ANALYTICAL PERSPECTIVES

EXECUTIVE OFFICE OF THE PRESIDENT OF THE UNITED STATES
OFFICE OF MANAGEMENT AND BUDGET

BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 1997

THE BUDGET DOCUMENTS

Budget of the United States Government, Fiscal Year 1997 contains a summary of the President's budget proposals. This document was released on February 5, 1996.

Budget of the United States Government, Fiscal Year 1997—Supplement contains the Budget Message of the President and information on the President's 1997 budget proposals.

Analytical Perspectives, Budget of the United States Government, Fiscal Year 1997 contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective.

It includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; detailed information on Federal borrowing and debt; the Budget Enforcement Act preview report; current services estimates; and other technical presentations. It also includes information on the budget system and concepts and a listing of the Federal programs by agency and account.

Historical Tables, Budget of the United States Government, Fiscal Year 1997 provides data on budget receipts, outlays, surpluses or deficits, Federal debt, and Federal employment covering an extended time period—in most cases beginning in fiscal year 1940 or earlier and ending in fiscal year 2002. These are much longer time periods than those covered by similar tables in other budget documents. As much as possible, the data in this volume and all other historical data in the budget documents have been made consistent with the concepts and presentation used in the 1997 Budget, so the data series are comparable over time.

Budget of the United States Government, Fiscal Year 1997—Appendix contains detailed information on the various appropriations and funds that constitute the budget and is designed primarily for the use of the Appropriations Committee. The Appendix contains more detailed financial information on individual programs and appropriation accounts than any of the other budget documents. It includes for each agency: the proposed text of appropriations language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, and proposed general provisions applicable to the appropriations of entire agencies or group of agencies. Supplemental, rescission, and adjustment proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget totals.

A Citizen's Guide to the Federal Budget, Budget of the United States Government, Fiscal Year 1997 is an Office of Management and Budget publication that provides general information about the budget and the budget process for the general public.

Budget System and Concepts, Fiscal Year 1997 contains an explanation of the system and concepts used to formulate the President's budget proposals.

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GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in this document may not add to the totals due to rounding.
3. At the time of this writing, five of the 13 appropriations bills were not enacted, and the programs covered by them were operating under a continuing resolution. For these programs, references to 1996 spending levels in the text and tables incorporate the Administration's proposed adjustments to the continuing resolution levels.

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1. ECONOMIC ASSUMPTIONS

Introduction

The economic expansion is about to enter its sixth year. Too often in the past when expansions have reached this point, or even sooner, the economy has begun to overheat, pushing up inflation and interest rates, and ultimately bringing on a recession. In contrast, the policy decisions of the last three years have enabled this expansion to attain an elusive goal—a "soft landing" in which economic growth has slowed to a sustainable rate without triggering an increase in unemployment.

The "soft landing" of 1995 is the culmination of three years of very successful macroeconomic policy. Over this period, jobs have increased and unemployment has fallen, while at the same time, inflation has been low and relatively stable. Interest rates have fluctuated, but long-term rates are as low as at any time in recent memory. Looking ahead, the Administration expects economic growth to continue at a moderate rate for the foreseeable future.[1] Employment is projected to expand sufficiently to absorb new workers, keeping the rate of unemployment stable. Meanwhile, the Administration expects inflation to continue at a low, relatively constant rate, and interest rates to decline further as the budget is brought into balance.

The Omnibus Budget Reconciliation Act of 1993 put the Federal budget deficit on a downward track that helped to reduce long-term interest rates, which in turn helped spark the revival in the economy. The Administration's current budget proposals would build on that success and cap it with a balanced budget. The Federal Reserve has helped to support these needed fiscal actions by pursuing a policy to control inflation, while also showing that it is willing to reduce interest rates when that is appropriate.

This chapter begins with a review of recent economic and policy developments. With this as background, it then presents the Administration's economic assumptions. The assumptions call for a continuation of trends already evident in the economy for most of the major economic variables. They offer a reasonable and prudent basis for making budget projections.

Two important changes in the statistics on which this forecast is based are also described in this chapter. First, real gross domestic product (GDP) is now measured on a chain-weighted basis in the National Income and Product Accounts. This is reflected in the budget projections of real GDP and the aggregate measure of inflation. Second, anticipated changes in the calculation of the Consumer Price Index (CPI) will slow its growth, and that of related measures of price inflation.

The chapter compares the Administration's economic assumptions with those of the Congressional Budget Office (CBO) prepared at about the same time (December 1995). Although there are some differences in the underlying policy assumptions on which the two forecasts are based, they are quite similar, and the differences between them are well within the normal range of forecasting error.

The chapter also includes an analysis of the impact of changes in the economic assumptions since last year's budget on the projected deficit, and it concludes with estimates of the sensitivity of the budget to changes in economic assumptions.

Recent Developments

1993—Enacting a Responsible Fiscal Policy: The passage of the Omnibus Budget Reconciliation Act of 1993 (OBRA93) put fiscal policy on a sounder footing and created the preconditions for a healthy expansion. The 1992 deficit was $290 billion. Since then, the deficit has fallen for three straight years, bringing it down to $164 billion in 1995. That is just 2.3 percent of GDP, less than half the level in 1992. The improvement in the deficit is traceable to both improvement in the economy and to policy changes, of which the President's economic program was far and away the most important. The Administration estimated that OBRA93 would reduce the deficit during the five years 1994–98 by a cumulative total of $505 billion. During the first two years alone, it cut deficits by about $130 billion. The economic program has also contributed indirectly to the reduction in the deficit by strengthening the pace of the economic recovery.

Stabilizing Inflation: Most previous postwar expansions have ended because inflation accelerated, forcing a policy correction. The best way to avoid the need for such measures is to act before inflation becomes a problem. That is just what monetary policy did during 1994. Entering that year, inflation was under control; the CPI had only increased 2.7 percent over the preceding 12 months. However, 1993 had seen unemployment fall by almost a full percentage point as real economic growth accelerated, and the economy's momentum was clearly pointing towards further large gains in 1994. Those gains were realized, as 1994 became one of the best years for overall economic performance since the end of World War II. During 1994, 3.5 million new jobs were created, and the unemployment rate was pulled down by another full percentage point. These were welcome developments; but if the economy had continued to expand at that rate, shortages of labor

[1] Beyond the next year or two, the Administration does not attempt to project the economy's cyclical patterns. The longer term economic projections used for the Budget and summarized here are best thought of as forecasts of average experience expected to be achieved over a period of several years.

and plant capacity would have been sure to emerge, carrying with them a high risk of accelerating price increase.

To avoid that risk, the Federal Reserve raised short-term interest rates in several stages during 1994. The intention was to slow growth and stabilize unemployment at its new lower levels to avoid the inflation risks that faster growth would generate. While the Fed was acting to raise short-term rates, investors in the financial markets were pushing up long-term rates, anticipating future inflation and the possibility of further Fed tightening to choke it off.

The effect of these developments was seen in 1995. The higher interest rates cooled off demand in the economy's interest-sensitive sectors, such as housing and consumer durables. In 1995, real GDP rose 1.4 percent, down from a growth rate of 3.5 percent during the previous year.[2] Although growth slowed, the economy continued to generate new jobs at a healthy rate, albeit less rapidly than in 1994; and the unemployment rate did not increase. Payroll employment rose by 1.7 million in 1995 and the unemployment rate averaged 5.6 percent for the year, which was its lowest level since 1990.

The slower growth of economic activity and employment was accompanied by continued moderation in wages and prices, exactly what the Fed had been hoping to achieve when it tightened policy in 1994. The most meaningful measure of overall labor compensation, the Employment Cost Index, rose 2.9 percent in 1995—virtually the same increase as in the previous year.

Compensation costs were also held down by a significant deceleration in employee benefit costs. Health insurance premiums, which had been rising at double-digit rates earlier in the decade, were brought firmly under control. The spread of innovations in health care delivery helped to bring about this moderation. Although slower growth of employee health care costs shows up in the aggregate statistics as a decline in the rate of increase in compensation, the long-run effect is likely to be an increase in workers' take-home pay. Most studies reveal that employee benefits are paid for by workers through lower cash wages. A reversal of the trend towards increased benefit costs should strengthen cash wages in the long run.

Moderation in labor markets was mirrored in the product markets. At the beginning of 1995, the capacity utilization rate in manufacturing had reached nearly 85 percent, a level that in the past had initiated an acceleration of price increases. By spring, slower growth caused the operating rate to return to a range of around 82 percent, a level associated in the past with stable price inflation.

Reflecting this moderation, the CPI rose only 2.5 percent over the 12 months of 1995, slightly less even than in 1994. The underlying rate of inflation, the CPI excluding food and energy, was also well-behaved, rising 3.0 percent during 1995. The inflation rate over the three years 1993–1995 was the best since the mid–1960s.

Sustaining the Momentum of the Expansion: As it became clear that inflation was under control and likely to remain so for some time, the Federal Reserve gradually relaxed its previous tightening. Having achieved the desired "soft landing", the Federal Reserve took steps to make sure the economy would not stall out. It reduced the Federal funds rate by one-quarter percentage point in July and in December of 1995, and again in January of 1996. Judging from the futures market, the financial community anticipates a further reduction of about one-quarter percentage point by this summer.

While the Federal Reserve was lowering short-term rates last year, the financial markets were lowering long-term rates even more. The inflation fears that had troubled the markets in 1994 were succeeded in 1995 by the expectation that inflation would remain subdued. Moreover, bipartisan agreement that the budget should be balanced in the coming years helped further reduce long-term interest rates. From the end of 1993 to the beginning of 1996, long-term interest rates fell more than two full percentage points. Except for a few months in 1993, the last time long-term interest rates were this low was in the 1960s. The drop in rates last year is expected to set the stage for a pickup in economic activity in 1996.

Lower interest rates and a healthy economic outlook propelled the stock market to record levels. Last year, the Dow-Jones industrial average rose 36 percent, and other major indexes were up by similarly impressive amounts. In the opening months of this year, stock markets set a series of new highs. Financial markets fluctuate, and these gains will not continue unabated; but the rise in the stock market last year will contribute to the forward momentum in the economy in 1996 by lowering the cost of capital to business, which should stimulate investment, and by raising household wealth, which will boost consumer spending.

Economic Projections

Key assumptions: The economic projections underlying this budget are summarized in Table 1–1. They are based on several key assumptions. First and foremost, the projections assume that the Administration's budget will be adopted. The budget proposals are intended to reduce the deficit progressively and achieve a small surplus in 2002, according to Congressional Budget Office assumptions, and in 2001 according to Administration estimates. Such a policy would foster a continuation of the favorable macroeconomic trends that have emerged since 1992. Deficit restraint moderates inflationary pressures by restraining demand. It enables the Federal Reserve to continue its recent policy of easing short-term interest rates. The combination of easier monetary policy and fiscal restraint provides an environment in which financial markets can keep

[2] These rates are based on the new chain-weighted definition of real GDP which is explained more fully below.

Table 1–1. ECONOMIC ASSUMPTIONS [1]

(Calendar years; dollar amounts in billions)

	Actual 1994	Projections							
		1995	1996	1997	1998	1999	2000	2001	2002
Gross Domestic Product (GDP):									
Levels, dollar amounts in billions:									
Current dollars	6,931	7,254	7,621	8,008	8,417	8,848	9,295	9,772	10,268
Real, chained (1992) dollars	6,604	6,742	6,888	7,047	7,212	7,380	7,553	7,730	7,911
Chained price index (1992 = 100), annual average	105.0	107.6	110.6	113.6	116.7	119.9	123.1	126.4	129.8
Percent change, fourth quarter over fourth quarter:									
Current dollars	5.9	4.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Real, chained (1992) dollars	3.5	1.5	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Chained price index (1992 = 100), annual average	2.3	2.5	2.8	2.7	2.7	2.7	2.7	2.7	2.7
Percent change, year over year:									
Current dollars	5.8	4.7	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Real, chained (1992) dollars	3.5	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Chained price index (1992 = 100), annual average	2.3	2.5	2.8	2.7	2.7	2.7	2.7	2.7	2.7
Incomes, billions of current dollars:									
Personal income	5,750	6,104	6,416	6,716	7,025	7,337	7,664	8,031	8,434
Wages and salaries	3,241	3,420	3,607	3,801	3,995	4,193	4,403	4,629	4,864
Corporate profits before tax	528	602	650	702	753	800	843	882	917
Consumer Price Index (all urban): [2]									
Level (1982–84 = 100), annual average	148.2	152.4	156.6	161.3	165.9	170.5	175.3	180.2	185.2
Percent change, fourth quarter over fourth quarter	2.6	2.7	3.1	2.9	2.8	2.8	2.8	2.8	2.8
Percent change, year over year	2.6	2.8	2.8	3.0	2.8	2.8	2.8	2.8	2.8
Unemployment rate, civilian, percent:									
Fourth quarter level	5.6	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Annual average	6.1	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Federal pay raises, January, percent:									
Military	2.2	2.2	2.6	3.0	3.1	3.1	3.1	3.1	3.1
Civilian [3]	....	2.0	2.0	3.0	NA	NA	NA	NA	NA
Interest rates, percent:									
91-day Treasury bills [4]	4.3	5.5	4.9	4.5	4.3	4.2	4.0	4.0	4.0
10-year Treasury notes	7.1	6.6	5.6	5.3	5.0	5.0	5.0	5.0	5.0
Addendum: GDP and incomes, pre-revision basis: [5]									
Gross Domestic Product (GDP), current dollars:									
Levels, dollar amounts in billions	6,738	7,078	7,428	7,805	8,203	8,623	9,058	9,523	10,005
Percent change, fourth quarter over fourth quarter	6.5	4.2	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Percent change, year over year	6.2	5.0	5.0	5.1	5.1	5.1	5.1	5.1	5.1
Incomes, billions of current dollars:									
Personal income	5,702	6,054	6,357	6,654	6,960	7,270	7,595	7,958	8,358
Wages and salaries	3,279	3,450	3,631	3,826	4,020	4,220	4,431	4,658	4,895
Corporate profits before tax	525	572	608	657	706	749	790	826	859

NA=Not Available.
[1] Based on information available as of mid-January 1996.
[2] CPI for all urban consumers. Two versions of the CPI are published. The index shown here is that currently used, as required by law, in calculating automatic adjustments to individual income tax brackets. Projections reflect scheduled changes in methodology.
[3] Percentages for 1994-1996 exclude locality pay adjustments. Percentages to be proposed for years after 1997 have not yet been determined.
[4] Average rate (bank discount basis) on new issues within period.
[5] Because the comprehensive revision to the National Income and Product Accounts (which include GDP and incomes) was delayed due to furloughs of Government employees, some budget estimates are based, at least in part, on GDP and incomes data on the pre-revision basis shown in this addendum.

long-term interest rates on a downward path. A policy to balance the budget would thus encourage investment, and thereby raise the level of productivity and potential output in the long run.

Real GDP: Economic growth was temporarily restrained in the fourth quarter of last year by two shutdowns of the Federal Government, and in the first quarter of this year by a record-breaking blizzard. According to preliminary estimates, real GDP grew at a 0.9 percent annual rate in the fourth quarter; based on partial information, first quarter growth may also be relatively weak.

Growth is expected to pick up as the negative impact of the recent disruptions fades. Interest-sensitive sectors, such as consumer durables and business equipment spending, are likely to be at the leading edge of the acceleration in response to the fall in long-term interest rates during 1995 and the surge in the stock market. On average, real GDP is forecast to increase 2.2 percent over the four quarters of 1996.

During 1997–2002, real GDP is projected to rise 2.3 percent annually (the Administration's estimate of the economy's potential growth rate). Lower interest rates and smaller deficits are projected to increase investment and raise the trend growth in output per hour. Productivity in the nonfarm business sector had been growing at 1.1 percent per year on average since 1973, but it is projected to increase 1.2 percent annually over the next six years.

Potential GDP growth is also determined by growth of the labor force. Labor force participation trends of recent years are assumed to continue. The rise in the female participation rate is expected to be much less than during the 1970s and 1980s, while the male rate is expected to continue to decline. On balance, there is likely to be little overall change in labor force participation. During 1997–2002, the labor force is projected to grow 1.1 percent per year, about the same pace as during the past six years, but noticeably slower than the 1.7 percent rate during the 1980s when female participation rates rose rapidly.

Unemployment rate: The civilian unemployment rate, which averaged 5.6 percent during the fourth quarter of 1995, is expected to average 5.7 percent this year and hold at that level through the end of the projection period. With real GDP projected to rise at the rate of growth of potential output, the unemployment rate would remain stable.

Inflation: The chain-weighted GDP price index is projected to rise 2.7 percent a year over the projection horizon. That is just slightly faster than the 2.5 percent estimated for 1995. The Consumer Price Index is expected to rise 3.1 percent during 1996, about the same as the 3.0 percent rise last year in the CPI excluding food and energy. The CPI is expected to rise 2.9 percent in 1997 and 2.8 percent per year during 1998–2002. The deceleration is due to scheduled improvements in the methods used to calculate the CPI. These improvements are discussed later in this chapter.

Interest rates: Short- and long-term rates are projected to fall as a result of the reduced borrowing needs of the government that result from the Administration's budget proposals. The 91-day Treasury bill rate is expected to fall to 4.0 percent by 2000 and hold at that level through 2002; in the fourth quarter of 1995, the rate was 5.3 percent. The yield on the 10-year Treasury note is projected to decline to 5.0 percent by 1998 and hold at that level; in the fourth quarter of last year, the yield was 5.9 percent. These projections, in combination with a forecast of stable inflation, imply a reduction in real interest rates to levels that prevailed when the Federal budget was close to balance. The sharper fall in short rates will cause the yield curve to steepen, which is a more typical pattern for an expansionary period.

Incomes: As a result of the drop in interest rates, the share of nominal GDP accounted for by personal interest income, a component of personal income, is expected to decline. On the other hand, the corporate sector is a net borrower, so the profits share and the share of dividend income are likely to grow because of the reduction in interest costs. The projected share of wages and salaries in GDP is expected to remain about unchanged over the projection horizon. After adjustment for inflation, real wages and salaries are projected to increase 14 percent from 1996 to 2002.

Statistical Improvements

The economic assumptions incorporate two important changes in the way economic activity is measured.

Fixing Biases in Real GDP: For fifty years, the featured measure of real GDP was based on a fixed-weight price system, with an update every five to ten years to account for shifts in spending patterns. While convenient and familiar, that system introduced a "substitution bias" into the estimate of real GDP and the GDP implicit price deflator. The bias was significant whenever relative prices changed rapidly—as for example in the 1970s, when oil prices jumped sharply. Until the recent revision, 1987 was the base year for the fixed-weight price system. The large drop in the quality-adjusted price of computers since 1987 caused a growing upward bias in the measurement of real GDP growth.

To remove these biases, the Bureau of Economic Analysis changed to a chain-weighted system for estimating real GDP in January of 1996. The weights are now based on nearly contemporaneous spending patterns. Real GDP growth for 1993, for example, is calculated using average expenditure weights for 1992–1993, and the growth rate for 1994 is computed using an average of 1993–1994 spending. Thus, the weights are linked year-to-year, hence the term "chain weights."

The substitution bias in the former fixed-weight system distorted the picture of real growth and aggregate inflation. The shift to chain weights lowered the measured rate of real GDP growth in 1993–94 by about ½ percentage point yearly compared with the previous estimate, and raised the estimate of aggregate inflation by a similar amount. While converting to chain weights provides a more accurate measure of the Nation's economic performance, it does have one inconvenience. Real GDP no longer exactly equals the sum of real spending by households, businesses and governments—the familiar rule that GDP = C+I+G+net exports. Now there is a difference, known as "the residual," that needs to be added to the components to sum to real GDP.

Changing the CPI: The CPI is one of the most important statistics produced by the Federal Government. It is widely used to measure changes in the cost of living.[3] The CPI's effect on the budget is pervasive; it is linked by formula to spending for social security, Federal pensions, and many smaller programs, and to the tax brackets and exemptions in the individual income tax. It is estimated that a reduction of 0.1 percentage point in the average yearly rate of change in

[3] This is done even though the CPI is explicitly not a cost-of-living index. Rather, it measures changes in the average cost of a fixed market basket of goods and services. By design, the CPI does not allow for those changes in consumption patterns that people make routinely to maintain their standard of living when prices are changing.

the CPI would reduce the budget deficit by a total of about $20 billion over the next seven years.

Given its importance, it is not surprising that the CPI has often been criticized. There is no perfect price index, but the Bureau of Labor Statistics (BLS), which computes the CPI, strives to eliminate potential biases from the index. Over the years, the BLS has been receptive to suggestions for improvements. BLS is the main source of the technical analysis needed to make such improvements, and it is often the first to highlight potential problems.

Much recent criticism has suggested that the CPI may overstate inflation. Various possible causes have been examined. One major problem is how to separate quality changes from price increases for goods and services. For example, if the price of a visit to the doctor goes up, how much of this is due to better service due to improved diagnostic equipment and new testing procedures, and how much is a pure price increase? Such questions are hard to answer, but critics believe BLS too often treats quality improvements as price rises. Another problem area is the exclusion of new products or new outlets from the sample used to determine the CPI. There are good practical reasons why it takes time to incorporate new items into that sample, but the effect may be to miss some important price declines that occur as new products and services enter the market.

Finally, there are some technical issues concerning how the CPI is measured and put together. BLS has announced that it will introduce two methodological improvements in the CPI over the next three years that should make the index more accurate. These changes are expected to reduce the annual rate of growth of the index by about 0.3 percentage points.

The announced improvements (along with recent revisions to GDP) will also narrow the wedge between the rates of change in the CPI, on the one hand, and the price indexes for consumer expenditures and for GDP in the National Income and Product Accounts on the other. During 1998–2002, the annual growth in the CPI is assumed to be 2.8 percent, almost the same as the 2.7 percent assumed for the chain-weighted price index for GDP.

By January 1997, BLS plans to institute new estimation procedures to correct what has sometimes been called “formula bias,” but which might be more accurately described as “sample rotation bias.” These new procedures are estimated to reduce the growth of the CPI by about 0.2 percentage point per year. The bias arises because of the need to update the sample of items entering the CPI. New brands and varieties of goods are continually being introduced in the marketplace, and if the CPI is to remain current, it must be based on the current brands of cereals, toothpaste, automobiles, et cetera. When new goods are introduced, however, the usual BLS procedures can generate inappropriate weights for those that are temporarily selling at either abnormally low or abnormally high prices. The problem is greatest for items with prices that fluctuate around a trend, such as fruits and vegetables. Recognizing this, BLS instituted a correction for some components of the index in January 1995. One possible course is to apply the same type of correction throughout the index.

Correcting the sample rotation bias in the CPI will also reduce the rate of change in the price indexes used to determine real personal consumption expenditures in the national income and product accounts, which are based on detailed data from the CPI. The effect of a slower rise in consumer prices is expected to hold down the growth of the overall GDP price index by about 0.1 percentage point yearly. Consumer expenditures account for about two-thirds of GDP, and the rest is not affected by the change. Measured real GDP growth will, of course, increase by a similar magnitude (because total nominal spending growth is a datum that is not affected by this change).

The second scheduled improvement in the CPI is an updating of the fixed market basket that is expected to occur in January 1998. Currently, the CPI market basket is based on 1982–1984 consumption patterns; in 1998, the market basket will be updated to reflect 1993–1995 spending patterns. This “rebasing” of the index occurs about every 10 years. Rebasing tends to reduce the measured inflation rate in subsequent years by reducing the substitution bias that builds up over time as the economy moves away from the base period prices. The new weights tend to give more emphasis in the index to goods whose prices have been rising relatively less rapidly (because consumers tend to shift their consumption toward those items). The budget assumes that the change in the CPI market basket will slow the growth of the CPI by about 0.1 percentage point per year beginning in 1998. This improvement will not affect real GDP or the price indexes associated with it.

These improvements in the CPI will go some way towards correcting its apparent tendency to overstate inflation. The largest potential biases—quality measurement and adjustments for new goods—will not be addressed by these changes. Continued research in these areas by BLS and outside experts is needed to improve this vital economic statistic.

Comparison with CBO

The Congressional Budget Office (CBO) prepares forecasts of the economy that are used by Congress in formulating budget policy. Thus, it performs a similar function to that of OMB, the Council of Economic Advisers and Treasury for the Executive Branch. While outside observers have often compared the CBO forecast with that of the Administration, the budget is usually prepared well before the current CBO forecast is made public, so a timely forecast comparison is generally impossible.

Over the past year, however, there has been heightened interest in the economic assumptions used for the budget and in the differences between Administration and CBO forecasts. That is because the fiscal policy objective is now to achieve a balanced budget, rather than a specific amount of deficit reduction. Even small differences in economic assumptions can matter for the size of policy changes needed to achieve budget balance. When the goal is a specific amount of deficit reduction, differences in economic assumptions usually have little bearing on the size of policy changes needed to achieve a specific amount of budgetary savings.

Post-Policy vs Pre-Policy: One important difference between CBO and the Administration concerns the policy assumptions on which the forecast is based. The Administration projections always assume that the President's budget proposals will be enacted as proposed; the economic projections are "post-policy." CBO normally assumes that current law will continue; it is a "pre-policy" projection.

This difference often is immaterial in determining the major macroeconomic variables. Important as budget policy is, especially in the long run, even large dollar changes in programs will often have only a modest effect on real GDP or inflation. Therefore, a specific budget proposal may make little difference to the macroeconomic outlook. Thus, comparisons of CBO and Administration economic projections can be meaningful even when the policy assumptions are not identical. Sometimes the difference is crucial, however, and that was the case in 1995.

The Fiscal Bonus: The Administration's policy is to balance the budget over the next seven years. The decision to seek a balanced budget has major implications for the economic outlook. Such a significant change in policy, if enacted, would be likely to cause noticeable changes in several macroeconomic variables, especially interest rates and income shares. However, CBO's initial forecast for the 1996 budget (and the Administration's) assumed that the deficit would not be eliminated over this time period.

In April, CBO presented its estimates of the fiscal bonus that would result from balancing the budget following the policies in the congressional budget resolution. This bonus took account of the more favorable interest rate outlook that would result from a balanced budget. It did not, however, reflect the likely shifts in income among sectors of the economy that would follow from the lower interest rates generated by a balanced budget. This was corrected in December, when a revised CBO forecast was prepared that took into account the full range of macroeconomic effects that a balanced budget would produce.

The Treatment of Statistical Biases: The statistical biases in the measurement of real GDP and inflation described above posed problems for forecasters. Neither CBO nor the Administration was completely consistent in dealing with these issues. In some cases, projected economic variables reflected the bias that was built into their measurement; in other cases, the projections assumed that the bias would be corrected somehow during the course of the forecast. In any case, the revisions to GDP that were made in January and the planned modifications to the CPI go a long way toward removing this source of past difference in the forecasts.

Projection Comparison: The main outlines of the Administration's current forecast were determined in December at about the time that CBO made public its economic projections. A comparison of the two forecasts (including the CBO fiscal bonus to put them on the same policy basis) reveals a convergence of views summarized in Table 1–7.

- *Real GDP:* The projections of real GDP, on the new chain-weighted basis, are identical.
- *Inflation:* The Administration assumes that there will be no further reduction in the rate of inflation as the expansion continues except for statistical corrections to the CPI. CBO's inflation forecast is similar, but its projection of the chain-weighted GDP price index is slightly lower than that of the Administration.
- *Unemployment:* CBO is projecting an increase in unemployment that would raise it above recent levels. The Administration believes that unemployment will remain closer to its 1995 average, which is believed to be consistent with continued stability of inflation and economic growth.
- *Interest Rates:* The largest difference in economic assumptions is for long-term interest rates. Of all the macroeconomic variables, these may be the hardest to anticipate. It is widely accepted that changes in budget policy affect interest rates, but it is hard to estimate the quantitative effect that policy changes will have. In presenting its fiscal bonus calculations, CBO has taken two views of the matter. The December projection shown here is the more conservative: long-term interest rates show little further decline from their levels at the end of last year. CBO had projected a much larger effect on interest rates last April. The Administration's interest rate projections are very close to CBO's larger April bonus estimate, with changes in the early years based on recent experience.
- *Profits and Other Incomes:* The projections of future receipts depend not only on the overall level of economic activity but also on the distribution of income among profits, wages, and other incomes. Both the Administration and CBO expect that the lower interest rates associated with a balanced budget will shift income from interest to profits, leaving the share of wages roughly stable.

Although the differences in economic assumptions are not large—indeed, they are much less than differences that commonly prevailed under previous Administrations—the effect of the differences on the deficit is significant. The Administration's budget is balanced on the December CBO assumptions, but the surplus estimated for 2002 is smaller, and it is not possible to extend the Administration's proposed tax reduction per-

Table 1–2. COMPARISON OF ECONOMIC ASSUMPTIONS

(Calendar years)

	Projections						
	1996	1997	1998	1999	2000	2001	2002
Real GDP (chain-weighted): [1]							
CBO December	2.2	2.3	2.3	2.3	2.3	2.3	2.3
1997 Budget	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Chain-weighted GDP Price Index: [1]							
CBO December	2.7	2.6	2.6	2.6	2.6	2.6	2.6
1997 Budget	2.8	2.7	2.7	2.7	2.7	2.7	2.7
Consumer Price Index (all-urban): [1]							
CBO December	3.2	3.1	3.0	2.9	2.9	2.9	3.0
1997 Budget	3.1	2.9	2.8	2.8	2.8	2.8	2.8
Unemployment rate: [2]							
CBO December	5.9	6.0	6.0	6.0	6.0	6.0	6.0
1997 Budget	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Interest rates: [2]							
91-day Treasury bills:							
CBO December	5.3	5.0	4.7	4.2	3.9	3.9	3.9
1997 Budget	4.9	4.5	4.3	4.2	4.0	4.0	4.0
10-year Treasury notes:							
CBO December	5.8	5.6	5.5	5.5	5.5	5.5	5.5
1997 Budget	5.6	5.3	5.0	5.0	5.0	5.0	5.0

[1] Percent change, fourth quarter over fourth quarter.
[2] Annual averages, percent.

manently. Over seven years, CBO's economic assumptions would increase deficits by a cumulative total of about $300 billion relative to the Administration's assumptions, necessitating substantially greater savings to achieve balance by 2002.[4]

Although the budgetary consequences are large, there is very little scientific basis on which to choose between the two projections. Economic forecasting is difficult and the average errors that forecasters make are far larger than the differences in the major economic variables discussed here. If past experience is a guide, neither projection will prove completely accurate. The important question is whether a particular economic projection provides a sound and prudent basis upon which to plan the Nation's budget. The Administration believes that its assumptions, which are well within the range of historical experience, fulfill that function.

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.

[4] This comparison only adjusts for differences in economic assumptions. Other differences would arise because of different technical assumptions, such as the projected increase in Medicare and Medicaid costs.

The merchandise trade and current account deficits deteriorated in fiscal year 1995 as growth in U.S. exports was exceeded by growth in imports. There was improvement in the trade deficit near the end of fiscal year 1995 and the first quarter of fiscal year 1996. Net private investment in the United States has expanded rapidly during this Administration, and it is expected to continue to increase as the economy expands. The sources 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 11, "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.

Table 1–3. SAVING, INVESTMENT, AND TRADE BALANCE

(Fiscal years; in billions of dollars)

	1995 actual	1997 estimate
Current account	–165	–185 to –145
Merchandise trade balance	–180	–210 to –170
Net foreign investment	–169	–185 to –145
Net domestic saving (excluding Federal saving) [1]	397	410 to 450
Net private domestic investment	361	385 to 415

[1] Defined for purposes of Public Law 100–418 as the sum of private saving and the surpluses of State and local governments. All series are based on National Income and Product Accounts (NIPA) except for the current account balance. The (NIPA) figures, both actual and projected, are on a pre-benchmark revisions basis.

Impact of Changes in the Economic Assumptions

The economic assumptions underlying last year's budget were predicated on little projected change in the level of the budget deficit over the ensuing five years. The assumptions underlying this year's budget reflect a change in fiscal policy that puts the deficit on a declining path toward budget balance by the year 2002. This change in fiscal policy alters the economic outlook; in particular it reduces the levels of expected future interest rates. As noted above, lower interest rates imply a shift of income out of interest income and into corporate profits—and, to a lesser extent, into dividend income—resulting in higher projected receipts due to the higher tax rates involved. The outlook for long-term real economic growth (on a comparable basis of measurement) has not been raised to reflect the change in fiscal policy. However, other changes in the economic outlook summarized in Table 1–4 (in particular a reduction in the expected annual rate of inflation measured by the CPI) will be affected by the technical improvements to reduce the overstatement of inflation discussed above. Also, the equilibrium unemployment rate on a noninflationary growth path has been reduced 0.1 percentage point based on the experience of 1995.

The effects on the budget of the changes in the economic outlook are shown in Table 1–5. For example, in the last column, the year 2000 deficit is reduced by $99 billion as a result of changes in economic assumptions in the 1997 budget compared to those in the 1996 budget—from $127 billion under 1996 budget economics with 1997 budget policies, to less than $28 billion with 1997 budget economics and policies. The effect of reducing the projected rate of inflation is to reduce the projected levels of both receipts and outlays. (This effect is discussed more fully in the last section of this chapter.) The reduction in the equilibrium unemployment rate causes a modest reduction in outlays. The largest budget effect, however, is major reductions in interest costs resulting both from the decline in projected interest rates and from the fact that interest costs are incurred on a reduced amount of debt. (The debt service savings shown are only the portion of total debt service cost reduction resulting from changes in the economic outlook, not the total effect of moving toward a balanced budget by the year 2002.)

Structural vs. Cyclical Deficit

When there is slack in the economy, receipts are lower than they would be if resources were fully employed, and outlays for unemployment-sensitive programs (such as unemployment compensation and food stamps) are higher. As a result, the deficit is higher than it would be at full employment. The portion of the deficit that can be traced to such factors is called the cyclical deficit. The remainder, the portion that would remain at full employment (consistent with a 5.7 percent unemployment rate), is called the structural deficit.

Changes in the structural deficit give a better picture of the impact of budget policy on the economy than does the unadjusted deficit. During a recession or the recovery from one, the structural deficit also gives a clearer picture of the deficit problem that fiscal policy must address, because this part of the deficit will persist even when the economy has fully recovered, unless policy changes.

Table 1–4. COMPARISON OF ECONOMIC ASSUMPTIONS IN THE 1996 AND 1997 BUDGETS

(Calendar years)

	1995	1996	1997	1998	1999	2000
Nominal GDP (percent change): [1]						
1996 budget assumptions [2]	5.4	5.5	5.6	5.5	5.5	5.5
1997 budget assumptions	4.2	5.1	5.1	5.1	5.1	5.1
Real GDP (percent change): [1]						
1996 budget assumptions [2]	2.2	2.3	2.3	2.3	2.3	2.3
1997 budget assumptions	1.5	2.2	2.3	2.3	2.3	2.3
GDP price index (percent change): [1]						
1996 budget assumptions [2]	3.1	3.1	3.2	3.2	3.2	3.1
1997 budget assumptions	2.5	2.8	2.7	2.7	2.7	2.7
CPI-U (percent change): [1]						
1996 budget assumptions	3.2	3.2	3.2	3.2	3.1	3.1
1997 budget assumptions	2.7	3.1	2.9	2.8	2.8	2.8
Civilian unemployment rate (percent): [3]						
1996 budget assumptions	5.8	5.9	5.8	5.8	5.8	5.8
1997 budget assumptions	5.6	5.7	5.7	5.7	5.7	5.7
91-day Treasury bill rate (percent): [3]						
1996 budget assumptions	5.9	5.5	5.5	5.5	5.5	5.5
1997 budget assumptions	5.5	4.9	4.5	4.3	4.2	4.0
10-year Treasury note rate (percent): [3]						
1996 budget assumptions	7.9	7.2	7.0	7.0	7.0	7.0
1997 budget assumptions	6.6	5.6	5.3	5.0	5.0	5.0

[1] Fourth quarter-to-fourth quarter.
[2] Adjusted to reflect January 1996 comprehensive revisions.
[3] Calendar year average.

Table 1–5. EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(In billions of dollars)

	1996	1997	1998	1999	2000
Budget totals under 1996 budget economic assumptions and 1997 budget policies:					
Receipts	1,407.8	1,472.5	1,556.0	1,635.1	1,724.9
Outlays	1,595.3	1,673.5	1,731.6	1,789.6	1,851.5
Deficit (–)	–187.5	–201.0	–175.6	–154.5	–126.6
Changes due to changes in economic assumptions:					
Receipts	19.0	22.7	21.9	17.4	8.9
Outlays:					
Inflation	–3.8	–7.3	–9.8	–13.1	–16.9
Unemployment	–2.9	–1.0	–1.1	–1.1	–1.1
Interest rates	–13.9	–24.6	–35.6	–44.2	–52.5
Interest on changes in borrowing	–2.3	–5.3	–9.3	–14.3	–19.7
Total, outlays	–22.9	–38.2	–55.8	–72.7	–90.2
Decrease in deficit (+)	41.9	60.9	77.7	90.1	99.1
Budget totals under 1997 budget economic assumptions and policies:					
Receipts	1,426.8	1,495.2	1,577.9	1,652.5	1,733.8
Outlays	1,572.4	1,635.3	1,675.9	1,716.9	1,761.4
Deficit (–)	–145.6	–140.1	–98.0	–64.4	–27.5

In the early 1990's, large swings in net outlays for deposit insurance (the S&L bailouts) had substantial impacts on deficits, but had little 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.

Since the economy is projected to be quite close to full employment over the forecast horizon, the cyclical component of deficits are small. Deposit insurance net outlays are relatively small and do not change greatly from year to year. Thus, rather unusually, the adjusted structural deficits in this budget display much the same pattern of year-to-year changes as the actual deficits. The most significant point illustrated by this table, therefore, is the fact that of the $145 billion reduction in the actual budget deficit between 1992 and 1996 (from $290 billion to $146 billion), nearly 45 percent ($65 billion) resulted from cyclical improvement in the economy. The rest of the reduction stemmed primarily from policy actions—mainly those in OBRA93 which reversed a projected steep rise in the deficit.

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:

Table 1–6. ADJUSTED STRUCTURAL DEFICIT

(In billions of dollars)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Unadjusted surplus/deficit	290.4	255.1	203.2	163.9	145.6	140.1	98.0	64.4	27.5	–8.3	–43.9
Cyclical component	63.6	51.1	19.2	–3.2	–1.1	....	....	....	....	....	....
Structural surplus/deficit	226.8	204.0	184.0	167.1	146.7	140.1	98.0	64.4	27.5	–8.3	–43.9
Deposit insurance outlays [1]	–2.4	–28.0	–7.6	–17.9	–13.5	–4.3	–2.0	–0.5	–2.2	–1.6	–1.8
Adjusted structural surplus/deficit	229.2	232.0	191.5	185.0	160.2	144.4	99.9	64.9	29.7	–6.7	–42.1

[1] In 1992, includes $4.9 billion in allied contributions for Desert Storm.

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 budget effects of the above rules of thumb are shown in Table 1–7.

If real GDP growth is lower by one percentage point in calendar 1996 only and the unemployment rate rises by one-half percentage point, the 1996 deficit would increase by $8.0 billion; receipts in 1996 would be lower by about $6.8 billion, and outlays would be higher by about $1.2 billion, primarily for unemployment-sensitive programs. In 1997, the receipts shortfall would grow further to about $14.7 billion, and outlays would be increased by about $6.0 billion relative to the base, even though the growth rate in calendar 1997 follows 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 (1996–2002) and the unemployment rate to rise 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 $177.2 billion higher than under the base case by 2002.

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 $145.8 billion deficit add-on by 2002.

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 1996 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 1996 rise by $6.5 billion[5] and receipts by $7.9 billion, for a decrease of $1.4 billion in the 1996 deficit. In 1997, outlays would be above the base by $15.1 billion, due in part to lagged cost-of-living adjustments; receipts would rise $15.9 billion above the base, however, resulting in a $0.8 billion decrease in the deficit. In subsequent years, the amounts added to receipts would continue to 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 $81.3 billion to outlays and $114.6 billion to receipts in 2002, for a net reduction in the deficit of $33.3 billion.

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

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

These rules of thumb are computed while holding the income share composition of GDP constant. 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.

[5] This excludes any adjustment to discretionary programs, which are capped in nominal terms.

Table 1–7. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(In billions of dollars)

Budget effect	1996	1997	1998	1999	2000	2001	2002
Real Growth and Employment							
Budgetary effects of 1 percent lower real GDP growth:							
For calendar year 1996 only:[1]							
Receipts	–6.8	–14.7	–16.9	–17.1	–17.5	–18.1	–18.8
Outlays	1.2	6.0	7.1	8.4	9.6	10.9	12.4
Deficit increase (+)	8.0	20.6	24.0	25.5	27.1	29.0	31.2
Sustained during 1996–2002:[1]							
Receipts	–6.8	–21.7	–39.2	–57.6	–77.1	–97.7	–119.8
Outlays	1.2	8.2	14.3	23.9	32.5	45.1	57.4
Deficit increase (+)	8.0	29.9	53.5	81.5	109.6	142.8	177.2
Sustained during 1996–2002, with no change in unemployment:							
Receipts	–6.8	–22.0	–40.2	–60.0	–81.1	–103.8	–128.2
Outlays	0.2	0.9	2.4	4.8	7.8	12.1	17.6
Deficit increase (+)	7.0	22.9	42.6	64.7	88.9	115.9	145.8
Inflation and Interest Rates							
Budgetary effects of 1 percentage point higher rate of:							
Inflation and interest rates during calendar year 1996 only:							
Receipts	7.9	15.9	15.5	14.1	14.6	15.3	16.0
Outlays	6.5	15.1	11.8	10.1	9.6	9.2	8.2
Deficit increase (+)	–1.4	–0.8	–3.7	–4.1	–5.0	–6.1	–7.8
Inflation and interest rates, sustained during 1996–2002:							
Receipts	7.9	24.2	40.8	57.1	74.7	93.8	114.6
Outlays	6.5	22.0	35.2	47.4	59.4	70.6	81.3
Deficit increase (+)	–1.4	–2.2	–5.6	–9.7	–15.3	–23.2	–33.3
Interest rates only, sustained during 1996–2002:							
Receipts	1.0	2.7	3.4	3.7	4.0	4.2	4.5
Outlays	6.0	17.7	24.9	30.3	34.8	38.8	41.2
Deficit increase (+)	5.0	15.0	21.5	26.6	30.9	34.5	36.7
Inflation only, sustained during 1996–2002:							
Receipts	6.9	21.5	37.4	53.4	70.7	89.6	110.1
Outlays	0.5	4.3	10.3	17.1	24.6	31.8	40.1
Deficit increase (+)	–6.4	–17.2	–27.1	–36.3	–46.2	–57.7	–70.0
Interest Cost of Higher Federal Borrowing							
Effect of $100 billion additional borrowing during 1996	2.8	5.1	5.0	5.2	5.2	5.3	5.5

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

2. STEWARDSHIP: TOWARD A FEDERAL BALANCE SHEET

Introduction

This chapter presents a framework for describing the financial condition of the Federal Government and its performance as a steward of publicly owned assets. Although parts of the presentation are similar in appearance to a business 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 typical 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 formal assets and liabilities. A review of how national welfare and security are faring in light of Government policy is also needed.

Because of the differences between Government and business, and the serious limitations that exist in the available data, the material presented below must be interpreted cautiously. The conclusions are necessarily tentative and subject to future revision as the estimating methods are improved and better data become available.

The presentation consists of three parts:

- The first part is summarized in Table 2–1, which shows what the Federal Government owns and what it owes. This table is closest in appearance to a business balance sheet. The assets and liabilities shown here are strictly defined. The assets are only those owned by the Government, while the liabilities result from past Government actions that have created binding commitments to make future payments. Government assets and liabilities could be defined more broadly than this, but if they were, they would no longer correspond to the assets and liabilities that appear on a balance sheet.
- The second part is summarized in Table 2–2, which presents possible paths for the Federal budget extending into the distant future. The section shows how the deficit is affected in the long run by changes in policy and by changes in economic or demographic behavior. This is the best context in which to examine the balance between Federal resources and responsibilities, and it is the clearest way to indicate the long-run financial burdens that the Government faces. Some future claims deserve special emphasis because of their importance in individual retirement planning. Table 2–3 summarizes the condition of the social security and Medicare trust funds under current law and how and why that condition has changed since 1994.
- The final part of the presentation is intended to show some of the ways in which Federal activities contribute to social and economic well-being. Table 2–4 indicates how Federal investments have contributed to national wealth. Table 2–5 offers a set of economic and social indicators. The measures of well- or ill-being in this table are all affected to a greater or lesser degree by Government actions.

The Federal Government does not have a single bottom line that would reveal its financial status at a glance, but this presentation offers a balanced view of the condition of the Government's finances and its stewardship of resources.

The Government's formal liabilities exceed the value of assets in its possession, and the gap has widened markedly over the last 15 years. Even so, national wealth has continued to rise, partly as a result of investments the Government has made or sponsored in physical and human capital. The Government's net liabilities are very large but they amount to only about 6 percent of total national wealth. Furthermore, if the President's 1997 budget is enacted, Federal debt in the hands of the public—the main category of Federal liabilities—will expand much less rapidly in the future than it did prior to 1993. By the year 2002 the deficit would be eliminated, and for several years after that Federal debt held by the public would actually decline. Eventually, a deficit is likely to reemerge if action is not taken to confront the demographic transition caused by the retirement of the baby boom, but that problem will be much easier to deal with because of actions taken by this Administration.

Relationship with FASAB Objectives

The framework presented here meets one of the four objectives[1] 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.

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

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

The Board is in the process of developing recommendations as to the specific accounting standards that would meet this objective. 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 allotting resources within the Federal Government and between public and private sectors, 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. It is useful to project the deficit forward to see how current decisions will affect the future balance of Federal resources and responsibilities. The 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 generate returns that flow mainly to households, private businesses or other levels of Government, rather than back to the Federal Treasury. 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 individual or business possesses. Although these resources are not assets in any conventional sense, they need to be considered in a comprehensive review of the Government's financial condition. Formal Government obligations such as Treasury notes clearly belong on the other side of the ledger. These debts have obvious counterparts in the business world.

There are other Government obligations, however, which 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 number of social policy programs. These programs are at the center of the debate over how best to discharge the Federal Government's responsibilities. Although changes in these programs are inevitable and even desirable, it is very likely that many of them will remain as Federal obligations for the foreseeable future. Programs such as Medicare may be changed, but they are unlikely to be eliminated. In its budget planning, it would be prudent for the Federal Government to assume that there will be a continuing need to fund such programs. They are not legally binding liabilities, however, and they would not be included on a business balance sheet.

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 them. 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 constitutional 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 it is possible to learn the implications of current and past policy decisions. Some projections of this sort are presented below. The budget does not show, however, whether the public is receiving value for its tax dollars. Knowing that would require comprehensive performance measures for Government programs, and broad statistical information about conditions in the U.S. economy and society for which Government is wholly or partly responsible. Some of these data are currently available but much more would need to be developed to obtain a full picture.

The presentation that follows consists of a series of tables and charts. No one of these is a "Government balance sheet," but all of them together serve many of the functions of a balance sheet. The schematic diagram, Chart 2–1, shows how they fit together. The tables and charts should be viewed as an ensemble, the main elements of 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 (such as the debt held by the public) based on past actions, and going on to include future budget outlays. This column potentially would include a set of indicators highlighting areas where Government activity might require adjustment, either through new investment or through reductions or reallocations of existing resources.

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

ASSETS/RESOURCES		LIABILITIES/RESPONSIBILITIES
Federal Assets Financial Assets Gold and Foreign Exchange Other Monetary Assets Mortgages and Other Loans Less Expected Loan Losses Other Financial Assets Physical Assets Fixed Reproducible Capital Defense Nondefense Inventories Non-reproducible Capital Land Mineral Rights	**Federal Governmental Assets and Liabilities (Table 2-1)**	**Federal Liabilities** Financial Liabilities Currency and Bank Reserves Debt Held by the Public Miscellaneous Guarantees and Insurance Liabilities Deposit Insurance Pension Benefit Guarantees Loan Guarantees Other Insurance Federal Pension Liabilities Net Balance
Resources/Receipts Projected Receipts	**Long-Run Federal Budget Projections (Table 2-2)**	**Responsibilities/Outlays** Discretionary Outlays Mandatory Outlays Social Security Health Programs Other Programs Net Interest Deficit
National Assets/Resources Federally Owned Physical Assets State & Local Physical Assets Federal Contribution Privately Owned Physical Assets Education Capital Federal Contribution R&D Capital Federal Contribution	**National Wealth (Table 2-4)**	**National Needs/Conditions** Indicators of economic, social, educational, and environmental conditions to be used as a guide to Government investment and management.

Table 2–1. GOVERNMENT ASSETS AND LIABILITIES*

(As of the end of the fiscal year, in billions of 1995 dollars)

	1960	1965	1970	1975	1980	1985	1990	1993	1994	1995
ASSETS										
Financial assets:										
Gold and Foreign Exchange	98	69	58	130	322	154	194	171	171	183
Other Monetary Assets	37	53	32	15	38	24	31	39	31	34
Mortgages and Other Loans	122	156	202	202	278	341	276	230	218	193
Less Expected Loan Losses	–1	–2	–4	–9	–16	–16	–18	–24	–26	–22
Other Financial Assets	58	77	64	64	84	108	166	202	190	188
Subtotal	314	353	351	403	706	611	648	618	584	576
Physical Assets:										
Fixed Reproducible Capital:										
Defense	826	842	839	683	586	694	771	782	780	744
Nondefense	146	175	189	216	248	249	254	251	256	255
Inventories	252	218	203	181	220	252	219	179	170	168
Nonreproducible Capital:										
Land	87	121	151	234	296	318	315	241	237	235
Mineral Rights	314	291	241	334	607	683	457	388	360	335
Subtotal	1,626	1,646	1,622	1,647	1,958	2,197	2,016	1,841	1,803	1,737
Total assets	**1,940**	**2,000**	**1,972**	**2,050**	**2,664**	**2,808**	**2,664**	**2,459**	**2,387**	**2,313**
LIABILITIES										
Financial liabilities:										
Currency and Bank Reserves	220	241	267	272	273	290	348	396	422	437
Debt held by the Public	954	941	800	787	1,019	1,809	2,483	3,072	3,158	3,219
Miscellaneous	28	29	31	33	44	55	82	59	60	61
Subtotal	1,202	1,211	1,097	1,092	1,336	2,153	2,913	3,527	3,640	3,717
Insurance Liabilities:										
Deposit Insurance	0	0	0	0	2	9	67	13	8	4
Pension Benefit Guarantee Corp	0	0	0	41	30	41	40	63	31	19
Loan Guarantees	0	0	2	6	12	10	14	28	30	27
Other Insurance	30	27	21	19	26	16	19	18	17	16
Subtotal	30	27	23	67	69	76	140	122	86	66
Federal Pension Liabilities	734	930	1,104	1,256	1,707	1,693	1,625	1,563	1,541	1,513
Total liabilities	**1,966**	**2,168**	**2,225**	**2,414**	**3,112**	**3,922**	**4,678**	**5,212**	**5,267**	**5,296**
Balance	**–26**	**–169**	**–252**	**–364**	**–448**	**–1,114**	**–2,014**	**–2,753**	**–2,880**	**–2,983**
Per capita (in 1995 dollars)	**–146**	**–867**	**–1,231**	**–1,686**	**–1,961**	**–4,658**	**–8,034**	**–10,635**	**–11,018**	**–11,312**
Ratio to GDP (in percent)	**–1.1**	**–5.4**	**–6.9**	**–8.7**	**–9.0**	**–19.1**	**–30.4**	**–39.5**	**–39.9**	**–40.7**

*This table shows assets and liabilites for the Government as a whole, including the Federal Reserve System. Therefore, it does not break out separately the assets held in Government accounts, such as social security, that are the obligation of specific Government agencies. Estimates for 1995 are extrapolated in some cases.

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 1995 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.[2] Currently, the total real value of Federal assets is estimated to be about 20 percent greater than it was in 1960. Meanwhile, Federal liabilities have increased by almost 170 percent in real terms. The sharp decline in the Federal net asset position that began in the 1980s was principally 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 $3 trillion or over $11,000 per capita.

Assets

The assets in Table 2–1 reflect a comprehensive list of the financial and physical resources owned by the Federal Government. The list corresponds to items that

[2] This temporary improvement highlights the importance of the other tables in this presentation. What is good for the Federal Government as an asset holder is 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.

would appear on a typical balance sheet, but it does not constitute an exhaustive catalogue of Federal resources. For example, the Government's most important financial resource, its ability to tax, is not reflected.

Financial Assets: At the end of 1995, 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 over the last three years as the holdings acquired from failed Savings and Loan institutions have been liquidated.

The face value of mortgages and other loans overstates their economic value because of future losses and the interest subsidy on these loans. 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, and the real value of U.S. gold and foreign exchange holdings have dropped by over 40 percent. Last year, for the first time in several years, these assets rose in value.

Reproducible Capital: The Federal Government is a major investor in physical capital. Government-owned stocks of fixed capital amounted to about $1.0 trillion in 1995. About three-quarters of this capital took the form of defense equipment or structures. From 1960 to 1981, the net stock of defense capital fell as a share of GDP, but between 1982 and 1991, the ratio generally held steady. Since 1991, 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 1½ percentage point.

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. Private land values are about 20 percent lower than they were at the end of the 1980s, although they have risen somewhat since 1993. It is assumed here that Federal land has shared in this decline. Oil prices have fluctuated but are lower now than they were five years ago. These shifts are likely to have pulled down the value of Federal mineral deposits.

Total Assets: The total real value of Government assets has declined about 15 percent over the last 10 years, principally because of declines in the real prices of gold, land, and minerals. At the end of 1995, the Government's holdings of all assets were worth about $2.3 trillion.

Liabilities

The liabilities listed in Table 2–1 are analogous to those of a business corporation. They include public debt, Federal trade credit, and Federal pension obligations owed to its workers. Other potential claims on Federal resources are not reflected.

Financial Liabilities: These amounted to about $3.7 trillion at the end of 1995. The largest component was Federal debt held by the public, amounting to over $3.2 trillion. This measure of Federal debt is net of the holdings of the Federal Reserve System. Those holdings exceeded $380 billion in 1995. Although independent in its policy deliberations, the Federal Reserve is part of the Federal Government, and for that reason 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 $440 billion in currency and bank reserves, which are mainly obligations of the Federal Reserve System, and about $60 billion in miscellaneous liabilities.

Guarantees and Insurance Liabilities: The Federal Government has contingent liabilities arising from loan guarantees and insurance programs. When the Government 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. 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 costs arising from these commitments. The estimates are reported in Table 2–1. The resolution of the many failures in the Savings and Loan and banking industries have helped to reduce the losses in this category by about half since 1990.

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 1995, the discounted present value of the benefits is estimated to have been around $1.5 trillion.[3]

The Balance of Net Liabilities

The balance between Federal liabilities and Federal assets has deteriorated over the past 15 years 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. The budget deficit has declined since 1992, however, and this has slowed the rate of decline in the net asset position. If the Administration's budget proposals were to be enacted, it is likely that the rate of decline in the net asset position would be halted and even reversed.

[3] These pension liabilities are expressed as the actuarial present value of benefits accrued-to-date based on past and projected salaries. The cost of retiree health benefits is not included. The 1995 liability is extrapolated from recent trends.

THE BALANCE OF RESOURCES AND RESPONSIBILITIES

The data summarized in Table 2–1 are useful in showing the consequences of past Government policies, but Government's continuing commitments to provide public services are not reflected there, nor can the Government's broader resources be displayed in a table limited only to the assets that it owns. A better way to examine the balance between future Government obligations and resources is by projecting the overall budget. The budget offers the most comprehensive measure of the Government's financial burdens and its resources. By projecting total receipts and outlays, it is possible to examine whether there will be sufficient resources to support all of the Government's ongoing obligations.

The Federal Government's responsibilities extend well beyond the five-year window (or the expanded seven-year window) that has been the focus of recent budget analysis and debate. There is no time limit on Government's constitutional responsibilities, and programs like social security are clearly expected to continue indefinitely.

This part of the presentation shows some alternative long-run projections of the Federal budget that extend through the year 2050. Forecasting the economy and the budget over such a long period is highly uncertain. Future budget outcomes depend on a host of unknowns—constantly changing economic conditions, unforeseen international developments, unexpected demographic shifts, the unpredictable forces of technological advance, and unknown future political preferences. Those uncertainties increase the further projections are pushed into the future. Even so, long-run budget projections are needed to assess the full implications of current action or inaction.

It is evident even now that there will be mounting challenges to the budget after the turn of the century. The huge baby-boom generation born in the years after World War II is aging and will begin to retire in little more than a decade. By 2008, the first baby-boomers will become eligible for social security. In the years that follow there will be serious strains on the budget because of increased expenditures for both social security and Medicare. Long-range projections can offer a sense of the seriousness of these strains and what may be needed to withstand them.

The Long-Range Outlook for the Budget.—Since the Administration took office there have been major changes in the long-run budget outlook. In January 1993, the deficit was clearly on an unsustainable trajectory. Had current policies continued unchanged the deficit would have steadily mounted not only in dollar terms, but relative to the size of the economy.[4] The Omnibus Budget Reconciliation Act of 1993 (OBRA) changed that. Not only did it produce a decline in the near-term deficit, but it also brought down the long-term budget deficit as well. The policies in OBRA were sufficient to maintain the deficit as a stable share of GDP into the next century. This was a marked improvement over the long-term outlook that the Administration inherited.

Despite this improvement, the long-run picture for the budget has remained threatening. A GAO study released in 1992 concluded that, "the economic and political reality is that the nation cannot continue on the current path" of increasing long-run deficits. More recently, the 1994 report of the Bipartisan Commission on Entitlement and Tax Reform found that there exists a "long-term imbalance between the Government's entitlement promises and the funds it will have available to pay for them." On a narrower front, the annual trustees' reports for both the social security and Medicare trust funds project a long-run actuarial deficiency for these programs, and have for some time.

Economic and Demographic Projections.—Long-run budget projections must be based on a long-run demographic and economic forecast. Otherwise, it is impossible to estimate either future resources or the potential claims on them. The forecast used here is an extension of the Administration's economic projections described in the first chapter of this volume. Inflation, unemployment and interest rates are assumed to hold stable at their values in the year 2006. The real rate of economic growth is determined by the expected growth of the labor force and labor productivity. Productivity is assumed to continue rising at the same rate as in the Administration's medium-term projections, approximately 1.2 percent per year.[5]

Population growth is expected to slow over the next several decades. This is consistent with recent trends in the birth rate and an expected decline in the proportion of women in their childbearing years. The slowdown is expected to lower the rate of population growth from over 1 percent per year to about half that rate by the year 2020.[6] Labor force participation is also expected to decline as the population ages. Together these trends imply a slowdown in real economic growth beginning around the year 2005. The rate of real GDP growth slows to less than 1.5 percent per year after 2020 because of these trends.

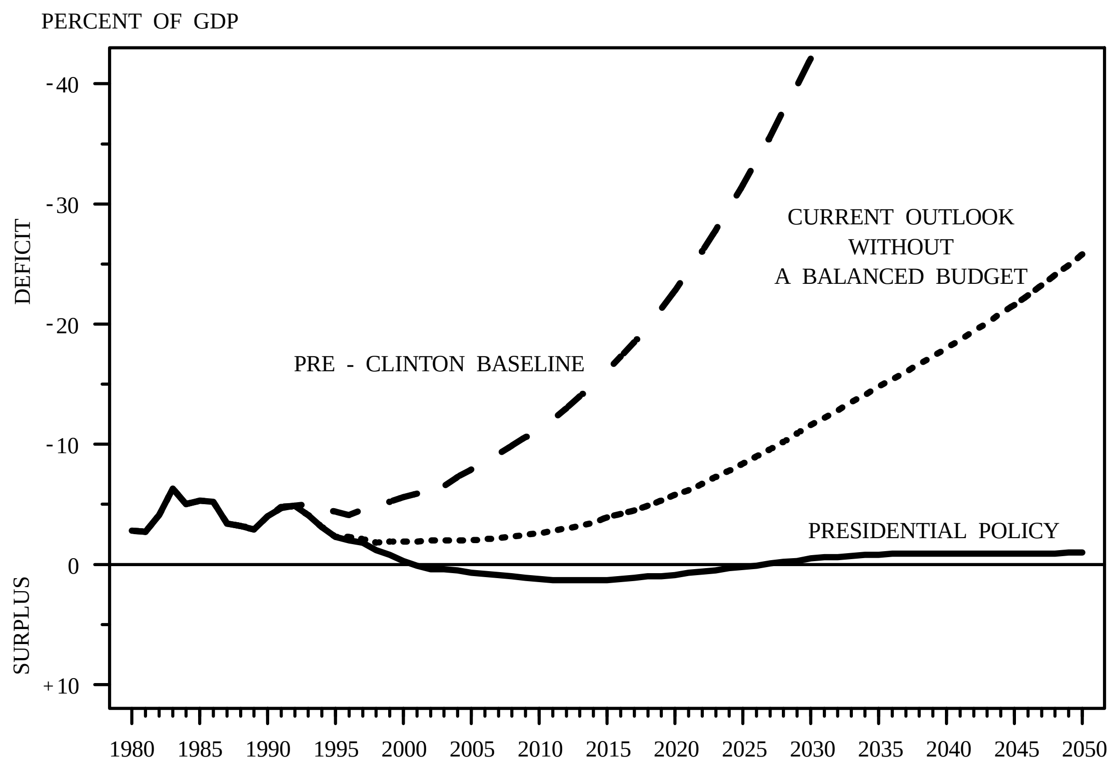
The Deficit Outlook.—Chart 2–2 shows three alternative deficit projections: a projection based on the policies in place prior to enactment of OBRA, the current outlook before incorporating the President's proposals to balance the budget, and a projection that shows the long-run outlook assuming those proposals are adopted.

[4] Over very long periods when the rate of inflation is positive, comparisons of dollar values are meaningless. Even the low rate of inflation assumed in this budget will reduce the value of a 1995 dollar by over 60 percent by 2030, and by almost 80 percent by the year 2050. For long-run comparisons, it is much more useful to examine the ratio of the deficit and other budget categories to the overall size of the economy as measured by GDP.

[5] This projection is stated in terms of the new chain-weighted measures for GDP introduced by the Bureau of Economic Analysis in January. On the unrevised basis, the projected growth rate is about one-half percentage point higher.

[6] The population growth assumptions in these projections are based on the intermediate assumptions in the 1995 social security trustees' report for the period after 2006.

CHART 2-2. ALTERNATIVE LONG-RUN DEFICIT PROJECTIONS



The chart clearly illustrates the dramatic improvement in the deficit that has already been achieved and shows that more is possible, not only in the short run but also in the long run. If the budget were balanced by 2002, the task of achieving fiscal stability when the demographic bulge hits after 2005 would be substantially reduced.

Along the pre-OBRA baseline, the deficit reaches over 40 percent of GDP by the year 2030. OBRA reduced the deficit by extending the caps on discretionary outlays; reforming Medicare; changing the rules for other entitlement programs; and raising tax rates on upper-income taxpayers, among other measures. A strengthening of the economic outlook also improved the deficit projection following the enactment of OBRA. In the current context, it is notable that OBRA lowered the deficit in the long term as well as in the short term. This would require that the discretionary savings achieved in 1994–1998 be preserved by holding the level of real discretionary spending constant thereafter. A return to the prior spending trajectory would partially undo these savings. Similarly, the savings in Medicare and other entitlements would need to be preserved.

Despite the improvement in the outlook after the passage of OBRA, serious long-run problems remain. Beginning around the year 2010 and continuing throughout the next several decades, the deficit would rise, eventually reaching unsustainable levels. The initial increase is caused by the expected retirement of the baby-boom generation that puts new strains on social security and Medicare. By 2030, the deficit reaches 12 percent of GDP, and by 2050, it is 26 percent. Table 2–2 shows alternative long-range budget projections for the major spending categories. The table shows that the entitlement programs are the major driving force behind the rise in the deficit in the long run.

Social security benefits, driven by the retirement of the baby-boom generation, rise from around 5 percent of GDP in 2000 to over 7 percent in 2030. The rise in Federal health care is even greater. Without the President's policies, Medicare and Medicaid together would reach 4 percent of GDP in 2000 and then continue to rise to 11 percent by the year 2030. As entitlement spending rises, if no corrective action is taken, the deficit grows rapidly. Initially, the programmatic spending is responsible for the increase, but as time passes a vicious spiral takes hold in which more bor-

Table 2–2. ALTERNATIVE BUDGET PROJECTIONS

(Percent of GDP)

	1995	2000	2005	2010	2020	2030	2040	2050
Current outlook without a balanced budget:								
Receipts	19.3	19.3	19.2	19.2	19.2	19.4	19.4	19.5
Outlays	21.7	21.3	21.2	21.8	25.0	30.9	37.4	45.3
Discretionary	7.8	6.5	5.8	5.3	4.5	4.0	3.4	3.0
Mandatory	10.6	11.7	12.4	13.4	16.4	19.7	21.5	22.5
Social security	4.8	4.7	4.7	4.8	6.0	7.1	7.6	8.0
Medicare and Medicaid	3.5	4.3	5.2	6.2	8.3	10.7	12.3	13.0
Net interest	3.3	3.1	3.0	3.1	4.1	7.3	12.5	19.8
Deficit	–2.3	–1.9	–2.0	–2.6	–5.8	–11.6	–18.0	–25.8
Federal debt held by public	51.4	50.8	49.5	50.5	68.4	121.0	207.8	327.0
Presidential policy (balanced budget):								
Receipts	19.3	19.4	19.4	19.3	19.4	19.5	19.5	19.6
Outlays	21.7	19.7	18.7	18.1	18.5	20.0	20.5	20.6
Discretionary	7.8	6.0	5.4	4.9	4.2	3.7	3.2	2.8
Mandatory	10.6	11.1	11.4	12.0	14.0	16.1	16.8	17.1
Social security	4.8	4.7	4.7	4.8	6.0	7.1	7.6	8.0
Medicare and Medicaid	3.5	3.9	4.3	4.9	6.0	7.2	7.7	7.7
Net interest	3.3	2.6	1.9	1.2	0.3	0.2	0.4	0.7
Deficit	–2.3	–0.3	0.7	1.2	0.9	–0.5	–0.9	–1.0
Federal debt held by public	51.4	47.0	35.6	24.1	6.5	3.7	9.5	14.2

rowing leads to higher Federal interest payments on the growing debt, which is financed in turn by yet more borrowing. The spiral is unstable in that if it continued unchecked it would eventually drive the debt and the deficit to infinity. Long before that point, a financial crisis would surely be triggered that would force some type of action on the Federal Government—action that was certain to be drastic and painful.

The long-run deficit outlook would be much improved if the President's budget proposals were enacted. Balancing the budget would set it on a solid footing for several decades. There is no justification in these projections for the concern sometimes expressed that a balanced budget would be a transitory phenomenon, to be followed quickly by a return of large and growing deficits. Under the Administration's economic and demographic assumptions that would not happen. The additional savings projected for the entitlements and the further reduction in discretionary spending leave the budget in a much improved position compared with the outlook in the absence of these changes. The lower level of Federal debt and interest that result from a balanced budget also help to maintain a budget surplus in these projections in the period beyond 2006.

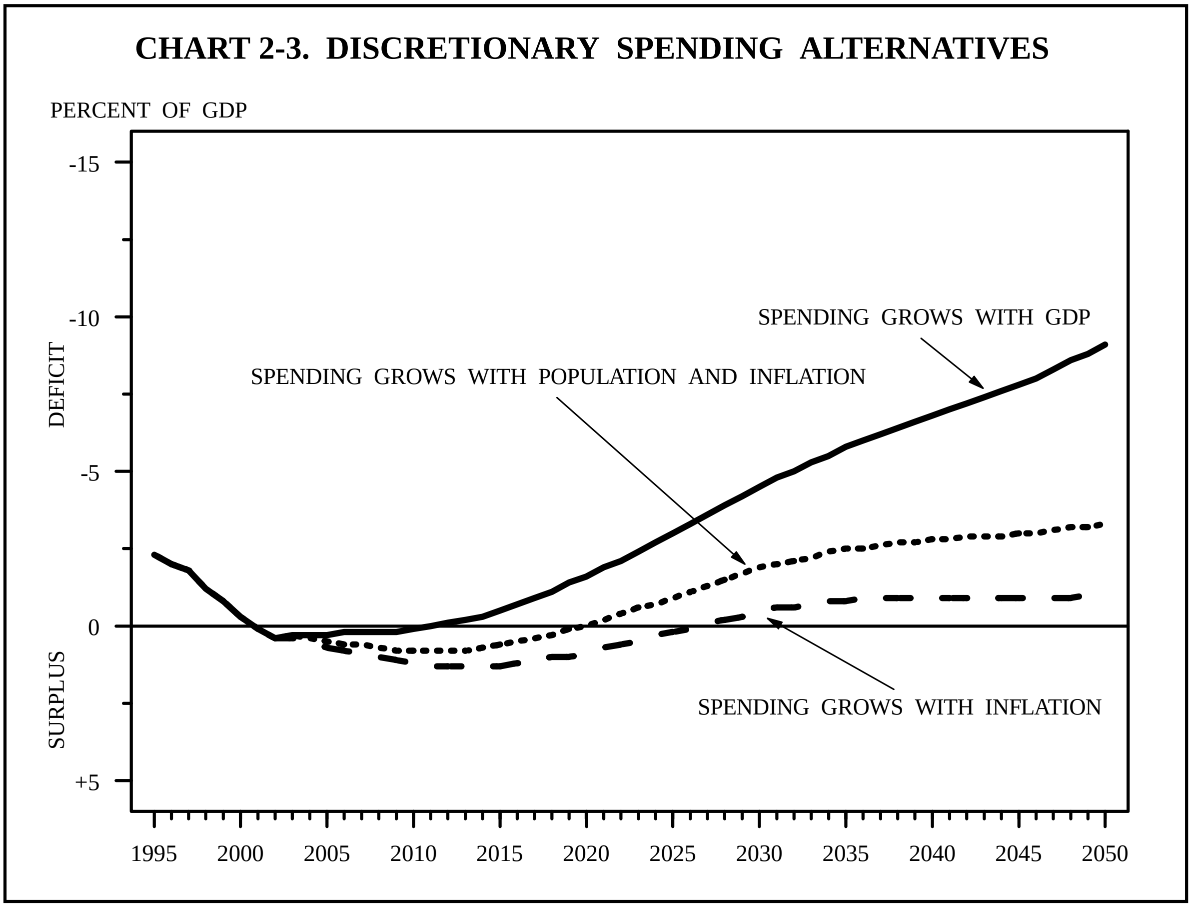
Even with the improvements caused by a balanced budget, a very long-run deficit problem would remain as a result of the expected strains on social security and the health programs in the period following the retirement of the baby-boom generation. Balancing the budget would enable the Government to run a surplus over the following decades without further major policy initiatives. Eventually, the surplus would dissipate to be followed by a reappearance of the unified budget deficit.[7] By the year 2050, however, the deficit would still be lower, as a percentage of GDP, than it was in 1992. To prevent the reemergence of a deficit, policies would have to be changed to reform social security and check the growth of Medicare and Medicaid.

[7] These projections assume that any surplus is used to reduce the debt. This depends on political choices in future years.

Alternative Scenarios.—Budget projections are uncertain, and long-run projections are especially so. Therefore, it is essential to study how such projections can vary under reasonable variations in assumptions. A number of such alternative scenarios have been developed for these projections. Each alternative focuses on one of the key uncertainties in the outlook. Generally, the scenarios highlight negative possibilities rather than positive ones to show the risks in the outlook.

1. *Discretionary Spending.* The projections assume that discretionary spending is held constant in real terms once budget balance is reached. This is a strong assumption in a long-run context, although it is the usual assumption when current services projections are made, and currently discretionary spending is only half as large as a percent of GDP as it was 30 years ago. What makes it questionable is the fact that with real economic growth occurring and population rising, the public demand for Government services—more national parks, better transportation, additional Federal support for scientific research—might be expected to increase as well. It also assumes that the Nation's real defense needs will not vary from the proposed levels at the end of the current budget period. Alternative assumptions that allow for these programs to grow with population or overall economic activity are shown in Chart 2–3. These alternative assumptions worsen the deficit outlook.

2. *Health Spending:* The most volatile element of recent budgets has been Federal health spending. Expenditures for Medicare and Medicaid have grown faster than other entitlements, and even after the reforms



in the President's budget, which go a long way toward reining in their growth, they continue to rise more rapidly. In the long-run projections, the growth of real per capita spending for Medicare, following the Medicare trustees' assumptions, is assumed to slow down gradually. Per capita Medicaid spending is constrained by the proposed cap on per capita spending. The beneficiary populations vary with the demographic assumptions. The alternative scenario shows what would happen instead if faster trends in spending for these programs resumed after 2006. Chart 2–4 shows the resulting deficit outlook from such assumptions.

3. *Productivity:* The slowdown in productivity growth in the U.S. economy that began in 1973 is responsible for much of the weaker performance of U.S. income growth since that time. Indeed, over the long run, productivity gains are the principal source of higher incomes, so slower growth of productivity necessarily means a slower rise in living standards. Productivity can be affected by changes in the budget deficit, but many other factors influence it as well. Educational achievement, R&D, energy prices, regulation, changes in business organization, and competition all affect productivity. The alternative scenarios illustrate what would happen to the budget deficit in the long run if productivity growth were higher or lower. A higher rate of growth would make the task of preserving a balanced budget much easier; a lower growth rate would have the opposite effect. Chart 2–5 shows how the deficit varies with changes of one-half percentage point of average productivity growth.

4. *Population:* In the long-run, demographics dominate the projections. Changes in population growth feed into real economic growth through the effect on labor supply and employment. Changes in demographics also affect spending under the entitlement programs. Much of the long-run problem that remains even with a balanced budget is due to expected demographic shifts. Chart 2–6 illustrates how important these are by showing what would happen to the deficit under the alternative demographic assumptions used by the social security trustees in their most recent report.

Conclusion.—OBRA improved the long-run deficit outlook dramatically, but even so the deficit is still projected to increase beginning around the year 2010, and to rise to unacceptable levels by mid-century. The President's current budget proposals would not only balance the budget, but go some distance toward resolving the long-run deficit problem as well. The long-run budget problem is not the result of irresponsible discretionary spending, and while it is necessary to control discretionary spending, and while it is necessary to con-

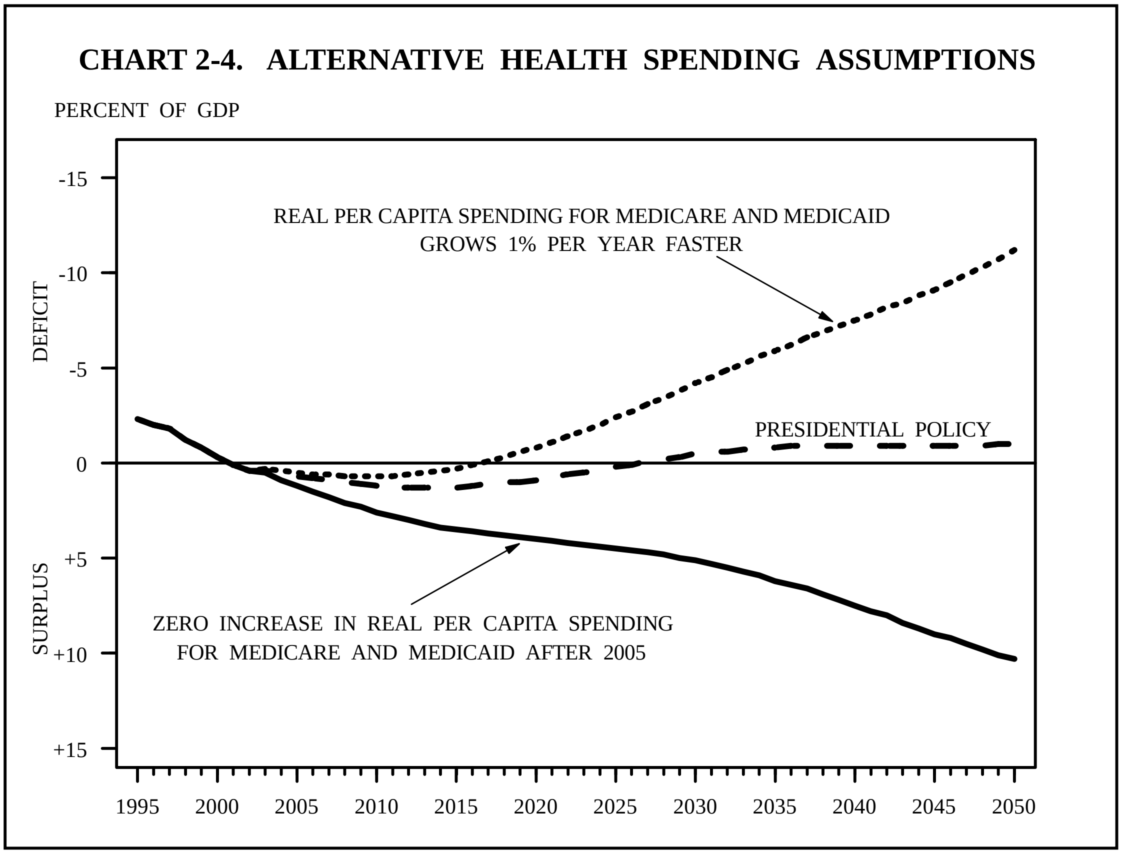


CHART 2-4. ALTERNATIVE HEALTH SPENDING ASSUMPTIONS
PERCENT OF GDP
DEFICIT
SURPLUS
-15
-10
-5
0
+5
+10
+15
REAL PER CAPITA SPENDING FOR MEDICARE AND MEDICAID GROWS 1% PER YEAR FASTER
PRESIDENTIAL POLICY
ZERO INCREASE IN REAL PER CAPITA SPENDING FOR MEDICARE AND MEDICAID AFTER 2005
1995
2000
2005
2010
2015
2020
2025
2030
2035
2040
2045
2050

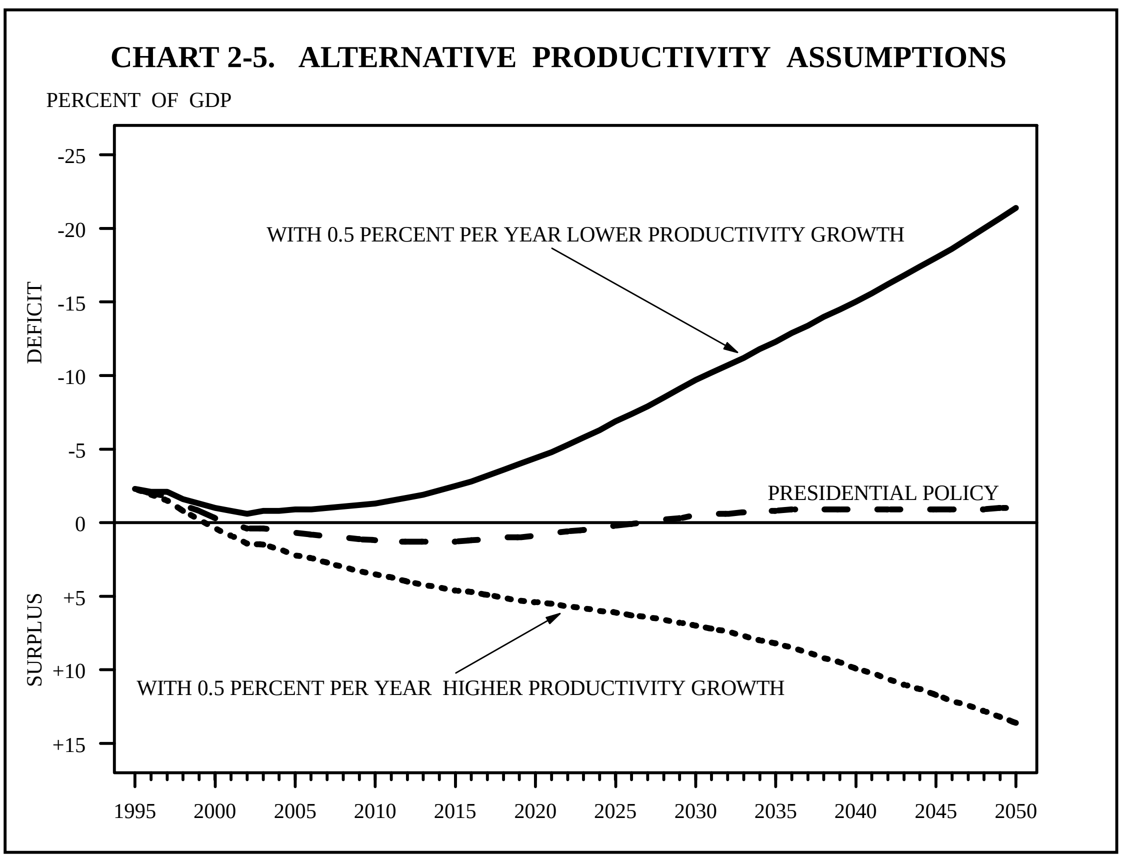
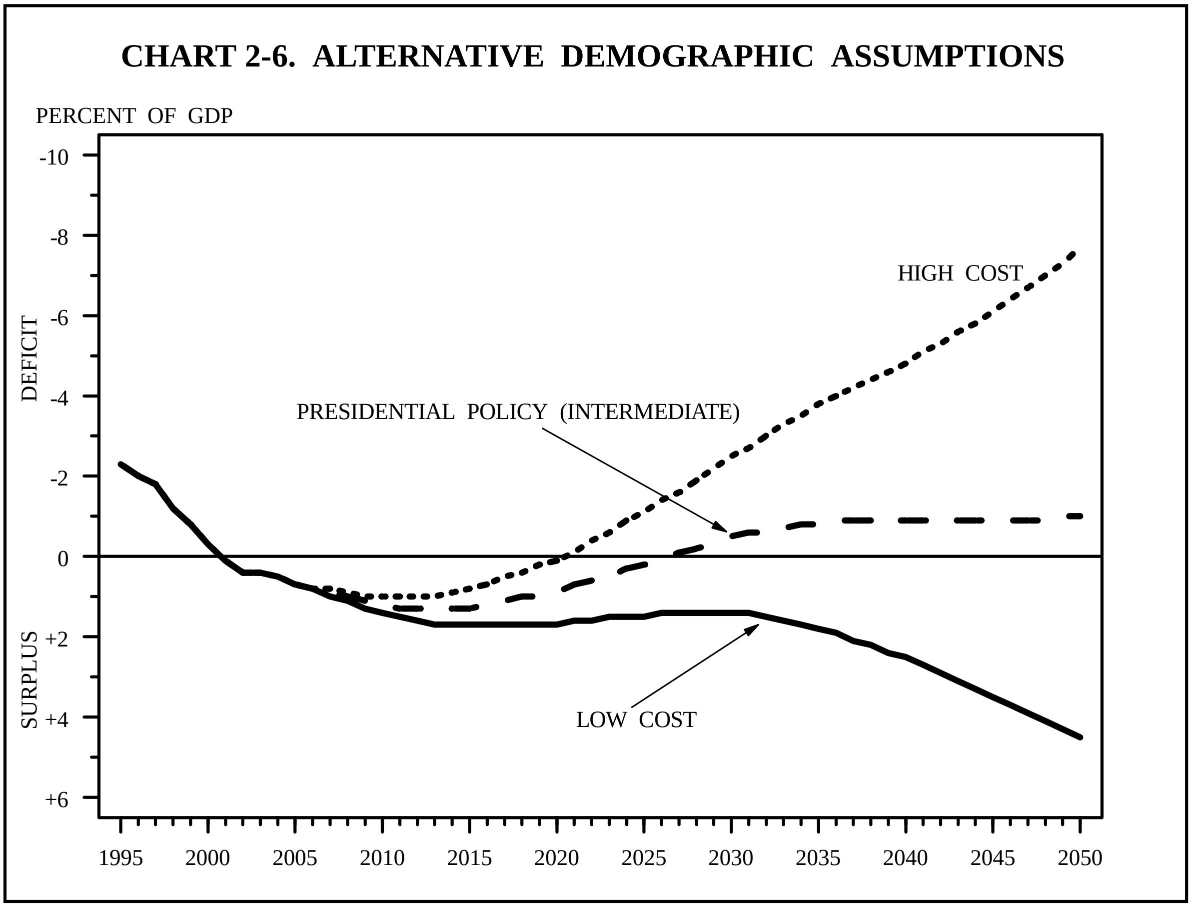


CHART 2-5. ALTERNATIVE PRODUCTIVITY ASSUMPTIONS
PERCENT OF GDP
DEFICIT
SURPLUS
-25
-20
-15
-10
-5
0
+5
+10
+15
WITH 0.5 PERCENT PER YEAR LOWER PRODUCTIVITY GROWTH
PRESIDENTIAL POLICY
WITH 0.5 PERCENT PER YEAR HIGHER PRODUCTIVITY GROWTH
1995
2000
2005
2010
2015
2020
2025
2030
2035
2040
2045
2050



trol discretionary spending, doing this alone will not be enough to solve the long-run problem.

Actuarial Balance in the Social Security and Medicare Trust Funds.—Because of the critical role of the social security and Medicare programs to the long-range budget outlook, it is worthwhile to examine the status of these programs more closely. Table 2–3 shows the changes in the 75-year actuarial balances of the social security and Medicare Trust Funds since 1994. There was only a small change in the consolidated balance for the OASDI Trust Funds which combines the separate funds set up for retirement and disability insurance. Legislation to shift resources from the retirement fund to the disability fund prevented the latter from becoming insolvent. The combined OASDI fund is not projected to become depleted until 2030. In 1995, the trustees for the Hospital Insurance Trust Fund projected that under intermediate assumptions, the HI trust fund would be insolvent in 2002, one year later than projected in 1994. More recent data has shown, however, that outlays exceeded income in 1995, sooner than was expected. In addition, baseline spending for HI has slightly increased from Mid-Session Review baseline estimates, primarily to reflect anticipated growth in home health spending. The trustees are expected to revise the projected exhaustion date for HI later this Spring in their 1996 Report. Because the trustees' analysis considers a wide range of factors, including additional experience in the current fiscal year, new analyses of the factors affecting HI benefit growth during fiscal years 1990–95, updated projections of HI payroll tax income and current interest rate expectations, it is not possible to accurately predict the exhaustion date until the Report is completed. Furthermore, the trustees' estimates do not take account of possible legislative changes, such as those proposed in this budget, that would postpone the date at which the fund is depleted.

