):						
Regulations codifying OBRA93	-1,840	-1,353	-2,172	-3,002	-3,187	NA
Changes to 1994 inpatient hospital payment system		-50	-50	-50	-50	-50
Nursing and allied health payments		2	2	3	3	3
Waiver of liability for certain HHA claims denials		1	1	1	1	1
Medicare supplementary medical insurance (SMI):						
Regulations codifying OBRA93/OBRA90	-742	-3,052	-6,361	-7,984	-9,494	-11,400
Revise Medical economic index (MEI)		-25				
Denial of payment for substandard quality care	-1	-1	-1	-1	-1	-1
Diagnosis code changes on physician's bills	-12	-12	-12	-12	-12	-12
HI and SMI:						
Limit payment to contracting HMOs/CMs/HCPPs		-15	-17	-19	-21	-23
MSP: multiemployer plan exceptions	1	1	1	1	1	1
Application of interest charges to MSP recoveries	-1	-1	-1	-1	-1	-1
Medicaid:						
Regulations codifying OBRA93/OBRA90	14	-712	-1,566	-2,003	-2,158	-2,325
Elimination of the cold bed test for home and community-based waivers	85	110	135	160	190	225
Payment of Medicare cost-sharing for QMBs	760	895	1,055	1,250	1,500	1,725
Protection of income and resources for community spouses of institutionalized individuals	475	520	565	615	660	715
Targeted case management	445	520	660	805	955	1,130
Nursing home reform	460	500	550	600	660	715
Social Security's disability insurance:						
Improve determination accuracy and processing	-34	-73	-121	-163	-211	-211

TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—

Continued

(In millions of dollars)

	1994	1995	1996	1997	1998	1999
Supplemental security income:						
Improve determination accuracy and processing	-19	-43	-62	-81	-100	-100
Veterans compensation:						
Adds multiple myeloma and respiratory cancers to the list of presumptive conditions related to exposure to certain herbicides (most notably Agent Orange)	25	55	65	80	95	110
National Pollutant Discharge Elimination System:						
EPA will collect fees to cover the costs of EPA issued water pollution permits	-126	-135	-156	-169	-183	-194
Ethanol: require use of more ethanol (impact on corn subsidy payments)						
EXPIRING AUTHORIZATIONS						
Commodity credit corporation:						
Extra-long staple cotton program (expires in baseline)				-9	5	
Child nutrition:						
Miscellaneous provisions of Child Nutrition Act (expires in baseline)	9					
Food stamps:						
Nutrition assistance to Puerto Rico (baseline assumes extension beyond 1995 expiration)			1,143	1,143	1,143	1,143
Medicaid (included in baseline):						
Home and community care for frail elderly	52	59				
Community supported living arrangements	18	21				
Family Support Act transition benefits	335	370	405	440	470	
Medicare, HI:						
New authorization for regional payment floor				205	230	255
Medicare dependent small rural hospitals		48	55	60	67	75
HHA cost limits				420	530	570
SNF cost limits			90	180	200	220
Medicare, SMI:						
25% part B premium						1,360
Medicare, HI and SMI:						
MSP for the disabled						1,125
MSP requirements for ESRD						60
IRS/SSA/HCFA MSP data match						140
Medicare and medicaid demonstrations (included in baseline):						
HI:						
Case management	16	11				
Ventilators	9	5				
Heart bypass (CABG)	72	72	54			
Cataract	4	4	3			
Texas nursing facility case-mix	1					
Montana rural health (MAF)	1	1	1	1		
Monroe County (NY) LTC	1	1				
Home health prospective payment	230	274	319	197		
SMI:						
Alzheimer's	13	2				
Home dialysis	1	1				
Municipal health:						
Costs	55	62	70	79	20	
Replacement benefits	50	57	64	72	18	
United Mine Workers capitation (scheduled to end in 1994):						
Costs	166	235	483	507	533	559
Replacement benefits	166	235	483	507	533	559
HI and SMI:						
MIGs:						
Costs	125	150	175	175	200	200
Replacement benefits	125	150	175	175	200	200
AAPCC (scheduled to end in 1995):						
Costs	759	1,072	1,137			
Replacement benefits	759	1,072	1,137			
Multi-state nursing facility case mix	220	450	550	550		
Community Nursing Organization	20	30	30	10		
Medicaid:						
Minnesota voucher	152	168	185			
Uninsured low-income	12	12	6			
Arizona AHCCCS (scheduled to end in 1994):						
Costs	1,006	1,107	1,217	1,339	1,473	1,620
Replacement benefits	1,006	1,107	1,217	1,339	1,473	1,620
Pregnant substance abusers	6	5	2			
Welfare reform	41	49	57	67	6	6
Pregnant women and children expansion	9	2				

TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—
Continued
(In millions of dollars)

	1994	1995	1996	1997	1998	1999
Oregon (scheduled to end in 1999):						
Costs	854	1,323	1,458	1,658	1,865	1,000
Replacement benefits	854	1,323	1,458	1,658	1,865	2,050
Hawaii Health QUEST (scheduled to end in 1999):						
Costs	22	95	107	120	135	113
Replacement benefits	22	95	107	120	135	150
Delaware pediatric	6	15	21	17		
TennCare (scheduled to end in 1999):						
Costs	1,581	2,239	2,411	2,559	2,693	682
Replacement benefits	1,581	2,239	2,411	2,559	2,693	2,728
Kentucky (scheduled to end in 1999):						
Costs	1,652	1,815	1,951	2,059	2,159	1,650
Replacement benefits	1,652	1,815	1,951	2,059	2,159	2,200
SC family planning	2	5	7	7	7	
Rhode Island Rite care	14	60	63	65	68	53
Maryland pediatric care	2	2	2	2	2	
Demonstration proposals under review	10	25	39	49	68	67
Medicare and medicaid:						
SHMOs-Medicare(scheduled to end in 1998)	240	316	400	500	588	694
SHMOs-Medicaid (scheduled to end in 1998)	24	32	40	50	59	70
Social HMO II—Medicare (scheduled to end in 1998)		318	403	503	589	689
Social HMO II—Medicaid (scheduled to end in 1998)		63	80	100	118	138
PACE—Medicare (scheduled to end in 1997)	23	31	46	58	71	99
PACE—Medicaid (scheduled to end in 1997)	37	47	57	68	83	116
On-Lok—Medicare	6	7	8	9	9	10
On-Lok—Medicaid	8	9	11	12	13	13
Federal employee health benefits:						
Modified "phantom Big 6" government premium contribution formula						-144
OTHER IMPORTANT PROGRAM ASSUMPTIONS						
Commodity credit corporation disaster payments:						
Secretary of Agriculture's use of discretionary authority to make a determination of economic loss from damaging weather and provide mandatory disaster payments to farmers (this will reduce farmer uncertainty and is consistent with apparent Congressional intent to provide such assistance)	1,000	1,000	1,000	1,000	1,000	1,000
Wetlands reserve program:						
Enroll 300,000 new acres in 1995 bringing total to over 400,000; reach target of 975,000 acres by the end of 1999	17	97	215	141	103	103
Timber sales:						
Forest service:						
Million board feet timber sale offer	4,635	4,381	4,566	4,566	4,566	4,566
Million board feet harvest	5,565	5,000	4,559	4,508	4,525	4,536
Bureau of Land Management:						
Million board feet timber sale offer	30	240	240	240	240	240
Million board feet harvest	134	164	240	240	240	240
Food stamps:						
General overpayment recovery	-52	-52	-52	-52	-52	-52
Overpayment recovery through tax refund offset		-22	-22	-22	-22	-22
Quality control recoveries	-1			-149	-149	-107
Net effect of matches above the normal program rate	18	2				
Aid to families with dependent children:						
Overpayment recoveries	-72	-73	-74	-74	-74	-74
Quality control recoveries	-61	-51	-39	-38	-39	-39
Net effects of matches above the normal program rate	20					
Child support enforcement:						
Collections of penalties from State audit failures	-8	-10	-10	-10	-10	-10
Foster care:						
Repayments from States due to overpayments for benefits, training, and administrative costs and due to lifting of moratoria placed on collection of past disallowances	-260	-295	-186	-182	-192	-202
Federal Old Age Survivors and Disability Insurance(OASDI)/supplemental security income (SSI)/ hospital insurance (HI):						
Expansion of tax refund offset program to debts previously written off (OASDI/SSI)		-50	-25	-25	-25	-25
Performance of continuing disability reviews under current workload policy (OASDI/HI)			-50	-100	-150	-200
Collections of overpayments:						
OASI	-783	-817	-852	-869	-926	-988
DI	-145	-156	-167	-180	-194	-209
SSI	-290	-334	-379	-422	-465	-513

TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE
Continued
(In millions of dollars)

	1994	1995	1996	1997	1998	1999
Debts written off :						
OASI	79	82	85	89	93	97
DI	97	103	111	120	129	139
SSI	156	180	204	227	250	276
Disability insurance:						
Demonstration projects	4	1	1	1	.....	.....
Interest payments to Treasury for advance tax transfers .....	.....	.....	18	.....	.....	.....
Supplemental security income:						
Payments from States for State supplemental benefits	-3,545	-3,215	-2,900	-3,085	-3,020	-2,950
Payments for States supplemental benefits	3,545	3,215	2,900	3,085	3,020	2,950
Research and demonstration projects	19	7	5	5	5	5
Monitoring of drug addicts and alcoholics	19	36	36	36	36	36
Report SSI entrance into nursing facilities .....	.....	-10	-10	-10	-10	-10
Medicare:						
Payment safeguard activities	-6,006	-6,747	-7,171	-7,791	-8,465	-9,198
Extend time limit on MSP recoveries under certain circumstances	-1	-1	-1	-1	-1	-1
HI and SMI and other collections (anticipated recoveries beyond payment safeguard activities)	-100	-100	-100	-100	-100	-100
Medicaid:						
Financial management recoveries based on audits	-310	-341	-375	-413	-455	-500
Administrative costs for Motor Voter	25	26	28	30	33	36
HHS Inspector General:						
Investigative and audit recoveries	-414	-414	-414	-414	-414	-414
Railroad Retirement Board:						
Improved debt collection	-31	-46	-44	-43	-43	-43
Audit recoveries	-1	-1	-1	-1	-1	-1
Financial interchange correction	-29	-4	-4	-4	-4	-4

Current Services Receipts, Outlays, and Budget Authority

Receipts.—The table below shows baseline receipts by major source. Total receipts are projected to increase by \$92.5 billion from 1994 to 1995 and by \$287.6 billion from 1995 to 1999, largely due to assumed increases in incomes resulting from both real economic growth and inflation and the legislated tax increases provided in the Omnibus Budget Reconciliation Act of 1993 (OBRA93).

Individual income taxes are estimated to increase by \$47.2 billion from 1994 to 1995 under current law. This growth of nine percent is primarily the effect of increased collections resulting from rising personal incomes and the legislated increase in marginal tax rates for high income taxpayers provided in OBRA93. Indi-

vidual income taxes are projected to grow at an annual rate of six percent between 1995 and 1999. These estimates reflect permanent extension of the limitations on itemized deductions and personal exemptions, which had been scheduled to expire on December 31, 1995 and December 31, 1996, respectively, under prior law.

Corporation income taxes under current law are estimated to grow by \$10.3 billion or eight percent from 1994 to 1995, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of three percent from 1995 to 1999. These estimates reflect expiration of the environmental tax on corporate taxable income, which is deposited in the Hazardous Substance Response Superfund and scheduled to expire after December 31, 1995. The estimates also reflect expiration of the re-

TABLE 17-4. BASELINE RECEIPTS BY SOURCE
(In billions of dollars)

	1993 actual	Estimates					
		1994	1995	1996	1997	1998	1999
Individual income taxes	509.7	550.0	597.1	631.0	664.4	699.1	739.7
Corporation income taxes	117.5	130.7	141.0	146.4	150.3	152.9	157.5
Social insurance taxes and contributions	428.3	461.9	492.1	518.7	546.4	576.4	605.1
On-budget	116.4	125.7	135.6	142.3	149.1	156.4	162.5
Off-budget	311.9	336.2	356.6	376.4	397.3	420.0	442.6
Excise taxes	48.1	54.6	55.8	56.6	57.8	58.8	60.2
Other	50.0	52.0	55.6	57.8	60.8	63.9	66.7
Total	1,153.5	1,249.1	1,341.6	1,410.4	1,479.6	1,551.0	1,629.2
On-budget	(841.6)	(913.0)	(985.1)	(1,034.1)	(1,082.3)	(1,131.1)	(1,186.6)
Off-budget	(311.9)	(336.2)	(356.6)	(376.4)	(397.3)	(420.0)	(442.6)

TABLE 17-5. CHANGE IN BASELINE OUTLAYS ESTIMATES BY CATEGORY

(Dollar amounts in billions)

	1994	1995	1999	Change 1994 to 1995		Change 1994 to 1999	
				Amount	Percent	Amount	Annual average rate
Discretionary:							
Defense	279.7	273.0	303.8	-6.8	-2	24.1	2
Nondefense	269.4	276.0	317.3	6.6	2	47.9	3
Subtotal, discretionary	549.1	548.9	621.1	-0.2	-*	72.0	2
Mandatory:							
Deposit insurance	-3.3	-11.1	-3.3	-7.8	235	0.1	-*
Medicaid	87.2	96.4	152.2	9.2	11	65.1	12
Medicare	141.0	155.4	234.7	14.5	10	93.7	11
Federal retirement	81.8	83.5	99.1	1.7	2	17.3	4
Means tested entitlements	91.6	97.7	124.8	6.1	7	33.2	6
Unemployment compensation	26.7	23.0	25.1	-3.7	-14	-1.7	-1
Social Security	317.6	334.6	411.0	17.0	5	93.4	5
Undistributed offsetting receipts	-37.9	-42.7	-42.1	-4.9	13	-4.2	2
Other	26.6	26.8	19.2	0.2	1	-7.3	-6
Subtotal, mandatory	731.3	763.6	1,020.7	32.3	4	289.4	7
Net interest	203.2	213.1	262.9	9.8	5	59.6	5
Total, outlays	1,483.6	1,525.6	1,904.7	41.9	3	421.0	5

* Less than 0.5 percent.

search and experimentation (R&E) tax credit and allocation rules after June 30, 1995 and July 31, 1995, respectively.

Social insurance taxes and contributions are estimated to increase by \$30.2 billion between 1994 and 1995, and by an additional \$113.0 billion between 1995 and 1999. The estimates reflect assumed increases in total wages and salaries paid, scheduled increases in the social security taxable earnings base from \$60,600 in 1994 to \$72,300 in 1999, and the repeal of the medicare taxable earnings base cap effective January 1, 1994. The estimates also reflect expiration of the temporary unemployment surtax of 0.2 percent imposed on employers, which expires on December 31, 1998.

Excise taxes are estimated to increase by \$1.2 billion from 1994 to 1995, in large part due to increased economic activity. Excise taxes are estimated to increase by \$4.4 billion from 1995 to 1999. These estimates reflect extension of the 2.5 cents per gallon tax on gasoline and special motor fuels that had been scheduled to expire on September 30, 1995 under prior law. Excise taxes deposited in the Airport and Airway Trust Fund, the Hazardous Substance Response Superfund, and Leaking Underground Storage Tank Trust Fund, which are all scheduled to expire on December 31, 1995, are assumed to be extended.

Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$14.7 billion from 1994 to 1999.

Outlays.—Current services outlays are estimated to be \$1,483.6 billion in 1994 and \$1,525.6 billion in 1995, a three percent increase. Between 1995 and 1999, they are projected to increase at an average annual rate of five percent. Outlays for discretionary programs decline from \$549.1 billion in 1994 to \$548.9 billion in 1995, reflecting outyear effects of previously enacted reductions for national defense programs. Outlays for

discretionary programs increase each year thereafter, largely reflecting increases in resources to keep pace with inflation, reaching \$621.1 billion by 1999.

Entitlement and other mandatory programs grow from \$731.3 billion in 1994 to \$763.6 billion in 1995, and to \$1,020.7 billion in 1999. Net receipts for deposit insurance increase from \$3.3 billion in 1994 to \$11.1 billion in 1995, and then gradually decline to \$3.3 billion in 1999, reflecting completion of the cleanup of failures and the return to a self-financing system. Other mandatory programs grow from \$734.6 billion in 1994 to \$1,023.9 billion in 1999 due in large part to changes in the number of beneficiaries and to automatic cost-of-living adjustments and other adjustments for inflation. Social security outlays grow from \$317.6 billion in 1994 to \$411.0 billion in 1999, an average annual rate of five percent. The health entitlements are projected to grow at an annual average rate over 11 percent, far outpacing inflation. Other areas of growth include means tested entitlements (annual average growth rate of 6 percent) and Federal retirement programs (annual average growth rate of 4 percent).

Net interest payments to the public also increase substantially, from \$203.2 billion in 1994 to \$262.9 billion in 1999, or an annual average rate of 5 percent. This is mainly a result of the increased borrowing by the Government that is estimated to occur over the period and the assumed rise in short term interest rates from the current historic low levels.

Tables 17-6 and 17-7 show current services outlays by function and by agency, respectively. A more detailed presentation of outlays (by function, subfunction, and program) appears at the end of this chapter.

Budget authority.—Tables 17-8 and 17-9 show current services estimates of budget authority by function and by agency, respectively.

TABLE 17-6. CURRENT SERVICES OUTLAYS BY FUNCTION

(In billions of dollars)

Function	1993 actual	1994 estimate	1995 estimate	1996 estimate	1997 estimate	1998 estimate	1999 estimate
National defense:							
Department of Defense—Military	278.6	266.5	260.4	264.9	271.9	280.4	289.5
Other	12.5	12.5	12.2	12.6	13.0	13.3	13.7
Total, national defense	291.1	279.0	272.6	277.5	284.9	293.1	303.3
International affairs	16.8	18.4	18.9	18.5	19.1	19.9	20.6
General science, space, and technology	17.0	17.3	17.4	18.6	19.2	19.6	20.3
Energy	4.3	5.2	5.1	5.1	5.2	5.4	5.4
Natural resources and environment	20.2	22.3	22.5	23.3	24.0	24.1	24.3
Agriculture	20.4	16.9	13.6	13.5	14.0	14.3	14.5
Commerce and housing credit	-22.7	1.4	-5.4	-8.8	-5.6	-5.4	-4.7
On-budget	(-24.2)	(-0.4)	(-8.7)	(-9.1)	(-5.0)	(-4.3)	(-3.2)
Off-budget	(1.4)	(1.7)	(3.3)	(0.2)	(-0.5)	(-1.1)	(-1.5)
Transportation	35.0	37.6	38.9	41.0	42.6	44.0	45.2
Community and regional development	9.1	9.3	9.1	8.7	8.8	8.7	9.0
Education, training, employment, and social services	50.0	50.8	53.1	51.9	54.4	56.3	58.4
Health	99.4	112.3	122.8	135.9	150.8	167.3	184.5
Medicare	130.6	143.8	158.4	177.4	196.1	215.3	238.3
Income security	207.3	214.6	222.2	232.5	245.5	257.3	271.8
Social Security	304.6	320.5	337.6	356.9	373.0	393.3	414.7
On-budget	(6.2)	(5.8)	(6.6)	(7.0)	(7.4)	(7.9)	(8.4)
Off-budget	(298.3)	(314.7)	(331.0)	(349.9)	(365.6)	(385.4)	(406.3)
Veterans benefits and services	35.7	38.1	38.3	38.1	40.6	41.9	44.4
Administration of justice	15.0	16.5	16.3	17.4	17.8	18.3	19.0
General government	13.0	14.4	13.8	14.7	14.6	14.7	15.2
Net interest	198.8	203.2	213.1	225.4	236.8	249.6	262.9
On-budget	(225.6)	(232.3)	(244.7)	(260.3)	(275.5)	(292.7)	(310.9)
Off-budget	(-26.8)	(-29.1)	(-31.7)	(-34.9)	(-38.8)	(-43.2)	(-48.0)
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	-28.2	-28.2	-28.7	-28.1	-28.3	-29.6	-30.4
Employer share, employee retirement (off-budget)	-6.4	-6.5	-6.8	-7.2	-7.6	-8.3	-8.9
Rents and royalties on the Outer Continental Shelf	-2.8	-2.7	-3.0	-2.7	-2.7	-2.8	-2.8
Other undistributed offsetting receipts		-0.5	-4.3	-4.2	-1.6	-2.0	
Total, Undistributed offsetting receipts	-37.4	-37.9	-42.7	-42.2	-40.3	-42.6	-42.1
On-budget	(-31.0)	(-31.4)	(-36.0)	(-35.0)	(-32.7)	(-34.4)	(-33.2)
Off-budget	(-6.4)	(-6.5)	(-6.8)	(-7.2)	(-7.6)	(-8.3)	(-8.9)
Total	1,408.2	1,483.6	1,525.6	1,605.3	1,701.3	1,795.6	1,904.7
On-budget	(1,141.6)	(1,202.8)	(1,229.7)	(1,297.3)	(1,382.7)	(1,462.8)	(1,556.8)
Off-budget	(266.6)	(280.9)	(295.8)	(308.0)	(318.6)	(332.9)	(347.9)

Change in Estimates Since the 1994 Budget.—The baseline deficit for 1994 in the 1994 Budget (April 1993) was \$302 billion, \$67 billion above the current estimate of \$235 billion. Since that time, the Congress completed action on a deficit reduction package that achieved over \$500 billion in savings over 5 years. This package, along with appropriations action and other policy changes, reduced the 1994 deficit, on net, by \$37 billion. Of this reduction, about \$31 billion was from receipts and direct spending changes included in OBRA93. Appropriations action reduced discretionary spending by about \$7 billion below last year's baseline level. Other

legislation, largely the emergency extension of extended unemployment benefits, increased the 1994 deficit, on net, by \$3 billion. Remaining savings, roughly \$2 billion, were from related reductions in debt service costs and other policy changes. Changes in economic assumptions and technical factors reduced the projected 1994 deficit by an additional \$30 billion.

Current Services Outlays and Budget Authority by Function and Program.—Tables 17-10 and 17-11 present current services budget authority and outlays, respectively, in function order, with subfunction and program level detail.

TABLE 17-7. CURRENT SERVICES OUTLAYS BY AGENCY

(In billions of dollars)

Agency	1993 actual	1994 estimate	1995 estimate	1996 estimate	1997 estimate	1998 estimate	1999 estimate
Cabinet Agencies:							
Agriculture	63.1	64.9	61.5	63.0	65.4	66.5	68.2
Commerce	2.8	3.2	3.5	3.7	4.0	4.3	4.3
Defense—Military	278.6	266.6	260.5	264.9	271.9	280.4	289.5
Education	30.3	28.7	29.6	27.3	29.2	30.1	31.2
Energy	16.9	17.4	16.9	17.8	18.3	18.8	19.5
Health and Human Services	581.1	631.4	675.2	727.8	780.1	840.0	906.2
On-budget	(282.8)	(316.8)	(344.2)	(377.9)	(414.5)	(454.6)	(499.9)
Off-budget	(298.3)	(314.7)	(331.0)	(349.9)	(365.6)	(385.4)	(406.3)
Housing and Urban Development	25.2	26.4	28.3	29.3	30.0	31.1	32.8
Interior	6.8	7.3	7.4	7.7	8.0	8.3	8.6
Justice	10.2	10.8	10.4	11.3	11.3	11.7	12.0
Labor	44.7	37.1	34.2	35.3	36.0	36.6	38.2
State	5.2	5.1	5.3	5.5	5.7	5.9	6.1
Transportation	34.5	36.7	37.8	39.8	41.3	42.6	43.7
Treasury	298.8	309.0	328.4	347.2	366.0	385.4	405.4
Veterans Affairs	35.5	37.9	38.2	38.0	40.4	41.7	44.2
Major Agencies:							
Corps of Engineers, Military Retirement and Other Defense	29.3	31.0	31.4	32.6	34.0	35.5	37.9
Environmental Protection Agency	5.9	6.6	6.6	6.8	7.0	7.2	7.2
Executive Office Of the President	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds Appropriated to the President	11.2	11.5	12.1	11.3	11.4	11.8	12.2
General Services Administration	0.7	1.1	0.6	0.8	0.5	*	-0.2
The Judiciary	2.6	2.9	2.9	3.0	3.2	3.3	3.4
Legislative Branch	2.4	2.8	2.8	2.9	3.0	3.1	3.2
National Aeronautics and Space Administration	14.3	14.2	14.8	15.5	15.9	16.4	16.9
Office of Personnel Management	36.8	38.1	40.2	42.3	44.5	47.2	49.6
Small Business Administration	0.8	0.6	0.4	0.5	0.6	0.6	0.6
All Other Agencies	-10.0	15.7	8.9	5.6	10.7	12.1	13.6
On-budget	(-11.5)	(13.9)	(5.7)	(5.4)	(11.2)	(13.2)	(15.1)
Off-budget	(1.4)	(1.7)	(3.3)	(0.2)	(-0.5)	(-1.1)	(-1.5)
Undistributed Offsetting Receipts	-119.7	-123.7	-132.4	-134.7	-137.6	-145.1	-149.9
On-budget	(-86.5)	(-88.2)	(-94.0)	(-92.6)	(-91.2)	(-93.7)	(-93.0)
Off-budget	(-33.2)	(-35.5)	(-38.4)	(-42.1)	(-46.4)	(-51.4)	(-56.9)
Total	1,408.2	1,483.6	1,525.6	1,605.3	1,701.3	1,795.6	1,904.7
On-budget	(1,141.6)	(1,202.8)	(1,229.7)	(1,297.3)	(1,382.7)	(1,462.8)	(1,556.8)
Off-budget	(266.6)	(280.9)	(295.8)	(308.0)	(318.6)	(332.9)	(347.9)

* \$50 million or less.

TABLE 17-8. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(In billions of dollars)

Function	1993 actual	1994 estimate	1995 estimate	1996 estimate	1997 estimate	1998 estimate	1999 estimate
National defense:							
Department of Defense—Military	267.2	248.7	257.7	266.6	276.2	286.1	296.4
Other	13.9	12.0	12.3	12.7	13.1	13.6	14.0
Total, national defense	281.1	260.6	270.0	279.3	289.3	299.7	310.4
International affairs	32.3	18.6	19.2	18.3	19.0	19.9	20.9
General science, space, and technology	17.2	17.6	18.1	18.7	19.3	19.9	20.6
Energy	8.3	5.1	5.2	6.4	6.2	6.0	6.2
Natural resources and environment	21.6	21.9	23.0	23.7	24.4	24.6	25.1
Agriculture	19.1	16.2	13.7	13.4	13.2	13.3	13.6
Commerce and housing credit	9.9	28.2	11.2	8.1	5.3	5.7	3.8
On-budget	(7.7)	(24.0)	(5.9)	(6.0)	(5.0)	(4.1)	(3.8)
Off-budget	(2.2)	(4.3)	(5.3)	(2.1)	(0.3)	(1.6)	*
Transportation	40.4	41.4	41.8	42.4	45.2	46.7	48.3
Community and regional development	10.2	8.3	8.6	8.9	9.1	9.4	9.8
Education, training, employment, and social services	52.8	53.4	55.0	53.7	56.9	59.4	61.7
Health	108.6	116.1	117.1	137.1	152.3	168.5	185.6
Medicare	124.8	150.7	158.4	177.9	195.8	215.2	238.9
Income security	214.8	215.5	221.6	242.3	256.0	267.5	281.4
Social Security	306.3	322.0	339.3	357.4	376.7	397.2	418.7
On-budget	(6.2)	(5.8)	(6.6)	(7.0)	(7.4)	(7.9)	(8.4)
Off-budget	(300.1)	(316.2)	(332.6)	(350.4)	(369.3)	(389.3)	(410.3)
Veterans benefits and services	36.3	36.7	38.5	39.7	40.8	42.0	44.4
Administration of justice	15.2	15.9	16.4	16.9	17.6	18.3	19.1
General government	13.2	13.8	14.1	14.9	15.7	16.5	17.4
Net interest	198.8	203.2	213.1	225.4	236.8	249.6	262.9
On-budget	(225.6)	(232.3)	(244.7)	(260.3)	(275.5)	(292.7)	(310.9)
Off-budget	(-26.8)	(-29.1)	(-31.7)	(-34.9)	(-38.8)	(-43.2)	(-48.0)
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	-28.2	-28.2	-28.7	-28.1	-28.3	-29.6	-30.4
Employer share, employee retirement (off-budget)	-6.4	-6.5	-6.8	-7.2	-7.6	-8.3	-8.9
Rents and royalties on the Outer Continental Shelf	-2.8	-2.7	-3.0	-2.7	-2.7	-2.8	-2.8
Other undistributed offsetting receipts .....	.....	-0.5	-4.3	-4.2	-1.6	-2.0	.....
Total, Undistributed offsetting receipts	-37.4	-37.9	-42.7	-42.2	-40.3	-42.6	-42.1
On-budget	(-31.0)	(-31.4)	(-36.0)	(-35.0)	(-32.7)	(-34.4)	(-33.2)
Off-budget	(-6.4)	(-6.5)	(-6.8)	(-7.2)	(-7.6)	(-8.3)	(-8.9)
Total	1,473.6	1,507.3	1,541.5	1,642.5	1,739.3	1,836.7	1,946.6
On-budget	(1,204.4)	(1,222.4)	(1,242.0)	(1,332.1)	(1,416.1)	(1,497.3)	(1,593.1)
Off-budget	(269.1)	(284.9)	(299.5)	(310.4)	(323.2)	(339.4)	(353.4)

* \$50 million or less.

TABLE 17-9. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(In billions of dollars)

Agency	1993 actual	1994 estimate	1995 estimate	1996 estimate	1997 estimate	1998 estimate	1999 estimate
Cabinet Agencies:							
Agriculture	67.9	65.2	63.4	65.2	67.1	68.0	69.7
Commerce	3.2	3.6	3.9	4.0	4.2	4.4	4.5
Defense—Military	267.4	248.7	257.7	266.6	276.2	286.1	296.4
Education	31.5	28.8	30.7	28.6	31.0	32.4	33.7
Energy	17.7	17.0	17.5	18.3	18.8	19.4	20.1
Health and Human Services	586.7	643.9	669.8	729.5	784.1	844.4	911.5
On-budget	(286.6)	(327.8)	(337.2)	(379.0)	(414.8)	(455.2)	(501.1)
Off-budget	(300.1)	(316.2)	(332.6)	(350.4)	(369.3)	(389.3)	(410.3)
Housing and Urban Development	26.5	25.9	26.7	36.8	39.1	40.3	41.7
Interior	6.9	7.5	7.6	7.9	8.2	8.5	8.8
Justice	10.5	10.3	10.4	10.8	11.2	11.7	12.1
Labor	46.9	38.6	35.3	36.2	37.0	37.4	39.0
State	5.3	5.0	5.2	5.4	5.6	5.9	6.1
Transportation	40.0	40.2	40.5	41.1	43.9	45.4	46.9
Treasury	300.5	309.9	329.4	348.1	367.1	386.5	406.4
Veterans Affairs	36.0	36.5	38.3	39.5	40.6	41.8	44.2
Major Agencies:							
Corps of Engineers, Military Retirement and Other Defense	29.9	30.7	31.4	32.7	34.1	35.5	37.9
Environmental Protection Agency	6.7	6.4	6.6	6.9	7.1	7.4	7.7
Executive Office Of the President	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds Appropriated to the President	24.8	11.3	11.3	9.8	10.1	10.5	11.2
General Services Administration	0.6	0.7	0.9	1.2	1.4	1.6	1.8
The Judiciary	2.6	2.8	3.0	3.1	3.2	3.3	3.5
Legislative Branch	2.6	2.7	2.8	2.9	3.0	3.1	3.3
National Aeronautics and Space Administration	14.3	14.6	15.0	15.5	16.0	16.5	17.1
Office of Personnel Management	39.3	40.2	42.1	44.2	46.9	49.4	51.8
Small Business Administration	1.2	0.8	0.8	0.8	0.8	0.9	0.9
All Other Agencies	24.1	39.6	23.4	22.1	19.8	21.1	20.0
On-budget	(21.8)	(35.3)	(18.1)	(20.1)	(19.5)	(19.5)	(20.0)
Off-budget	(2.2)	(4.3)	(5.3)	(2.1)	(0.3)	(1.6)	*
Undistributed Offsetting Receipts	-119.7	-123.7	-132.4	-134.7	-137.6	-145.1	-149.9
On-budget	(-86.5)	(-88.2)	(-94.0)	(-92.6)	(-91.2)	(-93.7)	(-93.0)
Off-budget	(-33.2)	(-35.5)	(-38.4)	(-42.1)	(-46.4)	(-51.4)	(-56.9)
Total	1,473.6	1,507.3	1,541.5	1,642.5	1,739.3	1,836.7	1,946.6
On-budget	(1,204.4)	(1,222.4)	(1,242.0)	(1,332.1)	(1,416.1)	(1,497.3)	(1,593.1)
Off-budget	(269.1)	(284.9)	(299.5)	(310.4)	(323.2)	(339.4)	(353.4)

* \$50 million or less.

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
050 National defense:							
051 Department of Defense—Military	267,194	248,675	257,708	266,628	276,194	286,113	296,413
053 Atomic energy defense activities	12,059	10,877	11,201	11,545	11,911	12,289	12,679
054 Defense-related activities	1,823	1,074	1,119	1,166	1,214	1,263	1,314
Total, National defense	281,076	260,626	270,028	279,339	289,319	299,666	310,406
150 International affairs:							
151 International development and humanitarian assistance:							
Agency for International Development	2,986	2,765	2,857	2,950	3,048	3,150	3,255
Assistance for New Independent States of Former Soviet Union	1,018	1,510	1,554	1,601	1,650	1,701	1,754
Multilateral development banks (MDB's)	1,583	1,478	1,521	1,566	1,615	1,665	1,716
Food aid	1,573	1,511	1,540	1,587	1,636	1,687	1,739
Refugee programs	670	720	741	763	787	812	837
Voluntary contributions to international organizations	320	361	371	382	394	406	419
Peace Corps	220	220	229	238	248	258	268
Other programs	589	512	639	519	530	542	553
Credit liquidating accounts	-1,014	-572	-510	-361	-286	-240	-212
Offsetting receipts	-939	-710	-618	-549	-516	-472	-432
Subtotal, International development and humanitarian assistance	7,007	7,796	8,325	8,696	9,106	9,509	9,898
152 International security assistance:							
Non-proliferation and disarmament fund		10	10	11	11	11	12
Foreign military financing grants and loans	3,382	3,196	3,289	3,388	3,493	3,601	3,713
Economic support fund	2,676	2,162	2,224	2,291	2,362	2,435	2,511
Other programs	90	96	100	103	106	109	113
Foreign military financing repayment	-469	-574	-628	-726	-731	-632	-606
Foreign military financing liquidating account	-204	-235	-286	-245	-230	-230	-223
Subtotal, International security assistance	5,475	4,655	4,710	4,821	5,011	5,294	5,519
153 Conduct of foreign affairs:							
State Department salaries and expenses	2,164	2,112	2,198	2,287	2,383	2,483	2,587
Foreign buildings	560	400	413	427	441	456	472
Contributions to International Organizations (UN)	913	861	886	912	941	970	1,000
Contributions to International Peacekeeping (UN)	460	402	413	426	439	452	466
Other programs	229	184	191	198	206	214	223
Subtotal, Conduct of foreign affairs	4,327	3,958	4,101	4,250	4,410	4,576	4,748
154 Foreign information and exchange activities:							
U.S. Information Agency	1,190	1,144	1,184	1,227	1,272	1,319	1,368
Board for International Broadcasting	40	210	216	223	230	237	244
Other programs	18	17	18	18	19	20	20
Subtotal, Foreign information and exchange activities	1,248	1,371	1,418	1,468	1,520	1,575	1,632
155 International financial programs:							
Export-Import Bank	751	1,018	1,027	1,041	1,068	1,098	1,132
International monetary fund	14,653						
Foreign military sales trust fund (net)	87	1,280	740	-1,170	-1,460	-1,710	-1,690
Special defense acquisition fund	-193	-266	-282	-220	-166	-106	-30
Credit liquidating account (Exim)	-923	-1,125	-766	-454	-348	-225	-224
Offsetting receipts	-100	-102	-104	-106	-108	-110	-112
Subtotal, International financial programs	14,275	805	615	-909	-1,014	-1,054	-925
156 International cooperation:							
Multilateral development banks (MDB's)			56				
Other programs			-*	-*	-*	-*	-*
Subtotal, International cooperation			56	-*	-*	-*	-*
Total, International affairs	32,333	18,585	19,225	18,326	19,032	19,900	20,872
250 General science, space, and technology:							
251 General science and basic research:							
National Science Foundation programs	2,702	2,995	3,083	3,176	3,276	3,378	3,484

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Department of Energy general science programs	1,471	1,615	1,662	1,712	1,766	1,821	1,877
Subtotal, General science and basic research	4,173	4,610	4,745	4,889	5,041	5,199	5,362
252 Space flight, research, and supporting activities:							
Research and program development	1,320	1,304	1,367	1,433	1,504	1,578	1,655
Space flight control and data communications	5,059	4,854	4,994	5,144	5,304	5,468	5,637
Construction of facilities	462	306	315	324	334	344	355
Research and development	6,208	6,502	6,691	6,892	7,105	7,325	7,553
Other	15	15	16	17	18	19	19
Subtotal, Space flight, research, and supporting activities	13,064	12,980	13,383	13,810	14,264	14,734	15,220
Total, General science, space, and technology	17,236	17,591	18,129	18,699	19,306	19,933	20,582
270 Energy:							
271 Energy supply:							
Research and development	3,457	3,882	3,997	4,120	4,251	4,386	4,525
Naval petroleum reserves	-220	-211	-190	-190	-192	-164	-125
Federal power marketing	37	-400	-320	-67	-71	-140	-168
Tennessee Valley Authority	3,409	1,334	1,056	1,841	1,419	1,094	1,033
Uranium enrichment	437	177	182	188	194	200	207
Uranium enrichment decontamination and decommissioning fund ...		286	295	303	313	323	333
Nuclear waste program	275	261	269	277	266	274	283
Nuclear waste fund receipts	-437	-391	-551	-585	-591	-592	-600
Subsidies for nonconventional fuel production	-56	-9	-4	-2	-2	-2	-2
Rural electric and telephone lines	250	122	131	145	146	153	159
Isotopes	5	4	4	4	4	4	5
Credit liquidating account (REA)	247	-1,263	-955	-964	-957	-976	-985
Subtotal, Energy supply	7,404	3,792	3,914	5,070	4,781	4,560	4,664
272 Energy conservation	561	673	693	715	738	762	786
274 Emergency energy preparedness	60	216	222	229	237	244	252
276 Energy information, policy, and regulation:							
Nuclear Regulatory Commission (NRC)	33	22	23	24	25	27	28
Other energy programs	207	364	371	394	411	428	446
Subtotal, Energy information, policy, and regulation	240	386	394	418	436	455	474
Total, Energy	8,264	5,067	5,224	6,433	6,192	6,020	6,176
300 Natural resources and environment:							
301 Water resources:							
Corps of Engineers	4,021	4,197	4,355	4,489	4,647	4,780	4,921
Bureau of Reclamation	911	944	968	1,029	1,050	1,085	1,097
Other	333	359	372	385	399	413	428
Offsetting receipts	-464	-472	-474	-486	-538	-514	-466
Subtotal, Water resources	4,801	5,029	5,220	5,417	5,558	5,764	5,980
302 Conservation and land management:							
Forest Service	2,995	2,902	2,960	3,047	3,147	3,220	3,373
Management of public lands (BLM)	907	966	1,002	1,043	1,086	1,130	1,177
Federal land acquisition	28	12	13	13	13	14	14
Mining reclamation and enforcement	300	302	312	322	334	345	358
Conservation reserve program	1,547	1,743	1,772	1,806	1,741	1,061	622
Other conservation of agricultural lands	860	932	1,178	1,039	1,068	1,119	1,162
Other	356	371	385	399	415	431	448
Offsetting receipts	-2,218	-2,379	-2,351	-2,429	-2,492	-2,511	-2,553
Subtotal, Conservation and land management	4,775	4,849	5,271	5,240	5,311	4,809	4,600
303 Recreational resources:							
Federal land acquisition	257	242	280	287	296	304	313
Urban park and historic preservation funds	42	45	46	48	49	51	52
Operation of recreational resources	2,509	2,638	2,745	2,936	3,050	3,121	3,262

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Offsetting receipts	-204	-223	-261	-276	-285	-293	-301
Subtotal, Recreational resources	2,604	2,702	2,810	2,995	3,110	3,183	3,326
304 Pollution control and abatement:							
Regulatory, enforcement, and research programs	2,712	2,600	2,717	2,815	2,920	3,029	3,142
Hazardous substance superfund	1,589	1,497	1,545	1,596	1,651	1,707	1,765
Oil pollution funds (gross)	165	153	156	159	162	166	169
Water infrastructure financing	2,550	2,477	2,549	2,625	2,707	2,791	2,877
Leaking underground storage tank trust fund	84	76	78	81	83	86	89
Superfund recoveries and other	-191	-236	-248	-224	-200	-176	-151
Subtotal, Pollution control and abatement	6,908	6,568	6,798	7,053	7,324	7,603	7,892
306 Other natural resources:							
Program activities	2,566	2,769	2,878	2,989	3,109	3,234	3,364
Offsetting receipts	-19	-18	-19	-19	-19	-19	-19
Subtotal, Other natural resources	2,547	2,750	2,860	2,970	3,090	3,215	3,346
Total, Natural resources and environment	21,636	21,897	22,959	23,676	24,393	24,574	25,145
350 Agriculture:							
351 Farm income stabilization:							
Commodity Credit Corporation	14,570	11,455	9,563	8,479	9,019	8,942	8,896
Crop insurance	286	236	219	219	219	219	219
Agricultural credit insurance	427	491	492	510	529	549	570
Emergency food assistance program	165	120	124	127	131	135	139
Other	1,085	1,031	1,064	1,100	1,138	1,177	1,218
Credit liquidating accounts (ACIF & FAC)	-70	50	-623	-731	-912	-863	-767
Subtotal, Farm income stabilization	16,464	13,383	10,838	9,704	10,123	10,159	10,276
352 Agricultural research and services:							
Research programs	1,139	1,185	1,219	2,001	1,271	1,311	1,352
Extension programs	428	435	448	461	476	491	506
Marketing programs	191	191	194	197	203	208	213
Animal and plant health programs	459	469	483	497	512	528	544
Economic intelligence	143	140	146	153	159	167	174
Other programs and unallocated overhead	429	505	522	542	563	585	607
Offsetting receipts	-130	-117	-114	-113	-110	-109	-109
Subtotal, Agricultural research and services	2,660	2,808	2,897	3,738	3,074	3,180	3,288
Total, Agriculture	19,124	16,191	13,736	13,441	13,198	13,339	13,564
370 Commerce and housing credit:							
371 Mortgage credit:							
Mortgage credit (FHA)	287	11	191	200	209	218	228
Rural housing programs	1,081	1,170	1,153	1,193	1,236	1,280	1,325
Federal housing enterprise oversight and other			-6	-6	-6	-6	-6
Credit liquidating accounts	934	1,478	904	560	40	-660	-1,015
Subtotal, Mortgage credit	2,302	2,659	2,243	1,947	1,478	832	532
372 Postal service:							
Payments to the Postal Service fund (On-budget)	161	130	132	134	137	140	143
Postal service (Off-budget)	2,239	4,282	5,349	2,057	311	1,579	6
Subtotal, Postal service	2,400	4,412	5,481	2,191	448	1,719	149
373 Deposit insurance:							
Resolution Trust Corporation Fund		18,315					
FSLIC Resolution Fund	2,428	396	827				
Savings Association Insurance Fund				1,174	452	142	
Discretionary	34	34	36	38	40	42	44
Subtotal, Deposit insurance	2,462	18,745	863	1,212	492	184	44
376 Other advancement of commerce:							
Small and minority business assistance	815	624	645	667	690	715	740
Science and technology	413	546	565	585	606	629	652

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Economic and demographic statistics	344	284	296	309	323	337	352
Payments to copyright owners	213	250	250	260	270	280	290
Regulatory agencies	341	230	238	251	261	275	290
International trade and other business promotion	367	479	659	682	706	732	758
Credit liquidating accounts	250	8	3	.....	.....	.....	.....
Subtotal, Other advancement of commerce	2,743	2,420	2,655	2,753	2,857	2,967	3,082
Total, Commerce and housing credit	9,906	28,235	11,242	8,103	5,275	5,702	3,807
On-budget	(7,667)	(23,953)	(5,892)	(6,046)	(4,964)	(4,123)	(3,801)
Off-budget	(2,239)	(4,282)	(5,349)	(2,057)	(311)	(1,579)	(6)
400 Transportation:							
401 Ground transportation:							
Highways	21,129	21,064	20,971	20,948	20,961	21,610	22,280
Highway safety	395	420	428	434	446	455	464
Mass transit	3,867	4,629	4,534	4,474	6,552	6,756	6,966
Railroads	1,052	1,118	1,148	1,205	1,239	1,279	1,320
Regulation (ICC)	44	45	47	49	51	53	56
Offsetting receipts	-42	-44	-45	-6	-6	-6	-6
Subtotal, Ground transportation	26,446	27,233	27,082	27,103	29,243	30,147	31,079
402 Air transportation:							
Airports and airways (FAA)	9,112	8,645	8,974	9,318	9,685	10,067	10,466
Aeronautical research and technology	1,245	1,571	1,623	1,678	1,737	1,798	1,861
Payments to air carriers	39	39	39	39	39	39	39
Subtotal, Air transportation	10,396	10,254	10,636	11,034	11,460	11,904	12,365
403 Water transportation:							
Marine safety and transportation	3,202	3,538	3,652	3,797	4,065	4,237	4,396
Ocean shipping	163	184	171	177	182	187	192
Panama Canal Commission .....	.....	1	6	1	-2	-1	1
Offsetting receipts	-78	-87	-99	-102	-103	-104	-104
Subtotal, Water transportation	3,287	3,635	3,730	3,872	4,143	4,319	4,485
407 Other transportation:							
Miscellaneous programs	324	353	387	386	400	414	430
Offsetting receipts	-24	-36	-36	-37	-38	-38	-39
Subtotal, Other transportation	299	317	350	349	362	376	390
Total, Transportation	40,428	41,440	41,798	42,358	45,208	46,746	48,318
450 Community and regional development:							
451 Community development:							
Community development block grants	4,243	4,400	4,528	4,663	4,808	4,957	5,111
Pennsylvania Avenue Development Corporation	15	14	15	15	16	16	17
Other	590	177	418	436	451	468	487
Subtotal, Community development	4,848	4,591	4,960	5,115	5,275	5,442	5,615
452 Area and regional development:							
Rural development	732	868	892	920	950	981	1,014
Economic development assistance	333	351	361	373	385	397	410
Indian programs	1,467	1,612	1,644	1,634	1,664	1,697	1,736
Appalachian Regional Commission	195	254	261	269	277	286	294
Tennessee Valley Authority	135	140	146	152	159	166	173
Credit liquidating accounts	513	316	75	136	74	61	106
Offsetting receipts	-455	-412	-389	-347	-333	-322	-322
Subtotal, Area and regional development	2,919	3,129	2,989	3,138	3,175	3,266	3,412
453 Disaster relief and insurance:							
Small business disaster loans	148	171	176	181	187	193	199
Disaster relief	2,027	292	300	309	319	329	339
National flood insurance fund .....	.....	4	.....	.....	.....	.....	.....

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Other	212	145	161	168	174	181	188
Subtotal, Disaster relief and insurance	2,387	612	638	658	680	703	726
Total, Community and regional development	10,154	8,332	8,588	8,911	9,130	9,410	9,753
500 Education, training, employment, and social services:							
501 Elementary, secondary, and vocational education:							
Education reform		155	160	164	170	175	180
School improvement programs	1,531	1,377	1,417	1,459	1,504	1,551	1,599
Education for the disadvantaged	6,709	6,924	7,125	7,339	7,567	7,801	8,043
Special education	2,966	3,109	3,199	3,295	3,397	3,502	3,611
Impact aid	840	798	821	846	872	899	927
Vocational and adult education	1,481	1,488	1,531	1,577	1,626	1,676	1,728
Indian education programs	535	579	599	620	643	666	691
Other	152	247	254	261	269	278	286
Subtotal, Elementary, secondary, and vocational education	14,214	14,677	15,106	15,562	16,048	16,548	17,065
502 Higher education:							
Student financial assistance	7,920	8,023	8,256	8,504	8,767	9,039	9,319
Family education loan program	2,647	2,441	1,919	1,339	1,224	1,173	1,108
Higher education	838	894	920	947	977	1,007	1,038
Federal direct loan program	10	298	694	1,262	1,418	1,894	2,293
Other	289	290	298	320	332	344	353
Credit liquidating account (Family education loan program)	3,055	-443	756	-2,118	-674	-604	-616
Subtotal, Higher education	14,759	11,503	12,842	10,253	12,045	12,853	13,494
503 Research and general education aids	2,119	2,158	2,243	2,333	2,418	2,507	2,599
504 Training and employment:							
Training and employment services	4,614	5,014	5,160	5,317	5,483	5,655	5,832
Trade adjustment assistance	80	76	101	102	92	103	80
Older Americans employment	396	410	422	435	449	462	477
Payments to States for AFDC work programs	1,000	1,100	1,300	1,000	1,000	1,000	1,000
Federal-State employment service	1,181	1,254	1,294	1,333	1,376	1,419	1,464
Other	77	93	97	101	106	110	115
Subtotal, Training and employment	7,347	7,946	8,375	8,289	8,505	8,750	8,968
505 Other labor services	933	949	988	1,031	1,076	1,123	1,172
506 Social services:							
National service initiative	202	577	653	802	888	988	1,103
Family support and preservation		60	150	225	240	255	270
Social services block grant	2,800	3,800	2,800	2,800	2,800	2,800	2,800
Community services block grant	441	464	478	492	507	523	539
Rehabilitation services	2,183	2,297	2,362	2,432	2,510	2,590	2,677
Payments to States for foster care and adoption assistance	2,924	2,993	3,441	4,000	4,249	4,654	5,079
Children and families services programs	3,659	4,237	4,362	4,495	4,637	4,783	4,934
Aging services program	839	871	897	924	953	983	1,014
Interim assistance to States for legalization	326	812	243				
Other social services	15	16	16	17	17	18	19
Subtotal, Social services	13,387	16,127	15,401	16,188	16,801	17,594	18,436
Total, Education, training, employment, and social services	52,760	53,360	54,956	53,655	56,894	59,375	61,734
550 Health:							
551 Health care services:							
Medicaid grants	82,596	89,077	89,238	108,191	121,488	136,338	152,235
Health insurance earned income credit	650	373					
Federal employees' health benefits (FEHB)	4,149	3,805	4,211	4,646	5,276	5,757	6,062
Coal miners retirees health benefits	161	239	236	233	229	226	222
Indian health	1,868	1,947	2,094	2,087	2,159	2,239	2,321
Substance abuse and mental health services	2,039	2,150	2,213	2,280	2,352	2,426	2,502
Other health care services	4,176	4,936	5,078	5,227	5,400	5,578	5,767
Subtotal, Health care services	95,638	102,528	103,069	122,664	136,905	152,563	169,109

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
552 Health research and training:							
National Institutes of Health	10,335	10,965	11,299	11,653	12,031	12,420	12,823
DoD breast cancer and other health research	210						
Clinical training	353	358	382	381	380	380	378
Other research and training	264	309	320	332	344	358	371
Subtotal, Health research and training	11,161	11,632	12,001	12,366	12,756	13,158	13,573
554 Consumer and occupational health and safety:							
Food safety and inspection	494	517	543	571	1,071	1,119	1,172
Other consumer safety	830	913	951	991	1,033	1,078	1,124
Occupational safety and health	493	505	526	548	571	595	620
Subtotal, Consumer and occupational health and safety	1,817	1,935	2,020	2,110	2,676	2,792	2,917
Total, Health	108,616	116,095	117,090	137,140	152,336	168,513	185,598
570 Medicare:							
571 Medicare:							
Hospital insurance (HI)	89,076	102,779	112,173	123,943	135,017	147,716	162,247
Supplementary medical insurance (SMI)	49,735	58,545	66,254	73,885	82,083	91,315	102,027
Medicare premiums and collections	-14,054	-10,592	-20,056	-19,914	-21,348	-23,859	-25,372
Total, Medicare	124,757	150,733	158,371	177,913	195,753	215,172	238,902
600 Income security:							
601 General retirement and disability insurance (excluding social security):							
Railroad retirement	4,192	4,654	4,661	4,742	4,761	4,773	4,849
Special benefits for disabled coal miners	1,308	1,388	1,334	1,282	1,246	1,207	1,166
Other	179	202	200	209	219	228	239
Subtotal, General retirement and disability insurance (excluding social security)	5,678	6,245	6,195	6,233	6,226	6,208	6,254
602 Federal employee retirement and disability:							
Civilian retirement and disability programs	35,502	36,753	38,268	39,901	42,076	44,091	46,222
Military retirement	25,823	26,513	27,200	28,322	29,560	30,891	33,080
Federal employees workers' compensation (FECA)	288	278	275	306	336	358	367
Federal employees life insurance fund	12	2	19	21	23	26	29
Subtotal, Federal employee retirement and disability	61,625	63,546	65,761	68,550	71,995	75,366	79,697
603 Unemployment compensation	38,164	29,195	25,540	26,123	26,605	26,754	27,979
604 Housing assistance:							
Subsidized housing including section 8	15,623	14,591	14,675	24,626	26,786	27,686	28,704
Public housing	2,342	2,721	2,747	2,828	2,914	3,003	3,094
Supportive housing program	150	334	344	354	365	376	388
Emergency shelter grants	50	115	118	122	126	130	134
Home investment partnerships program	1,232	1,275	1,312	1,351	1,393	1,436	1,481
Shelter plus care	267	124	127	131	135	139	144
Community partnerships against crime	175	265	273	281	290	299	308
Youthbuild program	40						
HOPE grants	271	-141					
Revitalization of distressed public housing	300	778	801	825	850	877	904
Rural housing assistance	513	546	562	579	597	615	634
Other housing assistance	213	413	502	519	538	557	578
Subtotal, Housing assistance	21,177	21,021	21,460	31,616	33,994	35,118	36,368
605 Food and nutrition assistance:							
Food stamps	27,064	27,046	27,674	28,612	29,689	30,685	31,692
Nutrition assistance for Puerto Rico	1,040	1,079	1,143	1,143	1,143	1,143	1,143
Child nutrition and special milk	6,841	7,517	7,407	8,245	8,822	9,423	10,073
Special supplemental food program for women, infants, and children (WIC)	2,860	3,210	3,303	3,402	3,508	3,616	3,728
Other nutrition programs	1,211	1,124	1,097	1,057	1,079	1,101	1,125
Subtotal, Food and nutrition assistance	39,016	39,976	40,624	42,459	44,240	45,968	47,761

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
609 Other income security:							
Supplemental security income (SSI)	22,568	27,334	27,356	28,926	31,378	34,965	38,613
Family support payments	15,695	16,173	16,962	17,510	18,232	18,904	19,739
Earned income tax credit (EITC)	8,781	10,036	15,797	18,932	21,456	22,368	23,167
Refugee assistance	381	400	412	424	437	451	465
Low income home energy assistance	1,346	1,437	1,479	1,523	1,571	1,619	1,670
Payments to states for day-care assistance	893	893	919	946	975	1,006	1,037
Other	226	170	173	185	193	202	211
SSI offsetting receipts	-735	-922	-1,047	-1,147	-1,350	-1,477	-1,609
Subtotal, Other income security	49,154	55,521	62,050	67,300	72,894	78,038	83,291
Total, Income security	214,815	215,502	221,631	242,281	255,953	267,453	281,350
650 Social Security:							
651 Social security:							
Old-age and survivors insurance (OASI)	271,282	283,845	297,076	311,459	326,662	342,739	359,707
Disability insurance (DI)	35,060	38,135	42,192	45,986	50,089	54,458	59,054
Social security interfunas	-4	-16	-16	-16	-16	-16	-16
Total, Social Security	306,338	321,964	339,252	357,429	376,735	397,181	418,744
On-budget	(6,248)	(5,790)	(6,639)	(7,004)	(7,447)	(7,910)	(8,404)
Off-budget	(300,090)	(316,174)	(332,613)	(350,425)	(369,288)	(389,271)	(410,340)
700 Veterans benefits and services:							
701 Income security for veterans:							
Compensation	13,429	14,014	14,520	14,961	15,429	15,887	16,396
Pensions	3,477	3,398	3,344	3,314	3,304	3,296	3,768
Burial benefits and miscellaneous assistance	99	108	111	114	118	121	124
National service life insurance trust fund	1,480	1,388	1,357	1,300	1,280	1,179	1,104
All other insurance programs	34	25	33	37	35	35	34
Insurance program receipts	-395	-319	-306	-288	-274	-261	-246
Subtotal, Income security for veterans	18,123	18,615	19,058	19,439	19,892	20,257	21,182
702 Veterans education, training, and rehabilitation:							
Readjustment benefits (GI Bill and related programs)	779	1,051	1,287	1,445	1,525	1,607	1,664
Post-Vietnam era education	-16	-3	-1	-1	.....	.....	.....
All-volunteer force educational assistance trust fund	-89	-63	-146	-141	-130	-137	-123
Other	1	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	675	985	1,140	1,305	1,397	1,472	1,542
703 Hospital and medical care for veterans:							
Medical care and hospital services	14,962	15,953	16,628	17,327	17,905	18,680	19,489
Construction	684	565	582	599	618	637	657
Third-party medical recoveries	-53	-63	-61	-56	-57	-61	370
Fees and other charges for medical services	-357	-420	-503	-587	-644	-701	-709
Subtotal, Hospital and medical care for veterans	15,235	16,036	16,645	17,284	17,822	18,555	19,807
704 Veterans housing:							
Loan guaranty	207	96	93	98	97	97	98
Direct loans	6	3	3	3	3	4	4
Guaranty and indemnity	855	-57	422	400	341	318	486
Credit liquidating accounts	112	.....	.....	.....	.....	.....	.....
Subtotal, Veterans housing	1,181	42	518	501	441	419	587
705 Other veterans benefits and services:							
Cemeteries, administration of veterans benefits, and other	948	964	1,006	1,049	1,095	1,144	1,195
Non-VA support programs	95	94	98	100	104	107	109
Subtotal, Other veterans benefits and services	1,043	1,057	1,103	1,149	1,199	1,251	1,304
Total, Veterans benefits and services	36,259	36,736	38,465	39,677	40,752	41,953	44,422
750 Administration of justice:							
751 Federal law enforcement activities:							
Criminal investigations (DEA, FBI, FinCEN, OCDE)	3,209	3,413	3,540	3,639	3,777	3,921	4,072
Alcohol, tobacco, and firearms investigations (ATF)	372	372	389	406	424	443	463

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Border enforcement activities (Customs and INS)	3,187	3,357	3,678	3,791	3,911	4,036	4,164
Customs and INS fees	-1,276	-1,423	-1,669	-1,738	-1,765	-1,792	-1,819
Protection activities (Secret Service)	521	502	522	543	566	589	624
Other enforcement	738	651	679	708	755	787	821
Subtotal, Federal law enforcement activities	6,751	6,872	7,139	7,349	7,669	7,985	8,326
752 Federal litigative and judicial activities:							
Civil and criminal prosecution and representation	2,501	2,695	2,663	2,750	2,842	2,938	3,038
Federal judicial activities	2,614	2,820	2,957	3,077	3,205	3,338	3,478
Representation of indigents in civil cases	357	400	412	424	437	451	465
Other	14	14	14	14	15	15	16
Subtotal, Federal litigative and judicial activities	5,486	5,929	6,046	6,265	6,498	6,742	6,997
753 Federal correctional activities	1,937	2,220	2,310	2,405	2,506	2,611	2,721
754 Criminal justice assistance	1,006	859	900	927	955	985	1,015
Total, Administration of justice	15,180	15,880	16,395	16,945	17,628	18,324	19,059
800 General government:							
801 Legislative functions	2,109	2,113	2,201	2,291	2,390	2,493	2,600
802 Executive direction and management	254	253	262	273	283	295	307
803 Central fiscal operations:							
Collection of taxes	7,105	7,352	7,672	8,003	8,358	8,729	9,157
Other fiscal operations	149	228	214	312	349	381	410
Subtotal, Central fiscal operations	7,254	7,580	7,886	8,316	8,707	9,110	9,568
804 General property and records management:							
Real property activities	408	526	699	1,026	1,263	1,464	1,645
Property and other receipts	-11	-43	-52	-52	-52	-52	-52
Records management	168	193	198	204	210	217	224
Other	198	192	198	206	217	226	235
Subtotal, General property and records management	763	868	1,044	1,384	1,639	1,855	2,051
805 Central personnel management	178	177	185	193	202	211	220
806 General purpose fiscal assistance:							
Payments and loans to the District of Columbia	528	678	698	719	741	765	789
Payments to States and counties from Forest Service receipts	305	285	279	272	265	261	256
Payments to States from receipts under the Mineral Leasing Act ...	463	531	509	536	562	568	584
Payments to States and counties from Federal land management activities	86	102	101	77	77	78	78
Payments in lieu of taxes	104	104	107	110	114	117	121
Payments to territories and Puerto Rico	227	230	236	244	253	259	270
Other	207	228	234	241	248	256	263
Subtotal, General purpose fiscal assistance	1,919	2,158	2,164	2,199	2,260	2,303	2,362
808 Other general government:							
Compact of free association	161	324	173	178	153	148	151
Territories	112	106	108	111	113	116	119
Treasury claims	518	591	611	523	523	523	518
Civil liberties public education fund	500	100					
Presidential election campaign fund	28	81	81	81	81	81	81
Other	183	91	96	100	105	110	116
Subtotal, Other general government	1,503	1,293	1,068	992	976	978	984
809 Deductions for offsetting receipts	-739	-691	-700	-710	-710	-710	-710
Total, General government	13,240	13,750	14,111	14,937	15,746	16,534	17,382
900 Net interest:							
901 Interest on the public debt	292,502	298,303	311,102	325,602	341,459	359,503	378,021
902 Interest received by on-budget trust funds:							
Civil Service retirement and disability	-25,155	-26,197	-27,071	-27,875	-28,562	-29,241	-30,058

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Military retirement	-9,831	-10,252	-10,695	-11,100	-11,525	-11,951	-12,379
Medicare	-12,468	-12,724	-12,337	-11,503	-11,118	-10,402	-9,251
Other on-budget trust fund interest	-8,082	-7,590	-7,053	-7,145	-7,289	-7,759	-8,105
Subtotal, Interest received by on-budget trust funds	-55,537	-56,762	-57,156	-57,623	-58,495	-59,354	-59,793
903 Interest received by off-budget trust funds	-26,788	-29,073	-31,669	-34,922	-38,784	-43,151	-48,023
908 Other interest:							
Interest on loans to Federal Financing Bank	-11,333	-9,601	-8,794	-7,645	-6,708	-5,874	-5,144
Interest on refunds of tax collections	2,127	2,679	2,899	3,016	3,151	3,297	3,440
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	514	527	786	921	997	1,031	1,051
Interest received from direct loan financing accounts	-493	-707	-1,177	-1,922	-2,914	-4,060	-4,944
Interest on deposits in tax and loan accounts	-542	-624	-740	-805	-870	-885	-885
Cash management improvement			-56	-64	-69	-60	-53
Other	-3,957	-3,840	-4,462	-3,478	-3,344	-3,209	-3,122
Subtotal, Other interest	-11,356	-9,238	-9,215	-7,648	-7,429	-7,433	-7,329
Total, Net interest	198,822	203,229	213,062	225,409	236,751	249,566	262,876
On-budget	(225,610)	(232,302)	(244,731)	(260,331)	(275,535)	(292,717)	(310,899)
Off-budget	(-26,788)	(-29,073)	(-31,669)	(-34,922)	(-38,784)	(-43,151)	(-48,023)
950 Undistributed offsetting receipts:							
951 Employer share, employee retirement (on-budget):							
Contributions to military retirement fund	-13,179	-12,671	-12,249	-10,498	-10,488	-10,692	-10,881
Contributions to HI trust fund	-2,375	-2,448	-2,531	-3,249	-2,743	-2,874	-3,031
Postal Service contributions to CSRS	-4,785	-5,136	-5,669	-5,678	-5,925	-6,389	-6,519
Other contributions to civilian retirement fund	-7,847	-7,961	-8,266	-8,704	-9,186	-9,623	-9,970
Subtotal, Employer share, employee retirement (on-budget)	-28,186	-28,217	-28,714	-28,129	-28,342	-29,578	-30,401
952 Employer share, employee retirement (off-budget)	-6,416	-6,463	-6,756	-7,184	-7,628	-8,279	-8,887
953 Rents and royalties on the Outer Continental Shelf	-2,785	-2,708	-2,980	-2,677	-2,725	-2,777	-2,838
959 Other undistributed offsetting receipts		-500	-4,300	-4,200	-1,600	-2,000	
Total, Undistributed offsetting receipts	-37,386	-37,887	-42,750	-42,190	-40,294	-42,634	-42,126
On-budget	(-30,970)	(-31,425)	(-35,994)	(-35,006)	(-32,666)	(-34,355)	(-33,239)
Off-budget	(-6,416)	(-6,463)	(-6,756)	(-7,184)	(-7,628)	(-8,279)	(-8,887)
Total	1,473,557	1,507,326	1,541,510	1,642,484	1,739,307	1,836,726	1,946,565
On-budget	(1,204,431)	(1,222,406)	(1,241,972)	(1,332,108)	(1,416,120)	(1,497,307)	(1,593,129)
Off-budget	(269,126)	(284,919)	(299,538)	(310,376)	(323,187)	(339,420)	(353,436)

* \$500 thousand or less.

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
050 National defense:							
051 Department of Defense—Military	278,561	266,507	260,443	264,883	271,885	280,398	289,513
053 Atomic energy defense activities	11,017	11,184	11,020	11,385	11,789	12,116	12,465
054 Defense-related activities	1,508	1,280	1,145	1,191	1,193	1,229	1,278
Total, National defense	291,086	278,970	272,607	277,460	284,867	293,744	303,257
150 International affairs:							
151 International development and humanitarian assistance:							
Agency for International Development	2,971	2,692	2,742	2,804	2,897	3,002	3,072
Assistance for New Independent States of Former Soviet Union	48	635	1,028	1,571	1,689	1,629	1,679
Multilateral development banks (MDB's)	1,165	1,354	1,544	1,700	1,860	1,896	1,777
Food aid	1,481	2,098	1,523	1,563	1,611	1,661	1,713
Refugee programs	672	686	745	756	780	804	829
Voluntary contributions to international organizations	382	370	385	295	325	305	314
Peace Corps	212	226	228	237	246	256	266
Other programs	477	608	707	566	529	523	527
Credit liquidating accounts	-1,057	-585	-521	-371	-297	-251	-223
Offsetting receipts	-939	-710	-618	-549	-516	-472	-432
Subtotal, International development and humanitarian assistance	5,413	7,374	7,763	8,572	9,123	9,352	9,523
152 International security assistance:							
Non-proliferation and disarmament fund		2	5	8	10	11	11
Foreign military financing grants and loans	4,580	4,192	4,356	3,456	3,513	3,569	3,674
Economic support fund	3,231	2,869	2,529	2,465	2,452	2,471	2,509
Other programs	83	156	117	114	113	113	115
Foreign military financing repayment	-469	-574	-628	-726	-731	-632	-606
Foreign military financing liquidating account	206	186	179	-228	-503	-502	-485
Subtotal, International security assistance	7,631	6,830	6,558	5,089	4,854	5,030	5,219
153 Conduct of foreign affairs:							
State Department salaries and expenses	2,287	2,106	2,185	2,270	2,347	2,445	2,548
Foreign buildings	484	491	496	513	516	514	522
Contributions to International Organizations (UN)	915	861	886	912	940	969	999
Contributions to International Peacekeeping (UN)	458	403	420	425	439	452	466
Other programs	181	212	204	213	205	212	221
Subtotal, Conduct of foreign affairs	4,325	4,073	4,190	4,333	4,446	4,593	4,756
154 Foreign information and exchange activities:							
U.S. Information Agency	1,088	1,169	1,117	1,210	1,258	1,305	1,353
Board for International Broadcasting	246	227	216	223	230	237	244
Other programs	18	17	18	19	19	19	20
Subtotal, Foreign information and exchange activities	1,352	1,413	1,351	1,452	1,507	1,561	1,617
155 International financial programs:							
Export-Import Bank	211	445	545	645	734	775	809
International monetary fund	336	13	19	19	19	19	19
Exchange stabilization fund	-1,379	-925	-950	-1,000	-1,000	-1,000	-965
Foreign military sales trust fund (net)	-78	70	110	100	-60	-70	-90
Special defense acquisition fund	71	-75	-146	-105	-98	-75	-19
Credit liquidating account (Exim)	-958	-677	-537	-458	-347	-217	-178
Offsetting receipts	-100	-102	-104	-106	-108	-110	-112
Subtotal, International financial programs	-1,896	-1,251	-1,063	-905	-860	-679	-537
156 International cooperation:							
Multilateral development banks (MDB's)			54	2			
Other programs			-*	-*	-*	-*	-*
Subtotal, International cooperation			54	2	-*	-*	-*
Total, International affairs	16,826	18,439	18,854	18,543	19,070	19,857	20,578

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
250 General science, space, and technology:							
251 General science and basic research:							
National Science Foundation programs	2,441	2,796	2,805	2,981	3,179	3,239	3,340
Department of Energy general science programs	1,481	1,653	1,279	1,692	1,744	1,798	1,854
DoD general science programs	16						
Subtotal, General science and basic research	3,938	4,448	4,084	4,673	4,923	5,037	5,194
252 Space flight, research, and supporting activities:							
Research and program development	1,309	1,291	1,360	1,451	1,506	1,575	1,651
Space flight control and data communications	5,025	4,764	4,971	5,219	5,294	5,423	5,580
Construction of facilities	492	456	444	370	331	335	348
Research and development	6,251	6,322	6,561	6,903	7,092	7,247	7,457
Other	15	15	16	17	18	18	19
Subtotal, Space flight, research, and supporting activities	13,092	12,848	13,353	13,959	14,240	14,599	15,057
Total, General science, space, and technology	17,030	17,296	17,437	18,632	19,163	19,636	20,251
270 Energy:							
271 Energy supply:							
Research and development	3,382	3,851	3,962	4,125	4,164	4,296	4,432
Naval petroleum reserves	-255	-199	-189	-196	-198	-169	-131
Federal power marketing	409	-356	-350	-358	-339	-389	-402
Tennessee Valley Authority	1,486	773	500	533	601	649	375
Uranium enrichment	-350	169	145	180	225	284	345
Uranium enrichment decontamination and decommissioning fund		177	272	308	307	316	326
Nuclear waste program	264	269	265	273	272	270	278
Nuclear waste fund receipts	-437	-391	-551	-585	-591	-592	-600
Subsidies for nonconventional fuel production	74	90	36	35	35	35	35
Rural electric and telephone lines	117	157	174	134	142	152	164
Isotopes	5	4	4	4	4	4	5
Credit liquidating account (REA)	-1,409	-574	-451	-693	-824	-904	-923
Subtotal, Energy supply	3,286	3,970	3,817	3,762	3,798	3,952	3,903
272 Energy conservation	521	586	662	697	719	742	766
274 Emergency energy preparedness	336	279	237	248	256	265	274
276 Energy information, policy, and regulation:							
Nuclear Regulatory Commission (NRC)	-19	8	18	19	19	21	22
Other energy programs	195	381	369	387	400	418	435
Subtotal, Energy information, policy, and regulation	176	390	387	405	420	438	457
Total, Energy	4,319	5,225	5,103	5,112	5,192	5,397	5,400
300 Natural resources and environment:							
301 Water resources:							
Corps of Engineers	3,522	4,560	4,322	4,434	4,642	4,746	4,883
Bureau of Reclamation	912	1,039	946	1,003	1,028	1,063	1,069
Other	287	401	351	385	393	407	422
Offsetting receipts	-464	-472	-474	-486	-538	-514	-466
Subtotal, Water resources	4,258	5,528	5,145	5,337	5,525	5,703	5,908
302 Conservation and land management:							
Forest Service	2,897	2,853	2,936	3,033	3,126	3,197	3,349
Management of public lands (BLM)	857	943	1,012	1,035	1,073	1,117	1,163
Federal land acquisition	28	23	13	12	13	13	14
Mining reclamation and enforcement	304	262	320	332	370	333	344
Conservation reserve program	1,690	1,819	1,828	1,806	1,741	1,061	622
Other conservation of agricultural lands	854	894	992	1,181	1,109	1,118	1,156
Other	367	367	376	394	410	425	442
Offsetting receipts	-2,218	-2,379	-2,351	-2,429	-2,492	-2,511	-2,553
Subtotal, Conservation and land management	4,777	4,783	5,126	5,364	5,349	4,753	4,537
303 Recreational resources:							
Federal land acquisition	305	263	260	259	263	267	276

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Urban park and historic preservation funds	43	50	47	45	47	49	51
Operation of recreational resources	2,475	2,565	2,725	2,857	2,988	3,084	3,207
Offsetting receipts	-204	-223	-261	-276	-285	-293	-301
Subtotal, Recreational resources	2,620	2,655	2,772	2,885	3,013	3,108	3,233
304 Pollution control and abatement:							
Regulatory, enforcement, and research programs	2,516	2,714	2,767	2,825	2,885	2,984	3,092
Hazardous substance superfund	1,418	1,613	1,598	1,604	1,616	1,628	1,647
Oil pollution funds (gross)	108	113	117	123	126	129	133
Water infrastructure financing	2,130	2,408	2,461	2,510	2,629	2,702	2,584
Leaking underground storage tank trust fund	80	78	78	80	82	85	87
Superfund recoveries and other	-191	-236	-248	-224	-200	-176	-151
Subtotal, Pollution control and abatement	6,061	6,690	6,773	6,918	7,138	7,352	7,392
306 Other natural resources:							
Program activities	2,541	2,618	2,738	2,770	3,023	3,164	3,291
Offsetting receipts	-19	-18	-19	-19	-19	-19	-19
Subtotal, Other natural resources	2,522	2,599	2,719	2,751	3,005	3,145	3,273
Total, Natural resources and environment	20,239	22,255	22,536	23,255	24,029	24,060	24,343
350 Agriculture:							
351 Farm income stabilization:							
Commodity Credit Corporation	16,047	12,118	9,136	9,322	9,689	9,813	9,796
Crop insurance	145	726	556	408	440	440	440
Agricultural credit insurance	372	489	490	510	528	548	569
Emergency food assistance program	163	124	123	127	131	135	139
Other	1,120	953	993	979	1,021	1,132	1,171
Credit liquidating accounts (ACIF & FAC)	-48	-231	-593	-800	-1,050	-947	-859
Subtotal, Farm income stabilization	17,799	14,179	10,705	10,546	10,760	11,122	11,257
352 Agricultural research and services:							
Research programs	1,133	1,174	1,236	1,248	1,404	1,290	1,331
Extension programs	404	426	442	455	470	484	500
Marketing programs	204	176	193	195	202	207	212
Animal and plant health programs	489	448	474	488	509	525	541
Economic intelligence	147	139	141	152	158	165	173
Other programs and unallocated overhead	396	477	522	531	558	576	598
Offsetting receipts	-130	-117	-114	-113	-110	-109	-109
Subtotal, Agricultural research and services	2,643	2,723	2,894	2,957	3,192	3,139	3,245
Total, Agriculture	20,443	16,902	13,599	13,503	13,951	14,261	14,502
370 Commerce and housing credit:							
371 Mortgage credit:							
Government National Mortgage Association (GNMA)	-4	-2	-1	-1	*	*	*
Mortgage credit (FHA)	319	-1	183	192	200	209	219
Rural housing programs	921	1,107	1,118	1,163	1,209	1,260	1,302
Federal housing enterprise oversight and other	-1	2	-6	-6	-6	-6	-7
Credit liquidating accounts	319	-623	-1,311	-1,918	-3,187	-3,925	-4,487
Subtotal, Mortgage credit	1,554	483	-17	-571	-1,784	-2,462	-2,972
372 Postal service:							
Payments to the Postal Service fund (On-budget)	161	130	132	134	137	140	143
Postal service (Off-budget)	1,441	1,748	3,259	242	-534	-1,079	-1,458
Subtotal, Postal service	1,602	1,879	3,391	376	-397	-939	-1,315
373 Deposit insurance:							
Resolution Trust Corporation Fund	-19,183	3,522	-5,057	-6,963	-3,144	-2,647	-1,723
Bank Insurance Fund	-9,834	-6,833	-5,578	-5,315	-2,748	-1,586	-870
FSLIC Resolution Fund	2,362	1,367	988	108	-267	-281	12
Savings Association Insurance Fund	-943	-1,065	-1,119	1,292	424	79	-212
National Credit Union Administration	-372	-305	-356	-378	-398	-428	-463
Other mandatory	-18	-4	-9	-14	-11	-11	-6

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Discretionary	30	33	36	37	39	41	43
Subtotal, Deposit insurance	-27,957	-3,285	-11,094	-11,233	-6,105	-4,833	-3,218
376 Other advancement of commerce:							
Small and minority business assistance	701	779	668	673	697	721	747
Science and technology	267	400	442	549	597	629	631
Economic and demographic statistics	392	325	288	296	320	334	349
Payments to copyright owners	16	250	250	260	270	280	290
Regulatory agencies	306	248	236	248	258	272	286
International trade and other business promotion	335	438	531	575	617	653	686
Credit liquidating accounts	60	-131	-104	-13	-35	-59	-138
Subtotal, Other advancement of commerce	2,077	2,310	2,311	2,587	2,724	2,830	2,852
Total, Commerce and housing credit	-22,725	1,387	-5,409	-8,840	-5,562	-5,404	-4,654
On-budget	(-24,166)	(-362)	(-8,668)	(-9,082)	(-5,028)	(-4,325)	(-3,196)
Off-budget	(1,441)	(1,748)	(3,259)	(242)	(-534)	(-1,079)	(-1,458)
400 Transportation:							
401 Ground transportation:							
Highways	16,608	18,205	19,159	20,150	20,865	21,437	22,108
Highway safety	316	358	374	390	411	414	427
Mass transit	3,510	3,771	3,966	4,301	4,407	4,819	4,656
Railroads	818	1,068	1,142	1,085	1,097	1,132	1,169
Regulation (ICC)	41	45	47	49	51	53	56
Offsetting receipts	-42	-44	-45	-6	-6	-6	-6
Subtotal, Ground transportation	21,251	23,404	24,643	25,968	26,825	27,848	28,409
402 Air transportation:							
Airports and airways (FAA)	8,800	8,728	8,843	9,152	9,489	9,830	10,180
Aeronautical research and technology	1,212	1,353	1,458	1,531	1,700	1,764	1,833
Payments to air carriers	37	37	34	35	36	37	38
Subtotal, Air transportation	10,049	10,118	10,335	10,718	11,225	11,631	12,051
403 Water transportation:							
Marine safety and transportation	3,168	3,551	3,294	3,693	3,997	4,077	4,239
Ocean shipping	356	324	365	361	324	202	179
Panama Canal Commission	-23	-5	-7	-8	-*	-*	-*
Offsetting receipts	-78	-87	-99	-102	-103	-104	-104
Subtotal, Water transportation	3,423	3,783	3,552	3,943	4,218	4,175	4,313
407 Other transportation:							
Miscellaneous programs	306	353	370	393	398	412	428
Offsetting receipts	-24	-36	-36	-37	-38	-38	-39
Subtotal, Other transportation	281	317	334	356	360	374	389
Total, Transportation	35,004	37,623	38,864	40,985	42,629	44,029	45,162
450 Community and regional development:							
451 Community development:							
Community development block grants	3,198	3,746	4,141	4,641	4,890	4,719	4,848
Pennsylvania Avenue Development Corporation	82	185	215	165	16	16	17
Other	437	410	452	474	479	462	481
Credit liquidating accounts	-37	-30	-27	-81	-128	-133	-121
Subtotal, Community development	3,681	4,311	4,780	5,199	5,257	5,065	5,225
452 Area and regional development:							
Rural development	390	572	694	772	846	906	982
Economic development assistance	157	293	338	403	419	445	389
Indian programs	1,471	1,504	1,584	1,580	1,631	1,666	1,708
Appalachian Regional Commission	150	154	191	226	204	241	275
Tennessee Valley Authority	143	139	169	147	146	147	151
Coastal energy impact fund	-*	-	-	-	-	-	-
Credit liquidating accounts	588	292	119	106	72	78	72

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Offsetting receipts	-455	-412	-389	-347	-333	-322	-322
Subtotal, Area and regional development	2,443	2,542	2,705	2,887	2,984	3,162	3,254
453 Disaster relief and insurance:							
Small business disaster loans	453	391	236	180	186	191	197
Disaster relief	2,276	2,024	1,449	567	443	321	331
National flood insurance fund	475	104	-13	-26	-35	-45	-57
Other	187	220	187	176	173	179	186
Credit liquidating accounts	-465	-317	-244	-267	-233	-197	-167
Subtotal, Disaster relief and insurance	2,927	2,421	1,615	630	533	449	491
Total, Community and regional development	9,051	9,274	9,100	8,716	8,775	8,676	8,971
500 Education, training, employment, and social services:							
501 Elementary, secondary, and vocational education:							
Education reform		19	128	159	165	169	175
School improvement programs	2,017	1,645	1,428	1,405	1,455	1,500	1,546
Education for the disadvantaged	6,615	6,900	6,873	7,108	7,320	7,545	7,779
Special education	2,564	3,604	3,298	3,258	3,286	3,388	3,493
Impact aid	432	983	914	946	880	893	921
Vocational and adult education	1,190	1,317	1,383	1,635	1,580	1,628	1,678
Indian education programs	505	502	541	576	627	650	673
Other	157	282	262	262	251	269	277
Subtotal, Elementary, secondary, and vocational education	13,481	15,252	14,826	15,348	15,574	16,042	16,542
502 Higher education:							
Student financial assistance	7,678	7,421	7,416	7,612	7,834	8,062	8,283
Family education loan program	2,228	2,370	1,912	1,433	1,180	1,114	1,058
Higher education	1,042	881	856	914	945	974	1,005
Federal direct loan program	10	154	474	849	1,057	1,213	1,511
Other	322	302	273	291	300	304	315
Credit liquidating account (Family education loan program)	3,203	-552	882	-2,029	-595	-547	-578
Subtotal, Higher education	14,483	10,575	11,812	9,070	10,721	11,121	11,595
503 Research and general education aids	2,040	2,219	2,244	2,290	2,343	2,428	2,515
504 Training and employment:							
Training and employment services	4,241	4,536	4,820	5,164	5,307	5,476	5,621
Trade adjustment assistance	77	78	91	90	69	73	68
Older Americans employment	389	386	411	424	436	450	464
Payments to States for AFDC work programs	736	860	1,031	1,005	996	995	987
Federal-State employment service	1,180	1,196	1,273	1,311	1,352	1,395	1,439
Other	76	81	91	98	102	107	111
Subtotal, Training and employment	6,700	7,136	7,718	8,093	8,262	8,495	8,690
505 Other labor services	948	945	974	1,017	1,062	1,108	1,157
506 Social services:							
National service initiative	208	196	440	544	632	723	733
Family support and preservation		48	131	209	236	252	267
Social services block grant	2,785	2,877	3,240	3,255	2,835	2,800	2,800
Community services block grant	423	475	507	497	503	518	534
Rehabilitation services	1,984	2,397	2,476	2,414	2,489	2,568	2,654
Payments to States for foster care and adoption assistance	2,636	3,000	3,362	3,874	4,174	4,559	4,976
Children and families services programs	3,432	4,135	4,237	4,374	4,562	4,716	4,872
Aging services program	567	817	889	915	944	974	1,004
Interim assistance to States for legalization	318	699	244				
Other social services	6	16	16	16	17	17	18
Subtotal, Social services	12,360	14,660	15,542	16,097	16,392	17,127	17,858
Total, Education, training, employment, and social services	50,012	50,786	53,117	51,916	54,354	56,321	58,357
550 Health:							
551 Health care services:							
Medicaid grants	75,774	87,156	96,388	108,191	121,488	136,338	152,235

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Health insurance earned income credit	650	373					
Federal employees' health benefits (FEHB)	2,879	2,918	3,519	4,047	4,115	4,828	5,216
Coal miners retirees health benefits	161	239	236	233	229	226	222
Indian health	1,742	1,949	2,084	2,042	2,126	2,204	2,285
Substance abuse and mental health services	1,994	2,089	2,193	2,241	2,310	2,383	2,457
Other health care services	3,659	4,268	4,736	4,998	5,219	5,441	5,611
Subtotal, Health care services	86,860	98,991	109,155	121,751	135,488	151,419	168,026
552 Health research and training:							
National Institutes of Health	9,543	10,261	10,757	11,343	12,018	12,424	12,821
DoD breast cancer and other health research		124	67				
Clinical training	335	353	372	367	380	371	370
Substance abuse and mental health research	672	342	104				
Other research and training	244	256	298	317	332	345	358
Subtotal, Health research and training	10,794	11,336	11,598	12,027	12,730	13,140	13,548
554 Consumer and occupational health and safety:							
Food safety and inspection	506	495	540	569	1,029	1,115	1,168
Other consumer safety	775	946	943	984	1,026	1,070	1,116
Occupational safety and health	480	504	524	545	568	592	617
Subtotal, Consumer and occupational health and safety	1,762	1,945	2,007	2,098	2,623	2,777	2,901
Total, Health	99,415	112,272	122,760	135,877	150,840	167,337	184,476
570 Medicare:							
571 Medicare:							
Hospital insurance (HI)	91,604	102,892	112,280	123,448	135,335	147,831	161,741
Supplementary medical insurance (SMI)	54,254	58,490	66,214	73,820	82,067	91,291	101,942
Medicare premiums and collections	-15,306	-17,581	-20,056	-19,914	-21,348	-23,859	-25,372
Total, Medicare	130,552	143,801	158,438	177,354	196,054	215,263	238,311
600 Income security:							
601 General retirement and disability insurance (excluding social security):							
Railroad retirement	4,274	4,517	4,547	4,607	4,846	4,892	4,964
Special benefits for disabled coal miners	1,416	1,398	1,325	1,286	1,249	1,210	1,168
Pension Benefit Guaranty Corporation	-1,508	-909	-721	-669	-603	-531	-459
Other	165	194	192	201	210	218	229
Subtotal, General retirement and disability insurance (excluding social security)	4,347	5,199	5,343	5,426	5,702	5,789	5,902
602 Federal employee retirement and disability:							
Civilian retirement and disability programs	35,210	36,615	38,092	39,715	41,878	43,886	46,008
Military retirement	25,708	26,513	27,200	28,322	29,560	30,891	33,080
Federal employees workers' compensation (FECA)	205	215	228	263	285	310	318
Federal employees life insurance fund	-1,076	-1,086	-1,100	-1,119	-1,096	-1,118	-1,148
Subtotal, Federal employee retirement and disability	60,047	62,257	64,419	67,180	70,628	73,968	78,257
603 Unemployment compensation	37,802	29,210	25,619	26,189	26,605	26,754	27,979
604 Housing assistance:							
Subsidized housing including section 8	17,015	18,086	19,393	19,820	20,920	21,920	23,349
Public housing	2,604	2,698	2,737	2,783	2,856	2,940	3,030
Supportive housing program	91	107	185	249	315	384	411
Emergency shelter grants	71	68	104	119	122	125	129
Home investment partnerships program	212	876	1,204	1,234	1,298	1,361	1,378
Shelter plus care	1	15	53	65	79	92	106
Community partnerships against crime	116	268	239	270	278	286	295
Youthbuild program		8	10	8	8	6	
HOPE grants	35	68	99	101	84	52	25
Revitalization of distressed public housing		30	146	314	462	599	741
Rural housing assistance	415	518	526	564	603	635	658

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Other housing assistance	987	1,107	1,062	1,114	1,166	1,213	1,259
Subtotal, Housing assistance	21,548	23,848	25,756	26,641	28,190	29,614	31,381
605 Food and nutrition assistance:							
Food stamps	23,577	25,547	25,177	26,102	27,178	28,175	29,175
Nutrition assistance for Puerto Rico	1,025	1,078	1,141	1,143	1,143	1,143	1,143
Child nutrition and special milk	6,612	7,258	7,649	8,170	8,742	9,338	9,982
Special supplemental food program for women, infants, and children (WIC)	2,846	3,222	3,296	3,395	3,500	3,608	3,720
Other nutrition programs	1,087	1,090	1,097	1,055	1,076	1,099	1,122
Subtotal, Food and nutrition assistance	35,148	38,195	38,361	39,865	41,640	43,364	45,142
609 Other income security:							
Supplemental security income (SSI)	22,642	26,706	28,015	28,926	31,378	34,965	38,613
Family support payments	15,628	16,413	16,921	17,486	18,172	18,857	19,683
Earned income tax credit (EITC)	8,781	10,036	15,797	18,932	21,456	22,368	23,167
Refugee assistance	360	378	374	391	411	430	447
Low income home energy assistance	1,068	2,076	1,434	1,448	1,500	1,546	1,594
Payments to states for day-care assistance	411	980	1,036	991	951	973	1,002
Other	211	266	165	172	188	197	206
SSI offsetting receipts	-735	-922	-1,047	-1,147	-1,350	-1,477	-1,609
Subtotal, Other income security	48,366	55,933	62,695	67,200	72,707	77,859	83,103
Total, Income security	207,257	214,642	222,193	232,500	245,472	257,347	271,764
650 Social Security:							
651 Social security:							
Old-age and survivors insurance (OASI)	269,960	282,394	295,824	311,253	323,280	339,180	355,995
Disability insurance (DI)	34,641	38,075	41,840	45,630	49,759	54,109	58,688
Social security interfunas	-17	-10	-16	-16	-16	-16	-16
Total, Social Security	304,585	320,460	337,648	356,866	373,023	393,273	414,667
On-budget	(6,236)	(5,796)	(6,639)	(7,004)	(7,447)	(7,910)	(8,404)
Off-budget	(298,349)	(314,663)	(331,009)	(349,862)	(365,576)	(385,362)	(406,262)
700 Veterans benefits and services:							
701 Income security for veterans:							
Compensation	13,376	15,035	14,522	13,806	15,391	15,851	16,335
Pensions	3,529	3,661	3,344	3,062	3,305	3,296	3,730
Burial benefits and miscellaneous assistance	99	109	111	114	118	121	124
National service life insurance trust fund	1,127	1,205	1,238	1,254	1,280	1,326	1,368
All other insurance programs	21	110	50	11	20	23	-3
Insurance program receipts	-395	-319	-306	-288	-274	-261	-246
Subtotal, Income security for veterans	17,758	19,801	18,958	17,959	19,839	20,356	21,310
702 Veterans education, training, and rehabilitation:							
Readjustment benefits (GI Bill and related programs)	854	1,198	1,300	1,405	1,511	1,603	1,659
Post-Vietnam era education	61	35	43	20	19	16	14
All-volunteer force educational assistance trust fund	-89	-63	-146	-141	-130	-137	-123
Other	-*	-*	*	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	826	1,170	1,196	1,285	1,401	1,484	1,552
703 Hospital and medical care for veterans:							
Medical care and hospital services	14,613	15,629	16,346	17,202	17,773	18,542	19,345
Construction	617	699	656	613	599	606	621
Third-party medical recoveries	-60	-60	-62	-56	-58	-61	370
Fees and other charges for medical services	-357	-420	-503	-587	-644	-701	-709
Subtotal, Hospital and medical care for veterans	14,812	15,849	16,438	17,172	17,671	18,385	19,626
704 Veterans housing:							
Loan guaranty	207	96	93	98	97	97	98
Direct loans	2	4	4	5	5	4	4
Guaranty and indemnity	855	-57	422	400	341	318	486

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Credit liquidating accounts	235	169	123	69	54	21	13
Subtotal, Veterans housing	1,299	212	642	571	497	440	601
705 Other veterans benefits and services:							
Cemeteries, administration of veterans benefits, and other	937	1,009	975	1,026	1,071	1,119	1,169
Non-VA support programs	88	95	101	94	98	101	103
Subtotal, Other veterans benefits and services	1,025	1,104	1,077	1,120	1,170	1,220	1,272
Total, Veterans benefits and services	35,720	38,136	38,311	38,108	40,578	41,885	44,360
750 Administration of justice:							
751 Federal law enforcement activities:							
Criminal investigations (DEA, FBI, FinCEN, OCDE)	3,248	3,277	3,360	3,599	3,726	3,855	4,003
Alcohol, tobacco, and firearms investigations (ATF)	376	371	388	405	423	442	462
Border enforcement activities (Customs and INS)	3,199	3,364	3,575	3,719	3,881	3,993	4,120
Customs and INS fees	-1,276	-1,423	-1,669	-1,738	-1,765	-1,792	-1,819
Protection activities (Secret Service)	511	500	579	612	633	660	692
Other enforcement	615	755	686	700	747	779	812
Subtotal, Federal law enforcement activities	6,674	6,843	6,918	7,297	7,644	7,936	8,271
752 Federal litigative and judicial activities:							
Civil and criminal prosecution and representation	2,285	2,855	2,661	2,734	2,838	2,934	3,035
Federal judicial activities	2,649	2,889	2,908	3,062	3,189	3,322	3,461
Representation of indigents in civil cases	389	393	410	422	435	448	462
Other	13	15	9	13	14	15	15
Subtotal, Federal litigative and judicial activities	5,336	6,152	5,988	6,230	6,476	6,719	6,974
753 Federal correctional activities	2,124	2,482	2,597	2,849	2,710	2,738	2,735
754 Criminal justice assistance	822	1,002	843	1,052	932	951	980
Total, Administration of justice	14,955	16,480	16,345	17,428	17,763	18,345	18,960
800 General government:							
801 Legislative functions	2,124	2,168	2,202	2,280	2,378	2,481	2,588
802 Executive direction and management	197	252	246	270	281	292	304
803 Central fiscal operations:							
Collection of taxes	6,879	7,316	7,638	7,964	8,316	8,685	9,112
Other fiscal operations	96	262	200	368	334	309	398
Subtotal, Central fiscal operations	6,976	7,578	7,838	8,332	8,650	8,995	9,510
804 General property and records management:							
Real property activities	573	884	468	657	314	-159	-393
Property and other receipts	-11	-43	-52	-52	-52	-52	-52
Records management	269	282	193	201	191	197	202
Other	175	255	211	218	227	228	235
Subtotal, General property and records management	1,005	1,378	820	1,025	681	214	-8
805 Central personnel management	182	162	179	191	200	209	218
806 General purpose fiscal assistance:							
Payments and loans to the District of Columbia	539	676	698	718	741	765	789
Payments to States and counties from Forest Service receipts	309	285	279	272	265	261	256
Payments to States from receipts under the Mineral Leasing Act	463	531	509	536	562	568	584
Payments to States and counties from Federal land management activities	93	102	101	76	77	78	78
Payments in lieu of taxes	103	105	107	110	114	117	121
Payments to territories and Puerto Rico	223	230	236	244	253	259	270
Other	206	229	234	241	248	256	263
Subtotal, General purpose fiscal assistance	1,935	2,158	2,164	2,198	2,260	2,303	2,362
808 Other general government:							
Compact of free association	160	324	173	178	153	148	151
Territories	60	85	100	108	112	115	118

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	1993 actual	estimate					
		1994	1995	1996	1997	1998	1999
Treasury claims	519	591	611	523	523	523	518
Civil liberties public education fund	500	100	.....	.....	.....	.....	.....
Presidential election campaign fund	6	*	24	183	4	.....	29
Other	84	247	99	103	108	113	119
Subtotal, Other general government	1,329	1,348	1,007	1,095	901	899	934
809 Deductions for offsetting receipts	-739	-691	-700	-710	-710	-710	-710
Total, General government	13,009	14,352	13,755	14,682	14,640	14,683	15,199
900 Net interest:							
901 Interest on the public debt	292,502	298,303	311,102	325,602	341,459	359,503	378,021
902 Interest received by on-budget trust funds:							
Civil Service retirement and disability	-25,155	-26,197	-27,071	-27,875	-28,562	-29,241	-30,058
Military retirement	-9,831	-10,252	-10,695	-11,100	-11,525	-11,951	-12,379
Medicare	-12,468	-12,724	-12,337	-11,503	-11,118	-10,402	-9,251
Other on-budget trust fund interest	-8,082	-7,590	-7,053	-7,145	-7,289	-7,759	-8,105
Subtotal, Interest received by on-budget trust funds	-55,537	-56,762	-57,156	-57,623	-58,495	-59,354	-59,793
903 Interest received by off-budget trust funds	-26,788	-29,073	-31,669	-34,922	-38,784	-43,151	-48,023
908 Other interest:							
Interest on loans to Federal Financing Bank	-11,333	-9,601	-8,794	-7,645	-6,708	-5,874	-5,144
Interest on refunds of tax collections	2,127	2,679	2,899	3,016	3,151	3,297	3,440
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	514	527	786	921	997	1,031	1,051
Interest received from direct loan financing accounts	-493	-707	-1,177	-1,922	-2,914	-4,060	-4,944
Interest on deposits in tax and loan accounts	-542	-624	-740	-805	-870	-885	-885
Cash management improvement .....	.....	.....	-56	-64	-69	-60	-53
Other	-3,968	-3,840	-4,462	-3,478	-3,344	-3,209	-3,122
Subtotal, Other interest	-11,367	-9,238	-9,215	-7,648	-7,429	-7,433	-7,329
Total, Net interest	198,811	203,229	213,062	225,409	236,751	249,566	262,876
On-budget	(225,599)	(232,302)	(244,731)	(260,331)	(275,535)	(292,717)	(310,899)
Off-budget	(-26,788)	(-29,073)	(-31,669)	(-34,922)	(-38,784)	(-43,151)	(-48,023)
950 Undistributed offsetting receipts:							
951 Employer share, employee retirement (on-budget):							
Contributions to military retirement fund	-13,179	-12,671	-12,249	-10,498	-10,488	-10,692	-10,881
Contributions to HI trust fund	-2,375	-2,448	-2,531	-3,249	-2,743	-2,874	-3,031
Postal Service contributions to CSRS	-4,785	-5,136	-5,669	-5,678	-5,925	-6,389	-6,519
Other contributions to civilian retirement fund	-7,847	-7,961	-8,266	-8,704	-9,186	-9,623	-9,970
Subtotal, Employer share, employee retirement (on-budget)	-28,186	-28,217	-28,714	-28,129	-28,342	-29,578	-30,401
952 Employer share, employee retirement (off-budget)	-6,416	-6,463	-6,756	-7,184	-7,628	-8,279	-8,887
953 Rents and royalties on the Outer Continental Shelf	-2,785	-2,708	-2,980	-2,677	-2,725	-2,777	-2,838
959 Other undistributed offsetting receipts .....	.....	-500	-4,300	-4,200	-1,600	-2,000	.....
Total, Undistributed offsetting receipts	-37,386	-37,887	-42,750	-42,190	-40,294	-42,634	-42,126
On-budget	(-30,970)	(-31,425)	(-35,994)	(-35,006)	(-32,666)	(-34,355)	(-33,239)
Off-budget	(-6,416)	(-6,463)	(-6,756)	(-7,184)	(-7,628)	(-8,279)	(-8,887)
Total	1,408,205	1,483,643	1,525,572	1,605,315	1,701,297	1,795,643	1,904,651
On-budget	(1,141,618)	(1,202,767)	(1,229,728)	(1,297,317)	(1,382,667)	(1,462,789)	(1,556,756)
Off-budget	(266,587)	(280,876)	(295,844)	(307,998)	(318,630)	(332,853)	(347,894)

* \$500 thousand or less.

