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# **ECONOMIC AND ACCOUNTING ANALYSES**

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## 1. ECONOMIC ASSUMPTIONS

### Recent Developments

The economic expansion that began in April 1991 is nearly four years old yet shows no signs of fatigue. Although the recovery was weak by historical standards in the initial two years, its pace subsequently quickened, adding jobs and pushing the economy toward full-employment.

Economic activity was especially strong over the four quarters of 1994 with real GDP growth of almost 4 percent. This was well above last January's consensus forecast of 2.8 percent, and the 1995 budget forecast of 3.1 percent.<sup>1</sup> Not only did business fixed investment grow at double-digit rates last year, but consumer demand also increased briskly as households were willing to spend the income generated by the rapid employment gains.

- More than 3.5 million new jobs were created during 1994, almost all of them in the private sector. The unemployment rate, which stood at 6.7 percent in January 1994, fell to 5.4 percent by December.
- A strong economy was also evident in the rate of capacity utilization in manufacturing that climbed to 85 percent in December 1994, the highest level in almost six years.

The current rates of unemployment and capacity utilization are near the thresholds at which labor shortages and material bottlenecks have often occurred in previous expansions. To head off potential inflation pressures, the Federal Reserve tightened monetary policy significantly in 1994. The Fed raised its target for the Federal funds rate six times for a cumulative increase of 2½ percentage points. Both short- and long-term rates rose by that amount. The yields on 30-year Treasury bonds, however, eased to under 8 percent late in the year after peaking at 8.3 percent in early November.

To date, it is hard to discern much impact of Federal Reserve tightening in the economic data. Although housing starts are down from their peak and sales of motor vehicles and other consumer durables have

slowed from their earlier hectic pace, the economy has remained strong judging by the strength of growth in the final quarter of 1994. This should not be surprising because the lags between rising interest rates and their effects on the economy are widely believed to be long.

In acting to restrain inflation when it did, the Federal Reserve moved in advance of any evidence that inflation was actually rising. Indeed, a basic feature of last year's economy was the absence of price pressures, despite strong output growth. Incoming price data have been more favorable than most analysts had expected. Over the 12-month period ending in December 1994, the Consumer Price Index (CPI) rose only 2.7 percent while the Producer Price Index (PPI) advanced 1.7 percent. The increases remain modest after excluding volatile food and energy prices—a rise of 2.6 percent for the “core” CPI and 1.6 percent for the “core” PPI for finished goods. In fact, inflation has not been a problem throughout the current expansion, with the core CPI increasing at an average annual rate of only 3.2 percent. This is its lowest rate of increase over such a sustained period since the 1960s.

### Economic Projections

**Key Assumptions:** The Administration's economic projections, summarized in Table 1–1, are based on several key assumptions.

- *Fiscal policy* will continue to uphold the principle embedded in current law that spending reductions must offset any proposed tax cuts so that the Federal budget deficit does not widen.
- The 91-day Treasury bill rate is assumed to rise to 6 percent in early 1995, reflecting the current rapid pace of economic activity. The rate is projected to ease to 5½ percent by 1996.
- *Oil prices* are assumed to rise at the rate of inflation, as measured by the GDP implicit price deflator. The spot price for West Texas Intermediate crude oil dropped to around \$17 a barrel in late 1994, near its average for the year. Although some price recovery is envisaged by next spring, crude oil prices are not expected to contribute to inflation over the long haul.

<sup>1</sup>This estimate is higher than the 3.6 percent shown in Table 1–1. The economic assumptions, which were completed in early December, did not fully reflect the economic strength that became apparent later in December and in early 1995.

TABLE 1-1. ECONOMIC ASSUMPTIONS<sup>1</sup>

(Calendar years; dollar amounts in billions)

	Actual 1993	Projections						
		1994	1995	1996	1997	1998	1999	2000
<b>Gross Domestic Product (GDP):</b>								
Levels, dollar amounts in billions:								
Current dollars .....	6,343	6,735	7,117	7,507	7,921	8,361	8,823	9,310
Constant (1987) dollars .....	5,135	5,337	5,488	5,622	5,762	5,906	6,053	6,203
Implicit price deflator (1987 = 100), annual average .....	123.5	126.2	129.7	133.5	137.5	141.6	145.8	150.1
Percent change, fourth quarter over fourth quarter:								
Current dollars .....	5.0	6.3	5.4	5.5	5.6	5.5	5.5	5.5
Constant (1987) dollars .....	3.1	3.6	2.4	2.5	2.5	2.5	2.5	2.5
Implicit price deflator (1987 = 100) .....	1.8	2.6	2.9	2.9	3.0	3.0	3.0	2.9
Percent change, year over year:								
Current dollars .....	5.4	6.2	5.7	5.5	5.5	5.5	5.5	5.5
Constant (1987) dollars .....	3.1	3.9	2.8	2.5	2.5	2.5	2.5	2.5
Implicit price deflator (1987 = 100) .....	2.2	2.1	2.8	3.0	3.0	3.0	3.0	3.0
<b>Incomes, billions of current dollars:</b>								
Personal income .....	5,375	5,691	6,026	6,366	6,732	7,130	7,551	7,975
Wages and salaries .....	3,081	3,273	3,429	3,610	3,801	4,006	4,221	4,438
Corporate profits before tax .....	462	522	544	572	603	629	662	714
<b>Consumer Price Index (all urban):<sup>2</sup></b>								
Level (1982-84 = 100), annual average .....	144.5	148.3	152.9	157.8	162.8	168.1	173.4	178.7
Percent change, fourth quarter over fourth quarter .....	2.7	2.8	3.2	3.2	3.2	3.2	3.1	3.1
Percent change, year over year .....	3.0	2.6	3.1	3.2	3.2	3.2	3.1	3.1
<b>Unemployment rate, civilian, percent:<sup>3</sup></b>								
Fourth quarter level .....	6.4	5.8	6.0	5.8	5.8	5.8	5.8	5.8
Annual average .....	6.7	6.1	5.8	5.9	5.8	5.8	5.8	5.8
<b>Federal pay raises, January, percent:</b>								
Military .....	4.2	2.2	2.6	2.4	3.1	3.1	3.1	2.1
Civilian <sup>4</sup> .....	4.2	3.7	2.0	2.4	2.1	2.1	2.1	2.1
<b>Interest rates, percent:</b>								
91-day Treasury bills <sup>5</sup> .....	3.0	4.2	5.9	5.5	5.5	5.5	5.5	5.5
10-year Treasury notes .....	5.9	7.1	7.9	7.2	7.0	7.0	7.0	7.0

<sup>1</sup>Based on information available as of December 1994.<sup>2</sup>CPI for all urban consumers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic adjustments to individual income tax brackets.<sup>3</sup>Because of a January 1994 change in survey methodology, the 1993 figure is not directly comparable to those for subsequent years.<sup>4</sup>Percentages exclude locality pay adjustments.<sup>5</sup>Average rate (bank discount basis) on new issues within period.

**Economic Outlook for 1995-2000:** The current surge in activity should provide some momentum to the economy in early 1995. The pace of activity is projected to slow considerably during the second and third quarters of the year, however, reflecting the lagged effects of the earlier increases in interest rates on private spending.

For 1995 as a whole, **real GDP growth** is expected to average 2.4 percent, well below the 3.6 percent rate assumed for the previous year. The economy is then projected to settle in on the potential rate of real output growth of 2½ percent in 1996 and beyond.

As real GDP growth slows during 1995, the **unemployment rate** is forecast to edge up from its low current level, allowing monetary policy to ease somewhat. The jobless rate is projected to average 5.8 percent during 1996-2000.

**Inflation** is projected to rise slightly, with the CPI increasing 3.2 percent during 1995. This pickup reflects current labor and capacity constraints and the expectation that past and prospective increases in crude materials prices will be passed through more fully into finished goods prices in the coming months. No further acceleration in consumer prices is assumed for 1996

and the outyears as economic growth slows to a more sustainable 2½ percent pace.

**Three-month Treasury bill rate** is assumed to rise to about 6 percent in early 1995, and then ease back to 5½ percent in 1996 as economic growth slows. The yields on ten-year Treasury notes are expected to stay near its current level of about 7¾ percent in 1995, and then decline gradually to 7.0 percent. These assumptions imply a narrowing of the spread between short- and long-term rates, which is consistent with previous experience for this stage of a business expansion. Adjusting for inflation, both short- and long-term real rates are currently above their historical averages, but are projected to return to the upper end of the historical range.

### Economy's Productive Capacity

The budget assumes that the rate of growth in potential output of the economy is 2.5 percent a year. This corresponds to a somewhat faster rate of growth in output for the nonfarm business sector, 2.8 percent per year.

The long-term growth trend for nonfarm business output can be decomposed into two parts—one reflect-

TABLE 1-2. AVERAGE ANNUAL GROWTH RATES IN PERCENT

(Fiscal years; in billions of dollars)

	1959-73	1973-90	1990-95	1995-2000
Real GDP .....	3.8	2.4	2.3	2.5
Nonfarm Business Output .....	4.0	2.5	2.6	2.8
Hours Worked .....	1.6	1.7	1.2	1.4
Productivity .....	2.4	0.7	1.4	1.4

ing the increase in productivity (that is, output per hour worked), and the other the expected growth of total hours worked (Table 1-2).

- **Productivity** is assumed to grow at an annual rate of 1.4 percent over the projection period. This continues the trend of the early 1990s, which has seen a modest pick up in productivity growth relative to the sluggish performance from 1973-1990. Although it is still too early to be certain that the recent productivity gains are more than a cyclical phenomenon, there is reason for optimism in view of the massive business restructurings and the information revolution, and because faster productivity growth has continued well into the current expansion
- **Hours** worked in the nonfarm business sector are projected to increase at an annual rate of 1.4 percent a year. This is slower than during the 1960s and 1970s when the baby-boom generation first entered the labor force, but higher than the rate experienced during the early 1990s when the job market was weak during the 1990-91 recession and the early phase of the current recovery.

### Omnibus Trade and Competitiveness Act of 1988

As required by the Omnibus Trade and Competitiveness Act of 1988, Table 1-3 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 1994 as growth in U.S. exports was exceeded by growth in imports. The continued faster rate of growth in the United States than our major trading partners is the major factor behind the larger deficits. As the growth differential narrows over the next several years, the deficits will level off and begin to decline.

Net private investment in the United States has expanded rapidly in the past year, and it is expected to continue to increase as the economy expands. The sources of finance for the increased private investment

are the decline in the Federal deficit and higher private saving, plus a larger inflow of foreign capital.

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

### Impact of Changes in the Economic Assumptions

Last year's budget economic assumptions understated the surge in economic activity and job growth that actually occurred during 1994. They also did not fully anticipate the much larger increases in interest rates resulting from the strength of the economy and the Fed's monetary tightening actions. This is clearly shown in Table 1-4, which compares this year's economic assumptions with those of the 1995 budget.

The divergences between actual economic performance and the economic assumptions for 1994-1999 have significant effects on the budget deficit. On balance, the deficit narrows by \$12.2 billion in 1995 and widens by \$25.6 billion in 1999 (Table 1-5). The main reason for the increased deficit in the outyears is higher interest rates, offset in part by higher receipts and lower costs for unemployment-sensitive programs. Increased receipts projections are partly the result of the larger volume of trade stimulated by GATT.

### Structural vs. Cyclical Deficit

When there is excessive slack in the economy, receipts are lower than they would be otherwise, and outlays for unemployment-sensitive programs (such as unemployment compensation and food stamps) are

TABLE 1-3. SAVING, INVESTMENT, AND TRADE BALANCE

(Fiscal years; in billions of dollars)

	1994 actual	1996 estimate
Current account balance .....	-142	-205 to -165
Merchandise trade balance .....	-156	-205 to -165
Net foreign investment .....	-131	-190 to -150
Net domestic saving (excluding Federal saving) <sup>1</sup> .....	358	360 to 400
Net private domestic investment .....	290	370 to 410

<sup>1</sup> 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.

**TABLE 1-4. COMPARISON OF ECONOMIC ASSUMPTIONS IN THE 1995 AND 1996 BUDGETS**  
(Calendar years; dollar amounts in billions)

	1994	1995	1996	1997	1998	1999
Nominal GDP:						
1995 budget assumptions <sup>1</sup>	6,698	7,079	7,481	7,906	8,353	8,821
1996 budget assumptions	6,735	7,117	7,507	7,921	8,361	8,823
Real GDP (percent change): <sup>2</sup>						
1995 budget assumptions	3.0	2.7	2.7	2.6	2.6	2.5
1996 budget assumptions	3.6	2.4	2.5	2.5	2.5	2.5
GDP deflator (percent change): <sup>2</sup>						
1995 budget assumptions	2.7	2.8	2.9	3.0	3.0	3.0
1996 budget assumptions	2.6	2.9	2.9	3.0	3.0	3.0
Civilian unemployment rate (percent): <sup>3</sup>						
1995 budget assumptions	7.0	6.6	6.4	6.2	6.0	6.0
1996 budget assumptions	6.1	5.8	5.9	5.8	5.8	5.8
91-day Treasury bill rate (percent): <sup>3</sup>						
1995 budget assumptions	3.4	3.8	4.1	4.4	4.4	4.4
1996 budget assumptions	4.2	5.9	5.5	5.5	5.5	5.5
10-year Treasury note rate (percent): <sup>3</sup>						
1995 budget assumptions	5.8	5.8	5.8	5.8	5.8	5.8
1996 budget assumptions	7.1	7.9	7.2	7.0	7.0	7.0

<sup>1</sup> Adjusted for July 1994 revisions.

<sup>2</sup> Fourth quarter-to-fourth quarter.

<sup>3</sup> Calendar year average.

**TABLE 1-5. EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR**  
(In billions of dollars)

	1995	1996	1997	1998	1999
<b>Budget totals under 1995 budget economic assumptions and 1996 budget policies:</b>					
Receipts	1,327.5	1,398.9	1,459.4	1,539.1	1,613.4
Outlays	1,532.1	1,586.7	1,657.1	1,712.3	1,785.2
Deficit (-)	-204.7	-187.8	-197.7	-173.2	-171.9
<b>Changes due to economic assumptions:</b>					
Receipts	19.0	16.5	12.2	9.7	11.4
Outlays:					
Inflation	-0.6	-1.3	-2.0	-1.8	-3.7
Unemployment	-8.0	-3.7	-5.0	-2.9	-2.2
Interest rates	16.5	31.7	35.2	37.4	41.4
Interest on changes in borrowing	-1.1	-1.2	-0.7	0.3	1.5
Total, outlays	6.8	25.4	27.6	32.9	36.9
Decrease in deficit (+)	12.2	-8.9	-15.4	-23.2	-25.6
<b>Budget totals under 1996 budget economic assumptions and policies:</b>					
Receipts	1,346.4	1,415.5	1,471.6	1,548.8	1,624.7
Outlays	1,538.9	1,612.1	1,684.7	1,745.2	1,822.2
Deficit (-)	-192.5	-196.7	-213.1	-196.4	-197.4

higher. As a result, the deficit is also 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 is called the structural deficit.<sup>2</sup>

Changes in the structural deficit give a better picture of the impact of budget policy on the economy than the unadjusted deficit affords. During a recession and in the early stage of a recovery, the structural deficit also gives a clearer picture of the long-run 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.

In the early 1990's, outlays for deposit insurance added substantially to actual deficits, although they had little current impact on economic performance. It therefore became customary to remove deposit insurance outlays as well as the cyclical component of the deficit from the actual deficit to compute the adjusted structural deficit. This is shown in Table 1-6.

Over the current forecast horizon, the cyclical component of the deficit is small. Deposit insurance outlays are relatively small and do not change greatly from year to year. Thus, somewhat atypically, the adjusted

<sup>2</sup>For purposes of this presentation, an unemployment rate in excess of 5.8 percent is considered excessive slack.

**TABLE 1-6. ADJUSTED STRUCTURAL DEFICIT**  
(In billions of dollars)

	1992	1993	1994	1995	1996	1997	1989	1999	2000
Actual deficit (unadjusted) .....	290.4	255.1	203.2	192.5	196.7	213.1	196.4	197.4	194.4
Cyclical component .....	60.2	47.2	15.4	-3.1	.....	.....	.....	.....	.....
Structural deficit .....	230.2	207.9	187.8	195.6	196.7	213.1	196.4	197.4	194.4
Deposit insurance <sup>1</sup> .....	2.4	28.0	7.6	12.3	6.3	1.4	-1.2	1.3	3.5
Adjusted structural deficit .....	232.6	235.9	195.3	207.8	203.0	214.5	195.2	198.7	197.9

<sup>1</sup>In 1992, includes \$4.9 billion in allied contributions for Desert Storm.

structural deficits in this budget display much the same pattern of year-to-year changes as the actual deficits.

### **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.

Economic variables that affect the budget do not usually change independently of one another. Output and employment tend to move together in the short run: a higher rate of real GDP growth is generally associated with a declining rate of unemployment, while weak or negative growth is usually 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 necessarily associated with changes in the average rate of unemployment.

Inflation and interest rates are also closely interrelated: a higher expected rate of inflation increases 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 last for only one year.

Highlights of the rules of thumb are shown in Table 1-7:

If real GDP growth is lower by one percentage point in calendar 1995 only and the unemployment rate rises by one-half percentage point, the 1995 deficit would increase by \$8.2 billion; receipts in 1995 would be lower by about \$7.0 billion, and outlays would be higher by about \$1.2 billion, primarily for unemployment-sensitive programs. In 1996, the receipts shortfall would grow further to about \$15.2 billion, and outlays would be increased by about \$5.8 billion relative to the base, even though the growth rate in calendar 1996 follow the path originally assumed. This is because the level of real (and nominal) GDP and taxable incomes would

be permanently lower and unemployment higher. The budget effects (including growing interest costs associated with the higher deficits) would continue to grow slightly in later years.

- The budget effects are much larger if the real growth rate is assumed to be one percentage point less in each year (1995–2000) and the unemployment rate rises one-half percentage point in each year. With these assumptions, the levels of real and nominal GDP would be below the base case by a growing percentage. The deficit would be \$153.2 billion higher than under the base case by 2000.
- 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, reaching a \$126.7 billion deficit add-on by 2000.

*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 1995 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 1995 rise by \$5.9 billion<sup>3</sup> and receipts by \$7.7 billion, for a decrease of \$1.7 billion in the 1995 deficit. In 1996, outlays would be above the base by \$13.9 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$16.0 billion above the base, however, resulting in a \$2.1 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 \$71.1 billion to outlays and \$96.3 billion to receipts in 2000, for a net reduction in the deficit of \$25.2 billion.

<sup>3</sup>This excludes any adjustment to discretionary programs which are capped in nominal terms.

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 percent-age 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. 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 too complex to be reduced to simple rules.

**TABLE 1-7. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS**

(In billions of dollars)

Budget effect	1995	1996	1997	1998	1999	2000
<b>Real Growth and Employment</b>						
Effects of 1 percent lower real GDP growth in calendar year 1995 only, including higher unemployment: <sup>1</sup>						
Receipts .....	-7.0	-15.2	-17.4	-17.6	-18.1	-18.7
Outlays .....	1.2	5.8	7.7	9.6	11.6	13.8
Deficit increase (+) .....	8.2	21.0	25.1	27.2	29.7	32.5
Effects of a sustained 1 percent lower annual real GDP growth rate during 1995-2000, including higher unemployment: <sup>1</sup>						
Receipts .....	-7.0	-22.4	-40.6	-59.6	-79.9	-101.4
Outlays .....	1.2	7.0	15.1	25.0	38.3	51.8
Deficit increase (+) .....	8.2	29.4	55.6	84.6	118.2	153.2
Effects of a sustained 1 percent lower annual real GDP growth rate during 1995-2000, with no change in unemployment:						
Receipts .....	-7.0	-22.7	-41.6	-61.9	-83.8	-107.3
Outlays .....	0.3	1.3	3.5	7.1	12.3	19.4
Deficit increase (+) .....	7.3	24.0	45.1	69.0	96.2	126.7
<b>Inflation and Interest Rates</b>						
Effects of 1 percentage point higher rate of inflation and interest rates during calendar year 1995 only:						
Receipts .....	7.7	16.0	16.4	15.4	15.8	16.2
Outlays .....	5.9	13.9	10.9	9.1	7.6	7.1
Deficit increase (+) .....	-1.7	-2.1	-5.5	-6.3	-8.1	-9.2
Effects of a sustained 1 percentage point higher rate of inflation and interest rates during 1995-2000:						
Receipts .....	7.7	24.0	41.5	58.7	77.0	96.3
Outlays .....	5.9	20.4	33.8	46.2	58.8	71.1
Deficit increase (+) .....	-1.7	-3.7	-7.7	-12.6	-18.3	-25.2
Effects of a sustained 1 percentage point higher interest rate during 1995-2000 (no inflation change):						
Receipts .....	0.7	1.8	2.4	2.7	2.9	3.3
Outlays .....	5.5	16.8	24.9	31.7	38.3	44.8
Deficit increase (+) .....	4.9	14.9	22.5	28.9	35.3	41.5
Effects of a sustained 1 percentage point higher rate of inflation during 1995-2000 (no interest rate change):						
Receipts .....	7.0	22.2	39.1	56.0	74.1	93.0
Outlays .....	0.4	3.6	8.9	14.5	20.5	26.3
Deficit increase (+) .....	-6.6	-18.6	-30.2	-41.5	-53.6	-66.7
<b>Interest Cost of Higher Federal Borrowing</b>						
Effect of \$100 billion additional borrowing during 1995 .....	3.6	7.0	7.3	7.6	8.0	8.5

<sup>1</sup> 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 assets. Although the tables presented below are similar in some ways to a business's balance sheet, they are not the same. The Government's sovereign powers have no counterparts in the business world, and its resources and responsibilities are broader than the 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 welfare and security is also needed.

Differences between Government and business accounting, and the 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 what the Federal Government owns and what it owes. In this table, these assets and liabilities are strictly defined. Assets are limited to the Government's physical and financial possessions. Liabilities are the result of past Government actions that have resulted in binding commitments to make future payments.
- The second component consists of Federal budget projections indicating possible future paths for the balance between Federal resources and responsibilities.<sup>1</sup>
- The final component is intended to present ways in which Federal activities contribute to social and economic well-being. Table 2-3 shows how Federal investments have contributed to national wealth. Table 2-4 offers a set of economic and social indicators that are affected to a greater or lesser degree by Government actions. In the future other tables showing Government-wide performance measures could be added.

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. Currently, the Government's liabilities arising from its past activities exceed the value of the assets in its possession.

<sup>1</sup> 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 gap has widened markedly over the last decade or more. While the Federal Government's financial position has declined, the Nation's wealth has continued to rise, and the Government's net liabilities amount to only about 6 percent of total wealth. Furthermore, according to current budget projections, Federal debt, the main contributor to the rise in net liabilities, will expand less rapidly over the next few years than it has over the past decade or more. The real level of Federal debt is projected to rise at a rate of about 2 percent per year compared with an 8 percent rate of increase from 1980 to 1994.

### Relationship with FASAB Objectives

The framework presented here meets one of the four objectives<sup>2</sup> 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 Government-wide 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 can be useful as well. It is also important to examine the effects of Government financial decisions on the private sector and State and local governments. This is especially true for Federal investments which often

<sup>2</sup> *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.

**Chart 2-1. A BALANCE SHEET PRESENTATION  
FOR THE FEDERAL GOVERNMENT**

<b>ASSETS / RESOURCES</b>		<b>LIABILITIES / RESPONSIBILITIES</b>	
<p align="center"><b>Federal Assets</b></p> <p>Financial Assets</p> <p>    Gold and Foreign Exchange</p> <p>    Other Monetary Assets</p> <p>    Mortgages and Other Loans</p> <p>        Less Expected Loan Losses</p> <p>    Other Financial Assets</p> <p>Physical Assets</p> <p>    Fixed Reproducible Capital</p> <p>        Defense</p> <p>        Nondefense</p> <p>    Inventories</p> <p>    Non-reproducible Capital</p> <p>        Land</p> <p>        Mineral Rights</p>		<p align="center"><b>Federal Liabilities</b></p> <p>Financial Liabilities</p> <p>    Currency and Bank Reserves</p> <p>    Debt Held by the Public</p> <p>    Miscellaneous</p> <p>    Guarantees and Insurance Liabilities</p> <p>        Deposit Insurance</p> <p>        Pension Benefit Guarantees</p> <p>        Loan Guarantees</p> <p>        Other Insurance</p> <p>    Federal Pension Liabilities</p> <p>Net Balance</p>	
		<b>Federal Governmental Assets and Liabilities (Table 2.1)</b>	
<p align="center"><b>Resources / Receipts</b></p> <p>Projected Receipts</p> <p>Addendum: Real GDP Projections</p>		<b>Long-Run Federal Budget Projections</b>	<p align="center"><b>Responsibilities / Outlays</b></p> <p>Discretionary Outlays</p> <p>Mandatory Outlays</p> <p>    Social Security</p> <p>    Health Programs</p> <p>    Other Programs</p> <p>Net Interest</p> <p>Deficit</p>
<p align="center"><b>National Assets / Resources</b></p> <p>Federally Owned Physical Assets</p> <p>State &amp; Local Physical Assets</p> <p>    Federal Contribution</p> <p>Privately Owned Physical Assets</p> <p>Education Capital</p> <p>    Federal Contribution</p> <p>R &amp; D Capital</p> <p>    Federal Contribution</p>		<b>National Wealth (Table 2.3)</b>	<p align="center"><b>National Needs / Conditions</b></p> <p>Indicators of economic, social, educational, and environmental conditions to be used as a guide to Government investment and management.</p>

generate returns that flow mainly to households, private businesses or other levels of government rather than back to the Federal Treasury. Measurements that correct for inflation are also essential to provide a clear picture of the current value of Government assets and liabilities and to permit meaningful comparisons over time. The framework presented here is a first step toward filling some of these needs.

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 a conventional sense, they need to be considered in any complete review of the Government's financial condition. On the liabilities side, while there are some Government obligations, such as Treasury notes, that have clear counterparts in the business world, other Government obligations have no obvious 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. These programs are in the midst of an intense review with the dual objectives of improving effectiveness and considering the need for realigning Federal, State, and local responsibilities. Even so it is reasonable to expect that they will continue in some form in the future, and that they will require future Federal funding. Such obligations, however, are not legally binding liabilities, and they would not be included on a business balance sheet.

Furthermore, 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 are likely to alter their value. In a financial sense, the discounted present value of such obligations is much more uncertain than is the current value of the official Government debt, or even the value of Government-owned assets. This is another reason for keeping such political and moral obligations

separate from the Government's liabilities strictly defined.

The best way to see how future resources line up with future responsibilities is to project the Federal budget forward in time. The budget offers a comprehensive picture of Federal receipts and spending, and by projecting it forward one can discover the implications of current and past policy decisions. But the budget does not show whether the public is receiving value for its tax dollars. Knowing that would require performance measures for government programs, and broad statistical information about those conditions in our economy and society for which government is wholly or partly responsible. Some of these data are currently available but much more could be developed.

The presentation that follows consists of a series of tables and charts. No one of these is "the Government balance sheet," but all of them together can serve some of the functions of a balance sheet. The schematic diagram, Figure 2.1, shows how they fit together. The tables and charts should be viewed as an ensemble, the main elements of which can be grouped together in two broad categories—assets/resources and liabilities/responsibilities.

- 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 based on past actions, such as the debt held by the public, and going on to include future budget outlays. This column includes a preliminary set of indicators of the Nation's well-being. These might indicate 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 summarizes what the Government owes as a result of its past operations along with the value of what it owns, for a number of years beginning in 1960. The values of assets and liabilities are measured in terms of constant FY 1994 dollars. For all of this period, Government liabilities have exceeded the value of assets, but until the early 1980s the disparity was relatively 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 temporarily boosted Federal asset values, but since then they have declined.<sup>3</sup> Currently, the total value of Federal assets is

estimated to be only 14 percent greater in real terms than it was in 1960. Meanwhile, Federal liabilities have increased by 154 percent in real terms. The sharp decline in the Federal net asset position that began in the 1980s was due to the large Federal budget deficits that began at that time along with the drop in asset values. Currently, the net excess of liabilities over assets is about \$2,900 billion or \$11,000 per capita.

### Assets

The assets in Table 2-1 reflect a complete listing of physical resources owned by the Federal Government. They correspond to items that would appear on a normal balance sheet, but they do not constitute an exhaustive catalogue of Federal resources. The Govern-

<sup>3</sup>This 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 in the early 1980s reversed the speculative runup in gold and other commodity prices. This reduced the balance of Federal net assets,

but it was good for the economy.

TABLE 2-1. GOVERNMENT ASSETS AND LIABILITIES \*

(As of the end of the fiscal year, in billions of 1994 dollars)

	1960	1965	1970	1975	1980	1985	1990	1992	1993	1994
<b>ASSETS</b>										
Financial assets:										
Gold and foreign exchange .....	103	72	60	132	323	156	197	176	175	175
Other monetary assets .....	39	55	32	15	37	23	30	38	38	30
Mortgages and other loans .....	128	161	205	203	274	332	267	250	224	203
Less expected loan losses .....	-1	-3	-4	-9	-16	-16	-17	-21	-23	-25
Other financial assets .....	61	80	65	65	83	106	161	218	197	185
Subtotal .....	329	365	358	405	702	603	638	661	611	567
Fixed reproducible capital:										
Defense .....	867	870	853	685	548	630	708	743	755	744
Nondefense .....	154	181	192	217	207	234	235	237	238	239
Inventories .....	264	225	206	181	217	246	213	187	174	163
Nonreproducible capital:										
Land .....	85	117	147	227	289	310	305	249	234	226
Mineral rights .....	307	283	234	325	591	665	443	396	379	351
Subtotal .....	1,677	1,676	1,631	1,636	1,851	2,086	1,904	1,811	1,780	1,723
<b>Total assets</b> .....	<b>2,006</b>	<b>2,041</b>	<b>1,989</b>	<b>2,041</b>	<b>2,554</b>	<b>2,689</b>	<b>2,541</b>	<b>2,472</b>	<b>2,391</b>	<b>2,290</b>
<b>LIABILITIES</b>										
Financial liabilities:										
Currency and bank reserves .....	230	249	272	274	275	289	347	367	394	419
Debt held by the public .....	1,001	972	813	790	1,005	1,764	2,407	2,835	2,994	3,076
Miscellaneous .....	60	61	58	53	59	67	93	70	69	67
Subtotal .....	1,292	1,282	1,143	1,117	1,339	2,120	2,847	3,272	3,457	3,562
Insurance liabilities:										
Deposit insurance .....					2	8	64	3	-29	-8
Pension benefit guarantees .....				41	29	40	39	47	61	30
Loan guarantees .....			2	6	12	10	14	25	28	30
Other insurance .....	31	28	22	19	25	16	18	18	24	26
Subtotal .....	31	28	24	67	68	74	135	92	84	78
Federal pension liabilities .....	751	938	1,096	1,226	1,683	1,651	1,575	1,574	1,523	1,532
<b>Total liabilities</b> .....	<b>2,075</b>	<b>2,249</b>	<b>2,262</b>	<b>2,410</b>	<b>3,091</b>	<b>3,845</b>	<b>4,557</b>	<b>4,939</b>	<b>5,064</b>	<b>5,172</b>
<b>Balance</b> .....	<b>-68</b>	<b>-208</b>	<b>-273</b>	<b>-369</b>	<b>-537</b>	<b>-1,157</b>	<b>-2,016</b>	<b>-2,467</b>	<b>-2,674</b>	<b>-2,882</b>
<b>Per capita (in 1994 dollars)</b> .....	<b>-379</b>	<b>-1,070</b>	<b>-1,333</b>	<b>-1,710</b>	<b>-2,352</b>	<b>-4,837</b>	<b>-8,042</b>	<b>-9,628</b>	<b>-10,323</b>	<b>-11,015</b>
<b>Ratio to GDP (in percent)</b> .....	<b>-2.7</b>	<b>-6.6</b>	<b>-7.5</b>	<b>-9.0</b>	<b>-11.2</b>	<b>-21.1</b>	<b>-32.5</b>	<b>-38.7</b>	<b>-40.7</b>	<b>-42.1</b>

\* 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 1994 are extrapolated in some cases.

ment's most important financial resource, its ability to tax, is not reflected.

**Financial Assets:** At the end of 1994, the Federal Government's holdings of financial assets amounted to about \$570 billion. Government-held mortgages and other loans (measured in constant dollars) reached a peak in the mid-1980s. Since then, Federal loans have declined. The holdings of mortgages, in particular, have declined sharply as the holdings acquired from failed Savings and Loan institutions have been liquidated.

The face value of mortgages and other loans overstates their economic worth. OMB estimates that the discounted present value of future losses on these loans is about \$25 billion as of 1994. These estimated losses are subtracted from the face value of outstanding loans to obtain a better estimate of their economic worth.

Over time, variations in the price of gold have accounted for major swings in this category. Since 1980, gold prices have fallen by 40 percent and the real value

of U.S. gold and foreign exchange holdings have dropped by 46 percent.

**Fixed Reproducible Capital:** The Federal Government is a major investor in physical capital. Government-owned stocks of fixed reproducible capital amounted to almost \$1.0 trillion in 1994. About three-quarters of this capital is in the form of military equipment and structures. From 1960 to 1981, the net stock of defense capital fell as a share of GDP, but since 1981 until the last two years, the ratio held steady at around 12 percent. In the last two years, the reduction in defense purchases following the end of the Cold War has caused a decline in the ratio of these stocks to GDP of about 1 percentage point.

**Inventories:** The effect of the slowdown in defense purchases has been more noticeable for inventories. Data on Federal inventories are maintained by the Bureau of Economic Analysis (BEA), Department of Commerce. Since 1990, Federal inventories have declined

by more than 20 percent in real terms, 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, private land values have fallen, and it is assumed here that federal lands have shared in this decline. Oil prices have fluctuated but are lower now than four years ago. These shifts have pulled down the value of Federal 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 1994, 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 potential claims on Federal financial resources are not reflected.

*Financial Liabilities:* These amounted to about \$3.6 trillion at the end of 1994. The largest component was the Federal debt held by the public, amounting to almost \$3.1 trillion. This measure of Federal debt is net of the holdings of the Federal Reserve System, which exceeded \$350 billion in 1994. Although an independent agency, the Federal Reserve 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 \$420 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, if a fee is charged, they may even be negative, but the risk of future outlays associated with such commitments can be huge. The deposit insurance programs, for example, have experienced very large losses recently following many years in which these programs had no budgetary cost in excess of premiums.

In the past, the cost of such risks was not recognized until after a loss was realized. In the last few years, however, techniques have been developed which permit estimates to be made of the accruing cost from commitments that risk future outlays. These estimates are reported in Table 2-1. They amounted to about \$78 billion in 1994. The resolution of the many failures in the Savings and Loan and banking industries have helped to reduce the accumulated losses in this category.

*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 1994, the discounted present value of the benefits is estimated to have been around \$1.5 trillion.<sup>4</sup>

### The Balance of Net Liabilities

The balance between Federal liabilities and Federal assets has deteriorated over the past decade at a rapid rate. In 1980, the negative balance was less than 11 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 by projecting the budget.

The 1993 Omnibus Budget Reconciliation Act reduced the Federal deficit on a cumulative basis by over \$500 billion. This is a significant improvement. As a result, the deficit preserves a relatively stable ratio to GDP declining from around 2.7 percent in 1995 to 2.1 percent

in 2000, and below 2 percent in the following decade. For the period beyond the year 2000, however, 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.

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 Old Age Survivors Insurance and Disability Insurance (OASI and DI) Trust Funds based on a 75-year projection of future costs and benefits. Table 2-2 shows how these projec-

<sup>4</sup>These pension liabilities are expressed as the actuarial present value of benefits accrued-to-date based on past and projected salaries. The expected costs of retiree health benefits are not included. The 1994 liability is extrapolated from recent trends.

**TABLE 2-2. CHANGE IN 75-YEAR ACTUARIAL BALANCE FOR OASDI AND HI TRUST FUNDS  
(INTERMEDIATE ASSUMPTIONS)**

(As a percent of taxable payroll)

	OASI	DI	OASDI	HI
<b>Actuarial balance in 1993 report</b> .....	<b>-0.97</b>	<b>-0.49</b>	<b>-1.46</b>	<b>-5.11</b>
Changes in balance due to changes in:				
Valuation period .....	-0.05	-0.00	-0.05	-0.13
Economic and demographic assumptions .....	-0.17	-0.02	-0.18	-0.02
Disability assumptions .....	0.00	-0.11	-0.11	0.00
Legislation .....	0.00	0.00	0.00	1.31
Methods .....	-0.27	-0.04	-0.31	0.00
Other .....	0.00	0.00	0.00	-0.19
<b>Total changes</b> .....	<b>-0.49</b>	<b>-0.17</b>	<b>-0.66</b>	<b>0.97</b>
<b>Actuarial balance in 1993 report</b> .....	<b>-1.46</b>	<b>-0.66</b>	<b>-2.13</b>	<b>-4.14</b>

tions changed between 1993 and 1994. The table also reports similar projections for Medicare's hospital insurance (HI) trust fund.

It is estimated that the balance in the combined OASDI fund worsened by an estimated 0.66 percent of payroll in 1994. These changes were mainly the result of adjustments to the estimating assumptions and technical corrections. The balance in the HI trust fund improved by 0.97 percent of payroll as the result of legislative changes that increased the expected receipts from the HI portion of the payroll tax. Even with this improvement, the HI trust fund is expected to run out

of resources within the next decade, and the trust fund remains in deficit on a 75-year basis.

Over the past decade, the outlook for both the OASDI and the HI trust funds has deteriorated markedly. At the time of the 1983 social security reforms, the system was temporarily restored to actuarial balance. Since then, downward adjustments in the economic outlook and technical revisions have brought about a deterioration in the projected balances. Currently, the mid-range projections of the actuaries imply that social security will reach a point in the next century after which outgo permanently exceeds income. Medicare reaches a similar point even sooner.

## 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 for highways and other purposes. Such investments can be valuable nationally, but they are not owned by the Federal Government.

The Federal Government also invests in education and research and development (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 business 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.

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. Figure 2.3 illus-

trates the relative contribution of different categories of wealth to the national total.

### Physical Assets

These include factories machinery, office buildings, residential structures, land, and government's physical assets such as military hardware and highways. Automobiles and consumer appliances are also included in this category. The total amount of such capital is vast, amounting to around \$24 trillion in 1994. By comparison, GDP was less than \$7 trillion.

The Federal Government's contribution to this stock of capital includes its own physical assets plus \$0.5 trillion in accumulated grants to State and local governments for capital projects. The Federal Government has financed about one-fifth 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

**TABLE 2-3. NATIONAL WEALTH**  
(As of the end of the fiscal year, in trillions of 1994 dollars)

	1960	1965	1970	1975	1980	1985	1990	1992	1993	1994
<b>ASSETS</b>										
Publicly owned physical assets:										
Structures and equipment .....	2.1	2.4	2.9	3.4	3.7	3.6	3.8	3.8	3.9	3.9
Federally owned or financed .....	1.1	1.2	1.3	1.3	1.2	1.4	1.5	1.5	1.5	1.5
Federally owned .....	1.0	1.1	1.0	0.9	0.8	0.9	0.9	1.0	1.0	1.0
Grants to state and local governments .....	0.1	0.2	0.2	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Funded by state and local governments .....	1.0	1.2	1.6	2.1	2.4	2.2	2.2	2.2	2.3	2.4
Other Federal assets .....	0.8	0.7	0.6	0.9	1.4	1.4	1.1	1.0	0.9	0.9
Subtotal .....	2.8	3.1	3.5	4.3	5.0	4.9	4.8	4.7	4.7	4.8
Privately owned physical assets:										
Reproducible assets .....	5.7	6.4	8.0	10.2	12.8	13.2	14.6	14.6	14.9	15.3
Residential structures .....	2.0	2.3	2.8	3.6	4.8	4.8	5.3	5.4	5.6	5.7
Nonresidential plant and equipment .....	2.0	2.3	3.0	4.0	5.0	5.4	5.8	5.8	5.9	6.0
Inventories .....	0.7	0.8	0.9	1.1	1.3	1.2	1.2	1.2	1.1	1.2
Consumer durables .....	0.9	1.0	1.3	1.5	1.7	1.8	2.2	2.3	2.4	2.5
Land .....	2.0	2.4	2.7	3.4	5.1	5.7	5.7	4.7	4.4	4.3
Subtotal .....	7.7	8.8	10.6	13.6	17.9	19.0	20.3	19.3	19.3	19.6
Education capital:										
Federally financed .....	0.1	0.1	0.2	0.3	0.4	0.5	0.7	0.7	0.8	0.8
Financed from other sources .....	6.4	8.2	10.6	12.0	14.7	17.6	22.4	23.8	24.8	25.5
Subtotal .....	6.4	8.3	10.9	12.3	15.2	18.1	23.0	24.6	25.6	26.3
Research and development capital:										
Federally financed R&D .....	0.2	0.3	0.5	0.5	0.6	0.6	0.7	0.8	0.8	0.8
R&D Financed from other sources .....	0.1	0.2	0.3	0.4	0.4	0.6	0.8	0.9	0.9	1.0
Subtotal .....	0.3	0.5	0.8	0.9	1.0	1.2	1.5	1.6	1.7	1.8
<b>Total assets .....</b>	<b>17.3</b>	<b>20.7</b>	<b>25.8</b>	<b>31.1</b>	<b>39.1</b>	<b>43.2</b>	<b>49.6</b>	<b>50.2</b>	<b>51.4</b>	<b>52.4</b>
<b>LIABILITIES:</b>										
Net claims of foreigners on U.S. ....	-0.2	-0.2	-0.2	-0.2	-0.5	-0.2	0.3	0.5	0.6	0.8
<b>Balance .....</b>	<b>17.5</b>	<b>20.9</b>	<b>26.0</b>	<b>31.3</b>	<b>39.5</b>	<b>43.4</b>	<b>49.4</b>	<b>49.7</b>	<b>50.7</b>	<b>51.6</b>
Per capita (thousands of 1994 dollars) .....	96.6	107.7	127.0	144.8	173.1	181.7	196.9	194.0	195.9	197.2
<b>ADDENDA:</b>										
Total Federally funded capital .....	2.1	2.4	2.6	3.0	3.6	3.9	4.0	4.0	4.0	4.0
Percent of national wealth .....	12.2	11.2	10.1	9.5	9.0	8.9	8.1	8.0	7.9	7.7

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 1994, of which about 3 percent was financed by the Federal Government. The total exceeds 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 forego earning opportunities in order to acquire education.

### Research and Development Capital

Research and development 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.<sup>5</sup> That stock is estimated to have been about \$1.8 trillion in 1994. Although this

<sup>5</sup>R&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.

is a large amount of research, it is a relatively small portion of 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 debts that Americans owe to one another cancel out, and the only debts that remain are those owed to foreigners. This point is often overlooked in discussions of debt. While debt is a burden for the borrower, it is a source of income for the lender. In the case of debt owed to foreigners, there is a net obligation and the interest paid on that debt is a net subtraction from our national income. 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. It amounted to about 1½ percent of the total in 1994.

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. Even so, it is of interest to compare the imbalance between Federal assets and liabilities with national wealth. The government will have to service the debt or repay it, and its ability to do so without disrupting the economy will depend in part on the wealth of the private sector. Currently, the Federal net asset imbalance, as estimated in Table 2-1, amounts to about 6 percent of total national wealth.

### **Trends in National Wealth**

The net stock of wealth in the United States at the end of 1994 was about \$52 trillion. Since 1980 it has increased in real terms at an annual rate of 1.9 percent per year—about half the 4.2 percent rate it averaged from 1960 to 1980. (All comparisons are in terms of constant 1994 dollars.)

Public capital formation slowed down markedly between the two periods. The real value of the net stock of publicly owned physical capital was actually lower in 1994 than in 1980—\$4.8 trillion versus \$5.0 trillion in the earlier year. Since 1980, Federal grants to State and local governments for capital projects have increased at an average rate of 1.5 percent per year compared with 7.0 percent in the 1960s and 1970s.

Private capital formation in physical assets has also grown more slowly since 1980. The net stock of nonresidential plant and equipment grew 1.3 percent per year from 1980 to 1994 compared with 4.6 percent in the 1960s and 1970s, and the stock of business inventories actually declined. Overall, the stock of privately owned physical capital grew at an average rate of just 0.7 percent per year between 1980 and 1994.

The accumulation of education capital, as measured here, also slowed down in the 1980s, but not nearly as much. It grew at an average rate of 4.4 percent per year in the 1960s and 1970s, about the same as the average rate of growth in private physical capital during the same period. Since 1980, education capital has grown at a 4.0 percent annual rate. This reflects the extra resources devoted to schooling in this period, and the fact that such resources were rising in relative value. R&D stocks grew faster than both physical and education capital in the 1980s, but at a slower rate than in earlier decades.

### **Other Federal Influences on Economic Growth**

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 indirectly. 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 increase

in 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 1994 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 agencies will be selecting performance measures with which to monitor outputs and outcomes of their activities.<sup>6</sup>

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 health inspections by the Public Health 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.

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 be more analogous to private sector accounting statements.

*Indicators of Well-Being:* There are certain broad objectives for which the Government is partly or fully responsible. Especially important are the Government's role in fostering healthy economic conditions, promoting health and social welfare, protecting the environment and maintaining national security. Table 2-4 offers a rough idea of information that would be useful in assessing how well the Federal Government has been doing in promoting some of these general objectives.

The indicators shown here are only a limited subset drawn from the vast array of data available on economic and social conditions in the United States. In choosing indicators for this table, priority was given to measures that were consistently available over an extended period. Such indicators make it easier to draw valid comparisons and evaluate trends. In some cases, this meant, however, choosing indicators with significant limitations. In the case of national security no indicators were chosen. We expect to improve the selection of indicators and to add to it in future years.

<sup>6</sup>Performance measures for Government agencies were given a strong endorsement in the report of the National Performance Review, *Creating a Government that Works Better & Costs Less*, (September 1993).



TABLE 2-4. ECONOMIC AND SOCIAL INDICATORS

(Calendar year)

General Categories	Specific Measures	1960	1965	1970	1975	1980	1985	1990	1991	1992	1993
<b>Economic:</b>											
Living Standards	Real GDP per person (1987 dollars)	10,951	12,766	14,089	14,952	16,620	17,988	19,636	19,306	19,521	19,908
	Median Household Income (1993 dollars)										
	All Households	22,698	26,455	30,558	30,340	31,095	31,717	33,105	31,962	31,553	31,241
	Married Couple Households	26,263	30,587	36,663	38,091	40,486	41,617	43,951	43,340	43,170	43,005
	Female Householder, No Husband Present	12,933	14,490	17,302	17,087	17,744	17,812	18,177	17,195	17,222	17,443
	Income Share of Middle Three Quintiles (%)	.....	.....	52.7	52.1	51.6	53.9	49.5	49.7	49.4	48.2
	Poverty Rate (%) <sup>1</sup>	22.2	17.3	12.6	12.3	13.0	14.0	13.5	14.2	14.8	15.1
Economic Security	Misery Index (Inflation + Unemployment)	7.2	6.1	10.6	17.6	20.6	10.8	10.9	10.9	10.4	9.8
	Civilian Unemployment (%)	5.5	4.5	4.9	8.5	7.1	7.2	5.5	6.7	7.4	6.8
	CPI-U (% Change)	1.7	1.6	5.7	9.1	13.5	3.6	5.4	4.2	3.0	3.0
Employment Prospects	Increase in Total Payroll Employment (mil)	-0.5	2.9	-0.5	0.4	0.2	2.5	0.3	-0.9	1.2	2.3
	Managerial or Professional Jobs (% of total)	.....	.....	.....	.....	.....	24.1	26.0	26.5	26.5	27.1
Wealth Creation	Net National Saving Rate (% of NNP)	8.2	10.4	7.2	5.3	6.3	4.3	2.4	2.4	1.2	2.1
Innovation	Patents Issued to U.S. Residents (thousands)	42.0	53.6	50.1	51.4	40.8	43.4	53.0	57.8	58.7	60.9
	Multifactor Productivity (1987=100)	70.9	83.0	87.4	92.8	96.2	98.9	100.0	98.9	100.8	.....
<b>Social:</b>											
Safe Communities	Violent Crime Rate (per 100,000 population) <sup>2</sup>	160	199	364	482	597	557	732	758	758	746
	Murder Rate (per 100,000 population)	5.1	5.1	7.8	9.6	10.2	7.9	9.4	9.8	9.3	9.5
Health and Illness	Infant Mortality (per 1000 Live Births)	26.0	24.7	20.0	16.1	12.6	10.6	9.2	8.9	8.5	.....
	Low Birthweight [less than 2,500 gms] Babies (%)	7.7	8.3	7.9	7.4	6.8	6.8	7.0	7.1	.....	.....
	Life Expectancy at birth (years)	69.7	70.2	70.8	72.6	73.7	74.7	75.4	75.5	75.7	.....
	Cigarette Smokers (% of population 18 and older)	.....	42.4	39.5	36.4	33.2	30.1	25.5	25.6	.....	.....
	Bed Disability Days (average per person)	6.0	6.2	6.1	6.6	7.0	6.1	6.2	6.5	6.3	.....
Learning	High School Graduates (% of population 25 and older)	44.6	49.0	55.2	62.5	68.6	73.9	77.6	78.4	79.4	80.2
	College Graduates (% of population 25 and older)	8.4	9.4	11.0	13.9	17.0	19.4	21.3	21.4	21.4	21.9
	National Assessment of Educational Progress <sup>3</sup>										
	Mathematics	.....	.....	.....	304	298	302	305	.....	307	.....
	Science	.....	.....	305	296	283	288	290	.....	294	.....
Participation	Voting for President (% eligible population)	62.8	.....	.....	.....	52.6	.....	.....	.....	55.2	.....
	Individual Charitable Giving per capita (1994 dollars)	194	233	280	296	323	340	414	412	422	.....
<b>Environment:</b>											
Air Quality	Population Living in Counties with Ozone Levels Exceeding the Standard (millions)	.....	.....	.....	.....	.....	76	63	70	43	.....
Water Quality	Population Served by Secondary Treatment or Better (millions)	.....	.....	.....	.....	.....	134	154	157	159	161

<sup>1</sup> The poverty rate does not reflect noncash government transfers such as Medicaid or food stamps.<sup>2</sup> Not all crimes are reported, and the fraction that go unreported may have varied over time.<sup>3</sup> Dates shown in table for national educational attainment are approximate.

The individual measures in this table are influenced in varying degrees by many Government policies and programs, as well as by external factors beyond the Government's control. In general, they are not outcome

indicators, because they do not measure the results of Government activities, but they do provide a quantitative measure of the progress or lack of progress

in reaching some of the ultimate values that government policy is intended to promote.

Such a table can serve two functions. First, it highlights areas where the Federal Government might need to modify its current practices or consider new approaches when there are clear signs of deteriorating conditions. Second, the table provides a context for evaluating other data on Government activities. For example, Government actions that weaken its own financial position may be appropriate when they promote a broader social objective.

An example of this occurs during economic recessions when reductions in tax collections lead to increased Government borrowing. This deterioration in the Federal balance sheet provides an automatic stabilizer for the private sector. State government, local government and private budgets are strengthened by allowing the Federal budget to go deeper into deficit. More stringent Federal budgetary controls could be used to hold down Federal borrowing during such periods but at the risk of aggravating the downturn.

The Government cannot avoid making trade-offs because of its size and the broad ranging effects of its actions. Monitoring these effects and incorporating them in the Government's policy making is a major challenge.

### **An Interactive Analytical Framework**

No single framework can encompass all of the factors that affect the financial condition of the Federal Government. Nor can any framework serve as a substitute for actual analysis. Nevertheless, the framework presented above offers a useful way to examine the financial aspects 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 ESTIMATING**

### **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.

#### *Physical Assets*

*Fixed Reproducible Capital:* Estimates were developed from the OMB historical data base for physical capital outlays. 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 BEA 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. The Bureau of Economic Analysis is in the process of preparing satellite accounts to accompany the National Income and Product Accounts that will report on changes in mineral deposits for the Nation as a whole, but this work is not yet completed.

#### *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 1979–1993, 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 1994 is a projection.

#### *National Balance Sheet Data*

*Publicly Owned Physical Assets:* Basic sources of data for the federally owned or financed stocks of capital are the investment flows described elsewhere in the budget. 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 the BEA.

*Privately Owned Physical Assets:* Data are from the Flow-of-Funds national balance sheet. Preliminary estimates for 1994 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 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, but to be retired when a person dies. 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 on the outstanding balance for applied research and development. Basic research is assumed not to depreciate. The 1993 Budget 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 for Fiscal Year 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.

Experimental estimates of R&D capital stocks have recently been prepared by BEA. The results are described in "A Satellite Account for Research and Development," *Survey of Current Business*, November 1994. These BEA estimates are lower than those presented here primarily because BEA assumes that the stock of basic research depreciates, while the estimates in Table 2–3 assume that basic research does not depreciate. BEA also assumes a slightly higher rate of depreciation for applied research and development, 11 percent, compared with the 10 percent rate used here.

#### *Social Indicators*

The main sources for the data in this table are the Government statistical agencies. The data are publicly available in the President's annual *Economic Report* and the *Statistical Abstract of the United States*. Other sources include: *Educational Attainment in the United States March 1993 and 1992*, *Health United States 1993*, and *NAEP 1992 Trends in Academic Progress*.



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## **FEDERAL RECEIPTS AND COLLECTIONS**

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### 3. 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 1996 are estimated to be \$1,415.5 billion, an increase of \$69.0 billion or 5.1 percent relative to 1995. This increase is largely due to assumed increases in incomes resulting from

both real economic growth and inflation. Receipts are projected to grow at an average annual rate of 4.9 percent between 1996 and 2000, rising to \$1,710.9 billion.

As a share of GDP, receipts are projected to decline from 19.2 percent in 1995 to 18.6 percent in 2000. The Uruguay Round Agreements Act of 1994 and the Administration's proposed middle-class tax cut, which are discussed below, are in large part responsible for this decline in the receipts share of GDP.

**TABLE 3-1. RECEIPTS BY SOURCE—SUMMARY**  
(In billions of dollars)

Source	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Individual income taxes .....	543.1	588.5	623.4	642.5	680.5	717.3	756.4
Corporation income taxes .....	140.4	150.9	157.4	166.1	173.2	179.2	190.5
Social insurance taxes and contributions .....	461.5	484.4	509.3	532.7	559.2	585.9	614.3
(On-budget) .....	(126.4)	(133.2)	(139.0)	(144.7)	(151.2)	(157.0)	(163.4)
(Off-budget) .....	(335.0)	(351.3)	(370.4)	(388.0)	(408.0)	(428.9)	(450.9)
Excise taxes .....	55.2	57.6	57.2	58.4	59.3	60.7	61.8
Estate and gift taxes .....	15.2	15.6	16.8	18.0	19.4	20.9	22.5
Customs duties .....	20.1	20.9	22.3	24.1	26.1	28.0	31.2
Miscellaneous receipts .....	22.3	28.6	29.0	29.8	31.2	32.7	34.3
<b>Total receipts .....</b>	<b>1,257.7</b>	<b>1,346.4</b>	<b>1,415.5</b>	<b>1,471.6</b>	<b>1,548.8</b>	<b>1,624.7</b>	<b>1,710.9</b>
(On-budget) .....	(922.7)	(995.2)	(1,045.7)	(1,083.6)	(1,140.8)	(1,195.8)	(1,260.0)
(Off-budget) .....	(335.0)	(351.3)	(370.4)	(388.0)	(408.0)	(428.9)	(450.9)

**TABLE 3-2. CHANGES IN RECEIPTS**  
(In billions of dollars)

	Estimate					
	1995	1996	1997	1998	1999	2000
Receipts under tax rates and structure in effect January 1, 1995 <sup>1</sup> .....	1,346.4	1,417.8	1,479.4	1,554.4	1,629.3	1,715.7
Social security (OASDI) taxable earnings base increases:						
\$61,200 to \$63,000 on Jan. 1, 1996 .....		0.7	2.0	2.2	2.4	2.8
\$63,000 to \$64,800 on Jan. 1, 1997 .....			0.7	2.0	2.3	2.6
\$64,800 to \$67,500 on Jan. 1, 1998 .....				1.1	3.1	3.5
\$67,500 to \$70,200 on Jan. 1, 1999 .....					1.1	3.2
\$70,200 to \$73,200 on Jan. 1, 2000 .....						1.3
Proposals <sup>2</sup> .....	*	-3.0	-10.4	-10.9	-13.6	-18.1
<b>Total, receipts under existing and proposed legislation .....</b>	<b>1,346.4</b>	<b>1,415.5</b>	<b>1,471.6</b>	<b>1,548.8</b>	<b>1,624.7</b>	<b>1,710.9</b>

\*\$50 million or less.

<sup>1</sup> These estimates assume a social security taxable earnings base of \$61,200 through 2000.

<sup>2</sup> Net of income offsets.

## ENACTED LEGISLATION

**Uruguay Round Agreements Act of 1994.**—This Act implements the Uruguay Round of Agreements that were entered into by the United States and members of the General Agreement on Tariffs and Trade (GATT) on April 15, 1994. It also extends for 10 months, through July 1995, the Generalized System of Preferences (GSP) program, which provides preferential duty treatment to U.S. imports of selected products from developing countries. In enacting this legislation, the United States joins 123 nations in the most sweeping trade agreement in history. The tariff reductions provided under the Agreements and the extension of GSP are largely offset by other revenue and outlay provisions. The major provisions of the Act that affect receipts are described below.

**Reduce tariffs.**—Overall, global tariffs on industrial goods are reduced by an average of 34 percent; U.S. tariffs are reduced by slightly more than one-third, with matching tariff reductions by U.S. trading partners. Some reductions occur immediately, some over five years, and some, such as textiles, are phased in over ten years.

**Extend GSP.**—This program, which provides duty-free access to over 4,400 items from about 142 eligible developing countries that meet certain worker rights and other criteria, is extended for ten months through July 31, 1995.

**Reform Pension Benefit Guaranty Corporation (PBGC).**—The Retirement Protection Act of 1994 comprises a comprehensive series of reforms designed to improve the funding of single-employer defined benefit pension plans and reduce the potential exposure of the PBGC. A number of changes are made to the special funding rules applicable to underfunded pension plans that generally require sponsors of underfunded pension plans to increase their plan funding. In addition, the per participant cap on the variable rate premium that underfunded plans pay to the PBGC is phased-out. The phase-out creates additional incentives for employers to fund their plans, while at the same time it more than offsets the decline in receipts that results from the increased contributions.

**Accelerate collection of certain excise taxes.**—The due date for deposit of excise tax liability incurred during the semi-monthly period of September 16th through September 26th is accelerated to September 29th. Under prior law, the payment was due in the subsequent fiscal year. Special rules apply to taxes on ozone-depleting chemicals, communications services, and air transportation. The acceleration is effective generally on January 1, 1995.

**Modify estimated tax payment rules for certain foreign income.**—U.S. shareholders of a controlled foreign corporation must include earnings from the corporation in their own income for estimated tax purposes by annualizing the earnings. Estimated tax payments must also be made throughout the year for yearly income from intangible property includable in taxable in-

come under section 936 of the tax code. A safe harbor is provided in determining the estimated tax liability. This provision is effective for tax years beginning in 1995.

**Modify withholding requirements on certain payments.**—Effective for payments made after December 31, 1996, taxpayers who receive Federal payments and unemployment compensation will be given the option of requesting that the agency making the payment withhold Federal income taxes from the payments. Effective for payments made after December 31, 1994, withholding of Federal income taxes is required on distributions of revenues from certain gaming activities by an Indian tribe to its members. Effective for benefits paid after December 31, 1994, the amount of social security or railroad retirement tier 1 benefits included in the gross income of a nonresident alien that is subject to withholding increases from 50 to 85 percent.

**Modify earned income tax credit (EITC) eligibility rules.**—Effective for taxable years beginning after December 31, 1994, the following changes are made in EITC eligibility rules: (1) members of the Armed Forces stationed outside the United States on extended active duty are allowed to claim the earned income tax credit; and (2) individuals who are nonresident aliens for any portion of the taxable year generally are ineligible to claim the earned income tax credit. Effective for taxable years beginning after December 31, 1993, income received for services provided while an individual is an inmate in a penal institution is removed from the definition of earned income for purposes of computing the EITC.

**Require taxpayer identification numbers (TINs) at birth.**—Taxpayers claiming dependents will be required to provide a TIN for each dependent, regardless of the dependent's age. This requirement is phased-in for tax years 1995 and 1996 and is fully effective in 1997.

**Extend Internal Revenue Service (IRS) user fees.**—The IRS provides written responses to questions of individuals, corporations, and organizations relating to their tax status or the effects of particular transactions for tax purposes. The IRS responds to these inquiries through the issuance of letter rulings, determination letters, and opinion letters. The fees charged for these requests, which were scheduled to expire effective with requests made after September 30, 1995, are extended through September 30, 2000.

**Modify substantial understatement penalty for corporations participating in tax shelters.**—Under prior law, corporations could avoid a substantial understatement penalty regarding a tax shelter if the taxpayer reasonably believed that its position would "more likely than not" be considered the proper tax treatment. Effective for transactions after December 8, 1994, the "more likely than not" standard is repealed and the corporation is subject to the substantial understatement penalty unless the general exception for reasonable cause applies.



*Modify treatment of partnership distributions of marketable securities.*—For purposes of measuring gain, the distribution by a partnership of marketable securities generally will be treated like a distribution of cash. A partner will recognize gain to the extent the fair market value of the marketable securities exceeds his adjusted basis in the partnership interest. Exceptions are provided, but in general, the change applies to partnership distributions of marketable securities after December 8, 1994.

*Modify treatment of excess pension assets used for retiree health benefits.*—The prior law provision permitting excess defined benefit pension plan assets to be used to provide retiree health benefits is extended, with modification, for five years through December 31, 2000.

*Modify rounding rules for pension cost of living adjustments.*—Effective for years beginning after December 31, 1994, the dollar limits on contributions and benefits under qualified pension plans are indexed in \$5,000 increments, the dollar limit on elective deferrals is indexed in \$500 increments, and the dollar limit on compensation taken into account for simplified employee pensions is indexed in \$50 increments.

***Social Security Independence and Program Improvements Act.***—This Act establishes the Social Security Administration as an independent agency from the Department of Health and Human Services and makes several changes to the Social Security (OASDI) and Supplemental Security Income (SSI) programs. The provisions of the Act that affect receipts expand the exemption from OASDI taxes to certain immigrants and workers, including election workers, ministers, and police and firefighters.

***Social Security Domestic Employment Reform Act of 1994.***—The provisions of this Act make several changes to the OASDI and SSI programs. The major changes affecting receipts are described below.

*Simplify payment of employment taxes on domestic workers and revise withholding threshold.*—The threshold for withholding and paying Social Security taxes on domestic workers is raised from \$50 per quarter under prior law to \$1,000 per year. This new threshold, which will be indexed annually for inflation, is effective retroactive to January 1, 1994. For 1995 through 1997, employers are allowed to pay domestic employment taxes in a lump sum when they file their own tax returns. Beginning in 1998, employers will be required to satisfy their tax obligation quarterly through estimated payments or by increasing the tax withheld from their own wages. Household workers under age 18 are exempt from social security taxation and coverage unless household employment is their principal occupation.

*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 provided. This provision has no net effect on receipts or the deficit.

*Provide tax relief to middle-income families.*—Tax relief for middle-income families has always been a goal of this Administration. In 1993, however, the Administration faced a deficit crisis; bringing the deficit under control and concentrating tax relief on the working poor were the first priorities. The deficit reduction program has been even more of a success than planned. Now is the time to move beyond the working poor and provide middle-income Americans with a dividend from the successes the Administration has achieved in cutting the deficit and in reinventing government. The Administration is proposing the following middle-class tax cuts that are designed not only to provide tax relief, but also to provide incentives to save and invest in our future and so boost American productivity.

### ADMINISTRATION PROPOSALS

*Provide tax credit for dependent children.*—A \$500 non-refundable credit will be allowed for each dependent child under the age of 13. The credit will equal \$300 for 1996, 1997 and 1998, and will rise to \$500 for 1999 and subsequent years. The credit will be phased-out for taxpayers with adjusted gross income (AGI) between \$60,000 and \$75,000. Both the credit amount and the phase-out range will be indexed for inflation. The credit must be applied after the earned income tax credit and cannot be used to offset alternative minimum tax liability.

*Provide tax incentive for education and training.*—Effective January 1, 1996, a deduction will be permitted for up to \$5,000 in expenditures on post-secondary school education and training for the taxpayer, the taxpayer's spouse and dependents. The maximum allowable deduction will increase to \$10,000 effective January 1, 1999. The maximum allowable deduction will be phased-out for taxpayers filing a joint return with AGI (before the proposed deduction) between \$100,000 and \$120,000. For taxpayers filing a head-of-household or single return, the maximum allowable deduction will be phased out for those with AGI between \$70,000 and \$90,000. Qualifying education expenses are those related to post-secondary education paid to institutions and programs eligible for Federal assistance. Deductible expenses will include tuition and fees, but will not include meals, lodging, books or transportation.

*Expand Individual Retirement Accounts (IRAs).*—Under present law, eligibility for deductible IRAs is phased-out for single taxpayers with AGI between \$25,000 and \$35,000 and for couples filing a joint return with AGI between \$40,000 and \$50,000. Effective January 1, 1996, the AGI thresholds and phase-out ranges will be doubled; therefore, eligibility will be phased-out for single taxpayers with AGI between \$50,000 and \$70,000 and for couples filing a joint return with AGI between \$80,000 and \$100,000. These

thresholds and the present law annual contribution limit of \$2,000 will be indexed for inflation. Penalty-free withdrawals from IRAs will be allowed if the proceeds are used to pay post-secondary education costs, to buy or build a first home, to cover living costs if unemployed for at least 12 consecutive weeks, or to pay catastrophic medical expenses (including nursing home or other costs associated with caring for an incapacitated parent or grandparent). In addition, each individual eligible for a deductible IRA will have the option of contributing an amount up to the contribution limit to a traditional deductible IRA or to a new back-loaded special IRA. Contributions to this special IRA will not be tax deductible, but if the assets remain in the account for at least five years, all earnings from the account will be tax-free when withdrawn. Withdrawals of account balances from special IRAs during the five-year period will be subject to ordinary income tax and a 10 percent penalty. Penalty-free withdrawals from special IRAs will be allowed during the five year period for the purposes described above. As with current-law IRAs, penalty-free withdrawals will be allowed for any purpose after the taxpayer reaches the age of 59½, or upon disability or death of the taxpayer. Individuals whose AGI for a year falls below the eligibility thresholds will be allowed to convert an existing IRA into a special IRA.

**Modify earned income tax credit (EITC) eligibility rules.**—The Administration is proposing a package of modifications designed to target the EITC to intended recipients. Individuals who are living in the U.S. illegally or who do not have proper documentation for employment purposes will not be eligible to claim the EITC. Similarly, taxpayers with combined dividend and interest income in excess of \$2,500 per year will not be eligible for the EITC. In addition, related compliance measures will be implemented. All of these modifications will be effective for taxable years beginning after December 31, 1995.

**Deter expatriation tax avoidance.**—The United States requires U.S. citizens and residents to pay tax on their worldwide income. However, some U.S. taxpayers relinquish their U.S. citizenship or residence and thereby avoid future U.S. tax on unrealized gains. To ensure that these individuals pay their fair share of U.S. tax, when a U.S. citizen renounces U.S. citizenship or when a noncitizen who has been a tax resident of the United States for at least 10 years becomes a nonresident of the United States, the Administration is proposing that such individual's assets be deemed to be disposed of and reacquired at their fair market value in a transaction in which gain or loss is recognized. There will be an exemption for up to \$600,000 of gain and for U.S. real property interests. The provision will apply to any expatriation after February 5, 1995.

**Tighten rules for taxing foreign trusts.**—Some U.S. taxpayers avoid paying applicable U.S. tax on their

share of income earned by foreign trusts. To ensure that U.S. tax is collected on this income, the Administration is proposing enhanced information reporting requirements for assets transferred to foreign trusts. In addition, under current law, distributions received by U.S. taxpayers from certain foreign trusts may be treated as nontaxable gifts. The Administration is proposing that U.S. taxpayers who receive such distributions pay U.S. tax on the distributions that represent trust income, unless U.S. law treats a U.S. taxpayer as owning the trust assets.

**Increase the number of empowerment zones.**—Under the Omnibus Budget Reconciliation Act of 1993, certain tax incentives were provided for nine empowerment zones and 95 enterprise communities, to be designated during 1994 and 1995. The Act specified that six empowerment zones and 65 enterprise communities were to be located in eligible urban areas and three empowerment zones and 30 enterprise communities were to be located in rural areas. The six urban empowerment zones were subject to a total population cap of 750,000. The original nine empowerment zones and 95 enterprise communities were designated in December 1994; tax incentives will be available during the period that the designation remains in effect, which generally will be 10 years. The Administration proposes to provide tax incentives for two additional urban empowerment zones, increasing the total number to 11. In addition, the population cap for urban empowerment zones will be increased to 1,000,000.

**Reduce excise taxes on certain vaccines.**—A manufacturer's tax is levied on vaccines used to prevent diphtheria, pertussis, tetanus, measles, mumps, rubella or polio. These taxes are deposited in the Vaccine Injury Compensation Trust Fund and provide a source of revenue to compensate individuals who sustain certain injuries or die following administration of these vaccines. Because of large balances in the trust fund, a 50 percent reduction in revenues from these taxes is proposed. The decrease will allow continued program compensation while lowering the costs of vaccines to both public and private purchasers.

**Expand fees collected under the securities laws.**—The Administration proposes to expand certain fees collected under the securities laws as part of a legislative package to provide the Securities and Exchange Commission with a sound and stable long term funding structure. The Administration intends to work with Congress to secure early enactment of such a legislative proposal.

**Assess fees for examination of FDIC-insured banks and bank holding companies (receipt effect).**—The Administration proposes to require the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve to assess fees for examination of FDIC-insured banks and bank holding companies. The Federal Reserve currently funds the costs of such examina-

tions from earnings; therefore, deposits of earnings by the Federal Reserve, which are classified as governmental receipts, will increase by the amount of the fees.

**Modify Federal pay raise (receipt effect).**—National and locality pay increases for Federal employees would sum to 2.4 percent in 1996, 3.1 percent in 1997, and 2.1 percent each year in 1998-2000. These proposed pay adjustments affect Federal employee contributions to the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS).

**Extend the environmental tax on corporate taxable income.**—A tax equal to 0.12 percent of alternative minimum taxable income in excess of \$2 million is levied on all corporations and deposited in the Hazardous Substance Superfund Trust Fund. Extension of this tax, which expires on December 31, 1995, is supported by the Administration. The Administration also supports extension of the excise taxes deposited in the Superfund, which are extended in the baseline estimates, but are scheduled to expire December 31, 1995.

**Improve tax administration and compliance.**—The Administration continues to support revenue-neutral initiatives designed to promote sensible and equitable administration of the internal revenue laws. These include simplification, technical corrections, and taxpayer compliance measures. In addition, the Administration supports and wants to work with Congress on the following proposals:

- intermediate sanctions and disclosure requirements to improve public charities' compliance with the requirements for tax-exempt status;
- a package of compliance initiatives that will support the Internal Revenue Service's efforts to modernize and streamline its operations, to alleviate taxpayer burdens by facilitating the payment of taxes and filing of tax returns, and to rationalize existing rules to treat taxpayers more fairly; and
- modifications to improve compliance with diesel dyeing requirements and facilitate refunds of the excise tax on the sale of certain fuels not used for taxable purposes.

The Administration will also continue to monitor and consider ways to ease the impact of the reduction of the deductible portion of otherwise allowable business meals and entertainment expenses.

**Expiring provisions.**—A number of tax provisions have expired or are scheduled to expire before January 1, 1996. The Administration supports the revenue-neutral extension of these provisions as discussed below and looks forward to working with the Congress to achieve that goal. These provisions include the following:

**Exclusion for employer-provided educational assistance.**—Certain amounts paid by an employer for educational assistance provided to an employee are excluded from the employee's gross income for income and payroll tax purposes. This exclusion expired with respect to amounts paid after December 31, 1994. The Administration has previously proposed permanent extension of this provision.

**Targeted jobs tax credit.**—A tax credit, generally equal to 40 percent of up to \$6,000 of qualified first year wages, is provided to employers who hire individuals from several targeted groups. The credit expired with respect to individuals hired after December 31, 1994. The Administration strongly supports the goals of this program but has serious concerns over the cost-effectiveness of its current design. The Administration would support extension if the problems undermining the credit's effectiveness are addressed.

**Research and experimentation (R&E) tax credit.**—The 20 percent tax credit provided for certain research and experimentation expenditures expires with respect to expenditures made after June 30, 1995. The Administration has previously proposed permanent extension of this provision.

**Research and experimentation (R&E) allocation rules.**—Companies with foreign operations are allowed to allocate 50 percent of domestic R&E expenditures to their domestic operations and 50 percent of foreign R&E expenditures to their foreign operations. The remaining expenses are to be allocated on the basis of gross sales or gross income. This provision expires with respect to R&E expenses incurred after July 31, 1995.

**Oil spill liability tax.**—Under prior law, a five cents per barrel tax was levied on each barrel of domestic and imported crude oil entering a U.S. port. This tax, which was deposited in the Oil Spill Liability Trust Fund, was to expire on the earlier of December 31, 1994 or the date on which the unobligated balance in the fund reached \$1 billion. This tax expired on December 31, 1994.

**Tax credit for orphan drug clinical testing expenses.**—A 50 percent non-refundable tax credit is 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 expired with respect to expenses incurred after December 31, 1994.

**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 was deductible under prior law. This deduction expired effective with respect to expenses incurred after December 31, 1993. The Administration has previously proposed permanent extension of this provision.

*Generalized System of Preferences (GSP).*—Under GSP duty-free access is provided to over 4,000 items from about 142 eligible developing countries that meet certain worker rights and other criteria. This program, which was extended for 10 months under the Uruguay Round Agreements Act of 1994, is scheduled to expire after July 31, 1995.

*Tax deduction for contributions to private foundations.*—The deduction for a contribution to a private foundation is generally limited to the adjusted basis of the contributed property. However, a taxpayer who contributed qualified appreciated stock to a private foundation before January 1, 1995 is allowed to deduct the full fair market value of the stock, rather than the adjusted basis of the contributed stock.

TABLE 3-3. EFFECT OF PROPOSALS ON RECEIPTS

(In billions of dollars)

	Estimate						
	1995	1996	1997	1998	1999	2000	1995-2000
Provide tax relief to middle-income families:							
Provide tax credit for dependent children .....		-3.5	-6.8	-6.6	-8.3	-10.1	-35.4
Provide tax incentive for education and training .....		-0.7	-4.7	-4.9	-5.7	-7.5	-23.5
Expand Individual Retirement Accounts (IRAs) .....		0.4	-0.3	-0.8	-1.0	-2.0	-3.8
Subtotal, Middle-income tax relief .....		-3.8	-11.8	-12.4	-15.1	-19.6	-62.7
Modify earned income tax credit (EITC) eligibility rules:							
Deny EITC to undocumented workers/related compliance measures .....			0.1	0.1	0.1	0.1	0.4
Impose interest and dividend test on EITC recipients .....		*	0.1	0.1	0.1	0.1	0.3
Subtotal, Modify EITC eligibility rules .....		*	0.2	0.2	0.2	0.2	0.7
Deter expatriation tax avoidance .....		0.1	0.2	0.3	0.4	0.5	1.5
Tighten rules for taxing foreign trusts .....		0.3	0.4	0.4	0.5	0.5	2.0
Increase the number of empowerment zones .....	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.7
Reduce excise taxes on certain vaccines <sup>1</sup> .....		-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
Expand fees collected under the securities laws .....	0.1	0.3	0.3	0.3	0.4	0.4	1.8
Assess fees for examination of FDIC-insured banks and bank holding companies (receipt effect) .....		0.1	0.1	0.1	0.1	0.1	0.4
Modify Federal pay raise (receipt effect) .....		-0.1	-0.2	-0.3	-0.4	-0.5	-1.3
Extend environmental tax on corporate taxable income <sup>2</sup> .....		0.3	0.5	0.5	0.5	0.5	2.4
<b>Total effect of proposals <sup>1</sup></b> .....	*	-3.0	-10.4	-10.9	-13.6	-18.1	-56.0

\* \$50 million or less.

<sup>1</sup> Net of income offsets.<sup>2</sup> Net of deductibility for income tax purposes.

**TABLE 3-4. RECEIPTS BY SOURCE**  
(In millions of dollars)

Source	1994 actual	1995 estimate	1996 estimate
<b>Individual income taxes (federal funds):</b>			
Withheld .....	459,699	487,636	513,404
Proposed legislation (PAYGO) .....	— 38	— 3,529	
Other .....	160,433	183,595	199,985
Refunds .....	— 77,077	— 82,733	— 86,488
<b>Total net individual income taxes .....</b>	<b>543,055</b>	<b>588,460</b>	<b>623,372</b>
<b>Corporation income taxes:</b>			
Federal funds:			
Gross collections .....	153,552	165,174	172,489
Proposed legislation (PAYGO) .....	— 15	— 102	
Refunds .....	— 13,820	— 14,910	— 15,571
Total Federal funds net corporation income taxes .....	139,732	150,249	156,816
Trust funds:			
Gross collections (Hazardous substance superfund) .....	653	615	249
Proposed legislation (PAYGO) .....			384
<b>Total net corporation income taxes .....</b>	<b>140,385</b>	<b>150,864</b>	<b>157,449</b>
<b>Social insurance taxes and contributions (trust funds):</b>			
Employment taxes and contributions:			
Old-age and survivors insurance (Off-budget) .....	302,607	284,189	314,205
Disability insurance (Off-budget) .....	32,419	67,067	56,156
Hospital insurance .....	90,062	96,657	102,402
Railroad retirement:			
Social Security equivalent account .....	1,399	1,495	1,503
Rail pension and supplemental annuity .....	2,323	2,386	2,401
Total employment taxes and contributions .....	428,810	451,794	476,667
On-budget .....	93,784	100,538	106,306
Off-budget .....	335,026	351,256	370,361
Unemployment insurance:			
State taxes deposited in Treasury <sup>1</sup> .....	22,484	22,340	22,419
Federal unemployment tax receipts <sup>1</sup> .....	5,460	5,694	5,756
Railroad unemployment tax receipts <sup>1</sup> .....	27	23	23
Railroad debt repayment <sup>1</sup> .....	33		
Total unemployment insurance .....	28,004	28,057	28,198
Other retirement contributions:			
Federal employees' retirement—employee contributions .....	4,563	4,462	4,430
Proposed legislation (non-PAYGO) .....			— 75
Contributions for non-Federal employees <sup>2</sup> ...	98	96	96
Total other retirement contributions .....	4,661	4,558	4,451
<b>Total social insurance taxes and contributions</b>	<b>461,475</b>	<b>484,409</b>	<b>509,315</b>
On-budget .....	126,450	133,153	138,954
Off-budget .....	335,026	351,256	370,361
<b>Excise taxes:</b>			
Federal funds:			
Alcohol .....	7,539	7,551	7,514
Tobacco .....	5,691	5,657	5,633
Transportation fuels .....	9,402	8,132	6,607
Telephone and teletype services .....	3,526	3,720	3,921
Ozone depleting chemicals and products .....	761	717	214
Other Federal funds .....	4,307	3,215	2,415
Proposed legislation (PAYGO) .....			— 24
<b>Total Federal fund excise taxes .....</b>	<b>31,226</b>	<b>28,992</b>	<b>26,280</b>
<b>Trust funds:</b>			
Highway .....	16,668	20,665	22,894
Airport and airway .....	5,189	5,562	5,877
Aquatic resources .....	301	301	311
Black lung disability insurance .....	567	636	645
Inland waterway .....	88	103	110
Hazardous substance superfund .....	807	842	850
Oil spill liability .....	48	204	
Vaccine injury compensation .....	179	140	140
Proposed legislation (PAYGO) .....			— 70
Leaking underground storage tank .....	152	155	157
<b>Total trust funds excise taxes .....</b>	<b>23,999</b>	<b>28,608</b>	<b>30,914</b>
<b>Total excise taxes .....</b>	<b>55,225</b>	<b>57,600</b>	<b>57,194</b>
<b>Estate and gift taxes .....</b>	<b>15,225</b>	<b>15,587</b>	<b>16,760</b>
<b>Customs duties:</b>			
Federal funds .....	19,422	20,226	21,600
Trust funds .....	677	687	732
<b>Total customs duties .....</b>	<b>20,099</b>	<b>20,913</b>	<b>22,332</b>
<b>MISCELLANEOUS RECEIPTS: <sup>3</sup></b>			
Miscellaneous taxes .....	163	179	188
United Mine Workers of America combined benefit fund .....	286	351	274
Deposit of earnings, Federal Reserve System ..	18,023	24,559	24,695
REGO proposal (PAYGO) .....			79
Fees for permits and regulatory and judicial services .....	1,845	1,867	1,938
Proposed legislation (PAYGO) .....		81	310
Fines, penalties, and forfeitures .....	1,824	1,830	1,820
Restitutions, reparations, and recoveries under military occupation .....	7	6	6
Gifts and contributions .....	141	113	128
Refunds and recoveries .....	— 6	— 406	— 405
<b>Total miscellaneous receipts .....</b>	<b>22,282</b>	<b>28,581</b>	<b>29,034</b>
<b>Total budget receipts .....</b>	<b>1,257,745</b>	<b>1,346,414</b>	<b>1,415,456</b>
On-budget .....	922,719	995,158	1,045,095
Off-budget .....	335,026	351,256	370,361
<b>MEMORANDUM</b>			
Federal funds .....	774,145	835,428	878,135
Trust funds .....	312,073	322,785	359,068
Interfund transactions .....	— 163,499	— 163,055	— 192,107
<b>Total on-budget .....</b>	<b>922,719</b>	<b>995,158</b>	<b>1,045,095</b>
<b>Off-budget (trust funds) .....</b>	<b>335,026</b>	<b>351,256</b>	<b>370,361</b>
<b>Total .....</b>	<b>1,257,745</b>	<b>1,346,414</b>	<b>1,415,456</b>

<sup>1</sup>Deposits by States are State payroll taxes that cover 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.

<sup>2</sup>Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored enterprises and the District of Columbia municipal government.

<sup>3</sup>Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are 1994: \$578 million, 1995: \$650 million, and 1996: \$596 million.



## 4. USER FEES AND OTHER COLLECTIONS

### USER FEES

The Federal Government earns income from its business-type activities as well as obtaining taxes and other governmental receipts by the exercise of its sovereign powers. It sells postage stamps and electricity, charges fees for admittance to national parks, collects premiums for deposit insurance, and obtains rents and royalties for the right to extract oil from the Outer Continental shelf.

These collections are subtracted from gross outlays rather than added to the taxes and other governmental receipts discussed in the previous chapter. Because they reduce outlays, they are called "offsetting collections." The purpose of this treatment is to produce budget totals for receipts, outlays, and budget authority in terms of the amount of resources allocated governmentally, through collective political choice rather than through the market.

Offsetting collections are classified into two major categories: offsetting receipts, which are deposited in receipt accounts; and offsetting collections credited to appropriations (expenditure) accounts, which are deposited directly in these accounts and usually can be spent without further action by the Congress. Both categories include collections from other accounts within the Government as well as the public. Chapter 25, "Budget System and Concepts," explains the budgetary treatment of these collections more fully.

The term "user charge" is not a budgetary category. It is a general term that refers to amounts assessed

against identifiable recipients for special benefits derived from Federal activities beyond those received by the general public. Depending on whether the user charge is based on the Government's sovereign power or business-type activity, and on other considerations, it may be classified as a governmental receipt or an offsetting collection.

As shown in Table 4-1, total offsetting collections from the public (including those proposed in this budget) are estimated to be \$203.4 billion in 1996. This is only 14 percent as large as the governmental receipts discussed in the previous chapter. Table 4-1 divides this total between offsetting receipts and offsetting collections credited to appropriations accounts and shows major subcategories of each. Table 4-3 provides more detail for offsetting receipts collected from the public together with detail for offsetting receipts collected from other accounts within the Government.

The budget contains a variety of user fee and other collections proposals that would yield \$1.6 billion in 1996 and \$12.9 billion over the years 1996 through 2000. These proposals establish or increase fees in order to recover more of the costs of providing Government services. Table 4-2 splits the proposals between discretionary and mandatory categories for the appropriate scoring under the Budget Enforcement Act of 1990 (BEA). It includes both offsetting collections and user charges classified as governmental receipts.

TABLE 4-1. OFFSETTING COLLECTIONS FROM THE PUBLIC

(In millions of dollars)

Type	1994 actual	Estimate	
		1995	1996
Collections deposited in receipt accounts:			
Medicare premiums .....	17,747	20,122	20,197
Military assistance trust fund property sales .....	13,036	13,350	13,370
Outer Continental Shelf payments, naval petroleum reserve lease and other undistributed offsetting receipts .....	3,002	2,692	6,014
Spectrum auction proceeds, undistributed .....	.....	4,375	4,575
Sale of property and services, interest income and all other collections deposited in receipt accounts .....	17,352	17,481	19,044
Subtotal, collections from the public deposited in receipt accounts .....	51,137	58,020	63,200
Collections credited to appropriations accounts:			
Postal Service Stamp sales and other collections .....	48,412	52,636	54,805
Deposit insurance funds .....	31,577	22,653	14,939
Tennessee Valley Authority and Power Administration collections .....	8,903	8,940	9,249
Commodity Credit Corporation loan repayments and other collections .....	7,560	10,660	9,930
Other loan repayments .....	9,139	8,755	7,308
Loan guaranty and other insurance premiums, interest income and all other collections credited to appropriations accounts .....	48,832	43,807	43,992
Subtotal, collections from the public credited to appropriation accounts .....	154,424	147,449	140,223
Offsetting collections from the public .....	205,561	205,469	203,423
Offsetting collections from the public excluding off-budget Postal Service collections .....	157,149	152,833	148,618

TABLE 4-2. PROPOSED USER FEES AND OTHER COLLECTIONS

(In millions of dollars)

	1996	1997	1998	1999	2000
<b>User fees</b>					
<b>Discretionary:</b>					
<b>Department of Agriculture:</b>					
Animal and Plant Health Inspection Service—inspection, licensing, and permit fees—Collections and spending authority ....	8	8	8	8	8
Grain Inspection—Packers and Stockyards Administration—standardization and licensing activities—Collections and spending authority .....	16	16	16	16	16
Food Safety and Inspection Service—meat and poultry/eggs overtime inspection fees—Collections and spending authority .....	107	107	107	107	107
<b>Department of Energy:</b> Decontamination and decommissioning fee extended to foreign purchasers of U.S. enrichment services—Collections .....	45	46	47	48	49
<b>Department of Health and Human Services—Food and Drug Administration:</b>					
Import user fee to cover inspection/regulatory compliance program—Collections and spending authority .....	15	15	16	16	17
Medical device review and approval—Collections and spending authority .....	24	24	25	26	27
<b>Department of the Interior:</b> Expand authority for Park Service fees:					
Collections .....	32	36	42	46	52
Spending authority .....	.....	36	41	48	52
<b>Army Corps of Engineers:</b> Wetlands dredging permit application fees—Collections .....	6	12	12	12	12
<b>Environmental Protection Agency:</b> Registration fee for pesticide manufacturers—Collections .....	15	15	.....	.....	.....
<b>Small Business Administration:</b> Loan servicing fees for Small Business Investment Company and Certified Development Company programs—Collections and spending authority .....	3	3	3	3	3
<b>Commodity Futures Trading Commission:</b> Transaction fee to cover cost of regulatory activities—Collections and spending authority .....	60	60	60	60	60
<b>Federal Maritime Commission:</b> Tariff filing and other administrative fees—Collections and spending authority .....	2	2	2	2	2
<b>Federal Emergency Management Agency:</b> Fee to cover 100% of radiological emergency preparedness program—Collections .....	12	12	12	12	12
<b>Nuclear Regulatory Commission:</b> Extend fee to cover costs of regulation—Collections and spending authority .....	.....	.....	.....	312	306
<b>Securities and Exchange Commission:</b> Tier 3 fees credited to appropriation—Collections and spending authority .....	92	80	67	54	40
<b>Subtotal, discretionary user fees:</b>					
Collections .....	437	437	418	723	711
Spending authority .....	327	353	346	653	638
<b>Mandatory:</b>					
<b>Department of Agriculture:</b> Recover costs for oversight of marketing agreements and orders—Collections and spending authority .....					
.....	10	10	10	10	10
<b>Department of Commerce:</b> Fisheries management program fees—Collections and spending authority .....	10	10	10	10	10
<b>Departments of Justice and the Treasury:</b> Immigration and Naturalization Service/Customs Service border services fee—Collections and spending authority .....	200	426	438	452	466
<b>Department of Transportation:</b> Railroad safety inspection fees—Collections .....	45	47	49	51	53
<b>Environmental Protection Agency:</b> Pesticide re-registration fee—Collections and spending authority .....	9	8	15	15	.....
<b>Small Business Administration:</b> Loan servicing fees for 7(a) program—Collections and spending authority .....	9	9	9	8	8
<b>General Services Administration:</b> Allow agencies to charge a commercial equivalent fee for parking provided to employees—Collections and spending authority .....	45	45	45	45	45
<b>Federal Deposit Insurance Corporation/Federal Reserve Banks:</b> Examination fees for FDIC-insured banks and bank holding companies—Collections <sup>1</sup> .....	184	193	201	208	216
<b>Securities and Exchange Commission:</b>					
Tier 1 fees—increases in existing fees—Collections <sup>2</sup> .....	59	62	66	69	73
Tier 2 fees—new permanent fees deposited in special fund—Collections and spending authority <sup>2</sup> .....	251	263	276	289	303
<b>Subtotal, mandatory user fees:</b>					
Collections .....	821	1,073	1,118	1,157	1,184
Spending authority .....	533	771	802	829	842
<b>Total, user fees:</b>					
Collections .....	1,259	1,510	1,536	1,880	1,894
Spending authority .....	860	1,123	1,148	1,482	1,480
<b>Other collections</b>					
<b>Federal Communications Commission:</b> New auction authority and/or user fees .....	300	600	1,000	1,400	1,500
<b>Total, user fees and other collections</b> .....					
.....	1,559	2,110	2,536	3,280	3,394
<b>Total, spending authority</b> .....	860	1,123	1,148	1,482	1,480

<sup>1</sup> A portion of this total will be counted as governmental receipts.<sup>2</sup> Governmental receipts.



**Discretionary.**—The following discretionary user fees are proposed as offsets to discretionary spending.

#### **Department of Agriculture**

*Animal and Plant Health Inspection Service (APHIS) fees.*—The budget proposes to establish three fees for certain APHIS activities:

- To cover APHIS' costs for providing animal welfare inspections, which would be charged to recipients of APHIS services such as animal research centers, humane societies and kennels.
- To cover APHIS' costs of issuance of biotechnology permits, which would be charged to firms that manufacture genetically engineered fruit and vegetable commodities, parasitic insects, and animals.
- To cover APHIS' costs of veterinary biologics licensing, inspection, and testing activities, which would be paid by veterinary biologics companies that specialize in the production and distribution of animal sperm.

*Grain inspection standardization and packers and stockyards licensing fees.*—The budget proposes to establish a fee for standardization activities of the Grain Inspection—Packers and Stockyards Administration, including maintaining uniform standards for grain quality, determining criteria and recommending specifications for grain inspection instrumentation and developing an agency-wide quality assurance program. Legislation will also be proposed to establish a licensing fee to fully cover the costs of administering meat packing and stockyard activities. The fee would be applied to livestock market agencies, livestock dealers, meat packers and live poultry dealers.

*Meat, poultry, and egg overtime inspection fee.*—Legislation will be proposed to charge fees for all overtime inspections of meat, poultry, and egg products at all establishments inspected by the Food Safety and Inspection Service (FSIS). Currently, fees to reimburse the cost of overtime inspection are required at some FSIS inspected establishments, but not at others. The Federal government would continue to pay the full cost for a primary, eight-hour inspection shift.

#### **Department of Energy**

*Decontamination and decommissioning fee.*—The budget includes a proposal to assess a fee on foreign customers of Government enrichment services, similar to the fee currently paid by domestic purchasers. The fee would be set at a comparable rate and would be used to offset the costs of environmental cleanup of the Government's three enrichment plants.

#### **Department of Health and Human Services, Food and Drug Administration (FDA)**

*Import inspection fees.*—Legislation will be proposed to assess food importers a fee for import entry inspections. FDA is responsible for inspection of imported food products at the port of entry. Fee proceeds would be used to improve the effectiveness of FDA's regulatory compliance program.

*Medical device user fee.*—Legislation will be proposed to assess fees on medical device manufacturers who present medical devices for pre-market review. The proceeds would be dedicated to expediting the device review and approval process.

#### **Department of the Interior**

*National Park System fees.*—Legislation will be proposed to expand authority for the Secretary of the Interior to charge entrance and use fees for the National Park System. The proceeds would be made available for expenditure by the National Park Service in the following year. Allowable expenditures include the costs of collection, park maintenance and rehabilitation, and some aspects of park operations.

#### **Army Corps of Engineers**

*Wetlands permit fee.*—Legislation will be proposed to increase fees for the issuance of wetlands regulatory permits for commercial activities. Authorizing legislation will be drafted in such a way as to have no PAYGO effect and will allow appropriations committees to establish annually the level of fees to be charged. The fees would be deposited in a special Treasury account and would be available to be used by the Regulatory Program to the extent provided in advance in appropriations acts.

#### **Environmental Protection Agency (EPA)**

*Pesticide registration fee.*—Legislation will be proposed to impose user fees on manufacturers of pesticides to recover the costs of the Pesticide Registration Program. Congressional action is required to activate a user fee rule promulgated by EPA that was subsequently suspended by Congress. After enactment of the authorization, appropriations language will be transmitted to set the level of the fees.

#### **Small Business Administration (SBA)**

*Loan servicing fees.*—The budget includes loan servicing fees for SBA's three major business loan programs. The fees would be paid by the lenders and used to supplement SBA's administrative costs for running the loan programs. For the Small Business Investment Company (SBIC) and Certified Development Company (CDC) programs, SBA proposes to continue its servicing fees authorized in appropriations language last year. These fees will be requested in appropriations language again this year, and if enacted, will be automatically available. Fees for the 7(a) loan program are discussed below under mandatory proposals.

#### **Commodity Futures Trading Commission**

*Futures transaction fee.*—Authorizing legislation will be proposed to establish a transaction fee on commodity futures and option contracts traded on futures exchanges to cover the cost of the Commodity Futures Trading Commission's regulatory activities. The collection and use of this fee, once authorized, will be contingent on appropriation action. For 1996, the fee would

be set at 10 cents per round turn transaction. Additional information on this fee can be found in the *Appendix*.

### **Federal Maritime Commission (FMC)**

*Tariff filing fee.*—The Federal Maritime Commission proposes to collect new and increased fees to offset FMC's cost of providing services, including tariff filing and other administrative services. The fees collected are to be available to augment FMC's appropriation.

### **Federal Emergency Management Agency (FEMA)**

*Radiological emergency preparedness fee.*—The budget includes appropriations language that would permit FEMA to assess fees on NRC licensees to cover 100 percent of the cost of providing site-specific services that directly contribute to the fulfillment of emergency preparedness requirements needed for NRC licensing. This proposal would extend the authority to collect these fees, which currently expires at the end of 1995. The proceeds would be deposited as offsetting receipts in the general fund of the Treasury and would not be available for expenditure by FEMA.

### **Nuclear Regulatory Commission (NRC)**

*Nuclear Regulatory Commission fees.*—The budget includes a proposal to extend fees collected from nuclear facility license holders from 1998 through 2000. The collections would be used to offset NRC's costs.

### **Securities and Exchange Commission**

*Securities-related fees.*—Legislation will be proposed to expand certain fees collected under the securities laws as part of a legislative package to provide the Securities and Exchange Commission (SEC) with a sound and stable long-term funding structure. Such legislation would stipulate three tiers of new fee income. Tier 1 would be composed of permanent increases in existing base receipts collected under the securities laws. This group of fees would be used for deficit reduction. Tier 2 would establish a set of new permanent fees in the securities laws. These fees would be deposited in a special fund of the U.S. Treasury and the SEC would have the authority to spend such sums as may be deposited in this fund. Tier 3 would provide the SEC's appropriators with authority to increase certain specified receipts collected under the securities laws and deposit such increments as offsetting collections to the SEC's appropriation. The collection and use of the Tier 3 fees would be contingent on appropriation action.

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

### **Department of Agriculture**

*Agricultural Marketing Service fees.*—The Administration proposes to recover USDA costs of oversight and support of marketing agreements and orders by increasing assessments on producers and handlers.

These activities help stabilize market prices for milk, fruit, vegetables, and certain specialty crops, and they are presently funded from the Section 32 appropriation.

### **Department of Commerce**

*Fisheries management program fees.*—The Administration's Magnuson Act reauthorization proposal will include a provision to raise fees to finance marine fisheries stewardship. Fees will be used for the development and implementation of fishery programs, including social and economic studies. Fees would be paid by commercial fisherman and would provide for fisheries management.

### **Department of Justice/Department of the Treasury**

*Immigration and Naturalization Service (INS)/Customs Service border services user fee.*—Legislation will be proposed to collect \$3.00 per vehicle and \$1.50 per pedestrian crosser, with discounts to frequent crossers. These resources would be used to improve overall border management, increase facilitation of traffic, stem illegal immigration and stop cross-border drug smuggling. The Administration will consult with the governments of Mexico and Canada and other affected parties during the development and implementation of this fee.

### **Department of Transportation**

*Railroad safety inspection fee.*—Legislation will be proposed to permanently extend the railroad safety inspection fees that were enacted in the Omnibus Budget Reconciliation Act of 1990. These fees cover the costs of the Federal rail safety program. Railroads are assessed fees according to a formula based on three criteria: road miles, as a measure of system size; train miles, as a measure of volume; and employee hours, as a measure of employee activity.

### **Environmental Protection Agency**

*Pesticide re-registration fee.*—Legislation will be proposed to increase fees collected from pesticide manufacturers in support of re-registration of pesticides currently in use. The fees would also be extended beyond the current expiration date in order to fund timely completion of the re-registration program. Fees are paid by industry to offset costs incurred by the accelerated re-registration and expedited processing of pesticides.

### **Small Business Administration**

*Loan servicing fees.*—For the 7(a) Guaranteed Loan program, the budget proposes an up-front  $\frac{1}{8}$  percent servicing fee on the guaranteed portion of loans made. This fee will be proposed in authorizing language. If enacted, the funds would be automatically available. Fees for the Certified Development Company (CDC) and Small Business Investment Company (SBIC) programs are discussed above under discretionary user fee proposals.

**General Services Administration**

*Parking fees.*—Legislation will be proposed to authorize Federal agencies to charge employees up to the commercial equivalent rate for parking and related services and retain these proceeds, in excess of actual management and maintenance costs, to finance employee transit benefit programs.

**Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Banks (Fed)**

*State bank examination fee.*—Legislation will be proposed to require the FDIC and the Federal Reserve to assess fees for examinations of FDIC-insured banks and bank-holding companies. The costs of such examinations are currently funded from deposit insurance premiums and Fed earnings from monetary policy activities. The FDIC fee proceeds would be used to finance the examinations operation. The Fed proceeds would be transferred to Treasury annually in the form of surplus earnings.

**OTHER COLLECTIONS****Federal Communications Commission (FCC)**

*New auction authority and/or user fees.*—Legislation will be proposed to expand FCC authority to auction additional spectrum and other valuable public resources for private use. Alternatively, legislation will be proposed to grant the FCC authority to charge user fees for public resources that the Commission gives away for free.

**OFFSETTING RECEIPTS**

Table 4-3 itemizes all offsetting collections deposited in receipt accounts. These include payments from one part of the government to another, called intragovernmental transactions, and collections from the public. These receipts are offset (deducted) from outlays in the Federal budget. In total, offsetting receipts are estimated at \$328.5 billion in 1996.

**TABLE 4-3. OFFSETTING RECEIPTS BY TYPE**  
(In millions of dollars)

Source	1994 actual	1995 estimate	1996 estimate
<b>INTRAGOVERNMENTAL TRANSACTIONS</b>			
<b>On-budget receipts:</b>			
Federal intrafund transactions:			
Distributed by agency:			
Interest from the Federal Financing Bank ....	9,049	8,415	7,234
Interest on Government capital in enterprises .....	1,983	1,906	1,795
Other .....	1,182	879	1,013
Total Federal intrafunds .....	12,214	11,200	10,042
Trust intrafund transactions:			
Distributed by agency:			
Payments to railroad retirement .....	3,526	3,716	3,807
Other .....	1	1	1
Total trust intrafunds .....	3,527	3,717	3,808
Total intrafund transactions .....	15,741	14,917	13,850
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Military retirement fund .....	11,908	11,470	12,102
Supplementary medical insurance .....	38,355	36,955	62,122
Hospital insurance .....	2,247	4,508	5,461
Railroad social security equivalent fund .....	3,075	3,153	3,223
Rail industry pension fund .....	384	178	200
Civilian supplementary retirement contributions .....	20,029	20,494	20,797
Unemployment insurance .....	3,321	1,311	736
National separation liability .....	104	91	87
Other .....	520	582	941
Miscellaneous payments:			
Other .....	546	611	564
Subtotal .....	80,489	79,352	106,233
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds .....	2,921	3,024	3,846
Charges for services to trust funds .....	241	327	320
Quinquennial adjustment for military service credits .....			1,514
Interest payments to Treasury .....			18
Other .....	620	634	703
Subtotal .....	3,782	3,984	6,401
Total interfunds distributed by agency .....	84,272	83,337	112,634
Undistributed by agency:			
Employer share, employee retirement (on-budget): <sup>2</sup>			
Civil service retirement and disability insurance .....	7,892	7,693	7,770
CSRDI from Postal Service .....	5,114	5,493	5,499
Hospital insurance (contribution as employer) <sup>1</sup> .....	1,926	1,890	1,955
Postal employer contributions to FHI .....	514	562	590
Military retirement fund .....	12,808	12,130	11,123
Other Federal employees retirement .....	107	118	125
Total employer share, employee retirement (on-budget) .....	28,361	27,885	27,063

Source	1994 actual	1995 estimate	1996 estimate
Interest received by on-budget trust funds	56,494	57,889	60,031
Total interfund transactions undistributed by agency .....	84,855	85,773	87,094
Total interfund transactions .....	169,127	169,110	199,729
Total on-budget receipts .....	184,868	184,027	213,579
<b>Off-budget receipts:</b>			
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Old-age, survivors, and disability insurance .....	5,678	4,858	6,706
Undistributed by agency:			
Employer share, employee retirement (off-budget) .....	6,409	6,441	6,864
Interest received by off-budget trust funds	29,203	33,576	38,102
Total off-budget receipts: .....	41,290	44,875	51,672
<b>Total intragovernmental transactions .....</b>	<b>226,158</b>	<b>228,902</b>	<b>265,251</b>
<b>PROPRIETARY RECEIPTS FROM THE PUBLIC</b>			
<b>Distributed by agency:</b>			
Interest:			
Interest on loans, Foreign Assistance Act .....	328	275	264
Other interest on foreign loans and deferred foreign collections .....	639	634	610
Interest on deposits in tax and loan accounts ..	634	960	1,000
Other interest (domestic—civil) <sup>3</sup> .....	1,132	1,706	2,968
Total interest .....	2,734	3,575	4,842
Rents:			
Rent and bonuses from land leases, etc .....	132	11	11
Rent of land and other real property .....	— 12	80	88
Rent of equipment and other personal property	3	8	8
Total rents .....	123	100	107
Royalties .....	1,062	1,126	1,151
Sale of products:			
Sale of timber and other natural land products	771	743	755
Sale of minerals and mineral products .....	412	459	571
Sale of power and other utilities .....	758	829	828
Sale of other products <sup>3</sup> .....	22	54	44
Recovery of mint manufacturing expense .....	53	62	.....
Total sale of products .....	2,017	2,147	2,199
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust funds) .....	17,747	20,122	20,197
Revenues for enrichment of uranium .....	9	.....	.....
Nuclear waste disposal revenues .....	396	555	591
Veterans life insurance (trust funds) .....	335	296	287
Other <sup>3</sup> .....	1,714	2,008	2,316
Total fees and other charges .....	20,202	22,981	23,390
Sale of Government property:			
Sale of land and other real property <sup>3</sup> .....	23	15	15
Sale of equipment and other personal property:			
Military assistance program sales (trust funds) .....	13,036	13,350	13,370

**TABLE 4-3. OFFSETTING RECEIPTS BY TYPE—Continued**  
(In millions of dollars)

Source	1994 actual	1995 estimate	1996 estimate
Sale of scrap and salvage material .....	2	.....	.....
Total sale of Government property .....	13,060	13,365	13,385
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development .....	540	547	532
Foreign military credit sales .....	545	566	655
Negative loan subsidies .....	926	567	872
Downward reestimates of subsidies .....	428	78	.....
Dollar conversion of foreign currency .....	23	23	23
Repayment of loans to United Kingdom .....	102	104	106
Other .....	220	176	171
Total realization upon loans and investments ..	2,783	2,061	2,359
Recoveries and refunds <sup>3</sup> .....	1,545	1,698	2,058
Miscellaneous receipt accounts <sup>3</sup> .....	2,477	1,493	1,454
Total proprietary receipts from the public distributed by agency .....	46,004	48,546	50,945
<b>Undistributed by agency:</b>			
Other interest: Interest received from Outer Continental Shelf escrow account .....	*	.....	993
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses .....	509	212	636
Royalties .....	2,493	2,480	2,400

Source	1994 actual	1995 estimate	1996 estimate
Sale of major assets .....	.....	.....	885
Total proprietary receipts from the public undistributed by agency .....	3,002	2,692	4,914
<b>Total proprietary receipts from the public undistributed by agency <sup>4</sup> .....</b>	<b>49,006</b>	<b>51,238</b>	<b>55,859</b>
<b>OFFSETTING GOVERNMENTAL RECEIPTS</b>			
<b>Distributed by agency:</b>			
Defense cooperation .....	*	.....	.....
Other .....	2,131	2,407	2,766
<b>Undistributed by agency:</b>			
Spectrum auction proceeds .....	.....	4,375	4,575
Total offsetting governmental receipts .....	2,131	6,782	7,341
<b>Total offsetting receipts .....</b>	<b>277,296</b>	<b>286,921</b>	<b>328,451</b>

	1994 actual	1995 estimate	1996 estimate
<b>On-budget:</b>			
Federal funds .....	16,720	16,225	20,708
Trust funds .....	32,274	35,000	35,139
<b>Off-budget:</b>			
Trust funds .....	11	12	12

\* \$500 thousand or less.

<sup>1</sup> 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.

<sup>2</sup> Includes provision for covered Federal civilian employees and military personnel.

<sup>3</sup> Includes both Federal funds and trust funds.

<sup>4</sup> Consists of:

## ASSET SALES

The budget proposes the sale of a number of real assets. As shown in Table 4-4, the estimated gross proceeds from these sales is \$9.1 billion. A provision in the Balanced Budget and Emergency Deficit Control Act of 1985 generally prohibits counting the proceeds of asset sales as offsets to spending. However, the budget proposes an exemption to the prohibition for these proposals. The legislation to implement each of these proposals will include a provision to allow the proceeds to be counted as offsets to spending if the President and Congress designate that they should be so counted.

Table 4-4 itemizes each asset sale proposal. It details gross proceeds, changes in offsetting collections as a

result of selling the asset, administrative savings after the asset is sold, and the resulting net proceeds.

The Administration plans to privatize four Power Marketing Administrations (PMAs), the Naval Petroleum Reserves (NPR), the United States Enrichment Corporation (USEC), and the Helium Fund. In addition, it plans to sell excess uranium and a portion of the Strategic Petroleum Reserve (SPR). Proceeds from the sale of USEC will be earmarked for the Nuclear Waste Disposal Fund. SPR proceeds will be earmarked for the decommissioning of the Strategic Petroleum Reserve Weeks Island, Louisiana, site.

**TABLE 4-4. PROCEEDS FROM PROPOSED ASSET SALES <sup>1</sup>**

(in millions of dollars)

	1996	1997	1998	1999	2000	5-year total
<b>Helium Fund:</b>						
Gross proceeds from asset sale, mandatory .....	-4	-4	-4	-4	-4	-20
Loss of offsetting collections, mandatory .....		9	9	9	9	36
Net proceeds <sup>2</sup> .....	-4	5	5	5	5	16
<b>Excess uranium:</b>						
Gross proceeds from asset sale, mandatory .....	-400					-400
<b>Naval Petroleum Reserves (NPR):</b>						
Gross proceeds, mandatory .....		-2,600				-2,600
Loss of offsetting collections, mandatory .....		448	439	417	395	1,699
Administrative savings, discretionary .....		-145	-185	-179	-166	-675
Net proceeds .....		-2,297	254	238	229	-1,576
<b>Power Marketing Administrations (PMAs):</b>						
Gross proceeds from asset sale, mandatory .....	-85	-909	-3,475			-4,469
Loss of offsetting collections, mandatory .....		11	182	672	679	1,543
Administrative savings, discretionary .....		-4	-32	-359	-360	-755
Net proceeds .....	-85	-902	-3,325	313	319	-3,681
<b>Strategic Petroleum Reserve (SPR):</b>						
Gross proceeds from asset sale, discretionary .....	-100					-100
<b>United States Enrichment Corporation (USEC):</b>						
Gross proceeds from asset sale, mandatory .....	-400	-1,100				-1,500
Loss of offsetting collections and mandatory costs .....	150	8	-10	-88	-159	-99
Administrative savings, discretionary .....						
Net proceeds .....	-250	-1,092	-10	-88	-159	-1,599
<b>Total gross proceeds from asset sales:</b>						
Discretionary .....	-100					-100
Mandatory .....	-889	-4,604	-3,470	5	5	-8,953
<b>Grand total of gross proceeds .....</b>	<b>-989</b>	<b>-4,604</b>	<b>-3,470</b>	<b>5</b>	<b>5</b>	<b>-9,053</b>
Total loss of offsetting collections and mandatory costs .....	146	472	616	1,006	920	3,159
Total administrative savings, discretionary .....		-149	-217	-538	-526	-1,430
<b>Total net proceeds:</b>						
Discretionary .....	-100	-149	-217	-538	-526	-1,530
Mandatory .....	-743	-4,132	-2,854	1,011	925	-5,794
<b>Grand total .....</b>	<b>-843</b>	<b>-4,281</b>	<b>-3,071</b>	<b>473</b>	<b>399</b>	<b>-7,324</b>

<sup>1</sup> All sales are part of Reinventing Government except USEC.

<sup>2</sup> Amounts do not include estimates of discretionary savings resulting from Federal agencies being authorized to purchase refined helium in the private market.

## 5. 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.

Tax expenditures are estimated for fiscal years 1994–2000 using three methods of accounting: revenue loss, outlay equivalent, and present value. The present value approach provides 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, 1994. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity in years before 1994.

The total revenue loss estimates for tax expenditures for fiscal years 1994–2000 are displayed by the budget's functional categories in table 5-1. 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 used to identify tax expenditures. 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 ref-

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

Table 5-2 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 5-6 at the end of this chapter ranks the major tax expenditures by fiscal year 1996 revenue loss. This table merges several individual entries provided in table 5-1; for example, table 5-6 contains one merged entry for charitable contributions instead of the three separate entries found in table 5-1.

TABLE 5-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

Provision	Total Revenue Loss							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
<b>National defense:</b>								
Exclusion of benefits and allowances to armed forces personnel .....	2,000	2,005	2,020	2,030	2,045	2,065	2,085	10,245
<b>International affairs:</b>								
Exclusion of income earned abroad by United States citizens .....	1,900	2,010	2,125	2,250	2,385	2,525	2,670	11,955
Exclusion of income of foreign sales corporations .....	1,300	1,400	1,500	1,600	1,700	1,800	1,900	8,500
Inventory property sales source rules exception .....	1,200	1,300	1,400	1,500	1,600	1,700	1,800	8,000
Interest allocation rules exception for certain financial operations .....	95	95	95	95	95	95	95	475
Deferral of income from controlled foreign corporations (normal tax method) .....	1,600	1,700	1,800	2,000	2,200	2,400	2,600	11,000
<b>General science, space, and technology:</b>								
Expensing of research and experimentation expenditures (normal tax method) .....	2,235	2,390	2,560	2,735	2,930	3,135	3,355	14,715
Credit for increasing research activities .....	1,370	1,185	675	285	120	40	5	1,125
Suspension of the allocation of research and experimentation expenditures .....	325	325						
<b>Energy:</b>								
Expensing of exploration and development costs:								
Oil and gas .....	-85	-70	-20	-50	85	165	215	395
Other fuels .....	15	15	20	20	20	20	20	100
Excess of percentage over cost depletion:								
Oil and gas .....	785	920	955	1,005	1,060	1,115	1,170	5,305
Other fuels .....	90	90	95	105	110	120	125	555
Alternative fuel production credit .....	900	970	1,000	990	940	880	820	4,630
Exception from passive loss limitation for working interests in oil and gas properties .....	90	100	110	120	130	145	160	665
Capital gains treatment of royalties on coal .....	10	15	15	15	15	15	15	75
Exclusion of interest on State and local IDBs for energy facilities .....	175	175	175	175	175	165	165	855
Enhanced oil recovery credit .....	85	85	80	80	80	75	75	390
New technology credit .....	60	95	115	125	135	140	150	665
Alcohol fuel credit <sup>1</sup> .....	15	35	45	50	50	50	50	245
Tax credit and deduction for clean-fuel burning vehicles and properties .....	50	65	65	65	75	80	85	370
Exclusion from income of conservation subsidies provided by public utilities .....	100	145	175	190	190	200	200	955
<b>Natural resources and environment:</b>								
Expensing of exploration and development costs, nonfuel minerals .....	45	45	45	45	50	50	50	240
Excess of percentage over cost depletion, nonfuel minerals .....	185	185	190	195	200	205	210	1,000
Capital gains treatment of iron ore .....	*	*	*	*	*	*	*	*
Special rules for mining reclamation reserves .....	50	50	50	50	50	50	50	250
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities .....	610	625	615	600	585	565	550	2,915
Capital gains treatment of certain timber income .....	10	15	15	15	15	15	15	75
Expensing of multiperiod timber growing costs .....	350	370	395	415	440	460	485	2,195
Investment credit and seven-year amortization for reforestation expenditures .....	40	40	40	45	45	50	50	230
Tax incentives for preservation of historic structures .....	130	125	125	120	115	115	110	585
<b>Agriculture:</b>								
Expensing of certain capital outlays .....	70	70	65	65	65	70	70	335
Expensing of certain multiperiod production costs .....	85	85	80	80	80	85	85	410
Treatment of loans forgiven solvent farmers as if insolvent .....	10	10	10	10	10	10	10	50
Capital gains treatment of certain income .....	120	125	125	160	135	140	140	700
<b>Commerce and housing:</b>								
Financial institutions and insurance:								
Exemption of credit union income .....	765	855	940	1,035	1,140	1,255	1,380	5,750
Excess bad debt reserves of financial institutions .....	50	55	60	65	70	75	80	350
Exclusion of interest on life insurance savings .....	9,410	10,365	11,160	12,000	12,900	13,870	14,910	64,840
Special alternative tax on small property and casualty insurance companies .....	5	5	5	5	5	5	5	25
Tax exemption of certain insurance companies .....	225	235	240	245	255	260	280	1,280
Small life insurance company deduction .....	110	110	115	120	130	135	140	640
Housing:								
Exclusion of interest on owner-occupied mortgage subsidy bonds .....	1,760	1,785	1,775	1,715	1,640	1,575	1,510	8,215
Exclusion of interest on State and local debt for rental housing .....	970	920	870	810	750	685	635	3,750
Deductibility of mortgage interest on owner-occupied homes .....	48,430	51,270	54,165	57,240	60,490	63,960	67,495	303,350
Deductibility of State and local property tax on owner-occupied homes .....	14,020	14,845	15,680	16,570	17,515	18,520	19,540	87,825
Deferral of income from post 1987 installment sales .....	915	935	950	965	980	995	1,010	4,900
Deferral of capital gains on home sales .....	16,640	17,140	17,850	18,180	18,725	19,290	19,870	93,915
Exclusion of capital gains on home sales for persons age 55 and over .....	4,690	4,820	4,920	5,010	5,070	5,125	5,120	25,245
Exception from passive loss rules for \$25,000 of rental loss .....	4,765	4,255	4,170	4,120	4,085	4,065	4,055	20,495
Accelerated depreciation on rental housing (normal tax method) .....	1,145	1,290	1,425	1,580	1,735	1,895	2,055	8,690
<b>Commerce:</b>								
Cancellation of indebtedness .....	125	115	75	40	15	*	-10	120
Permanent exceptions from imputed interest rules .....	150	150	150	155	155	160	160	780



TABLE 5-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Provision	Total Revenue Loss							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method) .....	5,745	6,135	6,205	6,335	6,545	6,710	6,865	32,660
Capital gains exclusion of small corporation stock .....	*	*	*	*	*	30	250	280
Step-up basis of capital gains at death .....	26,850	28,305	29,480	30,285	30,710	31,160	31,615	153,250
Carryover basis of capital gains on gifts .....	125	130	135	140	145	150	155	725
Ordinary income treatment of loss from small business corporation stock sale .....	30	30	35	35	35	35	40	180
Accelerated depreciation of buildings other than rental housing (normal tax method) .....	5,145	4,920	4,385	3,580	2,675	1,745	1,080	13,465
Accelerated depreciation of machinery and equipment (normal tax method) .....	17,620	19,400	20,850	21,885	23,215	25,815	28,295	120,060
Expensing of certain small investments (normal tax method) .....	1,690	1,335	1,070	815	585	425	295	3,190
Amortization of start-up costs (normal tax method) .....	185	185	190	195	200	200	200	985
Graduated corporation income tax rate (normal tax method) .....	3,775	3,960	4,120	4,240	4,360	4,510	4,760	21,990
Exclusion of interest on small issue IDBs .....	690	545	420	325	280	255	230	1,510
Deferral of gains from sale of broadcasting facilities to minority owned business .....	285	300	315	330	345	360	380	1,730
Treatment of Alaska Native Corporations .....	45	30	20	15	10	5	5	55
<b>Transportation:</b>								
Deferral of tax on shipping companies .....	15	15	15	15	15	15	15	75
Exclusion of reimbursed employee parking expenses .....	1,845	1,930	2,015	2,100	2,190	2,275	2,365	10,945
Exclusion for employer-provided transit passes .....	30	40	50	65	80	95	110	400
<b>Community and regional development:</b>								
Credit for low-income housing investments .....	1,925	2,260	2,600	2,945	3,270	3,500	3,560	15,875
Investment credit for rehabilitation of structures (other than historic) .....	90	80	80	80	70	70	70	370
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities .....	785	830	870	915	960	1,005	1,050	4,800
Exemption of certain mutuals' and cooperatives' income .....	25	30	30	30	35	35	40	170
Empowerment zones .....	*	330	440	510	565	595	630	2,740
<b>Education, training, employment, and social services:</b>								
<b>Education:</b>								
Exclusion of scholarship and fellowship income (normal tax method) .....	795	825	835	845	850	860	870	4,260
Exclusion of interest on State and local student loan bonds .....	310	305	295	275	255	240	225	1,290
Exclusion of interest on State and local debt for private nonprofit educational facilities .....	735	750	770	785	810	845	885	4,095
Exclusion of interest on savings bonds transferred to educational institutions .....	5	5	5	10	10	15	15	55
Parental personal exemption for students age 19 or over .....	800	815	825	855	895	930	965	4,470
Deductibility of charitable contributions (education) .....	1,610	1,705	1,810	1,915	2,025	2,140	2,265	10,155
Exclusion of employer provided educational assistance .....	235	85						
<b>Training, employment, and social services:</b>								
Targeted jobs credit .....	305	395	325	60	40	10	5	440
Exclusion of employer provided child care .....	675	725	775	830	890	955	1,025	4,475
Exclusion of employee meals and lodging (other than military) .....	515	545	575	605	640	675	710	3,205
Credit for child and dependent care expenses .....	2,820	2,900	2,995	3,060	3,135	3,195	3,245	15,630
Credit for disabled access expenditures .....	160	160	160	165	165	165	170	825
Expensing of costs of removing certain architectural barriers to the handicapped .....	20	20	20	20	20	20	20	100
Deductibility of charitable contributions, other than education and health .....	17,805	18,910	19,995	21,135	22,325	23,515	24,945	111,915
Exclusion of certain foster care payments .....	30	30	35	35	40	40	40	190
Exclusion of parsonage allowances .....	250	265	285	300	320	345	365	1,615
<b>Health:</b>								
Exclusion of employer contributions for medical insurance premiums and medical care .....	56,000	60,670	66,620	72,300	78,815	86,245	94,110	398,090
Deductibility of medical expenses .....	3,380	3,660	3,965	4,295	4,650	5,035	5,455	23,400
Exclusion of interest on State and local debt for private nonprofit health facilities .....	1,455	1,495	1,535	1,585	1,640	1,700	1,750	8,210
Deductibility of charitable contributions (health) .....	2,085	2,210	2,340	2,490	2,630	2,750	2,900	13,110
Tax credit for orphan drug research .....	*	15						
Special Blue Cross/Blue Shield deduction .....	115	125	140	100	170	185	190	785
<b>Income security:</b>								
Exclusion of railroad retirement system benefits .....	425	425	425	430	435	440	440	2,170
Exclusion of workmen's compensation benefits .....	4,240	4,475	4,860	5,120	5,380	5,645	5,950	26,955
Exclusion of public assistance benefits (normal tax method) .....	530	570	590	635	695	740	795	3,455
Exclusion of special benefits for disabled coal miners .....	100	95	90	85	85	80	75	415
Exclusion of military disability pensions .....	130	130	130	130	130	130	130	650
<b>Net exclusion of pension contributions and earnings:</b>								
Employer plans .....	48,750	55,540	59,010	59,490	59,950	60,400	60,850	299,700
Individual Retirement Accounts .....	5,185	6,245	6,375	6,120	5,675	4,970	3,950	27,090
Keogh plans .....	3,915	4,435	4,825	5,195	5,595	6,025	6,485	28,125
Exclusion of employer provided death benefits .....	30	30	35	35	35	40	40	185
<b>Exclusion of other employee benefits:</b>								
Premiums on group term life insurance .....	2,750	2,880	3,020	3,170	3,325	3,485	3,660	16,660
Premiums on accident and disability insurance .....	140	150	155	165	175	185	195	875
Income of trusts to finance supplementary unemployment benefits .....	35	35	35	35	35	35	35	175
Special ESOP rules (other than investment credit) .....	2,155	1,830	1,680	1,575	1,440	1,310	1,190	7,195
Additional deduction for the blind .....	30	35	35	35	35	40	40	185

TABLE 5-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Provision	Total Revenue Loss							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
Additional deduction for the elderly .....	1,470	1,490	1,510	1,520	1,535	1,540	1,550	7,655
Tax credit for the elderly and disabled .....	55	55	60	60	65	65	70	320
Deductibility of casualty losses .....	715	450	315	315	315	315	315	1,575
Earned income credit <sup>2</sup> .....	4,020	5,110	5,740	6,440	6,715	7,025	7,325	33,245
<b>Social Security:</b>								
Exclusion of social security benefits:								
OASI benefits for retired workers .....	18,295	16,875	17,395	18,110	18,935	19,840	20,605	94,885
Disability insurance benefits .....	1,815	1,895	2,100	2,300	2,520	2,750	2,980	12,650
Benefits for dependents and survivors .....	3,620	3,610	3,730	3,940	4,150	4,365	4,590	20,775
<b>Veterans benefits and services:</b>								
Exclusion of veterans disability compensation .....	1,910	1,985	1,930	1,975	2,115	2,180	2,245	10,445
Exclusion of veterans pensions .....	80	75	70	70	75	80	90	385
Exclusion of GI bill benefits .....	55	70	75	80	85	90	95	425
Exclusion of interest on State and local debt for veterans housing .....	90	85	80	75	75	75	75	380
<b>General purpose fiscal assistance:</b>								
Exclusion of interest on public purpose State and local debt .....	11,970	12,350	12,690	13,085	13,535	14,040	14,590	67,940
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes ...	25,745	27,250	28,795	30,425	32,155	34,000	35,880	161,255
Tax credit for corporations receiving income from doing business in U.S. possessions .....	2,890	2,630	2,680	2,735	2,815	2,960	3,110	14,300
<b>Interest:</b>								
Deferral of interest on savings bonds .....	1,250	1,360	1,470	1,600	1,730	1,880	2,040	8,720
<b>Addendum—Aid to State and local governments:</b>								
Deductibility of:								
Property taxes on owner-occupied homes .....	14,020	14,845	15,680	16,570	17,515	18,520	19,540	87,825
Nonbusiness State and local taxes other than on owner-occupied homes .....	25,745	27,250	28,795	30,425	32,155	34,000	35,880	161,255
Exclusion of interest on:								
Public purpose State and local debt .....	11,970	12,350	12,690	13,085	13,535	14,040	14,590	67,940
IDBs for certain energy facilities .....	175	175	175	175	175	165	165	855
IDBs for pollution control and sewage and waste disposal facilities .....	610	625	615	600	585	565	550	2,915
Small-issue IDBs .....	690	545	420	325	280	255	230	1,510
Owner-occupied mortgage revenue bonds .....	1,760	1,785	1,775	1,715	1,640	1,575	1,510	8,215
State and local debt for rental housing .....	970	920	870	810	750	685	635	3,750
IDBs for airports, docks, and sports and convention facilities .....	785	830	870	915	960	1,005	1,050	4,800
State and local student loan bonds .....	310	305	295	275	255	240	225	1,290
State and local debt for private nonprofit educational facilities .....	735	750	770	785	810	845	885	4,095
State and local debt for private nonprofit health facilities .....	1,455	1,495	1,535	1,585	1,640	1,700	1,750	8,210
State and local debt for veterans housing .....	90	85	80	75	75	75	75	380

\* \$2.5 million or less.

<sup>1</sup>In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts for fiscal year 1996 of \$725 million.<sup>2</sup>The effect on outlays (in millions of dollars) is as follows: \$10,990 in 1994; \$16,845 in 1995; \$20,230 in 1996; \$22,755 in 1997; \$23,850 in 1998; \$25,000 in 1999; and \$26,035 in 2000.

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 for fiscal years 1996-2000 are computed after rounding for these years.

Figures in Table 5-1 are the arithmetic sums of corporate and individual income tax revenue loss estimates from table 5-2, and do not reflect possible interactions across these two taxes.

**TABLE 5-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES**  
(In millions of dollars)

Provision	Revenue Loss													
	Corporations							Individuals						
	1994	1995	1996	1997	1998	1999	2000	1994	1995	1996	1997	1998	1999	2000
<b>National defense:</b>														
Exclusion of benefits and allowances to armed forces personnel .....								2,000	2,005	2,020	2,030	2,045	2,065	2,085
<b>International affairs:</b>														
Exclusion of income earned abroad by United States citizens .....								1,900	2,010	2,125	2,250	2,385	2,525	2,670
Exclusion of income of foreign sales corporations .....	1,300	1,400	1,500	1,600	1,700	1,800	1,900							
Inventory property sales source rules exception .....	1,200	1,300	1,400	1,500	1,600	1,700	1,800							
Interest allocation rules exception for certain financial operations .....	95	95	95	95	95	95	95							
Deferral of income from controlled foreign corporations (normal tax method) .....	1,600	1,700	1,800	2,000	2,200	2,400	2,600							
<b>General science, space, and technology:</b>														
Expensing of research and experimentation expenditures (normal tax method) .....	2,195	2,345	2,510	2,685	2,875	3,075	3,290	40	45	50	50	55	60	65
Credit for increasing research activities .....	1,340	1,155	665	285	120	40	5	30	30	10				
Suspension of the allocation of research and experimentation expenditures .....	325	325												
<b>Energy:</b>														
Expensing of exploration and development costs:														
Oil and gas .....	-80	-60	-25	-50	70	135	175	-5	-10	5	*	15	30	40
Other fuels .....	10	10	15	15	15	15	15	5	5	5	5	5	5	5
Excess of percentage over cost depletion:														
Oil and gas .....	500	620	645	680	715	755	790	285	300	310	325	345	360	380
Other fuels .....	85	85	90	100	105	115	120	5	5	5	5	5	5	5
Alternative fuel production credit .....	760	820	850	840	800	750	700	140	150	150	150	140	130	120
Exception from passive loss limitation for working interests in oil and gas properties .....								90	100	110	120	130	145	160
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 .....	70	70	70	70	70	65	65	105	105	105	105	105	100	100
Enhanced oil recovery credit .....	80	80	75	75	75	70	70	5	5	5	5	5	5	5
New technology credit .....	60	95	115	125	135	140	150	*	*	*	*	*	*	*
Alcohol fuel credit <sup>1</sup> .....	5	5	5	5	5	5	5	10	30	40	45	45	45	45
Tax credit and deduction for clean-fuel burning vehicles and properties .....	45	55	55	55	60	60	60	5	10	10	10	15	20	25
Exclusion from income of conservation subsidies provided by public utilities .....	45	85	110	120	120	125	125	55	60	65	70	70	75	75
<b>Natural resources and environment:</b>														
Expensing of exploration and development costs, nonfuel minerals .....	35	35	35	35	40	40	40	10	10	10	10	10	10	10
Excess of percentage over cost depletion, nonfuel minerals .....	165	165	170	175	180	185	190	20	20	20	20	20	20	20
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 .....	245	250	245	240	235	225	220	365	375	370	360	350	340	330
Capital gains treatment of certain timber income .....								10	15	15	15	15	15	15
Expensing of multiperiod timber growing costs .....	200	210	225	235	250	260	275	150	160	170	180	190	200	210
Investment credit and seven-year amortization for reforestation expenditures .....	15	15	15	20	20	20	20	25	25	25	25	25	30	30
Tax incentives for preservation of historic structures .....	25	25	25	25	25	25	20	105	100	100	95	90	90	90
<b>Agriculture:</b>														
Expensing of certain capital outlays .....	10	10	10	10	10	10	10	60	60	55	55	55	60	60
Expensing of certain multiperiod production costs .....	10	10	10	10	10	10	10	75	75	70	70	70	75	75
Treatment of loans forgiven solvent farmers as if insolvent .....								10	10	10	10	10	10	10
Capital gains treatment of certain income .....								120	125	125	160	135	140	140
<b>Commerce and housing:</b>														
Financial institutions and insurance:														
Exemption of credit union income .....	765	855	940	1,035	1,140	1,255	1,380							
Excess bad debt reserves of financial institutions .....	50	55	60	65	70	75	80							
Exclusion of interest on life insurance savings .....	265	290	310	335	360	390	415	9,145	10,075	10,850	11,665	12,540	13,480	14,495
Special alternative tax on small property and casualty insurance companies .....	5	5	5	5	5	5	5							
Tax exemption of certain insurance companies .....	225	235	240	245	255	260	280							
Small life insurance company deduction .....	110	110	115	120	130	135	140							
<b>Housing:</b>														
Exclusion of interest on owner-occupied mortgage subsidy bonds .....	705	715	705	680	650	625	600	1,055	1,070	1,070	1,035	990	950	910
Exclusion of interest on State and local debt for rental housing .....	385	365	345	320	295	270	255	585	555	525	490	455	415	380
Deductibility of mortgage interest on owner-occupied homes .....								48,430	51,270	54,165	57,240	60,490	63,960	67,495

**TABLE 5-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued**  
(In millions of dollars)

Provision	Revenue Loss													
	Corporations							Individuals						
	1994	1995	1996	1997	1998	1999	2000	1994	1995	1996	1997	1998	1999	2000
Deductibility of State and local property tax on owner-occupied homes .....								14,020	14,845	15,680	16,570	17,515	18,520	19,540
Deferral of income from post 1987 installment sales .....	225	235	240	245	250	255	260	690	700	710	720	730	740	750
Deferral of capital gains on home sales .....								16,640	17,140	17,850	18,180	18,725	19,290	19,870
Exclusion of capital gains on home sales for persons age 55 and over .....								4,690	4,820	4,920	5,010	5,070	5,125	5,120
Exception from passive loss rules for \$25,000 of rental loss .....								4,765	4,255	4,170	4,120	4,085	4,065	4,055
Accelerated depreciation on rental housing (normal tax method) .....	705	795	880	975	1,070	1,170	1,270	440	495	545	605	665	725	785
<b>Commerce:</b>														
Cancellation of indebtedness .....								125	115	75	40	15	*	-10
Permanent exceptions from imputed interest rules .....								150	150	150	155	155	160	160
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method) .....								5,745	6,135	6,205	6,335	6,545	6,710	6,865
Capital gains exclusion of small corporation stock .....								*	*	*	*	*	30	250
Step-up basis of capital gains at death .....								26,850	28,305	29,480	30,285	30,710	31,160	31,615
Carryover basis of capital gains on gifts .....								125	130	135	140	145	150	155
Ordinary income treatment of loss from small business corporation stock sale .....								30	30	35	35	35	35	40
Accelerated depreciation of buildings other than rental housing (normal tax method) .....	3,495	3,320	2,975	2,440	1,840	1,225	775	1,650	1,600	1,410	1,140	835	520	305
Accelerated depreciation of machinery and equipment (normal tax method) .....	14,765	16,120	17,105	17,815	18,830	20,805	22,480	2,855	3,280	3,745	4,070	4,385	5,010	5,815
Expensing of certain small investments (normal tax method) .....	1,035	825	665	510	370	280	210	655	510	405	305	215	145	85
Amortization of start-up costs (normal tax method) .....	85	85	85	90	90	90	90	100	100	105	105	110	110	110
Graduated corporation income tax rate (normal tax method) .....	3,775	3,960	4,120	4,240	4,360	4,510	4,760							
Exclusion of interest on small issue IDBs .....	265	210	160	125	110	100	90	425	335	260	200	170	155	140
Deferral of gains from sale of broadcasting facilities to minority owned business .....	285	300	315	330	345	360	380	*	*	*	*	*	*	*
Treatment of Alaska Native Corporations .....	45	30	20	15	10	5	5							
<b>Transportation:</b>														
Deferral of tax on shipping companies .....	15	15	15	15	15	15	15							
Exclusion of reimbursed employee parking expenses .....								1,845	1,930	2,015	2,100	2,190	2,275	2,365
Exclusion for employer-provided transit passes .....								30	40	50	65	80	95	110
<b>Community and regional development:</b>														
Credit for low-income housing investments .....	385	450	520	590	655	700	710	1,540	1,810	2,080	2,355	2,615	2,800	2,850
Investment credit for rehabilitation of structures (other than historic) .....	20	15	15	15	15	15	15	70	65	65	65	55	55	55
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities .....	315	335	350	370	385	405	425	470	495	520	545	575	600	625
Exemption of certain mutuals' and cooperatives' income .....	25	30	30	30	35	35	40							
Empowerment zones .....		95	130	155	175	185	195	*	235	310	355	390	410	435
<b>Education, training, employment, and social services:</b>														
<b>Education:</b>														
Exclusion of scholarship and fellowship income (normal tax method) .....								795	825	835	845	850	860	870
Exclusion of interest on State and local student loan bonds .....	125	120	115	110	100	95	90	185	185	180	165	155	145	135
Exclusion of interest on State and local debt for private nonprofit educational facilities .....	295	300	310	315	325	340	360	440	450	460	470	485	505	525
Exclusion of interest on savings bonds transferred to educational institutions .....								5	5	5	10	10	15	15
Parental personal exemption for students age 19 or over .....								800	815	825	855	895	930	965
Deductibility of charitable contributions (education) .....	160	170	180	190	200	210	220	1,450	1,535	1,630	1,725	1,825	1,930	2,045
Exclusion of employer provided educational assistance .....								235	85					
<b>Training, employment, and social services:</b>														
Targeted jobs credit .....	260	320	270	50	30	5	5	45	75	55	10	10	5	*
Exclusion of employer provided child care .....								675	725	775	830	890	955	1,025
Exclusion of employee meals and lodging (other than military) .....								515	545	575	605	640	675	710
Credit for child and dependent care expenses .....								2,820	2,900	2,995	3,060	3,135	3,195	3,245
Credit for disabled access expenditures .....	130	130	130	130	130	130	135	30	30	30	35	35	35	35
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 .....	4,570	4,895	5,160	5,425	5,690	5,910	6,320	13,235	14,015	14,835	15,710	16,635	17,605	18,625
Exclusion of certain foster care payments .....								30	30	35	35	40	40	40
Exclusion of parsonage allowances .....								250	265	285	300	320	345	365

**TABLE 5-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued**  
(In millions of dollars)

Provision	Revenue Loss													
	Corporations							Individuals						
	1994	1995	1996	1997	1998	1999	2000	1994	1995	1996	1997	1998	1999	2000
<b>Health:</b>														
Exclusion of employer contributions for medical insurance premiums and medical care .....								56,000	60,670	66,620	72,300	78,815	86,245	9,410
Deductibility of medical expenses .....								3,380	3,660	3,965	4,295	4,650	5,035	5,455
Exclusion of interest on State and local debt for private nonprofit health facilities .....	585	600	615	635	660	685	700	870	895	920	950	980	1,015	1,050
Deductibility of charitable contributions (health) .....	605	640	680	710	750	780	825	1,480	1,570	1,660	1,780	1,880	1,970	2,075
Tax credit for orphan drug research .....	*	15												
Special Blue Cross/Blue Shield deduction .....	115	125	140	100	170	185	190							
<b>Income security:</b>														
Exclusion of railroad retirement system benefits .....								425	425	425	430	435	440	440
Exclusion of workmen's compensation benefits .....								4,240	4,475	4,860	5,120	5,380	5,645	5,950
Exclusion of public assistance benefits (normal tax method) .....								530	570	590	635	695	740	795
Exclusion of special benefits for disabled coal miners .....								100	95	90	85	85	80	75
Exclusion of military disability pensions .....								130	130	130	130	130	130	130
Net exclusion of pension contributions and earnings:														
Employer plans .....								48,750	55,540	59,010	59,490	59,950	60,400	60,850
Individual Retirement Accounts .....								5,185	6,245	6,375	6,120	5,675	4,970	3,950
Keogh plans .....								3,915	4,435	4,825	5,195	5,595	6,025	6,485
Exclusion of employer provided death benefits .....								30	30	35	35	35	40	40
Exclusion of other employee benefits:														
Premiums on group term life insurance .....								2,750	2,880	3,020	3,170	3,325	3,485	3,660
Premiums on accident and disability insurance .....								140	150	155	165	175	185	195
Income of trusts to finance supplementary unemployment benefits ..								35	35	35	35	35	35	35
Special ESOP rules (other than investment credit) .....	2,155	1,830	1,680	1,575	1,440	1,310	1,190							
Additional deduction for the blind .....								30	35	35	35	35	40	40
Additional deduction for the elderly .....								1,470	1,490	1,510	1,520	1,535	1,540	1,550
Tax credit for the elderly and disabled .....								55	55	60	60	65	65	70
Deductibility of casualty losses .....								715	450	315	315	315	315	315
Earned income credit <sup>2</sup> .....								4,020	5,110	5,740	6,440	6,715	7,025	7,325
<b>Social Security:</b>														
Exclusion of social security benefits:														
OASI benefits for retired workers .....								18,295	16,875	17,395	18,110	18,935	19,840	20,605
Disability insurance benefits .....								1,815	1,895	2,100	2,300	2,520	2,750	2,980
Benefits for dependents and survivors .....								3,620	3,610	3,730	3,940	4,150	4,365	4,590
<b>Veterans benefits and services:</b>														
Exclusion of veterans disability compensation .....								1,910	1,985	1,930	1,975	2,115	2,180	2,245
Exclusion of veterans pensions .....								80	75	70	70	75	80	90
Exclusion of GI bill benefits .....								55	70	75	80	85	90	95
Exclusion of interest on State and local debt for veterans housing .....	35	35	30	30	30	30	30	55	50	50	45	45	45	45
<b>General purpose fiscal assistance:</b>														
Exclusion of interest on public purpose State and local debt .....	4,810	4,955	5,095	5,255	5,440	5,645	5,880	7,160	7,395	7,595	7,830	8,095	8,395	8,710
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....								25,745	27,250	28,795	30,425	32,155	34,000	35,880
Tax credit for corporations receiving income from doing business in U.S. possessions .....	2,890	2,630	2,680	2,735	2,815	2,960	3,110							
<b>Interest:</b>														
Deferral of interest on savings bonds .....								1,250	1,360	1,470	1,600	1,730	1,880	2,040
<b>Addendum—Aid to State and local governments:</b>														
Deductibility of:														
Property taxes on owner-occupied homes .....								14,020	14,845	15,680	16,570	17,515	18,520	19,540
Nonbusiness State and local taxes other than on owner-occupied homes .....								25,745	27,250	28,795	30,425	32,155	34,000	35,880
Exclusion of interest on:														
Public purpose State and local debt .....	4,810	4,955	5,095	5,255	5,440	5,645	5,880	7,160	7,395	7,595	7,830	8,095	8,395	8,710
IDBs for certain energy facilities .....	70	70	70	70	70	65	65	105	105	105	105	105	100	100
IDBs for pollution control and sewage and waste disposal facilities ..	245	250	245	240	235	225	220	365	375	370	360	350	340	330
Small-issue IDBs .....	265	210	160	125	110	100	90	425	335	260	200	170	155	140
Owner-occupied mortgage revenue bonds .....	705	715	705	680	650	625	600	1,055	1,070	1,070	1,035	990	950	910
State and local debt for rental housing .....	385	365	345	320	295	270	255	585	555	525	490	455	415	380
IDBs for airports, docks, and sports and convention facilities .....	315	335	350	370	385	405	425	470	495	520	545	575	600	625
State and local student loan bonds .....	125	120	115	110	100	95	90	185	185	180	165	155	145	135
State and local debt for private nonprofit educational facilities .....	295	300	310	315	325	340	360	440	450	460	470	485	505	525

**TABLE 5-2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued**  
(In millions of dollars)

Provision	Revenue Loss													
	Corporations							Individuals						
	1994	1995	1996	1997	1998	1999	2000	1994	1995	1996	1997	1998	1999	2000
State and local debt for private nonprofit health facilities .....	585	600	615	635	660	685	700	870	895	920	950	980	1,015	1,050
State and local debt for veterans housing .....	35	35	30	30	30	30	30	55	50	50	45	45	45	45

\* \$2.5 million or less.

<sup>1</sup> In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts for fiscal year 1996 of \$725 million.

<sup>2</sup> The effect on outlays (in millions of dollars) is as follows: \$10,990 in 1994; \$16,845 in 1995; \$20,230 in 1996; \$22,755 in 1997; \$23,850 in 1998; \$25,000 in 1999; and \$26,035 in 2000.

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.

### 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 result from repealing 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. In addition, the estimates reported in Table 5-1 are the totals of individual and corporate income tax revenue losses reported in Table 5-2 and do not reflect any possible interactions between the individual and corporate income tax receipts. For this reason, the figures in Table 5-1 (as well as those in Table 5-4, which are also based on summing individual and corporate estimates) should be regarded as approximations.
- *The annual value of tax expenditures for tax deferrals is reported on a cash basis in all tables except table 5-3.* 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 accu-

rately 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 expenditure 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 macro-economic effects.

### Present-Value Estimates

Discounted present-value estimates of revenue losses are presented in table 5-3 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.

The present-value estimates represent the revenue losses, net of future tax payments, that follow from activities undertaken during calendar year 1995 which cause the deferrals or related revenue effects. For instance, a pension contribution in 1995 would cause a deferral of tax payments on wages in 1995 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 1995 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

**Table 5-3. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR  
ACTIVITY IN CALENDAR YEAR 1995**

(In millions of dollars)

Provision	Present Value of Revenue Loss
Deferral of income from controlled foreign corporations (normal tax method) .....	1,740
Expensing of research and experimentation expenditures (normal tax method) .....	2,460
Expensing of exploration and development costs—oil and gas .....	185
Expensing of exploration and development costs—other fuels .....	45
Expensing of exploration and development costs—nonfuels .....	65
Expensing of multiperiod timber growing costs .....	225
Expensing of certain multiperiod production costs—agriculture .....	85
Expensing of certain capital outlays—agriculture .....	65
Deferral of capital gains on home sales .....	16,455
Accelerated depreciation of rental housing (normal tax method) .....	1,805
Accelerated depreciation of buildings other than rental housing (normal tax method) .....	400
Accelerated depreciation of machinery and equipment (normal tax method) .....	18,745
Expensing of certain small investments (normal tax method) .....	1,220
Amortization of start-up costs (normal tax method) .....	160
Deferral of capital gains from sale of broadcasting facilities to minority-owned businesses .....	260
Deferral of tax on shipping companies .....	10
Credit for low-income housing investments .....	2,420
Exclusion of pension contributions and earnings—employer plans .....	47,895
Exclusion of IRA contributions and earnings .....	2,185
Exclusions of contribution and earnings for Keogh plans .....	3,065
Exclusion of interest on State and local public-purpose bonds .....	16,460
Exclusion of interest on State and local non-public purpose bonds .....	8,865
Deferral of interest on U.S. savings bonds .....	615

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

for several of the provisions have been made based on the normal tax baseline, as by definition these provisions would not be treated as tax expenditures 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 5-4.

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.<sup>1</sup>

<sup>1</sup> 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 5-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

Provision	Outlay Equivalents							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
<b>National defense:</b>								
Exclusion of benefits and allowances to armed forces personnel	2,330	2,335	2,355	2,365	2,385	2,410	2,435	11,950
<b>International affairs:</b>								
Exclusion of income earned abroad by United States citizens ....	2,875	3,045	3,225	3,410	3,615	3,830	4,045	18,125
Exclusion of income of foreign sales corporations .....	2,000	2,155	2,310	2,460	2,615	2,770	2,925	13,080
Inventory property sales source rules exception .....	1,845	2,000	2,155	2,310	2,460	2,615	2,770	12,310
Interest allocation rules exception for certain financial operations	140	140	140	140	140	140	140	700
Deferral of income from controlled foreign corporations (normal tax method) .....	1,600	1,700	1,800	2,000	2,200	2,400	2,600	11,000
<b>General science, space, and technology:</b>								
Expensing of research and experimentation expenditures (normal tax method)	2,060	2,230	2,390	2,560	2,740	2,930	3,130	14,715
Credit for increasing research activities .....	2,110	1,820	1,040	440	185	60	10	1,735
Suspension of the allocation of research and experimentation expenditures .....	465	465						
<b>Energy:</b>								
Expensing of exploration and development costs:								
Oil and gas .....	-85	-70	-20	-50	85	165	215	395
Other fuels .....	15	15	20	20	20	20	20	100
Excess of percentage over cost depletion:								
Oil and gas .....	1,130	1,290	1,345	1,420	1,495	1,570	1,645	7,475
Other fuels .....	130	130	140	150	165	175	185	815
Alternative fuel production credit .....	1,260	1,370	1,400	1,390	1,330	1,240	1,160	6,520
Exception from passive loss limitation for working interests in oil and gas properties .....	90	100	110	120	130	145	160	665
Capital gains treatment of royalties on coal .....	15	20	20	20	20	20	20	100
Exclusion of interest on State and local IDBs for energy facilities .....	245	250	255	250	245	240	240	1,230
New technology credit .....	90	150	175	185	200	210	230	1,000
Enhanced oil recovery credit .....	120	115	110	105	105	105	105	530
Alcohol fuel credit <sup>1</sup> .....	15	35	45	50	50	50	50	245
Tax credit and deduction for clean-fuel burning vehicles and properties .....	65	90	90	95	105	110	120	520
Exclusion from income of conservation subsidies provided by public utilities .....	140	205	245	265	265	280	280	1,335
<b>Natural resources and environment:</b>								
Expensing of exploration and development costs, nonfuel minerals .....	45	45	45	45	50	50	50	240
Excess of percentage over cost depletion, nonfuel minerals .....	260	260	265	270	280	285	290	1,390
Capital gains treatment of iron ore .....	*	*	*	*	*	*	*	*
Special rules for mining reclamation reserves .....	50	50	50	50	50	50	50	250
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities .....	885	895	885	865	840	815	790	4,195
Capital gains treatment of certain timber income .....	15	20	20	20	20	20	20	100
Expensing of multiperiod timber growing costs .....	350	370	395	415	440	460	485	2,195
Investment credit and seven-year amortization for reforestation expenditures .....	45	45	45	45	50	50	50	240
Tax incentives for preservation of historic structures .....	130	125	125	120	115	115	110	585
<b>Agriculture:</b>								
Expensing of certain capital outlays .....	70	65	65	60	65	70	70	330
Expensing of certain multiperiod production costs .....	90	85	80	80	80	85	85	410
Treatment of loans forgiven solvent farmers as if insolvent .....	10	10	10	10	10	10	10	50
Capital gains treatment of certain income .....	160	165	165	175	180	185	185	890
<b>Commerce and housing:</b>								
Financial institutions and insurance:								
Exemption of credit union income .....	975	1,090	1,200	1,320	1,450	1,595	1,755	7,320
Excess bad debt reserves of financial institutions .....	70	80	90	95	105	115	120	525
Exclusion of interest on life insurance savings .....	12,355	13,610	14,660	15,760	16,945	18,215	19,585	85,165
Special alternative tax on small property and casualty insurance companies .....	5	5	5	5	5	5	5	25
Tax exemption of certain insurance companies .....	315	330	340	345	365	380	395	1,825
Small life insurance company deduction .....	155	155	160	170	185	190	200	905
<b>Housing:</b>								
Exclusion of interest on owner-occupied mortgage revenue bonds .....	2,540	2,575	2,545	2,465	2,360	2,260	2,165	11,795



TABLE 5-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Provision	Outlay Equivalents							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
Exclusion of interest on State and local debt for rental housing .....	1,395	1,325	1,245	1,160	1,070	985	900	5,360
Deductibility of mortgage interest on owner-occupied homes ..	48,430	51,270	54,165	57,240	60,490	63,960	67,495	303,350
Deductibility of State and local property tax on owner-occupied homes .....	14,020	14,845	15,680	16,570	17,515	18,520	19,540	87,825
Deferral of income from post 1987 installment sales .....	915	935	950	965	980	995	1,010	4,900
Deferral of capital gains on home sales .....	16,640	17,140	17,650	18,180	18,725	19,290	19,870	93,715
Exclusion of capital gains on home sales for persons age 55 and over .....	6,255	6,425	6,580	6,680	6,760	6,835	6,945	33,800
Exception from passive loss rules for \$25,000 of rental loss ..	4,765	4,255	4,170	4,120	4,085	4,065	4,055	20,495
Accelerated depreciation on rental housing (normal tax method) .....	1,140	1,285	1,430	1,580	1,735	1,890	2,055	8,690
Commerce:								
Cancellation of indebtedness .....	165	155	100	55	20	*	-15	160
Permanent exceptions from imputed interest rules .....	150	150	150	155	155	160	160	780
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method) .....	7,680	8,180	8,275	8,445	8,725	8,945	9,155	43,545
Capital gains exclusion of small corporation stock .....	*	*	*	*	*	40	335	375
Step-up basis of capital gains at death .....	35,800	37,740	38,305	40,355	40,945	41,545	42,155	203,305
Carryover basis of capital gains on gifts .....	125	130	135	140	145	150	155	725
Ordinary income treatment of loss from small business corp. stock sale .....	40	40	50	50	50	50	55	255
Accelerated depreciation of buildings other than rental housing (normal tax method) .....	5,145	4,925	4,380	3,580	2,675	1,750	1,075	13,460
Accelerated depreciation of machinery and equipment (normal tax method) .....	17,625	19,400	20,855	21,885	23,210	25,815	28,295	120,060
Expensing of certain small investments (normal tax method) ..	1,690	1,335	1,070	815	585	420	300	3,190
Amortization of start-up costs (normal tax method) .....	200	200	210	215	220	225	230	1,100
Graduated corporation income tax rate (normal tax method) ..	5,395	5,655	5,885	6,060	6,230	6,440	6,800	31,415
Exclusion of interest on small issue industrial development bonds .....	985	770	595	465	400	370	335	2,165
Deferral of gains from sale of broadcasting facilities to minority owned business .....	285	300	315	330	345	360	380	1,730
Treatment of Alaska Native Corporations .....	45	30	20	15	10	5	5	55
Transportation:								
Deferral of tax on shipping companies .....	15	15	15	15	15	15	15	75
Exclusion of reimbursed employee parking expenses .....	2,400	2,510	2,625	2,735	2,845	2,960	3,080	14,245
Exclusion for employer-provided transit passes .....	35	50	65	80	100	115	135	495
Community and regional development:								
Credit for low-income housing investments .....	1,925	2,260	2,800	2,945	3,270	3,500	3,660	16,175
Investment credit for rehabilitation of structures (other than historic) .....	90	80	80	80	70	70	70	370
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities .....	1,135	1,200	1,260	1,320	1,385	1,450	1,510	6,925
Exemption of certain mutuals' and cooperatives' income .....	25	30	30	30	35	35	40	170
Empowerment zones .....	*	330	440	510	565	600	630	2,745
Education, training, employment, and social services:								
Education:								
Exclusion of scholarship and fellowship income (normal tax method) .....	875	910	915	925	935	945	955	4,675
Exclusion of interest on State and local student loan bonds ..	445	440	420	395	370	345	320	1,850
Exclusion of interest on State and local debt for private non-profit educational facilities .....	1,055	1,080	1,105	1,135	1,170	1,210	1,260	5,880
Exclusion of interest on savings bonds transferred to educational institutions .....	5	5	10	10	15	20	20	75
Parental personal exemption for students age 19 or over .....	890	905	920	955	995	1,035	1,075	4,980
Deductibility of charitable contributions (education) .....	2,145	2,270	2,415	2,555	2,700	2,855	3,020	13,545
Exclusion of employer provided educational assistance .....	275	100						
Training, employment, and social services:								
Targeted jobs credit .....	305	395	325	60	40	20	5	450
Exclusion of employer provided child care .....	880	945	1,010	1,085	1,160	1,245	1,315	5,815
Exclusion of employee meals and lodging (other than military) .....	625	660	700	740	780	820	865	3,905
Credit for child and dependent care expenses .....	3,780	3,865	3,980	4,080	4,180	4,260	4,325	20,825
Credit for disabled access expenditures .....	210	210	210	215	215	215	220	1,075
Expensing of costs of removing certain architectural barriers to the handicapped .....	20	20	20	20	20	20	20	100

TABLE 5-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Provision	Outlay Equivalents							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
Deductibility of charitable contributions, other than education and health .....	23,740	25,040	26,520	28,040	29,625	31,235	33,040	148,460
Exclusion of certain foster care payments .....	40	40	45	45	50	50	50	240
Exclusion of parsonage allowances .....	305	325	350	375	400	425	455	2,005
<b>Health:</b>								
Exclusion of employer contributions for medical insurance premiums and medical care .....	71,150	77,340	85,065	92,470	100,975	100,675	120,975	500,160
Deductibility of medical expenses .....	3,380	3,660	3,965	4,295	4,650	5,035	5,455	23,400
Exclusion of interest on State and local debt for private non-profit health facilities .....	2,100	2,155	2,215	2,285	2,365	2,455	2,540	11,860
Deductibility of charitable contributions (health) .....	2,780	2,950	3,120	3,290	3,480	3,665	3,880	17,435
Tax credit for orphan drug research .....	20	*						
Special Blue Cross/Blue Shield deduction .....	160	175	185	140	240	260	270	1,095
<b>Income security:</b>								
Exclusion of railroad retirement system benefits .....	425	425	425	430	435	440	440	2,170
Exclusion of workmen's compensation benefits .....	4,240	4,475	4,860	5,120	5,380	5,645	5,950	26,955
Exclusion of public assistance benefits (normal tax method) .....	530	570	590	635	695	740	795	3,455
Exclusion of special benefits for disabled coal miners .....	100	95	90	85	85	80	75	415
Exclusion of military disability pensions .....	130	130	130	130	130	130	130	650
Net exclusion of pension contributions and earnings:								
Employer plans .....	66,960	75,940	80,410	81,040	81,650	82,230	82,845	408,175
Individual Retirement Accounts .....	7,590	8,900	9,550	8,940	8,485	7,720	6,555	41,250
Keogh plans .....	5,295	6,000	6,525	7,030	7,565	8,145	8,770	38,035
Exclusion of employer provided death benefits .....	40	40	40	45	50	50	55	240
Exclusion of other employee benefits:								
Premiums on group term life insurance .....	3,570	3,745	3,925	4,120	4,320	4,530	4,755	21,650
Premiums on accident and disability insurance .....	180	190	200	210	225	235	245	1,115
Income of trusts to finance supplementary unemployment benefits .....	35	35	35	35	35	35	35	175
Special ESOP rules (other than investment credit) .....	3,080	2,610	2,400	2,250	2,055	1,870	1,700	10,275
Additional deduction for the blind .....	40	40	40	45	45	45	50	225
Additional deduction for the elderly .....	1,780	1,800	1,825	1,840	1,855	1,865	1,875	9,260
Tax credit for the elderly and disabled .....	70	70	75	75	80	80	85	395
Deductibility of casualty losses .....	930	585	405	405	405	405	405	2,025
Earned income credit <sup>2</sup> .....	4,465	5,680	6,380	7,155	7,460	7,805	8,140	36,940
<b>Social Security:</b>								
Exclusion of social security benefits:								
OASI benefits for retired workers .....	18,295	16,875	17,395	18,110	18,935	19,840	20,605	94,885
Disability insurance benefits .....	1,815	1,895	2,100	2,300	2,520	2,570	2,980	12,470
Benefits for dependents and survivors .....	3,620	3,610	3,730	3,940	4,150	4,365	4,590	20,775
<b>Veterans benefits and services:</b>								
Exclusion of veterans disability compensation .....	1,910	1,985	1,930	1,975	2,115	2,180	2,245	10,445
Exclusion of veterans pensions .....	80	75	70	70	75	80	90	385
Exclusion of GI bill benefits .....	55	70	75	80	85	90	95	425
Exclusion of interest on State and local debt for veterans housing .....	130	120	115	110	105	105	105	540
<b>General purpose fiscal assistance:</b>								
Exclusion of interest on public purpose State and local debt .....	17,265	17,800	18,295	18,870	19,525	20,250	21,010	97,950
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....	25,745	27,250	28,795	30,425	32,155	34,000	35,880	161,255
Tax credit for corporations receiving income from doing business in U.S. possessions .....	4,160	3,810	3,885	3,960	4,085	4,295	4,510	20,735
<b>Interest:</b>								
Deferral of interest on savings bonds .....	1,250	1,360	1,470	1,600	1,730	1,880	2,040	8,720
<b>Addendum—Aid to State and local governments:</b>								
Deductibility of:								
Property taxes on owner-occupied homes .....	14,020	14,845	15,680	16,570	17,515	18,520	19,540	87,825
Nonbusiness State and local taxes other than on owner-occupied homes .....	25,745	27,250	28,795	30,425	32,155	34,000	35,880	161,255
Exclusion of interest on:								
Public purpose State and local debt .....	17,265	17,800	18,295	18,870	19,525	20,250	21,010	97,950
IDBs for certain energy facilities .....	245	250	255	250	245	240	240	1,230
IDBs for pollution control and sewage and waste disposal facilities .....	885	895	885	865	840	815	790	4,195
Small-issue IDBs .....	985	770	595	465	400	370	335	2,165

**TABLE 5-4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued**  
(In millions of dollars)

Provision	Outlay Equivalents							
	1994	1995	1996	1997	1998	1999	2000	1996-2000
Owner-occupied mortgage revenue bonds .....	2,540	2,575	2,545	2,465	2,360	2,260	2,165	11,795
State and local debt for rental housing .....	1,395	1,325	1,245	1,160	1,070	985	900	5,360
IDBs for airports, docks, and sports and convention facilities ..	1,135	1,200	1,260	1,320	1,385	1,450	1,510	6,925
State and local student loan bonds .....	445	440	420	395	370	345	320	1,850
State and local debt for private nonprofit educational facilities ..	1,055	1,080	1,105	1,135	1,170	1,210	1,260	5,880
State and local debt for private nonprofit health facilities .....	2,100	2,155	2,215	2,285	2,365	2,455	2,540	11,860
State and local debt for veterans housing .....	130	120	115	110	105	105	105	540

\* \$2.5 million or less.

<sup>1</sup>In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts for fiscal year 1996 of \$725 million.

<sup>2</sup>The effect on outlays (in millions of dollars) is as follows: \$10,990 in 1994; \$16,845 in 1995; \$20,230 in 1996; \$22,755 in 1997; \$23,850 in 1998; \$25,010 in 1999; and \$26,035 in 2000.

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.

### 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.<sup>2</sup> 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.<sup>3</sup>

- **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 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.

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

<sup>3</sup> 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.

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 31, 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 stripping 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.

**Enhanced oil recovery credit.**—A credit is provided equal to 15 percent of the taxpayer's costs for tertiary oil recovery on projects in the United States. Qualifying costs include tertiary injectant expenses, intangible drilling and development costs on a qualified enhanced oil recovery project, and amounts incurred for tangible depreciable property.

**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. Smaller exemptions are allowed for motor fuel with lower alcohol content. 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. In addition, small producers of ethanol are eligible for a 10 cent per gallon credit.

**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 limits placed on

the amount of debt that can be issued for private 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.<sup>4</sup> 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.

**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

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

<sup>4</sup>The 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.

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 \$5,000,000 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.**—In general, passive losses may not offset 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, and the 39-year period for property placed in service after February 25, 1993, give rise to tax expenditures. The statutory depreciation period for residential property is 27.5 years, which also results in tax expenditures. 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.<sup>5</sup>

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.

**Capital gains exclusion for small business stock.**—An exclusion of 50 percent is provided for capital gains from qualified small business stock held by individuals for more than 5 years. A qualified small business is a corporation whose gross assets do not exceed \$50 million as of the date of issuance of the stock. Certain activities such as personal services and banking are ineligible for the exclusion.

**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

<sup>5</sup>Thus, when a borrower on December 31, 1994, issues a promise to pay \$1,000 plus interest at 10 percent on December 30, 1995, 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 1995, as the case may be.



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 capital 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 (in 1993 dollars), 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 (in 1993 dollars), 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 be financed with tax-exempt bonds. 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 vol-

ume 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 \$63,450 to \$93,450 and \$42,300 to \$57,300 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 expired 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 began 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.

**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 list-

ed 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 expired 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 tax-

able when earned, and this deferral is, therefore, also a tax expenditure.

Limited amounts (\$9,240 in 1995) 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 34 percent of the first \$6,160 of earned income in 1995. The credit is 36 percent of the first \$8,640 of income for a family with two or more qualifying children. When the taxpayer's income exceeds \$11,290, the credit is phased out at the rate of 15.98 percent (20.22 percent if two or more qualifying children are present). It is completely phased out at \$24,396 of adjusted gross income (\$26,673 if two or more qualifying children are present).

Beginning in 1994, the credit may also be claimed by workers who do not have children living with them. 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 1995, the credit is 7.65 percent of the first \$4,100 of earned income. When the taxpayer's income exceeds \$5,130, the credit is phased out at the rate of 7.65 percent. It is completely phased out at \$9,230 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 de-

ferral 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 lev-

els 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 income and personal property taxes gives indirect assistance to these governments by reducing the costs of the services they provide.

***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.<sup>6</sup>

- **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 estimates of tax expenditures in the Federal unified transfer tax for fiscal years 1994–2000 are displayed by functional category in table 5–5. 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

<sup>6</sup>An 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.

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.

#### 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

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

Provision	Fiscal Years							
	1994	1995	1996	1997	1998	1999	2000	1996–2000
Natural Resources and Environment:								
Deductions for donations of conservation easements .....	*	*	*	*	*	*	*	*
Agriculture:								
Special use valuation of farm real property .....	70	75	80	85	90	95	100	450
Tax deferral of closely held farms .....	55	60	65	70	75	80	85	375
Commerce:								
Special use valuation of real property used in closely held businesses .....	20	20	20	25	25	25	25	120
Tax deferral of closely held business .....	10	10	10	10	15	15	15	65
Education, training, employment, and social services:								
Deduction for charitable contributions (education) .....	530	580	620	660	700	750	800	3,530
Deduction for charitable contributions (other than education and health) ...	1,565	1,700	1,820	1,945	2,065	2,200	2,350	10,380
Health:								
Deduction for charitable contributions (health) .....	480	525	565	610	650	700	755	3,280
General government:								
Credit for State death taxes .....	2,975	3,275	3,525	3,800	4,090	4,380	4,695	20,490

\* \$2.5 million or less.

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

tax payment. 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.

TABLE 5-6. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 1996 REVENUE LOSS

(In millions of dollars)

Provision	1996	1996-2000
Exclusion of employer contributions for medical insurance premiums and medical care .....	66,620	398,090
Net exclusion of employer pension plan contributions and earnings .....	59,010	299,700
Deductibility of mortgage interest on owner-occupied homes .....	54,165	303,350
Step-up basis of capital gains at death .....	29,480	153,250
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....	28,795	161,255
Deductibility of charitable contributions (all types) .....	24,145	135,180
Accelerated depreciation of machinery and equipment (normal tax method) .....	20,850	120,060
Deferral of capital gains on home sales .....	17,850	93,915
Exclusion of OASI benefits for retired workers .....	17,395	94,885
Deductibility of State and local property tax on owner-occupied homes .....	15,680	87,825
Exclusion of interest on public purpose State and local debt .....	12,690	67,940
Exclusion of interest on life insurance savings .....	11,160	64,840
Exclusion of interest on State and local debt for various non-public purposes .....	7,405	36,020
Net exclusion of Individual Retirement Account contributions and earnings .....	6,375	27,090
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method) .....	6,205	32,660
Earned income credit <sup>1</sup> .....	5,740	33,245
Exclusion of capital gains on home sales for persons age 55 and over .....	4,920	25,245
Exclusion of workmen's compensation benefits .....	4,860	26,955
Net exclusion of Keogh plan contributions and earnings .....	4,825	28,125
Accelerated depreciation of buildings other than rental housing (normal tax method) .....	4,385	13,465
Exception from passive loss rules for \$25,000 of rental loss .....	4,170	20,495
Graduated corporation income tax rate (normal tax method) .....	4,120	21,990
Deductibility of medical expenses .....	3,965	23,400
Exclusion of social security benefits for dependents and survivors .....	3,730	20,775
Premiums on group term life insurance .....	3,020	16,660
Credit for child and dependent care expenses .....	2,995	15,630
Tax credit for corporations receiving income from doing business in U.S. possessions .....	2,680	14,300
Credit for low-income housing investments .....	2,600	15,875
Expensing of research and experimentation expenditures (normal tax method) .....	2,560	14,715
Exclusion of income earned abroad by United States citizens .....	2,125	11,955
Exclusion of social security disability insurance benefits .....	2,100	12,650
Exclusion of benefits and allowances to armed forces personnel .....	2,020	10,245
Exclusion of reimbursed employee parking expenses .....	2,015	10,945
Exclusion of veterans disability compensation .....	1,930	10,445
Deferral of income from controlled foreign corporations (normal tax method) .....	1,800	11,000
Special ESOP rules (other than investment credit) .....	1,680	7,195
Additional deduction for the elderly .....	1,510	7,655
Exclusion of income of foreign sales corporations .....	1,500	8,500
Deferral of interest on savings bonds .....	1,470	8,720
Accelerated depreciation on rental housing (normal tax method) .....	1,425	8,690
Inventory property sales source rules exception .....	1,400	8,000
Excess of percentage over cost depletion (fuel and nonfuel minerals) .....	1,240	6,860
Expensing of certain small investments (normal tax method) .....	1,070	3,190
Alternative fuel production credit .....	1,000	4,630
Deferral of income from post 1987 installment sales .....	950	4,900
Exemption of credit union income .....	940	5,750
Exclusion of scholarship and fellowship income (normal tax method) .....	835	4,260
Parental personal exemption for students age 19 or over .....	825	4,470
Exclusion of employer provided child care .....	775	4,475
Credit for increasing research activities .....	675	1,125
Exclusion of public assistance benefits (normal tax method) .....	590	3,455
Exclusion of employee meals and lodging (other than military) .....	575	3,205
Empowerment zones .....	440	2,740
Exclusion of railroad retirement system benefits .....	425	2,170
Expensing of multiperiod timber growing costs .....	395	2,195
Targeted jobs credit .....	325	440
Deferral of gains from sale of broadcasting facilities to minority owned business .....	315	1,730
Deductibility of casualty losses .....	315	1,575
Exclusion of parsonage allowances .....	285	1,615
Tax exemption of certain insurance companies .....	240	1,280
Amortization of start-up costs (normal tax method) .....	190	985
Exclusion from income of conservation subsidies provided by public utilities .....	175	955
Credit for disabled access expenditures .....	160	825
Premiums on accident and disability insurance .....	155	875
Permanent exceptions from imputed interest rules .....	150	780
Special Blue Cross/Blue Shield deduction .....	140	785
Carryover basis of capital gains on gifts .....	135	725
Exclusion of military disability pensions .....	130	650
Capital gains treatment of certain agricultural income .....	125	700



TABLE 5-6. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 1996 REVENUE LOSS—Continued

(In millions of dollars)

Provision	1996	1996-2000
Tax incentives for preservation of historic structures .....	125	585
New technology credit .....	115	665
Small life insurance company deduction .....	115	640
Exception from passive loss limitation for working interests in oil and gas properties .....	110	665
Interest allocation rules exception for certain financial operations .....	95	475
Exclusion of special benefits for disabled coal miners .....	90	415
Expensing of certain multiperiod production costs .....	80	410
Enhanced oil recovery credit .....	80	390
Investment credit for rehabilitation of structures (other than historic) .....	80	370
Exclusion of GI bill benefits .....	75	425
Cancellation of indebtedness .....	75	120
Exclusion of veterans pensions .....	70	385
Tax credit and deduction for clean-fuel burning vehicles and properties .....	65	370
Expensing of certain capital outlays .....	65	335
Excess bad debt reserves of financial institutions .....	60	350
Tax credit for the elderly and disabled .....	60	320
Exclusion for employer-provided transit passes .....	50	400
Special rules for mining reclamation reserves .....	50	250
Expensing of exploration and development costs (fuel and nonfuel minerals) .....	45	735
Alcohol fuel credit <sup>2</sup> .....	45	245
Investment credit and seven-year amortization for reforestation expenditures .....	40	230
Exclusion of certain foster care payments .....	35	190
Additional deduction for the blind .....	35	185
Exclusion of employer provided death benefits .....	35	185
Ordinary income treatment of loss from small business corporation stock sale .....	35	180
Income of trusts to finance supplementary unemployment benefits .....	35	175
Exemption of certain mutuals' and cooperatives' income .....	30	170
Expensing of costs of removing certain architectural barriers to the handicapped .....	20	100
Treatment of Alaska Native Corporations .....	20	55
Capital gains treatment of certain timber income .....	15	75
Deferral of tax on shipping companies .....	15	75
Capital gains treatment of royalties on coal .....	15	75
Treatment of loans forgiven solvent farmers as if insolvent .....	10	50
Exclusion of interest on savings bonds transferred to educational institutions .....	5	55
Special alternative tax on small property and casualty insurance companies .....	5	25
Capital gains exclusion of small corporation stock .....	*	280

\* \$2.5 million or less.

<sup>1</sup> The effect of the earned income tax credit on outlays is \$20,230 million in 1996 and \$117,870 million for 1996-2000.<sup>2</sup> In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts for 1996 of \$725 million.

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.

Figures in table 5-6 are the arithmetic sums of corporate and individual income tax revenue loss estimates from table 6-2, and do not reflect possible interactions across these two taxes.