TABLE 2–3. CHANGE IN 75–YEAR ACTUARIAL BALANCE FOR OASDI AND HI TRUST FUNDS (INTERMEDIATE ASSUMPTIONS)

(As a percent of taxable payroll)

	OASI	DI	OASDI	HI
Actuarial balance in 1994 report	**–1.46**	**–0.66**	**–2.13**	**–4.14**
Changes in balance due to changes in:				
Valuation period	–0.06	–0.01	–0.07	–0.10
Economic and demographic assumptions	0.13	0.01	0.14	0.01
Disability assumptions	0.00	–0.05	–0.05	0.00
Legislation	–0.40	0.40	0.00	0.00
Methods	–0.06	–0.01	–0.07	0.00
Hospital costs	0.00	0.00	0.00	0.64
Other	0.00	0.00	0.00	0.07
Total changes	–0.40	0.35	–0.05	0.62
Actuarial balance in 1995 report	**–1.87**	**–0.31**	**–2.17**	**–3.52**

NATIONAL WEALTH AND WELFARE

Unlike a private corporation, the Federal Government routinely invests in ways that do not add directly to its own assets. For example, Federal grants are frequently used to fund capital projects by State or local Governments for highways and other purposes. Such investments are valuable to the public which pays for them with taxes, 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 investments 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 2–4 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 7½ percent, which is down from around 8 percent at the end of the 1980s, and from over 12 percent in 1960.

Physical Assets

These include stocks of plant and equipment, office buildings, residential structures, land, and Government's physical assets such as military hardware, office buildings, and highways. Automobiles and consumer appliances are also included in this category. The total amount of such capital is vast, amounting to around $26 trillion in 1995; by comparison, GDP was about $7 trillion.

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

Education Capital

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

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

This is a crude measure, but it can provide a rough order of magnitude. According to this measure, the stock of education capital amounted to $28 trillion in 1995, 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 forgo earning opportunities in order to acquire education.

Even broader concepts of human capital have been considered. Not all useful training occurs in school, or formal training programs at work. Much informal and yet invaluable learning occurs within families or on the job. Labor compensation amounts to about two-thirds of national income. Therefore, it is conceivable that the total value of human capital might be as large as three times the estimated value of physical capital. Thus, it can be seen that the estimates offered here are in a sense conservative, because they reflect only the costs of acquiring formal education.

TABLE 2–4. NATIONAL WEALTH

(As of the end of the fiscal year, in trillions of 1995 dollars)

	1960	1965	1970	1975	1980	1985	1990	1993	1994	1995
ASSETS										
Publicly owned physical assets:										
Structures and Equipment	2.0	2.3	2.8	3.4	3.7	3.7	3.9	4.0	4.0	4.1
Federally owned or financed	1.1	1.2	1.3	1.3	1.4	1.5	1.6	1.6	1.6	1.6
Federally owned	1.0	1.0	1.0	0.9	0.8	0.9	1.0	1.0	1.0	1.0
Grants to State & Local	0.1	0.2	0.2	0.4	0.5	0.5	0.6	0.6	0.6	0.6
Funded by State and local Governments	0.9	1.1	1.5	2.1	2.4	2.2	2.3	2.4	2.4	2.5
Other Federal assets	0.7	0.7	0.6	0.9	1.4	1.4	1.1	0.9	0.9	0.9
Subtotal	2.7	3.0	3.5	4.3	5.2	5.1	5.0	4.9	4.9	4.9
Privately Owned Physical Assets:										
Reproducible Assets	5.4	6.2	7.9	10.2	13.0	13.6	15.0	15.3	15.8	16.2
Residential Structures	1.9	2.2	2.7	3.6	4.9	4.9	5.4	5.7	5.9	6.1
Nonresidential Plant and equipment	1.9	2.3	3.0	4.0	5.0	5.6	6.0	6.0	6.1	6.3
Inventories	0.7	0.7	0.9	1.1	1.3	1.2	1.3	1.2	1.2	1.3
Consumer Durables	0.9	1.0	1.3	1.5	1.7	1.9	2.3	2.4	2.5	2.6
Land	1.9	2.3	2.6	3.4	5.1	5.9	5.9	4.5	4.5	4.4
Subtotal	7.3	8.5	10.5	13.6	18.1	19.4	20.9	19.8	20.3	20.7
Education Capital:										
Federally Financed	0.1	0.1	0.2	0.3	0.4	0.5	0.7	0.8	0.8	0.8
Financed from Other Sources	6.1	7.9	10.6	12.3	15.0	18.1	22.8	25.0	25.9	26.7
Subtotal	6.1	8.0	10.8	12.6	15.4	18.6	23.5	25.8	26.7	27.5
Research and Development Capital:										
Federally Financed R&D	0.2	0.3	0.5	0.5	0.6	0.7	0.8	0.8	0.8	0.9
R&D Financed from Other Sources	0.1	0.2	0.3	0.4	0.4	0.6	0.8	0.9	1.0	1.0
Subtotal	0.3	0.5	0.7	0.9	1.0	1.3	1.6	1.8	1.8	1.9
Total assets	**16.5**	**20.1**	**25.5**	**31.3**	**39.7**	**44.4**	**51.0**	**52.3**	**53.7**	**55.0**
LIABILITIES:										
Net Claims of Foreigners on U.S.	(0.2)	(0.2)	(0.2)	(0.2)	(0.5)	(0.2)	0.3	0.6	0.7	0.9
Balance	16.7	20.3	25.7	31.5	40.2	44.6	50.7	51.7	52.9	54.1
Per capita (thousands of 1995 dollars)	92.2	104.4	125.5	145.8	176.1	186.5	202.1	199.7	202.6	205.1
ADDENDA:										
Total Federally funded capital	2.1	2.3	2.6	3.0	3.8	4.1	4.2	4.1	4.1	4.1
Percent of national wealth	12.3	11.3	10.2	9.5	9.4	9.1	8.2	8.0	7.8	7.6

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.[8] That stock is estimated to have been about $1.9 trillion in 1995. Although this 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. This does not mean they are unimportant. The buildup in debt largely owed to other Americans was partly responsible for the sluggishness of the recovery from the 1990–1991 recession in its early stages. Indeed, the debt explosion in the 1980s may have helped to bring on the recession in the first place.

However, these debts do not belong on the national balance sheet. If they were included, there would have to be offsetting entries. Only the net debt that is owed to foreigners belongs on the national balance sheet. 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 the total stock of assets. It amounted to about 1½ percent of the total in 1995.

Most of the Federal debt held by the public is owned by Americans, so it does not appear in Table 2–4. 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

[8] R&D depreciates in the sense that the economic value of applied research and development tends to decline with the passage of time which leads to movement in the technological frontier.

imbalance, as estimated in Table 2–1, amounts to about 5½ percent of total U.S. wealth as shown in Table 2–4.

Trends in National Wealth

The net stock of wealth in the United States at the end of 1995 was about $55 trillion. Since 1980 it has increased in real terms at an annual rate of 2.2 percent per year—about half the 4.5 percent rate it averaged from 1960 to 1980. (All comparisons are in terms of constant 1995 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 1995 than in 1980—$4.9 trillion versus $5.1 trillion in the earlier year. Since 1980, Federal grants to State and local governments for capital projects have grown less rapidly, while capital funded directly by State and local governments has grown at an average rate of only 0.1 percent per year.

Private capital formation in physical assets has also grown more slowly since 1980. The net stock of nonresidential plant and equipment grew 1.6 percent per year from 1980 to 1995 compared with 4.9 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 0.9 percent per year between 1980 and 1995.

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 4.7 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 4.4 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 have grown at about the same rate as education capital since 1980.

Other Federal Influences on Economic Growth

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

One important channel of influence is the Federal budget deficit, which determines the size of the Federal Government's borrowing requirements. 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 $3 trillion in added Federal debt since 1980 been avoided, a significant share of these funds would have gone into private investment. National wealth might have been 2 to 4 percent larger in 1995 had fiscal policy avoided the buildup in the debt.

Social Indicators

There are certain broad responsibilities that are unique to the Federal Government. Especially important are the Government's role in fostering healthy economic conditions, promoting health and social welfare, and protecting the environment. Table 2–5 offers a rough cut of information that can be useful in assessing how well the Federal Government has been doing in promoting these general objectives.

The indicators shown here are only a limited subset drawn from the vast array of data available on 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, however, this meant choosing indicators with significant limitations.

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. They are not outcome indicators, because they do not measure the direct 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. Where there are clear signs of deteriorating conditions, corrective action might be appropriate. 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 that adds to Federal liabilities. 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 run a deficit. More stringent Federal budgetary controls could be used to hold down Federal borrowing during such periods, but only at the risk of aggravating the downturn.

The Government cannot avoid making such tradeoffs 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 sup-

Table 2–5. ECONOMIC AND SOCIAL INDICATORS

General categories	Specific measures	1960	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994[1]	1995
Economic:													
Living Standards	Real GDP per person (1992 dollars)	12,512	14,792	16,521	17,896	20,252	22,345	24,559	24,058	24,447	24,728	25,335	25,591
	Average annual percent change	0.4	3.4	2.2	1.6	2.5	2.0	1.9	–2.0	1.6	1.2	2.5	1.0
	Median family income (1994 dollars):												
	All families	25,866	30,147	35,407	36,177	37,857	38,200	40,087	39,105	38,632	37,905	38,782	NA
	Married couple families	27,030	31,482	37,735	39,204	41,671	42,835	45,237	44,607	44,249	44,106	44,959	NA
	Female householder, no husband present	13,660	15,305	18,276	18,048	18,742	18,814	19,199	18,163	17,984	17,890	18,236	NA
	Income share of middle three quintiles (%)	54.0	53.9	53.6	53.5	53.4	52.0	51.2	51.4	51.0	43.9	49.0	NA
	Poverty rate (%)[2]	22.2	17.3	12.6	12.3	13.0	14.0	13.5	14.2	14.8	15.1	14.5	NA
	Economic security inflation and unemployment:												
	Civilian unemployment (%)	5.5	4.5	4.9	8.5	7.1	7.2	5.5	6.7	7.4	6.8	6.1	5.6
	CPI-U (year over year % change)	2.0	1.3	4.3	6.8	8.9	5.5	4.0	4.2	3.0	3.0	2.6	2.8
Employment prospects	Increase in total payroll employment (millions, Dec. to Dec.)	–0.5	2.9	–0.5	0.4	0.2	2.5	0.3	–0.9	1.2	2.8	3.5	1.7
	Managerial or professional jobs (% of civilian employment)	NA	NA	NA	NA	22.2	24.1	26.0	26.5	26.5	27.1	27.5	28.3
Wealth creation	Net national saving rate (% of NNP)	11.4	13.3	9.3	6.8	7.3	6.2	4.2	4.1	2.7	2.8	3.9	4.7
Innovation	Patents issued to U.S. residents (thous.)	42.0	53.6	50.1	51.4	40.8	43.4	53.0	57.8	58.7	61.1	64.2	64.4
	Multifactor productivity (average percent change)	1.1	3.2	1.1	1.3	0.7	0.6	0.3	–1.0	1.4	0.5	0.8	NA
Social:													
Families	Children living with a single parent (% of all children)	9.2	10.2	12.9	16.4	18.6	20.2	21.6	22.4	22.8	23.3	23.1	NA
Safe communities	Violent crime rate (per 100,000 population)[3]	160	199	364	482	597	557	732	758	758	746	716	NA
	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	9.0	NA
	Juvenile crime (murders per 100,000 persons age 14–17)	NA	NA	NA	NA	8.2	7.1	15.8	17.3	17.5	18.6	NA	NA
Health and illness	Infant mortality (per 1,000 live births)	26.0	24.7	20.0	16.1	12.6	10.6	9.2	8.9	8.5	8.4	7.9	NA
	Low birthweight (<2,500 gms) babies (%)	7.7	8.3	7.9	7.4	6.8	6.8	7.0	7.1	7.1	7.2	NA	NA
	Life expectancy at birth (years)	69.7	70.2	70.8	72.6	73.7	74.7	75.4	75.5	75.8	75.5	75.7	NA
	Cigarette smokers (% population 18 and oover)	NA	42.4	39.5	36.4	33.2	30.1	25.5	25.6	26.5	25.0	NA	NA
	Bed disability days (average days per person)	6.0	6.2	6.1	6.6	7.0	6.1	6.2	6.5	6.3	6.7	NA	NA
	National health expenditures (% of GDP)	5.2	5.8	7.2	8.1	9.0	10.4	12.1	12.8	13.1	13.5	NA	NA
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	80.9	NA
	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	22.2	NA
	National assessment of educational progress[4].												
	Mathematics	NA	NA	NA	304	298	302	305	NA	307	NA	NA	NA
	Science	NA	NA	305	296	283	288	290	NA	294	NA	NA	NA
Participation	Voting for President (% eligible population)	62.8	NA	NA	NA	52.6	NA	NA	NA	55.2	NA	NA	NA
	Voting for Congress (% of eligible population)	58.5	NA	43.5	NA	47.4	NA	33.1	NA	50.8	NA	36.0	NA
	Individual charitable giving per capita (1994 dollars)	199	238	286	304	331	349	427	423	422	419	NA	NA
Environment:													
Air quality	Population living in counties with ozone levels exceeding the standard (millions)	NA	NA	NA	NA	NA	76	63	70	43	51	50	NA
Water quality	Population served by secondary treatment or better (millions)	NA	NA	NA	NA	NA	134	155	157	159	162	164	166

[1] Data are preliminary for infant mortality and life expectancy.
[2] The poverty rate does not reflect noncash government transfers such as Medicaid or food stamps.
[3] Not all crimes are reported, and the fraction that go unreported may have varied over time.
[4] Dates shown in table for the national educational assessments are approximate.

port 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 these 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 database for physical capital outlays. The database 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 1979–1994, 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.

Long-Run Budget Projections

The long-run budget projections are based on long-run demographic and economic projections. A model of the Federal budget developed at OMB computes the budgetary implications of this forecast.

Demographic and Economic Projections: For the years 1996–2006 the assumptions are identical to those used in the budget. As always, these budget assumptions reflect the President's policy proposals, in this case that the budget be balanced. The long-run projections extend these budget assumptions by holding inflation, interest rates, and unemployment constant at the levels assumed in the budget for 2006. Population growth and labor force participation are extended using the intermediate assumptions from the 1995 social security trustees' report and Bureau of Labor Statistics projections. The projected rate of growth for real GDP is built up from the labor force assumptions and an assumed rate of productivity growth. The assumed rate of productivity growth is held constant at the average rate of growth implied by the budget's economic assumptions. The economic forecast used to project the budget in the absence of the President's balanced budget proposals is altered to reflect the higher interest rates and lower profits that would be expected to prevail under these circumstances.

Budget Projections: For the years 1996–2006, the projections follow the budget. After 2006, receipts are projected using simple rules of thumb linking income taxes, payroll taxes, excise taxes, and other receipts to projected tax bases derived from the economic forecast. Outlays are computed in different ways. Discretionary spending grows at the rate of inflation. Social security, Medicare, and Federal pension outlays are projected using the most recent actuarial forecasts available at the time the budget was prepared (April 1995 for social security). These projections are repriced using Administration inflation assumptions. Other entitlement programs are projected based on rules of thumb linking program spending to elements of the economic and demographic forecast such as the poverty rate.

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 computed by OMB from the budget database. 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 1995 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' forgone 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.* 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 database 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 2–4 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. Generally, the data are publicly available in the President's annual *Economic Report* and the *Statistical Abstract of the United States.*

FEDERAL RECEIPTS AND COLLECTIONS

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 1997 are estimated to be $1,495.2 billion, an increase of $68.5 billion or 4.8 percent relative to 1996. 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 5.0 percent between 1997 and 2002, rising to $1912.2 billion.

As a share of GDP, receipts are projected to remain fairly constant, declining from 19.0 percent in 1996 to 18.9 percent in 2002.

Table 3–1. RECEIPTS BY SOURCE—SUMMARY

(In billions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Individual income taxes	590.2	630.9	645.1	683.4	714.2	748.7	790.0	834.5
Corporation income taxes	157.0	167.1	185.0	201.7	212.7	225.4	236.7	245.8
Social insurance taxes and contributions	484.5	507.5	536.2	560.9	589.4	618.8	647.0	679.5
(On-budget)	(133.4)	(140.1)	(148.2)	(154.6)	(161.6)	(168.8)	(175.8)	(184.8)
(Off-budget)	(351.1)	(367.4)	(388.0)	(406.3)	(427.8)	(450.0)	(471.2)	(494.6)
Excise taxes	57.5	53.9	59.6	60.4	61.7	62.8	64.2	65.6
Estate and gift taxes	14.8	15.9	17.1	18.1	19.5	20.9	22.5	24.1
Customs duties	19.3	19.3	20.5	20.8	20.9	21.9	22.4	24.3
Miscellaneous receipts	31.9	32.1	31.8	32.7	34.2	35.3	37.1	38.4
Total receipts	**1,355.2**	**1,426.8**	**1,495.2**	**1,577.9**	**1,652.5**	**1,733.8**	**1,819.8**	**1,912.2**
(On-budget)	*(1,004.1)*	*(1,059.3)*	*(1,107.2)*	*(1,171.6)*	*(1,224.8)*	*(1,283.9)*	*(1,348.6)*	*(1,417.6)*
(Off-budget)	*(351.1)*	*(367.4)*	*(388.0)*	*(406.3)*	*(427.8)*	*(450.0)*	*(471.2)*	*(494.6)*

Table 3–2. CHANGES IN RECEIPTS

(In billions of dollars)

	Estimate						
	1996	1997	1998	1999	2000	2001	2002
Receipts under tax rates and structure in effect January 1, 1996 [1]	1,423.6	1,495.8	1,569.0	1,640.2	1,719.4	1,800.3	1,886.0
Telecommunications Act of 1996	4.3	4.7	5.5	6.3	7.0	7.7	7.9
Social security (OASDI) taxable earnings base increases:.							
$62,700 to $65,100 on Jan. 1, 1997	....	1.0	2.8	3.1	3.5	3.9	4.3
$65,100 to $68,100 on Jan. 1, 1998	....	....	1.3	3.5	3.9	4.3	4.9
$68,100 to $71,100 on Jan. 1, 1999	....	....	....	1.3	3.5	3.9	4.3
$71,100 to $74,100 on Jan. 1, 2000	....	....	....	....	1.3	3.5	3.9
$74,100 to $76,800 on Jan. 1, 2001	....	....	....	....	....	1.2	3.2
$76,800 to $80,100 on Jan. 1, 2002	....	....	....	....	....	....	1.4
Proposals [2]	–1.6	–11.7	–6.3	–7.8	–11.0	–11.6	–10.7
Extension of expired trust fund excise taxes [2]	0.5	5.5	5.7	6.0	6.3	6.7	7.0
Total, receipts under existing and proposed legislation	**1,426.8**	**1,495.2**	**1,577.9**	**1,652.5**	**1,733.8**	**1,819.8**	**1,912.2**

[1] These estimates assume a social security taxable earnings base of $62,700 through 2002.
[2] Net of income offsets.

ENACTED LEGISLATION

Self-Employed Health Insurance Act.—This Act restored the 25 percent health insurance deduction for the self-employed for 1994 and increased it to 30 percent thereafter. The associated revenue losses were more than offset by other revenue and outlay provisions. The major provisions of the Act that affected receipts are described below.

Restore and increase deduction for health insurance costs of self-employed individuals.—The 25 percent health insurance deduction for self-employed individuals and their dependents, which had expired for taxable years beginning after December 31, 1993, was retroactively reinstated. In addition, the deduction was permanently increased to 30 percent for taxable years beginning after December 31, 1994.

Repeal special rules applicable to Federal Communications Commission (FCC) certified sales of broadcast property.—Under prior law, sellers of FCC-licensed broadcast facilities were allowed to defer taxes on gains realized in the sale or exchange of FCC-licensed broadcast properties to minority owners. Such deferrals were executed through FCC-issued tax certificates. Under this Act, deferral was repealed effective for all sales and exchanges on or after January 17, 1995 and for all sales and exchanges occuring before that date for which the FCC tax certificate was issued on or after January 17, 1995. The repeal did not apply to binding written contracts for which the seller had applied to the FCC for a certificate of deferral before January 17, 1995.

Modify earned income tax credit (EITC) eligibility.—Effective for taxable years beginning after December 31, 1995, taxpayers with annual aggregate interest, dividend, tax-exempt interest and net rental and royalty income exceeding $2,350 would no longer be eligible for the EITC.

Prohibit nonrecognition of gain on involuntary conversions in certain related-party transactions.—Section 1033 of the Internal Revenue Code allows certain taxpayers to defer a gain realized from certain involuntary conversions of property if the taxpayer purchases similar or related property within a specified period. Under this Act, taxpayers would no longer be allowed to defer gain on involuntary conversions occurring on or after February 6, 1995 if the replacement property or stock were purchased from a related person.

Extend New York State hospital surcharge provision.—Under the Omnibus Budget Reconciliation Act of 1993, certain employers were prohibited from receiving a Federal tax deduction for health insurance expenses if they failed to comply with New York State's hospital rate-setting/surcharge laws. This provision, which expired on May 12, 1995, was extended through December 31, 1995.

Telecommunications Act of 1996.—This Act, which provided for a major restructuring of the Nation's communications laws, fulfilled this Administration's promise to reform telecommunications laws in a manner that leads to competition and private investment, promotes universal service and open access to information networks, and provides for flexible government regulation. Under the Act, all interstate telecommunications carriers would be required to contribute funds, as prescribed by the FCC, to the preservation and advancement of universal service. The contributions would be used to provide and upgrade facilities and services, as prescribed by the FCC. Telecommunications carriers would receive credit toward their contribution by providing discount service to schools, libraries, and health care providers in rural areas. Because the amounts collected would be spent, the net budget effect would be zero.

ADMINISTRATION PROPOSALS

Provide Tax Relief

The President's plan targets tax relief to middle-income Americans through his Middle Class Bill of Rights, which was originally proposed in last year's budget. His plan also includes estate tax relief for small businesses and family farms, expanded expensing for small businesses, pension simplification, and initiatives for economically distressed areas.

Middle Class Bill of Rights.—The Administration is again proposing the three features of its Middle Class Bill of Rights designed to give middle-income families the tax relief they need to help them raise their children, save for the future and pay for postsecondary education. These provisions would be subject to trigger-off (that is, would cease to be effective) on January 1, 2001 in the event that the Federal budget deficit is not at least $20 billion below the Congressional Budget Office's (CBO's) estimate for the year 2000.

Provide tax credit for dependent children.—A non-refundable credit would be allowed for each dependent child under the age of 13. The credit would equal $300 for 1996, 1997 and 1998, and would rise to $500 for 1999 and subsequent years. The credit would 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 would be indexed for inflation beginning in 2000. The credit would be applied before the earned income tax credit but could not be used to offset alternative minimum tax liability.

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, if the individual (or the individual's spouse) is an active participant in an employer-sponsored retirement plan. Under the Administration's proposal, the AGI thresholds and phase-out ranges would be doubled over time. For 1996 through 1998, eligibility would be phased out for single taxpayers with AGI between $45,000 and $65,000, and for couples filing a joint return with AGI between $70,000 and $90,000. For 1999 and later years, eligibility would 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 would be indexed for inflation. Withdrawals from IRAs would not be subject to the 10 percent early withdrawal tax if the proceeds were used to pay post-secondary education costs, to buy or build a first home, to cover living expenses 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 would 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 would not be tax deductible, but distributions of the contributions would be tax-free. If the contributions remained in the account for at least five years, earnings on the contributions also would be tax-free when withdrawn. Withdrawals of account balances from special IRAs during the five-year period would be subject to ordinary income tax and a 10 percent early withdrawal tax. However, withdrawals during the five-year period for the purposes described above (or upon death or disability of the taxpayer) would not be subject to the early withdrawal tax. Individuals whose AGI for a year fell within the eligibility thresholds would be allowed to convert an existing IRA into a special IRA, and for conversions before 1998, income inclusion would be spread over four years.

Provide tax incentive for education and training.—Effective January 1, 1996, a deduction would 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 would increase to $10,000 effective January 1, 1999. The maximum allowable deduction would 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 would be phased out for those with AGI between $70,000 and $90,000. The phase-out ranges would be indexed for inflation beginning in 2000. Qualifying education expenses are those related to post-secondary education paid to institutions and programs eligible for Federal assistance. Deductible expenses would include tuition and fees, but would not include meals, lodging, books or transportation.

Increase deduction for self-employed health insurance.—For a discussion of this proposal, see "Other Provisions" category below.

Increase expensing for small business.—In lieu of depreciation, a taxpayer with a sufficiently small amount of annual investment may elect to deduct up to $17,500 of the cost of qualifying property placed in service during the taxable year. The amount of tangible depreciable property that small businesses can expense each year would be increased to $25,000 under the Administration's proposal. The increase would be effective for property placed in service in taxable years beginning after December 31, 1995 and would be phased in, starting at $19,000 in 1996, and then increasing over a six-year period in annual increments of $1,000. This provision would be subject to trigger-off (that is, the amount of tangible depreciable property that small businesses can expense each year would revert to $17,500) on January 1, 2001 in the event that the Federal budget deficit is not at least $20 billion below CBO's estimate for the year 2000.

Provide estate tax relief for small business.—Estate tax attributable to certain interests in closely held businesses may be paid in installments over a period of up to 14 years. A special four percent interest rate is provided for the tax deferred on the first $1 million of value. The $1 million cap has been in effect since 1976. To address the liquidity problems that may arise upon the death of a farmer or small business owner, and to adjust for inflation, the Administration proposes to increase the amount of property eligible for the special interest rate from $1 million to $2.5 million. The proposal also simplifies current law by eliminating distinctions based on the form of ownership, providing alternatives to the estate tax lien, and reducing the interest rate by 50 percent or more in exchange for making the interest payments nondeductible. The proposal would be effective for decedents who die after December 31, 1996.

Simplify pension plan rules.—The Administration proposes to simplify the design and administration of retirement plans sponsored by businesses of all sizes, nonprofit organizations, and State and local governments, as well as for multiemployer plans. These measures not only would simplify the rules governing these plans, but also would potentially expand pension coverage and stimulate private savings, particularly for employees of small firms. These measures include, a new, simple retirement savings plan (the National Employee Savings Trust or the NEST) for small businesses. It combines the most attractive features of the IRA and the 401(k) plan, minimizes administrative and compliance costs, and eliminates the need for employer involvement with the Government. The NEST is designed to encourage retirement savings by middle- and low-income workers, not only the highly paid, without complicated forms or calculations.

Provide tax incentives for distressed areas.—The Administration is proposing tax incentives for the clean-up of polluted urban and rural areas and is proposing an expansion of the empowerment zone and enterprise community program, as described below. The proposal would be subject to trigger-off for qualified expenses incurred after December 31, 2000 in the event that the Federal budget deficit is not at least $20 billion below CBO's estimate for the year 2000.

Provide tax incentives to clean up environmentally contaminated areas known as brownfields in distressed communities.—To encourage the cleanup of polluted urban and rural areas known as brownfields, the Administration proposes to allow certain nondeductible costs incurred by businesses to remediate environmentally contaminated land in certain areas to be capitalized and amortized over a 60-month period. Qualified sites generally would be limited to those properties located in high-poverty areas, Federal empowerment zones and enterprise communities, and areas subject to current Environmental Protection Agency (EPA) Brownfields Pilots. To claim this incentive, taxpayers would be required to obtain from the appropriate State or local agency, or the EPA in certain circumstances, verification that the site satisfies the geographic requirement. The proposal would be effective for qualified expenses incurred after the date of enactment.

Expand Empowerment Zone and Enterprise Community program.—Under the Omnibus Budget Reconciliation Act of 1993, certain tax incentives were provided for nine empowerment zones and 95 enterprise communities. The tax incentives were a 20-percent employer wage credit, increased Section 179 expensing, and a new category of tax-exempt financing. Qualifying businesses in empowerment zones were eligible for all three incentives, while businesses in enterprise communities were eligible for the tax-exempt financing. Over 500 communities submitted applications for these 104 designations that were announced in December 1994. The Administration proposes a three-part expansion of this program. First, the designation of two additional urban empowerment zones would be authorized, to be made within 180 days of enactment. Second, the restrictions on the tax-exempt financing would be loosened to make this incentive more accessible. Third, the designation of 40 additional empowerment zones and 65 additional enterprise communities would be authorized. Businesses in the new enterprise communities would be eligible for the current-law tax-exempt financing, as revised, as well as the brownfields tax incentive described above on an additional 500 acres. Businesses in the new empowerment zones would be eligible for the current-law section 179 expensing, the brownfields tax incentive on an additional 1,000 acres, and tax-exempt financing that would not be subject to the current-law State volume caps, but rather would only be subject to zone-by-zone volume caps. The current-law wage credit would not be applicable in any of the new zones and communities. The designations of these new zones and communities would be required to occur before 1998, and the designations would generally be effective for 10 years.

Provide tax relief for troops involved in the Bosnian peacekeeping operations.—For a discussion of this proposal, see "Other Provisions" category below.

Eliminate Unwarranted Benefits and Adopt Other Revenue Measures

The President's plan cuts unwarranted corporate tax subsidies, closes tax loopholes, improves tax compliance and adopts other revenue measures. These reforms, which are estimated to save $43.6 billion during the 7-year period, 1996–2002, are described below.

Disallow interest deduction for corporate-owned life insurance (COLI) policy loans.—Under existing law, a company that sets up a COLI program may borrow against the cash value of the life insurance contracts on the lives of its employees. The interest paid on such loans generally is deductible by the company, subject to certain limitations. However, the earnings credited to the COLI policies are not subject to current tax. In addition, benefits that the company receives upon the deaths of insured employees are not taxed, ensuring that the income credited under the contracts is never subject to tax. To restrict further this tax-arbitrage opportunity, the Administration proposes to phase out the deduction of interest on COLI contracts. The proposal generally would be effective with respect to interest paid or accrued after December 31, 1995.

Deny interest deduction on certain debt instruments.—If an instrument qualifies as equity, the issuer generally does not receive a deduction for dividends paid. If an instrument qualifies as debt, the issuer may receive a deduction for accrued interest and the holder generally includes interest in income, subject to certain limitations. The line between debt and equity is uncertain and it has proven difficult to formulate general rules of classification. Taxpayers have exploited this lack of guidance by issuing instruments that have substantial equity features, but for which they claim interest deductions. Generally effective for instruments issued on or after December 7, 1995, subject to certain transition rules, the Administration proposes that no deduction be allowed for interest or original issue discount (OID) on an instrument issued by a corporation that has a maximum term of more than 40 years, or is payable in stock of the issuer or a related party. The proposal also modifies the rules for indebtedness that is reflected as equity on the issuer's financial statements.

Defer original issue discount deduction on convertible debt.—If a debt instrument is convertible into stock and provides no payment of, or adjustment for, accrued interest on conversion, no deduction is allowed for accrued but unpaid stated interest. In contrast, the accrued but unpaid discount on a convertible debt instrument with OID generally is deductible, even if the instrument is converted before the issuer pays any OID. The Administration proposal would defer the deduction for OID on convertible debt until payment and would be effective for convertible debt issued on or after December 7, 1995, subject to certain transition rules.

Reduce dividends-received deduction to 50 percent.—A corporate holder of stock generally is entitled to a deduction for dividends received on stock in the following amounts: 70 percent if the recipient owns less than 20 percent of the stock of the payor, 80 percent if the recipient owns 20 percent or more of the stock, and 100 percent if the recipient owns 80 percent or more of the stock. The Administration proposes to reduce the deduction to 50 percent for corporations owning less than 20 percent of the stock of a U.S. corporation because the existing 70-percent deduction is too generous for corporations that do not have a sufficient ownership interest in the issuing corporation. The proposal would be effective for dividends paid or accrued more than 30 days after the date of enactment.

Modify holding period for dividends-received deduction.—The dividends-received deduction is allowed to a corporate shareholder only if the shareholder satisfies a 46-day holding period for the dividend-paying stock or a 91-day period for certain dividends on preferred stock. The 46- or 91-day holding period generally does not include any time in which the shareholder is protected from the risk of loss otherwise inherent in the ownership of an equity interest. However, the holding period requirement does not have to be proximate to the time the dividend distribution is made. Effective for dividends paid or accrued more than 30 days after the date of enactment, the Administration proposes that in order for a dividend to be eligible for the dividends-received deduction, the holding period requirement must be satisfied with respect to that dividend over a period immediately before or immediately after the taxpayer becomes entitled to receive the dividend.

Extend pro rata disallowance of tax-exempt interest expense to all corporations.—No income tax deduction is allowed for interest on debt used directly or indirectly to acquire or hold investments the income on which is tax-exempt. The determination of whether debt is used to acquire or hold tax-exempt investments depends on the holder of the instrument. For financial institutions and dealers in tax-exempt investments, debt generally is treated as financing all of the taxpayer's assets proportionately. For corporations, other than financial institutions and dealers, and for individuals, deductions are disallowed only when indebtedness is incurred or continued for the purpose of purchasing or carrying tax-exempt investments. These corporations are therefore able to reduce their tax liabilities inappropriately through the double Federal tax benefits of interest expense deductions and tax-exempt interest income. Effective for taxable years beginning after the date of enactment, with respect to obligations acquired after December 7, 1995, the Administration proposes that all corporations other than insurance companies be treated the same as financial institutions are treated under current law with regard to deductions for interest on debt used directly or indirectly to acquire or hold tax-exempt obligations. The proposal also would expressly apply these rules to related parties, by treating all members of a consolidated group (other than members that are insurance companies) as a single entity and by tracing debt and tax-exempt holdings among other related parties.

Require average-cost basis for stocks, securities, etc.—A taxpayer who sells stock or other securities is allowed to account for the transaction by specifically identifying the stock or securities or by using an accounting system such as first-in, first-out or last-in, first-out. The Administration proposes to require taxpayers to determine their basis in substantially identical securities using the average of all their holdings in the securities. Holding period would be determined on a first-in, first-out basis. The method of determining basis and holding period would apply to all securities, including stocks, notes, bonds, and derivative financial instruments. A special rule would allow the Treasury to treat securities that are substantially identical as not subject to the average-cost rule if they have a special status under a provision of the Code (such as built-in gain with respect to a partnership). Securities not subject to average cost under this rule would be treated as sold on a first-in, first-out basis. The proposal would be effective 30 days after the date of enactment.

Require recognition of gain on certain stocks, indebtedness and partnership interests.—Gain and loss are generally taken into account for tax purposes when realized. Gain or loss is usually realized with respect to a capital asset at the time the asset is sold. Many transactions designed to reduce or eliminate risk of loss and opportunity for gain on financial assets generally do not cause realization. For example, taxpayers may lock in gain on securities by entering into a "short against the box," that is, the taxpayer owns securities that are the same as or substantially identical to the securities borrowed and sold short. It is inappropriate for taxpayers to be able to dispose of the economic risks and rewards of owning appreciated property without realizing income for tax purposes. Therefore, the Administration proposes to require a taxpayer to recognize gain (but not loss) upon entering into a constructive sale of any appreciated position in stock, a debt instrument, or a partnership interest. A taxpayer would be treated as making a constructive sale of an appreciated position when the taxpayer (or in certain limited circumstances, a person related to the taxpayer) substantially eliminates risk of loss and opportunity for gain by entering into one or more positions with respect to the same or substantially identical property. The proposal would generally be effective for constructive sales entered into after the date of enactment.

Change the treatment of gains and losses on extinguishment.—The tax law distinguishes between the sale of a right or obligation to a third party and the extinguishment or retirement of the right or obligation. A sale to a third party can give rise to capital treatment while an extinguishment is ordinary. Extinguishment treatment has been eliminated for all debt instruments except those issued by natural persons and for most options and other positions in actively traded property. The application of the extinguishment doctrine in other contexts is unclear. The extinguishment doctrine allows taxpayers to control whether gain or loss is capital or ordinary by deciding whether to sell or extinguish a contract. The Administration proposes to eliminate the remaining portions of the extinguishment doctrine so that gain or loss attributable to the cancellation, lapse, expiration, or other termination of any right or obligation with respect to property that is or would be a capital asset in the hands of the taxpayer would be treated as gain or loss from the sale or exchange of a capital asset. In addition, the proposal would repeal the natural person exception for debt instruments. The proposal would be effective 30 days after the date of enactment.

Require reasonable payment assumptions for interest accruals on certain debt instruments.—The original issue discount (OID) rules do not measure income appropriately for certain debt instruments that are prepayable. If the instruments are held in large pools, it can be statistically predicted that a certain portion will prepay. Prepayment assumptions are used to account for certain debt instruments with payments based on mortgages, but the OID rules otherwise ignore these probabilities. The proposal would require taxpayers that hold prepayable debt instruments in large pools to use prepayment assumptions similar to the rules that apply for debt instruments with payments based on mortgages. The proposal would be effective for taxable years beginning after the date of enactment.

Require gain recognition for certain extraordinary dividends.—A corporate shareholder is generally allowed to deduct a percentage of dividends received from another domestic corporation. Certain dividends and dividend equivalent transactions are treated as "extraordinary" dividends. If a corporate shareholder receives an extraordinary dividend, the corporate shareholder must reduce the basis of the stock to which the distribution relates by the amount of the nontaxed portion of the dividend (generally the amount of the dividend that was deducted). If the nontaxed portion of the dividend exceeds the basis of the stock, the excess is deferred and recognized on a later disposition of the stock. If a shareholder's stock is redeemed, the redemption may be treated as a dividend if the shareholder's interest in the corporation has not been meaningfully reduced. In determining if a shareholder's interest has been meaningfully reduced, the ownership of options to purchase stock may be treated as actual stock ownership. The exclusion of a substantial portion of the amount received by a corporate shareholder on the redemption of its stock is inappropriate in certain cases when options are used to create stock ownership. Also, it is inappropriate to defer gain recognition when the portion of the distribution that is excluded due to the dividends received deduction exceeds the basis of the stock with respect to which the extraordinary dividend is received. The Administration proposes that corporate shareholders will recognize gain on redemptions of stock that are treated as dividends because of options when the nontaxed portion of the dividend exceeds the basis of the shares surrendered. In addition, immediate gain recognition would be required whenever the basis of stock with respect to which any extraordinary dividend was received was reduced below zero. The proposed change generally would be effective for distributions after May 3, 1995.

Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands.—Taxpayers are allowed to deduct a reasonable allowance for depletion relating to certain mineral deposits. The depletion deduction for any taxable year is calculated under either the cost depletion method or the percentage depletion method, whichever results in the greater allowance for depletion for the year. The percentage depletion method is viewed as an incentive for mineral production rather than as a normative rule for recovering the taxpayer's investment in the property. This incentive is excessive with respect to minerals mined on Federal and formerly Federal lands under the 1872 mining act, in light of the minimal costs of acquiring the mining rights ($5.00 or less per acre). Effective for taxable years beginning after the date of enactment, the Administration proposes to repeal percentage depletion for non-fuel minerals mined on lands where the mining rights were originally acquired under the 1872 law.

Modify loss carryback and carryforward rules.—Net operating losses (NOLs) generally can be used to offset taxable income from the prior three taxable years (carrybacks) and the succeeding 15 taxable years (carryforwards). Because of the increased complexity and administrative burden associated with carrybacks, the carryback period should be shortened. The carryforward period could be lengthened, however, to allow taxpayers more time to utilize their NOLs without increasing either complexity or administrative burdens. The Administration proposes to limit carrybacks of NOLs to one year and to extend carryforwards to 20 years, effective for NOLs arising in taxable years beginning after the date of enactment.

Treat certain preferred stock as "boot."—In reorganization transactions, no gain or loss is recognized except to the extent "other property" (boot) is received; that is, property other than certain stock, including preferred stock. Upon the receipt of "other property," gain but not loss can be recognized. Because preferred stock has an enhanced likelihood of recovery of principal or of maintaining a dividend or both, such tax-free treatment is inappropriate. The Administration therefore proposes to treat certain preferred stock as "other property," subject to certain exceptions. The proposal generally would be effective for transactions after December 7, 1995.

Repeal tax-free conversions of large C corporations to S corporations.—A corporation can avoid the existing two-tier tax by electing to be treated as an S corporation or by converting to a partnership. Converting to a partnership is a taxable event that generally requires the corporation to recognize any built-in gain on its assets and requires the shareholders to recognize any built-in gain on their stock. By contrast, the conversion to an S corporation is generally tax-free, except that the S corporation generally must recognize the built-in gain on assets held at the time of conversion if the assets are sold within 10 years. Under the Administration's proposal, the conversion of a C corporation with a value of more than $5 million into an S corporation would be treated as a liquidation of the C corporation followed by a contribution of the assets to an S corporation by the recipient shareholders. Thus, the proposal would require immediate gain recognition by both the corporation (with respect to its appreciated assets) and its shareholders (with respect to their stock). This proposal makes the tax treatment of conversions to an S corporation generally consistent with conversions to a partnership. The proposal would apply to elections that are first effective for a taxable year beginning after January 1, 1997 and to acquisitions of a C corporation by an S corporation made after December 31, 1996.

Require gain recognition on certain distributions of controlled corporation stock.—A corporation is generally required to recognize gain on a distribution of property (including stock of a controlled corporation) unless the distribution meets certain requirements. If various requirements are met, including restrictions relating to acquisitions and dispositions of stock of the distributing corporation or the controlled corporation, a distribution of the stock of a controlled corporation will be tax-free to the distributing corporation. Certain distributions may effectively be dispositions of a business, in which case tax-free treatment for the distributing corporation is inappropriate. Accordingly, the Administration proposes to adopt additional restrictions on acquisitions and dispositions of the stock of a distributing corporation or controlled corporation that are related to the distribution. Under this proposal, the distributing corporation would recognize gain on the distribution of the stock of the controlled corporation if the shareholders of the distributing corporation do not retain a sufficient stock interest (generally 50 percent) in the distributing and controlled corporations during the four-year period commencing two years prior to the distribution. For this purpose, unrelated transactions (such as public trading on the stock market) would be disregarded. This proposal would be effective generally for distributions occurring after the date of announcement.

Reform the treatment of certain stock transfers.—Certain sales of stock to a related corporation are treated as the payment of a dividend by the purchaser. In cases where the seller is a corporation that does not actually own stock in the purchaser, taxpayers may take the position that the transaction produces tax benefits that would be unavailable if the purchaser distributed a dividend to its actual shareholders. For example, if a foreign-controlled domestic corporation sells the stock of a subsidiary to a foreign sister corporation, the domestic corporation may take the position that it is entitled to credit foreign taxes that were paid by the foreign sister corporation. In such cases, the Administration proposes to limit the amount treated as a dividend (and the associated foreign tax credits) from the purchaser to the amount of the purchaser's earnings and profits attributable to stock owned by U.S. persons related to the seller. If the purchaser is a domestic corporation, taxpayers may take the position that stock basis need not be reduced by the nontaxed portion of the dividend. The proposal would also clarify that a deemed dividend from a purchaser that is a domestic corporation should generally be treated as an extraordinary dividend requiring a basis reduction. The proposal would further require gain recognition to the extent that the nontaxed portion exceeds the basis of the shares transferred. The proposal generally would be effective for transactions after the date of announcement.

Reformulate Puerto Rico and possessions tax credit.—Domestic corporations with business operations in U.S. possessions may elect the Section 936 credit, which generally eliminates the U.S. tax on certain income that is related to their possession-based operations. Income exempt from U.S. tax under this provision falls into two broad categories: (1) possession business income derived from the active conduct of a trade or business within a possession or from the sale or exchange of substantially all of the assets used in such a trade or business; and (2) possession source investment income (QPSII), which is attributable to investment in the possession or in certain Caribbean Basin countries. The amount of the credit attributable to possession business income is subject to limitations enacted under the Omnibus Budget Reconciliation Act of 1993; Section 936 companies may elect either a reduced percentage of the profits-based credit as allowed under prior law (60 percent in 1994, phasing down to 40 percent beginning in 1998), or a limitation based on the company's economic activity in the possessions (measured by wages and other compensation, depreciation, and certain taxes paid). To provide a more efficient tax incentive for the economic development of Puerto Rico and other U.S. possessions, and to continue the effort toward this goal that was begun in the 1993 Act, the Administration proposes to (1) phase out the profits-based branch of the active-business portion of the credit over five years, beginning in 1997, and (2) allow excess amounts of economic-activity limitation to be carried foward for up to five years. The proposal would retain the economic-activity limitation on the active-business portion of the credit, as well as the passive-income portion of the credit for taxes otherwise payable on QPSII, as under present law. Revenues raised would be made available to Puerto Rico for programs under the Social Security Act and to promote job creation.

Expand Subpart F provisions regarding income from notional principal contracts and stock lending transactions.—Subpart F income includes income from notional principal contracts referenced to foreign currency, commodities, or interest rates, or to indices based thereon. It also includes income with respect to the lending of debt securities. Subpart F income does not include income from equity swaps or other types of notional principal contracts or income from transfers of equities. Subpart F income should include income from all types of notional principal contracts and from stock-lending transactions, because such income is indistinguishable on policy grounds from other types of highly mobile income already targeted by Subpart F. The Administration is proposing to include in Subpart F income the net income from equity swaps and certain categories of notional principal contracts that are not reached by current law, as well as income from stock lending transactions. An ordinary-course-of-business exception would be provided for regular dealers in property, forwards, options, notional principal contracts, and similar financial instruments. The proposal would be effective for taxable years beginning after the date of enactment.

Modify taxation of captive "insurance" companies.—For tax purposes, "insurance" has been defined by the courts to require "risk shifting" or "risk distribution." In the case of a "captive" insurance company, one court has held that risk-shifting and risk-distribution requirements are satisfied even if the captive's "related person insurance income" accounts for nearly 70 percent of its total business. The Administration proposes that an insurance arrangement between a captive insurer and a large shareholder of the captive generally would not be respected as a valid insurance arrangement if more than 50 percent of the captive's net written premiums were attributable to the insurance or reinsurance of large-shareholder risks. In addition, such a captive would not be considered an insurance company for tax purposes. The proposal would be effective generally for the first taxable year beginning after the date of enactment.

Reform foreign tax credit.—The Administration proposes the following foreign tax credit reforms.

Eliminate interest allocation exception for certain nonfinancial corporation.—For foreign tax credit purposes, taxpayers generally are required to allocate and apportion interest expense between U.S. and foreign source income based on the proportion of the taxpayer's total assets in each location. Such allocation and apportionment is required to be made for affiliated groups as a whole rather than on a subsidiary-by-subsidiary basis. However, certain types of financial institutions that are members of an affiliated group are treated as members of a separate affiliated group for purposes of the allocation and apportionment of interest expense. The Tax Reform Act of 1986 included a targeted rule that treats a certain corporation as a financial institution for this purpose. The Administration believes that this relief should not be provided. The proposal would repeal the targeted exception provided by the Tax Reform Act of 1986, effective for taxable years beginning after the date of enactment.

Modify foreign tax credit carryback and carryforward rules.—The United States permits taxpayers to credit income taxes paid to a foreign government against U.S. tax on foreign source income. Through the foreign tax credit limitations, the Code prevents the use of foreign tax credits to reduce U.S. tax on U.S. source income. Under the foreign tax credit mechanism, current foreign income taxes in excess of the relevant current-year foreign tax credit limitation are not creditable against current U.S. tax liabilities. However, such excess foreign tax credits generally may be carried back for two years and carried forward for five years, and used as a credit to the extent there is excess foreign tax credit limitation (that is, an excess of the foreign tax credit limitation over creditable foreign taxes) in any of those years. Experience over the years has shown, however, that carrybacks are associated with increased complexity and administrative burdens as compared to carryforwards. Therefore, to reduce such complexity and burdens, the proposal would limit foreign tax credit carrybacks to one year and extend foreign tax credit carryforwards to seven years. The proposal would be effective for foreign taxes paid or accrued or deemed paid or accrued in taxable years beginning after December 31, 1996.

Modify rules relating to foreign oil and gas extraction income.—To be eligible for the U.S. foreign tax credit, a foreign levy must be the substantial equivalent of an income tax in the U.S. sense, regardless of the label the foreign government attaches to it. Under regulations, a foreign levy is a tax if it is a compulsory payment under the authority of a foreign government to levy taxes and is not compensation for a specific economic benefit provided by the foreign country. Taxpayers that are subject to a foreign levy and that also receive (directly or indirectly) a specific economic benefit from the levying country are referred to as "dual capacity" taxpayers and may not claim a credit for that portion of the foreign levy paid as compensation for the specific economic benefit received. The proposal would treat as taxes payments by a dual-capacity taxpayer to a foreign country that would otherwise qualify as income taxes or "in lieu of" taxes, only if there is a "generally applicable income tax" in that country. For this purpose, a generally applicable income tax is an income tax (or a series of income taxes) that applies to trade or business income from sources in that country, so long as the levy has substantial application both to non-dual-capacity taxpayers and to persons who are citizens or residents of that country. Where the foreign country does generally impose an income tax, as under present law, credits would be allowed up to the level of taxation that would be imposed under that general tax, so long as the tax satisfies the new statutory definition of a "generally applicable income tax." The proposal would treat foreign oil and gas income as Subpart F income. It also would create a new foreign tax credit basket within Section 904 for foreign oil and gas income. The proposal would be effective for taxable years beginning after the date of enactment. The proposal would yield to U.S. treaty obligations that allow a credit for taxes paid or accrued on certain oil or gas income.

Require thrifts to account for bad debts in the same manner as banks.—A thrift institution that holds at least 60 percent of its portfolio in home mortgages, cash, and government obligations is permitted to maintain a reserve for bad debts. Annual additions to its bad debt reserve may be calculated under either the "percentage of taxable income" method or the "experience" method. These methods can be more generous than the rules applicable to commercial banks. As a result of the increasing convergence of the banking and thrift industries, the special rules applicable to thrifts are no longer warranted. The Administration proposes that effective for taxable years beginning after the date of enactment, thrifts must account for bad debts in the same manner as banks. Specifically, the percentage-of-taxable-income method of computing bad debt reserves would no longer be available; thrifts with $500 million or less of adjusted bases in their assets would be permitted to use the experience method and thrifts with greater than $500 million in adjusted bases in their assets would be required to use the specific charge-off method. Post-1987 reserves would be recaptured over six years, unless the former thrift meets mortgage loan requirements, in which case recapture would be delayed up to two years.

Reform depreciation under the income forecast method.—All estimated income from the use of property or the sale of merchandise would be taken into account in determining depreciation under the income forecast method. This change, which would generally be effective for property placed in service after September 13, 1995, would eliminate the inappropriate acceleration of depreciation of the cost of motion picture films, video tapes, sound recordings, and other similar property that occurs under current law. Interest would be charged or credited to compensate for errors in estimates.

Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting.—Under the Revenue Act of 1987, family farm corporations were required to change to the accrual method of accounting if their gross receipts exceeded $25 million in any taxable year beginning after 1985. However, in lieu of including in gross income the entire amount of the adjustment attributable to the change in accounting method, a family farm corporation could establish a suspense account. The amount of the suspense account was to be included in gross income if the corporation ceased to be a family corporation or to the extent the gross receipts of the corporation from farming declined. To eliminate the potential indefinite deferral of the adjustment, the Administration proposes to repeal the ability of family farm corporations to establish such suspense accounts. Any taxpayer subsequently required to change to the accrual method of accounting would be required to take the adjustment into account generally over a ten-year period. Any existing suspense accounts would be restored to income ratably over a ten-year period, or sooner to the extent provided under existing law. This provision would be effective for taxable years beginning after September 13, 1995.

Repeal lower of cost or market inventory accounting method.—Taxpayers required to maintain inventories are permitted to use a variety of methods to determine the cost of their ending inventories, including the last-in, first-out (LIFO) method, the first-in, first-out (FIFO) method, and the retail method. Taxpayers not using a LIFO method may determine the carrying values of their inventories by applying the lower of cost or market (LCM) method and by writing down the cost of goods that are unsalable at normal prices or unusable in the normal way because of damage, imperfection or other causes (subnormal goods method). The allowance of write-downs under the LCM and subnormal goods methods is essentially a one-way mark-to-market method that understates taxable income. The Administration proposes to repeal the LCM and subnormal goods methods, effective for taxable years beginning after the date of enactment.

Repeal components of cost inventory accounting method.—Taxpayers that use the LIFO method to determine the cost of their ending inventories may use a variety of dollar-value methods, including double extension, link-chain and other index methods, in order to determine whether an increment has occurred and the cost of that increment. Certain taxpayers are permitted to use simplified LIFO methods based on externally developed price indexes. Some taxpayers that use a dollar-value, double-extension method make their computations with respect to the three components of cost (materials, labor and overhead) of their finished goods and work-in-process inventories (the COC method), rather than the aggregate cost of these goods (the total product cost method). The COC method, in many cases, does not adequately account for technological efficiencies in which skilled labor is substituted for less-skilled labor or where overhead costs replace direct labor costs. The Administration is proposing to repeal the COC method effective for taxable years beginning after the date of enactment.

Modify basis adjustment rules under Section 1033.—The Administration proposes that when a taxpayer acquires a controlling interest in the stock of a corporation as replacement property after an involuntary conversion, the corporation must be required to reduce its adjusted bases in its assets by the same amount as the taxpayer is required to reduce its basis in the acquired stock. The corporation's adjusted bases in its assets would not be reduced, in the aggregate, below the taxpayer's basis in its stock. In addition, the basis of any individual asset would not be reduced below zero. This proposal, which would allow deferral of gain recognition, but not the avoidance of that gain, would generally be effective for involuntary conversions occurring after September 13, 1995.

Expand requirement that involuntarily converted property be replaced with property acquired from an unrelated party.—Gain realized by taxpayers from certain involuntary conversions is deferred to the extent the taxpayer purchases property similar or related in service or use to the converted property within a specified period of time. C corporations (and partnerships with one or more corporate partners that own more than 50 percent of the capital or profits interest in the partnership) generally are not entitled to defer gain if the replacement property is purchased from a related person. The Administration proposes to extend this rule to any other taxpayer, including an individual, that acquires replacement property from a related person, unless the taxpayer has an aggregate realized gain of $100,000 or less during the year as a result of involuntary conversions. In the case of a partnership or S corporation, the $100,000 annual limitation would apply to the entity and each partner or shareholder. The proposal would generally be effective for involuntary conversions occurring after September 13, 1995.

Place further restrictions on like-kind exchanges involving personal property.—An exchange of property, like a sale, is generally a taxable transaction. However, no gain or loss is recognized if property held for productive use in a trade or business or for investment is exchanged for property of a like kind that is to be held for productive use in a trade or business or for investment. In general, any kind of real estate is treated as of a like kind with other real property; however real property located in the United States and real property located outside the United State are not of a like kind. For personal property, property of a "like class" is treated as being of a like kind; no restrictions apply with regard to location in or outside the United States. To conform the limitations on exchanges of personal property to the limitations on exchanges of real property, the Administration proposes that effective generally for exchanges after December 6, 1995, personal property located in the United States and personal property located outside the United States would not be treated as like kind.

Disallow rollover and one-time exclusion on sale of residence to the extent of previously claimed depreciation.—Generally, under Section 1034, no gain is recognized on the sale or exchange of a principal residence to the extent that the amount of the sales price is reinvested in a new residence within a specified period. In addition, Section 121 generally provides a taxpayer with a one-time election to exclude from gross income up to $125,000 of gain from the sale of a principal residence if the taxpayer has attained the age of 55 before the sale and has used the residence as a principal residence for three or more of the five years preceding the sale. Because depreciation is allowed with respect to a portion of a residence when that portion is used for business purposes and those deductions reduce the owner's basis in the residence, the Administration is proposing to require gain recognition on the sale of a principal residence to the extent of any depreciation allowable after December 31, 1995. Similarly, the amount of otherwise allowable one-time exclusion would be reduced to the extent of depreciation allowable after December 31, 1995.

Require registration of certain confidential corporate tax shelters.—Many corporate tax shelters are not registered with the Internal Revenue Service (IRS). Requiring registration of corporate tax shelters would allow the IRS to make better informed judgments regarding the audit of corporate tax returns and to monitor whether legislation or administrative action is necessary regarding the type of transactions being registered. The Administration is therefore proposing the registration of any investment, plan, arrangement or transaction: (1) a significant purpose of the structure of which is tax avoidance or evasion by a corporate participant, (2) that is offered to any potential participant under conditions of confidentiality, and (3) for which the tax shelter promoter may receive total fees in excess of $100,000. The proposal would be effective for any tax shelter offered to potential participants after the date the Secretary of the Treasury prescribes guidance regarding the filing requirements.

Require reporting of payments to corporations rendering services to Federal agencies.—All persons engaged in a trade or business and making payments of $600 or more to another person in remuneration for services generally must report those payments to the IRS and to the recipient. No reporting is required if the recipient is a corporation, permitting significant amounts of income to escape the tax system. To ensure that corporations that do business with the Federal Government appropriately report as income their payments from the Federal Government, the Administration proposes to require executive agencies to report payments of $600 or more made to corporations for services rendered. The proposal would be effective for returns the due date of which is more than 90 days after the date of enactment.

Increase penalties for failure to file correct information returns.—All persons engaged in a trade or business and making payments of $600 or more to another person in remuneration for services generally must report those payments to the IRS. Any person who fails to report such payments in a timely manner or incorrectly reports such payments is subject to penalties. For taxpayers filing large volumes of information returns or reporting significant payments, existing penalties ($15 per return, not to exceed $75,000 if corrected within 30 days; $30 per return not to exceed $150,000 if corrected by August 1; and $50 per return if not corrected at all) may not be sufficient to encourage timely and accurate reporting. The Administration proposes to increase the general penalty amount to the greater of $50 per return or five percent of the total amount required to be reported. The increased penalty would not apply if the aggregate amount actually reported by the taxpayer on all returns filed for that calendar year was at least 97 percent of the amount required to be reported. The increased penalty would be effective for returns the due date for which is more than 90 days after the date of enactment.

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 authority to charge fees for these requests, which is scheduled to expire effective with requests made after September 30, 2000, is proposed to be extended for two years through September 30, 2002.

Apply failure-to-pay penalty to substitute returns.—The failure-to-pay penalty, which is a percentage of the tax due, generally runs from the due date of a return until the tax is paid. If, however, a taxpayer fails to file a return, and the Commissioner prepares a substitute return for the taxpayer, then the tax on which the penalty is measured is considered a deficiency and the penalty begins to run only ten days after the IRS sends the taxpayer notice and demand for payment of the tax. There is no reason to treat a taxpayer for whom the Commissioner prepares a substitute return more favorably than taxpayers who pay late but nevertheless file their own returns. Therefore, the proposal would require that the failure-to-pay penalty apply to taxpayers for whom the Commissioner prepares substitute returns, in the same manner as it applies to delinquent taxpayers (that is, that the penalty commences running from the due date of the return). The proposal would be effective for returns due after the date of enactment.

Repeal exemption for withholding on gambling winnings from bingo and keno in excess of $5,000.—Proceeds of most wagers with odds of less than 300 to 1 are exempt from withholding, as are all bingo and keno winnings. The proposal would impose withholding on proceeds of bingo or keno in excess of $5,000 at a rate of 28 percent, regardless of the odds of the wager, effective for payments made after the date of enactment.

Require tax reporting for payments to attorneys.—Tax information reporting is required for persons engaged in a trade or business making payments in the course of the trade or business of rent, salaries, wages, or other fixed or determinable income. Treasury regulations require a payor to report payments of attorney's fees if the payments are made in the course of a trade or business, although generally a payor is not required to report payments made to corporations. If a payment to an attorney is a gross amount, and it cannot be determined what portion is the attorney's fee (as in the case of lump-sum judgments or settlements made jointly payable to a lawyer and a plaintiff), then no reporting is required. The Administration proposes requiring that any person making a payment in the course of a trade or business to a lawyer or a law firm, whether as sole or joint payee, report the payment to the IRS. When the portion that constitutes fees cannot be determined, the amount paid would be reported as gross proceeds. A lawyer receiving a payment would be required to provide his or her taxpayer identification number to the payor or be subject to applicable penalties and backup withholding. The exception for payments to corporations would not apply to payments of attorney's fees. The proposal would be effective for payments made after December 31, 1996.

Repeal advance refunds of diesel fuel tax for diesel cars and light trucks.—The first purchaser of a diesel-powered automobile or light truck is entitled to a payment in the nature of an advance refund of the difference between the diesel fuel excise tax and the gasoline excise tax. The amount of the refund typically is small, not warranting the resources required to effectively administer the procedure. Accordingly, the Administration proposes to repeal the provision allowing these payments, effective for vehicles purchased after the date of enactment.

Extend oil spill excise tax.—Before January 1, 1995, a five-cents-per-barrel excise tax was imposed on domestic crude oil and imported petroleum products. The tax was dedicated to the Oil Spill Liability Trust Fund to finance the cleanup of oil spills and was not imposed for a calendar quarter if the unobligated balance in the Trust Fund exceeded $1 billion at the close of the preceding quarter. The Administration proposes to reinstate this tax for the period after the date of enactment and before October 1, 2006. The tax would be suspended for a given calendar quarter if the unobligated Trust Fund balances at the end of the preceding quarter exceeded $2.5 billion.

Impose excise taxes on kerosene as diesel fuel.—A 24.3-cents-per-gallon excise tax is imposed on diesel fuel upon removal from a registered terminal facility unless the fuel is indelibly dyed and is destined for a nontaxable use. Treasury regulations provide that kerosene is not treated as a diesel fuel for this purpose; thus, undyed kerosene is not subject to the diesel fuel excise tax when it is removed from a terminal. Undyed kerosene is subject to tax, however, when it is blended with diesel fuel. Distributors of this blended fuel frequently do not pay the tax, thereby placing complying taxpayers at a competitive disadvantage and resulting in revenue losses to the Federal government. Effective July 1, 1997, the Administration proposes to tax kerosene as diesel fuel when it is removed from a terminal, unless the kerosene qualifies as aviation fuel. Exceptions would be provided for aviation fuel and, to the extent provided in regulations, for feedstock uses. In addition, special refund rules would apply in certain cases of kerosene used for heating purposes.

Permanently extend luxury excise tax on passenger vehicles.—A 10 percent luxury excise tax is levied on the retail price of passenger vehicles in excess of an inflation-adjusted threshold ($34,000 in 1996). The Administration proposes to permanently extend this tax, which is scheduled to expire after December 31, 1999.

Extend and modify Federal Unemployment Act (FUTA) provisions.—The temporary unemployment surtax of 0.2 percent imposed on employers, which is scheduled to expire with respect to wages paid after December 31, 1998, is proposed to be extended through December 31, 2006. Beginning in 2002, the Administration proposes to require an employer to pay Federal and State unemployment taxes monthly (instead of quarterly) in a given year, if the employer's FUTA tax liability in the immediately prior year was $1,100 or more.

Other Provisions That Affect Receipts

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

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.

Establish IRS continuous levy.—The Administration seeks to strengthen the enforcement tools available to the IRS to recover delinquent tax debt. New authority is proposed for the IRS to effect a continuous levy on non-means tested Federal payments, such as Federal salaries and pensions, received by individuals who owe delinquent tax debt.

Extend the Generalized System of Preferences (GSP) and modify other trade provisions.—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 is proposed to apply retroactively to July 31, 1995, when it expired, and to be extended through September 30, 2000. The Administration also proposes to provide expanded trade benefits mainly on textiles and apparel to Caribbean Basin countries who meet new eligibility criteria needed to prepare for a future free trade agreement with the U.S. The program is proposed to expire on September 30, 2001.

Increase deduction for self-employed health insurance.—The Administration proposes to increase the 30 percent deduction for health insurance expenses of self-employed individuals and their dependents to 35 percent for 1996 and 1997, 40 percent for 1998, 45 percent for 1999, and 50 percent for 2000 and subsequent years. The increased deduction would be subject to trigger-off (that is, the deductible percentage would revert to 30 percent) on January 1, 2001 in the event that the Federal budget deficit is not at least $20 billion below CBO's estimate for the year 2000.

Increase employee contributions to the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS).—The Administration proposes to increase employee contributions to CSRS and FERS by 0.5 percent of base pay in three steps. Contributions would increase by 0.25 percent of base pay on April 1, 1996, another 0.15 percent on January 1, 1997 and a final 0.10 percent on January 1, 1998. These higher contribution rates would be effective through 2002; on January 1, 2003, contribution rates would return to the levels in effect on March 31, 1996.

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 lawful permanent 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 would be an exemption for up to $600,000 of gain and for U.S. real property interests. The provision would apply to any expatriation after February 6, 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, effective generally for taxable years beginning after the date of enactment. 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, effective generally on the date of enactment, 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.

Extend environmental tax on corporate taxable income deposited in the Hazardous Substance Superfund Trust Fund.—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. The Administration proposes to reinstate this tax, which expired on December 31, 1995, for taxable years beginning after December 31, 1995 and before January 1, 2007.

Improve compliance by tax-exempt entities through intermediate sanctions and other measures.—The Administration proposes to add new excise taxes on parties that use their control over charitable and nonprofit organizations to extract benefits without providing property or services of at least equal value in return (effective generally for transactions occurring on or after September 14, 1995). In addition, the Administration is proposing to expand the reporting and disclosure requirements that relate to information returns filed by tax-exempt organizations and to increase the penalties for failure to comply with these requirements, generally effective 90 days after the date of enactment.

Modify Federal pay raise (receipt effect).—The Administration is proposing a pay raise of 3 percent for 1997, less than the raise that would take effect under normal operation of the law. This 3 percent raise would cover both the national schedule and the locality pay adjustments. The lower proposed pay raise affects Federal employees' contributions to CSRS and FERS.

Provide tax relief for troops involved in the Bosnia peacekeeping operations.—The Administration is proposing tax relief for troops involved in the Bosnia peacekeeping operations. All of the military pay of enlisted personnel and part of the pay of officers would be exempt from income tax, and filing deadlines would be extended, similar to the relief afforded personnel in the Persian Gulf. The Bosnia peacekeeping operation involves the dangers of combat situations; this benefit is proposed in recognition of our troops' sacrifice. The Administration will work with Congress to ensure early enactment of tax relief for these troops.

Modify Earned Income Tax Credit

Modify earned income tax credit (EITC).—The Administration is proposing the following modifications designed to target the EITC to intended recipients: (1) Individuals who are living in the U.S. illegally or who do not have proper documentation for employment purposes would not be eligible to claim the EITC. (2) The IRS would be allowed to use mathematical error procedures to deny claims for the EITC and the dependency exemption. (3) The definition of adjusted gross income used for phasing out the credit would be modified to disregard net capital losses, net losses from nonbusiness rents and royalties, net losses from trusts and estates, and 50 percent of net losses from sole proprietorships, partnerships and S corporations. (4) The definition of disqualified income for purposes of determining eligibility for the EITC would be expanded to include net passive income that is not included in self-employment income and net capital gain; in addition, the disqualified income threshold would be lowered to $2,200 in 1996 and indexed for inflation in subsequent years. (5) Demonstration projects in up to four states would be authorized to test the provision of advance payment of the EITC through State agencies, generally effective 90 days after the date of enactment.

Extend Expired Trust Fund Excise Taxes

The President's plan includes extension of the following excise taxes that have been previously reflected in the baseline.

Extend excise taxes deposited in the Hazardous Substance Superfund Trust Fund.—The excise taxes that are levied on petroleum, chemicals, and imported substances and deposited in the Hazardous Substance Superfund Trust Fund, are proposed to be reinstated for the period after the date of enactment and before October 1, 2006. These taxes expired on December 31, 1995.

Extend excise taxes deposited in the Airport and Airway Trust Fund.—The excise taxes that are levied on domestic air passenger tickets, international departures, domestic air cargo and non-commercial aviation fuels and deposited in the Airport and Airway Trust Fund, are proposed to be reinstated for the period after the date of enactment and before October 1, 2006. These taxes (except for 14 cents per gallon of the tax on gasoline used in non-commercial aviation, which is being deposited in the Highway Trust Fund absent authority to transfer the tax to the Airport and Airway Trust Fund) expired on December 31, 1995.

Extend excise taxes deposited in the Leaking Underground Storage Tank (LUST) Trust Fund.—The excise taxes that are levied on gasoline, other motor fuels, methanol and ethanol fuels, and on fuels used in inland waterways and deposited in the LUST Trust Fund, expired on December 31, 1995. The Administration proposes to reinstate these taxes for the period after the date of enactment and before October 1, 2006.

Other Expired Provisions

A number of tax provisions have expired. 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 expired with respect to expenditures made after June 30, 1995. The Administration has previously proposed permanent extension of this provision.

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.

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 was allowed to deduct the full fair market value of the stock, rather than the adjusted basis of the contributed stock.

Tax Simplification and Taxpayers' Rights

The Administration continues to support revenue-neutral initiatives designed to promote sensible and equitable administration of the tax laws. These include simplification, technical corrections, and taxpayer compliance measures. In addition to legislative initiatives, such as the pension simplification proposals described above, the Administration is committed to taking appropriate administrative action to simplify tax laws and enhance procedural safeguards for taxpayers. For instance, the Administration recently has announced its intent to simplify the current complex rules for classifying business organizations as either corporations or partnerships for Federal income tax purposes. In addition, the Administration recently has adopted administratively a number of measures included in pending Taxpayer Bill of Rights legislation.

Table 3–3. EFFECT OF PROPOSALS ON RECEIPTS

(In billions of dollars)

	Estimate							
	1996	1997	1998	1999	2000	2001	2002	1996–2002
Provide tax relief:								
Middle Class Bill of Rights:								
Provide tax credit for dependent children	–1.1	–9.7	–7.0	–8.9	–10.7	–10.7	–10.6	–58.6
Expand Individual Retirement Accounts (IRAs)	....	–1.4	–0.4	–0.7	–1.1	–1.6	–2.5	–7.7
Provide tax incentive for education and training	–0.2	–5.8	–5.6	–6.2	–7.5	–7.8	–8.0	–41.2
Subtotal, Middle Class Bill of Rights	–1.3	–17.0	–13.0	–15.8	–19.3	–20.0	–21.1	–107.5
Increase expensing for small business	....	–0.6	–0.5	–0.6	–0.7	–0.9	–0.8	–4.1
Provide estate tax relief for small business	....	....	–0.2	–0.2	–0.2	–0.2	–0.2	–1.0
Simplify pension plan rules [1]	*	–*	–0.1	–0.3	–0.3	–0.3	–0.3	–1.4
Provide tax incentives for distressed areas	–*	–*	–0.3	–0.6	–0.8	–0.9	–0.8	–3.4
Subtotal, Provide tax relief	–1.3	–17.6	–14.1	–17.5	–21.4	–22.4	–23.2	–117.4
Eliminate unwarranted benefits and adopt other revenue measures:								
Disallow interest deduction for corporate-owned life insurance policy loans	....	0.6	0.5	0.6	0.7	0.7	0.8	3.9

Table 3–3. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In billions of dollars)

	Estimate							
	1996	1997	1998	1999	2000	2001	2002	1996–2002
Deny interest deduction on certain debt instruments	....	0.1	0.1	0.2	0.2	0.3	0.4	1.3
Defer original issue discount deduction on convertible debt	....	*	*	*	*	*	0.1	0.2
Limit dividends-received deduction (DRD):								
Reduce DRD to 50 percent	....	0.2	0.4	0.4	0.4	0.4	0.4	2.0
Modify holding period for DRD	....	*	*	*	*	*	*	0.2
Interaction	....	–*	–*	–*	–*	–*	–*	–*
Extend pro rata disallowance of tax-exempt interest expense to all corporations	....	*	0.1	0.1	0.1	0.1	0.1	0.5
Require average-cost basis for stocks, securities, etc.	....	0.6	0.7	0.6	0.7	0.7	0.7	4.1
Require recognition of gain on certain stocks, indebtedness and partnership interests	....	0.2	–*	0.1	0.1	0.1	0.1	0.4
Change the treatment of gains and losses on extinguishment	....	*	*	*	*	*	*	*
Require reasonable payment assumptions for interest accruals on certain debt instruments	....	0.1	0.2	0.3	0.3	0.2	0.1	1.1
Require gain recognition for certain extraordinary dividends	....	–0.1	0.1	0.1	0.1	0.1	0.1	0.3
Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands	....	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Modify loss carryback and carryforward rules	–*	*	0.7	0.8	0.7	0.6	0.6	3.4
Treat certain preferred stock as "boot"	....	0.2	0.2	0.2	0.2	0.1	*	0.9
Repeal tax-free conversions of large C corporations to S corporations	....	*	*	*	*	*	0.1	0.2
Require gain recognition in certain distributions of controlled corporation stock	....	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Reform treatment of certain stock transfers	....	0.1	0.1	0.1	0.1	0.1	0.2	0.8
Reformulate Puerto Rico and possessions tax credit	....	0.1	0.2	0.5	0.8	1.0	1.1	3.7
Expand Subpart F provisions regarding certain income	....	*	*	*	*	*	*	0.2
Modify taxation of captive "insurance" companies	....	*	*	*	*	*	*	0.1
Reform foreign tax credit	....	0.2	0.9	1.1	1.0	0.9	0.9	4.9
Modify rules relating to foreign oil and gas extraction income	....	*	*	0.1	0.1	0.1	0.1	0.4
Require thrifts to account for bad debts in same manner as banks	....	0.2	0.2	0.3	0.3	0.3	0.3	1.6
Reform depreciation under the income forecast method	....	0.1	0.1	0.1	*	*	*	0.3
Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Initiate inventory reform:								
Repeal lower of cost or market method	....	0.2	0.3	0.3	0.3	0.1	*	1.2
Repeal components of cost method	....	0.2	0.2	0.2	0.2	0.2	0.2	1.1
Modify basis adjustment rules under Section 1033	*	*	*	*	*	*	*	0.1
Expand requirement that involuntarily converted property be replaced with property acquired from an unrelated party	....	*	*	*	*	*	*	*
Place further restrictions on like-kind exchanges involving personal property	....	*	*	*	*	*	*	0.1
Disallow rollover and one-time exclusion on sale of residence to the extent of previously claimed depreciation	....	*	*	*	*	*	*	*
Require registration of certain corporate tax shelters	....	....	*	*	*	*	*	*
Require reporting of payments to corporations rendering services to Federal agencies	....	*	*	*	*	0.1	0.1	0.3
Increase penalties for failure to file correct information returns	....	*	*	*	*	*	*	0.1
Extend IRS user fees	....	....	....	....	....	*	*	0.1
Apply failure-to-pay penalty to substitute returns	*	*	*	*	*	*	*	0.1
Repeal exemption for withholding on gambling winnings from bingo and keno in excess of $5,000	*	*	*	*	*	*	*	*
Require tax reporting for payments to attorneys	....	....	*	*	*	*	*	*
Repeal advance refunds of diesel fuel tax for diesel cars and light trucks [1]	*	*	*	*	*	*	*	0.1
Extend oil spill excise tax [1]	*	0.2	0.2	0.2	0.2	0.2	0.2	1.4
Impose excise taxes on kerosene as diesel fuel [1]	....	*	*	*	*	*	*	0.2
Permanently extend luxury excise tax on passenger vehicles [1]	....	....	....	....	0.2	0.3	0.3	0.7
Extend and modify FUTA provisions:								
Extend FUTA surtax [1]	....	....	....	0.8	1.2	1.2	1.2	4.4
Accelerate deposit of unemployment insurance taxes	....	....	....	....	....	....	1.3	1.3
Subtotal, Eliminate unwarranted benefits	0.1	3.8	5.6	7.5	8.3	8.5	9.9	43.6
Other provisions that affect receipts:								
Assess fees for examination of FDIC-insured banks and bank holding companies (receipt effect) [1]	....	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Expand fees collected under the securities laws	....	0.3	0.3	0.3	0.3	0.4	0.4	2.0
Establish IRS continuous levy	....	0.4	0.4	0.4	0.3	0.2	0.1	1.8
Extend GSP and modify other trade provisions [1]	–0.6	–0.6	–0.5	–0.6	–0.6	–0.3	....	–3.2
Increase deduction for self-employed health insurance	–*	–0.1	–0.1	–0.2	–0.4	–0.5	–0.5	–1.9
Increase employee contributions to CSRS and FERS	0.1	0.4	0.5	0.6	0.6	0.6	0.6	3.4
Deter expatriation tax avoidance	*	0.2	0.2	0.4	0.4	0.5	0.5	2.3
Tighten rules for taxing foreign trusts	0.1	0.3	0.3	0.3	0.3	0.3	0.3	2.1
Extend corporate environmental tax [2]	....	1.0	0.6	0.7	0.7	0.7	0.8	4.5
Improve compliance by tax-exempt entities through intermediate sanctions and other measures	*	*	*	*	*	*	*	*

Table 3–3. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In billions of dollars)

	Estimate							
	1996	1997	1998	1999	2000	2001	2002	1996–2002
Modify Federal pay raise (receipt effect)	....	–0.1	–0.1	–0.1	–0.1	–0.1	–0.1	–0.8
Provide tax relief to troops in Bosnia	–*	–*	....	....	....	....	....	–*
Subtotal, Other	–0.4	1.8	1.8	1.8	1.7	1.9	2.2	10.7
Subtotal, Eliminate unwarranted benefits and other provisions that affect receipts	–0.3	5.6	7.3	9.3	10.0	10.3	12.1	54.3
Modify earned income tax credit (EITC)	*	0.3	0.4	0.4	0.4	0.4	0.4	2.3
Total effect of proposals [1]	**–1.6**	**–11.7**	**–6.3**	**–7.8**	**–11.0**	**–11.6**	**–10.7**	**–60.8**
Extend expired trust fund excise taxes:								
Extend superfund trust fund excise taxes [1]	0.1	0.7	0.7	0.7	0.7	0.7	0.7	4.2
Extend airport and airway trust fund taxes [1]	0.4	4.7	4.9	5.2	5.5	5.9	6.2	32.8
Extend LUST trust fund taxes [1]	*	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Total effect of extending expired trust fund excise taxes [1]	0.5	5.5	5.7	6.0	6.3	6.7	7.0	37.7

* $50 million or less.
[1] Net of income offsets.
[2] Net of deductibility for income tax purposes.

Table 3–4. RECEIPTS BY SOURCE

(In millions of dollars)

Source	1995 actual	1996 estimate	1997 estimate
Individual income taxes (federal funds):			
Withheld	499,927	535,566	567,153
Proposed Legislation (PAYGO)	....	−1,285	−17,201
Other	175,855	186,071	187,818
Refunds	−85,538	−89,479	−92,668
Total net individual income taxes	**590,244**	**630,873**	**645,102**
Corporation income taxes:			
Federal funds:			
Gross Collections	173,810	184,632	200,143
Proposed Legislation (PAYGO)	....	136	2,113
Refunds	−17,418	−18,019	−18,510
Total Federal funds net corporation income taxes	156,392	166,749	183,746
Trust funds:			
Gross Collections (Hazardous substance superfund)	612	359	10
Proposed Legislation (PAYGO)	....	....	1,222
Total net corporation income taxes	**157,004**	**167,108**	**184,978**
Social insurance taxes and contributions (trust funds):			
Employment taxes and contributions:			
Old-age and survivors insurance (Off-budget)	284,091	311,713	333,335
Disability insurance (Off-budget)	66,988	55,728	54,680
Hospital insurance	96,024	101,848	108,770
Railroad retirement:			
Social Security equivalent account	1,518	1,498	1,508
Rail pension and supplemental annuity	2,424	2,399	2,451
Total employment taxes and contributions	451,045	473,186	500,744
On-budget	99,966	105,745	112,729
Off-budget	351,079	367,441	388,015
Unemployment insurance:			
State taxes deposited in Treasury [1]	23,158	24,047	25,006
Federal unemployment tax receipts [1]	5,696	5,739	5,806
Railroad unemployment tax receipts [1]	24	24	29
Total unemployment insurance	28,878	29,810	30,841
Other retirement contributions:			
Federal employees' retirement—employee contributions	4,461	4,359	4,144
Proposed Legislation (PAYGO)	....	90	356
Contributions for non-Federal employees [2]	89	89	88
Proposed Legislation (PAYGO)	....	1	2
Total other retirement contributions	4,550	4,539	4,590
Total social insurance taxes and contributions	**484,473**	**507,535**	**536,175**
On-budget	133,394	140,094	148,160
Off-budget	351,079	367,441	388,015
Excise taxes:			
Federal funds:			
Alcohol taxes	7,216	7,189	7,173
Tobacco taxes	5,878	5,872	5,796
Transportation fuels tax	8,491	6,920	7,162
Telephone and teletype services	3,794	4,010	4,241
Ozone depleting chemicals and products	616	205	13
Other Federal fund excise taxes	946	1,598	1,520
Proposed Legislation (PAYGO)	....	−382	5
Total Federal fund excise taxes	26,941	25,412	25,910
Trust funds:			
Highway	22,611	24,564	24,900
Proposed Legislation (PAYGO)	....	−10	4
Airport and airway	5,534	1,383	....
Proposed Legislation (PAYGO)	....	898	6,251
Aquatic resources	306	320	325
Black lung disability insurance	608	620	633
Inland waterway	103	125	131
Hazardous substance superfund	867	261	....
Proposed Legislation (PAYGO)	....	102	883
Oil spill liability	211	....	....
Proposed Legislation (PAYGO)	....	34	294
Vaccine injury compensation	138	123	123
Leaking underground storage tank	165	41	....
Proposed Legislation (PAYGO)	....	13	174
Total trust funds excise taxes	30,543	28,474	33,718
Total excise taxes	**57,484**	**53,886**	**59,628**
Estate and gift taxes	**14,763**	**15,924**	**17,067**
Proposed Legislation (PAYGO)	....	....	**10**
Total estate and gift taxes	**14,763**	**15,924**	**17,077**
Customs duties:			
Federal funds	18,573	19,231	20,253
Proposed Legislation (PAYGO)	....	−706	−675
Trust funds	728	788	876
Total customs duties	**19,301**	**19,313**	**20,454**
MISCELLANEOUS RECEIPTS: [3]			
Miscellaneous taxes	138	149	153
United Mine Workers of America combined benefit fund	336	281	251
Deposit of earnings, Federal Reserve System	23,378	23,752	22,580
Proposed Legislation (PAYGO)	....	....	92
Fees for permits and regulatory and judicial services	6,180	6,233	6,690
Proposed Legislation (PAYGO)	....	....	307
Fines, penalties, and forfeitures	1,781	1,580	1,598
Restitutions, reparations, and recoveries under military occupation	....	7	7
Gifts and contributions	131	139	151
Refunds and recoveries	....	−5	−5
Total miscellaneous receipts	**31,944**	**32,136**	**31,824**
Total budget receipts	**1,355,213**	**1,426,775**	**1,495,238**
On-budget	1,004,134	1,059,334	1,107,223
Off-budget	351,079	367,441	388,015
MEMORANDUM			
Federal funds	842,214	893,132	926,831
Trust funds	326,739	355,579	377,918
Interfund transactions	−164,819	−189,377	−197,526
Total on-budget	**1,004,134**	**1,059,334**	**1,107,223**
Off-budget (trust funds)	**351,079**	**367,441**	**388,015**

Table 3–4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1995 actual	1996 estimate	1997 estimate
Total	**1,355,213**	**1,426,775**	**1,495,238**

[1] Deposits by States are State payroll taxes that cover the benefit part of the program. Federal unemployment tax receipts cover administrative costs at both the Federal and State level. Railroad unemployment tax receipts cover both the benefits and adminstrative costs of the program for the railroads.

[2] Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored, privately owned enterprises and the District of Columbia municipal government.

[3] Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are 1995: $619 million; 1996: $575 million; and 1997: $571 million.

4. USER FEES AND OTHER COLLECTIONS

In addition to collecting taxes and other governmental receipts by the exercise of its sovereign powers, the Federal Government earns income from its various business-type activities. Examples of this income include the sale of postage stamps and electricity, the collection of fees for admittance to national parks, premiums for deposit insurance, and rents and royalties for the right to extract oil from the Outer Continental shelf. Because these collections stem from business-type activities, as opposed to exercise of sovereign powers, they are subtracted from gross outlays rather than added to the taxes and other governmental receipts discussed in the previous chapter. Because these collections 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 24, "Budget System and Concepts," explains the budgetary treatment of these collections more fully.

The term ***"user fee"*** 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 primarily on whether the user charge is based on the Government's sovereign power or business-type activity, 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 $190.4 billion in 1997. This is only 13 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 and offsetting receipts collected from other accounts within the Government.

The budget contains a variety of user fee and other collections proposals that would yield $1.4 billion in 1997 and $11.2 billion from 1997 through 2002. These proposals establish, increase, or extend 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 offsetting collections and user fees classified as governmental receipts.

Table 4–1. OFFSETTING COLLECTIONS FROM THE PUBLIC

(In millions of dollars)

Type	1995 actual	Estimate	
		1996	1997
Collections deposited in receipt accounts:			
Medicare premiums	20,241	19,842	20,287
Military assistance trust fund property sales	12,469	13,020	12,230
Outer Continental Shelf payments, naval petroleum reserve lease and other undistributed offsetting receipts	2,419	4,489	4,098
Spectrum auction proceeds, undistributed	7,644	4,350	3,600
Sale of property and services, interest income and all other collections deposited in receipt accounts	20,343	21,710	20,129
Subtotal, collections from the public deposited in receipt accounts	63,116	63,411	60,344
Collections credited to appropriations accounts:			
Postal Service stamp sales and other collections	53,311	55,779	57,724
Deposit insurance funds	26,272	16,715	5,483
Tennessee Valley Authority and Power Administration collections	8,956	9,040	9,006
Commodity Credit Corporation loan repayments and other collections	10,824	7,257	7,604
Other loan repayments	7,028	7,967	7,069
Loan guaranty and other insurance premiums, interest income and all other collections credited to appropriations accounts	45,335	43,681	43,201
Subtotal, collections from the public credited to appropriation accounts	151,726	140,439	130,087
Offsetting collections from the public	214,842	203,850	190,431
Offsetting collections from the public excluding off-budget Postal Service collections	161,531	148,071	132,707

Table 4–2. PROPOSED USER FEES AND OTHER COLLECTIONS

(In millions of dollars)

	1997	1998	1999	2000	2001	2002
User fees						
Discretionary:						
Department of Agriculture:						
Animal and Plant Health Inspection Service—inspection, licensing, and permit fees—Collections and spending authority	8	8	8	8	8	8
Grain Inspection—Packers and Stockyards Administration—standardization and licensing activities: Collections and spending authority	18	18	18	18	18	18
Food Safety and Inspection Service—meat, poultry and eggs overtime inspection fees: Collections and spending authority	109	109	109	109	109	109
Department of Energy:						
Decontamination and decommissioning fee extended to foreign purchasers of U.S. enrichment services—Collections	46	46	46	46	46	46
Department of Health and Human Services—Food and Drug Administration:						
Import user fee to cover inspection/regulatory compliance program—Collections and spending authority	15	15	15	15	15	15
Medical device review and approval—Collections and spending authority	24	24	24	24	24	24
Department of Transportation:						
Aviation-related user fees—Collections and spending authority	150	150	150	150	150	150
Surface Transportation Board—Collections and spending authority	15	15	15	15	15	15
Army Corps of Engineers: Wetlands dredging permit application fees—Collections	7	7	7	7	7	7
Environmental Protection Agency: Registration fee for pesticide manufacturers—Collections	15	....	....	....	....	....
Securities and Exchange Commission: Tier 3 fees credited to appropriation—Collections and spending authority	49	49	49	49	49	49
Subtotal, discretionary user fees:						
Collections	456	441	441	441	441	441
Spending authority	388	388	388	388	388	388
Net savings	68	53	53	53	53	53
Mandatory:						
Department of Agriculture: Recover costs for oversight of marketing agreements and orders—Collections and spending authority	10	11	11	11	11	11
Department of Commerce:						
Fisheries management program fees—Collections and spending authority	10	10	10	10	10	10
Patent and Trademark Office surcharges—Collections	....	....	119	119	119	119
Department of Education:						
Federal Family Education Loan Program fees:						
Secondary market offset fee—Collections and spending authority	35	35	32	33	34	36
Lender and holder subsidy rebate—Collections and spending authority	27	24	22	22	23	25
Increase lender origination fee—Collections and spending authority	45	52	42	40	49	53
Department of the Interior:						
Expand authority for Park Service, BLM and Forest Service fees:						
Collections	12	17	27	33	43	47
Spending authority	....	11	16	25	31	40
Hetch Hetchy Dam rental payments—Collections	1	1	1	1	1	1
Hardrock mining claim and location fee extension—Collections	1	2	34	36	37	38
Department of Transportation:						
Oil Spill Liability Trust Fund excise tax—Collections	294	294	296	298	299	300
Railroad safety inspection fees—Collections	47	49	51	53	55	57
Vessel tonnage fees—Collections and spending authority	....	....	....	62	62	62
Department of the Treasury: Internal Revenue Service letter ruling fees extension—Collections	....	....	....	....	31	31
Department of Veterans Affairs: Nonservice-connected medical copayments and per diems extension—Collections	....	....	39	41	42	43
Environmental Protection Agency: Pesticide reregistration fee—Collections and spending authority	5	19	19	14	....	....
Federal Deposit Insurance Corporation/Federal Reserve: Examination fees for FDIC-insured banks and bank holding companies:						
Bank Insurance Fund—Collections and spending authority	75	79	82	86	89	93
Federal Reserve—Collections [1]	92	96	100	104	109	114
Federal Emergency Management Agency: Fee to cover 100% of radiological emergency preparedness program—Collections	12	12	12	12	12	12
Nuclear Regulatory Commission: Nuclear facility fees—Collections and spending authority	....	....	310	310	310	310
Securities and Exchange Commission:						
Tier 1 fees—increases in existing fees—Collections [1]	47	48	49	50	52	53
Tier 2 fees—new permanent fees deposited in special fund—Collections and spending authority [1]	260	270	281	292	304	316
Subtotal, mandatory user fees:						
Collections	973	1,019	1,537	1,627	1,692	1,731
Spending authority	467	511	515	595	613	646
Net savings	506	508	1,022	1,032	1,079	1,085
Total, user fees:						
Collections	1,429	1,460	1,978	2,068	2,133	2,172
Spending authority	855	899	903	983	1,001	1,034
Net savings	574	561	1,075	1,085	1,132	1,138

[1] Governmental receipts.