OTHER TECHNICAL PRESENTATIONS

18. TRUST FUNDS AND FEDERAL FUNDS

The budget consists of two major groups of funds: Federal funds and trust funds. This section presents summary information about the transactions of each fund group and of the major trust funds. It also discusses the relationship between the trust funds surplus and the Federal deficit, and the meaning of the large and growing trust funds balance.

Federal Funds Group.—This group comprises the larger part of the budget. It includes all transactions not classified by law as being in trust funds.

The main component of the Federal funds group is the general fund, which is used to carry out the general purposes of Government rather than being restricted by law to a specific program. It consists of all collections not earmarked by law to finance other funds, including virtually all income taxes and many excise taxes, and all expenditures financed by these collections and by general Treasury borrowing.

The Federal funds group also includes special funds and revolving funds. Special funds are financed by earmarked collections. Where the law requires that Federal fund collections from a specified source be earmarked to finance a particular program, such as the license fees deposited into the land and water conservation fund, the collections and associated disbursements are recorded in special fund receipt and expenditure accounts. As a general rule, special fund collections must be appropriated before they can be obligated and payments made.

Revolving funds conduct continuing cycles of business-like activity. They charge for the sale of products or services and use the proceeds to finance their spending. The proceeds are recorded as offsets (reductions) to spending within the fund that makes the expenditure. These collections generally are available automatically for obligation. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

Trust Funds Group.—This group consists primarily of funds that are designated by law as trust funds, including trust revolving funds. They are usually financed by earmarked collections. The larger trust funds finance social insurance and other payments for individuals, such as social security, medicare, Federal employee retirement, and unemployment compensation. Other major trust funds finance highway construction and airport and airway development. Trust funds also include a few small funds established to carry out the stipulations of trust agreements where the Government is the fiduciary. Whether or not a particular fund is designated as a trust fund is, in many cases, arbitrary.

Congress has not followed a systematic rule in designating trust funds.

The Federal budget meaning of the term "trust" differs significantly from its private sector usage. In the private sector, the beneficiary usually owns the trust's assets, which are managed by a trustee acting as the fiduciary. The trustee is required to follow the stipulations of the trust, which he cannot change. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments by changing existing law.

A trust fund must use its income for the purposes designated by law. Some, such as the foreign military sales trust fund, spend their income almost as quickly as it is collected. Others, such as the Social Security and the Federal employee retirement trust funds, currently spend considerably less than the income they receive each year. A surplus of receipts over outlays adds to the trust fund's balances, which are available to finance future expenditures. The balances are generally invested, by law, in Treasury debt securities. Any net cash inflow from the public to the trust funds decreases the Treasury's need to borrow from the public in order to finance the Federal funds deficit.

Income and Outgo by Fund Group

Table 18-1 shows income, outgo, and surplus or deficit by fund group. The estimates assume enactment of the President's budget proposals. Income consists mostly of governmental receipts (primarily taxes). It also includes proprietary receipts (derived from business-like transactions with the public) and most interfund collections (receipts by one fund of payments from a fund in the other fund group). Outgo consists of payments made to the public and interfund payments.

Two types of transactions are treated differently than as described above. Income and outgo for a fund group exclude transactions between funds within the same fund group. These intrafund transactions constitute outgo and income for the individual funds that make and collect the payment. However, since the totals for each fund group are intended to measure its transactions with the public and the other fund group, intrafund transactions must be subtracted from the sum of the income and outgo of all funds within the fund group to calculate the amounts that are shown in the table.

Income also excludes collections that are offset, by law, against the outlays of an expenditure account. These collections offset (reduce) outgo of the receiving fund group, instead of increasing its income. For example, the Federal Employees Health Benefits (FEHB) Fund collects health insurance premiums paid by Fed-

eral agencies. These are recorded as offsets to outlays within the FEHB account, thereby reducing net FEHB outgo. It would be correct conceptually to include these as income, but the total amount of such collections is not tabulated separately at present.

The table also shows the adjustment to income and outgo that must be made in order to derive receipts and outlays as they are reported in the unified budget. The adjustment is for offsetting receipts, which are of two types and must be subtracted from both income and outgo.

Receipts resulting from voluntary business-like transactions with the public are income for a fund group if they are not offset by law within an expenditure account. However they are offset against outgo in deriving outlays for the unified budget. In this way, unified budget receipts measure only the amount of collections raised by the Government in its sovereign capacity, and unified budget outlays measure only the amount of resources allocated by the Government in a non-market capacity.

Receipts resulting from transactions between fund groups also constitute income for a fund group, but they are offset against interfund payments in the unified budget. In this way, unified budget receipts and outlays record only the Government's net transactions with the public.

Contribution to the Federal Deficit

Much attention has focused recently on the trust fund surpluses, the Federal fund deficits, and the contribution of each to the unified deficit. Over the past three

decades, growing trust fund surpluses have offset a major part of the large and growing Federal fund deficits. As shown in the bottom of table 18-1, this pattern is expected to continue for several years. It has led to the charge that the unified deficit is solely a Federal funds problem.

A different picture emerges if the analysis excludes transactions between fund groups. The unified budget deficit measures the Government's net transactions with the public. In contrast, the surplus or deficit for each fund group includes the effect of its transactions with the other fund group (interfund transactions) as well as its transactions with the public. Interfund transactions affect the bottom line of both fund groups, but they have no net impact on the unified deficit. For example, Federal fund payments to trust funds increase both the Federal funds deficit and the trust funds surplus, but in the unified budget the increase in one is offset by the increase in the other, and the unified budget deficit is unchanged. If interfund transactions are excluded, so that the bottom lines for both fund groups are on the basis of transactions with the public, the trust fund surplus becomes a deficit and the Federal funds deficit becomes much smaller.

In 1993, for example, the trust fund surplus was \$100 billion, and the Federal fund deficit was \$355 billion. Both figures include the effects of \$215 billion of net payments from Federal funds to trust funds. On the basis of transactions with the public, the trust fund group experienced a \$115 billion deficit, and the Federal fund deficit was \$140 billion. These are expected to converge in 1995 and then diverge in later years as the difference between receipts from the public

TABLE 18-1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Receipts:							
Federal funds cash income:							
From the public	717.7	777.9	859.4	901.1	947.1	998.5	1,051.8
From trust funds	3.9	3.9	4.1	4.2	4.3	4.4	4.5
Total, Federal funds cash income	721.6	781.8	863.4	905.3	951.4	1,002.9	1,056.3
Trust funds cash income:							
From the public	482.9	522.3	554.4	587.6	620.6	653.5	686.4
From Federal funds:							
Interest	82.3	85.8	88.9	92.5	98.1	104.3	111.1
Other	136.3	121.5	120.5	145.6	160.4	168.7	179.2
Total, trust funds cash income	701.5	729.6	763.8	825.7	879.1	926.6	976.7
Offsetting receipts	-269.6	-262.4	-273.4	-303.7	-325.4	-342.6	-360.1
Total, unified budget receipts	1,153.5	1,249.1	1,353.8	1,427.3	1,505.1	1,586.9	1,672.9
Outlays:							
Federal funds cash outgo	1,076.3	1,116.2	1,131.1	1,194.0	1,267.9	1,336.8	1,389.4
Trust funds cash outgo	801.5	630.0	661.2	706.5	748.9	783.2	824.7
Offsetting receipts	-269.6	-262.4	-273.4	-303.7	-325.4	-342.6	-360.1
Total, unified budget outlays	1,408.2	1,483.8	1,518.9	1,596.9	1,691.4	1,777.4	1,854.0
Surplus or deficit (-):							
Federal funds	-354.7	-334.4	-267.7	-288.8	-316.5	-333.8	-333.1
Trust funds	100.0	99.6	102.6	119.2	130.1	143.4	152.0
Total, unified surplus/deficit (-)	-254.7	-234.8	-165.1	-169.6	-186.4	-190.5	-181.1

and outlays to the public stabilizes for Federal funds but grows larger for trust funds. On this basis, therefore, both fund groups can be said to be contributing to the unified deficit.

However, transactions with the public may not be the best basis for identifying the source of the unified budget deficit. This is because many interfund payments appropriately allocate the costs of Federal activities to the fund group that incurs and controls the costs. In principle, these costs should be financed by each fund group's income. To the extent they are not, the deficit ultimately is higher. Including these interfund payments therefore may provide a more reasonable measure of the contribution of each fund group to the overall deficit.

Payments by Government agencies to the various Federal employee trust funds for retirement and other benefits earned by Federal employees fall into this category. These payments by the Government as an employer allow total employee compensation to be charged to the Federal fund programs that employ Federal workers, or to the general fund. The costs of these benefits do not show up as payments to the public for many years, and the eventual payments to the public are recorded as trust fund outlays. But since the eventual payments result from commitments made in the course of carrying out past Federal fund activities, their impact on the unified deficit should be attributed to the Federal funds group. The interfund payments made currently for these purposes are a reasonable, though partial, measure of the amount that could be attributed to Federal funds. In 1993, interfund payments for military and Federal civilian employee retirement alone were \$58 billion.

Interest payments on trust fund investments in Treasury debt are another example of interfund payments that appropriately allocate costs between fund groups. These are the largest of the interfund payments, comprising about two-fifths of the total. In 1993 trust fund interest income was \$82 billion, and it is expected to grow to \$111 billion by 1999. These payments add equally to the trust fund surplus and the Federal fund deficit. As shown in the top of table 18-2, in 1994 the trust fund surplus is nearly eliminated if interfund interest transactions are excluded, and the Federal fund deficit is reduced substantially.

Interfund interest payments are appropriate charges for the borrowing of accumulated trust fund surpluses to finance Federal fund expenditures. The Federal funds borrow from the trust funds to finance current expenditures, and the trust funds are paid interest in recognition of the time value of money to both the borrower and the lender. If permitted by law, the trust fund surpluses could have been invested outside the Government and earned interest income from the public. The Federal funds would have been required to offset the loss of this source of financing by borrowing more from the public, which would have increased Federal fund interest outlays to the public. As a result, both the trust funds surplus and the Federal funds deficit would have been greater, if measured on the basis of transactions with the public. But it would not mean that trust funds were any less responsible—or Federal funds more responsible—for the unified deficit.

In contrast to these types of interfund payments that appropriately allocate costs, and thus are useful for this analysis, Federal law sometimes requires interfund payments to be made by a fund group that does not incur or control the costs. Because fund accounting reflects these legal requirements, some interfund payments do not indicate the ultimate responsibility for Federal spending and the deficit. Instead, they cause the impact to be overstated for the fund group making the payment and understated for the fund group receiving the payment.

The principal payment of this type is the general fund payment to the Federal Supplementary Medical Insurance (SMI) Trust Fund. This payment was \$44 billion in 1993, and it funded about 80% of SMI expenditures. Unlike Federal fund payments to trust funds for employee retirement and for interest, these are not payments for services provided by the SMI trust fund to Federal funds. Instead, they are Federal fund subsidies that finance the bulk of the trust fund's spending, and the effect of SMI expenditures on the unified deficit should be attributed to the trust funds group. Since the budget records the general fund subsidy as a Federal fund payment and as trust fund income, most of the impact of the SMI program instead appears as an addition to the Federal funds deficit.

The trust funds would have a very large surplus even if they were adjusted for these kinds of transactions.

TABLE 18-2. SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Surplus or deficit (-) excluding interfund interest:							
Federal funds	-272.4	-248.5	-178.8	-196.2	-218.4	-229.5	-222.0
Trust funds	17.7	13.8	13.7	26.7	32.1	39.0	40.9
Net interfund interest receipts/payments (-):							
Federal funds	-82.3	-85.8	-88.9	-92.5	-98.1	-104.3	-111.1
Trust funds	82.3	85.8	88.9	92.5	98.1	104.3	111.1
Surplus or deficit (-) including interfund interest:							
Federal funds	-354.7	-334.4	-267.7	-288.8	-316.5	-333.8	-333.1
Trust funds	100.0	99.6	102.6	119.2	130.1	143.4	152.0

Nevertheless, this would not absolve trust fund programs from any responsibility for the unified deficit. Both Federal fund and trust fund expenditures have to be financed by the same revenue source—the American people. Over the past three decades, total receipts have been, on average, between 18 and 19 percent of gross domestic product. If this is construed as the politically acceptable level of total Federal taxes, then total spending must be kept to the same level to avoid a deficit. The spending restraint could be applied to Federal fund programs or to trust fund programs. If trust fund spending were reduced, trust fund receipts could be reduced by corresponding amounts and Federal fund receipts could be increased without exceeding the politically acceptable limit on total taxes. This would result not only in a balanced unified budget, it would also keep trust fund surpluses at the levels anticipated under current law and reduce the Federal funds deficit. In that sense, both fund groups are responsible for the unified deficit.

Income, Outgo, and Balances of Trust Funds

Table 18-3 shows the trust funds balance at the start of each year, income and outgo during the year, and the end of year balance. Income and outgo are divided between transactions with the public and transactions with Federal funds. Receipts from Federal funds are divided between interest and other interfund receipts.

The trust funds group is expected to have large and growing surpluses over the projection period. As a consequence, trust fund balances will grow substantially,

as they have over the past decade. The size of the anticipated balances is unprecedented, and it results mainly from relatively recent changes in the way some trust funds are financed.

Until the 1980s, most trust funds operated on a pay-as-you-go basis. Taxes and user fees were set at levels high enough to finance benefits and administrative expenses and to maintain prudent reserves, generally defined as being equal to one year's expenditures. As a result, trust fund balances tended to grow at about the same rate as their annual expenditures.

Pay-as-you-go financing was replaced in the 1980s by full or partial accrual funding for some of the larger trust funds. In order to partially prefund the "baby-boomers" social security benefits, the Social Security Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1985 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies and their employees to make annual payments to the Federal employees' retirement trust funds in an amount equal to the value of the retirement benefits earned by employees in that year. Since these trust funds will not pay retirement benefits to current employees for many years, they will accumulate substantial balances over time.

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances grew from \$205 billion at the end of 1982

TABLE 18-3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Total Trust Funds							
Balance, start of year	980.4	1,080.3	1,179.9	1,282.5	1,401.7	1,531.8	1,675.2
Income:							
Governmental receipts	452.6	489.7	519.0	550.5	581.4	613.8	644.9
Proprietary receipts	30.3	32.6	35.4	37.1	39.2	39.7	41.5
Receipts from Federal funds:							
Interest	82.3	85.8	88.9	92.5	98.1	104.3	111.1
Other	136.3	121.5	120.5	145.6	160.4	168.7	179.2
Subtotal, income	701.5	729.6	763.8	825.7	879.1	926.6	976.7
Outgo:							
To the public	597.6	626.1	657.1	702.3	744.6	778.8	820.2
Payments to Federal funds	3.9	3.9	4.1	4.2	4.3	4.4	4.5
Subtotal, outgo	601.5	630.0	661.2	706.5	748.9	783.2	824.7
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	17.7	13.8	13.7	26.7	32.1	39.0	40.9
Interest	82.3	85.8	88.9	92.5	98.1	104.3	111.1
Subtotal, surplus or deficit (-)	100.0	99.6	102.6	119.2	130.1	143.4	152.0
Adjustments:							
Transfers/lapses (net)	-0.1						
Other adjustments							
Total, change in fund balance	99.9	99.6	102.6	119.2	130.1	143.4	152.0
Balance, end of year	1,080.3	1,179.9	1,282.5	1,401.7	1,531.8	1,675.2	1,827.2

to \$1.1 trillion at the end of 1993. The balances are expected to grow to \$1.8 trillion by the end of 1999. Almost all of these balances are invested in Treasury debt and earn interest. Therefore, they effectively represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

These balances are available to finance future benefit payments and other trust fund expenditures—but only in an accounting sense. They do not consist of real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury that, when redeemed, will have to be financed by taxes, reductions in benefits or other expenditures, or borrowing from the public. From an economic standpoint, the Government is able to prefund benefits only by increasing saving and investment in the economy as a whole. This can be fully accomplished only by simultaneously running trust fund surpluses equal to

the actuarial present value of the accumulating benefits and reducing the unified budget deficit below what it would otherwise have been by the amount of the trust fund surplus. This would reduce Federal borrowing by the amount of the trust funds surplus, which, in turn, would increase the amount of savings available to finance investment. If the additional investment increased the rate of productivity growth, future incomes and wealth would be expanded. As a result, when the trust funds drew down their investments in Treasury debt to pay future benefits, the burden on future workers of redeeming this debt would be reduced.

The fact of growing balances over the five-year budget horizon should not be interpreted to mean that all trust funds are financially sound. For example, the balances of the Social Security Disability Insurance trust fund are expected to be exhausted in 1996 without the proposed reallocation of payroll tax rates. Estimates of income, outgo, and balances for 1993 through 1999 for the major trust funds are shown in the following table.

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Airport and airway trust funds							
Balance, start of year	15.2	12.9	12.6	12.6	12.9	13.7	14.9
Income:							
Governmental receipts	3.3	5.4	5.8	6.2	6.6	7.1	7.6
Proprietary receipts							
Receipts from Federal funds:							
Interest	1.0	0.9	0.7	0.7	0.7	0.7	0.8
Other							
Receipts from Trust funds							
Subtotal, income	4.3	6.3	6.5	6.9	7.3	7.9	8.4
Outgo:							
To the public	6.7	6.5	6.5	6.6	6.6	6.6	6.6
Payments to Other funds							
Subtotal, outgo	6.7	6.5	6.5	6.6	6.6	6.6	6.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-3.4	-1.1	-0.7	-0.4		0.5	1.0
Interest	1.0	0.9	0.7	0.7	0.7	0.7	0.8
Subtotal, surplus or deficit (-)	-2.4	-0.2		0.3	0.7	1.2	1.8
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	-2.4	-0.2		0.3	0.7	1.2	1.8
Balance, end of year	12.8	12.6	12.6	12.9	13.7	14.9	16.7

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Federal civilian employees retirement funds							
Balance, start of year	290.6	318.6	347.2	376.0	404.6	432.5	460.3
Income:							
Governmental receipts	4.8	4.7	4.7	4.6	4.5	4.5	4.4
Proprietary receipts							
Receipts from Federal funds:							
Interest	25.7	26.8	27.7	28.5	29.2	29.8	30.6
Other	32.8	33.7	34.6	35.2	36.2	37.3	38.1
Receipts from Trust funds							
Subtotal, income	63.3	65.2	67.0	68.3	69.9	71.7	73.1
Outgo:							
To the public	35.3	36.7	38.1	39.8	41.9	43.9	46.1
Payments to Other funds							
Subtotal, outgo	35.3	36.7	38.1	39.8	41.9	43.9	46.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	2.3	1.8	1.1		-1.3	-2.1	-3.5
Interest	25.7	26.8	27.7	28.5	29.2	29.8	30.6
Subtotal, surplus or deficit (-)	28.0	28.6	28.8	28.5	28.0	27.7	27.0
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	28.0	28.6	28.8	28.5	28.0	27.7	27.0
Balance, end of year	318.6	347.2	376.0	404.6	432.5	460.3	487.3
Foreign military sales trust fund							
Balance, start of year	6.5	6.6	6.5	6.4	6.3	6.4	6.4
Income:							
Governmental receipts							
Proprietary receipts	13.2	13.4	13.7	13.1	12.4	11.6	10.7
Receipts from Federal funds:							
Interest							
Other							
Receipts from Trust funds							
Subtotal, income	13.2	13.4	13.7	13.1	12.4	11.6	10.7
Outgo:							
To the public	13.2	13.4	13.8	13.2	12.4	11.5	10.6
Payments to Other funds							
Subtotal, outgo	13.2	13.4	13.8	13.2	12.4	11.5	10.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1
Interest							
Subtotal, surplus or deficit (-)	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1
Balance, end of year	6.6	6.5	6.4	6.3	6.4	6.4	6.5

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued
(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Federal old-age, survivors and disability insurance trust funds							
Balance, start of year	327.1	373.9	430.9	494.0	561.0	639.7	727.3
Income:							
Governmental receipts	311.9	336.2	355.2	374.7	397.5	421.4	445.1
Proprietary receipts							
Receipts from Federal funds:							
Interest	26.8	29.1	31.7	34.9	38.8	43.2	48.0
Other	12.7	12.3	13.4	14.2	15.1	16.2	17.3
Receipts from Trust funds							
Subtotal, income	351.4	377.5	400.3	423.8	451.4	480.7	510.4
Outgo:							
To the public	300.8	316.5	333.1	352.7	368.5	388.8	410.0
Payments to Other funds	3.8	3.9	4.0	4.2	4.2	4.3	4.4
Subtotal, outgo	304.6	320.5	337.2	356.9	372.7	393.1	414.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	20.0	28.0	31.4	32.0	39.9	44.5	48.1
Interest	26.8	29.1	31.7	34.9	38.8	43.2	48.0
Subtotal, surplus or deficit (-)	46.8	57.1	63.1	67.0	78.6	87.7	96.1
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	46.8	57.1	63.1	67.0	78.6	87.7	96.1
Balance, end of year	373.9	430.9	494.0	561.0	639.7	727.3	823.4
Health insurance: HI trust fund							
Balance, start of year	120.6	126.1	129.6	135.5	144.0	152.0	162.2
Income:							
Governmental receipts	81.2	90.1	99.0	106.8	113.5	120.4	127.2
Proprietary receipts	0.6	0.8	0.9	0.9	1.0	1.0	1.1
Receipts from Federal funds:							
Interest	10.6	10.8	10.8	10.9	11.1	11.3	11.6
Other	2.9	4.7	7.3	8.1	7.8	8.2	8.6
Receipts from Trust funds							
Subtotal, income	95.3	106.3	118.0	126.7	133.4	140.9	148.5
Outgo:							
To the public	91.6	102.9	112.1	118.2	125.4	130.6	137.9
Payments to Other funds							
Subtotal, outgo	91.6	102.9	112.1	118.2	125.4	130.6	137.9
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-6.9	-7.3	-4.9	-2.4	-3.1	-1.1	-1.0
Interest	10.6	10.8	10.8	10.9	11.1	11.3	11.6
Subtotal, surplus or deficit (-)	3.7	3.4	5.9	8.5	8.0	10.2	10.6
Adjustments:							
Transfers/lapses (net)	1.8						
Other adjustments							
Total, change in fund balance	5.5	3.4	5.9	8.5	8.0	10.2	10.6
Balance, end of year	126.1	129.6	135.5	144.0	152.0	162.2	172.8

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Health Insurance: SMI trust fund							
Balance, start of year	18.5	23.3	21.9	13.3	14.3	15.3	17.0
Income:							
Governmental receipts							
Proprietary receipts	14.7	16.8	19.2	21.4	24.2	25.6	28.3
Receipts from Federal funds:							
Interest	1.9	2.0	1.6	0.7	0.8	1.0	1.1
Other	44.2	38.1	34.9	59.1	71.6	76.3	83.4
Receipts from Trust funds							
Subtotal, income	60.8	56.9	55.6	81.2	96.7	102.9	112.8
Outgo:							
To the public	54.3	58.3	64.2	80.2	95.7	101.2	109.6
Payments to Other funds							
Subtotal, outgo	54.3	58.3	64.2	80.2	95.7	101.2	109.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	4.7	-3.4	-10.1	0.3	0.2	0.7	2.1
Interest	1.9	2.0	1.6	0.7	0.8	1.0	1.1
Subtotal, surplus or deficit (-)	6.5	-1.4	-8.6	1.0	1.0	1.7	3.2
Adjustments:							
Transfers/lapses (net)	-1.8						
Other adjustments							
Total, change in fund balance	4.7	-1.4	-8.6	1.0	1.0	1.7	3.2
Balance, end of year	23.3	21.9	13.3	14.3	15.3	17.0	20.2
Highway trust funds							
Balance, start of year	22.0	23.0	21.4	19.4	20.2	20.4	20.9
Income:							
Governmental receipts	18.0	18.3	18.6	22.4	22.8	23.1	23.5
Proprietary receipts							
Receipts from Federal funds:							
Interest	1.6	1.4	1.1	1.0	1.0	1.0	1.0
Other							
Receipts from Trust funds							
Subtotal, Income	19.6	19.7	19.8	23.3	23.8	24.1	24.5
Outgo:							
To the public	18.5	21.4	21.8	22.5	23.5	23.7	23.8
Payments to Other funds							
Subtotal, Outgo	18.5	21.4	21.8	22.5	23.5	23.7	23.8
Change in fund balance:							
Surplus or deficit:							
Excluding interest	-0.5	-3.1	-3.2	-0.2	-0.7	-0.6	-0.2
Interest	1.6	1.4	1.1	1.0	1.0	1.0	1.0
Subtotal, surplus or deficit	1.1	-1.7	-2.0	0.8	0.3	0.4	0.8
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, Change in fund balance	1.0	-1.7	-2.0	0.8	0.3	0.4	0.8
Balance, end of year	23.0	21.4	19.4	20.2	20.4	20.9	21.7

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Military retirement fund							
Balance, start of year	88.2	97.7	106.1	114.3	120.6	126.8	133.0
Income:							
Governmental receipts							
Proprietary receipts							
Receipts from Federal funds:							
Interest	9.8	10.3	10.7	11.0	11.5	11.9	12.3
Other	25.5	24.6	24.7	23.6	24.2	25.1	26.0
Receipts from Trust funds							
Subtotal, income	35.3	34.8	35.4	34.6	35.7	37.0	38.3
Outgo:							
To the public	25.7	26.5	27.2	28.3	29.5	30.8	32.9
Payments to Other funds							
Subtotal, outgo	25.7	26.5	27.2	28.3	29.5	30.8	32.9
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-0.3	-1.9	-2.5	-4.7	-5.3	-5.7	-7.0
Interest	9.8	10.3	10.7	11.0	11.5	11.9	12.3
Subtotal, surplus or deficit (-)	9.6	8.3	8.2	6.3	6.2	6.2	5.4
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	9.6	8.3	8.2	6.3	6.2	6.2	5.4
Balance, end of year	97.7	106.1	114.3	120.6	126.8	133.0	138.3
Railroad retirement trust funds							
Balance, start of year	11.0	11.6	11.9	12.3	12.6	12.8	13.1
Income:							
Governmental receipts	3.9	3.9	3.9	3.9	3.9	4.0	4.0
Proprietary receipts							
Receipts from Federal funds:							
Interest	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Other	3.0	3.1	3.2	3.3	3.4	3.5	3.5
Receipts from Trust funds	3.6	3.6	3.7	3.8	3.9	4.0	4.0
Subtotal, income	11.4	11.3	11.6	11.8	12.0	12.2	12.4
Outgo:							
To the public	7.6	7.9	8.0	8.1	8.2	8.4	8.5
Payments to Other funds	3.2	3.2	3.3	3.4	3.5	3.6	3.7
Subtotal, outgo	10.8	11.0	11.3	11.5	11.7	11.9	12.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-0.3	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5
Interest	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Subtotal, surplus or deficit (-)	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Balance, end of year	11.6	11.9	12.3	12.6	12.8	13.1	13.4

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Unemployment trust fund							
Balance, start of year	35.7	37.1	39.3	42.9	46.7	51.0	56.4
Income:							
Governmental receipts	25.5	27.0	27.6	28.3	29.0	29.8	29.4
Proprietary receipts	0.1					0.1	0.1
Receipts from Federal funds:							
Interest	2.5	2.3	2.1	2.3	2.5	2.9	3.2
Other	13.1	4.0	1.2	0.8	0.7	0.7	0.7
Receipts from Trust funds							
Subtotal, income	41.3	33.3	30.9	31.4	32.3	33.4	33.4
Outgo:							
To the public	39.9	31.1	27.3	27.6	27.9	28.0	29.1
Payments to Other funds							
Subtotal, outgo	39.9	31.1	27.3	27.6	27.9	28.0	29.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-1.1	-0.1	1.5	1.5	1.9	2.5	1.1
Interest	2.5	2.3	2.1	2.3	2.5	2.9	3.2
Subtotal, surplus or deficit (-)	1.4	2.2	3.6	3.8	4.3	5.4	4.3
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	1.4	2.2	3.6	3.8	4.3	5.4	4.3
Balance, end of year	37.1	39.3	42.9	46.7	51.0	56.4	60.7
Veterans life insurance trust funds							
Balance, start of year	12.9	13.3	13.5	13.6	13.7	13.7	13.5
Income:							
Governmental receipts							
Proprietary receipts	0.4	0.3	0.3	0.3	0.3	0.3	0.2
Receipts from Federal funds:							
Interest	1.1	1.1	1.1	1.0	1.0	0.9	0.9
Other							
Receipts from Trust funds							
Subtotal, income	1.5	1.4	1.4	1.3	1.2	1.2	1.1
Outgo:							
To the public	1.1	1.2	1.2	1.2	1.3	1.3	1.3
Payments to Other funds							
Subtotal, outgo	1.1	1.2	1.2	1.2	1.3	1.3	1.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	-0.7	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1
Interest	1.1	1.1	1.1	1.0	1.0	0.9	0.9
Subtotal, surplus or deficit (-)	0.4	0.2	0.1	0.1		-0.1	-0.2
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	0.4	0.2	0.1	0.1		-0.1	-0.2
Balance, end of year	13.3	13.5	13.6	13.7	13.7	13.5	13.3

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1993 actual	Estimate					
		1994	1995	1996	1997	1998	1999
Other trust funds							
Balance, start of year	32.1	36.3	39.1	42.2	44.9	47.6	50.1
Income:							
Governmental receipts	4.0	4.1	4.2	3.7	3.5	3.5	3.6
Proprietary receipts	1.3	1.3	1.3	1.3	1.3	1.2	1.2
Receipts from Federal funds:							
Interest	0.4	0.6	0.6	0.7	0.7	0.7	0.8
Other	2.2	1.0	1.1	1.4	1.4	1.5	1.5
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income	7.8	7.0	7.2	7.0	6.9	7.0	7.0
Outgo:							
To the public	3.0	3.7	3.7	3.9	3.7	3.9	3.9
Payments to Other funds	0.5	0.4	0.4	0.4	0.5	0.5	0.5
Subtotal, outgo	3.6	4.1	4.1	4.3	4.2	4.4	4.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest	3.9	2.3	2.5	2.0	2.0	1.8	1.9
Interest	0.4	0.6	0.6	0.7	0.7	0.7	0.8
Subtotal, surplus or deficit (-)	4.3	2.8	3.1	2.7	2.7	2.6	2.6
Adjustments:							
Transfers/lapses (net)	-0.1	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	4.2	2.8	3.1	2.7	2.7	2.6	2.6
Balance, end of year	36.3	39.1	42.2	44.9	47.6	50.1	52.8

19. NATIONAL INCOME AND PRODUCT ACCOUNTS

The National Income and Product Accounts (NIPAs) are an integrated set of measures of aggregate U.S. economic activity that are prepared by the Department of Commerce. One of the many purposes of the NIPAs is to measure the Nation's total current production of goods and services, known as gross domestic product (GDP), and the incomes generated in its production. Because the NIPAs are widely used in economic analysis, it is important to show the NIPA presentation of Federal transactions.

GDP is the sum of the net products of the household, business, government, and foreign-owned sectors. Federal transactions are included in the NIPAs as part of the government sector. The concepts for the Federal sector have been designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, for it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. Rather, it is an accounting translation of the budget to meet specialized and important needs, chiefly the measurement of the impact of Federal receipts, outlays, and the deficit on the national economy. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

GDP is a measure of final output which excludes intermediate product to avoid double counting. Government purchases of goods and services are included in GDP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other Federal expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—do not buy final output. Rather, they are transfers of income to others, whose consumption, investment, purchases, or transactions with foreigners are part of final output. An entire set of receipt and expenditure transactions of the Federal Government is prepared as one sector of the NIPAs; however, when the accounts for all the sectors are consolidated into a summary account for the Nation as a whole, transfer payments, grants, subsidies, and net interest expenditures are canceled out by the receipt of those payments as income in other sectors. This leaves only purchases to be included in final output.

Differences Between the NIPAs and the Budget

Federal transactions in the NIPAs are measured according to NIPA accounting rules in order to be compatible with the purposes of the NIPAs and other transactions recorded in the NIPAs. As a result they differ

from the budget in netting, timing, and coverage. These differences cause total receipts and expenditures in the NIPAs to differ from total receipts and outlays in the budget. Differences in timing and coverage also cause the deficit to differ. Netting differences have equal effects on receipts and expenditures and thus have no effect on the deficit. Besides these differences, the NIPAs combine transactions into different categories from those used in the budget.

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPAs (or vice versa). The budget treats all income that comes to the Government due to its sovereign powers—mainly, but not exclusively, taxes—as governmental receipts. However, any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for employee retirement is one example. The budget offsets these payments against outlays, while the NIPAs treat the Federal Government as any other employer and show contributions for employee social insurance as expenditures by the employing agencies and receipts to the appropriate social insurance funds. The NIPAs also include certain imputations that the budget does not. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPAs impute social insurance contributions by employing agencies to finance these benefits—again, treating the Federal Government as any other employer.

The budget also offsets against outlays any income that arises from voluntary business-type transactions with the public. The NIPAs generally follow this convention as well, and all income to government enterprises such as the Postal Service or the power administrations is offset against expenditures. However, the NIPAs have a narrower definition of “business-type transactions”. Rents, royalties, and regulatory or inspection fees are recorded under receipts as business nontaxes. The budget classifies premiums for Medicare Part B, supplementary Medical Insurance, as business-type transactions, whereas the NIPAs record them as social insurance receipts.

Timing differences for receipts occur because the NIPAs generally record personal taxes and social insurance contributions when they are paid and business taxes when they are accrued, while the budget records all receipts when they are received. The principal timing difference between NIPA expenditures and budget outlays occurs because purchases are recorded on a delivery basis in the NIPAs, but when cash is disbursed in the budget. This difference can be large for major defense purchases because progress payments are re-

corded as outlays in the budget, while the NIPAs do not record expenditures until delivery is made. The NIPAs count work in progress as part of business inventories until delivery is made to the Government.

The budget and the NIPAs also have coverage differences. The NIPAs include off-budget Federal entities and exclude transactions with U.S. territories. The NIPAs also exclude the proceeds from the sales of assets such as land. Bonuses paid on Outer Continental Shelf oil leases are shown as offsetting receipts in the budget and are deducted from budget outlays. In the NIPAs these transactions are excluded as an exchange of assets.

Financial transactions such as loans, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPAs on the grounds that such transactions involve an exchange of assets with no production involved. Through 1991, in contrast, the budget recorded loans as outlays when disbursed and as offsets to outlays when repaid or sold. With the enactment of the Federal Credit Reform Act of 1990, the budget made a fundamental change in the way that it records lending transactions. For direct loan obligations and loan guarantee commitments made after 1991, the budget records the estimated subsidy cost of the direct loan or loan guarantee when the direct loan or guaranteed loan is disbursed. The nonsubsidized cash flows are recorded in nonbudgetary accounts as a means of financing the budget deficit rather than as budgetary transactions themselves. This treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but part is normally a subsidy to the borrower. It also recognizes the subsidy normally granted by loan guarantees. In the NIPAs, neither the

subsidies nor the loan transactions are included; however, the NIPAs continue to include all interest transactions with the public, including net interest paid to the new financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPAs on the grounds that there are no offsetting current income flows from these transactions. In recent years, this exclusion has been the largest difference between the NIPAs and the budget and has tended to make the unified budget deficit larger than the NIPA deficit. In coming years, as assets acquired from failed financial institutions are sold, these collections will tend to make the unified deficit smaller than the NIPA deficit.

Federal Sector Receipts

The table entitled "Federal Transactions in the National Income and Product Accounts, 1984-1995" shows Federal receipts in the four major categories used in the NIPAs, which are similar to the budget categories but with significant differences.

Personal tax and nontax receipts is the largest category. It is composed primarily of personal income taxes, but also includes estate and gift taxes, fees, fines, and other receipts from persons.

Corporate profits tax accruals differ in classification from the corresponding budget category primarily because the NIPAs include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscellaneous receipts. The timing difference between the NIPAs and the budget is especially large for this category of receipts.

TABLE 19-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1984-1995

(In billions of dollars)

Description	Actual										Estimate	
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
RECEIPTS												
Personal tax and nontax receipts	300.4	337.0	353.1	396.3	403.8	456.9	475.2	475.7	484.0	511.7	558.5	607.3
Corporate profits tax accruals	75.1	75.0	80.4	99.4	107.6	119.2	115.4	104.8	116.3	135.6	148.9	155.8
Indirect business tax and nontax accruals	57.0	59.1	53.8	57.9	59.6	62.2	63.1	76.7	80.8	86.0	91.9	112.6
Contributions for social insurance	279.3	305.9	326.5	345.5	384.1	411.8	438.3	460.6	484.5	516.0	546.0	575.3
Total receipts	711.7	777.0	813.8	899.1	955.1	1,050.1	1,092.9	1,121.4	1,165.6	1,249.3	1,345.4	1,450.9
EXPENDITURES												
Purchases	302.2	335.1	363.7	379.9	386.3	399.4	418.1	446.0	444.9	445.0	443.4	450.0
Defense	228.2	251.7	274.3	287.6	295.1	299.5	309.0	325.8	311.7	306.8	293.6	287.7
Nondefense	74.0	83.5	89.3	92.2	91.2	99.9	109.1	120.1	133.1	138.2	149.8	162.3
Transfer payments	351.1	372.2	393.1	409.3	430.9	461.1	505.6	509.8	607.3	646.4	678.5	715.2
Domestic ("to persons")	342.4	360.7	380.6	399.4	420.7	449.6	491.2	535.9	595.8	630.2	661.6	700.0
Foreign	8.7	11.5	12.5	9.9	10.2	11.6	14.4	-26.1	11.5	16.2	16.9	15.2
Grants-in-aid to State and local governments	91.5	98.6	108.3	103.4	108.4	115.8	128.3	147.0	167.4	182.1	203.9	215.3
Net interest paid	107.5	125.2	130.5	133.6	143.8	160.5	175.1	183.2	189.7	181.3	183.3	193.3
Subsidies less current surplus of Government enterprises	23.0	21.6	22.1	24.9	28.9	27.6	22.7	23.3	26.7	29.7	24.2	23.3
Wage disbursements less accruals	-0.1	0.1	.....	-0.1	0.1	.....	-*	*	0.0	0.0	0.0	.....
Total expenditures	875.3	952.9	1,017.6	1,051.0	1,098.5	1,164.5	1,250.0	1,309.2	1,436.0	1,484.5	1,533.3	1,597.1
Deficit (-)	-163.6	-175.9	-203.9	-151.9	-143.3	-114.3	-157.9	-187.8	-270.4	-235.2	-187.9	-146.1

Indirect business tax and nontax accruals are composed of excise taxes, customs duties, royalties, fines, and other receipts.

Contributions for social insurance differ from the corresponding budget category primarily because: (1) the NIPAs include Federal employer contributions for employee retirement in this category as a Government receipt, while the budget offsets the contributions against outlays as undistributed offsetting receipts; (2) the NIPAs include premiums for social insurance programs including Part B of medicare as Government receipts, which the budget also nets against outlays; and (3) the NIPAs include imputations for Federal employees' unemployment insurance and workers' compensation.

Federal Sector Expenditures

The table entitled "Federal Transactions in the National Income and Product Accounts, 1984-1995" shows expenditures in the six major NIPA categories, which are very different from the budget categories.

Purchases are the goods and services purchased by the Federal Government, including employee compensation. This category is divided into defense and non-defense components.

Transfer payments is the largest expenditure category. Domestic transfer payments are mainly for income security programs, such as social security and medicare. Foreign transfer payments include grants to foreign governments and payments under social security and other similar programs to individuals living abroad. In 1991, foreign transfers were negative, re-

flecting contributions from foreign governments for Desert Storm.

Grants-in-aid to State and local governments are designed to help finance a range of programs. Grants are for income security, capital expenditures for infrastructure, and other purposes.

Net interest paid is the interest paid by the Government on its borrowing, less interest received on its lending.

Subsidies less current surplus of Government enterprises consists of two elements: (1) subsidy payments for resident businesses (including farms); and (2) the current surplus (or deficit) of "Government enterprises," such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. NIPA subsidies do not include the imputed credit subsidies estimated as part of credit reform in the budget. Rather, loans and guarantees are categorized as financial transactions and are excluded from the NIPAs.

Wage disbursements less accruals is an adjustment that is necessary when wages are earned in a different period than they are paid.

Differences in the Estimates

Since the introduction of the unified budget in January 1968, NIPA receipts have exceeded budget receipts in each year, due principally to the imputed employer contributions for employee retirement. NIPA expenditures have usually been higher than budget outlays for the same reason. There are, however, two components of budget outlays that are sometimes sufficiently

TABLE 19-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

(In billions of dollars)

	Actual										Estimate	
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
RECEIPTS												
Unified budget receipts	666.5	734.1	769.1	854.1	909.0	990.7	1,031.3	1,054.3	1,090.5	1,153.5	1,249.1	1,353.8
Government contributions for employee retirement (grossing)	29.7	32.3	33.7	35.4	38.7	41.2	45.2	49.5	50.7	56.3	59.7	64.7
Other netting and grossing	11.6	13.0	10.6	11.1	14.1	15.1	17.1	21.7	24.1	26.5	26.8	27.2
Timing adjustments	5.2	-1.2	2.7	*	-5.1	4.2	-1.8	-3.3	1.9	15.1	12.2	7.9
Geographic exclusions	-1.4	-1.5	-1.6	-1.8	-1.4	-1.3	-1.4	-2.0	-1.8	-1.8	-1.9	-2.0
Other	0.2	0.3	-0.6	0.1	-0.2	0.2	-0.1	101	0.0	-0.3	-0.4	-0.7
NIPA receipts	711.7	777.0	813.8	899.1	955.1	1,050.1	1,092.0	1,121.4	1,165.6	1,249.3	1,345.4	1,450.9
EXPENDITURES												
Unified budget outlays	851.8	948.4	990.3	1,003.9	1,064.1	1,143.2	1,252.7	1,323.8	1,380.9	1,408.2	1,483.8	1,518.9
Government contributions for employee retirement (grossing)	29.7	32.3	33.7	35.4	38.7	41.2	44.2	49.5	50.7	56.3	59.7	64.7
Other netting and grossing	11.6	13.0	10.6	11.1	14.1	15.1	17.5	21.7	24.1	26.5	26.8	27.2
Lending transactions	-11.7	-31.9	-14.3	-0.5	-3.5	-3.8	-5.2	-13.1	-19.4	-26.1	-29.0	-17.1
Deposit insurance and other financial transactions	-3.6	-0.9	-3.2	-2.9	-12.5	-19.4	-61.8	-67.4	-1.2	26.0	0.4	8.5
Defense timing adjustment	0.3	-0.2	2.8	4.0	3.2	-7.3	4.9	5.6	3.5	2.0	1.1	0.8
Other timing adjustments	-0.8	-1.4	-0.7	4.1	-0.3	0.8	4.2	0.3	0.2	0.4	0.3	0.4
Payments to U.S. territories	-5.0	-5.3	-5.4	-5.4	-5.6	-6.0	-6.5	-7.3	-7.6	-7.5	-8.0	-8.2
Bonuses on outer continental shelf land leases	3.4	1.9	2.1	1.6	1.3	0.9	1.1	1.3	0.9	0.0	0.0	0.0
Other	-0.4	-3.0	1.8	-0.1	-1.0	-0.2	-1.7	-5.3	4.0	-1.3	-1.8	-1.9
NIPA expenditures	875.3	952.9	1,017.6	1,051.0	1,098.5	1,164.5	1,250.0	1,309.2	1,436.0	1,484.5	1,533.3	1,597.1

large to overwhelm the grossing adjustments. These are financial transactions and payments to U.S. territories. Budget outlays were greater than NIPA expenditures in 1990 and 1991. With the enactment of credit reform, effective in 1992, lending activity with the public as recorded in the budget has been treated in a way that is closer to the NIPA treatment. Disbursement and repayment of loans now occur outside the budget as in the NIPAs, and only imputed credit subsidies remain as budget outlays. However, this narrowing of differences in lending activity was overwhelmed, in recent years, by large increases in other financial transactions, principally outlays for the resolution of failed financial institutions.

Since 1968, the unified on-budget plus off-budget surplus or deficit has exceeded the Federal surplus or defi-

cit as measured in the NIPAs in all but three years. In 1992, the unified budget deficit was \$290.4 billion, while the NIPA deficit was \$270.4 billion.

Table 19-1 displays Federal transactions using NIPA concepts with actual data for the years 1984-1993 and estimates for 1994 and 1995 consistent with the Administration's budget proposals. Table 19-2 displays the reasons for differences between the data using budget concepts and NIPA concepts. Table 19-3 displays quarterly data using NIPA concepts beginning in October 1991. Annual NIPA data from 1947-1995 are published in Section 14 of a separate budget volume, *Historical Tables, Budget of the U.S. Government, Fiscal Year 1995*.

Additional details will be published in a forthcoming issue of the Department of Commerce publication, *Survey of Current Business*.

TABLE 19-3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPAs, QUARTERLY, 1993-1995

(In billions of dollars; seasonally adjusted at annual rates)

Description	Actual				Estimate							
	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.
	1992	1993	1993	1993	1993	1994	1994	1994	1994	1995	1995	1995
RECEIPTS												
Personal tax and nontax receipts	511.8	502.1	520.7	527.1	535.0	554.4	568.1	573.2	584.7	597.4	630.7	616.7
Corporate profits tax	127.1	132.4	142.4	139.3	143.9	146.6	150.9	154.2	155.3	155.5	155.5	156.7
Indirect business tax and nontax accruals	83.5	81.5	86.2	86.7	95.2	93.0	93.0	93.1	114.2	111.0	111.3	111.6
Contributions for social	498.7	502.3	518.7	522.8	527.6	546.6	550.6	555.4	561.3	571.8	579.6	588.7
Total receipts	1,221.1	1,218.4	1,268.0	1,275.9	1,301.7	1,340.6	1,362.6	1,375.9	1,415.5	1,435.7	1,477.1	1,473.7
EXPENDITURES												
Purchases services	452.4	442.7	447.6	443.6	439.7	444.8	445.1	442.5	446.3	449.3	451.9	451.5
Defense	315.7	304.8	307.6	301.9	300.0	294.0	291.9	286.9	286.7	288.5	288.7	286.3
Nondefense	136.7	137.9	140.0	141.7	139.7	150.8	153.2	155.6	159.6	160.8	163.2	165.2
Transfer payments	641.7	642.0	645.6	652.8	659.7	680.0	684.4	690.4	703.6	713.6	717.6	725.6
Domestic ("to persons")	617.1	628.9	632.7	639.1	642.5	663.2	667.2	673.6	686.4	699.2	703.6	710.8
Foreign	24.6	13.1	12.9	13.7	17.2	16.8	17.2	16.8	17.2	14.4	14.0	14.8
Grants-in-aid to State and local governments	176.7	176.1	182.8	188.6	195.8	199.2	207.2	213.6	214.0	214.2	215.2	217.4
Net interest paid	181.3	178.3	182.5	182.2	179.3	182.0	186.0	186.0	190.6	192.4	194.8	195.4
Subsidies less current surplus of Government enterprises	33.2	42.9	32.3	21.4	38.0	29.6	20.4	12.4	24.0	30.8	23.2	15.2
Wage disbursements less accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditures	1,485.3	1,481.9	1,490.6	1,488.6	1,512.5	1,535.6	1,543.1	1,544.9	1,578.5	1,600.3	1,602.7	1,6705.1
Deficit(-)	-264.2	-263.4	-222.6	-212.7	-210.8	-195.0	-180.5	-169.0	-163.0	-164.6	-125.6	-131.4

ANOTE: 1. Because of the methods used to seasonally adjust NIPA data, the average of seasonally adjusted data for the 4 quarters of the fiscal year may not be equal to the unadjusted fiscal year total.
A2. NA: Not available until the GDP release on January 28, 1994.

20. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 1993

The following three parts of this chapter compare the actual total receipts, outlays, and the deficit for 1993 with the current services baseline estimates shown in the 1993 Budget in February 1992. The fourth part shows additional details for a comparison of mandatory and related programs, and the final part reconciles actual receipts, outlays, and the deficit totals for 1993 previously published by the Department of the Treasury with those in the budget.

Receipts

Receipts in 1993 were \$1,153.5 billion, which is \$15.5 billion less than the February 1992 baseline estimate of \$1,169.0 billion. As shown in Table 20-1, this decrease was the net effect of legislative, administrative and regulatory changes; economic conditions that differed from what had been expected; and different collection patterns and effective tax rates than had been assumed.

Policy differences.—The Unemployment Compensation Amendments of 1992, the Energy Policy Act of 1992 and the Omnibus Budget Reconciliation Act of 1993 were the only major laws enacted after February 1992 that affected 1993 receipts. Altogether, these three laws increased 1993 receipts by a net \$4.1 billion. New IRS policies regarding applications for installment agreements and extensions to file tax returns, administrative actions that affected reserve requirements of the Federal Reserve, and regulatory changes that affected the timing of the payment of payroll taxes by small businesses and the allocation of research and experimentation expenditures between domestic and foreign operations, reduced 1993 receipts by \$2.3 billion. On net, legislative, administrative and regulatory changes increased 1993 receipts by \$1.8 billion.

Economic differences.—Differences between the economic assumptions upon which the original receipts estimates were made and actual economic performance accounted for a net decrease in 1993 receipts of \$24.4 billion. Reductions in wages and salaries relative to what had been assumed in the 1993 budget were in large part responsible for the shortfalls in individual income taxes and social insurance taxes and contributions of \$13.5 billion and \$9.8 billion, respectively. Miscellaneous receipts were lower than expected by \$4.8 billion, in large part due to lower than anticipated interest rates, which reduced deposits of earnings by the Federal Reserve. Increases in corporate profits relative to the budget forecast increased corporation income taxes by \$1.9 billion and higher than expected imports increased customs duties by \$1.4 billion.

Technical reestimates.—Different collection patterns and effective tax rates than had been assumed in February 1992 were primarily responsible for the increases in individual and corporation income taxes of \$4.1 billion and \$7.7 billion, respectively, and the decrease in social insurance taxes and contributions of \$6.3 billion. Increased deposits of earnings by the Federal Reserve, attributable to higher-than-expected asset values on securities denominated in foreign currencies, accounted for most of the \$2.8 billion increase in miscellaneous receipts.

Outlays

Outlays for 1993 were \$1,408.2 billion. This was \$115.6 billion lower than the initial current services baseline estimate of \$1,523.8 billion, which was included in the 1993 budget transmitted to the Congress in February 1992.

Major causes of the change.—Table 20-2 distributes the \$115.6 billion net decrease in outlays among

TABLE 20-1. COMPARISON OF ACTUAL 1993 RECEIPTS WITH THE FEBRUARY 1992 BASELINE ESTIMATES

(In billions of dollars)

	February 1992 estimate	Legislative, regulatory and administrative changes	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	519.1	*	-13.5	4.1	-9.4	509.7
Corporation income taxes	105.9	2.0	1.9	7.7	11.6	117.5
Social insurance taxes and contributions	444.5	-0.1	-9.8	-6.3	-16.2	428.3
Excise taxes	48.0	*	0.3	-0.3	0.1	48.1
Estate and gift taxes	12.9	*	-*	-0.3	-0.3	12.6
Customs duties	18.0	-0.1	1.4	-0.5	0.8	18.8
Miscellaneous receipts	20.7	-0.1	-4.8	2.8	-2.1	18.6
Total	1,169.0	1.8	-24.4	7.1	-15.5	1,153.5

*\$50 million or less.

TABLE 20-2. COMPARISON OF ACTUAL 1993 OUTLAYS WITH THE FEBRUARY 1992 BASELINE ESTIMATES

(Outlays in billions of dollars)

	February 1992 estimate	Changes					Actual
		Policy	Cap adjustments	Economic	Technical	Total changes	
Discretionary:							
Defense	296.8	-8.4	2.0	.....	2.0	-4.4	292.4
Nondefense	245.9	-0.4	5.4	.....	-0.9	4.1	250.0
Subtotal, discretionary	542.7	-8.8	7.4	.....	1.1	-0.3	542.5
Mandatory:							
Deposit insurance	75.7	.....	.....	.....	-103.7	-103.7	-28.0
Other programs	691.4	6.1	.....	0.9	-3.5	3.5	694.9
Subtotal, mandatory	767.1	6.1	.....	0.9	-107.1	-100.2	666.9
Net interest	213.9	-0.2	.....	-12.7	-2.2	-15.1	198.8
Total outlays	1,523.8	-2.9	7.4	-11.8	-108.2	-115.6	1,408.2

discretionary and mandatory programs and net interest, and also according to four reasons for the changes: (1) policy changes; (2) cap adjustments; (3) economic conditions; and (4) technical estimating differences, a residual.

Policy changes are the result of actions by the Congress or the Administration (other than cap adjustments) that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 1993, policy changes decreased outlays an estimated \$2.9 billion relative to the initial current services estimates. Outlays for discretionary programs were \$8.8 billion lower than estimated in the initial baseline, largely due to lower defense appropriations. (Discretionary programs are those generally subject to control by annual appropriations.)

Outlays for mandatory programs were \$6.1 billion higher than initially estimated due to changes in policy, largely because of increases of \$5.6 billion for unemployment compensation. (Mandatory programs are mostly formula benefit or entitlement programs not normally controlled by annual appropriations.) Policy changes for net interest reflect debt service on policy changes to outlays and receipts.

Cap adjustments increased outlays by \$7.4 billion above the initial baseline. For defense, the \$2.0 billion increase was for incremental costs associated with Operation Desert Shield/Desert Storm. For nondefense, the \$5.4 billion increase was primarily for emergency appropriations. These were for hurricanes Andrew and Iniki and typhoon Omar in 1992 and for flood damage in the Midwest and other emergencies in 1993. (Discretionary caps were initially enacted in the Omnibus Budget Reconciliation Act of 1990 and are discussed in the chapter entitled "Budget Enforcement Act Preview Report.")

Economic conditions that differed from those forecast in February 1992 resulted in a net outlay decrease of \$11.8 billion. Outlays for mandatory programs increased an estimated \$0.9 billion. Higher than forecast unemployment rates increased outlays \$1.7 billion. This

was partially offset by lower than expected inflation, primarily in medical costs, which decreased outlays an estimated \$0.8 billion. Net interest outlays were \$12.7 billion lower for economic reasons than initially projected, largely due to interest rates that were lower than initially projected.

Technical estimating differences and other changes result from changes in such factors as the number of beneficiaries, crop conditions, bank failures, or other factors not associated with policy changes, cap adjustments, or economic conditions. Technical changes accounted for a net decrease of \$108.2 billion. Most of the change was for deposit insurance. Initially estimated outlays for deposit insurance were \$75.7 billion. Actual collections exceeded disbursements by \$28.0 billion, a decrease of \$103.7 billion from the initial estimate. This decrease was primarily because favorable economic conditions resulted in fewer bank and thrift failures than originally assumed, and a delay in receiving funding for thrift resolutions shifted some outlays into 1994. Other major technical changes included increases for agricultural price support payments (\$3.7 billion), largely because favorable crop conditions depressed prices and raised crop subsidy payments, unemployment compensation (\$3.1 billion), and social security (\$2.6 billion). Major decreases were for medicaid (\$8.3 billion) and mortgage credit programs (\$2.8 billion).

Deficit

The preceding two sections discussed the differences between the baseline estimates in the February 1992 budget for 1993 and the actual amounts of Federal Government receipts and outlays. This section combines these effects in order to show the net impact of these differences on the deficit.

As shown in Table 20-3, the current services deficit for 1993 was initially estimated to be \$354.8 billion. The actual deficit was \$254.7 billion, which was \$100.1 billion less than the initial baseline estimate. Receipts were \$15.5 billion less than the initial estimate, and

TABLE 20-3. COMPARISON OF ACTUAL 1993 DEFICIT WITH THE FEBRUARY 1992 BASELINE ESTIMATES

(In billions of dollars)

	February 1992 estimate	Changes					Actual
		Policy	Cap adjustments	Economic	Technical	Total changes	
Receipts	1,169.0	1.8	.....	-24.4	7.1	-15.5	1,153.5
Outlays	1,523.8	-2.9	7.4	-11.8	-108.2	-115.6	1,408.2
Deficit	-354.8	4.7	-7.4	-12.5	115.3	100.1	-254.7

NOTE: Deficit changes are receipts minus outlays. For these changes, a plus indicates a decrease in the deficit.

outlays were \$115.6 billion less. The table shows the distribution of the changes according to the categories in the preceding two sections.

Policy increases in receipts and decreases in outlays combined to decrease the deficit \$4.7 billion. Increases in the discretionary caps, primarily changes for Operation Desert Shield/Desert Storm and appropriations for emergencies, increased the deficit by \$7.4 billion.

Economic conditions that differed from what was initially assumed in February 1992 accounted for an estimated \$12.5 billion increase in the deficit. The loss of \$24.4 billion in receipts was partially offset by a decrease of \$11.8 billion in outlays. Technical estimating and other differences decreased the deficit by an estimated \$115.3 billion. This was due to a combination of decreases in outlays of \$108.2 billion and increases in receipts of \$7.1 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 1993

This section compares the original 1993 outlay estimates for mandatory and related programs under current law in the 1993 Budget (February 1992) with the actual outlays. Mandatory and related programs are programs with spending generally controlled by authorizing legislation rather than by annual appropriations. Outlays for these programs depend on eligibility criteria established in law, such as social security and medicare benefits for the elderly, agricultural price support payments to farmers, or deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

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; or economic conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

Table 20-4 shows the differences between actual outlays for these programs in 1993 and the amounts origi-

nally estimated in the 1993 Budget, based on laws in effect at that time. (The list of programs is similar to the list in Table 15-3 in Chapter 15, "Review of Direct Spending and Receipts," in this volume. This table provides the estimates through 1999.)

Actual outlays for mandatory and related programs in 1993 were \$865.8 billion, which was \$115.3 billion less than the initial estimate of \$981.1 billion, based on existing law in February 1992.

Outlays for mandatory programs were \$704.3 billion in 1993, \$102.8 billion less than estimated in February 1992.

Actual outlays for mandatory human resources programs were \$718.7 billion, \$2.7 billion more 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. The largest increase was for unemployment compensation (\$9.9 billion), due primarily to legislation that extended unemployment benefits; the largest decrease was for medicaid (\$8.7 billion), due primarily to technical reestimates.

Outlays for other mandatory programs were \$105.5 billion less than originally estimated. The largest decrease was for deposit insurance. The initial estimate was \$75.7 billion. Actual collections exceeded disbursements by \$28.0 billion, a net decrease of \$103.7 billion from the initial estimate. Favorable economic conditions resulted in fewer bank and thrift failures than originally assumed, and a delay in receiving funding for thrift resolutions shifted some outlays into 1994. The increase in outlays for mandatory agricultural programs (\$4.0 billion) resulted largely from volatility in farm production and international affairs. The bumper 1992 crops depressed prices and raised crop subsidy payments, while humanitarian aid to Russia and disaster aid to farmers following the Midwest floods also increased outlays.

Outlays for net interest were \$198.8 billion or \$15.1 billion less than the original estimate. This decrease was largely the effect of lower than expected interest rates.

TABLE 20-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW FOR 1993

(In billions of dollars)

	February 1992 estimate	Actual	Change
Mandatory programs:			
Human resources programs:			
Education, training, employment,	14.5	13.8	-0.6
Health:			
Medicaid	84.5	75.8	-8.7
Other	4.8	4.0	-0.8
Total health	89.3	79.8	-9.5
Medicare	127.9	127.8	-0.1
Income security:			
Retirement and disability	65.1	63.9	-1.3
Unemployment compensation	25.6	35.5	9.9
Food and nutrition assistance	30.8	31.7	0.9
Other	44.1	44.9	0.8
Total, income security	165.7	176.0	10.3
Social security	299.6	302.0	2.4
Veterans benefits and services:			
Income security for veterans	17.5	17.8	0.2
Other	1.5	1.6	0.1
Total veterans benefits and services	19.0	19.3	0.3
Total mandatory human resources	716.0	718.7	2.7
Other mandatory programs:			
Agriculture	12.2	16.2	4.0
Deposit insurance	75.7	-28.0	-103.7
Other functions	3.3	-2.5	-5.8
Total other mandatory programs	91.2	-14.3	-105.5
Total mandatory programs	807.2	704.3	-102.8
Undistributed offsetting receipts:			
Employer share, employee retirement	-37.2	-34.6	2.6
Rents and royalties on the outer co	-2.8	-2.8	*
Total undistributed offsetting receipts	-40.0	-37.4	2.6
Total, mandatory and undistributed offsetting receipts	767.1	666.9	-100.2
Net interest:			
Interest on the public debt	314.7	292.5	-22.2
Interest received by trust funds	-81.0	-82.3	-1.3
Other interest	-19.8	-11.4	8.4
Total net interest	213.9	198.8	-15.1
Total outlays for mandatory and related programs under current law .	981.1	865.8	-115.3

*\$50 million or less.

Reconciliation of Differences with Amounts Published by Treasury for 1993

Table 20-5 provides a reconciliation of the receipts, outlays, and deficit totals published by the Department of the Treasury in the *U.S. Government Annual Report* (January 3, 1994) and those published in this budget.

The deficit total for 1993 in this budget is \$14 million lower than previously reported by the Department of the Treasury. The differences are due to misclassifications and reporting errors by the agencies that were not found in time to be included in the reports issued previously by the Department of the Treasury.

TABLE 20-5. RECONCILIATION OF FINAL AMOUNTS FOR 1993

(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury in the <i>U.S. Government Annual Report</i> ¹	1,153,147	1,407,831	-254,684
Adjustments, net:			
The Judiciary	48	48	.....
Department of Defense—Civil	19	19	.....
Energy Department	148	148	.....
Interior Department	-9	-9	.....
Environmental Protection Agency	4	4	.....
Other independent agencies:			
Christopher Columbus Fellowship Foundation	8	8	.....
James Madison Memorial Fellowship Trust Fund	9	9	.....
Federal Retirement Thrift Investment Board		-2	2
Postal Service		575	-575
Railroad Retirement Board		-170	170
United Mine Workers of America	161	161	.....
Miscellaneous reporting differences		-416	416
Total, adjustments, net	388	374	14
Totals in the budget	1,153,535	1,408,205	-254,670

¹ Published on January 3, 1994.

21. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress provides budget authority, which is generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays.

Some new budget authority is available through permanent appropriations under existing law. This consists mainly of budget authority for trust funds, which for most trust funds is automatically appropriated under existing law; interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847; and the authority to spend offsetting collections credited to appropriation or fund accounts. Budget authority for the medicare, railroad retirement, and unemployment insurance trust funds was changed by the Budget Enforcement Act of 1990, so that it equals estimated obligations of the funds rather than the funds' receipts. Conforming changes were made administratively in 1991 for most other trust funds subject to obligation limits or benefit formulas, including the military and civil service retirement trust funds.

The remaining new budget authority is made available annually through the appropriations process.

Not all of the new budget authority for 1995 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 (limited, in some cases, by the estimated obligations). 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 for which the budget authority is enacted. There are some exceptions to this requirement, 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 40 years.

- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for most education and job 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.
- 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.

To be consistent with the redefinition of budget authority by the Budget Enforcement Act, the unobligated balances of certain trust funds were reduced as of the end of 1992 to the extent that they are precluded from obligation by a provision of law (such as a benefit formula or limitation on obligations). The amounts precluded from obligation remain available indefinitely for the purposes of the funds. This change in budget treatment resulted in a \$402 billion reduction in unspent authority as of the end of 1992.

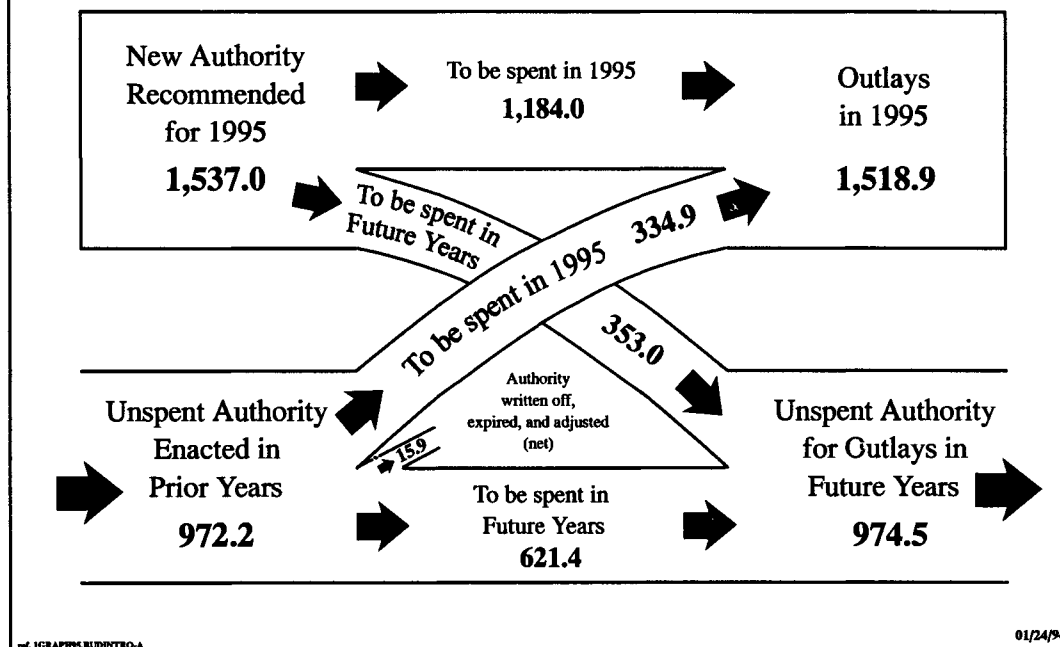
As shown in the following chart, \$334.9 billion of the outlays in 1995 (22 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$353.0 billion of the new budget authority proposed for 1995 (23 percent of the total amount proposed) will not lead to outlays until future years. Thus, although outlays in 1995 are, coincidentally, very nearly equal to budget authority for that year (98.8 percent), 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.

¹This 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.

**Chart 21-1. RELATIONSHIP OF BUDGET AUTHORITY
TO OUTLAYS FOR FY 1995**

(in billions of dollars)



22. 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 was developed by the President's Commission on Budget Concepts in 1967. It calls for the budget to include all the Federal Government's programs and all the fiscal transactions of these programs with the public.

Since 1971, however, a number of Federal entities have been off-budget. Off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals by law. When a Federal entity is off-budget, its receipts, outlays, and deficit or surplus are not included in budget receipts, budget outlays, or the budget deficit; and its budget authority is not included in the totals of budget authority for the budget. The off-budget Federal entities conduct programs of the same type as entities included in the budget.

The off-budget Federal entities consist of the two social security trust funds, old-age and survivors insur-

ance and disability insurance, and the Postal Service fund. Social security was removed from the budget in 1985 and the Postal Service fund in 1989. The Budget Enforcement Act of 1990 excludes these entities from the deficit targets and other enforcement calculations except for the administrative expenses of social security. Other entities were off-budget in earlier years but were moved onto the budget under subsequent law.

The following table compares the total Federal Government receipts, outlays, and deficit with the amounts that are on-budget and off-budget. Social security is classified as off-budget for all years, in order to provide consistent comparisons over time. The much smaller Postal Service transactions are classified as off-budget starting in 1989. Entities that are now on-budget are classified as on-budget for all years.

In 1995 the off-budget receipts are an estimated 26 percent of total receipts, and the off-budget outlays are an estimated 19 percent of total outlays. The 1995 total

TABLE 22-1. COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS ¹

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	-53.7	-49.8	-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	543.1	135.2	-79.0	-74.0	-5.0
1982	617.8	474.3	143.5	745.8	594.4	151.4	-128.0	-120.1	-7.9
1983	600.6	453.2	147.3	808.4	661.3	147.1	-207.8	-208.0	0.2
1984	666.5	500.4	166.1	851.8	686.0	165.8	-185.4	-185.7	0.3
1985	734.1	547.9	186.2	946.4	769.6	176.8	-212.3	-221.7	9.4
1986	769.1	568.9	200.2	990.3	806.8	183.5	-221.2	-238.0	16.7
1987	854.1	640.7	213.4	1,003.9	810.1	193.8	-149.8	-169.3	19.6
1988	909.0	667.5	241.5	1,064.1	861.4	202.7	-155.2	-194.0	38.8
1989	990.7	727.0	263.7	1,143.2	932.3	210.9	-152.5	-205.2	52.8
1990	1,031.3	749.7	281.7	1,252.7	1,027.6	225.1	-221.4	-278.0	56.6
1991	1,054.3	760.4	293.9	1,323.8	1,082.1	241.7	-269.5	-321.8	52.2
1992	1,090.4	788.0	302.4	1,380.9	1,128.5	252.3	-290.4	-340.5	50.1
1993	1,153.5	841.6	311.9	1,408.2	1,141.6	266.6	-254.7	-300.0	45.3
1994 estimate	1,294.1	912.9	336.2	1,483.8	1,203.0	280.9	-234.8	-290.1	55.3
1995 estimate	1,353.8	998.6	355.2	1,518.9	1,223.6	295.4	-165.1	-225.0	59.9
1996 estimate	1,427.3	1,052.6	374.7	1,596.9	1,288.9	308.0	-169.6	-236.3	66.7
1997 estimate	1,505.1	1,107.6	397.5	1,691.4	1,373.1	318.3	-186.4	-265.5	79.2
1998 estimate	1,586.9	1,165.5	421.4	1,777.4	1,444.8	332.7	-190.5	-279.2	88.7
1999 estimate	1,672.9	1,227.8	445.1	1,854.0	1,506.5	347.6	-181.1	-278.6	97.6

¹ Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989.

deficit of \$165.1 billion consists of an off-budget surplus of \$59.9 billion and an on-budget deficit of \$225.0 billion. The off-budget entities in total have had a growing surplus since the middle 1980s, and the surplus is estimated to grow each year throughout the projection period.

The Federal Credit Reform Act of 1990 refined budget concepts by distinguishing between the costs of credit programs, which are budgetary in nature, and the other transactions of the credit programs, which are not. For 1992 and subsequent years, the costs of direct loans and loan guarantees are estimated as the present value of expected cash outflows from the Government less the present value of expected cash inflows to the Government. These costs are equivalent to the outlays of other Federal programs and are included in the budget as outlays of credit program accounts when the Federal Government makes a direct loan or guarantees a private loan. The cash transactions with the public—the disbursement and repayment of loans, the payment of default claims, the collection of interest and fees, and so forth—are recorded in separate financing accounts. The transactions of the financing accounts do not represent costs to the Government above and beyond those costs that are already included in the credit program accounts. Therefore, they are non-budgetary in concept, and the Act excludes them from the budget. Because the financing accounts are non-budgetary in concept, they are not classified as off-budget Federal entities.

The budget outlays of credit programs thus reflect only the cost of Government decisions, and they reflect this cost when the Federal credit assistance is provided. This enables the budget to better fulfill its purpose of being a financial plan for allocating resources among alternative uses: comparing the cost of a program with its benefits, comparing the cost of credit programs with the cost of other spending programs, and comparing the cost of one type of credit assistance with the cost of another type. Since the financing accounts do affect the Government's cash position, they are a means of financing the deficit as explained in Chapter 13 of this volume, "Federal Borrowing and Debt."¹

Insurance programs have economic effects and pose a financial risk to the Government, but under present budgetary accounting they do not result in budget outlays unless the insured event occurs and the Government pays a claim. In this respect their budgetary treatment is similar to the treatment of loan guarantees before the Credit Reform Act. As discussed in Chapter 10, "Underwriting Federal Credit and Insurance," credit reform principles could be applied to deposit insurance, pension guarantees, and other insurance programs.

Other activities related to the Federal Government are outside the scope of budget outlays because of their inherent nature. The Government-sponsored enterprises, which are mostly financial intermediaries, are excluded from the budget on the grounds that they are privately owned and controlled. However, because of their close relationship to the Federal Government, detailed estimates of their activities are reported in a separate chapter of the *Budget Appendix* and an assessment of the risk they pose to the Government is presented in Chapter 10.

Taxation provides the Government with income, which is included in the budget as "receipts" and which withdraws purchasing power from the private sector in order to finance Government expenditure. In addition to this primary effect, taxation has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the rates and other structural characteristics of each tax. The effects of taxation on resource allocation and income distribution are analogous to the effects of outlays. Some of these effects have been defined as "tax expenditures" and are discussed in Chapter 6, "Tax Expenditures."

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. Regulatory management is discussed in a section of Chapter 4.C in the *Budget*.

¹ Credit reform is further explained in Chapter 10 and in Chapter VIII.A of the 1992 *Budget*, Part Two, pp. 223–26.

23. CROSSCUTTING CATEGORIES

This chapter presents discretionary spending for certain crosscutting categories. These categories are intended to show the impact of different agency programs on broad areas of public interest. Although the table included in this chapter presents discretionary spending only, the crosscutting approach could also be used in combination with mandatory spending and tax expenditures to provide a more complete measure of the impact of government spending.

Agency programs can potentially apply to multiple crosscutting categories. When analyzing category totals, the amount of spending for these multiple purpose programs can be taken into account. The table adjusts for these amounts by removing multiple program-to-category assignments between different categories based on an assessment of the primary purpose of the program.

TABLE 23-1. CROSSCUTTING CATEGORIES¹
(Discretionary funding; in billions of dollars)

		1993	1994	1995	1996	1997	1998	1999
Programs that promote Economic Growth	BA	158.0	160.2	167.1	169.5	169.7	171.0	173.2
	OL	148.2	158.0	159.2	166.7	169.6	171.1	173.0
Adjust for multiple purpose programs between categories	BA	-18.2	-19.6	-20.9	-23.2	-24.6	-25.9	-27.5
	OL	-16.5	-18.4	-19.6	-21.6	-23.6	-25.2	-26.6
Economic Growth, net	BA	139.8	140.6	146.2	146.4	145.1	145.1	145.8
	OL	131.6	139.6	139.6	145.1	146.0	145.9	146.4
Programs that promote Individual Independence	BA	111.5	116.2	124.3	137.6	144.7	147.6	151.8
	OL	105.1	113.9	116.8	125.2	131.1	133.2	137.1
Adjust for multiple purpose programs between categories	BA	-37.1	-38.9	-41.8	-43.1	-44.3	-44.7	-45.3
	OL	-36.7	-39.2	-39.4	-42.7	-44.1	-45.1	-45.7
Promoting Individual Independence, net	BA	74.4	77.4	82.5	94.6	100.4	102.9	106.5
	OL	68.4	74.7	77.4	82.4	87.1	88.1	91.4
Programs that assist the Environment and Natural Resources Management	BA	31.4	33.6	35.2	35.7	35.7	35.8	36.4
	OL	28.7	31.4	33.0	34.9	35.7	35.7	35.7
Adjust for multiple purpose programs between categories	BA	-4.1	-4.3	-4.5	-4.4	-4.5	-4.5	-4.5
	OL	-3.2	-3.6	-3.7	-4.1	-4.2	-4.3	-4.4
Environment and Natural Resources Management, net	BA	27.3	29.3	30.7	31.3	31.3	31.4	31.9
	OL	25.6	27.8	29.3	30.9	31.4	31.4	31.3
National Defense programs	BA	276.1	261.7	264.2	255.9	252.6	259.2	265.7
	OL	292.4	280.6	271.1	261.6	257.0	257.1	258.1
International Affairs programs	BA	21.2	20.8	20.9	20.6	20.6	20.6	20.7
	OL	21.6	21.8	20.8	21.2	21.3	21.2	21.3
All Other Programs	BA	87.0	89.8	89.2	90.4	92.1	85.0	83.8
	OL	85.2	89.7	89.5	91.4	92.1	84.6	83.1
Adjust for multiple purpose programs not otherwise accounted for	BA	-86.2	-85.8	-87.2	-87.1	-85.9	-83.1	-83.1
	OL	-82.3	-84.0	-85.2	-86.5	-87.0	-84.0	-83.3
Total	BA	539.6	533.8	546.5	552.1	556.3	561.2	571.2
	OL	542.4	550.1	542.4	546.1	547.8	544.4	548.3

¹ Budget authority includes obligation limitations that drive outlays.

HIGH RISK AREAS

24. PROGRESS REPORT: CORRECTING HIGH RISK AREAS

The High Risk Program focuses attention and resources on eliminating major risks confronting Federal agencies and programs. High risk areas are those weaknesses that warrant top-level attention at the agency and by the Congress. OMB compiles the List and publishes it in the President's Budget in order to assure attention to these matters and to provide a tool for public accountability.

In 1993, agencies generally continued to make good progress in correcting high risk areas. OMB's assessment of agency efforts appears in the last column of Table 24-1 below. Of the 104 high risk areas included on the List throughout 1993, OMB concluded that:

- Agencies have made sufficient progress to warrant deletion of 25 areas from the List. These areas are assessed with a "D".
- In 22 areas, agencies have made significant progress. This means that the agency has produced a corrective action plan that, if implemented, will either eliminate the risk or reduce the risk to an acceptable level; and has implemented enough of the plan to have concrete, measurable accomplishments. These areas are assessed with a "1".
- In 47 areas, agencies have active efforts underway to improve progress. This means that the agency has undertaken a serious effort to eliminate the

risk or reduce the risk to an acceptable level. Implementation of the corrective action plan is on the right track, but the plan may need additional refinement; or, the agency has produced an acceptable corrective action plan, and is proceeding with implementation, but has not gotten far enough to prove that the risk has been reduced or the problem solved. These areas are assessed with a "2".

- In eight areas, OMB has reservations about the adequacy of agency progress and/or plans. This means that the agency has not produced an adequate corrective action plan; or, has failed to make reasonable progress towards implementing its plans. These areas are assessed with a "3".
- One area should be removed from the List because unilateral action by the agency to correct the problem is not feasible. The Administration will consider whether legislative changes (to the Single Audit Act) are needed in 1994.

Seven areas are being added to the List this year, and two areas are being merged. Thus at the beginning of 1994, the High Risk List includes 84 areas. The Administration remains committed to ensuring that these issues receive priority attention as part of the ongoing effort to improve management of Federal agencies and programs.

Table 24-1. PROGRESS REPORT: HIGH RISK AREAS BY AGENCY

DEPARTMENT OF AGRICULTURE

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Farmers Home Administration (FmHA) and Rural Development Administration (RDA) Loan Programs:</i> High total delinquencies (\$9B) and high delinquency rates (17 percent) in 1993.</p> <p>There are \$53B in outstanding FmHA and RDA loans. At risk: up to \$12.8B identified in allowance for doubtful accounts.</p>	<p>FmHA has made some improvements to credit management through (i) work-out of large loans in excess of \$1M; (ii) expanded use of contract appraisals; and (iii) standard lender agreements for farm and housing programs. However, FmHA is no longer using the Strategic Business Plan completed in June 1992, which contained plans to improve credit management through a second level review of all loans, separate underwriting units, and centralized servicing. FmHA is developing a new plan based on the concept of "supervised credit."</p> <p>Next steps: OMB believes that FmHA must (i) determine a course of action to resolve internal control problems and improve underwriting and servicing of farm and housing loans, including reviewing options for centralized servicing of single family housing loans; (ii) review options for escrow accounting in its single family housing program; and (iii) develop an Information Systems Plan to guide FmHA/RDA automation efforts in light of the proposed USDA reorganization.</p>	3

DEPARTMENT OF AGRICULTURE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Food and Nutrition Service (FNS):</i> Food Stamp illegal trafficking for cash, drugs, and weapons; and fraudulent retailer activity.</p> <p>1994 budget includes \$25B for Food Stamp Program. At risk: ability to detect both food stamp trafficking by individuals and fraudulent retailer activity, with an estimate of over \$100M in benefits diverted annually.</p>	<p>FNS has undertaken significant steps to address food stamp trafficking and fraudulent retailer activity, including (i) procuring additional equipment to enhance trafficking investigations; (ii) establishing use of the False Claims Act as a sanction tool for trafficking cases (resulting in settlements of \$1.1M); and (iii) updating requirements for processing investigative sanctions against authorized retailers. USDA's Inspector General, in conjunction with FNS staff, has undertaken an aggressive program to detect fraudulent retailer activity, including: (i) analyzing sales and redemption data for irregularities; and (ii) detecting ineligible use and illegal selling of food stamps. In 1993, the OIG conducted 783 food stamp fraud investigations resulting in 750 convictions and \$10M in fines and penalties. Additionally, during 1993, the implementation of electronic benefit transfer (EBT) to distribute food stamps was enhanced. FNS now authorizes States to implement EBT systems and is developing standard EBT report formats on retailers with suspicious food stamp activity.</p> <p>Next steps: (i) Analyze and revise the computer generated violation prone profile of authorized retailers. (ii) Increase the number and collections of False Claims Act civil prosecution settlements and judgments. (iii) Expand use of the field automation system by investigators from 33 percent to 40 percent. (iv) Issue an evaluation report of EBT in Maryland which includes an analysis of EBT vulnerabilities for trafficking.</p>	1
<p><i>Federal Crop Insurance Corporation (FCIC):</i> Overpayment of claims.</p> <p>FCIC has a \$1B annual operating level. At risk: \$100M in losses paid to reinsurance companies.</p>	<p>FCIC has undertaken initiatives to strengthen management oversight, establishing field compliance offices to increase monitoring of reinsured companies, and improving two data reporting systems. To enhance this effort, in 1993 FCIC (i) hired a reinsurance accounting specialist to establish standards for conducting and implementing ongoing evaluations of reinsurance companies' annual financial statements; (ii) began redefining qualifications criteria for the standard reinsurance agreement; and (iii) began using methodology (error rate measurement) to evaluate reinsurance company performance, beginning in crop year 1995.</p> <p>Next steps: (i) Continue to implement financial evaluation standards and qualifications criteria. (ii) Use error rate measurement to evaluate reinsurance company performance.</p>	1
<p><i>FmHA, Rural Rental Housing Program</i> (Multi-family loans and Rental Assistance): Multi-family housing (MFH) program lacks adequate oversight and internal controls.</p> <p>Outstanding MFH loans total \$10.8B, with \$17M delinquent in 1993. At risk: annual losses of approximately \$35M (fraudulent construction and maintenance) and \$79M (interest credit and rental assistance payments).</p>	<p>FmHA plans to reduce vulnerability in the MFH program through a combination of specialized financial analysis training, possible reorganization and centralization of the MFH program, amended regulations, and new legislation. In 1993, FmHA (i) completed basic financial analysis training for its National Office and field employees and trained 400 employees in advanced financial analysis; (ii) published regulations for improved underwriting; and (iii) proposed regulations to (a) require that project reserve accounts be deposited in supervised bank accounts, and (b) limit profit layering, subsidy layering and other activities associated with Identities of Interest problems.</p> <p>Next steps: In 1994, FmHA will (i) continue advanced training program; (ii) finalize the proposed rules; (iii) propose legislation to permit tenant wage matching; (iv) review centralization of the MFH program into the State offices as part of USDA reorganization; and (v) complete cost control pilot to test whether public bids, as opposed to negotiated contracts, will result in lower construction costs.</p>	2
<p><i>Department-wide financial systems:</i> Inadequate financial system controls, planning and implementation, and inaccurate financial reports.</p> <p>USDA administers programs which had authorized budget authority of \$68.1B in 1993 and direct loan authority of \$11B. At risk: loss or misapplication of budget resources due to unreliable management information.</p>	<p>Long-term, pervasive problems in the operation of Department-wide and many bureau-specific financial systems underlie inaccurate reporting and ineffective controls. The Secretary's 1992 FMFIA Report could not provide overall assurance that USDA complied with either internal control or financial system requirements. Furthermore, nine bureaus did not certify as to the accuracy of their 1992 financial statements and another six bureaus provided conditional certifications. The Department recognizes that new approaches are needed to design and implement modern integrated financial systems. A central team of bureau-experienced specialists has produced a systems vision and strategy report. OMB has reviewed this document and supports it, and will continue to review other key planning documents provided by the team over the next 12 months. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: During 1994, USDA plans to begin to procure and install a new general ledger, funds control and cost accounting system. The core system is targeted to be implemented by 1996; most bureau-specific systems would begin to be modernized and integrated with the new system during the two years following core implementation.</p>	A

DEPARTMENT OF COMMERCE

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>DOC:</i> Computer site security is weak.</p> <p>1994 budget includes \$621M for ADP. At risk: assurance that this investment and DOC data are protected from loss.</p>	<p>ADP and other security for sensitive and classified systems will continue to have associated risks but the methodology, plans, oversight and monitoring instituted by the Department in this area are now adequate. DELETED FROM THE HIGH RISK LIST.</p>	D

DEPARTMENT OF COMMERCE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>DOC:</i> Financial systems are not in compliance with governmentwide standards and are seriously outdated, fragmented, inadequately controlled, and costly and difficult to maintain.</p> <p>DOC financial systems process \$3.4B annually. At risk: assurance that these funds are being accounted for in an accurate and timely fashion.</p>	<p>In 1993, DOC (i) completed a technical feasibility analysis and in-depth functional evaluation of another agency's financial system and decided to drop it from consideration; (ii) conducted market research on off-the-shelf core financial systems and developed a source selection plan to evaluate bidders; (iii) established teams which have started working towards acquiring new procurement, property, and travel systems; and (iv) identified a paperless personnel system (PERSACTION) at DOD which DOD has agreed to modify for DOC and other USDA National Finance Center payroll system clients.</p> <p>Next steps: (i) Acquire a new Department-wide core financial system using off-the-shelf software during 1994. (ii) Conduct market research on procurement and property systems to be acquired in 1995. (iii) Start a pilot test of the PERSACTION system at two or three locations in 1994. (iv) Acquire a travel system in 1994 for pilot implementation in 1995. (v) Develop the Commerce Financial Reporting System to implement the reporting requirements of the CFOs Act. (vi) Correct financial internal control and related financial reporting problems.</p>	2
<p><i>National Weather Service (NWS), National Oceanic and Atmospheric Administration (NOAA):</i> Major systems acquisition problems delaying NWS modernization.</p> <p>1994 budget provides \$189.7M for procurement of NWS systems. At risk: \$50M–\$60M in additional annual operating expenses if systems do not perform as specified.</p>	<p>Several major systems are involved in NWS' modernization effort, making it a complex and costly undertaking. NWS has experienced contract cost overruns and missed deadlines, but NWS management has made improvements, including resolving major contract disputes. Existing systems and equipment are outdated and in many instances are becoming saturated. The new systems being delivered are performing well and are producing significantly improved weather forecasts and warnings. In some instances though, technical problems have prevented NWS from meeting original commissioning schedules. An essential issue is operations management and logistics. Actions to prevent overcharging for spare parts and improved logistics planning are being pursued. One of the largest components of NWS' \$4B modernization program, the Next Generation Weather Radar (NEXRAD) program, continues to experience some problems. Automated Surface Observation System (ASOS) is working well and is generally performing as intended.</p> <p>Next steps: The first NWS NEXRAD system is scheduled to be commissioned by July 1994; complete deployment of NWS NEXRAD systems is planned for December 1996; complete confirmation of operational capabilities at all planned weather forecast offices and river forecast centers is planned for 1999.</p>	2
<p><i>NOAA:</i> Geostationary Operational Environmental Satellite (GOES) technical development problems.</p> <p>1994 budget provides \$123.7M for GOES. At risk: the loss of weather estimating capability.</p>	<p>Launching the GOES satellite is essential because the current satellite's useful life ends in 1995. The GOES project had been hampered by cost overruns and schedule slippage but a considerable portion of the necessary corrective actions have been implemented. A change in management has occurred; more realistic schedules have been developed; operational requirements (meteorological requirements) have been met; and GOES is within budget.</p> <p>Next steps: Launch to occur by June 1994, and initial operational capability is projected for November 1994.</p>	1

DEPARTMENT OF DEFENSE

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>DoD:</i> Supply operations are inadequate due to inventory growth and weak management of inventories.</p> <p>DoD supply inventory almost \$80B in 1993. At risk: \$100M in potential loss or theft.</p>	<p>DoD's actions in 1993 to reduce its inventory levels included: (i) issuing revised policies to improve requirements determination, acquisition, and retention of materiel; (ii) consolidating inventory control operations; (iii) competing spare parts procurement; and (iv) improving the distribution of existing stock. These actions have decreased materiel budgets and inventory levels. As a result, the ratio of active to inactive stock increased from 2:1 in 1988 to nearly 4:1 in 1992, indicating a more efficient stock system. Disposal of outdated or unneeded supplies has increased from \$6.4B in 1988 to \$20.3B in 1992.</p> <p>Next steps: (i) Issue war reserve materiel policy. (ii) Develop revised supply operations performance measures. (iii) Implement better and more standardized logistics information systems. (iv) Improve visibility of existing assets to reduce unnecessary orders. (v) Expand use of accepted commercial practices. By 1997, DoD plans to reduce the inventory's value from \$80B to \$64B.</p>	2
<p><i>DoD:</i> Information technology data standardization, telecommunications and security are deficient.</p> <p>The \$9.5B DoD Information Technology budget for 1993 included \$2.5B for development and modernization. At risk: use of old and inefficient processes, and unauthorized access or misuse of sensitive Defense data.</p>	<p>The Department continues to take action to correct data standardization, telecommunications, and security deficiencies. For example, telecommunications deficiencies are being addressed through the development of a new Defense Information Systems Network. DoD has made good progress in correcting identified deficiencies by: (i) developing standard security measures to precede any transmission of messages; (ii) establishing a Center for Information Systems Security; (iii) performing a bottom-up information security policy review; and (iv) publishing procedures for standardizing data elements. [The scope of this high risk area has been redefined; it was previously characterized as part of the Corporate Information Management initiative.]</p> <p>Next steps: In 1994, continue completion of short-term and long-term planned milestones. All elements of the Defense Information Systems Network are to be completed and operational by 1997; all DoD systems will utilize standard data elements by 1997.</p>	2
<p><i>DoD:</i> Contract administration controls over DoD property in private contractor possession inadequate.</p> <p>\$83.1B in property and facilities in possession of DoD contractors. At risk: \$17M in potential loss or theft.</p>	<p>DoD property in the possession of private contractors includes facilities, materiel, and special tooling and equipment; this property is located at over 4,000 contractor sites. DoD has made significant progress in strengthening control and accountability over its contractors. Corrective actions included increasing control over contractor access to the DoD property management system, which resulted in better monitoring of contractor reutilization and disposal of property. In addition, the Department has implemented new regulations, guidance, and training programs to increase its administrative control over contractor use of DoD property. DELETED FROM THE HIGH RISK LIST.</p>	D

DEPARTMENT OF DEFENSE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>DoD:</i> Management, reporting and budgetary controls over contracted advisory and assistance services (CAAS) need strengthening.</p> <p>CAAS contracts estimated at \$1.5B annually. At risk: \$15M in potential fraud or waste.</p>	<p>In June 1993, DoD completed an OMB-requested review of service contracting and found no major problems were solely related to CAAS. This review validated previous corrective actions, which included new procedures that (i) strengthen management controls and procedures for the use of CAAS resources; (ii) better define CAAS for identification and reporting purposes; (iii) require an annual assessment of component internal management controls; (iv) require component sponsored CAAS training; and (v) require an annual assessment to the Under Secretary of Defense (Acquisitions) of component implementation of CAAS policy and procedures. DOD had also distributed a "Guide to Contracted Advisory and Assistance Services," to help users of contractor support services better understand the procedures for acquiring and using CAAS. DOD funding for CAAS was reduced from \$1.6B in 1989 to \$1B in 1993. DELETED FROM THE HIGH RISK LIST.</p>	D
<p><i>DoD:</i> Financial accounting processes and systems produce inaccurate and unreliable information for managing the Department's real and personal property, inventories, and other activities. [This high risk area has been expanded to encompass all DoD financial accounting processes and systems from that addressing real and personal property only.]</p> <p>DoD's 1994 planned financial systems investments and operations total over \$1B. At risk: ability to obtain accurate and complete financial statements and other managerial information for DoD; control over resources lost or stolen.</p>	<p>GAO, military audit agencies, and DoD Inspector General audits continue to identify serious weaknesses in DoD's financial accounting systems and processes. Requirements of the Chief Financial Officers (CFOs) Act have highlighted DoD's inability to produce auditable financial statements for the Army, Air Force, and Defense Business Operations Fund (DBOF). Due to the severity and pervasiveness of these Department-wide financial accounting problems, DoD must implement immediate corrective actions and aggressively make long-term improvements.</p> <p>The Department must develop integrated financial accounting procedures and systems to control, track, and value DoD assets, including real and personal property and inventories, liabilities, and operating activities for financial reporting purposes, and then reconcile accounting data with supporting logistics and procurement systems.</p> <p>DoD has planned numerous system and procedural changes to facilitate the preparation of financial statements required by the CFOs Act and better coordinate the accounting, procurement, and logistics functions. In 1992, DoD centralized finance and accounting functions in the Defense Finance and Accounting Service (DFAS). However, the quality and accuracy of the accounting data provided to DFAS from the various feeder systems and processes must be significantly improved. A system was selected from existing property systems to be migrated for real and personal property, and testing will be conducted in 1994. In 1993, DoD developed the DBOF Improvement Plan to identify the numerous steps required to establish the financial accounting processes and systems needed to properly manage DoD inventory.</p> <p>Next steps: (i) Complete testing and installation of migratory property system in DFAS and other DoD activities. (ii) Fully implement recommendations of the DBOF Improvement Plan. (iii) Develop minimal functional and financial requirements for other accounting systems that can be selected and migrated from existing systems to provide critical information. (iv) Validate accuracy of underlying accounting information. (v) Continue to resolve material weaknesses relating to accounting policies and procedures, internal controls, and financial management systems identified through financial statement audits. (vi) Implement migratory accounting systems at DoD agencies and military installations.</p>	2