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## FEDERAL SPENDING

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## 6. FEDERAL SPENDING BY FUNCTION, SUBFUNCTION, AND MAJOR PROGRAM

TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>050 National defense:</b>							
<b>051 Department of Defense—Military:</b>							
Military personnel .....	71,365	70,389	68,697	67,492	68,226	69,561	70,903
Operation and maintenance .....	88,341	92,084	91,932	90,590	89,891	92,743	94,823
Procurement .....	44,141	44,582	39,409	43,464	51,446	54,236	62,277
Research, development, test and evaluation .....	34,567	35,438	34,332	32,654	31,677	30,919	30,194
Military construction .....	6,009	5,463	6,573	4,488	4,575	4,366	3,673
Family housing .....	3,501	3,387	4,125	4,335	4,077	4,418	4,520
Voluntary Separation Incentive (VSI fund) .....	55	77	334	160	160	159	159
Offset for payment to VSI fund .....		-20	-269	-93	-93	-93	-93
Revolving and management funds .....	4,354	297	1,703	506	666	916	569
Trust funds and other .....	117	118	171	172	95	93	93
General transfer authority .....							
Emergency supplemental .....		2,557					
DOD-wide savings proposals .....		-703					
Proposed legislation (non-PAYGO) .....			-72	-30	-73	-73	-74
Offsetting receipts .....	-1,086	-1,062	-939	-931	-938	-899	-896
Subtotal, Department of Defense—Military .....	251,364	252,608	245,995	242,808	249,710	256,345	266,147
<b>053 Atomic energy defense activities:</b>							
Weapons activities .....	3,630	3,229	3,540	3,058	3,080	3,091	3,059
Defense environmental restoration and waste management .....	5,170	5,108	6,008	5,597	4,847	4,820	4,809
Defense nuclear waste disposal .....	120	129	198	166	167	168	166
Other defense activities .....	1,960	1,850	1,432	1,198	1,206	1,211	1,198
Defense Nuclear Facilities Safety Board .....	17	18	18	18	18	17	17
Subtotal, Atomic energy defense activities .....	10,897	10,334	11,197	10,037	9,318	9,307	9,249
<b>054 Defense-related activities</b> .....	1,039	546	562	586	597	608	619
<b>Total, National defense</b> .....	263,300	263,488	257,755	253,431	259,625	266,261	276,015
<b>150 International affairs:</b>							
<b>151 International development and humanitarian assistance:</b>							
Agency for International Development .....	4,217	3,961	4,182	4,056	3,973	3,889	3,806
Multilateral development banks (MDB's) .....	1,556	2,241	2,346	2,275	2,229	2,182	2,135
Food aid .....	1,459	1,261	996	966	946	926	906
Refugee programs .....	750	721	721	699	685	671	656
Voluntary contributions to international organizations .....	363	374	425	412	404	395	387
Peace Corps .....	233	232	235	228	223	218	214
Other programs .....	159	169	248	241	214	192	168
Credit liquidating accounts .....	-458	-519	-542	-515	-465	-473	-435
Offsetting receipts .....	-564	-579	-561	-632	-641	-645	-632
Subtotal, International development and humanitarian assistance	7,714	7,862	8,049	7,731	7,568	7,355	7,204
<b>152 International security assistance:</b>							
Foreign military financing grants and loans .....	3,094	3,199	3,352	3,251	3,184	3,117	3,050
Economic support fund .....	2,107	2,451	2,494	2,419	2,370	2,320	2,270
Other programs .....	114	148	165	160	157	153	150
Repayment of foreign military financing loans .....	-545	-566	-655	-658	-570	-423	-312
Foreign military loan liquidating account .....	-255	-457	-239	-178	-185	-181	-194
Subtotal, International security assistance .....	4,516	4,776	5,117	4,995	4,955	4,987	4,963
<b>153 Conduct of foreign affairs:</b>							
State Department operations .....	2,109	2,126	2,121	2,057	2,015	1,972	1,930
Foreign buildings .....	400	412	422	409	401	392	384
Assessed Contributions to International Organizations .....	861	873	934	906	887	869	850
Assessed Contributions to International Peacekeeping .....	1,072	1,205	445	432	423	414	405

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other programs .....	189	174	237	232	228	224	220
Subtotal, Conduct of foreign affairs .....	4,630	4,789	4,159	4,036	3,953	3,871	3,789
<b>154 Foreign information and exchange activities:</b>							
U.S. Information Agency .....	1,270	1,186	1,302	1,263	1,237	1,211	1,185
Board for International Broadcasting .....	208	237	.....	.....	.....	.....	.....
Other programs .....	17	16	11	11	11	10	10
Subtotal, Foreign information and exchange activities .....	1,496	1,439	1,313	1,274	1,248	1,221	1,195
<b>155 International financial programs:</b>							
Export-Import Bank .....	945	709	780	715	663	636	614
International monetary fund .....	.....	25	25	24	24	23	23
Exchange stabilization fund .....	.....	.....	.....	.....	.....	.....	.....
Foreign military sales trust fund (net) .....	-66	1,120	50	-510	-990	-1,540	-240
Special defense acquisition fund .....	-266	-282	-220	-166	-66	-10	-17
Credit liquidating account (Exim) .....	-1,158	-937	-644	-622	-457	-574	-122
Other .....	.....	.....	.....	.....	.....	.....	.....
Offsetting receipts .....	-102	-104	-106	-108	-110	-112	-115
Subtotal, International financial programs .....	-647	530	-115	-668	-937	-1,577	143
<b>Total, International affairs .....</b>	<b>17,709</b>	<b>19,397</b>	<b>18,524</b>	<b>17,368</b>	<b>16,788</b>	<b>15,857</b>	<b>17,295</b>
<b>250 General science, space, and technology:</b>							
<b>251 General science and basic research:</b>							
National Science Foundation programs .....	2,992	3,197	3,336	3,237	3,169	3,102	2,897
Department of Energy general science programs .....	1,604	984	1,018	852	858	861	852
Subtotal, General science and basic research .....	4,596	4,181	4,353	4,089	4,028	3,964	3,749
<b>252 Space flight, research, and supporting activities:</b>							
Science, Aeronautics and Technology .....	.....	5,079	5,090	4,937	4,835	4,733	4,632
Human space flight .....	.....	5,515	5,510	5,408	5,340	5,273	5,205
Mission support .....	.....	2,157	2,304	2,235	2,189	2,142	2,096
Research and program management .....	1,349	.....	.....	.....	.....	.....	.....
Space flight control and data communications .....	4,835	.....	.....	.....	.....	.....	.....
Construction of facilities .....	290	-27	.....	.....	.....	.....	.....
Research and development .....	6,532	.....	.....	.....	.....	.....	.....
Other .....	16	16	17	17	16	16	16
Subtotal, Space flight, research, and supporting activities .....	13,022	12,740	12,920	12,597	12,380	12,165	11,948
<b>Total, General science, space, and technology .....</b>	<b>17,618</b>	<b>16,921</b>	<b>17,274</b>	<b>16,685</b>	<b>16,408</b>	<b>16,128</b>	<b>15,698</b>
<b>270 Energy:</b>							
<b>271 Energy supply:</b>							
Research and development .....	3,830	3,796	3,881	3,474	3,399	3,386	3,366
Naval petroleum reserves .....	-188	-264	-362	-492	-474	-449	-414
Proposed Legislation (PAYGO) .....	.....	.....	.....	448	439	417	395
Subtotal, Naval petroleum reserves .....	-188	-264	-362	-44	-35	-32	-19
Federal power marketing .....	-207	-420	-576	-542	-449	-804	-786
Proposed Legislation (PAYGO) .....	.....	.....	.....	11	182	672	679
Subtotal, Federal power marketing .....	-207	-420	-576	-531	-268	-131	-108
Tennessee Valley Authority .....	1,094	1,181	633	528	483	518	357
Uranium enrichment .....	126	73	42	30	30	30	30
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Uranium enrichment .....	126	73	42	30	30	30	30
Uranium enrichment facility decontamination and decommissioning fund .....	286	301	289	292	295	298	301
Decontamination transfer .....	-130	-134	-350	-292	-292	-292	-292
Foreign fees (proposed) .....	.....	.....	-45	-46	-47	-48	-49

TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Nuclear waste program .....	261	394	.....	.....	.....	.....	.....
Proposed Legislation (PAYGO) .....	.....	.....	432	540	604	668	512
Subtotal, Nuclear waste program .....	261	394	432	540	604	668	512
Nuclear waste fund receipts .....	-396	-555	-591	-600	-606	-607	-616
Subsidies for nonconventional fuel production .....	-26	-8	-18	-2	-2	-2	-2
Rural electric and telephone loans .....	80	90	137	133	130	128	125
Credit liquidating account (REA) .....	-1,343	-1,452	-1,129	-1,102	-1,155	-1,130	-1,175
Subtotal, Energy supply .....	3,386	3,002	2,341	2,380	2,536	2,787	2,432
<b>272 Energy conservation</b> .....	669	773	907	641	627	627	621
<b>274 Emergency energy preparedness</b> .....	216	144	34	274	276	277	274
<b>276 Energy information, policy, and regulation:</b>							
Nuclear Regulatory Commission (NRC) .....	35	22	22	22	21	20	19
Other energy programs .....	419	392	404	351	365	369	365
Subtotal, Energy information, policy, and regulation .....	455	414	426	373	386	389	385
<b>Total, Energy</b> .....	4,726	4,333	3,708	3,668	3,824	4,080	3,711
<b>300 Natural resources and environment:</b>							
<b>301 Water resources:</b>							
Corps of Engineers .....	4,082	3,621	3,632	3,572	3,712	3,663	3,619
Bureau of Reclamation .....	874	889	842	791	804	787	739
Other .....	757	247	279	271	266	260	255
Offsetting receipts .....	-373	-472	-596	-592	-649	-669	-665
Subtotal, Water resources .....	5,340	4,285	4,157	4,043	4,133	4,042	3,949
<b>302 Conservation and land management:</b>							
Forest Service .....	3,169	3,047	2,866	2,825	2,779	2,733	2,687
Management of public lands (BLM) .....	966	976	1,011	982	963	954	926
Federal land acquisition .....	12	15	24	24	23	23	22
Mining reclamation and enforcement .....	308	293	293	284	278	272	267
Conservation reserve program .....	1,743	1,743	1,926	2,021	2,035	2,029	1,962
Other conservation of agricultural lands .....	932	830	952	806	791	776	761
Other .....	368	364	384	372	364	357	349
Offsetting receipts .....	-2,309	-2,278	-2,304	-2,313	-2,337	-2,490	-2,453
Subtotal, Conservation and land management .....	5,190	4,990	5,152	5,001	4,897	4,653	4,521
<b>303 Recreational resources:</b>							
Federal land acquisition .....	255	222	211	205	200	196	192
Urban park and historic preservation funds .....	58	54	45	44	43	42	41
Operation of recreational resources .....	2,658	2,736	2,773	2,755	2,710	2,689	2,670
Proposed Legislation (PAYGO) .....	.....	.....	*	4	6	8	10
Subtotal, Operation of recreational resources .....	2,658	2,736	2,773	2,760	2,716	2,697	2,681
Offsetting receipts .....	-179	-247	-262	-274	-278	-284	-295
Proposed Legislation (PAYGO) .....	.....	.....	-8	-12	-16	-20	-26
Subtotal, Offsetting receipts .....	-179	-247	-270	-286	-295	-304	-322
Subtotal, Recreational resources .....	2,792	2,765	2,759	2,722	2,665	2,631	2,592
<b>304 Pollution control and abatement:</b>							
Regulatory, enforcement, and research programs .....	2,627	2,782	4,104	3,273	3,209	3,144	3,079
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Regulatory, enforcement, and research programs ....	2,627	2,782	4,104	3,273	3,209	3,144	3,079
Hazardous substance superfund .....	1,497	1,431	1,563	1,516	1,485	1,454	1,422
Proposed Legislation (PAYGO) .....	.....	.....	200	200	200	200	200
Subtotal, Hazardous substance superfund .....	1,497	1,431	1,763	1,716	1,685	1,654	1,622
Oil pollution funds (gross) .....	149	164	169	168	168	159	159
Water infrastructure financing .....	2,455	2,962	2,365	2,295	2,248	2,200	2,138
Leaking underground storage tank trust fund .....	76	70	77	75	73	72	70

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Superfund recoveries and other .....	-209	-235	-969	-211	-171	-146	-146
Subtotal, Pollution control and abatement .....	6,595	7,174	7,508	7,316	7,211	7,083	6,923
<b>306 Other natural resources:</b>							
Program activities .....	2,789	2,829	2,986	2,893	2,837	2,829	2,812
Proposed Legislation (PAYGO) .....			24	24	24	24	24
Subtotal, Program activities .....	2,789	2,829	3,010	2,917	2,861	2,853	2,836
Offsetting receipts .....	-19	-19	-19	-19	-19	-21	-33
Proposed Legislation (PAYGO) .....			-10	-10	-10	-10	-10
Subtotal, Offsetting receipts .....	-19	-19	-29	-29	-29	-31	-43
Subtotal, Other natural resources .....	2,770	2,810	2,981	2,888	2,833	2,822	2,793
<b>Total, Natural resources and environment .....</b>	<b>22,688</b>	<b>22,024</b>	<b>22,558</b>	<b>21,970</b>	<b>21,738</b>	<b>21,231</b>	<b>20,778</b>
<b>350 Agriculture:</b>							
<b>351 Farm income stabilization:</b>							
Commodity Credit Corporation .....	12,400	8,895	8,533	8,080	5,801	5,997	5,467
Proposed Legislation (PAYGO) .....					-500	-500	-500
Subtotal, Commodity Credit Corporation .....	12,400	8,895	8,533	8,080	5,301	5,497	4,967
Crop insurance .....	236	1,093	1,264	1,062	1,115	1,068	1,207
Agricultural credit insurance .....	401	404	414	401	392	384	375
Emergency food assistance program .....	120	65	40	39	38	37	36
Other .....	1,060	784	818	807	752	738	726
Proposed Legislation (PAYGO) .....							
Subtotal, Other .....	1,060	784	818	807	752	738	726
Credit liquidating accounts (ACIF and FAC) .....	51	-787	-762	-1,244	-1,117	-996	-881
Subtotal, Farm income stabilization .....	14,268	10,455	10,306	9,145	6,480	6,728	6,431
<b>352 Agricultural research and services:</b>							
Research programs .....	1,201	1,203	1,191	1,156	1,132	1,109	1,085
Marketing programs .....	168	157	158	156	155	154	153
Animal and plant inspection programs .....	476	461	442	428	419	411	402
Economic intelligence .....	138	135	145	141	138	135	132
Other programs and unallocated overhead .....	928	940	959	930	911	891	872
Offsetting receipts .....	-126	-131	-130	-130	-130	-130	-130
Subtotal, Agricultural research and services .....	2,785	2,765	2,764	2,681	2,625	2,570	2,514
<b>Total, Agriculture .....</b>	<b>17,053</b>	<b>13,220</b>	<b>13,070</b>	<b>11,826</b>	<b>9,106</b>	<b>9,298</b>	<b>8,945</b>
<b>370 Commerce and housing credit:</b>							
<b>371 Mortgage credit:</b>							
Federal Housing Administration (FHA) .....	-422	187	-42	174	190	183	175
Government National Mortgage Association (GNMA) .....							
Rural housing programs .....	1,085	770	780	756	741	725	709
Privatizing collection of debt (Non-PAYGO proposal) .....			-156				
Other .....		50					
Credit liquidating accounts .....	822	746	971	75	-643	-994	-1,219
Subtotal, Mortgage credit .....	1,485	1,753	1,552	1,005	288	-86	-334
<b>372 Postal service:</b>							
Payments to the Postal Service fund (On-budget) .....	130	130	146	124	124	124	124
Postal Service (Off-budget) .....	2,732	3,958	4,336	1,739	1,943	1,438	53
Subtotal, Postal service .....	2,863	4,088	4,482	1,863	2,067	1,562	177
<b>373 Deposit insurance:</b>							
Resolution Trust Corporation Fund .....	18,315		-957				



**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Bank Insurance Fund .....	.....	.....	.....	.....	.....	.....	.....
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Bank Insurance Fund .....	.....	.....	.....	.....	.....	.....	.....
FSLIC Resolution Fund .....	1,171	796	.....	.....	.....	.....	.....
Savings Association Insurance Fund .....	.....	.....	.....	.....	.....	.....	.....
National Credit Union Administration .....	.....	.....	.....	.....	.....	.....	.....
Other mandatory .....	.....	.....	.....	.....	.....	.....	.....
Discretionary .....	34	32	11	.....	.....	.....	.....
Subtotal, Deposit insurance .....	19,520	828	-945	.....	.....	.....	.....
<b>376 Other advancement of commerce:</b>							
Small and minority business assistance .....	624	712	682	660	634	623	611
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Small and minority business assistance .....	624	712	682	660	634	623	611
Science and technology .....	547	893	1,060	1,059	1,058	1,058	1,058
Economic and demographic statistics .....	284	328	405	394	386	387	3,141
Payments to copyright owners .....	213	226	232	236	242	246	252
Regulatory agencies .....	232	216	125	109	100	93	91
Proposed Legislation (PAYGO) .....	.....	.....	251	263	276	289	303
Subtotal, Regulatory agencies .....	232	216	376	372	375	381	394
International trade and other business promotion .....	501	405	458	436	422	437	437
Credit liquidating accounts .....	170	.....	.....	.....	.....	.....	.....
Subtotal, Other advancement of commerce .....	2,571	2,780	3,213	3,157	3,118	3,134	5,893
<b>Total, Commerce and housing credit .....</b>	<b>26,439</b>	<b>9,449</b>	<b>8,302</b>	<b>6,025</b>	<b>5,472</b>	<b>4,609</b>	<b>5,735</b>
On-budget .....	(23,706)	(5,491)	(3,966)	(4,286)	(3,529)	(3,171)	(5,682)
Off-budget .....	(2,732)	(3,958)	(4,336)	(1,739)	(1,943)	(1,438)	(53)
<b>400 Transportation:</b>							
<b>401 Ground transportation:</b>							
Highways .....	22,198	21,036	894	1,116	7	7	7
Highway safety .....	200	405	440	443	438	399	399
Mass transit .....	4,567	4,620	.....	.....	.....	.....	.....
Railroads .....	1,100	1,219	270	241	116	105	105
Regulation (ICC) .....	45	33	29	.....	.....	.....	.....
Offsetting receipts .....	-29	-46	-8	-6	-4	2	4
Proposed Legislation (PAYGO) .....	.....	.....	-45	-47	-49	-51	-53
Subtotal, Offsetting receipts .....	-29	-46	-53	-52	-52	-48	-48
Subtotal, Ground transportation .....	28,081	27,267	1,580	1,747	509	462	462
<b>402 Air transportation:</b>							
Airports and airways (FAA) .....	9,859	9,035	6,880	6,759	6,759	6,150	6,150
Aeronautical research and technology .....	1,546	1,696	1,340	1,300	1,273	1,246	1,219
Payments to air carriers .....	33	22	.....	.....	.....	.....	.....
Subtotal, Air transportation .....	11,439	10,754	8,219	8,058	8,031	7,396	7,370
<b>403 Water transportation:</b>							
Marine safety and transportation .....	3,538	3,612	3,687	3,740	3,795	3,563	3,605
Ocean shipping .....	156	193	379	255	255	245	244
Panama Canal Commission .....	.....	.....	.....	.....	.....	.....	.....
Offsetting receipts .....	-68	-73	-79	-83	-83	-84	-91
Subtotal, Water transportation .....	3,626	3,733	3,987	3,912	3,966	3,724	3,759
<b>407 Other transportation:</b>							
Unified transportation infrastructure investment program .....	.....	.....	24,393	26,094	25,760	23,552	22,943
Department of Transportation headquarters building .....	.....	.....	331	.....	.....	.....	.....
Miscellaneous programs .....	348	370	413	397	398	363	363

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Offsetting receipts .....	-27	-44	-57	-56	-56	-52	-52
Subtotal, Other transportation .....	321	326	25,079	26,435	26,101	23,863	23,253
<b>Total, Transportation .....</b>	<b>43,467</b>	<b>42,079</b>	<b>38,866</b>	<b>40,153</b>	<b>38,607</b>	<b>35,446</b>	<b>34,844</b>
<b>450 Community and regional development:</b>							
<b>451 Community development:</b>							
Community opportunity performance funds .....		23	4,872	4,972	4,958	4,786	4,574
Community development block grants .....	5,050	4,622					
Community development financial institutions .....		125	144	111	101	19	
Other .....	439	301	429	335	278	269	257
Credit liquidating accounts .....	-27	-23	-20	-10	-10	-10	-10
Subtotal, Community development .....	5,461	5,048	5,424	5,408	5,327	5,064	4,821
<b>452 Area and regional development:</b>							
Rural development .....	835	887	1,147	1,122	1,099	1,076	1,053
Economic development assistance .....	550	450	439	427	418	419	418
Indian programs .....	1,762	1,599	1,644	1,598	1,566	1,544	1,524
Proposed Legislation (PAYGO) .....							
Subtotal, Indian programs .....	1,762	1,599	1,644	1,598	1,566	1,544	1,524
Appalachian Regional Commission .....	252	287	188	182	179	175	171
Tennessee Valley Authority .....	140	143	140	136	133	131	128
Credit liquidating accounts .....	124	254	196	201	226	486	206
Offsetting receipts .....	-445	-406	-313	-302	-292	-294	-296
Subtotal, Area and regional development .....	3,219	3,213	3,442	3,364	3,328	3,537	3,205
<b>453 Disaster relief and insurance:</b>							
Small business disaster loans .....	1,313	130	115	111	109	107	104
Disaster relief .....	5,409	7,020	320	310	304	298	291
National flood insurance fund .....		-*					
Other .....	192	308	302	293	286	280	274
Credit liquidating accounts .....							
Subtotal, Disaster relief and insurance .....	6,915	7,458	737	714	699	685	670
<b>Total, Community and regional development .....</b>	<b>15,595</b>	<b>15,718</b>	<b>9,603</b>	<b>9,487</b>	<b>9,355</b>	<b>9,285</b>	<b>8,696</b>
<b>500 Education, training, employment, and social services:</b>							
<b>501 Elementary, secondary, and vocational education:</b>							
Education reform .....	147	528	950	950	924	853	794
School improvement programs .....	1,377	1,427	1,510	1,465	1,435	1,396	1,366
Education for the disadvantaged .....	6,924	7,233	7,441	7,218	7,069	6,920	6,772
Special education .....	3,109	3,253	3,342	3,242	3,175	3,108	3,041
Impact aid .....	913	728	619	592	550	550	550
Vocational and adult education .....	1,488	1,436	1,676	1,676	1,676	1,676	1,676
Proposed Legislation (PAYGO) .....			-7	-7	-7	-7	-7
Subtotal, Vocational and adult education .....	1,488	1,436	1,669	1,669	1,669	1,669	1,669
Indian education programs .....	577	591	624	605	593	580	567
Other .....	247	252	307	297	291	285	279
Subtotal, Elementary, secondary, and vocational education .....	14,782	15,448	16,462	16,038	15,706	15,361	15,037
<b>502 Higher education:</b>							
Student financial assistance .....	8,103	7,706	5,914	6,214	6,186	6,159	6,131
Federal family education loan program .....	3,003	3,836	2,420	2,297	2,205	2,118	2,318
Proposed Legislation (PAYGO) .....			-770	-1,870	-2,177	-2,090	-2,290
Subtotal, Federal family education loan program .....	3,003	3,836	1,651	428	29	28	27
Federal direct loan program .....	316	1,138	1,629	1,540	2,002	2,386	2,507
Proposed Legislation (PAYGO) .....			419	803	1,023	944	1,052
Subtotal, Federal direct loan program .....	316	1,138	2,049	2,343	3,026	3,329	3,559

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Higher education .....	894	936	821	757	740	723	707
Student loan guaranty agency reserve recoveries (PAYGO proposal) .....			-350	-250	-250	-150	-100
Other .....	120	301	290	283	277	268	262
Credit liquidating account (Family education loan program) .....	-2,840	1,345	595	-16	-443	-514	-552
Subtotal, Higher education .....	9,596	15,261	10,970	9,759	9,565	9,843	10,035
<b>503 Research and general education aids .....</b>	<b>2,172</b>	<b>2,308</b>	<b>2,541</b>	<b>2,470</b>	<b>2,431</b>	<b>2,409</b>	<b>2,395</b>
<b>504 Training and employment:</b>							
Training and employment services .....	5,050	5,456	8,170	8,126	8,071	7,970	7,882
Trade adjustment assistance .....	76	101	129	116	125	94	94
Older Americans employment .....	410	410	410	398	390	382	374
Payments to States for AFDC work programs .....	1,100	1,300	1,000	1,000	1,000	1,000	1,000
Federal-State employment service .....	1,253	1,327	1,367	1,359	1,353	1,297	1,241
Other .....	92	91	95	90	88	86	85
Subtotal, Training and employment .....	7,981	8,685	11,172	11,088	11,027	10,829	10,675
<b>505 Other labor services .....</b>	<b>957</b>	<b>997</b>	<b>1,089</b>	<b>1,052</b>	<b>1,030</b>	<b>1,009</b>	<b>987</b>
<b>506 Social services:</b>							
National service initiative .....	579	804	1,108	1,117	1,123	1,127	1,131
Family support and preservation .....	60	150	225	240	255	255	255
Social services block grant .....	3,807	2,800	2,800	2,800	2,800	2,800	2,800
Rehabilitation services .....	2,297	2,393	2,457	2,525	2,590	2,655	2,722
Payments to States for foster care and adoption assistance .....	2,993	3,624	4,308	4,422	4,819	5,253	5,725
Children and families services programs .....	4,713	4,892	5,236	5,196	5,170	5,144	5,119
Aging services program .....	878	877	897	870	852	834	816
Interim assistance to States for legalization .....	812	361					
Other social services .....	16	54	4	4	3	3	3
Subtotal, Social services .....	16,154	15,956	17,035	17,174	17,612	18,072	18,571
<b>Total, Education, training, employment, and social services ....</b>	<b>51,643</b>	<b>58,655</b>	<b>59,268</b>	<b>57,581</b>	<b>57,371</b>	<b>57,522</b>	<b>57,700</b>
<b>550 Health:</b>							
<b>551 Health care services:</b>							
Medicaid grants .....	89,077	89,241	82,142	104,621	114,503	124,519	136,327
Proposed Legislation (PAYGO) .....			-47	-52	-56	28	166
Subtotal, Medicaid grants .....	89,077	89,241	82,095	104,570	114,447	124,547	136,494
Health insurance earned income credit .....	773						
Federal employees' and retired employees' health benefits .....	3,805	4,211	3,746	4,255	4,769	4,957	5,309
Coal miners retirees health benefits .....	286	351	344	337	329	323	316
Indian health .....	1,947	1,968	2,064	2,001	1,960	1,919	1,878
Substance abuse and mental health services .....	2,150	2,195	2,244	2,179	2,136	2,094	2,051
Other health care services .....	4,899	5,080	5,351	5,248	5,185	5,124	4,953
Subtotal, Health care services .....	102,938	103,046	95,845	118,589	128,827	138,964	151,001
<b>552 Health research and training:</b>							
National Institutes of Health .....	10,946	11,326	11,793	11,434	11,199	10,965	10,732
DoD breast cancer and other health research .....							
Clinical training .....	356	312	331	314	296	276	264
Substance abuse and mental health research .....							
Other research and training .....	311	320	330	320	313	307	300
Subtotal, Health research and training .....	11,613	11,958	12,455	12,067	11,809	11,548	11,295
<b>554 Consumer and occupational health and safety:</b>							
Food safety and inspection (net of user fees) .....	518	542	488	470	458	446	435
Other consumer safety .....	913	927	928	899	881	862	844
Occupational safety and health .....	504	527	573	556	545	533	522
Subtotal, Consumer and occupational health and safety .....	1,935	1,996	1,989	1,926	1,884	1,842	1,800
<b>Total, Health .....</b>	<b>116,486</b>	<b>117,000</b>	<b>110,288</b>	<b>132,582</b>	<b>142,519</b>	<b>152,353</b>	<b>164,096</b>

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>570 Medicare:</b>							
<b>571 Medicare:</b>							
Hospital insurance (HI) .....	112,397	111,430	123,036	132,368	142,511	154,159	164,828
Proposed Legislation (PAYGO) .....			-140	-530	-670	-1,590	-1,970
Subtotal, Hospital insurance (HI) .....	112,397	111,430	122,896	131,838	141,841	152,569	162,858
Supplementary medical insurance (SMI) .....	61,256	65,823	75,555	84,050	93,061	103,126	114,036
Proposed Legislation (PAYGO) .....						-360	-540
Subtotal, Supplementary medical insurance (SMI) .....	61,256	65,823	75,555	84,050	93,061	102,766	113,496
Medicare premiums and collections .....	-10,977	-20,122	-20,198	-21,701	-24,101	-25,575	-26,743
Proposed Legislation (PAYGO) .....			1	4	6	-1,140	-2,840
Subtotal, Medicare premiums and collections .....	-10,977	-20,122	-20,197	-21,697	-24,095	-26,715	-29,583
Subtotal, Medicare .....	162,677	157,132	178,254	194,191	210,807	228,620	246,770
<b>Total, Medicare .....</b>	<b>162,677</b>	<b>157,132</b>	<b>178,254</b>	<b>194,191</b>	<b>210,807</b>	<b>228,620</b>	<b>246,770</b>
<b>600 Income security:</b>							
<b>601 General retirement and disability insurance (excluding social security):</b>							
Railroad retirement .....	4,623	4,594	4,533	4,616	4,607	4,651	4,636
Special benefits for disabled coal miners .....	1,433	1,290	1,220	1,200	1,148	1,092	1,037
Pension Benefit Guaranty Corporation .....							
Other .....	189	202	223	230	236	244	254
Subtotal, General retirement and disability insurance (excluding social security) .....	6,244	6,087	5,976	6,046	5,992	5,988	5,927
<b>602 Federal employee retirement and disability:</b>							
Civilian retirement and disability programs .....	36,925	38,453	40,266	42,555	44,676	46,890	49,154
Military retirement .....	26,804	27,332	28,005	29,088	30,231	32,065	33,205
Proposed Legislation (PAYGO) .....			385				
Subtotal, Military retirement .....	26,804	27,332	28,390	29,088	30,231	32,065	33,205
Federal employees workers' compensation (FECA) .....	279	258	218	271	325	337	352
Federal employees life insurance fund .....	4	26	33	36	41	47	52
Subtotal, Federal employee retirement and disability .....	64,012	66,069	68,907	71,950	75,274	79,339	82,764
<b>603 Unemployment compensation .....</b>	<b>28,696</b>	<b>23,814</b>	<b>25,731</b>	<b>25,404</b>	<b>26,007</b>	<b>26,682</b>	<b>27,351</b>
<b>604 Housing assistance:</b>							
Housing certificates for families and individuals performance funds .....			7,665	8,744	19,751	15,463	15,123
Public and Indian housing performance funds .....			8,104	7,418	7,249	7,072	6,780
Affordable housing performance funds .....			3,339	2,359	2,298	2,242	2,149
Homeless assistance performance funds .....			1,120	1,120	1,091	1,055	1,012
Subsidized, public, homeless and other HUD housing .....	20,586	20,391	188	154	241	270	259
Rural housing assistance .....	521	608	644	625	612	599	586
Other housing assistance .....	7	15	15	15	14	14	14
Subtotal, Housing assistance .....	21,114	21,014	21,076	20,435	31,257	26,715	25,923
<b>605 Food and nutrition assistance:</b>							
Food stamps (including Puerto Rico) .....	28,097	28,789	29,763	30,990	32,164	33,320	34,489
State child nutrition programs .....	7,498	7,438	7,941	8,736	9,326	9,913	10,544
Special supplemental food program for women, infants, and children (WIC) .....	3,210	3,470	3,820	3,820	3,820	3,820	3,820
Other nutrition programs .....	1,160	1,096	1,198	1,095	1,078	1,062	1,046
Proposed Legislation (PAYGO) .....							
Subtotal, Other nutrition programs .....	1,160	1,096	1,198	1,095	1,078	1,062	1,046
Subtotal, Food and nutrition assistance .....	39,965	40,793	42,722	44,641	46,388	48,115	49,898
<b>609 Other income security:</b>							
Supplemental security income (SSI) .....	27,488	27,995	25,863	32,163	34,540	37,062	42,623
Family support payments .....	16,820	17,359	18,013	18,847	19,581	20,394	21,266

TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Earned income tax credit (EITC) .....	10,950	16,844	20,228	22,753	23,852	24,997	26,036
Proposed Legislation (PAYGO) .....	.....	.....	-12	-587	-623	-640	-661
Subtotal, Earned income tax credit (EITC) .....	10,950	16,844	20,216	22,166	23,229	24,357	25,375
Refugee assistance .....	400	406	414	402	393	385	377
Low income home energy assistance .....	1,737	1,319	1,319	1,319	1,253	1,227	1,200
Payments to states for day-care assistance .....	893	935	1,049	1,017	996	975	954
Other .....	250	167	169	164	160	157	153
SSI offsetting receipts .....	-800	-956	-1,032	-1,194	-1,295	-1,391	-1,592
Subtotal, Other income security .....	57,739	64,068	66,011	74,885	78,857	83,166	90,356
<b>Total, Income security .....</b>	<b>217,770</b>	<b>221,845</b>	<b>230,423</b>	<b>243,361</b>	<b>263,774</b>	<b>270,005</b>	<b>282,219</b>
<b>650 Social security:</b>							
<b>651 Social security:</b>							
Old-age and survivors insurance (OASI) .....	282,561	296,595	308,670	324,870	340,355	356,429	373,024
Disability insurance (DI) .....	38,577	42,324	46,113	49,866	54,084	58,359	62,659
<b>Total, Social security .....</b>	<b>321,138</b>	<b>338,920</b>	<b>354,783</b>	<b>374,735</b>	<b>394,439</b>	<b>414,788</b>	<b>435,683</b>
On-budget .....	(5,687)	(4,859)	(5,184)	(7,154)	(7,660)	(8,203)	(8,779)
Off-budget .....	(315,451)	(334,060)	(349,599)	(367,581)	(386,779)	(406,585)	(426,904)
<b>700 Veterans benefits and services:</b>							
<b>701 Income security for veterans:</b>							
Compensation .....	14,226	14,414	14,863	15,703	16,248	16,768	17,290
Proposed Legislation (PAYGO) .....	.....	.....	-30	-74	-123	-160	-194
Subtotal, Compensation .....	14,226	14,414	14,834	15,629	16,124	16,608	17,095
Pensions .....	3,159	3,097	3,044	3,051	3,066	3,585	3,650
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	-523	-569
Subtotal, Pensions .....	3,159	3,097	3,044	3,051	3,066	3,062	3,080
Burial benefits and miscellaneous assistance .....	106	111	112	115	118	121	124
National service life insurance trust fund .....	1,417	1,371	1,335	1,274	1,213	1,137	1,061
All other insurance programs .....	25	33	32	36	36	37	38
Insurance program receipts .....	-337	-298	-289	-268	-245	-223	-200
Subtotal, Income security for veterans .....	18,597	18,728	19,069	19,835	20,312	20,742	21,199
<b>702 Veterans education, training, and rehabilitation:</b>							
Readjustment benefits (GI Bill and related programs) .....	1,081	1,287	1,345	1,468	1,538	1,526	1,516
Proposed Legislation (PAYGO) .....	.....	.....	-13	-27	-40	-55	-68
Subtotal, Readjustment benefits (GI Bill and related programs) .....	1,081	1,287	1,333	1,442	1,498	1,471	1,448
Post-Vietnam era education .....	.....	.....	.....	.....	.....	.....	.....
All-volunteer force educational assistance trust fund .....	-51	-120	-149	-166	-149	-143	-138
Other .....	1	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation .....	1,031	1,168	1,185	1,277	1,349	1,329	1,311
<b>703 Hospital and medical care for veterans:</b>							
Medical care and hospital services .....	15,980	16,553	17,301	16,782	16,436	16,090	15,744
Construction .....	659	571	787	763	747	732	716
Third-party medical recoveries .....	-38	-16	-53	-83	-25	340	-7
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	-345	-6
Subtotal, Third-party medical recoveries .....	-38	-16	-53	-83	-25	-5	-14
Fees and other charges for medical services .....	-413	-455	-476	-533	-616	-591	-248
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	-49	-398
Subtotal, Fees and other charges for medical services .....	-413	-455	-476	-533	-616	-641	-646
Subtotal, Hospital and medical care for veterans .....	16,187	16,653	17,558	16,929	16,543	16,176	15,801

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>704 Veterans housing:</b>							
Loan guaranty .....	-14	103	75	71	66	59	54
Proposed Legislation (PAYGO) .....			-*	-*	-*	-*	-*
Subtotal, Loan guaranty .....	-14	103	75	71	66	59	54
Direct loans .....	3	1	1	1	1	1	1
Guaranty and indemnity .....	199	572	582	461	410	577	563
Proposed Legislation (PAYGO) .....						-187	-185
Subtotal, Guaranty and indemnity .....	199	572	582	461	410	390	378
Credit liquidating accounts .....							
Proposed Legislation (PAYGO) .....							
Subtotal, Credit liquidating accounts .....							
Subtotal, Veterans housing .....	188	677	658	533	476	450	434
<b>705 Other veterans benefits and services:</b>							
Cemeteries, administration of veterans benefits, and other .....	962	1,030	1,056	1,026	1,006	986	966
Non-VA support programs .....	94	93	98	89	84	80	74
Subtotal, Other veterans benefits and services .....	1,056	1,122	1,154	1,115	1,090	1,066	1,040
<b>Total, Veterans benefits and services .....</b>	<b>37,059</b>	<b>38,347</b>	<b>39,624</b>	<b>39,688</b>	<b>39,770</b>	<b>39,763</b>	<b>39,784</b>
<b>750 Administration of justice:</b>							
<b>751 Federal law enforcement activities:</b>							
Criminal investigations (DEA, FBI, FinCEN, OCDE) .....	3,353	3,537	3,739	3,586	3,586	3,586	3,586
Proposed Legislation (PAYGO) .....							
Subtotal, Criminal investigations (DEA, FBI, FinCEN, OCDE) ..	3,353	3,537	3,739	3,586	3,586	3,586	3,586
Alcohol, tobacco, and firearms investigations (ATF) .....	374	386	401	389	381	373	365
Border enforcement activities (Customs and INS) .....	3,303	3,898	4,291	3,900	3,937	3,974	4,011
Proposed Legislation (PAYGO) .....			200	426	438	452	466
Subtotal, Border enforcement activities (Customs and INS) ....	3,303	3,898	4,491	4,326	4,375	4,426	4,477
Customs and INS fees .....	-1,468	-1,722	-1,805	-1,831	-1,859	-1,885	-1,912
Proposed Legislation (PAYGO) .....			-200	-426	-438	-452	-466
Subtotal, Customs and INS fees .....	-1,468	-1,722	-2,005	-2,257	-2,297	-2,337	-2,378
Protection activities (Secret Service) .....	502	516	581	565	554	543	533
Equal Employment Opportunity Commission .....	230	233	268	260	255	249	244
Other enforcement .....	473	494	577	406	388	383	377
Subtotal, Federal law enforcement activities .....	6,768	7,342	8,053	7,275	7,242	7,223	7,204
<b>752 Federal litigative and judicial activities:</b>							
Civil and criminal prosecution and representation .....	2,649	2,698	2,794	2,756	2,756	2,756	2,756
Federal judicial activities .....	2,821	2,976	3,399	3,465	3,560	3,657	3,758
Representation of indigents in civil cases .....	401	415	440	427	418	409	400
Other .....	14	15	7	7	7	7	6
Subtotal, Federal litigative and judicial activities .....	5,884	6,104	6,641	6,654	6,741	6,829	6,921
<b>753 Federal correctional activities .....</b>	<b>2,222</b>	<b>2,628</b>	<b>2,967</b>	<b>3,040</b>	<b>3,295</b>	<b>3,403</b>	<b>3,586</b>
<b>754 Criminal justice assistance .....</b>	<b>859</b>	<b>2,633</b>	<b>4,380</b>	<b>5,507</b>	<b>6,007</b>	<b>7,007</b>	<b>7,007</b>
<b>Total, Administration of justice .....</b>	<b>15,734</b>	<b>18,708</b>	<b>22,041</b>	<b>22,475</b>	<b>23,284</b>	<b>24,461</b>	<b>24,717</b>
<b>800 General government:</b>							
<b>801 Legislative functions .....</b>	<b>2,107</b>	<b>2,190</b>	<b>2,405</b>	<b>2,433</b>	<b>2,454</b>	<b>2,477</b>	<b>2,501</b>
<b>802 Executive direction and management:</b>							
Drug control programs .....	19	108	147	143	140	137	134
Executive Office of the President .....	233	189	189	184	180	176	172
Other .....	3	2	4	9	3	3	3
Subtotal, Executive direction and management .....	255	299	340	335	323	316	310

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>803 Central fiscal operations:</b>							
Collection of taxes .....	7,345	7,576	8,328	8,082	7,918	7,753	7,589
Other fiscal operations .....	415	159	134	119	106	92	82
Proposed Legislation (PAYGO) .....			59	61	62	64	66
Subtotal, Other fiscal operations .....	415	159	193	180	169	157	148
Subtotal, Central fiscal operations .....	7,760	7,735	8,521	8,261	8,086	7,910	7,737
<b>804 General property and records management:</b>							
Real property activities .....	447	264	763	614	606	587	366
Property and other receipts .....	-14	-11	-14	-25	-25	-25	-20
Records management .....	192	201	196	190	186	182	178
Other .....	187	177	217	223	229	235	242
Subtotal, General property and records management .....	813	632	1,162	1,002	996	980	766
<b>805 Central personnel management</b> .....	177	173	168	163	159	156	153
<b>806 General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	689	700	700	678	664	650	636
Payments to States and counties from Forest Service receipts .....	321	249	245	232	229	226	226
Payments to States from receipts under the Mineral Leasing Act ...	520	548	560	578	584	604	631
Payments to States and counties from Federal land management activities .....	19	19	19	19	19	19	19
Payments in lieu of taxes .....	104	104	114	110	108	106	104
Payments to territories and Puerto Rico .....	266	271	284	290	296	303	310
Tax revenues for Puerto Rico (Treasury, BATF) .....	201	226	232	240	247	255	263
Other .....	9	9	9	9	8	8	8
Subtotal, General purpose fiscal assistance .....	2,130	2,126	2,162	2,155	2,156	2,170	2,196
<b>808 Other general government:</b>							
Compact of free association .....	143	390	174	156	154	154	154
Territories .....	106	100	70	69	68	67	66
Treasury claims .....	503	625	635	635	615	615	615
Civil liberties public education fund .....	100	5	5	5	5	5	5
Presidential election campaign fund .....	70	70	70	70	70	70	70
Other .....	35	68	113	95	94	93	92
Subtotal, Other general government .....	956	1,257	1,067	1,030	1,006	1,004	1,002
<b>809 Deductions for offsetting receipts</b> .....	-2,087	-700	-710	-710	-710	-710	-710
<b>Total, General government</b> .....	12,110	13,712	15,115	14,669	14,471	14,304	13,954
<b>900 Net interest:</b>							
<b>901 Interest on the public debt</b> .....	296,278	333,704	364,037	383,430	403,570	425,720	446,502
<b>902 Interest received by on-budget trust funds:</b>							
Civil Service retirement and disability .....	-26,139	-27,529	-29,379	-30,696	-31,864	-33,152	-34,218
Military retirement .....	-10,143	-10,360	-10,605	-10,818	-11,024	-11,205	-11,386
Medicare .....	-12,709	-12,209	-11,916	-11,847	-11,228	-10,323	-9,061
Other on-budget trust fund interest .....	-7,503	-7,791	-8,131	-8,523	-8,997	-9,661	-10,081
Subtotal, Interest received by on-budget trust funds .....	-56,494	-57,889	-60,031	-61,884	-63,113	-64,340	-64,746
<b>903 Interest received by off-budget trust funds</b> .....	-29,203	-33,576	-38,102	-42,586	-47,347	-52,499	-58,081
<b>908 Other interest:</b>							
Interest on loans to Federal Financing Bank .....	-9,049	-8,415	-7,234	-6,270	-5,786	-4,973	-4,465
Interest on refunds of tax collections .....	3,068	3,142	3,182	3,297	3,422	3,561	3,708
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 .....	992	708	821	858	772	661	576
Interest received from direct loan financing accounts .....	-883	-1,327	-2,574	-4,444	-6,779	-9,364	-12,064
Interest on deposits in tax and loan accounts .....	-634	-960	-1,000	-1,000	-1,000	-1,000	-1,000
Interest received from Outer Continental Shelf escrow account, Interior .....	-*		-993				

**TABLE 6-1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Budget Authority						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other .....	-3,441	-3,480	-3,434	-3,357	-3,171	-3,004	-2,899
Subtotal, Other interest .....	-7,618	-8,004	-8,903	-8,587	-10,214	-11,791	-13,815
<b>Total, Net interest .....</b>	<b>202,962</b>	<b>234,235</b>	<b>257,001</b>	<b>270,373</b>	<b>282,896</b>	<b>297,090</b>	<b>309,860</b>
On-budget .....	(232,166)	(267,811)	(295,103)	(312,959)	(330,243)	(349,589)	(367,941)
Off-budget .....	(-29,203)	(-33,576)	(-38,102)	(-42,586)	(-47,347)	(-52,499)	(-58,081)
<b>920 Allowances:</b>							
921 GSA reinventing .....				-200	-400	-400	-400
924 Adjustment to maintain Legislative Branch at current level ...			-250	-339	-430	-527	-633
925 OPM reinventing .....				-7	-7	-8	-8
<b>Total, Allowances .....</b>			-250	-546	-837	-935	-1,041
<b>950 Undistributed offsetting receipts:</b>							
<b>951 Employer share, employee retirement (on-budget):</b>							
Contributions to military retirement fund .....	-12,808	-12,130	-11,123	-10,351	-10,559	-10,713	-10,881
Postal Service contributions to Civil Service Retirement and Disability Fund .....	-5,114	-5,493	-5,499	-5,737	-6,158	-6,216	-6,500
Other contributions to Civil Service Retirement and Disability Fund .....	-7,999	-7,811	-7,895	-8,108	-8,257	-8,222	-8,500
Contributions to HI trust fund .....	-2,440	-2,452	-2,545	-2,620	-2,718	-2,836	-2,982
Subtotal, Employer share, employee retirement (on-budget) .....	-28,361	-27,885	-27,063	-26,817	-27,691	-27,988	-28,864
<b>952 Employer share, employee retirement (off-budget) .....</b>	<b>-6,409</b>	<b>-6,441</b>	<b>-6,864</b>	<b>-7,137</b>	<b>-7,544</b>	<b>-8,061</b>	<b>-8,707</b>
<b>953 Rents and royalties on the Outer Continental Shelf .....</b>	<b>-3,001</b>	<b>-2,692</b>	<b>-3,036</b>	<b>-2,485</b>	<b>-2,426</b>	<b>-2,393</b>	<b>-2,403</b>
<b>954 Sale of major assets:</b>							
Sale of U.S. Enrichment Corporation (PAYGO proposal) .....			-800	-1,100			
Sale of Power Marketing Admin. (PAYGO proposal) .....			-85	-909	-3,475		
Subtotal, Sale of major assets .....			-885	-2,009	-3,475		
<b>959 Other undistributed offsetting receipts:</b>							
Spectrum Auction .....		-4,375	-4,275	-1,675	-2,075	-1,197	
Proposed Legislation (PAYGO) .....			-300	-600	-1,000	-1,400	-1,500
Subtotal, Spectrum Auction .....		-4,375	-4,575	-2,275	-3,075	-2,597	-1,500
Privatization of Elk Hills (PAYGO proposal) .....				-2,600			
Subtotal, Other undistributed offsetting receipts .....		-4,375	-4,575	-4,875	-3,075	-2,597	-1,500
<b>Total, Undistributed offsetting receipts .....</b>	<b>-37,772</b>	<b>-41,392</b>	<b>-42,424</b>	<b>-43,323</b>	<b>-44,212</b>	<b>-41,039</b>	<b>-41,474</b>
On-budget .....	(-31,362)	(-34,951)	(-35,560)	(-36,186)	(-36,668)	(-32,978)	(-32,767)
Off-budget .....	(-6,409)	(-6,441)	(-6,864)	(-7,137)	(-7,544)	(-8,061)	(-8,707)
<b>Total .....</b>	<b>1,528,401</b>	<b>1,563,792</b>	<b>1,613,780</b>	<b>1,686,398</b>	<b>1,765,205</b>	<b>1,839,127</b>	<b>1,923,985</b>
On-budget .....	(1,245,830)	(1,265,790)	(1,304,811)	(1,366,801)	(1,431,374)	(1,491,664)	(1,563,816)
Off-budget .....	(282,571)	(298,002)	(308,969)	(319,597)	(333,831)	(347,463)	(360,169)

\* \$500 thousand or less.



**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>050 National defense:</b>							
<b>051 Department of Defense—Military:</b>							
Military personnel .....	73,137	70,546	66,181	67,336	67,977	69,279	73,405
Operation and maintenance .....	87,880	88,385	91,015	90,177	89,759	91,610	93,675
Procurement .....	61,758	54,664	48,617	45,727	44,811	48,048	51,387
Research, development, test and evaluation .....	34,762	34,981	34,476	33,365	32,148	31,299	30,502
Military construction .....	4,979	5,619	5,657	5,272	5,490	5,058	4,648
Family housing .....	3,316	3,457	3,928	4,121	4,099	4,229	4,319
Voluntary Separation Incentive (VSI fund) .....	153	163	166	167	167	167	167
Offset for payment to VSI fund .....	.....	-20	-269	-93	-93	-93	-93
Revolving and management funds .....	3,620	1,187	649	789	731	925	824
Trust funds and other .....	92	198	96	92	86	80	76
General transfer authority .....	.....	280	220	100	40	20	.....
Emergency supplemental .....	.....	1,956	459	81	27	13	6
DOD-wide savings proposals .....	.....	-200	-204	-114	-56	-24	-11
Proposed legislation (non-PAYGO) .....	.....	.....	-73	-32	-71	-73	-74
Offsetting receipts .....	-1,086	-1,062	-939	-931	-938	-899	-896
Subtotal, Department of Defense—Military .....	268,611	260,155	249,978	246,058	244,178	249,639	257,935
<b>053 Atomic energy defense activities:</b>							
Weapons activities .....	4,035	3,349	3,447	3,203	3,073	3,088	3,069
Defense environmental restoration and waste management .....	5,447	5,080	5,543	5,660	5,285	4,947	4,822
Defense nuclear waste disposal .....	118	123	192	169	167	168	166
Other defense activities .....	2,277	1,901	1,569	1,268	1,204	1,209	1,202
Defense Nuclear Facilities Safety Board .....	16	18	19	18	18	17	17
Subtotal, Atomic energy defense activities .....	11,892	10,471	10,770	10,319	9,747	9,429	9,276
<b>054 Defense-related activities .....</b>	<b>1,060</b>	<b>973</b>	<b>675</b>	<b>618</b>	<b>596</b>	<b>609</b>	<b>620</b>
<b>Total, National defense .....</b>	<b>281,563</b>	<b>271,600</b>	<b>261,424</b>	<b>256,995</b>	<b>254,522</b>	<b>259,677</b>	<b>267,831</b>
<b>150 International affairs:</b>							
<b>151 International development and humanitarian assistance:</b>							
Agency for International Development .....	3,365	3,961	4,021	4,087	4,107	3,982	3,927
Multilateral development banks (MDB's) .....	1,443	1,976	1,997	2,228	2,091	2,333	2,771
Food aid .....	2,043	1,532	1,070	984	955	935	915
Refugee programs .....	687	728	749	705	690	675	661
Voluntary contributions to international organizations .....	311	420	412	415	406	397	389
Peace Corps .....	214	243	243	229	224	220	215
Other programs .....	57	108	168	238	222	208	178
Credit liquidating accounts .....	-494	-1,079	-1,086	-1,148	-1,100	-1,121	-1,094
Offsetting receipts .....	-564	-579	-561	-632	-641	-645	-632
Subtotal, International development and humanitarian assistance .....	7,061	7,311	7,014	7,108	6,955	6,984	7,329
<b>152 International security assistance:</b>							
Foreign military financing grants and loans .....	4,023	3,674	3,507	3,421	3,275	3,155	3,074
Economic support fund .....	2,766	2,708	2,644	2,553	2,484	2,421	2,310
Other programs .....	173	158	164	169	157	155	152
Repayment of foreign military financing loans .....	-545	-566	-655	-658	-570	-423	-312
Foreign military loan liquidating account .....	213	-124	-139	-178	-185	-181	-194
Subtotal, International security assistance .....	6,630	5,850	5,521	5,307	5,161	5,127	5,029
<b>153 Conduct of foreign affairs:</b>							
State Department operations .....	2,052	2,038	2,121	2,067	2,024	1,982	1,939
Foreign buildings .....	580	554	516	486	472	467	399
Assessed Contributions to International Organizations .....	765	951	933	906	887	868	850
Assessed Contributions to International Peacekeeping .....	979	1,301	447	432	423	414	405
Other programs .....	182	206	240	243	239	236	222
Subtotal, Conduct of foreign affairs .....	4,557	5,050	4,257	4,133	4,046	3,967	3,814
<b>154 Foreign information and exchange activities:</b>							
U.S. Information Agency .....	1,168	1,233	1,335	1,257	1,217	1,190	1,164
Board for International Broadcasting .....	213	210	1	.....	.....	.....	.....

TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other programs .....	18	16	13	11	11	10	10
Subtotal, Foreign information and exchange activities .....	1,398	1,459	1,349	1,269	1,228	1,201	1,174
<b>155 International financial programs:</b>							
Export-Import Bank .....	182	490	580	609	578	592	570
International monetary fund .....	-393	19	19	26	26	26	18
Exchange stabilization fund .....	-1,326	-1,300	-1,320	-1,340	-1,360	-1,380	-1,400
Foreign military sales trust fund (net) .....	185	100	180	170	240	30	130
Special defense acquisition fund .....	-96	-156	-134	-115	-66	-10	-17
Credit liquidating account (Exim) .....	-1,014	-6	-624	-840	-659	-604	-610
Other .....	*	*					
Offsetting receipts .....	-102	-104	-106	-108	-110	-112	-115
Subtotal, International financial programs .....	-2,564	-957	-1,405	-1,599	-1,352	-1,459	-1,423
<b>Total, International affairs .....</b>	<b>17,083</b>	<b>18,713</b>	<b>16,735</b>	<b>16,217</b>	<b>16,037</b>	<b>15,820</b>	<b>15,923</b>
<b>250 General science, space, and technology:</b>							
<b>251 General science and basic research:</b>							
National Science Foundation programs .....	2,596	2,777	3,077	3,213	3,185	3,104	3,040
Department of Energy general science programs .....	1,268	1,395	1,009	893	857	861	855
Subtotal, General science and basic research .....	3,863	4,173	4,086	4,106	4,042	3,965	3,895
<b>252 Space flight, research, and supporting activities:</b>							
Science, Aeronautics and Technology .....		2,393	4,463	4,968	4,938	4,820	4,705
Human space flight .....		3,432	5,431	4,878	5,082	5,209	5,193
Mission support .....		1,716	2,141	2,323	2,220	2,157	2,107
Research and program management .....	1,316	96	6	*	*	*	
Space flight control and data communications .....	4,899	1,614	199	43	14	6	2
Construction of facilities .....	328	369	95	46	23	12	7
Research and development .....	5,805	3,168	414	67	17	7	4
Other .....	15	15	17	17	16	16	16
Subtotal, Space flight, research, and supporting activities .....	12,363	12,805	12,765	12,342	12,311	12,227	12,034
<b>Total, General science, space, and technology .....</b>	<b>16,227</b>	<b>16,977</b>	<b>16,851</b>	<b>16,448</b>	<b>16,353</b>	<b>16,192</b>	<b>15,928</b>
<b>270 Energy:</b>							
<b>271 Energy supply:</b>							
Research and development .....	3,697	3,952	4,070	3,916	3,742	3,576	3,475
Naval petroleum reserves .....	-176	-243	-305	-484	-475	-448	-413
Proposed Legislation (PAYGO) .....				448	439	417	395
Subtotal, Naval petroleum reserves .....	-176	-243	-305	-36	-36	-31	-18
Federal power marketing .....	-146	-457	-635	-541	-808	-1,089	-1,102
Proposed Legislation (PAYGO) .....				11	182	672	679
Subtotal, Federal power marketing .....	-146	-457	-635	-531	-626	-417	-424
Tennessee Valley Authority .....	1,040	1,063	543	136	40	39	-101
Uranium enrichment .....	95	-213	-125	-51	41	118	190
Proposed Legislation (PAYGO) .....			150	8	-10	-88	-159
Subtotal, Uranium enrichment .....	95	-213	25	-43	32	30	30
Uranium enrichment facility decontamination and decommissioning fund .....	228	275	295	291	294	297	300
Decontamination transfer .....	-130	-134	-350	-292	-292	-292	-292
Foreign fees (proposed) .....			-45	-46	-47	-48	-49
Nuclear waste program .....	297	328	191				
Proposed Legislation (PAYGO) .....			216	486	572	636	590
Subtotal, Nuclear waste program .....	297	328	407	486	572	636	590
Nuclear waste fund receipts .....	-396	-555	-591	-600	-606	-607	-616
Subsidies for nonconventional fuel production .....	60	96	42	39	-2	-2	-2
Rural electric and telephone loans .....	63	112	115	132	120	107	83

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Credit liquidating account (REA) .....	-734	-988	-658	-958	-1,050	-1,064	-1,133
Subtotal, Energy supply .....	3,899	3,235	2,914	2,493	2,140	2,226	1,843
<b>272 Energy conservation</b> .....	582	681	800	808	677	629	625
<b>274 Emergency energy preparedness</b> .....	275	241	236	290	280	276	275
<b>276 Energy information, policy, and regulation:</b>							
Nuclear Regulatory Commission (NRC) .....	46	37	22	26	23	23	22
Other energy programs .....	417	394	397	372	365	366	365
Subtotal, Energy information, policy, and regulation .....	462	431	419	398	388	389	387
<b>Total, Energy</b> .....	5,219	4,589	4,369	3,988	3,485	3,520	3,130
<b>300 Natural resources and environment:</b>							
<b>301 Water resources:</b>							
Corps of Engineers .....	3,640	4,035	3,841	3,892	3,743	3,690	3,544
Bureau of Reclamation .....	869	992	834	793	789	779	740
Other .....	392	508	353	314	285	266	259
Offsetting receipts .....	-373	-472	-596	-592	-649	-669	-665
Subtotal, Water resources .....	4,528	5,064	4,432	4,407	4,168	4,066	3,879
<b>302 Conservation and land management:</b>							
Forest Service .....	3,197	2,852	2,841	2,810	2,746	2,699	2,649
Management of public lands (BLM) .....	934	959	1,005	989	968	958	930
Federal land acquisition .....	20	12	18	21	23	23	22
Mining reclamation and enforcement .....	312	255	308	307	330	278	267
Conservation reserve program .....	1,736	1,859	1,926	2,021	2,035	2,029	1,962
Other conservation of agricultural lands .....	904	885	891	939	786	732	706
Other .....	368	363	371	365	359	347	340
Offsetting receipts .....	-2,309	-2,278	-2,304	-2,313	-2,337	-2,490	-2,453
Subtotal, Conservation and land management .....	5,161	4,907	5,057	5,139	4,910	4,577	4,423
<b>303 Recreational resources:</b>							
Federal land acquisition .....	243	265	237	221	208	200	195
Urban park and historic preservation funds .....	46	52	49	48	46	44	42
Operation of recreational resources .....	2,509	2,732	2,779	2,768	2,726	2,681	2,659
Proposed Legislation (PAYGO) .....			*	2	5	7	9
Subtotal, Operation of recreational resources .....	2,509	2,732	2,779	2,771	2,731	2,688	2,668
Offsetting receipts .....	-179	-247	-262	-274	-278	-284	-295
Proposed Legislation (PAYGO) .....			-8	-12	-16	-20	-26
Subtotal, Offsetting receipts .....	-179	-247	-270	-286	-295	-304	-322
Subtotal, Recreational resources .....	2,619	2,802	2,794	2,753	2,691	2,628	2,584
<b>304 Pollution control and abatement:</b>							
Regulatory, enforcement, and research programs .....	2,542	2,810	3,884	3,314	3,317	3,208	3,117
Proposed Legislation (PAYGO) .....			-1	-*	-1	-1	2
Subtotal, Regulatory, enforcement, and research programs ....	2,542	2,810	3,883	3,314	3,316	3,207	3,119
Hazardous substance superfund .....	1,489	1,460	1,484	1,499	1,478	1,450	1,422
Proposed Legislation (PAYGO) .....				52	112	144	162
Subtotal, Hazardous substance superfund .....	1,489	1,460	1,484	1,551	1,590	1,594	1,584
Oil pollution funds (gross) .....	179	126	128	132	133	126	125
Water infrastructure financing .....	1,978	2,202	2,147	2,252	2,398	2,361	2,322
Leaking underground storage tank trust fund .....	70	74	75	76	74	73	71
Superfund recoveries and other .....	-209	-235	-969	-211	-171	-146	-146
Subtotal, Pollution control and abatement .....	6,050	6,438	6,748	7,114	7,340	7,214	7,075

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>306 Other natural resources:</b>							
Program activities .....	2,725	2,699	2,831	2,796	2,868	2,891	2,813
Proposed Legislation (PAYGO) .....			6	27	28	29	29
Subtotal, Program activities .....	2,725	2,699	2,837	2,822	2,896	2,920	2,842
Offsetting receipts .....	-19	-19	-19	-19	-19	-21	-33
Proposed Legislation (PAYGO) .....			-10	-10	-10	-10	-10
Subtotal, Offsetting receipts .....	-19	-19	-29	-29	-29	-31	-43
Subtotal, Other natural resources .....	2,706	2,680	2,808	2,793	2,867	2,889	2,799
<b>Total, Natural resources and environment .....</b>	<b>21,064</b>	<b>21,891</b>	<b>21,839</b>	<b>22,207</b>	<b>21,976</b>	<b>21,374</b>	<b>20,761</b>
<b>350 Agriculture:</b>							
<b>351 Farm income stabilization:</b>							
Commodity Credit Corporation .....	10,336	10,623	9,073	8,774	6,984	6,977	6,414
Proposed Legislation (PAYGO) .....					-500	-500	-500
Subtotal, Commodity Credit Corporation .....	10,336	10,623	9,073	8,774	6,484	6,477	5,914
Crop insurance .....	1,007	709	1,361	1,345	1,500	1,512	1,549
Agricultural credit insurance .....	397	396	412	406	392	384	376
Emergency food assistance program .....	119	72	40	39	40	40	40
Other .....	953	816	691	676	673	648	632
Proposed Legislation (PAYGO) .....			-1				
Subtotal, Other .....	953	816	690	676	673	648	632
Credit liquidating accounts (ACIF and FAC) .....	-386	-955	-840	-1,315	-1,196	-1,079	-964
Subtotal, Farm income stabilization .....	12,426	11,662	10,735	9,925	7,894	7,982	7,547
<b>352 Agricultural research and services:</b>							
Research programs .....	1,154	1,211	1,218	1,182	1,157	1,134	1,113
Marketing programs .....	158	159	161	158	156	155	154
Animal and plant inspection programs .....	485	442	416	425	421	412	403
Economic intelligence .....	135	133	143	141	138	135	132
Other programs and unallocated overhead .....	889	925	1,009	984	951	918	884
Offsetting receipts .....	-126	-131	-130	-130	-130	-130	-130
Subtotal, Agricultural research and services .....	2,695	2,739	2,817	2,761	2,693	2,624	2,557
<b>Total, Agriculture .....</b>	<b>15,121</b>	<b>14,401</b>	<b>13,552</b>	<b>12,686</b>	<b>10,587</b>	<b>10,607</b>	<b>10,104</b>
<b>370 Commerce and housing credit:</b>							
<b>371 Mortgage credit:</b>							
Federal Housing Administration (FHA) .....	-472	203	-35	163	187	183	175
Government National Mortgage Association (GNMA) .....	-513	-493	-469	-716	-695	-668	-633
Rural housing programs .....	991	950	832	780	746	725	709
Privatizing collection of debt (Non-PAYGO proposal) .....			-156				
Other .....	-8	*	17	33	*	*	*
Credit liquidating accounts .....	-499	-3,263	-4,817	-3,209	-3,445	-4,608	-5,638
Subtotal, Mortgage credit .....	-501	-2,603	-4,629	-2,949	-3,207	-4,368	-5,386
<b>372 Postal service:</b>							
Payments to the Postal Service fund (On-budget) .....	130	130	146	124	124	124	124
Postal Service (Off-budget) .....	1,103	712	625	357	-450	-1,050	-1,400
Subtotal, Postal service .....	1,233	842	771	481	-326	-926	-1,276
<b>373 Deposit insurance:</b>							
Resolution Trust Corporation Fund .....	4,107	-6,783	-1,660				
Bank Insurance Fund .....	-9,498	-5,977	-1,937	1,068	1,203	-687	-2,361
Proposed Legislation (PAYGO) .....			-105	-110	-115	-119	-124
Subtotal, Bank Insurance Fund .....	-9,498	-5,977	-2,042	958	1,088	-806	-2,485
FSLIC Resolution Fund .....	-706	1,778	-3,195	-3,453	-43	371	504
Savings Association Insurance Fund .....	-1,197	-1,078	892	1,448	498	-434	-1,118

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
National Credit Union Administration .....	-287	-294	-328	-344	-358	-386	-416
Other mandatory .....	-21	45	-6	-7	-8	-4	1
Discretionary .....	31	29	14	.....	.....	.....	.....
Subtotal, Deposit insurance .....	-7,570	-12,278	-6,324	-1,398	1,178	-1,259	-3,514
<b>376 Other advancement of commerce:</b>							
Small and minority business assistance .....	638	803	677	661	641	625	613
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Small and minority business assistance .....	638	803	677	661	641	625	613
Science and technology .....	196	505	778	1,056	1,113	1,084	1,058
Economic and demographic statistics .....	296	333	371	396	388	387	2,930
Payments to copyright owners .....	175	226	232	236	242	246	252
Regulatory agencies .....	233	254	143	109	101	94	92
Proposed Legislation (PAYGO) .....	.....	.....	216	259	271	284	298
Subtotal, Regulatory agencies .....	233	254	359	368	372	378	390
International trade and other business promotion .....	331	435	449	465	452	518	478
Credit liquidating accounts .....	-153	-475	-236	-168	-137	-118	-101
Subtotal, Other advancement of commerce .....	1,715	2,082	2,629	3,015	3,071	3,121	5,619
<b>Total, Commerce and housing credit .....</b>	<b>-5,122</b>	<b>-11,958</b>	<b>-7,553</b>	<b>-852</b>	<b>715</b>	<b>-3,433</b>	<b>-4,557</b>
On-budget .....	(-6,225)	(-12,670)	(-8,178)	(-1,209)	(1,165)	(-2,383)	(-3,157)
Off-budget .....	(1,103)	(712)	(625)	(357)	(-450)	(-1,050)	(-1,400)
<b>400 Transportation:</b>							
<b>401 Ground transportation:</b>							
Highways .....	18,994	19,534	16,480	6,730	3,112	2,273	1,726
Highway safety .....	330	377	454	458	441	418	397
Mass transit .....	3,769	3,836	3,449	2,952	1,905	1,460	757
Railroads .....	833	1,095	557	428	129	109	106
Regulation (ICC) .....	43	35	31	4	.....	.....	.....
Offsetting receipts .....	-29	-46	-8	-6	-4	2	4
Proposed Legislation (PAYGO) .....	.....	.....	-45	-47	-49	-51	-53
Subtotal, Offsetting receipts .....	-29	-46	-53	-52	-52	-48	-48
Subtotal, Ground transportation .....	23,940	24,832	20,920	10,520	5,534	4,211	2,937
<b>402 Air transportation:</b>							
Airports and airways (FAA) .....	8,784	8,674	8,305	7,520	7,136	6,520	6,307
Aeronautical research and technology .....	1,330	1,435	1,360	1,634	1,395	1,263	1,233
Payments to air carriers .....	32	23	11	.....	.....	.....	.....
Subtotal, Air transportation .....	10,146	10,132	9,677	9,154	8,531	7,783	7,540
<b>403 Water transportation:</b>							
Marine safety and transportation .....	3,566	3,507	3,526	3,724	3,783	3,610	3,638
Ocean shipping .....	241	446	386	323	135	68	69
Panama Canal Commission .....	-23	-13	-12	-1	-1	-1	77
Offsetting receipts .....	-68	-73	-79	-83	-83	-84	-91
Subtotal, Water transportation .....	3,716	3,867	3,820	3,964	3,834	3,593	3,693
<b>407 Other transportation:</b>							
Unified transportation infrastructure investment program .....	.....	.....	3,880	14,403	19,620	21,562	22,225
Department of Transportation headquarters building .....	.....	.....	.....	.....	.....	331	.....
Miscellaneous programs .....	360	368	401	394	396	368	364
Offsetting receipts .....	-27	-44	-57	-56	-56	-52	-52
Subtotal, Other transportation .....	333	324	4,223	14,741	19,961	22,208	22,536
<b>Total, Transportation .....</b>	<b>38,134</b>	<b>39,154</b>	<b>38,639</b>	<b>38,378</b>	<b>37,860</b>	<b>37,794</b>	<b>36,707</b>

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>450 Community and regional development:</b>							
<b>451 Community development:</b>							
Community opportunity performance funds .....		12	198	1,922	3,848	4,720	4,867
Community development block grants .....	3,651	4,330	4,564	3,039	1,053	283	.....
Community development financial institutions .....		34	131	135	108	78	13
Other .....	539	643	656	448	147	102	83
Credit liquidating accounts .....	-58	-23	-58	-61	-134	-133	-130
Subtotal, Community development .....	4,133	4,996	5,490	5,483	5,023	5,050	4,834
<b>452 Area and regional development:</b>							
Rural development .....	486	793	768	959	1,037	1,068	1,082
Economic development assistance .....	232	393	432	380	461	459	492
Indian programs .....	1,485	1,477	1,568	1,585	1,575	1,553	1,513
Proposed Legislation (PAYGO) .....		.....	.....	.....	.....	.....	.....
Subtotal, Indian programs .....	1,485	1,477	1,568	1,585	1,575	1,553	1,513
Appalachian Regional Commission .....	190	169	208	244	222	209	200
Tennessee Valley Authority .....	170	151	171	139	137	136	135
Credit liquidating accounts .....	47	180	220	206	199	214	189
Offsetting receipts .....	-445	-406	-313	-302	-292	-294	-296
Subtotal, Area and regional development .....	2,166	2,757	3,054	3,211	3,338	3,345	3,316
<b>453 Disaster relief and insurance:</b>							
Small business disaster loans .....	689	761	330	145	109	107	105
Disaster relief .....	3,743	4,177	4,026	3,630	1,196	303	296
National flood insurance fund .....	-79	-51	-90	-64	-80	-98	-119
Other .....	156	319	313	302	290	283	277
Credit liquidating accounts .....	-354	-362	-309	-55	-440	-372	-57
Subtotal, Disaster relief and insurance .....	4,156	4,845	4,271	3,957	1,075	223	501
<b>Total, Community and regional development</b> .....	<b>10,454</b>	<b>12,598</b>	<b>12,815</b>	<b>12,651</b>	<b>9,436</b>	<b>8,618</b>	<b>8,651</b>
<b>500 Education, training, employment, and social services:</b>							
<b>501 Elementary, secondary, and vocational education:</b>							
Education reform .....	2	179	500	858	938	921	860
School improvement programs .....	1,460	1,575	1,463	1,494	1,469	1,437	1,401
Education for the disadvantaged .....	6,846	7,032	7,051	7,393	7,240	7,085	6,935
Special education .....	2,980	3,612	3,154	3,220	3,261	3,193	3,125
Impact aid .....	830	1,088	679	614	564	552	550
Vocational and adult education .....	1,341	1,544	1,550	1,656	1,670	1,676	1,676
Proposed Legislation (PAYGO) .....		.....	-1	-6	-7	-7	-7
Subtotal, Vocational and adult education .....	1,341	1,544	1,549	1,650	1,663	1,669	1,669
Indian education programs .....	563	542	595	599	602	589	576
Other .....	237	271	273	295	297	292	286
Subtotal, Elementary, secondary, and vocational education .....	14,258	15,844	15,264	16,123	16,034	15,738	15,402
<b>502 Higher education:</b>							
Student financial assistance .....	7,118	7,265	7,309	6,298	6,212	6,184	6,156
Federal family education loan program .....	2,743	3,283	2,460	2,146	2,113	1,961	2,102
Proposed Legislation (PAYGO) .....		.....	-512	-1,412	-1,968	-1,933	-2,074
Subtotal, Federal family education loan program .....	2,743	3,283	1,947	734	145	28	28
Federal direct loan program .....	148	843	1,502	1,527	1,753	2,245	2,420
Proposed Legislation (PAYGO) .....		.....	213	667	962	984	961
Subtotal, Federal direct loan program .....	148	843	1,715	2,195	2,715	3,229	3,381
Higher education .....	796	899	858	861	768	741	724
Student loan guaranty agency reserve recoveries (PAYGO proposal) .....		.....	-350	-250	-250	-150	-100
Other .....	94	274	266	257	237	232	225

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Credit liquidating account (Family education loan program) .....	-3,023	1,459	711	83	-371	-467	-520
Subtotal, Higher education .....	7,876	14,024	12,457	10,178	9,457	9,798	9,895
<b>503 Research and general education aids .....</b>	<b>2,086</b>	<b>2,291</b>	<b>2,428</b>	<b>2,496</b>	<b>2,471</b>	<b>2,429</b>	<b>2,395</b>
<b>504 Training and employment:</b>							
Training and employment services .....	4,353	4,653	6,494	8,538	8,212	8,067	7,979
Trade adjustment assistance .....	74	91	125	125	121	111	100
Older Americans employment .....	385	405	410	408	398	389	381
Payments to States for AFDC work programs .....	839	937	943	957	952	958	967
Federal-State employment service .....	1,353	1,255	1,335	1,359	1,353	1,337	1,281
Other .....	94	82	90	89	87	85	83
Subtotal, Training and employment .....	7,097	7,423	9,396	11,477	11,123	10,948	10,791
<b>505 Other labor services .....</b>	<b>958</b>	<b>985</b>	<b>1,069</b>	<b>1,048</b>	<b>1,026</b>	<b>1,002</b>	<b>982</b>
<b>506 Social services:</b>							
National service initiative .....	211	319	581	884	996	1,032	1,051
Family support and preservation .....	1	67	148	212	237	251	254
Social services block grant .....	2,728	2,996	3,343	3,040	2,860	2,800	2,800
Rehabilitation services .....	2,244	2,554	2,515	2,507	2,573	2,637	2,704
Payments to States for foster care and adoption assistance .....	3,030	3,596	4,051	4,329	4,722	5,149	5,613
Children and families services programs .....	4,306	4,722	4,994	5,161	5,164	5,133	5,109
Aging services program .....	859	868	880	887	886	882	882
Interim assistance to States for legalization .....	652	356	5	1	.....	.....	.....
Other social services .....	-*	20	43	14	5	3	3
Subtotal, Social services .....	14,031	15,497	16,559	17,034	17,443	17,888	18,416
<b>Total, Education, training, employment, and social services .....</b>	<b>46,307</b>	<b>56,065</b>	<b>57,173</b>	<b>58,356</b>	<b>57,554</b>	<b>57,803</b>	<b>57,880</b>
<b>550 Health:</b>							
<b>551 Health care services:</b>							
Medicaid grants .....	82,034	88,438	95,977	104,621	114,503	124,519	136,327
Proposed Legislation (PAYGO) .....	.....	.....	-47	-52	-56	28	166
Subtotal, Medicaid grants .....	82,034	88,438	95,930	104,570	114,447	124,547	136,494
Health insurance earned income credit .....	773	.....	.....	.....	.....	.....	.....
Federal employees' and retired employees' health benefits .....	3,254	3,340	4,076	3,831	4,394	4,623	4,630
Coal miners retirees health benefits .....	286	351	344	337	329	323	316
Indian health .....	1,822	2,003	2,088	2,017	1,987	1,943	1,901
Substance abuse and mental health services .....	2,132	2,462	2,214	2,140	2,096	2,052	2,009
Other health care services .....	3,959	4,828	5,163	5,213	5,052	5,008	4,926
Subtotal, Health care services .....	94,259	101,423	109,816	118,108	128,306	138,496	150,275
<b>552 Health research and training:</b>							
National Institutes of Health .....	10,165	10,935	11,464	11,344	11,301	11,120	10,894
DoD breast cancer and other health research .....	24	114	67	12	.....	.....	.....
Clinical training .....	329	317	327	314	304	282	268
Substance abuse and mental health research .....	239	.....	.....	.....	.....	.....	.....
Other research and training .....	243	294	322	326	321	314	307
Subtotal, Health research and training .....	11,000	11,660	12,179	11,997	11,926	11,716	11,469
<b>554 Consumer and occupational health and safety:</b>							
Food safety and inspection (net of user fees) .....	511	527	483	472	459	447	436
Other consumer safety .....	846	963	956	926	897	870	850
Occupational safety and health .....	506	525	568	557	546	534	523
Subtotal, Consumer and occupational health and safety .....	1,863	2,015	2,006	1,955	1,903	1,851	1,808
<b>Total, Health .....</b>	<b>107,122</b>	<b>115,098</b>	<b>124,002</b>	<b>132,060</b>	<b>142,135</b>	<b>152,064</b>	<b>163,552</b>

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>570 Medicare:</b>							
<b>571 Medicare:</b>							
Hospital insurance (HI) .....	102,770	111,630	122,643	132,608	142,739	153,651	165,086
Proposed Legislation (PAYGO) .....			-140	-530	-670	-1,590	-1,970
Subtotal, Hospital insurance (HI) .....	102,770	111,630	122,503	132,078	142,069	152,061	163,116
Supplementary medical insurance (SMI) .....	59,724	65,780	75,518	84,060	93,066	103,087	114,015
Proposed Legislation (PAYGO) .....						-360	-540
Subtotal, Supplementary medical insurance (SMI) .....	59,724	65,780	75,518	84,060	93,066	102,727	113,475
Medicare premiums and collections .....	-17,747	-20,122	-20,198	-21,701	-24,101	-25,575	-26,743
Proposed Legislation (PAYGO) .....			1	4	6	-1,140	-2,840
Subtotal, Medicare premiums and collections .....	-17,747	-20,122	-20,197	-21,697	-24,095	-26,715	-29,583
Subtotal, Medicare .....	144,747	157,288	177,824	194,442	211,039	228,072	247,008
<b>Total, Medicare .....</b>	<b>144,747</b>	<b>157,288</b>	<b>177,824</b>	<b>194,442</b>	<b>211,039</b>	<b>228,072</b>	<b>247,008</b>
<b>600 Income security:</b>							
<b>601 General retirement and disability insurance (excluding social security):</b>							
Railroad retirement .....	4,547	4,492	4,479	4,546	4,552	4,579	4,593
Special benefits for disabled coal miners .....	1,375	1,319	1,250	1,196	1,152	1,096	1,041
Pension Benefit Guaranty Corporation .....	-385	-982	-1,090	-1,218	-1,192	-1,116	-824
Other .....	183	196	214	222	228	237	245
Subtotal, General retirement and disability insurance (excluding social security) .....	5,720	5,026	4,853	4,746	4,739	4,795	5,055
<b>602 Federal employee retirement and disability:</b>							
Civilian retirement and disability programs .....	36,776	38,284	40,078	42,355	44,464	46,673	48,948
Military retirement .....	26,717	27,250	27,920	29,000	30,140	31,969	33,105
Proposed Legislation (PAYGO) .....			385				
Subtotal, Military retirement .....	26,717	27,250	28,305	29,000	30,140	31,969	33,105
Federal employees workers' compensation (FECA) .....	130	212	249	220	274	284	300
Federal employees life insurance fund .....	-1,136	-959	-960	-921	-872	-827	-791
Subtotal, Federal employee retirement and disability .....	62,487	64,788	67,671	70,654	74,005	78,099	81,562
<b>603 Unemployment compensation .....</b>	<b>28,729</b>	<b>23,839</b>	<b>25,700</b>	<b>25,404</b>	<b>26,006</b>	<b>26,682</b>	<b>27,351</b>
<b>604 Housing assistance:</b>							
Housing certificates for families and individuals performance funds .....			780	3,167	7,301	12,103	14,692
Public and Indian housing performance funds .....			1,236	3,399	4,540	5,535	6,334
Affordable housing performance funds .....			60	376	1,279	1,813	2,043
Homeless assistance performance funds .....			50	308	587	858	1,020
Subsidized, public, homeless and other HUD housing .....	23,416	26,138	24,485	20,733	14,714	9,392	5,234
Rural housing assistance .....	468	547	571	612	646	669	689
Other housing assistance .....	4	9	15	15	14	14	14
Subtotal, Housing assistance .....	23,888	26,694	27,198	28,609	29,082	30,384	30,026
<b>605 Food and nutrition assistance:</b>							
Food stamps (including Puerto Rico) .....	25,441	26,555	27,253	28,497	29,644	30,800	31,968
State child nutrition programs .....	7,044	7,645	8,083	8,652	9,239	9,826	10,450
Special supplemental food program for women, infants, and children (WIC) .....	3,160	3,500	3,829	3,821	3,820	3,820	3,820
Other nutrition programs .....	1,129	1,192	1,117	1,096	1,079	1,063	1,047
Proposed Legislation (PAYGO) .....			-10	-10	-10	-10	-10
Subtotal, Other nutrition programs .....	1,129	1,192	1,107	1,086	1,069	1,053	1,036
Subtotal, Food and nutrition assistance .....	36,773	38,892	40,272	42,057	43,772	45,499	47,275
<b>609 Other income security:</b>							
Supplemental security income (SSI) .....	26,281	27,504	27,528	32,119	34,560	37,035	42,602
Family support payments .....	16,508	17,260	17,918	18,741	19,491	20,304	21,166



**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Earned income tax credit (EITC) .....	10,950	16,844	20,228	22,753	23,852	24,997	26,036
Proposed Legislation (PAYGO) .....	.....	.....	-12	-587	-623	-640	-661
Subtotal, Earned income tax credit (EITC) .....	10,950	16,844	20,216	22,166	23,229	24,357	25,375
Refugee assistance .....	377	402	409	405	398	391	383
Low income home energy assistance .....	2,126	1,570	1,332	1,320	1,257	1,228	1,202
Payments to states for day-care assistance .....	786	900	918	990	1,019	1,009	986
Other .....	210	245	169	164	161	158	155
SSI offsetting receipts .....	-800	-956	-1,032	-1,194	-1,295	-1,391	-1,592
Subtotal, Other income security .....	56,439	63,768	67,459	74,712	78,820	83,091	90,276
<b>Total, Income security</b> .....	<b>214,036</b>	<b>223,006</b>	<b>233,153</b>	<b>246,181</b>	<b>256,426</b>	<b>268,549</b>	<b>281,545</b>
<b>650 Social security:</b>							
<b>651 Social security:</b>							
Old-age and survivors insurance (OASI) .....	281,584	294,592	308,938	323,655	339,036	355,039	371,588
Disability insurance (DI) .....	37,981	41,557	45,610	49,433	53,554	57,833	62,099
<b>Total, Social security</b> .....	<b>319,565</b>	<b>336,149</b>	<b>354,548</b>	<b>373,087</b>	<b>392,590</b>	<b>412,872</b>	<b>433,687</b>
On-budget .....	(5,683)	(4,860)	(5,184)	(7,154)	(7,660)	(8,203)	(8,779)
Off-budget .....	(313,881)	(331,289)	(349,364)	(365,933)	(384,930)	(404,669)	(424,908)
<b>700 Veterans benefits and services:</b>							
<b>701 Income security for veterans:</b>							
Compensation .....	15,092	14,535	13,836	15,634	16,145	16,629	18,398
Proposed Legislation (PAYGO) .....	.....	.....	-30	-74	-123	-160	-194
Subtotal, Compensation .....	15,092	14,535	13,807	15,560	16,021	16,468	18,203
Pensions .....	3,427	3,093	2,848	2,993	3,051	3,540	3,984
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	-523	-569
Subtotal, Pensions .....	3,427	3,093	2,848	2,993	3,051	3,017	3,415
Burial benefits and miscellaneous assistance .....	106	111	112	115	118	121	124
National service life insurance trust fund .....	1,224	1,279	1,311	1,346	1,377	1,407	1,423
All other insurance programs .....	100	49	29	54	73	87	106
Insurance program receipts .....	-337	-298	-289	-268	-245	-223	-200
Subtotal, Income security for veterans .....	19,613	18,768	17,817	19,799	20,394	20,877	23,071
<b>702 Veterans education, training, and rehabilitation:</b>							
Readjustment benefits (GI Bill and related programs) .....	1,123	1,365	1,346	1,454	1,499	1,534	1,522
Proposed Legislation (PAYGO) .....	.....	.....	-13	-27	-40	-55	-68
Subtotal, Readjustment benefits (GI Bill and related programs) .....	1,123	1,365	1,334	1,428	1,459	1,479	1,454
Post-Vietnam era education .....	43	47	22	19	10	7	4
All-volunteer force educational assistance trust fund .....	-51	-120	-149	-166	-149	-143	-138
Other .....	-*	1	*	*	*	*	*
Subtotal, Veterans education, training, and rehabilitation .....	1,115	1,292	1,207	1,282	1,319	1,343	1,321
<b>703 Hospital and medical care for veterans:</b>							
Medical care and hospital services .....	15,436	16,311	17,176	16,844	16,494	16,147	15,801
Construction .....	693	688	660	711	729	748	742
Third-party medical recoveries .....	-39	-18	-54	-84	-25	340	-7
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	-345	-6
Subtotal, Third-party medical recoveries .....	-39	-18	-54	-84	-25	-5	-14
Fees and other charges for medical services .....	-413	-455	-476	-533	-616	-591	-248
Proposed Legislation (PAYGO) .....	.....	.....	.....	.....	.....	-49	-398
Subtotal, Fees and other charges for medical services .....	-413	-455	-476	-533	-616	-641	-646
Subtotal, Hospital and medical care for veterans .....	15,678	16,527	17,306	16,939	16,583	16,250	15,884

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>704 Veterans housing:</b>							
Loan guaranty .....	-16	105	75	71	66	59	54
Proposed Legislation (PAYGO) .....			-*	-*	-*	-*	-*
Subtotal, Loan guaranty .....	-16	105	75	71	66	59	54
Direct loans .....	3	2	2	3	1	1	1
Guaranty and indemnity .....	198	573	582	461	410	577	563
Proposed Legislation (PAYGO) .....						-187	-185
Subtotal, Guaranty and indemnity .....	198	573	582	461	410	390	378
Credit liquidating accounts .....	11	28	29	19	14	-18	-14
Proposed Legislation (PAYGO) .....			-90				
Subtotal, Credit liquidating accounts .....	11	28	-60	19	14	-18	-14
Subtotal, Veterans housing .....	197	708	599	553	491	432	420
<b>705 Other veterans benefits and services:</b>							
Cemeteries, administration of veterans benefits, and other .....	935	1,000	1,068	1,014	996	975	956
Non-VA support programs .....	104	97	94	90	84	79	73
Subtotal, Other veterans benefits and services .....	1,039	1,097	1,162	1,103	1,079	1,054	1,028
<b>Total, Veterans benefits and services .....</b>	<b>37,642</b>	<b>38,392</b>	<b>38,092</b>	<b>39,676</b>	<b>39,866</b>	<b>39,955</b>	<b>41,724</b>
<b>750 Administration of justice:</b>							
<b>751 Federal law enforcement activities:</b>							
Criminal investigations (DEA, FBI, FinCEN, OCDE) .....	3,352	3,357	3,491	3,381	3,440	3,422	3,421
Proposed Legislation (PAYGO) .....							
Subtotal, Criminal investigations (DEA, FBI, FinCEN, OCDE) .	3,352	3,357	3,491	3,381	3,440	3,422	3,421
Alcohol, tobacco, and firearms investigations (ATF) .....	383	385	400	390	381	373	365
Border enforcement activities (Customs and INS) .....	3,248	3,698	4,019	3,761	3,808	3,838	3,869
Proposed Legislation (PAYGO) .....			200	426	438	452	466
Subtotal, Border enforcement activities (Customs and INS) ....	3,248	3,698	4,219	4,187	4,246	4,290	4,335
Customs and INS fees .....	-1,468	-1,722	-1,805	-1,831	-1,859	-1,885	-1,912
Proposed Legislation (PAYGO) .....			-200	-426	-438	-452	-466
Subtotal, Customs and INS fees .....	-1,468	-1,722	-2,005	-2,257	-2,297	-2,337	-2,378
Protection activities (Secret Service) .....	504	520	575	567	555	544	534
Equal Employment Opportunity Commission .....	229	232	261	257	252	247	242
Other enforcement .....	377	591	529	411	396	385	388
Subtotal, Federal law enforcement activities .....	6,624	7,060	7,470	6,935	6,975	6,926	6,907
<b>752 Federal litigative and judicial activities:</b>							
Civil and criminal prosecution and representation .....	2,388	2,908	2,863	2,784	2,748	2,744	2,744
Federal judicial activities .....	2,695	3,118	3,352	3,423	3,421	3,517	3,616
Representation of indigents in civil cases .....	375	377	436	429	420	411	402
Other .....	12	14	13	7	7	7	7
Subtotal, Federal litigative and judicial activities .....	5,470	6,417	6,663	6,643	6,595	6,678	6,769
<b>753 Federal correctional activities .....</b>	<b>2,315</b>	<b>2,824</b>	<b>3,019</b>	<b>3,187</b>	<b>3,452</b>	<b>3,554</b>	<b>3,711</b>
<b>754 Criminal justice assistance .....</b>	<b>847</b>	<b>1,330</b>	<b>2,580</b>	<b>4,581</b>	<b>5,463</b>	<b>6,125</b>	<b>6,701</b>
<b>Total, Administration of justice .....</b>	<b>15,256</b>	<b>17,631</b>	<b>19,732</b>	<b>21,346</b>	<b>22,485</b>	<b>23,283</b>	<b>24,087</b>
<b>800 General government:</b>							
<b>801 Legislative functions .....</b>	<b>2,051</b>	<b>2,246</b>	<b>2,389</b>	<b>2,413</b>	<b>2,413</b>	<b>2,435</b>	<b>2,458</b>
<b>802 Executive direction and management:</b>							
Drug control programs .....	12	99	131	144	142	139	136
Executive Office of the President .....	229	193	192	183	177	172	168
Other .....	3	2	4	9	4	4	4
Subtotal, Executive direction and management .....	244	294	326	336	322	315	308

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>803 Central fiscal operations:</b>							
Collection of taxes .....	7,019	7,662	8,146	7,965	7,919	7,781	7,616
Other fiscal operations .....	398	129	17	119	104	93	81
Proposed Legislation (PAYGO) .....			58	60	62	64	65
Subtotal, Other fiscal operations .....	398	129	75	179	166	157	146
Subtotal, Central fiscal operations .....	7,417	7,792	8,222	8,144	8,085	7,938	7,762
<b>804 General property and records management:</b>							
Real property activities .....	155	713	408	409	449	581	448
Property and other receipts .....	-14	-11	-14	-25	-25	-25	-20
Records management .....	261	195	189	183	149	149	145
Other .....	189	425	241	229	222	236	239
Subtotal, General property and records management .....	590	1,322	824	796	795	941	812
<b>805 Central personnel management</b> .....	202	176	168	163	157	154	150
<b>806 General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	688	702	700	678	664	650	636
Payments to States and counties from Forest Service receipts .....	94	249	245	232	229	226	226
Payments to States from receipts under the Mineral Leasing Act ...	520	548	560	578	584	604	631
Payments to States and counties from Federal land management activities .....	18	19	19	19	19	19	19
Payments in lieu of taxes .....	100	104	114	110	108	106	104
Payments to territories and Puerto Rico .....	272	271	284	290	296	303	310
Tax revenues for Puerto Rico (Treasury, BATF) .....	201	226	232	240	247	255	263
Other .....	7	10	10	10	8	8	8
Subtotal, General purpose fiscal assistance .....	1,899	2,129	2,163	2,157	2,156	2,170	2,196
<b>808 Other general government:</b>							
Compact of free association .....	142	336	185	166	154	154	154
Territories .....	99	94	78	70	68	68	67
Treasury claims .....	504	625	635	635	615	615	610
Civil liberties public education fund .....	87	18	5	5	5	5	5
Presidential election campaign fund .....	1	25	191	4	70	70	70
Other .....	163	136	105	105	97	95	94
Subtotal, Other general government .....	995	1,234	1,199	986	1,009	1,007	1,000
<b>809 Deductions for offsetting receipts</b> .....	-2,087	-700	-710	-710	-710	-710	-710
<b>Total, General government</b> .....	11,312	14,493	14,580	14,286	14,229	14,250	13,976
<b>900 Net interest:</b>							
<b>901 Interest on the public debt</b> .....	296,278	333,704	364,037	383,430	403,570	425,720	446,502
<b>902 Interest received by on-budget trust funds:</b>							
Civil Service retirement and disability .....	-26,139	-27,529	-29,379	-30,696	-31,864	-33,152	-34,218
Military retirement .....	-10,143	-10,360	-10,605	-10,818	-11,024	-11,205	-11,386
Medicare .....	-12,709	-12,209	-11,916	-11,847	-11,228	-10,323	-9,061
Other on-budget trust fund interest .....	-7,503	-7,791	-8,131	-8,523	-8,997	-9,661	-10,081
Subtotal, Interest received by on-budget trust funds .....	-56,494	-57,889	-60,031	-61,884	-63,113	-64,340	-64,746
<b>903 Interest received by off-budget trust funds</b> .....	-29,203	-33,576	-38,102	-42,586	-47,347	-52,499	-58,081
<b>908 Other interest:</b>							
Interest on loans to Federal Financing Bank .....	-9,049	-8,415	-7,234	-6,270	-5,786	-4,973	-4,465
Interest on refunds of tax collections .....	3,068	3,142	3,182	3,297	3,422	3,561	3,708
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 .....	992	708	821	858	772	661	576
Interest received from direct loan financing accounts .....	-883	-1,327	-2,574	-4,444	-6,779	-9,364	-12,064
Interest on deposits in tax and loan accounts .....	-634	-960	-1,000	-1,000	-1,000	-1,000	-1,000
Interest received from Outer Continental Shelf escrow account, Interior .....	-*		-993				

**TABLE 6-2. OUTLAYS BY FUNCTION AND PROGRAM—Continued**  
(in millions of dollars)

Source	Outlays						
	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other .....	-3,446	-3,491	-3,434	-3,357	-3,171	-3,004	-2,899
Subtotal, Other interest .....	-7,623	-8,015	-8,903	-8,587	-10,214	-11,791	-13,815
<b>Total, Net interest .....</b>	<b>202,957</b>	<b>234,224</b>	<b>257,001</b>	<b>270,373</b>	<b>282,896</b>	<b>297,090</b>	<b>309,860</b>
On-budget .....	(232,160)	(267,800)	(295,103)	(312,959)	(330,243)	(349,589)	(367,941)
Off-budget .....	(-29,203)	(-33,576)	(-38,102)	(-42,586)	(-47,347)	(-52,499)	(-58,081)
<b>920 Allowances:</b>							
921 GSA reinventing .....				-200	-400	-400	-400
924 Adjustment to maintain Legislative Branch at current level ...			-224	-286	-386	-481	-575
925 OPM reinventing .....				-7	-7	-8	-8
<b>Total, Allowances .....</b>			-224	-493	-793	-889	-983
<b>950 Undistributed offsetting receipts:</b>							
<b>951 Employer share, employee retirement (on-budget):</b>							
Contributions to military retirement fund .....	-12,808	-12,130	-11,123	-10,351	-10,559	-10,713	-10,881
Postal Service contributions to Civil Service Retirement and Disability Fund .....	-5,114	-5,493	-5,499	-5,737	-6,158	-6,216	-6,500
Other contributions to Civil Service Retirement and Disability Fund .....	-7,999	-7,811	-7,895	-8,108	-8,257	-8,222	-8,500
Contributions to HI trust fund .....	-2,440	-2,452	-2,545	-2,620	-2,718	-2,836	-2,982
Subtotal, Employer share, employee retirement (on-budget) .....	-28,361	-27,885	-27,063	-26,817	-27,691	-27,988	-28,864
<b>952 Employer share, employee retirement (off-budget) .....</b>	<b>-6,409</b>	<b>-6,441</b>	<b>-6,864</b>	<b>-7,137</b>	<b>-7,544</b>	<b>-8,061</b>	<b>-8,707</b>
<b>953 Rents and royalties on the Outer Continental Shelf .....</b>	<b>-3,001</b>	<b>-2,692</b>	<b>-3,036</b>	<b>-2,485</b>	<b>-2,426</b>	<b>-2,393</b>	<b>-2,403</b>
<b>954 Sale of major assets:</b>							
Sale of U.S. Enrichment Corporation (PAYGO proposal) .....			-800	-1,100			
Sale of Power Marketing Admin. (PAYGO proposal) .....			-85	-909	-3,475		
Subtotal, Sale of major assets .....			-885	-2,009	-3,475		
<b>959 Other undistributed offsetting receipts:</b>							
Spectrum Auction .....		-4,375	-4,275	-1,675	-2,075	-1,197	
Proposed Legislation (PAYGO) .....			-300	-600	-1,000	-1,400	-1,500
Subtotal, Spectrum Auction .....		-4,375	-4,575	-2,275	-3,075	-2,597	-1,500
Privatization of Elk Hills (PAYGO proposal) .....				-2,600			
Subtotal, Other undistributed offsetting receipts .....		-4,375	-4,575	-4,875	-3,075	-2,597	-1,500
<b>Total, Undistributed offsetting receipts .....</b>	<b>-37,772</b>	<b>-41,392</b>	<b>-42,424</b>	<b>-43,323</b>	<b>-44,212</b>	<b>-41,039</b>	<b>-41,474</b>
On-budget .....	(-31,362)	(-34,951)	(-35,560)	(-36,186)	(-36,668)	(-32,978)	(-32,767)
Off-budget .....	(-6,409)	(-6,441)	(-6,864)	(-7,137)	(-7,544)	(-8,061)	(-8,707)
<b>Total .....</b>	<b>1,460,914</b>	<b>1,538,920</b>	<b>1,612,128</b>	<b>1,684,709</b>	<b>1,745,186</b>	<b>1,822,181</b>	<b>1,905,338</b>
On-budget .....	(1,181,542)	(1,246,936)	(1,307,105)	(1,368,142)	(1,415,597)	(1,479,122)	(1,548,618)
Off-budget .....	(279,372)	(291,984)	(305,023)	(316,567)	(329,589)	(343,059)	(356,720)

\* \$500 thousand or less.

## 7. FEDERAL INVESTMENT SPENDING AND CAPITAL BUDGETING

Investment outlays are outlays that yield long-term benefits. Their purpose may be to improve the efficiency of internal Federal agency operations or to increase the Nation's overall stock of capital for economic growth. They can be direct Federal outlays or grants to State and local governments. They can be for physical capital, which yields a stream of services over a period of years, or for research and development or education and training, which are intangible but also increase income in the future or provide other long-term benefits.

Most presentations in the Federal budget combine investment outlays with outlays for current use. This chapter focuses solely on Federal and federally-financed investment. These investments are discussed in five sections:

- a description of the size and composition of Federal investment spending;
- a discussion of fixed assets used to provide Federal services—primarily Federal buildings and information technology—and efforts to improve planning and budgeting for these assets;
- a presentation of trends in the stock of federally-financed physical capital, research and development, and education;
- alternative capital budget and capital expenditure presentations; and
- projections of Federal physical capital spending and 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, a chapter in the budget has shown Federal investment outlays—defined as those outlays that yield long-term benefits—separately from outlays for current use. This year, for the first time, the discussion of the composition in investment includes estimates of both budget authority and outlays.

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

- To suit the purposes of a traditional balance sheet, investment might include only those physical assets 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, certain nutrition programs, and substance abuse

treatment, which are designed in part to prevent more costly health problems in future years.

The relatively broad definition of investment used in this section provides 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 issue of definition, 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, the existing community development block grant and the proposed community opportunity performance funds 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.

## Composition of Federal Investment Outlays

### *Major Federal Investment*

The composition of major Federal investment outlays is summarized in Table 7-1. They include major public physical investment, the conduct of research and development, and the conduct of education and training. Defense and nondefense investment outlays were \$223.2 billion in 1994. They are estimated to increase to \$234.7 billion in 1995 and decline to \$229.3 billion in 1996. Major Federal investment will comprise an estimated 14.2 percent of total Federal outlays in 1996 and 3.1 percent of the Nation's gross domestic product (GDP). Greater detail on Federal investment is available in tables 7-2 and 7-3 at the end of this section. Those tables include both budget authority and outlays.

**Physical investment.**—Outlays for major public physical capital investment (hereafter referred to as physical investment outlays) are estimated to be \$112.6 billion in 1996. Physical investment outlays are primarily outlays for construction, rehabilitation, and major equipment. Almost two-thirds of these outlays are for direct physical investment by the Federal Government, with the remaining third being 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 estimated to be \$53.7 billion in 1996. Almost all of these outlays, or \$48.5 billion, are for the procurement of weapons and other military equipment, and the remainder is primarily for construction of military bases, family housing for military personnel, and Department of Energy defense facilities.

Outlays for direct physical investment for nondefense purposes are estimated to be \$19.5 billion in 1996. These outlays include \$13.5 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 \$6.4 billion in 1996. The largest items are for the space program and the air traffic control system. Collections for the sale of facilities are expected to exceed disbursements by \$0.3 billion, largely due to the proposed sale of the United States Enrichment Corporation.

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 9, "Underwriting Federal Credit and Insurance."

Grants to State and local governments for physical investment are estimated to be \$39.3 billion in 1996. More than half of these outlays, or \$22.9 billion, are to assist States and localities with transportation infrastructure, including the proposed new unified transportation infrastructure block grant for 1996. Other major grants for physical investment fund sewage treatment plants, community development, and public housing.

**Conduct of research and development.**—Outlays for the conduct of research and development are estimated to be \$69.4 billion in 1996. These outlays are devoted to increasing basic scientific knowledge and promoting related research and development. They increase the Nation's security, improve the productivity 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 \$37.7 billion in 1996, 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 \$31.7 billion in 1996. 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 programs.

**Conduct of education and training.**—Outlays for the conduct of education and training are estimated to be \$47.3 billion in 1996. 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 \$27.5 billion in 1996, more than half of the total. They include education programs for the disadvantaged and the handicapped, vocational and adult education programs, training programs in the Department of Labor, and Head Start. Direct education and training outlays by the Federal Government are estimated to be \$19.8 billion in 1996. 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

TABLE 7-1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

(In billions of dollars)

	1994 actual	Estimate	
		1995	1996
MAJOR FEDERAL INVESTMENT OUTLAYS			
Major public physical capital investment:			
Direct:			
National defense .....	66.7	59.9	53.7
Nondefense .....	17.2	20.3	19.5
Subtotal, direct major public physical capital investment ....	83.9	80.2	73.3
Grants to State and local governments .....	35.3	38.4	39.3
Subtotal, major public physical capital investment .....	119.2	118.6	112.6
Conduct of research and development:			
National defense .....	38.1	38.1	37.7
Nondefense .....	28.4	30.7	31.7
Subtotal, conduct of research and development .....	66.5	68.9	69.4
Conduct of education and training:			
Grants to State and local governments .....	23.3	26.0	27.5
Direct .....	14.2	21.2	19.8
Subtotal, conduct of education and training .....	37.6	47.2	47.3
Major Federal investment outlays .....	223.2	234.7	229.3
MEMORANDUM			
Major Federal investment outlays:			
National defense .....	104.8	98.1	91.4
Nondefense .....	118.4	136.6	137.8
Total, major Federal investment outlays .....	223.2	234.7	229.3
Miscellaneous physical investment:			
Commodity inventories .....	-1.0	-0.6	-0.7
Other physical investment (direct) .....	6.0	6.1	6.6
Total, miscellaneous physical investment .....	5.0	5.5	5.9
Total, Federal investment outlays, including miscellaneous physical investment .....	228.2	240.2	235.2

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 7-1. 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 \$0.7 billion in 1996. Outlays in

this category are for the purchase or sale of agricultural products pursuant to farm price support programs and the purchase and sale of other commodities such as oil and gas.

Outlays for other miscellaneous physical investment are estimated to be \$6.6 billion in 1996. This category includes primarily conservation programs, environmental restoration, and assets acquired and sold as collateral on defaulted loans. These outlays are entirely for direct Federal spending.

### **Detailed Tables on Investment Spending**

In order to include more information in the budget on investment, for the first time the tables in this section provide data on budget authority as well as outlays. The following Table 7-2 displays budget authority

and outlays by major programs according to defense and nondefense categories. Table 7-3 shows budget authority and outlays divided according to grants to State and local governments and direct Federal spending.

TABLE 7-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS

(in millions of dollars)

Source	Budget Authority			Outlays		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
FEDERAL INVESTMENT:						
NATIONAL DEFENSE:						
Major public physical investment:						
Construction and rehabilitation:						
Military construction .....	3,787	2,578	2,507	3,248	3,548	3,246
Family housing .....	842	582	807	600	783	804
Atomic energy defense activities and other .....	767	731	847	782	732	856
Subtotal, construction and rehabilitation .....	5,396	3,890	4,160	4,630	5,062	4,906
Acquisition of major equipment:						
Procurement .....	44,093	44,572	39,250	61,752	54,558	48,523
Atomic energy defense activities and other .....	500	147	306	371	351	317
Subtotal, acquisition of major equipment .....	44,593	44,719	39,555	62,123	54,909	48,840
Purchase or sale of land and structures .....	-8	-4	-4	-8	-4	-4
Subtotal, major public physical investment .....	49,981	48,605	43,711	66,745	59,967	53,742
Conduct of research and development						
Defense military .....	35,277	36,200	35,106	35,474	35,716	35,206
Atomic energy and other .....	2,481	2,385	2,470	2,581	2,422	2,482
Subtotal, conduct of research and development .....	37,758	38,585	37,576	38,055	38,138	37,688
Conduct of education and training (civilian) .....	20	8	15	14	14	13
Subtotal, national defense investment .....	87,759	87,198	81,302	104,815	98,119	91,444
NONDEFENSE:						
Major public physical investment:						
Construction and rehabilitation:						
Unified transportation infrastructure investment .....			22,274			2,595
Highways .....	21,589	20,380	903	18,435	18,927	16,179
Mass transportation .....	3,741	3,828		2,535	2,760	2,790
Rail transportation .....	258	252	3	147	257	306
Air transportation .....	3,190	2,605	26	1,674	1,968	1,400
Water transportation .....	114	115	133	135	116	119
Community development block grants .....	5,050	4,622		3,651	4,330	4,564
Community opportunity performance funds .....			4,850			175
Other community and regional development .....	1,609	1,409	695	1,124	1,391	1,468
Pollution control and abatement .....	3,724	4,172	3,893	3,505	3,611	3,523
Water resources .....	2,707	1,959	1,829	2,168	2,517	2,146
Other natural resources and environment .....	434	381	295	434	455	403
Housing assistance .....	7,646	8,008	8,455	5,350	6,779	8,119
General science, space, and technology .....	540	412	483	541	662	491
Energy .....	1,894	2,501	2,141	1,919	2,748	2,399
Veterans hospitals and other health .....	1,332	1,189	1,420	1,230	1,380	1,386
Postal Service .....	1,012	1,144	805	629	854	809
GSA real property activities .....			1,022	726	1,519	1,622
International affairs .....	180	275	276	301	301	316
Other programs .....	587	675	956	852	949	1,185
Subtotal, construction and rehabilitation .....	55,607	53,926	50,460	45,358	51,523	51,996
Acquisition of major equipment:						
Air transportation .....	2,110	2,081	1,949	2,439	2,077	2,059
Other transportation .....	396	450	506	394	377	435
Space flight, research, and supporting activities .....	1,205	868	935	1,128	1,125	954
General science and basic research .....	248	303	284	181	186	304
Veterans medical care .....	524	622	703	240	479	666
Postal Service .....	283	851	495	334	257	511
General supply fund .....				425	546	615
Other .....	570	810	1,021	365	682	878
Subtotal, acquisition of major equipment .....	5,335	5,986	5,892	5,505	5,728	6,422
Purchase or sale of land and structures						
International affairs .....	49	4	10	56	5	11



TABLE 7-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS—Continued

(in millions of dollars)

Source	Budget Authority			Outlays		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
Domestic .....	278	244	-642	801	672	-357
Subtotal, purchase or sale of land and structures .....	327	248	-632	857	677	-346
Other physical assets (grants) .....	734	751	722	700	684	738
Subtotal, major public physical investment .....	62,004	60,911	56,442	52,420	58,612	58,810
Conduct of research and development:						
General science, space, and technology:						
NASA .....	7,414	7,874	7,863	6,663	7,592	7,488
National Science Foundation .....	2,061	2,161	2,327	1,873	1,950	2,071
Other general science .....	675	700	708	669	700	708
Subtotal, general science, space, technology .....	10,150	10,735	10,897	9,205	10,242	10,266
Energy .....	2,730	2,887	3,001	2,654	2,959	3,060
Transportation:						
Department of Transportation .....	617	663	743	519	627	709
NASA .....	1,271	1,204	1,273	1,215	1,194	1,236
Subtotal, transportation .....	1,888	1,867	2,016	1,734	1,821	1,945
Health:						
National Institutes of Health .....	10,338	10,698	11,126	9,620	10,308	10,804
All other health .....	905	862	919	1,080	993	962
Subtotal, health .....	11,243	11,560	12,045	10,700	11,301	11,766
Agriculture .....	1,206	1,190	1,199	1,158	1,180	1,211
Natural resources and environment .....	2,062	2,112	2,228	1,747	1,941	2,018
International affairs .....	321	315	256	372	246	248
All other research and development .....	1,015	1,324	1,439	827	1,036	1,202
Subtotal, conduct of research and development .....	30,614	31,989	33,081	28,397	30,726	31,717
Conduct of education and training:						
Education, training, employment and social services:						
Elementary, secondary, and vocational education .....	14,715	15,398	16,409	14,121	15,771	15,216
Higher education .....	9,580	15,246	10,954	7,864	13,999	12,438
Research and general education aids .....	1,869	1,955	2,110	1,826	2,012	2,039
Training and employment .....	6,191	6,804	9,221	5,234	5,622	7,475
Social services .....	5,675	5,998	6,434	5,157	5,951	6,214
Subtotal, education, training, and social services .....	38,030	45,400	45,128	34,202	43,356	43,382
Income security .....	132	225	259	106	168	225
Veterans education, training, and rehabilitation .....	1,273	1,498	1,549	1,358	1,624	1,571
Health .....	816	786	819	759	772	797
International affairs .....	368	281	253	239	313	276
Other education and training .....	1,006	1,085	1,198	898	982	1,072
Subtotal, conduct of education and training .....	41,624	49,275	49,207	37,562	47,214	47,323
Subtotal, nondefense investment .....	134,242	142,175	138,729	118,379	136,552	137,849
Total, Federal investment .....	222,001	229,373	220,032	223,194	234,671	229,293

TABLE 7-3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS

(in millions of dollars)

Source	Budget Authority			Outlays		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
FEDERAL INVESTMENT:						
GRANTS TO STATE AND LOCAL GOVERNMENTS:						
Major public physical investments:						
Construction and rehabilitation:						
Unified transportation infrastructure investment .....			21,977			2,542
Highways .....	21,584	20,376	903	18,419	18,901	16,164
Mass transportation .....	3,741	3,828		2,535	2,760	2,790
Rail transportation .....	21	12	3	28	26	33
Air transportation .....	2,970	2,161		1,620	1,785	1,324
Pollution control and abatement .....	2,563	3,075	2,751	2,219	2,374	2,294
Other natural resources and environment .....	518	113	121	203	316	233
Community development block grants .....	5,050	4,622		3,651	4,330	4,564
Other community and regional development .....	1,323	1,167	5,402	806	1,034	1,275
Housing assistance .....	6,145	6,372	8,427	4,855	5,947	7,101
National defense .....	28	49		15	23	16
Other construction .....	179	171	120	215	193	151
Subtotal, construction and rehabilitation .....	44,123	41,946	39,704	34,566	37,689	38,486
Other physical assets .....	743	811	825	707	693	805
Subtotal, major public physical capital .....	44,866	42,756	40,529	35,274	38,382	39,291
Conduct of research and development .....	414	427	426	376	418	437
Conduct of education and training:						
Elementary, secondary, and vocational education .....	13,858	14,546	15,493	13,314	14,911	14,364
Higher education .....	130	130	94	111	129	121
Research and general education aids .....	294	273	287	289	303	280
Training and employment .....	5,041	5,577	7,857	4,149	4,486	6,275
Social services .....	5,444	5,753	6,181	4,936	5,688	5,958
National defense (civilian) .....	6			6	3	1
Other .....	535	544	563	522	524	544
Subtotal, conduct of education and training .....	25,307	26,823	30,475	23,327	26,043	27,542
Subtotal, grants for investment .....	70,587	70,006	71,430	58,976	64,843	67,269
DIRECT FEDERAL PROGRAMS:						
Major public physical investment:						
Construction and rehabilitation:						
National defense .....	5,368	3,842	4,160	4,615	5,039	4,890
International affairs .....	180	275	276	301	301	316
General science, space, and technology .....	540	412	483	541	662	491
Water resources projects .....	2,214	1,920	1,760	1,981	2,226	2,007
Other natural resources and environment .....	1,570	1,404	1,385	1,704	1,668	1,539
Energy .....	1,894	2,501	2,141	1,919	2,748	2,399
Transportation .....	575	802	456	325	555	536
Veterans hospitals and other health facilities .....	1,291	1,142	1,376	1,186	1,321	1,345
Postal Service .....	1,012	1,144	805	629	854	809
Federal Prison System .....	129	147	187	399	435	397
GSA real property activities .....			1,022	726	1,519	1,622
Other construction .....	2,107	2,283	864	1,096	1,568	2,065
Subtotal, construction and rehabilitation .....	16,880	15,871	14,916	15,421	18,896	18,416
Acquisition of major equipment:						
National defense .....	44,593	44,719	39,555	62,123	54,909	48,840
General science and basic research .....	248	303	284	181	186	304
Space flight, research, and supporting activities .....	1,205	868	935	1,128	1,125	954
Energy .....	296	342	270	277	323	267
Postal Service .....	283	851	495	334	257	511
Air transportation .....	2,110	2,081	1,949	2,439	2,077	2,059
Water transportation (Coast Guard) .....	201	220	276	254	184	221
Hospital and medical care for veterans .....	524	622	703	240	479	666
General supply fund .....				425	546	615
Other .....	460	639	878	221	542	759
Subtotal, acquisition of major equipment .....	49,920	50,645	45,344	67,621	60,628	55,195

TABLE 7-3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(in millions of dollars)

Source	Budget Authority			Outlays		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
Purchase or sale of land and structures:						
National defense .....	-8	-4	-4	-8	-4	-4
International affairs .....	49	4	10	56	5	11
Domestic .....	278	244	-642	801	672	-357
Subtotal, purchase or sale of land and structures .....	319	244	-636	849	673	-350
Subtotal, major public physical investment .....	67,119	66,759	59,624	83,892	80,197	73,261
Conduct of research and development:						
National defense .....	37,758	38,585	37,576	38,055	38,138	37,688
International affairs .....	321	315	256	372	246	248
Domestic .....	29,878	31,247	32,399	27,649	30,063	31,032
Subtotal, conduct of research and development .....	67,958	70,147	70,231	66,077	68,446	68,968
Conduct of education and training:						
Elementary, secondary, and vocational education .....	856	851	915	806	860	852
Higher education .....	9,450	15,116	10,860	7,753	13,871	12,317
Research and general education aids .....	1,575	1,681	1,823	1,537	1,709	1,759
Training and employment .....	1,150	1,228	1,364	1,085	1,136	1,200
Health .....	816	786	819	759	772	797
Veterans education, training, and rehabilitation .....	1,273	1,498	1,549	1,358	1,624	1,571
National defense .....	14	8	15	9	11	13
International affairs .....	368	281	253	239	313	276
Other .....	833	1,011	1,147	703	890	1,009
Subtotal, conduct of education and training .....	16,337	22,460	18,746	14,249	21,185	19,794
Subtotal, direct Federal investment .....	151,414	159,367	148,601	164,218	169,828	162,024
Total, Federal investment .....	222,001	229,373	220,032	223,194	234,671	229,293

## Part II: PLANNING AND BUDGETING FOR FIXED ASSETS

The previous section discussed Federal investment as broadly defined. The focus of this section is much narrower—the review of planning and budgeting for fixed assets during the past year and the resultant budget proposals for fixed assets owned by the Federal Government and used to deliver domestic Federal services. These assets include Federal buildings, information technology, and related general purpose facilities and equipment.<sup>1</sup>

With proposed major agency restructuring, organizational streamlining and other reforms, it may be appropriate to reduce spending for some assets, such as buildings, and increase spending for others, such as information technology, to increase the productivity of a smaller workforce. In either case, in a time of severely constrained resources, it is essential that the caliber of government planning and budgeting for fixed assets be high.

### Improving Planning and Budgeting

During 1994, OMB devoted particular attention to improving the process of fixed asset acquisition. After seeking out and analyzing the problems, which differed from agency to agency, OMB issued new comprehensive guidance to agencies on this process. An OMB Fall Budget Review focused on fixed assets. The Administration proposes to make agencies responsible for the fixed assets they use, and to work throughout the coming

year to improve agency planning, budgeting, management, and accountability for such assets.

**Long-Term Planning and Analysis.**—Planning and managing fixed assets has historically been a low priority for most agencies. Attention focuses on coming-year appropriations, and justifications are generally lists of desired projects. Long-range planning would provide a better basis for justifications and would increase fore-

<sup>1</sup>Not included are most of national defense (except family housing), grants to State and local governments, federally operated infrastructure (e.g., the air traffic control system and water resources), and major space and science programs.

sight, thus improving the odds for cost-effective investments.

The lack of integrated life-cycle planning for fixed assets and their operation was evident in the review. Research equipment was acquired with inadequate funding for its operation. New medical facilities sometimes were built without funds for maintenance and operation. New information technology sometimes was acquired without planning for associated changes in agency operations.

OMB Bulletin 94-08, *Planning and Budgeting for the Acquisition of Fixed Assets*, was developed to provide guidance for agencies on what fixed asset planning should include. Agencies were requested to approach planning for fixed assets in the context of strategic plans to carry out their missions, and to consider alternative methods of meeting their goals. Systematic analysis of the full life-cycle expected costs and benefits was required, along with risk analysis and assessment of alternative means of acquiring assets. The Bulletin noted other OMB guidance that would be useful in planning and budgeting for fixed assets.<sup>2</sup>

Consultations took place with the President's Management Council on the draft Bulletin before it was issued in July 1994. There was insufficient time for the agencies to undertake fixed asset planning in accordance with the Bulletin for the 1996 Budget. However, many did submit, for the first time, budget proposals for fixed asset acquisitions over the next five years. The Bulletin was intended to be the first step in an ongoing effort to improve decision making on the acquisition of fixed assets. OMB will be working with the President's Management Council and the agencies in 1995 to carry it out more completely.

**From Planning to Budgeting.**—Long-range agency plans should channel fully justified budget-year and out-year proposals into the budget process. For the first time, agencies were asked to submit projections of both budget authority and outlays for all investment spending, not only for the budget year, but for the four out-years. For fixed assets, agencies were asked to provide specific proposals going beyond the budget year.

Also for the first time, OMB held a separate review for fixed assets early in the Fall Budget Review process. This provided an overview of requests, flagged issues, and considered cross-cutting recommendations. Agency-specific fixed asset issues were highlighted in the agen-

cy reviews. Results and cross-cutting issues were reconsidered in the wrap-up session.

Attention was given to whether the "lumpiness" of some fixed assets disadvantaged them in the budget review process. In some cases, agencies aggregate fixed asset acquisitions into budget accounts containing only such acquisitions; such accounts tend to smooth out year-to-year changes in outlays and avoid crowding other expenditures. In other cases, programs do not hesitate to request "spikes" or "bulges" in spending for asset acquisitions, and the review process accommodates them. But some programs go out of their way to avoid such spikes, and some agencies seem to have trouble accommodating them. The OMB review process did accommodate justified spikes and bulges, and the Bulletin encouraged agencies to do so in their own internal reviews.

**Funding Mechanisms.**—Good budgeting requires that appropriations for the full costs of asset acquisition be provided up front to help ensure that all costs and benefits are fully taken into account when decisions are made about providing resources. In most cases, this rule is followed throughout the Government. When it is not followed and fixed assets are funded piecemeal, this can and does result in poor planning, acquisition of assets not fully justified, occasional cancellation of major projects, the loss of sunk costs, and inadequate funding to maintain and operate the assets.

Nevertheless, the nature of asset acquisition requires some flexibility in funding. One-year funding often may not be enough to complete the acquisition process. Most agencies request multi-year funding to complete acquisitions efficiently, and the Bulletin encourages this. As noted, many agencies aggregate asset acquisition in budget accounts for this purpose. In some cases, these are revolving funds which "rent" the assets to the agency's programs. The Bulletin also encourages this, noting that it helps to show in one place the total annual costs of a program and moves toward goals consistent with the Government Performance and Results Act.

This budget proposes to make agencies responsible for fixed assets by giving them the authority to acquire and manage such assets in the most cost-effective manner available. This proposal would transform the General Services Administration into the government-wide policy and oversight organization for administrative services, except for personnel services. Clarifying agency responsibility for asset management and improving oversight will strengthen the links among planning, budgeting, managing, and accountability for assets.

To promote better program performance, agencies are also being encouraged by OMB to examine their budget account structures to better align them with program outputs and outcomes and to charge the appropriate account with significant costs used to achieve these results. The asset acquisition rental accounts, mentioned above, would contribute to this. Budgeting this way would provide information and incentives for better resource allocation among programs and a continual search for better ways to deliver services. It would also

<sup>2</sup> Other OMB guidance includes: (1) OMB Circular No. A-109, *Major System Acquisitions*, which establishes policies for planning major systems that are generally applicable to fixed asset acquisitions. (2) OMB Circular No. A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs*, which provides guidance on benefit-cost, cost-effectiveness, and lease-purchase analysis to be used by agencies in evaluating Federal activities including fixed asset acquisition. It includes guidelines on the discount rate to use in evaluating future benefits and costs, the measurement of benefits and costs, the treatment of uncertainty, and other issues. This guidance must be followed in all analyses submitted to OMB in support of legislative and budget programs. (3) Executive Order No. 12893, "Principles for Federal Infrastructure Investments," which provides principles for the systematic economic analysis of infrastructure investments and their management. (4) OMB Bulletin No. 94-16, *Guidance on Executive Order No. 12893, "Principles for Federal Infrastructure Investments"*, which provides guidance for implementing this order and appends the order itself. (5) The revision of OMB Circular No. A-130, Transmittal 2, *Management of Federal Information Resources* (July 15, 1994), which provides principles for internal management and planning practices for information systems and technology (published in the *Federal Register* (Part V), July 25, 1994, pp. 37905-37928).

provide incentives for efficient fixed asset acquisition and management.

**Outlook.**—The effort to improve planning and budgeting for fixed assets will continue in 1995.

- OMB and the President's Management Council will work with agencies to improve planning and analysis of fixed assets, as required in Bulletin 94-08, *Planning and Budgeting for the Acquisition of Fixed Assets*.
- In the OMB review process, proposals for the acquisition of fixed assets and related issues of lumpiness or "spikes" will continue to receive special attention. Agencies will be encouraged to give

the same special attention to future asset acquisition proposals.

- To ensure that the full costs and benefits of all budget proposals are fully taken into account in allocating resources, agencies will be required to include upfront budget authority for acquisitions in their budget requests.
- OMB will be working with Congressional committees, the President's Management Council, and the Chief Financial Officers Council, to help agencies with their responsibility for fixed assets through the alignment of budgetary resources with program results.

### Major Acquisition Proposals

For the limited definition of major fixed assets described above, this budget requests \$7.7 billion of budget authority for 1996. The major requests are shown in the accompanying Table 7-4: "Fixed Asset Acquisitions."

#### **Buildings**

This category includes both general purpose office buildings as well as special purpose buildings, such as hospitals, prisons, and courthouses. This budget includes \$4.4 billion for the major building acquisitions included in the fixed assets definition.

**General Services Administration.**—The 1996 budget requests \$1.0 billion for GSA for the construction or acquisition of buildings. GSA has traditionally funded construction, as well as operations, and renovations, through the Federal buildings fund. However, this budget proposes a direct appropriation for the construction and acquisition of general and special purpose space to house Federal agency requirements.

**Veterans hospital construction.**—The budget proposes \$0.9 billion for construction of veterans hospital and other facilities for 1996. Funds for veterans hospitals are primarily to construct new facilities at Brevard County, Florida, and Travis Air Force Base, California, and to improve or expand existing medical facilities at dozens of locations, including Boston, Massachusetts; Lebanon, Pennsylvania; Marion, Illinois; Marion, Indiana; Perry Point, Maryland; Reno, Nevada; and Salisbury, North Carolina.

**Military family housing.**—The military family housing program is one of the focal points of the Administration's initiative to improve the quality of life of military members and their families. The request of \$0.7 billion in budget authority for 1996 will provide new or replacement construction of homes and associated community facilities at military bases with a documented housing requirement.

The request will also fund renovation of existing military family housing units to extend the useful life of the homes 20-25 years. Renovation programs include

construction and neighborhood improvements to bring homes to current standards.

**Department of Energy.**—This budget includes \$0.4 billion for building acquisition or construction. It is largely for general science and research activities, energy supply research and development, and the nuclear waste disposal fund. These investments are primarily to continue ongoing construction projects.

**Other building acquisitions.**—Other building acquisitions are primarily for Federal prisons, the Department of Transportation, Indian health facilities, and the Department of State for buildings abroad.

#### **Information Technology**

This category includes computer hardware, major software, and renovations required for this equipment. This budget includes \$1.6 billion in 1996 budget authority for major information technology included in the fixed assets category.

**Internal Revenue Service Tax Systems Modernization.**—The budget includes \$0.4 billion for 1996 to continue acquisitions for the IRS tax systems modernization project. This is a large, capital-intensive investment, combining the replacement of obsolescent systems with a fundamental, customer-focused, redesign of its organizational structure and operations. The new system will make it easier for responsible taxpayers to comply with their obligations and more difficult for others to evade their responsibilities.

**Social Security Administration.**—This budget includes \$0.4 billion to replace the Social Security Administration's archaic, highly centralized mainframe-based architecture, including "dumb" terminals deployed in more than a thousand field offices, with a nation-wide system of modern personal computers and local area networks. The investment generates immediate productivity savings and service improvements. In the long term, the new technology will enable the Social Security Administration to redesign its work processes to achieve additional efficiencies.

TABLE 7-4. FIXED ASSET ACQUISITIONS

(Budget authority, in billions of dollars)

	1994 Actual	1995 Estimate	1996 Proposed
<b>Buildings:</b>			
General Services Administration .....	1.0	0.6	1.0
Veterans hospital construction .....	0.8	0.7	0.9
Department of Defense military family housing .....	0.7	0.7	0.7
Department of Energy .....	0.3	0.4	0.4
Other .....	0.9	0.8	1.2
Subtotal, buildings .....	3.8	3.2	4.4
<b>Information technology:</b>			
Internal Revenue Service .....	0.2	0.2	0.4
Social Security Administration .....	0.2	0.1	0.4
Federal Bureau of Investigation .....	0.1	0.1	0.2
Other .....	0.4	0.4	0.6
Subtotal, information technology .....	0.9	0.9	1.6
<b>Other asset acquisitions:</b>			
General Services Administration .....	0.4	0.5	0.6
Veterans hospital equipment .....	0.4	0.4	0.5
Coast Guard .....	0.2	0.3	0.3
Other .....	0.4	0.4	0.3
Subtotal, other asset acquisition .....	1.5	1.6	1.8
<b>Total .....</b>	<b>6.2</b>	<b>5.7</b>	<b>7.7</b>

**Federal Bureau of Investigation.**—The 1996 Budget request includes \$0.2 billion in budget authority for information technology for the FBI. This includes equipment for basic information processing needs, digital communications intercept equipment to maintain the ability to conduct court-authorized wiretaps, and equipment for surveillance and other purposes.

**Other.**—Other major information technology purchases include: computer technology for the Coast Guard; facilities for the Department of Commerce to improve high-speed scientific modeling, weather forecasting, and economic analysis; and an Info Share initiative in the Department of Agriculture. This initiative will improve customer service and efficiency in field offices through coordinated and improved communications, ADP acquisitions, and associated business processes.

#### **Other Acquisitions**

This category includes major equipment, such as vehicles and hospital equipment, and construction and facilities other than buildings, such as shore facilities for the Coast Guard. The budget requests \$1.8 billion for the acquisitions included in this fixed assets category.

**General Services Administration.**—Proposed obligations of \$0.6 billion for the GSA supply fund are

related to replacement of Interagency Fleet Management System (IFMS) vehicles and information systems supporting GSA's wholesale distribution system. The FY 1996 Budget includes full funding of the GSA request through reimbursable charges to GSA's client agencies. The proposed spending will enable GSA to replace vehicles on a three year/sixty thousand mile basis.

**Veterans hospital equipment.**—This budget includes \$0.5 billion for medical equipment for veterans hospitals. This equipment is for new and refurbished medical facilities, for equipment requirements at existing facilities, and for additional needed medical equipment.

**Coast Guard.**—This budget requests \$0.3 billion for the Coast Guard primarily to replace vessels and improve aircraft. These investments will improve the capabilities and flexibility of the service and its members. Additional Coast Guard expenditures included here are primarily for major rehabilitation, repair, and upgrade of existing shore facilities.

**Other.**—Other acquisitions in this category are for the FBI, the National Science Foundation, and other agencies.

### 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 organizations, 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. 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. One limitation of the perpetual inventory method is that investment spending is not necessarily an accurate measure of the value of the asset created. However, alternative methods for measuring asset value, such as direct surveys of current market worth or indirect estimation based on an expected rate of return, are difficult to apply to investments without a private market, such as highways or defense procurement.

In contrast to physical and R&D stocks, 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 7-5 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 \$1,383 billion in 1994 and is estimated to decline slightly to \$1,370 billion in 1996. In 1994, the national defense capital stock accounted for \$670 billion, or 48 percent of the total, and nondefense stocks for \$713 billion, or 52 percent of the total.

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 \$713 billion in 1994. With the investments proposed in the budget, nondefense stocks are estimated to grow further to \$746 billion in 1996. During the 1970s, the nondefense capital stock grew at an average annual rate of 3.9 percent. In the 1980s, however, the growth rate slowed to just over half that rate, or

2.0 percent annually, with growth slightly above that rate since then.

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 4.0 percent in the 1996 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

**TABLE 7-5. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL**  
(In billions of constant 1987 dollars)

Fiscal Year	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 .....	1,006	485	521	174	111	62	347	219	69	42	17
1980 .....	1,009	470	539	176	113	63	363	225	74	46	17
1981 .....	1,014	460	554	179	114	65	375	230	78	50	16
1982 .....	1,020	456	564	180	114	66	384	233	81	53	16
1983 .....	1,035	462	573	181	115	66	392	238	84	55	15
1984 .....	1,062	477	585	183	114	69	402	244	86	57	15
1985 .....	1,100	501	599	187	114	72	413	250	89	59	14
1986 .....	1,143	531	613	189	114	76	423	258	90	61	14
1987 .....	1,189	566	624	193	114	79	430	263	91	62	13
1988 .....	1,231	595	636	199	114	84	437	269	92	64	13
1989 .....	1,271	625	646	203	114	89	443	273	92	64	14
1990 .....	1,306	649	657	207	114	93	450	278	92	65	14
1991 .....	1,339	670	669	212	114	98	457	283	92	66	15
1992 .....	1,365	680	684	221	115	106	464	288	92	66	17
1993 .....	1,380	681	699	228	115	113	471	294	92	67	19
1994 .....	1,383	670	713	232	114	118	481	300	92	67	22
1995 est .....	1,381	650	731	239	113	125	492	306	93	67	26
1996 est .....	1,370	624	746	243	113	131	502	311	93	67	31

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 1994, 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.

Table 7-6 shows nondefense physical capital outlays both gross and net of depreciation for selected years from 1960 to 1990 and annually from 1990 to 1996. The net capital outlays in this table are the change in the net nondefense physical capital stock displayed in Table 7-5.



**TABLE 7-6. COMPOSITION OF GROSS AND NET FEDERAL AND FEDERALLY FINANCED NONDEFENSE PUBLIC PHYSICAL INVESTMENT**

(In billions of constant 1987 dollars)

Fiscal Year	Total nondefense investment			Direct Federal investment					Investment financed by Federal grants						
	Gross	Depre- ciation	Net	Gross	Depre- ciation	Net	Composition of net investment		Gross	Depre- ciation	Net	Composition of net investment			
							Water and power	Other				Trans- portation (mainly high-ways)	Community and regional development	Natural resources and environment	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 .....	30.0	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 .....	37.6	20.1	17.6	10.0	7.6	2.4	1.4	1.0	27.6	12.5	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	15.3	10.5	6.7	2.3	1.9	-0.4
Annual data:															
1990 .....	38.9	27.8	11.0	14.1	9.7	4.3	0.2	4.1	24.8	18.1	6.7	5.1	*	0.7	0.8
1991 .....	40.7	28.7	11.8	15.3	10.1	5.1	-0.2	5.4	25.4	18.6	6.7	5.0	-0.1	0.8	1.0
1992 .....	45.4	29.8	15.5	19.3	10.6	8.6	1.1	7.5	26.1	19.2	6.9	5.1	-0.1	0.7	1.3
1993 .....	45.7	31.0	14.8	18.2	11.2	7.1	-0.1	7.1	27.5	19.8	7.7	5.9	-0.4	0.3	1.8
1994 .....	46.3	32.0	14.2	16.0	11.6	4.4	-1.1	5.5	30.3	20.4	9.9	6.2	0.1	0.1	3.5
1995 est .....	50.5	33.2	17.3	18.4	12.1	6.3	-0.3	6.6	32.1	21.1	11.0	6.0	0.7	0.2	4.2
1996 est .....	49.2	34.3	14.9	17.2	12.5	4.7	-0.9	5.6	32.0	21.8	10.2	4.5	0.8	-*	4.8

\* \$50 million or less.

### 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 7-7, the R&D capital stock financed by Federal outlays is estimated to be \$643 billion in 1994 in constant 1987 dollars. About two-fifths is the stock of basic research knowledge; about three-fifths is the stock of applied research and development.

The total federally financed R&D stock in 1994 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 1979, the two stocks are much closer in size 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.

**TABLE 7-7. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT <sup>1</sup>**

(In billions of constant 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	170	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	72	127	417	88	329
1975 .....	217	16	201	206	77	129	423	93	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	241	103	138	458	123	335
1981 .....	219	20	198	248	109	139	466	129	337
1982 .....	222	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	158	346
1986 .....	258	25	233	264	142	122	522	167	355
1987 .....	270	25	245	268	149	119	538	175	363

**TABLE 7-7. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT <sup>1</sup>—Continued**  
(In billions of constant 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
1988 .....	281	26	255	274	157	117	555	183	371
1989 .....	291	27	264	281	166	115	572	193	379
1990 .....	300	28	272	290	174	116	590	202	387
1991 .....	303	29	274	300	184	116	603	213	390
1992 .....	306	30	276	310	193	117	616	223	393
1993 .....	311	30	280	320	202	118	631	233	398
1994 .....	313	31	281	330	211	119	643	242	401
1995 est. ....	314	32	282	342	220	121	656	253	403
1996 est. ....	314	33	281	353	229	123	667	262	404

<sup>1</sup>Excludes outlays for physical capital for research and development, which are included in Table 7-5.

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. Gross investment in real terms 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 7-8, the federally financed education stock is estimated at \$630 billion in 1994 in constant 1987 dollars, rising to \$671 billion in 1996. The vast majority of the Nation's education stock is financed by State and local governments, and by students and their families themselves. This federally financed portion of the stock represents about 3 percent of the Nation's total education stock.<sup>3</sup> Nearly three-

quarters is for elementary and secondary education, while the remaining one quarter is for higher education.

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 is nearly equal to the stock of R&D. Despite a slowdown in growth during the early 1980s, the stock grew at an average annual rate of 5.1 percent from 1970 to 1994, and the expansion of the education stock is projected to continue under this budget.

<sup>3</sup>For estimates of the total education stock, see Table 2-3 in Chapter 2, "Stewardship."

TABLE 7-8. 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 .....	526	392	134
1990 .....	549	406	142
1991 .....	568	418	149
1992 .....	584	428	156
1993 .....	609	441	168
1994 .....	630	456	174
1995 est .....	655	468	187
1996 est .....	671	475	196

### Methodological Note

This note provides further technical detail in the estimation of the capital stock series presented in Tables 7-5 through 7-8.

As stated previously, the capital stock estimates are very 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 education, 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 accurately 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.<sup>4</sup> 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 prepares 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.

### **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 those are included in the esti-

mates of 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 rate. 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.<sup>5</sup> Recent experimental work at the Bureau of Economic Analysis, extending estimates of tangible capital stocks to R&D, used slightly different assumptions. This work assumed straight-line depreciation for all R&D over a useful life of 18 years, which is roughly equivalent to a geometric depreciation rate of 11 percent. The slightly higher depreciation rate and its extension to basic research would result in smaller stocks than the method used here.<sup>6</sup>

### **Education Capital Stocks**

**Method of estimation.**—The estimates of the federally financed education capital stock in Table 7–8 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."

The stock of capital estimated in Table 7–8 is based only on outlays for education. Stocks created by other human capital investment outlays included in Table 7–1, such as job 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.

## **Part IV: ALTERNATIVE CAPITAL BUDGET AND CAPITAL EXPENDITURE PRESENTATIONS**

A capital budget would separate Federal expenditures into two categories: spending for investment and all other spending. In this sense, Part I of the present chapter provides a capital budget for the Federal Government, distinguishing outlays that yield long-term benefits from all others. But alternative capital budget presentations have also been suggested.

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 7–9 com-

<sup>4</sup> See "Fixed Reproducible Tangible Wealth in the United States", *Survey of Current Business*, August 1994, pp. 54–62.

<sup>5</sup> See U.S. Department of Labor, Bureau of Labor Statistics, *The Impact of Research*

*and Development on Productivity Growth*, Bulletin 2331, September 1989.

<sup>6</sup> See "A Satellite Account for Research and Development", *Survey of Current Business*, November 1994, pp. 37–71.

compares total Federal investment as defined in this chapter with investment in national capital and with that part of investment in Federal capital which was defined as "fixed assets" in Part II of this chapter.

Capital budgets and other changes in Federal budgeting have been suggested from time to time for the Government's investment in both Federal and national capital. These proposals differ widely in coverage, depending on the rationale for the suggestion. Some would include all the investment shown in table 7-1, or more, whereas others would be narrower in various ways.

These proposals also differ in other respects, such as whether investment would be financed by borrowing and whether the non-investment budget would necessarily be balanced. Some of these proposals are discussed below and illustrated by alternative capital budget and other capital expenditure presentations, although the discussion does not address matters of implementation such as the effect on the Budget Enforcement Act. The planning and budgeting process for fixed assets, which is a different subject, is discussed in Part II of this chapter together with the steps this Administration is taking to improve it.

**TABLE 7-9. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 1996**

(In millions of dollars)

	All Federal investment	Fixed assets	National capital
Construction and rehabilitation:			
Grants:			
Transportation .....	22,853	.....	22,853
Natural resources and environment .....	2,527	.....	2,517
Community and regional development .....	5,839	.....	1,018
Housing assistance .....	7,101	.....	.....
Other grants .....	972	.....	70
Direct Federal:			
National defense .....	4,890	706	.....
General science, space, and technology .....	491	168	491
Natural resources and environment .....	3,546	86	3,275
Energy .....	2,399	274	2,399
Transportation .....	536	79	536
Veterans and other health facilities .....	1,345	1,085	1,345
Postal Service .....	809	.....	809
GSA real property activities .....	1,622	770	.....
Other construction .....	2,778	1,138	492
Total construction and rehabilitation .....	57,707	4,306	35,804
Acquisition of major equipment (direct):			
National defense .....	48,840	.....	.....
Postal Service .....	511	.....	511
Air transportation .....	2,059	.....	2,059
Other .....	3,785	3,088	2,723
Total major equipment .....	55,195	3,088	5,293
Purchase or sale of land and structures .....	-350	.....	.....
Total physical investment .....	112,552	7,394	41,097
Research and development:			
Defense .....	37,688	.....	1,205
Nondefense .....	31,717	.....	31,132
Total research and development .....	69,405	.....	32,337
Education and training .....	47,336	.....	46,761
Total investment outlays .....	229,293	7,394	120,195

### 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 pris-

ons 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 1996 is estimated to be \$73.3 billion, or 32 percent of the total Federal investment outlays shown in table 7-1. Of the investment in Federal capital, 73 percent is for defense and 27 percent for nondefense purposes.

### *A Capital Budget for Fixed Assets*

Discussion of a capital budget has often centered on the part of Federal capital called "fixed assets" in Part II of this chapter—buildings and equipment commonly available from the commercial sector that support the delivery of Federal services, such as office buildings, computers, military family housing, veterans hospitals, research and development facilities, and associated equipment. This definition excludes Federal capital for weapons systems and military bases, non-defense special purpose capital such as space stations and dams, and capital that the Federal Government has financed but does not own.

Some capital budget proposals would partition the unified budget into a capital budget, an operating budget, and a total budget. Table 7-10 illustrates such a capital budget for fixed assets as defined above. 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 difference between the operating budget deficit and the unified budget deficit is small, reflecting both the relatively small Federal investment in new fixed assets and the offsetting effect of depreciation on the existing stock. The figures in table 7-10 and the subsequent tables of this section are rough estimates and intended to be illustrative.

### *Budget Discipline and a Capital Budget*

Many proposals for a capital budget, though not all, 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

**TABLE 7-10. CAPITAL, OPERATING, AND UNIFIED (CASH) BUDGETS: FIXED ASSETS, 1996 <sup>1</sup>**

(In billions of dollars)

Operating Budget	
Receipts .....	1,415
Expenses:	
Depreciation .....	5
Other .....	1,605
Subtotal, expenses .....	1,610
Surplus or deficit (-) .....	-194
Capital Budget	
Income: depreciation .....	5
Capital expenditures .....	7
Surplus or deficit (-) .....	-2
Unified (Cash) Budget	
Receipts .....	1,415
Outlays .....	1,612
Surplus or deficit (-) .....	-197

<sup>1</sup>Historical data to estimate the capital stocks and calculate depreciation are not readily available for fixed assets. 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.

of 25 years and with depreciation calculated according to the straightline 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 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.

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, implement-

ing 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 benefit, 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).<sup>7</sup> 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.<sup>8</sup> 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.<sup>9</sup>

### ***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. The use of these terms in business and State government also does not mean that businesses and States finance all their investment by

borrowing. Nor does it mean that under a capital budget the extent of borrowing by the Federal Government to finance investment would be limited by the same forces that constrain business and State borrowing for investment.

**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.<sup>10</sup> 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.

Businesses finance investment from net income as well as borrowing. When they borrow to finance investment, they are 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. Furthermore, if the risk is great enough, a business may not be able to find a lender.

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.

Most **States** also have a "capital budget," but the operating budget is not like the operating budget envisaged by proponents of making Federal investment deci-

<sup>7</sup>For 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.

<sup>8</sup>For 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 Foster, *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 Sweeney, *Handbook of Budgeting* (3rd ed.; New York: Wiley, 1993).

<sup>9</sup>A recent survey of business practice found that such techniques are predominant. See Glenn H. Petry and James Spro, "The Theory and Practice of Finance in the 1990s," *The Quarterly Review of Economics and Finance*, vol. 33 (Winter 1993), pp. 359–82. Petry and Spro also found that such techniques are recommended by the most widely used textbooks in managerial finance.

<sup>10</sup>A business capital budget is depicted in Glenn A. Welsch *et al.*, *Budgeting: Profit Planning and Control* (5th ed.; Englewood Cliffs: Prentice Hall, 1988), pp. 396–99.

sions 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 Federal grants or by taxes, which may be substantial. No State operating budget is charged for depreciation.<sup>11</sup>

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 capital 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;<sup>12</sup> 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.<sup>13</sup>

### Conclusions

It is for reasons such as these that the General Accounting Office issued a report about a year ago 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."<sup>14</sup>

## 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. It has reordered priorities in its budgets by proposing increases in selected investments.
- *The effect of Federal taxation, borrowing, and other policies on private investment.* The Adminis-

tration's deficit reduction policy has brought about an expansion of private investment, most notably in producers' durable equipment.

In its recent report, *Incorporating an Investment Component in the Federal Budget*, the General Accounting Office recommends establishing an investment component within the unified budget—but not a separate capital budget or the use of depreciation—for this type of investment.<sup>15</sup> 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."<sup>16</sup> 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.<sup>17</sup> Such a target for investment in national capital would focus attention on policies for growth, encourage a conscious decision about the overall level of growth-enhancing invest-

<sup>11</sup> The 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).

<sup>12</sup> Robert 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."

<sup>13</sup> The 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 1956 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.

<sup>14</sup> *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.

<sup>15</sup> *Ibid.*, pp. 1–2, 9–10, and 15.

<sup>16</sup> *Ibid.*, pp. 1 and 5.

<sup>17</sup> *Ibid.*, pp. 2 and 13–16.



ment, and make it easier to set spending priorities in terms of policy goals for aggregate formation of national capital.

Table 7-11 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 \$120 billion in 1996. 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. Only 12 percent of national investment consists of assets owned by the Federal Government. Military investment and most "fixed assets" as defined previously are excluded, because that investment does not primarily enhance economic growth.

**TABLE 7-11. UNIFIED (CASH) BUDGET WITH NATIONAL INVESTMENT COMPONENT, 1996**

(In billions of dollars)

Receipts .....	1,415
Outlays:	
National investment .....	120
Other .....	1,492
Subtotal, outlays .....	1,612
Surplus or deficit (-) .....	-197

### ***A Capital Budget for National Investment***

Table 7-12 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 in deciding on investment decisions for national capital. Most national capital is neither owned nor controlled by the Federal Government. Such investments are sunk costs completely and can be controlled only by decisions made up front when the Government commits itself to the expenditure.

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 the budgetary cost of a project with their judgment of its benefits. The process of reaching an answer with a capital budget would open the door to manipulation, 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.<sup>18</sup>

**TABLE 7-12. CAPITAL, OPERATING, AND UNIFIED (CASH) BUDGETS: NATIONAL CAPITAL, 1996<sup>1</sup>**

(In billions of dollars)

<b>Operating Budget</b>	
Receipts .....	1,387
Expenses:	
Depreciation <sup>2</sup> .....	73
Other .....	1,492
Subtotal, expenses .....	1,565
Surplus or deficit (-) .....	-178
<b>Capital Budget</b>	
Income:	
Depreciation <sup>2</sup> .....	73
Earmarked tax receipts <sup>3</sup> .....	29
Subtotal, income .....	102
Capital expenditures .....	120
Surplus or deficit (-) .....	-19
<b>Unified (Cash) Budget</b>	
Receipts .....	1,415
Outlays .....	1,612
Surplus or deficit (-) .....	-197

<sup>1</sup>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. All depreciation estimates are subject to the limitations discussed in Part III of this chapter.

<sup>2</sup>Excludes depreciation on capital financed by earmarked tax receipts allocated to the capital budget.

<sup>3</sup>Consists of tax receipts of the highway and airport and airways trust funds, which are user charges earmarked for financing capital expenditures.

### ***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. 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

<sup>18</sup>These problems are also pointed out in *ibid.*, pp. 11-12.

up during the year, there are no additional assets to 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. When prices change, historical cost depreciation does not measure the extent to which the capital stock is used up each year.

Table 7-12 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—\$178 billion in 1996 compared to \$197 billion. Depreciation (plus the excise taxes earmarked to finance capital expenditures for highways and airports and airways<sup>19</sup>) is high relative to gross new capital outlays, because the stock of national capital has not been growing very fast. This justification for borrowing would not justify the Federal Government borrowing very much.

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. For more than 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.

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 instead comes out of private consumption. 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.<sup>20</sup>

The 1994 budget was a bold step to increase the saving available for private investment while also increasing Federal investment for national capital. The present budget goes further in both directions, even with its focus on sharing the benefits of economic growth with the middle class. Nevertheless, current deficits still exceed net Federal investment for national capital, and balancing the operating budget in 1996 would require additional deficit reduction of \$178 billion—not a great deal less than balancing the unified budget. A capital budget is not a justification to relax current budget constraints. Any easing would undo the gains from the deficit reduction achieved in the Omnibus Budget Reconciliation Act of 1993.

## Part V: 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-

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.

### Projections of Federal Outlays For Public Physical Capital

Federal public physical capital spending was \$119.2 billion in 1994 and is projected to increase to \$131.3 billion by 2004 on a current services basis. The largest components are for national defense and for roadways and bridges, which together accounted for more than two-thirds of Federal public physical capital spending in 1994.

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 7-13 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 \$25.4 billion in 1994, and current services outlays are estimated to increase to \$33.2 billion by 2004. Outlays for nondefense

<sup>19</sup>The operating deficit would be about \$15 billion less if depreciation were used instead of earmarked excise taxes for highways and airports and airways.

<sup>20</sup>The GAO report considered deficit financing of investment but did not recommend it. See *ibid.*, pp. 12-13.

housing and buildings were \$9.2 billion in 1994 and are estimated to increase to \$12.8 billion by 2004. Physical capital outlays for other nondefense categories were \$17.8 billion in 1994 and are projected to be \$25.8 billion by 2004. For national defense, this spending was \$66.7 billion in 1994 and is estimated on a current services basis to be \$59.4 billion in 2004.

Table 7-14 shows current services projections adjusted for inflation on a constant dollar basis, using fiscal year 1987 as the base year.

For outlay details for most programs, see the items included in major public physical capital in tables 7-2 and 7-3.

### **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 assess-

ments 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.

**TABLE 7-13. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING**

(In billions of dollars)

	1994 Actual	Estimate									
		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Nondefense:											
Transportation-related categories:											
Roadways and bridges .....	18.4	18.9	19.2	19.6	20.0	20.7	21.3	21.9	22.6	23.2	23.9
Airports and airway facilities .....	4.1	4.0	3.8	3.8	3.7	3.8	4.0	4.1	4.2	4.3	4.5
Mass transportation systems .....	2.5	2.8	2.9	3.3	3.3	3.7	3.8	3.9	4.0	4.2	4.3
Railroads .....	0.3	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Subtotal, transportation .....	25.4	26.2	26.5	27.3	27.5	28.7	29.5	30.4	31.3	32.3	33.2
Housing and buildings categories:											
Federally assisted housing .....	5.4	6.8	7.0	7.5	7.5	7.7	7.5	7.7	8.0	8.2	8.4
Hospitals .....	1.3	1.6	1.6	1.5	1.6	1.6	1.6	1.7	1.7	1.8	1.9
Public buildings <sup>1</sup> .....	2.6	3.3	3.1	2.4	2.6	2.5	2.2	2.3	2.3	2.4	2.5
Subtotal, housing and buildings .....	9.2	11.7	11.7	11.5	11.7	11.8	11.4	11.7	12.0	12.4	12.8
Other nondefense categories:											
Wastewater treatment and related facilities .....	2.3	2.7	2.8	3.1	3.5	3.8	3.9	4.1	4.2	4.3	4.4
Water resources projects .....	2.1	2.5	2.2	2.2	2.3	2.3	2.4	2.5	2.6	2.7	2.7
Space and communications .....	2.5	2.7	2.3	2.5	2.2	2.1	2.2	2.2	2.3	2.4	2.4
Energy programs .....	2.2	3.1	3.0	3.0	2.9	3.1	3.1	3.2	3.2	3.3	3.4
Community development programs .....	4.3	5.2	5.6	5.9	5.8	5.9	6.0	6.2	6.4	6.6	6.8
Other nondefense .....	4.4	4.6	4.7	5.0	5.2	5.3	5.3	5.5	5.7	5.8	6.0
Subtotal, other nondefense .....	17.8	20.7	20.7	21.6	22.0	22.5	22.9	23.6	24.3	25.1	25.8
Subtotal, nondefense .....	52.4	58.7	58.9	60.4	61.2	63.0	63.8	65.7	67.7	69.8	71.8
National defense .....	66.7	60.0	54.5	51.7	50.9	51.7	52.8	54.4	56.0	57.7	59.4
Total .....	119.2	118.6	113.4	112.1	112.2	114.7	116.6	120.1	123.7	127.4	131.3

<sup>1</sup> Excludes outlays for public buildings that are included in other categories in this table.

TABLE 7-14. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of constant 1987 dollars)

	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Nondefense:							
Transportation-related categories:							
Roadways and bridges .....	15.8	15.9	15.7	15.5	15.4	15.5	15.5
Airports and airway facilities .....	3.7	3.5	3.3	3.1	3.0	3.0	3.0
Mass transportation systems .....	2.2	2.3	2.4	2.6	2.6	2.8	2.8
Railroads .....	0.4	0.5	0.5	0.4	0.4	0.4	0.4
Subtotal, transportation .....	22.0	22.2	21.8	21.7	21.4	21.7	21.6
Housing and buildings categories:							
Federally assisted housing .....	4.4	5.8	5.8	6.0	5.9	5.8	5.5
Hospitals .....	1.2	1.5	1.4	1.3	1.3	1.3	1.3
Public buildings <sup>1</sup> .....	2.4	3.0	2.7	2.1	2.2	2.0	1.7
Subtotal, housing and buildings .....	8.0	10.2	9.9	9.4	9.3	9.1	8.5
Other nondefense categories:							
Wastewater treatment and related facilities .....	2.0	2.3	2.3	2.5	2.7	2.8	2.9
Water resources projects .....	2.2	2.2	1.9	1.9	1.9	2.0	2.0
Space and communications .....	2.4	2.5	2.1	2.1	1.8	1.7	1.7
Energy programs .....	2.0	2.8	2.7	2.6	2.5	2.5	2.4
Community development programs .....	3.7	4.3	4.6	4.7	4.5	4.4	4.4
Other nondefense .....	4.0	4.1	4.1	4.2	4.3	4.2	4.1
Subtotal, other nondefense .....	16.4	18.1	17.6	17.9	17.7	17.6	17.4
Subtotal, nondefense .....	46.4	50.5	49.3	49.0	48.4	48.4	47.6
National defense .....	58.9	51.5	45.4	41.9	40.0	39.5	39.1
Total .....	105.2	102.1	94.8	90.9	88.5	87.9	86.7

<sup>1</sup> Excludes outlays for public buildings that are included in other categories in this table.

## 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 1993–1997 ..... \$29.7 billion (\$9.4 billion for capacity) (1992 dollars)

*Mass Transportation Systems*

1. Yearly cost to maintain condition and performance of rail facilities over a period of 10 years ..... \$1.7 billion (1991 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 ..... \$127.1 billion (1992 dollars)
2. Total Federal expenditures under the Clean Water Act of 1972 ..... \$57 billion

## Significant Factors Affecting Infrastructure Needs Assessments—Continued

<i>Significant Factors</i>	<i>Amount</i>
3. Percent of population served by centralized treatment facilities that benefits from at least secondary sewage treatment systems .....	88 percent
4. States and territories served by State Revolving Funds	51

*Housing*

1. Total unsubsidized very low income renter families and elderly (3.8 million*):	
A. In severely substandard units .....	0.4 million
B. With a rent burden greater than 50 percent .....	3.6 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 (1993) .....	45.8 percent
2. Average length of stay, IHS hospitals (days) .....	4.4
3. Hospital admissions (1993) .....	60,597
4. Outpatient visits (1993) .....	4,079,655
5. Population (1993) .....	1,192,537

*Department of Veterans Affairs (VA) Hospitals (1995)*

1. Hospitals .....	173
2. Outpatient clinics .....	376
3. Domiciliaries .....	39
4. Centers for veterans .....	202
5. VA owned nursing home beds .....	15,674

*Water Resources*

1. Navigation (deepwater ports and inland waterway)	Potential water resources investment needs typically consist of the set of projects that pass a benefit-cost test for economic feasibility. In the case of fish and wildlife mitigation or restoration projects, the needs consist of those projects that pass a cost-effectiveness test. Current quantitative needs estimates must be re-evaluated in light of the Administration's reinventing government initiative for the Army Corps of Engineers. Under this initiative, the Corps will focus on feasible projects of national significance. Also, a task force is completing an assessment of the current Federal, State, and local roles in flood damages reduction and floodplain management.
2. Flood 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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## 8. RESEARCH AND DEVELOPMENT EXPENDITURES

The Administration is proposing \$72 billion (including facilities) in research and development (R&D) investments in 1996. Civilian R&D will increase \$902 million or three percent to \$34 billion. Civilian R&D will increase nearly 17 percent since 1993. In 1996,

university-based research will increase to roughly \$12 billion, a \$881 million or eight percent increase over 1995. Chapter 4 of the Budget includes a discussion of science and technology that contains more information on R&D activities.

**Table 8-1. FUNDING OF RESEARCH AND DEVELOPMENT ACTIVITIES**

(Outlays (including facilities), in millions of dollars)

	1993 Actual	1995 Estimate <sup>1</sup>	1996 Proposed	Change: 1995 to 1996	Percentage Change: 1995 to 1996
<b>By Agency:</b>					
Defense .....	38,035	36,014	35,407	-607	-1.7
Health and Human Services .....	9,660	11,272	11,793	521	4.6
National Aeronautics and Space Administration .....	8,885	9,561	9,179	-382	-4.0
Energy .....	6,946	7,115	7,363	249	3.5
National Science Foundation .....	1,842	2,123	2,357	234	11.0
Agriculture .....	1,455	1,546	1,567	21	1.4
Commerce .....	607	904	1,096	192	21.3
Interior .....	636	645	676	31	4.8
Environmental Protection Agency .....	519	552	616	64	11.6
Other .....	1,734	1,972	2,060	88	4.5
<b>Total .....</b>	<b>70,320</b>	<b>71,705</b>	<b>72,115</b>	<b>411</b>	<b>0.6</b>
<b>By R&amp;D Theme:</b>					
Basic .....	12,625	13,527	13,834	308	2.3
Applied .....	12,437	13,972	14,166	194	1.4
Development .....	42,625	41,781	41,879	99	0.2
Facilities .....	2,634	2,425	2,235	-189	-7.8
<b>Total .....</b>	<b>70,320</b>	<b>71,705</b>	<b>72,115</b>	<b>411</b>	<b>0.6</b>
<b>Civilian:</b>					
Basic .....	11,370	12,384	12,654	271	2.2
Applied .....	8,511	10,214	10,449	235	2.3
Development .....	7,375	8,424	9,008	584	6.9
Facilities .....	1,749	1,985	1,797	-187	-9.4
<b>Subtotal .....</b>	<b>29,004</b>	<b>33,006</b>	<b>33,909</b>	<b>902</b>	<b>2.7</b>
<b>Defense:</b>					
Basic .....	1,255	1,143	1,180	37	3.2
Applied .....	3,926	3,758	3,717	-41	-1.1
Development .....	35,251	33,357	32,872	-485	-1.5
Facilities .....	885	440	438	-2	-0.5
<b>Subtotal .....</b>	<b>41,317</b>	<b>38,698</b>	<b>38,207</b>	<b>-492</b>	<b>-1.3</b>
<b>R&amp;D Support to University Researchers .....</b>	<b>10,463</b>	<b>10,949</b>	<b>11,830</b>	<b>881</b>	<b>8.0</b>

<sup>1</sup>Includes proposed supplementals and rescissions.





## 9. UNDERWRITING FEDERAL CREDIT AND INSURANCE

In a period of tight budgetary constraints and program reinvention, the Administration has been reexamining the role and design of Federal credit and insurance programs. In most lines of credit and insurance, the private market is capable of meeting societal demands and Federal intervention is unnecessary. However, there are situations where Federal intervention can improve on the market outcome. (Figure 9-2 at the end of the chapter text describes six common justifications for Federal intervention in credit markets.) The goal of the Administration's review of Federal credit and insurance programs has been to ensure that each program efficiently meets the needs left unaddressed by the private market.

As part of this review, the Administration is investigating whether the direct and indirect benefits to the economy from each program exceed all direct and indirect costs, including costs associated with redirecting

scarce taxpayer resources away from other investments. In some situations, the market recently has become capable of providing the service and older Federal credit and insurance programs may be modified or sunset to make room for private markets to develop. In other instances, Federal programs may be redesigned to target Federal assistance more efficiently to groups unable to obtain credit and insurance in the private market, while encouraging the emergence and development of private credit market institutions. This section discusses the role of the Federal Government in credit and insurance markets, highlights important Administration initiatives to improve the effectiveness of Federal credit and insurance programs, discusses credit reform and the tools required to manage Federal risk, and lays the foundation for future program evaluations designed to improve Federal credit and insurance markets.

### Estimated Costs of Federal Credit and Insurance Programs

Table 9-1 presents the face value and estimated costs of the largest Federal credit and insurance programs. The Federal Government continues to be the largest creditor institution in the United States, with over \$5.8 trillion in outstanding direct loans (\$155 billion), loan guarantees (\$699 billion), and insurance (\$5.0 trillion) at the end of 1994. Including activity from Government-sponsored enterprises pushes the total to \$7.3 trillion. If indirect assistance to the issuance of credit through deposit insurance is included, the Federal Government directly or indirectly assisted over 35 percent of the total private domestic borrowing in the United States in 1994.<sup>1</sup> Furthermore, as shown in Chart 9-1, the face value of Federal credit outstanding is expected to rise at an accelerated pace over the next five years.

Total subsidy costs over the next five years associated with direct loans and loan guarantees are expected to be \$27-\$59 billion, an increase of about a third from last year. The bulk of this increase is in the student loan programs where, because student interest rates are capped at 8.25 percent, higher market interest rates increase the cost of direct loans and cause the Federal Government to pay a special allowance to lenders in the guarantee program. In addition, based on recent analysis, the Department of Education is using a higher expected default rate for cost estimating. For insurance, estimates of total subsidy costs over the next five years have fallen to \$17-\$27 billion, a decrease of about two-thirds from last year's estimates. For the Pension Benefit Guaranty Corporation (PBGC), the decline results from reforms enacted last year. For financial institutions, it is due mainly to economic recovery.

<sup>1</sup> Excludes the influence of tax expenditures on borrowing.

TABLE 9-1. FACE VALUE AND ESTIMATED COST OF FEDERAL CREDIT AND INSURANCE PROGRAMS

(In billions of dollars)

Program	Face Value 1993 <sup>1</sup>	1995 Budget Estim. Present Value of Future Costs <sup>1, 2</sup>	Face Value 1994	Current Estimates Present Value of Future Costs <sup>2</sup>	Subsidy Outlays 1995-2000
<b>Direct Loans: <sup>3</sup></b>					
Farm Service Agency (excl.CCC), Rural Devlpmt., Rural Housing .....	49	18-24	49	15-21	3-5
Rural Electrification Admin. and Rural Telephone Bank .....	36	3-5	38	2-4	1-4
Federal Direct Student Loan Program .....	.....	7-10	*	11-15	6-7
Export-Import Bank .....	9	3-5	8	3-5	0-1
Agency for International Development .....	14	5-7	14	0-1	0-1
Public Law 480 .....	12	7-9	12	2-3	1-2
Foreign Military Financing .....	9	0-2	8	0-1	0-1
Small Business .....	6	2-3	9	2-3	0-2
Other Direct .....	16	2-4	17	2-4	0-1
<b>Total Direct Loans .....</b>	<b>151</b>	<b>47-69</b>	<b>155</b>	<b>37-57</b>	<b>11-24</b>
<b>Guaranteed Loans <sup>3</sup>:</b>					
FHA Single-Family .....	292	(18)-0	303	(13)-0	(10)-0
VA Mortgage .....	161	3-6	155	4-6	2-3
FHA Multi-Family .....	81	4-6	79	5-6	0-1
Federal Family Education Loan Program .....	85	8-11	75	13-23	17-18
Small Business .....	20	2-4	25	4-5	1-3
Farm Service Agency and Rural Housing .....	7	1-4	9	1-2	0-1
Export-Import Bank .....	12	4-5	17	6-8	2-3
CCC Export Credits .....	9	4-5	12	4-5	2-3
Other Guaranteed .....	26	1-3	23	2-3	2-3
<b>Total Guaranteed Loans .....</b>	<b>693</b>	<b>9-44</b>	<b>699</b>	<b>26-58</b>	<b>16-35</b>
<b>Federal Insurance:</b>					
Banks .....	1,889	30-45	1,885	(5)-15	(5)-15
Thrifts .....	707	15-25	691	15-25	5-15
Credit Unions .....	237	.....	253	.....	.....
<b>Subtotal, Deposit Insurance .....</b>	<b>2,833</b>	<b>45-70</b>	<b>2,829</b>	<b>10-40</b>	<b>0-30</b>
PBGC .....	950	60-90	950	20-40	2-10
Disaster Insurance .....	722	10-16	723	14-15	7-8
Other Insurance .....	511	9-10	484	13-14	8-9
<b>Total Federal Insurance .....</b>	<b>5,016</b>	<b>124-186</b>	<b>4,986</b>	<b>57-109</b>	<b>17-57</b>
<b>GSEs: <sup>4</sup></b>					
Freddie Mac .....	474	.....	567	.....	.....
Fannie Mae .....	622	.....	744	.....	.....
Federal Home Loan Banks .....	107	.....	140	.....	.....
Sallie Mae <sup>5</sup> .....	.....	.....	.....	.....	.....
Farm Credit System .....	52	0-1	51	0-1	0-1
<b>Total GSEs .....</b>	<b>1,255</b>	<b>0-1</b>	<b>1,502</b>	<b>0-1</b>	<b>0-1</b>
<b>Total .....</b>	<b>7,115</b>	<b>180-300</b>	<b>7,342</b>	<b>120-225</b>	<b>44-117</b>

<sup>1</sup> Costs are as they were displayed in the 1995 budget, uncorrected for errors; face values for 1994 have been updated.<sup>2</sup> 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 2000, plus the accrued liability remaining at the end of 2000.<sup>3</sup> 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.<sup>4</sup> Net of borrowing from Federal sources, other GSEs, and federally guaranteed loans.<sup>5</sup> The face value and Federal costs of Federal Family Education loans in Sallie Mae's portfolio are included in that account above.

## Federal Insurance

Federal insurance programs typically exist to provide insurance coverage for risks not covered by the private market. That is, Federal insurance is targeted to correct incomplete markets where private insurance does not provide services even though the private cost of providing them is less than the price that consumers are willing to pay. The two most common causes of incomplete markets in insurance are catastrophe risk and moral hazard-agent problems. This section discusses the Administration's proposals both to improve the Federal Government's ability to respond to these shortcomings in the insurance market in an efficient manner and to limit the exposure of the Federal Government to these insured risks.

### Federal Disaster Insurance

In the wake of Hurricane Andrew in Florida, the Northridge earthquake, and the earthquake in Japan, catastrophic risk has attracted considerable attention. The Federal Government maintains an array of programs designed to address catastrophe risk<sup>2</sup> not borne by the private market. The Federal Government provides insurance against natural disasters, such as flood and crop insurance. The Federal Government also provides post-disaster loans and grants to help individuals, businesses, and communities rebuild in the wake of a disaster.

The Federal Government provides flood insurance through the *National Flood Insurance Program* (NFIP) administered by the *Federal Emergency Management Agency* (FEMA). The NFIP provides flood insurance to property owners living in communities that have adopted and enforced appropriate flood plain management measures. Structures built before a community joined the flood insurance program are by law subsidized, while structures built after a community joins the NFIP are actuarially rated. The Administration is proposing increasing the premium for subsidized policy holders to generate \$36 million in 1996.

Federal crop insurance is provided by the *Federal Crop Insurance Corporation* (FCIC). The FCIC administers a subsidized insurance program for farmers to protect against unavoidable agricultural production losses. The program, originally authorized in the 1930's, was created to alleviate a lack of privately available crop insurance. Since the 1980's the program has been structured as a cooperative effort between the Federal Government and the private insurance industry. The Federal Government reimburses private insurance companies for the administrative expenses (except for catastrophic insurance policies) and reinsures the private companies through a reinsurance agreement for excess insurance losses on all policies. Private companies sell and adjust crop insurance policies, including catastrophic insurance policies.

<sup>2</sup>Catastrophes are risks that have a low probability of occurrence, but for which the losses associated with the event will cause widespread disruption and/or firm insolvency.

In re-examining the Federal Government's role in the provision of insurance, it is important to recognize the problems that private insurers may face in providing coverage. In general, insurer problems can be split into two types. The first type represents difficulties in pricing the insured risk for all levels of coverage. The second area of difficulty is overexposure to catastrophic losses.

In the case of flood insurance, a Federal program was deemed necessary principally because flooding was seen as uninsurable across all layers of loss. Private insurance companies had very little information on the risks of flooding in each geographic area, and therefore, did not provide coverage. To address this concern, the NFIP was established in the early 1970s to provide insurance coverage, to require loss mitigation efforts designed to reduce flood damage, and to begin a flood hazard mapping project to quantify the risk of flooding in each geographic area. The Federal flood program has been relatively successful in meeting these goals. In fact, given that the mapping of flood hazard zones is virtually complete, the success of the flood insurance program has raised the possibility of investigating ways to privatize non-catastrophic portions of the program.

The Federal crop insurance program also was established to cover a risk—crop production losses—from events that were considered uninsurable. The problem with crop insurance, however, has been the availability of Federal ad hoc disaster payments. Over the past fourteen years, participation in the crop insurance program was kept artificially low by the availability of post-event disaster aid from the Federal Government. Because disaster payments were grants to affected individuals, farmers had little incentive to purchase Federal crop insurance. As a result, the cost of ad hoc disaster payments rose over the past seven years, and the crop insurance program accumulated an \$8 billion actuarial deficit.

To correct for farmers' reliance on these ad hoc payments, major crop insurance reforms were enacted last year pursuant to the 1995 budget. The reforms repealed existing agricultural disaster payment authorities and authorized a new catastrophic insurance policy that indemnifies farmers at a rate roughly equal to the previously free disaster payment. The catastrophic insurance policy is free to the farmer except for an administrative fee. Private companies may sell and adjust the catastrophic portion of the crop insurance policy. Also, consistent with the flood insurance program, future evaluations of the crop insurance program can explore further opportunities for increasing the private sector's share of risk for non-catastrophic coverage.

In providing insurance for floods, crop losses, or other natural disasters, it is important to recognize the potential shortfall that can occur in the private market provision of catastrophe insurance. In most private credit and insurance markets, firms can reserve against future losses and incorporate an element of catastrophe

risk. For certain risks, however, the losses associated with private insurance would be large enough to threaten the bankruptcy of the insuring firm. Even if actuarially sound rates were charged and fully reserved, the insurer could be bankrupt by a large loss if that loss occurred before sufficient reserves were accumulated. To compensate, the insurer could levy an additional premium to fund over a shorter period of time. Unfortunately, such a premium could make the insurance overly expensive. Moreover, the legal and regulatory structure of insurance companies make it unlikely that a very large reserve for catastrophes would be retained over a long period of time. Unlike private firms, the Federal Government is relatively free of insolvency risk and has a greater ability to spread large claims over time. Thus, the Federal Government may be able to improve on the market's ability to handle risk by creating well defined insurance programs for these catastrophic risks. To structure such a catastrophe insurance program properly, however, the Federal Government should ensure that where possible the risks insured are:

- truly catastrophic in nature and not insurable in the private market;
- defined within an insurable band and priced using risk-based premiums that accurately reflect the risk transferred to the Federal Government from each insured property or event;
- controlled by Federal regulation of the insured entities or of the insurance mechanism; and
- combined with incentives for the insured to undertake risk-mitigating activities to reduce overall losses (e.g. deductibles or cost-shares).

Restructuring Federal disaster programs along these lines will complement other forms of private insurance, minimize risk-shifting to the taxpayer, and encourage loss mitigation efforts.

The natural disaster proposals currently being discussed with Congress highlight the Administration's efforts to redesign the Federal Government's role in the provision of natural disaster insurance. These proposals provide an integrated approach for dealing with the societal losses created by large natural disasters like hurricanes and earthquakes. The proposals are designed to reduce the Federal and societal costs of disasters; increase personal security in the aftermath of a disaster; and increase the extent to which the risks of natural disaster losses are internalized in the private sector—creating incentives to moderate future disaster losses. These proposals also aim to encourage cost-effective loss mitigation, improve the effectiveness of private insurance markets, and reduce any disincentives for insurance or loss mitigation created by overgenerous Federal post-disaster assistance.

### Pension Insurance

For some types of insurance, the private market simply does not provide coverage against certain risks because private insurers have inadequate control over the size of the risk insured. Pension insurance is a classic

example. Before the establishment of a Federal pension insurance program in the Employee Retirement Income Security Act of 1974 (ERISA), when a sponsor of a defined benefit pension plan entered bankruptcy and terminated an underfunded plan, the employees in that plan were at risk of losing promised benefits. Private insurance firms could not provide private pension insurance because they could not control the pension funding decisions of the firm sponsoring the plan. To counteract this problem, ERISA established the *Pension Benefit Guaranty Corporation* (PBGC) to insure beneficiaries against this loss, covering the gap between promised benefits and assets in the terminated plan, and established new rules for pension funding. Pension insurance was made available for both multi-employer and single-employer plans.

The Federal pension insurance program, however, also proved weak in managing the risks associated with pension underfunding. Despite regulations governing plan sponsor pension contributions, PBGC's controls over firm funding requirements and actuarial assumptions were insufficiently stringent. Furthermore, the PBGC was prevented by law from charging risk-based insurance premiums.<sup>3</sup> As a result, PBGC experienced a large accumulation of underfunding in a small, but high-risk, segment of its insured portfolio, increasing Federal exposure markedly between 1989 and 1993.

To reverse this rise in exposure, the Administration proposed and Congress enacted the Retirement Protection Act of 1994 (RPA) to increase funding requirements on underfunded pension plans and assure workers of the value of promised benefits. The RPA, which was passed in the enabling legislation for the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), amends ERISA by:

- requiring companies to accelerate their contributions to underfunded, defined-benefit pension plans;
- increasing the variable rate insurance premium that companies with severely underfunded, defined-benefit pension plans are required to pay to PBGC by eliminating the cap on the variable rate premium;
- requiring privately-held companies with seriously underfunded plans to give PBGC advance notice of any transactions potentially harmful to their plans (publicly traded companies already must make such information available); and
- standardizing the interest rates and mortality tables used to calculate the degree of underfunding and therefore both the companies' premiums and their required contributions to the plans.

The impact of these reforms is expected to be significant. As shown in Table 9-1, the exposure of the PBGC is expected to drop considerably from \$60-90 billion to \$20-40 billion. As the new ERISA funding rules

<sup>3</sup>The PBGC premium is comprised of both a fixed rate premium and a variable rate premium. All pension plans pay the fixed premium of \$19 per participant. Underfunded pension plans pay an additional variable rate premium equal to \$9 per thousand dollars of underfunding. Prior to the RPA, this variable rate premium was capped at a maximum of \$53 per participant.

take effect, this exposure could decrease further. Given the recent success in restructuring the PBGC insurance program, no additional pension insurance reforms are included in the budget. However, the Administration will continue to explore better methods for quantifying and pricing the Federal costs of pension insurance.

### Deposit Insurance

Like pension insurance, Federal deposit insurance provides insurance protection against losses that were previously deemed uninsurable in the private market due to an inability to control the riskiness of the insured institution—in this case, a bank or thrift. Through the *Federal Deposit Insurance Corporation* (FDIC) (and before 1988, the Federal Savings and Loan Insurance Corporation or FSLIC), the Federal Government provides insurance for deposits held at U.S. commercial banks and thrifts against losses arising from the failure of an individual bank or thrift, up to the current limit of \$100,000 per account. In addition, Federal deposit insurance and the Federal Reserve help protect against financial contagion—the risk that failure of one financial institution will lead to a cascade of failures in other institutions.<sup>4</sup> Thus, deposit insurance both provides coverage against depositor losses from individual bank failures and serves as a form of catastrophic risk protection against widespread disruption in the financial markets.

Even more than pension insurance, weaknesses in the Federal Government's ability to manage its deposit insurance exposure became apparent over the 1980s and early 1990s. During this period over 1,400 banks and 1,100 thrifts failed, leading to \$135 billion in taxpayer losses. In 1989 and 1991, the Federal Government took action to stem the tide of these losses and create a stricter regulatory environment for insured institutions in the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) and the Federal Deposit Insurance Corporation Improvement Act (FDICIA). These legislative reforms and the turnaround in the economy helped restore the health of both depository institutions and the deposit insurance system over the past few years. As reflected in the expected costs for deposit insurance shown in Table 9-1, both the bank and thrift industries have experienced a strong cyclical upturn in earnings that has allowed these institutions to recapitalize.

- For banks, record earnings over the past two years have enabled capital positions to rise quickly to regulatory levels. This renewed health has enabled banks to recapitalize the Bank Insurance Fund (BIF) toward the 1.25 reserve ratio (i.e., its net worth equals 1.25 percent of total insured deposits) at a rate faster than originally predicted. Current estimates put the timing of the BIF recapitalization at some time late this calendar year. Once recapitalized, the FDIC is empowered to

lower the BIF deposit insurance premium for banks to a level sufficient to keep the BIF reserve at the 1.25 level. Over the next few quarters, rising interest rates and narrowing interest margins will likely reduce bank earnings from their recent record pace. In fact, several large banks have already reported significant pressure on interest earnings. Nevertheless, the future prospects for the banking industry remain strong.

- The thrift industry also showed strong improvement in earnings over the past three years, largely due to the favorable interest rate environment, better credit quality, and improvement in economic conditions. The thrift industry reported net losses of \$3.8 billion in 1990; followed by net income of \$1.2 billion in 1991, \$5.1 billion in 1992, and \$4.9 billion in 1993. However, the long-term prospects for the thrift industry are more uncertain than for banks. While ameliorated by prompt regulatory action, the thrift industry remains vulnerable to geographic asset concentration, swings in interest rates, and competition from banks and nonbank financial institutions—competition that continues to increase.

Despite the financial recovery and recent deposit insurance reforms, several issues concerning the long-term health of the banking and thrift systems remain. First, the impending reduction in the BIF premium could create additional earnings pressure for the thrift industry and further aggravate the financial condition of the thrift insurance fund, the Savings Association Insurance Fund (SAIF). The SAIF is required by law to maintain its premium rates around 23 basis points until the fund is recapitalized. Currently, the SAIF only has \$2 billion in reserves to cover nearly \$700 billion in insured thrift deposits—barely enough to support the failure of any one large institution. Under current law, SAIF is also obligated to cover the interest on Financing Corporation (FICO) bonds that were used to finance part of the cost associated with the recent thrift debacle. This FICO obligation currently consumes 45 percent of SAIF's premium.

The Administration currently forecasts that the net worth of SAIF will most likely remain stable with no recapitalization within the 5-year budget horizon. Other forecasts indicate that the SAIF will strengthen its financial position and build up its net worth. However, even these more optimistic forecasts do not suggest a recapitalization within the next 5 years. Given the institution-specific nature of the impact of the premium rate disparity, it is impossible to predict the complete effect of the BIF recapitalization on thrifts. Nonetheless, given normal economic variability and continued competition from other financial institutions, the downside risks to the thrift industry could be significant and deserve attention. The Administration will be monitoring and carefully examining this situation.

Second, depository institutions operate in rapidly changing financial markets and face significant competition from non-banks. Depository institutions are re-

<sup>4</sup>Through discount window lending, the Federal Reserve can respond to shocks to the interbank system by providing short-term loans to financial institutions in need of liquidity funds.

sponding to these challenges by changing their products, investments, and their role in the economy. In the face of these changes, the effectiveness and efficiency of the current regulatory system will need to

be continually re-examined and re-evaluated. Recognizing these issues, the Administration will continue to study the need for solutions that address the long run profitability of the bank and thrift industry and support the growth of the financial services sector.

### Federal Credit

As with Federal insurance, Federal credit programs are intended primarily to help creditworthy borrowers who lack adequate access to private sources of finance. Federal credit programs also are used to correct for failures in competitive markets caused by foreign government subsidy programs and to provide support for education—which creates benefits for society as a whole and not just the individual. In addition, some Federal credit programs are used as a mechanism for redistributing subsidies from the general taxpayer to certain “disadvantaged” segments of the population. This section examines Federal credit programs and highlights the actions the Administration has taken or is proposing to improve the functioning of these markets.

#### Small Business

The *Small Business Administration* has been the main Federal Government vehicle for helping small businesses since 1953. The SBA 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) program which provides over 80 percent of all SBA small business lending. Funds can be used to construct, expand, or convert facilities, to purchase equipment and material and for working capital. This program provides loan guarantees of up to 90 percent of the loan value (for a maximum guarantee of \$500,000) of credit originated by private financial institutions.

SBA direct disaster loans are provided to homeowners, renters, and businesses to repair real property to its pre-disaster condition. Businesses of any size are eligible, as are non-profit organizations. In addition, economic injury disaster loans (EIDLs) provide working capital for small businesses and small agricultural cooperatives. SBA disaster loans are heavily subsidized. Currently, homeowners pay 3.63 percent interest if no credit is available elsewhere, and 7.25 percent if credit is available. Business borrowers pay 4.0 percent or 7.7 percent. In addition to the low interest rate paid by most borrowers, applicants pay no application fees or points upon closing. Roughly two-thirds of the program’s subsidy results from the low interest rate charged for the loans.

Given an unprecedented surge in SBA loan volume over the past three years, the Administration is in the process of reviewing the structure of the SBA 7(a) program to ensure that credit is adequately being targeted to those individuals unable to obtain credit in the pri-

vate market. The rationale for the 7(a) program is that private creditors deny credit to small business borrowers because they are unable to distinguish borrowers with good investments from borrowers with unprofitable projects. Banks ration credit instead of raising the interest rate to reflect this additional risk because a higher rate will increase the percentage of speculative or risky projects in the pool of applicants, and thereby result in an even higher probability of selecting a poor risk. As a result, some investment projects that would have yielded positive economic returns for the economy are not financed and not undertaken.

Unfortunately, Federal programs designed to provide credit to these rationed borrowers suffer from the same difficulties in selecting “good” projects from “bad” projects. Therefore, the SBA needs to rely on additional techniques and screening mechanisms for selecting only those borrowers that cannot obtain credit in the private market but are likely to have sound investments. This is a particularly difficult challenge for the SBA given the recent rapid increase in demand for SBA loans, and the fact that SBA certified lenders make few small business loans without an SBA guarantee.

The SBA has undertaken a number of measures to ensure that its credit subsidy funds go to borrowers unable to obtain private financing and that among these eligible borrowers, the most economically viable business proposals are funded. First, SBA lowered the maximum guarantee level from the \$750,000 limit to \$500,000 for most loans in the 7(a) program. This change targets subsidies to smaller loans, which by definition are more costly for lenders to make. The SBA is also considering options for reducing the average Federal guarantee on loans from the current level of 77 percent. Encouraging private lenders to take on a larger share of the risk will result in improved underwriting on loans made and better targeting of funds to viable projects. An additional market-based approach is to ensure that the costs of credit to the borrower (through interest rates and fees) are priced higher than the private market and, therefore, attractive only to borrowers unable to obtain credit elsewhere.

This budget proposes several reforms that move in this direction. Specifically, the budget proposes: (1) an additional annual fee of 30 basis points on the unpaid balance of all new 7(a) loans, excluding loans sold in the secondary market; (2) eliminating the existing rebate of the one percent guarantee fee for approved loans under \$50,000. The Administration is also committed to eliminating the unnecessary subsidies in the SBA’s disaster program. The budget proposes raising the interest rate on disaster loans to the prevailing rate on

comparable maturity Treasury securities plus two percent. Providing subsidized loans after a disaster undermines the Administration's position that citizens should purchase private disaster insurance.

The Administration, will continue to review the SBA programs to assess whether additional measures are needed to target credit properly toward businesses denied finance in the private sector, and will explore additional methods for implementing self-selection mechanisms and monitoring tools to assist in screening loan applicants.

### Export Credits

The Federal Government helps U.S. companies obtain credit and insurance for exporting goods overseas or managing overseas private investments when such credit is unavailable in the private market. Most of this trade finance is provided through the Export-Import Bank, the Overseas Private Investment Corporation (OPIC) and the Department of Agriculture. OPIC also provides U.S. firms with insurance against real or perceived political, expropriation, and foreign exchange inconvertibility risk associated with investing overseas. However, providing trade credit to U.S. companies unable to obtain private finance is not the only function of U.S. export credits.

In the global marketplace, subsidized credit programs are often utilized to offset noncompetitive interventions by foreign governments, including foreign production and export subsidies. Operating through multilateral and regional trade negotiations, the U.S. has consistently fought to eliminate these foreign subsidy policies. However, in some instances it becomes necessary to counteract the effect of these foreign export subsidies and the competitive disadvantage that they create for U.S. firms. In such instances, the Federal Government may provide countervailing export subsidies or other forms of trade assistance to offset the impact of the foreign government support. The U.S. provides such services through a number of agencies organized under the Trade Promotion Coordinating Committee (TPCC). These trade promotion activities of the Federal Government and the TPCC are discussed fully in Chapter 10.

### Education

The Federal Government has been helping to finance postsecondary education in the United States since the 19th century. Education yields a significant return to the individual. Holding other factors constant, college graduates earned about 50 percent more than high school graduates in the early 1990s. The benefits to society as a whole from education, however, can be greater than the sum of the benefits to all individuals, because workers derive significant benefits from the education level of their co-workers. Federal Government involvement in providing financial assistance for education is also designed to overcome the difficulty that students have in obtaining private credit without prior borrowing experience and collateral.

Before 1993, most education credit was provided in the form of Guaranteed Student Loans administered through the Federal Family Education Loan Program (FFELP). In 1993, the Administration initiated an effort to transition Federal support for financing education from guaranteed loans to direct student loans through the *Federal Direct Student Loan Program* (FDSLP). This effort is designed to: 1) lower the student and Federal costs of financing postsecondary education, 2) provide students with an income-contingent repayment option that will permit many postsecondary school graduates to take lower paying community service jobs or work through their lower-earning years of employment without fear of defaulting on their loans, and 3) improve the Federal Government's ability to manage and control the costs of supporting postsecondary education.

The direct loan program provides a broader range of payback options for borrowers than the guaranteed program. In addition, the program is simpler for postsecondary institutions to administer and achieves major budget savings for the Federal Government. The budget proposes that the phase-in to direct lending be accelerated. Instead of 50 percent in academic year 1996–97, 80 percent would be direct loans in that year, reaching 100 percent by academic year 1997–98. This proposal results in \$4 billion in outlay savings over 1996–2000.

### Housing

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), the Federal Government has a long history of underwriting mortgage credit for riskier home purchases. FHA programs also provide financial support for the development of low-income multi-family housing; while the *Rural Housing and Community Development Service of the U.S. Department of Agriculture* (USDA) assists in financing both multi- and single-family rural housing purchases. In 1994, these programs supported over \$382 billion in outstanding direct and guaranteed loans. The Government National Mortgage Association (GNMA) packages FHA and VA mortgages as securities and guarantees timely payment to investors. Meanwhile, conventional mortgages are packaged as guaranteed securities by two Government-sponsored enterprises—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Federal programs that assist the purchase of housing are targeted to individuals that have difficulty obtaining private mortgage finance without some form of Government assistance. For example, FHA's single-family housing guarantee program serves younger families that lack sufficient savings to meet conventional downpayment requirements: VA housing guarantees no-downpayment loans to veterans. In addition, the single-family rural housing direct loan program administered by the USDA, historically has provided low-income rural residents with mortgages at interest rates that

are calculated based on the mortgage applicant's ability to pay. Given the small initial equity in these mortgages, Federal mortgage portfolios carry a significantly higher risk of loss than conventional mortgage pools.

Since the creation of these mortgage programs back in the 1930s and 1940s, private mortgage markets have

become increasingly sophisticated and flexible. As a result, many of the original motivations for housing credit assistance have become outdated. Recognizing these changes, the Administration is in the process of a complete reinvention of HUD's housing credit programs.

### **Program Privatization, Termination and Restructuring**

In re-evaluating Federal credit and insurance programs, consideration should be given to the evolving needs of the marketplace. In some instances, the original objective of the Federal program has been overtaken by the rapidly changing economic environment. In these cases it is necessary to re-examine the justification, mission, and structure of existing Federal programs. An initial Administration review has already led to several proposals for privatization, termination, and restructuring.

#### **Privatization**

The argument to support the Government's role in the extension of credit usually is associated with a lack of opportunities for credit in the private market. However, once the Government has created a profitable market for a type of credit, the time may come to transition out of the program. There are two proposals in this year's budget that recommend such privatization.

The *College Construction Loan Insurance Association* (Connie Lee) was created to insure and reinsure bonds and loans of educational institutions to finance the acquisition, construction, or renovation of facilities. The Administration is considering submitting legislation which would fully privatize Connie Lee by divesting the Secretary of Education's stock ownership in the Corporation and repealing the Corporation's enabling legislation. The Connie Lee authorizing statute anticipates the eventual termination of the Federal interest in and privatization of the Corporation. For similar reasons, including the success of the direct lending program, the Administration is also considering proposing legislation to privatize the Student Loan Marketing Association (Sallie Mae).

The *Rural Telephone Bank* (RTB) was established in 1971 to provide an additional financing source for local-exchange telephone companies operating in rural areas. At the time, a supplemental source of financing was needed to fill gaps in private sector lending. The 1971 authorizing legislation, as amended, requires that the RTB begin privatization in 1996. The budget proposes to completely privatize the RTB at the beginning of 1996, after which it would continue its mission as a private lender. No further Federal subsidies would be provided to the RTB after 1996.

#### **Program Termination**

Credit programs often are used as a delivery mechanism to redistribute income from the general taxpayer to certain "disadvantaged" groups. In some cases, the Administration has determined that Federal credit is

an inappropriate vehicle for providing this assistance. As a result, the Administration is seeking to transition several credit programs into block grants to States and localities. These proposals can be found in the Departments of Transportation, Education, and Agriculture.

The *College housing and facilities loan program* (CHAFL) provides direct low-interest-rate loans to post-secondary educational institutions for construction, reconstruction, and renovation of housing and other educational facilities. The National Performance Review recommended the elimination of the CHAFL program because providing funds to institutions of higher education for renovation and construction supplants traditional State, local, and private support. The budget incorporates this recommendation to terminate the program.