Discretionary: The following proposed fees are classified as discretionary because action is required by the Appropriations Committees. In most cases, the proposed levels are tied to the appropriations requests for the specific activity.

Department of Agriculture

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

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

Grain inspection standardization and packers and stockyards licensing fees.—The Administration proposes to allow the Grain Inspection, Packers and Stockyards Administration to charge a fee for equipment testing, quality control, and other services necessary to maintain uniform grain standards. In addition, a licensing fee is proposed to be charged to livestock market dealers and market agencies, meat packers, and live poultry dealers equal to the cost of administering programs under the Packers and Stockyards Act.

Meat, poultry, and egg overtime inspection fee.—The budget includes a proposal to require the meat, poultry, and egg industries to reimburse the Federal Government for the cost of all overtime inspections provided by the Food Safety and Inspection Service. Currently, such fees are required at some FSIS-inspected establishments, but not at others. The Government would continue to pay the full cost of a primary, eight-hour 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 paid by domestic purchasers. The fees would be deposited in the Uranium Enrichment Decontamination and Decommissioning fund to carry out environmental cleanup of the Government's three uranium 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 used to expedite the device review and approval process.

Department of Transportation

Aviation-related user fees.—Legislation will be proposed to establish fees for services or products provided by the Federal Aviation Administration. These fees would be used to offset the cost of supporting the operation and maintenance of a continued safe and efficient National Airspace System.

Surface Transportation Board.—The Administration proposes to create a fee mechanism to completely offset the expenses of the Surface Transportation Board (STB), the successor to the Interstate Commerce Commission (ICC). The fees would be collected from those who benefit from the continuation of the ICC functions transferred to the STB, i.e., railroads and shippers.

Army Corps of Engineers

Wetlands permit fees.—Legislation will be proposed to increase fees for the issuance of wetlands regulatory permits for commercial activities. The fees would be deposited in a special Treasury account and would be available to be used for the regulatory program to the extent provided in appropriations acts.

Environmental Protection Agency (EPA)

Pesticide registration fee.—Legislation will be proposed to impose fees on manufacturers of pesticides to recover the cost of the Pesticide Registration program. Congressional action is required to activate a user fee rule promulgated by EPA that was subsequently suspended by Congress through 1997. The proceeds would be subject to appropriations.

Mandatory fees: The following fees are classified as mandatory because they will be included in authorizing legislation.

Department of Agriculture

Agricultural Marketing Service (AMS) fees.—The Administration proposes to authorize local marketing administrators to collect fees to recover AMS' cost of administering commodity marketing orders and agreements. Marketing orders help stabilize market prices for milk, fruit, and other specialty crops by prescribing certain sale, quality, and quantity guidelines. Currently, costs at the local level are financed by assessments on commodity producers and handlers, while costs of these orders at the national level are funded through appropriations. The proposal would increase the existing assessments.

Department of Commerce

Fisheries management program fees.—The Administration proposes to require the Secretary of Commerce to collect fees from holders of fishing quotas. The fees would be set as percentages of the authorized harvest and would be used for the development and implementation of fishery programs, including social and economic studies, and fisheries management.

Extend surcharge on patent fees.—The budget proposes to extend the Patent and Trademark Office's authority to collect the patent surcharge fee through 2002. The current authority expires in 1998. The fee is charged to patent applicants to pay for processing applications and granting patents.

Department of Education

Federal Family Education Loan (FFEL) program lender and secondary market fees.—The budget includes a proposal to establish two new fees to offset the generous profits lenders and secondary markets achieve through participation in the FFEL program. These fees are (1) a monthly fee on all secondary markets that hold Federally guaranteed student loans, equivalent to the fee that the Student Loan Marketing Association is now required to pay; and (2) a lender and holder subsidy rebate, paid to the Secretary twice each year, based on the unpaid principal amount of each loan held. Legislation will also be proposed to increase the current lender origination fee.

Department of the Interior

Admission, recreation, and commercial user fees.—The budget proposes to authorize the National Park Service to increase certain admission, recreation, and commercial user fees. In addition, eighty percent of new receipts collected by the National Park Service, Bureau of Land Management, and Forest Service would be automatically available to the bureau collecting the fees in the following year, beginning in fiscal year 1998, for visitor services and facilities.

Hetch Hetchy Dam rental payments.—The budget includes a proposal to raise the annual rental for the use of land within Yosemite National Park by the City of San Francisco for a dam and reservoir that supplies drinking water to the city. The amount would be determined annually by the Secretary of the Interior, but must not be less than $597,000. The collections would be placed in a separate fund, to be used subject to appropriations for the annual operation of Yosemite or other national parks in California.

Hardrock mining fees.—The Administration proposes to extend, beyond 1998, the $100 hardrock claim maintenance fee and the $25 location fee assessed on hardrock mine claimants on Federal lands. These fees were initially established in the Omnibus Budget Reconciliation Act of 1993. In addition, the fees would be adjusted annually based on the Consumer Price Index. The fees are used to offset the cost associated with operating the mining law program. They are subject to appropriation.

Department of Transportation

Oil Spill Liability Trust Fund.—The budget proposes to reauthorize the Oil Spill Liability Trust Fund excise tax of $.05/barrel that expired on December 31, 1994. In addition to reauthorizing the tax, the proposal lifts the cap on the fund from $1.0 billion to $2.5 billion. The proceeds of the tax on oil importers are used to fund numerous activities related to oil spill prevention and clean-up. Some of these activities, such as Coast Guard operations funding, are subject to appropriation, while others, such as emergency clean-up are automatically available. The fund balance, (currently over $1.0 billion) is maintained to be available for clean-up in case of a major oil spill.

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. This fee offsets the costs incurred by the Federal Railroad Administration for inspection, enforcement, and related activities to ensure the safe operation of passenger and freight railroads. The fee expired at the end of 1995.

Vessel tonnage fees.—The budget proposes to extend fees collected by the Customs Service based on the cargo-carrying capacity of a vessel entering a U.S. port. These fees were set to expire at the end of 1998. The collections are credited to the Department of Transportation to offset costs incurred by the Coast Guard for services provided to the Merchant Marine industry.

Department of the Treasury—Internal Revenue Service

Internal Revenue Service fees.—The Administration proposes to extend the IRS' authority to charge fees for letter rulings, determination letters, and opinion letters. The IRS provides written responses to questions from individuals, corporations and organizations relating to their tax status or the effects of particular transactions for tax purposes. The fees charged for these requests, which are scheduled to expire on September 30, 2000, are proposed to be extended through September 30, 2002.

Department of Veterans Affairs

Medical care prescription co-payments and per diems.—The budget proposes to permanently extend VA's authority to collect prescription co-payments and per diems for hospital and nursing home visits from veterans for the treatment of nonservice-connected disabilities. The current authority expires in 1998.

Environmental Protection Agency

Pesticide reregistration 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 reregistration program. Fees are paid by industry to offset costs incurred by the accelerated reregistration and expedited processing of pesticides.

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

State bank examination fee.—The Administration proposes 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.

Federal Emergency Management Agency (FEMA)

Radiological emergency preparedness fee.—The budget includes a proposal to reauthorize FEMA's assessments on Nuclear Regulatory Commission (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 through 2002.

Nuclear Regulatory Commission

Nuclear Regulatory Commission (NRC) fees.—Under current law, the NRC must recover 100% of its costs from licensing, inspection and annual fees charged to its applicants and licensees through 1998. Unless the law is extended, the fee coverage requirement will revert to 33 percent of NRC costs. The budget includes a proposal to extend the fees at 100 percent of NRC's cost of operations through 2002.

Securities and Exchange Commission

Securities-related fees.—The Administration proposes to increase 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 funding structure. This proposal calls for three tiers of fee income. Tier 1 would be comprised of permanent increases in existing registration and tender offer receipts collected under the securities laws. Tier 2 would establish a new set of permanent transaction fees in the securities laws affecting the over-the-counter market and certain bonds. These fees would be credited to a special fund in the Treasury and the SEC would have authority to spend such sums as may be deposited in this fund. The authority for Tiers 1 and 2 is mandatory. Tier 3 would provide the appropriations committee with authority to increase certain specified receipts collected under the securities laws, which would be deposited as offsetting collections to the SEC's appropriation. The collection and use of the Tier 3 fees are discretionary, and thus would be contingent on appropriation action.

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 $328.4 billion in 1997.

Table 4–3. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Source	1995 actual	1996 estimate	1997 estimate
INTRAGOVERNMENTAL TRANSACTIONS			
On-budget receipts:			
Federal intrafund transactions:			
Distributed by agency:			
Interest from the Federal Financing Bank	7,422	6,116	4,702
Interest on Government capital in enterprises	1,828	1,729	1,545
Other	997	1,074	1,058
Proposed Legislation (PAYGO)	....	37	....
Total Federal intrafunds	10,247	8,956	7,305
Trust intrafund transactions:			
Distributed by agency:			
Payments to railroad retirement	4,120	3,770	3,838
Other	1	67	−13
Total trust intrafunds	4,121	3,837	3,825
Total intrafund transactions	14,368	12,793	11,130
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Military retirement fund	11,470	10,699	11,181
Supplementary medical insurance	36,988	61,331	59,456
Proposed Legislation (non-PAYGO)	....	....	7,867
Hospital insurance	4,504	4,627	4,973
Railroad social security equivalent fund	3,126	3,239	3,305
Rail industry pension fund	177	181	186
Civilian supplementary retirement contributions	20,277	20,900	21,316
Proposed Legislation (PAYGO)	....	....	−23
Unemployment insurance	1,233	675	687
Other contributions	706	955	886
Miscellaneous payments	505	544	580
Subtotal	78,986	103,151	110,414
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds	3,024	3,081	3,195
Quinquennial adjustment for military service credits	....	332	....
Other	976	1,035	993
Subtotal	4,000	4,448	4,188
Total interfunds distributed by agency	82,986	107,599	114,602
Undistributed by agency:			
Employer share, employee retirement (on-budget):[2]			
Civil service retirement and disability insurance	7,732	7,767	7,927
CSRDI from Postal Service	5,431	5,637	5,825
Hospital insurance (contribution as employer)[1]	1,885	1,817	1,868
Postal employer contributions to FHI	564	549	562
Military retirement fund	12,238	11,250	11,192
Other Federal employees retirement	111	118	125
Total employer share, employee retirement (on-budget)	27,961	27,138	27,499
Interest received by on-budget trust funds	59,867	61,163	61,066
Proposed Legislation (non-PAYGO)	....	−5	746
Total interfund transactions undistributed by agency	87,828	88,296	89,311
Total interfund transactions	170,814	195,895	203,913
Total on-budget receipts	185,182	208,688	215,043
Off-budget receipts:			
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Old-age, survivors, and disability insurance	5,475	6,103	7,019
Undistributed by agency:			
Employer share, employee retirement (off-budget)	6,432	6,291	6,664
Interest received by off-budget trust funds	33,305	36,440	39,361
Total off-budget receipts:	45,212	48,834	53,044
Total intragovernmental transactions	**230,394**	**257,522**	**268,087**
PROPRIETARY RECEIPTS FROM THE PUBLIC			
Distributed by agency:			
Interest:			
Interest on foreign loans and deferred foreign collections	1,018	679	644
Interest on deposits in tax and loan accounts	946	933	1,078
Other interest (domestic—civil)[3]	3,010	2,077	3,188
Total interest	4,974	3,689	4,910
Royalties and rents	1,090	1,138	1,154
Proposed Legislation (PAYGO)	....	....	1
Sale of products:			
Sale of timber and other natural land products	564	824	816
Sale of minerals and mineral products	423	572	416
Proposed Legislation (PAYGO)	....	21	79
Sale of power and other utilities	737	796	852
Other[3]	102	47	39
Total sale of products	1,826	2,260	2,202
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust funds)	20,241	19,842	20,287
Proposed Legislation (PAYGO)	....	....	−288
Nuclear waste disposal revenues	597	630	637
Veterans life insurance (trust funds)	272	281	258
Other[3]	2,095	2,010	2,135
Proposed Legislation (PAYGO)	....	....	57
Total fees and other charges	23,205	22,763	23,086
Sale of Government property:			
Military assistance program sales (trust funds)	12,469	13,020	12,230
Other	57	38	39
Total sale of Government property	12,526	13,058	12,269
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development	539	....	....
Foreign military credit sales	674	634	613
Negative subsidies and downward reestimates	1,087	3,364	1,593
Proposed Legislation (non-PAYGO)	....	161	260
Proposed Legislation (PAYGO)	....	1,386	....
Repayment of loans to United Kingdom	104	106	108
Other	162	123	128
Total realization upon loans and investments	2,566	5,774	2,702

Table 4–3. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	1995 actual	1996 estimate	1997 estimate
Recoveries and refunds [3]	1,932	1,717	1,877
Proposed Legislation (non-PAYGO)	....	11	49
Proposed Legislation (PAYGO)	....	....	100
Miscellaneous receipt accounts [3]	2,304	1,572	1,547
Proposed Legislation (non-PAYGO)	....	....	7
Total proprietary receipts from the public distributed by agency	50,423	51,982	49,904
Undistributed by agency:			
Other interest: Interest received from Outer Continental Shelf escrow account	1	....	905
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses	414	401	839
Royalties	2,004	2,288	2,269
Sale of major assets	....	....	85
Proposed Legislation (PAYGO)	....	1,800	....
Total proprietary receipts from the public undistributed by agency	2,419	4,489	4,098
Total proprietary receipts from the public [4]	**52,842**	**56,471**	**54,002**
OFFSETTING GOVERNMENTAL RECEIPTS			
Distributed by agency:			
Regulatory fees	2,565	2,505	2,598
Proposed Legislation (non-PAYGO)	....	....	22
Proposed Legislation (PAYGO)	....	22	59
Other	65	63	63
Undistributed by agency:			
Spectrum auction proceeds	7,644	4,200	1,600
Proposed Legislation (PAYGO)	....	150	2,000
Total offsetting governmental receipts	**10,274**	**6,940**	**6,342**
Total offsetting receipts	**293,510**	**320,933**	**328,431**

[1] Interchange receipts between the social security and railroad retirement funds place the social security funds in the same position they would have been if there were no separate railroad retirement system.

[2] Includes provision for covered Federal civilian employees and military personnel.

[3] Includes both Federal funds and trust funds.

[4] Consists of:

	1995 actual	*1996 estimate*	*1997 estimate*
On-budget:			
Federal funds	18,389	22,259	20,452
Trust funds	34,444	34,200	33,538
Off-budget:			
Trust funds	9	12	12

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 1995–2001 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, 1995. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity occurring before fiscal year 1995.

The total revenue loss estimates for tax expenditures for fiscal years 1995–2001 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 reference 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 1997 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							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
National defense:								
Exclusion of benefits and allowances to armed forces personnel	2,000	2,060	2,080	2,095	2,120	2,140	2,160	10,595
International affairs:								
Exclusion of income earned abroad by United States citizens	1,670	1,870	2,100	2,355	2,645	2,965	3,330	13,395
Exclusion of income of foreign sales corporations	1,400	1,500	1,600	1,700	1,800	1,900	2,000	9,000
Inventory property sales source rules exception	1,300	1,400	1,500	1,600	1,700	1,800	1,900	8,500
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)	1,700	1,800	2,000	2,200	2,400	2,600	2,900	12,100
General science, space, and technology:								
Expensing of research and experimentation expenditures (normal tax method)	1,635	1,740	1,840	1,945	2,065	2,190	2,320	10,360
Credit for increasing research activities	1,185	675	285	120	40	5	....	450
Suspension of the allocation of research and experimentation expenditures	325	....	....	....	....	....	....	....
Energy:								
Expensing of exploration and development costs:								
Oil and gas	–300	–255	–165	–75	0	95	80	–65
Other fuels	15	15	15	15	15	15	20	80
Excess of percentage over cost depletion:								
Oil and gas	945	985	1,020	1,060	1,105	1,145	1,195	5,525
Other fuels	120	120	125	140	140	155	155	715
Alternative fuel production credit	970	1,000	990	940	880	820	760	4,390
Exception from passive loss limitation for working interests in oil and gas properties	55	60	60	65	65	70	75	335
Capital gains treatment of royalties on coal	15	15	15	15	15	15	15	75
Exclusion of interest on State and local IDBs for energy facilities	175	180	180	175	175	165	160	855
New technology credit	140	140	145	155	165	175	185	825
Alcohol fuel credit [1]	10	10	10	10	10	10	10	50
Tax credit and deduction for clean-fuel burning vehicles and properties	65	65	65	75	80	85	90	395
Exclusion from income of conservation subsidies provided by public utilities	130	155	165	165	155	155	145	785
Natural resources and environment:								
Expensing of exploration and development costs, nonfuel minerals	35	35	35	35	35	35	35	175
Excess of percentage over cost depletion, nonfuel minerals	220	225	235	240	245	245	255	1,220
Capital gains treatment of iron ore	0	0	0	0	0	0	0	0
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	635	630	615	605	600	575	555	2,950
Capital gains treatment of certain timber income	15	15	15	15	15	15	15	75
Expensing of multiperiod timber growing costs	370	395	415	440	460	485	505	2,305
Investment credit and seven-year amortization for reforestation expenditures	45	45	50	50	50	50	50	250
Tax incentives for preservation of historic structures	125	125	120	115	115	110	105	565
Agriculture:								
Expensing of certain capital outlays	70	65	65	65	70	70	70	340
Expensing of certain multiperiod production costs	85	80	80	80	85	85	85	415
Treatment of loans forgiven solvent farmers as if insolvent	10	10	10	10	10	10	10	50
Capital gains treatment of certain income	145	145	140	145	145	150	155	735
Commerce and housing:								
Financial institutions and insurance:								
Exemption of credit union income	630	650	710	780	860	940	1,030	4,320
Excess bad debt reserves of financial institutions	95	105	115	125	135	150	160	685
Exclusion of interest on life insurance savings	9,905	10,670	11,470	12,340	13,260	14,255	14,950	66,275
Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	25
Tax exemption of certain insurance companies	235	240	245	255	260	280	300	1,340
Small life insurance company deduction	110	115	120	130	135	140	145	670
Housing:								
Exclusion of interest on owner-occupied mortgage subsidy bonds	1,810	1,810	1,770	1,710	1,655	1,605	1,540	8,280
Exclusion of interest on State and local debt for rental housing	925	875	815	760	700	630	545	3,450
Deductibility of mortgage interest on owner-occupied homes	48,080	50,575	53,075	55,750	58,590	61,655	64,915	293,985
Deductibility of State and local property tax on owner-occupied homes	15,275	16,070	16,860	17,710	18,615	19,590	20,620	93,395
Deferral of income from post 1987 installment sales	935	955	975	995	1,015	1,035	1,055	5,075
Deferral of capital gains on home sales	14,180	14,605	15,040	15,490	15,955	16,435	16,930	79,850
Exclusion of capital gains on home sales for persons age 55 and over	5,160	5,185	5,075	5,465	5,280	5,755	5,480	27,055
Exception from passive loss rules for $25,000 of rental loss	4,515	4,235	3,985	3,745	3,520	3,305	3,070	17,625
Accelerated depreciation on rental housing (normal tax method)	1,045	1,170	1,305	1,485	1,675	2,165	2,455	9,085
Commerce:								
Cancellation of indebtedness	105	70	40	15	0	–10	–5	40
Permanent exceptions from imputed interest rules	150	150	155	155	160	160	160	790
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method)	7,125	7,000	6,920	7,035	7,195	7,385	7,560	36,095
Capital gains exclusion of small corporation stock	0	0	0	5	30	70	110	215

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

(In millions of dollars)

Provision	Total Revenue Loss							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
Step-up basis of capital gains at death	28,305	29,480	30,265	30,710	31,160	31,615	32,075	155,825
Carryover basis of capital gains on gifts	130	140	150	160	170	180	190	850
Ordinary income treatment of loss from small business corporation stock sale	105	215	305	370	380	355	305	1,715
Accelerated depreciation of buildings other than rental housing (normal tax method)	7,440	6,735	5,720	4,590	3,410	2,420	1,600	17,740
Accelerated depreciation of machinery and equipment (normal tax method)	24,460	27,160	29,500	31,210	33,030	33,575	32,240	159,555
Expensing of certain small investments (normal tax method)	1,815	1,520	1,120	795	600	320	155	2,990
Amortization of start-up costs (normal tax method)	185	195	200	205	210	210	220	1,045
Graduated corporation income tax rate (normal tax method)	4,105	4,435	4,730	5,015	5,345	5,710	6,085	26,885
Exclusion of interest on small issue IDBs	555	435	345	295	280	265	260	1,445
Deferral of gains from sale of broadcasting facilities to minority owned business	285	....	....	....	....	....	....	....
Treatment of Alaska Native Corporations	30	20	15	10	5	5	5	40
Transportation:								
Deferral of tax on shipping companies	20	20	20	20	20	20	20	100
Exclusion of reimbursed employee parking expenses	1,215	1,255	1,290	1,330	1,370	1,410	1,455	6,855
Exclusion for employer-provided transit passes	35	50	60	70	85	100	120	435
Community and regional development:								
Credit for low-income housing investments	2,260	2,600	2,945	3,270	3,500	3,595	3,445	16,755
Investment credit for rehabilitation of structures (other than historic)	80	80	80	70	70	70	65	355
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	855	910	965	1,025	1,090	1,145	1,205	5,430
Exemption of certain mutuals' and cooperatives' income	50	50	50	55	55	60	60	280
Empowerment zones	250	330	385	425	450	475	490	2,225
Education, training, employment, and social services:								
Education:								
Exclusion of scholarship and fellowship income (normal tax method)	825	835	845	850	860	870	875	4,300
Exclusion of interest on State and local student loan bonds	315	305	290	275	260	250	240	1,315
Exclusion of interest on State and local debt for private nonprofit educational facilities	770	795	830	870	910	955	990	4,555
Exclusion of interest on savings bonds transferred to educational institutions	5	5	10	10	15	15	15	65
Parental personal exemption for students age 19 or over	820	825	835	870	905	955	1,015	4,580
Deductibility of charitable contributions (education)	1,780	1,870	1,965	2,065	2,165	2,275	2,385	10,855
Exclusion of employer provided educational assistance	100	....	....	....	....	....	....	....
Training, employment, and social services:								
Targeted jobs credit	395	325	60	40	20	5	....	125
Exclusion of employer provided child care	725	775	830	890	955	1,025	1,100	4,800
Exclusion of employee meals and lodging (other than military)	545	570	600	630	665	700	735	3,330
Credit for child and dependent care expenses	2,730	2,865	3,005	3,155	3,315	3,480	3,655	16,610
Credit for disabled access expenditures	160	160	165	165	165	170	170	835
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	19,565	20,565	21,600	22,675	23,815	25,000	26,240	119,330
Exclusion of certain foster care payments	30	30	35	35	35	40	40	185
Exclusion of parsonage allowances	265	285	300	320	345	365	390	1,720
Health:								
Exclusion of employer contributions for medical insurance premiums and medical care	59,440	64,520	70,490	77,040	84,125	91,620	99,925	423,200
Deductibility of medical expenses	3,495	3,785	4,125	4,510	4,930	5,395	5,895	24,855
Exclusion of interest on State and local debt for private nonprofit health facilities	1,535	1,595	1,675	1,750	1,845	1,935	2,015	9,220
Deductibility of charitable contributions (health)	2,280	2,395	2,510	2,630	2,755	2,885	3,020	13,800
Tax credit for orphan drug research	15	....	....	....	....	....	....	....
Special Blue Cross/Blue Shield deduction	125	140	100	170	185	220	280	955
Income security:								
Exclusion of railroad retirement system benefits	430	445	450	455	460	465	470	2,300
Exclusion of workmen's compensation benefits	4,475	4,855	5,050	5,255	5,515	5,800	6,205	27,825
Exclusion of public assistance benefits (normal tax method)	570	590	635	695	740	795	850	3,715
Exclusion of special benefits for disabled coal miners	95	90	85	85	80	75	70	395
Exclusion of military disability pensions	130	130	130	130	130	130	130	650
Net exclusion of pension contributions and earnings:								
Employer plans	52,070	55,370	55,770	56,205	56,625	57,045	57,470	283,115
Individual Retirement Accounts	7,720	7,830	7,940	8,335	8,420	8,455	8,490	41,640
Keogh plans	3,315	3,345	3,580	3,780	3,935	4,090	4,240	19,625
Exclusion of employer provided death benefits	30	35	35	35	40	40	45	195
Exclusion of other employee benefits:								
Premiums on group term life insurance	2,880	3,020	3,170	3,325	3,485	3,660	3,865	17,505
Premiums on accident and disability insurance	150	155	165	175	185	195	205	925
Income of trusts to finance supplementary unemployment benefits	20	20	20	20	20	20	20	100
Special ESOP rules (other than investment credit)	2,125	1,745	1,540	1,405	1,280	1,170	1,065	6,460
Additional deduction for the blind	25	25	25	25	25	30	30	135
Additional deduction for the elderly	1,305	1,320	1,340	1,355	1,365	1,375	1,385	6,820

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

(In millions of dollars)

Provision	Total Revenue Loss							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
Tax credit for the elderly and disabled	50	55	55	60	60	65	65	305
Deductibility of casualty losses	800	445	465	490	515	540	570	2,580
Earned income credit [2]	4,920	5,670	6,250	6,460	6,820	7,105	7,510	34,145
Social Security:								
Exclusion of social security benefits:								
OASI benefits for retired workers	16,015	16,465	17,285	18,080	18,880	19,525	20,515	94,285
Disability insurance benefits	1,975	2,180	2,375	2,580	2,800	3,030	3,265	14,050
Benefits for dependents and survivors	3,630	3,820	4,030	4,245	4,470	4,695	4,935	22,375
Veterans benefits and services:								
Exclusion of veterans disability compensation	2,665	2,820	2,985	3,160	3,335	3,515	3,720	16,715
Exclusion of veterans pensions	75	70	70	70	75	85	90	390
Exclusion of GI bill benefits	50	65	70	80	90	95	100	435
Exclusion of interest on State and local debt for veterans housing	85	80	80	80	85	85	90	420
General purpose fiscal assistance:								
Exclusion of interest on public purpose State and local debt	12,700	13,175	13,775	14,455	15,195	15,905	16,535	75,865
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	27,735	29,175	30,620	32,160	33,800	35,570	37,445	169,595
Tax credit for corporations receiving income from doing business in U.S. possessions	2,745	2,795	2,855	3,025	3,205	3,400	3,600	16,085
Interest:								
Deferral of interest on savings bonds	1,100	1,160	1,210	1,280	1,340	1,410	1,480	6,720
Addendum—Aid to State and local governments:								
Deductibility of:								
Property taxes on owner-occupied homes	15,275	16,070	16,860	17,710	18,615	19,590	20,620	93,395
Nonbusiness State and local taxes other than on owner-occupied homes	27,735	29,175	30,620	32,160	33,800	35,570	37,445	169,595
Exclusion of interest on:								
Public purpose State and local debt	12,700	13,175	13,775	14,455	15,195	15,905	16,535	75,865
IDBs for certain energy facilities	175	180	180	175	175	165	160	855
IDBs for pollution control and sewage and waste disposal facilities	635	630	615	605	600	575	555	2,950
Small-issue IDBs	555	435	345	295	280	265	260	1,445
Owner-occupied mortgage revenue bonds	1,810	1,810	1,770	1,710	1,655	1,605	1,540	8,280
State and local debt for rental housing	925	875	815	760	700	630	545	3,450
IDBs for airports, docks, and sports and convention facilities	855	910	965	1,025	1,090	1,145	1,205	5,430
State and local student loan bonds	315	305	290	275	260	250	240	1,315
State and local debt for private nonprofit educational facilities	770	795	830	870	910	955	990	4,555
State and local debt for private nonprofit health facilities	1,535	1,595	1,675	1,750	1,845	1,935	2,015	9,220
State and local debt for veterans housing	85	80	80	80	85	85	90	420

[1] In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1995: $615; 1996: $645; 1997: $665; 1998: $685; 1999: $705; 2000: $730; and 2001: $750.

[2] The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1995: $15,245; 1996: $18,655; 1997: $20,450; 1998: $21,255; 1999: $22,175; 2000: $23,210; and 2001: $24,115.

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 5–1 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						
	1995	1996	1997	1998	1999	2000	2001	1995	1996	1997	1998	1999	2000	2001
National defense:														
Exclusion of benefits and allowances to armed forces personnel	....	....	....	....	....	....	....	2,000	2,060	2,080	2,095	2,120	2,140	2,160
International affairs:														
Exclusion of income earned abroad by United States citizens	....	....	....	....	....	....	....	1,670	1,870	2,100	2,355	2,645	2,965	3,330
Exclusion of income of foreign sales corporations	1,400	1,500	1,600	1,700	1,800	1,900	2,000	....	....	....	....	....	....	....
Inventory property sales source rules exception	1,300	1,400	1,500	1,600	1,700	1,800	1,900	....	....	....	....	....	....	....
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)	1,700	1,800	2,000	2,200	2,400	2,600	2,900	....	....	....	....	....	....	....
General science, space, and technology:														
Expensing of research and experimentation expenditures (normal tax method)	1,605	1,705	1,805	1,910	2,025	2,150	2,275	30	35	35	35	40	40	45
Credit for increasing research activities	1,155	665	285	120	40	5	....	30	10	....	....	....	....	....
Suspension of the allocation of research and experimentation expenditures	325	....	....	....	....	....	....	....	....	....	....	....	....	....
Energy:														
Expensing of exploration and development costs:														
Oil and gas	–225	–190	–125	–55	0	70	60	–75	–65	–40	–20	0	25	20
Other fuels	10	10	10	10	10	10	15	5	5	5	5	5	5	5
Excess of percentage over cost depletion:														
Oil and gas	710	740	765	795	830	860	895	235	245	255	265	275	285	300
Other fuels	90	90	95	105	105	115	115	30	30	30	35	35	40	40
Alternative fuel production credit	820	850	840	800	750	700	650	150	150	150	140	130	120	110
Exception from passive loss limitation for working interests in oil and gas properties	....	....	....	....	....	....	....	55	60	60	65	65	70	75
Capital gains treatment of royalties on coal	....	....	....	....	....	....	....	15	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	110	110	105	105	100	95
New technology credit	140	140	145	155	165	175	185	0	0	0	0	0	0	0
Alcohol fuel credit [1]	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Tax credit and deduction for clean-fuel burning vehicles and properties	55	55	55	60	60	60	65	10	10	10	15	20	25	25
Exclusion from income of conservation subsidies provided by public utilities	80	100	105	100	90	85	75	50	55	60	65	65	70	70
Natural resources and environment:														
Expensing of exploration and development costs, nonfuel minerals	25	25	25	25	25	25	25	10	10	10	10	10	10	10
Excess of percentage over cost depletion, nonfuel minerals	165	170	175	180	185	185	190	55	55	60	60	60	60	65
Capital gains treatment of iron ore	....	....	....	....	....	....	....	0	0	0	0	0	0	0
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	255	250	245	240	235	230	220	380	380	370	365	365	345	335
Capital gains treatment of certain timber income	....	....	....	....	....	....	....	15	15	15	15	15	15	15
Expensing of multiperiod timber growing costs	210	225	235	250	260	275	285	160	170	180	190	200	210	220
Investment credit and seven-year amortization for reforestation expenditures	20	20	20	20	20	20	20	25	25	30	30	30	30	30
Tax incentives for preservation of historic structures	25	25	25	25	25	20	20	100	100	95	90	90	90	85
Agriculture:														
Expensing of certain capital outlays	10	10	10	10	10	10	10	60	55	55	55	60	60	60
Expensing of certain multiperiod production costs	10	10	10	10	10	10	10	75	70	70	70	75	75	75
Treatment of loans forgiven solvent farmers as if insolvent	....	....	....	....	....	....	....	10	10	10	10	10	10	10
Capital gains treatment of certain income	....	....	....	....	....	....	....	145	145	140	145	145	150	155
Commerce and housing:														
Financial institutions and insurance:														
Exemption of credit union income	630	650	710	780	860	940	1,030	....	....	....	....	....	....	....
Excess bad debt reserves of financial institutions	95	105	115	125	135	150	160	....	....	....	....	....	....	....
Exclusion of interest on life insurance savings	275	295	320	340	375	400	415	9,630	10,375	11,150	12,000	12,885	13,855	14,535
Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	....	....	....	....	....	....	....
Tax exemption of certain insurance companies	235	240	245	255	260	280	300	....	....	....	....	....	....	....
Small life insurance company deduction	110	115	120	130	135	140	145	....	....	....	....	....	....	....
Housing:														
Exclusion of interest on owner-occupied mortgage subsidy bonds	725	720	705	680	660	635	610	1,085	1,090	1,065	1,030	995	970	930
Exclusion of interest on State and local debt for rental housing	365	345	320	300	275	245	215	560	530	495	460	425	385	330
Deductibility of mortgage interest on owner-occupied homes	....	....	....	....	....	....	....	48,080	50,575	53,075	55,750	58,590	61,655	64,915
Deductibility of State and local property tax on owner-occupied homes	....	....	....	....	....	....	....	15,275	16,070	16,860	17,710	18,615	19,590	20,620
Deferral of income from post 1987 installment sales	235	245	255	265	275	285	295	700	710	720	730	740	750	760
Deferral of capital gains on home sales	....	....	....	....	....	....	....	14,180	14,605	15,040	15,490	15,955	16,435	16,930
Exclusion of capital gains on home sales for persons age 55 and over	....	....	....	....	....	....	....	5,160	5,185	5,075	5,465	5,280	5,755	5,480
Exception from passive loss rules for $25,000 of rental loss	....	....	....	....	....	....	....	4,515	4,235	3,985	3,745	3,520	3,305	3,070
Accelerated depreciation on rental housing (normal tax method)	660	735	820	945	1,080	1,495	1,730	385	435	485	540	595	670	725

TABLE 5–2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued

(In millions of dollars)

Provision	Revenue Loss														
	Corporations							Individuals							
	1995	1996	1997	1998	1999	2000	2001	1995	1996	1997	1998	1999	2000	2001
Commerce:														
Cancellation of indebtedness	....	....	....	....	....	....	....	105	70	40	15	0	–10	–5
Permanent exceptions from imputed interest rules	....	....	....	....	....	....	....	150	150	155	155	160	160	160
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method)	....	....	....	....	....	....	....	7,125	7,000	6,920	7,035	7,195	7,385	7,560
Capital gains exclusion of small corporation stock	....	....	....	....	....	....	....	0	0	0	5	30	70	110
Step-up basis of capital gains at death	....	....	....	....	....	....	....	28,305	29,480	30,265	30,710	31,160	31,615	32,075
Carryover basis of capital gains on gifts	....	....	....	....	....	....	....	130	140	150	160	170	180	190
Ordinary income treatment of loss from small business corporation stock sale	....	....	....	....	....	....	....	105	215	305	370	380	355	305
Accelerated depreciation of buildings other than rental housing (normal tax method)	5,270	4,730	4,000	3,200	2,380	1,735	1,150	2,170	2,005	1,720	1,390	1,030	685	450
Accelerated depreciation of machinery and equipment (normal tax method)	19,760	21,575	23,235	24,460	25,790	26,115	25,040	4,700	5,585	6,265	6,750	7,240	7,460	7,200
Expensing of certain small investments (normal tax method)	1,120	930	685	500	385	220	135	695	590	435	295	215	100	20
Amortization of start-up costs (normal tax method)	85	90	90	95	95	95	100	100	105	110	110	115	115	120
Graduated corporation income tax rate (normal tax method)	4,105	4,435	4,730	5,015	5,345	5,710	6,085	....	....	....	....	....	....	....
Exclusion of interest on small issue IDBs	215	165	135	115	110	105	105	340	270	210	180	170	160	155
Deferral of gains from sale of broadcasting facilities to minority owned business	285	....	....	....	....	....	....	....	....	....	....	....	....	....
Treatment of Alaska Native Corporations	30	20	15	10	5	5	5	....	....	....	....	....	....	....
Transportation:														
Deferral of tax on shipping companies	20	20	20	20	20	20	20	....	....	....	....	....	....	....
Exclusion of reimbursed employee parking expenses	....	....	....	....	....	....	....	1,215	1,255	1,290	1,330	1,370	1,410	1,455
Exclusion for employer-provided transit passes	....	....	....	....	....	....	....	35	50	60	70	85	100	120
Community and regional development:														
Credit for low-income housing investments	450	520	590	655	700	720	690	1,810	2,080	2,355	2,615	2,800	2,875	2,755
Investment credit for rehabilitation of structures (other than historic)	15	15	15	15	15	15	15	65	65	65	55	55	55	50
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	345	365	390	415	440	460	485	510	545	575	610	650	685	720
Exemption of certain mutuals' and cooperatives' income	50	50	50	55	55	60	60	....	....	....	....	....	....	....
Empowerment zones	75	100	120	135	140	150	150	175	230	265	290	310	325	340
Education, training, employment, and social services:														
Education:														
Exclusion of scholarship and fellowship income (normal tax method)	....	....	....	....	....	....	....	825	835	845	850	860	870	875
Exclusion of interest on State and local student loan bonds	125	120	115	110	105	100	95	190	185	175	165	155	150	145
Exclusion of interest on State and local debt for private nonprofit educational facilities	310	320	335	350	365	385	400	460	475	495	520	545	570	590
Exclusion of interest on savings bonds transferred to educational institutions	....	....	....	....	....	....	....	5	5	10	10	15	15	15
Parental personal exemption for students age 19 or over	....	....	....	....	....	....	....	820	825	835	870	905	955	1,015
Deductibility of charitable contributions (education)	170	180	190	200	210	220	230	1,610	1,690	1,775	1,865	1,955	2,055	2,155
Exclusion of employer provided educational assistance	....	....	....	....	....	....	....	100	....	....	....	....	....	....
Training, employment, and social services:														
Targeted jobs credit	320	270	50	30	15	5	....	75	55	10	10	5	....	....
Exclusion of employer provided child care	....	....	....	....	....	....	....	725	775	830	890	955	1,025	1,100
Exclusion of employee meals and lodging (other than military)	....	....	....	....	....	....	....	545	570	600	630	665	700	735
Credit for child and dependent care expenses	....	....	....	....	....	....	....	2,730	2,865	3,005	3,155	3,315	3,480	3,655
Credit for disabled access expenditures	130	130	130	130	130	135	135	30	30	35	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	4,895	5,160	5,425	5,695	5,985	6,280	6,580	14,670	15,405	16,175	16,980	17,830	18,720	19,660
Exclusion of certain foster care payments	....	....	....	....	....	....	....	30	30	35	35	35	40	40
Exclusion of parsonage allowances	....	....	....	....	....	....	....	265	285	300	320	345	365	390
Health:														
Exclusion of employer contributions for medical insurance premiums and medical care	....	....	....	....	....	....	....	59,440	64,520	70,490	77,040	84,125	91,620	99,925
Deductibility of medical expenses	....	....	....	....	....	....	....	3,495	3,785	4,125	4,510	4,930	5,395	5,895
Exclusion of interest on State and local debt for private nonprofit health facilities	615	640	675	705	745	780	810	920	955	1,000	1,045	1,100	1,155	1,205
Deductibility of charitable contributions (health)	640	670	700	730	760	790	820	1,640	1,725	1,810	1,900	1,995	2,095	2,200
Tax credit for orphan drug research	15	....	....	....	....	....	....	....	....	....	....	....	....	....
Special Blue Cross/Blue Shield deduction	125	140	100	170	185	220	280	....	....	....	....	....	....	....
Income security:														
Exclusion of railroad retirement system benefits	....	....	....	....	....	....	....	430	445	450	455	460	465	470

TABLE 5–2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES—Continued

(In millions of dollars)

Provision	Revenue Loss													
	Corporations							Individuals						
	1995	1996	1997	1998	1999	2000	2001	1995	1996	1997	1998	1999	2000	2001
Exclusion of workmen's compensation benefits	....	....	....	....	....	....	....	4,475	4,855	5,050	5,255	5,515	5,800	6,205
Exclusion of public assistance benefits (normal tax method)	....	....	....	....	....	....	....	570	590	635	695	740	795	850
Exclusion of special benefits for disabled coal miners	....	....	....	....	....	....	....	95	90	85	85	80	75	70
Exclusion of military disability pensions	....	....	....	....	....	....	....	130	130	130	130	130	130	130
Net exclusion of pension contributions and earnings:														
Employer plans	....	....	....	....	....	....	....	52,070	55,370	55,770	56,205	56,625	57,045	57,470
Individual Retirement Accounts	....	....	....	....	....	....	....	7,720	7,830	7,940	8,335	8,420	8,455	8,490
Keogh plans	....	....	....	....	....	....	....	3,315	3,345	3,580	3,780	3,935	4,090	4,240
Exclusion of employer provided death benefits	....	....	....	....	....	....	....	30	35	35	35	40	40	45
Exclusion of other employee benefits:														
Premiums on group term life insurance	....	....	....	....	....	....	....	2,880	3,020	3,170	3,325	3,485	3,660	3,865
Premiums on accident and disability insurance	....	....	....	....	....	....	....	150	155	165	175	185	195	205
Income of trusts to finance supplementary unemployment benefits	....	....	....	....	....	....	....	20	20	20	20	20	20	20
Special ESOP rules (other than investment credit)	2,125	1,745	1,540	1,405	1,280	1,170	1,065	....	....	....	....	....	....	....
Additional deduction for the blind	....	....	....	....	....	....	....	25	25	25	25	25	30	30
Additional deduction for the elderly	....	....	....	....	....	....	....	1,305	1,320	1,340	1,355	1,365	1,375	1,385
Tax credit for the elderly and disabled	....	....	....	....	....	....	....	50	55	55	60	60	65	65
Deductibility of casualty losses	....	....	....	....	....	....	....	800	445	465	490	515	540	570
Earned income credit [2]	....	....	....	....	....	....	....	4,920	5,670	6,250	6,460	6,820	7,105	7,510
Social Security:														
Exclusion of social security benefits:														
OASI benefits for retired workers	....	....	....	....	....	....	....	16,015	16,465	17,285	18,080	18,880	19,525	20,515
Disability insurance benefits	....	....	....	....	....	....	....	1,975	2,180	2,375	2,580	2,800	3,030	3,265
Benefits for dependents and survivors	....	....	....	....	....	....	....	3,630	3,820	4,030	4,245	4,470	4,695	4,935
Veterans benefits and services:														
Exclusion of veterans disability compensation	....	....	....	....	....	....	....	2,665	2,820	2,985	3,160	3,335	3,515	3,720
Exclusion of veterans pensions	....	....	....	....	....	....	....	75	70	70	70	75	85	90
Exclusion of GI bill benefits	....	....	....	....	....	....	....	50	65	70	80	90	95	100
Exclusion of interest on State and local debt for veterans housing	35	30	30	30	35	35	35	50	50	50	50	50	50	55
General purpose fiscal assistance:														
Exclusion of interest on public purpose State and local debt	5,100	5,300	5,545	5,820	6,120	6,395	6,645	7,600	7,875	8,230	8,635	9,075	9,510	9,890
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	....	....	....	....	....	....	....	27,735	29,175	30,620	32,160	33,800	35,570	37,445
Tax credit for corporations receiving income from doing business in U.S. possessions	2,745	2,795	2,855	3,025	3,205	3,400	3,600	....	....	....	....	....	....	....
Interest:														
Deferral of interest on savings bonds	....	....	....	....	....	....	....	1,100	1,160	1,210	1,280	1,340	1,410	1,480
Addendum—Aid to State and local governments:														
Deductibility of:														
Property taxes on owner-occupied homes	....	....	....	....	....	....	....	15,275	16,070	16,860	17,710	18,615	19,590	20,620
Nonbusiness State and local taxes other than on owner-occupied homes	....	....	....	....	....	....	....	27,735	29,175	30,620	32,160	33,800	35,570	37,445
Exclusion of interest on:														
Public purpose State and local debt	5,100	5,300	5,545	5,820	6,120	6,395	6,645	7,600	7,875	8,230	8,635	9,075	9,510	9,890
IDBs for certain energy facilities	70	70	70	70	70	65	65	105	110	110	105	105	100	95
IDBs for pollution control and sewage and waste disposal facilities	255	250	245	240	235	230	220	380	380	370	365	365	345	335
Small-issue IDBs	215	165	135	115	110	105	105	340	270	210	180	170	160	155
Owner-occupied mortgage revenue bonds	725	720	705	680	660	635	610	1,085	1,090	1,065	1,030	995	970	930
State and local debt for rental housing	365	345	320	300	275	245	215	560	530	495	460	425	385	330
IDBs for airports, docks, and sports and convention facilities	345	365	390	415	440	460	485	510	545	575	610	650	685	720
State and local student loan bonds	125	120	115	110	105	100	95	190	185	175	165	155	150	145
State and local debt for private nonprofit educational facilities	310	320	335	350	365	385	400	460	475	495	520	545	570	590
State and local debt for private nonprofit health facilities	615	640	675	705	745	780	810	920	955	1,000	1,045	1,100	1,155	1,205
State and local debt for veterans housing	35	30	30	30	35	35	35	50	50	50	50	50	50	55

[1] In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1995: $615; 1996: $645; 1997: $665; 1998: $685; 1999: $705; 2000: $730; and 2001: $750.

[2] The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1995: $15,245; 1996: $18,655; 1997: $20,450; 1998: $21,255; 1999: $22,175; 2000: $23,210; and 2001: $24,115.

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 accurately reflect the true economic cost of these provisions. For example, for a provision where activity levels have changed, so that incoming tax receipts from past deferrals are greater than deferred receipts from new activity, the cash-basis tax 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 macroeconomic 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 1996 which cause the deferrals or related revenue effects. For instance, a pension contribution in 1996 would cause a deferral of tax payments on wages in 1996 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 1996 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.

TABLE 5–3. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR ACTIVITY IN CALENDAR YEAR 1996

(In millions of dollars)

Provision	Present Value of Revenue Loss
Deferral of income from controlled foreign corporations (normal tax method)	1,700
Expensing of research and experimentation expenditures (normal tax method)	2,035
Expensing of exploration and development costs—oil and gas	140
Expensing of exploration and development costs—other fuels	10
Expensing of exploration and development costs—nonfuels	50
Expensing of multiperiod timber growing costs	135
Expensing of certain multiperiod production costs—agriculture	80
Expensing of certain capital outlays—agriculture	65
Deferral of capital gains on home sales	14,395
Accelerated depreciation of rental housing (normal tax method)	1,800
Accelerated depreciation of buildings other than rental housing (normal tax method)	415
Accelerated depreciation of machinery and equipment (normal tax method)	23,535
Expensing of certain small investments (normal tax method)	1,735
Amortization of start-up costs (normal tax method)	175
Deferral of tax on shipping companies	10
Credit for low-income housing investments	2,850
Exclusion of pension contributions and earnings—employer plans	50,885
Exclusion of IRA contributions and earnings	2,240
Exclusions of contribution and earnings for Keogh plans	3,465
Exclusion of interest on State and local public-purpose bonds	16,140
Exclusion of interest on State and local non-public purpose bonds	8,780
Deferral of interest on U.S. savings bonds	330

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

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.[1]

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

TABLE 5–4. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

Provision	Outlay Equivalents							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
National defense:								
Exclusion of benefits and allowances to armed forces personnel	2,335	2,405	2,425	2,445	2,470	2,495	2,520	12,355
International affairs:								
Exclusion of income earned abroad by United States citizens	2,170	2,435	2,730	3,060	3,435	3,855	4,325	17,405
Exclusion of income of foreign sales corporations	2,155	2,310	2,460	2,615	2,770	2,925	3,075	13,845
Inventory property sales source rules exception	2,000	2,155	2,310	2,460	2,615	2,770	2,925	13,080
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)	1,700	1,800	2,000	2,200	2,400	2,600	2,900	12,100
General science, space, and technology:								
Expensing of research and experimentation expenditures (normal tax method)	1,635	1,740	1,840	1,945	2,065	2,190	2,320	10,360
Credit for increasing research activities	1,820	1,040	440	185	60	10	....	695
Suspension of the allocation of research and experimentation expenditures	465	....	....	....	....	....	....	....
Energy:								
Expensing of exploration and development costs:								
Oil and gas	–300	–255	–165	–75	0	95	80	–65
Other fuels	15	15	15	15	15	15	20	80
Excess of percentage over cost depletion:								
Oil and gas	1,335	1,385	1,440	1,495	1,560	1,615	1,680	7,790
Other fuels	165	175	180	195	200	215	220	1,010
Alternative fuel production credit	1,370	1,400	1,390	1,330	1,240	1,160	1,080	6,200
Exception from passive loss limitation for working interests in oil and gas properties	55	60	60	65	65	70	75	335
Capital gains treatment of royalties on coal	20	20	20	20	20	20	20	100
Exclusion of interest on State and local IDBs for energy facilities	255	260	260	255	250	245	230	1,240
New technology credit	195	195	205	220	230	245	260	1,160
Alcohol fuel credit [1]	10	10	10	10	10	10	10	50
Tax credit and deduction for clean-fuel burning vehicles and properties	90	90	95	105	110	120	125	555
Exclusion from income of conservation subsidies provided by public utilities	175	210	225	220	210	205	195	1,055
Natural resources and environment:								
Expensing of exploration and development costs, nonfuel minerals	35	35	35	35	35	35	35	175
Excess of percentage over cost depletion, nonfuel minerals	295	320	325	335	345	345	355	1,705
Capital gains treatment of iron ore	0	0	0	0	0	0	0	0
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	910	905	890	875	850	830	800	4,245
Capital gains treatment of certain timber income	20	20	20	20	20	20	20	100
Expensing of multiperiod timber growing costs	370	395	415	440	460	485	505	2,305
Investment credit and seven-year amortization for reforestation expenditures	65	65	65	75	75	75	75	365
Tax incentives for preservation of historic structures	125	125	120	115	115	110	105	565
Agriculture:								
Expensing of certain capital outlays	70	65	65	65	70	70	70	340
Expensing of certain multiperiod production costs	85	80	80	80	85	85	85	415
Treatment of loans forgiven solvent farmers as if insolvent	10	10	10	10	10	10	10	50
Capital gains treatment of certain income	195	195	185	195	195	200	205	980
Commerce and housing:								
Financial institutions and insurance:								
Exemption of credit union income	805	825	905	995	1,090	1,195	1,310	5,495
Excess bad debt reserves of financial institutions	145	160	175	190	205	225	240	1,035
Exclusion of interest on life insurance savings	13,010	14,015	15,065	16,210	17,415	18,725	19,645	87,060
Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	25
Tax exemption of certain insurance companies	330	340	345	365	380	395	420	1,905
Small life insurance company deduction	155	160	170	185	190	200	205	950
Housing:								
Exclusion of interest on owner-occupied mortgage subsidy bonds	2,610	2,600	2,540	2,455	2,380	2,305	2,215	11,895
Exclusion of interest on State and local debt for rental housing	1,330	1,250	1,170	1,085	1,005	900	780	4,940
Deductibility of mortgage interest on owner-occupied homes	48,080	50,575	53,075	55,750	58,590	61,655	64,915	293,985
Deductibility of State and local property tax on owner-occupied homes	15,275	16,070	16,860	17,710	18,615	19,590	20,620	93,395
Deferral of income from post 1987 installment sales	935	955	975	995	1,015	1,035	1,055	5,075
Deferral of capital gains on home sales	14,180	14,605	15,040	15,490	15,955	16,435	16,930	79,850
Exclusion of capital gains on home sales for persons age 55 and over	6,880	6,915	6,765	7,285	7,040	7,675	7,305	36,070
Exception from passive loss rules for $25,000 of rental loss	4,515	4,235	3,985	3,745	3,520	3,305	3,070	17,625
Accelerated depreciation on rental housing (normal tax method)	1,045	1,170	1,305	1,485	1,675	2,165	2,455	9,085
Commerce:								
Cancellation of indebtedness	140	90	50	20	0	–15	–10	45
Permanent exceptions from imputed interest rules	150	150	155	155	160	160	160	790
Capital gains (other than agriculture, timber, iron ore, and coal)	9,500	9,335	9,215	9,380	9,595	9,845	10,080	48,115
Capital gain exclusion of small corporation stock	0	0	0	5	40	95	145	285

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

(In millions of dollars)

Provision	Outlay Equivalents							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
Step-up basis of capital gains at death	37,740	39,305	40,355	40,945	41,545	42,155	42,765	207,765
Carryover basis of capital gains on gifts	130	140	150	160	170	180	190	850
Ordinary income treatment of loss from small business corporation stock sale	40	45	50	50	50	55	55	260
Accelerated depreciation of buildings other than rental housing (normal tax method)	7,440	6,735	5,720	4,590	3,410	2,420	1,600	17,740
Accelerated depreciation of machinery and equipment (normal tax method)	24,460	27,160	29,500	31,210	33,030	33,575	32,240	159,555
Expensing of certain small investments (normal tax method)	1,815	1,520	1,120	795	600	320	155	2,990
Amortization of start-up costs (normal tax method)	185	195	200	205	210	210	220	1,045
Graduated corporation income tax rate (normal tax method)	5,865	6,335	6,760	7,165	7,635	8,155	8,690	38,405
Exclusion of interest on small issue IDBs	785	615	490	425	400	385	375	2,075
Deferral of gains from sale of broadcasting facilities to minority owned business	285	....	....	....	....	....	....	....
Treatment of Alaska Native Corporations	30	20	15	10	5	5	5	40
Transportation:								
Deferral of tax on shipping companies	20	20	20	20	20	20	20	100
Exclusion of reimbursed employee parking expenses	1,585	1,630	1,680	1,730	1,780	1,835	1,895	8,920
Exclusion for employer-provided transit passes	50	65	80	100	115	135	165	595
Community and regional development:								
Credit for low-income housing investments	2,260	2,600	2,945	3,270	3,500	3,595	3,445	16,755
Investment credit for rehabilitation of structures (other than historic)	80	80	80	70	70	70	65	355
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	1,240	1,315	1,395	1,480	1,570	1,655	1,735	7,835
Exemption of certain mutuals' and cooperatives' income	50	50	50	55	55	60	60	280
Empowerment zones	250	330	385	425	450	475	490	2,225
Education, training, employment, and social services:								
Education:								
Exclusion of scholarship and fellowship income (normal tax method)	910	915	925	935	945	955	965	4,725
Exclusion of interest on State and local student loan bonds	455	440	415	395	375	360	345	1,890
Exclusion of interest on State and local debt for private nonprofit educational facilities	1,110	1,150	1,200	1,255	1,315	1,375	1,430	6,575
Exclusion of interest on savings bonds transferred to educational institutions	5	10	10	15	20	20	20	85
Parental personal exemption for students age 19 or over	910	915	925	960	1,000	1,060	1,125	5,070
Deductibility of charitable contributions (education)	2,370	2,485	2,610	2,735	2,870	3,005	3,155	14,375
Exclusion of employer provided educational assistance	125	....	....	....	....	....	....	....
Training, employment, and social services:								
Targeted jobs credit	395	325	60	40	20	5	....	125
Exclusion of employer provided child care	965	1,035	1,105	1,185	1,275	1,365	1,465	6,395
Exclusion of employee meals and lodging (other than military)	665	695	730	770	810	855	900	4,065
Credit for child and dependent care expenses	3,640	3,820	4,005	4,205	4,420	4,640	4,875	22,145
Credit for disabled access expenditures	240	240	250	250	250	255	255	1,260
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	26,085	27,395	28,770	30,215	31,735	33,325	35,000	159,045
Exclusion of certain foster care payments	35	40	40	45	45	50	50	230
Exclusion of parsonage allowances	325	350	375	400	425	455	485	2,140
Health:								
Exclusion of employer contributions for medical insurance premiums and medical care	75,630	82,230	89,985	98,510	107,755	117,545	128,420	542,215
Deductibility of medical expenses	3,495	3,785	4,125	4,510	4,930	5,395	5,895	24,855
Exclusion of interest on State and local debt for private nonprofit health facilities	2,215	2,305	2,410	2,530	2,665	2,795	2,915	13,315
Deductibility of charitable contributions (health)	3,040	3,190	3,350	3,520	3,695	3,880	4,075	18,520
Tax credit for orphan drug research	25	....	....	....	....	....	....	....
Special Blue Cross/Blue Shield deduction	175	185	140	240	260	310	395	1,345
Income security:								
Exclusion of railroad retirement system benefits	430	445	450	455	460	465	470	2,300
Exclusion of workmen's compensation benefits	4,475	4,855	5,050	5,255	5,515	5,800	6,205	27,825
Exclusion of public assistance benefits (normal tax method)	570	590	635	695	740	795	850	3,715
Exclusion of special benefits for disabled coal miners	95	90	85	85	80	75	70	395
Exclusion of military disability pensions	130	130	130	130	130	130	130	650
Net exclusion of pension contributions and earnings:								
Employer plans	72,145	76,390	76,990	77,570	78,120	78,705	79,295	390,680
Individual Retirement Accounts	10,600	10,895	11,190	11,765	11,945	12,105	12,225	59,230
Keogh plans	4,365	4,405	4,715	4,980	5,180	5,385	5,590	25,850
Exclusion of employer provided death benefits	40	40	45	50	50	55	60	260
Exclusion of other employee benefits:								
Premiums on group term life insurance	3,745	3,925	4,120	4,320	4,530	4,755	5,020	22,745
Premiums on accident and disability insurance	190	200	210	225	235	250	260	1,180
Income of trusts to finance supplementary unemployment benefits	20	20	20	20	20	20	20	100
Special ESOP rules (other than investment credit)	3,035	2,490	2,200	2,005	1,830	1,675	1,525	9,235
Additional deduction for the blind	30	30	30	30	35	35	35	165
Additional deduction for the elderly	1,575	1,600	1,620	1,635	1,650	1,660	1,675	8,240

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

(In millions of dollars)

Provision	Outlay Equivalents							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
Tax credit for the elderly and disabled	65	65	70	75	75	80	80	380
Deductibility of casualty losses	1,040	580	605	635	670	705	740	3,355
Earned income credit [2]	5,470	6,300	6,945	7,180	7,580	7,895	8,345	37,945
Social Security:								
Exclusion of social security benefits:								
OASI benefits for retired workers	16,015	16,465	17,285	18,080	18,880	19,525	20,515	94,285
Disability insurance benefits	1,975	2,180	2,375	2,580	2,800	3,030	3,265	14,050
Benefits for dependents and survivors	3,630	3,820	4,030	4,245	4,470	4,695	4,935	22,375
Veterans benefits and services:								
Exclusion of veterans disability compensation	2,665	2,820	2,985	3,160	3,335	3,515	3,720	16,715
Exclusion of veterans pensions	75	70	70	70	75	85	90	390
Exclusion of GI bill benefits	50	65	70	80	90	95	100	435
Exclusion of interest on State and local debt for veterans housing	125	115	115	115	115	120	125	590
General purpose fiscal assistance:								
Exclusion of interest on public purpose State and local debt	18,315	19,010	19,885	20,870	21,940	22,955	23,855	109,505
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	27,735	29,175	30,620	32,160	33,800	35,570	37,445	169,595
Tax credit for corporations receiving income from doing business in U.S. possessions	3,920	3,995	4,075	4,320	4,580	4,855	5,145	22,975
Interest:								
Deferral of interest on savings bonds	1,100	1,160	1,210	1,280	1,340	1,410	1,480	6,720
Addendum—Aid to State and local governments:								
Deductibility of:								
Property taxes on owner-occupied homes	15,275	16,070	16,860	17,710	18,615	19,590	20,620	93,395
Nonbusiness State and local taxes other than on owner-occupied homes	27,735	29,175	30,620	32,160	33,800	35,570	37,445	169,595
Exclusion of interest on:								
Public purpose State and local debt	18,315	19,010	19,885	20,870	21,940	22,955	23,855	109,505
IDBs for certain energy facilities	255	260	260	255	250	245	230	1,240
IDBs for pollution control and sewage and waste disposal facilities	910	905	890	875	850	830	800	4,245
Small-issue IDBs	785	615	490	425	400	385	375	2,075
Owner-occupied mortgage revenue bonds	2,610	2,600	2,540	2,455	2,380	2,305	2,215	11,895
State and local debt for rental housing	1,330	1,250	1,170	1,085	1,005	900	780	4,940
IDBs for airports, docks, and sports and convention facilities	1,240	1,315	1,395	1,480	1,570	1,655	1,735	7,835
State and local student loan bonds	455	440	415	395	375	360	345	1,890
State and local debt for private nonprofit educational facilities	1,110	1,150	1,200	1,255	1,315	1,375	1,430	6,575
State and local debt for private nonprofit health facilities	2,215	2,305	2,410	2,530	2,665	2,795	2,915	13,315
State and local debt for veterans housing	125	115	115	115	115	120	125	590

[1] In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1995: $615; 1996: $645; 1997: $665; 1998: $685; 1999: $705; 2000: $730; and 2001: $750.

[2] The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1995: $15,245; 1996: $18,655; 1997: $20,450; 1998: $21,255; 1999: $22,175; 2000: $23,210; and 2001: $24,115.

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.

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

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

- *Income is taxable when realized in exchange.* Thus, neither the deferral of tax on unrealized capital gains nor the tax exclusion of imputed income (such as the rental value of owner-occupied housing or farmers' consumption of their own produce) is regarded as a tax expenditure. Both accrued and imputed income would be taxed under a comprehensive income tax.

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

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

- *Tax rates.* The separate schedules applying to the various taxpaying units are included in the reference law baseline. Thus, corporate tax rates below the maximum statutory rate do not give rise to a tax expenditure. The normal tax baseline is similar, except that it specifies the current maximum rate as the baseline for the corporate income tax. The lower tax rates applied to the first $10 million of corporate income are thus regarded as a tax expenditure. Similarly, under the reference law baseline, preferential tax rates for capital gains generally do not yield a tax expenditure; only capital gains treatment of otherwise "ordinary income," such as that from coal and iron ore royalties and the sale of timber and certain agricultural products, is considered a tax expenditure. The alternative minimum tax is treated as part of the baseline rate structure under both the reference and normal tax methods.
- *Income subject to the tax.* Income subject to tax is defined as gross income less the costs of earning that income. The Federal income tax defines gross income to include: (1) consideration received in the exchange of goods and services, including labor services or property; and (2) the taxpayer's share of gross or net income earned and/or reported by another entity (such as a partnership). Under the reference tax rules, therefore, gross income does not include gifts—defined as receipts of money or property that are not consideration in an exchange—or most transfer payments, which can be thought of as gifts from the Government.[2] The normal tax baseline also excludes gifts between individuals from gross income. Under the normal tax baseline, however, all cash transfer payments from the Government to private individuals are counted in gross income, and exemptions of such transfers from tax are identified as tax expenditures. The costs of earning income are generally deductible in determining taxable income under both the reference and normal tax baselines.[3]
- *Capital recovery.* Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. Under the normal tax baseline, the depreciation allowance for machinery and equipment is determined using straight-line depreciation over tax lives equal to mid-values of the asset depreciation range (a depreciation system in effect from 1971 through 1980). The normal tax baseline for real property is computed using 40-year straight-line depreciation.
- *Treatment of foreign income.* Both the normal and reference tax baselines allow a tax credit for foreign income taxes paid (up to the amount of U.S. income taxes that would otherwise be due), which prevents double taxation of income earned abroad. Under the normal tax method, however, controlled foreign corporations (CFCs) are not regarded as entities separate from their controlling U.S. shareholders. Thus, the deferral of tax on income received by CFCs is regarded as a tax expenditure under this method. In contrast, except for tax haven activities, the reference law baseline follows current law in treating CFCs as separate taxable entities whose income is not subject to U.S. tax until distributed to U.S. taxpayers. Under this baseline, deferral of tax on CFC income is not a tax expenditure because U.S. taxpayers generally are not taxed on accrued, but unrealized, income.

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

Performance Measures and the Economic Effects of Tax Expenditures

Under the Government Performance and Results Act of 1993 (GPRA), Federal agencies, in conjunction with the Office of Management and Budget, are directed to develop performance goals, performance measures, and strategic plans for their functions and programs. Consistent with this effort, OMB and the Department of the Treasury have started to develop a framework for evaluating the performance and economic effects of tax expenditures; the discussion here summarizes the initial work on this issue. This framework is expected to evolve over coming years based on additional work within the Executive branch and consultation with Con-

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

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

gressional units, including the Joint Committee on Taxation and the General Accounting Office.

Tax expenditures have a variety of objectives and effects. These include promoting certain types of activities (e.g., investment in low-income housing); influencing individual behavior (e.g., encouraging saving for retirement); and reducing the tax burden on individuals in adverse situations (e.g., those claiming casualty losses or large medical expenses).

Performance measurement is generally concerned with inputs, outputs, and outcomes. In the case of tax expenditures, the principal input is likely to be the tax revenue loss. Outputs are quantitative or qualitative measures of goods and services, or changes in income and investment, directly attributable to these inputs. Outcomes, in turn, represent the changes in the economy, society, or environment that are the ultimate goals of programs. Thus, for a provision that reduces taxes on investment in a certain activity, an increase in the amount of investment in that activity would likely be a key output. The resulting production from that investment, and, in turn, the associated net changes (positive or negative) in national income, economic welfare, or security, could be the outcomes of interest.

Estimation of these performance indicators and economic effects may be pursued using economic modeling and quantitative analysis. It is anticipated that OMB, Treasury, and other agencies will work together, as appropriate, on determining a set of useful measures and quantifying the effects of tax expenditures, as well as on conceptual issues such as the identification and measurement of tax expenditures.

The discussion below considers the types of measures that might be useful for some major programmatic groups of tax expenditures. The discussion is merely intended to be illustrative.

A major set of tax expenditures benefits retirement savings, through employer-provided pensions, individual retirement accounts, and Keogh plans. These provisions might be evaluated in terms of their effects on boosting retirement savings.

Individuals also benefit from favorable treatment of employer-provided health insurance. These benefits could be evaluated in terms of their impact on health insurance coverage and the corresponding improvements in health status.

Other provisions principally have income distribution, rather than incentive, effects. For example, tax-favored treatment of social security benefits provides increased incomes to low-income retirees. This provision could be evaluated by measuring the effects on the income of the elderly and their well-being. The earned-income tax credit, in contrast, should probably be evaluated both for its effects on labor force participation as well as its income redistribution properties.

Housing investment also benefits from tax expenditures such as the mortgage interest deduction and preferential treatment of capital gains on housing. Measures of the effectiveness of these provisions could include consideration of their effects on increasing home ownership and the quality of housing. Deductibility of State and local property taxes might be evaluated in terms of its effect on making housing more affordable as well as easing the cost of providing community services.

The above illustrative discussion, while broad, is nevertheless incomplete, both for the provisions mentioned and the many that are not explicitly cited. Developing a framework which is appropriately comprehensive, accurate, and flexible to reflect the objectives and effects of the wide range of tax expenditures will be a significant challenge. It is expected that this framework will evolve and improve over the next several years with the objective of eventually producing appropriate quantitative analyses.

Other Considerations

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. 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 expired on July 1, 1995, the tax credit was 20 percent of the qualified expenditures in excess of each year's base amount. This threshold was 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" was 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 had gross receipts in at least three of the base years were assigned a "fixed-base percentage" of .03. A similar credit with its own separate threshold was 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 expired 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.[4] Farmers with forgiven debt are considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

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

Commerce and Housing

This category includes a number of tax expenditure provisions that also affect economic activity in other functional categories. For example, provisions related to investment, such as accelerated depreciation, could also have been classified under the energy, natural resources and environment, agriculture, or transportation categories.

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

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

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

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

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

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.

[4] 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.

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

Real property installment sales.—Dealers in real and personal property, i.e., sellers that regularly hold property for sale or resale, cannot defer taxable income from installment sales until the receipt of the loan repayment. Nondealers, defined as sellers of real property used in their business, are required to pay interest to the Federal Government on deferred taxes attributable to their total installment obligations in excess of $5 million. Only properties with sales prices exceeding $150,000 are includable in the total. The payment of a market rate of interest eliminates the benefit of the tax deferral. The tax exemption for nondealers with total installment obligations of less than $5,000,000 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.[5]

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

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

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

[5]Thus, when a borrower on December 31, 1995, issues a promise to pay $1,000 plus interest at 10 percent on December 30, 1996, 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 1996, as the case may be.

subject to capital gains taxes. The cost basis of the appreciated assets is adjusted upward to the market value at the owner's date of death. The step-up in the heir's cost basis means that, in effect, the capital gain is forgiven.

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

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

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

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

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

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

Deferral of gains from sale of broadcasting facility to minority owned business.—The voluntary sale of assets generally requires the seller to pay tax on the gain that has accrued over the period of ownership. However, in the case of an involuntary sale, as when an owner's property must be sold in a condemnation preceding, 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 volume of such private activity bonds that each State may issue during any calendar year is limited.

U.S. savings bonds for education.—Interest on U.S. savings bonds, issued after December 31, 1989, may be excluded from tax if the bonds, plus accrued interest, are transferred to an educational institution as payment for educational expenses. The exclusion from tax is phased out for joint returns with adjusted gross incomes of $65,250 to $95,250 and $43,500 to $58,500 for single and head of household returns in 1995.

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 could claim a tax credit for qualified wages paid to individuals who began work before January 1, 1995, and who were certified as members of various targeted groups. The amount of the credit that could be claimed was 40 percent of the first $3,000 paid during the first year of employment. The 40 percent credit also applied to the summer employment wages paid to 16 and 17 year old youths who were members of low income families. Employers had to 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 listed under the education, training, employment, and social services function.

Orphan drugs.—To encourage the development of drugs for the treatment of rare diseases or physical conditions, a tax credit was granted equal to 50 percent of the costs for clinical testing that must be completed before manufacture and distribution are approved by the Food and Drug Administration. Because the drug firm was 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 was 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 taxable when earned, and this deferral is, therefore, also a tax expenditure.

Limited amounts ($9,500 in 1996) can be excluded from an employee's compensation under a qualified cash or deferred arrangement with the employer (401(k) plan) or 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, nondeductible 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 $1,000 standard deduction if single, or $800 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 $6,330 of earned income in 1996. The credit is 40 percent of the first $8,890 of income for a family with two or more qualifying children. When the taxpayer's income exceeds $11,610, the credit is phased out at the rate of 15.98 percent (21.06 percent if two or more qualifying children are present). It is completely phased out at $25,078 of adjusted gross income ($28,495 if two or more qualifying children are present).

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 1996, the credit is 7.65 percent of the first $4,220 of earned income. When the taxpayer's income exceeds $5,280, the credit is phased out at the rate of 7.65 percent. It is completely phased out at $9,500 of adjusted gross income.

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

Social Security

Old Age and Survivors Insurance (OASI) benefits for retired workers.—Social security benefits that exceed the beneficiary's contributions out of taxed income are deferred employee compensation and the deferral of tax on that compensation is a tax expenditure. These additional retirement benefits are paid for partly by employers' contributions that were not included in employees' taxable compensation. Portions (reaching as much as 85 percent) of recipients' social security and tier 1 railroad retirement benefits are included in the income tax base, however, if the recipient's provisional income exceeds certain base amounts. Provisional income is equal to adjusted gross income plus foreign or U.S. possession income and tax-exempt interest, and one half of social security and tier 1 railroad retirement benefits. The tax expenditure is limited to the portion of the benefits received by taxpayers who are below the base amounts at which 85 percent of the benefits are taxable.

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

Veterans Benefits and Services

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

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

General Government

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

Nonbusiness State and local taxes excluding home-owner property taxes.—The deductibility of nonbusiness State and local 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.[6]
- *Time when tax is due and payable.* Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable within nine months after the decedent's death. The Internal Revenue Service may grant an extension of up to 10 years for a reasonable cause. Interest is charged on the unpaid tax liability at a rate equal to the cost of Federal short-term borrowing, plus three percentage points.

[6]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.

Tax Expenditures by Function

The estimates of tax expenditures in the Federal unified transfer tax for fiscal years 1995–2001 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 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

TABLE 5–5. REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX

(In millions of dollars)

Description	Fiscal Years							
	1995	1996	1997	1998	1999	2000	2001	1997–2001
Natural Resources and Environment:								
Deductions for donations of conservation easements	0	0	0	0	0	0	0	0
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)	515	565	600	640	680	730	775	3,425
Deduction for charitable contributions (other than education and health)	1,520	1,650	1,765	1,885	2,005	2,135	2,280	10,070
Health:								
Deduction for charitable contributions (health)	465	510	550	590	630	680	730	3,180
General government:								
Credit for State death taxes	2,885	3,175	3,420	3,685	3,965	4,250	4,555	19,875

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

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 nonfarm family businesses. If the same three conditions previously described are met, the real property in their estates is eligible for continued use valuation.

Tax deferral of closely held businesses.—Nonfarm family businesses that satisfy the net estate requirements qualify for preferential 15 year deferred estate tax payment. 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 1997 REVENUE LOSS

(In millions of dollars)

Provision	1997	1997–2001
Exclusion of employer contributions for medical insurance premiums and medical care	70,490	423,200
Net exclusion of employer pension plan contributions and earnings	55,770	283,115
Deductibility of mortgage interest on owner-occupied homes	53,075	293,985
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	30,620	169,595
Step-up basis of capital gains at death	30,265	155,825
Accelerated depreciation of machinery and equipment (normal tax method)	29,500	159,555
Deductibility of charitable contributions (all types)	26,075	143,985
Exclusion of OASI benefits for retired workers	17,285	94,285
Deductibility of State and local property tax on owner-occupied homes	16,860	93,395
Deferral of capital gains on home sales	15,040	79,850
Exclusion of interest on public purpose State and local debt	13,775	75,865
Exclusion of interest on life insurance savings	11,470	66,275
Net exclusion of Individual Retirement Account contributions and earnings	7,940	41,640
Exclusion of interest on State and local debt for various non-public purposes	7,565	37,920
Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method)	6,920	36,095
Earned income credit [1]	6,250	34,145
Accelerated depreciation of buildings other than rental housing (normal tax method)	5,720	17,740
Exclusion of capital gains on home sales for persons age 55 and over	5,075	27,055
Exclusion of workmen's compensation benefits	5,050	27,825
Graduated corporation income tax rate (normal tax method)	4,730	26,885
Deductibility of medical expenses	4,125	24,855
Exclusion of social security benefits for dependents and survivors	4,030	22,375
Exception from passive loss rules for $25,000 of rental loss	3,985	17,625
Net exclusion of Keogh plan contributions and earnings	3,580	19,625
Premiums on employer-provided group term life insurance	3,170	17,505
Credit for child and dependent care expenses	3,005	16,610
Exclusion of veterans disability compensation	2,985	16,715
Credit for low-income housing investments	2,945	16,755
Tax credit for corporations receiving income from doing business in U.S. possessions	2,855	16,085
Exclusion of social security disability insurance benefits	2,375	14,050
Exclusion of income earned abroad by United States citizens	2,100	13,395
Exclusion of benefits and allowances to armed forces personnel	2,080	10,595
Deferral of income from controlled foreign corporations (normal tax method)	2,000	12,100
Expensing of research and experimentation expenditures (normal tax method)	1,840	10,360
Exclusion of income of foreign sales corporations	1,600	9,000
Special ESOP rules (other than investment credit)	1,540	6,460
Inventory property sales source rules exception	1,500	8,500
Additional deduction for the elderly	1,340	6,820
Accelerated depreciation on rental housing (normal tax method)	1,305	9,085
Exclusion of reimbursed employee parking expenses	1,290	6,855
Deferral of interest on savings bonds	1,210	6,720
Excess of percentage over cost depletion (oil, gas, and other fuels)	1,145	6,240
Expensing of certain small investments (normal tax method)	1,120	2,990
Alternative fuel production credit	990	4,390
Deferral of income from post 1987 installment sales	975	5,075
Exclusion of scholarship and fellowship income (normal tax method)	845	4,300
Parental personal exemption for students age 19 or over	835	4,580
Exclusion of employer provided child care	830	4,800
Exemption of credit union income	710	4,320
Exclusion of public assistance benefits (normal tax method)	635	3,715
Exclusion of employee meals and lodging (other than military)	600	3,330
Deductibility of casualty losses	465	2,580
Exclusion of railroad retirement system benefits	450	2,300
Expensing of multiperiod timber growing costs	415	2,305
Empowerment zones	385	2,225
Ordinary income treatment of loss from small business corporation stock sale	305	1,715
Exclusion of parsonage allowances	300	1,720
Credit for increasing research activities	285	450
Tax exemption of certain insurance companies	245	1,340
Excess of percentage over cost depletion, nonfuel minerals	235	1,220
Amortization of start-up costs (normal tax method)	200	1,045
Exclusion from income of conservation subsidies provided by public utilities	165	785
Premiums on employer-provided accident and disability insurance	165	925
Credit for disabled access expenditures	165	835
Permanent exceptions from imputed interest rules	155	790
Carryover basis of capital gains on gifts	150	850
New technology credit	145	825
Capital gains treatment of certain income	140	735
Exclusion of military disability pensions	130	650

TABLE 5–6. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 1997 REVENUE LOSS—Continued

(In millions of dollars)

Provision	1997	1997–2001
Small life insurance company deduction	120	670
Tax incentives for preservation of historic structures	120	565
Excess bad debt reserves of financial institutions	115	685
Enhanced oil recovery credit	100	520
Special Blue Cross/Blue Shield deduction	100	955
Interest allocation rules exception for certain financial operations	95	475
Exclusion of special benefits for disabled coal miners	85	395
Expensing of certain multiperiod production costs	80	415
Investment credit for rehabilitation of structures (other than historic)	80	355
Exclusion of veterans pensions	70	390
Exclusion of GI bill benefits	70	435
Expensing of certain capital outlays	65	340
Tax credit and deduction for clean-fuel burning vehicles and properties	65	395
Exclusion for employer-provided transit passes	60	435
Targeted jobs credit	60	125
Exception from passive loss limitation for working interests in oil and gas properties	60	335
Tax credit for the elderly and disabled	55	305
Investment credit and seven-year amortization for reforestation expenditures	50	250
Exemption of certain mutuals' and cooperatives' income	50	280
Special rules for mining reclamation reserves	50	250
Cancellation of indebtedness	40	40
Exclusion of certain foster care payments	35	185
Expensing of exploration and development costs, nonfuel minerals	35	175
Exclusion of employer provided death benefits	35	195
Additional deduction for the blind	25	135
Income of trusts to finance supplementary unemployment benefits	20	100
Deferral of tax on shipping companies	20	100
Expensing of costs of removing certain architectural barriers to the handicapped	20	100
Capital gains treatment of royalties on coal	15	75
Treatment of Alaska Native Corporations	15	40
Capital gains treatment of certain timber income	15	75
Exclusion of interest on savings bonds transferred to educational institutions	10	65
Alcohol fuel credit [2]	10	50
Treatment of loans forgiven solvent farmers as if insolvent	10	50
Special alternative tax on small property and casualty insurance companies	5	25
Capital gains exclusion of small corporation stock	0	215

[1] The effect of the earned income tax credit on outlays is $20,450 million in 1997 and $111,205 million for 1997–2001.
[2] In addition, the partial exemption from the excide tax for alcohol fuels results in a reduction in excise tax receipts for 1997 of $665 million and $3,535 million for 1997–2001.
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 5–2, and do not reflect possible interactions across these two taxes.

SPECIAL ANALYSES AND PRESENTATIONS

6. FEDERAL INVESTMENT SPENDING AND CAPITAL BUDGETING

Investment spending is spending that yields long-term benefits. Its 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. The spending can be direct Federal spending or grants to State and local governments. It 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 spending with spending for current use. This chapter focuses solely on Federal and federally financed investment. These investments are discussed in the following sections:

- a description of the size and composition of Federal investment spending;
- a discussion of fixed assets used to provide Federal services 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;
- projections of Federal physical capital outlays and recent assessments of public civilian capital needs, as required by the Federal Capital Investment Program Information Act of 1984; and
- a discussion of transportation infrastructure spending.

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 second consecutive year, the discussion of the composition of investment includes estimates of budget authority as well as 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 community development block grant is 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 in more than one category of investment. For example, grants for construction of research facilities finance the acquisition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified in the category that is most commonly recognized as investment. Consequently outlays for the conduct of research and development do not include outlays for research facilities, because these outlays are included in the category for physical investment. Similarly, physical investment and research and development related to education and training are included in the categories of physical assets and the conduct of research and development.

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction, education and training, or non-investment outlays. For more information about the treatment of Federal credit programs,, refer to Chapter 8, "Underwriting Federal Credit and Insurance."

This section presents spending for gross investment, without adjusting for depreciation. A subsequent section discusses depreciation and shows investment and capital stocks both gross and net of depreciation.

Composition of Federal Investment Outlays

Major Federal Investment

The composition of major Federal investment outlays is summarized in Table 6–1. 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 $233.2 billion in 1995. Because of reductions in defense spending they are estimated to decline to $226.0 billion in 1996 and to $221.7 billion in 1997. Major Federal investment will comprise an estimated 13.6 percent of total Federal outlays in 1997 and 2.8 percent of the Nation's gross domestic product (GDP). Greater detail on Federal investment is available in tables 6–2 and 6–3 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 $108.1 billion in 1997. Physical investment outlays are primarily outlays for construction, rehabilitation, and major equipment. Slightly more than three-fifths of these outlays are for direct physical investment by the Federal Government, with the remaining two-fifths being grants to State and local governments for physical investment.

Direct physical investment outlays by the Federal Government are primarily for national defense. Defense outlays for physical investment were $59.9 billion in 1995 and are estimated to decline to $48.5 billion in 1997. Almost all of these outlays, or $44.2 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 $19.3 billion in 1997. These outlays include $11.8 billion for construction and rehabilitation. This amount funds water, power, and natural resources projects of the Army Corps of Engineers, the Bureau of Reclamation within the Department of the Interior, the Tennessee Valley Authority, and the power administrations in the Department of Energy; construction and rehabilitation of veterans hospitals and Postal Service facilities; and facilities for space and science programs. Outlays for the acquisition of major equipment are estimated to be $7.2 billion in 1997. The largest amounts are for the science and space programs and the air traffic control system. Net outlays for the purchase and sale of land and structures are estimated to be $0.4 billion in 1997. Collections from the sale of facilities are expected to exceed disbursements by $1.2 billion in 1996, largely due to the proposed sale of the United States Enrichment Corporation.

Grants to State and local governments for physical investment are estimated to be $40.2 billion in 1997. More than three fifths of these outlays, or $24.4 billion, are to assist States and localities with transportation infrastructure. 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 $69.1 billion in 1997. 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 $37.3 billion in 1997, 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 $31.8 billion in 1997. This is almost entirely direct spending by the Federal Government, and is largely for the space programs, the National Science Foundation, the National Institutes of Health, 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 $44.6 billion in 1997. 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 $26.3 billion in 1997, 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 $18.3 billion in 1997. 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 6–1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

(In billions of dollars)

	1995 actual	Estimate	
		1996	1997
MAJOR FEDERAL INVESTMENT OUTLAYS			
Major public physical capital investment:			
Direct:			
National defense	59.9	52.5	48.5
Nondefense	19.5	18.4	19.3
Subtotal, direct major public physical capital investment	79.3	70.8	67.8
Grants to State and local governments	39.6	41.3	40.2
Subtotal, major public physical capital investment	118.9	112.2	108.1
Conduct of research and development:			
National defense	37.7	37.7	37.3
Nondefense	30.7	30.8	31.8
Subtotal, conduct of research and development	68.4	68.5	69.1
Conduct of education and training:			
Grants to State and local governments	24.7	26.7	26.3
Direct	21.2	18.6	18.3
Subtotal, conduct of education and training	45.9	45.3	44.6
Major Federal investment outlays	233.2	226.0	221.7
MEMORANDUM			
Major Federal investment outlays:			
National defense	97.6	90.2	85.8
Nondefense	135.6	135.8	135.9
Total, major Federal investment outlays	233.2	226.0	221.7
Miscellaneous physical investment:			
Commodity inventories	–0.9	–0.8	–0.7
Other physical investment (direct)	4.5	4.6	4.2
Total, miscellaneous physical investment	3.6	3.8	3.4
Total, Federal investment outlays, including miscellaneous physical investment	236.8	229.8	225.2

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 6–1. These items, all for physical investment, are generally unrelated to improving Government for operations or enhancing economic activity. Outlays for commodity inventories 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. Sales are estimated to exceed purchases by $0.7 billion in 1997.

Outlays for other miscellaneous physical investment are estimated to be $4.2 billion in 1997. This category includes primarily conservation programs. These outlays are entirely for direct Federal spending.

Detailed Tables on Investment Spending

In order to include more information in the budget on investment, this section provides data on budget authority as well as outlays. Table 6–2 displays budget authority and outlays by major programs according to defense and nondefense categories. Table 6–3 shows budget authority and outlays divided according to grants to State and local governments and direct Federal spending. Table 6–3 displays several allowances for full funding of fixed assets. These appear for atomic energy (defense), domestic nuclear energy, space, and recreational resources. These allowances are discussed in the next section.