DEPARTMENT OF EDUCATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>ED student financial aid (SFA) program management:</i> Federal Family Education Loan (FFEL), formerly the Guaranteed Student Loan (GSL), and other SFA program abuses, fraud, and significant management weaknesses. Department's "gatekeeping" procedures for determining which schools can participate in Federal student aid programs have been weak, leading to high default levels. Guaranty agencies have little capital at risk, with Federal guarantees now up to 98 percent.</p> <p>1994 appropriations include \$12B for student aid programs. At the end of 1993, outstanding guaranteed student loans totalled over \$60B. At risk: new loan defaults, which have reached some \$2.5B annually.</p>	<p>In 1993, default costs dropped to \$2.6B from \$3.2B in 1991. In 1993, ED awarded the National Student Loan Data System (NSLDS) contract to improve information on guaranteed student loans, and established conditional certification for schools to simplify process for removing poorly performing schools from participation in program. Closure of 1,078 schools in the last three years is directly attributable to the default reduction statutes, other compliance and oversight activities, and the institutions' loss of accreditation or State licensure. Still, General Accounting Office and Office of Inspector General reports continue to criticize aspects of the FFEL program structure and overall SFA management. While efforts to improve management are being made, the complicated FFEL program structure and provisions, such as the number of participants (schools, guaranty agencies, lenders, and secondary markets), continue to present serious problems. In 1993, Congress enacted a Federal direct student loan program which will phase down guaranteed loans in favor of Federal direct loans.</p> <p>Next steps: (i) Continue intensive monitoring activities of guaranty agencies and lenders and manage their orderly phase-out. (ii) Implement 1992 amendments for stricter accreditation, eligibility, and certification controls over schools for all SFA programs, including Pell Grants. (iii) Continue to implement Postsecondary Education Participant System to track institutional eligibility and monitoring activities. (iv) Continue management improvements in guaranteed loan program as the law shifts departmental focus to new direct loan program. (v) Publish regulations to implement the Amendments to Higher Education Act (HEA) of 1992. (vi) Implement legislation (Student Reform Act of 1993) to create direct loan program. (vii) Continue to implement NSLDS system.</p>	3

DEPARTMENT OF EDUCATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>ED financial management systems:</i> Inability to provide accurate and useful data for decision making and to produce reliable Department-wide financial reports.</p> <p>In 1994, \$31B in loan subsidies, grants and administrative costs is supported by these systems. At risk: assurance that reliable information for reporting and effective management of these programs is available, and that investments in new systems will not be negated by poor data integrity.</p>	<p>ED's financial systems deficiencies are due to: (i) erroneous data in subsidiary mixed systems; and (ii) incompatible data exchanges between subsidiary systems and technically obsolete primary accounting system. In 1993, the Department continued reconciling data in the payment and the accounting systems for all fund accounts. Within the systems redesign project: (i) a feasibility study was performed to determine whether custom or existing software would best suit ED's needs; (ii) functional requirements and data requirements were completed; and (iii) a detailed workplan for redesign steps was completed. In addition, subsidiary summary data modules within two feeder systems—Federal Family Education Loans and payroll/administrative payments—were implemented.</p> <p>Next steps: In 1994 ED plans to (i) implement subsidiary summary data modules for the remaining feeder systems; and (ii) award a contract to install, test and modify a new core financial system.</p>	2
<p><i>ED-wide audit follow-up:</i> Audit follow-up improvements needed.</p> <p>ED receives audit reports with monetary findings of \$500M annually. The number of audit reports ED receives is expected to double in 1994 due to implementation of the Higher Education Reauthorization Act of 1992. At risk: collection of funds owed to ED if audit follow-up is not timely or effective.</p>	<p>ED's Deputy Secretary commissioned a senior-level committee to address longstanding audit follow-up problems and prepare for anticipated increase in audit workload. The committee has developed a Department-wide post audit mission statement and strategic plan, including milestones. In addition, ED increased the focus on priority audits by (i) streamlining the resolution of low dollar value audits; (ii) publishing a validation strategy for follow-up on audits of ED management of programs; and (iii) making improvements to the automated Common Audit Resolution System (CARS). However, ED's backlog of audit reports unresolved for more than six months is growing (from 130 on March 31, 1993 to 182 on September 30, 1993), and the Office of Inspector General has reported that ED's efforts to implement significant audit recommendations in a timely manner need improvement.</p> <p>Next steps: ED to develop and implement policies on (i) the best use of Single Audit Act audits; (ii) a risk-based approach to conducting and resolving Student Financial Aid and proprietary school audits; (iii) receiving and resolving anticipated Lender audits; and (iv) improving the Department's internal audit resolution and corrective action completion performance.</p>	2
<p><i>ED-wide program monitoring:</i> Compliance and performance monitoring inadequate.</p> <p>Departmental 1994 budget is over \$31B. At risk: assurance that these funds are being spent effectively.</p>	<p>The Department-wide Monitoring and Performance Measures Team (MPMT) was re-chartered to provide advice on performance-based management to ED's Reinvention Coordinating Council. The MPMT will now focus on strategic planning, performance measurement, the development and use of performance data for improved management and program performance, and monitoring procedures. The MPMT has (i) developed monitoring standards; (ii) proposed substantially revising ED's internal directive on discretionary grants monitoring; (iii) held a two day strategic planning session; and (iv) supervised development of performance measures for five pilot programs.</p> <p>Next steps: The Department's proposal to develop a core set of performance measures was accepted as a National Performance Review "reinvention laboratory." ED will develop performance measures for all appropriate programs and require its principal offices to submit annual monitoring plans. Many of the corrective actions scheduled for 1993 have been delayed until 1994, including: (i) issuing a guidebook on development and use of performance measures; (ii) developing a Department-wide directive on formula grants monitoring; and (iii) improving Department-wide training and reporting requirements for monitoring.</p>	2
<p><i>ED-wide computer security:</i> Security of computer systems inadequately reviewed.</p>	<p>Of the 27 major financial computer systems, 24 have now had security reviews. The remaining three reviews are nearing completion. An updated ADP Security Manual has been drafted and is now in clearance. ED will continue working to update the ADP Technical Controls Handbook detailing security procedures for local and wide area networks. DELETED FROM THE HIGH RISK LIST.</p>	D

DEPARTMENT OF ENERGY

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Reconfiguration of DOE nuclear weapons complex:</i> Weapons complex must be reconfigured as policy decisions are made on reducing the nuclear weapons arsenal.</p> <p>1994 budget includes \$4.7B for nuclear weapons-related programs. At risk: nuclear deterrence capabilities.</p>	<p>Significant world events have resulted in major reductions to U.S. nuclear weapons stockpile requirements and substantially impacted DOE's strategy for reconfiguring its weapons complex. Since the Department does not have a current requirement to produce nuclear weapons, it now has sufficient time to reconfigure the complex to meet future national security requirements. DOE has taken steps to ensure it can produce tritium if needed. A Capability Assurance Program was implemented to assure DOE maintains the necessary research, development, testing and production technologies essential to maintaining the current stockpile, providing safety and reliability to the stockpile, and designing and producing new warheads should national security requirements so dictate. DELETED FROM THE HIGH RISK LIST.</p> <p>Next steps: Continue implementing Capability Assurance Program and consolidate most non-nuclear manufacturing into one dedicated facility.</p>	D

DEPARTMENT OF ENERGY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Environmental management:</i> DOE faces large and complex environmental cleanup and waste management problems at many of its facilities.</p> <p>1994 budget includes \$6.2B for environmental restoration and waste management activities. At risk: potential long-term adverse impact to workers, the public or the environment; and failure to comply with external environmental regulations and/or agreements.</p>	<p>Significant environmental management problems exist at DOE facilities. DOE is working to meet the requirements of 74 enforceable compliance and cleanup agreements. In 1993, DOE completed cleanup of 206 contaminated areas; initiated a Benchmarking for Cost Improvement Study to identify cost savings in cleanup activities; and introduced new initiatives to address the highest priority problem—tank waste cleanup at the Hanford site.</p> <p>Next steps: (i) Strengthen integrated planning efforts to implement program objectives outlined in Environmental Restoration and Waste Management 5-Year Plan. (ii) Emphasize broader stakeholder involvement in setting program priorities, and continue to work with regulators to negotiate realistic schedules that reflect risk-based priorities. (iii) Complete development of program performance measures focusing on achieving outcomes. (iv) Increase Federal positions by 1200 to improve program execution.</p>	2
<p><i>Nuclear safety:</i> Safety deficiencies exist at some DOE nuclear facilities.</p> <p>1994 budget includes \$1.8B to address health and safety risks (both nuclear and non-nuclear). At risk: protection of DOE workers, the public and the environment.</p>	<p>DOE has undertaken several initiatives to improve safety. A Safety and Health 5-Year Plan, identifying resources and priorities for improvements, is being implemented. During 1993, (i) an Occupational Safety and Health Worker Protection Pilot Program was established at four DOE sites; (ii) a Performance Indicator and Trending Program to help assess and report progress in improving safety performance was implemented; (iii) a comprehensive epidemiological database was established to better define the magnitude of health and safety problems; (iv) a memorandum of understanding was developed with the Occupational Safety and Health Administration (OSHA) and the Department of Health and Human Services to provide for effective governmentwide coordination in the area of safety and health and a credible external analytical epidemiology research program; (v) upgraded nuclear safety requirements were issued; and (vi) a Spent Fuel Working Group was established, which assessed 66 facilities storing spent nuclear fuel and other nuclear materials to identify problems with unsafe storage conditions.</p> <p>Next steps: (i) Implement nuclear safety standards upgrade project. (ii) Develop comprehensive Departmental safety and health policy. (iii) Implement OSHA regulations at all Departmental sites.</p>	2
<p><i>Nuclear waste storage and disposal:</i> Nuclear waste storage and disposal capability is inadequate.</p> <p>1994 budget includes \$581.4M for these program areas. At risk: long-term storage and disposal of nuclear waste generated by Federal and commercial facilities.</p>	<p>DOE has experienced delays in implementing nuclear waste storage and disposal projects at the Waste Isolation Pilot Project (WIPP) in New Mexico and Yucca Mountain, Nevada. DOE is pursuing a strategy for WIPP, whereby DOE laboratories will conduct demonstration testing of both simulated and real transuranic waste in preparation for meeting certification criteria under development by EPA. At Yucca Mountain, DOE is conducting site characterization to determine suitability as a repository for spent fuel and high-level waste. During 1993, DOE also: (i) completed the Exploratory Studies Facility site preparation and 200 feet of tunneling at Yucca Mountain; (ii) proposed establishing a revolving fund to provide higher and more predictable funding levels, along with financial management controls, to permit more rapid scientific investigation in order to minimize total project costs; and (iii) completed initial design study of a multi-purpose canister concept for the storage, transport, and disposal of spent nuclear fuel.</p> <p>Next steps: Continue with (i) site characterization of Yucca Mountain; (ii) laboratory testing to determine suitability of WIPP for disposal operations; (iii) negotiation efforts to identify a voluntary host site for a Monitored Retrievable Storage facility; and (iv) evaluation of the multi-purpose canister concept to mitigate utility storage problems.</p>	2
<p><i>Reimbursable work:</i> DOE reimbursable work controls need improvement.</p> <p>1994 budget includes \$1.6B in apportionment authority for this function (excluding Naval Reactors, Cost of Work for Others). At risk: inappropriate performance of reimbursable work and cost recovery.</p>	<p>DOE has completed a Department-wide review of its reimbursable work program. This review has validated that substantial progress has been made to improve the financial and administrative controls in this area. Although some deficiencies still exist in the classified reimbursable work area, they are not considered of such a magnitude to warrant characterization as a high risk area. DELETED FROM THE HIGH RISK LIST. Department will track as a material weakness.</p> <p>Next steps: DOE will implement an annual training program on classified reimbursable work agreements and issue technical review performance guidance.</p>	D
<p><i>Contract/project management:</i> Weaknesses exist in contract and project management for contractor operated DOE facilities.</p> <p>1994 budget includes \$17B for DOE contracting. At risk: assurance that contract funds are being spent efficiently and effectively.</p>	<p>DOE needs to reform contract and project management practices to reduce costs and improve contractor performance. During 1993, to control contract costs, DOE froze contractor salaries, established a 10 percent reduction target for support services contracts in 1994, improved acquisition regulations, and established accountability guidelines for contractor civil penalties and management of indirect costs. DOE also verified contributions to contractor employee pension plans and improved policies to better manage these assets. In May 1993, the Secretary initiated a Contract Reform Team to conduct a top-to-bottom review of existing contracting practices and make recommendations to increase contractor accountability, stimulate competition, and simplify administration.</p> <p>Next steps: During 1994, DOE will begin implementation of key initiatives resulting from the recommendations of the Contract Reform Team. Additionally, DOE plans to (i) incorporate improved accountability requirements in contracts for the management of DOE plans and laboratories; (ii) develop and implement improvements to the Department's project management policy; (iii) implement a formal change control process for major construction projects and major systems acquisitions; and (iv) establish a program to place Headquarters personnel on-site to conduct contractor purchasing systems reviews at selected facilities.</p>	2

DEPARTMENT OF HEALTH AND HUMAN SERVICES

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Health Care Financing Administration (HCFA):</i> Medicaid management systems inadequate to estimate Medicaid costs accurately.</p> <p>1994 projected Federal cost of Medicaid program is \$87.4B. At risk: ability to estimate Medicaid costs accurately. Miscalculations have been as high as 10 percent of outlays.</p>	<p>HCFA has implemented three new automated data systems, increasing the information available when making Medicaid budget forecasts. The new systems are: (i) State Plan Data (spDATA), an on-line system that tracks changes to State Medicaid plans as they are received in HCFA regional offices; (ii) Budget Pressures Reporting System (BPRS), which monitors issues affecting Medicaid budgets, such as court cases and proposed State legislation; and (iii) Medicaid Budget Forecasting System (MBFS), which provides State level Medicaid budget estimates for key States. Information from all three systems were used in development of the mid-session review projections for the 1994 Medicaid Budget. The first annual editions of two reports drawn from the spDATA system—National Comparisons and Medicaid State-by-State Profiles—have been published.</p> <p>Medicaid budget forecasts are now closer to actual expenditures. This may be due to economic changes and other Medicaid program changes as well as the better forecasting information now available. DELETED FROM THE HIGH RISK LIST.</p>	D
<p><i>HCFA:</i> Medicare making payments that should be made by other insurers.</p> <p>1994 projected cost of Medicare program is \$163.9B. At risk: hundreds of millions of dollars annually in payments by Medicare that should have been paid by other insurers.</p>	<p>HCFA has been attempting to identify Medicare beneficiaries who have other health insurance through a data match with SSA and IRS records. Where the data match for tax years 1987–1991 identified Medicare beneficiaries with other insurance, HCFA has updated beneficiary files to prevent further inappropriate payments; and sent mistaken payments reports to contractors instructing them to begin the recovery process. HCFA now publishes quarterly data match reports on employers contacted, recoveries identified, and resultant savings. HCFA also reduced the backlog in mistaken payments identified but not recovered, and issued demand letters for recoveries within statutory time limits. HCFA has issued a request for proposal for an initial enrollment questionnaire.</p> <p>Next steps: HCFA plans to: (i) continue data match for succeeding tax years and related recovery and prevention activities; (ii) evaluate effectiveness of recovery procedures; and (iii) award contract for the initial enrollment questionnaire.</p>	1
<p><i>Indian Health Service (IHS):</i> Insufficient financial controls and inattention to management led to weaknesses in IHS program. Issues previously unresolved included: IHS was not paying lowest possible price for contract health services; not all IHS health facilities had achieved quality assurance through accreditation; IHS needed to improve collections where beneficiaries have other insurance; and, IHS needed to develop action plans to address material weaknesses identified in 1992.</p> <p>1994 cost of IHS programs is \$1.9B. At particular risk: \$350M funding for contract health services.</p>	<p>IHS has implemented significant management reforms, leading to important program improvements. In 1993, IHS completed corrective action on the last major area of concern: contract health services. Seventy-nine percent of high volume IHS providers now offer IHS services at discounted rates, up from 72 percent in 1992. The opportunity for further improvement may be limited, given that IHS must frequently deal with providers who are the only health care source in isolated communities. In addition, all IHS hospitals and health centers are now accredited, and 1993 third party collections reached a record of \$159M, up from \$66M in 1988.</p> <p>IHS has developed corrective action plans for material weaknesses identified in 1992 (procurement, alcoholism/ substance abuse program, and advance payment system). No new material weaknesses were identified in 1993. DELETED FROM THE HIGH RISK LIST.</p>	D

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Departmental Financial Systems:</i> HUD lacks an integrated financial management system, and existing systems suffer from inefficiencies, incompatibilities, and internal control problems.</p> <p>1994 budget includes \$30M for implementation of HUD's Financial Systems Integration Plan. At risk: assurance that financial systems will provide timely, accurate, and useful financial information to manage \$160B in HUD insurance, guarantees, subsidies, loans, and grants.</p>	<p>In 1993 HUD organized a Systems Integration Steering Committee to oversee the budget, resources, project plans, and progress for all HUD system integration initiatives, and empowered each HUD Assistant Secretary to develop systems plans based on their strategic business plans. In December 1993, HUD issued Department-wide standards for systems development projects. Major integration projects currently underway include: (i) core accounting, for which HUD has selected an off-the-shelf software package; (ii) Section 8 financial systems (see next high risk area); and (iii) a Federal Housing Administration (FHA) mortgage insurance system, for which FHA is currently developing a project plan.</p> <p>Next steps: (i) Finalize the mortgage insurance system project plan, with schedules and milestones, and submit to the Steering Committee for approval. (ii) Implement the administrative core accounting software package by October 1, 1994.</p>	2

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Section 8 Financial Systems: HUD's existing systems are inadequate to verify tenant information in Section 8 subsidy programs and to accurately forecast funding needs for expired Section 8 contracts that are renewed.</p> <p>1994 budget outlays for Section 8 low income housing assistance estimated at \$14B. At risk: assurance that funds are used for eligible recipients, and that there is adequate fund control for over \$100B in long-term contractual funding commitments, serving 3 million families.</p>	<p>Both FHA and Public and Indian Housing (PIH) used data from CFS, one of the two new Section 8 financial systems, to prepare their 1995 budget estimates. PIH has standardized contracts for its certificates, vouchers and moderate rehabilitation programs. FHA has developed and implemented tenant data collection software in all ten regions using TRACS, the other Section 8 system. HUD will be issuing a rule requiring all owners/agents to submit tenant data electronically through TRACS.</p> <p>Next steps: PIH plans to: (i) re-examine business processes; (ii) utilize the new HUD administrative core accounting system to improve operations; and (iii) enhance CFS to provide for contract generation by the system by October 1994. FHA plans to: (i) collect and verify assisted project and subsidy contract data by February 1994; (ii) re-engineer CFS-LAN based information to the HUD mainframe platform by August 1994; (iii) complete the tenant certification/voucher processing software release by October 1994; and (iv) implement the full budget forecasting capability using tenant and contract data by July 1995.</p>	2
<p>FHA Single Family Housing Asset Management: Management controls for Single Family properties and notes do not protect the financial interests and resources of the government.</p> <p>Approximately \$3.8B in Single Family notes in inventory at end of 1993; 1993 property disposition proceeds were \$3B. At risk: assurance that HUD does not incur excessive property management and preservation fees, or excessive losses from note assignments.</p>	<p>FHA's Single Family property disposition activity was previously identified as a high risk area as a result of five material weaknesses. Significant improvements have been made in weaknesses related to systems support and controls over closing agents. However, improvements for weaknesses related to the procurement and administration of contract services have not been fully implemented. In addition, the Single Family portfolio of assigned notes has grown substantially, with 15,506 notes added in 1993; the total existing inventory is 101,000 cases. FHA is unable to properly service these notes. A comprehensive Asset Management Strategy has been developed for both Single Family and the more troubled Multifamily program to: (i) improve field operations and support; (ii) reduce field office workload to focus on asset management; (iii) implement tools to prevent defaults and assure financially and physically sound properties; and (iv) obtain enhanced tools through legislation.</p> <p>Next steps: (i) Increase reliance on the private sector for review of proposed assignments, thereby freeing HUD staff for prevention of new note assignments. (ii) Improve the quality and efficiency of servicing by consolidation or restructuring of functions. (iii) Develop means to remove mortgages from the portfolio, including asset sales. (iv) Fulfill critical training needs.</p>	2
<p>FHA Fund Equity: Mutual Mortgage Insurance (MMI) fund equity may not be sufficient to cover losses during periods of adverse economic conditions.</p> <p>\$309B of insurance was in force at the end of 1993. At risk: FHA's ability to pay potential claims without seeking appropriations or higher fees.</p>	<p>The National Affordable Housing Act (NAHA) of 1990 set MMI capital fund ratio targets of 1.25 percent for 1992, and 2 percent in the year 2000. FHA failed to meet the goal in 1992. A 1993 independent actuarial analysis showed only a 0.43 percent capital ratio in 1992, but projected improvement to 0.72 percent by the end of 1993. While the Housing and Community Development Act of 1992 repealed some reforms designed to strengthen the MMI Fund (e.g., the 57 percent financing limit on closing costs), it did not affect other key reforms of NAHA, namely the risk-based premium structure and the financing limit of 97.75 percent of value. The actuarial study reported that if these reforms remain in place, the Fund can meet the statutory 2 percent capital ratio target for the year 2000. (A capital ratio of 2.44 percent in 2000 was projected by the study.)</p> <p>Next steps: In 1993, HUD initiated a study to project the 1994 capital ratio and review options to ensure actuarial soundness. The study, which is to be completed in June 1994, will also carefully analyze the potential increased risk to the Fund as a result of the significant refinancing activity in 1992 and 1993.</p>	2
<p>GNMA Title I Claims: Manufactured housing loans made by FHA have excessive claims against GNMA's mortgage-backed securities program. GNMA has suffered losses due to poor underwriting practices, collateral depreciation, and limited (10 percent) FHA indemnification.</p> <p>\$3B in manufactured housing loans outstanding in GNMA portfolio at end of 1993. At risk: approximately \$100M in additional defaults had been anticipated.</p>	<p>Implementation of stringent Title I underwriting procedures by the Department have reduced losses. Losses for 1993 were \$46.5M, significantly below anticipated losses of \$50M to \$100M. During 1993, GNMA adopted a portfolio management strategy for the \$700M in defaulted manufacturing housing loans. GNMA continues to maintain a moratorium on the approval of new issues for manufactured housing. At present, the remaining principal balance for the Title I portfolio in mortgage-backed securities is \$2.9B. This represents less than 1 percent of the \$416B in securities that are guaranteed by GNMA. DELETED FROM THE HIGH RISK LIST.</p>	D
<p>FHA Multifamily Housing Loan Servicing and Property Disposition: The Department has an excessive growth in acquired and assigned multifamily properties and notes, due in large part to inadequate servicing of the insured portfolio.</p> <p>\$44B of insurance in force. At risk: \$5.6B was added in 1992 for claim loss reserve, for a total reserve of \$12B.</p>	<p>Provisions of the 1986 tax act reducing benefits of ownership, overbuilding, cyclical downturns in the industry, and the failure of the coinsurance program have contributed to the increase in assigned properties and notes, as has inadequate multifamily loan servicing. The number of multifamily properties and notes in inventory has grown from 160,000 in 1987 to 370,000 in 1993. FHA has developed a Multifamily Asset Management Strategy both to reduce the HUD-held portfolio and to minimize the number of new notes/properties added to the FHA portfolio. However, implementation of the Multifamily Asset Management Strategy is just underway, and will require 36 months for completion.</p> <p>Next steps: Although proposed legislative changes to overcome the 1987 legislative restrictions on the sales of MF properties were not enacted during the last congressional session, the Department is pursuing sales within existing statutory authority. For 1994, the Department's goal is to sell and close 102 of the 182 properties owned, a substantial increase from the current year's performance. This action will accomplish a net reduction in the HUD-owned inventory, reducing holding costs for the Department. During 1994, the Department plans also to strengthen its ability to reduce losses and lower risks by: (i) continuing education and training programs for field and Headquarters personnel to provide consistent direction for loan servicing activities; (ii) providing more efficient use of existing tools to improve claims processing; and (iii) encouraging proactive servicing for default prevention and loss mitigation, such as refinancing loans with high interest rates to current market rates.</p>	3

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Public Housing Authority (PHA) Management:</i> PHAs are mismanaged; 43 PHAs, which contain 20 percent of all public housing units, have been identified as "troubled."</p> <p>PHAs administer 70–80 percent of the HUD budget. At risk: assurance that \$18.1B in annual appropriations are used for intended purposes.</p>	<p>Many PHAs are not effectively managed, resulting in: (i) vacant units while waiting lists for low-income housing grow; (ii) units that do not pass inspection guidelines for safety and sanitation, and (iii) uncollected rents. HUD has implemented the Public Housing Management Assessment Program (PHMAP) to measure the management performance of each PHA and determine the need for HUD intervention. In 1994, part of a \$3.2B modernization budget was provided to troubled PHAs to contract for technical assistance in correcting identified deficiencies.</p> <p>Next steps: HUD plans to: (i) continue to identify troubled PHAs and institute corrective actions to reduce the number of troubled PHAs; (ii) institute additional program reforms in public housing, including the demolition/disposition of the worst public housing units and devolving more responsibility to local governments; (iii) pursue an aggressive policy towards placing poorly managed PHAs in receivership and replacing ineffective management; and (iv) review its management policies to focus more on troubled public housing authorities and less on routine matters.</p>	2
<p><i>GNMA:</i> Oversight of major contract operations is inadequate.</p> <p><i>\$422B Mortgage-Backed Securities Program.</i> At risk: limited assurance that contract services are properly performed or that claims for services are reasonable or valid.</p>	<p>GNMA relies heavily on contractors to carry out asset management and program responsibilities associated with its Mortgage-Backed Securities Program. GNMA hired an audit contractor to monitor the contract compliance of its master servicers and two other contractors. A substantial number of reviews were completed in 1993. IG confirmed that these reviews have improved GNMA's oversight of its contract services. In 1993 GNMA also established a monitoring plan to ensure identified deficiencies are corrected. GNMA has taken steps to ensure that its servicers reconcile escrow accounts for principal and interest and for tax and insurance. However, some servicers do not yet fully comply with monthly financial reporting requirements. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: In 1994 GNMA plans to complete a review of its contract agent for issuer monitoring and analysis. In addition, GNMA plans to hire a contract specialist to coordinate all activities related to contracts with outside parties. The contract specialist will be responsible for providing independent advice on ways to improve GNMA contract management activities.</p>	A
<p><i>Resource Management:</i> HUD methods of formulating resource needs and utilizing available resources are inadequate.</p> <p>At risk: HUD's ability to ensure efficient and effective use of resources for achieving program results, while minimizing program risk and susceptibility to fraud, waste, and abuse.</p>	<p>As part of the Secretary's "Reinventing HUD" initiative, the Department has undertaken a number of initiatives to address resource management and staffing issues. An overall approach for meeting Administration FTE targets by 1999 has been developed, although it will require revision if "buyout" legislation does not pass. The Department completed a review to streamline Headquarters operations in December 1993. A streamlining and consolidation of field offices to better utilize staff and improve program delivery was announced December 2, 1993; this change had been recommended by the National Performance Review. A strategy, workplan, and schedule for implementation of field reorganization is scheduled to be developed by September 30, 1994. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: By September 30, 1994, HUD plans to develop and implement a results-oriented annual planning process linked to the budget process. A redesigned resource management process is to be available for the formulation of the 1996 budget.</p>	A

DEPARTMENT OF THE INTERIOR

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Bureau of Land Management (BLM):</i> Inadequate oil and gas inspection strategy to verify on-shore production and usage.</p> <p>\$500M in revenues are received annually. At risk: less than \$1M due to improper production verification (down from \$50M–\$70M in 1992).</p>	<p>During 1993, BLM significantly improved production verification efforts through redesigning and implementing its Inspection and Enforcement (I&E) strategy, with a focus on production accountability and environmental protection. BLM (i) issued its annual I&E strategy; (ii) increased number of inspectors from 104 in 1990 to 145 in 1993; (iii) held I&E training courses for managers; (iv) trained 106 inspectors; (v) held a nationwide I&E workshop; (vi) conducted a management control review on I&E federal lands; and (vii) began use of an I&E matrix for planning, reporting and evaluating nationwide inspections involving production, drilling, plugging, workover, and environmental impact. Inspections have increased 6.2 percent, from 48,969 in 1990 to 52,063 in 1993.</p> <p>Next steps: Continue refining I&E strategy; hire and train 10 additional inspectors; and fully implement I&E matrix including use of performance measures to evaluate effectiveness of new I&E strategy.</p>	1
<p><i>Office of Territorial and International Affairs (OTIA):</i> Lack of adequate financial management in the insular governments.</p> <p>OTIA 1994 budget is \$81.9M. At risk: \$30M due to improper use of grant funds.</p>	<p>OTIA has begun implementing a management control program to improve financial management systems and controls and grant administration in the insular governments. The program entails evaluating the insular areas' grant and financial management capabilities, providing basic financial management and management control training to Territorial personnel, enhancing grant and financial oversight activities by OTIA staff and initiating new technical assistance approaches and projects. While OTIA has thus far fulfilled its milestones, the existing legislative mandate prevents the Department from directing and ensuring compliance with financial management improvement initiatives in the Territories. Moreover, the likelihood that expanded authority of this type will be forthcoming in the future is extremely remote. DELETED FROM THE HIGH RISK LIST. Department will track as a material weakness.</p> <p>Next steps: Continue implementing management control program.</p>	D

DEPARTMENT OF THE INTERIOR—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Bureau of Indian Affairs (BIA): Seriously deficient financial systems.</p> <p>The program level in BIA is over \$2B annually in budget authority. At risk: accounts receivable of \$20M; delinquent loans of \$18M; \$25.5M in accounting errors in irrigation and power accounts.</p>	<p>During 1993, BIA identified invalid debts totalling \$5.9M and removed them from the billing and accounting system. BIA also reconciled remaining pre-1990 cash differences with Treasury for all accounts except those shared with the Office of Trust Funds Management. Although system support responsibilities were nominally transferred to the BIA's Division of Accounting Management, serious delays in recruiting well-qualified staff have caused planned improvements to slip, raising doubts about BIA's ability to handle systems support. While invoice backlogs have been reduced, cash reconciliation differences with Treasury for post-1990 transactions are growing, and projects to install central collection processes for loans and accounting control over irrigation and power billings are lagging. OMB has serious reservations about the progress of this project as well as the adequacy of oversight by the Division of Accounting Management.</p> <p>Next steps: OMB, Departmental management and BIA need to develop a new improvement plan to stabilize the monthly cash reconciliation process, create an effective central loan collection unit, and design an effective recruitment program.</p>	3
<p>BIA: Inability to account for and reconcile Indian Trust funds.</p> <p>There are \$2B in tribal and individual Indian Trust funds. At risk: \$6.3M in potential losses due to mismanagement.</p>	<p>During 1993, with oversight and assistance from OMB and DOI's CFO office, BIA revised and implemented a contract to reconcile \$1.5B in tribal trust funds for the period 1972-1992. Specifically, BIA: (i) executed an extensive financial and source documents search; (ii) launched full-scale reconciliation on approximately 641,000 transactions worth over \$103B; (iii) began special procedures reviews for five tribes; (iv) initiated "fill the gap" work expanding reconciliation procedures to include data on receipt of income from originating source documents; (v) completed the investment to finance systems reconciliation; (vi) contracted with a CPA firm to certify reconciliation work; and (vii) started preparing option papers addressing problems in land records management, fractionated heirship, and reconciling individual Indian monies.</p> <p>Next steps: Reconciliation and certification work will continue into 1995. During 1994, BIA plans to complete work on (i) reconciliation of all transactions for the period 1972-1992; (ii) special procedures reviews for five tribes; (iii) "fill the gap" reconciliation; (iv) reconciliation of the finance system to the U.S. Treasury; and (v) publication of option papers in the areas of land records management, fractionated heirship, and reconciling individual Indian monies. Additionally, work will continue on (i) additional reconciliation procedures as required; (ii) developing draft of agreed upon procedures special purpose reports; and (iii) certifying the reconciliation work.</p>	2
<p>BIA: Longstanding deficiencies in the management of BIA school facilities and BIA dam safety.</p> <p>1994 budget includes \$82M for these programs. At risk: health and safety of the affected Indian communities.</p>	<p>BIA has implemented sound strategies for addressing problems in both BIA school facilities and dam safety. For school facilities, BIA has implemented all actions detailed in its facilities remedial action plan; established a "hot line" to report safety violations; and received additional funding for major building repairs. For dam safety, BIA determined and established the responsibility for dam safety operation and maintenance and continued with corrective action work on BIA dams. DELETED FROM THE HIGH RISK LIST. Department will track as a material weakness.</p> <p>Next steps: (i) For school facilities, continue monitoring implementation of facilities remedial action plan. (ii) For dam safety, establish a cycle operation and maintenance budget item in 1995 and continue monitoring of corrective action work on BIA dams.</p>	D

DEPARTMENT OF JUSTICE

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Departmental: Debt collection information systems are inadequate to support management of litigation and collection activity on an estimated \$12.3B inventory.</p> <p>There are more than \$12.3B (1992 estimate) in pending civil claims receivables in Justice's inventory, including approximately \$11.4B in receivables outstanding that were referred to Justice by other agencies for litigation and/or collection action. At risk: non-collection of up to 5 percent of total (representing potential additional collections from improved management information).</p>	<p>In 1993, future funding issues were resolved by passage of law allowing Justice to retain up to 3 percent of amounts collected pursuant to civil debt collection litigation activities to be used to pay the costs of processing and tracking such litigation. In November 1993, Justice awarded a contract for development and implementation of Departmental financial litigation and collection management information system.</p> <p>Next steps: (i) Begin nationwide implementation of the system; implement in 7 of 94 U.S. Attorneys' Offices in 1994. (ii) Establish multi-agency advisory group to advise Justice on the reporting needs of client agencies and central management agencies (OMB and Treasury) in early 1994.</p>	2
<p>Departmental: Asset forfeiture information systems are inadequate to ensure program integrity or achieve full revenue-generating potential of the Asset Forfeiture program.</p> <p>Seized Asset Forfeiture inventory valued at \$1.9B at end of 1993. At risk: \$25M-\$30M annually in increased revenue and cost savings.</p>	<p>The Asset Seizure and Forfeiture program continues to be a successful governmentwide enforcement tool in combating crime. The Executive Office for Asset Forfeiture (EOAF) has lead responsibility for the development and implementation of a centralized Consolidated Asset Tracking System (CATS) that will integrate asset seizure and forfeiture information of all Federal agencies participating in the Justice Asset Forfeiture program. An implementation plan for CATS was completed March 1993; full systems implementation is anticipated in September 1994. Full activation of CATS is essential. Also, quality assurance plans and improved work statements for contract support were developed; uniform asset forfeiture policies and procedures between Justice and Treasury were established.</p> <p>Next steps: Implementation of CATS by September 1994 and evaluation of CATS by December 1994; development of a module in CATS for Asset Forfeiture Case Tracking to run in the U.S. Attorneys' offices.</p>	2

DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Executive Office of U.S. Trustees (EOUST):</i> Need to increase oversight to prevent fraud, misappropriation, and breach of fiduciary standards by private trustees.</p> <p>Estimated amounts in bankruptcy accounts is \$29B. No risk to Federal funds but private funds are subject to potential loss or fraud.</p>	<p>Progress was made in 1993 to rid the court docket of backlogged bankruptcy cases and to uncover wrongdoing by private trustees, their employees, and debtors. A record number of criminal referrals was achieved in 1993. Enforcement priorities were established. Attention was given to reorganizing caseloads, particularly those in which there was little creditor activity, and reallocation of positions to offices with highest caseloads is planned. Detailed analyses of field operations were conducted. Resources are being targeted to areas requiring attention, e.g., audit and audit resolution, closure of old cases, criminal enforcement and greater oversight of private trustees.</p> <p>Next steps: (i) Review alternatives and improve allocation of Trustee positions on caseload priority basis by March 1994. (ii) Complete security risk analysis to support systems replacement by June 1994 and redesign case management systems by September 1995. (iii) Increase the returns to unsecured creditors and debtors by reducing professional fees and Trustee administrative expenses.</p>	2
<p><i>Bureau of Prisons (BoP):</i> Overcrowding affects safety and security.</p> <p>1994 budget provides \$2.2B for BoP. At risk: the safety and security of prison staff, inmates and surrounding communities.</p>	<p>Prison overcrowding must be reduced to ensure safe and secure conditions for community, staff and inmates. Considerable progress has been made in this area. Inmate population in the Federal prison system is 39 percent over rated capacity as of September 30, 1993, a reduction from 69 percent reported in 1990. BoP plans to add 35,000 beds in the next four years; the 1995 BoP capacity plan projects a decrease in the overcrowding rate to 32 percent by the end of that year. Resolution of this high risk area is predicated on availability and use of resources provided in previous budgets. These funds are committed for construction projects but are not technically "obligated" until procurement award is effected. At times, procurement awards are delayed by community opposition and for environmental impact studies.</p> <p>Next steps: Complete planned construction and monitor the plan closely because inmate population may increase faster than capacity due to increased level of criminal litigation in judicial system.</p>	1
<p><i>BoP:</i> Not all prisons comply with fire and/or hazardous waste disposal codes.</p> <p>1994 budget provides \$1.5M for corrective actions. At risk: possible environmental damage, personal injury, fines, and court action if compliance is not achieved.</p>	<p>BoP has completed life safety surveys at all 68 active facilities. Remedial projects for the final 20 facilities surveyed are now being reviewed. BoP has completed 4,860 (78 percent) of the initial 6,254 remedial projects identified by the surveys. All immediate life and health safety risks due to hazardous waste in Federal prison facilities have been corrected. DELETED FROM THE HIGH RISK LIST. Department will track as an "area of significant concern."</p> <p>Next steps: BoP and the Department will closely monitor to ensure that all remedial actions are taken.</p>	D
<p><i>BoP:</i> Inadequate staff to operate and manage prisons.</p> <p>1994 budget provides \$1.9B in total operating expenses for BoP. At risk: the safety and security of prison staff, inmates and surrounding communities.</p>	<p>BoP's efforts to recruit, develop and retain sufficient staff have been successful. The ratio of BoP staff to inmates has been reduced from 1:3.9 in 1990 to 1:3.2 in 1993. BoP is addressing the recruitment and retention of medical staff which continues to present some difficulty. 1995-97 forecasts indicate that there are sufficient numbers of qualified candidates for most of BoP's present and future needs. DELETED FROM THE HIGH RISK LIST. Department will track as an "area of significant concern."</p> <p>Next steps: This area is integrally connected to the prison overcrowding issue and changes in level of inmates impact on this area. Therefore, BoP and the Department will continue to identify this area as one needing follow-up.</p>	D
<p><i>Immigration and Naturalization Service (INS):</i> Poor management controls and inadequate financial system.</p> <p>Accounting system processes \$1.5B annually. At risk: assurance that funds are accounted for in an accurate and timely fashion.</p>	<p>INS has completed an initial restructuring of its field, regional and headquarters activities including reorganizing the Office of Finance. A further organizational review has been conducted by the new Commissioner to further streamline staff and functions and to improve management controls. INS established a Management Control Council. Progress was also made in the financial management area. INS has taken steps to correct weaknesses in its fee account which generated a disclaimer of opinion in an audit of 1992 financial statements. INS started migration to the Department's Financial Management Information System (FMIS). An FMIS distributed budget module has been implemented, and other modules are in process.</p> <p>Next steps: (i) Complete INS restructuring initiated by the new Commissioner. (ii) Extend the INS management controls program into all field locations. (iii) Fully implement FMIS at INS. (iv) Implement a debt collection system for headquarters and within regions. (v) Implement a bonds management system.</p>	2
<p><i>U.S. Marshals Service (USMS):</i> Inadequate financial management system; non-conformance in fund control and asset value reporting.</p> <p>Accounting system processes \$1B annually. At risk: assurance that funds are accounted for in an accurate and timely fashion.</p>	<p>USMS is migrating to the Department's Financial Management Information System (FMIS). In 1993, USMS completed system changes to implement FMIS' distributed budget module at Headquarters. Development of modifications to the FMIS general ledger module and several other modules to meet specific USMS requirements continue. Once USMS has fully implemented FMIS, the USMS accounting system should be able to provide reasonable assurance that its funds are accounted for in a timely and accurate fashion, including asset value reporting, and that USMS employs sound business practices.</p> <p>Next steps: (i) Complete validation of systems requirements by February 1994. (ii) Complete systems modification by May 1994. (iii) Complete documentation and training by August 1994. (iv) Complete implementation of the planned FMIS modules by the end of 1994.</p>	2

DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>USMS, INS and BoP:</i> Shortage of detention facilities.</p> <p>1994 budget provides \$87M for detention facilities. At risk: ability to meet demands of increasing prisoner population.</p>	<p>The facilities available to house prisoners in custody by the U.S. Marshals and INS are overcrowded or unavailable. At the end of September 1993, the USMS daily detention population approached 20,000 and the number of jail days needed to house this population had grown by 6 percent over the previous year. The resolution of the problem is being addressed through a multi-year Federal detention strategy involving USMS, INS and BoP in 280 Federal court cities throughout the country. As of September 1993, 6,953 detention spaces had been acquired at 117 Federal court cities through the Cooperative Agreement Program (CAP) with the States and local governments. Several additional initiatives, including joint construction and modernization projects between BoP and INS, individual INS construction projects, and the use of private sector detention facilities, will help to reduce detention shortage to more manageable levels. Construction funded by BoP through 1993 would provide USMS with 9,062 detention spaces (including 304 for INS) in 17 court cities.</p> <p>Next steps: (i) Complete planned construction and renovations. (ii) Complete INS plans to expand by 375 spaces the capacity of INS' detention centers in 1994. (iii) Continue CAP agreements in 1994. (iv) Monitor situation closely because detention population may increase faster than capacity due to increased level of criminal investigation and prosecution.</p>	2
<p><i>Department:</i> Inadequate security over departmental ADP sites and systems.</p> <p>At risk: effectiveness of litigation action and law enforcement programs as a result of loss or unauthorized access to sensitive information, as well as control of financial assets.</p>	<p>The Department has (i) completed a review of all of the components sensitive system security plans; (ii) established technical workgroups to evaluate various security technologies and developed recommendations on their use; and (iii) established a DOJ-wide task force of computer security officers, which is used to communicate and distribute information on ADP security problems and solutions. DOJ issued guidance to components on handling and prevention of computer viruses, risk analysis, passwords, user identification encryptions, contingency planning, certification, and system security awareness training. Department staff assisted the Drug Enforcement Agency (DEA) in establishing a computer security program, including a review of DEA's risk analysis methodology. USMS initiated risk analyses of two major systems, and the U.S. Attorneys' offices are being equipped with secure communications systems. Assistance to INS' ADP security planning process has been made a priority by the Department. The security over departmental ADP sites and systems continues to be a priority. A system for providing disaster recovery for the Department's mission-critical information is being developed. DOJ is sequentially certifying the sufficiency of each component's disaster recovery program. DEA has developed its plan for disaster recovery, and certification is planned for September 1994.</p> <p>Next steps: In 1994, (i) DOJ plans to conduct 30 computer security reviews; (ii) DOJ plans to offer technical courses in PC security, telecommunications security, ADP risk analysis, and network security; (iii) USMS is to complete a risk analysis on the prisoner tracking system and the USMS telecommunications network; (iv) DEA plans to implement its agency-wide computer security program; (v) U.S. Trustees to complete security risk analysis by June 1994; and (vi) INS plans to complete risk analysis and contingency plans of its major systems by December 1994. A Department-wide disaster recovery program is to be implemented by September 1996.</p>	2
<p><i>INS and U.S. Customs Service:</i> The dual management structure providing land border inspections and clearance is inadequate.</p> <p>\$150M to \$180M spent annually by INS and Customs on land border inspection. At risk: impact on U.S. economic and social welfare resulting from illegal entry of people, drugs and other contraband.</p>	<p>INS and Customs are the principal Federal agencies controlling the entry of people and goods through the U.S. land borders. Their current operational relationship hampers management of land border inspections. The dual management structure weakens accountability and makes effective coordination of land border control and facilitation of legal entry difficult. The current border inspection management working relationships need modification to address expected customs and immigration service demands confronting the Federal government in the next 10 to 20 years. INS' and Customs' activities must be conducted more effectively and efficiently to carry out their land border inspection mission. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: A Justice, Treasury and OMB task group is reviewing options for improving cooperation and management of U.S. land border inspection activities. Recommendations from this task group are expected in February 1994.</p>	A
<p><i>INS and Justice components:</i> Asylum system is unable to process asylum claims in a timely manner.</p> <p>1994 budget provides \$43.6M for Justice asylum processing. At risk: increasing vulnerability of asylum system to abuse by ineligible asylum applicants.</p>	<p>The Department and INS are developing proposals to improve the asylum process. INS cannot adjudicate its growing number of incoming asylum cases in a timely manner, and as a result, has a backlog of 300,000 cases. Asylum applicants with unadjudicated cases receive work authorization cards from INS. Some may abuse this process and file false claims in order to receive work documents, knowing that INS lacks the ability to adjudicate its large caseload. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: (i) Propose regulatory changes to streamline the adjudication process for both INS and the Executive Office of Immigration Review. (ii) Improve the system for identifying asylum applicants. (iii) Improve work authorization card issuance process. (iv) Develop procedures to detain and deport expeditiously those whose asylum claims have been finally denied. (v) Increase personnel to adjudicate cases.</p>	A

DEPARTMENT OF LABOR

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Employment and Training Administration (ETA):</i> Federal equity in real property held by State Employment Security Agencies (SESAs) at risk due to inadequate Federal oversight and guidance on acquisition, use, and disposition of real property.</p> <p>Fair market value (FMV) is \$1B. At risk: up to 10 percent of FMV.</p>	<p>In December 1993, DOL published a General Administrative Letter (GAL) outlining real property requirements. The GAL emphasizes the withdrawal of delegations of prior approval authority, and establishes accounting standards for rent vs. depreciation vs. acquisition costs. (Implementation began when the draft GAL was issued in 1992.) In 1993, DOL regional offices expanded monitoring in line with DOL directive on system responsibilities and tracking requirements. DOL asked States to formally certify DOL's equity in real property. DOL has also begun reconciling its initial property inventory with each State's SESA records. This process may be lengthy, and a few discrepancies may require formal resolution. DELETED FROM THE HIGH RISK LIST. Department will track action on reconciliation as a material weakness.</p>	D
<p><i>Departmental:</i> Financial systems and operations inadequate.</p> <p>DOL systems processed over \$1.5B in administrative costs and \$7.7B in grant expenses during 1993. At risk: accurate and timely accounting, resource control and cash management of these funds.</p>	<p>DOL implemented a new core accounting system in 1990. Since then, many improvements have been made in the software and underlying control processes. The Office of Inspector General (OIG) has participated heavily in designing and commenting on report preparation processes, as well as providing annual detailed critiques of new operating procedures. During 1992-93 the new grants management system was implemented in all ETA regional offices, and a subsystem to record property purchases was implemented. Property information based on physical inventories was recorded in the subsystem in 1993.</p> <p>While the OIG reports that some control, reporting and operating improvements are needed in these administrative and grant systems, OMB believes the level of risk has been substantially reduced. DELETED FROM THE HIGH RISK LIST. Department is reporting specific problems as material weaknesses or non-conformances, as appropriate.</p>	D
<p><i>ETA:</i> Single Audit Act (SAA) not effective in safeguarding Job Training Partnership Act (JTPA) Federal funds.</p> <p>At risk: assurance that \$3.8B in JTPA grants is effectively audited.</p>	<p>A 1991 DOL OIG report found weaknesses in SAA coverage of JTPA funds. These weaknesses are not unique to JTPA, but are common to Federal grant programs where funds are passed through grant recipients to sub-recipients. Unilateral action by DOL to address this problem is not feasible; it is a governmentwide issue and can only be dealt with as such. In addition, two governmentwide studies on the SAA had been anticipated. The first of those studies was released in 1993; however, it did not address SAA coverage of sub-recipients in grant programs. A second study, to be released by the General Accounting Office in 1994, will cover these issues. In 1994, the Administration will consider proposing changes to the SAA. DELETED FROM THE HIGH RISK LIST.</p>	—
<p><i>ETA:</i> Inconsistent monitoring and implementation of JTPA grantee systems and financial controls.</p> <p>1994 budget includes \$3.8B in JTPA grantee operations. At risk: assurance that these funds are being spent appropriately.</p>	<p>In July 1993, DOL published draft implementing regulations for the Job Training Reform Act of 1992. These amendments to the JTPA address cost classification, procurement policy, and on-the-job-training processes. They significantly strengthen JTPA monitoring requirements and program accountability. In 1993, DOL published technical assistance guides for regional staff on procurement and on-the-job training. DOL also completed training for all States on the JTPA amendments and implementing regulations.</p> <p>Next steps: (i) Issue final implementing regulations in early 1994. (ii) Develop technical assistance guides and training for regional staff on grantee oversight, financial management, and State level monitoring during 1994.</p>	1
<p><i>Pension and Welfare Benefits Administration (PWBA):</i> Oversight of pension plans inadequate due to weaknesses in pension plan audits.</p> <p>PWBA oversees private pension plans with assets of \$2 trillion. At risk: pensions guaranteed by the Federal Government valued in billions of dollars.</p>	<p>PWBA continues to make significant progress enforcing current statutory provisions regarding pension plan audits and improving the quality of these audits. During 1993, PWBA (i) issued 528 letters rejecting inadequate annual plan reports (Form 5500); (ii) assessed \$36.6M in fines for submission of inadequate audit reports; (iii) conducted 70 on-site reviews of accountant's reports and the records of independent public accountants (IPAs) performing plan audits; and (iv) made 40 referrals to the American Institute for Certified Public Accountants (AICPA) or State boards of accountancy. PWBA also developed a sampling plan and methodology to examine the quality of employee benefit plan audits and the effect of the AICPA's 1991 revised audit guide and training program on plan audits.</p> <p>Next steps: (i) DOL plans to submit a legislative proposal to (a) repeal the limited scope exemption for certain pension plan audits; (b) establish triennial peer reviews of IPAs performing plan audits; and (c) require direct reporting by IPAs to the Secretary of Labor of certain irregularities that may be discovered in the course of the plan audit, including any indications of illegal acts. This legislative proposal will differ from earlier versions in being self-implementing—PWBA will not need to develop implementing regulations. (ii) PWBA will complete its study on the impact of the revised AICPA audit guide by October 1994, and may recommend further changes to the audit guide. (iii) PWBA will offer training on plan audit issues at the fourth DOL-AICPA conference for employee benefit professionals in May 1994.</p>	1

DEPARTMENT OF STATE

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Foreign Buildings Office:</i> Rehabilitation and maintenance of real property overseas is inadequate.</p> <p>1994 budget for FBO is \$410M. At risk: the health, safety, and security of employees at overseas posts due to building deterioration.</p>	<p>The Department has significantly improved overseas real property rehabilitation and maintenance programs by implementing a three-pronged strategy: (i) identifying the requirements of overseas facilities and monitoring maintenance needs; (ii) improving maintenance staffing; and (iii) increasing assistance provided by FBO to posts. Specifically, the Department has: conducted all 179 scheduled maintenance surveys; hired 66 specialists; and established two maintenance centers that completed 160 post visits in 1993. In addition, FBO now evaluates or installs maintenance programs at posts; and ensures that new facilities are well-maintained. DELETED FROM THE HIGH RISK LIST. Department will track as a material weakness.</p> <p>Next steps: In 1994, FBO will (i) hire specialists to fill remaining 46 positions; and (ii) complete development of an automated system to accurately estimate and track ongoing maintenance requirements.</p>	D
<p><i>Consular Affairs:</i> Inadequate controls over visa processing increase vulnerability to illegal immigration and diminish the integrity of the U.S. visa.</p> <p>1994 budget for visa processing is \$152M. At risk: potential for visa fraud.</p>	<p>The Department continues to implement a sound strategy to (i) prevent visas from being issued to people known to be undesirable (automated name check systems) and (ii) improve integrity of the document itself so it cannot be forged or altered (machine-readable visa). MRV is currently installed in 52 posts, which represents more than 50 percent of nonimmigrant visas issued. Recent audit by Office of Inspector General endorsed MRV concept, but made recommendations to address security and internal control shortcomings.</p> <p>Next steps: Funding is critical to installing technologies worldwide. If State receives legislative authority to keep proceeds from visa application processing fee, which is under consideration by the Congress, the name check system could be installed worldwide by end of 1995 (two posts per week); MRV by 1996-97.</p>	1
<p><i>Departmental:</i> Management of the overseas security program is inadequate.</p> <p>1994 budget for the overseas security program is \$214M. At risk: assurance that this investment is adequately protecting U.S. personnel, information and property abroad.</p>	<p>While global changes continue to affect the Department's approach to security issues, State has made significant progress in accomplishing two critical objectives: assessing threats to overseas posts from terrorism, counterintelligence, technical intelligence and crime; and minimizing those threats through implementation of security standards. Threat levels at all posts are reassessed semiannually, so implementing the appropriate security standards will be a continuous process. OMB expects that State will continue to review its vulnerabilities in the security area so that specific problems are quickly identified and corrected. DELETED FROM THE HIGH RISK LIST.</p> <p>Mainframe security remains a problem, however, and is included in redefined high risk area, "Information Management".</p> <p>Next steps: (i) Complete review of previously published technical security standards and publish revised standards as appropriate. (ii) Ensure that all security standards are implemented on a timely basis. (iii) Refine compliance database so that corrective actions and resources needed to address post deficiencies can be efficiently tracked.</p>	D
<p><i>Departmental:</i> ADP operational deficiencies are not being systematically addressed.</p>	MERGED INTO REDEFINED HIGH RISK AREA, "INFORMATION MANAGEMENT".	—
<p><i>Departmental:</i> Accounting and financial systems have many weaknesses and do not meet standard requirements. A substantial amount of information essential to financial statement production is unrecorded, and a number of subsidiary accounting systems are not interfaced with the core system.</p> <p>Total 1994 appropriations for the Department are \$4.9B. At risk: assurance that these funds (and funds of other agencies serviced overseas) are being accounted for in an accurate, timely, and useful fashion.</p>	<p>During 1993, State (i) completed an Information Strategy Plan (ISP) for integration and standardization of financial systems; (ii) reduced the number of accounting and disbursing systems from six to three and the number of payroll systems from three to two; (iii) made operational improvements in disbursing; and (iv) implemented additional edits and controls to improve data quality. However, at this point, State has not finalized requirements to support its business strategy for financial systems. Although the overall business strategy has been thought out, the technical strategy for implementation of a new worldwide financial system has not been finalized. Upon completion of the business requirements, State must finalize an approach for systems acquisition and development which follows government policy in OMB Circulars A-130 and A-127. State must provide budgetary resources, develop a new technical infrastructure, and establish Department-wide standards, which are critical factors for successful implementation of new financial systems. Failure to deliver Department-wide solutions in these areas will jeopardize the success of State's efforts.</p> <p>Next steps: (i) Complete the business area analysis of core financial system functions. (ii) Develop an implementation approach consistent with government financial systems policy. (iii) Negotiate a workable technical environment that will meet the needs of financial management, consular affairs, and other bureaus and can be supported by the Department.</p>	3

DEPARTMENT OF STATE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Departmental:</i> Controls over worldwide disbursing and cashing are inadequate.</p> <p>Over \$5B disbursed annually by Department disbursing officers (DOs) worldwide. At risk: \$6.7M, representing funds unreconciled with Treasury.</p>	<p>State is centralizing the disbursing function from overseas posts to the three Regional Administrative Management Centers (RAMCs) to bring all DO functions under the direct oversight and supervision of the Chief Financial Officer. Fourteen of 22 DOs have been centralized; remainder on track for February 1994. This process will enable State to cut 18 U.S. and 50 foreign service national positions, with a savings of \$2M. Unreconciled funds brought down from approximately \$50M to \$6.7M. Department has improved oversight of cash management, but cashier accountability issues still need to be resolved.</p> <p>Next steps: (i) Continue to monitor DO accountability. (ii) Ensure that new financial system includes modules on disbursing, cashing, banking, and all foreign currency purchasing.</p>	1
<p><i>Departmental:</i> State's operations are hampered by information management deficiencies. [This area formerly focused on open systems migration.]</p> <p>Total 1994 appropriations for the Department are \$4.9B. At risk: assurance that an adequate information technology infrastructure exists to support the Department's mission-critical operations and to assure the security of sensitive information.</p>	<p>Weaknesses in information management (obsolete technology, insufficient contingency plans, and inadequate mainframe security controls) affect the Department's ability to manage and safeguard information supporting U.S. foreign policy. The Office of Information Management (A/IM) must ensure that State's requirements are appropriately defined, and use an integrated, collective approach to resolve these serious problems. A/IM must continue to improve its coordination with other bureaus and to follow through on the development of a justifiable, workable modernization plan within the timeframe it has committed to in order to meet State's information management needs.</p> <p>Next steps: (i) Draft and issue the modernization plan as scheduled within the second quarter of 1994, incorporating modernization of mission-critical communications, financial, logistical, and consular systems. (ii) Utilize existing Departmental or other agency procurement vehicles to upgrade/replace much of State's worldwide inventory of information management equipment, and develop an appropriate personnel training program that meets the requirements of the modernization plan. (iii) Obtain essential backup computer capacity, incorporating it into a contingency plan providing backup and recovery capabilities for domestic and overseas mainframe processing centers. (iv) Publish and implement computer security policy/standards consistent with Diplomatic Security policy.</p>	3

DEPARTMENT OF TRANSPORTATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Department:</i> Financial systems are numerous, fragmented and non-standard.</p> <p>DOT financial systems process over \$39B in outlays annually. At risk: assurance that funds are accounted for in an accurate, timely, and useful manner.</p>	<p>DOT is pursuing a three-phased approach to address this risk: (i) correcting immediate problems in accounting, personnel, payroll and procurement systems; (ii) establishing standards and developing a strategic systems plan for future modernization; and (iii) implementing an integrated systems environment. In 1993, DOT (i) completed implementation of a core accounting system (DAFIS) at all planned sites, thereby eliminating 27 core/subsidiary financial systems and consolidating 21 accounting operations; (ii) completed initial but essential steps for integrating its personnel and payroll systems (IPPS); (iii) implemented a standard module for producing financial statements; and (iv) improved data integrity by establishing financial standards. The Department estimates savings or costs avoided of \$104M due to these corrective actions. Due to resource constraints, efforts to develop the long-range, Department-wide strategic plan for modernization have not been undertaken, but DOT is pursuing short-term strategies for system improvements. DOT expects by the end of 1996 to establish data standards and data administration functions for the Department.</p> <p>Next steps: (i) Move to Phase II of DAFIS to implement enhancements that had been delayed until installation at all sites was completed, and broaden the scope of the system functions. (ii) Implement IPPS integrated database (personnel/payroll reporting) by July 1994, with complete IPPS implementation by September 1996.</p>	2
<p><i>Federal Transit Administration (FTA):</i> Inadequate grants management oversight.</p> <p>\$35B in active grants. At risk: \$300M to \$500M.</p>	<p>FTA has made significant progress toward correcting this area. In 1993, FTA made structural and functional changes to strengthen its oversight activities. FTA established a separate program oversight function at its regional offices and assigned 40 FTE to this function; increased its use of qualified contractors to perform oversight reviews; and implemented a grantee risk assessment program that enables FTA to focus its oversight resources on grantees identified as a potentially high risk. The increased focus on oversight has resulted in the early and timely identification and correction of deficiencies at grantees assessed to pose a high potential risk.</p> <p>Next steps: (i) Forward revised single audit compliance requirements to OMB by April 1994 for issuance by July 1994. (ii) Complete organization-wide structural and procedural changes to improve grants management oversight, and validate that oversight mechanisms accomplish what was intended by December 1994.</p>	1
<p><i>Federal Aviation Administration (FAA):</i> Major systems acquisition procedures are inadequate.</p> <p>FAA procurement plans are estimated at \$15B over next 15 years. At risk: increased cost because of poor contract administration.</p>	<p>FAA has developed an internal management control plan to better identify and focus on correcting major acquisition weaknesses. In March 1993, an improved acquisition policy was formulated. Mission needs statements were concluded in November 1993 and are being scrutinized to ensure that sufficient quantitative and qualitative analysis and benchmarking is included. The mission analysis process has been tied to the budget with particular attention to acquisition costs.</p> <p>Next steps: (i) Implementation of a disciplined mission analysis process is planned for completion by early 1994. (ii) OMB believes that clearly defined requirements to assure improved management in functional areas of requirements determination, acquisition planning, specification development, pre-production testing, contract award, contract administration and contract modification should be expedited and completed earlier than the projected December 1995 completion date.</p>	2

DEPARTMENT OF TRANSPORTATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>U.S. Coast Guard:</i> Major systems acquisition procedures are inadequate.</p> <p>USCG procurement plans are estimated at \$1.5B over next 5 years. At risk: increased costs because of poor contract administration.</p>	<p>In 1993, the Coast Guard (i) made organizational changes appointing civilians with acquisition management experience as deputy program managers to strengthen oversight; (ii) revised contracting and procurement policies; (iii) sent all project managers to a 20-week course at the Defense Systems Management College; (iv) assigned warrant officers at field units to provide closer oversight of procurement activities; (v) implemented a Capital Improvement Plan to provide better long-range acquisition planning; and (vi) developed improved mission needs statements and justifications. Implementation of a complete mission needs analysis process was delayed and needs to be expedited.</p> <p>Next steps: Implement by October 1994 a complete mission needs analysis process that will provide sufficient quantitative and qualitative analysis and benchmarking to better support acquisition activities and link the process to the budget.</p>	2
<p><i>FAA:</i> Inadequate management of spare parts at field activities.</p> <p>\$131M in spare parts at field locations. At risk: excessive inventory holding costs and adequate inventory control.</p>	<p>FAA implemented a supply site management process designed to (i) improve management of spare parts in field activities; (ii) reduce inventory holding costs; and (iii) dispose of inactive and excess materials in a timely manner. A review of the management and controls of the National Air Space (NAS) spare parts activities was completed, and a permanent, on-line inventory control system was recommended and is being developed. An interim PC-based inventory control system is operational until the automated system is implemented.</p> <p>Next steps: Implement by September 1994 the best practices recommendations from the NAS review.</p>	2
<p><i>U.S. Coast Guard:</i> Inadequate logistical support for spare parts at field activities.</p> <p>\$347M inventory on hand. At risk: excess inventory holding costs and adequate inventory control.</p>	<p>Coast Guard has implemented improved internal controls, especially to minimize inventory costs of spare parts for aircraft, and is ensuring that Economic Order Quantity (EOQ) procurement principles are followed. An EOQ management model is being developed, and work continues on implementation of the new Aeronautical Maintenance Management Information System (AMMIS) which is designed to improve USCG planning, tracking and inventory accountability. The implementation of AMMIS for inventory control has experienced delays due to extensive modifications in developing the program. Non-rotational managers of the inventory programs were upgraded to improve staff experience.</p> <p>Next steps: (i) Implementation of AMMIS for inventory control is projected by July 1994. (ii) Full database use for inventory control as well as an EOQ management model will be available by September 1995.</p>	2
<p><i>Department:</i> Inadequate Department Information System Security (ISS).</p> <p>Annual investment of nearly \$3B for information technology. At risk: technological and managerial safeguards to adequately protect information systems.</p>	<p>In March 1993, DOT issued revised policy statements to better safeguard information systems in grants management, funds control, and the management and safety of the Department operational systems.</p> <p>Next steps: (i) A comprehensive Information Systems Security Plan is to be completed by June 1994. (ii) DOT plans to complete security oversight reviews of four major Department components to validate compliance with revised policy by December 1994. (iii) DOT to issue final procedural guidance which supports the ISS Plan and policies by September 1995. The Plan and procedural guidance should be put in place as expeditiously as possible and the results validated.</p>	2

DEPARTMENT OF TREASURY

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Internal Revenue Service (IRS):</i> Strategy for collecting and resolving delinquent Accounts Receivable (AR) is inadequate.</p> <p>IRS Accounts Receivable \$74B. At risk: at least \$22B in collectible receivables.</p>	<p>IRS collection of receivables has not kept pace with the growth in unpaid tax debt, and significant tax revenues may be lost. During 1993, IRS made progress in accounting for AR by: (i) reducing its estimate of collectible accounts in response to a General Accounting Office financial statement audit; (ii) removing uncollectible RTC assessments from AR; and (iii) convening a study group to examine redefining AR. IRS continued to revamp the collection process by testing making phone calls earlier to delinquent taxpayers, instead of waiting for taxpayer responses to several mailed notices and subsequent calls. Easing procedures for installment agreements and offers-in-compromise in 1992 increased the importance of these collections tools during 1993. However, during 1993, delinquent accounts increased from \$62.5B to \$63.2B, and collections fell from \$24.2B to \$22.8B, primarily because of a 14 percent drop in collections from mailed notices.</p> <p>Next steps: OMB believes that IRS should undertake a private collection agency pilot to enhance collections and should explore funding options for continued use of private collection agencies. In 1994, IRS will (i) develop a debt collection performance agreement with Treasury and OMB that includes goals for collections and delinquent receivables; and (ii) incorporate GAO methodology for determining the Allowance for Doubtful Accounts into quarterly receivables reporting to Treasury. OMB and Treasury support a provision in pending legislation to authorize payment of taxes by credit card.</p>	2

DEPARTMENT OF TREASURY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Customs Service:</i> Inadequate accounting systems cause problems in accounting for revenue on imports, data integrity, and cost accounting.</p> <p>\$20B collected annually. At risk: control of revenues, including tracking of posted receivables of \$883M as of September 1993.</p>	<p>Customs is continuing to improve financial accountability for receivables through the Customs Automated Revenue Accounting Project (CARA). CARA will provide additional revenue accounting capabilities for the Asset Information Management System (AIMS), Customs' core accounting system. In 1993, a prototype cost model, user fee pricing model, and a project cost accounting system were implemented in AIMS to improve cost accounting. A new module of the Automated Commercial System (ACS), Protest and Fines, Penalties, and Forfeitures (FP&F), is near completion which will improve overall data accuracy. Other efforts to improve financial data include AIMS enhancements, the ACS financial core project, and the long-term redesign of ACS through the Future Automated Commercial Environment Team (FACET) project. These enhancements will enable the systems to provide the quality and level of data necessary for preparing acceptable financial statements. This endeavor is being coordinated with the Department's Financial Management System Advisory Committee.</p> <p>Next steps: In 1994, Customs plans to (i) implement the FP&F module; (ii) begin the redesign of ACS through FACET; and (iii) perform requirements analysis for CARA. Systems work is expected to continue into 1998.</p>	2
<p><i>Departmental:</i> Financial management system coordination needs improvement.</p> <p>Treasury is investing \$111M in financial systems development in 1994. At risk: systems development by bureaus may not support Departmental financial management initiatives and system integration goals.</p>	<p>Departmental financial system planning and control has been improved by establishing an office for financial systems oversight, and requiring review and approval of bureau systems by the Department. Department-wide system strategies continue to be developed through the Financial Management Systems Advisory Committee (FMSAC), with bureau participation, to standardize non-core systems. Treasury also has been reducing the number and variety of financial systems through the use of off-the-shelf packages and cross-servicing. By the end of 1993, 90 percent of Treasury's total budget authority was processed using one of two departmental standard off-the-shelf core financial systems.</p> <p>Next steps: In 1994, (i) continue to define departmental system strategies through the FMSAC teams; (ii) establish a departmental data base for summary level financial information; (iii) begin implementation of the Department-wide travel system at four bureaus with complete implementation at two bureaus; (iv) establish a departmental strategy for a procurement system; and (v) implement the steps to convert the Bureau of Public Debt to the new core financial system. OMB believes that an independent review is necessary to ensure that the Department has adequately resolved this issue.</p>	1
<p><i>Customs:</i> Operations and Maintenance (O&M) Account, Air and Marine Interdiction Programs lack adequate internal controls.</p> <p>Interdiction Operations and Maintenance Accounts in 1993 total \$138M. At risk: \$68M in unobligated balances.</p>	<p>Customs identified problems in determining the correct amounts of 1992 obligated and unobligated balances in the O&M account. An accounting firm reviewed account balances of the Air/Marine program for Customs and made recommendations for corrective action, including improved tracking of obligations and expenditures associated with interagency agreements and related contracts. These recommendations, as well as others from a joint Department/Customs task force for improving accounting policies and procedures, were incorporated into a Customs corrective action plan and implemented. The Treasury Office of Inspector General (OIG) is reviewing to verify Customs' implementation.</p> <p>Next steps: OIG will complete the review in early 1994.</p>	1
<p><i>Customs and DOJ's Immigration and Naturalization Service:</i> The dual management structure providing land border inspections and clearance is inadequate.</p>	SEE NEW AREA UNDER "DEPARTMENT OF JUSTICE".	—

DEPARTMENT OF VETERANS AFFAIRS

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Veterans Benefits Administration (VBA):</i> Compensation and pension benefit overpayments.</p> <p>1994 budget includes \$16.8B for compensation and pension benefits. At risk: approximately \$60M in potential overpayments to beneficiaries annually.</p>	<p>The integrity of claimants' income reporting for compensation and pension benefit entitlement purposes requires validation of claimants' income reports. Sampling by the Office of Inspector General (OIG) in June 1989 of wage matches and audits had disclosed over \$53M in overpayments and over 6,000 cases referred for further investigation. VA has since implemented a system to perform income verification matches with IRS and SSA. Of 47,800 cases reviewed in 1992, 12,994 (9 percent) resulted in termination or reduction of benefits. In addition, overpayments of \$61.1M were identified for collection, and costs estimated at \$27.5M were not incurred. Efforts in 1993 are producing even better results: cases reviewed through July 1993 have yielded terminations or reductions in 9,800 cases; overpayments of \$61.8M; and cost avoidances of \$28.6M. Post-implementation evaluation by the OIG validated corrective actions. DELETED FROM THE HIGH RISK LIST.</p>	D
<p><i>Veterans Health Administration (VHA):</i> Medical supply inventory controls inadequate. Medical centers and nursing homes dispense large quantities of drugs. Scattered local systems provide poor controls.</p> <p>Drugs and medical supply inventories in VA hospitals replenished at rate of \$450M a year. At risk: \$30M in potential loss of drugs in inventory due to waste, theft or loss.</p>	<p>VA decision to convert to a unit dose (rather than ward stock system) is now the standard for pharmaceutical technology being implemented in all segments of hospital and pharmacy practices in the VA system. 16,300 of planned 20,800 bed conversions completed by 1993. In 1994 an additional 135 FTE will be allocated to complete remaining 4,500 bed conversions to the unit dose system and implementation of automated technologies to dispense drugs.</p> <p>Next steps: (i) Complete remaining conversions from ward stock system. (ii) Procure and install bar code readers at all facilities to implement a perpetual medical supply inventory system. (iii) Conduct post-implementation evaluation of new unit dose distribution system's effectiveness in 1995.</p>	1

DEPARTMENT OF VETERANS AFFAIRS—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p>VHA: Health care facilities construction planning process lacks design and performance standards.</p> <p>1994 budget provides \$476M for facility construction. At risk: \$50M in additional unnecessary costs, cost overruns, or facilities exceeding actual needs.</p>	<p>Facilities Program developed an overall systemic approach to construction planning to improve efficiency and effectiveness, based on facility planning standards. Construction planning models were developed and tested, and are now in use in all field facilities. Evaluation by VA's Strategic Planning and Policy Office (with OIG concurrence) validated the overall viability of the model; further refinement of the model with additional demographic data would not be cost effective in light of the potential impact of future health care reform proposals on VA facilities. DELETED FROM THE HIGH RISK LIST.</p>	D
<p>Departmental: Internal management controls program weak.</p> <p>VA budget exceeds \$35.9B. At risk: assurance that funds and operations are adequately protected against fraud, waste and abuse.</p>	<p>VA's Chief Financial Officer has implemented an effective program to identify and correct management control weaknesses. A Senior Management Review Council has been established; an awareness training package has been prepared for managers and liaisons; and the management control, budget and strategic planning processes have been integrated. In 1993, a Management Control Tracking System was developed to monitor corrective actions. DELETED FROM THE HIGH RISK LIST. Department will retain this as a material weakness.</p>	D
<p>VBA: Financial information for credit programs is inadequate.</p> <p>VA direct and guaranteed loan programs total approximately \$43B in 1994. At risk: the integrity of VA's financial databases, which are used in making budget and policy decisions in credit programs.</p>	<p>VA has not effectively integrated VBA and departmental systems and procedures to support credit reform initiatives affecting loan programs. Many operations still rely on labor-intensive, unintegrated modules, which forces reliance on manual accumulation of data to prepare major financial reports. This may result in untimely submissions to Treasury and OMB. Systems support and resource assignments for credit reform have been a low priority at VA, negatively impacting the Department's ability to meet all accounting and reporting requirements, e.g., accounting by cohort year as required by law. The potential for inaccurate data being reported to OMB and Treasury increases each year. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: VA needs to establish an action plan to improve the reliability and accuracy of credit reform accounting data and develop cohort year data for estimating subsidies. This plan must integrate VBA systems and departmental core accounting systems as necessary to achieve satisfactory data integrity.</p>	A

ENVIRONMENTAL PROTECTION AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Agency: Financial system does not provide timely data or support accounting for receivables.</p> <p>Accounts receivable, as of June 1993, were \$355M. At risk: assurance that these funds are accounted for in an accurate and timely fashion.</p>	<p>EPA has defined its future course for integrating its core financial accounting system with its other financial systems in its Integrated Financial Management System (IFMS) Strategic Master Plan. A new release of the IFMS software is scheduled for implementation in Spring 1994 which will eliminate problems with system documentation and usability of the system. Information access from IFMS has been improved with implementation of a report generation system, but easy access to timely and useable financial information to produce internal and external reports, including financial statements, remains a problem. Data inaccuracies resulting from data conversion during the 1989 IFMS implementation are reported as corrected subject to verification. Improvements in debt servicing have been made in the accounts receivable module. However, enhancements are still needed to fully automate installment payments and the compounding of interest for Superfund receivables.</p> <p>Next steps: (i) Implement the new version of IFMS software in 1994. (ii) Continue to improve integration of IFMS with other financial systems in 1994. (iii) Eliminate redundant legacy systems in 1994-95. (iv) Improve automated accounting for receivables in 1995.</p>	2

ENVIRONMENTAL PROTECTION AGENCY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Superfund:</i> Program lacks adequate controls to ensure timely cleanup of National Priorities List (NPL) sites and consistent management of the Alternative Remedial Contracting Strategy (ARCS) contracts.</p> <p>1994 budget includes \$1.5B for Superfund. At risk: environmental safety at NPL sites, and assurance that contract funds are being managed efficiently and effectively.</p>	<p>EPA reports significant improvement in accelerating cleanup of Superfund NPL sites—cleanups have increased from 63 in 1991 to over 200 by September 1993. EPA has standardized the remedy selection process with (i) the use of presumptive remedial guidance, and (ii) the implementation of the Superfund Accelerated Cleanup Model (SACM). EPA also reports progress in ARCS contract management, with Regional Management Teams overseeing implementation of the Administrator's Task Force Report recommendations. Actions to date include: (i) program improvements resulting in an 18 percent reduction of ARCS program management costs, while total contract utilization increased by 88 percent (from \$75M to \$141M); (ii) reassessment of contract capacity; and (iii) for contractor performance evaluations, (a) using program management costs, (b) limiting length and scope of self-evaluations, and (c) establishing a threshold number of hours for evaluation of work assignments.</p> <p>Next steps: For accelerating cleanups, EPA will conduct self-evaluations of corrective actions. For ARCS contract management, EPA will (i) conduct reviews to assess each Region's contract management practices and implementation status; and (ii) begin replacing ARCS contracts with Response Action Contracts containing better management controls.</p>	1
<p><i>Agency contract management:</i> Persistent, widespread problems in contract management.</p> <p>1994 budget includes \$1.5B for contracting. At risk: environmental safety, and assurance that contract funds are being managed efficiently and effectively.</p>	<p>EPA is implementing a comprehensive plan to address agency-wide contract management problems. In 1993, the Agency (i) reorganized and elevated its contract management functions; (ii) established a pilot project to test use of quality contracting teams to plan, implement, and evaluate individual contracts; (iii) established senior procurement officials in 10 regions; (iv) initiated a comprehensive, agency-wide procurement training program; (v) issued a condensed index of all agency procurement documents; (vi) revised human resource policies to emphasize acquisition management responsibilities in job announcements and performance agreements; and (vii) established requirements for contract officers to use independent government cost estimates to analyze contract costs above \$25,000 before contractors begin work.</p> <p>Next steps: During 1994, EPA will (i) initiate acquisition management workforce planning; (ii) establish mandatory procurement training for all project officers, managers and senior officials; (iii) prepare final cost estimate guide and develop corresponding databases to assist with development of valid independent government costs estimates; (iv) issue a requirement that all major contracts have contract management plans; (v) issue uniform contract management guidance; (vi) train contract personnel on use of procurement sanctions including suspension and debarment; and (vii) develop policy on allowable and unallowable indirect costs. In order to decrease EPA's reliance on contractors, the 1995 budget includes 900 additional FTE to undertake activities previously performed by contractors.</p>	2

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>NASA:</i> Financial accounting systems are outdated, labor intensive and not integrated agency-wide as required by OMB Circular A-127. Funds control over contractors is weak.</p> <p>NASA systems process \$15B annually. At risk: assurance that these funds are being properly accounted for in an accurate and timely fashion.</p>	<p>NASA is implementing a standard, integrated system that will strengthen financial accounting over contractor funds. System design work for the NASA Accounting and Financial Information System (NAFIS) and companion Agency-Wide Reporting System was completed in July 1993.</p> <p>Next steps: Coding and testing are scheduled to be completed by October 1994. In 1995, complete Alpha and Beta site tests. Implementation at the NASA Centers will begin at Marshall Space Flight Center in December 1995 and will conclude with Stennis Space Center in July 1997.</p>	2
<p><i>NASA:</i> Contract and subcontract administration and oversight inadequate.</p> <p>NASA obligates 89 percent of its annual budget (\$13.5B in 1993) through the procurement process. At risk: \$200M-\$500M, representing potential overpayments to contractors through erroneous or fraudulent billings.</p>	<p>Inadequate oversight over prime contractors has created vulnerability to mission failure and financial losses. Aggressive corrective action plan developed following 1991 OMB/NASA review team report. NASA has: (i) established a Headquarters focus for post-award contract management oversight and policy; (ii) created a new contract management division to monitor corrective actions; (iii) established a Program Management Council (PMC) to oversee major programs; (iv) implemented a new billing system to strengthen controls and validate DOD billings for contract management services; (v) intensified contract management training; and (vi) increased procurement staffing. Authorized ceilings for NASA procurement offices have been increased by 83 FTE to date. Space station program realignment will return additional staff to general contract management work in support of this effort.</p> <p>Next steps: (i) Continue expansion of contract management training program. (ii) Use PMC to provide rigorous oversight of major programs. (iii) Add contract management as a mandatory performance element for all program and contract managers. (iv) Establish mandatory training requirements for contract officer technical representatives. (v) Complete staffing augmentation.</p>	1
<p><i>NASA:</i> Environmental restoration, compliance, and pollution prevention need priority attention.</p> <p>Since 1988, over \$136M has been obligated for environmental compliance. At risk: health and safety of NASA employees and the public.</p>	<p>Absence of a cohesive agency-wide strategy and plan prior to 1994 resulted in non-uniform programs at NASA Centers which had, in many cases, not fully addressed all components of the environmental program. NASA has: (i) developed an environmental remediation program; (ii) identified potential hazardous waste sites; (iii) established an Environmental Management Council; (iv) developed an Environmental Strategic Plan; and (v) established an Operational Environment Team, which provides a central technology resource to program managers who must comply with environmental requirements.</p> <p>Next steps: Complete environmental self-assessments at major facilities by early 1994; validate effectiveness of corrective actions.</p>	2

AGENCY FOR INTERNATIONAL DEVELOPMENT

High Risk Area	Progress to Date and Next Steps	Assessment
<p>AID: Financial management systems and operations are inadequate.</p> <p>Total obligations processed by AID/Washington operations are over \$4B annually. At risk: assurance that these funds are being accounted for in an accurate, timely, and useful fashion.</p>	<p>Correction of this high risk area consists of two parts: improvements in payment operations, and implementation of a new financial management system called AWACS. AID has complied with all recommendations resulting from an audit of payment operations and is reducing the material weakness on payment operations to the status of "significant concern." Final correction of the payment operations weaknesses is tied to implementation of AWACS. AID has completed a Financial Management Strategic Information Systems Plan (FMSISP) and decided on a technical environment in which to operate. AID has also started development of AWACS using software obtained from another agency, which requires a waiver from mandatory use of the GSA schedule for federal financial management system software. However, AID has not yet responded officially to the conditions required for a waiver. To date, AID has completed development of the AWACS General Ledger module and begun work on the Accounts Receivable/Loan Servicing module. AWACS is scheduled for full implementation at AID Headquarters by mid-1995 and at the missions approximately six months later. However, the effects on the AWACS project resulting from changes in AID senior management, the AWACS project manager, and lead technical staff are uncertain.</p> <p>Next steps: (i) Provide an official response to the waiver conditions. (ii) Implement the AWACS General Ledger module for 1994 transactions. (iii) Develop and implement other AWACS modules.</p>	3
<p>AID: Audit coverage of contractors and grantees is inadequate.</p> <p>AID has not obtained adequate audit coverage of overseas projects amounting to hundreds of millions of dollars. At risk: potential misuse of funds by contractors and grantees.</p>	<p>AID is implementing an Audit Management and Resolution Program (AMRP) to ensure appropriate audit coverage of recipients of AID funds. AID had previously assigned specific responsibilities to missions, the Office of Procurement, and the Office of Inspector General (OIG), and finalized guidance on implementing AMRP. Missions are now developing audit inventories of all non-U.S. recipients, and the resulting number of audits appears to have increased in 1993. The Office of Procurement has been authorized to hire additional staff to handle pre-award audits for U.S. recipients, but has had difficulty filling these positions.</p> <p>Next steps: (i) The OIG will complete an review of AMRP by mid-1994. (ii) OMB believes that the Agency should validate that audit coverage has adequately increased as the result of AMRP.</p>	1
<p>AID: Automated systems which contain sensitive information are not adequately protected against disasters.</p> <p>1994 budget for information resources management is approximately \$13M. At risk: assurance that this investment and AID data are adequately protected from loss due to disasters.</p>	<p>AID has significantly improved protection over its ADP systems. A disaster recovery service for main-frame functions has been tested regularly since February 1991. Comprehensive computer security policies have been developed for classified and unclassified processing in Washington and overseas (final issuance has been held up because publication of entire AID Handbook is delayed). Staffing for ADP security has been increased. DELETED FROM THE HIGH RISK LIST.</p> <p>Next steps: Publish comprehensive security policies in AID Handbook.</p>	D
<p>AID: Agency cannot provide assurance that its programs are being properly monitored, and that it is meeting appropriate standards for accountability.</p> <p>Total 1994 AID budget is approximately \$7B. At risk: assurance that these funds are being spent efficiently and effectively.</p>	<p>The Agency is reforming its organization and programs to improve management and accountability of foreign assistance resources. AID has (i) initiated a reorganization to streamline offices and reduce management positions; (ii) developed strategy statements for Agency's main objectives (health and population, democracy, economic growth, environment, and humanitarian assistance); and (iii) identified 21 country programs to be closed by 1996. AID is reviewing the proper roles to be played by contractors, foreign national employees, and U.S. direct-hire staff.</p> <p>Next steps: (i) Complete agency reorganization/rightsizing in early 1994. (ii) Issue implementing guidelines for strategy statements in early 1994. (iii) Introduce streamlined systems and procedures by September 1994. (iv) Implement performance measurement system in 1995.</p>	2

FARM CREDIT ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Inadequate financial systems, management information planning, operational support and property controls.</p> <p>FCA processed over \$146M in collections for itself and the Farm Credit System Insurance Corporation during 1993. At risk: although the system has some functioning controls, (for example, over disbursement), it lacks other controls which would detect improper expenditures.</p>	<p>An OMB and Treasury team performed an on-site review in April 1993. The team found that: (i) FCA's current financial system is inadequate and cannot be efficiently salvaged; (ii) FCA had selected an appropriate replacement system from GSA's off-the-shelf software schedule; (iii) the planning function over the management information system is weak; (iv) previous system designs did not adequately consider user needs; and (v) internal staff expertise supporting financial systems needs to be strengthened.</p> <p>The team made specific recommendations which are being implemented by FCA. For example, the agency has made significant progress toward installing a new financial system although some technical difficulties, with regard to the IRM platform and network server, were experienced during the installation and testing phase of the project. OMB has been assured that these problems will be solved in the immediate term. FCA has also appointed a new information manager whose explicit objective is to establish the infrastructure needed to correct planning problems and support user needs. Also, an additional systems accountant position was established in response to the team's recommendations.</p> <p>Next steps: The definition of this high risk area has been expanded due to the intricate relationship between information planning and successful financial systems. FCA plans to complete basic financial systems installation and core requirements conformance during 1994. OMB expects that basic work to improve the information planning process will be expanded, institutionalized and integrated with financial systems planning during the 1994-95 timeframe.</p>	2

FEDERAL EMERGENCY MANAGEMENT AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Internal control program is not fully developed and implemented.</p> <p>1994 new budget authority for FEMA is \$788M. At risk: assurance that these funds are adequately protected against fraud, waste and abuse.</p>	<p>In the past, FEMA was criticized for not implementing an agency-wide management control program. That deficiency has now been addressed through the strengthened commitment of senior Agency management, the issuance of revised policy and procedures, training, and performance of management control reviews by Headquarters and regional staffs. In 1993, FEMA (i) issued an agency-wide policy defining the responsibilities of the Office of Financial Management, program offices, staff offices, and regional offices for management control; (ii) reassigned the audit followup function to the Chief Financial Officer for linkage with the management control program and eventual joint tracking; (iii) prepared a "how-to" handbook on management controls; (iv) trained 140 managers and senior staff; and (v) conducted financial compliance reviews in the regions and at Headquarters. The importance of management controls was also recognized beyond the boundaries of the formal management control program in policies and procedures issued for the Disaster Assistance Program.</p> <p>Deleting this high risk area is not commensurate with declaring that there are no management control weaknesses in FEMA. OMB believes that FEMA now has a program in place to adequately identify and subsequently correct weaknesses. DELETED FROM THE HIGH RISK LIST.</p> <p>Next steps: FEMA's CFO has provided assurances that the management control program will continue to receive a high level of support following the reorganization announced in the fall of 1993. As a pilot agency in the reinventing government experiment, FEMA has committed to reengineering its management processes and program delivery systems to include appropriate controls.</p>	D
<p>Financial systems are not integrated. They are a collection of independently designed systems held together through a series of manual and automated interfaces.</p> <p>At risk: assurance that FEMA's investment in financial systems results in an integrated system that meets all core requirements, and provides accurate and useful financial information.</p>	<p>FEMA continues to use short-term financial system fixes to correct its non-conformance with Federal core financial system requirements (e.g. implementation of the Department of Education general ledger package). However, existing systems, including the general ledger package being implemented, continue to operate on an obsolete hardware platform. FEMA needs to adopt a longer-term perspective for overcoming financial system deficiencies.</p> <p>Next steps: FEMA has created a team of six technical staff to provide a detailed plan by early 1994 with implementation dates for the following actions: (i) procure new equipment and migrate financial systems to the new equipment while terminating the Wang operations; (ii) implement new financial systems in the 1994-97 time frame by acquiring commercially available software; and (iii) develop an agency financial system users group to provide a forum to gather information needs and desires from various offices within FEMA. These actions are intended to contribute to an integrated system that will effectively support the agency's mission.</p>	3

GENERAL SERVICES ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Information Resources Management Service (IRMS):</i> Oversight of GSA major information systems. This encompasses policies and processes established by GSA's IRM oversight organization to enforce good systems life cycle management practices.</p> <p>GSA budget for major systems development efforts is approximately \$99M. At risk: substantial investments in systems which may not perform as intended.</p>	<p>GSA has revamped its oversight process for developing major information systems. It now incorporates the corrective actions planned for improving life cycle management of major systems development projects: top management involvement, experienced project managers, modularly designed and implemented systems, use of common information standards, and common-use technology for GSA organizations. In 1993, GSA continued to validate this new oversight process on the Public Buildings Service/Information Systems and FTS 2000 projects.</p> <p>Next steps: By April 1994, GSA will review results of a detailed study being conducted by management and the OIG to ensure that all corrective actions have been effectively implemented.</p>	1
<p><i>Federal Supply Service (FSS) and IRMS:</i> Multiple Award Schedule (MAS) susceptible to unnecessarily high prices, failure of customer agencies to comply with prescribed ordering practices, and inadequate central management by GSA.</p> <p>MAS program valued at \$5B annually. At risk: MAS prices higher than those commercially available and higher government costs.</p>	<p>Under the MAS program, GSA provides Federal agencies with a simplified process for obtaining equipment, supplies and services at prices associated with volume buying. Ambiguities in the original contracting policy resulted in the failure of offerors to accurately disclose pricing information and the negotiation of unnecessarily high prices. In 1993 GSA proposed changes to MAS policy and is now considering industry comments, as well as recommendations of the National Performance Review to pilot test a fully electronic marketplace. GSA is also testing MAS contracting procedures which eliminate significant vendor data collection requirements and encourage competition among schedule vendors through use of an electronic bulletin board. GSA is revising MAS ordering procedures to eliminate the mandatory nature of FSS MAS contracts, provide more competition among schedule vendors, and reduce administrative costs of the ordering agencies.</p> <p>Next steps: (i) Conduct additional tests of revised MAS contracting procedures. (ii) Revise MAS pricing policy and consider a restructuring of the program based on test results. (iii) Publish proposed ordering procedures in the <i>Federal Register</i>. Because of the ongoing pilot test the MAS corrective action plan will likely be revised in the summer of 1994.</p>	2

NATIONAL LABOR RELATIONS BOARD

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Poor accounting system.</p> <p>Accounting system processes \$170M annually. At risk: assurance that funds are being accounted for in an accurate and timely fashion.</p>	<p>OMB and the Office of Inspector General performed a joint review of the new accounting system in 1992, determining that the software installation was successful, but additional work on data, procedures, and documentation was needed. In 1993, NLRB completed actions on all recommendations made. DELETED FROM THE HIGH RISK LIST.</p>	D

OFFICE OF PERSONNEL MANAGEMENT

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Federal Employees Health Benefits Program (FEHBP)</i>: Inadequate internal control standards and oversight of insurance carrier operations.</p> <p>FEHBP totalled \$14.5B in 1993. At risk: higher premium costs to employees and agencies as a result of excessive payments to carriers and providers; potential fraud in claims submitted.</p>	<p>FEHBP management control standards and oversight of insurance carriers' performance require strengthening. Six key problem areas identified. Progress evident in each area: (i) <i>insurance contract administration</i>: the <i>Federal Acquisition Regulation</i> concerning proper maintenance of FEHBP contract files was implemented, and minimum carrier performance standards for FEHBP contractors were developed; (ii) <i>enrollment and premium reconciliation</i>: pilot project underway using five agencies and five FEHB carriers to ensure reconcilable enrollee and premium data; (iii) <i>administrative sanctions</i>: program established and partially operational within Office of Inspector General; (iv) <i>audit resolution</i>: all initial problems addressed, no unresolved findings over six months old, and actual recoveries of disallowed costs balance reduced from \$15M to \$2M; (v) <i>defective pricing of community rated plans</i>: revised regulations implemented to eliminate this problem area; (vi) <i>insurance audit cycles</i>: added as a new problem area in 1993 and plan developed, but awaits staffing changes to be effective.</p> <p>Next steps: (i) Complete phase-in of quality assurance standards and implement cost accounting standards. (ii) Ensure that premiums accurately reflect enrollment levels. (iii) Create and publish regulations to process cases originating from OPM casework (as opposed to the Common Rule cases). (iv) Continue effective action to recover disallowed costs. (v) OIG will reallocate existing resources to reduce audit cycle to between three and six years.</p>	1
<p><i>OPM Revolving Fund (RF)</i>: Financial viability of the revolving fund has been weakened due to the rapidly increasing deficit in the Investigations Program portion of the revolving fund.</p> <p>RF obligations totalled \$247M in 1993. Fund's position changed from a \$3.3M surplus in 1991 to a \$10M deficit in 1992, and is projected to be much higher in 1993. At risk: fiscal stability of fund and threat to continued use by OPM.</p>	<p>The OPM Revolving Fund (RF) is used to finance reimbursable services to other Federal agencies, primarily for training and pre-employment and updated background investigations of Federal employees. By law, the RF must maintain a break-even balance over a reasonable period of years. Recent cutbacks governmentwide in hiring new staff and reinvestigating current staff have dramatically reduced the Investigations Program's workload. The reduction in demand for investigative services has not been matched by a corresponding reduction of investigative costs. As a result, the Investigations Program's expenses exceeded revenue by \$9.8M in 1992. OPM needs to take aggressive action to control costs and ensure solvency of the fund over the long run. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: (i) Develop a plan, including a staffing reassessment, to address the rising deficit. (ii) Bring the RF into balance by 1995. (iii) Prepare a long range plan to determine how the RF will be used to finance OPM's reimbursable services, particularly in light of recommendations by the National Performance Review for reinventing OPM.</p>	A

PEACE CORPS

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>PC</i>: Agency lacks an effective internal controls program at overseas posts, specifically for property management.</p> <p>1994 budget for overseas operations is \$147M. At risk: assurance that these expenditures and government property are adequately protected against fraud, waste, and abuse.</p>	<p>PC had previously (i) implemented a program to review internal controls at overseas posts and ensure that problems are corrected, and (ii) improved management of overseas imprest funds. However, corrective action has slipped considerably on the last item included in this high risk area—selecting and implementing a new automated personal property management system. PC decided which system to implement in late 1993, and is now developing the appropriate software.</p> <p>Next steps: (i) Develop inventory database by March 1994. (ii) Issue draft policies and procedures manual for personal property by September 1994. (iii) Train users on new system by December 1994. (iv) Implement new property management system and complete world-wide inventory in early 1995. PC hopes to accelerate completion of these milestones.</p>	2
<p><i>Headquarters</i>: Financial management system is antiquated.</p> <p>Accounting system expected to process \$234M in 1994. At risk: assurance that funds are being accounted for in an accurate and timely fashion.</p>	<p>PC completed its first year of operations with a new headquarters financial management system (PCFMS). Implementation of interfaces and system modifications is continuing. PC is reviewing its plans for converting historical data to determine the most cost-effective method and is continuing to analyze how to improve the collection of overseas data. The Office of Inspector General (OIG) is conducting an audit of the PCFMS implementation and operations, expected to be completed in February 1994.</p> <p>Next steps: Implement recommendations resulting from the OIG audit of the system and determine whether or not PCFMS internal controls are adequate to resolve financial management weaknesses.</p>	2

PENSION BENEFIT GUARANTY CORPORATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p>PBGC: Serious weaknesses exist in all major financial systems and subsystems. Poor controls and systems design underlie data quality problems in the primary accounting system, poor functionality in the premium accounting system, and inaccurate actuarial data in the financial database.</p> <p>At risk: full collection of insurance premiums due to inadequate records of amounts due; underdisclosure of a sizable actuarial liability in the financial statements.</p>	<p>Serious weaknesses include: (i) a premium subsystem which has been unable to issue automated bills since 1988; (ii) an inaccurate reporting of the actuarial liability included in financial reports (due to inadequate supporting data systems and reporting procedures); and (iii) an antiquated core accounting system which cannot produce basic financial reports. During 1992-93 PBGC collected over \$50M in past due premiums, penalties and interest, as a result of a new manual billing process. Improvements to the actuarial database continue and reporting procedures have been improved. In September 1993, a contract was awarded to design and implement a new automated and integrated premium billing and collection system by late 1994. The project includes cleanup of the database which is critical to accurate billing of premiums. Project leaders with strong credentials have been charged with oversight of premium system design and implementation. Appropriate levels of staff resources have been assigned to the premium system project.</p> <p>Next steps: (i) Implement the new premium system design in 1994, define and install any additional requirements discovered during the initial implementation, and turn the bulk of premium billing and collection activities over to commercial contractor. (ii) Complete requirements analysis to help decide whether to acquire accounting services through cross-servicing or by procuring an off-the-shelf primary system.</p>	2

RAILROAD RETIREMENT BOARD

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Inadequate management controls and inability to certify the adequacy of controls for the Board's biggest benefit program.</p> <p>\$8B in benefits, 878,000 beneficiaries in 1994. At risk: 33,706 backlogged claims cases, down from 79,066 in 1991; 11,355 tax record corrections, down from 53,456; unrecovered debt owed RRB.</p>	<p>In 1990 OMB led a management review of RRB resulting in 42 findings and 104 recommendations. RRB and OMB negotiated a \$13.9M 5-year "contract" (1992-1996) to correct past problems. The plan linked specific reductions in backlogs and other problems with specific resource commitments. Through September 1993, RRB was ahead of schedule for reducing backlogs in all eight identified claims processing categories, and completely eliminated backlogs in three categories. Record correction and tax statement backlog reduced from 53,456 to 11,355 cases. Wage match agreements now in place for 49 states, D.C. and Puerto Rico, covering 99 percent of rail employees. Matches resulted in referral of 674 potential fraud cases to Office of Inspector General in 1993. RRB is also four months ahead of schedule in completing RRB/IRS reconciliations.</p> <p>Next steps: Continue OMB and RRB implementation of the 5-year contract and funding commitments in 1995.</p>	1

SECURITIES AND EXCHANGE COMMISSION

High Risk Area	Progress to Date and Next Steps	Assessment
<p>SEC: Management of ADP systems development projects needs improvement.</p> <p>1994 budget includes \$17.3M for SEC computer systems development projects. At risk: assurance that this expenditure results in systems that produce accurate, timely, and useful information.</p>	<p>SEC is taking steps to strengthen the management of systems development projects. Following organizational changes and appointment of a new Chief Information Officer in 1992, SEC drafted an integrated 5-year IRM plan in May 1993. However, after review by senior SEC management, further changes were needed in the plan. The revised plan is scheduled to be resubmitted to SEC senior management in the immediate term.</p> <p>Next steps: Implementation of the 5-year IRM plan will begin in 1994.</p>	2
<p>SEC: Commission lacks a long term disaster recovery plan for computer operations.</p> <p>At risk: assurance that SEC data are adequately protected, and agency can perform its mission in the event of a disaster.</p>	<p>SEC is in the final stages of implementing a comprehensive computer disaster recovery plan. An additional backup computer was installed in the SEC headquarters building in November 1993. Hardware tests were conducted, and systems tests designed to ensure that critical systems can be run on the new computer configuration were successfully performed under the IG's observation in January 1994. The headquarters building computer will be used as the agency's backup system and will handle non-critical daily distributive processing for the agency. DELETED FROM THE HIGH RISK LIST.</p> <p>Next steps: Use backup computer as appropriate. SEC will continue contingency planning for the EDGAR system as manual processes are phased out in favor of automated processing.</p>	D

SMALL BUSINESS ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment
<p><i>Small Business Investment Company (SBIC):</i> Management/liquidation activities inadequately supervised.</p> <p>1994 appropriation supports nearly \$326M in SBIC guarantees; outstanding preferred stock and guaranteed debentures total \$1.4B. At risk: \$525.5M, representing the size of the current liquidation portfolio.</p>	<p>A number of measures had been completed over the past few years to correct weaknesses in management and liquidation activities. However, new legislation, changes in SBA management, and budget and staffing constraints have overtaken planned corrective actions. SBA is committed to improving the program and minimizing inherent risks. New procedures to implement the Equity Enhancement Act of 1992, which will have a significant impact on nearly every aspect of the program, will be in place by July 1994. Capital requirements for licensing will be more restrictive. SBA will assess management capabilities and qualifications of SBIC participants. Since the transfer of the examination function from the Office of Inspector General to the program, 30 percent more program participants have been examined. Major changes have been instituted to enable SBA to begin the liquidation and recovery processes sooner, and thereby minimize loss.</p> <p>Next steps: A new SBIC program manager, who began in January 1994, should bring much needed managerial expertise and leadership in venture capital and equity financing. Implementing procedures are to be finalized by July 1994. Staffing issues still need to be resolved.</p>	2
<p><i>Small Business Development Centers (SBDCs):</i> Lack control over program income.</p> <p>1994 appropriation is \$71M for SBDCs. At risk: assurance that appropriated monies are protected from fraud, waste and misuse by grantees.</p>	<p>Due to restrictive language in its Congressional appropriations (1988-1992), SBA had been prohibited from publishing regulations and operating procedures with respect to SBDCs, and accordingly precluded from conducting adequate program oversight. The Small Business Credit and Business Opportunity Enhancement Act of 1992 required SBA to submit proposed regulations for the SBDC program to congressional committees by March 3, 1993. These proposed regulations, which defined program income and set internal control and accounting guidelines, were submitted in November 1992. The Small Business Guaranteed Credit Enhancement Act of 1993, signed on August 17, 1993, lifted the prohibition against regulation publication. The regulations are currently in SBA's internal clearance process.</p> <p>Next steps: SBA projects that regulations will be published in the <i>Federal Register</i> by March 30, 1994 and issued in final form by June 30, 1994. Validation is planned for 1995 to see if the published regulations corrected the material weakness.</p>	1
<p><i>Surety Bond Guaranty Program (SBGP):</i> Has weaknesses in its system of management control.</p> <p>1994 level is \$1.75B for SBGP; outstanding share of bonds issued totals \$800M. At risk: \$18M in potential claims.</p>	<p>Significant progress has been made to strengthen management controls, although some actions have been slowed due to resource limitations. On-site reviews of participating sureties are behind schedule but being performed; Standard Operating Procedure (SOP) revision is targeted for publication by the third quarter 1994; Supervisory SBG Specialists have been assigned to all Regional Offices; and ongoing nationwide training is improving efficiency and effectiveness. A new claims tracking (internal control) system has been designed and is operational, reducing the average claim reimbursement time from over 90 days to 30 days. A new mainframe computer system is being designed and will be used as a prototype for the agency. The new system will incorporate the existing claims and recovery tracking systems and is scheduled to be implemented by October 1994.</p> <p>Next steps: SBA to (i) complete redesign and implementation of mainframe by October 1994; (ii) continue on-site reviews; and (iii) complete revision and publication of remaining SOPs by June 1994.</p>	1

U.S. INFORMATION AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Financial management systems and operations are inadequate.</p> <p>The USIA domestic core accounting system processes approximately \$900M of the \$1.2B appropriations; the rest is processed through the Department of State's overseas accounting system. At risk: assurance that funds are being accounted for in an accurate and timely fashion.</p>	<p>In 1993, USIA (i) implemented systems to account for procurements in the Office of Contracts; (ii) partially integrated accounts payable and fully integrated accounts receivable systems with the core accounting system; (iii) implemented an automated personnel-payroll interface for permanent changes in personnel data, thus eliminating manual rekeying; and (iv) completed an Information Strategy Plan for administrative systems, and a Functional Area Analysis of the core accounting system, which will be used as input to the benefit/cost analysis scheduled for completion in 1994.</p> <p>Next steps: (i) Complete installation of software needed to integrate the travel advance system and the accruals portion of the accounts payable system with the core accounting system. (ii) Implement an off-the-shelf PC-based property management system. (iii) Begin implementation of the new procurement system in small purchasing satellite offices. (iv) Determine whether to replace or upgrade the existing accounting system, and identify future funding requirements.</p>	2

UNITED STATES SOLDIERS' AND AIRMEN'S HOME

High Risk Area	Progress to Date and Next Steps	Assessment
<p>Financial management controls are weak and financial management data are poor.</p> <p>USSAH manages nearly \$150M in funds, some of which are the small personal accounts of resident veterans. USSAH needs an accurate and timely financial management system to properly account for those funds.</p>	<p>USSAH has made significant progress in improving its financial management controls and data. USSAH implemented the standard general ledger, and receives general ledger and trust fund accounting service through a cross-servicing agreement with Treasury. The Naval Audit Service reported in September 1993 that weaknesses remain in accounts receivable, inventory and fixed asset management. In the short term, however, these issues are being addressed with manual controls and reconciliations. DELETED FROM THE HIGH RISK LIST. Remaining areas of weakness will continue to be monitored closely and reported as material non-conformances.</p> <p>Next steps: To resolve the remaining areas of weakness, USSAH will implement: (i) the Trust Fund Accounts Receivable System; (ii) a member billing interface with banks; (iii) an inventory interface with Treasury; and (iv) a procurement interface with Treasury. A follow-up audit will be completed in May 1994 to ensure that appropriate actions have been taken.</p>	D

FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

EXPLANATORY NOTE

This section includes a detailed tabulation containing 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.