The *Right-Of-Way revolving fund* program advances the cost of right-of-way acquisition through a loan to States. The State must repay the loan when the project goes to construction. Repayment is usually made in the form of a deduction from the grant of Federal-aid Highways funds that the State would otherwise receive for the project. In an effort to improve the distribution and funding of highways, this program has been proposed for termination in the budget, to be replaced by grants.

#### **Restructuring**

Credit reform provides the tools for a discussion of the best mechanism for delivering program benefits. 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. Proposals to alter the delivery mechanism of direct loans, guarantees, or grants are more equitably compared under credit reform. Recommendations in the budget include an increased movement from student loan guarantees to direct student loans and the use of block grants (rather than a direct loan or loan guarantee) when the grant provides additional flexibility to ensure the best delivery to the beneficiary.

The *Rural development insurance fund* and its successor funds offer direct loans for the development of water and wastewater disposal systems in low-income rural areas and towns. Direct and guaranteed loans are available for rural areas and towns to construct, enlarge, or improve essential community facilities, such as health clinics, hospitals, and fire stations. These direct loans are offered at a range of three interest rates



depending on the borrower's income and are available to public entities such as municipalities, counties, Indian tribes, and non-profit corporations. Assistance for rural businesses is provided by USDA through two programs, business and industry (B&I) guaranteed loans and the intermediary relending program (IRP) direct loans. The B&I guaranteed loans are available to improve, develop or finance business, industry and employment and improve the economic climate in rural communities. The IRP provides low-interest direct loans to non-profit intermediaries, such as local community development corporations, that provide loans to business facilities and community development projects in rural areas. In addition, a new B&I direct loan program is proposed to reach borrowers who cannot afford private credit terms.

The 1996 budget proposes to change USDA's rural development assistance by consolidating funding for 14 programs into one fund. This fund would be allocated between the existing programs by USDA's Rural Economic and Community Development State Directors in

consultation with State and local governments, other community-based organizations, and State Rural Development Councils. This should provide more flexibility in allocating resources among rural development programs to better meet State and local needs.

Beginning in 1996, HUD proposes to reinvent the *Federal Housing Administration* into a Government-owned but market-responsive enterprise to supplement the rapidly evolving private mortgage markets. FHA plans to use Federal credit enhancements to finance the development of affordable rental housing. A consolidation of existing programs into three areas—single family mortgage insurance, multifamily mortgage insurance and multifamily project portfolio restructuring—will aid in FHA's streamlining efforts. FHA's public corporation charter will delineate its specific objectives and associated performance goals. Reforms under consideration include proposals for various forms of public-private partnerships and risk-sharing in the provision of mortgage insurance.

### Program Reinvention and Government Risk

In every loan guarantee, direct loan, or insurance policy, there is a transfer of risk from the borrower-insured to the underwriter. In the case of loan guarantees and direct loans, this risk is typically the risk of default or prepayment. In the case of insurance, the risk is the payment of claims associated with a specified insured event.

In private markets, the issuer of the credit or insurance collects a premium, fee, or interest yield that is designed to compensate for the risk assumed. That is, the creditor or insurer will expect to collect enough revenue from issuing the credit or insurance to fully offset the risk of the instrument and generate a profitable return. Of course, for any particular credit or insurance contract, the creditor may experience a loss. However, the creditor expects that the net earnings on the portfolio of all similar loans, loan guarantees, or insurance contracts will be sufficient to compensate for the risks assumed.

With one major exception, this risk-transfer structure of credit and insurance applies to both privately-issued and publicly-issued credit and insurance.<sup>5</sup> The exception is that Federal credit and insurance programs often add a subsidy component. Federal direct loans and loan guarantees are intended to provide benefits to certain borrowers or to channel additional resources to certain sectors. This is accomplished by providing more favorable terms to targeted borrowers than are available from private lenders. The subsidy component is a mechanism by which a portion of the expected loss to the Federal Government from a particular credit

or insurance instrument is paid by the general taxpayer instead of the party receiving the credit or insurance.<sup>6</sup>

### Measuring the Government's Exposure

The Federal Credit Reform Act of 1990<sup>7</sup> made fundamental changes in the budgetary treatment of direct loans and loan guarantees. Before credit reform, budgetary resources were only required as cash was outlaid from the Federal Treasury. Credit reform requires an appropriation of the estimated cost of the credit instrument at the time of loan obligation, when the transfer of risk occurs. 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 of these flows is discounted by the interest rate on marketable Treasury securities of comparable maturity at the time of loan disbursement. To make the value of this subsidy component explicit and comparable across direct loan and loan guarantee programs, the Federal Credit Reform Act of 1990 incorporated this "risk assumed" approach into budgeting for Federal credit programs.

The two most prevalent subsidies in Federal credit programs are default subsidies and interest rate subsidies. The Federal Credit Reform Act has placed an emphasis on understanding the nature of Federal underwriting risk. Managing the Federal Government's risk is dependent on the ability to fully measure the underlying risks of each program. These risks, defined in Figure 9-1, include: credit risk, interest rate risk,

<sup>5</sup>In fact, there are many cases in the private sector where creditors or insurance companies cross subsidize one line of business with returns from another in order to maximize returns over the entire portfolio of business.

<sup>6</sup>Unlike privately-insured credit and insurance, Federal cost estimates (subsidies) currently measure only the expected losses from the program and not other characteristics of risk (i.e., other characteristics of the loss distribution).

<sup>7</sup>Title V of the Congressional Budget Act of 1974, as amended by section 13201 of the Omnibus Budget Reconciliation Act of 1990.

estimation risk, moral hazard risk, adverse selection risk, systemic (volatility) risk, and political risk.

### Managing the Federal Government's Risk

Quantifying the Federal Government's risk involves valuing the loss inherent in loans and guarantees based on historical repayment and default patterns. Use of this estimation technique is difficult when repayment histories are unavailable; either as the result of poor data collection or if the program is relatively new. Agencies analyze and control the risk and cost of their programs by developing statistical models predictive of defaults and other possible deviations from loan contracts.

Over the past year, additional focus has been placed on refining subsidy estimates and developing the tools necessary for quantifying risk. Credit reform provides the framework and the mandate for developing the tools needed for managing this risk. The following discussion outlines the proposals for managing and improving the Federal Government's risk and contingent liabilities.

**Reducing default risk.**—The budget contains several proposals aimed at reducing the Government's risk of borrower default. In addition to controlling Federal exposure, reducing default risk is an important tool

for targeting Federal dollars to maximize expected program benefits. When borrowers default, program goals such as increasing homeownership, developing rural areas, or expanding small business ownership are not met. While it is impossible to eliminate default risk, when it is reduced, more resources are available for projects that generate strong returns for society. One example is the *Health education assistance loan* program which insures loans provided by non-federal lenders to students in health professions schools. Both principal and interest repayments are guaranteed by the Federal Government. As part of the Health Professions Education Extension amendments of 1992, the Government will soon reduce or withhold Medicare payments to doctors that have defaulted on their HEAL loans.

**Increasing the borrower's stake.**—Proposals have been generated to shift a portion of the Federal Government's cost of issuing credit back to the borrower. When required to assume a greater share of the cost of the loan or loan guarantee, the borrower has more incentive to pay off the loan. These cost-sharing proposals are structured two ways: 1) as a new fee or an increase to an existing fee or, 2) raising the borrower's interest rate to a rate equal to or greater than the current Treasury rate. The goal of these proposals is to pass

### FIGURE 9-1. CLASSIFICATION OF 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.
- **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 or that are not linked to Treasury rates provide a clear indication of the need to account for the full distribution of possible future interest rate movements.
- **Estimation Risk** is the risk inherent in estimating the cost of the credit or insurance. There are several components to this category of risk—process, parameter, timing. Process risk is the risk represented by the use of a specific loss distribution to characterize and project the future losses associated with the exposure covered by any Federal program. Parameter risk is the risk associated with estimating the parameters specifying these loss distributions. Timing risk arises when claim payments occur either earlier or later than originally assumed.
- **Moral Hazard Risk** arises when the probability of loss depends on the insured's behavior, where that behavior is not observable or controllable by the insurer. There is no incentive for the fully-insured individual to undertake loss prevention measures since the benefits from the reduced probability of loss accrue to the insurance firm. As a result, the purchase of insurance and undertaking loss mitigation measures become substitutes.
- **Adverse Selection Risk** arises when it is too difficult for the insurer to separately identify and price insurance for "good" risks and "bad" risks in a pool of insured policies. If the pool of insurance is priced for the average insured risk, this creates an incentive for higher risk individuals to purchase insurance in the pool (the price is low relative to their risk) and lower risk individuals to withdraw from the pool (the price is high relative to their risk).
- **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 how this type of risk can aggravate the credit risk in a loan or insurance portfolio.
- **Political Risk** is the real or perceived risk that future political actions will loosen the terms and conditions under which Federal credit or insurance was written (e.g., debt forgiveness).

a portion of the cost back to the borrower, lowering the subsidy rate and providing an additional mechanism to filter borrowers with poor repayment prospects. A lower subsidy rate can allow a program with a fixed amount of budget authority to support more loans or a fixed number of loans to be made with less budget authority.

The *Maritime Administration Title XI* program is part of the Administrations initiative to assist U.S. shipyards to compete successfully in the international market. The program provides subsidies for guaranteed loans for purchasers of ships from U.S. shipyards and for modernization of U.S. shipyards. In 1994, the program was extended to foreign buyers to encourage them to build in U.S. yards. The budget assumes enactment of a legislative proposal to increase the guarantee fees paid by borrowers by 0.5 percent. The fee increase will reduce the amount of subsidy budget authority (BA) needed to cover the risk of default.

The *rural housing insurance fund* provides qualifying families with loans at effective interest rates as low as 1 percent. The borrower pays an effective interest rate equal to 20 percent of monthly income. This formula-driven calculation encourages borrowers to buy the most expensive allowable house to minimize the interest rate and maximize the subsidy. Regulations are being rewritten to make the program more consistent with traditional mortgage practices. Under these new regulations, a borrower's interest will be determined by the relationship between a borrower's income and area median income. For example, if a borrower's income is 60–65 percent of area median, the borrower's note rate will be fixed at 4 percent. The new system should reduce incentives to maximize the subsidy since it is no longer dependent on the price of the house.

**Credit Management and Debt Collection.**—At the end of 1994, Federal tax and non-tax receivables to-

talled an estimated \$321 billion. Tax receivables totaled \$79 billion, \$67 billion of which were delinquent. Non-tax receivables, which primarily include direct loans and loans acquired as a result of claims paid on defaulted guaranteed loans, totaled an estimated \$241 billion. Of that amount, \$50 billion were delinquent. For both Federal tax and non-tax receivables, delinquencies increased by approximately \$9 billion during 1994.

In 1995, to improve the collection of non-tax receivables and reduce the costs of delinquent debt collection, the Administration will propose a set of legislative initiatives to amend the Debt Collection Act of 1982. The proposed legislative amendments would:

- authorize gain-sharing to allow agencies to retain a percentage of delinquent debt collections as an incentive to improve the administration and increase collections of delinquent debt;
- expand authority for using private collection services to collect delinquent non-tax debt;
- enhance Treasury's authorities to allow for offsetting of payments to collect delinquent non-tax debt;
- expand authority for Treasury to collect delinquent debt owed by employees of the three branches of Government;
- expand authority for agencies to obtain Taxpayer Identification Numbers (TINs) from any business or individual attempting to conduct business with the Federal Government; and
- authorize the Justice Department to streamline the litigation and enforcement processes.

Over five years, estimates of savings from improving debt collection practices would exceed an estimated \$155 million. Further, strengthening the Debt Collection Act of 1982 would result in consistent treatment of debtors by standardizing minimum debt collection and enforcement practices across the Federal Government.

## Government Sponsored Enterprises

### Fannie Mae and Freddie Mac

Both Fannie Mae and Freddie Mac continued strong financial performance in 1994, with Fannie Mae earning net income of \$2.13 billion, a 13.8 percent increase from the prior year, and Freddie Mac earning \$983 million, a 25 percent increase. The Enterprises used these earnings in part to increase their capital base, which stood at \$9.5 billion (stockholder equity) for Fannie Mae and \$5.2 billion for Freddie Mac at the end of 1994.

In 1995, the Office of Federal Housing Enterprise Oversight (OFHEO), created in the 1992 Act to regulate the financial safety and soundness of the Enterprises, will promulgate specific risk-based capital requirements for both Fannie Mae and Freddie Mac. These requirements will be based on a statutorily-defined "stress test" which will measure the performance of the Enterprises' mortgage portfolios under severe interest rate

and credit stresses stretching 10 years into the future and determine adequate capital levels under these scenarios.

The Federal Housing Enterprises Safety and Soundness Act of 1992 also requires the HUD Secretary to establish, and Fannie Mae and Freddie Mac to meet, certain affordable housing goals. These goals require the Enterprises to finance specific amounts of low- and moderate-income mortgages, central-city mortgages, and special affordable housing loans. Currently, transitional goals are in place. Encouraged by the presence of these goals, both Enterprises have undertaken new programs to help low income and underserved families. The Enterprises' reports to the Secretary for 1993 showed that the percentage of low-income and moderate-income mortgage purchases equaled 35.6 percent for Fannie Mae and 29.2 percent for Freddie Mac. These figures exceeded the Secretary's goals. But the companies each failed to meet the 1993 goals for

central-city and other underserved areas. Fannie Mae's figure was 26.3 percent, short of the Secretary's 28 percent goal. Freddie Mac's 24 percent figure was below the official 26 percent target. In the special affordable housing loan category, both Fannie Mae and Freddie Mac made progress toward meeting their targets. The transitional goals are in place for 1993 through much of 1995. They will be replaced by permanent goals which the HUD Secretary will propose during 1995.

### **Farm Credit System**

The Farm Credit System (FCS) continues to show strong financial improvement since receiving Federal assistance in 1987. FCS net income for the first half of calendar year 1994 was strong, although operating income was 7 percent lower than the near-record highs of 1993. Loan volume rose slightly in the first half of 1994; but, loan growth remains much slower than agricultural loan growth in commercial banks. For example, in 1993, farm loans in commercial banks grew by 8.9 percent while Farm Credit Banks, which make about half of the FCS \$80 billion in annual loan volume, experienced a 0.5 percent decline. Net interest margins narrowed from 3.27 percent in the second quarter of 1993 to 3.10 percent in the second quarter of 1994, because the FCS did not pass on to borrowers the effects of the rise in market interest rates.

Over the past several years, FCS banks have used derivatives to lower funding costs. Rates charged to borrowers were usually linked to the variable rate on derivative swaps, lowering interest rate risk for the FCS bank. In 1993, several banks began investing in structured securities with derivative-like features. During 1993, these transactions were profitable. But, due to the rapid rise in interest rates in the first half of 1994, FCS institutions experienced losses of \$34 million from their use. During 1994, FCS banks reduced holdings in derivative investments.

Due to strong performance over the past few years, FCS's capital base has returned to the high levels of the early 1980's. The FCS had \$8.47 billion in at-risk capital on June 30, 1994, and a capital-to-asset ratio of 13.45 percent. Nonaccruing loans dropped 16 percent during the second quarter of 1994 to \$1.26 billion, or 1.6 percent of gross loan volume. Nonperforming assets, including nonaccruals, dropped to \$1.94 billion, or 3 percent of assets. However, the level of nonaccruing loans remained well above that of commercial banks.

The FCS continues to meet its obligations under the Agricultural Credit Act of 1987, as amended by the Farm Credit Banks and Associations Safety and Soundness Act of 1992. The 1992 Act required that FCS institutions begin to repay Federal assistance provided to the FCS in 1988 to 1990 through the Financial Assistance Corporation (FAC). The FCS received FAC assistance of \$1.3 billion, that was funded through the issuance of Federally-guaranteed FAC debt to private bondholders, on which the Government shares the interest cost with the FCS. FCS banks made \$91 million in voluntary assistance repayments to FAC during fiscal

year 1994. Also, very favorable retained earnings—asset ratios permitted FCS to pay a higher proportion than planned of Federally shared FAC interest costs to investors in FAC bonds. Consequently, the fiscal year 1994 interest cost to the Treasury was reduced by \$5.8 million.

The insurance underpinning for the System, created in 1987 to avoid future bailouts, also continues to grow. At the end of fiscal year 1994, the Farm Credit System Insurance Corporation had reported a net equity of almost \$725 million.

### **Federal Home Loan Bank System**

The Federal Home Loan Bank System's financial performance and condition continued to improve in 1994, indicating recovery from the detrimental effects of the recent thrift industry shrinkage. The System's return on equity in 1994, after adjustment for payment of interest to REFCorp and other expenses, was about 5 percent.

At the end of 1994, total System capital was \$12.9 billion, compared to \$11.5 billion and \$10.6 billion in 1993 and 1992, respectively. Advances outstanding were about \$116 billion at the end of 1994, compared to \$99 billion at the end of 1993. System earnings on a GAAP basis in 1994 rose by about \$77 million compared to 1993. System membership continued to grow strongly, with commercial banks now comprising more than half the total. At the end of 1994, the System had 5,092 members.

In the last two years, studies by HUD, CBO, GAO, the Federal Housing Finance Board, and a committee made up of the System's shareholders evaluated the System on a wide range of issues, including its capital structure, capacity to pay its REFCorp obligations, mission, and other related topics. The Administration is preparing a legislative proposal which will incorporate some of the studies' recommendations in order to further strengthen the System's capital structure and the overall safety and soundness of its operations.

### **Student Loan Marketing Association**

The largest student loan secondary market-maker is the Student Loan Marketing Association (Sallie Mae), a Government-sponsored enterprise currently holding 35 percent of all outstanding guaranteed loans. The Administration has been actively studying options for the future of Sallie Mae, including in particular, restructuring the company into a fully private company. In any restructuring, currently outstanding Sallie Mae debt would retain the characteristics of Government sponsored enterprise debt, and customers having agreements with the GSE would be fully protected. Any new debt issued by a private company successor to Sallie Mae would not possess the characteristics of Government sponsored enterprise debt.

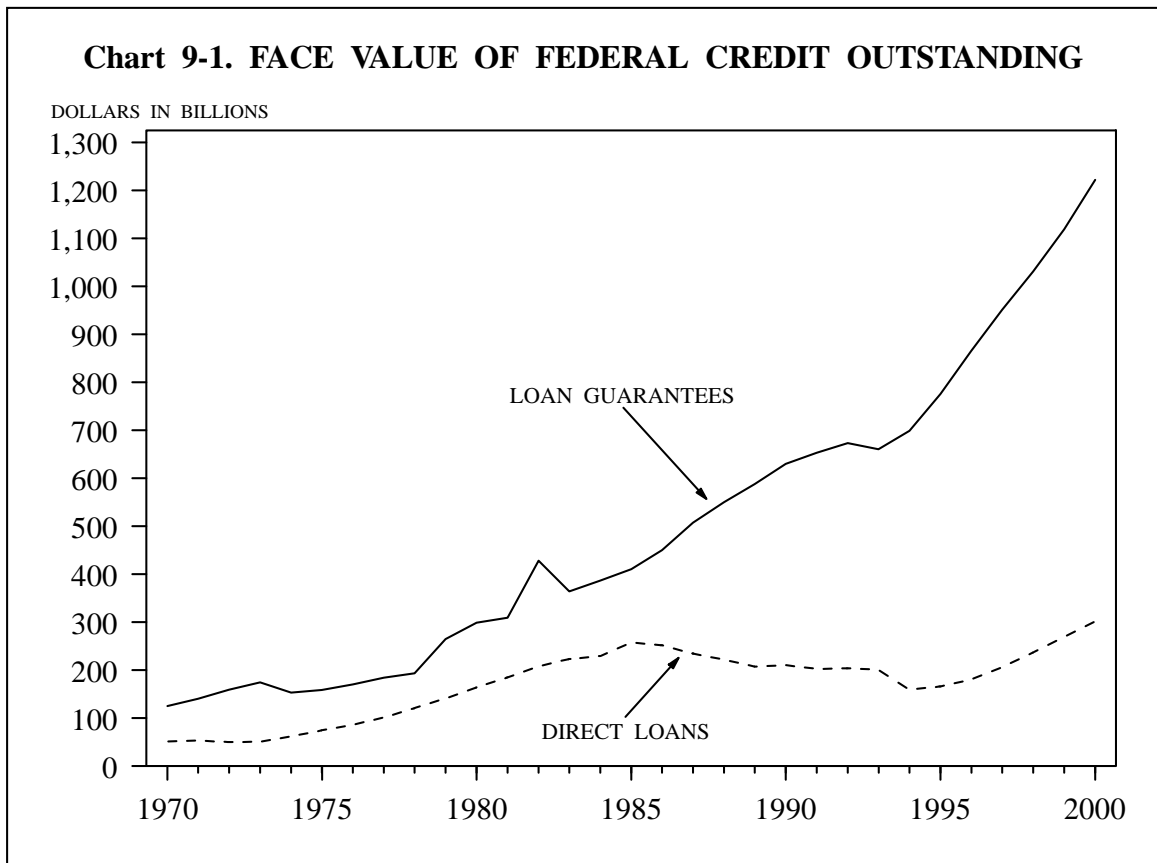
The transition from the Federal guaranteed student loan program (Federal Family Education Loan Program) to the direct student loan program (William D. Ford Direct Loan Program), mandated by the Student

Loan Reform Act of 1993, will reduce and eventually eliminate the need for existing secondary markets for student loans. The direct loan program began operation on July 1, 1994, with 5 percent of total student loan volume, and will expand on July 1, 1995, to cover 40 percent of volume. Under the President's proposed policy, direct loans will expand to 80 percent of loan volume on July 1, 1996, and fully replace the guaranteed program on July 1, 1997. 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.

### Connie Lee

Connie Lee was created to insure and reinsure bonds and loans of educational institutions which borrow funds to finance the acquisition, construction, or ren-

ovation of their facilities. Connie Lee is structured to operate as a private corporation. Unlike other GSEs, it is subject to the same State laws and regulations as any other insurance company. The U.S. Government's risk or exposure associated with Connie Lee's operations is due to the Department of Education's stock ownership in the Corporation. The Secretary purchased \$19.1 million in Connie Lee stock with funds appropriated for this purpose in 1988. The Corporation's financial condition, as reported to the U.S. Government annually in the Budget Appendix, shows steady growth, particularly since 1991, when the Corporation obtained the "triple-A" credit rating necessary to engage in the financial guaranty business as a direct writer of insurance.



### FIGURE 9-2. JUSTIFICATIONS FOR FEDERAL INTERVENTION IN CREDIT MARKETS

**Incomplete Markets**—As a result of such factors as catastrophe risk and moral hazard-agent problems, producers do not always supply the market with products even though the cost of providing them is less than the price that consumers are willing to pay. When incomplete markets exist, the private market equilibrium is not necessarily efficient, and government action could potentially make some people better off without harming others.

**Failure of Competition**—As a result of such factors as increasing returns to scale, foreign government intervention, and barriers to entry, an overconcentration of market power can create a noncompetitive market equilibrium. In such a situation, output is artificially constrained, and a small number of market participants enjoy abnormally high returns. Government intervention may lead to a more efficient market outcome, where output is greater and the returns are more efficiently distributed throughout the economy.

**Externalities**—In other instances, producers do not pay the full cost (or receive the full return) of producing their products (positive externalities) or pay the cost of negative returns generated by their product. Goods with positive externalities (e.g. research and development) tend to be undersupplied in a market economy, and goods with negative externalities (e.g. pollution) are oversupplied—a situation that Government may improve through regulation or other means.

**Pure Public Goods**—Public goods are goods or services that are unlikely to be supplied by the market because once the good or service is produced, it is difficult or impossible to exclude people from sharing the benefits of consuming the good. In addition, the cost of supplying pure public goods to one additional individual is zero. It is economically efficient for the Government to supply such goods, of which the classic example is national defense.

**Information Failures**—An inefficient market equilibrium can arise if there is an asymmetry in the amount of information available to different agents in the marketplace. The most common example of an information failure is when consumers do not have enough quality information concerning products to make informed resource allocation decisions. Government intervention in these cases (e.g., product labeling standards) may improve the economic welfare of the society as a whole.

**Economic Disequilibrium**—The economy is subject to unanticipated shocks. The market response to such disturbances can lead to a disequilibrium situation in which the economy is driven away from its normal levels of resource utilization. If such circumstances persist, government intervention may help stabilize employment and output—although it is not universally accepted that such circumstances can persist.

TABLE 9-2. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED IN  
1992, 1993, AND 1994 <sup>1</sup>  
(In millions of dollars)

Program	1994	1995
<b>Direct Loans:</b>		
Agriculture credit insurance fund .....	-72	.....
Agricultural conservation .....	-1	.....
Rural electrification and telephone loans .....	*	.....
Rural telephone bank .....	1	.....
Rural housing insurance fund .....	2	.....
VA-Guaranty and indemnity .....	7	290
VA-Loan guaranty direct loans .....	-46	.....
Export-Import Bank direct loans .....	-28	-76
<b>Loan Guarantees:</b>		
AID housing guaranty .....	.....	-3
P.L. 480 Title I Food for Progress credits .....	.....	81
Agriculture credit insurance .....	5	.....
Commodity Credit Corporation export guarantees .....	3	103
Rural development insurance fund .....	-6	.....
Federal family education (formerly GSL)* .....	97	421
FHA-General and special risk .....	-175	.....
VA-Guaranty and indemnity program .....	1	53
Export-Import bank guarantees .....	-11	.....
<b>Total</b> .....	<b>-260</b>	<b>869</b>

<sup>1</sup> Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for 1996.

**TABLE 9-3. ESTIMATED 1996 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS <sup>1</sup>**

(In millions of dollars)

Agency and Program	1996 Weighted average subsidy as a percent of disbursements	1996 Subsidy budget authority	1996 Estimated loan levels
<b>Funds Appropriated to the President:</b>			
Micro and small enterprise development .....	5.65	.....	4
Regional peace and security (formerly FMF) .....	11.75	90	765
Overseas Private Investment Corporation .....	5.03	4	80
<b>Agriculture:</b>			
Agricultural credit insurance fund .....	17.30	132	762
Self-help housing .....	5.18	.....	1
Rural housing insurance fund .....	26.43	409	1,547
Rural economic development loans .....	28.99	4	14
Rural electrification and telephone .....	6.64	104	1,570
Public Law 480 direct loans .....	81.61	132	162
Distance learning and medical link loan program .....	3.92	4	100
Rural telecommunication partnership loan program .....	3.96	1	15
Rural community facility loan program .....	17.44	40	227
Rural business and industry loans .....	7.01	2	21
Alternative agricultural research and commercialization .....	28.55	7	25
Rural development loan fund .....	56.65	50	83
Rural water and waste disposal loan program <sup>3</sup> .....	22.69	192	847
<b>Education:</b>			
Federal direct student loan program .....	7.63	1,498	19,149
<b>Interior:</b>			
Bureau of Reclamation loans .....	43.90	16	37
State Department: Repatriation loans .....	80.00	1	1
<b>Transportation:</b>			
Minority business resource center program .....	10.00	.....	15
<b>Veterans Affairs:</b>			
Transitional housing loans .....	10.00	.....	.....
Direct loan .....	28.13	.....	.....
Loan guarantee fund .....	3.11	23	734
Guaranty and indemnity fund .....	1.46	15	1,047
Education loan fund .....	26.53	.....	.....
Vocational rehabilitation .....	2.77	.....	2
Native american veteran housing loan program .....	7.72	1	18
<b>Other Independent Agencies:</b>			
Community development financial institutions fund .....	34.95	20	56
Export-Import Bank <sup>2</sup> .....	3.66	198	5,407
<b>Federal Emergency Management Agency:</b>			
Disaster assistance .....	8.62	2	25
<b>Small Business Administration:</b>			
Business Loans .....	27.49	12	45
Disaster loans .....	8.46	34	407
<b>Total <sup>3</sup></b> .....	<b>9.02</b>	<b>2,991</b>	<b>33,163</b>

<sup>1</sup> Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for 1996.

<sup>2</sup> Includes FY 1993 and 1994 carryover budget authority.

<sup>3</sup> Does not include REGO proposal for USDA's Rural Development Partnerships Initiative. This would reduce total subsidy BA to \$2,680 million.

**TABLE 9-4. ESTIMATED 1996 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES <sup>1</sup>**

(In millions of dollars)

Agency and Program	1996 Weighted-average subsidy as a percent of disbursements	1996 Subsidy budget authority	1996 Estimated loan levels
<b>Funds Appropriated to the President:</b>			
Micro and small enterprise development .....	8.50	12	139
AID housing and other credit guarantees .....	11.87	17	142
Overseas Private Investment Corporation .....	5.03	75	1,491
<b>Agriculture:</b>			
Agricultural credit insurance fund .....	2.29	56	2,442
Commodity Credit Corporation: Export credits .....	6.57	374	5,700
Rural housing insurance fund .....	0.17	2	1,300
Rural business and cooperative development service .....	0.91	7	750
Rural community facility loan program .....	4.74	5	100
<b>Commerce:</b>			
Fishing vessel obligations .....	1.00	.....	25
<b>Education:</b>			
Federal family education loan program .....	15.67	1,620	10,248
<b>Health and Human Services:</b>			
Health professions graduate student loan program .....	6.44	18	280
<b>Housing and Urban Development:</b>			
Community development (Sec. 108) .....	2.10	21	543
Federal Housing Administration general and special risk .....	0.55	188	34,469
Federal Housing Administration mutual mortgage <sup>2</sup> .....	-2.77	.....	110,000
GNMA secondary mortgage guarantees .....	.....	.....	110,000
Indian housing guarantee .....	8.10	3	37
<b>Interior:</b>			
Indian loan guaranty and insurance fund .....	12.53	10	70
<b>Transportation:</b>			
Title XI maritime guaranteed loans .....	5.22	48	920
<b>Veterans Affairs:</b>			
Guaranty and indemnity fund .....	1.58	489	31
Loan guaranty fund .....	12.32	.....	1
<b>Other Independent Agencies:</b>			
Export-Import Bank <sup>3</sup> .....	4.33	658	15,210
<b>Small Business Administration:</b>			
Business Loans .....	2.03	252	11,647
<b>Total <sup>2</sup></b> .....	<b>4.51</b>	<b>3,855</b>	<b>305,545</b>

<sup>1</sup> Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for Fiscal Year 1996.

<sup>2</sup> Subsidies shown are for positive subsidy risk categories only. Negative subsidy BA is not included in totals.

<sup>3</sup> Includes FY 1993 and 1994 carryover budget authority.

**TABLE 9-5. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES**

(In billions of dollars)

	Actual		Estimate					
	1993	1994	1995	1996	1997	1998	1999	2000
<b>Direct Loans:</b>								
Obligations .....	22.1	22.7	32.1	42.3	52.4	56.9	59.4	62.6
Disbursements .....	27.1	19.3	29.6	38.3	48.8	55.1	59.1	61.9
Subsidy budget authority .....	2.1	2.8	2.4	2.7	2.9	3.4	3.6	3.6
<b>Loan Guarantees:</b>								
Commitments .....	169.9	204.1	185.8	194.4	187.5	187.1	210.3	234.5
Lender Disbursements .....	144.3	194.2	155.7	156.3	148.9	144.6	156.4	172.0
Subsidy budget authority .....	4.1	2.6	4.9	2.2	0.5	*	*	*



**TABLE 9-6. NEW DIRECT LOAN OBLIGATIONS AND GUARANTEED LOAN COMMITMENTS BY FUNCTION**  
(In millions of dollars)

Function	Direct loan obligations			Guaranteed loan commitments		
	1994 actual	1995 estimate	1996 estimate	1994 actual	1995 estimate	1996 estimate
050 National Defense .....	.....	.....	.....	286	1,658	920
150 International affairs .....	4,362	5,802	6,417	15,542	18,197	18,980
270 Energy .....	1,116	1,116	1,599	.....	.....	.....
300 Natural resources and environment .....	10	24	37	.....	.....	.....
350 Agriculture .....	7,400	11,457	9,641	6,786	8,409	8,142
370 Commerce and housing credit <sup>1</sup> .....	2,393	1,938	1,914	113,405	108,262	122,531
400 Transportation .....	55	208	15	.....	.....	.....
450 Community and regional development .....	5,011	2,638	1,913	704	1,127	1,920
500 Education, training, employment, and social services .....	813	7,092	19,150	23,292	20,403	10,240
550 Health .....	.....	.....	.....	260	375	280
600 Income security .....	.....	.....	.....	7	22	37
700 Veterans benefits and services .....	1,487	1,725	1,801	43,859	27,399	31,336
800 General government .....	.....	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>22,647</b>	<b>32,000</b>	<b>42,487</b>	<b>204,141</b>	<b>185,852</b>	<b>194,386</b>
<b>ADDENDUM</b>						
Secondary guaranteed loans .....	.....	.....	.....	185,000	142,000	110,000

<sup>1</sup> 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 9-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

Agency or Program	In millions of dollars			As percentage of outstanding loans <sup>1</sup>		
	1994 actual	1995 estimate	1996 estimate	1994 actual	1995 estimate	1996 estimate
<b>Direct loans:</b>						
Overseas Private Investment Corporation .....	6	1	1	14.26	2.67	2.95
Economic assistance loans .....	150	46	139	1.07	0.33	1.12
Private sector revolving fund .....	3	1	.....	30.64	13.77	1.32
Foreign military loans .....	.....	107	40	.....	1.40	0.59
Rural electrification and telephone revolving fund .....	419	19	21	1.19	0.05	0.06
Rural development insurance fund .....	3	3	3	0.05	0.06	0.06
Commodity Credit Corporation .....	316	159	118	7.45	4.34	2.91
Agricultural credit insurance fund .....	776	572	408	6.14	7.11	5.42
Rural housing insurance fund .....	29	71	35	0.11	0.68	0.61
Public Law 480 Food Aid .....	70	119	1	0.91	1.11	0.01
Federal direct student loan .....	39	81	142	0.48	2.09	1.22
Economic development revolving fund (EDA) .....	4	.....	.....	5.29	.....	.....
Bureau of Indian affairs direct loans .....	18	19	9	12.29	14.94	15.92
MARAD ship financing fund .....	437	.....	.....	77.67	.....	.....
Veteran's housing programs .....	112	17	17	4.20	8.21	8.20
Small Business Administration .....	329	276	181	4.32	3.12	2.02
Export-Import Bank .....	124	130	260	1.66	2.06	4.69
<b>Total .....</b>	<b>2,830</b>	<b>1,619</b>	<b>1,372</b>	.....	.....	.....
<b>Guaranteed loans:</b>						
Housing and other credit guaranty programs .....	25	25	25	1.22	1.22	1.23
Overseas Private Investment Corporation .....	12	19	14	3.77	2.67	2.95
Agricultural credit insurance fund .....	37	38	37	1.87	2.44	4.40
CCC export credit guarantees .....	6,303	1,176	349	32.61	39.44	8.15
Rural development insurance fund .....	62	41	30	0.10	0.06	0.06
Rural housing insurance .....	1	6	10	0.22	0.46	0.54
Rural electrification and telephone revolving fund .....	232	.....	.....	24.40	.....	.....
Federal family education loans .....	2,754	2,710	2,724	3.66	3.37	3.19
FHA -General and special risk guaranteed loan .....	74	331	589	0.14	1.02	1.33
FHA -mutual mortgage amd cooperative housing .....	4,319	4,548	4,487	2.14	4.10	4.00
Health professions guaranteed student loan .....	37	36	35	2.08	2.10	2.11
MARAD ship financing fund .....	9	74	74	0.89	.....	.....
Veteran's housing programs .....	1,783	2,304	2,476	1.55	2.13	2.43
Small business administration .....	702	745	754	3.13	2.80	2.43
Export-Import Bank .....	48	12	15	0.39	0.09	0.09
<b>Total .....</b>	<b>16,397</b>	<b>12,064</b>	<b>11,620</b>	.....	.....	.....
<b>Defaulted guaranteed loans that result in loans receivable:</b>						
CCC guaranteed loan .....	438	.....	.....	9.19	.....	.....
CCC export loans .....	24	.....	.....	4.41	.....	.....
Foreign military loan .....	.....	152	.....	.....	22.57	.....
Federal students loans .....	268	487	649	1.76	3.20	4.27
FHA -mutual mortgage and cooperative housing .....	153	151	1,147	4.18	4.30	61.46
FHA -general and special risk guaranteed loan .....	3	.....	.....	7.38	.....	.....
Federal Housing Administration .....	.....	3	59	.....	0.58	13.99
Health professions guaranteed student loan .....	19	15	15	5.43	3.84	3.31
Veterans housing programs .....	517	578	634	51.23	44.56	41.00
Small Business Administration .....	17	49	167	1.45	3.21	7.89
<b>Total .....</b>	<b>1,440</b>	<b>1,434</b>	<b>2,670</b>	.....	.....	.....
<b>Grand Total .....</b>	<b>20,667</b>	<b>15,117</b>	<b>15,663</b>	.....	.....	.....

<sup>1</sup> Average of loans outstanding over year.

TABLE 9-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS

(In millions of dollars)

Agency or Program	1994 Actual	Estimate	
		1995	1996
LIMITATIONS ON DIRECT LOAN OBLIGATIONS			
Funds Appropriated to the President:			
Foreign military financing .....	770	620	765
Agriculture:			
Farm Service Agency:			
Agricultural credit insurance fund .....	950	679	762
Rural Utilities Service:			
Rural electric and telephone .....	1,116	1,116	1,570
Rural telephone bank .....	200	175	1
Distance learning and medical link loans .....	.....	.....	100
Rural telecommunication partnership loans .....	.....	.....	15
Rural development insurance fund .....	1,059	.....	.....
Rural water and waste disposal loans .....	.....	906	847
Rural Housing and Community Development:			
Rural housing insurance fund .....	2,525	1,472	1,547
Self-help housing land development loans .....	1	1	1
Rural community facility loans .....	.....	225	227
Rural Business and Community Development:			
Rural development loan fund .....	77	85	83
Rural economic development loans .....	13	13	14
Alternative agricultural research and commercialization .....	.....	.....	25
Rural business and industry loans .....	.....	.....	21
Foreign Assistance Programs:			
Public Law 480 direct credit .....	377	303	162
Energy:			
Bonneville Power Administration conservation loans .....	.....	.....	29
Housing and Urban Development:			
FHA-General and special risk .....	.....	220	120
FHA-Mutual mortgage insurance .....	.....	180	200
Interior:			
Bureau of Reclamation direct loans .....	21	23	37
Indian direct loan .....	11	11	.....
State Department:			
Repatriation Loans .....	1	1	1
Transportation:			
High priority corridors .....	.....	40	.....
Orange County (CA) toll road .....	.....	120	.....
Railroad rehabilitation and improvement .....	5	.....	.....
Minority business resource center .....	8	15	15
Veterans Affairs:			
Direct loans .....	1	1	.....
Vocational rehabilitation .....	2	2	2
FEMA—Disaster assistance .....	25	175	25
Community development financial institutions fund .....	.....	76	.....
Total, limitations on direct loan obligations .....	7,162	6,383	6,568
LIMITATIONS ON GUARANTEED LOAN COMMITMENTS			
Funds Appropriated to the President:			
Loan guarantees to Israel .....	2,000	2,000	2,000
Agriculture:			
Agricultural credit insurance fund .....	1,844	2,709	2,442
Agricultural resource conservation demonstration .....	6	.....	.....
Rural development insurance fund .....	515	.....	.....
Rural business and industry loan fund .....	.....	500	750
Rural housing insurance fund .....	750	1,049	1,300
Rural community facility loan fund .....	.....	75	100
Education:			
Historically black colleges/universities .....	357	357	.....
Health and Human Services:			
Health professions graduate student .....	260	375	280

**TABLE 9-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS—Continued**  
(In millions of dollars)

Agency or Program	1994 Actual	Estimate	
		1995	1996
Housing and Urban Development:			
FHA—General and special risk .....	20,550	20,885	17,400
FHA—Mutual mortgage insurance .....	119,565	100,000	110,000
Community opportunity performance funds .....	2,054	2,054	2,000
Indian Housing loan guarantee .....	7	22	37
Interior:			
Indian loan guaranty and insurance .....	69	47	70
<b>Total, limitations on guaranteed loan commitments .....</b>	<b>147,977</b>	<b>130,073</b>	<b>136,379</b>
<b>ADDENDUM</b>			
Secondary guaranteed loan commitment limitations:			
GNMA, mortgage-backed securities .....	185,000	142,000	110,000

**TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT**  
(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Funds Appropriated to the President</b>							
International Security Assistance							
Foreign military loan liquidating account:							
Obligations .....							
Loan disbursements .....	468	333	100				
Change in outstandings .....	-328	-834	-858	-856	-790	-641	-533
Outstandings .....	8,022	7,187	6,330	5,473	4,684	4,042	3,510
Foreign military financing direct loan financing account:							
Obligations .....	770	620	765	742	727	711	696
Loan disbursements .....	273	570	666	730	829	765	596
Change in outstandings .....	273	570	666	707	669	502	292
Outstandings .....	273	843	1,509	2,216	2,885	3,387	3, 679
Military debt reduction financing account:							
Obligations .....							
Loan disbursements .....		4	17				
Change in outstandings .....		4	17				
Outstandings .....		4	20	20	20	20	20
Multilateral Assistance							
International organizations and programs:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-2	-2	-2	-2	-2	-2	-2
Outstandings .....	38	36	35	33	31	29	27
Agency for International Development							
Economic assistance loans—liquidating account:							
Obligations .....							
Loan disbursements .....	10	11	8				
Change in outstandings .....	-670	-603	-727	-743	-612	-616	-603
Outstandings .....	13,765	13,161	12,434	11,691	11,079	10,463	9,860
Debt reduction, financing account:							
Obligations .....							
Loan disbursements .....		1	9	34			
Change in outstandings .....	-54	1	9	34			
Outstandings .....	500	501	510	544	544	544	544
Private sector revolving fund liquidating account:							
Obligations .....							
Loan disbursements .....	2	2					
Change in outstandings .....	-5	-1	-2	-*	-*	-*	-*
Outstandings .....	7	6	4	4	4	3	3
Microenterprise and other development credit direct loan financing account:							
Obligations .....		2	4	3	3	3	3
Loan disbursements .....	1	2	4	3	3	3	3
Change in outstandings .....	1	2	3	2	2	1	*
Outstandings .....	1	3	6	8	10	11	11
Overseas Private Investment Corporation							
Overseas Private Investment Corporation liquidating account:							
Obligations .....							
Loan disbursements .....	4						
Change in outstandings .....	-11	-3	-4	-5	-5	-5	-5
Outstandings .....	39	36	32	27	23	18	14
Overseas private investment corporation direct loan financing account:							
Obligations .....	63	86	80	80	80	80	80
Loan disbursements .....	4	27	63	79	80	75	80
Change in outstandings .....	4	27	61	71	60	50	30
Outstandings .....	8	35	96	167	227	277	307

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Department of Agriculture							
Farm Service Agency							
Agricultural credit insurance fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	3	1	1	*	*	*	*
Change in outstandings .....	-1,697	-1,390	-1,146	-952	-798	-673	-571
Outstandings .....	11,508	10,118	8,972	8,020	7,222	6,549	5,978
Agricultural credit insurance fund direct loan financing account:							
Obligations .....	970	679	762	778	764	748	732
Loan disbursements .....	920	639	754	777	765	749	733
Change in outstandings .....	527	117	230	145	176	132	119
Outstandings .....	1,512	1,630	1,859	2,004	2,180	2,313	2,432
Commodity credit corporation fund:							
Obligations .....	6,430	10,778	8,879	9,464	8,757	8,998	8,798
Loan disbursements .....	6,430	10,778	8,879	9,464	8,757	8,998	8,798
Change in outstandings .....	-282	1,054	-264	-328	-1,130	-347	-129
Outstandings .....	3,129	4,183	3,919	3,591	2,461	2,114	1,985
Rural Utilities Service							
Rural communication development fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	*	.....	.....	.....	.....	.....
Change in outstandings .....	-1	-1	-1	-1	-1	-1	-1
Outstandings .....	11	10	10	9	8	7	7
Rural telecommunication partnership direct loan financing:							
Obligations .....	.....	.....	15	16	15	15	15
Loan disbursements .....	.....	.....	2	8	15	15	15
Change in outstandings .....	.....	.....	2	7	14	12	10
Outstandings .....	.....	.....	2	10	24	36	46
Distance learning and medical link direct loan financing account:							
Obligations .....	.....	.....	100	98	96	94	92
Loan disbursements .....	.....	.....	30	79	98	96	94
Change in outstandings .....	.....	.....	30	109	205	290	362
Outstandings .....	.....	.....	30	109	205	290	362
Rural development insurance fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	132	63	35	24	3	*	.....
Change in outstandings .....	-126	-193	-210	-209	-219	-209	-198
Outstandings .....	4,598	4,405	4,195	3,986	3,767	3,558	3,360
Rural electrification and telephone direct loan financing account:							
Obligations .....	1,116	1,116	1,570	1,540	1,502	1,455	1,404
Loan disbursements .....	505	863	1,007	1,252	1,466	1,441	1,320
Change in outstandings .....	466	820	956	1,186	1,385	1,341	1,197
Outstandings .....	1,953	2,774	3,729	4,916	6,300	7,641	8,838
Rural telephone bank direct loan financing account:							
Obligations .....	200	175	.....	.....	.....	.....	.....
Loan disbursements .....	57	94	.....	.....	.....	.....	.....
Change in outstandings .....	57	92	-177	.....	.....	.....	.....
Outstandings .....	85	177	.....	.....	.....	.....	.....
Rural development insurance fund direct loan financing account <sup>1</sup> :							
Obligations .....	879	1,004	1,181	1,166	1,143	1,119	1,095
Loan disbursements .....	418	647	895	1,046	1,103	1,137	1,146
Change in outstandings .....	413	639	879	1,017	1,058	1,074	1,063
Outstandings .....	625	1,265	2,144	3,160	4,219	5,293	6,356
Rural electrification and telephone revolving fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	574	464	472	144	106	66	42
Change in outstandings .....	-460	-1,085	-705	-1,034	-1,099	-1,133	-1,221
Outstandings .....	34,104	33,018	32,313	31,279	30,180	29,047	27,826

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Rural telephone bank liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	55	50	.....	.....	.....	.....	.....
Change in outstandings .....	-248	-51	-1,407	.....	.....	.....	.....
Outstandings .....	1,458	1,407	.....	.....	.....	.....	.....
Rural Housing and Community Development Service							
Rural housing insurance fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	25	9	6	1	1	*	*
Change in outstandings .....	-1,804	-1,348	-1,314	-1,283	-1,250	-1,220	-1, 190
Outstandings .....	24,838	23,490	22,176	20,892	19,642	18,422	17,232
Self-help housing land development direct loan fund financing account:							
Obligations .....	1	1	1	1	1	1	1
Loan disbursements .....	*	.....	*	1	1	1	1
Change in outstandings .....	-*	-*	*	*	*	-*	-*
Outstandings .....	*	.....	*	1	1	1	1
Rural housing insurance fund direct loan financing account:							
Obligations .....	2,335	1,472	1,547	1,655	1,633	1,599	1, 565
Loan disbursements .....	2,242	1,550	1,606	1,648	1,627	1,594	1,560
Change in outstandings .....	2,173	1,480	1,492	1,474	1,413	1,331	1,248
Outstandings .....	5,306	6,786	8,278	9,752	11,165	12,4 96	13,745
Rural Business and Cooperative Development Service							
Rural economic development grants:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	*	1	*	.....	.....	.....	.....
Change in outstandings .....	-1	-1	-1	-2	-2	-2	-2
Outstandings .....	9	9	8	6	5	3	2
Rural economic development loan direct financing account:							
Obligations .....	13	12	14	14	14	14	14
Loan disbursements .....	14	12	13	14	14	14	14
Change in outstandings .....	14	9	9	9	8	6	5
Outstandings .....	20	30	39	47	55	61	66
Rural development loan fund direct loan financing account:							
Obligations .....	77	85	90	87	86	84	82
Loan disbursements .....	18	40	62	74	85	87	86
Change in outstandings .....	18	40	61	73	84	83	80
Outstandings .....	27	68	129	202	286	369	449
Alternative Agricultural research and commercialization direct financing:							
Obligations .....	.....	.....	25	24	24	.....	.....
Loan disbursements .....	.....	.....	5	12	20	19	12
Change in outstandings .....	.....	.....	5	12	20	19	12
Outstandings .....	.....	.....	5	17	37	56	68
Rural development loan fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	8	5	2	1	2	.....	.....
Change in outstandings .....	6	2	-1	-2	-1	-3	-3
Outstandings .....	85	87	86	85	83	81	78
Foreign Agricultural Service							
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-299	-412	-269	-297	-290	-310	-310
Outstandings .....	10,815	10,404	10,135	9,839	9,549	9, 239	8,928
P.L. 480 Direct credit financing account:							
Obligations .....	377	303	162	157	153	150	147
Loan disbursements .....	287	310	175	159	154	151	147
Change in outstandings .....	299	310	175	159	154	134	115
Outstandings .....	849	1,159	1,334	1,492	1,646	1,780	1,896

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
P.L. 480 Title I Food for Progress Credits, financing account:							
Obligations .....	135	124	.....	.....	.....	.....	.....
Loan disbursements .....	437	72	.....	.....	.....	.....	.....
Change in outstandings .....	437	72	.....	.....	.....	.....	.....
<b>Outstandings</b> .....	437	509	509	509	509	509	509
Debt reduction—financing account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	13	*	3	.....	.....	.....
Change in outstandings .....	— <sup>a</sup>	12	–1	1	–3	–4	–4
<b>Outstandings</b> .....	67	79	78	79	76	72	68
<b>Department of Commerce</b>							
Economic Development Administration							
Economic development revolving fund liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	–17	–7	–7	–6	–5	–5	–4
<b>Outstandings</b> .....	75	68	61	55	50	45	40
Miscellaneous appropriations :							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	–2	–2	–2	–2	–2	–2	–2
<b>Outstandings</b> .....	58	57	55	53	52	50	49
<b>Department of Defense—Military</b>							
Revolving and Management Funds							
Defense business operations fund:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	–49	–47	–49	–75	–83	–86	–91
<b>Outstandings</b> .....	1,480	1,432	1,383	1,308	1,225	1,139	1,047
<b>Department of Education</b>							
Office of Postsecondary Education							
Student financial assistance:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	4	11	9	8	7	6	6
<b>Outstandings</b> .....	323	334	342	350	356	362	368
Higher education facilities loans:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	–7	–5	–5	–4	–4	–4	–3
<b>Outstandings</b> .....	62	57	52	47	43	40	36
College housing and academic facilities loans liquidating account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	19	2	4	4	.....	.....	.....
Change in outstandings .....	15	–5	–1	–1	–6	–4	–4
<b>Outstandings</b> .....	136	130	129	128	122	118	113
College housing loans:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	1	4	.....	.....	.....	.....	.....
Change in outstandings .....	–36	–45	–46	–44	–41	–39	–25
<b>Outstandings</b> .....	519	474	428	384	343	304	279
College housing and academic facilities direct loan financing account:							
Obligations .....	.....	.....	.....	.....	.....	.....	.....
Loan disbursements .....	1	2	14	14	11	6	5
Change in outstandings .....	1	2	14	14	11	6	4
<b>Outstandings</b> .....	1	3	16	30	41	46	50
Federal direct student loan program, financing account:							
Obligations .....	813	7,092	19,150	28,423	33,752	36,211	39,934
Loan disbursements .....	311	5,171	16,237	25,609	32,008	35,771	39,047
Change in outstandings .....	311	5,075	15,810	24,496	29,655	31,550	32,349
<b>Outstandings</b> .....	311	5,386	21,196	45,692	75,347	106, 897	139,245



TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Department of Energy</b>							
Energy Programs							
Power Marketing Administration							
Bonneville Power Administration Conservation direct loan financing account:							
Obligations .....			29	33	28	28	28
Loan disbursements .....			29	33	28	28	28
Change in outstandings .....			29	27	16	10	4
Outstandings .....			29	56	72	82	86
<b>Department of Health and Human Services</b>							
Health Resources and Services Administration							
Health Resources and Services:							
Obligations .....							
Loan disbursements .....	16	17	17	18	19	20	21
Change in outstandings .....	10	11	12	14	15	16	17
Outstandings .....	531	543	555	569	583	599	616
Health loan funds:							
Obligations .....							
Loan disbursements .....	1	1	1	1	1	*	*
Change in outstandings .....	-18	-8	-8	-8	-8	-8	-8
Outstandings .....	64	56	48	40	32	24	16
<b>Department of Housing and Urban Development</b>							
Public and Indian Housing Programs							
Low-rent public housing—loans and other expenses:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-54	-58	-62	-65	-69	-73	
Outstandings .....	1,747	1,689	1,627	1,561	1,492	1,419	1,419
Community Planning and Development							
Revolving fund (liquidating programs):							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-55	-51	-49	-40	-38	-36	-34
Outstandings .....	450	399	350	310	272	236	202
Community opportunity performance funds liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-21	-23	-20	-10	-10	-10	-10
Outstandings .....	110	87	67	57	47	37	27
Housing Programs							
Flexible Subsidy Fund:							
Obligations .....							
Loan disbursements .....	98	199	90	101	16	2	*
Change in outstandings .....	93	197	87	97	12	-3	*
Outstandings .....	459	656	743	840	852	849	849
FHA mutual mortgage and cooperative housing insurance funds liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-4	-4	-1				
Outstandings .....	17	13	12	12	12	12	12
FHA general and special risk insurance funds liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-9	-5	-5	-5	-4	-4	-4
Outstandings .....	112	107	102	97	93	88	84

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
FHA-General and special risk direct loan financing account:							
Obligations .....		220	120	120	120	120	120
Loan disbursements .....		220	120	120	120	120	120
Change in outstandings .....		219	117	115	112	110	108
Outstandings .....		219	336	451	563	673	781
Housing for the elderly or handicapped fund liquidating account:							
Obligations .....							
Loan disbursements .....	15	204					
Change in outstandings .....	-36	143	-63	-63	-64	-64	
Outstandings .....	8,462	8,605	8,542	8,479	8,415	8,351	8,351
FHA-Mutual mortgage insurance direct loan financing account:							
Obligations .....		180	200	200	200	200	200
Loan disbursements .....		180	200	200	200	200	200
Change in outstandings .....		179	196	194	192	188	187
Outstandings .....		179	375	569	761	949	1,136
Government National Mortgage Association							
Guarantees of mortgage-backed securities liquidating account:							
Obligations .....							
Loan disbursements .....	596	647	688	616	590	563	525
Change in outstandings .....	-128	8	128	180	225	260	284
Outstandings .....	349	357	485	665	889	1,150	1,434
Department of the Interior							
Bureau of Reclamation							
Loan program liquidating account:							
Obligations .....							
Loan disbursements .....	9	*					
Change in outstandings .....	9	-3	-4	-4	-4	-4	-5
Outstandings .....	104	101	98	94	90	86	81
Bureau of Reclamation direct loan financing account:							
Obligations .....	10	24	37	36	35	34	34
Loan disbursements .....	10	16	33	39	40	41	42
Change in outstandings .....	10	16	33	39	40	41	42
Outstandings .....	19	36	69	108	149	190	232
Bureau of Indian Affairs							
Revolving fund for loans liquidating account:							
Obligations .....							
Loan disbursements .....	*	*		*	*		
Change in outstandings .....	-4	-7	-7	-8	-6	-4	-2
Outstandings .....	76	69	62	54	48	45	42
Indian loan guaranty and insurance fund liquidating account:							
Obligations .....							
Loan disbursements .....	4	5	4	4	4		
Change in outstandings .....	-8	*	*	-1	-1		
Outstandings .....	37	37	37	36	35	35	35
Indian direct loan financing account:							
Obligations .....	11	11					
Loan disbursements .....	-3	-14					
Change in outstandings .....	7	-5	-2	-2	-2	-2	-2
Outstandings .....	27	22	20	18	16	14	11
Territorial and International Affairs							
Assistance to territories:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-1	-1	-1	-1	-1	-1	-1
Outstandings .....	22	21	20	19	17	16	15

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Department of State							
Administration of Foreign Affairs							
Repatriation loans financing account:							
Obligations .....	1	1	1	1	1	1	1
Loan disbursements .....	*	1	1	1	1	1	1
Change in outstandings .....	*	*	*	*	*	*	*
Outstandings .....	1	2	2	3	3	4	4
Department of Transportation							
Federal Highway Administration							
Orange County (CA) toll road demonstration project direct loan financing account:							
Obligations .....		120		24	24	24	24
Loan disbursements .....				24	24	24	24
Change in outstandings .....				24	24	24	24
Outstandings .....				24	48	72	96
High priority corridors loan financing account:							
Obligations .....		30					
Loan disbursements .....		30					
Change in outstandings .....		31	1	-32			
Outstandings .....		31	32				
Right-of-way revolving fund liquidating account:							
Obligations .....	42	42					
Loan disbursements .....	27	1	3	3	11	4	15
Change in outstandings .....	12	-43	-28	-23	-8	-12	-18
Outstandings .....	151	108	80	58	49	37	19
Federal Railroad Administration							
Amtrak corridor improvement loans liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....		-*	-*	-1	-1	-1	-1
Outstandings .....	7	7	6	6	5	5	4
Amtrak corridor improvement direct loan financing account:							
Obligations .....							
Loan disbursements .....		2					
Change in outstandings .....		2		-*	-*	-*	-*
Outstandings .....	3	5	5	5	5	4	4
Railroad rehabilitation and improvement liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-12	-3	-3	-3	-4	-4	-5
Outstandings .....	70	67	63	60	56	53	47
Railroad rehabilitation and improvement direct loan financing account:							
Obligations .....	5						
Loan disbursements .....		5					
Change in outstandings .....	*	4	-*	-*	-*	-*	-*
Outstandings .....	4	8	8	8	8	7	7
Maritime Administration							
Federal ship financing fund liquidating account:							
Obligations .....							
Loan disbursements .....		75	75	50	50	50	50
Change in outstandings .....	-167	64	64	39	39	39	39
Outstandings .....	218	282	346	385	424	463	502
Office of the Secretary							
Minority business resource center direct loan financing account:							
Obligations .....	8	15	15	15	15	14	14
Loan disbursements .....	4	19	15	15	15	14	14
Change in outstandings .....	4	11	-4			-1	
Outstandings .....	7	19	15	15	15	14	14

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Department of the Treasury</b>							
Financial Management Service							
Emergency assistance to Rhode Island direct loan financing account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-30						
<b>Outstandings</b> .....							
<b>Department of Veterans Affairs</b>							
Veterans Health Administration							
Veterans Benefits Administration							
Guaranty and indemnity fund liquidating account:							
Obligations .....							
Loan disbursements .....	19						
Change in outstandings .....	2	-9	-5	-2	-1	-1	-*
<b>Outstandings</b> .....	22	13	9	7	5	5	4
Guaranty and indemnity direct loan financing account:							
Obligations .....	377	787	1,047	1,225	1,438	1,691	1,858
Loan disbursements .....	357	787	1,047	1,225	1,438	1,691	1,858
Change in outstandings .....	95	215	214	216	246	281	275
<b>Outstandings</b> .....	150	365	579	795	1,041	1,322	1,597
Direct loan revolving fund liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-7	-5	-4	-2	-2	-1	-1
<b>Outstandings</b> .....	17	12	8	5	4	3	2
Direct loan financing account:							
Obligations .....	*	*	*	*	*	*	*
Loan disbursements .....	*	*	*	*	*	*	*
Change in outstandings .....	*	*	*	*	*	*	*
<b>Outstandings</b> .....	*	*	*	1	1	1	1
Loan guaranty revolving fund liquidating account:							
Obligations .....							
Loan disbursements .....	48	37	28	22	17	13	10
Change in outstandings .....	-162	-16	-23	-27	-30	-31	-32
<b>Outstandings</b> .....	628	613	590	562	532	501	469
Loan guaranty direct loan financing account:							
Obligations .....	1,107	923	734	574	414	253	135
Loan disbursements .....	1,136	923	734	565	414	253	135
Change in outstandings .....	137	190	146	104	71	24	-3
<b>Outstandings</b> .....	428	618	764	868	939	963	960
Vocational rehabilitation direct loan financing account:							
Obligations .....	2	2	2	2	2	2	2
Loan disbursements .....	2	2	2	2	2	2	2
Change in outstandings .....	*	-*	*	*	*	*	*
<b>Outstandings</b> .....	1	1	1	1	1	1	1
Education loan fund liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-*	-*	-*	-*	-*	-*	-*
<b>Outstandings</b> .....	3	3	3	2	2	2	2
Native american veteran housing direct loan financing account:							
Obligations .....	1	13	18	26			
Loan disbursements .....	*	13	18	26			
Change in outstandings .....	1	13	17	26	-*	-1	-1
<b>Outstandings</b> .....	1	14	31	57	57	56	56

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Environmental Protection Agency							
Environmental Protection Agency							
Abatement, control, and compliance direct loan liquidating account:							
Obligations .....							
Loan disbursements .....	3	3	3				
Change in outstandings .....	-6	-6	-6	-9	-9	-9	-11
Outstandings .....	111	105	99	89	80	71	60
Abatement, control, and compliance direct loan financing account:							
Obligations .....							
Loan disbursements .....	22	16	14	15	5	1	
Change in outstandings .....	21	12	9	10	-*	-4	-5
Outstandings .....	42	54	62	73	72	68	63
Small Business Administration							
Small Business Administration							
Business direct loan financing account:							
Obligations .....	56	65	45	47	46	45	44
Loan disbursements .....	62	58	51	45	44	43	42
Change in outstandings .....	44	29	13	2	-3	-6	-9
Outstandings .....	139	167	180	182	179	173	164
Disaster direct loan financing account:							
Obligations .....	3,806	1,153	407	461	454	445	435
Loan disbursements .....	2,549	2,241	906	508	452	450	441
Change in outstandings .....	2,277	1,628	136	-265	-442	-463	-543
Outstandings .....	3,586	5,213	5,349	5,084	4,642	4,179	3,636
Disaster loan fund liquidating account:							
Obligations .....							
Loan disbursements .....	10						
Change in outstandings .....	-335	-342	-289	-244	-206	-174	-147
Outstandings .....	2,196	1,854	1,565	1,322	1,116	942	796
Business loan fund liquidating account:							
Obligations .....							
Loan disbursements .....	334	335	225	159	107	60	
Change in outstandings .....	-330	-624	-313	-290	-230	-217	-221
Outstandings .....	2,566	1,943	1,629	1,339	1,109	892	671
Other Independent Agencies							
District of Columbia							
Loans to the District of Columbia for capital projects:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-12	-12	-12	-12	-12	-12	-12
Outstandings .....	87	75	62	50	37	25	13
Export-Import Bank of the United States							
Export-Import Bank of the United States liquidating account:							
Obligations .....							
Loan disbursements .....	139	120	103	88	76	65	56
Change in outstandings .....	-1,208	-742	-755	-740	-483	-402	-374
Outstandings .....	6,658	5,916	5,161	4,421	3,938	3,536	3,162
Debt reduction financing account:							
Obligations .....							
Loan disbursements .....		33	59	34	3	*	*
Change in outstandings .....		33	59	34	3	*	*
Outstandings .....		33	93	127	130	130	130
Export-Import Bank direct loan financing account:							
Obligations .....	3,016	4,667	5,407	5,245	5,137	5,029	4,920
Loan disbursements .....	509	1,397	2,634	3,505	4,049	4,311	4,506
Change in outstandings .....	483	1,118	2,043	2,449	2,470	2,214	1,882
Outstandings .....	827	1,945	3,988	6,437	8,907	11,121	13,004

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Farm Credit System Financial Assistance Corporation							
Financial assistance corporation assistance fund, liquidating account:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-124	-48	-41	-42	-45	-48	-52
Outstandings .....	1,058	1,010	970	927	882	833	781
Bank Insurance							
Bank insurance fund:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-4	-20					
Outstandings .....	132	112	112	112	112	112	112
FSLIC Resolution							
FSLIC resolution fund:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-22	-32	-32				
Outstandings .....	138	106	75	75	75	75	75
Federal Emergency Management Agency							
Disaster assistance direct loan liquidating account:							
Obligations .....							
Loan disbursements .....	*						
Change in outstandings .....	-*	-23	-21	-*	-7	-8	-*
Outstandings .....	59	36	15	15	8	*	
Disaster assistance direct loan financing account:							
Obligations .....	25	175	25	27	27	26	26
Loan disbursements .....	32	175	25	27	27	26	26
Change in outstandings .....	29	163	-26	16	3	1	-103
Outstandings .....	75	238	212	227	231	231	128
National Credit Union Administration							
Credit union share insurance fund:							
Obligations .....	3	1	1	1	1	1	1
Loan disbursements .....	2	1	*	*	*	*	*
Change in outstandings .....	-4	-2					
Outstandings .....	3	1	1	1	1	1	1
Community development credit union revolving loan fund:							
Obligations .....							
Loan disbursements .....	2	2	2	2	2	2	2
Change in outstandings .....	1		*	*	*	*	*
Outstandings .....	6	6	6	7	7	7	7
Tennessee Valley Authority							
Tennessee Valley Authority fund:							
Obligations .....	55	76	83	99	112	118	131
Loan disbursements .....	55	76	83	99	112	118	131
Change in outstandings .....	-10	7	12	16	15	14	13
Outstandings .....	156	163	175	191	206	220	233
Washington Metropolitan Area Transit Authority							
Interest payments:							
Obligations .....							
Loan disbursements .....							
Change in outstandings .....	-177						
Outstandings .....							
Community Development Financial Institutions							
Community development financial institutions fund direct loan financing account:							
Obligations .....		24	56	55	57		
Loan disbursements .....		12	40	56	56	28	
Change in outstandings .....		12	39	52	48	17	-14
Outstandings .....		12	51	103	151	167	153

TABLE 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Total, Direct loan transactions <sup>1</sup>:</b>							
Obligations .....	22,702	32,076	42,571	52,438	56,918	59,369	62,631
Loan disbursements .....	19,281	29,575	38,317	48,786	55,071	59,122	61,949
<i>Change in outstandings</i> .....	-800	6,515	14,803	25,430	30,414	32,865	33,249
<b>Outstandings</b> .....	<b>159,211</b>	<b>165,725</b>	<b>180,528</b>	<b>205,928</b>	<b>236,233</b>	<b>268,893</b>	<b>301,852</b>

\* \$500 thousand or less.

<sup>1</sup> Does not include REGO proposal for USDA's Rural Development Partnerships Initiative. This would reduce total loan levels by approximately \$80 million in 1996 through 2000. Rural water and waste disposal loans, Rural Community facility loans, and Rural business and industry loans are included in Rural development insurance fund financing account.

TABLE 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Funds Appropriated to the President							
International Security Assistance							
Foreign military loan liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-549	-526	-491	-438	-387	-380	-373
Outstandings .....	7,146	6,621	6,129	5,691	5,304	4,924	4,551
Agency for International Development							
Loan guarantees to Israel financing account:							
Commitments .....	1,563	1,783	2,000	2,000	.....	.....	.....
New guaranteed loans .....	1,563	1,783	2,000	2,000	.....	.....	.....
Change in outstandings .....	1,563	1,783	2,000	2,000	.....	.....	.....
Outstandings .....	3,563	5,346	7,346	9,346	9,346	9,346	9,346
Housing and other credit guaranty programs liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	61	63	55	50	50	.....	.....
Change in outstandings .....	-9	-7	-17	-24	-25	-75	-75
Outstandings .....	2,037	2,030	2,013	1,989	1,964	1,889	1,814
Private sector revolving fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	1	1	.....	.....	.....	.....	.....
Change in outstandings .....	*	1	-1	-17	-2	.....	.....
Outstandings .....	19	20	20	2	.....	.....	.....
Microenterprise and other development guaranteed loan financing account:							
Commitments .....	25	27	137	136	133	130	127
New guaranteed loans .....	10	16	21	53	83	110	129
Change in outstandings .....	10	16	20	51	80	103	121
Outstandings .....	22	38	58	108	189	292	413
Housing and other credit guaranty programs guaranteed loan financing account:							
Commitments .....	165	156	142	137	134	131	128
New guaranteed loans .....	26	126	132	136	140	142	129
Change in outstandings .....	26	126	131	136	139	140	127
Outstandings .....	59	185	316	452	591	731	858
Overseas Private Investment Corporation							
Overseas Private Investment Corporation liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	40	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-67	-89	-69	-61	-46	-54	-36
Outstandings .....	356	267	198	136	90	36	.....
Overseas private investment corporation guaranteed loan financing account:							
Commitments .....	1,918	1,891	1,491	1,471	1,392	1,392	1,392
New guaranteed loans .....	244	575	1,411	1,701	1,590	1,469	1,413
Change in outstandings .....	239	562	1,386	1,643	1,190	869	513
Outstandings .....	387	949	2,335	3,978	5,168	6,037	6,550
Department of Agriculture							
Farm Service Agency							
Agricultural credit insurance fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	6	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-1,024	-898	-494	-291	-89	-61	-48
Outstandings .....	1,990	1,091	597	306	217	157	109
Agricultural credit insurance fund guaranteed loan financing account:							
Commitments .....	1,079	2,709	2,442	2,346	2,297	2,249	2,201
New guaranteed loans .....	1,796	2,507	2,542	2,383	2,330	2,284	2,083
Change in outstandings .....	1,376	1,717	1,342	949	546	359	302
Outstandings .....	3,950	5,667	7,009	7,958	8,504	8,863	9,165



TABLE 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Commodity credit corporation export guarantee financing account:							
Commitments .....	5,700	5,700	5,700	5,700	5,700	5,700	5,700
New guaranteed loans .....	3,164	5,700	5,700	5,700	5,700	5,700	5,700
Change in outstandings .....	4,058	-1,519	417	489	-284	-293	-296
Outstandings .....	10,762	9,243	9,660	10,148	9,865	9,571	9,275
Commodity credit corporation guaranteed loans liquidating account:							
Commitments .....							
New guaranteed loans .....							
Change in outstandings .....	-159	-1,196	-406	-268	-58	-1	
Outstandings .....	1,929	733	326	59	1		
Natural Resources Conservation Service							
Agricultural resource conservation demonstration guaranteed loan financing account:							
Commitments .....	6						
New guaranteed loans .....	7						
Change in outstandings .....	7						
Outstandings .....	24	24	24	24	24	24	24
Rural Utilities Service							
Rural communication development fund liquidating account:							
Commitments .....							
New guaranteed loans .....		*					
Change in outstandings .....	-*	-*	-*	-*	-*	-*	-*
Outstandings .....	5	5	5	5	4	4	4
Rural development insurance fund liquidating account:							
Commitments .....							
New guaranteed loans .....	9	6	2				
Change in outstandings .....	-193	-155	-125	-97	-77	-58	-44
Outstandings .....	704	549	424	327	250	192	148
Rural development insurance fund guaranteed loan financing account:							
Commitments .....	285	580	850	816	800	783	766
New guaranteed loans .....	180	283	501	686	762	791	790
Change in outstandings .....	180	277	492	671	741	767	764
Outstandings .....	384	661	1,154	1,825	2,566	3,333	4,-7
Rural electrification and telephone revolving fund liquidating account:							
Commitments .....							
New guaranteed loans .....							
Change in outstandings .....	-234	-17	-19	-22	-24	-27	-30
Outstandings .....	705	688	669	648	624	597	568
Rural Housing and Community Development Service							
Rural housing insurance fund liquidating account :							
Commitments .....							
New guaranteed loans .....	*						
Change in outstandings .....	-6	-4	-4	-3	-3	-3	-2
Outstandings .....	41	37	33	30	27	24	22
Rural housing insurance fund guaranteed loan financing account:							
Commitments .....	726	1,049	1,300	1,128	1,105	1,082	1,058
New guaranteed loans .....	726	831	1,218	1,175	1,116	1,089	1,066
Change in outstandings .....	702	796	1,134	1,044	935	857	782
Outstandings .....	1,276	2,072	3,206	4,250	5,186	6,043	6,825
Department of Commerce							
Economic Development Administration							
Economic development revolving fund liquidating account:							
Commitments .....							
New guaranteed loans .....							
Change in outstandings .....	-1	-2	-2	-2	-2	-2	-2
Outstandings .....	30	28	26	25	23	22	20

TABLE 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
National Oceanic and Atmospheric Administration							
Fishing vessel obligations guarantees financing account:							
Commitments .....	66	25	25	.....	.....	.....	.....
New guaranteed loans .....	48	25	25	.....	.....	.....	.....
Change in outstandings .....	47	21	19	-6	-6	-6	-6
Outstandings .....	49	70	89	83	77	71	66
Federal ship financing fund, fishing vessels liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-35	.....	.....	.....	.....	.....	.....
Outstandings .....	163	163	163	163	163	163	163
Department of Education							
Office of Postsecondary Education							
Federal family education loan liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	30	19	10	5	3	2	2
Change in outstandings .....	-7,592	-6,801	-6,021	-5,188	-4,311	-3,470	-3, 470
Outstandings .....	36,374	29,573	23,552	18,364	14,054	10,584	7,114
Historically Black College and University Capital financing—Financing account:							
Commitments .....	.....	357	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	170	187	.....	.....	.....	.....
Change in outstandings .....	.....	170	181	-12	-15	-16	-16
Outstandings .....	.....	170	351	339	325	309	293
Federal family education loan program, financing account:							
Commitments .....	23,292	20,046	10,240	2,603	.....	.....	.....
New guaranteed loans .....	20,064	20,019	11,615	4,419	724	*	-*
Change in outstandings .....	17,086	16,966	5,718	-1,966	-6,224	-7,221	-7,5 52
Outstandings .....	38,661	55,626	61,345	59,379	53,155	45,933	38,382
Department of Health and Human Services							
Health Resources and Services Administration							
Health Resources and Services:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	*	-1	-1	-1	-1	-1	-1
Outstandings .....	12	11	10	9	8	6	5
Health professions graduate student loan guaranteed loan financing ac- count:							
Commitments .....	260	375	280	187	94	.....	.....
New guaranteed loans .....	260	375	280	187	94	.....	.....
Change in outstandings .....	259	375	277	179	78	-28	-43
Outstandings .....	889	1,264	1,541	1,720	1,799	1,771	1,728
Health professions graduate student loan insurance fund liquidating ac- count:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-73	-76	-78	-81	-85	-92	-103
Outstandings .....	1,773	1,697	1,619	1,538	1,453	1,361	1,259
Health loan funds:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-66	-40	-39	-30	-30	-30	-30
Outstandings .....	309	269	230	199	169	139	109
Department of Housing and Urban Development							
Public and Indian Housing Programs							
Low-rent public housing—loans and other expenses:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-277	-300	-325	-350	-350	-375	-400
Outstandings .....	4,413	4,113	3,788	3,438	3,088	2,713	2,313

TABLE 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Indian housing loan guarantee—financing account:							
Commitments .....	7	22	37	37	37	37	37
New guaranteed loans .....		18	33	19	19	19	19
Change in outstandings .....		18	33	16	15	15	15
Outstandings .....		18	51	67	82	97	112
Community Planning and Development							
Community opportunity performance funds financing account:							
Commitments .....	351	500	1,000	1,000	1,000	1,000	1,000
New guaranteed loans .....	139	425	750	500	500	500	500
Change in outstandings .....	130	411	720	450	450	450	450
Outstandings .....	219	630	1,350	1,800	2,250	2,700	3, 150
Community opportunity performance funds liquidating account :							
Commitments .....							
New guaranteed loans .....	42	30	15	10	10	10	10
Change in outstandings .....	-13	-43	-38	-40	-40	-30	-30
Outstandings .....	297	254	216	176	136	106	76
Housing Programs							
FHA mutual mortgage and cooperative housing insurance funds liquidat- ing account:							
Commitments .....							
New guaranteed loans .....							
Change in outstandings .....	-72,467	-4,976	-3,343	-4,241	-4,934	-5,460	-5 ,498
Outstandings .....	118,688	113,712	110,369	106,128	101, 194	95,734	90,236
FHA general and special risk insurance funds liquidating account:							
Commitments .....							
New guaranteed loans .....							
Change in outstandings .....	-10,376	-1,883	-2,340	-2,205	-2,281	-2,342	-2 ,262
Outstandings .....	52,754	50,871	48,531	46,326	44,045	41,703	39,441
FHA-General and special risk guaranteed loan financing account:							
Commitments .....	14,039	15,694	14,343	14,700	16,801	17,2 23	17,670
New guaranteed loans .....	11,857	14,173	12,307	12,334	12,623	13,202	13,195
Change in outstandings .....	11,473	12,232	11,186	11,004	10,932	9,714	10,3 14
Outstandings .....	26,228	38,460	49,646	60,650	71,582	81,296	91,611
Mutual mortgage insurance guaranteed loan financing account:							
Commitments .....	89,143	81,816	95,216	103,740	110,000	13 5,000	160,000
New guaranteed loans .....	91,813	59,195	62,825	69,300	73,500	87,196	103,744
Change in outstandings .....	89,859	49,902	55,116	62,438	66,931	79,607	95, 675
Outstandings .....	184,190	234,092	289,208	351,646	418, 577	498,184	593,859
Government National Mortgage Association							
Guarantees of mortgage-backed securities liquidating account:							
Commitments .....							
New guaranteed loans .....	140,411	94,440	81,575	73,531	70,528	70,289	70,808
Change in outstandings .....	29,700	28,507	11,704	2,278	30,653	27,906	26,1 42
Outstandings .....	444,990	473,498	485,202	487,479	518, 132	546,038	572,180
Guarantees of mortgage-backed securities financing account :							
Commitments .....	185,000	142,000	110,000	110,000	110,000	110,000	110,000
New guaranteed loans .....							
Change in outstandings .....							
Outstandings .....							
Department of the Interior							
Bureau of Indian Affairs							
Indian loan guaranty and insurance fund liquidating account:							
Commitments .....							
New guaranteed loans .....							
Change in outstandings .....	-12	-11	-10	-10	-9		
Outstandings .....	146	134	124	114	105	105	105
Indian guaranteed loan financing account:							
Commitments .....	69	47	70	70	70	70	70
New guaranteed loans .....	12	38	42	50	64	66	62
Change in outstandings .....	2	26	27	31	42	41	38
Outstandings .....	54	79	106	137	178	219	257

TABLE 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Department of Transportation							
Maritime Administration							
Federal ship financing fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-699	-244	-224	-179	-159	-139	-119
Outstandings .....	1,147	903	679	500	340	201	81
Maritime guaranteed loan (Title XI) financing account:							
Commitments .....	286	1,658	920	.....	.....	.....	.....
New guaranteed loans .....	286	1,658	920	.....	.....	.....	.....
Change in outstandings .....	269	1,559	774	-146	-148	-161	-154
Outstandings .....	314	1,873	2,647	2,501	2,353	2,192	2,038
Department of Veterans Affairs							
Veterans Benefits Administration							
Guaranty and indemnity fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-1,204	-986	-900	-846	-797	-751	-707
Outstandings .....	17,666	16,680	15,780	14,933	14,136	13,386	12,679
Loan guaranty revolving fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-44,552	-21,038	-9,827	-4,536	-2,032	-823	-30 5
Outstandings .....	38,665	17,626	7,799	3,263	1,231	408	103
Loan guaranty guaranteed loan financing account:							
Commitments .....	*	1	1	1	1	1	1
New guaranteed loans .....	*	1	1	1	1	1	1
Change in outstandings .....	*	1	1	1	1	1	1
Outstandings .....	2	3	4	5	6	6	7
Guaranty and indemnity guaranteed loan financing account:							
Commitments .....	43,858	27,398	31,335	24,985	21,602	20,1 33	19,645
New guaranteed loans .....	43,858	27,398	31,335	24,985	21,602	20,133	19,645
Change in outstandings .....	42,591	24,312	27,307	20,217	15,934	13,851	12, 862
Outstandings .....	98,696	123,008	150,316	170,533	186,4 66	200,317	213,179
Small Business Administration							
Small Business Administration							
Pollution control equipment fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-9	-8	-7	-6	-6	-5	-4
Outstandings .....	105	98	91	85	79	75	70
Business guaranteed loan financing account:							
Commitments .....	9,432	9,679	11,647	11,340	11,151	10,916	10,549
New guaranteed loans .....	8,069	8,935	10,248	10,749	10,587	10,377	10,195
Change in outstandings .....	5,904	5,709	6,030	5,441	4,348	3,436	2,706
Outstandings .....	14,992	20,700	26,730	32,171	36,519	39,955	42,662
Business loan fund liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	55	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-2,254	-1,678	-1,302	-1,030	-812	-655	-535
Outstandings .....	9,479	7,801	6,499	5,469	4,657	4,002	3,467
Other Independent Agencies							
Export-Import Bank of the United States							
Export-Import Bank of the United States liquidating account:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	1,080	642	282	174	128	128	128
Change in outstandings .....	36	-391	-878	-837	-684	-501	-416
Outstandings .....	5,020	4,629	3,751	2,914	2,230	1,729	1,314

TABLE 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Export-Import Bank guaranteed loan financing account:							
Commitments .....	11,871	14,340	15,210	15,065	14,753	14,441	14,134
New guaranteed loans .....	8,774	10,649	11,863	12,287	12,957	13,229	13,330
Change in outstandings .....	5,599	2,807	2,604	1,805	1,361	784	712
Outstandings .....	11,746	14,552	17,156	18,961	20,323	21,106	21,818
FSLIC Resolution							
FSLIC resolution fund:							
Commitments .....	.....	.....	.....	.....	.....	.....	.....
New guaranteed loans .....	.....	.....	.....	.....	.....	.....	.....
Change in outstandings .....	-40	-360	.....	.....	.....	.....	.....
Outstandings .....	360	.....	.....	.....	.....	.....	.....
Subtotal, Guaranteed loans (gross):							
Commitments .....	389,142	327,852	304,385	297,461	297,070	320,287	344,478
New guaranteed loans .....	334,632	250,103	237,897	222,436	215,111	226,738	242,951
Change in outstandings .....	68,378	105,034	101,656	87,908	110,454	115,841	128,968
Outstandings .....	1,143,803	1,248,837	1,350,494	1,438,401	1,548,855	1,664,696	1,793,664
Less, secondary guaranteed loans: <sup>1</sup>							
GNMA guarantees of FmHA/VA/FHA pools:							
Commitments .....	-185,000	-142,000	-110,000	-110,000	-110,000	-110,000	-110,000
New guaranteed loans .....	-140,411	-94,440	-81,575	-73,531	-70,528	-70,289	-70,808
Change in outstandings .....	-29,700	-28,507	-11,704	-2,278	-30,653	-27,906	.....
Outstandings .....	-444,990	-473,498	-485,202	-487,479	-518,132	-546,038	-572,180
Total, primary guaranteed loans: <sup>2</sup>							
Commitments .....	204,142	185,852	194,385	187,461	187,070	210,287	234,478
New guaranteed loans .....	194,221	155,663	156,322	148,904	144,582	156,449	172,143
Change in outstandings .....	38,678	76,527	89,953	85,630	79,801	87,935	102,826
Outstandings .....	698,813	775,339	865,292	950,922	1,030,723	1,118,658	1,221,484

\* \$500 thousand or less.

<sup>1</sup> 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.<sup>2</sup> When guaranteed loans result in loans receivable, they are shown in the direct loan table.

TABLE 9-11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)

(In millions of dollars)

Enterprise		1994 actual	Estimate	
			1995	1996
LENDING				
Student Loan Marketing Association .....	Obligations .....	11,259	12,168	11,556
	New transactions .....	11,259	12,168	11,556
	Net change .....	3,486	2,345	175
	Outstandings .....	38,071	40,417	40,592
Federal National Mortgage Association:				
Corporation Accounts .....	Obligations .....	68,573	57,176	61,401
	New transactions .....	76,610	58,610	61,847
	Net change .....	35,815	32,194	32,847
	Outstandings .....	221,766	253,960	286,808
Mortgage-backed securities .....	Obligations .....	159,548	101,224	121,472
	New transactions .....	180,863	101,224	121,472
	Net change .....	41,632	39,028	54,147
	Outstandings .....	523,512	562,540	616,688
Farm Credit System:				
Banks for cooperatives .....	Obligations .....	46,622	42,939	44,153
	New transactions .....	46,457	42,939	44,152
	Net change .....	560	2,139	1,018
	Outstandings .....	13,007	15,146	16,164
Farm Credit Banks .....	Obligations .....	20,965	20,803	20,988
	New transactions .....	20,782	19,943	20,008
	Net change .....	173	-1,228	520
	Outstandings .....	37,712	36,484	37,004
Federal Home Loan Bank system:				
Federal home loan banks .....	Obligations .....	712,902	725,000	725,000
	New transactions .....	712,902	725,000	725,000
	Net change .....	17,201	-567	.....
	Outstandings .....	116,567	116,000	116,000
Federal Home Loan Mortgage Corporation:				
Corporation accounts .....	Obligations .....	26,740	28,712	30,634
	New transactions .....	26,740	28,712	30,634
	Net change .....	18,833	20,019	19,380
	Outstandings .....	65,893	85,912	105,292
Participation certificate pools .....	Obligations .....	168,957	84,206	100,019
	New transactions .....	168,957	84,206	100,019
	Net change .....	33,583	25,262	36,596
	Outstandings .....	463,672	488,934	525,530
Subtotal, lending (gross) .....	Obligations .....	1,215,566	1,072,228	1,115,223
	New transactions .....	1,244,570	1,072,802	1,114,688
	Net change .....	151,283	119,192	144,683
	Outstandings .....	1,480,200	1,599,393	1,744,078
Less secondary funds advanced from Federal sources:				
Student Loan Marketing Association from FFB <sup>1</sup> .....	Obligations .....	.....	.....	.....
	New transactions .....	.....	.....	.....
	Net change .....	-4,790	.....	.....
	Outstandings .....	.....	.....	.....
Less guaranteed loans held as direct loans by:				
Federal National Mortgage Association .....	Net change .....	-68	.....	.....
	Outstandings .....	20,780	20,780	20,780
Student Loan Marketing Association <sup>1</sup> .....	Net change .....	8,276	2,346	175
	Outstandings .....	38,071	40,417	40,592
Other .....	Net change .....	-1,383	.....	.....
	Outstandings .....	3,395	3,395	3,395
Total GSE lending (net) .....	Obligations .....	1,215,566	1,072,228	1,115,223
	New transactions .....	151,283	119,192	144,683
	Net change .....	144,458	116,846	144,508
	Outstandings .....	1,417,954	1,534,801	1,679,311
BORROWING				
Student Loan Marketing Association <sup>1</sup> .....	Net change .....	6,106	2,253	189
	Outstandings .....	49,691	51,944	52,133
Federal National Mortgage Association .....	Net change .....	85,166	82,195	88,380
	Outstandings .....	762,832	845,027	933,407
Farm Credit System:				
Banks for cooperatives .....	Net change .....	1,521	2,667	1,124
	Outstandings .....	13,924	16,591	17,715
Farm credit banks .....	Net change .....	-290	-442	300
	Outstandings .....	39,829	39,387	39,687
Federal Housing Finance Board:				
Federal home loan banks .....	Net change .....	39,364	12,186	.....
	Outstandings .....	169,814	182,000	182,000
The Financing Corporation .....	Net change .....	1	1	1
	Outstandings .....	8,140	8,141	8,142
Resolution Funding Corporation .....	Net change .....	-2	-3	-2
	Outstandings .....	30,079	30,076	30,074

**TABLE 9-11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)—Continued**  
(In millions of dollars)

Enterprise		1994 actual	Estimate	
			1995	1996
Federal Home Loan Mortgage Corporation .....	Net change .....	31,244	60,871	51,733
	Outstandings .....	514,035	574,906	626,639
Subtotal, borrowing (gross) .....	Net change .....	163,110	159,728	141,725
	Outstandings .....	1,588,344	1,748,072	1,889,797
Less borrowing from other GSEs .....	Net change .....	-4,557	.....	.....
	Outstandings .....	13,977	13,977	13,977
Less borrowing from Federal sources:				
Student Loan Marketing Association from FFB <sup>1</sup> .....	Net change .....	-4,790	.....	.....
	Outstandings .....	.....	.....	.....
Less investment in Federal Securities .....	Net change .....	-679	73	478
	Outstandings .....	10,049	10,122	10,600
Less borrowing for guaranteed loans held as direct loans by:				
Federal National Mortgage Association .....	Net change .....	-68	.....	.....
	Outstandings .....	20,780	20,780	20,780
Student Loan Marketing Association <sup>1</sup> .....	Net change .....	8,276	2,346	175
	Outstandings .....	38,071	40,417	40,592
Other .....	Net change .....	-1,383	.....	.....
	Outstandings .....	3,395	3,395	3,395
Total GSE borrowing (net) .....	Net change .....	166,311	157,309	141,072
	Outstandings .....	1,502,072	1,659,381	1,800,453

<sup>1</sup> 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.

<sup>2</sup> 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.





## 10. IMPLEMENTING THE NATIONAL EXPORT STRATEGY

As part of its policy of promoting freer trade on a reciprocal basis, the Clinton Administration has been working closely with the private sector and with our trading partners to open foreign markets through bilateral, regional, and multilateral trade agreements. The goal is to encourage American exports by reducing trade barriers and by improving the efficiency of our export promotion programs. Significant progress has already been made on all fronts.

- During the last two years, the Administration successfully concluded negotiations—and passed through Congress with strong bipartisan support—two of the largest trade agreements ever completed: the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), and the North American Free Trade Agreement (NAFTA) establishing a free trade area among the United States, Mexico, and Canada. The Administration also is working to attain freer trade in the Western Hemisphere and the Asia-Pacific region.
- On a bilateral level, the Administration concluded a number of agreements, including several under the Framework for a New Economic Partnership with Japan concluded in Tokyo in 1993.

In addition to negotiating multilateral and regional trade agreements, the Administration has taken other important steps to help U.S. exporters. Under the auspices of the Trade Promotion Coordinating Committee (TPCC), the Administration developed America's first "National Export Strategy" to improve and coordinate the Federal Government's trade promotion services for U.S. firms seeking opportunities abroad. This strategy, elaborated in the 1994 TPCC Annual Report, seeks to tailor trade promotion services to the needs of U.S. exporters in each geographic and sectoral market—giving U.S. firms equal opportunities to compete with foreign firms in world export markets. This Chapter examines the progress made by the Administration through the TPCC and explains the President's recommended funding levels in 1996 for each trade promotion activity.

### The Importance of Trade

With the globalization of trade over the past several decades, the strength of the United States economy has become increasingly dependent on providing our firms with opportunities in the global marketplace.

- By one estimate over 10 million jobs in the United States in 1992 were directly related to merchandise or service exports, while another 5 million jobs provided upstream or downstream support for export firms.
- Export-related jobs typically pay, on average, 13–17 percent more than the average wage earned by U.S. workers.

Furthermore, export opportunities for U.S. firms are expected to grow rapidly over the next two decades. By the year 2010, world import demand excluding the United States is expected to reach \$5.2 trillion, up from the current level of \$3.2 trillion.

Competition in foreign markets, however, will be fierce. Therefore, the Administration has been working to provide the necessary support for U.S. businesses as they attempt to capitalize on opportunities in these markets and expand sales overseas. By increasing the opportunities of U.S. exporters in the world market, the United States is able to further increase its economic base and the number of quality high-paying jobs in the economy—providing a higher standard of living for all Americans.

### The Trade Promotion Coordinating Committee (TPCC)

The trade promotion activities of the U.S. Government historically have been diffused and disjointed. The Clinton Administration has moved to reverse this weakness and engender consistency across all trade promotion programs by coordinating the export assistance efforts of the Federal Government through the Trade Promotion Coordinating Committee (TPCC). Established in a 1992 amendment to the Export Enhancement Act of 1988, the TPCC is an interagency committee, chaired by the Secretary of Commerce, that consists of all Federal agencies engaged in trade promotion. The purpose of the TPCC is to provide a unifying framework for coordinating and developing U.S. export promotion activities under a government-wide strategic plan.

The TPCC published its first statement of trade promotion policy in its 1993 Annual Report entitled "Toward a National Export Strategy." This Report outlined 65 immediate steps designed to improve U.S. export performance. At the end of 1994, almost all of these steps have been implemented, with especially strong progress having been made in:

- supporting U.S. bidders in global competitions through an aggressive advocacy campaign established to counteract foreign advocacy efforts and allow U.S. firms equal opportunities to compete and win foreign contracts;
- improving trade finance support for U.S. exporters through a number of new initiatives, including the establishment of a tied-aid capital projects fund (which enabled the Export-Import Bank to match foreign tied-aid offers for projects worth over \$842 million in potential U.S. exports), and the development of new partnerships with the private sector and state and local governments;
- reducing foreign regulatory obstacles faced by U.S. exports such as unnecessary and ineffective export

controls, proprietary or exclusive product standards, and foreign company bribery tactics;

- improving the availability of trade finance and information services for firms that are unable to obtain such services in the private market or for firms that are new to exporting.
- promoting U.S. exports of environmental technologies and services.

In the second Annual Report of the TPCC in 1994, the Administration went further and established a government-wide "National Export Strategy" for improving U.S. export opportunities in world markets. This strategy is to tailor trade promotion support to the needs of U.S. exporters in each geographic or sectoral market. Instituting this strategy will take considerable work over the next year. However, as a first step in implementing this strategy, the TPCC Report identified six fast-growing export sectors where private demand for U.S. export assistance is expected to be strong and issued a recommendation for increased attention in these areas. These sectors include:

- the ten big emerging markets of Mexico, Brazil, Argentina, the Chinese Economic Area (including the People's Republic of China, Taiwan, and Hong Kong), India, Indonesia, South Korea, Poland, Turkey, and South Africa, which are expected to account for over 40 percent of the growth in world import demand over the next two decades;
- the fast-growing regions of Latin America and Asia, where barriers to trade have continued to fall and demand for U.S. exports rose to over \$170 billion in 1993;
- the traditional U.S. export markets of Canada, Japan, and Western Europe that represent over 50 percent of total U.S. export sales;
- the economies in transition (e.g., Russia) where emerging economic structures promise strong opportunities for U.S. capital exports;
- the service sector, where trade promotion support has lagged support for manufactured goods; and
- the growing area of trade and project finance.

In establishing this framework for expanding U.S. trade, the TPCC raised its goal of increasing U.S. exports (\$640 billion in 1993) to \$1.2 trillion by the year 2000, up from the \$1.0 trillion target established in 1993.

### Unified Trade Promotion Budget

In coordinating the planning and implementation of this strategy, the 1994 TPCC Annual Report also developed a comprehensive unified trade promotion budget. This unified budget presented, for the first time, a decomposition of Federal trade promotion funding by agency, activity classification, region, industrial sector, and business size over the past three budget years. By providing a comprehensive summary of the Federal allocation of trade promotion funding, this unified budget led to the following TPCC recommendations for reallocating Federal trade promotion funding in 1996:

- *Big Emerging Markets (BEMs).*—For a diverse and competitive nation like the United States, export

opportunities will materialize everywhere and the U.S. Government will continue to provide the necessary trade promotion assistance to support U.S. exporters in every market. However, almost three-quarters of the expected growth in world trade over the next two decades is projected to come from the developing world, and ten developing countries are likely to account for 40 percent of this growth. Thus, Federal efforts should target resources to the BEMs to support U.S. exporters as opportunities arise for increases in exports and export-related jobs.

- *High-Growth Sectors.*—No effective export strategy can focus on geography alone. To expand this strategy, we must respond to the needs of U.S. exporters in specific product markets and specific countries. As part of this strategy, the Federal Government should be prepared to support fast-growing sectors of the U.S. economy in the area of exports, including the services sector where Federal support has lagged behind industry growth.
- *Small and Medium-Sized Business.*—In the area of exports, small and medium-sized businesses often face unique barriers that government is well-placed to correct. The export success of smaller firms has been limited by unfamiliarity with the mechanics of exporting, insufficient export-finance information and resources, and a scarcity of information about foreign markets. While it is not economical to expect all small and medium-sized firms to export, helping export-ready firms overcome these barriers is an important function for the U.S. Government.

### Implementing The National Export Strategy: The Administration's 1996 Trade Budget

In the current tight fiscal environment, the challenge in implementing this "National Export Strategy" is to focus scarce Federal resources to the programs that are the most productive in expanding U.S. trade. The Administration's trade promotion proposals attain this objective by concentrating scarce additional resources in the three trade promotion activities with the most promise for boosting U.S. exports: Combating Foreign Export Subsidies (\$1.3 billion), Financing and Insuring U.S. Trade and Investment (\$1.2 billion), and Providing Information Counseling and Export Assistance Services (\$276 million). Overall, the President's Budget proposes to increase funding for trade promotion activities to \$3.2 billion in 1996, up from the \$3.0 billion enacted in 1995. Table 10-1 provides an updated description of the unified trade promotion budget along with the President's requested funding levels for 1996, demonstrating the relationship between the President's proposals and past funding levels.

- In acknowledgement of the TPCC's recommendation to focus additional resources in high growth sectors where the demand for export assistance is expected to be high (i.e., the Big Emerging Markets), the President proposes considerable in-

creases in funding for programs designed to combat foreign export subsidies, finance and insure U.S. trade and investment, fund feasibility studies, and provide information services.

- Funding for programs defined as Government-to-Government Advocacy and Developing Foreign Markets for Goods and Services also increase.

- Funding for programs designed to Negotiate Open Markets and Lower Trade Barriers is reduced slightly as most of these programs enter the implementation phase for the historic NAFTA and GATT agreements.

TABLE 10-1. U.S. GOVERNMENT TRADE PROMOTION EXPENDITURES BY CLASSIFICATION <sup>1</sup>

(Budget authority in thousands)

Activity	Actual			1996 Budget
	1993	1994	1995	
<b>Negotiating Open Markets and Lowering/Removing Trade Barriers</b> .....	<b>132,227</b>	<b>149,910</b>	<b>147,835</b>	<b>147,207</b>
Department of Commerce .....	39,218	43,443	42,386	38,905
Trade Development Agency .....				
Export-Import Bank .....				
Overseas Private Investment Corporation .....				
Small Business Administration .....				
Department of State .....	62,114	74,312	72,906	74,687
U.S. Information Agency .....				
Department of Agriculture .....	6,524	6,585	6,673	7,530
U.S. Trade Representative .....	20,492	21,150	20,949	20,949
Department of Transportation .....				
Department of Treasury .....	2,000	2,000	2,000	1,400
Environmental Protection Agency .....				
Department of Energy .....	248	704	1,116	1,868
Department of Labor .....	1,631	1,716	1,805	1,868
<b>Combating Foreign Export Subsidies</b> .....	<b>1,135,326</b>	<b>1,423,072</b>	<b>1,123,740</b>	<b>1,323,829</b>
Department of Commerce .....				
Trade Development Agency .....	1,092	1,307	1,350	
Export-Import Bank .....	110,504	212,300	208,286	245,903
Overseas Private Investment Corporation .....				
Small Business Administration .....				
Department of State .....				
U.S. Information Agency .....				
Department of Agriculture .....	1,023,730	1,209,465	914,104	1,077,926
U.S. Trade Representative .....				
Department of Transportation .....				
Department of Treasury .....				
Environmental Protection Agency .....				
Department of Energy .....				
Department of Labor .....				
<b>Financing and Insuring U.S. Trade and In Commerce</b> .....	<b>1,341,213</b>	<b>1,489,418</b>	<b>1,190,066</b>	<b>1,207,701</b>
Department of Commerce .....				
Trade Development Agency .....				
Export-Import Bank .....	562,259	766,845	563,142	664,848
Overseas Private Investment Corporation (Not included in Totals) .....	-132,000	-98,000	-115,000	-96,500
Small Business Administration .....	13,618	8,385	11,508	9,300
Department of State .....				
U.S. Information Agency .....				
Department of Agriculture .....	755,189	696,302	592,532	511,675
U.S. Trade Representative .....				
Department of Transportation .....		16,000	21,000	20,000
Department of Treasury .....				
Environmental Protection Agency .....				
Department of Energy .....	10,147	1,886	1,884	1,878
Department of Labor .....				
<b>Providing Information/Counseling/Export-Assistance Services</b> .....	<b>196,058</b>	<b>228,937</b>	<b>248,173</b>	<b>275,951</b>
Department of Commerce .....	138,178	165,613	182,866	197,195
Trade Development Agency .....				
Export-Import Bank .....	2,450	2,450	2,450	2,450
Overseas Private Investment Corporation .....				
Small Business Administration .....			3,200	3,200
Department of State .....				
U.S. Information Agency .....	25,689	28,618	28,432	28,069
Department of Agriculture .....	28,288	29,905	30,619	36,398
U.S. Trade Representative .....				
Department of Transportation .....				
Department of Treasury .....				
Environmental Protection Agency .....				
Department of Energy .....	1,453	2,351	606	8,639

**TABLE 10-1. U.S. GOVERNMENT TRADE PROMOTION EXPENDITURES BY CLASSIFICATION<sup>1</sup>—**  
**Continued**  
 (Budget authority in thousands)

Activity	Actual			1996 Budget
	1993	1994	1995	
Department of Labor .....				
<b>Providing Government-to-Government Advocacy on behalf of U.S. Business .....</b>	<b>26,859</b>	<b>34,108</b>	<b>36,471</b>	<b>37,958</b>
Department of Commerce .....	14,844	15,780	17,969	18,950
Trade Development Agency .....				
Export-Import Bank .....				
Overseas Private Investment Corporation .....				
Small Business Administration .....				
Department of State .....	12,015	18,328	18,502	19,008
U.S. Information Agency .....				
Department of Agriculture .....				
U.S. Trade Representative .....				
Department of Transportation .....				
Department of Treasury .....				
Environmental Protection Agency .....				
Department of Energy .....				
Department of Labor .....				
<b>Funding Feasibility Studies on Major Infrastructure and Development Projects ....</b>	<b>32,439</b>	<b>40,717</b>	<b>33,750</b>	<b>41,000</b>
Department of Commerce .....				
Trade Development Agency .....	32,439	40,717	33,750	41,000
Export-Import Bank .....				
Overseas Private Investment Corporation .....				
Small Business Administration .....				
Department of State .....				
U.S. Information Agency .....				
Department of Agriculture .....				
U.S. Trade Representative .....				
Department of Transportation .....				
Department of Treasury .....				
Environmental Protection Agency .....				
Department of Energy .....				
Department of Labor .....				
<b>Developing Foreign Markets .....</b>	<b>257,434</b>	<b>233,928</b>	<b>190,714</b>	<b>206,570</b>
Department of Commerce .....	8,796	8,533	9,282	10,200
Trade Development Agency .....	9,210	11,990	9,900	9,000
Export-Import Bank .....				
Overseas Private Investment Corporation .....				
Small Business Administration .....				
Department of State .....				
U.S. Information Agency .....				
Department of Agriculture .....	237,975	210,255	163,144	165,467
U.S. Trade Representative .....				
Department of Transportation .....				
Department of Treasury .....				
Environmental Protection Agency .....				
Department of Energy .....	1,453	3,150	8,388	21,903
Department of Labor .....				
<b>Total<sup>2</sup> .....</b>	<b>3,121,556</b>	<b>3,600,090</b>	<b>2,970,749</b>	<b>3,240,216</b>
Department of Commerce .....	201,036	233,369	252,503	265,250
Trade Development Agency .....	42,741	54,014	45,000	50,000
Export-Import Bank .....	675,213	981,595	773,878	913,201
Overseas Private Investment Corporation .....	-132,000	-98,000	-115,000	-96,500
Small Business Administration .....	13,618	8,385	14,708	12,500
Department of State .....	74,129	92,640	91,408	93,695
U.S. Information Agency .....	25,689	28,618	28,432	28,069
Department of Agriculture .....	2,051,706	2,152,512	1,707,072	1,798,996
U.S. Trade Representative .....	20,492	21,150	20,949	20,949
Department of Transportation .....		16,000	21,000	20,000
Department of Treasury .....	2,000	2,000	2,000	1,400
Environmental Protection Agency .....				
Department of Energy .....	13,301	8,091	11,994	34,288
Department of Labor .....	1,631	1,716	1,805	1,868

<sup>1</sup> Figures include administrative expenses.

<sup>2</sup> Totals exclude OPIIC.

***Negotiating Free Trade.***—With the recent passage of the Uruguay Round of GATT and NAFTA, the United States achieved success in two of the most intensive and successful trade agreements in modern times. Implementing these agreements will continue to consume considerable time and resources over the next several years, especially as the United States seeks concluding agreements in the negotiations over trade barriers in two service sectors not completely addressed during recent negotiations—financial services and telecommunications. In addition, the United States has concluded several agreements under the Japan Framework Agreement and is continuing to pursue regional initiatives to encourage the development of freer trade in other areas. For example, the United States hosted the 1993 meeting of the Asia-Pacific Economic Cooperation (APEC) forum that ultimately resulted in a breakthrough commitment in 1994 to eliminate barriers to trade in goods, services, and investment in the region by the year 2020. In addition, at the Summit of the Americas meeting last December, there was a call by leaders to create a Free Trade Area of the Americas by 2005. As a result, the President's Budget only proposes a small reduction in the level of funding for programs involved in this area of trade promotion.

***Combating Foreign Export Subsidies.***—One obstacle to U.S. export growth is foreign government subsidization of firms, selling domestically and for export. One of the most significant areas of this subsidization is export finance. Export finance subsidies may be conveyed through a variety of methods including subsidized interest rates, fees that do not cover risk, or highly concessional financing packages linked to the purchase of exports from the donor country, known as tied-aid. While such subsidies continue to be a persistent problem facing U.S. exporters, the U.S. Government has made progress toward reducing and eventually eliminating them. In 1993 an agreement was reached to eliminate (by mid-1995) the last of highly subsidized interest rates. In addition, progress is being made on increasing the fees charged to cover the risk of nonpayment to more commercially oriented levels.

Perhaps most significantly, tied aid represents the area where the most progress has been made. Since 1989, ongoing negotiations have yielded tighter multilateral restrictions on the use of tied aid. In 1993, the Administration established a Tied-Aid Capital Projects Fund at the Export-Import Bank with a mandate to pre-empt and counter foreign tied-aid offers. Through a combination of aggressive matching of foreign tied-aid offers and active use of multilateral rules to challenge the validity of competitor tied-aid offers, the U.S. Government has been able to assert considerable downward pressure on other countries' reliance on tied aid. While the reliance on tied aid and other export finance subsidies has not ended, the Export-Import Bank has sufficient funds through 1996 to continue its aggressive tied-aid matching program. Funding to combat export subsidies in the agricultural area is also proposed to increase in this year's budget.

***Financing and Insuring U.S. Trade and Investment.***—Although there is some overlap between trade finance and insurance resources that compensate for a lack of private sector finance and those used to fight foreign subsidies, the largest portion of the Federal Government's trade promotion budget is dedicated to providing trade finance, project finance, and insurance for U.S. firms selling or investing overseas. These programs, which are especially useful for firms unable to obtain export credit in the private market, attempt to reduce barriers to U.S. firms created by a lack of privately available finance and/or help reduce real or perceived political risk. Demand for all three forms of assistance is strong. Project finance, where repayment is based on the revenue of the project funded and not a sovereign or third-party guarantee, has become an especially important tool for supporting U.S. companies expanding into emerging markets where private sector investment in infrastructure is a priority. As a result, the President's Budget incorporates a slight increase to support an expansion of these programs.

***Providing Information Services.***—Providing up-to-date information on opportunities in foreign markets is an important way to support U.S. exporters expanding into new markets and to encourage the development of export-ready firms. For the Federal Government, the predominance of trade-promotion information and counseling services is provided domestically through a network of the Department of Commerce's U.S. and Foreign Commercial Service (US&FCS) offices. To increase the efficiency of Federal trade-promotion services, the Administration, through the TPCC, has established four U.S. Export-Assistance Centers that provide U.S. exporters a central source for information on market opportunities and available trade finance. The President's Budget proposes increases in funding in this area in order to expand this system of "one-stop shops" over the next two years into a domestic "hub-and-spoke" system that will provide support for most of the large exporting regions of the United States. This additional funding also will enable the Federal Government to focus resources on meeting U.S. exporter demands for assistance in fast growing regions (Big Emerging Markets, Latin America and Asia, traditional export markets, and economies in transition) and in bringing U.S. support for service exports in line with the support available for manufactured products.

***Advocacy.***—In the past, U.S. businesses were losing billions of dollars' worth of sales annually because U.S. Government advocacy efforts were not as effective as those of foreign governments. Although U.S. products were top quality and competitively priced, foreign countries were winning procurements due to the involvement of their governments. To give U.S. exporters a fair opportunity in global competitions for major procurements, the Administration inaugurated a new Advocacy Center in 1993 located in the Department of Commerce. The Advocacy Center coordinates resources from across the U.S. government to ensure that Amer-

ican firms receive the full support of the U.S. Government, and provides commercial, technical, and financial support. In order to expand outreach efforts to the private sector and U.S. embassies and upgrade the Advocacy Center's computer database, the President's Budget proposes a slight increase in funding for advocacy activity.

**Feasibility Studies.**—The Trade and Development Agency (TDA) assists U.S. companies pursuing overseas business opportunities in developing and middle-income countries in the area of infrastructure and industrial projects. TDA assists U.S. firms by providing a grant that is signed by the foreign government or entity sponsoring the project. This grant is conditioned on the grantee selecting an American firm to perform the feasibility study and is often cost-shared with the participating U.S. firm. TDA involves American firms in the planning stage of new projects being developed in foreign markets, thereby ensuring that U.S. design and engineering firms have an equal opportunity for the feasibility study contract award. TDA also ensures that U.S. firms will have a fair opportunity for the export sales when the project is implemented. U.S. Government assistance through TDA is especially important given the fact that other governments provide financing support at the feasibility study stage. Absent TDA support, U.S. firms would be significantly disadvantaged in a highly competitive environment characterized by strong demand for infrastructure projects in the BEMs and in Asia. Accordingly, the President's Budget provides for an \$8 million increase in funding for these feasibility studies.

**Developing Foreign Markets.**—Trade promotion activity classified as "Developing Foreign Markets for U.S. Goods and Services" includes programs that are de-

signed to influence foreign consumers' preferences for U.S. products. The majority of trade promotion activities in this area support the development of markets for agricultural products. While the recent agricultural agreements reached in the Uruguay Round of the GATT will over time reduce many of the barriers to agricultural exports, other countries may shift their resources into competing market development activities. We are proposing a fairly stable level of funding in this category compared with prior years until future competitor activities in this area become better known.

#### **Next Steps: Implementation and Performance Measurement**

Moving forward over the next year, the Administration will continue to work with the Congress in implementing the National Export Strategy developed by the TPCC. This implementation process will evolve along three important tracks. First, in order to provide an immediate response to the needs of U.S. exporters, the TPCC will provide increased trade promotion support for the fast-growing sectors identified above. Second, the TPCC will engage in a closer examination of the needs of U.S. exporters in each market, including the type of trade promotion support that is most appropriate for the Federal Government to provide given the market structure and the availability of services provided by the private market. Finally, using the framework developed in the 1994 TPCC Annual Report, the Administration will work with the trade promotion agencies over the next year to develop consistent performance measures of each program's efficiency and effectiveness in boosting overall U.S. exports. The Administration will use these performance measures of program impacts and outcomes in order further to inform budgetary allocation decisions in the President's 1997 budget.

## 11. AID TO STATE AND LOCAL GOVERNMENTS<sup>1</sup>

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 to 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 were \$210.6 billion in 1994 and are estimated to increase from \$228.0 billion in 1995 to \$238.5 billion in 1996.

Grant outlays for payments for individuals are estimated to be 61 percent of total grants in 1996; for physical capital investment, 16 percent; and for all other purposes, largely education, training, and social services, 22 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 both 1995 and 1996. Information on Federal credit activities appears in Chapter 9, "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 nonbusiness State and local taxes, except sales and excise taxes, from gross income, and the exclusion of interest on State and local securities from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be \$70.7 billion in 1995 and \$73.4 billion

in 1996. 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 5, "Tax Expenditures." As discussed in that 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 5-4 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 \$135.2 billion in 1996, 57 percent of total grants, much more than any other agency.

TABLE 11-1. FEDERAL GRANT OUTLAYS BY AGENCY  
(in billions of dollars)

Agency	1994 Actual	Estimate	
		1995	1996
Department of Agriculture .....	15.3	16.8	17.4
Department of Commerce .....	0.3	0.5	0.6
Department of Education .....	15.6	17.5	16.8
Department of Energy .....	0.2	0.3	0.3
Department of Health and Human Services .....	118.0	126.5	135.2
Department of Housing and Urban Development .....	19.5	22.2	21.3
Department of the Interior .....	1.8	1.8	1.9
Department of Justice .....	0.9	1.2	1.8
Department of Labor .....	7.1	7.3	9.4
Department of Transportation .....	23.6	24.8	24.2
Department of the Treasury .....	0.4	0.5	0.5
Environmental Protection Agency .....	2.7	2.8	2.9
Federal Emergency Management Agency .....	3.4	4.0	4.1
Other agencies .....	1.8	2.0	2.2
Total .....	210.6	228.0	238.5

### HIGHLIGHTS OF THE FEDERAL AID PROGRAM

Two of the basic organizing themes of the 1996 Budget will have a significant effect on the Federal aid program: consolidation of categorical grant programs and devolution of programs to the appropriate level of government.

—The Federal Government has too many categorical programs, many of which are duplicative and inefficient. Whenever possible, the Administration will work to consolidate programs in order to improve performance.

—In some cases, State or local governments can perform more effectively than the Federal Government. The Administration will consolidate many programs into fewer, more results-oriented programs, giving States and localities more flexibility about how to spend the money and accountability for achieving results.

Many of these proposals reflect a new concept—"performance partnerships" with State and local governments. The proposals will consolidate funding streams and eliminate overlapping authorities, create funding

<sup>1</sup>Federal 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.

incentives to reward desirable results, and reduce micromanagement and wasteful paperwork. They also will begin to focus programs on outcomes and outputs, treating them as the basic measure of success. The partnerships will seek to empower communities to make their own decisions about how to address their needs, and to be held accountable for results.

With this in mind, the Administration is proposing a variety of consolidations to provide greater flexibility and increase accountability.

*Urban development.*—Restructuring of the Department of Housing and Urban Development is part of the Administration's effort to devolve responsibilities to States and localities within a framework of national goals. Over three years, it will consolidate HUD's 60 programs into three flexible, *performance-based funds* and *transform public housing* into a system that works for people and communities.

*Transportation.*—The Department of Transportation's restructuring will consolidate programs that the Government now funds through separate modal grants into three programs.

- A proposed unified transportation grant to States and localities will consolidate 30 categorical grants into a \$10 billion program to finance transportation infrastructure. The grant will increase flexibility for State and local governments and fund a broad range of transportation investment, including highways, mass transit, rail, and airport facilities.

- The proposed State Infrastructure Banks program will provide \$2 billion to capitalize new State infrastructure banks. These banks will enable jurisdictions to leverage more easily public and private resources for transportation infrastructure and encourage more business-like strategies for financing the national transportation system.

- A discretionary grant program will provide \$1 billion to finance projects of special regional or national significance that are not addressed through other mechanisms.

*Rural development.*—Fourteen existing rural development loan and grant programs would remain separate in the Department of Agriculture (USDA), but USDA State Directors would be authorized to shift funds among existing programs, providing more flexibility and consultation with State and local governments.

*Better jobs and skills.*—More than 50 programs in the Departments of Education and Labor that improve jobs and skills would be consolidated into one system. Recipient governments would have more flexibility to develop comprehensive workforce development systems that best meet their needs. States could design service delivery systems as they see fit to accomplish results.

*Public health.*—This budget proposes consolidating 108 public health activities into 16 grant categories and builds performance incentives into the authorizing legislation.

*Environment.*—The Environmental Protection Agency proposes to allow States to consolidate up to 12 media specific grants (e.g., air, water, hazardous waste), enabling States to target resources toward their most pressing priorities while still abiding by Federal law.

Additional information on these and other Federal aid proposals are in the main budget volume. The consolidations noted above are discussed in chapter 12, "Reinventing the Federal Government—Phase II." Chapter 4, "Controlling Violent Crime and Drug Abuse," discusses increases in assistance to help State and local law enforcement officials, local governments, and community groups fight crime. Chapter 6, "Ensuring a Clean Environment," focuses on environmental issues.

## 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 combined in the "other functions" line in the table.

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



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	1994	1995	1996	1997	1998	1999	2000
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	4.1	4.1	4.2	4.4	4.3	4.3
Agriculture .....	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Transportation .....	3.0	4.1	4.6	5.9	13.1	17.1	19.2	23.6	24.8	24.2	22.3	21.6	21.7	20.9
Community and regional development .....	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.8	9.3	10.1	10.1	7.8	7.1	7.0
Education, training, employment, and social services .....	0.5	1.1	6.4	12.1	21.9	17.8	23.4	32.7	36.1	38.5	41.8	41.7	41.7	41.7
Health .....	0.2	0.6	3.8	8.8	15.8	24.5	43.9	86.3	93.2	100.7	109.3	119.0	129.0	140.9
Income security .....	2.6	3.5	5.8	9.4	18.5	27.2	35.2	51.5	55.1	55.0	57.0	60.7	65.2	67.7
General government .....	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.1	2.3	2.3	2.2	2.2	2.2	2.3
Other .....	*	0.1	0.1	0.9	1.2	0.9	1.4	1.8	2.2	2.8	5.5	6.2	6.8	7.4
Total .....	7.0	10.9	24.1	49.8	91.5	105.9	135.4	210.6	228.0	238.5	253.2	264.4	278.9	292.9
B. Composition														
Current dollars:														
Payments for individuals <sup>1</sup> .....	2.5	3.7	8.7	16.8	32.6	49.3	75.7	131.1	140.4	146.3	156.4	169.8	184.5	199.3
Physical capital <sup>1</sup> .....	3.3	5.0	7.1	10.9	22.5	24.9	27.2	35.3	38.4	39.3	37.3	36.8	36.6	35.3
Other grants .....	1.2	2.2	8.3	22.2	36.3	31.7	32.5	44.2	49.2	52.9	59.4	57.8	57.8	58.3
Total .....	7.0	10.9	24.1	49.8	91.5	105.9	135.4	210.6	228.0	238.5	253.2	264.4	278.9	292.9
Percentage of total grants:														
Payments for individuals <sup>1</sup> .....	35%	34%	36%	34%	36%	47%	56%	62%	62%	61%	62%	64%	66%	68%
Physical capital <sup>1</sup> .....	47	46	29	22	25	23	20	17	17	16	15	14	13	12
Other grants .....	17	20	34	45	40	30	24	21	22	22	23	22	21	20
Total .....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (FY 1987) dollars:														
Payments for individuals <sup>1</sup> .....	9.0	12.5	24.7	35.1	46.2	52.9	66.1	101.5	105.6	106.7	110.5	116.3	122.4	128.3
Physical capital <sup>1</sup> .....	13.7	19.5	21.9	20.6	27.7	25.8	24.9	30.3	32.1	32.0	29.6	28.4	27.4	25.7
Other grants .....	6.3	9.8	26.9	49.6	53.7	34.2	28.5	34.1	37.0	38.7	42.3	39.9	38.8	38.1
Total .....	29.1	41.8	73.6	105.4	127.6	113.0	119.5	165.9	174.7	177.3	182.4	184.6	188.7	192.1
C. Total grants as a percent of														
Federal outlays:														
Total .....	8%	9%	12%	15%	15%	11%	11%	14%	15%	15%	15%	15%	15%	15%
Domestic programs <sup>2</sup> .....	18%	18%	23%	22%	22%	18%	17%	21%	22%	21%	21%	21%	22%	22%
State and local expenditures .....	15%	16%	20%	24%	28%	23%	20%	24%	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%	25%	N/A	N/A	N/A	N/A	N/A	N/A
State and local own-source financing .....	75	75	75	74	63	69	77	75	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.

\* \$50 million or less.

<sup>1</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.<sup>2</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

grant outlays of \$155.7 billion or 65 percent of total grant outlays in 1996.

Section B of the Table shows the composition of grants divided into three major categories: payments for individuals, physical capital, and other grants.<sup>2</sup> 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 were 36 percent of the total, and by 1994 they had grown to 62 percent of the total.

<sup>2</sup> 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.

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 \$82.0 billion in 1994, increasing to an estimated \$95.9 billion in 1996. Family support payments to States (AFDC), child nutrition programs, and housing assistance are also large grants in this category.

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 1994, grants for physical capital were 17 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 21 percent of total grants in 1994.

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 \$165.9 billion in 1994, an average annual increase of 1.9 percent. From 1980 to 1994, payments for individuals grew from \$46.2 billion to \$101.5 billion, an average annual increase of 5.8 percent; grants for physical capital increased from \$27.7 billion to \$30.3 billion, an average annual increase of 0.6 percent, and other grants decreased from \$53.7 billion to \$34.1 billion, an average annual decrease of 3.2 percent.

## 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 identified in chapter 7, "Federal Investment Spending 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 Investment: Major Physical Capital, Research and Development, and 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

Section C of this table shows grants as a percent of Federal outlays, State and local expenditures, and gross domestic product. Grants declined as a percent of total Federal outlays from 15 percent in 1980 to 11 percent in 1985 and 1990, and are estimated to increase to 15 percent in 1995, the same as in 1980. They are estimated to be 22 percent of Federal domestic programs in 1995, the same percent as in 1980.

As a percent of total State and local expenditures, grants have declined from 28 percent in 1980 to 24 percent in 1994.

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 25 percent in 1994, reflecting restraint in Federal spending and increased capital spending by States and localities financed from their own sources, such as taxes or borrowing.

in Chapter 19, "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* is an annual document that shows the distribution of Federal spending by State and 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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
<b>National defense:</b>						
Department of Defense—Military:						
Operation and Maintenance:						
Operation and maintenance, Defense-wide .....	75	39	59	63	34	44
Military Construction:						
Military construction, Army National Guard .....	24	49	.....	10	20	15
Federal Emergency Management Agency:						
Emergency management planning and assistance .....	100	.....	.....	96	55	10
<b>Total, national defense .....</b>	<b>199</b>	<b>88</b>	<b>59</b>	<b>169</b>	<b>109</b>	<b>69</b>
<b>Energy:</b>						
Department of Energy:						
Energy Programs:						
Energy conservation .....	340	397	423	218	264	282
Tennessee Valley Authority:						
Tennessee Valley Authority fund .....	248	257	260	248	257	260
<b>Total, energy .....</b>	<b>588</b>	<b>654</b>	<b>683</b>	<b>466</b>	<b>521</b>	<b>542</b>
<b>Natural resources and environment:</b>						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development .....	2	2	.....	1	1	.....
Watershed and flood prevention operations .....	493	39	69	187	291	139
Rural Utilities Service:						
Solid waste management grants .....	3	3	.....	3	3	3
Forest Service:						
State and private forestry .....	86	74	89	78	71	90
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities .....	53	58	46	50	55	49
Construction .....	12	59	45	4	11	85
Coastal zone management fund .....	7	3	6	9	8	8
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts .....	84	81	78	37	83	80
Minerals Management Service:						
National forests fund, payment to states .....	2	2	2	2	2	2
Leases of lands acquired for flood control, navigation, and allied purposes .....	1	1	1	1	1	1
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology .....	51	52	52	49	47	52
Abandoned mine reclamation fund .....	147	136	138	154	112	148
Bureau of Reclamation:						
Bureau of reclamation loan subsidy .....	13	9	16	5	15	13
United States Fish and Wildlife Service:						
Resource management .....	5	*	*	5	*	*
Cooperative endangered species conservation fund .....	9	9	38	6	8	12
Wildlife conservation and appreciation fund .....	1	1	1	*	1	1
Rhinoceros and tiger conservation fund .....	.....	.....	*	.....	.....	*
Sport fish restoration .....	208	235	227	218	223	226
Miscellaneous permanent appropriations .....	200	234	208	179	187	199
National Park Service:						
Urban park and recreation fund .....	5	7	2	7	7	4
Land acquisition and state assistance .....	25	25	25	30	45	31
Historic preservation fund .....	53	46	43	39	45	45
Miscellaneous permanent appropriations .....	*	*	*	*	*	*
Environmental Protection Agency:						
Water infrastructure financing .....	2,375	2,887	2,365	1,962	2,153	2,122
Abatement, control, and compliance .....	507	456	683	475	459	573
Abatement, control, and compliance loan subsidy .....	.....	.....	.....	9	6	6

**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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
Hazardous substance superfund .....	120	120	320	189	153	103
Leaking underground storage tank trust fund .....	65	65	66	65	65	66
<b>Total, natural resources and environment .....</b>	<b>4,530</b>	<b>4,604</b>	<b>4,520</b>	<b>3,765</b>	<b>4,052</b>	<b>4,057</b>
<b>Agriculture:</b>						
Department of Agriculture:						
Cooperative State Research, Education, and Extension Service:						
Extension activities .....	438	434	445	436	426	436
Cooperative state research activities .....	229	226	226	225	239	226
Agricultural Marketing Service:						
Payments to States and possessions .....	1	1	1	1	1	1
Farm Service Agency:						
State mediation grants .....	3	3	3	3	3	3
Outreach for socially disadvantaged farmers .....	3	3	3	.....	4	3
Commodity credit corporation fund .....	149	126	117	149	126	117
Natural Resources Conservation Service:						
Agricultural resource conservation demonstration guaranteed loan subsidy .....	4	.....	.....	4	.....	.....
Food and Consumer Service:						
Emergency food assistance program .....	120	65	40	119	72	40
<b>Total, agriculture .....</b>	<b>946</b>	<b>858</b>	<b>835</b>	<b>937</b>	<b>871</b>	<b>826</b>
<b>Commerce and housing credit:</b>						
Department of Commerce:						
Economic Development Administration:						
Miscellaneous appropriations .....	.....	.....	.....	*	.....	.....
United States Travel and Tourism Administration:						
Salaries and expenses .....	4	.....	.....	3	.....	.....
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries .....	3	4	4	4	4	5
National Institute of Standards and Technology:						
Industrial technology services .....	2	6	6	1	2	4
Department of Housing and Urban Development:						
Housing Programs:						
National homeownership demonstration program .....	.....	50	.....	.....	.....	17
<b>Total, commerce and housing credit .....</b>	<b>9</b>	<b>60</b>	<b>10</b>	<b>8</b>	<b>6</b>	<b>25</b>
<b>Transportation:</b>						
Department of Transportation:						
Infrastructure Investment:						
Unified transportation infrastructure investment program .....	.....	.....	22,570	.....	.....	2,858
Federal Highway Administration:						
High priority corridors loan subsidy .....	.....	6	.....	.....	3	.....
Orange County (CA) toll road demonstration project loan subsidy .....	.....	8	.....	.....	.....	.....
Highway-related safety grants .....	20	.....	16	10	9	9
Motor carrier safety grants .....	79	82	67	59	71	80
Federal-aid highways .....	21,493	20,164	887	18,139	18,642	15,946
Miscellaneous appropriations .....	146	287	.....	233	208	189
Miscellaneous highway trust funds .....	8	-7	.....	85	104	87
National Highway Traffic Safety Administration:						
Miscellaneous safety programs .....	.....	.....	.....	*	*	.....
Highway traffic safety grants .....	-30	190	156	141	141	164
Federal Railroad Administration:						
Rhode Island rail development .....	.....	5	.....	.....	1	2
Office of the Administrator .....	4	3	3	4	3	3
Local rail freight assistance .....	17	4	.....	23	20	14
Conrail commuter transition assistance .....	.....	.....	.....	1	2	14
Federal Transit Administration:						
Research, training, and human resources .....	.....	.....	.....	8	10	7
Interstate transfer grants-transit .....	45	48	.....	156	43	37
Washington metropolitan area transit authority .....	200	200	.....	143	215	161
Formula grants .....	2,415	2,492	.....	1,289	1,984	1,557
Transit planning and research .....	125	100	8	9	71	87
Discretionary grants (trust fund) .....	1,782	1,725	.....	1,652	1,431	1,576
Miscellaneous expired accounts .....	.....	.....	.....	11	23	16
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund) .....	2,970	2,161	.....	1,620	1,785	1,324

**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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
Coast Guard:						
Research, development, test, and evaluation .....	1	1	1	1	1	1
Boat safety .....	40	32	30	39	35	32
Research and Special Programs Administration:						
Pipeline safety .....	8	19	20	5	12	17
Emergency preparedness grants .....	7	6	10	5	9	10
<b>Total, transportation .....</b>	<b>29,330</b>	<b>27,525</b>	<b>23,767</b>	<b>23,633</b>	<b>24,823</b>	<b>24,191</b>
<b>Community and regional development:</b>						
Department of Agriculture:						
Rural Utilities Service:						
Distance learning and medical link grants .....	10	8	15	1	25	9
Rural water and waste disposal loan subsidy .....		140			95	92
Emergency community water assistance grants .....	10	10		11	15	9
Rural water and waste disposal grants .....	405	415		268	315	342
Rural development insurance fund loan subsidy .....	180			103		
Rural Housing and Community Development Service:						
Rural community facility loan subsidy .....		12			10	5
Rural community fire protection grants .....	4	3		3	3	2
Rural Business and Cooperative Development Service:						
Rural technology and cooperative development grants .....		2			*	1
Local technical assistance and planning grants .....		2			*	1
Rural business and industry loan subsidy .....		1			1	
Rural economic and community development programs .....			1,050			122
Rural business enterprise grants .....	32	34		18	24	25
Rural economic development grants .....					5	
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs .....	521	417	408	204	362	401
Department of Housing and Urban Development:						
Community Planning and Development:						
Community development grants .....	5,050	4,622		3,651	4,330	4,564
Urban development action grants .....		-100		33	35	30
Supplemental assistance for facilities to assist the homeless .....				7	6	6
Community opportunity performance funds loan subsidy .....		23	22		12	23
Community opportunity performance funds .....			4,850			175
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs .....	101	93	114	91	87	106
Indian direct loan subsidy .....	2	2		2	3	
Indian guaranteed loan subsidy .....	10	10	10	3	10	10
Appalachian Regional Commission:						
Appalachian regional development programs .....	243	276	177	181	158	196
Federal Emergency Management Agency:						
Emergency management planning and assistance .....	17	124	123	16	65	113
Disaster relief .....	4,598	6,681	9	3,182	3,756	3,824
Neighborhood Reinvestment Corporation:						
Payment to the Neighborhood Reinvestment Corporation .....	14	15	20	14	15	20
<b>Total, community and regional development .....</b>	<b>11,196</b>	<b>12,789</b>	<b>6,796</b>	<b>7,789</b>	<b>9,331</b>	<b>10,074</b>
<b>Education, training, employment, and social services:</b>						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public broadcasting facilities, planning and construction .....	13	6	5	11	14	21
Information infrastructure grants .....		56	95			42
Department of Education:						
Office of Elementary and Secondary Education:						
Indian education .....	74	78	79	70	73	76
Impact aid .....	909	728	617	797	1,084	679
Chicago litigation settlement .....				10	12	4
Education Reform .....	140	513	917	2	172	484
Education for the disadvantaged .....	6,896	7,214	7,420	6,819	7,009	7,033
School improvement programs .....	1,260	1,308	1,386	1,358	1,451	1,336
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education .....	199	217	267	176	209	228

**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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
Office of Special Education and Rehabilitative Services:						
Special education .....	2,866	3,006	3,088	2,748	3,364	2,923
Rehabilitation services and disability research .....	2,082	2,171	2,238	2,031	2,311	2,287
American printing house for the blind .....	6	7	7	6	7	7
Office of Vocational and Adult Education:						
Vocational and adult education .....	1,433	1,388	1,621	1,292	1,486	1,497
Office of Postsecondary Education:						
Student financial assistance .....	94	83	56	81	92	78
Higher education .....	36	47	38	30	37	43
Office of Educational Research and Improvement:						
Libraries .....	129	120	107	125	134	131
Education research, statistics, and improvement .....	35	24	24	33	32	24
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants .....	810	361		651	354	5
Payments to States for the job opportunities and basic skills training program .....	1,100	1,300	1,000	839	937	943
Family preservation and support .....	60	150	225	1	67	148
Social services block grant .....	3,807	2,800	2,800	2,728	2,996	3,343
Children and families services programs .....	4,443	4,595	4,900	3,998	4,435	4,677
Payments to states for foster care and adoption assistance .....	2,993	3,624	4,308	3,030	3,596	4,051
Administration on Aging:						
Aging services programs .....	878	877	897	859	868	880
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs .....	83	88	92	90	61	98
Department of Labor:						
Employment and Training Administration:						
Training and employment services .....	3,941	4,277	6,857	3,310	3,549	5,332
Community service employment for older Americans .....	90	90	90	85	88	90
State unemployment insurance and employment service operations .....	77	147	226	246	101	163
Federal unemployment benefits and allowances .....	76	101	129	74	91	125
Unemployment trust fund .....	1,106	1,110	1,064	1,036	1,085	1,095
Corporation for National and Community Service:						
Domestic volunteer service programs, operating expenses .....	133	136	167	54	133	149
National and community service programs, operating expenses .....	167	429	555	12	139	369
Corporation for Public Broadcasting:						
Corporation for public broadcasting .....	92	95	104	92	95	104
National Endowment for the Arts:						
National endowment for the arts: Grants and administration .....	44	43	44	47	42	43
Institute of Museum Services:						
Institute of Museum Services: Grants and administration .....	7	7	7	4	11	7
<b>Total, education, training, employment, and social services .....</b>	<b>36,080</b>	<b>37,196</b>	<b>41,431</b>	<b>32,744</b>	<b>36,138</b>	<b>38,513</b>
<b>Health:</b>						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses .....	39	40	42	39	40	42
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services .....	1,716	1,749	1,749	1,465	1,658	1,679
Centers for Disease Control and Prevention:						
Disease control, research, and training .....	662	604	621	522	570	598
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services .....	2,150	2,195	2,244	2,132	2,462	2,214
Health Care Financing Administration:						
Program management .....			150			150
Grants to States for Medicaid .....	89,077	89,241	82,095	82,034	88,438	95,930
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses .....	69	71	76	68	70	75
Mine Safety and Health Administration:						
Salaries and expenses .....	6	6	6	6	6	6
<b>Total, health .....</b>	<b>93,718</b>	<b>93,905</b>	<b>86,983</b>	<b>86,265</b>	<b>93,244</b>	<b>100,695</b>

**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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
<b>Income security:</b>						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32) .....	478	465	400	451	465	400
Rural Housing and Community Development Service:						
Rural housing for domestic farm labor grants .....	11	11	11	11	24	18
Supervisory and technical assistance grants .....	1		1	*	1	1
Rural housing preservation grants .....	8	7	7	7	8	8
Food and Consumer Service:						
Food donations programs for selected groups .....	259	223	270	245	270	267
Food stamp program .....	2,768	2,850	2,909	2,688	2,879	2,904
Special supplemental nutrition program for women, infants, and children (WIC) .....	3,205	3,467	3,817	3,155	3,496	3,825
Commodities supplemental food program .....	94	84	86	89	101	87
State child nutrition programs .....	7,383	7,325	7,821	6,938	7,530	7,961
Department of Health and Human Services:						
Administration for Children and Families:						
Family support payments to States .....	16,820	17,359	18,013	16,508	17,260	17,918
Low income home energy assistance .....	1,737	1,319	1,319	2,125	1,569	1,331
Refugee and entrant assistance .....	352	357	365	333	354	360
Payments to States for the child care and development block grant .....	893	935	1,049	786	900	918
Payments to States from receipts for child support .....				*		
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Payments for operation of low income housing projects .....	2,621	2,900		2,584	2,707	1,537
Community Partnerships against crime .....	265	290		160	179	259
Revitalization of severely distressed public housing projects .....	778	500		1	20	20
Housing certificates for families and Individuals performance funds .....			7,665			780
Public and indian housing capital performance funds .....			4,884			13
Community Planning and Development:						
Emergency shelter grants program .....	115	157		63	110	123
Supportive housing program .....	334	34		102	114	121
Homeless assistance grants .....		905			45	90
Shelter plus care .....	124			5	50	50
Home investment partnerships program .....	1,380	1,400		782	1,213	1,222
Youthbuild program .....		50		*	16	25
Innovative homeless initiatives demonstration program .....	100	25		4	41	35
Affordable housing performance funds .....			3,339			60
Housing opportunities for persons with AIDS .....			186			114
Housing Programs:						
Annual contributions for assisted housing .....	6,003	7,492		9,027	9,818	11,861
Congregate services .....	25	-12		6	6	9
Assistance for the renewal of expiring Section 8 subsidy contracts .....	4,763	2,883		2,984	3,332	
Section 8 moderate rehabilitation, single room occupancy .....	150			8	36	43
Homeownership and opportunity for people everywhere grants (HOPE grants) .....	-207	62		65	87	63
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund .....	2,490	2,370	2,543	2,273	2,336	2,475
Federal Emergency Management Agency:						
Federal Emergency Management Agency:						
Emergency food and shelter program .....	130	130	130	130	130	130
<b>Total, income security .....</b>	<b>53,079</b>	<b>53,589</b>	<b>54,814</b>	<b>51,532</b>	<b>55,098</b>	<b>55,029</b>
<b>Veterans benefits and services:</b>						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care .....	153	178	197	153	178	197
Construction:						
Grants for construction of State extended care facilities .....	41	47	44	45	59	41
Grants for the construction of State veterans cemeteries .....	5	5	1	2	5	2
<b>Total, veterans benefits and services .....</b>	<b>199</b>	<b>231</b>	<b>241</b>	<b>199</b>	<b>242</b>	<b>241</b>
<b>Administration of justice:</b>						
Department of Health and Human Services:						
Centers for Disease Control and Prevention:						
Violent crime reduction programs .....			39			14

**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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Violent crime reduction programs .....			3			3
Fair Housing and Equal Opportunity:						
Fair housing activities .....	25	33	45	11	29	21
Department of Justice:						
Legal Activities:						
Assets forfeiture fund .....	235	225	225	214	225	225
Federal Prison System:						
National Institute of Corrections .....	4	4	4	3	3	3
Office of Justice Programs:						
Justice assistance .....	598	63	74	546	508	352
State and local law enforcement assistance .....		262	240		58	152
Juvenile justice program .....		150	144		33	89
Crime victims fund .....	127	166	152	124	148	150
Violent crime reduction programs .....		756	1,553		178	791
Department of Transportation:						
Federal Transit Administration:						
Violent crime reduction programs .....			5			*
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund .....	73	79	79	57	50	57
Violent crime reduction programs:						
Violent crime reduction programs .....		39	78		30	58
United States Customs Service:						
Customs forfeiture fund .....				1		
Equal Employment Opportunity Commission:						
Salaries and expenses .....	26	26	28	26	26	28
Ounce of Prevention Council:						
Ounce of prevention council .....		*	13		*	3
State Justice Institute:						
State Justice Institute: Salaries and expenses .....	11	12	5	9	12	10
Violent crime reduction programs .....			1			1
<b>Total, administration of justice .....</b>	<b>1,099</b>	<b>1,816</b>	<b>2,687</b>	<b>992</b>	<b>1,300</b>	<b>1,958</b>
<b>General government:</b>						
Department of Agriculture:						
Forest Service:						
Forest Service permanent appropriations .....	321	249	245	94	249	245
DOD-Civil:						
Corps of Engineers—Civil:						
Permanent appropriations .....	5	5	5	5	5	5
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act .....	3	3	3	2	3	3
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes .....	104	104	114	100	104	114
Minerals Management Service:						
Mineral leasing and associated payments .....	520	548	560	520	548	560
United States Fish and Wildlife Service:						
National wildlife refuge fund .....	19	19	19	18	19	19
Territorial and International Affairs:						
Assistance to territories .....	82	80	70	76	75	76
Trust Territory of the Pacific Islands .....	24	20		23	19	2
Payments to the United States territories, fiscal assistance .....	102	93	95	102	93	95
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico .....	201	226	232	201	226	232
United States Customs Service:						
Miscellaneous permanent appropriations .....	165	178	188	170	178	188
Commission on National and Community Service:						
Salaries and expenses .....				89	46	



**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		
	1994 Actual	1995 Estimate	1996 Estimate	1994 Actual	1995 Estimate	1996 Estimate
District of Columbia:						
Federal payment to the District of Columbia .....	700	712	712	698	714	712
<b>Total, general government</b> .....	<b>2,245</b>	<b>2,237</b>	<b>2,243</b>	<b>2,098</b>	<b>2,279</b>	<b>2,251</b>
<b>Total, grants</b> .....	<b>233,218</b>	<b>235,550</b>	<b>225,070</b>	<b>210,596</b>	<b>228,015</b>	<b>238,472</b>

\* \$500 thousand or less.



## 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. A comparison of Federal employment levels, State and local government employment, and the United States population may be found in the *Historical Tables*.

### 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 non-over-time hours.

The Federal Workforce Restructuring Act of 1994 (P.L. 103-226) was enacted March 30, 1994. The Act provides agencies with authority to offer voluntary separation incentive payments ("VSIPs" or "buyouts") to aid in their downsizing and restructuring activities and establishes FTE limitations ("ceilings") for the Executive Branch through 1999. The 1996 budget continues the implementation of the reductions pursuant to the Act. The limitations established by the Act are as follows:

1994-2,084,600  
1995-2,043,300  
1996-2,003,300  
1997-1,963,300  
1998-1,922,300  
1999-1,882,300

Allocations of FTE resources by agency were made based upon Presidential priorities and other factors. As shown in Table 12-1, a total reduction of 173,300 FTEs or 8.0 percent is anticipated in 1996. The budgeted 1996 FTE level of 1,975,800 (subject to ceiling) is 27,500 FTEs lower than the limitation required by law.

### 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. Table 12-2 displays total Federal employment as measured by actual positions filled at the end of the fiscal year. Table 12-3 shows total Federal employment as measured on an FTE basis.

### Personnel Compensation and Benefits

Table 12-4 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 and former 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.

TABLE 12-1. FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH

(Civilian employment as measured by Full-Time Equivalents, in thousands)

Agency	1993 Base	1993 Actual	1994 Actual	Estimate		Change: 1993 base to 1996	
				1995 4	1996	FTE's	Percent
Cabinet agencies:							
Agriculture .....	115.6	114.4	109.8	108.9	108.1	-7.6	-6.6%
Commerce .....	36.7	36.1	36.0	36.0	35.7	-1.0	-2.8%
Defense—military functions .....	931.3	931.8	868.3	834.1	800.6	-130.8	-14.0%
Education .....	5.0	4.9	4.8	5.1	5.1	*	0.7%
Energy .....	20.6	20.3	19.8	20.5	20.8	0.2	1.0%
Health and Human Services 1 .....	64.5	65.6	62.9	62.3	61.4	-3.1	-4.8%
Health and Human Services, exempt FTEs .....	0.5	0.5	0.5	0.5	0.4	*	-4.1%
Social Security Administration 2 .....	65.4	64.8	64.5	64.9	64.0	-1.4	-2.1%
Housing and Urban Development .....	13.6	13.3	13.1	12.9	12.6	-1.0	-7.2%
Interior .....	79.3	78.1	76.3	76.3	76.2	-3.2	-4.0%
Justice .....	99.4	95.4	95.3	102.0	109.2	9.8	9.9%
Labor .....	18.3	18.0	17.5	17.6	17.9	-0.4	-2.2%
State .....	26.0	25.6	25.2	25.0	24.8	-1.3	-4.8%
Transportation .....	70.3	69.1	66.4	65.2	64.4	-5.9	-8.4%
Treasury .....	166.1	161.1	157.3	161.4	162.2	-3.9	-2.4%
Veterans Affairs 1 .....	227.0	229.1	227.7	224.4	224.4	-2.7	-1.2%
Veterans Affairs, exempt FTEs .....	5.4	5.1	5.4	5.5	5.7	0.3	6.3%
Other agencies (excluding Postal Service):							
Agency for International Development 1 .....	4.4	4.1	3.9	3.8	3.8	-0.6	-13.1%
Agency for International Development, exempt FTEs .....	.....	.....	*	*	*	.....	.....
Corps of Engineers .....	29.2	28.4	27.9	27.7	27.4	-1.9	-6.3%
Environmental Protection Agency .....	18.6	17.9	17.6	18.9	18.9	0.3	1.7%
Equal Employment Opportunity Commission .....	2.9	2.8	2.8	2.9	3.2	0.4	12.7%
Federal Emergency Management Agency .....	2.7	4.0	4.9	3.9	4.0	1.3	46.4%
Federal Deposit Insurance Corp./Resolution Trust Corp. ....	21.6	21.9	20.0	16.3	12.3	-9.3	-43.1%
General Services Administration .....	20.6	20.2	19.5	16.9	15.5	-5.1	-24.9%
National Aeronautics and Space Administration .....	25.7	24.9	23.9	23.3	23.2	-2.5	-9.7%
National Archives and Records Administration .....	2.8	2.6	2.6	2.5	2.5	-0.3	-10.4%
National Labor Relations Board .....	2.1	2.1	2.1	2.1	2.1	*	-1.4%
National Science Foundation .....	1.3	1.2	1.2	1.3	1.3	-0.1	-5.7%
Nuclear Regulatory Commission .....	3.4	3.4	3.3	3.2	3.2	-0.2	-6.4%
Office of Personnel Management .....	6.2	5.9	5.3	5.5	5.5	-0.7	-11.9%
Panama Canal Commission .....	8.7	8.5	8.5	8.8	8.9	0.2	2.8%
Peace Corps .....	1.3	1.2	1.2	1.2	1.2	-0.1	-2.0%
Railroad Retirement Board .....	1.9	1.8	1.7	1.6	1.5	-0.3	-17.4%
Securities and Exchange Commission .....	2.7	2.7	2.7	2.9	3.1	0.4	14.4%
Small Business Administration .....	4.0	5.6	6.3	6.1	4.8	0.7	18.5%
Smithsonian Institution .....	5.9	5.5	5.4	5.5	5.5	-0.3	-5.7%
Tennessee Valley Authority .....	19.1	17.3	18.6	16.6	16.4	-2.7	-14.1%
United States Information Agency .....	8.7	8.3	8.1	8.0	8.1	-0.6	-7.1%
All other small agencies .....	16.1	15.4	14.4	16.0	15.9	-0.2	-1.3%
<b>Total, Executive Branch civilian employment .....</b>	<b>2,155.2</b>	<b>2,138.8</b>	<b>2,052.7</b>	<b>2,017.8</b>	<b>1,981.9</b>	<b>-173.3</b>	<b>-8.0%</b>
Total, Defense .....	931.3	931.8	868.3	834.1	800.6	-130.7	-14.0%
Total, Non-Defense .....	1,223.9	1,207.1	1,184.4	1,183.7	1,181.3	-42.6	-3.5%
FTEs exempt from Ceiling .....	.....	.....	5.9	6.0	6.1	.....	.....
Total, Executive Branch subject to Ceiling .....	.....	.....	2,047.0	2,011.8	1,975.8	.....	.....
FTE Ceiling 3 .....	.....	.....	2,084.6	2,043.3	2,003.3	.....	.....
Total FTE reduction from the 1993 base .....	.....	-16.4	-102.5	-137.5	-173.3	.....	

<sup>\*</sup> Less than 50 FTEs.<sup>1</sup> The Departments of Health and Human Services, Veterans Affairs, and the Agency for International Development have components that are exempt from FTE controls.<sup>2</sup> The Social Security Administration will become a separate agency in 1995.<sup>3</sup> FTE limitations are set for the Executive Branch in the Federal Workforce Restructuring Act of 1994 (P.L. 103-226).<sup>4</sup> FTE data are reported to OPM by pay period, and allocated to fiscal year based on the period end date. 1995 FTE numbers have been adjusted to represent the same number of pay periods (26) as in 1993, 1994, and 1996. Without this adjustment for the September 18 to October 1, 1994 pay period, the 1995 total would have been higher by approximately 41,000 FTEs.

TABLE 12-2. TOTAL FEDERAL EMPLOYMENT

(As measured by total positions filled)

Description	Actual as of September 30			Percent change: 1992 to 1994
	1992	1993	1994	
Executive branch civilian employment:				
All agencies except Postal Service and Postal Rate Commission:				
Full-time permanent .....	1,946,522	1,892,290	1,831,671	-5.9%
Other than full-time permanent <sup>2</sup> .....	280,256	264,500	253,767	-9.5%
Subtotal .....	2,226,778	2,156,790	2,085,438	-6.3%
Postal Service: <sup>1</sup>				
Full-time permanent .....	627,068	623,088	634,878	1.2%
Other than full-time permanent .....	164,981	167,252	187,876	13.9%
Subtotal .....	792,049	790,340	822,754	3.9%
Subtotal, executive branch civilian employment .....	3,018,827	2,947,130	2,908,192	-3.7%
Military personnel on active duty: <sup>3</sup>				
Department of Defense .....	1,808,131	1,705,103	1,610,490	-10.9%
Department of Transportation (Coast Guard) .....	39,469	39,234	37,474	-5.1%
Subtotal, military personnel .....	1,847,600	1,744,337	1,647,964	-10.8%
Subtotal, Executive Branch .....	4,866,427	4,691,467	4,556,156	-6.4%
Legislative branch:				
Full-time permanent .....	16,740	16,460	15,066	-10.0%
Other than full-time permanent .....	21,769	21,798	20,291	-6.8%
Subtotal, Legislative Branch .....	38,509	38,258	35,357	-8.2%
Judicial Branch:				
Full-time permanent .....	25,488	25,900	25,907	1.6%
Other than full-time permanent .....	2,499	2,220	2,128	-14.8%
Subtotal, Judicial Branch .....	27,987	28,120	28,035	0.2%
Grand total .....	4,932,923	4,757,845	4,619,548	-6.4%
<b>ADDENDUM</b>				
Executive branch civilian personnel (excluding Postal Service):				
DOD-Military functions <sup>4</sup> .....	951,576	890,628	850,137	-10.7%
All other executive branch .....	1,275,202	1,266,162	1,235,301	-3.1%
Total <sup>5</sup> .....	2,226,778	2,156,790	2,085,438	-6.3%

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program, formerly exempt from employment controls.<sup>3</sup> Excludes reserve components.<sup>4</sup> Excludes Defense Intelligence Agency.<sup>5</sup> Includes disadvantaged youth programs.

Table 12-3. TOTAL FEDERAL EMPLOYMENT

(As measured by Full-Time Equivalents)

Description	1994 actual	Estimate		Percent change: 1994 to 1996
		1995	1996	
Executive branch civilian personnel:				
All agencies except Postal Service and Defense .....	1,184,449	1,183,655	1,181,311	-0.3%
Defense-Military functions (civilians) .....	868,292	834,105	800,580	-7.8%
Subtotal, excluding Postal Service .....	2,052,741	2,017,760	1,981,891	-3.4%
Postal Service <sup>1</sup> .....	786,608	802,176	813,599	3.4%
Subtotal, Executive Branch civilian personnel .....	2,839,349	2,819,936	2,795,490	-1.5%
Executive branch uniformed personnel: <sup>2</sup>				
Department of Defense .....	1,659,127	1,561,624	1,496,054	-9.8%
Department of Transportation (Coast Guard) .....	38,467	38,270	37,452	-2.6%
Subtotal, uniformed military personnel .....	1,697,594	1,599,894	1,533,506	-9.7%
Subtotal, Executive Branch .....	4,536,943	4,419,830	4,328,996	4.6%
Legislative Branch: <sup>3</sup> Total FTE .....	35,746	35,340	34,924	-2.3%
Judicial branch: Total FTE .....	27,368	29,007	30,665	12.0%
<b>Grand total</b> .....	<b>4,600,057</b>	<b>4,484,177</b>	<b>4,394,585</b>	<b>-4.5%</b>

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Military personnel on active duty. Excludes reserve components. Data shown are average strength.<sup>3</sup> Actual 1994 FTE data not available for legislative branch. Data shown are estimates.

**TABLE 12-4. PERSONNEL COMPENSATION AND BENEFITS**  
(In millions of dollars)

Description	1994 actual	Estimate		Percent change: 1994 to 1996
		1995	1996	
Civilian personnel costs:				
Executive Branch (excluding Postal Service):				
Direct compensation:				
DOD—military functions .....	33,374	32,722	32,287	-3.3%
All other executive branch .....	51,009	52,751	54,487	6.8%
Subtotal, direct compensation .....	84,383	85,473	86,774	2.8%
Personnel benefits:				
DOD—military functions .....	7,323	6,799	6,834	-6.7%
All other executive branch <sup>1</sup> .....	19,420	20,317	21,066	8.5%
Subtotal, personnel benefits .....	26,743	27,116	27,900	4.3%
Subtotal, executive branch .....	111,126	112,589	114,674	3.2%
Postal Service:				
Direct compensation .....	30,781	31,878	32,988	7.2%
Personnel benefits .....	7,765	8,797	9,404	21.1%
Subtotal .....	38,546	40,675	42,392	10.0%
Legislative Branch: <sup>2</sup>				
Direct compensation .....	786	798	850	8.1%
Personnel benefits .....	154	162	172	11.7%
Subtotal .....	940	960	1,022	8.7%
Judicial Branch:				
Direct compensation .....	1,264	1,427	1,473	16.5%
Personnel benefits .....	312	365	383	22.8%
Subtotal .....	1,576	1,792	1,856	17.8%
Total, civilian personnel costs .....	152,188	156,016	159,944	5.1%
Military personnel costs:				
Direct compensation .....	52,051	51,075	50,324	-3.3%
Personnel benefits .....	20,206	17,479	16,122	-20.2%
Subtotal .....	72,257	68,554	66,446	-8.0%
All other executive branch, uniformed personnel:				
Direct compensation .....	1,138	1,156	1,159	1.8%
Personnel benefits .....	112	111	112	%
Subtotal .....	1,250	1,267	1,271	1.7%
Total, military personnel costs <sup>3</sup> .....	73,507	69,821	67,717	-7.9%
Grand total, personnel costs .....	225,695	225,837	227,661	0.9%
<b>ADDENDUM</b>				
Former Civilian Personnel:				
Retired pay for former personnel .....	37,008	38,545	40,356	9.0%
Government payment for Annuitants:				
Employee health benefits .....	3,990	3,880	4,089	2.5%
Employee life insurance .....	16	25	31	87.5%
Total Former Civilian Personnel .....	41,014	42,450	44,476	8.4%
Former Military personnel:				
Retired pay for former personnel .....	27,330	27,894	28,587	4.6%

<sup>1</sup> 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 \$7,394 million in 1994 and are estimated to be \$7,644 million in 1995 and \$8,179 million in 1996.

<sup>2</sup> Excludes members and officers of Congress.

<sup>3</sup> Excludes reserve components.





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## FEDERAL BORROWING AND DEBT

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### 13. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 1994 the Government owed \$3,432.2 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 \$4,643.7 billion. This year the Government is estimated to pay about \$226 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 strong economic expansion are reducing the size of the deficit, and the Administration's proposals in this budget are estimated to restrain it further and to reduce it as a share of the Nation's gross domestic product (GDP).

#### Trends in Federal Debt

Federal debt held by the public has increased by almost five times since 1980, as shown in Table 13-1. In 1980 it was \$709.8 billion; by the end of 1994 it stood at \$3,432.2 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 was 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

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: <sup>3</sup>	
	Current dollars	Constant 1987 dollars <sup>1</sup>	GDP	Credit market debt <sup>2</sup>	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	829.6	26.1	18.4	7.5	1.7
1980 .....	709.8	1,005.7	26.8	18.6	10.6	2.4
1981 .....	785.3	1,001.0	26.5	18.7	12.1	2.8
1982 .....	919.8	1,100.9	29.5	20.0	13.6	3.2
1983 .....	1,131.6	1,300.4	34.1	22.1	13.8	3.4
1984 .....	1,300.5	1,431.5	35.2	22.4	15.7	3.6
1985 .....	1,499.9	1,590.2	37.8	22.7	16.2	3.9
1986 .....	1,736.7	1,788.2	41.2	23.0	16.1	3.8
1987 .....	1,888.7	1,888.7	42.4	22.7	16.0	3.6
1988 .....	2,050.8	1,979.0	42.7	22.6	16.2	3.6
1989 .....	2,189.9	2,022.1	42.3	22.2	16.5	3.7
1990 .....	2,410.7	2,134.3	44.0	22.9	16.2	3.7
1991 .....	2,688.1	2,285.1	47.4	24.4	16.2	3.8
1992 .....	2,998.8	2,475.9	50.6	25.9	15.5	3.6
1993 .....	3,247.5	2,618.9	51.9	26.7	14.9	3.4
1994 .....	3,432.2	2,714.7	51.7	26.7	13.4	2.9
1995 estimate .....	3,640.1	2,674.4	51.8	.....	14.7	3.2
1996 estimate .....	3,857.3	2,726.3	52.1	.....	15.4	3.3
1997 estimate .....	4,101.2	2,779.3	52.5	.....	15.5	3.3
1998 estimate .....	4,334.9	2,840.3	52.6	.....	15.6	3.3
1999 estimate .....	4,571.2	2,899.4	52.5	.....	15.7	3.3
2000 estimate .....	4,805.4	2,947.3	52.3	.....	15.5	3.2

<sup>1</sup> Debt in current dollars deflated by the GDP deflator with FY 1987 = 100.

<sup>2</sup> 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.

<sup>3</sup> 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 received by Government accounts.

total credit market debt outstanding. The cumulative effect of this was impressive. From 1950 to 1975, debt held by the public declined from 82.4 percent of GDP to 26.1 percent, and from 55.3 percent of credit market debt to 18.4 percent. At the same time, despite rising interest rates, interest outlays became a smaller share 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 almost a fourth. 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 rapid growth in nominal debt has meant a rapid growth in real debt as well. The ratio of Federal debt to GDP rose from 26.8 percent in 1980 to 51.9 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 26.7 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 increased more slowly in 1994 than in any year since 1979, and it declined slightly in relationship to GDP and total credit market debt. Table 13-1 shows that debt as a percentage of GDP is estimated to remain at about the same level through the year 2000. This improvement reflects the \$505 billion package of spending cuts and tax increases over the period 1994-98 that were enacted by the Omnibus Budget Reconciliation Act of 1993. It also reflects the deficit reducing proposals in this budget and the continuing economic expansion. Interest outlays on the debt are estimated to rise this year relative to total outlays and GDP but to stabilize relative to these indicators over most of 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 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."<sup>1</sup>

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 tangible or intangible investment, the Federal demand on credit markets has to be financed out of the saving of households and businesses, the State and local sector, or the rest of the world.<sup>2</sup> 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 records the transactions of 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 over four-fifths of the debt held by Government accounts, are important in their own right and need to be considered separately; this can be done through information published in actuarial and financial reports.<sup>3</sup> Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.<sup>4</sup>

but also the debt of the Government-sponsored enterprises listed in Table 9-12 at the end of Chapter 9 and certain Government-guaranteed securities.

<sup>2</sup>The Federal sector of the national income and product accounts is a better measure of the deficit for analyzing the effect of Federal fiscal policy on national saving than is the budget deficit or Federal borrowing from the public. The Federal sector and its differences from the budget are discussed in Chapter 19.

<sup>3</sup>A summary of actuarial estimates for many of these programs is prepared annually by the Financial Management Service, Department of the Treasury, in "Statement of Liabilities and Other Financial Commitments of the United States Government." The estimates in that report are not, however, all comparable in concept or actuarial assumptions.

<sup>4</sup>Debt 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

<sup>1</sup>The 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

**TABLE 13-2. FEDERAL GOVERNMENT FINANCING AND DEBT <sup>1</sup>**  
(In billions of dollars)

	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>FINANCING</b>							
Surplus or deficit (-) .....	-203.2	-192.5	-196.7	-213.1	-196.4	-197.4	-194.4
(On-budget) .....	-258.8	-251.8	-262.0	-284.5	-274.8	-283.3	-288.6
(Off-budget) .....	55.7	59.3	65.3	71.4	78.4	85.9	94.2
Means of financing other than borrowing from the public:							
Change in: <sup>2</sup>							
Treasury operating cash balance .....	16.6	-4.1	.....	.....	.....	.....	.....
Checks outstanding, etc. <sup>3</sup> .....	2.5	-2.1	0.3	.....	.....	.....	.....
Deposit fund balances .....	1.1	0.1	-1.4	.....	.....	.....	.....
Seigniorage on coins .....	0.7	0.6	0.7	0.6	0.6	0.6	0.6
Less: Net financing disbursements:							
Direct loan financing accounts .....	-5.8	-11.3	-21.8	-30.7	-36.3	-38.0	-39.5
Guaranteed loan financing accounts .....	3.4	1.4	1.7	-0.7	-1.7	-1.4	-1.0
Total, means of financing other than borrowing from the public .....	18.4	-15.4	-20.5	-30.8	-37.4	-38.8	-39.8
Total, requirement for borrowing from the public .....	-184.7	-207.9	-217.2	-243.9	-233.8	-236.2	-234.3
Change in debt held by the public .....	184.7	207.9	217.2	243.9	233.8	236.2	234.3
<b>DEBT, END OF YEAR <sup>1</sup></b>							
Gross Federal debt:							
Debt issued by Treasury .....	4,615.5	4,934.7	5,272.3	5,630.1	5,978.7	6,331.4	6,685.8
Debt issued by other agencies .....	28.3	26.8	27.3	26.3	26.3	26.3	26.3
Total, gross Federal debt .....	4,643.7	4,961.5	5,299.6	5,656.3	6,004.9	6,357.8	6,712.1
Held by:							
Government accounts .....	1,211.5	1,321.4	1,442.3	1,555.2	1,670.0	1,786.6	1,906.7
The public .....	3,432.2	3,640.1	3,857.3	4,101.2	4,334.9	4,571.2	4,805.4
(Federal Reserve Banks) .....	355.2	.....	.....	.....	.....	.....	.....
(Other) .....	3,077.1	.....	.....	.....	.....	.....	.....
<b>DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR</b>							
Debt issued by Treasury .....	4,615.5	4,934.7	5,272.3	5,630.1	5,978.7	6,331.4	6,685.8
Less: Treasury debt not subject to limitation <sup>4</sup> .....	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6
Agency debt subject to limitation .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Adjustment for discount and premium <sup>5</sup> .....	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Total, debt subject to statutory limitation <sup>6</sup> .....	4,605.3	4,924.6	5,262.2	5,619.9	5,968.6	6,321.3	6,675.7

<sup>1</sup>Treasury 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).

<sup>2</sup>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.

<sup>3</sup>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.

<sup>4</sup>Consists primarily of Federal Financing Bank debt.

<sup>5</sup>Consists 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.

<sup>6</sup>The statutory debt limit is \$4,900 billion.

### Borrowing and Government Deficits

Table 13-2 summarizes Federal borrowing and debt from 1994 through 2000. In 1994 the borrowing from the public was \$184.7 billion, and Federal debt held by the public increased to \$3,432.2 billion. The issuance of debt to Government accounts was \$107.6 billion, and gross Federal debt increased to \$4,643.7 billion. Borrow-

ing from the public is estimated to be \$217.2 billion in 1996.

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 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.

the social security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund.<sup>5</sup> Since they had a large combined surplus in 1994 and are estimated to have even larger surpluses over the next few years, 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 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 1994 these other accounts added up to a positive amount, \$18.4 billion, which was primarily due to a decrease in Treasury's operating cash balance. This reduced the need to borrow from the public. In other years, the net amount of these items is negative and adds to the Government's borrowing requirements.

However, a new and larger 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.<sup>6</sup>

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 added a small amount to borrowing requirements in 1994. However, they are estimated to add substantially to borrowing requirements beginning in 1995, and their annual net effect is esti-

mated to expand in the following years and reach \$40.5 billion in 2000. The principal cause is the student loan program. 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; and the present budget proposes that all guaranteed student lending be replaced with direct loans by the 1997-98 academic year. Since direct loans require cash disbursements equal to the full amount of the loans when the loans are made, Federal borrowing requirements are increased. Eventually, as loans are repaid, the net disbursements will decrease.

**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 1994. In 1996, for example, the total trust fund surplus is estimated to be \$115.8 billion, and Government accounts are estimated to invest \$120.9 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 1994, agencies borrowed \$3.3 billion. Agency debt is only one percent of Federal debt held by the public.<sup>7</sup>

The reason for issuing agency debt differs considerably from one agency to another. The predominant agency borrower in 1994 was the Tennessee Valley Authority, which borrowed \$4.4 billion from the public. TVA debt currently accounts for most of the agency debt outstanding and was primarily sold to finance capital expenditures and to refund other issues 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

<sup>5</sup>For further explanation of the off-budget Federal entities, see Chapter 22, "Off-Budget Federal Entities."

<sup>6</sup>As explained in Chapter 22, "Off-Budget Federal Entities," the financing accounts are non-budgetary in concept because they do not measure cost. For additional discussion of credit reform, see Chapter 9, "Underwriting Federal Credit and Insurance."

<sup>7</sup>In 1979 the Department of Transportation assumed responsibility for paying the interest and principal on \$547 million of bonds issued by the Washington Metropolitan Area Transit Authority (WMATA). This was effectively a grant to WMATA financed by the borrowing, i.e., by the Federal assumption of the WMATA debt. The transactions were not recorded as outlays and borrowing in 1979 but were retroactively so classified in 1994. This meant a revision in the historical debt and outlays series beginning in 1979. The debt was refinanced during 1994, so Table 13-3 records a \$547 million repayment of debt by the Department of Transportation in that year.

**TABLE 13-3. AGENCY DEBT**  
(In millions of dollars)

	Borrowing or repayment (-) of debt			Debt end of 1996 estimate
	1994 actual	1995 estimate	1996 estimate	
<b>Borrowing from the public:</b>				
Defense .....	—*	-6	.....	.....
Housing and Urban Development:				
Federal Housing Administration .....	-97	1	2	98
Interior .....	.....	.....	.....	13
Transportation: <sup>1</sup>				
Federal Transit Administration .....	-547	.....	.....	.....
Small Business Administration:				
Participation certificates: SBIC and section 505 development company .....	.....	.....	-67	7
Architect of the Capitol .....	7	-1	-1	181
Farm Credit System Financial Assistance Corporation .....	.....	.....	.....	1,261
Federal Deposit Insurance Corporation: <sup>2</sup>				
FSLIC Resolution Fund .....	-494	-31	-32	126
National Archives .....	-3	-4	-4	291
Tennessee Valley Authority .....	4,446	-1,384	585	25,322
<b>Total, borrowing from the public .....</b>	<b>3,312</b>	<b>-1,425</b>	<b>483</b>	<b>27,299</b>
<b>Borrowing from other funds:</b>				
Housing and Urban Development:				
Federal Housing Administration .....	-4	-1	-2	14
<b>Total, borrowing from other funds .....</b>	<b>-4</b>	<b>.....</b>	<b>-2</b>	<b>14</b>
<b>Total, agency borrowing .....</b>	<b>3,308</b>	<b>-1,427</b>	<b>480</b>	<b>27,313</b>

\*\$500 thousand or less.

<sup>1</sup>For explanation, see footnote 7 to the text.

<sup>2</sup>The amounts shown in the 1995 budget for the Bank Insurance Fund and FSLIC Resolution Fund have been corrected for errors. The notes for the Bank Insurance Fund were redeemed before 1993.

have engaged in similar transactions is thus inherent in the way that their programs operate.<sup>8</sup>

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 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 1995 or 1996.

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. For example, the FFB is financing certain building construction contracts of the General Services Administration. The outlays are recorded in the budget as payments are made for construction and other costs, and the financing consists 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 obliga-

<sup>8</sup>The debt securities of the Federal Deposit Insurance Corporation, FSLIC, 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.

tions. 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 \$107.6 billion in 1994 and, as shown in Table 13-4, it is estimated to be \$120.9 billion in 1996. The holdings of Federal securities by Government accounts are estimated to rise to \$1,442.3 billion by the end of 1996. This will be 27 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 \$192.1 billion during 1994-96, which constitutes 57 percent of the total estimated investment by Government accounts.

In addition to these two funds, the largest current 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 31 percent of the total investment by Government accounts during 1994-96. Altogether, the investment of social security and these two retirement funds comprises 87 percent of the investment by all Government accounts during this period. At the end of 1996, they are estimated to account for 74 percent of the total holdings by Government accounts. Another 9 percent will be accounted for by the hospital insurance trust fund, which invested heavily in the past but does not add much to its invested balances over this period.

*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 have recently been two exceptions. First, in 1991 Treasury began to issue zero-coupon bonds to the Pension Benefit Guaranty Corporation (PBGC). Because the purchase price was a small fraction of par value and the amounts were large, the PBGC holdings at the end of 1993 are recorded for Table 13-4 at purchase price plus amortized discount. The valuation method was 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.” These securities were redeemed during 1994.

Second, in September 1993 Treasury also began to subtract 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 issued 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 \$112 million at the end of 1994. 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: \$5.4 billion at the end of 1994 compared to the total discount (less premium) of \$77.3 billion recognized on Treasury securities.



TABLE 13-4. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>

(In millions of dollars)

Description	Investment or disinvestment (-)			Holdings end of 1996 estimate
	1994 actual	1995 estimate	1996 estimate	
<b>Investment in Treasury debt:</b>				
Overseas Private Investment Corporation .....	158	119	146	2,181
Defense-Civil: Military retirement trust fund .....	8,677	6,707	5,522	117,597
Energy: Nuclear waste fund .....	265	490	665	5,382
Health and Human Services:				
Federal old-age and survivors insurance trust fund <sup>2</sup> .....	57,915	34,654	51,132	499,211
Federal disability insurance trust fund <sup>2</sup> .....	4,137	28,509	14,831	49,440
Federal hospital insurance trust fund .....	2,637	4,586	-95	133,206
Federal supplementary medical insurance trust fund .....	-1,779	-8,827	6,718	19,380
Housing and Urban Development:				
Federal Housing Administration .....	532	2,790	2,400	10,916
Other HUD .....	481	855	281	5,057
Interior:				
Outer Continental Shelf deposit funds .....	48	70	-1,408	7
Abandoned Mine Reclamation .....	88	157	52	1,395
Labor:				
Unemployment trust fund .....	3,181	6,359	4,283	50,430
Pension Benefit Guaranty Corporation <sup>1</sup> .....	735	617	1,090	6,979
State: Foreign Service retirement and disability trust fund .....	637	619	635	8,433
Transportation:				
Surface transportation account .....	-4,310	-219	2,121	19,596
Aviation account .....	-465	-144	33	12,096
Oil spill liability trust fund .....	-49	60	157	1,224
Treasury: Exchange stabilization fund .....	1,689	306	290	7,922
Veterans Affairs:				
National service life insurance trust fund .....	186	101	25	11,970
Other trust funds .....	38	21	11	1,695
Federal funds .....	-104	74	64	524
Environmental Protection Agency:				
Hazardous substance trust fund .....	643	422	-203	5,560
Leaking underground storage tank trust fund .....	130	73	137	1,119
Office of Personnel Management:				
Civil Service retirement and disability trust fund .....	27,184	27,575	27,931	394,395
Employees life insurance fund .....	1,241	984	990	16,904
Employees health benefits fund .....	778	487	163	8,224
Federal Deposit Insurance Corporation:				
Bank Insurance fund .....	9,647	5,859	2,042	21,874
FSLIC Resolution fund .....	821	-982	30	697
Savings Association Insurance fund .....	1,209	1,065	-892	2,666
National Credit Union Administration: Share insurance fund .....	282	297	324	3,648
Postal Service fund <sup>2</sup> .....	-1,756	-271	.....	1,000
Railroad Retirement Board trust funds .....	242	667	122	13,593
Tennessee Valley Authority .....	502	-2,712	-22	1,220
Other Federal funds .....	2,355	-1,302	793	8,403
Other trust funds .....	782	-1,604	175	3,891
Unrealized discount <sup>1</sup> .....	-919	.....	.....	-1,685
<b>Total, investment in Treasury debt <sup>1</sup> .....</b>	<b>107,556</b>	<b>109,884</b>	<b>120,903</b>	<b>1,442,266</b>
<b>Investment in agency debt:</b>				
Housing and Urban Development:				
Government National Mortgage Association .....	-4	-1	-2	14
<b>Total, investment in agency debt .....</b>	<b>-4</b>	<b>.....</b>	<b>-2</b>	<b>14</b>
<b>Total, investment in Federal debt <sup>1</sup> .....</b>	<b>107,553</b>	<b>109,883</b>	<b>120,901</b>	<b>1,442,281</b>
<b>MEMORANDUM</b>				
Investment by Federal funds (on-budget) <sup>1</sup> .....	16,651	9,053	7,018	74,986
Investment by Federal funds (off-budget) .....	-1,756	-271	.....	1,000
Investment by trust funds (on-budget) .....	39,751	37,868	49,327	819,321
Investment by trust funds (off-budget) .....	53,778	63,163	65,963	548,651
Investment by deposit funds <sup>3</sup> .....	48	70	-1,408	7
Unrealized discount <sup>1</sup> .....	-919	.....	.....	-1,685

<sup>1</sup> Debt held by Government accounts is measured at face value except for the Treasury zero-coupon bonds held by the Pension Benefit Guaranty Corporation at the end of 1993, 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 unrealized discount. If recorded at face value, PBGC's holdings at the end of 1993 would be \$12,006 million higher.

<sup>2</sup> Off-budget Federal entity.

<sup>3</sup> Only those deposit funds classified as Government accounts.

**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.

TABLE 13–5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT

(In billions of dollars)

Description	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Federal funds surplus or deficit (–)</b> .....	<b>–298.5</b>	<b>–292.2</b>	<b>–312.5</b>	<b>–326.0</b>	<b>–311.2</b>	<b>–314.0</b>	<b>–314.5</b>
(On-budget) .....	–297.4	–291.4	–311.9	–325.6	–311.7	–315.1	–315.9
(Off-budget) .....	–1.1	–0.7	–0.6	–0.4	–0.4	1.0	1.4
<b>Means of financing other than borrowing:</b>							
Change in: <sup>1</sup>							
Treasury operating cash balance .....	16.6	–4.1	.....	.....	.....	.....	.....
Checks outstanding, etc. <sup>2</sup> .....	4.3	–3.5	0.8	.....	.....	.....	.....
Deposit fund balances <sup>3</sup> .....	1.1	0.1	–1.4	.....	.....	.....	.....
Seigniorage on coins .....	0.7	0.6	0.7	0.6	0.6	0.6	0.6
Less: Net financing disbursements:							
Direct loan financing accounts .....	–5.8	–11.3	–21.8	–30.7	–36.3	–38.0	–39.5
Guaranteed loan financing accounts .....	3.4	1.4	1.7	–0.7	–1.7	–1.4	–1.0
<b>Total, means of financing other than borrowing</b> .....	<b>20.2</b>	<b>–16.8</b>	<b>–20.0</b>	<b>–30.8</b>	<b>–37.4</b>	<b>–38.8</b>	<b>–39.8</b>
Decrease or increase (–) in Federal debt held by Federal funds and deposit funds <sup>4</sup> .....	–14.0	–8.9	–5.6	.....	.....	.....	.....
Increase or decrease (–) in Federal debt not subject to limit .....	3.4	–1.4	0.5	–1.1	*	0.1	*
<b>Total, requirement for Federal funds borrowing subject to debt limit</b> .....	<b>–288.9</b>	<b>–319.2</b>	<b>–337.6</b>	<b>–357.8</b>	<b>–348.6</b>	<b>–352.7</b>	<b>–354.4</b>
Adjustment for change in discount or premium <sup>5</sup> .....	0.9	.....	.....	.....	.....	.....	.....
<b>Increase in debt subject to limit</b> .....	<b>289.8</b>	<b>319.2</b>	<b>337.6</b>	<b>357.8</b>	<b>348.6</b>	<b>352.7</b>	<b>354.4</b>
<b>ADDENDUM</b>							
Debt subject to statutory limit <sup>6</sup> .....	4,605.3	4,924.6	5,262.2	5,619.9	5,968.6	6,321.3	6,675.7

\* \$50 million or less.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Does not include investment in Federal debt securities by deposit funds classified as part of the public.

<sup>4</sup> Only those deposit funds classified as Government accounts.

<sup>5</sup> 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.

<sup>6</sup> The statutory debt limit is \$4,900 billion.

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.<sup>9</sup>

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, 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 1994 the Federal funds deficit was \$298.5 billion; and other factors reduced the requirement to borrow subject to limit by \$8.7 billion. The largest other factor was the decrease in Treasury cash balances. It was offset to some extent by a substantial Federal funds investment in Treasury securities, predominantly by the Bank Insurance Fund, which required an increase in debt subject to limit. As a result, the debt subject to limit increased by \$289.8 billion, which was \$105.1 billion more than the increase in debt held by the public.

As 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 through 2000 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. This can be seen by comparing the annual increase in debt subject to limit in Table 13-5 with the annual deficit and borrowing from the public in Table 13-2. The increase in debt subject to limit is more than \$100 billion higher every year.

### 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 1994 foreign holdings of Treas-

ury debt were \$635.9 billion, which was 19 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 1994, foreign central banks and other 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 guaranteed 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 9, "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. Furthermore, a large part of federally assisted borrowing and lending in 1995 and 1996 comes from guaranteed lending. 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.

<sup>9</sup>For further discussion of the trust funds and Federal funds groups, see Chapter 18, "Trust Funds and Federal Funds."

**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 <sup>1</sup>	Percent- age foreign	Total <sup>2</sup>	Foreign <sup>1</sup>	Percent- age foreign	Total <sup>3</sup>	Foreign <sup>1</sup>	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 <sup>4</sup> .....	640.3	120.3	18.8	33.2	-0.7	n.a.	49.9	10.7	21.5
1980 .....	709.8	121.7	17.1	69.5	1.4	2.0	62.8	11.0	17.5
1981 .....	785.3	130.7	16.6	75.5	9.0	12.0	81.7	16.4	20.1
1982 .....	919.8	140.6	15.3	134.4	9.9	7.4	101.2	18.7	18.5
1983 .....	1,131.6	160.1	14.1	211.8	19.5	9.2	111.6	19.2	17.2
1984 .....	1,300.5	175.5	13.5	168.9	15.4	9.1	133.5	20.3	15.2
1985 <sup>4</sup> .....	1,499.9	222.9	14.9	199.4	47.4	n.a.	152.9	23.0	15.1
1986 .....	1,736.7	265.5	15.3	236.8	42.7	18.0	159.3	24.2	15.2
1987 .....	1,888.7	279.5	14.8	152.0	14.0	9.2	160.4	25.7	16.0
1988 .....	2,050.8	345.9	16.9	162.1	66.4	40.9	172.3	29.9	17.4
1989 .....	2,189.9	394.9	18.0	139.1	49.0	35.2	189.0	37.1	19.6
1990 <sup>4</sup> .....	2,410.7	440.3	18.3	220.8	45.4	n.a.	202.4	40.3	19.9
1991 .....	2,688.1	477.3	17.8	277.4	37.0	13.3	214.8	42.0	19.5
1992 .....	2,998.8	535.2	17.8	310.7	57.9	18.6	214.5	40.5	18.9
1993 .....	3,247.5	591.3	18.2	247.4	56.1	22.7	210.2	41.1	19.6
1994 .....	3,432.2	635.9	19.1	184.7	62.6	33.9	195.3	44.5	22.8

n.a. = Not applicable due to negative numbers or benchmark revision.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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 1979, 1985, and 1989 reflects the benchmark revision as well as the net purchases of Federal debt securities.

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	1996
Total net borrowing in credit market <sup>1</sup> .....	66.7	87.9	169.7	325.0	805.9	689.1	493.8	534.2	571.7	619.7	.....	.....
Federal borrowing from the public .....	3.9	3.5	51.0	69.5	199.4	220.8	277.4	310.7	247.4	184.7	207.9	217.2
Guaranteed borrowing .....	5.0	7.8	8.6	31.6	21.6	40.7	22.1	19.7	-2.0	38.7	76.5	90.0
Government-sponsored enterprise borrowing <sup>2</sup> .....	1.2	4.9	5.3	21.4	57.9	115.4	124.6	150.8	170.2	166.3	157.3	141.1
Total, Federal and federally assisted borrowing .....	10.1	16.2	65.0	122.5	278.9	376.9	424.1	481.2	415.6	389.7	441.7	448.3
<b>Federal borrowing participation rate (percent)</b> .....	<b>15.1</b>	<b>18.4</b>	<b>38.3</b>	<b>37.7</b>	<b>34.6</b>	<b>54.7</b>	<b>85.9</b>	<b>90.1</b>	<b>72.7</b>	<b>62.9</b>	.....	.....
Total net lending in credit market <sup>1</sup> .....	66.7	87.9	169.7	325.0	805.9	689.1	493.8	534.2	571.7	619.7	.....	.....
Direct loans .....	2.0	3.0	12.7	24.2	28.0	2.8	-7.5	7.0	-1.7	-0.8	6.5	14.8
Guaranteed loans .....	5.0	7.8	8.6	31.6	21.6	40.7	22.1	19.7	-2.0	38.7	76.5	90.0
Government-sponsored enterprise loans <sup>2</sup> .....	1.4	5.2	5.5	24.1	60.7	90.0	90.7	145.2	163.2	144.5	116.8	145.5
Total, Federal and federally assisted lending .....	8.3	15.9	26.9	79.9	110.3	133.5	105.3	171.9	159.5	182.4	199.8	250.3
<b>Federal lending participation rate (percent)</b> .....	<b>12.4</b>	<b>18.1</b>	<b>15.9</b>	<b>24.6</b>	<b>13.7</b>	<b>19.4</b>	<b>21.3</b>	<b>32.2</b>	<b>27.8</b>	<b>29.4</b>	.....	.....

<sup>1</sup>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.

<sup>2</sup>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.

Source: Federal Reserve Board flow of funds accounts. Projections are not available.