Table 6–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS

(in millions of dollars)

Source	Budget Authority			Outlays		
	1995 actual	Estimate 1996	Estimate 1997	1995 actual	Estimate 1996	Estimate 1997
FEDERAL INVESTMENT:						
NATIONAL DEFENSE:						
Major public physical investment:						
Construction and rehabilitation:						
Military construction	2,623	2,826	2,584	3,654	3,306	3,021
Family housing	592	1,020	750	918	849	934
Atomic energy defense activities and other	237	410	455	248	248	371
Subtotal, construction and rehabilitation	3,452	4,256	3,789	4,820	4,403	4,326
Acquisition of major equipment:						
Procurement	43,529	42,177	38,678	54,901	47,927	44,039
Atomic energy defense activities and other	–14	147	332	202	156	150
Subtotal, acquisition of major equipment	43,515	42,324	39,010	55,103	48,083	44,189
Purchase or sale of land and structures	–51	–11	–11	–51	–11	–11
Subtotal, major public physical investment	46,916	46,569	42,788	59,872	52,475	48,504
Conduct of research and development						
Defense military	35,291	35,633	35,482	35,356	35,203	34,945
Atomic energy and other	2,222	2,366	2,347	2,343	2,479	2,347
Subtotal, conduct of research and development	37,513	37,999	37,829	37,699	37,682	37,292
Conduct of education and training (civilian)	–66	8	5	12	9	6
Subtotal, national defense investment	84,363	84,576	80,622	97,583	90,166	85,802
NONDEFENSE:						
Major public physical investment:						
Construction and rehabilitation:						
Highways	20,964	17,611	21,958	19,216	20,224	19,293
Mass transportation	3,721	3,517	4,732	3,561	3,801	3,645
Rail transportation	212	120	214	153	239	294
Air transportation	111	2,250	1,381	1,844	1,689	1,554
Water transportation	100	144	133	97	139	155
Community development block grants	4,819	4,600	4,900	4,333	5,093	4,931
Other community and regional development	1,547	1,219	1,328	1,254	1,488	1,388
Pollution control and abatement	3,228	3,675	3,828	4,012	3,692	3,635
Water resources	1,827	1,697	1,842	2,253	2,196	1,886
Other natural resources and environment	282	236	306	435	324	292
Housing assistance	6,066	5,607	6,387	6,425	6,719	7,055
General science, space, and technology	389	430	581	573	509	469
Energy	2,939	1,809	1,523	2,961	1,963	1,604
Veterans hospitals and other health	1,234	1,164	1,461	1,294	1,375	1,494
Postal Service	1,004	1,282	946	996	1,015	860
GSA real property activities	....	....	....	1,008	1,252	1,349
International affairs	219	159	220	307	243	267
Other programs	562	688	784	786	879	956
Subtotal, construction and rehabilitation	49,224	46,208	52,524	51,508	52,840	51,127
Acquisition of major equipment:						
Air transportation	2,039	1,910	1,821	2,655	2,073	1,946
Other transportation	450	568	629	441	465	481
Space flight, research, and supporting activities	814	900	1,307	1,064	874	746
General science and basic research	319	262	277	150	253	316
Veterans medical care	527	682	475	290	612	641
Postal Service	859	2,493	1,104	390	1,195	1,042
General supply fund	....	....	....	477	536	538
Other	967	1,351	1,436	707	1,345	1,569
Subtotal, acquisition of major equipment	5,975	8,166	7,049	6,174	7,353	7,279
Purchase or sale of land and structures						
International affairs	9	10	10	9	11	11

Table 6–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS—Continued

(in millions of dollars)

Source	Budget Authority			Outlays		
	1995 actual	Estimate 1996	Estimate 1997	1995 actual	Estimate 1996	Estimate 1997
Domestic	227	–1,620	167	599	–1,227	346
Subtotal, purchase or sale of land and structures	236	–1,610	177	608	–1,216	357
Other physical assets (grants)	807	761	879	756	722	804
Subtotal, major public physical investment	56,242	53,525	60,629	59,046	59,699	59,567
Conduct of research and development:						
General science, space, and technology:						
NASA	7,866	7,760	7,797	8,243	7,999	7,571
National Science Foundation	2,137	2,204	2,305	1,894	2,092	2,202
Other general science	685	675	1,045	700	715	705
Subtotal, general science, space, technology	10,688	10,639	11,147	10,837	10,806	10,478
Energy	2,926	2,933	2,455	3,152	3,079	3,054
Transportation:						
Department of Transportation	649	596	677	604	520	792
NASA	1,186	1,208	1,237	749	1,146	1,233
Subtotal, transportation	1,835	1,804	1,914	1,353	1,666	2,025
Health:						
National Institutes of Health	10,691	11,273	11,479	10,299	10,335	11,215
All other health	980	921	954	1,033	1,000	917
Subtotal, health	11,671	12,194	12,433	11,332	11,335	12,132
Agriculture	1,194	1,179	1,193	1,186	1,193	1,175
Natural resources and environment	1,963	1,868	1,915	1,662	1,615	1,668
International affairs	288	198	204	323	225	244
All other research and development	1,124	1,003	1,178	888	915	1,020
Subtotal, conduct of research and development	31,689	31,818	32,439	30,733	30,834	31,796
Conduct of education and training:						
Education, training, employment and social services:						
Elementary, secondary, and vocational education	15,177	15,493	16,204	14,635	15,948	15,701
Higher education	14,418	12,039	10,826	14,194	11,435	10,915
Research and general education aids	1,939	1,813	2,140	1,842	1,974	1,904
Training and employment	5,267	5,475	6,138	5,699	5,855	5,739
Social services	5,987	6,143	6,542	5,826	6,328	6,321
Subtotal, education, training, and social services	42,788	40,963	41,850	42,196	41,540	40,580
Income security	187	220	220	131	191	225
Veterans education, training, and rehabilitation	1,338	1,520	1,384	1,374	1,486	1,587
Health	826	795	799	766	766	898
Intenational affairs	288	223	233	301	263	234
Other education and training	1,071	1,063	1,094	1,093	1,014	1,024
Subtotal, conduct of education and training	46,498	44,784	45,580	45,861	45,260	44,548
Subtotal, nondefense investment	134,429	130,127	138,648	135,640	135,793	135,911
Total, Federal investment	218,792	214,703	219,270	233,223	225,959	221,713

Table 6–3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS

(in millions of dollars)

Source	Budget Authority			Outlays		
	1995 actual	Estimate 1996	Estimate 1997	1995 actual	Estimate 1996	Estimate 1997
FEDERAL INVESTMENT:						
GRANTS TO STATE AND LOCAL GOVERNMENTS:						
Major public physical investments:						
Construction and rehabilitation:						
Highways	20,961	17,610	21,957	19,200	20,212	19,283
Mass transportation	3,721	3,517	4,732	3,561	3,801	3,645
Rail transportation	18	1	10	20	16	29
Air transportation	67	2,214	1,350	1,826	1,622	1,483
Pollution control and abatement	2,066	2,366	2,379	2,671	2,360	2,224
Other natural resources and environment	95	109	117	264	294	179
Community development block grants	4,819	4,600	4,900	4,333	5,093	4,931
Other community and regional development	1,307	998	1,066	982	1,170	1,144
Housing assistance	4,934	4,574	5,585	5,762	5,801	6,278
National defense	70	....	....	7	15	9
Other construction	136	130	119	173	155	137
Subtotal, construction and rehabilitation	38,194	36,119	42,215	38,799	40,539	39,342
Other physical assets	862	833	964	780	798	894
Subtotal, major public physical capital	39,056	36,952	43,179	39,579	41,337	40,236
Conduct of research and development	395	386	391	348	363	445
Conduct of education and training:						
Elementary, secondary, and vocational education	14,336	14,844	15,408	13,677	15,246	15,032
Higher education	96	27	159	117	106	48
Research and general education aids	288	243	501	268	315	276
Training and employment	4,064	4,251	4,880	4,573	4,577	4,501
Social services	5,742	5,633	6,293	5,584	5,959	5,929
National defense (civilian)	....	....	....	4	1	....
Other	506	508	501	492	495	494
Subtotal, conduct of education and training	25,032	25,506	27,742	24,715	26,699	26,280
Subtotal, grants for investment	64,483	62,844	71,312	64,642	68,399	66,961
DIRECT FEDERAL PROGRAMS:						
Major public physical investment:						
Construction and rehabilitation:						
National defense	3,382	4,256	3,789	4,813	4,388	4,317
International affairs	219	159	220	307	243	267
Full funding allowance (general science and space)	....	....	203	....	....	....
Other general science, space, and technology	389	430	378	573	509	469
Water resources projects	1,788	1,628	1,757	2,009	1,961	1,768
Full funding allowance (recreational resources)	....	....	81	....	....	....
Other natural resources and environment	1,388	1,505	1,642	1,756	1,597	1,642
Full funding allowance (energy)	....	....	13	....	....	....
Other energy	2,939	1,809	1,510	2,961	1,963	1,604
Transportation	340	299	368	263	440	500
Veterans hospitals and other health facilities	1,187	1,117	1,421	1,230	1,334	1,450
Postal Service	1,004	1,282	946	996	1,015	860
Federal Prison System	147	219	210	420	326	238
GSA real property activities	....	....	....	1,008	1,252	1,349
Other construction	1,699	1,641	1,560	1,193	1,676	1,647
Subtotal, construction and rehabilitation	14,482	14,345	14,098	17,529	16,704	16,111
Acquisition of major equipment:						
Full funding allowance (atomic energy)	....	....	182	....	....	....
Other national defense	43,515	42,324	38,828	55,103	48,083	44,189
General science and basic research	319	262	277	150	253	316
Full funding allowance (space programs)	....	....	558	....	....	....
Space flight, research, and supporting activities	814	900	749	1,064	874	746
Energy	219	305	208	250	317	238
Postal Service	859	2,493	1,104	390	1,195	1,042
Air transportation	2,039	1,910	1,821	2,655	2,073	1,946
Water transportation (Coast Guard)	199	228	252	177	217	201

Table 6–3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(in millions of dollars)

Source	Budget Authority			Outlays		
	1995 actual	Estimate 1996	Estimate 1997	1995 actual	Estimate 1996	Estimate 1997
Hospital and medical care for veterans	527	682	475	290	612	641
General supply fund	....	....	....	477	536	538
Other	944	1,314	1,520	697	1,200	1,521
Subtotal, acquisition of major equipment	49,435	50,418	45,974	61,253	55,360	51,378
Purchase or sale of land and structures:						
National defense	–51	–11	–11	–51	–11	–11
International affairs	9	10	10	9	11	11
Full funding allowance (recreational resources)	....	....	30	....	....	....
Other domestic	227	–1,620	137	599	–1,227	346
Subtotal, purchase or sale of land and structures	185	–1,621	166	557	–1,227	346
Subtotal, major public physical investment	64,102	63,142	60,238	79,339	70,837	67,835
Conduct of research and development:						
National defense	37,513	37,999	37,829	37,699	37,682	37,292
International affairs	288	198	204	323	225	244
Full funding allowance (space programs)	....	....	342	....	....	....
Other domestic	31,006	31,234	31,502	30,062	30,246	31,107
Subtotal, conduct of research and development	68,807	69,431	69,877	68,084	68,153	68,643
Conduct of education and training:						
Elementary, secondary, and vocational education	841	649	796	958	702	669
Higher education	14,322	12,012	10,667	14,077	11,329	10,867
Research and general education aids	1,651	1,570	1,639	1,574	1,659	1,628
Training and employment	1,203	1,224	1,258	1,126	1,278	1,238
Health	826	795	799	766	766	898
Veterans education, training, and rehabilitation	1,338	1,520	1,384	1,374	1,486	1,587
National defense	–66	8	5	8	8	6
International affairs	288	223	233	301	263	234
Other	997	1,285	1,062	974	1,079	1,147
Subtotal, conduct of education and training	21,400	19,286	17,843	21,158	18,570	18,274
Subtotal, direct Federal investment	154,309	151,859	147,958	168,581	157,560	154,752
Total, Federal investment	218,792	214,703	219,270	233,223	225,959	221,713

Part II: PLANNING, BUDGETING, AND ACQUISITION OF 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 primarily domestic Federal services. These assets include Federal buildings, information technology, and other facilities and major equipment, including federally owned infrastructure and the space program.[1]

With proposed major agency restructuring, organizational streamlining and other reforms, it may be appropriate to reduce spending for some assets, such as office 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, Budgeting, and Acquisition of Fixed Assets

During 1994 and 1995 the Office of Management and Budget (OMB) devoted particular attention to improving the process of planning, budgeting, and acquiring fixed assets. After seeking out and analyzing the problems, which differed from agency to agency, OMB reissued the comprehensive guidance to agencies on this process in 1995 that it had first issued the year before.

[1] Not included are national defense weapons systems, grants to State and local governments and to others, and the Postal Service. The definition this year is broader than the definition used last year in the *Analytical Perspectives* volume that accompanied the *1996 Budget*. Last year the definition excluded federally owned infrastructure, such as water resources projects and the air traffic control system, power marketing activities, and the space programs, all of which are included this year.

A separate OMB 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, acquisition, management, and accountability for these 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. The increased use of long-range planning linked to performance goals required by the Government Performance and Results Act would provide a better basis for justifications. It would increase foresight and improve the odds for cost-effective investments.

The lack of integrated life-cycle planning for fixed assets at many agencies 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 95–03: "Planning and Budgeting for the Acquisition of Fixed Assets," provided 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 in planning and budgeting for fixed assets.[2]

The Bulletin is part of 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 1996 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. 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. In addition, OMB held a separate review on fixed assets in the 1997 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 agency reviews.

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, agencies or program managers do not hesitate to request "spikes" or "bulges" in spending for asset acquisitions, and the review process accommodates them. But some agencies go out of their way to avoid such spikes, and some agencies have trouble accommodating them. The Bulletin encouraged agencies to accommodate justified spikes in their own internal reviews, and the OMB review also made special allowance for these one-time increases.

Full Funding of Fixed Assets.—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 in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major projects, the loss of sunk costs, and inadequate funding to maintain and operate the assets.

This budget includes full funding requests for a number of projects that might have been funded in increments in past years. For certain of these projects, budget authority of $1.4 billion is requested for 1997 in a separate allowance for full funding of fixed assets. The request appears in the governmentwide general provisions in the *Appendix* volume of the *1997 Budget*. These projects are identified below in the discussion that accompanies Table 6–4. Next year additional effort will be made to include full upfront funding for all new projects, or at least economically and programmatically viable segments (or modules) of new projects.

Other Budgeting Issues.—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.

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

[2] 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).

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 provide incentives for efficient fixed asset acquisition and management.

Acquisition of Fixed Assets.—Improved planning and budgeting for fixed assets should increase the ability of agencies to acquire fixed assets within, or close to, the original estimates of cost, schedule, and performance goals. Agencies have not always been able to do this in the past on large acquisitions. In conjunction with efforts to improve planning and budgeting for fixed assets, Title V of the Federal Acquisition Streamlining Act (FASA) of 1994 requires agencies to improve the management of large acquisitions. FASA requires baseline cost, schedule, and performance goals for large acquisitions and management of the acquisitions to achieve, on average, 90 percent of the baseline goals. Management to baseline goals will reduce the propensity of agencies to propose acquisition costs lower than realistically expected to improve the chance of program approval. Management to realistic goals means that agencies must put in place performance-based management systems to obtain accurate program management information. These systems will provide significantly improved information that will allow management to analyze the achievement of, or deviation from, baseline goals and make informed decisions on the continued viability of ongoing acquisitions.

The Administrator of the Office of Federal Procurement Policy in OMB is required to submit to Congress an annual assessment of the progress made by civilian agencies in implementing the above policy. (The Secretary of Defense reports separately for Defense acquisition programs). For the Administrator's first report, civilian agencies were asked in OMB Bulletin 95–03 to submit, for fixed asset acquisitions of $20 million or more, information on their use of performance-based management systems to accurately measure actual contract accomplishments against the baseline estimates and to report the extent of achievement of the baseline goals. As expected for this first report, the information submitted by the agencies was insufficient to evaluate the achievement of the average of the cost, schedule, and performance goals or to demonstrate that adequate management systems are in place. However, the information submitted by the agencies indicated that many acquisition programs are falling substantially short of their original goals. OMB has developed draft guidance to implement FASA, Title V, throughout the civilian agencies. The draft guidance has been reviewed by the President's Management Council, with final guidance for the agencies expected in the Spring. Major improvements in acquisition management are expected to be reported next year.

Outlook.—The effort to improve planning and budgeting for fixed assets will continue in 1996.

- OMB and the President's Management Council will work with agencies to improve planning, analysis, and acquisition of fixed assets, as required in Bulletin 95–03: "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.
- OMB will finalize the guidance to implement the requirements of FASA Title V within the civilian agencies and develop materials for OMB use in reviewing agency planning for new acquisitions and performance information on acquisitions in process.

Major Acquisition Proposals

For the definition of major fixed assets described above, this budget requests $19.2 billion of budget authority for 1997. The major requests are shown in the accompanying Table 6–4: "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 $6.6 billion of budget authority for 1997 for the major building acquisitions included in the fixed assets definition.

Military construction and family housing.—The budget includes $3.3 billion for general construction on military bases and family housing. This funding will be used to:

- support the fielding of new systems;
- enhance operational readiness, including deployment and support of military forces;
- provide housing for military personnel and their families;
- implement base closure and realignment actions; and
- correct safety deficiencies and environmental problems.

General Services Administration.—The 1997 budget requests $1.4 billion for GSA for the construction or renovation of buildings. These funds will allow for new construction for U.S. Courts and the acquisition of general purpose office space in locations where long-term needs show that ownership is preferable to leasing.

Veterans hospital construction.—The budget requests $0.4 billion in budget authority for new construction and rehabilitation of veterans hospitals, clinics, and other facilities for 1997. This request includes incremental funding for new veterans hospitals at Travis Air Force Base, California, and Brevard County, Florida, plus full funding for the expansion or renovation of medical facilities in Wilkes-Barre, Pennsylvania; Pittsburgh; Salisbury, North Carolina; Marion, Indiana; and at other locations.

National Institutes of Health (NIH).—The budget requests $0.3 billion to fully fund a new Clinical Research Center on the NIH campus. This state-of-the-art clinical research facility will house laboratories and hospital beds under one roof, and allow for the continuation of the best research possible and its availability to nearby patients.

Table 6–4. FIXED ASSET ACQUISITIONS

(Budget authority in billions)

	1995 actual	1996 proposed	1997 proposed
Buildings:			
Defense military construction and family housing	3.3	3.8	3.3
General Services Administration	1.2	1.2	1.4
Veterans hospital construction	0.5	0.4	0.4
National Institutes of Health	....	*	0.3
Other agencies	1.0	1.0	1.1
Subtotal, buildings	5.9	6.3	6.6
Information technology:			
Department of Defense	2.0	2.1	2.1
Department of Commerce	0.3	0.4	0.6
Tax system modernization (IRS)	0.3	0.3	0.3
Social Security Administration	0.1	0.3	0.3
Other agencies	0.5	0.6	0.6
Subtotal, information technology	3.2	3.7	3.9
Other acquisitions:			
Department of Transportation	2.2	2.1	2.1
Full funding allowance for fixed assets	....	....	1.4
Army Corps of Engineers	1.1	1.0	1.0
NASA	1.0	1.0	0.9
Department of Energy	0.8	0.6	0.6
Department of Veterans Affairs	0.7	0.6	0.5
Other agencies	3.2	2.5	2.2
Subtotal, other acquisitions	9.0	7.9	8.7
Total, fixed assets	18.1	18.0	19.2
Addendum: Full funding allowance for fixed assets:			
NASA	....	....	0.9
Department of Energy	....	....	0.4
Department of Interior	....	....	0.1
Total	....	....	1.4

* $50 million or less.

Other building acquisitions.—Other building acquisitions are primarily for Federal prisons; the Research Triangle Park consolidated facility in North Carolina for the Environmental Protection Agency; the Department of State for buildings abroad; a National Laboratory Center and fire research facility for the Bureau of Alcohol, Tobacco, and Firearms; and renovation of aging and obsolete research laboratories for the National Institute of Standards and Technology in the Department of Commerce.

Information Technology

This category includes computer hardware, major software, and renovations required for this equipment. This budget includes $3.9 billion in 1997 budget authority for major information technology included in the fixed assets category.

Department of Defense.—The budget requests $2.1 billion for the Department of Defense for information technology for defense-wide procurement. These funds will be used to purchase hardware and software to improve information security for critical computer systems, support worldwide communications to bases and deployed forces, replace obsolete equipment, and improve the information processing capabilities for the Department.

Department of Commerce.—The budget requests $0.6 billion for the multi-year acquisition of information technology critical to the National Weather Service Modernization initiative underway at the Department of Commerce. The modernization initiative involves the development and deployment of advanced radar equipment, other ground observing systems, and geostationary (GOES) and polar orbiting satellites. GOES satellites provide information necessary to make severe weather predictions, while Polar satellites provide the data necessary to make routine weather forecasts. The key integrating system is the Advanced Weather Interactive Processing System (AWIPS) which processes the massive amounts of incoming data into weather products usable to meteorologists in "real time." The modernization and cutting-edge information technology has greatly improved weather warnings and forecasts which results in lives and property saved.

Internal Revenue Service Tax Systems Modernization.—The budget includes $0.3 billion for 1997 to continue acquisitions for the IRS tax systems modernization (TSM) project. With related spending the total request is $0.8 billion for 1997. This is a large, capital-intensive investment to modernize antiquated systems and processes. The 1997 funding will finance infrastructure and computing center hardware, telecommunications and security, and customer service workstations. The long-term business vision for TSM includes providing alternative means of filing returns and paying taxes; improving taxpayer contacts via telephone and resolving taxpayer issues with a single contact; enhancing compliance issue identification; and giving employees immediate access to complete information and the modern tools to do their jobs.

Social Security Administration.—This request of $0.3 billion for 1997 is to modernize the information technology systems used by the Social Security Administration. The funds will allow for replacement of an antiquated main-frame based architecture that uses "dumb terminals" with a nation-wide system of modern personal computers and local area networks.

Other.—Other major information technology purchases include funds for the Department of Justice to acquire communications and ADP equipment to support law enforcement activities in the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Immigration and Naturalization Service; and to support medical care for veterans' hospitals.

Other Acquisitions

This category includes facilities and major equipment not included above. The budget requests $8.7 billion for the acquisitions included in this fixed assets category, including an allowance of $1.4 billion to fully fund certain acquisitions now funded incrementally.

Department of Transportation.—The budget requests $2.1 billion for the Department of Transportation, which includes $1.8 billion for equipment to modernize the air traffic control system and $0.3 billion for Coast Guard vessels and shore facilities.

Full funding allowance for fixed assets.—In a separate allowance the budget requests $1.4 billion to provide full upfront funding for certain fixed assets that would otherwise have been funded incrementally. The amounts are proposed in the governmentwide general provisions in the *Appendix* volume of the budget, which requests that the funds be transferred to the parent accounts in the three agencies acquiring the assets. The amount is included in the budget totals as a governmentwide allowance, not attributed to the three agencies. This request is part of an initiative to improve planning and budgeting for fixed assets and avoid the problems of incremental funding.

NASA.—The allowance requests that $0.9 billion be transferred to NASA. This includes $558 million for the Tracking and Data Relay Satellite Replenishment program and $342 million for the New Millennium program.

Department of Energy.—The allowance requests that $0.4 billion be transferred to the Department of Energy. These funds include $182 million for environmental projects, $131 million for the Relativistic Heavy Ion Collider at Brookhaven National Laboratory, $37 million for the Fermilab Main Injector, $35 million for the B-factory at the Stanford Linear Accelerator Center, and $13 million for the Combustion Research Facility, Phase II.

Department of the Interior.—The allowance requests that $111 million be transferred to the National Park Service for restoration of the Elwha River in Olympia National Park, including the removal of two aging dams, starting in 1998.

Army Corps of Engineers.—The budget requests $1.0 billion for fixed assets for the Corps of Engineers. These funds finance construction, rehabilitation, and related activity for water resources development projects that provide navigation, flood control, water supply, hydroelectric, and other benefits.

NASA.—The budget includes $0.9 billion for NASA for acquisitions in this category. The acquisitions include the International Space Station, important space shuttle upgrades, the Cassini mission to Saturn, the advanced x-ray astrophysics facility, and the Earth observing system, in addition to a wide variety of research and technology acquisitions.

Department of Energy.—This budget includes $0.6 billion for major facilities. These are largely for general science and research activities, environmental restoration, weapons activities, nuclear and non-nuclear energy activities, and the Bonneville Power Administration fund.

Department of Veterans Affairs.—The budget requests $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.

Other.—Other major acquisitions in this category are for the Tennessee Valley Authority for dams, locks, and other facilities; and the purchase of vehicles by the General Services Administration.

Part III: FEDERALLY FINANCED CAPITAL STOCKS

Federal investment spending, by definition, creates a "stock" of capital that is available in the future for productive use. Each year, Federal investment outlays add to the stock of capital. At the same time, however, wear and tear and obsolescence reduce it. This section presents very rough measures over time 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 spending for physical assets adds 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 spending for the conduct of research, development, and education adds 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 are 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 constant 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 6–5 shows the value of the net federally financed physical capital stock since 1960, in constant fiscal year 1987 dollars.[3] After rising in the 1960s, the total stock held constant through the 1970s and began rising again in the early 1980s. The stock reached a high of $1,383 billion in 1994 and is estimated to decline slightly to $1,356 billion by 1997. In 1995, the national defense capital stock accounted for $651 billion, or 47 percent of the total, and nondefense stocks for $731 billion, or 53 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 $731 billion in 1995. With the investments proposed in the budget, nondefense stocks are estimated to grow to $761 billion in 1997. 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 1983, however, a large defense buildup began to increase the stock of defense capital. By 1992, the defense stock had nearly equaled its size at the height of the Vietnam War. In the last few years, depreciation on this increased stock and a slower

[3] Constant dollar stock estimates do not reflect the revisions to the National Income and Product Accounts (NIPAs) released in January 1996.

Table 6–5. 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
Five year intervals:											
1960	903	689	214	119	73	46	95	62	15	11	7
1965	974	686	288	139	84	55	149	113	17	10	9
1970	1,063	696	368	152	92	60	215	164	26	11	15
1975	1,023	583	441	162	101	61	278	195	45	21	17
1980	1,009	470	539	176	113	63	363	225	74	46	17
1985	1,100	501	599	187	114	72	413	250	89	59	14
Annual data:											
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	685	221	115	106	464	289	92	66	17
1993	1,380	681	699	228	115	113	471	294	92	67	19
1994	1,383	670	714	232	114	118	481	301	92	67	22
1995	1,382	651	731	238	114	125	493	307	92	67	26
1996 est.	1,372	625	747	243	112	130	505	314	94	67	30
1997 est.	1,356	595	761	247	111	136	514	319	94	67	34

pace of defense investment have begun to reduce the stock somewhat from its recent levels.

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 56 percent of federally financed nondefense capital was owned by the Federal Government, and 44 percent was owned by State and local governments but financed by Federal grants. Expansion in Federal grants for highways and other state and local capital, coupled with relatively slow growth in direct Federal investments by agencies such as the Bureau of Reclamation and Corps of Engineers, shifted the composition of the stock substantially. In 1995, 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 6–6 shows nondefense physical capital outlays both gross and net of depreciation since 1960. Total nondefense net investment has been consistently positive over the period covered by the table, indicating that new investment has exceeded depreciation on the existing stock. For some categories in the table, such as water and power programs, net investment has been negative in some years, indicating that new investment has not been sufficient to offset depreciation. The net investment in this table is the change in the net nondefense physical capital stock displayed in Table 6-5.

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 6–7, the R&D capital stock financed by Federal outlays is estimated to be $655 billion in 1995 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 1995 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 spending is heavily concentrated in applied research and development, which depreciates much more quickly than basic research. Applied research and development is assumed to depreciate at a ten percent geometric rate, while basic research is assumed not to depreciate at all.

The defense R&D stock rose slowly during the 1970s, as gross outlays for R&D trended down in constant dollars and the stock created in the 1960s depreciated. A renewed emphasis on defense R&D spending from 1980 through 1989 led to a more rapid growth of the R&D stock. Since then, defense R&D outlays have ta-

Table 6–6. 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						
							Composition of net investment					Composition of net investment			
	Gross	Deprecia-tion	Net	Gross	Deprecia-tion	Net	Water and power	Other	Gross	Deprecia-tion	Net	Transpor-tation (mainly highways)	Commu-nity and regional develop-ment	Natural resources and environ-ment	Other
Five year intervals:															
1960	21.0	8.3	12.7	7.3	4.6	2.7	1.4	1.3	13.7	3.7	10.0	10.2	–0.3	–0.2	0.3
1965	29.9	11.1	18.9	10.5	5.6	4.9	2.1	2.8	19.5	5.5	14.0	12.4	1.4	–*	0.3
1970	29.2	14.5	14.7	7.3	6.6	0.7	1.0	–0.3	21.9	7.9	14.0	8.6	3.8	0.4	1.2
1975	29.9	17.6	12.3	9.3	7.3	2.0	2.0	–*	20.6	10.3	10.3	3.8	2.9	3.3	0.3
1980	37.7	20.1	17.6	10.0	7.6	2.4	1.4	1.0	27.7	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	25.8	15.3	10.5	6.7	2.3	1.9	–0.4
Annual data:															
1990	38.8	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	40.6	28.8	11.9	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	15.6	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	30.9	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	51.1	33.2	17.9	18.2	12.1	6.2	–0.1	6.3	32.8	21.1	11.7	6.7	0.6	0.4	4.0
1996 est.	50.4	34.4	16.0	16.9	12.6	4.3	–1.2	5.5	33.6	21.8	11.7	6.7	1.2	*	3.8
1997 est.	49.3	35.6	13.7	17.4	13.0	4.4	–1.7	6.1	31.9	22.6	9.3	4.9	0.8	–0.2	3.9

* $50 million or less.

Table 6–7. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT [1]

(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
Five year intervals:									
1970	207	13	195	170	54	117	378	66	311
1975	217	16	201	206	77	129	423	93	330
1980	217	20	197	241	103	138	458	123	335
1985	244	24	221	260	135	126	505	158	346
Annual data:									
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	308	30	278	321	203	118	629	233	396
1994	310	31	279	332	212	120	642	243	399
1995	311	32	279	344	221	122	655	254	401
1996 est.	311	34	278	355	231	124	667	264	402
1997 est.	311	35	277	367	240	126	678	275	403

[1] Excludes outlays for physical capital for research and development, which are included in Table 6–5.

pered 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 the Federal government.

As shown in Table 6–8, the federally financed education stock is estimated at $649 billion in 1995 in constant 1987 dollars, rising to $692 billion in 1997. 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.[4] 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 4.9 percent from 1970 to 1995, and the expansion of the education stock is projected to continue under this budget.

[4] For estimates of the total education stock, see Table 2–4 in Chapter 2, "Stewardship: Toward a Federal Balance Sheet."

Table 6–8. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL

(In billions of constant 1987 dollars)

Fiscal Year	Total Education Stock	Elementary and Secondary Education	Higher Education
Five year intervals:			
1960	63	46	16
1965	88	64	23
1970	194	155	39
1975	263	215	49
1980	348	274	74
1985	424	318	105
Annual data:			
1990	541	400	141
1991	559	412	148
1992	575	421	153
1993	600	435	164
1994	622	451	171
1995	649	464	185
1996 est.	672	478	194
1997 est.	692	490	203

Methodological Note

This note provides further technical detail about the estimation of the capital stock series presented in Tables 6–5 through 6–8.

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 price deflators from the National Income and Product Accounts (NIPAs), but these should be considered only approximations of the costs of these assets in 1987 prices. Although source data for the NIPA deflators were revised in January 1996 as part of a comprehensive statistical revision, the revised data were not used for the estimates in this chapter, because detailed historical series on the revised basis were not available in time to be included in the Budget.

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 stock 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. In the January 1996 comprehensive revision of the NIPAs, government investment takes increased prominence. Government investment in physical capital is now measured separately from consumption expenditures, and government consumption includes a measure of the consumption of the existing capital stock. In addition, estimates of depreciation are improved based on the results of recent empirical research.[5]

The BEA data are not directly linked to the Federal budget, do not extend to 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 no 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 estimates of physical capital. Nominal outlays were deflated by the implicit price deflator for gross domestic

[5] The revisions for government investment and depreciation methods are discussed in "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation", *Survey of Current Business*, September 1995, pp. 33–41. BEA's most recent published estimates of capital stocks, prepared before the revisions, are contained in "Fixed Reproducible Tangible Wealth in the United States", *Survey of Current Business*, August 1994, pp. 54–62.

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.[6] 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.[7]

Education Capital Stocks

Method of estimation.—The estimates of the federally financed education capital stock in Table 6–8 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: Toward a Federal Balance Sheet."

The stock of capital estimated in Table 6-8 is based only on spending for education. Stocks created by other human capital investment outlays included in Table 6-1, 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 6–9 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 6–1, 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.

Investment in Federal Capital

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

Once amounts have been allocated for one of these goals, however, analysis may be able to assist in choosing the most efficient and effective means of delivering service. This is the context in which decisions are made on the amount of investment in Federal capital. For example, budget proposals for the Department of Justice must consider whether to increase the number of FBI agents, the amount of justice assistance grants to State and local governments, or the number of prisons in order to accomplish the department's objectives. The optimal amount of investment in Federal capital derives from these decisions. There is no efficient target for total investment in Federal capital as such.

The universe of Federal capital encompasses federally owned fixed assets. It excludes Federal grants to States

[6] See U.S. Department of Labor, Bureau of Labor Statistics, *The Impact of Research and Development on Productivity Growth*, Bulletin 2331, September 1989.

[7] See "A Satellite Account for Research and Development", *Survey of Current Business*, November 1994, pp. 37–71.

Table 6–9. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 1997

(In millions of dollars)

	All Federal investment	Fixed assets	National capital
Construction and rehabilitation:			
Grants:			
Transportation	24,440	....	24,440
Natural resources and environment	2,403	....	2,400
Community and regional development	6,075	....	1,068
Housing assistance	6,278	....	....
Other grants	1,040	....	155
Direct Federal:			
National defense	4,317	4,065	....
General science, space, and technology	469	295	469
Natural resources and environment	3,410	1,701	3,200
Energy	1,604	1,403	1,604
Transportation	500	68	500
Veterans and other health facilities	1,450	748	1,450
Postal Service	860	....	860
GSA real property activities	1,349	1,336	....
Other construction	2,152	892	564
Total construction and rehabilitation	56,347	10,508	36,710
Acquisition of major equipment (direct):			
National defense	44,189	1,945	....
Postal Service	1,042	....	1,042
Air transportation	1,946	1,896	1,946
Other	4,201	3,761	2,500
Total major equipment	51,378	7,602	5,488
Purchase or sale of land and structures	346	....	....
Total physical investment	108,071	18,110	42,198
Research and development:			
Defense	37,292	....	1,226
Nondefense	31,796	....	31,411
Total research and development	69,088	....	32,637
Education and training	44,554	....	44,067
Total investment outlays	221,713	18,110	118,902

for infrastructure, such as highways, and it excludes intangible investment, such as education and research. Investment in Federal capital in 1997 is estimated to be $68 billion, or 31 percent of the total Federal investment outlays shown in table 6–1. Of the investment in Federal capital, 72 percent is for defense and 28 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, other construction, and equipment that support the delivery of domestic Federal services. This includes capital commonly available from the commercial sector, such as office buildings, computers, military family housing, veterans hospitals, research and development facilities, and associated equipment; it also includes nondefense special purpose capital such as space stations and dams. This definition excludes Federal capital for weapons systems and military bases, and capital that the Federal Government has financed but does not own.[8]

Some capital budget proposals would partition the unified budget into a capital budget, an operating budget, and a total budget. Table 6–10 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 of the type 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 based on cash for its measure of transactions, 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 6–10 and the subsequent tables of this section are rough estimates and intended to be illustrative.

[8] This definition of “fixed assets” is broader than the definition used in last year's budget, as explained in Part II of this chapter. Expenditures for fixed assets in 1997 under this definition are $18 billion, as shown in tables 6–9 and 6–10, which is around two and a half times larger than under the previous definition.

Table 6–10. CAPITAL, OPERATING, AND UNIFIED BUDGETS: FIXED ASSETS, 1997 [1]

(In billions of dollars)

Operating Budget	
Receipts	1,495
Expenses:	
Depreciation	20
Other	1,617
Subtotal, expenses	1,637
Surplus or deficit (–)	–142
Capital Budget	
Income: depreciation	20
Capital expenditures	18
Surplus or deficit (–)	2
Unified Budget	
Receipts	1,495
Outlays	1,635
Surplus or deficit (–)	–140

[1] 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 outlays for fixed assets were a constant percentage of the larger categories in which such outlays were classified. They are also subject to the limitations discussed in Part III of this chapter.

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. When the Government proposed to purchase a fixed asset, the operating budget would include only the estimated depreciation. For example, suppose that an agency proposed to buy a $50 million building at the beginning of the year with an estimated life of 25 years and with depreciation calculated by the straightline method. Operating expense in the budget year would increase by $2 million, or only 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.[9]

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 up front when the Government commits itself 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, implementing them, and reporting the results. The budget needs to measure costs accurately so that decision makers can compare the cost of a program with its 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).[10] 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.[11] 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.[12]

[9] The amount of depreciation recorded as an expense in the budget year might be overstated by this illustration. First, assets are mostly purchased after the beginning of the year, in which case less than a full year's depreciation would be recorded. Second, assets may be constructed or built to order, in which case no depreciation would be recorded until the work was completed and the asset put into service. This could be several years after the initial expenditure.

[10] 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* (2nd ed.; New York: Norton, 1988), 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). General Accounting Office, *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.

[11] 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 Sweeny, *Handbook of Budgeting* (3rd ed.; New York: Wiley, 1993).

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

Practice Outside the Federal Government

The proponents of making investment decisions on the basis of an operating budget with depreciation have sometimes claimed that this is the common practice outside the Federal Government. However, while the practice of others may differ from the Federal budget and the terms "capital budget" and "capital budgeting" are often used, these terms do not normally mean that fixed asset acquisitions are decided on the basis of annual depreciation cost. 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 the cash outflows needed to make the investment with the resulting cash inflows expected in the future, and the capital budget records the period-by-period cash outflows proposed for capital projects.[13] 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) has proposed the use of depreciation on general property, plant, and equipment owned by the Federal Government as a measure of expense in financial statements and cost accounting for Federal agencies.[14]

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 decisions on the basis of depreciation. State capital budgets differ widely in many respects but generally relate some of the State's purchases of fixed assets to borrowing and other earmarked means of financing. For the debt-financed portion of investment, the interest and repayment of principal are usually recorded in the operating budget. For the portion of investment purchased in the capital budget but financed by Federal grants or by taxes, which may be substantial, State operating budgets do not record any amount. No State operating budget is charged for depreciation.[15]

States also do not record depreciation expense in the financial accounting statements for governmental funds. They record depreciation expense only in their proprietary (commercial-type) funds and in those trust funds where net income, expense, or capital maintenance is measured.[16]

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

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

[13] 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.

[14] FASAB, Statement of Recommended Accounting Concepts No. 6, *Accounting for Property, Plant, and Equipment* (September 1995), pp. 7–14 and 34–36. Depreciation would not be used as a measure of expense for weapons systems, space exploration equipment, and other "Federal mission property" or for heritage assets. Depreciation also would not be used as a measure of expense for physical property financed by the Federal Government but owned by State and local governments, or for investment that the Federal Government financed in human capital and research and development.

[15] 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 State capital budgets 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).

[16] Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards as of June 30, 1995,* sections 1100.107 and 1400.114–1400.118.

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.[17] New Zealand, moreover, while budgeting on an accrual basis that generally includes depreciation, requires the equivalent of appropriations for the full cost up front before a department can make net additions to its fixed assets; and it budgets for infrastructure assets that it owns on the basis of cash expenditure rather than depreciation.[18] Some countries—including Sweden, Denmark, and Finland—formerly had separate capital budgets but abandoned them a number of years ago.[19]

Conclusions

It is for reasons such as these that the General Accounting Office issued a report a little over two years 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."[20]

After further study of the role of depreciation in budgeting, GAO reiterated that conclusion in another study last year.[21] "The greatest disadvantage ... was that depreciation would result in a loss of budgetary control under an obligation-based budgeting system."[22] Although this study also focused primarily on what is termed "national capital" in this chapter, the analysis applies equally to "Federal capital" as well.

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

In its report a little over two years ago, *Incorporating an Investment Component in the Federal Budget*, the General Accounting Office (GAO) recommended establishing an investment component within the unified budget—but not a separate capital budget or the use of depreciation—for this type of investment.[23] 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."[24] To increase investment—both public and private—GAO recommended establishing targets for the level of Federal investment and for a declining path of unified budget deficits over time.[25] 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 investment, and make it easier to set spending priorities in terms of policy goals for aggregate formation of national capital. GAO reiterated its recommendation in another report last year.[26]

Table 6–11 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 $119 billion in 1997. 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 expenditure consists of grants and credit assistance to State and local governments, nonprofit organizations, or individuals. Only 12 percent of national investment consists of assets to be owned by the Federal Government. Military investment and some "fixed assets" as defined previously are excluded, because that investment does not primarily enhance economic growth.

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[17] 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."

[18] New Zealand's use of depreciation in its budget is discussed in GAO, *Budget Issues: The Role of Depreciation in Budgeting for Certain Federal Investments*, GAO/AIMD-95-34 (February 1995), pp. 13 and 16–17.

[19] 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, together with 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. One reason was that borrowing was no longer based on the distinction between current and capital budgets. 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.

[20] GAO, *Budget Issues: Incorporating an Investment Component in the Federal Budget*, GAO/AIMD-94-40 (November 1993), p. 11. GAO had made the same recommendation in earlier reports but with less extensive analysis.

[21] GAO, *Budget Issues: The Role of Depreciation in Budgeting for Certain Federal Investments*, GAO/AIMD-95-34 (February 1995), p. 19.

[22] Ibid., p. 17. Also see pp. 1–2 and 16–19.

[23] *Incorporating an Investment Component in the Federal Budget.*, pp. 1–2, 9–10, and 15.

[24] Ibid., pp. 1 and 5.

[25] Ibid., pp. 2 and 13–16.

[26] *The Role of Depreciation in Budgeting for Certain Investments*, pp. 2 and 19–20.

Table 6–11. UNIFIED BUDGET WITH NATIONAL INVESTMENT COMPONENT, 1997

(In billions of dollars)

Receipts	1,495
Outlays:	
National investment	119
Other	1,516
Subtotal, outlays	1,635
Surplus or deficit (–)	–140

A Capital Budget for National Investment

Table 6–12 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.[27]

Table 6–12. CAPITAL, OPERATING, AND UNIFIED BUDGETS: NATIONAL CAPITAL, 1997 [1]

(In billions of dollars)

Operating Budget	
Receipts	1,464
Expenses:	
Depreciation [2]	72
Other	1,516
Subtotal, expenses	1,589
Surplus or deficit (–)	–125
Capital Budget	
Income:	
Depreciation [2]	72
Earmarked tax receipts [3]	31
Subtotal, income	103
Capital expenditures	119
Surplus or deficit (–)	–15
Unified Budget	
Receipts	1,495
Outlays	1,635
Surplus or deficit (–)	–140

[1] For the purpose of this illustrative table only, education and training outlays are arbitrarily depreciated over 30 years by the straight-line method. This differs from the treatment of education and training elsewhere in this chapter and in Chapter 2. All depreciation estimates are subject to the limitations discussed in Part III of this chapter.
[2] Excludes depreciation on capital financed by earmarked tax receipts allocated to the capital budget.
[3] Consists of tax receipts of the highway and airport and airways trust funds, which are user charges earmarked for financing capital expenditures.

In addition to these 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.[28]

A Capital Budget and the Analysis of Saving and Investment

Data from the Federal budget may be classified in many different ways, including analyses of the Government's direct effects on saving and investment. As Parts I and III of this chapter have shown, the unified budget provides data that can be used to calculate Federal investment outlays and federally financed capital stocks. However, the budget totals themselves do not make this distinction. In particular, the budget surplus or deficit does not measure the Government's contribution to the nation's net saving (after depreciation). A capital budget, it is contended, is needed for this purpose.

This purpose, however, is being fulfilled beginning this year by the Federal sector of the national income and product accounts (NIPAs). The NIPA Federal sector is an accounting translation of the budget designed to measure the impact of Federal receipts, expenditures, and deficit on the national economy. It is part of an integrated set of measures of aggregate U.S. economic activity that is prepared by the Bureau of Economic Analysis in the Department of Commerce in order to measure gross domestic product (GDP), the income generated in its production, and many other variables used in macroeconomic analysis. The NIPA Federal sector for past periods is published monthly in the *Survey of Current Business*. Estimates for the President's proposals through the budget year are normally published in the budget documents but this year will only appear in a later issue of the *Survey of Current Business*.[29] The NIPA translation of the budget, rather than the budget itself, is ordinarily used by economists to ana-

[27] GAO's conclusions about the loss of budgetary control that were quoted at the end of the section on Federal capital came from studies that predominantly considered "national capital."

[28] These problems are also pointed out in GAO, *Incorporating an Investment Component in the Federal Budget*, pp. 11–12. They are discussed more extensively with respect to highway grants, research and development, and human capital in GAO, *The Role of Depreciation in Budgeting for Certain Federal Investments*, pp. 11–14. GAO found no government that budgets for the depreciation of infrastructure (whether or not owned by that government), human capital, or research and development (except that New Zealand budgets for the depreciation of research and development if it results in a product that is intended to be used or marketed).

[29] See Chapter 17 of this volume, "National Income and Product Accounts."

lyze the effect of Government fiscal policy on the aggregate economy.[30]

Until this year the NIPA Federal sector did not divide government purchases of goods and services between consumption and investment. With the recent comprehensive revision of the national income and product accounts, it now makes that distinction.[31] The revised NIPA Federal sector is a current account or an operating account for the Federal Government. It excludes expenditures for structures and equipment owned by the Federal Government; it includes depreciation on the federally owned stock of structures and equipment as part of the Federal Government's consumption. It does this for a broad definition of federally owned structures and equipment, both "fixed assets' such as included in table 6–10 and other types such as military equipment.[32] The "current surplus or deficit' of the Federal Government thus measures its direct accounting contribution to net saving in the economy for the definition of investment that is employed. A capital budget is not needed for this purpose.

Borrowing to Finance a Capital Budget

A further issue raised by a capital budget 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 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 6–12 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—$125 billion in 1997 compared to $140 billion. Depreciation (plus the excise taxes earmarked to finance capital expenditures for highways and airports and airways[33]) 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 to finance its planned investment.

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 own 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 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.[34]

The first budget of this Administration was a bold step to increase the saving available for private investment while also increasing Federal investment for national capital. The deficit has been cut nearly in half during the past three years, and available resources have been shifted to investment in education and training and in science and technology. The present budget goes further, proposing budget balance by 2002 while protecting high priority investments. A capital budget is not a justification to relax current and proposed budget constraints. Any easing would undo the gains

[30] For a discussion of the NIPA Federal sector and its relationship to the budget prior to the recent comprehensive revision, see *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1996,* Chapter 19, "National Income and Product Accounts," pp. 267–70.

[31] This distinction is also made in the national income accounts of most other countries and in the System of National Accounts (SNA), which is guidance prepared by the United Nations and other international organizations. Definitions of investment may vary. Other countries and the SNA do not include the purchase of military equipment as investment.

[32] The revised NIPA Federal sector is explained in *Survey of Current Business*, "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation" (September 1995), pp. 33–39. Investment does not include expenditures on research and development or on education and training. The NIPA State and local sector has been revised in the same way and includes depreciation on structures and equipment owned by State and local governments but financed by Federal grants.

[33] The operating deficit would be about $15 billion less if depreciation were used instead of earmarked excise taxes for highways and airports and airways.

[34] GAO considered deficit financing of investment but did not recommend it. See *Incorporating an Investment Component in the Federal Budget,* pp. 12–13.

from the deficit reduction already achieved and the further gains from balancing the budget by 2002.

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 civilian 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 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.

The projections are done generally on a current services basis, which means they are based on 1996 enacted appropriations and adjusted for inflation in later years.

Federal public physical capital spending was $118.9 billion in 1995 and is projected to increase to $126.2 billion by 2006 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 1995.

Table 6–13 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 $27.7 billion in 1995, and current services outlays are estimated to increase to $31.6 billion by 2006. Outlays for nondefense housing and buildings were $10.7 billion in 1995 and are estimated to increase to $14.8 billion by 2006. Physical capital outlays for other nondefense categories were $20.7 billion in 1995 and are projected to be $25.4 billion by 2006. For national defense, this spending was $59.9 billion in 1995 and is estimated on a current services basis to be $54.4 billion in 2006.

Table 6–13. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of dollars)

	1995 actual	Estimate										
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Nondefense:												
Transportation-related categories:												
Roadways and bridges	19.2	20.1	19.6	19.8	19.8	20.0	20.3	20.8	20.9	21.7	22.2	22.9
Airports and airway facilities	4.5	3.7	3.6	3.8	3.7	3.8	3.9	4.0	3.9	4.0	4.2	4.3
Mass transportation systems	3.6	3.8	3.4	3.4	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0
Railroads	0.4	0.5	0.6	0.6	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Subtotal, transportation	27.7	28.1	27.1	27.6	27.2	27.7	28.2	28.7	29.0	30.0	30.7	31.6
Housing and buildings categories:												
Federally assisted housing	6.4	6.7	7.5	7.4	7.5	7.7	7.9	8.1	8.4	8.7	9.0	9.3
Hospitals	1.4	1.8	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.9	1.9	2.0
Public buildings [1]	2.8	3.0	3.0	2.8	3.1	3.1	3.2	3.3	3.2	3.3	3.4	3.5
Subtotal, housing and buildings categories	10.7	11.5	12.1	11.9	12.2	12.5	12.8	13.2	13.5	13.9	14.3	14.8
Other nondefense categories:												
Wastewater treatment and related facilities	2.8	3.0	3.0	2.9	2.9	3.0	3.1	3.1	3.2	3.3	3.4	3.5
Water resources projects	2.2	2.3	2.0	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.2	2.3
Space and communications facilities	2.9	3.4	3.5	3.5	3.5	3.6	3.7	3.9	4.0	4.1	4.2	4.3
Energy programs	3.2	2.4	2.3	2.4	2.5	2.5	2.6	2.7	2.7	2.8	2.9	3.0
Community development programs	5.0	5.9	5.7	5.6	5.6	5.6	5.8	5.9	6.0	6.2	6.4	6.5
Other nondefense	4.5	4.8	4.9	2.5	4.9	5.1	5.2	5.4	5.3	5.4	5.6	5.8
Subtotal, other nondefense	20.7	21.7	21.5	18.8	21.3	21.8	22.5	23.0	23.4	24.0	24.7	25.4
Subtotal, nondefense	59.0	61.3	60.8	58.3	60.7	62.0	63.4	64.9	65.9	67.9	69.8	71.8
National defense	59.9	52.6	49.1	47.6	48.7	49.5	50.5	48.9	50.2	51.6	53.0	54.4
Total	118.9	113.9	109.8	105.9	109.4	111.5	114.0	113.8	116.0	119.5	122.7	126.2

[1] Excludes outlays for public buildings that are included in other categories in this table.

Table 6–14 shows current services projections 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 6–2 and 6–3.

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 assessments and the comparatively steady but slow changes in underlying demographics. As a result, the practice has arisen in reports in previous years to refer to earlier discussions, where the relevant information had been carefully presented and changes had been minimal.

The needs assessment material in reports of earlier years is incorporated this year largely by reference to earlier editions and by reference to other needs assessments. The needs analyses, their major components, and their critical evaluations have been fully covered in past Supplements, such as the 1990 Supplement to Special Analysis D.

It should be noted that the needs assessment data referenced here have not been determined on the basis of cost-benefit analysis. Rather, the data reflect the level of investment necessary to meet a predefined standard (such as maintenance of existing highway conditions). The estimates do not address whether the benefits of each investment would actually be greater than its cost or whether there are more cost-effective alternatives to capital investment, such as initiatives to reduce demand or use existing assets more efficiently. Before investing in physical capital, it is necessary to compare the cost of each project with its estimated benefits, within the overall constraints on Federal spending.

Table 6–14. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of constant 1987 dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Nondefense:								
Transportation-related categories:								
Roadways and bridges	15.9	16.3	15.6	15.3	15.0	14.8	14.7	14.6
Airports and airway facilities	4.0	3.2	3.0	3.2	3.0	3.0	3.0	3.0
Mass transportation systems	3.0	3.1	2.7	2.6	2.5	2.5	2.5	2.5
Railroads	0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.4
Subtotal, transportation	23.3	23.1	21.8	21.7	20.9	20.7	20.6	20.5
Housing and buildings categories:								
Federally assisted housing	5.4	5.5	6.0	5.8	5.8	5.8	5.8	5.8
Hospitals	1.3	1.6	1.5	1.5	1.4	1.4	1.4	1.4
Public buildings [1]	2.7	2.7	2.7	2.5	2.6	2.6	2.6	2.6
Subtotal, housing and buildings categories	9.4	9.9	10.2	9.8	9.8	9.8	9.8	9.9
Other nondefense categories:								
Wastewater treatment and related facilities	2.4	2.4	2.4	2.3	2.2	2.2	2.3	2.2
Water resources projects	2.0	2.1	1.8	1.7	1.6	1.6	1.6	1.7
Space and communications facilities	2.7	3.1	3.1	3.0	3.0	3.1	3.1	3.1
Energy programs	3.0	2.2	2.1	2.1	2.1	2.1	2.1	2.1
Community development programs	4.2	4.8	4.5	4.3	4.2	4.2	4.2	4.2
Other nondefense	4.1	4.3	4.3	2.1	4.1	4.2	4.2	4.2
Subtotal, other nondefense	18.4	18.9	18.3	15.5	17.3	17.3	17.5	17.5
Subtotal, nondefense	51.1	51.9	50.3	47.0	48.0	47.9	47.9	47.9
National defense	52.4	45.1	41.2	39.1	39.1	38.9	38.8	36.7
Total	103.5	97.0	91.5	86.1	87.1	86.8	86.7	84.7

[1] Excludes outlays for public buildings that are included in other categories in this table.

Significant Factors Affecting Infrastructure Needs Assessments

Highways

1. Projected annual growth in travel to the year 2011	2.15 percent
2. Annual cost to maintain overall 1993 conditions and performance on highways eligible for Federal-aid	$42.8 billion (1993 dollars)
3. Annual cost to maintain overall 1994 conditions on bridges	$5.1 billion (1993 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	476
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 20 years	$4.2 billion (1993 dollars)
2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet and facilities	$3.7 billion (1993 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	$66 billion
3. Percent of population served by centralized treatment facilities that benefits from at least secondary sewage treatment systems	94 percent
4. States and territories served by State Revolving Funds	51

Housing

1. Total unsubsidized very low income renter households with worst case needs (5.3 million*)	
A. In severely substandard units	0.4 million
B. With a rent burden greater than 50 percent	5.0 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) (1993)	4.4
3. Hospital admissions (1994)	60,950
4. Outpatient visits (1994)	4,184,641
5. Population (1996)	1,405,971

Department of Veterans Affairs (VA) Hospitals (1996)

1. Hospitals	173
2. Outpatient clinics	404
3. Domiciliaries	39
4. Centers for veterans	203
5. VA owned nursing home beds	15,712

Water Resources

The significant factors affecting needs assessments for water resources include the need for navigation (deepwater ports and inland waterways); flood and storm damage protection; irrigation; hydropower; municipal and industrial water supply; recreation; fish and wildlife mitigation, enhancement, and restoration; and soil conservation.

Potential water resources investment needs typically consist of the set of projects that pass both a benefit-cost test for economic feasibility and a test for environmental acceptability. In the case of fish and wildlife mitigation or restoration projects, the needs consist of those projects that pass a cost-effectiveness test.

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Part VI: TRANSPORTATION INFRASTRUCTURE SPENDING

Transportation infrastructure is an example of the Federal Government's investment in national capital. Transportation demand accounted for $713 billion, or 11 percent, of America's gross domestic product in 1994. A well-functioning transportation infrastructure reduces the costs of moving people and goods, making products cheaper for Americans and more competitive overseas.

As stated in Part I, more than half of the outlays for grants to State and local governments in the 1997 President's Budget for physical investment are to assist States and localities with transportation infrastructure. The average annual investment in public-use infrastructure by the Department of Transportation (DOT) has increased by $2.4 billion (10.6 percent) since 1993. This increase occurred across infrastructure types, i.e., in roads, bridges, railroads, and transit. In this Budget, DOT's investment in public use transportation infrastructure will total $24.9 billion in budgetary resources, an increase of $1.8 billion above 1993.

Recent Federal transportation infrastructure investment has been characterized by increased private sector involvement. Through DOT's Innovative Financing Initiative, 74 projects in 35 States with a total value exceeding $4 billion are being pursued using new financing means that mix Federal with private funds. DOT also is establishing ten State Infrastructure Banks (SIBs) which leverage more total investment from Federal funds. The Budget proposes an additional $250 million to help establish these Banks and initiate new ones.

7. RESEARCH AND DEVELOPMENT EXPENDITURES

The Administration is proposing $71 billion in research and development (R&D) investments in 1997. Civilian R&D will increase over $1 billion or three percent to $34 billion. Civilian R&D will increase nearly 16 percent since 1993. In 1997, university-based research will increase to roughly $12 billion, a $257 million increase over 1996. Chapter 10 of the *Budget of the United States Government—Supplement* includes a discussion of science and technology that contains more information on R&D activities.

Table 7–1. RESEARCH AND DEVELOPMENT (R&D) EXPENDITURES

(Outlays, dollar amounts in millions)

	Actual		1996 Estimate	1997 Proposed	Dollar Change 1996 to 1997	Percent Change 1996 to 1997
	1993	1995				
By agency:						
Defense	38,035	35,613	35,269	34,922	–347	–1%
Health and Human Services	9,660	11,111	11,145	12,132	987	+9%
National Aeronautics and Space Administration	8,885	9,399	9,643	9,218	–425	–4%
Energy	6,945	6,943	7,128	6,943	–185	–3%
National Science Foundation	1,842	1,999	2,309	2,501	192	+8%
Agriculture	1,455	1,498	1,532	1,510	–22	–1%
Commerce	607	740	823	926	103	+13%
Interior	636	658	653	605	–48	–7%
Environmental Protection Agency	519	495	425	523	98	+23%
Other	1,736	1,947	1,722	2,020	298	+7%
Total	70,320	70,403	70,649	71,300	654	+1%
By R&D theme:						
Basic research	12,625	13,298	13,579	13,980	401	+3%
Applied research	12,437	13,680	13,978	14,532	554	+4%
Development	42,625	41,461	40,830	40,435	–395	–1%
Equipment	....	475	781	758	–23	–3%
Facilities	2,633	1,489	1,481	1,595	114	+8%
Total	70,320	70,403	70,649	71,300	651	+1%
By civilian theme:						
Basic research	11,370	12,172	12,405	12,754	349	+3%
Applied research	8,511	9,890	10,170	10,597	427	+4%
Development	7,374	8,564	8,165	8,403	238	+3%
Equipment	....	317	634	608	–26	–4%
Facilities	1,749	1,233	1,218	1,264	46	+4%
Subtotal	29,004	32,176	32,592	33,626	1,634	+3%
By defense theme:						
Basic research	1,255	1,126	1,174	1,226	52	+4%
Applied research	3,926	3,790	3,808	3,935	127	+3%
Development	35,250	32,897	32,665	32,032	–633	–2%
Equipment	....	158	147	150	3	+2%
Facilities	885	256	263	331	68	+26%
Subtotal	41,316	38,227	38,057	37,674	–383	–1%
R&D support to university researchers	**11,674**	**11,373**	**12,130**	**12,387**	**257**	**+2%**

8. UNDERWRITING FEDERAL CREDIT AND INSURANCE

In a period of tight budgetary constraints, the Administration has been reexamining the role and design of Federal credit and insurance programs. In many lines of credit and insurance, the private market can meet societal demands and Federal intervention is unnecessary. However, in some situations Federal intervention can improve the market outcome. Last year, the "Underwriting Federal Credit and Insurance" chapter of *Analytical Perspectives* focused on these rationales and their application to particular credit and insurance programs.

This year, the chapter focuses on the next step in the analysis. Even when Federal intervention can improve on market outcomes in principle, it is necessary to judge whether the program is achieving these goals in practice. Thus, the Administration is highlighting measurement of program performance. What do these programs produce? What outcomes and net impacts do they have on society?

Cost is also a performance measure. For credit and insurance programs, it is a continuing challenge to understand and control the risks that the Government assumes and to measure the inherent cost. This is especially true in view of the rapid changes in financial markets and increasingly complex financial instruments. Ultimately, performance is measured by benefits (net impact) in relation to cost.

Budgetary constraints are also impinging on administrative resources and program structure, pressing program managers to find more efficient ways to originate, service, and collect on loans and monitor the financial risks of guarantees and insurance. In some cases, staff is diminishing despite rapidly growing portfolios. To address this problem, improved financial systems are being implemented, and various forms of private involvement are being explored.

I. Estimated Costs of Federal Credit and Insurance Programs

The Federal Government continues to be the largest creditor institution in the United States, with $5.5 trillion outstanding at the end of 1995. Of this, $163 billion is direct loans, $727 billion is loan guarantees, and $4,613 billion is insurance. Including the Government-sponsored enterprises (GSEs) pushes the total Federal and federally assisted credit and insurance outstanding to $7.0 trillion.

Table 8–l presents the face value and estimated future costs of the largest Federal credit and insurance programs and the Government-sponsored enterprises. The face value of these programs is the total amount of credit outstanding or the insurance in force. The future costs of these programs is the amount by which payments from the Federal Government to borrowers, guaranteed lenders, or insured parties exceeds the repayments, fees, premiums, and other cash inflows to the Government—whether by intent or in practice.[1] The costs shown in this table assume that program activity will continue following recent trends.

The amounts shown are not only costs or potential costs to taxpayers. They are also the means by which these programs reallocate credit in the economy toward purposes and entities or individuals favored under the laws authorizing these programs and away from alternative uses. When the Federal Government guarantees loans, for example to students or small businesses, those borrowers move ahead of other borrowers in the credit queue, because the Federal Government bears the risk of defaults on their loans.

In volume, the fastest growth in Federal assistance is via Government-sponsored enterprises. These privately owned, federally chartered financial institutions are transforming mortgage markets; tapping capital markets to assist agriculture, education, and housing; making advances to depository institutions; lending for farming and rural development; and insuring borrowing for educational institutions. Also growing are loan guarantees and direct loans for home mortgages and student assistance, and disaster insurance coverage.

Federal costs for credit and insurance programs generally declined last year. Behind this improvement is the declining trend in long-term interest rates in recent years as the Federal deficit was reduced, the expectation that interest rates will continue to decline as the budget moves closer to balance, and the economic growth and prosperity documented in Chapter 2 of the *Budget—Supplement*, "Three Years of Progress." For credit programs, there has also been a widespread effort to reduce subsidies, now that the Federal Credit Reform Act of 1990 has raised awareness of them.

[1] Under the Federal Credit Reform Act of 1990, the budget records as an outlay the cost of a direct loan or loan guarantee when the loan is disbursed. The cost is defined as the net present value of the estimated cash outflows from the Government due to the loan or guarantee over its life minus the present value of estimated cash inflows. Chapter 23 of *Analytical Perspectives*, "Budget System and Concepts and Glossary," explains concepts and terms used in credit budgeting.

Table 8–1. FACE VALUE AND ESTIMATED COST OF FEDERAL CREDIT AND INSURANCE PROGRAMS

(In billions of dollars)

Program	Face Value 1994	1995 Budget Estim. Present Value of Future Costs[1]	Face Value 1995	Current Estimates Present Value of Future Costs[1]
Direct Loans:[2]				
Farm Service Agency (excluding CCC)	49	15–21	43	13–19
Rural Electrification Admin. and Rural Telephone Bank	38	2–4	43	2–4
Agency for International Development	14	0–1	14	2–3
Public Law 480	12	2–3	12	2–4
Disaster Assistance (SBA & FEMA)	N/A	N/A	9	3–5
Foreign Military Financing	8	0–1	8	0–1
Export-Import Bank	8	3–5	8	1–3
Federal Direct Student Loan Program	*	11–15	3	6–9
Small Business Loans (SBA)	9	2–3	2	0–1
Other Direct	17	2–4	19	1–2
Total Direct Loans	155	37–57	[2] 161	30–51
Guaranteed Loans[2]:				
FHA Single-Family	303	(13)–0	318	(12)–0
VA Mortgage	155	4–6	154	3–5
FHA Multi-Family	79	5–6	83	11–14
Federal Family Education Loan Program	75	13–23	86	5–10
Small Business Administration	25	4–5	26	2–3
Export-Import Bank	17	6–8	18	3–5
Farm Service Agency	9	1–2	8	1–2
CCC Export Credits	12	4–5	5	2–3
Other Guaranteed	23	2–3	27	3–4
Total Guaranteed Loans	699	26–58	727	18–46
Federal Insurance:				
Banks	1,885	(5)–15	1,919	(6)–(4)
Thrifts	691	15–25	709	(2)–1
Credit Unions	253	....	266	....
Subtotal, Deposit Insurance	2,829	10–40	2,894	(8)–(3)
PBGC	950	20–40	853	30–60
Disaster Insurance	238	14–15	354	13–14
Other Insurance	484	13–14	512	11–12
Total Federal Insurance	4,445	57–109	4,613	46–83
Total Federal Credit and Insurance	**5,299**	**120–224**	**5,501**	**94–180**
GSEs:[3]				
Fannie Mae	744	....	787	....
Freddie Mac	567	....	552	....
Federal Home Loan Banks	140	....	122	....
Sallie Mae[4]	....	....	....	....
Farm Credit System	51	0–1	53	0–1
Total GSEs	**1,502**	**0–1**	**1,514**	**0–1**
Total Federal and Federally Assisted Credit and Insurance	**6,801**	**120–225**	**7,015**	**94–181**

* Less than $500,00.

[1] 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 2001, plus the accrued liability remaining at the end of 2001.

[2] Excludes 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.

[3] Net of borrowing from Federal sources, other GSEs, and federally guaranteed loans.

[4] The face value and Federal costs of Federal Family Education Loans in Sallie Mae's portfolio are included in that account above.

Deposit insurance costs declined sharply, following the closure of so many insolvent banks and thrifts in the 1980s. Depository institutions, which tend to borrow short and lend longer-term, benefited substantially from the decline in interest rates and the steepening yield curve of the early 1990s, as well as from the low unemployment, strong incomes and profits, and continued low interest rates of the past year. Banks especially had record earnings in 1993–95, built strong capital positions, and restored the reserves of the Bank Insurance Fund (BIF). The banks' strong capital cushion will help to buffer BIF against the effects of interest rate risk, increasingly complex financial instruments, and more intense competition as regulatory, geographic, and functional barriers fall.

Student loan costs, both direct and guaranteed, are also reduced by declining interest rates, in particular the expectation that rates will continue down as the Federal budget moves toward balance. The direct loan program gains from lower borrowing costs; the guaranteed loan program gains from lower interest supplements while students are in school or when interest rates are high. Default rates have also been reduced, primarily by excluding formerly high-default schools and ineligible students from the program.

Farm Service Agency direct loans, some of which have very low interest rates by statute, also have lower interest costs when interest rates come down. These portfolios also benefited from the recovery in farm income and land values and in rural economies.

The ***Small Business Administration***, in an effort to ensure the continued availability of credit to small businesses, has adopted a policy of reducing, even eliminating, subsidies for its primary loan programs. Larger fee income, increased risk-sharing with guaranteed lenders, and a proposed shift of the Section 504 Community Development Company program to a direct loan program, all reduce the subsidies paid by SBA.

Eximbank, too, has adopted a policy of reducing or eliminating subsidies. Higher fees, collateralization, escrow accounts, and asset-based financing are some of the methods used.

For one program, ***FHA multi-family*** loan guarantees, the current estimate of future costs is higher than previous estimates. Before now, the cost of this program did not include the effect of the Federal rental subsidies, which many of these properties receive, on their financial condition. Current law does not allow for indefinite continuation of these subsidies at their current levels. Reductions in rental subsidies would create some mortgage defaults, resulting in payments from the FHA insurance fund. These costs, along with proposals to minimize them, have been reflected for the first time in the estimate of future costs.

Pension guarantee cost estimates amount to $30–60 billion this year, as a result of refinements in the model, and the effect of lower interest rates on the value of future pension benefits. However, good economic conditions with high profits reduced sponsor bankruptcies last year. Rising stock markets and increased funding under the Retirement Protection Act of 1994 bolstered pension plans. And the Pension Benefit Guaranty Corporation negotiated 30 major settlements under their Early Warning Program that provided $13 billion in new contributions from companies.

In sum, the present value of future costs of Federal credit and insurance programs is now estimated to total $94 billion to $181 billion—a substantial improvement from the $120 billion to $225 billion estimated last year.

II. Developing A Performance Measurement Framework

It is not enough to have a good rationale for a Federal program and to know its cost; it is also necessary to assess whether it is achieving its intended results. The Government Performance and Results Act (GPRA) is encouraging such assessments by requiring agencies to define their missions and long-term objectives using strategic plans, to set annual performance goals, and to measure actual performance against those goals.

Credit program managers, who have long worked together on credit reform and other matters, established a Performance Measures Task Force under the Federal Credit Policy Working Group to develop a common framework of such measures. These are to be used in their agencies' annual performance plans under GPRA and their budget requests to explain what they intend to accomplish. The same measures are to be shown in their annual performance reports and Chief Financial Officer's Accountability Reports to explain actual results.

The Task Force believes that a common core of indicators would be useful to program managers, the Executive Branch, the Congress, and the public—helping them to understand and compare credit programs. The group sought to identify the most appropriate measures, whether or not data was currently collected on them by some or all agencies. They expect that agencies will supplement the core measures with program-specific measures whenever they are useful to assess their programs.

The common framework has four main categories of indicators: inputs (the resources used), outputs (the goods or services produced), outcomes and net impacts (the gross and net effects on society). The specific measures below reflect discussion so far, but are still subject to modification.

Inputs. The group chose three common inputs: program objectives and performance goals (planning inputs), subsidy costs, and administrative costs (both resource inputs).

- When GPRA is fully implemented, one input would be the program's objectives from the agency strategic plan, and the program's performance goals from the agency's annual performance plan. The objectives would be described in terms of outcomes and net impacts (the effects on society of the program's operations) or in cost-effectiveness terms (the best outcomes per dollar of resources). These objectives should be defined so as to relate to annual performance goals that are quantifiable and measurable.
- Subsidy cost outlays, cumulated over time for all of the program's loans or loan guarantees obligated in a given year (a cohort), would be the second input. The total subsidy cost for each co-

hort of loans or guarantees would be subdivided into three components: the initial subsidy cost, the cost of any loan modifications, and the cumulative amount of reestimates of the subsidy cost due to experience and new information, along with the interest thereon.

- Outlays for credit program administration would be the third input. This total would be subdivided into administrative expenses associated with: credit extension; direct loan servicing and guaranteed loan monitoring; the cost of collecting delinquent loans and other write-off or close-out costs; and other administrative costs such as policymaking or systems development.

Outputs. The most obvious output of Federal credit programs is the number and value of direct loans originated or loans guaranteed. This is the "product" that credit programs produce and provide to the public. But volume alone does not achieve the objectives of Federal credit programs; indeed, large volume or market share may be a sign of excessive competition with private lenders. Loans must have certain characteristics in order to achieve the desired outcomes; these characteristics are part of the desired output.

- Federal credit is intended for borrowers who would not otherwise have access to credit, or is extended for longer periods or at lower cost to the borrower in order to assist certain target groups or encourage certain activities. Therefore, output measures would include an estimate of the percent of loans or guarantees originated going to borrowers who would otherwise not have access to private credit; and the percent of loans or guarantees originated going to specific target groups or for specific purposes (e.g., countervailing foreign subsidies).
- Within the limits imposed by extending credit to higher-risk borrowers or for higher-risk purposes, finding ways to assist borrowers to repay loans is usually associated with achievement of program objectives. Home ownership requires mortgage repayment. Remaining in business with a good credit rating requires repayment of farm, small business, and export loans. Education that enhances income is associated with repayment of student loans. And loan repayment is inherent in program cost-effectiveness. Therefore, output measures would include the percent of loans or guarantees that are current (i.e., performing and not delinquent), compared with the percent expected to be current at this point in the repayment cycle. If maintaining currency is enhanced by particular characteristics of loan structure (e.g., initial borrower equity), of loan origination (e.g., verifying borrower financial status), of loan servicing (e.g., prompt counseling), or of guarantee conditions (e.g., lender risk-sharing), the percent of loans fitting these categories contribute to output.
- Since defaults will occur, another aspect of output would be recoveries on defaulted loans (e.g., through collections, or sales of loans or collateral) as a percent of unpaid principal and interest.
- Overall, programs would like to "produce" satisfied customers, which could be measured by surveying the percent of borrowers who are pleased with the timeliness and quality of credit program service.
- Finally, program managers are asked to produce high quality subsidy estimates, as measured by the cumulative amount of reestimated cost as a percent of the original subsidy cost (and any loan modification cost). It is also important to know the extent to which reestimates were due to changes in interest rates, defaults, or other factors.

Outcomes. Outcomes of Federal credit programs are the effects on society that the program achieves—both its objectives or intended outcomes and its unintended effects. The desired outcomes of credit programs are more diverse than their inputs and outputs. However, programs providing similar types of credit may seek common outcomes, and there may be parallels among the outcomes sought by different types of programs. Below are some outcomes chosen by credit programs, clustered to show their common elements.

- Reaching under-served populations and neighborhoods might be measured by indicators such as: the number of low-income or minority people who completed education, or acquired and still own homes or businesses with help from the program; or the number of homes, businesses, or community facilities financed in under-served urban or rural neighborhoods.
- Encouraging start-up of new activities might be measured as: the number of beginning farmers, new businesses, new exporters, and first-time homebuyers financed by the program; or the amount of private financing leveraged in support of new activities.
- Supporting investment important to the economy might use indicators such as: the amount and quality of education financed; business investment financed; amount of exports financed; and amount and quality of low-income housing and community facilities financed.
- Sustained economic improvement achieved could be measured by: gross jobs directly or indirectly created due to this credit; number of placements in jobs for which credit-financed education prepared students; higher income levels attained; solid financial condition achieved; and communities developed with facilities up to standard.
- Programs can also have unfavorable consequences For example, borrowers may accumulate excessive debt burden or their credit rating may be reduced. Unviable or low-return activities may be financed. Private financing for these borrowers or for projects with higher returns may be crowded out. Outcome goals could include minimizing such unfavorable consequences.

- For some programs, the outcomes occur long after credit is extended. Student loans, for example, may raise borrowers' lifetime incomes and quality of life. New farmers or small businesses may take many years to become financially viable. If such is the case, programs may want to identify an intermediate outcome or milestone along the way toward achievement of the ultimate desired outcome. For student loans, this might be the percent of low income students who gain access to post-secondary education. For mortgages, it might be the percent reaching a specified proportion of borrower equity. For businesses, it might be the percent still in business. A general intermediate outcome might be the percent of borrowers who fully repay their loans.

Net Impacts. Impacts assess the net effect of the program compared with what would have occurred in the absence of the program. Some program outcomes would be achieved in the absence of the program; for example, Federal credit sometimes substitutes for private credit rather than supplementing it. The Task Force thought that "additionality," or supplementation of private credit, was an important measure of program success.

Impacts measure the net increase in any outcome due to the operation of the credit program. Instead of the number of small businesses financed, it would measure the number net of any substitution for private credit. Other examples would be the net increase in exports, in jobs, or in homeownership due to the existence of Federal credit programs. Such effects are very difficult to estimate. They usually require a program evaluation or economic study. To produce such estimates every year is unlikely to be cost-beneficial. But the group thought that program impacts should be assessed from time to time. The most recent assessment should be reported annually with appropriate commentary on changes since the last assessment and a note on the timing of the next scheduled assessment.

Agencies are far from collecting all of the performance measures included in this framework, but they are making progress toward it. Some of the performance measures already being monitored by particular programs are discussed in relation to those programs in the sections below on agricultural credit, business credit, education credit, and housing credit.

III. Financing the Nation's Agriculture and Rural Areas

The Nation's agricultural sector and its lenders are now on much firmer ground, following recovery from the financial crisis in the mid-1980's. Farm income has improved, helping borrowers to pay down debt and lenders to augment their capital. Land prices have stabilized and are now rising slowly. Both real interest rates and inflationary expectations are lower. And management in both farming and farm finance have improved.

Another sign of the increasing health of agricultural finance is the greater share of credit now provided by the private sector, particularly commercial banks. In the decade from 1984 to 1994, commercial banks' share of all agricultural finance increased from 24 percent to 39 percent, while the share of insurance companies and individuals and others stayed about constant at 6 percent and 24–22 percent respectively. As the agriculture sector recovered, the market share declined for the Farm Credit System from 33 percent to 24 percent, and the consolidated Farm Service Agency (successor to the Farmers' Home Administration) from 12 percent to 8 percent.

The Farm Credit System

Despite its declining market share., the recovery in agriculture has returned the Farm Credit System (FCS)—the first Government-sponsored enterprise—to financial health. After losses in 1985–87, the System has reported positive net income every year, reaching a record $1.2 billion in 1993. Nonperforming assets declined from $14.3 billion in 1987 to $1.6 billion in 1994 as a result of both repayments and write-offs. An increase in accruing loans and a decline in cost of funds have widened the FCS's net interest margin from less than one percent in 1987 to more than three percent in 1993–94.

Improved asset conditions and income enabled FCS to report record capital levels in 1994 of $8.8 billion, or more than 13 percent of assets. Two-thirds of this capital ($5.7 billion) was surplus, rather than the borrowers' equity in these cooperatives, up from 42 percent in 1982. Included in this capital are investments set aside to repay about $600 million of the $1.3 billion of Federal assistance provided through the Financial Assistance Corporation (FAC) due beginning in 2003, and the System has adopted an annual repayment mechanism to cover the remainder.

Moreover, the improvement in the System's financial condition is widespread. The Farm Credit Administration, FCS's Federal regulator, rates each of the System's institutions for capital, asset quality, management, earnings, and liquidity (CAMEL). At the end of 1990, 94 institutions carried the best "CAMEL" ratings of "1" or "2", and 40 were rated in the troubled range of "4" or "5". By 1995, in contrast, 225 institutions were given the top two ratings and no institutions were in the troubled categories. Similarly, enforcement actions to correct illegal or unsafe operations applied to 77 institutions with 80 percent of FCS's assets in 1991 but to only 12 institutions with 11 percent of FCS's assets in 1995.

GOVERNMENT–SPONSORED ENTERPRISES

Government-sponsored enterprises (GSEs)—the most rapidly growing providers of credit assistance—are highlighted in the sections below. GSEs are privately owned financial institutions, whose policies and operations are determined by their boards of directors, a majority of which are elected by private owners. However, they were chartered by the Federal Government to facilitate the flow of funds into agriculture, higher education, and housing. Each was established because wholly private financial institutions were thought to be incapable of providing an adequate supply of loanable funds at all times and in all regions.

Federal sponsorship gives the GSEs a borrowing cost advantage that allows them to provide credit more cheaply than other private financial institutions. Most GSEs also enjoy special legal benefits under Federal law. Typically, these benefits include an ability to borrow from the Treasury, at Treasury discretion, in amounts ranging up to $4 billion; exemption of their securities from Securities and Exchange Commission (SEC) registration; exemption of their corporate earnings from State and local income taxation; and eligibility of their securities to collateralize public deposits and be held in unlimited amount by most banks and thrifts. With these advantages, GSEs have grown to enjoy considerable economies of scale. Private ownership and control distinguish the GSEs from Federal agencies that make and guarantee loans to similar borrowers; their Federal sponsorship and special legal benefits distinguish them from other privately owned financial institutions that operate in the same credit markets but have very different, if any, ties to the Federal Government.

There are seven GSEs today: the Farm Credit System, the Federal Agricultural Mortgage Corporation (Farmer Mac), the Student Loan Marketing Association (Sallie Mae), the College Construction Loan Insurance Association (Connie Lee), the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Banks (FHLBanks). These institutions (except for Connie Lee, an insurer) raise funds in the securities markets and use the money to lend to individuals or businesses or to purchase loans originated by private lenders. The GSEs have fostered the development of credit markets by creating new loan products and services, standardizing the terms of loans and credit market transactions, and providing liquidity to lenders.

Costs and Benefits of Federal Sponsorship

Federal sponsorship imposes limited costs on and conveys substantial benefits to each GSE. Costs are imposed by the restrictions on the types of loans that each may make or purchase, which limit credit risk diversification, and the expectation that it serve markets in all regions of the country at all times. The GSEs also bear costs associated with statutory requirements to achieve specific policy objectives such as targeting a proportion of their lending to borrowers of above-average credit risk.

The costs of Government sponsorship are far outweighed, however, by the benefits. The credit market's perception that each GSE's obligations are implicitly backed by the Federal Government enables each GSE to borrow at near-Treasury rates. Investors infer an implicit Federal guarantee from their Federal sponsorship and public purposes, the strong support for their missions, the legal benefits enjoyed by the enterprises, and the huge volume of their outstanding securities.

This market perception has two important consequences for public policy. First, the GSEs are not subject to market discipline to the same degree as wholly private financial institutions and, therefore, can operate with much lower levels of capital. If a GSE incurred substantial losses or became insolvent, the Government would have the difficult choice of arranging for it to be recapitalized, perhaps at taxpayers' expense, or allowing it to increase its risk or even default on its obligations, which would prevent its public purposes from being accomplished, harm the value of all GSE securities, and throw financial markets into turmoil. To avoid such a situation, the Government must ensure that each GSE is well managed and adequately capitalized.

Second, the borrowing cost advantages arising from the perception of an implicit guarantee convey economic subsidies to each GSE. The greater an enterprise's overall risk exposure relative to its capital, the greater the economic subsidy. A GSE's overall risk depends on its exposure to credit risk, interest rate risk, management and operational risk, and business risk (the risk of unexpected changes in its business environment). The economic subsidies received by the GSEs affect the allocation of society's resources, but are neither recorded in the President's Budget nor controlled through the Federal budget process. Recently, the Shadow Financial Regulatory Committee, a group of financial experts, suggested that Federal subsidies to GSEs should be recorded in the Federal budget in a manner similar to credit subsidies.

The Federal Government relies on regulation and oversight to control the GSEs' activities. Safety and soundness regulation of the enterprises uses on-site examinations and risk-based capital requirements to manage the Government's exposure to risk and the economic subsidy conveyed by investors who perceive implied Federal backing. Programmatic regulation assures that the GSEs appropriately target their activities and the subsidies they receive.

The Changing Role of FCS. The System's original mission was to serve as a market force to ensure an adequate supply of competitively priced credit to the benefit of farmers. Loans to farmers and other eligible borrowers still comprise 74 percent of the System's portfolio. Loans to producers surged through the early 1980s, fell back, and then slowly recovered, with lending secured by farm mortgages stagnant in volume since 1990, but farm operating credit growing.

Since its origination, FCS's authorities have been broadened, introducing 26 new types of lending. In particular, the System's authority to lend to farmer cooperatives has generated a stable or growing volume for much of the past 20 years. These loans, which finance processing, exports, and rural utilities, comprised 26 percent of the FCS's portfolio in 1995. Although it is little used, FCS also has authority to lend to other agricultural lenders.

Reducing Recent Risks. The FCS is exposed to concentration risk, from which it suffered in the 1980s. Because its mission is to lend to agriculture, it cannot diversify across industries or products other than loans. Direct lenders in FCS are also geographically limited, often to areas dependent on one or a few commodities. In 1994, 32 percent of the direct lending institutions had portfolio concentrations in Federal farm program commodities of 50 percent or more, and 55 percent had concentrations over 30 percent.

FCS has, however, succeeded in reducing its overall credit risk, measured by the proportion of loans which are nonperforming. At the end of 1995, nonperforming loans were 2.4 percent of all System loans, down from 14 percent in 1990. Measured by a similar concept, the figures for commercial banks were 0.9 percent, down from 2.8 percent in 1992.

In the 1970s, the FCS priced its loans based on a blended cost of debt, primarily long-term, fixed-rate debt. As interest rates rose in the late-1970s and early 1980s, this average cost pricing led to substantially below-market loan rates to borrowers—and rapid increases in loan volume, financed by substantial high-cost, long-term, fixed-rate borrowing. When interest rates began to fall in the mid-1980s, the average cost of System debt made its loan rates over-market, and loan volume fell sharply. Since then, the FCS has retired all of its high-coupon long-term debt, moved to marginal cost loan pricing, and adopted management practices designed to reduce its interest rate risk.

Operating risk is also being reduced. Substantial wholesale and retail level consolidation has occurred in the structure of the FCS, as authorized by the Agricultural Credit Act of 1987. But many of the effects of the massive restructuring have yet to be realized. Aggregate staff levels have only begun to decline, and the same is true for noninterest operating expenses. The operating expense rate declined from 1.49 percent of total loans in 1994 to 1.44 percent in 1995.

The 1987 Act also established the FCS Insurance Corporation to insure timely payment of interest and principal on FCS obligations. This supplemented the System's capital, the Federal Credit Administration's enforcement authorities, and the joint and several liability of all System banks for FCS obligations. The Corporation collects insurance premiums from the System banks, and earns investment income on them, providing funds to fulfill its function, which now amount to $884 million.

Meeting Future Challenges. The Farm Credit System is stronger now than it has been in years. But it is exposed to future risks arising from changes in government policies toward agriculture, structural changes in the agricultural and banking sectors, strong competition from traditional and nontraditional loan and service providers, and uncertainties about export and domestic agricultural markets.

- Changes in U.S. farm policy appear imminent. While the exact nature of the changes is uncertain, they could result in reduced price protection and more volatile farm incomes. In turn, credit risk could increase for farm lenders.
- Both agriculture and banking are becoming more concentrated and more sophisticated. In banking, consolidation is driven by adoption of computer/communications technology and by the breakup of statutory regimes that have provided geographic and product line separations. In agriculture, vertical integration in the food system, and the growth of input suppliers and other nontraditional sources as creditors have tied farms to nonfarm businesses.
- FCS's farm loan growth has been very slow in recent years, given slow growth in agricultural credit generally and incursions by commercial banks and input suppliers. This has made covering operating expenses difficult. With an aging farm ownership population, substantial land turnover is expected in the next 10–20 years, but it is unclear how much FCS financing would be involved, because many currently mortgage-free farms might not be profitable if incumbered with a mortgage.

These and other uncertainties will challenge the Farm Credit System to adapt in order to retain its current financial strength.

Farmer Mac

The Federal Agricultural Mortgage Corporation (Farmer Mac), another GSE, is a federally chartered, privately owned corporation established by the Agricultural Credit Act of 1987. Its goal is to create and oversee a secondary market for, and to guarantee securities based on, agricultural real estate loans. The secondary market is intended to increase the availability of long term credit to farmers and ranchers at stable interest rates, and improve the availability of credit for rural housing.