Congressional action on appropriations occasionally results in the establishment of a limitation on the use of a trust fund or other fund, or an appropriation to liquidate contract authority. Amounts for these and other 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.

NOTE. Amounts shown in the detailed tabulation are in millions of dollars. Amounts of \$500 thousand or less are identified by an asterisk.

25. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

Legislative Branch

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Senate				House of Representatives			
<i>Federal funds</i>				<i>Federal funds</i>			
General and Special Funds:				General and Special Funds:			
Compensation of members, Senate:				Compensation of Members and related administrative expenses:			
Appropriation, permanent 801 BA	18	18	18	Appropriation, permanent 801 BA	72	75	78
Outlays O	16	18	18	Outlays O	72	75	78
Mileage of the Vice President and Senators:				Payments to widows and heirs of deceased members of Congress:			
Appropriation, current 801 BA	*	*	*	Outlays 801 O	*	*	*
Outlays O	*	*	*	Mileage of Members:			
Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips:				Outlays 801 O	*	*	*
Appropriation, current 801 BA	*	*	*	Salaries and expenses:			
Outlays O	*	*	*	Appropriation, current 801 BA	671	685	777
Representation allowances for the Majority and Minority Leaders:				Outlays O	678	685	777
Appropriation, current 801 BA	*	*	*	Stationery (revolving fund):			
Outlays O	*	*	*	Spending authority from offsetting collections 801 BA	5	5	5
Salaries, officers and employees:							
Appropriation, current 801 BA	64	70	70				
Outlays O	63	70	70				
Appropriation, current BA		4*					
Outlays O		4*					
Total Salaries, officers and employees BA	64	70	70				
Outlays O	63	70	70				
Payments to widows and heirs of deceased members of Congress:							
Outlays 801 O	*	*	*				
Office of the Legislative Counsel of the Senate:							
Appropriation, current 801 BA	3	3	3				
Outlays O	3	3	3				
Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority:							
Appropriation, current 801 BA	*	*	*				
Outlays O	*	*	*				
Office of Senate Legal Counsel:							
Appropriation, current 801 BA	1	1	1				
Outlays O	1	1	1				
Senate policy committees:							
Appropriation, current 801 BA	2	2	3				
Outlays O	2	2	3				
Inquiries and investigations:							
Appropriation, current 801 BA	75	77	78				
Outlays O	70	77	78				
Expenses of United States Senate Caucus on International Narcotics Control:							
Appropriation, current 801 BA	*	*	*				
Outlays O	*	*	*				
Miscellaneous items:							
Appropriation, current 801 BA	7	7	7				
Outlays O	7	7	7				
Senators' official personnel and office expense account:							
Appropriation, current 801 BA	194	186	214				
Outlays O	195	186	214				
Office of Senate fair employment practices:							
Appropriation, current 801 BA	1	1	1				
Outlays O	1	1	1				
Secretary of the Senate:							
Appropriation, current 801 BA	1	1	2				
Outlays O	1	1	2				
Appropriation, current BA		41					

Legislative Branch—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	4	5	5	Outlays	O	1	1	1
Stationery (revolving fund) (gross) ...	BA	5	5	5	Page residence hall and meal plan (gross)	BA	1	1	1
	O	4	5	5		O	1	1	1
Total, offsetting collections		-5	-5	-5	Total, offsetting collections		-1	-1	-1
Total Stationery (revolving fund) (net)					Total Page residence hall and meal plan (net)				
	BA					BA			
	O	-1				O	-*		
Congressional use of foreign currency, House of Representatives:					Total Federal funds House of Representatives				
Appropriation, permanent	801 BA	4	4	4		BA	748	763	859
Outlays	O	2	3	3		O	751	763	858
Public Enterprise Funds:									
Recording studio (revolving fund):					Joint Items				
Spending authority from offsetting collections	801 BA	*	*	*	<i>Federal funds</i>				
Outlays	O	*	*	*	General and Special Funds:				
Recording studio (revolving fund) (gross)	BA	*	*	*	Joint Economic Committee:				
	O	*	*	*	Appropriation, current	801 BA	4	4	4
Total, offsetting collections		-*	-*	-*	Outlays	O	3	4	4
Total Recording studio (revolving fund) (net)					Joint Committee on Printing:				
	BA				Appropriation, current	801 BA	1	1	1
	O	-*			Outlays	O	1	1	1
Beauty shop (revolving fund):					Joint Committee on Inaugural Ceremonies of 1993:				
Spending authority from offsetting collections	801 BA	*	*	*	Appropriation, current	801 BA	1		
Outlays	O	*	*	*	Outlays	O	1		
Beauty shop (revolving fund) (gross)	BA	*	*	*	Special services office:				
	O	*	*	*	Appropriation, current	801 BA	*	*	*
Total, offsetting collections		-*	-*	-*	Outlays	O	*	*	*
Total Beauty shop (revolving fund) (net)					Joint Committee on Taxation:				
	BA				Appropriation, current	801 BA	6	6	6
	O	*			Outlays	O	6	6	6
House barber shops (revolving fund):					Office of the Attending Physician:				
Spending authority from offsetting collections	801 BA	*	*	*	Appropriation, current	801 BA	2	2	1
Outlays	O	*	*	*	Outlays	O	*	*	*
House barber shops (revolving fund) (gross)	BA	*	*	*	General expenses, Capitol police:				
	O	*	*	*	Appropriation, current	801 BA	2	2	2
Total, offsetting collections		-*	-*	-*	Outlays	O	2	2	2
Total House barber shops (revolving fund) (net)					Salaries, Capitol Police:				
	BA				Appropriation, current	801 BA	63	62	69
	O	-*			Outlays	O	62	62	69
House of Representatives restaurant fund (revolving fund):					Capitol Guide Service:				
Spending authority from offsetting collections	801 BA	*	*	*	Appropriation, current	801 BA	2	2	2
Outlays	O	*	*	*	Outlays	O	2	2	2
House of Representatives restaurant fund (revolving fund) (gross)	BA	*	*	*	Statements of appropriations:				
	O	*	*	*	Appropriation, current	801 BA	*		*
Total, offsetting collections		-*	-*	-*	Outlays	O			*
Total House of Representatives restaurant fund (revolving fund) (net)					Total Federal funds Joint Items				
	BA					BA	80	79	87
	O	-*				O	78	78	86
Page residence hall and meal plan:					Office of Technology Assessment				
Spending authority from offsetting collections	801 BA	1	1	1	<i>Federal funds</i>				
					General and Special Funds:				
					Salaries and expenses:				
					Appropriation, current	801 BA	21	21	22
					Outlays	O	21	22	22
					<i>Trust funds</i>				
					Contributions and donations:				
					Appropriation, permanent	801 BA	*	*	*
					Outlays	O	*	*	*
					Congressional Budget Office				
					<i>Federal funds</i>				
					General and Special Funds:				
					Salaries and expenses:				
					Appropriation, current	801 BA	23	22	23
					Outlays	O	22	22	23

(In millions of dollars)

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 Federal Reserve Bank of St. Louis

Legislative Branch—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Furniture and furnishings:			
Appropriation, current 503 BA	4	4	6
Outlays O	5	6	7
Payments to copyright owners:			
Appropriation, permanent 376 BA	213	250	250
Outlays O	16	250	250
Oliver Wendell Holmes devise fund:			
Appropriation, permanent 503 BA	*	*	*
Outlays O	*	*	*
Trust funds			
Gift and trust fund accounts:			
Appropriation, permanent 503 BA	16	17	19
Outlays O	16	16	16
Foreign service national separation liability trust fund:			
Appropriation, permanent 602 BA	*	*	*
Outlays O	*	*	*
Total Federal funds Library of Congress	523	558	583
	328	570	588
Total Trust funds Library of Congress	16	17	19
	16	16	17

Government Printing Office*Federal funds*

General and Special Funds:			
Congressional printing and binding:			
Appropriation, current 801 BA	90	88	95
Outlays O	80	89	94
Office of Superintendent of Documents: Salaries and expenses:			
Appropriation, current 808 BA	29	29	34
Outlays O	26	29	32
Intragovernmental Funds:			
Government Printing Office revolving fund:			
Spending authority from offsetting collections 808 BA	831	881	906
Outlays O	794	898	913
Government Printing Office revolving fund (gross)	831	881	906
	794	898	913
Total, offsetting collections	-831	-881	-906
Total Government Printing Office revolving fund (net)	-37	17	7
Total Federal funds Government Printing Office	119	117	129
	69	134	132

General Accounting Office*Federal funds*

General and Special Funds:			
Salaries and expenses:			
Appropriation, current 801 BA	435	431	459
Spending authority from offsetting collections BA	4	2	1
Outlays O	444	433	457
Salaries and expenses (gross)	439	432	460
	444	433	457
Total, offsetting collections	-4	-2	-1
Total Salaries and expenses (net) ...	435	431	459
	440	431	456

Account	1993 actual	1994 estimate	1995 estimate
Contributions:			
Outlays 801 O	*	*	*

United States Tax Court*Federal funds***General and Special Funds:**

Salaries and expenses:			
Appropriation, current 752 BA	32	34	36
Outlays O	32	33	35
Tax courts independent counsel, U.S. Tax Court:			
Appropriation, permanent 752 BA	*	*	*
Outlays O	*	*	*
Trust funds			
Tax Court judges survivors annuity fund:			
Appropriation, permanent 602 BA	1	1	1
Outlays O	*	*	*
Total Federal funds United States Tax Court	32	34	36
	32	33	35
Total Trust funds United States Tax Court	1	1	1
	*	*	*

Other Legislative Branch Agencies**Legislative Branch Boards and Commissions***Federal funds***General and Special Funds:**

National Commission on Acquired Immune Deficiency Syndrome:			
Appropriation, current 801 BA	2	*	*
Outlays O	1	*	*
Commission on Security and Cooperation in Europe:			
Salaries and expenses:			
Appropriation, current 801 BA	1	1	1
Outlays O	1	1	1
Competitiveness Policy Council:			
Appropriation, current 376 BA	1	1	1
Outlays O	2	2	2
National Commission on Children:			
Outlays 801 O	*	*	*
International Conferences and Contingencies: House and Senate expenses:			
Appropriation, permanent 801 BA	*	1	1
Outlays O	*	1	1
Copyright Royalty Tribunal: Salaries and expenses:			
Appropriation, current 376 BA	*	*	*
Spending authority from offsetting collections BA	1	1	1
Outlays O	1	1	1
Copyright Royalty Tribunal (gross) ..	1	1	1
	1	1	1
Total, offsetting collections	-1	-1	-1
Total Copyright Royalty Tribunal (net)	*	*	*
	*	*	*
Prospective Payment Assessment Commission:			
Spending authority from offsetting collections 551 BA	4	4	5
Outlays O	4	4	5
Prospective Payment Assessment Commission (gross)	4	4	5
	4	4	5

Legislative Branch—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Total, offsetting collections	- 4	- 4	- 5	John C. Stennis Center for Public Service Develop- ment trust fund:			
Total Prospective Payment Assess- ment Commission (net)	BA			Appropriation, permanent	801 BA	1	1
	O	- *	- *	Outlays	O	1	1
Physician Payment Review Commission:				Total Federal funds Legislative Branch Boards and Commissions	BA	7	4
Spending authority from offsetting collections	801 BA	4	4		O	4	7
Outlays	O	3	5	Total Trust funds Legislative Branch Boards and Commissions	BA	2	7
Physician Payment Review Commis- sion (gross)	BA	4	4		O	3	2
	O	3	5				
Total, offsetting collections	- 4	- 4	- 4				
Total Physician Payment Review Commission (net)	BA	- 1	1				
	O	- *	- *				
National Commission on Manufactured Housing:							
Appropriation, current	376 BA	2					
Outlays	O	*	1				
Commission on Railroad Retirement Reform:							
Outlays	801 O		*				
Commission on Immigration Reform:							
Appropriation, current	801 BA	*	1				
Outlays	O	*	1				
National Commission to Prevent Infant Mortality:							
Appropriation, current	808 BA	*	*				
Outlays	O	*	*				
Trust funds							
Gifts and donations, National Commission on Children:							
Appropriation, permanent	801 BA	1					
Outlays	O	1	*				
United States Commission on Improving the Effective- ness of the United Nations:							
Appropriation, permanent	153 BA	*					
Outlays	O	*					
Capitol Preservation Commission trust fund:							
Appropriation, permanent	801 BA	1	6				
Outlays	O	1	2				

The Judiciary

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Supreme Court of the United States				United States Court of International Trade			
<i>Federal funds</i>				<i>Federal funds</i>			
General and Special Funds:				General and Special Funds:			
Salaries and expenses:				Salaries and expenses:			
Appropriation, current	752 BA	22	23	Appropriation, current	752 BA	10	11
Outlays	O	20	22	Outlays	O	9	12
Care of the buildings and grounds:							
Appropriation, current	752 BA	3	3				
Outlays	O	4	4				
Total Federal funds Supreme Court of the United States	BA	26	26				
	O	24	26				
United States Court of Appeals for the Federal Circuit				Courts of Appeals, District Courts, and other Judicial Services			
<i>Federal funds</i>				<i>Federal funds</i>			
General and Special Funds:				General and Special Funds:			
Salaries and expenses:				Salaries and expenses:			
Appropriation, current	752 BA	12	13	Appropriation, current	752 BA	1,979	2,156
Outlays	O	12	12	Appropriation, permanent	BA	8	6
				Spending authority from offsetting collections	BA	44	119
				Outlays	O	2,111	2,296
				Salaries and expenses (gross)	BA	2,032	2,282
					O	2,111	2,296
				Total, offsetting collections		- 44	- 119
				Total Salaries and expenses (net) ...	BA	1,987	2,162
					O	2,066	2,177

The Judiciary—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Defender services:			
Appropriation, current	752 BA 270	280	290
Outlays	O 249	285	290
Fees of jurors and commissioners:			
Appropriation, current	752 BA 74	77	74
Outlays	O 68	77	78
Furniture and furnishings:			
Outlays	752 O	*	
Court security:			
Appropriation, current	752 BA 81	86	98
Outlays	O 82	85	95
Judiciary filing fees:			
Appropriation, permanent	752 BA 48	55	58
Outlays	O 21	93	58
Registry administration:			
Appropriation, permanent	752 BA 1	4	4
Outlays	O 2	5	4
Judiciary automation fund:			
Appropriation, permanent	752 BA 67	69	93
Outlays	O 82	83	92
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services	BA 2,529	2,733	3,100
	O 2,570	2,803	3,021

Administrative Office of the United States Courts

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	752 BA 45	45	49
Spending authority from offsetting collections	BA 26	34	34
Outlays	O 70	78	83
Salaries and expenses (gross)	BA 71	79	83
	O 70	78	83
Total, offsetting collections	- 26	- 34	- 34
Total Salaries and expenses (net) ...	BA 45	45	49
	O 43	44	48

Federal Judicial Center

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	752 BA 18	18	20
Spending authority from offsetting collections	BA 1	*	*
Outlays	O 17	18	19
Salaries and expenses (gross)	BA 19	19	20
	O 17	18	19
Total, offsetting collections	- 1	- *	- *
Total Salaries and expenses (net) ...	BA 18	18	20
	O 16	18	19

Trust funds

Gifts and donations, Federal Judicial Center Foundation:			
Appropriation, permanent	752 BA *	1	*
Outlays	O - *	1	

Bicentennial Expenses, The Judiciary

Federal funds

General and Special Funds:			
Bicentennial activities:			
Outlays	808 O	*	*

Judiciary Retirement Funds

Federal funds

General and Special Funds:				
Payment to judicial trust funds:				
Appropriation, current	752 BA 9	21	35	
Outlays	O 9	21	35	
Trust funds				
Judicial officers' retirement fund:				
Appropriation, permanent	602 BA 9	21	23	
Outlays	O 4	8	10	
Judicial survivors' annuities fund:				
Appropriation, permanent	602 BA 22	20	36	
Outlays	O 6	8	9	
Claims court judges retirement fund:				
Appropriation, permanent	602 BA 1	1	1	
Outlays	O *	*	*	
Total Federal funds Judiciary Retirement Funds	BA 9	21	35	
	O 9	21	35	
Total Trust funds Judiciary Retirement Funds	BA 31	42	60	
	O 10	16	19	

National Commission on Judicial Discipline and Removal

Federal funds

General and Special Funds:			
National commission on judicial discipline and removal:			
Appropriation, current	752 BA *		
Outlays	O 1	*	

United States Sentencing Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	752 BA 9	8	9	
Outlays	O 9	9	9	

Summary

Federal funds:				
(As shown in detail above)	BA 2,657	2,875	3,267	
	O 2,692	2,945	3,186	
Deductions for offsetting receipts:				
Intrafund transactions	752 BA/O J - 66	J - 69	J - 93	
Proprietary receipts from the public	752 BA/O J - 1			
Total Federal funds	BA 2,590	2,807	3,174	
	O 2,626	2,876	3,093	
Trust funds:				
(As shown in detail above)	BA 32	43	60	
	O 10	16	20	
Interfund transactions	602 BA/O J - 9	J - 21	J - 14	
	752 BA/O J - 1		J - 22	
Total The Judiciary	BA 2,613	2,829	3,199	
	O 2,628	2,872	3,078	

Executive Office of the President
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Compensation of the President			
<i>Federal funds</i>			
General and Special Funds:			
Compensation of the President:			
Appropriation, current	802 BA	*	*
Outlays	O	*	*

The White House Office
Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	802 BA	43	39
Spending authority from offsetting collections	BA	*	*
Outlays	O	40	39
Salaries and expenses (gross)	BA	43	39
	O	40	39
Total, offsetting collections		— *	— *
Total Salaries and expenses (net) ..	BA	43	39
	O	40	39

Executive Residence at the White House

Federal funds

General and Special Funds:			
Operating expenses:			
Appropriation, current	802 BA	8	8
Spending authority from offsetting collections	BA	1	2
Outlays	O	10	10
Operating expenses (gross)	BA	9	10
	O	10	10
Total, offsetting collections		— 1	— 2
Total Operating expenses (net)	BA	8	8
	O	9	8

Official Residence of the Vice President

Federal funds

General and Special Funds:			
Operating expenses:			
Appropriation, current	802 BA	*	*
Spending authority from offsetting collections	BA	*	*
Outlays	O	*	*
Operating expenses (gross)	BA	*	*
	O	*	*
Total, offsetting collections		— *	— *
Total Operating expenses (net)	BA	*	*
	O	*	*

Trust funds

Donations for the Official Residence of the Vice President:			
Appropriation, permanent	802 BA	*	*
Outlays	O	*	*

Special Assistance to the President

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	802 BA	3	3
Spending authority from offsetting collections	BA	*	*

Account	1993 actual	1994 estimate	1995 estimate
Outlays	O	3	3
Salaries and expenses (gross)	BA	3	3
	O	3	3
Total, offsetting collections		— *	— *
Total Salaries and expenses (net) ..	BA	3	3
	O	3	3

Council of Economic Advisers

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	802 BA	3	3
Spending authority from offsetting collections	BA	*	*
Outlays	O	3	3
Salaries and expenses (gross)	BA	3	3
	O	3	3
Total, offsetting collections		— *	— *
Total Salaries and expenses (net) ..	BA	3	3
	O	3	3

Council on Environmental Quality and Office of Environmental Quality

Federal funds

General and Special Funds:			
Council on Environmental Quality and Office of Environmental Quality:			
Appropriation, current	802 BA	3	*
Outlays	O	2	1
Appropriation, current	BA	*	*
Outlays	O	*	*
Total Council on Environmental Quality and Office of Environmental Quality	BA	3	1
	O	2	1
Intragovernmental Funds:			
Management fund, Office of Environmental Quality:			
Spending authority from offsetting collections	802 BA	2	*
Outlays	O	1	2
Management fund, Office of Environmental Quality (gross)	BA	2	*
	O	1	2
Total, offsetting collections		— 2	— *
Total Management fund, Office of Environmental Quality (net)	BA	— 2	— *
	O	— 2	— *
Total Federal funds Council on Environmental Quality and Office of Environmental Quality	BA	3	1
	O	1	3

Office of Policy Development

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	802 BA	4	5
Spending authority from offsetting collections	BA	1	2
Outlays	O	4	7
Salaries and expenses (gross)	BA	4	7
	O	4	7

Executive Office of the President—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 1	- 2	
Total Salaries and expenses (net) ...	BA	4	5	5
	O	3	5	5

National Security Council

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	6	7	7
Spending authority from offsetting collections	BA	*		
Outlays	O	6	6	7
Salaries and expenses (gross)	BA	6	7	7
	O	6	6	7
Total, offsetting collections		-	*	
Total Salaries and expenses (net) ...	BA	6	7	7
	O	6	6	7

National Space Council

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	1		
Outlays	O	1	*	

National Critical Materials Council

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	*		
Outlays	O	*	*	

Office of Administration

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	25	25	28
Spending authority from offsetting collections	BA	8	4	4
Outlays	O	31	28	31
Salaries and expenses (gross)	BA	33	29	32
	O	31	28	31
Total, offsetting collections		- 8	- 4	- 4
Total Salaries and expenses (net) ...	BA	25	25	28
	O	23	23	27

Office of national service:

Appropriation, current	802 BA		*	
Outlays	O		*	*

Total Federal funds Office of Administration	BA	25	25	28
	O	23	24	27

Office of Management and Budget

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	56	57	56
Spending authority from offsetting collections	BA	*		

Outlays	O	55	56	57
Salaries and expenses (gross)	BA	56	57	56
	O	55	56	57
Total, offsetting collections		-	*	
Total Salaries and expenses (net) ...	BA	56	57	56
	O	55	56	57

Office of National Drug Control Policy

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	52	12	10
Outlays	O	20	18	10

Trust funds

Gifts and donations:

Outlays	802 O	*		
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Office of Science and Technology Policy

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	6	4	5
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	4	4	5
Salaries and expenses (gross)	BA	6	4	5
	O	4	4	5
Total, offsetting collections		-	*	-
Total Salaries and expenses (net) ...	BA	6	4	5
	O	4	4	5

Office of the United States Trade Representative

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	802 BA	20	21	21
Spending authority from offsetting collections	BA	1	*	*
Outlays	O	21	22	21
Appropriation, current	BA	21	22	21
Outlays	O	21	22	21
Salaries and expenses (gross)	BA	22	22	21
	O	21	23	21
Total, offsetting collections		- 1	-	*
Total Salaries and expenses (net) ...	BA	20	21	21
	O	20	22	21

The Points of Light Foundation

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	506 BA	5		
Outlays	O	5		

Summary

Executive Office of the President—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Federal funds:				
(As shown in detail above)	BA	236	186	190
	O	194	193	188

Account		1993 actual	1994 estimate	1995 estimate
Trust funds:				
(As shown in detail above)	BA	*	*	*
	O	*	*	*
Total Executive Office of the President	BA	236	186	190
	O	194	193	188

Funds Appropriated to the President
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Unanticipated Needs				
<i>Federal funds</i>				
General and Special Funds:				
Unanticipated needs:				
Appropriation, current	802 BA	1	1	1
Outlays	O		1	1

Investment in Management Improvement				
<i>Federal funds</i>				
General and Special Funds:				
Investment in management improvement:				
Outlays	802 O		*	

Federal Drug Control Programs				
<i>Federal funds</i>				
General and Special Funds:				
High intensity drug trafficking areas program:				
Appropriation, current	802 BA		52	98
Outlays	O		49	68
Special forfeiture fund:				
Appropriation, current	802 BA	14	12	8
Outlays	O	1	8	10
Summary				
Federal funds:				
(As shown in detail above)	BA	14	64	106
	O	1	56	79
Deductions for offsetting receipts:				
Intrafund transactions	908 BA/O	-	-	-
Total Federal Drug Control Programs	BA	14	64	106
	O	*	56	79

International Sustainable Development and Humanitarian Programs

Multilateral Assistance				
<i>Federal funds</i>				
General and Special Funds:				
Contribution to the International Bank for Reconstruction and Development (International development and humanitarian assistance):				
(Appropriation, current)	151 BA	92	56	
(Outlays)	O	87	66	56
(International cooperation):				
(Appropriation, current)	156 BA			23
(Outlays)	O			2
Total Contribution to the International Bank for Reconstruction and Development	BA	92	56	23
	O	87	66	59

Contribution to the International Development Association (International development and humanitarian assistance):				
(Appropriation, current)	151 BA	1,024	1,024	
(Outlays)	O	774	925	1,128
(International cooperation):				
(Appropriation, current)	156 BA			1,250
Total Contribution to the International Development Association	BA	1,024	1,024	1,250
	O	774	925	1,128
Contribution to the International Finance Corporation (International development and humanitarian assistance):				
(Appropriation, current)	151 BA	36	36	
(Outlays)	O	19	38	30
(International cooperation):				
(Appropriation, current)	156 BA			89
(Outlays)	O			13
Total Contribution to the International Finance Corporation	BA	36	36	89
	O	19	38	44
Contribution to the Inter-American Development Bank (International development and humanitarian assistance):				
(Appropriation, current)	151 BA	77	76	
(Outlays)	O	45	103	110
(International cooperation):				
(Appropriation, current)	156 BA			4
(Outlays)	O			1
Total Contribution to the Inter-American Development Bank	BA	77	76	4
	O	45	103	111
Contribution to the Asian Development Bank (International development and humanitarian assistance):				
(Appropriation, current)	151 BA	101	76	
(Outlays)	O	67	82	116
(International cooperation):				
(Appropriation, current)	156 BA			170
(Outlays)	O			3
Total Contribution to the Asian Development Bank	BA	101	76	170
	O	67	82	120
Contribution to the African Development Fund (International development and humanitarian assistance):				
(Appropriation, current)	151 BA	104	135	
(Outlays)	O	110	110	120
(International cooperation):				
(Appropriation, current)	156 BA			21
Total Contribution to the African Development Fund	BA	104	135	21
	O	110	110	120

Funds Appropriated to the President—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Contribution to the African Development Bank (International cooperation):				(Spending authority from offsetting collections) BA	9	6	
(Appropriation, current) 156 BA			*	(Outlays) O	501	547	131
(Outlays) O			*	Operating expenses of the Agency for International Development (gross) BA	527	526	
Total Contribution to the African De- velopment Bank BA			*	..... O	501	547	131
				Total, offsetting collections O	-9	-6	
Contribution to the European Bank for Reconstruction and Development (International development and human- itarian assistance):				Total (International development and humanitarian assistance) (net) BA	518	520	
(Appropriation, current) 151 BA	60			..... O	492	541	131
(Outlays) O	63	21	10	(International cooperation):			
(Appropriation, current) 156 BA			70	(Appropriation, current) 156 BA			527
(Outlays) O			47	(Spending authority from offsetting collections) BA			7
Total Contribution to the European Bank for Reconstruction and De- velopment BA	60		70	(Outlays) O			402
	63	21	57	Operating expenses of the Agency for International Development (gross) BA	518	520	534
				..... O	492	541	534
Contributions to enterprise for the Americas investment fund (International development and human- itarian assistance):				Total, offsetting collections O			-7
(Appropriation, current) 151 BA	90	75		Total (International cooperation) (net) BA			527
(Outlays) O		8	16	..... O			395
(International cooperation):				Total Operating expenses of the Agency for International Develop- ment BA	518	520	527
(Appropriation, current) 156 BA			100	..... O	492	541	527
(Outlays) O			5	Payment to the Foreign Service retirement and disabil- ity fund:			
Total Contributions to enterprise for the Americas investment fund BA	90	75	100	Appropriation, current 153 BA	43	44	45
		8	22	Outlays O	43	44	45
				Operating expenses of the Agency for International Development, Office of Inspector General (International development and human- itarian assistance):			
North American development bank (International cooperation):				(Appropriation, current) 151 BA	39	39	
(Appropriation, permanent) 156 BA			56	(Outlays) O	37	36	9
(Outlays) O			54	(International cooperation):			
Total North American development bank BA			56	(Appropriation, current) 156 BA			40
			54	(Outlays) O			28
Multilateral development bank, Other (International cooperation):				Total Operating expenses of the Agency for International Develop- ment, Office of Inspector General BA	39	39	40
(Appropriation, current) 156 BA			275	..... O	37	36	37
(Outlays) O			13	International disaster assistance (International development and human- itarian assistance):			
Total Multilateral development bank, Other BA			275	(Appropriation, current) 151 BA	49	146	
			13	(Spending authority from offsetting collections) BA	3		
International organizations and programs:				(Outlays) O	96	81	66
Appropriation, current 151 BA	320	361		International disaster assistance (gross) BA	52	146	
Outlays O	382	370	107	..... O	96	81	66
Total Federal funds Multilateral As- sistance BA	1,903	1,838	2,058	Total, offsetting collections O	-3		
	1,547	1,724	1,833	Total (International development and humanitarian assistance) (net) BA	49	146	
				..... O	93	81	66
				(International cooperation):			
				(Appropriation, current) 156 BA			170

Agency for International Development

Federal funds

General and Special Funds:

Sustainable development assistance:

Appropriation, current 156 BA 2,409

Outlays O 406

Operating expenses of the Agency for International
Development(International development and human-
itarian assistance):

(Appropriation, current) 151 BA 518 520

(In millions of dollars)

Summary

Funds Appropriated to the President—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA/O	1 - 866	1 - 689	1 - 597
	156 BA/O			1 - *
	908 BA/O	1 - 370	1 - 352	1 - 300
Total Federal funds	BA	1,361	1,631	2,342
	O	1,312	1,702	2,077
Trust funds:				
(As shown in detail above)	BA	60	7	7
	O	58	5	5
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA/O	1 - 58	1 - 5	1 - 5
Total Trust funds	BA	2	2	2
	O	- *	*	*
Interfund transactions	602 BA/O	1 - 2	1 - 2	1 - 2
Total Agency for International Development	BA	1,361	1,631	2,342
	O	1,310	1,700	2,075

*Peace Corps
Federal funds*

General and Special Funds:				
Peace Corps				
(International development and humanitarian assistance):				
(Appropriation, current)	151 BA	218	220	
(Spending authority from offsetting collections)	BA	3	8	
(Outlays)	O	214	232	40
Peace Corps (gross)	BA	221	227	
	O	214	232	40
Total, offsetting collections		- 3	- 8	
Total (International development and humanitarian assistance) (net)	BA	218	220	
	O	211	225	40
(International cooperation):				
(Appropriation, current)	156 BA			226
(Spending authority from offsetting collections)	BA			8
(Outlays)	O			193
Peace Corps (gross)	BA	218	220	234
	O	211	225	233
Total, offsetting collections				- 8
Total (International cooperation) (net)	BA			226
	O			185
Total Peace Corps	BA	218	220	226
	O	211	225	226

Trust funds

Foreign service national separation liability trust fund:				
Appropriation, permanent	602 BA	*	*	*
Outlays	O	*	*	*
Peace Corps miscellaneous trust fund				
(International development and humanitarian assistance):				
(Appropriation, permanent)	151 BA	2	1	
(Outlays)	O	1	2	*
(International cooperation):				
(Appropriation, permanent)	156 BA			1

Account		1993 actual	1994 estimate	1995 estimate
(Outlays)	O			1
Total Peace Corps miscellaneous trust fund	BA	2	1	1
	O	1	2	1
Summary				
Federal funds:				
(As shown in detail above)	BA	218	220	226
	O	211	225	226
Trust funds:				
(As shown in detail above)	BA	2	1	1
	O	1	2	1
Interfund transactions	602 BA/O	1 - *	1 - *	1 - *
Total Peace Corps	BA	220	220	227
	O	212	226	226

*Inter-American Foundation
Federal funds*

General and Special Funds:				
Inter-American Foundation				
(International development and humanitarian assistance):				
(Appropriation, current)	151 BA	31	31	
(Spending authority from offsetting collections)	BA	8	6	
(Outlays)	O	37	31	12
Inter-American Foundation (gross) ..	BA	39	37	
	O	37	31	12
Total, offsetting collections		- 8	- 6	
Total (International development and humanitarian assistance) (net)	BA	31	31	
	O	30	25	12
(International cooperation):				
(Appropriation, current)	156 BA			31
(Spending authority from offsetting collections)	BA			6
(Outlays)	O			23
Inter-American Foundation (gross) ..	BA	31	31	37
	O	30	25	36
Total, offsetting collections				- 6
Total (International cooperation) (net)	BA			31
	O			17
Total Inter-American Foundation	BA	31	31	31
	O	30	25	29
Total Federal funds Inter-American Foundation	BA	31	31	31
	O	30	25	29

*African Development Foundation
Federal funds*

General and Special Funds:				
African Development Foundation				
(International development and humanitarian assistance):				
(Appropriation, current)	151 BA	17	17	
(Outlays)	O	14	14	8
(International cooperation):				
(Appropriation, current)	156 BA			17

Funds Appropriated to the President—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
(Outlays)	O			8
Total African Development Founda- tion	BA O	17 14	17 14	17 16
<i>Trust funds</i>				
Gifts and donations, African Development Foundation (International development and human- itarian assistance):				
(Appropriation, permanent)	151 BA	*	*	
(Outlays)	O			
(International cooperation):				
(Appropriation, permanent)	156 BA			*
(Outlays)	O			*
Total Gifts and donations, African Development Foundation	BA O	* *	* *	* *
Total Federal funds African Devel- opment Foundation	BA O	17 14	17 14	17 16
Total Trust funds African Develop- ment Foundation	BA O	* *	* *	* *

International Debt Reduction

Federal funds

Credit Accounts:

Debt reduction, program account (International development and human- itarian assistance):				
(Appropriation, current)	151 BA	50	7	
(Appropriation, permanent)	BA		28	
(Outlays)	O	46	38	
Total (International development and humanitarian assistance)	BA O	50 46	35 38	
(International cooperation):				
(Appropriation, current)	156 BA			7
(Outlays)	O			7
Total Debt reduction, program ac- count	BA O	50 46	35 38	7 7
Total Federal funds International Debt Reduction	BA O	50 46	35 38	7 7
Total Federal funds International Sustainable Development and Humanitarian Programs	BA O	3,581 3,160	3,772 3,729	4,681 4,188
Total Trust funds International Sus- tainable Development and Hu- manitarian Programs	BA O	4 1	3 2	3 1
Interfund transactions	602 BA/O	1 - 2	1 - 2	1 - 2
Total International Sustainable De- velopment and Humanitarian Pro- grams	BA O	3,583 3,158	3,772 3,729	4,682 4,187

Trade and Development Agency

Federal funds

General and Special Funds:

Trade and Development Agency (International development and human- itarian assistance):				
(Appropriation, current)	151 BA	40	40	
(Spending authority from offsetting collections)	BA	11	18	
(Outlays)	O	45	60	29
Trade and Development Agency (gross)	BA O	51 45	58 60	
Total, offsetting collections		- 11	- 18	
Total (International development and humanitarian assistance) (net)	BA O	40 34	40 42	
(International cooperation):				
(Appropriation, current)	156 BA			45
(Outlays)	O			12
Total Trade and Development Agen- cy	BA O	40 34	40 42	45 40
Total Federal funds Trade and De- velopment Agency	BA O	40 34	40 42	45 40

Overseas Private Investment Corporation

Federal funds

Public Enterprise Funds:

Overseas Private Investment Corporation noncredit ac- count (International development and human- itarian assistance):				
(Spending authority from offsetting collections)	151 BA	22	16	
(Outlays)	O	71	22	9
Overseas Private Investment Cor- poration noncredit account (gross)	BA O	22 71	16 22	
Total, offsetting collections		- 190	- 149	
Total (International development and humanitarian assistance) (net)	BA O	- 168 - 120	- 133 - 127	
(International cooperation):				
(Appropriation, current)	156 BA			- 20
(Spending authority from offsetting collections)	BA			16
(Outlays)	O			16
Overseas Private Investment Cor- poration noncredit account (gross)	BA O	- 168 - 120	- 133 - 127	- 4 26
Total, offsetting collections				- 131
Total (International cooperation) (net)	BA O			- 135 - 115
Total Overseas Private Investment Corporation noncredit account	BA O	- 168 - 120	- 133 - 127	- 135 - 106

Funds Appropriated to the President—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Credit Accounts:			
Overseas Private Investment Corporation program account			
(International development and humanitarian assistance):			
(Appropriation, current) 151 BA	18	17	
(Limitation on direct loan activity)	(30)	(16)	(20)
(Limitation on loan guarantee commitments)	(620)	(375)	(482)
(Outlays) O	14	10	13
(International cooperation):			
(Appropriation, current) 156 BA			20
(Outlays) O			9
Total Overseas Private Investment Corporation program account	BA	18	17
	O	14	10
Overseas Private Investment Corporation liquidating account:			
Spending authority from offsetting collections 151 BA	34	26	24
Outlays O	13	15	15
Overseas Private Investment Corporation liquidating account (gross)	BA	34	26
	O	13	15
Total, offsetting collections	-34	-26	-24
Total Overseas Private Investment Corporation liquidating account (net)	BA		
	O	-20	-11
Total Federal funds Overseas Private Investment Corporation	BA	-150	-116
	O	-126	-128

International Peacekeeping, Regional Security and Democracy Programs

Federal funds

General and Special Funds:			
Countries in transition:			
Appropriation, current 156 BA			143
Outlays O			39
Assistance for the new independent States of the Former Soviet Union			
(International development and humanitarian assistance):			
(Appropriation, current) 151 BA	1,018	1,510	
(Outlays) O	48	635	694
(International cooperation):			
(Appropriation, current) 156 BA			900
(Outlays) O			194
Total Assistance for the new independent States of the Former Soviet Union	BA	1,018	900
	O	48	887
Assistance to central and eastern Europe and other			
(International development and humanitarian assistance):			
(Appropriation, current) 151 BA	438	390	
(Outlays) O	319	422	
(International cooperation):			
(Appropriation, current) 156 BA			380
(Outlays) O			448
Total Assistance to central and eastern Europe and other	BA	438	380
	O	319	448

Account	1993 actual	1994 estimate	1995 estimate
Peacekeeping operations			
(International security assistance):			
(Appropriation, current) 152 BA	39	76	
(Outlays) O	28	74	23
(International cooperation):			
(Appropriation, current) 156 BA			75
(Outlays) O			52
Total Peacekeeping operations	BA	39	76
	O	28	74
Total Federal funds International Peacekeeping, Regional Security and Democracy Programs	BA	1,495	1,976
	O	395	1,131

International Narcotics, Trafficking, Terrorism and Crime Prevention

Federal funds

General and Special Funds:			
International narcotics trafficking, terrorism, and crime prevention:			
Appropriation, current 156 BA			252
Outlays O			88
International narcotics control:			
Appropriation, current 151 BA	148	100	
Outlays O	133	163	78
Anti-terrorism assistance:			
Appropriation, current 151 BA	16	15	
Outlays O	8	20	5
Total Federal funds International Narcotics, Trafficking, Terrorism and Crime Prevention	BA	163	115
	O	141	183

Regional Peace, Security and Defense Cooperation

Federal funds

General and Special Funds:			
Regional peace and security:			
Appropriation, current 156 BA			5,400
Outlays O			3,645
Non-Proliferation and Disarmament Fund			
(International security assistance):			
(Appropriation, current) 152 BA		10	
(Outlays) O		2	3
(International cooperation):			
(Appropriation, current) 156 BA			50
(Outlays) O			32
Total Non-Proliferation and Disarmament Fund	BA		10
	O		2
Foreign military financing grants:			
Appropriation, current 152 BA	3,245	3,149	
Reappropriation BA		*	
Spending authority from offsetting collections BA	2		
Outlays O	4,582	4,112	1,133
Appropriation, current BA		H - 66	
Outlays O		H - 61	H - 4
Foreign military financing grants (gross)	BA	3,247	3,084
	O	4,582	4,052
Total, offsetting collections	-2		
Total Foreign military financing grants (net)	BA	3,245	3,084
	O	4,580	4,052
Economic support fund:			
Appropriation, current 152 BA	2,653	2,162	
Reappropriation BA	23		

Funds Appropriated to the President—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	*		
Outlays	O	3,231	2,869	1,229
Appropriation, current	BA		H - 90	
Outlays	O		H - 22	H - 25
Economic support fund (gross)	BA	2,676	2,072	
	O	3,231	2,846	1,203
Total, offsetting collections		- *		
Total Economic support fund (net) ..	BA	2,676	2,072	
	O	3,231	2,846	1,203
Military assistance:				
Appropriation, current	152 BA	- 20	*	
Outlays	O	*	24	
Appropriation, current	BA		H - *	
Total Military assistance	BA	- 20	- *	
	O	*	24	
International military education and training:				
Appropriation, current	152 BA	42	21	
Outlays	O	36	26	18
Assistance for relocation of facilities in Israel:				
Outlays	152 O	*	1	
Assistance for relocation of facilities in Israel (gross)	O	*	1	
Total, offsetting collections			- 1	
Total Assistance for relocation of facilities in Israel (net)	BA		- 1	
	O	*	*	
Credit Accounts:				
Regional peace and security program account				
(International security assistance):				
(Appropriation, current)	152 BA	137	47	
(Limitation on direct loan activity) ..		(855)	(770)	(770)
(Outlays)	O	*	79	25
(International cooperation):				
(Appropriation, current)	156 BA			60
Total Regional peace and security program account	BA	137	47	60
	O	*	79	25
Foreign military loan liquidating account:				
Appropriation, permanent	152 BA	63	50	3
Spending authority from offsetting collections	BA	24	27	57
Outlays	O	497	497	525
Foreign military loan liquidating account (gross)	BA	87	77	60
	O	497	497	525
Total, offsetting collections		- 291	- 312	- 346
Total Foreign military loan liquidating account (net)	BA	- 204	- 235	- 286
	O	206	186	179
Summary				
Federal funds:				
(As shown in detail above)	BA	5,876	4,997	5,224
	O	8,053	7,215	6,234
Deductions for offsetting receipts:				
Proprietary receipts from the public	152 BA/O	J - 469	J - 574	J - 628
	908 BA/O	J - 291	J - 311	J - 297
Total Regional Peace, Security and Defense Cooperation	BA	5,116	4,112	4,300
	O	7,294	6,330	5,310

Account		1993 actual	1994 estimate	1995 estimate
Special Assistance for Central America				
<i>Federal funds</i>				
General and Special Funds:				
Demobilization and transition fund:				
Appropriation, current	152 BA	29		
Outlays	O	17	31	21
Central American reconciliation assistance:				
Outlays	152 O	2	1	
Promotion of security and stability in Central America:				
Outlays	153 O	*		
Total Federal funds Special Assistance for Central America	BA	29		
	O	19	31	21

Account		1993 actual	1994 estimate	1995 estimate
International Monetary Programs				
<i>Federal funds</i>				
General and Special Funds:				
United States quota, International Monetary Fund:				
Appropriation, current	155 BA	12,063		
Outlays	O	325		
Maintenance of value adjustments, International Monetary Fund:				
Appropriation, permanent	155 BA	754		
Loans to International Monetary Fund:				
Appropriation, permanent	155 BA	1,836		
Contribution to enhanced structural adjustments facility of the International Monetary Fund:				
Outlays	155 O	11	13	19
Appropriation, current	BA			J 100
Total Federal funds International Monetary Programs	BA	14,653		100
	O	336	13	19

Account		1993 actual	1994 estimate	1995 estimate
Military Sales Programs				
<i>Federal funds</i>				
Public Enterprise Funds:				
Special defense acquisition fund:				
Limitation on program level (obligations)	155	(160)		
Outlays	O	257	188	136
Special defense acquisition fund (gross)	O	257	188	136
Total, offsetting collections		- 193	- 266	- 282
Total Special defense acquisition fund (net)	BA	- 193	- 266	- 282
	O	64	- 78	- 146

Account		1993 actual	1994 estimate	1995 estimate
<i>Trust funds</i>				
Foreign military sales trust fund:				
Contract authority, permanent	155 BA	13,326	14,650	14,480
Outlays	O	13,162	13,440	13,850
Kuwait civil reconstruction trust fund:				
Appropriation, permanent	155 BA	- *		
Outlays	O	7	3	

Account		1993 actual	1994 estimate	1995 estimate
Summary				
Federal funds:				
(As shown in detail above)	BA	- 193	- 266	- 282
	O	64	- 78	- 146
Trust funds:				
(As shown in detail above)	BA	13,326	14,650	14,480
	O	13,169	13,443	13,850

Funds Appropriated to the President—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	155 BA/O	<i>J - 13,239</i>	<i>J - 13,370</i>	<i>J - 13,740</i>
Total Trust funds	BA	87	1,280	740
	O	- 70	73	110
Total Military Sales Programs	BA	- 106	1,014	458
	O	- 6	- 5	- 36

Summary

Federal funds:				
(As shown in detail above)	BA	26,745	11,623	12,407
	O	13,313	13,236	12,861
Deductions for offsetting receipts:				
Intrafund transactions	908 BA/O	<i>J - *</i>	<i>J - *</i>	

Account		1993 actual	1994 estimate	1995 estimate
Proprietary receipts from the public	151 BA/O	<i>J - 866</i>	<i>J - 689</i>	<i>J - 597</i>
	152 BA/O	<i>J - 469</i>	<i>J - 574</i>	<i>J - 628</i>
	156 BA/O			<i>J - *</i>
	908 BA/O	<i>J - 661</i>	<i>J - 662</i>	<i>J - 596</i>
Total Federal funds	BA	24,749	9,698	10,585
	O	11,317	11,310	11,040
Trust funds:				
(As shown in detail above)	BA	13,389	14,658	14,488
	O	13,228	13,450	13,856
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA/O	<i>J - 58</i>	<i>J - 5</i>	<i>J - 5</i>
	155 BA/O	<i>J - 13,239</i>	<i>J - 13,370</i>	<i>J - 13,740</i>
Total Trust funds	BA	91	1,283	743
	O	- 70	75	111
Interfund transactions	602 BA/O	<i>J - 2</i>	<i>J - 2</i>	<i>J - 2</i>
Total Funds Appropriated to the President	BA	24,838	10,978	11,326
	O	11,245	11,383	11,149

Department of Agriculture

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Office of the Secretary				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Secretary:				
Appropriation, current	352 BA	9	10	10
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	9	11	11
Office of the Secretary (gross)	BA	10	11	12
	O	9	11	11
Total, offsetting collections		- 1	- 1	- 1
Total Office of the Secretary (net) ...	BA	9	10	10
	O	8	10	10

Public Enterprise Funds:

Alternative agricultural research and commercialization revolving fund:

Appropriation, current	352 BA	7	9	9
Spending authority from offsetting collections	BA		*	*
Outlays	O	3	5	8

Alternative agricultural research and commercialization revolving fund (gross)

BA	7	9	9
O	3	5	8

Total, offsetting collections

	- *	- *	
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Total Alternative agricultural research and commercialization revolving fund (net)

BA	7	9	9
O	3	4	8

Trust funds

Gifts and bequests:				
Appropriation, permanent	352 BA	1	3	2

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	1	3	2
Total Federal funds Office of the Secretary	BA	16	19	19
	O	10	14	18
Total Trust funds Office of the Secretary	BA	1	3	2
	O	1	3	2

Departmental Administration

Federal funds

General and Special Funds:

Departmental administration:

Appropriation, current	352 BA	26	26	118
Spending authority from offsetting collections	BA	8	37	9
Outlays	O	32	63	118

Departmental administration (gross)

BA	34	63	127
O	32	63	118

Total, offsetting collections

	- 8	- 37	- 9
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Total Departmental administration (net)

BA	26	26	118
O	24	26	109

Hazardous waste management:

Appropriation, current	304 BA	16	16	26
Outlays	O	20	24	23

Office of budget and program analysis:

Appropriation, current	352 BA	6	6	6
Outlays	O	6	6	6

Agriculture buildings and facilities:

Appropriation, current	352 BA	76	135	139
Spending authority from offsetting collections	BA	2	3	4
Outlays	O	76	119	146

Agriculture buildings and facilities (gross)

BA	78	138	142
O	76	119	146

Department of Agriculture—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-2	-3	-4
Total Agriculture buildings and facilities (net)	BA	76	135	139
	O	74	115	142
Advisory committees:				
Appropriation, current	352 BA	1	1	1
Outlays	O	1	1	1
Intragovernmental Funds:				
Working capital fund:				
Spending authority from offsetting collections	352 BA	178	208	210
Outlays	O	165	208	210
Working capital fund (gross)	BA	178	208	210
	O	165	208	210
Total, offsetting collections		-178	-208	-210
Total Working capital fund (net)	BA			
	O	-13		
Total Federal funds Departmental Administration	BA	124	184	290
	O	112	172	281

Office of Public Affairs

Federal funds

General and Special Funds:				
Office of public affairs:				
Appropriation, current	352 BA	9	9	8
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	10	9	9
Office of public affairs (gross)	BA	10	9	9
	O	10	9	9
Total, offsetting collections		-1	-1	-1
Total Office of public affairs (net)	BA	9	9	8
	O	10	9	8

Office of the Inspector General

Federal funds

General and Special Funds:				
Office of the Inspector General:				
Appropriation, current	352 BA	63	66	63
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	64	66	64
Office of the Inspector General (gross)	BA	64	67	64
	O	64	66	64
Total, offsetting collections		-1	-1	-1
Total Office of the Inspector General (net)	BA	63	66	63
	O	62	65	63

Office of the General Counsel

Federal funds

General and Special Funds:				
Office of the General Counsel:				
Appropriation, current	352 BA	25	26	26
Spending authority from offsetting collections	BA	3	2	2

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	27	28	28
Office of the General Counsel (gross)	BA	27	28	28
	O	27	28	28
Total, offsetting collections		-3	-2	-2
Total Office of the General Counsel (net)	BA	25	26	26
	O	24	26	26

Economic Research Service

Federal funds

General and Special Funds:				
Economic research service:				
Appropriation, current	352 BA	59	55	54
Spending authority from offsetting collections	BA	10	6	7
Outlays	O	72	61	60
Economic research service (gross) ..	BA	69	61	61
	O	72	61	60
Total, offsetting collections		-10	-6	-7
Total Economic research service (net)	BA	59	55	54
	O	61	55	53

Trust funds

Miscellaneous contributed funds:				
Appropriation, permanent	352 BA	*	*	*
Outlays	O	*	*	*

National Agricultural Statistics Service

Federal funds

General and Special Funds:				
National agricultural statistics service:				
Appropriation, current	352 BA	81	82	90
Spending authority from offsetting collections	BA	12	9	9
Outlays	O	94	90	97
National agricultural statistics service (gross)	BA	93	91	98
	O	94	90	97
Total, offsetting collections		-12	-9	-9
Total National agricultural statistics service (net)	BA	81	82	90
	O	82	81	88

Trust funds

Miscellaneous contributed funds:				
Appropriation, permanent	352 BA	*	*	*
Outlays	O	*	*	*

World Agricultural Outlook Board

Federal funds

General and Special Funds:				
World agricultural outlook board:				
Appropriation, current	352 BA	3	3	3
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	3	3	3
World agricultural outlook board (gross)	BA	3	3	3
	O	3	3	3

Department of Agriculture—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		— *	— *	— *
Total World agricultural outlook board (net)	BA	3	3	3
	O	3	3	3

Agricultural Research Service				
<i>Federal funds</i>				
General and Special Funds:				
Agricultural Research Service:				
Appropriation, current	352 BA	661	684	701
Spending authority from offsetting collections	BA	25	27	27
Outlays	O	702	690	717
Appropriation, current	BA		H - 16	
Outlays	O		H - 13	H - 3
Agricultural Research Service (gross)	BA	685	695	728
	O	702	677	713
Total, offsetting collections		- 25	- 27	- 27
Total Agricultural Research Service (net)	BA	661	668	701
	O	677	650	686
Buildings and facilities:				
Appropriation, current	352 BA	35	33	26
Outlays	O	46	49	54
Appropriation, current	BA		H - 8	
Outlays	O		H - 1	H - 4
Total Buildings and facilities	BA	35	24	26
	O	46	48	49
<i>Trust funds</i>				
Miscellaneous contributed funds:				
Appropriation, permanent	352 BA	11	12	12
Outlays	O	9	9	9
Total Federal funds Agricultural Re- search Service	BA	695	692	727
	O	723	698	736
Total Trust funds Agricultural Re- search Service	BA	11	12	12
	O	9	9	9

Cooperative State Research Service				
<i>Federal funds</i>				
General and Special Funds:				
Cooperative state research service:				
Appropriation, current	352 BA	430	454	419
Appropriation, permanent	BA	3	3	3
Spending authority from offsetting collections	BA	15	16	16
Outlays	O	415	469	451
Outlays for grants to State and local governments	O	(213)	(245)	(229)
Appropriation, current	BA		H - 30	
Outlays	O		H - 3	H - 9
Cooperative state research service (gross)	BA	448	443	437
	O	415	466	442
Total, offsetting collections		- 15	- 16	- 16
Total Cooperative state research service (net)	BA	433	427	421
	O	400	450	426

Extension Service				
<i>Federal funds</i>				
General and Special Funds:				
Extension service:				
Appropriation, current	352 BA	428	435	432
Spending authority from offsetting collections	BA	14	18	18
Outlays	O	418	444	451
Outlays for grants to State and local governments	O	(404)	(426)	(433)
Appropriation, current	BA		A 1	
Outlays	O		A 1	A 1
Outlays for grants to State and local governments	O		A (1)	A (1)
Extension service (gross)	BA	442	454	450
	O	418	445	452
Total, offsetting collections		- 14	- 18	- 18
Total Extension service (net)	BA	428	436	432
	O	404	427	434

National Agricultural Library				
<i>Federal funds</i>				
General and Special Funds:				
National Agricultural Library:				
Appropriation, current	352 BA	18	18	20
Appropriation, permanent	BA	*	*	*
Spending authority from offsetting collections	BA	4	4	4
Outlays	O	22	22	23
National Agricultural Library (gross) .	BA	21	22	23
	O	22	22	23
Total, offsetting collections		- 4	- 4	- 4
Total National Agricultural Library (net)	BA	18	18	20
	O	19	18	19

Animal and Plant Health Inspection Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	352 BA	443	452	436
Spending authority from offsetting collections	BA	26	36	38
Outlays	O	503	467	471
Salaries and expenses (gross)	BA	469	488	474
	O	503	467	471
Total, offsetting collections		- 26	- 36	- 38
Total Salaries and expenses (net) ...	BA	443	452	436
	O	477	431	433
Buildings and facilities:				
Appropriation, current	352 BA	10	10	7

Department of Agriculture—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	5	10	9
<i>Trust funds</i>				
Miscellaneous trust funds:				
Appropriation, permanent	352 BA	6	7	7
Outlays	O	7	7	7
Total Federal funds Animal and Plant Health Inspection Service ...	BA O	454 482	462 441	443 442
Total Trust funds Animal and Plant Health Inspection Service	BA O	6 7	7 7	7 7

Food Safety and Inspection Service

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	554 BA	494	517	534
Spending authority from offsetting collections	BA	64	67	69
Outlays	O	570	562	602
Outlays for grants to State and local governments	O	(36)	(40)	(41)
Appropriation, current	BA			J - 103
Spending authority from offsetting collections	BA			J 103
Outlays	O			
Salaries and expenses (gross)	BA	557	584	603
	O	570	562	602
Total, offsetting collections		- 64	- 67	- 69
				J - 103
Total Salaries and expenses (net) ...	BA	494	517	431
	O	506	495	430

Trust funds

Expenses and refunds, inspection and grading of farm products:

Appropriation, permanent	352 BA	2	2	2
Outlays	O	2	2	2

Federal Grain Inspection Service

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	352 BA	11	12	11
Outlays	O	14	10	11
Appropriation, current	BA			J - 5
Spending authority from offsetting collections	BA			J 5
Salaries and expenses (gross)	BA	11	12	11
	O	14	10	11
Total, offsetting collections				J - 5
Total Salaries and expenses (net) ...	BA	11	12	6
	O	14	10	6

Public Enterprise Funds:

Inspection and weighing services:

Spending authority from offsetting collections	352 BA	34	43	43
Outlays	O	32	43	43
Inspection and weighing services (gross)	BA	34	43	43
	O	32	43	43

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 34	- 43	- 43
Total Inspection and weighing serv- ices (net)	BA O			
		- 2		
Total Federal funds Federal Grain Inspection Service	BA O	11 12	12 10	6 6

Agricultural Marketing Service

Federal funds

General and Special Funds:

Marketing services:

Appropriation, current	352 BA	56	57	59
Spending authority from offsetting collections	BA	56	61	62
Limitation on administrative level		(52)	(56)	(57)
Outlays	O	120	105	120
Appropriation, current	BA			J - 6
Spending authority from offsetting collections	BA			J 6
Outlays	O			
Marketing services (gross)	BA	112	119	121
	O	120	105	120
Total, offsetting collections		- 56	- 61	- 62
				J - 6
Total Marketing services (net)	BA	56	57	52
	O	63	44	52

Payments to States and possessions:

Appropriation, current	352 BA	1	1	1
Outlays	O	1	1	1
Outlays for grants to State and local governments	O	(1)	(1)	(1)

Perishable Agricultural Commodities Act fund:

Appropriation, permanent	352 BA	7	8	8
Outlays	O	8	8	8

Funds for strengthening markets, income, and supply (section 32):

Appropriation, permanent	605 BA	627	523	427
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	526	480	417
Outlays for grants to State and local governments	O	(400)	(400)	(400)

Funds for strengthening markets, in- come, and supply (section 32) (gross)	BA	628	524	428
	O	526	480	417

Total, offsetting collections		- 1	- 1	- 1
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Total Funds for strengthening mar- kets, income, and supply (section 32) (net)	BA	627	523	427
	O	525	479	416

Trust funds

Miscellaneous trust funds:

Appropriation, permanent	352 BA	103	101	101
Outlays	O	108	101	101

Milk market orders assessment fund:

Spending authority from offsetting collections	351 BA	37	39	42
Outlays	O	37	39	42

Milk market orders assessment fund (gross)	BA	37	39	42
	O	37	39	42

Department of Agriculture—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 37	- 39	- 42
Total Milk market orders assessment fund (net)	BA O	1		
Total Federal funds Agricultural Marketing Service	BA O	692 597	590 532	488 477
Total Trust funds Agricultural Marketing Service	BA O	103 108	101 101	101 101

Packers and Stockyards Administration

Federal funds

General and Special Funds:

Packers and Stockyards Administration:

Appropriation, current	352 BA	12	12	12
Outlays	O	13	12	12
Appropriation, current	BA			J - 8
Spending authority from offsetting collections	BA			J 9
Outlays	O			J *
Packers and Stockyards Administration (gross)	BA O	12 13	12 12	12 12
Total, offsetting collections				J - 9
Total Packers and Stockyards Administration (net)	BA O	12 13	12 12	4 4

Farm Service Agency

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	351 BA			J 1,014
Spending authority from offsetting collections	BA			J 379
Outlays	O			J 1,352
Salaries and expenses (gross)	BA O			1,394 1,352
Total, offsetting collections				J - 379
Total Salaries and expenses (net)	BA O			1,014 973

Conservation reserve program:

Appropriation, current	302 BA	1,547	1,743	1,752
Outlays	O	1,690	1,819	1,808

Salaries and expenses:

Appropriation, current	351 BA	725	731	795
Spending authority from offsetting collections	BA	86	71	87
Outlays	O	801	814	878
Appropriation, current	BA			J - 795
Spending authority from offsetting collections	BA			J - 87
Outlays	O			J - 878
Appropriation, current	BA		H - 12	
Outlays	O		H - 12	
Salaries and expenses (gross)	BA O	811 801	790 801	

Total, offsetting collections		- 86	- 71	- 87 J 87
Total Salaries and expenses (net)	BA O	725 715	719 730	
Dairy indemnity program:				
Appropriation, current	351 BA	*	*	*
Outlays	O	*	*	*
Administrative and operating expenses:				
Appropriation, current	351 BA	310	290	286
Outlays	O	316	313	291
Appropriation, current	BA			J - 286
Outlays	O			J - 291
Total Administrative and operating expenses	BA O	310 316	290 313	

Public Enterprise Funds:

Federal crop insurance corporation fund:

Appropriation, current	351 BA	286	236	219
Spending authority from offsetting collections	BA	562	595	624
Outlays	O	707	1,321	1,180
Appropriation, current	BA			R 648
Spending authority from offsetting collections	BA			R - 33
Outlays	O			R 135
Federal crop insurance corporation fund (gross)	BA O	848 707	831 1,321	1,458 1,315
Total, offsetting collections		- 562	- 595	- 624 R 33

Total Federal crop insurance corporation fund (net)

BA	286	236	867
O	145	726	724

Commodity credit corporation fund:

Appropriation, permanent	351 BA	191	179	198
Authority to borrow, permanent	BA	13,180	10,872	8,827
Spending authority from offsetting collections	BA	10,737	9,624	11,913
Limitation on administrative expenses		(5)	(5)	
Outlays	O	25,793	20,973	20,552
Outlays for grants to State and local governments	O	(281)	(235)	(156)
Authority to borrow, permanent	BA			R - 974
Outlays	O			R - 500

Commodity credit corporation fund (gross)

BA	24,109	20,676	19,964
O	25,793	20,973	20,052

Total, offsetting collections

	- 10,737	- 9,624	- 11,913
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Total Commodity credit corporation fund (net)

BA	13,371	11,052	8,051
O	15,055	11,349	8,139

Credit Accounts:

Commodity credit corporation loans program account:

Appropriation, current	351 BA	3	3	3
Appropriation, permanent	BA	752	400	394
Spending authority from offsetting collections	BA		3	
Outlays	O	538	372	400

Commodity credit corporation loans program account (gross)

BA	755	407	398
O	538	372	400

Department of Agriculture—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections			- 3	
Total Commodity credit corporation loans program account (net)	BA O	755 538	403 369	398 400
Commodity credit corporation guaranteed loans liq- uidating account:				
Appropriation, permanent	351 BA	444		
Spending authority from offsetting collections	BA	303	162	166
Outlays	O	756	562	124
Commodity credit corporation guar- anteed loans liquidating account (gross)	BA O	746 756	162 562	166 124
Total, offsetting collections		- 303	- 162	- 166
Total Commodity credit corporation guaranteed loans liquidating ac- count (net)	BA O	444 453	400	- 42
Agricultural credit insurance program account:				
Appropriation, current	351 BA	434	475	422
Appropriation, permanent	BA	19	17	
Limitation on direct loan activity		(1,190)	(1,010)	(937)
Limitation on guarantee commit- ments		(2,229)	(2,608)	(2,879)
Outlays	O	398	490	419
Appropriation, current	BA		" - 5	
Limitation on direct loan activity			" (31)	
Outlays	O		" - 5	
Total Agricultural credit insurance program account	BA O	452 398	487 485	422 419
Agricultural credit insurance fund liquidating account:				
Appropriation, permanent	351 BA	1,845	1,695	795
Authority to borrow, permanent	BA	*		
Spending authority from offsetting collections	BA	15		
Outlays	O	1,985	1,526	904
Agricultural credit insurance fund liq- uidating account (gross)	BA O	1,861 1,985	1,695 1,526	795 904
Total, offsetting collections		- 1,931	1,645	- 1,418
Total Agricultural credit insurance fund liquidating account (net)	BA O	- 70 55	50 - 118	- 623 - 514
Agricultural resource conservation demonstration guar- anteed loan program account:				
Appropriation, current	351 BA	4	4	3
Appropriation, permanent	BA	2		
Limitation on loan guarantee com- mitments		(7)	(6)	(6)
Outlays	O	9	4	3
Outlays for grants to State and local governments	O	(9)	(4)	(3)
Total Agricultural resource conserva- tion demonstration guaranteed loan program account	BA O	5 9	4 4	3 3
Total Federal funds Farm Service Agency	BA O	17,826 19,373	14,983 16,077	11,884 11,909

Account		1993 actual	1994 estimate	1995 estimate
Natural Resources Conservation Service				
<i>Federal funds</i>				
General and Special Funds:				
Conservation operations:				
Appropriation, current	302 BA	577	591	640
Spending authority from offsetting collections	BA	61	55	36
Outlays	O	641	630	664
Appropriation, current	BA			'27
Outlays	O			'26
Appropriation, current	BA		" - 12	
Outlays	O		" - 11	" - 1
Conservation operations (gross)	BA O	638 641	634 619	702 689
Total, offsetting collections		- 61	- 55	- 36
Total Conservation operations (net) ..	BA O	577 580	579 565	666 654
River basin surveys and investigations:				
Appropriation, current	301 BA	13	13	11
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	15	14	12
River basin surveys and investiga- tions (gross)	BA O	14 15	14 14	12 12
Total, offsetting collections		- 1	- 1	- 1
Total River basin surveys and inves- tigations (net)	BA O	13 14	13 13	11 11
Watershed planning:				
Appropriation, current	301 BA	10	11	7
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	10	11	8
Watershed planning (gross)	BA O	10 10	11 11	8 8
Total, offsetting collections		- *	- *	- *
Total Watershed planning (net)	BA O	10 10	11 11	7 8
Watershed and flood prevention operations:				
Appropriation, current	301 BA	279	267	25
Spending authority from offsetting collections	BA	18	10	
Outlays	O	254	311	105
Outlays for grants to State and local governments	O	(128)	(194)	(74)
Appropriation, current	BA		340	
Outlays	O		115	226
Watershed and flood prevention op- erations (gross)	BA O	296 254	617 426	25 330
Total, offsetting collections		- 18	- 10	
Total Watershed and flood preven- tion operations (net)	BA O	279 236	607 416	25 330
Resource conservation and development:				
Appropriation, current	302 BA	33	33	26
Spending authority from offsetting collections	BA	1	1	*
Outlays	O	36	33	28

Department of Agriculture—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays for grants to State and local governments	O	(8)	(7)	(6)	Rural Utilities Service				
Resource conservation and development (gross)	BA	33	34	27	<i>Federal funds</i>				
Outlays	O	36	33	28	General and Special Funds:				
Total, offsetting collections		- 1	- 1	- *	Salaries and expenses:				
Total Resource conservation and development (net)	BA	33	33	26	Spending authority from offsetting collections	452 BA			156
Outlays	O	35	32	28	Outlays	O			149
Great plains conservation program:					Salaries and expenses (gross)	BA			56
Appropriation, current	302 BA	25	26	11	Outlays	O			49
Spending authority from offsetting collections	BA	*	*	*	Total, offsetting collections				1 - 56
Outlays	O	23	26	21	Total Salaries and expenses (net) ..	BA			
Great plains conservation program (gross)	BA	25	26	11	Outlays	O			- 7
Outlays	O	23	26	21	Salaries and expenses:				
Total, offsetting collections		- *	- *	- *	Appropriation, current	271 BA		*	
Total Great plains conservation program (net)	BA	25	26	11	Spending authority from offsetting collections	BA	38	39	38
Outlays	O	23	26	21	Outlays	O	37	38	39
Agricultural conservation program:					Spending authority from offsetting collections	BA			1 - 38
Appropriation, current	302 BA	194	195	100	Outlays	O			1 - 33
Outlays	O	182	216	164	Salaries and expenses (gross)	BA	38	39	
Forestry incentives program:					Outlays	O	37	38	6
Appropriation, current	302 BA	12	13	7	Total, offsetting collections		- 38	- 39	38
Outlays	O	13	14	10	Total Salaries and expenses (net) ..	BA		*	
Water bank program:					Outlays	O	- 1	- 1	6
Appropriation, current	302 BA	19	8	8	Salaries and expenses:				
Outlays	O	12	14	12	Appropriation, current	452 BA		5	
Colorado river basin salinity control program:					Spending authority from offsetting collections	BA	24		
Appropriation, current	304 BA	14	14	8	Outlays	O	24	10	1
Outlays	O	16	15	12	Salaries and expenses (gross)	BA	29		
Wetlands reserve program:					Outlays	O	24	10	1
Appropriation, current	302 BA		67	241	Total, offsetting collections		24		
Outlays	O	8	17	79	Total Salaries and expenses (net) ..	BA		5	
Emergency conservation program:					Outlays	O	*	10	1
Appropriation, current	453 BA	64		3	Distance learning and medical link programs:				
Outlays	O	27	68	24	Appropriation, current	452 BA		5	5
Appropriation, current	BA		125		Outlays	O		18	6
Outlays	O		112	11	Outlays for grants to State and local governments	O		(18)	(6)
Total Emergency conservation program	BA	64	25	3	Solid waste management grants:				
Outlays	O	27	81	35	Appropriation, current	304 BA	3	3	3
Rural clean water program:					Outlays	O	3	3	3
Outlays	304 O	1	2	1	Outlays for grants to State and local governments	O		(3)	(3)
Miscellaneous contributed funds	<i>Trust funds</i>				Emergency community water assistance grants:				
(Water resources):					Appropriation, current	451 BA	30	10	
(Appropriation, permanent)	301 BA		*	*	Outlays	O	7	11	18
(Outlays)	O	1	1	1	Outlays for grants to State and local governments	O		(7)	(11)
(Conservation and land management):					Rural water and waste disposal grants:				
(Appropriation, permanent)	302 BA	*	*	*	Appropriation, current	452 BA	425	500	525
(Outlays)	O	*	*	*	Outlays	O	240	325	383
Total Miscellaneous contributed funds	BA	*	*	*	Outlays for grants to State and local governments	O	(200)	(270)	(318)
Outlays	O	1	1	1	Credit Accounts:				
Total Federal funds Natural Resources Conservation Service	BA	1,240	1,590	1,114	Rural utilities service program account:				
Outlays	O	1,158	1,421	1,366	Appropriation, current	452 BA			154
Total Trust funds Natural Resources Conservation Service	BA	*	*	*	Limitation on direct loan activity				1 (977)
Outlays	O	1	1	1	Outlays	O			22
					Outlays for grants to State and local governments	O			1 (19)
					Rural electrification and telephone loans program account:				
					Appropriation, current	271 BA	226	115	49
					Appropriation, permanent	BA	23	9	13

Department of Agriculture—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Limitation on direct loan activity		(2,077)	(1,864)	(1,979)	Spending authority from offsetting				
Outlays	O	118	158	129	collections	BA	511	573	567
Appropriation, current	BA		H - 12		Outlays	O	1,022	956	763
Limitation on direct loan activity			H (-130)						
Outlays	O		H - 1	H - 3	Rural development insurance fund				
					liquidating account (gross)	BA	1,011	988	737
Total Rural electrification and tele-					liquidating account (net)	O	1,022	956	763
phone loans program account	BA	249	112	62					
	O	118	157	127	Total, offsetting collections		- 511	- 573	- 567
Rural electrification and telephone revolving fund li-					Total Rural development insurance				
quidating account:					fund liquidating account (net)	BA	500	415	169
Appropriation, permanent	271 BA	247				O	510	383	196
Spending authority from offsetting									
collections	BA	4,574	2,577	2,158	Total Federal funds Rural Utilities				
Outlays	O	3,165	3,366	2,662	Service	BA	1,708	- 106	- 134
						O	- 333	418	332
Rural electrification and telephone									
revolving fund liquidating account									
(gross)	BA	4,821	2,677	2,158					
	O	3,165	3,366	2,662					
Total, offsetting collections		- 4,574	- 3,940	- 3,113					
Total Rural electrification and tele-									
phone revolving fund liquidating									
account (net)	BA	247	- 1,263	- 955					
	O	- 1,409	- 574	- 451					
Rural telephone bank program account:									
Appropriation, current	452 BA	9	12	9					
Appropriation, permanent	BA	*	1						
Limitation on direct loan activity		(175)	(200)	(175)					
Outlays	O	9	11	10					
Total Rural telephone bank program									
account	BA	9	13	9					
	O	9	11	10					
Rural telephone bank liquidating account:									
Appropriation, permanent	452 BA	24							
Spending authority from offsetting									
collections	BA	230	102	95					
Outlays	O	322	151	130					
Rural telephone bank liquidating ac-									
count (gross)	BA	254	102	95					
	O	322	151	130					
Total, offsetting collections		- 230	- 211	- 201					
Total Rural telephone bank liquidat-									
ing account (net)	BA	24	- 110	- 106					
	O	92	- 60	- 71					
Rural development insurance fund program account:									
Appropriation, current	452 BA	208	202	237					
Appropriation, permanent	BA	3	2						
Limitation on direct loan activity		(950)	(1,059)	(1,277)					
Limitation on guarantee commit-									
ments	O	(285)	(515)	(1,191)					
Outlays	O	95	136	169					
Outlays for grants to State and local									
governments	O	(85)	(121)	(151)					
Appropriation, current	BA			J - 237					
Limitation on direct loan activity				J (-1,277)					
Limitation on guarantee commit-									
ments	O			J (-1,191)					
Outlays	O			J - 80					
Outlays for grants to State and local									
governments	O			J (-71)					
Total Rural development insurance									
fund program account	BA	211	204						
	O	95	136	90					
Rural development insurance fund liquidating account:									
Appropriation, permanent	452 BA	500	415	169					

Rural Housing and Community Development Service									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, current	452	BA							J 42
Spending authority from offsetting									
collections		BA							J 419
Outlays		O							J 458
Salaries and expenses (gross)		BA							461
		O							458
Total, offsetting collections									J - 419
Total Salaries and expenses (net) ...		BA							42
		O							39
Salaries and expenses:									
Appropriation, current	452	BA	9	36					51
Spending authority from offsetting									
collections		BA	657	695					666
Outlays		O	650	734					725
Appropriation, current		BA							J - 51
Spending authority from offsetting									
collections		BA							J - 666
Outlays		O							J - 713
Appropriation, current		BA					H - 12		
Outlays		O					H - 11	H - 1	
Salaries and expenses (gross)		BA	666	719					
		O	650	723					12
Total, offsetting collections			- 642	- 695					- 666
									J 666
Total Salaries and expenses (net) ...		BA	24	24					
		O	8	28					12
Rental assistance grants:									
Appropriation, current	604	BA	404	447					523
Outlays		O	346	404					447
State mediation grants:									
Appropriation, current	351	BA	3	3					
Outlays		O	3	2					2
Outlays for grants to State and local									
governments		O	(3)	(2)					(2)
Outreach for socially disadvantaged farmers:									
Appropriation, current	351	BA		3					5
Outlays		O		3					5
Outlays for grants to State and local									
governments		O		(3)					(5)
Rural community fire protection grants:									
Appropriation, current	452	BA	4	4					5
Outlays		O	3	3					4
Outlays for grants to State and local									
governments		O	(3)	(3)					(4)
Rural housing voucher program:									
Appropriation, current	604	BA		25					25
Outlays		O	5	3					

Rural Housing and Community Development Service

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	452 BA				J 42
Spending authority from offsetting					
collections	BA				J 419
Outlays	O				J 458
Salaries and expenses (gross)	BA				461
	O				458
Total, offsetting collections					J - 419
Total Salaries and expenses (net) ..	BA				42
	O				39
Salaries and expenses:					
Appropriation, current	452 BA	9	36	51	
Spending authority from offsetting					
collections	BA	657	695	666	
Outlays	O	650	734	725	
Appropriation, current	BA				J - 51
Spending authority from offsetting					
collections	BA				J - 666
Outlays	O				J - 713
Appropriation, current	BA		H - 12		
Outlays	O		H - 11	H - 1	
Salaries and expenses (gross)	BA	666	719		
	O	650	723	12	
Total, offsetting collections		- 642	- 695	- 666	
				J 666	
Total Salaries and expenses (net) ..	BA	24	24		
	O	8	28	12	
Rental assistance grants:					
Appropriation, current	604 BA	404	447	523	
Outlays	O	346	404	447	
State mediation grants:					
Appropriation, current	351 BA	3	3		
Outlays	O	3	2	2	
Outlays for grants to State and local					
governments	O	(3)	(2)	(2)	
Outreach for socially disadvantaged farmers:					
Appropriation, current	351 BA		3	5	
Outlays	O		3	5	
Outlays for grants to State and local					
governments	O		(3)	(5)	
Rural community fire protection grants:					
Appropriation, current	452 BA	4	4	5	
Outlays	O	3	3	4	
Outlays for grants to State and local					
governments	O	(3)	(3)	(4)	
Rural housing voucher program:					
Appropriation, current	604 BA		25	25	
Outlays	O	5	3	7	

Account	1993 actual	1994 estimate	1995 estimate
Very low income housing repair grants:			
Appropriation, current	604 BA 28	25	25
Outlays	O 13	33	25
Rural housing for domestic farm labor:			
Appropriation, current	604 BA 44	11	11
Outlays	O 19	43	8
Outlays for grants to State and local governments	O (19)	(43)	(8)
Mutual and self-help housing:			
Appropriation, current	604 BA 13	13	13
Outlays	O 11	11	11
Supervisory and technical assistance grants:			
Appropriation, current	604 BA 2	2	2
Outlays	O	2	5
Outlays for grants to State and local governments	O	(1)	(2)
Compensation for construction defects:			
Appropriation, current	371 BA *	*	*
Outlays	O *	*	*
Rural housing preservation grants:			
Appropriation, current	604 BA 23	23	23
Outlays	O 21	21	23
Outlays for grants to State and local governments	O (7)	(7)	(8)
Public Enterprise Funds:			
Rural communication development fund:			
Appropriation, permanent	452 BA	1	1
Spending authority from offsetting collections	BA 3	2	1
Outlays	O 2	3	3
Rural communication development fund (gross)	BA 3	3	3
.....	O 2	3	3
Total, offsetting collections	-3	-2	-1
Total Rural communication development fund (net)	BA	1	1
.....	O - *	1	1
Credit Accounts:			
Rural housing and community development service program account:			
Appropriation, current	452 BA		✓ 57
Limitation on direct loan activity		✓ (300)
Limitation on guarantee commitments		✓ (75)
Outlays	O		✓ 32
Outlays for grants to State and local governments	O		✓ (28)
Rural telecommunication partnership loan program account:			
Appropriation, current	452 BA	2	
Limitation on direct loan activity	(15)	
Outlays	O	2	
Rural housing insurance fund program account:			
Appropriation, current	371 BA 1,002	1,115	746
Appropriation, permanent	BA 79	55
Spending authority from offsetting collections	BA		13
Limitation on direct loan activity	(2,103)	(2,558)
Limitation on guarantee commitments	(580)	(750)
Outlays	O 921	1,106	895
Appropriation, current	BA	H - 16	
Outlays	O	H - 4	H - 9
Rural housing insurance fund program account (gross)	BA 1,081	1,154	759
.....	O 921	1,102	886
Account	1993 actual	1994 estimate	1995 estimate
Total, offsetting collections	- 13
Total Rural housing insurance fund program account (net)	BA 1,081	1,154	746
.....	O 921	1,102	873
Rural housing insurance fund liquidating account:			
Appropriation, permanent	371 BA 433	2,502	2,983
Spending authority from offsetting collections	BA 2,849	1,269	53
Outlays	O 3,456	3,344	3,123
Rural housing insurance fund liquidating account (gross)	BA 3,281	3,771	3,036
.....	O 3,456	3,344	3,123
Total, offsetting collections	- 3,259	- 2,914	- 2,744
Total Rural housing insurance fund liquidating account (net)	BA 23	857	292
.....	O 198	430	379
Self help housing program account:			
Appropriation, current	371 BA *	*	*
Limitation on direct loan activity	(*)	(*)
Outlays	O	*	*
Self-help housing land development fund liquidating account:			
Outlays	371 O - *
Self-help housing land development fund liquidating account (gross) ..	O - *
Total, offsetting collections	- 1
Total Self-help housing land development fund liquidating account (net)	BA - 1
.....	O - 1
Total Federal funds Rural Housing and Community Development Service	BA 1,647	2,592	1,773
.....	O 1,547	2,088	1,877
Rural Business and Cooperative Development Service			
Federal funds			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	452 BA		✓ 9
Spending authority from offsetting collections	BA		✓ 18
Outlays	O		✓ 27
Salaries and expenses (gross)	BA	27	27
.....	O	27	27
Total, offsetting collections	✓ - 18
Total Salaries and expenses (net) ..	BA	9	9
.....	O	9	9
Rural development grants:			
Appropriation, current	452 BA 21	42	50
Outlays	O 17	22	33
Outlays for grants to State and local governments	O	(12)	(16)
Rural technology and cooperative development grants:			
Appropriation, current	452 BA		5

Department of Agriculture—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Agricultural cooperative service:				Outlays for grants to State and local governments	O	(—)	(1)
Appropriation, current	352 BA	6	5	Rural development loan fund (gross)	BA	*	*
Spending authority from offsetting collections	BA		1		O	13	13
Outlays	O	6	6	Total, offsetting collections		—3	—3
Agricultural cooperative service (gross)	BA	6	6	Total Rural development loan fund (net)	BA	—3	—3
	O	6	1		O	10	9
Total, offsetting collections		—1		REA — Economic development loans program account:			
Total Agricultural cooperative service (net)	BA	6	5	Appropriation, current	452 BA	3	3
	O	6	1	Appropriation, permanent	BA	*	*
Economic development grants:				Limitation on direct loan activity		(12)	(13)
Spending authority from offsetting collections	452 BA		30	Outlays	O	2	3
Outlays	O		15	Total REA — Economic development loans program account	BA	3	3
Outlays for grants to State and local governments	O	(—15)	(10)		O	2	3
Economic development grants (gross)	BA		30	Total Federal funds Rural Business and Cooperative Development Service	BA	55	104
	O		15		O	39	42
Total, offsetting collections		—30	—10				
Total Economic development grants (net)	BA		—15				
	O		10				
Rural economic development grants:				International Agricultural Trade Service			
Spending authority from offsetting collections	271 BA	1		<i>Federal funds</i>			
Outlays	O	1	2	General and Special Funds:			
Rural economic development grants (gross)	BA	1		Foreign agricultural service and general sales manager:			
	O	1	2	Appropriation, current	352 BA	110	118
Total, offsetting collections		—1	—2	Spending authority from offsetting collections	BA	27	65
Total Rural economic development grants (net)	BA		—2	Outlays	O	139	183
	O		—1	Foreign agricultural service and general sales manager (gross)	BA	137	183
					O	139	183
Credit Accounts:				Total, offsetting collections		—27	—65
Rural business and cooperative development service program account:				Total Foreign agricultural service and general sales manager (net)	BA	110	118
Appropriation, current	452 BA		26		O	112	118
Limitation on guarantee commitments			(1,116)	Office of international cooperation and development:			
Outlays	O		26	Appropriation, current	352 BA	7	
Alcohol fuels credit guarantee program account:				Spending authority from offsetting collections	BA	37	
Appropriation, current	452 BA	9		Outlays	O	36	
Limitation on guarantee commitments		(30)	(19)	Office of international cooperation and development (gross)	BA	44	
Outlays	O	*	2		O	36	
Rural development loan program account:				Total, offsetting collections		—37	
Appropriation, current	452 BA	19	57	Total Office of international cooperation and development (net)	BA	7	
Appropriation, permanent	BA	*	*		O	—1	
Limitation on direct loan activity		(34)	(100)	Scientific activities overseas (foreign currency program):			
Outlays	O	5	15	Spending authority from offsetting collections	352 BA	*	*
Total Rural development loan program account	BA	19	58	Outlays	O	*	1
	O	5	15	Scientific activities overseas (foreign currency program) (gross)	BA	*	*
Rural development loan fund:					O	*	1
Spending authority from offsetting collections	452 BA		*				
Outlays	O	13	13				

Department of Agriculture—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Total, offsetting collections	— *			Total, offsetting collections	— 641	— 599	— 536
Total Scientific activities overseas (foreign currency program) (net) ..	BA O	* 1	1	Total Expenses, Public Law 480, foreign assistance programs, Ag- riculture liquidating account (net) .	BA O	— 641 — 629	— 536 — 536
P.L. 480 Grants — Titles I:				<i>Trust funds</i>			
(International development and human- itarian assistance):				Miscellaneous contributed funds:			
(Appropriation, current) 151 BA	1,189	1,148		Appropriation, permanent 352 BA	3	4	4
(Outlays) O	1,122	1,282	514	Outlays O	3	4	4
(Appropriation, current) BA		H — 50		Total Federal funds International Ag- ricultural Trade Service	BA O	1,050 963	945 1,581
(Outlays) O		H — 16	H — 30				832 929
Total (International development and humanitarian assistance)	BA O	1,189 1,122	1,098 1,266	Total Trust funds International Agri- cultural Trade Service	BA O	3 3	4 4
(International cooperation):							4 4
(Appropriation, current) 156 BA			967				
(Outlays) O			562				
Total P.L. 480 Grants — Titles I	BA O	1,189 1,122	1,098 1,266				
			967 1,046				
Credit Accounts:				Food and Consumer Service			
P.L. 480 program account				<i>Federal funds</i>			
(International development and human- itarian assistance):				General and Special Funds:			
(Appropriation, current) 151 BA	345	349		Food program administration:			
(Appropriation, permanent) BA		14		Appropriation, current 605 BA	104	108	107
(Limitation on direct loan activity)	(510)	(450)	(340)	Spending authority from offsetting collections BA	1	1	1
(Outlays) O	323	438	149	Outlays O	109	108	107
(Appropriation, current) BA		H — 35		Food program administration (gross)	BA O	104 109	108 107
(Outlays) O		H — 20	H — 13				
Total (International development and humanitarian assistance)	BA O	345 323	328 418	Total, offsetting collections		— 1	— 1
			136	Total Food program administration (net)	BA O	104 108	108 107
(International cooperation):							106
(Appropriation, current) 156 BA			278	Food stamp program:			
(Outlays) O			160	Appropriation, current 605 BA	27,064	27,046	27,688
Total P.L. 480 program account	BA O	345 323	328 418	Spending authority from offsetting collections BA		1	22
			278 295	Outlays O	23,577	25,548	25,203
Debt reduction — program account				Outlays for grants to State and local governments O	(1,586)	(1,539)	(1,620)
(International development and human- itarian assistance):				Food stamp program (gross)	BA O	27,064 23,577	27,047 25,548
(Appropriation, current) 151 BA	40						
(00568227909151—07 LIMITATION)	(68)			Total, offsetting collections		— 1	— 22
(Outlays) O	37			Total Food stamp program (net)	BA O	27,064 23,577	27,046 25,547
Total Debt reduction — program ac- count	BA O	40 37					27,688 25,182
				Nutrition assistance for Puerto Rico:			
P.L. 480 Title I Food for Progress Credits, program ac- count				Appropriation, current 605 BA	1,040	1,079	1,143
(International development and human- itarian assistance):				Outlays O	1,025	1,078	1,141
(Outlays) 151 O		378		Outlays for grants to State and local governments O	(1,025)	(1,078)	(1,141)
Total P.L. 480 Title I Food for Progress Credits, program ac- count	O	378		Special milk program:			
				Appropriation, current 605 BA	15	20	18
Expenses, Public Law 480, foreign assistance pro- grams, Agriculture liquidating account:				Outlays O	16	21	20
Outlays 151 O	12			Outlays for grants to State and local governments O	(15)	(21)	(20)
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross)	O	12		State child nutrition programs:			
				Appropriation, current 605 BA	2,536	2,727	2,239
				Appropriation, permanent BA	4,290	4,770	5,213
				Outlays O	6,597	7,237	7,687
				Outlays for grants to State and local governments O	(6,574)	(7,207)	(7,640)
				Total State child nutrition programs .	BA O	6,827 6,597	7,497 7,237
							7,451 7,687
				Special supplemental food program for women, infants, and children (WIC):			
				Appropriation, current 605 BA	2,860	3,210	3,564
				Outlays O	2,846	3,222	3,538