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# **BUDGET ENFORCEMENT ACT**

## **PREVIEW REPORT**

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## 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. For 1991 through 1995, the BEA limited discretionary spending and established 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. The Administration will propose to extend the BEA again, through the year 2000, and make other amendments to the BEA requirements. (See “Proposals to Extend and Amend the BEA” below.)

This Preview Report discusses the status of discretionary and pay-as-you-go based on current law as of December 31, 1994. In addition, it explains the differences between the OMB and CBO estimates of the discretionary caps.

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 after 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 16, 1994, the Office of Management and Budget submitted the Final Sequestration Report for 1995 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 and changes in concepts and definitions.

Table 14–1 is a summary of all changes to the 1991 through 1998 caps originally enacted in law. Table 14–2 shows the impact on the caps of adjustments being

made in this Preview Report. Table 14–2 displays both the general purpose discretionary spending caps and the Violent Crime Reduction Trust Fund caps established by Public Law 103–322, the Violent Crime Control and Law Enforcement Act of 1994.

OBRA 1993 extended the original discretionary caps for the three-year period 1996 through 1998. It also requires that the extended caps be adjusted for changes in inflation estimates from those contained in the House Conference Report on the 1994 Budget Resolution. The inflation estimates contained in the economic assumptions for the 1996 Budget are somewhat higher than those contained in the House Conference Report. For 1996, they are higher by 0.6 percentage point (2.9 percent vs. 2.3 percent) and for 1997 and 1998 they are higher by 0.8 percentage point in each year (3.0 percent vs. 2.2 percent). Adjusting the caps for these changes in inflation estimates adds \$3.0 billion to the 1996 budget authority cap, \$7.2 billion to the 1997 budget authority cap, and \$11.5 billion to the 1998 budget authority cap. The estimated spendout of these budget authority increases adds \$1.8 billion to the 1996 outlay cap; \$5.1 billion to the 1997 outlay cap, and \$8.9 billion to the 1998 outlay cap.

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 1995 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.

Another adjustment is for a conceptual change in the methodology for calculating the cost of Community Opportunity Performance Funds loan guarantees (formerly Community Development Block Grant/Section 108). In past budgets, the subsidy calculation included the expectation of future discretionary grants to the communities as part of the funds available to repay the loans. This is inconsistent with the definition of subsidy under the Credit Reform Act of 1990. Therefore, the methodology is being revised to exclude future repayments using Federal grants. The caps have been increased by about \$24 million each year to reflect the increased subsidy appropriation required.

*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, spending that is designated as emergency requirements by the President and Congress will result in adjustments. The 1996 Budget includes proposals for \$6.7 billion in necessary emergency expenditures

relating to relief from natural disasters; \$2.6 billion for Department of Defense peacekeeping, peace enforcement, and humanitarian assistance operations for Iraq, Bosnia, Haiti, Cuba, and Korea; \$0.7 billion for United Nations peacekeeping operations; and \$28 million for Coast Guard activities in the Caribbean Region. Table 14-2 displays estimated adjustments for these emergency appropriations. 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 also displays proposed adjustments to the caps to reflect the President's proposals to amend the BEA to reduce allowable discretionary spending. From 1996 through 1998, these adjustments reduce total budget authority by \$66.7 billion and total outlays by \$31.0 billion. Further, the President will propose to extend the discretionary caps through 2000. The extended caps are displayed in Table 14-3. This table also compares the President's discretionary proposals to the proposed caps. If the President's proposals relating to the cap levels are enacted, the caps and discretionary spending proposed by the President will be equal.

In addition to the changes to the caps described above, the Administration supports four proposals that would improve the measurement of budgetary resources for certain Federal programs. None of these changes would affect the way these programs operate or change spending, but they would enable the budget to have

a consistent treatment of all budgetary resources. These potential adjustments are displayed in Table 14-4.

The vast majority of highways, transit, and airport improvements programs are nominally funded by mandatory contract authority provided in authorizing legislation, but spending is actually controlled by obligation limitations in appropriations acts. Discretionary outlays are scored with the obligation limitations, but no discretionary budget authority is scored. Thus, these programs are not covered by the budget authority caps or by the section 602 allocations of discretionary budget authority under the Congressional Budget Act. As part of the proposed restructuring of transportation programs, the Administration proposes to fund these programs with discretionary budget authority in lieu of contract authority. This change would make the budget treatment of these programs consistent with the treatment of other discretionary spending programs. A cap adjustment (budget authority only) is proposed for this conceptual change.

Administrative expense limitations are currently placed on spending from trust funds managed by the Social Security Administration and the Office of Personnel Management. As with the transportation change, defining the limitations as budget authority will make their budget treatment consistent with other discretionary spending. This change is not reflected in the budget's totals. The Administration will work with Congress to make this change effective in 1997.

The fourth adjustment reflects estimates of the Administration's proposal to require proper accounting of

TABLE 14-1. SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

		1991	1992	1993	1994	1995	1996	1997	1998
<b>TOTAL DISCRETIONARY</b>									
Statutory Caps as set in OBRA 1990 and OBRA 1993	BA	491.7	503.4	511.5	510.8	517.7	519.1	528.1	530.6
	OL	514.4	524.9	534.0	534.8	540.8	547.3	547.3	547.9
Adjustments for changes in concepts and definitions	BA		7.7	8.2	8.2	8.8	-0.6	-0.5	-0.6
	OL		1.0	2.4	2.3	3.0	-0.5	-0.7	-0.9
Adjustments for changes in inflation	BA		-0.5	-5.1	-9.5	-11.8	3.0	7.2	11.5
	OL		-0.3	-2.5	-5.8	-8.8	1.8	5.1	8.9
Adjustments for credit reestimates, IRS funding, debt forgiveness, and IMF	BA	0.2	0.2	13.0	0.6	0.7	0.1	0.1	0.1
	OL	0.3	0.3	0.8	0.8	0.9	*	*	0.1
Adjustments for emergency requirements	BA	0.9	8.3	4.6	12.2	1.2			
	OL	1.1	1.8	5.4	9.0	7.5	2.0	1.1	0.4
Adjustments for special allowances:									
Discretionary new budget authority	BA		3.5	2.9	2.9	2.9			
	OL		1.4	2.2	2.6	2.7	1.1	0.5	0.1
Outlay allowance	BA								
	OL	2.6	1.7	0.5	1.0				
Subtotal, adjustments excluding Desert Shield/Desert Storm	BA	1.1	19.2	23.6	14.3	1.8	2.5	6.8	10.9
	OL	3.9	5.9	8.8	10.0	5.3	4.5	6.1	8.6
Adjustments for Operation Desert Shield/Desert Storm	BA	44.2	14.0	0.6	*	*			
	OL	33.3	14.9	7.6	2.8	1.1			
Total adjustments	BA	45.4	33.2	24.2	14.3	1.8	2.5	6.8	10.9
	OL	37.2	20.8	16.4	12.8	6.3	4.5	6.1	8.6
Preview report spending limits: <sup>1</sup>	BA	537.1	536.6	535.7	525.1	519.5	521.7	534.9	541.6
	OL	551.6	545.7	550.4	547.6	547.1	551.7	553.4	556.5

\* Less than \$50 million.

<sup>1</sup> Reflects combined general purpose discretionary and Violent Crime Reduction Trust Fund discretionary spending limits.

TABLE 14-2. DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

		1994	1995	1996	1997	1998
<b>General Purpose Discretionary</b>						
Total general purpose discretionary spending limits, December 16, 1994 Final Sequestration Report .....	BA	525,146	517,023	514,344	522,555	524,592
	OL	547,559	546,432	547,279	544,147	542,379
Adjustments:						
Inflation .....	BA	.....	.....	3,042	7,248	11,489
	OL	.....	.....	1,825	5,109	8,949
Changes in concepts and definitions:						
Statutory and other shifts between categories .....	BA	.....	.....	-27	89	-19
	OL	.....	.....	70	134	-15
Section 108 loan guarantee subsidies .....	BA	.....	.....	24	24	25
	OL	.....	.....	23	24	24
Emergency appropriations (release of contingencies) .....	BA	.....	44	.....	.....	.....
	OL	.....	7	16	13	6
Reestimates of enacted emergency spending .....	BA	.....	.....	.....	.....	.....
	OL	.....	.....	171	62	259
Subtotal, adjustments for the Preview Report .....	BA	.....	44	3,039	7,361	11,495
	OL	.....	7	2,105	5,342	9,223
Preview Report general purpose discretionary limits .....	BA	525,146	517,067	517,383	529,916	536,087
	OL	547,559	546,439	549,384	549,489	551,602
Further adjustments authorized under the Budget Enforcement Act after enactment of legislation:						
Emergency supplemental appropriations proposed in the 1996 budget .....	BA	.....	9,957	.....	.....	.....
	OL	.....	3,321	3,142	2,764	697
Estimated general purpose discretionary spending limits including emergencies .....	BA	525,146	527,024	517,383	529,916	536,087
	OL	547,559	549,760	552,526	552,253	552,299
Further adjustments to reflect enactment of the President's program:						
Reduce caps to reflect President's proposals .....	BA	.....	.....	-9,004	-31,822	-25,377
	OL	.....	.....	-5,764	-8,462	-16,823
General purpose discretionary spending limits including further adjustments .....	BA	525,146	527,024	508,379	498,094	510,710
	OL	547,559	549,760	546,762	543,791	535,476
<b>Violent Crime Reduction</b>						
Total Violent Crime Reduction discretionary spending limits, December 16, 1994 Final Sequestration Report .....	BA	.....	2,423	4,287	5,000	5,500
	OL	.....	703	2,334	3,936	4,904
Preview Report Violent Crime Reduction spending limits .....	BA	.....	2,423	4,287	5,000	5,500
	OL	.....	703	2,334	3,936	4,904
Combined General Purpose and Violent Crime Reduction spending limits, including President's proposals .....	BA	525,146	529,447	512,666	503,094	516,210
	OL	547,559	550,463	549,096	547,727	540,379

Federal employees' retirement by charging agencies fully for the Government's share of the cost of the benefits as they accrue. 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 budget estimates do not include the spending related to the proper accounting for retirement costs.

**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 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 beginning 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

TABLE 14-3. BUDGET PROPOSALS

(In millions of dollars)

		1996	1997	1998	1999	2000
<b>General Purpose Discretionary</b>						
President's general purpose discretionary proposals <sup>1</sup>	BA	508,379	498,094	510,710	504,940	511,455
	OL	546,762	543,791	535,476	537,621	543,335
Estimated limits	BA	508,379	498,094	510,710	504,940	511,455
	OL	546,762	543,791	535,476	537,621	543,335
President's proposals compared to the general purpose discretionary caps	BA					
	OL					
<b>Violent Crime Reduction</b>						
President's Violent Crime Reduction Trust Fund (VCRTF) proposals <sup>2</sup>	BA	4,287	5,000	5,500	6,500	6,500
	OL	2,283	3,936	4,904	5,639	6,225
Estimated limits	BA	4,287	5,000	5,500	6,500	6,500
	OL	2,334	3,936	4,904	5,639	6,225
President's proposals compared to the violent crime reduction caps	BA					
	OL	-51				

<sup>1</sup> Budget authority amounts do not include increases for transportation programs related to the accounting of obligation limitations as appropriated budget authority. See Table 14-4 for these amounts.<sup>2</sup> Totals have been adjusted to include transfers from VCRTF appropriations to administrative accounts in the Department of Justice.

TABLE 14-4. PROPOSALS FOR IMPROVING THE MEASUREMENT OF BUDGETARY RESOURCES IN THE DISCRETIONARY CAPS

(In millions of dollars)

		1996	1997	1998	1999	2000
Provide for consistent treatment of budgetary resources by:						
Redefining Department of Transportation obligation limitations as appropriated discretionary budget authority <sup>1</sup>	BA	24,827	25,597	26,391	27,209	28,052
	OL					
Redefining the Social Security Administration Limitation on Administrative Expenses as appropriated discretionary budget authority <sup>2</sup>	BA	NA	2,661	2,773	2,889	3,010
	OL					
Redefining Office of Personnel Management limitations on administrative expenses as appropriated discretionary budget authority <sup>2</sup>	BA	NA	110	114	119	123
	OL					
Requiring proper accounting of Federal employees' retirement by charging agencies fully for the accruing benefits <sup>2</sup>	BA	NA	5,321	5,160	5,002	4,817
	OL	NA	5,320	5,159	5,001	4,815

<sup>1</sup> Included in the 1996 Budget discretionary totals.<sup>2</sup> Adjustments for these changes would not be made until the 1997 budget.

NA = Not applicable.

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 following 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 1995 is possible only if additional appropriations for 1995 are enacted. OMB reported in the Final Sequestration Report to the President and the Congress that enacted discretionary appropriations for 1995 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 percent-

age 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 14-5 compares OMB and CBO limits for 1995 through 1998.

Differences for 1996 through 1998 are due primarily to OMB and CBO having different interpretations of the BEA provision that requires an adjustment for differences between actual and estimated inflation. OMB

estimated changes in 1996 through 1998 inflation based on the difference between inflation estimates for those years assumed in the budget and inflation estimates assumed in the House Conference Report on the 1994 Budget Resolution. CBO's inflation adjustment is based on the difference between actual and assumed inflation for 1994.

### Pay-As-You-Go Sequestration Report

This section of the Preview Report discusses the enforcement procedures that apply to 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.

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 tables entitled Summary of Budget Proposals, Mandatory Pay-As-You-Go Proposals, and Effects of Proposals on Receipts in the Summary Tables chapter of the Budget demonstrate that the President's budget meets the PAYGO requirement.

*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

**TABLE 14-5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS**  
(In millions of dollars)

	1995	1996	1997	1998
<b>General Purpose Discretionary</b>				
CBO Preview Report limits:				
BA .....	517,067	512,891	521,234	523,098
OL .....	546,438	546,714	543,276	541,128
OMB Preview Report limits:				
BA .....	517,067	517,383	529,916	536,087
OL .....	546,439	549,384	549,489	551,602
Difference:				
BA .....	.....	-4,492	-8,682	-12,989
OL .....	-1	-2,670	-6,213	-10,474
<b>Violent Crime Reduction</b>				
CBO Preview Report limits:				
BA .....	2,423	4,287	5,000	5,500
OL .....	703	2,334	3,936	4,904
OMB Preview Report limits:				
BA .....	2,423	4,287	5,000	5,500
OL .....	703	2,334	3,936	4,904
Difference:				
BA .....	.....	.....	.....	.....
OL .....	.....	.....	.....	.....

**TABLE 14-6. PAY-AS-YOU-GO LEGISLATION ENACTED AS OF DECEMBER 31, 1994**  
(In millions of dollars)

	Change in the Baseline deficit			
	1995	1996	1997	1998
Revenue impact of enacted legislation .....	1,869	-1,342	-1,615	-1,968
Outlay impact of enacted legislation .....	-140	-1,490	-1,972	-1,977
Total impact of enacted legislation .....	-2,009	-148	-357	-9
<b>MEMORANDUM</b>				
Post OBRA 1993 balances .....	-1,206	-148	-357	-9

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, 1994, OMB had issued 281 reports on legislation affecting direct spending and receipts. Most of these (81 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 14-6 shows OMB estimates for legislation enacted through December 31, 1994. In total, pay-as-you-

go legislation has reduced the combined 1995 and 1996 deficits by \$2.2 billion. This balance of pay-as-you-go savings can be used to offset legislation that increases direct spending or reduces receipts in 1995 and 1996. Legislation that increases the combined 1995 and 1996 deficits by a greater amount will cause a sequester.

A pay-as-you-go sequester would apply solely to direct spending accounts. By law, most direct spending is exempt from sequestration, and there are special rules that limit the size of a sequester for several direct spending accounts. In 1996, total direct spending is estimated to be \$807.6 billion. Of this, only \$28.8 billion is subject to sequestration. Table 14-7 shows the composition of the direct spending sequestrable universe.

**TABLE 14-7. SEQUESTERABLE MANDATORY SPENDING**

(In millions of dollars)

	1996 Outlays
Sequestration limited to automatic spending increases:	
National Wool Act .....	4
Special milk program .....	*
Vocational rehabilitation State grants .....	41
Subtotal, automatic spending increases .....	45
Sequestration according to special rules:	
Guaranteed student loan program .....	37
Payments to States for foster care and adoption assistance .....	8
Subtotal, special rules .....	45
Medicare (maximum sequester of 4 percent) .....	5,764
Subject to across-the-board sequestration:	
Commodity Credit Corporation (including BY+1 amount) .....	7,195
Social Services Block Grants .....	2,728
Family support payments to States .....	2,168
U.S. Enrichment Corporation .....	1,328
Direct student loans program account .....	1,174
Veterans Education and Readjustment Benefits .....	901
Payments to States for AFDC Work Programs .....	716
Justice activities financed by immigration and border fees .....	668
Payments to States for Mineral Leasing Act .....	560
Forest Service permanent appropriations .....	404
Assets Forfeiture Fund .....	402
Numismatic public enterprise fund .....	476
CCC export credit guarantee loans .....	337
Rehabilitation services and handicapped research .....	310
Customs salaries and expenses, unclaimed or abandoned goods .....	266
Surcharge collections, sales of commissary stores .....	263
Forest Service, Cooperative Work Trust Fund .....	237
Federal Unemployment Benefits and Allowances .....	217
Treasury Forfeiture Fund .....	149
VA medical cost recovery fund .....	95
Unemployment insurance extended benefits .....	94
Crime victims fund .....	83
Other sequestrable spending .....	2,277
Subtotal, subject to across-the-board sequestration .....	22,948
<b>Total, sequestrable mandatory outlays .....</b>	<b>28,802</b>

### Proposals to Extend and Amend the BEA

The Administration will propose legislation to extend the BEA, to reduce the discretionary caps below current levels, and to change certain of its requirements in order to improve its effectiveness.

*Extend the BEA requirement and reduce the discretionary caps.*—The BEA has been an effective con-

straint on laws that would increase discretionary spending or increase the deficit. That is why, in 1993, the Congress and the President agreed to extend the requirements of the BEA through 1998. However, this budget's horizon is the year 2000, and to be effective, the BEA needs to cover all of the outyears as well as the budget year. The Administration also will propose to lower the discretionary spending caps for 1996

through 1998 and to enact caps for 1999 and 2000 that are below baseline discretionary spending levels for those years. A portion of the PAYGO savings from this reduction in spending in the BEA authorizing legislation will offset the near term tax loss from the Administration's proposed middle-class tax cut.

*Amend the asset scoring rule.*—The BEA's asset scoring rule prohibits scoring the proceeds from assets sales as offsets to discretionary spending or PAYGO legislation, even where there is general agreement that selling the asset is good policy. The rule was originally intended primarily to stop deeply discounted loan assets sales, before the Credit Reform Act of 1990 effectively ended this practice. The Administration will propose to amend the rule to allow exceptions when the President and the Congress agree that selling a particular asset is good policy. The revised rule would be patterned after the exceptions provided in the BEA for emergency spending increases.

Several asset sales are proposed in the budget. Pending an amendment to the BEA rule, the legislation proposed to authorize these sales will include a provi-

sion to waive the BEA rule if the President and Congress agree that the proceeds should be scored. These waiver provisions also are patterned after the emergency spending exemptions in the BEA. For proposed increases in National Stockpile sales, which can be accomplished under existing authority, a Department of Defense general provision is proposed to allow the proceeds of sales above the "routine, ongoing" level to be counted.

*Extend the horizon of 602(b) allocations.*—The BEA temporarily extends the horizon of the concurrent resolution on the budget from two years beyond the budget year to four years beyond the budget year. This matches the requirement in law for the President's budget. In keeping with these requirements, the legislation will propose that the allocations to appropriations subcommittee pursuant to section 602(b) of the Congressional Budget Act be extended to five years as well. This will ensure that appropriations acts are consistent with the budget resolution levels for all years covered by it.





## 15. REVIEW OF DIRECT SPENDING AND RECEIPTS

### Introduction

The Budget Enforcement Act of 1990 established caps to control discretionary spending and a pay-as-you-go requirement to control legislative changes to mandatory programs and revenues. 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 by issuing Executive Order 12857. The Order sets targets on the level of mandatory spending, excluding deposit insurance and net interest, for 1994 through 1997. The Order also specified actions that must be taken if the targets are 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/or budget years can be achieved over a 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. This chapter fulfills the Order's requirements for an annual review of direct spending and receipts.

As required by the Order, OMB issued an initial report to the Congress in September 1993 setting the 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. They were consistent with the policies in the resolution as adjusted by final Congressional action on the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993). The Order requires annual adjustment of these targets. In the 1995 budget (February 1994), the targets were revised for the first time. This review provides the next annual revision of the targets.

### Adjustments to Targets

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 during the year. As Table 15-1 shows, these factors have increased the total targets for 1994 through 1997 by a total of \$0.1 billion since last February.

Table 15-1 also shows the major changes in current law estimates since the 1995 budget. Over the four years covered by the Order, current law estimates have declined by \$52.4 billion. Most of this difference is the

TABLE 15-1. SUMMARY OF CHANGES TO MANDATORY TARGETS AND CURRENT LAW OUTLAYS

(In billions of dollars)

	1994	1995	1996	1997	1994-1997
<b>CHANGES TO MANDATORY TARGETS</b>					
Mandatory targets as of February 1994 .....	752.0	792.7	833.7	901.7	.....
<b>Adjustments for:</b>					
Increase in beneficiaries .....	0.8	0.8	1.9	2.4	5.9
Changes in receipts .....	.....	-0.2	-2.2	-3.2	-5.5
Changes due to category shifts .....	.....	.....	-0.1	-0.1	-0.2
<b>Total adjustments</b> .....	<b>0.8</b>	<b>0.6</b>	<b>-0.4</b>	<b>-0.9</b>	<b>0.1</b>
Mandatory targets as of February 1995 .....	752.8	793.2	833.3	900.8	.....
<b>CHANGES TO OUTLAYS UNDER CURRENT LAWS</b>					
Outlays under current laws as of February 1994 .....	734.6	774.7	826.3	887.6	.....
<b>Adjustments for:</b>					
Cost of living adjustment .....	-*	-0.7	-1.4	-2.0	-4.1
Increases in beneficiaries .....	0.8	0.8	1.9	2.4	5.9
Decreases in beneficiaries .....	-8.5	-7.1	-4.8	-5.3	-25.8
Other technicals:					
Medicaid .....	-3.7	-7.1	-12.9	-17.5	-41.2
Other .....	-3.1	2.6	4.7	8.6	12.8
Subtotal, other technicals .....	-6.8	-4.5	-8.2	-8.9	-28.4
<b>Total adjustments</b> .....	<b>-14.6</b>	<b>-11.5</b>	<b>-12.5</b>	<b>-13.7</b>	<b>-52.4</b>
Outlays under current laws as of February 1995 .....	720.0	763.2	813.8	873.9	.....
Amount over (+) or under (-) the current target .....	-32.8	-30.1	-19.5	-26.9	-109.3
<b>Memorandum:</b>					
Initial mandatory targets (Executive Order 12857) .....	746.4	784.7	823.7	887.7	.....

\* \$50 million or less.

result of downward reestimates for the Medicaid program. The Order requires an adjustment to the targets to reflect increases in estimated beneficiaries. Table 15-2 shows the current estimates of beneficiaries of major benefit payment programs as well as the level implicit in the 1995 budget targets. In 12 programs the estimates of beneficiaries have increased. Therefore,

the targets have been increased by applying the percentage change in the number of beneficiaries to the target level of the program. The largest adjustments are for Medicare (hospital insurance), Medicaid, and Social Security (disability insurance). In total, the targets have been increased by \$5.9 billion for the four-year period because of changes in beneficiary estimates.

TABLE 15-2. BENEFICIARIES ESTIMATES FOR MAJOR BENEFIT PROGRAMS

(Annual average, in thousands)

	1994	1995	1996	1997
<b>Family education loans:</b>				
Level implicit in 1995 budget target .....	6,270	5,394	3,898	3,695
OMB February 1995 estimate .....	6,352	4,884	3,657	3,500
<b>Direct loans:</b>				
Level implicit in 1995 budget target .....	161	1,566	3,189	3,694
OMB February 1995 estimate .....	225	1,694	3,451	3,940
<b>AFDC work programs:</b>				
Level implicit in 1995 budget target .....	664	708	721	727
OMB February 1995 estimate .....	600	641	631	627
<b>Foster care and adoption assistance:</b>				
Level implicit in 1995 budget target .....	339	362	384	404
OMB February 1995 estimate .....	337	365	392	410
<b>Medicaid:</b>				
Level implicit in 1995 budget target .....	35,600	36,500	37,500	38,958
OMB February 1995 estimate:				
Aged/Blind/Disabled .....	9,643	10,352	10,847	11,351
Other .....	25,408	25,844	26,868	27,795
Total, OMB February 1995 estimate .....	35,051	36,196	37,715	39,146
<b>Medicare:</b>				
Hospital insurance:				
Level implicit in 1995 budget target .....	36,148	36,821	37,446	38,001
OMB February 1995 estimate .....	36,309	37,009	37,625	38,206
Supplementary medical insurance:				
Level implicit in 1995 budget target .....	35,010	35,651	36,244	36,760
OMB February 1995 estimate .....	34,988	35,619	36,208	36,724
<b>Railroad retirement:</b>				
Level implicit in 1995 budget target .....	825	805	783	761
OMB February 1995 estimate .....	820	800	777	754
<b>Federal civil service retirement:</b>				
Level implicit in 1995 budget target .....	2,267	2,297	2,327	2,365
OMB February 1995 estimate .....	2,253	2,278	2,308	2,336
<b>Military retirement:</b>				
Level implicit in 1995 budget target .....	1,775	1,798	1,821	1,843
OMB February 1995 estimate .....	1,780	1,805	1,826	1,847
<b>Unemployment insurance:</b>				
Level implicit in 1995 budget target .....	10,000	9,000	9,000	9,000
OMB February 1995 estimate .....	8,390	8,180	8,560	8,490
<b>Food stamps:</b>				
Level implicit in 1995 budget target .....	27,394	27,314	27,161	27,004
OMB February 1995 estimate .....	27,476	27,267	27,316	27,307
<b>Child nutrition:</b>				
Level implicit in 1995 budget target .....	36,664	37,557	38,439	39,246
OMB February 1995 estimate .....	35,274	36,411	37,496	38,536
<b>Family support: maintenance assistance (AFDC):<sup>1</sup></b>				
Level implicit in 1995 budget target .....	5,210	5,250	5,330	5,410
OMB February 1995 estimate .....	5,048	5,031	5,212	5,346
<b>Family support: emergency assistance</b>				
Level implicit in 1995 budget target .....	NA	NA	NA	NA
OMB February 1995 estimate .....	87	85	86	87
<b>Supplemental security income:</b>				
Level implicit in 1995 budget target .....	5,823	6,333	6,822	7,281
OMB February 1995 estimate:				
Aged .....	1,330	1,325	1,310	1,295
Blind/ Disabled .....	4,442	4,808	5,147	5,466
Total, OMB February 1995 estimate .....	5,772	6,133	6,457	6,761

TABLE 15-2. BENEFICIARIES ESTIMATES FOR MAJOR BENEFIT PROGRAMS—Continued

(Annual average, in thousands)

	1994	1995	1996	1997
<b>Earned income tax credit:</b>				
Level implicit in 1995 budget target .....	16,000	17,000	17,000	17,000
OMB February 1995 estimate .....	15,317	16,159	16,565	17,005
<b>Social Security (OASDI):</b>				
Old age and survivors insurance:				
Level implicit in 1995 budget target .....	37,074	37,459	37,821	38,166
OMB February 1995 estimate .....	37,004	37,396	37,773	38,138
Disability insurance:				
Level implicit in 1995 budget target .....	5,335	5,685	6,028	6,359
OMB February 1995 estimate .....	5,339	5,671	6,050	6,413
<b>Veterans compensation:</b>				
Level implicit in 1995 budget target .....	2,523	2,530	2,531	2,527
OMB February 1995 estimate .....	2,513	2,532	2,550	2,557
<b>Veterans pensions:</b>				
Level implicit in 1995 budget target .....	834	782	737	699
OMB February 1995 estimate .....	838	788	744	706

<sup>1</sup> Average number of monthly cases  
NA = Not available.

An adjustment to the mandatory targets is also required for any enacted changes in receipts. This allows for tradeoffs between receipt increases and outlay reductions. In the last year, legislation has decreased receipts by \$5.5 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. In the last year, there has been no additional reconciliation action or passage of emergency legisla-

tion. 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 1994 through 2000. Under current law, spending on mandatory programs, including net interest, is projected to be \$1,064.5 billion in 1996, \$79.5 billion more than the 1995 estimate. By 2000, spending for mandatory programs including net interest is projected to reach \$1,374.9 billion.

TABLE 15-3. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(in billions of dollars)

	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Human resources programs:</b>							
Education, training, employment, and social services:							
Family education loan .....	2.7	3.2	2.4	2.1	2.1	1.9	2.1
Direct loan .....	0.1	0.8	1.5	1.5	1.8	2.2	2.4
Social services .....	8.5	9.4	9.9	10.0	10.4	10.9	11.4
Other .....	-2.3	2.4	1.7	1.1	0.6	0.5	0.5
Subtotal, education, training, employment, and social services .....	9.0	15.9	15.6	14.8	14.9	15.6	16.4
Health:							
Medicaid .....	82.0	88.4	96.0	104.6	114.5	124.5	136.3
FEHB and other .....	4.6	4.0	4.8	4.5	5.1	5.3	5.3
Subtotal, health .....	86.6	92.5	100.8	109.2	119.6	129.8	141.6
Medicare:							
Hospital insurance .....	101.6	110.5	121.4	131.4	141.5	152.4	163.9
Supplementary medical insurance .....	58.0	64.0	73.6	82.2	91.2	101.3	112.3
Medicare premiums and collections .....	-17.7	-20.1	-20.2	-21.7	-24.1	-25.6	-26.7
Subtotal, medicare .....	141.8	154.4	174.8	191.9	208.6	228.1	249.4
Income security:							
General retirement and disability:							
Railroad retirement .....	4.2	4.1	4.2	4.2	4.3	4.3	4.3
Other .....	1.1	0.5	0.3	0.1	0.1	0.2	0.4
Subtotal, general retirement and disability .....	5.3	4.6	4.4	4.4	4.4	4.5	4.8
Federal employee retirement and disability:							
Civilian employees retirement .....	36.3	37.8	39.5	41.8	43.8	46.0	48.2
Military retirement .....	26.7	27.3	27.9	29.0	30.1	32.0	33.1

**TABLE 15-3. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW—Continued**  
(in billions of dollars)

	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other .....	-0.6	-0.3	-0.2	-0.2	.....	0.1	0.2
Subtotal, federal employees retirement and disability .....	62.4	64.7	67.2	70.6	74.0	78.1	81.5
Unemployment compensation .....	26.4	21.5	23.2	23.0	23.6	24.4	25.1
Food and nutrition assistance:							
Food stamps .....	25.4	26.6	27.3	28.5	29.6	30.8	32.0
State child nutrition programs .....	7.0	7.6	8.1	8.6	9.2	9.8	10.4
Other .....	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Subtotal, food and nutrition assistance .....	33.0	34.8	35.8	37.6	39.3	41.1	42.9
Other income security:							
Supplemental security income <sup>1</sup> .....	24.5	25.1	25.4	30.1	32.7	35.3	40.9
Family support payments .....	16.5	17.3	17.9	18.7	19.5	20.3	21.2
Earned income tax credit .....	11.0	16.8	20.2	22.8	23.9	25.0	26.0
Other .....	-0.7	-0.8	-0.9	-1.2	-1.3	-1.4	-1.6
Subtotal, other income security .....	51.2	58.4	62.6	70.3	74.7	79.1	86.4
Subtotal, income security .....	178.4	183.9	193.3	205.9	216.1	227.1	240.7
Social security .....	316.9	333.7	351.4	369.9	389.5	409.8	430.7
Veterans' benefits and services:							
Compensation/1/ .....	15.1	14.5	13.8	15.6	16.1	16.6	18.4
Pensions/1/ .....	3.4	3.1	2.8	3.0	3.1	3.5	4.0
Other .....	1.8	2.6	2.4	2.4	2.4	3.0	3.1
Subtotal, veterans benefits and services .....	20.3	20.2	19.1	21.0	21.6	23.2	25.5
Subtotal, human resources programs .....	753.1	800.6	855.0	912.6	970.2	1,033.7	1,104.3
<b>Other programs included in the entitlement target:</b>							
Agriculture:							
Farm price supports (CCC) .....	10.3	10.6	9.1	8.8	7.0	7.0	6.4
Other .....	0.4	-0.4	0.4	-0.1	0.2	0.4	0.5
Subtotal, agriculture .....	10.7	10.2	9.5	8.6	7.2	7.3	6.9
Undistributed offsetting receipts:							
Employer share, employee retirement .....	-34.8	-34.3	-34.1	-34.3	-35.9	-37.0	-38.9
Rents and royalties on the outer continental shelf .....	-3.0	-2.7	-3.0	-2.5	-2.4	-2.4	-2.4
Other .....	.....	-4.4	-4.3	-1.7	-2.1	-1.2	.....
Subtotal, undistributed offsetting receipts .....	-37.8	-41.4	-41.4	-38.5	-40.4	-40.6	-41.3
Other functions .....	-6.0	-6.3	-9.2	-8.9	-10.8	-12.4	-13.3
Subtotal, other programs included in the entitlement target .....	-33.1	-37.5	-41.2	-38.7	-44.0	-45.6	-47.7
<b>Subtotal, mandatory programs included in the entitlement target .....</b>	<b>720.0</b>	<b>763.2</b>	<b>813.8</b>	<b>873.9</b>	<b>926.2</b>	<b>988.1</b>	<b>1,056.6</b>
Deposit insurance .....	-7.6	-12.3	-6.2	-1.3	1.3	-1.1	-3.4
<b>Net interest:</b>							
Interest on the public debt .....	296.3	333.6	363.8	383.6	405.3	430.2	454.7
Interest received by trust funds .....	-85.7	-91.5	-98.1	-104.5	-110.4	-116.8	-122.8
Other interest .....	-7.6	-8.0	-8.7	-7.9	-8.6	-9.2	-10.3
Subtotal net interest .....	203.0	234.1	256.9	271.3	286.2	304.1	321.7
<b>Total, outlays for mandatory and related programs .....</b>	<b>915.4</b>	<b>985.0</b>	<b>1,064.5</b>	<b>1,143.9</b>	<b>1,213.7</b>	<b>1,291.0</b>	<b>1,374.9</b>

<sup>1</sup>13 benefit payments are outlayed in FY 1994 and FY 2000. Only 11 benefit payments are outlayed in FY 1996.

Spending on programs covered by the mandatory targets is projected to grow from \$763.2 billion in 1995 to \$1,056.6 in 2000, an annual average rate of 6.7 percent. In percentage terms, the areas of largest growth are the health entitlements. Approximately one-half of the growth in programs covered by the mandatory targets is in Medicaid and Medicare. For additional information on the trends in mandatory spending, see Chapter 17 "Current services estimates" in this volume.

### Growth in Receipts

Baseline receipts are projected to be \$1,418.5 billion in 1996, \$72.1 billion more than the 1995 estimate. By 2000, baseline receipts are projected to reach \$1,729.0 billion. For additional information on the trends in baseline receipts, see Chapter 17 "Current Service Estimates" in this volume.

The Order requires a comparison between the current level of receipts and the levels projected as of the date of enactment of OBRA 93 (September 1993 Midsession). As shown in Table 15-4, receipts are higher than the September 1993 Midsession estimates in each year, by amounts ranging from \$15.6 billion to \$47.1 billion. These increases are the net effect of legislative, administrative and regulatory changes; revisions in economic assumptions; and technical estimating revisions. Revised economic assumptions have increased receipts in each year, by amounts ranging from \$1.8 billion to \$26.6 billion. For 1994 through 1997, reductions in individual income taxes and social insurance taxes and contributions, attributable in large part to reductions in the forecast of wages and salaries, are more than offset by increases in corporation income taxes and other sources of receipts. The revisions in corporation income taxes and other sources of receipts reflect higher corporate profits and increases in imports and interest rates, respectively. Revised economic assumptions have increased each source of receipts for 1998. Technical revisions, primarily reflecting collection experience, updated tabulations from tax returns, and revisions in historical economic data, have increased receipts by an additional \$10.2 billion to \$24.3 billion in each year. Regulatory and legislative changes since September 1993 have reduced receipts in each year.

#### Comparison of Mandatory Targets and Outlays under Current Laws

As Table 15-1 shows spending for programs covered by the targets under current laws were \$32.8 billion below the target for 1994 and are estimated to be \$30.1 billion below the target for 1995, \$19.5 billion below

the target for 1996 and \$26.9 billion below the target for 1997. Over the four-year period covered by the targets, projections of current law spending are \$109.3 billion below the targets. While the targets have increased since the 1995 budget, current law levels have decreased creating more room under the targets. As discussed above, the targets have increased as a result of upward revisions in beneficiary estimates. Under the Order, decreases in beneficiary estimates, do not affect the targets. If these decreases were adjusted for using the same mechanism applied to increases, the targets would have been reduced by \$25.8 billion over the four years. Current law levels have decreased reflecting changes in beneficiaries as well as further downward technical adjustments in Medicaid.

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 estimated outlays. As shown in Table 15-5, enactment of the President's middle class tax reduction proposal would decrease the mandatory targets by \$15.6 billion over the four years between 1994 and 1997. After adjusting the targets to reflect the President's policy initiatives, spending under the President's budget is \$30.1 billion below the target for 1995 and \$17.9 billion below the target for 1996. Over the four year period covered by the targets, spending under the President's proposal is \$103.2 billion below the targets.

TABLE 15-4. COMPARISON OF 1994 MIDSESSION (SEPTEMBER 1993) TO 1996 BUDGET BASELINE RECEIPTS

(in billions of dollars)

	1994	1995	1996	1997	1998	1999	2000
1994 Midsession (September 1993) estimates <sup>1</sup>	1,241.5	1,329.5	1,402.9	1,457.6	1,512.6	.....	.....
Revised economic assumptions:							
Individual income taxes	-0.1	-4.6	-6.9	-4.0	4.7	.....	.....
Corporation income taxes	4.8	8.8	8.1	9.2	10.3	.....	.....
Social insurance taxes and contributions	-1.0	-2.9	-4.9	-2.4	1.5	.....	.....
Customs duties	0.4	1.3	2.2	3.7	5.8	.....	.....
Federal Reserve deposit of earnings	1.3	3.4	2.4	2.5	3.1	.....	.....
Other receipts	0.4	0.7	0.9	1.0	1.2	.....	.....
Subtotal, economic assumptions	5.8	6.7	1.8	10.1	26.6	.....	.....
Technical revisions:							
Individual income taxes	-5.2	-5.3	-1.8	-1.6	2.0	.....	.....
Corporation income taxes	15.3	14.7	16.6	19.5	24.1	.....	.....
Social insurance taxes and contributions	-2.3	-4.0	-3.4	-4.8	-6.8	.....	.....
Estate and gift taxes	2.4	1.6	1.7	1.9	2.1	.....	.....
Federal Reserve deposit of earnings	1.0	3.6	3.9	3.8	3.9	.....	.....
Other receipts	*	-0.4	-1.0	-1.1	-1.0	.....	.....
Subtotal technical revisions	11.2	10.2	16.0	17.6	24.3	.....	.....
Enacted legislation	-0.1	-0.3	-2.3	-3.3	-3.9	.....	.....
Administrative action <sup>2</sup>	-0.6	0.2	0.1	0.1	0.1	.....	.....
Total changes	16.2	16.8	15.6	24.5	47.1	.....	.....
1996 budget baseline estimates	1,257.7	1,346.4	1,418.5	1,482.1	1,559.7	1,638.3	1,729.0

<sup>1</sup> Estimates based on updated CBO economic assumptions.

<sup>2</sup> Reflects the effect of regulations affecting hedging transactions.

\*\$50 million or less.

TABLE 15-5. MANDATORY TARGETS ASSUMING ENACTMENT OF PRESIDENTIAL PROPOSALS

(In billions of dollars)

	1994	1995	1996	1997	1994-1997
<b>MANDATORY TARGETS</b>					
Current mandatory targets .....	752.8	793.2	833.3	900.8	.....
Adjustment to targets if the President's proposals are enacted:					
Middle class tax reduction .....	.....	.....	-3.8	-11.8	-15.6
Other revenue proposals .....	.....	*	0.9	1.5	2.4
<b>Total adjustments</b> .....	.....	*	-3.0	-10.3	-13.2
Targets adjusted for Presidential proposals .....	752.8	793.3	830.4	890.5	.....
<b>PROPOSED OUTLAYS FOR PROGRAMS COVERED BY THE TARGET</b>					
Outlays under current law .....	720.0	763.2	813.8	873.9	.....
Presidential proposals .....	.....	*	-1.3	-5.9	-7.2
Proposed outlay totals .....	720.0	763.2	812.5	868.0	.....
Amount over (+) or under (-) the targets .....	-32.8	-30.1	-17.9	-22.5	-103.2

\*\$50 million or less.

## 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, based on the 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, 1994, 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, 1994 .....	66,934
Redemptions of Treasury debt held by foreign governments between October 1, 1993, and December 31, 1994 .....	66,603
Fund balance as of December 31, 1994 .....	331





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## **CURRENT SERVICES ESTIMATES**

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## 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. Under the Budget Enforcement Act (BEA), it is the basis 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 1994 through 2000. 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 1995 enacted level. Other assumptions about discretionary funding are plausible. For example, all discretionary funding could be set equal to the discretionary cap levels established in the BEA through 1998 with adjustment for inflation in 1999 and 2000. Total discretionary outlays and the deficit under this assumption are shown as memorandum items on the table. A detailed discussion of the discretionary caps is contained in the Preview Report (chapter 14 of this volume).

### 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.

*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 obli-

TABLE 17-1. CURRENT SERVICES ESTIMATES, 1994-2000

(In billions of dollars)

	1994	1995	1996	1997	1998	1999	2000
Receipts .....	1,257.7	1,346.4	1,418.5	1,482.1	1,559.7	1,638.3	1,729.0
Outlays:							
Discretionary:							
Defense .....	282.2	270.3	269.7	277.8	285.1	294.0	302.9
Nondefense .....	263.4	280.3	284.9	296.1	305.5	316.9	327.4
Subtotal, discretionary .....	545.6	550.6	554.6	573.9	590.6	610.8	630.3
Mandatory:							
Deposit insurance .....	-7.6	-12.3	-6.2	-1.3	1.3	-1.1	-3.4
Other .....	720.0	763.2	813.8	873.9	926.2	988.1	1,056.6
Subtotal, mandatory .....	712.4	750.9	807.6	872.6	927.5	986.9	1,053.2
Net interest .....	203.0	234.1	256.9	271.3	286.2	304.1	321.7
Total, outlays .....	1,460.9	1,535.5	1,619.1	1,717.7	1,804.3	1,901.8	2,005.2
Deficit (-) .....	-203.2	-189.2	-200.6	-235.7	-244.6	-263.5	-276.2
On-budget .....	(-258.8)	(-248.4)	(-266.6)	(-307.7)	(-323.4)	(-349.7)	(-370.5)
Off-budget .....	(55.7)	(59.3)	(65.9)	(72.0)	(78.8)	(86.1)	(94.3)
<b>MEMORANDUM</b>							
With discretionary spending at BEA caps:							
Discretionary .....	545.6	554.1	554.9	556.2	557.2	573.0	590.2
Deficit (-) .....	-203.2	-192.8	-201.1	-217.7	-209.2	-221.3	-229.0

gated 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. In most cases, that is 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 1995 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 programs—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 1995, the current services estimates for discretionary programs are equal to the enacted 1995 appropriations. In subsequent years, funding is equal to the 1995 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 assumptions. By using the same economic assumptions for current services and the President's budget, this potential source of confusion is eliminated. The 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.

TABLE 17-2. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

	1994	1995	1996	1997	1998	1999	2000
Gross Domestic Product (GDP):							
Levels, dollar amounts in billions:							
Current dollars .....	6,634	7,024	7,407	7,815	8,249	8,705	9,186
Constant (1987) dollars .....	5,290	5,456	5,588	5,727	5,870	6,016	6,165
Percent change, year over year:							
Current dollars .....	5.8	5.9	5.5	5.5	5.6	5.5	5.5
Constant (1987) dollars .....	3.8	3.1	2.4	2.5	2.5	2.5	2.5
Inflation measures (percent change, year/year):							
GDP deflator .....	2.0	2.7	3.0	3.0	3.0	3.0	3.0
Consumer Price Index (all urban) .....	2.6	3.0	3.2	3.2	3.2	3.2	3.1
Unemployment rate, civilian (percent) .....	6.3	5.8	6.0	5.8	5.8	5.8	5.8
Interest rates (percent):							
91-day Treasury bills .....	3.7	5.7	5.6	5.5	5.5	5.5	5.5
10-year Treasury notes .....	6.5	7.9	7.4	7.0	7.0	7.0	7.0
<b>MEMORANDUM</b>							
Related programmatic assumptions:							
Automatic benefit increases (percent):							
Social security and veterans pensions (January) .....	2.6	2.8	3.1	3.2	3.2	3.2	3.1
Federal employee retirement .....	2.6	2.8	3.1	3.2	3.2	3.2	3.1
Food stamps (October) .....	2.9	2.5	3.2	3.2	3.2	3.1	3.1
Insured unemployment rate .....	2.6	2.4	2.4	2.3	2.3	2.2	2.2

### 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 in-

clude 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)

	1995	1996	1997	1998	1999	2000
<b>REGULATIONS <sup>1</sup></b>						
Disability insurance (DI):						
Improve accuracy and processing .....	2	5	10	17	19	21
Drug addicts and alcoholics:						
Monitoring .....		39	54	65	82	88
Effects of suspensions and payment limitations .....	-50	-20	-40	-50	-90	-140
Medicare, HI:						
OBRA 1993 Codifying Regulations .....	-3,923	-7,107	-8,512	-9,317	-10,198	NA
OBRA 1990 Codifying Regulations .....	-4,839	-4,329	NA	NA	NA	NA
OBRA 1989 Codifying Regulations .....	457	NA	NA	NA	NA	NA
Medicare, SMI:						
OBRA 1993 Codifying Regulations .....	-1,527	-3,391	-4,504	-5,549	-6,836	NA
OBRA 1990 Codifying Regulations .....	-4,750	-4,320	NA	NA	NA	NA
OBRA 1989 Codifying Regulations .....	-2,305	NA	NA	NA	NA	NA
Payment limits for home glucose monitors .....	-5	-5	-5	-5	-5	-5
Set payments for EPO .....	-5	-5	-5	-5	-5	-5
Medicare, HI and SMI:						
Coverage of lung transplants .....	1	2	3	3	4	NA
Medicaid:						
OBRA 1993 Codifying Regulations .....	-1,136	-2,005	-2,447	-2,617	-3,106	NA
OBRA 1990 Codifying Regulations .....	904	1,204	NA	NA	NA	NA
OBRA 1989 Codifying Regulations .....	815	NA	NA	NA	NA	NA
Eliminate cold bed test for HCB waivers .....	110	135	160	190	225	NA
FY 1995 DSH allotments .....	11,067					
Payment of Medicare cost-sharing for OMBs/SLMB .....	1,055	1,225	1,430	NA	NA	NA
Protection of income and resources for spouses .....	520	565	615	NA	NA	NA
Targeted case management .....	555	665	785	910	1,045	1,205
Supplementary security income (SSI):						
Improve accuracy and processing .....	4	5	8	9	11	12
Drug addicts and alcoholics:						
Monitoring .....	*	1	2	3	4	5
Effects of suspensions and payment limitations .....	-20	-10	-20	-75	-135	-170
Report SSI recipient entrance into nursing facilities .....	*	*	*	*	*	*
<b>EXPIRING AUTHORIZATIONS</b>						
Programs extended in the baseline (effect of extension):						
Family education loans and direct loans .....					3,155	4,494
Conservation reserve program (CRP) <sup>2</sup> .....		123	975	975	1,407	1,607
Trade adjustment assistance .....					195	237
Food stamps .....		19,582	27,354	29,501	29,657	30,825
Nutrition assistance to Puerto Rico .....		857	1,143	1,143	1,143	1,143
AFDC-UP mandate .....					11	14
Transitional child care .....					260	277
Family preservation program .....					251	254
Provisions not extended in the baseline (effect of extension):						
Medicare, HI:						
Favorable payments to SNFs .....		-30	-40	-40	-40	-50

**TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**

(In millions of dollars)

	1995	1996	1997	1998	1999	2000
HHA cost limits .....		-10	-280	-390	-420	-450
HHS coverage denials and favorable payments to HHAs .....		-10	-20	-20	-20	-30
Hospital capital payments .....		-1,081	-1,069	-1,033	-1,005	-950
Medicare dependent small rural hospitals .....	30	50	50	60	60	70
SNF cost limits .....		-130	-250	-280	-300	-320
Regional payment floor .....			200	220	240	260
Medicare, SMI:						
25% part B premium .....					-1,154	-2,857
Medicare, HI and SMI:						
IRS/SSA/HCFA data match .....					-130	-300
MSP for the disabled .....					-1,050	-1,370
MSP requirements for ESRD .....					-50	-70
Medicaid:						
Community Supported Living Arrangements .....		37	39	41	43	45
Family Support Act transition benefits .....					500	550
Home and community care for frail elderly .....		60	60	60	60	60
Impact of Medicare expiring authorizations .....					90	230
VA pensions/nursing home provision .....					225	NA
Railroad safety user fees .....		-45	-47	-49	-51	-53
NAFTA transitional assistance program .....					34	60
Veterans pensions:						
Authority to limit benefits to beneficiaries in Medicaid funded nursing home .....					-497	-506
Authority to verify income of beneficiaries with the IRS and SSA .....					-26	-63
<b>OTHER IMPORTANT PROGRAM ASSUMPTIONS</b>						
Food stamps program:						
Quality control recoveries .....			-149	-149	-107	-107
Waiver cost neutrality requirements for selected States .....		-5	-10	-10		
Net effect of matches above the normal program rate .....	2					
General overpayment recovery .....	-72	-52	-52	-52	-52	-52
Overpayment recovery through tax refund offset .....	-30	-30	-30	-30	-30	-30
Aid to Families With Dependent Children (AFDC):						
Overpayment recoveries .....	-73	-74	-75	-75	-75	-75
Quality control recoveries .....	-41	-71	-45	-44	-45	-46
AFDC emergency assistance:						
Prior year unresolved emergency assistance claims .....		75	100	25		
Child support enforcement:						
Collection of penalties from State audit failures .....	-5	-5	-5	-5	-5	-5
Net effects of matches above the normal program rate .....	60	12	2			
Foster care and adoption assistance:						
Enhanced automation match costs (net) .....	41	61				
Disallowances, deferrals, disputes .....	-127	-181	-132	-136	-140	-144
Medicare:						
Payment safeguard activities .....	-6,320	-6,160	-6,012	-6,355	-6,552	-6,755
Medicaid:						
Administrative costs for motor voter .....	26	28	30	33	36	39
Administrative expenses: deferrals and disallowances .....	-955	-680	-750	-830	-910	-1,000
Drug testing and treatment for certain SSI recipients .....		-5	-25	-40	-60	-50
Financial management recoveries .....	-341	-372	-409	-451	-495	-544
Fraud control pilot demonstrations .....	3					
Vaccines for Children .....	377	412	451	492	536	551
HHS Inspector General:						
Investigative and audit recoveries .....	-400	-400	-400	-400	-400	-400
Approved Demonstration Projects <sup>3</sup>						
Medicare, HI:						
Home Health Prospective Payment						
Costs .....	274	319	383	197		
Replacement benefits .....	274	319	383	197		
Montana Rural Health (MAF)						
Costs .....	1	1	1			
Replacement benefits .....	1	1	1			
Ventilator dependent units						
Costs .....	7					
Replacement benefits .....	6					
Medicare, SMI:						
Alzheimer's Disease						
Costs .....	1					
Replacement benefits .....	1					

TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1995	1996	1997	1998	1999	2000
Case management						
Costs .....	11	.....	.....	.....	.....	.....
Replacement benefits .....	11	.....	.....	.....	.....	.....
Cataract						
Costs .....	4	3	.....	.....	.....	.....
Replacement benefits .....	4	3	.....	.....	.....	.....
Municipal Health						
Costs .....	62	70	79	20	.....	.....
Replacement benefits .....	57	64	72	18	.....	.....
United Mine Workers capitation						
Costs .....	136	146	157	169	181	.....
Replacement benefits .....	136	146	157	169	181	.....
Medicare, HI and SMI:						
Community Nursing Organization (CNO)						
Costs .....	16	18	7	.....	.....	.....
Replacement benefits .....	16	18	7	.....	.....	.....
Coronary Artery Bypass Graft (CABG)						
Costs .....	72	54	.....	.....	.....	.....
Replacement benefits .....	72	54	.....	.....	.....	.....
Monroe County (NY) LTC						
Costs .....	1	1	.....	.....	.....	.....
Replacement benefits .....	1	1	.....	.....	.....	.....
Medicaid:						
Arizona AHCCS						
Costs .....	1,166	1,283	1,411	.....	.....	.....
Replacement benefits .....	1,166	1,283	1,411	.....	.....	.....
Delaware Pediatric						
Costs .....	15	21	17	.....	.....	.....
Replacement benefits .....	15	21	17	.....	.....	.....
Florida Health Security						
Costs .....	1,982	4,545	5,225	5,851	6,335	1,634
Replacement benefits .....	1,982	4,545	5,225	5,851	6,535	1,634
Hawaii Health QUEST						
Costs .....	95	104	117	132	90	.....
Replacement benefits .....	95	104	117	132	90	.....
Kentucky						
Costs .....	.....	1,951	2,059	2,159	2,226	2,380
Replacement benefits .....	.....	1,951	2,059	2,159	2,226	2,380
Maryland Pediatric Care						
Costs .....	2	2	3	2	.....	.....
Replacement benefits .....	2	2	3	2	.....	.....
Minnesota Prepaid						
Costs .....	168	185	.....	.....	.....	.....
Replacement benefits .....	168	185	.....	.....	.....	.....
OhioCare						
Costs .....	.....	2,064	2,865	3,144	3,408	3,677
Replacement benefits .....	.....	2,064	2,865	3,144	3,408	3,677
Oregon						
Costs .....	862	1,104	1,235	1,397	526	.....
Replacement benefits .....	862	1,104	1,235	1,397	526	.....
Pregnant Substance Abusers						
Costs .....	5	2	.....	.....	.....	.....
Replacement benefits .....	5	2	.....	.....	.....	.....
Pregnant Women and Children Expansion						
Costs .....	2	.....	.....	.....	.....	.....
Replacement benefits .....	.....	.....	.....	.....	.....	.....
Rhode Island Rite Care						
Costs .....	60	62	65	68	57	.....
Replacement benefits .....	60	62	65	68	57	.....
SC family planning						
Costs .....	2	4	5	5	5	.....
Replacement benefits .....	2	4	5	5	5	.....
TennCare						
Costs .....	2,326	2,489	2,627	2,780	716	.....
Replacement benefits .....	2,326	2,489	2,627	2,780	716	.....
Uninsured Low-Income						
Costs .....	12	6	.....	.....	.....	.....
Replacement benefits .....	.....	.....	.....	.....	.....	.....

TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1995	1996	1997	1998	1999	2000
Welfare Reform						
Costs .....	49	57	67	70	73	76
Replacement benefits .....	49	57	67	70	73	76
Medicare and Medicaid:						
PACE—Medicare						
Costs .....	31	51	63	73	101	120
Replacement benefits .....	31	51	63	73	101	120
PACE—Medicaid						
Costs .....	47	71	82	97	130	150
Replacement benefits .....	47	71	82	97	130	150
On Lok—Medicare						
Costs .....	7	8	9	9	10	11
Replacement benefits .....	7	8	9	9	10	11
On Lok—Medicaid						
Costs .....	9	11	12	13	13	14
Replacement benefits .....	9	11	12	13	13	14
S/HMOs—Medicare						
Costs .....	316	400	500	588	.....	.....
Replacement benefits .....	316	400	500	588	.....	.....
S/HMOs—Medicaid						
Costs .....	32	40	50	59	.....	.....
Replacement benefits .....	32	40	50	59	.....	.....
Developmental Demonstrations (waivers not yet approved) <sup>3</sup>						
Medicare, SMI:						
Telemedicine .....	1	3	3	1	.....	.....
Medicare, HI and SMI:						
AAPCC .....	842	888	936	.....	.....	.....
Medicare insured groups (MIGs) .....	15	175	175	200	200	200
End Stage Renal Disease SHMO .....	.....	33	46	48	51	53
Evercare .....	10	26	46	66	67	70
Wellmark .....	8	12	8	.....	.....	.....
Monroe County Consumer Directed Care .....	1	2	1	.....	.....	.....
Medicare and Medicaid:						
S/HMO II—Medicare .....	318	806	1,007	1,178	.....	.....
S/HMO II—Medicaid .....	63	160	200	235	.....	.....
Maine NET—Medicare .....	.....	.....	.....	8	30	45
Maine NET—Medicaid .....	.....	.....	.....	27	70	105
Old age and survivors insurance (OASI), DI, SSI:						
Expansion of tax refund offset to debts previously written off (OASI, SSI) .....	-12	-12	-12	-12	-12	-12
Performance of continuing disability reviews (under current workload policy (DI, SSI)) ...	-5	-20	-85	-200	-325	-480
Collection of overpayments:						
OASI .....	-792	-817	-850	-887	-928	-974
DI .....	-250	-277	-1	-333	-363	-394
SSI .....	-314	-372	-431	-491	-552	-614
Debts written off:						
OASI .....	83	86	89	93	98	103
DI .....	94	104	115	126	137	148
SSI .....	205	243	281	321	361	401
DI:						
Referral and monitoring .....	.....	39	54	65	82	88
Savings from vocational rehabilitation .....	-240	-260	-260	-260	-260	-260
Demonstration projects .....	7	7	7	1	.....	.....
Limitation on prisoner's benefits .....	-2	-4	-8	-11	-12	-13
OASI:						
Limitation on prisoner's benefits .....	*	-2	-4	-5	-6	-7
SSI:						
Payments from States for State supplemental benefits .....	-2,970	-2,570	-2,615	-2,430	-2,250	-2,220
Payments for State supplemental benefits .....	2,970	2,570	2,615	2,430	2,250	2,220
Fees for administration .....	121	182	195	205	216	227
Research and demonstration projects .....	38	10	7	7	7	7
Savings from vocational rehabilitation .....	-130	-130	-130	-130	-130	-130
Alien-sponsored deeming savings .....	-90	-182	-79	.....	.....	.....



**TABLE 17-3. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

	1995	1996	1997	1998	1999	2000
Veterans compensation:						
Effect of Gardner v. Brown Supreme Court decision on compensation benefits for veterans disabled by VA medical treatment .....	153	171	251	336	425	518

<sup>1</sup>Not shown in the table are Medicaid and Medicare regulations assumed to have an impact on the baseline that have not been specifically priced. For Medicare, HI, these include: changes to 1992 hospital inpatient system, expand DRG window to include preadmission services, presumptive limit for payment of certain managed care organizations, reevaluation of assets for hospitals and SNFs, withdrawal of Medicare coverage of thermography, and payment for nursing and allied health. For Medicare, SMI, these include: advance payment to suppliers providing services under Part B, coverage of clinical psychologists and clinical social workers, coverage of immunosuppressive drugs, coverage of screening mammography, coverage of screening pap smears (OBRA 89), definition of customized wheelchairs, limitations on Medicare coverage of cataract surgery, payment for clinical laboratory diagnostic tests, payment for DME and orthotic and prosthetic devices, and update of reasonable compensation equivalent limits. For Medicare, HI and SMI, these include: Medicare secondary payer for disabled individuals. For Medicaid these include: payment for outpatient drugs under rebate agreement with manufacturers, federally qualified health centers, and requirements for enrollment in or payment of certain employer group health plans.

<sup>2</sup>The CCC and CRP baselines reflect the Secretary of Agriculture's December 1994 announcement that, under current law, CRP contracts would be offered for extension and modification, and permanent conservation easements would also be offered on selected high environmental priority acres. The action has the effect of increasing the CRP baseline and reducing the CCC baseline, since increased croplands retired in the CRP should reduce crop production and increase commodity prices. If CRP acreage were to be limited below baseline levels, CCC outlays would be estimated to increase (this year by roughly 3/4 of the total change in CRP outlays). For purposes of scoring legislative proposals, OMB will use a "production agriculture" baseline comprised of CCC and CRP.

<sup>3</sup>Estimates reflect gross benefits.

NA = Estimates not available.

### Current Services Receipts, Outlays, and Budget Authority

**Receipts.**—The table below shows baseline receipts by major source. Total receipts are projected to increase by \$72.1 billion from 1995 to 1996 and by \$310.5 billion from 1996 to 2000, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$38.4 billion from 1995 to 1996 under current law. This growth of nearly seven percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of five percent between 1996 and 2000.

Corporation income taxes under current law are estimated to grow by \$6.3 billion or four percent from 1995 to 1996, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of five percent from 1996 to 2000. These estimates reflect expiration of the environmental tax on corporate taxable income, which is deposited in the Hazardous Substance Superfund Trust Fund and scheduled to expire after December 31, 1995. The estimates also reflect expiration of the research 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 \$25.0 billion between 1995 and 1996, and by an additional \$105.4 billion between 1996 and 2000. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$61,200 in 1995 to \$73,200 in 2000. The estimates also reflect expiration of the temporary unemployment surtax of 0.2 percent imposed on employers, which expires after December 31, 1998.

Excise taxes are estimated to increase by \$4.3 billion from 1995 to 2000, in large part due to increased economic activity. These estimates reflect extension of the excise taxes deposited in the Airport and Airway Trust Fund, the Hazardous Substance Superfund Trust Fund, and the Leaking Underground Storage Tank Trust Fund, which are all scheduled to expire after December 31, 1995, as well as those deposited in the Highway Trust Fund, which are scheduled to expire on September 30, 1999. Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$22.5 billion from 1995 to 2000.

**Outlays.**—Current services outlays are estimated to be \$1,535.5 billion in 1995 and \$1,619.1 billion in 1996, a five percent increase. Between 1996 and 2000, they are projected to increase at an average annual rate

**TABLE 17-4. BASELINE RECEIPTS BY SOURCE**  
(In billions of dollars)

	1994 actual	Estimates					
		1995	1996	1997	1998	1999	2000
Individual income taxes .....	543.1	588.5	626.9	653.6	692.0	731.4	774.9
Corporation income taxes .....	140.4	150.9	157.2	165.6	172.7	178.7	190.0
Social insurance taxes and contributions .....	461.5	484.4	509.4	532.8	559.4	586.3	614.8
On-budget .....	(126.4)	(133.2)	(139.0)	(144.8)	(151.5)	(157.3)	(163.8)
Off-budget .....	(335.0)	(351.3)	(370.4)	(388.0)	(408.0)	(428.9)	(450.9)
Excise taxes .....	55.2	57.6	57.3	58.5	59.4	60.7	61.9
Other .....	57.6	65.0	67.7	71.5	76.2	81.2	87.5
Total .....	1,257.7	1,346.4	1,418.5	1,482.1	1,559.7	1,638.3	1,729.0
On-budget .....	(922.7)	(995.1)	(1,048.1)	(1,094.0)	(1,151.8)	(1,209.4)	(1,278.1)
Off-budget .....	(335.0)	(351.3)	(370.4)	(388.0)	(408.0)	(428.9)	(450.9)

of five percent. Outlays for discretionary programs increase from \$550.6 billion in 1995 to \$554.6 billion in 1996, largely reflecting increases in resources to keep pace with inflation. Again reflecting increases in resources to keep pace with inflation, outlays continue to increase each year thereafter, reaching \$630.3 billion in 2000. Entitlement and other mandatory programs grow from \$750.9 billion in 1995 to \$807.6 billion in 1996, and to \$1,053.2 billion in 2000. Net receipts for deposit insurance fall from \$12.3 billion in 1995 to \$6.2 billion in 1996. The net effect of deposit insurance is reduced in subsequent years reflecting completion of the cleanup of failures and the return to a self-financing system.

Mandatory programs other than deposit insurance grow from \$763.2 billion in 1995 to \$1,056.6 billion in 2000 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 \$333.7 billion in 1995 to \$430.7 billion in 2000, an average annual rate of five percent. The health entitlements are projected to grow at an annual average rate of nearly ten percent, far outpacing inflation. Other areas of growth include means-tested entitlements (annual average growth rate of seven percent) and Federal retirement programs (annual average growth rate of five percent). The growth rate for means-tested entitlements is biased upward due to an oddity in the timing of benefits. For two programs accounting for 25 percent of means-tested entitlement spending in 1995, there are 13 payment cycles in 2000 rather than the normal 12. When this anomaly is adjusted for, means-tested entitlements grow at an annual average rate of six percent.

**TABLE 17-5. CHANGE IN BASELINE OUTLAYS ESTIMATES BY CATEGORY**

(Dollar amounts in billions)

	1995	1996	2000	Change 1995 to 1996		Change 1995 to 2000	
				Amount	Percent	Amount	Annual average rate
Discretionary:							
Defense .....	270.3	269.7	302.9	-0.6	-*	32.6	2
Nondefense .....	280.3	284.9	327.4	4.6	2	47.1	3
Subtotal, discretionary .....	550.6	554.6	630.3	4.0	1	79.7	3
Mandatory:							
Deposit insurance .....	-12.3	-6.2	-3.4	6.1	-49	8.9	-23
Medicaid .....	88.4	96.0	136.3	7.5	9	47.9	9
Medicare .....	154.4	174.8	249.4	20.4	13	95.0	10
Federal retirement .....	64.7	67.2	81.5	2.5	4	16.8	5
Means tested entitlements .....	97.1	102.2	134.9	5.1	5	37.8	7
Unemployment compensation .....	21.5	23.2	25.1	1.7	8	3.6	3
Social Security .....	333.7	351.4	430.7	17.7	5	97.0	5
Undistributed offsetting receipts .....	-41.4	-41.4	-41.3	-*	*	0.1	-*
Other .....	44.7	40.4	40.0	-4.3	-10	-4.8	-2
Subtotal, mandatory .....	750.9	807.6	1,053.2	56.7	8	302.4	7
Net interest .....	234.1	256.9	321.7	22.8	10	87.6	7
Total, outlays .....	1,535.5	1,619.1	2,005.2	83.6	5	469.7	5

\*Less than 0.5 percent.

Net interest payments to the public also increase substantially, from \$234.1 billion in 1995 to \$321.7 billion in 2000, or an annual average rate of seven percent. This is mainly a result of the increased borrowing by the Government that is estimated to occur over the

period. 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.

TABLE 17-6. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
National defense .....	281.6	269.8	269.0	277.2	284.5	293.5	302.4
International affairs .....	17.1	17.8	17.2	16.9	17.9	18.3	19.4
General science, space, and technology .....	16.2	17.0	17.0	17.9	18.5	19.0	19.6
Energy .....	5.2	4.6	4.6	4.1	3.9	4.7	4.8
Natural resources and environment .....	21.1	21.9	22.1	23.0	24.1	24.8	25.6
Agriculture .....	15.1	14.4	13.7	13.0	11.7	11.9	11.7
Commerce and housing credit .....	-5.1	-11.9	-7.4	-0.8	1.0	-3.0	-6.4
On-Budget .....	(-6.2)	(-12.7)	(-8.0)	(-1.1)	(1.4)	(-1.9)	(-5.0)
Off-Budget .....	(1.1)	(0.7)	(0.6)	(0.4)	(-0.4)	(-1.0)	(-1.4)
Transportation .....	38.1	39.2	39.7	41.1	41.9	43.8	45.5
Community and regional development .....	10.5	11.9	10.1	10.2	9.2	9.2	9.7
Education, training, employment, and social services .....	46.3	56.1	56.9	57.8	59.2	61.2	63.4
Health .....	107.1	115.1	123.8	133.1	144.4	155.5	168.1
Medicare .....	144.7	157.3	177.9	195.1	211.9	231.6	253.0
Income security .....	214.0	223.1	233.7	248.7	260.6	274.0	289.0
Social security .....	319.6	336.1	353.9	372.5	392.2	412.6	433.6
On-Budget .....	(5.7)	(4.9)	(5.2)	(7.2)	(7.7)	(8.2)	(8.8)
Off-Budget .....	(313.9)	(331.3)	(348.8)	(365.4)	(384.5)	(404.4)	(424.8)
Veterans benefits and services .....	37.6	38.4	38.1	40.7	42.0	44.4	47.4
Administration of justice .....	15.3	17.6	18.7	20.1	20.6	21.3	21.9
General government .....	11.3	14.5	14.6	14.5	15.1	15.5	16.0
Net interest .....	203.0	234.1	256.9	271.3	286.2	304.1	321.7
On-Budget .....	(232.2)	(267.7)	(295.0)	(313.9)	(333.5)	(356.6)	(379.7)
Off-Budget .....	(-29.2)	(-33.6)	(-38.1)	(-42.6)	(-47.3)	(-52.5)	(-58.1)
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget) .....	-28.4	-27.9	-27.2	-27.2	-28.4	-29.0	-30.2
Employer share, employee retirement (off-budget) .....	-6.4	-6.4	-6.9	-7.1	-7.5	-8.1	-8.7
Rents and royalties on the Outer Continental Shelf .....	-3.0	-2.7	-3.0	-2.5	-2.4	-2.4	-2.4
Other undistributed offsetting receipts .....		-4.4	-4.3	-1.7	-2.1	-1.2	
Total, undistributed offsetting receipts .....	-37.8	-41.4	-41.4	-38.5	-40.4	-40.6	-41.3
On-Budget .....	(-31.4)	(-35.0)	(-34.6)	(-31.4)	(-32.9)	(-32.6)	(-32.6)
Off-Budget .....	(-6.4)	(-6.4)	(-6.9)	(-7.1)	(-7.5)	(-8.1)	(-8.7)
<b>Total</b> .....	<b>1,460.9</b>	<b>1,535.5</b>	<b>1,619.1</b>	<b>1,717.7</b>	<b>1,804.3</b>	<b>1,901.8</b>	<b>2,005.2</b>
On-budget .....	(1,181.5)	(1,243.6)	(1,314.7)	(1,401.7)	(1,475.2)	(1,559.0)	(1,648.5)
Off-budget .....	(279.4)	(292.0)	(304.4)	(316.0)	(329.2)	(342.8)	(356.7)

TABLE 17-7. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Agency	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Legislative Branch .....	2.6	2.8	2.8	2.9	3.0	3.1	3.2
The Judiciary .....	2.7	3.1	3.1	3.2	3.3	3.4	3.5
Executive Office Of the President .....	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds Appropriated to the President .....	10.5	10.5	10.8	10.5	11.2	11.5	12.3
Agriculture .....	60.8	62.4	62.7	63.6	63.6	65.5	67.3
Commerce .....	2.9	3.6	4.0	4.3	4.6	4.9	5.0
Defense—Military .....	268.6	258.5	257.9	265.9	272.6	281.1	289.6
Defense—Civil .....	30.4	31.2	31.6	32.7	34.0	36.0	37.2
Education .....	24.7	32.9	31.8	31.7	32.3	33.3	34.4
Energy .....	17.8	16.1	15.8	16.2	16.6	17.4	18.0
Health and Human Services .....	278.9	301.5	331.1	359.0	387.9	419.9	455.5
Housing and Urban Development .....	25.8	26.9	27.1	31.2	32.6	33.9	34.0
Interior .....	6.9	7.3	7.4	7.7	7.9	8.2	8.4
Justice .....	10.0	11.8	12.8	14.1	14.4	14.8	15.3
Labor .....	37.0	31.9	34.7	34.8	36.0	37.1	38.6
State .....	5.7	5.6	5.7	5.8	6.0	6.2	6.3
Transportation .....	37.2	38.0	38.4	39.7	40.5	42.4	44.0
Treasury .....	307.6	351.7	385.9	408.0	430.5	456.3	481.3
Veterans Affairs .....	37.4	38.2	38.0	40.6	41.9	44.2	47.3
Environmental Protection Agency .....	5.9	6.3	6.5	6.8	7.3	7.7	8.0
General Services Administration .....	0.3	1.1	0.8	0.6	0.6	0.6	0.5
National Aeronautics and Space Administration .....	13.7	14.2	14.3	14.9	15.3	15.8	16.3
Office of Personnel Management .....	38.6	40.3	42.8	44.9	47.6	50.0	52.3
Small Business Administration .....	0.8	0.7	0.5	0.7	0.3	0.4	0.8
Social Security Administration .....	345.8	363.4	381.5	404.5	426.8	449.7	476.2
On-Budget .....	(31.9)	(32.1)	(32.7)	(39.2)	(42.3)	(45.3)	(51.4)
Off-Budget .....	(313.9)	(331.3)	(348.8)	(365.4)	(384.5)	(404.4)	(424.8)
Other Independent Agencies .....	11.5	8.0	11.6	16.1	18.1	15.7	13.7
On-Budget .....	(10.4)	(7.3)	(11.0)	(15.8)	(18.5)	(16.7)	(15.1)
Off-Budget .....	(1.1)	(0.7)	(0.6)	(0.4)	(-0.4)	(-1.0)	(-1.4)
Undistributed Offsetting Receipts .....	-123.5	-132.9	-140.6	-143.0	-150.9	-157.4	-164.1
On-Budget .....	(-87.9)	(-92.8)	(-95.6)	(-93.2)	(-96.0)	(-96.9)	(-97.3)
Off-Budget .....	(-35.6)	(-40.0)	(-45.0)	(-49.7)	(-54.9)	(-60.6)	(-66.8)
<b>Total .....</b>	<b>1,460.9</b>	<b>1,535.5</b>	<b>1,619.1</b>	<b>1,717.7</b>	<b>1,804.3</b>	<b>1,901.8</b>	<b>2,005.2</b>
On-budget .....	(1,181.5)	(1,243.6)	(1,314.7)	(1,401.7)	(1,475.2)	(1,559.0)	(1,648.5)
Off-budget .....	(279.4)	(292.0)	(304.4)	(316.0)	(329.2)	(342.8)	(356.7)

*Budget authority.*—Tables 17–8 and 17–9 show current services estimates of budget authority by function and by agency, respectively.

TABLE 17–8. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

Function	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
National defense .....	263.3	261.6	271.9	281.1	290.4	300.3	310.4
International affairs .....	17.7	18.5	18.4	18.6	19.1	19.3	22.0
General science, space, and technology .....	17.6	17.1	17.6	18.2	18.8	19.4	20.0
Energy .....	4.7	4.3	4.0	4.4	4.5	5.2	5.3
Natural resources and environment .....	22.7	22.0	23.2	23.9	24.7	25.4	26.3
Agriculture .....	17.1	13.2	13.3	12.2	10.3	10.7	10.6
Commerce and housing credit .....	26.4	9.5	8.5	6.1	5.8	5.2	3.8
On-Budget .....	(23.7)	(5.5)	(4.2)	(4.4)	(3.8)	(3.8)	(3.7)
Off-Budget .....	(2.7)	(4.0)	(4.3)	(1.7)	(1.9)	(1.4)	(0.1)
Transportation .....	43.5	42.5	38.8	44.9	44.9	46.0	47.1
Community and regional development .....	15.6	9.0	9.4	9.7	10.0	10.5	10.5
Education, training, employment, and social services .....	51.6	58.9	58.8	59.5	61.4	63.6	65.9
Health .....	116.5	117.0	110.2	134.0	145.1	156.1	169.0
Medicare .....	162.7	157.2	178.3	194.9	211.8	232.2	252.9
Income security .....	217.8	222.3	237.5	254.6	270.7	284.0	300.8
Social security .....	321.1	338.9	354.1	374.3	394.0	414.6	435.6
On-Budget .....	(5.7)	(4.9)	(5.2)	(7.2)	(7.7)	(8.2)	(8.8)
Off-Budget .....	(315.5)	(334.1)	(349.0)	(367.1)	(386.4)	(406.4)	(426.8)
Veterans benefits and services .....	37.1	38.3	39.4	40.8	42.1	44.4	45.7
Administration of justice .....	15.7	18.7	19.4	20.4	20.7	21.5	22.2
General government .....	12.1	13.7	14.2	14.6	15.2	15.7	16.3
Net interest .....	203.0	234.1	256.9	271.3	286.2	304.1	321.7
On-Budget .....	(232.2)	(267.7)	(295.0)	(313.9)	(333.5)	(356.6)	(379.7)
Off-Budget .....	(-29.2)	(-33.6)	(-38.1)	(-42.6)	(-47.3)	(-52.5)	(-58.1)
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget) .....	-28.4	-27.9	-27.2	-27.2	-28.4	-29.0	-30.2
Employer share, employee retirement (off-budget) .....	-6.4	-6.4	-6.9	-7.1	-7.5	-8.1	-8.7
Rents and royalties on the Outer Continental Shelf .....	-3.0	-2.7	-3.0	-2.5	-2.4	-2.4	-2.4
Other undistributed offsetting receipts .....		-4.4	-4.3	-1.7	-2.1	-1.2	
Total, undistributed offsetting receipts .....	-37.8	-41.4	-41.4	-38.5	-40.4	-40.6	-41.3
On-Budget .....	(-31.4)	(-35.0)	(-34.6)	(-31.4)	(-32.9)	(-32.6)	(-32.6)
Off-Budget .....	(-6.4)	(-6.4)	(-6.9)	(-7.1)	(-7.5)	(-8.1)	(-8.7)
<b>Total</b> .....	<b>1,528.4</b>	<b>1,555.5</b>	<b>1,632.6</b>	<b>1,745.0</b>	<b>1,835.3</b>	<b>1,937.6</b>	<b>2,044.8</b>
On-budget .....	(1,245.8)	(1,257.5)	(1,324.3)	(1,425.9)	(1,501.9)	(1,590.4)	(1,684.7)
Off-budget .....	(282.6)	(298.0)	(308.3)	(319.1)	(333.4)	(347.2)	(360.1)

TABLE 17-9. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Agency	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Legislative Branch .....	2.6	2.7	2.8	2.9	3.0	3.2	3.3
The Judiciary .....	2.8	3.0	3.1	3.2	3.3	3.5	3.6
Executive Office Of the President .....	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds Appropriated to the President .....	9.6	11.1	10.7	10.6	10.7	10.9	12.8
Agriculture .....	65.6	62.0	64.4	65.1	64.6	67.0	68.6
Commerce .....	3.8	4.2	4.4	4.5	4.7	5.0	5.1
Defense—Military .....	251.4	250.8	260.6	269.3	278.3	287.6	297.3
Defense—Civil .....	30.9	30.9	31.7	32.9	34.1	36.1	37.4
Education .....	27.0	33.7	32.9	33.0	33.8	35.0	36.3
Energy .....	17.2	15.5	15.8	16.6	17.2	17.8	18.5
Health and Human Services .....	307.7	302.7	318.6	359.6	388.5	421.3	456.1
Housing and Urban Development .....	26.3	26.3	33.9	35.6	41.3	43.4	46.7
Interior .....	7.5	7.5	7.6	7.9	8.1	8.4	8.7
Justice .....	10.2	12.8	13.3	14.1	14.2	14.7	15.2
Labor .....	38.2	33.8	36.1	36.3	37.4	38.5	39.7
State .....	5.8	5.3	5.5	5.7	6.0	6.2	6.4
Transportation .....	42.3	40.8	37.1	43.2	43.1	44.2	45.2
Treasury .....	309.3	352.9	387.2	409.8	432.2	458.0	483.0
Veterans Affairs .....	36.8	38.2	39.3	40.7	42.0	44.3	45.6
Environmental Protection Agency .....	6.4	7.0	7.3	7.5	7.8	8.1	8.4
General Services Administration .....	0.6	0.4	0.5	0.5	0.6	0.6	0.7
National Aeronautics and Space Administration .....	14.6	14.5	14.9	15.4	15.9	16.4	17.0
Office of Personnel Management .....	40.4	42.3	43.6	46.4	49.0	51.4	54.0
Small Business Administration .....	2.1	0.8	0.8	0.9	0.9	0.9	0.9
Social Security Administration .....	348.6	366.7	380.0	406.4	428.7	451.7	478.2
On-Budget .....	(33.1)	(32.6)	(31.0)	(39.2)	(42.3)	(45.4)	(51.4)
Off-Budget .....	(315.5)	(334.1)	(349.0)	(367.1)	(386.4)	(406.4)	(426.8)
Other Independent Agencies .....	43.9	22.2	20.9	19.7	20.4	20.7	20.2
On-Budget .....	(41.2)	(18.2)	(16.6)	(17.9)	(18.5)	(19.2)	(20.1)
Off-Budget .....	(2.7)	(4.0)	(4.3)	(1.7)	(1.9)	(1.4)	(0.1)
Undistributed Offsetting Receipts .....	-123.5	-132.9	-140.6	-143.0	-150.9	-157.4	-164.1
On-Budget .....	(-87.9)	(-92.8)	(-95.6)	(-93.2)	(-96.0)	(-96.9)	(-97.3)
Off-Budget .....	(-35.6)	(-40.0)	(-45.0)	(-49.7)	(-54.9)	(-60.6)	(-66.8)
<b>Total</b> .....	<b>1,528.4</b>	<b>1,555.5</b>	<b>1,632.6</b>	<b>1,745.0</b>	<b>1,835.3</b>	<b>1,937.6</b>	<b>2,044.8</b>
On-budget .....	(1,245.8)	(1,257.5)	(1,324.3)	(1,425.9)	(1,501.9)	(1,590.4)	(1,684.7)
Off-budget .....	(282.6)	(298.0)	(308.3)	(319.1)	(333.4)	(347.2)	(360.1)

*Change in Estimates Since the 1995 Budget.*—The baseline deficit for 1995 in the 1995 Budget (February 1994) was \$184 billion, \$5 billion below the current estimate of \$189 billion. Since that time, Congressional action on appropriations action along with other policy changes reduced the 1995 deficit, on net, by \$3 billion. Appropriations action reduced discretionary spending by about \$2 billion below last year's baseline level. Other legislation, largely the implementing legislation for the GATT trade agreement, reduced the 1995 deficit, on net, by another \$1 billion. Changes in economic assumptions and technical factors increased the pro-

jected 1995 deficit by \$8 billion, more than offsetting the policy changes. The estimate for net interest has increased by \$21 billion, more than offsetting reductions in the deficit resulting from higher estimates of revenues (\$4 billion) and lower estimates of the major health entitlements (\$9 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 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>050 National defense:</b>							
<b>051 Department of Defense—Military:</b>							
Military personnel .....	71,365	70,389	73,053	75,445	77,915	80,466	83,101
Operation and maintenance .....	88,341	92,084	95,574	98,978	102,506	106,163	109,954
Procurement .....	44,141	44,582	45,919	47,343	48,810	50,324	51,884
Research, development, test and evaluation .....	34,567	35,438	36,560	37,729	38,936	40,181	41,467
Military construction .....	6,009	5,463	5,635	5,815	6,001	6,192	6,390
Family housing .....	3,501	3,387	3,627	3,740	3,856	3,977	4,101
Voluntary Separation Incentive (VSI fund) .....	55	77	334	160	160	159	159
Offset for payment to VSI fund .....		-20	-269	-93	-93	-93	-93
Revolving and management funds .....	4,354	297	991	1,031	1,073	1,116	1,161
Trust funds and other .....	117	118	165	166	90	88	88
General transfer authority .....							
Offsetting receipts .....	-1,086	-1,062	-990	-984	-992	-955	-954
Subtotal, Department of Defense—Military .....	251,364	250,755	260,599	269,330	278,261	287,618	297,256
<b>053 Atomic energy defense activities:</b>							
Weapons activities .....	3,630	3,229	3,387	3,530	3,678	3,832	3,993
Defense environmental restoration and waste management .....	5,170	5,108	5,264	5,429	5,600	5,776	5,957
Defense nuclear waste disposal .....	120	129	133	137	142	146	151
Other defense activities .....	1,960	1,850	1,940	2,022	2,107	2,195	2,287
Defense Nuclear Facilities Safety Board .....	17	18	19	19	20	21	22
Subtotal, Atomic energy defense activities .....	10,897	10,334	10,744	11,138	11,546	11,970	12,410
<b>054 Defense-related activities</b> .....	1,039	546	583	610	639	668	696
<b>Total, National defense</b> .....	263,300	261,634	271,925	281,078	290,447	300,256	310,362
<b>150 International affairs:</b>							
<b>151 International development and humanitarian assistance:</b>							
Agency for International Development .....	4,217	3,943	4,067	4,197	4,331	4,470	4,613
Multilateral development banks (MDB's) .....	1,556	1,966	1,967	2,028	2,091	2,156	2,223
Food aid .....	1,459	1,404	1,284	1,323	1,364	1,407	1,450
Refugee programs .....	750	721	743	766	789	814	839
Voluntary contributions to international organizations .....	363	374	385	397	409	422	435
Peace Corps .....	233	232	241	250	259	269	278
Other programs .....	159	169	207	226	223	219	215
Credit liquidating accounts .....	-458	-519	-486	-459	-465	-473	-435
Offsetting receipts .....	-564	-579	-561	-632	-641	-645	-632
Subtotal, International development and humanitarian assistance .....	7,714	7,712	7,848	8,098	8,362	8,639	8,986
<b>152 International security assistance:</b>							
Foreign military financing grants and loans .....	3,094	3,199	3,295	3,397	3,503	3,611	3,723
Economic support fund .....	2,107	2,369	2,440	2,515	2,593	2,674	2,757
Other programs .....	114	121	126	130	134	138	143
Repayment of foreign military financing loans .....	-545	-566	-655	-658	-570	-423	-312
Foreign military loan liquidating account .....	-255	-457	-239	-178	-185	-181	-194
Subtotal, International security assistance .....	4,516	4,666	4,967	5,207	5,475	5,820	6,116
<b>153 Conduct of foreign affairs:</b>							
State Department operations .....	2,109	2,126	2,213	2,295	2,391	2,480	2,572
Foreign buildings .....	400	412	425	439	454	469	484
Assessed Contributions to International Organizations .....	861	873	899	927	955	985	1,016
Assessed Contributions to International Peacekeeping .....	1,072	533	549	566	584	602	621
Other programs .....	189	174	186	192	199	206	214
Subtotal, Conduct of foreign affairs .....	4,630	4,117	4,272	4,420	4,584	4,742	4,906
<b>154 Foreign information and exchange activities:</b>							
U.S. Information Agency .....	1,270	1,186	1,232	1,275	1,319	1,266	1,414
Board for International Broadcasting .....	208	230	237	244	252	259	267
Other programs .....	17	16	17	17	18	18	19
Subtotal, Foreign information and exchange activities .....	1,496	1,432	1,485	1,536	1,589	1,543	1,700
<b>155 International financial programs:</b>							
Export-Import Bank .....	945	709	768	755	749	768	793

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
International monetary fund .....		25	26	27	27	28	29
Exchange stabilization fund .....							
Foreign military sales trust fund (net) .....	-66	1,120	50	-510	-990	-1,540	-240
Special defense acquisition fund .....	-266	-282	-220	-166	-106	-30	-21
Credit liquidating account (Exim) .....	-1,158	-937	-644	-622	-457	-574	-122
Other .....							
Offsetting receipts .....	-102	-104	-106	-108	-110	-112	-115
Subtotal, International financial programs .....	-647	530	-127	-625	-887	-1,460	324
<b>Total, International affairs</b> .....	<b>17,709</b>	<b>18,458</b>	<b>18,445</b>	<b>18,636</b>	<b>19,122</b>	<b>19,283</b>	<b>22,032</b>
<b>250 General science, space, and technology:</b>							
<b>251 General science and basic research:</b>							
National Science Foundation programs .....	2,992	3,329	3,437	3,545	3,655	3,768	3,884
Department of Energy general science programs .....	1,604	984	1,014	1,045	1,078	1,111	1,146
Subtotal, General science and basic research .....	4,596	4,313	4,451	4,590	4,732	4,879	5,030
<b>252 Space flight, research, and supporting activities:</b>							
Science, Aeronautics and Technology .....		5,079	5,232	5,404	5,561	5,733	5,911
Human space flight .....		5,515	5,680	5,856	6,038	6,225	6,418
Mission support .....		2,158	2,248	2,333	2,421	2,512	2,607
Research and program management .....	1,349						
Space flight control and data communications .....	4,835						
Construction of facilities .....	290						
Research and development .....	6,532						
Other .....	16	16	17	17	18	19	20
Subtotal, Space flight, research, and supporting activities .....	13,022	12,768	13,177	13,610	14,038	14,490	14,956
<b>Total, General science, space, and technology</b> .....	<b>17,618</b>	<b>17,081</b>	<b>17,627</b>	<b>18,200</b>	<b>18,770</b>	<b>19,369</b>	<b>19,986</b>
<b>270 Energy:</b>							
<b>271 Energy supply:</b>							
Research and development .....	3,830	3,796	4,075	4,287	4,276	4,410	4,549
Naval petroleum reserves .....	-188	-264	-270	-303	-277	-244	-202
Federal power marketing .....	-207	-420	-651	-608	-477	-492	-464
Tennessee Valley Authority .....	1,094	1,181	633	528	483	518	357
Uranium enrichment .....	126	73	75	78	80	83	86
Uranium enrichment facility decontamination and decommissioning fund .....	286	301	310	320	330	340	351
Decontamination transfer .....	-130	-134	-350	-292	-292	-292	-292
Nuclear waste program .....	261	394	406	418	431	445	458
Nuclear waste fund receipts .....	-396	-555	-591	-600	-606	-607	-616
Subsidies for nonconventional fuel production .....	-26	-8	-2	-2	-2	-2	-2
Rural electric and telephone loans .....	80	90	93	96	100	103	107
Credit liquidating account (REA) .....	-1,343	-1,452	-1,129	-1,102	-1,155	-1,130	-1,175
Subtotal, Energy supply .....	3,386	3,002	2,597	2,821	2,890	3,133	3,158
<b>272 Energy conservation</b> .....	<b>669</b>	<b>773</b>	<b>797</b>	<b>822</b>	<b>848</b>	<b>875</b>	<b>902</b>
<b>274 Emergency energy preparedness</b> .....	<b>216</b>	<b>144</b>	<b>260</b>	<b>268</b>	<b>277</b>	<b>285</b>	<b>294</b>
<b>276 Energy information, policy, and regulation:</b>							
Nuclear Regulatory Commission (NRC) .....	35	22	23	24	24	409	430
Other energy programs .....	419	392	365	424	441	458	476
Subtotal, Energy information, policy, and regulation .....	455	414	387	448	465	867	905
<b>Total, Energy</b> .....	<b>4,726</b>	<b>4,333</b>	<b>4,041</b>	<b>4,358</b>	<b>4,480</b>	<b>5,160</b>	<b>5,260</b>
<b>300 Natural resources and environment:</b>							
<b>301 Water resources:</b>							
Corps of Engineers .....	4,082	3,621	3,844	3,997	4,143	4,291	4,448
Bureau of Reclamation .....	874	889	928	946	980	1,010	1,026
Other .....	757	247	250	253	258	263	268
Offsetting receipts .....	-373	-472	-590	-580	-637	-657	-653
Subtotal, Water resources .....	5,340	4,285	4,433	4,617	4,744	4,907	5,089
<b>302 Conservation and land management:</b>							
Forest Service .....	3,169	3,047	3,123	3,246	3,347	3,451	3,558



TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Management of public lands (BLM) .....	966	976	1,017	1,048	1,086	1,125	1,166
Federal land acquisition .....	12	15	15	16	16	17	17
Mining reclamation and enforcement .....	308	293	303	313	323	334	345
Conservation reserve program .....	1,743	1,743	1,926	2,021	2,035	2,029	1,962
Other conservation of agricultural lands .....	932	830	1,151	894	924	955	986
Other .....	368	364	378	392	406	420	436
Offsetting receipts .....	-2,309	-2,278	-2,304	-2,313	-2,337	-2,490	-2,453
Subtotal, Conservation and land management .....	5,190	4,990	5,610	5,618	5,801	5,842	6,018
<b>303 Recreational resources:</b>							
Federal land acquisition .....	255	220	257	265	272	280	288
Urban park and historic preservation funds .....	58	54	56	57	59	61	63
Operation of recreational resources .....	2,658	2,730	2,754	2,873	2,951	3,055	3,166
Offsetting receipts .....	-179	-247	-230	-238	-236	-238	-244
Subtotal, Recreational resources .....	2,792	2,758	2,837	2,957	3,046	3,157	3,273
<b>304 Pollution control and abatement:</b>							
Regulatory, enforcement, and research programs .....	2,627	2,794	2,897	2,997	3,101	3,209	3,320
Hazardous substance superfund .....	1,497	1,431	1,479	1,528	1,578	1,630	1,683
Oil pollution funds (gross) .....	149	164	167	171	174	178	182
Water infrastructure financing .....	2,455	2,962	3,051	3,145	3,243	3,343	3,447
Leaking underground storage tank trust fund .....	76	70	72	75	77	79	82
Superfund recoveries and other .....	-209	-235	-221	-196	-171	-146	-146
Subtotal, Pollution control and abatement .....	6,595	7,186	7,445	7,719	8,001	8,293	8,568
<b>306 Other natural resources:</b>							
Program activities .....	2,789	2,829	2,940	3,045	3,155	3,270	3,388
Offsetting receipts .....	-19	-19	-19	-19	-19	-21	-33
Subtotal, Other natural resources .....	2,770	2,810	2,921	3,026	3,137	3,249	3,356
<b>Total, Natural resources and environment .....</b>	<b>22,688</b>	<b>22,029</b>	<b>23,246</b>	<b>23,938</b>	<b>24,730</b>	<b>25,447</b>	<b>26,303</b>
<b>350 Agriculture:</b>							
<b>351 Farm income stabilization:</b>							
Commodity Credit Corporation .....	12,400	8,895	8,593	8,080	5,801	5,998	5,468
Crop insurance .....	236	1,093	1,264	1,062	1,115	1,068	1,207
Agricultural credit insurance .....	401	404	419	433	449	465	481
Emergency food assistance program .....	120	65	67	69	71	73	76
Other .....	1,060	784	812	853	903	935	970
Credit liquidating accounts (ACIF and FAC) .....	51	-787	-762	-1,244	-1,117	-996	-881
Subtotal, Farm income stabilization .....	14,268	10,455	10,392	9,254	7,221	7,542	7,320
<b>352 Agricultural research and services:</b>							
Research programs .....	1,201	1,203	1,247	1,290	1,334	1,380	1,428
Marketing programs .....	168	157	159	160	162	163	165
Animal and plant inspection programs .....	476	463	477	492	507	522	538
Economic intelligence .....	138	135	141	146	152	158	164
Other programs and unallocated overhead .....	928	940	972	1,005	1,038	1,073	1,109
Offsetting receipts .....	-126	-131	-130	-130	-130	-130	-130
Subtotal, Agricultural research and services .....	2,785	2,768	2,866	2,963	3,063	3,167	3,274
<b>Total, Agriculture .....</b>	<b>17,053</b>	<b>13,222</b>	<b>13,258</b>	<b>12,216</b>	<b>10,284</b>	<b>10,709</b>	<b>10,595</b>
<b>370 Commerce and housing credit:</b>							
<b>371 Mortgage credit:</b>							
Federal Housing Administration (FHA) .....	-422	187	184	201	229	248	267
Government National Mortgage Association (GNMA) .....			*	*	1	1	2
Rural housing programs .....	1,085	770	798	826	872	903	934
Other .....		50	53	54	56	57	59
Credit liquidating accounts .....	822	746	971	75	-643	-994	-1,219
Subtotal, Mortgage credit .....	1,485	1,753	2,006	1,157	515	215	43
<b>372 Postal service:</b>							
Payments to the Postal Service fund (On-budget) .....	130	130	132	134	136	139	141

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Postal Service (Off-budget) .....	2,732	3,958	4,336	1,739	1,943	1,438	53
Subtotal, Postal service .....	2,863	4,088	4,468	1,873	2,079	1,577	194
<b>373 Deposit insurance:</b>							
Resolution Trust Corporation Fund .....	18,315		-957				
Bank Insurance Fund .....							
FSLIC Resolution Fund .....	1,171	796					
Savings Association Insurance Fund .....							
National Credit Union Administration .....							
Other mandatory .....							
Discretionary .....	34	32	34	35	36	38	40
Subtotal, Deposit insurance .....	19,520	828	-923	35	36	38	40
<b>376 Other advancement of commerce:</b>							
Small and minority business assistance .....	624	727	749	772	797	821	850
Science and technology .....	547	893	923	954	986	1,018	1,052
Economic and demographic statistics .....	284	328	342	355	369	383	398
Payments to copyright owners .....	213	226	232	236	242	246	252
Regulatory agencies .....	232	216	217	226	235	245	256
International trade and other business promotion .....	501	405	476	491	507	647	668
Credit liquidating accounts .....	170						
Subtotal, Other advancement of commerce .....	2,571	2,795	2,938	3,035	3,135	3,361	3,476
<b>Total, Commerce and housing credit .....</b>	<b>26,439</b>	<b>9,465</b>	<b>8,490</b>	<b>6,100</b>	<b>5,765</b>	<b>5,191</b>	<b>3,753</b>
On-budget .....	(23,706)	(5,506)	(4,154)	(4,361)	(3,822)	(3,753)	(3,700)
Off-budget .....	(2,732)	(3,958)	(4,336)	(1,739)	(1,943)	(1,438)	(53)
<b>400 Transportation:</b>							
<b>401 Ground transportation:</b>							
Highways .....	22,198	21,436	17,181	21,406	20,418	20,429	20,441
Highway safety .....	200	405	376	395	402	395	403
Mass transit .....	4,567	4,620	4,566	6,647	6,854	7,066	7,286
Railroads .....	1,100	1,232	1,295	1,332	1,247	1,286	1,327
Regulation (ICC) .....	45	33	35	36	37	39	40
Offsetting receipts .....	-29	-46	-6	-6	-6	-6	-6
Subtotal, Ground transportation .....	28,081	27,680	23,446	29,810	28,952	29,209	29,490
<b>402 Air transportation:</b>							
Airports and airways (FAA) .....	9,859	9,035	9,367	8,919	9,471	10,160	10,606
Aeronautical research and technology .....	1,546	1,696	1,753	1,811	1,871	1,933	1,996
Payments to air carriers .....	33	30	39	39	39	39	39
Subtotal, Air transportation .....	11,439	10,761	11,159	10,769	11,380	12,131	12,641
<b>403 Water transportation:</b>							
Marine safety and transportation .....	3,538	3,584	3,733	3,888	4,050	4,203	4,431
Ocean shipping .....	156	193	180	188	193	198	203
Panama Canal Commission .....							
Offsetting receipts .....	-68	-73	-79	-83	-83	-84	-91
Subtotal, Water transportation .....	3,626	3,704	3,834	3,994	4,160	4,317	4,543
<b>407 Other transportation:</b>							
Miscellaneous programs .....	348	370	392	406	419	433	448
Offsetting receipts .....	-27	-44	-57	-56	-56	-52	-52
Subtotal, Other transportation .....	321	326	335	350	363	381	396
<b>Total, Transportation .....</b>	<b>43,467</b>	<b>42,472</b>	<b>38,774</b>	<b>44,922</b>	<b>44,855</b>	<b>46,038</b>	<b>47,071</b>
<b>450 Community and regional development:</b>							
<b>451 Community development:</b>							
Community opportunity performance funds .....		23	24	24	25	26	27
Community development block grants .....	5,050	4,622	4,761	4,908	5,061	5,217	5,379
Community development financial institutions .....		125	129	133	137	141	145
Other .....	439	301	416	431	447	463	480

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Credit liquidating accounts .....	-27	-23	-20	-10	-10	-10	-10
Subtotal, Community development .....	5,461	5,048	5,310	5,487	5,659	5,838	6,022
<b>452 Area and regional development:</b>							
Rural development .....	835	887	915	944	974	1,005	1,038
Economic development assistance .....	550	450	463	478	493	509	525
Indian programs .....	1,762	1,599	1,570	1,602	1,638	1,686	1,736
Appalachian Regional Commission .....	252	287	295	304	314	323	333
Tennessee Valley Authority .....	140	143	149	154	160	166	173
Credit liquidating accounts .....	124	254	196	201	226	486	206
Offsetting receipts .....	-445	-406	-341	-331	-347	-374	-391
Subtotal, Area and regional development .....	3,219	3,213	3,247	3,354	3,458	3,802	3,620
<b>453 Disaster relief and insurance:</b>							
Small business disaster loans .....	1,313	130	134	138	142	147	151
Disaster relief .....	5,409	320	329	339	350	361	372
National flood insurance fund .....		-*					
Other .....	192	308	332	343	355	367	380
Credit liquidating accounts .....							
Subtotal, Disaster relief and insurance .....	6,915	758	795	821	848	875	904
<b>Total, Community and regional development .....</b>	<b>15,595</b>	<b>9,018</b>	<b>9,353</b>	<b>9,661</b>	<b>9,965</b>	<b>10,515</b>	<b>10,545</b>
<b>500 Education, training, employment, and social services:</b>							
<b>501 Elementary, secondary, and vocational education:</b>							
Education reform .....	147	528	544	561	579	596	615
School improvement programs .....	1,377	1,565	1,612	1,662	1,713	1,766	1,821
Education for the disadvantaged .....	6,924	7,233	7,450	7,681	7,919	8,164	8,417
Special education .....	3,109	3,253	3,350	3,454	3,561	3,672	3,786
Impact aid .....	913	728	750	773	797	822	847
Vocational and adult education .....	1,488	1,480	1,525	1,572	1,620	1,670	1,722
Indian education programs .....	577	591	616	639	663	688	714
Other .....	247	252	259	267	276	284	293
Subtotal, Elementary, secondary, and vocational education .....	14,782	15,630	16,106	16,609	17,128	17,663	18,215
<b>502 Higher education:</b>							
Student financial assistance .....	8,103	7,706	7,937	8,183	8,437	8,699	8,968
Federal family education loan program .....	3,003	3,836	2,455	2,335	2,246	2,162	2,365
Federal direct loan program .....	316	1,138	1,629	1,540	2,002	2,386	2,507
Higher education .....	894	963	992	1,022	1,054	1,087	1,121
Other .....	120	301	322	337	349	358	371
Credit liquidating account (Family education loan program) .....	-2,840	1,345	595	-16	-443	-514	-552
Subtotal, Higher education .....	9,596	15,288	13,930	13,402	13,646	14,177	14,779
<b>503 Research and general education aids .....</b>	<b>2,172</b>	<b>2,340</b>	<b>2,441</b>	<b>2,516</b>	<b>2,602</b>	<b>2,690</b>	<b>2,782</b>
<b>504 Training and employment:</b>							
Training and employment services .....	5,050	5,456	5,621	5,796	5,976	6,162	6,354
Trade adjustment assistance .....	76	101	129	116	125	94	94
Older Americans employment .....	410	410	423	436	449	463	478
Payments to States for AFDC work programs .....	1,100	1,300	1,000	1,000	1,000	1,000	1,000
Federal-State employment service .....	1,253	1,327	1,368	1,411	1,455	1,501	1,549
Other .....	92	91	95	98	102	106	110
Subtotal, Training and employment .....	7,981	8,685	8,635	8,857	9,108	9,327	9,585
<b>505 Other labor services .....</b>	<b>957</b>	<b>998</b>	<b>1,040</b>	<b>1,079</b>	<b>1,121</b>	<b>1,164</b>	<b>1,207</b>
<b>506 Social services:</b>							
National service initiative .....	579	804	843	878	911	943	976
Family support and preservation .....	60	150	225	240	255	255	255
Social services block grant .....	3,807	2,800	2,800	2,800	2,800	2,800	2,800
Rehabilitation services .....	2,297	2,393	2,457	2,537	2,618	2,702	2,790
Payments to States for foster care and adoption assistance .....	2,993	3,624	4,308	4,422	4,819	5,253	5,725
Children and families services programs .....	4,713	4,892	5,042	5,199	5,362	5,530	5,703
Aging services program .....	878	877	904	932	961	991	1,022
Interim assistance to States for legalization .....	812	361	6	6	7	7	7
Other social services .....	16	54	56	57	59	61	63

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Subtotal, Social services .....	16,154	15,956	16,640	17,072	17,791	18,541	19,340
<b>Total, Education, training, employment, and social services .....</b>	<b>51,643</b>	<b>58,897</b>	<b>58,792</b>	<b>59,535</b>	<b>61,395</b>	<b>63,562</b>	<b>65,909</b>
<b>550 Health:</b>							
<b>551 Health care services:</b>							
Medicaid grants .....	89,077	89,241	82,142	104,621	114,503	124,519	136,327
Health insurance earned income credit .....	773						
Federal and retired employees' health benefits (FEHB) .....	3,805	4,211	3,746	4,255	4,769	4,957	5,309
Coal miners retirees health benefits .....	286	351	344	337	329	323	316
Indian health .....	1,947	1,968	2,038	2,108	2,181	2,256	2,334
Substance abuse and mental health services .....	2,150	2,195	2,262	2,333	2,405	2,481	2,558
Other health care services .....	4,899	5,084	5,235	5,400	5,541	5,719	5,791
Subtotal, Health care services .....	102,938	103,049	95,768	119,054	129,729	140,254	152,635
<b>552 Health research and training:</b>							
National Institutes of Health .....	10,946	11,327	11,682	12,053	12,436	12,831	13,239
DoD breast cancer and other health research .....							
Clinical training .....	356	339	368	368	366	361	364
Substance abuse and mental health research .....							
Other research and training .....	311	320	332	343	355	368	381
Subtotal, Health research and training .....	11,613	11,986	12,382	12,764	13,157	13,560	13,984
<b>554 Consumer and occupational health and safety:</b>							
Food safety and inspection (net of user fees) .....	518	533	559	583	607	633	659
Other consumer safety .....	913	927	966	1,002	1,041	1,080	1,121
Occupational safety and health .....	504	527	548	569	590	612	635
Subtotal, Consumer and occupational health and safety .....	1,935	1,987	2,074	2,154	2,238	2,325	2,415
<b>Total, Health .....</b>	<b>116,486</b>	<b>117,023</b>	<b>110,223</b>	<b>133,972</b>	<b>145,124</b>	<b>156,139</b>	<b>169,034</b>
<b>570 Medicare:</b>							
<b>571 Medicare:</b>							
Hospital insurance (HI) .....	112,397	111,450	122,989	132,416	142,609	154,333	165,075
Supplementary medical insurance (SMI) .....	61,256	65,823	75,550	84,187	93,297	103,486	114,551
Medicare premiums and collections .....	-10,977	-20,122	-20,198	-21,701	-24,101	-25,575	-26,743
Subtotal, Medicare .....	162,677	157,152	178,341	194,902	211,804	232,244	252,884
<b>Total, Medicare .....</b>	<b>162,677</b>	<b>157,152</b>	<b>178,341</b>	<b>194,902</b>	<b>211,804</b>	<b>232,244</b>	<b>252,884</b>
<b>600 Income security:</b>							
<b>601 General retirement and disability insurance (excluding social security):</b>							
Railroad retirement .....	4,623	4,594	4,565	4,678	4,700	4,774	4,789
Special benefits for disabled coal miners .....	1,433	1,290	1,205	1,210	1,168	1,124	1,081
Pension Benefit Guaranty Corporation .....							
Other .....	189	202	214	226	236	249	263
Subtotal, General retirement and disability insurance (excluding social security) .....	6,244	6,087	5,985	6,114	6,104	6,148	6,134
<b>602 Federal employee retirement and disability:</b>							
Civilian retirement and disability programs .....	36,925	38,453	40,262	42,556	44,683	46,902	49,171
Military retirement .....	26,804	27,332	28,005	29,088	30,231	32,065	33,205
Federal employees workers' compensation (FECA) .....	279	258	226	302	355	355	372
Federal employees life insurance fund .....	4	26	33	36	41	47	52
Subtotal, Federal employee retirement and disability .....	64,012	66,069	68,526	71,982	75,310	79,369	82,801
<b>603 Unemployment compensation .....</b>	<b>28,696</b>	<b>23,818</b>	<b>25,759</b>	<b>25,558</b>	<b>26,326</b>	<b>27,105</b>	<b>27,913</b>
<b>604 Housing assistance:</b>							
Subsidized, public, homeless and other HUD housing .....	20,586	20,867	27,824	29,749	35,390	37,316	40,363
Rural housing assistance .....	521	608	627	646	666	687	708
Other housing assistance .....	7	15	15	16	16	17	18
Subtotal, Housing assistance .....	21,114	21,491	28,466	30,412	36,073	38,020	41,089
<b>605 Food and nutrition assistance:</b>							
Food stamps (including Puerto Rico) .....	28,097	28,789	29,763	30,990	32,164	33,320	34,489

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
State child nutrition programs .....	7,498	7,438	7,939	8,727	9,315	9,901	10,532
Special supplemental food program for women, infants, and children (WIC) .....	3,210	3,470	3,574	3,685	3,799	3,917	4,038
Other nutrition programs .....	1,160	1,096	1,124	1,059	1,074	1,091	1,108
Subtotal, Food and nutrition assistance .....	39,965	40,793	42,400	44,461	46,352	48,229	50,167
<b>609 Other income security:</b>							
Supplemental security income (SSI) .....	27,488	27,995	26,192	32,641	35,310	37,979	43,660
Family support payments .....	16,820	17,359	18,013	18,847	19,581	20,394	21,266
Earned income tax credit (EITC) .....	10,950	16,844	20,228	22,753	23,852	24,997	26,036
Refugee assistance .....	400	406	418	431	444	458	472
Low income home energy assistance .....	1,737	1,319	1,359	1,401	1,444	1,489	1,535
Payments to states for day-care assistance .....	893	935	963	993	1,023	1,055	1,088
Other .....	250	167	174	182	188	195	203
SSI offsetting receipts .....	-800	-956	-1,032	-1,194	-1,295	-1,391	-1,592
Subtotal, Other income security .....	57,739	64,068	66,314	76,054	80,548	85,177	92,667
<b>Total, Income security .....</b>	<b>217,770</b>	<b>222,325</b>	<b>237,450</b>	<b>254,581</b>	<b>270,713</b>	<b>284,047</b>	<b>300,769</b>
<b>650 Social security:</b>							
<b>651 Social security:</b>							
Old-age and survivors insurance (OASI) .....	282,561	296,595	308,141	324,460	339,968	356,141	372,844
Disability insurance (DI) .....	38,577	42,324	46,003	49,826	54,076	58,418	62,780
<b>Total, Social security .....</b>	<b>321,138</b>	<b>338,920</b>	<b>354,143</b>	<b>374,285</b>	<b>394,044</b>	<b>414,559</b>	<b>435,624</b>
On-budget .....	(5,687)	(4,859)	(5,184)	(7,154)	(7,660)	(8,203)	(8,779)
Off-budget .....	(315,451)	(334,060)	(348,960)	(367,131)	(386,384)	(406,356)	(426,845)
<b>700 Veterans benefits and services:</b>							
<b>701 Income security for veterans:</b>							
Compensation .....	14,226	14,414	14,863	15,703	16,248	16,768	17,290
Pensions .....	3,159	3,097	3,044	3,051	3,066	3,585	3,650
Burial benefits and miscellaneous assistance .....	106	111	112	115	118	121	124
National service life insurance trust fund .....	1,417	1,371	1,335	1,274	1,213	1,137	1,061
All other insurance programs .....	25	33	32	36	36	37	38
Insurance program receipts .....	-337	-298	-289	-268	-245	-223	-200
Subtotal, Income security for veterans .....	18,597	18,728	19,098	19,909	20,435	21,426	21,963
<b>702 Veterans education, training, and rehabilitation:</b>							
Readjustment benefits (GI Bill and related programs) .....	1,081	1,287	1,345	1,468	1,538	1,526	1,516
Post-Vietnam era education .....	-51	-120	-149	-166	-149	-143	-138
All-volunteer force educational assistance trust fund .....	1	1	1	1	1	1	1
Other .....	1	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation .....	1,031	1,168	1,198	1,304	1,390	1,384	1,379
<b>703 Hospital and medical care for veterans:</b>							
Medical care and hospital services .....	15,980	16,553	17,235	17,887	18,563	19,265	19,995
Construction .....	659	571	589	607	626	645	665
Third-party medical recoveries .....	-38	-16	-53	-83	-25	340	-7
Fees and other charges for medical services .....	-413	-455	-476	-533	-616	-591	-248
Subtotal, Hospital and medical care for veterans .....	16,187	16,653	17,294	17,877	18,548	19,659	20,404
<b>704 Veterans housing:</b>							
Loan guaranty .....	-14	103	85	85	83	81	80
Direct loans .....	3	1	1	1	1	1	2
Guaranty and indemnity .....	199	572	572	456	410	582	572
Credit liquidating accounts .....							
Subtotal, Veterans housing .....	188	677	659	543	495	664	654
<b>705 Other veterans benefits and services:</b>							
Cemeteries, administration of veterans benefits, and other .....	962	1,030	1,074	1,114	1,158	1,203	1,249
Non-VA support programs .....	94	93	100	98	100	101	102
Subtotal, Other veterans benefits and services .....	1,056	1,122	1,174	1,213	1,258	1,303	1,350

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Total, Veterans benefits and services</b> .....	37,059	38,347	39,423	40,845	42,126	44,437	45,750
<b>750 Administration of justice:</b>							
<b>751 Federal law enforcement activities:</b>							
Criminal investigations (DEA, FBI, FinCEN, OCDE) .....	3,353	3,537	3,664	4,112	3,926	4,065	4,209
Alcohol, tobacco, and firearms investigations (ATF) .....	374	386	403	418	435	452	469
Border enforcement activities (Customs and INS) .....	3,303	3,898	4,061	4,180	4,303	4,430	4,562
Customs and INS fees .....	-1,468	-1,722	-1,805	-1,831	-1,859	-1,885	-1,912
Protection activities (Secret Service) .....	502	516	537	556	576	597	619
Equal Employment Opportunity Commission .....	230	233	243	252	262	272	283
Other enforcement .....	473	496	516	535	555	576	597
Subtotal, Federal law enforcement activities .....	6,768	7,344	7,619	8,223	8,199	8,508	8,829
<b>752 Federal litigative and judicial activities:</b>							
Civil and criminal prosecution and representation .....	2,649	2,698	2,793	2,874	2,950	3,041	3,135
Federal judicial activities .....	2,821	2,976	3,093	3,203	3,317	3,435	3,557
Representation of indigents in civil cases .....	401	415	427	441	454	468	483
Other .....	14	14	14	14	15	15	16
Subtotal, Federal litigative and judicial activities .....	5,884	6,103	6,328	6,532	6,735	6,959	7,191
<b>753 Federal correctional activities</b> .....	2,222	2,628	2,735	2,837	2,944	3,054	3,168
<b>754 Criminal justice assistance</b> .....	859	2,633	2,706	2,786	2,867	2,950	3,037
<b>Total, Administration of justice</b> .....	15,734	18,708	19,389	20,378	20,745	21,471	22,224
<b>800 General government:</b>							
<b>801 Legislative functions</b> .....	2,107	2,184	2,277	2,367	2,457	2,550	2,646
<b>802 Executive direction and management:</b>							
Drug control programs .....	19	108	111	114	118	122	125
Executive Office of the President .....	233	189	197	204	208	216	224
Other .....	3	2	2	2	2	3	3
Subtotal, Executive direction and management .....	255	299	310	321	328	340	352
<b>803 Central fiscal operations:</b>							
Collection of taxes .....	7,345	7,576	7,915	8,210	8,516	8,834	9,164
Other fiscal operations .....	415	159	193	215	234	252	275
Subtotal, Central fiscal operations .....	7,760	7,735	8,107	8,424	8,750	9,086	9,440
<b>804 General property and records management:</b>							
Real property activities .....	447	264	354	350	400	422	492
Property and other receipts .....	-14	-11	-14	-25	-25	-25	-20
Records management .....	192	201	207	214	220	227	234
Other .....	187	177	187	194	201	208	216
Subtotal, General property and records management .....	813	632	734	732	796	832	922
<b>805 Central personnel management</b> .....	177	173	181	188	195	203	211
<b>806 General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	689	700	721	744	767	791	816
Payments to States and counties from Forest Service receipts .....	321	249	245	232	229	226	226
Payments to States from receipts under the Mineral Leasing Act .....	520	548	560	578	584	604	631
Payments to States and counties from Federal land management activities .....	19	19	20	20	21	22	22
Payments in lieu of taxes .....	104	104	107	110	114	117	121
Payments to territories and Puerto Rico .....	266	271	284	290	296	303	310
Tax revenues for Puerto Rico (Treasury, BATF) .....	201	226	232	240	247	255	263
Other .....	9	9	9	9	9	9	9
Subtotal, General purpose fiscal assistance .....	2,130	2,126	2,177	2,223	2,267	2,326	2,398
<b>808 Other general government:</b>							
Compact of free association .....	143	390	184	167	166	167	167
Territories .....	106	100	102	104	107	109	112
Treasury claims .....	503	625	635	635	615	615	615
Civil liberties public education fund .....	100	5	5	5	5	6	6
Presidential election campaign fund .....	70	70	70	70	70	70	70
Other .....	35	68	97	102	107	111	116

TABLE 17-10. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Subtotal, Other general government .....	956	1,257	1,094	1,083	1,070	1,078	1,086
<b>809 Deductions for offsetting receipts</b> .....	-2,087	-700	-710	-710	-710	-710	-710
<b>Total, General government</b> .....	12,110	13,706	14,170	14,628	15,153	15,706	16,345
<b>900 Net interest:</b>							
<b>901 Interest on the public debt</b> .....	296,278	333,580	363,810	383,623	405,268	430,159	454,730
<b>902 Interest received by on-budget trust funds:</b>							
Civil Service retirement and disability .....	-26,139	-27,529	-29,382	-30,733	-31,980	-33,397	-34,655
Military retirement .....	-10,143	-10,360	-10,605	-10,818	-11,024	-11,205	-11,386
Medicare .....	-12,709	-12,209	-11,913	-11,825	-11,160	-10,185	-8,784
Other on-budget trust fund interest .....	-7,503	-7,791	-8,139	-8,497	-8,933	-9,547	-9,912
Subtotal, Interest received by on-budget trust funds .....	-56,494	-57,889	-60,039	-61,873	-63,096	-64,334	-64,737
<b>903 Interest received by off-budget trust funds</b> .....	-29,203	-33,576	-38,102	-42,586	-47,347	-52,499	-58,081
<b>908 Other interest:</b>							
Interest on loans to Federal Financing Bank .....	-9,049	-8,415	-7,234	-6,270	-5,786	-4,973	-4,465
Interest on refunds of tax collections .....	3,068	3,142	3,182	3,297	3,422	3,561	3,708
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 .....	992	708	829	911	919	903	887
Interest received from direct loan financing accounts .....	-883	-1,327	-2,401	-3,782	-5,321	-6,991	-8,769
Interest on deposits in tax and loan accounts .....	-634	-960	-1,000	-1,000	-1,000	-1,000	-1,000
Interest received from Outer Continental Shelf escrow account, Interior .....	-*	-	-993	-	-	-	-
Other .....	-3,441	-3,480	-3,441	-3,372	-3,198	-3,046	-2,947
Subtotal, Other interest .....	-7,618	-8,004	-8,729	-7,887	-8,636	-9,218	-10,257
<b>Total, Net interest</b> .....	202,962	234,111	256,940	271,276	286,188	304,108	321,655
On-budget .....	(232,166)	(267,687)	(295,042)	(313,862)	(333,535)	(356,607)	(379,736)
Off-budget .....	(-29,203)	(-33,576)	(-38,102)	(-42,586)	(-47,347)	(-52,499)	(-58,081)
<b>950 Undistributed offsetting receipts:</b>							
<b>951 Employer share, employee retirement (on-budget):</b>							
Contributions to military retirement fund .....	-12,808	-12,130	-11,123	-10,351	-10,559	-10,713	-10,881
Postal Service contributions to Civil Service Retirement and Disability Fund .....	-5,114	-5,493	-5,499	-5,737	-6,158	-6,216	-6,500
Other contributions to Civil Service Retirement and Disability Fund .....	-7,999	-7,811	-8,074	-8,500	-8,927	-9,197	-9,819
Contributions to HI trust fund .....	-2,440	-2,452	-2,545	-2,620	-2,718	-2,836	-2,982
Subtotal, Employer share, employee retirement (on-budget) .....	-28,361	-27,885	-27,242	-27,208	-28,361	-28,962	-30,182
<b>952 Employer share, employee retirement (off-budget)</b> .....	-6,409	-6,441	-6,864	-7,137	-7,544	-8,061	-8,707
<b>953 Rents and royalties on the Outer Continental Shelf</b> .....	-3,001	-2,692	-3,036	-2,485	-2,426	-2,393	-2,403
<b>959 Other undistributed offsetting receipts:</b>							
Spectrum Auction .....	-	-4,375	-4,275	-1,675	-2,075	-1,197	-
<b>Total, Undistributed offsetting receipts</b> .....	-37,772	-41,392	-41,418	-38,505	-40,407	-40,613	-41,293
On-budget .....	(-31,362)	(-34,951)	(-34,554)	(-31,368)	(-32,863)	(-32,552)	(-32,586)
Off-budget .....	(-6,409)	(-6,441)	(-6,864)	(-7,137)	(-7,544)	(-8,061)	(-8,707)
<b>Total</b> .....	1,528,401	1,555,510	1,632,613	1,745,008	1,835,302	1,937,625	2,044,807
On-budget .....	(1,245,830)	(1,257,507)	(1,324,283)	(1,425,861)	(1,501,866)	(1,590,392)	(1,684,698)
Off-budget .....	(282,571)	(298,002)	(308,329)	(319,147)	(333,436)	(347,234)	(360,110)

\* \$500 thousand or less.

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>050 National defense:</b>							
<b>051 Department of Defense—Military:</b>							
Military personnel .....	73,137	70,546	70,318	75,088	77,547	80,086	82,708
Operation and maintenance .....	87,880	88,385	93,611	97,129	100,657	104,314	108,060
Procurement .....	61,758	54,664	49,477	46,984	46,378	47,170	48,122
Research, development, test and evaluation .....	34,762	34,981	35,686	36,752	37,856	39,046	40,285
Military construction .....	4,979	5,619	5,580	5,657	5,708	5,835	5,966
Family housing .....	3,316	3,457	3,620	3,699	3,770	3,855	3,965
Voluntary Separation Incentive (VSI fund) .....	153	163	166	167	167	167	167
Offset for payment to VSI fund .....		-20	-269	-93	-93	-93	-93
Revolving and management funds .....	3,620	1,187	639	1,545	1,537	1,579	1,290
Trust funds and other .....	92	198	93	86	80	75	71
General transfer authority .....		280	-60	-120	-60	-20	-20
Offsetting receipts .....	-1,086	-1,062	-990	-984	-992	-955	-954
Subtotal, Department of Defense—Military .....	268,611	258,399	257,871	265,910	272,553	281,059	289,566
<b>053 Atomic energy defense activities:</b>							
Weapons activities .....	4,035	3,349	3,340	3,487	3,633	3,786	3,945
Defense environmental restoration and waste management .....	5,447	5,080	5,564	5,608	5,457	5,631	5,812
Defense nuclear waste disposal .....	118	123	133	137	141	146	150
Other defense activities .....	2,277	1,901	1,358	1,415	2,081	2,169	2,260
Defense Nuclear Facilities Safety Board .....	16	18	19	19	18	19	19
Subtotal, Atomic energy defense activities .....	11,892	10,471	10,415	10,666	11,331	11,750	12,186
<b>054 Defense-related activities</b> .....	1,060	973	695	627	633	661	689
<b>Total, National defense</b> .....	281,563	269,844	268,980	277,203	284,518	293,469	302,441
<b>150 International affairs:</b>							
<b>151 International development and humanitarian assistance:</b>							
Agency for International Development .....	3,365	3,960	4,079	4,150	4,272	4,293	4,411
Multilateral development banks (MDB's) .....	1,443	1,701	1,904	1,875	2,130	2,089	2,394
Food aid .....	2,043	1,588	1,285	1,305	1,345	1,387	1,430
Refugee programs .....	687	728	764	758	782	806	831
Voluntary contributions to international organizations .....	311	420	382	394	406	419	432
Peace Corps .....	214	243	248	249	257	267	277
Other programs .....	57	108	182	223	211	209	202
Credit liquidating accounts .....	-494	-1,079	-1,029	-1,092	-1,100	-1,121	-1,094
Offsetting receipts .....	-564	-579	-561	-632	-641	-645	-632
Subtotal, International development and humanitarian assistance .....	7,061	7,091	7,255	7,232	7,663	7,703	8,249
<b>152 International security assistance:</b>							
Foreign military financing grants and loans .....	4,023	3,674	3,547	3,320	3,360	3,564	3,685
Economic support fund .....	2,766	2,687	2,634	2,619	2,640	2,683	2,689
Other programs .....	173	139	122	129	122	123	127
Repayment of foreign military financing loans .....	-545	-566	-655	-658	-570	-423	-312
Foreign military loan liquidating account .....	213	-124	-139	-178	-185	-181	-194
Subtotal, International security assistance .....	6,630	5,810	5,509	5,233	5,367	5,766	5,995
<b>153 Conduct of foreign affairs:</b>							
State Department operations .....	2,052	2,038	2,199	2,278	2,363	2,451	2,543
Foreign buildings .....	580	554	517	493	492	505	458
Assessed Contributions to International Organizations .....	765	951	899	926	955	984	1,015
Assessed Contributions to International Peacekeeping .....	979	629	549	566	584	602	620
Other programs .....	182	206	203	202	208	215	212
Subtotal, Conduct of foreign affairs .....	4,557	4,378	4,366	4,465	4,601	4,757	4,849
<b>154 Foreign information and exchange activities:</b>							
U.S. Information Agency .....	1,168	1,233	1,217	1,260	1,305	1,251	1,398
Board for International Broadcasting .....	213	204	199	205	211	218	225
Other programs .....	18	16	17	18	18	18	19
Subtotal, Foreign information and exchange activities .....	1,398	1,453	1,433	1,483	1,534	1,487	1,641
<b>155 International financial programs:</b>							
Export-Import Bank .....	182	490	578	681	643	649	641



TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
International monetary fund .....	-393	19	19	26	26	26	26
Exchange stabilization fund .....	-1,326	-1,300	-1,320	-1,340	-1,360	-1,380	-1,400
Foreign military sales trust fund (net) .....	185	100	180	170	240	30	130
Special defense acquisition fund .....	-96	-156	-134	-115	-66	-10	-17
Credit liquidating account (Exim) .....	-1,014	-6	-624	-840	-659	-604	-610
Other .....	*	*					
Offsetting receipts .....	-102	-104	-106	-108	-110	-112	-115
Subtotal, International financial programs .....	-2,564	-957	-1,407	-1,527	-1,287	-1,403	-1,345
<b>Total, International affairs</b> .....	<b>17,083</b>	<b>17,775</b>	<b>17,156</b>	<b>16,885</b>	<b>17,878</b>	<b>18,311</b>	<b>19,389</b>
<b>250 General science, space, and technology:</b>							
<b>251 General science and basic research:</b>							
National Science Foundation programs .....	2,596	2,777	3,080	3,349	3,518	3,589	3,754
Department of Energy general science programs .....	1,268	1,395	1,006	1,038	1,070	1,103	1,137
Subtotal, General science and basic research .....	3,863	4,173	4,086	4,386	4,588	4,692	4,891
<b>252 Space flight, research, and supporting activities:</b>							
Science, Aeronautics and Technology .....	2,393	4,529	5,303	5,452	5,621	5,795	5,795
Human space flight .....	3,432	5,539	5,709	5,969	6,154	6,345	6,345
Mission support .....	1,717	2,097	2,326	2,373	2,485	2,580	2,580
Research and program management .....	1,316	96	6	*	*		
Space flight control and data communications .....	4,899	1,614	199	43	14	6	2
Construction of facilities .....	328	373	109	51	25	13	7
Research and development .....	5,805	3,168	414	67	17	7	4
Other .....	15	15	17	17	18	19	20
Subtotal, Space flight, research, and supporting activities .....	12,363	12,809	12,911	13,518	13,869	14,304	14,752
<b>Total, General science, space, and technology</b> .....	<b>16,227</b>	<b>16,982</b>	<b>16,997</b>	<b>17,905</b>	<b>18,457</b>	<b>18,996</b>	<b>19,643</b>
<b>270 Energy:</b>							
<b>271 Energy supply:</b>							
Research and development .....	3,697	3,952	4,242	4,368	4,350	4,488	4,629
Naval petroleum reserves .....	-176	-243	-268	-308	-282	-249	-207
Federal power marketing .....	-146	-457	-677	-613	-836	-778	-781
Tennessee Valley Authority .....	1,040	1,063	543	136	40	39	-101
Uranium enrichment .....	95	-213	-77	-11	89	170	244
Uranium enrichment facility decontamination and decommissioning fund .....	228	275	304	336	325	335	345
Decontamination transfer .....	-130	-134	-350	-292	-292	-292	-292
Nuclear waste program .....	297	328	597	418	431	445	458
Nuclear waste fund receipts .....	-396	-555	-591	-600	-606	-607	-616
Subsidies for nonconventional fuel production .....	60	96	42	39	38	38	38
Rural electric and telephone loans .....	63	112	113	136	156	145	146
Credit liquidating account (REA) .....	-734	-988	-658	-958	-1,050	-1,064	-1,133
Subtotal, Energy supply .....	3,899	3,235	3,220	2,651	2,363	2,668	2,731
<b>272 Energy conservation</b> .....	<b>582</b>	<b>681</b>	<b>767</b>	<b>801</b>	<b>826</b>	<b>852</b>	<b>879</b>
<b>274 Emergency energy preparedness</b> .....	<b>275</b>	<b>241</b>	<b>253</b>	<b>264</b>	<b>272</b>	<b>281</b>	<b>290</b>
<b>276 Energy information, policy, and regulation:</b>							
Nuclear Regulatory Commission (NRC) .....	46	37	18	19	19	404	424
Other energy programs .....	417	394	364	412	433	449	466
Subtotal, Energy information, policy, and regulation .....	462	431	382	430	452	853	891
<b>Total, Energy</b> .....	<b>5,219</b>	<b>4,589</b>	<b>4,621</b>	<b>4,146</b>	<b>3,913</b>	<b>4,654</b>	<b>4,790</b>
<b>300 Natural resources and environment:</b>							
<b>301 Water resources:</b>							
Corps of Engineers .....	3,640	4,035	3,877	3,951	4,105	4,249	4,402
Bureau of Reclamation .....	869	992	903	929	957	990	1,012
Other .....	392	508	263	260	264	264	268
Offsetting receipts .....	-373	-472	-590	-580	-637	-657	-653
Subtotal, Water resources .....	4,528	5,064	4,453	4,560	4,689	4,846	5,029
<b>302 Conservation and land management:</b>							
Forest Service .....	3,197	2,852	3,088	3,225	3,331	3,435	3,542

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Management of public lands (BLM) .....	934	959	1,008	1,040	1,078	1,116	1,157
Federal land acquisition .....	20	12	15	15	16	16	17
Mining reclamation and enforcement .....	312	255	312	324	359	322	333
Conservation reserve program .....	1,736	1,859	1,926	2,021	2,035	2,029	1,962
Other conservation of agricultural lands .....	904	885	1,061	1,032	970	969	992
Other .....	368	363	369	387	401	416	431
Offsetting receipts .....	-2,309	-2,278	-2,304	-2,313	-2,337	-2,490	-2,453
Subtotal, Conservation and land management .....	5,161	4,907	5,475	5,732	5,853	5,813	5,980
<b>303 Recreational resources:</b>							
Federal land acquisition .....	243	264	243	240	239	243	251
Urban park and historic preservation funds .....	46	52	51	54	57	59	61
Operation of recreational resources .....	2,509	2,731	2,765	2,842	2,918	2,997	3,103
Offsetting receipts .....	-179	-247	-230	-238	-236	-238	-244
Subtotal, Recreational resources .....	2,619	2,801	2,830	2,898	2,978	3,061	3,172
<b>304 Pollution control and abatement:</b>							
Regulatory, enforcement, and research programs .....	2,542	2,815	2,913	2,976	3,091	3,184	3,272
Hazardous substance superfund .....	1,489	1,460	1,462	1,477	1,493	1,518	1,554
Oil pollution funds (gross) .....	179	126	129	134	138	142	145
Water infrastructure financing .....	1,978	2,202	2,245	2,474	2,866	3,080	3,224
Leaking underground storage tank trust fund .....	70	74	73	74	75	77	80
Superfund recoveries and other .....	-209	-235	-221	-196	-171	-146	-146
Subtotal, Pollution control and abatement .....	6,050	6,442	6,601	6,940	7,491	7,855	8,129
<b>306 Other natural resources:</b>							
Program activities .....	2,725	2,699	2,803	2,868	3,085	3,227	3,278
Offsetting receipts .....	-19	-19	-19	-19	-19	-21	-33
Subtotal, Other natural resources .....	2,706	2,680	2,785	2,849	3,066	3,206	3,245
<b>Total, Natural resources and environment .....</b>	<b>21,064</b>	<b>21,894</b>	<b>22,144</b>	<b>22,979</b>	<b>24,077</b>	<b>24,780</b>	<b>25,556</b>
<b>350 Agriculture:</b>							
<b>351 Farm income stabilization:</b>							
Commodity Credit Corporation .....	10,336	10,623	9,132	8,774	6,984	6,977	6,414
Crop insurance .....	1,007	709	1,361	1,345	1,500	1,512	1,549
Agricultural credit insurance .....	397	396	416	433	448	464	480
Emergency food assistance program .....	119	72	67	69	71	73	75
Other .....	953	816	704	735	824	854	887
Credit liquidating accounts (ACIF and FAC) .....	-386	-955	-840	-1,315	-1,196	-1,079	-964
Subtotal, Farm income stabilization .....	12,426	11,662	10,841	10,040	8,631	8,801	8,442
<b>352 Agricultural research and services:</b>							
Research programs .....	1,154	1,211	1,281	1,284	1,322	1,360	1,407
Marketing programs .....	158	159	159	159	161	162	164
Animal and plant inspection programs .....	485	444	475	489	504	520	536
Economic intelligence .....	135	133	139	146	151	157	163
Other programs and unallocated overhead .....	889	925	978	996	1,030	1,065	1,100
Offsetting receipts .....	-126	-131	-130	-130	-130	-130	-130
Subtotal, Agricultural research and services .....	2,695	2,742	2,902	2,945	3,038	3,134	3,240
<b>Total, Agriculture .....</b>	<b>15,121</b>	<b>14,403</b>	<b>13,743</b>	<b>12,985</b>	<b>11,669</b>	<b>11,935</b>	<b>11,682</b>
<b>370 Commerce and housing credit:</b>							
<b>371 Mortgage credit:</b>							
Federal Housing Administration (FHA) .....	-472	203	126	197	225	244	263
Government National Mortgage Association (GNMA) .....	-513	-493	-469	-716	-695	-667	-631
Rural housing programs .....	991	950	725	802	832	864	897
Other .....	-8	*	18	52	53	54	57
Credit liquidating accounts .....	-499	-3,263	-4,817	-3,209	-3,445	-4,608	-5,638
Subtotal, Mortgage credit .....	-501	-2,603	-4,418	-2,875	-3,029	-4,113	-5,053
<b>372 Postal service:</b>							
Payments to the Postal Service fund (On-budget) .....	130	130	132	134	136	139	141

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Postal Service (Off-budget) .....	1,103	712	625	357	-450	-1,050	-1,400
Subtotal, Postal service .....	1,233	842	757	491	-314	-911	-1,259
<b>373 Deposit insurance:</b>							
Resolution Trust Corporation Fund .....	4,107	-6,783	-1,660				
Bank Insurance Fund .....	-9,498	-5,977	-1,937	1,068	1,203	-687	-2,361
FSLIC Resolution Fund .....	-706	1,778	-3,195	-3,453	-43	371	504
Savings Association Insurance Fund .....	-1,197	-1,078	892	1,448	498	-434	-1,118
National Credit Union Administration .....	-287	-294	-328	-344	-358	-386	-416
Other mandatory .....	-21	45	-6	-7	-8	-4	1
Discretionary .....	31	29	33	35	36	38	39
Subtotal, Deposit insurance .....	-7,570	-12,278	-6,200	-1,254	1,329	-1,102	-3,351
<b>376 Other advancement of commerce:</b>							
Small and minority business assistance .....	638	815	748	764	788	812	840
Science and technology .....	196	505	737	988	1,029	1,010	1,016
Economic and demographic statistics .....	296	333	320	351	364	378	393
Payments to copyright owners .....	175	226	232	236	242	246	252
Regulatory agencies .....	233	254	240	223	233	242	254
International trade and other business promotion .....	331	435	431	463	465	583	601
Credit liquidating accounts .....	-153	-475	-236	-168	-137	-118	-101
Subtotal, Other advancement of commerce .....	1,715	2,094	2,471	2,858	2,982	3,154	3,253
<b>Total, Commerce and housing credit .....</b>	<b>-5,122</b>	<b>-11,946</b>	<b>-7,390</b>	<b>-779</b>	<b>968</b>	<b>-2,972</b>	<b>-6,409</b>
On-budget .....	(-6,225)	(-12,658)	(-8,015)	(-1,136)	(1,418)	(-1,922)	(-5,009)
Off-budget .....	(1,103)	(712)	(625)	(357)	(-450)	(-1,050)	(-1,400)
<b>400 Transportation:</b>							
<b>401 Ground transportation:</b>							
Highways .....	18,994	19,551	19,831	20,207	20,675	21,304	21,908
Highway safety .....	330	377	383	388	394	401	414
Mass transit .....	3,769	3,836	4,026	4,399	4,431	4,838	4,981
Railroads .....	833	1,100	1,202	1,336	1,221	1,259	1,303
Regulation (ICC) .....	43	35	34	36	37	39	40
Offsetting receipts .....	-29	-46	-6	-6	-6	-6	-6
Subtotal, Ground transportation .....	23,940	24,854	25,470	26,359	26,752	27,834	28,640
<b>402 Air transportation:</b>							
Airports and airways (FAA) .....	8,784	8,674	8,688	8,870	9,261	10,033	10,537
Aeronautical research and technology .....	1,330	1,435	1,363	1,387	1,430	1,471	1,517
Payments to air carriers .....	32	26	34	35	36	37	38
Subtotal, Air transportation .....	10,146	10,135	10,085	10,292	10,727	11,541	12,092
<b>403 Water transportation:</b>							
Marine safety and transportation .....	3,566	3,484	3,609	3,886	4,038	4,150	4,380
Ocean shipping .....	241	446	262	260	76	22	29
Panama Canal Commission .....	-23	-13	-12	-1	-1	-1	77
Offsetting receipts .....	-68	-73	-79	-83	-83	-84	-91
Subtotal, Water transportation .....	3,716	3,844	3,780	4,062	4,029	4,086	4,394
<b>407 Other transportation:</b>							
Miscellaneous programs .....	360	368	385	403	417	431	446
Offsetting receipts .....	-27	-44	-57	-56	-56	-52	-52
Subtotal, Other transportation .....	333	324	327	347	361	379	394
<b>Total, Transportation .....</b>	<b>38,134</b>	<b>39,156</b>	<b>39,663</b>	<b>41,060</b>	<b>41,869</b>	<b>43,840</b>	<b>45,520</b>
<b>450 Community and regional development:</b>							
<b>451 Community development:</b>							
Community opportunity performance funds .....		12	23	24	25	26	26
Community development block grants .....	3,651	4,330	4,755	5,092	5,027	5,094	5,103
Community development financial institutions .....		34	127	130	134	138	142
Other .....	539	643	631	518	292	289	298

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Credit liquidating accounts .....	-58	-23	-58	-61	-134	-133	-130
Subtotal, Community development .....	4,133	4,996	5,478	5,703	5,343	5,414	5,440
<b>452 Area and regional development:</b>							
Rural development .....	486	793	756	855	906	938	972
Economic development assistance .....	232	393	436	392	486	502	557
Indian programs .....	1,485	1,477	1,496	1,552	1,610	1,655	1,686
Appalachian Regional Commission .....	190	169	216	277	292	306	321
Tennessee Valley Authority .....	170	151	173	144	153	158	164
Credit liquidating accounts .....	47	180	220	206	199	214	189
Offsetting receipts .....	-445	-406	-341	-331	-347	-374	-391
Subtotal, Area and regional development .....	2,166	2,757	2,956	3,095	3,298	3,399	3,497
<b>453 Disaster relief and insurance:</b>							
Small business disaster loans .....	689	761	347	170	142	146	151
Disaster relief .....	3,743	3,507	1,350	965	558	352	363
National flood insurance fund .....	-79	-51	-54	-28	-44	-62	-83
Other .....	156	319	328	339	350	362	375
Credit liquidating accounts .....	-354	-362	-309	-55	-440	-372	-57
Subtotal, Disaster relief and insurance .....	4,156	4,175	1,662	1,391	566	427	748
<b>Total, Community and regional development .....</b>	<b>10,454</b>	<b>11,928</b>	<b>10,096</b>	<b>10,190</b>	<b>9,207</b>	<b>9,240</b>	<b>9,685</b>
<b>500 Education, training, employment, and social services:</b>							
<b>501 Elementary, secondary, and vocational education:</b>							
Education reform .....	2	179	451	535	560	577	595
School improvement programs .....	1,460	1,592	1,569	1,611	1,657	1,708	1,761
Education for the disadvantaged .....	6,846	7,032	7,052	7,454	7,659	7,896	8,141
Special education .....	2,980	3,612	3,125	3,246	3,428	3,534	3,644
Impact aid .....	830	1,088	788	785	797	817	842
Vocational and adult education .....	1,341	1,549	1,570	1,543	1,570	1,615	1,665
Indian education programs .....	563	542	584	623	647	671	697
Other .....	237	271	267	260	267	275	284
Subtotal, Elementary, secondary, and vocational education .....	14,258	15,866	15,406	16,057	16,584	17,094	17,628
<b>502 Higher education:</b>							
Student financial assistance .....	7,118	7,261	7,561	7,612	7,782	7,952	8,115
Federal family education loan program .....	2,743	3,283	2,481	2,179	2,151	2,004	2,148
Federal direct loan program .....	148	843	1,502	1,527	1,753	2,245	2,420
Higher education .....	796	903	901	1,016	1,020	1,052	1,084
Other .....	94	274	291	305	307	320	332
Credit liquidating account (Family education loan program) .....	-3,023	1,459	711	83	-371	-467	-520
Subtotal, Higher education .....	7,876	14,024	13,447	12,722	12,643	13,107	13,579
<b>503 Research and general education aids .....</b>	<b>2,086</b>	<b>2,299</b>	<b>2,403</b>	<b>2,502</b>	<b>2,580</b>	<b>2,656</b>	<b>2,746</b>
<b>504 Training and employment:</b>							
Training and employment services .....	4,353	4,653	5,308	5,595	5,790	5,939	6,125
Trade adjustment assistance .....	74	91	125	125	121	111	100
Older Americans employment .....	385	405	413	424	437	451	465
Payments to States for AFDC work programs .....	839	937	943	957	952	958	967
Federal-State employment service .....	1,353	1,255	1,345	1,386	1,430	1,474	1,521
Other .....	94	82	89	95	99	103	107
Subtotal, Training and employment .....	7,097	7,423	8,221	8,583	8,829	9,036	9,285
<b>505 Other labor services .....</b>	<b>958</b>	<b>986</b>	<b>1,026</b>	<b>1,067</b>	<b>1,107</b>	<b>1,150</b>	<b>1,193</b>
<b>506 Social services:</b>							
National service initiative .....	211	319	532	710	769	826	870
Family support and preservation .....	1	67	148	212	237	251	254
Social services block grant .....	2,728	2,996	3,343	3,040	2,860	2,800	2,800
Rehabilitation services .....	2,244	2,554	2,515	2,517	2,596	2,679	2,766
Payments to States for foster care and adoption assistance .....	3,030	3,596	4,051	4,329	4,722	5,149	5,613
Children and families services programs .....	4,306	4,722	4,910	5,086	5,248	5,413	5,583
Aging services program .....	859	868	884	925	951	981	1,011
Interim assistance to States for legalization .....	652	356	5	6	6	7	7
Other social services .....	-*	20	44	50	57	59	60

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Subtotal, Social services .....	14,031	15,497	16,431	16,875	17,446	18,164	18,964
<b>Total, Education, training, employment, and social services .....</b>	<b>46,307</b>	<b>56,095</b>	<b>56,933</b>	<b>57,805</b>	<b>59,189</b>	<b>61,207</b>	<b>63,395</b>
<b>550 Health:</b>							
<b>551 Health care services:</b>							
Medicaid grants .....	82,034	88,438	95,977	104,621	114,503	124,519	136,327
Health insurance earned income credit .....	773						
Federal and retired employees' health benefits (FEHB) .....	3,254	3,340	4,075	3,832	4,396	4,627	4,635
Coal miners retirees health benefits .....	286	351	344	337	329	323	316
Indian health .....	1,822	2,003	2,062	2,078	2,150	2,224	2,300
Substance abuse and mental health services .....	2,132	2,462	2,225	2,291	2,363	2,436	2,513
Other health care services .....	3,959	4,829	5,030	5,201	5,389	5,553	5,702
Subtotal, Health care services .....	94,259	101,424	109,713	118,360	129,130	139,682	151,793
<b>552 Health research and training:</b>							
National Institutes of Health .....	10,165	10,935	11,267	11,846	12,357	12,767	13,166
DoD breast cancer and other health research .....	24	114	67	12			
Clinical training .....	329	328	351	357	359	352	355
Substance abuse and mental health research .....	239						
Other research and training .....	243	294	322	334	345	356	368
Subtotal, Health research and training .....	11,000	11,671	12,007	12,549	13,060	13,475	13,889
<b>554 Consumer and occupational health and safety:</b>							
Food safety and inspection (net of user fees) .....	511	518	557	581	605	631	657
Other consumer safety .....	846	963	952	996	1,034	1,073	1,114
Occupational safety and health .....	506	525	546	567	588	610	632
Subtotal, Consumer and occupational health and safety .....	1,863	2,006	2,055	2,144	2,227	2,314	2,404
<b>Total, Health .....</b>	<b>107,122</b>	<b>115,101</b>	<b>123,775</b>	<b>133,053</b>	<b>144,417</b>	<b>155,471</b>	<b>168,086</b>
<b>570 Medicare:</b>							
<b>571 Medicare:</b>							
Hospital insurance (HI) .....	102,770	111,631	122,566	132,603	142,782	153,769	165,296
Supplementary medical insurance (SMI) .....	59,724	65,780	75,487	84,156	93,262	103,411	114,494
Medicare premiums and collections .....	-17,747	-20,122	-20,198	-21,701	-24,101	-25,575	-26,743
Subtotal, Medicare .....	144,747	157,289	177,855	195,059	211,943	231,605	253,047
<b>Total, Medicare .....</b>	<b>144,747</b>	<b>157,289</b>	<b>177,855</b>	<b>195,059</b>	<b>211,943</b>	<b>231,605</b>	<b>253,047</b>
<b>600 Income security:</b>							
<b>601 General retirement and disability insurance (excluding social security):</b>							
Railroad retirement .....	4,547	4,492	4,511	4,608	4,644	4,701	4,746
Special benefits for disabled coal miners .....	1,375	1,319	1,255	1,206	1,172	1,128	1,085
Pension Benefit Guaranty Corporation .....	-385	-982	-1,090	-1,217	-1,191	-1,114	-821
Other .....	183	196	207	217	228	241	254
Subtotal, General retirement and disability insurance (excluding social security) .....	5,720	5,026	4,882	4,814	4,853	4,956	5,263
<b>602 Federal employee retirement and disability:</b>							
Civilian retirement and disability programs .....	36,776	38,284	40,073	42,354	44,464	46,677	48,956
Military retirement .....	26,717	27,250	27,920	29,000	30,140	31,969	33,105
Federal employees workers' compensation (FECA) .....	130	212	256	245	300	300	319
Federal employees life insurance fund .....	-1,136	-959	-954	-913	-858	-804	-756
Subtotal, Federal employee retirement and disability .....	62,487	64,788	67,295	70,686	74,047	78,142	81,625
<b>603 Unemployment compensation .....</b>	<b>28,729</b>	<b>23,843</b>	<b>25,796</b>	<b>25,623</b>	<b>26,389</b>	<b>27,166</b>	<b>27,972</b>
<b>604 Housing assistance:</b>							
Subsidized, public, homeless and other HUD housing .....	23,416	26,191	27,303	29,194	30,484	32,439	33,319
Rural housing assistance .....	468	547	581	624	661	692	801
Other housing assistance .....	4	9	15	15	15	16	16
Subtotal, Housing assistance .....	23,888	26,747	27,899	29,833	31,161	33,146	34,137
<b>605 Food and nutrition assistance:</b>							
Food stamps (including Puerto Rico) .....	25,441	26,555	27,253	28,497	29,644	30,800	31,968

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
State child nutrition programs .....	7,044	7,645	8,082	8,644	9,228	9,814	10,438
Special supplemental food program for women, infants, and children (WIC) .....	3,160	3,500	3,600	3,677	3,791	3,909	4,030
Other nutrition programs .....	1,129	1,192	1,053	1,057	1,073	1,089	1,106
Subtotal, Food and nutrition assistance .....	36,773	38,892	39,988	41,876	43,736	45,613	47,543
<b>609 Other income security:</b>							
Supplemental security income (SSI) .....	26,281	27,504	27,857	32,597	35,330	37,952	43,639
Family support payments .....	16,508	17,260	17,918	18,741	19,491	20,304	21,166
Earned income tax credit (EITC) .....	10,950	16,844	20,228	22,753	23,852	24,997	26,036
Refugee assistance .....	377	402	411	421	435	448	462
Low income home energy assistance .....	2,126	1,570	1,374	1,399	1,442	1,486	1,532
Payments to states for day-care assistance .....	786	900	912	944	975	1,007	1,047
Other .....	210	245	172	179	184	191	198
SSI offsetting receipts .....	-800	-956	-1,032	-1,194	-1,295	-1,391	-1,592
Subtotal, Other income security .....	56,439	63,768	67,841	75,841	80,413	84,995	92,487
<b>Total, Income security .....</b>	<b>214,036</b>	<b>223,064</b>	<b>233,700</b>	<b>248,672</b>	<b>260,600</b>	<b>274,017</b>	<b>289,028</b>
<b>650 Social security:</b>							
<b>651 Social security:</b>							
Old-age and survivors insurance (OASI) .....	281,584	294,592	308,439	323,170	338,628	354,735	371,405
Disability insurance (DI) .....	37,981	41,557	45,505	49,335	53,527	57,872	62,220
<b>Total, Social security .....</b>	<b>319,565</b>	<b>336,149</b>	<b>353,944</b>	<b>372,505</b>	<b>392,155</b>	<b>412,608</b>	<b>433,625</b>
On-budget .....	(5,683)	(4,860)	(5,184)	(7,154)	(7,660)	(8,203)	(8,779)
Off-budget .....	(313,881)	(331,289)	(348,760)	(365,351)	(384,495)	(404,405)	(424,846)
<b>700 Veterans benefits and services:</b>							
<b>701 Income security for veterans:</b>							
Compensation .....	15,092	14,535	13,836	15,634	16,145	16,629	18,398
Pensions .....	3,427	3,093	2,848	2,993	3,051	3,540	3,984
Burial benefits and miscellaneous assistance .....	106	111	112	115	118	121	124
National service life insurance trust fund .....	1,224	1,279	1,311	1,346	1,377	1,407	1,423
All other insurance programs .....	100	49	29	54	73	87	106
Insurance program receipts .....	-337	-298	-289	-268	-245	-223	-200
Subtotal, Income security for veterans .....	19,613	18,768	17,847	19,873	20,517	21,561	23,834
<b>702 Veterans education, training, and rehabilitation:</b>							
Readjustment benefits (GI Bill and related programs) .....	1,123	1,365	1,346	1,454	1,499	1,534	1,522
Post-Vietnam era education .....	43	47	22	19	10	7	4
All-volunteer force educational assistance trust fund .....	-51	-120	-149	-166	-149	-143	-138
Other .....	-*	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation .....	1,115	1,292	1,220	1,309	1,360	1,398	1,389
<b>703 Hospital and medical care for veterans:</b>							
Medical care and hospital services .....	15,436	16,311	17,095	17,779	18,450	19,148	19,874
Construction .....	693	688	640	619	607	608	625
Third-party medical recoveries .....	-39	-18	-54	-84	-25	340	-7
Fees and other charges for medical services .....	-413	-455	-476	-533	-616	-591	-248
Subtotal, Hospital and medical care for veterans .....	15,678	16,527	17,205	17,781	18,416	19,505	20,243
<b>704 Veterans housing:</b>							
Loan guaranty .....	-16	105	85	85	83	81	80
Direct loans .....	3	2	3	3	1	1	2
Guaranty and indemnity .....	198	573	572	456	410	582	572
Credit liquidating accounts .....	11	28	29	19	14	-18	-14
Subtotal, Veterans housing .....	197	708	689	563	509	646	640
<b>705 Other veterans benefits and services:</b>							
Cemeteries, administration of veterans benefits, and other .....	935	1,000	1,066	1,091	1,138	1,182	1,227
Non-VA support programs .....	104	97	98	97	97	99	99
Subtotal, Other veterans benefits and services .....	1,039	1,097	1,163	1,189	1,236	1,281	1,327

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Total, Veterans benefits and services</b> .....	37,642	38,392	38,124	40,715	42,038	44,391	47,433
<b>750 Administration of justice:</b>							
<b>751 Federal law enforcement activities:</b>							
Criminal investigations (DEA, FBI, FinCEN, OCDE) .....	3,352	3,357	3,432	3,929	3,727	3,852	3,994
Alcohol, tobacco, and firearms investigations (ATF) .....	383	385	401	417	433	450	468
Border enforcement activities (Customs and INS) .....	3,248	3,698	3,873	4,034	4,176	4,281	4,408
Customs and INS fees .....	-1,468	-1,722	-1,805	-1,831	-1,859	-1,885	-1,912
Protection activities (Secret Service) .....	504	520	535	554	574	595	617
Equal Employment Opportunity Commission .....	229	232	240	249	258	268	279
Other enforcement .....	377	592	479	517	549	570	591
Subtotal, Federal law enforcement activities .....	6,624	7,061	7,155	7,869	7,859	8,131	8,445
<b>752 Federal litigative and judicial activities:</b>							
Civil and criminal prosecution and representation .....	2,388	2,908	2,860	2,888	2,936	3,023	3,116
Federal judicial activities .....	2,695	3,118	3,111	3,191	3,299	3,416	3,538
Representation of indigents in civil cases .....	375	377	425	438	452	466	480
Other .....	12	14	9	13	14	15	15
Subtotal, Federal litigative and judicial activities .....	5,470	6,417	6,406	6,530	6,701	6,920	7,150
<b>753 Federal correctional activities</b> .....	2,315	2,824	2,851	2,987	3,025	3,175	3,273
<b>754 Criminal justice assistance</b> .....	847	1,330	2,259	2,704	2,969	3,044	3,052
<b>Total, Administration of justice</b> .....	15,256	17,632	18,670	20,090	20,554	21,270	21,920
<b>800 General government:</b>							
<b>801 Legislative functions</b> .....	2,051	2,242	2,292	2,362	2,428	2,522	2,617
<b>802 Executive direction and management:</b>							
Drug control programs .....	12	99	110	113	117	120	124
Executive Office of the President .....	229	193	203	209	211	219	227
Other .....	3	2	2	2	2	3	3
Subtotal, Executive direction and management .....	244	294	315	324	330	342	354
<b>803 Central fiscal operations:</b>							
Collection of taxes .....	7,019	7,662	7,895	8,100	8,471	8,788	9,116
Other fiscal operations .....	398	129	178	211	230	248	271
Subtotal, Central fiscal operations .....	7,417	7,792	8,073	8,311	8,701	9,036	9,387
<b>804 General property and records management:</b>							
Real property activities .....	155	713	614	378	460	373	300
Property and other receipts .....	-14	-11	-14	-25	-25	-25	-20
Records management .....	261	195	199	204	161	166	171
Other .....	189	425	215	204	204	219	224
Subtotal, General property and records management .....	590	1,322	1,014	760	800	733	675
<b>805 Central personnel management</b> .....	202	176	179	186	193	201	209
<b>806 General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	688	702	721	744	767	791	816
Payments to States and counties from Forest Service receipts .....	94	249	245	232	229	226	226
Payments to States from receipts under the Mineral Leasing Act .....	520	548	560	578	584	604	631
Payments to States and counties from Federal land management activities .....	18	19	20	20	21	21	22
Payments in lieu of taxes .....	100	104	107	110	114	117	121
Payments to territories and Puerto Rico .....	272	271	284	290	296	303	310
Tax revenues for Puerto Rico (Treasury, BATF) .....	201	226	232	240	247	255	263
Other .....	7	10	10	10	9	9	9
Subtotal, General purpose fiscal assistance .....	1,899	2,129	2,178	2,224	2,267	2,326	2,398
<b>808 Other general government:</b>							
Compact of free association .....	142	336	193	177	166	166	167
Territories .....	99	94	104	104	106	109	111
Treasury claims .....	504	625	635	635	615	615	610
Civil liberties public education fund .....	87	18	5	5	5	6	6
Presidential election campaign fund .....	1	25	191	4	70	70	70
Other .....	163	136	95	102	107	112	117

TABLE 17-11. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1994 Actual	Estimate					
		1995	1996	1997	1998	1999	2000
Subtotal, Other general government .....	995	1,234	1,224	1,027	1,070	1,078	1,081
<b>809 Deductions for offsetting receipts .....</b>	<b>-2,087</b>	<b>-700</b>	<b>-710</b>	<b>-710</b>	<b>-710</b>	<b>-710</b>	<b>-710</b>
<b>Total, General government .....</b>	<b>11,312</b>	<b>14,489</b>	<b>14,566</b>	<b>14,485</b>	<b>15,079</b>	<b>15,527</b>	<b>16,011</b>
<b>900 Net interest:</b>							
<b>901 Interest on the public debt .....</b>	<b>296,278</b>	<b>333,580</b>	<b>363,810</b>	<b>383,623</b>	<b>405,268</b>	<b>430,159</b>	<b>454,730</b>
<b>902 Interest received by on-budget trust funds:</b>							
Civil Service retirement and disability .....	-26,139	-27,529	-29,382	-30,733	-31,980	-33,397	-34,655
Military retirement .....	-10,143	-10,360	-10,605	-10,818	-11,024	-11,205	-11,386
Medicare .....	-12,709	-12,209	-11,913	-11,825	-11,160	-10,185	-8,784
Other on-budget trust fund interest .....	-7,503	-7,791	-8,139	-8,497	-8,933	-9,547	-9,912
Subtotal, Interest received by on-budget trust funds .....	-56,494	-57,889	-60,039	-61,873	-63,096	-64,334	-64,737
<b>903 Interest received by off-budget trust funds .....</b>	<b>-29,203</b>	<b>-33,576</b>	<b>-38,102</b>	<b>-42,586</b>	<b>-47,347</b>	<b>-52,499</b>	<b>-58,081</b>
<b>908 Other interest:</b>							
Interest on loans to Federal Financing Bank .....	-9,049	-8,415	-7,234	-6,270	-5,786	-4,973	-4,465
Interest on refunds of tax collections .....	3,068	3,142	3,182	3,297	3,422	3,561	3,708
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 .....	992	708	829	911	919	903	887
Interest received from direct loan financing accounts .....	-883	-1,327	-2,401	-3,782	-5,321	-6,991	-8,769
Interest on deposits in tax and loan accounts .....	-634	-960	-1,000	-1,000	-1,000	-1,000	-1,000
Interest received from Outer Continental Shelf escrow account, Interior .....	-*	-	-993	-	-	-	-
Other .....	-3,446	-3,491	-3,441	-3,372	-3,198	-3,046	-2,947
Subtotal, Other interest .....	-7,623	-8,015	-8,729	-7,887	-8,636	-9,218	-10,257
<b>Total, Net interest .....</b>	<b>202,957</b>	<b>234,100</b>	<b>256,940</b>	<b>271,276</b>	<b>286,188</b>	<b>304,108</b>	<b>321,655</b>
On-budget .....	(232,160)	(267,676)	(295,042)	(313,862)	(333,535)	(356,607)	(379,736)
Off-budget .....	(-29,203)	(-33,576)	(-38,102)	(-42,586)	(-47,347)	(-52,499)	(-58,081)
<b>950 Undistributed offsetting receipts:</b>							
<b>951 Employer share, employee retirement (on-budget):</b>							
Contributions to military retirement fund .....	-12,808	-12,130	-11,123	-10,351	-10,559	-10,713	-10,881
Postal Service contributions to Civil Service Retirement and Disability Fund .....	-5,114	-5,493	-5,499	-5,737	-6,158	-6,216	-6,500
Other contributions to Civil Service Retirement and Disability Fund .....	-7,999	-7,811	-8,074	-8,500	-8,927	-9,197	-9,819
Contributions to HI trust fund .....	-2,440	-2,452	-2,545	-2,620	-2,718	-2,836	-2,982
Subtotal, Employer share, employee retirement (on-budget) .....	-28,361	-27,885	-27,242	-27,208	-28,361	-28,962	-30,182
<b>952 Employer share, employee retirement (off-budget) .....</b>	<b>-6,409</b>	<b>-6,441</b>	<b>-6,864</b>	<b>-7,137</b>	<b>-7,544</b>	<b>-8,061</b>	<b>-8,707</b>
<b>953 Rents and royalties on the Outer Continental Shelf .....</b>	<b>-3,001</b>	<b>-2,692</b>	<b>-3,036</b>	<b>-2,485</b>	<b>-2,426</b>	<b>-2,393</b>	<b>-2,403</b>
<b>959 Other undistributed offsetting receipts:</b>							
Spectrum Auction .....	-	-4,375	-4,275	-1,675	-2,075	-1,197	-
<b>Total, Undistributed offsetting receipts .....</b>	<b>-37,772</b>	<b>-41,392</b>	<b>-41,418</b>	<b>-38,505</b>	<b>-40,407</b>	<b>-40,613</b>	<b>-41,293</b>
On-budget .....	(-31,362)	(-34,951)	(-34,554)	(-31,368)	(-32,863)	(-32,552)	(-32,586)
Off-budget .....	(-6,409)	(-6,441)	(-6,864)	(-7,137)	(-7,544)	(-8,061)	(-8,707)
<b>Total .....</b>	<b>1,460,914</b>	<b>1,535,546</b>	<b>1,619,101</b>	<b>1,717,729</b>	<b>1,804,313</b>	<b>1,901,843</b>	<b>2,005,204</b>
On-budget .....	(1,181,542)	(1,243,562)	(1,314,682)	(1,401,744)	(1,475,159)	(1,559,049)	(1,648,546)
Off-budget .....	(279,372)	(291,984)	(304,419)	(315,985)	(329,154)	(342,795)	(356,658)

\* \$500 thousand or less.



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## OTHER TECHNICAL PRESENTATIONS

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## 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. In addition, the chapter is being expanded this year to include information about the income and outgo of 4 Federal funds that are financed by earmarked collections similar to trust funds.

### Federal Funds Group

The Federal funds group comprises the larger part of the budget. It includes all transactions not classified by law as being in trust funds.<sup>1</sup>

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, which are similar to trust funds in that their spending is 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. The majority of special fund collections are derived from the Government's power to impose taxes, fines, and other compulsory payments, and they must be appropriated before they can be obligated and spent.

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. Their proceeds are recorded as offsets to their outlays within the expenditure account, so their outlays are reported net of collections. These collections generally are available automatically for obligation and making payments. 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

The trust funds group consists of funds that are designated by law as trust funds. They are usually financed by earmarked collections. Many of the larger trust funds finance social insurance payments for individuals, such as social security, medicare, and unemployment compensation. Other major trust funds finance military and Federal civilian employees' retirement, 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. For example, the National Service Life Insurance Fund is a trust fund, but the Servicemen's Group Life Insurance Fund is a Federal fund, even though both are financed by fees paid by veterans and both provide life insurance benefits to veterans.

The Federal budget meaning of the term "trust" differs significantly from its private sector usage. In the private sector, the beneficiary of a trust owns the income generated by the trust and usually its assets. A trustee, acting as a fiduciary, manages the trust's assets on behalf of the beneficiary. The trustee is required to follow the stipulations of the trust, which he cannot change unilaterally. In contrast, the Federal Government owns the assets and earnings of Federal trust funds, and it can raise or lower future trust fund collections and payments, or change the purpose for which the collections are used, by changing existing law.

A trust fund must use its income for the purposes designated by law. Some, such as the Federal Employees Health fund, spend their income almost as quickly as it is collected. Others, such as the Social Security and the Federal civilian employees retirement trust funds, spend considerably less than they collect each year. A surplus of income over outgo adds to the trust fund's balance, which is 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.

Trust funds normally consist of both receipt accounts (to record income) and expenditure accounts (to record outgo). However, some trust funds are established by law as revolving funds. These funds are similar to revolving funds in the Federal funds group. They are used to conduct a cycle of business-type operations, and

<sup>1</sup>The Violent Crime Control and Law Enforcement Act of 1994 established a fund named the Violent Crime Reduction Trust Fund. Because the Fund is substantively a means of accounting for general fund appropriations, and does not consist of dedicated receipts, it is classified as a Federal fund rather than a trust fund.

their outlays are displayed net of collections in a single expenditure account.

### 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 income, payroll, and excise taxes). It also includes proprietary receipts (derived from business-like transactions with the public) and interfund collections (receipts by one fund of payments from a fund in the other fund group) that are deposited in receipt accounts. Outgo consists of payments made to the public and payments between fund groups.

Two types of transactions are treated differently than described above. First, 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 payments. However, because the totals for each fund group 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 income and outgo for the funds as a group. Second, income excludes interfund collections that are offset against outgo in expenditure accounts. It would be appropriate to classify these collections as income, but at present the data are not tabulated centrally for both fund groups. Consequently, the collections are offset against outgo in Table 18-1.

The table also includes adjustments for offsetting receipts that must be made in order to derive receipts and outlays as they are reported in the unified budget. Offsetting receipts are income for the fund group, but they are deposited in receipt accounts that are offset against outlays in the unified budget. There are two reasons for this difference. First, 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. This is achieved by subtracting voluntary business-like collections from the public from income and outgo of the fund groups. Second, unified budget receipts and outlays measure the Government's net transactions with the public, which means that interfund receipts must be deducted from income and outgo.

### Which Fund Group is Responsible for the Unified Budget Deficit?

In 1994, trust fund income exceeded outgo by \$95 billion. This surplus partially offset the need for the Government to borrow from the public to finance the \$298 billion Federal funds deficit. The sum of the trust fund surplus and the Federal fund deficit equals the unified deficit, which was \$203 billion. This continued the trend that has persisted for the past 3½ decades, and as shown in Table 18-1, is estimated to continue for several years.

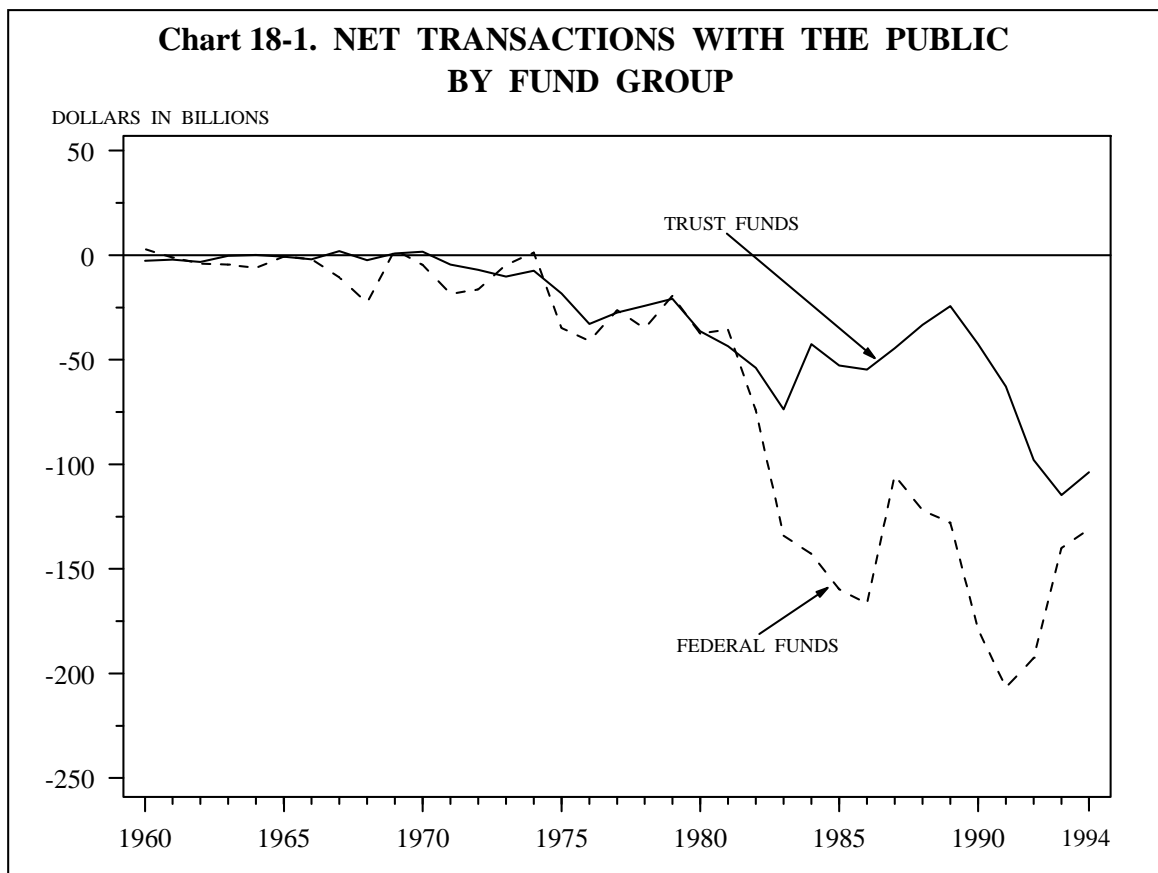
The combination of large and growing trust fund surpluses and even larger and growing Federal fund deficits has been a source of confusion about the causes

TABLE 18-1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Receipts:</b>							
Federal funds cash income:							
From the public .....	789.2	854.5	901.3	935.0	986.7	1,032.8	1,091.4
From trust funds .....	3.8	4.0	6.4	4.2	4.3	4.4	4.5
Total, Federal funds cash income .....	793.0	858.4	907.7	939.2	991.0	1,037.2	1,095.9
Trust funds cash income:							
From the public .....	519.7	550.0	577.3	602.2	630.9	659.9	691.3
From Federal funds:							
Interest .....	85.7	91.5	98.1	104.5	110.5	116.8	122.8
Other .....	120.9	118.5	146.9	149.2	159.1	169.2	181.1
Total, trust funds cash income .....	726.3	760.0	822.3	855.9	900.4	945.9	995.2
Offsetting receipts .....	-261.6	-272.0	-314.6	-323.4	-342.5	-358.4	-380.2
Total, unified budget receipts .....	1,257.7	1,346.4	1,415.4	1,471.6	1,548.8	1,624.7	1,710.9
<b>Outlays:</b>							
Federal funds cash outgo .....	1,091.5	1,150.6	1,220.2	1,265.2	1,302.2	1,351.2	1,410.4
Trust funds cash outgo .....	631.0	660.3	706.5	743.0	785.5	829.4	875.1
Offsetting receipts .....	-261.6	-272.0	-314.6	-323.4	-342.5	-358.4	-380.2
Total, unified budget outlays .....	1,460.9	1,538.9	1,612.1	1,684.7	1,745.2	1,822.2	1,905.3
<b>Surplus or deficit (-):</b>							
Federal funds .....	-298.5	-292.2	-312.5	-326.0	-311.2	-314.0	-314.5
Trust funds .....	95.3	99.7	115.8	112.9	114.9	116.6	120.1
Total, unified surplus/deficit (-) .....	-203.2	-192.5	-196.7	-213.1	-196.4	-197.4	-194.4

Note: Due to data constraints, income excludes offsetting collections credited to expenditure accounts. Instead, these are offset against outgo. Table 18-2 shows total income, including offsetting collections for trust funds.



of the unified deficit, and by implication, which part of the budget should be the focus of deficit-reduction efforts. This confusion is illustrated by the contrary positions expressed in reports issued by two Congressional branch agencies—the Congressional Research Service (CRS) and the General Accounting Office (GAO).

CRS: "The treatment of trust fund programs in the Federal budget is complicated and confusing. As a result, the impact of these programs on the financial condition of the Government is often misunderstood. Perhaps the biggest misconception today is that these programs are offsetting the Federal deficit by \$124 billion and thereby masking the true size of the deficit. Although attention has been drawn to the large social security surpluses, trust fund programs overall actually have been running cash deficits. ... On the whole, trust fund programs ran deficits in their cash transactions with the public in 19 of the last 21 years."<sup>2</sup>

GAO: "As the unified budget is presently structured, the surpluses in the trust funds are merged with the rest of the budget, effectively masking the magnitude of those surpluses and the size of the deficit in the rest of the government. ... Because the trust fund surpluses—especially those in Social Security—are growing so rapidly, the merger of trust and nontrust funds creates the erroneous impression that the deficit is under control and declining. In reality, the nontrust fund deficit has grown from \$222 billion in 1987 to \$255 billion in 1988 and is projected to reach \$283 billion or more in 1989. The fact is that increased payroll taxes, levied to meet the long-term needs of the Social Security

system, are being used to finance the current operating costs of the government."<sup>3</sup>

The critical difference between these views concerns the relevance of transactions between the two fund groups. Most of these interfund transactions are payments from Federal funds to trust funds, and they affect the bottom line of each fund group. For example, Treasury interest payments to trust funds add to the Federal fund deficit, and the interest earnings add to the trust fund surplus. The CRS analysis excludes interfund transactions because the payments are offset in the unified budget by an equal amount of collections, and together they have no net impact on the unified deficit. In contrast, the GAO analysis includes interfund transactions because they allocate the cost of Federal activities to the fund group that gives rise to the cost. Because these views are representative of much of the debate over the responsibility for the unified deficit, they are discussed in greater detail below. However, neither is satisfactory for every purpose, and an alternative explanation is offered.

*The Record Based On Transactions With The Public.*—The unified deficit measures the Federal Government's net transactions with the public. It can be reduced only by increasing receipts from the public or by decreasing payments to the public. This is true

<sup>2</sup> Congressional Research Service, *Trust Funds and the Federal Deficit*, February 26, 1990, summary.

<sup>3</sup> General Accounting Office, *Managing The Cost Of The Government*, October 1989, p. 9.

whether the transactions with the public are by trust funds or by Federal funds. It can be said, therefore, that a fund group contributes to lower deficits if it collects more from the public than it pays to the public, and that it contributes to higher deficits if it pays more to the public than it collects from the public.

Measured on this basis, both fund groups are responsible for the unified deficit. As shown in Figure 1, payments to the public by both fund groups exceeded their income from the public in most years from 1960 to 1994. Trust funds were in deficit in 31 of the 35 years, and Federal funds were in deficit 32 years. Trust funds were responsible for \$1 trillion of the cumulative unified deficits over the period, and Federal funds were responsible for the other \$2 trillion. Both fund groups are expected to remain in a net deficit position throughout the budget horizon.

It may be surprising that trust funds are adding to the unified deficit when they are simultaneously reporting large surpluses and balances in their total transactions. The experience varies among the individual trust funds. Consider the following 8 major trust funds. Together, they ran a \$92 billion surplus in 1994 and held \$1.1 trillion of balances, which was 97 percent of the surplus and 93 percent of the balance for all trust funds combined. Nevertheless, from 1960 to 1994, the combined payments to the public by these trust funds exceeded their combined income from the public by \$821 billion.

- The Highway Trust Fund is financed entirely by earmarked taxes on gasoline and other fuels and by interest earnings. Between 1960 and 1994, tax receipts exceeded the Fund's spending in 18 years, and the surpluses were invested in Treasury securities. In other years the excess of payments to the public over income from the public was financed by interest earnings and balances. The current \$18 billion balance is enough to fund about one year's spending.
- The two Social Security Trust Funds are financed primarily by payroll taxes, however they also receive additional income from the general fund in the form of interest earnings, Federal agencies' payments for the social security benefits earned by military and Federal civilian employees, and Treasury payments for the estimated amount of income taxes paid on social security benefits. In 19 of the 26 years from 1960 through 1985, social security payments to the public exceeded payroll taxes. Through 1978, the Funds' cumulative payments to the public exceeded their cumulative collections from the public by \$2 billion. The cumulative deficit rose to a high of \$60 billion in 1985.<sup>4</sup> Largely due to the Greenspan Commission reforms, in 1986 social security began to run a surplus in its transactions with the public. In 1990 social security taxes exceeded payments to the public by \$36 billion. Since then, social security

taxes have continued to exceed payments to the public, but only by about half that amount each year.

- The Hospital Insurance (HI) Trust Fund (Medicare Part A) is financed primarily by payroll taxes. It also receives interfund interest earnings, and payments from other Federal agencies for the HI benefits earned by Federal employees. Since its inception in 1966, it has run a deficit in its transactions with the public in 17 of 29 years. Through 1977, HI had cumulatively paid as much to the public as it had collected from the public, and by 1985 it had run a cumulative deficit of \$11 billion in its transactions with the public.<sup>5</sup> The trend reversed temporarily in 1986 when HI's net transactions with the public turned positive. The annual surplus peaked at \$7 billion in 1989 and remained positive for another 2 years. At the end of 1991, the Fund's cumulative balance stood at \$16 billion. In 1992 HI again began incurring annual deficits in its transactions with the public, and by the end of 1994, its cumulative payments to the public again exceeded its cumulative income from the public. In 1994, HI payments to the public exceeded income from the public by \$12 billion. This is expected to grow to \$35 billion by the year 2000.
- The Unemployment (UI) Trust Fund is funded primarily by taxes on employers. However, it also has interfund interest earnings and its income has been supplemented by large transfers from the general fund during periods of high and extended unemployment. Since 1960 UI has run deficits in its transactions with the public in 17 years. At the end of 1994 its total balance, including those due to interfund collections, was \$40 billion. However, this balance was essentially due to interfund collections. Since 1960, UI's cumulative payments to the public have exceeded its income from the public by \$38 billion.
- The Supplementary Medical Insurance (SMI) Trust Fund (Medicare Part B) is funded by premiums charged to enrollees, general fund subsidies, and interest payments. Premiums currently cover about one-quarter of SMI's expenditures; the remaining three-quarters are financed by interfund collections. These shares have changed significantly since SMI's first year of operation in 1967. In its first seven years, premiums covered half of expenses. This share fell throughout the next decade, and by the early 1980s premiums covered only 22 percent of expenses. SMI's balance stood at \$21 billion at the end of 1994, however its cumulative payments to the public exceeded its income from the public by \$391 billion.
- The Civil Service Retirement and Disability (CSRD) Trust Fund is financed by Federal civilian employees' contributions, agencies' contributions

<sup>4</sup>If balances of net transactions with the public are credited with a prorated share of the Funds' interest earnings, the adjusted cumulative balance would still have turned negative, but not until 1984, and it would have remained negative until 1988.

<sup>5</sup>Unlike for social security, the result is the same if interest is prorated between balances due to transactions with the public and interfund transactions.

on behalf of the employees, general fund payments for the unfunded liability, and interest earnings. In 1994, employee contributions were only 7 percent of total income to the Fund. Interfund collections made up the rest of its income. CSRD has run a surplus in each year since 1960, and its balance has increased from \$10 billion in 1960 to \$339 billion in 1994. Because the Fund is intended to be funded mostly by payments from the Government as an employer, the build-up in balances is due to interfund payments. From 1960 through 1994, CSRD payments to the public exceeded its income from the public by \$375 billion.

- The Military Retirement Fund is financed entirely by payments by the Department of Defense on behalf of military employees, general fund payments for the unfunded liability existent when the Fund was created, and interest earnings. Since its inception in 1985, the Fund has run a surplus each year, and it had a balance of \$120 billion at the end of 1994. Because the fund receives no income from the public, the annual surpluses and the current balance are due totally to interfund payments. Over the same period, the Fund paid \$197 billion of benefits to the public.

*The Record if Interfund Transactions are Included.*—Transactions with the public are not the only basis—and for some purposes may not be the best—for identifying the source of the unified budget deficit. This is because many interfund payments appropriately allocate the cost of Federal activities to the fund group that originates the cost. In principle, the cost should be financed by each fund group's income. To the extent it is 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.

The bulk of interfund transactions are Federal fund payments to trust funds. In 1994, Federal funds payments to trust funds, net of collections from trust funds, were \$203 billion. Over 95 percent of these were payments by the Government to various retirement trust funds for Federal employees, interest on general fund borrowing of trust fund balances, and the general fund payment to SMI.

Payments by the Government as an employer to the Federal employees retirement trust funds allow the total cost of employee compensation to be charged to the Federal fund programs that employ Federal workers, or to the general fund. These benefits do not show up as payments to the public for many years, and the eventual payments 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 could be attributed to the Federal funds group. The interfund payments made for these purposes are a partial measure of the amount that could reasonably be attributed to Federal funds. In 1994, interfund payments for mili-

tary and Federal civilian employee retirement were \$67 billion.