Since the 1987 Act, Farmer Mac has been authorized to issue its own debt securities, and to operate a secondary market in agricultural loans guaranteed by the Farmers Home Administration ("Farmer Mac II"). The Farm Credit System Reform Act of 1996 further expanded its powers, transforming Farmer Mac from just a guarantor of securities formed from loan pools into a direct purchaser of mortgages in order to form loan pools to securitize.

The 1996 Act was passed in response to a steady erosion of Farmer Mac's capital base. Revenues from services as a guarantor, and a pooler under Farmer Mac II, did not meet expectations and showed no prospect of improvement. The new powers increase banks' incentives to participate in Farmer Mac and allow Farmer Mac to serve as pooler.

However, these powers also subject the Corporation to more credit risk. Prior to the 1996 Act, Farmer Mac had little risk from defaults in the loan pools since a 10 percent subordinated interest in loans pooled was required to be held by originators or other entities outside the pool. As a direct purchaser of loans with no required subordination, Farmer Mac will be exposed to such losses, and must estimate them accurately for fee setting and for determining the appropriate level of capital reserves. The 1996 Act gave Farmer Mac three additional years for reaching its minimum and critical capital requirements, and two years to raise an additional $25 million in capital.

The Office of Secondary Market Oversight (OSMO) in the Farm Credit Administration is responsible for the regulation of Farmer Mac. It is required to establish a stress test to determine the amount of regulatory capital Farmer Mac will be required to hold. The goal is to allow Farmer Mac to survive worst-case conditions of credit risk and interest rate risk, using historical conditions to define the worst cases.

In addition to expanding the powers of Farmer Mac to allow it to perform all of the functions of a mortgage purchaser, the 1996 Act removed the requirement that originating lenders and/or poolers maintain a 10 percent subordinated interest in pooled loans, and removed diversification requirements. These provisions raise the possibility of losses, but their precise effects can not yet be determined. An important curb on loss potential is the continuing requirement of a 75 percent loan-to-value ratio for collateral and maintenance of challenging creditworthiness standards for eligible borrowers. Individuals or businesses are less likely to default if they have a significant investment in the collateral and/or would surrender a good credit history as part of a default process. The Congress has directed the Farm Credit Administration and the Treasury to periodically evaluate Farmer Mac's performance.

The Farm Service Agency

Within the Department of Agriculture, farm operating, ownership, and emergency loans are now made by the Farm Service Agency (FSA). FSA direct and guaranteed operating loans provide credit for annual production expenses and purchases of livestock, machinery, and equipment. Direct and guaranteed farm ownership loans assist producers in acquiring their farming or ranching operations. In 1997, $546 million in direct loans are authorized, along with $2.7 billion in guaranteed loans. Originally intended to be a "temporary lender of last resort", the programs have become a continual source of subsidized credit.

A permissive emergency loan program enacted in 1975, a series of natural disasters, and the farm financial crisis of the mid-1980s led to FSA holding a large portfolio of nonperforming loans. The Agriculture Credit Act of 1987 provided for write-down and write-off of these loans and generous "borrower rights." Delinquent borrowers are eligible for interest rate reductions and moratoriums on all loan payments for up to five years. The statute mandates that additional loans must be made to borrowers delinquent on previous loans. As a result, between 1978 and 1994, loan losses amounted to nearly $16 billion, of which 66 percent were on emergency and economic emergency loans.

New loan originations are not expected to perform as poorly; nonetheless, high default and low recovery rates are still expected. In part, this results from the program's inherent characteristics. As a condition of eligibility, direct loan borrowers must have been denied private credit at reasonable rates and terms, or they must be beginning farmers. Poor performance is also expected because of overly restrictive requirements in the 1987 Act. For example, it may take five years for USDA to dispose of property taken into inventory. During this time, USDA must maintain the property if it is not leased.

Guaranteed farm loans have not experienced the same relative losses as direct loans. Guaranteed loans are made to more creditworthy borrowers who have access to private credit markets. Because the private originators must retain 10 percent of the risk, greater care is exercised in examining borrower repayment ability.

Expected Reforms in the 1995 Farm Bill. The Administration has proposed changes to the farm loan programs to reduce loan loss potential while assuring that socially disadvantaged groups and beginning farmers have access to credit. Proposals include denying program eligibility to borrowers whose previous loans resulted in buy-out or other debt settlement; removing the requirement that production loans be made to delinquent borrowers; and removing or reducing time frames for notification, acceptance, and completion of actions on delinquent loans. The Senate-passed Farm Bill includes most of the Administration proposals. In addition, it would speed up the disposition of acquired assets, tighten eligibility requirements for beginning farmers, and remove refinancing existing debt as a direct loan purpose. These changes would limit loan losses and reduce Federal risk.

Rural Electric and Telephone Programs

Rural electric and telephone borrowers range from multi-billion dollar cooperatives to local telephone companies with as little as one million dollars invested. The intent of the program was to bring electric and telephone service to under-served rural areas. Today, over 99 percent of rural households have electrical service and 97 percent have telephone service.

The Federal risk associated with the over $50 billion loan portfolio in electric and telephone loans historically has been relatively small. Aside from several large defaults which were primarily a result of nuclear power construction loans that failed, expected default rates are low. However, both industries are moving into a more competitive environment. Meanwhile, Federal financing has decreased since program reforms were enacted in 1993. This combination of greater competition and less finance will likely increase the Federal loss exposure. A 1995 study by Moody's Investors Service concluded that the credit quality of electric cooperatives will likely deteriorate over the next 5 to 10 years.

Rural Business-Cooperative Service

USDA's assistance for rural businesses and cooperatives is distributed through the Rural Business and Cooperative Service. USDA provides an array of grant, direct loan and loan guarantee programs that assist the creation and expansion of businesses in rural areas and provide assistance for small infrastructure improvements. The programs provide assistance to small and large businesses in rural areas with amounts ranging from small grants up to $10 million loan guarantees. The loan and loan guarantee programs have low default rates.

Changes in the 1995 Farm Bill. The 1997 Budget and the Administration's Farm Bill proposals would combine fourteen rural development programs into one more flexible program called the Rural Performance Partnership Program (RPPP). In addition to USDA's business assistance programs, USDA's rural water and wastewater grants and loans, loans for essential community facilities, and loans for new construction of rural rental housing and the corresponding rental assistance would be allocated through the new program. USDA's Rural Economic and Community Development State Directors would have authority to transfer up to 25 percent of the funding between these programs. These State Directors would work with State and local governments, other community-based organizations, and the State Rural Development Councils—whose members include State, local, and Tribal governments, and private sector representatives—to direct funds to each State's highest rural economic development priorities. Performance measures and incentives are included in the RPPP proposal. The Senate included a very similar program in its Farm Bill.

IV. Financing Small Business and Exports

The Small Business Administration

The Small Business Administration, the Federal Government's primary small business lender, provides more than 80 percent of its funds through the Section 7(a) General Business Loan Guarantee program. Other SBA programs provide direct loans to businesses and homeowners who have been victims of natural disasters, guarantee loans for venture capitalists and for long-term project-based lending, and provide both direct loans and loan guarantees to microlenders. In recent years, SBA has coped with rapidly growing loan demand, proposed various program reforms to reduce subsidy costs, undertaken a major effort to analyze historical loan performance data, and developed program performance measures.

A Rapidly Growing Loan Portfolio. The SBA's loan portfolio has expanded rapidly in recent years.

- Through the 7(a) loan program in 1991, SBA guaranteed approximately 9,000 loans totaling about $4 billion. By 1995, those figures had risen to approximately 56,000 loans totaling about $8 billion, and the loan volume could have been even higher if additional lending authority had been available.
- The Section 504 Community Development Company loan guarantee program, SBA's second largest loan program, has also grown rapidly. In 1991, the SBA provided about 1,400 financings totaling nearly $400 million. By 1995, those figures had increased to about 4,500 financings for $1.5 billion.

And a Declining Staff. During this period, the staff working on SBA's credit programs declined over 20 percent. Given that most of these loans have 10 to 20 year maturities where the bulk of defaults occur in years 3–7, SBA's loan servicing and liquidation workload is likely to increase rapidly in coming years, at a time when Federal discretionary resources are almost certain to decline. While improvements in information technology and other management efficiencies have allowed SBA to maintain an expanding portfolio with declining administrative resources thus far, this trend cannot continue indefinitely. A key goal for SBA and other credit agencies in the coming years will be to ensure their ongoing ability to maintain quality up-front credit review and underwriting, loan servicing, and liquidation procedures in the face of declining Federal discretionary funding.

Reduced Subsidies. Based on SBA's Reinventing Government proposals announced in April 1995, the Congress enacted new fees and other program reforms to reduce the subsidy rates for the 7(a) and 504 programs in October 1995. For the 7(a) program, the guarantee percentage for all loans was lowered to 75 percent, except for those under $100,000 which was lowered to 80 percent. The up-front guarantee fee was increased and an annual 50 basis point fee was established in lieu of the existing 40 basis point fee on loans sold into the secondary market. Combined, these reforms lowered the 1996 7(a) subsidy rate from 2.74 percent to 1.06 percent. A new annual fee of one-eighth of one percent was established for the 504 program, lowering its 1996 subsidy rate to zero. These reforms furthered SBA's efforts to ensure that its credit subsidy funds go to borrowers least able to obtain private financing and that among these eligible borrowers, the most economically viable business proposals are funded. The higher guarantee percentage on smaller loans, as well as SBA's LowDoc program, serve as incentives to lenders to make more small loans, which are more costly for lenders to make.

Historical Performance Study. During 1995, SBA undertook a comprehensive study of its loan records dating back to 1982, collecting time-series data from multiple sources. For the first time, SBA is now able to quickly review data on historical loan performance, calculating performance by various loan characteristics such as size, maturity, guarantee percentage, lending institution, and type of business of the borrower. The availability of this data has greatly improved SBA's credit management capacities in key areas including accurate budgeting for credit programs; performance measurement; monitoring, managing and reducing program risk; and program design and effectiveness.

Subsidy Estimates and Reestimates. The most immediate use of the historical loan performance data has been for subsidy rate estimates and reestimates for this budget. Prior to this review, most of SBA's subsidy rates were based on a small-scale study conducted in 1991. The subsidy rate estimates included in the 1997 Budget for the 7(a) and 504 loan guarantee programs are based on 13 years of historical performance. To estimate the 1997 cohort subsidy rates, the historical cash flows were adjusted for program reforms enacted in October 1995 and anticipated characteristics of the 1997 cohort of loans (such as the expected weighted guarantee percentage and the volume of loans processed by preferred and certified lenders). For both 7(a) and 504, the data analysis showed that previous estimates of recoveries were substantially higher than SBA's actual recoveries. The previous estimate of defaults for the 504 program was also considerably lower than the historical default rate. In addition, the timing of defaults and recoveries differed from previous estimates. Consequently, the baseline (current services) subsidy rates for both of these programs was increased significantly.

It is worth noting that recent trends appear to demonstrate a gradual improvement in portfolio quality for the 7(a) program. These trends, as well as the program changes enacted in October 1995, were incorporated into the 1997 subsidy estimate. If these positive trends continue, the 7(a) subsidy will begin to decline next year. The Administration will continue to closely monitor loan performance and revise the subsidy estimates annually, as appropriate.

In addition, the Administration intends to continue econometric analysis, measuring the relative impact of various loan characteristics (e.g., loan size, maturity, guarantee percentage, lending institution, type of business of the borrower) on defaults and recoveries. This analysis will provide additional capacity for determining the effects of various program changes on ultimate loss expectations.

Performance Measures. The historical data review has also enhanced SBA's efforts to define and measure performance for its credit programs. Because financial performance and public policy objectives often conflict with one another, having good data available for analysis is especially valuable in helping policy officials make the difficult trade-offs often required between these two important criteria. For assessing financial performance, SBA has identified measures such as administrative and subsidy costs, percent of the portfolio that is current, and percent of defaults that are recovered. With its new data analysis capacities, SBA will be able to assess these factors at a more sophisticated level, determining for example, the impact the type of lending institution has on default and recovery rates. Relatedly, SBA's new data capacity will also enhance the agency's ability to manage program risk. For example, with easily accessible information on lenders' performance, SBA will be able to better monitor individual lenders' default and recovery statistics. This information will enable SBA to identify and facilitate resolution of problem areas more quickly.

As a measure of the extent to which its programs are meeting their public policy objectives of providing loans to creditworthy borrowers who otherwise would not have access to capital, SBA monitors the portion of its loans which go to the most under-served segments of the small business market, such as minority and women business owners and small exporters. With its new data analysis capacities, SBA will be able to better target particular groups by identifying which types of loan products are best suited for specified borrowers. SBA will also be able to identify which lenders best reach these borrowers. SBA continues to seek additional measures of program impact. However, devising performance measures to assess the extent to which the agency's programs are supplementing, not acting as a substitute for, private capital is inherently challenging because of the difficulties in determining what would have taken place if the borrower had not received an SBA loan or guarantee.

Reducing Program Costs. Given the results of SBA's historical loan performance study, this budget proposes a number of changes to reduce the taxpayers' cost of SBA's largest loan programs. In order to keep the 504 subsidy rate at zero in 1997, the budget proposes to transform Section 504 from a 100 percent guarantee to a direct loan program. Under this proposal, SBA would lend directly to Certified Development Companies, rather than guaranteeing their debentures. This change would eliminate the cost of underwriters and other financial intermediaries. Importantly, these changes would not increase the cost of capital to the Certified Development Companies and would not increase the cost of borrowing to small businesses. This revision would lower the baseline 504 subsidy rate from 6.85 percent to zero. Second, the budget proposes to lower the taxpayers' cost of the Small Business Investment Company program by increasing fees for both participating securities and debenture loan programs. The establishment of an interest pass-through fee of one percent and an increase in the up-front funding fee from 2 percent to 3 percent for both programs would reduce subsidy costs significantly. Finally, the budget proposes raising the interest rate on disaster loans to the prevailing rate on Treasury securities of comparable maturity. Providing subsidized loans after a disaster discourages citizens from purchasing private disaster insurance.

Export and Investment Credit

Several Federal programs provide credit assistance to U.S. companies that export goods or services overseas or invest in overseas businesses or projects. In recent years, these programs have been characterized by two trends:

- A number of new programs have been created, or have been expanded in scope and size. As a result, there are a larger number of more flexible options for Government credit assistance for potential U.S. exporters or overseas investors.

- Many of the export and investment credit programs have made efforts to lower subsidy rates, either across the board or for specific segments of their programs, by reducing the risk of their credits or increasing the fees they charge. Some of the newest programs aim for (or in one case are legislatively required to have) a subsidy rate of zero or less.

New or Expanded Programs. The U.S. Export-Import Bank and the Overseas Private Investment Corporation (OPIC), U.S. Government agencies that provide, respectively, export and investment credits, have both expanded the scope of their programs, and OPIC has greatly increased the overall size of its credit programs (from $400 million in 1993 to $1.9 billion in 1995). Eximbank has created a new project finance program and has significantly increased its use of non-sovereign credits (direct loans and loan guarantees that do not carry the full faith and credit of a foreign government), while OPIC has expanded its support of investment funds in developing countries. Both agencies have also significantly expanded their activities in East Central Europe and the states of the former Soviet Union.

In 1995, Title XI of the Merchant Marine Act was amended to allow the Maritime Administration to provide loan guarantees for the export of ships constructed in the United States. Similarly, the 1996 Defense Authorization Act created a loan guarantee program for financing the commercial export sales of U.S. defense articles and services. While both the Maritime Administration and the Department of Defense already administer credit programs, neither has been responsible for a commercial export credit program in the past.

Reducing Program Costs. In recent years, export and investment credit programs have made an effort to reduce their subsidy rates through program changes aimed at sharing or reducing risk. For example, Export-Import Bank has the explicit goal of making certain programs, such as project finance and short-term multi-buyer insurance, "zero subsidy" programs. Export and investment credit programs are increasingly using methods such as higher fees, collateralization, escrow accounts, and asset-based financing in order to reduce subsidy costs and expand direct loan and loan guarantee levels. In the case of the new defense export loan guarantee program, the legislation attempts to limit cost and increase the borrower's share of risk by requiring that borrowers pay, through fees, all subsidy costs initially—though the legislation is written to allow appropriation of subsidies in the future—and prohibiting the financing of the exposure fees in the guaranteed loans.

Implications for Management. These trends raise a number of questions that cut across Federal export credit programs:

- As the number, size and diversity of Federal export and investment credit programs increase, comparison of the costs and benefits of these programs would ensure that the scarce resources are allocated to the most effective programs. Preliminary efforts to conduct this analysis have been started by the Federal Credit Policy Working Group and Trade Promotion Coordinating Committee (TPCC); however, this effort is hampered by the inherent difficulty in measuring the outcomes and net impacts of export credit programs. A number of performance measures have been identified, but further refinement in the quantification of these measures is required for an effective cost-benefit analysis.
- As programs propose changes to achieve lower subsidy rates, including zero or negative subsidies, this may indicate that similar activities could be done by the private sector for a profit, although the separate appropriation of administrative expenses means that the likely cost to the private sector is not entirely captured in the subsidy calculation. A recent study of the possibility of privatizing OPIC is likely to be followed by other analyses of effects of privatizing other export and investment credit programs. The OPIC study determined that any "privatization" of OPIC would likely require continued Government support as well as discounting, for sale purposes, the face value of OPIC's existing portfolio. The increased diversity of the programs may also mean that specific aspects of programs, rather than the programs in their entirety, could be subject to privatization efforts. A key issue here is additionality, or the additional exports or foreign investment that a Government export or investment credit program makes possible. If a program moves towards zero or negative subsidy, and it is not possible to identify "failures" in the private sector's ability to provide credit to competitive U.S. exporters or investors, then it is likely that the Government program in question could be privatized or eliminated without significant detrimental effects to exporters or investors.
- The rapid increase in the size of certain export and investment credit programs, the expansion of certain programs into particularly risky countries, and the recent creation of entirely new export credit programs could raise concerns regarding the administration of these programs, and, in particular, regarding the ability to conduct adequate due diligence and perform overall portfolio risk management. Agencies responsible for administering these programs will review and, where necessary, improve program administration, including upgrading information management systems, analyzing historical default data, and incorporating this information into subsidy calculations.

Spectrum Auction

The 1997 Budget includes a spectrum auction proposal that expands the Federal Communications Commission's successful spectrum auctions. The auction proposal allows for some of the winning bids to be paid in installment payments. This is substantively a direct loan and, as such, is covered by credit reform.

It is OMB's intent to score the installment payments associated with spectrum auctions under credit reform. However, the credit reform impacts of the spectrum auction were inadvertently omitted from the *Budget Appendix* and they have not been included in the tables in this chapter.

V. Education Credit

Student Loans

The Federal Government helps to finance student loans through two major programs: the Federal Family Education Loan (FFEL) program and the Federal Direct Student Loan (FDSL) program. Eligible institutions of higher education, including public and private 2-year and 4-year institutions as well as vocational training schools, may choose to participate in either program. Loans are available to students and their parents regardless of income. Borrowers with lower family incomes are eligible for higher interest subsidies.

Overall student loan volume is expected to increase by more than 60 percent over the next seven years. In 1996, total loan volume (excluding amounts for promissory notes that never result in loans) is expected to be $30 billion, of which $5 billion is for consolidation of existing loans and the remainder is for new loans. By 2003, total loan volume is expected to increase to $47 billion, of which $12 billion is for consolidations. The projected volume increase continues current trends, which have seen loan levels rise dramatically over the past 10 years. The principal causes of this increase—both to date and in the future—are steadily rising educational costs, higher loan limits, and a growing population of eligible borrowers.

The Federal Family Education Loan program provides loans to students and parents through a complex administrative structure involving over 7,000 lenders, 36 State and private guaranty agencies, 90 participants in the secondary market, and 7,300 participating schools. Under FFEL, banks loan private capital to students and parents, guaranty agencies insure the loans, and the Federal Government reinsures the loans against borrower default. In addition to paying for defaults, the Federal Government provides interest and administrative subsidies to banks and guaranty agencies.

The Federal Direct Student Loan program was authorized by the Student Loan Reform Act of 1993 to enable students and parents more easily to obtain and repay loans than was possible under the FFEL program. Under FDSL, the Federal Government provides loans directly to borrowers, thus eliminating the reinsurance and subsidization of private lenders. The program has several key advantages over the FFEL program:

- Borrowers may choose from a variety of repayment options, including income contingent repayment. This gives them a wider range of options in pursuing public service careers and managing their finances.
- Application and repayment processes are streamlined for borrowers and schools, eliminating substantial paperwork and long lines at campus financial aid offices.
- Loan servicing and default collection is handled by contractors selected through competitive bidding processes. This ensures that the Federal Government obtains high quality administrative services at the lowest price possible. The FFEL program, by contrast, guarantees payments to all participating lenders and guaranty agencies based on fixed rates set by law, without regard to how well their services are performed.
- The simplified program structure is more manageable and significantly less vulnerable to fraud and abuse. In 1995, the Inspector General issued a clean audit opinion of the program, the first time a clean audit has ever been received by any of the Department's student loan programs.

Since the inception of the Federal Direct Student Loan program, lenders and guaranty agencies have made notable improvements in their own processes for delivering Federal student aid because of the competition with the Direct Loan program. The 1997 Budget assumes the continuation of current law: beginning July 1, 1996, any eligible institution may select which program will best meet the needs of their students.

The Administration is proposing legislative changes to both programs that would save $4.4 billion over seven years through reductions in payments to lenders, guaranty agencies, secondary markets, and postsecondary institutions, as well as cut Federal administrative funds. This proposal establishes a competitive framework that requires all participants in the loan delivery process to operate with greater efficiency. The Budget does not propose curtailing benefits or increasing costs to borrowers.

The Federal Government has also played a limited role in helping to make capital available for higher education infrastructure. The Historically Black College and University Capital Financing Program insures bonds for construction and repair of facilities at these institutions. The Department of Education made its last direct loans for postsecondary facilities construction in 1993 under the College Housing and Academic Facilities Loans program. Financing for postsecondary facilities is available through alternative sources: municipal bonds, private loans, and fund-raising. Many schools have access to the tax-exempt bond market and thus can borrow at favorable long-term interest rates. In addition, the College Construction Loan Insurance Association, a private corporation established by the Federal Government, and other municipal bond insurers enable many schools to obtain private capital.

Performance Measures. A key Department of Education objective is to promote access to postsecondary education for students at all income levels by removing financial barriers through an appropriate combination of grants, loans, and work-study funds. A variety of measures have been established to track how well the student loan programs contribute to this objective. These include the effect of loan availability (both subsidized and unsubsidized) on the percentage of low-income students who enroll in postsecondary education, the gap in college participation between high-performing students with low and high income, persistence in an educational program, and degree attainment.

Other measures of the student loan programs include the incidence of new defaults, recoveries on prior defaults, and implementation of management simplifications that better serve both borrowers and institutions. On these measures, the Department has demonstrated success. For example, the Federal Direct Student Loan program has been successfully implemented in over 1,300 schools. This has dramatically reduced paperwork, shortened processing times, and opened up a variety of alternative repayment options better suited to many students.

Default Estimates. Over the past few years students have tended to borrow more, stay in school longer, and default less. We expect these trends to continue.

The Department uses two different methods for determining default rates. The lifetime rates, which drive credit subsidy rates, are based primarily on recommendations of the Department of Education's independent auditor and reflect long-term historical rates for the number of defaults that occur over the life of a cohort of student loans. The Department also uses a short-term rate for determining program eligibility. This rate tracks the number of students who default over a two-year period following the year they are scheduled to enter repayment. The latest available data show that students scheduled to enter repayment in 1993 had a default rate in 1993–94 of 11.6 percent, a dramatic decline from the peak 22.4 percent rate three years earlier and even from the 19.6 percent average of 1988–1991. Schools with default rates above 25 percent for three consecutive years lose eligibility to participate in the student loan programs.

The Department has implemented a series of reforms to reduce default rates. These include:

- imposition of serious sanctions for default, including Federal income tax refund offset, wage garnishment, denial of further student aid, and loss of other forms of loans and credit;
- removal of schools with high default rates from participation in Federal loan programs. Since 1993, some 600 schools with high default rates have become ineligible; and
- screening of student aid applicants through the National Student Loan Data System to prevent ineligible students, and students who provide false information, from receiving Federal funds. In academic year 1995–96, this screening blocked issuance of $230 million in loans to ineligible applicants.

Because the lifetime default rates used to calculate loan subsidies are based on long-term experience, they have remained relatively stable and do not reflect the dramatic recent declines in the short term rate.

Administrative Costs

Under the Federal Credit Reform Act, the Federal administrative costs of operating credit programs are funded on a cash basis and are not included in the subsidy. Hence, administrative costs for a given year reflect the amount needed to support loan management activities *in that year*, whether they are associated with new loans or loans made in prior years. Most of the guaranteed loan program is carried out by banks and guaranty agencies, and a portion of their administrative costs are covered by the subsidy. However, in the direct loan program, where most of the administrative activity is performed by Federal contractors, these costs are not included in the subsidy. For this reason, the subsidy calculation captures a greater share of administrative costs for guaranteed loans.

This past year, Congress attempted to "level the playing field" for these two programs by requiring that direct Federal administrative costs for the direct loan program be included in the FDSL subsidy. This approach was flawed, however, because it failed to make comparable changes in the guaranteed loan subsidy. Since Federal contractors perform many of the same activities (e.g., loan application processing, default collection) for both programs, adjustments would be needed in both subsidies. Until a sound methodology can be developed for incorporating administrative costs appropriately into both subsidy estimates, the Federal Credit Reform Act treatment should continue to be followed.

Sallie Mae

The Student Loan Marketing Association (Sallie Mae), a GSE, is a for-profit, share-holder owned corporation chartered by Congress in 1972. Its purpose is to expand funds available for student loans by providing liquidity to lenders participating in the Federal Family Education Loan program. Sallie Mae purchases insured student loans from eligible lenders and makes warehousing advances (loans to lenders secured by insured student loans, Government or agency securities, or other collateral). Sallie Mae has authority to provide additional services that are supportive of student credit needs, and to provide financing for academic facilities and equipment. Sallie Mae currently holds about one-third of all outstanding guaranteed student loans.

The Administration submitted legislation last year that would privatize Sallie Mae. Similar legislation developed by the Education Committees is under active consideration by the Congress.

Connie Lee

The College Construction Loan Insurance Association (Connie Lee), another GSE, was created by the Higher Education Amendments of 1986 to insure and reinsure the financing of postsecondary education facilities projects. The Department of Education helped provide initial financing of the corporation by purchasing, with appropriated funds, $19 million of newly issued common stock. Subsequently, additional stock was issued and sold to institutional investors.

Legislation establishing Connie Lee restricts it to serving only postsecondary institutions with relatively low credit ratings. However, the Corporation has had to maintain a balanced portfolio in order to support its own credit rating, and to comply with State insurance laws. Because two States in which Connie Lee operates require bond insurance companies to have 95 percent of their business in investment grade bonds, Connie Lee must meet this 95-percent standard in all jurisdictions in which it operates. These restrictions have prevented the corporation from insuring and reinsuring many of the lowest-rated schools it was established to serve.

Last year, the Administration proposed legislation to privatize Connie Lee by selling the Federal Government's stock and repealing the corporation's enabling legislation. This would enable Connie Lee to expand its insurance volume and thus make bond insurance available to more lower-rated schools. It would also free Connie Lee to enter other sectors, including elementary and secondary education, where insurance could make more readily available capital for badly needed infrastructure improvements. Both House and Senate passed legislation similar to the Administration's proposal last year. Enactment of legislation to privatize Connie Lee is likely this year.

VI. Financing Housing

Fannie Mae and Freddie Mac

Fannie Mae and Freddie Mac, the largest GSEs, dominate the secondary market for conventional mortgage loans. At year-end 1995, the two GSEs had financed $1.46 trillion in mortgages and other assets. The institutions engage in two principal lines of business: they issue and guarantee mortgage-backed securities (MBS), and they hold debt-financed portfolios of mortgages, mortgage-related securities, and other assets. In the last decade, the activities of Fannie Mae and Freddie Mac have expanded greatly, and their role in the housing finance system has changed subtly. The growth in the GSEs' market share and the changes in their role have exposed them to greater risk and have made the task of managing their risks more complex.

Since the mid-1980s, the reduced role of thrift institutions and two major waves of mortgage refinancings enabled Fannie Mae and Freddie Mac to increase dramatically their penetration of the conventional mortgage market. Between 1991 and mid-year 1995, the two institutions purchased $1.4 trillion in conventional single-family mortgages, an amount equal to 54 percent of the $2.6 trillion in such loans originated during that period. The two GSEs' purchases of fixed-rate loans have comprised an even larger percentage of new originations of fixed-rate loans. As a result, the share of outstanding conventional single-family mortgage debt financed by Fannie Mae and Freddie Mac has increased from 18 percent at the end of 1985 to 42 percent at the end of 1994.

In recent years Fannie Mae and Freddie Mac have expanded their purchases of mortgages that are designed to be affordable to first-time homebuyers or households with low and moderate incomes. Both GSEs purchase mortgages with LTV ratios of 95 percent where the borrower has made a downpayment of 3 percent, and Fannie Mae purchases loans with 97 percent LTV ratios. The Secretary of Housing and Urban Development (HUD) recently established new, higher goals for each category for 1996 through 1999. Each GSE will be required to achieve goals in three categories: housing for low- and moderate-income families; housing in central cities, rural areas, and other under-served areas; and specially targeted affordable housing. In order to achieve the goals, Fannie Mae and Freddie Mac may need to purchase some loans that pose greater than average credit risk or offer below-average returns.

Fannie Mae and Freddie Mac have also recently increased the proportion of mortgages that they retain on their balance sheets rather than securitize. Fannie Mae's retained mortgage portfolio grew from 26 percent of all mortgages financed at year-end 1991 to 33 percent of all mortgages at the end of 1995. During the same period, Freddie Mac's retained mortgage portfolio grew from less than 7 percent to over 19 percent of all mortgages financed. At the end of 1995, Fannie Mae's retained mortgage portfolio totaled over $253 billion and Freddie Mac's was $107 billion. Financing mortgages with debt is generally more profitable for the two GSEs than securitizing the loans, but it exposes them to more interest rate risk. Hence, the rapid growth in the two Enterprises' retained portfolios has increased the importance of good interest rate risk management.

In the last two years, Fannie Mae and Freddie Mac have offered more software and on-line services for lease by mortgage lenders. The most prominent of the new offerings are the GSEs' automated underwriting systems (AUS), which became commercially available in 1994. Lenders can use each AUS to obtain underwriting evaluations of and commitments to purchase single-family mortgages, to order credit reports from credit reporting companies, and, in the case of Freddie Mac's system, to order appraisals and other less-intensive assessments of the value of properties pledged as loan collateral. The GSEs are marketing these new products and services in an effort to increase their profitability by increasing their respective market shares, improving the credit quality of the loans they buy, and earning additional fee income. The initiatives pose new management and operational risks, however.

Monitoring Fannie's and Freddie's Risk

Fannie Mae and Freddie Mac are highly profitable institutions. Despite a 15 percent decline in the volume of single-family mortgage originations in 1995, both Enterprises posted record profits. Fannie Mae earned net income of $2.14 billion in 1995, up slightly from $2.13 billion earned in 1994. Freddie Mac recorded net income of $1.09 billion in 1995, an 11 percent increase over 1994 earnings of $983 million.

Despite large cyclical changes in interest rates and in the volume of conventional mortgage originations, in each year since 1986, Fannie Mae and Freddie Mac have achieved returns on average common equity in excess of 20 percent—far more than the average returns on equity of federally insured commercial banks or savings institutions. In recent years the GSEs have used their high incomes to increase their equity as a share of on-balance sheet assets and off-balance sheet MBS.

Federal sponsorship of Fannie Mae and Freddie Mac does not expose the government to any immediate danger of loss. However, over the long term the government is exposed to material risk that could become quite large if either GSE was poorly managed or became undercapitalized. Current law provides for the government to manage its exposure by conducting on-site examinations and imposing risk-based capital requirements. Risk-based user fees are another potential risk management tool that would compensate for a portion of the economic subsidy that Federal sponsorship conveys to the GSEs. On-site examinations and risk-based capital requirements must be implemented in a sophisticated way that takes into account the rapid evolution of the mortgage industry and the activities of Fannie Mae and Freddie Mac. Three ways in which their operations and risk exposure are evolving illustrate this point.

- The reliance of Freddie Mac's automated underwriting system on a customized application scoring model and the commitment by both GSEs to using credit scoring in the underwriting and quality control processes represent watershed changes in credit risk management practices, altering each institution's credit risk exposure, profitability, and approach to pricing new business.
- The recently mandated increase in the two GSEs' goals for purchases of mortgages that finance affordable housing, and the higher delinquency rates on such loans, highlights the importance of managing this risk.
- As Fannie Mae and Freddie Mac rapidly grow their portfolios, they are increasingly investing in mortgage derivatives, using non-mortgage derivatives to manage their interest rate risk, and using nondollar borrowings to lower their borrowing costs. These activities increase their exposure to counterparty, currency, and other risks and make managing the risks in their portfolios more complex.

Risk-based capital requirements complement on-site examinations and off-site monitoring by protecting the government from increases in its risk exposure due to changes in the credit risk of conventional mortgages, in interest rates, or in the GSEs' business strategies. The Federal Housing Enterprises Safety and Soundness Act of 1992 requires the Office of Federal Housing Enterprise Oversight (OFHEO) to use a stress test model to promulgate risk-based capital requirements for Fannie Mae and Freddie Mac. A sophisticated stress test model can reflect the risks of each GSE's operations and produce capital requirements that are dynamic and forward-looking. This will allow the standards to reflect changes over time in the risk exposure and risk management techniques of Fannie Mae and Freddie Mac.

Risk-based capital requirements that accurately reflect the risk of Fannie Mae and Freddie Mac may also limit the distortion of competitive outcomes created by the economic subsidy conveyed by government sponsorship. The share of mortgage debt financed by Fannie Mae and Freddie Mac is likely to increase in the future as new technologies reduce the costs of originating conventional mortgages and affordable lending programs and credit scoring qualify more borrowers for conventional loans.

Federal Home Loan Bank System

In the six years since the enactment of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989, the Federal Home Loan Bank System (FHLBS) has undergone major changes in its membership and its financial practices. FIRREA opened membership in the System to commercial banks and credit unions for the first time. Currently, commercial banks, credit unions, and state chartered thrifts are voluntary members of the FHLBS. Federally chartered thrifts, however, are required to be FHLBS members. Voluntary members currently comprise about 80 percent of the System's total members.

System membership continued its strong growth in 1995, with commercial banks now comprising 62 percent of total members. The System included 5,690 members at year-end 1995, a net increase of 383 members over the year-end 1994 total. Membership in the Federal Home Loan Bank System has expanded by 77 percent since membership eligibility was first extended to commercial banks and credit unions in 1989.

The Federal Home Loan Bank System's financial performance and condition continued to be strong in 1995. Outstanding advances to members reached $122.1 billion at year-end 1995, up from $116.2 billion at the

NEW DIRECTIONS IN THE SINGLE–FAMILY MORTGAGE INDUSTRY

Several trends are rapidly reshaping the single-family mortgage industry: consolidation among lenders, new technologies that promise to reduce the cost of and expedite the origination process, greater origination of higher-risk loans, and growing use of credit scoring to manage risk. These trends are likely to transform the industry in fundamental ways by the end of the decade. The rapid pace and multidimensional nature of these changes are making risk management more complex for all parties, including the Federal Government.

Consolidation among mortgage originators and servicers has accelerated since the waning of the 1992–93 refinancing boom. According to data published in Inside Mortgage Finance, the 25 largest originators increased their collective share of the market from 31 percent at year-end 1992 to 38 percent at year-end 1995, while the market share of the 25 largest servicers rose from 28 percent to 38 percent in the same period. Originators and servicers are enlarging their operations to achieve the economies of scale or, deciding that they cannot compete, are exiting the industry. At the same time, some banks are increasing their investment in mortgage lending, often through the acquisition of mortgage banking subsidiaries.

Many originators are taking advantage of new technologies to redesign how they make loans, reducing underwriting and processing costs and slashing the time between loan application and closing. Some originators are offering their services through real estate brokers and home builders, on computer networks, or at video kiosks in shopping malls or at financial institution branch offices. The reengineering of the origination process will soon allow many borrowers to have their loans approved very quickly without ever entering a lender's office.

The proportion of newly originated conventional (not federally insured or guaranteed) mortgages that pose a high level of credit risk has been increasing.

- Borrowers have been making lower downpayments, which mean that the ratios between loan principal and collateral value(LTV ratios) are higher, posing greater credit risk for lenders. The proportion of conventional mortgages with LTV ratios over 90 percent rose from 7 percent in 1989 to 27 percent in 1994. The average LTV ratio of conventional mortgages rose from 75 percent in 1989 to over 80 percent in 1995. Data from Freddie Mac indicate that the default rates of conventional mortgages with LTV ratios over 90 percent are six times higher than the default rates on conventional loans with 80 percent LTV ratios.
- Depository institutions, Fannie Mae, and Freddie Mac have increased their commitment to affordable lending programs that allow borrowers to make downpayments of 5 percent or less while loosening other underwriting guidelines. Compensating factors lessen, but may not wholly offset, the resulting increase in risk.
- When the volume of single-family originations declined by 24 percent in 1994 and further in 1995, many originators entered the markets for home equity loans and lines of credit and for first mortgage loans to borrowers with checkered credit histories (so-called B- to D-quality loans), causing the volume of such loans to increase.

The use of credit scoring in the single-family mortgage market will increase at an accelerating rate in the next few years. Credit scores are numerical assessments that rank borrowers by their relative default risk. Scores are calculated by statistical models that use information proven to be predictive of loan performance drawing on data from borrower credit reports to predict a borrower's future performance on consumer debt (auto, credit card, or installment debt) or on a mortgage loan.

Credit scores have been used to evaluate applications for nonmortgage debt for nearly 40 years, but have been used in single-family mortgage lending only in the last five years. Industry research has found a strong relationship between low consumer credit scores at origination and the likelihood of future default on mortgage loans. Fannie Mae has found that, although borrowers with scores below 620 represent only a small percentage of all borrowers, as a group they account for about 50 percent of the defaults that eventually occur.

In 1995, first Freddie Mac and then Fannie Mae urged lenders to use generic credit scores in the underwriting process, provided guidance about how lenders should do so, and indicated that they would use consumer credit scores as part of the post-purchase review process. The potential benefits of scoring and the commitment of Fannie Mae and Freddie Mac to using credit scores are likely to accelerate the industry's development and use of scores.

end of 1994. Total System capital at the end of 1995 was $14.7 billion, compared to $12.9 billion at the end of 1994. For calendar year 1995, the System's reported net income rose to $1.2 billion, up from $0.9 billion in 1994. Return on equity in 1995, after adjustment for payment of interest to REFCorp and other expenses, was approximately 6.5 percent.

The Federal Home Loan Banks are required to pay the greater of $300 million or 20 percent of their annual net income to help pay the cost of interest on bonds issued by the Resolution Funding Corporation, REFCorp. REFCorp was created by FIRREA to provide initial capital for the Resolution Trust Corporation. The need to generate income to meet this obligation to REFCorp and provide a return on members' investment is a driving force behind the large increase in the System's investment activity in recent years. Investments other than advances were $146.8 billion as of December 31, 1995, an increase of 28 percent over just one year earlier. Thus, the need to generate the funds to pay REFCorp has encouraged the System to expose itself to new kinds of risk and resulted in a departure from the System's focus—making advances to members.

Historically, the System's exposure to credit risk has been virtually nonexistent. All advances to member institutions are collateralized, and the FHLBanks have the ability to call for additional or substitute collateral during the life of an advance. In the over sixty years of the System's existence, no FHLBank has ever experienced a loss on an advance. The System's increasing investment activities, however, have added new sources of credit risk, for example, to the extent that there is a risk of default by the FHLBanks' counterparties to off-balance sheet interest rate exchange agreements.

The System is also exposed to interest rate risk. The Financial Management Policy issued by the FHLBanks' regulator, the Federal Housing Finance Board, requires the FHLBanks to take a number of specific steps to manage their interest rate risk. The FHLBanks manage their interest rate risk by analyzing the sensitivity of the market value of their equity to changes in interest rates, charging prepayment fees on advances to members, restricting the types of mortgage-backed securities that they can invest in, and using interest rate exchange agreements. The System's exposure to risk will continue to be monitored carefully to ensure that it remains safe and sound.

Despite the System's current profitability and apparent strength, there is a need to strengthen the capital structure of the System in order to protect against future downturns. The Housing and Community Development Act of 1992 required that studies of the FHLBS be performed by the Congressional Budget Office, the General Accounting Office, the Department of Housing and Urban Development, the Federal Housing Finance Board, and System shareholders. All of these studies agreed that risk-based capital standards should be adopted for the System.

In response to these studies of the FHLBS which were completed in 1993 and 1994, last year the Administration and Congress proposed legislation to reform and modernize the Federal Home Loan Bank System. Both legislative proposals addressed the System's mission, capital structure, and capacity to pay interest obligations on the REFCorp bonds. The House of Representatives conducted hearings on the two proposals in 1995, and it is anticipated that the issue will be taken up again in 1996.

The Administration's proposal attempts to keep the System safe, sound, and focused on its public purpose. It would maintain the System's important role in housing finance, particularly its role in supporting portfolio lending. It would make System membership fully voluntary, with equal rights and responsibilities for all members. Perhaps most importantly, the Administration's proposal would enhance the safety and soundness of the System by creating minimum capital standards, including risk-based capital requirements, for each Federal Home Loan Bank and for the System as a whole, and by instituting a set of procedures for correcting capital deficiencies.

The role and risks of the FHLBS must continue to be examined and monitored in the face of rapidly changing financial markets. The increased use of credit scoring systems by mortgage lenders may eventually lead to less of a role for portfolio lenders in housing finance markets. In addition, it is important to continue to evaluate the System's role in housing finance in light of potential changes in the structure of the industry it serves.

Federal Housing Administration (FHA)

Trends in Program Size. As the national surge in single-family refinancing business ebbed in 1995, commitments in the FHA Mutual Mortgage Insurance (MMI) single-family program fell to $50 billion in 1995, after a volume of $89 billion in 1994. FHA service to low-income and minority home buyers, however, remained strong. The proportion of FHA-insured home purchase loans to African-American and Hispanic home buyers continued at more than twice the proportion of conventional home purchase loans to these groups, and increased from 1994 to 1995.

National Homeownership Strategy. In June of 1995, the President announced a National Homeownership Strategy to add up to 8 million new families to America's homeownership rolls by the end of the year 2000, lifting the country's homeownership rate to an all-time high. This Strategy will strive to eliminate barriers that prevent lower-income working families, minorities, and immigrants from becoming homeowners. For example, it will actively promote wider use of flexible underwriting criteria, which would allow more buyers to qualify for mortgages, and it will increase homeownership counseling programs, which help first-time buyers find homes, qualify for mortgages, and budget their incomes to meet their mortgage payments.

FHA will be a full partner in this Strategy. In 1995, FHA took action to increase the availability of affordable homeownership, particularly in the central cities, by simplifying its rehabilitation mortgage insurance program, and establishing the Single Family Property Disposition program to sell FHA-foreclosed homes at a discount to nonprofit groups for rehabilitation and resale to lower-income buyers.

FHA as a Performance-Based Organization. In 1997, the Administration will seek to transform FHA into a "Performance-Based Organization" with flexibility in human resources management, procurement, and other administrative functions. FHA will continue to operate within HUD; it will be led by executives operating under term, performance-based contracts negotiated by the Secretary.

FHA Assignment Alternative. FHA is now preparing to implement legislation, expected to be passed soon by the Congress, establishing an alternative to FHA's current assignment program for delinquent borrowers. Currently, if an otherwise qualified FHA homeowner experiences temporary financial trouble and becomes 90 days delinquent, FHA can pay a full claim on their behalf and take over servicing of the mortgage. The borrower is then allowed up to 3 years to bring the loan to current status. The proposed alternative would provide FHA with tools to encourage private lenders to forebear instead of assigning the mortgage to HUD. This alternative would improve the targeting and efficiency of forbearance, while allowing FHA homeowners experiencing temporary economic distress to stay in their homes.

Potential Effects of Credit Scoring. As the use of credit scoring in the underwriting of conventional mortgages increases, some borrowers who have little cash but excellent credit histories and would have traditionally been served by FHA's single-family mortgage insurance program will find that they are eligible for conventional financing on attractive terms. More importantly, applicants who have checkered credit histories will face tighter conventional underwriting constraints and may often be unable to obtain a conventional loan unless they can make downpayments of 20 percent or more. Those who can not and whose mortgages are small enough to qualify for FHA insurance will be shifted to FHA. Although the magnitude of this potential shifting of credit risk to FHA is uncertain, research on the relationship between consumer credit scores and likelihood of mortgage default suggests that it could significantly increase FHA default rates.

Sale of Single- and Multi-Family Assets. In March, 1994, the FHA launched an aggressive program to sell HUD-held mortgages. The goals of the program are to maximize value of HUD-held assets and assist in redeployment of its staff and resources to manage the insured portfolio, particularly in light of downsizing of the organization. The initiative was a key element in the Administration's larger effort to reinvent HUD. To date, FHA has sold 769 multi-family mortgages, 28,243 single family mortgages, and 2,700 Title I notes. These mortgage sales have not only succeeded in streamlining the agency's operation and management, they have generated proceeds which exceed the expected value to HUD (if the loans were held) of more than $500 million in 1995. In 1996 and 1997 FHA plans to sell an additional 600 multi-family and 65,000 single family mortgages with a total outstanding principal balance of approximately $6 billion.

Multi-family Portfolio Reengineering. Last year, the Administration proposed "Mark-to-Market," legislation intended to address long-standing problems in the portfolio of properties which have mortgages insured by FHA and also receive rental subsidies for low-income tenants. This Budget includes a proposal, "Portfolio Reengineering," which retains many of the features of last year's proposal. The core principles of this initiative are the use of market incentives to improve the efficiency and quality of assisted housing and expanded housing choices for residents and communities. This initiative would recognize economic losses that have occurred in FHA's multi-family portfolio, eliminate over-subsidization of some properties, and provide an orderly way of managing its restructuring. This portfolio provides housing to nearly 850,000 lower-income households in 8,500 privately owned but HUD-subsidized projects, who would be protected if eligible by receiving housing subsidies.

This initiative will generate savings in rental subsidies since many properties receive subsidies in excess of market rents. Allowing the rents of projects to adjust to market levels will in some cases reduce project income and necessitate writing down the mortgages of these properties to reflect their true economic value. This will result in claims being paid out of the FHA fund. HUD will use third-party partners to produce efficient and proactive mortgage restructuring. In 1997, HUD intends to focus restructuring on projects where contracts expire and the current rents are above market. The Administration is willing to discuss with Congress mechanisms to take account of consequences (including tax effects) for owners who enter into restructuring agreements with HUD. The effect of the proposal would be a savings of $1.4 billion in claims costs.

Department of Veterans Affairs

Trends in Program Size. As interest rates declined in the 1990s, lending in DVA's loan guaranty program increased dramatically, from $15.7 billion in 1990 to $55 billion in 1994. It has since fallen, to $22 billion in 1995. In the long term, loan volume in this program is driven by the size and composition of the veterans population. As this population continues to diminish over the next several years, loan volume is expected to fall gradually, from $22 billion in 1995 to about $20 billion in 2001.

Performance Measures. DVA uses a cross-section of several performance measures to track the status of its guaranteed loan portfolio and the quality of its management of this portfolio. For example, the early foreclosure rate, which is the percent of loans in foreclosure within three years of origination, measures the quality of underwriting. The foreclosure avoidance through servicing ratio, which is the percentage of seriously delinquent loans that do not go into foreclosure, measures the success of VA's supplemental servicing program at helping veterans keep their homes. The six-month pipeline of property in inventory measures the quality of property disposition.

Rural Housing Insurance Fund

The primary Rural Housing Service (RHS) programs are the Section-502 single-family direct and guaranteed loan programs and the Section-515 multi-family direct loan program. The 502 direct loan program provides qualified borrowers with loans for the purchase, rehabilitation, or repair of rural single-family homes. Participants qualify if their income is less than 80 percent of State median income, they live in a legislatively defined "rural" area, and they are unable to obtain credit at affordable terms from a private institution. The 502 guaranteed loan program guarantees up to 90 percent of a loan on an unsubsidized basis for the purchase of new or existing housing. The 515 program, which generally lends to private developers, finances both the construction of new rural rental housing and the purchase and rehabilitation of existing substandard rental housing. Units are occupied by low- and moderate-income households, elderly households, or handicapped individuals. Currently, re-authorization of the 515 program is needed in order for any new construction to be financed from 1996 appropriated funds.

Cost and Risk. The primary costs in the 502 guaranteed program come from loan defaults. The default rate is 7.5 percent, and an average of 21 percent of the principal amount of the defaulted loan is not recovered. Both direct loan programs subsidize loans by setting interest rates below the Treasury rate. The primary cost in the direct programs is due to the interest rate subsidy. The rate charged 502 borrowers depends on their income; currently, the average effective interest rate for the outstanding subsidized portfolio is 3.4 percent. A 515 borrower's effective interest rate is generally fixed at 1 percent.

The riskiness in the RHS portfolio is most notable in the 502 direct loan program, whose risk is significantly greater than for conventional private sector loans for two reasons. First, RHS lends to very low- and moderate-income households who, as an eligibility requirement, are unable to obtain private credit. Second, because RHS' interest rate is periodically adjusted for changes in the borrower's income, the underlying costs of the outstanding portfolio change as borrowers' ability to pay changes. During economic slowdowns, incomes go down, more defaults and delinquencies are likely, and the effective interest rate paid by borrowers drops. At the same time, the 502 interest subsidy costs increase.

Progress in Reducing Costs. RHS implemented a new rule in 1996 that would save costs in the 502 direct loan program. Two major changes include how RHS determines repayment ability and the amount of payment assistance that a borrower receives. Instead of using a family budget to determine repayment ability, RHS now uses two expenditure-to-income ratios. The loan principal, interest, taxes and insurance (PITI) cannot exceed 29 percent of adjusted family income for very low income borrowers and 33 percent for low income borrowers. The total debt ratio (TD) is capped at 38 percent of income for all borrowers. This reduces the complexity of making loans, is more objective, and imposes a smaller administrative burden. RHS also implemented an escalating interest rate structure which insures that lower payment assistance is provided as borrower income increases.

RHS has also begun implementing the Dedicated Loan Origination Service (DLOS), consolidating the servicing of the 502 direct single family housing loan portfolio in one location, rather than in county offices. DLOS objectives include establishing an escrowing system; reducing the foreclosure rate; lowering delinquency rates, loan losses and operating costs; and bringing the accounting more in line with the commercial sector. The new efficiencies will improve servicing of the portfolio with 1,500 fewer employees. The current implementation plan would save approximately $250 million from 1996–2000. The 1997 subsidy rate reflects the .83 percentage point reduction in the subsidy rate that is a direct result of the DLOS-related changes.

For 1997, RHS will propose a "balloon payment" for the 515 Multifamily housing loan program. The proposal would require that all new 515 loans be for 30 years while amortized over 50 years. This would create a lump sum payment in the 30th year for the balance of the loan. This legislative proposal would lower the 515 loan subsidy rate by 8 percentage points because of the accelerated repayment to the Treasury that occurs in the 30th year.

VII. Federal Insurance Programs

Deposit Insurance

Federal deposit insurance was instituted in the 1930s to protect individual depositors from losses caused by failures of insured institutions. Deposit insurance also protects against widespread disruption in financial markets by reducing the probability that the failure of one financial institution will lead to a cascade of other failures. The Federal Deposit Insurance Corporation (FDIC) insures the deposits of banks and thrifts through two separate insurance funds, the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF). Deposits of credit unions are insured through the National Credit Union Administration (NCUA). Currently, deposits are insured up to a limit of $100,000 per account.

The 1980s and early 1990s were a turbulent period for the bank and thrift industries, with over 1400 bank failures and 1100 thrift failures. The Federal Government responded with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 and the Federal Deposit Insurance Corporation Improvement Act (FDICIA) of 1991. These legislative reforms, combined with more favorable economic conditions, helped to restore the health of depository institutions and to enhance public confidence in the deposit insurance system.

Prior to the enactment of FIRREA, thrift deposits were insured by the Federal Savings and Loan Insurance Corporation (FSLIC). FIRREA abolished FSLIC and established the Resolution Trust Corporation (RTC) as a temporary agency to handle the unprecedented number of failures created by the thrift crisis. In July 1995, responsibility for handling new thrift failures was transferred from RTC to SAIF, and the remaining assets and liabilities of RTC were transferred to FDIC's FSLIC Resolution Fund on December 31, 1995. During its life, the RTC handled over 747 failed thrifts with over $400 billion in assets, at a cost to taxpayers of about $90 billion.

Current Industry and Insurance Fund Conditions. The National Credit Union Share Insurance Fund continues to remain strong with assets of $3.4 billion. In fiscal year 1995, the income generated from the 1 percent deposit eliminated the need to assess the annual premium. In fact, earlier this year the Fund paid a $106 million dividend to federally insured credit unions due to an excess over the 1.30 percent reserve requirement. The level of reserves had reached 1.33 percent at the end of fiscal year 1995. In addition, the Fund did not report any insurance losses from failed credit unions during fiscal year 1995. For insurance year 1996, the required annual insurance premium of one-twelfth of 1 percent of total member share accounts has been waived.

The health of the banking industry has improved dramatically over the last few years. Banks achieved record levels of earnings in 1993 and 1994. This strong performance enabled banks to recapitalize the BIF, which reached its statutorily-designated reserve ratio of 1.25 percent in mid-1995. As a result of BIF's recapitalization, the FDIC has lowered deposit insurance premiums for banks. The rate for the healthiest banks is currently only the statutory minimum of $2,000 per year.

The earnings of the thrift industry also have showed strong improvement in the last few years. The thrift industry reported net income of $1.2 billion in 1991, $5.1 billion in 1992, $4.9 billion in 1993, and $4.3 billion in 1994. For the first nine months of 1995, the industry reported net income of $3.2 billion. Despite the continued profitability of the industry, the long-term outlook for thrifts is uncertain. Deposit insurance premiums for thrifts remain high, at 23 cents per $100 of deposits for the healthiest thrifts. Thus, a healthy thrift with $100 million in deposits would pay $230,000 for deposit insurance this year, while a healthy bank of the same size would pay only $2,000. This large disparity between the deposit insurance premiums paid by banks and thrifts threatens to destabilize the thrift industry and its deposit insurance fund, SAIF. In addition, the thrift industry remains vulnerable to geographic asset concentration, swings in interest rates, and increasing competition from banks and other financial institutions.

In contrast to BIF's recapitalization, SAIF's reserve ratio stood at about 0.46 percent at the end of fiscal year 1995, only about one-third of the required 1.25 percent. One reason that SAIF's reserves have grown so slowly compared to BIF's is that SAIF-insured institutions are obligated under current law to pay the interest on Financing Corporation (FICO) bonds that were used to finance part of the cost of the recent thrift crisis. The SAIF is required by law to maintain its premium rates at about 23 cents per $100 of deposits until the fund is recapitalized. The FICO obligation currently consumes about 45 percent of premium income that would otherwise be available to build up the reserves of SAIF.

The Administration's Proposal to Address the Problems of SAIF. The Administration projects that the current 23-basis point differential between SAIF and BIF insurance premiums will have a detrimental effect on SAIF's assessment base. Because of the differential, thrifts have an incentive to find ways of reducing their reliance on SAIF-insured deposits. Thrifts might do this by shifting deposits to BIF-insured affiliates, shrinking their balance sheets, or relying more heavily on non-deposit liabilities such as advances from the Federal Home Loan Bank System. Preliminary evidence indicates that thrifts are indeed moving to reduce their reliance on SAIF-insured deposits. As the available SAIF assessment base shrinks, the proportion of SAIF's premium income that must go to pay FICO obligations will increase. Within only a few years, the portion of SAIF premiums available to pay FICO interest could be insufficient to cover the $793 million annual cost.

Without legislative action, the current BIF-SAIF premium disparity will persist for many years. The Administration does not currently project that SAIF will recapitalize on its own within the 10-year budget horizon. Even more optimistic forecasts do not project that SAIF will recapitalize within the next 5 years. Even if SAIF recapitalizes on its own without legislation, a significant premium disparity would continue to exist until 2019 because of SAIF-insured institutions' obligation to pay FICO bond interest.

Last year, the Administration proposed legislation to remedy the problems of SAIF. The main elements of the proposal are a one-time special assessment on SAIF-insured deposits to immediately bring SAIF's reserve ratio up to the required 1.25 percent, a requirement that the FICO interest payments be shared across banks and thrifts on a pro rata basis, and a merger of BIF and SAIF. Congress adopted a very similar proposal in its seven-year balanced budget plan. As the prospect of a significant BIF-SAIF premium disparity has become reality, and preliminary evidence that the deposit insurance premium disparity is having a harmful impact on SAIF's assessment base has emerged, the Administration believes it is increasingly urgent that action be taken to address this problem through legislation like that proposed by the Administration last year.

Projecting Deposit Insurance Losses in a Changing Environment. Predicting failures of depository institutions and the associated impact on the deposit insurance funds is a significant challenge. In recent years, rapidly changing conditions in depository institutions' operating environment have made predicting insured institution failures more difficult. First, depository institutions face increasing competition from non-bank financial institutions. Depository institutions are responding to this challenge by changing their products, investments, and their role in the economy. Second, it is extremely difficult to assess the potential impact that increasing off-balance sheet activity, such as investment in derivatives, has had on the risk exposure of the deposit insurance funds. Finally, it is too soon to tell with certainty how much the legislative changes of the past few years will affect deposit insurance losses. For example, stricter regulatory and capital requirements imposed by FDICIA should have the long-term effect of reducing losses borne by the deposit insurance funds.

The Administration is continuing to examine and monitor the effectiveness and efficiency of the current regulatory system. In addition, the Administration will continue to study the need for policy changes to protect the health of the deposit insurance funds, to improve the long run profitability of the bank and thrift industry, and to support the growth of the financial services sector.

Pension Insurance

The Pension Benefit Guaranty Corporation (PBGC) insures defined benefit pension plans of private employers. PBGC steps in when a company becomes insolvent and its pension plan cannot pay the full value of benefits guaranteed by law. At any given time, PBGC's exposure to claims relates to the underfunding of pension plans, that is, to any amount by which expected future benefits exceed plan assets.

The Retirement Protection Act (RPA), signed into law December 1994, strengthens pension safeguards and improves program operations. The RPA:

- requires companies to accelerate their contributions to underfunded plans;
- more fairly relates the premiums that companies pay to PBGC's exposure by increasing insurance premiums for those pension plans that are the most underfunded;
- requires privately-held companies with seriously underfunded plans to give PBGC advance notice of any transactions that potentially are harmful to their plans. When this "Early Warning Program" shows benefits to pensioners to be seriously at risk, PBGC begins negotiating funding and other arrangements in order to forestall its taking over the plan.
- standardizes both the interest rates and the mortality tables that companies use to calculate: (1) any underfunding, (2) the premiums to PBGC, and (3) the companies' legally required funding contributions to their plans.
- expands PBGC's "missing participants" program. Some workers about to retire simply forget about the pensions they have earned at a job many years past; some plans may have become insolvent; and some plans may be unable to locate retirees. When a company either has failed or cannot locate a previous employee entitled to a pension, PBGC endeavors to locate the missing participant and then pays the benefits owed.

The long-term impact of these pension reforms should be significant. Having successfully improved the PBGC insurance program, no additional reforms of pension insurance are included in the budget. However the Administration will continue to explore better methods for quantifying, forecasting, and pricing the Federal cost of pension insurance.

Over the past three years under the Early Warning Program, PBGC has negotiated 30 major settlements that provided $13 billion in new pension contributions from companies. The added contributions strengthened pension security for one million people. In 1995, the Early Warning Program was one of the first six Federal programs to receive an award from the Ford Foundation and Harvard's Kennedy School of Government. The program also received the National Performance Review's Hammer Award.

Legislation passed by the Congress in 1995 would have allowed "pension asset reversions" whereby companies could take money out of pension plans that at the time are considered to be overfunded (i.e., if assets exceeded 125 percent of actuarial liability). Those companies could effectively devote to any purpose the money they withdraw.

In the early- and mid-1980s (until reversions were greatly restricted), $20 billion was withdrawn from pension funds. The lure of quick cash made some companies with "overfunded" plans the target of hostile takeovers. In other cases, one company would finance a leveraged buyout of another by taking a reversion from its own plan. Some of these overfunded plans then became underfunded later.

The 1995 legislation could have led to the removal of $15–18 billion in pension assets for non-retirement purposes. But overfunded plans can quickly become underfunded with fluctuations in interest rates and with fluctuations in the value of stocks and the value of other financial assets. PBGC has estimated that an interest-rate drop of two percentage points could reduce a plan's funding level from 125 percent down to as little as 92 percent.

Concerned that this legislation would undo the reforms of the previous year, the President vetoed it. And in his 1996 State of the Union address, he said that he would veto reversion proposals again.

Happily, for the first time in a decade, the continued growth of underfunding in insured pension plans has reversed. Data collected for 1994—and reported late in 1995—showed pension underfunding dropping to an estimated $31 billion, from $71 billion for 1993. Much of this underfunding is in plans of financially healthy companies, but approximately $11 billion is in plans sponsored by companies with bonds rated at below investment grade.

Underfunding fell in 1994 primarily because of the rise in interest rates, which reduced pension liabilities. The other important factor was companies' additional pension contributions—almost $12 billion above the required amount—which often were prompted by the Early Warning Program. Of course, underfunding has not disappeared; it can easily rebound with future decreases in interest rates. But the RPA is intended to resist this future risk; now as it is being phased in, it is accelerating company contributions to underfunded pension plans.

Natural Disaster Insurance

In recent years, there has been growing recognition that new policies are needed to reduce the high cost of natural disasters to society; to the Federal, State, and local governments: and to insurance companies.

Since September 1989, private insurers have paid out over $35 billion in claims, and the Federal Government has paid a roughly similar amount for seven major disasters. In addition, individuals and businesses have incurred huge costs as well.

Although the Federal Government provides flood and crop insurance and private insurance companies cover other types of disasters, there are still widespread gaps in disaster coverage. Homeowners' policies, for example, generally do not cover shake damage from earthquakes or wind damage in hurricane-prone States. Although these are available as supplemental riders at additional cost, homeowners often do not purchase coverage, in part because of the perceived high cost. At the same time, some insurance companies have attempted to reduce or even pull out entirely from the insurance business in high-risk disaster areas because they cannot charge rates sufficient to cover expected losses.

In order to respond to this situation, in February 1995 the Administration proposed an integrated, comprehensive set of recommendations for legislation to deal with disaster assistance and disaster-related insurance. The major elements of the proposals would: reduce the losses from natural disasters by encouraging communities to enhance and upgrade their building codes; fund cost-effective retrofit of public buildings used for critical functions in high risk areas; reform Federal post-disaster assistance; require that, after a phase-in period, most homeowners purchase insurance to cover all natural disasters except floods; and auction Federal excess-of-loss contracts to insurance companies.

Under these contracts, insurance and reinsurance companies that suffer losses and purchased a contract would receive a payment from the Federal Government if there were a catastrophe that caused industry losses between $25 to $50 billion. The objective of the contracts is to enable insurance companies to expand their underwriting of homeowners' policies by reducing the risk that a huge disaster might push a company into insolvency. The program would be fully funded by the auction receipts; there would be no Federal subsidy or adverse budget scoring impact.

The Administration is working with Congress, the insurance industry and other interested groups to produce effective legislation that addresses the multifaceted issues involving disaster insurance. It is especially important that such legislation not create a new, costly Federal insurance program, that it explicitly define and bound any Federal liability, and that it enable the Federal Government to respond flexibly and appropriately after a catastrophic event. The Administration's proposal meets these criteria.

National Flood Insurance

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 floodplain management measures. Policies for structures built before a community joined the flood insurance program are by law subsidized, while policies for structures built after a community joins the NFIP are actuarially rated.

The flood insurance program was created in the early 1970s principally because damage from flooding was increasing. Because communities were not adopting building standards and there was insufficient information on the risks of flooding in each geographic area, private insurance companies had deemed flood risk uninsurable. To address these concerns, the NFIP was established 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 successful in meeting these goals.

In 1997, the NFIP plans to increase premiums to policyholders to implement expanded mitigation insurance authorized by the National Flood Insurance Reform Act of 1994. The mandatory Increased Cost of Construction (ICC) coverage will allow substantially-damaged structures to be rebuilt in accordance with existing floodplain management requirements. This will reduce future losses and allow the structure to be actuarially rated.

To increase compliance with flood insurance purchase requirements, the 1994 Reform Act also imposed significant new obligations on both mortgage originators and servicers, including mandatory escrow requirements for flood insurance, and mandatory provisions for "forced placement" of flood insurance. In addition, it required that Fannie Mae and Freddie Mac implement procedures to assure that loans they purchase are covered by flood insurance for the life of the loan. Many of the reforms affecting the financial community were implemented in 1995.

In the past, appropriations were required to replenish the program's borrowing authority when income to the flood insurance fund was insufficient. Since 1986, FEMA has not requested appropriations; however in early 1996, the NFIP had to borrow substantially from the Treasury to cover claims. Several major floods over the past few years led to extremely high losses and substantially depleted the fund's reserves.

Federal Crop Insurance Program

Subsidized Federal crop insurance helps farmers in managing catastrophic yield shortfalls due to adverse weather or other natural disasters. Private sector companies are unwilling to offer multi-peril crop insurance because losses tend to be correlated across geographic areas, and the companies are therefore exposed to large losses. For example, a drought will affect many farms at the same time. Damage from hail, on the other hand, tends to be more localized, and a private market for hail insurance has existed for over 100 years. The Federal program was operated as a pilot program up to 1980, when the program was expanded nationwide to most major crops. The program is a cooperative effort between the Federal Government and the private insurance industry. The Federal Government reimburses private insurance companies for a portion of the administrative expenses associated with extending crop insurance and reinsures the private companies for excess insurance losses on all policies. Private companies sell and adjust crop insurance policies.

In 1994, a major program reform was enacted to address a growing problem caused by the availability of Federal ad hoc disaster payments. Between 1980 and 1994, participation in the crop insurance program was kept 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. The 1994 reform repealed existing agricultural disaster payment authorities and authorized a new catastrophic insurance policy that indemnifies farmers at a rate roughly equal to the previous free disaster payments. 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, and also provide higher levels of coverage (which are also federally subsidized). In addition, the reform required participants in other Federal farm programs to purchase crop insurance, at least at the catastrophic coverage level. This was intended to improve the actuarial soundness of the program by reducing adverse selection in the crop insurance program.

The reform was implemented in crop year 1995. To date, no ad hoc disaster assistance bill has been enacted for the 1995 crop, although several bills were introduced. This is the first time in over 10 years that an ad hoc crop disaster assistance bill has not been enacted. However, the Administration, in response to a wet spring in the Midwest, announced changes to the underlying crop insurance policy in 1995 without corresponding premium changes. These changes, additional "prevented-planting" coverage, were essentially post-event changes. Based on the most recent loss settlement data from crop year 1995, these changes added roughly 20 basis points to the 1995 loss ratio, or roughly $225 million to total indemnities.

While the underlying risk of the crop insurance program remains large, the actuarial performance is much improved in the past two years. Crop year 1994 was the first year that the loss ratio for crop insurance program was below 1.0; the historical average is 1.4. The 1995 loss ratio for the entire line of insurance business is estimated to be 1.05. That is, for every dollar in premium, indemnity payments of $1.05 will be made. Absent the prevented-planting changes mentioned above, the loss ratio would have been below 1.0 for the second year in a row. In large part, the 1995 loss ratio is lower than historical levels because of the additional business in 1995, a direct result of the reform, and the changes that have been made over the past 3 years in the methods for setting individual farm yields and premium rates.

A 1996 Farm Bill may further change the program. As this document was being prepared, Congress was considering a Farm Bill that would sever the link between farm program eligibility and crop insurance. It would reverse a fundamental 1994 reform, in that farmers would again not be required to buy crop insurance. The Administration has expressed its objection to this provision, as it may lead to a reversion to ad hoc disaster assistance and exacerbate adverse selection problems.

VA Life Insurance Programs

The Federal Government has provided life insurance to service members and veterans since World War I. These programs can be broadly divided into two categories: pre-Viet Nam, and Viet Nam and thereafter. DVA administers six programs of life insurance for veterans of WWI, WWII, and Korea, as well as for disabled veterans. About 2.8 million veterans are insured. Almost 80 percent of those insured through DVA are World War II veterans, and they are, on average, about 72 years old. Except for paid up additional insurance purchased with dividends, and certain disabled veterans' policies, insurance has a maximum face value of $10,000.

Four of the DVA-administered programs operate essentially like mutual life insurance companies, with the trust funds' gains and savings returned to insureds as dividends. The other two programs are for disabled veterans and require an annual subsidy from an appropriated account (Veterans Insurance and Indemnities). The only programs that are still open to new issue are those for disabled veterans.

The cost-per-policy for administering DVA-run life insurance programs is approximately $12, while the average cost of administering commercial policies was $53 in 1994. The 1996 continuing resolution for DVA (P.L. 104–99), which is based on Conference action, provides that the administrative expenses of operating most of these programs will be paid from the trust funds—they have been funded from discretionary resources heretofore. DVA is currently reviewing whether there would be savings by privatizing these programs. As of this writing, the study is not complete.

The second broad category of life insurance is for current veterans and members of the service. Since 1965, VA has purchased a group policy from a commercial company. The commercial company is responsible for administration of these insurance programs and DVA provides oversight and program management. Servicemembers can be insured for up to $200,000 under these programs, and can retain their coverage indefinitely after separation. All claims and expenses, except the extra hazards of military service are borne by the insureds (there have been no extra hazard payments since 1975).

The VA Insurance programs have laid out five key objectives in their business plan (under the auspices of the Government Performance and Results Act). Performance indicators include customer surveys; measurements of timeliness and accuracy of service; complaint rates; blockage rates and hold times on the Insurance nationwide toll-free lines; and other measures.

VIII. Implementing Credit Reform and Improving Debt Collection

Implementation of Credit Reform

The Federal Credit Reform Act (FCRA) of 1990 dramatically improved the budgetary treatment of credit programs. Because these changes were fundamental, implementation has been challenging. As the fifth year of credit reform nears completion, it is appropriate to review its implementation, successes, and next steps.

Prior to 1992, budget rules did not measure the true costs of credit programs. Outlays were measured on a cash basis. When direct loans were made, the budget recorded the full amount disbursed as an outlay; when they were repaid, the budget recorded the full amount repaid as an offset to outlays; and when loan guarantees were made, the budget recorded no outlay until default payments or other payments were made in later years, unless fees were received, in which case the budget recorded a reduction in outlays. Furthermore, many direct loans were disbursed from revolving funds, which had the authority to make new loans on the basis of repayments and interest received without needing new appropriations from the Congress. As a result, the cost of new direct loans was overstated; loan guarantee costs were understated; the budget did not accurately compare the costs of loans to guarantees, or credit programs to grants and other forms of assistance; and appropriations control was not exercised over much of the direct lending.

It was only with passage of FCRA in 1990 that credit programs were put on an equal footing with other programs. The budget now records the cost of the direct loan or loan guarantee when the loan is disbursed. The cost is defined as the net present value of the loan or guarantee: the present value of the estimated cash outflows due to the loan or guarantee over its life minus the present value of the estimated cash inflows. Cash outflows include the principal amount of direct loans disbursed, the payment of default claims, interest supplements paid to lenders, and so forth; cash inflows include the principal amount of direct loans repaid, interest received on direct loans, fees, recoveries on foreclosed property, and so forth. Appropriations are required before a program can incur subsidy cost, except for grandfathered mandatory loan programs such as student loans and veterans housing guarantees.[2]

FCRA therefore created incentives for managers and policy officials to ask the right questions: What is the most appropriate form of assistance for a given group of beneficiaries? What will this assistance cost? And, indirectly, what can be done to reduce the cost (subsidy) of existing assistance programs? It also created the incentives for the Executive Branch and the Congress to allocate resources where the benefits are greatest.

[2] The structure of credit reform is further explained in Chapter VIII.A of the 1992 *Budget*, Part Two, pp. 223–26. For the distinction in budgetary treatment between the cost of credit programs and the financing of cash flows, also see chapter 11 of this volume, "Federal Borrowing and Debt," and chapter 20, "Off-Budget Federal Entities."

Agency Implementation. The merits of credit reform had been discussed for decades, but it could have been enacted in many different forms. When the FCRA was passed, most agencies were not prepared for the significant changes the law required. Credit reform affected agencies at many different levels. First, credit reform required agencies to rethink the way they budgeted and accounted for credit programs. The focus was no longer solely on output, but also on long-term program costs. Since most agencies had never estimated the long-term cost to the Government of their credit programs, developing subsidy estimates demanded extensive and unfamiliar analysis. Second, budget analysts and accountants had to quickly learn the mechanics of credit reform. Since OMB and Treasury guidance was in the formative stage, this was an on-going, and occasionally frustrating, process. Third, new accounting and reporting requirements obligated agencies to significantly modify their financial systems. Agencies met credit reform with varying levels of systems capabilities. Within existing resources, agencies attempted to alter their systems to meet the more complex credit reform requirements. Inevitably, there were many imperfections.

Financial Accounting Standards. In the same year that FCRA changed the budgeting for Federal credit programs, OMB, Treasury, and GAO (General Accounting Office) established the Federal Accounting Standards Advisory Board (FASAB) to recommend financial accounting standards for the Federal Government. If approved by the heads of these three agencies, these standards are effective for financial statements prepared under the Chief Financial Officers Act of 1990 and other financial accounting purposes. One of the earliest projects undertaken by FASAB was to develop accounting standards for Federal credit programs. The Board endorsed the logic underlying credit reform as appropriate for financial accounting as well as budgeting, and it recognized the value of having financial accounting support the budget. It therefore recommended accounting standards for credit that were consistent with budgeting under credit reform. Its recommendations were approved by OMB, Treasury, and GAO and published in August 1993 as Statement of Federal Financial Accounting Standards No. 2, *Accounting for Direct Loans and Loan Guarantees.*

Recent Initiatives

Over the past year, OMB and the agencies have focused on two areas: simplifying requirements and improving the quality of subsidy estimates. While significant progress has been made, both initiatives are ongoing.

Simplifying Requirements. OMB continues to work with agencies to streamline credit reform requirements. In February 1995, the five major credit agencies, OMB, and Treasury established the CFO Council Credit Reform Committee, which meets regularly to discuss methods for complying with credit reform at the lowest possible cost to the agencies. An initial set of recommendations has been made by the Committee, such as reducing the frequency of subsidy reestimates when the amount of the reestimates is expected to be relatively small. These recommendations were endorsed by the CFO Council and have already been partially implemented. OMB and Treasury have worked together on other streamlining initiatives, such as reporting data on budget execution for credit programs on the same forms as for other programs. This simplification, supported by the CFO Council Credit Reform Committee, is scheduled to go into effect later this year.

Improving the Quality of Subsidy Estimates. Credit reform is only as strong as agencies' subsidy estimates. Given the limited amount of time agencies had to comply with credit reform, early underlying subsidy assumptions, such as default and recovery rates, were rough at best. Over the past year, OMB has worked closely with agencies to improve their cost estimates. With the initial loans having been outstanding for several years, and some medium-term loans beginning to mature, it will be possible to judge the accuracy of previously projected cash flows by comparing the projected cash flows to the actuals.

Therefore, OMB has drawn increasing attention to the importance of reestimates. FCRA requires agencies to periodically update their subsidy estimates for previous loans and guarantees and to record the change in the estimated cost as an increase or decrease in outlays of the current year. The 1997 Federal Credit Supplement (issued with the President's Budget) will contain all previous reestimates, for the first time, and the last part of this section discusses the reestimate process and the reestimates made this year.

A further impetus toward accurate subsidy estimation is the requirement in the Government Management Reform Act of 1994 that the Treasury Department submit an audited financial statement for 1997 and subsequent years covering all accounts of the Executive branch of the Government. The General Accounting Office is required to do the auditing. GAO, Treasury, and OMB have established a task force to develop auditing guidance for these statements, and one of its subgroups is on direct loans and loan guarantees. This subgroup, composed of staff from GAO, Treasury, OMB, and several credit agencies, is working to provide guidance that will help to improve and standardize the auditing process. Audits will provide incentives for agencies to improve their databases, documentation, tracking, and estimation procedures, which should lead to stronger historical data and more attention to the accuracy of cash flow projections.

Next Steps. Agencies have made great strides in implementing credit reform. However, few have utilized credit reform as a management tool. OMB is encouraging agencies to integrate credit reform concepts into internal management decisions. First, as outlined above, OMB is working with agencies to improve their subsidy estimates, through increased attention to subsidy rate assumptions and subsidy rate audits. Once agencies have developed historical databases, this same information can be used for internal management decisions. Second, OMB continues to place strong emphasis on credit reform training. As agencies become more comfortable working with credit reform concepts, compliance will improve. Third, the Federal Credit Policy Working Group will help agencies establish indicators to judge program performance within the framework of the performance measurement requirements of GPRA (Government Performance and Results Act of 1993). While the FCRA focuses on program costs, proper measures of performance focus not only on program costs, but also on program goals.

Subsidy Reestimates

As noted above, a key tool for improving the quality of subsidy estimates is the annual review of past subsidy estimates. With four years of credit reform completed (1992–1995), agencies now are able to better test the accuracy of their original subsidy estimates. Section 504(f) of FCRA requires that the subsidy cost for a cohort of loans (typically all loans approved in a fiscal year) be "reestimated" in subsequent years. If the reestimated cost differs from the original subsidy estimate, the subsidy funds for this cohort in the financing account must be increased or decreased to ensure that adequate resources—but no more—are available to cover the life-time costs of that cohort.

The authors of credit reform believed that agencies should be encouraged to make the most accurate subsidy estimates possible. Therefore, FCRA provided permanent indefinite budget authority to cover the cost of reestimates. While agencies are not penalized for the inaccuracy of past subsidy estimates in the appropriations they request from Congress, they are required to incorporate this improved knowledge into the subsidy estimates of future loan cohorts.

Findings from Recent Subsidy Reestimates. Since subsidy rates represent estimates of the Government's net present value of cash flows over future years, reestimates of the original subsidy cost are common. Due to changes in interest rates, economic conditions, and the projected timing of cash flows, some cohorts have already experienced both downward and upward reestimates during the past four years.

Table 8–2 lists the cost of reestimates for the past three years. While subsidy estimates as a whole were adjusted downward in 1994, reestimates in the last two years have required $1.2 billion and $238 million in permanent indefinite budget authority respectively. The causes of reestimates in 1996 are discussed below.

Department of Education reestimates of prior year cohorts reflect the following factors: 1) lower interest rate projections; 2) revised projections for defaults, collections, and other technical assumptions; and 3) technical improvements in the Department's forecasting models. FFEL costs increased $595 million under the 1996 reestimate, primarily because reductions in the discount rate increase the cost of future defaults; conversely, reestimated Direct Loan costs fell $271 million because decreasing interest rates reduce Government borrowing costs.

As a result of the change in the financial condition of certain countries, as rated by the Inter-Agency Country Risk Assessment System (ICRAS), subsidy estimates of international lending was adjusted in 1996. For example, the subsidy cost of the Food For Progress program lending in Russia, which is financed by Commodity Credit Corporation, was adjusted downward by $38 million. 1996 reestimates were adjusted upward by $50 million for Export-Import Bank cohorts, because of a reduction in ICRAS ratings of certain countries where the agency has high exposure. Downward reestimates for the P.L. 480 loan program of $37 million resulted from improved ICRAS ratings for several countries, as well as technical changes in the loan terms.

The Department of Veterans Affairs home loan programs incurred substantial upward and downward subsidy reestimates in 1996. Subsidy costs were reestimated upward by $315 million due to an increase in estimated loan volume for 1995 and prior cohorts. Subsidy costs were reestimated downward by -$710 million due in small part to changes in interest rates but mostly to an increase in the expected recovery rate on defaulted loans. Recent evidence suggests that DVA obtains 100 percent of appraised value when it sells property acquired through default.

Based on extensive data analysis over the past year, the Small Business Administration determined that its estimated subsidy cost of the Section 504 and 7(a) programs had been understated. Therefore, the subsidy cost of the 1992–95 cohorts has been increased by $257 million. Consistent with this reestimate, the estimated subsidy cost of 1997 Section 504 and 7(a) loans has been increased.

Improving Debt Collection

In measuring costs of credit programs one critical element is the timing and amount of recoveries of defaulted loans. Recoveries are also an important element in measuring program performance. For the Federal Government, debt collection is especially significant since direct loans, loans acquired as a result of claims

Table 8–2. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED IN 1992, 1993, 1994, and 1995 [1]

(In millions of dollars)

Program	1994	1995	1996
Direct Loans:			
P.L. 480 Title I loan program	....	....	–37
Agriculture credit insurance fund	–72	28	....
Agricultural conservation	–1	....	....
Rural development loan program	....	1	....
Rural electrification and telephone loans	*	61	1
Rural telephone bank	1	....	....
Rural housing insurance fund	2	139	....
Direct student loans	....	....	–271
VA-Guaranty and indemnity	7	8	16
VA-Loan guaranty direct loans	–46	22	60
Export-Import Bank direct loans	–28	–16	37
Loan Guarantees:			
AID housing guaranty	....	–3	....
P.L. 480 Title I Food for Progress credits	....	84	–38
Agriculture credit insurance	5	14	....
Commodity Credit Corporation export guarantees	3	107	....
Rural development insurance fund	49	....	....
Federal family education (formerly GSL)*:	....	....	....
Technical reestimate	97	421	30
Volume reestimate [2]	....	....	565
FHA-General and special risk	–175	....	....
SBA-Business loans	....	....	257
VA-Guaranty and indemnity program:	....	....	....
Technical reestimate	1	343	–710
Volume reestimate [2]	....	....	315
Export-Import bank guarantees	–11	–59	13
Total	–168	1,150	238

[1] Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for 1996.
[2] Volume reestimates in mandatory programs represent a change in volume of loans disbursed in the prior years. These estimates are the result of guarantee programs where data from loan issuers on actual disbursements of loans are not received until after the close of the fiscal year.

paid on defaulted guaranteed loans, and other receivables totaled $256 billion at the end of 1995. Of that amount, $51 billion were delinquent. This is an increase of over $6 billion during 1995. Over $43 billion have been delinquent for more than a year and collectibility is considered doubtful.

At each stage in the Government's credit and debt management program, there are specific tools that can be used to prevent default, convert delinquent accounts into repayment, and, if appropriate, enforce a Federal claim through the judicial system. As shown in Chart 8–1, using the key debt collection tools, cumulative collections increased by 28% from $8.5 billion in 1994 to $10.9 billion in 1995. The Tax Refund Offset program, which intercepts debtors' income tax refunds, collected over $1 billion in 1995. The chart below depicts cumulate collections by the key debt collection tools from 1990 through 1995.

The Department of Education is a leader in the use of modern debt collection tools. During 1995, the Department of Education collected $605 million in defaulted student loans, an increase of over $300 million from 1994. A total of $2 billion in defaulted student loans was collected in 1995 through efforts from the Department of Education, IRS Offset, and the Guaranty agencies.

The Administration's proposed Debt Collection Improvement Act would create incentives for Treasury and other debt collection agencies to invest in systems that support improved electronic payment and collection of tax and non-tax delinquent debt. The proposed Debt Collection Improvement Act is designed to maximize collections of delinquent debts by ensuring quick action to enforce recovery of debts, and using all appropriate collection tools, including private sector services. The legislation would reduce losses by proper screening, aggressive monitoring of accounts, and sharing of information within and among Federal agencies.

Chart 8-1. KEY DEBT COLLECTION TOOLS
(Cumulative collections)

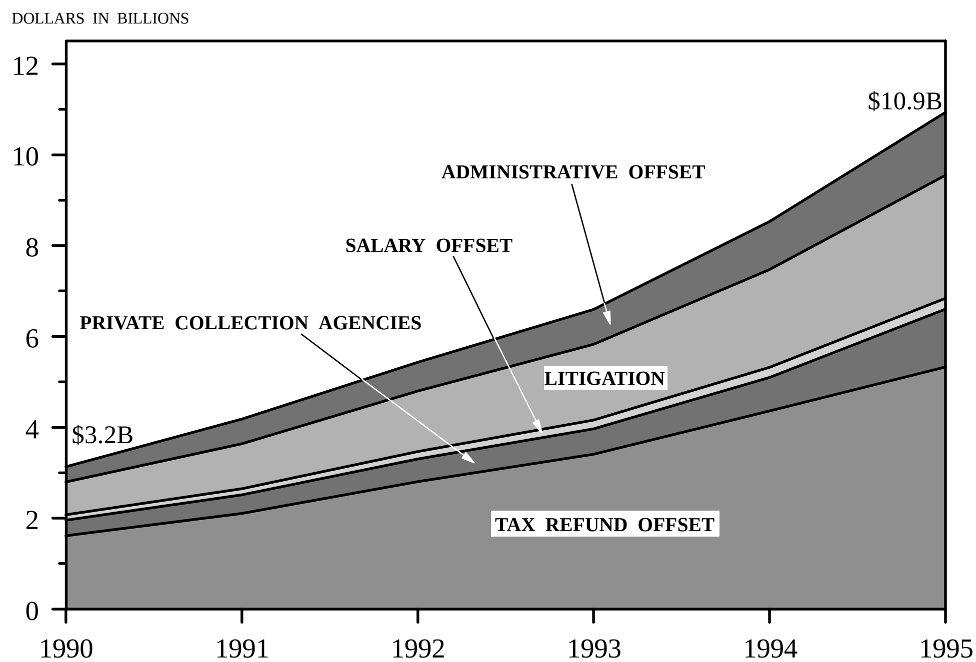


Chart 8-2. FACE VALUE OF FEDERAL CREDIT OUTSTANDING

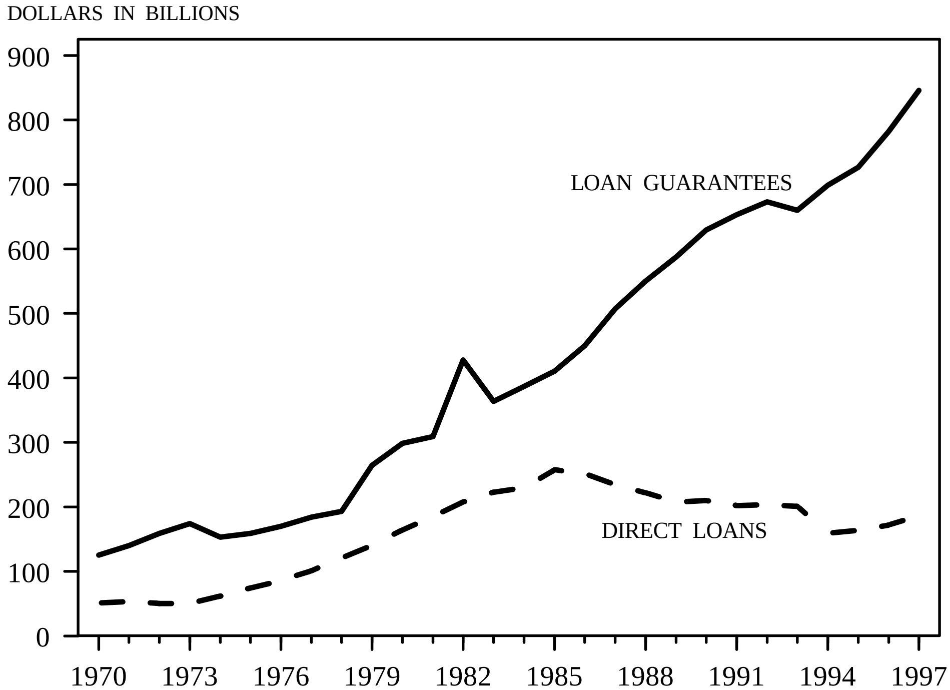


Table 8–3. ESTIMATED 1997 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS [1]

(In millions of dollars)

Agency and Program	1997 Weighted average subsidy as a percent of disbursements	1997 Subsidy budget authority	1997 Estimated loan levels
Funds Appropriated to the President:			
Micro and small enterprise development	12.20	—*	1
Foreign Military Financing	10.81	40	370
Overseas Private Investment Corporation	5.00	4	80
Agriculture:			
Agricultural credit insurance fund	12.85	70	546
Rural housing insurance fund	5.81	225	1,668
Rural economic development loans	22.11	3	14
Rural electrification and telephone	2.52	41	1,620
Public Law 480 direct loans	81.79	179	219
Distance learning and medical link loan program	1.62	2	125
Rural community facility loan program	7.44	15	200
Rural business and industry loans	–1.56	–1	50
Rural telephone bank	1.33	2	175
Rural development loan fund	46.16	37	80
Rural water and waste disposal loan program	8.57	69	800
Education:			
Federal direct student loan program	0.35	53	15,101
Interior:			
Bureau of Reclamation loans	40.00	13	36
State Department: Repatriation loans	80.00	1	1
Transportation:			
Minority business resource center program	10.00	—*	15
Alameda Corridor project loan program	14.67	59	400
Treasury:			
Community development financial institutions fund	35.83	20	56
Veterans Affairs:			
Direct loan	46.77	—*	—*
Loan guarantee fund	1.56	14	894
Guaranty and indemnity fund	0.95	13	1,417
Vocational rehabilitation	1.75	—*	2
Native american veteran housing loan program	7.72	1	18
Other Independent Agencies:			
Export-Import Bank [2]	4.00	136	3,396
Federal Emergency Management Agency:			
Disaster assistance	5.54	2	25
Small Business Administration:			
Disaster loans	7.90	66	667
Total	3.80	1,064	27,976

* Less than $500,000.
[1] Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for 1996.
[2] Includes 1996 carryover budget authority.