Department of Agriculture—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays for grants to State and local governments	O	(2,842)	(3,213)	(3,534)	Outlays	O	1,705	1,601	1,512
Commodities supplemental food program:					National forest system (gross)	BA	1,752	1,638	1,538
Appropriation, current	605 BA	94	104	94		O	1,705	1,601	1,512
Outlays	O	77	119	95	Total, offsetting collections		- 71	- 71	- 73
Outlays for grants to State and local governments	O	(77)	(119)	(95)	Total National forest system (net)	BA	1,681	1,567	1,465
Appropriation, current	BA		H - 12			O	1,634	1,530	1,440
Outlays	O		H - 12	H - 1	Forest research:				
Outlays for grants to State and local governments	O		H (- 12)	H (- 1)	Appropriation, current	302 BA	183	193	230
Total Commodities supplemental food program	BA	94	92	94	Spending authority from offsetting collections	BA	14	14	17
	O	77	107	95	Outlays	O	201	194	239
Food donations programs for selected groups:					Outlays for grants to State and local governments	O	(*)	(*)	(*)
Appropriation, current	605 BA	257	259	230	Forest research (gross)	BA	196	208	247
Outlays	O	248	255	257		O	201	194	239
Outlays for grants to State and local governments	O	(248)	(255)	(257)	Total, offsetting collections		- 14	- 14	- 17
Emergency food assistance program:					Total Forest research (net)	BA	183	193	230
Appropriation, current	351 BA	165	120	40		O	187	179	222
Appropriation, permanent	BA		.	.	State and private forestry:				
Outlays	O	163	124	40	Appropriation, current	302 BA	177	168	118
Outlays for grants to State and local governments	O	(163)	(124)	(40)	Spending authority from offsetting collections	BA	7	6	7
Total Emergency food assistance program	BA	165	120	40	Outlays	O	174	172	109
	O	163	124	40	Outlays for grants to State and local governments	O	(85)	(83)	(85)
P.L. 102-552 Temporary Assistance:					State and private forestry (gross)	BA	183	174	124
Appropriation, permanent	351 BA	42				O	174	172	109
Outlays	O	42			Total, offsetting collections		- 7	- 6	- 7
Outlays for grants to State and local governments	O	(42)			Total State and private forestry (net)	BA	177	168	118
Total Federal funds Food and Consumer Service	BA	38,468	39,430	40,335		O	167	165	103
	O	34,700	37,697	38,066	Forest and rangeland protection:				
Nutrition Research and Education Service					Appropriation, current	302 BA	375	380	529
<i>Federal funds</i>					Spending authority from offsetting collections	BA	17	18	18
General and Special Funds:					Outlays	O	416	398	528
Nutrition research and education service:					Forest and rangeland protection (gross)	BA	392	398	547
Appropriation, current	352 BA	9	11	18		O	416	398	528
Spending authority from offsetting collections	BA	1	1	.	Total, offsetting collections		- 17	- 18	- 18
Outlays	O	11	12	16	Total Forest and rangeland protection (net)	BA	375	380	529
Nutrition research and education service (gross)	BA	9	12	18		O	399	380	510
	O	11	12	16	International forestry:				
Total, offsetting collections		- 1	- 1	- .	Appropriation, current	302 BA		7	10
Total Nutrition research and education service (net)	BA	9	11	18	Outlays	O		5	9
	O	10	11	16	Other appropriations:				
Forest Service					Outlays	302 O	*	1	
<i>Federal funds</i>					Range betterment fund:				
General and Special Funds:					Appropriation, current	302 BA	5	5	5
National forest system:					Outlays	O	5	5	5
Appropriation, current	302 BA	1,560	1,554	1,451	Land acquisition accounts				
Reappropriation	BA	118			(Conservation and land management):				
Appropriation, permanent	BA	3	13	14	(Appropriation, current)	302 BA	1	1	1
Spending authority from offsetting collections	BA	71	71	73	(Outlays)	O	1	1	1
					(Recreational resources):				
					(Appropriation, current)	303 BA	62	64	65
					(Outlays)	O	86	64	65
					Total Land acquisition accounts	BA	64	66	66
						O	87	65	66
					Operations and maintenance of quarters:				
					Appropriation, permanent	302 BA	7	7	7
					Outlays	O	7	7	7

Account		1993 actual	1994 estimate	1995 estimate
Resource management, timber receipts:				
Outlays	302 O	- 1	3	
Pacific yew sales, Forest Service:				
Appropriation, permanent	302 BA	*	*	*
Outlays	O	*	*	*
Forest service permanent appropriations:				
Appropriation, permanent	302 BA	227	268	189
Outlays	O	224	267	199
Forest Service permanent appropriations:				
Appropriation, permanent	806 BA	305	285	279
Outlays	O	309	285	279
Outlays for grants to State and local governments	O	(309)	(285)	(279)
Intragovernmental Funds:				
Working capital fund:				
Spending authority from offsetting collections	302 BA	153	126	134
Outlays	O	126	126	134
Working capital fund (gross)	BA	153	126	134
	O	126	126	134
Total, offsetting collections		- 153	- 126	- 134
Total Working capital fund (net)	BA			
	O	- 27		
<i>Trust funds</i>				
Reforestation trust fund:				
Appropriation, permanent	302 BA	30	30	30
Outlays	O	37	29	30
Cooperative work trust fund:				
Appropriation, permanent	302 BA	310	276	317
Outlays	O	264	280	310
Gifts, donations and bequests for forest and range land research:				
Appropriation, current	302 BA	*	*	*

Account		1993 actual	1994 estimate	1995 estimate
Highway Construction: Mount St. Helens National Monument:				
Outlays	401 O	1	*	
Total Federal funds Forest Service	BA	3,022	2,946	2,898
	O	2,992	2,893	2,839
Total Trust funds Forest Service	BA	340	306	347
	O	301	309	340
Summary				
Federal funds:				
(As shown in detail above)	BA	68,694	66,127	62,408
	O	64,015	65,788	61,014
Deductions for offsetting receipts:				
Proprietary receipts from the public	271 BA/O		J - 6	J - 7
	302 BA/O	J - 673	J - 779	J - 718
	303 BA/O	J - 10	J - 24	J - 26
	351 BA/O	J - 25	J - 1	J - 1
	352 BA/O	J - 5		
	371 BA/O	J - *		
	452 BA/O	J - 5		
Total Federal funds	BA	67,976	65,318	61,657
	O	63,297	64,979	60,262
Trust funds:				
(As shown in detail above)	BA	467	435	474
	O	433	437	466
Deductions for offsetting receipts:				
Proprietary receipts from the public	302 BA/O	J - 310	J - 328	J - 319
	352 BA/O	J - 126	J - 117	J - 114
Total Trust funds	BA	31	- 9	41
	O	- 3	- 7	32
Interfund transactions	452 BA/O	J - 150	J - 40	J - 41
Total Department of Agriculture	BA	67,857	65,268	61,657
	O	63,144	64,931	60,254

Account	1993 actual	1994 estimate	1995 estimate	
General Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	33	33	37
Spending authority from offsetting collections	BA	43	46	48
Outlays	O	81	81	85
Salaries and expenses (gross)	BA	76	79	85
	O	81	81	85
Total, offsetting collections		- 43	- 46	- 48
Total Salaries and expenses (net) ...	BA	33	33	37
	O	38	35	37
Office of the Inspector General:				
Appropriation, current	376 BA	16	16	17
Spending authority from offsetting collections	BA	1	3	3
Outlays	O	16	19	20
Office of the Inspector General (gross)	BA	17	19	20
	O	16	19	20

Account	1993 actual	1994 estimate	1995 estimate	
Total, offsetting collections	- 1	- 3	- 3	
Total Office of the Inspector General (net)	BA	16	16	17
	O	15	16	17
Special foreign currency program:				
Outlays	376 O	*	*	
Intragovernmental Funds:				
Working capital fund:				
Spending authority from offsetting collections	376 BA	67	65	70
Outlays	O	71	65	70
Working capital fund (gross)	BA	67	65	70
	O	71	65	70
Total, offsetting collections		- 67	- 65	- 70
Total Working capital fund (net)	BA			
	O	4		
<i>Trust funds</i>				
Gifts and bequests:				
Appropriation, permanent	376 BA	*	*	*

Department of Commerce—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	*	*	*
Total Federal funds General Admin- istration	BA O	49 57	49 51	54 54
Total Trust funds General Adminis- tration	BA O	*	*	*

Economic Development Administration

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	452 BA	26	28	33
Spending authority from offsetting collections	BA	3	2	*
Outlays	O	29	29	32
Salaries and expenses (gross)	BA	29	30	33
	O	29	29	32
Total, offsetting collections		-3	-2	-*
Total Salaries and expenses (net) ...	BA	26	28	33
	O	26	27	32
Economic development assistance programs:				
Appropriation, current	452 BA	307	323	327
Spending authority from offsetting collections	BA	81	1	*
Outlays	O	211	268	308
Outlays for grants to State and local governments	O	(130)	(267)	(308)
Economic development assistance programs (gross)	BA	388	324	328
	O	211	268	308
Total, offsetting collections		-81	-1	-*
Total Economic development assist- ance programs (net)	BA	307	323	327
	O	130	267	308
Credit Accounts:				
Economic development guaranteed loans:				
Appropriation, current	452 BA			52
Limitation on loan guarantee commitments				(269)
Outlays	O	*		7
Economic development revolving fund liquidating ac- count:				
Spending authority from offsetting collections	452 BA	21	39	15
Outlays	O	20	11	11
Economic development revolving fund liquidating account (gross) ...	BA	21	39	15
	O	20	11	11
Total, offsetting collections		-21	-39	-15
Total Economic development revolv- ing fund liquidating account (net)	BA			
	O	-1	-28	-4
Total Federal funds Economic De- velopment Administration	BA	333	351	412
	O	156	265	343

Account		1993 actual	1994 estimate	1995 estimate
Bureau of the Census				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	127	128	147
Spending authority from offsetting collections	BA	135	166	154
Outlays	O	272	286	298
Salaries and expenses (gross)	BA	262	294	301
	O	272	286	298
Total, offsetting collections		-135	-166	-154
Total Salaries and expenses (net) ...	BA	127	128	147
	O	137	120	144
Periodic censuses and programs:				
Appropriation, current	376 BA	170	110	159
Outlays	O	209	156	147
Total Federal funds Bureau of the Census	BA	297	238	306
	O	346	276	291

Economic and Statistical Analysis

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	47	45	54
Spending authority from offsetting collections	BA	3	3	2
Outlays	O	49	53	55
Salaries and expenses (gross)	BA	50	49	56
	O	49	53	55
Total, offsetting collections		-3	-3	-2
Total Salaries and expenses (net) ...	BA	47	45	54
	O	46	50	53
Economics and statistics administration revolving fund:				
Appropriation, current	376 BA			2
Spending authority from offsetting collections	BA			2
Outlays	O			2
Economics and statistics administra- tion revolving fund (gross)				
	BA			4
	O			2
Total, offsetting collections				-2
Total Economics and statistics ad- ministration revolving fund (net) ..	BA			2
	O			
Total Federal funds Economic and Statistical Analysis	BA	47	45	56
	O	46	50	53

Economic Development Assistance

Regional Development Program

Federal funds

General and Special Funds:				
Regional development programs:				
Outlays	452 O	-*		
<i>Trust funds</i>				
Regional development commissions:				
Outlays	452 O	*		
Outlays for grants to State and local governments	O	(*)		

Department of Commerce—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Promotion of Industry and Commerce							
<i>International Trade Administration</i>							
<i>Federal funds</i>							
General and Special Funds:							
Operations and administration:				Spending authority from offsetting			
Appropriation, current	376 BA	214	249	collections	BA	2	2
Spending authority from offsetting				Outlays	O	18	24
collections	BA	27	32	Outlays for grants to State and local			
Outlays	O	250	240	governments	O	(3)	(2)
Appropriation, current	BA		H - 2	Salaries and expenses (gross)	BA	21	20
Outlays	O		H - 1		O	18	24
Operations and administration				Total, offsetting collections		- 2	- 2
(gross)	BA	240	279	Total Salaries and expenses (net) ..	BA	19	19
	O	250	239		O	16	23
Total, offsetting collections		- 27	- 32	Total Federal funds Promotion of In-			
Total Operations and administration				dustry and Commerce	BA	312	342
(net)	BA	214	247		O	322	307
	O	224	207	Total Trust funds Promotion of In-			
				dustry and Commerce	O	- *	
<i>Trust funds</i>							
Foreign service national separation liability trust fund:				Science and Technology			
Outlays	602 O	- *		<i>National Oceanic and Atmospheric Administration</i>			
				<i>Federal funds</i>			
<i>Export Administration</i>				General and Special Funds:			
<i>Federal funds</i>				Operations, research, and facilities:			
General and Special Funds:				Appropriation, current	306 BA	1,586	1,750
Operations and administration:				Appropriation, permanent	BA	13	30
Appropriation, current	376 BA	41	35	Spending authority from offsetting			
Spending authority from offsetting				collections	BA	308	368
collections	BA	*	2	Outlays	O	1,881	2,059
Outlays	O	39	39	Outlays for grants to State and local			
Operations and administration				governments	O	(48)	(50)
(gross)	BA	41	37	Appropriation, current	BA		J - 46
	O	39	39	Spending authority from offsetting			
Total, offsetting collections		- *	- 2	collections	BA		J 46
Total Operations and administration				Outlays	O		J 20
(net)	BA	41	35	Appropriation, current	BA		H - 6
	O	39	37	Outlays	O		H - 3
				Operations, research, and facilities			
<i>Minority Business Development Agency</i>				(gross)	BA	1,907	2,142
<i>Federal funds</i>					O	1,881	2,056
General and Special Funds:				Total, offsetting collections		- 308	- 368
Minority business development:							J - 46
Appropriation, current	376 BA	38	42	Total Operations, research, and fa-			
Spending authority from offsetting				cilities (net)	BA	1,599	1,773
collections	BA		2		O	1,573	1,688
Outlays	O	43	42	Construction:			
Minority business development				Appropriation, current	306 BA	91	110
(gross)	BA	38	44	Outlays	O	44	80
	O	43	42	Outlays for grants to State and local			
Total, offsetting collections		- 2	- 2	governments	O	(12)	(15)
Total Minority business development				Appropriation, current	BA		H - 4
(net)	BA	38	42	Outlays	O		H - 1
	O	43	41	Total Construction	BA	91	106
					O	44	80
<i>United States Travel and Tourism Administration</i>				Fleet modernization, shipbuilding and conversion:			
<i>Federal funds</i>				Appropriation, current	376 BA	28	77
General and Special Funds:				Outlays	O	21	18
Salaries and expenses:				GOES satellite contingency fund:			
Appropriation, current	376 BA	16	17	Outlays	306 O	21	14
Appropriation, permanent	BA	4	1	Aircraft procurement and:			
				Appropriation, current	376 BA		43
				Outlays	O		6
				Fisheries promotional fund:			
				Outlays	376 O	*	*
				Promote and develop fishery products and research			
				pertaining to American fisheries:			
				Appropriation, current	376 BA	- 55	- 55
				Appropriation, permanent	BA	61	62

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	6	11	8
Outlays for grants to State and local governments	O	(3)	(4)	(4)
Total Promote and develop fishery products and research pertaining to American fisheries	BA O	6 6	7 11	6 8
Fishing vessel and gear damage compensation fund:				
Appropriation, current	376 BA	1	1	1
Outlays	O	1	2	1
Fishermen's contingency fund:				
Appropriation, current	376 BA	1	1	1
Outlays	O	1	2	1
Foreign fishing observer fund:				
Appropriation, current	376 BA	1	1	*
Outlays	O	*	1	*
Public Enterprise Funds:				
Coastal zone management fund:				
Spending authority from offsetting collections	306 BA	8 (11)	8 (8)	8 (8)
Outlays	O	4	8	8
Outlays for grants to State and local governments	O	(4)	(8)	(8)
Coastal zone management fund (gross)	BA O	8 4	8 8	8 8
Total, offsetting collections		-11	-8	-8
Total Coastal zone management fund (net)	BA O	-3 -7	*
Damage assessment and restoration revolving fund:				
Appropriation, permanent	304 BA	-5	-23	-2
Spending authority from offsetting collections	BA	11	10	2
Outlays	O	*
Damage assessment and restoration revolving fund (gross)	BA O	5 *	-13
Total, offsetting collections		-11	-10	-2
Total Damage assessment and restoration revolving fund (net)	BA O	-5 -11	-23 -10	-2 -2
Credit Accounts:				
Fishing vessel obligations guarantees program account:				
Appropriation, current	376 BA	*	*
Limitations on guaranteed loan commitments		(47)	(46)
Outlays	O	*	1
Federal ship financing fund, fishing vessels liquidating account:				
Appropriation, permanent	376 BA	5
Spending authority from offsetting collections	BA	3	6
Outlays	O	3	14
Federal ship financing fund, fishing vessels liquidating account (gross)	BA O	3 3	11 14

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-4	-6
Total Federal ship financing fund, fishing vessels liquidating account (net)	BA O	-2 -1	5 8
Trust funds				
Marine navigation trust fund:				
Appropriation, current	306 BA	46
Outlays	O	25
Total Federal funds National Oceanic and Atmospheric Administration	BA O	1,718 1,649	1,992 1,821	1,918 1,871
Total Trust funds National Oceanic and Atmospheric Administration ..	BA O	46 25
Patent and Trademark Office				
Federal funds				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	87	88
Spending authority from offsetting collections	BA	400	416	572
Outlays	O	453	586	626
Salaries and expenses (gross)	BA O	486 453	504 586	572 626
Total, offsetting collections		-400	-416	-572
Total Salaries and expenses (net) ...	BA O	87 53	88 170 54
Technology Administration				
Federal funds				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	5	6	11
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	4	8	9
Salaries and expenses (gross)	BA O	5 4	6 8	12 9
Total, offsetting collections		-1	-1	-1
Total Salaries and expenses (net) ...	BA O	5 3	6 7	11 8
National Technical Information Service				
Federal funds				
Public Enterprise Funds:				
NTIS revolving fund:				
Appropriation, current	376 BA	8	18
Spending authority from offsetting collections	BA	39	68	70
Outlays	O	9	68	73
NTIS revolving fund (gross)	BA O	47 9	68 68	88 73
Total, offsetting collections		-39	-68	-70
Total NTIS revolving fund (net)	BA O	8 -30	18

Department of Commerce—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
<i>Trust funds</i>				
Information products and services:				
Outlays	376 O	24	*	
<i>National Institute of Standards and Technology</i>				
<i>Federal funds</i>				
General and Special Funds:				
Scientific and technical research and services:				
Appropriation, current	376 BA	192	223	303
Outlays	O	184	234	285
Industrial technology services:				
Appropriation, current	376 BA	86	231	517
Outlays	O	51	127	210
Outlays for grants to State and local governments	O	(*)	(2)	(2)
Construction of research facilities:				
Appropriation, current	376 BA	102	62	100
Outlays	O	*	6	23
Intragovernmental Funds:				
Working capital fund:				
Appropriation, current	376 BA	1	4	15
Spending authority from offsetting collections	BA	158	227	148
Outlays	O	175	229	157
Working capital fund (gross)	BA	159	230	163
	O	175	229	157
Total, offsetting collections		-158	-227	-148
Total Working capital fund (net)	BA	1	4	15
	O	17	2	9
Total Federal funds National Institute of Standards and Technology	BA	381	520	935
	O	252	370	527

National Telecommunications and Information Administration

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	18	20	22
Spending authority from offsetting collections	BA	9	9	9
Outlays	O	25	32	32
Salaries and expenses (gross)	BA	28	29	31
	O	25	32	32

Total, offsetting collections		-9	-9	-9
Total Salaries and expenses (net) ...	BA	18	20	22
	O	16	23	23
Endowment for children's educational television:				
Appropriation, current	503 BA	1	1	1
Outlays	O	*	1	2
Public broadcasting facilities, planning and construction:				
Appropriation, current	503 BA	20	24	11
Outlays	O	19	20	26
Outlays for grants to State and local governments	O	(12)	(13)	(17)
Information infrastructure grants:				
Appropriation, current	503 BA		26	100
Outlays	O		1	18
Outlays for grants to State and local governments	O		(*)	(6)
Total Federal funds National Telecommunications and Information Administration	BA	40	71	134
	O	35	45	68
Total Federal funds Science and Technology	BA	2,237	2,677	3,017
	O	1,963	2,413	2,531
Total Trust funds Science and Technology	BA			46
	O	24	*	25

Summary

Federal funds:				
(As shown in detail above)	BA	3,275	3,702	4,213
	O	2,889	3,361	3,629
Deductions for offsetting receipts:				
Intrafund transactions	908 BA/O	J - *	J - *	J - *
Proprietary receipts from the public	306 BA/O	J - 17	J - 17	J - 17
	376 BA/O	J - 99	J - 109	J - 12
Offsetting governmental receipts	376 BA/O	J *	J - *	J - *
Total Federal funds	BA	3,159	3,575	4,183
	O	2,773	3,234	3,599
Trust funds:				
(As shown in detail above)	BA	*	*	46
	O	25	*	26
Total Department of Commerce	BA	3,159	3,575	4,229
	O	2,798	3,234	3,625

Department of Defense—Military

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Military Personnel				
<i>Federal funds</i>				
General and Special Funds:				
Military personnel, Army:				
Appropriation, current	051 BA	22,985	21,296	20,601
Spending authority from offsetting collections	BA	166	250	166
Outlays	O	23,098	21,816	20,760
Appropriation, current	BA		^7	
Outlays	O		^6	^*
Military personnel, Army (gross)	BA	23,151	21,553	20,767
	O	23,098	21,822	20,760

Total, offsetting collections		-166	-250	-166
Total Military personnel, Army (net) .	BA	22,985	21,303	20,601
	O	22,933	21,572	20,594
Military personnel, Navy:				
Appropriation, current	051 BA	19,351	18,331	17,581
Spending authority from offsetting collections	BA	352	337	284
Outlays	O	19,736	18,571	17,857
Appropriation, current	BA		^19	
Outlays	O		^19	^1
Military personnel, Navy (gross)	BA	19,703	18,687	17,865
	O	19,736	18,589	17,857

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 352	- 337	- 284	Total, offsetting collections		- 1	- 1	- 1
Total Military personnel, Navy (net) .	BA	19,351	18,350	17,581	Total Reserve personnel, Marine Corps (net)	BA	347	351	354
	O	19,384	18,253	17,574		O	338	343	347
Military personnel, Marine Corps:					Reserve personnel, Air Force:				
Appropriation, current	051 BA	5,939	5,772	5,779	Appropriation, current	051 BA	709	782	781
Spending authority from offsetting collections	BA	26	27	17	Spending authority from offsetting collections	BA	2	2	3
Outlays	O	5,947	5,687	5,778	Outlays	O	715	770	766
Military personnel, Marine Corps (gross)	BA	5,966	5,799	5,795	Reserve personnel, Air Force (gross)	BA	711	784	784
	O	5,947	5,687	5,778		O	715	770	766
Total, offsetting collections		- 26	- 27	- 17	Total, offsetting collections		- 2	- 2	- 3
Total Military personnel, Marine Corps (net)	BA	5,939	5,772	5,779	Total Reserve personnel, Air Force (net)	BA	709	782	781
	O	5,920	5,660	5,761		O	713	768	763
Military personnel, Air Force:					National Guard personnel, Army:				
Appropriation, current	051 BA	18,222	15,928	17,219	Appropriation, current	051 BA	3,367	3,340	3,361
Spending authority from offsetting collections	BA	1,130	2,164	665	Spending authority from offsetting collections	BA	6	6	6
Outlays	O	19,387	18,262	17,788	Outlays	O	3,343	3,361	3,348
Appropriation, current	BA		▲ 18		National Guard personnel, Army (gross)	BA	3,372	3,346	3,366
Outlays	O		▲ 17	▲ 1		O	3,343	3,361	3,348
Military personnel, Air Force (gross)	BA	19,352	18,111	17,884	Total, offsetting collections		- 6	- 6	- 6
	O	19,387	18,279	17,789	Total National Guard personnel, Army (net)	BA	3,367	3,340	3,361
Total, offsetting collections		- 1,130	- 2,164	- 665		O	3,337	3,355	3,343
Total Military personnel, Air Force (net)	BA	18,222	15,946	17,219	National Guard personnel, Air Force:				
	O	18,258	16,115	17,123	Appropriation, current	051 BA	1,210	1,223	1,233
Reserve personnel, Army:					Spending authority from offsetting collections	BA	4	7	8
Appropriation, current	051 BA	2,187	2,149	2,175	Outlays	O	1,183	1,248	1,231
Spending authority from offsetting collections	BA	6	8	8	National Guard personnel, Air Force (gross)	BA	1,213	1,231	1,241
Outlays	O	2,212	2,152	2,166		O	1,183	1,248	1,231
Reserve personnel, Army (gross)	BA	2,193	2,157	2,182	Total, offsetting collections		- 4	- 7	- 8
	O	2,212	2,152	2,166	Total National Guard personnel, Air Force (net)	BA	1,210	1,223	1,233
Total, offsetting collections		- 6	- 8	- 8		O	1,180	1,241	1,223
Total Reserve personnel, Army (net)	BA	2,187	2,149	2,175	Total Federal funds Military Personnel	BA	75,974	70,773	70,475
	O	2,206	2,145	2,158		O	75,904	70,980	70,260
Reserve personnel, Navy:									
Appropriation, current	051 BA	1,657	1,556	1,392	Operation and Maintenance				
Spending authority from offsetting collections	BA	*	9	9	<i>Federal funds</i>				
Outlays	O	1,637	1,538	1,384	General and Special Funds:				
Reserve personnel, Navy (gross)	BA	1,658	1,565	1,402	Operation and maintenance, Army:				
	O	1,637	1,538	1,384	Appropriation, current	051 BA	17,433	15,938	17,821
Total, offsetting collections		- *	- 9	- 9	Spending authority from offsetting collections	BA	5,669	4,734	4,713
Total Reserve personnel, Navy (net)	BA	1,657	1,556	1,392	Outlays	O	26,212	22,028	22,000
	O	1,636	1,529	1,375	Appropriation, current	BA		▲ 420	
Reserve personnel, Marine Corps:					Outlays	O		▲ 329	▲ 70
Appropriation, current	051 BA	347	351	354	Operation and maintenance, Army (gross)	BA	23,102	21,092	22,534
Spending authority from offsetting collections	BA	1	1	1		O	26,212	22,357	22,070
Outlays	O	338	344	347	Total, offsetting collections		- 5,669	- 4,734	- 4,713
Reserve personnel, Marine Corps (gross)	BA	348	352	355	Total Operation and maintenance, Army (net)	BA	17,433	16,358	17,821
	O	338	344	347		O	20,543	17,623	17,357

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Operation and maintenance, Navy (Department of Defense-Military):					(Other advancement of commerce):				
(Appropriation, current)	051 BA	20,900	20,004	21,227	(Appropriation, current)	376 BA	1		
(Spending authority from offsetting collections)	BA	3,979	3,713	3,713	(Outlays)	O	1		
(Outlays)	O	27,746	24,356	23,239	Total Operation and maintenance, Defense-wide	BA	9,938	8,532	10,223
(Appropriation, current)	BA		▲ 105			O	9,575	9,312	9,956
(Outlays)	O		▲ 89	▲ 14	Office of the Inspector General:				
Operation and maintenance, Navy (gross)	BA	24,879	23,822	24,940	Appropriation, current	051 BA	126	138	128
	O	27,746	24,445	23,252	Outlays	O	125	128	123
Total, offsetting collections		-3,979	-3,713	-3,713	Operation and maintenance, Army Reserve:				
Total (Department of Defense-Military) (net)	BA	20,900	20,109	21,227	Appropriation, current	051 BA	1,036	1,075	1,254
	O	23,767	20,732	19,539	Spending authority from offsetting collections	BA	36	28	29
(General science and basic research):					Outlays	O	1,063	1,077	1,217
(Outlays)	251 O	16			Operation and maintenance, Army Reserve (gross)	BA	1,072	1,103	1,283
Total Operation and maintenance, Navy	BA	20,900	20,109	21,227		O	1,063	1,077	1,217
	O	23,783	20,732	19,539	Total, offsetting collections		-36	-28	-29
Operation and maintenance, Marine Corps:					Total Operation and maintenance, Army Reserve (net)	BA	1,036	1,075	1,254
Appropriation, current	051 BA	1,744	1,858	1,918		O	1,027	1,048	1,188
Spending authority from offsetting collections	BA	436	412	412	Operation and maintenance, Navy Reserve:				
Outlays	O	2,683	2,249	2,224	Appropriation, current	051 BA	872	763	828
Operation and maintenance, Marine Corps (gross)	BA	2,180	2,270	2,330	Spending authority from offsetting collections	BA	26	20	20
	O	2,683	2,249	2,224	Outlays	O	914	806	761
Total, offsetting collections		-436	-412	-412	Operation and maintenance, Navy Reserve (gross)	BA	898	783	848
Total Operation and maintenance, Marine Corps (net)	BA	1,744	1,858	1,918		O	914	806	761
	O	2,246	1,837	1,812	Total, offsetting collections		-26	-20	-20
Operation and maintenance, Air Force:					Total Operation and maintenance, Navy Reserve (net)	BA	872	763	828
Appropriation, current	051 BA	18,381	19,183	19,077		O	887	785	741
Spending authority from offsetting collections	BA	2,130	2,043	2,179	Operation and maintenance, Marine Corps Reserve:				
Outlays	O	22,798	21,446	20,199	Appropriation, current	051 BA	80	83	81
Appropriation, current	BA		▲ 560		Spending authority from offsetting collections	BA	2	2	2
Outlays	O		▲ 441	▲ 88	Outlays	O	86	85	74
Operation and maintenance, Air Force (gross)	BA	20,511	21,786	21,256	Operation and maintenance, Marine Corps Reserve (gross)	BA	82	85	83
	O	22,798	21,887	20,287		O	86	85	74
Total, offsetting collections		-2,130	-2,043	-2,179	Total, offsetting collections		-2	-2	-2
Total Operation and maintenance, Air Force (net)	BA	18,381	19,743	19,077	Total Operation and maintenance, Marine Corps Reserve (net)	BA	80	83	81
	O	20,668	19,844	18,108		O	85	84	72
Operation and maintenance, Defense-wide (Department of Defense-Military):					Operation and maintenance, Air Force Reserve:				
(Appropriation, current)	051 BA	9,937	8,511	10,223	Appropriation, current	051 BA	1,235	1,335	1,479
(Spending authority from offsetting collections)	BA	646	1,072	1,208	Spending authority from offsetting collections	BA	32	26	27
(Outlays)	O	10,220	10,367	11,160	Outlays	O	1,286	1,302	1,463
(Appropriation, current)	BA		▲ 22		Operation and maintenance, Air Force Reserve (gross)	BA	1,267	1,361	1,506
(Outlays)	O		▲ 16	▲ 4		O	1,286	1,302	1,463
Operation and maintenance, De- fense-wide (gross)	BA	10,582	9,604	11,431	Total, offsetting collections		-32	-26	-27
	O	10,220	10,384	11,164	Total Operation and maintenance, Air Force Reserve (net)	BA	1,235	1,335	1,479
Total, offsetting collections		-646	-1,072	-1,208		O	1,253	1,276	1,436
Total (Department of Defense-Military) (net)	BA	9,937	8,532	10,223	Operation and maintenance, Army National Guard (Department of Defense-Military):				
	O	9,574	9,312	9,956	(Appropriation, current)	051 BA	2,300	2,230	2,447
					(Spending authority from offsetting collections)	BA	72	55	70

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
(Outlays)	O	2,361	2,264	2,408	Outlays	O	*	1	2
Operation and maintenance, Army National Guard (gross)	BA	2,372	2,285	2,517	Total Summer olympics	BA	2	3	
	O	2,361	2,264	2,408		O	*	1	2
Total, offsetting collections		-72	-55	-70	World Cup USA 1994:				
Total (Department of Defense-Military) (net)	BA	2,300	2,230	2,447	Appropriation, current	051 BA	9	6	
	O	2,289	2,209	2,338	Reappropriation	BA		*	
(Elementary, secondary, and vocational education):					Outlays	O	1	8	4
(Appropriation, current)	051 BA	10			Total World Cup USA 1994	BA	9	6	
(Outlays)	O	10				O	1	8	4
Total Operation and maintenance, Army National Guard	BA	2,310	2,230	2,447	World university games:				
	O	2,299	2,209	2,338	Appropriation, current	051 BA	6		
Operation and maintenance, Air National Guard:					Reappropriation	BA	2	2	
Appropriation, current	051 BA	2,563	2,632	2,780	Outlays	O	3	3	2
Spending authority from offsetting collections	BA	85	56	62	Total World university games	BA	8	2	
Outlays	O	2,646	2,612	2,662		O	3	3	2
Operation and maintenance, Air National Guard (gross)	BA	2,648	2,688	2,842	Real property maintenance, Defense:				
	O	2,646	2,612	2,662	Appropriation, current	051 BA	1,749		
Total, offsetting collections		-85	-56	-62	Outlays	O	516	1,021	398
Total Operation and maintenance, Air National Guard (net)	BA	2,563	2,632	2,780	Disaster relief:				
	O	2,561	2,556	2,600	Appropriation, current	051 BA	35		
National Board for the Promotion of Rifle Practice, Army:					Reappropriation	BA	35	15	
Appropriation, current	051 BA	3	2	3	Outlays	O	21	23	19
Spending authority from offsetting collections	BA	2	2	2	Total Disaster relief	BA	70	15	
Outlays	O	4	4	5		O	21	23	19
National Board for the Promotion of Rifle Practice, Army (gross)	BA	5	4	5	Defense health program:				
	O	4	4	5	Appropriation, current	051 BA	9,585	9,600	9,922
Total, offsetting collections		-2	-2	-2	Spending authority from offsetting collections	BA	4,344	5,000	5,000
Total National Board for the Pro- motion of Rifle Practice, Army (net)	BA	3	2	3	Outlays	O	12,514	14,024	14,666
	O	1	2	3	Defense health program (gross)	BA	13,929	14,600	14,922
Claims, Defense:						O	12,514	14,024	14,666
Outlays	051 O	*			Total, offsetting collections		-4,344	-5,000	-5,000
Court of Military Appeals, Defense:					Total Defense health program (net) ..	BA	9,585	9,600	9,922
Appropriation, current	051 BA	6	6	6		O	8,170	9,024	9,666
Outlays	O	5	5	5	Environmental restoration, Defense:				
Drug interdiction and counter-drug activities, Defense:					Appropriation, current	051 BA	*	1,962	2,180
Appropriation, current	051 BA		868	714	Spending authority from offsetting collections	BA	2		
Outlays	O		299	622	Outlays	O	*	432	1,363
Goodwill games:					Environmental restoration, Defense (gross)	BA	3	1,962	2,180
Outlays	051 O	*				O	*	432	1,363
Foreign currency fluctuations, Defense:					Total, offsetting collections		-2		
Appropriation, current	051 BA	90			Total Environmental restoration, De- fense (net)	BA	*	1,962	2,180
Reappropriation	BA	452				O	-2	432	1,363
Total Foreign currency fluctuations, Defense	BA	542			Humanitarian assistance:				
Summer olympics:					Appropriation, current	051 BA	94	108	72
Appropriation, current	051 BA	2	2		Outlays	O	110	110	98
Reappropriation	BA	*	1		Defense reinvestment for economic growth:				
					Appropriation, current	051 BA	462		
					Outlays	O	235	172	37
					Former Soviet Union threat reduction account:				
					Appropriation, current	051 BA		400	400
					Outlays	O		82	189
					Contributions for international peacekeeping and peace enforcement activities fund:				
					Appropriation, current	051 BA			300
					Outlays	O			228
					Payment to kaho'olawe:				
					Appropriation, current	051 BA		60	
					Outlays	O		60	
					Defense cooperation:				
					Appropriation, permanent	051 BA	-6	-4	-4

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Advance appropriation	BA	6	4	4	Outlays	O	2,180	1,557	1,001
Total Defense cooperation	BA				Procurement of weapons and tracked combat vehicles, Army (gross)	BA O	973 2,180	973 1,557	1,008 1,001
Restoration of the Rocky Mountain Arsenal:					Total, offsetting collections		-68	-86	-88
Appropriation, permanent	051 BA	24	2	2	Total Procurement of weapons and tracked combat vehicles, Army (net)	BA O	906 2,113	887 1,471	920 913
Outlays	O	9	2	2	Procurement of ammunition, Army:				
DOD 50th anniversary of World War II Commemora- tion:					Appropriation, current	051 BA	1,060	653	845
Appropriation, permanent	051 BA		1	5	Spending authority from offsetting collections	BA	7	18	19
Outlays	O		1	5	Outlays	O	1,390	1,001	1,129
Disposal and lease of DOD real property:					Procurement of ammunition, Army (gross)	BA O	1,067 1,390	671 1,001	864 1,129
Appropriation, current	051 BA		8	8	Total, offsetting collections		-7	-18	-19
Outlays	O		1	5	Total Procurement of ammunition, Army (net)	BA O	1,060 1,383	653 983	845 1,110
Overseas military facility investment recovery:					Other procurement, Army:				
Appropriation, current	051 BA		10	7	Appropriation, current	051 BA	3,059	2,884	2,690
Outlays	O		2	6	Spending authority from offsetting collections	BA	170	303	206
National Science Center, Army:					Outlays	O	4,084	3,055	3,015
Appropriation, current	051 BA		*	*	Appropriation, current	BA		A *	A *
Outlays	O		*	*	Outlays	O			
Kaho' Olawe Island Conveyance, Remediation, and Environmental Restoration Fund:					Other procurement, Army (gross)	BA O	3,229 4,084	3,187 3,055	2,896 3,015
Appropriation, current	051 BA		60		Total, offsetting collections		-170	-303	-206
Outlays	O		13	27	Total Other procurement, Army (net)	BA O	3,059 3,913	2,885 2,752	2,690 2,808
Total Federal funds Operation and Maintenance	BA O	89,172 94,121	87,972 88,695	92,884 87,953	Aircraft procurement, Navy:				
Procurement					Appropriation, current	051 BA	5,616	5,506	4,786
<i>Federal funds</i>					Spending authority from offsetting collections	BA	-4	7	7
General and Special Funds:					Outlays	O	7,242	6,257	5,601
Aircraft procurement, Army:					Appropriation, current	BA		H - 52	
Appropriation, current	051 BA	1,421	1,265	1,042	Outlays	O		H - 6	H - 16
Spending authority from offsetting collections	BA	254	29	19	Aircraft procurement, Navy (gross) ..	BA O	5,612 7,242	5,461 6,251	4,793 5,585
Outlays	O	1,928	1,722	1,444	Total, offsetting collections		4	-7	-7
Appropriation, current	BA		A 20		Total Aircraft procurement, Navy (net)	BA O	5,616 7,246	5,454 6,244	4,786 5,578
Outlays	O		A 3	A 6	Weapons procurement, Navy:				
Aircraft procurement, Army (gross) ..	BA O	1,675 1,928	1,314 1,725	1,060 1,450	Appropriation, current	051 BA	3,556	2,811	2,400
Total, offsetting collections		-254	-29	-19	Spending authority from offsetting collections	BA	105	111	75
Total Aircraft procurement, Army (net)	BA O	1,421 1,675	1,285 1,696	1,042 1,431	Outlays	O	4,847	4,366	3,444
Missile procurement, Army:					Weapons procurement, Navy (gross)	BA O	3,661 4,847	2,922 4,366	2,475 3,444
Appropriation, current	051 BA	1,001	1,094	594	Total, offsetting collections		-105	-111	-75
Spending authority from offsetting collections	BA	152	195	100	Total Weapons procurement, Navy (net)	BA O	3,556 4,742	2,811 4,256	2,400 3,370
Outlays	O	2,339	1,508	1,134	Shipbuilding and conversion, Navy:				
Appropriation, current	BA		H - 48		Appropriation, current	051 BA	4,425	4,738	5,585
Outlays	O		H - 4	H - 15	Spending authority from offsetting collections	BA	1,725	746	712
Missile procurement, Army (gross) ..	BA O	1,153 2,339	1,241 1,504	693 1,119					
Total, offsetting collections		-152	-195	-100					
Total Missile procurement, Army (net)	BA O	1,001 2,187	1,046 1,309	594 1,020					
Procurement of weapons and tracked combat vehicles, Army:									
Appropriation, current	051 BA	906	887	920					
Spending authority from offsetting collections	BA	68	86	88					

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	11,860	9,767	9,008	Other procurement, Air Force:				
Appropriation, current	BA		H - 50		Appropriation, current	051 BA	7,560	7,589	7,078
Outlays	O		H - 2	H - 8	Spending authority from offsetting collections	BA	352	435	430
Shipbuilding and conversion, Navy (gross)	BA	6,150	5,434	6,297	Outlays	O	8,405	8,694	8,224
	O	11,860	9,764	9,000	Appropriation, current	BA		A 27	
Total, offsetting collections		- 1,725	- 746	- 712	Outlays	O		A 4	A 6
Total Shipbuilding and conversion, Navy (net)					Other procurement, Air Force (gross)	BA	7,913	8,051	7,508
	BA	4,425	4,688	5,585		O	8,405	8,699	8,230
	O	10,136	9,018	8,288	Total, offsetting collections		- 352	- 435	- 430
Other procurement, Navy:					Total Other procurement, Air Force (net)				
Appropriation, current	051 BA	5,271	2,793	3,319		BA	7,560	7,616	7,078
Spending authority from offsetting collections	BA	31	32	32		O	8,053	8,264	7,800
Outlays	O	6,431	5,029	4,216	Procurement, Defense-wide:				
Other procurement, Navy (gross)	BA	5,302	2,825	3,352	Appropriation, current	051 BA	1,983	1,804	1,745
	O	6,431	5,029	4,216	Spending authority from offsetting collections	BA	117	138	78
Total, offsetting collections		- 31	- 32	- 32	Outlays	O	1,850	2,086	2,019
Total Other procurement, Navy (net)					Procurement, Defense-wide (gross) .	BA	2,100	1,942	1,823
	BA	5,271	2,793	3,319		O	1,850	2,086	2,019
	O	6,401	4,997	4,184	Total, offsetting collections		- 117	- 138	- 78
Coastal defense augmentation:					Total Procurement, Defense-wide (net)				
Outlays	051 O	9				BA	1,983	1,804	1,745
Procurement, Marine Corps:						O	1,733	1,947	1,941
Appropriation, current	051 BA	830	425	555	National guard and reserve equipment:				
Spending authority from offsetting collections	BA	8	9	9	Appropriation, current	051 BA	1,339	1,164	
Outlays	O	1,466	826	693	Outlays	O	1,662	1,436	1,285
Procurement, Marine Corps (gross) .	BA	837	435	564	Defense production act purchases:				
	O	1,466	826	693	Appropriation, current	051 BA		200	
Total, offsetting collections		- 8	- 9	- 9	Outlays	O	13	17	28
Total Procurement, Marine Corps (net)					Chemical agents and munitions destruction, Army:				
	BA	830	425	555	Appropriation, current	051 BA	519	390	575
	O	1,458	817	683	Spending authority from offsetting collections	BA	*	1	1
Aircraft procurement, Air Force:					Outlays	O	351	561	521
Appropriation, current	051 BA	10,013	6,605	6,748	Chemical agents and munitions destruction, Army (gross)	BA	519	391	576
Spending authority from offsetting collections	BA	- 46	100	108		O	351	561	521
Outlays	O	11,393	10,492	10,128	Total, offsetting collections		- *	- 1	- 1
Appropriation, current	BA		H - 106		Total Chemical agents and munitions destruction, Army (net)				
Outlays	O		H - 4	H - 24		BA	519	390	575
Aircraft procurement, Air Force (gross)	BA	9,967	6,599	6,856		O	351	560	521
	O	11,393	10,488	10,103	Procurement of aircraft and missiles, Navy:				
Total, offsetting collections		46	- 100	- 108	Outlays	051 O	- *		
Total Aircraft procurement, Air Force (net)					Total Federal funds Procurement				
	BA	10,013	6,499	6,748		BA	52,789	44,454	43,274
	O	11,438	10,389	9,995		O	69,936	60,814	55,138
Weapons procurement, Air Force:									
Appropriation, current	051 BA	4,230	3,854	4,392	Research, Development, Test, and Evaluation				
Spending authority from offsetting collections	BA	- 49	104	112	<i>Federal funds</i>				
Outlays	O	5,374	4,762	4,293	General and Special Funds:				
Weapons procurement, Air Force (gross)	BA	4,181	3,958	4,504	Research, development, test, and evaluation, Army				
	O	5,374	4,762	4,293	(Department of Defense-Military):				
Total, offsetting collections		49	- 104	- 112	(Appropriation, current)	051 BA	5,847	5,421	5,260
Total Weapons procurement, Air Force (net)					(Spending authority from offsetting collections)	BA	1,478	1,333	1,265
	BA	4,230	3,854	4,392	(Outlays)	O	7,697	6,664	6,450
	O	5,424	4,658	4,181	Research, development, test, and evaluation, Army (gross)	BA	7,325	6,754	6,525
						O	7,697	6,664	6,450

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-1,478	-1,333	-1,265	Total, offsetting collections		-4	-6	-6
Total (Department of Defense-Military) (net)		5,847	5,421	5,260	Total Developmental test and evaluation, Defense (net)		259	232	251
	BA	6,218	5,331	5,185		O	240	220	224
(Health research and training):					Operational test and evaluation, Defense:				
(Appropriation, current)	552 BA	210			Appropriation, current	051 BA	12	11	13
(Outlays)	O		124	67	Outlays	O	23	4	9
Total Research, development, test, and evaluation, Army		6,057	5,421	5,260	Total Federal funds Research, Development, Test, and Evaluation		37,974	34,782	36,225
	BA	6,218	5,454	5,252		O	36,968	35,669	36,121
	O								
Research, development, test, and evaluation, Navy:					Military Construction				
Appropriation, current	051 BA	8,914	8,255	8,935	<i>Federal funds</i>				
Spending authority from offsetting collections	BA	115	218	234	General and Special Funds:				
Outlays	O	9,059	8,824	9,059	Military construction, Army:				
Research, development, test, and evaluation, Navy (gross)		9,029	8,473	9,168	Appropriation, current	051 BA	431	893	691
	BA	9,059	8,824	9,059	Spending authority from offsetting collections	BA	2,022	1,800	1,800
	O				Outlays	O	2,824	2,528	2,557
Total, offsetting collections		-115	-218	-234	Appropriation, current	BA		H - 116	
Total Research, development, test, and evaluation, Navy (net)		8,914	8,255	8,935	Outlays	O		H - 15	H - 43
	BA	8,944	8,606	8,826	Military construction, Army (gross)	BA	2,452	2,577	2,491
	O					O	2,824	2,512	2,514
Research, development, test, and evaluation, Air Force:					Total, offsetting collections		-2,022	-1,800	-1,800
Appropriation, current	051 BA	12,979	12,152	12,349	Total Military construction, Army (net)		431	777	691
Spending authority from offsetting collections	BA	1,807	2,200	2,250		O	802	712	714
Outlays	O	14,145	14,401	14,722	Military construction, Navy:				
Research, development, test, and evaluation, Air Force (gross)		14,786	14,352	14,599	Appropriation, current	051 BA	376	559	320
	BA	14,145	14,401	14,722	Spending authority from offsetting collections	BA	235	321	321
	O				Outlays	O	1,120	1,039	899
Total, offsetting collections		-1,807	-2,200	-2,250	Military construction, Navy (gross)	BA	612	880	642
Total Research, development, test, and evaluation, Air Force (net)		12,979	12,152	12,349		O	1,120	1,039	899
	BA	12,338	12,201	12,472	Total, offsetting collections		-235	-321	-321
	O				Total Military construction, Navy (net)		376	559	320
Research, development, test, and evaluation, Defense-wide:						O	885	718	578
Appropriation, current	051 BA	9,746	8,760	9,417	Military construction, Air Force:				
Reappropriation	BA	7			Appropriation, current	051 BA	718	991	357
Spending authority from offsetting collections	BA	160	266	296	Spending authority from offsetting collections	BA		*	*
Outlays	O	9,364	9,474	9,654	Outlays	O	901	921	842
Appropriation, current	BA		H - 50		Appropriation, current	BA		H - 85	
Outlays	O		H - 24	H - 19	Outlays	O		H - 7	H - 23
Research, development, test, and evaluation, Defense-wide (gross)		9,913	8,976	9,713	Military construction, Air Force (gross)		718	907	358
	BA	9,364	9,451	9,634		O	901	913	819
	O				Total, offsetting collections		-	*	-
Total, offsetting collections		-160	-266	-296	Total Military construction, Air Force (net)		718	906	357
Total Research, development, test, and evaluation, Defense-wide (net)		9,753	8,710	9,417		O	901	913	819
	BA	9,204	9,184	9,338	Military construction, Defense-wide:				
	O				Appropriation, current	051 BA	277	547	482
Developmental test and evaluation, Defense:					Spending authority from offsetting collections	BA	-	*	
Appropriation, current	051 BA	259	232	251	Outlays	O	512	596	517
Spending authority from offsetting collections	BA	4	6	6	Military construction, Defense-wide (gross)		277	547	482
Outlays	O	244	226	230		O	512	596	517
Developmental test and evaluation, Defense (gross)		263	238	257					
	BA	244	226	230					
	O								

(In millions of dollars)

Federal funds

Department of Defense—Military—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-1	-1	-1	Outlays	O	14	222	252
Total Family housing, Defense-wide (net)	BA	28	26	29	Pentagon reservation maintenance revolving fund (gross)	BA	73	222	252
	O	26	28	28		O	14	222	252
Public Enterprise Funds:					Total, offsetting collections		-73	-222	-252
Homeowners assistance fund, Defense:					Total Pentagon reservation maintenance revolving fund (net)	BA			
Appropriation, current	051 BA	133	151	-133		O	-59		
Spending authority from offsetting collections	BA	28	34	91	National defense sealift fund:				
Outlays	O	59	129	183	Appropriation, current	051 BA	2,464	1,541	609
Homeowners assistance fund, De- fense (gross)	BA	161	186	-42	Spending authority from offsetting collections	BA	455	763	735
	O	59	129	183	Outlays	O	524	910	1,095
Total, offsetting collections		-28	-34	-91	National defense sealift fund (gross)	BA	2,919	2,304	1,344
Total Homeowners assistance fund, Defense (net)	BA	133	151	-133		O	524	910	1,095
	O	31	95	92	Total, offsetting collections		-455	-763	-735
Total Federal funds Family Housing	BA	3,941	3,501	3,307	Total National defense sealift fund (net)	BA	2,464	1,541	609
	O	3,255	3,484	3,521		O	69	147	360
					Defense business operations fund:				
Special Foreign Currency Program					Appropriation, current	051 BA	-4,078	1,196	1,169
<i>Federal funds</i>					Spending authority from offsetting collections	BA	58,681	57,765	56,095
General and Special Funds:					Contract authority, permanent	BA	6,317		
Special foreign currency program:					Outlays	O	53,821	61,110	57,538
Outlays	051 O	4			Defense business operations fund (gross)	BA	60,920	58,961	57,264
						O	53,821	61,110	57,538
Revolving and Management Funds					Total, offsetting collections		-58,681	-57,765	-56,095
<i>Federal funds</i>					Total Defense business operations fund (net)	BA	2,239	1,196	1,169
Public Enterprise Funds:						O	-4,860	3,345	1,443
National defense stockpile transaction fund:					Navy management fund:				
Appropriation, current	051 BA	-200	-500	-150	Spending authority from offsetting collections	051 BA	599	631	678
Spending authority from offsetting collections	BA	314	508	199	Outlays	O	626	631	678
Outlays	O	196	8	49	Navy management fund (gross)	BA	599	631	678
National defense stockpile trans- action fund (gross)	BA	114	8	49		O	626	631	678
	O	196	8	49	Total, offsetting collections		-599	-631	-678
Total, offsetting collections		-314	-508	-199	Total Navy management fund (net) .	BA			
Total National defense stockpile transaction fund (net)	BA	-200	-500	-150		O	27		
	O	-118	-500	-150	Army conventional ammunition working capital fund:				
William Langer jewel bearing plant revolving fund:					Spending authority from offsetting collections	051 BA	1,320	938	1,088
Spending authority from offsetting collections	051 BA	4	6	6	Outlays	O	1,514	938	1,088
Outlays	O	5	6	6	Army conventional ammunition working capital fund (gross)	BA	1,320	938	1,088
William Langer jewel bearing plant revolving fund (gross)	BA	4	6	6		O	1,514	938	1,088
	O	5	6	6	Total, offsetting collections		-1,320	-938	-1,088
Total, offsetting collections		-4	-6	-6	Total Army conventional ammunition working capital fund (net)	BA			
Total William Langer jewel bearing plant revolving fund (net)	BA					O	195		
	O	1			Emergency response fund:				
Intragovernmental Funds:					Outlays	051 O	*		
Pentagon reservation maintenance revolving fund:					Total Federal funds Revolving and Management Funds	BA	4,503	2,237	1,628
Spending authority from offsetting collections	051 BA	73	222	252		O	-4,745	2,992	1,653

Department of Defense—Military—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Allowances				
<i>Federal funds</i>				
General and Special Funds:				
General transfer authority outlay allowance:				
Outlays	051 O		350	205
Trust Funds				
<i>Trust funds</i>				
Voluntary separation incentive fund:				
Appropriation, permanent	051 BA	227	65	56
Outlays	O	46	133	160
Department of the Army trust funds:				
Appropriation, permanent	051 BA	*	*	*
Outlays	O	*	*	*
Department of the Navy trust funds:				
Appropriation, permanent	051 BA	23	26	26
Outlays	O	24	26	26
Department of the Air Force general gift fund:				
Appropriation, permanent	051 BA	1	*	*
Outlays	O	2	*	*
National security education trust fund:				
Appropriation, current	051 BA	10	10	14
Outlays	O	8	9	15
National science center gift fund:				
Appropriation, permanent	051 BA	*	*	*
Outlays	O	*	*	*
Foreign national employees separation pay:				
Appropriation, permanent	051 BA	90	85	80
Outlays	O	83	78	69
Department of the Navy trust revolving funds:				
Spending authority from offsetting collections	051 BA	20	26	26
Outlays	O	20	25	26
Department of the Navy trust revolving funds (gross)	BA	20	26	26
	O	20	25	26
Total, offsetting collections		-20	-26	-26
Total Department of the Navy trust revolving funds (net)	BA			
	O	-*	-*	-*
Department of the Air Force trust revolving funds:				
Spending authority from offsetting collections	051 BA	22	6	6
Outlays	O	25	11	11
Department of the Air Force trust revolving funds (gross)	BA	22	6	6
	O	25	11	11

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-22	-6	-6
Total Department of the Air Force trust revolving funds (net)	BA			
	O	3	5	5
Surcharge collections, sales of commissary stores, defense:				
Spending authority from offsetting collections	051 BA	310	298	289
Contract authority, permanent	BA		72	55
Outlays	O	300	379	383
Surcharge collections, sales of commissary stores, defense (gross)	BA	310	370	344
	O	300	379	383
Total, offsetting collections		-310	-298	-289
Total Surcharge collections, sales of commissary stores, defense (net)	BA		72	55
	O	-10	80	94
Total Trust funds Trust Funds	BA	351	259	232
	O	156	332	368
Summary				
Federal funds:				
(As shown in detail above)	BA	268,906	249,682	252,843
	O	280,274	268,127	259,848
Deductions for offsetting receipts:				
Intrafund transactions	051 BA/O		* - 60	
	908 BA/O	* - 13	* - *	* - *
Proprietary receipts from the public	051 BA/O	* - 710	* - 803	* - 815
Offsetting governmental receipts	051 BA/O	* - 63	* - 2	* - 2
Total Federal funds	BA	268,120	248,817	252,026
	O	279,487	267,262	259,031
Trust funds:				
(As shown in detail above)	BA	351	259	232
	O	156	332	368
Interfund transactions	051 BA/O	* - 1,069	* - 110	* - 104
Total Department of Defense—Military	BA	267,402	248,966	252,153
	O	278,574	267,484	259,295

Department of Defense—Civil

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Cemeterial Expenses, Army				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	705 BA	13	13	12
Outlays	O	10	13	12
Corps of Engineers—Civil				
<i>Federal funds</i>				
General and Special Funds:				
General investigations:				
Appropriation, current	301 BA	172	208	148

Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	2	2	2
Outlays	O	170	222	174
Appropriation, current	BA		H - 25	
Outlays	O		H - 15	H - 10
General investigations (gross)	BA	173	184	150
	O	170	207	164
Total, offsetting collections		-2	-2	-2
Total General investigations (net)	BA	172	183	148
	O	168	205	162

Department of Defense—Civil—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Construction, general:				Spending authority from offsetting			
Appropriation, current 301 BA	1,270	1,279	885	collections BA	1	*	1
Spending authority from offsetting				Outlays O	325	389	328
collections BA	309	318	254				
Outlays O	1,308	1,691	1,316	Flood control, Mississippi River and			
Appropriation, current BA		H - 97		tributaries (gross) BA	352	349	321
Outlays O		H - 54	H - 44	Outlays O	325	389	328
Construction, general (gross) BA	1,578	1,500	1,139	Total, offsetting collections -1	-1	- *	-1
Outlays O	1,308	1,638	1,273	Total Flood control, Mississippi			
Total, offsetting collections -309	-309	-318	-254	River and tributaries (net) BA	351	349	320
Total Construction, general (net) BA	1,270	1,182	885	Outlays O	324	388	327
Outlays O	999	1,320	1,019				
Operation and maintenance, general				Permanent appropriations			
(Water resources):				(Water resources):			
(Appropriation, current) 301 BA	1,135	1,171	1,113	(Appropriation, permanent) 301 BA	5	7	7
(Spending authority from offsetting				(Outlays) O	6	5	7
collections) BA	477	529	491	(General purpose fiscal assistance):			
(Outlays) O	1,540	1,847	1,615	(Appropriation, permanent) 806 BA	5	5	5
Operation and maintenance, general				(Outlays) O	6	5	5
(gross) BA	1,612	1,700	1,604	(Outlays for grants to State and			
Outlays O	1,540	1,847	1,615	local governments) O	(6)	(5)	(5)
Total, offsetting collections -477	-477	-529	-491	Total Permanent appropriations BA	10	12	12
Total (Water resources) (net) BA	1,135	1,171	1,113	Outlays O	12	10	12
Outlays O	1,062	1,318	1,124				
(Recreational resources):				Intragovernmental Funds:			
(Appropriation, current) 303 BA	16	18	37	Revolving fund:			
(Outlays) O	16	18	37	Spending authority from offsetting			
Total Operation and maintenance,				collections 301 BA	2,643	2,567	2,590
general BA	1,151	1,189	1,150	Outlays O	2,657	2,567	2,590
Outlays O	1,078	1,336	1,161	Revolving fund (gross) BA	2,643	2,567	2,590
Regulatory program:				Outlays O	2,657	2,567	2,590
Appropriation, current 301 BA	86	92	110	Total, offsetting collections -2,643	-2,643	-2,567	-2,590
Outlays O	88	93	109	Total Revolving fund (net) BA	14		
Flood control and coastal emergencies:				Outlays O			
Appropriation, current 301 BA	130	20	15	Trust funds			
Appropriation, permanent BA		60		Inland waterways trust fund:			
Spending authority from offsetting				Appropriation, current 301 BA	88	122	74
collections BA	122	20	12	Outlays O	75	128	81
Outlays O	175	160	94	Rivers and harbors contributed funds:			
Appropriation, current BA		70		Appropriation, permanent 301 BA	156	206	224
Outlays O		70	70	Outlays O	134	206	224
Flood control and coastal emer-				Harbor maintenance trust fund:			
gencies (gross) BA	252	170	27	Appropriation, current 301 BA	446	500	462
Outlays O	175	195	130	Outlays O	446	500	462
Total, offsetting collections -122	-122	-20	-12	Coastal wetlands restoration trust fund:			
Total Flood control and coastal				Appropriation, permanent 301 BA	33	35	35
emergencies (net) BA	130	150	15	Outlays O	7	36	35
Outlays O	53	175	118	Oil spill research:			
General expenses:				Appropriation, current 301 BA		*	1
Appropriation, current 301 BA	149	148	156	Outlays O		*	1
Spending authority from offsetting							
collections BA	*			Summary			
Outlays O	144	152	155	Account	1993 actual	1994 estimate	1995 estimate
General expenses (gross) BA	149	148	156	Federal funds:			
Outlays O	144	152	155	(As shown in detail above) BA	3,318	3,305	2,796
Total, offsetting collections - *	- *			Outlays O	2,882	3,679	3,063
Total General expenses (net) BA	149	148	156	Deductions for offsetting receipts:			
Outlays O	144	152	155	Proprietary receipts from the public 301 BA/O	J - 5	J - 5	J - 11
Flood control, Mississippi River and tributaries:				Outlays 303 BA/O	J - 20	J - 38	J - 39
Appropriation, current 301 BA	351	349	320	Total Federal funds BA	3,293	3,262	2,746
				Outlays O	2,856	3,636	3,013
				Trust funds:			
				(As shown in detail above) BA	724	863	796
				Outlays O	683	870	803

Department of Defense—Civil—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA/O	<i>J - 165</i>	<i>J - 215</i>	<i>J - 234</i>
Total Trust funds	BA	559	647	562
	O	498	655	569
Total Corps of Engineers—Civil	BA	3,852	3,909	3,308
	O	3,354	4,291	3,582

Military Retirement

Federal funds

General and Special Funds:				
Payment to military retirement fund:				
Appropriation, permanent	054 BA	12,273	11,908	12,564
Outlays	O	12,273	11,908	12,564
Retired pay, Defense:				
Outlays	602 O	- *		
<i>Trust funds</i>				
Military retirement fund:				
Appropriation, permanent	602 BA	25,823	26,513	27,195
Outlays	O	25,708	26,513	27,195

Summary

Account		1993 actual	1994 estimate	1995 estimate
Federal funds:				
(As shown in detail above)	BA	12,273	11,908	12,564
	O	12,273	11,908	12,564
Trust funds:				
(As shown in detail above)	BA	25,823	26,513	27,195
	O	25,708	26,513	27,195
Interfund transactions	054 BA/O	<i>J - 12,273</i>	<i>J - 11,908</i>	<i>J - 12,564</i>
Total Military Retirement	BA	25,823	26,513	27,195
	O	25,708	26,513	27,195

Education Benefits

Trust funds

Education benefits fund:				
Appropriation, permanent	702 BA	182	195	192
Outlays	O	182	195	192

Summary

Account		1993 actual	1994 estimate	1995 estimate
Trust funds:				
(As shown in detail above)	BA	182	195	192
	O	182	195	192
Interfund transactions	702 BA/O	<i>J - 38</i>	<i>J - 81</i>	<i>J - 158</i>
Total Education Benefits	BA	145	115	34
	O	145	115	34

Armed Services Retirement Home

Armed Forces Retirement Home

Trust funds

Soldiers' and airmen's home, operation and maintenance:				
Appropriation, current	705 BA	42	43	44
Spending authority from offsetting collections	BA	*	*	*

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	43	43	44
Soldiers' and airmen's home, operation and maintenance (gross)	BA	42	43	44
	O	43	43	44
Total, offsetting collections		- *	- *	- *
Total Soldiers' and airmen's home, operation and maintenance (net) .	BA	42	43	44
	O	42	43	44
Soldiers' and airmen's home, capital outlays:				
Appropriation, current	705 BA	6	5	2
Outlays	O	3	5	4
United States Naval home — Operation and maintenance:				
Appropriation, current	705 BA	11	11	11
Outlays	O	10	11	11
United States Naval home — Capital program:				
Appropriation, current	705 BA	*	*	*
Outlays	O	1	1	*
Soldiers' and airmen's home revolving fund:				
Spending authority from offsetting collections	705 BA	4	5	5
Outlays	O	5	5	5
Soldiers' and airmen's home revolving fund (gross)	BA	4	5	5
	O	5	5	5
Total, offsetting collections		- 4	- 5	- 5
Total Soldiers' and airmen's home revolving fund (net)	BA	*	- *	*
	O			

Summary

Account		1993 actual	1994 estimate	1995 estimate
Trust funds:				
(As shown in detail above)	BA	59	59	58
	O	57	58	59
Deductions for offsetting receipts:				
Proprietary receipts from the public	705 BA/O	<i>J - 9</i>	<i>J - 10</i>	<i>J - 10</i>
Total Armed Forces Retirement Home	BA	51	50	48
	O	49	49	49

Forest and Wildlife Conservation, Military Reservations

Federal funds

General and Special Funds:				
Forest products program:				
Appropriation, permanent	302 BA	- 2		
Wildlife conservation:				
Appropriation, permanent	303 BA	2	2	3
Outlays	O	2	3	3

Summary

Account		1993 actual	1994 estimate	1995 estimate
Federal funds:				
(As shown in detail above)	BA	1	2	3
	O	2	3	3
Deductions for offsetting receipts:				
Proprietary receipts from the public	302 BA/O	<i>J 2</i>		
	303 BA/O	<i>J - 2</i>	<i>J - 2</i>	<i>J - 3</i>
Total Forest and Wildlife Conservation, Military Reservations	BA	1	*	- *
	O			

Department of Defense—Civil—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Summary				
Federal funds:				
(As shown in detail above)	BA	15,605	15,228	15,375
	O	15,167	15,603	15,642
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA/O	✓ - 5	✓ - 5	✓ - 11
	302 BA/O	✓ 2		
	303 BA/O	✓ - 22	✓ - 40	✓ - 42
Total Federal funds	BA	15,579	15,183	15,322
	O	15,141	15,557	15,589
Trust funds:				
(As shown in detail above)	BA	26,788	27,630	28,240
	O	26,610	27,637	28,248

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA/O	✓ - 165	✓ - 215	✓ - 234
	705 BA/O	✓ - 9	✓ - 10	✓ - 10
Total Trust funds	BA	26,614	27,405	27,996
	O	26,437	27,411	28,004
Interfund transactions	054 BA/O	✓ - 12,273	✓ - 11,908	✓ - 12,564
	702 BA/O	✓ - 38	✓ - 81	✓ - 158
Total Department of Defense—Civil	BA	29,883	30,599	30,596
	O	29,266	30,980	30,872

Department of Education
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Office of Elementary and Secondary Education				
<i>Federal funds</i>				
General and Special Funds:				
Education Reform:				
Appropriation, current	501 BA		155	
Outlays	O		19	104
Outlays for grants to State and local governments	O		(17)	(94)
Appropriation, current	BA			✓ 900
Outlays	O			✓ 108
Outlays for grants to State and local governments	O			✓ (104)
Total Education Reform	BA		155	900
	O		19	212
Education for the disadvantaged:				
Appropriation, current	501 BA	6,709	6,924	10
Spending authority from offsetting collections	BA	36		
Outlays	O	6,651	6,900	6,019
Outlays for grants to State and local governments	O	(6,582)	(6,877)	(5,996)
Appropriation, current	BA			✓ 7,568
Outlays	O			✓ 908
Outlays for grants to State and local governments	O			✓ (907)
Education for the disadvantaged (gross)	BA	6,745	6,924	7,579
	O	6,651	6,900	6,927
Total, offsetting collections		- 36		
Total Education for the disadvantaged (net)	BA	6,709	6,924	7,579
	O	6,615	6,900	6,927
Impact aid:				
Appropriation, current	501 BA	820	798	
Appropriation, permanent	BA	20		
Outlays	O	432	983	249
Outlays for grants to State and local governments	O	(468)	(979)	(245)
Appropriation, current	BA			✓ 750
Outlays	O			✓ 614
Outlays for grants to State and local governments	O			✓ (613)
Total Impact aid	BA	840	798	750
	O	432	983	863
School improvement programs:				
Appropriation, current	501 BA	1,531	1,377	38
Spending authority from offsetting collections	BA	*		

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	2,017	1,645	1,263
Outlays for grants to State and local governments	O	(1,903)	(1,522)	(1,157)
Appropriation, current	BA			✓ 1,681
Outlays	O			✓ 202
Outlays for grants to State and local governments	O			✓ (183)
School improvement programs (gross)	BA	1,531	1,377	1,719
	O	2,017	1,645	1,464
Total, offsetting collections		- *		
Total School improvement programs (net)	BA	1,531	1,377	1,719
	O	2,017	1,645	1,464
Chicago litigation settlement:				
Outlays	501 O	15	18	8
Outlays for grants to State and local governments	O	(15)	(18)	(8)
Indian education:				
Appropriation, current	501 BA	81	84	
Outlays	O	100	82	71
Outlays for grants to State and local governments	O	(91)	(72)	(65)
Appropriation, current	BA			✓ 86
Outlays	O			✓ 13
Outlays for grants to State and local governments	O			✓ (10)
Total Indian education	BA	81	84	86
	O	100	82	84
Educational excellence:				
Appropriation, current	501 BA	- 90		
<i>Trust funds</i>				
National education commission on time and learning — gift:				
Appropriation, permanent	503 BA	*		
Outlays	O			*
Total Federal funds Office of Elementary and Secondary Education	BA	9,071	9,338	11,034
	O	9,180	9,647	9,559
Total Trust funds Office of Elementary and Secondary Education	BA	*		
	O			*

Department of Education—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Office of Bilingual Education and Minority Languages Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Bilingual and immigrant education:				
Appropriation, current	501 BA	226	240	
Outlays	O	125	257	218
Outlays for grants to State and local governments	O	(101)	(209)	(180)
Appropriation, current	BA			254
Outlays	O			30
Outlays for grants to State and local governments	O			(26)
Total Bilingual and immigrant education	BA	226	240	254
	O	125	257	249

Office of Special Education and Rehabilitative Services				
<i>Federal funds</i>				
General and Special Funds:				
Special education:				
Appropriation, current	501 BA	2,966	3,109	3,295
Spending authority from offsetting collections	BA	*		
Outlays	O	2,564	3,604	3,274
Outlays for grants to State and local governments	O	(2,356)	(3,344)	(3,021)
Special education (gross)	BA	2,966	3,109	3,295
	O	2,564	3,604	3,274
Total, offsetting collections		—	—	—
Total Special education (net)	BA	2,966	3,109	3,295
	O	2,564	3,604	3,274
Rehabilitation services and disability research:				
Appropriation, current	506 BA	2,183	2,297	2,362
Spending authority from offsetting collections	BA	2	2	
Outlays	O	1,986	2,399	2,476
Outlays for grants to State and local governments	O	(1,804)	(2,169)	(2,246)
Rehabilitation services and disability research (gross)	BA	2,185	2,299	2,362
	O	1,986	2,399	2,476
Total, offsetting collections		—2	—2	
Total Rehabilitation services and disability research (net)	BA	2,183	2,297	2,362
	O	1,984	2,397	2,476
American printing house for the blind:				
Appropriation, current	501 BA	6	6	7
Outlays	O	8	6	7
Outlays for grants to State and local governments	O	(8)	(6)	(7)
National technical institute for the deaf:				
Appropriation, current	502 BA	41	42	43
Outlays	O	54	42	43
Gallaudet University:				
Appropriation, current	502 BA	78	78	80
Outlays	O	89	78	80
Total Federal funds Office of Special Education and Rehabilitative Services	BA	5,273	5,532	5,787
	O	4,699	6,128	5,880

Account		1993 actual	1994 estimate	1995 estimate
Office of Vocational and Adult Education				
<i>Federal funds</i>				
General and Special Funds:				
Vocational and adult education:				
Appropriation, current	501 BA	1,474	1,481	1,447
Appropriation, permanent	BA	7	7	7
Outlays	O	1,190	1,317	1,373
Outlays for grants to State and local governments	O	(1,133)	(1,251)	(1,303)
Total Vocational and adult education	BA	1,481	1,488	1,455
	O	1,190	1,317	1,373

Office of Postsecondary Education				
<i>Federal funds</i>				
General and Special Funds:				
Student financial assistance:				
Appropriation, current	502 BA	7,917	8,020	7,864
Appropriation, permanent	BA	3	3	3
Outlays	O	7,678	7,421	7,439
Outlays for grants to State and local governments	O	(89)	(79)	(58)
Total Student financial assistance	BA	7,920	8,023	7,867
	O	7,678	7,421	7,439
Higher education:				
Appropriation, current	502 BA	838	894	890
Outlays	O	1,042	881	852
Outlays for grants to State and local governments	O	(30)	(26)	(33)
Howard University:				
Appropriation, current	502 BA	194	193	193
Outlays	O	264	208	196
Higher education facilities loans:				
Spending authority from offsetting collections	502 BA	9	8	7
Outlays	O	6	2	3
Higher education facilities loans (gross)	BA	9	8	7
	O	6	2	3
Total, offsetting collections		—9	—8	—7
Total Higher education facilities loans (net)	BA	—3	—6	—5
	O			

Public Enterprise Funds:				
College housing loans:				
Spending authority from offsetting collections	502 BA	59	49	49
Outlays	O	18	24	17
College housing loans (gross)	BA	59	49	49
	O	18	24	17
Total, offsetting collections		—59	—49	—49
Total College housing loans (net)	BA	—42	—26	—32
	O			

Credit Accounts:				
Federal direct loan demonstration program, program account:				
Appropriation, permanent	502 BA	10	298	694
Limitation on mandatory administrative expenses		(10)	(260)	(345)
Outlays	O	10	154	474
Federal family education loan program account:				
Appropriation, current	502 BA	2,770	2,534	65
Appropriation, permanent	BA			1,844

Department of Education—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	2,352	2,464	1,906	Total, offsetting collections		-3		
Total Federal family education loan program account	BA O	2,770 2,352	2,534 2,464	1,909 1,906	Total Education research, statistics, and improvement (net)	BA O	280 232	293 316	320 308
Federal family education loan liquidating account:					Libraries:				
Appropriation, permanent	502 BA	3,085	1,587	786	Appropriation, current	503 BA	146	146	103
Spending authority from offsetting collections	BA	1,099	1,624	1,586	Spending authority from offsetting collections	BA	*		
Outlays	O	4,332	3,102	2,498	Outlays	O	181	166	143
Federal family education loan liq- uidating account (gross)	BA O	4,184 4,332	3,211 3,102	2,372 2,498	Outlays for grants to State and local governments	O	(159)	(147)	(132)
Total, offsetting collections		-1,129	-3,654	-1,616	Libraries (gross)	BA O	146 181	146 166	103 143
Total Federal family education loan liquidating account (net)	BA O	3,055 3,203	-443 -552	756 882	Total, offsetting collections		-*		
College housing and academic facilities program ac- count:					Total Libraries (net)	BA O	146 181	146 166	103 143
Appropriation, current	502 BA	4	1	1	Total Federal funds Office of Edu- cational Research and Improve- ment	BA O	426 413	439 483	423 451
Limitations on direct loan activity	O	(29)	1	4					
Outlays	O	1	1	4					
College housing and academic facilities loans liquidat- ing account:									
Appropriation, permanent	502 BA		6	5					
Spending authority from offsetting collections	BA	7	9	16					
Outlays	O	20	42	28					
College housing and academic fa- cilities loans liquidating account (gross)	BA O	7 20	15 42	22 28					
Total, offsetting collections		-7	-9	-16					
Total College housing and academic facilities loans liquidating account (net)	BA O		6 34	5 12					
Historically Black College and University Capital Fi- nancing — program account:									
Appropriation, current	502 BA		*	*					
Limitation of guaranteed loan com- mitment	O		(357)	*					
Outlays	O		*	*					
Total Federal funds Office of Post- secondary Education	BA O	14,791 14,518	11,506 10,578	12,315 11,728					
Office of Educational Research and Improvement					Departmental Management				
<i>Federal funds</i>					<i>Federal funds</i>				
General and Special Funds:					General and Special Funds:				
Education research, statistics, and improvement:					Program administration:				
Appropriation, current	503 BA	280	293		Appropriation, current	503 BA	305	352	368
Spending authority from offsetting collections	BA	3			Spending authority from offsetting collections	BA	90	63	131
Outlays	O	235	316	210	Outlays	O	361	428	501
Outlays for grants to State and local governments	O	(29)	(32)	(28)	Program administration (gross)	BA O	395 361	415 428	498 501
Appropriation, current	BA			320	Total, offsetting collections		-90	-63	-131
Outlays	O			98	Total Program administration (net) ..	BA O	305 271	352 365	368 371
Outlays for grants to State and local governments	O			(*)					
Education research, statistics, and improvement (gross)	BA O	283 235	293 316	320 308	Office for Civil Rights:				
					Appropriation, current	751 BA	56	57	62
					Spending authority from offsetting collections	BA	*		
					Outlays	O	52	74	59
					Office for Civil Rights (gross)	BA O	56 52	57 74	62 59
					Total, offsetting collections		-*		
					Total Office for Civil Rights (net)	BA O	56 52	57 74	62 59
					Office of the Inspector General:				
					Appropriation, current	751 BA	29	29	32
					Spending authority from offsetting collections	BA	*	*	
					Outlays	O	30	30	31
					Office of the Inspector General (gross)	BA O	29 30	29 30	32 31
					Total, offsetting collections		-*	-*	
					Total Office of the Inspector General (net)	BA O	29 30	29 30	32 31
					<i>Trust funds</i>				
					Contributions:				
					Appropriation, permanent	503 BA	*	*	

Department of Education—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	— *	— *	*	Deductions for offsetting receipts:				
Total Federal funds Departmental Management	BA	391	437	461	Proprietary receipts from the public	502 BA/O	J — 188	J — 142	J — 44
	O	353	469	461	Total Federal funds	BA	31,471	28,839	31,684
Total Trust funds Departmental Management	BA	*	*	*		O	30,290	28,738	29,657
	O	— *	— *	*	Trust funds:				
					(As shown in detail above)	BA	*	*	*
						O	— *	— *	*
					Total Department of Education	BA	31,471	28,839	31,684
						O	30,290	28,738	29,657

Summary

Federal funds:				
(As shown in detail above)	BA	31,659	28,981	31,728
	O	30,478	28,880	29,701

Department of Energy

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Atomic Energy Defense Activities					Energy Programs				
<i>Federal funds</i>					<i>Federal funds</i>				
General and Special Funds:					General and Special Funds:				
Weapons activities					General science and research activities:				
(Atomic energy defense activities):					Appropriation, current	251 BA	1,406	1,615	1,113
(Appropriation, current)	053 BA	4,496	3,595	3,272	Outlays	O	1,436	1,633	1,067
(Spending authority from offsetting collections)	BA	1,538	1,800	1,800	Energy supply, R&D activities:				
(Outlays)	O	5,832	5,805	5,169	Appropriation, current	271 BA	3,041	3,224	3,330
Weapons activities (gross)	BA	6,034	5,395	5,072	Spending authority from offsetting collections	BA	358	1,500	1,500
	O	5,832	5,805	5,169	Outlays	O	3,207	4,603	4,742
Total, offsetting collections		— 1,538	— 1,800	— 1,800	Appropriation, current	BA		H — 107	
Total (Atomic energy defense activities) (net)	BA	4,496	3,595	3,272	Outlays	O		H — 48	H — 43
	O	4,294	4,005	3,369	Energy supply, R&D activities (gross)	BA	3,399	4,617	4,830
(General science and basic research):						O	3,207	4,555	4,699
(Appropriation, current)	251 BA	64			Total, offsetting collections		— 358	— 1,500	— 1,500
(Outlays)	O	45	19		Total Energy supply, R&D activities (net)	BA	3,041	3,117	3,330
Total Weapons activities	BA	4,561	3,595	3,272		O	2,850	3,055	3,199
	O	4,339	4,025	3,369	Uranium supply and enrichment activities:				
Defense environmental restoration and waste management:					Appropriation, current	271 BA	437	177	63
Appropriation, current	053 BA	4,828	5,182	5,235	Spending authority from offsetting collections	BA	849	70	10
Outlays	O	4,235	4,833	5,035	Outlays	O	1,053	357	122
Materials support and other Defense programs:					Appropriation, current	BA		H — 42	
Appropriation, current	053 BA	2,621	1,964	1,944	Outlays	O		H — 42	
Spending authority from offsetting collections	BA	400	100	40	Uranium supply and enrichment activities (gross)	BA	1,285	205	73
Outlays	O	2,779	2,370	1,990		O	1,053	315	122
Materials support and other Defense programs (gross)	BA	3,021	2,064	1,984	Total, offsetting collections		— 849	— 70	— 10
	O	2,779	2,370	1,990	Total Uranium supply and enrichment activities (net)	BA	437	135	63
Total, offsetting collections		— 400	— 100	— 40		O	204	245	112
Total Materials support and other Defense programs (net)	BA	2,621	1,964	1,944	Fossil energy research and development:				
	O	2,379	2,270	1,950	Appropriation, current	271 BA	414	431	469
Defense nuclear waste disposal:					Outlays	O	411	426	443
Appropriation, current	053 BA	100	120	129	Naval petroleum and oil shale reserves:				
Outlays	O	96	60	125	Appropriation, current	271 BA	236	215	199
Total Federal funds Atomic Energy Defense Activities	BA	12,110	10,861	10,580	Outlays	O	201	227	213
	O	11,049	11,187	10,479	Energy conservation:				
					Appropriation, current	272 BA	561	673	961
					Spending authority from offsetting collections	BA	16	18	17
					Outlays	O	536	604	760

Department of Energy—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays for grants to State and local governments	O	(223)	(221)	(255)	Outlays	O	2	2	2
Energy conservation (gross)	BA	576	690	978	Outlays for grants to State and local governments	O	(2)	(2)	(2)
	O	536	604	760	Nuclear waste disposal fund:				
Total, offsetting collections		-16	-18	-17	Appropriation, current	271 BA	275	260	255
Total Energy conservation (net)	BA	561	673	961	Outlays	O	262	268	257
	O	521	586	743	Appropriation, current	BA			^B 148
Strategic petroleum reserve					Outlays	O			^B 74
(Emergency energy preparedness):					Total Nuclear waste disposal fund ...	BA	275	260	403
(Appropriation, current)	274 BA	177	207	244		O	262	268	331
(Outlays)	O	192	194	224	Uranium enrichment decontamination and decommissioning fund:				
Total Strategic petroleum reserve ...	BA	177	207	244	Appropriation, current	271 BA		286	301
	O	192	194	224	Outlays	O		177	275
SPR petroleum account					Public Enterprise Funds:				
(Defense-related activities):					Isotope production and distribution program fund:				
(Appropriation, current)	054 BA	126			Appropriation, current	271 BA		4	7
(Outlays)	O	115	10		Authority to borrow, current	BA	5		
(Emergency energy preparedness):					Spending authority from offsetting collections	BA	13	12	12
(Appropriation, current)	274 BA	-126		-108	Outlays	O	18	16	19
(Outlays)	O	137	76	9	Isotope production and distribution program fund (gross)	BA	18	16	19
Total SPR petroleum account	BA	-1		-108		O	18	16	19
	O	252	85	9	Total, offsetting collections		-13	-12	-12
Energy information administration:					Total Isotope production and distribution program fund (net)	BA	5	4	7
Appropriation, current	276 BA	82	87	85		O	5	4	7
Outlays	O	79	84	85	<i>Trust funds</i>				
Emergency preparedness:					Advances for cooperative work:				
Appropriation, current	274 BA	9	9	8	Appropriation, permanent	271 BA	24	14	12
Outlays	O	8	9	8	Outlays	O	46	14	12
Economic regulation:					Total Federal funds Energy Programs	BA	6,811	7,434	7,292
Appropriation, current	276 BA	14	13	12		O	6,690	7,490	7,181
Outlays	O	13	13	13	Total Trust funds Energy Programs .	BA	24	14	12
Federal Energy Regulatory Commission:						O	46	14	12
Appropriation, current	276 BA	159	165	167	Power Marketing Administration				
Outlays	O	142	164	167	<i>Federal funds</i>				
Geothermal resources development fund:					General and Special Funds:				
Appropriation, current	271 BA		-4		Operation and maintenance, Alaska Power Administration:				
Spending authority from offsetting collections	BA	*			Appropriation, current	271 BA	4	4	6
Outlays	O	*			Spending authority from offsetting collections	BA	*	1	1
Geothermal resources development fund (gross)	BA	*	-4		Outlays	O	4	4	6
	O	*			Operation and maintenance, Alaska Power Administration (gross)	BA	4	5	7
Total, offsetting collections		-*				O	4	4	6
Total Geothermal resources development fund (net)	BA		-4		Total, offsetting collections		-*	-1	-1
	O	-*			Total Operation and maintenance, Alaska Power Administration (net)	BA	4	4	6
Clean coal technology:						O	3	4	6
Appropriation, current	271 BA	-525	-175	-338	Operation and maintenance, Southeastern Power Administration:				
Advance appropriation	BA	525	400	375	Appropriation, current	271 BA	32	30	22
Outlays	O	118	320	288	Spending authority from offsetting collections	BA	9	9	9
Total Clean coal technology	BA		225	37	Outlays	O	32	39	32
	O	118	320	288	Operation and maintenance, Southeastern Power Administration (gross)	BA	42	39	32
Alternative fuels production:						O	32	39	32
Outlays	271 O	*							
Alternative fuels production (gross)	O	*							
Total, offsetting collections		-7	-5	-4					
Total Alternative fuels production (net)	BA	-7	-5	-4					
	O	-7	-5	-4					
Payments to States under Federal Power Act:									
Appropriation, permanent	806 BA	2	2	2					

Department of Energy—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 9	- 9	- 9	Outlays	O	78	126	127
Total Operation and maintenance, Southeastern Power Administra- tion (net)	BA O	32 23	30 30	22 23	Colorado river basins power market- ing fund, Western Area Power Administration (gross)	BA O	94 78	136 126	137 127
Operation and maintenance, Southwestern Power Ad- ministration:					Total, offsetting collections		- 94	- 136	- 137
Appropriation, current	271 BA	22	34	21	Total Colorado river basins power marketing fund, Western Area Power Administration (net)	BA O	- 16	- 10	- 10
Spending authority from offsetting collections	BA	3	6	4	Total Federal funds Power Market- ing Administration	BA O	737 1,109	402 446	479 455
Outlays	O	33	35	30					
Operation and maintenance, South- western Power Administration (gross)	BA O	24 33	39 35	25 30					
Total, offsetting collections		- 3	- 6	- 4					
Total Operation and maintenance, Southwestern Power Administra- tion (net)	BA O	22 30	34 29	21 26					
Construction, rehabilitation, operation and maintenance, Western Area Power Administration:									
Appropriation, current	271 BA	333	285	274					
Spending authority from offsetting collections	BA	69	131	139					
Outlays	O	490	442	419					
Construction, rehabilitation, oper- ation and maintenance, Western Area Power Administration (gross)	BA O	402 490	416 442	413 419					
Total, offsetting collections		- 69	- 131	- 139					
Total Construction, rehabilitation, oper- ation and maintenance, West- ern Area Power Administration (net)	BA O	333 420	285 312	274 280					
Emergency fund, Western Area Power Administration:									
Appropriation, permanent	271 BA	7	*						
Outlays	O	7							
Public Enterprise Funds:									
Bonneville Power Administration fund:									
Authority to borrow, permanent	271 BA	586	397	456					
Spending authority from offsetting collections	BA	2,491	3,056	3,086					
Outlays	O	3,379	3,485	3,517					
Bonneville Power Administration fund (gross)	BA O	3,078 3,379	3,453 3,485	3,542 3,517					
Total, offsetting collections		- 2,738	- 3,403	- 3,387					
Total Bonneville Power Administra- tion fund (net)	BA O	340 641	50 82	155 130					
Colorado river basins power marketing fund, Western Area Power Administration:									
Spending authority from offsetting collections	271 BA	94	136	137					

Departmental Administration

Federal funds

General and Special Funds:									
Departmental administration:									
Appropriation, current	276 BA		81	234	238				
Spending authority from offsetting collections	BA		377	167	161				
Outlays	O		466	421	403				
Departmental administration (gross)	BA		457	401	399				
	O		466	421	403				
Total, offsetting collections			- 377	- 167	- 161				
Total Departmental administration (net)	BA O		81 89	234 254	238 241				
Office of the Inspector General:									
Appropriation, current	276 BA		30	30	26				
Outlays	O		31	30	28				
Special foreign currency program:									
Outlays	271 O		*						
Total Federal funds Departmental Administration	BA O		111 121	265 285	264 269				

Summary

Federal funds:									
(As shown in detail above)	BA		19,769	18,962	18,616				
	O		18,968	19,408	18,385				
Deductions for offsetting receipts:									
Intrafund transactions	271 BA/O			J - 130	J - 208				
	908 BA/O		J - 296	J - 288	J - 330				
Proprietary receipts from the public	271 BA/O		J - 1,593	J - 1,620	J - 2,005				
	276 BA/O		J - 1						
Offsetting governmental receipts	276 BA/O		J - 159	J - 165	J - 167				
Total Federal funds	BA O		17,721 16,919	16,760 17,206	15,907 15,676				
Trust funds:									
(As shown in detail above)	BA		24	14	12				
	O		46	14	12				
Deductions for offsetting receipts:									
Proprietary receipts from the public	271 BA/O		J - 24	J - 14	J - 12				
Total Trust funds	BA O		- *						
			22						
Total Department of Energy	BA O		17,721 16,942	16,760 17,206	15,907 15,676				

Department of Health and Human Services, except Social Security
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Health Programs				Total, offsetting collections	- 10	- 11	- 11
Public Health Service				Total (Health research and training) (net)	BA O	271 254	288 272
Food and Drug Administration				Total Health Resources and Services	BA O	2,576 2,248	2,921 2,593
<i>Federal funds</i>							3,014 2,825
General and Special Funds:				Health centers malpractice claims:			
Salaries and expenses:				Appropriation, current	551 BA	1	5
Appropriation, current	554 BA	782	870	Outlays	O		6
Appropriation, permanent	BA	*	*				
Spending authority from offsetting collections	BA	39	68	Vaccine injury compensation:			
Outlays	O	773	970	Appropriation, current	551 BA	110	110
Appropriation, current	BA		42	Outlays	O	123	105
Outlays	O		42				
Salaries and expenses (gross)	BA	821	940	Public Enterprise Funds:			
	O	773	972	Health loan funds			
Total, offsetting collections		- 39	- 68	(Health care services):			
Total Salaries and expenses (net) ...	BA	782	873	(Appropriation, current)	551 BA	11	9
	O	734	904	(Spending authority from offsetting collections)	BA	7	15
				(Outlays)	O	1	10
				Health loan funds (gross)	BA	18	24
					O	1	10
				Total, offsetting collections		- 7	- 15
				Total (Health care services) (net) ...	BA	11	9
					O	- 6	- 5
				Total Health loan funds	BA	11	9
					O	- 6	- 5
				Credit Accounts:			
				Health professions graduate student loan insurance program account:			
				Appropriation, current	552 BA	3	3
				Appropriation, permanent	BA	32	27
				Limitation on loan guarantee commitments		(340)	(375)
				Outlays	O	34	30
				Total Health professions graduate student loan insurance program account	BA	35	30
					O	34	30
				Health professions graduate student loan insurance fund liquidating account:			
				Appropriation, permanent	552 BA	48	41
				Spending authority from offsetting collections	BA	12	13
				Outlays	O	59	64
				Health professions graduate student loan insurance fund liquidating account (gross)	BA	60	54
					O	59	64
				Total, offsetting collections		- 12	- 13
				Total Health professions graduate student loan insurance fund liquidating account (net)	BA	48	41
					O	46	51
				<i>Trust funds</i>			
				Vaccine injury compensation program trust fund:			
				Appropriation, current	551 BA	22	77
							63

Department of Health and Human Services, except Social Security—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	21	77	63
Total Federal funds Health Resources and Services Administration	BA	2,780	3,116	3,219
	O	2,446	2,780	3,012
Total Trust funds Health Resources and Services Administration	BA	22	77	63
	O	21	77	63

Indian Health Services
Federal funds

General and Special Funds:

Indian Health Services:

Appropriation, current	551 BA	1,530	1,646	1,571
Spending authority from offsetting collections	BA	175	190	276
Outlays	O	1,671	1,806	1,801
Indian Health Services (gross)	BA	1,705	1,836	1,848
	O	1,671	1,806	1,801
Total, offsetting collections		- 175	- 190	- 276
Total Indian Health Services (net) ..	BA	1,530	1,646	1,571
	O	1,495	1,616	1,524

Indian health facilities:

Appropriation, current	551 BA	334	297	125
Reappropriation	BA	- *		
Appropriation, permanent	BA	4	4	4
Spending authority from offsetting collections	BA	*		
Outlays	O	247	333	280
Indian health facilities (gross)	BA	338	301	129
	O	247	333	280
Total, offsetting collections		- *		
Total Indian health facilities (net) ..	BA	338	301	129
	O	246	333	280
Total Federal funds Indian Health Services	BA	1,868	1,947	1,700
	O	1,742	1,949	1,804

Centers for Disease Control and Prevention

Federal funds

General and Special Funds:

Disease control, research, and training

(Health care services):

(Appropriation, current)	551 BA	1,499	1,868	1,795
(Spending authority from offsetting collections)	BA	90	108	108
(Outlays)	O	1,346	1,675	1,833
(Outlays for grants to State and local governments)	O	(355)	(591)	(608)

Disease control, research, and training (gross)	BA	1,588	1,976	1,903
	O	1,346	1,675	1,833

Total, offsetting collections		- 90	- 108	- 108
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Total (Health care services) (net)	BA	1,499	1,868	1,795
	O	1,257	1,566	1,725

(Health research and training):

(Appropriation, current)	552 BA	164	183	188
(Appropriation, permanent)	BA	2	1	1
(Spending authority from offsetting collections)	BA	40	48	48

(Outlays)	O	197	207	224
Disease control, research, and training (gross)	BA	1,704	2,100	2,032
	O	1,453	1,774	1,950
Total, offsetting collections		- 40	- 48	- 48
Total (Health research and training) (net)	BA	165	184	189
	O	156	159	176
Total Disease control, research, and training	BA	1,664	2,052	1,984
	O	1,413	1,725	1,901
Total Federal funds Centers for Disease Control and Prevention	BA	1,664	2,052	1,984
	O	1,413	1,725	1,901

National Institutes of Health

Federal funds

General and Special Funds:

National Institutes of Health:

Appropriation, current	552 BA	10,326	10,956	11,473
Appropriation, permanent	BA	9	9	9
Spending authority from offsetting collections	BA	288	296	296
Outlays	O	9,830	10,556	11,314
National Institutes of Health (gross) ..	BA	10,622	11,261	11,778
	O	9,830	10,556	11,314
Total, offsetting collections		- 288	- 296	- 296
Total National Institutes of Health (net)	BA	10,335	10,965	11,482
	O	9,543	10,261	11,018

Substance Abuse and Mental Health Services Administration

Federal funds

General and Special Funds:

Substance abuse and mental health services

(Health care services):

(Appropriation, current)	551 BA	2,039	2,150	2,434
(Spending authority from offsetting collections)	BA	39	43	45
(Outlays)	O	2,033	2,133	2,259
(Outlays for grants to State and local governments)	O	(1,994)	(2,089)	(2,214)

Substance abuse and mental health services (gross)	BA	2,078	2,194	2,479
	O	2,033	2,133	2,259

Total, offsetting collections		- 39	- 43	- 45
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Total (Health care services) (net)	BA	2,039	2,150	2,434
	O	1,994	2,089	2,214

(Health research and training):

(Outlays)	552 O	672	342	104
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Total Substance abuse and mental health services	BA	2,039	2,150	2,434
	O	2,667	2,432	2,318