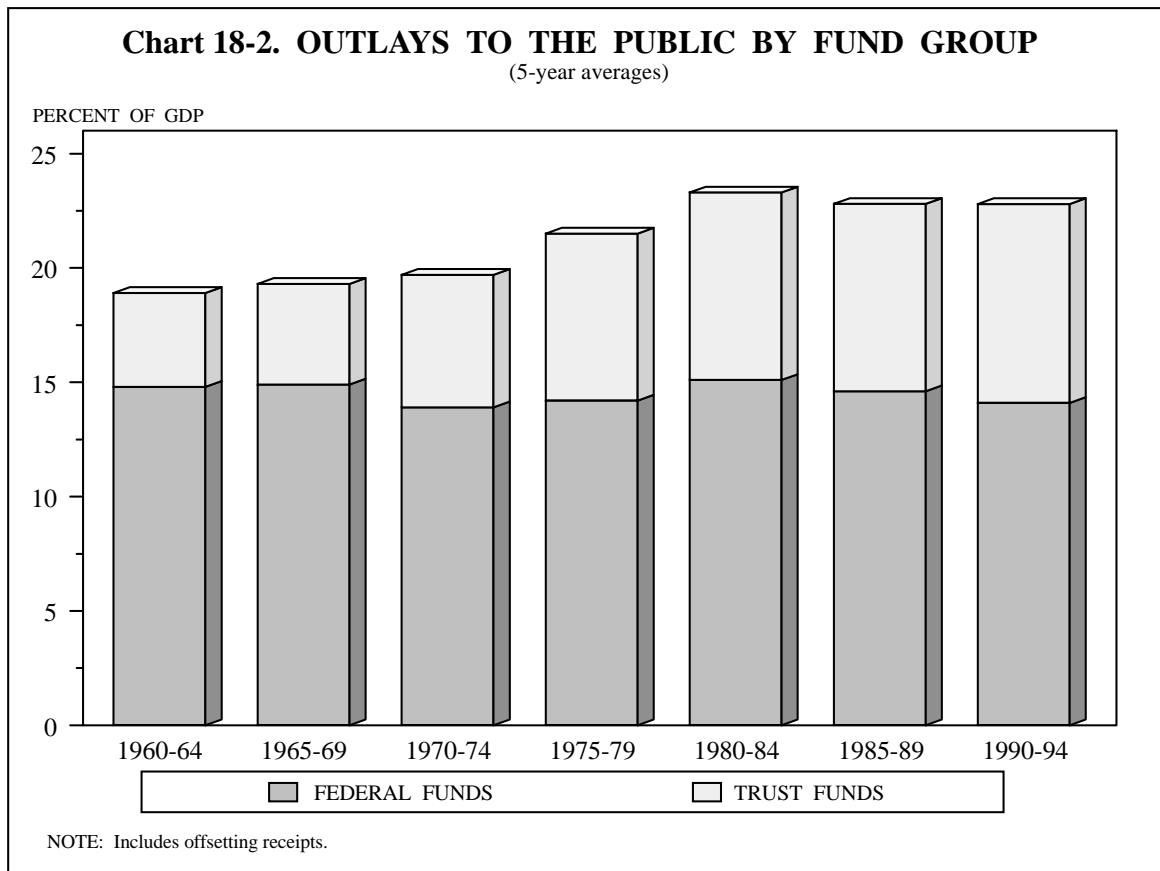
Interest payments by the general fund on trust fund investments in Treasury debt also appropriately allocate costs between the fund groups. The general fund borrows from trust funds to finance Federal fund expenditures, and trust funds are paid interest in recognition of the time value of money to both the borrower and the lender. By law, trust fund balances are invested in Treasury securities. This is efficient from the standpoint of cash management, and it is an effective method of recognizing the time value of money without forcing trust funds to invest in private securities, which are riskier and would raise the specter of direct Federal control over vast amounts of private resources. However, it is another reason to question the validity of using each fund group's net transactions with the public as a measure of its impact on the unified deficit. If permitted by law, trust fund balances could have been invested outside the Government and earned interest from the public. The general fund 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. The result would have been substantially lower trust fund deficits—and higher Federal fund deficits—in their transactions with the public. Instead, the trust funds invest in Treasury securities, and the interest payments and collections are recorded as interfund transactions. But this does not mean that trust funds are any more responsible—or Federal funds less responsible—for the unified deficit. Trust fund interest income was \$87 billion in 1994, and it is expected to grow to \$125 billion by the year 2000.

The SMI trust fund is different from other trust funds in that it is mostly funded by a general fund payment, and the payment is not compensation for services provided by the trust fund to the general fund. The payment is simply a general fund subsidy of trust fund spending. Nevertheless, interfund accounting appropriately assigns the general fund its share under current law of SMI payments to the public. The general fund payment was \$38 billion in 1994.

Because fund accounting appropriately allocates costs between the two fund groups, it is inappropriate to exclude interfund transactions from the analysis of responsibility for the unified budget deficit. However, it does not follow automatically that trust fund surpluses and Federal fund deficits means the Federal fund bears the sole responsibility for the unified budget deficit. That is a separable issue, and as the next section shows, more questionable.

*Both Fund Groups Bear the Responsibility.*—The Federal budget has been presented on a unified basis since 1968. Its purpose is to present in one place the totality of the Federal Government's fiscal operations.

The most important information provided by the unified budget is (1) how much of the Nation's resources are used by the Government, and (2) how these resources are allocated among the many purposes of Gov-



ernment. By combining all receipts and spending in one budget, the implicit tradeoffs between public and private spending, and between Government programs, become more visible. The hope is that by surfacing these basic tradeoffs, conflicts over competing demands for the Nation's resources will be resolved, and the pieces of the budget will add to the desired total. However, there is no automatic mechanism that forces resolution of these conflicts. Congress can choose to use the budget to force the components of the budget to stay within targets for total receipts and spending, as it has in the BEA. Or it can allow tax and spending programs to occur autonomously without regard to what those actions have on other programs or on the budget totals.

The persistence of unified budget deficits over the past 3½ decades can be thought of as a financial indicator of the Nation's failure to resolve conflicting goals. The Nation has simultaneously desired to increase spending in one of the major components of the budget without decreasing spending in the other, hold the total tax burden constant, and balance the total budget. One of these goals had to give. The trends in the totals for the fund groups and the unified budget tell how the conflict played out.

As shown in Figure 18-2, trust fund outlays to the public as a percent of GDP increased in every five-year period since 1960, rising from 4.1 percent in the first half of the 1960s to 7.3 percent in the latter half

of the 1970s, and rising even further to 8.7 percent in the first half of the 1990s.<sup>6</sup> Over the same period, Federal fund payments to the public moved up and down slightly but stayed between 14 and 15 percent of GDP. The combination of growing trust fund spending and constant Federal fund spending meant that total spending increased from 19 percent to 23 percent of GDP.

Because the norm was for trust funds to be in balance, or to accumulate balances to fund future benefits, trust fund taxes were increased commensurately with the increase in trust fund outlays. As shown in Figure 18-3, trust fund receipts as a percent of GDP increased in every five-year period since 1960, rising from 3.7 percent in the first half of the 1960s to 6.0 percent in the latter half of the 1970s, and rising even further to 7.3 percent in the first half of the 1990s. However, unlike Federal fund outlays, Federal fund receipts did not stay the same when trust fund receipts rose. The increases in trust fund receipts were offset by decreases in Federal fund receipts, and total budget receipts remained constant at 18 to 19 percent of GDP.

What explains the growth in the unified budget, therefore, is the basic conflict between the goal of expanding and fully funding one part of Government, and

<sup>6</sup>This section focuses on receipts and outlays as they are defined in the unified budget, instead of income and outgo. The difference is that proprietary receipts and interfund collections are offset against outlays in the unified budget, but they are considered income for a fund group. Since the comparisons over time are based on changes in shares of GDP, it is better to use receipts and outlays.



an unwillingness either to allow the total tax burden to increase or to reduce the rest of Government.<sup>7</sup> The Nation wanted to expand trust fund spending, and it said it was willing to finance that expansion. The latter could only have been accomplished by increasing the total tax burden or by reducing Federal fund spending. In fact, neither occurred. Taxes were shifted from Federal funds to trust funds, and the total tax burden remained the same. Federal fund spending remained constant, and total spending increased. If Federal fund taxes had stayed at the levels experienced in the first half of the 1960s, Federal fund tax receipts would have been much higher over the period, and the higher receipts plus the associated debt service savings would have been sufficient to eliminate most or all of the unified deficits. The same outcome could have been achieved by reducing Federal fund spending commensurately with the reduction in Federal fund taxes.

In short, the imbalances seen in the fund group and unified budget totals are symptomatic of the unresolved conflict over the size of Government and how it is to be financed. Instead of resolving this conflict, increases in trust fund spending have been “financed” at the expense of financing for Federal funds. In that sense,

both fund groups are responsible for the unified budget deficit.

### Income, Outgo, and Balances of Trust Funds

Table 18–2 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.

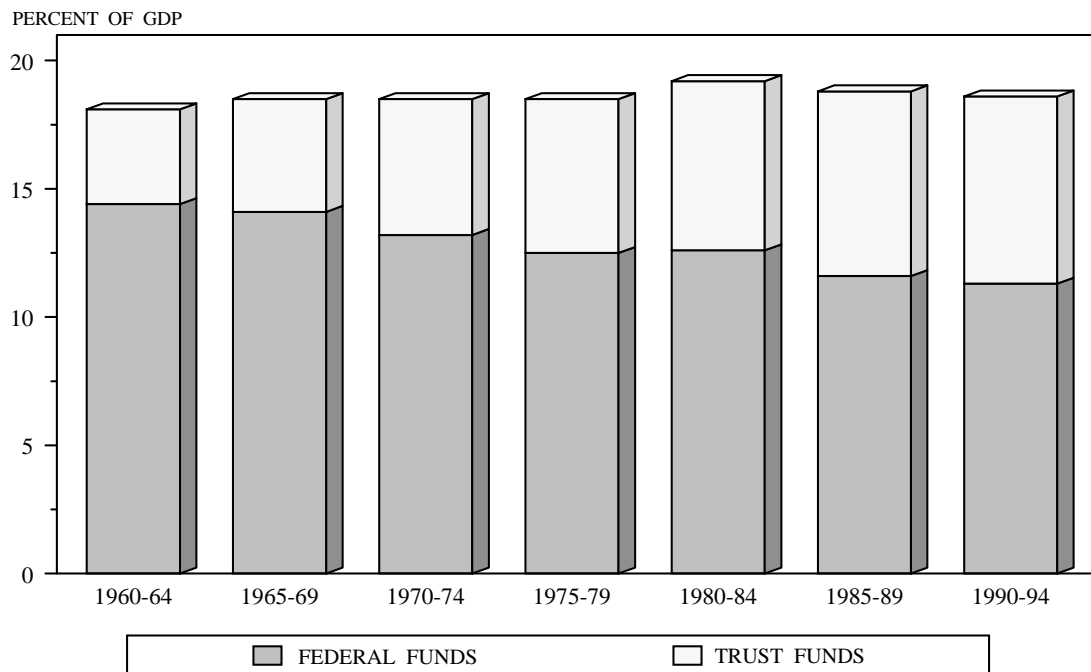
The definition of income and outgo in this table differs from those in Table 18–1 in one important way. Trust fund collections that are offset against outgo within expenditure accounts instead of being deposited in separate receipt accounts are classified as income in this table but not in Table 18–1. This has the effect of increasing both income and outgo by the amount of the offsetting collections. The difference is \$22 billion in 1994. This table, therefore, provides a more complete summary of trust fund income and outgo, and it is consistent with definitions of income and outgo for trust funds used elsewhere in the budget.

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.

<sup>7</sup>For similar analyses, see *The Budget Deficit—Outlook, Implications, and Choices*, General Accounting Office, September 1990, pp.29–32; and John F. Cogan, “the Dispersion of Spending Authority and Federal Budget Deficits,” in *The Budget Puzzle* by John F. Cogan, Timothy J. Muris, and Allen Schick, Stanford University Press, 1994, pp. 39–40.

**Chart 18-3. RECEIPTS FROM THE PUBLIC BY FUND GROUP**

(5-year averages)



NOTE: Includes governmental receipts only, which are over 90 percent of income from the public. Does not include collections that are recorded as offsetting receipts on the outlay side of the budget.

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 increased six-fold from 1982 to 1994, from \$205 billion to \$1.2 trillion. Under the proposals in the President's budget, the balances are estimated to increase by another 60 percent by the year 2000, rising

to \$1.9 trillion. Almost all of these balances are invested in Treasury securities 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 a bookkeeping sense. Unlike the assets of private pension plans, 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 raising taxes, reducing 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 not allowing the Federal fund deficit to increase, so that the trust fund surplus reduces the unified budget deficit. 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. This would make it possible for the trust funds to draw down on their investments in Treasury debt to pay future benefits without increasing the burden on future workers.

TABLE 18-2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Balance, start of year .....	1,085.7	1,181.1	1,280.7	1,396.5	1,509.3	1,624.2	1,740.8
Income:							
Governmental receipts .....	487.4	515.0	542.2	566.2	593.7	621.3	650.6
Proprietary receipts .....	38.8	41.7	42.1	43.3	45.0	47.2	49.9
Receipts from Federal funds:							
Interest .....	87.3	93.1	99.8	106.2	112.2	118.6	124.7
Other .....	135.0	133.4	161.8	170.0	180.8	192.0	205.4
Subtotal, income .....	748.5	783.3	845.9	885.8	931.7	979.1	1,030.6
Outgo:							
To the public .....	649.4	679.6	723.7	763.7	807.0	851.9	899.1
Payment to Federal funds .....	3.8	4.0	6.4	4.2	4.3	4.4	4.5
Subtotal, outgo .....	653.2	683.6	730.1	767.9	811.3	856.3	903.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	8.0	6.5	16.0	6.7	2.6	-2.1	-4.6
Interest .....	87.3	93.1	99.8	106.2	112.2	118.6	124.7
Subtotal, surplus or deficit (-) .....	95.3	99.7	115.8	112.9	114.9	116.6	120.1
Adjustments:							
Transfers/lapses (net) .....	*	-*	.....	.....	.....	.....	.....
Other adjustments .....	*	-*	.....	.....	.....	.....	.....
Total, change in fund balance .....	95.4	99.6	115.8	112.9	114.9	116.6	120.1
Balance, end of year .....	1,181.1	1,280.7	1,396.5	1,509.4	1,624.2	1,740.8	1,860.9

Note: Income includes offsetting collections credited to expenditure accounts and, therefore, is greater than the estimates of trust fund income in Table 18-1. In 1994, these collections were about \$22 billion.

\* Less than \$50 million.

Table 18-3 shows estimates of income, outgo, and balances for 1994 through 2000 for the major trust funds. With the exception of transactions between trust funds, the data for the individual trust funds are conceptually the same as the data in Table 18-2 for the trust funds group. As explained previously, intrafund transactions are shown as outgo and income of the trust fund making and collecting the payment in the data for an individual trust fund, but not for the trust fund group. Additional information for these and other trust funds can be found in the Budget Appendix.

Table 18-4, which appears at the end of this chapter, shows income, outgo, and balances of 4 Federal funds—a revolving fund and 3 special funds. These funds are similar to trust funds in that they are financed by earmarked receipts, excesses of income over outgo are invested and the interest earnings add to balances, and the balances remain available to finance future expenditures. The table is illustrative. The Federal funds group includes many other revolving funds and special funds in addition to the ones shown.

TABLE 18-3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Federal Employees Health Benefits Fund							
Balance, start of year .....	6.9	7.5	8.1	8.2	8.7	9.0	9.3
Income:							
Governmental receipts .....							
Proprietary receipts .....	4.0	4.0	4.3	4.6	5.0	5.8	6.4
Receipts from Federal funds:							
Interest .....	0.3	0.4	0.4	0.5	0.5	0.5	0.5
Other .....	11.7	11.8	12.2	18.1	19.2	20.3	21.8
Receipts from Trust funds .....							
Subtotal, income .....	16.1	16.3	16.9	23.2	24.7	26.5	28.7
Outgo:							
To the public .....	15.5	15.7	16.7	17.7	18.9	20.0	21.3
Payments to Other funds .....							
Subtotal, outgo .....	15.5	15.7	16.7	17.7	18.9	20.0	21.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.3	0.2	-0.2	-*	-0.1	-0.2	-*
Interest .....	0.3	0.4	0.4	0.5	0.5	0.5	0.5
Subtotal, surplus or deficit (-) .....	0.6	0.6	0.2	0.4	0.3	0.3	0.5
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	0.6	0.6	0.2	0.4	0.3	0.3	0.5
Balance, end of year .....	7.5	8.1	8.2	8.7	9.0	9.3	9.8
Federal Civilian Employees Retirement Funds							
Balance, start of year .....	318.6	346.3	374.6	403.2	431.7	460.2	488.1
Income:							
Governmental receipts .....	4.6	4.5	4.4	4.3	4.3	4.2	4.0
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	26.7	28.2	30.1	31.4	32.6	34.0	35.1
Other .....	33.2	33.8	34.2	35.1	36.1	36.5	37.5
Receipts from Trust funds .....							
Subtotal, income .....	64.5	66.5	68.7	70.9	73.0	74.6	76.6
Outgo:							
To the public .....	36.8	38.3	40.1	42.4	44.5	46.7	49.0
Payments to Other funds .....							
Subtotal, outgo .....	36.8	38.3	40.1	42.4	44.5	46.7	49.0
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	1.0	0.1	-1.5	-2.9	-4.2	-6.0	-7.4
Interest .....	26.7	28.2	30.1	31.4	32.6	34.0	35.1
Subtotal, surplus or deficit (-) .....	27.7	28.2	28.6	28.5	28.5	27.9	27.6
Adjustments:							
Transfers/lapses (net) .....							

TABLE 18-3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP—Continued

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other adjustments .....							
Total, change in fund balance .....	27.7	28.2	28.6	28.5	28.5	27.9	27.6
Balance, end of year .....	346.3	374.6	403.2	431.7	460.2	488.1	515.7
<b>Federal Old-Age, Survivors and Disability Insurance Trust Funds</b>							
Balance, start of year .....	365.9	422.7	482.7	548.7	620.5	698.4	783.2
Income:							
Governmental receipts .....	335.0	351.3	370.4	388.0	408.0	428.9	450.9
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	29.2	33.6	38.1	42.6	47.3	52.5	58.1
Other .....	13.9	13.7	15.7	16.4	17.1	18.1	19.2
Receipts from Trust funds .....							
Subtotal, income .....	378.2	398.6	424.2	447.0	472.4	499.5	528.3
Outgo:							
To the public .....	317.6	334.5	352.6	371.0	390.2	410.4	431.1
Payments to Other funds .....	3.8	4.0	5.7	4.2	4.2	4.3	4.4
Subtotal, outgo .....	321.4	338.6	358.2	375.2	394.5	414.7	435.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	27.6	26.4	27.9	29.2	30.6	32.3	34.7
Interest .....	29.2	33.6	38.1	42.6	47.3	52.5	58.1
Subtotal, surplus or deficit (-) .....	56.8	60.0	66.0	71.8	77.9	84.8	92.8
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	56.8	60.0	66.0	71.8	77.9	84.8	92.8
Balance, end of year .....	422.7	482.7	548.7	620.5	698.4	783.2	876.0
<b>Foreign Military Sales Trust Fund</b>							
Balance, start of year .....	6.6	6.4	6.3	6.1	6.0	5.7	5.7
Income:							
Governmental receipts .....							
Proprietary receipts .....	13.0	13.4	13.4	12.7	11.6	10.3	9.6
Receipts from Federal funds:							
Interest .....							
Other .....							
Receipts from Trust funds .....							
Subtotal, income .....	13.0	13.4	13.4	12.7	11.6	10.3	9.6
Outgo:							
To the public .....	13.2	13.5	13.6	12.9	11.8	10.3	9.8
Payments to Other funds .....							
Subtotal, outgo .....	13.2	13.5	13.6	12.9	11.8	10.3	9.8
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-0.2	-0.1	-0.2	-0.2	-0.2	-*	-0.1
Interest .....							
Subtotal, surplus or deficit (-) .....	-0.2	-0.1	-0.2	-0.2	-0.2	-*	-0.1
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	-0.2	-0.1	-0.2	-0.2	-0.2	-*	-0.1
Balance, end of year .....	6.4	6.3	6.1	6.0	5.7	5.7	5.6
<b>Medicare: Hospital Insurance Trust Fund</b>							
Balance, start of year .....	126.1	129.6	133.3	133.2	128.2	119.0	105.5
Income:							
Governmental receipts .....	90.1	96.7	102.4	107.7	113.7	119.9	126.3

TABLE 18-3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP—Continued

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Proprietary receipts .....	0.9	0.9	1.0	1.1	1.2	1.3	1.4
Receipts from Federal funds:							
Interest .....	10.6	10.8	11.0	10.7	10.0	9.1	7.7
Other .....	4.7	7.0	8.0	7.6	8.0	8.4	8.8
Receipts from Trust funds .....							
Subtotal, income .....	106.2	115.4	122.4	127.1	132.9	138.6	144.2
Outgo:							
To the public .....	102.8	111.6	122.5	132.1	142.1	152.1	163.1
Payments to Other funds .....							
Subtotal, outgo .....	102.8	111.6	122.5	132.1	142.1	152.1	163.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-7.2	-7.1	-11.1	-15.7	-19.2	-22.5	-26.6
Interest .....	10.6	10.8	11.0	10.7	10.0	9.1	7.7
Subtotal, surplus or deficit (-) .....	3.4	3.7	-0.1	-5.0	-9.2	-13.5	-18.9
Adjustments:							
Transfers/lapses (net) .....		-*					
Other adjustments .....							
Total, change in fund balance .....	3.4	3.7	-0.1	-5.0	-9.2	-13.5	-18.9
Balance, end of year .....	129.6	133.3	133.2	128.2	119.0	105.5	86.7
<b>Medicare: Supplementary Medical Insurance Trust Fund</b>							
Balance, start of year .....	23.3	20.9	12.7	19.4	20.5	21.6	23.0
Income:							
Governmental receipts .....							
Proprietary receipts .....	16.9	19.2	19.2	20.6	22.9	25.4	28.2
Receipts from Federal funds:							
Interest .....	2.1	1.4	0.9	1.1	1.2	1.3	1.3
Other .....	38.4	37.0	62.1	63.4	70.1	77.4	85.6
Receipts from Trust funds .....							
Subtotal, income .....	57.4	57.5	82.2	85.1	94.2	104.1	115.1
Outgo:							
To the public .....	59.7	65.8	75.5	84.1	93.1	102.7	113.5
Payments to Other funds .....							
Subtotal, outgo .....	59.7	65.8	75.5	84.1	93.1	102.7	113.5
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-4.5	-9.7	5.8	-0.1	-*	0.1	0.3
Interest .....	2.1	1.4	0.9	1.1	1.2	1.3	1.3
Subtotal, surplus or deficit (-) .....	-2.4	-8.3	6.7	1.1	1.2	1.4	1.7
Adjustments:							
Transfers/lapses (net) .....		-*					
Other adjustments .....							
Total, change in fund balance .....	-2.4	-8.3	6.7	1.1	1.2	1.4	1.7
Balance, end of year .....	20.9	12.7	19.4	20.5	21.6	23.0	24.7
<b>Military Retirement Fund</b>							
Balance, start of year .....	111.6	119.7	126.5	132.0	136.9	141.8	146.0
Income:							
Governmental receipts .....							
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	10.1	10.4	10.6	10.8	11.0	11.2	11.4
Other .....	24.7	23.6	23.2	23.1	24.0	24.9	25.9
Receipts from Trust funds .....							
Subtotal, income .....	34.9	34.0	33.8	33.9	35.1	36.1	37.3
Outgo:							
To the public .....	26.7	27.2	28.3	29.0	30.1	32.0	33.1
Payments to Other funds .....	*	*	*	*	*	*	*

TABLE 18-3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP—Continued

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Subtotal, outgo .....	26.7	27.3	28.3	29.0	30.1	32.0	33.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-2.0	-3.7	-5.1	-5.9	-6.1	-7.0	-7.2
Interest .....	10.1	10.4	10.6	10.8	11.0	11.2	11.4
Subtotal, surplus or deficit (-) .....	8.1	6.7	5.5	4.9	4.9	4.2	4.2
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	8.1	6.7	5.5	4.9	4.9	4.2	4.2
Balance, end of year .....	119.7	126.5	132.0	136.9	141.8	146.0	150.1
<b>Railroad Retirement Trust Funds</b>							
Balance, start of year .....	11.9	12.2	13.0	13.7	14.5	15.3	16.2
Income:							
Governmental receipts .....	3.8	3.9	3.9	3.9	4.0	4.0	4.1
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	0.6	1.0	1.0	1.1	1.1	1.2	1.2
Other .....	3.5	3.3	3.4	3.5	3.6	3.6	3.7
Receipts from Trust funds .....	3.5	3.7	3.8	3.8	3.9	4.0	4.0
Subtotal, income .....	11.3	11.9	12.2	12.4	12.5	12.8	13.0
Outgo:							
To the public .....	7.8	7.9	8.0	8.2	8.3	8.4	8.5
Payments to Other funds .....	3.2	3.3	3.4	3.4	3.5	3.5	3.6
Subtotal, outgo .....	11.0	11.2	11.4	11.6	11.7	11.9	12.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Interest .....	0.6	1.0	1.0	1.1	1.1	1.2	1.2
Subtotal, surplus or deficit (-) .....	0.4	0.7	0.8	0.8	0.8	0.9	0.9
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	0.4	0.7	0.8	0.8	0.8	0.9	0.9
Balance, end of year .....	12.2	13.0	13.7	14.5	15.3	16.2	17.1
<b>Transportation Trust Fund</b>							
Balance, start of year .....	35.0	30.3	29.5	31.7	34.5	37.3	40.6
Income .....	24.2	28.4	30.8	31.4	32.2	33.2	34.0
Outgo .....	29.0	29.1	28.6	28.6	29.4	29.9	29.5
Subtotal, surplus or deficit (-) .....	-4.7	-0.7	2.2	2.8	2.8	3.3	4.5
Adjustments .....		-0.1					
Total, change in fund balance .....	-4.7	-0.8	2.2	2.8	2.8	3.3	4.5
Balance, end of year .....	30.3	29.5	31.7	34.5	37.3	40.6	45.2
<b>Surface Transportation Account</b>							
Balance, start of year .....	22.1	17.9	17.5	19.6	21.9	23.7	25.3
Income:							
Governmental receipts .....	16.7	20.7	22.9	23.2	23.6	24.0	24.4
Proprietary receipts .....	*	0.1	*	*	*	*	*
Receipts from Federal funds:							
Interest .....	1.4	1.1	1.1	1.0	1.0	1.2	1.1
Other .....	*	0.1		0.1	0.1	0.1	0.1
Receipts from Trust funds .....							
Subtotal, Income .....	18.2	21.9	24.0	24.3	24.7	25.2	25.6
Outgo:							
To the public .....	22.4	22.3	21.9	22.0	22.9	23.6	23.3

(In billions of dollars)

[illegible]

TABLE 18-3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP—Continued

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Other adjustments .....							
Total, change in fund balance .....	3.4	6.4	4.3	5.5	5.8	5.1	4.8
Balance, end of year .....	40.3	46.7	51.1	56.5	62.3	67.5	72.3
<b>Veterans Life Insurance Trust Funds</b>							
Balance, start of year .....	13.3	13.5	13.6	13.6	13.6	13.4	13.1
Income:							
Governmental receipts .....							
Proprietary receipts .....	0.9	0.9	0.9	0.9	0.8	0.8	0.7
Receipts from Federal funds:							
Interest .....	1.2	1.2	1.2	1.1	1.1	1.0	1.0
Other .....	*	*	*	*	*	*	*
Receipts from Trust funds .....							
Subtotal, income .....	2.2	2.1	2.1	2.0	1.9	1.8	1.7
Outgo:							
To the public .....	1.9	2.0	2.0	2.1	2.1	2.1	2.1
Payments to Other funds .....							
Subtotal, outgo .....	1.9	2.0	2.0	2.1	2.1	2.1	2.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-1.0	-1.1	-1.2	-1.2	-1.3	-1.3	-1.4
Interest .....	1.2	1.2	1.2	1.1	1.1	1.0	1.0
Subtotal, surplus or deficit (-) .....	0.2	0.1	*	-0.1	-0.2	-0.3	-0.4
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	0.2	0.1	*	-0.1	-0.2	-0.3	-0.4
Balance, end of year .....	13.5	13.6	13.6	13.6	13.4	13.1	12.7
<b>Other Trust Funds</b>							
Balance, start of year .....	29.6	31.6	33.8	35.6	37.9	40.1	42.6
Income:							
Governmental receipts .....	4.1	4.3	4.1	4.2	4.3	4.4	4.4
Proprietary receipts .....	3.1	3.2	3.3	3.4	3.4	3.6	3.6
Receipts from Federal funds:							
Interest .....	1.5	1.7	1.8	2.0	2.1	2.2	2.3
Other .....	1.6	1.7	2.0	1.9	1.8	1.9	1.9
Receipts from Trust funds .....							
Subtotal, income .....	10.2	11.0	11.3	11.4	11.6	12.0	12.1
Outgo:							
To the public .....	7.9	8.4	8.4	8.7	8.8	9.0	9.1
Payments to Other funds .....	0.4	0.4	1.2	0.5	0.5	0.5	0.6
Subtotal, outgo .....	8.3	8.8	9.6	9.1	9.3	9.5	9.7
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.4	0.5	-0.1	0.3	0.2	0.3	0.2
Interest .....	1.5	1.7	1.8	2.0	2.1	2.2	2.3
Subtotal, surplus or deficit (-) .....	1.9	2.2	1.8	2.3	2.3	2.4	2.4
Adjustments:							
Transfers/lapses (net) .....	*	-*					
Other adjustments .....	*	*					
Total, change in fund balance .....	2.0	2.2	1.8	2.3	2.3	2.4	2.4
Balance, end of year .....	31.6	33.8	35.6	37.9	40.1	42.6	45.0

\* Less than \$50 million.



**TABLE 18-4. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS**  
(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
<b>Overseas Private Investment Corporation</b>							
Balance, start of year .....	1.8	1.9	2.0	2.2	2.3	2.5	2.7
Income:							
Governmental receipts .....	*	0.1	0.1	0.1	0.1	0.1	0.1
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Other .....	*	*	*	*	*	*	*
Receipts from Trust funds .....							
Subtotal, income .....	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Outgo:							
To the public .....	*	*	*	*	*	*	*
Payments to Other funds .....							
Subtotal, outgo .....	*	*	*	*	*	*	*
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	*	*	*	*	*	0.1	0.1
Interest .....	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Subtotal, surplus or deficit (-) .....	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Adjustments:							
Transfers/lapses (net) .....		-0.1	-0.1				
Other adjustments .....							
Total, change in fund balance .....	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Balance, end of year .....	1.9	2.0	2.2	2.3	2.5	2.7	3.0
<b>Abandoned Mine Reclamation Fund</b>							
Balance, start of year .....	1.1	1.2	1.4	1.4	1.5	1.5	1.6
Income:							
Governmental receipts .....	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Proprietary receipts .....	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest .....	*	0.1	0.1	0.1	0.1	0.1	0.1
Other .....	*						
Receipts from Trust funds .....							
Subtotal, income .....	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Outgo:							
To the public .....	0.2	0.1	0.3	0.3	0.3	0.2	0.2
Payments to Other funds .....							
Subtotal, outgo .....	0.2	0.1	0.3	0.3	0.3	0.2	0.2
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	*	0.1	-*	-*	-*	*	*
Interest .....	*	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (-) .....	0.1	0.2	0.1	0.1	*	0.1	0.1
Adjustments:							
Transfers/lapses (net) .....	*						
Other adjustments .....							
Total, change in fund balance .....	0.1	0.2	0.1	0.1	*	0.1	0.1
Balance, end of year .....	1.2	1.4	1.4	1.5	1.5	1.6	1.7
<b>Nuclear Waste Disposal Fund</b>							
Balance, start of year .....	4.0	4.2	4.7	5.6	7.2	7.6	7.9
Income:							
Governmental receipts .....							
Proprietary receipts .....	0.4	0.6	1.0	1.7	0.6	0.6	0.6
Receipts from Federal funds:							
Interest .....	0.2	0.3	0.3	0.3	0.4	0.4	0.4
Other .....							
Receipts from Trust funds .....							
Subtotal, income .....	0.6	0.8	1.3	2.0	1.0	1.0	1.0

TABLE 18-4. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

	1994 actual	Estimate					
		1995	1996	1997	1998	1999	2000
Outgo:							
To the public .....	0.3	0.4	0.4	0.5	0.6	0.6	0.6
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	0.3	0.4	0.4	0.5	0.6	0.6	0.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.1	0.2	0.6	1.2	*	—*	*
Interest .....	0.2	0.3	0.3	0.3	0.4	0.4	0.4
Subtotal, surplus or deficit (-) .....	0.3	0.5	0.9	1.6	0.4	0.4	0.4
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	0.3	0.5	0.9	1.6	0.4	0.4	0.4
Balance, end of year .....	4.2	4.7	5.6	7.2	7.6	7.9	8.3
<b>Uranium Enrichment Decontamination and Decommissioning Fund</b>							
Balance, start of year .....	0.1	0.3	0.3	0.6	0.8	1.1	1.3
Income:							
Governmental receipts .....	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Proprietary receipts .....	.....	.....	*	*	*	*	*
Receipts from Federal funds:							
Interest .....	*	*	*	*	*	0.1	0.1
Other .....	0.1	0.1	0.4	0.3	0.3	0.3	0.3
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income .....	0.3	0.3	0.6	0.5	0.5	0.6	0.6
Outgo:							
To the public .....	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.1	—*	0.3	0.2	0.2	0.2	0.2
Interest .....	*	*	*	*	*	0.1	0.1
Subtotal, surplus or deficit (-) .....	0.1	*	0.3	0.2	0.3	0.3	0.3
Adjustments:							
Transfers/lapses (net) .....	0.1	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	0.2	*	0.3	0.2	0.3	0.3	0.3
Balance, end of year .....	0.3	0.3	0.6	0.8	1.1	1.3	1.6

\* Less than \$50 million.

## 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 concepts 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 accrue, 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 and proceeds from radio spectrum auctions 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 loan disbursements, 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 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 1990 and 1991, this exclusion was the largest difference between the NIPAs and the budget and tended to make the unified budget deficit larger than the NIPA deficit. In subsequent years, as assets acquired from failed financial institutions have been sold, these collections have tended 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, 1985–1996" 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

TABLE 19-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1985–1996

(In billions of dollars)

Description	Actual										Estimate	
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>RECEIPTS</b>												
Personal tax and nontax receipts .....	337.0	353.1	396.3	403.8	456.9	475.2	476.4	484.5	511.8	552.1	598.6	637.4
Corporate profits tax accruals .....	75.0	80.4	99.4	107.6	119.2	115.4	109.3	112.4	134.7	161.2	170.5	176.8
Indirect business tax and nontax accruals .....	59.1	53.8	57.8	59.6	62.2	63.1	77.0	81.1	82.9	93.3	93.9	93.6
Contributions for social insurance .....	305.9	326.5	345.5	384.1	411.8	438.3	459.1	483.1	511.9	542.8	572.7	596.1
<b>Total receipts .....</b>	<b>777.0</b>	<b>813.8</b>	<b>899.1</b>	<b>955.1</b>	<b>1,050.1</b>	<b>1,092.0</b>	<b>1,121.8</b>	<b>1,161.2</b>	<b>1,241.0</b>	<b>1,349.4</b>	<b>1,435.7</b>	<b>1,504.0</b>
<b>EXPENDITURES</b>												
Purchases of goods and services .....	335.1	363.7	379.9	386.3	399.4	418.1	446.0	445.2	446.3	435.1	438.2	439.8
Defense .....	251.7	274.3	287.6	295.1	299.5	309.0	325.9	312.2	306.3	295.6	288.5	284.8
Nondefense .....	83.5	89.3	92.2	91.2	99.9	109.1	120.1	133.1	140.0	139.5	149.7	155.0
Transfer payments .....	372.2	393.1	409.3	430.9	461.1	505.6	509.7	607.4	651.5	674.4	711.2	758.3
Domestic ("to persons") .....	360.7	380.6	399.4	420.7	449.6	491.3	535.9	595.9	634.2	660.6	698.6	747.0
Foreign .....	11.5	12.5	9.9	10.2	11.6	14.4	-26.2	11.4	17.4	13.8	12.6	11.2
Grants-in-aid to State and local governments ....	98.6	108.3	103.4	108.4	115.8	128.3	147.0	168.3	180.7	197.9	213.6	226.5
Net interest paid .....	125.2	130.5	133.6	143.8	160.5	175.1	183.5	189.0	183.5	187.0	217.4	238.9
Subsidies less current surplus of Government enterprises .....	21.6	22.1	24.9	28.9	27.6	22.8	25.1	26.1	33.4	27.6	29.0	31.9
Wage disbursements less accruals .....	0.1	0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total expenditures .....</b>	<b>952.9</b>	<b>1,017.6</b>	<b>1,051.0</b>	<b>1,098.5</b>	<b>1,164.5</b>	<b>1,250.0</b>	<b>1,311.3</b>	<b>1,435.9</b>	<b>1,495.5</b>	<b>1,521.9</b>	<b>1,609.4</b>	<b>1,695.4</b>
<b>Deficit (-) .....</b>	<b>-175.9</b>	<b>-203.9</b>	<b>-151.9</b>	<b>-143.3</b>	<b>-114.3</b>	<b>-157.9</b>	<b>-189.4</b>	<b>-274.7</b>	<b>-254.4</b>	<b>-172.5</b>	<b>-173.7</b>	<b>-191.4</b>

and the budget is especially large for this category of receipts.

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 contributions for Federal employees' unemployment insurance and workers' compensation.

### Federal Sector Expenditures

The table entitled "Federal Transactions in the National Income and Product Accounts, 1985–1996" 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 nondefense 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.

TABLE 19-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

(In billions of dollars)

	Actual										Estimate	
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>RECEIPTS</b>												
Unified budget receipts .....	734.1	769.1	854.1	909.7	990.7	1,032.7	1,054.2	1,091.7	1,153.5	1,257.7	1,346.4	1,415.5
Government contributions for employee retirement (grossing) .....	32.3	33.7	35.4	38.7	41.2	45.3	48.8	51.5	53.5	56.9	58.0	60.2
Other netting and grossing .....	13.0	10.6	11.1	14.1	15.1	17.1	20.5	25.2	28.1	28.0	27.9	25.9
Timing adjustments .....	-1.2	2.7	*	-5.1	4.2	-1.2	-0.4	-5.3	7.2	8.8	5.4	4.5
Geographic exclusions .....	-1.5	-1.6	-1.8	-1.4	-1.3	-1.7	-1.7	-1.9	-2.0	-2.0	-2.1	-2.2
Other .....	0.3	-0.6	0.1	*	0.2	-0.3	0.6	0.3	0.7	0.0	0.0	0.0
<b>NIPA receipts .....</b>	<b>777.0</b>	<b>813.8</b>	<b>899.1</b>	<b>955.1</b>	<b>1,050.1</b>	<b>1,092.0</b>	<b>1,121.8</b>	<b>1,161.2</b>	<b>1,241.0</b>	<b>1,349.4</b>	<b>1,435.7</b>	<b>1,504.0</b>
<b>EXPENDITURES</b>												
Unified budget outlays .....	946.4	990.3	1,003.9	1,064.1	1,143.2	1,251.7	1,322.6	1,381.9	1,408.7	1,461.0	1,539.0	1,612.2
Government contributions for employee retirement (grossing) .....	32.3	33.7	35.4	38.7	41.2	45.2	48.8	51.5	53.5	56.9	58.0	60.2
Other netting and grossing .....	13.0	10.6	11.1	14.1	15.1	17.1	20.5	25.2	28.1	28.0	27.9	25.9
Lending transactions .....	-31.9	-14.3	-0.5	-3.5	-3.8	-10.6	-12.9	-5.7	-11.0	-12.6	-16.5	-5.7
Deposit insurance and other financial transactions .....	-0.9	-3.2	-2.9	-12.5	-19.4	-57.4	-58.8	-0.3	26.4	3.7	10.4	6.7
Defense timing adjustment .....	-0.2	2.8	4.0	3.2	-7.3	4.4	3.5	0.6	2.4	-0.3	0.6	4.7
Other timing adjustments .....	-1.4	-0.7	4.1	-0.3	0.8	5.3	-3.3	-7.3	-7.5	-5.3	-2.8	-3.2
Payments to U.S. territories .....	-5.3	-5.4	-5.4	-5.6	-6.0	-6.7	-6.5	-7.2	-6.8	-8.8	-9.3	-9.2
Bonuses on outer continental shelf land leases .....	1.9	2.1	1.6	1.3	0.9	1.1	-0.1	0.0	0.0	0.2	0.2	0.2
Other .....	-1.1	1.8	-0.4	-1.0	-0.2	-0.3	-2.4	-3.1	-2.5	-0.7	1.9	3.7
<b>NIPA expenditures .....</b>	<b>952.9</b>	<b>1,017.6</b>	<b>1,051.0</b>	<b>1,098.5</b>	<b>1,164.5</b>	<b>1,250.0</b>	<b>1,311.3</b>	<b>1,435.9</b>	<b>1,495.5</b>	<b>1,521.9</b>	<b>1,609.4</b>	<b>1,695.4</b>

\* \$50 million or less.

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 to the extent that 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 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.

Since 1968, the unified budget surplus or deficit has exceeded the Federal surplus or deficit 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 1985-1994 and estimates for 1995 and 1996 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 1993. Annual NIPA data from 1947-1996 are published in Section 14 of a separate budget volume, *Historical Tables, Budget of the U.S. Government, Fiscal Year 1996*.

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, 1994-1996**

(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.
	1993	1994	1994	1994	1994	1995	1995	1995	1995	1996	1996	1996
<b>RECEIPTS</b>												
Personal tax and nontax receipts .....	536.8	550.2	571.1	566.9	575.6	587.0	617.3	605.7	613.4	626.2	654.2	642.7
Corporate profits tax accruals .....	157.8	151.8	166.3	172.4	171.8	168.5	169.5	172.2	174.9	174.8	177.2	180.4
Indirect business tax and nontax accruals .....	90.7	90.4	90.4	91.9	91.0	94.0	94.1	94.1	94.1	93.6	93.4	93.2
Contributions for social insurance .....	528.3	545.1	523.0	553.0	565.7	575.5	577.7	578.0	579.5	585.5	595.6	606.2
<b>Total receipts .....</b>	<b>1,313.6</b>	<b>1,337.4</b>	<b>1,380.7</b>	<b>1,388.8</b>	<b>1,404.1</b>	<b>1,425.0</b>	<b>1,458.6</b>	<b>1,450.0</b>	<b>1,461.9</b>	<b>1,480.1</b>	<b>1,520.4</b>	<b>1,522.5</b>
<b>EXPENDITURES</b>												
Purchases of goods and services .....	439.8	437.8	435.1	444.3	429.2	437.0	437.8	437.0	434.2	441.6	440.6	442.7
Defense .....	299.1	291.7	291.7	300.5	284.4	288.8	291.2	290.3	285.9	287.8	283.6	282.0
Nondefense .....	140.7	146.1	143.5	143.8	144.8	148.2	146.6	146.7	148.3	153.8	157.0	160.7
Transfer payments .....	674.1	671.5	676.2	683.0	699.3	705.8	713.7	719.8	736.4	751.7	764.6	776.6
Domestic ("to persons") .....	649.8	659.9	663.5	668.5	675.4	696.8	704.8	711.0	719.1	743.4	755.6	766.3
Foreign .....	24.3	11.6	12.7	14.4	23.9	9.0	8.9	8.8	17.3	8.3	9.0	10.3
Grants-in-aid to State and local governments ....	197.0	190.0	194.4	200.3	206.9	213.2	215.6	218.8	220.8	224.4	228.4	232.4
Net interest paid .....	183.5	179.3	188.8	194.4	203.9	213.7	224.8	231.3	236.0	230.7	224.8	249.9
Subsidies less current surplus of Government enterprises .....	39.3	35.1	31.3	20.9	31.1	28.4	27.6	28.8	31.2	31.6	32.4	32.4
Wage disbursements less accruals .....	0.0	0.0	0.0	0.0	0.0	0.0	-*	*	0.0	0.0	0.0	0.0
<b>Total expenditures .....</b>	<b>1,533.7</b>	<b>1,513.7</b>	<b>1,525.9</b>	<b>1,542.8</b>	<b>1,584.3</b>	<b>1,598.1</b>	<b>1,619.5</b>	<b>1,635.7</b>	<b>1,658.6</b>	<b>1,680.0</b>	<b>1,690.8</b>	<b>1,734.0</b>
<b>Deficit (-) .....</b>	<b>-220.1</b>	<b>-176.2</b>	<b>-145.1</b>	<b>-154.0</b>	<b>-180.2</b>	<b>-173.1</b>	<b>-160.9</b>	<b>-185.7</b>	<b>-196.7</b>	<b>-199.9</b>	<b>-170.4</b>	<b>-211.5</b>

\* \$50 million or less.

## 20. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 1994

The following three parts of this chapter compare the actual total receipts, outlays, and deficit for 1994 with the baseline estimates before enactment of the Omnibus Budget Reconciliation Act (OBRA) of 1993, which was signed into law on August 10, 1993. This baseline, also known as the pre-OBRA baseline, was the same as the current services estimates published in April 1993, with minor adjustments. The fourth part of this chapter shows additional details for a comparison of mandatory and related programs, and the final part reconciles actual receipts, outlays, and deficit totals for 1994 previously published by the Department of the Treasury with those in the budget.

### Receipts

Receipts in 1994 were \$1,257.7 billion, which is \$42.5 billion greater than the baseline estimate of \$1,215.2 billion. As shown in Table 20-1, this increase 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 Omnibus Budget Reconciliation Act (OBRA) of 1993 and the North America Free Trade Agreement (NAFTA) Implementation Act were the only major laws enacted after April 1993 that affected 1994 receipts. The \$27.4 billion in tax increases provided in OBRA were partially offset by the \$0.1 billion in receipt reductions provided in NAFTA, resulting in a net increase in 1994 receipts of \$27.3 billion. Regulations affecting hedging transactions and new IRS policies regarding applications for installment agreements and extensions to file tax returns reduced 1994 receipts by \$0.3 billion. In total, legislative, administrative and regulatory changes increased 1994 receipts by a net \$26.9 billion.

**Economic differences.**—Differences between the economic assumptions upon which the baseline estimates were made and actual economic performance accounted for a net increase in 1994 receipts of \$6.1 billion. Nearly three-quarters of this increase (\$4.5 billion) was attributable to increases in corporation income taxes resulting from higher than expected corporate profits. Individual income taxes were higher than expected by \$0.8 billion, in large part due to increases in non-wage sources of personal income relative to the budget forecast. Higher than anticipated interest rates, which affect deposits of earnings by the Federal Reserve, increased miscellaneous receipts by \$0.9 billion and higher than expected imports increased customs duties by \$0.4 billion. Reductions in wages and salaries relative to what had been assumed in the 1994 budget were in large part responsible for the shortfall in social insurance taxes and contributions of \$0.9 billion.

**Technical reestimates.**—Different collection patterns and effective tax rates than had been assumed in April 1993 were primarily responsible for the reductions in individual income taxes and social insurance taxes and contributions of \$7.6 billion and \$1.9 billion, respectively, and the increase in corporation income taxes of \$15.7 billion. Greater than anticipated asset holdings were primarily responsible for the increase in estate and gift taxes of \$2.4 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 \$1.0 billion increase in miscellaneous receipts.

### Outlays

Outlays for 1994 were \$1,460.9 billion. This was \$59.6 billion lower than the \$1,520.5 billion initially estimated in the pre-OBRA baseline.

TABLE 20-1. COMPARISON OF ACTUAL 1994 RECEIPTS WITH THE BASELINE ESTIMATES

(In billions of dollars)

	Baseline estimate	Legislative, regulatory and administrative changes	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes .....	536.5	13.3	0.8	-7.6	6.5	543.1
Corporation income taxes .....	114.1	6.1	4.5	15.7	26.3	140.4
Social insurance taxes and contributions .....	462.0	2.3	-0.9	-1.9	-0.5	461.5
Excise taxes .....	48.7	6.0	0.3	0.2	6.5	55.2
Estate and gift taxes .....	12.2	0.5	0.1	2.4	3.0	15.2
Customs duties .....	21.3	-1.2	0.4	-0.4	-1.2	20.1
Miscellaneous receipts .....	20.4	*	0.9	1.0	1.9	22.3
<b>Total .....</b>	<b>1,215.2</b>	<b>26.9</b>	<b>6.1</b>	<b>9.5</b>	<b>42.5</b>	<b>1,257.7</b>

\*\$50 million or less.

TABLE 20-2. COMPARISON OF ACTUAL 1994 OUTLAYS WITH THE PRE-OBRA BASELINE ESTIMATES  
(in billions)

	Pre-OBRA baseline estimate	Changes					Actual
		Policy	Emer- gencies	Economic	Technical	Total changes	
Discretionary:							
Defense .....	284.4	-9.1	0.9	.....	6.0	-2.2	282.2
Nondefense .....	264.6	-0.1	6.9	.....	-8.0	-1.2	263.4
Subtotal, discretionary .....	549.0	-9.2	7.8	.....	-2.0	-3.4	545.6
Mandatory:							
Deposit insurance .....	7.7	.....	.....	.....	-15.3	-15.3	-7.6
Other programs .....	749.7	-5.8	3.3	-2.6	-24.6	-29.7	720.0
Subtotal, mandatory .....	757.4	-5.8	3.3	-2.6	-39.8	-45.0	712.4
Net interest .....	214.1	-2.9	0.3	-7.5	-1.0	-11.2	203.0
Total outlays .....	1,520.5	-18.0	11.4	-10.1	-42.9	-59.6	1,460.9

**Major causes of the change.**—Table 20-2 distributes the \$59.6 billion net decrease in outlays among discretionary and mandatory programs and net interest. The table also makes rough estimates according to four reasons for the changes: (1) policy changes; (2) emergencies; (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 emergencies) that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 1994, policy changes decreased outlays an estimated \$18.0 billion relative to the pre-OBRA baseline estimates. Outlays for discretionary programs were \$9.2 billion lower than estimated in the baseline, due primarily to lower defense appropriations. (Discretionary programs are those generally subject to control by annual appropriations.)

Outlays for mandatory programs were \$5.8 billion lower than initially estimated due to changes in policy. Changes enacted primarily in OBRA 1993 resulted in decreases in many programs or increases in user fees (which are offset against outlays). These decreases were partially offset by increases for unemployment compensation of \$0.9 billion, in addition to the emergency increases for unemployment compensation noted below. (Mandatory programs are mostly formula benefit or entitlement programs not normally controlled by annual appropriations.) Policy decreases of \$2.9 billion for net interest reflect savings in debt service of \$1.3 billion for policy changes to both outlays and receipts and savings of \$1.6 billion for debt management improvements.

**Emergencies** increased outlays \$11.4 billion. This spending is for officially declared emergencies pursuant to the scoring rules in the Omnibus Budget Reconciliation Act of 1990 as amended. The emergencies funded by discretionary spending (\$7.8 billion) were almost entirely for the widespread flooding in the Midwest in the summer of 1993 and for the California earthquake. The emergency spending in mandatory programs was primarily for unemployment compensation. The amount

for net interest is the estimated debt service on these outlays. (The Omnibus Budget Reconciliation Act of 1990 as amended is discussed in the section entitled "Budget Enforcement Act Preview Report.")

**Economic conditions** that differed from those forecast in February 1993 resulted in a net outlay decrease of \$10.1 billion. Outlays for mandatory programs decreased an estimated \$2.6 billion. Lower than expected unemployment rates decreased outlays \$1.5 billion, primarily due to the effects on unemployment benefits. Lower than expected inflation decreased outlays \$1.2 billion, largely due to the effect on social security and other inflation-sensitive benefits. Net interest outlays were \$7.5 billion lower than projected due to economic conditions. Lower than expected interest rates reduced net interest outlays \$7.1 billion, and the debt service on other economic changes to outlays and receipts decreased net interest outlays an additional \$0.3 billion.

**Technical estimating differences** and other changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, bank failures, or other factors not associated with policy changes, emergencies, or economic conditions. Technical changes accounted for a net decrease of \$42.9 billion. Most of the change was for deposit insurance. Outlays for deposit insurance were initially estimated to be \$7.7 billion. Actual collections exceeded disbursements by \$7.6 billion, a decrease of \$15.3 billion from the initial estimate. This decrease was primarily because favorable economic conditions resulted in fewer bank and thrift failures than originally assumed, and improved economic conditions increased collections from asset sales. Other major technical changes included decreases for Medicaid and Medicare.

### Deficit

The preceding two sections discussed the differences between the pre-OBRA baseline estimates and the actual amounts of Federal Government receipts and outlays for 1994. This section combines these effects in



**TABLE 20-3. COMPARISON OF ACTUAL 1994 DEFICIT WITH THE PRE-OBRA BASELINE ESTIMATES**  
(Outlays in billions)

	Pre-OBRA baseline estimate	Changes					Actual
		Policy	Emer- gencies	Economic	Technical	Total changes	
Receipts .....	1,215.2	26.9	.....	6.1	9.5	42.5	1,257.7
Outlays .....	1,520.5	-18.0	11.4	-10.1	-42.9	-59.6	1,460.9
Deficit .....	-305.3	44.9	-11.4	16.2	52.4	102.1	-203.2

Note: Deficit changes are receipts minus outlays. For these changes, a plus indicates a decrease in the deficit.

order to show the net impact of these differences on the deficit.

As shown in Table 20-3, the 1994 deficit was initially estimated in the pre-OBRA baseline to be \$305.3 billion. The actual deficit was \$203.2 billion, which was \$102.1 billion less than the initial estimate. Receipts were \$42.5 billion more than the initial estimate, and outlays were \$59.6 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 \$44.9 billion. Outlays for emergencies increased the deficit \$11.4 billion.

Economic conditions that differed from the initial assumptions in February 1993 accounted for an estimated \$16.2 billion decrease in the deficit—the combined effect of an increase in receipts of \$6.1 billion and a decrease in outlays of \$10.1 billion. Technical estimating and other differences decreased the deficit by an estimated \$52.4 billion. This was due to the combined effect of an increase in receipts of \$9.5 billion and a decrease in outlays of \$42.9 billion.

#### **Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 1994**

This section compares the original 1994 outlay estimates for mandatory and related programs under current law in the 1994 Budget (April 1993) 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 primarily on eligibility criteria and benefit levels 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 con-

ditions (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 1994 and the amounts originally estimated in the 1994 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 2000.) Actual outlays for mandatory and related programs in 1994 were \$915.4 billion, which was \$52.5 billion less than the initial estimate of \$967.8 billion, based on existing law in February 1993. Of this, actual outlays for mandatory programs were \$750.2 billion in 1994, \$41.6 billion less than estimated in February 1993.

Actual outlays for mandatory human resources programs were \$753.1 billion, \$18.8 billion less 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 (\$2.0 billion), due primarily to legislation that extended unemployment benefits; the largest decrease was for Medicaid (\$10.2 billion), due primarily to technical reestimates.

Outlays for other mandatory programs were \$22.8 billion less than originally estimated. The largest decrease was for deposit insurance. The initial estimate was \$7.7 billion. Actual collections exceeded disbursements by \$7.6 billion, a net decrease of \$15.3 billion from the initial estimate. This was in part due to favorable economic conditions, which resulted in fewer bank and thrift failures than originally assumed and increased proceeds from the sale of assets. The decrease in outlays for mandatory agricultural programs (\$1.5 billion) resulted largely from volatility in farm production and international affairs.

Outlays for net interest were \$203.0 billion or \$11.1 billion less than the original estimate. This decrease was largely the effect of lower than expected interest rates and lower borrowing requirements due to a lower than originally estimated deficit.

**TABLE 20-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW**

(In billions of dollars)

	1994		
	April 1993 estimate	Actual	Change
Mandatory programs:			
Human resources programs:			
Education, training, employment, and social services .....	13.3	9.0	-4.3
Health:			
Medicaid .....	92.2	82.0	-10.2
Other .....	5.0	4.6	-0.4
Total health .....	97.2	86.6	-10.6
Medicare .....	147.0	141.8	-5.2
Income security:			
Retirement and disability .....	67.5	67.7	0.2
Unemployment compensation .....	24.4	26.4	2.0
Food and nutrition assistance .....	33.4	33.0	-0.4
Other .....	50.3	51.2	1.0
Total, income security .....	175.6	178.4	2.8
Social security .....	318.1	316.9	-1.2
Veterans benefits and services:			
Income security for veterans .....	19.2	19.6	0.4
Other .....	1.4	0.7	-0.7
Total veterans benefits and services .....	20.6	20.3	-0.3
Total mandatory human resources programs .....	771.8	753.1	-18.8
Other mandatory programs:			
Agriculture .....	12.2	10.7	-1.5
Deposit insurance .....	7.7	-7.6	-15.3
Other functions .....	—*	-6.0	-6.0
Total other mandatory programs .....	19.9	-2.9	-22.8
Total mandatory programs .....	791.7	750.2	-41.6
Undistributed offsetting receipts:			
Employer share, employee retirement .....	-35.2	-34.8	0.4
Rents and royalties on the outer continental shelf .....	-2.8	-3.0	-0.2
Total undistributed offsetting receipts .....	-38.0	-37.8	0.2
Total, mandatory and undistributed offsetting receipts .....	753.8	712.4	-41.4
Net interest:			
Interest on the public debt .....	311.5	296.3	-15.2
Interest received by trust funds .....	-86.1	-85.7	0.4
Other interest .....	-11.4	-7.6	3.8
Total net interest .....	214.0	203.0	-11.1
Total outlays for mandatory and related programs under current law .	967.8	915.4	-52.5

\* Indicates \$50 million or less.

### Reconciliation of Differences with Amounts Published by Treasury for 1994

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, 1995) and those published in this budget.

The deficit total for 1994 in this budget is \$446 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 1994

(In millions of dollars)

	Receipts	Outlays	Deficit
<b>Totals published by Treasury (September 30 MTS) .....</b>	<b>1,257,187</b>	<b>1,460,557</b>	<b>203,370</b>
Miscellaneous Treasury adjustments .....	266	510	245
<b>Totals published by Treasury in the U.S. Government Annual Report <sup>1</sup> .....</b>	<b>1,257,453</b>	<b>1,461,067</b>	<b>203,615</b>
Adjustments, net:			
Judiciary .....		18	18
Funds Appropriated to the President .....	30	1	-29
Department of Justice .....	-22		22
Farm Credit System Financial Assistance Corporation .....		-103	-103
Federal Deposit Insurance Corporation .....		-349	-349
Federal Retirement Thrift Investment Board .....		-4	-4
United Mine Workers of America .....	286	286	
Miscellaneous adjustments. ....	-2	-2	-*
<b>Total adjustments, net .....</b>	<b>292</b>	<b>-154</b>	<b>-446</b>
<b>Totals in the 1996 Budget .....</b>	<b>1,257,745</b>	<b>1,460,914</b>	<b>203,169</b>

<sup>1</sup> Published on January 3, 1995.

\* Indicates \$500 thousand or less.

## 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 social security and the military and civil service retirement trust funds. An analogous change is proposed for budget authority for the transportation trust funds.

The remaining new budget authority is made available annually through the appropriations process.

Not all of the new budget authority for 1996 will be obligated or spent in that year:<sup>1</sup>

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts (limited, in most 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 currently 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 in 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.

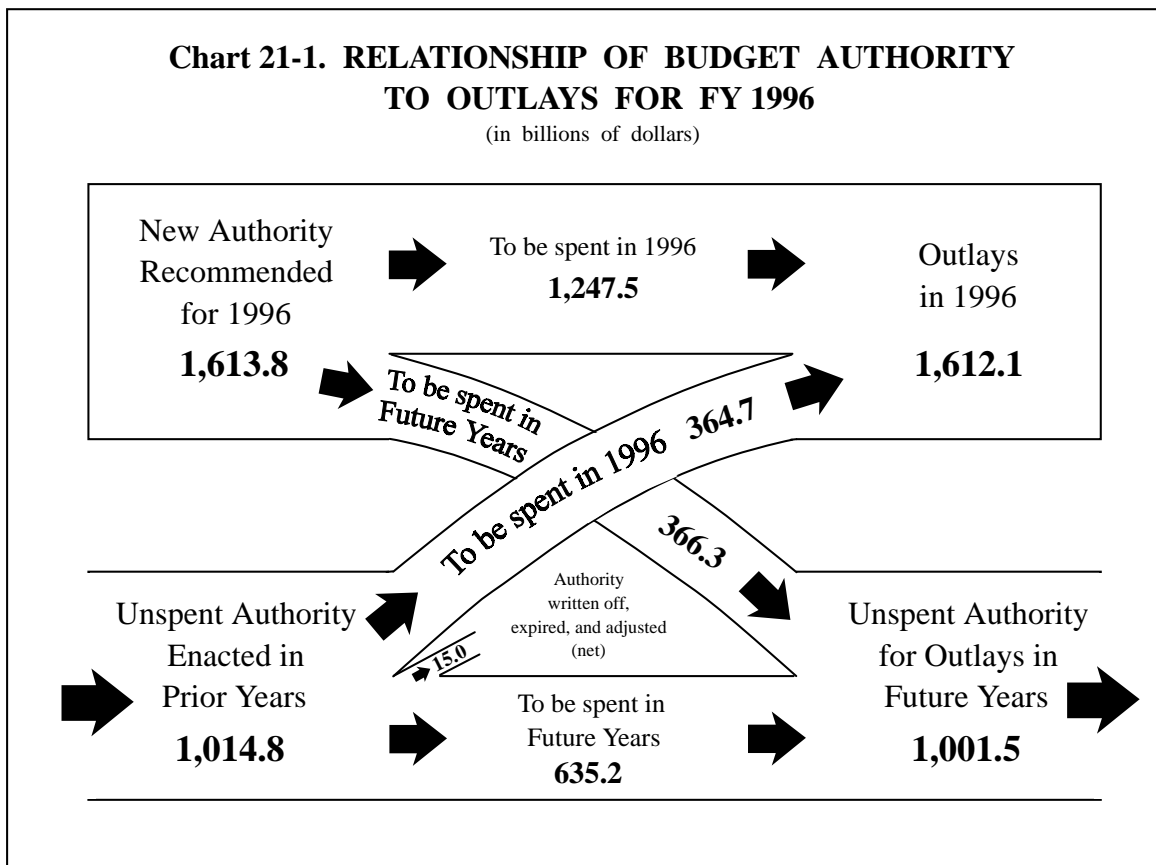
As shown in the following chart, \$364.7 billion of the outlays in 1996 (23 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$366.3 billion of the new budget authority proposed for 1996 (23 percent of the total amount proposed) will not lead to outlays until future years. Thus, although outlays in 1996 are, coincidentally, very nearly equal to budget authority for that year (99.9 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.

<sup>1</sup>This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after

the budget is transmitted.

**Chart 21-1. RELATIONSHIP OF BUDGET AUTHORITY  
TO OUTLAYS FOR FY 1996**

(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, one or more Federal entities each year 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 currently consist of the two social security trust funds, old-age and survivors insurance 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 were off-budget at one

TABLE 22-1. COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS <sup>1</sup>

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	504.0	404.1	100.0	-40.7	-38.7	-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	1,323.4	1,081.8	241.7	-269.2	-321.4	52.2
1992 .....	1,090.5	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	1,408.7	1,142.1	266.6	-255.1	-300.5	45.3
1994 .....	1,257.7	922.7	335.0	1,460.9	1,181.5	279.4	-203.2	-258.8	55.7
1995 estimate .....	1,346.4	995.2	351.3	1,538.9	1,246.9	292.0	-192.5	-251.8	59.3
1996 estimate .....	1,415.5	1,045.1	370.4	1,612.1	1,307.1	305.0	-196.7	-262.0	65.3
1997 estimate .....	1,471.6	1,083.6	388.0	1,684.7	1,368.1	316.6	-213.1	-284.5	71.4
1998 estimate .....	1,548.8	1,140.8	408.0	1,745.2	1,415.6	329.6	-196.4	-274.7	78.4
1999 estimate .....	1,624.7	1,195.8	428.9	1,822.2	1,479.1	343.1	-197.4	-283.3	85.9
2000 estimate .....	1,710.9	1,260.0	450.9	1,905.3	1,548.6	356.7	-194.4	-288.6	94.2

<sup>1</sup> Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989.

time but are now on-budget are classified as on-budget for all years.

In 1996 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 1996 total deficit of \$196.7 billion consists of an off-budget surplus of \$65.3 billion and an on-budget deficit of \$262.0 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. These amounts are almost entirely for social security.

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 have been 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."<sup>1</sup>

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 9, "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 9.

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 5, "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. Reforming the regulatory process is discussed in Chapter 13 of the *Budget*, and the present regulatory planning process is described annually in *Regulatory Plan and the Unified Agenda of Federal Regulation*.<sup>2</sup>

<sup>1</sup> Credit reform is further explained in Chapter 9 of this volume and in Chapter VIIIA of the 1992 *Budget*, Part Two, pp. 223–26.

<sup>2</sup> The most recent publication was issued by the Regulatory Information Service Center in November 1994.



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## HIGH RISK AREAS

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## 23. PROGRESS REPORT: CORRECTING HIGH RISK AREAS

*Background.* The High Risk Program began in 1989, when the OMB Director asked agency Deputy Secretaries to conduct personal assessments of their programs and operations, and identify the highest risk programs and functions. OMB and agencies identified 106 high risk areas, which were first publicly announced in December 1989.

Issues included on the High Risk List are derived from Federal Managers' Financial Integrity Act (FMFIA) reports by agency heads to the President, and other sources, including reports by Inspectors General and the General Accounting Office. Both financial management and program areas are included.

Since the program's inception, OMB has actively worked with the agencies to ensure that high risk areas receive appropriate attention. A Progress Report providing OMB's assessment of agency efforts to correct high risk areas is published annually in the Budget. In the progress reports published in the FY 1992 through FY 1995 Budgets, a total of 29 areas were added and 58 areas were removed from the List. At the beginning of 1994, the High Risk List included 84 areas.

*Status.* This year, OMB carefully reviewed all 84 high risk areas to determine whether these issues still warrant inclusion in the High Risk Program. OMB determined that agencies continue to make good progress in correcting high risk areas; as a result of this review, 29 areas are being deleted in this year's Progress Report. The High Risk List now focuses more specifically on areas that deserve special attention because they already have created or have the potential to create major losses for or significant problems in the operation and effectiveness of a program or agency.

By focusing on a smaller number of important items, OMB intends to provide assurance to the public and the Congress that significant problems are being aggressively addressed. This approach will also allow OMB and the agency to ensure that appropriate resources are provided to solve the problems.

*Future Plans.* Forthcoming policy guidance from OMB on agency management control programs is intended in part to eliminate the need for separate reporting on high risk areas. OMB is proposing a revision to OMB Circular A-123, Management Accountability and Control, which encourages agencies to integrate management control assessments with other work being done to evaluate agency performance. The proposed re-

vision also encourages agencies to include only the most significant management deficiencies in their annual FMFIA reports to the President and Congress. OMB expects that these streamlined, higher-level agency FMFIA reports may make it unnecessary to monitor high risk areas separately.

*Summary of FY 1996 Progress Report.* OMB's assessment of agency efforts to correct the 84 areas included on the List throughout 1994 appears in the last column of Table 23-1.

- A total of 29 areas are being deleted from the List. Seven areas, assessed with the code "D1," have been corrected. Twenty areas, assessed with the code "D2," are no longer sufficiently serious to warrant the "high risk" designation and are receiving appropriate attention by the agency. Two areas, assessed with the code "D3," do not belong on a list of agency operational problems because their resolution depends on policy or legislative action.
- In 16 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 38 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. The corrective action plan is on the right track, but may need work; or, the agency has produced an acceptable corrective action plan, and may be 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 one area, 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. This area is assessed with a "3".

With the two areas being added this year, the High Risk List at the beginning of 1995 includes 57 areas.

**Table 23-1. PROGRESS REPORT: HIGH RISK AREAS BY AGENCY**  
**DEPARTMENT OF AGRICULTURE**

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Farm Service Agency (FSA):</i> Farm loan programs lack adequate oversight and internal controls.</p> <p><i>At risk:</i> high total delinquencies (\$9B) and high delinquency rates (17 percent) in 1993.</p>	<p>Farm loan program issues include: (i) lack of effective analysis (including identification of production/financial weaknesses, development of individualized credit plans and effective monitoring of borrower progress), which has resulted in high delinquency rates; and (ii) inadequate tracking of borrowers' accounts for servicing actions, which results in delays and improper servicing actions.</p> <p>A joint OMB/USDA task force was formed to identify FSA loan management and budget vulnerabilities and recommend ways to improve loan management. A draft task force report was issued in August 1994. A major effort to develop an integrated supervised credit program began in mid-1994 to address both weaknesses.</p> <p><i>Next steps:</i> Pilot implementation of the supervised credit system is scheduled for mid-1995. The task force will (i) work toward revised recommendations for inclusion in the Administration's 1995 Farm Bill proposals, and (ii) shift focus to accounting and computer system vulnerabilities and weaknesses.</p>	2
<p><i>Food and Consumer Services (FCS):</i> Illegal trafficking of Food Stamp coupons and benefits delivered electronically for cash, drugs, and weapons; and fraudulent retailer activity.</p> <p>1995 budget includes \$25B for Food Stamp Program. <i>At risk:</i> ability to detect both food stamp trafficking by individuals and fraudulent retailer activity, with an estimate of a minimum of \$100M in benefits diverted annually.</p>	<p>USDA/FCS have 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 greater than \$1.1M); (iii) updating requirements for processing investigative sanctions against authorized retailers; and (iv) expanding from 33 percent to 40 percent the coverage of investigators in the field automation system. USDA has reviewed fraudulent retailer activity, including: (i) analyzing sales and redemption data for irregularities; and (ii) detecting ineligible use and illegal selling of Food Stamps. Additionally, during 1993 and 1994, the implementation of electronic benefit transfer (EBT) to distribute food stamps was expanded which will better enable FCS to detect trafficking and will provide a more detailed audit trail for investigators.</p> <p><i>Next steps:</i> Recognizing that Food Stamp trafficking cannot be eliminated completely, USDA/FCS have developed additional corrective actions into the original plan in order to create a more comprehensive plan designed to establish controls over trafficking to the greatest extent possible over the next several fiscal years. These new corrective actions include: (i) submitting a report to Congress on abuse and fraud in the Food Stamp program; (ii) revising computer-generated profile of violation-prone authorized retailers; (iii) completing full implementation of investigator field automation system; (iv) implementing and reviewing the effectiveness of EBT exceptions reports; and (v) issuing an evaluation report of EBT in Maryland which includes an analysis of EBT safeguards and 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. <i>At risk:</i> \$100M in losses paid to reinsurance companies.</p>	<p>FCIC completed implementing financial evaluation standards for reinsurance companies' annual financial statements. In 1994, FCIC successfully used an error rate system to evaluate insurance company performance. DELETED FROM THE HIGH RISK LIST.</p>	D1
<p><i>Rural Housing and Community Development Service (RHCDS):</i> Housing loan programs lack adequate oversight and internal control.</p> <p><i>At risk:</i> high total delinquencies (\$3.1B, includes delinquent principal outstanding). Actual delinquent installments were 17 percent in 1994.</p>	<p>RHCDS operates housing loan programs that present significant budget exposure.</p> <p>Single family housing issues include: (i) interest credit formula provides an incentive to the borrower to maximize federal subsidies; (ii) no automated delinquency system is in place; (iii) borrowers' accounts are not uniformly and consistently serviced and follow-up not always timely; (iv) no escrow system is in place (RHCDS advances funds to pay delinquent taxes/insurance, often creating a delinquent account as a result of the servicing action); and (v) wage matching is sporadic, resulting in overpayments of federal subsidies.</p> <p>Multifamily housing issues include: (i) fraud, waste and abuse by some developers at various stages of rental project development due to a lack of federal oversight; (ii) lack of project loan prepayment ability in conjunction with low-income housing tax credit results is a disincentive for project managers to maintain the project; and (iii) project operating expenses are overstated in some projects, resulting in both tenants and the government paying unnecessarily high rent and rental assistance.</p> <p>A joint OMB/USDA task force was formed to identify housing loan management and budget vulnerabilities and recommend ways to improve loan management. A draft task force report was issued in August 1994 and recommendations in the report are included in the 1996 budget.</p> <p><i>Next steps:</i> For single family housing, RHCDS will be procuring an off-the-shelf mortgage accounting system that will include escrowing functions. The new system will be operational in 1996. The Task Force will shift focus to accounting and computer system vulnerabilities and weaknesses.</p>	2

## DEPARTMENT OF AGRICULTURE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Department-wide financial systems:</i> Aged and outmoded systems, inadequate financial system controls, ineffective central systems planning and installation, 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. <i>At risk:</i> loss or misapplication of budgetary resources due to unreliable management information.</p>	<p>During the past 12 months, the quality of USDA's audited financial statements improved measurably. No bureau received an adverse opinion; only the Forest Service and Departmental statements received qualified opinions. The Department is sponsoring inter-bureau focus groups to concentrate on solving specific problems such as producing financial statements. The CFO also completed operations capability testing on and selected commercial off-the-shelf systems software to be used as the foundation for the new departmental accounting system. Projects to install new accounting systems in Forest Service and ASCS are tied to this software contract.</p> <p><i>Next steps:</i> The Department needs to begin implementation of the foundation system over the next year. Cooperative work needs to continue with the Inspector General to remove the causes of qualified opinions on financial statements. The new systems architecture, required by the recently implemented USDA reorganization, needs to be defined and tied conceptually to the foundation system as a cooperative venture between the CFO and the program bureaus. OMB has allocated additional resources in the 1996 budget to support these improvements.</p>	2
<p><i>Departmentwide ADP management (INFOSHARE):</i> Departmental planning for managing information integration projects, process reengineering projects, and ADP procurement to support USDA reorganization in field offices and headquarters is not effective.</p> <p>USDA's INFOSHARE managers estimate that installation and procurement costs for contracts, software and hardware will exceed \$260M between 1995 and 1997. Costs may exceed \$1B over the life of the project. <i>At risk:</i> These procurements could be wasted or marginally effective if they ultimately do not meet the Department's needs for information processing, functional improvement, and compatible ADP platforms.</p>	<p>INFOSHARE is intended to improve operations and delivery of service through business process reengineering, managed organizational change, and the acquisition and development of integrated information systems. This project is critical to implementing the Department of Agriculture Reorganization Act of 1994 and its mandate for field consolidation. Management of this project has been the subject of intense scrutiny and critical reports by the GAO, the House Committee on Government Operations, and the USDA Office of Inspector General. As a result, GSA recently withdrew its delegation of procurement authority from USDA's INFOSHARE program managers. The basic concern expressed in these reports is that USDA emphasized hardware procurement prior to completing a business process analysis and a well-analyzed concept of what technical architecture will meet USDA's needs. ADDED TO THE HIGH RISK LIST.</p> <p><i>Next steps:</i> (i) Involve program Under/Assistant Secretaries of INFOSHARE partner agencies in directing the project under the leadership of an executive-level manager and a well-qualified project manager. (ii) Assemble and train a core team in business process review skills. (iii) Establish an independent inter-agency advisory group, possibly including the private sector, to expand available technical and managerial expertise. (iv) Start business process analysis and tie it to USDA's reorganization in real terms, such as linking program content in new combined offices with the changing role of staff, technology, and support systems. (v) Pursue a coordinated systems improvement strategy that supports continuous improvement to meet the joint requirements of the partner agencies while deferring major procurements in business areas undergoing business process reengineering.</p>	A

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

## DEPARTMENT OF COMMERCE

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Department:</i> Financial systems are not in compliance with government-wide standards and are seriously outdated, fragmented, inadequately controlled, and costly and difficult to maintain.</p> <p>DOC financial systems process \$4.2B annually. <i>At risk:</i> assurance that these funds are being accounted for in an accurate and timely fashion.</p>	<p>Commerce is addressing financial systems deficiencies by completely replacing the Department's core financial systems. In 1994, the Department: (i) issued Request for Proposals for complete DOC core financial system replacement (May); (ii) received proposals (July); (iii) began evaluation of proposals (August); (iv) determined competitive range and began operational capabilities demonstration (September); and (v) awarded contract (December).</p> <p><i>Next steps:</i> By October 1995, complete acceptance testing, training, and beta testing; and begin initial system implementation.</p>	2

## DEPARTMENT OF COMMERCE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>National Weather Service (NWS), National Oceanic and Atmospheric Administration (NOAA):</i> Major systems acquisition problems delaying \$4B modernization and NWS workforce restructuring.</p> <p><i>At risk:</i> increased costs in the AWIPS and the transition (MARDI) programs, as well as a delay in bringing full benefits of modernization to the public.</p>	<p>The Weather Service Modernization has more than doubled in cost and has experienced substantial schedule delays since its inception. There are currently serious problems with the Advanced Weather Interactive Processing System (AWIPS), a software intensive system that is necessary to deliver the full benefits of the modernization effort. There are also problems with user community acceptance of the newly deployed Automated Surface Observing Systems (ASOS). These problems could create a substantial delay in the modernization efforts and workforce restructuring.</p> <p>AWIPS—The AWIPS program was delayed due to inability of the contractor to deliver a government-approved systems design. In May 1994, an Independent Review Team assessed existing problems and made recommendations for correction. NOAA has proceeded with a recovery plan based on many of the team's recommendations. NOAA intends to restructure the contract to minimize the delay in the start of the deployment phase. Management changes have been made by both the contractor and NOAA to improve the management of AWIPS acquisition.</p> <p><i>Next steps:</i> NOAA is working with the contractor to make the necessary adjustments to the AWIPS System/Subsystem Design document received in November 1994. This document will serve as the basis for contract renegotiations and for future budgets and schedules. Until that process is completed, a firm schedule for the completion of the development phase of AWIPS cannot be developed. Contract renegotiation is expected to be completed by the end of April 1995.</p> <p>ASOS—To date, DOC and Federal Aviation Administration (FAA) have been unable to reach agreement on the structure/methodology for automation certifications resulting from the installation of ASOS units at airports nationwide.</p> <p><i>Next steps:</i> DOC and FAA have agreed to an ASOS Automation Project Demonstration whereby ASOS performance will be monitored at approximately ten sites during the period December 1, 1994 through September 30, 1995. Evaluation of the performance data will assist in establishing ASOS automation certification criteria which will lead to the reassignment of NWS personnel at airport sites.</p>	3
<p><i>NOAA:</i> Geostationary Operational Satellite (GOES) technical development problems.</p> <p><i>At risk:</i> the potential reduced geostationary coverage of the Earth disc if either GOES-7 fails, and/or GOES-8 or GOES-J fails prematurely.</p>	<p>Technical problems experienced by this program are under tight control by NOAA/NASA. GOES-8 was successfully launched on April 13, 1994. Operational control of the satellite was successfully transferred from NASA to NOAA on October 26, 1994. Program management is satisfactory.</p> <p>A two-satellite constellation (GOES-7 and GOES-8) is currently in orbit with back-up capabilities available from the European satellite, METEOSAT. GOES-J is scheduled for launch as early as April 1995. Although a conflict in the launch manifest may result in moving the GOES-J launch to June 1995, the government has preemptive rights over the commercial launch in the April slot if it becomes necessary to move the GOES-J launch forward. DELETED FROM THE HIGH RISK LIST. The Department will continue to monitor the activity to provide an early heads-up if problems resume.</p>	D2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

## DEPARTMENT OF DEFENSE

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Department:</i> Supply operations are inadequate due to deficient management controls.</p> <p><i>DoD</i> supply inventory of roughly \$80B. <i>At risk:</i> DoD may be buying unnecessary supplies.</p>	<p>DoD has reduced inventory levels by 25 percent since 1989. The Department has (i) improved procedures for determining requirements and disposing of unneeded property; (ii) consolidated inventory control operations; and (iii) increased competition in spare parts procurement.</p> <p><i>Next steps:</i> DoD is in the process of developing supply center operations performance goals, implementing standardized logistics information systems, and expanding the use of commercial practices. OMB and DoD are engaged in an ongoing effort to reduce inventories an additional 25 percent by 1998.</p>	1
<p><i>Department:</i> Information technology data standardization, telecommunications and security are deficient.</p> <p>The DoD Information Technology budget is \$9.4B in 1995. <i>At risk:</i> the unauthorized access or misuse of sensitive Defense data.</p>	<p>DoD has addressed information technology deficiencies through (i) a working group with the National Information Infrastructure which oversees the implementation of preventive safeguards on the Internet; and (ii) a joint effort with the General Services Administration to consolidate more telecommunications requirements onto the Post-FTS2000 contract. DELETED FROM THE HIGH RISK LIST. OMB will continue to monitor the status of DoD Information Technology improvements, including the initiatives stated above.</p>	D2

## DEPARTMENT OF DEFENSE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Department:</i> Financial accounting processes and systems produce inaccurate and unreliable information for managing the Department's resources.</p> <p><i>At risk:</i> The ability to obtain accurate and complete financial statements and other managerial information for DoD; control over resources lost or stolen.</p>	<p>DoD financial management reform is a major initiative involving business process reengineering, system standardization, and consolidation of operations. The reforms are guided by the objective of improving customer service. In 1991, the Defense Finance and Accounting Service (DFAS) was created to serve as DoD's accounting firm. In May 1994 DoD announced the consolidation of over 300 finance and accounting sites into 26 DFAS sites, beginning in 1995. To implement additional accounting and finance reforms DoD has: (i) standardized regulations, data inputs and outputs to meet OMB Circular A-127, Federal Managers' Financial Integrity Act, and U.S. Government Standard General Ledger requirements; (ii) identified and developed migratory systems for integration and consolidation of financial accounting systems; (iii) increased use of electronic technology in such areas as electronic commerce, data exchange, and storage; and (iv) developed performance measures as directed under the Chief Financial Officers Act.</p> <p><i>Next steps:</i> (i) Implement electronic data interchange/commerce, including vendor payment (7/95). (ii) Match disbursements over \$1M to obligations (10/95). (iii) Complete standard financial regulations (12/95). (iv) Implement DoD Standard General Ledger (1997). (v) Add budget/accounting classification code (1997).</p>	2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

## DEPARTMENT OF EDUCATION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Institutional integrity (gatekeeping):</i> Inadequate Federal management of the gatekeeping process for institutional eligibility for Federal student aid has resulted in many students attending schools that are incapable of administering student aid funds properly and that provide an educational experience that is, sometimes through fraud, unlikely to result in employment and higher earnings for those students. Many borrowers default on loan obligations through no fault of their own.</p> <p><i>At risk:</i> the value of Federal funding of Pell grants, student loans, and other aid when individuals attend poor quality schools and are not given a true opportunity to learn new skills.</p>	<p>The Department of Education (ED) received legislative authority in the 1992 Amendments to the Higher Education Act (HEA) that gives it powerful new tools to screen out and eliminate from eligibility institutions that violate Federal standards. In 1994 ED published final rules for these new authorities, replacing an "interim final" rule under which implementation had begun. Congress has appropriated \$41M over 1994 and 1995 to finance the States Postsecondary Review Program part of gatekeeping, under which States review and eliminate institutions that lack financial or administrative capacity, or run poor quality programs. In 1994, ED hired and trained an additional 86 field program reviewers to enforce the Federal gatekeeping component. ED is in the process of finalizing its integrated gatekeeping plan, connecting the States, Federal, and accreditation elements. Included in this plan is the additional new authority for "provisional certification," which enables ED to eliminate poor quality institutions quickly to protect students and Federal resources. Implementation of the new law began under interim final regulations in 1993 and issuance of final regulations in July 1994.</p> <p><i>Next steps:</i> A final operating plan, based on the experience thus far, becomes operational February 1, 1995. Regular status reports will be instituted. Effectiveness will be assessed on a continuing basis during 1995.</p>	2
<p><i>ED financial management systems:</i> ED's automated financial management systems are antiquated and have numerous functional and technological problems making it difficult and labor intensive to produce accurate and timely data for decision making and to produce reliable department-wide financial reports.</p> <p>In 1994, \$27B in loan subsidies, grants and administrative costs were supported by these systems. <i>At risk:</i> assurance that reliable information for reporting and effective management of these programs is available.</p>	<p>ED's financial systems deficiencies are due to incompatible data exchanges between subsidiary systems, a technically obsolete primary accounting system (PAS), and lack of integration between PAS and the payment system. A Letter of Interest (LOI) for ED's core financial management redesign (EDCAPS) was initially issued in March 1994. The LOI is now being reworked to define more clearly the requirements.</p> <p><i>Next steps:</i> By the end of 1995, ED will issue another solicitation for EDCAPS. System plans will be developed to support this solicitation for grant and contract applications, payment systems, integration services, and core financial systems during 1995.</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 doubled in 1994 due to implementation of the Higher Education Reauthorization Act of 1992. <i>At risk:</i> collection of funds owed to ED if audit follow-up is not timely or effective.</p>	<p>ED has directed resources and implemented systems to insure review of audits. ED has established a senior level committee to address long-standing post audit problems. The committee developed a Department-wide post audit mission statement and strategic plan, including milestones focusing on actions to address the increased volume of audits expected in 1995, methodologies for promoting the best use of audits, and necessary post audit process improvements. Post audit activities are monitored at the Deputy Secretary level. The number of audits over six months old decreased by 75 percent, from 277 to 70, from September 1993 to March 1994. DELETED FROM THE HIGH RISK LIST.</p>	D2

## DEPARTMENT OF EDUCATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Non-higher education program monitoring:</i> compliance and performance monitoring inadequate.</p> <p>Departmental 1995 budget for non-higher education programs is over \$18B. <i>At risk:</i> assurance that these funds are being spent effectively.</p>	<p>Serious unaddressed deficiencies had existed in agency management plans under the categorical program structure and management philosophy in place in prior Administrations. With the enactment of the Goals 2000: Educate America Act and the Improving America's Schools Act, new leadership at the Department has changed the management philosophy. The Department is developing and field testing plans for monitoring all related activities within a State at the same time, so that the Goals 2000 philosophy of integrated, systemic reform is mirrored in the way the Department relates to States. This will ensure higher quality monitoring and more effective State performance. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> Continue field testing of the new approach and implement it in school year 1995–1996.</p>	D2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant “high risk” designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

## DEPARTMENT OF ENERGY

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Environmental management:</i> DOE faces large and complex environmental clean-up and waste management problems at many of its facilities.</p> <p>1995 budget includes \$6.1B for environmental restoration and waste management activities. <i>At risk:</i> potential long-term adverse impact to workers, the public or the environment; and failure to comply with environmental regulations and/or agreements.</p>	<p>DOE has completed cleanup of 143 remedial projects addressing over 800 environmental release sites since 1989. However, resolving environmental problems at DOE facilities will be a long-term and costly effort. The Environmental Management (EM) program has developed a strategic plan with six key objectives: (i) manage and eliminate urgent risks and threats in DOE system; (ii) provide a safe workplace that is free from fatalities and serious accidents and continuously reduces injuries and adverse health effects; (iii) change system so that it is in control managerially and financially; (iv) be more outcome oriented; (v) focus the technology development program on DOE's major environmental issues involving the best talent in DOE and the national science and engineering communities; and (vi) develop strong partnerships between DOE and its stakeholders.</p> <p>As a GPRA pilot, EM recently submitted a 1995 Performance Plan which links performance measures to these strategic objectives. One key aspect of the pilot program is the addition of 1200 FTEs through contractor conversion in 1995. 850 of these FTEs were allocated to field offices in order to strengthen EM's capability in managing contractors. Hiring should be completed by spring of 1995. The Administration has approved 400 additional FTEs for 1996. DOE has established a Site Specific Advisory board comprised of groups at each major facility. Stakeholders and regulators are taking an active role in working with DOE to identify priorities at sites and evaluate budget issues.</p> <p><i>Next steps:</i> EM will continue to finetune performance measures focused on achieving outcomes. Performance measure information will be used to monitor improvement of program operations and achievement of strategic objectives. EM will continue to work with regulators at certain sites to negotiate realistic schedules that reflect risk-based priorities. Specific 1995 activities include: (i) developing a baseline environmental restoration report to identify the cost and schedule for implementing program commitments; and (ii) completing a draft Programmatic Environmental Impact Statement.</p>	2
<p><i>Nuclear safety:</i> Safety deficiencies exist at some DOE nuclear facilities.</p> <p>1995 budget includes \$2.1B to address health and safety risks (both nuclear and non-nuclear). <i>At risk:</i> protection of DOE workers, the public and the environment.</p>	<p>DOE has provided OMB documentation on its development of performance measures for the nuclear safety area. These performance measures are also essential components of DOE's Contract Reform Initiative. It appears DOE is using performance measures to go beyond mere compliance with safety regulations and requirements to establish practical goals for a cost-effective, comprehensive program related to nuclear safety. DELETED FROM THE HIGH RISK LIST. OMB will continue to closely monitor results of DOE's efforts to implement performance measures in the nuclear safety area.</p>	D2
<p><i>Nuclear waste storage and disposal:</i> Nuclear waste storage and disposal capability is inadequate.</p> <p>1995 budget includes \$522M for these program areas. <i>At risk:</i> long-term storage and disposal of nuclear waste generated by Federal and commercial facilities.</p>	<p>During the summer of 1994, DOE management organized a special team of experts to develop a “performance-based” 5-year plan for nuclear waste storage and disposal. OMB participated in this effort to provide an analytical perspective on management issues facing the program as well as budgetary requirements. This effort has resulted in: (i) establishment of product areas that will allow the siting of a nuclear waste repository; (ii) establishment of “bottoms-up” budgeting to support these product areas; (iii) identification of critical areas that impact the success of the project; and (iv) identification of activities that could be scaled back or eliminated. DOE management is currently updating its financial management system to develop consistency with performance measurements in the 5-year plan. DELETED FROM THE HIGH RISK LIST. OMB will participate in discussions on new legislative proposals that may impact the goals of the program.</p>	D3



**DEPARTMENT OF ENERGY—Continued**

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Contract/project management:</i> Weaknesses exist in contract and project management for contractor operated DOE facilities.</p> <p>1995 budget includes \$16B for DOE contracting. <i>At risk:</i> assurance that contract funds are being spent efficiently and effectively.</p>	<p>The joint DOE/OMB Contract Reform Team issued its report in February 1994 with 48 recommendations to improve DOE's contracting practices. The report included specific plans for introducing well-defined performance measures, increasing accountability of contractors, improving financial management, increasing the use of fixed-price contracts, and expanding incentives for cost savings. DOE has established a high level executive committee and a Contract Reform Project Office to direct implementation of contract reform and remove the barriers to progress. Action items have been established for implementing all but one of the recommendations and action has been completed on about half of these items. In July 1994, a \$4.8B contract was awarded to operate the Idaho National Engineering Laboratory. This is the first major DOE contract to incorporate contract reform initiatives.</p> <p><i>Next steps:</i> Over the next year, DOE will continue progress on action items to (i) implement contract reform; (ii) disseminate lessons learned to contracting officials; (iii) develop systems to identify and measure progress and benefits from contract reform; (iv) incorporate reform-related provisions into existing contracts; and (v) compete six major contracts valued at over \$18.6B.</p>	2

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Health Care Financing Administration (HCFA):</i> Medicare making payments that should be made by other insurers.</p> <p>The 1996 projected cost of Medicare program is \$197B. <i>At risk:</i> hundreds of millions of dollars annually in payments by Medicare that should have been paid by other insurers.</p>	<p>HCFA has awarded a contract for an Initial Enrollment Questionnaire which should provide HCFA with the data necessary to help assure that Medicare is only paying for claims after primary insurers are paying their share. HCFA is on track to correcting this problem. This issue will take many years and continued agency effort to fully resolve. The Administration's 1993 health care reform proposal established information systems which would substantially eliminate this problem. Development of a 1995 proposal could continue to address this issue. In addition, OMB and HHS are working together to provide for more and consistent funding for HCFA payment safeguard activities in the future. <b>DELETED FROM THE HIGH RISK LIST.</b> OMB will continue to work with HHS to ensure adequate resources for payment safeguard activities, and OMB will continue to monitor this issue.</p>	D2

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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>1995 budget includes \$33M for implementation of HUD's Financial Systems Integration Plan. <i>At risk:</i> assurance that financial systems will provide timely, accurate, and useful financial information to manage HUD insurance, guarantees, subsidies, loans, and grants.</p>	<p>The last two years have seen more focused and timely systems development efforts. A Management Committee chaired by the Deputy Secretary and composed of senior officials from all program areas now provides leadership and guidance for systems development. All Department components are required to develop formal Information Strategy Plans; approval of plans and funding levels are required before systems projects are undertaken. Financial Systems Integration Standards to be followed in all financial systems projects have been developed and issued. An off-the-shelf accounting package has been purchased, and is being used for administrative accounting.</p> <p><i>Next steps:</i> Convert existing program accounting systems to the new accounting system. Accounting and budgeting systems must be integrated to produce timely, reliable estimates to support HUD's annual budget process. Program offices that do not have Information Strategy Plans need to complete this requirement so that systems enhancements can be approved by the Management Committee.</p>	2
<p><i>Section 8 Financial Systems:</i> 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>1995 budget outlays for Section 8 low income housing assistance estimated at \$20B. <i>At risk:</i> 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>Progress has been made in developing systems to identify Section 8 budget requirements; estimates were automatically generated for the first time in the 1996 budget process. Progress is being made on developing systems and data bases capable of verifying tenant data, but has been slower than anticipated. In particular, the effort to match tenant data against IRS wage data to identify ineligible participants is lagging, and savings reflected in the 1995 budget will not be fully realized.</p> <p><i>Next steps:</i> Continue development efforts, with a goal of conducting a pilot match of tenant data and IRS wage data during the third quarter of 1995.</p>	2

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>FHA Single Family Housing Asset Management:</i> Management controls for single family properties and notes do not protect the financial interests and resources of the government.</p> <p>Approximately \$4.1B in single family notes in inventory at end of 1994; 1994 property disposition proceeds were \$3B. <i>At risk:</i> assurance that HUD does not incur excessive property management and preservation fees, or excessive losses from note assignments.</p>	<p>FHA's servicing of its portfolio of assigned notes (single family mortgages HUD assumes after a homeowner becomes delinquent and FHA has paid a full claim to the lender) is expensive, inefficient, and labor intensive. In addition, there is little evidence showing the assignment program achieves its goal: to give FHA homeowners a chance to keep their homes during a temporary interruption of income. Asset sales and other actions by the Department in 1994 removed many older assigned mortgages, achieving a net reduction in inventory from 101,000 to 80,000 cases, even with new assignments during the year.</p> <p><i>Next steps:</i> Continue asset sales, including loans in the three year forbearance period, to further reduce the inventory of notes to be serviced. Consider legislative changes to reduce or eliminate the assignment of notes in the future by greater reliance on the private sector, as well as legislation to reduce the forbearance period from three years to one year.</p>	2
<p><i>FHA Fund Equity:</i> Equity of Mutual Mortgage Insurance (MMI) fund for single family housing loans may not be sufficient to cover losses during periods of adverse economic conditions.</p> <p>\$303B of insurance was in force at the end of 1994. <i>At risk:</i> FHA's ability to pay potential claims without seeking appropriations or higher fees.</p>	<p>The National Affordable Housing Act of 1990 set MMI capital ratio targets of 1.25 percent for 1992, and 2 percent in the year 2000. FHA failed to meet the goal in 1992, but recent independent actuarial reviews of the fund show significant progress. The fund's capital ratio at the end of 1993 was 1.44 percent. Moreover, the independent study projects that the fund will exceed the capital ratio target of 2 percent in the year 2000. Factors in the improved financial position include new economic forecasts and changes in premium policies, as well as an improved actuarial model.</p> <p><i>Next steps:</i> Although the MMI capital ratio is much improved, the next few years are critical to the fund's financial health. The 1996 budget proposes that FHA become a Government corporation, with flexibility to offer new housing credit products. These new products must be carefully analyzed to ensure recent progress is sustained. In addition, the impact of emerging technologies, such as automated underwriting, on the fund must be considered. Finally, FHA must continue to track the impact of the wave of 1994 refinancings to ensure that the short-term positive results in the form of lower default rates continue in the future, and that the fund is not adversely affected.</p>	2
<p><i>FHA Multifamily Housing Loan Servicing and Property Disposition:</i> The Department has an excessive growth in acquired and assigned multifamily properties and notes, due in part to inadequate servicing of the insured portfolio.</p> <p>\$45B of insurance in force. <i>At risk:</i> total claim loss reserve of \$9B.</p>	<p>HUD made significant progress in resolving this issue in 1994. On April 12, the President signed S.1299, enacting significant reforms to facilitate the disposition of HUD properties. Auction of \$153M in HUD-held mortgages was conducted October 25, 1994.</p> <p><i>Next steps:</i> Property disposition reforms not passed last year will be proposed again. Auctions of notes will continue in 1995 to further reduce HUD-held inventory. HUD also needs to strengthen servicing by working with private partners, improving staff capacity, and developing an Information Strategy Plan.</p>	2
<p><i>Public Housing Authority (PHA) Management:</i> 106 PHAs (including 18 large PHAs), accounting for 17 percent of all PHA units, have been identified as "troubled."</p> <p>PHAs administer over half of the HUD budget. <i>At risk:</i> assurance that public housing funds achieve intended purposes.</p>	<p>Current HUD actions to improve public housing include: (i) accelerating financial and other assistance to PHAs available through the HOPE VI program; and (ii) using partnership teams of Federal staff, local officials, and industry experts to identify solutions to the worst problems.</p> <p><i>Next steps:</i> Current efforts will continue, but will be integrated within a substantial transformation of the way public housing is managed. By the end of a three-year transition, HUD will get out of the direct funding of public housing by converting project-based public housing subsidies to tenant-based rental assistance. In the course of this transition, HUD will: (i) deregulate thousands of well-performing housing authorities, allowing them to operate flexibly within a framework of national low-income housing goals and objectives and specific performance indicators; (ii) break up the worst troubled housing authorities, divesting parts of their portfolios to non-profit owners and managers, including residents where appropriate; and (iii) demolish thousands of severely deteriorated units for which there is no market demand and relocate their residents using portable certificates.</p>	2
<p><i>GNMA:</i> Oversight of major contract operations is inadequate.</p> <p>\$445B Mortgage-Backed Securities Program. <i>At risk:</i> limited assurance that contract services are properly performed or that claims for services are reasonable or valid.</p>	<p>GNMA recently hired a professional to oversee all contracts. Although GNMA still has some problems in carrying out its contract oversight role, the overall process has been substantially improved. DELETED FROM THE HIGH RISK LIST.</p>	D2
<p><i>Resource Management:</i> HUD methods of formulating resource needs and utilizing available resources are inadequate.</p> <p><i>At risk:</i> 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>The Department has made "re-engineering" of HUD activities a major priority. Technology and information systems are being used to automate operations and improve decision-making through more timely and accurate information. Regional office structure is being eliminated and positions reallocated to critical program functions. Consolidated service centers for high volume processing activities that are "location neutral" are being established for both program and administrative operations.</p> <p><i>Next steps:</i> The 1996 budget proposes program consolidation to address the resource drain resulting from proliferation of small programs in recent years. The Department must continue to implement its streamlining plan to ensure effective and efficient use of resources.</p>	2

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## DEPARTMENT OF THE INTERIOR

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Bureau of Land Management (BLM):</i> Inadequate oil and gas production accountability to verify on-shore production and usage.</p> <p>\$500M in revenues are received annually. <i>At risk:</i> less than \$1M due to improper production verification (down from \$50–70M in 1992).</p>	<p>BLM has significantly improved production verification efforts through redesigning and implementing its Inspection and Enforcement (I&amp;E) strategy, with a focus on production accountability and environmental protection. In the last two years, BLM (i) issued and continued to refine its I&amp;E strategy; (ii) increased the number of inspectors from 104 in 1990 to 155 in 1994; (iii) held I&amp;E training courses for managers; (iv) trained inspectors; (v) held a nationwide I&amp;E workshop; (vi) conducted a management control review on I&amp;E federal lands; and (vii) fully implemented an I&amp;E matrix including use of performance measures to evaluate effectiveness of new I&amp;E strategy. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> The 1996 Budget will continue I&amp;E activities. In 1996, at least one on-site inspection will be scheduled for each high-priority, producing lease. The remaining producing leases will be inspected at least once every three years.</p>	D2
<p><i>Bureau of Indian Affairs (BIA):</i> Seriously deficient financial systems.</p> <p>The program level in BIA is over \$2.4B annually in budget authority. <i>At risk:</i> accounts receivable of \$20M; delinquent loans of \$18M; \$25.5M in accounting errors in irrigation and power accounts.</p>	<p>In August 1994, a DOI/OMB team performed an on-site review and determined that (i) appropriated fund operations improved substantially over the past 12 months; (ii) professional managers were installed in all branches and most units; (iii) payments and collections are being processed timely with low error rates; and (iv) BIA accountants no longer need external assistance in most functional areas.</p> <p><i>Next steps:</i> In 1995, (i) performance indicators will be defined so central managers can assess monthly performance; (ii) irrigation and power accounting design will be reviewed to determine its adequacy; (iii) a loan subsystem and improved quality control over financial reporting will be instituted; (iv) the first audit of BIA financial statements will be performed (for 1994 statement); and (v) staffing and training to ensure successful transition from Financial Management Improvement Project team to an independent BIA accounting operation will be provided.</p>	1
<p><i>BIA:</i> Inability to account for and reconcile Indian Trust funds.</p> <p>There are \$2.5B in tribal and individual Indian Trust funds. <i>At risk:</i> \$10M in potential losses to tribes and individuals due to mismanagement.</p>	<p>During 1994, BIA continued carrying out the reconciliation of Indian tribal trust funds for the period 1972–1992. Specifically, BIA: (i) executed an extensive financial and source document search; (ii) reconciled 90 percent of the non-investment transactions and completed systems reconciliation of the MoneyMax investment system to the U.S. Treasury transactions; (iii) undertook agreed-upon, special reconciliation procedures for five tribes; (iv) began global “fill the gap” procedures but experienced delays due to missing lease documents; (v) continued reconciliation of the finance system to the U.S. Treasury; and (vi) proposed plans for addressing individual Indian money (IIM) accounts and consolidation of Indian land interests.</p> <p><i>Next steps:</i> Reconciliation and certification work, as well as addressing IIM issues and consolidation of Indian land interests, will continue into 1996. During 1995, BIA plans to complete work on (i) reconciliation of non-investment and investment transactions for the period 1972–1992; (ii) special procedures review for five tribes; (iii) global “fill the gap” procedures; (iv) reconciliation of finance system to the U.S. Treasury; (v) financial statements and an analytical review; and (vi) certification of reconciliation work.</p>	2

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## DEPARTMENT OF JUSTICE

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Departmental:</i> Justice lacks a reliable debt collection information system to support management of litigation and collection activity.</p> <p>Justice conducts litigation to collect delinquent Federal debts referred to it by other Federal agencies. The Department's civil claims receivable inventory is over \$15B with over \$14B from other agencies. In 1994, the Department collected over \$1B. <i>At risk:</i> \$15B in receivables.</p>	<p>Funding issues were resolved by passage of law allowing Justice to retain up to three percent of amounts collected to pay the costs of processing and tracking civil debt litigation. The Department is addressing this problem by developing a Nationwide Central Intake Facility (NCIF) as a single point of entry for all debts coming to the Department, and an automated system to track the debts and judgements the Department is responsible for collecting. The Department has operated successful pilot projects for both central intake and an automated system. The central intake system has been implemented in all U.S. Attorneys' offices. In November 1993, the Department awarded a contract for the continued operation of NCIF and development of an expanded departmental financial litigation and collection management information system. The contractor did not perform and a contract appeal has delayed the plan.</p> <p><i>Next steps:</i> By the end of 1995, (i) resolve the NCIF contractor performance issue and proceed to implement the NCIF and automated system; and (ii) activate interagency advisory group on the central intake facility reporting.</p>	2
<p><i>Departmental:</i> Asset forfeiture information systems are inadequate; current procedures do not adequately record the value of assets received; and cash should be placed in Treasury deposit fund accounts more expeditiously.</p> <p>Seized asset inventory was \$1.6B at the end of 1994. <i>At risk:</i> \$25–\$30M in additional annual revenue reductions.</p>	<p>Good progress has been made in reforming this program. Investigative and prosecutive activity has been reviewed and the Assets Forfeiture Fund and the Seized Asset Deposit Fund have been audited. INS has completely reviewed and revised its financial transaction procedure and implemented new procedures on check deposits. The central Departmental asset tracking system has completed system integration testing and been accepted by the users.</p> <p><i>Next steps:</i> Consolidated Asset Tracking System: (i) complete pilot implementation; (ii) implement the full system by December 1995; and (iii) evaluate the system by June 1996. Other steps in 1995 include: (i) reviewing equitable sharing authorizations; (ii) analyzing costs of asset management and disposal by geographic area; (iii) constructing case models of inefficient seizures as guidance to minimize losses on these cases; (iv) developing “best practices” models for management and disposition of various types of property; and (v) at INS, conducting field inspections of asset policies and procedures, including check deposits.</p>	2

## DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Executive Office of U.S. Trustees (EOUST):</i> Need to improve oversight of private panel bankruptcy trustees to prevent inconsistent and poor results, including fraud, misappropriation, and breach of fiduciary standards.</p> <p>While there is no risk to Federal funds, private funds are subject to potential loss.</p>	<p>The EOUST has improved procedures, increased oversight of private trustee cases and expenses, and expanded the use of audits and audit resolution processes. They have also stressed the closure of old cases and establishment of criminal enforcement priorities for violators.</p> <p><i>Next steps:</i> (i) Complete a study of alternative models of program delivery. (ii) Continue audits, trustee evaluations, and onsite performance reviews. (iii) Provide training, procedures, handbooks to trustees and analysts. (iv) Test vendor ADP system to be used by trustees to protect estate funds. (v) Establish publications program to inform debtors and creditors about their rights in the bankruptcy program.</p>	2
<p><i>Bureau of Prisons (BOP):</i> Overcrowding affects safety and security of staff, inmates, and the community.</p> <p>1995 budget provides \$2.64B for BOP. <i>At risk:</i> the safety and security of prison staff, inmates and surrounding communities.</p>	<p>BOP has reduced overcrowding from 69 percent over rated capacity in 1990 to 33 percent as of September 30, 1994 and plans to decrease it to 27 percent by the end of 1995. If streamlining proposals are implemented, BOP will reduce overcrowding to 15 percent in future years as an acceptable and manageable level. Continued funding and monitoring are necessary to achieve this goal and ensure that the inmate population does not increase faster than capacity due to increased criminal litigation and lengthening sentences. Existing funds have to be spent to build and acquire new facilities and modernize existing facilities. There have been delays due to community opposition and environmental impact studies.</p> <p><i>Next steps:</i> Obligate and complete projects committed from previous funds; increase 1995 capacity by over 6,900 beds; and continue to implement projects which would produce 107,429 beds by the end of 1999 in accordance with capacity plans.</p>	1
<p><i>Immigration and Naturalization Service (INS):</i> Management and financial system weaknesses. INS lacks reliable information in its financial reports, fails to comply with administrative financial controls and has significant weaknesses in controls over payments and obligations. INS also has weaknesses in automated information system planning, management of fee accounts, personnel security, management of bonds, management of inspectional overtime, and procurement.</p> <p>Accounting system processes over \$2.1B annually. <i>At risk:</i> financial control and reporting over dollar resources.</p>	<p>INS has made significant progress in resolving the management problems comprising this high risk area. It has completed actions relating to training of immigration inspectors, automated accounting and ADP planning, financial management training, and procurement training. In 1994, the new Commissioner conducted an organizational review to streamline the staff and functions of the INS and improve its management controls. Major elements of a reorganization have been implemented which will help focus management authority and accountability on solving these issues.</p> <p>To address financial system weaknesses, the Department will support INS in seeking its own core accounting system. INS initiated a reimbursable agreement with Treasury for a review of system requirements. In addition, INS implemented a debt collection system in 1994, and has done considerable work to resolve fee account management issues. INS has provided field support for bond management activities and prepared a contract to implement a Bond Management Information System. INS has completed all initial actions in planning the Automated Information System (AIS) and the plan is awaiting approval by the Commissioner. INS has identified all corrective personnel security actions for the field; reduced the backlog of investigations by 96 percent; conducted 2,300 reinvestigations annually; and implemented a contract security program, which has completed investigations on over 4,000 contract employees. The INS has completed all corrective actions for the management of inspectional overtime and the issue will be closed after the first cycle of overtime audits is completed. On procurement matters, INS eliminated the backlog of field contract closeouts and developed standard data reporting procedures.</p> <p><i>Next steps:</i> (i) Eliminate backlog of contract and small purchase closeouts in the central office. (ii) Implement the Bond Management Information System. (iii) Complete the first cycle of inspection overtime audits. (iv) Establish procedures to expedite background investigations and pre-employment screening requirements. (v) Complete automated accounting database to monitor airline remittances and collect those delinquent, and assess lockbox use and establish procedures for assigning indirect costs in setting fees. (vi) Issue the AIS plan. (vii) By the end of 1996, implement a new core financial system approved by the Joint Financial Management Improvement Program.</p>	2
<p><i>U.S. Marshals Service (USMS):</i> Inadequate financial management system; material non-conformances in fund control and asset value reporting.</p> <p>Accounting system processes over \$1B annually. <i>At risk:</i> potential for over-obligation of funds and mismanagement of funds and assets.</p>	<p>USMS has decided to adopt the Financial Management Information System developed by the Department of Justice as its financial system. Business practice reviews have been completed; management control separation of duties policies have been instituted; and the Justice Department has analyzed the Service's field system requirements.</p> <p><i>Next steps:</i> By September 30, 1995, USMS will impose greater control on its acquisition process to improve financial management and it will fully implement the new FMIS at headquarters and the field. However, some planned actions on asset value reporting have been deferred temporarily. As a result of the Treasury Forfeiture Fund Act of 1992 and accounting system differences between USMS and Treasury, the decision on consolidating the management of the two agency's programs has been deferred.</p>	2

**DEPARTMENT OF JUSTICE—Continued**

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>USMS, INS and BOP:</i> Shortage of detention facilities.</p> <p>The 1995 appropriation provided \$34M for detention facilities. <i>At risk:</i> ability to meet demands of increasing prisoner population.</p>	<p>Currently, USMS is unable to locate enough space for detainees in or near all 280 Federal court cities and often has to house detainees in outlying jails, incurring high overtime and transportation costs and increasing risk to the public and deputy marshals. With an austere budget climate and a growing Federal detainee and prisoner population, the shortage of detention facilities is likely to remain severe. USMS, INS, and BOP must work together to resolve this issue.</p> <p>In 1994 USMS provided over 8,500 guaranteed bedspaces in 129 Federal court cities. Additional beds were provided for INS and USMS in a 300-bed contract facility in Elizabeth, N.J. and a 1,000-bed contract facility in Eloy, Arizona.</p> <p>To address program management, USMS (i) improved regional coordination with BOP on detention issues; (ii) assured that its new prisoner tracking system captures daily detainee totals for each city with a Federal court and developed a method to improve its ability to estimate how many beds will be needed; (iii) established an annual jail inspection program; and (iv) cooperated with the Parole Commission in expediting the process of assigning prisoners to Federal facilities once they are sentenced.</p> <p><i>Next steps:</i> In 1995, USMS will continue to provide an estimated 9,700 bedspaces through the Cooperative Agreement Program with States and localities, an increase of 1,200 bedspaces. BOP and INS will complete construction and expansion of facilities for 355 beds during 1995; 500 beds in 1996–1997; and 550 beds in 1997–1998. USMS will also continue to refine its ability to identify locations and numbers of detention spaces required and carry out its jail inspection program.</p>	2
<p><i>Departmental:</i> Inadequate security over departmental ADP sites and systems.</p> <p><i>At risk:</i> Sensitive litigation and law enforcement information.</p>	<p>The widespread use of computers at the Justice Department requires an aggressive security program to assure the protection of information and the availability of computer processing capability. Personal computers and networks increase the potential for unauthorized access. Taken as a whole, the Department has made major strides in addressing these issues. In 1992, the Department established a Computer and Telecommunications Security Staff to strengthen the Department's program. Ongoing efforts include: review and approval of component security plans, compliance and security reviews of components' operations; reinvestigation of employees; training; implementation of risk analyses; establishment of risk management program covering security planning, risk analysis, contingency planning, certification and accreditation, and effective computer security management; and technical evaluation of computer security products.</p> <p>At the component level, considerable progress has been made in completing computer security plans; initiating certification and accreditation of systems; and developing, updating, and deploying computer security policy. The components have ongoing programs in computer security training, virus detection software, demagnetizing hard drives and diskpacks, and risk analysis. During 1994, the Tax Division and BOP completed all their specific short-term corrective actions. They will continue to participate in the comprehensive computer security program of the Department.</p> <p><i>Next steps:</i> All components must complete scheduled risk analyses; contingency plans; training, certification and accreditation of staff; and computer security plans. The target date for these steps has been extended to 1997 to permit USMS to resolve all major findings in a recent negative audit.</p>	2
<p><i>INS and U.S. Customs Service:</i> The dual management structure providing land border inspection and clearance must be better coordinated.</p> <p>Over \$200M is spent annually by INS and Customs on land border inspection. <i>At risk:</i> ability of INS and Customs to fulfill their missions efficiently and effectively.</p>	<p>A task group of representatives from the Justice and Treasury Departments and OMB has made recommendations for improving cooperation and joint management of land border inspections. These recommendations have been reviewed by the bureaus involved. In addition, INS and Customs developed five initiatives (coordinating shift scheduling, coordinating special operations, cross training, developing cross-designation performance standards, and developing port quality management committees) which are being tested at six ports-of-entry: Calexico, CA, Brownsville, El Paso, and Eagle Pass, TX; Nogales, AZ; and Port Huron, MI.</p> <p><i>Next steps:</i> Continue testing the initiatives and, if evaluation proves positive, commence expansion to all ports of entry starting June 1995, with completion targeted for September 1995.</p>	2

## DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>INS and Justice components:</i> Asylum system is unable to process asylum claims in a timely manner.</p> <p>1996 budget provides over \$90M for Justice asylum processing. <i>At risk:</i> fraudulent claims, and work permits issued inappropriately.</p>	<p>INS had over 400,000 backlogged asylum applications at the end of 1994 and may receive another 120,000 during 1995. The Departments of Justice and State, INS, and Executive Office for Immigration Review (EOIR) are now working cooperatively to improve the asylum process. The key elements of asylum reform are: improving timeliness of adjudications; installing a unified processing system; decoupling the issuance of employment authorization cards from asylum determinations; cracking down on asylum application mills and creating disincentives to frivolous filings; automated security checks for all applicants; identifying applicants at ports-of entry; and implementing the "safe country of asylum/transit" concept.</p> <p>Resource enhancements will double the asylum corps from 150 to 334 officers and increase the number of immigration judges by 80 percent in 1995. With passage of the Crime Bill, funding has also become available for personnel increases and computer linkages to expedite administrative processes such as interview scheduling and interoffice information flow. In addition, rules on asylum reform were published in December 1994.</p> <p><i>Next steps:</i> The asylum system is expected to be fully reformed by the end of 1995. Major steps include: (i) expanding automation linkage between EOIR and asylum offices and service centers; (ii) streamlining the adjudication process; (iii) decoupling the work authorization and asylum processes; (iv) increasing the speed of initial processing at service centers; (v) increasing asylum personnel to adjudicate cases; (vi) developing plans for expeditious detention and deportation of those whose claims are denied; (vii) restoring the "circuit riders" program; and (viii) improving the system for identifying asylum applicants.</p>	2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

## DEPARTMENT OF LABOR

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Employment and Training Administration (ETA):</i> Inconsistent monitoring and implementation of JTPA grantee systems and financial controls.</p> <p><i>At risk:</i> assurance that funds for JTPA grantee operations are being spent appropriately.</p>	<p>Final regulations implementing the Job Training Reform Amendments of 1992 were promulgated on September 2, 1994. The Act and regulations strengthen JTPA's financial controls and monitoring by requiring States to establish fiscal control and accounting procedures and on-site monitoring visits to assure the proper use of Federal grant funds. DELETED FROM THE HIGH RISK LIST.</p>	D1
<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 over \$2.5 trillion. <i>At risk:</i> protection of assets, as well as the prompt, reliable, and full delivery of pensions (and other employee benefits) that are regulated by the Federal government.</p>	<p>During 1994, PWBA: (i) issued 865 letters that rejected inadequate annual reports of pension plans; (ii) assessed \$37M in fines for inadequate audit reports; (iii) conducted 70 on-site reviews of both the records of independent public accountants (IPAs) who audit benefit plans and of accountant reports; and (iv) referred about 40 cases to licensing and professional authorities under suspicion of substandard accounting work. For 1995, a staffing increase will augment field enforcement with additional investigators in order to control illegal promotion of health benefit plans, for example.</p> <p>An Administration-supported bill was introduced in the 103rd Congress to: (i) repeal the limited-scope audit exemption for certain pension plans; (ii) establish triennial peer reviews of IPAs who audit plans; and (iii) require that IPAs who detect illegal acts in the course of auditing report them directly to the Secretary of Labor. However, the delay caused by not introducing the bill until the last week of the session prevented the Congress from acting on it. In addition, PWBA developed and began implementing its part of a department-wide enforcement plan that would, among other things, increase the flexibility of regional offices to serve the needs of their local customers. Enforcement was impeded by the cumbersome processing of pension reports under an interagency agreement.</p> <p><i>Next steps:</i> PWBA will continue implementing its enforcement plan, targeting the worst actors and worst offenses (such as pension plans with repeated violations) and also emphasizing swift results. PWBA will work toward modernized processing of the pension reports. In the 104th Congress, Labor will support the prompt reintroduction—and passage—of the audit bill. On-site reviews of a probability sample of audits will proceed, as will further meetings of employee benefit professionals with PWBA, the Internal Revenue Service, and the American Institute of Certified Public Accountants.</p>	2

## DEPARTMENT OF LABOR—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Pension Benefit Guaranty Corporation (PBGC):</i> Computer system and data quality problems impair billing of insurance premiums and accounting of payments by pension plans, as well as undermine the reliability of other systems and procedures. Inaccurate information weakens calculation of PBGC's actuarial liability and slows proper delivery of payments to beneficiaries of the pension plans that PBGC supervises.</p> <p><i>At risk:</i> full and timely collection of premiums due from plans; full and timely payments to beneficiaries; inaccurate disclosure of actuarial liability in the financial statements; and erroneous calculation of PBGC's accounting deficit.</p>	<p>In its May 1994 audit of the improved records and procedures for 1992–93, the General Accounting Office delivered its first unqualified opinion of PBGC's accounting statements. Operations for insurance premiums have also improved. PBGC is current in sending out premium billings, statements of account, and past due notices. Based on the corrected and verified premium data, over \$80M in overdue premiums have been collected, and there are no material arrears. In October 1994, the new premium accounting system began automated operation on schedule. The recently enacted Retirement Protection Act provides PBGC with more timely data on underfunding of pension plans, which will improve both operations and actuarial estimates.</p> <p><i>Next steps:</i> (i) Obtain a second unqualified opinion on financial statements from GAO. (ii) Successfully operate the new premium accounting system through a peak period. When the preceding steps are successfully completed, OMB expects PBGC to be removed from the high risk list.</p>	1

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## DEPARTMENT OF STATE

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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 actual expenditure on Border Security Initiative was \$15.3M; the 1995 budget is \$51M. <i>At risk:</i> potential for visa fraud.</p>	<p>State continues to implement technology improvements to ensure the integrity of visa issuances. In 1994 State installed the Machine Readable Visa (MRV) system in Moscow and 44 other posts, bringing the total to 97. This accounts for about 60 percent of all nonimmigrant visa issuances. State has also provided estimates of its revenue from new consular receipts for MRV issuance. Income from the MRV fees is to be used to fund the border security initiative, including upgrading automated systems.</p> <p><i>Next steps:</i> State has provided a spending plan for 1994–97, which OMB will use to review the progress of implementation and ensure that revenues are used to perform the system improvements for which they were intended. These include installation of MRV and namecheck (CLASS) facilities, information technology and telecommunication system improvements. State plans to have MRV systems in all locations by end of 1996.</p>	1
<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 1995 appropriations for the Department are \$5B. <i>At risk:</i> assurance that these funds (and funds of other agencies serviced overseas) are being accounted for in an accurate, timely, and useful fashion.</p>	<p>The Department has continued efforts toward development of an Integrated Financial Management System (IFMS). However, the Department has not yet (i) adequately articulated how IFMS will solve long-standing internal control and financial system weaknesses; (ii) established detailed requirements for individual IFMS development projects to address high-risk areas; or (iii) identified how subsidiary systems will be integrated within IFMS. The Department's information resources management leadership has developed a modernization plan for information systems at overseas posts based on a specific architecture. The direction of financial systems development must be reconciled with this proposed architecture prior to further IFMS development.</p> <p><i>Next steps:</i> (i) By March 1995, document the Department's vision of the completed system and identify how specific aspects of the system will resolve long-standing internal control and financial operations weaknesses. (ii) Develop a detailed plan that addresses the integration of subsidiary systems within IFMS. (iii) Reconcile IFMS architecture requirements with the Department's modernization plan. If necessary, revise Department-wide plan, identifying any additional costs and benefits resulting from plan revision. (iv) Implement pilot test of IFMS cashiers system.</p>	2
<p><i>Departmental:</i> Controls over worldwide disbursing and cashiers are inadequate.</p> <p>Over \$5B disbursed annually by Department disbursing officers (DOs) worldwide. <i>At risk:</i> clearing account balances unreconciled with Treasury.</p>	<p>The Department has reduced the number of overseas posts performing a disbursing function from 21 to 4. Currently, the accounting records from five of the 17 recentralized disbursing centers have been completely reconciled with Treasury. The Department has developed a cashiers system which will enhance the cashiers' ability to operate and maintain proper accountability. The Department anticipates that the new cashiers system will be one module within the Integrated Financial Management System. Future progress on cashiers and disbursing improvements will be tracked as part of the accounting and financial system high risk area. <b>DELETED FROM THE HIGH RISK LIST.</b></p> <p><i>Next steps:</i> (i) Continue progress on recentralization of disbursing, and complete reconciliation and closing of recentralized disbursing center records. (ii) Implement new cashiers system. (iii) Implement new disbursing system to improve control and reporting of foreign currency holdings, bank reconciliations and electronic transfers and payments.</p>	D2

## DEPARTMENT OF STATE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Departmental:</i> State's operations are hampered by information management deficiencies.</p> <p>Total 1995 appropriations for the Department are \$5B. <i>At risk:</i> 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>Progress has been made over the past year on coordination within the Department on modernization planning and prioritization of requirements. However, additional work is needed to ensure that the architecture can accommodate operations of financial systems currently under development, particularly at large posts. The Department has developed a prototype modernization architecture for use at overseas posts which will be piloted at two posts in early 1995. The architecture must be proven in a post environment with a full range of software applications and implemented at additional posts before this risk is mitigated. The Department has purchased additional mainframe hardware which could be used to back up unclassified mainframe systems at other locations. In addition, the 1996 budget includes a separate funding mechanism for information technology improvements within a Capital Investment Fund. The Fund will provide for the procurement of information technology and related capital investments for the Department to ensure the efficient management, coordination, operation, and utilization of such resources.</p> <p><i>Next steps:</i> (i) Implement new post architecture at two pilot posts, evaluate pilot installations and make substantial progress toward implementation of the architecture at a minimum of six additional posts in 1995. (ii) Finalize overseas architecture requirements for financial systems and integrate changes into the modernization plan. (iii) Provide an action plan to address mainframe security issues. (iv) Develop, test and implement a contingency plan for the Department's mainframe computer systems.</p>	2

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## DEPARTMENT OF TRANSPORTATION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Department:</i> Financial systems are numerous, fragmented and non-standard.</p> <p>DOT financial systems process over \$30B in outlays annually. <i>At risk:</i> assurance that funds are accounted for in an accurate, timely, and useful manner.</p>	<p>The Departmental Accounting and Financial Information System (DAFIS), which is the core financial management system of the Department of Transportation, has been implemented at all scheduled sites. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> DOT will: (i) implement the Integrated Personnel and Payroll System by September 1996; (ii) implement DAFIS Phase II (ongoing improvements to system); (iii) implement the Transportation Automated Procurement System department-wide by September 1999; and (iv) develop future financial systems defined in strategic plan (no completion date yet set).</p>	D2
<p><i>Federal Transit Administration (FTA):</i> Inadequate grants management oversight.</p> <p>\$35B in active grants. <i>At risk:</i> \$300M to \$500M.</p>	<p>In February 1994, FTA revised its Circular A-128 Single Audit Act compliance supplement to ensure that audit objectives for each compliance area are clearly explained, and to coordinate Federal with state and local monitoring activities. In October 1994, an Oversight Reviews Order was issued which formalizes program oversight in a comprehensive, standardized manner and includes a section on remedies and sanctions to be used to bring grantees into compliance with Federal requirements.</p> <p><i>Next steps:</i> As part of the Administration's proposal to "reinvent" the Department of Transportation, significant changes in the way that the Department manages its grants will be contemplated. Specific next steps will be determined by June 30, 1995, as the details of the reinvention proposal are developed. In the interim, FTA will continue its current grant monitoring activities.</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. <i>At risk:</i> increased cost because of poor contract administration.</p>	<p>All milestones have been completed. This year, in addition to completing a specifications development manual, the requirements determination/mission analysis process, which is tied into the budget process, has been finalized and the appropriate policy issued and implemented. The Advanced Automation System (AAS) is now a separate high risk area. DELETED FROM THE HIGH RISK LIST.</p>	D1
<p><i>U.S. Coast Guard (USCG):</i> Major systems acquisition procedures are inadequate.</p> <p>USCG procurement plans are estimated at \$1.5B over next 5 years. <i>At risk:</i> increased costs because of poor contract administration.</p>	<p>In 1994, the Coast Guard completed the last milestone for correcting this problem, which was to implement a mission analysis process which is tied into the budget process. This will allow the Coast Guard to better develop major system acquisition projects that reduce asset redundancy, contribute to agency streamlining, and meet multiple mission requirements. The corrective actions taken for this high risk area will result in lower expenditures due to excessive contract pricing procedures and will allow the USCG to better conform with federal contract and procurement regulations. DELETED FROM THE HIGH RISK LIST.</p>	D1
<p><i>FAA:</i> Inadequate management of spare parts at field activities.</p> <p>\$131M in spare parts at field locations. <i>At risk:</i> excessive inventory holding costs and adequate inventory control.</p>	<p>All scheduled milestones have been completed. This year, recommendations from the study on management and control of national air space (NAS) spare parts and the new on-line automated inventory system were implemented. FAA now has effective centralized NAS spare parts management which will result in lower inventory costs, including funds needed to purchase items as well as holding costs. DELETED FROM THE HIGH RISK LIST.</p>	D1



## DEPARTMENT OF TRANSPORTATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>USCG</i>: Inadequate logistical support for spare parts at field activities.</p> <p>\$347M inventory on hand, of which \$94M is excess. <i>At risk</i>: excess inventory holding costs and adequate inventory control.</p>	<p>The new Aviation Maintenance Management Information System (AMMIS) has been installed at all 27 sites and is operating well. Final AMMIS validation testing was completed in November 1994. An Economic Order Quantity and database review for abnormal demand problems and overstock determination has been written into AMMIS. Inventory has been stratified according to accepted inventory management principles and 95 percent has been intensively reviewed to determine if items are overstocked. An inventory liquidation plan has been developed and executed to consume or dispose of old overstock. Strict management controls are in place to prevent future problems. DELETED FROM THE HIGH RISK LIST.</p>	D2
<p><i>Department</i>: Inadequate Department Information System Security (ISS).</p> <p>Annual investment of nearly \$3B for information technology. <i>At risk</i>: technological and managerial safeguards to adequately protect information systems.</p>	<p>All milestones have been completed. Departmental policy statements, a DOT Information Systems Security Plan, and procedural guidance for information protection, information accuracy and system reliability have been developed and issued. Oversight reviews have been conducted at most DOT modes, including FAA and the Coast Guard, to ensure compliance with the revised policy. Completion of these milestones provides the basis for greatly improved ADP security in DOT. DELETED FROM THE HIGH RISK LIST.</p>	D1
<p><i>FAA</i>: Inadequate Advanced Automation System (AAS) contract administration.</p> <p>The AAS program suffers from cost overruns, schedule delays, and the potential for conflict of interest in FAA's monitoring of the program. This is a \$6.0B project. <i>At risk</i>: \$1.6B estimated to be at risk due to unnecessary delays or excessive costs.</p>	<p>The FAA is taking firm steps to bring this program under control in terms of cost, delays, and potential conflicts of interest. The AAS program was restructured and program management was strengthened in May 1994. The cancellation of two segments of AAS and modification of one segment were announced in June 1994. A restructured AAS Program Master Plan was submitted to Congress in September 1994. An AAS software audit was completed in October 1994. A new program reporting process was implemented in November 1994. ADDED TO THE HIGH RISK LIST.</p> <p><i>Next steps</i>: By January 1995, complete required staffing analysis for government and support contractor personnel needs. By March 1995, ensure accuracy of contractor's cost estimating and reporting systems, prepare risk assessment plan and implement new automated programs for tracking costs and schedules. By May 1995, complete and publish project plans for en route, terminal, and tower programs. By September 1996, complete cost-benefit analysis on all projects.</p>	A

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## DEPARTMENT OF TREASURY

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Internal Revenue Service (IRS)</i>: Developing a more comprehensive strategy for increasing tax compliance and managing accounts receivable would yield improved tax revenue. Resolving this problem is a long term challenge. [This item has been expanded in scope from accounts receivable to recognize that the entire universe of tax non-compliance offers opportunity for improvement.]</p> <p><i>At risk</i>: significant gap between taxes owed and taxes voluntarily paid.</p>	<p>The Administration proposed and Congress funded a large scale compliance initiative for 1995, an investment of \$405M and 5,000 FTE. Treasury estimates it will generate \$9.2B in revenue over 1995–99. The initiative is targeted toward key compliance problems: under-reported income, accounts receivable, and international issues. An IRS/Treasury/OMB task force was formed to estimate revenue from Tax Systems Modernization (TSM) technology. IRS has established a goal of 90 percent compliance by 2000 in its GPRA proposal.</p> <p>IRS announced plans to initiate an "early intervention" system for improving collection of accounts receivable. In addition, during 1994 IRS continued to make progress in accounts receivable by (i) estimating valid and collectible accounts based on a statistical sample; (ii) reviewing the accuracy of large-dollar liabilities; (iii) determining the reasons for errors, abated assessments, and misapplied payments; and (iv) continuing to increase the use of installment agreements and offers-in-compromise. During 1994, collections increased from \$22.8B to \$23.4B. Delinquent accounts increased from \$63.5B to \$66.8B.</p> <p><i>Next steps</i>: IRS has allocated the 5,000 FTE for the 1995 compliance initiative and must continue to implement the initiative by hiring this staff. Treasury must also identify TSM revenue benefits and steps necessary to achieve them. IRS, in conjunction with Treasury, needs to develop a detailed plan for achieving its goal of a 90 percent compliance rate.</p>	2
<p><i>Customs Service</i>: Inadequate accounting systems cause problems in accounting for revenue on imports, data integrity, and cost accounting.</p> <p>\$21B collected annually. <i>At risk</i>: control of revenues, including tracking of net receivables of \$933M as of September 1994.</p>	<p>Customs is continuing its efforts to improve financial accountability for receivables but met with some difficulties in 1994. Implementation of the Fines, Penalties, and Forfeitures module of the Automated Commercial System (ACS) was unsuccessful in 1994, leading to significant slippage in project milestones. The Customs Automated Revenue Accounting Project (CARA) has been incorporated into the efforts of the Customs Revenue Process Improvement Team, which is proceeding with the conceptual and design work for revenue related automation projects. Problems with accounting for receivables will not be fully resolved before 1998, when Customs plans to have implemented a subsidiary ledger for receivables and an integrated financial system. Customs appointed a new CFO late in 1994 to ensure focused management attention on financial management issues, including better management of corrective actions to resolve this issue.</p> <p><i>Next steps</i>: During 1995, Customs will (i) continue its revenue accounting redesign efforts; (ii) evaluate the effectiveness of the trade enforcement strategy for identifying/ resolving uncollected revenue; (iii) complete design and programming for a prototype automated system to process Fines, Forfeitures &amp; Penalties cases and track seized assets; and (iv) develop an integrated systems strategy for future core accounting system enhancements and the redesign/replacement of ACS.</p>	2

## DEPARTMENT OF TREASURY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Departmental:</i> Financial management system coordination needs improvement.</p> <p>Treasury is investing \$124M in financial systems development in 1995. <i>At risk:</i> systems development by bureaus may not support Departmental financial management initiatives and system integration goals.</p>	<p>Treasury has developed a Department-wide financial management systems plan that calls for the development of a single, integrated financial management system. This would be achieved by reducing core administrative systems, standardizing revenue systems, standardizing subsystem applications, and developing a departmental data base with electronic links established between departmental and bureau financial systems. A Departmental Financial Management Systems Advisory Committee continues to work with the CFO to coordinate systems planning and implementation. Treasury has (i) reduced the number of core financial systems; (ii) encouraged standardization through use of off-the-shelf core financial systems approved by GSA; (iii) developed strategies to standardize subsystems Department-wide (including travel, procurement, revenue, and budget); and (iv) required bureaus to implement Department-wide strategies. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> As a result of a review conducted during 1994, the OIG reports that additional efforts are needed to resolve specific material weaknesses. Treasury will continue to report to the OIG and OMB on progress in this area.</p>	D2
<p><i>Customs:</i> Operations and Maintenance (O&amp;M) Account, Air and Marine Interdiction Programs lack adequate internal controls for determining obligated/unobligated balances.</p> <p>Interdiction Operations and Maintenance Accounts in 1994 total \$117M. <i>At risk:</i> \$35M in unobligated balances.</p>	<p>Customs has historically experienced difficulties determining the correct amounts of obligated and unobligated balances in the O&amp;M Account. Customs and Departmental task forces have identified changes in policy and procedures. The OIG contracted for an external review, which reported in June 1994 that corrective actions had been implemented for 16 of 41 task force recommendations. Of the 41 recommendations, Customs confirms that as of September 30, 1994, steps have been taken to fully implement 38, including charging expenses to the correct fund and implementing procedures to ensure that obligations are recorded properly. OMB, Treasury, and the OIG believe that, based on external review and Customs' confirmation of completed actions, steps have been taken to resolve this issue. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> Treasury will continue to report to OMB on progress in meeting the audit recommendations.</p>	D2
<p><i>Customs and DOJ's Immigration and Naturalization Service (INS):</i> The dual management structure providing land border inspections and clearance is inadequate.</p>	SEE AREA UNDER "DEPARTMENT OF JUSTICE."	—

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## DEPARTMENT OF VETERANS AFFAIRS

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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. <i>At risk:</i> \$10M 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. In addition, VHA has adopted a policy of maintaining a perpetual inventory on all controlled substances, including the lower scheduled controlled substances.</p> <p><i>Next steps:</i> (i) Conduct post-implementation evaluation in 1995 to verify effectiveness and completeness of conversion of facilities dispensing inpatient medications. (ii) Through an October 1995 policy manual change, require perpetual inventory records to be manually maintained for all controlled substances for inpatients.</p>	1
<p><i>Veterans Benefits Administration (VBA):</i> Financial information for credit programs is inadequate.</p> <p>VA housing credit program averages between 250,000 and 300,000 guaranteed loans annually. Direct loans total about 20–25,000 loans. Credit subsidy in 1996 will be about \$528M. <i>At risk:</i> questionable integrity of VA's financial databases may provide inaccurate annual budget formulation subsidy estimates; lack of cohort data may hamper timely budget decision-making.</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, non-integrated modules, which forces reliance on manual preparation of data for financial reports. This results in untimely submissions to Treasury and OMB and increases the risk of errors. Interim steps will be taken to provide hard copy reports with cohort year data and reconstruct end of fiscal year data balances for each financing account. These reports will be further refined to meet OMB and Treasury requirements until new automated systems are available.</p> <p><i>Next steps:</i> Actions are planned to automate cohort year accounting in the loan guaranty systems by passing data through the department's general ledger system, thus enabling financing accounts to receive general ledger transaction data. Resources for systems improvements have been provided in the 1996 budget.</p>	2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

## ENVIRONMENTAL PROTECTION AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Agency:</i> Delay in development and implementation of integrated financial management system, and resulting limitations on accounting for receivables.</p> <p>Accounts receivable, as of September 1994, were \$542M. <i>At risk:</i> assurance that these funds are accounted for in an accurate and timely fashion.</p>	<p>EPA has implemented a new release of the Integrated Financial Management System (IFMS) software in order to eliminate problems with system documentation and usability. The Agency also eliminated the ADCR (funds control) legacy system. However, enhancements are still needed to produce aging reports on both principal and the compounding of interest for Superfund receivables, and to properly treat installment payments mandated by consent decree but due in the future.</p> <p><i>Next steps:</i> During 1995, EPA will (i) continue to improve integration of IFMS with "mixed" program/financial information systems; (ii) eliminate remaining legacy systems; (iii) implement IFMS aging reports; and (iv) install Superfund compound interest and installment receivable functions.</p>	1
<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>1995 appropriations include \$1.4B for Superfund. <i>At risk:</i> timely cleanup of NPL sites, and assurance that contract funds are being managed efficiently and effectively.</p>	<p>Timely cleanup of NPL sites has been impeded by structural problems with the Superfund program that the Administration has proposed to correct through reauthorization legislation. This legislative proposal builds upon program management improvements initiated by EPA to improve timeliness, and put in place over the past three years. DELETED FROM THE HIGH RISK LIST.</p> <p>Regarding ARCS contract issues, EPA has completed a national self-assessment of ARCS contract management, concluding that substantial progress has been achieved in correcting specific weaknesses. However, until these changes to the ARCS program can be evaluated for their effectiveness, ARCS contract issues will be tracked under the Contract Management high risk area.</p>	D3
<p><i>Agency:</i> Persistent, widespread problems in contract management.</p> <p>1995 appropriations include \$1.3B for contracting. <i>At risk:</i> environmental program effectiveness and efficient use of financial and human resources.</p>	<p>EPA has made steady progress in improving contract management; however, further improvements are needed. EPA is implementing a comprehensive plan, developed in 1992 by the Resource Management Committee, to address agency-wide contract management problems. As of September 30, 1994, 77 percent of the Committee's recommendations have been implemented. In 1994, the Agency (i) initiated acquisition management work force planning; (ii) developed procurement training for Senior Resource Officials; (iii) prepared guidance for and issued Independent Government Cost Estimates; (iv) required all major contracts to have contract management plans; (v) clarified roles and responsibilities of contract management staff; (vi) trained contract management staff on use of procurement sanctions including suspension and debarment; (vii) required contractors to certify the allowability of all indirect costs; (viii) emphasized procurement responsibilities in job announcements and performance agreements; and (ix) developed a resource management curriculum.</p> <p>For 1995, the agency received 900 additional FTE to undertake activities previously performed by contractors that are more appropriately performed by Federal employees. EPA expects to complete hiring in 1995, and estimates \$11M in savings in 1996.</p> <p><i>Next steps:</i> During 1995, EPA will (i) implement the Integrated Contract Management System; (ii) train all SES-level managers per resource management curriculum developed in 1994; (iii) participate in government-wide contract initiatives designed to improve contract effectiveness and efficiency, such as use of electronic commerce, incorporation of past performance into contract award decisions, alternative dispute resolution, and improving communication between contractors and the government; and (iv) implement new provisions of the Federal Acquisition Streamlining Act.</p>	2

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## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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. <i>At risk:</i> assurance that these funds are being properly accounted for in an accurate and timely fashion.</p>	<p>NASA is implementing a new agency-wide accounting system called the NASA Accounting and Financial Information System (NAFIS). The project was started in December 1988 and is planned for completion in July 1997 at an estimated total cost of \$104M. NASA envisions the new system correcting many of the deficiencies of the current decentralized, non-integrated systems and providing more reliable and up-to-date information. NASA has completed system design work and coding, testing, and debugging the system.</p> <p><i>Next steps:</i> During 1995, NASA plans to complete Alpha and Beta site tests. Implementation at the NASA field centers will begin at the Marshall Space Flight Center in December 1995 and conclude at the Stennis Space Center in July 1997. NASA has been asked to determine if the milestones in this project can be achieved earlier and to specify how the agency plans to incorporate new requirements, including new government accounting standards and electronic commerce. NASA will report quarterly to OMB on its progress.</p>	2

### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p>NASA: 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. <i>At risk:</i> \$200–500M, representing potential overpayments to contractors through erroneous or fraudulent billings.</p>	<p>NASA needed to establish an organizational structure and an agency-wide policy for improving its ability to provide oversight of its procurement process and contracts. All items in the corrective action plan have been completed including: (i) establishing a headquarters Contract Management Division in the Office of Procurement, and the Program Management Council, chaired by the Deputy Administrator, to provide integration of contract management; (ii) establishing centralized policy direction; (iii) improving utilization of Department of Defense contract administration resources; (iv) effective training of contract specialists and program management personnel; and (v) increasing the resources applied to contract management improvement through additional personnel, and more accountability of program management personnel for contract management issues. NASA is now using these tools to address contract management issues. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> The agency will report specific, critical contract management problems as material weaknesses. NASA intends to focus on those items that it has identified, as well as those brought to its attention by OMB, GAO, the Congress and others who are concerned about how NASA manages its contracts and maintains accountability for the large volume of money involved in contracts. The agency plans to make periodic progress reports (through FMFIA), and special reports (as requested) on its progress.</p>	D2
<p>NASA: Environmental restoration, compliance, and pollution prevention need priority attention.</p> <p>Since 1988, over \$136M has been obligated for environmental compliance. <i>At risk:</i> health and safety of NASA employees and the public.</p>	<p>NASA has placed discipline into the management of this program by establishing an agency-wide strategy and plan to address environmental projects in a uniform manner. NASA has completed the major steps set forth in this high risk area and a corrective action plan is now in place, including identification of hazardous waste sites, establishing a NASA Environmental Management Council, and completing environmental self-assessments. The environmental program will remain an area of significant concern by NASA and OMB due to the necessity to provide adequate budget resources in the future for environmental projects in prevention, compliance, restoration, and conservation. DELETED FROM THE HIGH RISK LIST.</p>	D2

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### AGENCY FOR INTERNATIONAL DEVELOPMENT

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p>Financial management systems and operations are inadequate.</p> <p>Total program managed by AID is \$5.5B annually. <i>At risk:</i> assurance that these funds are being accounted for in an accurate, timely, and useful fashion.</p>	<p>AID has initiated a major financial system redesign effort that uses Information Engineering methodology to put into place a modern, fully compliant core financial system that integrates completely with the agency's budget formulation and procurement systems. The new system is called the USAID Worldwide Accounting and Control System (AWACS). The redesign has four distinct phases: (1) preparation of the Strategic Information System Plan, which provides a high level view of the entire financial management system; (2) Business Area Analysis, which identifies the logical business requirements of a particular functional area; (3) Business System Design, which transforms the business requirements into a systems design; and (4) Technical Design and Construction, which converts the designs into operational applications.</p> <p>Of the seven business areas in AWACS: the General Ledger has been completed; funds distribution and budget execution are in phases (2) and (3); accounts payable is in phases (3) and (4); accounts receivable and loan servicing are in phase (4); and cost accumulation is being planned.</p> <p><i>Next steps:</i> The schedule for completing each phase of design for the seven areas leads to worldwide implementation of AWACS by October 1995. AID will subject its new system to an independent verification by Treasury's Financial Management Service to ensure that it is in full compliance with all U.S. regulations and standards.</p>	1
<p>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. <i>At risk:</i> potential misuse of funds by contractors and grantees.</p>	<p>To strengthen audit coverage of contractors and grantees, AID has nearly completed a series of recommended actions in the Joint AID/OMB SWAT Team report of 1992. To date, AID has: (i) strengthened guidance on auditing host-country contracts with revisions to handbooks; (ii) had its Office of Inspector General complete nine audits worldwide to evaluate AID's Audit Management Resolution Program (AMRP); and (iii) completed a comprehensive inventory of all its contractors and grantees requiring periodic financial audits, developing an automated system to catalog and track the accomplishment of required audits. The OIG has issued a generally favorable final “capping” report of the AMRP. DELETED FROM THE HIGH RISK LIST.</p>	D2

### AGENCY FOR INTERNATIONAL DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p>AID cannot provide assurance that its programs are being properly monitored, and that it is meeting appropriate standards for accountability.</p> <p>Total program managed by AID is approximately \$5.5B. <i>At risk:</i> assurance that these funds are being spent efficiently and effectively.</p>	<p>AID has initiated a series of measures in the past year that are designed to give the agency strategic direction, focus the agency's operations on achieving results, aggressively manage its portfolio of existing projects, and re-engineer the way it designs and implements programs. This is a long-term, multifaceted effort that involves: (i) the development of strategic objectives and implementation plans (largely accomplished); (ii) the development of a comprehensive Program Performance Information for Strategic Management System (PRISM) (being implemented by AID's overseas missions, and will have aspects integrated into AID's integrated financial management system); (iii) a reorganization of Washington headquarters operations (accomplished); (iv) a re-engineering of how the agency programs its resources through strategic objectives, activities and projects, including an organization analysis of overseas mission structure (being prepared); (v) the implementation of a semi-annual, agency-wide, and comprehensive portfolio review program; (vi) development of agency-wide performance plan as a pilot agency under the Government Performance and Results Act (first plan due spring 1995); (vii) the close-out of 21 missions overseas (five have been closed out this year); and (viii) streamlining agency guidelines.</p> <p><i>Next steps:</i> (i) Complete development of the PRISM system in overseas missions in 1995 and extend it to Washington operating offices. (ii) Complete re-engineering and overseas mission analysis. (iii) Make the Portfolio Review process an open, aggressive management tool. (iv) Develop Performance Budgets that effectively inform the agency's resource and policy decisions and explain them to a wider audience of decision-makers and the public. (v) Evaluate the impact of reengineering and reform.</p>	2

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### FARM CREDIT ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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. <i>At risk:</i> although the system has some functioning controls, (for example, over disbursement), it lacks other controls which would detect improper expenditures.</p>	<p>FCA implemented an approved commercial off-the-shelf financial system in 1994 and linked the software to an appropriate client server mechanism. Some operational problems continued due to shortcomings in the software, and in communications between certain operational divisions affecting the changes, as well as deficiencies in internal accounting practices and operational guidance. FCA activated a reengineering task force to evaluate the internal business process. Division and task force personnel performed detailed account reconciliations which served to highlight software problems. These problems have been referred to the system's vendor for software modification and to OMB for contractor oversight. Also, a conformance review by an independent accounting firm is nearly complete. It will document specific software and procedural deficiencies, recommend corrective actions, and is expected to confirm the findings and recommendations of division and task force personnel.</p> <p>While the software problems need resolution by the vendor, the system is basically functional, and FCA is actively involved in management and improvement of the system. DELETED FROM THE HIGH RISK LIST. FCA will continue to track this issue as a material weakness.</p>	D2

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### FEDERAL EMERGENCY MANAGEMENT AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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><i>At risk:</i> 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>After false starts in the past in implementing a new financial management system, the agency made the design and implementation of an integrated accounting and financial management system its top financial management priority. In 1994, FEMA issued a Request for Information and a Letter of Interest, received and screened proposals, completed a technical evaluation of proposals and cost analyses, and signed a contract in September. The appropriate software was identified and selected in only six months because of the top agency attention given to the system acquisition. DELETED FROM THE HIGH RISK LIST. Associated financial system non-conformances will be monitored as appropriate through the agency's FMFIA process.</p> <p><i>Next steps:</i> FEMA plans to have the core financial management system installed and operational by September 30, 1995.</p>	D2

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## GENERAL SERVICES ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<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. <i>At risk</i>: 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, usage of common information standards, and common-use technology for GSA organizations.</p> <p>GSA has implemented a set of controls over the planning, development and operation of automated information systems. Although the controls appear to be appropriate and effective, this area is of continuing concern because not all of the controls have been adequately tested through the development of a major information system. As a result, there is a direct relationship between this high risk area and two material weaknesses ("Financial Management Reporting" and "Inadequate Timely Access to Public Building Service Business and Program Related Information").</p> <p><i>Next steps</i>: The elimination of the high risk area will be partly contingent upon the successful development and implementation of major information systems in two areas: initial implementation of the Financial Management System is currently targeted for 1995; implementation of a corporate data base for the Public Building Service information system is scheduled for 1996.</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. <i>At risk</i>: MAS prices higher than appropriate.</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 may have contributed to the failure of offerors to accurately disclose pricing information and the negotiation of unnecessarily high prices. In 1994, GSA continued to test MAS contracting procedures which reduce vendor data collection requirements and encourage ongoing competition among schedule vendors through the use of an electronic bulletin board. GSA is revising MAS ordering procedures to eliminate the mandatory nature of FSS contracts, provide more competition among vendors and reduce administrative costs for the ordering agencies.</p> <p><i>Next steps</i>: (i) Conduct additional tests of revised MAS contracting procedures. (ii) Consider impact of implementation of Federal Acquisition Streamlining Act of 1994 on MAS. (iii) Evaluate MAS program in light of results of these milestones during 1995.</p>	2

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## OFFICE OF PERSONNEL MANAGEMENT

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Federal Employees Health Benefits Program (FEHBP)</i>: Inadequate internal control standards and oversight of insurance carrier operations.</p> <p>FEHBP expenses totalled \$14.5B in 1994. <i>At risk</i>: waste, fraud and abuse in carrier operations and claims submitted that go undetected because of weak oversight.</p>	<p>Contract administration corrective actions continue. Minimum contractor performance standards on financial and claims processing controls were phased in with the 1993 contracts and fully implemented in the 1994 contracts. All unresolved audit findings now less than six months old. Program for premium reconciliation between agencies and carriers now covers 65 percent of FEHB enrollments. OIG 1995 audit agenda gives priority attention and resource commitments to carrier audits.</p> <p><i>Next steps</i>: In 1995, OPM will: (i) implement a more efficient and effective OIG organization to oversee benefit payments; (ii) update quality assurance standards to meet or exceed those of recognized external entities; (iii) work with OMB and carriers to implement Cost Accounting Standards (CAS) by 1996, and make reporting consistent with CAS and FEHB program needs; (iv) expand premium reconciliation effort to include additional carriers and agencies; and (v) continue to devise means to allocate additional staff resources to carrier audits.</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 and Training Programs portion of the revolving fund.</p> <p>RF obligations totalled \$198M in 1994. Fund's cumulative retained earnings changed from a \$.8M deficit in September 1991 to a cumulative \$48.8M deficit in September 1994. <i>At risk</i>: fiscal stability of fund and threat to continued use by OPM.</p>	<p>OPM took a number of actions in 1994 to address this issue. (i) New leadership placed in Investigations and Human Resource Development programs; approved business plans in place; Investigations field operations report directly to Headquarters. (ii) Three Reductions-in-force (RIFs) conducted in 1994, resulting in 428 separations. (iii) Department of Defense (DOD) Testing program corrective actions taken; 1994 deficit for this program at \$.09M. DOD now covering full costs of testing under new pricing policy. (iv) Investigations attracted new business, cut expenses, now generating a small surplus. (v) New pricing policy for training delivery in place, assuring consistency and full cost recovery for nationwide program offerings. (vi) OPM Business Council established to add rigor and discipline to RF business processes. (vii) RF Committee established which reports to OPM Business Council. (viii) Comptroller function established in Investigations Program.</p> <p><i>Next steps</i>: In 1995, the OPM Business Council will rigorously examine all aspects of OPM programs and business operations. In addition, OPM will work aggressively with agencies to help them develop better forecasts of investigations needs; and will continue to review pricing strategies for interagency training delivery to assure full cost recovery.</p>	2

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## PEACE CORPS

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Peace Corps</i> lacks an effective internal controls program at overseas posts, especially for property management.</p> <p>1995 budget for overseas operations is \$152M. <i>At risk</i>: PC's ability to ensure adequate protection of these expenditures and government property 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. In 1994 PC made considerable progress in addressing the last item included in this high risk area by developing a property inventory management system, entering more than 90 percent of PC's worldwide property inventory into the database, and issuing final policies and procedures manuals for system users.</p> <p><i>Next steps</i>: (i) Complete training for users by January 1995. (ii) Complete worldwide inventory and develop specialized reports by March 1995.</p>	1
<p>PC: Headquarters financial management system is antiquated.</p> <p>Accounting system expected to process \$231M in appropriations in 1995. <i>At risk</i>: PC's ability to account for its funds in an accurate and timely fashion.</p>	<p>In 1994 PC completed its second year of operations with a new headquarters financial management system (PCFMS). PC is successfully using the new system for year-end and reconciliation reports. PC's Office of the Inspector General (OIG) conducted a generally favorable audit of PCFMS and issued a final report with recommendations in September 1994.</p> <p><i>Next steps</i>: (i) Develop automated means to eliminate data entry duplication by January 1995 (and ongoing efforts thereafter). (ii) Develop an interface between PCFMS and overseas data sources by March 1995. (iii) Implement recommendations from the OIG audit by April 1995.</p>	1

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## RAILROAD RETIREMENT BOARD

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p>Inadequate management controls and inability to certify the adequacy of controls for the Board's biggest benefit programs.</p> <p>Approximately \$8B in benefits, over 800,000 beneficiaries in 1995. <i>At risk</i>: 8,085 backlogged claims cases, down from 79,066 in 1991; 643 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 1994, RRB was ahead of schedule for reducing backlogs in all eight identified claims processing categories, and had completely eliminated backlogs in six categories. Record correction and tax statement backlogs have been reduced from 53,456 to 643 cases. Wage match agreements are now in place for all 50 states, D.C. and Puerto Rico. Matches resulted in referral of \$1,815,084 (1048 cases) in potential recoveries to the Office of Inspector General in 1994.</p> <p><i>Next steps</i>: (i) Continue OMB and RRB implementation of the 5-year contract and funding commitments in 1996. (ii) Improve internal tracking and control.</p>	1

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## SECURITIES AND EXCHANGE COMMISSION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p>Management of computer systems development projects needs improvement.</p> <p>SEC computer systems development projects total \$21.3M in the 1995 budget. <i>At risk</i>: assurance that this expenditure results in systems that produce accurate, timely, and useful information.</p>	<p>The SEC has undertaken initiatives to strengthen the management of computer systems development projects. During 1994, the SEC (i) developed and submitted to OMB in May an Information Resources Management (IRM) Implementation plan for fiscal years 1994 through 1998 which provided an accurate depiction of, and strategy for improving, the Commission's system development projects; (ii) improved overall systems management and planning through the development and partial implementation of this plan; (iii) continued to identify information resource requirements and priorities through direct interaction with the user community; and (iv) began using sophisticated application development techniques.</p> <p><i>Next steps</i>: (i) Deploy and review various computer system pilot projects. (ii) Continue to annually update the IRM 5-Year Strategic plan. (iii) Perform six month IRM reviews. (iv) Continue end-user interaction, needs identification, and prioritization. (v) Develop and implement a cost effective disaster contingency plan.</p>	1

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### SMALL BUSINESS ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p><i>Small Business Investment Company (SBIC):</i> management/liquidation activities inadequately supervised.</p> <p>1995 appropriation supports nearly \$366M in SBIC guarantees; outstanding preferred stock and guaranteed debentures total \$1.5B.</p>	<p>Since 1992, the SBIC program has been significantly revised through legislation, new oversight and review procedures, and a reorganization of the program office structure and management. The revised program will allow SBICs to better match their assets and liabilities. The revised program includes better screening of the management capabilities and qualifications of SBIC participants, more restrictive capital requirements to receive an SBIC license, and tighter leverage and operating regulations. Additional changes allow SBA to begin the liquidation and recovery process sooner, thereby minimizing losses. The new oversight process includes expanded SBIC examination procedures which will increase the frequency of exams, and electronic reporting by SBICs which will speed the examination process. The program office has been restructured and strengthened, including the addition of a new SBIC program manager who came on board in January 1994. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> During 1995, SBA will undertake a validation of the corrective actions.</p>	D2
<p><i>Small Business Development Centers (SBDCs):</i> lack control over program income.</p> <p>Total 1995 appropriation is \$77M for SBDCs. <i>At risk:</i> assurance that appropriated monies are protected from fraud, waste and misuse by grantees.</p>	<p>Restrictive language in its Congressional appropriations had prohibited SBA from publishing regulations and operating procedures for the SBDC program from 1988 through 1992. The Small Business Guaranteed Credit Enhancement Act of 1993 lifted the prohibition against regulation publication. SBA published proposed SBDC regulations on October 28, 1994. In addition, the Small Business Administration Reauthorization and Amendments Act of 1994 required SBA to establish a biennial programmatic and financial examination process for SBDCs. SBA was also authorized to work with the SBDC industry to develop parameters for a certification program. These changes will further enhance SBA's capacity for oversight of the SBDC program. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> SBA plans to have final regulations published in the Federal Register by the end of March 1995. Validation is planned for 1995 to see if the published regulations corrected the material weakness.</p>	D1
<p><i>Surety Bond Guaranty Program (SBGP):</i> has weaknesses in its system of management control.</p> <p>1995 guarantee level is \$1.55B for SBGP; outstanding share of bonds issued totals \$896M. <i>At risk:</i> \$24.4M in potential claims.</p>	<p>Although some have been slowed, significant corrective actions have been completed to strengthen management controls. On-site reviews of regional offices and participating sureties are behind schedule but being performed. Standard Operating Procedure (SOP) revision written and awaiting Office of General Counsel finalization, with publication targeted for the third quarter 1995. A new claims tracking (internal control) system is operational, reducing the average claim reimbursement time from over 90 days to 30 days. A new PC-based (WAN) 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 fully implemented by October 1, 1995. Because the new system is the prototype for the agency, its design is taking longer than anticipated as coordination with other areas is ensured to meet all long-term needs and requirements. DELETED FROM THE HIGH RISK LIST.</p> <p><i>Next steps:</i> SBA to (i) complete design of WAN, parallel run the new system during the summer of 1995, and fully implement in 1996; (ii) continue on-site reviews; and (iii) publish SOP and related regulations.</p>	D2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.

### U.S. INFORMATION AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment <sup>1</sup>
<p>Financial management systems and operations are inadequate.</p> <p>The USIA domestic core accounting system processes approximately \$1B of the \$1.4B appropriations; the rest is processed through the Department of State's overseas accounting system. <i>At risk:</i> assurance that funds are being accounted for in an accurate and timely fashion.</p>	<p>In 1994, USIA (i) implemented an off-the-shelf PC-based property management system and began implementation of the new procurement system in small purchasing satellite offices; (ii) developed a plan and task breakdown for Benefit-Cost analysis; (iii) issued a letter of interest (LOI) to vendors offering commercial off-the-shelf core accounting systems and reviewed LOI responses for consideration in their Benefit-Cost Analysis; (iv) completed technical architecture and technical capacity requirements; and (v) completed the Benefit-Cost Analysis.</p> <p><i>Next steps:</i> Upon selection of the future core FMS, USIA will proceed with (i) identifying future funding requirements based on FMS selection (2/95); (ii) implementing the new FMS and training users (1995/96); (iii) beginning implementation of a new personnel or personnel/payroll system (1995); and (iv) fully integrating the property management and procurement systems with the new FMS (1997).</p>	2

<sup>1</sup> Assessment Codes: **1**—Significant progress. **2**—Active efforts underway to improve progress. **3**—Reservations about adequacy of progress and/or plan; **A**—Added to the High Risk List. **D1**—Deleted: has been corrected. **D2**—Deleted: no longer sufficiently serious to warrant "high risk" designation and receiving appropriate attention at the agency. **D3**—Deleted: does not belong on a list of agency operational problems because resolution depends on policy or legislative action.



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## FEDERAL DRUG CONTROL FUNDING

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## 24. FEDERAL DRUG CONTROL FUNDING

TABLE 24-1. FEDERAL DRUG CONTROL FUNDING

(Agency summary; in millions of dollars)<sup>1</sup>

	1994 Actual	1995 Estimate	1996 President's Budget	Req. Change 1995-1996	
				Dollars	Percent
<b>Agriculture:</b>					
Agricultural Research Service .....	6	6	5	-2	-27.4
U.S. Forest Service .....	6	10	9	*	-3.9
Women, Infants, Children (WIC) .....	15	14	15	2	10.8
<b>Total, Agriculture .....</b>	<b>28</b>	<b>30</b>	<b>30</b>	<b>-1</b>	<b>-2.2</b>
<b>Corporation for National and Community Service .....</b>	<b>28</b>	<b>39</b>	<b>54</b>	<b>14</b>	<b>36.7</b>
<b>Defense .....</b>	<b>815</b>	<b>852</b>	<b>812</b>	<b>-40</b>	<b>-4.7</b>
<b>Education .....</b>	<b>599.0</b>	<b>603</b>	<b>732</b>	<b>129</b>	<b>21.4</b>
Crime Act Funding—Violent Crime Reduction Trust Fund (VCRTF):					
Family and Community Endeavor Schools Grants .....		2	6	4	179.3
<b>Total, Education .....</b>	<b>599</b>	<b>605</b>	<b>628</b>	<b>22</b>	<b>3.7</b>
<b>Health and Human Services:</b>					
Administration for Children and Families .....	90	89	90	1	1.1
Substance Abuse and Mental Health Services Administration (SAMHSA) <sup>2</sup> .....	1,363	1,373	1,405	33	2.5
National Institutes of Health .....	425	438	452	15	3.4
Social Security Administration .....	20	158	202	44	27.9
Centers for Disease Control <sup>3</sup> .....	37	44	50	6	12.4
Food and Drug Administration .....	7	7	7	*	5.7
Health Care Financing Administration .....	232	252	290	38	15.0
Indian Health Service .....	43	43	45	2	5.1
Health Resources and Services Administration .....	33	36	41	5	13.9
Crime Act Funding (VCRTF):					
Family and Community Endeavor Schools Grants .....		5	14	9	179.7
<b>Total, Health and Human Services .....</b>	<b>2,250</b>	<b>2,446</b>	<b>2,600</b>	<b>154</b>	<b>6.3</b>
<b>Housing and Urban Development .....</b>	<b>315</b>	<b>301</b>	<b>290</b>	<b>-11</b>	<b>-3.6</b>
Crime Act Funding (VCRTF):					
Local Partnership Act .....			*	*	
<b>Total, Housing and Urban Development .....</b>	<b>315</b>	<b>301</b>	<b>290</b>	<b>-10</b>	<b>-3.5</b>
<b>Interior:</b>					
Bureau of Indian Affairs .....	22	20	20	1	3.0
Bureau of Land Management .....	5	5	5	*	-0.2
Fish and Wildlife Service .....	1	1	1	*	-0.8
National Park Service .....	9	9	9	*	0.0
Office of Territorial and International Affairs .....	1	1	*	-1	-84.5
Crime Act Funding (VCRTF):					
Urban Recreation and At-Risk Youth .....			*	*	
<b>Total, Interior .....</b>	<b>38</b>	<b>36</b>	<b>36</b>	<b>*</b>	<b>-0.7</b>
<b>The Judiciary .....</b>	<b>457</b>	<b>499</b>	<b>579</b>	<b>80</b>	<b>15.9</b>
Crime Act Funding (VCRTF):					
Drug Testing For Federal Prisoners .....			8	8	
<b>Total, The Judiciary .....</b>	<b>457</b>	<b>499</b>	<b>586</b>	<b>87</b>	<b>17.5</b>
<b>Justice:</b>					
Assets Forfeiture Fund .....	527	512	502	-10	-1.9
U.S. Attorneys .....	212	213	211	-3	-1.2
Bureau of Prisons .....	1,411	1,694	1,929	235	13.9
Criminal Division .....	18	19	20	1	2.8
Drug Enforcement Administration .....	768	801	845	44	5.5
Federal Bureau of Investigation .....	476	540	630	90	16.7
Immigration and Naturalization Service .....	157	170	226	56	33.2
Interpol .....	2	2	2	0	25.7
U.S. Marshals Service .....	246	280	308	28	10.0
Office of Justice Programs .....	544	172	253	81	47.2
Organized Crime Drug Enforcement .....	382	375	378	4	0.9
Support of U.S. Prisoners .....	212	208	207	-1	-0.5

TABLE 24-1. FEDERAL DRUG CONTROL FUNDING—Continued

(Agency summary; in millions of dollars)<sup>1</sup>

	1994 Actual	1995 Estimate	1996 President's Budget	Req. Change 1995-1996	
				Dollars	Percent
Tax Division .....	*	*	*	*	1.7
Weed and Seed Program Fund .....	7	7	3	-4	-62.8
Crime Act Funding (VCRTF):					
Community Policing (100,000 Cops) <sup>4</sup> .....		364	621	257	70.6
Prisons Grants .....		2	50	48	.....
Drug Treatment For State and Federal Prisoners .....			40	40	.....
Local Crime Prevention Block Grant .....			6	6	.....
Model Intensive Grant Program .....			2	2	.....
Drug Courts .....		29	150	121	417.2
Improving Border Controls .....		15	28	13	90.6
Department of Justice Crime Fighting .....			31	31	.....
Violence Against Women .....		5	26	21	400.0
Rural Drug Trafficking .....			10	10	.....
Byrne Grants .....		360	208	-152	-42.2
Additional Drug Enforcement Administrative Agents .....			12	12	.....
Other VCRTF Funding .....		*	11	11	.....
<b>Total, Justice</b> .....	<b>4,963</b>	<b>5,768</b>	<b>6,710</b>	<b>942</b>	<b>16.3</b>
<b>Labor</b> .....	<b>91</b>	<b>94</b>	<b>80</b>	<b>-13</b>	<b>-14.0</b>
<b>Office of National Drug Control Policy:</b>					
Operations .....	12	10	10	*	0.0
High Intensity Drug Trafficking Areas .....	86	107	110	3	2.8
Special Forfeiture Fund .....	13	26	37	11	41.8
<b>Total, ONDCP</b> .....	<b>111</b>	<b>143</b>	<b>157</b>	<b>14</b>	<b>9.7</b>
<b>Small Business Administration</b> .....	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>.....</b>
<b>Agency for International Development</b> .....	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>.....</b>
<b>State:</b>					
International Narcotics Control Program .....	100	105	213	108	102.9
Foreign Military Financing/International Military Assistance .....	15	13	.....	-13	-100.0
Economic Support Fund/Development Assistance .....	45	14	.....	-14	-100.0
Emergencies in the Diplomatic and Consular Service .....	*	*	*	*	.....
<b>Total, State</b> .....	<b>160</b>	<b>132</b>	<b>213</b>	<b>81</b>	<b>61.5</b>
<b>Transportation:</b>					
U.S. Coast Guard .....	315	306	321	15	4.8
Federal Aviation Administration .....	25	18	20	2	13.8
National Highway Traffic Safety Administration .....	31	29	30	1	2.7
<b>Total, Transportation</b> .....	<b>371</b>	<b>353</b>	<b>372</b>	<b>18</b>	<b>5.1</b>
<b>Treasury:</b>					
Bureau of Alcohol, Tobacco, and Firearms .....	159	157	162	5	3.2
U.S. Customs Service .....	573	536	500	-36	-6.8
Federal Law Enforcement Training Center .....	20	22	19	-3	-12.1
Financial Crimes Enforcement Network .....	9	10	11	1	12.4
Internal Revenue Service .....	113	99	103	4	3.8
U.S. Secret Service .....	71	73	66	-7	-9.7
Treasury Forfeiture Fund .....	150	158	148	-11	-6.6
Crime Act Funding (VCRTF):					
Gang Resistance Education and Training (GREAT) .....		6	5	-1	-20.0
Rural Drug Enforcement Training .....			*	*	.....
Treasury Crime Fighting .....		9	28	19	198.5
<b>Total, Treasury</b> .....	<b>1,095</b>	<b>1,071</b>	<b>1,042</b>	<b>-29</b>	<b>-2.7</b>
<b>U.S. Information Agency</b> .....	<b>8</b>	<b>8</b>	<b>8</b>	<b>*</b>	<b>5.2</b>
<b>Veterans Affairs</b> .....	<b>854</b>	<b>887</b>	<b>929</b>	<b>42</b>	<b>4.7</b>
<b>Other Crime Act Funding (VCRTF):</b>					
Ounce of Prevention Council .....			4	4	.....
<b>Total, Federal Programs</b> .....	<b>12,184</b>	<b>13,265</b>	<b>14,550</b>	<b>1,285</b>	<b>9.7</b>

<sup>\*</sup> Less than \$500 thousand.<sup>1</sup> In some cases drug budget requests have been imputed from department budget total.<sup>2</sup> Figure represents an estimate based on historical spending patterns based on 1995 SAMHSA spending as well as Block Grant restrictions. The Performance Partnership initiative consolidates SAMHSA' demonstration and training authority, while eliminating many set-asides and increasing State flexibility to target funds to their substance abuse priorities. Actual funds to be spent by SAMHSA or States on drug treatment and prevention in 1996 cannot be estimated with precision. Co-morbidity figures are included in this estimate.<sup>3</sup> Figure represents an estimate based on historical spending patterns. The Performance Partnership eliminates many set-asides, increasing State flexibility to target funds to their substance abuse priorities. Actual funds to be spent by States on drug AIDS counseling and Prevention in 1996 cannot be estimated with precision.<sup>4</sup> 1995 reflects a \$66 million (drug portion of \$200.9 million) transfer of COPS funding to the Office of Justice Programs.

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# **BUDGET SYSTEM AND CONCEPTS AND GLOSSARY**

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## 25. 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. 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 the 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 allocation of resources by 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 below.) 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 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 estimates. Interest rates, economic growth, 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. (Chapter 1, "Economic Assumptions" in the Analytical Perspectives volume of the 1996 budget provides more information on this subject.)

Budget decisions must also take into account any statutory limitations on receipts, outlays, and the deficit (see Budget Enforcement below).

Thus, the budget formulation process involves the simultaneous consideration of the resource needs of indi-

vidual 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. For various reasons, the budget has not always been transmitted on the scheduled date. 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, it is not practical for an incoming President to complete a budget within a few days of taking office on January 20th.<sup>1</sup>

### **Congressional Action<sup>2</sup>**

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 the House and Senate to recommend budget levels and report legislative plans concerning matters within the committee's jurisdiction to the Budget Committee in each body. The Budget Committees then initiate the concurrent resolution on the budget. The budget resolution sets appropriate levels for total receipts and for budget authority and outlays, in total and by functional category (see Functional Classification below). It also sets appropriate levels for the budget deficit (or surplus) and debt.

The explanatory statement that accompanies the budget resolution 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 House and Senate Appropriations Committees are required, in turn, to allocate amounts of budget authority and outlays among its respective subcommittees. Other committees may make allocations among their subcommittees but are not required to. There is no allocation at the program level. However, the functional allocations are based on certain assumptions about the level of funding for major programs.

These assumptions may be included in the explanatory statement, but they are not binding on the committees of jurisdiction. The budget resolution may contain "reconciliation directives," which are discussed below.

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 allocations 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 resolution and 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 oper-

<sup>1</sup>The 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.

<sup>2</sup>For a fuller discussion of the congressional budget process, see Allen Schick, Robert Keith, and Edward Davis, *Manual on the Federal Budget Process* (Congressional Research Service Report 91-902 GOV, December 24, 1991) and Davis and Keith, *Budget Process Changes Adopted in August 1993* (CRS Report 93-778 GOV, December 6, 1993).



ations 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 provides spending authority in permanent laws as well as appropriations acts. These are 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 (\$297 billion in 1994) and a few programs with large amounts of obligations each year, such as social security (\$321 billion in 1994), 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 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 in the chapter.

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 have jurisdiction over tax laws.

The reconciliation directives in a budget resolution usually require changes in permanent laws. They instruct each designated committee to make changes in the laws under the committee's jurisdiction that will change the levels of receipts and spending controlled by the laws. The instructions specify the dollar amount of changes that each designated committee is expected to achieve through changes in law, but do not specify the laws to be changed or the changes to be made. However, the changes in receipt and outlay amounts are based on certain assumptions about how laws would be changed, and these assumptions may be included in the explanatory statement accompanying the budget resolution. Like other assumptions included in the explanatory statement, these are not binding on the committees of jurisdiction.

The committees that are subject to reconciliation directives are expected to prepare implementing legislation. Such legislation may, for example, change the tax code, change benefit formulas or eligibility requirements for entitlement programs, or authorize Government agencies to charge fees to cover some of their costs. In some years, Congress has enacted an omnibus budget reconciliation act (OBRA), which combines the amendments to implement reconciliation directives in a single act. These acts, together with appropriations acts for the year, often implement agreements between the President and the Congress. They may include other matters, such as laws providing 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 caps are adjusted when the budget is transmitted each year for the difference between the inflation rates assumed when the caps were enacted and actual inflation rates. The Act requires the caps to be adjusted for certain other reasons, such as to reflect the enactment of emergency appropriations. The caps for this budget, adjusted to reflect proposed changes, are shown in the following table:

#### DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

	1994	1995	1996	1997	1998
Budget authority .....	525.1	527.0	508.2	497.9	510.5
Outlays .....	547.6	549.8	546.8	543.8	535.5

If the amount of budget authority provided in appropriations acts for the year exceeds the discretionary cap on budget authority, or the amount of outlays estimated to result from this budget authority is estimated to exceed the discretionary cap 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.

The Violent Crime Control and Law Enforcement Act of 1994 created the Violent Crime Reduction Trust Fund and appropriated a specified amount to the Fund for each year from 1995 through 2000. Spending from the Fund is controlled by annual appropriations acts,

however, it is not subject to the general purpose discretionary caps. Instead, the Act specified outlay caps, which are not adjustable, and effectively capped budget authority, as shown in the following table:

#### VIOLENT CRIME REDUCTION LIMITS

(In billions of dollars)

	1994	1995	1996	1997	1998
Budget authority .....	—	2.4	4.3	5.0	5.0
Outlays .....	—	0.7	2.3	3.9	4.9

The Act amended the Gramm-Rudman-Hollings Act to require a separate sequester procedure, similar to the one required for general purpose discretionary spending, if the Violent Crime Reduction caps are exceeded.

Laws that would increase direct spending or decrease receipts are constrained through “*pay-as-you-go*” (PAYGO) 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 PAYGO rules do not apply to increases in direct spending or decreases in receipts that are not the result of new laws. For example, direct spending for benefit programs, such as unemployment insurance, rises when the population of eligible beneficiaries rises and many benefit payments are automatically increased for inflation under existing laws. Tax revenues decrease when the profits of private businesses decline as the result of economic conditions. To address the problem of rising direct spending, President Clinton issued Executive Order No. 12857, which established targets for direct spending (excluding deposit insurance and interest on the public debt) for 1994 through 1997. The targets were based on estimates made in 1994 and may be adjusted for unanticipated increases in the number of beneficiaries. If there is an actual or projected overage in any year, the President must submit a message to Congress, explaining the cause. Depending on the economic circumstances at the time, the President may recommend recouping or eliminating all, some, or none of the overage. If the President recommends reducing the overage, he must specify how. The House has instituted rules to expedite its response to such a message. (Chapter 15, “Review of Direct Spending and Receipts,” in the *Analytical Perspectives* volume of the 1996 budget provides more information on this subject.)

The Gramm-Rudman-Hollings Act requires OMB to make the estimates and calculations that determine whether there is to be a sequester and report them 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.

OMB and CBO are required to publish three sequestration reports—a “preview” report at the time the President submits the budget, an “update” report in August, and a “final” report at the end of a session of Congress (usually in the Fall of each year). The preview report discusses the status of discretionary and PAYGO sequestration, based on current law. This report explains the adjustments that are required by law to the discretionary caps and publishes the revised caps. The preview report estimates are revised in the update and final reports to reflect the effects of laws enacted since the preview report. In addition to these reports, OMB and CBO are required to estimate the effects of appropriations acts and PAYGO laws immediately after each one is enacted. The OMB final report estimates trigger a sequester if the appropriations enacted for the current year exceed the caps or if the cumulative effect of PAYGO legislation are estimated to increase the deficit.

From the end of a session of Congress through the following June 30th, discretionary sequesters take place whenever an appropriation act for the current fiscal year causes a cap to be exceeded. 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. These requirements ensure that supplemental appropriations enacted during the fiscal year are covered by the budget enforcement provisions.

#### 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. The Antideficiency Act prohibits government officials from spending or obligating the government to spend in advance of an appropriation, unless specific authority to do so has been provided in law. Additionally, the Act requires the President to apportion the funds available to most executive branch agencies. The President has delegated this authority to OMB. 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 sys-

tem 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 supplemental appropriation might be required to respond to an unusually severe natural disaster.

On the other hand, changing circumstance may reduce the need for certain spending for which funds have been appropriated. However, the President may withhold amounts appropriated from obligation, only under certain limited circumstances, in order to provide for contingencies, to achieve savings made possible through changes in requirements or greater efficiency of operations, or as otherwise 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 1994, a total of \$8.6 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 since enactment of the Impoundment Control Act. In 1994, the President proposed rescissions totalling \$3.2 billion, and Congress enacted a total of \$1.3 billion.

### 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 receipts and outlays that, by law, are designated as off-budget. 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)

	1994 actual	1995 esti- mate	1996 esti- mate
On-budget:			
Budget authority .....	1,246	1,266	1,305
Outlays .....	1,182	1,247	1,307
Receipts .....	923	995	1,045
Deficit .....	-259	-252	-262
Off-budget:			
Budget authority .....	283	298	309
Outlays .....	279	292	305
Receipts .....	335	351	370
Surplus .....	56	60	66
Federal Government:			
Budget authority .....	1,528	1,564	1,614
Outlays .....	1,461	1,539	1,612
Receipts .....	1,258	1,346	1,415
Deficit .....	-203	-193	-197

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). These 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 their 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 *Appendix* 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. However, the Federal Reserve Systems net earning are transferred annually to the Treasury, and are recorded in the budget as receipts.

### 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 6, "Federal Spending by Function, Subfunction, and Major Program" in the *Analytical Perspectives* volume of the 1996 budget provides information on budget authority and outlays by function and subfunction.

### Agencies, Accounts, Programs, Projects, and Activities

Various summary tables in the *Analytical Perspectives* volume of the 1996 budget provide information on budget authority, outlays, and receipts arrayed by Federal agency. Chapter 26 of that volume, "Federal Programs by Agency and Account," 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 trust funds credited with collections earmarked by law to carry out a cycle of business-type operations.

The Federal budget meaning of the term "trust" differs significantly from its private sector usage. In the private sector, the beneficiary of a trust usually owns the trust's assets, which are managed by a trustee who

must follow the stipulations of the trust. 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, or change the purposes for which the collections are used, by changing existing laws. 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. (Chapter 18, "Trust Funds and Federal Funds," in the *Analytical Perspectives* volume of the 1996 budget provides more information on this subject.)

### Current Operating Expenses and Capital Investment

The budget includes all types of spending, including both current operating expenses and capital investment. Capital investment includes direct purchases 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; grants to state and local governments for the purchase of physical assets; and the conduct of research, development, education, and training. (Chapter 7, "Federal investment outlays and capital budgets," in the *Analytical Perspectives* volume of the 1996 budget provides more information on capital investment.)

## 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 excise taxes, compulsory user charges, 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 chapter.)

### 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 of 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 so that the budget totals measure the transactions of the Government with the public.

Offsetting collections are classified into two major categories: **offsetting collections credited to appro-**

**priation or fund accounts**, and **offsetting receipts**, which are 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. These collections may be from either the public or other expenditure accounts. 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 this is not the full amount of the offsetting collections, because appropriations acts may 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.

While most offsetting collections credited to expenditure accounts result from business-like activity or are collected from other Government accounts, some are governmental in nature but are required by law to be treated as offsetting. These are labeled as "offsetting governmental 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 an expenditure account in 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 otherwise available 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. The authorizing statute may authorize a particular type of budget authority to be provided in annual appropriations acts, or it may actually provide the budget authority in one of its forms. Most programs are funded by appropriations. An appropriation may make funds available from the general fund, special funds, trust funds, or authorize the spending of offsetting collections credited to expenditure accounts, including revolving funds. 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.

Because offsetting collections (offsetting receipts and offsetting collections credited to expenditure accounts) are deducted from gross budget authority, they are referred to as negative budget authority for some purpose, such as Congressional Budget Act provisions that pertain to budget authority.

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 1995 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 1994, new budget authority would be recorded for 1995.

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 that determines the amounts to be paid (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, in 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 income 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 up front to the nominal owner of the asset, a debt is recorded. The actual cash payments, nominally 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 are equal to the subsidy cost of direct loans and loan guarantees and are recorded as the underlying loans are disbursed (see **FEDERAL CREDIT** below).

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 chapter.)

### 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 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, payments may occur over several years. Obligated balances of budget authority are carried forward until the obligations are paid.<sup>3</sup>

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.

<sup>3</sup> Additional information is provided in a separate report, "Balances of Budget Authority," which is available from the National Technical Information Service, Department of Commerce, shortly after the budget is transmitted.



## 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 subsidy cost of direct loans and guaranteed loans in the budget, rather than the cash flows, so they can be compared to each other and to other methods 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 estimated as the present value of expected disbursements over the term of the loan less the present value of expected collections.<sup>4</sup> 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.

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

<sup>4</sup>Present 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.