Table 8–4. ESTIMATED 1997 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES [1]

(In millions of dollars)

Agency and Program	1997 Weighted-average subsidy as a percent of disbursements	1997 Subsidy budget authority	1997 Estimated loan levels
Funds Appropriated to the President:			
Micro and small enterprise development	3.73	1	38
AID housing and other credit guarantees	11.83	5	41
Overseas Private Investment Corporation	2.50	65	2,250
Agriculture:			
Agricultural credit insurance fund	2.60	69	2,650
Commodity Credit Corporation: Export credits	8.00	390	5,500
Rural housing insurance fund	0.27	6	2,400
Rural business and industry loan program	0.94	7	750
Rural community facility loan program	0.41	–*	100
Commerce:			
Fishing vessel obligations	1.00	–*	25
Defense:			
Family Housing Improvement Fund	[2] 10.00	....	....
Education:			
Federal family education loan program	10.04	1,918	19,114
Health and Human Services:			
Health professions graduate student loan program	0.34	–*	140
Housing and Urban Development:			
Community development (Sec. 108)	2.30	46	2,000
Federal Housing Administration general and special risk	1.06	[3] 41	[4] 12,933
Federal Housing Administration mutual mortgage	–2.88	–1,255	70,721
GNMA secondary mortgage guarantees	....	....	110,000
Indian housing guarantee	8.13	3	37
Interior:			
Indian loan guaranty and insurance fund	13.00	5	35
Transportation:			
Title XI maritime guaranteed loans	7	40	800
Veterans Affairs:			
Guaranty and indemnity fund	1.47	361	24,547
Loan guaranty fund	15.04	–*	1
Other Independent Agencies:			
Export-Import Bank [5]	4.45	636	14,294
Small Business Administration:			
Business Loans	2.68	203	11,653
Total [4]	**9.50**	**2,660**	**280,030**

* Less than $500,00.

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

[2] The subsidy rate is an estimated weighted average subsidy rate. Actual rates will be calculated on a transaction by transaction basis at the time of loan obligation.

[3] Subsidy BA represents the net amount resulting from new loans in both positive and negative subsidy programs. Since appropriations requested are for the gross amount of subsidy BA for positive subsidy programs (to be offset by the negative subsidy), the BA amount in this table does not represent the total gross appropriations request.

[4] Loan levels do not include standby commitment authority and therefore do not match levels requested in appropriations.

[5] Includes 1996 carryover budget authority.

Table 8–5. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES

(In billions of dollars)

	Actual			Estimate	
	1993	1994	1995	1996	1997
Direct Loans:					
Obligations	22.1	22.7	30.9	34.4	45.4
Disbursements	27.1	19.3	22	27.7	34.7
Subsidy budget authority	2.1	2.8	2.6	1.6	1.0
Loan Guarantees:					
Commitments	169.9	204.1	138.5	179.0	172.0
Lender Disbursements	144.3	194.2	117.9	139.2	152
Subsidy budget authority	4.1	2.6	5.1	4.4	3.7

Table 8–6. NEW DIRECT LOAN OBLIGATIONS AND GUARANTEED LOAN COMMITMENTS BY FUNCTION

(In millions of dollars)

Function	Direct loan obligations			Guaranteed loan commitments		
	1995 actual	1996 estimate	1997 estimate	1995 actual	1996 estimate	1997 estimate
050 National Defense	....	....	....	300	342	229
150 International affairs	2,476	3,992	4,067	14,354	17,906	18,624
270 Energy	1,320	1,426	1,620	....	....	....
300 Natural resources and environment	16	33	36	....	....	....
350 Agriculture	9,794	6,463	7,605	7,638	8,150	8,150
370 Commerce and housing credit [1]	2,496	2,537	5,536	71,057	105,263	97,707
400 Transportation	98	15	415	118	229	571
450 Community and regional development	1,427	1,052	1,952	2,366	2,360	2,885
500 Education, training, employment, and social services	11,547	16,317	21,770	19,960	20,433	19,114
550 Health	....	....	....	275	210	140
600 Income security	....	....	....	22	37	37
700 Veterans benefits and services	1,535	2,104	2,344	22,162	24,033	24,548
800 General government	147	379	....	....	....	....
990 Multiple functions	45	55	106	....	....	
Total	**30,901**	**34,373**	**45,451**	**138,272**	**178,963**	**172,005**
ADDENDUM						
Secondary guaranteed loans	....	....	....	142,000	110,000	110,000

[1] Commitments by GNMA to guarantee securities that are backed by loans previously insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, or Farmers Home Administration (secondary guarantees) are excluded from the totals and shown in the addendum.

Table 8–7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

Agency or Program	In millions of dollars			As percentage of outstanding loans [1]		
	1995 actual	1996 estimate	1997 estimate	1995 actual	1996 estimate	1997 estimate
DIRECT LOANS						
Funds Appropriated to the President:						
Economic assistance loans	32	....	....	0.24	....	....
International debt reduction	....	3	4	....	0.67	0.92
Foreign military loans	94	39	39	1.11	0.47	0.48
Department of Agriculture:						
Rural electrification and telephone revolving fund	50	....	....	0.15	....	....
Agricultural credit insurance fund	579	515	520	4.79	4.58	5.04
Rural housing insurance fund	99	101	100	0.32	0.33	0.33
Public Law 480 Food Aid	168	....	63	1.43	....	0.54
Department of Education:						
Federal direct student loan program	14	12	52	0.49	0.15	0.27
Department of Commerce:						
Economic development revolving fund (EDA)	2	....	....	2.94	....	....
Department of Interior:						
Bureau of Indian Affairs direct loans	11	4	4	17.74	14.81	7.41
Department of Veterans Affairs:						
Veterans housing programs	23	12	19	1.81	0.79	0.96
Independent Agencies:						
Small Business Administration	346	296	260	3.07	2.6	2.11
Export-Import Bank	45	....	....	.60	....	....
Total, direct loan writeoffs	**1,463**	**982**	**1,061**	....	....	....
GUARANTEED LOANS						
Funds Appropriated to the President						
Housing and other credit guaranty programs	10	25	25	0.49	1.25	1.28
Overseas Private Investment Corporation	19	14	15	1.54	0.51	0.36
Microenterprise and other development guaranteed	....	1	1	....	2.22	1.25
Assistance for the New Independent States of the Soviet Union	....	....	8	....	....	14.55
CCC export credit guarantees	1,167	579	693	22.96	7.19	6.91
Foreign military loans	9	7	2	0.14	0.11	0.03
Department of Agriculture:						
Agricultural credit insurance fund	18	17	12	0.29	0.25	0.15
Rural development insurance fund	21	27	23	3.48	4.86	4.98
Rural housing insurance fund	1	11	14	22.00	46.00	54.00
Rural water and waste water disposal fund	1	....	....	0.20	100.00	....
Rural community facility loans fund	....	54	....	....	59.34	....
Rural business and industry loans	....	1	1	....	0.05	0.06
Department of Education:						
Federal family education loans	1,286	1,767	2,384	3.10	2.62	2.78
Department of Interior:						
Indian loan guaranty and insurance fund	4	7	9	1.89	3.20	3.85
Department of Housing and Urban Development:						
FHA-General and special risk guaranteed loans	1,033	1,956	1,875	1.24	2.34	2.16
FHA-mutual mortgage and cooperative housing loans	3,969	3,658	4,124	1.25	1.10	1.17
Department of Transportation:						
MARAD ship financing fund	8	49	49	0.46	2.40	1.92
Department of Veterans Affairs:						
Veterans housing programs	1,664	2,500	2,360	1.07	1.55	1.34
Independent Agencies:						
Small business administration	635	629	816	2.40	2.16	2.36
Export-Import Bank	353	16	78	2.56	0.11	0.54
Total, guaranteed loan terminations for default	**10,198**	**11,318**	**12,489**	....	....	....
DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE						
Funds Appropriated to the President:						
Housing and other credit guaranty programs	1	35	39	0.23	8.20	8.86
Foreign military loans	31	10	23	4.61	1.49	3.42
Department of Education:						
Federal family education loans	30	5	10	2.38	4.21	4.60

Table 8–7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued

Agency or Program	In millions of dollars			As percentage of outstanding loans [1]		
	1995 actual	1996 estimate	1997 estimate	1995 actual	1996 estimate	1997 estimate
Department of Housing and Urban Development:						
FHA-mutual mortgage and cooperative housing loans	139	851	510	3.23	32.21	53.80
FHA-general and special risk guaranteed loans	321	2,376	1,752	6.07	66.31	92.50
Department of Health and Human Services:						
Health professions guaranteed student loans	8	13	13	2.06	3.20	2.95
Department of Veterans Affairs:						
Veterans housing programs	584	693	711	37.58	45.56	49.4
Independent Agencies:						
Small Business Administration	40	84	184	2.45	4.50	7.76
Total, writeoffs of loans receivable	**1,447**	**4,067**	**3,903**	....	....	....
Grand Total	**13,108**	**16,637**	**17,453**	....	....	....

[1] Average of loans outstanding over year.

Table 8–8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS

(In millions of dollars)

Agency or Program	1995 Actual	Estimate 1996	Estimate 1997
LIMITATIONS ON DIRECT LOAN OBLIGATIONS			
Funds Appropriated to the President:			
Foreign military financing	558	544	370
Agriculture: [1]			
Farm Service Agency:			
Agricultural credit insurance fund	564	763	546
Rural Utilities Service:			
Rural electric and telephone	1,320	1,426	1,620
Rural telephone bank	175	175	175
Distance learning and medical link loans	....	....	125
Rural development insurance fund [1]	1,131	....	....
Rural water and waste disposal loans	....	547	800
Rural Housing Service:			
Rural housing insurance fund	1,472	1,223	1,668
Rural community facility loans	....	208	200
Rural Business—Cooperative Service:			
Rural development loan fund	85	38	80
Rural economic development loans	13	14	14
Rural business and industry loans	....	....	50
Foreign Assistance Programs:			
Public Law 480 direct credit	303	291	219
Housing and Urban Development:			
FHA-General and special risk	220	120	120
FHA-Mutual mortgage insurance	180	200	200
Interior:			
Bureau of Reclamation direct loans	23	37	36
Indian direct loan	11	....	....
State Department:			
Repatriation Loans	1	1	1
Transportation:			
Alameda Corridor project improvement	....	....	400
High priority corridors	40	....	....
Orange County (CA) toll road	100	20	....
Minority business resource center	15	15	15
Veterans Affairs:			
Direct loans	1	....	....
Vocational rehabilitation	2	2	2
FEMA—Disaster assistance	175	36	25
Total, limitations on direct loan obligations	6,389	5,660	6,666
LIMITATIONS ON GUARANTEED LOAN COMMITMENTS			
Funds Appropriated to the President:			
Loan guarantees to Israel	2,000	2,000	2,000
Assistance for the New Independent States of the Former Soviet Union	....	106	....
Agriculture:			
Agricultural credit insurance fund	1,938	2,450	2,650
Rural development insurance fund	575	50	....
Rural business and industry loan fund	....	700	750
Rural housing insurance fund	1,049	1,700	2,400
Rural community facility loan fund	....	75	100
Education:			
Historically black colleges/universities	357	....	....
Health and Human Services:			
Health professions graduate student loan insurance	275	210	140
Housing and Urban Development:			
FHA—General and special risk	20,885	17,400	17,400
FHA—Mutual mortgage insurance	100,000	110,000	110,000
Community development loan guarantees	2,054	1,500	2,000
Indian housing loan guarantee	22	37	37

Table 8–8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS—Continued

(In millions of dollars)

Agency or Program	1995 Actual	Estimate	
		1996	1997
Interior:			
Indian loan guaranty and insurance	47	35	35
Total, limitations on guaranteed loan commitments	**129,202**	**136,263**	**137,512**
ADDENDUM			
Secondary guaranteed loan commitment limitations:			
GNMA, mortgage-backed securities	142,000	110,000	110,000

[1] In 1995, this included water and waste, community facility, and business and industry funds.

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

Agency or Program	1995 actual	Estimate 1996	Estimate 1997
Funds Appropriated to the President			
International Security Assistance			
Foreign military loan liquidating account:			
Obligations	....	....	....
Loan disbursements	461	30	9
Change in outstandings	−716	−943	−886
Outstandings	7,911	6,968	6,082
Foreign military financing direct loan financing account:			
Obligations	558	544	370
Loan disbursements	266	743	829
Change in outstandings	266	733	807
Outstandings	539	1,272	2,079
Military debt reduction financing account:			
Obligations	....	....	....
Loan disbursements	....	15	4
Change in outstandings	....	15	4
Outstandings	....	15	19
Multilateral Assistance			
International organizations and programs:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−2	−2	−2
Outstandings	36	34	32
Agency for International Development			
Economic assistance loans—liquidating account:			
Obligations	....	....	....
Loan disbursements	11	13	....
Change in outstandings	−486	−599	−616
Outstandings	13,279	12,680	12,064
Debt reduction, financing account:			
Obligations	....	....	....
Loan disbursements	....	51	47
Change in outstandings	−47	−6	−10
Outstandings	453	447	437
Private sector revolving fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−1	−4	....
Outstandings	7	3	3
Microenterprise and other development credit direct loan financing account:			
Obligations	1	1	1
Loan disbursements	....	3	1
Change in outstandings	....	3	....
Outstandings	1	4	4
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−11	−5	−6
Outstandings	28	23	17
Overseas private investment corporation direct loan financing account:			
Obligations	15	200	85
Loan disbursements	46	62	75
Change in outstandings	45	61	74
Outstandings	53	114	188
Department of Agriculture			
Farm Service Agency			
Agricultural credit insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	4	3	3
Change in outstandings	−1,082	−1,174	−1,174
Outstandings	10,426	9,252	8,078
Agricultural credit insurance fund direct loan financing account:			
Obligations	564	763	546
Loan disbursements	583	813	777
Change in outstandings	143	328	247
Outstandings	1,655	1,983	2,230
Commodity credit corporation fund: [1]			
Obligations	9,230	5,700	7,059
Loan disbursements	9,230	5,700	7,059
Change in outstandings	−343	−665	186
Outstandings	2,786	2,121	2,307
Rural Utilities Service			
Rural communication development fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−1	−1	−1
Outstandings	10	9	8
Distance learning and medical link direct loan financing account:			
Obligations	....	....	125
Loan disbursements	....	....	38
Change in outstandings	....	....	38
Outstandings	....	....	38
Rural development insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	65	29	24
Change in outstandings	−127	−159	−158
Outstandings	4,471	4,312	4,154
Rural electrification and telephone direct loan financing account:			
Obligations	1,320	1,426	1,620
Loan disbursements	830	1,192	1,275
Change in outstandings	787	1,155	1,208
Outstandings	2,740	3,895	5,103
Rural telephone bank direct loan financing account:			
Obligations	175	175	175
Loan disbursements	37	223	179
Change in outstandings	33	220	176
Outstandings	118	338	514
Rural development insurance fund direct loan financing account:			
Obligations	1,004	....	....
Loan disbursements	608	....	....
Change in outstandings	593	−1,218	....
Outstandings	1,218	....	....
Rural water and waste disposal loans direct financing account:			
Obligations	....	547	800
Loan disbursements	....	600	677
Change in outstandings	....	1,567	655
Outstandings	....	1,567	2,222

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate 1996	Estimate 1997
Rural electrification and telephone revolving fund liquidating account:			
Obligations	....	....	....
Loan disbursements	432	227	178
Change in outstandings	−998	−1,326	−1,153
Outstandings	33,101	31,775	30,622
Rural telephone bank liquidating account:			
Obligations	....	....	....
Loan disbursements	36	33	33
Change in outstandings	−45	−60	−61
Outstandings	1,414	1,354	1,293
Rural Housing			
Rural housing insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	9	5	1
Change in outstandings	−1,163	−1,233	−1,214
Outstandings	23,675	22,442	21,228
Rural housing insurance fund direct loan financing account:			
Obligations	1,162	1,223	1,668
Loan disbursements	1,584	1,252	1,567
Change in outstandings	1,491	1,145	1,404
Outstandings	6,797	7,942	9,346
Rural community facility loans direct financing account:			
Obligations	....	208	200
Loan disbursements	....	134	161
Change in outstandings	....	366	149
Outstandings	....	366	515
Rural Business-Cooperative Service			
Rural economic development liquidating account:			
Obligations	....	....	....
Loan disbursements	....	1	....
Change in outstandings	−1	....	−2
Outstandings	8	8	6
Rural economic development loan direct financing account:			
Obligations	12	14	14
Loan disbursements	12	11	12
Change in outstandings	10	7	7
Outstandings	30	37	44
Rural development loan fund direct loan financing account:			
Obligations	85	38	80
Loan disbursements	47	63	57
Change in outstandings	47	63	56
Outstandings	74	137	193
Rural business and industry direct loans financing account:			
Obligations	....	....	50
Loan disbursements	....	....	12
Change in outstandings	....	....	12
Outstandings	....	....	12
Rural development loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	5	3	2
Change in outstandings	....	−1	−2
Outstandings	85	84	82
Foreign Agricultural Service			
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−118	−272	−255
Outstandings	10,697	10,425	10,170
P.L. 480 Direct credit financing account:			
Obligations	303	291	219
Loan disbursements	186	270	191
Change in outstandings	175	270	145
Outstandings	1,024	1,294	1,439
P.L. 480 Title I Food for Progress Credits, financing account:			
Obligations	....	....	....
Loan disbursements	52	....	....
Change in outstandings	52	....	....
Outstandings	508	508	508
Debt reduction—financing account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−1	−1	−2
Outstandings	66	65	63
Department of Commerce			
Economic Development Administration			
Economic development revolving fund liquidating account :			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−7	−7	−6
Outstandings	68	61	55
Department of Defense—Military			
Revolving and Management Funds			
Defense business operations fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−47	−49	−75
Outstandings	1,433	1,384	1,309
Department of Education			
Office of Postsecondary Education			
Student financial assistance:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−136	2	3
Outstandings	187	189	192
Higher education facilities loans:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−7	−6	−6
Outstandings	55	49	43
College housing and academic facilities loans liquidating account:			
Obligations	....	....	....
Loan disbursements	4	4	4
Change in outstandings	2	2	1
Outstandings	138	140	141
College housing loans:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−35	−35	−32
Outstandings	484	449	417

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate	
		1996	1997
College housing and academic facilities direct loan financing account:			
Obligations	....	....	....
Loan disbursements	6	13	9
Change in outstandings	6	13	9
Outstandings	7	20	29
Federal direct student loan program, financing account:			
Obligations	11,547	16,317	21,770
Loan disbursements	2,332	9,600	13,763
Change in outstandings	2,324	9,417	13,213
Outstandings	2,801	12,218	25,431
Department of Energy			
Power Marketing Administration			
Bonneville Power Administration fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	3	3	3
Department of Health and Human Services			
Health Resources and Services Administration			
Health Resources and Services:			
Obligations	....	....	....
Loan disbursements	17	17	18
Change in outstandings	266	3	4
Outstandings	797	800	804
Health loan funds:			
Obligations	....	....	....
Loan disbursements	2	1	1
Change in outstandings	−19	−11	−10
Outstandings	45	34	24
Department of Housing and Urban Development			
Public and Indian Housing Programs			
Low-rent public housing—loans and other expenses :			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−58	−62	−65
Outstandings	1,689	1,627	1,562
Community Planning and Development			
Revolving fund (liquidating programs):			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−58	−52	−46
Outstandings	388	336	290
Community development loan guarantees liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−21	−20	−15
Outstandings	89	69	54
Housing Programs			
Nonprofit sponsor assistance liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	1	1	1
Flexible Subsidy Fund:			
Obligations	....	....	....
Loan disbursements	126	159	56
Change in outstandings	125	157	54
Outstandings	584	741	795
FHA mutual mortgage and cooperative housing insurance funds liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−2	−2	−2
Outstandings	15	13	11
FHA general and special risk insurance funds liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−5	−6	−6
Outstandings	107	101	95
FHA-General and special risk direct loan financing account:			
Obligations	....	120	120
Loan disbursements	....	120	120
Change in outstandings	....	120	120
Outstandings	....	120	240
Housing for the elderly or handicapped fund liquidating account:			
Obligations	....	....	....
Loan disbursements	7	192	....
Change in outstandings	−131	131	−63
Outstandings	8,331	8,462	8,399
FHA-Mutual mortgage insurance direct loan financing account:			
Obligations	....	200	200
Loan disbursements	....	200	200
Change in outstandings	....	200	199
Outstandings	....	200	399
Government National Mortgage Association			
Guarantees of mortgage-backed securities liquidating account:			
Obligations	....	....	....
Loan disbursements	149	314	378
Change in outstandings	−16	27	49
Outstandings	333	360	409
Department of the Interior			
Bureau of Reclamation			
Bureau of reclamation loan liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	−3	−3
Outstandings	83	80	77
Bureau of Reclamation direct loan financing account:			
Obligations	16	33	36
Loan disbursements	12	28	34
Change in outstandings	12	28	34
Outstandings	31	59	93
Emergency fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−1	−1	−1
Outstandings	6	5	4

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate 1996	Estimate 1997
National Park Service			
Construction:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−1	....	−1
Outstandings	7	7	6
Bureau of Indian Affairs			
Revolving fund for loans liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−9	−7	−8
Outstandings	67	60	52
Indian loan guaranty and insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	3	4	4
Change in outstandings	3	....	....
Outstandings	40	40	40
Indian direct loan financing account:			
Obligations	11	....	....
Loan disbursements	−14	....	....
Change in outstandings	−5	−5	−3
Outstandings	22	17	14
Insular Affairs			
Assistance to territories:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−1	−1	−1
Outstandings	21	20	19
Department of State			
Administration of Foreign Affairs			
Repatriation loans financing account:			
Obligations	1	1	1
Loan disbursements	....	1	1
Change in outstandings	....	1	1
Outstandings	1	2	3
Department of Transportation			
Federal Highway Administration			
Alameda corridor project direct loan financing account:			
Obligations	....	....	400
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	....	....	....
Orange County (CA) toll road demonstration project direct loan financing account:			
Obligations	....	....	24
Loan disbursements	....	....	24
Change in outstandings	....	....	25
Outstandings	....	....	25
High priority corridors loan financing account:			
Obligations	40	....	....
Loan disbursements	37	....	....
Change in outstandings	37	....	−37
Outstandings	37	37	....
Right-of-way revolving fund liquidating account:			
Obligations	43	....	....
Loan disbursements	26	24	25
Change in outstandings	2	−6	−5
Outstandings	153	147	142
Federal Railroad Administration			
Amtrak corridor improvement loans liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	−1	−1
Outstandings	7	6	5
Amtrak corridor improvement direct loan financing account:			
Obligations	....	....	....
Loan disbursements	....	2	....
Change in outstandings	....	2	....
Outstandings	3	5	5
Railroad rehabilitation and improvement liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−3	−3	−3
Outstandings	67	64	61
Railroad rehabilitation and improvement direct loan financing account:			
Obligations	....	....	....
Loan disbursements	6	....	....
Change in outstandings	4	....	....
Outstandings	4	4	4
Maritime Administration			
Federal ship financing fund liquidating account:			
Obligations	....	....	....
Loan disbursements	8	50	50
Change in outstandings	−185	42	43
Outstandings	33	75	118
Office of the Secretary			
Minority business resource center direct loan financing account:			
Obligations	15	15	15
Loan disbursements	9	21	15
Change in outstandings	2	....	....
Outstandings	9	9	9
Department of the Treasury			
Departmental Offices			
Community development financial institutions fund direct loan financing account:			
Obligations	....	34	56
Loan disbursements	....	7	25
Change in outstandings	....	7	25
Outstandings	....	7	32
Department of Veterans Affairs			
Veterans Benefits Administration			
Guaranty and indemnity fund liquidating account:			
Obligations	....	....	....
Loan disbursements	4	....	....
Change in outstandings	−9	−1	....
Outstandings	13	12	12
Direct loan revolving fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−3	−3	−3
Outstandings	14	11	8

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate	
		1996	1997
Loan guaranty revolving fund liquidating account:			
Obligations	....	....	....
Loan disbursements	24	....	....
Change in outstandings	−100	−44	−44
Outstandings	528	484	440
Vocational rehabilitation direct loan financing account:			
Obligations	2	2	2
Loan disbursements	2	2	2
Change in outstandings	....	....	....
Outstandings	1	1	1
Education loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	−1
Outstandings	3	3	2
Loan guaranty direct loan financing account:			
Obligations	923	885	894
Loan disbursements	933	885	894
Change in outstandings	45	196	191
Outstandings	473	669	860
Guaranty and indemnity direct loan financing account:			
Obligations	604	1,197	1,417
Loan disbursements	604	1,197	1,417
Change in outstandings	77	319	256
Outstandings	227	546	802
Direct loan financing account:			
Obligations	6	20	31
Loan disbursements	6	20	31
Change in outstandings	5	21	31
Outstandings	6	27	58
Environmental Protection Agency			
Environmental Protection Agency			
Abatement, control, and compliance direct loan liquidating account:			
Obligations	....	....	....
Loan disbursements	2	1	....
Change in outstandings	−7	−8	−9
Outstandings	96	88	79
Abatement, control, and compliance direct loan financing account:			
Obligations	....	....	....
Loan disbursements	21	10	6
Change in outstandings	17	5	1
Outstandings	60	65	66
Small Business Administration			
Small Business Administration			
Business direct loan financing account:			
Obligations	23	60	2,684
Loan disbursements	33	41	1,367
Change in outstandings	10	11	1,267
Outstandings	126	137	1,404
Disaster direct loan financing account:			
Obligations	1,311	932	1,260
Loan disbursements	1,811	923	1,057
Change in outstandings	1,748	734	797
Outstandings	7,157	7,891	8,688
Disaster loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	5	....	....
Change in outstandings	−277	−298	−252
Outstandings	1,918	1,620	1,368
Business loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	199	226	159
Change in outstandings	−530	−208	−229
Outstandings	2,037	1,829	1,600
Other Independent Agencies			
District of Columbia			
Loans to the District of Columbia for capital projects:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−12	−13	−12
Outstandings	75	62	50
Repayable advances to the District of Columbia direct loan financing account:			
Obligations	147	379	....
Loan disbursements	147	379	....
Change in outstandings	147	232	−379
Outstandings	147	379	....
Export-Import Bank of the United States			
Export-Import Bank of the United States liquidating account:			
Obligations	....	....	....
Loan disbursements	193	140	102
Change in outstandings	−520	−1,538	−829
Outstandings	6,138	4,600	3,771
Debt reduction financing account:			
Obligations	....	....	....
Loan disbursements	....	64	30
Change in outstandings	....	64	30
Outstandings	....	64	94
Export-Import Bank direct loan financing account:			
Obligations	1,598	2,955	3,396
Loan disbursements	673	1,388	1,573
Change in outstandings	580	1,056	1,222
Outstandings	1,407	2,463	3,685
Farm Credit System Financial Assistance Corporation			
Financial assistance corporation assistance fund, liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−48	−41	−42
Outstandings	1,010	969	927
Bank Insurance			
Bank insurance fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−5	−19	....
Outstandings	132	113	113
FSLIC Resolution			
FSLIC resolution fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	−31	−32	−31
Outstandings	95	63	32
Federal Emergency Management Agency			
Disaster assistance direct loan liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	−44	....
Outstandings	59	15	15

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate 1996	Estimate 1997
Disaster assistance direct loan financing account:			
Obligations	140	36	25
Loan disbursements	44	112	25
Change in outstandings	14	89	−48
Outstandings	90	179	131
National Credit Union Administration			
Credit union share insurance fund:			
Obligations	....	2	2
Loan disbursements	....	5	1
Change in outstandings	−3	2	....
Outstandings	....	2	2
Central liquidity facility:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	....	....	....
Community development credit union revolving loan fund:			
Obligations	....	....	....
Loan disbursements	2	2	2
Change in outstandings	....	....	....
Outstandings	5	5	5
Tennessee Valley Authority			
Tennessee Valley Authority fund:			
Obligations	45	55	106
Loan disbursements	45	55	106
Change in outstandings	−6	2	31
Outstandings	150	152	183
Total, Direct loan transactions:			
Obligations	30,901	34,373	45,451
Loan disbursements	21,982	27,683	34,710
Change in outstandings	1,628	8,621	14,964
Outstandings	163,323	171,944	186,908

[1] CCC direct loans for crop price support, by law, are not subject to credit reform treatment.

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

Agency or Program	1995 actual	Estimate 1996	Estimate 1997
Funds Appropriated to the President			
International Security Assistance			
Foreign military loan liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–536	–442	–395
Outstandings	6,610	6,168	5,773
Agency for International Development			
Loan guarantees to Israel financing account:			
Commitments	1,783	1,940	2,000
New guaranteed loans	1,783	1,940	2,000
Change in outstandings	1,783	1,940	2,000
Outstandings	5,346	7,286	9,286
Housing and other credit guaranty programs liquidating account:			
Commitments	....	....	....
New guaranteed loans	34	27	50
Change in outstandings	–28	–45	–24
Outstandings	2,009	1,964	1,940
Private sector revolving fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	....	....	–17
Outstandings	19	19	2
Microenterprise and other development guaranteed loan financing account:			
Commitments	48	38	38
New guaranteed loans	4	20	36
Change in outstandings	4	19	35
Outstandings	26	45	80
Housing and other credit guaranty programs guaranteed loan financing account:			
Commitments	148	41	42
New guaranteed loans	120	131	112
Change in outstandings	120	131	112
Outstandings	179	310	422
Assistance for the New Independent States of the Former Soviet Union: Ukraine export credit insurance financing account:			
Commitments	....	106	....
New guaranteed loans	....	90	16
Change in outstandings	....	90	–35
Outstandings	....	90	55
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–69	–69	–61
Outstandings	287	218	157
Overseas private investment corporation guaranteed loan financing account:			
Commitments	1,891	2,000	2,250
New guaranteed loans	575	1,627	1,765
Change in outstandings	561	1,602	1,465
Outstandings	948	2,550	4,015
Department of Agriculture			
Farm Service Agency			
Agricultural credit insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	3	....	....
Change in outstandings	–674	–317	–212
Outstandings	1,316	999	787
Agricultural credit insurance fund guaranteed loan financing account:			
Commitments	1,938	2,450	2,650
New guaranteed loans	1,878	1,922	2,573
Change in outstandings	1,029	827	1,296
Outstandings	4,979	5,806	7,102
Commodity credit corporation export guarantee financing account:			
Commitments	5,700	5,700	5,500
New guaranteed loans	2,518	5,700	5,500
Change in outstandings	–5,888	3,091	2,048
Outstandings	4,874	7,965	10,013
Commodity credit corporation guaranteed loans liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–1,723	–114	–75
Outstandings	206	92	17
Natural Resources Conservation Service			
Agricultural resource conservation demonstration guaranteed loan financing account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	....	....	....
Outstandings	17	17	17
Rural Utilities Service			
Rural communication development fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	....	....	....
Outstandings	5	5	5
Rural development insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	7	19	....
Change in outstandings	–102	–94	–94
Outstandings	602	508	414
Rural water and waste water disposal guaranteed loan financing account:			
Commitments	475	50	....
New guaranteed loans	217	3	12
Change in outstandings	183	–484	12
Outstandings	494	10	22
Rural electrification and telephone revolving fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–17	–20	–22
Outstandings	687	667	645

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

Agency or Program	1995 actual	Estimate	
		1996	1997
Rural Housing Service			
Rural housing insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–5	–4	–3
Outstandings	36	32	29
Rural housing insurance fund guaranteed loan financing account:			
Commitments	1,049	1,700	2,400
New guaranteed loans	859	1,466	2,161
Change in outstandings	809	1,373	2,009
Outstandings	2,085	3,458	5,467
Rural community facility loans guaranteed financing account:			
Commitments	....	75	100
New guaranteed loans	....	40	45
Change in outstandings	....	91	40
Outstandings	....	91	131
Rural Business-Cooperative Service			
Rural business and industry loans guaranteed financing account:			
Commitments	....	700	750
New guaranteed loans	....	515	638
Change in outstandings	....	1,183	507
Outstandings	....	1,183	1,690
Department of Commerce			
Economic Development Administration			
Economic development revolving fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–11	–2	–1
Outstandings	19	17	16
National Oceanic and Atmospheric Administration			
Fishing vessel obligations guarantees financing account:			
Commitments	75	25	....
New guaranteed loans	32	25	....
Change in outstandings	5	19	–6
Outstandings	54	73	67
Federal ship financing fund, fishing vessels liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–21	....	....
Outstandings	142	142	142
Department of Education			
Office of Postsecondary Education			
Federal family education loan liquidating account:			
Commitments	....	....	....
New guaranteed loans	19	19	5
Change in outstandings	–6,801	–6,801	–5,188
Outstandings	29,573	22,772	17,584
Federal family education loan program, financing account:			
Commitments	19,603	20,433	19,114
New guaranteed loans	20,321	18,369	18,587
Change in outstandings	16,289	18,620	13,447
Outstandings	56,557	75,177	88,624
Historically Black College and University Capital financing—Financing account:			
Commitments	357	....	....
New guaranteed loans	....	65	75
Change in outstandings	....	64	74
Outstandings	....	64	138
Department of Health and Human Services			
Health Resources and Services Administration			
Health Resources and Services:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–2	–1	–1
Outstandings	11	10	9
Health professions graduate student loan guaranteed loan financing account:			
Commitments	275	210	140
New guaranteed loans	275	210	140
Change in outstandings	274	207	132
Outstandings	1,163	1,370	1,502
Health professions graduate student loan insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–64	–68	–73
Outstandings	1,657	1,589	1,516
Health loan funds:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–48	–39	–31
Outstandings	261	222	191
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	–281	–300	–325
Outstandings	4,132	3,832	3,507
Indian housing loan guarantee—financing account:			
Commitments	22	37	37
New guaranteed loans	....	28	33
Change in outstandings	....	28	33
Outstandings	....	28	61
Community Planning and Development			
Revolving fund (liquidating programs) :			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–4	–1	–1
Outstandings	4	3	2
Community development loan guarantees financing account:			
Commitments	1,844	1,500	2,000
New guaranteed loans	243	1,672	1,750
Change in outstandings	202	1,632	1,685
Outstandings	317	1,949	3,634
Community development loan guarantees liquidating account:			
Commitments	....	....	....
New guaranteed loans	27	20	15
Change in outstandings	–51	–50	–45
Outstandings	246	196	151

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate	
		1996	1997
Housing Programs			
FHA mutual mortgage and cooperative housing insurance funds liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	−22,543	−14,610	−10,526
Outstandings	96,145	81,535	71,009
FHA general and special risk insurance funds liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	−5,025	−2,971	−2,210
Outstandings	47,729	44,758	42,548
FHA-General and special risk guaranteed loan financing account:			
Commitments	10,138	11,824	12,933
New guaranteed loans	9,622	9,971	10,741
Change in outstandings	9,229	3,515	5,417
Outstandings	35,457	38,972	44,389
Mutual mortgage insurance guaranteed loan financing account :			
Commitments	50,323	77,793	70,721
New guaranteed loans	40,142	51,543	58,592
Change in outstandings	37,831	30,358	28,530
Outstandings	222,021	252,379	280,909
Government National Mortgage Association			
Guarantees of mortgage-backed securities liquidating account:			
Commitments			
New guaranteed loans	63,727	94,440	81,575
Change in outstandings	18,858	25,749	9,354
Outstandings	463,848	489,597	498,951
Guarantees of mortgage-backed securities financing account:			
Commitments	142,000	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	−43	−25	−19
Outstandings	103	78	59
Indian guaranteed loan financing account:			
Commitments	47	35	35
New guaranteed loans	67	43	50
Change in outstandings	55	32	34
Outstandings	109	141	175
Department of Transportation			
Federal Aviation Administration			
Aircraft purchase loan guarantee program:			
Commitments			
New guaranteed loans			
Change in outstandings	−3	−2	
Outstandings	2		
Maritime Administration			
Federal ship financing fund liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	−166	−199	−179
Outstandings	981	782	603
Maritime guaranteed loan (Title XI) financing account:			
Commitments	418	571	800
New guaranteed loans	418	571	800
Change in outstandings	428	515	694
Outstandings	742	1,257	1,951
Department of Veterans Affairs			
Veterans Benefits Administration			
Guaranty and indemnity fund liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	−1,099	−1,102	−1,022
Outstandings	16,569	15,467	14,445
Loan guaranty revolving fund liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	−22,891	−8,466	−3,319
Outstandings	15,774	7,308	3,989
Loan guaranty guaranteed loan financing account:			
Commitments	1	1	1
New guaranteed loans	1	1	1
Change in outstandings	834	674	685
Outstandings	836	1,510	2,195
Guaranty and indemnity guaranteed loan financing account:			
Commitments	22,161	24,032	24,547
New guaranteed loans	22,161	24,032	24,547
Change in outstandings	20,213	21,462	21,716
Outstandings	121,307	142,769	164,485
Small Business Administration			
Small Business Administration			
Pollution control equipment fund liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	−11	−9	−8
Outstandings	95	86	78
Business guaranteed loan financing account:			
Commitments	9,709	13,921	11,653
New guaranteed loans	8,402	10,413	11,864
Change in outstandings	5,611	6,607	6,789
Outstandings	18,618	25,225	32,014
Business loan fund liquidating account:			
Commitments			
New guaranteed loans	4		
Change in outstandings	−1,804	−1,302	−1,030
Outstandings	7,675	6,373	5,343

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency or Program	1995 actual	Estimate 1996	Estimate 1997
Other Independent Agencies			
Export-Import Bank of the United States			
Export-Import Bank of the United States liquidating account:			
Commitments	....	....	....
New guaranteed loans	288	300	275
Change in outstandings	−1,010	−1,193	−913
Outstandings	4,010	2,817	1,904
Export-Import Bank guaranteed loan financing account:			
Commitments	10,267	13,781	14,294
New guaranteed loans	7,854	8,455	9,618
Change in outstandings	1,990	423	323
Outstandings	13,736	14,159	14,482
FSLIC Resolution			
FSLIC resolution fund:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	−360	....	....
Outstandings	....	....	....
Tennessee Valley Authority			
Tennessee Valley Authority fund:			
Commitments	....	....	....
New guaranteed loans	1	....	1
Change in outstandings	....	....	....
Outstandings	....	....	....
Subtotal, Guaranteed loans (gross):			
Commitments	280,272	288,963	282,005
New guaranteed loans	181,602	233,677	233,577
Change in outstandings	45,028	81,522	72,602
Outstandings	1,190,618	1,272,140	1,344,742
Less, secondary guaranteed loans: [1]			
GNMA guarantees of FmHA/VA/FHA pools:			
Commitments	−142,000	−110,000	−110,000
New guaranteed loans	−63,727	−94,440	−81,575
Change in outstandings	−18,858	−25,749	−9,354
Outstandings	−463,848	−489,597	−498,951
Total, primary guaranteed loans: [2]			
Commitments	138,272	178,963	172,005
New guaranteed loans	117,875	139,237	152,002
Change in outstandings	26,170	55,773	63,248
Outstandings	726,770	782,543	845,791

[1] Loans guaranteed by FHA, VA, or FmHA are included above. GNMA places a secondary guarantee on these loans, so they are deducted here to avoid double counting.

[2] When guaranteed loans result in loans receivable, they are shown in the direct loan table.

Table 8–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)

(In millions of dollars)

Enterprise		1995 actual	Estimate 1996	Estimate 1997
LENDING				
Student Loan Marketing Association	Obligations	11,021	10,553	10,441
	New transactions	11,021	10,553	10,441
	Net change	3,565	−3,434	−1,866
	Outstandings	41,636	38,202	36,336
Federal National Mortgage Association:				
Corporation Accounts	Obligations	44,501	64,526	69,773
	New transactions	44,574	63,686	67,815
	Net change	28,608	31,691	33,202
	Outstandings	250,374	282,065	315,267
Mortgage-backed securities	Obligations	−51,497	129,045	129,247
	New transactions	89,130	129,045	129,247
	Net change	36,073	58,802	54,204
	Outstandings	559,585	618,387	672,591
Farm Credit System:				
Banks for cooperatives	Obligations	8,690	9,976	10,076
	New transactions	8,690	9,976	10,076
	Net change	619	205	208
	Outstandings	2,273	2,478	2,686
Farm Credit Banks	Obligations	22,036	22,103	22,436
	New transactions	22,036	22,492	22,880
	Net change	345	568	542
	Outstandings	14,231	14,800	15,600
Agricultural credit banks	Obligations	42,644	44,000	45,000
	New transactions	42,638	44,000	45,000
	Net change	1,357	569	800
	Outstandings	14,231	14,800	15,600
Federal Home Loan Bank system:				
Federal home loan banks	Obligations	724,349	725,000	725,000
	New transactions	724,349	725,000	725,000
	Net change	5,561	−1,628	....
	Outstandings	122,128	120,500	120,500
Federal Home Loan Mortgage Corporation:				
Corporation accounts	Obligations	37,389	48,876	41,615
	New transactions	37,389	48,876	41,615
	Net change	28,373	32,502	24,854
	Outstandings	95,052	127,554	152,408
Participation certificate pools	Obligations	70,071	110,877	108,540
	New transactions	70,071	110,877	108,540
	Net change	−6,626	21,017	30,493
	Outstandings	457,046	478,063	508,556
Subtotal, lending (gross)	Obligations	909,204	1,164,956	1,162,128
	New transactions	1,049,898	1,164,505	1,160,614
	Net change	97,875	140,292	142,437
	Outstandings	1,578,860	1,719,152	1,861,589
Less guaranteed loans held as direct loans by:				
Federal National Mortgage Association	Net change	2,247	−346	−122
	Outstandings	23,027	22,681	22,559
Student Loan Marketing Association [1]	Net change	3,565	−3,434	−1,866
	Outstandings	41,636	38,202	36,336
Other	Net change	3,405	....	....
	Outstandings	7,860	7,860	7,860
Total GSE lending (net)	Obligations	909,204	1,164,956	1,162,128
	New transactions	1,049,898	1,164,505	1,160,614
	Net change	88,658	144,072	144,425
	Outstandings	1,506,337	1,650,409	1,794,834
BORROWING				
Student Loan Marketing Association [1]	Net change	1,980	−5,915	−1,558
	Outstandings	51,672	45,757	44,199
Federal National Mortgage Association	Net change	73,945	91,506	90,068
	Outstandings	836,777	928,283	1,018,351
Farm Credit System:				
Banks for cooperatives	Net change	759	−7	−32
	Outstandings	2,458	2,451	2,419
Farm credit banks	Net change	922	734	1,083
	Outstandings	39,041	39,775	40,858
Agricultural credit banks	Net change	1,583	465	884
	Outstanding	15,319	15,784	16,668
Federal Housing Finance Board:				
Federal home loan banks	Net change	63,027	−9,406	....
	Outstandings	226,406	217,000	217,000
The Financing Corporation	Net change	1	1	2
	Outstandings	8,141	8,142	8,144
Resolution Funding Corporation	Net change	−3	−2	−2

Table 8–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)—Continued

(In millions of dollars)

Enterprise		1995 actual	Estimate	
			1996	1997
	Outstandings	30,076	30,074	30,072
Federal Home Loan Mortgage Corporation	Net change	21,038	50,536	62,449
	Outstandings	568,656	619,192	681,641
Subtotal, borrowing (gross)	Net change	163,252	127,912	152,894
	Outstandings	1,778,546	1,906,458	2,059,352
Less borrowing from other GSEs	Net change	−3,421	....	....
	Outstandings	36,387	36,387	36,387
Less investment in Federal Securities	Net change	−1,375	1,712	491
	Outstandings	8,674	10,386	10,877
Less borrowing for guaranteed loans held as direct loans by:				
Federal National Mortgage Association	Net change	2,247	−346	−122
	Outstandings	23,027	22,681	22,559
Student Loan Marketing Association [1]	Net change	3,565	−3,434	−1,866
	Outstandings	41,636	38,202	36,336
Other	Net change	3,935	....	....
	Outstandings	7,860	7,860	7,860
Total GSE borrowing (net)	Net change	158,301	129,980	154,391
	Outstandings	1,660,962	1,790,942	1,945,333

[1] All SLMA loans shown in the table above are guaranteed by the Federal Government and therefore also counted as guaranteed loans.

9. AID TO STATE AND LOCAL GOVERNMENTS [1]

State and local governments have a vital constitutional responsibility to provide government services. They have the major role in providing domestic public services, such as public education, law enforcement, roads, water supply, and sewage treatment. The Federal Government contributes 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 $225.0 billion in 1995 and are estimated to increase from $236.7 billion in 1996 to $249.3 billion in 1997.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 63 percent of total grants in 1997; for physical capital investment, 16 percent; and for all other purposes, largely education, training, and social services, 21 percent.

States and localities receive Federal loans and guarantees mostly for the purpose of rural development. Outlays for direct loan and loan guarantee subsidies to State and local governments are estimated to be $0.2 billion in both 1996 and 1997. Information on Federal credit activities appears in Chapter 8, "Underwriting Federal Credit and Insurance."

Federal aid to State and local governments is also provided through 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.

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 for Federal income tax purposes, and the exclusion of interest on State and local securities from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be $75.2 billion in 1996 and $78.3 billion in 1997. 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.

TABLE 9–1. FEDERAL GRANT OUTLAYS BY AGENCY

(in billions of dollars)

Agency	1995 Actual	Estimate	
		1996	1997
Department of Agriculture	16.4	17.6	17.8
Department of Commerce	0.4	0.6	0.6
Department of Education	16.0	17.8	17.5
Department of Energy	0.2	0.2	0.2
Department of Health and Human Services	126.1	132.3	145.4
Department of Housing and Urban Development	22.8	22.0	23.3
Department of Interior	1.8	1.8	1.9
Department of Justice	1.1	2.0	3.5
Department of Labor	7.3	7.4	7.4
Department of Transportation	25.8	26.6	25.5
Department of Treasury	0.4	0.4	0.5
Environmental Protection Agency	2.9	2.8	2.8
Federal Emergency Management Agency	2.0	3.4	3.0
Welfare allowance	0.0	-0.1	-2.1
Other agencies	1.8	1.8	1.9
Total	225.0	236.7	249.3

Federal Grants by Agency

Table 9–1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be $145.4 billion in 1997, 58 percent of total grants, much more than any other agency.

HIGHLIGHTS OF THE FEDERAL AID PROGRAM

Major proposals in this budget affect Federal aid to State and local governments and the important relationships between the levels of government. Through the use of grants, the Federal government can share with State and local governments the cost and, ultimately, the benefits of a smarter, healthier, and safer citizenry. The Administration is committed to a Federal system that is more efficient and effective and to improving the design and administration of Federal grants.

State and local governments will enjoy an increased level of flexibility under the proposals in this Budget. The Administration supports a fundamental change in the way the Federal Government finances and administers more than six hundred intergovernmental service delivery programs—concentrating on the outcomes, rather than regulating the inputs. Proposed, bipartisan legislation, the Local Empowerment and Flexibility Act, provides State and local governments with the opportunity to coordinate better Federal, State, local, and

[1] 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.

nonprofit funds and services, and to request waivers from Federal laws and regulations that impede innovation. Nonetheless, greater responsibility accompanies greater flexibility. Performance-based partnerships will help ensure that State and local governments will be held accountable for not only the results they achieve, but also how these results are achieved.

Medicaid.—Medicaid is the largest grant program and has estimated outlays of $105.6 billion in 1997. The President's budget proposes reforms to Medicaid that would reduce the rate of growth in Federal spending, while preserving the entitlement to health coverage for the most vulnerable Americans—children, people with disabilities, and the elderly. The plan reduces the growth in Medicaid costs by imposing a "per capita cap" on Federal Medicaid spending and reducing and retargeting Disproportionate Share Hospital payments. Special payments to States and facilities to ease the transition into the new Medicaid system would be provided. Finally, the plan gives States unprecedented flexibility to administer their programs more efficiently. For example, the so-called "Boren Amendment" is repealed, eliminating Federal provider payment requirements for hospitals and nursing homes, and States are allowed to mandate enrollment in managed care without having to seek Federal waivers. This initiative is estimated to achieve savings of $59.0 billion over seven years.

Health Insurance.—States would receive Federal funds to design and administer a program to assist people who lose health coverage if they lose their job. This program would help them purchase coverage for up to six months. The Administration is requesting $1.5 billion in 1997 for this initiative.

To make insurance more affordable for small businesses, the Federal Government would provide grants to States for technical assistance in designing and implementing voluntary health insurance purchasing cooperatives. These grants would total $25 million per year beginning in 1997 and continuing through 2001.

Welfare reform.—The budget seeks to move families from welfare to work and to reform a range of related programs. Aid to Families with Dependent Children would be replaced with a work-oriented, time-limited conditional entitlement for cash assistance. States would have broad flexibility in designing programs and could automatically receive increased funding during economic downturns. There would be added funding for child care and work programs. Child support enforcement would be strengthened with new tools for States, and targeting would be improved in a number of programs.

Education.—This budget includes funds to increase the technological literacy of children by proposing to help ensure that all students have access to technology-rich learning environments and to help charter schools meet the specific needs of a community's children. The Administration is requesting $250 million in budget authority for 1997 and $2.0 billion over five years for the Technology Literacy Challenge Fund designed to help State and local communities leverage public and private sector resources necessary to integrate technology into schools. Charter schools would be allowed to customize their curriculum and obtain waivers from State and local rules and regulations in exchange for increasing student achievements. The Administration is requesting $40 million in budget authority for this initiative for 1997.

Transportation.—Through the use of Federal-aid funds for revolving loans and other non-traditional forms of financial assistance, the State Infrastructure Banks (SIBs) program would provide States with greater flexibility in developing and financing transportation projects. The Administration is requesting $250 million in funding to capitalize SIBs in 1997.

Training.—Opportunity Areas for Out-of-School Youth would provide grants to selected empowerment zones (EZ), empowerment communities (EC), and other communities meeting EZ/EC criteria in order to reduce significant unemployment among out-of-school youth through employment and training assistance, combined with other Federal assistance. Jobs for Residents will link unemployed youth and adults residing in empowerment zones and empowerment communities with jobs outside those areas. The Administration is requesting $250 million and $50 million, respectively, for these proposals.

Housing.—The Administration proposes to consolidate HUD programs into three flexible, performance-based funds. It will award most of the funding by formula in the form of a block grant, but focus on clearly stated national goals. The use of funds by communities will be judged against measures that are consistent with national goals but tailored to the situation of each community. To support this reinvention, HUD will be transformed into a "right-side-up, community-first" agency by creating single points of contact for all major localities. HUD will move much of its staff out of Washington and into the communities to operate as problem-solvers.

Agriculture.—The budget proposes a new, more flexible program for distributing the Department of Agriculture's rural development assistance. The Rural Performance Partnership Program would combine fourteen existing rural development programs into three funding streams: rural utilities, rural community facility infrastructure, and rural businesses. USDA's Rural Economic and Community Development State Directors would have authority to transfer funding among the three funding streams. Using performance measures and incentives, the State Directors would work with State and local governments, and other community-based organizations to direct funds to each State's highest rural economic development priorities. The budget requests $879 million in budget authority for this initiative for State and local governments and other intermediaries in 1997.

Environment.—The Administration proposes two performance partnerships in the environmental area. One would allow States and tribes to combine several categorical grants (i.e., grants that specifically address air and water quality, or hazardous waste) and the other proposes to allow States to consolidate the clean water and drinking water State revolving funds. In addition, the budget requests funds for grants to expand and complement the Environmental Protection Agency's "brownfields" initiative to cleanup polluted urban and rural areas.

Additional information on these and other Federal aid proposals are in the 1997 Budget-Supplement volume. The consolidations noted above are discussed in Chapters 13 and 14, "Improving Government Performance" and "Building on Success." Chapter 6, "Strengthening Health Care," focuses on health issues. Chapter 7, "Making Work Pay," details welfare reforms. Chapter 8, "Investing in Education and Training," discusses increases in assistance to help State and local and community schools. Chapter 9, "Protecting the Environment," discusses 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 9–2 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 grant outlays of $166.9 billion or 67 percent of total grant outlays in 1997.

Section B of the Table shows the composition of grants divided into three major categories: payments for individuals, physical capital, and other grants.[2] Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. In 1980, they were 36 percent of the total, and by 1995 they had grown to 63 percent of the total.

These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of $89.1 billion in 1995, increasing to an estimated $105.6 billion in 1997. 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 1995, grants for physical capital were 18 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 45 percent of total grants by 1975, but declined to 20 percent of total grants in 1995.

Section B of Table 9–2 also shows these three categories in constant dollars. In constant 1987 dollars, total grants increased from $127.5 billion in 1980 to $172.7 billion in 1995, an average annual increase of 2.0 percent. From 1980 to 1995, payments for individuals grew from $46.2 billion to $106.8 billion, an average annual increase of 5.7 percent; grants for physical capital increased from $27.7 billion to $32.8 billion, an average annual increase of 1.1 percent, and other grants decreased from $53.5 billion to $33.1 billion, an average annual decrease of 3.2 percent.

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

[2] Certain grants are classified in the budget as both payments for individuals and physical capital spending. In the text and tables in this section, these grants are included in the category for physical capital spending.

Table 9–2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

(Outlays; dollar amounts in billions)

	Actual								Estimate						
	1960	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1998	2000	2001	2002
A. Distribution of grants by function:															
Natural resources and environment	0.1	0.2	0.4	2.4	5.4	4.1	3.7	4.1	4.0	4.0	4.0	4.0	4.1	4.2	4.1
Agriculture	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.7
Transportation	3.0	4.1	4.6	5.9	13.0	17.0	19.2	25.8	26.6	24.5	25.0	23.5	21.8	20.6	21.5
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	9.7	9.1	8.1	7.2	6.1	5.7	5.7
Education, training, employment, and social services	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	36.6	36.4	38.0	39.2	40.4	42.0	43.9
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	99.2	111.2	117.5	122.9	128.4	131.9	136.7
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	54.9	55.7	56.7	57.8	58.4	59.8	61.0
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.2	2.3	2.4	2.7	3.0	3.2	3.4
Other	*	0.1	0.1	0.9	1.2	0.9	1.4	2.0	2.9	5.4	5.6	5.9	6.4	6.4	5.3
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	236.7	249.3	257.9	263.9	269.1	274.4	282.3
B. Composition:															
Current dollars:															
Payments for individuals [1]	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	146.0	156.3	163.0	169.2	175.1	182.9	189.1
Physical capital [1]	3.3	5.0	7.1	10.9	22.5	24.9	27.2	39.6	41.3	40.2	39.5	37.8	35.8	34.0	34.5
Other grants	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	49.3	52.8	55.4	56.8	58.2	57.5	58.7
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	236.7	249.3	257.9	263.9	269.1	274.4	282.3
Percentage of total grants:															
Payments for individuals [1]	35%	34%	36%	34%	36%	47%	56%	63%	62%	63%	63%	64%	65%	67%	67%
Physical capital [1]	47	46	29	22	25	24	20	18	17	16	15	14	13	12	12
Other grants	17	20	34	45	40	30	24	20	21	21	21	22	22	21	21
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (FY 1987) dollars:															
Payments for individuals [1]	9.0	12.5	24.7	35.1	46.2	52.9	66.1	106.8	107.6	111.8	113.3	114.4	115.1	116.9	117.6
Physical capital [1]	13.7	19.5	21.9	20.6	27.7	25.8	24.9	32.8	33.6	31.9	30.6	28.6	26.4	24.5	24.3
Other grants	6.3	9.8	26.9	49.6	53.5	34.1	28.5	33.1	36.1	37.8	38.7	38.8	38.8	37.4	37.3
Total	29.1	41.8	73.6	105.4	127.5	112.9	119.5	172.7	177.3	181.5	182.6	181.8	180.4	178.9	179.2
C. Total grants as a percent of:															
Federal outlays:															
Total	8%	9%	12%	15%	15%	11%	11%	15%	15%	15%	15%	15%	15%	15%	15%
Domestic programs [2]	18%	18%	23%	22%	22%	18%	17%	22%	22%	21%	21%	21%	21%	20%	20%
State and local expenditures	15%	16%	20%	24%	28%	23%	20%	23%	N/A	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%	3%
D. As a share of total State and local capital spending:															
Federal capital grants	25%	25%	25%	26%	37%	31%	23%	26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State and local source financing	75	75	75	74	63	69	77	74	N/A	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%	100%

NA: Not available.
* $50 million or less.
[1] Grants that are both payments for individuals and capital investment are shown under capital investment.
[2] Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

11 percent in 1985 and 1990, and are estimated to increase to 15 percent in 1996 and 1997, the same as in 1980. Grants as a percentage of domestic spending are estimated to be 21 percent in 1997.

As a percent of total State and local expenditures, grants have declined from 28 percent in 1980 to 23 percent in 1995.

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 26 percent in 1995, reflecting restraint in Federal spending and increased capital spending by States and localities financed from their own sources, such as taxes or borrowing.

OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Additional information regarding aid to State and local governments can be found elsewhere in this budget and in other documents.

Major public physical capital investment programs providing Federal grants to State and local governments are identified in Chapter 6, "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 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 9–3, "Federal Grants to State and Local Governments-Budget Authority and Outlays," provides detailed budget authority and outlay data for grants.

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
National defense:						
Department of Defense—Military:						
Military Construction:						
Military construction, Army National Guard	70	....	....	4	15	9
Federal Emergency Management Agency:						
Emergency management planning and assistance	....	....	....	64	10	....
Total, national defense	**70**	....	....	**68**	**25**	**9**
Energy:						
Department of Energy:						
Energy Programs:						
Energy conservation	268	149	168	240	228	173
Tennessee Valley Authority:						
Tennessee Valley Authority fund	252	254	265	252	254	265
Total, energy	**520**	**403**	**433**	**492**	**482**	**438**
Natural resources and environment:						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development	....	....	....	5	3	2
Watershed and flood prevention operations	39	69	85	244	235	118
Forest Service:						
State and private forestry	103	82	88	103	83	86
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities	5	3	3	3	1	1
Construction	56	40	32	11	51	56
Coastal zone management fund	....	....	....	–3	8	4
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	81	78	75	163	79	75
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	52	48	51	31	53	50
Abandoned mine reclamation fund	138	140	146	160	121	159
Bureau of Reclamation:						
Bureau of reclamation loan subsidy	9	12	13	6	18	13
United States Fish and Wildlife Service:						
Cooperative endangered species conservation fund	9	8	16	7	8	9
Wildlife conservation and appreciation fund	1	1	1	1	1	1
Sport fish restoration	243	266	300	237	228	237
Miscellaneous permanent appropriations	247	240	231	191	207	229
National Park Service:						
Urban park and recreation fund	....	....	....	4	5	3
Land acquisition and State assistance	25	2	2	23	28	20
Historic preservation fund	46	36	38	47	48	41
Everglades restoration fund	....	....	80	....	....	40
Miscellaneous permanent appropriations	....	1	1	....	1	1
Environmental Protection Agency:						
State and tribal assistance grants	1,885	2,863	2,852	2,455	2,500	2,579
Environmental programs and management	456	....	....	232	128	55
Abatement, control, and compliance loan subsidy	....	....	....	9	4	2
Hazardous substance superfund	120	120	145	153	153	125
Leaking underground storage tank trust fund	61	41	58	63	43	49

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Total, natural resources and environment	**3,579**	**4,053**	**4,220**	**4,148**	**4,009**	**3,958**
Agriculture:						
Department of Agriculture:						
Cooperative State Research, Education, and Extension Service:						
Extension activities	439	428	423	435	429	425
Cooperative state research activities	226	222	222	225	231	222
Agricultural Marketing Service:						
Payments to States and possessions	1	1	1	1	1	1
Farm Service Agency:						
State mediation grants	3	2	3	3	2	3
Outreach for socially disadvantaged farmers	3	1	3	1	3	2
Commodity credit corporation fund	115	10	54	115	10	54
Total, agriculture	**787**	**664**	**706**	**780**	**676**	**707**
Commerce and housing credit:						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries	5	6	7	2	10	11
National Institute of Standards and Technology:						
Industrial technology services	4	6	6	3	4	4
Total, commerce and housing credit	**9**	**12**	**13**	**5**	**14**	**15**
Transportation:						
Department of Transportation:						
Federal Highway Administration:						
High priority corridors loan subsidy	6	....	....	6	....	....
Alameda corridor project loan program	....	....	59	....	....	21
Orange County (CA) toll road demonstration project subsidy	8	....	....	....	....	2
Highway-related safety grants	....	2	....	9	12	8
Motor carrier safety grants	82	73	89	66	75	79
Federal-aid highways	20,719	17,671	21,720	18,945	19,842	19,090
State infrastructure banks	....	....	250	....	....	37
Miscellaneous appropriations	321	....	....	192	295	175
Miscellaneous highway trust funds	–11	....	....	102	97	70
National Highway Traffic Safety Administration:						
Highway traffic safety grants	190	169	185	155	146	165
Federal Railroad Administration:						
Office of the Administrator	3	....	....	3	....	....
Local rail freight assistance	10	....	....	16	13	11
Alaska railroad rehabilitation	....	10	....	....	4	6
Railroad research and development	....	6	1	2	6	4
Conrail commuter transition assistance	....	....	....	1	2	13
Northeast corridor high-speed rail infrastructure program	5	1	10	....	1	5
Federal Transit Administration:						
Research, training, and human resources	....	....	....	2	5	5
Interstate transfer grants-transit	48	....	....	152	27	12
Washington metropolitan area transit authority	200	200	200	218	206	159
Formula grants	2,492	2,052	2,152	1,901	2,109	1,972
Transit planning and research	55	54	54	43	45	56
Discretionary grants (trust fund)	1,691	1,665	2,880	2,025	1,978	1,983
Miscellaneous expired accounts	....	....	....	12	14	10
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund)	67	2,214	1,350	1,826	1,622	1,483
Research, engineering and development (Airport and airway trust fund)	41	60	60	33	57	63
Coast Guard:						
Research, development, test, and evaluation	1	1	1	1	1	1
Boat safety	50	60	45	62	43	42
Research and Special Programs Administration:						
Pipeline safety	12	12	14	10	11	14
Emergency preparedness grants	5	6	6	5	6	6
Total, transportation	**25,995**	**24,256**	**29,076**	**25,787**	**26,617**	**25,492**

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Community and regional development:						
Department of Agriculture:						
Rural Utilities Service:						
Distance learning and medical link grants	8	8	20	6	26	17
Rural water and waste disposal loans subsidy	....	109	61	....	86	95
Emergency community water assistance grants	10	....	....	15	12	6
Rural water and waste disposal grants	415	331	490	295	379	357
Rural development insurance fund subsidy	212	....	....	150	....	....
Rural Housing and Community Development Service:						
Rural community facility loans subsidy	....	42	13	....	27	20
Rural community fire protection grants	3	2	2	3	3	2
Rural Business and Cooperative Development Service:						
Rural technology and cooperative development grants	2	2	3	....	1	2
Rural business and industry loans subsidy	....	6	7	....	6	7
Rural business enterprise grants	34	32	32	23	29	31
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs	431	339	334	322	441	417
Department of Housing and Urban Development:						
Community Planning and Development:						
Community development grants fund	4,819	4,600	4,900	4,333	5,093	4,931
Urban development action grants	–18	....	....	20	37	30
Supplemental assistance for facilities to assist the homeless	....	....	....	8	6	3
Community development loan guarantees subsidy	....	33	47	....	17	40
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	91	101	102	91	93	111
Indian direct loan subsidy	1	....	....	1	....	....
Indian guaranteed loan subsidy	10	5	5	9	10	6
Appalachian Regional Commission:						
Appalachian regional development programs	266	164	164	182	170	192
Federal Emergency Management Agency:						
Emergency management planning and assistance	124	122	125	79	112	124
Disaster relief	2,874	2,798	256	1,693	3,142	2,735
Total, community and regional development	**9,282**	**8,694**	**6,561**	**7,230**	**9,690**	**9,126**
Education, training, employment, and social services:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public broadcasting facilities, planning and construction	19	8	8	15	28	21
Information infrastructure grants	37	50	56	9	31	44
Department of Education:						
Office of Elementary and Secondary Education:						
Indian education	78	59	79	69	75	66
Impact aid	728	660	614	803	808	687
Chicago litigation settlement	....	....	....	6	7	5
Education Reform	487	671	691	60	530	647
Education for the disadvantaged	7,173	7,302	7,662	6,785	7,098	7,423
School improvement programs	1,226	1,217	1,304	1,288	1,473	1,268
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education	179	134	234	189	200	159
Office of Special Education and Rehabilitative Services:						
Special education	3,006	3,343	3,336	2,938	3,511	3,281
Rehabilitation services and disability research	2,171	2,227	2,296	2,113	2,359	2,381
American printing house for the blind	7	6	6	7	6	6
Office of Vocational and Adult Education:						
Vocational and adult education	1,364	1,368	1,393	1,449	1,481	1,413
Office of Postsecondary Education:						
Student financial assistance	63	....	....	82	76	3
Higher education	33	27	159	35	30	45
Office of Educational Research and Improvement:						
Libraries	133	108	110	109	155	117
Education research, statistics, and improvement	17	13	260	22	21	44
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants	195	....	....	358	3	1

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Payments to States for the job opportunities and basic skills training program	1,300	1,000	1,000	953	959	988
Family preservation and support	150	225	240	38	132	201
Social services block grant	2,800	2,800	2,800	2,797	3,183	2,839
Children and families services programs	4,604	4,298	4,967	4,463	4,528	4,574
Payments to states for foster care and adoption assistance	3,597	4,322	4,445	3,244	3,740	4,144
Administration on Aging:						
Aging services programs	877	828	1,328	951	776	1,006
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	88	84	89	88	80	83
Department of Labor:						
Employment and Training Administration:						
Training and employment services	2,764	3,251	3,880	3,620	3,618	3,513
Community service employment for older Americans	87	77	....	77	82	78
State unemployment insurance and employment service operations	127	150	176	34	132	140
Federal unemployment benefits and allowances	101	101	114	103	95	121
Unemployment trust fund	1,103	1,004	1,029	1,080	1,065	1,012
Corporation for National and Community Service:						
Domestic volunteer service programs, operating expenses	136	116	176	140	121	166
National and community service programs, operating expenses	84	86	98	52	82	92
Corporation for Public Broadcasting:						
Corporation for public broadcasting	95	92	87	95	92	87
National Endowment for the Arts:						
National endowment for the arts: Grants and administration	44	35	37	45	38	36
Institute of Museum Services:						
Institute of Museum Services: Grants and administration	7	5	5	8	9	5
Allowances:						
Welfare reform	....	–70	–280	....	–63	–259
Total, education, training, employment, and social services	**34,880**	**35,597**	**38,399**	**34,125**	**36,561**	**36,437**
Health:						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses	41	40	42	41	40	41
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services	1,756	1,692	1,782	1,435	1,530	1,518
Centers for Disease Control and Prevention:						
Disease control, research, and training	602	621	1,127	521	594	767
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services	2,195	1,854	2,098	2,444	2,105	2,024
Health Care Financing Administration:						
Grants for cooperatives/health insurance for the temporarily unemployed	....	....	1,544	....	....	1,544
Grants to States for Medicaid	89,241	83,252	104,470	89,070	94,892	105,571
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses	71	71	73	70	69	73
Mine Safety and Health Administration:						
Salaries and expenses	6	6	6	6	6	6
Allowances:						
Welfare reform	....	–63	–327	....	–63	–327
Total, health	**93,912**	**87,473**	**110,815**	**93,587**	**99,173**	**111,217**
Income security:						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32)	461	431	400	480	431	400
Rural Housing and Community Development Service:						
Rural housing for domestic farm labor grants	11	10	10	11	26	19
Supervisory and technical assistance grants	....	....	....	....	1	1
Rural housing preservation grants	7	4	4	7	8	5
Food and Consumer Service:						
Food donations programs for selected groups	183	215	65	209	217	91
Food stamp program	2,925	2,976	3,089	2,740	3,061	3,084
Commodity assistance program	190	166	172	194	166	186

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Special supplemental nutrition program for women, infants, and children (WIC)	3,447	3,691	3,877	3,401	3,684	3,823
State child nutrition programs	7,365	7,846	8,559	7,387	8,111	8,445
Department of Health and Human Services:						
Administration for Children and Families:						
Family support payments to States	17,491	17,094	18,101	17,133	17,366	17,956
Low income home energy assistance	1,419	1,000	1,000	1,419	1,252	1,025
Refugee and entrant assistance	358	357	337	346	352	344
Payments to States for the child care and development block grant	935	935	1,049	933	935	946
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund	2,900	2,900	2,900	2,762	2,874	2,894
Drug elimination grants for low-income housing	290	290	290	178	180	308
Revitalization of severely distressed public housing projects	500	500	650	31	128	283
Housing certificate fund			290			29
Public housing capital fund			3,200			4,276
Community Planning and Development:						
Emergency shelter grants program				84	35	1
Supportive housing program				115	158	157
Homeless assistance fund	1,120	823	1,120	12	198	412
Shelter plus care				17	50	50
Home fund	1,400	1,400	1,550	1,179	1,240	1,401
Youthbuild program	40			20	21	18
Innovative homeless initiatives demonstration program				17	19	19
Housing opportunities for persons with AIDS			171			138
Housing Programs:						
Annual contributions for assisted housing	5,666	7,220	3,652	13,903	11,776	8,107
Congregate services	–12			6	9	9
Section 8 moderate rehabilitation, single room occupancy				17	41	51
Homeownership and opportunity for people everywhere grants (HOPE grants)	62			75	96	87
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund	2,317	2,376	2,565	2,317	2,308	2,497
Federal Emergency Management Agency:						
Emergency food and shelter program	130	100	100	130	100	100
Allowances:						
Welfare reform		68	–1,526		66	–1,472
Total, income security	**49,205**	**50,402**	**51,625**	**55,123**	**54,909**	**55,690**
Veterans benefits and services:						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care	186	208	232	186	208	232
Construction:						
Grants for construction of State extended care facilities	47	47	40	64	41	44
Grants for the construction of State veterans cemeteries	5	1	1	3	5	3
Total, veterans benefits and services	**238**	**256**	**273**	**253**	**254**	**279**
Administration of justice:						
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	33	30	33	27	21	29
Department of Justice:						
General Administration:						
Community oriented policing services	1,100	1,803	1,976	45	638	1,542
Legal Activities:						
Assets forfeiture fund	224	205	205	224	205	205
Office of Justice Programs:						
Justice assistance	58	58	62	571	43	101
State and local law enforcement assistance	289	388		19	144	250
Juvenile justice program	128	128	127	7	55	124
Crime victims fund	178	230	164	137	201	134
Violent crime reduction programs	742	1,405	1,924	74	743	1,158

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority 1995 Actual	Budget Authority 1996 Estimate	Budget Authority 1997 Estimate	Outlays 1995 Actual	Outlays 1996 Estimate	Outlays 1997 Estimate
Department of Transportation:						
Federal Transit Administration:						
Violent crime reduction programs	....	....	10	....	....	1
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund	81	86	86	77	54	71
Violent crime reduction programs:						
Violent crime reduction programs	9	7	7	3	7	7
Equal Employment Opportunity Commission:						
Salaries and expenses	26	26	28	26	26	28
Ounce of Prevention Council:						
Ounce of prevention council	2	2	8	....	....	2
State Justice Institute:						
State Justice Institute: Salaries and expenses	12	5	5	12	5	1
Total, administration of justice	**2,882**	**4,373**	**4,638**	**1,222**	**2,142**	**3,656**
General government:						
Department of Agriculture:						
Forest Service:						
Forest Service permanent appropriations	86	295	291	320	295	291
Department of Defense—Civil:						
Corps of Engineers—Civil:						
Permanent appropriations	5	6	6	5	6	6
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act	2	2	2	3	2	2
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes	101	100	102	101	100	102
Minerals Management Service:						
Mineral leasing and associated payments	474	508	515	474	508	515
United States Fish and Wildlife Service:						
National wildlife refuge fund	19	18	18	20	18	18
Insular Affairs:						
Assistance to territories	78	67	67	60	70	66
Trust Territory of the Pacific Islands	–12	....	....	23	2	2
Payments to the United States territories, fiscal assistance	83	84	86	83	84	86
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico	206	232	297	206	232	297
United States Customs Service:						
Miscellaneous permanent appropriations	138	149	153	135	149	153
Commission on National and Community Service:						
Salaries and expenses	....	....	....	28	....	....
District of Columbia:						
Federal payment to the District of Columbia	712	712	770	714	712	770
Total, general government	**1,892**	**2,173**	**2,307**	**2,172**	**2,178**	**2,308**
Total, grants	**223,251**	**218,356**	**249,066**	**224,992**	**236,730**	**249,332**

10. FEDERAL EMPLOYMENT

This section provides data on civilian and military employment, as well as personnel compensation and benefits, in the Executive Branch, the Legislative Branch and the Judiciary. A comparison of Federal employment levels, State and local government employment, and the United States population appears in the Historical Tables. Additional tables on civilian employment reductions in Executive Branch agencies appears in the Budget volume.

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-overtime hours. Put simply, one full-time employee counts as one FTE, and two half-time employees also count as one FTE.

The Federal Workforce Restructuring Act (FWRA) of 1994 (P.L. 103–226) was enacted March 30, 1994. The Act provided agencies with authority to offer voluntary separation incentive payments (“VSIPs” or “buyouts”) to aid in their downsizing and restructuring activities and established FTE limitations (“ceilings”) for the Executive Branch through 1999. The 1997 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

The starting point used to calculate FTE reductions required by the FWRA is called the 1993 base—the estimate of FTEs for 1993 made in January of that year. As shown in Table 10–1, a total reduction of 244,700 FTEs or 11.3 percent from the 1993 base is anticipated in 1997. The budgeted 1997 FTE level of 1,904,600 (subject to ceiling) is more than 58,000 FTEs lower than the limitation required by law.

Allocations of FTE resources by agency are made based upon Presidential priorities and other factors. Thus, while many of the agencies in Table 10–1 show FTE reductions from 1993–1997, some agencies, such as the Department of Justice and the Federal Emergency Management Agency, show an increase in FTEs.

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 10–2 displays total Federal employment as measured by actual positions filled at the end of the fiscal year. Table 10–3 shows total Federal employment as measured on an FTE basis.

Personnel Compensation and Benefits

Table 10–4 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 10–1. FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH

(Civilian employment as measured by Full-Time Equivalents, in thousands)

Agency	1993 Base	Actual			Estimate		Change: 1993 base to 1997	
		1993	1994	1995	1996	1997	FTE's	Percent
Cabinet agencies:								
Agriculture	115.6	114.4	109.8	103.8	105.5	104.6	–11.1	–9.5%
Commerce	36.7	36.1	36.0	35.3	35.2	35.5	–1.2	–3.3%
Defense—military functions	931.3	931.8	868.3	821.7	800.0	767.4	–163.9	–17.6%
Education	5.0	4.9	4.8	4.8	4.8	4.6	–0.4	–8.1%
Energy	20.6	20.3	19.8	19.7	19.7	18.5	–2.1	–10.3%
Health and Human Services [1,2]	64.5	65.6	62.4	59.0	58.5	58.9	–5.6	–8.6%
Health and Human Services, exempt FTEs	0.5	0.5	0.5	0.3	0.3	0.3	–0.1	–28.7%
Social Security Administration [2]	65.4	64.8	64.5	64.6	64.8	64.8	–0.6	–0.9%
Housing and Urban Development	13.6	13.3	13.1	12.1	11.9	11.4	–2.2	–16.4%
Interior	79.3	78.1	76.3	72.0	70.5	72.2	–7.2	–9.0%
Justice	99.4	95.4	95.3	97.9	106.3	112.5	13.1	13.1%
Labor	18.3	18.0	17.5	16.8	16.7	17.1	–1.3	–6.8%
State	26.0	25.6	25.2	23.9	23.7	23.5	–2.5	–9.7%
Transportation	70.3	69.1	66.4	63.2	63.9	63.9	–6.5	–9.1%
Treasury	166.1	161.1	157.3	157.5	153.3	156.8	–9.3	–5.6%
Veterans Affairs [1]	227.0	229.1	227.8	223.1	218.2	217.3	–9.7	–4.2%
Veterans Affairs, exempt FTEs	5.4	5.1	5.3	5.4	5.5	5.5	0.2	3.3%
Other agencies (excluding Postal Service):								
Agency for International Development [1]	4.4	4.1	3.9	3.6	3.4	3.1	–1.3	–29.2%
Agency for International Development, exempt FTEs	....	....	*	*	*	*	....	....
Corps of Engineers	29.2	28.4	27.9	27.7	27.6	27.2	–2.0	–6.8%
Environmental Protection Agency	18.6	17.9	17.6	17.5	18.1	18.0	–0.6	–3.3%
Equal Employment Opportunity Commission	2.9	2.8	2.8	2.8	2.8	3.0	0.2	5.8%
Federal Emergency Management Agency	2.7	4.0	4.9	4.6	3.9	4.0	1.2	43.8%
Federal Deposit Insurance Corp./Resolution Trust Corp.	21.6	21.9	20.0	15.7	12.8	9.2	–12.3	–57.1%
General Services Administration	20.6	20.2	19.5	17.0	16.2	14.8	–5.9	–28.4%
National Aeronautics and Space Administration	25.7	24.9	23.9	22.4	21.8	21.2	–4.5	–17.5%
National Archives and Records Administration	2.8	2.6	2.6	2.4	2.5	2.5	–0.2	–8.5%
National Labor Relations Board	2.1	2.1	2.1	2.0	2.0	2.0	–0.1	–4.8%
National Science Foundation	1.3	1.2	1.2	1.2	1.3	1.3	–0.1	–6.2%
Nuclear Regulatory Commission	3.4	3.4	3.3	3.2	3.2	3.1	–0.3	–8.3%
Office of Personnel Management	6.2	5.9	5.3	4.2	4.0	3.6	–2.7	–42.7%
Panama Canal Commission	8.7	8.5	8.5	8.8	9.0	9.1	0.4	4.8%
Peace Corps	1.3	1.2	1.2	1.2	1.2	1.2	–0.1	–3.4%
Railroad Retirement Board	1.9	1.8	1.7	1.6	1.5	1.4	–0.4	–24.0%
Securities and Exchange Commission	2.7	2.7	2.7	2.7	2.8	2.8	–0.1	–2.2%
Small Business Administration	4.0	5.6	6.3	5.7	4.3	4.2	0.2	5.2%
Smithsonian Institution	5.9	5.5	5.4	5.3	5.3	5.3	–0.6	–10.4%
Tennessee Valley Authority	19.1	17.3	18.6	16.7	16.4	16.4	–2.7	–14.1%
United States Information Agency	8.7	8.3	8.1	7.7	7.3	7.1	–1.6	–18.6%
All other small agencies	16.1	15.4	15.0	15.1	14.8	14.8	–1.3	–8.3%
Allowance for welfare reform [3]	....	....	....	....	....	0.5	0.5	100.0%
Total, Executive Branch civilian employment	**2,155.2**	**2,138.8**	**2,052.7**	**1,970.2**	**1,940.8**	**1,910.5**	**–244.7**	**–11.3%**
Total, Defense	931.3	931.8	868.3	821.7	800.0	767.4	–163.9	–17.6%
Total, Non-Defense	1,223.9	1,207.1	1,184.4	1,148.4	1,140.8	1,143.1	–80.8	–6.3%
FTEs exempt from Ceiling	....	....	5.8	5.7	5.9	5.9	....	....
Total, Executive Branch subject to Ceiling	....	....	2,047.0	1,964.4	1,934.9	1,904.6	....	....
FTE Ceiling [4]	....	....	2,084.6	2,043.3	2,003.3	1,963.3	....	....
Total FTE reduction from the 1993 base	....	–16.4	–102.5	–185.0	–214.4	–244.7	....	....

* Less than 50 FTEs.

[1] The Departments of Health and Human Services, Veterans Affairs, and the Agency for International Development have components that are exempt from FTE controls.

[2] The Social Security Administration became a separate agency, no longer part of Health and Human Services, on March 31, 1995.

[3] This allowance is for an estimated 500 FTEs for the Social Security Administration to conduct additional continuing disability reviews.

[4] FTE limitations are set for the Executive Branch in the Federal Workforce Restructuring Act of 1994 (P.L. 103–226).

Table 10–2. TOTAL FEDERAL EMPLOYMENT

(As measured by total positions filled)

Description	Actual as of September 30			Change: 1993 to 1995	
	1993	1994	1995	Positions	Percent
Executive branch civilian employment:					
All agencies except Postal Service and Postal Rate Commission:					
Full-time permanent	1,892,290	1,831,671	1,767,460	–124,830	–6.6%
Other than full-time permanent [1]	264,500	253,767	244,463	–20,037	–7.6%
Subtotal	2,156,790	2,085,438	2,011,923	–144,867	–6.7%
Postal Service: [2]					
Full-time permanent	623,088	634,878	647,269	24,181	3.9%
Other than full-time permanent	167,252	187,876	198,179	30,927	18.5%
Subtotal	790,340	822,754	845,448	55,108	7.0%
Subtotal, executive branch civilian employment	2,947,130	2,908,192	2,857,371	–89,759	–3.0%
Military personnel on active duty: [3]					
Department of Defense	1,705,103	1,610,490	1,518,224	–186,879	–11.0%
Department of Transportation (Coast Guard)	39,234	37,474	36,731	–2,503	–6.4%
Subtotal, military personnel	1,744,337	1,647,964	1,554,955	–189,382	–10.9%
Subtotal, Executive Branch	4,691,467	4,556,156	4,412,326	–279,141	–5.9%
Legislative branch:					
Full-time permanent	16,460	15,066	14,603	–1,857	–11.3%
Other than full-time permanent	21,798	20,291	18,764	–3,034	–13.9%
Subtotal, Legislative Branch	38,258	35,357	33,367	–4,891	–12.8%
Judicial Branch:					
Full-time permanent	25,900	25,907	26,555	655	2.5%
Other than full-time permanent	2,220	2,128	2,438	218	9.8%
Subtotal, Judicial Branch	28,120	28,035	28,993	873	3.1%
Grand total	4,757,845	4,619,548	4,474,686	–283,159	–6.0%
ADDENDUM					
Executive branch civilian personnel (excluding Postal Service):					
DOD-Military functions [4]	890,628	850,137	831,806	–58,822	–6.6%
All other executive branch	1,266,162	1,235,301	1,208,101	–58,061	–4.6%
Total [5]	2,156,790	2,085,438	2,039,907	–116,883	–5.4%

[1] Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program, formerly exempt from employment controls.
[2] Includes Postal Rate Commission.
[3] Excludes reserve components.
[4] Excludes Defense Intelligence Agency.
[5] Includes disadvantaged youth programs.

Table 10–3. TOTAL FEDERAL EMPLOYMENT

(As measured by Full-Time Equivalents)

Description	1995 actual	Estimate		Change: 1995 to 1997	
		1996	1997	FTE's	Percent
Executive branch civilian personnel:					
All agencies except Postal Service and Defense	1,148,441	1,140,787	1,143,119	–5,322	–0.5%
Defense-Military functions (civilians)	821,739	800,008	767,417	–54,322	–6.6%
Subtotal, excluding Postal Service	1,970,180	1,940,795	1,910,536	–59,644	–3.0%
Postal Service [1]	806,243	822,885	835,084	28,841	3.6%
Subtotal, Executive Branch civilian personnel	2,776,423	2,763,680	2,745,620	–30,803	–1.1%
Executive branch uniformed personnel: [2]					
Department of Defense	1,564,393	1,499,785	1,468,995	–95,398	–6.1%
Department of Transportation (Coast Guard)	37,311	37,297	36,746	–565	–1.5%
Subtotal, uniformed military personnel	1,601,704	1,537,082	1,505,741	–95,963	–6.0%
Subtotal, Executive Branch	4,378,127	4,300,762	4,251,361	–126,766	–2.9%
Legislative Branch: [3] Total FTE	33,456	32,543	32,218	–1,238	–3.7%
Judicial branch: Total FTE	27,903	29,724	31,071	3,168	11.4%
Grand total	**4,439,486**	**4,363,029**	**4,314,650**	**–124,836**	**–2.8%**

[1] Includes Postal Rate Commission.
[2] Military personnel on active duty. Excludes reserve components. Data shown are average strength.
[3] Actual 1995 FTE data not available for legislative branch. Data shown are estimates.