Total Federal funds Substance Abuse and Mental Health Services Administration	BA	2,039	2,150	2,434
	O	2,667	2,432	2,318

Department of Health and Human Services, except Social Security—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
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Agency for Health Care Policy and Research				
<i>Federal funds</i>				
General and Special Funds:				
Health care policy and research:				
Appropriation, current	552 BA	109	135	104
Spending authority from offsetting collections	BA	24	24	74
Outlays	O	111	138	197
Health care policy and research (gross)	BA	133	159	178
	O	111	138	197
Total, offsetting collections		-24	-24	-74
Total Health care policy and research (net)	BA	109	135	104
	O	88	114	123

Assistant Secretary for Health				
<i>Federal funds</i>				
General and Special Funds:				
Public health service management (Health care services):				
(Appropriation, current)	551 BA	56	70	70
(Spending authority from offsetting collections)	BA	53	53	54
(Outlays)	O	88	107	117
Public health service management (gross)	BA	109	123	124
	O	88	107	117
Total, offsetting collections		-53	-53	-54
Total (Health care services) (net)	BA	56	70	70
	O	36	54	62
(Health research and training):				
(Outlays)	552 O	15	1	*
Total Public health service management	BA	56	70	70
	O	50	55	62
Retirement pay and medical benefits for commissioned officers:				
Appropriation, current	551 BA	141	153	159
Outlays	O	132	146	153
Health activities funds (Health care services):				
(Appropriation, current)	551 BA	6		
(Outlays)	O	3	3	
(Health research and training):				
(Outlays)	552 O	-3	1	1
Total Health activities funds	BA	6		
	O	*	4	1
Intragovernmental Funds:				
Service, supply, and other funds (Health care services):				
(Spending authority from offsetting collections)	551 BA	142	143	186
(Outlays)	O	156	143	186
Service, supply, and other funds (gross)	BA	142	143	186
	O	156	143	186
Total, offsetting collections		-142	-143	-186
Total (Health care services) (net)	BA			
	O	14		

(Health research and training):				
(Spending authority from offsetting collections)				
(Outlays)	552 BA	664	726	743
	O	661	717	743
Service, supply, and other funds (gross)	BA	664	726	743
	O	675	717	743
Total, offsetting collections		-664	-726	-743
Total (Health research and training) (net)	BA			
	O	-2	-8	
Total Service, supply, and other funds	BA			
	O	12	-8	

<i>Trust funds</i>				
Miscellaneous trust funds:				
Appropriation, permanent	551 BA	46	46	46
Outlays	O	27	33	38
Total Federal funds Assistant Secretary for Health	BA	204	223	229
	O	194	196	216
Total Trust funds Assistant Secretary for Health	BA	46	46	46
	O	27	33	38
Total Federal funds Public Health Service	BA	19,780	21,462	21,799
	O	18,825	20,362	21,082
Total Trust funds Public Health Service	BA	68	123	109
	O	48	111	100

Other Health Programs				
<i>Health Care Financing Administration</i>				
<i>Federal funds</i>				
General and Special Funds:				
Grants to States for Medicaid:				
Appropriation, current	551 BA	65,496	64,477	62,638
Advance appropriation	BA	17,100	24,600	26,600
Outlays	O	75,774	87,156	96,388
Outlays for grants to State and local governments	O	(75,774)	(87,156)	(96,388)
Appropriation, current	BA			P - 15
Outlays	O			P - 15
Outlays for grants to State and local governments	O			P (-15)
Total Grants to States for Medicaid	BA	82,596	89,077	89,223
	O	75,774	87,156	96,373
Payments to health care trust funds:				
Appropriation, current	571 BA	45,963	45,731	37,547
Appropriation, permanent	BA	11	1,646	4,197
Outlays	O	44,721	40,388	41,744
Appropriation, current	BA			O - 2,056
Outlays	O			O - 2,056
Total Payments to health care trust funds	BA	45,973	47,377	39,688
	O	44,721	40,388	39,688
Program management (Health care services):				
(Spending authority from offsetting collections)	551 BA	2,066	2,149	2,174
(Outlays)	O	2,169	2,149	2,174
(Appropriation, current)	BA		15	

Department of Health and Human Services, except Social Security—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
(Outlays)	O		15		Outlays	O		P - 150	P - 1,920
Program management (gross)	BA	2,066	2,164	2,174	Total Federal supplementary medi-				
	O	2,169	2,164	2,174	cal insurance trust fund	BA	49,735	58,395	64,256
Total, offsetting collections		-2,066	-2,149	-2,174		O	54,254	58,340	64,224
Total (Health care services) (net)	BA		15		Total Federal funds Health Care Fi-				
	O	103	15		ancing Administration	BA	128,583	136,470	128,926
(Health research and training):						O	120,592	127,555	136,060
(Spending authority from offsetting					Total Trust funds Health Care Fi-				
collections)	552 BA	68	86	69	ancing Administration	BA	138,810	161,174	176,189
(Outlays)	O	69	86	69		O	145,858	161,232	176,282
Program management (gross)	BA	68	101	69	Total Federal funds Health Pro-				
	O	173	101	69	grams	BA	148,363	157,931	150,724
Total, offsetting collections		-68	-86	-69		O	139,417	147,917	157,142
Total (Health research and training)					Total Trust funds Health Programs ..	BA	138,878	161,297	176,298
(net)	BA					O	145,906	161,343	176,382
	O	1							
Total Program management	BA		15		Social Security Administration				
	O	104	15		<i>Federal funds</i>				
Public Enterprise Funds:					General and Special Funds:				
Health maintenance organization loan and loan guar-					Payments to social security trust funds:				
antee fund:					Appropriation, current	651 BA	45	28	25
Appropriation, current	551 BA	14		15	Appropriation, permanent	BA	6,203	5,762	6,614
Spending authority from offsetting					Outlays	O	6,236	5,796	6,639
collections	BA	18	8	6	Total Payments to social security				
Outlays	O	10	4	6	trust funds	BA	6,248	5,790	6,639
Health maintenance organization						O	6,236	5,796	6,639
loan and loan guarantee fund					Special benefits for disabled coal miners:				
(gross)	BA	31	8	21	Appropriation, current	601 BA	602	575	528
	O	10	4	6	Advance appropriation	BA	198	196	190
Total, offsetting collections		-18	-8	-6	Spending authority from offsetting				
Total Health maintenance organiza-					collections	BA	*	1	1
tion loan and loan guarantee fund					Outlays	O	801	779	725
(net)	BA	14		15	Special benefits for disabled coal				
	O	-8	-4	-*	miners (gross)	BA	800	772	718
						O	801	779	725
<i>Trust funds</i>					Total, offsetting collections		-*	-1	-1
Federal hospital insurance trust fund:					Total Special benefits for disabled				
Appropriation, permanent	571 BA	89,076	102,779	112,133	coal miners (net)	BA	800	771	718
Administrative expenses: Program						O	801	778	724
management		(698)	(744)	(735)	Supplemental security income program:				
Administrative expenses: Social Se-					Appropriation, current	609 BA	17,328	20,184	21,105
curity Administration		(387)	(395)	(417)	Advance appropriation	BA	5,240	7,150	6,770
Administrative expenses: Other		(79)	(37)	(70)	Spending authority from offsetting				
Outlays	O	91,604	102,892	112,258	collections	BA	3,298	3,545	3,215
Appropriation, permanent	BA			P - 200	Administrative expenses: Social Se-				
Outlays	O			P - 200	curity Administration		(1,476)	(1,791)	(2,362)
Total Federal hospital insurance					Outlays	O	25,941	30,251	31,670
trust fund	BA	89,076	102,779	111,933	Appropriation, current	BA			B - 18
	O	91,604	102,892	112,058	Outlays	O			B - 18
Federal supplementary medical insurance trust fund:					Supplemental security income pro-				
Appropriation, permanent	571 BA	49,735	58,545	66,176	gram (gross)	BA	25,866	30,879	31,072
Administrative expenses: Program						O	25,941	30,251	31,652
management		(1,401)	(1,461)	(1,456)	Total, offsetting collections		-3,298	-3,545	-3,215
Administrative expenses: Social Se-					Total Supplemental security income				
curity Administration		(296)	(302)	(318)	program (net)	BA	22,568	27,334	27,857
Administrative expenses: Other		(28)	(22)	(22)		O	22,642	26,706	28,437
Outlays	O	54,254	58,490	66,144	Total Federal funds Social Security				
Appropriation, permanent	BA		P - 150	P - 1,920	Administration	BA	29,616	33,895	35,214
						O	29,679	33,280	35,800

Department of Health and Human Services, except Social Security—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Administration for Children and Families					Outlays for grants to State and local governments				
<i>Federal funds</i>					O (2,785) (2,877) (3,240)				
General and Special Funds:					Social services block grant (gross) ..				
Family support payments to States:					BA 2,805 3,800 2,800				
Appropriation, current					O 2,790 2,877 3,240				
Advance appropriation					Total, offsetting collections				
Outlays					- 5				
Outlays for grants to State and local governments					Total Social services block grant (net)				
O (15,628) (16,413) (16,921)					BA 2,800 3,800 2,800				
Total Family support payments to States					O 2,785 2,877 3,240				
BA 15,695 16,173 16,962					Children and families services programs:				
O 15,628 16,413 16,921					Appropriation, current				
Low income home energy assistance:					506 BA 3,659 4,237 4,913				
Appropriation, current					Spending authority from offsetting collections				
609 BA 1,346					BA 3 8 8				
Advance appropriation					O 3,435 4,143 4,449				
Outlays					Outlays for grants to State and local governments				
O 1,068 2,076 791					O (3,191) (3,856) (4,149)				
Outlays for grants to State and local governments					Children and families services programs (gross)				
O (1,067) (2,075) (791)					BA 3,662 4,245 4,920				
Total Low income home energy assistance					O 3,435 4,143 4,449				
BA 1,346 1,437 730					Total, offsetting collections				
O 1,068 2,076 791					- 3 - 8 - 8				
Refugee and entrant assistance:					Total Children and families services programs (net)				
Appropriation, current					BA 3,659 4,237 4,913				
609 BA 381 400 414					O 3,432 4,135 4,441				
Outlays					Payments to states for foster care and adoption assistance:				
O 360 378 399					Appropriation, current				
Outlays for grants to State and local governments					506 BA 2,924 2,993 3,441				
O (327) (345) (364)					O 2,636 3,000 3,362				
Community services block grant:					Outlays for grants to State and local governments				
Appropriation, current					O (2,636) (3,000) (3,362)				
506 BA 441 464 435					Payments to States from receipts for child support:				
Spending authority from offsetting collections					Outlays				
BA *					609 O *				
Outlays					Outlays for grants to State and local governments				
O 423 475 465					O (*) (*)				
Outlays for grants to State and local governments					<i>Trust funds</i>				
O (423) (475) (465)					Gifts and contributions:				
Community services block grant (gross)					Outlays				
BA 441 464 435					506 O *				
O 423 475 465					Total Federal funds Administration for Children and Families				
Total, offsetting collections					BA 29,465 32,370 32,477				
- *					O 27,798 31,941 32,063				
Total Community services block grant (net)					Total Trust funds Administration for Children and Families				
BA 441 464 435					O *				
O 423 475 465									
Family preservation and support:					Administration on Aging				
Appropriation, current					<i>Federal funds</i>				
506 BA					General and Special Funds:				
O					Aging services programs:				
Outlays					Appropriation, current				
O					506 BA 839 871 876				
Outlays for grants to State and local governments					Spending authority from offsetting collections				
O					BA *				
Payments to States for AFDC work programs:					O 567 817 876				
Appropriation, current					Outlays for grants to State and local governments				
504 BA 1,000 1,100 1,300					O (567) (817) (876)				
Outlays					Aging services programs (gross)				
O 736 860 1,031					BA 839 871 876				
Outlays for grants to State and local governments					O 567 817 876				
O (736) (860) (1,031)					Total, offsetting collections				
Interim assistance to States for legalization:					- *				
Advance appropriation					Total Aging services programs (net)				
506 BA 326 812 243					BA 839 871 876				
Outlays					O 567 817 876				
O 318 699 244									
Outlays for grants to State and local governments									
O (317) (696) (243)									
Payments to States for child care assistance:									
Appropriation, current									
609 BA 893 893 1,091									
Outlays									
O 411 980 1,037									
Outlays for grants to State and local governments									
O (411) (980) (1,037)									
Social services block grant:									
Appropriation, current									
506 BA 2,800 3,800 2,800									
Spending authority from offsetting collections									
BA 5									
Outlays									
O 2,790 2,877 3,240									

Office of the Secretary				
<i>Federal funds</i>				
General and Special Funds:				
General departmental management:				
Appropriation, current				
609 BA 155 94 93				

Department of Health and Human Services, except Social Security—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	48	54	55	Total, offsetting collections		-7	-7	-7
Outlays	O	193	250	146	Total Policy research (net)	BA	8	12	13
General departmental management (gross)	BA	203	148	148		O	5	7	9
	O	193	250	146	Intragovernmental Funds:				
Total, offsetting collections		-48	-54	-55	Working capital fund:				
Total General departmental management (net)		155	94	93	Spending authority from offsetting collections	506 BA	99	110	113
	BA	145	196	91	Outlays	O	91	116	115
	O				Working capital fund (gross)	BA	99	110	113
Office of the Inspector General:						O	91	116	115
Appropriation, current	609 BA	62	64	65	Total, offsetting collections		-99	-110	-113
Spending authority from offsetting collections	BA	40	40	40	Total Working capital fund (net)	BA			
Outlays	O	101	102	104		O	-8	6	2
Office of the Inspector General (gross)	BA	102	103	104	Total Federal funds Office of the Secretary	BA	246	190	192
	O	101	102	104		O	223	292	187
Total, offsetting collections		-40	-40	-40					
Total Office of the Inspector General (net)	BA	62	64	65	Allowances				
	O	61	62	64	<i>Federal funds</i>				
Office for Civil Rights:					General and Special Funds:				
Appropriation, current	751 BA	18	18	19	Salary and expense:				
Spending authority from offsetting collections	BA	4	4	4	Appropriation, current	551 BA		^ -38	
Outlays	O	22	22	22	Outlays	O		^ -38	
Office for Civil Rights (gross)	BA	22	22	22					
	O	22	22	22	Summary				
Total, offsetting collections		-4	-4	-4	Federal funds:				
Total Office for Civil Rights (net)	BA	18	18	19	(As shown in detail above)	BA	208,529	225,220	219,483
	O	18	18	18		O	197,684	214,209	226,068
Office of Consumer Affairs:					Deductions for offsetting receipts:				
Appropriation, current	506 BA	2	2	2	Proprietary receipts from the public	551 BA/O	J - 4	J - 4	J - 4
Spending authority from offsetting collections	BA	*	*	*		552 BA/O	J - 11	J - 10	J - 10
Outlays	O	2	2	2		554 BA/O	J - *	J - *	J - *
Office of Consumer Affairs (gross) ..	BA	2	2	2		609 BA/O	J - 735	J - 922	J - 1,047
	O	2	2	2	Total Federal funds	BA	207,778	224,283	218,421
Total, offsetting collections		-*	-*	-*		O	196,933	213,273	225,006
Total Office of Consumer Affairs (net)	BA	2	2	2	Trust funds:				
	O	2	2	2	(As shown in detail above)	BA	138,878	161,297	176,298
Policy research:						O	145,906	161,343	176,382
Appropriation, current	609 BA	8	12	13	Deductions for offsetting receipts:				
Spending authority from offsetting collections	BA	7	7	7	Proprietary receipts from the public	551 BA/O	J - 31	J - 31	J - 31
Outlays	O	13	14	16		571 BA/O	J - 15,306	J - 17,581	J - 20,054
Policy research (gross)	BA	15	19	20		908 BA/O	J - 2		
	O	13	14	16	Total Trust funds	BA	123,540	143,685	156,213
						O	130,567	143,731	156,297
					Interfund transactions	571 BA/O	J - 44,721	J - 40,388	J - 39,688
					Total Department of Health and Human Services, except Social Security	BA	286,597	327,580	334,946
						O	282,779	316,615	341,615

Department of Health and Human Services, Social Security
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Social Security Administration					Spending authority from offsetting collections	BA	1,585	1,841	2,305
<i>Trust funds</i>					Administrative expenses: Social Security Administration		(1,733)	(1,758)	(1,661)
Federal old-age and survivors insurance trust fund:									
Appropriation, permanent	651 BA	271,282	283,845	296,715					

Department of Health and Human Services, Social Security—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Administrative expenses: Other		(298)	(128)	(255)
Outlays	O	271,545	284,235	297,936
Appropriation, permanent	BA			✓ - 17
Outlays	O			✓ - 17
Federal old-age and survivors insurance trust fund (gross)	BA	272,867	285,685	299,003
	O	271,545	284,235	297,919
Total, offsetting collections		- 1,585	- 1,841	- 2,305
Total Federal old-age and survivors insurance trust fund (net)	BA	271,282	283,845	296,698
	O	269,960	282,394	295,614
Federal disability insurance trust fund:				
Appropriation, permanent	651 BA	35,060	38,135	42,003
Limitation on administrative and other expenses		(4,823)	(5,496)	(5,825)
Administrative expenses: Social Security Administration		(883)	(1,249)	(1,066)
Administrative expenses: Other		(61)	(42)	(56)
Outlays	O	34,641	38,075	41,595
Appropriation, permanent	BA			✓ - 25

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O			✓ - 25
Total Federal disability insurance trust fund	BA	35,060	38,135	41,978
	O	34,641	38,075	41,570
Total Trust funds Social Security Administration	BA	306,342	321,980	338,676
	O	304,602	320,470	337,184
Summary				
Trust funds:				
(As shown in detail above)	BA	306,342	321,980	338,676
	O	304,602	320,470	337,184
Deductions for offsetting receipts:				
Proprietary receipts from the public	651 BA/O	✓ - 6	✓ - 16	✓ - 16
Total Trust funds	BA	306,336	321,964	338,660
	O	304,595	320,454	337,168
Interfund transactions	651 BA/O	✓ - 6,246	✓ - 5,790	✓ - 6,639
Total Department of Health and Human Services, Social Security	BA	300,090	316,174	332,021
	O	298,349	314,663	330,529

Department of Housing and Urban Development
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Housing Programs				
<i>Federal funds</i>				
General and Special Funds:				
Housing programs annual contributions for assisted housing:				
Appropriation, current	604 BA	8,597	9,313	9,469
Appropriation, permanent	BA	100		
Outlays	O	14,484	13,975	13,995
Outlays for grants to State and local governments	O	(8,899)	(8,107)	(7,881)
Appropriation, current	BA		A - 46	
Outlays	O		A - 3	A - 5
Appropriation, current	BA		H - 180	
Outlays	O		H - 5	H - 30
Outlays for grants to State and local governments	O			H (- 13)
Total Housing programs annual contributions for assisted housing	BA	8,697	9,087	9,469
	O	14,484	13,967	13,959
Other assisted housing programs				
(Community development):				
(Reappropriation)	451 BA	3		
(Outlays)	O	1	1	
(Outlays for grants to State and local governments)	O	(1)	(1)	
(Housing assistance):				
(Appropriation, current)	604 BA		- 72	- 281
(Outlays)	O	796	816	806
Total Other assisted housing programs	BA	3	- 72	- 281
	O	797	817	806
Reformed multifamily property disposition:				
Appropriation, permanent	604 BA			B 733
Outlays	O			B 6
Assistance for the renewal of expiring Section 8 subsidy contracts:				
Appropriation, current	604 BA	6,076	4,558	4,292
Advance appropriation	BA	850	720	800
Outlays	O	2,532	4,111	5,007

Department of Housing and Urban Development—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	*	1	1	Spending authority from offsetting collections	BA		▲ 334	▲ 127
Public Enterprise Funds:					FHA mutual mortgage and cooperative housing insurance funds liquidating account (gross)	BA	4,635	4,998	4,361
Rental housing assistance fund:						O	4,818	3,535	2,895
Spending authority from offsetting collections	604 BA	65	68	69	Total, offsetting collections		- 4,635	- 4,664	- 4,233
Outlays	O	66	69	69				▲ - 334	▲ - 127
Rental housing assistance fund (gross)	BA	65	68	69	Total FHA mutual mortgage and cooperative housing insurance funds liquidating account (net)	BA			
	O	66	69	69		O	181	- 1,463	- 1,466
Total, offsetting collections		- 65	- 68	- 69	General and special risk program account:				
Total Rental housing assistance fund (net)	BA				Appropriation, current	371 BA	311	340	349
	O	*	1		Appropriation, permanent	BA	10		
Flexible Subsidy Fund:					Limitation on direct loan activity				(220)
Appropriation, current	604 BA	- 66	36	50	Limitation on loan guarantee commitments		(11,792)	(13,436)	(19,685)
Spending authority from offsetting collections	BA	76	77	78	Outlays	O	353	328	336
Outlays	O	85	126	89	Limitation on loan guarantee commitments			▲ (2,000)	
Flexible Subsidy Fund (gross)	BA	10	113	128	Total General and special risk program account	BA	321	340	349
	O	85	126	89		O	353	328	336
Total, offsetting collections		- 76	- 77	- 78	FHA general and special risk insurance funds liquidating account:				
Total Flexible Subsidy Fund (net)	BA	- 66	36	50	Appropriation, permanent	371 BA	500	465	492
	O	9	50	10	Authority to borrow, permanent	BA	275	119	120
Community disposal operations fund:					Spending authority from offsetting collections	BA	1,514	1,320	1,433
Spending authority from offsetting collections	451 BA	*	*		Outlays	O	1,798	1,851	1,690
Outlays	O	*	*		Spending authority from offsetting collections	BA		■ 520	■ 59
Community disposal operations fund (gross)	BA	*	*		Outlays	O			■ 53
	O	*	*		FHA general and special risk insurance funds liquidating account (gross)	BA	2,290	2,424	2,104
Total, offsetting collections		- *	- *			O	1,798	1,851	1,744
Total Community disposal operations fund (net)	BA	- *	- *		Total, offsetting collections		- 1,514	- 1,320	- 1,433
	O	- *	- *					■ - 520	■ - 59
Homeownership assistance fund:					Total FHA general and special risk insurance funds liquidating account (net)	BA	775	584	612
Outlays	376 O	1	- 2			O	284	11	252
Homeownership assistance fund (gross)	O	1	- 2		Housing for the elderly or handicapped fund liquidating account:				
Total, offsetting collections		- 7	- 3	- 4	Appropriation, permanent	371 BA	137	37	
Total Homeownership assistance fund (net)	BA	- 7	- 3	- 4	Spending authority from offsetting collections	BA	772	763	767
	O	- 6	- 5	- 4	Outlays	O	889	902	791
Nehemiah housing opportunity fund:					Housing for the elderly or handicapped fund liquidating account (gross)	BA	909	800	767
Appropriation, current	604 BA	- 19				O	889	902	791
Outlays	O	3	37	17	Total, offsetting collections		- 772	- 763	- 767
Credit Accounts:					Total Housing for the elderly or handicapped fund liquidating account (net)	BA	137	37	
FHA mutual mortgage insurance program account:						O	117	139	24
Appropriation, current	371 BA	256	263	309	Nonprofit sponsor assistance liquidating account:				
Limitations on direct loan activity		(100,000)	(64,565)	(84,982)	Spending authority from offsetting collections	604 BA	*	*	*
Outlays	O	256	263	309					
Limitations on direct loan activity			▲ (20,000)						
FHA mutual mortgage and cooperative housing insurance funds liquidating account:									
Spending authority from offsetting collections	371 BA	4,635	4,664	4,233					
Outlays	O	4,816	3,535	2,895					

Department of Housing and Urban Development—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	*		
Nonprofit sponsor assistance liquidating account (gross)	BA	*	*	*
	O			
Total, offsetting collections		- *	- *	- *
Total Nonprofit sponsor assistance liquidating account (net)	BA			
	O	- *	- *	- *
Total Federal funds Housing Programs	BA	17,434	15,538	16,495
	O	19,066	18,369	19,412

Public and Indian Housing Programs

Federal funds

General and Special Funds:

Payments for operation of low income housing projects:

Appropriation, current	604 BA	2,282	2,621	2,496
Outlays	O	2,453	2,533	2,563
Outlays for grants to State and local governments	O	(2,453)	(2,533)	(2,563)

Community Partnerships against crime:

Appropriation, current	604 BA	175	265	265
Spending authority from offsetting collections	BA	*		
Outlays	O	116	268	239
Outlays for grants to State and local governments	O	(116)	(268)	(239)

Community Partnerships against crime (gross)	BA	175	265	265
	O	116	268	239

Total, offsetting collections		- *		
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Total Community Partnerships against crime (net)	BA	175	265	265
	O	116	268	239

Revitalization of severely distressed public housing projects:

Appropriation, current	604 BA	300	778	500
Outlays	O		30	146
Outlays for grants to State and local governments	O		(30)	(146)

Public Enterprise Funds:

Low-rent public housing—loans and other expenses:

Authority to borrow, permanent	604 BA	60	100	50
Spending authority from offsetting collections	BA	63	54	58
Outlays	O	213	219	166
Outlays for grants to State and local governments	O	(213)	(219)	(166)

Low-rent public housing—loans and other expenses (gross)	BA	123	154	108
	O	213	219	166

Total, offsetting collections		- 63	- 54	- 58
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Total Low-rent public housing—loans and other expenses (net)	BA	60	100	50
	O	151	165	108

Credit Accounts:

Indian housing loan guarantee program account:

Appropriation, current	604 BA		1	3
Limitation on loan guarantee commitments			(7)	(22)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O		1	2
Total Federal funds Public and Indian Housing Programs	BA	2,817	3,765	3,314
	O	2,720	2,996	3,057

Government National Mortgage Association

Federal funds

Public Enterprise Funds:

Management and liquidating functions fund:

Spending authority from offsetting collections	371 BA	4	1	1
Outlays	O	- 1	- *	- *

Management and liquidating functions fund (gross)	BA	4	1	1
	O	- 1	- *	- *

Total, offsetting collections		- 4	- 1	- 1
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Total Management and liquidating functions fund (net)	BA			
	O	- 4	- 2	- 1

Credit Accounts:

Guarantees of mortgage-backed securities loan guarantee program account:

Appropriation, current	371 BA	7	8	9
Limitations on loan guaranteed loan commitments		(107,700)	(130,000)	(130,000)
Outlays	O	7	8	9

Guarantees of mortgage-backed securities liquidating account:

Spending authority from offsetting collections	371 BA	1,145	1,507	1,525
Outlays	O	685	912	891

Guarantees of mortgage-backed securities liquidating account (gross)	BA	1,145	1,507	1,525
	O	685	912	891

Total, offsetting collections		- 1,145	- 1,507	- 1,525
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Total Guarantees of mortgage-backed securities liquidating account (net)	BA			
	O	- 460	- 594	- 634

Total Federal funds Government National Mortgage Association	BA	7	8	9
	O	- 458	- 588	- 626

Community Planning and Development

Federal funds

General and Special Funds:

Community development grants:

Appropriation, current	451 BA	4,243	4,400	4,400
Outlays	O	3,198	3,746	4,136
Outlays for grants to State and local governments	O	(3,198)	(3,746)	(4,136)

Project-based community development grants:

Appropriation, current	451 BA			800
Outlays	O			26
Outlays for grants to State and local governments	O			(26)

Home investment partnerships program

(Housing assistance):

(Appropriation, current)	604 BA	1,172	1,275	1,100
(Appropriation, permanent)	BA	60		
(Outlays)	O	212	876	1,200

Department of Housing and Urban Development—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
(Outlays for grants to State and local governments)	O	(212)	(876)	(1,200)	Outlays for grants to State and local governments	O	(- 86)	(- 77)	(- 74)
Total (Housing assistance)	BA	1,232	1,275	1,100	Revolving fund (liquidating programs) (gross)	BA	86	77	74
	O	212	876	1,200		O	94	72	67
Total Home investment partnerships program	BA	1,232	1,275	1,100	Total, offsetting collections		- 86	- 77	- 74
	O	212	876	1,200	Total Revolving fund (liquidating programs) (net)	BA			
Colonias assistance program:						O	8	- 5	- 7
Appropriation, current	451 BA			100	Credit Accounts:				
Outlays	O			4	Community development loan guarantee program account:				
Outlays for grants to State and local governments	O			(4)	Limitations on guaranteed loan commitments	451	(2,000)	(2,054)	(2,054)
Urban development action grants:					Community development guaranteed loans liquidating account:				
Appropriation, current	451 BA	- 3		- 100	Outlays	451 O	- 44	- 25	- 20
Outlays	O	51	45	35	Total Federal funds Community Planning and Development	BA	5,979	6,378	7,600
Outlays for grants to State and local governments	O	(51)	(45)	(35)		O	3,593	4,855	5,876
Capacity building for community development and affordable:									
Appropriation, current	451 BA		20						
Outlays	O		4	8					
Urban homesteading:									
Outlays	451 O	- *							
Assistance for solar and conservation improvements:									
Outlays	272 O	*							
Outlays for grants to State and local governments	O	(*)							
Emergency shelter grants program:									
Appropriation, current	604 BA	50	115						
Outlays	O	71	68	86					
Outlays for grants to State and local governments	O	(71)	(68)	(86)					
Supportive housing program:									
Appropriation, current	604 BA	150	334						
Outlays	O	91	107	159					
Outlays for grants to State and local governments	O	(91)	(107)	(159)					
Supplemental assistance for facilities to assist the homeless:									
Appropriation, current	451 BA	- *							
Outlays	O	5	7	6					
Outlays for grants to State and local governments	O	(5)	(7)	(6)					
Shelter plus care:									
Appropriation, current	604 BA	267	124						
Outlays	O	1	15	50					
Outlays for grants to State and local governments	O	(1)	(15)	(50)					
Innovative homeless initiatives demonstration program:									
Appropriation, current	604 BA		100						
Outlays	O		8	18					
Outlays for grants to State and local governments	O		(8)	(18)					
Homeless assistance grants:									
Appropriation, current	604 BA		1,250						
Outlays	O		152						
Outlays for grants to State and local governments	O		(152)						
Opportunities for youth: Youthbuild:									
Appropriation, current	604 BA	40	50						
Outlays	O		8	16					
Outlays for grants to State and local governments	O		(8)	(16)					
National cities in schools community development program:									
Appropriation, current	451 BA		10						
Outlays	O		1	7					
Public Enterprise Funds:									
Revolving fund (liquidating programs):									
Spending authority from offsetting collections	451 BA	86	77	74					
Outlays	O	94	72	67					

Policy Development and Research

Federal funds

General and Special Funds:

Research and technology:

Appropriation, current	451 BA	23	35	40
Spending authority from offsetting collections	BA	*		
Outlays	O	28	25	36
Research and technology (gross)	BA	23	35	40
	O	28	25	36
Total, offsetting collections		- *		
Total Research and technology (net)	BA	23	35	40
	O	28	25	36

Fair Housing and Equal Opportunity

Federal funds

General and Special Funds:

Fair housing activities:

Appropriation, current	751 BA	15	25	33
Outlays	O	9	12	22
Outlays for grants to State and local governments	O	(9)	(12)	(22)

Management and Administration

Federal funds

General and Special Funds:

Salaries and expenses, including transfer of funds

(Community development):

Appropriation, current	451 BA	240	250	248
Spending authority from offsetting collections	BA	152	154	172
(Outlays)	O	410	392	420
Salaries and expenses, including transfer of funds (gross)	BA	392	404	420
	O	410	392	420
Total, offsetting collections		- 152	- 154	- 172
Total (Community development) (net)	BA	240	250	248
	O	258	237	248
(Housing assistance):				
(Appropriation, current)	604 BA	165	166	181

Department of Housing and Urban Development—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
(Spending authority from offsetting collections)	BA	291	299	332	Outlays	O	*	13	18
(Outlays)	O	457	458	510	Total Office of federal housing enterprise oversight	BA	3	11	18
Salaries and expenses, including transfer of funds (gross)	BA	696	715	761		O	*	13	18
	O	714	695	758	Intragovernmental Funds:				
Total, offsetting collections		-291	-299	-332	Working capital fund:				
Total (Housing assistance) (net)	BA	165	166	181	Spending authority from offsetting collections	451 BA	112	123	145
	O	165	159	178	Outlays	O	129	123	145
(Federal law enforcement activities):					Working capital fund (gross)	BA	112	123	145
(Appropriation, current)	751 BA	48	48	67		O	129	123	145
(Outlays)	O	49	46	63	Total, offsetting collections		-112	-123	-145
Total Salaries and expenses, including transfer of funds	BA	453	464	497	Total Working capital fund (net)	BA			
	O	472	442	489		O	16		
Office of Inspector General:					Total Federal funds Management and Administration	BA	492	511	551
Appropriation, current	451 BA	36	36	37		O	522	490	543
Spending authority from offsetting collections	BA	11	10	11					
Outlays	O	45	45	48					
Office of Inspector General (gross) ..	BA	47	46	48					
	O	45	45	48					
Total, offsetting collections		-11	-10	-11					
Total Office of Inspector General (net)	BA	36	36	37					
	O	34	35	37					
Office of federal housing enterprise oversight:									
Appropriation, current	371 BA		11	18					
Appropriation, permanent	BA	3							

Summary

Federal funds:				
(As shown in detail above)	BA	26,768	26,259	28,042
	O	25,480	26,159	28,319
Deductions for offsetting receipts:				
Proprietary receipts from the public	371 BA/O	J - 296	J - 613	J - 560
Offsetting governmental receipts	371 BA/O	J - 3	J - 11	J - 18
Total Department of Housing and Urban Development	BA	26,468	25,635	27,465
	O	25,181	25,535	27,742

Department of the Interior
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Land and Minerals Management					Outlays	O	125	141	121
Bureau of Land Management					Fire protection (gross)	BA	124	122	120
<i>Federal funds</i>						O	125	141	121
General and Special Funds:					Total, offsetting collections		-6	-5	-5
Management of public lands and resources:					Total Fire protection (net)	BA	118	117	115
Appropriation, current	302 BA	638	697	717		O	120	136	116
Spending authority from offsetting collections	BA	39	30	30	Emergency department of the interior firefighting fund:				
Outlays	O	672	690	742	Appropriation, current	302 BA	113	117	121
Management of public lands and resources (gross)	BA	677	728	747	Outlays	O	75	112	139
	O	672	690	742	Central hazmat account:				
Total, offsetting collections		-39	-30	-30	Appropriation, current	304 BA			14
Total Management of public lands and resources (net)	BA	638	697	717	Outlays	O			5
	O	633	660	712	Land acquisition:				
Payments in lieu of taxes:					Appropriation, current	302 BA	28	12	21
Appropriation, current	806 BA	104	104	104	Outlays	O	28	23	19
Outlays	O	103	105	104	Range improvements:				
Outlays for grants to State and local governments	O	(103)	(105)	(104)	Appropriation, current	302 BA	11	10	10
Fire protection:					Outlays	O	10	10	10
Appropriation, current	302 BA	118	117	115	Service charges, deposits, and forfeitures:				
Spending authority from offsetting collections	BA	6	5	5	Appropriation, current	302 BA	10	8	9
					Outlays	O	9	9	10
					Permanent operating funds:				
					Appropriation, permanent	302 BA	9	7	5
					Outlays	O	4	7	5
					Miscellaneous permanent payment accounts				
					(General purpose fiscal assistance):				
					(Appropriation, permanent)	806 BA	68	84	82
					(Outlays)	O	75	84	82

Department of the Interior—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
(Outlays for grants to State and local governments)	O	(75)	(84)	(82)
Total Miscellaneous permanent payment accounts	BA O	68 75	84 84	82 82
Intragovernmental Funds:				
Working capital fund:				
Spending authority from offsetting collections	302 BA	18	17	18
Outlays	O	15	17	18
Working capital fund (gross)	BA O	18 15	17 17	18 18
Total, offsetting collections		-18	-17	-18
Total Working capital fund (net)	BA O	-3		
Trust funds				
Miscellaneous trust funds:				
Appropriation, current	302 BA	7	8	8
Appropriation, permanent	BA	2	2	2
Outlays	O	9	9	9
Total Miscellaneous trust funds	BA O	9 9	9 9	9 9
Total Federal funds Bureau of Land Management	BA O	1,099 1,054	1,156 1,146	1,199 1,202
Total Trust funds Bureau of Land Management	BA O	9 9	9 9	9 9

Minerals Management Service

Federal funds

General and Special Funds:				
Royalty and Offshore minerals:				
Appropriation, current	302 BA	195	193	195
Spending authority from offsetting collections	BA	3	8	10
Outlays	O	209	202	199
Royalty and Offshore minerals (gross)	BA O	199 209	201 202	205 199
Total, offsetting collections		-3	-8	-10
Total Royalty and Offshore minerals (net)	BA O	195 206	193 194	195 189
Mineral leasing and associated payments:				
Appropriation, permanent	806 BA	463	531	515
Outlays	O	463	531	515
Outlays for grants to State and local governments	O	(463)	(531)	(515)
National forests fund, payment to states:				
Appropriation, permanent	302 BA	2	2	2
Outlays	O	2	2	2
Outlays for grants to State and local governments	O	(2)	(2)	(2)
Leases of lands acquired for flood control, navigation, and allied purposes:				
Appropriation, permanent	302 BA	1	3	3
Outlays	O	1	3	3
Outlays for grants to State and local governments	O	(1)	(3)	(3)
Trust funds				
Oil spill research:				
Appropriation, current	302 BA	5	5	6

Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	1	2	2
Outlays	O	5	6	7
Oil spill research (gross)	BA O	6 5	7 6	8 7
Total, offsetting collections		-1	-2	-2
Total Oil spill research (net)	BA O	5 4	5 4	6 6
Total Federal funds Minerals Management Service	BA O	661 672	729 730	714 709
Total Trust funds Minerals Management Service	BA O	5 4	5 4	6 6

Office of Surface Mining Reclamation and Enforcement

Federal funds

General and Special Funds:

Regulation and technology:

Appropriation, current	302 BA	112	112	112
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	111	108	112
Outlays for grants to State and local governments	O	(27)	(59)	(52)
Regulation and technology (gross) ..	BA O	112 111	112 108	112 112
Total, offsetting collections		- *	- *	- *
Total Regulation and technology (net)	BA O	112 111	112 108	112 112

Abandoned mine reclamation fund

(Conservation and land management):

(Appropriation, current)	302 BA	188	190	167
(Spending authority from offsetting collections)	BA	1		
(Outlays)	O	193	154	197
(Outlays for grants to State and local governments)	O	(143)	(129)	(163)

Abandoned mine reclamation fund (gross)

BA	189	190	167
O	193	154	197

Total, offsetting collections

	-1		
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Total (Conservation and land management) (net)

BA	188	190	167
O	193	154	197

Total Abandoned mine reclamation fund

BA	188	190	167
O	193	154	197

Total Federal funds Office of Surface Mining Reclamation and Enforcement

BA	300	302	278
O	304	262	309

Total Federal funds Land and Minerals Management

BA	2,060	2,187	2,192
O	2,030	2,137	2,220

Total Trust funds Land and Minerals Management

BA	14	14	16
O	13	13	15

Department of the Interior—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Water and Science					Outlays	O	205	260	293
Bureau of Reclamation					Lower Colorado River Basin devel- opment fund (gross)	BA	243	259	304
<i>Federal funds</i>						O	205	260	293
General and Special Funds:					Total, offsetting collections		- 110	- 115	- 164
Construction program:					Total Lower Colorado River Basin development fund (net)	BA	133	144	140
Appropriation, current	301 BA	243	267	211		O	95	145	129
Appropriation, permanent	BA	30			Upper Colorado River Basin fund:				
Spending authority from offsetting collections	BA	66	63	47	Appropriation, current	301 BA	104	43	23
Outlays	O	354	449	270	Appropriation, permanent	BA	2	2	2
Appropriation, current	BA		H - 16		Spending authority from offsetting collections	BA	42	36	34
Outlays	O		H - 13	H - 3	Outlays	O	141	104	60
Construction program (gross)	BA	339	314	258	Upper Colorado River Basin fund (gross)	BA	147	80	59
	O	354	435	267		O	141	104	60
Total, offsetting collections		- 66	- 63	- 47	Total, offsetting collections		- 42	- 36	- 34
Total Construction program (net)	BA	273	251	211	Total Upper Colorado River Basin fund (net)	BA	105	44	25
	O	288	373	220		O	99	68	26
General investigations:					Intragovernmental Funds:				
Appropriation, current	301 BA	13	14	13	Working capital fund:				
Outlays	O	14	13	13	Spending authority from offsetting collections	301 BA	279	327	326
Emergency fund:					Outlays	O	286	309	326
Appropriation, current	301 BA	1	1	1	Working capital fund (gross)	BA	279	327	326
Outlays	O	1	3	1		O	286	309	326
Operation and maintenance:					Total, offsetting collections		- 279	- 327	- 326
Appropriation, current	301 BA	275	283	284	Total Working capital fund (net)	BA	7	- 17	*
Spending authority from offsetting collections	BA	11	39	42		O			
Outlays	O	295	307	326	Credit Accounts:				
Operation and maintenance (gross)	BA	285	322	326	Bureau of reclamation loans program account:				
	O	295	307	326	Appropriation, current	301 BA	4	14	4
Total, offsetting collections		- 11	- 39	- 42	Limitations on direct loan activity		(8)	(21)	(11)
Total Operation and maintenance (net)	BA	275	283	284	Outlays	O	4	9	7
	O	284	267	283	Outlays for grants to State and local governments	O	(2)	(7)	(6)
General administrative expenses:					Loan program liquidating account:				
Appropriation, current	301 BA	54	54	54	Outlays	301 O	2	1	
Outlays	O	54	55	54	Loan program liquidating account (gross)	O	2	1	
Central Valley Project Restoration fund:					Total, offsetting collections			- 3	- 3
Appropriation, current	301 BA		45	45	Total Loan program liquidating ac- count (net)	BA		- 3	- 3
Outlays	O		36	45		O	2	- 2	- 3
Colorado River dam fund, Boulder Canyon project:					Trust funds				
Appropriation, current	301 BA	- 7	- 7	- 7	Reclamation trust funds:				
Appropriation, permanent	BA	42	45	41	Appropriation, permanent	301 BA	18	43	29
Outlays	O	40	29	34	Outlays	O	25	47	32
Total Colorado River dam fund, Boulder Canyon project	BA	36	37	33	Total Federal funds Bureau of Re- clamation	BA	893	885	808
	O	40	29	34		O	888	978	811
Miscellaneous permanent appropriations (Other natural resources):					Total Trust funds Bureau of Re- clamation	BA	18	43	29
(Appropriation, permanent)	306 BA	*	*	*		O	25	47	32
(Outlays)	O	*	*	*					
Total Miscellaneous permanent ap- propriations	BA	*	*	*					
	O	*	*	*					
Public Enterprise Funds:									
Lower Colorado River Basin development fund:									
Appropriation, current	301 BA	124	155	146					
Appropriation, permanent	BA	9	10	10					
Spending authority from offsetting collections	BA	110	95	147					

Department of the Interior—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Central Utah Project					Spending authority from offsetting				
<i>Federal funds</i>					collections	BA	5	6	13
General and Special Funds:					Outlays	O	187	171	172
Central Utah Project Completion Account:					Mines and minerals (gross)	BA	180	175	163
Appropriation, current	301 BA		26	40	Outlays	O	187	171	172
Outlays	O		26	40	Total, offsetting collections		-5	-6	-13
Utah reclamation mitigation and conservation account:					Total Mines and minerals (net)	BA	174	169	149
Appropriation, current	301 BA		5	11	Outlays	O	182	165	159
Appropriation, permanent	BA		6	1					
Outlays	O		8	12					
Total Utah reclamation mitigation and conservation account	BA		11	12					
	O		8	12					
Total Federal funds Central Utah Project	BA		36	52					
	O		34	52					
Geological Survey					Public Enterprise Funds:				
<i>Federal funds</i>					Helium fund:				
General and Special Funds:					Spending authority from offsetting				
Surveys, investigations and research:					collections	306 BA	28	34	32
Appropriation, current	306 BA	581	585	584	Outlays	O	18	25	23
Appropriation, permanent	BA	2			Helium fund (gross)	BA	28	34	32
Spending authority from offsetting collections	BA	279	301	304	Outlays	O	18	25	23
Outlays	O	903	856	888	Total, offsetting collections		-28	-34	-32
Surveys, investigations and research (gross)	BA	862	885	888	Total Helium fund (net)	BA			
	O	903	856	888	Outlays	O	-10	-9	-9
Total, offsetting collections		-279	-301	-304					
Total Surveys, investigations and research (net)	BA	583	585	584	Trust funds				
	O	623	555	584	Contributed funds:				
Operation and maintenance of quarters:					Appropriation, permanent	306 BA	2	1	1
Appropriation, permanent	306 BA	*	*	*	Outlays	O	1	1	1
Outlays	O	*	*	*	Total Federal funds Bureau of Mines	BA	174	169	149
Intragovernmental Funds:					Outlays	O	172	157	150
Working capital fund:					Total Trust funds Bureau of Mines ..	BA	2	1	1
Spending authority from offsetting collections	306 BA	15	14	14	Outlays	O	1	1	1
Outlays	O	12	17	15	Total Federal funds Water and Science	BA	1,650	1,675	1,593
Working capital fund (gross)	BA	15	14	14	Outlays	O	1,680	1,728	1,598
	O	12	17	15	Total Trust funds Water and Science	BA	20	44	30
Total, offsetting collections		-15	-14	-14	Outlays	O	26	48	33
Total Working capital fund (net)	BA								
	O	-3	4	1					
Trust funds					Fish and Wildlife and Parks				
Contributed funds:					United States Fish and Wildlife Service				
Appropriation, permanent	306 BA	*	*	*	<i>Federal funds</i>				
Outlays	O	*	*	*	General and Special Funds:				
Total Federal funds Geological Survey	BA	583	585	584	Resource management:				
	O	620	559	585	Appropriation, current	303 BA	531	483	541
Total Trust funds Geological Survey	BA	*	*	*	Appropriation, permanent	BA	26		
	O	*	*	*	Spending authority from offsetting collections	BA	79	72	74
					Outlays	O	623	569	603
					Outlays for grants to State and local governments	O	(20)	(5)	(*)
					Appropriation, current	BA	^2	^2	^*
					Outlays	O	^2	^*	^*
					Resource management (gross)	BA	635	557	615
					Outlays	O	623	571	603
					Total, offsetting collections		-79	-72	-74
					Total Resource management (net) ..	BA	557	485	541
					Outlays	O	545	499	530
Bureau of Mines					Construction:				
<i>Federal funds</i>					Appropriation, current	303 BA	110	74	35
General and Special Funds:					Spending authority from offsetting collections	BA	1	2	1
Mines and minerals:					Outlays	O	74	115	75
Appropriation, current	306 BA	174	169	149	Appropriation, current	BA		^ -4	

Department of the Interior—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O		4 - 3	4 - 1	Outlays for grants to State and local governments	O	(4)	(7)	(8)
Construction (gross)	BA	111	71	37	Total Cooperative endangered species conservation fund	BA	86	29	31
	O	74	112	74		O	84	27	28
Total, offsetting collections		- 1	- 2	- 1	National wildlife refuge fund:				
Total Construction (net)	BA	110	70	35	Appropriation, current	806 BA	12	12	14
	O	73	110	73	Appropriation, permanent	BA	6	6	6
Natural resource damage assessment and restoration fund:					Outlays	O	18	18	20
Appropriation, current	303 BA	5	7	8	Outlays for grants to State and local governments	O	(18)	(18)	(20)
Appropriation, permanent	BA			20	Total National wildlife refuge fund ..	BA	18	18	20
Spending authority from offsetting collections	BA	15				O	18	18	20
Outlays	O	4	6	21	Operation and maintenance of quarters:				
Natural resource damage assessment and restoration fund (gross)	BA	20	7	28	Appropriation, permanent	303 BA	2	2	2
	O	4	6	21	Outlays	O	1	2	2
Total, offsetting collections		- 15			Miscellaneous permanent appropriations:				
Total Natural resource damage assessment and restoration fund (net)	BA	5	7	28	Appropriation, permanent	303 BA	172	198	180
	O	- 11	6	21	Outlays	O	157	178	180
Rewards and operations:					Outlays for grants to State and local governments	O	(157)	(178)	(180)
Appropriation, current	303 BA	1	1	1	Trust funds				
Outlays	O	1	1	1	Sport fish restoration:				
Land acquisition:					Appropriation, permanent	303 BA	225	208	226
Appropriation, current	303 BA	77	83	86	Outlays	O	231	216	220
Outlays	O	96	81	84	Outlays for grants to State and local governments	O	(231)	(216)	(220)
Appropriation, permanent	BA		44		Contributed funds:				
Outlays	O		42	42	Appropriation, permanent	303 BA	2	2	2
Total Land acquisition	BA	77	87	86	Outlays	O	1	2	2
	O	96	83	85	African elephant conservation fund:				
Wildlife conservation and appreciation fund:					Appropriation, permanent	303 BA	1	1	1
Appropriation, current	303 BA		1	1	Outlays	O	1	1	1
Appropriation, permanent	BA		1	1	Total Federal funds United States Fish and Wildlife Service	BA	1,079	951	981
Outlays	O		1	2		O	1,005	979	997
Outlays for grants to State and local governments	O		(1)	(2)	Total Trust funds United States Fish and Wildlife Service	BA	229	211	229
Total Wildlife conservation and appreciation fund	BA		2	2		O	233	219	223
	O		1	2					
Migratory bird conservation account:					National Biological Survey				
Appropriation, permanent	303 BA	42	41	41	Federal funds				
Outlays	O	36	41	41	General and Special Funds:				
North American wetlands conservation fund:					Research, inventories, and Surveys:				
Appropriation, current	303 BA	9	12	14	Appropriation, current	303 BA		167	177
Appropriation, permanent	BA	1	*	*	Spending authority from offsetting collections	BA		32	32
Spending authority from offsetting collections	BA	7	7	8	Outlays	O		97	185
Outlays	O	11	19	21	Research, inventories, and Surveys (gross)	BA		199	209
North American wetlands conservation fund (gross)	BA	17	19	22		O		97	185
	O	11	19	21	Total, offsetting collections			- 32	- 32
Total, offsetting collections		- 7	- 7	- 8	Total Research, inventories, and Surveys (net)	BA		167	177
Total North American wetlands conservation fund (net)	BA	10	12	14		O		65	152
	O	4	11	13	Operation and maintenance of quarters:				
Cooperative endangered species conservation fund:					Appropriation, permanent	303 BA		*	*
Appropriation, current	303 BA	7	9	11	Outlays	O		*	*
Appropriation, permanent	BA	80	20	20	Total Federal funds National Biological Survey	BA		167	177
Outlays	O	84	27	28		O		65	152

Department of the Interior—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
National Park Service					Indian Affairs				
<i>Federal funds</i>					<i>Bureau of Indian Affairs</i>				
General and Special Funds:					General and Special Funds:				
Operation of the national park system:					Operation of Indian programs				
Appropriation, current	303 BA	984	1,087	1,127	(Conservation and land management):				
Spending authority from offsetting collections	BA	4	4	4	(Appropriation, current)	302 BA	138	150	150
Outlays	O	1,022	1,016	1,121	(Spending authority from offsetting collections)	BA	*	*	*
Spending authority from offsetting collections	BA			2	(Outlays)	O	138	146	150
Outlays	O			2					
Operation of the national park system (gross)	BA	988	1,091	1,133	Operation of Indian programs (gross)	BA	138	150	150
	O	1,022	1,016	1,123		O	138	146	150
Total, offsetting collections		-4	-4	-4	Total, offsetting collections		-*	-*	-*
				2					
Total Operation of the national park system (net)	BA	984	1,087	1,127	Total (Conservation and land management) (net)	BA	138	150	150
	O	1,018	1,012	1,117		O	138	146	150
National recreation and preservation:					(Area and regional development):				
Appropriation, current	303 BA	24	43	40	(Appropriation, current)	452 BA	771	846	838
Outlays	O	22	40	41	(Spending authority from offsetting collections)	BA	2	2	2
Construction:					(Outlays)	O	859	787	837
Appropriation, current	303 BA	225	202	149					
Spending authority from offsetting collections	BA	66	66	66					
Outlays	O	324	338	301					
Appropriation, current	BA		13						
Construction (gross)	BA	291	281	215					
	O	324	338	301					
Total, offsetting collections		-66	-66	-66					
Total Construction (net)	BA	225	215	149					
	O	257	272	235					
John F. Kennedy Center for the Performing Arts:									
Appropriation, current	303 BA	21	21	19					
Outlays	O	12	21	22					
Appropriation, current	BA			19					
Outlays	O			22					
Total John F. Kennedy Center for the Performing Arts	BA	21	21						
	O	12	21						
Urban park and recreation fund:									
Appropriation, current	303 BA		5	5					
Outlays	O	7	10	6					
Outlays for grants to State and local governments	O	(7)	(10)	(6)					
Illinois and Michigan canal national heritage-corridor Commission:									
Appropriation, current	303 BA	*	*	*					
Outlays	O	*	*	*					
National park system visitor facilities fund:									
Outlays	303 O		*						
Land acquisition and state assistance:									
Appropriation, current	303 BA	118	95	83					
Contract authority, current	BA			-30					
Contract authority, permanent	BA			30					
Outlays	O	123	118	106					
Outlays for grants to State and local governments	O	(24)	(48)	(36)					
Appropriation, current	BA		1						
Total Land acquisition and state assistance	BA	118	97	83					
	O	123	118	106					
Historic preservation fund:									
Appropriation, current	303 BA	42	40	42					

Department of the Interior—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
(Outlays for grants to State and local governments)	O	(66)	(81)	(91)	(Outlays)	O	*	*	*
Operation of Indian programs (gross)	BA	911	998	990	Total Miscellaneous permanent appropriations	BA	74	68	69
	O	998	933	987		O	75	97	68
Total, offsetting collections		- 2	- 2	- 2	Credit Accounts:				
Total (Area and regional development) (net)	BA	771	846	838	Indian direct loan program account:				
	O	858	785	835	Appropriation, current	452 BA	2	2	
(Elementary, secondary, and vocational education):					Limitations on direct loan activity		(11)	(11)	
(Appropriation, current)	501 BA	455	496	513	Outlays	O	3	3	
(Spending authority from offsetting collections)	BA	85	92	93	Outlays for grants to State and local governments	O	(2)	(2)	
(Outlays)	O	490	512	550	Revolving fund for loans liquidating account:				
(Outlays for grants to State and local governments)	O	(43)	(52)	(60)	Spending authority from offsetting collections	452 BA	- 4	10	9
Operation of Indian programs (gross)	BA	1,449	1,584	1,594	Outlays	O	*	*	*
	O	1,486	1,443	1,535	Revolving fund for loans liquidating account (gross)	BA	- 4	10	9
Total, offsetting collections		- 85	- 92	- 93		O	*	*	*
Total (Elementary, secondary, and vocational education) (net)	BA	455	496	513	Total, offsetting collections		- 18	- 10	- 9
	O	405	420	457	Total Revolving fund for loans liquidating account (net)	BA	- 22		
Total Operation of Indian programs	BA	1,364	1,492	1,501		O	- 18	- 10	- 9
	O	1,401	1,351	1,442	Indian guaranteed loan program account:				
Construction:					Appropriation, current	452 BA	10	10	10
Appropriation, current	452 BA	150	167	83	Limitation on loan guarantee commitments		(69)	(69)	(47)
Spending authority from offsetting collections	BA	10	10	5	Outlays	O	4	10	10
Outlays	O	124	94	115	Outlays for grants to State and local governments	O	(4)	(10)	(10)
Appropriation, current	BA		12		Indian loan guaranty and insurance fund liquidating account:				
Construction (gross)	BA	159	189	88	Appropriation, permanent	452 BA	11	11	11
	O	124	94	115	Spending authority from offsetting collections	BA	1	1	1
Total, offsetting collections		- 10	- 10	- 5	Outlays	O	6	8	8
Total Construction (net)	BA	150	179	83	Indian loan guaranty and insurance fund liquidating account (gross)	BA	12	12	12
	O	114	84	110		O	6	8	8
White Earth settlement fund:					Total, offsetting collections		- 1	- 1	- 1
Appropriation, permanent	452 BA	7	8	8	Total Indian loan guaranty and insurance fund liquidating account (net)	BA	11	11	11
Outlays	O	7	8	8		O	5	7	7
Indian land and water claim settlements and miscellaneous payments to Indians:					Trust funds				
Appropriation, current	452 BA	39	103	174	Cooperative fund (papago):				
Outlays	O	36	97	136	Appropriation, permanent	452 BA	2	1	1
Payment to the Navajo Rehabilitation Trust Fund:					Outlays	O	*	13	6
Appropriation, current	452 BA	4	2		Miscellaneous trust funds				
Outlays	O	4	2		(Area and regional development):				
Payment to Tribal Economic Recovery Funds:					(Appropriation, permanent)	452 BA	324	311	355
Appropriation, permanent	452 BA	77	85	26	(Outlays)	O	287	311	351
Outlays	O	77	85	26	Total Miscellaneous trust funds	BA	324	311	355
Technical assistance of Indian enterprises:						O	287	311	351
Appropriation, current	452 BA	2	2	2	Total Federal funds Bureau of Indian Affairs	BA	1,722	1,969	1,889
Outlays	O	1	2	2		O	1,714	1,742	1,805
Operation and maintenance of quarters:					Total Trust funds Bureau of Indian Affairs	BA	325	312	355
Appropriation, permanent	452 BA	6	6	6		O	287	325	356
Outlays	O	6	6	6					
Miscellaneous permanent appropriations (Area and regional development):									
(Appropriation, permanent)	452 BA	74	68	69					
(Outlays)	O	75	97	68					
(Other general government):									
(Appropriation, permanent)	808 BA	*	*	*					

Department of the Interior—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Territorial and International Affairs				
<i>Territorial and International Affairs</i>				
<i>Federal funds</i>				
General and Special Funds:				
Administration of territories:				
Appropriation, current	808 BA	81	82	79
Spending authority from offsetting collections	BA	1	2	2
Outlays	O	27	63	74
Outlays for grants to State and local governments	O	(26)	(61)	(72)
Appropriation, current	BA			✓ - 10
Outlays	O			✓ - 10
Outlays for grants to State and local governments	O			✓ (- 10)
Administration of territories (gross)	BA	82	84	71
	O	27	63	65
Total, offsetting collections		- 1	- 2	- 2
Total Administration of territories (net)	BA	81	82	69
	O	26	61	63
Trust Territory of the Pacific Islands:				
Appropriation, current	808 BA	23	24	1
Outlays	O	26	24	3
Outlays for grants to State and local governments	O	(26)	(24)	(3)
Compact of free association:				
Appropriation, current	808 BA	20	22	28
Appropriation, permanent	BA	141	302	145
Outlays	O	160	324	174
Appropriation, current	BA		✓ - 2	
Outlays	O		✓ - 2	
Total Compact of free association	BA	161	322	174
	O	160	322	174
Micronesian claims fund, Trust Territory of the Pacific Islands:				
Outlays	808 O	*	*	*
Payments to the United States territories, fiscal assistance:				
Appropriation, permanent	806 BA	97	83	85
Outlays	O	97	83	85
Outlays for grants to State and local governments	O	(97)	(83)	(85)
Guam Power Liquidating Account:				
Appropriation, permanent	808 BA	8		
Outlays	O	8		
Total Federal funds Territorial and International Affairs	BA	371	512	328
	O	317	490	324

Departmental Offices

Office of the Secretary
Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	306 BA	63	64	63
Spending authority from offsetting collections	BA	84	98	98
Outlays	O	148	155	161
Salaries and expenses (gross)	BA	147	162	161
	O	148	155	161

Total, offsetting collections		- 84	- 98	- 98
Total Salaries and expenses (net)	BA	63	64	63
	O	65	57	63
Office of the Secretary (special foreign currency program):				
Outlays	306 O	*		
Construction management:				
Appropriation, current	306 BA	2	2	2
Spending authority from offsetting collections	BA	*	1	1
Outlays	O	3	3	3
Construction management (gross)	BA	2	3	3
	O	3	3	3
Total, offsetting collections		- *	- 1	- 1
Total Construction management (net)	BA	2	2	2
	O	2	2	2
Oil spill emergency fund:				
Spending authority from offsetting collections	306 BA	7		
Outlays	O	1	*	*
Appropriation, current	BA		✓ - *	
Outlays	O		✓ - *	
Oil spill emergency fund (gross)	BA	7	- *	*
	O	1	- *	*
Total, offsetting collections		- 7		
Total Oil spill emergency fund (net)	BA		- *	*
	O	- 6	- *	*
Intragovernmental Funds:				
Working capital fund:				
Spending authority from offsetting collections	306 BA	84	95	133
Outlays	O	82	95	133
Working capital fund (gross)	BA	84	95	133
	O	82	95	133
Total, offsetting collections		- 84	- 95	- 133
Total Working capital fund (net)	BA			
	O	- 2		
<i>Trust funds</i>				
Take pride in America, gifts and bequests:				
Appropriation, permanent	306 BA	*	*	*
Outlays	O		*	*
Total Federal funds Office of the Secretary	BA	65	66	65
	O	60	59	65
Total Trust funds Office of the Secretary	BA	*	*	*
	O		*	*

Office of the Solicitor
Federal funds

General and Special Funds:				
Office of the Solicitor:				
Appropriation, current	306 BA	31	33	35
Spending authority from offsetting collections	BA	*	*	1
Outlays	O	32	32	36
Office of the Solicitor (gross)	BA	32	34	36
	O	32	32	36

Department of the Interior—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		— *	— *	— 1
Total Office of the Solicitor (net)	BA	31	33	35
	O	32	32	35
Office of Inspector General				
<i>Federal funds</i>				
General and Special Funds:				
<i>Office of Inspector General:</i>				
Appropriation, current	306 BA	24	24	24
Spending authority from offsetting collections	BA	*	1	*
Outlays	O	25	24	24
Office of Inspector General (gross) ..	BA	24	25	24
	O	25	24	24
Total, offsetting collections		— *	— 1	— *
Total Office of Inspector General (net)	BA	24	24	24
	O	25	24	24
National Indian Gaming Commission				
<i>Federal funds</i>				
General and Special Funds:				
<i>Salaries and expenses:</i>				
Appropriation, current	806 BA	2	1	2
Spending authority from offsetting collections	BA	2	3	3
Outlays	O	2	5	6
Salaries and expenses (gross)	BA	4	4	4
	O	2	5	6
Total, offsetting collections		— 2	— 3	— 3
Total Salaries and expenses (net) ...	BA	2	1	2
	O	*	2	3
Total Federal funds Departmental Offices	BA	122	125	126
	O	116	117	127
Total Trust funds Departmental Offices	BA	*	*	*
	O	.....	*	*

Account		1993 actual	1994 estimate	1995 estimate
Summary				
Federal funds:				
(As shown in detail above)	BA	8,429	9,118	8,766
	O	8,351	8,794	8,802
<i>Deductions for offsetting receipts:</i>				
Intrafund transactions	301 BA/O		J — 15	J — 16
	303 BA/O	J — 80	J — 20	J — 20
	452 BA/O	J *	J — 91	J — 26
	908 BA/O	J — 38	J — 50	J — 63
Proprietary receipts from the public	301 BA/O	J — 276	J — 193	J — 199
	302 BA/O	J — 1,228	J — 1,263	J — 1,315
	303 BA/O	J — 88	J — 135	J — 202
	306 BA/O	J — *	J — *	J — *
	452 BA/O	J — 71	J — 53	J — 53
	908 BA/O	J — 21	J — 17	J — 16
Offsetting governmental receipts	302 BA/O	J — *	J — *	J — *
Total Federal funds	BA	6,627	7,280	6,856
	O	6,549	6,955	6,891
Trust funds:				
(As shown in detail above)	BA	598	592	639
	O	592	640	655
<i>Deductions for offsetting receipts:</i>				
Proprietary receipts from the public	301 BA/O	J — 18	J — 43	J — 29
	302 BA/O	J — 9	J — 9	J — 9
	303 BA/O	J — 2	J — 2	J — 2
	306 BA/O	J — 2	J — 1	J — 1
	452 BA/O	J — 224	J — 219	J — 243
	908 BA/O	J — 79	J — 47	J — 47
Total Trust funds	BA	264	270	307
	O	258	319	323
Interfund transactions	303 BA/O	J — 1	J — 1	J — 1
	452 BA/O	J — *	J — 4	J — 23
	808 BA/O	J — 10	J — 30	J — 30
Total Department of the Interior	BA	6,880	7,515	7,109
	O	6,796	7,240	7,161

Department of Justice
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
General Administration				
<i>Federal funds</i>				
General and Special Funds:				
<i>Salaries and expenses:</i>				
Appropriation, current	751 BA	112	119	122
Reappropriation	BA	3		
Advance appropriation	BA		*	
Spending authority from offsetting collections	BA	31	30	30
Outlays	O	136	158	154
Salaries and expenses (gross)	BA	146	149	152
	O	136	158	154
Total, offsetting collections		— 31	— 30	— 30
Total Salaries and expenses (net) ...	BA	115	119	122
	O	105	128	124

Account		1993 actual	1994 estimate	1995 estimate
Office of the Inspector General:				
Appropriation, current	751 BA	30	30	31
Reappropriation	BA	1		
Spending authority from offsetting collections	BA	8	9	9
Outlays	O	39	38	39
<i>Office of the Inspector General (gross)</i>				
	BA	39	39	39
	O	39	38	39
Total, offsetting collections		— 8	— 9	— 9
Total Office of the Inspector General (net)	BA	31	30	31
	O	30	29	31
Weed and seed program fund:				
Appropriation, current	751 BA	13	13	13

Department of Justice—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	12	10	13	Total, offsetting collections		- 22	- 21	- 33
Outlays for grants to State and local governments	O	(12)	(9)	(13)	Total Salaries and expenses, Anti-trust Division (net)	BA O	42 40	50 51	42 40
Quantico training center:					Salaries and expenses, United States Attorneys:				
Appropriation, current	751 BA	8			Appropriation, current	752 BA	759	818	830
Outlays	O		1	3	Reappropriation	BA	15		
Emergency drug funding:					Appropriation, permanent	BA	22		
Outlays	751 O	*	*		Spending authority from offsetting collections	BA	82	82	80
Intragovernmental Funds:					Outlays	O	810	905	895
Working capital fund:					Salaries and expenses, United States Attorneys (gross)	BA O	879 810	901 905	910 895
Appropriation, current	751 BA	96			Total, offsetting collections		- 82	- 82	- 80
Spending authority from offsetting collections	BA	395	443	468	Total Salaries and expenses, United States Attorneys (net)	BA O	797 728	818 823	830 815
Outlays	O	407	540	468	Salaries and expenses, Foreign Claims Settlement Commission:				
Working capital fund (gross)	BA	491	443	468	Appropriation, current	153 BA	1	1	1
Outlays	O	407	540	468	Spending authority from offsetting collections	BA	*		
Total, offsetting collections		- 395	- 443	- 468	Outlays	O	1	1	1
Total Working capital fund (net)	BA O	96 12			Salaries and expenses, Foreign Claims Settlement Commission (gross)	BA O	1 1	1 1	1 1
Total Federal funds General Administration	BA O	262 160	162 265	166 171	Total, offsetting collections		- *		
					Total Salaries and expenses, Foreign Claims Settlement Commission (net)	BA O	1 1	1 1	1 1
					Salaries and expenses, United States Marshals Service:				
					Appropriation, current	752 BA	333	341	366
					Reappropriation	BA	4		
					Appropriation, permanent	BA	1		
					Spending authority from offsetting collections	BA	20	20	29
					Outlays	O	334	388	400
					Salaries and expenses, United States Marshals Service (gross) ..	BA O	358 334	361 388	395 400
					Total, offsetting collections		- 20	- 20	- 29
					Total Salaries and expenses, United States Marshals Service (net)	BA O	338 314	341 368	366 370
					Support of United States prisoners:				
					Appropriation, current	752 BA	241	313	370
					Appropriation, permanent	BA	28		
					Spending authority from offsetting collections	BA	2		
					Outlays	O	270	230	337
					Support of United States prisoners (gross)	BA O	271 270	313 230	370 337
					Total, offsetting collections		- 2		
					Total Support of United States prisoners (net)	BA O	268 267	313 230	370 337
					Fees and expenses of witnesses:				
					Appropriation, current	752 BA	77	98	78

United States Parole Commission

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	751 BA	9	9	9
Reappropriation	BA	1		
Outlays	O	9	10	9
Total Salaries and expenses	BA O	9 9	9 10	9 9

Legal Activities

Federal funds

General and Special Funds:

Salaries and expenses, General Legal Activities:

Appropriation, current	752 BA	394	407	433
Reappropriation	BA	2		
Spending authority from offsetting collections	BA	82	80	80
Outlays	O	482	477	507

Salaries and expenses, General Legal Activities (gross)	BA O	478 482	487 477	513 507
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Total, offsetting collections		- 82	- 80	- 80
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Total Salaries and expenses, General Legal Activities (net)	BA O	397 401	407 397	433 427
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Salaries and expenses, Antitrust Division:

Appropriation, current	752 BA	44	46	42
Reappropriation	BA	1		
Spending authority from offsetting collections	BA	18	25	33
Outlays	O	62	72	74

Salaries and expenses, Antitrust Division (gross)	BA O	64 62	71 72	75 74
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Department of Justice—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	71	120	90
Salaries and expenses, Community Relations Service:				
Appropriation, current	752 BA	27	26	20
Reappropriation	BA	*		
Spending authority from offsetting collections	BA	4	3	3
Outlays	O	23	32	24
Salaries and expenses, Community Relations Service (gross)	BA	31	29	23
Outlays	O	23	32	24
Total, offsetting collections		-4	-3	-3
Total Salaries and expenses, Community Relations Service (net)	BA	27	26	20
Outlays	O	19	29	21
Payment of Vietnam and U.S.S. Pueblo prisoner of war claims:				
Outlays	153 O	*	*	*
Independent counsel:				
Appropriation, permanent	752 BA	12	5	3
Outlays	O	12	5	3
Civil liberties public education fund:				
Appropriation, current	808 BA			5
Advance appropriation	BA	500	100	
Outlays	O	500	100	5
Total Civil liberties public education fund	BA	500	100	5
Outlays	O	500	100	5
United States trustee system fund:				
Appropriation, current	752 BA	57	62	66
Spending authority from offsetting collections	BA	36	37	41
Outlays	O	98	99	104
United States trustee system fund (gross)	BA	93	99	107
Outlays	O	98	99	104
Total, offsetting collections		-36	-37	-41
Total United States trustee system fund (net)	BA	57	62	66
Outlays	O	62	61	63
Assets forfeiture fund:				
Appropriation, current	752 BA	53	55	55
Appropriation, permanent	BA	432	521	432
Outlays	O	371	771	516
Outlays for grants to State and local governments	O	(193)	(225)	(220)
Total Assets forfeiture fund	BA	486	576	487
Outlays	O	371	771	516
Total Federal funds Legal Activities	BA	3,002	2,796	2,701
Outlays	O	2,786	2,957	2,688

Radiation Exposure Compensation				
Federal funds				
General and Special Funds:				
Administrative expenses:				
Appropriation, current	054 BA	3	3	3
Outlays	O	1	3	3
Payment to radiation exposure compensation trust fund:				
Appropriation, current	054 BA	171		
Outlays	O	171		
Trust funds				
Radiation exposure compensation trust fund:				
Appropriation, permanent	054 BA	171		

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	59	43	30
Total Federal funds Radiation Exposure Compensation	BA	173	3	3
Outlays	O	172	3	3
Total Trust funds Radiation Exposure Compensation	BA	171		
Outlays	O	59	43	30

Interagency Law Enforcement				
Federal funds				
General and Special Funds:				
Organized crime drug enforcement:				
Appropriation, current	751 BA	385	382	370
Outlays	O	463	376	403

Federal Bureau of Investigation				
Federal funds				
General and Special Funds:				
Salaries and expenses				
(Defense-related activities):				
(Appropriation, current)	054 BA	130	80	80
(Outlays)	O	98	80	83
(Federal law enforcement activities):				
(Appropriation, current)	751 BA	1,876	1,962	2,058
(Reappropriation)	BA	12		
(Appropriation, permanent)	BA	2		
(Spending authority from offsetting collections)	BA	364	288	252
(Outlays)	O	2,241	2,201	2,166
Salaries and expenses (gross)	BA	2,383	2,330	2,391
Outlays	O	2,338	2,280	2,249
Total, offsetting collections		-364	-288	-252
Total (Federal law enforcement activities) (net)	BA	1,889	1,962	2,058
Outlays	O	1,877	1,913	1,914
Total Salaries and expenses	BA	2,019	2,042	2,139
Outlays	O	1,975	1,993	1,997
Total Federal funds Federal Bureau of Investigation	BA	2,019	2,042	2,139
Outlays	O	1,975	1,993	1,997

Drug Enforcement Administration				
Federal funds				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	751 BA	730	737	724
Reappropriation	BA	7		
Appropriation, permanent	BA	5		
Spending authority from offsetting collections	BA	190	187	187
Outlays	O	972	808	852
Salaries and expenses (gross)	BA	932	924	911
Outlays	O	972	808	852
Total, offsetting collections		-190	-187	-187
Total Salaries and expenses (net) ...	BA	742	737	724
Outlays	O	783	621	665
Diversion control fee account:				
Appropriation, permanent	751 BA	12	57	58

Radiation Exposure Compensation

Federal funds

General and Special Funds:				
Administrative expenses:				
Appropriation, current	054 BA	3	3	3
Outlays	O	1	3	3
Payment to radiation exposure compensation trust fund:				
Appropriation, current	054 BA	171		
Outlays	O	171		
Trust funds				
Radiation exposure compensation trust fund:				
Appropriation, permanent	054 BA	171		

Interagency Law Enforcement

Federal funds

General and Special Funds:					
Organized crime drug enforcement:					
Appropriation, current	751 BA	385	382	370	
Outlays	O	463	376	403	

Federal Bureau of Investigation

Federal funds

General and Special Funds:				
Salaries and expenses				
(Defense-related activities):				
(Appropriation, current)	054 BA	130	80	80
(Outlays)	O	98	80	83
(Federal law enforcement activities):				
(Appropriation, current)	751 BA	1,876	1,962	2,058
(Reappropriation)	BA	12		
(Appropriation, permanent)	BA	2		
(Spending authority from offsetting collections)	BA	364	288	252
(Outlays)	O	2,241	2,201	2,166
Salaries and expenses (gross)	BA	2,383	2,330	2,391
	O	2,338	2,280	2,249
Total, offsetting collections		- 364	- 288	- 252
Total (Federal law enforcement ac- tivities) (net)	BA	1,889	1,962	2,058
	O	1,877	1,913	1,914
Total Salaries and expenses	BA	2,019	2,042	2,139
	O	1,975	1,993	1,997
Total Federal funds Federal Bureau of Investigation	BA	2,019	2,042	2,139
	O	1,975	1,993	1,997

Drug Enforcement Administration

Federal funds

General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	730	737	724
Reappropriation		BA	7		
Appropriation, permanent		BA	5		
Spending authority from offsetting					
collections		BA	190	187	187
Outlays		O	972	808	852
Salaries and expenses (gross)		BA	932	924	911
		O	972	808	852
Total, offsetting collections			- 190	- 187	- 187
Total Salaries and expenses (net) ...		BA	742	737	724
		O	783	621	665
Diversion control fee account:					
Appropriation, permanent	751	BA	12	57	58

Department of Justice—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	9	49	54	Outlays for grants to State and local governments	O	(1)	(1)	(1)
Total Federal funds Drug Enforcement Administration	BA	754	794	782	National Institute of Corrections (gross)	BA	11	11	11
	O	792	670	720		O	12	7	9
Immigration and Naturalization Service					Total, offsetting collections		-1	-1	-1
<i>Federal funds</i>					Total National Institute of Corrections (net)	BA	10	10	10
General and Special Funds:						O	12	6	9
Salaries and expenses:					Buildings and facilities:				
Appropriation, current	751 BA	978	1,051	1,149	Appropriation, current	753 BA	194	270	191
Spending authority from offsetting collections	BA	573	636	701	Outlays	O	449	604	589
Outlays	O	1,589	1,709	1,768	Intragovernmental Funds:				
Salaries and expenses (gross)	BA	1,551	1,688	1,851	Federal Prison Industries, Incorporated:				
	O	1,589	1,709	1,768	Spending authority from offsetting collections	753 BA	443	497	522
Total, offsetting collections		-573	-636	-701	Limitation on administrative expenses		(2)	(3)	(3)
Total Salaries and expenses (net) ..	BA	978	1,051	1,149	Outlays	O	422	497	522
	O	1,016	1,073	1,067	Federal Prison Industries, Incorporated (gross)	BA	443	497	522
Immigration emergency fund:						O	422	497	522
Appropriation, current	751 BA		6		Total, offsetting collections		-443	-497	-522
Immigration legalization:					Total Federal Prison Industries, Incorporated (net)	BA			
Appropriation, permanent	751 BA	7	4	3		O	-21		
Outlays	O	7	4	3	<i>Trust funds</i>				
Immigration user fee:					Commissary funds, Federal prisons (trust revolving fund):				
Appropriation, permanent	751 BA	224	296	325	Spending authority from offsetting collections	753 BA	98	125	145
Outlays	O	224	296	325	Outlays	O	91	125	145
Land border inspection fee:					Commissary funds, Federal prisons (trust revolving fund) (gross)	BA	98	125	145
Appropriation, permanent	751 BA	*	2	2		O	91	125	145
Outlays	O	*	2	2	Total, offsetting collections		-98	-125	-145
Breached Bond/Detention Fund:					Total Commissary funds, Federal prisons (trust revolving fund) (net)	BA			
Appropriation, permanent	751 BA	10	6	6		O	-7		
Outlays	O	10	6	6	Total Federal funds Federal Prison System	BA	1,948	2,230	2,608
Immigration examinations fee:						O	2,143	2,488	2,864
Appropriation, permanent	751 BA	294	322	353	Total Trust funds Federal Prison System	BA			
Outlays	O	294	322	353		O	-7		
Total Federal funds Immigration and Naturalization Service	BA	1,514	1,687	1,839	Office of Justice Programs				
	O	1,551	1,703	1,756	<i>Federal funds</i>				
Federal Prison System					General and Special Funds:				
<i>Federal funds</i>					Justice assistance:				
General and Special Funds:					Appropriation, current	754 BA	817	680	365
Salaries and expenses:					Spending authority from offsetting collections	BA	25	28	25
Appropriation, current	753 BA	1,691	1,950	2,407	Outlays	O	675	874	605
Reappropriation	BA	52			Outlays for grants to State and local governments	O	(545)	(714)	(489)
Spending authority from offsetting collections	BA	15	15	16	Justice assistance (gross)	BA	842	707	390
Outlays	O	1,718	1,893	2,283		O	675	874	605
Salaries and expenses (gross)	BA	1,759	1,965	2,423	Total, offsetting collections		-25	-28	-25
	O	1,718	1,893	2,283	Total Justice assistance (net)	BA	817	680	365
Total, offsetting collections		-15	-15	-16		O	650	846	580
Total Salaries and expenses (net) ..	BA	1,743	1,950	2,407					
	O	1,702	1,878	2,267					
National Institute of Corrections:									
Appropriation, current	754 BA	10	10	10					
Spending authority from offsetting collections	BA	1	1	1					
Outlays	O	12	7	9					

Department of Justice—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Public safety officers' benefits:				Summary			
Appropriation, current 754 BA	29	31	30	Federal funds:			
Outlays O	24	32	30	(As shown in detail above) BA	11,063	10,954	13,593
Crime victims fund:					O	10,859	11,460
Appropriation, permanent 754 BA	150	139	160	Deductions for offsetting receipts:			
Outlays O	136	118	151	Intrafund transactions 908 BA/O	J - 30	J - 18	J - 19
Outlays for grants to State and local governments O	(125)	(114)	(146)	Offsetting governmental receipts 751 BA/O	J - 542	J - 653	J - 722
Total Federal funds Office of Justice				Total Federal funds BA	10,491	10,284	12,852
Programs BA	996	849	555		O	10,288	10,789
	810	996	760	Trust funds:			
Crime Control				(As shown in detail above) BA	171		
<i>Federal funds</i>					O	53	43
General and Special Funds:				Interfund transactions 054 BA/O	J - 171		
Crime control fund:					751 BA/O	J - 15	J - 15
Appropriation, current 754 BA			J 2,423	Total Department of Justice BA	10,491	10,269	12,837
Outlays O			J 698		O	10,170	10,817
Outlays for grants to State and local governments O			J (402)				11,343

Department of Labor

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Employment and Training Administration				Federal unemployment benefits and allowances			
<i>Federal funds</i>				(Training and employment):			
General and Special Funds:				(Appropriation, current) 504 BA	80	76	101
Program administration:				(Outlays) O	77	78	91
Appropriation, current 504 BA	76	92	94	(Outlays for grants to State and local governments) O	(77)	(78)	(91)
Spending authority from offsetting collections BA	57	48	48	(Unemployment compensation):			
Outlays O	133	128	137	(Appropriation, current) 603 BA	131	114	173
Program administration (gross) BA	133	140	142	(Spending authority from offsetting collections) BA	34	80	40
	O	133	137	(Outlays) O	88	194	213
Total, offsetting collections - 57	- 48	- 48		Federal unemployment benefits and allowances (gross) BA	245	270	314
Total Program administration (net) .. BA	76	92	94		O	165	272
	76	80	89	Total, offsetting collections - 34	- 80	- 40	
Training and employment services:				Total (Unemployment compensation) (net) BA	131	114	173
Appropriation, current 504 BA	4,396	5,014	5,684		O	54	173
Appropriation, permanent BA	30			Total Federal unemployment benefits and allowances BA	211	190	274
Advance appropriation BA	188				O	131	192
Spending authority from offsetting collections BA	180	4	4	State unemployment insurance and employment service operations			
Outlays O	4,421	4,540	4,811	(Training and employment):			
Outlays for grants to State and local governments O	(3,245)	(3,467)	(3,709)	(Appropriation, current) 504 BA	24	77	277
Appropriation, current BA			J 150	(Spending authority from offsetting collections) BA	879	877	881
Outlays O			J 8	(Outlays) O	902	912	998
Outlays for grants to State and local governments O			J (7)	(Outlays for grants to State and local governments) O	(23)	(34)	(117)
Training and employment services (gross) BA	4,794	5,018	5,838	State unemployment insurance and employment service operations (gross) BA	902	954	1,158
	O	4,421	4,540		O	902	912
Total, offsetting collections - 180	- 4	- 4					998
Total Training and employment services (net) BA	4,614	5,014	5,834				
	O	4,241	4,536				
Community service employment for older Americans:							
Appropriation, current 504 BA	396	410	396				
Outlays O	389	386	406				
Outlays for grants to State and local governments O	(84)	(85)	(89)				

(In millions of dollars)

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Department of Labor—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
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Employment Standards Administration				Occupational Safety and Health Administration			
<i>Federal funds</i>				<i>Federal funds</i>			
General and Special Funds:				General and Special Funds:			
Salaries and expenses:				Salaries and expenses:			
Appropriation, current 505 BA	232	237	256	Appropriation, current 554 BA	288	297	321
Spending authority from offsetting				Spending authority from offsetting			
collections BA	31	33	31	collections BA	2	3	2
Outlays O	260	269	265	Outlays O	282	299	320
Salaries and expenses (gross) BA	263	270	287	Outlays for grants to State and local			
..... O	260	269	285	governments O	(61)	(62)	(65)
Total, offsetting collections BA	— 31	— 33	— 31	Salaries and expenses (gross) BA	291	300	323
Total Salaries and expenses (net) ... BA	232	237	256	..... O	282	299	320
..... O	229	236	254	Total, offsetting collections BA	— 2	— 3	— 2
				Total Salaries and expenses (net) ... BA	288	297	321
				..... O	280	296	318
Special benefits				Mine Safety and Health Administration			
(General retirement and disability in-				<i>Federal funds</i>			
surance (excluding social se):				General and Special Funds:			
(Appropriation, current) 601 BA	4	4	4	Salaries and expenses:			
(Outlays) O	4	4	4	Appropriation, current 554 BA	191	195	203
(Federal employee retirement and dis-				Spending authority from offsetting			
ability):				collections BA	*	*	*
(Appropriation, current) 602 BA	286	275	254	Outlays O	188	195	203
(Spending authority from offsetting				Outlays for grants to State and local			
collections) BA	1,812	1,720	1,816	governments O	(6)	(6)	(6)
(Outlays) O	1,824	1,940	2,034	Salaries and expenses (gross) BA	192	195	203
(Appropriation, current) BA			B — 2	..... O	188	195	203
(Outlays) O			B — 2	Total, offsetting collections BA	— *	— *	— *
Special benefits (gross) BA	1,902	1,999	2,072	Total Salaries and expenses (net) ... BA	191	195	203
..... O	1,828	1,944	2,036	..... O	188	195	202
Total, offsetting collections BA	— 1,612	— 1,720	— 1,816				
Total (Federal employee retirement							
and disability) (net) BA	286	275	252				
..... O	212	220	216				
Total Special benefits BA	290	279	256				
..... O	216	224	220				
Panama Canal Commission compensation fund:				Bureau of Labor Statistics			
Appropriation, permanent 602 BA	15	15	16	<i>Federal funds</i>			
Outlays O	6	7	6	General and Special Funds:			
				Salaries and expenses:			
<i>Trust funds</i>				Appropriation, current 505 BA	275	282	311
Black lung disability trust fund:				Spending authority from offsetting			
Appropriation, current 601 BA	944	1,003	996	collections BA	57	66	71
Administrative limitation: ESA, sala-				Outlays O	342	344	374
ries and expenses (30)	(30)	(30)	(29)	Appropriation, current BA		A 10	
Administrative limitation: Depart-				Outlays O		A 9	A 1
mental Management, salaries and				Salaries and expenses (gross) BA	332	359	382
expenses (26)	(26)	(24)	(24)	..... O	342	353	375
Administrative limitation: Office of				Total, offsetting collections BA	— 57	— 66	— 71
the Inspector General O	(*)	(*)	(*)	Total Salaries and expenses (net) ... BA	275	292	311
Outlays O	978	1,006	1,001	..... O	286	287	304
Special workers' compensation expenses:							
Appropriation, permanent 601 BA	115	138	133	Departmental Management			
Limitation on administrative ex-				<i>Federal funds</i>			
penses O	(1)	(1)	(1)	General and Special Funds:			
Outlays O	114	131	127	Salaries and expenses:			
Total Federal funds Employment				Appropriation, current 505 BA	142	143	172
Standards Administration BA	537	531	528	Spending authority from offsetting			
..... O	451	467	480	collections BA	33	40	39
Total Trust funds Employment				Outlays O	173	182	206
Standards Administration BA	1,059	1,141	1,129	Salaries and expenses (gross) BA	175	183	211
..... O	1,092	1,137	1,128	..... O	173	182	206
				Total, offsetting collections BA	— 33	— 40	— 39
				Total Salaries and expenses (net) ... BA	142	143	172
				..... O	140	142	167

Department of Labor—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Office of the Inspector General:				
Appropriation, current	505 BA	47	47	49
Spending authority from offsetting collections	BA	7	6	6
Outlays	O	52	52	54
Office of the Inspector General (gross)				
	BA	54	53	55
	O	52	52	54
Total, offsetting collections		- 7	- 6	- 6
Total Office of the Inspector General (net)	BA	47	47	49
	O	45	47	48
Intragovernmental Funds:				
Working capital fund:				
Appropriation, current	505 BA			25
Spending authority from offsetting collections	BA	80	81	82
Outlays	O	79	84	98
Working capital fund (gross)				
	BA	80	81	107
	O	79	84	98
Total, offsetting collections		- 80	- 81	- 82
Total Working capital fund (net)	BA			25
	O	- 1	3	16
Total Federal funds Departmental Management				
	BA	189	190	246
	O	184	191	231

Account		1993 actual	1994 estimate	1995 estimate
Allowances				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expense:				
Appropriation, current	505 BA		A - 2	
Outlays	O		A - 2	A - *
Summary				
Federal funds:				
(As shown in detail above)	BA	19,622	10,843	9,282
	O	17,358	9,312	7,200
Deductions for offsetting receipts:				
Intrafund transactions	602 BA/O	J - 13	J - 12	J - 12
	908 BA/O	J - 2	J - 3	J - 4
Total Federal funds	BA	19,607	10,828	9,266
	O	17,344	9,297	7,184
Trust funds:				
(As shown in detail above)	BA	40,852	32,155	28,339
	O	40,874	32,150	28,338
Deductions for offsetting receipts:				
Proprietary receipts from the public	908 BA/O	J - 76	J - 30	J - 24
Total Trust funds	BA	40,776	32,125	28,316
	O	40,798	32,121	28,314
Interfund transactions				
	601 BA/O	J - 343	J - 344	J - 326
	603 BA/O	J - 13,148	J - 3,963	J - 1,210
Total Department of Labor	BA	46,892	38,646	36,045
	O	44,651	37,111	33,962

Department of State

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Administration of Foreign Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Diplomatic and consular programs:				
Appropriation, current	153 BA	2,164	1,721	1,783
Spending authority from offsetting collections	BA	439	425	434
Outlays	O	2,727	2,199	2,228
Appropriation, current	BA		H - 1	
Outlays	O		H - 1	H - *
Diplomatic and consular programs (gross)				
	BA	2,603	2,145	2,218
	O	2,727	2,198	2,228
Total, offsetting collections		- 439	- 425	- 434
Total Diplomatic and consular pro- grams (net)	BA	2,164	1,721	1,783
	O	2,287	1,774	1,794
Salaries and expenses:				
Appropriation, current	153 BA		390	394
Spending authority from offsetting collections	BA		15	16
Outlays	O		347	390
Salaries and expenses (gross)				
	BA		406	410
	O		347	390
Total, offsetting collections			- 15	- 16
Total Salaries and expenses (net) ..	BA		390	394
	O		332	374

Account		1993 actual	1994 estimate	1995 estimate
Office of the Inspector General:				
Appropriation, current	153 BA	24	23	24
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	24	24	24
Office of the Inspector General (gross)				
	BA	24	24	24
	O	24	24	24
Total, offsetting collections		- *	- *	- *
Total Office of the Inspector General (net)	BA	24	23	24
	O	24	24	24
Acquisition and maintenance of buildings abroad:				
Appropriation, current	153 BA	560	400	422
Spending authority from offsetting collections	BA	93	53	53
Outlays	O	577	544	550
Acquisition and maintenance of buildings abroad (gross)				
	BA	654	453	475
	O	577	544	550
Total, offsetting collections		- 93	- 53	- 53
Total Acquisition and maintenance of buildings abroad (net)	BA	560	400	422
	O	484	491	497
Acquisition and maintenance of buildings abroad (spe- cial foreign currency program):				
Outlays	153 O	1	1	1

Department of State—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Representation allowances:				
Appropriation, current	153 BA	5	5	5
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	5	5	5
Representation allowances (gross)	BA	5	5	5
	O	5	5	5
Total, offsetting collections		— *	— *	— *
Total Representation allowances (net)	BA	5	5	5
	O	5	5	5
Protection of foreign missions and officials:				
Appropriation, current	153 BA	11	10	9
Outlays	O	13	14	10
Emergencies in the diplomatic and consular service:				
Appropriation, current	153 BA	8	8	6
Outlays	O	2	8	7
Buying power maintenance:				
Reappropriation	153 BA	14		
Appropriation, current	BA		H — 9	
Total Buying power maintenance	BA	14	— 9	
Payment to the American Institute in Taiwan:				
Appropriation, current	153 BA	16	15	15
Outlays	O	13	17	15
Payment to the Foreign Service retirement and disability fund:				
Appropriation, current	153 BA	119	125	129
Appropriation, permanent	BA	154	156	158
Outlays	O	273	261	288
Total Payment to the Foreign Service retirement and disability fund	BA	273	281	288
	O	273	281	288
Intragovernmental Funds:				
Working capital fund:				
Spending authority from offsetting collections	153 BA	79	71	70
Outlays	O	76	71	70
Working capital fund (gross)	BA	79	71	70
	O	76	71	70
Total, offsetting collections		— 79	— 71	— 70
Total Working capital fund (net)	BA			
	O	— 2		
Credit Accounts:				
Repatriation loans program account:				
Appropriation, current	153 BA	1	1	1
Appropriation, permanent	BA	1		
Limitation on direct loan activity		(1)	(1)	(1)
Outlays	O	1	1	1
Total Repatriation loans program account	BA	1	1	1
	O	1	1	1
Trust funds				
Foreign Service retirement and disability fund:				
Appropriation, permanent	602 BA	412	438	468
Outlays	O	412	438	468
Foreign service national separation liability trust fund:				
Appropriation, permanent	602 BA	77	6	7
Outlays	O	6	8	9
Miscellaneous trust funds:				
Appropriation, permanent	153 BA	26	2	

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	1	13	15
Total Federal funds Administration of Foreign Affairs	BA O	3,077 3,101	2,846 2,947	2,947 3,016
Total Trust funds Administration of Foreign Affairs	BA O	515 420	446 459	477 492
International Organizations and Conferences				
<i>Federal funds</i>				
General and Special Funds:				
Contributions to international organizations:				
Appropriation, current	153 BA	913	861	914
Spending authority from offsetting collections	BA	*		
Outlays	O	915	861	913
Contributions to international organizations (gross)	BA O	913 915	861 861	914 913
Total, offsetting collections		- *		
Total Contributions to international organizations (net)	BA O	913 915	861 861	914 913
Contributions for international peacekeeping activities				
(Conduct of foreign affairs):				
(Appropriation, current)	153 BA	460	402	
(Outlays)	O	458	403	11
(Appropriation, current)	BA		^ 670	
(Outlays)	O		^ 670	
Total (Conduct of foreign affairs)	BA O	460 458	1,072 1,073	
(International cooperation):				
(Appropriation, current)	156 BA			533
(Outlays)	O			527
Total Contributions for international peacekeeping activities	BA O	460 458	1,072 1,073	533 538
International conferences and contingencies:				
Appropriation, current	153 BA	6	6	6
Spending authority from offsetting collections	BA		*	
Outlays	O	4	9	6
International conferences and contingencies (gross)	BA O	6 4	6 9	6 6
Total, offsetting collections			- *	
Total International conferences and contingencies (net)	BA O	6 4	6 9	6 6
Total Federal funds International Organizations and Conferences	BA O	1,379 1,376	1,938 1,943	1,453 1,457

International Commissions

International Boundary and Water Commission, United States and Mexico:

Federal funds				
General and Special Funds:				
Salaries and expenses, IBWC:				
Appropriation, current	301 BA	12	11	15

Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	*	1	1
Outlays	O	12	12	16
Salaries and expenses, IBWC (gross)	BA	13	12	16
	O	12	12	16
Total, offsetting collections		- *	- 1	- 1
Total Salaries and expenses, IBWC (net)	BA	12	11	15
	O	12	11	15
Construction, IBWC:				
Appropriation, current	301 BA	14	14	10
Spending authority from offsetting collections	BA	11	35	54
Outlays	O	21	59	66
Construction, IBWC (gross)	BA	25	50	64
	O	21	59	66
Total, offsetting collections		- 11	- 35	- 54
Total Construction, IBWC (net)	BA	14	14	10
	O	10	24	13
Total Federal funds International Boundary and Water Commission, United States and Mexico: ..	BA	26	26	26
	O	22	35	28
<i>Federal funds</i>				
General and Special Funds:				
American sections, international commissions:				
Appropriation, current	301 BA	4	4	8
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	4	4	7
American sections, international commissions (gross)	BA	4	4	8
	O	4	4	7
Total, offsetting collections		- *	- *	- *
Total American sections, international commissions (net)	BA	4	4	8
	O	4	4	7
International fisheries commissions:				
Appropriation, current	302 BA	14	16	15
Outlays	O	14	16	15
Total Federal funds International Commissions	BA	45	46	48
	O	39	55	49
Other				
<i>Federal funds</i>				
General and Special Funds:				
Migration and refugee assistance (international development and humanitarian assistance):				
(Appropriation, current)	151 BA	621	671
(Outlays)	O	628	593	165
(international cooperation):				
(Appropriation, current)	156 BA	633
(Outlays)	O	475
Total Migration and refugee assistance	BA	621	671	633
	O	628	593	640