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 1994, the Government borrowed \$185 billion from the public to finance the deficit of \$203 billion in that year (the rest was financed by various other means). At the end of 1994, the debt held by the public was \$3,432 billion. (See Chapter 13, "Federal Borrowing and Debt," in the *Analytical Perspectives* volume of the 1996 budget 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 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 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 fund investments are classified as held by 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.

## FEDERAL EMPLOYMENT

The budget includes information on civilian and military employment and personnel compensation and benefits. It also makes comparisons between the Federal workforce, State and local government workforces, and the United States population. Two different measures of employment levels are provided—actual positions filled and full-time equivalents (FTE). One FTE is equal to one work year or 2,080 hours. For most purposes, the FTE measure is more meaningful, because it takes into account part-time employment, temporary employment, and vacancies during the year. (Chapter 12, "Federal Employment," in the *Analytical Perspectives* vol-

ume of the 1996 budget provides more information on this subject.)

### TOTAL FEDERAL EMPLOYMENT

	1994 actual	1995 estimated	1996 estimated	Percent change 1994 to 1996
Total FTE's .....	4,600,057	4,484,177	4,394,585	-4.5
Federal Executive Branch civilian employees per 1000 U.S. population .....	11.2	10.9	10.7	-4.5

## BASIS FOR BUDGET FIGURES

### Data for the Past Year

The past year column (1994) 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 (1995) 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 (1996) 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 (1997 through 2000) in

order to reflect the effect of budget decisions on longer term objectives and plans.

### Allowances

Lump-sum allowances may be included in the budget to cover certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but that are not for various reasons reflected in the program details. Budget authority and outlays are never appropriated as such, rather they indicate the estimated budget authority and outlays that will be requested for specific programs.

### Baseline

The budget baseline is an estimate of the receipts, outlays, and deficits that will result from laws already enacted. For receipts and direct spending, which generally are authorized on a permanent basis, it assumes they continue in the future as required by current law. For discretionary programs, which generally are funded annually, the baseline commonly assumes future funding will be equal to the most recently enacted appropriation, adjusted for inflation. Because most receipts and mandatory programs adjust automatically for inflation, the baseline represents the amount of real resources that will be used by the Government over the period covered by the budget. (Chapter 17, "Current services estimates," in the *Analytical Perspectives* volume of the 1996 budget provides more information on the baseline.)

The baseline is 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 President's budget. It is a "policy-neutral" benchmark against which the President's budget and alternative proposals can be compared to see the magnitude of proposed changes. And it is used, under the Budget Enforcement Act, to determine how much will be sequestered from each account and what level of funding will be available after sequestration.

## 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 amend-

ed, 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. The provisions of this act, which would have expired after 1995, were extended through 1998 by

the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66).

- ***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 outlayed.

**Obligated balances**—These are amounts that have been obligated but not yet outlayed. Unobligated balances are amounts that have not been obligated and that remain available for obligation under law.

**Baseline**—A policy neutral set of estimates designed to show the effect on continuing current law through the period covered by the budget.

**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 provided in by discretionary appropriations. 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 subsidy cost of a direct loan or loan guarantee program, disburses such cost to a financing account for the program.

**Deficit**—A deficit is the amount by which outlays exceed 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, sometimes 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.

**Entitlement authority**—A provision of law that legally obligates the Federal government to make specified payments to any person or government that meets the eligibility requirements established by that law. Section 250(18) of the Balanced Budget and Emergency Deficit Control Act of 1985 specifies that the term includes, for the purposes of defining direct spending under the Act, a list of so-called mandatory appropriations in the joint explanatory statement of managers accompanying the Omnibus Reconciliation Act of 1990.

**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 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 excise taxes, compulsory user charges, 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. 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*.

**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 cash-equivalent transactions, the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of Treasury 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 revolving 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 or 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).

**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 an-

nual 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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**GROSS BUDGET AUTHORITY  
AND OUTLAYS**

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## 26. GROSS BUDGET AUTHORITY AND OUTLAYS

**TABLE 26-1. TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC, 1986-1996**  
(In millions of dollars)

Department or other unit	Net Outlays	1986		Gross Outlays	Net Outlays	1987		Gross Outlays
		Offsetting Collections from the Public in:				Offsetting Collections from the Public in:		
		Expenditure Accounts	Receipt Accounts			Expenditure Accounts	Receipt Accounts	
Legislative Branch .....	1,665	71	5	1,741	1,812	80	5	1,897
The Judiciary .....	1,071	.....	.....	1,071	1,180	1	.....	1,181
Executive Office of the President .....	107	1	.....	108	109	.....	.....	109
Funds Appropriated to the President .....	11,042	1,673	11,720	24,435	10,406	2,251	10,006	22,663
Agriculture .....	58,679	25,039	1,176	84,894	49,600	33,351	1,281	84,232
Commerce .....	2,083	282	89	2,454	2,127	302	74	2,503
Defense—Military .....	265,480	6,476	732	272,688	273,966	6,742	813	281,521
Defense—Civil .....	20,254	15	74	20,343	20,684	16	141	20,841
Education .....	17,673	548	67	18,288	16,800	1,248	80	18,128
Energy .....	11,026	2,886	3,274	17,186	10,693	2,798	3,287	16,778
Health and Human Services .....	122,943	2,278	5,767	130,988	131,414	2,668	6,553	140,635
Housing and Urban Development .....	14,139	6,613	.....	20,752	15,484	7,427	.....	22,911
Interior .....	4,789	233	1,623	6,645	5,046	240	1,504	6,790
Justice .....	3,768	174	.....	3,942	4,333	260	.....	4,593
Labor .....	23,941	298	334	24,573	23,253	597	315	24,165
State .....	2,865	10	7	2,882	2,788	84	12	2,884
Transportation .....	27,378	252	75	27,705	25,424	262	55	25,741
Treasury .....	179,390	5,366	2,466	187,222	180,274	5,787	2,902	188,963
Veterans Affairs .....	26,536	3,464	763	30,763	26,952	3,953	817	31,722
Environmental Protection Agency .....	4,867	10	16	4,893	4,904	6	20	4,930
General Services Administration .....	380	249	70	699	51	61	78	190
National Aeronautics and Space Administration .....	7,403	67	.....	7,470	7,591	97	.....	7,688
Office of Personnel Management .....	23,955	3,995	.....	27,950	26,966	3,061	.....	30,027
Small Business Administration .....	557	1,500	.....	2,057	−65	1,758	.....	1,693
Social Security Administration .....	190,684	3	.....	190,687	219,902	7	33	219,942
Other Independent Agencies .....	12,393	44,330	1,003	57,726	14,477	49,562	746	64,785
Undistributed offsetting receipt .....	−65,036	.....	5,788	−59,248	−72,262	.....	6,799	−65,463
Total outlays .....	970,032	105,834	35,049	1,110,914	1,003,909	122,619	35,521	1,162,049

**TABLE 26-1. TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC, 1986-1996—Continued**  
(In millions of dollars)

Department or other unit	Net Outlays	1988		Gross Outlays	Net Outlays	1989		Gross Outlays
		Offsetting Collections from the Public in:				Offsetting Collections from the Public in:		
		Expenditure Accounts	Receipt Accounts			Expenditure Accounts	Receipt Accounts	
Legislative Branch .....	1,852	79	5	1,936	2,096	83	18	2,197
The Judiciary .....	1,342	15	.....	1,357	1,499	4	.....	1,503
Executive Office of the President .....	121	*	.....	121	124	1	.....	125
Funds Appropriated to the President .....	7,253	5,182	9,950	22,385	4,280	6,799	10,444	21,523
Agriculture .....	44,003	34,789	1,462	80,254	48,316	21,821	1,628	71,765
Commerce .....	2,279	352	53	2,684	2,571	301	54	2,926
Defense—Military .....	281,935	7,055	829	289,819	294,880	7,613	711	303,204
Defense—Civil .....	22,029	12	194	22,235	23,450	13	168	23,631
Education .....	18,246	1,101	81	19,428	21,608	836	63	22,507
Energy .....	11,166	2,906	3,293	17,365	11,387	2,907	3,435	17,729
Health and Human Services .....	140,039	2,953	8,819	151,811	152,699	2,998	11,612	167,309
Housing and Urban Development .....	18,938	7,487	.....	26,425	19,680	6,961	.....	26,641
Interior .....	5,143	287	1,755	7,185	5,207	269	1,904	7,380
Justice .....	5,426	292	.....	5,718	6,232	90	.....	6,322
Labor .....	21,743	503	159	22,405	22,549	1,121	37	23,707
State .....	3,421	7	2	3,430	3,722	8	2	3,732
Transportation .....	26,404	538	19	26,961	26,607	511	29	27,147
Treasury .....	202,403	5,437	3,279	211,119	230,576	6,464	4,543	241,583
Veterans Affairs .....	29,271	3,335	855	33,461	30,041	3,601	891	34,533
Environmental Protection Agency .....	4,871	7	57	4,935	4,906	31	74	5,011
General Services Administration .....	-281	80	98	-103	-463	94	75	-294
National Aeronautics and Space Administration .....	9,092	35	.....	9,127	11,036	39	.....	11,075
Office of Personnel Management .....	29,191	3,555	.....	32,746	29,073	3,985	.....	33,058
Small Business Administration .....	-54	1,462	.....	1,408	85	1,267	.....	1,352
Social Security Administration .....	233,521	5	.....	233,526	247,074	1	.....	247,075
Other Independent Agencies .....	23,576	56,565	208	80,349	33,010	62,107	285	95,402
Undistributed offsetting receipt .....	-78,789	.....	3,549	-75,240	-89,074	.....	2,931	-86,143
Total outlays .....	1,064,141	134,039	34,667	1,143,177	1,232,847	129,925	38,902	1,312,000

TABLE 26-1. TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC, 1986-1996—Continued

(In millions of dollars)

Department or other unit	Net Outlays	1990		Gross Outlays	Net Outlays	1991		Gross Outlays
		Offsetting Collections from the Public in:				Offsetting Collections from the Public in:		
		Expenditure Accounts	Receipt Accounts			Expenditure Accounts	Receipt Accounts	
Legislative Branch .....	2,241	92	19	2,352	2,296	96	7	2,399
The Judiciary .....	1,646	18	.....	1,664	1,997	5	.....	2,002
Executive Office of the President .....	157	1	.....	158	193	.....	.....	193
Funds Appropriated to the President .....	10,087	1,130	11,605	22,822	11,724	989	14,231	26,944
Agriculture .....	46,012	21,994	1,502	69,508	54,119	19,653	1,305	75,077
Commerce .....	3,734	344	60	4,138	2,585	383	158	3,126
Defense—Military .....	289,755	8,122	870	298,747	261,925	8,980	44,366	315,271
Defense—Civil .....	24,975	12	173	25,160	26,543	12	163	26,718
Education .....	23,109	965	77	24,151	25,339	895	52	26,286
Energy .....	12,084	4,124	2,046	18,254	12,479	4,349	2,543	19,371
Health and Human Services .....	175,531	3,018	11,636	190,185	198,110	3,360	12,212	213,682
Housing and Urban Development .....	20,167	7,946	.....	28,113	22,752	7,788	.....	30,540
Interior .....	5,790	263	1,857	7,910	6,088	240	1,963	8,291
Justice .....	6,507	117	232	6,856	8,244	124	389	8,757
Labor .....	25,215	1,076	7	26,298	33,954	1,064	12	35,030
State .....	3,979	19	2	4,000	4,252	8	2	4,262
Transportation .....	28,650	442	34	29,126	30,511	233	24	30,768
Treasury .....	255,172	4,398	3,635	263,205	276,339	2,960	3,696	282,995
Veterans Affairs .....	28,998	4,003	827	33,828	31,214	4,285	923	36,422
Environmental Protection Agenc .....	5,108	38	111	5,257	5,769	22	90	5,881
General Services Administratio .....	-123	153	61	91	487	205	54	746
National Aeronautics and Space .....	12,429	24	.....	12,453	13,878	57	.....	13,935
Office of Personnel Management .....	31,949	4,197	.....	36,146	34,808	4,360	.....	39,168
Small Business Administration .....	692	1,328	.....	2,020	613	1,267	.....	1,880
Social Security Administration .....	263,145	1	.....	263,146	286,254	10	.....	286,264
Other Independent Agencies .....	74,624	80,373	276	155,273	80,976	109,216	547	190,739
Undistributed offsetting receipts .....	-98,930	.....	3,006	-95,924	-110,005	.....	3,151	-106,854
Total outlays .....	1,252,703	144,199	38,038	1,434,937	1,323,444	170,562	85,888	1,579,893

**TABLE 26-1. TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC, 1986-1996—Continued**  
(In millions of dollars)

Department or other unit	Net Outlays	1992		Gross Outlays	Net Outlays	1993		Gross Outlays
		Offsetting Collections from the Public in:				Offsetting Collections from the Public in:		
		Expenditure Accounts	Receipt Accounts			Expenditure Accounts	Receipt Accounts	
Legislative Branch .....	2,677	95	7	2,779	2,406	99	8	2,513
The Judiciary .....	2,308	6	.....	2,314	2,628	28	1	2,657
Executive Office of the President .....	186	1	.....	187	194	1	.....	195
Funds Appropriated to the President .....	11,113	469	13,727	25,309	11,534	421	15,293	27,248
Agriculture .....	56,437	19,229	1,310	76,976	63,144	20,505	1,154	84,803
Commerce .....	2,567	524	139	3,230	2,798	573	116	3,487
Defense—Military .....	286,632	8,575	5,862	301,069	278,574	11,166	773	290,513
Defense—Civil .....	28,270	13	196	28,479	29,266	15	199	29,480
Education .....	26,047	1,122	69	27,238	30,290	1,179	188	31,657
Energy .....	15,523	4,636	1,915	22,074	16,942	4,394	1,777	23,113
Health and Human Services .....	231,560	3,601	13,944	249,105	253,835	3,535	16,089	273,459
Housing and Urban Development .....	24,470	7,065	262	31,797	25,181	7,577	299	33,057
Interior .....	6,539	282	1,932	8,753	6,784	274	2,018	9,076
Justice .....	9,802	166	481	10,449	10,170	245	542	10,957
Labor .....	47,078	1,261	64	48,403	44,651	1,272	76	45,999
State .....	5,007	47	.....	5,054	5,377	29	.....	5,406
Transportation .....	32,491	160	165	32,816	34,457	127	138	34,722
Treasury .....	292,987	3,781	2,982	299,750	298,804	2,405	3,411	304,620
Veterans Affairs .....	33,897	2,419	1,021	37,337	35,487	1,802	1,196	38,485
Environmental Protection Agency .....	5,950	19	184	6,153	5,930	33	191	6,154
General Services Administration .....	469	137	27	633	743	197	11	951
National Aeronautics and Space Administration .....	13,961	88	.....	14,049	14,305	128	.....	14,433
Office of Personnel Management .....	35,596	4,559	.....	40,155	36,794	4,844	.....	41,638
Small Business Administration .....	546	1,240	.....	1,786	785	1,209	.....	1,994
Social Security Administration .....	307,190	1	.....	307,191	327,293	2	6	327,301
Other Independent Agencies .....	18,666	122,815	893	142,374	-9,987	107,532	788	98,333
Undistributed offsetting receipts .....	-117,111	.....	2,498	-114,613	-119,711	.....	2,785	-116,926
Total outlays .....	1,380,858	182,312	47,680	1,610,847	1,408,674	169,591	47,060	1,625,325

TABLE 26-1. TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC, 1986-1996—Continued

(In millions of dollars)

Department or other unit	Net Outlays	1994		Gross Outlays	Net Outlays	1995		Gross Outlays
		Offsetting Collections from the Public in:				Offsetting Collections from the Public in:		
		Expenditure Accounts	Receipt Accounts			Expenditure Accounts	Receipt Accounts	
Legislative Branch .....	2,561	96	8	2,665	2,793	99	15	2,907
The Judiciary .....	2,677	29	3	2,709	3,101	26	.....	3,127
Executive Office of the President .....	229	1	.....	230	192	.....	.....	192
Funds Appropriated to the President .....	10,511	458	14,723	25,692	10,860	1,018	15,015	26,893
Agriculture .....	60,753	18,660	1,373	80,786	62,313	20,948	1,156	84,417
Commerce .....	2,915	594	120	3,629	3,601	642	127	4,370
Defense—Military .....	268,635	9,293	975	278,903	260,269	7,156	908	268,333
Defense—Civil .....	30,407	13	191	30,611	31,207	14	260	31,481
Education .....	24,699	6,275	224	31,198	32,888	1,669	59	34,616
Energy .....	17,839	3,781	1,559	23,179	16,135	4,132	1,848	22,115
Health and Human Services .....	278,901	294	17,809	297,004	301,439	343	20,179	321,961
Housing and Urban Development .....	25,845	7,819	1,051	34,715	26,854	10,051	533	37,438
Interior .....	6,900	312	1,938	9,150	7,329	298	2,047	9,674
Justice .....	10,005	233	629	10,867	11,821	295	681	12,797
Labor .....	37,047	1,393	12	38,452	31,942	1,491	2	33,435
State .....	5,718	54	.....	5,772	6,272	.....	.....	6,272
Transportation .....	37,228	135	144	37,507	37,992	151	158	38,301
Treasury .....	307,577	2,269	4,613	314,459	351,816	2,616	4,931	359,363
Veterans Affairs .....	37,401	1,790	1,032	40,223	38,231	17,981	1,067	57,279
Environmental Protection Agency .....	5,855	42	209	6,106	6,275	65	235	6,575
General Services Administration .....	334	287	14	635	1,131	96	11	1,238
National Aeronautics and Space Administration .....	13,695	32	.....	13,727	14,241	66	.....	14,307
Office of Personnel Management .....	38,596	5,137	.....	43,733	40,308	5,141	.....	45,449
Small Business Administration .....	779	1,084	.....	1,863	703	1,349	.....	2,052
Social Security Administration .....	345,817	3,223	811	349,851	363,392	2,973	968	367,333
Other Independent Agencies .....	11,459	8,756	603	20,818	8,646	8,525	616	17,787
Undistributed offsetting receipts .....	-123,469	.....	3,002	-120,467	-132,857	.....	7,067	-125,790
Total outlays .....	1,460,914	72,060	51,043	1,584,017	1,538,894	87,145	57,883	1,683,922

**TABLE 26-1. TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC, 1986-1996—Continued**

(In millions of dollars)

Department or other unit	Net Outlays	1996		Gross Outlays
		Offsetting Collections from the Public in:		
		Expenditure Accounts	Receipt Accounts	
Legislative Branch .....	2,957	98	8	3,063
The Judiciary .....	3,336	26	.....	3,362
Executive Office of the President .....	191	.....	.....	191
Funds Appropriated to the President .....	10,779	1,006	15,074	26,859
Agriculture .....	62,276	19,392	1,140	82,808
Commerce .....	4,109	741	141	4,991
Defense—Military .....	250,045	6,922	839	257,806
Defense—Civil .....	31,934	14	366	32,314
Education .....	30,651	1,644	408	32,703
Energy .....	15,507	4,311	2,063	21,881
Health and Human Services .....	331,437	389	20,254	352,080
Housing and Urban Development .....	26,276	9,818	794	36,888
Interior .....	7,340	325	2,131	9,796
Justice .....	13,525	403	837	14,765
Labor .....	35,853	1,748	2	37,603
State .....	5,547	18	.....	5,565
Transportation .....	37,337	135	186	37,658
Treasury .....	386,082	3,057	6,332	395,471
Veterans Affairs .....	37,951	1,743	1,129	40,823
Environmental Protection Agency .....	6,609	74	236	6,919
General Services Administration .....	639	98	14	751
National Aeronautics and Space Administration .....	14,127	67	.....	14,194
Office of Personnel Management .....	42,795	5,427	.....	48,222
Small Business Administration .....	437	857	.....	1,294
Social Security Administration .....	381,740	2,573	1,044	385,357
Other Independent Agencies .....	14,327	8,664	622	23,613
Undistributed offsetting receipts .....	-141,550	.....	9,489	-132,061
Total outlays .....	1,612,257	69,550	63,109	1,744,916

\* \$500 thousand or less.



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## 27. 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.

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## 27. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

### Legislative Branch (In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Senate</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Compensation of members, Senate:					Spending authority from				
Appropriation, permanent ... 801 BA	18	18	17	17	offsetting collections ..... BA	3	3	3	3
Outlays ..... O	16	18	17	17	Outlays ..... O	3	3	3	3
Mileage of the Vice President and Senators:					Stationery (revolving fund)				
Appropriation, current ..... 801 BA	*	*	*	*	(gross) ..... BA	3	3	3	3
Outlays ..... O	*	*	*	*	Outlays ..... O	3	3	3	3
Compensation and mileage of the vice president and senators:					Total, offsetting collections	-3	-3	-3	-3
Appropriation, current ..... 801 BA	-*	-*	-*	-*	Total Stationery (revolving				
Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips:					fund) (net) ..... BA	*	*	*	*
Appropriation, current ..... 801 BA	*	*	*	*	Outlays ..... O	*	*	*	*
Outlays ..... O	*	*	*	*	Settlement and awards reserve, Senate:				
Representation allowances for the Majority and Minority Leaders:					Appropriation, current ..... 801 BA	*	1	1	1
Appropriation, current ..... 801 BA	*	*	*	*	Outlays ..... O	*	1	1	1
Outlays ..... O	*	*	*	*	Congressional use of foreign currency, Senate:				
Salaries, officers and employees:					Appropriation, permanent ... 801 BA	2	2	2	2
Appropriation, current ..... 801 BA	68	55	76	76	Outlays ..... O	2	2	2	2
Outlays ..... O	66	64	76	76	<b>Public Enterprise Funds:</b>				
Office of the Legislative Counsel of the Senate:					Senate recording studio revolving fund:				
Appropriation, current ..... 801 BA	3	3	4	4	Outlays ..... 801 O	-*	-*	-*	-*
Outlays ..... O	3	3	4	4	Senate photographic studio revolving fund:				
Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority:					Outlays ..... 801 O	*	*	*	*
Appropriation, current ..... 801 BA	*	*	*	*	Senate barber and beauty shops (revolving fund):				
Outlays ..... O	*	*	*	*	Outlays ..... 801 O	*	*	*	*
Office of Senate Legal Counsel:					Senate health promotion revolving fund:				
Appropriation, current ..... 801 BA	1	1	1	1	Outlays ..... 801 O	-*	-*	-*	-*
Outlays ..... O	1	1	1	1	Senate office of public records revolving fund:				
Senate policy committees:					Outlays ..... 801 O	-*	-*	-*	-*
Appropriation, current ..... 801 BA	2	2	3	3	Senate gift shop revolving fund:				
Outlays ..... O	2	3	3	3	Spending authority from				
Automobiles and maintenance:					offsetting collections ..... 801 BA	*	*	*	*
Appropriation, current ..... 801 BA	-*	-*	-*	-*	Outlays ..... O	*	*	*	*
Inquiries and investigations:					Senate gift shop revolving				
Appropriation, current ..... 801 BA	76	75	79	79	fund (gross) ..... BA	*	*	*	*
Outlays ..... O	69	78	79	79	Outlays ..... O	*	*	*	*
Expenses of United States Senate Caucus on International Narcotics Control:					Total, offsetting collections	-*	-*	-*	-*
Appropriation, current ..... 801 BA	*	*	*	*	Total Senate gift shop revolving fund (net) ..... BA	-*	-*	-*	-*
Outlays ..... O	*	*	*	*	Outlays ..... O	-*	-*	-*	-*
Folding documents:					Total Federal funds Senate	BA	464	458	524
Appropriation, current ..... 801 BA	-*	-*	-*	-*	Outlays ..... O	O	430	481	524
Miscellaneous items:									
Appropriation, current ..... 801 BA	7	7	7	7	<b>House of Representatives</b>				
Outlays ..... O	4	7	7	7	<i>Federal funds</i>				
Senators' official personnel and office expense account:					<b>General and Special Funds:</b>				
Appropriation, current ..... 801 BA	200	207	222	222	Compensation of Members and related administrative expenses:				
Outlays ..... O	199	207	222	222	Appropriation, permanent ... 801 BA	75	78	81	81
Office of Senate fair employment practices:					Outlays ..... O	73	76	78	78
Appropriation, current ..... 801 BA	1	1	1	1	Payments to widows and heirs of deceased members of Congress:				
Outlays ..... O	1	1	1	1	Appropriation, current ..... 801 BA	*	*	*	*
Secretary of the Senate:					Outlays ..... O	*	*	*	*
Appropriation, current ..... 801 BA	2	9	2	2	Salaries and expenses:				
Outlays ..... O	1	9	2	2	Appropriation, current ..... 801 BA	682	728	796	796
Sergeant at Arms and Doorkeeper of the Senate:					Outlays ..... O	680	727	794	796
Appropriation, current ..... 801 BA	72	75	72	72	Stationery (revolving fund):				
Outlays ..... O	60	75	72	72	Spending authority from				
Official mail costs:					offsetting collections ..... 801 BA	*	*	*	*
Appropriation, current ..... 801 BA	10	2	36	36					
Outlays ..... O	7	11	36	36					
Stationery (revolving fund):									
Appropriation, current ..... 801 BA	*	*	*	*					

### Legislative Branch—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	*	*	*	*	Page residence hall and meal plan:					
Stationery (revolving fund)						Spending authority from					
(gross) .....	BA	*	*	*	*	offsetting collections .....	801 BA	*	*	*	*
Outlays .....	O	*	*	*	*	Outlays .....	O	*	*	*	*
Total, offsetting collections		— *	— *	— *	— *	Page residence hall and					
Total Stationery (revolving						meal plan (gross) .....	BA	*	*	*	*
fund) (net) .....	O	— *	— *	— *	— *	Total, offsetting collections		— *	— *	— *	— *
Congressional use of foreign currency, House of Representatives:						Total Page residence hall					
Appropriation, permanent ...	801 BA	5	3	3	3	and meal plan (net) .....	BA	— *	— *	— *	— *
Outlays .....	O	3	3	3	3	Legislative service organizations revolving fund, Representatives:					
<b>Public Enterprise Funds:</b>						Spending authority from					
Recording studio (revolving fund):						offsetting collections .....	801 BA	3			
Spending authority from						Legislative service organi-					
offsetting collections .....	801 BA	*	*	*	*	zations revolving fund,					
Outlays .....	O	*	*	*	*	(gross) .....	BA	3			
Recording studio (revolving						Total, offsetting collections		— 3			
fund) (gross) .....	BA	*	*	*	*	Total Federal funds House					
Outlays .....	O	*	*	*	*	of Representatives .....	BA	762	810	880	880
Total, offsetting collections		— *	— *	— *	— *		O	753	806	876	877
Total Recording studio (re-											
volving fund) (net) .....	BA	— *	— *	— *	— *						
Outlays .....	O	*	*	*	*						
Beauty shop (revolving fund):											
Spending authority from											
offsetting collections .....	801 BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
Beauty shop (revolving											
fund) (gross) .....	BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
Total, offsetting collections		— *	— *	— *	— *						
Total Beauty shop (revolv-											
ing fund) (net) .....	BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
House barber shops (revolving fund):											
Spending authority from											
offsetting collections .....	801 BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
House barber shops (re-											
volving fund) (gross) .....	BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
Total, offsetting collections		— *	— *	— *	— *						
Total House barber shops											
(revolving fund) (net) .....	BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
House of Representatives restaurant fund (revolving fund):											
Spending authority from											
offsetting collections .....	801 BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
House of Representatives											
restaurant fund (revolv-											
ing fund) (gross) .....	BA	*	*	*	*						
Outlays .....	O	*	*	*	*						
Total, offsetting collections		— *	— *	— *	— *						
Total House of Representa-											
tives restaurant fund (re-											
volving fund) (net) .....	BA	*	*	*	*						
Outlays .....	O	*	*	*	*						

### Joint Items

#### Federal funds

#### General and Special Funds:

##### Joint Economic Committee:

Appropriation, current .....	801 BA	4	4	4	4
Outlays .....	O	4	4	4	4

##### Joint Committee on Printing:

Appropriation, current .....	801 BA	1	1	1	1
Outlays .....	O	1	1	1	1

##### Special services office:

Appropriation, current .....	801 BA	*	*	*	*
Outlays .....	O	*	*	*	*

##### Joint Committee on Taxation:

Appropriation, current .....	801 BA	6	6	6	6
Outlays .....	O	6	6	6	6

##### Office of the Attending Physician:

Appropriation, current .....	801 BA	2	1	1	1
Outlays .....	O	2	1	1	1

##### General expenses, Capitol police:

Appropriation, current .....	801 BA	2	2	2	2
Outlays .....	O	2	2	2	2

##### Salaries, Capitol Police:

Appropriation, current .....	801 BA	62	69	72	72
Outlays .....	O	61	69	72	72

##### Capitol Guide Service:

Appropriation, current .....	801 BA	2	2	2	2
Outlays .....	O	1	2	2	2

Total Federal funds Joint					
Items .....	BA	79	86	90	90
	O	77	86	90	90

### Office of Technology Assessment

#### Federal funds

#### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	801 BA	21	22	23	24
Outlays .....	O	21	23	23	24

#### Trust funds

##### Contributions and donations:

Appropriation, permanent ...	801 BA	*	*	*	*
Outlays .....	O	*	*	*	*

### Legislative Branch—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)	Total, offsetting collections		— *	— *	— *	— *
<b>Congressional Budget Office</b>						Total House of Representa-					
<i>Federal funds</i>						tives gymnasium (net) ...	BA				
						O		— *	*		
<b>General and Special Funds:</b>						<b>Intragovernmental Funds:</b>					
Salaries and expenses:						Judiciary office building development and operations fund:					
Appropriation, current .....	801 BA	22	23	23	24	Authority to borrow, perma-					
Outlays .....	O	22	23	24	24	nent .....	801 BA	16	16	16	16
<b>Architect of the Capitol</b>						Spending authority from					
<i>Federal funds</i>						offsetting collections .....	BA	22	21	22	22
						Outlays .....	O	19	37	37	38
Office of the Architect of the Capitol: Salaries:						Judiciary office building de-					
Appropriation, current .....	801 BA	8	9	10	10	velopment and oper-					
Outlays .....	O	8	9	10	10	ations fund (gross) .....	BA	38	37	37	38
Contingent expenses:						O		19	37	37	38
Appropriation, current .....	801 BA	*	*	*	*	Total, offsetting collections		— 22	— 21	— 22	— 22
Outlays .....	O	*	*	*	*	Total Judiciary office build-					
Capitol buildings:						ing development and oper-					
Appropriation, current .....	801 BA	26	23	28	29	ations fund (net) .....	BA	16	16	16	16
Outlays .....	O	23	40	28	29	O		— 3	16	16	16
Capitol grounds:						Total Federal funds Archi-					
Appropriation, current .....	801 BA	5	5	6	6	tect of the Capitol .....	BA	176	188	216	222
Outlays .....	O	5	6	6	6	O		170	231	217	217
Capitol complex security enhancements:						<b>Botanic Garden</b>					
Appropriation, current .....	801 BA	— 9				<i>Federal funds</i>					
West central front of the Capitol:						<b>General and Special Funds:</b>					
Outlays .....	801 O	*	*			Botanic Garden: Salaries and expenses:					
Senate office buildings:						Appropriation, current .....	801 BA	3	3	10	11
Appropriation, current .....	801 BA	47	48	53	54	Outlays .....	O	3	10	10	10
Outlays .....	O	55	57	53	48	<i>Trust funds</i>					
House office buildings:						Botanic Garden: Gifts and donations:					
Appropriation, current .....	801 BA	32	41	46	47	Appropriation, permanent ...	801 BA	*	2	2	2
Outlays .....	O	32	42	44	51	Outlays .....	O	*	2	2	2
Capitol power plant:						Outlays from trust funds ....	O	(*)	(2)	(2)	(2)
Appropriation, current .....	801 BA	33	33	38	39	<b>Library of Congress</b>					
Spending authority from						<i>Federal funds</i>					
offsetting collections .....	BA	3	3	3	3	<b>General and Special Funds:</b>					
Outlays .....	O	35	38	40	40	Salaries and expenses:					
Capitol power plant (gross)						Appropriation, current .....	503 BA	194	202	221	221
BA		36	37	41	42	Spending authority from					
O		35	38	40	40	offsetting collections .....	BA	74	83	86	88
Total, offsetting collections		— 3	— 3	— 3	— 3	Outlays .....	O	262	286	309	304
Total Capitol power plant						Salaries and expenses					
(net) .....	BA	33	33	38	39	(gross) .....	BA	268	285	307	310
	O	32	35	36	37	O		262	286	309	304
Alterations and improvements, buildings and grounds, to provide facilities for the physically						Total, offsetting collections		— 74	— 83	— 86	— 88
handicapped:						Total Salaries and ex-					
Outlays .....	801 O	*	*			penses (net) .....	BA	194	202	221	221
Structural and mechanical care, Library buildings and grounds:						O		188	203	223	215
Appropriation, current .....	801 BA	18	12	20	21	Copyright Office: Salaries and expenses:					
Outlays .....	O	17	25	23	20	Appropriation, current .....	376 BA	9	10	13	10
<b>Public Enterprise Funds:</b>						Appropriation, permanent ...	BA	1			
Senate restaurant fund:						Spending authority from					
Outlays .....	801 O	*	*	*	*	offsetting collections .....	BA	16	17	18	20
House of Representatives gymnasium:						Outlays .....	O	26	27	31	30
Spending authority from						Copyright Office (gross) .....					
offsetting collections .....	801 BA	*	*	*	*	BA		26	27	31	30
Outlays .....	O	*	*	*	*	O		26	27	31	30
House of Representatives											
gymnasium (gross) .....	BA	*	*	*	*						
	O	*	*	*	*						

### Legislative Branch—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 16	— 17	— 18	— 20
Total Copyright Office (net)	BA O	10 10	10 10	13 13	10 10
Congressional Research Service: Salaries and expenses:					
Appropriation, current	801 BA	57	60	66	66
Spending authority from offsetting collections	BA	1	*	*	*
Outlays	O	59	59	66	66
Congressional Research Service (gross)					
	BA O	58 59	60 59	66 66	66 66
Total, offsetting collections		— 1	— *	— *	— *
Total Congressional Research Service (net)	BA O	57 58	60 59	66 65	66 65
Books for the blind and physically handicapped: Salaries and expenses:					
Appropriation, current	503 BA	43	45	48	49
Outlays	O	47	47	48	44
Furniture and furnishings:					
Appropriation, current	503 BA	3	6	6	6
Outlays	O	4	5	6	6
Payments to copyright owners:					
Appropriation, permanent	376 BA	213	226	232	236
Outlays	O	175	226	232	236
Oliver Wendell Holmes devise fund:					
Appropriation, permanent	503 BA	*	*	*	*
Outlays	O	*	*	*	*
Outlays from special funds	O	(*)	(*)	(*)	(*)
<i>Trust funds</i>					
Gift and trust fund accounts:					
Appropriation, permanent	503 BA	12	19	21	21
Outlays	O	14	17	18	21
Outlays from trust funds	O	(14)	(17)	(18)	(21)
Foreign service national separation liability trust fund:					
Appropriation, permanent	602 BA	*	*	*	*
Outlays	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)
Total Federal funds Library of Congress					
	BA O	520 481	550 550	585 587	589 577
Total Trust funds Library of Congress					
	BA O	12 14	19 17	21 18	21 21

#### Government Printing Office

*Federal funds*

##### General and Special Funds:

Congressional printing and binding:					
Appropriation, current	801 BA	88	90	92	94
Outlays	O	75	87	91	93
Office of Superintendent of Documents: Salaries and expenses:					
Appropriation, current	808 BA	29	32	30	31
Outlays	O	24	31	30	31
<i>Intragovernmental Funds:</i>					
Government Printing Office revolving fund:					
Appropriation, current	808 BA			15	
Spending authority from offsetting collections	BA	814	850	862	889
Outlays	O	858	867	871	899
Government Printing Office revolving fund (gross)					
	BA O	814 858	850 867	878 871	889 899

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 814	— 850	— 862	— 889
Total Government Printing Office revolving fund (net) .....	BA	.....		15 .....	
	O	44	17	9	10
Total Federal funds Gov- ernment Printing Office ..	BA	117	122	137	126
	O	144	136	130	134

#### General Accounting Office

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current	801 BA	430	443	473	487
Spending authority from offsetting collections	BA	4	7	8	*
Outlays	O	440	448	470	476
Salaries and expenses (gross)					
	BA O	435 440	450 448	481 470	487 476
Total, offsetting collections		— 4	— 7	— 8	— *
Total Salaries and expenses (net)	BA O	430 436	443 441	473 461	487 476
<i>Trust funds</i>					
Contributions:					
Outlays	801 O		*		

#### United States Tax Court

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current	752 BA	34	34	34	40
Outlays	O	31	34	34	40
Tax courts independent counsel, U.S. Tax Court:					
Appropriation, permanent	752 BA	*	*	*	*
Outlays	O		*	*	*
Outlays from special funds	O			(*)	
<i>Trust funds</i>					
Tax Court judges survivors annuity fund:					
Appropriation, permanent	602 BA	*	1	1	1
Outlays	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)
Total Federal funds United States Tax Court					
	BA O	34 31	34 34	34 34	40 40
Total Trust funds United States Tax Court					
	BA O	* *	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:					
Outlays	801 O	*			
Commission on Security and Cooperation in Europe: Salaries and expenses:					
Appropriation, current	801 BA	1	1	1	1
Outlays	O	1	1	1	1
Competitiveness Policy Council:					
Appropriation, current	376 BA	1	1	1	1

### Legislative Branch—Continued

(In millions of dollars)

Account						1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays	O		1	2	1	1			
National Commission on Children:									
Outlays	801 O		*						
International Conferences and Contingencies: House and Senate expenses:									
Appropriation, permanent	801 BA		*	*	*	*			
Outlays	O		*	*	*	*			
Copyright Royalty Tribunal: Salaries and expenses:									
Appropriation, current	376 BA		*						
Appropriation, permanent	BA		-1						
Spending authority from offsetting collections	BA		1						
Outlays	O		*	*					
Copyright Royalty Tribunal (gross)	BA O		*	*					
Total, offsetting collections			-1						
Total Copyright Royalty Tribunal (net)	BA O		-1	*					
Prospective Payment Assessment Commission:									
Spending authority from offsetting collections	551 BA		4	5	5	5			
Outlays	O		5	5	5	5			
Prospective Payment Assessment Commission (gross)	BA O		4	5	5	5			
Total, offsetting collections			-4	-5	-5	-5			
Total Prospective Payment Assessment Commission (net)	BA O		*	-*	*				
Physician Payment Review Commission:									
Spending authority from offsetting collections	801 BA		4	4	4	4			
Outlays	O		5	5	4	4			
Physician Payment Review Commission (gross)	BA O		4	4	4	4			
Total, offsetting collections			-4	-4	-4	-4			
Total Physician Payment Review Commission (net)	BA O		*	*	*				
National Commission on Manufactured Housing:									
Outlays	376 O		1	*					

Account						1994 actual	1995 estimate	1996 estimate	1997 estimate
Commission on Immigration Reform:									
Appropriation, current	801 BA		1	2	3	3			
Outlays	O		1	2	3	3			
National Commission to Prevent Infant Mortality:									
Outlays	808 O		*	*					
Trust funds									
Gifts and donations, National Commission on Children:									
Outlays	801 O		*	*					
U.S. Capitol preservation commission:									
Appropriation, permanent	801 BA		1	8	1	3			
Outlays	O		1	2	1	4			
Outlays from trust funds	O		(1)	(2)	(1)				
John C. Stennis Center for Public Service Development trust fund:									
Appropriation, permanent	801 BA		1	1	1	1			
Outlays	O		1	1	1	1			
Outlays from trust funds	O		(1)	(1)	(1)	(1)			
Total Federal funds Legislative Branch Boards and Commissions	BA O		3	4	5	5			
Total Trust funds Legislative Branch Boards and Commissions	BA O		1	9	1	4			
Summary									
Federal funds: (As shown in detail above)	BA O		2,631	2,744	3,001	3,023			
Deductions for offsetting receipts: Intrafund transactions	803 BA/O 908 BA/O		-1	-6	-8	-4			
Total Federal funds	BA O		2,611	2,706	2,963	2,989			
Trust funds: (As shown in detail above)	BA O		14	31	25	27			
Deductions for offsetting receipts: Proprietary receipts from the public	503 BA/O 801 BA/O 908 BA/O		-7	-7	-8	-8			
Total Trust funds	BA O		6	16	18	18			
Interfund transactions	602 BA/O 801 BA/O		-*	-*	-*	-*			
Total Legislative Branch	BA O		2,617	2,722	2,980	3,007			

### The Judiciary

(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	
<b>Supreme Court of the United States</b>					Outlays .....	O	3	3	4	4
<i>Federal funds</i>					Total Federal funds Su-					
<b>General and Special Funds:</b>					preme Court of the Unit-					
Salaries and expenses:					ed States .....	BA	26	27	30	31
Appropriation, current .....	752 BA	23	24	26	27	O	25	27	29	30
Outlays .....	O	22	24	25	26					
Care of the buildings and grounds:										
Appropriation, current .....	752 BA	3	3	4	4					

### The Judiciary—Continued

(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
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#### United States Court of Appeals for the Federal Circuit

##### Federal funds

##### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	752 BA	13	13	15	16
Outlays .....	O	11	13	15	16

#### United States Court of International Trade

##### Federal funds

##### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	752 BA	11	12	11	11
Outlays .....	O	11	12	11	11

#### Courts of Appeals, District Courts, and other Judicial Services

##### Federal funds

##### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	752 BA	2,152	2,340	2,646	2,718
Spending authority from offsetting collections .....	BA	38	172	89	89
Outlays .....	O	2,171	2,509	2,690	2,766

Salaries and expenses (gross) .....	BA	2,190	2,512	2,735	2,808
	O	2,171	2,509	2,690	2,766

Total, offsetting collections		— 38	— 172	— 89	— 89
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Total Salaries and expenses (net) .....	BA	2,152	2,340	2,646	2,718
	O	2,133	2,337	2,601	2,677

##### Defender services:

Appropriation, current .....	752 BA	277	250	296	304
Outlays .....	O	264	277	295	304

##### Fees of jurors and commissioners:

Appropriation, current .....	752 BA	77	59	72	74
Outlays .....	O	65	69	72	74

##### Furniture and furnishings:

Outlays .....	752 O		*		
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##### Court security:

Appropriation, current .....	752 BA	90	97	116	120
Outlays .....	O	80	97	112	119

##### Judiciary filing fees:

Appropriation, permanent ...	752 BA	59	58	58	58
Outlays .....	O	6	149	58	58

##### Registry administration:

Appropriation, permanent ...	752 BA	3	4	4	4
Outlays .....	O	4	5	4	4

##### Judiciary automation fund:

Appropriation, permanent ...	752 BA	105	88	82	85
Outlays .....	O	97	108	85	83
Outlays from special funds	O	(97)	(108)	(85)	(83)

##### National Fine Center:

Appropriation, permanent ...	752 BA	6	6	3	3
Outlays .....	O	*	4	5	6
Outlays from special funds	O	(*)	(4)	(5)	(6)

Total Federal funds Courts of Appeals, District Courts, and other Judicial Services .....	BA	2,770	2,902	3,277	3,366
	O	2,649	3,044	3,231	3,324

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
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#### Administrative Office of the United States Courts

##### Federal funds

##### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	752 BA	45	48	53	55
Spending authority from offsetting collections .....	BA	27	34	32	33
Outlays .....	O	72	81	85	88

Salaries and expenses (gross) .....	BA	72	81	86	88
	O	72	81	85	88

Total, offsetting collections		— 27	— 34	— 32	— 33
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Total Salaries and expenses (net) .....	BA	45	48	53	55
	O	45	47	53	55

#### Federal Judicial Center

##### Federal funds

##### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	752 BA	18	19	21	21
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	19	19	21	21

Salaries and expenses (gross) .....	BA	19	19	21	21
	O	19	19	21	21

Total, offsetting collections		— *	— *	— *	— *
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Total Salaries and expenses (net) .....	BA	18	19	21	21
	O	19	19	21	21

##### Trust funds

##### Gifts and donations, Federal Judicial Center Foundation:

Appropriation, permanent ...	752 BA	1	1		
Outlays .....	O	*	1	*	
Outlays from special funds	O	(1)	(1)		

#### Bicentennial Expenses, The Judiciary

##### Federal funds

##### General and Special Funds:

##### Bicentennial activities:

Outlays .....	808 O	*	*		
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#### Judicial Retirement Funds

##### Federal funds

##### General and Special Funds:

##### Payment to judiciary trust funds:

Appropriation, current .....	752 BA	21	28	33	34
Outlays .....	O	21	28	33	34

##### Trust funds

##### Judicial officers' retirement fund:

Appropriation, permanent ...	602 BA	22	24	27	28
Outlays .....	O	6	8	9	9
Outlays from trust funds	O	(6)	(8)	(9)	(9)

##### Judicial survivors' annuities fund:

Appropriation, permanent ...	602 BA	22	32	32	33
Outlays .....	O	6	8	9	9
Outlays from trust funds	O	(6)	(8)	(9)	(9)

##### Claims court judges retirement fund:

Appropriation, permanent ...	602 BA	1	1	2	2
Outlays .....	O	*	*	*	*



### The Judiciary—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays from trust funds ....	O	(1)	(1)	(2)	(*)
Total Federal funds Judicial Retirement Funds .....	BA O	21 21	28 28	33 33	34 34
Total Trust funds Judicial Retirement Funds .....	BA O	44 13	57 17	62 18	63 19

#### National Commission on Judicial Discipline and Removal

Federal funds

## General and Special Funds:

National commission on judicial discipline and removal:  
Outlays ..... 752 O

#### United States Sentencing Commission

Federal funds

## General and Special Funds:

Salaries and expenses:

Appropriation, current ..... 752 BA 8 9 10 10  
Outlays ..... O 8 9 10 10

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
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#### Violent Crime Reduction Programs

Federal funds

## General and Special Funds:

Violent crime reduction programs:

Appropriation, current ..... 752 BA ..... 31  
Outlays ..... O ..... 30

#### Summary

Federal funds:

(As shown in detail above) ..... BA 2,913 3,058 3,480 3,543  
O 2,789 3,200 3,432 3,501

Deductions for offsetting receipts:

Intrafund transactions ..... 752 BA/O - 102 - 88 - 82 - 85  
Proprietary receipts from the public ..... 752 BA/O - 3

Total Federal funds ..... BA 2,807 2,970 3,398 3,458  
O 2,684 3,112 3,350 3,416

Trust funds:

(As shown in detail above) ..... BA 45 57 62 63  
O 13 17 19 19

Interfund transactions ..... 752 BA/O

Total The Judiciary ..... BA 2,832 2,999 3,427 3,488  
O 2,677 3,101 3,336 3,401

### Executive Office of the President

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
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#### Compensation of the President

Federal funds

## 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 39 40 40 39  
Spending authority from offsetting collections ..... BA \* \* \* \*  
Outlays ..... O 40 40 40 39

Salaries and expenses (gross) ..... BA 39 40 40 39  
O 40 40 40 39

Total, offsetting collections ..... - \* - \* - \* - \*

Total Salaries and expenses (net) ..... BA 39 40 40 39  
O 40 40 40 39

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
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Outlays ..... O 10 10 10 10

Operating expenses (gross) ..... BA 10 10 10 10  
O 10 10 10 10

Total, offsetting collections ..... - 2 - 2 - 2 - 2

Total Operating expenses

(net) ..... BA 8 8 8 8  
O 8 8 8 8

White house repair and restoration:

Appropriation, current ..... 802 BA ..... 2 2  
Outlays ..... O ..... 2 1

Total Federal funds Execu-

tive Residence at the White House ..... BA 8 8 10 10  
O 8 8 10 8

#### Official Residence of the Vice President

Federal funds

## General and Special Funds:

Operating expenses:

Appropriation, current ..... 802 BA \* \* \* \*  
Outlays ..... O \* \* \* \*

Trust funds

Donations for the Official Residence of the Vice President:

Outlays ..... 802 O - \* \*  
Outlays from trust funds .... O (- \*) (\*)

#### Executive Residence at the White House

Federal funds

## General and Special Funds:

Operating expenses:

Appropriation, current ..... 802 BA 8 8 8 8  
Spending authority from offsetting collections ..... BA 2 2 2 2

**Executive Office of the President—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Special Assistance to the President</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	802 BA	3	3	3	3
Spending authority from					
offsetting collections .....	BA	*			
Outlays .....	O	3	3	3	3
Salaries and expenses					
(gross) .....	BA	3	3	3	3
	O	3	3	3	3
Total, offsetting collections		— *			
Total Salaries and ex-					
penses (net) .....	BA	3	3	3	3
	O	3	3	3	3

**Council of Economic Advisers**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	802 BA	3	3	3	3
Spending authority from					
offsetting collections .....	BA	*			
Outlays .....	O	4	4	3	3
Salaries and expenses					
(gross) .....	BA	3	3	3	3
	O	4	4	3	3
Total, offsetting collections		— *			
Total Salaries and ex-					
penses (net) .....	BA	3	3	3	3
	O	4	4	3	3

**Council on Environmental Quality and Office of Environmental Quality**

*Federal funds*

<b>General and Special Funds:</b>					
Council on Environmental Quality and Office of Environmental Quality:					
Appropriation, current .....	802 BA	1	1	2	2
Spending authority from					
offsetting collections .....	BA	*			
Outlays .....	O	1	1	2	2
Council on Environmental					
Quality and Office of En-					
vironmental Quality					
(gross) .....	BA	1	1	2	2
	O	1	1	2	2
Total, offsetting collections		— *			
Total Council on Environ-					
mental Quality and Of-					
fice of Environmental					
Quality (net) .....	BA	1	1	2	2
	O	1	1	2	2

**Intragovernmental Funds:**

Management fund, Office of Environmental Quality:

Spending authority from					
offsetting collections .....	802 BA	1	1	1	
Outlays .....	O	1	3	1	

Management fund, Office					
of Environmental Quality					
(gross) .....	BA	1	1	1	
	O	1	3	1	

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 1	— 1	— 1	
Total Management fund,					
Office of Environmental					
Quality (net) .....	BA				
	O	*	2		
Total Federal funds Council					
on Environmental Quality					
and Office of Environ-					
mental Quality .....	BA	1	1	2	2
	O	1	3	2	2

**Office of Policy Development**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	802 BA	5	5	4	4
Spending authority from					
offsetting collections .....	BA	1	*		
Outlays .....	O	6	5	4	4
Salaries and expenses					
(gross) .....	BA	7	5	4	4
	O	6	5	4	4
Total, offsetting collections		— 1	— *		
Total Salaries and ex-					
penses (net) .....	BA	5	5	4	4
	O	4	5	4	4

**National Security Council**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	802 BA	7	7	7	6
Spending authority from					
offsetting collections .....	BA	*			
Outlays .....	O	6	6	6	6
Salaries and expenses					
(gross) .....	BA	7	7	7	6
	O	6	6	6	6
Total, offsetting collections		— *			
Total Salaries and ex-					
penses (net) .....	BA	7	7	7	6
	O	6	6	6	6

**National Space Council**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Outlays .....	802 O	*	*		

**National Critical Materials Council**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Outlays .....	802 O	*	*		

**Office of Administration**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	802 BA	25	26	26	25

**Executive Office of the President—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	5	5	5	5
Outlays .....	O	31	32	31	30
Salaries and expenses (gross) .....	BA	29	31	31	30
	O	31	32	31	30
Total, offsetting collections		— 5	— 5	— 5	— 5
Total Salaries and expenses (net) .....	BA	25	26	26	25
	O	26	28	26	25

**Armstrong Resolution**

*Federal funds*

**General and Special Funds:**

Armstrong resolution account:

Appropriation, current .....	802 BA	13			
Outlays .....	O	1	1	2	1

**Office of National Service**

*Federal funds*

**General and Special Funds:**

Office of national service:

Appropriation, current .....	802 BA	*			
Outlays .....	O	*			

**Office of Management and Budget**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	802 BA	57	58	56	55
Spending authority from offsetting collections .....	BA	*			
Outlays .....	O	57	58	56	55

Salaries and expenses (gross) .....	BA	57	58	56	55
	O	57	58	56	55

Total, offsetting collections		— *			
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Total Salaries and expenses (net) .....	BA	57	58	56	55
	O	57	58	56	55

**Office of National Drug Control Policy**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	802 BA	46	10	10	10
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Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	53	10	10	10

**Office of Science and Technology Policy**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	802 BA	4	5	5	5
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	4	5	5	5

Salaries and expenses (gross) .....	BA	4	5	5	5
	O	4	5	5	5

Total, offsetting collections		— *	— *	— *	— *
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Total Salaries and expenses (net) .....	BA	4	5	5	5
	O	4	5	5	5

**Office of the United States Trade Representative**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	802 BA	21	21	21	20
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	23	21	21	21

Salaries and expenses (gross) .....	BA	22	21	21	21
	O	23	21	21	21

Total, offsetting collections		— *	— *	— *	— *
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Total Salaries and expenses (net) .....	BA	21	21	21	20
	O	22	21	21	20

**Summary**

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above) .....	BA	232	188	188	183
	O	229	192	191	182
Trust funds:					
(As shown in detail above) .....	O	— *	*		
Total Executive Office of the President .....	BA	232	188	188	183
	O	229	192	191	182

**Funds Appropriated to the President**

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
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**Unanticipated Needs**

*Federal funds*

**General and Special Funds:**

Unanticipated needs:

Appropriation, current .....	802 BA	1	1	1	1
Outlays .....	O	*	1	1	1

Unanticipated needs for natural disasters:

Appropriation, current .....	453 BA	3	— 13		
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Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
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Appropriation, permanent ...	BA		12		
Outlays .....	O	2			

Total Unanticipated needs for natural disasters .....	BA	3	— 1		
	O	2			

### Funds Appropriated to the President—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total Federal funds Un- anticipated Needs .....	BA O	4 2	— * 1	1 1	1 1
<b>Federal Drug Control Programs</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
High intensity drug trafficking areas program:					
Appropriation, current .....	802 BA	45	80	110	107
Outlays .....	O	12	82	98	107
Special forfeiture fund:					
Appropriation, current .....	802 BA	—26	28	37	36
Outlays .....	O	*	17	33	38
Outlays from special funds	O	(28)	(42)		
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA O	19 12	108 99	147 131	143 144
Deductions for offsetting receipts:					
Intrafund transactions .....	908 BA/O	— *	— *		
Total Federal Drug Control Programs .....	BA O	18 11	107 98	147 131	143 144
<b>International Security Assistance</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Economic support fund:					
Appropriation, current .....	152 BA	2,104	2,369 ^ 82	2,494	2,419
Reappropriation .....	BA	3			
Spending authority from offsetting collections .....	BA	*			
Outlays .....	O	2,766	2,687 ^ 21	2,621 ^ 23	2,538 ^ 15
Economic support fund (gross) .....	BA O	2,108 2,766	2,451 2,708	2,494 2,644	2,419 2,553
Total, offsetting collections		— *			
Total Economic support fund (net) .....	BA O	2,107 2,766	2,451 2,708	2,494 2,644	2,419 2,553
Foreign military financing program:					
Appropriation, current .....	152 BA	3,052	3,151	3,262	3,164
Reappropriation .....	BA	3			
Spending authority from offsetting collections .....	BA	1			
Outlays .....	O	3,993	3,606	3,443	3,327
Foreign military financing program (gross) .....	BA O	3,057 3,993	3,151 3,606	3,262 3,443	3,164 3,327
Total, offsetting collections		— 1			
Total Foreign military fi- nancing program (net) ...	BA O	3,056 3,993	3,151 3,606	3,262 3,443	3,164 3,327
Military assistance:					
Appropriation, current .....	152 BA	— *			
Outlays .....	O	23	*		
International military education and training:					
Appropriation, current .....	152 BA	22	26	40	39
Outlays .....	O	30	26	40	38

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Military-to-military contact program:					
Appropriation, current .....	152 BA		12		
Outlays .....	O		10	2	
Peacekeeping operations:					
Appropriation, current .....	152 BA	82	75 ^ 27	100	97
Outlays .....	O	69	77 ^ 19	93 ^ 8	98
Total Peacekeeping oper- ations .....	BA O	82 69	102 96	100 101	97 98
Assistance for relocation of facilities in Israel:					
Outlays .....	152 O		2		
Assistance for relocation of facilities in Israel (gross)	O		2		
Total, offsetting collections			— 1		
Total Assistance for reloca- tion of facilities in Israel (net) .....	BA O		— 1 *		
Non-Proliferation and Disarmament Fund:					
Appropriation, current .....	152 BA	10	10	25	24
Outlays .....	O		7	12	28
<b>Credit Accounts:</b>					
Foreign military financing loan program account:					
Appropriation, current .....	152 BA	38	48	90	87
Outlays .....	O	31	68	64	94
Limitation on direct loan activity .....		(770)	(620)	(765)	(742)
Foreign military loan liquidating account:					
Appropriation, permanent ...	152 BA	50	38	24	21
Spending authority from offsetting collections .....	BA	27	26	31	30
Outlays .....	O	545	397	155	51
Foreign military loan liq- uidating account (gross)	BA O	77 545	64 397	55 155	51 51
Total, offsetting collections		— 332	— 521	— 294	— 229
Total Foreign military loan liquidating account (net)	BA O	— 255 213	— 457 — 124	— 239 — 139	— 178 — 178
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA O	5,060 7,124	5,342 6,397	5,772 6,167	5,652 5,960
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	152 BA/O 908 BA/O	— 545 — 273	— 566 — 270	— 655 — 248	— 658 — 204
Total International Security Assistance .....	BA O	4,242 6,306	4,506 5,562	4,868 5,263	4,791 5,098

### International Development Assistance

#### *Multilateral Assistance*

#### *Federal funds*

#### General and Special Funds:

#### Contribution to the International Bank for Reconstruction and Development:

Appropriation, current .....	151 BA	28	113	138	134
Outlays .....	O	62	60	48	61

#### Contribution to the International Development Association:

Appropriation, current .....	151 BA	1,024	1,235	1,368	1,327
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### Funds Appropriated to the President—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	879	1,121	1,260	1,415
Contribution to the International Finance Corporation:					
Appropriation, current .....	151 BA	36	69	68	66
Outlays .....	O	38	41	52	68
Contribution to the Inter-American Development Bank:					
Appropriation, current .....	151 BA	76	50	47	45
Outlays .....	O	119	124	121	106
Contribution to the Asian Development Bank:					
Appropriation, current .....	151 BA	76	168	318	308
Outlays .....	O	136	141	150	167
Contribution to the African Development Fund:					
Appropriation, current .....	151 BA	135	124	127	123
Outlays .....	O	102	118	116	166
Contribution to the African Development Bank:					
Appropriation, current .....	151 BA	.....	*	.....	.....
Outlays .....	O	.....	*	.....	.....
Contribution to the European Bank for Reconstruction and Development:					
Appropriation, current .....	151 BA	.....	69	82	79
Outlays .....	O	21	17	105	78
North American development bank:					
Appropriation, current .....	151 BA	.....	.....	56	55
Advance appropriation .....	BA	.....	56	.....	.....
Outlays .....	O	.....	54	56	55
Total North American de- velopment bank .....					
	BA	.....	56	56	55
	O	.....	54	56	55
Contribution to enterprise for the Americas multilateral investment fund:					
Appropriation, current .....	151 BA	75	75	100	97
Outlays .....	O	2	20	46	71
International organizations and programs:					
Appropriation, current .....	151 BA	363	374	425	412
Outlays .....	O	311	420	412	415
Credit Accounts:					
Debt restructuring:					
Appropriation, current .....	151 BA	99	.....	.....	.....
			Δ 275	Δ 15	Δ 15
Appropriation, permanent ...	BA	7	7	27	26
Outlays .....	O	83	5	36	26
			Δ 275	Δ 8	Δ 15
Total Debt restructuring .....					
	BA	106	282	42	41
	O	83	280	43	41
Total Federal funds Multi- lateral Assistance .....					
	BA	1,918	2,615	2,771	2,688
	O	1,753	2,396	2,410	2,644
Agency for International Development					
Federal funds					
General and Special Funds:					
Sustainable development assistance program:					
Appropriation, current .....	151 BA	1,144	1,301	1,300	1,261
			Δ 18		
Reappropriation .....	BA	1	.....	.....	.....
Spending authority from offsetting collections .....	BA	2	.....	.....	.....
Outlays .....	O	1,480	1,271	1,299	1,290
			Δ 1	Δ 13	Δ 3
Sustainable development assistance program (gross) .....					
	BA	1,148	1,319	1,300	1,261
	O	1,480	1,272	1,312	1,293

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		- 2 .....			
Total Sustainable develop- ment assistance pro- gram (net) .....		BA	1,146	1,319	1,300
	O	1,478	1,272	1,312	1,293
Assistance for Eastern Europe and the Baltic States:					
Appropriation, current .....	151 BA	383	359	480	466
Outlays .....	O	253	400	406	437
Assistance for the new independent States of the Former Soviet Union:					
Appropriation, current .....	151 BA	1,154	719	788	764
Outlays .....	O	277	851	795	821
Development fund for Africa:					
Appropriation, current .....	151 BA	784	802	802	778
Outlays .....	O	639	704	745	767
Sahel development program:					
Outlays .....	151 O	3	5	4	2
American schools and hospitals abroad:					
Outlays .....	151 O	20	17	9	4
Sub-Saharan Africa disaster assistance:					
Outlays .....	151 O	32	15	6	1
International disaster assistance:					
Appropriation, current .....	151 BA	166	170	200	194
Spending authority from offsetting collections .....	BA	8	.....	.....	.....
Outlays .....	O	98	126	160	178
International disaster as- sistance (gross) .....					
	BA	174	170	200	194
	O	98	126	160	178
Total, offsetting collections		- 8 .....			
Total International disaster assistance (net) .....		BA	166	170	200
	O	90	126	160	178
Operating expenses of the Agency for International Development:					
Appropriation, current .....	151 BA	517	518	529	513
Appropriation, permanent ...	BA	.....	*	*	*
Reappropriation .....	BA	1	.....	.....	.....
Spending authority from offsetting collections .....	BA	5	6	6	6
Outlays .....	O	515	509	520	517
Outlays from special funds	O	.....	(*)	(*)	(*)
Operating expenses of the Agency for International Development (gross) .....					
	BA	524	523	535	519
	O	515	509	520	517
Total, offsetting collections		- 5			
Total Operating expenses of the Agency for Inter- national Development (net) .....		BA	519	518	529
	O	510	503	514	511
Payment to the Foreign Service retirement and disability fund:					
Appropriation, current .....	153 BA	44	45	44	46
Outlays .....	O	44	45	44	46
Operating expenses of the Agency for International Development, Office of Inspector General:					
Appropriation, current .....	151 BA	39	39	39	38
Outlays .....	O	38	36	36	36
Miscellaneous appropriations, AID:					
Outlays .....	151 O	*	.....	.....	.....
Public Enterprise Funds:					
Property management fund:					
Appropriation, current .....	151 BA	5	.....	.....	.....
Spending authority from offsetting collections .....	BA	*	3	3	3

**Funds Appropriated to the President—Continued**  
(In millions of dollars)

Private Enterprise Funds:						Overseas Private Investment Corporation					
Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Intragovernmental Funds:</b>											
Outlays .....	O	2	3	3	3	Outlays .....	O	3	2	*	.....
Property management fund (gross) .....	BA O	5 2	3 3	3 3	3 3	Private sector revolving fund liquidating account (gross) .....	BA O	5 3	2 2	2 *	* .....
Total, offsetting collections		- *	- 3	- 3	- 3	Total, offsetting collections		- 5	- 2	- 2	- *
Total Property management fund (net) .....	BA O	5 2				Total Private sector revolving fund liquidating account (net) .....	BA O				
						Economic assistance loans — liquidating account:					
Advance acquisition of property—revolving fund:						Spending authority from offsetting collections .....	151 BA		547	532	603
Appropriation, current .....	151 BA	- 5				Outlays .....	O		- 8	8	.....
Spending authority from offsetting collections .....	BA	*				Economic assistance loans — liquidating account (gross) .....	BA O		547 - 8	532 8	603 .....
Outlays .....	O	*	*	*	*	Total, offsetting collections			- 568	- 540 ✓ - 56	- 603 ✓ - 56
Advance acquisition of property—revolving fund (gross) .....	BA O	- 5 *	*	*	*	Total Economic assistance loans — liquidating account (net) .....	BA O		- 22 - 577	- 65 - 588	- 56 - 659
Total, offsetting collections		- *				<b>Trust funds</b>					
Total Advance acquisition of property—revolving fund (net) .....	BA O	- 5 - *	*	*	*	Foreign service national separation liability trust fund:					
<b>Credit Accounts:</b>						Appropriation, permanent ...	602 BA	3 *	2 *	3 1	3 1
Loan guarantees to Israel program account:						Outlays .....	O				
Limitation on loan guarantee commitments .....	151	(2,000)	(2,000)	(2,000)	(2,000)	Outlays from trust funds ....	O	(*)	(*)	(1)	(1)
Housing guarantee program account:						Miscellaneous trust funds, AID:					
Appropriation, current .....	151 BA	24	27	24	23	Appropriation, permanent ...	151 BA	1	5	5	5
Appropriation, permanent ...	BA		*			Outlays .....	O	11	5	5	5
Outlays .....	O	11	26	24	24	Outlays from trust funds ....	O	(11)	(5)	(5)	(5)
Total Housing guarantee program account .....	BA O	24 11	27 26	24 24	23 24	<b>Summary</b>					
Housing and other credit guaranty programs liquidating account:						Federal funds:					
Appropriation, permanent ...	151 BA	48	9	23	32	(As shown in detail above) .....	BA O	4,308 3,404	3,987 3,434	4,152 3,451	4,061 3,464
Spending authority from offsetting collections .....	BA	57	58	58	58	Deductions for offsetting receipts:					
Outlays .....	O	66	69	66	65	Proprietary receipts from the public .....	151 BA/O 908 BA/O	- 540 - 328	- 550 - 275	- 532 - 264	- 603 - 264
Housing and other credit guaranty programs liquidating account (gross)	BA O	105 66	67 69	81 66	90 65	Total Federal funds .....	BA O	3,440 2,536	3,162 2,609	3,357 2,656	3,194 2,597
Total, offsetting collections		- 57	- 59	- 84	- 69	Trust funds:					
Total Housing and other credit guaranty programs liquidating account (net)	BA O	48 9	7 9	- 3 - 18	20 - 5	(As shown in detail above) .....	BA O	4 12	7 5	8 6	8 6
Microenterprise and other development credit program account:						Deductions for offsetting receipts:					
Appropriation, current .....	151 BA	1	2	14	14	Proprietary receipts from the public .....	151 BA/O	- 1	- 5	- 5	- 5
Appropriation, permanent ...	BA		*			Total Trust funds .....	BA O	3 11	2 *	3 1	3 1
Outlays .....	O	1	1	4	7	Interfund transactions .....	602 BA/O	- 3	- 2	- 3	- 3
Total Microenterprise and other development credit program account .....	BA O	1 1	2 1	14 4	14 7	Total Agency for International Development ....	BA O	3,440 2,544	3,162 2,607	3,357 2,654	3,194 2,595
Private sector revolving fund liquidating account:						<b>Overseas Private Investment Corporation</b>					
Spending authority from offsetting collections .....	151 BA	5	2	2	*	<b>Federal funds</b>					
						Public Enterprise Funds:					
						Overseas Private Investment Corporation noncredit account:					
						Appropriation, current .....	151 BA		- 47	- 50	- 50

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	30	82	86	86
Outlays .....	O	16	41	48	44
Overseas Private Investment Corporation noncredit account (gross) .....	BA O	30 16	36 41	36 48	36 44
Total, offsetting collections		- 184	- 204	- 227	- 220
Total Overseas Private Investment Corporation noncredit account (net) ..	BA O	- 155 - 168	- 169 - 163	- 192 - 179	- 183 - 176
<b>Credit Accounts:</b>					
Overseas private investment corporation program account:					
Appropriation, current .....	151 BA	85	107	95	90
Outlays .....	O	12	33	72	97
Overseas Private Investment Corporation liquidating account:					
Spending authority from offsetting collections .....	151 BA	17	14	14	18
Outlays .....	O	17	8	11	12
Overseas Private Investment Corporation liquidating account (gross)	BA O	17 17	14 8	14 11	18 12
Total, offsetting collections		- 17	- 14	- 14	- 18
Total Overseas Private Investment Corporation liquidating account (net) ....	BA O	..... *	- 7	- 3	- 5
Total Federal funds Overseas Private Investment Corporation .....	BA O	- 70 - 156	- 62 - 137	- 96 - 110	- 93 - 84

General and Special Funds:						
Trade and Development Agency:						
Appropriation, current .....	151	BA	65	62	67	65
Spending authority from offsetting collections .....		BA	2	2		
Outlays .....		O	47	58	62	63
			<hr/>			
Trade and Development Agency (gross) .....		BA	67	64	67	65
		O	47	58	62	63
			<hr/>			
Total, offsetting collections			- 2	- 2		
			<hr/>			
Total Trade and Develop- ment Agency (net) .....		BA	65	62	67	65
		O	45	56	62	63
			<hr/>			

<b>General and Special Funds:</b>					
Peace Corps:					
Appropriation, current .....	151	BA	232	231	234 227
Spending authority from					
offsetting collections .....		BA	5	7	7 .....

Federal funds:					
(As shown in detail above) .....	BA	232	231	234	227
	O	214	242	241	228
Trust funds:					
(As shown in detail above) .....	BA	1	1	1	1
	O	1	1	1	1
Interfund transactions .....	602 BA/O	— *	— *	— *	— *
Total Peace Corps .....	BA	233	232	235	228
	O	214	243	243	229

General and Special Funds:						
Inter-American Foundation:						
Appropriation, current .....	151	BA	31	31	32	31
Spending authority from offsetting collections .....		BA	5	6	5	3
Outlays .....		O	35	42	39	39
			<hr/>			
Inter-American Foundation (gross) .....		BA	36	37	36	34
		O	35	42	39	39
			<hr/>			
Total, offsetting collections			— 5	— 6	— 5	— 3
			<hr/>			
Total Inter-American Founda- tion (net) .....		BA	31	31	32	31
		O	30	36	35	36

Gifts and contributions, Inter-American Foundation:  
Outlays ..... 151 0 \*

<b>General and Special Funds:</b>						
African Development Foundation:						
Appropriation, current .....	151	BA	17	17	17	17
Outlays .....	O		14	15	16	16
<i>Trust funds</i>						
Gifts and donations, African Development Foundation:						
Appropriation, permanent ...	151	BA	*	*	*	*

### Funds Appropriated to the President—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O		*	*	*
Total Federal funds Inter- national Development Assistance .....	BA O	5,633 4,436	6,057 5,218	6,382 5,310	6,128 5,501
Total Trust funds Inter- national Development Assistance .....	BA O	4 12	3 2	4 2	4 2
Interfund transactions .....	602 BA/O	-3	-2	-3	-3
Total International Develop- ment Assistance .....	BA O	5,634 4,445	6,058 5,217	6,382 5,309	6,129 5,500

#### International Monetary Programs

##### Federal funds

##### General and Special Funds:

United States quota, International Monetary Fund:					
Outlays .....	155 O	-406			
Contribution to enhanced structural adjustment facility of the International Monetary Fund:					
Appropriation, current .....	155 BA		25	25	24
Outlays .....	O	13	19	19	26
Total Federal funds Inter- national Monetary Pro- grams .....	BA O		25 19	25 19	24 26

#### Military Sales Programs

##### Federal funds

##### Public Enterprise Funds:

Special defense acquisition fund:					
Spending authority from offsetting collections .....	155 BA	10			
Outlays .....	O	179	126	86	51
Special defense acquisition fund (gross) .....	BA O	10 179			
		179	126	86	51
Total, offsetting collections		-276	-282	-220	-166
Total Special defense ac- quisition fund (net) .....	BA O	-266 -96	-282 -156	-220 -134	-166 -115

##### Trust funds

Foreign military sales trust fund:					
Contract authority, perma- nent .....	155 BA	12,970	14,470	13,420	12,210
Outlays .....	O	13,221	13,450	13,550	12,890
Outlays from trust funds ....	O	(13,221)	(13,450)	(13,550)	(12,890)
Kuwait civil reconstruction trust fund:					
Outlays .....	155 O	*	*		
Outlays from trust funds ....	O	(*)	(*)		

#### Summary

Federal funds:					
(As shown in detail above) .....	BA O	-266 -96	-282 -156	-220 -134	-166 -115
Trust funds:					
(As shown in detail above) .....	BA O	12,970 13,221	14,470 13,450	13,420 13,550	12,210 12,890
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	155 BA/O	-13,036	-13,350	-13,370	-12,720
Total Trust funds .....	BA O	-66 185	1,120 100	50 180	-510 170
Total Military Sales Pro- grams .....	BA O	-332 89	838 -56	-170 46	-676 55

#### Special Assistance for Central America

##### Federal funds

##### General and Special Funds:

Demobilization and transition fund:					
Outlays .....	152 O	52	18	9	5
Central American reconciliation assistance:					
Outlays .....	152 O	-1			
Promotion of security and stability in Central America:					
Outlays .....	153 O	*	*		
Total Federal funds Special Assistance for Central America .....	O	51	18	9	5

#### Summary

Federal funds:					
(As shown in detail above) .....	BA O	11,319 12,004	12,074 12,421	12,902 12,298	12,649 12,388
Deductions for offsetting receipts:					
Intrafund transactions .....	908 BA/O	-*	-*		
Proprietary receipts from the public .....	151 BA/O 152 BA/O 908 BA/O	-540 -545 -602	-550 -566 -545	-532 -655 -512	-603 -658 -468
Total Federal funds .....	BA O	9,632 10,318	10,413 10,760	11,203 10,599	10,921 10,660
Trust funds:					
(As shown in detail above) .....	BA O	12,975 13,234	14,478 13,457	13,429 13,557	12,219 12,897
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	151 BA/O 155 BA/O	-1 -13,036	-5 -13,350	-5 -13,370	-5 -12,720
Total Trust funds .....	BA O	-62 197	1,123 102	54 182	-506 172
Interfund transactions .....	602 BA/O	-3	-2	-3	-3
Total Funds Appropriated to the President .....	BA O	9,567 10,511	11,534 10,860	11,254 10,779	10,412 10,829



### Department of Agriculture (In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Office of the Secretary</b>					<b>Outlays</b> ..... O				
<i>Federal funds</i>					Departmental administration (gross) ..... BA				
<b>General and Special Funds:</b>					O				
Office of the Secretary:					Total, offsetting collections				
Appropriation, current ..... 352 BA	9	9	9	9	Total Departmental administration (net) ..... BA				
Spending authority from offsetting collections ..... BA	1	2	1	1	O				
Outlays ..... O	10	10	11	11	Hazardous waste management:				
Office of the Secretary (gross) ..... BA	11	10	11	10	Appropriation, current ..... 304 BA				
O	10	10	11	11	Outlays ..... O				
Total, offsetting collections	-1	-2	-1	-1	Agriculture buildings and facilities:				
Total Office of the Secretary (net) ..... BA	9	9	9	9	Appropriation, current ..... 352 BA				
O	9	9	9	9	Spending authority from offsetting collections ..... BA				
<i>Trust funds</i>					Outlays ..... O				
Gifts and bequests:					Agriculture buildings and facilities (gross) ..... BA				
Appropriation, permanent ... 352 BA	1	3	3	3	O				
Outlays ..... O	1	3	3	3	Total, offsetting collections				
Outlays from trust funds .... O	(1)	(3)	(3)	(3)	Total Agriculture buildings and facilities (net) ..... BA				
<b>Executive Operations</b>					O				
<i>Federal funds</i>					Advisory committees:				
<b>General and Special Funds:</b>					Appropriation, current ..... 352 BA				
Executive operations:					Outlays ..... O				
Appropriation, current ..... 352 BA	8	22	23	22	<b>Intragovernmental Funds:</b>				
Spending authority from offsetting collections ..... BA	*	*	*	*	Working capital fund:				
Outlays ..... O	8	22	23	22	Spending authority from offsetting collections ..... 352 BA				
Executive operations (gross) ..... BA	8	22	23	22	Outlays ..... O				
O	8	22	23	22	Working capital fund (gross) ..... BA				
Total, offsetting collections	- *	- *	- *	- *	O				
Total Executive operations (net) ..... BA	8	22	23	22	Total, offsetting collections				
O	8	22	23	22	Total Working capital fund (net) ..... BA				
Chief financial officer:					O				
Appropriation, current ..... 352 BA		4	5	5	Total Federal funds Departmental Administration .... BA				
Spending authority from offsetting collections ..... BA		1	1	1	O				
Outlays ..... O		5	6	6	<b>Office of Public Affairs</b>				
Chief financial officer (gross) ..... BA		5	6	6	<i>Federal funds</i>				
O		5	6	6	<b>General and Special Funds:</b>				
Total, offsetting collections	-1	-1	-1	-1	Office of Communications:				
Total Chief financial officer (net) ..... BA		4	5	5	Appropriation, current ..... 352 BA				
O		4	5	5	Spending authority from offsetting collections ..... BA				
Total Federal funds Executive Operations ..... BA	8	26	28	27	Outlays ..... O				
O	8	26	28	27	Office of Communications (gross) ..... BA				
<b>Departmental Administration</b>					O				
<i>Federal funds</i>					Total, offsetting collections				
<b>General and Special Funds:</b>					Total Office of Communications (net) ..... BA				
Departmental administration:					O				
Appropriation, current ..... 352 BA	26	27	87	85	Appropriation, current ..... 352 BA				
Spending authority from offsetting collections ..... BA	29	20	8	8	Spending authority from offsetting collections ..... BA				

### Department of Agriculture—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
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<b>Office of the Inspector General</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Office of the Inspector General:					
Appropriation, current .....	352 BA	66	63	65	63
Spending authority from					
offsetting collections .....	BA	1	1	1	1
Outlays .....	O	64	64	66	64
Office of the Inspector					
General (gross) .....	BA	67	65	66	64
	O	64	64	66	64
Total, offsetting collections		-1	-1	-1	-1
Total Office of the Inspector General (net) .....	BA	66	63	65	63
	O	63	63	65	63

<b>Office of the General Counsel</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Office of the General Counsel:					
Appropriation, current .....	352 BA	26	26	28	27
Spending authority from					
offsetting collections .....	BA	2	2	2	2
Outlays .....	O	28	28	30	29
Office of the General					
Counsel (gross) .....	BA	28	28	30	29
	O	28	28	30	29
Total, offsetting collections		-2	-2	-2	-2
Total Office of the General Counsel (net) .....	BA	26	26	28	27
	O	26	26	28	27

<b>Economic Research Service</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Economic research service:					
Appropriation, current .....	352 BA	55	54	55	53
Spending authority from					
offsetting collections .....	BA	9	6	6	6
Outlays .....	O	66	59	60	59
Economic research service					
(gross) .....	BA	64	59	60	59
	O	66	59	60	59
Total, offsetting collections		-9	-6	-6	-6
Total Economic research service (net) .....	BA	55	54	55	53
	O	57	53	55	53
<i>Trust funds</i>					
Miscellaneous contributed funds:					
Appropriation, permanent ...	352 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

<b>National Agricultural Statistics Service</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
National agricultural statistics service:					
Appropriation, current .....	352 BA	82	81	90	87
Spending authority from					
offsetting collections .....	BA	9	9	9	9

Outlays .....	O	86	89	97	96
National agricultural statistics service (gross) .....	BA	91	90	99	96
	O	86	89	97	96
Total, offsetting collections		-9	-9	-9	-9
Total National agricultural statistics service (net) ....	BA	82	81	90	87
	O	77	80	88	87
<i>Trust funds</i>					
Miscellaneous contributed funds:					
Appropriation, permanent ...	352 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

<b>Agricultural Research Service</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Agricultural Research Service:					
Appropriation, current .....	352 BA	713	712	710	689
Spending authority from					
offsetting collections .....	BA	32	34	34	34
Outlays .....	O	720	738	744	727
Agricultural Research Service (gross) .....	BA	745	746	744	723
	O	720	738	744	727
Total, offsetting collections		-32	-34	-34	-34
Total Agricultural Research Service (net) .....	BA	713	712	710	689
	O	688	704	710	693
Buildings and facilities:					
Appropriation, current .....	352 BA	33	44	30	29
Outlays .....	O	36	56	45	35
<i>Trust funds</i>					
Miscellaneous contributed funds:					
Appropriation, permanent ...	352 BA	11	14	14	14
Outlays .....	O	11	13	13	14
Outlays from trust funds ....	O	(11)	(13)	(13)	(14)
Total Federal funds Agricultural Research Service ..	BA	746	756	740	718
	O	725	760	755	727
Total Trust funds Agricultural Research Service ..	BA	11	14	14	14
	O	11	13	13	14

<b>Cooperative State Research, Education, and Extension Service</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Cooperative state research activities:					
Appropriation, current .....	352 BA	441	433	437	424
Appropriation, permanent ...	BA	3			
Spending authority from					
offsetting collections .....	BA	15	16	16	16
Outlays .....	O	434	454	466	457
Cooperative state research activities (gross) .....	BA	459	449	453	440
	O	434	454	466	457
Total, offsetting collections		-15	-16	-16	-16
Total Cooperative state research activities (net) ....	BA	444	433	437	424
	O	419	438	450	441

**Department of Agriculture—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Buildings and facilities:</b>					<b>Food Safety and Inspection Service</b>				
Appropriation, current .....	352 BA	54	63		<i>Federal funds</i>				
Outlays .....	O	50	55	56	<b>General and Special Funds:</b>				
<b>Extension activities:</b>					Salaries and expenses:				
Appropriation, current .....	352 BA	438	434	438	Appropriation, current .....	554 BA	518	533	595
Outlays .....	O	447	444	461			9		
Spending authority from offsetting collections .....	BA	11	18	25				107	107
Outlays .....	O	447	444	461	Spending authority from offsetting collections .....	BA	70	77	81
				*				107	107
Extension activities (gross)	BA	448	452	470	Outlays .....	O	581	595	670
	O	447	444	461				9	659
Total, offsetting collections		-11	-18	-25	Salaries and expenses (gross) .....	BA	589	619	676
Total Extension activities (net) .....	BA	438	434	445		O	581	604	670
	O	436	426	436	Total, offsetting collections		-70	-77	-81
								107	107
Total Federal funds Cooperative State Research, Education, and Extension Service .....	BA	936	930	881	Total Salaries and expenses (net) .....	BA	518	542	488
	O	905	919	942		O	511	527	483
									470
									472
					<i>Trust funds</i>				
<b>Animal and Plant Health Inspection Service</b>					Expenses and refunds, inspection and grading of farm products:				
<i>Federal funds</i>					Appropriation, permanent ...	352 BA	2	2	2
<b>General and Special Funds:</b>					Outlays .....	O	2	2	2
Salaries and expenses:					Outlays from trust funds ....	O	(2)	(2)	(2)
Appropriation, current .....	352 BA	458	450	430					
			H - 3						
Spending authority from offsetting collections .....	BA	40	37	39					
Outlays .....	O	498	466	450	<b>Grain Inspection, Packers and Stockyards Administration</b>				
			H - 2	H - *	<i>Federal funds</i>				
Outlays from special funds	O	(98)	(97)	(108)	<b>General and Special Funds:</b>				
Salaries and expenses (gross) .....	BA	498	484	469	Salaries and expenses:				
	O	498	463	449	Appropriation, current .....	352 BA	23	23	24
Total, offsetting collections		-40	-37	-39					16
				J - 8	Spending authority from offsetting collections .....	BA			16
Total Salaries and expenses (net) .....	BA	458	447	422	Outlays .....	O	22	23	23
	O	458	426	402					
					Salaries and expenses (gross) .....	BA	23	23	24
						O	22	23	23
					Total, offsetting collections			16	16
<b>Buildings and facilities:</b>					Total Salaries and expenses (net) .....	BA	23	23	7
Appropriation, current .....	352 BA	10	7	13		O	22	23	7
Outlays .....	O	18	9	7					6
<i>Trust funds</i>					<b>Public Enterprise Funds:</b>				
<b>Miscellaneous trust funds:</b>					Inspection and weighing services:				
Appropriation, permanent ...	352 BA	8	7	7	Spending authority from offsetting collections .....	352 BA	31	43	43
Outlays .....	O	9	6	7	Outlays .....	O	33	43	43
Outlays from trust funds ....	O	(9)	(6)	(7)	Inspection and weighing services (gross) .....	BA	31	43	43
						O	33	43	43
Total Federal funds Animal and Plant Health Inspection Service .....	BA	468	454	435	Total, offsetting collections		-31	-43	-43
	O	477	436	409	Total Inspection and weighing services (net) .....	BA			
						O	1		
Total Trust funds Animal and Plant Health Inspection Service .....	BA	8	7	7	Total Federal funds Grain Inspection, Packers and Stockyards Administration .....	BA	23	23	7
	O	9	6	7		O	24	23	7

**Department of Agriculture—Continued**  
(In millions of dollars)

Account			1994 actual	1995 estimate	1996 estimate	1997 estimate	Account			1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Agricultural Marketing Service</b>							<b>Farm Service Agency</b>						
<i>Federal funds</i>							<i>Federal funds</i>						
<b>General and Special Funds:</b>							<b>General and Special Funds:</b>						
Marketing services:							Salaries and expenses:						
Appropriation, current .....	352	BA	57	46	51	49	Total, offsetting collections			- 35	- 39	- 42	- 42
					J - 4	J - 4	Total Milk market orders assessment fund (net) ...	BA O	.....	*	.....		
Spending authority from offsetting collections .....		BA	53	61	62	62	Total Federal funds Agricul- tural Marketing Service ..	BA O	.....	589 584	536 565	577 489	491 482
Outlays .....		O	110	109	116	113	Total Trust funds Agricul- tural Marketing Service ..	BA O	.....	102 93	102 102	102 102	102 102
Limitation on administrative level .....			(49)	(57)	(58)	(57)							
					J (4)	J (4)							
Marketing services (gross) .	BA	110	107	113	111								
	O	110	109	116	113								
Total, offsetting collections		- 53	- 61	- 62	- 62								
				J - 4	J - 4								
Total Marketing services (net) .....	BA	57	46	47	45								
	O	57	48	50	47								
Payments to States and possessions:													
Appropriation, current .....	352	BA	1	1	1	1							
Outlays .....		O	1	1	1	1							
Perishable Agricultural Commodities Act fund:													
Appropriation, permanent ...	352	BA	8	8	8	8							
Outlays .....		O	7	8	8	8							
Outlays from special funds		O	(8)	(8)	(8)	(8)							
Funds for strengthening markets, income, and supply (section 32):													
Appropriation, permanent ...	605	BA	523	481	521	437							
Spending authority from offsetting collections .....		BA	1	1	1	1							
					B 10	B 10							
Outlays .....		O	519	509	441	438							
					B - *								
Outlays from special funds		O	(5,355)	(5,795)	(6,106)								
Funds for strengthening markets, income, and supply (section 32) (gross) .....													
	BA	524	482	532	448								
	O	519	509	441	438								
Total, offsetting collections		- 1	- 1	- 1	- 1								
				B - 10	B - 10								
Total Funds for strengthen- ing markets, income, and supply (section 32) (net) .....	BA	523	481	521	437								
	O	518	508	431	427								
<i>Trust funds</i>													
Miscellaneous trust funds:													
Appropriation, permanent ...	352	BA	102	102	102	102							
Outlays .....		O	93	102	102	102							
Outlays from trust funds ....		O	(93)	(102)	(102)	(102)							
Milk market orders assessment fund:													
Spending authority from offsetting collections .....	351	BA	35	39	42	42							
Outlays .....		O	35	39	42	42							
Milk market orders assess- ment fund (gross) .....													
	BA	35	39	42	42								
	O	35	39	42	42								

Total, offsetting collections									- 35	- 39	- 42	- 42	
Total Milk market orders assessment fund (net) ...							BA O	.....	*	.....			
Total Federal funds Agricul- tural Marketing Service ..							BA O	.....	589 584	536 565	577 489	491 482	
Total Trust funds Agricul- tural Marketing Service ..							BA O	.....	102 93	102 102	102 102	102 102	
<b>Farm Service Agency</b>													
<i>Federal funds</i>													
<b>General and Special Funds:</b>													
Salaries and expenses:													
Appropriation, current .....	351	BA	.....	779	812	787							
Spending authority from offsetting collections .....		BA	.....	354	327	321							
Outlays .....		O	.....	1,283	1,143	1,113							
Salaries and expenses (gross) .....							BA O	.....	1,133 1,283	1,139 1,143	1,108 1,113		
Total, offsetting collections			.....	- 354	- 327	- 321							
Total Salaries and ex- penses (net) .....		BA O	.....	779 929	812 816	787 792							
Conservation reserve program:													
Appropriation, current .....	302	BA	.....	1,743	1,743	1,926	2,021						
Outlays .....		O	.....	1,736	1,859	1,926	2,021						
Salaries and expenses:													
Appropriation, current .....	351	BA	.....	731	.....								
Spending authority from offsetting collections .....		BA	.....	68	.....								
Outlays .....		O	.....	819	.....								
Salaries and expenses (gross) .....							BA O	.....	799 819	.....			
Total, offsetting collections			.....	- 68	.....								
Total Salaries and ex- penses (net) .....		BA O	.....	731 751	.....								
Dairy indemnity program:													
Appropriation, current .....	351	BA	.....	*	*	*	*						
Outlays .....		O	.....	*	*	*	*						
Agricultural conservation program:													
Appropriation, current .....	302	BA	.....	195	100	50	48						
Outlays .....		O	.....	202	175	104	76						
State mediation grants:													
Appropriation, current .....	351	BA	.....	3	3	3	3						
Outlays .....		O	.....	3	3	3	3						
Emergency conservation program:													
Appropriation, current .....	453	BA	.....	25	3		3						
Outlays .....		O	.....	34	63	14	3						
Outreach for socially disadvantaged farmers:													
Appropriation, current .....	351	BA	.....	3	3	3	3						
Outlays .....		O	.....		4	3	3						
Administrative and operating expenses:													
Appropriation, current .....	351	BA	.....	319	.....								
Outlays .....		O	.....	317	.....								
<b>Public Enterprise Funds:</b>													
Federal crop insurance corporation fund:													
Appropriation, current .....	351	BA	.....	236	1,093	1,264	1,062						
Spending authority from offsetting collections .....		BA	.....	615	591	642	691						

**Department of Agriculture—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	1,622	1,300	2,002	2,036	Outlays .....	O	479	398	413	408
Federal crop insurance corporation fund (gross) .....	BA	851	1,684	1,905	1,753	Limitation on direct loan activity .....		(950)	(679)	(762)	(778)
	O	1,622	1,300	2,002	2,036	Limitation on guarantee commitments .....		(1,844)	(2,709)	(2,442)	(2,346)
Total, offsetting collections		— 615	— 591	— 642	— 691	Total Agricultural credit insurance fund program account .....	BA	484	405	415	403
Total Federal crop insurance corporation fund (net) .....	O	236	1,093	1,264	1,062		O	479	398	413	408
	O	1,007	709	1,361	1,345	Agricultural credit insurance fund liquidating account:					
Commodity credit corporation fund:						Appropriation, permanent ...	351 BA	50	831	700	
Appropriation, permanent ...	BA	179	211	108		Authority to borrow, permanent .....	BA	1			
Authority to borrow, permanent .....	BA	11,814	8,179	8,046	7,699	Spending authority from offsetting collections .....	BA	1,732			74
Spending authority from offsetting collections .....	BA	9,382	12,009	11,048	11,592	Outlays .....	O	1,494	735	690	74
Outlays .....	O	19,134	21,822	19,981	20,205	Agricultural credit insurance fund liquidating account (gross) .....	BA	1,783	831	700	74
Outlays from special funds	O	(211)	(108)				O	1,494	735	690	74
Limitation on administrative expenses .....		(5)	(5)			Total, offsetting collections		— 1,732	— 1,618	— 1,462	— 1,318
Commodity credit corporation fund (gross) .....	BA	21,376	20,399	19,203	19,290	Total Agricultural credit insurance fund liquidating account (net) .....	BA	51	— 787	— 762	— 1,244
	O	19,134	21,822	19,981	20,205		O	— 238	— 883	— 772	— 1,244
Total, offsetting collections		— 9,382	— 12,009	— 11,048	— 11,592	Total Federal funds Farm Service Agency .....	BA	16,190	12,234	12,246	11,166
Total Commodity credit corporation fund (net) .....	BA	11,994	8,390	8,155	7,699		O	14,627	13,880	12,940	12,181
	O	9,752	9,813	8,932	8,614						
<b>Credit Accounts:</b>						<b>Natural Resources Conservation Service</b>					
Commodity credit corporation export credit guarantee loans program account:						<i>Federal funds</i>					
Appropriation, current .....	351 BA	3	3	4	4	<b>General and Special Funds:</b>					
Appropriation, permanent ...	BA	403	502	374	378	Conservation operations:					
Spending authority from offsetting collections .....	BA	3				Appropriation, current .....	302 BA	591	591	646	626
Outlays .....	O	108	497	420	381	Spending authority from offsetting collections .....	BA	63	78	71	54
Commodity credit corporation export credit guarantee loans program account (gross) .....	BA	410	505	378	381	Outlays .....	O	651	654	706	667
	O	108	497	420	381	Conservation operations (gross) .....	BA	654	669	717	680
Total, offsetting collections		— 3					O	651	654	706	667
Total Commodity credit corporation export credit guarantee loans program account (net) .....	BA	407	505	378	381	Total, offsetting collections		— 63	— 78	— 71	— 54
	O	105	497	420	381	Total Conservation operations (net) .....	BA	591	591	646	626
Commodity credit corporation guaranteed loans liquidating account:							O	588	577	635	613
Spending authority from offsetting collections .....	351 BA	271	318	303	236	River basin surveys and investigations:					
Outlays .....	O	750	631	24	15	Appropriation, current .....	301 BA	13	13	11	11
Commodity credit corporation guaranteed loans liquidating account (gross) .....	BA	271	318	303	236	Spending authority from offsetting collections .....	BA	1	1	1	1
	O	750	631	24	15	Outlays .....	O	14	14	12	12
Total, offsetting collections		— 271	— 318	— 303	— 236	River basin surveys and investigations (gross) .....	BA	14	14	12	12
Total Commodity credit corporation guaranteed loans liquidating account (net) .....	BA						O	14	14	12	12
	O	479	313	— 279	— 221	Total, offsetting collections		— 1	— 1	— 1	— 1
Agricultural credit insurance fund program account:						Total River basin surveys and investigations (net) .....	BA	13	13	11	11
Appropriation, current .....	351 BA	467	405	415	403		O	13	13	11	11
Appropriation, permanent ...	BA	17				Watershed planning:					
						Appropriation, current .....	301 BA	11	11	8	7
						Spending authority from offsetting collections .....	BA	*	*	*	*

**Department of Agriculture—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	11	11	8	8	<b>Credit Accounts:</b>					
Watershed planning (gross)	BA	11	11	8	8	Agricultural resource conservation demonstration guaranteed loan program account:					
	O	11	11	8	8	Appropriation, current .....	351 BA	4			
Total, offsetting collections		— *	— *	— *	— *	Outlays .....	O	4			
Total Watershed planning (net) .....	BA	11	11	8	7	Limitation on loan guarantee commitments .....		(6)			
	O	10	11	8	7	<i>Trust funds</i>					
Watershed and flood prevention operations:						Miscellaneous contributed funds					
Appropriation, current .....	301 BA	586	70	100	97	(Water resources):					
Spending authority from offsetting collections .....	BA	17	7	7	7	(Appropriation, permanent) .....	301 BA		*	*	*
Outlays .....	O	297	329	177	139	(Outlays) .....	O	1	1	1	*
Watershed and flood prevention operations (gross) .....	BA	603	77	107	104	(Outlays from trust funds) ..	O	(1)	(1)	(1)	
	O	297	329	177	139	(Conservation and land management):					
Total, offsetting collections		— 17	— 7	— 7	— 7	(Appropriation, permanent) .....	302 BA	*	*	*	*
Total Watershed and flood prevention operations (net) .....	BA	586	70	100	97	(Outlays) .....	O	*	*	*	*
	O	280	322	170	132	(Outlays from trust funds) ..	O	(1)	(1)	(1)	
Resource conservation and development:						Total Miscellaneous contributed funds .....	BA	*	*	*	*
Appropriation, current .....	302 BA	33	33	29	28		O	1	1	1	*
Spending authority from offsetting collections .....	BA	*	1	*	*	Total Federal funds Natural Resources Conservation Service .....	BA	1,365	828	1,024	875
Outlays .....	O	35	34	31	29		O	1,021	1,074	981	1,016
Resource conservation and development (gross) .....	BA	33	34	29	28	Total Trust funds Natural Resources Conservation Service .....	BA	*	*	*	*
	O	35	34	31	29		O	1	1	1	*
Total, offsetting collections		— *	— 1	— *	— *	<b>Rural Utilities Service</b>					
Total Resource conservation and development (net) .....	BA	33	33	29	28	<i>Federal funds</i>					
	O	35	33	31	28	<b>General and Special Funds:</b>					
Great plains conservation program:						Salaries and expenses:					
Appropriation, current .....	302 BA	26	15	11	11	Appropriation, current .....	452 BA		15	20	19
Spending authority from offsetting collections .....	BA	*	*	*	*	Spending authority from offsetting collections .....	BA		63	57	55
Outlays .....	O	26	24	23	18	Outlays .....	O		76	70	75
Great plains conservation program (gross) .....	BA	26	15	11	11	Salaries and expenses (gross) .....	BA		79	77	75
	O	26	24	23	18		O		76	70	75
Total, offsetting collections		— *	— *	— *	— *	Total, offsetting collections			— 63	— 57	— 55
Total Great plains conservation program (net) ..	BA	26	15	11	11	Total Salaries and expenses (net) .....	BA		15	20	19
	O	26	24	23	18		O		13	13	19
Forestry incentives program:						Salaries and expenses:					
Appropriation, current .....	302 BA	13	7	7	6	Spending authority from offsetting collections .....	271 BA	39			
Outlays .....	O	12	12	8	8	Outlays .....	O	37			
Water bank program:						Salaries and expenses (gross) .....	BA	39			
Appropriation, current .....	302 BA	8	1				O	37			
Outlays .....	O	12	11	10	9	Total, offsetting collections		— 39			
Colorado river basin salinity control program:						Total Salaries and expenses (net) .....	BA				
Appropriation, current .....	304 BA	14	4	3	3		O	— 2			
Outlays .....	O	12	16	5	2	Distance learning and medical link grants:					
Wetlands reserve program:						Appropriation, current .....	452 BA	10	8	15	15
Appropriation, current .....	302 BA	67	84	210	86	Outlays .....	O	1	25	9	17
Outlays .....	O	29	55	80	186	Solid waste management grants:					
Rural clean water program:						Appropriation, current .....	304 BA	3	3	3	3
Outlays .....	304 O	*	1	1	1				0 — 3	0 — 3	

**Department of Agriculture—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	3	3	3	3	Total, offsetting collections		-3,749	-3,813	-3,300	-3,200
				<i>o - *</i>	<i>o - 2</i>						
Total Solid waste management grants .....	BA	3	3			Total Rural electrification and telephone revolving fund liquidating account (net) .....	BA	-1,343	-1,452	-1,129	-1,102
	O	3	3	3	1		O	-734	-988	-658	-958
Emergency community water assistance grants:						Rural telephone bank program account:					
Appropriation, current .....	451 BA	10	10			Appropriation, current .....	452 BA	12	10		
Outlays .....	O	11	15	9	8	Appropriation, permanent ...	BA	1			
Rural water and waste disposal grants:						Outlays .....	O	11	10		
Appropriation, current .....	452 BA	488	500	590	573	Limitation on direct loan activity .....		(200)	(175)		
				<i>o - 590</i>	<i>o - 573</i>						
Outlays .....	O	323	379	435	488	Total Rural telephone bank program account .....	BA	13	10		
				<i>o - 24</i>	<i>o - 153</i>		O	11	10		
Total Rural water and waste disposal grants ....	BA	488	500			Rural telephone bank liquidating account:					
	O	323	379	412	335	Spending authority from offsetting collections .....	452 BA	152	127		
<b>Public Enterprise Funds:</b>						Outlays .....	O	197	165		
Rural communication development fund liquidating account:						Rural telephone bank liquidating account (gross) .....	BA	152	127		
Appropriation, permanent ...	452 BA	1	1	2	1		O	197	165		
Spending authority from offsetting collections .....	BA	2	1	1	1	Total, offsetting collections		-425	-210		
Outlays .....	O	2	3	3	3						
Rural communication development fund liquidating account (gross) .....	BA	3	3	3	3	Total Rural telephone bank liquidating account (net) .....	BA	-273	-82		
	O	2	3	3	3		O	-228	-44		
Total, offsetting collections		-2	-1	-1	-1	Distance learning and medical link loan program account:					
Total Rural communication development fund liquidating account (net) ....	BA	1	1	2	1	Appropriation, current .....	452 BA			4	4
	O	1	1	2	1	Outlays .....	O			1	3
<b>Credit Accounts:</b>						Limitation on direct loan activity .....				(100)	(98)
Rural water and waste disposal loans program account:						Rural telecommunication partnership loan program account:					
Appropriation, current .....	452 BA		157	218	212	Appropriation, current .....	452 BA			2	2
				<i>o - 218</i>	<i>o - 212</i>	Outlays .....	O			1	1
Outlays .....	O		107	127	155	Limitation on direct loan activity .....				(15)	(16)
				<i>o - 24</i>	<i>o - 74</i>	Rural development insurance fund program account:					
Limitation on direct loan activity .....			(906)	(881)	(864)	Appropriation, current .....	452 BA	200			
				<i>o (-881)</i>	<i>o (-864)</i>	Appropriation, permanent ...	BA	2			
Total Rural water and waste disposal loans program account .....	BA		157			Outlays .....	O	116			
	O		107	103	81	Limitation on direct loan activity .....		(1,059)			
Rural electrification and telephone loans program account:						Limitation on guarantee commitments .....		(360)			
Appropriation, current .....	271 BA	116	91	139	134	Total Rural development insurance fund program account .....	BA	202			
Appropriation, permanent ...	BA	1					O	116			
Outlays .....	O	104	115	119	136	Rural development insurance fund liquidating account:					
Limitation on direct loan activity .....		(1,116)	(1,116)	(1,570)	(1,540)	Appropriation, permanent ...	452 BA	415	325	185	190
Total Rural electrification and telephone loans program account .....	BA	118	91	139	134	Spending authority from offsetting collections .....	BA	602	549	526	501
	O	104	115	119	136	Outlays .....	O	884	790	752	716
Rural electrification and telephone revolving fund liquidating account:						Rural development insurance fund liquidating account (gross) .....	BA	1,017	874	711	691
Spending authority from offsetting collections .....	271 BA	2,406	2,361	2,171	2,098		O	884	790	752	716
Outlays .....	O	3,016	2,825	2,643	2,242						
Rural electrification and telephone revolving fund liquidating account (gross) .....	BA	2,406	2,361	2,171	2,098						
	O	3,016	2,825	2,643	2,242						

**Department of Agriculture—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 602	— 549	— 526	— 501	Outlays .....	O	3	3	3	3
Total Rural development insurance fund liquidating account (net) .....	BA O	415 281	325 241	185 226	190 215	Total Rural community fire protection grants .....	BA O	4 3	3 3	3 2	3 *
Total Federal funds Rural Utilities Service .....	BA O	— 357 — 114	— 414 — 123	— 764 240	— 737 — 141	Rural housing preservation grants:					
<b>Rural Housing and Community Development Service</b>						Appropriation, current .....	604 BA	23	22	22	21
<i>Federal funds</i>						Outlays .....	O	20	24	23	22
<b>General and Special Funds:</b>						Compensation for construction defects:					
Salaries and expenses:						Appropriation, current .....	371 BA	*	*	*	*
Appropriation, current .....	452 BA		23	54	52	Outlays .....	O	*	*	*	*
Spending authority from offsetting collections .....	BA		396	394	382	<b>Credit Accounts:</b>					
Outlays .....	O		530	414	433	Rural community facility loans program account:					
Salaries and expenses (gross) .....	BA O		419 530	448 414	434 433	Appropriation, current .....	452 BA		37	60	58
Total, offsetting collections			— 396	— 394	— 382	Outlays .....	O		30	37	45
Total Salaries and expenses (net) .....	BA O		23 134	54 20	52 51	Limitation on direct loan activity .....			(225)	(250)	(250)
Salaries and expenses:						Limitation on guarantee commitments .....			(75)	(100)	(97)
Appropriation, current .....	452 BA		11			Total Rural community facility loans program account .....	BA O		37 30	15	9
Spending authority from offsetting collections .....	BA		681			Rural housing insurance fund program account:					
Outlays .....	O		658			Appropriation, current .....	371 BA	1,080	770	806	782
Salaries and expenses (gross) .....	BA O		692 658			Appropriation, permanent ...	BA	55		o — 27	o — 27
Total, offsetting collections			— 681			Outlays .....	O	1,041	949	836	804
Total Salaries and expenses (net) .....	BA O		11 — 23			Limitation on direct loan activity .....		(2,525)	(1,472)	(1,547)	(1,655)
Rental assistance program:						Limitation on guarantee commitments .....		(750)	(1,049)	(1,300)	(1,128)
Appropriation, current .....	604 BA	447	523	587	569	Total Rural housing insurance fund program account .....	BA O	1,135 1,041	770 949	779 831	756 780
Outlays .....	O	393	446	489	537	Rural housing insurance fund liquidating account:					
Total Rental assistance program .....	BA O	447 393	523 446	571 488	554 535	Appropriation, permanent ...	371 BA	1,802	3,187	2,880	2,304
Rural housing voucher program:						Spending authority from offsetting collections .....	BA	1,534			
Outlays .....	604 O	3	2	2	1	Outlays .....	O	3,295	3,147	2,768	2,306
Rural housing for domestic farm labor grants:						Rural housing insurance fund liquidating account (gross) .....	BA O	3,336 3,295	3,187 3,147	2,880 2,768	2,304 2,306
Appropriation, current .....	604 BA	11	11	11	11	Total, offsetting collections		— 3,179	— 2,633	— 2,515	— 2,379
Outlays .....	O	11	24	18	16	Total Rural housing insurance fund liquidating account (net) .....	BA O	157 116	554 514	365 252	— 75 — 73
Mutual and self-help housing grants:						Self-help housing land development loan fund program account:					
Appropriation, current .....	604 BA	13	13	13	12	Appropriation, current .....	371 BA	*	*	*	*
Outlays .....	O	14	8	11	12	Outlays .....	O	*	*	*	*
Supervisory and technical assistance grants:						Limitation on direct loan activity .....		(1)	(1)	(1)	(1)
Appropriation, current .....	604 BA	2		2	2	Total Federal funds Rural Housing and Community Development Service .....	BA O	1,828 1,605	1,997 2,178	1,843 1,692	1,358 1,379
Outlays .....	O	*	4	4	2						
Very low income housing repair grants:											
Appropriation, current .....	604 BA	25	40	25	24						
Outlays .....	O	27	39	26	24						
Rural community fire protection grants:											
Appropriation, current .....	452 BA	4	3	3	3						
				o — 3	o — 3						



**Department of Agriculture—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Rural Business and Cooperative Development Service</b>					<b>Rural economic development grants:</b>				
<i>Federal funds</i>					Spending authority from				
<b>General and Special Funds:</b>					offsetting collections ..... 452 BA	5	20	20	10
Salaries and expenses:					Outlays ..... O	5	15	20	15
Appropriation, current ..... 452 BA		15	10	9	Rural economic develop-				
			<i>o</i> - 10		ment grants (gross) ..... BA	5	20	20	10
Spending authority from						5	15	20	15
offsetting collections ..... BA		17	23	23	Total, offsetting collections	-5	-20	-20	-10
Outlays ..... O		30	31	32	Total Rural economic de-				
				<i>o</i> 9	velopment grants (net) .. BA				
Salaries and expenses							-5		5
(gross) ..... BA		31	33	41	Rural economic development grants:				
	O	30	31	41	Spending authority from				
Total, offsetting collections		-17	-23	-23	offsetting collections ..... 271 BA	1	1	1	2
			<i>o</i> - 10	<i>o</i> - 9	Outlays ..... O	*	-1	-*	
Total Salaries and ex-					Rural economic develop-				
penses (net) ..... BA		15		9	ment grants (gross) ..... BA	1	1	1	2
	O	13	-2	9		*	-1	-*	
Agricultural cooperative service:					Total, offsetting collections	-1	-1	-1	-2
Outlays ..... 352 O		3			Total Rural economic de-				
Rural development performance partnerships program:					velopment grants (net) .. BA				
Appropriation, current ..... 452 BA			<i>o</i> 1,050	<i>o</i> 1,018			-1	-2	-2
Outlays ..... O			<i>o</i> 122	<i>o</i> 371	<b>Public Enterprise Funds:</b>				
Salaries and expenses:					Alternative agricultural research and commercialization revolving fund:				
Appropriation, current ..... 452 BA		15			Appropriation, current ..... 352 BA	9	6	16	15
Spending authority from					Outlays ..... O	8	7	14	12
offsetting collections ..... BA		15			Limitation on direct loan				
Outlays ..... O		25			activity ..... (25)			(24)	
Salaries and expenses					<b>Credit Accounts:</b>				
(gross) ..... BA		30			Rural business and industry loans program account:				
	O	25			Appropriation, current ..... 452 BA		20	30	29
Total, offsetting collections		-15						<i>o</i> - 30	<i>o</i> - 29
Total Salaries and ex-					Outlays ..... O		20	27	28
penses (net) ..... BA		15						<i>o</i> - 27	<i>o</i> - 28
	O	10			Limitation on direct loan			(50)	(57)
Rural technology and cooperative development grants:					activity ..... <i>o</i> (-50)			<i>o</i> (-57)	
Appropriation, current ..... 452 BA		2	4	4	Limitation on guarantee			(505)	(721)
			<i>o</i> - 4	<i>o</i> - 4	commitments ..... <i>o</i> (-750)			<i>o</i> (-721)	
Outlays ..... O		*	1	3	Total Rural business and				
			<i>o</i> - *	<i>o</i> - 2	industry loans program				
Total Rural technology and					account ..... BA		20		-*
cooperative development							20		
grants ..... BA		2		*	Rural development loan program account:				
	O	*	1	1	Appropriation, current ..... 452 BA	46	47	57	55
Local technical assistance and planning grants:								<i>o</i> - 57	<i>o</i> - 55
Appropriation, current ..... 452 BA		2	2	2	Appropriation, permanent .. BA	*			
			<i>o</i> - 2	<i>o</i> - 2	Outlays ..... O	11	24	37	48
Outlays ..... O		*	1	2				<i>o</i> - 5	<i>o</i> - 19
			<i>o</i> - *	<i>o</i> - 1	Limitation on direct loan			(90)	(88)
Total Local technical assist-					activity ..... (77)		(85)	<i>o</i> (-90)	<i>o</i> (-88)
ance and planning					Total Rural development				
grants ..... BA		2			loan program account .... BA	46	47		-*
	O	*	1	1		11	24	32	29
Rural business enterprise grants:					Rural development loan fund liquidating account:				
Appropriation, current ..... 452 BA		45	48	47	Spending authority from				
			<i>o</i> - 48	<i>o</i> - 47	offsetting collections ..... 452 BA		*	*	*
Outlays ..... O		25	33	44	Outlays ..... O	8	5	2	1
			<i>o</i> - 5	<i>o</i> - 23	Rural development loan				
Total Rural business enter-					fund liquidating account				
prise grants ..... BA		45	48		(gross) ..... BA		*	*	*
	O	25	33	35			8	5	2
				21					1

**Department of Agriculture—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 3	— 3	— 3	— 3	Total, offsetting collections		— 27			
Total Rural development loan fund liquidating account (net)	BA O	— 3 5	— 3 2	— 3 — 1	— 3 — 2	Total P.L. 480 Grants — Titles I (OFD), II, and III (net)	BA O	1,151 1,349	909 1,036	862 901	836 849
Rural economic development loan program account:						<b>Credit Accounts:</b>					
Appropriation, current	452 BA	3	3	5	5	P.L. 480 program account:					
Outlays	O	4	3	4	5	Appropriation, current	151 BA	293	239 <i>H — 44</i>	134	130
Limitation on direct loan activity		(13)	(13)	(14)	(14)	Appropriation, permanent	BA	14	74		
Total Federal funds Rural Business and Cooperative Development Service	BA O	116 65	139 95	1,067 203	1,044 450	Outlays	O	378	368 <i>H — 25</i>	185 <i>H — 16</i>	138 <i>H — 3</i>
						Limitation on direct loan activity		(377)	(303)	(162)	(157)
						Total P.L. 480 program account	BA O	307 378	269 343	134 169	130 135
						P.L. 480 Title I Food for Progress Credits, program account:					
						Appropriation, permanent	151 BA		84		
						Outlays	O	316	152		
						Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:					
						Outlays	151 O	5			
						Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross)	O	5			
						Total, offsetting collections		— 506	— 505	— 474	— 479
						Total Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (net)	BA O	— 506 — 501	— 505 — 505	— 474 — 474	— 479 — 479
						<b>Trust funds</b>					
						Miscellaneous contributed funds:					
						Appropriation, permanent	352 BA	2	4	4	4
						Outlays	O	3	4	4	4
						Outlays from trust funds	O	(3)	(4)	(4)	(3)
						Total Federal funds Foreign Agricultural Service	BA O	1,072 1,668	866 1,137	642 722	603 634
						Total Trust funds Foreign Agricultural Service	BA O	2 3	4 4	4 4	4 4
						<b>Food and Consumer Service</b>					
						<b>Federal funds</b>					
						<b>General and Special Funds:</b>					
						Food program administration:					
						Appropriation, current	605 BA	132	135	141	138
						Spending authority from offsetting collections	BA	5	5	5	5
						Outlays	O	132	140	148	143
						Food program administration (gross)	BA O	137 132	140 140	146 148	143 143
						Total, offsetting collections		— 5	— 5	— 5	— 5
						Total Food program administration (net)	BA O	132 127	135 135	141 143	138 138
						Nutrition initiatives:					
						Appropriation, current	605 BA	22	42	50	49
						Outlays	O	19	48	50	49

Department of Agriculture—Continued  
(In millions of dollars)

Account				1994 actual	1995 estimate	1996 estimate	1997 estimate
Food stamp program:							
Appropriation, current .....	605	BA		28,097	28,789	29,763	24,590
Advance appropriation .....		BA					6,400
Spending authority from offsetting collections .....		BA			30	30	30
Outlays .....		O		25,441	26,585	27,283	28,527
Food stamp program (gross) .....				BA	28,097	28,819	29,793
		O		25,441	26,585	27,283	31,020
Total, offsetting collections .....					— 30	— 30	— 30
Total Food stamp program (net) .....				BA	28,097	28,789	29,763
		O		25,441	26,555	27,253	30,990
State child nutrition programs:							
Appropriation, current .....	605	BA		2,728	2,181	2,400	3,196
Appropriation, permanent ...		BA		4,770	5,257	5,541	5,541
Outlays .....		O		7,044	7,645	8,083	8,652
Total State child nutrition programs .....				BA	7,498	7,438	7,941
		O		7,044	7,645	8,083	8,736
Special supplemental nutrition program for women, infants, and children (WIC):							
Appropriation, current .....	605	BA		3,210	3,470	3,820	3,820
Outlays .....		O		3,160	3,500	3,829	3,821
Commodities supplemental food program:							
Appropriation, current .....	605	BA		94	84	86	83
Outlays .....		O		89	101	87	84
Food donations programs for selected groups:							
Appropriation, current .....	605	BA		259	223	270	262
Outlays .....		O		245	270	267	263
Emergency food assistance program:							
Appropriation, current .....	351	BA		120	65	40	39
Appropriation, permanent ...		BA		*	*	*	*
Outlays .....		O		119	72	40	39
Total Emergency food as- sistance program .....				BA	120	65	40
		O		119	72	40	39
Total Federal funds Food and Consumer Service ..				BA	39,432	40,247	42,111
		O		36,244	38,327	39,752	44,117
Forest Service							
Federal funds							
General and Special Funds:							
National forest system:							
Appropriation, current .....	302	BA		1,312	1,328	1,349	1,310
Appropriation, permanent ...		BA		20	13	18	17
Reappropriation .....		BA		84			
Spending authority from offsetting collections .....		BA		63	60	61	61
Outlays .....		O		1,365	1,386	1,383	1,332
National forest system (gross) .....				BA	1,478	1,401	1,427
		O		1,365	1,386	1,383	1,388
Total, offsetting collections .....					— 63	— 60	— 61
Total National forest sys- tem (net) .....				BA	1,415	1,341	1,366
		O		1,303	1,326	1,322	1,327
Construction:							
Appropriation, current .....	302	BA		247	203	192	187
Spending authority from offsetting collections .....		BA		5	4	4	4

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	238	223	206	225
Construction (gross) .....	BA	252	207	196	191
	O	238	223	206	225
Total, offsetting collections .....		— 5	— 4	— 4	— 4
Total Construction (net) .....		BA	247	203	192
	O	234	219	203	221
Forest research:					
Appropriation, current .....	302 BA	193	200	204	198
Appropriation, permanent ...	BA	2			
Spending authority from offsetting collections .....	BA	20	20	20	20
Outlays .....	O	207	217	224	219
Forest research (gross) .....		BA	215	220	218
	O	207	217	224	219
Total, offsetting collections .....		— 20	— 20	— 20	— 20
Total Forest research (net) .....		BA	195	200	198
	O	188	197	203	199
State and private forestry:					
Appropriation, current .....	302 BA	180	161	187	182
Appropriation, permanent ...	BA	*			
Spending authority from offsetting collections .....	BA	4	4	4	4
Outlays .....	O	169	160	194	194
State and private forestry (gross) .....		BA	185	165	192
	O	169	160	194	186
Total, offsetting collections .....		— 4	— 4	— 4	— 4
Total State and private for- estry (net) .....		BA	181	161	187
	O	165	156	190	182
Forest Service fire protection:					
Appropriation, current .....	302 BA	190	160	164	159
Appropriation, permanent ...	BA	*			
Spending authority from offsetting collections .....	BA	1	1	1	1
Outlays .....	O	185	165	165	161
Forest Service fire protec- tion (gross) .....		BA	192	161	166
	O	185	165	165	161
Total, offsetting collections .....		— 1	— 1	— 1	— 1
Total Forest Service fire protection (net) .....		BA	191	160	164
	O	183	164	164	159
Emergency forest service firefighting fund:					
Appropriation, current .....	302 BA	378	426	239	232
Spending authority from offsetting collections .....	BA	358	53	30	30
Outlays .....	O	603	275	269	262
Emergency forest service firefighting fund (gross) ..		BA	736	479	269
	O	603	275	269	262
Total, offsetting collections .....		— 358	— 53	— 30	— 30
Total Emergency forest service firefighting fund (net) .....		BA	378	426	239
	O	246	222	239	232
International forestry:					
Appropriation, current .....	302 BA	7	7	10	10
Appropriation, permanent ...	BA	*			

**Department of Agriculture—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	1	2	2	2
Outlays .....	O	6	9	11	11
International forestry (gross) .....	BA	8	8	12	11
	O	6	9	11	11
Total, offsetting collections		-1	-2	-2	-2
Total International forestry (net) .....	BA	7	7	10	10
	O	5	7	9	10
Other appropriations:					
Outlays .....	302 O	1	*		
Range betterment fund:					
Appropriation, current .....	302 BA	5	4	4	4
Outlays .....	O	4	5	4	4
Outlays from special funds	O	(5)	(4)	(4)	(4)
Land acquisition accounts (Conservation and land management):					
(Appropriation, current) .....	302 BA	1	1	2	1
(Outlays) .....	O	1	1	1	1
(Outlays from special funds) .....	O	(66)	(67)	(67)	(1)
(Recreational resources):					
(Appropriation, current) .....	303 BA	64	65	65	63
(Appropriation, permanent) .....	BA	*			
(Outlays) .....	O	62	65	64	64
Total (Recreational resources) .....	BA	64	65	65	63
	O	62	65	64	64
Total Land acquisition accounts .....	BA	66	67	67	65
	O	64	67	65	65
Operations and maintenance of quarters:					
Appropriation, permanent ...	302 BA	6	7	7	7
Outlays .....	O	7	7	7	7
Resource management, timber receipts:					
Outlays .....	302 O	1	2		
Pacific yew sales, Forest Service:					
Appropriation, permanent ...	302 BA	- *			
Outlays .....	O	*	*		
Forest service permanent appropriations:					
Appropriation, permanent ...	302 BA	244	189	180	180
Outlays .....	O	261	209	183	183
Outlays from special funds	O	(263)	(189)	(180)	(180)
Forest Service permanent appropriations:					
Appropriation, permanent ...	806 BA	321	249	245	232
Outlays .....	O	94	249	245	232
Outlays from special funds	O	(321)	(249)	(245)	(232)
<b>Intragovernmental Funds:</b>					
Working capital fund:					
Spending authority from offsetting collections .....	302 BA	148	126	134	134
Outlays .....	O	131	126	134	134
Working capital fund (gross) .....	BA	148	126	134	134
	O	131	126	134	134
Total, offsetting collections		-148	-126	-134	-134
Total Working capital fund (net) .....	BA				
	O	-17	*		- *
<b>Trust funds</b>					
Reforestation trust fund:					
Appropriation, permanent ...	302 BA	30	30	30	30
Outlays .....	O	32	29	30	30
Cooperative work trust fund:					
Appropriation, permanent ...	302 BA	268	317	280	307
Outlays .....	O	583	307	286	303
Outlays from trust funds	O	(583)	(307)	(286)	(303)
Gifts, donations and bequests for forest and range land research:					
Appropriation, current .....	302 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)
Highway Construction: Mount St. Helens National Monument:					
Outlays .....	401 O	*	*		
Total Federal funds Forest Service .....	BA	3,256	3,014	2,866	2,782
	O	2,737	2,831	2,833	2,773
Total Trust funds Forest Service .....	BA	299	347	310	337
	O	616	336	316	333
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA	66,615	62,598	64,686	64,679
	O	61,473	63,072	62,968	63,366
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	271 BA/O	-38	-1	-2	-2
	302 BA/O	-790	-746	-731	-717
	303 BA/O	-9	-20	-21	-22
	351 BA/O	-83	-1	-2	-2
	371 BA/O	-50			
	452 BA/O	-8			
Total Federal funds .....	BA	65,637	61,830	63,930	63,937
	O	60,495	62,304	62,212	62,623
Trust funds:					
(As shown in detail above) .....	BA	426	480	443	470
	O	736	468	448	465
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	302 BA/O	-268	-257	-254	-241
	352 BA/O	-126	-131	-130	-130
Total Trust funds .....	BA	31	92	59	99
	O	341	79	64	95
Interfund transactions .....	452 BA/O	-84	-70		
Total Department of Agriculture .....	BA	65,585	61,851	63,989	64,036
	O	60,753	62,313	62,276	62,718

**Department of Commerce**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>General Administration</b>					<b>Outlays</b> ..... O				
<i>Federal funds</i>					32 34 31 31				
<b>General and Special Funds:</b>					<b>Salaries and expenses</b>				
Salaries and expenses:					(gross) ..... BA				
Appropriation, current ..... 376 BA	36	36	36	35	32 34 31 31				
Spending authority from					<b>Total, offsetting collections</b>				
offsetting collections ..... BA	46	48	48	50	-4 -2 - *				
Outlays ..... O	79	88	85	85	<b>Total Salaries and ex-</b>				
					penses (net) ..... BA				
Salaries and expenses					29 32 31 30				
(gross) ..... BA	82	84	84	85	<b>Economic development assistance programs:</b>				
..... O	79	88	85	85	Appropriation, current ..... 452 BA				
					521 417 408 396				
Total, offsetting collections	-46	-48	-48	-50	Spending authority from				
					offsetting collections ..... BA				
Total Salaries and ex-	36	36	36	35	30 8 *				
penses (net) ..... BA	33	40	37	35	Outlays ..... O				
..... O					234 370 402 350				
					<b>Economic development as-</b>				
Office of the Inspector General:					sistance programs				
Appropriation, current ..... 376 BA	16	17	22	22	(gross) ..... BA				
Spending authority from					551 426 408 397				
offsetting collections ..... BA	2	4	1	3	234 370 402 350				
Outlays ..... O	18	21	23	25	<b>Total, offsetting collections</b>				
					-30 -8 - *				
Office of the Inspector					<b>Total Economic develop-</b>				
General (gross) ..... BA	18	21	23	25	ment assistance pro-				
..... O	18	21	23	25	grams (net) ..... BA				
					521 417 408 396				
Total, offsetting collections	-2	-4	-1	-3	204 362 401 350				
Total Office of the Inspec-	16	17	22	22	<b>Miscellaneous appropriations</b>				
tor General (net) ..... BA	15	17	22	22	(Other advancement of com-				
..... O					merce):				
					(Outlays) ..... 376 O				
Special foreign currency program:					* .....				
Outlays ..... 376 O		*			<b>Total Miscellaneous appo-</b>				
					ropriations ..... O				
					* .....				
<b>Intragovernmental Funds:</b>					<b>Credit Accounts:</b>				
Working capital fund:					Economic development revolving fund liquidating account:				
Spending authority from					Appropriation, current ..... 452 BA				
offsetting collections ..... 376 BA	69	70	80	86	-29 .....				
Outlays ..... O	69	70	80	86	Spending authority from				
					offsetting collections ..... BA				
Working capital fund	69	70	80	86	16 25 10 5				
(gross) ..... BA	69	70	80	86	Outlays ..... O				
..... O					16 7 5 4				
Total, offsetting collections	-69	-70	-80	-86	<b>Economic development re-</b>				
Total Working capital fund					volving fund liquidating				
(net) ..... BA					account (gross) ..... BA				
..... O					-13 25 10 5				
					16 7 5 4				
					<b>Total, offsetting collections</b>				
					-16 -25 -10 -5				
					<b>Total Economic develop-</b>				
					ment revolving fund liq-				
					uidating account (net) .... BA				
					-29 .....				
					-1 -18 -5 - *				
					<b>Total Federal funds Eco-</b>				
					nomic Development Ad-				
					ministration ..... BA				
					521 450 439 427				
					232 376 427 380				
					<b>Bureau of the Census</b>				
					<i>Federal funds</i>				
					<b>General and Special Funds:</b>				
					Salaries and expenses:				
					Appropriation, current ..... 376 BA				
					134 136 155 150				
					Spending authority from				
					offsetting collections ..... BA				
					165 178 160 160				
					Outlays ..... O				
					290 303 307 310				
					<b>Salaries and expenses</b>				
					(gross) ..... BA				
					299 314 315 310				
					290 303 307 310				

**Economic Development Administration**

*Federal funds*

<b>General and Special Funds:</b>				
Salaries and expenses:				
Appropriation, current ..... 452 BA	29	32	31	30
Spending authority from				
offsetting collections ..... BA	4	2	*	*

**General and Special Funds:**

Salaries and expenses:				
Appropriation, current ..... 376 BA	134	136	155	150
Spending authority from				
offsetting collections ..... BA	165	178	160	160
Outlays ..... O	290	303	307	310
<b>Salaries and expenses</b>				
(gross) ..... BA	299	314	315	310
..... O	290	303	307	310

**Department of Commerce—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		-165	-178	-160	-160
Total Salaries and expenses (net) .....		<b>134</b>	<b>136</b>	<b>155</b>	<b>150</b>
	BA	125	126	147	150
	O				
Periodic censuses and programs:					
Appropriation, current .....	376 BA	<b>104</b>	<b>142</b>	<b>193</b>	<b>188</b>
Outlays .....	O	125	157	168	190
Total Federal funds Bureau of the Census .....	BA	<b>238</b>	<b>278</b>	<b>348</b>	<b>338</b>
	O	250	282	315	340

**Economic and Statistical Analysis**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	376 BA	<b>45</b>	<b>48</b>	<b>57</b>	<b>56</b>
Spending authority from offsetting collections .....	BA	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O	49	52	57	57
Salaries and expenses (gross) .....	BA	<b>48</b>	<b>49</b>	<b>58</b>	<b>57</b>
	O	49	52	57	57
Total, offsetting collections		-3	-1	-1	-1
Total Salaries and expenses (net) .....	BA	<b>45</b>	<b>48</b>	<b>57</b>	<b>56</b>
	O	46	50	56	56
Economics and statistics administration revolving fund:					
Appropriation, current .....	376 BA		<b>2</b>		
Spending authority from offsetting collections .....	BA		<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O		2	2	2
Economics and statistics administration revolving fund (gross) .....	BA		<b>4</b>	<b>2</b>	<b>2</b>
	O		2	2	2
Total, offsetting collections			-2	-2	-2
Total Economics and statistics administration revolving fund (net) .....	BA		<b>2</b>		
	O				
Total Federal funds Economic and Statistical Analysis .....	BA	<b>45</b>	<b>50</b>	<b>57</b>	<b>56</b>
	O	46	50	56	56

**Promotion of Industry and Commerce**

*International Trade Administration*

*Federal funds*

**General and Special Funds:**

Operations and administration:					
Appropriation, current .....	376 BA	<b>260</b>	<b>266</b>	<b>280</b>	<b>272</b>
Spending authority from offsetting collections .....	BA	<b>28</b>	<b>32</b>	<b>32</b>	<b>32</b>
Outlays .....	O	262	272	298	307
Operations and administration (gross) .....	BA	<b>287</b>	<b>298</b>	<b>312</b>	<b>304</b>
	O	262	272	298	307

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		-28	-32	-32	-32
Total Operations and administration (net) .....	BA	<b>260</b>	<b>266</b>	<b>280</b>	<b>272</b>
	O	234	240	266	275

**Export Administration**

*Federal funds*

**General and Special Funds:**

Operations and administration:					
Appropriation, current .....	376 BA	<b>35</b>	<b>41</b>	<b>48</b>	<b>47</b>
Spending authority from offsetting collections .....	BA	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>
Outlays .....	O	36	45	48	48
Operations and administration (gross) .....	BA	<b>37</b>	<b>43</b>	<b>49</b>	<b>48</b>
	O	36	45	48	48
Total, offsetting collections		-2	-3	-1	-1
Total Operations and administration (net) .....	BA	<b>35</b>	<b>41</b>	<b>48</b>	<b>47</b>
	O	34	42	47	47

**Minority Business Development Agency**

*Federal funds*

**General and Special Funds:**

Minority business development:					
Appropriation, current .....	376 BA	<b>44</b>	<b>44</b>	<b>48</b>	<b>47</b>
Spending authority from offsetting collections .....	BA	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	43	47	51	49
Minority business development (gross) .....	BA	<b>46</b>	<b>46</b>	<b>50</b>	<b>48</b>
	O	43	47	51	49
Total, offsetting collections		-2	-2	-2	-2
Total Minority business development (net) .....	BA	<b>44</b>	<b>44</b>	<b>48</b>	<b>47</b>
	O	41	45	49	47

**United States Travel and Tourism Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	376 BA	<b>22</b>	<b>17</b>	<b>16</b>	<b>16</b>
Spending authority from offsetting collections .....	BA	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	26	21	19	18
Salaries and expenses (gross) .....	BA	<b>22</b>	<b>18</b>	<b>18</b>	<b>17</b>
	O	26	21	19	18
Total, offsetting collections		-1	-2	-2	-2
Total Salaries and expenses (net) .....	BA	<b>22</b>	<b>17</b>	<b>16</b>	<b>16</b>
	O	25	20	17	16

**Department of Commerce—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Trust funds</i>						Outlays .....	O	6	13	11	10
Foreign service national separation liability trust fund:						Total Promote and develop fishery products and research pertaining to American fisheries .....	BA	7	9	9	10
Appropriation, permanent ... 602 BA	*						O	6	13	11	10
Total Federal funds Promotion of Industry and Commerce .....	BA	360	367	392	381	Fishing vessel and gear damage compensation fund:					
	O	334	347	380	385	Appropriation, current .....	376 BA	1	1	1	1
Total Trust funds Promotion of Industry and Commerce .....	BA	*				Outlays .....	O	1	2	1	1
						Outlays from special funds .....	O	(1)	(2)	(1)	
<b>Science and Technology</b>						Fishermen's contingency fund:					
<i>National Oceanic and Atmospheric Administration</i>						Appropriation, current .....	376 BA	1	1	1	1
<i>Federal funds</i>						Outlays .....	O	1	2	1	1
<b>General and Special Funds:</b>						Outlays from special funds .....	O	(1)	(2)	(1)	(1)
Operations, research, and facilities:						Foreign fishing observer fund:					
Appropriation, current .....	306 BA	1,782	1,879	2,084 <i>J - 46</i>	2,036 <i>J - 46</i>	Appropriation, current .....	376 BA	1	*	*	*
				<i>O - 3</i>	<i>O - 13</i>	Outlays .....	O	*	1	*	*
Appropriation, permanent ...	BA	5	4	4 <i>B 20</i>	2 <i>B 20</i>	Outlays from special funds .....	O	(*)	(1)	(*)	(*)
Spending authority from offsetting collections .....	BA	281	386	314 <i>J 46</i>	336 <i>J 46</i>	<b>Public Enterprise Funds:</b>					
Outlays .....	O	2,021	2,108	2,228 <i>B 9</i>	2,268 <i>B 19</i>	Coastal zone management fund:					
Outlays from special funds .....	O			<i>O - 2</i>	<i>O - 8</i>	Spending authority from offsetting collections .....	306 BA	7	3	6	8
Operations, research, and facilities (gross) .....	BA	2,068	2,269	2,419 <i>J 46</i>	2,380 <i>J 46</i>	Outlays .....	O	9 (8)	8 (8)	8 (8)	8 (8)
	O	2,021	2,108	2,255 <i>B 9</i>	2,279 <i>B 19</i>	Coastal zone management fund (gross) .....	BA	7	3	6	8
Total, offsetting collections		-281	-386	-314 <i>J - 46</i>	-336 <i>J - 46</i>		O	9	8	8	8
Total Operations, research, and facilities (net) .....	BA	1,787	1,883	2,060	1,999	Total, offsetting collections		-2	-3	-6	-8
	O	1,740	1,722	1,896	1,898	Total Coastal zone management fund (net) .....	BA	5			
Construction:							O	7	5	2	
Appropriation, current .....	306 BA	105	97	52 <i>B 4</i>	51 <i>B 4</i>	Damage assessment and restoration revolving fund:					
Appropriation, permanent ...	BA			<i>B 1</i>	<i>B 3</i>	Appropriation, permanent ...	304 BA	-2	-2	-2	-2
Outlays .....	O	79	84	97	61	Spending authority from offsetting collections .....	BA	5	2	2	2
Total Construction .....	BA	105	97	56	55	Outlays .....	O	*	17		
	O	79	84	98	64	Damage assessment and restoration revolving fund (gross) .....	BA	4			
Fleet modernization, shipbuilding and conversion:							O	*	17		
Appropriation, current .....	376 BA	73	23	23	23	Total, offsetting collections		-5	-2	-2	-2
Outlays .....	O	18	32	32	32	Total Damage assessment and restoration revolving fund (net) .....	BA	-2	-2	-2	-2
GOES satellite contingency fund:							O	-5	15	-2	-2
Outlays .....	306 O	11	78			<b>Credit Accounts:</b>					
Aircraft procurement and:						Fishing vessel obligations guarantees program account:					
Appropriation, current .....	376 BA	43				Appropriation, current .....	376 BA	1	*	*	*
Outlays .....	O	1	17	16	5	Outlays .....	O	*	2	*	*
Fisheries promotional fund:						Federal ship financing fund, fishing vessels liquidating account:					
Outlays .....	376 O	*	*			Appropriation, permanent ...	376 BA	5			
Promote and develop fishery products and research pertaining to American fisheries:						Spending authority from offsetting collections .....	BA	7	6		
Appropriation, current .....	376 BA	-55	-56	-56	-56	Outlays .....	O	8	13		
Appropriation, permanent ...	BA	62	65	65	65	Federal ship financing fund, fishing vessels liquidating account (gross) .....	BA	12	6		
							O	8	13		
						Total, offsetting collections		-7	-6		
						Total Federal ship financing fund, fishing vessels liquidating account (net) .....	BA	5			
							O	1	8		

**Department of Commerce—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Trust funds</i>					
Marine navigation trust fund:					
Appropriation, current .....	306 BA			✓ 46	✓ 46
Outlays .....	O			✓ 25	✓ 46
Outlays from trust funds ....	O			✓ (25)	
Total Federal funds Na- tional Oceanic and At- mospheric Administration	BA O	2,028 1,860	2,014 1,982	2,150 2,057	2,087 2,011
Total Trust funds National Oceanic and Atmos- pheric Administration ....	BA O			46 25	46 46

*Patent and Trademark Office*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	376 BA	88	82	111	108
Spending authority from offsetting collections .....	BA	444	460	532	554
Outlays .....	O	493	558	620	674
Outlays from special funds	O	(88)	(83)	(111)	
Salaries and expenses (gross) .....	BA O	532 493	542 558	643 620	662 674
Total, offsetting collections		— 444	— 460	— 532	— 554
Total Salaries and ex- penses (net) .....	BA O	88 49	82 98	111 88	108 120

*Technology Administration*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	376 BA	6	10	14	14
Spending authority from offsetting collections .....	BA	*	1	1	1
Outlays .....	O	6	10	13	14
Salaries and expenses (gross) .....	BA O	7 6	11 10	14 13	14 14
Total, offsetting collections		— *	— 1	— 1	— 1
Total Salaries and ex- penses (net) .....	BA O	6 6	10 9	14 13	14 14

*National Technical Information Service*

*Federal funds*

**Public Enterprise Funds:**

NTIS revolving fund:					
Appropriation, current .....	376 BA		8		
Spending authority from offsetting collections .....	BA	35	70	75	80
Outlays .....	O	37	76	77	80
NTIS revolving fund (gross)	BA O	35 37	78 76	75 77	80 80

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 35	— 70	— 75	— 80
Total NTIS revolving fund (net) .....	BA O		8 6		
<i>Trust funds</i>					
Information products and services:					
Outlays .....	376 O	*			
Outlays from trust funds ....	O	(*)			

*National Institute of Standards and Technology*

*Federal funds*

**General and Special Funds:**

Scientific and technical research and services:					
Appropriation, current .....	376 BA	226	259	300	300
Outlays .....	O	213	267	293	300
Industrial technology services:					
Appropriation, current .....	376 BA	231	523	641	641
Outlays .....	O	93	181	360	562
Construction of research facilities:					
Appropriation, current .....	376 BA	60	65	70	70
Outlays .....	O	7	12	34	94
Intragovernmental Funds:					
Working capital fund:					
Appropriation, current .....	376 BA	4	7	12	12
Spending authority from offsetting collections .....	BA	288	126	122	122
Outlays .....	O	141	131	175	188
Working capital fund (gross) .....	BA O	291 141	133 131	135 175	135 188
Total, offsetting collections		— 288	— 126	— 122	— 122
Total Working capital fund (net) .....	BA O	4 — 146	7 5	12 53	12 65
Total Federal funds Na- tional Institute of Stand- ards and Technology ....	BA O	521 167	854 466	1,023 740	1,023 1,020

*National Telecommunications and Information Administration*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	376 BA	20	21	23	22
Spending authority from offsetting collections .....	BA	8	9	9	9
Outlays .....	O	28	33	32	31
Salaries and expenses (gross) .....	BA O	28 28	30 33	32 32	31 31
Total, offsetting collections		— 8	— 9	— 9	— 9
Total Salaries and ex- penses (net) .....	BA O	20 20	21 24	23 23	22 22
Endowment for children's educational television:					
Appropriation, current .....	503 BA	1	2	3	2
Outlays .....	O	1	2	2	2
Public broadcasting facilities, planning and construction:					
Appropriation, current .....	503 BA	24	29	8	8



**Department of Commerce—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	20	28 <i>H - 2</i>	27 <i>H - 8</i>	17 <i>H - 4</i>	Summary					
Total Public broadcasting facilities, planning and construction .....	BA O	24 20	11 26	8 19	8 13	Federal funds:					
						(As shown in detail above) .....	BA O	3,932 3,036	4,261 3,728	4,726 4,224	4,622 4,495
Information infrastructure grants:						Deductions for offsetting receipts:					
Appropriation, current .....	503 BA	26	61	100	100	Intrafund transactions .....	908 BA/O	— *	— *	— *	— *
Outlays .....	O	1	2	44	75	Proprietary receipts from the public .....	306 BA/O	— 17	— 17	— 17 <i>B - 10</i>	— 17 <i>B - 10</i>
Total Federal funds National Telecommunications and Information Administration .....	BA O	71 42	95 53	133 88	132 113		376 BA/O	— 103	— 110	— 114	— 118
Total Federal funds Science and Technology .....	BA O	2,715 2,126	3,063 2,616	3,431 2,987	3,364 3,278	Total Federal funds .....	BA O	3,811 2,915	4,134 3,600	4,584 4,083	4,477 4,349
Total Trust funds Science and Technology .....	BA O	..... *	.....	46 25	46 46	Trust funds:					
						(As shown in detail above) .....	BA O	1 *	* *	46 26	46 46
						Interfund transactions .....	602 BA/O	— *	.....		
						Total Department of Commerce .....	BA O	3,811 2,915	4,134 3,601	4,630 4,109	4,523 4,395

**Department of Defense—Military**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Military Personnel</b>						Military personnel, Marine Corps:					
<i>Federal funds</i>						Appropriation, current .....	051 BA	5,753	5,775 <i>A 10</i>	5,878	5,956
<b>General and Special Funds:</b>						Spending authority from offsetting collections .....	BA	14	26	31	31
Military personnel, Army:						Outlays .....	O	5,898	5,823 <i>A 10</i>	5,690 <i>A *</i>	5,972 <i>A *</i>
Appropriation, current .....	051 BA	21,349	20,610 <i>A 69</i>	19,721	19,483	Military personnel, Marine Corps (gross) .....	BA O	5,767 5,898	5,811 5,833	5,909 5,690	5,987 5,972
Contract authority, permanent .....	BA	3	.....	.....	.....	Total, offsetting collections		— 14	— 26	— 31	— 31
Spending authority from offsetting collections .....	BA	199	166	219	225	Total Military personnel, Marine Corps (net) .....	BA O	5,753 5,884	5,785 5,808	5,878 5,660	5,956 5,941
Outlays .....	O	22,741	20,737 <i>A 69</i>	18,998 <i>A *</i>	19,681 <i>A *</i>	Military personnel, Air Force:					
Military personnel, Army (gross) .....	BA O	21,551 22,741	20,845 20,806	19,941 18,998	19,708 19,681	Appropriation, current .....	051 BA	16,121	17,181 <i>A 72</i>	17,108	16,732
Total, offsetting collections		— 199	— 166	— 219	— 225	Spending authority from offsetting collections .....	BA	2,180	665	192	190
Total Military personnel, Army (net) .....	BA O	21,352 22,542	20,679 20,640	19,721 18,779	19,483 19,457	Outlays .....	O	18,878	17,786 <i>A 71</i>	16,546 <i>A *</i>	16,907 <i>A *</i>
Military personnel, Navy:						Military personnel, Air Force (gross) .....	BA O	18,302 18,878	17,919 17,856	17,300 16,546	16,922 16,907
Appropriation, current .....	051 BA	18,547	17,569 <i>A 50</i>	16,931	16,337	Total, offsetting collections		— 2,180	— 665	— 192	— 190
Spending authority from offsetting collections .....	BA	357	256	249	243	Total Military personnel, Air Force (net) .....	BA O	16,121 16,698	17,253 17,191	17,108 16,354	16,732 16,717
Outlays .....	O	18,919	18,079 <i>A 49</i>	16,662 <i>A *</i>	16,573 <i>A *</i>	Reserve personnel, Army:					
Military personnel, Navy (gross) .....	BA O	18,905 18,919	17,874 18,128	17,179 16,662	16,580 16,574	Appropriation, current .....	051 BA	2,155	2,162	2,101	2,021
Total, offsetting collections		— 357	— 256	— 249	— 243	Spending authority from offsetting collections .....	BA	5	8	8	8
Total Military personnel, Navy (net) .....	BA O	18,547 18,562	17,619 17,872	16,931 16,414	16,337 16,331						

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	2,079	2,181	2,098	2,019	National Guard personnel, Air Force:					
Reserve personnel, Army (gross) .....	BA	2,160	2,169	2,109	2,029	Appropriation, current .....	051 BA	1,258	1,233	1,246	1,259
	O	2,079	2,181	2,098	2,019	Spending authority from offsetting collections .....	BA	6	8	8	8
Total, offsetting collections		—5	—8	—8	—8	Outlays .....	O	1,269	1,220	1,244	1,256
Total Reserve personnel, Army (net) .....	BA	2,155	2,162	2,101	2,021	National Guard personnel, Air Force (gross) .....	BA	1,265	1,241	1,254	1,267
	O	2,075	2,174	2,090	2,011		O	1,269	1,220	1,244	1,256
Reserve personnel, Navy:						Total, offsetting collections		—6	—8	—8	—8
Appropriation, current .....	051 BA	1,594	1,402 <sub>A 5</sub>	1,348	1,323	Total National Guard per- sonnel, Air Force (net) ..	BA	1,258	1,233	1,246	1,259
Spending authority from offsetting collections .....	BA	8	9	9	10		O	1,262	1,213	1,236	1,249
Outlays .....	O	1,650	1,398 <sub>A 4</sub>	1,330 <sub>A *</sub>	1,304	Total Federal funds Military Personnel .....	BA	71,365	70,595	68,697	67,492
							O	73,137	70,750	66,182	67,337
Reserve personnel, Navy (gross) .....	BA	1,602	1,416	1,358	1,333						
	O	1,650	1,403	1,330	1,304						
Total, offsetting collections		—8	—9	—9	—10						
Total Reserve personnel, Navy (net) .....	BA	1,594	1,406	1,348	1,323						
	O	1,642	1,393	1,321	1,294						
Reserve personnel, Marine Corps:											
Appropriation, current .....	051 BA	347	349	362	373						
Spending authority from offsetting collections .....	BA	1	1	1	1						
Outlays .....	O	354	330	355	365						
Reserve personnel, Marine Corps (gross) .....	BA	348	349	362	374						
	O	354	330	355	365						
Total, offsetting collections		—1	—1	—1	—1						
Total Reserve personnel, Marine Corps (net) .....	BA	347	349	362	373						
	O	353	329	354	365						
Reserve personnel, Air Force:											
Appropriation, current .....	051 BA	788	769	783	777						
Spending authority from offsetting collections .....	BA	1	3	3	3						
Outlays .....	O	745	796	767	763						
Reserve personnel, Air Force (gross) .....	BA	789	771	786	780						
	O	745	796	767	763						
Total, offsetting collections		—1	—3	—3	—3						
Total Reserve personnel, Air Force (net) .....	BA	788	769	783	777						
	O	743	794	764	759						
National Guard personnel, Army:											
Appropriation, current .....	051 BA	3,449	3,340	3,218	3,231						
Spending authority from offsetting collections .....	BA	6	6	6	6						
Outlays .....	O	3,380	3,342	3,216	3,220						
National Guard personnel, Army (gross) .....	BA	3,455	3,345	3,224	3,237						
	O	3,380	3,342	3,216	3,220						
Total, offsetting collections		—6	—6	—6	—6						
Total National Guard per- sonnel, Army (net) .....	BA	3,449	3,340	3,218	3,231						
	O	3,374	3,337	3,210	3,214						

**Operation and Maintenance**

*Federal funds*

**General and Special Funds:**

Operation and maintenance, Army:

Appropriation, current .....	051 BA	17,537	17,698 <sub>A 959</sub>	18,185	17,628
Contract authority, perma- nent .....	BA	123			
Spending authority from offsetting collections .....	BA	5,795	4,713	4,902	4,887
Outlays .....	O	23,639	22,674 <sub>A 731</sub>	23,030 <sub>A 178</sub>	22,584 <sub>A 32</sub>
Operation and mainte- nance, Army (gross) .....	BA	23,455	23,370	23,087	22,515
	O	23,639	23,406	23,208	22,615
Total, offsetting collections		—5,795	—4,713	—4,902	—4,887
Total Operation and main- tenance, Army (net) .....	BA	17,660	18,657	18,185	17,628
	O	17,844	18,693	18,306	17,728

Operation and maintenance, Navy  
(Department of Defense-Mili-  
tary):

(Appropriation, current) .....	051 BA	20,844	21,329 <sub>A 348</sub>	21,226	20,255
(Spending authority from offsetting collections) .....	BA	3,444	3,713	3,713	3,713
(Outlays) .....	O	23,731	24,097 <sub>A 269</sub>	24,929 <sub>A 67</sub>	24,126 <sub>A 7</sub>
Operation and mainte- nance, Navy (gross) .....	BA	24,288	25,389	24,939	23,968
	O	23,731	24,366	24,997	24,133
Total, offsetting collections		—3,444	—3,713	—3,713	—3,713
Total (Department of De- fense-Military) (net) .....	BA	20,844	21,676	21,226	20,255
	O	20,286	20,653	21,284	20,420
Total Operation and main- tenance, Navy .....	BA	20,844	21,676	21,226	20,255
	O	20,286	20,653	21,284	20,420

Operation and maintenance, Marine Corps:

Appropriation, current .....	051 BA	1,886	2,069 <sub>A 38</sub>	2,270	2,285
Spending authority from offsetting collections .....	BA	385	412	412	412

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	2,237	2,349 ▲ 28	2,602 ▲ 8	2,651 ▲ 1	Total, offsetting collections		— 28	— 29	— 30	— 31
Operation and maintenance, Marine Corps (gross) .....	BA O	2,271 2,237	2,520 2,377	2,682 2,610	2,697 2,652	Total Operation and maintenance, Army Reserve (net) .....	BA O	1,073 954	1,240 1,223	1,069 1,096	1,034 1,030
Total, offsetting collections		— 385	— 412	— 412	— 412	Operation and maintenance, Navy Reserve: Appropriation, current .....	051 BA	761	831 ▲ 6	826	865
Total Operation and maintenance, Marine Corps (net) .....	BA O	1,886 1,852	2,107 1,965	2,270 2,198	2,285 2,240	Spending authority from offsetting collections .....	BA	42	20	20	20
Operation and maintenance, Air Force: Appropriation, current .....	051 BA	20,497	18,954 ▲ 889	18,257	18,347	Outlays .....	O	844	783 ▲ 4	827 ▲ 2	849 ▲ *
Spending authority from offsetting collections .....	BA	2,560	2,323	2,390	2,460	Operation and maintenance, Navy Reserve (gross) .....	BA O	803 844	858 787	846 829	885 849
Outlays .....	O	22,914	20,790 ▲ 667	20,710 ▲ 173	20,628 ▲ 27	Total, offsetting collections		— 42	— 20	— 20	— 20
Operation and maintenance, Air Force (gross) .....	BA O	23,057 22,914	22,166 21,457	20,647 20,884	20,807 20,655	Total Operation and maintenance, Navy Reserve (net) .....	BA O	761 802	838 767	826 808	865 829
Total, offsetting collections		— 2,560	— 2,323	— 2,390	— 2,460	Operation and maintenance, Marine Corps Reserve: Appropriation, current .....	051 BA	91	82	90	95
Total Operation and maintenance, Air Force (net) .....	BA O	20,497 20,354	19,843 19,134	18,257 18,493	18,347 18,195	Spending authority from offsetting collections .....	BA	3	2	2	2
Operation and maintenance, Defense-wide (Department of Defense-Military):						Outlays .....	O	78	87	90	92
(Appropriation, current) .....	051 BA	8,559	10,042 ▲ 43	10,367	10,492	Operation and maintenance, Marine Corps Reserve (gross) .....	BA O	94 78	83 87	92 90	97 92
(Spending authority from offsetting collections) .....	BA	693	1,121	1,112	1,133	Total, offsetting collections		— 3	— 2	— 2	— 2
(Outlays) .....	O	9,817	11,010 ▲ 33	11,289 ▲ 8	11,510 ▲ 2	Total Operation and maintenance, Marine Corps Reserve (net) .....	BA O	91 75	82 85	90 89	95 90
Operation and maintenance, Defense-wide (gross) .....	BA O	9,252 9,817	11,207 11,043	11,479 11,296	11,625 11,511	Operation and maintenance, Air Force Reserve: Appropriation, current .....	051 BA	1,363	1,472	1,486	1,509
Total, offsetting collections		— 693	— 1,121	— 1,112	— 1,133	Spending authority from offsetting collections .....	BA	61	40	40	40
Total (Department of Defense-Military) (net) .....	BA O	8,559 9,124	10,085 9,921	10,367 10,184	10,492 10,379	Outlays .....	O	1,342	1,472	1,498	1,522
Total Operation and maintenance, Defense-wide ..	BA O	8,559 9,124	10,085 9,921	10,367 10,184	10,492 10,379	Operation and maintenance, Air Force Reserve (gross) .....	BA O	1,424 1,342	1,511 1,472	1,526 1,498	1,549 1,522
Office of the Inspector General: Appropriation, current .....	051 BA	136	141	139	140	Total, offsetting collections		— 61	— 40	— 40	— 40
Outlays .....	O	127	132	136	137	Total Operation and maintenance, Air Force Reserve (net) .....	BA O	1,363 1,281	1,472 1,432	1,486 1,458	1,509 1,483
Operation and maintenance, Army Reserve: Appropriation, current .....	051 BA	1,073	1,240	1,069	1,034	Operation and maintenance, Army National Guard (Department of Defense-Military):					
Spending authority from offsetting collections .....	BA	28	29	30	31	(Appropriation, current) .....	051 BA	2,236	2,428	2,304	2,274
Outlays .....	O	982	1,252	1,125	1,060	(Spending authority from offsetting collections) .....	BA	87	70	70	70
Operation and maintenance, Army Reserve (gross) .....	BA O	1,101 982	1,269 1,252	1,098 1,125	1,064 1,060	(Outlays) .....	O	2,309	2,386	2,325	2,280
						Operation and maintenance, Army National Guard (gross) .....	BA O	2,323 2,309	2,498 2,386	2,374 2,325	2,344 2,280

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 87	— 70	— 70	— 70	Outlays	O	*	392	1,159	1,479
Total (Department of De- fense-Military) (net)	BA	<b>2,236</b>	<b>2,428</b>	<b>2,304</b>	<b>2,274</b>	Humanitarian assistance:					
	O	2,222	2,316	2,255	2,210	Appropriation, current	051 BA	<b>103</b>	<b>65</b>	<b>80</b>	<b>72</b>
Total Operation and main- tenance, Army National Guard	BA	<b>2,236</b>	<b>2,428</b>	<b>2,304</b>	<b>2,274</b>	Outlays	O	54	76	85	78
	O	2,222	2,316	2,255	2,210	Defense reinvestment for economic growth:					
Operation and maintenance, Air National Guard:						Outlays	051 O	83	49	33	5
Appropriation, current	051 BA	<b>2,665</b>	<b>2,773</b>	<b>2,712</b>	<b>2,773</b>	Former Soviet Union threat reduction account:					
Spending authority from offsetting collections	BA	<b>95</b>	<b>62</b>	<b>64</b>	<b>65</b>	Appropriation, current	051 BA	<b>400</b>	<b>400</b>	<b>371</b>	<b>364</b>
Outlays	O	2,691	2,723	2,740	2,787	Outlays	O	21	222	361	356
Operation and mainte- nance, Air National Guard (gross)	BA	<b>2,760</b>	<b>2,835</b>	<b>2,776</b>	<b>2,839</b>	Contributions for international peacekeeping and peace enforcement activities, Defense:					
	O	2,691	2,723	2,740	2,787	Appropriation, current	051 BA			<b>65</b>	<b>100</b>
Total, offsetting collections		— 95	— 62	— 64	— 65	Outlays	O			65	100
Total Operation and main- tenance, Air National Guard (net)	BA	<b>2,665</b>	<b>2,773</b>	<b>2,712</b>	<b>2,773</b>	Payment to kaho'olawe:					
	O	2,596	2,661	2,676	2,722	Appropriation, current	051 BA	<b>60</b>	<b>50</b>		
United States Courts of Appeals for the armed forces:						Outlays	O	*	63	27	13
Appropriation, current	051 BA	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	Defense cooperation:					
Outlays	O	6	5	6	6	Appropriation, permanent	051 BA	— 4	— 4		
Drug interdiction and counter-drug activities, Defense:						Advance appropriation	BA	<b>4</b>	<b>4</b>		
Appropriation, current	051 BA		<b>721</b>	<b>680</b>	<b>701</b>	Total Defense cooperation	BA				
Outlays	O		248	546	626	Restoration of the Rocky Mountain Arsenal:					
Goodwill games:						Appropriation, permanent	051 BA	<b>6</b>			
Outlays	051 O	— *				Outlays	O	2	2	2	2
Foreign currency fluctuations, Defense:						Outlays from special funds	O	(2)	(2)	(2)	(2)
Reappropriation	051 BA	<b>329</b>				DOD 50th anniversary of World War II Commemoration:					
Summer olympics:						Appropriation, permanent	051 BA	*	*	*	*
Appropriation, current	051 BA	<b>8</b>	<b>14</b>	<b>15</b>		Outlays	O		*	*	*
Reappropriation	BA	<b>3</b>	<b>4</b>			Outlays from special funds	O		(*)	(*)	(*)
Outlays	O	14	10	15	10	Disposal and lease of DOD real property:					
Total Summer olympics	BA	<b>11</b>	<b>18</b>	<b>15</b>		Appropriation, current	051 BA	<b>34</b>	<b>8</b>	<b>8</b>	<b>8</b>
	O	14	10	15	10	Outlays	O	1	7	22	14
1995 Special olympics world games:						Outlays from special funds	O	(1)	(7)	(22)	(14)
Appropriation, current	051 BA		<b>3</b>			Overseas military facility investment recovery:					
Outlays	O		2	1	*	Outlays	051 O	— 1	4	2	1
Real property maintenance, Defense:						Outlays from special funds	O	(— 1)	(4)	(2)	(1)
Outlays	051 O	975	394	150	77	National Science Center, Army:					
Disaster relief:						Appropriation, current	051 BA	*	*	*	*
Reappropriation	051 BA	<b>15</b>				Outlays	O	*	*	*	*
Outlays	O	26	13	6	1	Outlays from special funds	O	(*)	(*)	(*)	(*)
Defense health program:						Kaho' Olawe Island Conveyance, Remediation, and Environmental Restoration Fund:					
Appropriation, current	051 BA	<b>9,601</b>	<b>9,921</b>	<b>10,154</b>	<b>10,019</b>	Appropriation, permanent	051 BA		<b>50</b>		
			<b>14</b>			Outlays	O		*	11	22
Spending authority from offsetting collections	BA	<b>4,335</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	Outlays from special funds	O		(*)	(11)	(22)
Outlays	O	13,515	14,644	14,975	14,991	Public Enterprise Funds:					
			<b>12</b>	<b>2</b>	<b>*</b>	National Board for the Promotion of Rifle Practice, Army:					
Defense health program (gross)	BA	<b>13,936</b>	<b>14,935</b>	<b>15,154</b>	<b>15,019</b>	Appropriation, current	051 BA	<b>2</b>	<b>3</b>		
	O	13,515	14,656	14,977	14,992	Spending authority from offsetting collections	BA	<b>1</b>	<b>2</b>	<b>4</b>	<b>4</b>
Total, offsetting collections		— 4,335	— 5,000	— 5,000	— 5,000	Outlays	O	3	5	6	5
Total Defense health pro- gram (net)	BA	<b>9,601</b>	<b>9,935</b>	<b>10,154</b>	<b>10,019</b>	National Board for the Pro- motion of Rifle Practice, Army (gross)	BA	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>
	O	9,180	9,656	9,977	9,992		O	3	5	6	5
Environmental restoration, Defense:						Total, offsetting collections		— 1	— 2	— 4	— 4
Appropriation, current	051 BA	<b>1</b>	<b>1,780</b>	<b>1,622</b>	<b>1,622</b>	Total National Board for the Promotion of Rifle Practice, Army (net)	BA	<b>2</b>	<b>3</b>		
							O	2	3	2	1
						Total Federal funds Oper- ation and Maintenance	BA	<b>88,341</b>	<b>94,381</b>	<b>91,932</b>	<b>90,590</b>
							O	87,880	90,129	91,452	90,246

**Procurement**  
*Federal funds*

**General and Special Funds:**

Aircraft procurement, Army:					
Appropriation, current	051 BA	<b>1,271</b>	<b>1,056</b>	<b>1,223</b>	<b>843</b>

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	4	19	8	8	Total, offsetting collections		— 93	— 206	— 119	— 119
Outlays .....	O	1,715	1,419	1,209	1,161	Total Other procurement, Army (net) .....	BA	2,883	2,697	2,257	2,199
Aircraft procurement, Army (gross) .....	BA	1,274	1,074	1,231	851		O	3,065	2,785	2,470	2,465
	O	1,715	1,419	1,209	1,161	Aircraft procurement, Navy:					
Total, offsetting collections		— 4	— 19	— 8	— 8	Appropriation, current .....	051 BA	5,395	4,234	3,886	6,885
Total Aircraft procurement, Army (net) .....	BA	1,271	1,056	1,223	843	Spending authority from offsetting collections .....	BA	7	7	7	7
	O	1,711	1,400	1,201	1,153	Outlays .....	O	6,833	5,617	4,971	4,955
Missile procurement, Army:						Aircraft procurement, Navy (gross) .....	BA	5,401	4,241	3,894	6,892
Appropriation, current .....	051 BA	1,080	808	676	718		O	6,833	5,617	4,971	4,955
Spending authority from offsetting collections .....	BA	112	100	57	57	Total, offsetting collections		— 7	— 7	— 7	— 7
Outlays .....	O	1,496	1,263	983	840	Total Aircraft procurement, Navy (net) .....	BA	5,395	4,234	3,886	6,885
Missile procurement, Army (gross) .....	BA	1,192	908	734	775		O	6,826	5,610	4,964	4,948
	O	1,496	1,263	983	840	Weapons procurement, Navy:					
Total, offsetting collections		— 112	— 100	— 57	— 57	Appropriation, current .....	051 BA	2,797	2,014	1,787	1,714
Total Missile procurement, Army (net) .....	BA	1,080	808	676	718	Spending authority from offsetting collections .....	BA	197	75	75	75
	O	1,384	1,164	926	783	Outlays .....	O	4,244	3,376	2,801	2,184
Procurement of weapons and tracked combat vehicles, Army:						Weapons procurement, Navy (gross) .....	BA	2,994	2,089	1,862	1,789
Appropriation, current .....	051 BA	887	1,144	1,299	1,262		O	4,244	3,376	2,801	2,184
Spending authority from offsetting collections .....	BA	137	88	184	184	Total, offsetting collections		— 197	— 75	— 75	— 75
Outlays .....	O	1,124	1,220	1,306	1,389	Total Weapons procurement, Navy (net) .....	BA	2,797	2,014	1,787	1,714
Procurement of weapons and tracked combat vehicles, Army (gross) .....	BA	1,024	1,232	1,483	1,445		O	4,047	3,301	2,726	2,109
	O	1,124	1,220	1,306	1,389	Procurement of ammunition, Navy and Marine Corps:					
Total, offsetting collections		— 137	— 88	— 184	— 184	Appropriation, current .....	051 BA		415		
Total Procurement of weapons and tracked combat vehicles, Army (net) .....	BA	887	1,144	1,299	1,262	Outlays .....	O		124	100	79
	O	986	1,132	1,123	1,206	Shipbuilding and conversion, Navy:					
Procurement of ammunition, Army:						Appropriation, current .....	051 BA	4,730	6,965	5,052	3,942
Appropriation, current .....	051 BA	644	1,173	795	831	Spending authority from offsetting collections .....	BA	739			
Spending authority from offsetting collections .....	BA	9	19	47	47	Outlays .....	O	9,871	8,094	7,296	7,059
Outlays .....	O	1,006	1,292	1,010	1,012	Shipbuilding and conversion, Navy (gross) .....	BA	5,469	6,965	5,052	3,942
Procurement of ammunition, Army (gross) .....	BA	653	1,192	842	877		O	9,871	8,094	7,296	7,059
	O	1,006	1,292	1,010	1,012	Total, offsetting collections		— 739			
Total, offsetting collections		— 9	— 19	— 47	— 47	Total Shipbuilding and conversion, Navy (net) .....	BA	4,730	6,965	5,052	3,942
Total Procurement of ammunition, Army (net) .....	BA	644	1,173	795	831		O	9,132	8,094	7,296	7,059
	O	997	1,273	963	965	Other procurement, Navy:					
Other procurement, Army:						Appropriation, current .....	051 BA	2,775	3,182	2,396	3,124
Appropriation, current .....	051 BA	2,883	2,669	2,257	2,199	Spending authority from offsetting collections .....	BA	27	37	48	50
			^ 29			Outlays .....	O	5,706	3,985	3,274	3,068
Spending authority from offsetting collections .....	BA	93	206	119	119	Other procurement, Navy (gross) .....	BA	2,803	3,218	2,445	3,174
Outlays .....	O	3,158	2,986	2,578	2,579		O	5,706	3,985	3,274	3,068
			^ 5	^ 11	^ 5	Total, offsetting collections		— 27	— 37	— 48	— 50
Other procurement, Army (gross) .....	BA	2,976	2,904	2,376	2,318	Total Other procurement, Navy (net) .....	BA	2,775	3,182	2,396	3,124
	O	3,158	2,991	2,589	2,584		O	5,679	3,948	3,225	3,018
						Coastal defense augmentation:					
						Outlays .....	051 O	16			
						Procurement, Marine Corps:					
						Appropriation, current .....	051 BA	428	412	474	688
						Spending authority from offsetting collections .....	BA	11	9	9	9

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	844	652	580	596	Procurement, Defense-wide:					
Procurement, Marine Corps (gross) .....	BA	439	421	484	697	Appropriation, current .....	051 BA	1,816	2,025	2,180	2,525
	O	844	652	580	596	Spending authority from offsetting collections .....	BA	74	77	68	76
Total, offsetting collections .....		-11	-9	-9	-9	Outlays .....	O	1,888	2,060	2,088	2,253
Total Procurement, Marine Corps (net) .....	BA	428	412	474	688	Procurement, Defense-wide (gross) .....	BA	1,889	2,102	2,248	2,601
	O	834	642	570	587		O	1,888	2,060	2,088	2,253
Aircraft procurement, Air Force:						Total, offsetting collections .....		-74	-77	-68	-76
Appropriation, current .....	051 BA	6,435	6,307	6,184	6,577	Total Procurement, Defense-wide (net) .....	BA	1,816	2,025	2,180	2,525
Spending authority from offsetting collections .....	BA	41	108	108	108		O	1,815	1,982	2,020	2,177
Outlays .....	O	10,344	9,347	8,487	6,840	National guard and reserve equipment:					
Aircraft procurement, Air Force (gross) .....	BA	6,476	6,415	6,292	6,685	Appropriation, current .....	051 BA	1,147	779		
	O	10,344	9,347	8,487	6,840	Outlays .....	O	2,049	1,117	918	601
Total, offsetting collections .....		-41	-108	-108	-108	Defense production act purchases:					
Total Aircraft procurement, Air Force (net) .....	BA	6,435	6,307	6,184	6,577	Appropriation, current .....	051 BA	200			
	O	10,303	9,239	8,379	6,732	Outlays .....	O	17	28	63	62
Missile procurement, Air Force:						Chemical agents and munitions destruction, Army:					
Appropriation, current .....	051 BA	3,712	3,622	3,648	4,423	Appropriation, current .....	051 BA	373	575	747	829
Spending authority from offsetting collections .....	BA	65	112	112	112	Spending authority from offsetting collections .....	BA	*	1	1	*
Outlays .....	O	4,377	4,379	4,040	4,120	Outlays .....	O	352	480	552	678
Missile procurement, Air Force (gross) .....	BA	3,777	3,734	3,760	4,535	Chemical agents and munitions destruction, Army (gross) .....	BA	373	576	747	829
	O	4,377	4,379	4,040	4,120		O	352	480	552	678
Total, offsetting collections .....		-65	-112	-112	-112	Total, offsetting collections .....		-*	-1	-1	-*
Total Missile procurement, Air Force (net) .....	BA	3,712	3,622	3,648	4,423	Total Chemical agents and munitions destruction, Army (net) .....	BA	373	575	747	829
	O	4,312	4,267	3,928	4,008		O	352	479	552	678
Procurement of ammunition, Air Force:						Total Federal funds Procurement .....	BA	44,141	44,619	39,409	43,464
Appropriation, current .....	051 BA		286				O	61,758	54,671	48,630	45,734
Spending authority from offsetting collections .....	BA		2								
Outlays .....	O		56	66	66						
Procurement of ammunition, Air Force (gross) .....	BA		288								
	O		56	66	66						
Total, offsetting collections .....			-2								
Total Procurement of ammunition, Air Force (net) .....	BA		286								
	O		54	66	66						
Other procurement, Air Force:											
Appropriation, current .....	051 BA	7,569	6,915	6,805	6,905						
			Δ 8								
Spending authority from offsetting collections .....	BA	242	430	430	430						
Outlays .....	O	8,476	8,458	7,568	7,467						
			Δ 2	Δ 2	Δ 2						
Other procurement, Air Force (gross) .....	BA	7,811	7,354	7,235	7,335						
	O	8,476	8,460	7,570	7,469						
Total, offsetting collections .....		-242	-430	-430	-430						
Total Other procurement, Air Force (net) .....	BA	7,569	6,924	6,805	6,905						
	O	8,234	8,030	7,140	7,039						

**Research, Development, Test, and Evaluation**

*Federal funds*

**General and Special Funds:**

Research, development, test, and evaluation, Army  
(Department of Defense-Military):

(Appropriation, current) .....	051 BA	5,402	5,481	4,444	4,241
(Spending authority from offsetting collections) .....	BA	1,478	1,531	1,482	1,435
(Outlays) .....	O	7,200	6,608	6,295	5,820

Research, development, test, and evaluation, Army (gross) .....	BA	6,880	7,012	5,926	5,676
	O	7,200	6,608	6,295	5,820

Total, offsetting collections .....		-1,478	-1,531	-1,482	-1,435
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Total (Department of Defense-Military) (net) .....	BA	5,402	5,481	4,444	4,241
	O	5,722	5,077	4,813	4,385

(Health research and training): (Outlays) .....	552 O	24	114	67	12
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Total Research, development, test, and evaluation, Army .....	BA	5,402	5,481	4,444	4,241
	O	5,746	5,191	4,880	4,397

Research, development, test, and evaluation, Navy:

Appropriation, current .....	051 BA	8,206	8,653	8,205	7,717
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**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	<b>98</b>	<b>110</b>	<b>110</b>	<b>110</b>	Outlays .....	O	12	20	22	23
Outlays .....	O	8,089	8,764	8,568	8,101	Total Federal funds Research, Development, Test, and Evaluation .....	BA	<b>34,567</b>	<b>35,438</b>	<b>34,332</b>	<b>32,654</b>
Research, development, test, and evaluation, Navy (gross) .....	BA	<b>8,304</b>	<b>8,763</b>	<b>8,315</b>	<b>7,827</b>		O	34,786	35,095	34,543	33,377
	O	8,089	8,764	8,568	8,101	<b>Military Construction</b>					
Total, offsetting collections		— 98	— 110	— 110	— 110	<i>Federal funds</i>					
Total Research, development, test, and evaluation, Navy (net) .....	BA	<b>8,206</b>	<b>8,653</b>	<b>8,205</b>	<b>7,717</b>	<b>General and Special Funds:</b>					
	O	7,990	8,654	8,458	7,991	Military construction, Army:					
Research, development, test, and evaluation, Air Force:						Appropriation, current .....	051 BA	<b>870</b>	<b>549</b>	<b>473</b>	<b>492</b>
Appropriation, current .....	051 BA	<b>12,021</b>	<b>12,057</b>	<b>12,598</b>	<b>11,656</b>	Spending authority from offsetting collections .....	BA	<b>1,896</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>
Spending authority from offsetting collections .....	BA	<b>1,671</b>	<b>2,150</b>	<b>2,100</b>	<b>2,050</b>	Outlays .....	O	2,574	2,518	2,422	2,370
Outlays .....	O	14,184	14,316	14,132	14,025	Military construction, Army (gross) .....	BA	<b>2,766</b>	<b>2,349</b>	<b>2,273</b>	<b>2,292</b>
Research, development, test, and evaluation, Air Force (gross) .....	BA	<b>13,692</b>	<b>14,207</b>	<b>14,698</b>	<b>13,706</b>		O	2,574	2,518	2,422	2,370
	O	14,184	14,316	14,132	14,025	Total, offsetting collections		— 1,896	— 1,800	— 1,800	— 1,800
Total, offsetting collections		— 1,671	— 2,150	— 2,100	— 2,050	Total Military construction, Army (net) .....	BA	<b>870</b>	<b>549</b>	<b>473</b>	<b>492</b>
Total Research, development, test, and evaluation, Air Force (net) .....	BA	<b>12,021</b>	<b>12,057</b>	<b>12,598</b>	<b>11,656</b>		O	679	718	622	570
	O	12,513	12,166	12,032	11,975	Military construction, Navy:					
Research, development, test, and evaluation, Defense-wide:						Appropriation, current .....	051 BA	<b>545</b>	<b>397</b>	<b>488</b>	<b>460</b>
Appropriation, current .....	051 BA	<b>8,694</b>	<b>8,990</b>	<b>8,803</b>	<b>8,750</b>				<b>118</b>		
Spending authority from offsetting collections .....	BA	<b>173</b>	<b>248</b>	<b>216</b>	<b>214</b>	Spending authority from offsetting collections .....	BA	<b>315</b>	<b>321</b>	<b>329</b>	<b>337</b>
Outlays .....	O	8,448	9,093	9,127	8,950	Outlays .....	O	879	980	897	878
Research, development, test, and evaluation, Defense-wide (gross) .....	BA	<b>8,867</b>	<b>9,238</b>	<b>9,019</b>	<b>8,964</b>				<b>12</b>	<b>17</b>	<b>15</b>
	O	8,448	9,093	9,127	8,950	Military construction, Navy (gross) .....	BA	<b>860</b>	<b>736</b>	<b>817</b>	<b>798</b>
Total, offsetting collections		— 173	— 248	— 216	— 214		O	879	982	903	883
Total Research, development, test, and evaluation, Defense-wide (net) .....	BA	<b>8,694</b>	<b>8,990</b>	<b>8,803</b>	<b>8,750</b>	Total, offsetting collections		— 315	— 321	— 329	— 337
	O	8,275	8,846	8,911	8,736	Total Military construction, Navy (net) .....	BA	<b>545</b>	<b>415</b>	<b>488</b>	<b>460</b>
Developmental test and evaluation, Defense:							O	564	661	574	546
Appropriation, current .....	051 BA	<b>232</b>	<b>233</b>	<b>259</b>	<b>267</b>	Military construction, Air Force:					
Spending authority from offsetting collections .....	BA	<b>6</b>	<b>6</b>	<b>40</b>	<b>40</b>	Appropriation, current .....	051 BA	<b>967</b>	<b>514</b>	<b>496</b>	<b>479</b>
Outlays .....	O	256	224	280	297	Spending authority from offsetting collections .....	BA		*		
Developmental test and evaluation, Defense (gross) .....	BA	<b>238</b>	<b>239</b>	<b>299</b>	<b>307</b>	Outlays .....	O	950	853	740	628
	O	256	224	280	297	Military construction, Air Force (gross) .....	BA	<b>967</b>	<b>514</b>	<b>496</b>	<b>479</b>
Total, offsetting collections		— 6	— 6	— 40	— 40		O	950	853	740	628
Total Developmental test and evaluation, Defense (net) .....	BA	<b>232</b>	<b>233</b>	<b>259</b>	<b>267</b>	Total, offsetting collections			— *		
	O	250	218	240	257	Total Military construction, Air Force (net) .....	BA	<b>967</b>	<b>514</b>	<b>496</b>	<b>479</b>
Operational test and evaluation, Defense:							O	950	853	740	628
Appropriation, current .....	051 BA	<b>11</b>	<b>23</b>	<b>23</b>	<b>23</b>	Military construction, Defense-wide:					
						Appropriation, current .....	051 BA	<b>533</b>	<b>502</b>	<b>857</b>	<b>923</b>
						Spending authority from offsetting collections .....	BA	— *			
						Outlays .....	O	435	545	590	687
						Military construction, Defense-wide (gross) .....	BA	<b>533</b>	<b>502</b>	<b>857</b>	<b>923</b>
							O	435	545	590	687
						Total, offsetting collections		*			
						Total Military construction, Defense-wide (net) .....	BA	<b>533</b>	<b>502</b>	<b>857</b>	<b>923</b>
							O	435	545	590	687
						North Atlantic Treaty Organization infrastructure:					
						Appropriation, current .....	051 BA	<b>140</b>	<b>119</b>	<b>179</b>	<b>179</b>

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	35 .....		20	20	Family housing, Navy and Marine Corps:					
Outlays .....	O	135	121	135	159	Appropriation, current .....	051 BA	1,102	1,205	1,514	1,454
North Atlantic Treaty Orga- nization infrastructure (gross) .....	BA	175	119	199	199	Spending authority from offsetting collections .....	BA	19	18	20	21
	O	135	121	135	159	Outlays .....	O	849	1,202	1,338	1,391
Total, offsetting collections		— 35 .....		— 20	— 20	Family housing, Navy and Marine Corps (gross) .....	BA	1,121	1,223	1,534	1,475
Total North Atlantic Treaty Organization infrastruc- ture (net) .....	BA	140	119	179	179		O	849	1,202	1,338	1,391
	O	100	121	115	139	Total, offsetting collections		— 19	— 18	— 20	— 21
Military construction, Army National Guard:						Total Family housing, Navy and Marine Corps (net) .	BA	1,102	1,205	1,514	1,454
Appropriation, current .....	051 BA	295	189	18	14		O	831	1,184	1,317	1,370
Outlays .....	O	210	267	251	173	Family housing, Air Force:					
Military construction, Air National Guard:						Appropriation, current .....	051 BA	923	1,102	1,098	1,116
Appropriation, current .....	051 BA	241	249	86	85	Spending authority from offsetting collections .....	BA	10	13	13	14
Outlays .....	O	231	272	260	156	Outlays .....	O	1,117	1,004	1,045	1,084
Military construction, Army Reserve:						Family housing, Air Force (gross) .....	BA	933	1,116	1,112	1,130
Appropriation, current .....	051 BA	99	56	43	55		O	1,117	1,004	1,045	1,084
Outlays .....	O	63	100	90	74	Total, offsetting collections		— 10	— 13	— 13	— 14
Military construction, Naval Reserve:						Total Family housing, Air Force (net) .....	BA	923	1,102	1,098	1,116
Appropriation, current .....	051 BA	24	23	8	9		O	1,107	991	1,032	1,070
Outlays .....	O	22	38	38	30	Family housing, Defense-wide:					
Military construction, Air Force Reserve:						Appropriation, current .....	051 BA	26	29	56	330
Appropriation, current .....	051 BA	73	57	27	30	Spending authority from offsetting collections .....	BA	1	1	1	1
Outlays .....	O	26	49	59	46	Outlays .....	O	23	28	45	215
Base realignment and closure account:						Family housing, Defense- wide (gross) .....	BA	27	30	57	330
Appropriation, current .....	051 BA	2,175	2,809	3,898	1,760		O	23	28	45	215
Spending authority from offsetting collections .....	BA	9 .....		79	612	Total, offsetting collections		— 1	— 1	— 1	— 1
Outlays .....	O	1,708	1,998	2,405	2,839	Total Family housing, De- fense-wide (net) .....	BA	26	29	56	330
Base realignment and clo- sure account (gross) .....	BA	2,184	2,809	3,977	2,372		O	22	28	45	214
	O	1,708	1,998	2,405	2,839	Public Enterprise Funds:					
Total, offsetting collections		— 9 .....		— 79	— 612	Homeowners assistance fund, Defense:					
Total Base realignment and closure account (net) .....	BA	2,175	2,809	3,898	1,760	Appropriation, current .....	051 BA	151	— 133	76	36
	O	1,699	1,998	2,325	2,228	Spending authority from offsetting collections .....	BA	36	91	122	130
Foreign currency fluctuations, construction:						Outlays .....	O	103	200	197	196
Reappropriation .....	051 BA	46 .....				Homeowners assistance fund, Defense (gross) ....	BA	187	— 42	198	166
Total Federal funds Military Construction .....	BA	6,009	5,481	6,573	4,488		O	103	200	197	196
	O	4,979	5,621	5,664	5,277	Total, offsetting collections		— 36	— 91	— 122	— 130
<b>Family Housing</b>						Total Homeowners assist- ance fund, Defense (net)	BA	151	— 133	76	36
<i>Federal funds</i>							O	68	108	75	66
<b>General and Special Funds:</b>						Total Federal funds Family Housing .....	BA	3,501	3,387	4,125	4,335
Family housing, Army:							O	3,316	3,457	3,928	4,121
Appropriation, current .....	051 BA	1,298	1,183	1,381	1,400	Revolving and Management Funds					
Spending authority from offsetting collections .....	BA	19	21	24	28	<i>Federal funds</i>					
Outlays .....	O	1,308	1,168	1,483	1,430	<b>Public Enterprise Funds:</b>					
Family housing, Army (gross) .....	BA	1,317	1,204	1,405	1,428	National defense stockpile transaction fund:					
	O	1,308	1,168	1,483	1,430	Appropriation, current .....	051 BA	— 400	— 150	— 150	— 150
Total, offsetting collections		— 19	— 21	— 24	— 28	Spending authority from offsetting collections .....	BA	451	366	352	335
Total Family housing, Army (net) .....	BA	1,298	1,183	1,381	1,400						
	O	1,289	1,147	1,459	1,402						