TABLE 10–4. PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

Description	1995 actual	Estimate		Change: 1995 to 1997	
		1996	1997	Dollars	Percent
Civilian personnel costs:					
Executive Branch (excluding Postal Service):					
Direct compensation:					
DOD—military functions	32,919	33,230	32,872	–47	–0.1%
All other executive branch	51,309	52,653	54,196	2,887	5.6%
Subtotal, direct compensation	84,228	85,883	87,068	2,840	3.4%
Personnel benefits:					
DOD—military functions	7,175	7,209	7,207	32	0.4%
All other executive branch [1]	19,774	20,269	21,121	1,347	6.8%
Subtotal, personnel benefits	26,949	27,478	28,328	1,379	5.1%
Subtotal, executive branch	111,177	113,361	115,396	4,219	3.8%
Postal Service:					
Direct compensation	32,157	33,126	34,643	2,486	7.7%
Personnel benefits	8,632	9,593	10,020	1,388	16.1%
Subtotal	40,789	42,719	44,663	3,874	9.5%
Legislative Branch: [2]					
Direct compensation	777	744	759	–18	–2.3%
Personnel benefits	148	149	152	4	2.7%
Subtotal	925	893	911	–14	–1.5%
Judicial Branch:					
Direct compensation	1,335	1,512	1,613	278	20.8%
Personnel benefits	319	361	394	75	23.5%
Subtotal	1,654	1,873	2,007	353	21.3%
Total, civilian personnel costs	154,545	158,846	162,977	8,432	5.5%
Military personnel costs:					
DOD—Military Functions:					
Direct compensation	49,770	48,728	48,403	–1,367	–2.7%
Personnel benefits	19,583	18,112	18,329	–1,254	–6.4%
Subtotal	69,353	66,840	66,732	–2,621	–3.8%
All other executive branch, uniformed personnel:					
Direct compensation	1,162	1,160	1,174	12	1.0%
Personnel benefits	110	110	113	3	2.7%
Subtotal	1,272	1,270	1,287	15	1.2%
Total, military personnel costs [3]	70,625	68,110	68,019	–2,606	–3.7%
Grand total, personnel costs	225,170	226,956	230,996	5,826	2.6%
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel	39,224	40,549	42,482	3,258	8.3%
Government payment for Annuitants:					
Employee health benefits	3,813	3,910	4,187	374	9.8%
Employee life insurance	22	28	33	11	50.0%
Total Former Civilian Personnel	43,059	44,487	46,702	3,643	8.5%
Former Military personnel:					
Retired pay for former personnel	29,143	29,087	30,297	1,154	4.0%

[1] In addition to the employing agency's contribution to the costs of life and health insurance, retirement and Medicare Hospital insurance, this amount includes transfers from general revenues to amortize the effects of general pay increases on Federal retirement systems for employees in the Legislative and Judicial Branches as well as employees (non-Postal) in the Executive Branch and to amortize supplemental liabilities under FERS. The transfers amounted to $7,488 million in 1995 and are estimated to be $7,717 million in 1996 and $7,989 million in 1997.

[2] Excludes members and officers of Congress.

[3] Excludes reserve components.

FEDERAL BORROWING AND DEBT

11. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 1995 the Government owed $3,603 billion of principal to the people who had loaned it the money to pay for past deficits. The gross Federal debt, which also includes the securities held by trust funds and other Government accounts, was $4,921 billion. This year the Government is estimated to pay about $247 billion of interest to the public on its debt.

The present deficit is continuing to increase the amount of Federal debt held by the public. However, the Omnibus Budget Reconciliation Act of 1993 and the strong economic expansion have reduced the size of the deficit for three consecutive years, and the Administration is proposing steps to meet its goal of balancing the budget by 2002. The reduction in the deficit over the next few years will lower the growth of the debt further and will decrease debt held by the public as a percentage of the Nation's gross domestic product (GDP).

Trends in Federal Debt

Federal debt held by the public has increased five-fold since 1980, as shown in Table 11–1. In 1980 it was $709.8 billion; by the end of 1995 it stood at $3,603.4 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

Table 11–1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC

(Dollar amounts in billions)

Fiscal year	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: [4]	
	Current dollars	Constant CY 1992 dollars [1]	GDP [2]	Credit market debt [3]	Total outlays	GDP
1950	219.0	1,235.3	80.1	55.3	11.4	1.8
1955	226.6	1,092.9	57.3	43.3	7.6	1.3
1960	236.8	1,025.3	45.6	33.8	8.5	1.5
1965	260.8	1,051.5	38.0	26.9	8.1	1.4
1970	283.2	950.3	28.1	20.8	7.9	1.5
1975	394.7	699.3	25.4	18.4	7.5	1.7
1980	709.8	1,203.1	26.1	18.4	10.6	2.3
1981	785.3	1,213.8	25.8	18.5	12.1	2.7
1982	919.8	1,329.2	28.6	19.8	13.6	3.1
1983	1,131.6	1,563.0	33.1	21.9	13.8	3.3
1984	1,300.5	1,727.1	34.0	22.1	15.7	3.5
1985	1,499.9	1,927.9	36.5	22.3	16.2	3.7
1986	1,736.7	2,170.9	39.8	22.6	16.1	3.6
1987	1,888.7	2,292.1	41.0	22.3	16.0	3.5
1988	2,050.8	2,404.2	41.4	22.3	16.2	3.5
1989	2,189.9	2,463.3	40.9	22.0	16.5	3.5
1990	2,410.7	2,606.2	42.4	22.5	16.2	3.6
1991	2,688.1	2,785.6	45.9	24.0	16.2	3.7
1992	2,998.8	3,016.9	48.8	25.5	15.5	3.5
1993	3,247.5	3,183.8	50.2	26.4	14.9	3.2
1994	3,432.1	3,287.5	50.2	26.5	14.4	3.1
1995	3,603.4	3,370.8	50.2	26.3	15.7	3.3
1996 estimate	3,768.7	3,429.2	50.1	....	15.7	3.3
1997 estimate	3,933.0	3,483.6	49.7	....	15.0	3.1
1998 estimate	4,057.5	3,500.8	48.8	....	14.4	2.9
1999 estimate	4,150.6	3,485.0	47.5	....	14.0	2.8
2000 estimate	4,207.1	3,442.8	45.8	....	13.5	2.6
2001 estimate	4,226.7	3,365.2	43.8	....	13.0	2.4
2002 estimate	4,209.6	3,265.8	41.5	....	12.4	2.3

[1] Debt in current dollars deflated by the GDP chain-type price index with calendar year 1992 equal to 100. For 1950 and 1955, indexes were not available from the recent comprehensive revision of the national income and product accounts. Estimates of the index for those years were based on the ratio between the GDP chain-type price index and the unrevised implicit GDP deflator for FY 1960.

[2] GDP from the recent comprehensive revision of the national income and product accounts except for 1950 and 1955. Estimates of GDP for those years were based on the ratio between revised and unrevised GDP for FY 1960.

[3] 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.

[4] 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 interest on public debt received by other Government accounts.

declined significantly in real terms. Because of an expanding economy as well as inflation, Federal debt as a percentage of GDP decreased almost every year. With households borrowing heavily to buy homes and consumer durables, and with businesses borrowing heavily to buy plant and equipment, Federal debt also decreased almost every year as a percentage of the total credit market debt outstanding. The cumulative effect was impressive. From 1950 to 1975, debt held by the public declined from 80.1 percent of GDP to 25.4 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 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 26.1 percent in 1980 to 50.2 percent in 1993, the highest ratio since the mid-1950s. The ratio of Federal debt to credit market debt also rose, though to a much lesser extent, from 18.4 percent to 26.4 percent. Interest outlays on debt held by the public, calculated as a percentage of both total Federal outlays and GDP, increased by about two-fifths.

Federal debt held by the public increased more slowly in 1994 than in any year since 1979, and it increased more slowly still in 1995. In both years it approximately stayed the same relative to GDP and total credit market debt. Table 11–1 shows that debt as a percentage of GDP is estimated to decline further from 50.2 percent in 1995 to 41.5 percent in 2002. The improvement in the past two years reflects the $505 billion deficit reduction package enacted by the Omnibus Budget Reconciliation Act of 1993 and the continuing economic expansion. The further improvement to 2002 reflects the proposal for a balanced budget and the expectation that economic growth will continue at a moderate pace for the foreseeable future.[1] Interest outlays on the debt held by the public are estimated to decline relative to both total outlays and GDP over the next few years.

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.”[2]

Borrowing from the public, whether by the Treasury or by 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.[3] Federal borrowing therefore competes with the borrowing of other sectors for financial resources in the credit market and affects interest rates. 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 performs an essential function 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 the 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 collections 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.

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 is not a current transaction of the Government with the public; it does not compete with the private sector for available funds in the credit market; and it does not represent the estimated amount of the account’s future transactions with the public. For example, if the account records the transactions of a social insurance program, the debt that it holds does not represent the

[1] Chapter 1 of this volume, “Economic Assumptions,” reviews recent economic developments and explains the economic assumptions for this budget.

[2] 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 11–3 but also the debt of the Government-sponsored enterprises listed in Table 8–11 at the end of Chapter 8 and certain Government-guaranteed securities.

[3] 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 as defined prior to the recent comprehensive revisions, and its differences from the budget, are discussed in *Analytical Perspectives* for Fiscal Year 1996, Chapter 19, “National Income and Product Accounts,” pp. 267–70. For a major conceptual change due to the recent revisions, see chapter 6 of this volume, Part IV.

Table 11–2. FEDERAL GOVERNMENT FINANCING AND DEBT [1]

(In billions of dollars)

	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Financing:								
Surplus or deficit (–)	–163.9	–145.6	–140.1	–98.0	–64.4	–27.5	8.3	43.9
(On-budget)	–226.3	–211.0	–210.4	–175.3	–150.2	–119.7	–90.6	–62.2
(Off-budget)	62.4	65.3	70.3	77.3	85.8	92.1	98.9	106.1
Means of financing other than borrowing from the public:								
Changes in: [2]								
Treasury operating cash balance	–2.0	–2.1	....	....	....	....	....	....
Checks outstanding, etc.[3]	–2.8	–*	–3.3	....	....	....	....	....
Deposit fund balances	0.9	0.1	–1.5	....	....	....	....	....
Seigniorage on coins	0.7	0.7	0.6	0.7	0.7	0.8	0.8	0.8
Less: Net financing disbursements:								
Direct loan financing accounts	–7.0	–17.9	–20.8	–25.2	–27.3	–27.3	–26.7	–25.7
Guaranteed loan financing accounts	2.9	–0.4	0.8	–2.0	–2.2	–2.4	–1.9	–1.9
Total, means of financing other than borrowing from the public	–7.4	–19.6	–24.2	–26.5	–28.7	–29.0	–27.8	–26.8
Total, requirement for borrowing from the public	–171.3	–165.3	–164.3	–124.5	–93.1	–56.5	–19.6	17.1
Change in debt held by the public	171.3	165.3	164.3	124.5	93.1	56.5	19.6	–17.1
Debt Outstanding, End of Year:								
Gross Federal debt:								
Debt issued by Treasury	4,894.0	5,172.1	5,465.4	5,720.3	5,948.5	6,154.8	6,330.5	6,477.3
Debt issued by other agencies	27.0	35.2	33.4	30.1	30.0	29.9	29.6	29.2
Total, gross Federal debt	4,921.0	5,207.3	5,498.9	5,750.4	5,978.5	6,184.7	6,360.2	6,506.5
Held by:								
Government accounts	1,317.6	1,438.6	1,565.8	1,692.9	1,827.9	1,977.6	2,133.5	2,296.8
The public.	3,603.4	3,768.7	3,933.0	4,057.5	4,150.6	4,207.1	4,226.7	4,209.6
Federal Reserve Banks	374.1	....	....	....	....	....	....	....
Other	3,229.3	....	....	....	....	....	....	....
Debt Subject to Statutory Limitation, End of Year:								
Debt issued by Treasury	4,894.0	5,172.1	5,465.4	5,720.3	5,948.5	6,154.8	6,330.5	6,477.3
Less: Treasury debt not subject to limitation [4]	–15.6	–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	0.1
Adjustment for discount and premium [5]	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Total, debt subject to statutory limitation [6]	4,884.6	5,162.7	5,456.0	5,710.9	5,939.2	6,145.5	6,321.2	6,467.9

* $50 million or less.

[1] 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).

[2] A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing the deficit and therefore have a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing the deficit and therefore have a positive sign.

[3] 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 the sale of gold.

[4] Consists primarily of Federal Financing Bank debt.

[5] Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

[6] The statutory debt limit is $4,900 billion.

actuarial present value of expected future benefits. The future transactions of Federal social insurance and employee 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.[4] Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.[5]

Borrowing and Government Deficits

Table 11–2 summarizes Federal borrowing and debt from 1995 through 2002. In 1995 the borrowing from the public was $171.3 billion, and Federal debt held by the public increased to $3,603.4 billion. The issuance of debt to Government accounts was $106.0 billion, and gross Federal debt increased to $4,921.0 billion. Borrowing from the public is estimated to decline to $164.3 billion in 1997.

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.

[4] 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 with one another in concept or actuarial assumptions.

[5] Debt held by the public was measured until several years ago 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 price plus the amortized discount (or less the amortized premium). At the time of sale, the value equals the sales price. Subsequently, the value equals the sales price plus the amount of the discount that has been amortized up to that time. In equivalent terms, the value equals par less the unamortized discount. (For a security sold at a premium, the definition is symmetrical.) Agency debt, except for zero-coupon certificates, is recorded at par. For further analysis of these 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.

Debt held by the public.—Table 11–2 shows the relationship between borrowing from the public and the Federal deficit. The total deficit of the Federal Government includes not only the budget deficit but also the surplus or deficit of the off-budget Federal entities, which have been excluded from the budget by law. Under present law the off-budget Federal entities are the social security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund.[6] Since social security had a large surplus in 1995 and is estimated to have even larger surpluses over the next few years, the off-budget surplus reduces 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 11–2, such as a decrease in Treasury's cash balance. In 1995 these other accounts added up to a negative amount, –$7.4 billion, which increased the need to borrow from the public. In some past years, the net amount of these items was positive and reduced the Government's borrowing requirements.

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.

However, a new and larger "other means of financing" was created by the Federal Credit Reform Act of 1990. Budget outlays for direct loans and loan guarantees consist of the estimated subsidy cost of the loans or guarantees at the time when the direct loans or guaranteed loans are disbursed. The portion of the net cash flow that does not represent a cost to the Government is non-budgetary in nature and is recorded as a transaction of the financing account for each credit program.[7]

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 11–2. 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 $4.1 billion to borrowing requirements in 1995. They are estimated to add substantially more in 1996 and later years, mainly because of the growth of the direct student loan program expected under current law. Beginning this year, eligible educational institutions may select either the direct lending or the guaranteed lending program for their students. Since direct loans require cash disbursements equal to the full amount of the loans when the loans are made, Federal borrowing requirements are initially increased. The conversion of a Small Business Administration program from loan guarantees to direct loans will also contribute to this effect. The total net financing disbursements for all credit programs are estimated to reach a peak in 2000 and then to decline gradually because of loan repayments.

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 1995. In 1997, for example, the total trust fund surplus is estimated to be $123.8 billion, and Government accounts are estimated to invest $127.2 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 11–4.

Agency Debt

Several Federal agencies, shown in Table 11–3, sell debt securities to the public and to other Government accounts. During 1995, agencies repaid $1.2 billion. Agency debt is only one percent of Federal debt held by the public.

The reason for issuing agency debt differs considerably from one agency to another. The predominant agency borrower from the public is the Tennessee Valley Authority, which had $25.0 billion outstanding at the end of 1995, or 92 percent of all agency debt held by the public. TVA debt 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

[6] For further explanation of the off-budget Federal entities, see Chapter 20, "Off-Budget Federal Entities."

[7] The Federal Credit Reform Act of 1990 (sec. 505(b)) requires that the financing accounts be non-budgetary. As explained in Chapter 20, "Off-Budget Federal Entities," they are non-budgetary in concept because they do not measure cost. For additional discussion of credit reform, see Chapter 8, "Underwriting Federal Credit and Insurance," and Chapter 24, "Budget System and Concepts and Glossary."

Table 11–3. AGENCY DEBT

(In millions of dollars)

	Borrowing or repayment (–) of debt			Debt end of 1997 estimate
	1995 actual	1996 estimate	1997 estimate	
Borrowing from the public:				
Defense	....	–6	....	....
Housing and Urban Development:				
Federal Housing Administration	–24	....	....	71
Interior	....	....	....	13
Small Business Administration:				
Participation certificates: SBIC and section 505 development company	....	–67	....	7
Architect of the Capitol	–1	–1	–2	179
Farm Credit System Financial Assistance Corporation	....	....	....	1,261
Federal Deposit Insurance Corporation:				
FSLIC Resolution Fund	–32	–32	–31	95
National Archives	–4	–4	–4	286
Tennessee Valley Authority	–1,162	645	–1,203	24,402
Total, borrowing from the public	**–1,223**	**534**	**–1,240**	**26,314**
Borrowing from other funds:				
Housing and Urban Development:				
Federal Housing Administration	–1	....	....	16
Postal Service Fund [1]	....	4,406	–508	3,898
Tennessee Valley Authority [1]	....	3,200	....	3,200
Total, borrowing from other funds	**–1**	**7,606**	**–508**	**7,114**
Total, agency borrowing	**–1,224**	**8,140**	**–1,748**	**33,428**

[1] The ''borrowing from other funds'' by the Postal Service fund and TVA in 1996 was the result of the FFB swapping Postal Service and TVA securities with the Civil Service Retirement and Disability trust fund in exchange for Treasury securities having an equal present value. The amount of Postal Service securities exchanged (in terms of face value) was $4,665 million, of which $258 million was repaid later in 1996 to arrive at the estimated net ''borrowing'' of $4,406 million. See the narrative for further explanation.

have engaged in similar transactions is thus inherent in the way that their programs operate.[8]

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 1996 or 1997.

The amount of agency securities recognized as part of gross Federal debt in tables 11–1 and 11–3 has been substantially affected by borrowing from the Federal Financing Bank (FFB). The FFB is an entity within the Treasury Department, one of whose purposes is to substitute Treasury borrowing for agency borrowing from the public. It has the authority to purchase agency debt and finance these purchases by borrowing from the Treasury. Agency borrowing from the FFB is not included in gross Federal debt. It would be double counting to add together (a) the agency borrowing from the FFB and (b) the Treasury borrowing from the public that was needed to provide the FFB with the funds to lend to the agencies.

As explained in a later section of this chapter, the debt of the agencies that borrow from the FFB is not subject to the statutory debt limitation. This enabled Treasury to raise additional cash to avoid default during the recent dispute with Congress over the budget and the debt limit. On February 14, 1996, FFB swapped most of its holdings of TVA and Postal Service debt in exchange for Treasury securities held by the Civil Service Retirement and Disability trust fund (CSRDF).

[8] The debt securities of the FSLIC Resolution fund and Department of the Interior were also issued as a means of paying specified bills. The budgetary treatment of these and similar securities is further explained 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.

The Treasury securities, which were subject to the debt limit, were canceled in an exchange that took place between the FFB and the Treasury immediately afterwards. This reduced the amount of debt subject to limit, which allowed Treasury to sell to the public more securities that are subject to the debt limit.

The TVA and Postal Service securities acquired by CSRDF are included in gross Federal debt shown in table 11–2 and are included in table 11–3 as amounts borrowed from other funds. Including debt held by Government accounts in gross Federal debt is not double counting, because Treasury does not have to borrow from the public in order for these accounts to buy the securities. Moreover, the TVA and Postal Service securities acquired by CSRDF replaced Treasury securities, which were counted in gross Federal debt.

The swap between FFB and CSRDF was equal in present value terms, measuring how much the securities were worth to CSRDF at the time of the exchange, but the face value of the Treasury and agency securities differed: $7.9 billion of agency securities at face value were swapped for $8.6 billion of Treasury securities at face value. Agency securities such as those held by CSRDF and Treasury securities of the type held by CSRDF are recorded at face value—rather than at the current amount of their discounted or present value—in calculating gross Federal debt and the other debt series shown in this chapter. Therefore, the tables in this chapter show that agency debt increased by $7.9 billion, Treasury debt decreased by $8.6 billion, and gross Federal debt decreased by $0.7 billion. CSRDF is protected by various provisions from default risk on its agency debt securities. It is assumed for purposes of the estimates in the budget that CSRDF will hold the agency debt until maturity (or call date), at which time the principal repayments will be invested in Treasury securities.

Debt Held by Government Accounts

Trust funds, and some public enterprise revolving funds and special funds, accumulate cash in excess of current requirements in order to meet future obligations. These cash surpluses are invested mostly in Treasury debt and, to a very small extent, in agency debt.[9]

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 $106.0 billion in 1995 and, as shown in Table 11–4, it is estimated to be $127.7 billion in 1997. The holdings of Federal securities by Government accounts are estimated to rise to $1,565.8 billion by the end of 1997, or 28 percent of the gross Federal debt. This percentage is estimated to rise further as the budget moves toward balance and borrowing from the public declines.

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 large combined surplus and invest increasing amounts almost each year: a total of $201.6 billion during 1995–97, 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 28 percent of the total investment by Government accounts during 1995–97. Altogether, the investment of social security and these two retirement funds comprises 84 percent of the investment by all Government accounts during this period. At the end of 1997, they are estimated to account for 74 percent of the total holdings by Government accounts. Another 8 percent will be accounted for by the hospital insurance trust fund, which invested heavily in the past but does not add 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 were 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 were recorded at purchase price plus amortized discount. The valuation method was the estimated market or redemption price. Treasury aggregated all debt held by Government accounts at par but subtracted 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. In Table 11–4 it is shown as a separate item at the end of the table and 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

[9] As discussed in the section on the statutory debt limit, certain funds were not fully invested during part of fiscal year 1996 due to the differences between the President and the Congress over the budget and the debt limit. It is assumed for purposes of the estimates in the budget that these funds will be fully invested by the end of the year.

Table 11–4. DEBT HELD BY GOVERNMENT ACCOUNTS [1]

(In millions of dollars)

Description	Investment or disinvestment (–) 1995 actual	1996 estimate	1997 estimate	Holdings end of 1997 estimate
Investment in Treasury debt:				
Overseas Private Investment Corporation	149	104	126	2,330
Defense-Civil: Military retirement trust fund	7,596	4,381	3,686	121,030
Energy: Nuclear waste disposal fund	455	672	658	6,012
Health and Human Services:				
Federal old-age and survivors insurance trust fund [2]	34,522	50,565	62,293	560,805
Federal disability insurance trust fund [2]	29,125	14,423	10,681	60,329
Federal hospital insurance trust fund	1,149	–6,423	3,027	126,468
Federal supplementary medical insurance trust fund	–7,975	11,321	2,504	27,338
Housing and Urban Development:				
Federal Housing Administration mutual mortgage fund	946	1,960	720	9,353
Other HUD	503	407	421	5,252
Interior:				
Outer Continental Shelf deposit funds	91	51	–1,468	20
Abandoned Mine Reclamation fund	130	108	93	1,516
Labor:				
Unemployment trust fund	7,354	6,263	6,442	59,846
Pension Benefit Guaranty Corporation	460	860	1,043	7,635
State: Foreign Service retirement and disability trust fund	622	640	664	9,105
Transportation:				
Highway trust fund	837	2,857	2,537	23,925
Airport and airway trust fund	–1,061	–2,855	393	8,683
Oil spill liability trust fund	175	–38	238	1,382
Treasury: Exchange stabilization fund	–4,926	151	215	2,765
Veterans Affairs:				
National service life insurance trust fund	101	29	400	12,383
Other trust funds	25	12	12	1,712
Federal funds	–34	–6	–10	552
Environmental Protection Agency:				
Hazardous substance trust fund	840	141	1,599	7,921
Leaking underground storage tank trust fund	154	–17	163	1,209
Office of Personnel Management:				
Civil Service retirement and disability trust fund [3]	27,237	19,725	27,936	413,787
Employees life insurance fund	910	981	937	17,757
Employees health benefits fund	316	76	204	8,170
Federal Deposit Insurance Corporation:				
Bank Insurance fund	7,045	1,435	1,779	24,231
FSLIC Resolution fund	–1,122	–9	198	717
Savings Association Insurance fund	1,107	5,867	106	9,573
National Credit Union Administration: Share insurance fund	276	177	200	3,680
Postal Service fund [2]	–21	–249	....	1,000
Railroad Retirement Board trust funds	2,237	–456	814	14,798
Tennessee Valley Authority	–2,712	–22	–1,220	....
Other Federal funds	311	–139	–296	3,695
Other trust funds	620	404	639	6,934
Unrealized discount [1]	–1,415	....	....	–3,188
Total, investment in Treasury debt [1]	**106,025**	**113,396**	**127,734**	**1,558,726**
Investment in agency debt:				
Housing and Urban Development: Government National Mortgage Association	–1	....	....	16
Office of Personnel Management: Civil Service retirement and disability trust fund [3]	....	7,606	–508	7,098
Total, investment in agency debt	**–1**	**7,606**	**–508**	**7,114**
Total, investment in Federal debt [1]	**106,024**	**121,002**	**127,226**	**1,565,840**
MEMORANDUM				
Investment by Federal funds (on-budget)	2,586	11,565	4,033	77,327
Investment by Federal funds (off-budget)	–21	–249	....	1,000
Investment by trust funds (on-budget)	41,137	44,646	51,687	869,546
Investment by trust funds (off-budget)	63,648	64,988	72,974	621,134
Investment by deposit funds [4]	91	51	–1,468	20
Unrealized discount [1]	–1,415	....	....	–3,188

[1] Debt held by Government accounts is measured at face value except for the unrealized discount on Government account series securities, which is not distributed by account. Changes in the unrealized discount are not estimated.

[2] Off-budget Federal entity.

[3] The FFB swapped Treasury securities with the Civil Service retirement and disability trust fund (CSRDF) in 1996 in exchange for securities having an equal present value. The result is shown in this table as an investment in agency debt and a reduction of investment in Treasury debt for CSRDF. CSRDF acquired agency securities having a face value of $7,865 million, of which $258 million was redeemed later in 1996 for an estimated net investment during the year of $7,606 million. See narrative in the section on agency debt for further explanation.

[4] Only those deposit funds classified as Government accounts.

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 11–2 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 (Federal Financing Bank). It is authorized to have outstanding up to $15 billion of publicly issued debt, and this amount was issued several years ago 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 $87 million at the end of 1995. 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 Treasury, or other Government accounts).

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 differs between gross Federal debt (and its components) and the statutory definition of debt subject to limit. An adjustment is needed to derive debt subject to limit (as defined by law) from Treasury debt, and this adjustment is specified in footnote 5 to Table 11-2. The amount is relatively small: $6.1 billion at the end of 1995 compared to the total discount (less premium) of $80.0 billion recognized on Treasury securities.

Methods of changing the debt limit.—The statutory debt limit has frequently been changed. Since 1960, Congress has passed 65 separate acts to raise the limit, extend the duration of a temporary increase, or revise the definition.

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. In 1995, however, the House of Representatives suspended its special rule for the fiscal year 1996 budget resolution.

Recent changes in the debt limit.—Major increases in the debt limit were enacted as part of the deficit reduction packages in 1990 and 1993. The Omnibus Budget Reconciliation Act of 1990 raised the limit to $4,145 billion as part of the budget negotiations between the President and the Congress. The Omnibus Budget Reconciliation Act of 1993, which the President signed into law on September 30, 1993, raised the limit to $4,900 billion. Both changes in law were preceded by one or more temporary increases in the limit before agreement was reached on the debt and the deficit reduction measures. These increases in the debt limit were both large enough to last over two years without a further change in law, the longest times without an increase since the period from 1946 to 1954.

The debt again approached the limit in 1995, and the limit again became part of the larger issue of deficit reduction. The Congressional Budget Resolution instructed the Ways and Means and the Finance Committees to submit provisions for the reconciliation bill that would increase the limit to $5,500 billion.

As the debt came close to the limit in October and November 1995 without a budget agreement, the Treasury Department took several actions to control debt and cash more tightly in order to stay under the limit. It reduced or postponed auctions, suspended the issuance of State and local government series securities, and suspended "foreign add-ons" to Treasury bills and notes (additional amounts issued to Federal Reserve Banks as agents for foreign and international monetary authorities). Congress passed a bill raising the debt limit temporarily, but the President vetoed it on November 13. It would have limited the Treasury's powers to manage Federal debt to avoid default, and it would have reduced the limit by $100 billion (to $4,800 billion) when the temporary increase expired on December 13.

By November 15, 1995, the debt subject to limit was virtually at the limit and Treasury was obligated to make large cash payments. On that date, the Secretary of Treasury announced two steps to avoid default. He authorized the redemption of $39.8 billion of Treasury securities held by the Civil Service Retirement and Disability trust fund (CSRDF), and he authorized not reinvesting the $21.5 billion of Treasury securities held by the "G-fund" portion of the Thrift Savings Fund (the Federal Employees Retirement System's Government

Securities Investment Trust). This provided $61.3 billion of additional borrowing authority. The law provides that at the end of a "debt limit suspension period" both funds are to be made whole with respect to lost interest and principal, so the beneficiaries of these funds do not suffer any losses.

The disagreement over how to reduce the deficit continued. Congress passed a budget reconciliation bill in December that included a provision increasing the debt limit to $5,500 billion, but the bill included many provisions unacceptable to the President and he vetoed it. On December 29, Treasury was unable to issue securities to the CSRDF to invest the $14.0 billion of interest payments that it received from the general fund and the FFB. In January, Treasury announced three further steps. The Secretary authorized the redemption of $6.4 billion additional Treasury securities from CSRDF; the reinvestment of Treasury securities held by the Exchange Stabilization Fund (about $3.9 billion) would be suspended; and agency securities held by the Federal Financing Bank would be swapped with an equivalent amount of Treasury securities held by CSRDF. As explained in the section of this chapter on agency securities, the latter step reduced the debt subject to limit by $8.6 billion.

This was not enough, however, to ensure timely payment of social security benefits and other amounts payable at the beginning of March, and the Secretary of Treasury said he had no other options that were both legal and prudent. Congress passed an act temporarily exempting from limit an amount of Treasury securities equal to the social security benefits payable in March 1996, with the exemption expiring at the earlier of an increase in the debt limit or March 15, 1996. The President signed the bill into law on February 8, the amount of the social security benefits was $29.0 billion, and $29.0 billion of cash management bills were sold under this authority later in the month. The debt limit issue remained to be resolved.

Federal funds financing and the change in debt subject to limit.—The change in debt held by the public, as shown in Table 11–2, is determined principally by the total Government deficit. The debt subject to limit, however, includes not only debt held by the public but also debt held by Government accounts. The change in debt subject to limit is therefore determined both by the factors that determine the total Government deficit and by the factors that determine the change in debt held by Government accounts.

The budget is composed of two groups of funds, Federal funds and trust funds. The Federal funds, in the main, are derived from tax receipts and borrowing and are used for the general purposes of the Government. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for specified

Table 11–5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT

(In billions of dollars)

Description	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Federal funds surplus or deficit (–)	**–263.2**	**–256.5**	**–263.9**	**–224.3**	**–200.6**	**–177.2**	**–146.7**	**–118.4**
(On-budget)	–265.2	–256.8	–261.3	–224.2	–202.1	–177.7	–148.5	–120.3
(Off-budget)	2.0	0.3	–2.6	–*	1.5	0.5	1.8	1.8
Means of financing other than borrowing:								
Change in:[1]								
Treasury operating cash balance	–2.0	–2.1	....	....	....	....	....	....
Checks outstanding, etc.[2]	–8.3	1.2	–4.1	....	....	....	....	....
Deposit fund balances[3]	0.9	0.1	–1.5	....	....	....	....	....
Seigniorage on coins	0.7	0.7	0.6	0.7	0.7	0.8	0.8	0.8
Less: Net financing disbursements:								
Direct loan financing accounts	–7.0	–17.9	–20.8	–25.2	–27.3	–27.3	–26.7	–25.7
Guaranteed loan financing accounts	2.9	–0.4	0.8	–2.0	–2.2	–2.4	–1.9	–1.9
Total, means of financing other than borrowing	**–12.9**	**–18.4**	**–25.1**	**–26.5**	**–28.7**	**–29.0**	**–27.8**	**–26.8**
Decrease or increase (–) in Federal debt held by Federal funds and deposit funds[4]	–2.7	–11.4	–2.6	–0.7	1.2	–*	–0.9	–1.0
Increase or decrease (–) in Federal debt not subject to limit	–1.2	8.1	–1.7	–3.4	–0.1	–0.1	–0.2	–0.5
Total, requirement for Federal funds borrowing subject to debt limit	**–280.0**	**–278.1**	**–293.3**	**–254.9**	**–228.3**	**–206.3**	**–175.7**	**–146.7**
Adjustment for change in discount or premium[5]	0.8	....	....	....	....	....	....	....
Increase in debt subject to limit	**279.3**	**278.1**	**293.3**	**254.9**	**228.3**	**206.3**	**175.7**	**146.7**
ADDENDUM								
Debt subject to statutory limit[6]	4,884.6	5,162.7	5,456.0	5,710.9	5,939.2	6,145.5	6,321.2	6,467.9

* $50 million or less.
[1] A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing the deficit and therefore have a positive sign. An increase in checks outstanding or deposit fund balances (which are liabiities) would also be a means of financing the deficit and therefore also have a positive sign.
[2] Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.
[3] Does not include investment in Federal debt securities by deposit funds classified as part of the public.
[4] Only those deposit funds classified as Government accounts.
[5] Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.
[6] The statutory debt limit is $4,900 billion.

purposes, such as paying social security benefits or grants to State governments for highway construction.[10]

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 11–5 derives the change in debt subject to limit. In 1997 the Federal funds deficit is estimated to be $263.9 billion, and other factors increase the requirement to borrow subject to limit by $29.4 billion. The largest other factor is the direct loan financing accounts. As explained in an earlier section, their disbursements are excluded from the budget by law because they do not represent a cost to the Government, but they have to be financed and they are currently growing. As a result, the debt subject to limit is estimated to increase by $293.3 billion, which is $129.0 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 2002 is estimated to grow still larger, 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 11–5 with the annual deficit and borrowing from the public in Table 11–2. The increase in debt subject to limit is more than $100 billion higher every year. In 2002, when the budget has a $43.9 billion surplus, debt subject to limit increases by $146.7 billion.

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 11–6, 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 1995 foreign holdings of Treasury debt were $848.1 billion, which was 23.5 percent of the total debt held by the public. Foreign central banks owned 55 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 denominated in dollars.

Although the amount of debt held by foreigners has grown greatly since the early 1980s, the proportion they own did not change much during this period until 1995. Last year, however, foreign holdings increased by $192.5 billion,[11] which was more than the total Federal borrowing from the public. As a result, the percentage of Federal debt held by foreign residents grew from 19.1 percent at the end of 1994 to 23.5 percent at the end of 1995. The largest part of foreign purchases was by private investors, influenced, among other factors, by rising U.S. bond prices. Foreign central banks purchases to support the dollar were a contributing factor.

Foreign holdings of Federal debt are almost one-fourth 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; and it insures the deposits of banks and thrift institutions, which themselves make loans.

Federal credit assistance is discussed in Chapter 8, "Underwriting Federal Credit and Insurance." Detailed data are presented in tables at the end of that chapter. Table 11–7 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 measure the degree of subsidy provided by the credit assistance, nor does it 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 increase of the past decade compared to earlier periods has been

[10] For further discussion of the trust funds and Federal funds groups, see Chapter 18, "Trust Funds and Federal Funds."

[11] The amount reported by the Bureau of Economic Analysis, Department of Commerce, was less due to a different method of valuing the securities.

Table 11–6. FOREIGN HOLDINGS OF FEDERAL DEBT

(Dollar amounts in billions)

Fiscal year	Debt held by the public			Borrowing from the public			Interest on debt held by the public		
	Total	Foreign [1]	Percentage foreign	Total [2]	Foreign [1]	Percentage foreign	Total [3]	Foreign [4]	Percentage foreign
1965	260.8	12.3	4.7	3.9	0.3	6.4	9.6	0.5	4.9
1966	263.7	11.6	4.4	2.9	–0.7	n.a.	10.1	0.5	5.1
1967	266.6	11.4	4.3	2.9	–0.2	n.a.	11.1	0.6	5.1
1968	289.5	10.7	3.7	22.9	–0.7	n.a.	11.9	0.7	5.6
1969	278.1	10.3	3.7	–1.3	–0.4	n.a.	13.5	0.7	5.3
1970	283.2	14.0	5.0	3.5	3.8	107.2	15.4	0.8	5.5
1971	303.0	31.8	10.5	19.8	17.8	89.8	16.2	1.3	7.9
1972	322.4	49.2	15.2	19.3	17.3	89.5	16.8	2.4	14.2
1973	340.9	59.4	17.4	18.5	10.3	55.3	18.7	3.2	17.2
1974	343.7	56.8	16.5	2.8	–2.6	n.a.	22.7	4.1	17.9
1975	394.7	66.0	16.7	51.0	9.2	18.0	25.0	4.5	18.2
1976	477.4	69.8	14.6	82.2	3.8	4.6	29.3	4.4	15.1
TQ	495.5	74.6	15.1	18.1	4.9	26.9	7.8	1.2	14.9
1977	549.1	95.5	17.4	53.6	20.9	39.0	33.8	5.1	15.0
1978	607.1	121.0	19.9	58.0	25.4	43.5	40.2	7.9	19.5
1979 [5]	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 [5]	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 [5]	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	3,432.1	655.6	19.1	184.7	64.3	34.8	210.6	44.5	21.1
1995	3,603.4	848.1	23.5	171.3	192.5	112.4	239.2	58.4	24.4

[1] Estimated by Treasury Department. These estimates exclude agency debt, the holdings of which are believed to be small. The data on foreign holdings are not recorded by methods that are strictly comparable with the data on debt held by the public. Projections are not available.
[2] Borrowing from the public is defined as equal to the change in debt held by the public from the beginning of the year to the end, except to the extent that the amount of debt is changed by reclassification.
[3] Estimated as interest on the public debt less ''interest received by trust funds'' (subfunction 901 less subfunctions 902 and 903). Does not include the comparatively small amount of interest on agency debt or the offsets for interest on public debt received by other Government accounts.
[4] Estimated by Bureau of Economic Analysis, Department of Commerce. These estimates include small amounts of interest from other sources, including the debt of Government-sponsored enterprises, which are not part of the Federal Government.
[5] Benchmark revisions reduced the estimated foreign holdings of Federal debt as of December 1978 and increased the estimated foreign holdings as of December 1984 and December 1989. As a result, the data on foreign holdings in different time periods are not strictly comparable, and the ''borrowing'' from foreign residents in 1979, 1985, and 1989 reflects the benchmark revision as well as the net purchases of Federal debt securities.
n.a. = Not applicable due to negative numbers or benchmark revision.

due to higher GSE borrowing as well as Federal deficits. Furthermore, a rising part of federally assisted borrowing and lending in 1996 and 1997 is estimated to come from loan guarantees. The Federal lending participation rate has been smaller and more stable over time than the borrowing participation rate, because Federal direct loans are much smaller than Federal borrowing.

Table 11–7. FEDERAL PARTICIPATION IN THE CREDIT MARKET

(Dollar amounts in billions)

	Actual											Estimates	
	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997
Total net borrowing in credit market [1]	66.7	87.9	169.7	336.3	826.5	722.3	502.0	540.8	578.5	618.4	717.5	....	....
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	171.3	165.3	164.3
Guaranteed borrowing	5.0	7.8	8.6	31.6	21.6	40.7	22.1	19.7	–2.0	38.7	26.2	55.8	63.2
Government-sponsored enterprise borrowing [2]	1.2	4.9	5.3	21.4	57.9	115.4	124.6	150.8	170.2	140.0	158.3	130.0	154.4
Total, Federal and federally assisted borrowing	10.1	16.2	65.0	122.5	278.9	376.9	424.1	481.2	415.6	363.4	355.8	351.1	381.9
Federal borrowing participation rate (percent)	**15.1**	**18.4**	**38.3**	**36.4**	**33.7**	**52.2**	**84.5**	**89.0**	**71.8**	**58.8**	**49.6**	....	....
Total net lending in credit market [1]	66.7	87.9	169.7	336.3	826.5	722.3	502.0	540.8	578.5	618.4	717.5	....	....
Direct loans	2.0	3.0	12.7	24.2	28.0	2.8	–7.5	7.0	–1.7	–0.8	1.6	8.6	15.0
Guaranteed loans	5.0	7.8	8.6	31.6	21.6	40.7	22.1	19.7	–2.0	38.7	26.2	55.8	63.2
Government-sponsored enterprise loans [2]	1.4	5.2	5.5	24.1	60.7	90.0	90.7	145.2	163.2	144.0	88.7	144.1	144.4
Total, Federal and federally assisted lending	8.3	15.9	26.9	79.9	110.3	133.5	105.3	171.9	159.5	181.9	116.5	208.5	222.6
Federal lending participation rate (percent)	**12.4**	**18.1**	**15.9**	**23.8**	**13.3**	**18.5**	**21.0**	**31.8**	**27.6**	**29.4**	**16.2**	....	....

[1] Total net borrowing (or lending) in credit market by domestic nonfinancial sectors excluding equities. Financial sectors are omitted to avoid double counting, since financial intermediaries both borrow and lend in the credit market. Source: Federal Reserve Board flow of funds accounts. Projections are not available.

[2] Most Government-sponsored enterprises (GSEs) are financial intermediaries. GSE borrowing (lending) is nevertheless compared with total credit market borrowing (lending) because GSE borrowing (lending) is a proxy for the borrowing (lending) by nonfinancial sectors that is intermediated by GSEs. It assists the utlimate 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.

BUDGET ENFORCEMENT ACT PREVIEW REPORT

12. 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 2002, and make other amendments to the BEA requirements. (See "Proposals to Extend and Amend the BEA and Other Reforms to Strengthen the Budget Process" below.)

This Preview Report discusses the status of discretionary appropriations and pay-as-you-go legislation based on laws enacted as of March 1, 1996. 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 January 18, 1996, the Office of Management and Budget submitted the Final Sequestration Report for 1996 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 current and previous estimates of inflation, changes in concepts and definitions, and estimates of emergency spending. Table 12–1 is a summary of all changes to the 1991 through 1998 caps originally enacted in law. Table 12–2 shows the impact on the caps of adjustments being made in this Preview Report. Table 12–2 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 through 1998 and it also requires OMB to adjust these caps for differences between the inflation estimates contained in the House Conference Report on the 1994 Budget Resolution and those that are assumed in the President's Budget. The inflation estimates in the 1997 Budget are lower than those contained in the 1996 Budget and are computed on a different basis. Consistent with the new approach adopted by the Bureau of Economic Analysis this year (and followed by the Congressional Budget Office) for measuring inflation and real growth in the Gross Domestic Product (GDP), the inflation measure used to adjust the discretionary caps is on a chain-weighted rather than fixed-weighted basis.

Because of this shift in measurement method, the inflation estimates in the economic assumptions for the 1996 Budget were, first, restated to a chain-weighted basis. Then, the difference between the restated 1996 Budget inflation estimates and the comparable estimates for the 1997 Budget were compared to produce the necessary inflation adjustment to the discretionary caps. The restated 1996 Budget inflation estimates for 1996, 1997, and 1998 are 3.1 percent, 3.2 percent, and 3.3 percent, respectively. For the 1997 Budget, the comparable inflation estimates are 2.7 percent a year for 1996 through 1998. Thus, inflation estimates are lower in 1996, 1997, and 1998 by 0.4 percent, 0.5 percent, and 0.5 percent, respectively. Adjusting the caps for these changes in inflation estimates reduces budget authority by $2.0 billion in 1996, $4.7 billion in 1997, and $7.3 billion in 1998. The estimated spendout of these reductions in budget authority reduces the outlays by $1.2 billion in 1996, $3.3 billion in 1997, and $5.7 billion in 1998.

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 1996 appropriations bills included provisions that modified mandatory programs. Since funding controlled by appropriations action is considered discretionary, the effects of these provisions are recorded as adjustments to the caps. The caps were also adjusted to reflect the proper classification of the National Service Trust Fund account under current law.

TABLE 12–1. SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS

(In billions of dollars

		1991	1992	1993	1994	1995	1996	1997	1998	1991–98
TOTAL DISCRETIONARY										
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	4,113.0
	OL	514.4	524.9	534.0	534.8	540.8	547.3	547.3	547.9	4,291.4
Adjustments for changes in concepts and definitions	BA	....	7.7	8.2	8.2	8.8	–0.6	–0.4	–0.5	31.4
	OL	....	1.0	2.4	0.6	1.0	–2.9	–2.6	–2.7	–3.1
Adjustments for changes in inflation	BA	....	–0.5	–5.1	–9.5	–11.8	1.0	2.6	4.2	–19.1
	OL	....	–0.3	–2.5	–5.8	–8.8	0.6	1.8	3.2	–11.6
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	14.8
	OL	0.3	0.3	0.8	0.8	0.9	0.0	0.0	0.1	3.3
Adjustments for emergency requirements	BA	0.9	8.3	4.6	12.2	7.7	3.4	....	....	37.2
	OL	1.1	1.8	5.4	9.0	10.1	5.4	3.9	1.4	38.0
Adjustment pursuant to Sec. 2003 of P.L. 104–19 [1]	BA	....	....	....	....	–15.0	–0.1	–0.1	....	–15.1
	OL	....	....	....	....	–1.1	–3.5	–2.4	–1.5	–8.5
Adjustments for special allowances:										
Discretionary new budget authority	BA	....	3.5	2.9	2.9	2.9	....	....	....	12.1
	OL	....	1.4	2.2	2.6	2.7	1.1	0.5	0.1	10.7
Outlay allowance	BA	....	....	....	....	....	....	....	....	....
	OL	2.6	1.7	0.5	1.0	....	....	....	....	5.7
Subtotal, adjustments excluding Desert Shield/Desert Storm	BA	1.1	19.2	23.6	14.3	–6.7	3.8	2.2	3.7	61.3
	OL	3.9	5.9	8.8	8.3	4.8	0.8	1.3	0.6	34.5
Adjustments for Operation Desert Shield/Desert Storm	BA	44.2	14.0	0.6	*	*	....	....	....	58.8
	OL	33.3	14.9	7.6	2.8	1.1	....	....	....	59.6
Total adjustments	BA	45.4	33.2	24.2	14.3	–6.7	3.8	2.2	3.7	135.3
	OL	37.2	20.8	16.4	11.1	5.9	0.8	1.3	0.6	102.5
Preview Report spending limits [2]	BA	537.1	536.6	535.7	525.1	511.0	523.0	530.3	534.4	4,233.2
	OL	551.6	545.7	550.4	545.9	546.7	548.0	548.7	548.5	4,385.4

AAALess than $50 million.

[1] P.L. 104–19, Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-Terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred at Oklahoma City, and Rescissions Act, 1995, was signed into law on July 27, 1995. Section 2003 of that bill directed the Director of OMB to make a downward adjustment in the discretionary spending limits for FYs 1995–1998 by the aggregate amount of the estimated reductions in new budget authority and outlays for discretionary programs resulting from the provisions of the bill, other than emergencies appropriations.

[2] Reflects combined General Purpose Discretionary and Violent Crime Reduction Trust Fund Discretionary spending limits. For 1996–1998 Statutory limits, see footnote 2 in Table 12–2.

Another adjustment is for certain programs in the Department of Transportation's Federal-aid highways account. Some Federal-aid highways programs are not subject to the obligation limitation imposed by the Appropriations Committee and, therefore, are not controllable through the annual appropriations process. The budget authority for these programs was already classified as mandatory. Outlays for programs that are exempt from obligation limitation are reclassified as mandatory. Adjustments are shown for 1994 through 1998 to provide a comparable basis for consideration of highway programs that are exempt from Appropriations Committee control.

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 to the caps. On February 21, 1996, the President submitted a 1996 supplemental request for $620 million for Department of Defense operations associated with the NATO-led Bosnia Peace Implementation Force (IFOR) and Operation Deny Flight, and $200 million for civilian implementation of the Dayton Peace Accords. Table 12–2 displays estimated adjustments for these emergency appropriations. The actual adjustments to the discretionary caps to be included in the final sequestration report at the end of the current session of Congress cannot be determined until appropriations have been enacted.

The Administration proposes to shift funding for the prevention of Medicare fraud and abuse from discretionary spending for this purpose in the Department of Health and Human Services and in the Justice Department to mandatory spending. The discretionary caps and baseline would be adjusted consistent with this shift.

Table 12–2 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 $79.3 billion and total outlays by $22.6 billion. The President will also propose to extend the discretionary caps through 2002. The extended caps are displayed in Table 12–3. This table also compares the President's discretionary proposals to the proposed caps. If the President's proposed cap reductions are enacted, the caps and discretionary spending proposed by the President will be equal.

TABLE 12–2. DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

		1994	1995	1996	1997	1998
General Purpose Discretionary						
Total General Purpose Discretionary spending limits, January 18, 1996 Final Sequestration Report	BA	525,146	508,546	520,713	529,845	536,087
	OL	547,559	547,930	549,276	549,955	551,147
Adjustments:						
Inflation	BA	....	....	–2,037	–4,656	–7,316
	OL	....	....	–1,222	–3,303	–5,717
Changes in concepts and definitions:						
Statutory and other shifts between categories	BA	....	....	....	117	86
	OL	....	–88	–61	211	17
Transportation programs exempt from Appropriations Committee control	BA	....	....	....	....	....
	OL	–1,708	–1,848	–2,302	–2,121	–1,860
Contingent emergency appropriations release	BA	....	....	17	....	....
	OL	....	....	13	3	*
Subtotal, adjustments for the Preview Report	BA	....	....	–2,020	–4,539	–7,230
	OL	–1,708	–1,936	–3,572	–5,210	–7,560
Preview Report General Purpose Discretionary limits [1]	BA	525,146	508,546	518,693	525,306	528,857
	OL	545,850	545,994	545,704	544,745	543,588
Adjustments to Reflect Budget Reconciliation:						
Combating Medicare fraud and abuse (reclassification of discretionary to mandatory spending)	BA	....	....	–477	–476	–475
	OL	....	....	–467	–472	–474
Reduce discretionary limits to reflect President's proposals	BA	....	....	–23,395	–28,559	–27,350
	OL	....	....	–6,837	–6,328	–9,429
Revised Budget Enforcement Act Discretionary Limits	BA	525,146	508,546	494,821	496,271	501,032
	OL	545,850	545,994	538,400	537,945	533,685
Adjustments Under the Revised Budget Enforcement Act for Appropriations Committee Action:						
Emergency supplemental appropriations	BA	....	....	821	....	....
	OL	....	....	566	208	30
Funding to Implement Welfare Reform Provisions	BA	....	....	110	510	475
	OL	....	....	103	486	478
General Purpose Discretionary Spending Limits Including Further Adjustments	BA	525,146	508,546	495,752	496,781	501,507
	OL	545,850	545,994	539,069	538,639	534,193
Violent Crime Reduction Trust Fund Discretionary						
Total Violent Crime Reduction Trust Fund Discretionary spending limits, January 18, 1996 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 Trust Fund Discretionary 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 Trust Fund Discretionary spending limits	BA	525,146	510,969	500,039	501,781	507,007
	OL	545,850	546,697	541,403	542,575	539,097

AAA*Less than $500 thousand.

[1] The discretionary spending limits shown in this table represent what the limits would be if the inflation adjustments and changes in concepts and definitions were made on a consistent basis. The reclassification of transportation programs and the changes in estimates of inflation would impact the 1996 discretionary spending limits as shown above if such adjustments were permitted under statute. However, the statutory adjustments can only be applied to the 1997 and 1998 limits. The *statutory* General Purpose Discretionary spending limits for 1996 through 1998 are as follows (in millions of dollars):

	1996	*1997*	*1998*
Budget authority	520,730	525,306	528,857
Outlays	549,289	545,254	543,750

The Administration also has proposed to adjust the caps for increases in discretionary spending by the Social Security Administration that will be necessary to implement the Administration's welfare reform proposals. The savings in mandatory spending—benefit payments—are expected to more than offset the increase in discretionary spending. Table 12–2 displays estimated adjustments for 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.

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 OMB issues its Final Sequestration Report 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 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.

OMB reported in its most recent Final Sequestration Report to the President and the Congress that discretionary appropriations enacted for 1996 were within the prescribed spending limits. Since that time, the President has signed the 1996 Foreign Operations Appropriations bill and the Ninth Continuing Resolution. Given the constraint on discretionary spending imposed by the Congressional Budget Resolution for 1996, neither OMB or CBO anticipate that subsequent appropriations for 1996 will cause a sequester.

TABLE 12–3. BUDGET PROPOSALS

(In millions of dollars)

		1996	1997	1998	1999	2000	2001	2002
General Purpose Discretionary Spending								
Estimated Limits	BA	495,752	496,781	501,507	....	....	....	....
	OL	539,069	538,639	534,193	....	....	....	....
President's General Purpose Discretionary Proposals	BA	495,752	496,781	501,507	....	....	....	....
	OL	539,069	538,639	534,193	....	....	....	....
President's Proposals Compared to the General Purpose Discretionary Limits	BA	....	....	....	....	....	....	....
	OL	....	....	....	....	....	....	....
Violent Crime Reduction Trust Fund Spending								
Estimated Limits	BA	4,287	5,000	5,500	....	....	....	....
	OL	2,334	3,936	4,904	....	....	....	....
President's Violent Crime Reduction Trust Fund (VCRTF) Proposals	BA	4,081	5,000	5,500	....	....	....	....
	OL	2,118	3,661	4,904	....	....	....	....
President's Proposals Compared to the Violent Crime Reduction Limits	BA	–206	....	....	....	....	....	....
	OL	–216	–275	....	....	....	....	....
Total Discretionary Spending								
Estimated Limits	BA	500,039	501,781	507,007	511,066	516,098	511,727	514,672
	OL	541,403	542,575	539,097	535,693	536,821	526,563	527,097
Fiscal Dividend	BA	....	....	....	....	....	34,341	55,282
	OL	....	....	....	....	....	21,663	45,763
Adjusted Estimated Limits	BA	500,039	501,781	507,007	511,066	516,098	546,068	569,954
	OL	541,403	542,575	539,097	535,693	536,821	548,226	572,860
President's Discretionary Proposals	BA	499,833	501,781	507,007	511,066	516,098	546,068	569,954
	OL	541,187	542,300	539,097	535,693	536,821	548,226	572,860
President's Discretionary Proposals Compared to the Adjusted Discretionary Limits	BA	–206	....	....	....	....	....	....
	OL	–216	–275	....	....	....	....	....

Sequester calculations.—If either the discretionary budget authority or outlay caps are exceeded, an across-the-board reduction of sequestrable budgetary resources would be required to eliminate the breach. The percentage reduction for certain special-rule programs would be limited to 2 percent. Once this limit is reached, the uniform percentage reduction for all other discretionary sequestrable resources would be increased to a level sufficient to achieve the required reduction. If both the budget authority and outlay caps are exceeded, a sequester would first be calculated to eliminate the budget authority breach. If estimated outlays still remained above the cap, even after applying the available outlay allowance, further reductions in budgetary resources to eliminate the outlay breach would then be required.

Comparison between OMB and CBO discretionary limits.—Section 254(d)(5) of the BEA requires an explanation of differences between OMB and CBO estimates for the discretionary spending limits. Table 12–4 compares OMB and CBO limits for 1996 through 1998. Differences for 1996 through 1998 are due primarily to the difference in forecast inflation and spendout rate differences for other adjustments to the caps.

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, Estimates of Mandatory Budget Proposals by Program, and Effect 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 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 March 1, 1996, OMB had issued 308 reports on legislation affecting direct spending and receipts. Most of these (82 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 legisla-

TABLE 12–4. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

	1996	1997	1998
General Purpose Discretionary			
CBO Preview Report limits: [1]			
BA	520,730	525,145	528,303
OL	549,284	544,822	543,308
OMB Preview Report statutory limits:			
BA	520,730	525,306	528,857
OL	549,289	545,254	543,750
Difference:			
BA	....	–161	–554
OL	–5	–432	–442
Violent Crime Reduction Trust Fund Discretionary:			
CBO Preview Report limits: [1]			
BA	4,287	5,000	5,500
OL	2,334	3,936	4,904
OMB Preview Report statutory limits:			
BA	4,287	5,000	5,500
OL	2,334	3,936	4,904
Difference:			
BA	....	....	....
OL	....	....	....

[1] CBO Preview Report limit estimates are preliminary.

tion had a deficit impact greater than $50 million in any one year.

Table 12–5 shows OMB estimates for legislation enacted through March 1, 1996. In total, pay-as-you-go legislation enacted to date has increased the combined 1996 and 1997 deficits by $2.4 billion. As required by Section 254 (d)(3)(c) of the Budget Enforcement Act, if legislation offsetting this increase is not enacted, a sequester of certain direct spending programs is required. This report projects a sequester of 1.1 percent of mandatory spending would be required to eliminate this increase. Any such sequester would take place after OMB's final sequester report for 1997 is issued. Table 12–6 shows the amounts that would be sequestered from major mandatory programs if legislation offsetting the deficit increase is not enacted in the current session of Congress.

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 1997, total direct spending is estimated to be $863.1 billion. Of this, only $26.0 billion is subject to sequestration. Table 12–6 shows the composition of the direct spending sequestrable universe.

TABLE 12–5. PAY-AS-YOU-GO LEGISLATION ENACTED AS OF MARCH 1, 1996

(In millions of dollars

Report number	Act number	Act title	Change in the baseline deficit			
			1996	1997	1998	1996–1998
Legislation enacted in the 2nd session of the 104th Congress:						
302	P.L. 104–93 H.R. 1655	Intelligence Authorization Act:				
		Revenue effect	....	....	....	....
		Direct spending effect	....	....	....	....
		Net deficit effect	....	....	....	....
303	P.L. 104–96 H.R. 2627	Smithsonian Institution Sesquicentennial Commemorative Coin Act of 1995				
		Revenue effect	....	....	....	....
		Direct spending effect	....	....	....	....
		Net deficit effect	....	....	....	....
304	P.L. 104–104 S. 652	Telecommunications Act of 1996:				
		Revenue effect	....	400	1,200	1,600
		Direct spending effect	....	404	1,205	1,609
		Net deficit effect	....	4	5	9
305	P.L. 104–105 H.R. 2029	Farm Credit System Reform Act:				
		Revenue effect	....	....	....	....
		Direct spending effect	–1	–1	–1	–3
		Net deficit effect	–1	–1	–1	–3
306	P.L. 104–106 S. 1124	Defense Authorization Act:				
		Revenue effect	....	....	....	....
		Direct spending effect	315	609	852	1,776
		Net deficit effect	315	609	852	1,776
307	P.L. 104–110 H.R. 2353	Extension of VA Medical and Housing Programs:				
		Revenue effect	....	....	....	....
		Direct spending effect	–3	–1	....	–4
		Net deficit effect	–3	–1	....	–4
308	P.L. 104–111 H.R. 2657	Congressional Gold Medal for Ruth and Billy Graham:				
		Revenue effect	....	....	....	....
		Direct spending effect	....	....	....	....
		Net deficit effect	....	....	....	....
		Subtotal, enacted this session, as of March 1, 1996:				
		Revenue effect	....	400	1,200	1,600
		Direct spending effect	311	1,011	2,056	3,378
		Net deficit effect	311	611	856	1,778
		Total, legislation enacted:				
		Revenue effect	–1,432	–1,421	–999	–3,853
		Direct spending effect	–404	–33	1,373	936
		Net deficit effect	1,028	1,389	2,371	4,789

TABLE 12–6. SEQUESTRABLE MANDATORY SPENDING AND POTENTIAL SEQUESTER AMOUNTS

(1997 outlays in millions of dollars)

	Subject to Sequester	Projected Sequester [1]
Sequestration limited to automatic spending increases:		
Special milk program	....	....
Vocational rehabilitation basic State grants	45	45
Subtotal, automatic spending increases	45	45
Sequestration according to special rules:		
Federal Family Education Loan program	66	66
Payments to states for foster care and adoption assistance	8	8
Subtotal, special rules	74	74
Medicare (maximum sequester of 4 percent)	7,740	2,101
Subject to across-the-board sequestration:		
Commodity Credit Corporation (incl. sequestrable 1988 amount)	3,988	43
Social Services Block Grants.	2,520	27
Family support payments to states	2,182	24
Crop insurance corporation fund	1,117	12
Justice activities financed by immigration and border fees	904	10
Veterans Education and Readjustment Benefits	822	9
Payments to States for AFDC Work Programs	750	8
Direct student loans program account	531	6
Payments to States for Mineral Leasing Act	515	6
Forest Service permanent appropriations	493	5
Assets Forfeiture Fund	363	4
Rehabilitation services and handicapped research	266	3
Customs salaries and expenses, unclaimed or abandoned goods	284	3
Surcharge collections, sales of comissary stores	255	3
Forest Service, Cooperative Work Trust Fund	232	3
Federal Unemployment Benefits and Allowances	211	2
Lower Colorado River Basin fund	141	2
Treasury Forfeiture Fund	121	1
VA medical cost recovery fund	118	1
Agricultural marketing service, miscellaneous trust funds	90	1
Fees and expenses of witnesses	88	1
Crime victims fund	84	1
Unemployment insurance extended benefits	69	1
Judiciary filing fees	63	1
Other sequestrable spending	1,862	20
Subtotal, subject to across-the-board sequestration	18,069	196
Total, sequestrable mandatory outlays	25,928	2,417

AAA[1] These are the amounts that would be sequestered based on legislation enacted as of 3/1/96. OMB's final determination of the need for a sequester will be made at the end of this session of Congress and will take into account legislation enacted during the current session.

Proposals to Extend and Amend the BEA and Other Reforms to Strengthen the Budget Process

The Administration proposes to extend the BEA requirements generally, to reduce the discretionary caps below current levels, and to make other procedural changes to improve budget enforcement. In addition to the BEA changes, the Administration urges the Congress to complete legislation granting the President line-item veto authority.

Extend the BEA's discretionary spending and "pay-as-you-go" (PAYGO) requirements.—The BEA has been an effective constraint 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. Now, the BEA requirements need to be extended again to support the goal of a balanced budget by the year 2002. The Administration proposes to lower the discretionary spending caps for 1996 through 1998 and to enact caps for 1999 through 2002 that are below baseline discretionary spending levels for those years. The Administration proposes to extend, through 2002, the PAYGO requirements for offsets to legislation that would increase mandatory spending or reduce receipts.

Cap adjustment authority for savings initiatives.—When the BEA was enacted in 1990, it authorized cap adjustments, within specified limits, for each of the years 1991 through 1995 in order to accommodate annual appropriations for an Internal Revenue Service compliance initiative. The Administration proposes that similar cap adjustment authority be provided to accomodate increases in discretionary spending by the Social Security Administration necessary to implement the Administration's welfare reform proposals. The savings in mandatory spending (benefit payments) are expected to more than offset the increase in discretionary spending.

The Administration proposes to increase funding for the prevention of Medicare fraud and abuse. Rather than increase discretionary spending, legislation will be proposed to substitute increased levels of mandatory spending for the current levels of discretionary spending for this purpose in the Department of Health and Human Services and in the Justice Department. The savings in mandatory Medicare benefit payments are expected to more than offset the increase in mandatory spending. Alternatively, Congress could continue to provide discretionary funding for fraud and abuse prevention with increases accommodated through cap adjustment authority like that proposed for the welfare reform initiative.

Amend the asset sale scoring rule.—The BEA's asset sale scoring rule prohibits scoring the proceeds from asset 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 uneconomic loan asset sales, before the Credit Reform Act of 1990 effectively ended this practice.

The Congress waived the scoring rule for purposes of the concurrent resolution on the 1996 budget. In the conference report on the budget resolution, the conferees said that the asset sale scoring prohibition should be repealed and consideration should be given to replacing it with a methodology that takes into account the long-term budgetary impact of asset sales. They said that assets should not be sold if such sale would increase the budget deficit over the long run. The Administration agrees and proposes to work with the Congress to develop a new scorekeeping guideline. At a minimum, the guideline should require that all losses of receipts and reductions in outlays resulting from the sale, as well as the immediate receipts from the sale, be taken into account in determining whether an asset should be sold.

Establish "fiscal dividend" procedures.—The Administration proposes to establish procedures for dividing any "fiscal dividend" in 2000 among tax cuts, spending increases, and deficit reduction in 2001 and 2002. Under the Administration's proposal, a fiscal dividend would occur if the actual deficit in 2000 were below the deficit target for that year. The deficit target would be fixed at CBO's estimate in the 1997 budget process of the deficit for 2000. The dividend would be applied in as many as three steps, depending on the whether the dividend were less than $20 billion, between $20 and $40 billion, or greater than $40 billion. To illustrate, if the deficit target were $100 billion, then any dividend would be applied as follows:

- First, if the actual deficit were not greater than $80 billion, the tax cuts in the Administration's plan, which otherwise would expire on January 1, 2001, would be proposed to be extended.
- Next, if the actual deficit were less than $80 billion but greater than $60 billion, the discretionary caps for 2001 and 2002 would be increased by an amount equal to the difference between $80 billion and the actual deficit. Discretionary spending could be increased by as much as $40 billion over the two-year period.
- Finally, if the actual deficit were less than $60 billion, the difference between $60 billion and the actual deficit would be divided equally among discretionary spending increases, further tax cuts, and deficit reduction in the following manner: the discretionary caps would be increased by an amount equal to one third of the amount of the dividend; the PAYGO scorecard would be credited with an amount equal to one third of the dividend and the revenue floors in the Congressional resolution on the budget would be decreased by an equal amount to reserve the PAYGO savings for tax cuts; and the remaining one third could not be used to increase spending or reduce taxes, preserving this amount as deficit reduction.

The expectation is that if a fiscal dividend is achieved in 2000, it will be because economic growth has been strong and will continue to be strong enough to produce a surplus in 2002, even with the continuance of the planned tax cuts and possibly additional tax cuts and spending.

Line-item veto.—The President should have line-item veto authority to use as a tool for eliminating wasteful spending and special interest tax provisions. To be effective, any such measure should allow the President to rescind in whole or in part any discretionary budget authority provided in an appropriation act, to cancel any new direct spending, and to cancel any targeted tax benefits. In order to be effective in the near-term, the authority should apply to unobligated balances of 1996 appropriations. The exercise of this authority should stand unless Congress enacts a disapproval bill.

13. 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 set 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 (OBRA93). The Order requires annual adjustment of these targets. In the 1995 and 1996 Budgets, the targets were revised. 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. Table 13–1 shows the targets as revised for these circumstances. As the table shows, the targets have increased by $20.6 billion over the three year period 1995 through 1997 since February 1995.

Table 13–1. SUMMARY OF CHANGES TO MANDATORY TARGETS AND CURRENT LAW OUTLAYS

(In billions of dollars)

	1995	1996	1997	1995–97
Changes to mandatory targets				
Mandatory targets as of February 1995	793.2	833.3	900.8	....
Adjustments for:				
Increase in beneficiaries	0.2	0.2	1.1	1.5
Changes in receipts	–0.1	–0.1	0.2	–*
Reclassification of Universal Service Fund	4.3	4.3	4.3	12.9
Changes due to category shifts	1.8	2.3	2.1	6.3
Total adjustments	6.2	6.7	7.7	20.6
Mandatory targets as of March 1996	799.5	840.0	908.5	....
Changes to outlays under current laws				
Outlays under current laws as of February 1995	763.2	813.8	873.9	....
Adjustments for:				
Cost of living adjustment	–1.5	–3.9	–5.5	–10.9
Increases in beneficiaries	0.2	0.2	1.1	1.5
Decreases in beneficiaries	–11.0	–11.9	–15.3	–38.1
Reclassification of Universal Service Fund	4.3	4.3	4.3	12.9
Changes due to category shifts	1.8	2.3	2.1	6.3
Enacted paygo legislation	*	1.1	1.9	3.1
Other adjustments	2.1	2.7	5.1	9.9
Total adjustments	–4.0	–5.2	–6.2	–15.4
Outlays under current laws as of March 1996	759.2	808.6	867.7	....
Amount over (+) or under (–) the current target	–40.3	–31.4	–40.8	–112.5
Memorandum:				
Initial mandatory targets (Executive Order 12857)	784.7	823.7	887.7	....

* $50 million or less

Table 13–1 also shows the major changes in current law estimates since 1996 Budget. Over the three years, current law estimates have declined by $15.4 billion. Most of this difference is the result of downward reestimates for Commodity Credit Corporation, Social Security, Earned Income Tax Credit, Supplementary Security, Income, and Food Stamps programs.

The Order requires an adjustment to the targets to reflect increases in estimated beneficiaries. Table 13–2 shows the current estimates of beneficiaries of major benefit payment programs as well as the level implicit in the 1996 Budget targets. In six 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 Unemployment insurance, Military retirement, and Veterans' pensions. In total, the targets have been increased by $1.5 billion for the three-year period because of increases in beneficiary estimates.

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 not significantly increased receipts over the three-year period.

The mandatory targets are adjusted for reclassifications of spending. As a result of review, while scoring the Telecommunications Act of 1996, the universal service fund of the Federal Communications Commission has been reclassified as budgetary to more accurately reflect its governmental nature. Inclusion of the fund's pre-Telecommunications Act outlays in the budget increases mandatory outlays and the targets by $4.3 billion each year. In addition, certain Federal-aid highway projects that are exempt from limitations imposed by the Appropriations Committee have been reclassified from discretionary to mandatory. This change increases the mandatory targets by $1.8 billion in 1995, $2.3 billion in 1996, $2.1 billion in 1997. The targets have also been adjusted for several minor categorical shifts.

Table 13–2. BENEFICIARIES ESTIMATES FOR MAJOR BENEFIT PROGRAMS

(Annual average, in thousands)

	1995	1996	1997	1998	1999	2000	2001	2002
Family education loans:								
Level implicit in 1996 Budget target	5,394	3,898	3,695	NA	NA	NA	NA	NA
OMB March 1996 estimate	4,309	3,392	2,918	2,709	2,395	2,453	2,518	2,588
Direct loans:								
Level implicit in 1996 Budget target	1,694	3,451	3,940	NA	NA	NA	NA	NA
OMB March 1996 estimate	1,031	2,151	2,773	3,146	3,594	3,678	3,771	3,872
AFDC work programs:								
Level implicit in 1996 Budget target	708	721	727	NA	NA	NA	NA	NA
OMB March 1996 estimate [1]	641	631	627	624	624	624	NA	NA
Foster care and adoption assistance:								
Level implicit in 1996 Budget target	365	392	410	NA	NA	NA	NA	NA
OMB March 1996 estimate	368	387	416	436	458	482	503	528
Medicaid:								
Level implicit in 1996 Budget target	36,500	37,715	39,146	NA	NA	NA	NA	NA
OMB March 1996 estimate	36,168	37,516	38,674	39,763	40,825	41,808	42,719	43,548
Medicare:								
Hospital insurance:								
Level implicit in 1996 Budget target	37,009	37,625	38,206	NA	NA	NA	NA	NA
OMB March 1996 estimate	36,934	37,528	38,073	38,578	39,054	39,548	40,046	40,554
Supplementary medical insurance:								
Level implicit in 1996 Budget target	35,651	36,244	36,760	NA	NA	NA	NA	NA
OMB March 1996 estimate	35,498	36,006	36,490	36,923	37,324	37,740	38,163	38,576
Railroad retirement:								
Level implicit in 1996 Budget target	805	783	761	NA	NA	NA	NA	NA
OMB March 1996 estimate	799	778	755	731	708	686	664	643
Federal civil service retirement:								
Level implicit in 1996 Budget target	2,297	2,327	2,365	NA	NA	NA	NA	NA
OMB March 1996 estimate	2,287	2,324	2,349	2,371	2,391	2,412	2,433	2,459
Military retirement:								
Level implicit in 1996 Budget target	1,805	1,826	1,847	NA	NA	NA	NA	NA
OMB March 1996 estimate	1,814	1,833	1,854	1,874	1,893	1,908	1,924	1,939
Unemployment insurance:								
Level implicit in 1996 Budget target	9,000	9,000	9,000	NA	NA	NA	NA	NA
OMB March 1996 estimate	8,100	8,950	9,300	9,250	9,190	9,160	9,170	9,180
Food stamps: [2]								
Level implicit in 1996 Budget target	27,314	27,316	27,307	NA	NA	NA	NA	NA
OMB March 1996 estimate	26,622	26,139	25,947	26,101	26,250	26,383	26,516	26,650
Child nutrition:								
Level implicit in 1996 Budget target	37,557	38,544	39,499	NA	NA	NA	NA	NA
OMB March 1996 estimate	36,060	37,279	38,476	39,494	39,319	41,281	42,050	42,826
Family support: maintenance assistance (AFDC): [3]								
Level implicit in 1996 Budget target	5,250	5,330	5,410	NA	NA	NA	NA	NA
OMB March 1996 estimate	4,866	4,618	4,684	4,750	4,817	4,876	4,935	4,994

Table 13–2. BENEFICIARIES ESTIMATES FOR MAJOR BENEFIT PROGRAMS—Continued

(Annual average, in thousands)

	1995	1996	1997	1998	1999	2000	2001	2002
Family support: emergency assistance:								
Level implicit in 1996 Budget target	NA	NA	NA	NA	NA	NA	NA	NA
OMB March 1996 estimate	80	84	87	91	95	98	102	106
Supplemental security income:								
Level implicit in 1996 Budget target	6,333	6,822	7,281	NA	NA	NA	NA	NA
OMB March 1996 estimate:								
Aged	1,327	1,315	1,295	1,280	1,265	1,255	1,240	1,235
Blind/Disabled	4,743	4,995	5,210	5,405	5,585	5,750	5,910	6,050
Total, OMB March 1996 estimate	6,070	6,310	6,505	6,685	6,850	7,005	7,150	7,285
Earned income tax credit:								
Level implicit in 1996 Budget target	17,000	17,000	17,005	NA	NA	NA	NA	NA
OMB March 1996 estimate	15,271	15,044	15,219	15,431	15,698	15,885	16,127	16,367
Social Security (OASDI):								
Old age and survivors insurance:								
Level implicit in 1996 Budget target	37,459	37,821	38,166	NA	NA	NA	NA	NA
OMB March 1996 estimate	37,309	37,653	38,005	38,335	38,650	38,975	39,308	39,655
Disability insurance:								
Level implicit in 1996 Budget target	5,685	6,050	6,413	NA	NA	NA	NA	NA
OMB March 1996 estimate	5,656	5,955	6,277	6,588	6,892	7,178	7,456	7,733
Veterans' compensation:								
Level implicit in 1996 Budget target	2,532	2,550	2,557	NA	NA	NA	NA	NA
OMB March 1996 estimate	2,533	2,546	2,551	2,551	2,548	2,543	2,538	2,529
Veterans' pensions:								
Level implicit in 1996 Budget target	788	744	706	NA	NA	NA	NA	NA
OMB March 1996 estimate	799	763	731	704	682	665	651	641

NA = Not Applicable

[1] Midsession estimate as of July 1995. Estimates not available for 2001 and 2002.

[2] Beneficiary estimates do not include Nutrition Assistance Program recipients.

[3] Average number of monthly cases.

During the past year, no reconciliation or emergency mandatory legislation was enacted into law. Thus, there are no additional adjustments to the targets required by the Order.

Growth in Mandatory Programs

Table 13–3 shows outlays for mandatory and related programs for the years 1995 through 2002. Under current law, spending on mandatory programs including net interest is projected to be $1,102.2 billion in 1997, $61.5 billion more than the 1996 estimate. By 2002, spending for mandatory programs including net interest is projected to reach $1,423.5 billion.

Table 13–3. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	1995 actual	Estimate							Total 1996–2002
		1996	1997	1998	1999	2000	2001	2002	
Human resources programs:									
Education, training, employment, and social services:									
Family education loan	3.5	3.0	2.2	2.0	1.8	1.7	1.8	1.9	14.5
Direct loan	0.8	0.6	0.7	0.9	1.3	1.5	1.6	1.7	8.2
Social services	8.8	9.6	9.8	10.2	10.7	11.2	11.8	12.4	75.6
Other	2.5	1.1	0.8	–0.1	–0.2	–0.3	–0.3	–0.2	0.7
Subtotal, education, training, employment, and social services	15.7	14.3	13.5	12.9	13.5	14.1	14.9	15.8	99.0
Health:									
Medicaid	89.1	94.9	102.3	112.0	121.8	133.2	145.6	159.4	869.0
FEHB and other	4.3	4.2	4.5	4.6	4.5	4.9	5.4	5.7	33.9
Subtotal, health	93.4	99.1	106.8	116.5	126.3	138.0	151.0	165.1	902.9
Medicare:									
Hospital insurance	113.6	125.5	137.1	149.3	161.9	175.0	188.8	203.1	1,140.6
Supplementary medical insurance	63.5	69.1	76.3	84.8	93.0	102.1	112.5	124.1	661.8
Medicare premiums and collections	–20.2	–19.8	–20.3	–22.0	–23.3	–24.3	–25.3	–26.4	–161.5
Subtotal, medicare	156.9	174.7	193.1	212.0	231.6	252.8	275.9	300.7	1,640.9

Table 13–3. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW—Continued

(In billions of dollars)

	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002	Total 1996–2002
Income security:									
General retirement and disability:									
Railroad retirement	3.7	4.1	4.2	4.2	4.2	4.3	4.3	4.4	29.7
Other	1.0	0.5	0.3	0.4	0.4	0.6	0.5	0.6	3.2
Subtotal, general retirement and disability	4.7	4.6	4.4	4.6	4.6	4.9	4.9	5.0	32.9
Federal employee retirement and disability:									
Civilian employees retirement	38.8	40.1	42.3	44.3	46.4	48.6	50.9	53.6	326.1
Military retirement	27.8	28.5	29.7	30.8	31.9	32.9	34.0	35.1	222.9
Other	–0.8	–0.7	–0.8	–0.6	–0.6	–0.6	–0.5	–0.5	–4.3
Subtotal, Federal employees retirement and disability	65.8	67.8	71.2	74.5	77.7	80.9	84.3	88.2	544.7
Unemployment compensation	21.3	23.7	24.7	25.3	26.1	27.0	28.1	29.2	184.0
Food and nutrition assistance:									
Food stamps (incl. Puerto Rico)	25.6	26.3	27.5	28.6	29.6	30.7	32.0	33.3	208.0
Child nutrition programs	7.5	8.2	8.6	9.2	9.7	10.3	10.8	11.4	68.1
Other	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	3.1
Subtotal, food and nutrition assistance	33.5	35.0	36.5	38.2	39.8	41.4	43.2	45.1	279.2
Other income security:									
Supplemental security incom	24.5	24.5	28.3	30.3	32.1	36.5	33.2	37.7	222.6
Family support payments	17.1	17.4	18.0	18.4	19.1	19.7	20.4	21.1	133.9
Earned income tax credit	15.2	18.1	19.9	20.7	21.6	22.6	23.5	24.4	150.9
Other	–0.8	–0.9	–1.0	–1.1	–1.3	–1.5	–1.4	–1.5	–8.7
Subtotal, other income security	56.0	59.1	65.2	68.3	71.4	77.3	75.7	81.6	498.7
Subtotal, income security	181.3	190.3	202.0	210.9	219.6	231.5	236.2	249.1	1,539.5
Social Security	333.3	348.1	364.8	383.3	401.7	421.3	441.9	463.5	2,824.7
Veterans' benefits and services:									
Compensation [1]	14.8	14.1	15.7	16.2	16.5	18.1	16.2	17.8	114.7
Pensions [1]	3.0	2.8	3.0	3.0	3.5	3.9	3.4	3.8	23.3
Other	2.0	2.1	2.3	2.3	2.2	2.3	2.3	2.3	15.7
Subtotal, veterans benefits and services	19.9	19.0	20.9	21.4	22.3	24.2	21.9	23.9	153.7
Subtotal, human resources programs	800.4	845.5	901.1	957.0	1,015.0	1,082.0	1,141.8	1,218.1	7,160.7
Other programs included in the entitlement target:									
Agriculture:									
Farm price supports (CCC) [2]	6.0	3.2	3.6	5.1	5.0	4.4	3.8	3.3	28.5
Other	–0.3	0.6	0.1	*	*	0.1	0.2	0.2	1.1
Subtotal, agriculture	5.8	3.8	3.7	5.1	5.0	4.5	4.0	3.5	29.6
Undistributed offsetting receipts:									
Employer share, employee retirement	–34.4	–33.4	–34.4	–35.2	–36.4	–38.2	–40.0	–42.3	–259.9
Rents and royalties on the Outer Continental Shelf	–2.4	–2.7	–3.1	–2.6	–2.6	–2.6	–2.6	–2.6	–18.7
Other offsetting receipts: Spectrum auction, privatize Elk Hills, sale of power marketing administration	–7.6	–4.2	–1.7	–4.4	....	....	....	....	–10.3
Subtotal, undistributed offsetting receipts	–44.5	–40.3	–39.2	–42.2	–39.0	–40.7	–42.6	–44.9	–288.9
Other functions	–2.6	–0.4	2.1	–0.1	–0.4	0.8	–*	–0.2	1.8
Subtotal, other programs included in the entitlement target	–41.2	–37.0	–33.4	–37.2	–34.3	–35.4	–38.6	–41.5	–257.4
Subtotal, mandatory programs included in the entitlement target	759.2	808.6	867.7	919.8	980.7	1,046.6	1,103.2	1,176.6	6,903.3
Deposit insurance	–17.9	–9.0	–4.6	–1.6	–*	–2.0	–1.3	–1.4	–19.9
Net interest:									
Interest on the public debt	332.4	344.6	345.8	347.6	352.1	356.8	360.9	367.6	2475.5
Interest received on trust funds	–93.2	–97.6	–100.4	–103.3	–105.5	–109.1	–108.8	–111.4	–736.1
Other interest	–7.1	–5.9	–6.3	–5.7	–6.0	–6.7	–7.4	–7.8	–45.9
Subtotal net interest	232.2	241.1	239.1	238.6	240.6	241.1	244.6	248.4	1693.5
Total, outlays for mandatory and related programs	973.5	1,040.7	1,102.2	1,156.9	1,221.2	1,285.7	1,346.6	1,423.5	8,576.8

* $50 million or less.

[1] 13 benefit payments are outlayed in 2000. Only 11 benefit payments are outlayed in 1996 and 2001.

[2] Figures reflect the extension of authority for farm programs that was in place in December 1995. However authority for many farm programs expired after this date. At the time of the 1997 budget preparation, new authority had not been enacted. Therefore under current law, authority for these programs has reverted back to provisions contained in the 1938 and 1949 Farm Bills. See Chapter 15 for estimates of this authority.

Spending on programs covered by the mandatory targets is projected to grow from $808.6 billion in 1996 to $1,176.6 billion in 2002, an annual average rate of 6.5 percent. In percentage terms, the areas of largest growth are the health entitlements. More than 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 15 "Current services estimates" in this volume.

Growth in Receipts

Baseline receipts are projected to be $1,501.5 billion in 1997, $73.6 billion more than the 1996 estimate. By 2002, baseline receipts are projected to reach $1,915.9.0 billion. For additional information on the trends in baseline receipts, see Chapter 15 "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 OBRA93 (September 1993 Midsession). As shown in Table 13–4, receipts are higher than the September 1993 Midsession estimates in each year, by amounts ranging from $25.0 billion to $65.9 billion. These increases are the net effect of legislative, administrative and regulatory changes; revisions in economic assumptions; and technical estimating revisions. Revised economic assumptions, primarily higher wages and salaries, and corporate profits, have increased receipts in each year, by amounts ranging from $17.2 billion to $56.6 billion. Technical revisions, primarily reflecting collection experience, updated tabulations from tax returns, and revisions in historical economic data, have increased receipts in each year except 1996. Regulatory and legislative changes since September 1993 have also increased receipts in each year.

Table 13–4. COMPARISON OF 1994 MIDSESSION (CBO UPDATED) AND 1996 BUDGET BASELINE RECEIPTS

(In billions of dollars)

	1995	1996	1997	1998
1994 Midsession baseline estimate	1,329.5	1,402.9	1,457.6	1,512.6
Revised economic assumptions:				
Individual income taxes	–0.1	7.6	13.0	19.8
Corporation income taxes	13.9	16.5	22.1	28.4
Social insurance taxes and contributions	–1.4	0.7	5.2	8.4
Excise taxes	0.8	0.9	0.8	0.8
Estate and gift taxes	0.2	0.2	0.2	0.3
Customs duties	1.0	0.5	1.1	1.4
Federal Reserve deposit of earnings	2.8	0.2	–1.6	–2.5
Other miscellaneous receipts	....	....	....	....
Subtotal, economic assumptions	17.2	26.6	40.9	56.6
Technical revisions:				
Individual income taxes	–7.7	–10.7	–9.6	–8.2
Corporation income taxes	15.4	17.8	22.5	30.3
Social insurance taxes and contributions	–5.5	–11.0	–9.4	–12.6
Excise taxes	0.3	–4.1	–6.6	–7.0
Estate and gift taxes	0.8	0.9	1.0	1.2
Customs duties	–1.9	–1.3	–0.9	–0.8
Federal Reserve deposit of earnings	3.1	5.2	5.1	5.4
Other miscellaneous receipts	–0.1	–0.4	–0.4	–0.4
Subtotal, technical revisions	4.4	–3.5	1.8	7.9
Enacted legislation	3.9	1.9	1.2	1.4
Administration action [1]	0.2	0.1	0.1	0.1
Total changes	25.7	25.0	43.9	65.9
1997 Budget baseline estimate	1,355.2	1,427.9	1,501.5	1,578.6

[1] Reflects the effect of regulations affecting hedging transactions.

Comparison of Mandatory Targets and Outlays under Current Laws

As Table 13–1 shows, estimates of spending for programs covered by the targets under current laws are $40.3 billion below the target for 1995, $31.4 billion below the target for 1996, and $40.8 billion below the target for 1997. Over the three year period from 1995–97, projections of current law spending are $112.5 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 the caps were adjusted for the decreases, using the same mechanism applied to increases, the targets would have been reduced by $38.1 billion over the three years. Current law levels have decreased reflecting changes in beneficiaries.

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 13–5, enactment of the President's revenue proposals would decrease the mandatory targets by $1.6 billion in 1996 and $11.7 in 1997. This reduction in revenue is more than offset by the proposed $13.7 billion decrease in direct spending. The target enforcement procedure allows for this type of tradeoff between decreases in revenue and decreases in direct spending. After adjusting the targets to reflect the President's policy initiatives, spending under the President's budget is $34.8 billion below the target for 1996 and $37.9 billion below the target for 1997. Over the three year period from 1995–97, spending under the President's proposal is $113.0 billion below the targets.