Account		1993 actual	1994 estimate	1995 estimate
United States emergency refugee and migration assistance fund (international development and humanitarian assistance):				
(Appropriation, current)	151 BA	49	49
(Outlays)	O	44	93	37
(international cooperation):				
(Appropriation, current)	156 BA	50
(Outlays)	O	25
Total United States emergency refugee and migration assistance fund	BA	49	49	50
	O	44	93	62
U.S. bilateral science and technology agreements:				
Appropriation, current	153 BA	4	4
Outlays	O	5	4	1
Russian, Eurasian, and East European research and training program:				
Appropriation, current	153 BA	10
Outlays	O	9	9	2
Payment to the Asia Foundation:				
Appropriation, current	154 BA	17	16	16
Outlays	O	17	15	16
International Center, Washington, D.C.: ..				
Appropriation, permanent	153 BA	*	*	*
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	2	2	2
International Center, Washington, D.C. (gross)	BA	2	2	2
	O	2	2	2
Total, offsetting collections		- 1	- 1	- 1
Total International Center, Washington, D.C. (net)	BA	*	*	*
	O	1	*	*
Fishermen's protective fund:				
Outlays	376 O	*
Fishermen's guaranty fund:				
Outlays	376 O	*
Total Federal funds Other	BA	702	741	699
	O	704	715	721
Summary				
Federal funds:				
(As shown in detail above)	BA	5,202	5,571	5,148
	O	5,221	5,660	5,242
Deductions for offsetting receipts:				
Proprietary receipts from the public	153 BA/O	J - *	J - *	J - *
Total Federal funds	BA	5,202	5,571	5,148
	O	5,220	5,659	5,242
Trust funds:				
(As shown in detail above)	BA	515	446	477
	O	420	459	492
Deductions for offsetting receipts:				
Intrafund transactions	602 BA/O	J - 3	J - *	J - *
Total Trust funds	BA	512	446	476
	O	416	458	491
Interfund transactions	153 BA/O	J - 316	J - 326	J - 333
	602 BA/O	J - 77	J - 6	J - 7
	803 BA/O	J - *	J - *
Total				

Department of Transportation

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Federal Highway Administration				Miscellaneous highway trust funds:			
<i>Federal funds</i>				Appropriation, current	401 BA	325	8
General and Special Funds:				Outlays	O	75	106
Miscellaneous appropriations:				Outlays for grants to State and local governments	O	(74)	(102)
Appropriation, current	401 BA	17	146	Appropriation, current	BA	H - 145	(117)
Outlays	O	233	232	Outlays	O	H - 8	H - 23
Outlays for grants to State and local governments	O	(231)	(231)	Outlays for grants to State and local governments	O	H (- 8)	H (- 23)
Appropriation, current	BA		H - 344	Total Miscellaneous highway trust funds	BA	325	- 137
Outlays	O		H - 32		O	75	98
Outlays for grants to State and local governments	O		H (- 32)				97
Total Miscellaneous appropriations ..	BA	17	- 198	Right-of-way revolving fund (trust revolving fund):			
	O	233	201	Spending authority from offsetting collections	401 BA	21	42
Credit Accounts:				Limitation on direct loan obligations		(39)	(42)
Orange County (CA) toll road demonstration project program account:				Outlays	O	30	42
Appropriation, current	401 BA	10		Right-of-way revolving fund (trust revolving fund) (gross)	BA	21	42
Limitation on direct loan activity		(120)			O	30	42
<i>Trust funds</i>				Total, offsetting collections		- 21	- 42
Federal-aid highways:				Total Right-of-way revolving fund (trust revolving fund) (net)	BA		
Appropriation, current	401 BA	100			O	9	
Appropriation, permanent	BA		30	Total Federal funds Federal Highway Administration	BA	26	- 198
Spending authority from offsetting collections	BA	17	41		O	233	201
Contract authority, permanent	BA	20,670	20,874				168
Limitation on program level (obligations)		(15,507)	(17,590)	Total Trust funds Federal Highway Administration	BA	21,199	19,468
Outlays	O	16,276	17,852		O	16,423	18,031
Outlays for grants to State and local governments	O	(15,895)	(17,308)				18,821
Appropriation, current	BA		A 315	National Highway Traffic Safety Administration			
Outlays	O		A 34	<i>Federal funds</i>			
Outlays for grants to State and local governments	O		A (37)	General and Special Funds:			
Contract authority, permanent	BA		H - 1,721	Operations and research:			
Outlays	O		H - 20	Appropriation, current	401 BA	82	76
Outlays for grants to State and local governments	O		H (- 20)	Spending authority from offsetting collections	BA	59	54
Federal-aid highways (gross)	BA	20,787	19,539	Outlays	O	117	142
	O	16,276	17,866	Operations and research (gross)	BA	141	130
Total, offsetting collections		- 17	- 41		O	117	142
Total Federal-aid highways (net)	BA	20,770	19,498	Total, offsetting collections		- 59	- 54
	O	16,259	17,825	Total Operations and research (net)	BA	82	76
Highway-related safety grants:					O	58	87
Contract authority, permanent	401 BA	20	20	Miscellaneous safety programs:			
Limitation on program level (obligations)	O	(10)	(10)	Outlays	401 O	5	*
Outlays	O	11	9	Outlays for grants to State and local governments	O	(5)	(*)
Outlays for grants to State and local governments	O	(11)	(9)	<i>Trust funds</i>			
Motor carrier safety grants:				Operations and research (trust fund share):			
Contract authority, permanent	401 BA	76	80	Appropriation, current	401 BA	46	48
Limitation on program level (obligations)		(65)	(65)	Outlays	O	42	55
Outlays	O	63	66	Highway traffic safety grants:			
Outlays for grants to State and local governments	O	(62)	(65)	Contract authority, permanent	401 BA	171	196
Miscellaneous trust funds				Limitation on program level (obligations)		(142)	(174)
(International development and humanitarian assistance):				Outlays	O	137	140
(Appropriation, permanent)	151 BA		*				150
(Outlays)	O		1				
(International cooperation):							
(Appropriation, permanent)	156 BA		*				
(Outlays)	O		1				
(Ground transportation):							
(Appropriation, permanent)	401 BA	8	7				
(Outlays)	O	6	32				
Total Miscellaneous trust funds	BA	8	8				
	O	6	33				

Department of Transportation—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays for grants to State and local governments	O	(131)	(135)	(144)	Northeast corridor improvement program:				
Total Federal funds National Highway Traffic Safety Administration	BA	82	76	78	Appropriation, current	401 BA	204	225	200
	O	63	87	83	Outlays	O	121	334	286
Total Trust funds National Highway Traffic Safety Administration	BA	217	244	244	Pennsylvania station redevelopment project:				
	O	179	196	206	Appropriation, current	401 BA			90
					Outlays	O			13
					Appropriation, current	BA		10	
					Outlays	O		10	
					Total Pennsylvania station redevelopment project	BA		10	90
						O		10	13
Federal Railroad Administration					Mandatory passenger rail service payments:				
<i>Federal funds</i>					Appropriation, current	401 BA	146	137	
General and Special Funds:					Outlays	O	146	137	
Office of the Administrator:					Grants to National Railroad Passenger Corporation:				
Appropriation, current	401 BA	17	12	18	Appropriation, current	401 BA	541	547	788
Spending authority from offsetting collections	BA	*	*	*	Outlays	O	465	448	738
Outlays	O	20	31	24	Next generation high speed rail program:				
Outlays for grants to State and local governments	O	(5)	(5)	(3)	Appropriation, current	401 BA			28
Office of the Administrator (gross) ..	BA	17	12	19	Outlays	O			6
	O	20	31	24	Outlays for grants to State and local governments	O			(1)
Total, offsetting collections		— *	— *	— *	Public Enterprise Funds:				
Total Office of the Administrator (net)	BA	17	12	18	Railroad rehabilitation and improvement liquidating account:				
	O	20	31	24	Outlays	401 O	*	*	— *
Local rail freight assistance:					Railroad rehabilitation and improvement liquidating account (gross) ..	O	*	*	— *
Appropriation, current	401 BA	29	17		Total, offsetting collections		— 9	— 6	— 7
Outlays	O	7	35	17	Total Railroad rehabilitation and improvement liquidating account (net)	BA	— 9	— 6	— 7
Outlays for grants to State and local governments	O	(7)	(35)	(17)		O	— 9	— 6	— 7
Railroad safety:					Credit Accounts:				
Appropriation, current	401 BA	41	44	48	Railroad rehabilitation and improvement program account:				
Spending authority from offsetting collections	BA		*		Appropriation, current	401 BA	*	*	
Outlays	O	39	41	48	Limitation on loan guarantee commitments			(5)	
Railroad safety (gross)	BA	41	44	48	Outlays	O		*	
	O	39	41	48	Amtrak corridor improvement loans program account:				
Total, offsetting collections		— *			Appropriation, current	401 BA	1		
Total Railroad safety (net)	BA	41	44	48	Limitation on direct loan activity		(4)		
	O	39	41	48	Outlays	O		*	
Railroad research and development:					Amtrak corridor improvement loans liquidating account:				
Appropriation, current	401 BA	25	38	21	Total, offsetting collections	401		— 1	— 1
Spending authority from offsetting collections	BA	*	2	2	<i>Trust funds</i>				
Outlays	O	23	45	26	Trust fund share of next generation high speed rail program:				
Appropriation, current	BA		H — 17		Contract authority, permanent	401 BA	50	105	105
Outlays	O		H — 10	H — 3	Limitation on program level (obligations)			(4)	(5)
Railroad research and development (gross)	BA	26	22	22	Outlays	O		1	3
	O	23	35	22	Limitation on program level (obligations)			1 (4)	
Total, offsetting collections		— *	— 2	— 2	Outlays	O		12	12
Total Railroad research and development (net)	BA	25	21	21	Total Trust fund share of next generation high speed rail program ..	BA	50	105	105
	O	23	33	21		O		3	5
Conrail labor protection:					Total Federal funds Federal Railroad Administration	BA	1,002	1,006	1,184
Outlays	603 O	— *				O	618	1,067	1,159
Conrail commuter transition assistance:					Total Trust funds Federal Railroad Administration	BA	50	105	105
Appropriation, current	401 BA	7				O		3	5
Outlays	O	7	2	15					
Outlays for grants to State and local governments	O	(7)	(2)	(15)					

Department of Transportation—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Federal Transit Administration				Federal Aviation Administration			
<i>Federal funds</i>				<i>Federal funds</i>			
General and Special Funds:				General and Special Funds:			
Administrative expenses:				Operations:			
Appropriation, current 401 BA	13	21	43	Appropriation, current 402 BA	2,251	2,286	2,202
Spending authority from offsetting				Spending authority from offsetting			
collections BA	25	18		collections BA	2,333	2,352	2,439
Outlays O	43	36	43	Outlays O	4,546	4,648	4,640
Administrative expenses (gross) BA	38	39	43	Appropriation, current BA		H - 3	
O O	43	36	43	Outlays O		H - 2	H - *
Total, offsetting collections - 25	- 18			Operations (gross) BA	4,584	4,636	4,640
Total Administrative expenses (net) . BA	13	21	43	O O	4,546	4,645	4,640
O O	18	17	43	Total, offsetting collections - 2,333	- 2,352	- 2,439	
Research, training, and human resources:				Total Operations (net) BA	2,251	2,283	2,202
Outlays 401 O	11	14	9	O O	2,212	2,293	2,201
Outlays for grants to State and local				Miscellaneous expired accounts:			
governments O	(11)	(14)	(9)	Outlays 402 O		2	
Interstate transfer grants-transit:				Aircraft purchase loan guarantee program:			
Appropriation, current 401 BA	75	45	39	Authority to borrow, current 402 BA	*	*	*
Outlays O	163	112	78	Outlays O	*	*	*
Outlays for grants to State and local				Public Enterprise Funds:			
governments O	(163)	(112)	(78)	Aviation insurance revolving fund:			
Washington metro:				Spending authority from offsetting			
Appropriation, current 401 BA	170	200	200	collections 402 BA	2	4	4
Outlays O	149	189	148	Outlays O	*	*	*
Outlays for grants to State and local				Aviation insurance revolving fund			
governments O	(149)	(189)	(148)	(gross) BA	2	4	4
Formula grants:				O O	*	*	*
Appropriation, current 401 BA	651	1,285	1,715				
Spending authority from offsetting							
collections BA	1,049	1,130	1,150				
Outlays O	2,240	1,387	1,851				
Outlays for grants to State and local							
governments O	(2,240)	(1,387)	(1,851)				
Formula grants (gross) BA	1,700	2,415	2,865				
O O	2,240	1,387	1,851				
Total, offsetting collections - 1,049	- 1,130	- 1,150					
Total Formula grants (net) BA	651	1,285	1,715				
O O	1,191	257	701				
University transportation centers:							
Appropriation, current 401 BA	2	3	6				
Spending authority from offsetting							
collections BA		7					
Outlays O		4	5				
University transportation centers							
(gross) BA	2	10	6				
O O		4	5				
Total, offsetting collections - 7							
Total University transportation cen-							
ters (net) BA	2	3	6				
O O		- 3	5				
Transit planning and research:							
Appropriation, current 401 BA	29	48	92				
Spending authority from offsetting							
collections BA	15	98					
Outlays O	16	45	74				
Outlays for grants to State and local							
governments O	(16)	(45)	(74)				
Transit planning and research							
(gross) BA	44	147	92				
O O	16	45	74				

Department of Transportation—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 2	- 4	- 4
Total Aviation insurance revolving fund (net)	BA O	- 2	- 4	- 4
<i>Trust funds</i>				
Grants-in-aid for airports (Airport and airway trust fund):				
Contract authority, permanent	402 BA	2,050	1,690	1,690
Limitation on program level (obligations)		(1,800)	(1,690)	(1,690)
Outlays	O	1,931	1,850	1,710
Outlays for grants to State and local governments	O	(1,931)	(1,850)	(1,710)
Contract authority, permanent	BA		H - 488	
Total Grants-in-aid for airports (Airport and airway trust fund)	BA O	2,050 1,931	1,202 1,850	1,690 1,710
Facilities and equipment (Airport and airway trust fund):				
Appropriation, current	402 BA	2,302	2,120	2,269
Spending authority from offsetting collections	BA	29	118	121
Outlays	O	2,195	2,141	2,224
Appropriation, current	BA		H - 40	
Outlays	O		H - 8	H - 10
Facilities and equipment (Airport and airway trust fund) (gross)	BA O	2,331 2,195	2,198 2,133	2,390 2,215
Total, offsetting collections		- 29	- 118	- 121
Total Facilities and equipment (Airport and airway trust fund) (net)	BA O	2,302 2,166	2,080 2,015	2,269 2,093
Research, engineering and development (Airport and airway trust fund):				
Appropriation, current	402 BA	230	254	267
Spending authority from offsetting collections	BA	*	2	2
Outlays	O	213	268	280
Research, engineering and development (Airport and airway trust fund) (gross)	BA O	230 213	256 268	268 280
Total, offsetting collections		- *	- 2	- 2
Total Research, engineering and development (Airport and airway trust fund) (net)	BA O	230 212	254 267	267 278
Trust fund share of FAA operations:				
Appropriation, current	402 BA	2,279	2,294	2,379
Outlays	O	2,279	2,294	2,379
Total Federal funds Federal Aviation Administration	BA O	2,251 2,211	2,283 2,291	2,202 2,198
Total Trust funds Federal Aviation Administration	BA O	6,861 6,589	5,830 6,426	6,605 6,461

Account		1993 actual	1994 estimate	1995 estimate
Coast Guard <i>Federal funds</i>				
General and Special Funds:				
Operating expenses				
(Defense-related activities):				
(Appropriation, current)	054 BA	253		
(Outlays)	O	258	51	
(Water transportation):				
(Appropriation, current)	403 BA	2,251	2,535	2,606
(Spending authority from offsetting collections)	BA	126	138	104
(Outlays)	O	2,382	2,693	2,490
(Appropriation, current)	BA		H - 5	
Operating expenses (gross)	BA O	2,630 2,640	2,667 2,743	2,710 2,490
Total, offsetting collections		- 126	- 138	- 104
Total (Water transportation) (net)	BA O	2,251 2,255	2,530 2,555	2,606 2,385
Total Operating expenses	BA O	2,504 2,514	2,530 2,606	2,606 2,385
Acquisition, construction, and improvements				
(Defense-related activities):				
(Outlays)	054 O	2	1	*
(Water transportation):				
(Appropriation, current)	403 BA	304	288	407
(Spending authority from offsetting collections)	BA	42	35	48
(Outlays)	O	351	351	378
(Appropriation, current)	BA		H - 2	
Acquisition, construction, and improvements (gross)	BA O	347 353	320 352	454 378
Total, offsetting collections		- 42	- 35	- 48
Total (Water transportation) (net)	BA O	304 309	286 316	407 330
Total Acquisition, construction, and improvements	BA O	304 311	286 317	407 331
Environmental compliance and restoration:				
Appropriation, current	304 BA	22	23	25
Outlays	O	20	19	21
Alteration of bridges:				
Appropriation, current	403 BA	13	13	
Outlays	O	7	24	13
Retired pay:				
Appropriation, current	403 BA	520	549	563
Outlays	O	505	502	558
Reserve training				
(Defense-related activities):				
(Appropriation, current)	054 BA	50		
(Outlays)	O	45	5	
(Water transportation):				
(Appropriation, current)	403 BA	23	64	65
(Spending authority from offsetting collections)	BA	*	*	*
(Outlays)	O	21	58	65
Reserve training (gross)	BA O	73 66	64 64	65 65
Total, offsetting collections		- *	- *	- *
Total (Water transportation) (net)	BA O	23 21	64 58	65 65
Total Reserve training	BA O	73 66	64 64	65 65
Research, development, test, and evaluation:				
Appropriation, current	403 BA	22	18	17

Department of Transportation—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	7	5	4	Total, offsetting collections		-6	-7	-7
Outlays	O	33	34	25	Total Miscellaneous trust revolving funds (net)	BA			
Outlays for grants to State and local governments	O	(*)	(1)	(1)		O			
Research, development, test, and evaluation (gross)	BA	29	23	21	Total Federal funds Coast Guard	BA	3,458	3,481	3,682
	O	33	34	25		O	3,424	3,557	3,399
Total, offsetting collections		-7	-5	-4	Total Trust funds Coast Guard	BA	192	182	128
Total Research, development, test, and evaluation (net)	BA	22	18	17		O	151	144	110
	O	27	28	21					
Pollution fund:					Maritime Administration				
Outlays	304 O	*	*		<i>Federal funds</i>				
Intragovernmental Funds:					General and Special Funds:				
Coast Guard supply fund:					Operating differential subsidies:				
Spending authority from offsetting collections	403 BA	67	69	71	Outlays	403 O	216	244	217
Outlays	O	62	69	71	Maritime security program:				
Coast Guard supply fund (gross)	BA	67	69	71	Appropriation, permanent	403 BA			\$1,000
	O	62	69	71	Outlays	O			\$80
Total, offsetting collections		-67	-69	-71	Ocean freight differential:				
Total Coast Guard supply fund (net) ..	BA	-5	*	*	Authority to borrow, permanent	403 BA	62	77	61
	O				Outlays	O	62	77	61
Coast Guard yard fund:					Operations and training:				
Spending authority from offsetting collections	403 BA	73	50	41	Appropriation, current	403 BA	72	76	77
Outlays	O	53	47	46	Spending authority from offsetting collections	BA	43	46	49
Coast Guard yard fund (gross)	BA	73	50	41	Outlays	O	119	124	126
	O	53	47	46	Operations and training (gross)	BA	115	123	126
Total, offsetting collections		-73	-50	-41		O	119	124	126
Total Coast Guard yard fund (net) ..	BA	-20	-3	5	Total, offsetting collections		-43	-46	-49
	O				Total Operations and training (net) ..	BA	72	76	77
						O	76	78	77
<i>Trust funds</i>					Ready reserve force:				
Boat safety:					Appropriation, current	054 BA	440	298	250
Appropriation, current	403 BA	64	64		Outlays	O	409	369	286
Appropriation, permanent	BA	5	8	8	Public Enterprise Funds:				
Outlays	O	69	70	24	Vessel operations revolving fund:				
Outlays for grants to State and local governments	O	(37)	(40)	(24)	Spending authority from offsetting collections	403 BA	168	108	58
Total Boat safety	BA	70	72	8	Outlays	O	240	34	58
	O	69	70	24	Vessel operations revolving fund (gross)	BA	168	108	58
Trust fund share of expenses:						O	240	34	58
Appropriation, current	304 BA	66	49	61	Total, offsetting collections		-168	-108	-58
Outlays	O	66	49	61	Total Vessel operations revolving fund (net)	BA			
Emergency fund:						O	71	-74	
Appropriation, permanent	304 BA	50	50	50	War risk insurance revolving fund:				
Outlays	O	10	15	15	Spending authority from offsetting collections	403 BA	1	2	1
Payment of claims:					Outlays	O	*	*	1
Appropriation, permanent	304 BA	6	10	10	War risk insurance revolving fund (gross)	BA	1	2	1
Outlays	O	6	10	10		O	*	*	1
Coast Guard general gift fund:					Total, offsetting collections		-1	-2	-1
Appropriation, permanent	403 BA	*	*	*	Total War risk insurance revolving fund (net)	BA			
Outlays	O	*	*	*		O	-1	-1	-1
Miscellaneous trust revolving funds:					Credit Accounts:				
Spending authority from offsetting collections	403 BA	6	7	7	Federal ship financing fund liquidating account:				
Outlays	O	7	7	7	Spending authority from offsetting collections	403 BA	118	157	145
Miscellaneous trust revolving funds (gross)	BA	6	7	7					
	O	7	7	7					

Department of Transportation—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	23	127	123
Federal ship financing fund liquidat- ing account (gross)	BA O	118 23	157 127	145 123
Total, offsetting collections		- 118	- 157	- 145
Total Federal ship financing fund liq- uidating account (net)	BA O	- 95	- 30	- 22
Maritime guaranteed loan:				
(Defense-related activities):				
(Appropriation, current)	054 BA	52	50	
(Limitation on loan guarantee com- mitments)			(953)	
(Outlays)	O		101	
(Water transportation):				
(Appropriation, current)	403 BA			54
(Limitation on loan guarantee com- mitments)				(500)
(Outlays)	O			54
Total Maritime guaranteed loan	BA O	52	50	54
			101	54
Trust funds				
Special studies, services and projects:				
Appropriation, permanent	403 BA			*
Outlays	O	*		*
Gifts and bequests:				
Appropriation, permanent	403 BA		*	*
Spending authority from offsetting collections	BA	*		*
Outlays	O	*		*
Gifts and bequests (gross)	BA O	*	*	*
Total, offsetting collections		- *		
Total Gifts and bequests (net)	BA O		*	*
			- *	*
Total Federal funds Maritime Admin- istration	BA O	626 738	501 764	1,442 752
Total Trust funds Maritime Adminis- tration	BA O		*	*
			- *	*

Saint Lawrence Seaway Development Corporation

Federal funds

Public Enterprise Funds:				
Saint Lawrence Seaway Development Corporation:				
Spending authority from offsetting collections	403 BA	15	12	12
Outlays	O	12	13	12
Saint Lawrence Seaway Develop- ment Corporation (gross)	BA O	15 12	12 13	12 12
Total, offsetting collections		- 15	- 12	- 12
Total Saint Lawrence Seaway De- velopment Corporation (net)	BA O	- 3	*	*

Trust funds

Operations and maintenance:				
Appropriation, current	403 BA	11	11	10
Outlays	O	13	11	10

Account		1993 actual	1994 estimate	1995 estimate
Office of the Inspector General				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	407 BA	38	39	38
Spending authority from offsetting collections	BA	*		
Outlays	O	41	39	38
Salaries and expenses (gross)	BA O	38 41	39 39	38 38
Total, offsetting collections		- *		
Total Salaries and expenses (net) ...	BA O	38 40	39 39	38 38

Research and Special Programs Administration

Federal funds

General and Special Funds:				
Research and special programs:				
Appropriation, current	407 BA	24	24	27
Spending authority from offsetting collections	BA	17	29	37
Outlays	O	42	49	59
Research and special programs (gross)	BA O	40 42	53 49	64 59
Total, offsetting collections		- 17	- 29	- 37
Total Research and special pro- grams (net)	BA O	24 26	24 20	27 22
Pipeline safety:				
Appropriation, current	407 BA	15	17	19
Spending authority from offsetting collections	BA	*	3	3
Outlays	O	14	18	20
Outlays for grants to State and local governments	O	(7)	(7)	(7)
Pipeline safety (gross)	BA O	15 14	19 18	21 20
Total, offsetting collections		- *	- 3	- 3
Total Pipeline safety (net)	BA O	15 14	17 15	19 17

Emergency preparedness grants:

Appropriation, current	407 BA	1	*	*
Appropriation, permanent	BA	10	11	11
Outlays	O	1	12	13
Outlays for grants to State and local governments	O	(*)	(9)	(10)
Total Emergency preparedness grants	BA O	11 1	11 12	12 13

Intragovernmental Funds:

Working capital fund, Volpe National Transportation

Systems Center:

Spending authority from offsetting collections	407 BA	234	224	232
Outlays	O	229	224	232

Working capital fund, Volpe National Transportation Systems Center (gross)

BA	234	224	232
O	229	224	232

Department of Transportation—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 234	- 224	- 232	Outlays	O	4	5	6
Total Working capital fund, Volpe National Transportation Systems Center (net)	BA O	- 5			Operations and research, OCST (gross)	BA O	4 4	5 5	7 6
<i>Trust funds</i>					Total, offsetting collections		- *	- *	
Alaska pipeline task force:					Total Operations and research, OCST (net)	BA O	4 4	5 5	7 6
Appropriation, current	407 BA	1	*	*	Payments to air carriers, DOT:				
Outlays	O	*	*	*	Outlays	402 O	1	11	
Trust fund share of pipeline safety:					Intragovernmental Funds:				
Appropriation, current	407 BA		2	3	Working capital fund:				
Outlays	O		2	3	Spending authority from offsetting collections	407 BA O	73 62	93 93	107 107
Total Federal funds Research and Special Programs Administration ..	BA O	50 35	52 47	57 52	Working capital fund (gross)	BA O	73 62	93 93	107 107
Total Trust funds Research and Special Programs Administration ..	BA O	1 *	2 3	3 3	Total, offsetting collections		- 73	- 93	- 107
Office of the Secretary					Total Working capital fund (net)	BA O	- 11		
<i>Federal funds</i>					Credit Accounts:				
General and Special Funds:					Minority business resource center program account:				
Salaries and expenses:					Appropriation, current	407 BA	1	*	2
Appropriation, current	407 BA	62	58	62	Limitation on direct loan activity	O	(8)	(8)	(15)
Spending authority from offsetting collections	BA	19	19	12	Outlays	O	*	1	2
Outlays	O	84	88	73	<i>Trust funds</i>				
Salaries and expenses (gross)	BA O	81 84	77 88	73 73	Trust fund share of rental payments:				
Total, offsetting collections		- 19	- 19	- 12	Appropriation, current	407 BA	49	41	43
Total Salaries and expenses (net) ...	BA O	62 65	58 69	62 61	Outlays	O	49	41	43
Rental payments:					Payments to air carriers (trust fund):				
Appropriation, current	407 BA	81	109	110	Contract authority, permanent	402 BA	39	39	26
Spending authority from offsetting collections	BA	53	63	66	Limitation on program level (obliga- tions)	O	(39)	(33)	(26)
Outlays	O	136	168	176	Outlays	O	36	26	29
Appropriation, current	BA		H - 2		Contract authority, permanent	BA		H - 10	
Outlays	O		H - 2		Total Payments to air carriers (trust fund)	BA O	39 36	29 26	26 29
Rental payments (gross)	BA O	133 136	170 167	176 176	Gifts and bequests:				
Total, offsetting collections		- 53	- 63	- 66	Outlays	407 O	*		
Total Rental payments (net)	BA O	81 83	107 104	110 110	Total Federal funds Office of the Secretary	BA O	150 146	180 196	190 188
Transportation, planning, research and development:					Total Trust funds Office of the Sec- retary	BA O	88 85	69 66	69 72
Appropriation, current	407 BA	3	9	10	Summary				
Spending authority from offsetting collections	BA	*			Federal funds:				
Outlays	O	3	7	9	(As shown in detail above)	BA O	8,624 9,246	9,024 8,811	10,967 9,116
Transportation, planning, research and development (gross)	BA O	3 3	9 7	10 9	Deductions for offsetting receipts:				
Total, offsetting collections		- *			Proprietary receipts from the public	403 BA/O 407 BA/O	J - 2 J - 10	J - 7 J - 15	J - 8 J - 15
Total Transportation, planning, re- search and development (net)	BA O	3 3	9 7	10 9	Offsetting governmental receipts	401 BA/O 403 BA/O 407 BA/O	J - 34 J - 77 J - 15	J - 37 J - 79 J - 21	J - 43 J - 191 J - 22
Operations and research, OCST:					Total Federal funds	BA O	8,487 9,110	8,864 8,652	10,687 8,836
Appropriation, current	407 BA	4	5	7	Trust funds:				
Spending authority from offsetting collections	BA	*	*	*	(As shown in detail above)	BA O	31,493 25,356	28,836 28,042	30,088 28,446

Department of Transportation—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA/O	✓ - *	✓ - 1	✓ - 1
	401 BA/O	✓ - 1	✓ - 2	✓ - 2
	403 BA/O			✓ - *
Total Trust funds	BA	31,491	28,833	30,086
	O	25,354	28,040	28,443

Account		1993 actual	1994 estimate	1995 estimate
Interfund transactions	401 BA/O	✓ - 6	✓ - 5	✓ - 5
Total Department of Transportation ..	BA	39,971	37,693	40,768
	O	34,457	36,687	37,274

Department of the Treasury

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
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Departmental Offices

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	803 BA	105	105	108
Spending authority from offsetting collections	BA	42	55	57
Outlays	O	165	160	166
Salaries and expenses (gross)	BA	147	160	165
	O	165	160	166
Total, offsetting collections		- 42	- 55	- 57
Total Salaries and expenses (net) ...	BA	105	105	108
	O	123	105	109
Office of Inspector General:				
Appropriation, current	803 BA	29	29	31
Spending authority from offsetting collections	BA	1	2	2
Outlays	O	28	28	32
Office of Inspector General (gross) ..	BA	30	31	33
	O	28	28	32
Total, offsetting collections		- 1	- 2	- 2
Total Office of Inspector General (net)	BA	29	29	31
	O	28	26	30
Financial crimes enforcement network:				
Appropriation, current	751 BA	21	18	20
Spending authority from offsetting collections	BA	1	1	3
Outlays	O	21	26	23
Financial crimes enforcement network (gross)	BA	22	20	22
	O	21	26	23
Total, offsetting collections		- 1	- 1	- 3
Total Financial crimes enforcement network (net)	BA	21	18	20
	O	20	25	20
Department of the Treasury forfeiture fund:				
Appropriation, current	751 BA	15	32	15
Appropriation, permanent	BA	144	223	217
Outlays	O	96	293	234
Outlays for grants to State and local governments	O	(51)	(133)	(102)
Total Department of the Treasury forfeiture fund	BA	159	256	232
	O	96	293	234
Presidential election campaign fund:				
Appropriation, permanent	808 BA	28	81	81
Outlays	O	6	*	24

Account		1993 actual	1994 estimate	1995 estimate
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Public Enterprise Funds:

Exchange stabilization fund:

Spending authority from offsetting collections	155 BA	1,954	1,925	1,950
Outlays	O	575	1,000	1,000
Exchange stabilization fund (gross) ..	BA	1,954	1,925	1,950
	O	575	1,000	1,000
Total, offsetting collections		- 1,954	- 1,925	- 1,950
Total Exchange stabilization fund (net)	BA			
	O	- 1,379	- 925	- 950

Intragovernmental Funds:

Working capital fund:

Spending authority from offsetting collections	803 BA	123	129	148
Outlays	O	142	129	148
Working capital fund (gross)	BA	123	129	148
	O	142	129	148
Total, offsetting collections		- 123	- 129	- 148
Total Working capital fund (net)	BA			
	O	20		

Trust funds

Gifts and bequests:

Appropriation, permanent	803 BA	*	*	*
Outlays	O	*	*	*
Total Federal funds Departmental Offices	BA	343	489	471
	O	- 1,087	- 475	- 532
Total Trust funds Departmental Offices	BA	*	*	*
	O	*	*	*

Federal Law Enforcement Training Center

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	751 BA	47	47	47
Spending authority from offsetting collections	BA	17	20	22
Outlays	O	57	68	69
Salaries and expenses (gross)	BA	64	68	69
	O	57	68	69
Total, offsetting collections		- 17	- 20	- 22
Total Salaries and expenses (net) ...	BA	47	47	47
	O	40	47	47

Acquisitions, construction, improvements, and related expenses:

Appropriation, current	751 BA	17	13	7
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Department of the Treasury—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	16	11	14
Total Federal funds Federal Law Enforcement Training Center	BA O	64 57	60 58	54 61

Financial Management Service

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	803 BA	214	210	186
Spending authority from offsetting collections	BA	102	103	125
Outlays	O	322	312	314
Salaries and expenses (gross)	BA O	316 322	313 312	311 314
Total, offsetting collections		- 102	- 103	- 125
Total Salaries and expenses (net) ...	BA O	214 220	210 209	186 189

Payment to the Resolution Funding Corporation:

Appropriation, permanent	908 BA	2,328	2,328	2,328
Outlays	O	2,328	2,328	2,328

Interest on uninvested funds:

Appropriation, permanent	908 BA	6	4	4
Outlays	O	3	4	4

Cash management improvement:

Appropriation, permanent	908 BA			87
Outlays	O			87

Claims, judgments, and relief acts:

Appropriation, permanent	808 BA	518	591	611
Outlays	O	519	591	611

Net interest paid to loan guarantee financing accounts:

Appropriation, permanent	908 BA	514	555	781
Outlays	O	514	555	781
Appropriation, permanent	BA		▲ - 2	▲ 17
Outlays	O		▲ - 2	▲ 17

Total Net interest paid to loan guar- antee financing accounts	BA O	514 514	553 553	798 798
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Energy security reserve:

Outlays	271 O	76	94	40
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Biomass energy development:

Appropriation, current	271 BA	- 49		
Outlays	O	- 18	1	1
Appropriation, current	BA		H - 16	

Total Biomass energy development .	BA O	- 49 - 18	- 16 1	
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Credit Accounts:

Payments to the farm credit system financial assist-
ance corporation liquidating account:

Appropriation, current	908 BA	85	63	57
Outlays	O	77	63	57

Trust funds

Rebate of Saint Lawrence seaway tolls:

Appropriation, current	808 BA	8	10	9
Outlays	O	9	9	9

Miscellaneous trust funds

(Other general government):

(Appropriation, permanent)	808 BA	- *	*	*
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(Outlays)	O	*	*	*
Total Miscellaneous trust funds	BA O	- * *	* *	* *
Total Federal funds Financial Man- agement Service	BA O	3,616 3,720	3,732 3,842	4,071 4,114
Total Trust funds Financial Manage- ment Service	BA O	8 9	10 9	9 9

Federal Financing Bank

Federal funds

Intragovernmental Funds:

Federal Financing Bank:

Authority to borrow, permanent	803 BA	*		
Spending authority from offsetting collections	BA	12,748	11,019	10,218
Outlays	O	12,748	11,019	10,218
Federal Financing Bank (gross)	BA O	12,748 12,748	11,019 11,019	10,218 10,218
Total, offsetting collections		- 12,748	- 11,019	- 10,218
Total Federal Financing Bank (net) .	BA O	* *		

Bureau of Alcohol, Tobacco and Firearms

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	751 BA	372	372	380
Spending authority from offsetting collections	BA	18	16	16
Outlays	O	394	387	395
Salaries and expenses (gross)	BA O	390 394	388 387	396 395
Total, offsetting collections		- 18	- 16	- 16
Total Salaries and expenses (net) ...	BA O	372 376	372 371	380 380

Internal revenue collections for Puerto Rico:

Appropriation, permanent	806 BA	197	219	226
Outlays	O	197	219	226
Outlays for grants to State and local governments	O	(197)	(219)	(226)

Total Federal funds Bureau of Alco- hol, Tobacco and Firearms	BA O	570 574	592 590	606 605
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United States Customs Service

Federal funds

General and Special Funds:

Salaries and expenses:

Appropriation, current	751 BA	1,331	1,359	1,398
Appropriation, permanent	BA	190	199	365
Spending authority from offsetting collections	BA	226	288	296
Outlays	O	1,684	1,829	2,056
Salaries and expenses (gross)	BA O	1,747 1,684	1,846 1,829	2,060 2,056
Total, offsetting collections		- 226	- 288	- 296
Total Salaries and expenses (net) ...	BA O	1,521 1,458	1,558 1,541	1,763 1,760

Department of the Treasury—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Operation and maintenance, air interdiction program:			
Appropriation, current 751 BA	82	48	83
Spending authority from offsetting collections BA	-1	3	16
Outlays O	123	56	94
Operation and maintenance, air interdiction program (gross) BA	80	51	99
..... O	123	56	94
Total, offsetting collections	1	-3	-16
Total Operation and maintenance, air interdiction program (net) BA	82	48	83
..... O	125	53	78
Operations and maintenance, customs P-3 drug interdiction program:			
Appropriation, current 751 BA	28	28	
Outlays O	13	28	4
Air and marine interdiction programs, procurement:			
Appropriation, current 751 BA	27	21	
Spending authority from offsetting collections BA	8	13	
Outlays O	18	30	4
Air and marine interdiction programs, procurement (gross) BA	35	34	
..... O	18	30	4
Total, offsetting collections	-8	-13	
Total Air and marine interdiction programs, procurement (net) BA	27	21	
..... O	10	17	4
Customs facilities, construction, improvements and related expenses:			
Appropriation, current 751 BA	5	5	
Outlays O	1	2	2
Customs forfeiture fund:			
Appropriation, permanent 751 BA	3		
Outlays O	33	11	
Outlays for grants to State and local governments O	(14)	(5)	
Customs services at small airports:			
Appropriation, current 751 BA	1	1	1
Outlays O	1	1	1
Miscellaneous permanent appropriations:			
Appropriation, permanent 606 BA	129	147	151
Spending authority from offsetting collections BA	*		
Outlays O	126	147	151
Outlays for grants to State and local governments O	(102)	(119)	(123)
Miscellaneous permanent appropriations (gross) BA	130	147	151
..... O	126	147	151
Total, offsetting collections	- *		
Total Miscellaneous permanent appropriations (net) BA	129	147	151
..... O	126	147	151
<i>Trust funds</i>			
Refunds, transfers and expenses, unclaimed, and abandoned goods:			
Appropriation, permanent 751 BA	7	8	9

Account	1993 actual	1994 estimate	1995 estimate
Outlays	O	8	8
Total Federal funds United States			9
Customs Service	BA	1,795	1,808
..... O		1,766	1,800
Total Trust funds United States			
Customs Service	BA	7	8
..... O		8	8

Bureau of Engraving and Printing

Federal funds

Intragovernmental Funds:			
Bureau of Engraving and Printing fund:			
Spending authority from offsetting collections	803 BA	411	444
Outlays	O	382	454
Bureau of Engraving and Printing fund (gross)	BA	411	444
..... O		382	454
Total, offsetting collections		-411	-444
Total Bureau of Engraving and Printing fund (net)	BA		
..... O		-29	10

United States Mint

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	803 BA	53	55
Spending authority from offsetting collections	BA	1	1
Outlays	O	39	59
Salaries and expenses (gross)	BA	54	56
..... O		39	59
Total, offsetting collections		-1	-1
Total Salaries and expenses (net) ...	BA	53	55
..... O		38	57
Coinage profit fund:			
Appropriation, permanent	803 BA	33	39
Outlays	O	11	39
Public Enterprise Funds:			
Numismatic public enterprise fund:			
Spending authority from offsetting collections	803 BA	438	401
Outlays	O	416	425
Numismatic public enterprise fund (gross)	BA	438	401
..... O		416	425
Total, offsetting collections		-455	-414
Total Numismatic public enterprise fund (net)	BA	-17	-13
..... O		-39	11
Total Federal funds United States			
Mint	BA	69	80
..... O		10	107

Bureau of the Public Debt

Federal funds

General and Special Funds:			
Administering the public debt:			
Appropriation, current	803 BA	189	187
Appropriation, permanent	BA	120	120

Department of the Treasury—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA	*	*	3	Outlays	O	1,266	1,489	1,701
Outlays	O	305	307	304	Information systems (gross)	BA	1,519	1,509	1,784
Administering the public debt (gross)	BA	309	307	303		O	1,266	1,489	1,701
	O	305	307	304	Total, offsetting collections		- 40	- 24	- 24
Total, offsetting collections		- *	- *	- 3	Total information systems (net)	BA	1,479	1,485	1,760
Total Administering the public debt (net)	BA	309	307	300		O	1,226	1,465	1,677
	O	305	307	301	Payment where earned income credit exceeds liability for tax:				
Payment of Government losses in shipment:					Appropriation, permanent	609 BA	8,781	10,036	15,797
Appropriation, permanent	803 BA	*	*	*	Outlays	O	8,781	10,036	15,797
Outlays	O	*	1	*	Health insurance supplement to earned income credit:				
Total Federal funds Bureau of the Public Debt	BA	310	307	300	Appropriation, permanent	551 BA	650	373	
	O	305	308	302	Outlays	O	650	373	
Internal Revenue Service					Refunding internal revenue collections, interest:				
<i>Federal funds</i>					Appropriation, permanent	908 BA	2,127	2,679	2,899
General and Special Funds:					Outlays	O	2,127	2,679	2,899
Administration and management:					Public Enterprise Funds:				
Appropriation, current	803 BA	157	171	233	Federal tax lien revolving fund:				
Spending authority from offsetting collections	BA	2	2	2	Spending authority from offsetting collections	803 BA		9	9
Outlays	O	152	173	232	Outlays	O	1	8	8
Administration and management (gross)	BA	159	173	236	Federal tax lien revolving fund (gross)	BA		9	9
	O	152	173	232		O	1	8	8
Total, offsetting collections		- 2	- 2	- 2	Total, offsetting collections			- 9	- 9
Total Administration and management (net)	BA	157	171	233	Total Federal tax lien revolving fund (net)	BA			
	O	150	170	230		O	1	- *	- *
Processing tax returns and assistance:					Total Federal funds Internal Revenue Service	BA	18,663	20,440	26,162
Appropriation, current	803 BA	1,633	1,721	1,529		O	18,437	20,404	26,094
Spending authority from offsetting collections	BA	18	20	112	United States Secret Service				
Outlays	O	1,677	1,733	1,659	<i>Federal funds</i>				
Processing tax returns and assistance (gross)	BA	1,651	1,741	1,642	General and Special Funds:				
	O	1,677	1,733	1,659	Salaries and expenses:				
Total, offsetting collections		- 18	- 20	- 112	Appropriation, current	751 BA	481	462	472
Total Processing tax returns and assistance (net)	BA	1,633	1,721	1,529	Spending authority from offsetting collections	BA	3	5	5
	O	1,659	1,713	1,546	Outlays	O	476	463	475
Tax law enforcement:					Salaries and expenses (gross)	BA	483	467	477
Appropriation, current	803 BA	3,836	3,974	3,944		O	476	463	475
Spending authority from offsetting collections	BA	65	66	122	Total, offsetting collections		- 3	- 5	- 5
Outlays	O	3,907	4,034	4,067	Total Salaries and expenses (net)	BA	481	462	472
Tax law enforcement (gross)	BA	3,900	4,041	4,066		O	473	458	470
	O	3,907	4,034	4,067	Contribution for annuity benefits:				
Total, offsetting collections		- 65	- 66	- 122	Appropriation, permanent	751 BA	40	40	40
Total Tax law enforcement (net)	BA	3,836	3,974	3,944	Outlays	O	38	42	40
	O	3,843	3,968	3,945	Total Federal funds United States Secret Service	BA	521	502	512
Information systems:						O	511	500	510
Appropriation, current	803 BA	1,479	1,485	1,760	Comptroller of the Currency				
Spending authority from offsetting collections	BA	40	24	24	<i>Trust funds</i>				
					Assessment funds:				
					Spending authority from offsetting collections	373 BA	376	386	396
					Outlays	O	347	372	382
					Assessment funds (gross)	BA	376	386	396
						O	347	372	382

Department of the Treasury—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 376	- 386	- 396
Total Assessment funds (net)	BA			
	O	- 29	- 14	- 14

Office of Thrift Supervision

Federal funds

Public Enterprise Funds:

Office of Thrift Supervision:

Spending authority from offsetting
collections

373 BA 188 180 170
O 200 190 175

Office of Thrift Supervision (gross) .. BA 188 180 170
O 200 190 175

Total, offsetting collections

- 188 - 180 - 170

Total Office of Thrift Supervision
(net) .. BA
O 11 10 5

Interest on the Public Debt

Federal funds

General and Special Funds:

Interest on the public debt:

Appropriation, permanent .. 901 BA 292,502 298,505 310,906
Outlays .. O 292,502 298,505 310,906

Account		1993 actual	1994 estimate	1995 estimate
Summary				
Federal funds:				
(As shown in detail above)	BA	318,452	326,516	345,108
	O	316,778	325,658	344,083
Deductions for offsetting receipts:				
Intrafund transactions	803 BA/O	J - 75	J - 77	J - 85
	808 BA/O		J - *	J - *
	809 BA/O	J 79	J - *	J - *
	908 BA/O	J - 13,524	J - 11,769	J - 10,742
Interfund transactions from off-budget accounts	651 BA/O	J *		
Proprietary receipts from the public ..	151 BA/O	J - 15	J - 15	J - 15
	155 BA/O	J - 100	J - 102	J - 104
	751 BA/O	J - 1	J - 1	J - 1
	803 BA/O	J - 84	J - 93	J - 61
	809 BA/O	J - 818	J - 691	J - 700
	908 BA/O	J - 1,662	J - 1,940	J - 2,674
	751 BA/O	J - 733	J - 754	J - 1,025
Offsetting governmental receipts				
Total Federal funds	BA	301,520	311,073	329,702
	O	299,646	310,216	328,677
Trust funds:				
(As shown in detail above)	BA	15	18	18
	O	- 12	4	5
Interfund transactions	601 BA/O	J - 617	J - 622	J - 646
	803 BA/O	J - 412	J - 329	J - 337
	809 BA/O		J - *	J - *
Total Department of the Treasury	BA	300,506	310,139	328,737
	O	298,804	309,268	327,698

Department of Veterans Affairs

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Veterans Health Administration				
<i>Federal funds</i>				
General and Special Funds:				
Medical care:				
Appropriation, current	703 BA	14,646	15,622	16,122
Spending authority from offsetting collections	BA	72	75	79
Outlays	O	14,368	15,384	16,120
Outlays for grants to State and local governments	O	(129)	(149)	(178)
Medical care (gross)	BA	14,718	15,698	16,201
	O	14,368	15,384	16,120
Total, offsetting collections		- 72	- 75	- 79
Total Medical care (net)	BA	14,646	15,622	16,122
	O	14,296	15,309	16,042
Medical and prosthetic research:				
Appropriation, current	703 BA	232	252	211
Spending authority from offsetting collections	BA	42	45	30
Outlays	O	288	292	251
Medical and prosthetic research (gross)	BA	274	297	241
	O	288	292	251
Total, offsetting collections		- 42	- 45	- 30
Total Medical and prosthetic re- search (net)	BA	232	252	211
	O	246	247	221

Account		1993 actual	1994 estimate	1995 estimate
Medical administration and miscellaneous operating ex- penses:				
Appropriation, current	703 BA	69	68	69
Outlays	O	61	69	69
Health professional scholarship program:				
Appropriation, current	703 BA	10	10	10
Outlays	O	10	10	10
Health professional education loan payment program:				
Appropriation, current	703 BA	5		
Medical care cost recovery fund:				
Appropriation, permanent	703 BA	96	96	104
Outlays	O	89	99	103
Public Enterprise Funds:				
Medical facilities revolving fund:				
Spending authority from offsetting collections	703 BA		12	6
Outlays	O		7	6
Medical facilities revolving fund (gross)				
	BA		12	6
	O		7	6
Total, offsetting collections			- 12	- 6
Total Medical facilities revolving fund (net)	BA			
	O		- 4	*
Canteen service revolving fund:				
Spending authority from offsetting collections	705 BA	207	242	254
Outlays	O	210	239	249
Canteen service revolving fund (gross)				
	BA	207	242	254
	O	210	239	249

Department of Veterans Affairs—Continued
(in millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 207	- 242	- 254	Appropriation, permanent	BA	1	1	1
Total Canteen service revolving fund (net)					Outlays	O	3,529	3,661	3,344
	BA				Total Pensions	BA	3,477	3,398	3,344
	O	3	- 3	- 6		O	3,529	3,661	3,344
Special therapeutic and rehabilitation activities fund:					Burial benefits and miscellaneous assistance:				
Spending authority from offsetting collections	703 BA	9	10	10	Appropriation, current	701 BA	99	108	111
Outlays	O	6	10	10	Outlays	O	99	109	111
Special therapeutic and rehabilitation activities fund (gross)	BA	9	10	10	Readjustment benefits:				
	O	8	10	10	Appropriation, current	702 BA	779	947	1,287
Total, offsetting collections		- 9	- 10	- 10	Spending authority from offsetting collections	BA	253	203	193
Total Special therapeutic and rehabilitation activities fund (net)					Outlays	O	1,108	1,298	1,493
	BA				Appropriation, current	BA		▲ 103	
	O	- *	- *	- *	Outlays	O		▲ 103	
Medical center research organizations:					Readjustment benefits (gross)	BA	1,032	1,253	1,480
Spending authority from offsetting collections	703 BA	25	26	27		O	1,108	1,401	1,493
Outlays	O	25	26	27	Total, offsetting collections		- 253	- 203	- 193
Medical center research organizations (gross)	BA	25	26	27	Total Readjustment benefits (net)	BA	779	1,051	1,287
	O	25	26	27		O	854	1,198	1,300
Total, offsetting collections		- 25	- 26	- 27	Reinstated entitlement program for survivors under Public Law 97-377:				
Total Medical center research organizations (net)					Spending authority from offsetting collections	701 BA	33	29	23
	BA				Outlays	O	26	34	27
	O				Reinstated entitlement program for survivors under Public Law 97-377 (gross)	BA	33	29	23
Trust funds						O	26	34	27
General post fund, national homes:					Total, offsetting collections		- 33	- 29	- 23
Appropriation, current	705 BA	- *	- *	- *	Total Reinstated entitlement program for survivors under Public Law 97-377 (net)	BA			
Appropriation, permanent	BA	29	30	31		O	- 7	5	4
Outlays	O	28	27	31	Veterans job training:				
Total General post fund, national homes	BA	29	30	30	Outlays	702 O	- *		
	O	28	27	31	Veterans insurance and indemnities:				
Transitional housing loans, program account:					Appropriation, current	701 BA	23	15	25
Appropriation, current	705 BA		*	*	Spending authority from offsetting collections	BA	2	2	2
Limitation on direct loan activity		(*)	(*)	(*)	Outlays	O	24	19	27
Outlays	O	- *	*	*	Veterans insurance and indemnities (gross)	BA	25	18	27
Total Federal funds Veterans Health Administration	BA	15,058	16,049	16,517		O	24	19	27
	O	14,705	15,725	16,440	Total, offsetting collections		- 2	- 2	- 2
Total Trust funds Veterans Health Administration	BA	29	30	31	Total Veterans insurance and indemnities (net)	BA	23	15	25
	O	28	27	31		O	22	17	25
Veterans Benefits Administration					Public Enterprise Funds:				
Federal funds					Service-disabled veterans insurance fund:				
General and Special Funds:					Spending authority from offsetting collections	701 BA	47	37	45
Compensation:					Outlays	O	42	48	48
Appropriation, current	701 BA	13,429	13,316	14,173	Service-disabled veterans insurance fund (gross)	BA	47	37	45
Outlays	O	13,384	14,335	14,169		O	42	48	48
Appropriation, current	BA		▲ 698		Total, offsetting collections		- 47	- 37	- 45
Outlays	O		▲ 695	▲ 3	Total Service-disabled veterans insurance fund (net)	BA			
Appropriation, current	BA			▲ 347		O	- 5	11	2
Outlays	O			▲ 346	Veterans reopened insurance fund:				
Appropriation, current	BA			▲ *	Spending authority from offsetting collections	701 BA	78	77	74
Outlays	O			▲ *					
Total Compensation	BA	13,429	14,014	14,520					
	O	13,384	15,030	14,518					

Department of Veterans Affairs—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	70	71	73	Total, offsetting collections		-9	-7	-6
Veterans reopened insurance fund (gross)	BA	78	77	74	Total Direct loan revolving fund liquidating account (net)	BA			
	O	70	71	73		O	-8	-6	-5
Total, offsetting collections		-78	-77	-74	Native american veteran housing loan program account:				
Total Veterans reopened insurance fund (net)	BA				Appropriation, current	704 BA	5	*	*
	O	-8	-5	-1	Limitation on direct loan activity		(58)		
Servicemen's group life insurance fund:					Outlays	O	*	1	1
Spending authority from offsetting collections	701 BA	395	440	453	Education loan fund program account:				
Outlays	O	443	545	496	Appropriation, current	702 BA	*	*	*
Servicemen's group life insurance fund (gross)	BA	395	440	453	Limitation on direct loan activity			(*)	(*)
	O	443	545	496	Outlays	O	*	*	*
Total, offsetting collections		-395	-440	-453	Education loan fund liquidating account:				
Total Servicemen's group life insurance fund (net)	BA				Spending authority from offsetting collections	702 BA	1	1	1
	O	48	105	42	Outlays	O	*		
Credit Accounts:					Education loan fund liquidating account (gross)	BA	1	1	1
Guaranty and indemnity program account:						O	*		
Appropriation, current	704 BA	902	522	434	Total, offsetting collections		-1	-1	-1
Outlays	O	902	522	434	Total Education loan fund liquidating account (net)	BA			
Guaranty and indemnity fund liquidating account:						O	-1	-1	-1
Appropriation, permanent	704 BA	112			Vocational rehabilitation loans program account:				
Spending authority from offsetting collections	BA	247	296	256	Appropriation, current	702 BA	1	1	1
Outlays	O	399	374	297	Limitation on direct loan activity		(2)	(2)	(2)
Guaranty and indemnity fund liquidating account (gross)	BA	360	296	256	Outlays	O	1	1	1
	O	399	374	297	Trust funds				
Total, offsetting collections		-247	-296	-256	Post-Vietnam era veterans education account:				
Total Guaranty and indemnity fund liquidating account (net)	BA	112			Appropriation, permanent	702 BA	26	41	32
	O	152	78	42	Outlays	O	103	79	77
Loan guaranty program account:					National Service Life Insurance fund:				
Appropriation, current	704 BA	207	96	78	Appropriation, permanent	701 BA	1,480	1,388	1,357
Outlays	O	207	96	78	Spending authority from offsetting collections	BA	495	555	542
Loan guaranty revolving fund liquidating account:					Outlays	O	1,622	1,761	1,780
Spending authority from offsetting collections	704 BA	1,763	1,420	1,114	National Service Life Insurance fund (gross)	BA	1,975	1,944	1,899
Outlays	O	1,854	1,518	1,200		O	1,622	1,761	1,780
Loan guaranty revolving fund liquidating account (gross)	BA	1,763	1,420	1,114	Total, offsetting collections		-495	-555	-542
	O	1,854	1,518	1,200	Total National Service Life Insurance fund (net)	BA	1,480	1,388	1,357
Total, offsetting collections		-1,763	-1,420	-1,114		O	1,127	1,205	1,238
Total Loan guaranty revolving fund liquidating account (net)	BA	91	98	86	United States government life insurance fund:				
	O				Appropriation, permanent	701 BA	11	10	8
Direct loan program account:					Spending authority from offsetting collections	BA	3	2	2
Appropriation, current	704 BA	1	3	1	Outlays	O	23	24	21
Limitation on direct loan activity		(1)	(1)	(1)	United States government life insurance fund (gross)	BA	14	12	10
Outlays	O	1	3	1		O	23	24	21
Direct loan revolving fund liquidating account:					Total, offsetting collections		-3	-2	-2
Appropriation, permanent	704 BA				Total United States government life insurance fund (net)	BA	11	10	8
Spending authority from offsetting collections	BA	9	7	6		O	20	21	19
Outlays	O	1	1	1	Veterans special life insurance fund:				
Direct loan revolving fund liquidating account (gross)	BA	9	7	6	Spending authority from offsetting collections	701 BA	241	246	250
	O	1	1	1	Outlays	O	185	208	213
					Veterans special life insurance fund (gross)	BA	241	246	250
						O	185	208	213

Department of Veterans Affairs—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-241	-246	-250
Total Veterans special life insurance fund (net)				
	BA			
	O	-56	-39	-38
Total Federal funds Veterans Benefits Administration	BA	19,036	19,209	19,800
	O	19,261	20,922	19,982
Total Trust funds Veterans Benefits Administration	BA	1,517	1,440	1,398
	O	1,195	1,267	1,296

Construction
Federal funds

General and Special Funds:				
Construction, major projects:				
Appropriation, current	703 BA	493	369	115
Outlays	O	397	468	423
Construction, minor projects:				
Appropriation, current	703 BA	150	154	154
Outlays	O	153	146	152
Grants for construction of State extended care facilities:				
Appropriation, current	703 BA	40	41	37
Outlays	O	56	72	59
Outlays for grants to State and local governments	O	(56)	(72)	(59)
Grants for the construction of State veterans cemeteries:				
Appropriation, current	705 BA	5	5	5
Outlays	O	5	5	5
Outlays for grants to State and local governments	O	(5)	(5)	(5)
Grants to the Republic of the Philippines:				
Appropriation, current	703 BA	*	*	*
Outlays	O	*	*	*
Public Enterprise Funds:				
Parking garage revolving fund:				
Appropriation, current	703 BA	1	1	1
Spending authority from offsetting collections	BA	1	2	3
Outlays	O	12	8	5
Parking garage revolving fund (gross)	BA	3	4	5
	O	12	8	5
Total, offsetting collections		-1	-2	-3
Total Parking garage revolving fund (net)	BA	1	1	1
	O	11	6	1
Pershing hall revolving fund:				
Spending authority from offsetting collections	705 BA	*	*	*
Outlays	O	1	1	
Pershing hall revolving fund (gross)	BA	*	*	*
	O	1	1	
Total, offsetting collections		-*	-*	-*
Total Pershing hall revolving fund (net)	BA	*	1	
	O			
Total Federal funds Construction	BA	689	571	314
	O	622	698	641

Account		1993 actual	1994 estimate	1995 estimate
Departmental Administration <i>Federal funds</i>				
General and Special Funds:				
General operating expenses:				
Appropriation, current	705 BA	812	827	847
Spending authority from offsetting collections	BA	218	217	238
Outlays	O	1,046	1,066	1,046
General operating expenses (gross)	BA	1,029	1,044	1,085
	O	1,046	1,066	1,046
Total, offsetting collections		-218	-217	-238
Total General operating expenses (net)	BA	812	827	847
	O	829	849	808

Office of Inspector General:				
Appropriation, current	705 BA	31	31	33
Spending authority from offsetting collections	BA	*	1	1
Outlays	O	31	32	33
Office of Inspector General (gross)	BA	31	32	33
	O	31	32	33
Total, offsetting collections		-*	-1	-1
Total Office of Inspector General (net)	BA	31	31	33
	O	30	31	33
National cemetery system:				
Appropriation, current	705 BA	71	71	73
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	67	71	73
National cemetery system (gross)	BA	71	71	73
	O	67	71	73
Total, offsetting collections		-*	-*	-*
Total National cemetery system (net)	BA	71	71	73
	O	66	71	72

Intragovernmental Funds:				
Supply fund:				
Spending authority from offsetting collections	705 BA	801	787	795
Outlays	O	777	814	795
Supply fund (gross)	BA	801	787	795
	O	777	814	795
Total, offsetting collections		-801	-787	-795
Total Supply fund (net)	BA	-24	28	
	O			

Trust funds				
National cemetery gift fund:				
Appropriation, permanent	705 BA	*	*	*
Outlays	O	-*	*	*
Total Federal funds Departmental Administration	BA	914	929	952
	O	901	978	913
Total Trust funds Departmental Administration	BA	*	*	*
	O	-*	*	*

Summary

Federal funds:				
(As shown in detail above)	BA	35,697	36,758	37,583
	O	35,489	38,324	37,977

Department of Veterans Affairs—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:					Deductions for offsetting receipts:				
Proprietary receipts from the public	702 BA/O	J - 234	J - 178	J - 180	Proprietary receipts from the public	701 BA/O	J - 393	J - 317	J - 304
	703 BA/O	J - 506	J - 578	J - 668		702 BA/O	J - 16	J - 3	J - 1
	704 BA/O	J - 47	J - 579		Total Trust funds	BA	1,137	1,149	1,123
Total Federal funds	BA	34,910	35,422	36,734		O	814	974	1,022
	O	34,702	36,988	37,128	Interfund transactions	701 BA/O	J - 2	J - 2	J - 2
Trust funds:						702 BA/O	J - 26	J - 41	J - 32
(As shown in detail above)	BA	1,546	1,469	1,428	Total Department of Veterans Affairs	BA	36,019	36,528	37,823
	O	1,222	1,294	1,327		O	35,487	37,919	38,115

Environmental Protection Agency

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
<i>Federal funds</i>									
General and Special Funds:					Outlays for grants to State and local governments	O	(488)	(475)	(485)
Program and research operations:					Abatement, control, and compliance (gross)	BA	1,361	1,413	1,588
Appropriation, current	304 BA	828	851	963		O	1,280	1,404	1,493
Spending authority from offsetting collections	BA	9	25	25	Total, offsetting collections		- 23	- 60	- 60
Outlays	O	884	886	984	Total Abatement, control, and compliance (net)	BA	1,337	1,353	1,528
Program and research operations (gross)	BA	836	876	988		O	1,256	1,344	1,433
	O	884	886	984	Buildings and facilities:				
Total, offsetting collections		- 9	- 25	- 25	Appropriation, current	304 BA	134	18	44
Total Program and research operations (net)	BA	828	851	963	Outlays	O	21	80	66
	O	875	861	959	Water infrastructure financing:				
Office of the Inspector General:					Appropriation, current	304 BA	2,550	2,477	1,950
Appropriation, current	304 BA	26	28	29	Outlays	O	2,130	2,408	2,458
Spending authority from offsetting collections	BA	16	17	16	Outlays for grants to State and local governments	O	(2,109)	(2,378)	(2,419)
Outlays	O	38	44	45	Outlays	O		A - 22	A - 84
Office of the Inspector General (gross)	BA	43	45	45	Outlays for grants to State and local governments	O		A (- 22)	A (- 84)
	O	38	44	45	Appropriation, current	BA			J 700
Total, offsetting collections		- 16	- 17	- 16	Outlays	O			J 14
Total Office of the Inspector General (net)	BA	26	28	29	Outlays for grants to State and local governments	O			J (14)
	O	22	27	29	Total Water infrastructure financing	BA	2,550	2,477	2,650
Research and development:						O	2,130	2,385	2,389
Appropriation, current	304 BA	323	339	364	Payment to the hazardous substance superfund:				
Spending authority from offsetting collections	BA	14	30	30	Appropriation, current	304 BA	250	250	250
Outlays	O	308	368	385	Outlays	O	250	250	250
Research and development (gross)	BA	337	369	394	Exxon Valdez Settlement fund:				
	O	308	368	385	Appropriation, permanent	304 BA	4		
Total, offsetting collections		- 14	- 30	- 30	Public Enterprise Funds:				
Total Research and development (net)	BA	323	339	364	Revolving fund for certification and other services:				
	O	293	338	355	Spending authority from offsetting collections	304 BA	2	2	2
Abatement, control, and compliance:					Outlays	O	1	2	2
Appropriation, current	304 BA	1,337	1,353	1,528	Revolving fund for certification and other services (gross)	BA	2	2	2
Spending authority from offsetting collections	BA	23	60	60		O	1	2	2
Limitation on administrative and other expenses		(274)	(283)		Total, offsetting collections		- 2	- 2	- 2
Outlays	O	1,280	1,404	1,493	Total Revolving fund for certification and other services (net)	BA			
						O	- *		
					Reregistration and expedited processing revolving fund:				
					Spending authority from offsetting collections	304 BA	16	14	14
					Outlays	O	20	16	15

Environmental Protection Agency—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Spending authority from offsetting collections	BA		# 5	Limitation on administrative expenses		(7)	(7)
Outlays	O		# 4	Outlays	O	80	78
Reregistration and expedited processing revolving fund (gross)	BA	16	14	Outlays for grants to State and local governments	O	(59)	(66)
	O	20	16	Oil spill response:			
Total, offsetting collections		- 16	- 14	Appropriation, current	304 BA	21	21
			# - 5	Spending authority from offsetting collections	BA		15
Total Reregistration and expedited processing revolving fund (net) ..	BA			Limitation on administrative and other expenses		(8)	
	O	4	2	Outlays	O	6	34
Abatement, control, and compliance direct loan liquidating account:				Oil spill response (gross)	BA	21	36
Outlays	304 O	6	11		O	6	34
Credit Accounts:				Total, offsetting collections		- 15	- 15
Abatement, control, and compliance loan program account:				Total Oil spill response (net)	BA	21	21
Appropriation, current	304 BA	31			O	6	19
Limitation on direct loan activity		(70)		Miscellaneous contributed funds:			
Outlays	O	10	17	Appropriation, permanent	304 BA	*	*
Outlays for grants to State and local governments	O	(8)	(17)	Outlays	O		
Trust funds							
Hazardous substance superfund:				Summary			
Appropriation, current	304 BA	1,589	1,497	Federal funds:			
Spending authority from offsetting collections	BA	24	60	(As shown in detail above)	BA	5,484	5,315
Limitation on administrative expenses		(260)	(280)		O	4,867	5,314
Outlays	O	1,442	1,673	Deductions for offsetting receipts:			
Outlays for grants to State and local governments	O	(187)	(212)	Offsetting governmental receipts	304 BA/O	J - 9	J - 11
Hazardous substance superfund (gross)	BA	1,613	1,557	Total Federal funds	BA	5,475	5,303
	O	1,442	1,673		O	4,857	5,303
Total, offsetting collections		- 24	- 60	Trust funds:			
Total Hazardous substance superfund (net)	BA	1,589	1,497	(As shown in detail above)	BA	1,694	1,594
	O	1,418	1,613		O	1,504	1,711
Leaking underground storage tank trust fund:				Deductions for offsetting receipts:			
Appropriation, current	304 BA	84	76	Proprietary receipts from the public	304 BA/O	J - 182	J - 225
			77	Total Trust funds	BA	1,512	1,369
					O	1,323	1,486
				Interfund transactions	304 BA/O	J - 250	J - 250
				Total Environmental Protection Agency	BA	6,737	6,423
					O	5,930	6,539

General Services Administration

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Real Property Activities				Outlays	O	H - 54	H - 34
<i>Federal funds</i>				Federal buildings fund (gross)	BA	5,289	5,857
General and Special Funds:					O	5,454	6,289
Construction and acquisition:				Total, offsetting collections		- 4,881	- 5,458
Appropriation, current	804 BA		1,479	Total Federal buildings fund (net)	BA	408	398
Outlays	O		172		O	573	830
Intragovernmental Funds:				Total Federal funds Real Property Activities	BA	408	398
Federal buildings fund:					O	573	830
Appropriation, current	804 BA	324	288				
Authority to borrow, permanent	BA	328	53				
Spending authority from offsetting collections	BA	4,637	5,643				
Limitation on program level (obligations)		(4,878)	(5,283)				
Outlays	O	5,454	6,342				
Appropriation, current	BA		H - 128				

General Services Administration—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Personal Property Activities				General Activities			
<i>Federal funds</i>				<i>Federal funds</i>			
General and Special Funds:				General and Special Funds:			
Expenses of transportation audit contracts and contract administration:				Operating expenses, general services administration:			
Appropriation, permanent 804 BA	10	18	17	Appropriation, current 804 BA	150	136	134
Outlays O	9	18	17	Spending authority from offsetting collections BA	53	53	53
Intragovernmental Funds:				Outlays O	195	188	186
General supply fund:				Operating expenses, general services administration (gross) BA	203	189	187
Spending authority from offsetting collections 804 BA	2,948	2,776	2,807	Outlays O	195	188	186
Outlays O	2,914	2,776	2,807	Total, offsetting collections O	- 53	- 53	- 53
General supply fund (gross) BA	2,948	2,776	2,807	Total Operating expenses, general services administration (net) BA	150	136	134
Outlays O	2,914	2,776	2,807	Outlays O	142	135	134
Total, offsetting collections O	- 2,948	- 2,776	- 2,807	Office of Inspector General:			
Total General supply fund (net) BA	- 34			Appropriation, current 804 BA	35	35	33
Total Federal funds Personal Property Activities BA	10	18	17	Spending authority from offsetting collections BA	*	*	*
Outlays O	- 24	18	17	Outlays O	33	35	33
				Office of Inspector General (gross) BA	35	35	33
				Outlays O	33	35	33
				Total, offsetting collections O	- *	- *	- *
				Total Office of Inspector General (net) BA	35	35	33
				Outlays O	33	35	33
				Allowances and office staff for former Presidents:			
				Appropriation, current 802 BA	2	3	3
				Outlays O	2	3	3
				Expenses, presidential transition:			
				Appropriation, current 802 BA	5		
				Outlays O	4	*	
				Public Enterprise Funds:			
				Consumer information center fund:			
				Appropriation, current 376 BA	2	2	2
				Spending authority from offsetting collections BA	4	4	4
				Outlays O	(8)	(8)	(8)
				Outlays O	4	6	6
				Consumer information center fund (gross) BA	6	6	6
				Outlays O	4	6	6
				Total, offsetting collections O	- 4	- 4	- 4
				Total Consumer information center fund (net) BA	2	2	2
				Outlays O	*	2	2
				Intragovernmental Funds:			
				Working capital fund:			
				Spending authority from offsetting collections 804 BA	181	194	196
				Outlays O	182	194	196
				Working capital fund (gross) BA	181	194	196
				Outlays O	182	194	196
				Total, offsetting collections O	- 181	- 194	- 196
				Total Working capital fund (net) BA	1		
				Outlays O			

General Services Administration—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
<i>Trust funds</i>				
Unconditional gifts of real, personal, or other property:				
Outlays	804 O	— *	*	
Total Federal funds General Activities	BA	195	176	172
	O	182	175	172
Total Trust funds General Activities	O	— *	*	
Summary				
Federal funds:				
(As shown in detail above)	BA	615	595	1,619
	O	754	1,091	904

Account		1993 actual	1994 estimate	1995 estimate
<i>Deductions for offsetting receipts:</i>				
Proprietary receipts from the public	804 BA/O	J — 11	J — 43	J — 52
Total Federal funds	BA	604	552	1,567
	O	743	1,048	852
Trust funds:				
(As shown in detail above)	O	— *	*	
Total General Services Administration	BA	604	552	1,567
	O	743	1,048	852

National Aeronautics and Space Administration
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
<i>Federal funds</i>				
General and Special Funds:				
Human space flight:				
Appropriation, current	252 BA			5,720
Spending authority from offsetting collections	BA			100
Outlays	O			3,955
Human space flight (gross)	BA			5,820
	O			3,955
Total, offsetting collections				— 100
Total Human space flight (net)	BA			5,720
	O			3,855
Science, Aeronautics and Technology (Space flight, research, and supporting activities):				
(Appropriation, current)	252 BA			5,003
(Spending authority from offsetting collections)	BA			415
(Outlays)	O			2,897
Science, Aeronautics and Technology (gross)	BA			5,417
	O			2,897
Total, offsetting collections				— 415
Total (Space flight, research, and supporting activities) (net)	BA			5,003
	O			2,482
(Air transportation):				
(Appropriation, current)	402 BA			898
(Spending authority from offsetting collections)	BA			112
(Outlays)	O			651
Science, Aeronautics and Technology (gross)	BA			6,013
	O			3,133
Total, offsetting collections				— 112
Total (Air transportation) (net)	BA			898
	O			539
Total Science, Aeronautics and Technology	BA			5,901
	O			3,021
Mission support (Space flight, research, and supporting activities):				
(Appropriation, current)	252 BA			2,291

Account		1993 actual	1994 estimate	1995 estimate
(Spending authority from offsetting collections)	BA			104
(Outlays)	O			2,042
Mission support (gross)	BA			2,395
	O			2,042
Total, offsetting collections				— 104
Total (Space flight, research, and supporting activities) (net)	BA			2,291
	O			1,939
(Air transportation):				
(Appropriation, current)	402 BA			372
(Spending authority from offsetting collections)	BA			4
(Outlays)	O			368
Mission support (gross)	BA			2,667
	O			2,306
Total, offsetting collections				— 4
Total (Air transportation) (net)	BA			372
	O			364
Total Mission support	BA			2,663
	O			2,302
Research and development (Space flight, research, and supporting activities):				
(Appropriation, current)	252 BA	6,208	6,502	
(Spending authority from offsetting collections)	BA	449	583	
(Outlays)	O	6,700	6,905	2,586
(Appropriation, current)	BA		H — 62	
(Outlays)	O		H — 37	H — 21
Research and development (gross)	BA	6,657	7,023	
	O	6,700	6,868	2,565
Total, offsetting collections		— 449	— 583	
Total (Space flight, research, and supporting activities) (net)	BA	6,208	6,440	
	O	6,251	6,285	2,565
(Air transportation):				
(Appropriation, current)	402 BA	866	1,027	
(Spending authority from offsetting collections)	BA	93	107	
(Outlays)	O	927	1,047	399
(Appropriation, current)	BA		H — 26	

National Aeronautics and Space Administration—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
(Outlays)	O		H - 16	H - 9	(Appropriation, current)	BA		▲ 47	
Research and development (gross) ..	BA	7,166	7,548		(Outlays)	O		▲ 43	▲ 4
	O	7,179	7,316	2,956	Research and program management				
Total, offsetting collections		- 93	- 107		(gross)	BA	1,339	1,382	
Total (Air transportation) (net)	BA	866	1,001			O	1,328	1,365	77
	O	835	924	390	Total, offsetting collections		- 19	- 31	
Total Research and development ...	BA	7,074	7,441		Total (Space flight, research, and				
	O	7,086	7,209	2,956	supporting activities) (net)	BA	1,320	1,350	
						O	1,309	1,334	77
Space flight, control, and data communications:					(Air transportation):				
Appropriation, current	252 BA	5,059	4,854		(Appropriation, current)	402 BA	315	332	
Spending authority from offsetting					(Spending authority from offsetting				
collections	BA	208	219		collections)	BA	3	4	
Outlays	O	5,234	4,983	1,735	(Outlays)	O	315	332	19
Appropriation, current	BA		H - 32		(Appropriation, current)	BA		▲ 13	
Outlays	O		H - 17	H - 11	(Outlays)	O		▲ 12	▲ 1
Space flight, control, and data com-					Research and program management				
munications (gross)	BA	5,267	5,040		(gross)	BA	1,638	1,699	
	O	5,234	4,966	1,724		O	1,624	1,678	96
Total, offsetting collections		- 208	- 219		Total, offsetting collections		- 3	- 4	
Total Space flight, control, and data					Total (Air transportation) (net)	BA	315	345	
communications (net)	BA	5,059	4,822			O	312	341	20
	O	5,025	4,747	1,724	Total Research and program man-				
Construction of facilities					agement	BA	1,635	1,696	
(Space flight, research, and supporting						O	1,622	1,675	96
activities):					Office of Inspector General:				
(Appropriation, current)	252 BA	462	306		Appropriation, current	252 BA	15	15	16
(Spending authority from offsetting					Outlays	O	15	15	16
collections)	BA	1	1						
(Outlays)	O	493	457	400					
(Appropriation, current)	BA		H - 18						
(Outlays)	O		H - 3	H - 9					
Construction of facilities (gross)	BA	462	289		Endeavor teacher fellowship trust fund:				
	O	493	454	391	Appropriation, permanent	503 BA	*	*	*
Total, offsetting collections		- 1	- 1		Outlays	O			
Total (Space flight, research, and					Science, space, and technology education trust fund:				
supporting activities) (net)	BA	462	287		Appropriation, permanent	503 BA	1	1	1
	O	492	453	391	Outlays	O	1	2	1
(Air transportation):					Miscellaneous trust funds:				
(Appropriation, current)	402 BA	65	212		Appropriation, permanent	252 BA	*	*	*
(Outlays)	O	65	85	53					
(Appropriation, current)	BA		H - 7						
(Outlays)	O		H - 1	H - 4					
Total (Air transportation)	BA	65	205						
	O	65	84	50					
Total Construction of facilities	BA	526	493						
	O	557	536	440					
Research and program management									
(Space flight, research, and supporting									
activities):									
(Appropriation, current)	252 BA	1,320	1,304						
(Spending authority from offsetting									
collections)	BA	19	31						
(Outlays)	O	1,328	1,322	73					

Office of Personnel Management

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
<i>Federal funds</i>					Spending authority from offsetting				
General and Special Funds:					collections	BA	120	131	133
Salaries and expenses:									
Appropriation, current	805 BA	118	119	113					

Office of Personnel Management—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	249	236	242
Salaries and expenses (gross)	BA	239	250	246
	O	249	236	242
Total, offsetting collections		- 120	- 131	- 133
Total Salaries and expenses (net) ...	BA	118	119	113
	O	128	105	109
Office of Inspector General:				
Appropriation, current	805 BA	4	4	4
Spending authority from offsetting collections	BA	6	7	6
Outlays	O	10	12	10
Office of Inspector General (gross) .	BA	11	11	10
	O	10	12	10
Total, offsetting collections		- 6	- 7	- 6
Total Office of Inspector General (net)	BA	4	4	4
	O	4	6	4
Government payment for annuitants, employees health benefits:				
Appropriation, current	551 BA	4,149	3,805	4,211
Outlays	O	3,765	3,880	4,413
Government payment for annuitants, employee life in- surance benefits:				
Appropriation, current	602 BA	12	2	19
Outlays	O	12	13	17
Payment to civil service retirement and disability fund:				
Appropriation, current	805 BA	6,711	6,925	7,340
Appropriation, permanent	BA	13,082	13,314	13,301
Outlays	O	19,793	20,239	20,640
Appropriation, current	BA		J - 241	
Outlays	O		J - 241	
Total Payment to civil service retire- ment and disability fund	BA	19,793	20,239	20,400
	O	19,793	20,239	20,400
Intragovernmental Funds:				
Revolving fund:				
Spending authority from offsetting collections	805 BA	176	215	234
Outlays	O	171	211	234
Revolving fund (gross)	BA	176	215	234
	O	171	211	234
Total, offsetting collections		- 176	- 215	- 234
Total Revolving fund (net)	BA			
	O	- 5	- 4	
Trust funds				
Civil service retirement and disability fund:				
Appropriation, permanent	602 BA	35,104	36,314	37,796
Salaries and expenses		(74)	(72)	(78)
Office of inspector general		(1)	(1)	(1)
Merit systems protection board		(2)	(2)	(2)
Outlays	O	34,906	36,202	37,662
Employees health benefits fund:				
Spending authority from offsetting collections	551 BA	15,393	16,321	17,655
Salaries and expenses		(17)	(16)	(16)
Office of inspector general		(5)	(5)	(5)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	14,508	15,359	16,759
Employees health benefits fund (gross)	BA	15,393	16,321	17,655
	O	14,508	15,359	16,759
Total, offsetting collections		- 15,393	- 16,321	- 17,655
Total Employees health benefits fund (net)	BA			
	O	- 886	- 962	- 896
Employees life insurance fund:				
Spending authority from offsetting collections	602 BA	2,386	2,477	2,564
Salaries and expenses		(1)	(1)	(1)
Office of inspector general		(*)	(*)	(*)
Outlays	O	1,299	1,379	1,447
Spending authority from offsetting collections	BA			J - 13
Outlays	O			J - 4
Employees life insurance fund (gross)	BA	2,386	2,477	2,552
	O	1,299	1,379	1,442
Total, offsetting collections		- 2,386	- 2,477	- 2,564
				J 13
Total Employees life insurance fund (net)	BA			
	O	- 1,087	- 1,098	- 1,110
Retired employees health benefits fund:				
Spending authority from offsetting collections	551 BA	8	8	8
Salaries and expenses		(*)	(*)	(*)
Outlays	O	8	8	8
Retired employees health benefits fund (gross)	BA	8	8	8
	O	8	8	8
Total, offsetting collections		- 8	- 8	- 8
Total Retired employees health ben- efits fund (net)	BA			
	O	- *	- *	- *

Summary				
Federal funds:				
(As shown in detail above)	BA	24,078	24,169	24,746
	O	23,697	24,238	24,943
Trust funds:				
(As shown in detail above)	BA	35,104	36,314	37,796
	O	32,933	34,142	35,656
Deductions for offsetting receipts:				
Intrafund transactions	602 BA/O	J - 1	J - *	J - *
Total Trust funds	BA	35,103	36,314	37,795
	O	32,933	34,142	35,655
Interfund transactions	602 BA/O	J - 42	J - 40	J - 38
	805 BA/O	J - 19,793	J - 20,239	J - 20,400
Total Office of Personnel Manage- ment	BA	39,345	40,204	42,103
	O	36,794	38,101	40,160

Small Business Administration

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
<i>Federal funds</i>					Outlays	O	453	391	209
General and Special Funds:					Total Disaster loan program account	BA	148	171	130
Salaries and expenses:						O	453	391	209
Appropriation, current	376 BA	249	259	216	Disaster loan fund liquidating account:				
Spending authority from offsetting					Spending authority from offsetting				
collections	BA	285	248	202	collections	453 BA	503	454	379
Outlays	O	497	545	437	Outlays	O	116	79	60
Appropriation, current	BA		H - 13		Disaster loan fund liquidating ac-				
Outlays	O		H - 10	H - 3	count (gross)	BA	503	454	379
Salaries and expenses (gross)	BA	534	494	418		O	116	79	60
	O	497	534	435	Total, offsetting collections		-503	-454	-379
Total, offsetting collections		-285	-248	-202	Total Disaster loan fund liquidating				
Total Salaries and expenses (net) ...	BA	249	246	216	account (net)	BA			
	O	212	286	233		O	-386	-376	-319
Office of Inspector General:					Pollution control equipment fund liquidating account:				
Appropriation, current	376 BA	8	8	8	Appropriation, permanent	376 BA	23		
Outlays	O	9	8	8	Spending authority from offsetting				
Public Enterprise Funds:					collections	BA	2	2	2
Surety bond guarantees revolving fund:					Outlays	O	20	10	5
Appropriation, current	376 BA	13	7	5	Pollution control equipment fund liq-				
Spending authority from offsetting					uidating account (gross)	BA	25	2	2
collections	BA	12	22	19		O	20	10	5
Outlays	O	21	38	39	Total, offsetting collections		-2	-2	-2
Surety bond guarantees revolving					Total Pollution control equipment				
fund (gross)	BA	25	29	24	fund liquidating account (net)	BA	23		
	O	21	36	39		O	18	8	3
Total, offsetting collections		-12	-22	-19	<i>Trust funds</i>				
Total Surety bond guarantees re-					Business assistance trust fund:				
volving fund (net)	BA	13	7	5	Spending authority from offsetting				
	O	9	16	20	collections	376 BA	1	1	1
Credit Accounts:					Outlays	O	1	1	1
Business loan program account:					Business assistance trust fund				
Appropriation, current	376 BA	506	308	446	(gross)	BA	1	1	1
Outlays	O	429	418	432		O	1	1	1
Business loan fund liquidating account:					Total, offsetting collections		-1	-1	-1
Appropriation, permanent	376 BA	229	3	3	Total Business assistance trust fund				
Spending authority from offsetting					(net)	BA			
collections	BA	691	577	564		O	*		
Outlays	O	735	430	457	Summary				
Business loan fund liquidating ac-					Federal funds:				
count (gross)	BA	920	580	567	(As shown in detail above)	BA	1,177	742	809
	O	735	430	457		O	785	604	478
Total, offsetting collections		-691	-577	-564	Trust funds:				
Total Business loan fund liquidating					(As shown in detail above)	BA			
account (net)	BA	229	3	3		O	*		
	O	43	-147	-107	Total Small Business Administration	BA	1,177	742	809
Disaster loan program account:						O	785	604	478
Appropriation, current	453 BA	148	76	130					
Appropriation, permanent	BA		95						

Other Independent Agencies

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Administrative Conference of the United States					Outlays	O	3	2	3
<i>Federal funds</i>					Salaries and expenses (gross)	BA	2	2	3
General and Special Funds:						O	3	2	3
Salaries and expenses:									
Appropriation, current	751 BA	2	2	3					
Spending authority from offsetting									
collections	BA	*	*	*					

Other Independent Agencies—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		— *	— *	— *
Total Salaries and expenses (net) ...	BA	2	2	3
	O	2	2	3
<i>Trust funds</i>				
Gifts and bequests:				
Appropriation, permanent	751 BA		*	*
Outlays	O	*	*	*

Advisory Commission on Conferences in Ocean Shipping

Federal funds

General and Special Funds:				
Salaries and expenses:				
Outlays	403 O		*	

Advisory Commission on Intergovernmental Relations

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	808 BA	2	1	1
Spending authority from offsetting collections	BA	1	*	*
Outlays	O	2	1	2
Salaries and expenses (gross)	BA	2	1	2
	O	2	1	2
Total, offsetting collections		— 1	— *	— *
Total Salaries and expenses (net) ...	BA	2	1	1
	O	2	1	1
<i>Trust funds</i>				
Contributions:				
Appropriation, permanent	808 BA	*	*	*
Outlays	O	*	*	*

Summary

Federal funds:				
(As shown in detail above)	BA	2	1	1
	O	2	1	1
Trust funds:				
(As shown in detail above)	BA	*	*	*
	O	*	*	*
Deductions for offsetting receipts:				
Proprietary receipts from the public	808 BA/O	— *		
Total Trust funds	BA	*	*	*
	O	*	*	*
Total Advisory Commission on Intergovernmental Relations	BA	2	1	2
	O	2	1	2

Advisory Council on Historic Preservation

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	303 BA	3	3	3
Spending authority from offsetting collections	BA	1	*	*
Outlays	O	3	3	3
Salaries and expenses (gross)	BA	3	3	3
	O	3	3	3

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		— 1	— *	— *
Total Salaries and expenses (net) ...	BA	3	3	3
	O	2	3	3
<i>Trust funds</i>				
Donations:				
Appropriation, permanent	303 BA		*	*
Outlays	O		*	*

American Battle Monuments Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	705 BA	19	20	20
Appropriation, permanent	BA	*		
Outlays	O	19	20	20
Total Salaries and expenses	BA	20	20	20
	O	19	20	20
<i>Trust funds</i>				
Foreign currency fluctuations:				
Appropriation, permanent	705 BA	— *		
Contributions:				
Appropriation, permanent	705 BA	4	2	2
Outlays	O	2	5	7
Total Federal funds American Battle Monuments Commission	BA	19	20	20
	O	19	20	20
Total Trust funds American Battle Monuments Commission	BA	4	2	2
	O	2	5	7

Appalachian Regional Commission

Federal funds

General and Special Funds:				
Appalachian regional development programs:				
Appropriation, current	452 BA	190	249	187
Spending authority from offsetting collections	BA	*	*	
Outlays	O	145	149	180
Outlays for grants to State and local governments	O	(138)	(143)	(174)
Appalachian regional development programs (gross)	BA	190	249	187
	O	145	149	180
Total, offsetting collections		— *	— *	
Total Appalachian regional development programs (net)	BA	190	249	187
	O	145	149	180

Trust funds

Miscellaneous trust funds:				
Appropriation, permanent	452 BA	5	5	5
Outlays	O	5	5	5

Summary

Federal funds:				
(As shown in detail above)	BA	190	249	187
	O	145	149	180
Trust funds:				
(As shown in detail above)	BA	5	5	5
	O	5	5	5

Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	452 BA/O	J - 2	J - 2	J - 2
Total Trust funds	BA	2	2	2
	O	3	3	3
Interfund transactions	452 BA/O	J - 2	J - 2	J - 2
Total Appalachian Regional Commission	BA	190	249	187
	O	145	149	180

Architectural and Transportation Barriers Compliance Board

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	751 BA	3	3	3
Spending authority from offsetting collections	BA	*	*	
Outlays	O	3	3	3
Salaries and expenses (gross)	BA	3	3	3
	O	3	3	3
Total, offsetting collections		- *	- *	
Total Salaries and expenses (net) ..	BA	3	3	3
	O	3	3	3

Arms Control and Disarmament Agency

Federal funds

General and Special Funds:				
Arms control and disarmament activities:				
Appropriation, current	153 BA	46	54	61
Outlays	O	50	54	59

Barry Goldwater Scholarship and Excellence in Education Foundation

Trust funds

Barry Goldwater Scholarship and Excellence in Education Foundation:				
Appropriation, permanent	502 BA	4	4	4
Outlays	O	3	3	3

Board for International Broadcasting

Federal funds

General and Special Funds:				
Grants and expenses:				
Appropriation, current	154 BA	220	210	257
Outlays	O	242	216	216
Israel relay station:				
Appropriation, current	154 BA	- 180		
Outlays	O	4	11	
Appropriation, current	BA		H - 2	
Outlays	O		H - 2	
Total Israel relay station	BA	- 180	- 2	
	O	4	9	
Total Federal funds Board for International Broadcasting	BA	40	208	257
	O	246	225	216

Central Intelligence Agency

Federal funds

General and Special Funds:				
Payment to the Central Intelligence Agency retirement and disability fund:				
Appropriation, current	054 BA	169	182	198

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	169	182	198

Chemical Safety and Hazard Investigation Board

Federal funds

General and Special Funds:				
Chemical safety and hazard investigation board:				
Appropriation, current	304 BA		2	4
Outlays	O		2	4

Christopher Columbus Quincentenary Jubilee Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	*	*	
Outlays	O	*	*	
Trust funds				
Gifts and donations:				
Appropriation, permanent	376 BA	*	*	
Outlays	O	*	*	

Christopher Columbus Fellowship Foundation

Trust funds

Christopher Columbus Fellowship Foundation:				
Appropriation, permanent	502 BA	8	*	*
Outlays	O	*	*	1

Citizens' Commission on Public Service and Compensation

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	805 BA	*	- *	

Commission for the Preservation of America's Heritage Abroad

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	153 BA	*	*	*
Outlays	O	*	*	*
Trust funds				
Gifts and donations:				
Appropriation, permanent	153 BA	*	*	*
Outlays	O	*	*	*

Commission of Fine Arts

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	451 BA	1	1	1
Outlays	O	1	1	1
National capital arts and cultural affairs:				
Appropriation, current	503 BA	7	8	7
Outlays	O	7	8	7
Total Federal funds Commission of Fine Arts	BA	8	8	7
	O	8	8	7

Commission on Agricultural Workers

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	352 BA	1		
Outlays	O	1	- *	

Other Independent Agencies—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Commission on Civil Rights				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	751 BA	8	8	10
Outlays	O	8	8	10

Commission on National and Community Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	808 BA	78		
Spending authority from offsetting collections	BA	40		
Outlays	O	51	136	
Outlays for grants to State and local governments	O	(8)	(136)	
Salaries and expenses (gross)	BA	118		
	O	51	136	
Total, offsetting collections		— 40		
Total Salaries and expenses (net) ...	BA	78		
	O	11	136	

Commission on the Bicentennial of the U.S Constitution				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Outlays	808 O	*	*	

Committee for Purchase from People who are Blind or Severely Disabled				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	505 BA	2	2	2
Outlays	O	2	2	2

Commodity Futures Trading Commission				
<i>Federal funds</i>				
General and Special Funds:				
Commodity Futures Trading Commission:				
Appropriation, current	376 BA	47	47	52
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	48	47	51
Commodity Futures Trading Commission (gross)	BA	47	48	52
	O	48	47	51
Total, offsetting collections		— *	— *	— *
Total Commodity Futures Trading Commission (net)	BA	47	47	52
	O	48	47	51

Community Development Financial Institutions				
<i>Federal funds</i>				
Credit Accounts:				
Community development financial institutions fund program account:				
Appropriation, current	451 BA			✓ 144
Outlays	O			✓ 86

Account		1993 actual	1994 estimate	1995 estimate
Community Investment Program				
<i>Federal funds</i>				
General and Special Funds:				
Community investment program:				
Appropriation, current	451 BA		— 225	
Advance appropriation	BA	225		
Total Community investment program	BA	225	— 225	

Community Management Staff				
<i>Federal funds</i>				
General and Special Funds:				
Community management account:				
Appropriation, current	054 BA	78	151	93
Outlays	O	14	87	94

Consumer Product Safety Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	554 BA	48	42	40
Spending authority from offsetting collections	BA	1	1	1
Outlays	O	43	45	42
Salaries and expenses (gross)	BA	49	43	41
	O	43	45	42
Total, offsetting collections		— 1	— 1	— 1
Total Salaries and expenses (net) ...	BA	48	42	40
	O	42	44	41

Corporation for National and Community Service				
<i>Federal funds</i>				
General and Special Funds:				
National and community service programs, operating expenses:				
Appropriation, current	506 BA		370	610
Spending authority from offsetting collections	BA		2	
Outlays	O		98	375
Outlays for grants to State and local governments	O		(45)	(185)
National and community service programs, operating expenses (gross)	BA		372	610
	O		98	375
Total, offsetting collections			— 2	
Total National and community service programs, operating expenses (net)	BA		370	610
	O		96	375

Domestic volunteer service programs, Operating expenses:				
Appropriation, current	506 BA	202	205	239
Spending authority from offsetting collections	BA	5	4	
Outlays	O	213	208	225
Outlays for grants to State and local governments	O	(43)	(43)	(46)
Domestic volunteer service programs, Operating expenses (gross)	BA	206	209	239
	O	213	208	225

Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 5	- 4	
Total Domestic volunteer service programs, Operating expenses (net)	BA O	202 208	205 204	239 225
Inspector general:				
Appropriation, current	506 BA			1
Outlays	O			1
Trust funds				
Gifts and contributions:				
Appropriation, permanent	506 BA	*	106	166
Outlays	O			21
Summary				
Federal funds:				
(As shown in detail above)	BA O	202 208	575 300	850 601
Trust funds:				
(As shown in detail above)	BA O	*	106	166 21
Interfund transactions	506 BA/O		J - 104	J - 156
Total Corporation for National and Community Service	BA O	202 208	577 196	861 466

Corporation for Public Broadcasting

Federal funds

General and Special Funds:				
Public broadcasting fund:				
Advance appropriation	503 BA	319	275	293
Outlays	O	319	275	293
Outlays for grants to State and local governments	O	(84)	(92)	(98)

Court of Veterans Appeals

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	705 BA	8	9	10
Reappropriation	BA	*		
Outlays	O	9	9	9
Total Salaries and expenses	BA O	9 9	9 9	10 9
Practice registration fee:				
Appropriation, permanent	705 BA	*	*	*
Total Federal funds Court of Veterans Appeals	BA O	9 9	9 9	10 9

Defense Nuclear Facilities Safety Board

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	053 BA	13	17	18
Outlays	O	14	15	18

Delaware River Basin Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	301 BA	*	*	*

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	*	*	*
Contribution to Delaware River Basin Commission:				
Appropriation, current	301 BA	*	*	*
Outlays	O	*	*	*
Total Federal funds Delaware River Basin Commission	BA O	1 1	1 1	1 1

District of Columbia

Federal funds

General and Special Funds:				
Federal payment to the District of Columbia:				
Appropriation, current	806 BA	688	700	722
Outlays	O	698	698	722
Outlays for grants to State and local governments	O	(698)	(698)	(722)
Federal payment for water and sewer services:				
Spending authority from offsetting collections	806 BA	17	28	32
Outlays	O	18	28	32
Federal payment for water and sewer services (gross)	BA O	17 18	28 28	32 32
Total, offsetting collections		- 17	- 28	- 32
Total Federal payment for water and sewer services (net)	BA O	1		