**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	177	216	202	185	Total, offsetting collections		— 77,832	— 73,646	— 70,243	— 69,996
National defense stockpile transaction fund (gross) ..	BA	51	216	202	185	Total Defense business operations fund (net) .....	BA	2,913	945	879	— 257
	O	177	216	202	185		O	3,357	748	— 27	26
Total, offsetting collections		— 451	— 366	— 352	— 335	Building maintenance fund:					
Total National defense stockpile transaction fund (net) .....	BA	— 400	— 150	— 150	— 150	Spending authority from offsetting collections .....	051 BA		24	25	26
	O	— 274	— 150	— 150	— 150	Outlays .....	O		24	25	26
William Langer jewel bearing plant revolving fund:						Building maintenance fund (gross) .....	BA		24	25	26
Appropriation, current .....	051 BA		2				O		24	25	26
Spending authority from offsetting collections .....	BA	4	*			Total, offsetting collections			— 24	— 25	— 26
Outlays .....	O	3	3			Total Building maintenance fund (net) .....	BA				
William Langer jewel bearing plant revolving fund (gross) .....	BA	4	3				O				
	O	3	3			ADP equipment management fund:					
Total, offsetting collections		— 4	— *			Outlays .....	051 O	— *			
Total William Langer jewel bearing plant revolving fund (net) .....	BA		2			Navy management fund:					
	O	— *	2			Spending authority from offsetting collections .....	051 BA	522	558	578	599
<b>Intragovernmental Funds:</b>						Outlays .....	O	529	558	578	599
Pentagon reservation maintenance revolving fund:						Navy management fund (gross) .....	BA	522	558	578	599
Spending authority from offsetting collections .....	051 BA	213	264	249	256		O	529	558	578	599
Outlays .....	O	167	264	249	256	Total, offsetting collections		— 522	— 558	— 578	— 599
Pentagon reservation maintenance revolving fund (gross) .....	BA	213	264	249	256	Total Navy management fund (net) .....	BA				
	O	167	264	249	256		O	7			
Total, offsetting collections		— 213	— 264	— 249	— 256	Army conventional ammunition working capital fund:					
Total Pentagon reservation maintenance revolving fund (net) .....	BA					Spending authority from offsetting collections .....	051 BA	790	825	919	901
	O	— 46				Outlays .....	O	866	825	919	901
National defense sealift fund:						Army conventional ammunition working capital fund (gross) .....	BA	790	825	919	901
Appropriation, current .....	051 BA	1,541	— 501	974	913		O	866	825	919	901
Spending authority from offsetting collections .....	BA	761	654	695	700	Total, offsetting collections		— 790	— 825	— 919	— 901
Outlays .....	O	1,210	1,012	1,465	1,604	Total Army conventional ammunition working capital fund (net) .....	BA				
National defense sealift fund (gross) .....	BA	2,302	153	1,669	1,614		O	76			
	O	1,210	1,012	1,465	1,604	Emergency response fund:					
Total, offsetting collections		— 761	— 654	— 695	— 700	Appropriation, current .....	051 BA	299			
Total National defense sealift fund (net) .....	BA	1,541	— 501	974	913	Outlays .....	O	49	228	56	10
	O	449	359	770	903	Total Federal funds Revolving and Management Funds .....	BA	4,354	297	1,703	506
Defense business operations fund:							O	3,620	1,187	649	789
Appropriation, current .....	051 BA	1,102	945	879	— 257	<b>Allowances</b>					
Contract authority, permanent .....	BA	1,811				<i>Federal funds</i>					
Spending authority from offsetting collections .....	BA	77,832	73,646	70,243	69,996	<b>General and Special Funds:</b>					
Outlays .....	O	81,189	74,393	70,216	70,022	Other legislation:					
Defense business operations fund (gross) .....	BA	80,745	74,591	71,122	69,739	Appropriation, current .....	051 BA			J — 72	J — 30
	O	81,189	74,393	70,216	70,022	Outlays .....	O			J — 73	J — 32
						General transfer authority outlay allowance:					
						Outlays .....	051 O		280	220	100
						DOD-wide savings proposals:					
						Appropriation, current .....	051 BA		A — 703		

**Department of Defense—Military—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O		A - 200	A - 204	A - 114	Outlays .....	O	6	6	6	7
Total Federal funds Allow-						Department of the Air					
ances .....	BA		- 703	- 72	- 30	Force trust revolving					
	O		80	- 57	- 46	funds (gross) .....	BA	6	6	6	7
							O	6	6	6	7
<b>Trust Funds</b>						Total, offsetting collections		- 6	- 6	- 6	- 7
<i>Trust funds</i>						Total Department of the Air					
Voluntary separation incentive fund:						Force trust revolving					
Appropriation, permanent ...	051 BA	55	77	334	160	funds (net) .....	BA				
Outlays .....	O	153	163	166	167		O	- *			
Outlays from trust funds ....	O	(153)	(163)	(166)	(167)	Surcharge collections, sales of commissary stores, defense:					
Department of the Army trust funds:						Contract authority, perma-					
Appropriation, permanent ...	051 BA	*	*	*	*	nent .....	051 BA		3	48	64
Outlays .....	O	*	*	*	*	Spending authority from					
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)	offsetting collections .....	BA	292	276	263	255
Department of the Navy trust funds:						Outlays .....	O	265	370	260	252
Appropriation, permanent ...	051 BA	19	26	27	26	Surcharge collections,					
Outlays .....	O	18	26	26	26	sales of commissary					
Outlays from trust funds ....	O	(18)	(26)	(26)	(26)	stores, defense (gross) ..	BA	292	279	311	318
Department of the Air Force general gift fund:							O	265	370	260	252
Appropriation, permanent ...	051 BA	*	*	*	*	Total, offsetting collections		- 292	- 276	- 263	- 255
Outlays .....	O	1	*	*	*	Total Surcharge collections,					
Outlays from trust funds ....	O	(1)	(*)	(*)	(*)	sales of commissary					
Fisher houses:						stores, defense (net) ....	BA		3	48	64
Appropriation, permanent ...	051 BA			6	*		O	- 27	94	- 3	- 3
Outlays .....	O			*	*	Total Trust funds Trust					
Outlays from trust funds ....	O			(*)	(*)	Funds .....	BA	173	195	505	332
National security education trust fund:							O	245	361	263	259
Appropriation, current .....	051 BA	10	8	15	15	<b>Summary</b>					
Outlays .....	O	5	9	12	15	Federal funds:					
Outlays from trust funds ....	O	(5)	(9)	(12)	(15)	(As shown in detail above) .....	BA	252,278	253,495	246,698	243,499
National science center gift fund:							O	269,476	260,990	250,990	246,836
Appropriation, permanent ...	051 BA		*	*	*	Deductions for offsetting receipts:					
Outlays .....	O		*	*	*	Intrafund transactions .....	051 BA/O	- *	- 50		
Outlays from trust funds ....	O		(*)	(*)	(*)		908 BA/O	- *	- *	- *	- *
Foreign national employees separation pay:						Proprietary receipts from the					
Appropriation, permanent ...	051 BA	88	80	75	66	public .....	051 BA/O	- 975	- 908	- 839	- 840
Outlays .....	O	94	69	61	54	Offsetting governmental re-					
Outlays from trust funds ....	O	(94)	(69)	(61)	(54)	ceipts .....	051 BA/O	- 6			
Department of the Navy trust revolving funds:						Total Federal funds .....	BA	251,295	252,537	245,859	242,659
Spending authority from							O	268,494	260,032	250,151	245,996
offsetting collections .....	051 BA	18	21	22	22	Trust funds:					
Outlays .....	O	19	21	21	21	(As shown in detail above) .....	BA	173	195	505	332
Department of the Navy							O	245	361	263	259
trust revolving funds						Interfund transactions .....	051 BA/O	- 104	- 124	- 369	- 184
(gross) .....	BA	18	21	22	22	Total Department of De-					
	O	19	21	21	21	fense—Military .....	BA	251,364	252,608	245,995	242,808
Total, offsetting collections		- 18	- 21	- 22	- 22		O	268,635	260,269	250,045	246,070
Total Department of the											
Navy trust revolving											
funds (net) .....	BA										
	O	2	- *	- *	- *						
Department of the Air Force trust revolving funds:											
Spending authority from											
offsetting collections .....	051 BA	6	6	6	7						

**Department of Defense—Civil**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Cemeterial Expenses, Army</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	705 BA	13	12	14	13
Outlays .....	O	13	13	14	14
<b>Corps of Engineers—Civil</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
General investigations:					
Appropriation, current .....	301 BA	183	181	172	178
				<i>o</i> – 16	<i>o</i> – 27
Spending authority from					
offsetting collections .....	BA	1	2	3	4
Outlays .....	O	170	204	176	195
				<i>o</i> – 5	<i>o</i> – 23
General investigations					
(gross) .....	BA	184	184	159	155
	O	170	204	171	172
Total, offsetting collections					
		– 1	– 2	– 3	– 4
Total General investigations					
(net) .....	BA	183	181	156	151
	O	169	202	168	169
Construction, general:					
Appropriation, current .....	301 BA	1,228	913	750	740
				<i>o</i> – 13	<i>o</i> – 45
Spending authority from					
offsetting collections .....	BA	357	254	275	310
Outlays .....	O	1,324	1,313	1,234	1,264
				<i>o</i> – 3	<i>o</i> – 26
Construction, general					
(gross) .....	BA	1,585	1,167	1,012	1,005
	O	1,324	1,313	1,231	1,238
Total, offsetting collections					
		– 357	– 254	– 275	– 310
Total Construction, general					
(net) .....	BA	1,228	913	737	695
	O	967	1,059	956	928
Operation and maintenance, general					
(Water resources):					
(Appropriation, current) .....	301 BA	1,194	1,148	1,220	1,167
(Spending authority from					
offsetting collections) .....	BA	497	480	518	574
(Outlays) .....	O	1,667	1,696	1,714	1,813
Operation and maintenance, general (gross) ..					
	BA	1,692	1,627	1,737	1,741
	O	1,667	1,696	1,714	1,813
Total, offsetting collections					
		– 497	– 480	– 518	– 574
Total (Water resources)					
(net) .....	BA	1,194	1,148	1,220	1,167
	O	1,170	1,217	1,196	1,239
(Recreational resources):					
(Appropriation, current) .....	303 BA	18	37	30	30
(Outlays) .....	O	18	37	30	30
(Outlays from special					
funds) .....	O	(18)	(37)	(30)	(30)
Total Operation and main-					
tenance, general .....	BA	1,212	1,185	1,250	1,197
	O	1,188	1,254	1,226	1,269
Regulatory program:					
Appropriation, current .....	301 BA	92	101	112	116
Outlays .....	O	93	101	111	116
Outlays from special funds	O			(6)	

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Flood control and coastal emergencies:					
Appropriation, current .....	301 BA	150	15	20	20
Spending authority from					
offsetting collections .....	BA	50	7	86	5
Outlays .....	O	213	107	104	25
Flood control and coastal					
emergencies (gross) .....	BA	200	22	106	25
	O	213	107	104	25
Total, offsetting collections					
		– 50	– 7	– 86	– 5
Total Flood control and					
coastal emergencies					
(net) .....	BA	150	15	20	20
	O	163	100	17	20
General expenses:					
Appropriation, current .....	301 BA	148	152	165	170
Outlays .....					
	O	143	167	162	169
					<i>o</i> – 4
Total General expenses .....					
	BA	148	152	165	165
	O	143	167	162	165
Flood control, Mississippi River and tributaries:					
Appropriation, current .....	301 BA	349	328	319	322
Spending authority from					
offsetting collections .....	BA	1	1	1	1
Outlays .....	O	348	375	322	322
Flood control, Mississippi					
River and tributaries					
(gross) .....	BA	350	329	320	323
	O	348	375	322	322
Total, offsetting collections					
		– 1	– 1	– 1	– 1
Total Flood control, Mis-					
issippi River and tribu-					
taries (net) .....	BA	349	328	319	322
	O	347	375	321	322
Permanent appropriations					
(Water resources):					
(Appropriation, permanent) .....	301 BA	12	2	6	7
(Outlays) .....	O	5	7	7	7
(Outlays from special					
funds) .....	O	(5)	(7)	(7)	(7)
(General purpose fiscal assist-					
ance):					
(Appropriation, permanent) .....	806 BA	5	5	5	5
(Outlays) .....	O	5	5	5	5
(Outlays from special					
funds) .....	O	(5)	(5)	(5)	(5)
Total Permanent appropria-					
tions .....	BA	17	7	11	12
	O	11	12	12	12
<b>Intragovernmental Funds:</b>					
Revolving fund:					
Spending authority from					
offsetting collections .....	301 BA	2,824	2,733	2,890	2,600
Outlays .....	O	2,706	2,733	2,890	2,600
Revolving fund (gross) .....					
	BA	2,824	2,733	2,890	2,600
	O	2,706	2,733	2,890	2,600
Total, offsetting collections					
		– 2,824	– 2,733	– 2,890	– 2,600
Total Revolving fund (net) ..					
	BA				
	O	– 118			
<i>Trust funds</i>					
Inland waterways trust fund:					
Appropriation, current .....	301 BA	76	71	48	60
Outlays .....	O	76	98	66	58
Outlays from trust funds .....	O	(76)	(98)	(66)	(58)

**Department of Defense—Civil—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Rivers and harbors contributed funds:						Trust funds:					
Appropriation, permanent ...	301 BA	139	213	312	340	(As shown in detail above) .....	BA	26,804	27,332	28,390	29,088
Outlays .....	O	140	221	312	340		O	26,717	27,250	28,305	29,000
Outlays from trust funds ....	O	(140)	(221)	(312)	(340)	Interfund transactions .....	054 BA/O	— 11,908	— 11,470	— 12,102	— 12,766
Harbor maintenance trust fund:						Total Military Retirement ....	BA	26,804	27,332	28,390	29,088
Appropriation, current .....	301 BA	477	462	500	485		O	26,717	27,250	28,305	29,000
Outlays .....	O	477	462	500	485						
Outlays from trust funds ....	O	(477)	(462)	(500)	(485)						
Coastal wetlands restoration trust fund:						<b>Education Benefits</b>					
Appropriation, permanent ...	301 BA	35	35	37	43	<i>Trust funds</i>					
Outlays .....	O	10	26	22	42	Education benefits fund:					
Oil spill research:						Appropriation, permanent ...	702 BA	207	229	244	254
Appropriation, current .....	301 BA	*	1	1	1	Outlays .....	O	207	229	244	254
Outlays .....	O	*	1	1	1	Outlays from trust funds ....	O	(207)	(229)	(244)	(254)
Outlays from trust funds ....	O	(*)	(1)	(1)							
<b>Summary</b>						<b>Summary</b>					
Federal funds:						Trust funds:					
(As shown in detail above) .....	BA	3,379	2,882	2,770	2,678	(As shown in detail above) .....	BA	207	229	244	254
	O	2,961	3,270	2,976	3,001		O	207	229	244	254
Deductions for offsetting receipts:						Interfund transactions .....	702 BA/O	— 70	— 165	— 198	— 208
Proprietary receipts from the public .....	301 BA/O	— 5	— 5	— 5	— 5	Total Education Benefits ....	BA	137	64	46	46
	303 BA/O	— 25	— 30	— 33	— 35		O	137	64	46	46
Offsetting governmental receipts .....	301 BA/O			— 6	— 12						
Total Federal funds .....	BA	3,349	2,847	2,726	2,626	<b>Armed Services Retirement Home</b>					
	O	2,930	3,234	2,932	2,949	<i>Armed Forces Retirement Home</i>					
Trust funds:						<i>Trust funds</i>					
(As shown in detail above) .....	BA	726	782	898	929	Armed forces retirement home:					
	O	703	808	900	926	Appropriation, current .....	705 BA	59	59	59	57
Deductions for offsetting receipts:						Spending authority from					
Proprietary receipts from the public .....	301 BA/O	— 150	— 213	— 312	— 340	offsetting collections .....	BA	*	*	*	*
Total Trust funds .....	BA	576	569	586	589	Outlays .....	O	67	60	60	58
	O	553	595	589	587	Outlays from trust funds ....	O	(67)	(59)	(60)	(58)
Total Corps of Engineers—Civil .....	BA	3,925	3,416	3,312	3,216	Armed forces retirement home (gross) .....	BA	60	60	59	58
	O	3,483	3,829	3,520	3,535		O	67	60	60	58
<b>Military Retirement</b>						Total, offsetting collections .....		— *	— *	— *	— *
<i>Federal funds</i>						Total Armed forces retirement home (net) .....	BA	59	59	59	57
General and Special Funds:							O	67	59	60	58
Payment to military retirement fund:						Soldiers' and airmen's home revolving fund:					
Appropriation, permanent ...	054 BA	11,908	11,470	12,102	12,766	Spending authority from					
Outlays .....	O	11,908	11,470	12,102	12,766	offsetting collections .....	705 BA	4	5	5	5
<i>Trust funds</i>						Outlays .....	O	5	5	5	5
Military retirement fund:						Soldiers' and airmen's home revolving fund (gross) .....	BA	4	5	5	5
Appropriation, permanent ...	602 BA	26,804	27,332	28,005	29,088		O	5	5	5	5
				<sup>B</sup> 385		Total, offsetting collections .....		— 4	— 5	— 5	— 5
Outlays .....	O	26,717	27,250	27,920	29,000	Total Soldiers' and airmen's home revolving fund (net) .....	BA		— *	— *	
				<sup>B</sup> 385			O	*	*	— *	
Outlays from trust funds ....	O	(26,717)	(27,250)	(27,920)	(29,000)						
				<sup>B</sup> (385)		<b>Summary</b>					
Total Military retirement fund .....	BA	26,804	27,332	28,390	29,088	Trust funds:					
	O	26,717	27,250	28,305	29,000	(As shown in detail above) .....	BA	59	59	59	57
							O	67	59	60	58
<b>Summary</b>											
Federal funds:											
(As shown in detail above) .....	BA	11,908	11,470	12,102	12,766						
	O	11,908	11,470	12,102	12,766						

**Department of Defense—Civil—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	705 BA/O	— 9	— 10	— 10	— 11
Total Armed Forces Retirement Home .....	BA O	50 58	50 50	49 49	46 47

**Forest and Wildlife Conservation, Military Reservations**

*Federal funds*

**General and Special Funds:**

Forest products program:

Appropriation, permanent ...	302 BA	*			
Outlays .....	O	— *			
Outlays from special funds	O	(— *)			

Wildlife conservation:

Appropriation, permanent ...	303 BA	2	3	3	3
Outlays .....	O	2	3	3	3
Outlays from special funds	O	(2)	(3)	(3)	(3)

**Summary**

Federal funds:					
(As shown in detail above) .....	BA	2	3	3	3
	O	1	3	3	3
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	302 BA/O	— *			
	303 BA/O	— 2	— 3	— 3	— 3
Total Forest and Wildlife Conservation, Military Reservations .....	BA O	— 1	*	*	*

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA	15,302	14,367	14,889	15,461
	O	14,883	14,755	15,095	15,784
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	301 BA/O	— 5	— 5	— 5	— 5
	302 BA/O	— *			
	303 BA/O	— 27	— 33	— 36	— 38
Offsetting governmental receipts .....	301 BA/O			— 6	— 12
Total Federal funds .....	BA O	15,269 14,850	14,329 14,717	14,842 15,048	15,406 15,729
Trust funds:					
(As shown in detail above) .....	BA	27,797	28,402	29,590	30,329
	O	27,694	28,346	29,509	30,239
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	301 BA/O	— 150	— 213	— 312	— 340
	705 BA/O	— 9	— 10	— 10	— 11
Total Trust funds .....	BA O	27,638 27,535	28,180 28,124	29,268 29,186	29,978 29,888
Interfund transactions .....	054 BA/O	— 11,908	— 11,470	— 12,102	— 12,766
	702 BA/O	— 70	— 165	— 198	— 208
Total Department of Defense—Civil .....	BA O	30,929 30,407	30,874 31,207	31,810 31,934	32,409 32,642

**Department of Education**

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Office of Elementary and Secondary Education</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Education Reform:					
Appropriation, current .....	501 BA	147	528	950	950
Outlays .....	O	2	179	500	858
Education for the disadvantaged:					
Appropriation, current .....	501 BA	6,924	7,233	7,441	7,218
Spending authority from offsetting collections .....	BA	15			
Outlays .....	O	6,861	7,032	7,051	7,393
Education for the disadvantaged (gross) .....	BA	6,940	7,233	7,441	7,218
	O	6,861	7,032	7,051	7,393
Total, offsetting collections .....		— 15			
Total Education for the disadvantaged (net) .....	BA O	6,924 6,846	7,233 7,032	7,441 7,051	7,218 7,393
Impact aid:					
Appropriation, current .....	501 BA	913	728	650	643
				— 31	— 51
Spending authority from offsetting collections .....	BA	8			

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	838	1,088	705	661
				— 25	— 47
Impact aid (gross) .....	BA	921	728	619	592
	O	838	1,088	679	614
Total, offsetting collections .....		— 8			
Total Impact aid (net) .....	BA O	913 830	728 1,088	619 679	592 614
School improvement programs:					
Appropriation, current .....	501 BA	1,377	1,565	1,512	1,467
			H — 138		
				— 2	— 2
Spending authority from offsetting collections .....	BA	*			
Outlays .....	O	1,461	1,592	1,557	1,520
			H — 17	H — 94	H — 25
				— *	— 2
School improvement programs (gross) .....	BA	1,377	1,427	1,510	1,465
	O	1,461	1,575	1,463	1,494
Total, offsetting collections .....		— *			
Total School improvement programs (net) .....	BA O	1,377 1,460	1,427 1,575	1,510 1,463	1,465 1,494

**Department of Education—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
Violent crime reduction programs:				
Appropriation, current .....	754 BA	11	31	
Outlays .....	O	1	11	
Chicago litigation settlement:				
Outlays .....	501 O	10	12	4
Indian education:				
Appropriation, current .....	501 BA	84	83	85
Outlays .....	O	79	83	82
<i>Trust funds</i>				
National education commission on time and learning — gift:				
Outlays .....	503 O	— *	*	
Outlays from trust funds ....	O	(— *)	(*)	
Total Federal funds Office of Elementary and Sec- ondary Education .....	BA	9,445	10,010	10,636
	O	9,226	9,972	10,444
Total Trust funds Office of Elementary and Second- ary Education .....	O	— *	*	

**Office of Bilingual Education and Minority Languages Affairs**

*Federal funds*

**General and Special Funds:**

Bilingual and immigrant education:				
Appropriation, current .....	501 BA	240	245	300
Outlays .....	O	222	251	287

**Office of Special Education and Rehabilitative Services**

*Federal funds*

**General and Special Funds:**

Special education:				
Appropriation, current .....	501 BA	3,109	3,253	
			J 3,342	J 3,242
Spending authority from offsetting collections .....	BA	*		
Outlays .....	O	2,981	3,612	2,820
				891
				J 334
				J 2,329
Special education (gross) ..	BA	3,109	3,253	3,342
	O	2,981	3,612	3,154
				3,220
Total, offsetting collections		— *		
Total Special education (net) .....	BA	3,109	3,253	3,342
	O	2,980	3,612	3,154
				3,220
Rehabilitation services and disability research:				
Appropriation, current .....	506 BA	2,297	2,393	2,457
Spending authority from offsetting collections .....	BA	3		
Outlays .....	O	2,247	2,554	2,515
				2,507
Rehabilitation services and disability research (gross) .....	BA	2,299	2,393	2,457
	O	2,247	2,554	2,515
				2,507
Total, offsetting collections		— 3		
Total Rehabilitation serv- ices and disability re- search (net) .....	BA	2,297	2,393	2,457
	O	2,244	2,554	2,515
				2,507
American printing house for the blind:				
Appropriation, current .....	501 BA	6	7	7
Outlays .....	O	6	7	7
National technical institute for the deaf:				
Appropriation, current .....	502 BA	42	43	43

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	42	41	43
Gallaudet University:				
Appropriation, current .....	502 BA	78	80	80
Outlays .....	O	77	78	81
Total Federal funds Office of Special Education and Rehabilitative Services ..	BA	5,532	5,776	5,929
	O	5,349	6,292	5,799
				5,893
				5,854

**Office of Vocational and Adult Education**

*Federal funds*

**General and Special Funds:**

Vocational and adult education:				
Appropriation, current .....	501 BA	1,481	1,473	
			H — 44	
			J 1,669	J 1,669
Appropriation, permanent ...	BA	7	7	7
			B — 7	B — 7
Spending authority from offsetting collections .....	BA	1		
Outlays .....	O	1,342	1,549	1,387
				323
				B — 1
				B — 6
				H — 5
				H — 30
				H — 8
				J 193
				J 1,341
Vocational and adult edu- cation (gross) .....	BA	1,489	1,436	1,669
	O	1,342	1,544	1,549
				1,650
Total, offsetting collections		— 1		
Total Vocational and adult education (net) .....	BA	1,488	1,436	1,669
	O	1,341	1,544	1,549
				1,650

**Office of Postsecondary Education**

*Federal funds*

**General and Special Funds:**

Student financial assistance:				
Appropriation, current .....	502 BA	8,100	7,703	7,659
			J — 1,745	J — 1,745
Appropriation, permanent ...	BA	3	3	
Outlays .....	O	7,118	7,261	7,658
			A 4	8,008
				J — 349
				J — 1,710
Total Student financial as- sistance .....	BA	8,103	7,706	5,914
	O	7,118	7,265	7,309
				6,214
				6,298
Higher education:				
Appropriation, current .....	502 BA	894	963	932
			H — 27	
Outlays .....	O	796	903	890
				959
				O — 111
				O — 151
				H — 3
				H — 18
				H — 5
				O — 13
				O — 93
Total Higher education .....	BA	894	936	821
	O	796	899	858
				757
				861
Howard University:				
Appropriation, current .....	502 BA	193	206	196
Outlays .....	O	204	207	200
Higher education facilities loans:				
Spending authority from offsetting collections .....	502 BA	9	7	7
				6

**Department of Education—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	4	3	4	3	Limitations on direct loan activity .....			(10)		
Higher education facilities loans (gross) .....	BA	9	7	7	6				H (–10)		
	O	4	3	4	3	Total College housing and academic facilities program account .....	BA	1	1	1	1
Total, offsetting collections .....		–9	–7	–7	–6		O	1	3	3	3
Total Higher education facilities loans (net) .....	BA					College housing and academic facilities loans liquidating account:					
	O	–6	–5	–3	–3	Appropriation, permanent ...	502 BA	6	5	4	7
<b>Public Enterprise Funds:</b>						Spending authority from offsetting collections .....	BA	10	13	13	13
College housing loans:						Outlays .....	O	31	29	25	23
Spending authority from offsetting collections .....	502 BA	54	49	47	44	College housing and academic facilities loans liquidating account (gross) .....	BA	16	19	17	20
Outlays .....	O	14	20	12	10		O	31	29	25	23
College housing loans (gross) .....	BA	54	49	47	44	Total, offsetting collections .....		–10	–13	–13	–13
	O	14	20	12	10	Total College housing and academic facilities loans liquidating account (net) .....	BA	6	5	4	7
Total, offsetting collections .....		–54	–49	–47	–44		O	21	16	12	11
Total College housing loans (net) .....	BA					Historically Black College and University Capital Financing — program account:					
	O	–40	–29	–35	–33	Appropriation, current .....	502 BA	*	*	*	*
<b>Credit Accounts:</b>						Outlays .....	O	*	*	*	*
Federal direct student loan program, program account:						Limitation of guaranteed loan commitment .....		(357)	(357)		
Appropriation, permanent ...	502 BA	316	1,138	1,629	1,540	Total Federal funds Office of Postsecondary Education .....	BA	9,676	15,174	11,230	9,924
				B 419	B 803		O	7,962	13,942	12,719	10,344
Outlays .....	O	148	843	1,502	1,527						
				B 213	B 667						
Limitation on mandatory administrative expenses .....		(260)	(345)	(550)	(595)						
Total Federal direct student loan program, program account .....	BA	316	1,138	2,049	2,343						
	O	148	843	1,715	2,195						
Federal family education loan program account:											
Appropriation, current .....	502 BA	70	62	30	29						
Appropriation, permanent ...	BA	2,933	3,774	2,390	2,268						
				B – 770	B – 1,870						
Outlays .....	O	2,743	3,283	2,460	2,146						
				B – 512	B – 1,412						
Total Federal family education loan program account .....	BA	3,003	3,836	1,651	428						
	O	2,743	3,283	1,947	734						
Federal family education loan liquidating account:											
Appropriation, permanent ...	502 BA	1,950	1,345	595	–16						
Spending authority from offsetting collections .....	BA	1,411	1,599	1,577	1,534						
Outlays .....	O	3,177	3,058	2,288	1,616						
Federal family education loan liquidating account (gross) .....	BA	3,361	2,944	2,172	1,518						
	O	3,177	3,058	2,288	1,616						
Total, offsetting collections .....		–6,201	–1,599	–1,577	–1,534						
Total Federal family education loan liquidating account (net) .....	BA	–2,840	1,345	595	–16						
	O	–3,023	1,459	711	83						
College housing and academic facilities program account:											
Appropriation, current .....	502 BA	1	1	1	1						
			H – *								
Outlays .....	O	1	3	3	3						
					H – *						

**Office of Educational Research and Improvement**

*Federal funds*

**General and Special Funds:**

Education research, statistics, and improvement:

Appropriation, current .....	503 BA	293	355	433	420
			H – 1		

Spending authority from offsetting collections .....	BA	2			
Outlays .....	O	279	331	341	418
			H – *	H – 1	H – *

Education research, statistics, and improvement (gross) .....	BA	294	354	433	420
	O	279	330	340	418

Total, offsetting collections .....		–2			
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Total Education research, statistics, and improvement (net) .....	BA	293	354	433	420
	O	277	330	340	418

Libraries:

Appropriation, current .....	503 BA	146	144	107	104
			H – 13		
Outlays .....	O	142	155	143	138
			H – 5	H – 5	H – 3

Total Libraries .....	BA	146	131	107	104
	O	142	150	139	135

Total Federal funds Office of Educational Research and Improvement .....	BA	439	485	540	524
	O	419	481	479	553

### Department of Education—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Departmental Management</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Program administration:					
Appropriation, current .....	503 BA	346	356	371 J - 2	360 J - 3
Spending authority from offsetting collections .....	BA	64	106	9	9
Outlays .....	O	385	477	374 J - 1	369 J - 3
Program administration (gross) .....	BA	410	462	378	365
	O	385	477	373	366
Total, offsetting collections		- 64	- 106	- 9	- 9
Total Program administra- tion (net) .....	BA	346	356	369	356
	O	321	372	364	357
Headquarters Renovation:					
Appropriation, current .....	503 BA			20	
Outlays .....	O			2	6
Office for Civil Rights:					
Appropriation, current .....	751 BA	57	58	63	61
Outlays .....	O	55	61	61	61
Office of the Inspector General:					
Appropriation, current .....	751 BA	29	30	34	33
Spending authority from offsetting collections .....	BA	*	*		
Outlays .....	O	28	32	32	33
Office of the Inspector General (gross) .....					
	BA	29	31	34	33
	O	28	32	32	33
<b>Trust funds</b>					
Contributions:					
Appropriation, permanent ...	503 BA	*	*		
Outlays .....	O	*	*		
Outlays from trust funds ...	O	(*)	(*)		
Total Federal funds Depart- mental Management .....	BA	431	445	486	450
	O	404	465	459	457
Total Trust funds Depart- mental Management .....	BA	*	*		
	O	*	*		
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA	27,252	33,572	30,790	29,057
	O	24,923	32,947	31,058	29,589
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	502 BA/O	- 224	- 59	- 58 B - 350	- 57 B - 250
Total Federal funds .....	BA	27,027	33,513	30,382	28,750
	O	24,699	32,888	30,651	29,282
Trust funds:					
(As shown in detail above) .....	BA	*	*		
	O	*	*		
Total Department of Edu- cation .....	BA	27,028	33,513	30,382	28,750
	O	24,699	32,888	30,651	29,282

### Department of Energy

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Atomic Energy Defense Activities</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Weapons activities:					
Appropriation, current .....	053 BA	3,630	3,229	3,565 O - 25	3,292 O - 233
Spending authority from offsetting collections .....	BA	985	1,600	1,600	1,600
Outlays .....	O	5,020	4,949	5,064 O - 18	4,974 O - 171
Weapons activities (gross) .	BA	4,615	4,829	5,140	4,658
	O	5,020	4,949	5,047	4,803
Total, offsetting collections		- 985	- 1,600	- 1,600	- 1,600
Total Weapons activities (net) .....	BA	3,630	3,229	3,540	3,058
	O	4,035	3,349	3,447	3,203
Defense environmental restoration and waste management:					
Appropriation, current .....	053 BA	5,170	5,108	6,008	6,297 O - 700
Spending authority from offsetting collections .....	BA			37	36
<b>Trust funds</b>					
Outlays .....					
	O	5,447	5,080	5,580	6,046 O - 350
Defense environmental res- toration and waste man- agement (gross) .....					
	BA	5,170	5,108	6,045	5,633
	O	5,447	5,080	5,580	5,696
Total, offsetting collections				- 37	- 36
Total Defense environ- mental restoration and waste management (net)	BA	5,170	5,108	6,008	5,597
	O	5,447	5,080	5,543	5,660
Other Defense Activities:					
Appropriation, current .....	053 BA	1,960	1,850	1,432	1,289 O - 91
Spending authority from offsetting collections .....	BA	109	40		
Outlays .....	O	2,385	1,941	1,569	1,332 O - 64
Other Defense Activities (gross) .....	BA	2,069	1,890	1,432	1,198
	O	2,385	1,941	1,569	1,268



**Department of Energy—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 109	— 40			Outlays	O	415	430	437	426 <i>o</i> — 34
Total Other Defense Activities (net)	BA O	1,960 2,277	1,850 1,901	1,432 1,569	1,198 1,268	Total Fossil energy research and development	BA O	426 415	442 430	437 437	324 393
Defense nuclear waste disposal:						Naval petroleum and oil shale reserves:					
Appropriation, current	053 BA	120	129	198	179 <i>o</i> — 13	Appropriation, current	271 BA	215	187	101	212 <i>o</i> — 202
Outlays	O	118	123	192	181 <i>o</i> — 11	Outlays	O	227	208	158	162 <i>o</i> — 145
Total Defense nuclear waste disposal	BA O	120 118	129 123	198 192	166 169	Total Naval petroleum and oil shale reserves	BA O	215 227	187 208	101 158	10 17
Total Federal funds Atomic Energy Defense Activities	BA O	10,881 11,876	10,316 10,454	11,179 10,751	10,019 10,301	Energy conservation:					
<b>Energy Programs</b>						Appropriation, current	272 BA	669	773	917 <i>o</i> — 10	835 <i>o</i> — 194
<i>Federal funds</i>						Spending authority from offsetting collections	BA	18	21	17	17
<b>General and Special Funds:</b>						Outlays	O	600	702	820 <i>o</i> — 3	888 <i>o</i> — 64
General science and research activities:						Energy conservation (gross)	BA O	687 600	794 702	924 817	658 825
Appropriation, current	251 BA	1,604	984	1,018	917 <i>o</i> — 65	Total, offsetting collections		— 18	— 21	— 17	— 17
Outlays	O	1,268	1,395	1,009	942 <i>o</i> — 49	Total Energy conservation (net)	BA O	669 582	773 681	907 800	641 808
Total General science and research activities	BA O	1,604 1,268	984 1,395	1,018 1,009	852 893	Strategic petroleum reserve:					
Energy supply, R&D activities:						Appropriation, current	274 BA	207	244	213	282 <i>o</i> — 20
Appropriation, current	271 BA	3,175	3,315	3,506 <i>o</i> — 110	3,257 <i>o</i> — 225	Outlays	O	194	224	223	289 <i>o</i> — 11
Spending authority from offsetting collections	BA	1,142	1,350	1,350	1,350	Total Strategic petroleum reserve	BA O	207 194	244 224	213 223	262 278
Outlays	O	4,185	4,581	4,730 <i>o</i> — 49	4,715 <i>o</i> — 145	SPR petroleum account (Defense-related activities):					
Energy supply, R&D activities (gross)	BA O	4,317 4,185	4,665 4,581	4,747 4,681	4,382 4,570	(Outlays)	054 O	10			
Total, offsetting collections		— 1,142	— 1,350	— 1,350	— 1,350	(Emergency energy preparedness):					
Total Energy supply, R&D activities (net)	BA O	3,175 3,043	3,315 3,231	3,397 3,331	3,032 3,220	(Appropriation, current)	274 BA		— 108	— 187	5
Uranium supply and enrichment activities:						(Outlays)	O	72	9	5	5
Appropriation, current	271 BA	135	73	42	30	Total SPR petroleum account	BA O		— 108	— 187	5
Spending authority from offsetting collections	BA	70		35	26			81	9	5	5
Outlays	O	319	100	93	63	Energy information administration:					
Uranium supply and enrichment activities (gross)	BA O	205 319	73 100	77 93	56 63	Appropriation, current	276 BA	87	85	85	76 <i>o</i> — 5
Total, offsetting collections		— 70		— 35	— 26	Outlays	O	83	85	85	79 <i>o</i> — 4
Total Uranium supply and enrichment activities (net)	BA O	135 249	73 100	42 58	30 37	Total Energy information administration	BA O	87 83	85 85	85 85	71 76
Fossil energy research and development:						Emergency preparedness:					
Appropriation, current	271 BA	426	442	437	408 <i>o</i> — 84	Appropriation, current	274 BA	9	8	8	7 <i>o</i> — 1
						Outlays	O	9	8	8	8 <i>o</i> — *
						Total Emergency preparedness	BA O	9 9	8 8	8 8	7 7

### Department of Energy—Continued

(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
Economic regulation:					Outlays from special funds	O	(260)	(393)	<i>B</i> (432)
Appropriation, current ..... 276 BA	13	12	10	9	Total Nuclear waste disposal fund	BA	260	393	432
Outlays ..... O	13	13	12	10		O	295	326	406
				<i>O</i> — *					486
Total Economic regulation . BA	13	12	10	9	Uranium enrichment decontamination and decommissioning fund:				
	13	13	12	9	Appropriation, current ..... 271 BA	286	301	289	292
Federal Energy Regulatory Commission:					Outlays ..... O	228	275	295	291
Spending authority from offsetting collections ..... 276 BA	165	166	137	147	Outlays from special funds	O	(286)	(301)	(289)
Outlays ..... O	148	166	141	146	<b>Public Enterprise Funds:</b>				
Federal Energy Regulatory Commission (gross) ..... BA	165	166	137	147	Isotope production and distribution program fund:				
	148	166	141	146	Appropriation, current ..... 271 BA	5			
Total, offsetting collections	— 165	— 166	— 137	— 147	Spending authority from offsetting collections ..... BA	10	10	10	10
Total Federal Energy Regulatory Commission (net) BA					Outlays ..... O	15	10	10	10
	— 17	— *	4	— 2	Isotope production and distribution program fund (gross) ..... BA	15	10	10	10
						O	15	10	10
Geothermal resources development fund:					Total, offsetting collections		— 10	— 10	— 10
Appropriation, current ..... 271 BA	— 4				Total Isotope production and distribution program fund (net) ..... BA	5			
Outlays ..... O	*					O	4		
Clean coal technology:									
Appropriation, current ..... 271 BA	— 178	— 338	— 155	<i>O</i> — 175	<i>Trust funds</i>				
Advance appropriation ..... BA	400	375	200	290	Advances for cooperative work:				
Spending authority from offsetting collections ..... BA	*	*	*		Appropriation, permanent ... 271 BA	22			
Outlays ..... O	232	288	300	375	Outlays ..... O	13	10	4	
				<i>O</i> — 75	Outlays from trust funds .... O	(13)	(10)	(4)	
Clean coal technology (gross) ..... BA	222	37	45	115	Total Federal funds Energy Programs ..... BA	7,306	6,745	6,895	6,191
	232	288	300	300		O	6,911	7,272	7,231
Total, offsetting collections	— *	— *	— *		Total Trust funds Energy Programs ..... BA	22			
Total Clean coal technology (net) ..... BA	222	37	45	115		O	13	10	4
	232	288	300	300					
SPR decommissioning fund:					<b>Power Marketing Administration</b>				
Appropriation, current ..... 274 BA			<i>O</i> 100		<i>Federal funds</i>				
Outlays ..... O			<i>O</i> 100		<b>General and Special Funds:</b>				
Outlays from special funds	O		<i>O</i> (100)		Operation and maintenance, Alaska Power Administration:				
Alternative fuels production:					Appropriation, current ..... 271 BA	4	6	4	4
Outlays ..... 271 O	5				Outlays ..... O	3	6	5	<i>O</i> — 4
Alternative fuels production (gross) ..... O	5								<i>O</i> — 4
Total, offsetting collections	— 5	— 4	— 2	— 2	Total Operation and maintenance, Alaska Power Administration ..... BA	4	6	4	
Total Alternative fuels production (net) ..... BA	— 5	— 4	— 2	— 2		O	3	6	5
	*	— 4	— 2	— 2	Operation and maintenance, Southeastern Power Administration:				
Payments to States under Federal Power Act:					Appropriation, current ..... 271 BA	30	22	20	27
Appropriation, permanent ... 806 BA	3	3	3	3	Spending authority from offsetting collections ..... BA	9	9	12	10
Outlays ..... O	2	3	3	3	Outlays ..... O	34	32	41	37
Outlays from special funds	O	(3)	(3)	(3)	Operation and maintenance, Southeastern Power Administration (gross) ..... BA	39	32	31	38
Nuclear waste disposal fund:						O	34	32	41
Appropriation, current ..... 271 BA	260	393							37
Appropriation, permanent ... BA			<i>B</i> 432	<i>B</i> 540					
Outlays ..... O	295	326	190						
			<i>B</i> 216	<i>B</i> 486					

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		− 3,077	− 3,406	− 3,603	− 3,714
Total Bonneville Power Administration fund (net) ....	BA O	168 179	147 74	− 107 − 128	− 28 − 28
Colorado river basins power marketing fund, Western Area Power Administration:					
Spending authority from offsetting collections .....	271 BA	97	127	129	139
Outlays .....	O	92	127	129	139
Colorado river basins power marketing fund, Western Area Power Administration (gross) .....	BA O	97 92	127 127	129 129	139 139
Total, offsetting collections		− 97	− 137	− 139	− 149
Total Colorado river basins power marketing fund, Western Area Power Administration (net) .....	BA O	..... − 5	− 10 − 10	− 10 − 10	− 10 − 10
Total Federal funds Power Marketing Administration	BA O	521 582	417 380	248 190	328 329

*Federal funds*

Departmental administration:						
Appropriation, current .....	276 BA	289	282	317	309 o - 40	
Spending authority from offsetting collections .....	BA	112	126	122	120	
Outlays .....	O	422	408	428	431 o - 26	
Departmental administration (gross) .....		BA O	401 422	407 408	439 428	389 405
Total, offsetting collections			- 112	- 126	- 122	- 120
Total Departmental admin- istration (net) .....		BA O	289 310	282 282	317 306	269 285
Office of the Inspector General:						
Appropriation, current .....	276 BA	30	26	31	30 o - 2	
Outlays .....	O	28	28	30	30 o - 1	
Total Office of the Inspec- tor General .....		BA O	30 28	26 28	31 30	28 29
Special foreign currency program:						
Outlays .....	271 O	- *				
Total Federal funds Depart- mental Administration ....		BA O	320 338	308 310	348 335	296 313

Federal funds:						
(As shown in detail above) .....	BA	19,027	17,786	18,670	16,835	
	O	19,707	18,416	18,507	17,760	
Deductions for offsetting receipts:						
Intrafund transactions .....	271 BA/O	— 130	— 134	— 350	— 292	
	908 BA/O	— 192	— 296	— 340	— 378	

### Department of Energy—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Proprietary receipts from the public .....	271 BA/O	— 1,537	— 1,844	— 1,924	— 1,559	Deductions for offsetting receipts:					
Offsetting governmental receipts .....	274 BA/O	.....	.....	— 100	.....	Proprietary receipts from the public .....	271 BA/O	— 22	— 4	.....	.....
Offsetting governmental receipts .....	276 BA/O	.....	— 13	— 39	— 25	Total Trust funds .....	BA	.....	— 4	.....	.....
Total Federal funds .....	BA	17,168	15,499	15,918	14,581	O	O	— 8	6	4	.....
	O	17,848	16,129	15,754	15,507	Total Department of Energy	BA	17,168	15,494	15,918	14,581
Trust funds:						O	O	17,839	16,135	15,758	15,507
(As shown in detail above) .....	BA	22	.....	.....	.....						
	O	13	10	4	.....						

### Department of Health and Human Services

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Health Programs</b>						(Spending authority from offsetting collections) .....	BA	121	156	159	143
<b>Public Health Service</b>						(Outlays) .....	O	2,379	2,764	2,874	2,891
<i>Food and Drug Administration</i>									H — *	H — 1	H — *
<i>Federal funds</i>									O — 5	O — 12	
<b>General and Special Funds:</b>						Health Resources and Services (gross) .....	BA	2,765	2,906	2,972	2,892
Salaries and expenses:						O	O	2,379	2,764	2,868	2,878
Appropriation, current .....	554 BA	870	884	884	857	Total, offsetting collections		— 121	— 156	— 159	— 143
Appropriation, permanent ...	BA	*	*	*	*	Total (Health care services) (net) .....	BA	2,644	2,751	2,814	2,749
Spending authority from offsetting collections .....	BA	65	99	149	154	O	O	2,258	2,608	2,709	2,735
Outlays .....	O	866	1,020	1,061	1,037	(Health research and training):					
Outlays from special funds .....	O	(*)	(*)	(*)	(*)	(Appropriation, current) .....	552 BA	288	295	268	261
Salaries and expenses (gross) .....	BA	936	983	1,033	1,011				H — 27	O — 1	O — 1
	O	866	1,020	1,061	1,037	(Spending authority from offsetting collections) .....	BA	11	18	18	18
Total, offsetting collections		— 65	— 99	— 149	— 154	(Outlays) .....	O	283	279	291	285
Total Salaries and expenses (net) .....	BA	871	885	884	857				H — 11	H — 10	H — 6
	O	801	922	912	884				O — 1	O — 1	
<b>Public Enterprise Funds:</b>						Health Resources and Services (gross) .....	BA	2,942	3,037	3,099	3,027
Revolving fund for certification and other services:						O	O	2,540	2,876	2,990	3,013
Spending authority from offsetting collections .....	554 BA	4	4	4	4	Total, offsetting collections		— 11	— 18	— 18	— 18
Outlays .....	O	3	4	4	4	Total (Health research and training) (net) .....	BA	288	268	267	260
Revolving fund for certification and other services (gross) .....	BA	4	4	4	4	O	O	272	250	263	260
	O	3	4	4	4	Total Health Resources and Services .....	BA	2,931	3,019	3,081	3,009
Total, offsetting collections		— 4	— 4	— 4	— 4	O	O	2,529	2,858	2,972	2,995
Total Revolving fund for certification and other services (net) .....	BA	.....	.....	.....	.....	Health centers malpractice claims:					
	O	— *	.....	.....	.....	Appropriation, current .....	551 BA	5	5	.....	.....
Total Federal funds Food and Drug Administration	BA	871	885	884	857	Outlays .....	O	.....	6	3	1
	O	801	922	912	884	Vaccine injury compensation:					
<i>Health Resources and Services Administration</i>						Appropriation, current .....	551 BA	110	110	110	110
<i>Federal funds</i>						Outlays .....	O	87	105	105	105
<b>General and Special Funds:</b>						<b>Public Enterprise Funds:</b>					
Health Resources and Services (Health care services):						Health loan funds					
(Appropriation, current) .....	551 BA	2,644	2,753	2,819	2,761	(Health care services):					
			H — 2	O — 5	O — 12	(Appropriation, current) .....	551 BA	9	9	8	7
						(Spending authority from offsetting collections) .....	BA	13	14	14	11
						(Outlays) .....	O	8	9	8	8
						Health loan funds (gross) ..	BA	22	23	22	18
						O	O	8	9	8	8

**Department of Health and Human Services—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections	— 13	— 14	— 14	— 11	Total, offsetting collections	— 199	— 224	— 226	— 226
Total (Health care services) (net) .....	BA 9 O —5	9 —5	8 —6	7 —3	Total Indian Health Services (net) .....	BA 1,646 O 1,542	1,710 1,681	1,816 1,781	1,761 1,752
Total Health loan funds .....	BA 9 O —5	9 —5	8 —6	7 —3	Indian health facilities:				
<b>Credit Accounts:</b>					Appropriation, current .....	551 BA 297	253	243	235
Health professions graduate student loan insurance program account:					Appropriation, permanent ...	BA 4	4	4	4
Appropriation, current .....	552 BA 3	3	3	3	Spending authority from				
Appropriation, permanent ...	BA 25	23	19	14	offsetting collections .....	BA 1			
Outlays .....	O 27	27	22	17	Outlays .....	O 281	322	308	264
Limitation on loan guarantee commitments .....		(260)	(375)	(280)	Outlays from special funds	O (4)	(4)	(4)	(4)
Total Health professions graduate student loan insurance program account .....	BA 27 O 27	26 27	22 22	17 17	Indian health facilities (gross) .....	BA 302 O 281	258 322	247 308	240 264
Health professions graduate student loan insurance fund liquidating account:					Total, offsetting collections	— 1			
Appropriation, permanent ...	552 BA 41	18	42	38	Total Indian health facilities (net) .....	BA 301 O 280	258 322	247 308	240 264
Spending authority from offsetting collections .....	BA 15	15	15	16	Total Federal funds Indian Health Services .....	BA 1,947 O 1,822	1,968 2,003	2,064 2,088	2,001 2,017
Outlays .....	O 44	55	57	53					
Health professions graduate student loan insurance fund liquidating account (gross) .....	BA 56 O 44	33 55	57 57	53 53	<b>Centers for Disease Control and Prevention</b>				
Total, offsetting collections	— 15	— 15	— 15	— 16	<i>Federal funds</i>				
Total Health professions graduate student loan insurance fund liquidating account (net) .....	BA 41 O 29	18 40	42 42	38 38	<b>General and Special Funds:</b>				
<i>Trust funds</i>					Disease control, research, and training (Health care services):				
Vaccine injury compensation program trust fund:					(Appropriation, current) .....	551 BA 1,872	1,901 H — 1	1,991	1,958
Appropriation, current .....	551 BA 28	62	66	66				J — 25 O — 6	J — 25 O — 18
Outlays .....	O 28	63	66	66	(Spending authority from offsetting collections) .....	BA 116	138	138	138
Outlays from trust funds .....	O (28)	(63)	(66)		(Outlays) .....	O 1,537	1,970 H — *	2,060 H — 1	2,093
Total Federal funds Health Resources and Services Administration .....	BA 3,124 O 2,668	3,187 3,031	3,263 3,138	3,180 3,153				J — 10 O — 6	J — 20 O — 17
Total Trust funds Health Resources and Services Administration .....	BA 28 O 28	62 63	66 66	66 66	Disease control, research, and training (gross) .....	BA 1,988 O 1,537	2,038 1,970	2,098 2,044	2,053 2,056
<i>Indian Health Services</i>					Total, offsetting collections	— 116	— 138	— 138	— 138
<i>Federal funds</i>					Total (Health care services) (net) .....	BA 1,872 O 1,421	1,900 1,832	1,960 1,906	1,915 1,918
<b>General and Special Funds:</b>					(Health research and training):				
Indian Health Services:					(Appropriation, current) .....	552 BA 183	187	193	187
Appropriation, current .....	551 BA 1,646	1,710	1,816	1,761	(Appropriation, permanent)	BA 1	1	1	1
Reappropriation .....	BA *				(Spending authority from offsetting collections) .....	BA 16	19	19	19
Spending authority from offsetting collections .....	BA 199	224	226	226	(Outlays) .....	O 166	196	207	208
Outlays .....	O 1,741	1,905	2,007	1,979	Disease control, research, and training (gross) .....	BA 2,072 O 1,587	2,106 2,028	2,172 2,112	2,121 2,126
Indian Health Services (gross) .....	BA 1,845 O 1,741	1,934 1,905	2,043 2,007	1,987 1,979	Total, offsetting collections	— 16	— 19	— 19	— 19
					Total (Health research and training) (net) .....	BA 184 O 150	187 177	193 188	188 189
					Total Disease control, research, and training .....	BA 2,056 O 1,571	2,088 2,009	2,153 2,094	2,102 2,107
					Violent crime reduction programs:				
					Appropriation, current .....	754 BA		39	

**Department of Health and Human Services—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O			14 .....	
Total Federal funds Cen- ters for Disease Control and Prevention .....	BA O	<b>2,056</b> 1,571	<b>2,088</b> 2,009	<b>2,192</b> 2,108	<b>2,102</b> 2,107

*National Institutes of Health*  
*Federal funds*

**General and Special Funds:**

National Institutes of Health:					
Appropriation, current .....	552 BA	<b>10,939</b>	<b>11,322</b> <i>H - 1</i>	<b>11,788</b>	<b>11,429</b>
Appropriation, permanent ...	BA	<b>7</b>	<b>5</b>	<b>5</b>	<b>5</b>
Spending authority from offsetting collections .....	BA	<b>313</b>	<b>345</b>	<b>345</b>	<b>345</b>
Outlays .....	O	10,478	11,280	11,809 <i>H - *</i>	11,690 <i>H - *</i>
Outlays from special funds	O	(5)	(5)	(5)	(5)
National Institutes of Health (gross) .....	BA O	<b>11,259</b> 10,478	<b>11,671</b> 11,280	<b>12,138</b> 11,809	<b>11,779</b> 11,690
Total, offsetting collections		- 313	- 345	- 345	- 345
Total National Institutes of Health (net) .....	BA O	<b>10,946</b> 10,165	<b>11,326</b> 10,935	<b>11,793</b> 11,464	<b>11,434</b> 11,344

*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	<b>2,150</b>	<b>2,195</b>	<b>2,247</b> <i>o - 3</i>	<b>2,186</b> <i>o - 7</i>
(Spending authority from offsetting collections) .....	BA	<b>59</b>	<b>66</b>	<b>65</b>	<b>66</b>
(Outlays) .....	O	2,191	2,528	2,283 <i>o - 3</i>	2,213 <i>o - 7</i>
Substance abuse and men- tal health services (gross) .....	BA O	<b>2,210</b> 2,191	<b>2,261</b> 2,528	<b>2,310</b> 2,280	<b>2,245</b> 2,206
Total, offsetting collections		- 59	- 66	- 65	- 66
Total (Health care services) (net) .....	BA O	<b>2,150</b> 2,132	<b>2,195</b> 2,462	<b>2,244</b> 2,214	<b>2,179</b> 2,140
(Health research and training): (Outlays) .....	552 O	239 .....			
Total Substance abuse and mental health services ...	BA O	<b>2,150</b> 2,371	<b>2,195</b> 2,462	<b>2,244</b> 2,214	<b>2,179</b> 2,140
Total Federal funds Sub- stance Abuse and Men- tal Health Services Ad- ministration .....	BA O	<b>2,150</b> 2,371	<b>2,195</b> 2,462	<b>2,244</b> 2,214	<b>2,179</b> 2,140

*Agency for Health Care Policy and Research*  
*Federal funds*

**General and Special Funds:**

Health care policy and research: Appropriation, current .....	552 BA	<b>135</b>	<b>139</b>	<b>142</b>	<b>138</b>
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Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	<b>28</b>	<b>33</b>	<b>60</b>	<b>60</b>
Outlays .....	O	139	167	199	203
Health care policy and re- search (gross) .....	BA O	<b>163</b> 139	<b>172</b> 167	<b>202</b> 199	<b>198</b> 203
Total, offsetting collections		- 28	- 33	- 60	- 60
Total Health care policy and research (net) .....	BA O	<b>135</b> 111	<b>139</b> 134	<b>142</b> 139	<b>138</b> 143

*Assistant Secretary for Health*  
*Federal funds*

**General and Special Funds:**

Public health service management (Health care services):					
(Appropriation, current) .....	551 BA	<b>67</b>	<b>67</b>	<b>66</b>	<b>64</b>
(Spending authority from offsetting collections) .....	BA	<b>57</b>	<b>59</b>	<b>61</b>	<b>61</b>
(Outlays) .....	O	122	124	126	125
Public health service man- agement (gross) .....	BA O	<b>124</b> 122	<b>126</b> 124	<b>127</b> 126	<b>125</b> 125
Total, offsetting collections		- 57	- 59	- 61	- 61
Total (Health care services) (net) .....	BA O	<b>67</b> 65	<b>67</b> 64	<b>66</b> 65	<b>64</b> 63
Total Public health service management .....	BA O	<b>67</b> 65	<b>67</b> 64	<b>66</b> 65	<b>64</b> 63
Retirement pay and medical benefits for commissioned officers:					
Appropriation, current .....	551 BA	<b>153</b>	<b>159</b>	<b>167</b>	<b>177</b>
Outlays .....	O	146	158	165	174
Health activities funds (Health care services):					
(Outlays) .....	551 O	2	1	*	*
(Health research and training): (Outlays) .....	552 O	*	*	*	*
Total Health activities funds	O	2	1	1	1

**Intragovernmental Funds:**

Service, supply, and other funds (Health care services):					
(Spending authority from offsetting collections) .....	551 BA	<b>139</b>	<b>166</b>	<b>189</b>	<b>189</b>
(Outlays) .....	O	121	166	189	189
Service, supply, and other funds (gross) .....	BA O	<b>139</b> 121	<b>166</b> 166	<b>189</b> 189	<b>189</b> 189
Total, offsetting collections		- 139	- 166	- 189	- 189
Total (Health care services) (net) .....	BA O	<b>139</b> 121	<b>166</b> 166	<b>189</b> 189	<b>189</b> 189
(Health research and training): (Spending authority from offsetting collections) .....	552 BA	<b>710</b>	<b>742</b>	<b>781</b>	<b>781</b>
(Outlays) .....	O	700	730	781	781
Service, supply, and other funds (gross) .....	BA O	<b>710</b> 683	<b>742</b> 730	<b>781</b> 781	<b>781</b> 781

**Department of Health and Human Services—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 710	— 742	— 781	— 781	Total, offsetting collections		— 2,072	— 2,164	— 2,235 J 9	— 2,167 J 9
Total (Health research and training) (net) .....	BA					Total (Health care services) (net) .....	BA		— 8	150	150
	O	— 10	— 12				O	— 6	150	150	
Total Service, supply, and other funds .....	BA					(Health research and training): (Spending authority from offsetting collections) .....	552 BA	72	89	64	63
	O	— 28	— 12				O	72	<sup>A</sup> — 20	64	63
<i>Trust funds</i>						(Outlays) .....	O	72	89	64	63
Miscellaneous trust funds:									<sup>A</sup> — 20		
Appropriation, permanent ...	551 BA	61	61	61	61	Program management (gross) .....	BA	72	61	214	213
Outlays .....	O	38	48	53	57		O	66	69	214	213
Outlays from trust funds ....	O	(38)	(48)	(53)	(57)	Total, offsetting collections		— 72	— 89	— 64	— 63
Total Federal funds Assistant Secretary for Health	BA	220	226	233	241				<sup>A</sup> 20		
	O	185	212	231	238	Total (Health research and training) (net) .....	BA				
Total Trust funds Assistant Secretary for Health .....	BA	61	61	61	61		O				
	O	38	48	53	57	Total Program management .....	BA		— 8	150	150
Total Federal funds Public Health Service .....	BA	21,450	22,013	22,816	22,132		O	— 6	150	150	
	O	19,694	21,707	22,295	22,026	<b>Public Enterprise Funds:</b>					
Total Trust funds Public Health Service .....	BA	89	124	127	127	Health maintenance organization loan and loan guarantee fund:					
	O	66	111	119	122	Appropriation, current .....	551 BA		15		
<b>Other Health Programs</b>						Spending authority from offsetting collections .....	BA	10	6	4	3
<i>Health Care Financing Administration</i>						Outlays .....	O	4	6	1	1
<i>Federal funds</i>						Health maintenance organization loan and loan guarantee fund (gross) ..	BA	10	21	4	3
<b>General and Special Funds:</b>							O	4	6	1	1
Grants to States for Medicaid:						Total, offsetting collections		— 10	— 6	— 4	— 3
Appropriation, current .....	551 BA	64,477	62,641	55,094	78,466	Total Health maintenance organization loan and loan guarantee fund (net) .....	BA		15		
				<sup>B</sup> — 47	<sup>B</sup> — 52		O	— 6	— *	— 3	— 3
Advance appropriation .....	BA	24,600	26,600	27,048	26,155	<i>Trust funds</i>					
Outlays .....	O	82,034	88,438	95,977	104,621	Federal hospital insurance trust fund:					
				<sup>B</sup> — 47	<sup>B</sup> — 52	Appropriation, permanent ...	571 BA	112,397	111,450	123,045	132,377
Total Grants to States for Medicaid .....	BA	89,077	89,241	82,095	104,570				<sup>A</sup> — 20		
	O	82,034	88,438	95,930	104,570					<sup>B</sup> — 140	<sup>B</sup> — 530
Payments to health care trust funds:										<sup>J</sup> — 9	<sup>J</sup> — 9
Appropriation, current .....	571 BA	45,731	37,547	63,313	63,806	Outlays .....	O	102,770	111,631	122,663	132,622
					<sup>J</sup> — 1				<sup>A</sup> — 1	<sup>A</sup> — 11	<sup>A</sup> — 5
Appropriation, permanent ...	BA	1,640	3,916	4,270	4,588	Outlays from trust funds ....	O	(102,770)	(111,631)	(122,663)	(132,622)
Outlays .....	O	40,601	41,463	67,583	68,394				<sup>A</sup> (— 1)	<sup>A</sup> (— 11)	<sup>B</sup> (— 140)
					<sup>J</sup> — 1					<sup>J</sup> — 9	<sup>J</sup> — 9
Total Payments to health care trust funds .....	BA	47,371	41,463	67,583	68,393	Administrative expenses: Program management ...		(755)	(742)	(772)	(748)
	O	40,601	41,463	67,583	68,393				<sup>A</sup> (— 20)		
Program management (Health care services):										<sup>J</sup> (— 9)	<sup>J</sup> (— 9)
(Appropriation, current) .....	551 BA			<sup>J</sup> 150	<sup>J</sup> 150	Administrative expenses: Social Security Administration .....		(423)	(420)	(507)	(496)
(Spending authority from offsetting collections) .....	BA	2,072	2,156	2,235	2,167	Administrative expenses: Other .....		(58)	(70)	(67)	(65)
				<sup>J</sup> — 9	<sup>J</sup> — 9	Total Federal hospital insurance trust fund .....	BA	112,397	111,430	122,896	131,838
(Outlays) .....	O	2,066	2,164	2,235	2,167		O	102,770	111,630	122,503	132,078
				<sup>J</sup> 141	<sup>J</sup> 141	Federal supplementary medical insurance trust fund:					
Program management (gross) .....	BA	2,072	2,156	2,376	2,309	Appropriation, permanent ...	571 BA	61,256	65,823	75,555	84,050
	O	2,066	2,164	2,376	2,309						

**Department of Health and Human Services—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	59,724	65,780	75,518	84,060
Outlays from trust funds ....	O	(59,724)	(65,780)	(75,518)	.....
Administrative expenses:					
Program management ...		(1,407)	(1,457)	(1,482)	(1,437)
Administrative expenses:					
Social Security Adminis-					
tration .....		(330)	(327)	(395)	(388)
Administrative expenses:					
Other .....		(28)	(21)	(20)	(19)
Total Federal funds Health					
Care Financing Adminis-					
tration .....	BA	136,449	130,710	149,828	173,113
	O	122,623	129,901	163,661	173,110
Total Trust funds Health					
Care Financing Adminis-					
tration .....	BA	173,654	177,254	198,451	215,888
	O	162,494	177,410	198,021	216,139
Total Federal funds Health					
Programs .....	BA	157,898	152,723	172,645	195,244
	O	142,316	151,608	185,956	195,136
Total Trust funds Health					
Programs .....	BA	173,743	177,377	198,578	216,015
	O	162,561	177,521	198,140	216,261

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from					
offsetting collections .....	BA	5	.....	.....	.....
Outlays .....	O	2,734	2,996	3,343	3,040
Social services block grant					
(gross) .....	BA	3,812	2,800	2,800	2,800
	O	2,734	2,996	3,343	3,040
Total, offsetting collections		— 5	.....	.....	.....
Total Social services block					
grant (net) .....	BA	3,807	2,800	2,800	2,800
	O	2,728	2,996	3,343	3,040
Children and families services programs:					
Appropriation, current .....	506 BA	4,713	4,892	5,236	5,196
Spending authority from					
offsetting collections .....	BA	19	10	10	10
Outlays .....	O	4,325	4,732	5,005	5,171
Children and families serv-					
ices programs (gross) ....	BA	4,731	4,903	5,246	5,206
	O	4,325	4,732	5,005	5,171
Total, offsetting collections		— 19	— 10	— 10	— 10
Total Children and families					
services programs (net) .	BA	4,713	4,892	5,236	5,196
	O	4,306	4,722	4,994	5,161
Violent crime reduction programs:					
Appropriation, current .....	754 BA	.....	27	105	.....
Outlays .....	O	.....	11	47	.....
Payments to states for foster care and adoption assistance:					
Appropriation, current .....	506 BA	2,993	3,597	4,308	4,422
			^ 26		
Outlays .....	O	3,030	3,574	4,046	4,329
			^ 22	^ 4	
Total Payments to states					
for foster care and adop-					
tion assistance .....	BA	2,993	3,624	4,308	4,422
	O	3,030	3,596	4,051	4,329
Payments to States from receipts for child support:					
Outlays .....	609 O	.....	*	.....	.....
<i>Trust funds</i>					
Gifts and contributions:					
Outlays .....	506 O	.....	*	.....	.....
Total Federal funds Admin-					
istration for Children and					
Families .....	BA	33,335	33,173	34,469	35,243
	O	31,354	32,816	34,106	35,156
Total Trust funds Adminis-					
tration for Children and					
Families .....	O	.....	*	.....	.....

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Family support payments to States:					
Appropriation, current .....	609 BA	12,820	13,159	13,613	14,047
Advance appropriation .....	BA	4,000	4,200	4,400	4,800
Outlays .....	O	16,508	17,260	17,918	18,741
Total Family support pay-					
ments to States .....	BA	16,820	17,359	18,013	18,847
	O	16,508	17,260	17,918	18,741
Low income home energy assistance:					
Appropriation, current .....	609 BA	300	— 156	.....	.....
Advance appropriation .....	BA	1,437	1,475	1,319	1,319
Outlays .....	O	2,126	1,570	1,332	1,320
Total Low income home					
energy assistance .....	BA	1,737	1,319	1,319	1,319
	O	2,126	1,570	1,332	1,320
Refugee and entrant assistance:					
Appropriation, current .....	609 BA	400	406	414	402
Outlays .....	O	377	402	409	405
Family preservation and support:					
Appropriation, current .....	506 BA	60	150	225	240
Outlays .....	O	1	67	148	212
Payments to States for the job opportunities and basic skills training program:					
Appropriation, current .....	504 BA	1,100	1,300	1,000	1,000
Outlays .....	O	839	937	943	957
State legalization impact assistance grants:					
Appropriation, current .....	506 BA	.....	6	.....	.....
Advance appropriation .....	BA	812	355	.....	.....
Outlays .....	O	652	356	5	1
Total State legalization im-					
pact assistance grants ...	BA	812	361	.....	.....
	O	652	356	5	1
Payments to States for the child care and development block grant:					
Appropriation, current .....	609 BA	893	935	1,049	1,017
Outlays .....	O	786	900	918	990
Social services block grant:					
Appropriation, current .....	506 BA	3,807	2,800	2,800	2,800

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Aging services programs:					
Appropriation, current .....	506 BA	878	877	897	870
Spending authority from					
offsetting collections .....	BA	*	.....	.....	.....
Outlays .....	O	860	868	880	887
Aging services programs					
(gross) .....	BA	878	877	897	870
	O	860	868	880	887

**Administration on Aging**

*Federal funds*

**General and Special Funds:**

Aging services programs:					
Appropriation, current .....	506 BA	878	877	897	870
Spending authority from					
offsetting collections .....	BA	*	.....	.....	.....
Outlays .....	O	860	868	880	887
Aging services programs					
(gross) .....	BA	878	877	897	870
	O	860	868	880	887



**Department of Health and Human Services—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— *				<b>Intragovernmental Funds:</b>					
Total Aging services programs (net)	BA	<b>878</b>	<b>877</b>	<b>897</b>	<b>870</b>	<b>Working capital fund:</b>					
	O	859	868	880	887	Spending authority from offsetting collections	506 BA	<b>105</b>	<b>105</b>	<b>93</b>	<b>93</b>
<b>Departmental Management</b>						Outlays	O	96	108	95	93
<i>Federal funds</i>						Working capital fund (gross)	BA	<b>105</b>	<b>105</b>	<b>93</b>	<b>93</b>
<b>General and Special Funds:</b>							O	96	108	95	93
General departmental management:						Total, offsetting collections		— 105	— 105	— 93	— 93
Appropriation, current	609 BA	<b>175</b>	<b>90</b>	<b>89</b>	<b>86</b>	Total Working capital fund (net)	BA				
Spending authority from offsetting collections	BA	<b>55</b>	<b>54</b>	<b>55</b>	<b>56</b>		O	— 9	3	2	
Outlays	O	199	226	147	144	Total Federal funds Departmental Management	BA	<b>208</b>	<b>124</b>	<b>121</b>	<b>117</b>
General departmental management (gross)	BA	<b>231</b>	<b>145</b>	<b>143</b>	<b>142</b>		O	159	204	123	118
	O	199	226	147	144	<b>Office of the Inspector General</b>					
Total, offsetting collections		— 55	— 54	— 55	— 56	<i>Federal funds</i>					
Total General departmental management (net)	BA	<b>175</b>	<b>90</b>	<b>89</b>	<b>86</b>	<b>General and Special Funds:</b>					
	O	144	172	92	88	Office of the Inspector General:					
Office for Civil Rights:						Appropriation, current	609 BA	<b>63</b>	<b>63</b>	<b>68</b>	<b>66</b>
Appropriation, current	751 BA	<b>18</b>	<b>18</b>	<b>18</b>	<b>17</b>	Spending authority from offsetting collections	BA	<b>40</b>	<b>42</b>	<b>37</b>	<b>38</b>
Spending authority from offsetting collections	BA	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	Outlays	O	102	106	105	104
Outlays	O	22	22	21	21	Office of the Inspector General (gross)	BA	<b>103</b>	<b>105</b>	<b>105</b>	<b>103</b>
Office for Civil Rights (gross)	BA	<b>22</b>	<b>22</b>	<b>21</b>	<b>21</b>		O	102	106	105	104
	O	22	22	21	21	Total, offsetting collections		— 40	— 42	— 37	— 38
Total, offsetting collections		— 4	— 4	— 3	— 3	Total Office of the Inspector General (net)	BA	<b>63</b>	<b>63</b>	<b>68</b>	<b>66</b>
Total Office for Civil Rights (net)	BA	<b>18</b>	<b>18</b>	<b>18</b>	<b>17</b>		O	62	64	68	66
	O	18	18	18	18	<b>Summary</b>					
Office of Consumer Affairs:						Federal funds:					
Appropriation, current	506 BA	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	(As shown in detail above)	BA	<b>192,382</b>	<b>186,960</b>	<b>208,200</b>	<b>231,540</b>
Spending authority from offsetting collections	BA	*	*	*	*		O	174,751	185,559	221,133	231,362
Outlays	O	2	2	2	2	Deductions for offsetting receipts:					
Office of Consumer Affairs (gross)	BA	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	Proprietary receipts from the public	551 BA/O	— 4	— 4	— 4	— 4
	O	2	2	2	2		552 BA/O	— 8	— 6	— 6	— 6
Total, offsetting collections		— *	— *	— *	— *		554 BA/O	— *	— *	— *	— *
Total Office of Consumer Affairs (net)	BA	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	Total Federal funds	BA	<b>192,369</b>	<b>186,949</b>	<b>208,189</b>	<b>231,529</b>
	O	2	2	2	2		O	174,738	185,549	221,123	231,352
Policy research:						Trust funds:					
Appropriation, current	609 BA	<b>12</b>	<b>14</b>	<b>12</b>	<b>12</b>	(As shown in detail above)	BA	<b>173,743</b>	<b>177,377</b>	<b>198,578</b>	<b>216,015</b>
Spending authority from offsetting collections	BA	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>		O	162,561	177,521	198,140	216,261
Outlays	O	9	14	15	15	Deductions for offsetting receipts:					
Policy research (gross)	BA	<b>16</b>	<b>19</b>	<b>17</b>	<b>17</b>	Proprietary receipts from the public	551 BA/O	— 46	— 46	— 46	— 46
	O	9	14	15	15		571 BA/O	— 17,747	— 20,122	— 20,198	— 21,701
Total, offsetting collections		— 4	— 5	— 5	— 5		908 BA/O	— 3			
Total Policy research (net)	BA	<b>12</b>	<b>14</b>	<b>12</b>	<b>12</b>	Total Trust funds	BA	<b>155,946</b>	<b>157,209</b>	<b>178,335</b>	<b>194,272</b>
	O	5	9	10	10		O	144,764	157,353	177,897	194,518
						Interfund transactions	571 BA/O	— 40,601	— 41,463	— 67,583	— 68,394
						Total Department of Health and Human Services	BA	<b>307,714</b>	<b>302,696</b>	<b>318,941</b>	<b>357,408</b>
							O	278,901	301,439	331,437	357,477

### Department of Housing and Urban Development (In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Public and Indian Housing Programs</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Housing certificates for families and Individuals performance funds:				
Appropriation, current ..... 604 BA			7,665	8,744
Outlays ..... O			780	3,167
Public and Indian housing operation performance funds:				
Appropriation, current ..... 604 BA			3,220	2,903
Outlays ..... O			1,223	2,896
Public and Indian housing capital performance funds:				
Appropriation, current ..... 604 BA			4,884	4,515
Outlays ..... O			13	503
Payments for operation of low income housing projects:				
Appropriation, current ..... 604 BA		2,621	2,900	
Outlays ..... O		2,584	2,707	1,537
Drug elimination grants for low-income housing:				
Appropriation, current ..... 604 BA		265	290	
Outlays ..... O		160	179	259
Violent crime reduction programs:				
Appropriation, current ..... 754 BA				3
Outlays ..... O				3
Revitalization of severely distressed public housing projects:				
Appropriation, current ..... 604 BA		778	500	
Outlays ..... O		1	20	20
<b>Public Enterprise Funds:</b>				
Low-rent public housing—loans and other expenses:				
Authority to borrow, permanent ..... 604 BA		25	50	50
Spending authority from offsetting collections ..... BA		74	58	62
Outlays ..... O		160	166	162
Low-rent public housing—loans and other expenses (gross) ..... BA		99	108	112
Outlays ..... O		160	166	162
Total, offsetting collections		—74	—58	—62
Total Low-rent public housing—loans and other expenses (net) ..... BA		25	50	50
Outlays ..... O		86	108	100
<b>Credit Accounts:</b>				
Indian housing loan guarantee program account:				
Appropriation, current ..... 604 BA		1	3	3
Outlays ..... O			2	3
Limitation on loan guarantee commitments ..... (7)		(22)	(37)	(37)
Total Federal funds Public and Indian Housing Programs ..... BA		3,690	3,743	15,825
Outlays ..... O		2,831	3,016	3,939

### Community Planning and Development

*Federal funds*

<b>General and Special Funds:</b>				
Community opportunity performance funds:				
Appropriation, current ..... 451 BA			4,850	4,950
Outlays ..... O			175	1,900
Affordable housing performance funds:				
Appropriation, current ..... 604 BA			3,339	2,359
Outlays ..... O			60	376
Homeless assistance performance funds:				
Appropriation, current ..... 604 BA			1,120	1,120
Outlays ..... O			50	308
Housing opportunities for persons with aids:				
Appropriation, current ..... 604 BA			186	186
Outlays ..... O			114	155
Community development grants:				
Appropriation, current ..... 451 BA		5,050	4,622	

Outlays ..... O		3,651	4,330	4,564	3,039
Home investment partnerships program (Housing assistance):					
Appropriation, current ..... 604 BA		1,380	1,400		
Outlays ..... O		782	1,213	1,222	1,197
Total Home investment partnerships program ..... BA		1,380	1,400		
Outlays ..... O		782	1,213	1,222	1,197
Urban development action grants:					
Appropriation, current ..... 451 BA			—100		
Outlays ..... O		33	35	30	24
Capacity building for community development and affordable:					
Appropriation, current ..... 451 BA		20			
Outlays ..... O			8	8	4
Urban homesteading:					
Outlays ..... 451 O		—*			
Emergency shelter grants program:					
Appropriation, current ..... 604 BA		115	157		
Outlays ..... O		63	110	123	39
Supportive housing program:					
Appropriation, current ..... 604 BA		334	34		
Outlays ..... O		102	114	121	165
Supplemental assistance for facilities to assist the homeless:					
Outlays ..... 451 O		7	6	6	5
Shelter plus care:					
Appropriation, current ..... 604 BA		124			
Outlays ..... O		5	50	50	50
Innovative homeless initiatives demonstration program:					
Appropriation, current ..... 604 BA		100	25		
Outlays ..... O		4	41	35	31
Homeless assistance grants:					
Appropriation, current ..... 604 BA			905		
Outlays ..... O			45	90	226
Youthbuild program:					
Appropriation, current ..... 604 BA			50		
Outlays ..... O		*	16	25	26
National cities in schools community development program:					
Appropriation, current ..... 451 BA		10			
Outlays ..... O		1	7	2	
<b>Public Enterprise Funds:</b>					
Revolving fund (liquidating programs):					
Spending authority from offsetting collections ..... 451 BA		78	74	73	71
Outlays ..... O		47	74	35	20
Revolving fund (liquidating programs) (gross) ..... BA		78	74	73	71
Outlays ..... O		47	74	35	20
Total, offsetting collections		—78	—74	—73	—71
Total Revolving fund (liquidating programs) (net) ..... BA			—*		
Outlays ..... O		—31	—*	—38	—51

### Credit Accounts:

Community opportunity performance funds program account:					
Appropriation, current ..... 451 BA			23	22	22
Outlays ..... O			12	23	22
Limitations on guaranteed loan commitments ..... (2,054)		(2,054)	(2,000)	(2,000)	(2,000)
Community opportunity performance funds liquidating account:					
Total, offsetting collections ..... 451		—27	—23	—20	—10
Total Federal funds Community Planning and Development ..... BA		7,105	7,092	9,497	8,627
Outlays ..... O		4,591	5,964	6,640	7,507

**Department of Housing and Urban Development—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Housing Programs</b>						Total, offsetting collections					
<i>Federal funds</i>						Total Rental housing as-					
<b>General and Special Funds:</b>						istance fund (net) .....	BA				
Annual contributions for assisted housing:						O		— 1	3		
Appropriation, current .....	604 BA	9,329	11,171			Flexible Subsidy Fund:					
			<i>H — 439</i>			Appropriation, current .....	604 BA	136	50		
Outlays .....	O	15,114	16,413	19,839	17,612	Spending authority from					
			<i>H — 54</i>	<i>H — 113</i>	<i>H — 82</i>	offsetting collections .....	BA	69	71	73	72
						O		97	199	90	92
Total Annual contributions						Flexible Subsidy Fund					
for assisted housing .....	BA	9,329	10,731			(gross) .....	BA	205	121	73	72
	O	15,114	16,359	19,726	17,530	O		97	199	90	92
Other assisted housing programs						Total, offsetting collections					
(Housing assistance):						Total Flexible Subsidy					
(Appropriation, current) .....	604 BA		— 231	— 198	— 188	Fund (net) .....	BA	136	50		
(Outlays) .....	O	780	829	762	741	O		28	128	17	20
Total Other assisted hous-						Community disposal operations fund:					
ing programs .....	BA		— 231	— 198	— 188	Spending authority from					
	O	780	829	762	741	offsetting collections .....	451 BA	— *			
Assistance for the renewal of expiring Section 8 subsidy contracts:						Outlays .....	O	— *			
Appropriation, current .....	604 BA	4,551	2,536			Community disposal oper-					
Advance appropriation .....	BA	720	800			ations fund (gross) .....	BA	— *			
Outlays .....	O	3,488	3,914			O		— *			
Total Assistance for the re-						Total, offsetting collections					
newal of expiring Sec-	BA	5,271	3,336			Total Community disposal					
tion 8 subsidy contracts	O	3,488	3,914			operations fund (net) .....	BA				
						O		— *			
National homeownership demonstration program:						Homeownership assistance fund:					
Appropriation, current .....	371 BA		50			Outlays .....	376 O	— *	— 2		
Outlays .....	O			17	33	Homeownership assistance					
Homeownership and opportunity for people everywhere grants (HOPE grants):						fund (gross) .....	O	— *	— 2		
Appropriation, current .....	604 BA	— 207	62			Total, offsetting collections					
Outlays .....	O	65	87	63	120	Total Homeownership as-					
Congregate services:						istance fund (net) .....	BA	— 4	— 4	— 4	— 4
Appropriation, current .....	604 BA	25	25			O		— 4	— 5	— 4	— 4
			<i>H — 37</i>			Nehemiah housing opportunity fund:					
Outlays .....	O	6	6	14	16	Outlays .....	604 O	3	32	19	
				<i>H — 5</i>	<i>H — 10</i>	<b>Credit Accounts:</b>					
Total Congregate services	BA	25	— 12			FHA mutual mortgage insurance program account:					
	O	6	6	9	6	Appropriation, current .....	371 BA	263	309	342	342
Housing counseling assistance:						Outlays .....	O	263	309	342	342
Appropriation, current .....	506 BA	12	50			Outlays from special funds	O	(263)	(309)	(342)	(342)
Outlays .....	O	5	13	38	10	Limitation on direct loan					
Section 8 moderate rehabilitation, single room occupancy:						activity .....			(180)	(200)	(200)
Appropriation, current .....	604 BA	150				Limitation on guarantee					
Outlays .....	O	8	36	43	53	commitments .....		(119,565)	(100,000)	(110,000)	(110,000)
Manufactured home inspection and monitoring:						FHA mutual mortgage and cooperative housing insurance funds liquidating account:					
Appropriation, permanent ...	376 BA	11	11	11	11	Appropriation, current .....	371 BA		— 1		
Outlays .....	O	9	9	9	9	Spending authority from					
Outlays from special funds	O	(9)	(9)	(9)	(9)	offsetting collections .....	BA	4,680	5,895	5,768	3,941
Interstate land sales:						Outlays .....	O	4,433	3,329	2,422	1,938
Appropriation, permanent ...	376 BA	*	1	1	1	FHA mutual mortgage and					
Outlays .....	O	*	1	1	1	cooperative housing in-					
Outlays from special funds	O	(*)	(1)	(1)	(1)	surance funds liquidating	BA	4,680	5,894	5,768	3,941
<b>Public Enterprise Funds:</b>						account (gross) .....	O	4,433	3,329	2,422	1,938
Rental housing assistance fund:						Total, offsetting collections					
Spending authority from						Total FHA mutual mortgage					
offsetting collections .....	604 BA	64	66	68	70	and cooperative housing					
Outlays .....	O	63	69	68	70	insurance funds liquidat-	BA		— 1		
						ing account (net) .....	O	— 248	— 2,566	— 3,345	— 2,003
Rental housing assistance											
fund (gross) .....	BA	64	66	68	70						
	O	63	69	68	70						

### Department of Housing and Urban Development—Continued

(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
General and special risk program account:					Total, offsetting collections	-1	-1	-1	-*
Appropriation, current ..... 371 BA	348	386	386	386	Total Management and liquidating functions fund (net) ..... BA				
Outlays ..... O	297	402	393	375	O	-1	-1	-1	-1
Outlays from special funds ..... O		(118)	(194)						
Limitation on direct loan activity ..... (220)		(220)	(120)	(120)					
Limitation on loan guarantee commitments ..... (18,436)		(20,885)	(17,400)	(16,468)					
FHA general and special risk insurance funds liquidating account:					<b>Credit Accounts:</b>				
Appropriation, current ..... 371 BA		-1			Guarantees of mortgage-backed securities loan guarantee program account:				
Appropriation, permanent ..... BA		100	538	100	Appropriation, current ..... 371 BA	8	9	9	9
Authority to borrow, permanent ..... BA	150	93	68	50	Outlays ..... O	8	9	9	9
Spending authority from offsetting collections ..... BA	1,620	2,792	2,870	1,344	Limitations on loan guaranteed loan commitments ..... (185,000)	(142,000)	(110,000)	(110,000)	
Outlays ..... O	1,278	1,545	1,260	978	Guarantees of mortgage-backed securities liquidating account:				
FHA general and special risk insurance funds liquidating account (gross) BA	1,770	2,984	3,476	1,494	Spending authority from offsetting collections ..... 371 BA	1,204	1,233	1,259	1,196
O	1,278	1,545	1,260	978	Outlays ..... O	692	741	790	481
Total, offsetting collections	-1,620	-2,792	-2,870	-1,344	Guarantees of mortgage-backed securities liquidating account (gross) BA	1,204	1,233	1,259	1,196
Total FHA general and special risk insurance funds liquidating account (net) BA	150	192	606	150	O	692	741	790	481
O	-342	-1,247	-1,610	-366	Total, offsetting collections	-1,204	-1,233	-1,259	-1,196
Housing for the elderly or handicapped fund liquidating account:					Total Guarantees of mortgage-backed securities liquidating account (net) BA				
Appropriation, permanent ..... 371 BA	515				O	-512	-492	-469	-716
Spending authority from offsetting collections ..... BA	700	751	750	767	Total Federal funds Government National Mortgage Association ..... BA	8	9	9	9
Outlays ..... O	675	787	636		O	-505	-484	-460	-707
Housing for the elderly or handicapped fund liquidating account (gross) BA	1,215	751	750	767					
O	675	787	636						
Total, offsetting collections	-700	-751	-750	-767					
Total Housing for the elderly or handicapped fund liquidating account (net) BA	515								
O	-25	36	-114	-767					
Nonprofit sponsor assistance liquidating account:									
Spending authority from offsetting collections ..... 604 BA	*	*	*	*					
Nonprofit sponsor assistance liquidating account (gross) BA	*	*	*	*					
Total, offsetting collections	-*	-*	-*	-*					
Total Federal funds Housing Programs ..... BA	15,998	14,930	1,142	696					
O	19,445	18,344	16,365	16,101					
<b>Government National Mortgage Association</b>					<b>Policy Development and Research</b>				
<i>Federal funds</i>					<i>Federal funds</i>				
<b>Public Enterprise Funds:</b>					<b>General and Special Funds:</b>				
Management and liquidating functions fund:					Research and technology:				
Spending authority from offsetting collections ..... 371 BA	1	1	1	*	Appropriation, current ..... 451 BA	36	42	42	42
Outlays ..... O	-*	-*	-*	-*	Outlays ..... O	28	36	40	41
Management and liquidating functions fund (gross) BA	1	1	1	*					
O	-*	-*	-*	-*					
<b>Government National Mortgage Association</b>					<b>Fair Housing and Equal Opportunity</b>				
<i>Federal funds</i>					<i>Federal funds</i>				
<b>General and Special Funds:</b>					<b>General and Special Funds:</b>				
Salaries and expenses (Community development):					Fair housing activities:				
(Appropriation, current) ..... 451 BA	275	259	279	276	Appropriation, current ..... 751 BA	25	33	45	33
(Spending authority from offsetting collections) ..... BA	144	193	194	194	Outlays ..... O	11	29	21	32
(Outlays) ..... O	429	437	468	471					
Salaries and expenses (gross) BA	419	452	474	384					
O	429	437	468	403					
Total, offsetting collections	-144	-193	-194	-194					
Total (Community development) (net) BA	275	259	279	190					
O	285	244	274	208					

**Department of Housing and Urban Development—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
(Housing assistance):						Total, offsetting collections		— 11	— 11	— 11	— 11
(Appropriation, current) .....	604 BA	140	141	147	151	Total Office of Inspector					
					<i>o</i> — 47	General (net) .....	BA	36	36	37	37
(Spending authority from							O	32	35	37	36
offsetting collections) .....	BA	301	311	344	344	Office of federal housing enterprise oversight:					
(Outlays) .....	O	439	450	489	494	Appropriation, current .....	371 BA	11	15	15	16
					<i>o</i> — 38	Outlays .....	O	5	15	15	16
Salaries and expenses						Outlays from special funds .....	O	(5)	(15)	(15)	(16)
(gross) .....	BA	716	711	770	637	<b>Intragovernmental Funds:</b>					
	O	724	694	763	665	Working capital fund:					
Total, offsetting collections		— 301	— 311	— 344	— 344	Spending authority from					
Total (Housing assistance)						offsetting collections) .....	451 BA	159	142	152	157
(net) .....	BA	140	141	147	104	Outlays .....	O	148	142	152	157
	O	138	140	146	113	Working capital fund					
(Federal law enforcement ac-						(gross) .....	BA	159	142	152	157
tivities):							O	148	142	152	157
(Appropriation, current) .....	751 BA	49	51	53	53	Total, offsetting collections		— 159	— 142	— 152	— 157
					<i>o</i> — 17	Total Working capital fund					
(Outlays) .....	O	47	48	52	53	(net) .....	BA				
					<i>o</i> — 14		O	— 11			
Total (Federal law enforce-						Total Federal funds Man-					
ment activities) .....	BA	49	51	53	37	agement and Administra-					
	O	47	48	52	39	tion .....	BA	511	502	531	383
Total Salaries and ex-							O	495	481	524	412
penses .....	BA	464	451	479	330						
	O	470	431	472	360	<b>Summary</b>					
Office of Inspector General:						Federal funds:					
Appropriation, current .....	451 BA	36	36	37	37	(As shown in detail above) .....	BA	27,374	26,352	27,092	26,006
Spending authority from							O	26,896	27,386	27,069	30,210
offsetting collections) .....	BA	11	11	11	11	Deductions for offsetting receipts:					
Outlays .....	O	43	46	48	47	Proprietary receipts from the					
Office of Inspector General						public .....	371 BA/O	— 1,040	— 517	— 779	— 563
(gross) .....	BA	47	47	48	48	Offsetting governmental re-					
	O	43	46	48	47	ceipts .....	371 BA/O	— 11	— 16	— 15	— 16
						Total Department of Hous-					
						ing and Urban Develop-					
						ment .....	BA	26,322	25,820	26,298	25,427
							O	25,845	26,854	26,276	29,632

**Department of the Interior**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Land and Minerals Management</b>						Total, offsetting collections		— 34	— 34	— 35	— 34
<i>Bureau of Land Management</i>						Total Management of lands					
<i>Federal funds</i>						and resources (net) .....	BA	600	597	617	598
<b>General and Special Funds:</b>							O	555	604	613	601
Management of lands and resources:						Construction and access:					
Appropriation, current .....	302 BA	600	597	617	598	Appropriation, current .....	302 BA	10	12	3	3
Spending authority from						Outlays .....	O	14	9	7	5
offsetting collections) .....	BA	34	34	35	34	Payments in lieu of taxes:					
Outlays .....	O	589	638	648	635	Appropriation, current .....	806 BA	104	104	114	110
Outlays from special funds .....	O	(1)	(4)	(4)	(4)	Outlays .....	O	100	104	114	110
Management of lands and						Oregon and California grant lands:					
resources (gross) .....	BA	634	632	651	632	Appropriation, current .....	302 BA	88	97	113	111
	O	589	638	648	635	Outlays .....	O	85	83	109	111
						Fire protection:					
						Appropriation, current .....	302 BA	117	115	115	111
						Spending authority from					
						offsetting collections) .....	BA	5	5	5	5

**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	114	128	120	117	Outlays from trust funds ....	O	(7)	(9)	(9)	(9)
Fire protection (gross) .....	BA	122	120	120	116	Total Miscellaneous trust funds .....	BA	9	9	9	9
	O	114	128	120	117		O	7	9	9	9
Total, offsetting collections		-5	-5	-5	-5	Total Federal funds Bureau of Land Management ....	BA	1,157	1,179	1,231	1,196
Total Fire protection (net) ..	BA	117	115	115	111		O	1,084	1,153	1,217	1,197
	O	109	123	115	112	Total Trust funds Bureau of Land Management .....	BA	9	9	9	9
							O	7	9	9	9
Emergency department of the interior firefighting fund:						<b>Minerals Management Service</b>					
Appropriation, current .....	302 BA	117	121	131	128	<i>Federal funds</i>					
Outlays .....	O	139	106	127	127	<b>General and Special Funds:</b>					
Central hazardous materials fund:						Royalty and Offshore minerals:					
Appropriation, current .....	304 BA		13	14	14	Appropriation, current .....	302 BA	194	189	193	188
Outlays .....	O		5	9	11	Spending authority from offsetting collections .....	BA	7	10	14	14
Land acquisition:						Outlays .....	O	203	198	205	200
Appropriation, current .....	302 BA	12	15	24	24	Royalty and Offshore minerals (gross) .....	BA	200	199	207	201
Outlays .....	O	20	12	18	21		O	203	198	205	200
Outlays from special funds	O	(12)	(15)	(24)		Total, offsetting collections		-7	-10	-14	-14
Range improvements:						Total Royalty and Offshore minerals (net) .....	BA	194	189	193	188
Appropriation, current .....	302 BA	10	10	9	9		O	197	188	191	186
Outlays .....	O	11	8	10	9	Mineral leasing and associated payments:					
Outlays from special funds	O	(9)	(10)	(9)	(9)	Appropriation, permanent ...	806 BA	520	548	560	578
Service charges, deposits, and forfeitures:						Outlays .....	O	520	548	560	578
Appropriation, current .....	302 BA	10	9	9	9	Outlays from special funds	O	(520)	(548)	(560)	(578)
Outlays .....	O	11	9	9	9	National forests fund, payment to states:					
Outlays from special funds	O	(11)	(9)	(9)	(9)	Appropriation, permanent ...	302 BA	2	2	2	2
Permanent operating funds:						Outlays .....	O	2	2	2	2
Appropriation, permanent ...	302 BA	5	5	5	5	Outlays from special funds	O	(2)	(2)	(2)	
Outlays .....	O	4	5	5	5	Leases of lands acquired for flood control, navigation, and allied purposes:					
Outlays from special funds	O	(4)	(5)	(5)	(5)	Appropriation, permanent ...	302 BA	1	1	1	1
Miscellaneous permanent payment accounts (Water resources):						Outlays .....	O	1	1	1	1
(Appropriation, permanent)	301 BA	84	81	78	75	<i>Trust funds</i>					
(Outlays) .....	O	37	83	80	75	Oil spill research:					
(Outlays from special funds) .....	O	(84)	(4)	(4)		Appropriation, current .....	302 BA	5	6	8	8
Total Miscellaneous permanent payment accounts	BA	84	81	78	75	Spending authority from offsetting collections .....	BA	*	*	*	*
	O	37	83	80	75	Outlays .....	O	5	7	8	8
						Outlays from trust funds ....	O	(4)	(7)	(7)	(8)
<b>Intragovernmental Funds:</b>						Oil spill research (gross) ....	BA	6	7	8	8
Working capital fund:							O	5	7	8	8
Spending authority from offsetting collections .....	302 BA	18	18	18	17	Total, offsetting collections		- *	- *	- *	- *
Outlays .....	O	17	20	20	17	Total Oil spill research (net) .....	BA	5	6	8	8
Working capital fund (gross) .....	BA	18	18	18	17		O	4	7	7	7
	O	17	20	20	17	Total Federal funds Minerals Management Service .....	BA	717	739	756	768
Total, offsetting collections		-18	-18	-18	-17		O	720	738	753	767
Total Working capital fund (net) .....	BA					Total Trust funds Minerals Management Service ....	BA	5	6	8	8
	O	-1	2	2			O	4	7	7	7
<i>Trust funds</i>											
Miscellaneous trust funds:											
Appropriation, current .....	302 BA	8	8	8	8						
Appropriation, permanent ...	BA	2	2	2	2						
Outlays .....	O	7	9	9	9						

**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Office of Surface Mining Reclamation and Enforcement</i>											
<i>Federal funds</i>											
<b>General and Special Funds:</b>											
Regulation and technology:						Outlays from special funds	O	(208)	(206)	(231)	
Appropriation, current .....	302 BA	111	110	108	104	Construction program (gross) .....	BA	365	325	335	343
Spending authority from offsetting collections .....	BA	1	*	*	*	O		408	401	333	341
Outlays .....	O	107	106	110	106	Total, offsetting collections		— 115	— 58	— 74	— 89
Outlays from special funds .....	O	(1)	(1)	(*)	(*)	Total Construction program (net) .....	BA	250	267	261	253
Regulation and technology (gross) .....	BA	112	111	108	105	O		293	343	260	252
O		107	106	110	106	General investigations:					
Total, offsetting collections		— 1	— *	— *	— *	Appropriation, current .....	301 BA	14	14	14	13
Total Regulation and technology (net) .....	BA	111	110	108	104	Outlays .....	O	12	14	14	13
O		106	105	110	105	Outlays from special funds .....	O	(12)	(14)	(14)	(14)
Abandoned mine reclamation fund (Conservation and land management):						Emergency fund:					
(Appropriation, current) .....	302 BA	197	182	185	180	Appropriation, current .....	301 BA	1	1		
(Spending authority from offsetting collections) .....	BA	2				Outlays .....	O	*	2	*	2
(Outlays) .....	O	208	149	198	202	Outlays from special funds .....	O	(*)	(2)	(*)	
(Outlays from special funds) .....	O	(205)	(148)	(266)	(270)	Operation and maintenance:					
Abandoned mine reclamation fund (gross) .....	BA	199	182	185	180	Appropriation, current .....	301 BA	283	284	289	280
O		208	149	198	202	Spending authority from offsetting collections .....	BA	37	43	43	35
Total, offsetting collections		— 2				Outlays .....	O	308	323	331	319
Total (Conservation and land management) (net) .....	BA	197	182	185	180	Outlays from special funds .....	O	(275)	(270)	(272)	(272)
O		206	149	198	202	Operation and maintenance (gross) .....	BA	320	327	332	315
(Health care services):						O		308	323	331	319
(Appropriation, permanent) .....	551 BA			70	70	Total, offsetting collections		— 37	— 43	— 43	— 35
(Outlays) .....	O			70	70	Total Operation and maintenance (net) .....	BA	283	284	289	280
Total Abandoned mine reclamation fund .....	BA	197	182	255	250	O		271	280	288	284
O		206	149	268	272	General administrative expenses:					
Total Federal funds Office of Surface Mining Reclamation and Enforcement .....	BA	308	293	363	354	Appropriation, current .....	301 BA	54	54	50	49
O		312	255	378	377	Outlays .....	O	55	53	51	49
Total Federal funds Land and Minerals Management .....	BA	2,182	2,211	2,350	2,318	Outlays from special funds .....	O	(55)	(53)	(51)	(49)
O		2,116	2,146	2,349	2,342	Central Valley Project Restoration fund:					
Total Trust funds Land and Minerals Management .....	BA	15	16	17	17	Appropriation, current .....	301 BA	30	45	44	27
O		12	15	17	17	Outlays .....	O	9	57	44	30
						Outlays from special funds .....	O	(9)	(57)	(44)	(30)
						Colorado River dam fund, Boulder Canyon project:					
						Appropriation, current .....	301 BA	— 8	— 7	— 5	— 4
						Appropriation, permanent ...	BA	51	39	47	44
						Outlays .....	O	38	36	37	39
						Outlays from special funds .....	O	(38)	(36)	(37)	(39)
						Total Colorado River dam fund, Boulder Canyon project .....	BA	43	32	42	40
						O		38	36	37	39
						Miscellaneous permanent appropriations (Other natural resources):					
						(Appropriation, permanent) .....	306 BA	*	*	*	*
						(Outlays) .....	O	*	*	*	*
						(Outlays from special funds) .....	O	(*)	(*)	(*)	(*)
						Total Miscellaneous permanent appropriations .....	BA	*	*	*	*
						O		*	*	*	*

**Water and Science**

*Bureau of Reclamation*

*Federal funds*

**General and Special Funds:**

Construction program:					
Appropriation, current .....	301 BA	250	267	261	253
Spending authority from offsetting collections .....	BA	115	58	74	89
Outlays .....	O	408	401	333	341

**Public Enterprise Funds:**

Lower Colorado River Basin development fund:

Appropriation, current .....	301 BA	166	143	93	90
Appropriation, permanent ...	BA	11	10	10	10
Spending authority from offsetting collections .....	BA	96	138	137	137

**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	259	295	245	233	Outlays from trust funds ....	O	(13)	(31)	(21)	.....
Lower Colorado River Basin development fund (gross) .....	BA O	273 259	290 295	240 245	237 233	Total Federal funds Bureau of Reclamation .....	BA O	864 856	862 962	823 813	777 777
Total, offsetting collections		— 116	— 155	— 154	— 159	Total Trust funds Bureau of Reclamation .....	BA O	10 13	27 31	19 21	15 16
Total Lower Colorado River Basin development fund (net) .....	BA O	157 142	136 140	86 91	79 75	<b>Central Utah Project</b> <i>Federal funds</i>					
Upper Colorado River Basin fund:						<b>General and Special Funds:</b>					
Appropriation, current .....	301 BA	19	23	22	21	Central Utah Project Completion Account:					
Appropriation, permanent ...	BA	2	2	2	2	Appropriation, current .....	301 BA	26	29	26	25
Spending authority from offsetting collections .....	BA	71	38	32	32	Outlays .....	O	25	30	26	25
Outlays .....	O	99	82	55	53	Utah reclamation mitigation and conservation account:					
Upper Colorado River Basin fund (gross) .....	BA O	92 99	62 82	56 55	55 53	Appropriation, current .....	301 BA	5	11	19	18
Total, offsetting collections		— 71	— 38	— 32	— 32	Appropriation, permanent ...	BA	*	6	6	6
Total Upper Colorado River Basin fund (net) .....	BA O	20 28	25 44	23 22	23 21	Outlays .....	O	1	18	23	24
<b>Intragovernmental Funds:</b>						Outlays from special funds	O	(1)	(18)	(23)	(24)
Working capital fund:						Total Utah reclamation miti- gation and conservation account .....	BA O	5 1	17 18	25 23	24 24
Spending authority from offsetting collections .....	301 BA	305	312	332	332	Total Federal funds Central Utah Project .....	BA O	31 26	46 47	50 49	49 49
Outlays .....	O	307	295	328	332	<b>United States Geological Survey</b> <i>Federal funds</i>					
Working capital fund (gross) .....	BA O	305 307	312 295	332 328	332 332	<b>General and Special Funds:</b>					
Total, offsetting collections		— 305	— 315	— 332	— 332	Surveys, investigations and research:					
Total Working capital fund (net) .....	BA O	..... 2	— 3 — 20	..... — 3	..... — *	Surveys, investigations and research:					
<b>Credit Accounts:</b>						Appropriation, current .....	306 BA	597	571	586	569
Bureau of reclamation loan program account:						Spending authority from offsetting collections .....	BA	300	307	301	301
Appropriation, current .....	301 BA	14	10	17	16	Outlays .....	O	893	855	872	872
Outlays .....	O	5	15	14	16	Surveys, investigations and research (gross) .....	BA O	897 893	879 855	887 872	870 872
Outlays from special funds	O	(1)	(*)	(*)	(*)	Total, offsetting collections		— 300	— 307	— 301	— 301
Limitations on direct loan activity .....		(21)	(23)	(37)	(36)	Total Surveys, investiga- tions and research (net)	BA O	597 594	571 548	586 571	569 571
Bureau of reclamation loan liquidating account:						Operation and maintenance of quarters:					
Outlays .....	301 O	*	*	.....	.....	Appropriation, permanent ...	306 BA	*	*	*	*
Bureau of reclamation loan liquidating account (gross) .....	O	*	*	.....	.....	Outlays .....	O	*	*	*	*
Total, offsetting collections		.....	— 3	— 4	— 4	Outlays from special funds	O	(*)	(*)	(*)	(*)
Total Bureau of reclamation loan liquidating account (net) .....	BA O	..... *	— 3 — 3	— 4 — 4	— 4 — 4	<b>Intragovernmental Funds:</b>					
<b>Trust funds</b>						Working capital fund:					
Reclamation trust funds:						Spending authority from offsetting collections .....	306 BA	15	34	36	34
Appropriation, permanent ...	301 BA	10	27	19	15	Outlays .....	O	13	37	34	33
Outlays .....	O	13	31	21	16	Working capital fund (gross) .....	BA O	15 13	34 37	36 34	34 33
<b>Trust funds</b>						Total, offsetting collections		— 15	— 34	— 36	— 34
Contributed funds:						Total Working capital fund (net) .....	BA O	— 2	3	— 2	— 1
Appropriation, permanent ...	306 BA	*	*	*	*	<b>Trust funds</b>					
Outlays .....	O	*	*	*	*	Contributed funds:					



**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)	<b>Fish and Wildlife and Parks</b>					
Total Federal funds United States Geological Survey .....	BA O	597 592	571 551	586 569	570 570	<i>United States Fish and Wildlife Service</i>					
Total Trust funds United States Geological Survey .....	BA O	* *	* *	* *	* *	<i>Federal funds</i>					
<i>Bureau of Mines</i>						<b>General and Special Funds:</b>					
<i>Federal funds</i>						Resource management:					
Mines and minerals:						Appropriation, current .....	303 BA	494	513	535	519
Appropriation, current .....	306 BA	169	152	153 <i>O - 20</i>	153 <i>O - 30</i>	Spending authority from offsetting collections .....	BA	62	62	62	62
Spending authority from offsetting collections .....	BA	7	10	11	11	Outlays .....	O	554	574	592	584
Outlays .....	O	179	163	164 <i>O - 20</i>	164 <i>O - 30</i>	Resource management (gross) .....	BA O	556 554	574 574	597 592	581 584
Mines and minerals (gross)	BA O	176 179	162 163	144 144	134 134	Total, offsetting collections		- 62	- 62	- 62	- 62
Total, offsetting collections		- 7	- 10	- 11	- 11	Total Resource management (net) .....	BA O	494 492	513 512	535 531	519 523
Total Mines and minerals (net) .....	BA O	169 173	152 153	133 132	123 123	Construction:					
<b>Public Enterprise Funds:</b>						Appropriation, current .....	303 BA	75	54	34	33
Helium fund:						Spending authority from offsetting collections .....	BA	2	2	2	2
Spending authority from offsetting collections .....	306 BA	27	32	33 <i>P 4</i>	32 <i>P - 28</i>	Outlays .....	O	64	83	58	40
Outlays .....	O	20	23	22 <i>P - 23</i>	23 <i>P - 23</i>	Construction (gross) .....	BA O	77 64	56 83	36 58	35 40
Helium fund (gross) .....	BA O	27 20	32 23	37 22	4	Total, offsetting collections		- 2	- 2	- 2	- 2
Total, offsetting collections		- 27	- 32	- 33 <i>P - 4</i>	- 32 <i>P 28</i>	Total Construction (net) .....	BA O	75 62	54 82	34 56	33 39
Total Helium fund (net) .....	BA O	- 8	- 9	- 15	- 4	Natural resource damage assessment fund:					
<i>Trust funds</i>						Appropriation, current .....	303 BA	7	7	7	6
Contributed funds:						Appropriation, permanent ...	BA	11	49	20	19
Appropriation, permanent ...	306 BA	1	1	1	1	Spending authority from offsetting collections .....	BA	1			
Outlays .....	O	1	1	1	1	Outlays .....	O	7	44	35	26
Outlays from trust funds ....	O	(1)	(1)	(1)	(1)	Outlays from special funds	O	(2)	(38)	(28)	(19)
Total Federal funds Bureau of Mines .....	BA O	169 165	152 144	133 117	123 119	Natural resource damage assessment fund (gross)	BA O	18 7	56 44	26 35	26 26
Total Trust funds Bureau of Mines .....	BA O	1 1	1 1	1 1	1 1	Total, offsetting collections		- 1			
Total Federal funds Water and Science .....	BA O	1,662 1,639	1,632 1,704	1,592 1,549	1,518 1,515	Total Natural resource damage assessment fund (net) .....	BA O	18 7	56 44	26 35	26 26
Total Trust funds Water and Science .....	BA O	11 14	29 33	20 22	16 17	Rewards and operations:					
						Appropriation, current .....	303 BA	1	1	1	1
						Outlays .....	O	1	1	1	1
						Rhinoceros and tiger conservation fund:					
						Appropriation, current .....	303 BA			*	*
						Appropriation, permanent ...	BA			*	*
						Outlays .....	O			1	1
						Outlays from special funds	O			(*)	(*)
						Total Rhinoceros and tiger conservation fund .....	BA O			1 1	1 1
						Land acquisition:					
						Appropriation, current .....	303 BA	96	67	63	61
						Outlays .....	O	84	81	68	62
						Outlays from special funds	O	(84)	(81)	(68)	(62)
						Wildlife conservation and appreciation fund:					
						Appropriation, current .....	303 BA	2	2	2	2
						Appropriation, permanent ...	BA	*	*		
						Outlays .....	O	1	2	2	2

## (In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays from special funds	O	(*)	(1)	(1)	(1)
Total Wildlife conservation and appreciation fund ....	BA O	2 1	2 2	2 2	2 2
Migratory bird conservation account:					
Appropriation, permanent ...	303 BA	44	41	41	41
Outlays .....	O	42	42	41	41
Outlays from special funds	O	(42)	(42)	(41)	(41)
North American wetlands conservation fund:					
Appropriation, current .....	303 BA	12	9	12	12
Appropriation, permanent ...	BA	*	*	*	*
Spending authority from offsetting collections .....	BA	7	7	8	9
Outlays .....	O	13	17	19	21
Outlays from special funds	O	(*)	(*)	(*)	(*)
North American wetlands conservation fund (gross) .....	BA O	19 13	16 17	20 19	21 21
Total, offsetting collections		-7	-7	-8	-9
Total North American wetlands conservation fund (net) .....	BA O	12 5	9 10	12 11	12 12
Cooperative endangered species conservation fund:					
Appropriation, current .....	303 BA	9	9	38	37
Appropriation, permanent ...	BA	22	25	25	28
Outlays .....	O	28	33	37	52
Outlays from special funds	O	(6)	(8)	(12)	(25)
Total Cooperative endangered species conservation fund .....	BA O	31 28	34 33	63 37	64 52
National wildlife refuge fund:					
Appropriation, current .....	806 BA	12	12	11	11
Appropriation, permanent ...	BA	7	7	7	8
Outlays .....	O	18	19	19	19
Outlays from special funds	O	(6)	(7)	(7)	(8)
Total National wildlife refuge fund .....	BA O	19 18	19 19	19 19	19 19
Lahontan Valley and Pyramid Lake Fish and Wildlife fund:					
Appropriation, current .....	303 BA			*	
Appropriation, permanent ...	BA			*	
Outlays .....	O			*	*
Outlays from special funds	O			(*)	(*)
Total Lahontan Valley and Pyramid Lake Fish and Wildlife fund .....	BA O			*	*
Operation and maintenance of quarters:					
Appropriation, permanent ...	303 BA	2	2	2	2
Outlays .....	O	1	2	2	2
Outlays from special funds	O	(1)	(2)	(2)	(2)
Miscellaneous permanent appropriations:					
Appropriation, permanent ...	303 BA	200	234	208	211
Outlays .....	O	179	187	199	215
Outlays from special funds	O	(179)	(187)	(199)	(215)
Trust funds					
Sport fish restoration:					
Appropriation, permanent ...	303 BA	208	235	227	254
Outlays .....	O	218	223	226	234
Outlays from trust funds ....	O	(218)	(223)	(226)	(234)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Contributed funds:					
Appropriation, permanent ...	303 BA	4	2	2	2
Outlays .....	O	1	3	2	2
Outlays from trust funds ....	O	(1)	(3)	(2)	(2)
African elephant conservation fund:					
Appropriation, permanent ...	303 BA	1	1	1	1
Outlays .....	O	1	1	1	1
Outlays from trust funds ....	O	(1)	(1)	(1)	(1)
Total Federal funds United States Fish and Wildlife Service .....	BA O	994 921	1,033 1,016	1,007 1,003	992 995
Total Trust funds United States Fish and Wildlife Service .....	BA O	213 220	238 227	229 228	257 237
National Biological Service					
Federal funds					
General and Special Funds:					
Research, Inventories, and Surveys:					
Appropriation, current .....	303 BA	164	167	173	168
Spending authority from offsetting collections .....	BA	33	33	30	
Outlays .....	O	144	176	195	169
Research, Inventories, and Surveys (gross) .....	BA O	197 144	200 176	202 195	168 169
Total, offsetting collections		-33	-33	-30	
Total Research, Inventories, and Surveys (net) .....	BA O	164 110	167 143	173 165	168 169
Operation and maintenance of quarters:					
Appropriation, permanent ...	303 BA		*	*	*
Outlays .....	O	*	*	*	
Outlays from special funds	O		(*)	(*)	
Trust funds					
Donations and contributed funds:					
Appropriation, permanent ...	303 BA	*	*	*	*
Outlays .....	O	*	1	1	
Outlays from trust funds ....	O	(*)	(1)	(1)	
Total Federal funds National Biological Service .....	BA O	164 110	167 143	173 166	168 169
Total Trust funds National Biological Service .....	BA O	* *	* 1	* 1	* *
National Park Service					
Federal funds					
General and Special Funds:					
Operation of the national park system:					
Appropriation, current .....	303 BA	1,094	1,078	1,158	1,095
Appropriation, permanent ...	BA	*			
Spending authority from offsetting collections .....	BA	4	6	6	6
Outlays .....	O	1,032	1,077	1,144	1,117
Outlays from special funds	O	(74)	(64)	(67)	(70)
Operation of the national park system (gross) .....	BA O	1,099 1,032	1,084 1,077	1,164 1,144	1,101 1,117

**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 4	— 6	— 6	— 6	Outlays from special funds	O	(11)	(11)	(12) J (— )	(13) J (4)
Total Operation of the national park system (net)	BA O	1,094 1,028	1,078 1,071	1,158 1,138	1,095 1,111	Total Fee collection support, national park system	BA O	11 9	11 11	12 12	17 17
National recreation and preservation:						Park maintenance:					
Appropriation, current	303 BA	43	43	39	38	Appropriation, permanent	303 BA				P 4
Outlays	O	31	49	40	38	Outlays	O				P 2
Construction:						Miscellaneous permanent appropriations:					
Appropriation, current	303 BA	209	185 A 6	180	174	Appropriation, permanent	303 BA	1	1	1 B *	1 B *
Spending authority from offsetting collections	BA	74	74	74	74	Outlays	O	1	1	1 B *	1 B *
Outlays	O	324	323 A 1	293 A 2	270 A 1	Outlays from special funds	O	(1)	(1)	(1) B (*)	(1) B (*)
Outlays from special funds	O	(4)	(1)								
Construction (gross)	BA O	282 324	264 324	253 295	248 271	Total Miscellaneous permanent appropriations	BA O	1 1	1 1	1 1	1 1
Total, offsetting collections		— 74	— 74	— 74	— 74						
Total Construction (net)	BA O	209 250	190 250	180 221	174 197						
Urban park and recreation fund:											
Appropriation, current	303 BA	5	7	2	2	Construction (trust fund):					
Outlays	O	7	7	4	5	Outlays	401 O	12	21	11	
Illinois and Michigan canal national heritage-corridor Commission:						Miscellaneous trust funds:					
Appropriation, current	303 BA	*				Appropriation, permanent	303 BA	9	8	9	13
Outlays	O	*	*			Outlays	O	8	8	9	13
Violent crime reduction programs:						Outlays from trust funds	O	(8)	(8)	(9)	(13)
Appropriation, current	754 BA			15		Total Federal funds National Park Service	BA O	1,523 1,471	1,477 1,564	1,544 1,584	1,498 1,545
Outlays	O			6		Total Trust funds National Park Service	BA O	9 21	8 29	9 20	13 13
National park system visitor facilities fund:						Total Federal funds Fish and Wildlife and Parks	BA O	2,681 2,502	2,677 2,723	2,724 2,752	2,657 2,708
Outlays	303 O	*				Total Trust funds Fish and Wildlife and Parks	BA O	222 241	246 257	238 249	270 250
Land acquisition and state assistance:											
Appropriation, current	303 BA	95	88 A 1	83	80						
Contract authority, current	BA	— 30	— 30	— 30	— 30						
Contract authority, permanent	BA	30	30	30	30						
Outlays	O	96	118 A *	104 A *	94 A *						
Outlays from special funds	O	(96)	(118)	(83)	(94)						
Total Land acquisition and state assistance	BA O	95 96	89 119	83 105	80 95						
Historic preservation fund:											
Appropriation, current	303 BA	53	46	43	42						
Outlays	O	39	45	45	43						
Outlays from special funds	O	(37)	(39)	(41)	(42)						
National park renewal fund:											
Appropriation, current	303 BA				J 32						
Outlays	O				J 24						
Outlays from special funds	O				J (24)						
Operation and maintenance of quarters:											
Appropriation, permanent	303 BA	11	11	11	11						
Outlays	O	9	11	11	11						
Outlays from special funds	O	(11)	(11)	(11)							
Fee collection support, national park system:											
Appropriation, current	303 BA			J — *	J 4						
Appropriation, permanent	BA	11	11	12	13						
Outlays	O	9	11	12 J — *	13 J 4						

Indian Affairs											
Bureau of Indian Affairs											
Federal funds											
General and Special Funds:											
Operation of Indian programs (Conservation and land management):											
(Appropriation, current)	302 BA	148	151	151	147						
(Spending authority from offsetting collections)	BA	*	*	*	*						
(Outlays)	O	145	150	151	148						
Operation of Indian programs (gross)											
	BA O	148 145	151 150	151 151	147 148						
Total, offsetting collections											
		— *	— *	— *	— *						
Total (Conservation and land management) (net)											
	BA O	148 145	151 150	151 151	147 148						
(Area and regional development):											
(Appropriation, current)	452 BA	850	865	919	892						
(Spending authority from offsetting collections)	BA	2	2	2	2						

**Indian Affairs**

*Bureau of Indian Affairs*

*Federal funds*

**General and Special Funds:**

Operation of Indian programs  
(Conservation and land management):

(Appropriation, current)	302 BA	148	151	151	147
(Spending authority from offsetting collections)	BA	*	*	*	*
(Outlays)	O	145	150	151	148
Operation of Indian programs (gross)	BA O	148 145	151 150	151 151	147 148
Total, offsetting collections		— *	— *	— *	— *
Total (Conservation and land management) (net)	BA O	148 145	151 150	151 151	147 148
(Area and regional development):					
(Appropriation, current)	452 BA	850	865	919	892
(Spending authority from offsetting collections)	BA	2	2	2	2

**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
(Outlays) .....	O	803	833	904	903	Outlays from special funds	O	(5)	(6)	(6)	(6)
Operation of Indian pro- grams (gross) .....	BA	1,000	1,018	1,072	1,040	Tribal Economic Recovery funds:					
	O	948	983	1,055	1,051	Appropriation, permanent ...	452 BA	86	52	20	20
Total, offsetting collections		-2	-2	-2	-2	Outlays .....	O	- *	11		
Total (Area and regional development) (net) .....	BA	850	865	919	892	Miscellaneous permanent appropriations					
	O	801	831	902	901	(Area and regional develop- ment):					
(Elementary, secondary, and vocational education):						(Appropriation, permanent)	452 BA	72	70	71	72
(Appropriation, current) .....	501 BA	494	508	539	523	(Outlays) .....	O	64	72	70	72
(Spending authority from offsetting collections) .....	BA	91	93	95	97	(Outlays from special funds) .....	O	(72)	(70)	(71)	(72)
(Outlays) .....	O	574	552	608	612	(Other general government):					
Operation of Indian pro- grams (gross) .....	BA	1,582	1,616	1,705	1,658	(Appropriation, permanent)	808 BA	*	*	*	*
	O	1,520	1,533	1,661	1,661	(Outlays) .....	O	*	*	*	*
Total, offsetting collections		-91	-93	-95	-97	Total Miscellaneous perma- nent appropriations .....	BA	72	70	71	72
Total (Elementary, second- ary, and vocational edu- cation) (net) .....	BA	494	508	539	523		O	64	72	70	72
	O	484	460	513	515						
Total Operation of Indian programs .....	BA	1,492	1,524	1,610	1,562	<b>Intragovernmental Funds:</b>					
	O	1,430	1,441	1,566	1,564	Equipment capitalization fund:					
Construction:						Spending authority from offsetting collections .....	452 BA			B 9	
Appropriation, current .....	452 BA	179	130	125	122	Outlays .....	O			B 9	
Spending authority from offsetting collections .....	BA	9	9	*	*	Equipment capitalization fund (gross) .....	BA			9	
Outlays .....	O	154	78	95	119		O			9	
Construction (gross) .....	BA	188	139	126	122	Total, offsetting collections				B - 9	
	O	154	78	95	119	Total Equipment capitaliza- tion fund (net) .....	BA				
Total, offsetting collections		-9	-9	- *	- *		O				
Total Construction (net) .....	BA	179	130	125	122	<b>Credit Accounts:</b>					
	O	145	69	95	119	Indian direct loan program account:					
Tribal land consolidation fund:						Appropriation, current .....	452 BA	2	2		
Appropriation, current .....	302 BA			12	12	Outlays .....	O	2	3		
Outlays .....	O			4	5	Limitations on direct loan activity .....		(11)	(11)		
White Earth settlement fund:						Revolving fund for loans liquidating account:					
Appropriation, permanent ...	452 BA	7	8	8	8	Spending authority from offsetting collections .....	452 BA	3	6	8	7
Outlays .....	O	7	8	8	8	Outlays .....	O	*	*		
Indian land and water claim settlements and miscellaneous payments to Indians:						Revolving fund for loans liquidating account (gross) .....	BA	3	6	8	7
Appropriation, current .....	452 BA	103	77	151	146		O	*	*		
Appropriation, permanent ...	BA		3			Total, offsetting collections		-3	-6	-8	-7
Outlays .....	O	101	76	144	147	Total Revolving fund for loans liquidating account (net) .....	BA				
Total Indian land and water claim settlements and miscellaneous payments to Indians .....	BA	103	80	151	146		O	-3	-6	-8	-7
	O	101	76	144	147	Indian guaranteed loan program account:					
Navajo rehabilitation trust fund:						Appropriation, current .....	452 BA	10	10	10	9
Appropriation, current .....	452 BA	2	2			Outlays .....	O	3	10	10	10
Outlays .....	O	2	2			Limitation on loan guaran- tee commitments .....		(69)	(47)	(70)	(70)
Payment to Tribal Economic Recovery Funds:						Indian loan guaranty and insurance fund liquidating account:					
Appropriation, permanent ...	452 BA	77	26			Appropriation, permanent ...	452 BA	11	11	11	11
Outlays .....	O	77	26			Spending authority from offsetting collections .....	BA	8	1	2	1
Technical assistance of Indian enterprises:						Outlays .....	O	6	9	8	
Appropriation, current .....	452 BA	2	2	2	2	Indian loan guaranty and insurance fund liquidat- ing account (gross) .....	BA	19	12	13	12
Outlays .....	O	1	2	2	2		O	6	9	8	
Operation and maintenance of quarters:											
Appropriation, permanent ...	452 BA	6	6	6	6						
Outlays .....	O	5	6	6	6						

**Department of the Interior—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		- 8	- 1	- 2	- 1	Outlays .....	O	102	93	95	95
Total Indian loan guaranty and insurance fund liq- uidating account (net) ....	BA O	11 - 2	11 7	11 6	11 - 1	Total Federal funds Terri- torial and International Affairs .....	BA O	350 343	582 523	340 358	320 332
<i>Trust funds</i>						<b>Departmental Offices</b>					
Cooperative fund (papago):						<i>Office of the Secretary</i>					
Appropriation, permanent ...	452 BA	2	1	1	1	<i>Federal funds</i>					
Outlays .....	O	- *	16	1	1	<b>General and Special Funds:</b>					
Outlays from trust funds ....	O	( - *)	(16)	(1)	(1)	Salaries and expenses:					
Miscellaneous trust funds						Appropriation, current .....	306 BA	64	62	65	63
(Area and regional develop- ment):						Spending authority from offsetting collections .....	BA	90	102	105	102
(Appropriation, permanent)	452 BA	363	346	331	320	Outlays .....	O	153	157	169	165
(Outlays) .....	O	277	346	331	321	Salaries and expenses (gross) .....	BA O	154 153	164 157	170 169	165 165
(Outlays from trust funds) ..	O	(277)	(346)	(331)	.....	Total, offsetting collections		- 90	- 102	- 105	- 102
Total Miscellaneous trust funds .....	BA O	363 277	346 346	331 331	320 321	Total Salaries and ex- penses (net) .....	BA O	64 63	62 55	65 64	63 64
Total Federal funds Bureau of Indian Affairs .....	BA O	2,051 1,832	1,922 1,725	2,026 1,902	1,970 1,924	Special foreign currency program:					
Total Trust funds Bureau of Indian Affairs .....	BA O	365 277	347 362	332 332	321 321	Outlays .....	306 O	*	.....	.....	.....
<b>Territorial and International Affairs</b>						Construction management:					
<i>Territorial and International Affairs</i>						Appropriation, current .....	306 BA	2	2	2	2
<i>Federal funds</i>						Spending authority from offsetting collections .....	BA	*	1	1	1
<b>General and Special Funds:</b>						Outlays .....	O	2	3	3	3
Assistance to territories:						Construction management (gross) .....	BA O	3 2	3 3	3 3	3 3
Appropriation, current .....	808 BA	82	80	70	69	Total, offsetting collections		- *	- 1	- 1	- 1
Spending authority from offsetting collections .....	BA	*	2	2	2	Total Construction manage- ment (net) .....	BA O	2 2	2 2	2 2	2 2
Outlays .....	O	77	77	78	72	Oil spill emergency fund:					
Assistance to territories (gross) .....	BA O	82 77	82 77	72 78	71 72	Appropriation, current .....	306 BA	- *	.....	.....	.....
Total, offsetting collections		- *	- 2	- 2	- 2	Spending authority from offsetting collections .....	BA	*	.....	.....	.....
Total Assistance to terri- tories (net) .....	BA O	82 76	80 75	70 76	69 70	Outlays .....	O	- *	*	*	.....
Trust Territory of the Pacific Islands:						Oil spill emergency fund (gross) .....	BA O	- *	.....	.....	.....
Appropriation, current .....	808 BA	24	20	.....	.....	Total, offsetting collections		- *	.....	.....	.....
Outlays .....	O	23	19	2	.....	Total Oil spill emergency fund (net) .....	BA O	- *	.....	.....	.....
Compact of free association:						Intragovernmental Funds:					
Appropriation, current .....	808 BA	20	30	25	23	Working capital fund:					
Appropriation, permanent ...	BA	122	360	149	132	Spending authority from offsetting collections .....	306 BA	92	98	102	102
Outlays .....	O	142	336	185	166	Outlays .....	O	98	98	102	102
Total Compact of free as- sociation .....	BA O	143 142	390 336	174 185	156 166	Working capital fund (gross) .....	BA O	92 98	98 98	102 102	102 102
Micronesia claims fund, Trust Territory of the Pacific Islands:											
Outlays .....	808 O	.....	*	*	*						
Payments to the United States territories, fiscal assistance:											
Appropriation, permanent ...	806 BA	102	93	95	95						

## (In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		- 92	- 98	- 102	- 102
Total Working capital fund (net)	BA O	6			
Trust funds					
Take pride in America, gifts and bequests:					
Appropriation, permanent ...	306 BA	*	*	*	*
Outlays	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)
Total Federal funds Office of the Secretary	BA O	66 71	64 58	67 67	65 66
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	33	35	35	34
Spending authority from offsetting collections	BA	1	1	1	1
Outlays	O	34	34	36	35
Office of the Solicitor (gross)	BA O	34 34	35 34	36 36	35 35
Total, offsetting collections		- 1	- 1	- 1	- 1
Total Office of the Solicitor (net)	BA O	33 33	35 33	35 35	34 34
Office of Inspector General					
Federal funds					
General and Special Funds:					
Office of Inspector General:					
Appropriation, current	306 BA	24	24	25	25
Spending authority from offsetting collections	BA	1	*	*	*
Outlays	O	25	23	25	25
Office of Inspector General (gross)	BA O	25 25	24 23	26 25	25 25
Total, offsetting collections		- 1	- *	- *	- *
Total Office of Inspector General (net)	BA O	24 24	24 23	25 25	25 25
National Indian Gaming Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	806 BA	1	1	1	1

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections	BA	3	3	3	3
Outlays	O	3	5	5	5
Salaries and expenses (gross)	BA O	4 3	4 5	4 5	4 5
Total, offsetting collections		- 3	- 3	- 3	- 3
Total Salaries and ex-penses (net)	BA O	1 - *	1 2	1 2	1 2
Total Federal funds Departmental Offices	BA O	125 128	124 116	129 130	125 127
Total Trust funds Departmental Offices	BA O	*	*	*	*
Summary					
Federal funds:					
(As shown in detail above)	BA O	9,051 8,560	9,148 8,938	9,161 9,039	8,908 8,948
Deductions for offsetting receipts:					
Intrafund transactions	301 BA/O	- 15	- 10	- 10	- 10
	303 BA/O	- 23	- 26	- 26	- 29
	452 BA/O	- 86	- 52	- 20	- 20
	908 BA/O	- 52	- 67	- 74	- 77
Proprietary receipts from the public	301 BA/O	- 194	- 217	- 243	- 209
	302 BA/O	- 1,241	- 1,266	- 1,309	- 1,345
	303 BA/O	- 115	- 165	- 152	- 158
			B - *	B - *	B - *
			J - 32	J - 36	J - 36
	306 BA/O	- *	- *	- *	- *
	452 BA/O	- 76	- 73	- 74	- 75
	908 BA/O	- 25	- 19	- 19	- 18
Offsetting governmental re-cceipts	302 BA/O	- *	- *	- *	- *
Total Federal funds	BA O	7,224 6,734	7,252 7,043	7,200 7,077	6,928 6,968
Trust funds:					
(As shown in detail above)	BA O	613 544	637 668	607 620	624 605
Deductions for offsetting receipts:					
Proprietary receipts from the public	301 BA/O	- 10	- 27	- 19	- 15
	302 BA/O	- 9	- 9	- 9	- 9
	303 BA/O	- 4	- 2	- 2	- 2
	306 BA/O	- 2	- 1	- 1	- 1
	452 BA/O	- 186	- 187	- 188	- 189
	908 BA/O	- 78	- 80	- 81	- 82
Total Trust funds	BA O	324 255	331 362	307 319	326 306
Interfund transactions	303 BA/O	- 1	- 1	- 1	- 1
	452 BA/O	- 1	- 19	- 26	- 13
	808 BA/O	- 86	- 55	- 30	- 30
Total Department of the Interior	BA O	7,460 6,900	7,508 7,329	7,450 7,340	7,211 7,230

**Department of Justice**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>General Administration</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Appropriation, current .....	751 BA	119	120	73 68
Appropriation, permanent .....	BA	-2		
Advance appropriation .....	BA	2		
Spending authority from offsetting collections .....	BA	22	25	15 15
Outlays .....	O	155	138	96 84
Salaries and expenses (gross) .....	BA	141	144	88 83
	O	155	138	96 84
Total, offsetting collections		-22	-25	-15 -15
Total Salaries and ex- penses (net) .....	BA	119	120	73 68
	O	133	113	81 69
Violent crime reduction programs, General administration:				
Appropriation, current .....	751 BA		17	16
Outlays .....	O		14	7
Community oriented policing services:				
Appropriation, current .....	754 BA		1,099	1,901
Outlays .....	O		242	836
Office of the Inspector General:				
Appropriation, current .....	751 BA	30	30	37 30
Appropriation, permanent .....	BA	-*		
Advance appropriation .....	BA	*		
Spending authority from offsetting collections .....	BA	8	9	4 4
Outlays .....	O	39	38	40 34
Office of the Inspector General (gross) .....	BA	38	39	40 34
	O	39	38	40 34
Total, offsetting collections		-8	-9	-4 -4
Total Office of the Inspec- tor General (net) .....	BA	30	30	37 30
	O	31	29	36 30
Administrative review and appeals:				
Appropriation, current .....	751 BA		54	51
Spending authority from offsetting collections .....	BA		1	1
Outlays .....	O		50	53
Administrative review and appeals (gross) .....	BA		56	52
	O		50	53
Total, offsetting collections			-1	-1
Total Administrative review and appeals (net) .....	BA		54	51
	O		48	52
Violent crime reduction programs, Administrative review and appeals:				
Appropriation, current .....	751 BA		33	
Outlays .....	O		25	
Weed and seed program fund:				
Appropriation, current .....	751 BA	13	13	5
Outlays .....	O	7	17	8 1
Quantico training center:				
Outlays .....	751 O	7	*	* *
Emergency drug funding:				
Appropriation, permanent .....	751 BA	-*		
Advance appropriation .....	BA	*		
Total Emergency drug funding .....	BA			

**Intragovernmental Funds:**

## Working capital fund:

Appropriation, current .....	751 BA		<sup>A</sup> -2	
Appropriation, permanent .....	BA	51		
Spending authority from offsetting collections .....	BA	461	531	552 580
Outlays .....	O	426	651	552 580
			<sup>A</sup> -2	
Working capital fund (gross) .....	BA	512	530	552 580
	O	426	649	552 580
Total, offsetting collections		-461	-531	-552 -580
Total Working capital fund (net) .....	BA	51	-2	
	O	-35	118	
Total Federal funds Gen- eral Administration .....	BA	213	1,279	2,119 149
	O	143	532	1,041 152

**United States Parole Commission***Federal funds***General and Special Funds:**

## Salaries and expenses:

Appropriation, current .....	751 BA	9	7	7 5
Appropriation, permanent .....	BA	-1		
Advance appropriation .....	BA	1		
Outlays .....	O	8	8	7 5
Total Salaries and ex- penses .....	BA	9	7	7 5
	O	8	8	7 5

**Legal Activities***Federal funds***General and Special Funds:**

## Salaries and expenses, General Legal Activities:

Appropriation, current .....	752 BA	407	417	435 435
Appropriation, permanent .....	BA	-3		
Advance appropriation .....	BA	3		
Spending authority from offsetting collections .....	BA	90	90	90 90
Outlays .....	O	505	488	520 525
Salaries and expenses, General Legal Activities (gross) .....	BA	497	507	525 525
	O	505	488	520 525
Total, offsetting collections		-90	-90	-90 -90
Total Salaries and ex- penses, General Legal Activities (net) .....	BA	407	417	435 435
	O	415	398	430 435

## Violent crime reduction programs, General Legal Activities:

Appropriation, current .....	752 BA		5	8
Outlays .....	O		4	7

## Salaries and expenses, Antitrust Division:

Appropriation, current .....	752 BA	46	41	43 43
Appropriation, permanent .....	BA	-1	-*	
Advance appropriation .....	BA	1		
Spending authority from offsetting collections .....	BA	26	48	48 48

**Department of Justice—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	77	86	89 J*	92 J1	Outlays .....	O	289	270	302	295
Salaries and expenses, Antitrust Division (gross)	BA O	72 77	88 86	92 89	92 93	Support of United States prisoners (gross) .....	BA O	339 289	317 270	295 302	295 295
Total, offsetting collections		— 30	— 39	— 48	— 48	Total, offsetting collections		— 36	— 20		
Total Salaries and ex- penses, Antitrust Divi- sion (net) .....	BA O	42 47	49 46	44 41	44 45	Total Support of United States prisoners (net) ....	BA O	303 253	297 250	295 302	295 295
Salaries and expenses, United States Attorneys:						Fees and expenses of witnesses:					
Appropriation, current .....	752 BA	819	851	869	869	Appropriation, current .....	752 BA	98	78	85	80
Appropriation, permanent ...	BA	— 2				Outlays .....	O	75	80	113	80
Advance appropriation .....	BA	2				Salaries and expenses, Community Relations Service:					
Spending authority from offsetting collections .....	BA	81	89	89	89	Appropriation, current .....	752 BA	29	20	21	21
Outlays .....	O	867	965	931	958	Appropriation, permanent ...	BA	— 1			
Salaries and expenses, United States Attorneys (gross) .....	BA O	900 867	939 965	958 931	958 958	Advance appropriation .....	BA	1			
Total, offsetting collections		— 81	— 89	— 89	— 89	Spending authority from offsetting collections .....	BA	15	4	4	4
Total Salaries and ex- penses, United States Attorneys (net) .....	BA O	819 786	851 876	869 841	869 868	Outlays .....	O	48	24	24	25
Violent crime reduction programs, U.S Attorneys:						Salaries and expenses, Community Relations Service (gross) .....	BA O	44 48	24 24	25 24	25 25
Appropriation, current .....	752 BA		7	15		Total, offsetting collections		— 15	— 4	— 4	— 4
Outlays .....	O		6	13		Total Salaries and ex- penses, Community Re- lations Service (net) .....	BA O	29 33	20 20	21 20	21 21
Salaries and expenses, Foreign Claims Settlement Commission:						Payment of Vietnam and U.S.S. Pueblo prisoner of war claims:					
Appropriation, current .....	153 BA	1	1	1	1	Outlays .....	153 O		*	*	*
Appropriation, permanent ...	BA	— *				Independent counsel:					
Advance appropriation .....	BA	*				Appropriation, permanent ...	752 BA	10	4	3	3
Outlays .....	O	1	1	1	1	Outlays .....	O	10	5	3	3
Total Salaries and ex- penses, Foreign Claims Settlement Commission .	BA O	1 1	1 1	1 1	1 1	Civil liberties public education fund:					
Salaries and expenses, United States Marshals Service:						Appropriation, current .....	808 BA		5	5	5
Appropriation, current .....	752 BA	348	397	437	442	Advance appropriation .....	BA	100			
Appropriation, permanent ...	BA	— 1				Outlays .....	O	87	18	5	5
Advance appropriation .....	BA	1				Total Civil liberties public education fund .....	BA O	100 87	5 18	5 5	5 5
Spending authority from offsetting collections .....	BA	25	34	35	36	United States trustee system fund:					
Outlays .....	O	370	452	474	478	Appropriation, current .....	752 BA	70	63	65	65
Salaries and expenses, United States Marshals Service (gross) .....	BA O	374 370	431 452	472 474	478 478	Spending authority from offsetting collections .....	BA	29	40	44	44
Total, offsetting collections		— 25	— 34	— 35	— 36	Outlays .....	O	97	102	107	110
Total Salaries and ex- penses, United States Marshals Service (net) ..	BA O	348 344	397 419	437 440	442 442	Outlays from special funds	O	(68)	(62)	(63)	
Violent crime reduction programs, US Marshals Service:						United States trustee sys- tem fund (gross) .....	BA O	99 97	103 102	109 107	109 110
Appropriation, current .....	752 BA			16		Total, offsetting collections		— 29	— 40	— 44	— 44
Outlays .....	O			15		Total United States trustee system fund (net) .....	BA O	70 68	63 62	65 63	65 65
Support of United States prisoners:						Assets forfeiture fund:					
Appropriation, current .....	752 BA	303	297	295	295	Appropriation, current .....	752 BA	44	55	55	55
Spending authority from offsetting collections .....	BA	36	20			Appropriation, permanent ...	BA	479	457	447	447
						Outlays .....	O	357	742	576	530
						Outlays from special funds	O	(528)	(512)	(502)	
						Total Assets forfeiture fund	BA O	522 357	512 742	502 576	502 530
						Total Federal funds Legal Activities .....	BA O	2,750 2,476	2,704 2,927	2,800 2,869	2,762 2,790



**Department of Justice—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Radiation Exposure Compensation</b>					Total, offsetting collections				
<i>Federal funds</i>					— 332 — 307 — 277 — 277				
<b>General and Special Funds:</b>					Total (Federal law enforcement activities) (net) .....				
Administrative expenses:					BA	1,983	2,126	2,225	2,155
Appropriation, current .....	054 BA	3	3	3	O	2,014	2,052	2,069	2,158
Outlays .....	O	2	3	3	Total Salaries and expenses .....				
Payment to radiation exposure compensation trust fund:					BA	2,063	2,206	2,307	2,237
Appropriation, current .....	054 BA			16	O	2,106	2,155	2,175	2,249
Outlays .....	O			16	Telephone carrier compliance:				
<i>Trust funds</i>					Spending authority from offsetting collections .....				
Radiation exposure compensation trust fund:					751 BA			B 100	B 200
Appropriation, permanent ...	054 BA	4		16	O			B 100	B 200
Outlays .....	O	61	30	46	Telephone carrier compliance (gross) .....				
Outlays from trust funds ....	O	(61)	(30)	(51)	BA			100	200
Total Federal funds Radiation Exposure Compensation .....	BA	3	3	19	O			100	200
	O	2	3	19	Total, offsetting collections				
Total Trust funds Radiation Exposure Compensation .....	BA	4		16	B — 100 B — 200				
	O	61	30	46	Total Telephone carrier compliance (net) .....				
<b>Interagency Law Enforcement</b>					Violent crime reduction programs (Federal law enforcement activities):				
<i>Federal funds</i>					(Appropriation, current) .....				
<b>General and Special Funds:</b>					751 BA			46	
Organized crime drug enforcement:					O			35	
Appropriation, current .....	751 BA	382	375	378	Total Violent crime reduction programs .....				
Spending authority from offsetting collections .....	BA	5			BA			46	
Outlays .....	O	388	406	378	O			35	
Organized crime drug enforcement (gross) .....	BA	388	375	378	Total Federal funds Federal Bureau of Investigation ..				
	O	388	406	378	BA	2,063	2,206	2,354	2,237
Total, offsetting collections		— 5			O	2,106	2,155	2,210	2,249
Total Organized crime drug enforcement (net) .....	BA	382	375	378	<b>Drug Enforcement Administration</b>				
	O	383	406	378	<i>Federal funds</i>				
<b>Federal Bureau of Investigation</b>					<b>General and Special Funds:</b>				
<i>Federal funds</i>					Salaries and expenses:				
<b>General and Special Funds:</b>					Appropriation, current .....				
Salaries and expenses					751 BA	739	765	798	778
(Defense-related activities):					BA	— 9			
(Appropriation, current) .....	054 BA	80	80	82	BA	9			
(Outlays) .....	O	92	103	106	Spending authority from offsetting collections .....				
(Federal law enforcement activities):					BA	191	196	200	200
(Appropriation, current) .....	751 BA	1,983	2,126	2,225	O	937	816	926	917
(Appropriation, permanent) .....	BA	— 8			Salaries and expenses (gross) .....				
(Advance appropriation) .....	BA	8			BA	930	961	998	978
(Spending authority from offsetting collections) .....	BA	332	307	277	O	937	816	926	917
(Outlays) .....	O	2,346	2,360	2,346	Total, offsetting collections				
Salaries and expenses (gross) .....	BA	2,395	2,513	2,584	— 191 — 196 — 200 — 200				
	O	2,439	2,462	2,452	Total Salaries and expenses (net) .....				
<b>Violent crime reduction programs:</b>					BA	739	765	798	778
Appropriation, current .....	751 BA				O	746	620	727	717
Outlays .....	O				Violent crime reduction programs:				
Diversion control fee account:					Appropriation, current .....				
Appropriation, permanent ...	751 BA	48	58	62	751 BA			12	
Outlays .....	O	46	48	58	O			9	
Outlays from special funds	O	(48)	(58)	(62)	Diversion control fee account:				
Total Federal funds Drug Enforcement Administration .....	BA	787	824	872	Appropriation, permanent ...				
	O	793	668	793	751 BA	48	58	62	62
					O	46	48	58	62
					O	(48)	(58)	(62)	

### Department of Justice—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Immigration and Naturalization Service</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	751 BA	1,057	1,104	1,453	1,426
Appropriation, permanent ..	BA	— 10			
Advance appropriation .....	BA	10			
Spending authority from					
offsetting collections .....	BA	572	672	799	912
Outlays .....	O	1,595	1,785	2,115	2,283
Salaries and expenses					
(gross) .....	BA	1,628	1,776	2,253	2,338
	O	1,595	1,785	2,115	2,283
Total, offsetting collections		— 572	— 672	— 799	— 912
Total Salaries and ex-					
penses (net) .....	BA	1,057	1,104	1,453	1,426
	O	1,023	1,113	1,316	1,370
Construction:					
Appropriation, current .....	751 BA		50		
Outlays .....	O		8	20	22
Immigration emergency fund:					
Appropriation, current .....	751 BA	6			
Violent crime reduction fund programs:					
Appropriation, current .....	751 BA		255	335	
Outlays .....	O		173	281	
Immigration legalization:					
Appropriation, permanent ...	751 BA	3	3	2	2
Outlays .....	O	3	3	2	2
Outlays from special funds	O	(3)	(3)	(2)	
Immigration user fee:					
Appropriation, permanent ...	751 BA	265	331	357	357
Outlays .....	O	265	331	357	357
Outlays from special funds	O	(265)	(331)	(357)	
Land border inspection fee:					
Appropriation, permanent ...	751 BA	1	2	6	6
Outlays .....	O	1	2	6	6
Outlays from special funds	O	(1)	(2)	(6)	
Breached Bond/Detention Fund:					
Appropriation, permanent ...	751 BA	8	6	6	6
Outlays .....	O	8	6	6	6
Immigration examinations fee:					
Appropriation, permanent ...	751 BA	236	291	305	305
Outlays .....	O	236	291	305	305
Border services user fee:					
Appropriation, permanent ...	751 BA			B 100	B 213
Outlays .....	O			B 100	B 213
Outlays from special funds	O			B (100)	
Total Federal funds Immi-					
gration and Naturaliza-					
tion Service .....	BA	1,575	2,043	2,565	2,315
	O	1,535	1,927	2,393	2,282

### Federal Prison System

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	753 BA	1,952	2,352	2,630	2,874
Appropriation, permanent ...	BA	— 14			
Advance appropriation .....	BA	14			
Spending authority from					
offsetting collections .....	BA	18	17	17	18
Outlays .....	O	1,906	2,297	2,507	2,854
Salaries and expenses					
(gross) .....	BA	1,971	2,369	2,648	2,892
	O	1,906	2,297	2,507	2,854

Total, offsetting collections		— 18	— 17	— 17	— 18
Total Salaries and ex-					
penses (net) .....	BA	1,952	2,352	2,630	2,874
	O	1,887	2,280	2,490	2,836
Violent crime reduction programs:					
Appropriation, current .....	753 BA			14	
Outlays .....	O			11	
National Institute of Corrections:					
Appropriation, current .....	754 BA	10	10	10	10
Spending authority from					
offsetting collections .....	BA	1	*	*	*
Outlays .....	O	13	6	9	12
National Institute of Correc-					
tions (gross) .....	BA	11	11	11	11
	O	13	6	9	12
Total, offsetting collections		— 1	— *	— *	— *
Total National Institute of					
Corrections (net) .....	BA	10	10	10	10
	O	12	5	8	11
Buildings and facilities:					
Appropriation, current .....	753 BA	270	276	324	166
Outlays .....	O	459	545	518	350
Intragovernmental Funds:					
Federal Prison Industries, Incorporated:					
Spending authority from					
offsetting collections .....	753 BA	412	518	558	642
Outlays .....	O	396	518	558	642
Limitation on administrative					
expenses .....		(1)	(3)	(4)	(3)
Federal Prison Industries,					
Incorporated (gross) .....	BA	412	518	558	642
	O	396	518	558	642
Total, offsetting collections		— 412	— 518	— 558	— 642
Total Federal Prison Indus-					
tries, Incorporated (net) .	BA				
	O	— 16			
<i>Trust funds</i>					
Commissary funds, Federal prisons (trust revolving fund):					
Spending authority from					
offsetting collections .....	753 BA	118	143	151	153
Outlays .....	O	102	143	151	153
Commissary funds, Federal					
prisons (trust revolving					
fund) (gross) .....	BA	118	143	151	153
	O	102	143	151	153
Total, offsetting collections		— 118	— 143	— 151	— 153
Total Commissary funds,					
Federal prisons (trust re-					
volving fund) (net) .....	BA				
	O	— 16			
Total Federal funds Federal					
Prison System .....	BA	2,232	2,638	2,978	3,050
	O	2,342	2,830	3,027	3,198
Total Trust funds Federal					
Prison System .....	BA				
	O	— 16			

### Office of Justice Programs

*Federal funds*

<b>General and Special Funds:</b>					
Justice assistance:					
Appropriation, current .....	754 BA	680	107	122	107

**Department of Justice—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	30	10	10	10	Public safety officers' benefits:					
Outlays .....	O	686	614	432	117	Appropriation, current .....	754 BA	31	30	31	31
Justice assistance (gross) .	BA	710	117	132	117	Outlays .....	O	44	35	31	31
	O	686	614	432	117	Crime victims fund:					
Total, offsetting collections		- 30	- 10	- 10	- 10	Appropriation, permanent ...	754 BA	139	179	165	165
Total Justice assistance (net) .....	BA	680	107	122	107	Outlays .....	O	135	161	164	164
	O	655	604	422	107	Outlays from special funds	O	(139)	(179)	(165)	
Violent crime reduction programs:						Total Federal funds Office of Justice Programs .....	BA	849	1,484	2,255	496
Appropriation, current .....	754 BA		756	1,553			O	835	1,069	1,649	634
Outlays .....	O		178	791							
State and local law enforcement assistance:						<b>Violent Crime Reduction Trust Fund</b>					
Appropriation, current .....	754 BA		262	240	50	<i>Federal funds</i>					
Spending authority from offsetting collections .....	BA		22	10	10	<b>General and Special Funds:</b>					
Outlays .....	O		80	162	204	Violent crime reduction trust fund:					
State and local law en- forcement assistance (gross) .....	BA		284	250	60	Appropriation, current .....	754 BA				5,000
	O		80	162	204	Outlays .....	O				3,936
Total, offsetting collections			- 22	- 10	- 10	<b>Summary</b>					
Total State and local law enforcement assistance (net) .....	BA		262	240	50	Federal funds:					
	O		58	152	194	(As shown in detail above) .....	BA	10,863	13,562	16,346	17,262
Juvenile justice program:							O	10,624	12,525	14,386	16,434
Appropriation, current .....	754 BA		150	144	144	Deductions for offsetting receipts:					
Spending authority from offsetting collections .....	BA		10	10	10	Intrafund transactions .....	751 BA/O		- 15	- 15	- 15
Outlays .....	O		43	99	149		908 BA/O	- 36	- 38	- 39	- 25
Juvenile justice program (gross) .....	BA		160	154	154	Offsetting governmental re- ceipts .....	751 BA/O	- 629	- 681	- 737	- 737
	O		43	99	149				B - 100	B - 213	
Total, offsetting collections			- 10	- 10	- 10	Total Federal funds .....	BA	10,198	12,829	15,456	16,272
Total Juvenile justice pro- gram (net) .....	BA		150	144	144		O	9,960	11,791	13,495	15,445
	O		33	89	139	Trust funds:					
						(As shown in detail above) .....	BA	4		16	30
							O	45	30	46	37
						Interfund transactions .....	054 BA/O			- 16	- 30
						Total Department of Justice	BA	10,202	12,829	15,456	16,272
							O	10,005	11,821	13,525	15,451

**Department of Labor**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Employment and Training Administration</b>						Total, offsetting collections		- 5	- 4	- 4	- 4
<i>Federal funds</i>						Total Training and employ- ment services (net) .....	BA	5,050	5,456	8,170	8,126
<b>General and Special Funds:</b>							O	4,353	4,653	6,494	8,538
Training and employment services:						Community service employment for older Americans:					
Appropriation, current .....	504 BA	5,050	5,456	5,464	5,420	Appropriation, current .....	504 BA	410	410	410	398
				2,705	2,705	Outlays .....	O	385	405	410	408
Spending authority from offsetting collections .....	BA	5	4	4	4	Federal unemployment benefits and allowances					
Outlays .....	O	4,358	4,657	5,161	5,462	(Training and employment):					
				1,337	3,080	(Appropriation, current) .....	504 BA	76	101	129	116
Training and employment services (gross) .....	BA	5,055	5,460	8,174	8,130	(Spending authority from offsetting collections) .....	BA	31	28		
	O	4,358	4,657	6,498	8,542						

**Department of Labor—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
(Outlays) .....	O	106	120	125	125	Total, offsetting collections		-2,444	-2,387 ^ 4	-2,553	-2,477
Federal unemployment benefits and allowances (gross) .....	BA O	107 106	130 120	129 125	116 125	Total (Unemployment com- pensation) (net) .....	BA O				
Total, offsetting collections		-31	-28			Total State unemployment insurance and employ- ment service operations	BA O	77 246	147 101	226 163	226 226
Total (Training and employ- ment) (net) .....	BA O	76 74	101 91	129 125	116 125	Payments to the unemployment trust fund:					
(Unemployment compensa- tion):						Appropriation, permanent ...	603 BA	4	3	5	6
(Appropriation, current) .....	603 BA	114	173	217	206	Outlays .....	O	4	3	5	6
(Spending authority from offsetting collections) .....	BA	139	79	40	40	Advances to the unemployment trust fund and other funds					
(Outlays) .....	O	226	252	257	246	(General retirement and dis- ability insurance (excluding social se):					
Federal unemployment benefits and allowances (gross) .....	BA O	329 300	353 343	386 382	362 371	(Appropriation, current) .....	601 BA	438	359	369	375
Total, offsetting collections		-139	-79	-40	-40	(Outlays) .....	O	414	359	369	375
Total (Unemployment com- pensation) (net) .....	BA O	114 87	173 173	217 217	206 206	(Unemployment compensa- tion):					
Total Federal unemploy- ment benefits and allow- ances .....	BA O	190 162	274 264	346 342	322 331	(Appropriation, current) .....	603 BA	2,617	645		
State unemployment insurance and employment service operations						(Outlays) .....	O	2,607	645		
(Training and employment):						Total Advances to the un- employment trust fund and other funds .....	BA O	3,055 3,021	1,004 1,004	369 369	375 375
(Appropriation, current) .....	504 BA	77	147	226	226	Program operations:					
(Spending authority from offsetting collections) .....	BA	877	886	906	828	Appropriation, current .....	504 BA	92	90	96 ^ -1	93 ^ -3
(Outlays) .....	O	1,123	986	1,069	1,054	Spending authority from offsetting collections .....	BA	48	46	52	51
State unemployment insur- ance and employment service operations (gross) .....	BA O	954 1,123	1,033 986	1,133 1,069	1,054 1,054	Outlays .....	O	141	127	142 ^ -1	142 ^ -2
Total, offsetting collections		-877	-886	-906	-828	Program operations (gross)	BA O	140 141	136 127	147 141	141 139
Total (Training and employ- ment) (net) .....	BA O	77 246	147 101	226 163	226 226	Total, offsetting collections		-48	-46	-52	-51
(Unemployment compensa- tion):						Total Program operations (net) .....	BA O	92 93	90 82	95 89	90 89
(Spending authority from offsetting collections) .....	603 BA	2,444	2,387 ^ -4	2,553	2,477	<i>Trust funds</i>					
(Outlays) .....	O	2,444	2,387 ^ -4	2,553	2,477	Gifts and bequests:					
State unemployment insur- ance and employment service operations (gross) .....	BA O	2,521 2,690	2,530 2,484	2,779 2,716	2,703 2,703	Appropriation, permanent ...	504 BA	*	*	*	*
						Outlays .....	O	*	*	*	*
						Outlays from trust funds ...	O	(*)	(*)	(*)	(*)
						Unemployment trust fund					
						(Training and employment):					
						(Appropriation, permanent)	504 BA	1,176	1,179	1,141	1,132
						(Outlays) .....	O	1,107	1,154	1,172	1,133
						(Veterans employment and training) .....		(187)	(185)	(187)	(182)
						(Employment and Training Administration: Program administration) .....		(46)	(45)	(52)	(50)
						(Bureau of Labor Statistics: Salaries and expenses) .		(52)	(54)	(56)	(55)
						(State unemployment insur- ance and employment service operations) .....		(891)	(895)	(846)	(846)
						(Unemployment compensa- tion):					
						(Appropriation, permanent)	603 BA	29,198	24,221 ^ -4	26,159	25,868
						(Outlays) .....	O	29,268	24,246 ^ -4	26,128	25,867
						(Outlays from trust funds) ..	O	(30,375)	(25,400) ^ (-4)	(27,300)	(27,000)
						(Office of the Inspector General) .....		(4)	(4)	(4)	(4)

**Department of Labor—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
(State unemployment insurance and employment service operations) .....		(2,485)	(2,374) A (— 4)	(2,538)	(2,462)	Limitation on administration		(34)	(11)	(12)	(12)
(Departmental Management: Salaries and expenses) .....		(*)	(*)	(*)	(*)	Pension benefit guaranty corporation fund (gross)	BA	1,446	1,921	2,260	2,590
Total (Unemployment compensation) .....	O	29,198	24,217	26,159	25,868		O	1,061	939	1,169	1,372
		29,268	24,242	26,128	25,867	Total, offsetting collections		— 1,446	— 1,921	— 2,260	— 2,590
Total Unemployment trust fund .....	BA	30,375	25,396	27,300	27,000	Total Pension benefit guaranty corporation fund (net) .....	BA				
	O	30,375	25,396	27,300	27,000		O	— 385	— 982	— 1,090	— 1,218
Total Federal funds Employment and Training Administration .....	BA	8,879	7,386	9,621	9,542	<b>Employment Standards Administration</b>					
	O	8,265	6,512	7,872	9,973	<i>Federal funds</i>					
Total Trust funds Employment and Training Administration .....	BA	30,375	25,396	27,300	27,000	<b>General and Special Funds:</b>					
	O	30,375	25,396	27,300	27,000	Salaries and expenses:					
<b>Office of the American Workplace</b>						Appropriation, current .....	505 BA	237	248	275	267
<i>Federal funds</i>						Spending authority from offsetting collections .....	BA	32	31	32	31
<b>General and Special Funds:</b>						Outlays .....	O	269	278	304	299
Salaries and expenses:						Salaries and expenses (gross) .....	BA	269	279	308	299
Appropriation, current .....	505 BA	27	31	42	41		O	269	278	304	299
Spending authority from offsetting collections .....	BA	*	*			Total, offsetting collections		— 32	— 31	— 32	— 31
Outlays .....	O	28	31	41	40	Total Salaries and expenses (net) .....	BA	237	248	275	267
Salaries and expenses (gross) .....	BA	27	32	42	41		O	236	246	272	267
	O	28	31	41	40	Special benefits					
Total, offsetting collections		— *	— *			(General retirement and disability insurance (excluding social se):					
Total Salaries and expenses (net) .....	BA	27	31	42	41	(Appropriation, current) .....	601 BA	4	4	4	4
	O	28	31	41	40	(Outlays) .....	O	4	4	4	4
<b>Pension and welfare benefit administration</b>						(Federal employee retirement and disability):					
<i>Federal funds</i>						(Appropriation, current) .....	602 BA	275	254	214	267
<b>General and Special Funds:</b>						(Spending authority from offsetting collections) .....	BA	1,721	1,816	1,895	2,043
Salaries and expenses:						(Outlays) .....	O	1,859	2,034	2,148	2,266
Appropriation, current .....	601 BA	64	69	81	79	Special benefits (gross) .....	BA	2,000	2,074	2,113	2,314
Spending authority from offsetting collections .....	BA	*	1	1	1		O	1,862	2,038	2,152	2,270
Outlays .....	O	64	70	80	80	Total, offsetting collections		— 1,721	— 1,816	— 1,895	— 2,043
Salaries and expenses (gross) .....	BA	64	70	82	80	Total (Federal employee retirement and disability) (net) .....	BA	275	254	214	267
	O	64	70	80	80		O	137	218	253	223
Total, offsetting collections		— *	— 1	— 1	— 1	Total Special benefits .....	BA	279	258	218	271
Total Salaries and expenses (net) .....	BA	64	69	81	79		O	141	222	257	227
	O	64	69	79	79	Panama Canal Commission compensation fund:					
<b>Pension Benefit Guaranty Corporation</b>						Appropriation, permanent ...	602 BA	17	16	15	14
<i>Federal funds</i>						Outlays .....	O	6	6	7	7
<b>Public Enterprise Funds:</b>						Outlays from special funds	O	(17)	(16)	(15)	(14)
Pension benefit guaranty corporation fund:						<i>Trust funds</i>					
Spending authority from offsetting collections .....	601 BA	1,446	1,921	2,260	2,590	Black lung disability trust fund:					
Outlays .....	O	1,061	939	1,169	1,372	Appropriation, current .....	601 BA	1,010	976	999	1,031
						Authority to borrow, current .....	BA	12			
						Outlays .....	O	987	1,000	1,016	1,031
						Outlays from trust funds ....	O	(987)	(1,000)	(1,016)	(1,031)
						Administrative limitation:					
						ESA, salaries and expenses .....		(29)	(28)	(29)	(28)
						Administrative limitation:					
						Departmental Management, salaries and expenses .....		(23)	(23)	(20)	(19)

### Department of Labor—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Administrative limitation: Office of the Inspector General .....		(*)	(*)	(*)	(*)
Total Black lung disability trust fund .....	BA O	1,022 987	976 1,000	999 1,016	1,031 1,031
Special workers' compensation expenses:					
Appropriation, permanent ...	601 BA	125	133	142	151
Outlays .....	O	118	127	135	143
Outlays from trust funds ....	O	(118)	(127)	(135)	(143)
Limitation on administrative expenses .....		(1)	(1)	(2)	(2)
Total Federal funds Em- ployment Standards Ad- ministration .....	BA O	532 383	522 475	508 536	552 501
Total Trust funds Em- ployment Standards Ad- ministration .....	BA O	1,146 1,106	1,109 1,127	1,141 1,151	1,182 1,174

#### Occupational Safety and Health Administration

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	554 BA	296	312	347	336
Spending authority from offsetting collections .....	BA	2	3	3	
Outlays .....	O	296	313	345	337
Salaries and expenses (gross) .....	BA O	298 296	315 313	349 345	336 337
Total, offsetting collections		-2	-3	-3	
Total Salaries and ex- penses (net) .....	BA O	296 295	312 311	347 342	336 337

#### Mine Safety and Health Administration

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	554 BA	195	201	212	206
Outlays .....	O	199	200	211	206

#### Bureau of Labor Statistics

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	505 BA	291	298 H - 1	320	311
Spending authority from offsetting collections .....	BA	63	75	78	76
Outlays .....	O	351	370 H - 1	391 H - *	385
Salaries and expenses (gross) .....	BA O	354 351	372 368	398 391	387 385

Total, offsetting collections		-63	-75	-78	-76
Total Salaries and ex- penses (net) .....	BA O	291 288	297 293	320 314	311 309

#### Departmental Management

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	505 BA	143	154	173	168
Spending authority from offsetting collections .....	BA	40	39	35	34
Outlays .....	O	186	188	204	201
Salaries and expenses (gross) .....	BA O	183 186	193 188	208 204	202 201
Total, offsetting collections		-40	-39	-35	-34
Total Salaries and ex- penses (net) .....	BA O	143 146	154 149	173 169	168 167

##### Office of the Inspector General:

Appropriation, current .....	505 BA	47	48	49	48
Spending authority from offsetting collections .....	BA	6	6	6	6
Outlays .....	O	52	54	55	54

##### Office of the Inspector General (gross) .....

BA	53	54	55	54
O	52	54	55	54

##### Total, offsetting collections

-6	-6	-6	-6
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##### Total Office of the Inspec- tor General (net) .....

BA	47	48	49	48
O	46	48	49	48

##### Intragovernmental Funds:

##### Working capital fund:

Appropriation, current .....	505 BA			4	
Spending authority from offsetting collections .....	BA	83	92	94	91
Outlays .....	O	85	94	94	89

##### Working capital fund (gross) .....

BA	83	92	98	91
O	85	94	94	89

##### Total, offsetting collections

-83	-92	-94	-91
-----	-----	-----	-----

##### Total Working capital fund (net) .....

BA			4	
O	2	1	*	-2

##### Total Federal funds Depart- mental Management .....

BA	190	203	226	215
O	193	198	218	213

#### Summary

##### Federal funds:

(As shown in detail above) .....	BA	10,475	9,021	11,357	11,281
	O	9,330	7,107	8,523	10,441

##### Deductions for offsetting receipts:

Intrafund transactions .....	602 BA/O	-13	-12	-11	-10
	908 BA/O	-4	-4	-4	-4

##### Total Federal funds .....

BA	10,458	9,005	11,342	11,268
O	9,313	7,091	8,508	10,427

##### Trust funds:

(As shown in detail above) .....	BA	31,521	26,505	28,441	28,182
	O	31,480	26,524	28,451	28,174

**Department of Labor—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Deductions for offsetting receipts:						Interfund transactions .....	601 BA/O	— 414	— 359	— 369	— 375
Proprietary receipts from the public .....	908 BA/O	— 12	— 2	— 2	— 3		603 BA/O	— 3,321	— 1,311	— 736	— 760
Total Trust funds .....	BA	<b>31,510</b>	<b>26,503</b>	<b>28,439</b>	<b>28,180</b>	Total Department of Labor	BA	<b>38,232</b>	<b>33,838</b>	<b>38,676</b>	<b>38,313</b>
	O	31,469	26,522	28,449	28,172		O	37,047	31,942	35,853	37,464

**Department of State**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Administration of Foreign Affairs</b>						Total, offsetting collections		— *	— *	— *	— *
<i>Federal funds</i>						Total Office of the Inspector General (net) .....	BA	<b>23</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>General and Special Funds:</b>							O	24	24	24	24
Diplomatic and consular programs:						Acquisition and maintenance of buildings abroad:					
Appropriation, current .....	153 BA	<b>1,745</b>	<b>1,750</b>	<b>1,748</b>	<b>1,696</b>	Appropriation, current .....	153 BA	<b>400</b>	<b>412</b>	<b>422</b>	<b>409</b>
Spending authority from offsetting collections .....	BA	<b>428</b>	<b>505</b>	<b>505</b>	<b>490</b>	Spending authority from offsetting collections .....	BA	<b>119</b>	<b>52</b>	<b>48</b>	<b>48</b>
Outlays .....	O	2,252	2,105	2,256	2,193	Outlays .....	O	699	606	564	533
Diplomatic and consular programs (gross) .....	BA	<b>2,173</b>	<b>2,254</b>	<b>2,253</b>	<b>2,186</b>	Acquisition and maintenance of buildings abroad (gross) .....	BA	<b>519</b>	<b>464</b>	<b>470</b>	<b>457</b>
	O	2,252	2,105	2,256	2,193		O	699	606	564	533
Total, offsetting collections		— 428	— 505	— 505	— 490	Total, offsetting collections		— 119	— 52	— 48	— 48
Total Diplomatic and consular programs (net) .....	BA	<b>1,745</b>	<b>1,750</b>	<b>1,748</b>	<b>1,696</b>	Total Acquisition and maintenance of buildings abroad (net) .....	BA	<b>400</b>	<b>412</b>	<b>422</b>	<b>409</b>
	O	1,824	1,600	1,751	1,704		O	580	554	516	486
Salaries and expenses:						Acquisition and maintenance of buildings abroad (special foreign currency program):					
Appropriation, current .....	153 BA	<b>364</b>	<b>376</b>	<b>372</b>	<b>361</b>	Outlays .....	153 O	1	1	1	1
Spending authority from offsetting collections .....	BA	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	Representation allowances:					
Outlays .....	O	238	448	381	374	Appropriation, current .....	153 BA	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Salaries and expenses (gross) .....	BA	<b>374</b>	<b>387</b>	<b>383</b>	<b>372</b>	Spending authority from offsetting collections .....	BA	*			
	O	238	448	381	374	Outlays .....	O	5	5	5	5
Total, offsetting collections		— 11	— 11	— 11	— 11	Representation allowances (gross) .....	BA	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Total Salaries and expenses (net) .....	BA	<b>364</b>	<b>376</b>	<b>372</b>	<b>361</b>		O	5	5	5	5
	O	228	437	370	363	Total, offsetting collections		— *			
Capital investment fund:						Total Representation allowances (net) .....	BA	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Appropriation, current .....	153 BA	<b>3</b>		<b>33</b>	<b>32</b>		O	5	5	5	5
Spending authority from offsetting collections .....	BA			<b>18</b>	<b>17</b>	Protection of foreign missions and officials:					
Outlays .....	O		3	40	49	Appropriation, current .....	153 BA	<b>10</b>	<b>10</b>	<b>9</b>	<b>8</b>
Capital investment fund (gross) .....	BA	<b>3</b>		<b>50</b>	<b>49</b>	Outlays .....	O	7	14	10	9
	O		3	40	49	Emergencies in the diplomatic and consular service:					
Total, offsetting collections				— 18	— 17	Appropriation, current .....	153 BA	<b>8</b>	<b>6</b>	<b>6</b>	<b>6</b>
Total Capital investment fund (net) .....	BA	<b>3</b>		<b>33</b>	<b>32</b>	Outlays .....	O	5	7	6	6
	O		3	23	32	Buying power maintenance:					
Office of the Inspector General:						Appropriation, current .....	153 BA	— 9	— 5		
Appropriation, current .....	153 BA	<b>23</b>	<b>24</b>	<b>24</b>	<b>24</b>	Payment to the American Institute in Taiwan:					
Spending authority from offsetting collections .....	BA	*	*	*	*	Appropriation, current .....	153 BA	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Outlays .....	O	24	24	24	24	Outlays .....	O	10	17	15	15
Office of the Inspector General (gross) .....	BA	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	Payment to the Foreign Service retirement and disability fund:					
	O	24	24	24	24	Appropriation, current .....	153 BA	<b>125</b>	<b>129</b>	<b>125</b>	<b>133</b>
						Appropriation, permanent ...	BA	<b>141</b>	<b>142</b>	<b>143</b>	<b>144</b>

### Department of State—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	266	271	268	276
Total Payment to the Foreign Service retirement and disability fund .....	BA O	266 266	271 271	268 268	276 276
<b>Intragovernmental Funds:</b>					
Working capital fund:					
Spending authority from offsetting collections .....	153 BA	104	87	81	81
Outlays .....	O	110	87	81	81
Working capital fund (gross) .....	BA O	104 110	87 87	81 81	81 81
Total, offsetting collections		— 104	— 87	— 81	— 81
Total Working capital fund (net) .....	BA O	..... 6	.....	.....	.....
<b>Credit Accounts:</b>					
Repatriation loans program account:					
Appropriation, current .....	153 BA	1	1	1	1
Outlays .....	O	1	1	1	1
Limitation on direct loan activity .....		(1)	(1)	(1)	(1)
Repatriation loans liquidating account:					
Outlays .....	153 O	— *	.....	.....	.....
<i>Trust funds</i>					
Foreign Service retirement and disability fund:					
Appropriation, permanent ...	602 BA	433	462	494	527
Outlays .....	O	433	462	494	527
Outlays from trust funds ....	O	(433)	(462)	(494)	.....
Foreign service national separation liability trust fund:					
Appropriation, permanent ...	602 BA	6	7	7	7
Outlays .....	O	12	9	9	10
Outlays from trust funds ....	O	(12)	(9)	(66)	.....
Miscellaneous trust funds:					
Appropriation, permanent ...	153 BA	13	2	2	2
Outlays .....	O	1	12	15	13
Outlays from trust funds ....	O	(1)	(12)	(15)	(13)
Total Federal funds Administration of Foreign Affairs .....	BA O	2,832 2,957	2,865 2,934	2,904 2,990	2,833 2,921
Total Trust funds Administration of Foreign Affairs .....	BA O	452 446	471 483	503 518	537 551

### International Organizations and Conferences

#### *Federal funds*

#### General and Special Funds:

##### Contributions to international organizations:

Appropriation, current .....	153 BA	861	873	934	906
Outlays .....	O	765	951	933	906

##### Contributions for international peacekeeping activities

##### (Conduct of foreign affairs):

(Appropriation, current) .....	153 BA	1,072	533	445	432
			^ 672		

(Outlays) .....	O	979	629 ^ 672	447	432
Total (Conduct of foreign affairs) .....	BA O	1,072 979	1,205 1,301	445 447	432 432
Total Contributions for international peacekeeping activities .....	BA O	1,072 979	1,205 1,301	445 447	432 432
International conferences and contingencies:					
Appropriation, current .....	153 BA	6	6	6	6
Outlays .....	O	5	6	6	5
Total Federal funds International Organizations and Conferences .....	BA O	1,938 1,748	2,084 2,258	1,385 1,386	1,344 1,342

### 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	13	14	13
Spending authority from offsetting collections .....	BA	1	1	1	1
Outlays .....	O	12	13	15	15

##### Salaries and expenses, IBWC (gross) .....

BA	13	13	15	15
O	12	13	15	15

##### Total, offsetting collections

— 1	— 1	— 1	— 1
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##### Total Salaries and expenses, IBWC (net) .....

BA	12	13	14	13
O	11	13	14	13

##### Construction, IBWC:

Appropriation, current .....	301 BA	14	7	10	10
Spending authority from offsetting collections .....	BA	22	54	54	20
Outlays .....	O	30	66	67	38

##### Construction, IBWC (gross) .....

BA	36	60	64	30
O	30	66	67	38

##### Total, offsetting collections

— 22	— 54	— 54	— 20
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##### Total Construction, IBWC (net) .....

BA	14	7	10	10
O	8	12	13	18

##### Total Federal funds International Boundary and Water Commission, United States and Mexico: ..

BA	26	20	24	24
O	20	25	27	31

#### *Federal funds*

#### General and Special Funds:

##### American sections, international commissions:

Appropriation, current .....	301 BA	4	6	6	6
Spending authority from offsetting collections .....	BA	*	*	.....	.....
Outlays .....	O	4	5	6	6

##### American sections, international commissions (gross) .....

BA	4	6	6	6
O	4	5	6	6



**Department of State—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— *	— *		
Total American sections, international commis- sions (net) .....	BA O	4 4	6 5	6 6	6 6
International fisheries commissions:					
Appropriation, current .....	302 BA	16	15	15	14
Outlays .....	O	17	15	15	14
Total Federal funds Inter- national Commissions ....	BA O	46 41	40 45	45 48	44 52
<b>Other</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Migration and refugee assistance:					
Appropriation, current .....	151 BA	671	671	671	651
Spending authority from offsetting collections .....	BA	13	13	1	1
Outlays .....	O	637	646	672	657
Migration and refugee as- sistance (gross) .....	BA O	684 637	684 646	672 672	652 657
Total, offsetting collections		— 13	— 13	— 1	— 1
Total Migration and refugee assistance (net) .....	BA O	671 624	671 632	671 671	651 656
United States emergency refugee and migration assistance fund:					
Appropriation, current .....	151 BA	79	50	50	48
Outlays .....	O	63	96	78	49
International narcotics control:					
Appropriation, current .....	151 BA	101	105	213	207
Spending authority from offsetting collections .....	BA	2			
Outlays .....	O	113	115	147	186
International narcotics con- trol (gross) .....	BA O	102 113	105 115	213 147	207 186
Total, offsetting collections		— 2			
Total International narcotics control (net) .....	BA O	101 112	105 115	213 147	207 186
Anti-terrorism assistance:					
Appropriation, current .....	151 BA	15	15	15	15
Spending authority from offsetting collections .....	BA	*			
Outlays .....	O	12	15	15	15
Anti-terrorism assistance (gross) .....	BA O	16 12	15 15	15 15	15 15

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— *			
Total Anti-terrorism assist- ance (net) .....	BA O	15 12	15 15	15 15	15 15
U.S. bilateral science and technology agreements:					
Appropriation, current .....	153 BA	4			
Outlays .....	O	5			
Russian, Eurasian, and East European research and training program:					
Outlays .....	153 O	8	3	3	
Payment to the Asia Foundation:					
Appropriation, current .....	154 BA	16	15	10	10
Outlays .....	O	16	14	11	10
International litigation fund:					
Appropriation, permanent ...	153 BA	1	1	1	1
Outlays .....	O		2	1	1
Outlays from special funds	O	(1)	(1)	(1)	
International Center, Washington, D.C.:					
Appropriation, permanent ...	153 BA	*	*	*	*
Spending authority from offsetting collections .....	BA	1	1	1	1
Outlays .....	O	7	2	2	2
Outlays from special funds	O	(*)	(*)	(*)	
International Center, Wash- ington, D.C. (gross) .....	BA O	2 7	2 2	2 2	2 2
Total, offsetting collections		— 1	— 1	— 1	— 1
Total International Center, Washington, D.C. (net) ..	BA O	* 6	* *	* *	* *
Total Federal funds Other .	BA O	888 846	858 878	961 926	932 917

<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA O	5,704 5,591	5,847 6,114	5,294 5,350	5,152 5,232
Deductions for offsetting receipts:					
Intrafund transactions .....	153 BA/O	— 1	— 1	— 1	— 1
Proprietary receipts from the public .....	153 BA/O	— *	— *	— *	— *
Total Federal funds .....	BA O	5,703 5,590	5,845 6,113	5,293 5,348	5,150 5,230
Trust funds:					
(As shown in detail above) .....	BA O	452 446	471 483	503 518	537 551
Deductions for offsetting receipts:					
Intrafund transactions .....	602 BA/O	— 1	— *	— *	— *
Total Trust funds .....	BA O	452 445	471 483	503 518	536 550
Interfund transactions .....	153 BA/O 602 BA/O 803 BA/O	— 311 — 6 .....	— 317 — 7 — *	— 312 — 7 — *	— 322 — 7 — *
Total Department of State .	BA O	5,837 5,718	5,993 6,272	5,476 5,547	5,357 5,451

### Department of Transportation

(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate	Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Infrastructure Investment</b>					<b>Total, offsetting collections</b>				
<i>Trust funds</i>									
Unified transportation infrastructure investment program:					Total Federal-aid highways (net)				
Appropriation, current ..... 401 BA			o 24,393	o 26,094	BA	22,039	20,755	887	1,109
Spending authority from offsetting collections ..... BA			o 75	o 75	O	18,639	19,172	16,168	6,491
Outlays ..... O			o 3,955	o 14,478	<b>Highway-related safety grants:</b>				
Outlays from trust funds .... O			o (3,880)	o (14,403)	Contract authority, permanent ..... 401 BA	20		16	20
Unified transportation infrastructure investment program (gross) ..... BA			24,468	26,169	Outlays ..... O	10	9	10	10
O ..... O			3,955	14,478	Outlays from trust funds .... O	(10)	(9)	(10)	(10)
Total, offsetting collections			o - 75	o - 75	Limitation on program level (obligations) ..... O	(10)	(11)	(10)	(10)
Total Unified transportation infrastructure investment program (net) ..... BA			24,393	26,094	Motor carrier safety grants:				
O ..... O			3,880	14,403	Contract authority, permanent ..... 401 BA	80	83	68	90
					Outlays ..... O	60	72	81	87
					Outlays from trust funds .... O	(60)	(72)	(81)	(87)
					Limitation on program level (obligations) ..... O	(64)	(74)	(85)	(85)
					Motor carrier safety:				
					Appropriation, current ..... 401 BA			o 50	o 50
					Outlays ..... O			o 44	o 50
					Miscellaneous trust funds				
					(International development and humanitarian assistance):				
					(Appropriation, permanent) 151 BA		*	*	*
					(Outlays) ..... O	*	1	1	*
					(Outlays from trust funds) .. O	(*)	(1)	(1)	(*)
					(Ground transportation):				
					(Appropriation, permanent) 401 BA	6	7	7	7
					(Outlays) ..... O	10	11	8	7
					(Outlays from trust funds) .. O	(10)	(11)	(8)	(7)
					Total Miscellaneous trust funds				
					BA	6	8	8	8
					O	10	12	9	8
					Miscellaneous highway trust funds:				
					Appropriation, current ..... 401 BA	8			
							A - 7		
					Outlays ..... O	86	110	92	69
							A - *	A - 1	A - 2
					Outlays from trust funds .... O	(86)	(110)	(92)	
					Total Miscellaneous highway trust funds				
					BA	8	- 7		
					O	86	110	91	68
					Right-of-way revolving fund liquidating account:				
					Contract authority, permanent ..... 401 BA		- 20		
					Spending authority from offsetting collections ..... BA	15	44	30	26
					Outlays ..... O	27	53	43	46
					Limitation on direct loan obligations ..... O	(42)	(42)		
					Right-of-way revolving fund liquidating account (gross) ..... BA	15	24	30	26
					O	27	53	43	46

**Department of Transportation—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 15	— 44	— 30	— 26	Outlays	O	19	31 A 1	22 A *	19
Total Right-of-way revolving fund liquidating account (net)	BA O	12	— 20 10	13	21	Office of the Administrator (gross)	BA O	12 19	17 31	18 22	18 19
Total Federal funds Federal Highway Administration	BA O	146 235	301 211	189	143	Total, offsetting collections		— *	— 1	— 1	— 1
Total Trust funds Federal Highway Administration	BA O	22,153 18,817	20,819 19,383	1,028 16,416	1,276 6,735	Total Office of the Adminis- trator (net)	BA O	12 19	16 30	17 21	17 19
<b>National Highway Traffic Safety Administration</b>						Local rail freight assistance:					
<i>Federal funds</i>						Appropriation, current	401 BA	17	17 H — 13		
<b>General and Special Funds:</b>						Outlays	O	23	25 H — 5	19 H — 5	9 H — 3
Operations and research:						Total Local rail freight as- sistance	BA O	17 23	4 20	14	6
Appropriation, current	401 BA	76	79	85	77	Railroad safety:					
Spending authority from offsetting collections	BA	64	69	85	85	Appropriation, current	401 BA	44	48	51	51
Outlays	O	136	157	172	167	Spending authority from offsetting collections	BA	*			
Operations and research (gross)	BA O	140 136	148 157	170 172	162 167	Outlays	O	43	44	52	51
Total, offsetting collections		— 64	— 69	— 85	— 85	Railroad safety (gross)	BA O	44 43	48 44	51 52	51 51
Total Operations and re- search (net)	BA O	76 72	79 89	85 87	77 82	Total, offsetting collections		— *			
Miscellaneous safety programs:						Total Railroad safety (net)	BA O	44 43	48 44	51 52	51 51
Outlays	401 O	*	*			Railroad research and development:					
<i>Trust funds</i>						Appropriation, current	401 BA	21	20	49	20
Operations and research (trust fund share):						Spending authority from offsetting collections	BA	1	2	2	2
Appropriation, current	401 BA	48	47	60	56	Outlays	O	20	33	36	35
Outlays	O	41	60	63	62	Railroad research and de- velopment (gross)	BA O	21 20	23 33	51 36	23 35
Outlays from trust funds	O	(41)	(60)	(63)	(62)	Total, offsetting collections		— 1	— 2	— 2	— 2
Highway traffic safety grants:						Total Railroad research and development (net)	BA O	21 20	20 30	49 34	20 33
Contract authority, perma- nent	401 BA	— 24	196	162	150	Conrail labor protection:					
Outlays	O	147	147	170	167	Outlays	603 O	— *			
Outlays from trust funds	O	(147)	(147)	(170)	(167)	Conrail commuter transition assistance:					
Limitation on program level (obligations)		(174)	(151)	(196)	(150)	Outlays	401 O	1	2	14	5
Total Federal funds Na- tional Highway Traffic Safety Administration	BA O	76 72	79 89	85 87	77 82	Northeast corridor improvement program:					
Total Trust funds National Highway Traffic Safety Administration	BA O	24 188	243 208	222 232	206 229	Appropriation, current	401 BA	225	200	235 O — 235	200 O — 200
<b>Federal Railroad Administration</b>						Outlays	O	117	216	295 O — 47	356 O — 158
<i>Federal funds</i>						Total Northeast corridor im- provement program	BA O	225 117	200 216	248	199
<b>General and Special Funds:</b>						Pennsylvania station redevelopment project:					
Office of the Administrator:						Appropriation, current	401 BA	10	40	50 O — 50	
Appropriation, current	401 BA	12	15 A 1	17	17	Outlays	O	1	14	28 O — 4	26 O — 20
Spending authority from offsetting collections	BA	*	1	1	1	Total Pennsylvania station redevelopment project	BA O	10 1	40 14	24	6

**Department of Transportation—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Rhode island rail development:					
Appropriation, current .....	401 BA		5	10	10
				<i>o</i> - 10	<i>o</i> - 10
Outlays .....	O		1	4	8
				<i>o</i> - 2	<i>o</i> - 7
Total Rhode island rail development .....	BA		5		
	O		1	2	2
Mandatory passenger rail service payments:					
Appropriation, current .....	401 BA	137			
Outlays .....	O	137			
Grants to National Railroad Passenger Corporation:					
Appropriation, current .....	401 BA	547	772	750	550
				<i>o</i> - 750	<i>o</i> - 550
Outlays .....	O	491	735	695	600
				<i>o</i> - 572	<i>o</i> - 518
Total Grants to National Railroad Passenger Corporation .....	BA	547	772		
	O	491	735	123	83
Next generation high speed rail program:					
Appropriation, current .....	401 BA		20	30	30
Outlays .....	O		4	26	26
<b>Public Enterprise Funds:</b>					
Railroad rehabilitation and improvement liquidating account:					
Appropriation, current .....	401 BA		-2		
			<i>A</i> - 1		
Spending authority from offsetting collections .....	BA	1			
Outlays .....	O		*		
Railroad rehabilitation and improvement liquidating account (gross) .....	BA	1	-3		
	O		*		
Total, offsetting collections .....		-18	-7	-7	-7
Total Railroad rehabilitation and improvement liquidating account (net) ....	BA	-17	-10	-7	-7
	O	-18	-6	-7	-7
<b>Credit Accounts:</b>					
Railroad rehabilitation and improvement program account:					
Appropriation, current .....	401 BA		*		
Outlays .....	O		*		
Limitation on direct loan activity .....		(5)			
Amtrak corridor improvement loans liquidating account:					
Total, offsetting collections .....	401	-1	-1	-1	-1
<i>Trust funds</i>					
Trust fund share of next generation high speed rail program:					
Contract authority, permanent .....	401 BA	105	105	130	130
Outlays .....	O	*	5	7	7
Outlays from trust funds ....	O	(*)	(5)	(7)	(7)
Limitation on program level (obligations) .....		(8)	(5)	(5)	(5)
Total Federal funds Federal Railroad Administration ..	BA	995	1,114	140	111
	O	833	1,090	550	422
Total Trust funds Federal Railroad Administration ..	BA	105	105	130	130
	O	*	5	7	7

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Federal Transit Administration</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Administrative expenses:					
Appropriation, current .....	401 BA	21	43	44	44
				<i>o</i> - 44	<i>o</i> - 44
Spending authority from offsetting collections .....	BA	18	*		
Outlays .....	O	35	40	44	44
				<i>o</i> - 40	<i>o</i> - 44
Administrative expenses (gross) .....	BA	39	43		
	O	35	40	4	
Total, offsetting collections .....		-18	-*		
Total Administrative expenses (net) .....	BA	21	43		
	O	17	40	4	
Research, training, and human resources:					
Outlays .....	401 O	8	10	7	5
Interstate transfer grants-transit:					
Appropriation, current .....	401 BA	45	48		
Outlays .....	O	156	43	37	35
Washington metropolitan area transit authority:					
Appropriation, current .....	401 BA	200	200	200	200
				<i>o</i> - 200	<i>o</i> - 200
Outlays .....	O	143	215	165	158
				<i>o</i> - 4	<i>o</i> - 24
Total Washington metropolitan area transit authority .....	BA	200	200		
	O	143	215	161	134
Formula grants:					
Appropriation, current .....	401 BA	1,285	1,342	1,744	945
				<i>o</i> - 1,744	<i>o</i> - 945
Spending authority from offsetting collections .....	BA	1,130	1,150	1,121	1,920
				<i>o</i> - 1,121	<i>o</i> - 1,920
Outlays .....	O	1,289	1,984	1,975	2,321
				<i>o</i> - 418	<i>o</i> - 1,083
Formula grants (gross) .....	BA	2,415	2,492		
	O	1,289	1,984	1,557	1,238
Total, offsetting collections .....		-1,130	-1,150	-1,121	-1,920
				<i>o</i> 1,121	<i>o</i> 1,920
Total Formula grants (net) ..	BA	1,285	1,342		
	O	159	834	1,557	1,238
University transportation centers:					
Appropriation, current .....	401 BA	3	6	6	6
				<i>o</i> - 6	<i>o</i> - 6
Spending authority from offsetting collections .....	BA	3			
Outlays .....	O	-4	6	7	7
				<i>o</i> - 1	<i>o</i> - 3
University transportation centers (gross) .....	BA	6	6		
	O	-4	6	5	4
Total, offsetting collections .....		-3			
Total University transportation centers (net) .....	BA	3	6		
	O	-6	6	5	4
Discretionary grants:					
Appropriation, current .....	401 BA			60	
				<i>o</i> - 60	

**Department of Transportation—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O			60		<b>Federal Aviation Administration</b>					
				<i>o</i> - 60		<i>Federal funds</i>					
Total Discretionary grants ..	BA O					<b>General and Special Funds:</b>					
Transit planning and research:						Operations:					
Appropriation, current .....	401 BA	48	100	100	100	Appropriation, current .....	402 BA	2,285	2,132	2,095	2,065
				<i>o</i> - 100	<i>o</i> - 100	Spending authority from					
Spending authority from						offsetting collections .....	BA	2,346	2,508	2,669	2,579
offsetting collections .....	BA	77				Outlays .....	O	4,709	4,553	4,750	4,658
Outlays .....	O	9	71	97	122						
				<i>o</i> - 10	<i>o</i> - 53	Operations (gross) .....	BA	4,631	4,641	4,764	4,643
Transit planning and re-							O	4,709	4,553	4,750	4,658
search (gross) .....	BA	125	100			Total, offsetting collections		- 2,346	- 2,508	- 2,669	- 2,579
	O	9	71	86	68	Total Operations (net) .....	BA	2,285	2,132	2,095	2,065
							O	2,363	2,045	2,080	2,079
Total, offsetting collections		- 77				Miscellaneous expired accounts:					
Total Transit planning and						Outlays .....	402 O	*	2		
research (net) .....	BA	48	100			Aircraft purchase loan guarantee program:					
	O	- 68	71	86	68	Authority to borrow, current	402 BA	*	*	*	*
						Outlays .....	O	*	*	*	*
Violent crime reduction programs:						<b>Public Enterprise Funds:</b>					
Appropriation, current .....	754 BA			5		Aviation insurance revolving fund:					
Outlays .....	O			*		Spending authority from					
Miscellaneous expired accounts:						offsetting collections .....	402 BA	4	4	4	4
Outlays .....	401 O	11	23	16		Outlays .....	O	2	*	*	*
						Aviation insurance revolv-					
<i>Trust funds</i>						ing fund (gross) .....	BA	4	4	4	4
Discretionary grants (trust fund):							O	2	*	*	*
Appropriation, current .....	401 BA			60		Total, offsetting collections		- 4	- 4	- 4	- 4
				<i>o</i> - 60		Total Aviation insurance rev-					
Contract authority, perma-						volving fund (net) .....	BA				
nent .....	BA	1,782	1,725	1,665	2,880		O	- 2	- 4	- 4	- 4
				<i>o</i> - 1,665	<i>o</i> - 2,880	<i>Trust funds</i>					
Outlays .....	O	1,652	1,431	1,610	1,675	Grants-in-aid for airports (Airport and airway trust fund):					
				<i>o</i> - 34	<i>o</i> - 207	Contract authority, perma-					
Outlays from trust funds ....	O	(1,652)	(1,431)	(1,610)	(1,675)	nent .....	402 BA	2,970	2,161	2,214	1,500
				<i>o</i> (- 34)					<i>o</i> - 2,214	<i>o</i> - 1,500	
Limitation on program level						Outlays .....	O	1,620	1,785	1,594	1,553
(obligations) .....		(1,782)	(1,725)	(1,665)	(1,725)				<i>o</i> - 270	<i>o</i> - 900	
				<i>o</i> (- 1,665)	<i>o</i> (- 1,725)	Outlays from trust funds ....	O	(1,620)	(1,785)	(1,594)	(1,553)
Total Discretionary grants									<i>o</i> (- 270)	<i>o</i> (- 900)	
(trust fund) .....	BA	1,782	1,725			Limitation on program level					
	O	1,652	1,431	1,576	1,468	(obligations) .....		(1,690)	(1,450)	(1,500)	(1,500)
									<i>o</i> (- 1,500)	<i>o</i> (- 1,500)	
Trust fund share of expenses:						Total Grants-in-aid for air-					
Contract authority, perma-						ports (Airport and airway					
nent .....	401 BA	1,190	1,150	1,110	1,920	trust fund) .....	BA	2,970	2,161		
				<i>o</i> - 1,110	<i>o</i> - 1,920		O	1,620	1,785	1,324	653
Outlays .....	O	1,712	1,150	1,121	1,920	Facilities and equipment (Airport and airway trust fund):					
				<i>o</i> - 1,121	<i>o</i> - 1,920	Appropriation, current .....	402 BA	2,055	2,032	1,908	1,908
Outlays from trust funds ....	O	(1,712)	(1,150)	(1,121)	(1,920)	Spending authority from					
				<i>o</i> (- 1,121)	<i>o</i> (- 1,920)	offsetting collections .....	BA	56	121	124	127
Limitation on program level						Outlays .....	O	2,434	2,140	2,134	2,115
(obligations) .....		(1,195)	(1,150)	(1,121)	(1,920)	Outlays from trust funds ....	O	(2,378)	(2,019)	(2,010)	(1,988)
				<i>o</i> (- 1,121)	<i>o</i> (- 1,920)	Facilities and equipment					
Total Trust fund share of						(Airport and airway trust					
expenses .....	BA	1,190	1,150			fund) (gross) .....	BA	2,110	2,154	2,032	2,035
	O	1,712	1,150				O	2,434	2,140	2,134	2,115
Total Federal funds Federal						Total, offsetting collections		- 56	- 121	- 124	- 127
Transit Administration ....	BA	1,603	1,739	5		Total Facilities and equip-					
	O	419	1,242	1,874	1,484	ment (Airport and airway					
						trust fund) (net) .....	BA	2,055	2,032	1,908	1,908
Total Trust funds Federal							O	2,378	2,019	2,010	1,988
Transit Administration ....	BA	2,972	2,875			Research, engineering and development (Airport and airway trust fund):					
	O	3,364	2,581	1,576	1,468	Appropriation, current .....	402 BA	254	259	268	268

**Department of Transportation—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	*	2	2	2	Total, offsetting collections		— 21	— 38	— 36	— 36
Outlays .....	O	226	283	287	287	Total (Water transportation) (net) .....	BA	292	324	396	396
Outlays from trust funds ....	O	(226)	(281)	(285)	(285)		O	372	266	320	388
Research, engineering and development (Airport and airway trust fund) (gross) .....	BA	254	261	269	269	Total Acquisition, construction, and improvements ..	BA	292	324	396	396
	O	226	283	287	287		O	373	266	320	388
Total, offsetting collections		— *	— 2	— 2	— 2	Environmental compliance and restoration:					
Total Research, engineering and development (Airport and airway trust fund) (net) .....	BA	254	259	268	268	Appropriation, current .....	304 BA	23	23	25	25
	O	226	281	285	285	Outlays .....	O	22	21	21	24
Trust fund share of FAA operations:						Alteration of bridges:					
Appropriation, current .....	402 BA	2,294	2,450	2,609	2,518	Appropriation, current .....	403 BA	13		2	2
Outlays .....	O	2,199	2,546	2,609	2,518	Outlays .....	O	9	23	9	6
Outlays from trust funds ....	O	(2,199)	(2,546)	(2,609)	(2,518)	Retired pay:					
Total Federal funds Federal Aviation Administration ..	BA	2,285	2,132	2,095	2,065	Appropriation, current .....	403 BA	549	563	582	620
	O	2,362	2,043	2,077	2,076	Outlays .....	O	512	537	579	614
Total Trust funds Federal Aviation Administration ..	BA	7,574	6,903	4,785	4,694	Reserve training (Defense-related activities):					
	O	6,423	6,631	6,228	5,445	(Outlays) .....	054 O	7			
						(Water transportation):					
						(Appropriation, current) .....	403 BA	64	65	65	65
						(Spending authority from offsetting collections) .....	BA	*	*	*	*
						(Outlays) .....	O	55	64	65	65
						Reserve training (gross) ....	BA	64	65	65	65
							O	62	64	65	65
						Total, offsetting collections		— *	— *	— *	— *
						Total (Water transportation) (net) .....	BA	64	65	65	65
							O	55	64	65	65
						Total Reserve training .....	BA	64	65	65	65
							O	62	64	65	65
						Research, development, test, and evaluation:					
						Appropriation, current .....	403 BA	18	17	19	19
						Spending authority from offsetting collections .....	BA	5	4	4	4
						Outlays .....	O	27	28	25	23
						Research, development, test, and evaluation (gross) .....	BA	23	21	23	23
							O	27	28	25	23
						Total, offsetting collections		— 5	— 4	— 4	— 4
						Total Research, development, test, and evaluation (net) .....	BA	18	17	19	19
							O	22	24	22	20
						Pollution fund:					
						Outlays .....	304 O	*			
						Intragovernmental Funds:					
						Coast Guard supply fund:					
						Spending authority from offsetting collections .....	403 BA	70	71	72	72
						Outlays .....	O	64	71	72	72
						Coast Guard supply fund (gross) .....	BA	70	71	72	72
							O	64	71	72	72
						Total, offsetting collections		— 70	— 71	— 72	— 72
						Total Coast Guard supply fund (net) .....	BA		*		
							O	— 6			
						Coast Guard yard fund:					
						Spending authority from offsetting collections .....	403 BA	52	32	60	60

**Coast Guard**

*Federal funds*

**General and Special Funds:**

Operating expenses

(Water transportation):

(Appropriation, current) .....

(Spending authority from offsetting collections) .....

(Outlays) .....

Operating expenses (gross) .....

Total, offsetting collections .....

Total (Water transportation) (net) .....

Total Operating expenses ..

Acquisition, construction, and improvements

(Defense-related activities):

(Outlays) .....

(Water transportation):

(Appropriation, current) .....

(Spending authority from offsetting collections) .....

(Outlays) .....

Acquisition, construction, and improvements (gross) .....

**Department of Transportation—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	51	37	60	60	Total, offsetting collections		— 3			
Coast Guard yard fund (gross) .....	BA	52	32	60	60	Total Ship construction (net) .....	BA				
	O	51	37	60	60		O	— 3			
Total, offsetting collections		— 52	— 32	— 60	— 60	Maritime security program:					
Total Coast Guard yard fund (net) .....	BA					Appropriation, current .....	403 BA			✓ 175	✓ 100
	O	— 2	5			Operating-differential subsidies:					
						Outlays .....	403 O	213	217	155	125
						Maritime security program:					
						Outlays .....	403 O			✓ 100	✓ 100
						Ocean freight differential:					
						Authority to borrow, permanent .....	403 BA	50	61	43	46
						Outlays .....	O	50	61	43	46
						Operations and training:					
						Appropriation, current .....	403 BA	76	76	82	78
						Spending authority from offsetting collections .....	BA	74	42	44	46
						Outlays .....	O	146	122	125	125
						Operations and training (gross) .....	BA	151	118	126	124
							O	146	122	125	125
						Total, offsetting collections		— 74	— 42	— 44	— 46
						Total Operations and training (net) .....	BA	76	76	82	78
							O	72	79	81	79
						Ready reserve force:					
						Appropriation, current .....	054 BA	306	— 8		
						Outlays .....	O	330	206	38	16
						<b>Public Enterprise Funds:</b>					
						Vessel operations revolving fund:					
						Spending authority from offsetting collections .....	403 BA	125	141	414	354
						Outlays .....	O	57	166	347	323
						Vessel operations revolving fund (gross) .....	BA	125	141	414	354
							O	57	166	347	323
						Total, offsetting collections		— 125	— 141	— 414	— 354
						Total Vessel operations revolving fund (net) .....	BA				
							O	— 68	25	— 66	— 31
						War risk insurance revolving fund:					
						Spending authority from offsetting collections .....	403 BA	1	1	1	1
						Outlays .....	O	1	*	*	*
						War risk insurance revolving fund (gross) .....	BA	1	1	1	1
							O	1	*	*	*
						Total, offsetting collections		— 1	— 1	— 1	— 1
						Total War risk insurance revolving fund (net) .....	BA				
							O	— *	— 1	— 1	— 1
						<b>Credit Accounts:</b>					
						Federal ship financing fund liquidating account:					
						Spending authority from offsetting collections .....	403 BA	110	104	99	89
						Outlays .....	O	25	94	94	69
						Federal ship financing fund liquidating account (gross) .....	BA	110	104	99	89
							O	25	94	94	69

**Maritime Administration**

*Federal funds*

**General and Special Funds:**

Ship construction:

Spending authority from offsetting collections .....	403 BA	3			
Outlays .....	O	— *			
Ship construction (gross) ...	BA	3			
	O	— *			

**Credit Accounts:**

Federal ship financing fund liquidating account:

Spending authority from offsetting collections .....	403 BA	110	104	99	89
Outlays .....	O	25	94	94	69
Federal ship financing fund liquidating account (gross) .....	BA	110	104	99	89
	O	25	94	94	69

### Department of Transportation—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 110	— 104	— 99	— 89
Total Federal ship financing fund liquidating account (net) .....	BA O	— 85	— 10	— 5	— 20
Maritime guaranteed loan:					
(Defense-related activities):					
(Appropriation, current) .....	054 BA		25		
(Outlays) .....	O		72		
(Water transportation):					
(Appropriation, current) .....	403 BA		27	52	4
(Outlays) .....	O	33	46	52	
Total Maritime guaranteed loan .....	BA O		52	52	4
		33	118	52	
<i>Trust funds</i>					
Special studies, services and projects:					
Appropriation, permanent .....	403 BA		*	*	*
Outlays .....	O		*	*	*
Outlays from trust funds ....	O		(*)	(*)	(*)
Gifts and bequests:					
Appropriation, permanent ...	403 BA		*	*	*
Outlays .....	O		*	*	*
Outlays from trust funds ....	O		(*)	(*)	(*)
Total Federal funds Mari- time Administration .....	BA O	433 542	180 694	352 396	228 312
Total Trust funds Maritime Administration .....	BA O		*	*	*
			*	*	*

### Saint Lawrence Seaway Development Corporation

#### *Federal funds*

#### Public Enterprise Funds:

##### Saint Lawrence Seaway Development Corporation:

Spending authority from offsetting collections .....	403 BA	12	11	11	11
Outlays .....	O	12	11	12	11

Saint Lawrence Seaway Development Corpora- tion (gross) .....	BA O	12 12	11 11	11 12	11 11
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Total, offsetting collections		— 12	— 11	— 11	— 11
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Total Saint Lawrence Sea- way Development Cor- poration (net) .....	BA O		*	1	
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#### *Trust funds*

Operations and maintenance:					
Appropriation, current .....	403 BA	11	10	10	10
Outlays .....	O	11	10	10	10
Outlays from trust funds ....	O	(11)	(10)	(10)	(10)

### Office of the Inspector General

#### *Federal funds*

#### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	407 BA	39	40	40	40
Outlays .....	O	38	41	40	40

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Research and Special Programs Administration</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Research and special programs:					
Appropriation, current .....	407 BA	24	26	32	27
Spending authority from offsetting collections .....	BA	25	88	88	88
Outlays .....	O	49	111	115	114
Outlays from special funds	O	(*)	(*)	(1)	(1)
Research and special pro- grams (gross) .....	BA O	49 49	114 111	120 115	115 114
Total, offsetting collections		— 25	— 88	— 88	— 88
Total Research and special programs (net) .....	BA O	24 24	26 23	32 27	27 26
Pipeline safety:					
Appropriation, current .....	407 BA	17	35	40	38
Spending authority from offsetting collections .....	BA	2	3	3	3
Outlays .....	O	16	28	38	40
Outlays from special funds	O	(14)	(26)	(35)	(38)
Pipeline safety (gross) .....	BA O	19 16	38 28	42 38	41 40
Total, offsetting collections		— 2	— 3	— 3	— 3
Total Pipeline safety (net) ..	BA O	17 14	35 26	40 35	38 38
Emergency preparedness grants:					
Appropriation, current .....	407 BA	*	*	*	*
Appropriation, permanent ...	BA	8	7	11	11
Outlays .....	O	6	10	12	10
Outlays from special funds	O	(6)	(10)	(12)	(13)
Total Emergency prepared- ness grants .....	BA O	8 6	7 10	12 12	12 10
<b>Intragovernmental Funds:</b>					
Working capital fund, Volpe National Transportation Systems Center:					
Spending authority from offsetting collections .....	407 BA	190	190	190	190
Outlays .....	O	214	190	190	190
Working capital fund, Volpe National Transportation Systems Center (gross) .	BA O	190 214	190 190	190 190	190 190
Total, offsetting collections		— 190	— 190	— 190	— 190
Total Working capital fund, Volpe National Transpor- tation Systems Center (net) .....	BA O				
		24			

#### *Trust funds*

##### Alaska pipeline task force:

Appropriation, current .....	407 BA		— 1		
Outlays .....	O	*			

##### Trust fund share of pipeline safety:

Appropriation, current .....	407 BA	2	2	3	3
Outlays .....	O	2	2	3	3



**Department of Transportation—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays from trust funds ....	O	(2)	(2)	(3)	(3)	Outlays .....	O	7	10	14	14
Total Federal funds Research and Special Programs Administration .....	BA O	49 68	68 59	83 74	77 73	Transportation, planning, research and development (gross) .....	BA O	10 7	10 10	16 14	14 14
Total Trust funds Research and Special Programs Administration .....	BA O	2 2	2 2	3 3	3 3	Total, offsetting collections .....		-1	-2		
<b>Office of the Secretary</b>						Total Transportation, planning, research and development (net) .....	BA O	9 7	8 8	16 14	14 14
<i>Federal funds</i>						Operations and research, OCST:					
<b>General and Special Funds:</b>						Appropriation, current .....	407 BA	5	6	7	7
Salaries and expenses:						Outlays .....	O	4	6	7	6
Appropriation, current .....	407 BA	58	63	57 o 5	53 o 5	Headquarters facilities:					
Spending authority from offsetting collections .....	BA	13	20	16	16	Appropriation, current .....	407 BA			331	
Outlays .....	O	76	88	74 o 4	69 o 5	<b>Intragovernmental Funds:</b>					
Salaries and expenses (gross) .....	BA O	72 76	82 88	78 78	74 74	Working capital fund:					
Total, offsetting collections .....		-13	-20	-16	-16	Spending authority from offsetting collections .....	407 BA	88	93	104	104
Total Salaries and expenses (net) .....	BA O	58 63	63 68	62 62	58 58	Outlays .....	O	92	93	104	104
Office of civil rights:						Working capital fund (gross) .....	BA O	88 92	93 93	104 104	104 104
Appropriation, current .....	407 BA			13	13	Total, offsetting collections .....		-88	-93	-104	-104
Spending authority from offsetting collections .....	BA			1	1	Total Working capital fund (net) .....	BA O				
Outlays .....	O			12	14			4			
Office of civil rights (gross) .....	BA O			14 12	14 14	<b>Credit Accounts:</b>					
Total, offsetting collections .....				-1	-1	Minority business resource center program account:					
Total Office of civil rights (net) .....	BA O			13 12	13 13	Appropriation, current .....	407 BA	*	2	2	2
Minority business outreach:						Outlays .....	O	*	2	2	2
Appropriation, current .....	407 BA			3	3	Limitation on direct loan activity .....		(8)	(15)	(15)	(15)
Outlays .....	O			3	3	<i>Trust funds</i>					
Rental payments:						Trust fund share of rental payments:					
Appropriation, current .....	407 BA	107	103	102	101	Appropriation, current .....	407 BA	41	42	44	43
Spending authority from offsetting collections .....	BA	61	64	67	66	Outlays .....	O	41	42	44	43
Outlays .....	O	157	167	169	167	Outlays from trust funds ....	O	(41)	(42)	(44)	(43)
Outlays from special funds .....	O	(1)	(1)	(1)	(1)	Payments to air carriers (trust fund):					
Rental payments (gross) ....	BA O	168 157	167 167	169 169	167 167	Contract authority, permanent .....	402 BA	33	30 H - 8		
Total, offsetting collections .....		-61	-64	-67	-66	Outlays .....	O	32	26 H - 3	13 H - 2	
Total Rental payments (net) .....	BA O	107 96	103 103	102 102	101 101	Outlays from trust funds ....	O	(32)	(26) H (-3)	(13) H (-2)	
Transportation, planning, research and development:						Limitation on program level (obligations) .....		(33)	(33) H (-5)		
Appropriation, current .....	407 BA	9	8	16	14	Total Payments to air carriers (trust fund) .....	BA O	33 32	22 23		
Spending authority from offsetting collections .....	BA	1	2			Gifts and bequests:					
						Appropriation, permanent ...	407 BA	*			
						Outlays .....	O	*			
						Outlays from trust funds ....	O	(*)			
						Total Federal funds Office of the Secretary .....	BA O	180 175	182 187	535 201	197 197
						Total Trust funds Office of the Secretary .....	BA O	74 72	64 65	44 55	43 43

### Department of Transportation—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Summary</b>						<b>Trust funds:</b>					
Federal funds:						(As shown in detail above) .....	BA	<b>33,092</b>	<b>31,198</b>	<b>30,765</b>	<b>32,621</b>
(As shown in detail above) .....	BA	<b>9,294</b>	<b>9,413</b>	<b>7,017</b>	<b>6,515</b>		O	29,086	29,031	28,524	28,465
	O	8,267	9,125	9,004	8,538	<b>Deductions for offsetting receipts:</b>					
Deductions for offsetting receipts:						Proprietary receipts from the					
Proprietary receipts from the						public .....	151 BA/O	— *	— 1	— 1	— 1
public .....	403 BA/O	— 1	— 2	— 2	— 2		401 BA/O	— 12	— 2	— 2	— 2
407 BA/O	— 7	— 7	— 15	— 15			403 BA/O	— *	— *	— *	— *
Offsetting governmental re-						Total Trust funds .....	BA	<b>33,079</b>	<b>31,196</b>	<b>30,762</b>	<b>32,619</b>
ceipts .....	401 BA/O	— 37	— 40				O	29,073	29,029	28,522	28,463
				<i>B — 45</i>	<i>B — 47</i>	Interfund transactions .....	401 BA/O	19	— 5	— 5	— 5
				<i>J — 1</i>	<i>J 1</i>	Total Department of Trans-					
	403 BA/O	— 67	— 71	— 77	— 80	portation .....	BA	<b>42,261</b>	<b>40,448</b>	<b>37,591</b>	<b>38,945</b>
	407 BA/O	— 20	— 37	— 42	— 41		O	37,228	37,992	37,337	36,812
Total Federal funds .....	BA	<b>9,162</b>	<b>9,257</b>	<b>6,834</b>	<b>6,331</b>						
	O	8,136	8,969	8,821	8,354						

### Department of the Treasury

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Departmental Offices</b>						<b>Total, offsetting collections</b>					
<i>Federal funds</i>								— 1	— 1	— 2	— 2
<b>General and Special Funds:</b>						Total Financial crimes en-					
Salaries and expenses:						forcement network (net) .....	BA	<b>18</b>	<b>20</b>	<b>22</b>	<b>22</b>
Appropriation, current .....	803 BA	<b>110</b>	<b>106</b>	<b>120</b>	<b>117</b>		O	19	18	21	22
Spending authority from						Department of the Treasury forfeiture fund:					
offsetting collections .....	BA	<b>42</b>	<b>37</b>	<b>10</b>	<b>10</b>	Appropriation, current .....	751 BA	<b>31</b>	<b>15</b>	<b>15</b>	<b>15</b>
Outlays .....	O	142	144	128	125	Appropriation, permanent ...	BA	<b>151</b>	<b>178</b>	<b>165</b>	<b>165</b>
						Outlays .....	O	144	213	181	31
Salaries and expenses						Outlays from special funds .....	O	(25)	(14)	(14)	
(gross) .....	BA	<b>152</b>	<b>143</b>	<b>131</b>	<b>127</b>	Total Department of the					
	O	142	144	128	125	Treasury forfeiture fund .	BA	<b>183</b>	<b>193</b>	<b>180</b>	<b>180</b>
Total, offsetting collections		— 42	— 37	— 10	— 10		O	144	213	181	31
Total Salaries and ex-						Presidential election campaign fund:					
penses (net) .....	BA	<b>110</b>	<b>106</b>	<b>120</b>	<b>117</b>	Appropriation, permanent ...	808 BA	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>
	O	101	107	118	115	Outlays .....	O	1	25	191	4
Foreign law enforcement:						<b>Public Enterprise Funds:</b>					
Appropriation, current .....	751 BA			<b>14</b>	<b>14</b>	Exchange stabilization fund:					
Outlays .....	O			13	14	Spending authority from					
Office of Inspector General:						offsetting collections .....	155 BA	<b>1,566</b>	<b>2,600</b>	<b>2,640</b>	<b>2,680</b>
Appropriation, current .....	803 BA	<b>29</b>	<b>30</b>	<b>32</b>	<b>31</b>	Outlays .....	O	240	1,300	1,320	1,340
Spending authority from						Exchange stabilization fund					
offsetting collections .....	BA	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	(gross) .....	BA	<b>1,566</b>	<b>2,600</b>	<b>2,640</b>	<b>2,680</b>
Outlays .....	O	30	29	36	32		O	240	1,300	1,320	1,340
				<i>J — 1</i>	<i>J — 1</i>	Total, offsetting collections		— 1,566	— 2,600	— 2,640	— 2,680
				<i>J — 1</i>	<i>J — 1</i>	Total Exchange stabiliza-					
Office of Inspector General						tion fund (net) .....	BA	— 1,326	— 1,300	— 1,320	— 1,340
(gross) .....	BA	<b>31</b>	<b>32</b>	<b>34</b>	<b>31</b>		O				
	O	30	29	35	31	<b>Intragovernmental Funds:</b>					
Total, offsetting collections		— 3	— 2	— 2	— 1	Working capital fund:					
				<i>J 1</i>	<i>J 1</i>	Spending authority from					
Total Office of Inspector						offsetting collections .....	803 BA	<b>102</b>	<b>189</b>	<b>172</b>	<b>172</b>
General (net) .....	BA	<b>29</b>	<b>30</b>	<b>32</b>	<b>31</b>	Outlays .....	O	84	189	172	172
	O	28	27	33	30	Working capital fund					
Financial crimes enforcement network:						(gross) .....	BA	<b>102</b>	<b>189</b>	<b>172</b>	<b>172</b>
Appropriation, current .....	751 BA	<b>18</b>	<b>20</b>	<b>22</b>	<b>22</b>		O	84	189	172	172
Spending authority from						Total, offsetting collections		— 102	— 189	— 172	— 172
offsetting collections .....	BA	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	Total Working capital fund					
Outlays .....	O	20	20	23	24	(net) .....	BA				
Financial crimes enforce-							O	— 17			
ment network (gross) .....	BA	<b>20</b>	<b>21</b>	<b>24</b>	<b>24</b>						
	O	20	20	23	24						

## (In millions of dollars)

Gifts and bequests:			
Appropriation, permanent ...	751	BA	*
Outlays .....	0		*

<i>Trust funds</i>				
Rebate of Saint Lawrence seaway tolls:				
Appropriation, current .....	808 BA	10		
Outlays .....	0	11		
Outlays from trust funds ....	0	(11)		
Miscellaneous trust funds				
(Other general government):				
(Appropriation, permanent)	808 BA	*	*	*
(Outlays) .....	0	*	*	*

**Department of the Treasury—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
(Outlays from trust funds) ..	O	(*)	(*)	(*)	.....	Spending authority from offsetting collections .....	BA	293	302	312	322
Total Miscellaneous trust funds .....	BA O	* *	* *	* *	*	Outlays .....	O	1,854	1,951	1,958	1,936
Total Federal funds Finan- cial Management Serv- ice .....	BA O	4,083 4,169	3,993 4,087	4,070 4,126	4,118 4,159	Salaries and expenses (gross) .....	BA O	1,914 1,854	2,064 1,951	2,070 1,958	2,050 1,936
Total Trust funds Financial Management Service .....	BA O	10 11	* *	* *	*	Total, offsetting collections		- 293	- 302	- 312	- 322
<b>Federal Financing Bank</b>						Total Salaries and ex- penses (net) .....	BA O	1,621 1,560	1,762 1,649	1,758 1,646	1,728 1,615
<i>Federal funds</i>						Operation and maintenance, air interdiction program:					
<b>Intragovernmental Funds:</b>						Appropriation, current .....	751 BA	48	88	61	63
Federal Financing Bank:						Spending authority from offsetting collections .....	BA	1	6	3	3
Authority to borrow, perma- nent .....	803 BA	- *				Outlays .....	O	106	94	69	69
Spending authority from offsetting collections .....	BA	10,389	9,801	8,574	7,610	Operation and mainte- nance, air interdiction program (gross) .....	BA O	49 106	94 94	64 69	66 69
Outlays .....	O	10,389	9,801	8,574	7,610	Total, offsetting collections		- 1	- 6	- 3	- 3
Federal Financing Bank (gross) .....	BA O	10,389 10,389	9,801 9,801	8,574 8,574	7,610 7,610	Total Operation and main- tenance, air interdiction program (net) .....	BA O	48 105	88 88	61 66	63 67
Total, offsetting collections		- 10,389	- 9,801	- 8,574	- 7,610	Operations and maintenance, customs P-3 drug interdiction program:					
Total Federal Financing Bank (net) .....	BA O	- * - 1				Appropriation, current .....	751 BA	28			
<b>Bureau of Alcohol, Tobacco and Firearms</b>						Spending authority from offsetting collections .....	BA	*			
<i>Federal funds</i>						Outlays .....	O	22	14		
<b>General and Special Funds:</b>						Operations and mainte- nance, customs P-3 drug interdiction program (gross) .....	BA O	28 22	14		
Salaries and expenses:						Total, offsetting collections		- *			
Appropriation, current .....	751 BA	374	386	401	389	Total Operations and main- tenance, customs P-3 drug interdiction program (net) .....	BA O	28 22	14		
Spending authority from offsetting collections .....	BA	24	15	10	10	Air and marine interdiction programs, procurement:					
Outlays .....	O	407	400	410	400	Appropriation, current .....	751 BA	21			
Salaries and expenses (gross) .....	BA O	399 407	401 400	411 410	399 400	Spending authority from offsetting collections .....	BA	3			
Total, offsetting collections		- 24	- 15	- 10	- 10	Outlays .....	O	18	3		
Total Salaries and ex- penses (net) .....	BA O	374 383	386 385	401 400	389 390	Air and marine interdiction programs, procurement (gross) .....	BA O	24 18	3		
Internal revenue collections for Puerto Rico:						Total, offsetting collections		- 3			
Appropriation, permanent ...	806 BA	201	226	232	240	Total Air and marine inter- diction programs, pro- curement (net) .....	BA O	21 15	3		
Outlays .....	O	201	226	232	240	Customs facilities, construction, improvements and related expenses:					
Outlays from special funds	O	(201)	(226)	(232)	.....	Appropriation, current .....	751 BA	5	1		
Total Federal funds Bureau of Alcohol, Tobacco and Firearms .....	BA O	575 583	611 610	633 632	629 629	Outlays .....	O	2	6	5	4
<b>United States Customs Service</b>						Border services user fee:					
<i>Federal funds</i>						Appropriation, permanent ...	751 BA			B 100	B 213
<b>General and Special Funds:</b>						Outlays .....	O			B 100	B 213
Salaries and expenses:						Outlays from special funds	O			B (100)	
Appropriation, current .....	751 BA	1,361	1,397	1,382	1,340	Customs forfeiture fund:					
Appropriation, permanent ...	BA	260	365	376	388	Outlays .....	751 O	4	5	1	

## (In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	57	57	58 <i>B</i> — *	60 <i>J</i> — 60
Salaries and expenses (gross) .....	BA O	57 57	56 57	..... .....	* *
Total, offsetting collections		— 1	— *	— * <i>B</i> *	— *
Total Salaries and ex- penses (net) .....	BA O	56 56	56 56	..... .....	..... .....
Coinage profit fund:					
Appropriation, permanent ...	803 BA	— 1	6	6 <i>B</i> — 6	6 <i>B</i> — 6
Outlays .....	O	20	6	6 <i>B</i> — 6	6 <i>B</i> — 6
Outlays from special funds	O	(— 1)	(6)	(6) <i>B</i> (— 6)	(6) <i>B</i> (— 6)
Total Coinage profit fund ...	BA O	— 1 20	6 6	..... .....	..... .....
<b>Public Enterprise Funds:</b>					
Mint revolving fund:					
Authority to borrow, perma- nent .....	803 BA			<i>B</i> 76	
Numismatic public enterprise fund:					
Spending authority from offsetting collections .....	803 BA	279	360	403	420
Mint revolving fund:					
Spending authority from offsetting collections .....	803 BA			<i>B</i> 213 <i>J</i> 76	<i>B</i> 381
Total Mint revolving fund ...	BA	.....	.....	289	381

*Federal funds*

## Bureau of Engraving and Printing fund:

Numismatic public enterprise fund:					
Outlays .....	803	O	300	347	376
					420
Mint revolving fund:					
Outlays .....	803	O			<i>B</i> 288
					<i>B</i> 380
Numismatic public enterprise fund:					
Total, offsetting collections	803		— 279	— 360	— 403
					— 420
Mint revolving fund:					
Total, offsetting collections	803				<i>B</i> — 289
					<i>J</i> — 76
Total Mint revolving fund (net) .....		BA			— 365
		O			— 381
Total Federal funds United States Mint .....		BA	55	62	
		O	97	49	— 104
					— 1

### Federal funds

**General and Special Funds:**

Administering the public debt:						
Appropriation, current .....	803	BA	184	179	177	172
Appropriation, permanent ...		BA	123	130	121	121
Spending authority from offsetting collections .....		BA	*	3	3	3
Outlays .....		O	302	303	304	296
<hr/>						
Administering the public debt (gross) .....		BA	306	313	301	296
		O	302	303	304	296

*Federal funds*

Department of the Treasury—Continued  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— *	— 3	— 3	— 3
Total Administering the public debt (net) .....	BA O	<b>306</b> 302	<b>309</b> 300	<b>298</b> 301	<b>293</b> 292
Payment of Government losses in shipment:					
Appropriation, permanent ...	803 BA	*	*	*	*
Outlays .....	O	*	1	*	*
Total Federal funds Bureau of the Public Debt .....	BA O	<b>307</b> 303	<b>310</b> 301	<b>299</b> 301	<b>293</b> 293

## Internal Revenue Service

*Federal funds*

**General and Special Funds:**

Processing, assistance, and management:						
Appropriation, current .....	803	BA	1,875	1,737	1,805	1,751
Appropriation, permanent ...		BA	.....	92	119	119
Spending authority from offsetting collections .....		BA	25	25	26	26
Outlays .....		O	1,835	1,858	1,942	1,901
Outlays from special funds .....		O	.....	(84)	(117)	(119)
			<hr/>			
Processing, assistance, and management (gross)		BA	1,900	1,854	1,950	1,896
		O	1,835	1,858	1,942	1,901
			<hr/>			
Total, offsetting collections			- 25	- 25	- 26	- 26
			<hr/>			
Total Processing, assistance, and management (net) .....		BA	1,875	1,829	1,924	1,870
		O	1,810	1,833	1,915	1,875
			<hr/>			
Tax law enforcement:						
Appropriation, current .....	803	BA	3,997	4,388	4,524	4,389
Spending authority from offsetting collections .....		BA	66	61	67	67
Outlays .....		O	3,975	4,502	4,584	4,462
			<hr/>			
Tax law enforcement (gross) .....		BA	4,063	4,449	4,591	4,455
		O	3,975	4,502	4,584	4,462
			<hr/>			
Total, offsetting collections			- 66	- 61	- 67	- 67
			<hr/>			
Total Tax law enforcement (net) .....		BA	3,997	4,388	4,524	4,389
		O	3,910	4,440	4,518	4,395
			<hr/>			
Information systems:						
Appropriation, current .....	803	BA	1,473	1,359	1,880	1,823
Spending authority from offsetting collections .....		BA	40	68	69	69
Outlays .....		O	1,342	1,459	1,784	1,766
			<hr/>			
Information systems (gross)		BA	1,513	1,427	1,948	1,892
		O	1,342	1,459	1,784	1,766
			<hr/>			
Total, offsetting collections			- 40	- 68	- 69	- 69
			<hr/>			
Total Information systems (net) .....		BA	1,473	1,359	1,880	1,823
		O	1,302	1,390	1,715	1,697

Payment where earned income credit exceeds liability for tax:

Appropriation, permanent ... 609 BA	10,950	16,844	20,228	22,753
			<i>B</i> - 12	<i>B</i> - 587

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	10,950	16,844	20,228 <i>B - 12</i>	22,753 <i>B - 587</i>
Total Payment where earned income credit ex- ceeds liability for tax .....	BA O	10,950 10,950	16,844 16,844	20,216 20,216	22,166 22,166
Health insurance supplement to earned income credit:					
Appropriation, permanent ...	551 BA	773			
Outlays .....	O	773			
Refunding internal revenue collections, interest:					
Appropriation, permanent ...	908 BA	3,068	3,142	3,182	3,297
Outlays .....	O	3,068	3,142	3,182	3,297
Reimbursement to state and local law enforcement agencies:					
Appropriation, permanent ...	754 BA	*			
Outlays .....	O	*	*		
Outlays from special funds	O	(*)	(*)		
<b>Public Enterprise Funds:</b>					
Federal tax lien revolving fund:					
Spending authority from offsetting collections .....	803 BA	3	3	3	3
Outlays .....	O	1	1	1	1
Federal tax lien revolving fund (gross) .....	BA O	3 1	3 1	3 1	3 1
Total, offsetting collections		-3	-3	-3	-3
Total Federal tax lien re- volving fund (net) .....	BA O	-2 -2	-2 -2	-2 -2	-2 -2
Total Federal funds Internal Revenue Service .....	BA O	22,136 21,810	27,562 27,648	31,726 31,544	33,545 33,428

## United States Secret Service

*Federal funds*

**General and Special Funds:**

Salaries and expenses:						
Appropriation, current .....	751	BA	462	476	541	525
Spending authority from offsetting collections .....		BA	6	6	6	6
Outlays .....		O	473	481	541	533
			<hr/>			
Salaries and expenses (gross) .....		BA	468	482	547	531
		O	473	481	541	533
			<hr/>			
Total, offsetting collections			— 6	— 6	— 6	— 6
			<hr/>			
Total Salaries and ex- penses (net) .....		BA	462	476	541	525
		O	467	475	535	527
			<hr/>			
Contribution for annuity benefits:						
Appropriation, permanent ...	751	BA	40	40	40	40
Outlays .....		O	37	45	40	40
			<hr/>			
Total Federal funds United States Secret Service ....		BA	502	516	581	565
		O	504	520	575	567
			<hr/>			

### Comptroller of the Currency

### Trust funds

Assessment funds:

Spending authority from offsetting collections .....	373	BA	389	388	393	405
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**Department of the Treasury—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	358	413	383	398	<b>Summary</b>					
Assessment funds (gross) .	BA	<b>389</b>	<b>388</b>	<b>393</b>	<b>405</b>	Federal funds:					
	O	358	413	383	398	(As shown in detail above) .....	BA	<b>326,294</b>	<b>369,309</b>	<b>404,016</b>	<b>425,266</b>
Total, offsetting collections		— 389	— 388	— 393	— 405		O	324,607	368,047	402,492	423,531
Total Assessment funds (net) .....	BA					Deductions for offsetting receipts:					
	O	— 31	25	— 11	— 7	Intrafund transactions .....	803 BA/O	— 46	— *	— *	— *
<b>Office of Thrift Supervision</b>							808 BA/O	— *	— *	— *	— *
<i>Federal funds</i>							809 BA/O	— 505	— *	— *	— *
<b>Public Enterprise Funds:</b>							908 BA/O	— 11,034	— 10,323	— 9,031	— 8,004
Office of Thrift Supervision:						Proprietary receipts from the public .....	151 BA/O	— 23	— 23	— 23	— 23
Spending authority from							155 BA/O	— 102	— 104	— 106	— 108
offsetting collections .....	373 BA	<b>95</b>	<b>155</b>	<b>151</b>	<b>151</b>		751 BA/O	— 1	— 1	— 1	— 1
Outlays .....	O	106	175	156	151		803 BA/O	— 53	— 154	— 184	— 186
Office of Thrift Supervision (gross) .....	BA	<b>95</b>	<b>155</b>	<b>151</b>	<b>151</b>				<sup>B</sup> 65	<sup>B</sup> 66	
	O	106	175	156	151		809 BA/O	— 1,582	— 700	— 710	— 710
Total, offsetting collections		— 95	— 155	— 151	— 151	Offsetting governmental re-	908 BA/O	— 2,014	— 2,924	— 4,222	— 6,094
Total Office of Thrift Supervision (net) .....	BA					ceipts .....	751 BA/O	— 838	— 1,025	— 1,051	— 1,078
	O	11	20	5					<sup>B</sup> — 100	<sup>B</sup> — 213	
<b>Interest on the Public Debt</b>						Total Federal funds .....	BA	<b>310,142</b>	<b>354,010</b>	<b>388,652</b>	<b>408,915</b>
<i>Federal funds</i>							O	308,455	352,748	387,128	407,180
<b>General and Special Funds:</b>						Trust funds:					
Interest on the public debt:						(As shown in detail above) .....	BA	<b>14</b>	<b>3</b>	<b>6</b>	<b>6</b>
Appropriation, permanent ...	901 BA	<b>296,278</b>	<b>333,704</b>	<b>364,037</b>	<b>383,430</b>		O	— 17	29	— 5	— *
Outlays .....	O	296,278	333,704	364,037	383,430	Interfund transactions .....	601 BA/O	— 620	— 634	— 703	— 717
<b>Department of Veterans Affairs</b>							651 BA/O			— 18	
<i>Federal funds</i>							803 BA/O	— 241	— 327	— 320	— 321
							809 BA/O	— *	— *	— *	— *
						Total Department of the Treasury .....	BA	<b>309,294</b>	<b>353,053</b>	<b>387,617</b>	<b>407,883</b>
							O	307,577	351,816	386,082	406,141

**Department of Veterans Affairs**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Veterans Health Administration</b>						Total, offsetting collections		— 44	— 40	— 45	— 35
<i>Federal funds</i>						Total Medical and prosthetic research (net) .....	BA	<b>252</b>	<b>252</b>	<b>257</b>	<b>249</b>
<b>General and Special Funds:</b>							O	241	251	256	251
Medical care:						Medical administration and miscellaneous operating expenses:					
Appropriation, current .....	703 BA	<b>15,640</b>	<b>16,215</b>	<b>16,961</b>	<b>16,453</b>	Appropriation, current .....	703 BA	<b>71</b>	<b>70</b>	<b>72</b>	<b>70</b>
Spending authority from						Outlays .....	O	74	72	72	70
offsetting collections .....	BA	<b>72</b>	<b>79</b>	<b>79</b>	<b>77</b>	Health professional scholarship program:					
Outlays .....	O	15,188	16,058	16,918	16,591	Appropriation, current .....	703 BA	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Medical care (gross) .....	BA	<b>15,712</b>	<b>16,293</b>	<b>17,041</b>	<b>16,530</b>	Outlays .....	O	9	10	10	10
	O	15,188	16,058	16,918	16,591	Transitional housing loans:					
Total, offsetting collections		— 72	— 79	— 79	— 77	Appropriation, current .....	705 BA	*			
Total Medical care (net) .....	BA	<b>15,640</b>	<b>16,215</b>	<b>16,961</b>	<b>16,453</b>	Outlays .....	O	*			
	O	15,116	15,980	16,838	16,514	Medical care cost recovery fund:					
Medical and prosthetic research:						Appropriation, permanent ...	703 BA	<b>96</b>	<b>108</b>	<b>111</b>	<b>115</b>
Appropriation, current .....	703 BA	<b>252</b>	<b>252</b>	<b>257</b>	<b>249</b>	Outlays .....	O	95	106	111	114
Spending authority from						Outlays from special funds	O	(95)	(106)	(111)	(114)
offsetting collections .....	BA	<b>44</b>	<b>40</b>	<b>45</b>	<b>35</b>	<b>Public Enterprise Funds:</b>					
Outlays .....	O	285	291	301	286	Medical facilities revolving fund:					
Medical and prosthetic research (gross) .....	BA	<b>296</b>	<b>292</b>	<b>302</b>	<b>284</b>	Appropriation, current .....	703 BA	<b>6</b>	<b>6</b>		
	O	285	291	301	286	Spending authority from					
						offsetting collections .....	BA	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>

**Department of Veterans Affairs—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	3	1	4	3	Limitation on direct loan activity .....		(*)	(*)	(*)	(*)
Medical facilities revolving fund (gross) .....	BA	11	9	3	3	Total Transitional housing loans, program account .....	BA	*	*	*	*
	O	3	1	4	3		O		*	*	*
Total, offsetting collections .....		-5	-3	-3	-3	Total Federal funds Veterans Health Administration .....	BA	16,075	16,661	17,412	16,897
Total Medical facilities revolving fund (net) .....	BA	6	6		*		O	15,533	16,414	17,284	16,955
	O	-2	-2	1		Total Trust funds Veterans Health Administration .....	BA	27	30	30	31
Canteen service revolving fund:							O	27	29	29	30
Spending authority from offsetting collections .....	705 BA	214	243	247	251	<b>Veterans Benefits Administration</b>					
Outlays .....	O	216	239	244	247	<i>Federal funds</i>					
Canteen service revolving fund (gross) .....	BA	214	243	247	251	<b>General and Special Funds:</b>					
	O	216	239	244	247	Compensation:					
Total, offsetting collections .....		-214	-243	-247	-251	Appropriation, current .....	701 BA	14,226	14,414	14,494	14,865
Total Canteen service revolving fund (net) .....	BA								B - 30	B - 74	
	O	2	-4	-3	-4	Outlays .....	O	15,098	14,529	13,495	14,863
Special therapeutic and rehabilitation activities fund:									B - 30	B - 74	
Spending authority from offsetting collections .....	703 BA	16	24	27	28				J 339	J 770	
Outlays .....	O	14	23	26	27	Total Compensation .....	BA	14,226	14,414	14,834	15,629
Special therapeutic and rehabilitation activities fund (gross) .....	BA	16	24	27	28		O	15,098	14,529	13,805	15,560
	O	14	23	26	27	Pensions:					
Total, offsetting collections .....		-16	-24	-27	-28	Appropriation, current .....	701 BA	3,159	3,096	3,044	3,051
Total Special therapeutic and rehabilitation activities fund (net) .....	BA					Appropriation, permanent .....	BA	1	1		
	O	-1	-1	-1	-2	Outlays .....	O	3,427	3,093	2,848	2,993
Medical center research organizations:						Total Pensions .....	BA	3,159	3,097	3,044	3,051
Spending authority from offsetting collections .....	703 BA	26	27	28	29		O	3,427	3,093	2,848	2,993
Outlays .....	O	26	27	28	29	Burial benefits and miscellaneous assistance:					
Medical center research organizations (gross) .....	BA	26	27	28	29	Appropriation, current .....	701 BA	106	111	112	115
	O	26	27	28	29	Outlays .....	O	106	111	112	115
Total, offsetting collections .....		-26	-27	-28	-29	Readjustment benefits:					
Total Medical center research organizations (net) .....	BA					Appropriation, current .....	702 BA	1,081	1,287	1,345	1,468
	O								B - 13	B - 27	
Trust funds						Spending authority from offsetting collections .....	BA	208	230	245	255
General post fund, national homes:						Outlays .....	O	1,331	1,595	1,591	1,710
Appropriation, current .....	705 BA		-*	-*	-*				B - 13	B - 27	
Appropriation, permanent .....	BA	27	30	30	31	Readjustment benefits (gross) .....	BA	1,289	1,517	1,578	1,697
Outlays .....	O	27	29	29	30		O	1,331	1,595	1,578	1,683
Outlays from trust funds .....	O	(27)	(29)	(29)		Total, offsetting collections .....		-208	-230	-245	-255
Total General post fund, national homes .....	BA	27	30	30	31	Total Readjustment benefits (net) .....	BA	1,081	1,287	1,333	1,442
	O	27	29	29	30		O	1,123	1,365	1,334	1,428
Transitional housing loans, program account:						Reinstated entitlement program for survivors under Public Law 97-377:					
Appropriation, current .....	705 BA		*	*	*	Spending authority from offsetting collections .....	701 BA	29	23	20	19
Appropriation, permanent .....	BA	*				Outlays .....	O	23	29	21	19
Outlays .....	O		*	*	*	Reinstated entitlement program for survivors under Public Law 97-377 (gross) .....	BA	29	23	20	19
Outlays from trust funds .....	O		(*)	(*)	(*)		O	23	29	21	19



**Department of Veterans Affairs—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 29	— 23	— 20	— 19	Total, offsetting collections		— 418	— 450	— 440	— 432
Total Reinstated entitlement program for survivors under Public Law 97-377 (net)	BA O	— 6	6	1		Total Servicemen's group life insurance fund (net)	BA O	110	38	— *	*
Veterans job training:						<b>Credit Accounts:</b>					
Spending authority from offsetting collections	702 BA	*				Guaranty and indemnity program account:					
Veterans job training (gross)	BA	*				Appropriation, current	704 BA	198	572	582	461
Total, offsetting collections		— *				Spending authority from offsetting collections	BA	470	176		
Veterans insurance and indemnities:						Outlays	O	667	749	582	461
Appropriation, current	701 BA	15	25	25	29	Guaranty and indemnity program account (gross)	BA O	668	748	582	461
Spending authority from offsetting collections	BA	2	2	2	2			667	749	582	461
Outlays	O	17	28	27	31	Total, offsetting collections		— 470	— 176		
Veterans insurance and indemnities (gross)	BA O	18	27	27	31	Total Guaranty and indemnity program account (net)	BA O	198	572	582	461
Total, offsetting collections		— 2	— 2	— 2	— 2			197	573	582	461
Total Veterans insurance and indemnities (net)	BA O	15	25	25	29	Guaranty and indemnity fund liquidating account:					
<b>Public Enterprise Funds:</b>						Spending authority from offsetting collections	704 BA	409	365	254	221
Service-disabled veterans insurance fund:						Outlays	O	491	345	275	248
Spending authority from offsetting collections	701 BA	40	51	51	54	Guaranty and indemnity fund liquidating account (gross)	BA O	409	365	254	221
Outlays	O	50	50	54	54			491	345	275	248
Service-disabled veterans insurance fund (gross)	BA O	40	51	51	54	Total, offsetting collections		— 409	— 365	— 254	— 221
Total, offsetting collections		— 40	— 51	— 51	— 54	Total Guaranty and indemnity fund liquidating account (net)	BA O	82	— 19	21	27
Total Service-disabled veterans insurance fund (net)	BA O	11	— 1	3	— *	Loan guaranty program account:					
Veterans reopened insurance fund:						Appropriation, current	704 BA	71	59	52	51
Spending authority from offsetting collections	701 BA	74	74	71	67					B — *	B — *
Outlays	O	68	73	75	74	Spending authority from offsetting collections	BA	26	44	23	20
Veterans reopened insurance fund (gross)	BA O	74	74	71	67	Outlays	O	95	105	75	71
Total, offsetting collections		— 74	— 74	— 71	— 67					B — *	B — *
Total Veterans reopened insurance fund (net)	BA O	— 6	— 1	4	7	Loan guaranty program account (gross)	BA O	97	103	75	71
Servicemen's group life insurance fund:								95	105	75	71
Spending authority from offsetting collections	701 BA	418	450	440	432	Total, offsetting collections		— 156	— *		
Outlays	O	528	487	439	433	Total Loan guaranty program account (net)	BA O	— 60	103	75	71
Servicemen's group life insurance fund (gross)	BA O	418	450	440	432			— 61	105	75	71
		528	487	439	433	Loan guaranty revolving fund liquidating account:					
						Spending authority from offsetting collections	704 BA	1,500	1,206	968	766
						Outlays	O	1,436	1,256	979	760
										B 29	B 25
						Loan guaranty revolving fund liquidating account (gross)	BA O	1,500	1,206	1,087	791
								1,436	1,256	1,009	785
						Total, offsetting collections		— 1,500	— 1,206	— 968	— 766
										B — 119	B — 25
						Total Loan guaranty revolving fund liquidating account (net)	BA O	— 64	50	— 78	— 6

**Department of Veterans Affairs—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Direct loan program account:					
Appropriation, current .....	704 BA	3	1	*	*
Spending authority from offsetting collections .....	BA	*			
Outlays .....	O	3	1	*	*
Limitation on direct loan activity .....		(1)	(1)	(*)	(*)
Direct loan program account (gross) .....					
	BA	3	1	*	*
	O	3	1	*	*
Total, offsetting collections .....					
Total Direct loan program account (net) .....					
	BA	3	1	*	*
	O	3	1	*	*
Direct loan revolving fund liquidating account:					
Spending authority from offsetting collections .....	704 BA	6	5	4	3
Outlays .....	O	-1	2	*	*
Direct loan revolving fund liquidating account (gross) .....					
	BA	6	5	4	3
	O	-1	2	*	*
Total, offsetting collections .....					
Total Direct loan revolving fund liquidating account (net) .....					
	BA	-7	-3	-4	-3
	O				
Native american veteran housing loan program account:					
Appropriation, current .....	704 BA	*	*	*	*
Outlays .....	O	*	1	2	2
Education loan fund program account:					
Appropriation, current .....	702 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Limitation on direct loan activity .....			(*)	(*)	(*)
Education loan fund liquidating account:					
Spending authority from offsetting collections .....	702 BA	1	1	*	*
Outlays .....	O	-*			
Education loan fund liquidating account (gross) .....					
	BA	1	1	*	*
	O	-*			
Total, offsetting collections .....					
Total Education loan fund liquidating account (net) .....					
	BA	-1	-1	-*	-*
	O				
Vocational rehabilitation loans program account:					
Appropriation, current .....	702 BA	1	1	*	*
Outlays .....	O	*	1	*	*
Limitation on direct loan activity .....		(2)	(2)	(2)	(2)
Trust funds					
Post-Vietnam era veterans education account:					
Appropriation, permanent ...	702 BA	37	36	27	21
Outlays .....	O	80	83	49	40
Outlays from trust funds ...	O	(80)	(83)	(49)	(40)
National Service Life Insurance fund:					
Appropriation, permanent ...	701 BA	1,417	1,371	1,335	1,274
Spending authority from offsetting collections .....	BA	488	531	513	505
Outlays .....	O	1,712	1,810	1,824	1,851
Outlays from trust funds ... O (1,712) (1,810) (1,824) (1,851)					
National Service Life Insurance fund (gross) .....					
	BA	1,906	1,902	1,848	1,778
	O	1,712	1,810	1,824	1,851
Total, offsetting collections .....					
Total National Service Life Insurance fund (net) .....					
	BA	1,417	1,371	1,335	1,274
	O	1,224	1,279	1,311	1,346
United States government life insurance fund:					
Appropriation, permanent ...	701 BA	10	8	7	7
Spending authority from offsetting collections .....	BA	2	2	2	1
Outlays .....	O	21	21	19	16
Outlays from trust funds ...	O	(21)	(21)	(19)	(16)
United States government life insurance fund (gross) .....					
	BA	12	10	9	8
	O	21	21	19	16
Total, offsetting collections .....					
Total United States government life insurance fund (net) .....					
	BA	10	8	7	7
	O	19	19	17	15
Veterans special life insurance fund:					
Spending authority from offsetting collections .....	701 BA	239	237	228	216
Outlays .....	O	191	205	207	219
Veterans special life insurance fund (gross) .....					
	BA	239	237	228	216
	O	191	205	207	219
Total, offsetting collections .....					
Total Veterans special life insurance fund (net) .....					
	BA	-239	-237	-228	-216
	O				
Total Federal funds Veterans Benefits Administration .....					
	BA	18,729	19,611	20,006	20,798
	O	20,028	19,874	18,731	20,685
Total Trust funds Veterans Benefits Administration .....					
	BA	1,464	1,415	1,370	1,302
	O	1,275	1,349	1,357	1,404
Construction					
Federal funds					
General and Special Funds:					
Construction, major projects:					
Appropriation, current .....	703 BA	460	354	514	498
Outlays .....	O	457	466	441	444
Construction, minor projects:					
Appropriation, current .....	703 BA	156	153	229	222
Outlays .....	O	172	156	173	218
Grants for construction of State extended care facilities:					
Appropriation, current .....	703 BA	41	47	44	42
Outlays .....	O	45	59	41	44
Grants for the construction of State veterans cemeteries:					
Appropriation, current .....	705 BA	5	5	1	1
Outlays .....	O	2	5	2	2
Grants to the Republic of the Philippines:					
Appropriation, current .....	703 BA	*	*	*	*
Outlays .....	O	1	*	*	*
Public Enterprise Funds:					
Parking garage revolving fund:					
Appropriation, current .....	703 BA	1	16		

**Department of Veterans Affairs—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	1	3	3	3
Outlays .....	O	20	10	7	8
Parking garage revolving fund (gross) .....	BA	3	19	3	3
	O	20	10	7	8
Total, offsetting collections		-1	-3	-3	-3
Total Parking garage revolving fund (net) .....	BA	1	16		
	O	19	7	4	5
Pershing hall revolving fund:					
Spending authority from offsetting collections .....	705 BA	*	1	*	*
Outlays .....	O	*	*	*	*
Pershing hall revolving fund (gross) .....	BA	*	1	*	*
	O	*	*	*	*
Total, offsetting collections		- *	-1	- *	- *
Total Pershing hall revolving fund (net) .....	BA				
	O	*	-1	*	- *
Nursing home revolving fund:					
Outlays .....	703 O	- *			
Total Federal funds Construction .....	BA	664	577	788	764
	O	695	692	662	713

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	82	76	75	73
National cemetery system (gross) .....	BA	71	73	75	73
	O	82	76	75	73
Total, offsetting collections		- *	- *	- *	- *
Total National cemetery system (net) .....	BA	71	73	75	73
	O	82	76	75	73

<b>Intragovernmental Funds:</b>					
Supply fund:					
Spending authority from offsetting collections .....	705 BA	531	615	687	710
Outlays .....	O	473	615	691	710
Supply fund (gross) .....	BA	531	615	687	710
	O	473	615	691	710
Total, offsetting collections		- 531	- 615	- 687	- 710
Total Supply fund (net) .....	BA				
	O	- 58		4	

<b>Trust funds</b>					
National cemetery gift fund:					
Appropriation, permanent .....	705 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds .....	O	(*)	(*)	(*)	(*)
Total Federal funds Departmental Administration .....	BA	929	995	1,024	994
	O	904	970	1,039	985
Total Trust funds Departmental Administration .....	BA	*	*	*	*
	O	*	*	*	*

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA	220	206	209	203
Outlays .....	O	1,069	1,064	1,136	1,082
General operating expenses (gross) .....	BA	1,047	1,096	1,125	1,091
	O	1,069	1,064	1,136	1,082
Total, offsetting collections		- 220	- 206	- 209	- 203
Total General operating expenses (net) .....	BA	827	890	916	888
	O	849	859	927	880
Office of Inspector General:					
Appropriation, current .....	705 BA	31	32	34	32
Spending authority from offsetting collections .....	BA	1	1	1	1
Outlays .....	O	32	37	35	34
Office of Inspector General (gross) .....	BA	32	33	35	34
	O	32	37	35	34
Total, offsetting collections		- 1	- 1	- 1	- 1
Total Office of Inspector General (net) .....	BA	31	32	34	32
	O	31	36	33	33
National cemetery system:					
Appropriation, current .....	705 BA	71	73	75	73

<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA	36,398	37,843	39,231	39,453
	O	37,160	37,950	37,717	39,338
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	702 BA/O	- 188	- 184	- 195	- 212
	703 BA/O	- 547	- 579	- 641	- 731
	704 BA/O	47			
Total Federal funds .....	BA	35,710	37,079	38,395	38,509
	O	36,473	37,187	36,881	38,395
Trust funds:					
(As shown in detail above) .....	BA	1,491	1,445	1,400	1,333
	O	1,302	1,378	1,386	1,434
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	701 BA/O	- 335	- 296	- 287	- 267
	702 BA/O	- 9	- 7	- 6	- 6
Total Trust funds .....	BA	1,146	1,141	1,107	1,060
	O	958	1,075	1,093	1,162
Interfund transactions .....	701 BA/O	- 2	- 2	- 2	- 1
	702 BA/O	- 28	- 28	- 21	- 16
	705 BA/O	- *			
Total Department of Veterans Affairs .....	BA	36,827	38,190	39,480	39,553
	O	37,401	38,231	37,951	39,540

**Environmental Protection Agency**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Federal funds</i>											
<b>General and Special Funds:</b>						Water infrastructure financing:					
Program and research operations:						Appropriation, current .....	304 BA	2,455	2,962	1,865	1,810
Appropriation, current .....	304 BA	852	922	1,017	1,003					✓ 500	✓ 485
					o - 16	Outlays .....	O	1,978	2,202	2,137	1,999
										✓ 10	✓ 253
Spending authority from						Total Water infrastructure					
offsetting collections .....	BA	10	25	25	25	financing .....	BA	2,455	2,962	2,365	2,295
Outlays .....	O	861	945	1,038	1,029		O	1,978	2,202	2,147	2,252
					o - 15	Payment to the hazardous substance superfund:					
Outlays from special funds	O			(12)	(1)	Appropriation, current .....	304 BA	250	250	250	242
Program and research op-						Outlays .....	O	250	250	250	242
erations (gross) .....	BA	863	947	1,042	1,012	<b>Public Enterprise Funds:</b>					
	O	861	945	1,038	1,014	Revolving fund for certification and other services:					
Total, offsetting collections		- 10	- 25	- 25	- 25	Spending authority from					
Total Program and re-						offsetting collections .....	304 BA	2	2	2	2
search operations (net) .	BA	852	922	1,017	987	Outlays .....	O	3	2	2	2
	O	851	920	1,013	989						
Office of the Inspector General:						Revolving fund for certi-					
Appropriation, current .....	304 BA	28	29	33	32	fication and other serv-	BA	2	2	2	2
Spending authority from						ices (gross) .....	O	3	2	2	2
offsetting collections .....	BA	17	16	15	15	Total, offsetting collections		- 2	- 2	- 2	- 2
Outlays .....	O	48	45	47	47	Total Revolving fund for					
Office of the Inspector						certification and other					
General (gross) .....	BA	45	45	48	47	services (net) .....	BA				
	O	48	45	47	47		O	1			
Total, offsetting collections		- 17	- 16	- 15	- 15	Reregistration and expedited processing revolving fund:					
Total Office of the Inspec-						Spending authority from					
tor General (net) .....	BA	28	29	33	32	offsetting collections .....	304 BA	15	14	14	14
	O	31	28	32	32	Outlays .....	O	16	16	18	15
Research and development:										B 7	B 7
Appropriation, current .....	304 BA	339	349	427	414	Reregistration and expe-					
Spending authority from						ditied processing revolv-	BA	15	14	23	22
offsetting collections .....	BA	25	50	50	50	ing fund (gross) .....	O	16	16	25	22
Outlays .....	O	322	399	431	461	Total, offsetting collections		- 15	- 14	- 14	- 14
Research and development										B - 9	B - 8
(gross) .....	BA	364	399	477	464	Total Reregistration and					
	O	322	399	431	461	expedited processing re-					
Total, offsetting collections		- 25	- 50	- 50	- 50	volving fund (net) .....	BA				
Total Research and devel-							O	1	2	2	1
opment (net) .....	BA	339	349	427	414	Abatement, control, and compliance direct loan liquidating account:					
	O	297	349	381	411	Outlays .....	304 O	3	3	3	
Abatement, control, and compliance:						<b>Intragovernmental Funds:</b>					
Appropriation, current .....	304 BA	1,359	1,414	1,749	1,703	Working capital fund:					
			H - 12		o - 3	Spending authority from					
Spending authority from						offsetting collections .....	304 BA			121	124
offsetting collections .....	BA	27	60	60	60	Outlays .....	O			121	124
Outlays .....	O	1,304	1,444	1,653	1,731	Working capital fund					
			H - 4	H - 5	H - 2	(gross) .....	BA			121	124
					o - 1		O			121	124
Outlays from special funds	O			(2)	(4)	Total, offsetting collections			- 121	- 124	
Limitation on administrative						Total Working capital fund					
and other expenses .....		(283)	(305)			(net) .....	BA				
Abatement, control, and							O				
compliance (gross) .....	BA	1,386	1,463	1,809	1,760	Credit Accounts:					
	O	1,304	1,440	1,647	1,729	Abatement, control, and compliance loan program account:					
Total, offsetting collections		- 27	- 60	- 60	- 60	Outlays .....	304 O	9	6	6	6
Total Abatement, control,						<i>Trust funds</i>					
and compliance (net) .....	BA	1,359	1,403	1,749	1,700	Hazardous substance superfund:					
	O	1,277	1,380	1,587	1,669	Appropriation, current .....	304 BA	1,497	1,431	1,508	1,463
Buildings and facilities:										✓ 55	✓ 53
Appropriation, current .....	304 BA	18	44	113	109	Appropriation, permanent ...	BA			B 200	B 200
Outlays .....	O	36	63	92	177	Spending authority from					
						offsetting collections .....	BA	53	70	70	70

### Environmental Protection Agency—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	1,542	1,530	1,540	1,539 <sup>B 52</sup>	Total, offsetting collections		— 2	— 15	— 15	— 15
				J 14	J 30	Total Oil spill response					
Outlays from trust funds ....	O	(1,489)	(1,460)	(1,470)	(1,469) <sup>B (52)</sup>	(net) .....	BA	21	20	23	22
				J (14)	J (30)		O	20	20	21	22
Limitation on administrative expenses .....		(280)	(308)			Miscellaneous contributed funds:					
Hazardous substance superfund (gross) .....	BA	1,550	1,501	1,833	1,786	Appropriation, permanent ...	304 BA		*	*	*
	O	1,542	1,530	1,554	1,621	Outlays .....	O		*	*	*
						Outlays from trust funds ....	O		(*)	(*)	(*)
Total, offsetting collections		— 53	— 70	— 70	— 70						
Total Hazardous substance superfund (net) .....	BA	1,497	1,431	1,763	1,716	<b>Summary</b>					
	O	1,489	1,460	1,484	1,551						
Repayment of advances of the superfund:						Federal funds:					
Appropriation, current .....	304 BA			734		(As shown in detail above) .....	BA	5,301	5,958	5,954	5,780
Outlays .....	O			734			O	4,735	5,205	5,513	5,779
Leaking underground storage tank trust fund:						Deductions for offsetting receipts:					
Appropriation, current .....	304 BA	76	70	77	75	Proprietary receipts from the					
Outlays .....	O	70	74	75	76	public .....	304 BA/O	— *			
Outlays from trust funds ....	O	(70)	(74)	(75)	(76)	Offsetting governmental re-					
Limitation on administrative expenses .....		(7)	(8)			ceipts .....	304 BA/O	— 9	— 10	— 21	— 21
Oil spill response:										J — 15	J — 15
Appropriation, current .....	304 BA	21	20	23	22	Total Federal funds .....	BA	5,292	5,948	5,918	5,744
Spending authority from							O	4,726	5,195	5,478	5,743
offsetting collections .....	BA	2	15	15	15	Trust funds:					
Outlays .....	O	23	35	36	37	(As shown in detail above) .....	BA	1,594	1,521	2,597	1,813
Outlays from trust funds ....	O	(20)	(20)	(21)	(22)		O	1,579	1,554	2,315	1,649
Limitation on administrative and other expenses .....		(8)	(8)			Deductions for offsetting receipts:					
Oil spill response (gross) ...	BA	24	35	38	37	Proprietary receipts from the					
	O	23	35	36	37	public .....	304 BA/O	— 200	— 225	— 200	— 175
						Total Trust funds .....	BA	1,395	1,296	2,397	1,638
							O	1,379	1,329	2,115	1,474
						Interfund transactions .....	304 BA/O	— 250	— 250	— 984	— 242
						Total Environmental Protec-					
						tion Agency .....	BA	6,436	6,994	7,331	7,140
							O	5,855	6,274	6,609	6,974

### General Services Administration

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Office of Policy and Oversight</b>						Limitation on program level					
<i>Federal funds</i>						(obligations) .....		(5,308)	(5,047)	(4,785)	(4,815)
<b>General and Special Funds:</b>						Federal buildings fund					
Policy and oversight:						(gross) .....	BA	5,567	5,591	5,340	5,387
Appropriation, current .....	804 BA			112	116		O	5,275	6,039	5,884	5,918
Outlays .....	O			109	113	Total, offsetting collections		— 5,120	— 5,326	— 5,600	— 5,773
<b>Real Property Activities</b>						Total Federal buildings					
<i>Federal funds</i>						fund (net) .....	BA	447	264	— 259	— 386
<b>General and Special Funds:</b>							O	155	713	284	145
Construction and acquisition:						Total Federal funds Real					
Appropriation, current .....	804 BA			1,022	1,000	Property Activities .....	BA	447	264	763	614
Outlays .....	O			123	263		O	155	713	408	409
<b>Intragovernmental Funds:</b>						<b>Personal Property Activities</b>					
<i>Federal funds</i>						<i>Federal funds</i>					
Federal buildings fund:						<b>General and Special Funds:</b>					
Appropriation, current .....	804 BA	156	310	— 555		Expenses of transportation audit contracts and contract administration:					
Authority to borrow, perma-						Appropriation, permanent ...	804 BA	14	14	14	15
nent .....	BA	53				Outlays .....	O	13	14	14	15
Spending authority from						Outlays from special funds	O	(13)	(14)	(14)	(15)
offsetting collections .....	BA	5,359	5,281	5,895	5,387						
Outlays .....	O	5,275	6,039	5,884	5,918						

**General Services Administration—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Intragovernmental Funds:</b>					
General supply fund:					
Spending authority from offsetting collections .....	804 BA	2,863	2,868	3,505	3,614
Outlays .....	O	2,836	2,939	3,505	3,614
General supply fund (gross) .....	BA	2,863	2,868	3,505	3,614
	O	2,836	2,939	3,505	3,614
Total, offsetting collections		-2,863	-2,871	-3,505	-3,614
Total General supply fund (net) .....	BA		-3		
	O	-27	68		
Total Federal funds Personal Property Activities	BA	14	12	14	15
	O	-14	83	14	15

**Information Technology Service**

*Federal funds*

<b>Intragovernmental Funds:</b>					
Information technology fund:					
Spending authority from offsetting collections .....	804 BA	1,332	1,282	1,304	1,344
Outlays .....	O	1,343	1,450	1,323	1,348
Information technology fund (gross) .....	BA	1,332	1,282	1,304	1,344
	O	1,343	1,450	1,323	1,348
Total, offsetting collections		-1,332	-1,282	-1,304	-1,344
Total Information technology fund (net) .....	BA				
	O	11	168	20	4

**Federal Property Resources Activities**

*Federal funds*

<b>General and Special Funds:</b>					
Real property relocation:					
Outlays .....	804 O	7	6	6	4
Disposal of surplus real and related personal property:					
Appropriation, permanent ...	804 BA	1	3	3	3
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	1	3	3	3
Outlays from special funds	O	(1)	(3)	(3)	(3)
Disposal of surplus real and related personal property (gross) .....	BA	1	3	3	3
	O	1	3	3	3
Total, offsetting collections		- *	- *	- *	- *
Total Disposal of surplus real and related personal property (net) .....	BA	1	3	3	3
	O	1	3	3	3
Total Federal funds Federal Property Resources Activities .....	BA	1	3	3	3
	O	8	9	9	7

**General Activities**

*Federal funds*

**General and Special Funds:**

Operating expenses:					
Appropriation, current .....	804 BA	136	130	54	54
Spending authority from offsetting collections .....	BA	62	63	6	6
Outlays .....	O	208	195	62	62
Operating expenses (gross)	BA	198	193	60	60
	O	208	195	62	62
Total, offsetting collections		-62	-63	-6	-6
Total Operating expenses (net) .....	BA	136	130	54	54
	O	146	132	56	56
Office of Inspector General:					
Appropriation, current .....	804 BA	35	33	34	36
Spending authority from offsetting collections .....	BA	*	*	1	1
Outlays .....	O	37	34	34	36
Office of Inspector General (gross) .....	BA	35	33	35	36
	O	37	34	34	36
Total, offsetting collections		- *	- *	-1	-1
Total Office of Inspector General (net) .....	BA	35	33	34	36
	O	36	33	34	35
Allowances and office staff for former Presidents:					
Appropriation, current .....	802 BA	3	2	2	2
Outlays .....	O	3	2	2	2
Expenses, presidential transition:					
Appropriation, current .....	802 BA				5
Outlays .....	O	*			5
<b>Public Enterprise Funds:</b>					
Consumer information center fund:					
Appropriation, current .....	376 BA	2	2	2	2
Spending authority from offsetting collections .....	BA	4	4	4	4
Outlays .....	O	5	6	6	6
Consumer information center fund (gross) .....	BA	6	6	6	6
	O	5	6	6	6
Total, offsetting collections		-4	-4	-4	-4
Total Consumer information center fund (net) .....	BA	2	2	2	2
	O	1	2	2	2
<b>Intragovernmental Funds:</b>					
Working capital fund:					
Spending authority from offsetting collections .....	804 BA	178	196	193	193
Outlays .....	O	179	196	193	193
Working capital fund (gross) .....	BA	178	196	193	193
	O	179	196	193	193
Total, offsetting collections		-178	-196	-193	-193
Total Working capital fund (net) .....	BA				
	O	*			

*Trust funds*

Unconditional gifts of real, personal, or other property:

Appropriation, permanent ...	804 BA	*			
Outlays .....	O		*		

**General Services Administration—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays from trust funds ....	O	(*) .....			
Total Federal funds General Activities .....	BA O	176 186	167 170	93 94	99 100
Total Trust funds General Activities .....	BA O	* .....			
<b>Summary</b>					
Federal funds: (As shown in detail above) .....	BA O	639 347	446 1,142	984 653	846 647

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	804 BA/O	- 14	- 11	- 14	- 25
Total Federal funds .....	BA O	625 334	435 1,131	970 639	821 622
Trust funds:					
(As shown in detail above) .....	BA O	* .....			
Total General Services Administration .....	BA O	625 334	435 1,131	970 639	821 622

**National Aeronautics and Space Administration**  
(In millions of dollars)

Account				1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Human space flight:							
Appropriation, current	252	BA		5,515	5,510	5,408	
Spending authority from offsetting collections		BA		106	109	109	
Outlays		O		3,539	5,540	4,988	
Human space flight (gross)				5,621	5,619	5,518	
				3,539	5,540	4,988	
Total, offsetting collections				− 106	− 109	− 109	
Total Human space flight (net)				5,515	5,510	5,408	
				3,432	5,431	4,878	
Science, Aeronautics and Technology (Space flight, research, and supporting activities):							
(Appropriation, current)	252	BA		5,079	5,090	4,937	
(Spending authority from offsetting collections)		BA		534	560	493	
(Outlays)		O		2,927	5,023	5,461	
Science, Aeronautics and Technology (gross)				5,613	5,650	5,430	
				2,927	5,023	5,461	
Total, offsetting collections				− 534	− 560	− 493	
Total (Space flight, research, and supporting activities) (net)				5,079	5,090	4,937	
				2,393	4,463	4,968	
(Air transportation):							
(Appropriation, current)	402	BA		882	917	890	
(Spending authority from offsetting collections)		BA		85	89	93	
(Outlays)		O		603	937	987	
Science, Aeronautics and Technology (gross)				6,046	6,096	5,920	
				2,996	5,400	5,955	
Total, offsetting collections				− 85	− 89	− 93	
Total (Air transportation) (net)				882	917	890	
				519	848	894	
Total Science, Aeronautics and Technology				5,961	6,007	5,827	
				2,911	5,311	5,862	
National aeronautical facilities:							
Appropriation, current	402	BA		400			
Outlays		O			A 1	A 300	
Mission support (Space flight, research, and supporting activities):							
(Appropriation, current)	252	BA		2,158	2,304	2,285	
				H − 1			O − 50
(Spending authority from offsetting collections)				108	110	126	
(Outlays)				1,826	2,250	2,482	
				H − 1	H − *	H − *	O − 33
Mission support (gross)				2,266	2,413	2,361	
				1,825	2,250	2,449	
Total, offsetting collections				− 108	− 110	− 126	
Total (Space flight, research, and supporting activities) (net)				2,157	2,304	2,235	
				1,716	2,141	2,323	
(Air transportation):							
(Appropriation, current)	402	BA		414	422	410	
(Spending authority from offsetting collections)		BA		28	29	31	
(Outlays)		O		388	443	441	
Mission support (gross)				2,599	2,755	2,675	
				2,104	2,584	2,764	
Total, offsetting collections				− 28	− 29	− 31	
Total (Air transportation) (net)				414	422	410	
				360	414	410	
Total Mission support				2,572	2,726	2,644	
				2,077	2,555	2,733	
Research and development (Space flight, research, and supporting activities):							
(Appropriation, current)	252	BA		6,532			
(Spending authority from offsetting collections)		BA		441			
(Outlays)		O		6,246	3,168	414	67
Research and development (gross)							
				6,973			
				6,246	3,168	414	67

**National Aeronautics and Space Administration—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		- 441				Research and program management					
Total (Space flight, re- search, and supporting activities) (net) .....	BA	<b>6,532</b>				(Space flight, research, and supporting activities):					
	O	5,805	3,168	414	67	(Appropriation, current) .....	252 BA	<b>1,349</b>			
(Air transportation):						(Spending authority from offsetting collections) .....	BA	<b>17</b>			
(Appropriation, current) .....	402 BA	<b>1,001</b>				(Outlays) .....	O	1,333	96	6	*
(Spending authority from offsetting collections) .....	BA	<b>104</b>				Research and program management (gross) .....	BA	<b>1,366</b>			
(Outlays) .....	O	1,057	364	46	6		O	1,333	96	6	*
Research and development (gross) .....	BA	<b>7,638</b>				Total, offsetting collections		- 17			
	O	6,862	3,532	460	73	Total (Space flight, re- search, and supporting activities) (net) .....	BA	<b>1,349</b>			
Total, offsetting collections		- 104					O	1,316	96	6	*
Total (Air transportation) (net) .....	BA	<b>1,001</b>				(Air transportation):					
	O	953	364	46	6	(Appropriation, current) .....	402 BA	<b>342</b>			
Total Research and devel- opment .....	BA	<b>7,534</b>				(Spending authority from offsetting collections) .....	BA	<b>2</b>			
	O	6,758	3,532	460	73	(Outlays) .....	O	336	24	2	*
Space flight, control, and data communications:						Research and program management (gross) .....	BA	<b>1,693</b>			
Appropriation, current .....	252 BA	<b>4,835</b>					O	1,652	121	8	1
Spending authority from offsetting collections .....	BA	<b>137</b>				Total, offsetting collections		- 2			
Outlays .....	O	5,036	1,614	199	43	Total (Air transportation) (net) .....	BA	<b>342</b>			
Space flight, control, and data communications (gross) .....	BA	<b>4,972</b>					O	334	24	2	*
	O	5,036	1,614	199	43	Total Research and pro- gram management .....	BA	<b>1,692</b>			
Total, offsetting collections		- 137					O	1,650	121	8	1
Total Space flight, control, and data communica- tions (net) .....	BA	<b>4,835</b>				Office of Inspector General:					
	O	4,899	1,614	199	43	Appropriation, current .....	252 BA	<b>15</b>	<b>16</b>	<b>17</b>	<b>17</b>
Construction of facilities (Space flight, research, and supporting activities):						Outlays .....	O	15	15	17	17
(Appropriation, current) .....	252 BA	<b>290</b>				<i>Trust funds</i>					
		<i>H - 27</i>				Endeavor teacher fellowship trust fund:					
(Spending authority from offsetting collections) .....	BA	<b>5</b>				Appropriation, permanent ...	503 BA	*	*	*	*
(Outlays) .....	O	333	373	110	51	Outlays .....	O		*	*	*
		<i>H - 4      H - 15      H - 5</i>				Outlays from trust funds ....	O		(*)	(*)	(*)
Construction of facilities (gross) .....	BA	<b>295</b>	<b>- 27</b>	*		Science, space, and technology education trust fund:					
	O	333	369	95	46	Appropriation, permanent ...	503 BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Total, offsetting collections		- 5				Outlays .....	O	1	1	1	1
Total (Space flight, re- search, and supporting activities) (net) .....	BA	<b>290</b>	<b>- 27</b>			Outlays from trust funds ....	O	(1)	(1)	(1)	(1)
	O	328	369	95	46	Miscellaneous trust funds:					
(Air transportation):						Appropriation, permanent ...	252 BA	*	*	*	*
(Appropriation, current) .....	402 BA	<b>203</b>				Outlays .....	O	*	*	*	*
(Outlays) .....	O	43	167	49	24	Outlays from trust funds ....	O	(*)	(*)	(*)	
Total Construction of facili- ties .....	BA	<b>493</b>	<b>- 27</b>			<b>Summary</b>					
	O	371	537	144	70	Federal funds:					
						(As shown in detail above) .....	BA	<b>14,568</b>	<b>14,437</b>	<b>14,260</b>	<b>13,896</b>
							O	13,693	14,239	14,125	13,976
						Trust funds:					
						(As shown in detail above) .....	BA	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
							O	1	1	1	1
						Total National Aeronautics and Space Administra- tion .....	BA	<b>14,570</b>	<b>14,438</b>	<b>14,261</b>	<b>13,898</b>
							O	13,695	14,241	14,127	13,978



**Office of Personnel Management**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	805 BA	119	115	109	105
Reappropriation .....	BA		*		
Spending authority from offsetting collections .....	BA	120	122	131	113
Outlays .....	O	223	238	240	219
Salaries and expenses (gross) .....	BA	239	237	239	219
	O	223	238	240	219
Total, offsetting collections		- 120	- 122	- 131	- 113
Total Salaries and ex- penses (net) .....	BA	119	115	109	105
	O	103	116	110	106
Office of Inspector General:					
Appropriation, current .....	805 BA	4	4	4	4
Reappropriation .....	BA		*		
Spending authority from offsetting collections .....	BA	6	6	6	6
Outlays .....	O	11	11	10	10
Office of Inspector General (gross) .....	BA	11	10	10	10
	O	11	11	10	10
Total, offsetting collections		- 6	- 6	- 6	- 6
Total Office of Inspector General (net) .....	BA	4	4	4	4
	O	5	5	4	4
Government payment for annuitants, employees health benefits:					
Appropriation, current .....	551 BA	3,805	4,211	3,746	4,255
Outlays .....	O	3,904	3,923	4,239	4,279
Government payment for annuitants, employee life insurance benefits:					
Appropriation, current .....	602 BA	4	17	33	36
			19		
Outlays .....	O	13	16	30	35
			19		
Total Government payment for annuitants, employee life insurance benefits ....	BA	4	26	33	36
	O	13	25	30	35
Payment to civil service retirement and disability fund:					
Appropriation, current .....	805 BA	7,162	7,412	7,946	8,495
				306	561
Appropriation, permanent ...	BA	12,537	12,737	12,812	12,958
					306
Outlays .....	O	19,698	20,148	20,758	21,453
				306	561
Total Payment to civil serv- ice retirement and dis- ability fund .....	BA	19,698	20,148	20,452	20,892
	O	19,698	20,148	20,452	20,892
<b>Intragovernmental Funds:</b>					
Revolving fund:					
Spending authority from offsetting collections .....	805 BA	195	180	188	19
Outlays .....	O	236	180	188	19
Revolving fund (gross) .....	BA	195	180	188	19
	O	236	180	188	19
Total, offsetting collections		- 195	- 180	- 188	- 19
Total Revolving fund (net) .	BA				
	O	41			
<i>Trust funds</i>					
Civil service retirement and disability fund:					
Appropriation, permanent ...	602 BA	36,482	37,968	39,744	41,997
Outlays .....	O	36,364	37,839	39,599	41,841
Outlays from trust funds ....	O	(36,364)	(37,839)	(39,599)	
Salaries and expenses .....		(70)	(76)	(84)	(82)
Office of inspector general Merit systems protection board .....		(1)	(1)	(1)	(1)
		(2)	(2)	(2)	(2)
Employees life insurance fund:					
Spending authority from offsetting collections .....	602 BA	2,507	2,608	2,673	2,772
				19	41
Outlays .....	O	1,357	1,624	1,689	1,824
				25	48
Salaries and expenses .....		(1)	(1)	(1)	(1)
Office of inspector general		(*)	(*)	(*)	(*)
Employees life insurance fund (gross) .....	BA	2,507	2,608	2,654	2,732
	O	1,357	1,624	1,664	1,775
Total, offsetting collections		- 2,507	- 2,608	- 2,673	- 2,772
				19	41
Total Employees life insur- ance fund (net) .....	BA				
	O	- 1,150	- 984	- 990	- 956
Employees and retired employees health benefits fund:					
Spending authority from offsetting collections .....	551 BA	16,189	16,122	16,775	17,923
Outlays .....	O	15,538	15,539	16,612	17,475
Salaries and expenses .....		(18)	(16)	(18)	(17)
Office of inspector general		(5)	(5)	(5)	(5)
Employees and retired em- ployees health benefits fund (gross) .....	BA	16,189	16,122	16,775	17,923
	O	15,538	15,539	16,612	17,475
Total, offsetting collections		- 16,189	- 16,122	- 16,775	- 17,923
Total Employees and re- tired employees health benefits fund (net) .....	BA				
	O	- 651	- 583	- 163	- 448
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA	23,630	24,504	24,343	25,293
	O	23,764	24,218	24,835	25,316
Trust funds:					
(As shown in detail above) .....	BA	36,482	37,968	39,744	41,997
	O	34,563	36,273	38,446	40,437
Deductions for offsetting receipts:					
Intrafund transactions .....	602 BA/O	- *	- *	- *	- *
Total Trust funds .....	BA	36,481	37,968	39,744	41,997
	O	34,563	36,272	38,445	40,437
Interfund transactions .....	602 BA/O	- 33	- 33	- 33	- 33
	805 BA/O	- 19,698	- 20,148	- 20,758	- 21,453
				306	561
Total Office of Personnel Management .....	BA	40,380	42,290	43,602	46,364
	O	38,596	40,308	42,795	44,828

### Small Business Administration

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Federal funds</i>											
<b>General and Special Funds:</b>						Disaster loans program account:					
Salaries and expenses:						Appropriation, current ..... 453 BA 1,313 130 115 111					
Appropriation, current ..... 376 BA 259 257 264 257						Outlays ..... O 689 761 330 145					
						Disaster loan fund liquidating account:					
Spending authority from						Spending authority from					
offsetting collections ..... BA 364 307 184 178						offsetting collections ..... 453 BA 428 395 333 282					
						Outlays ..... O 76 61 47 229					
Outlays ..... O 605 627 448 435						Disaster loan fund liquidat- ing account (gross) ..... BA 428 395 333 282					
						O 76 61 47 229					
						Total, offsetting collections					
						- 428 - 395 - 333 - 282					
Salaries and expenses (gross) ..... BA 623 549 448 435						Total Disaster loan fund liq- uidating account (net) .... BA					
O 605 615 444 435						O - 352 - 333 - 286 - 52					
Total, offsetting collections											
- 364 - 307 - 184 - 178						Pollution control equipment fund liquidating account:					
						Spending authority from					
						offsetting collections ..... 376 BA 1 2 2 1					
Total Salaries and ex- penses (net) ..... BA 259 242 255 248						Outlays ..... O 8 5 5 4					
O 241 308 252 248											
Office of Inspector General:						Pollution control equipment fund liquidating account (gross) ..... BA 1 2 2 1					
Appropriation, current ..... 376 BA 11 8 9 9						O 8 5 5 4					
Outlays ..... O 8 9 9 9						Total, offsetting collections					
						- 1 - 2 - 2 - 1					
<b>Public Enterprise Funds:</b>						Total Pollution control equipment fund liquidat- ing account (net) ..... BA					
Surety bond guarantees revolving fund:						O 7 3 3 3					
Appropriation, current ..... 376 BA 7 5 6 3											
Spending authority from						<i>Trust funds</i>					
offsetting collections ..... BA 14 15 15 16						Business assistance trust fund:					
Outlays ..... O 21 27 25 19						Spending authority from					
						offsetting collections ..... 376 BA *					
Surety bond guarantees re- volving fund (gross) ..... BA 21 20 21 18						Outlays ..... O *					
O 21 27 25 19											
Total, offsetting collections						Business assistance trust fund (gross) ..... BA *					
- 14 - 15 - 15 - 16						O *					
Total Surety bond guaran- tees revolving fund (net)						Total, offsetting collections					
BA 7 5 6 3						- * - * - * - *					
O 7 12 10 3						Total Business assistance trust fund (net) ..... BA					
						O *					
<b>Credit Accounts:</b>						<b>Summary</b>					
Business loan program account:						Federal funds:					
Appropriation, current ..... 376 BA 303 412 365 354						(As shown in detail above) ..... BA					
Outlays ..... O 340 428 357 354						2,058 798 749 725					
						779 703 437 538					
Business loan fund liquidating account:						Trust funds:					
Appropriation, permanent ... 376 BA 165						(As shown in detail above) ..... BA					
Spending authority from						O *					
offsetting collections ..... BA 640 928 495 371											
Outlays ..... O 479 442 257 200											
						Total Small Business Ad- ministration ..... BA					
Business loan fund liquidat- ing account (gross) ..... BA 805 928 495 371						2,058 798 749 725					
O 479 442 257 200						779 703 437 538					
Total, offsetting collections											
- 640 - 928 - 495 - 371											
Total Business loan fund liquidating account (net)											
BA 165											
O - 161 - 486 - 239 - 171											

### Social Security Administration

(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate		
<b>Social Security Administration</b>						
<i>Federal funds</i>						
<b>General and Special Funds:</b>						
Payments to social security trust funds:						
Appropriation, current .....	651	BA	28	26	33	22

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Appropriation, permanent ...	BA	5,659	4,833	6,683	7,132

## (In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	5,683	4,860	6,716	7,154
Total Payments to social security trust funds .....	BA O	5,687 5,683	4,859 4,860	6,716 6,716	7,154 7,154
Special benefits for disabled coal miners:					
Appropriation, current .....	601 BA	575	528	485	470
Advance appropriation .....	BA	196	190	180	170
Spending authority from offsetting collections .....	BA	*	1	1	1
Outlays .....	O	772	723	679	637
Special benefits for disabled coal miners (gross) .....	BA O	771 772	718 723	666 679	641 637
Total, offsetting collections		− *	− 1	− 1	− 1
Total Special benefits for disabled coal miners (net) .....	BA O	771 772	718 722	665 678	640 636
Supplemental security income program:					
Appropriation, current .....	609 BA	20,173	21,225	18,803	22,903
Advance appropriation .....	BA	7,150	6,770	7,060	9,260
Spending authority from offsetting collections .....	BA	3,385	2,970	2,570	2,615
Outlays .....	O	29,500	30,474	30,098	34,734
Limitation on administrative level .....		(1,781)	(2,388)	(2,131)	(2,058)
Supplemental security income program (gross) ...	BA O	30,708 29,500	30,965 30,474	28,433 30,098	34,778 34,734
Total, offsetting collections		− 3,219	− 2,970	− 2,570	− 2,615
Total Supplemental security income program (net) ....	BA O	27,488 26,281	27,995 27,504	25,863 27,528	32,163 32,119
Trust funds					
Federal old-age and survivors insurance trust fund:					
Appropriation, permanent ...	651 BA	282,559	296,602	310,182	324,878
Spending authority from offsetting collections .....	BA	1,825	2,409	2,150	2,077
Outlays .....	O	283,411	297,007	312,600	325,740
Outlays from trust funds ....	O	(281,586)	(294,598)	(310,450)	(323,663)
Administrative expenses: Social Security Administration .....		(1,792)	(1,412)	(1,999)	(1,936)
Administrative expenses: Other .....		(191)	(241)	(234)	(231)
Federal old-age and survivors insurance trust fund (gross) .....	BA O	284,384 283,411	299,011 297,007	312,332 312,600	326,955 325,740

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		− 1,825	− 2,409	− 2,150	− 2,077
Total Federal old-age and survivors insurance trust fund (net) .....	BA O	282,559 281,586	296,602 294,598	310,182 310,450	324,878 323,663
Federal disability insurance trust fund:					
Appropriation, permanent ...	651 BA	38,580	42,328	46,135	49,870
Outlays .....	O	37,984	41,561	45,632	49,437
Outlays from trust funds ....	O	(37,984)	(41,561)	(45,632)	(49,437)
Limitation on administrative and other expenses .....		(5,417)	(5,540)	(6,188)	(6,003)
Administrative expenses: Social Security Administration .....		(1,036)	(1,004)	(1,156)	(1,125)
Administrative expenses: Other .....		(52)	(67)	(65)	(65)
Total Federal funds Social Security Administration ..	BA O	33,947 32,736	33,572 33,087	33,244 34,922	39,958 39,910
Total Trust funds Social Security Administration ..	BA O	321,139 319,570	338,930 336,159	356,317 356,082	374,747 373,099

Summary

On-Budget

Federal funds:					
(As shown in detail above) .....	BA O	33,947 32,736	33,572 33,087	33,244 34,922	39,958 39,910
Deductions for offsetting receipts: Proprietary receipts from the public .....	609 BA/O	− 800	− 956	− 1,032	− 1,194
Total Federal funds .....	BA O	33,147 31,936	32,616 32,130	32,212 33,890	38,764 38,716
Interfund transactions .....	651 BA/O			− 1,514	
Total Social Security Administration (on-budget) .	BA O	33,147 31,936	32,616 32,130	30,698 32,376	38,764 38,716

Off-Budget

Trust funds:					
(As shown in detail above) .....	BA O	321,139 319,570	338,930 336,159	356,317 356,082	374,747 373,099
Deductions for offsetting receipts: Proprietary receipts from the public .....	651 BA/O	− 11	− 12	− 12	− 12
Total Trust funds .....	BA O	321,129 319,560	338,918 336,147	356,305 356,070	374,735 373,087
Interfund transactions .....	651 BA/O	− 5,678	− 4,858	− 6,706	− 7,154
Total Social Security Administration (off-budget) .	BA O	315,451 313,881	334,060 331,289	349,599 349,364	367,581 365,933
Total Social Security Administration .....	BA O	348,597 345,817	366,676 363,419	380,297 381,740	406,345 404,650

### Other Independent Agencies (In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Administrative Conference of the United States</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	751 BA	2	2	2	2
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	2	2	2	2
Salaries and expenses (gross) .....	BA	2	2	2	2
	O	2	2	2	2
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex- penses (net) .....	BA	2	2	2	2
	O	2	2	2	2
<i>Trust funds</i>					
Gifts and bequests:					
Outlays .....	751 O	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

### Advisory Commission on Conferences in Ocean Shipping

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Outlays .....	403 O	*			

### Advisory Commission on Intergovernmental Relations

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	808 BA	1	1	1	1
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	1	1	1	1
Salaries and expenses (gross) .....	BA	1	1	1	1
	O	1	1	1	1
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex- penses (net) .....	BA	1	1	1	1
	O	1	1	1	1
<i>Trust funds</i>					
Contributions:					
Appropriation, permanent ...	808 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

### Advisory Council on Historic Preservation

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	303 BA	3	3	3	3
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	3	3	3	3
Salaries and expenses (gross) .....	BA	3	3	3	3
	O	3	3	3	3

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex- penses (net) .....	BA	3	3	3	3
	O	3	3	3	3
<i>Trust funds</i>					
Donations:					
Appropriation, permanent ...	303 BA		*	*	*
Outlays .....	O		*	*	*
Outlays from trust funds ....	O		(*)	(*)	(*)

### American Battle Monuments Commission

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	705 BA	20	20	20	20
Appropriation, permanent ...	BA	— 1			
Outlays .....	O	19	20	20	19
Total Salaries and ex- penses .....	BA	19	20	20	20
	O	19	20	20	19
Foreign currency fluctuations:					
Appropriation, permanent ...	705 BA	1			
<i>Trust funds</i>					
Contributions:					
Appropriation, permanent ...	705 BA	2	1	5	*
Outlays .....	O	6	5	1	*
Outlays from trust funds ....	O	(6)	(5)	(1)	
Total Federal funds Amer- ican Battle Monuments Commission .....	BA	20	20	20	20
	O	19	20	20	19
Total Trust funds American Battle Monuments Com- mission .....	BA	2	1	5	*
	O	6	5	1	*

### Appalachian Regional Commission

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Appalachian regional development programs:					
Appropriation, current .....	452 BA	249	282	183	178
Outlays .....	O	187	164	202	239
<i>Trust funds</i>					
Miscellaneous trust funds:					
Appropriation, permanent ...	452 BA	3	5	5	5
Spending authority from offsetting collections .....	BA	1			
Outlays .....	O	4	5	5	5
Outlays from trust funds ....	O	(4)	(5)	(5)	(5)
Miscellaneous trust funds (gross) .....	BA	5	5	5	5
	O	4	5	5	5
Total, offsetting collections		— 1			
Total Miscellaneous trust funds (net) .....	BA	3	5	5	5
	O	3	5	5	5

### Summary

Federal funds:					
(As shown in detail above) .....	BA	249	282	183	178
	O	187	164	202	239

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Trust funds:					
(As shown in detail above) .....	BA	3	5	5	5
	O	3	5	5	5
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	452 BA/O	-2	-2	-2	-2
Total Trust funds .....	BA	2	2	2	2
	O	2	3	3	2
Interfund transactions .....	452 BA/O	-2	-2	-2	-2
Total Appalachian Regional Commission .....	BA	249	282	183	178
	O	187	164	203	239

#### Architectural and Transportation Barriers Compliance Board

*Federal funds*

##### General and Special Funds:

Salaries and expenses:

Appropriation, current .....	751 BA	3	3	4	4
Outlays .....	O	3	4	4	4

#### Arms Control and Disarmament Agency

*Federal funds*

##### General and Special Funds:

Arms control and disarmament activities:

Appropriation, current .....	153 BA	54	54	76	74
Outlays .....	O	46	58	71	73

#### 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	4
Outlays .....	O	3	3	3	3
Outlays from trust funds ....	O	(3)	(3)	(3)	(3)

#### Board for International Broadcasting

*Federal funds*

##### General and Special Funds:

Grants and expenses:

Appropriation, current .....	154 BA	210	230	230	230
			^ 7		
Outlays .....	O	207	203	203	203
			^ 6	^ 1	

Total Grants and expenses	BA	210	237	230	230
	O	207	209	1	1

Israel relay station:

Appropriation, current .....	154 BA	-2			
Outlays .....	O	6	1		

Total Federal funds Board for International Broadcasting .....	BA	208	237		
	O	213	210	1	

#### Central Intelligence Agency

*Federal funds*

##### General and Special Funds:

Payment to the Central Intelligence Agency retirement and disability fund:

Appropriation, current .....	054 BA	182	198	214	
Advance appropriation .....	BA				229

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	182	198	214	229
Total Payment to the Central Intelligence Agency retirement and disability fund .....	BA	182	198	214	229
	O	182	198	214	229

#### Chemical Safety and Hazard Investigation Board

*Federal funds*

##### General and Special Funds:

Chemical safety and hazard investigation board:

Appropriation, current .....	304 BA		*		
			H - *		
Outlays .....	O		*	*	*
			H - *	H - *	H - *

Total Chemical safety and hazard investigation board .....

BA					
O					

#### Christopher Columbus Quincentenary Jubilee Commission

*Federal funds*

##### General and Special Funds:

Salaries and expenses:

Outlays .....	376 O		*		
---------------	-------	--	---	--	--

*Trust funds*

Gifts and donations:

Outlays .....	376 O		*		
Outlays from trust funds ....	O		(*)		

#### Christopher Columbus Fellowship Foundation

*Trust funds*

Christopher Columbus Fellowship Foundation:

Appropriation, permanent ...	502 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

#### Citizens' Commission on Public Service and Compensation

*Federal funds*

##### General and Special Funds:

Salaries and expenses:

Appropriation, current .....	805 BA	- *			*
Outlays .....	O				*

#### 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	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

#### Commission of Fine Arts

*Federal funds*

##### General and Special Funds:

Salaries and expenses:

Appropriation, current .....	451 BA	1	1	1	1
Outlays .....	O	1	1	1	1

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
National capital arts and cultural affairs:					
Appropriation, current .....	503 BA	8	8	7	7
Outlays .....	O	8	8	7	7
Total Federal funds Com-					
mission of Fine Arts .....	BA	8	8	8	8
	O	8	8	8	8

#### Commission on Agricultural Workers

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	352 BA	— *			
Outlays .....	O	*			

#### Commission on Civil Rights

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	751 BA	8	9	11	11
Outlays .....	O	7	9	11	11

#### Commission on National and Community Service

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Outlays .....	808 O	89	46		

#### Commission on the Bicentennial of the U.S Constitution

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Outlays .....	808 O	*			

#### Committee for Purchase from People who are Blind or Severly Disabled

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	505 BA	2	2	2	2
Outlays .....	O	2	2	2	2

#### Commodity Futures Trading Commission

*Federal funds*

##### General and Special Funds:

Commodity Futures Trading Commission:					
Appropriation, current .....	376 BA	47	49	60	60
				J — 60	J — 60
Spending authority from					
offsetting collections .....	BA	*	*	*	*
Outlays .....	O	47	49	58	60
Commodity Futures Trading					
Commission (gross) .....	BA	48	49	60	60
	O	47	49	58	60

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections					
		— *	— *	— *	— *
				J — 60	J — 60
Total Commodity Futures					
Trading Commission					
(net) .....	BA	47	49		
	O	47	49	— 1	

#### Community Development Financial Institutions

*Federal funds*

##### General and Special Funds:

Office of inspector general:					
Appropriation, current .....	451 BA			*	*
Outlays .....	O			*	*

##### Credit Accounts:

Community development financial institutions fund program account:					
Appropriation, current .....	451 BA	125	144	111	
Outlays .....	O	34	131	135	

Total Federal funds Com-					
munity Development Fi-					
ancial Institutions .....	BA	125	144	111	
	O	34	131	135	

#### Consumer Product Safety Commission

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	554 BA	42	43	44	43
Spending authority from					
offsetting collections .....	BA	1	1	1	1
Outlays .....	O	46	43	45	44
Salaries and expenses					
(gross) .....	BA	43	43	45	44
	O	46	43	45	44
Total, offsetting collections					
		— 1	— 1	— 1	— 1
Total Salaries and ex-					
penses (net) .....	BA	42	43	44	43
	O	45	42	44	43

#### Corporation for National and Community Service

*Federal funds*

##### General and Special Funds:

National and community service programs, operating expenses:					
Appropriation, current .....	506 BA	367	575	817	817
Spending authority from					
offsetting collections .....	BA	*			
Outlays .....	O	128	246	471	700
National and community					
service programs, oper-					
ating expenses (gross) ..	BA	367	575	817	817
	O	128	246	471	700
Total, offsetting collections					
		— *			
Total National and commu-					
nity service programs,					
operating expenses (net)	BA	367	575	817	817
	O	127	246	471	700
Domestic volunteer service programs, Operating expenses:					
Appropriation, current .....	506 BA	207	215	263	263
Spending authority from					
offsetting collections .....	BA	25	5		

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	207	217	242	263
Domestic volunteer service programs, Operating expenses (gross) .....	BA O	232 207	220 217	263 242	263 263
Total, offsetting collections .....		-25	-5		
Total Domestic volunteer service programs, Operating expenses (net) .....	BA O	207 182	215 212	263 242	263 263
Inspector general:					
Appropriation, current .....	506 BA		2	2	2
Outlays .....	O		2	2	2
<i>Trust funds</i>					
Gifts and contributions:					
Appropriation, permanent ...	506 BA	104	158	215	223
Outlays .....	O	*	5	55	107
Outlays from trust funds ....	O	(*)	(5)	(55)	(107)
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA O	574 309	792 459	1,082 715	1,082 965
Trust funds:					
(As shown in detail above) .....	BA O	104 *	158 5	215 55	223 107
Interfund transactions .....	506 BA/O	-99	-146	-189	-189
Total Corporation for National and Community Service .....	BA O	579 211	804 319	1,108 581	1,117 884

**Corporation for Public Broadcasting**

*Federal funds*

**General and Special Funds:**

Corporation for public broadcasting:					
Advance appropriation .....	503 BA	275	286	312	315
Outlays .....	O	275	286	312	315

**Court of Veterans Appeals**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	705 BA	9	9	10	10
Reappropriation .....	BA	*	*		
Outlays .....	O	9	9	10	10
Total Salaries and expenses .....	BA O	9 9	9 9	10 10	10 10
Practice registration fee:					
Appropriation, permanent ...	705 BA	*	*	*	*
Total Federal funds Court of Veterans Appeals .....	BA O	9 9	9 9	10 10	10 10

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Defense Nuclear Facilities Safety Board</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	053 BA	17	18	18	
Advance appropriation .....	BA				18
Outlays .....	O	16	18	19	18
Total Salaries and expenses .....	BA O	17 16	18 18	18 19	18 18

**Delaware River Basin Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	301 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Contribution to Delaware River Basin Commission:					
Appropriation, current .....	301 BA	*	*	1	1
Outlays .....	O	*	*	1	1
Total Federal funds Delaware River Basin Commission .....	BA O	1 1	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	700	712	712	691
Outlays .....	O	698	714	712	691
Federal payment for water and sewer services:					
Appropriation, permanent ...	806 BA	1			
Spending authority from offsetting collections .....	BA	23	32	33	33
Outlays .....	O	25	32	33	33
Federal payment for water and sewer services (gross) .....	BA O	24 25	32 32	33 33	33 33
Total, offsetting collections .....		-23	-32	-33	-33
Total Federal payment for water and sewer services (net) .....	BA O	1 2			

**Summary**

Federal funds:					
(As shown in detail above) .....	BA O	701 700	712 714	712 712	691 691
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	806 BA/O	-12	-12	-12	-12
Total District of Columbia ..	BA O	689 688	700 702	700 700	678 678

**Equal Employment Opportunity Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:					
Appropriation, current .....	751 BA	230	233	268	260
Spending authority from offsetting collections .....	BA	*	*	*	*

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	230	232	262	258
Salaries and expenses (gross) .....	BA	230	233	268	260
	O	230	232	262	258
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex- penses (net) .....	BA	230	233	268	260
	O	229	232	261	257

**Intragovernmental Funds:**

EEOC Education, technical assistance and training revolving fund:

Spending authority from offsetting collections .....	751 BA	1	1	1	1
Outlays .....	O	*	1	1	1

EEOC Education, technical  
assistance and training  
revolving fund (gross) ....

	BA	1	1	1	1
	O	*	1	1	1

Total, offsetting collections

		— 1	— 1	— 1	— 1
--	--	-----	-----	-----	-----

Total EEOC Education,  
technical assistance and  
training revolving fund  
(net) .....

	BA				
	O	— 1			

Total Federal funds Equal  
Employment Opportunity  
Commission .....

	BA	230	233	268	260
	O	229	232	261	257

#### Export-Import Bank of the United States

*Federal funds*

**Credit Accounts:**

Export Import Bank loans program account:					
Appropriation, current .....	155 BA	1,032	832	870	844
Outlays .....	O	269	613	670	738
Export-Import Bank of the United States liquidating account:					
Spending authority from offsetting collections .....	155 BA	630	133	261	299
Outlays .....	O	775	1,064	281	81
Export-Import Bank of the United States liquidating account (gross) .....					
	BA	630	133	261	299
	O	775	1,064	281	81
Total, offsetting collections		— 1,788	— 1,070	— 905	— 922
Total Export-Import Bank of the United States liq- uidating account (net) ....	BA	— 1,158	— 937	— 644	— 622
	O	— 1,014	— 6	— 624	— 840

#### Summary

Federal funds:					
(As shown in detail above) .....	BA	— 126	— 106	226	222
	O	— 745	607	45	— 102
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	155 BA/O	— 87	— 123	— 90	— 129
Total Export-Import Bank of the United States .....	BA	— 213	— 229	136	92
	O	— 832	484	— 44	— 232

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Farm Credit Administration</b>					
<i>Federal funds</i>					
<b>Public Enterprise Funds:</b>					
Revolving fund for administrative expenses:					
Spending authority from offsetting collections .....	351 BA	37	37	40	39
Outlays .....	O	35	41	40	39
Limitation on administrative expenses .....		(40)	(40)	(40)	(39)
Revolving fund for adminis- trative expenses (gross)					
	BA	37	37	40	39
	O	35	41	40	39
Total, offsetting collections		— 37	— 37	— 40	— 39
Total Revolving fund for administrative expenses (net) .....	BA				
	O	— 2	4		

#### Farm Credit System Assistance Board

*Federal funds*

**Public Enterprise Funds:**

Revolving fund for administrative expenses:					
Outlays .....	351 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	265	188	184	188
Outlays .....	O	117	117	117	117
Financial assistance cor- poration assistance fund, liquidating account (gross) .....					
	BA	265	188	184	188
	O	117	117	117	117
Total, offsetting collections		— 265	— 188	— 184	— 188
Total Financial assistance corporation assistance fund, liquidating account (net) .....	BA				
	O	— 148	— 72	— 68	— 71

*Trust funds*

Financial assistance corporation trust fund:

Appropriation, permanent ...	351 BA		5	5	6
------------------------------	--------	--	---	---	---

#### Summary

Federal funds:					
(As shown in detail above) .....	BA				
	O	— 148	— 72	— 68	— 71
Trust funds:					
(As shown in detail above) .....	BA		5	5	6
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	351 BA/O		— 5	— 5	— 6
Total Trust funds .....	BA				
	O		— 5	— 5	— 6
Total Farm Credit System Financial Assistance Corporation .....	BA				
	O	— 148	— 77	— 73	— 77



**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Farm Credit System Insurance Corporation</b>					
<i>Federal funds</i>					
<b>Public Enterprise Funds:</b>					
Farm credit system insurance fund:					
Spending authority from offsetting collections .....	351 BA	121	121	129	133
Outlays .....	O	1	2	3	4
				<i>B - 1</i>	
Farm credit system insurance fund (gross) .....	BA	121	121	129	133
	O	1	2	2	4
Total, offsetting collections		- 121	- 121	- 129	- 119
Total Farm credit system insurance fund (net) .....	BA				14
	O	- 119	- 119	- 127	- 116

**Federal Communications Commission**

*Federal funds*

<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	376 BA	102	69	107	94
Spending authority from offsetting collections .....	BA	66	127	117	117
Outlays .....	O	158	215	223	211
Salaries and expenses (gross) .....	BA	168	196	224	211
	O	158	215	223	211
Total, offsetting collections		- 66	- 127	- 117	- 117
Total Salaries and expenses (net) .....	BA	102	69	107	94
	O	91	87	106	94

**Summary**

Federal funds:					
(As shown in detail above) .....	BA	102	69	107	94
	O	91	87	106	94
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	376 BA/O	- 43	- 42	- 44	- 45
Total Federal Communications Commission .....	BA	59	27	63	49
	O	49	45	62	49

**Federal Deposit Insurance Corporation**

*Bank Insurance*

*Federal funds*

<b>Public Enterprise Funds:</b>					
Bank insurance fund:					
Spending authority from offsetting collections .....	373 BA	12,723	9,760	7,271	11,978
				<i>P 105</i>	<i>P 110</i>
Outlays .....	O	3,225	3,784	5,334	13,046
Bank insurance fund (gross) .....	BA	12,723	9,760	7,376	12,088
	O	3,225	3,784	5,334	13,046

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		- 12,723	- 9,760	- 7,271	- 11,978
				<i>P - 105</i>	<i>P - 110</i>
Total Bank insurance fund (net) .....	BA				
	O	- 9,498	- 5,977	- 2,042	958

**Savings Association Insurance**

*Federal funds*

<b>Public Enterprise Funds:</b>					
Savings association insurance fund:					
Spending authority from offsetting collections .....	373 BA	1,143	1,090	1,989	3,167
Outlays .....	O	- 53	12	2,881	4,615
Savings association insurance fund (gross) .....	BA	1,143	1,090	1,989	3,167
	O	- 53	12	2,881	4,615
Total, offsetting collections		- 1,143	- 1,090	- 1,989	- 3,167
Total Savings association insurance fund (net) .....	BA				
	O	- 1,197	- 1,078	892	1,448

**FSLIC Resolution**

*Federal funds*

<b>Public Enterprise Funds:</b>					
FSLIC resolution fund:					
Appropriation, current .....	373 BA	1,171			
Appropriation, permanent .....	BA		796		
Spending authority from offsetting collections .....	BA	3,754	1,374	4,600	4,353
Outlays .....	O	3,048	3,153	1,405	900
FSLIC resolution fund (gross) .....	BA	4,925	2,170	4,600	4,353
	O	3,048	3,153	1,405	900
Total, offsetting collections		- 3,754	- 1,374	- 4,600	- 4,353
Total FSLIC resolution fund (net) .....	BA	1,171	796		
	O	- 706	1,778	- 3,195	- 3,453

**FDIC-Office of Inspector General**

*Federal funds*

<b>Intragovernmental Funds:</b>					
FDIC-Office of inspector general:					
Spending authority from offsetting collections .....	373 BA	24	29	51	51
Outlays .....	O	24	29	51	51
FDIC-Office of inspector general (gross) .....	BA	24	29	51	51
	O	24	29	51	51
Total, offsetting collections		- 24	- 29	- 51	- 51
Total FDIC-Office of inspector general (net) .....	BA				
	O				

**Affordable Housing and Bank Enterprise (FDIC)**

*Federal funds*

<b>General and Special Funds:</b>					
Affordable Housing Program:					
Appropriation, current .....	604 BA	7	15	15	15

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	4	9	15	15
Total Federal funds Federal Deposit Insurance Corporation .....	BA O	1,178 -11,396	811 -5,267	15 -4,330	15 -1,033
<b>Federal Election Commission</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	808 BA	24	27	29	28
Outlays .....	O	23	27	29	28
<b>Federal Emergency Management Agency</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Disaster relief:					
Appropriation, current .....	453 BA	5,409	320 ^ 6,700	320	310
Outlays .....	O	3,743	3,507 ^ 670	1,346 ^ 2,680	950 ^ 2,680
Total Disaster relief .....	BA O	5,409 3,743	7,020 4,177	320 4,026	310 3,630
Salaries and expenses (Defense-related activities):					
(Appropriation, current) .....	054 BA	71	43	44	43
(Spending authority from offsetting collections) .....	BA	3	3		
(Outlays) .....	O	60	51	44	43
Salaries and expenses (gross) .....	BA O	74 60	46 51	44 44	43 43
Total, offsetting collections .....		-3	-3		
Total (Defense-related activities) (net) .....	BA O	71 57	43 47	44 44	43 43
(Disaster relief and insurance):					
(Appropriation, current) .....	453 BA	89	119	125	122
(Spending authority from offsetting collections) .....	BA	14	1		
(Outlays) .....	O	85	120	129	126
Salaries and expenses (gross) .....	BA O	175 141	164 167	169 173	164 169
Total, offsetting collections .....		-14	-1		
Total (Disaster relief and insurance) (net) .....	BA O	89 70	119 119	125 129	122 126
Total Salaries and expenses .....	BA O	160 127	162 166	169 173	164 169
Emergency management planning and assistance (Defense-related activities):					
(Appropriation, current) .....	054 BA	155	27	24	23
(Spending authority from offsetting collections) .....	BA	47	66		
(Outlays) .....	O	231	167	38	24
Emergency management planning and assistance (gross) .....	BA O	202 231	93 167	24 38	23 24
Total, offsetting collections .....		-47	-66		
Total (Defense-related activities) (net) .....	BA O	155 184	27 101	24 38	23 24
(Disaster relief and insurance):					
(Appropriation, current) .....	453 BA	71	194	179	174
(Spending authority from offsetting collections) .....	BA	48	7		
(Outlays) .....	O	106	131	176	178
Emergency management planning and assistance (gross) .....	BA O	274 290	228 232	203 214	197 202
Total, offsetting collections .....		-48	-7		
Total (Disaster relief and insurance) (net) .....	BA O	71 58	194 124	179 176	174 178
Total Emergency management planning and assistance .....	BA O	226 242	221 225	203 214	197 202
Office of the Inspector General:					
Appropriation, current .....	453 BA	4	4	5	5
Spending authority from offsetting collections .....	BA	*	*		
Outlays .....	O	5	4	5	5
Office of the Inspector General (gross) .....	BA O	4 5	4 4	5 5	5 5
Total, offsetting collections .....		-*	-*		
Total Office of the Inspector General (net) .....	BA O	4 5	4 4	5 5	5 5
Emergency food and shelter program:					
Appropriation, current .....	605 BA	130	130	130	126
Spending authority from offsetting collections .....	BA	*			
Outlays .....	O	130	130	130	126
Emergency food and shelter program (gross) .....	BA O	130 130	130 130	130 130	126 126
Total, offsetting collections .....		-*			
Total Emergency food and shelter program (net) .....	BA O	130 130	130 130	130 130	126 126
<b>Public Enterprise Funds:</b>					
National insurance development fund:					
Appropriation, current .....	451 BA		-*		
Authority to borrow, permanent .....	BA	-2	2	1	*
Spending authority from offsetting collections .....	BA	5	6	8	11
Outlays .....	O	5	8	10	12
National insurance development fund (gross) .....	BA O	3 5	8 8	10 10	12 12

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 5	— 6	— 8	— 11
Total National insurance development fund (net)	BA O	— 2 *	2 2	1 1	* *
National flood insurance fund:					
Appropriation, current	453 BA	.....	— *	.....	.....
Spending authority from offsetting collections	BA	793	867 ^ 5	1,047 ^ 3	1,150
Outlays	O	714	818 ^ 3	955 ^ 3	1,085
National flood insurance fund (gross)	BA O	793 714	872 821	1,047 958	1,150 1,085
Total, offsetting collections		— 793	— 867 ^ 5	— 1,047	— 1,150
Total National flood insurance fund (net)	BA O	..... — 79	— * — 51	..... — 90	..... — 64
<b>Intragovernmental Funds:</b>					
Working capital fund:					
Spending authority from offsetting collections	803 BA	.....	.....	^ 61	^ 59
Outlays	O	.....	.....	^ 32	^ 60
Working capital fund (gross)	BA O	.....	.....	61 32	59 60
Total, offsetting collections		.....	.....	^ — 61	^ — 59
Total Working capital fund (net)	BA O	.....	.....	— 29	1
<b>Credit Accounts:</b>					
Disaster assistance direct loan program account:					
Appropriation, current	453 BA	15	3	2	2
Outlays	O	3	19	2	2
Limitation on direct loan activity		(25)	(175)	(25)	(27)
Disaster assistance direct loan liquidating account:					
Spending authority from offsetting collections	453 BA	81	28	23	3
Outlays	O	80	.....	.....	.....
Disaster assistance direct loan liquidating account (gross)	BA O	81 80	28	23	3
Total, offsetting collections		— 81	— 28	— 23	— 3
Total Disaster assistance direct loan liquidating account (net)	BA O	..... — 2	..... — 28	..... — 23	..... — 3
<i>Trust funds</i>					
Bequests and gifts:					
Appropriation, permanent	453 BA	*	*	*	*
Outlays	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)

**Summary**

Federal funds:					
(As shown in detail above)	BA O	5,942 4,170	7,542 4,645	830 4,409	805 4,069

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Deductions for offsetting receipts:					
Offsetting governmental receipts	453 BA/O	— 16	— 12	— 12	— 12
Total Federal funds	BA O	5,926 4,154	7,530 4,633	818 4,397	793 4,056
Trust funds:					
(As shown in detail above)	BA O	* *	* *	* *	* *
Total Federal Emergency Management Agency	BA O	5,926 4,154	7,530 4,633	818 4,397	793 4,056

**Federal Financial Institutions Examination Council Appraisal Subcommittee**

*Federal funds***General and Special Funds:**

## Registry fees:

Appropriation, permanent	376 BA	4	2	2	2
Outlays	O	1	2	2	2
Outlays from special funds	O	(1)	(2)	(2)	(2)

**Federal Housing Finance Board***Federal funds***Public Enterprise Funds:**

## Federal housing finance board:

Spending authority from offsetting collections	371 BA	16	15	15	15
Outlays	O	14	15	15	15

Federal housing finance board (gross)	BA O	16 14	15	15	15
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Total, offsetting collections		— 16	— 15	— 15	— 15
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Total Federal housing finance board (net)	BA O	..... — 2	..... *	..... *	..... *
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**Federal Labor Relations Authority***Federal funds***General and Special Funds:**

## Salaries and expenses:

Appropriation, current	805 BA	21	21	22	22
Reappropriation	BA	.....	*	.....	.....
Spending authority from offsetting collections	BA	*	*	*	*
Outlays	O	22	22	22	22

Salaries and expenses (gross)	BA O	21 22	21	22	22
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Total, offsetting collections		— *	— *	— *	— *
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Total Salaries and expenses (net)	BA O	21 22	21	22	22
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**Federal Maritime Commission***Federal funds***General and Special Funds:**

## Salaries and expenses:

Appropriation, current	403 BA	19	19	17	16
Authority to borrow, permanent	BA	.....	*	.....	.....

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Spending authority from offsetting collections .....	BA			2	2
Outlays .....	O	18	19	19	18
Outlays from special funds .....	O		(*)		
Salaries and expenses (gross) .....	BA	19	19	19	18
	O	18	19	19	18
Total, offsetting collections .....				-2	-2
Total Salaries and expenses (net) .....	BA	19	19	17	16
	O	18	19	17	16

#### Summary

Federal funds:					
(As shown in detail above) .....	BA	19	19	17	16
	O	18	19	17	16
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	403 BA/O	- *	- *		
Total Federal Maritime Commission .....	BA	19	19	17	16
	O	18	19	17	16

#### Federal Mediation and Conciliation Service

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	505 BA	30	31	33	32
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	30	31	33	32
Salaries and expenses (gross) .....	BA	30	32	34	33
	O	30	31	33	32
Total, offsetting collections .....		- *	- *	- *	- *
Total Salaries and expenses (net) .....	BA	30	31	33	32
	O	30	31	33	32

#### Federal Mine Safety and Health Review Commission

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	554 BA	6	6	6	6
Outlays .....	O	6	6	6	6

#### Federal Retirement Thrift Investment Board

*Federal funds*

##### General and Special Funds:

Program expenses:					
Appropriation, permanent ...	803 BA	32	39	42	44
Outlays .....	O	28	39	42	44
Outlays from special funds .....	O	(28)	(39)	(42)	(44)

#### Summary

Federal funds:					
(As shown in detail above) .....	BA	32	39	42	44
	O	28	39	42	44

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	803 BA/O	- 32	- 39	- 42	- 44
Total Federal Retirement Thrift Investment Board ..	BA				
	O	- 4			

#### Federal Trade Commission

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	376 BA	68	55	60 <sub>J*</sub>	58 <sub>J*</sub>
Spending authority from offsetting collections .....	BA	26	49	49	48
Outlays .....	O	99	104	108 <sub>J*</sub>	106 <sub>J*</sub>
Salaries and expenses (gross) .....	BA	94	104	108	106
	O	99	104	108	106
Total, offsetting collections .....		- 30	- 41	- 49	- 48
Total Salaries and expenses (net) .....	BA	64	63	60	58
	O	69	63	59	58

#### Franklin Delano Roosevelt Memorial Commission

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	808 BA	*	*	*	*
Outlays .....	O	*	*	*	*

#### Harry S. Truman Scholarship Foundation

*Trust funds*

##### Harry S. Truman memorial scholarship trust fund:

Appropriation, permanent ...	502 BA	3	4	3	3
Outlays .....	O	2	4	3	3
Outlays from trust funds ....	O	(2)	(4)	(3)	(3)

#### Information Security Oversight Office

*Federal funds*

##### General and Special Funds:

Information security oversight office:					
Appropriation, current .....	802 BA			1	1
Outlays .....	O			1	2

#### Institute of American Indian and Alaska Native Culture and Arts Development

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	502 BA	13	11	11	10
Outlays .....	O	12	12	11	10

#### Intelligence community management account

*Federal funds*

##### General and Special Funds:

Intelligence community management account:					
Appropriation, current .....	054 BA	151	93	93	90
Outlays .....	O	66	106	97	93

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
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**Intelligence Community Staff**

*Federal funds*

**General and Special Funds:**

Intelligence community staff:

Outlays .....	054	O	2	2
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**Interagency Council on the Homeless**

*Federal funds*

**General and Special Funds:**

Interagency Council on the Homeless:

Outlays .....	604	O	*	*
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**International Trade Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	153	BA	44	42	47	47
Outlays .....		O	43	42	47	47

**Interstate Commerce Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	401	BA	45	33	33	32
					<i>o - 4</i>	<i>o - 32</i>
Spending authority from offsetting collections .....		BA	8	8	8	8
					<i>o - 8</i>	<i>o - 8</i>
Outlays .....		O	50	43	42	41
					<i>o - 10</i>	<i>o - 37</i>

Salaries and expenses (gross) .....		BA	53	42	29	
		O	50	43	32	4

Total, offsetting collections			- 8	- 8	- 8	- 8
					<i>o 8</i>	<i>o 8</i>

Total Salaries and expenses (net) .....		BA	45	33	29	
		O	43	35	31	4

Payments for directed rail service:

Limitation on program level (obligations) .....	401		(*)	(*)	(*)	(*)
					<i>o (- *)</i>	<i>o (- *)</i>

Total Federal funds Interstate Commerce Commission .....		BA	45	33	29	
		O	43	35	31	4

**Interstate Commission on the Potomac River Basin**

*Federal funds*

**General and Special Funds:**

Contribution to Interstate Commission on the Potomac River Basin:

Appropriation, current .....	304	BA	*	1	1	1
Outlays .....		O	*	1	1	1

**James Madison Memorial Fellowship Foundation**

*Trust funds*

James Madison Memorial Fellowship Trust Fund:

Appropriation, permanent ...	502	BA	4	3	3	3
Outlays .....		O	1	2	3	3

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
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Outlays from trust funds ....	O	(1)	(2)	(3)	(3)
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**Japan-United States Friendship Commission**

*Trust funds*

Japan-United States friendship trust fund:

Appropriation, current .....	154	BA	1	1	1	1
Appropriation, permanent ...		BA	*	*	*	*
Spending authority from offsetting collections .....		BA	*	*	*	*
Outlays .....		O	2	2	2	2
Outlays from trust funds ....		O	(2)	(2)	(2)	(2)

Japan-United States friendship trust fund (gross) ...		BA	2	2	2	2
		O	2	2	2	2

Total, offsetting collections			- *	- *	- *	- *
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Total Japan-United States friendship trust fund (net) .....		BA	1	1	1	1
		O	2	2	2	2

**JFK Assassination Records Review Board**

*Federal funds*

**General and Special Funds:**

John F. Kennedy assassination records review board:

Appropriation, current .....	808	BA		2	2	2
Outlays .....		O		2	2	2

**Joint Federal-State Commission on Policies and Programs Affecting Alaska Natives**

*Federal funds*

**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			- *			
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Total Salaries and expenses (net) .....		BA				
		O	*			

*Trust funds*

Joint Federal-State Commission on Policies and Programs Affecting Alaska Natives Trust Fund:

Outlays .....	452	O	*	*		
Outlays from trust funds ....		O	(*)	(*)		

**Legal Services Corporation**

*Federal funds*

**General and Special Funds:**

Payment to the Legal Services Corporation:

Appropriation, current .....	752	BA	401	415	440	427
Outlays .....		O	375	377	436	429

**Marine Mammal Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, current .....	302	BA	1	1	1	1
Outlays .....		O	1	1	1	1

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Martin Luther King, Jr. Federal Holiday Commission</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	808 BA	*	*	*	*
Outlays .....	O	*	*	*	*

<b>Merit Systems Protection Board</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	805 BA	25	25	25	24
Spending authority from offsetting collections .....	BA	2	2	2	2
Outlays .....	O	27	25	26	26
Salaries and expenses (gross) .....	BA	27	27	27	26
	O	27	25	26	26
Total, offsetting collections		—2	—2	—2	—2
Total Salaries and expenses (net) .....	BA	25	25	25	24
	O	25	23	24	23

### Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Payment to the Morris K Udall scholarship and excellence in national environment:					
Appropriation, current .....	502 BA	10			
Outlays .....	O	10			
<i>Trust funds</i>					
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation:					
Appropriation, permanent ...	502 BA	1	1	1	
Outlays .....	O	*	1	1	
Outlays from trust funds ....	O	(*)	(1)	(1)	

#### Summary

<b>Federal funds:</b>					
(As shown in detail above) .....	BA	10			
	O	10			
<b>Trust funds:</b>					
(As shown in detail above) .....	BA	1	1	1	
	O	*	1	1	
Interfund transactions .....	502 BA/O	—10			
Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation .....	BA	1	1	1	
	O	*	1	1	

### National Advisory Council on the Public Service

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
National Advisory Council on the Public Service:					
Outlays .....	805 O	*	*		

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>National Afro-American History and Culture Commission</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
National Center for the Study of Afro-American History and Culture:					
Outlays .....	503 O	*	*		

<b>National Archives and Records Administration</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Operating expenses:					
Appropriation, current .....	804 BA	192	192	191	186
Reappropriation .....	BA		*		
Spending authority from offsetting collections .....	BA	35	25	23	22
Outlays .....	O	295	211	209	202
Operating expenses (gross) .....	BA	227	217	215	207
	O	295	211	209	202
Total, offsetting collections		—35	—25	—23	—22
Total Operating expenses (net) .....	BA	192	192	191	186
	O	260	186	186	180

<b>National historical publications and records commission:</b>					
Appropriation, current .....	804 BA		9	4	4
Outlays .....	O		9	4	4

<i>Trust funds</i>					
<b>National archives gift fund:</b>					
Appropriation, permanent ...	804 BA	*	*	*	*
Outlays .....	O	1	*	*	*
<b>National archives trust fund:</b>					
Spending authority from offsetting collections .....	804 BA	16	11	11	11
Outlays .....	O	15	11	10	10
National archives trust fund (gross) .....	BA	16	11	11	11
	O	15	11	10	10
Total, offsetting collections		—16	—11	—11	—11
Total National archives trust fund (net) .....	BA				
	O	—*	—*	—1	—1
Total Federal funds National Archives and Records Administration ..	BA	192	201	195	189
	O	260	195	190	184
Total Trust funds National Archives and Records Administration .....	BA	*	*	*	*
	O	*	*	—*	—*

### National Bankruptcy Review Commission

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	752 BA		A 2		
Outlays .....	O		A *	A 1	A *

### National Capital Planning Commission

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	451 BA	6	6	6	6
Outlays .....	O	5	5	5	6

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>National Commission on American Indian, Alaska Native, and Native Hawaiian Housing</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Outlays .....	604 O	*		
<b>National Commission on Cost of Higher Education</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Outlays .....	502 O		1	*
<b>National Commission on Financial Institutions Reform, Recovery, and Enforcement</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Outlays .....	373 O	*		
<b>National Commission on Independent Higher Education</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Outlays .....	502 O		1	*
<b>National Commission on Libraries and Information Science</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Appropriation, current .....	503 BA	1	1	1
Spending authority from offsetting collections .....	BA	*	*	*
Outlays .....	O	1	2	1
Salaries and expenses (gross) .....	BA	1	1	1
	O	1	2	1
Total, offsetting collections .....		— *	— *	— *
Total Salaries and expenses (net) .....	BA	1	1	1
	O	1	1	1
<b>White House conference on library and information services:</b>				
Outlays .....	503 O	*		
<i>Trust funds</i>				
<b>Contributions:</b>				
Appropriation, permanent ...	503 BA	*		
Outlays .....	O	*		
Total Federal funds National Commission on Libraries and Information Science .....	BA	1	1	1
	O	1	1	1
Total Trust funds National Commission on Libraries and Information Science .....	BA	*		
	O	*		

Account	1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>National Commission on Responsibilities for Financing Postsecondary Education</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
National Commission on Responsibilities for Financing Postsecondary Education:				
Outlays .....	502 O	*	*	
<b>National Commission on Severely Distressed Public Housing</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Outlays .....	604 O	*	*	
<b>National Council on Disability</b>				
<i>Federal funds</i>				
<b>General and Special Funds:</b>				
Salaries and expenses:				
Appropriation, current .....	506 BA	2	2	2
Outlays .....	O	1	2	2
<i>Trust funds</i>				
Gifts and donations:				
Outlays .....	506 O	*	*	
<b>National Credit Union Administration</b>				
<i>Federal funds</i>				
<b>Public Enterprise Funds:</b>				
<b>Operating fund:</b>				
Spending authority from offsetting collections .....	373 BA	87	84	95
Outlays .....	O	81	87	91
Operating fund (gross) .....	BA	87	84	95
	O	81	87	91
Total, offsetting collections .....		— 87	— 84	— 95
Total Operating fund (net) .....	BA	— 5	3	— 4
	O			3
<b>Credit union share insurance fund:</b>				
Spending authority from offsetting collections .....	373 BA	376	393	428
Outlays .....	O	94	96	104
Credit union share insurance fund (gross) .....	BA	376	393	428
	O	94	96	104
Total, offsetting collections .....		— 376	— 393	— 428
Total Credit union share insurance fund (net) .....	BA	— 282	— 297	— 324
	O			— 347
<b>Central liquidity facility:</b>				
Spending authority from offsetting collections .....	373 BA	158	179	174
Outlays .....	O	158	179	174
Limitation on administrative expenses .....		(1)	(1)	(1)
Limitation on direct loan obligations .....		(600)	(600)	(600)
Central liquidity facility (gross) .....	BA	158	179	174
	O	158	179	174

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Total, offsetting collections		— 158	— 179	— 174	— 165
Total Central liquidity facility (net)	BA O				
Community development credit union revolving loan fund:					
Spending authority from offsetting collections	373 BA	2	2	2	2
Outlays	O	2	2	2	2
Community development credit union revolving loan fund (gross)	BA O	2 2	2 2	2 2	2 2
Total, offsetting collections		— 2	— 2	— 2	— 2
Total Community development credit union revolving loan fund (net)	BA O	1 — *	— *	— *	— *
Total Federal funds National Credit Union Administration	BA O	— 287	— 294	— 328	— 344

#### National Education Goals Panel

##### Federal funds

##### General and Special Funds:

National education goals panel:					
Appropriation, current	503 BA	3		3	3
Outlays	O	*	1	3	2

#### National Education Standards and Improvement Council

##### Federal funds

##### General and Special Funds:

National education standards and improvement council:					
Appropriation, current	503 BA	2		3	3
Outlays	O		1	2	3

#### National Endowment for the Arts

##### Federal funds

##### General and Special Funds:

National endowment for the arts: Grants and administration:					
Appropriation, current	503 BA	170	167	172	167
Spending authority from offsetting collections	BA	1	1	1	*
Outlays	O	176	172	173	173
National endowment for the arts (gross)	BA O	171 176	168 172	173 173	168 173
Total, offsetting collections		— 1	— 1	— 1	— *
Total National endowment for the arts (net)	BA O	170 175	167 171	172 172	167 173

##### Trust funds

Gifts and donations (arts):					
Appropriation, permanent	503 BA	1	1	1	1
Outlays	O	1	*	1	1
Outlays from trust funds	O	(1)	(*)	(1)	(1)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>National Endowment for the Humanities</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
National endowment for the humanities: Grants and administration:					
Appropriation, current	503 BA	177	177	182	177
Spending authority from offsetting collections	BA	1	1	1	1
Outlays	O	179	186	184	183
National endowment for the humanities (gross)	BA O	179 179	178 186	183 184	177 183
Total, offsetting collections		— 1	— 1	— 1	— 1
Total National endowment for the humanities (net)	BA O	177 178	177 185	182 183	177 182
<i>Trust funds</i>					
Gifts and donations (humanities):					
Appropriation, permanent	503 BA	*	*	*	*
Outlays	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)

#### Institute of Museum Services

##### Federal funds

##### General and Special Funds:

Institute of Museum Services: Grants and administration:					
Appropriation, current	503 BA	29	29	30	29
Outlays	O	18	46	29	29

##### Trust funds

Gifts and donations:					
Appropriation, permanent	503 BA	*	*	*	*
Outlays	O	*	*	*	*
Outlays from trust funds	O	(*)	(*)	(*)	(*)

#### National Labor Relations Board

##### Federal funds

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current	505 BA	171	176	181	176
Spending authority from offsetting collections	BA	*	*	*	*
Outlays	O	173	176	181	176
Salaries and expenses (gross)	BA O	171 173	176 176	181 181	176 176
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and expenses (net)	BA O	171 173	176 176	181 181	176 176

#### National Mediation Board

##### Federal funds

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current	505 BA	9	9	9	9
Outlays	O	8	8	8	8

#### National Science Foundation

##### Federal funds

##### General and Special Funds:

Research and related activities (Defense-related activities):					
Appropriation, current	054 BA	63	63	63	63



**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
(Outlays) .....	O	46	83	66	61	Outlays from trust funds ....	O	(42)	(45)	(38)	.....
(General science and basic research):						Total Federal funds National Science Foundation .....	BA	3,018	3,229	3,360	3,259
(Appropriation, current) .....	251 BA	2,153	2,182	2,391	2,318		O	2,600	2,815	3,104	3,234
(Spending authority from offsetting collections) .....	BA	154	175	175	175	Total Trust funds National Science Foundation .....	BA	37	31	38	40
(Outlays) .....	O	2,102	2,111	2,341	2,439		O	42	45	38	40
Research and related activities (gross) .....	BA	2,370	2,420	2,629	2,555	<b>National Transportation Safety Board</b>					
	O	2,148	2,194	2,407	2,500	<i>Federal funds</i>					
Total, offsetting collections		— 154	— 175	— 175	— 175	<b>General and Special Funds:</b>					
Total (General science and basic research) (net) .....	BA	2,153	2,182	2,391	2,318	Salaries and expenses:					
	O	1,948	1,936	2,166	2,264	Appropriation, current .....	407 BA	37	37	39	38
Total Research and related activities .....	BA	2,216	2,245	2,454	2,380	Outlays .....	O	37	37	39	38
	O	1,994	2,019	2,232	2,325	Emergency fund:					
Academic research infrastructure:						Appropriation, current .....	407 BA	.....	*	.....	.....
Appropriation, current .....	251 BA	105	250	100	97	Total Federal funds National Transportation Safety Board .....	BA	37	37	39	38
Outlays .....	O	31	<sup>H</sup> — 132	151	153		O	37	37	39	38
			<sup>H</sup> — 40	<sup>H</sup> — 40	<sup>H</sup> — 53	<b>Neighborhood Reinvestment Corporation</b>					
Total Academic research infrastructure .....	BA	105	118	100	97	<i>Federal funds</i>					
	O	31	116	112	100	<b>General and Special Funds:</b>					
Major research equipment:						Payment to the Neighborhood Reinvestment Corporation:					
Appropriation, current .....	251 BA	.....	126	70	68	Appropriation, current .....	451 BA	32	39	55	53
Outlays .....	O	.....	13	57	85	Outlays .....	O	34	39	55	53
Salaries and expenses:						<b>Nuclear Regulatory Commission</b>					
Appropriation, current .....	251 BA	118	124	127	123	<i>Federal funds</i>					
Spending authority from offsetting collections .....	BA	3	5	5	.....	<b>General and Special Funds:</b>					
Outlays .....	O	119	133	132	124	Salaries and expenses:					
Salaries and expenses (gross) .....	BA	122	129	132	123	Appropriation, current .....	276 BA	530	521	520	504
	O	119	133	132	124	Spending authority from offsetting collections .....	BA	3	13	13	14
Total, offsetting collections		— 3	— 5	— 5	.....	Outlays .....	O	544	548	534	522
Total Salaries and expenses (net) .....	BA	118	124	127	123	Outlays from special funds	O	(517)	(521)	(520)	(504)
	O	115	128	127	124	Salaries and expenses (gross) .....	BA	533	534	534	518
National Science Foundation Headquarters Relocation:							O	544	548	534	522
Appropriation, current .....	251 BA	5	5	5	5	Total, offsetting collections		— 3	— 13	— 13	— 14
Outlays .....	O	5	5	5	5	Total Salaries and expenses (net) .....	BA	530	521	520	504
Office of the Inspector General:							O	541	535	520	508
Appropriation, current .....	251 BA	4	4	4	4	Office of Inspector General:					
Outlays .....	O	4	4	4	4	Appropriation, current .....	276 BA	5	5	6	5
Education and human resources:						Spending authority from offsetting collections .....	BA	*	.....	.....	.....
Appropriation, current .....	251 BA	570	606	599	581	Outlays .....	O	4	5	5	5
Spending authority from offsetting collections .....	BA	10	16	16	16	Outlays from special funds	O	(4)	(5)	(5)	(6)
Outlays .....	O	461	546	582	607	Office of Inspector General (gross) .....	BA	5	5	6	5
Education and human resources (gross) .....	BA	580	622	615	597		O	4	5	5	5
	O	461	546	582	607	Total, offsetting collections		— *	.....	.....	.....
Total, offsetting collections		— 10	— 16	— 16	— 16	Total Office of Inspector General (net) .....	BA	5	5	6	5
Total Education and human resources (net) .....	BA	570	606	599	581		O	4	5	5	5
	O	450	530	566	591	<b>Trust funds</b>					
Donations:						Appropriation, permanent ...	251 BA	37	31	38	40
Appropriation, permanent ...	251 BA	37	31	38	40	Outlays .....	O	42	45	38	40
Outlays .....	O	42	45	38	40						

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....	BA	535	526	526	510
	O	545	540	526	514
Deductions for offsetting receipts:					
Offsetting governmental re-					
ceipts .....	276 BA/O	— 500	— 504	— 504	— 488
Total Nuclear Regulatory					
Commission .....	BA	35	22	22	22
	O	46	37	22	26

#### Nuclear Waste Technical Review Board

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	271 BA	2	3	3	3
Outlays .....	O	3	3	3	3
Outlays from special funds	O	(2)	(3)	(3)	

#### Occupational Safety and Health Review Commission

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	554 BA	7	8	8	8
Outlays .....	O	8	8	8	8

#### Office of Government Ethics

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	805 BA	8	8	8	8
Reappropriation .....	BA	*	*	*	*
Spending authority from					
offsetting collections .....	BA	*	*	*	*
Outlays .....	O	8	10	8	8
Salaries and expenses					
(gross) .....	BA	8	9	8	8
	O	8	10	8	8
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex-					
penses (net) .....	BA	8	9	8	8
	O	7	10	8	8

#### Office of Navajo and Hopi Indian Relocation

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	808 BA	27	25	26	26
Outlays .....	O	30	31	26	27

#### Office of Special Counsel

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	808 BA	8	8	9	8
Reappropriation .....	BA	*	*	*	*
Outlays .....	O	8	8	8	8
Total Salaries and ex-					
penses .....	BA	8	8	9	8
	O	8	8	8	8

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Office of the Nuclear Waste Negotiator</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	271 BA	1	1		
Outlays .....	O	1	1		
Outlays from special funds	O	(1)	(1)		

#### Ounce of Prevention Council

*Federal funds*

##### General and Special Funds:

Ounce of prevention council:					
Appropriation, current .....	754 BA		2	15	
Outlays .....	O		1	5	

#### Panama Canal Commission

*Federal funds*

##### Public Enterprise Funds:

Panama Canal revolving fund:					
Spending authority from					
offsetting collections .....	403 BA	565	577	588	592
Outlays .....	O	541	564	576	592
Limitation on administrative					
expenses .....		(48)	(50)	(51)	(52)
Limitation on program level					
(obligations) .....		(540)	(540)		
Panama Canal revolving					
fund (gross) .....	BA	565	577	588	592
	O	541	564	576	592
Total, offsetting collections		— 565	— 577	— 588	— 592
Total Panama Canal re-					
volving fund (net) .....	BA				
	O	— 23	— 13	— 12	— 1

#### Pennsylvania Avenue Development Corporation

*Federal funds*

##### General and Special Funds:

Salaries and expenses:					
Appropriation, current .....	451 BA	3	3	3	3
Outlays .....	O	3	3	3	3
Public development:					
Appropriation, current .....	451 BA	5	4	2	2
Outlays .....	O	103	208	183	58
Public Enterprise Funds:					
Land acquisition and development fund:					
Authority to borrow, current	451 BA	7		1	
Spending authority from					
offsetting collections .....	BA	5	6	6	8
Outlays .....	O	13	6	7	8
Land acquisition and devel-					
opment fund (gross) .....	BA	12	6	7	8
	O	13	6	7	8
Total, offsetting collections		— 5	— 6	— 6	— 8
Total Land acquisition and					
development fund (net) .	BA	7		1	
	O	9		1	

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<i>Trust funds</i>						<i>Trust funds</i>					
Gifts and donations:						Railroad unemployment insurance trust fund:					
Outlays .....	451 O	*	*			Appropriation, current .....	603 BA	17	17	18	17
Total Federal funds Penn-						Appropriation, permanent ...	BA	66	70	69	68
sylvaniana Avenue Devel-						Outlays .....	O	83	87	86	85
opment Corporation .....	BA	14	7	7	6	Outlays from trust funds ....	O	(83)	(87)	(88)	(68)
	O	114	211	187	61	Limitation on administrative		(17)	(17)	(18)	
						expenses .....					
Total Trust funds Penn-						Total Railroad unemploy-					
sylvaniana Avenue Devel-						ment insurance trust	BA	83	87	86	85
opment Corporation .....	O	*	*			fund .....	O	83	87	86	85
<b>Postal Service—Payments to the Postal Service</b>						Rail Industry Pension Fund:					
<i>Federal funds</i>						Appropriation, permanent ...	601 BA	2,948	2,959	2,981	3,009
<b>General and Special Funds:</b>						Spending authority from					
Payment to the Postal Service fund:						offsetting collections .....	BA	4	4	4	4
Appropriation, current .....	372 BA	91	92	109	88	Outlays .....	O	2,946	2,960	2,982	3,010
Outlays .....	O	91	92	109	88	Outlays from trust funds ....	O	(2,866)	(2,876)	(2,897)	(2,926)
Payment to the Postal Service fund for nonfunded liabilities:						Limitation on administration		(73)	(74)	(75)	(73)
Appropriation, current .....	372 BA	39	38	37	36	Limitation on the Office of		(7)	(7)	(7)	(6)
Outlays .....	O	39	38	37	36	Inspector General .....					
Total Federal funds Postal						Rail Industry Pension Fund					
Service—Payments to the						(gross) .....	BA	2,952	2,963	2,985	3,013
Postal Service .....	BA	130	130	146	124		O	2,946	2,960	2,982	3,010
	O	130	130	146	124	Total, offsetting collections		— 4	— 4	— 4	— 4
						Total Rail Industry Pension					
<b>Postal Service</b>						Fund (net) .....	BA	2,948	2,959	2,981	3,009
<i>Federal funds</i>							O	2,942	2,957	2,979	3,006
<b>Public Enterprise Funds:</b>						Supplemental Annuity Pension Fund:					
Postal Service fund:						Appropriation, permanent ...	601 BA	88	91	87	83
Authority to borrow, perma-						Outlays .....	O	95	91	87	83
nent .....	372 BA	2,732	3,958	4,336	1,739	Outlays from trust funds ....	O	(95)	(91)	(87)	
Spending authority from						Railroad social security equivalent benefit account:					
offsetting collections .....	BA	49,856	54,080	56,281	57,800	Appropriation, permanent ...	601 BA	7,984	8,248	8,399	8,546
Outlays .....	O	50,959	54,791	56,906	58,157	Outlays .....	O	7,917	8,148	8,347	8,478
Postal Service fund (gross)	BA	52,589	58,038	60,617	59,539	Outlays from trust funds ....	O	(7,917)	(8,148)	(8,347)	(8,478)
	O	50,959	54,791	56,906	58,157						
Total, offsetting collections		— 49,856	— 54,080	— 56,281	— 57,800	<b>Summary</b>					
Total Postal Service fund						Federal funds:					
(net) .....	BA	2,732	3,958	4,336	1,739	(As shown in detail above) .....	BA	3,740	3,594	3,663	3,718
	O	1,103	712	625	357		O	3,732	3,594	3,663	3,718
						Trust funds:					
<b>Railroad Retirement Board</b>						(As shown in detail above) .....	BA	11,104	11,385	11,553	11,722
<i>Federal funds</i>							O	11,037	11,283	11,499	11,652
<b>General and Special Funds:</b>						Deductions for offsetting receipts:					
Federal windfall subsidy:						Intrafund transactions .....	601 BA/O	— 3,526	— 3,716	— 3,807	— 3,837
Appropriation, current .....	601 BA	277	261	240	224	Total Trust funds .....	BA	7,579	7,669	7,746	7,885
Outlays .....	O	269	261	240	224		O	7,511	7,567	7,692	7,815
Federal payments to the railroad retirement accounts:						Interfund transactions .....	601 BA/O	— 6,380	— 6,355	— 6,535	— 6,661
Appropriation, current .....	601 BA	*	*	*	*	Total Railroad Retirement					
Appropriation, permanent ...	BA	3,459	3,331	3,422	3,494	Board .....	BA	4,938	4,908	4,875	4,943
Outlays .....	O	3,459	3,331	3,423	3,494		O	4,863	4,806	4,821	4,872
Total Federal payments to						<b>Resolution Trust Corporation</b>					
the railroad retirement						<i>Federal funds</i>					
accounts .....	BA	3,460	3,331	3,423	3,494	<b>General and Special Funds:</b>					
	O	3,459	3,331	3,423	3,494	Office of Inspector General:					
Special management improvement fund:						Appropriation, current .....	373 BA	34	32	11	
Appropriation, current .....	601 BA	3	2	1		Outlays .....	O	31	29	14	
Outlays .....	O	3	2	1		<b>Public Enterprise Funds:</b>					
Regional rail transportation protective account:						RTC revolving fund:					
Outlays .....	603 O	*				Appropriation, permanent ...	373 BA	18,315			
						Spending authority from					
						offsetting collections .....	BA	14,093	11,204	1,002	

### Other Independent Agencies—Continued

(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Outlays .....	O	18,200	4,421	298	.....
RTC revolving fund (gross)	BA	<b>32,408</b>	<b>11,204</b>	<b>1,002</b>	.....
	O	18,200	4,421	298	.....
Total, offsetting collections		— 14,093	— 11,204	— 1,958	.....
Total RTC revolving fund (net) .....	BA	<b>18,315</b>	.....	<b>— 957</b>	.....
	O	4,107	— 6,783	— 1,660	.....
Total Federal funds Reso- lution Trust Corporation .	BA	<b>18,349</b>	<b>32</b>	<b>— 945</b>	.....
	O	4,138	— 6,753	— 1,646	.....

### Securities and Exchange Commission

#### Federal funds

#### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	376 BA	58	75	343	343
				<i>J</i> — 343	<i>J</i> — 343
Appropriation, permanent ...	BA			<i>B</i> 251	<i>B</i> 263
Spending authority from offsetting collections .....	BA	191	194	1	1
				<i>J</i> 92	<i>J</i> 80
Outlays .....	O	259	289	331	341
				<i>B</i> 216	<i>B</i> 259
				<i>J</i> — 216	<i>J</i> — 259
Outlays from special funds	O			<i>B</i> (216)	<i>B</i> (259)
Salaries and expenses (gross) .....	BA	<b>249</b>	<b>268</b>	<b>344</b>	<b>344</b>
	O	259	289	331	341
Total, offsetting collections		— 191	— 194	— 1	— 1
				<i>J</i> — 92	<i>J</i> — 80
Total Salaries and ex- penses (net) .....	BA	<b>58</b>	<b>75</b>	<b>251</b>	<b>263</b>
	O	68	95	238	259

### Selective Service System

#### Federal funds

#### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	054 BA	25	23	23	23
Spending authority from offsetting collections .....	BA	*	*	*	*
Outlays .....	O	22	22	22	22
Salaries and expenses (gross) .....	BA	<b>25</b>	<b>23</b>	<b>23</b>	<b>23</b>
	O	22	22	22	22
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex- penses (net) .....	BA	<b>25</b>	<b>23</b>	<b>23</b>	<b>23</b>
	O	22	22	22	22

### Smithsonian Institution

#### Federal funds

#### General and Special Funds:

##### Salaries and expenses:

Appropriation, current .....	503 BA	302	314	330	320
Spending authority from offsetting collections .....	BA	*	*	*	*

Outlays .....	O	300	311	339	320
Salaries and expenses (gross) .....	BA	<b>303</b>	<b>314</b>	<b>330</b>	<b>320</b>
	O	300	311	339	320
Total, offsetting collections		— *	— *	— *	— *
Total Salaries and ex- penses (net) .....	BA	<b>302</b>	<b>314</b>	<b>330</b>	<b>320</b>
	O	300	311	339	320
Museum programs and related research (special foreign currency program):					
Outlays .....	503 O	3	1	1	1
Construction and improvements, National Zoological Park:					
Appropriation, current .....	503 BA	5	4	5	5
Outlays .....	O	6	4	6	7
Repair and restoration of buildings:					
Appropriation, current .....	503 BA	24	24	34	33
Outlays .....	O	21	16	31	38
Construction:					
Appropriation, current .....	503 BA	10	29	39	38
Outlays .....	O	8	19	36	43
Operations and maintenance, JFK center for the performing arts:					
Appropriation, current .....	503 BA	8	10	10	10
Outlays .....	O	8	8	10	10
Construction, JFK center for the performing arts:					
Appropriation, current .....	503 BA	13	9	9	9
Outlays .....	O	13	18	24	6
Salaries and expenses, National Gallery of Art:					
Appropriation, current .....	503 BA	52	53	55	53
Outlays .....	O	53	53	54	53
Repair, restoration, and renovation of buildings:					
Appropriation, current .....	503 BA	3	4	10	10
Outlays .....	O	3	4	7	11
Salaries and expenses, Woodrow Wilson International Center for Scholars:					
Appropriation, current .....	503 BA	6	10	10	10
Outlays .....	O	6	8	10	10
<i>Trust funds</i>					
Canal Zone biological area fund:					
Appropriation, permanent ...	503 BA	*	*	*	*
Outlays .....	O	*	*	*	*
Outlays from trust funds ....	O	(*)	(*)	(*)	(*)

### Summary

#### Federal funds:

(As shown in detail above) .....	BA	<b>424</b>	<b>458</b>	<b>501</b>	<b>487</b>
	O	422	443	519	498
Trust funds:					
(As shown in detail above) .....	BA	*	*	*	*
	O	*	*	*	*
Interfund transactions .....	803 BA/O	.....	— *	— *	— *
Total Smithsonian Institu- tion .....	BA	<b>424</b>	<b>458</b>	<b>501</b>	<b>487</b>
	O	422	443	519	499

### State Justice Institute

#### Federal funds

#### General and Special Funds:

##### State Justice Institute: Salaries and expenses:

Appropriation, current .....	752 BA	14	14	7	7
Outlays .....	O	12	14	12	7
Violent crime reduction programs:					
Appropriation, current .....	754 BA	.....	.....	1	.....
Outlays .....	O	.....	.....	1	.....
Total Federal funds State Justice Institute .....	BA	<b>14</b>	<b>14</b>	<b>8</b>	<b>7</b>
	O	12	14	13	7

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Susquehanna River Basin Commission</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
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	1
	O	1	1	1	1

<b>Tennessee Valley Authority</b>					
<i>Federal funds</i>					
<b>Public Enterprise Funds:</b>					
Tennessee Valley Authority fund (Energy supply):					
(Authority to borrow, permanent) .....	271 BA	1,053	1,053	611	517
(Spending authority from offsetting collections) .....	BA	6,020	5,722	5,714	5,859
(Outlays) .....	O	7,019	6,657	6,235	5,984
Tennessee Valley Authority fund (gross) .....	BA	7,073	6,775	6,325	6,376
	O	7,019	6,657	6,235	5,984
Total, offsetting collections		— 5,978	— 5,594	— 5,692	— 5,848
Total (Energy supply) (net)	BA	1,094	1,181	633	528
	O	1,040	1,063	543	136
(Area and regional development):					
(Appropriation, current) .....	452 BA	140	143	140	136
(Spending authority from offsetting collections) .....	BA	79	65	64	65
(Outlays) .....	O	249	216	235	204
Tennessee Valley Authority fund (gross) .....	BA	1,314	1,389	837	730
	O	1,290	1,279	777	340
Total, offsetting collections		— 79	— 65	— 64	— 65
Total (Area and regional development) (net) .....	BA	140	143	140	136
	O	170	151	171	139
Total Tennessee Valley Authority fund .....	BA	1,235	1,324	773	664
	O	1,210	1,214	714	275
Total Federal funds Tennessee Valley Authority ..	BA	1,235	1,324	773	664
	O	1,210	1,214	714	275

**Thomas Jefferson Commemoration Commission**

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	808 BA	*	*	*	*
Outlays .....	O	*	*	*	*

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>United Mine Workers of America Benefit Funds</b>					
<i>Trust funds</i>					
United mine workers of America combined benefit fund:					
Appropriation, permanent ...	551 BA	275	341	333	326
Outlays .....	O	275	341	333	326
Outlays from trust funds ....	O	(275)	(341)	(333)	(326)
United mine workers of America 1992 benefit plan:					
Appropriation, permanent ...	551 BA	11	10	11	11
Outlays .....	O	11	10	11	11
Outlays from trust funds ....	O	(11)	(10)	(11)	(11)

<b>Summary</b>					
Trust funds:					
(As shown in detail above) .....	BA	286	351	344	337
	O	286	351	344	337
Interfund transactions .....	551 BA/O			— 70	— 70
Total United Mine Workers of America Benefit Funds .....	BA	286	351	274	267
	O	286	351	274	267

<b>United States Enrichment Corporation Fund</b>					
<i>Federal funds</i>					
<b>Public Enterprise Funds:</b>					
United States Enrichment Corporation Fund:					
Spending authority from offsetting collections .....	271 BA	1,325	1,582	1,511	1,398
					<sup>B</sup> 74
Outlays .....	O	1,181	1,269	1,328	1,310
				<sup>B</sup> 150	<sup>B</sup> 82
United States Enrichment Corporation Fund (gross) .....	BA	1,325	1,582	1,511	1,472
	O	1,181	1,269	1,478	1,392
Total, offsetting collections		— 1,325	— 1,582	— 1,511	— 1,398
					<sup>B</sup> — 74
Total United States Enrichment Corporation Fund (net) .....	BA	— 144	— 313	— 33	— 80
	O				

**United States Holocaust Memorial Council**

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Holocaust Memorial Council:					
Appropriation, current .....	808 BA	22	27	29	28
Outlays .....	O	17	26	28	27

**United States Information Agency**

<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Salaries and expenses:					
Appropriation, current .....	154 BA	731	476	496	481
Spending authority from offsetting collections .....	BA	15	10	10	10
Outlays .....	O	746	527	506	494
Salaries and expenses (gross) .....	BA	746	486	506	492
	O	746	527	506	494
Total, offsetting collections		— 15	— 10	— 10	— 10
Total Salaries and expenses (net) .....	BA	731	476	496	481
	O	731	516	495	483

## (In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Technology fund:					
Appropriation, current .....	154 BA			10	10
Outlays .....	O			8	10
Radio Free Asia:					
Appropriation, current .....	154 BA		10		
Outlays .....	O		10		
Office of the Inspector General:					
Appropriation, current .....	154 BA	4	4	5	4
Outlays .....	O	4	4	5	4
Educational and cultural exchange programs:					
Appropriation, current .....	154 BA	367	280	253	245
Spending authority from offsetting collections .....	BA	21	19	19	19
Outlays .....	O	259	329	294	252
Educational and cultural exchange programs (gross) .....					
	BA	388	299	271	264
	O	259	329	294	252
Total, offsetting collections .....					
		-21	-19	-19	-19
Total Educational and cultural exchange programs (net) .....					
	BA	367	280	253	245
	O	238	311	275	233
National Endowment for Democracy:					
Appropriation, current .....	154 BA	35	34	34	33
Outlays .....	O	31	35	34	34
Broadcasting to Cuba:					
Appropriation, current .....	154 BA	21	25		
Outlays .....	O	27	27	5	
East West Center:					
Appropriation, current .....	154 BA	26	24	20	19
Outlays .....	O	26	25	20	19
North/South Center:					
Appropriation, current .....	154 BA	8	4	1	1
Outlays .....	O	3	12	4	1
Russian far east technical assistance center:					
Outlays .....	154 O	1	1		
Radio construction:					
Appropriation, current .....	154 BA	75	85	86	83
Outlays .....	O	103	87	83	84
Payment to the Eisenhower Exchange Fellowship Program Trust Fund:					
Appropriation, current .....	154 BA		2		
Outlays .....	O		2		
International broadcasting operations:					
Appropriation, current .....	154 BA		238	395	383
Spending authority from offsetting collections .....	BA		1	15	1
Outlays .....	O		201	417	387
International broadcasting operations (gross) .....					
	BA		239	410	384
	O		201	417	387
Total, offsetting collections .....					
			-1	-15	-1
Total International broadcasting operations (net) .					
	BA		238	395	383
	O		200	403	386
Trust funds					
American studies endowment fund:					
Appropriation, current .....	154 BA		2		
Outlays .....	O		1	1	
Outlays from trust funds .....	O		(1)	(1)	
Eisenhower exchange fellowship program trust fund:					
Appropriation, current .....	154 BA	1	*	*	*
Outlays .....	O	*	1	*	*
Outlays from trust funds .....	O	(*)	(1)	(*)	

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Eastern europe student exchange endowment fund:					
Outlays .....	154 O	*	1		
Israeli Arab scholarship program:					
Appropriation, current .....	154 BA	*	*	*	*
Outlays .....	O	*	1	*	*
Outlays from trust funds .....	O	(*)	(1)	(*)	(*)
Foreign service national separation liability trust fund:					
Appropriation, permanent ...	602 BA	6	2	2	2
Outlays .....	O	3	2	2	2
Outlays from trust funds .....	O	(3)	(2)	(2)	(2)
Miscellaneous trust funds:					
Appropriation, permanent ...	154 BA	1	2	2	2
Outlays .....	O	1	2	2	2
Outlays from trust funds .....	O	(1)	(2)	(2)	(2)
Summary					
Federal funds:					
(As shown in detail above) .....	BA	1,267	1,184	1,300	1,261
	O	1,165	1,230	1,332	1,255
Trust funds:					
(As shown in detail above) .....	BA	8	6	4	4
	O	6	6	5	4
Deductions for offsetting receipts:					
Proprietary receipts from the public .....	154 BA/O	- *	- *	- *	- *
Total Trust funds .....					
	BA	8	6	4	4
	O	6	6	5	4
Interfund transactions .....					
	154 BA/O	-6	-2	-2	-2
	602 BA/O				
Total United States Information Agency .....					
	BA	1,270	1,186	1,302	1,263
	O	1,165	1,233	1,335	1,257
United States Institute of Peace					
Federal funds					
General and Special Funds:					
Operating expenses:					
Appropriation, current .....	153 BA	11	12	12	11
Outlays .....	O	11	12	12	11
Washington Metropolitan Area Transit Authority					
Federal funds					
General and Special Funds:					
Interest payments:					
Appropriation, current .....	401 BA	52	6		
Outlays .....	O	45	13		
Interest payments (gross) ..					
	BA	52	6		
	O	45	13		
Total, offsetting collections .....					
		-59			
Total Interest payments (net) .....					
	BA	-7	6		
	O	-14	13		
Summary					
On-Budget					
Federal funds:					
(As shown in detail above) .....	BA	40,332	23,784	15,759	16,287
	O	9,668	7,192	13,058	17,179

**Other Independent Agencies—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Deductions for offsetting receipts:						Interfund transactions .....	154 BA/O		— 2		
Proprietary receipts from the public .....	155 BA/O	— 87	— 123	— 90	— 129	452 BA/O		— 2	— 2	— 2	— 2
376 BA/O		— 43	— 42	— 44	— 45	502 BA/O			— 10		
403 BA/O		— *	— *			506 BA/O		— 99	— 146	— 189	— 189
803 BA/O		— 32	— 39	— 42	— 44	551 BA/O				— 70	— 70
806 BA/O		— 12	— 12	— 12	— 12	601 BA/O		— 6,380	— 6,355	— 6,535	— 6,661
Offsetting governmental receipts .....	276 BA/O	— 500	— 504	— 504	— 488	602 BA/O		— 6	— 2	— 2	— 2
453 BA/O		— 16	— 12	— 12	— 12	803 BA/O			— *	— *	— *
Total Federal funds .....	BA	<b>39,642</b>	<b>23,052</b>	<b>15,055</b>	<b>15,556</b>	Total Other Independent Agencies (on-budget) ....	BA	<b>41,188</b>	<b>24,769</b>	<b>16,628</b>	<b>17,140</b>
	O	8,979	6,461	12,354	16,448		O	10,356	7,934	13,702	17,838
Trust funds:											
(As shown in detail above) .....	BA	<b>11,559</b>	<b>11,957</b>	<b>12,186</b>	<b>12,353</b>	Off-Budget					
	O	11,390	11,714	11,960	12,158	Federal funds:					
Deductions for offsetting receipts:						(As shown in detail above) .....	BA	<b>2,732</b>	<b>3,958</b>	<b>4,336</b>	<b>1,739</b>
Intrafund transactions .....	601 BA/O	— 3,526	— 3,716	— 3,807	— 3,837		O	1,103	712	625	357
Proprietary receipts from the public .....	154 BA/O	— *	— *	— *	— *	Total Other Independent Agencies (off-budget) ....	BA	<b>2,732</b>	<b>3,958</b>	<b>4,336</b>	<b>1,739</b>
351 BA/O			— 5	— 5	— 6		O	1,103	712	625	357
452 BA/O		— 2	— 2	— 2	— 2	Total Other Independent Agencies .....	BA	<b>43,920</b>	<b>28,728</b>	<b>20,964</b>	<b>18,879</b>
Total Trust funds .....	BA	<b>8,032</b>	<b>8,234</b>	<b>8,371</b>	<b>8,508</b>		O	11,459	8,646	14,327	18,195
	O	7,863	7,991	8,145	8,313						

**Allowances**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Allowances for:</b>						Contingencies for:					
<i>Federal funds</i>						Relatively uncontrollable programs:					
<b>General and Special Funds:</b>						Appropriation, current .....	BA			0	
Adjustment to maintain Legislative Branch at current level:						Outlays .....	O			0	
Appropriation, current .....	BA			— 250	— 339	Other requirements:					
Outlays .....	O			— 224	— 286	Appropriation, current .....	BA			0	
Reinventing OPM:						Outlays .....	O			0	
Appropriation, current .....	BA				0 — 7	Total Federal funds Allowances for: .....	BA			— 406	— 546
Outlays .....	O				0 — 7		O			— 380	— 493
Reinventing GSA:						<b>Summary</b>					
Appropriation, current .....	BA				0 — 200	Federal funds:					
Outlays .....	O				0 — 200	Total Allowances .....	BA			— 406	— 546
Privatizing collection of receivables:							O			— 380	— 493
Appropriation, permanent ...	BA			0 — 156							
Outlays .....	O			0 — 156							

**Totals**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
<b>Budget Totals</b>						Offsetting governmental receipts .....	BA/O	— 2,132	— 2,407	— 2,499	— 2,498
Federal funds:										<i>B — 245</i>	<i>B — 473</i>
(As shown in detail above) .....	BA	<b>1,149,808</b>	<b>1,175,096</b>	<b>1,222,632</b>	<b>1,267,172</b>					<i>J — 22</i>	<i>J — 26</i>
	O	1,102,604	1,161,082	1,229,621	1,273,788	(Undistributed by agency):					
Deductions for offsetting receipts:						Offsetting governmental receipts:					
(As shown in detail above):						Other undistributed offsetting receipts .....	959 BA/O		— 4,375	— 4,275	— 1,675
Intrafund transactions .....	BA/O	— 12,214	— 11,200	— 10,042	— 8,984		BA/O			<i>B — 300</i>	<i>B — 600</i>
Proprietary receipts from the public .....	BA/O	— 13,719	— 13,534	— 15,467	— 17,017	Interfund transactions:					
				<i>B — 295</i>	<i>B — 194</i>	Other interest .....	908 BA/O	— *		— 993	
				<i>J — 32</i>	<i>J — 36</i>	Rents and royalties on the Outer Continental Shelf .....	953 BA/O	— 3,001	— 2,692	— 3,036	— 2,485
						Sale of major assets .....	954 BA/O			— 485	— 909
							BA/O			<i>B — 400</i>	<i>B — 1,100</i>

**Totals—Continued**  
(In millions of dollars)

Account		1994 actual	1995 estimate	1996 estimate	1997 estimate	Account		1994 actual	1995 estimate	1996 estimate	1997 estimate
Other undistributed offsetting receipts .....	959 BA/O				— 2,600	Deductions for offsetting receipts: (As shown in detail above): (Undistributed by agency):					
Total deductions .....	BA/O	— 31,066	— 34,207	— 38,091	— 38,597	Total deductions .....	BA/O				
Federal fund totals .....	BA O	1,118,742 1,071,538	1,140,888 1,126,875	1,184,540 1,191,530	1,228,575 1,235,191	Federal fund totals .....	BA O	2,732 1,103	3,958 712	4,336 625	1,739 357
Trust funds: (As shown in detail above) .....	BA O	332,017 314,932	332,729 327,889	358,947 354,251	379,000 373,725	Trust funds: (As shown in detail above) .....	BA O	321,139 319,570	338,930 336,159	356,317 356,082	374,747 373,099
Deductions for offsetting receipts: (As shown in detail above):						Deductions for offsetting receipts: (As shown in detail above):					
Intrafund transactions .....	BA/O	— 3,527	— 3,717	— 3,808	— 3,838	Proprietary receipts from the public .....	BA/O	— 11	— 12	— 12	— 12
Proprietary receipts from the public .....	BA/O	— 32,274	— 35,000	— 35,140 B 1	— 35,962 B 4	(Undistributed by agency):					
(Undistributed by agency):						Total deductions .....	BA/O	— 11	— 12	— 12	— 12
Total deductions .....	BA/O	— 35,801	— 38,717	— 38,947	— 39,796	Trust fund totals .....	BA O	321,129 319,560	338,918 336,147	356,305 356,070	374,735 373,087
Trust fund totals .....	BA O	296,216 279,131	294,011 289,171	320,000 315,304	339,204 333,929	Interfund transactions (—):					
Interfund transactions (—):						Interest received by off-budget trust funds .....	903 BA/O	— 29,203	— 33,576	— 38,102	— 42,586
Interest received by on-budget trust funds .....	902 BA/O	— 56,494	— 57,889	— 60,031 J — 1	— 61,902 J 18	Employer share, employee re- tirement (off-budget) .....	952 BA/O	— 6,409	— 6,441	— 6,864	— 7,137
Employer share, employee re- tirement (on-budget) .....	951 BA/O	— 28,361	— 27,885	— 27,242 J 179	— 27,208 J 391	Applied by agency above .....	BA/O	— 5,678	— 4,858	— 6,706	— 7,154
Applied by agency above .....	BA/O	— 84,272	— 83,337	— 112,634	— 112,277	Total interfund transactions	BA/O	— 41,290	— 44,875	— 51,672	— 56,877
Total interfund transactions	BA/O	— 169,127	— 169,110	— 199,729	— 200,978	Off-Budget totals $\Delta$ .....	BA O	282,571 279,372	298,002 291,984	308,969 305,023	319,597 316,567
Budget totals $\Delta$ .....	BA O	1,245,830 1,181,542	1,265,790 1,246,936	1,304,811 1,307,105	1,366,801 1,368,142	Federal Government to- tals $\Delta$ .....	BA O	1,528,401 1,460,914	1,563,792 1,538,920	1,613,780 1,612,128	1,686,398 1,684,709
<b>Off-Budget Totals</b>											
Federal funds: (As shown in detail above) .....	BA O	2,732 1,103	3,958 712	4,336 625	1,739 357						



**Federal Government Totals**  
(In millions of dollars)

	1995		1996		1997	
	BA	Outlays	BA	Outlays	BA	Outlays
<b>Federal funds:</b>						
Enacted, pending and initial requests:						
Appropriations .....	1,170,471	1,158,496	1,224,062	1,226,786	1,268,222	1,268,575
Proposed in this budget:						
Supplemental proposal <sup>(A)</sup> .....	9,678	3,482		2,988		2,960
Rescission proposal <sup>(H)</sup> .....	-1,095	-184		-432		-215
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO <sup>(B)</sup> .....			443	282	-566	-306
Not subject to PAYGO <sup>(J)</sup> .....			6,091	978	6,187	5,045
Reinventing government proposal:						
Not subject to PAYGO <sup>(O)</sup> .....			-3,472	-90	-4,729	-1,604
Subject to PAYGO <sup>(P)</sup> .....				-109	4	-103
Allowances .....			-156	-156	-207	-207
Deductions for offsetting receipts .....	-34,207	-34,207	-36,797	-36,797	-36,168	-36,168
Subject to PAYGO <sup>(B)</sup> .....			-1,240	-1,240	-2,367	-2,367
Not subject to PAYGO <sup>(J)</sup> .....			-54	-54	-62	-62
Total Federal funds .....	1,144,847	1,127,587	1,188,876	1,192,155	1,230,314	1,235,548
<b>Trust funds:</b>						
Enacted, pending and initial requests:						
Appropriations .....	672,054	664,070	711,272	710,783	754,075	749,584
Proposed in this budget:						
Supplemental proposal <sup>(A)</sup> .....	-387	-20		-176		-129
Rescission proposal <sup>(H)</sup> .....	-8	-3		-2		
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO <sup>(B)</sup> .....			445	245	-330	-478
Not subject to PAYGO <sup>(J)</sup> .....			92	25	90	60
Reinventing government proposal:						
Not subject to PAYGO <sup>(O)</sup> .....			3,455	-543	-88	-2,213
Deductions for offsetting receipts .....	-38,729	-38,729	-38,960	-38,960	-39,812	-39,812
Subject to PAYGO <sup>(B)</sup> .....			1	1	4	4
Total Trust funds .....	632,930	625,318	676,305	671,374	713,939	707,016
Interfund transactions (—) .....	-213,985	-213,985	-251,401	-251,401	-257,855	-257,855
Federal Government totals .....	1,563,792	1,538,920	1,613,780	1,612,128	1,686,398	1,684,709

<sup>A</sup> Supplemental proposal.<sup>B</sup> Legislative proposal, subject to PAYGO.<sup>H</sup> Rescission proposal.<sup>J</sup> Legislative proposal, not subject to PAYGO.<sup>O</sup> Reinventing government proposal, not subject to PAYGO.<sup>P</sup> Reinventing government proposal, subject to PAYGO.



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