Summary

Federal funds:				
(As shown in detail above)	BA O	688 699	700 698	722 722
Deductions for offsetting receipts:				
Proprietary receipts from the public	806 BA/O	J - 160	J - 22	J - 22
Total District of Columbia	BA O	528 539	678 676	700 700

Equal Employment Opportunity Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	751 BA	222	230	246
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	218	229	244
Outlays for grants to State and local governments	O	(25)	(26)	(26)
Salaries and expenses (gross)	BA O	222 218	230 229	246 244
Total, offsetting collections		- *	- *	- *
Total Salaries and expenses (net) ..	BA O	222 218	230 228	246 243

Intragovernmental Funds:

EEOC Education, technical assistance and training revolving fund:				
Spending authority from offsetting collections	751 BA	1	1	1
Outlays	O	*	*	1
EEOC Education, technical assistance and training revolving fund (gross)	BA O	1 *	1 *	1 1

Other Independent Agencies—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		- 1	- 1	- 1
Total EEOC Education, technical assistance and training revolving fund (net)	BA O	- *	- *	- *
Total Federal funds Equal Employment Opportunity Commission	BA O	222 218	230 228	246 243

Export-Import Bank of the United States

Federal funds

Credit Accounts:

Export Import Bank loans program account:

Appropriation, current	155 BA	803	1,045	845
Limitation on direct loan activity		(1,748)	(1,873)	(2,070)
Limitation on loan guarantee commitments		(13,315)	(14,782)	(15,565)
Outlays	O	263	472	600

Export-Import Bank of the United States liquidating account:

Spending authority from offsetting collections	155 BA	1,259	327	265
Outlays	O	1,224	775	494

Export-Import Bank of the United States liquidating account (gross)	BA O	1,259 1,224	327 775	265 494
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Total, offsetting collections		- 2,182	- 1,453	- 1,031
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Total Export-Import Bank of the United States liquidating account (net)	BA O	- 923 - 958	- 1,125 - 677	- 766 - 537
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Summary

Federal funds:

(As shown in detail above)	BA O	- 120 - 695	- 80 - 205	80 63
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Deductions for offsetting receipts:

Proprietary receipts from the public	155 BA/O	- 52	- 27	- 50
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Total Export-Import Bank of the United States	BA O	- 172 - 747	- 107 - 233	30 13
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Farm Credit Administration

Federal funds

Public Enterprise Funds:

Revolving fund for administrative expenses:

Spending authority from offsetting collections	351 BA	37	41	42
Limitation on administrative expenses		(40)	(40)	(41)
Outlays	O	38	41	42

Revolving fund for administrative expenses (gross)	BA O	37 38	41 41	42 42
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Total, offsetting collections		- 37	- 41	- 42
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Total Revolving fund for administrative expenses (net)	BA O	- *	- *	- *
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Account		1993 actual	1994 estimate	1995 estimate
Farm Credit System Assistance Board				
<i>Federal funds</i>				
Public Enterprise Funds:				
Revolving fund for administrative expenses:				
Spending authority from offsetting collections	351 BA	1		
Limitation on administrative expenses		(1)		
Outlays	O	1		
Revolving fund for administrative expenses (gross)	BA O	1 1		
Total, offsetting collections		- 1		
Total Revolving fund for administrative expenses (net)	BA O	- *		

Farm Credit System Financial Assistance Corporation

Federal funds

Credit Accounts:

Financial assistance corporation assistance fund, liquidating account:

Spending authority from offsetting collections	351 BA	219	229	196
Outlays	O	117	117	117

Financial assistance corporation assistance fund, liquidating account (gross)	BA O	219 117	229 117	196 117
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Total, offsetting collections		- 219	- 229	- 196
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Total Financial assistance corporation assistance fund, liquidating account (net)	BA O	- 102	- 113	- 79
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Trust funds

Financial assistance corporation trust fund:

Appropriation, permanent	351 BA		5	5
Outlays	O	127		

Summary

Federal funds:

(As shown in detail above)	BA O	- 102	- 113	- 79
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Trust funds:

(As shown in detail above)	BA O		5	5
		127		

Deductions for offsetting receipts:

Proprietary receipts from the public	351 BA/O	- 5	- 5	
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Total Trust funds	BA O	127	- 5	- 5
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Total Farm Credit System Financial Assistance Corporation	BA O	25	- 117	- 84
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Farm Credit System Insurance Corporation

Federal funds

Public Enterprise Funds:

Farm credit system insurance fund:

Spending authority from offsetting collections	351 BA	95	108	115
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Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	3	2	2
Farm credit system insurance fund (gross)	BA	95	108	115
	O	3	2	2
Total, offsetting collections		-95	-108	-115
Total Farm credit system insurance fund (net)	BA			
	O	-93	-106	-113

Federal Communications Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	376 BA	140	100	72
Spending authority from offsetting collections	BA	1	61	96
Outlays	O	133	175	170
Salaries and expenses (gross)	BA	141	161	168
	O	133	175	170
Total, offsetting collections		-1	-61	-96
Total Salaries and expenses (net) ...	BA	140	100	72
	O	133	114	74

Summary

Federal funds:				
(As shown in detail above)	BA	140	100	72
	O	133	114	74
Deductions for offsetting receipts:				
Proprietary receipts from the public	376 BA/O	1 - 39	1 - 47	1 - 47
Offsetting governmental receipts	959 BA/O	1 - 500	1 - 500	1 - 4,300
Total Federal Communications Commission	BA	101	-447	-4,275
	O	94	-433	-4,273

Federal Deposit Insurance Corporation

Bank Insurance

Federal funds

Public Enterprise Funds:				
Bank Insurance fund:				
Spending authority from offsetting collections	373 BA	17,270	11,719	12,127
Outlays	O	7,436	4,886	6,550
Bank Insurance fund (gross)	BA	17,270	11,719	12,127
	O	7,436	4,886	6,550
Total, offsetting collections		-17,270	-11,719	-12,127
Total Bank Insurance fund (net)	BA			
	O	-9,834	-6,833	-5,578

Savings Association Insurance

Federal funds

Public Enterprise Funds:				
Savings association insurance fund:				
Spending authority from offsetting collections	373 BA	994	1,101	1,153
Outlays	O	51	36	34
Savings association insurance fund (gross)	BA	994	1,101	1,153
	O	51	36	34

Account		1993 actual	1994 estimate	1995 estimate
Total, offsetting collections		-994	-1,101	-1,153
Total Savings association insurance fund (net)	BA			
	O	-943	-1,065	-1,119

FSLIC Resolution

Federal funds

Public Enterprise Funds:				
FSLIC resolution fund:				
Appropriation, current	373 BA	2,428	396	827
Spending authority from offsetting collections	BA	1,783	1,656	733
Outlays	O	4,145	3,023	1,721
FSLIC resolution fund (gross)	BA	4,211	2,051	1,560
	O	4,145	3,023	1,721
Total, offsetting collections		-1,783	-1,656	-733
Total FSLIC resolution fund (net) ...	BA	2,428	396	827
	O	2,362	1,367	988

FDIC-Office of Inspector General

Federal funds

Intragovernmental Funds:				
FDIC-Office of Inspector general:				
Spending authority from offsetting collections	373 BA	23	26	28
Outlays	O	23	26	28
FDIC-Office of Inspector general (gross)	BA	23	26	28
	O	23	26	28
Total, offsetting collections		-23	-26	-28
Total FDIC-Office of Inspector general (net)	BA			
	O			

Affordable Housing and Bank Enterprise (FDIC)

Federal funds

General and Special Funds:				
Affordable Housing Program:				
Appropriation, current	604 BA	5	7	15
Outlays	O	3	6	11
Bank Enterprise Program:				
Appropriation, current	604 BA	1		
Total Federal funds Affordable Housing and Bank Enterprise (FDIC)	BA	6	7	15
	O	3	6	11
Total Federal funds Federal Deposit Insurance Corporation	BA	2,434	403	842
	O	-8,413	-6,525	-5,697

Federal Election Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	808 BA	21	24	27
Outlays	O	20	23	25

Other Independent Agencies—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
Federal Emergency Management Agency									
<i>Federal funds</i>									
General and Special Funds:									
Disaster relief:					Total, offsetting collections				
Appropriation, current	453 BA	2,027	292	320			— 45	— 54	— 54
Outlays	O	2,276	2,024	1,456	Total (Disaster relief and insurance)				
Outlays for grants to State and local					(net)	BA	54	59	80
governments	O	(1,821)	(1,619)	(1,165)		O	53	56	68
Salaries and expenses					Total Emergency management plan-				
(Defense-related activities):					ning and assistance	BA	253	213	220
(Appropriation, current)	054 BA	70	68	65		O	268	238	220
(Spending authority from offsetting					Office of the Inspector General:				
collections)	BA	4	5	3	Appropriation, current	453 BA	4	4	4
(Outlays)	O	79	73	68	Outlays	O	4	5	4
Salaries and expenses (gross)	BA	74	73	68	Emergency food and shelter program:				
	O	79	73	68	Appropriation, current	605 BA	129	130	
Total, offsetting collections		— 4	— 5	— 3	Outlays	O	129	130	
Total (Defense-related activities)					Outlays for grants to State and local				
(net)	BA	70	68	65	governments	O	(129)	(130)	
	O	75	68	65	Public Enterprise Funds:				
(Disaster relief and insurance):					National insurance development fund:				
(Appropriation, current)	453 BA	90	92	104	Authority to borrow, permanent	451 BA	2	2	3
(Spending authority from offsetting					Spending authority from offsetting				
collections)	BA	15	16	16	collections	BA	5	5	4
(Outlays)	O	110	112	123	Outlays	O	5	7	7
Salaries and expenses (gross)	BA	174	176	184	National insurance development				
	O	185	180	188	fund (gross)	BA	7	7	7
Total, offsetting collections		— 15	— 16	— 16		O	5	7	7
Total (Disaster relief and insurance)					Total, offsetting collections		— 5	— 5	— 4
(net)	BA	90	92	104	Total National insurance develop-				
	O	95	96	107	ment fund (net)	BA	2	2	3
Total Salaries and expenses	BA	159	160	168		O	*	2	2
	O	170	164	172	National flood insurance fund:				
Emergency management planning and assistance					Authority to borrow, permanent	453 BA		4	
(Defense-related activities):					Spending authority from offsetting				
(Appropriation, current)	054 BA	199	154	140	collections	BA	763	787	837
(Spending authority from offsetting					Outlays	O	1,238	891	824
collections)	BA	62	30	27	National flood insurance fund				
(Outlays)	O	277	211	180	(gross)	BA	763	790	837
(Outlays for grants to State and						O	1,238	891	824
local governments)	O	(99)	(100)	(97)	Total, offsetting collections		— 763	— 787	— 837
Emergency management planning					Total National flood insurance fund				
and assistance (gross)	BA	262	184	167	(net)	BA		4	
	O	277	211	180		O	475	104	— 13
Total, offsetting collections		— 62	— 30	— 27	Credit Accounts:				
Total (Defense-related activities)					Disaster assistance direct loan program account:				
(net)	BA	199	154	140	Appropriation, current	453 BA		*	3
	O	215	182	152	Limitation on direct loan activity		(259)	(25)	(25)
(Disaster relief and insurance):					Outlays	O	6	5	3
(Appropriation, current)	453 BA	54	59	80	Disaster assistance direct loan liquidating account:				
(Spending authority from offsetting					Spending authority from offsetting				
collections)	BA	45	54	54	collections	453 BA	78	27	25
(Outlays)	O	98	110	122	Outlays	O		86	100
(Outlays for grants to State and					Disaster assistance direct loan liq-				
local governments)	O	(17)	(17)	(23)	uidating account (gross)	BA	78	27	25
Emergency management planning						O		86	100
and assistance (gross)	BA	298	267	274	Total, offsetting collections		— 78	— 27	— 25
	O	313	291	274	Total Disaster assistance direct loan				
					liquidating account (net)	BA			
						O	— 78	58	75
					Trust funds				
					Bequests and gifts:				
					Appropriation, permanent	453 BA	*	*	*
					Outlays	O	*	*	*
					Gift and bequests, fire administration:				
					Outlays	451 O	*		

Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Summary				
Federal funds:				
(As shown in detail above)	BA	2,575	806	718
	O	3,252	2,731	1,921
Deductions for offsetting receipts:				
Offsetting governmental receipts	453 BA/O		J - 10	J - 12
Total Federal funds	BA	2,575	795	707
	O	3,252	2,720	1,909
Trust funds:				
(As shown in detail above)	BA	*	*	*
	O	*	*	*
Total Federal Emergency Management Agency	BA	2,575	795	707
	O	3,252	2,720	1,909

Federal Financial Institutions Examination Council Appraisal Subcommittee

Federal funds

General and Special Funds:				
Registry fees:				
Spending authority from offsetting collections	376 BA		3	1
Outlays	O	1	2	2
Registry fees (gross)	BA		3	1
	O	1	2	2
Total, offsetting collections			-3	-1
Total Registry fees (net)	BA			*
	O	1	-1	*

Federal Housing Finance Board

Federal funds

Public Enterprise Funds:				
Federal housing finance board:				
Spending authority from offsetting collections	371 BA	15	16	16
Outlays	O	16	16	16
Federal housing finance board (gross)	BA	15	16	16
	O	16	16	16
Total, offsetting collections		-15	-16	-16
Total Federal housing finance board (net)	BA			*
	O	2	*	-*

Federal Labor Relations Authority

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	805 BA	22	21	22
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	21	22	22
Salaries and expenses (gross)	BA	22	21	22
	O	21	22	22
Total, offsetting collections		-*	-*	-*
Total Salaries and expenses (net) ..	BA	22	21	22
	O	21	22	22

Account		1993 actual	1994 estimate	1995 estimate
Federal Maritime Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	403 BA	18	19	19
Appropriation, permanent	BA	*		
Authority to borrow, permanent	BA		*	
Outlays	O	18	19	18
Total Salaries and expenses	BA	18	19	19
	O	18	19	18

Summary

Federal funds:				
(As shown in detail above)	BA	18	19	19
	O	18	19	18
Deductions for offsetting receipts:				
Proprietary receipts from the public	403 BA/O	J - *	J - *	
Total Federal Maritime Commission	BA	18	19	19
	O	18	18	18

Federal Mediation and Conciliation Service

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	505 BA	30	30	31
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	29	30	31
Salaries and expenses (gross)	BA	30	30	31
	O	29	30	31
Total, offsetting collections		-*	-*	-*
Total Salaries and expenses (net) ..	BA	30	30	31
	O	29	30	31

Federal Mine Safety and Health Review Commission

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	554 BA	6	6	6
Outlays	O	6	6	6

Federal Retirement Thrift Investment Board

Federal funds

General and Special Funds:				
Payment from the general fund:				
Appropriation, permanent	602 BA	*		
Outlays	O	*		
Program expenses:				
Appropriation, permanent	803 BA	28	32	35
Outlays	O	26	32	35
Summary				
Federal funds:				
(As shown in detail above)	BA	28	32	35
	O	26	32	35
Deductions for offsetting receipts:				
Proprietary receipts from the public	803 BA/O	J - 28	J - 32	J - 35
Total Federal Retirement Thrift Investment Board	BA	*		
	O	-2		

Other Independent Agencies—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Federal Trade Commission			
<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	376 BA	70	68
Spending authority from offsetting collections	BA	18	26
Outlays	O	86	93
Salaries and expenses (gross)	BA	88	94
	O	86	93
Total, offsetting collections		- 22	- 22
Total Salaries and expenses (net) ...	BA	66	72
	O	64	70

Franklin Delano Roosevelt Memorial Commission

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	808 BA	1	*
Outlays	O	*	*

Harry S Truman Scholarship Foundation

<i>Trust funds</i>			
Harry S Truman memorial scholarship trust fund:			
Appropriation, permanent	502 BA	9	3
Outlays	O	3	3

**Institute of American Indian and Alaska Native Culture and Arts
Development**

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	502 BA	9	13
Outlays	O	7	13

Intelligence Community Staff

<i>Federal funds</i>			
General and Special Funds:			
Intelligence community staff:			
Outlays	054 O	10	3

Interagency Council on the Homeless

<i>Federal funds</i>			
General and Special Funds:			
Interagency Council on the Homeless:			
Appropriation, current	604 BA	1	*
Outlays	O	1	*

International Cultural and Trade Center Commission

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Outlays	804 O	*	*

International Trade Commission

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	153 BA	45	44

Account	1993 actual	1994 estimate	1995 estimate
Outlays	O	43	42

Interstate Commerce Commission

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	401 BA	44	45
Spending authority from offsetting collections	BA	7	8
Outlays	O	48	53
Salaries and expenses (gross)	BA	51	53
	O	48	53
Total, offsetting collections		- 7	- 8
Total Salaries and expenses (net) ...	BA	44	45
	O	41	45
Payments for directed rail service:			
Limitation on program level (obliga- tions)	401	(*)	(*)
Total Federal funds Interstate Com- merce Commission	BA	44	45
	O	41	45

Interstate Commission on the Potomac River Basin

<i>Federal funds</i>			
General and Special Funds:			
Contribution to Interstate Commission on the Potomac River Basin:			
Appropriation, current	304 BA	*	*
Outlays	O	*	*

James Madison Memorial Fellowship Foundation

<i>Trust funds</i>			
James Madison Memorial Fellowship Trust Fund:			
Appropriation, permanent	502 BA	11	3
Outlays	O	1	2

Japan-United States Friendship Commission

<i>Trust funds</i>			
Japan-United States friendship trust fund:			
Appropriation, current	154 BA	1	1
Appropriation, permanent	BA	*	*
Outlays	O	2	2
Total Japan-United States friendship trust fund	BA	1	1
	O	2	2

**Joint Federal-State Commission on Policies and Programs Affecting
Alaska Natives**

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Spending authority from offsetting collections	452 BA	*	*
Outlays	O	*	*
Salaries and expenses (gross)	BA	*	*
	O	*	*
Total, offsetting collections		- *	- *
Total Salaries and expenses (net) ...	BA	*	*
	O	*	*

Other Independent Agencies—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
<i>Trust funds</i>			
Joint Federal-State Commission on Policies and Programs Affecting Alaska Natives Trust Fund:			
Appropriation, permanent	452 BA	*	*
Outlays	O	*	*

Legal Services Corporation

<i>Federal funds</i>			
General and Special Funds:			
Payment to the Legal Services Corporation:			
Appropriation, current	752 BA	357	400
Outlays	O	389	483

Marine Mammal Commission

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	302 BA	1	1
Outlays	O	1	1

Martin Luther King, Jr. Federal Holiday Commission

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	808 BA	*	*
Outlays	O	*	*

Merit Systems Protection Board

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	805 BA	24	25
Spending authority from offsetting collections	BA	2	2
Outlays	O	28	26
Salaries and expenses (gross)	BA	26	27
	O	28	26
Total, offsetting collections		-2	-2
Total Salaries and expenses (net) ..	BA	24	25
	O	26	24

Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation

<i>Federal funds</i>			
General and Special Funds:			
Payment to the Morris K Udall scholarship and excellence in national environment:			
Appropriation, current	502 BA		10
Outlays	O		10

Summary

Federal funds:			
(As shown in detail above)	BA		10
	O		10
Interfund transactions	502 BA/O	-5	-5
Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	BA	-5	-5
	O	-5	-5

Account	1993 actual	1994 estimate	1995 estimate
National Advisory Council on the Public Service			
<i>Federal funds</i>			
General and Special Funds:			
National Advisory Council on the Public Service:			
Appropriation, current	805 BA	1	
Outlays	O	1	*
<i>Trust funds</i>			
Gifts and Donations:			
Appropriation, permanent	805 BA	*	*
Outlays	O	*	*

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:			
Outlays	503 O	*	*

National Archives and Records Administration

<i>Federal funds</i>			
General and Special Funds:			
Operating expenses:			
Appropriation, current	804 BA	168	192
Spending authority from offsetting collections	BA	38	25
Outlays	O	307	307
Operating expenses (gross)	BA	206	217
	O	307	307
Total, offsetting collections		-38	-25
Total Operating expenses (net)	BA	168	192
	O	270	282
<i>Trust funds</i>			
National archives gift fund:			
Appropriation, permanent	804 BA	*	1
Outlays	O	*	*
National archives trust fund:			
Spending authority from offsetting collections	804 BA	13	14
Outlays	O	12	14
National archives trust fund (gross) ..	BA	13	14
	O	12	14
Total, offsetting collections		-13	-14
Total National archives trust fund (net)	BA	-1	-*
	O		*

Summary

Federal funds:			
(As shown in detail above)	BA	168	192
	O	270	282
Trust funds:			
(As shown in detail above)	BA	*	1
	O	-*	*
Deductions for offsetting receipts:			
Proprietary receipts from the public	908 BA/O	-*	-*
Total Trust funds	BA	*	1
	O	-*	*
Total National Archives and Records Administration	BA	168	193
	O	269	282

Other Independent Agencies—Continued
(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
National Capital Planning Commission			
<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	451 BA	6	6
Outlays	O	5	6

National Commission on American Indian, Alaska Native, and Native Hawaiian Housing

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	604 BA	*	
Outlays	O	1	*

National Commission on Cost of Higher Education

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	502 BA	1	
Outlays	O	1	*

National Commission on Financial Institutions Reform, Recovery, and Enforcement

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Outlays	373 O	1	*

National Commission on Independent Higher Education

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	502 BA	1	
Outlays	O	1	*

National Commission on Libraries and Information Science

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	503 BA	1	1
Spending authority from offsetting collections	BA	1	
Outlays	O	1	1
Salaries and expenses (gross)	BA	1	1
	O	1	1
Total, offsetting collections		- 1	
Total Salaries and expenses (net) ...	BA	1	1
	O	1	1
White House conference on library and information services:			
Outlays	503 O	*	

Account	1993 actual	1994 estimate	1995 estimate
<i>Trust funds</i>			
Contributions:			
Outlays	503 O	*	
Total Federal funds National Commission on Libraries and Information Science			
	BA	1	1
	O	1	1
Total Trust funds National Commission on Libraries and Information Science			
	O	*	

National Commission on Migrant Education

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Outlays	501 O	*	*

National Commission on Responsibilities for Financing Postsecondary Education

<i>Federal funds</i>			
General and Special Funds:			
National Commission on Responsibilities for Financing Postsecondary Education:			
Appropriation, current	502 BA	*	
Spending authority from offsetting collections	BA	*	
Outlays	O	*	*
National Commission on Responsibilities for Financing Postsecondary Education (gross)			
	BA	*	*
	O	*	*
Total, offsetting collections		- *	
Total National Commission on Responsibilities for Financing Postsecondary Education (net)			
	BA	*	*
	O	*	*

National Commission on Severely Distressed Public Housing

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	604 BA	*	
Outlays	O	*	*

National Council on Disability

<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	506 BA	2	2
Outlays	O	2	2
<i>Trust funds</i>			
Gifts and donations:			
Appropriation, permanent	506 BA	*	
Outlays	O	*	*

National Credit Union Administration

<i>Federal funds</i>			
Public Enterprise Funds:			
Operating fund:			
Spending authority from offsetting collections	373 BA	87	94

Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	82	94	101
Operating fund (gross)	BA	87	94	87
	O	82	94	101
Total, offsetting collections		- 87	- 94	- 87
Total Operating fund (net)	BA			
	O	- 5	- *	15
Credit union share insurance fund:				
Spending authority from offsetting collections	373 BA	521	510	559
Outlays	O	154	205	189
Credit union share insurance fund (gross)	BA	521	510	559
	O	154	205	189
Total, offsetting collections		- 521	- 510	- 559
Total Credit union share insurance fund (net)	BA			
	O	- 367	- 305	- 370
Central liquidity facility:				
Spending authority from offsetting collections	373 BA	165	276	299
Limitation on administrative expenses		(1)	(1)	(1)
Limitation on direct loan obligations		(600)	(600)	(600)
Outlays	O	165	276	299
Central liquidity facility (gross)	BA	165	276	299
	O	165	276	299
Total, offsetting collections		- 165	- 276	- 299
Total Central liquidity facility (net)	BA			
	O			
Community development credit union revolving loan fund:				
Spending authority from offsetting collections	373 BA	1	2	2
Outlays	O	1	2	2
Community development credit union revolving loan fund (gross)	BA	1	2	2
	O	1	2	2
Total, offsetting collections		- 1	- 2	- 2
Total Community development credit union revolving loan fund (net)	BA			
	O	*	- *	- 1
Total Federal funds National Credit Union Administration	BA			
	O	- 372	- 305	- 356

National Endowment for the Arts

Federal funds

General and Special Funds:				
National endowment for the arts: Grants and administration:				
Appropriation, current	503 BA	174	170	170
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	174	174	172
Outlays for grants to State and local governments	O	(43)	(43)	(43)
National endowment for the arts (gross)	BA	175	171	170
	O	174	174	172

Total, offsetting collections		- *	- *	- *
Total National endowment for the arts (net)	BA	174	170	170
	O	173	173	172
Trust funds				
Gifts and donations (arts):				
Appropriation, permanent	503 BA	*	1	*
Outlays	O	*	*	*

National Endowment for the Humanities

Federal funds

General and Special Funds:				
National endowment for the humanities: Grants and administration:				
Appropriation, current	503 BA	177	177	177
Spending authority from offsetting collections	BA	2	1	1
Outlays	O	170	192	181
National endowment for the humanities (gross)	BA	179	179	179
	O	170	192	181
Total, offsetting collections		- 2	- 1	- 1
Total National endowment for the humanities (net)	BA	177	177	177
	O	168	190	180
Trust funds				
Gifts and donations (humanities):				
Appropriation, permanent	503 BA	*	*	*
Outlays	O	*	*	*

Institute of Museum Services

Federal funds

General and Special Funds:				
Institute of Museum Services: Grants and administration:				
Appropriation, current	503 BA	29	29	29
Outlays	O	20	35	28
Outlays for grants to State and local governments	O	(5)	(8)	(7)
Trust funds				
Gifts and donations:				
Appropriation, permanent	503 BA	*	*	*
Outlays	O	*	*	*

National Labor Relations Board

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	505 BA	170	171	175
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	171	173	174
Salaries and expenses (gross)	BA	170	171	175
	O	171	173	174
Total, offsetting collections		- *	- *	- *
Total Salaries and expenses (net) ...	BA	170	171	175
	O	171	173	174

National Mediation Board

Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	505 BA	8	9	8

Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Outlays	O	8	8	8
National Science Foundation				
<i>Federal funds</i>				
General and Special Funds:				
Research and related activities				
(Defense-related activities):				
(Appropriation, current)	054 BA	54	63	63
(Outlays)	O	11	72	62
(General science and basic research):				
(Appropriation, current)	251 BA	2,027	2,158	2,286
(Spending authority from offsetting collections)	BA	100		
(Outlays)	O	2,032	2,067	2,069
Research and related activities (gross)				
	BA	2,181	2,221	2,349
	O	2,043	2,139	2,131
Total, offsetting collections		- 100		
Total (General science and basic research) (net)	BA	2,027	2,158	2,286
	O	1,932	2,067	2,069
Total Research and related activities	BA	2,081	2,221	2,349
	O	1,943	2,139	2,131
Academic research infrastructure:				
Appropriation, current	251 BA	50	110	55
Outlays	O	18	97	88
Appropriation, current	BA		H - 10	
Outlays	O		H - 3	H - 4
Total Academic research infrastructure	BA	50	100	55
	O	18	94	84
Major research equipment:				
Appropriation, current	251 BA			70
Outlays	O			7
Salaries and expenses:				
Appropriation, current	251 BA	111	118	131
Spending authority from offsetting collections	BA	1		
Outlays	O	111	120	129
Salaries and expenses (gross)	BA	112	118	131
	O	111	120	129
Total, offsetting collections		- 1		
Total Salaries and expenses (net)	BA	111	118	131
	O	109	120	129
National Science Foundation Headquarters Relocation:				
Appropriation, current	251 BA		5	5
Outlays	O		5	5
Office of the Inspector General:				
Appropriation, current	251 BA	4	4	4
Outlays	O	4	4	4
Education and human resources:				
Appropriation, current	251 BA	488	570	586
Spending authority from offsetting collections	BA	4		
Outlays	O	372	453	497
Education and human resources (gross)				
	BA	492	570	586
	O	372	453	497
Total, offsetting collections		- 4		
Total Education and human resources (net)	BA	488	570	586
	O	367	453	497

Account		1993 actual	1994 estimate	1995 estimate
<i>Trust funds</i>				
Donations:				
Appropriation, permanent	251 BA	23	30	30
Outlays	O	9	50	30
Total Federal funds National Science Foundation	BA	2,734	3,018	3,200
	O	2,442	2,814	2,858
Total Trust funds National Science Foundation	BA	23	30	30
	O	9	50	30

Account		1993 actual	1994 estimate	1995 estimate
National Transportation Safety Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	407 BA	36	37	37
Outlays	O	37	37	37

Account		1993 actual	1994 estimate	1995 estimate
Neighborhood Reinvestment Corporation				
<i>Federal funds</i>				
General and Special Funds:				
Payment to the Neighborhood Reinvestment Corporation:				
Appropriation, current	451 BA	28	32	39
Outlays	O	30	34	39
Outlays for grants to State and local governments	O	(11)	(14)	(15)

Account		1993 actual	1994 estimate	1995 estimate
Nuclear Regulatory Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	276 BA	535	543	541
Spending authority from offsetting collections	BA	7	12	12
Outlays	O	490	541	542
Appropriation, current	BA		H - 13	
Outlays	O		H - 10	H - 3
Salaries and expenses (gross)	BA	542	542	554
	O	490	532	539
Total, offsetting collections		- 7	- 12	- 12
Total Salaries and expenses (net)	BA	535	530	541
	O	483	520	526
Office of Inspector General:				
Appropriation, current	276 BA	5	5	5
Outlays	O	5	5	5

Account		1993 actual	1994 estimate	1995 estimate
Summary				
Federal funds:				
(As shown in detail above)	BA	540	535	546
	O	488	524	531
Deductions for offsetting receipts:				
Offsetting governmental receipts	276 BA/O	J - 507	J - 526	J - 524
Total Nuclear Regulatory Commission	BA	33	9	22
	O	- 19	- 1	7

Account		1993 actual	1994 estimate	1995 estimate
Nuclear Waste Technical Review Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	271 BA	2	2	3
Outlays	O	3	2	3

Other Independent Agencies—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate
Occupational Safety and Health Review Commission			
<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses:			
Appropriation, current	554 BA	7	7
Outlays	O	7	7

Office of Government Ethics

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	805 BA	8	8
Spending authority from offsetting collections	BA	*	*
Outlays	O	7	10
Salaries and expenses (gross)	BA	8	8
	O	7	10
Total, offsetting collections		— *	— *
Total Salaries and expenses (net) ...	BA	8	8
	O	7	10

Office of Navajo and Hopi Indian Relocation

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	808 BA	25	27
Outlays	O	33	31

Office of Special Counsel

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	808 BA	8	8
Outlays	O	8	8

Office of the Nuclear Waste Negotiator

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	271 BA	1	1
Outlays	O	2	2

Panama Canal Commission

Federal funds

Public Enterprise Funds:			
Panama Canal revolving fund:			
Authority to borrow, permanent	403 BA	1	6
Spending authority from offsetting collections	BA	543	552
Limitation on administrative expenses		(49)	(52)
Limitation on program level (obligations)		(530)	(540)
Outlays	O	519	547
Panama Canal revolving fund (gross)	BA	543	553
	O	519	547

Account	1993 actual	1994 estimate	1995 estimate
Total, offsetting collections	— 543	— 552	— 564
Total Panama Canal revolving fund (net)	BA	1	6
	O	— 23	— 5

Pennsylvania Avenue Development Corporation

Federal funds

General and Special Funds:			
Salaries and expenses:			
Appropriation, current	451 BA	3	3
Outlays	O	3	3
Public development:			
Appropriation, current	451 BA	5	5
Outlays	O	77	176
Public Enterprise Funds:			
Land acquisition and development fund:			
Authority to borrow, current	451 BA	6	7
Spending authority from offsetting collections	BA	4	5
Outlays	O	7	12
Land acquisition and development fund (gross)	BA	11	12
	O	7	12
Total, offsetting collections		— 4	— 5
Total Land acquisition and development fund (net)	BA	6	7
	O	3	7

Trust funds

Gifts and donations:			
Outlays	451 O	*	*
Total Federal funds Pennsylvania Avenue Development Corporation	BA	15	14
	O	82	185
Total Trust funds Pennsylvania Avenue Development Corporation	O	*	*

Postal Service—Payments to the Postal Service

Federal funds

General and Special Funds:			
Payment to the Postal Service fund:			
Appropriation, current	372 BA	122	91
Spending authority from offsetting collections	BA	29	*
Outlays	O	151	91
Payment to the Postal Service fund (gross)	BA	151	91
	O	151	91
Total, offsetting collections		— 29	*
Total Payment to the Postal Service fund (net)	BA	122	91
	O	122	91
Payment to the Postal Service fund for nonfunded liabilities:			
Appropriation, current	372 BA	39	39
Outlays	O	39	39
Total Federal funds Postal Service—Payments to the Postal Service ..	BA	161	130
	O	161	130

(In millions of dollars)

Railroad Retirement Board					
Federal funds					
General and Special Funds:					
Federal windfall subsidy:					
Appropriation, current	601	BA	294	277	261
Outlays		O	289	277	261
Federal payments to the railroad retirement accounts:					
Appropriation, current	601	BA	*	*	*
Appropriation, permanent		BA	2,998	3,102	3,194
Outlays		O	2,998	3,102	3,194
<hr/>					
Total Federal payments to the railroad retirement accounts		BA	2,998	3,102	3,194
		O	2,998	3,102	3,194
<hr/>					
Special management improvement fund:					
Appropriation, current	601	BA	4	3	2
Outlays		O	4	3	2
Regional rail transportation protective account:					
Outlays	603	O	*		
<hr/>					
<i>Trust funds</i>					
Railroad unemployment insurance trust fund:					
Appropriation, current	603	BA	17	17	17
Appropriation, permanent		BA	70	70	73
Limitation on administrative expenses			(17)	(17)	(17)
Outlays		O	86	87	90
<hr/>					
Total Railroad unemployment insurance trust fund		BA	87	87	90
		O	86	87	90
<hr/>					
Rail Industry Pension Fund:					
Appropriation, permanent	601	BA	2,884	2,923	2,957
Spending authority from offsetting collections		BA	4	4	4
Limitation on administration			(74)	(74)	(75)
Limitation on the Office of Inspector General			(7)	(7)	(7)
Outlays		O	2,810	2,923	2,957
<hr/>					
Rail Industry Pension Fund (gross) .		BA	2,887	2,927	2,960
		O	2,810	2,923	2,957
<hr/>					
Total, offsetting collections			- 4	- 4	- 4
<hr/>					
Total Rail Industry Pension Fund (net)		BA	2,884	2,923	2,957
		O	2,807	2,920	2,953
<hr/>					
Supplemental Annuity Pension Fund:					
Appropriation, permanent	601	BA	96	96	92
Outlays		O	99	96	92
Railroad social security equivalent benefit account:					
Appropriation, permanent	601	BA	7,695	8,124	8,327
Outlays		O	7,857	7,990	8,239

Resolution Trust Corporation				
Federal funds				
General and Special Funds:				
Office of Inspector General:				
Appropriation, current	373	BA	34	34
Outlays		O	29	33
Public Enterprise Funds:				
RTC revolving fund:				
Appropriation, current	373	BA	18,315	
Spending authority from offsetting collections		BA	31,093	17,189
Outlays		O	11,910	6,871
			<hr/>	
RTC revolving fund (gross)		BA	31,093	35,504
		O	11,910	6,871
			<hr/>	
Total, offsetting collections			- 31,093	- 17,189
			<hr/>	
Total RTC revolving fund (net)		BA	18,315	
		O	- 19,183	3,522
			<hr/>	
Total Federal funds Resolution Trust Corporation		BA	34	18,349
		O	- 19,153	3,555
			<hr/>	
				- 5,024

Securities and Exchange Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	127	58	306
Spending authority from offsetting collections		BA	141	224	*
Outlays		O	240	289	295
Salaries and expenses (gross)		BA	268	282	306
		O	240	289	295
Total, offsetting collections			- 141	- 224	- *
Total Salaries and expenses (net) ...		BA	127	58	306
		O	99	65	295

Selective Service System					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	054	BA	29	25	23
Outlays		O	28	25	23

Other Independent Agencies—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Smithsonian Institution				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
Appropriation, current	503 BA	296	302	319
Spending authority from offsetting collections	BA	*	*	*
Outlays	O	297	308	326
Salaries and expenses (gross)	BA	296	302	319
	O	297	308	326
Total, offsetting collections		— *	— *	— *
Total Salaries and expenses (net)	BA	296	302	319
	O	297	308	326
Museum programs and related research (special foreign currency program):				
Outlays	503 O	1	1	1
Construction and improvements, National Zoological Park:				
Appropriation, current	503 BA	8	5	5
Outlays	O	4	5	7
Repair and restoration of buildings:				
Appropriation, current	503 BA	24	24	25
Outlays	O	25	16	27
Construction:				
Appropriation, current	503 BA	17	10	50
Outlays	O	10	12	24
Operations and maintenance, JFK center for the performing arts:				
Appropriation, current	503 BA			10
Outlays	O			10
Construction, JFK center for the performing arts:				
Appropriation, current	503 BA			9
Outlays	O			15
Salaries and expenses, National Gallery of Art:				
Appropriation, current	503 BA	51	52	54
Outlays	O	50	52	54
Repair, restoration, and renovation of buildings:				
Appropriation, current	503 BA	4	3	4
Outlays	O	3	4	4
Salaries and expenses, Woodrow Wilson International Center for Scholars:				
Appropriation, current	503 BA	6	6	10
Outlays	O	6	6	9
<i>Trust funds</i>				
Canal Zone biological area fund:				
Appropriation, permanent	503 BA	*	*	*
Outlays	O	*	*	*
Summary				
Federal funds:				
(As shown in detail above)	BA	405	403	487
	O	395	403	476
Trust funds:				
(As shown in detail above)	BA	*	*	*
	O	*	*	*
Interfund transactions				
	803 BA/O		1 — *	1 — *
Total Smithsonian Institution	BA	405	403	487
	O	395	403	476

State Justice Institute
Federal funds

General and Special Funds:				
State Justice Institute: Salaries and expenses:				
Appropriation, current	752 BA	14	14	1
Outlays	O	13	15	13

Outlays for grants to State and local governments				
	O	(11)	(13)	(11)
Appropriation, current	BA		H — 7	
Outlays	O		H — 2	H — 3
Total State Justice Institute	BA	14	7	1
	O	13	13	11

Susquehanna River Basin Commission
Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	301 BA	*	*	*
Outlays	O	*	*	*
Contribution to Susquehanna River Basin Commission:				
Appropriation, current	301 BA	*	*	*
Outlays	O	*	*	*
Total Federal funds Susquehanna River Basin Commission	BA	1	1	1
	O	1	1	1

Tennessee Valley Authority
Federal funds

Public Enterprise Funds:				
Tennessee Valley Authority fund				
(Energy supply):				
(Authority to borrow, permanent)	271 BA	3,267	1,197	991
(Spending authority from offsetting collections)	BA	5,819	5,673	5,519
(Outlays)	O	7,164	6,309	5,954
(Outlays for grants to State and local governments)	O	(237)	(243)	(252)
Tennessee Valley Authority fund (gross)	BA	9,087	6,870	6,510
	O	7,164	6,309	5,954
Total, offsetting collections		— 5,678	— 5,536	— 5,454
Total (Energy supply) (net)	BA	3,409	1,334	1,056
	O	1,486	773	500
(Area and regional development):				
(Appropriation, current)	452 BA	135	140	140
(Spending authority from offsetting collections)	BA	107	102	66
(Outlays)	O	250	241	199
Tennessee Valley Authority fund (gross)	BA	3,651	1,577	1,262
	O	1,736	1,015	699
Total, offsetting collections		— 107	— 102	— 66
Total (Area and regional development) (net)	BA	135	140	140
	O	143	139	133
Total Tennessee Valley Authority fund	BA	3,544	1,475	1,196
	O	1,629	912	633
Total Federal funds Tennessee Valley Authority	BA	3,544	1,475	1,196
	O	1,629	912	633

Thomas Jefferson Commemoration Commission
Federal funds

General and Special Funds:				
Salaries and expenses:				
Appropriation, current	808 BA	*	*	*
Outlays	O	*	*	*

Other Independent Agencies—Continued
(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate	Account		1993 actual	1994 estimate	1995 estimate
United Mine Workers of America Benefit Funds									
<i>Trust funds</i>									
United mine workers of America combined benefit fund:					Spending authority from offsetting collections	BA	31	20	20
Appropriation, permanent	551 BA	155	232	229	Outlays	O	243	257	252
Outlays	O	155	232	229	Educational and cultural exchange programs (gross)	BA	274	262	242
United mine workers of America 1992 benefit plan:					Outlays	O	243	257	252
Appropriation, permanent	551 BA	6	7	7	Total, offsetting collections		- 31	- 20	- 20
Outlays	O	6	7	7	Total Educational and cultural exchange programs (net)	BA	242	242	222
Total Trust funds United Mine Workers of America Benefit Funds	BA	161	239	236	Outlays	O	212	237	232
	O	161	239	236	National Endowment for Democracy:				
United States Enrichment Corporation Fund					Appropriation, current	154 BA	30	35	45
<i>Federal funds</i>					Outlays	O	28	32	40
Public Enterprise Funds:					Broadcasting to Cuba:				
United States Enrichment Corporation Fund:					Appropriation, current	154 BA	29	21	
Spending authority from offsetting collections	271 BA	713	1,403	1,347	Outlays	O	27	29	6
Outlays	O	159	1,284	1,262	East West Center:				
Spending authority from offsetting collections	BA			H 106	Appropriation, current	154 BA	26	26	24
Outlays	O			B 74	Outlays	O	25	26	25
United States Enrichment Corporation Fund (gross)	BA	713	1,403	1,453	North/South Center:				
Outlays	O	159	1,284	1,336	Appropriation, current	154 BA	9	9	
Total, offsetting collections		- 713	- 1,403	- 1,347	Outlays	O	7	11	5
				B - 106	Appropriation, current	BA		H - 9	
Total United States Enrichment Corporation Fund (net)	BA	- 554	- 119	- 117	Outlays	O		H - 4	H - 5
	O				Total North/South Center	BA	9		
United States Holocaust Memorial Council					Outlays	O	7	7	
<i>Federal funds</i>					Russian far east technical assistance center:				
General and Special Funds:					Appropriation, current	154 BA	2		
Holocaust Memorial Council:					Outlays	O		2	
Appropriation, current	808 BA	21	22	26	Radio construction:				
Outlays	O	21	21	24	Appropriation, current	154 BA	104	75	99
United States Information Agency					Outlays	O	83	94	92
<i>Federal funds</i>					International broadcasting operations:				
General and Special Funds:					Appropriation, current	154 BA			281
Salaries and expenses:					Spending authority from offsetting collections	BA			1
Appropriation, current	154 BA	743	730	497	Outlays	O			237
Spending authority from offsetting collections	BA	16	19	17	International broadcasting operations (gross)	BA			282
Outlays	O	716	750	551	Outlays	O			237
Appropriation, current	BA		H - 3		Total, offsetting collections				- 1
Outlays	O		H - 3	H - *	Total International broadcasting operations (net)	BA			281
Salaries and expenses (gross)	BA	758	746	514	Outlays	O			236
Outlays	O	716	748	551	<i>Trust funds</i>				
Total, offsetting collections		- 16	- 19	- 17	Eisenhower exchange fellowship program trust fund:				
Total Salaries and expenses (net) ..	BA	743	727	497	Appropriation, current	154 BA	*	*	*
	O	700	729	534	Outlays	O	*	*	*
Office of the Inspector General:					Eastern Europe student exchange endowment fund:				
Appropriation, current	154 BA	4	4	4	Outlays	154 O		1	1
Outlays	O	4	4	4	Israeli Arab scholarship program:				
Salaries and expenses (special foreign currency program):					Appropriation, current	154 BA	*	*	*
Outlays	154 O	*			Outlays	O	*	*	1
Educational and cultural exchange programs:					Foreign service national separation liability trust fund:				
Appropriation, current	154 BA	242	242	222	Appropriation, permanent	602 BA	3	2	2
					Outlays	O	3	2	2
					Miscellaneous trust funds:				
					Appropriation, permanent	154 BA	1	1	1
					Outlays	O	2	1	1
					Summary				
					Federal funds:				
					(As shown in detail above)	BA	1,188	1,130	1,173
					Outlays	O	1,086	1,160	1,168
					Trust funds:				
					(As shown in detail above)	BA	5	4	4
					Outlays	O	5	4	5

Other Independent Agencies—Continued

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	154 BA/O	J - *	J - *	J - *
Total Trust funds	BA	5	4	4
	O	4	4	4
Interfund transactions	602 BA/O	J - 3	J - 2	J - 2
Total United States Information Agency	BA	1,190	1,132	1,175
	O	1,088	1,162	1,171

United States Institute of Peace

Federal funds

General and Special Funds:				
Operating expenses:				
Appropriation, current	153 BA	11	11	11
Outlays	O	10	12	11

Washington Metropolitan Area Transit Authority

Federal funds

General and Special Funds:				
Interest payments:				
Appropriation, current	401 BA	52	52	9
Outlays	O	53	47	14
Outlays for grants to State and local governments	O	(53)	(47)	(14)

Water Resources Council

Federal funds

General and Special Funds:				
Water resources planning:				
Outlays	301 O	- *		

Summary

On-Budget

Federal funds:				
(As shown in detail above)	BA	21,145	34,018	17,286
	O	- 12,328	12,941	5,086

Account		1993 actual	1994 estimate	1995 estimate
Deductions for offsetting receipts:				
Proprietary receipts from the public	155 BA/O	J - 52	J - 27	J - 50
	376 BA/O	J - 39	J - 47	J - 47
	403 BA/O	J - *	J - *	
	803 BA/O	J - 28	J - 32	J - 35
	806 BA/O	J - 160	J - 22	J - 22
Offsetting governmental receipts	276 BA/O	J - 507	J - 526	J - 524
	453 BA/O	J - 10	J - 12	
	959 BA/O	J - 500	J - 4,300	
Total Federal funds	BA	20,360	32,854	12,295
	O	- 13,114	11,776	96

Trust funds:				
(As shown in detail above)	BA	10,992	11,634	11,928
	O	11,167	11,407	11,691

Deductions for offsetting receipts:				
Intrafund transactions	601 BA/O	J - 180		
Intrafund transactions from off-budget accounts	601 BA/O	J - 3,435	J - 3,616	J - 3,711
Proprietary receipts from the public	154 BA/O	J - *	J - *	J - *
	351 BA/O	J - 5	J - 5	J - 5
	452 BA/O	J - 2	J - 2	J - 2
	808 BA/O	J - *		
	908 BA/O	J - *	J - *	J - *

Total Trust funds	BA	7,374	8,011	8,210
	O	7,549	7,784	7,972

Interfund transactions	452 BA/O	J - 2	J - 2	J - 2
	502 BA/O	J - 5	J - 5	J - 10
	506 BA/O		J - 104	J - 156
	601 BA/O	J - 5,913	J - 6,023	J - 6,250
	602 BA/O	J - 3	J - 2	J - 2
	803 BA/O	J - *	J - *	J - *

Total Other Independent Agencies (on-budget)	BA	21,811	34,728	14,084
	O	- 11,488	13,424	1,648

Off-Budget

Federal funds:				
(As shown in detail above)	BA	2,239	4,282	5,349
	O	1,441	1,748	3,259
Total Other Independent Agencies (off-budget)	BA	2,239	4,282	5,349
	O	1,441	1,748	3,259
Total Other Independent Agencies ..	BA	24,050	39,010	19,433
	O	- 10,047	15,172	4,907

Allowances

(In millions of dollars)

Account		1993 actual	1994 estimate	1995 estimate
Health Security Act				
Federal funds				
General and Special Funds:				
Access to health care fund				
(Health care services):				
(Appropriation, permanent)	BA			P 505
(Outlays)	O			P 185
(Outlays for grants to State and local governments)	O			P (185)
(Health research and training):				
(Appropriation, permanent)	BA			P 600
(Outlays)	O			P 219
(Outlays for grants to State and local governments)	O			P (219)
Total Access to health care fund	BA			1,105
	O			404

Account		1993 actual	1994 estimate	1995 estimate
Academic health centers and graduate medical education:				
Appropriation, permanent	BA			P 750
Outlays	O			P 340
Outlays for grants to State and local governments	O			P (340)
Veterans health care investment fund:				
Appropriation, current	BA			P 1,000
Outlays	O			P 1,000
Administrative/start-up costs:				
Appropriation, current	BA			P 1,279
Outlays	O			P 1,279
Total Federal funds Health Security Act	BA			4,134
	O			3,023

Allowances—Continued

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Allowances for:				Contingencies for:			
<i>Federal funds</i>				Relatively uncontrollable programs:			
General and Special Funds:				Appropriation, current	BA		0
Adjustment to continue certain accounts at enacted levels:				Outlays	O		0
Appropriation, current	BA		— 236	Other requirements:			
Outlays	O		— 177	Appropriation, current	BA		0
Reinventing Federal procurement:				Outlays	O		0
Appropriation, current	BA		— 712	Total Federal funds Allowances for:			
Outlays	O		— 544		BA		— 1,155
Reducing Federal agency rents:					O		— 1,074
Appropriation, current	BA		— 207	Summary			
Outlays	O		— 203	Federal funds:			
Reforming system of payments for grant recipients administrative costs:				Total Allowances	BA		2,979
Outlays	O		— 150		O		1,949

Totals

(In millions of dollars)

Account	1993 actual	1994 estimate	1995 estimate	Account	1993 actual	1994 estimate	1995 estimate
Budget Totals				Employer share, employee retirement (on-budget)			
Federal funds:				951 BA/O	— 23,021	— 22,537	— 22,252
(As shown in detail above)	BA	1,149,377	1,139,607	Applied by agency above	BA/O	— 99,401	— 84,905
	O	1,088,949	1,127,057				— 82,669
Deductions for offsetting receipts:				Total interfund transactions	BA/O	— 177,958	— 164,215
(As shown in detail above):							— 162,112
Intrafund transactions	BA/O	— 14,077	— 12,620	Budget totalsΔ	BA	1,204,431	1,219,782
Interfund transactions from off-budget accounts	BA/O	— *	— *		O	1,141,618	1,202,953
Proprietary receipts from the public	BA/O	— 11,847	— 13,053				1,238,035
Offsetting governmental receipts	BA/O	— 2,141	— 2,770				1,223,582
(Undistributed by agency):				Off-Budget Totals			
Interfund transactions:				Federal funds:			
Other interest	908 BA/O	— *	— *	(As shown in detail above)	BA	2,239	4,282
Rents and royalties on the Outer Continental Shelf	953 BA/O	— 2,785	— 2,708		O	1,441	1,748
			— 3,048				5,349
Total deductions	BA/O	— 30,850	— 31,150	Trust funds:			
Federal fund totals	BA	1,118,526	1,108,457	(As shown in detail above)	BA	306,342	321,980
	O	1,058,099	1,095,907		O	304,602	320,470
			1,113,337				338,676
			1,103,350	Deductions for offsetting receipts:			
Trust funds:				(As shown in detail above):			
(As shown in detail above)	BA	302,929	317,427	Proprietary receipts from the public	BA/O	— 6	— 16
	O	300,543	313,149				— 16
Deductions for offsetting receipts:				Total deductions	BA/O	— 6	— 16
(As shown in detail above):							— 16
Intrafund transactions	BA/O	— 184	— 1	Trust fund totals	BA	306,336	321,964
Intrafund transactions from off-budget accounts	BA/O	— 3,435	— 3,616		O	304,595	320,454
Proprietary receipts from the public	BA/O	— 30,281	— 32,590				338,660
(Undistributed by agency):							337,168
Off-budget under current law;				Interfund transactions (—):			
Employer share, employee retirement (on-budget)	951 BA/O	— 5,165	— 5,680	Interest received by off-budget trust funds	903 BA/O	— 26,788	— 29,073
			— 6,241				— 31,669
Total deductions	BA/O	— 39,066	— 41,887	Employer share, employee retirement (off-budget)	952 BA/O	— 6,416	— 6,463
Trust fund totals	BA	263,863	275,540	Applied by agency above	BA/O	— 6,246	— 5,790
	O	261,477	271,262				— 6,539
			286,810	Total interfund transactions	BA/O	— 39,449	— 41,326
			282,343				— 45,064
Interfund transactions (—):				Off-Budget totalsΔ	BA	269,126	284,919
Interest received by on-budget trust funds	902 BA/O	— 55,537	— 56,772		O	266,587	280,876
			— 57,191				298,945
				Federal Government totalsΔ	BA	1,473,557	1,504,701
					O	1,408,205	1,483,829
							1,518,945

Federal Government Totals

(In millions of dollars)

	1994		1995	
	BA	Outlays	BA	Outlays
Federal funds:				
Enacted, pending and initial requests:				
Appropriations	1,143,432	1,127,679	1,134,547	1,140,515
Proposed in this budget:				
Supplemental proposal (A)	3,207	2,310	17	271
Rescission proposal (H)	-2,750	-668		-814
To be proposed separately:				
Legislative Proposals:				
Subject to PAYGO (B)		-516	1,540	-301
Not subject to PAYGO (J)			17,391	2,841
Health Security Act:				
Not subject to PAYGO (O)			-2,056	-2,056
Subject to PAYGO (P)			4,119	3,008
Allowances			-712	-694
Not subject to PAYGO (J)	-31,150	-31,150	-36,160	-36,160
Total Federal funds	1,112,738	1,097,655	1,118,686	1,106,610
Trust funds:				
Enacted, pending and initial requests:				
Appropriations	641,697	633,769	673,799	667,215
Proposed in this budget:				
Supplemental proposal (A)	315	36		173
Rescission proposal (H)	-2,455	-36	-817	-352
To be proposed separately:				
Legislative Proposals:				
Not subject to PAYGO (J)			4	-8
Health Security Act:				
Subject to PAYGO (P)	-150	-150	-2,120	-2,120
Not subject to PAYGO (J)	-41,903	-41,903	-45,395	-45,395
Total Trust funds	597,504	591,715	625,470	619,511
Interfund transactions (-)	-205,541	-205,541	-207,176	-207,176
Federal Government totals	1,504,701	1,483,829	1,536,981	1,518,945

A Supplemental proposal.

B Legislative proposal, subject to PAYGO.

H Rescission proposal.

J Legislative proposal, not subject to PAYGO.

O Health Security Act, not subject to PAYGO.

P Health Security Act, subject to PAYGO.

BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

26. BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

The budget system of the United States Government provides the means by which the Government decides how much money to spend and what to spend it on, and how to raise the money it has decided to spend. Once these decisions are made, the budget system ensures that they are carried out. The Government uses the budget system to determine the allocation of resources among its major functions—such as ensuring the national defense, promoting commerce, and providing health care—as well as to determine the objectives and scope of individual programs, projects, and activities. While the focus of the budget system is on dollars, other resources, such as federal employment, are controlled through the budget system, too. The decisions

made in the budget process affect the nation as a whole, state and local governments, and individual Americans. Many budget decisions have worldwide significance.

This chapter provides an overview of the budget system and explains some of the more important budget concepts. A glossary of budget terms is provided at the end of the chapter. Summary dollar amounts illustrate major concepts. These figures and more detailed amounts are discussed in more depth in other chapters of the budget document.

The budget system is governed by various laws that have been enacted to carry out requirements of the Constitution. The principal laws pertaining to the budget system are referred to by title throughout the text, and complete citations are given later in this chapter.

THE BUDGET PROCESS

The budget process has three main phases, each of which is interrelated with the others:

- (1) formulation of the President's budget;
- (2) congressional action on the budget; and
- (3) budget execution.

Formulation of the President's Budget

The Budget of the United States Government consists of several volumes that set forth the President's financial proposal with recommended priorities for the Federal Government. The primary focus of the budget is on the budget year—the next fiscal year for which Congress needs to make appropriations. However, the budget may propose changes to funding levels already provided for the current year, and it covers the four years following the budget year in order to reflect the effect of budget decisions over the longer term. The budget includes data on the most recently completed fiscal year so that the budget estimates can be compared to actual accounting data.

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 fiscal year begins. (See the Budget Calendar at the end of this section.) The President establishes general budget and fiscal policy guidelines. Based on these guidelines, the Office of Management and Budget (OMB) works with the federal agencies to establish specific policy directions and planning levels for the agencies, both for the budget year and for the following four years, to guide the preparation of their budget requests.

During the formulation of the budget, there is a continual exchange of information, proposals, evaluations, and policy decisions among the President, the Director

of OMB, other officials in the Executive Office of the President, the Secretaries of the departments, and other heads of Government agencies. Decisions concerning the upcoming budget are influenced by the results of previously enacted budgets, including the one for the fiscal year in progress, and reactions to the last proposed budget, which is being considered by 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 Department.

In the fall, agencies submit budget requests to OMB, where budget examiners and management analysts review them and identify for OMB officials issues that need to be discussed with agencies. Many issues are resolved between OMB and the agency. Others require the involvement of the President and White House policy officials. This decision-making process is usually completed by late December. At that time, the final stage of developing detailed budget data and the preparation of the budget documents begins.

The decision-makers must consider the effects of economic and technical assumptions on the budget. Interest rates, the rate of inflation, employment levels, and the size of the beneficiary populations are some of the assumptions that must be made. Small changes in these assumptions can affect budget estimates by billions of dollars. Budget decisions must also take into account any statutory limitations on spending and the deficit (see Budget Enforcement below). Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs, the allocation of resources among the functions of the Government, the total outlays and receipts that are

appropriate in relation to current and prospective economic conditions, and statutory constraints.

In most years, the President transmits the budget to Congress early in each calendar year, eight to nine months before the beginning of the next fiscal year on October first. The transmittal of the President's budget to Congress is scheduled in law for the first Monday in February. However, the budget has not always been transmitted on the scheduled date for various reasons. In some years, Congress has been late in passing appropriations acts for the fiscal year prior to the budget year, which delays preparation of the budget. Also, this schedule does not require an outgoing President to transmit a budget. In such a case, it is not practical for an incoming President to complete a budget within a few days of taking office on January 20th.¹

Congressional Action

Congress considers the President's budget proposals and approves, modifies, or disapproves them. It can change funding levels, eliminate programs, or add programs not requested by the President. It can add or eliminate taxes and other sources of receipts, or make other changes that affect the amount of receipts collected.

Congressional review of the budget begins shortly after the President transmits the budget to Congress. Under the procedures established by the Congressional Budget Act of 1974, Congress considers budget totals before completing action on individual appropriations. The Act requires each standing committee of Congress to report on budget estimates to the House and Senate Budget Committees within six weeks after the President's budget is transmitted. The Budget Committees then initiate the concurrent resolution on the budget. The *budget resolution* sets targets for total receipts and for budget authority and outlays, in total and by functional category (see **Functional Classification** below). It allocates amounts of budget authority and outlays within the functional category totals to the committees that have jurisdiction over the programs in the functions. The budget resolution is scheduled to be adopted by the whole Congress by April 15 of each year, but passage is often delayed. After passage of the budget resolution, a point of order can be raised to block consideration of bills that would cause a committee's allocation to be exceeded. Like the President's budget, the budget resolution is subject to spending limitations imposed in law through 1998.

Budget resolutions are not laws and, therefore, do not require the President's approval. However, Congress considers the Administration's views, because legislation developed to meet congressional budget targets does require the President's approval. In some years, the President and the joint leadership of Congress have formally agreed on the framework of a deficit reduction

plan. These agreements were reflected in the budget legislation passed for those years.

Congress does not enact a budget as such. It provides spending authority for specified purposes in several appropriations acts each year (usually thirteen). In making appropriations, Congress does not vote on the level of outlays (spending) directly, but rather on *budget authority*, which is the authority to incur legally binding obligations of the Government that will result in immediate or future outlays. In a separate process, prior to making appropriations, 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 appropriated for the program. Some programs require annual authorizing legislation, some are authorized for a specified number of years, and others are authorized indefinitely. Congress may enact appropriations for a program even though there is no specific authorization for it.

Appropriations bills are initiated in the House. The Appropriations Committee in each body has jurisdiction over annual appropriations. Those committees are divided into subcommittees that hold hearings and review detailed budget justification materials prepared by the agencies within the subcommittee's jurisdiction. After a bill has been approved by the committee and by the whole House, usually with amendments to the original version, it is forwarded to the Senate, where a similar review follows. In case of disagreement between the two Houses of 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 approval or veto.

If action on one or more appropriations bills is not completed by the beginning of the fiscal year, Congress enacts a joint 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. In some years, a portion or all of the Government has been funded for the entire year by a continuing resolution. Continuing resolutions must be presented to the President for approval or veto.

Congress also provides spending authority in permanent laws; that is, laws that do not need to be reenacted each year. In fact, while spending authority for the majority of Federal programs is provided each year in appropriations acts, most of the total spending authority available in a year is provided by permanent laws. This is because the budget authority for interest on the public debt (\$293 billion in 1993) and a few programs with large amounts of obligations each year, such as social security (\$306 billion in 1993), are funded by permanent law. The outlays from permanent budget authority, together with the outlays from obligations incurred with budget authority provided in previous years, account for the majority of the outlay total for any year. Therefore, most outlays in a year are not

¹The transmittal date was changed in 1990 from the first Monday after January 3rd. Thus, President Clinton was the first President in modern times to face this problem. The 1994 Budget was transmitted in early April 1993.

controlled through appropriations actions for that year. The types of budget authority, their control by Congress, and the relation of outlays to budget authority are discussed in more detail in later sections.

Almost all taxes and most other receipts result from permanent laws. Tax bills are initiated in the House. The House Ways and Means Committee and the Senate Finance Committee review proposed tax measures.

In each of the last several years, Congress has enacted an omnibus budget reconciliation act (OBRA), which combines many amendments to permanent laws in order to change outlays and receipts that are not controlled by appropriations acts. For example, benefit formulas or eligibility requirements for entitlement programs may be modified, or Government agencies may be authorized to charge fees to cover some of their costs. These acts, together with appropriations acts for the year, often implement agreements between the President and the Congress. Such acts may provide the means for enforcing these agreements, as described below.

Budget Enforcement

The Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act) constrains legislation that would increase spending or decrease receipts through 1998. It was extended and amended extensively by the Budget Enforcement Act of 1990 and extended again by the Omnibus Budget Reconciliation Act of 1993.

The Act divides spending into two types—**discretionary spending** and **direct spending** (sometimes called mandatory spending). Discretionary spending is controlled through annual appropriations acts. Funding for salaries and other operating expenses of Government agencies, for example, is usually discretionary because it is usually provided by appropriations acts. Direct spending is controlled by permanent laws. Medicare and medicaid payments, unemployment insurance benefits, and farm price supports are examples of direct spending, because payments for those purposes are authorized in permanent laws. The Act specifically defines funding for the Food Stamp program as direct spending, even though funding for the program is provided in appropriations acts. The Act includes receipts under the same rules that apply to direct spending, because receipts are generally controlled by permanent laws.

The Act constrains discretionary spending differently from direct spending and receipts. Discretionary spending is constrained by dollar limits ("caps") on budget authority and outlays for each fiscal year through 1998. The limits are adjusted when the budget is transmitted each year for actual inflation rates and for certain other reasons. The limits for this budget, adjusted to reflect budget proposals, are shown in the following table:

DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

	1994	1995	1996	1997	1998
Budget authority	515	525	525	534	537
Outlays	544	548	555	554	554

If the amount of budget authority provided in appropriations acts for the year exceeds the limit on budget authority, or the amount of outlays estimated to result from this budget authority is estimated to exceed the limit on outlays the Act specifies a procedure, called **sequestration**, for reducing discretionary spending. Under a sequester, spending for most discretionary programs is reduced by a uniform percentage. Special rules apply in reducing some programs, and some programs are exempt from sequester by law. From adjournment of a session of Congress (usually in the Fall of each year) through the following June 30th, discretionary sequesters take place whenever an appropriation bill causes a limit to be breached. Because a sequester in the last quarter of a fiscal year might be too disruptive, the Act specifies that a sequester that otherwise would be required then is to be accomplished by reducing the limit for the next fiscal year. This ensures that regular appropriations acts, which are normally enacted before Congress adjourns in the fall, and any supplemental appropriations enacted during the fiscal year are covered.

Direct spending and receipts are constrained through "**pay-as-you-go**" rules. Under these rules, the cumulative effects of legislation affecting direct spending or receipts must not increase the deficit. Legislated increases in benefit payments, for example, have to be offset by legislated reductions in other direct spending or increases in receipts. Following the end of a session of Congress, OMB estimates the net effect on the deficit of laws enacted since the Act was passed that affect direct spending and receipts. If there is an estimated net increase in the deficit for the current fiscal year and the budget year combined, the Act specifies sequester procedures for the uniform reduction of most non-exempt direct spending programs. Special rules apply in reducing some non-exempt programs. Less than 3 percent of all direct spending is sequesterable; the rest is exempt from sequester by law.

The Act provides that the estimates and calculations that determine whether there is to be a sequester are to be made by OMB and reported to the President and Congress. The Congressional Budget Office (CBO) is required to make the same estimates and calculations, and the Director of OMB is required to explain any differences between the OMB and CBO estimates. The estimates and calculation by OMB are the basis for sequester orders issued by the President. The President's orders may not change any of the particulars of the OMB report. The General Accounting Office is required to prepare compliance reports.

Budget Execution

Government officials are generally required to spend no more and no less than has been appropriated, and they may use funds only for purposes specified in law. Additionally, the funds available to most executive branch agencies are subject to **apportionment** under the Antideficiency Act. Under the Act, OMB usually apportions by time periods (usually by quarter of the fiscal year) and sometimes by activities. Agencies may request that an account be reapportioned during the year to accommodate changing circumstances. This system helps to ensure that funds are available to cover operations for the entire year.

If changes in laws or other factors make it necessary, Congress may enact **supplemental appropriations**. For example, a 1993 supplemental appropriation act provided disaster assistance for the Midwest floods.

On the other hand, the Executive Branch may withhold amounts appropriated from obligation, under cer-

tain limited circumstances, in order to provide for contingencies, 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 specifies the procedures that must be followed if funds are withheld. **Deferrals**, which are temporary withholdings, take effect immediately unless overturned by an act of Congress. In 1993, a total of \$4.5 billion in deferrals were reported to Congress and none were overturned. **Rescissions**, which permanently cancel budget authority, do not take effect unless Congress passes a law approving them. If such a law is not passed within 45 days of continuous session, the withheld funds must be made available for spending. In total, Congress has approved less than one-third of the amount of funds that Presidents have proposed for rescission. In 1993, the President proposed rescissions totalling \$356 million, and Congress enacted a total of \$206 million.

Budget Calendar

The following timetable highlights the dates of significant budget events during the year.

Between the 1st Monday in January and the 1st Monday in February	President transmits the budget, including a sequester preview report
Six weeks later	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 transmits Mid-Session Review of the budget.
August 20	OMB updates the sequester preview.
October 1	Fiscal year begins.
15 days after the end of a session of Congress	OMB issues final sequester report, and the President issues a sequester order, if necessary.

COVERAGE OF THE BUDGET

Federal Government and Budget Totals

The budget documents provide information on all Federal agencies and programs. The total receipts and outlays of the Federal Government are composed of both on-budget receipts and outlays and off-budget receipts and outlays. By law, the receipts and outlays of social security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) and the Postal Service Fund are excluded from the budget totals and from the calculation of the deficit for Gramm-Rudman-Hollings Act purposes. The off-budget transactions are separately identified in the budget. The on-budget and off-budget amounts are added together to derive totals for the Federal Government.

TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT

(In billions of dollars)

	1993 actual	1994 esti- mated	1995 esti- mated
On-budget:			
Budget authority	1,204	1,220	1,238
Outlays	1,142	1,203	1,224
Receipts	842	913	999
Deficit	-300	-290	-225
Off-budget:			
Budget authority	269	285	299
Outlays	267	281	295
Receipts	312	336	355
Surplus	45	55	60
Federal Government:			
Budget authority	1,474	1,505	1,537
Outlays	1,408	1,484	1,519

TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT—Continued

(In billions of dollars)

	1993 actual	1994 esti- mated	1995 esti- mated
Receipts	1,154	1,249	1,354
Deficit	-255	-235	-165

Neither the on-budget nor the off-budget totals include transactions of Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae) and the Student Loan Marketing Association (Sallie Mae). The enterprises were established by federal law for public policy purposes but are privately owned and operated corporations. Because of their close relationship to the Government, these enterprises are discussed in several parts of the budget and financial data are reported in the *Appendix to the Budget of the United States Government* and some detailed tables.

A presentation for the Board of Governors of the Federal Reserve System is included in the budget for information only. The amounts are not included in either the on-budget or off-budget totals because of the independent status of the System.

Functional Classification

The functional classification arrays budget authority, outlays, and other budget data according to the major purpose served—such as agriculture, income security, and national defense. 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*. The functional classification is an integral part of the congressional budget process, and the functional array meets the Congressional Budget Act requirement for a presentation in the budget by national needs and agency missions and programs.

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 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. Chapter 7, "Federal Spending by Function, Subfunction, and Major Program" in this volume provides information on budget authority and outlays by function and subfunction.

Agencies, Accounts, Programs, Projects, and Activities

Various summary tables in this volume provide information on budget authority, outlays, and receipts arrayed by Federal agency. Chapter 25, "Federal Programs by Agency and Account," in this volume consists of a table that lists budget authority and outlays by budget account within each agency and the totals for each agency of budget authority, outlays, and receipts that offset the agency spending totals. *The Appendix to the Budget of the United States Government* provides budgetary, financial, and descriptive information about programs, projects, and activities by account within each agency. That volume of the budget also presents the most recently enacted appropriation language for an account and any changes that are proposed to be made for the budget year.

Types of Funds

Agency activities are financed through Federal funds and trust funds.

Federal funds comprise several types of funds. The **general fund**, which is the greater part of the budget, is credited with receipts not earmarked by law for a specific purpose, such as almost all income tax receipts, and is also credited with the proceeds of general borrowing. General fund appropriation accounts record general fund expenditures. General fund appropriations are drawn from general fund receipts collectively and, therefore, are not specifically linked to receipt accounts. **Special funds** consist of receipt accounts for Federal fund receipts that are earmarked by law for specific purposes and associated appropriation accounts for the expenditure of the earmarked receipts. **Public enterprise (revolving) funds** are used for programs authorized by law to conduct a cycle of business-type operations, primarily with the public, in which outlays generate collections. The collections and the outlays of the fund are recorded in the same account. **Intragovernmental funds** are revolving funds that conduct business-type operations primarily within and between Government agencies.

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 (such as the Highway Trust Fund) or for carrying out the stipulations of a trust agreement (such as any of several trust funds for gifts and donations for specific purposes). **Trust revolving funds** are credited with collections earmarked by law

to carry out a cycle of business-type operations. There is no substantive 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 all types of spending, including both current operating expenses and cap-

ital investment. Capital investment includes purchase of land, structures, and equipment. It also includes subsidies for capital investment provided by direct loans and loan guarantees; the purchase of other financial assets; and the conduct of research, development, education, and training.

COLLECTIONS

In General

Money collected by the Government is classified into two major categories:

- **Governmental receipts**, which are compared in total to outlays (net of offsetting collections) in calculating the surplus or deficit.
- **Offsetting collections**, which are deducted from gross outlays to produce net outlay figures.

Governmental Receipts

These are collections from the public that result primarily from the exercise of the Government's sovereign or governmental powers. Governmental receipts consist mostly of individual and corporate income taxes and social insurance taxes, but also include compulsory user charges, receipts from customs duties, court fines, certain license fees, and deposits of earnings by the Federal Reserve System. Gifts and donations are also counted as governmental receipts. Total receipts for the Federal Government include both on-budget and off-budget receipts (see the table, "Totals for the Budget and Federal Government," which appears earlier in this section.)

Offsetting Collections

These are amounts received from the public as a result of business-like or market-oriented activities (for example, proceeds from the sale of postage stamps or electricity, fees for admittance to recreation areas, or the proceeds from the sale Government-owned land) and amounts collected from other Government accounts. Offsetting collections from the public are deducted from gross budget authority and outlays, rather than combined with governmental receipts. The purpose of this treatment is to produce budget totals for receipts, budget authority, and outlays that represent governmental rather than market activity. Intragovernmental offsetting collections are deducted from gross budget authority and outlays in order to avoid the double counting that would occur if budget authority and outlays for both the payment between Government accounts and the payment from a Government account to the public were included in the totals.

Offsetting collections 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 Expenditure Accounts

For all revolving funds and many appropriation accounts, laws authorize collections to be credited directly to expenditure accounts and, usually, to be spent for the purpose of the account without further action by Congress. For example, a permanent law authorizes the Postal Service to use collections from the sale of stamps to finance its operations without a requirement for annual appropriations. The offsetting collections that are authorized to be spent are recorded as budget authority. Sometimes, however, appropriations acts contain limitations on the obligations that can be financed by such budget authority. In those cases, the recorded budget authority is adjusted to reflect the amount available to incur obligations. The budget authority and outlays of the appropriation or fund account are shown both gross (that is, before deducting offsetting collections) and net (that is, after deducting offsetting collections). Totals for the agency, subfunction, and budget are net of offsetting collections.

Offsetting Receipts

Offsetting collections that are not authorized to be credited to expenditure accounts are credited to general fund, special fund, or trust fund receipt accounts and are called offsetting receipts. Offsetting receipts 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. Unlike offsetting collections credited to expenditure accounts, offsetting receipts do not offset budget authority and outlays at the account level. Offsetting receipts are subdivided into three 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. Most proprietary receipts are deducted from the budget authority and outlay totals of the agency that conducts the activity generating the receipt and of the subfunction to which the activity is assigned. For example, fees for using National Parks are deducted from the totals for the Department of Interior, which has responsibility for the parks, and the Recreational Resources subfunction. A limited number of proprietary receipts,

however, are not offset against any specific agency or function and are classified as undistributed offsetting receipts. They are deducted from the Government-wide totals for budget authority and outlays. For example, the collections of rent and royalties from Outer Continental Shelf lands are undistributed because the amounts are large and for the most part are not related to the spending of the agency and subfunction that administers the transactions.

- **Intragovernmental transactions.**—These are collections from appropriation or fund accounts that are deposited into receipt accounts. Most intragovernmental transactions are deducted from the budget authority and outlays of the agency that conducts the activity generating the receipts and of the subfunction to which the activity is assigned. In two cases, however, intragovernmental transactions appear as special deductions in computing total budget authority and outlays for the Government rather than as offsets at the agency level—agencies' payments as employers into employee retirement trust funds and interest received by trust funds. The special treatment for

these receipts is necessary because the amounts are large and would distort the agency totals if attributed to the agencies.

- **Offsetting governmental receipts.**—These are collections that are governmental in nature but are required by law to be treated as offsetting.

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 transactions**, 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 transactions that are not intrabudgetary—payments from on-budget expenditure accounts to off-budget receipt accounts, and from off-budget expenditure accounts to on-budget receipt accounts.

BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS

Budget Authority and Other Budgetary Resources

Government agencies are permitted to enter into obligations requiring either immediate or future outlays only when they have been granted authority to do so by law. This authority is recorded as budget authority in the year that it first becomes available. Unobligated balances of budget authority may remain available from previous years, but they are not recorded as budget authority again in subsequent years. They do, however, constitute a budgetary resource that is available for obligation. The use of budgetary resources may be constrained by the imposition of legally binding limitations on obligations (for example, obligations for administrative expenses of benefit programs). Such limitations substitute for budget authority, for some purposes, and are treated as a budgetary resource.

In deciding the amount of budget authority to request for a program, project, or activity, Government officials estimate the total amount of obligations that will need to be incurred to achieve desired goals and subtract the amounts of unobligated balances available for these purposes. The amount of budget authority requested is influenced by the nature of the programs, projects, or activities being financed. For current operating expenses, the amount requested usually is the amount estimated to be needed for the year. For major procurement programs and construction projects, a full funding policy generally applies. Under this policy, an amount that is estimated to be adequate to complete the procurement or project must be requested to be appropriated in the first year, even though it may be obligated over several years. This policy is intended to

avoid piecemeal funding of programs and projects that cannot be used until they have been completed.

Budget authority takes several forms:

- **appropriations**, which permit obligations to be incurred and payments to be made;
- **borrowing authority**, which permits obligations to be incurred but requires that funds be borrowed, generally from the general fund of the Treasury, to make payment; and
- **contract authority**, which permits obligations in advance of a separate appropriation of the cash for payment or in anticipation of the collection of receipts that can be used for payment.

The form of budget authority is usually determined in the authorizing statute for a program. Most programs are funded by appropriations. An appropriation may make available funds from the general fund, special funds, trust funds, or a combination of those sources. The authority to spend offsetting collections credited to expenditure accounts is another form of appropriation. Borrowing authority is usually authorized for business-like activities where the activity being financed is expected to produce income over time with which to repay the borrowing with interest. Contract authority is a traditional form of budget authority for certain programs, particularly transportation programs.

Budget authority that is provided in an annual appropriations act is available for obligation only during the fiscal year to which the appropriations act applies, unless the appropriation language providing the budget authority specifies that it is to remain available for a longer period. Typically, budget authority for current operations is made available for obligation in only one

year. Some budget authority is made available for a specified number of years. Other budget authority, including most provided for construction, some for research, and many appropriations of trust fund receipts, is made available for obligation until the amount appropriated has been expended or until the program objectives have been attained.

Congress usually makes budget authority available on the first day of the fiscal year for which the appropriations act is passed. Occasionally, the appropriations language specifies a different timing. The language may provide an **advance appropriation**—budget authority that does not become available until one year or more beyond the fiscal year for which the appropriations act is passed. **Forward funding** refers to budget authority that is made available for obligation beginning in the last quarter of the fiscal year (beginning on July 1st) for the financing of ongoing grant programs during the next fiscal year. This kind of funding is used mostly for education programs, so that obligations for grants can be made prior to the beginning of the next school year. For certain benefit 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 benefit payments in excess of the specific amount appropriated for the year.

When budget authority is made available by law for a specific period of time, any part that is not obligated during that period expires and cannot be used later. Provisions of law that extend the availability of unobligated amounts that have expired or would otherwise expire are called **reappropriations**. Reappropriations are counted as new budget authority in the fiscal year in which the balances become newly available. For example, if a 1994 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 1993, new budget authority would be recorded for 1994.

Budget authority is classified in the budget as **current** or **permanent**. Generally, budget authority is current if it is provided by annual appropriations acts and permanent if it becomes available pursuant to standing authorizing legislation. 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 the act pertains. The authority to spend offsetting collections credited to appropriation and revolving fund accounts usually is provided by authorizing legislation and, therefore, is usually a form of permanent budget authority.

Obligations and outlays resulting from permanent budget authority, including the authority to spend offsetting collections credited to expenditure accounts, account for more than half of the budget totals. Put another way, less than half of the obligations and outlays in the budget result from annual appropriations acts.

Most permanent budget authority, other than the authority to spend offsetting collections, arises from the authority to spend trust fund receipts and the authority to pay interest on the public debt. Most authority to spend offsetting collections applies to public enterprise revolving funds.

Budget authority also is classified in the budget as **definite** or **indefinite**. Budget authority is definite if the legislation that provides it specifies a definite dollar amount (including an amount not to be exceeded). Budget authority is indefinite if, instead of specifying an amount, the legislation providing it permits the amount to be determined by subsequent circumstances. For example, indefinite budget authority is provided for interest on the public debt, payment of claims and judgments awarded by the courts against the U.S., and many entitlement programs. Many of the laws that authorize collections to be credited to revolving, special, and trust funds make all of the collections available for expenditure for the authorized purposes of the fund. Such authority is considered to be indefinite budget authority. In some such cases, only some of these amounts are counted as budget authority, because they are precluded from obligation in a fiscal year by a provision of law, such as a limitation on obligations or a benefit formula (for example, the formula for unemployment insurance benefits).

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; 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. For Federal credit programs, obligations are recorded in an amount equal to the estimated subsidy cost of direct loans and loan guarantees (see **FEDERAL CREDIT** below).

Outlays

Outlays are recorded when obligations are paid. The amount of the outlay is the amount paid. Obligations are usually paid in the form of cash (currency, checks, or electronic fund transfers). However, obligations also may be paid and outlays recorded even though no cash is disbursed. For example, outlays are recorded for the full amount of Federal employees' salaries, even though the cash disbursed to the employee is net of Federal and state taxes, retirement contributions, life and health insurance premiums, and other deductions. (Receipts are also recorded for the deductions that represent payments to the Government.) Outlays are recorded when debt instruments (bonds, debentures, notes, or monetary credits) are used to pay obligations. (An increase in debt is also recorded when such instruments are used.) For example, the acquisition of physical assets through certain types of lease-purchase arrangements is treated as though an outlay were made

for an outright purchase. Because no cash is paid at that time to the nominal owner of the asset, a debt is recorded. Lease payments in such cases are recorded as repayments of principal and interest.

The treatment of interest varies. Outlays for the interest on the public issues of Treasury debt securities are recorded as the interest accrues, not when the cash is paid. 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 or identical 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, if any. However, in the case of two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund, the differences between purchase price and par are routinely relatively large. For these funds, the budget records the holdings of debt at par but 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. Interest is recorded as the amortization occurs. The special issues of zero-coupon bonds held by the Pension Benefit Guaranty Corporation are recorded at market value and the interest is accrued.

For Federal credit programs, outlays for the subsidy cost of direct loans and loan guarantees are recorded as the underlying loans are disbursed.

Refunds of receipts (such as income taxes in excess of tax liabilities) are recorded as reductions of receipts, rather than as outlays.

Outlays during a fiscal year may be for the payment of obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred under

budget authority provided in the same or in prior years. 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. 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* for that year.

Outlays for an account are stated both gross and net of offsetting collections, but function, agency, and Government-wide outlay totals are only stated net. Total outlays for the Federal Government include both on-budget and off-budget outlays. (See the table, "Totals for the Budget and Federal Government," which appears earlier in this section.)

Balances of Budget 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 at the end of a year 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 paid.²

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.

FEDERAL CREDIT

Government programs may be carried out through federally supported credit in the form of *direct loans* or *loan guarantees*. A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. A loan guarantee is any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The Federal Credit Reform Act prescribes the budget treatment for Federal credit programs. This treatment is designed to measure the cost of subsidizing direct loans and guaranteed loans in the budget, rather than the cash flows, so they can be compared to each other and to other meth-

ods of delivering benefits, such as grants, on an equivalent basis.

Under credit reform, the estimated long-term cost to the Government arising from the direct loans and loan guarantees of a credit program must be estimated and recorded in the budget in a *credit program account*. The cost is calculated on the basis of the net present value of estimated disbursements over the term of the loan less estimated collections.³ For most programs, direct loan obligations and loan guarantee commitments cannot be made unless Congress has appropriated funds for the costs in advance in annual appropriations acts. In addition, the appropriation language for most credit programs includes annual limitations on the amount of obligations for direct loans and commitments for loan guarantees.

²Additional 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.

³Present value is a standard financial concept that allows for the time value of money,

that is, for the fact that a given sum of money is worth more at present than in the future because interest can be earned on it. The cost of direct loans and loan guarantees is a net present value because collections are offset against disbursements.

When a direct or guaranteed loan is disbursed, the program account makes a payment equal to the cost, which is recorded as an outlay, to a non-budgetary **credit financing account**. For a few programs, the computed cost is negative for a portion or all of the direct loans and loan guarantees. In such cases, the financing account makes a payment to a special fund receipt account established for the program, where it is recorded as an offsetting receipt.

The cost of the outstanding direct and guaranteed loans is reestimated each year. If the cost is estimated to have increased, an additional outlay is made from the program account to the financing account, and, if the cost is estimated to have decreased, a payment is made from the financing account to the program's special fund receipt account, where it is recorded as an offsetting receipt. A permanent appropriation is available to pay the increased costs resulting from reestimates.

If the terms of an outstanding direct loan or loan guarantee are modified in a way that increases the cost, an outlay in the amount of the increased cost is made from the program account to the financing account. The additional cost is recorded as an obligation against the budget authority provided for the costs of the program for that year. The requirement to record

the costs of modification applies to pre-credit reform, as well as post-credit reform, direct loans and loan guarantees.

Credit financing accounts record all cash flows to and from the Government arising from direct loan obligations and loan guarantee commitments. These cash flows consist mainly of direct loan disbursements and repayments and loan guarantee default payments. The cash flows of direct loans and of loan guarantees are recorded in separate financing accounts for programs that do both. The transactions of the financing accounts are displayed in the budget documents for information and analytical purposes, together with the related program accounts, but are excluded from the budget totals because they are not a cost to the Government. Financing account transactions are a means of financing a budget surplus or deficit (see **Credit Financing Accounts** below).

The transactions associated with direct loan obligations and loan guarantee commitments made prior to 1992 continue to be accounted for on a cash flow basis and are recorded in **liquidating accounts**. In most cases, the liquidating account is the account that was used for the program prior to the enactment of credit reform in 1990.

BUDGET DEFICIT OR SURPLUS AND MEANS OF FINANCING

A budget deficit is the amount by which outlays exceed receipts. Deficits are financed by borrowing and, to a limited extent, the other items discussed under this heading. The debt (debt held by the public) is the cumulative amount of borrowing to finance deficits, less repayments. When receipts exceed outlays, the difference is a budget surplus. Surpluses are used to reduce debt and, to a limited extent, may be absorbed by the other items.

Borrowing and Repayment

Borrowing is not defined as receipts, and debt repayment is not defined as outlays. If they were, the budget would virtually be balanced by definition. This rule applies both to borrowing in the form of Treasury 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). In addition to issuing debt to the public, the Government issues debt to Government accounts, primarily trust funds that are required by law to invest in Treasury securities. This debt is not a means of financing deficits, because it does not raise any additional cash. In 1993, the Government borrowed \$247 billion from the public to finance the deficit in that year. At the end of 1993, the debt held by the public was \$3,247 billion. (See Chapter 13, "Federal Borrowing and Debt," in this volume for a fuller discussion of this topic.)

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 but 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 the deficit other than borrowing from the public. 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.

Credit Financing Accounts

The net cash flows of credit programs are recorded in credit financing accounts, which are excluded from the budget totals and are called **net financing disbursements**. (See **FEDERAL CREDIT** above.) Net financing disbursements are defined in the same way as the outlays of a budgetary account and may be either positive or negative. If positive, they must be paid in cash and increase the requirement for Treasury borrowing in the same way as an increase in budget outlays and the budget deficit; if negative, they provide cash to the Treasury that can be used to finance the payment of the Government's obligations. The net financing disbursements are therefore a means of financing the deficit other than borrowing from the public.

Deposit Fund Account Balances

Certain accounts outside the budget, known as deposit funds, are established to record amounts held temporarily until ownership is determined (for example, earnest money paid by bidders for mineral leases) 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 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 in Federal securities, 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. To the extent that the balances are

invested in Federal debt, changes in the balances are reflected as borrowing from the public or as a means of financing the deficit other than borrowing from the public, depending on whether the deposit funds are classified as part of the public or the Government.

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 Treasury is not considered in itself a receipt or an outlay, borrowing, or lending. However, interest paid by the IMF on U.S. 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

Data for the Past Year

The past year column (1993) generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Treasury Department for the most recently completed fiscal year. Occasionally the budget reports corrections to data reported erroneously to Treasury but not discovered in time to be reflected in Treasury's published data. The budget usually notes the sources of such differences.

Data for the Current Year

The current year column (1994) includes estimates of transactions and balances based on the amounts of budgetary resources that were available when the budget was transmitted, including amounts appropriated for the year. This column also reflects any supplemental appropriations or rescissions that are proposed in the budget.

Data for the Budget Year

The budget year column (1995) includes estimates of transactions and balances based on the amounts of budgetary resources that are estimated to be available, including amounts proposed to be appropriated. The budget generally includes the appropriations language for the amounts proposed to be appropriated. 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 when 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 the budget year include both the amounts requested with the transmittal of the budget and the amounts planned for later transmittal.

Data for the Outyears

The budget presents estimates for each of the four years beyond the budget year (1996 through 1999) in order to reflect the effect of budget decisions on longer term objectives and plans.

Allowances

Lump-sum allowances are included in the budget to cover certain forms of budgetary transactions that are expected to increase or decrease budget authority or outlays but are not reflected in the program details. Budget authority and outlays included in the allowance section are never appropriated as allowances, but rather indicate the estimated budget authority and outlays that may be requested for specific programs.

PRINCIPAL BUDGET LAWS

The following are the basic laws pertaining to the Federal budget process:

- **Article 1, section 9, clause 7 of the Constitution**, which requires appropriations in law before money may be spent from the Treasury.

- **Chapter 11 of Title 31, United States Code**, which prescribes procedures for submission of the President's budget and information to be contained in it.

- ***Congressional Budget and Impoundment Control Act of 1974*** (Public Law 93-344), as amended. This Act comprises the:
 - Congressional Budget Act of 1974, as amended, which prescribes the congressional budget process; and
 - Impoundment Control Act of 1974, which controls certain aspects of budget execution.
- ***Balanced Budget and Emergency Deficit Control Act of 1985*** (Public Law 99-177), as amended, which prescribes rules and procedures (including “sequestration”) designed to eliminate excess deficits. This Act is commonly known as the Gramm-Rudman-Hollings Act.
- ***Budget Enforcement Act of 1990*** (Title XIII, Public Law 101-508), which significantly amended the laws pertaining to the budget process, including the Congressional Budget Act and the Balanced Budget and Emergency Deficit Control Act.
- ***Federal Credit Reform Act of 1990***, a part of the Budget Enforcement Act of 1990, which amended the Congressional Budget Act to prescribe the budget treatment for Federal credit programs.
- ***Antideficiency Act*** (codified in Chapters 13 and 15 of Title 31, United States Code), which prescribes rules and procedures for budget execution.

GLOSSARY OF BUDGET TERMS

Balances of budget authority—These are amounts of budget authority provided in previous years that have not been outlaid. Obligated balances are amounts that have been obligated but not yet outlaid. Unobligated balances are amounts that have not been obligated and that remain available for obligation under law.

Breach—A breach is the amount by which new budget authority or outlays within a category of discretionary appropriations for a fiscal year is above the cap on new budget authority or outlays for that category for that year.

Budget—*The Budget of the United States Government* sets forth the President's comprehensive financial plan for allocating resources and indicates the President's priorities for the Federal Government.

Budget authority (BA)—Budget authority is the authority provided by Federal law to incur financial obligations that will result in outlays. Specific forms of budget authority include:

- provisions of law that make funds available for obligation and expenditure (other than borrowing authority), including the authority to obligate and expend offsetting receipts and collections;
- borrowing authority, which is authority granted to a Federal entity to borrow (e.g., through the issuance of promissory notes or monetary credits) and to obligate and expend the borrowed funds;
- contract authority, which is the making of funds available for obligation but not for expenditure; and
- offsetting receipts and collections as negative budget authority.

Budgetary resources—Budgetary resources comprise new budget authority, unobligated balances of budget authority, direct spending authority, and obligation limitations.

Budget totals—The budget includes totals for budget authority, outlays, and receipts. Some presentations in the budget distinguish on-budget totals from off-budget totals. On-budget totals reflect the transactions of all Federal Government entities except those excluded from the budget totals by law. Off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Currently excluded are the social security trust funds (Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds) and the Postal Service Fund. The on- and off-budget totals are combined to derive a total for Federal activity.

Cap—This is the term commonly used to refer to legal limits on the budget authority and outlays for each fiscal year for each of the discretionary appropria-

tions categories. A sequester is required if an appropriation for a category causes a breach in the cap.

Credit program account—A credit program account receives an appropriation for the cost of a direct loan or loan guarantee program, from which such cost is disbursed to a financing account for the program.

Deficit—A deficit is the amount by which outlays exceed Governmental receipts.

Direct loan—A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation. (Cf. *loan guarantee*.)

Direct spending—Direct spending, which sometimes is called mandatory spending, is a category of outlays from budget authority provided in law other than appropriations acts, entitlement authority, and the budget authority for the food stamp program. (Cf. *discretionary appropriations*.)

Discretionary appropriations—Discretionary appropriations is a category of budget authority that comprises budgetary resources (except those provided to fund direct-spending programs) provided in appropriations acts. (Cf. *direct spending*.)

Emergency spending—Emergency spending is spending that the President and the Congress have designated as an emergency requirement. Such spending is not subject to the limits on discretionary spending, if it is discretionary spending, or the pay-as-you-go rules, if it is direct spending.

Federal funds—Federal funds are the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (Cf. *trust funds*.)

Financing account—A financing account receives the cost payments from a credit program account and includes other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991. At least one financing account is associated with each credit program account. For programs with direct and guaranteed loans, there are separate financing accounts for direct loans and guaranteed loans. The transactions of the financing accounts are not included in the budget totals. (Cf. *liquidating account*.)

Fiscal year—The fiscal year is the Government's accounting period. It begins on October 1st and ends on September 30th, and is designated by the calendar year in which it ends. Before 1976, the fiscal year began on July 1 and ended on June 30.

General fund—The general fund consists of accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

Governmental receipts—These are collections that result primarily from the Government's exercise of its sovereign power to tax or otherwise compel payment. They are compared to outlays in calculating a surplus or deficit. (Cf. *offsetting collections*.)

Liquidating account—A liquidating account includes all cash flows to and from the Government resulting from direct loan obligations and loan guarantee commitments prior to October 1, 1991. (Cf. *financing account*.)

Loan guarantee—A loan guarantee is any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The term does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (Cf. *direct loan*.)

Mandatory spending—See *direct spending*.

Maximum deficit amounts—These are amounts specified in and subject to certain adjustments under law. If the deficit for the year in question is estimated to exceed the adjusted maximum deficit amount for that year by more than a specified margin, a sequester of the excess deficit is required.

Intragovernmental funds—Intragovernmental funds are accounts for business-type or market-oriented activities conducted primarily within and between Government agencies and financed by offsetting collections that are credited directly to the fund.

Obligations—Obligations are binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Off-budget—See *budget totals*.

Offsetting collections—Offsetting collections are collections from the public that result from business-type or market-oriented activities and collections from other Government accounts. These collections are deducted from gross disbursements in calculating outlays, rather than counted in Governmental receipt totals. Some offsetting collections are credited directly to appropriation or fund accounts; others, called offsetting receipts, are credited to receipt accounts. The authority

to spend offsetting collections is a form of budget authority. (Cf. *governmental receipts*.)

Offsetting receipts—See *offsetting collections*.

On-budget—See *budget totals*.

Outlays—Outlays are the measure of Government spending. They are payments to liquidate obligations (other than the repayment of debt), net of refunds and offsetting collections. Outlays generally are recorded on a cash basis, but also include many cash-equivalent transactions, the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt.

Pay-as-you-go (PAYGO)—This term refers to requirements in law that result in a sequester if the estimated combined result of legislation affecting direct spending or receipts is an increase in the deficit for a fiscal year.

Public enterprise funds—Public enterprise funds are accounts for business or market-oriented activities conducted primarily with the public and financed by offsetting collections that are credited directly to the fund.

Receipts—See *governmental receipts* and *offsetting collections*.

Sequester—A sequester is the cancellation of budgetary resources provided by discretionary appropriations or direct spending legislation, following various procedures prescribed in law. A sequester may occur in response to a discretionary appropriation that causes a breach, in response to increases in the deficit resulting from the combined result of legislation affecting direct spending or receipts (referred to as a "pay-as-you-go" sequester), or in response to a deficit estimated to be in excess of the maximum deficit amounts.

Special funds—Special funds are Federal fund accounts for receipts earmarked for specific purposes and the associated expenditure of those receipts. (Cf. *trust funds*.)

Subsidy—This term means the same as cost when it is used in connection with Federal credit programs.

Surplus—A surplus is the amount by which receipts exceed outlays.

Supplemental appropriation—A supplemental appropriation is one enacted subsequent to a regular annual appropriations act when the need for funds is too urgent to be postponed until the next regular annual appropriations act.

Trust funds—Trust funds are accounts, designated by law as trust funds, for receipts earmarked for specific purposes and the associated expenditure of those receipts. (Cf. *special funds*.)

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