Table 13–5. MANDATORY TARGETS ASSUMING ENACTMENT OF PRESIDENTIAL PROPOSALS

(In billions of dollars)

	1995	1996	1997	1995–97
Mandatory targets				
Current mandatory targets	799.5	840.0	908.5	....
Adjustment to targets if the President's proposals are enacted:				
Tax reduction	....	–1.3	–17.6	–18.8
Other revenue proposals	....	–0.3	5.8	5.5
Total adjustments	....	–1.6	–11.7	–13.3
Targets adjusted for Presidential proposals	799.5	838.4	896.8	....
Proposed outlays for programs covered by the target				
Outlays under current law	759.2	808.6	867.7	....
Presidential proposals	....	–4.9	–8.8	–13.7
Proposed outlay totals	759.2	803.6	858.9	....
Amount over (+) or under (–) the targets	–40.3	–34.8	–37.9	–113.0

14. 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 14–1 presents the amounts that will be credited to the fund, based on the final scoring of OBRA by OMB:

Table 14–1. REVENUE INCREASES AND SPENDING REDUCTIONS CREDITED TO THE DEFICIT REDUCTION FUND

(In millons 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. Since then, the deposits made have been used for the stated debt redemption purposes.

The status of the fund on December 31, 1995, was:

Table 14–2. STATUS OF THE DEFICIT REDUCTION FUND

(In millions of dollars)

Description	Amount
Beginning balance	....
Deposits made between October 1, 1993, and December 31, 1995	153,902
Redemptions of Treasury debt held by foreign governments between October 1, 1993, and December 31, 1995	153,501
Fund balance as of December 31, 1995	401

CURRENT SERVICES ESTIMATES

15. 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 1995 through 2002. 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 1996 enacted level.

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 in-

Table 15–1. CURRENT SERVICES ESTIMATES, 1995–2002

(In billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002
Receipts	1,355.2	1,427.9	1,501.5	1,578.6	1,654.4	1,738.5	1,824.8	1,915.9
Outlays:								
Discretionary:								
Defense	273.5	266.6	270.9	280.6	285.8	294.0	302.9	308.6
Nondefense	272.1	274.2	278.2	285.5	291.8	298.5	306.1	314.8
Subtotal, discretionary	545.7	540.8	549.1	566.1	577.5	592.5	609.0	623.4
Mandatory: [1]								
Social security	333.3	348.1	364.8	383.3	401.7	421.3	441.9	463.5
Medicare	156.9	174.7	193.1	212.0	231.6	252.8	275.9	300.7
Medicaid	89.1	94.9	102.3	112.0	121.8	133.2	145.6	159.4
Deposit insurance	–17.9	–9.0	–4.6	–1.6	–*	–2.0	–1.3	–1.4
All other	179.9	190.9	207.4	212.6	225.6	239.3	239.8	252.9
Subtotal, mandatory	741.3	799.6	863.1	918.2	980.7	1,044.7	1,101.9	1,175.2
Net interest	232.2	241.1	239.1	238.6	240.6	241.1	244.6	248.4
Total, outlays	1,519.1	1,581.5	1,651.3	1,722.9	1,798.8	1,878.2	1,955.5	2,046.9
Deficit (–)	–163.9	–153.6	–149.8	–144.4	–144.4	–139.8	–130.8	–131.0
On-budget	–226.3	–219.1	–220.5	–221.9	–230.3	–231.9	–229.6	–237.0
Off-budget	62.4	65.4	70.8	77.5	85.9	92.1	98.8	106.0

* $50 million or less.

[1] Mandatory estimates for farm programs reflect extension of authorities under the 1990 Farm Bill. Many of these authorizations expired in December, 1995. At the time the 1997 budget was being prepared, new authorities had not been enacted. Therefore, under current law, authority for many farm programs has reverted back to provisions contained in the 1938 and 1949 Farm Bills. Below are estimates of the impact on the farm program baseline of assuming this "permanent legislation". Legislation enacted after the release of the 1997 Budget will be scored against this permanent law baseline, unless farm program authorization is enacted prior to the budget's release.

	1996	1997	1998	1999	2000	2001	2002
Impact of farm program "permanent legislation" on current services outlays (in billions of dollars)	5	16	14	15	15	16	16

come supports, where the Government is legally obligated to make payments under certain conditions. 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. First, expiring provisions affecting excise taxes dedicated to a trust fund, such as highway gasoline taxes, are assumed to be extended at current rates. 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 that expired on December 31, 1995 have not yet been renewed. Because these taxes have already expired, they are not renewed in the current services estimates. Table 15–2 provides an alternative set of estimates that include extension of these expired excise taxes. Second, direct spending programs that will expire under current law are assumed to be extended if their 1996 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 1996, the current services estimates for discretionary programs are equal to the enacted 1996 appropriations. Programs covered in the current continuing resolution (Public Law 104–99) are assumed to be funded at the enacted rate through the end of the fiscal year. For 1997 through 2002, funding is equal to the 1996 level adjusted for inflation. 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 thereafter. Table 2 provides an alternative set of estimates that reflect this assumption. A detailed discussion of the discretionary caps is contained in the Preview Report (chapter 12 of this volume).

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 15–3. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 1 of this volume.

Table 15–2. ALTERNATIVE CURRENT SERVICES ESTIMATES, 1995–2002

(In billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002
Receipts (with extension of expired trust fund excise taxes)	1,355.2	1,428.3	1,507.0	1,584.3	1,660.4	1,744.8	1,831.4	1,922.9
Outlays:								
Discretionary (at BEA caps)	545.7	548.6	548.9	548.5	563.9	579.6	595.9	612.6
Mandatory	741.3	799.6	863.1	918.2	980.7	1,044.7	1,101.9	1,175.2
Net interest	232.2	241.3	239.4	238.2	239.1	238.8	241.4	244.2
Total, outlays	1,519.1	1,589.5	1,651.3	1,704.9	1,783.6	1,863.1	1,939.2	2,031.9
Deficit (–)	–163.9	–161.2	–144.4	–120.6	–123.3	–118.2	–107.8	–109.0

Table 15–3. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

	1995	1996	1997	1998	1999	2000	2001	2002
Gross Domestic Product (GDP): [1]								
Levels, dollar amounts in billions:								
Current dollars	7,004	7,336	7,708	8,101	8,517	8,946	9,405	9,881
Constant (1987) dollars	5,484	5,633	5,792	5,956	6,121	6,290	6,467	6,648
Percent change, year over year:								
Current dollars	5.6	4.7	5.1	5.1	5.1	5.0	5.1	5.1
Constant (1987) dollars	3.7	2.7	2.8	2.8	2.8	2.7	2.8	2.8
Inflation measures (percent change, year/year):								
GDP deflator	1.9	2.0	2.2	2.2	2.3	2.2	2.2	2.2
Consumer price index (all urban)	2.8	2.7	3.0	2.9	2.8	2.8	2.8	2.8
Unemployment rate, civilian (percent)	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Interest rates (percent):								
91-day Treasury bills	5.5	5.0	4.6	4.3	4.3	4.0	4.0	4.0
10-year Treasury notes	7.1	5.7	5.4	5.1	5.0	5.0	5.0	5.0
MEMORANDUM								
Related programmatic assumptions:								
Automatic benefit increases (percent):								
Social security and veterans pensions	2.8	2.6	2.8	3.0	2.8	2.8	2.8	2.8
Federal employee retirement	2.8	2.6	2.8	3.0	2.8	2.8	2.8	2.8
Food stamps	2.9	2.9	2.7	3.0	2.8	2.8	2.8	2.8
Insured unemployment rate	2.3	2.4	2.4	2.4	2.3	2.3	2.3	2.2

[1] Pre-revision basis, i.e., does not reflect January 1996 comprehensive revision.

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 13, Review of Direct Spending and Receipts. Assumptions about various automatic cost-of-living-adjustments are shown in Table 15–3.

Many other important assumptions must be made in order to calculate the baseline estimates. These include assumptions about the timing and substance of regulations that will be issued over the projection period, which programs that expire under current law are extended and which are allowed to expire, the use of administrative discretion provided under current law, and other assumptions about the way programs operate.

Table 15–4 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 15–4. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE

(In millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
REGULATIONS [1]							
Disability insurance (DI):							
Improve accuracy and processing	15	18	23	27	29	31	33
Drug addicts and alcoholics:							
Monitoring	39	54	65	82	88	88	88
Effects of suspensions and payment limitations	–20	–40	–50	–90	–140	NA	NA
Old Age and Survivors Insurance (OASI) and DI:							
Payment cycling	....	10	60	260	250	360	500
Increase in collected overpayments	....	2	5	10	15	15	15
Medicare, HI:							
OBRA 1993 Codifying Regulations	–7,010	–8,360	–9,150	10,015	NA	NA	NA
OBRA 1990 Codifying Regulations	–4,329	NA	NA	NA	NA	NA	NA
Medicare, SMI:							
OBRA 1993 Codifying Regulations	–3,330	–4,405	–5,435	–6,705	NA	NA	NA
OBRA 1990 Codifying Regulations	–4,320	NA	NA	NA	NA	NA	NA
Payment for home glucose monitors	–5	–5	–5	–5	–5	–5	–5
Payment for DME, orthotic and prosthetic devices	–75	–85	–90	–100	NA	NA	NA
Medicare, HI and SMI: Coverage of lung transplants	2	3	3	4	NA	NA	NA
Medicaid:							
OBRA 1993 Codifying Regulations	–1,901	–2,540	–2,801	–3,338	NA	NA	NA
OBRA 1990 Codifying Regulations	1,204	NA	NA	NA	NA	NA	NA

Table 15–4. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
Eliminate cold bed test for home and community-based waivers	135	160	190	225	NA	NA	NA
FY 1996 DSH Allotments	11,138	....	....	....	....	....	....
Supplementary security income (SSI):							
Improve accuracy and processing	4	5	8	9	11	11	11
Drug addicts and alcoholics:							
Monitoring	109	142	138	137	135	155	168
Effects of suspensions and payment limitations	–10	–10	–60	–120	–170	–150	–17
Report SSI recipient entrance into nursing facilities	*	*	*	*	*	*	*
EXPIRING AUTHORIZATIONS							
Provisons extended in the baseline (effect of extension):							
Family education loans and direct loans	....	....	....	3,084	3,267	3,447	3,638
Food stamps	18,907	26,376	27,477	28,545	29,611	30,877	32,191
Nutrition assistance to Pueto Rico	857	1,143	1,143	1,143	1,143	1,143	1,143
AFDC-UP mandate	....	....	....	11	14	14	14
Transitional child care	....	....	....	327	342	359	378
Family preservation program	....	....	....	251	254	257	260
Selected child nutrition authorizations	....	....	....	455	492	532	575
Provisions not extended in the baseline (effect of extension):							
Medicare, HI:							
Favorable payments to SNFs	30	40	40	40	50	50	50
HHA cost limits	....	–360	–450	–500	–550	–600	–640
HHS coverage denials and favorable payments to HHAs	10	20	20	20	30	30	30
Hospital capital payments	....	–1,200	–1,320	–1,440	–1,580	–1,820	–1,910
Medicare dependent small rural hospitals	....	50	50	60	60	70	70
SNF cost limits	–140	–260	–300	–330	–370	–400	–420
Regional payment floor	....	200	220	240	260	280	300
Medicare, SMI:							
25% part B premium	....	....	....	–940	–2,360	–4,370	–6,480
Payment limit for intraocular lenses (OBRA 93)	....	....	....	–70	–75	–80	–85
Payment reduction for outpatient hospital departments (OBRA 93)	....	....	....	–500	–520	–530	–520
Medicare, HI and SMI:							
IRS/SSA/HCFA data match	....	....	....	–129	–299	–496	–723
MSP for the disabled	....	....	....	–1,102	–1,376	–1,536	–1,706
MSP requirements for ESRD	....	....	....	–60	–77	–75	–82
Medicaid:							
Family Support Act transition benefits	....	....	....	500	500	600	600
Impact of Medicare expiring authorizations	....	....	....	80	202	374	554
Limit provider taxes and donations to 25% of State share	NA	NA	NA	NA	NA	NA	NA
VA pensions/nursing home provision	....	....	....	300	300	300	300
NAFTA transitional adjustment assistance	....	....	....	26	44	50	51
Veterans pensions:							
Authority to verify income of beneficiaries with the IRS and SSA	....	....	....	–10	–23	–37	–51
Authority to limit benefits to medicaid-eligible beneficiaries in nursing homes	....	....	....	–553	–567	–580	–597
Veterans home loans:							
Authority for enhanced loan sales	....	–4	–5	–5	–5	–5	–5
Authority to collect higher loan fees and reduce resale losses	....	....	....	–189	–183	–187	–189
OTHER IMPORTANT PROGRAM ASSUMPTIONS							
Food stamps program:							
Quality control liabilities	–80	–80	–80	–80	–80	–80	–80
Waiver cost neutrality requirements for selected States	–5	–10	–10	....	....	....	....
General overpayment recovery	–125	–125	–125	–125	–125	–125	–125
Overpayment recovery through tax refund offset	–30	–30	–30	–25	–25	–25	–25
Aid to Families WIth Dependent (AFDC):							
Overpayment recoveries	–65	–70	–75	–75	–75	–75	–75
Quality control recoveries	–41	–52	–57	–56	–53	–51	–51
AFDC emergency assistance: Prior year unresolved emergency assistance claims	200	216	63	25	....	....	....
Child support enforcement:							
Collection of penalties from State audit failures	–5	–5	–5	–5	–5	–5	–5
Net effects of matches above the normal program rates	36	12	....	....	....	....	....
Foster care:							
Enhanced automation match costs (net)	188	....	....	....	....	....	....
Disallowances, deferrals, disputes	–165	–96	–80	–80	–82	–83	–83
Medicare:							
Payment safeguard activities	–5,612	–5,641	–5,641	–5,641	–5,641	–5,641	–5,641
BCBSA v. Shalala and HIAA v. Shalala (MSP Court Case)	400	570	589	NA	NA	NA	NA
Medicare Select	100	100	200	NA	NA	NA	NA
Medicaid:							
Administrative costs for motor voter	28	30	33	36	39	NA	NA

Table 15–4. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
Administrative expenses: deferrals and disallowances	–431	–211	–226	–242	–258	–277	–296
Drug testing and treatment for certain SSI recipients	–5	–25	–40	–60	–50	NA	NA
Home and community care for frail elderly (section 1929)	60	60	60	60	60	60	60
Financial management recoveries	–372	–409	–451	–495	–544	–598	–657
Vaccines for Children (VFC), total program costs	213	469	549	582	614	633	651
VFC, costs of addition of new ACIP-recommended vaccines	3	50	22	8	18	15	18
HHS Inspector General:							
Audit /Investigative Recoveries	–400	–400	–400	–400	–400	–400	–400
Approved Demonstrations [2]							
Medicare, HI:							
Home Health Prospective Payment							
Costs	483	598	298	....	....	....	....
Replacement Benefits	483	598	298	....	....	....	....
Montana Rural Health (MAF)							
Costs	1	1	1	2	....	....	....
Replacement Benefits	1	1	1	2	....	....	....
Ventilator dependent units							
Costs	2	2	....	....	....	....	....
Replacement Benefits	2	2	....	....	....	....	....
Nursing Home Case Mix and Quality							
Costs	699	754	816	....	....	....	....
Replacement Benefits	699	754	816	....	....	....	....
Medicare, SMI:							
Cataract							
Costs	3	....	....	....	....	....	....
Replacement Benefits	3	....	....	....	....	....	....
Municipal Health							
Costs	70	79	20	....	....	....	....
Replacement Benefits	70	79	20	....	....	....	....
United Mine Workers capitation							
Costs	146	157	169	181	193	....	....
Replacement Benefits	146	157	169	181	193	....	....
Medicare, HI and SMI:							
Community Nursing Organization (CNO)							
Costs	18	7	....	....	....	....	....
Replacement Benefits	18	7	....	....	....	....	....
Coronary Artery Bypass Graft (CABG)							
Costs	54	....	....	....	....	....	....
Replacement Benefits	54	....	....	....	....	....	....
Evercare							
Costs	26	46	66	67	70	....	....
Replacement Benefits	26	46	66	67	70	....	....
Monroe County (NY) LTC							
Costs	1	....	....	....	....	....	....
Replacement Benefits	1	....	....	....	....	....	....
Health Care Anti-Fraud Demonstration (Operation Restore Trust)							
Costs	5	2	....	....	....	....	....
Replacement Benefits	5	2	....	....	....	....	....
Medicaid:							
Arizona AHCCS (includes long-term care)							
Costs	1,025	1,169	1,282	1,347	1,471	....	....
Replacement Benefits	1,025	1,169	1,282	1,347	1,471	....	....
Delaware Pediatric							
Costs	21	17	....	....	....	....	....
Replacement Benefits	21	17	....	....	....	....	....
Delaware Statewide							
Costs	62	88	92	98	105	28	....
Replacement Benefits	62	88	92	98	105	28	....
D.C. Special Needs Children							
Costs	18	26	30	....	....	....	....
Replacement Benefits	18	26	30	....	....	....	....
Drug Utilization Review Demo							
Costs	*	*	....	....	....	....	....
Replacement Benefits	*	*	....	....	....	....	....
Florida Health Security (amended version)							
Costs	3,409	5,225	5,851	6,535	7,189	1,977	....
Replacement Benefits	3,409	5,225	5,851	6,535	7,189	1,977	....
Hawaii Health QUEST							
Costs	176	194	213	168	....	....	....

Table 15–4. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
Replacement Benefits	176	194	213	168	....	....	....
Kentucky (amended version)							
Costs	....	1,224	1,767	1,927	2,101	2,290	....
Replacement Benefits	....	1,224	1,767	1,927	2,101	2,290	....
Maryland Family Planning							
Costs	1	5	9	14	20	25	....
Replacement Benefits	1	5	9	14	20	25	....
Maryland Pediatric Care							
Costs	2	3	2	....	....	....	....
Replacement Benefits	2	3	2	....	....	....	....
Maryland High Cost User Initiative							
Costs	2	6	6	6	4	....	....
Replacement Benefits	2	6	6	6	4	....	....
Massachusetts Statewide							
Costs	947	1,441	1,592	1,694	1,567	708	....
Replacement Benefits	947	1,441	1,592	1,694	1,567	708	....
Minnesota Statewide							
Costs	290	362	471	....	....	....	....
Replacement Benefits	290	362	471	....	....	....	....
OhioCare							
Costs	412	1,673	1,790	1,971	2,123	1,686	....
Replacement Benefits	412	1,673	1,790	1,971	2,123	1,686	....
Oklahoma Statewide							
Costs	467	670	726	786	841	216	....
Replacement Benefits	467	670	726	786	841	216	....
Oregon Health Plan							
Costs	257	322	394	143	....	....	....
Replacement Benefits	257	322	394	143	....	....	....
Pregnant Substance Abusers							
Costs	2	....	....	....	....	....	....
Replacement Benefits	2	....	....	....	....	....	....
Preconceptual Intervention							
Costs	1	1	1	....	....	....	....
Replacement Benefits	1	1	1	....	....	....	....
Rhode Island Rite Care (including costs of amendments)							
Costs	59	62	65	67	70	....	....
Replacement Benefits	59	62	65	67	70	....	....
SC family planning							
Costs	2	9	14	7	....	....	....
Replacement Benefits	2	9	14	7	....	....	....
TennCare							
Costs	2,489	2,627	2,780	716	....	....	....
Replacement Benefits	2,489	2,627	2,780	716	....	....	....
Vermont							
Costs	79	116	127	138	151	40	....
Replacement Benefits	79	116	127	138	151	40	....
Uninsured Low-Income							
Costs	4	....	....	....	....	....	....
Replacement Benefits	4	....	....	....	....	....	....
Welfare Reform							
Costs	57	67	70	73	76	79	81
Replacement Benefits	57	67	70	73	76	79	81
Medicare and Medicaid:							
PACE—Medicare							
Costs	51	63	73	101	120	....	....
Replacement Benefits	51	63	73	101	120	....	....
PACE—Medicaid							
Costs	71	82	97	130	150	....	....
Replacement Benefits	71	82	97	130	150	....	....
On Lok—Medicare							
Costs	8	9	9	10	11	....	....
Replacement Benefits	8	9	9	10	11	....	....
On Lok—Medicaid							
Costs	11	12	13	13	14	....	....
Replacement Benefits	11	12	13	13	14	....	....
S/HMOs—Medicare (scheduled to end in 1998)							
Costs	400	500	588	694	819	....	....
Replacement Benefits	400	500	588	694	819	....	....

Table 15–4. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
S/HMOs—Medicaid (scheduled to end in 1998)							
Costs	40	50	59	70	83	....	....
Replacement Benefits	40	50	59	70	83	....	....
Minnesota Long Term Care Options—Medicare							
Costs	43	67	75	96	112	....	....
Replacement Benefits	43	67	75	96	112	....	....
Minnesota Long Term Care Options—Medicaid							
Costs	29	43	57	75	84	....	....
Replacement Benefits	29	43	57	75	84	....	....
Developmental Demonstrations (waivers not yet approved) [2]							
Medicare, SMI:							
Telemedicine	5	5	2	....	....	....	....
Medicare, HI and SMI:							
Choices	16	200	214	229	245	262	....
Competive Bidding for Labs	....	37	41	45	49	....	....
Competitive Bidding for DME	....	316	347	382	420	....	....
Competitive Pricing for HMOs	....	1,100	1,262	1,513	2,034	2,240	....
AAPCC	387	431	473	130	....	....	....
Medicare insured groups (MIGs)	175	175	200	200	200	....	....
End Stage Renal Disease SHMO	....	47	50	53	....	....	....
Monroe County Consumer Directed Care	*	*	....	....	....	....	....
Maine MVPS	....	212	233	256	....	....	....
Per Case Payment Demo	....	96	101	107	113	....	....
Group Volume Performance Standards	....	3,207	3,527	3,879	4,268	4,695	5,164
Centers of Excellence	....	1,240	1,302	1,367	1,435	1,507	....
Medicare and Medicaid:							
S/HMO II—Medicare (scheduled to end in 1998)	806	1,007	1,178	1,378	1,612	....	....
S/HMO II—Medicaid (scheduled to end in 1998)	160	200	235	276	324	....	....
Maine NET—Medicare	....	....	8	30	45	....	....
Maine NET—Medicaid	....	....	27	70	105	....	....
OASI, DI, SSI:							
Expansion of tax refund offset to debts previously written off (OASI, SSI)	–10	–10	–10	–10	–10	–10	–10
Performance of continuing disability reviews (baseline levels) (DI, SSI)	–5	–35	–145	–255	–350	–450	–565
Collection of overpayments:							
OASI	–881	–930	–978	–1,025	–1,076	–1,128	–1,138
DI	–187	–207	–226	–247	–258	–291	–302
SSI	–353	–407	–457	–504	–549	–597	–608
Debts written off as uncollectable:							
OASI	88	93	98	103	108	113	114
DI	142	156	171	187	203	220	228
SSI	234	270	303	335	354	396	403
DI:							
Savings from vocational rehabilitation	–252	–270	–300	–312	–318	–318	–318
Demonstration projects	7	7	1	....	....	....	....
Limitation on prisoner's benefits	–2	–4	–8	–11	–12	–13	–13
OASI: Limitation on prisoner's benefits	–*	–2	–4	–5	–6	–7	–7
SSI:							
Payments from States for State supplemental benefits	–2,940	–3,125	–3,125	–3,125	–3,355	–2,880	–3,125
Payments for State supplemental benefits	2,940	3,125	3,125	3,125	3,355	2,880	3,125
Fees for administration	158	163	167	170	174	177	180
Research and demonstration projects	36	9	7	7	7	7	7
Savings from vocational rehabilitation	–133	–144	–161	–165	–168	–168	–168
Alien-sponsored deeming savings	–182	–75	....	....	....	....	....

* $500,000 or less.

[1] Not shown on the table are Medicaid and Medicare regulations assumed to be in the baseline that have not been specifically priced. For Medicare HI, these include payments for nursing and allied health education and conditions of participation for rural health clinics. For Medicare SMI, these include Part B advance payments to physicians and suppliers, coverage of clinical psychologists and social workers, payment of ambulance services, coverage of liver transplants, coverage of screening mammography, coverage of screening pap smears, limitations on coverage of cataract surgery, payment for clinical laboratory diagnostic tests, and the update of reasonable compensation equivalent limits. For Medicare and Medicaid, these include regulations implementing the Social Security Act Amendments of 1994. For Medicaid, these include payment for outpatient drugs under rebate agreements with manufacturers, payment of Medicare cost-sharing for QMBs/SLMBs, protection of income and resources for spouses of institutionalized individuals, targeted case management, federally-qualified health centers, and EPSDT services.

[2] Total Federal costs.

Current Services Receipts, Outlays, and Budget Authority

Receipts.—The table below shows baseline receipts by major source. Total receipts are projected to increase by $73.6 billion from 1996 to 1997 and by $414.4 billion from 1997 to 2002, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by $30.1 billion from 1996 to 1997 under current law. This growth of nearly five percent is primarily the effect of increased collections resulting from rising personal

Table 15–5. BASELINE RECEIPTS BY SOURCE

(In billions of dollars)

	1995 actual	Estimates						
		1996	1997	1998	1999	2000	2001	2002
Individual income taxes	590.2	632.2	662.3	696.6	730.9	769.4	811.9	857.4
Corporation income taxes	157.0	167.0	181.6	197.0	207.3	219.9	231.3	240.4
Social insurance taxes and contributions	484.5	507.4	535.9	560.5	587.9	616.8	645.0	676.1
On-budget	(133.4)	(140.0)	(147.9)	(154.2)	(160.2)	(166.8)	(173.8)	(181.5)
Off-budget	(351.1)	(367.4)	(388.0)	(406.3)	(427.8)	(450.0)	(471.2)	(494.6)
Excise taxes	57.5	53.2	52.0	52.4	53.3	53.8	54.5	55.5
Other	66.0	68.1	69.6	72.1	75.0	78.6	82.0	86.5
Total	1,355.2	1,427.9	1,501.5	1,578.6	1,654.4	1,738.5	1,824.8	1,915.9
On-budget	(1,004.1)	(1,060.4)	(1,113.5)	(1,172.3)	(1,226.6)	(1,288.5)	(1,353.6)	(1,421.3)
Off-budget	(351.1)	(367.4)	(388.0)	(406.3)	(427.8)	(450.0)	(471.2)	(494.6)

incomes. Individual income taxes are projected to grow at an annual rate of 5.3 percent between 1997 and 2002.

Corporation income taxes under current law are estimated to grow by $14.7 billion or nearly nine percent from 1996 to 1997, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of 5.8 percent from 1997 to 2002.

Social insurance taxes and contributions are estimated to increase by $28.5 billion between 1996 and 1997, and by an additional $140.2 billion between 1997 and 2002. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from $62,700 in 1996 to $80,100 in 2002. 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 $2.3 billion from 1996 to 2002, in large part due to increased economic activity. These estimates reflect extension of the excise taxes deposited in the Highway Trust Fund, which are scheduled to expire after September 30, 1999. The estimates also reflect expiration of the luxury tax on passenger vehicles after December 31, 1999. Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by $18.4 billion from 1996 to 2002.

Outlays.—Current services outlays are estimated to be $1,581.5 billion in 1996 and $1,651.3 billion in 1997, a four percent increase. Between 1997 and 2002, they are projected to increase at an average annual rate of four percent. Outlays for discretionary programs increase from $540.8 billion in 1996 to $549.1 billion in 1997, 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 $623.4 billion in 2002. Entitlement and other mandatory programs grow from $799.6 billion in 1996 to $863.1 billion in 1997, and to $1,175.2 billion in 2002, 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 $348.1 billion in 1996 to $463.5 billion in 2002, an average annual rate of five percent. The health entitlements are projected to grow at an annual average rate of over nine percent, far outpacing inflation. Other areas of growth include means-tested entitlements (annual average growth rate of five percent), Federal retirement programs (annual average growth rate of four percent), and unemployment compensation (annual average rate of growth of four percent).

Net interest payments to the public remain nearly constant over the projection period, with assumed declining interest rates offsetting increased borrowing by the Government that is estimated to occur over the period. Tables 15–7 and 15–8 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 15–6. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY

(Dollar amounts in billions)

	1996	1997	2002	Change 1996 to 1997		Change 1996 to 2002	
				Amount	Percent	Amount	Annual average rate
Discretionary:							
Defense	266.6	270.9	308.6	4.2	2%	42.0	2%
Nondefense	274.2	278.2	314.8	4.0	1%	40.6	2%
Subtotal, discretionary	540.8	549.1	623.4	8.3	2%	82.6	2%
Mandatory:							
Deposit insurance	–9.0	–4.6	–1.4	4.4	–49%	7.5	–26%
Medicaid	94.9	102.3	159.4	7.4	8%	64.5	9%
Medicare	174.7	193.1	300.7	18.4	11%	126.1	9%
Federal employee retirement	68.6	72.0	88.7	3.4	5%	20.1	4%
Means tested entitlements	97.3	105.2	131.6	7.9	8%	34.3	5%
Unemployment compensation	23.7	24.7	29.2	1.0	4%	5.5	4%
Social security	348.1	364.8	463.5	16.7	5%	115.4	5%
Undistributed offsetting receipts	–40.3	–39.2	–44.9	1.1	–3%	–4.6	2%
Other	41.6	44.8	48.3	3.2	8%	6.7	3%
Subtotal, mandatory	799.6	863.1	1,175.2	63.5	8%	375.6	7%
Net interest	241.1	239.1	248.4	–2.0	–1%	7.2	*%
Total, outlays	1,581.5	1,651.3	2,046.9	69.8	4%	465.4	4%

* 0.5 or less.

Table 15–7. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
National defense:								
Department of Defense—Military	259.4	254.6	258.7	268.0	272.6	280.5	288.9	294.2
Other	12.6	11.3	11.6	12.0	12.6	13.0	13.4	13.9
Total National defense	272.1	265.9	270.3	279.9	285.2	293.5	302.4	308.1
International affairs	16.4	14.3	14.3	14.5	15.0	15.5	15.9	16.8
General science, space, and technology	16.7	16.9	16.8	17.6	17.8	18.3	18.8	19.4
Energy	4.9	3.0	2.2	2.2	3.2	3.4	3.6	3.6
Natural resources and environment	22.1	21.3	21.0	20.9	21.3	21.9	22.4	23.0
Agriculture	9.8	7.7	7.7	9.3	9.4	8.9	8.5	8.2
Commerce and housing credit	–14.4	–3.6	4.3	6.3	7.2	6.5	6.3	6.1
On-Budget	(–12.5)	(–3.2)	(1.7)	(6.2)	(8.7)	(7.0)	(8.2)	(8.0)
Off-Budget	(–2.0)	(–0.3)	(2.6)	(0.0)	(–1.5)	(–0.5)	(–1.8)	(–1.8)
Transportation	39.4	39.8	39.2	40.2	40.3	41.2	42.0	43.0
Community and regional development	10.6	12.8	13.2	12.9	12.9	12.3	12.7	12.9
Education, training, employment, and social services	54.3	54.5	51.4	50.1	51.4	53.0	54.8	56.7
Health	115.4	121.1	129.7	140.5	151.0	163.5	177.1	192.0
Medicare	159.9	177.7	196.3	215.3	235.0	256.3	279.5	304.5
Income security	220.4	228.5	242.8	252.7	262.5	275.1	280.6	294.6
Social security	335.8	350.8	367.7	386.0	404.7	424.4	445.1	466.8
On-Budget	(5.5)	(5.8)	(7.0)	(7.6)	(8.2)	(8.7)	(9.3)	(9.9)
Off-Budget	(330.4)	(345.1)	(360.7)	(378.4)	(396.5)	(415.7)	(435.8)	(456.9)
Veterans benefits and services	37.9	37.7	40.1	41.7	42.8	45.4	43.9	46.6
Administration of justice	16.2	18.7	20.5	22.5	23.1	23.9	24.7	25.5
General government	13.8	13.6	14.0	13.9	14.4	14.7	15.2	15.6
Net interest	232.2	241.1	239.1	238.6	240.6	241.1	244.6	248.4
On-Budget	(265.5)	(277.6)	(278.5)	(281.1)	(286.0)	(289.9)	(297.2)	(305.0)
Off-Budget	(–33.3)	(–36.4)	(–39.4)	(–42.4)	(–45.5)	(–48.9)	(–52.6)	(–56.6)
Undistributed offsetting receipts:								
Employer share, employee retirement (on-budget)	–28.0	–27.1	–27.8	–28.0	–28.7	–29.7	–31.0	–32.5
Employer share, employee retirement (off-budget)	–6.4	–6.3	–6.7	–7.1	–7.7	–8.4	–9.0	–9.9
Rents and royalties on the Outer Continental Shelf	–2.4	–2.7	–3.1	–2.6	–2.6	–2.6	–2.6	–2.6
Sale of major assets	....	....	–0.1	–2.4	....	....	....	....
Other undistributed offsetting receipts	–7.6	–4.2	–1.6	–2.0	....	....	....	....
Total Undistributed offsetting receipts	–44.5	–40.3	–39.2	–42.2	–39.0	–40.7	–42.6	–44.9
On-Budget	(–38.0)	(–34.0)	(–32.5)	(–35.1)	(–31.3)	(–32.3)	(–33.5)	(–35.0)
Off-Budget	(–6.4)	(–6.3)	(–6.7)	(–7.1)	(–7.7)	(–8.4)	(–9.0)	(–9.9)
Total	**1,519.1**	**1,581.5**	**1,651.3**	**1,722.9**	**1,798.8**	**1,878.2**	**1,955.5**	**2,046.9**
On-budget	(1,230.5)	(1,279.5)	(1,334.0)	(1,394.1)	(1,456.8)	(1,520.4)	(1,583.1)	(1,658.3)
Off-budget	(288.7)	(302.0)	(317.2)	(328.8)	(341.9)	(357.9)	(372.4)	(388.6)

Table 15–8. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Function	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Legislative Branch	2.6	2.7	2.7	2.8	3.0	3.1	3.2	3.3
The Judiciary	2.9	3.3	3.3	3.3	3.5	3.6	3.7	3.8
Executive Office Of the President	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds Appropriated to the President	11.2	10.3	10.1	10.2	10.6	10.6	10.7	11.4
Agriculture	56.7	54.8	56.3	59.0	60.7	62.0	63.6	65.6
Commerce	3.4	3.8	3.8	3.7	4.1	4.2	4.3	4.5
Defense—Military	259.6	254.6	258.7	268.0	272.6	280.5	288.9	294.2
Defense-Civil	31.7	32.3	33.3	34.3	35.5	36.6	37.8	39.0
Education	31.3	31.0	28.5	26.6	27.3	28.0	28.8	29.6
Energy	17.6	14.7	14.8	15.3	16.3	16.8	17.3	17.6
Health and Human Services	303.1	327.3	354.7	385.6	417.0	451.7	489.2	530.3
Housing and Urban Development	29.0	29.2	32.1	33.9	34.5	34.9	35.3	35.7
Interior	7.4	6.8	6.9	7.1	7.3	7.5	7.8	8.0
Justice	10.8	12.9	14.5	16.4	16.8	17.4	17.9	18.5
Labor	32.1	34.3	34.6	35.4	36.5	38.0	39.4	40.9
State	5.3	5.1	5.0	5.1	5.3	5.4	5.6	5.8
Transportation	38.8	39.0	38.2	39.3	39.3	40.1	41.0	42.0
Treasury	348.6	365.1	368.9	371.2	376.7	382.1	386.7	394.5
Veterans Affairs	37.8	37.5	40.0	41.5	42.7	45.3	43.7	46.5
Environmental Protection Agency	6.4	6.1	5.9	5.8	5.8	6.0	6.3	6.4
General Services Administration	0.7	0.5	0.7	0.4	0.5	0.3	0.3	0.2
National Aeronautics and Space Administration	13.4	14.2	13.9	14.8	14.8	15.2	15.7	16.2
Office of Personnel Management	41.3	42.4	44.9	47.0	49.1	51.6	54.4	57.4
Small Business Administration	0.7	1.0	0.4	0.5	0.5	0.5	0.6	0.6
Social Security Administration	362.1	377.2	397.7	417.9	438.4	462.3	479.9	505.9
On-Budget	(31.8)	(32.1)	(37.0)	(39.5)	(41.8)	(46.7)	(44.1)	(49.0)
Off-Budget	(330.4)	(345.1)	(360.7)	(378.4)	(396.5)	(415.7)	(435.8)	(456.9)
Other Independent Agencies	2.2	13.2	21.7	22.8	24.5	24.1	24.7	25.1
On-Budget	(4.2)	(13.6)	(19.1)	(22.8)	(25.9)	(24.6)	(26.5)	(27.0)
Off-Budget	(–2.0)	(–0.3)	(2.6)	(0.0)	(–1.5)	(–0.5)	(–1.8)	(–1.8)
Undistributed Offsetting Receipts	–137.6	–137.9	–140.5	–145.5	–144.4	–149.8	–151.4	–156.3
On-Budget	(–97.9)	(–95.2)	(–94.5)	(–95.9)	(–91.3)	(–92.5)	(–89.8)	(–89.9)
Off-Budget	(–39.7)	(–42.7)	(–46.0)	(–49.6)	(–53.2)	(–57.3)	(–61.6)	(–66.5)
Total	**1,519.1**	**1,581.5**	**1,651.3**	**1,722.9**	**1,798.8**	**1,878.2**	**1,955.5**	**2,046.9**
On-budget	(1,230.5)	(1,279.5)	(1,334.0)	(1,394.1)	(1,456.8)	(1,520.4)	(1,583.1)	(1,658.3)
Off-budget	(288.7)	(302.0)	(317.2)	(328.8)	(341.9)	(357.9)	(372.4)	(388.6)

Budget authority.—Tables 15–9 and 15–10 show current services estimates of budget authority by function and by agency, respectively.

Table 15–9. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

Function	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
National defense:								
Department of Defense—Military	255.7	253.1	261.6	269.7	278.1	286.7	295.5	304.7
Other	10.7	11.6	12.0	12.4	12.8	13.3	13.7	14.2
Total National defense	266.3	264.7	273.6	282.1	290.9	299.9	309.2	318.9
International affairs	25.9	15.6	15.9	16.4	17.0	18.3	19.2	20.2
General science, space, and technology	16.7	16.7	17.2	17.6	18.1	18.7	19.2	19.7
Energy	5.0	2.0	2.2	2.6	3.5	3.4	3.8	3.6
Natural resources and environment	21.0	19.6	20.6	21.1	21.8	22.3	22.8	23.5
Agriculture	8.6	6.9	8.6	9.2	9.1	8.5	8.1	8.7
Commerce and housing credit	11.8	11.8	10.8	12.1	11.6	10.6	14.0	13.6
On-Budget	(9.2)	(6.8)	(7.6)	(9.1)	(9.7)	(10.3)	(11.8)	(12.2)
Off-Budget	(2.6)	(4.9)	(3.2)	(3.0)	(1.9)	(0.3)	(2.3)	(1.4)
Transportation	39.3	37.1	43.8	45.1	46.2	47.4	48.6	49.8
Community and regional development	13.0	11.8	11.9	12.1	12.6	13.0	13.0	13.5
Education, training, employment, and social services	55.6	51.3	51.1	53.1	55.1	57.0	59.1	61.3
Health	117.0	110.6	129.6	141.1	152.1	164.5	178.0	192.9
Medicare	156.5	178.1	196.1	215.1	235.4	256.1	279.3	304.9
Income security	215.3	220.6	236.5	260.5	267.5	287.6	288.9	310.9
Social security	333.3	351.4	369.4	387.6	406.4	426.1	446.6	468.3
On-Budget	(5.5)	(5.8)	(7.0)	(7.6)	(8.2)	(8.7)	(9.3)	(9.9)
Off-Budget	(327.8)	(345.6)	(362.4)	(380.0)	(398.2)	(417.4)	(437.3)	(458.4)
Veterans benefits and services	38.2	38.5	39.8	41.1	43.2	44.4	45.6	46.9
Administration of justice	18.8	21.2	21.9	22.5	23.3	24.0	24.8	25.7
General government	13.2	13.3	13.7	13.7	14.2	14.7	15.1	15.7
Net interest	232.2	241.1	239.1	238.6	240.6	241.1	244.6	248.4
On-Budget	(265.5)	(277.6)	(278.5)	(281.1)	(286.0)	(289.9)	(297.2)	(305.0)
Off-Budget	(–33.3)	(–36.4)	(–39.4)	(–42.4)	(–45.5)	(–48.9)	(–52.6)	(–56.6)
Undistributed offsetting receipts:								
Employer share, employee retirement (on-budget)	–28.0	–27.1	–27.8	–28.0	–28.7	–29.7	–31.0	–32.5
Employer share, employee retirement (off-budget)	–6.4	–6.3	–6.7	–7.1	–7.7	–8.4	–9.0	–9.9
Rents and royalties on the Outer Continental Shelf	–2.4	–2.7	–3.1	–2.6	–2.6	–2.6	–2.6	–2.6
Sale of major assets	....	....	–0.1	–2.4	....	....	....	....
Other undistributed offsetting receipts	–7.6	–4.2	–1.6	–2.0	....	....	....	....
Total Undistributed offsetting receipts	–44.5	–40.3	–39.2	–42.2	–39.0	–40.7	–42.6	–44.9
On-Budget	(–38.0)	(–34.0)	(–32.5)	(–35.1)	(–31.3)	(–32.3)	(–33.5)	(–35.0)
Off-Budget	(–6.4)	(–6.3)	(–6.7)	(–7.1)	(–7.7)	(–8.4)	(–9.0)	(–9.9)
Total	**1,543.3**	**1,571.8**	**1,662.5**	**1,749.7**	**1,829.6**	**1,916.7**	**1,997.5**	**2,101.5**
On-budget	(1,252.7)	(1,264.0)	(1,342.9)	(1,416.2)	(1,482.6)	(1,556.3)	(1,619.5)	(1,708.2)
Off-budget	(290.6)	(307.8)	(319.5)	(333.5)	(347.0)	(360.4)	(378.0)	(393.4)
MEMORANDUM								
Discretionary budget authority:								
National Defense	267.8	265.2	274.2	282.7	291.4	300.4	309.7	319.3
International affairs	20.4	18.0	18.7	19.2	19.6	20.3	20.8	21.4
Domestic	216.7	212.7	222.5	236.0	240.5	255.2	258.0	273.7
Total, discretionary	504.9	495.9	515.3	537.8	551.5	575.8	588.6	614.5

Table 15–10. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Function	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Legislative Branch	2.7	2.5	2.6	2.7	2.8	2.9	3.0	3.1
The Judiciary	3.0	3.2	3.3	3.4	3.5	3.6	3.8	3.9
Executive Office Of the President	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds Appropriated to the President	15.2	8.7	8.9	9.2	9.6	10.6	11.2	11.9
Agriculture	58.6	54.1	59.3	67.5	69.6	70.9	73.4	77.1
Commerce	4.0	3.6	3.8	3.9	4.2	4.3	4.4	4.6
Defense—Military	255.7	253.1	261.6	269.7	278.1	286.7	295.5	304.7
Defense-Civil	31.4	31.9	33.2	34.4	35.6	36.8	38.0	39.2
Education	32.4	28.7	27.9	28.3	29.1	30.0	31.0	32.0
Energy	15.0	14.2	15.1	15.7	16.4	16.9	17.6	17.9
Health and Human Services	302.0	316.7	354.7	387.0	419.4	453.6	491.4	533.3
Housing and Urban Development	19.8	19.9	23.3	31.7	29.3	37.4	33.4	41.9
Interior	7.5	6.7	6.9	7.2	7.4	7.7	7.9	8.2
Justice	12.9	15.4	15.8	16.3	16.8	17.4	17.9	18.5
Labor	32.2	34.2	35.7	36.6	37.7	38.9	40.3	41.8
State	5.3	4.7	4.9	5.1	5.3	5.5	5.7	5.9
Transportation	38.1	36.3	43.0	44.2	45.3	46.4	47.6	48.8
Treasury	353.8	367.2	371.3	373.5	378.9	384.5	389.1	396.9
Veterans Affairs	38.1	38.4	39.7	40.9	43.1	44.2	45.4	46.7
Environmental Protection Agency	5.7	5.5	5.7	5.9	6.1	6.3	6.5	6.6
General Services Administration	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.3
National Aeronautics and Space Administration	13.9	13.8	14.2	14.6	15.1	15.5	15.9	16.4
Office of Personnel Management	42.9	43.7	46.2	48.4	50.8	53.2	55.8	58.7
Small Business Administration	0.8	1.0	0.7	0.8	0.8	0.8	0.8	0.8
Social Security Administration	361.1	376.9	397.8	419.5	440.1	464.1	481.4	507.5
On-Budget	(33.3)	(31.3)	(35.4)	(39.5)	(41.8)	(46.7)	(44.1)	(49.1)
Off-Budget	(327.8)	(345.6)	(362.4)	(380.0)	(398.2)	(417.4)	(437.3)	(458.4)
Other Independent Agencies	28.7	28.9	27.0	28.1	28.6	28.0	31.2	31.0
On-Budget	(26.2)	(24.0)	(23.9)	(25.1)	(26.6)	(27.7)	(28.9)	(29.6)
Off-Budget	(2.6)	(4.9)	(3.2)	(3.0)	(1.9)	(0.3)	(2.3)	(1.4)
Undistributed Offsetting Receipts	–137.6	–137.9	–140.5	–145.5	–144.4	–149.8	–151.4	–156.3
On-Budget	(–97.9)	(–95.2)	(–94.5)	(–95.9)	(–91.3)	(–92.5)	(–89.8)	(–89.9)
Off-Budget	(–39.7)	(–42.7)	(–46.0)	(–49.6)	(–53.2)	(–57.3)	(–61.6)	(–66.5)
Total	**1,543.3**	**1,571.8**	**1,662.5**	**1,749.7**	**1,829.6**	**1,916.7**	**1,997.5**	**2,101.5**
On-budget	(1,252.7)	(1,264.0)	(1,342.9)	(1,416.2)	(1,482.6)	(1,556.3)	(1,619.5)	(1,708.2)
Off-budget	(290.6)	(307.8)	(319.5)	(333.5)	(347.0)	(360.4)	(378.0)	(393.4)

Current Services Outlays and Budget Authority by Function and Program.—Tables 15–11 and 15–12 present current services budget authority and outlays, respectively, in function order, with subfunction and program level detail.

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
050 National defense:								
051 Department of Defense—Military:								
Military personnel	71,557	69,280	71,735	73,973	76,284	78,666	81,123	83,660
Operation and maintenance	93,751	93,220	96,555	99,772	103,101	106,548	110,115	113,811
Procurement	43,571	43,065	44,228	45,422	46,649	47,907	49,202	50,530
Research, development, test and evaluation	34,521	35,417	36,437	37,467	38,529	39,620	40,745	41,901
Military construction	5,428	6,873	7,068	7,267	7,472	7,680	7,895	8,118
Family housing	3,392	4,304	4,421	4,542	4,666	4,792	4,924	5,058
Voluntary Separation Incentive (VSI fund)	80	323	209	215	203	156	155	155
Offset for payment to VSI fund	–20	–264	–146	–149	–134	–88	–88	–88
Revolving and management funds	5,258	1,754	1,972	2,038	2,106	2,177	2,250	2,325
Trust funds and other	98	115	130	127	127	127	128	128
Offsetting receipts	–1,985	–985	–966	–970	–933	–931	–923	–923
Subtotal, Department of Defense—Military	255,651	253,102	261,643	269,704	278,070	286,654	295,526	304,675
053 Atomic energy defense activities:								
Weapons activities	3,217	3,460	3,626	3,778	3,937	4,102	4,275	4,454
Defense environmental restoration and waste management	4,929	5,558	5,713	5,871	6,033	6,200	6,371	6,548
Defense nuclear waste disposal	129	248	254	262	269	276	283	291
Other defense activities	1,812	1,373	1,439	1,499	1,562	1,628	1,696	1,768
Defense Nuclear Facilities Safety Board	18	17	18	18	19	20	20	21
Subtotal, Atomic energy defense activities	10,105	10,656	11,050	11,428	11,820	12,226	12,645	13,082
054 Defense-related activities:								
Existing Law	558	911	917	953	987	1,025	1,064	1,105
Total, National defense	266,314	264,669	273,610	282,085	290,877	299,905	309,235	318,862
150 International affairs:								
151 International development and humanitarian assistance:								
Agency for International Development	3,730	3,243	3,337	3,431	3,531	3,630	3,735	3,842
Multilateral development banks (MDB's)	1,837	1,153	1,185	1,215	1,248	1,283	1,318	1,353
Food aid	1,363	1,059	1,164	1,196	1,228	1,262	1,296	1,331
Refugee programs	721	721	740	761	781	802	824	846
Voluntary contributions to international organizations	359	285	293	301	309	317	326	334
Peace Corps	232	219	227	235	243	252	260	270
Other programs	414	150	208	231	161	152	164	175
Credit liquidating accounts	–439	–512	–479	–432	–442	–449	–448	–440
Offsetting receipts	–556	–24	–16	–16	–16	–16	–16	–16
Subtotal, International development and humanitarian assistance	7,661	6,294	6,659	6,922	7,043	7,233	7,459	7,695
152 International security assistance:								
Foreign military financing grants and loans	3,199	3,272	3,361	3,452	3,544	3,640	3,738	3,839
Economic support fund	2,334	2,360	2,423	2,489	2,557	2,625	2,696	2,769
Other programs	137	143	149	153	157	161	166	170
Repayment of foreign military financing loans	–674	–634	–613	–495	–372	–272	–185	–34
Foreign military loan liquidating account	–370	–244	–192	–195	–196	–207	–234	–234
Subtotal, International security assistance	4,626	4,897	5,128	5,404	5,690	5,947	6,181	6,510
153 Conduct of foreign affairs:								
State Department operations	2,124	2,084	2,165	2,242	2,333	2,416	2,502	2,591
Foreign buildings	380	326	336	344	357	368	379	390
Assessed Contributions to International Organizations	877	700	719	738	758	779	800	821
Assessed Contributions for International Peacekeeping	519	225	231	237	244	250	257	264
Other programs	163	171	174	184	187	199	203	211
Subtotal, Conduct of foreign affairs	4,063	3,506	3,625	3,745	3,879	4,012	4,141	4,277
154 Foreign information and exchange activities:								
U.S. Information Agency	1,177	1,109	1,150	1,184	1,123	1,265	1,307	1,350
Board for International Broadcasting	228	....	....	....	....	....	....	....

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Other programs	16	6	6	6	6	7	7	7
Subtotal, Foreign information and exchange activities	1,421	1,115	1,156	1,190	1,129	1,272	1,314	1,357
155 International financial programs:								
Export-Import Bank	718	824	797	809	828	849	869	889
International monetary fund	2,746							
Exchange stabilization fund	2,341							
Foreign military sales trust fund (net)	2,399	–970	–1,340	–1,520	–1,480	–930	–660	–490
Offsetting receipts	–104	–106	–108	–110	–112	–115	–117	–50
Subtotal, International financial programs	8,100	–252	–651	–821	–764	–196	92	349
Total, International affairs	25,871	15,560	15,917	16,440	16,977	18,268	19,187	20,188
250 General science, space, and technology:								
251 General science and basic research:								
National Science Foundation programs	3,195	3,145	3,239	3,329	3,420	3,513	3,608	3,706
Department of Energy general science programs	969	981	1,007	1,035	1,063	1,092	1,122	1,152
Subtotal, General science and basic research	4,164	4,126	4,246	4,364	4,483	4,605	4,730	4,858
252 Space flight, research, and supporting activities:								
Science, Aeronautics and Technology	5,031	4,969	5,103	5,241	5,382	5,528	5,677	5,830
Human space flight	5,515	5,457	5,604	5,756	5,911	6,071	6,235	6,403
Mission support	2,128	2,101	2,185	2,264	2,346	2,432	2,521	2,613
Research and program management	–18							
Space flight control and data communications	–43							
Construction of facilities	–44							
Research and development	–42							
Other	16	16	17	17	18	19	20	20
Subtotal, Space flight, research, and supporting activities	12,543	12,543	12,909	13,278	13,657	14,050	14,453	14,866
Total, General science, space, and technology	16,707	16,669	17,155	17,642	18,140	18,655	19,183	19,724
270 Energy:								
271 Energy supply:								
Research and development	3,822	3,321	3,413	3,507	3,602	3,703	3,806	3,910
Naval petroleum reserves	–225	–314	–254	–42	136	140	145	150
Federal power marketing	–639	–466	–448	–495	–466	–473	–303	–574
Tennessee Valley Authority	1,144	660	125	131	198	–28	4	–169
Uranium enrichment	73	29	30	38	32	33	34	35
Uranium enrichment facility decontamination and decommissioning fund	301	279	287	294	302	310	319	327
Decontamination transfer	–134	–350	–377	–392	–407	–424	–441	–458
Nuclear waste program	393	152	156	160	165	169	174	178
Nuclear waste fund receipts	–597	–630	–637	–637	–637	–637	–646	–658
Subsidies for nonconventional fuel production	–4	–18	–1	–2	–2	–2	–2	–2
Rural electric and telephone loans	150	123	127	132	136	141	145	149
Credit liquidating account (REA)	–527	–1,725	–1,431	–1,345	–1,260	–1,194	–1,167	–1,083
Subtotal, Energy supply	3,757	1,061	990	1,349	1,799	1,738	2,068	1,805
272 Energy conservation	715	575	592	608	626	644	662	681
274 Emergency energy preparedness:								
Existing Law	144	5	295	303	312	320	329	338
276 Energy information, policy, and regulation:								
Nuclear Regulatory Commission (NRC)	22	11	11	11	357	370	383	396
Other energy programs	389	299	329	347	360	373	389	403
Subtotal, Energy information, policy, and regulation	411	310	340	358	717	743	772	799
Total, Energy	5,027	1,951	2,217	2,618	3,454	3,445	3,831	3,623
300 Natural resources and environment:								
301 Water resources:								
Corps of Engineers	3,469	3,390	3,532	3,555	3,731	3,840	3,943	4,049

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Bureau of Reclamation	889	829	876	899	920	948	968	1,006
Other	244	263	265	294	296	305	315	322
Offsetting receipts	–390	–434	–406	–410	–416	–425	–420	–434
Subtotal, Water resources	4,212	4,048	4,267	4,338	4,531	4,668	4,806	4,943
302 Conservation and land management:								
Forest Service	3,463	2,745	2,765	2,845	2,961	3,047	3,138	3,229
Management of public lands (BLM)	972	936	969	994	1,027	1,062	1,098	1,136
Federal land acquisition	13	13	13	13	14	15	15	16
Mining reclamation and enforcement	293	267	275	281	291	299	307	316
Conservation reserve program	1,743	1,782	1,925	1,867	1,700	1,627	1,539	1,527
Other conservation of agricultural lands	803	817	958	898	930	959	889	922
Other	363	342	353	364	377	391	403	417
Other offsetting receipts	–2,258	–2,245	–2,249	–2,136	–2,069	–2,143	–2,171	–2,205
Subtotal, Conservation and land management	5,392	4,657	5,009	5,126	5,231	5,257	5,218	5,358
303 Recreational resources:								
Federal land acquisition	202	127	130	131	136	140	142	146
Urban park and historic preservation funds	46	36	37	38	39	40	41	42
Operation of recreational resources	2,722	2,516	2,623	2,668	2,741	2,832	2,928	3,032
Other Offsetting receipts	–236	–251	–256	–254	–256	–259	–263	–263
Subtotal, Recreational resources	2,734	2,428	2,534	2,583	2,660	2,753	2,848	2,957
304 Pollution control and abatement:								
Regulatory, enforcement, and research programs	2,675	2,193	2,268	2,345	2,420	2,499	2,581	2,668
Hazardous substance superfund	1,354	1,163	1,199	1,234	1,271	1,309	1,348	1,388
Oil pollution funds (gross)	157	157	159	162	166	169	172	175
State and tribal assistance grants (includes water infrastructure financing)	1,885	2,323	2,386	2,450	2,517	2,584	2,654	2,726
Leaking underground storage tank trust fund	70	46	47	48	50	51	53	54
Superfund recoveries and other	–261	–210	–220	–196	–171	–171	–171	–171
Subtotal, Pollution control and abatement	5,880	5,672	5,839	6,043	6,253	6,441	6,637	6,840
306 Other natural resources:								
Program activities	2,849	2,811	2,918	3,017	3,118	3,224	3,336	3,447
Offsetting receipts	–18	–16	–16	–16	–30	–30	–30	–30
Subtotal, Other natural resources	2,831	2,795	2,902	3,001	3,088	3,194	3,306	3,417
Total, Natural resources and environment	21,049	19,600	20,551	21,091	21,763	22,313	22,815	23,515
350 Agriculture:								
351 Farm income stabilization:								
Commodity Credit Corporation	2,707	2,730	4,341	4,604	4,329	3,540	2,835	3,234
Crop insurance	1,690	1,650	1,591	1,761	1,758	1,809	1,861	1,915
Agricultural credit insurance	447	397	411	425	439	452	468	484
Other	796	798	823	849	875	902	930	958
Credit liquidating accounts (ACIF and FAC)	137	–1,391	–1,450	–1,405	–1,348	–1,293	–1,237	–1,237
Subtotal, Farm income stabilization	5,777	4,184	5,716	6,234	6,053	5,410	4,857	5,354
352 Agricultural research and services:								
Research programs	1,208	1,181	1,222	1,259	1,299	1,341	1,384	1,429
Marketing programs	172	162	163	166	166	167	169	170
Animal and plant inspection programs	466	475	487	500	514	528	541	557
Economic intelligence	135	134	141	146	150	156	161	168
Other programs and unallocated overhead	929	948	977	1,009	1,039	1,071	1,102	1,135
Offsetting receipts	–137	–138	–139	–140	–140	–140	–135	–135
Subtotal, Agricultural research and services	2,773	2,762	2,851	2,940	3,028	3,123	3,222	3,324
Total, Agriculture	8,550	6,946	8,567	9,174	9,081	8,533	8,079	8,678

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
370 Commerce and housing credit:								
371 Mortgage credit:								
Federal Housing Administration (FHA)	–139	–1,241	–807	–577	–561	–642	–657	–637
Government National Mortgage Association (GNMA)	....	....	....	....	1	1	1	2
Rural housing programs	893	639	662	684	707	730	756	781
Other	....	–2	–3	–4	–2	–1	....	....
Credit liquidating accounts	593	526	526	860	481	356	986	1,121
Subtotal, Mortgage credit	1,347	–78	378	963	626	444	1,086	1,267
372 Postal service:								
Payments to the Postal Service fund (On-budget)	130	122	123	124	124	126	126	128
Postal Service (Off-budget)	2,554	4,917	3,151	3,049	1,924	267	2,266	1,391
Subtotal, Postal service	2,684	5,039	3,274	3,173	2,048	393	2,392	1,519
373 Deposit insurance:								
FSLIC Resolution Fund	827	....	....	....	....	....	....	....
Discretionary	32	11	12	12	13	13	14	14
Subtotal, Deposit insurance	859	11	12	12	13	13	14	14
376 Other advancement of commerce:								
Small and minority business assistance	706	774	531	544	559	574	590	608
Science and technology	737	602	637	658	679	701	723	745
Economic and demographic statistics	328	330	343	357	371	383	398	415
Payments to copyright owners	196	204	209	209	216	223	231	238
Universal Service Fund	4,300	4,300	4,700	5,500	6,300	7,000	7,700	7,900
Regulatory agencies	215	198	220	231	238	249	260	271
International trade and other business promotion	424	377	452	459	593	612	629	647
Subtotal, Other advancement of commerce	6,906	6,785	7,092	7,958	8,956	9,742	10,531	10,824
Total, Commerce and housing credit	11,796	11,757	10,756	12,106	11,643	10,592	14,023	13,624
On-budget	(9,242)	(6,840)	(7,605)	(9,057)	(9,719)	(10,325)	(11,757)	(12,233)
Off-budget	(2,554)	(4,917)	(3,151)	(3,049)	(1,924)	(267)	(2,266)	(1,391)
400 Transportation:								
401 Ground transportation:								
Highways	21,184	17,876	21,969	22,623	22,912	23,328	23,761	24,194
Highway safety	405	374	408	406	410	411	413	413
Mass transit	4,578	4,050	6,110	6,275	6,445	6,621	6,799	6,984
Railroads	948	863	884	908	934	960	986	1,015
Regulation	33	21	14	13	24	25	25	26
Offsetting receipts	–36	–7	–7	–7	–7	–7	–7	–7
Subtotal, Ground transportation	27,112	23,177	29,378	30,218	30,718	31,338	31,977	32,625
402 Air transportation:								
Airports and airways (FAA)	6,852	8,918	9,235	9,543	9,866	10,197	10,539	10,895
Aeronautical research and technology	1,310	1,278	1,317	1,357	1,397	1,439	1,482	1,527
Payments to air carriers	23	16	39	39	40	41	42	43
Subtotal, Air transportation	8,185	10,212	10,591	10,939	11,303	11,677	12,063	12,465
403 Water transportation:								
Marine safety and transportation	3,554	3,302	3,427	3,544	3,652	3,852	3,981	4,112
Ocean shipping	194	179	166	171	176	184	191	198
Offsetting receipts	–64	–64	–64	–64	–2	–2	–2	–2
Subtotal, Water transportation	3,684	3,417	3,529	3,651	3,826	4,034	4,170	4,308
407 Other transportation:								
Miscellaneous programs	361	352	362	374	388	399	412	428

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Offsetting receipts	–42	–38	–39	–40	–40	–41	–42	–43
Subtotal, Other transportation	319	314	323	334	348	358	370	385
Total, Transportation	39,300	37,120	43,821	45,142	46,195	47,407	48,580	49,783
450 Community and regional development:								
451 Community development:								
Community opportunity performance funds	....	33	34	35	36	37	38	39
Community development block grants	4,819	4,600	4,724	4,852	4,983	5,117	5,255	5,397
Community development financial institutions	50	38	39	40	41	42	44	45
Other	324	304	312	322	334	345	358	369
Subtotal, Community development	5,193	4,975	5,109	5,249	5,394	5,541	5,695	5,850
452 Area and regional development:								
Rural development	884	769	790	812	835	862	887	911
Economic development assistance	462	348	358	367	377	388	399	410
Indian programs	1,662	1,396	1,388	1,406	1,437	1,467	1,501	1,531
Appalachian Regional Commission	277	175	180	184	189	194	199	205
Tennessee Valley Authority	138	109	113	117	122	126	131	135
Credit liquidating accounts	235	109	214	167	271	256	21	66
Offsetting receipts	–357	–375	–351	–338	–258	–257	–258	–258
Subtotal, Area and regional development	3,301	2,531	2,692	2,715	2,973	3,036	2,880	3,000
453 Disaster relief and insurance:								
Small Business Administration disaster loans	130	231	237	244	250	257	264	271
Disaster relief	3,593	3,497	3,591	3,688	3,788	3,890	3,995	4,103
National flood insurance fund	469	292	–72	–88	–108	–127	–150	–58
Other	313	301	322	332	343	354	365	377
Credit liquidating accounts	....	–70	–2	–9	–8	....	....	....
Subtotal, Disaster relief and insurance	4,505	4,251	4,076	4,167	4,265	4,374	4,474	4,693
Total, Community and regional development	12,999	11,757	11,877	12,131	12,632	12,951	13,049	13,543
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education:								
Education reform	494	414	425	437	448	461	473	486
School improvement programs	1,322	1,011	1,038	1,066	1,095	1,125	1,155	1,186
Education for the disadvantaged	7,187	6,015	6,177	6,344	6,515	6,691	6,872	7,058
Special education	3,253	3,093	3,177	3,262	3,350	3,441	3,534	3,629
Impact aid	728	660	678	696	715	734	754	774
Vocational and adult education	1,390	1,170	1,201	1,234	1,267	1,301	1,335	1,371
Indian education programs	636	560	579	595	614	633	652	673
Other	214	160	164	168	173	178	183	188
Subtotal, Elementary, secondary, and vocational education	15,224	13,083	13,439	13,802	14,177	14,564	14,958	15,365
502 Higher education:								
Student financial assistance	7,586	7,586	7,791	8,001	8,218	8,439	8,667	8,900
Federal family education loan program	3,481	3,326	2,371	2,134	1,911	1,996	2,093	2,190
Federal direct loan program	1,105	706	683	1,079	1,430	1,545	1,662	1,770
Higher education	919	758	778	799	821	843	866	889
Other	266	247	255	266	275	284	295	302
Credit liquidating account (Family education loan program)	1,081	303	–180	–606	–654	–667	–657	–640
Subtotal, Higher education	14,438	12,926	11,698	11,673	12,001	12,440	12,926	13,411
503 Research and general education aids	2,272	2,005	2,049	2,086	2,155	2,225	2,299	2,372
504 Training and employment:								
Training and employment services	3,907	3,957	4,065	4,176	4,290	4,407	4,527	4,650
Trade adjustment assistance	101	101	113	124	97	97	97	97
Older Americans employment	396	350	359	369	379	389	400	411
Payments to States for AFDC work programs	1,300	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Federal-State employment service	1,299	1,192	1,225	1,256	1,291	1,326	1,361	1,398

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Other	90	83	87	88	93	97	100	104
Subtotal, Training and employment	7,093	6,683	6,849	7,013	7,150	7,316	7,485	7,660
505 Other labor services	993	896	933	967	1,002	1,038	1,077	1,117
506 Social services:								
National service initiative	696	611	633	654	673	693	712	733
Family support and preservation	150	225	240	240	240	240	240	240
Social services block grant	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Rehabilitation services	2,393	2,444	2,513	2,585	2,659	2,733	2,809	2,887
Payments to States for foster care and adoption assistance	3,597	4,322	4,445	5,702	6,480	7,021	7,684	8,404
Children and families services programs	4,874	4,545	4,671	4,798	4,930	5,064	5,203	5,346
Aging services program	876	781	803	824	847	870	893	918
Interim assistance to States for legalization	195	....	....	....	....	....	....	....
Other social services	14	1	1	1	1	1	1	1
Subtotal, Social services	15,595	15,729	16,106	17,604	18,630	19,422	20,342	21,329
Total, Education, training, employment, and social services	55,615	51,322	51,074	53,145	55,115	57,005	59,087	61,254
550 Health:								
551 Health care services:								
Medicaid grants	89,241	83,252	101,193	111,956	121,751	133,160	145,575	159,407
Federal employees' and retired employees' health benefits	4,211	3,746	4,059	4,256	4,635	4,878	5,234	5,589
Coal miners retirees health benefits	336	328	321	314	307	301	294	288
Indian health	1,964	1,991	2,056	2,123	2,191	2,261	2,333	2,409
Substance abuse and mental health services	2,195	1,789	1,838	1,889	1,940	1,994	2,048	2,104
Other health care services	5,171	5,125	5,271	5,310	5,517	5,675	5,838	6,007
Subtotal, Health care services	103,118	96,231	114,738	125,848	136,341	148,269	161,322	175,804
552 Health research and training:								
National Institutes of Health	11,248	11,947	12,286	12,630	12,984	13,348	13,722	14,107
Clinical training	326	282	302	310	311	314	320	329
Other research and training	313	221	229	236	244	252	261	270
Subtotal, Health research and training	11,887	12,450	12,817	13,176	13,539	13,914	14,303	14,706
554 Consumer and occupational health and safety:								
Food safety and inspection	531	545	571	595	620	646	673	702
Other consumer safety	924	918	955	989	1,068	1,108	1,104	1,144
Occupational safety and health	526	463	481	499	517	535	554	575
Subtotal, Consumer and occupational health and safety	1,981	1,926	2,007	2,083	2,205	2,289	2,331	2,421
Total, Health	116,986	110,607	129,562	141,107	152,085	164,472	177,956	192,931
570 Medicare:								
571 Medicare:								
Hospital insurance (HI)	109,861	127,003	138,208	150,397	163,710	176,258	190,015	205,009
Supplementary medical insurance (SMI)	66,953	70,903	78,177	86,779	95,013	104,126	114,584	126,296
Medicare premiums and collections	–20,274	–19,842	–20,287	–22,048	–23,295	–24,304	–25,331	–26,422
Subtotal, Medicare	156,540	178,064	196,098	215,128	235,428	256,080	279,268	304,883
Total, Medicare	156,540	178,064	196,098	215,128	235,428	256,080	279,268	304,883
600 Income security:								
601 General retirement and disability insurance (excluding social security):								
Railroad retirement	4,037	4,505	4,538	4,610	4,661	4,698	4,765	4,845
Special benefits for disabled coal miners	1,289	1,212	1,179	1,145	1,103	1,060	1,017	972
Other	214	206	217	230	242	254	268	281
Subtotal, General retirement and disability insurance (excluding social security)	5,540	5,923	5,934	5,985	6,006	6,012	6,050	6,098

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
602 Federal employee retirement and disability:								
Civilian retirement and disability programs	39,074	40,367	42,575	44,627	46,703	48,880	51,185	53,740
Military retirement	27,905	28,568	29,746	30,843	31,928	32,985	34,065	35,179
Federal employees workers' compensation (FECA)	254	218	237	242	267	240	284	366
Federal employees life insurance fund	26	28	33	37	42	47	51	56
Subtotal, Federal employee retirement and disability	67,259	69,181	72,591	75,749	78,940	82,152	85,585	89,341
603 Unemployment compensation	23,750	26,054	27,215	27,953	28,787	29,739	30,856	32,063
604 Housing assistance:								
Subsidized, public, homeless and other HUD housing	14,712	15,988	18,446	25,479	22,972	30,906	26,887	35,416
Rural housing assistance	609	600	616	634	650	667	686	704
Other housing assistance	4	1	1	1	1	1	1	1
Subtotal, Housing assistance	15,325	16,589	19,063	26,114	23,623	31,574	27,574	36,121
605 Food and nutrition assistance:								
Food stamps (including Puerto Rico)	28,806	27,598	29,984	37,521	38,888	40,154	41,720	43,335
State child nutrition programs	7,477	7,966	8,682	9,243	9,797	10,346	10,910	11,505
Special supplemental food program for women, infants, and children (WIC)	3,450	3,694	3,794	3,896	4,001	4,109	4,220	4,334
Other nutrition programs	1,085	1,128	987	1,003	1,014	1,029	1,046	1,065
Subtotal, Food and nutrition assistance	40,818	40,386	43,447	51,663	53,700	55,638	57,896	60,239
609 Other income security:								
Supplemental security income (SSI)	27,997	25,814	28,883	32,480	34,356	38,837	35,601	40,116
Family support payments	17,491	17,094	18,101	18,528	19,147	19,764	20,452	21,163
Earned income tax credit (EITC)	15,244	18,138	19,921	20,703	21,596	22,604	23,486	24,403
Refugee assistance	406	405	416	427	439	451	463	475
Low income home energy assistance	1,419	1,000	1,027	1,055	1,083	1,112	1,142	1,173
Payments to states for day-care assistance	935	935	960	986	1,013	1,040	1,068	1,097
Other	60	56	58	61	63	66	68	71
SSI offsetting receipts	–927	–983	–1,123	–1,192	–1,255	–1,409	–1,302	–1,455
Subtotal, Other income security	62,625	62,459	68,243	73,048	76,442	82,465	80,978	87,043
Total, Income security	215,317	220,592	236,493	260,512	267,498	287,580	288,939	310,905
650 Social security:								
651 Social security:								
Old-age and survivors insurance (OASI)	293,295	306,810	320,667	335,123	349,820	365,262	381,474	398,490
Quinquennial OASI adjustment	....	–129	....	....	....	....	....	....
Disability insurance (DI)	39,990	44,732	48,759	52,494	56,579	60,826	65,159	69,858
Interest payments (DI)	....	–18	....	....	....	....	....	....
Interfund transactions	4	....	10	....	....	....	....	1
Total, Social security	333,289	351,395	369,436	387,617	406,399	426,088	446,633	468,349
On-budget	(5,481)	(5,758)	(7,034)	(7,635)	(8,151)	(8,702)	(9,291)	(9,923)
Off-budget	(327,808)	(345,637)	(362,402)	(379,982)	(398,248)	(417,386)	(437,342)	(458,426)
700 Veterans benefits and services:								
701 Income security for veterans:								
Compensation	14,579	15,205	15,393	15,455	15,499	15,534	15,564	15,583
Proposed Legislation (non-PAYGO)	....	....	307	703	1,091	1,483	1,881	2,288
Subtotal, Compensation	14,579	15,205	15,700	16,158	16,590	17,017	17,445	17,871
Pensions	3,018	2,995	2,987	2,983	3,544	3,599	3,676	3,778
Burial benefits and miscellaneous assistance	109	115	118	121	125	127	130	134
National service life insurance trust fund	1,348	1,324	1,250	1,179	1,093	1,015	948	884
All other insurance programs	44	50	46	47	46	47	48	48
Insurance program receipts	–274	–283	–260	–240	–219	–200	–182	–165
Subtotal, Income security for veterans	18,824	19,406	19,841	20,248	21,179	21,605	22,065	22,550

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
702 Veterans education, training, and rehabilitation:								
Readjustment benefits (GI Bill and related programs)	1,192	1,345	1,227	1,440	1,473	1,471	1,443	1,406
Post-Vietnam era education	1	....	....	....	....	....	....	....
All-volunteer force educational assistance trust fund	–104	–194	–233	–211	–209	–214	–213	–213
Other	1	1	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	1,090	1,152	995	1,230	1,265	1,258	1,231	1,194
703 Hospital and medical care for veterans:								
Medical care and hospital services	16,485	16,885	17,556	18,194	18,853	19,538	20,248	20,986
Construction	539	373	383	393	404	414	426	438
Third-party medical recoveries	–29	–44	–85	–26	272	–9	–6	–23
Fees and other charges for medical services	–440	–466	–525	–608	–595	–313	–319	–321
Subtotal, Hospital and medical care for veterans	16,555	16,748	17,329	17,953	18,934	19,630	20,349	21,080
704 Veterans housing:								
Loan guaranty	103	117	68	67	67	73	74	100
Direct loans	1	....	....	....	....	....	....	....
Guaranty and indemnity	508	25	442	395	569	557	582	580
Subtotal, Veterans housing	612	142	510	462	636	630	656	680
705 Other veterans benefits and services:								
Cemeteries, administration of veterans benefits, and other	1,032	980	1,021	1,059	1,101	1,142	1,186	1,230
Non-VA support programs	96	99	110	109	111	111	115	120
Subtotal, Other veterans benefits and services	1,128	1,079	1,131	1,168	1,212	1,253	1,301	1,350
Total, Veterans benefits and services	38,209	38,527	39,806	41,061	43,226	44,376	45,602	46,854
750 Administration of justice:								
751 Federal law enforcement activities:								
Criminal investigations (DEA, FBI, FinCEN, ICDE)	3,702	3,807	3,968	4,103	4,240	4,379	4,527	4,682
Alcohol, tobacco, and firearms investigations (ATF)	421	378	392	418	434	450	466	482
Border enforcement activities (Customs and INS)	4,015	4,485	4,636	4,770	4,908	5,050	5,199	5,354
Customs and INS fees	–1,956	–1,935	–2,040	–2,066	–2,101	–2,146	–2,175	–2,212
Protection activities (Secret Service)	523	578	600	621	643	665	688	713
Equal Employment Opportunity Commission	233	233	239	246	252	259	266	273
Other enforcement	578	441	531	550	569	593	611	633
Subtotal, Federal law enforcement activities	7,516	7,987	8,326	8,642	8,945	9,250	9,582	9,925
752 Federal litigative and judicial activities:								
Civil and criminal prosecution and representation	2,709	2,691	2,763	2,844	2,918	3,007	3,096	3,191
Federal judicial activities	2,976	3,120	3,240	3,350	3,468	3,590	3,716	3,846
Representation of indigents in civil cases	400	278	286	293	301	309	318	326
Other	15	5	5	5	5	6	6	6
Subtotal, Federal litigative and judicial activities	6,100	6,094	6,294	6,492	6,692	6,912	7,136	7,369
753 Federal correctional activities	2,557	2,972	3,109	3,140	3,253	3,369	3,490	3,616
754 Criminal justice assistance	2,582	4,115	4,153	4,270	4,388	4,509	4,629	4,756
Total, Administration of justice	18,755	21,168	21,882	22,544	23,278	24,040	24,837	25,666
800 General government:								
801 Legislative functions	2,172	1,998	2,073	2,139	2,218	2,297	2,373	2,457
802 Executive direction and management:								
Drug control programs	74	127	131	134	138	142	146	150
Executive Office of the President	179	178	182	190	195	201	210	218
Former Presidents/Presidential transition	2	2	2	2	2	2	2	2
Subtotal, Executive direction and management	255	307	315	326	335	345	358	370
803 Central fiscal operations:								
Tax administration	7,513	7,467	7,777	8,067	8,371	8,684	9,010	9,349

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Other fiscal operations	278	219	246	261	276	292	309	327
Subtotal, Central fiscal operations	7,791	7,686	8,023	8,328	8,647	8,976	9,319	9,676
804 General property and records management:								
Real property activities	8	66	83	87	122	99	61	73
Property and other receipts	–11	–21	–21	–21	–22	–22	–22	–23
Records management	199	203	208	214	219	226	232	238
Other	180	169	176	178	184	193	199	207
Subtotal, General property and records management	376	417	446	458	503	496	470	495
805 Central personnel management	169	146	152	158	165	171	177	175
806 General purpose fiscal assistance:								
Payments and loans to the District of Columbia	712	700	719	739	759	780	800	835
Payments to States and counties from Forest Service receipts	86	295	291	233	226	226	226	226
Payments to States from receipts under the Mineral Leasing Act	474	508	515	499	506	520	535	551
Payments to States and counties from Federal land management activities	19	18	18	19	19	20	21	21
Payments in lieu of taxes	101	100	103	105	108	111	114	117
Payments to territories and Puerto Rico	138	149	153	157	162	167	171	176
Tax revenues for Puerto Rico (Treasury, BATF)	206	232	240	240	240	240	240	240
Other	91	93	95	97	99	101	104	107
Subtotal, General purpose fiscal assistance	1,827	2,095	2,134	2,089	2,119	2,165	2,211	2,273
808 Other general government:								
Treasury claims	1,104	1,000	1,000	635	615	615	615	615
Civil liberties public education fund	50							
Presidential election campaign fund	69	70	70	70	70	70	70	70
Other	499	418	310	308	310	317	324	330
Subtotal, Other general government	1,722	1,488	1,380	1,013	995	1,002	1,009	1,015
809 Deductions for offsetting receipts	–1,077	–817	–800	–800	–800	–800	–800	–800
Total, General government	13,235	13,320	13,723	13,711	14,182	14,652	15,117	15,661
900 Net interest:								
901 Interest on the public debt	332,414	344,647	345,813	347,584	352,083	356,827	360,895	367,627
902 Interest received by on-budget trust funds:								
Contributions to the civil and foreign service retirement and disability fund	–28,056	–29,242	–29,747	–30,129	–30,636	–30,763	–31,124	–31,621
Military retirement	–10,915	–10,900	–11,000	–11,210	–11,432	–11,653	–11,892	–12,132
Medicare	–12,806	–12,304	–11,972	–10,724	–8,788	–8,288	–3,396	–859
Other on-budget trust fund interest	–8,090	–8,717	–8,332	–8,755	–9,169	–9,517	–9,840	–10,232
Subtotal, Interest received by on-budget trust funds	–59,867	–61,163	–61,051	–60,818	–60,025	–60,221	–56,252	–54,844
903 Interest received by off-budget trust funds	–33,305	–36,440	–39,361	–42,442	–45,461	–48,862	–52,565	–56,591
908 Other interest:								
Interest on loans to Federal Financing Bank	–7,422	–6,116	–4,702	–4,131	–3,354	–2,808	–2,402	–2,083
Interest on refunds of tax collections	2,655	2,890	2,961	3,110	3,257	3,399	3,541	3,729
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	2,541	818	874	862	783	693	609	609
Interest received from direct loan financing accounts	–2,726	–1,735	–2,748	–3,857	–5,098	–6,379	–7,633	–8,500
Interest on deposits in tax and loan accounts	–946	–933	–1,078	–1,080	–1,081	–1,081	–1,081	–1,081
Interest received from Outer Continental Shelf escrow account, Interior	–1		–905					
Other	–3,484	–3,164	–3,008	–2,934	–2,873	–2,839	–2,804	–2,830
Subtotal, Other interest	–7,055	–5,912	–6,278	–5,702	–6,038	–6,687	–7,442	–7,828
Total, Net interest	232,187	241,132	239,123	238,622	240,559	241,057	244,636	248,364
On-budget	(265,492)	(277,572)	(278,484)	(281,064)	(286,020)	(289,919)	(297,201)	(304,955)
Off-budget	(–33,305)	(–36,440)	(–39,361)	(–42,442)	(–45,461)	(–48,862)	(–52,565)	(–56,591)

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget):								
Contributions to military retirement fund	–12,238	–11,250	–11,192	–10,657	–10,771	–10,904	–11,143	–11,483
Postal Service contributions to Civil Service Retirement and Disability Fund	–5,431	–5,637	–5,825	–6,037	–6,025	–6,262	–6,524	–6,857
Other contributions to civil and foreign service retirement and disability fund	–7,843	–7,885	–8,308	–8,807	–9,194	–9,737	–10,349	–10,985
Contributions to HI trust fund	–2,449	–2,366	–2,430	–2,541	–2,671	–2,831	–2,958	–3,140
Subtotal, Employer share, employee retirement (on-budget)	–27,961	–27,138	–27,755	–28,042	–28,661	–29,734	–30,974	–32,465
952 Employer share, employee retirement (off-budget)	–6,432	–6,291	–6,664	–7,127	–7,708	–8,436	–9,026	–9,865
953 Rents and royalties on the Outer Continental Shelf	–2,418	–2,689	–3,108	–2,630	–2,594	–2,558	–2,562	–2,551
954 Sale of major assets:								
Privatization of Elk Hills	....	....	....	–2,415	....	....	....	....
Proceeds from sale of Power Marketing Administration	....	....	–85	....	....	....	....	....
Subtotal, Sale of major assets	....	....	–85	–2,415	....	....	....	....
959 Other undistributed offsetting receipts:								
Spectrum Auction	–7,644	–4,200	–1,600	–2,000	....	....	....	....
Total, Undistributed offsetting receipts	–44,455	–40,318	–39,212	–42,214	–38,963	–40,728	–42,562	–44,881
On-budget	(–38,023)	(–34,027)	(–32,548)	(–35,087)	(–31,255)	(–32,292)	(–33,536)	(–35,016)
Off-budget	(–6,432)	(–6,291)	(–6,664)	(–7,127)	(–7,708)	(–8,436)	(–9,026)	(–9,865)
Total	1,543,291	1,571,838	1,662,456	1,749,662	1,829,569	1,916,691	1,997,495	2,101,526
On-budget	(1,252,666)	(1,264,015)	(1,342,928)	(1,416,200)	(1,482,566)	(1,556,336)	(1,619,478)	(1,708,165)
Off-budget	(290,625)	(307,823)	(319,528)	(333,462)	(347,003)	(360,355)	(378,017)	(393,361)

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
050 National defense:								
051 Department of Defense—Military:								
Military personnel	70,809	67,177	71,396	73,624	75,897	78,270	80,717	83,239
Operation and maintenance	90,881	91,485	94,585	97,862	101,324	104,746	108,288	111,792
Procurement	54,982	48,463	45,113	43,661	44,914	45,652	46,538	44,860
Research, development, test and evaluation	34,594	34,702	35,385	36,483	37,541	38,619	39,714	40,632
Military construction	6,823	6,524	6,646	6,953	7,117	7,251	7,465	7,505
Family housing	3,571	4,028	4,362	4,509	4,576	4,678	4,794	4,872
Voluntary Separation Incentive (VSI fund)	143	162	167	171	174	174	174	174
Offset for payment to VSI fund	–20	–264	–146	–149	–134	–88	–88	–88
Revolving and management funds	–510	2,826	2,060	5,710	2,051	2,062	2,133	2,032
Trust funds and other	154	124	127	98	105	105	105	105
General transfer authority	....	336	–72	....	....	....	....	....
Offsetting receipts	–1,985	–985	–966	–970	–933	–931	–923	–923
Subtotal, Department of Defense—Military	259,442	254,578	258,657	267,952	272,632	280,538	288,917	294,200
053 Atomic energy defense activities:								
Weapons activities	3,656	3,389	3,576	3,733	3,889	4,053	4,223	4,400
Defense environmental restoration and waste management	5,621	5,237	5,564	5,675	5,947	6,111	6,280	6,454
Defense nuclear waste disposal	132	86	100	86	174	179	184	189
Other defense activities	2,354	1,515	1,419	1,482	1,543	1,608	1,676	1,746
Defense Nuclear Facilities Safety Board	14	18	18	17	19	19	20	21
Subtotal, Atomic energy defense activities	11,777	10,245	10,677	10,993	11,572	11,970	12,383	12,810
054 Defense-related activities:								
Existing Law	847	1,074	924	974	980	1,015	1,055	1,096
Total, National defense	272,066	265,897	270,258	279,919	285,184	293,523	302,355	308,106
150 International affairs:								
151 International development and humanitarian assistance:								
Agency for International Development	4,055	3,688	3,578	3,515	3,469	3,519	3,583	3,713
Multilateral development banks (MDB's)	1,424	1,850	1,742	1,608	1,533	1,532	1,311	1,365
Food aid	1,496	1,191	1,160	1,182	1,214	1,247	1,281	1,315
Refugee programs	705	837	758	756	776	798	819	841
Voluntary contributions to international organizations	496	308	219	298	307	315	323	332
Peace Corps	235	226	227	231	241	250	258	267
Other programs	304	139	118	111	131	124	133	143
Credit liquidating accounts	–560	–1,395	–1,352	–1,277	–1,276	–1,254	–1,219	–1,171
Offsetting receipts	–556	–24	–16	–16	–16	–16	–16	–16
Subtotal, International development and humanitarian assistance	7,599	6,820	6,434	6,408	6,379	6,515	6,473	6,789
152 International security assistance:								
Foreign military financing grants and loans	2,981	3,394	3,337	3,446	3,505	3,600	3,695	3,795
Economic support fund	2,739	2,596	2,573	2,527	2,576	2,611	2,648	2,634
Other programs	154	145	147	130	137	141	145	149
Repayment of foreign military financing loans	–674	–634	–613	–495	–372	–272	–185	–34
Foreign military loan liquidating account	52	–234	–192	–195	–196	–207	–237	–257
Subtotal, International security assistance	5,252	5,267	5,252	5,413	5,650	5,873	6,066	6,287
153 Conduct of foreign affairs:								
State Department operations	1,971	2,079	2,156	2,205	2,305	2,388	2,473	2,562
Foreign buildings	535	472	421	381	368	353	364	375
Assessed Contributions to International Organizations	952	704	718	738	758	778	799	821
Assessed Contributions for International Peacekeeping	585	232	231	238	244	250	257	264
Other programs	149	213	201	194	187	195	202	208
Subtotal, Conduct of foreign affairs	4,192	3,700	3,727	3,756	3,862	3,964	4,095	4,230
154 Foreign information and exchange activities:								
U.S. Information Agency	1,163	1,194	1,161	1,175	1,113	1,255	1,297	1,340
Board for International Broadcasting	239	....	....	....	....	....	....	....

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Other programs	15	9	6	6	6	7	7	7
Subtotal, Foreign information and exchange activities	1,417	1,203	1,167	1,181	1,119	1,262	1,304	1,347
155 International financial programs:								
Export-Import Bank	151	453	506	551	597	637	673	679
International monetary fund	–265	19	26	24	22	16	9	....
Exchange stabilization fund	–2,467	–2,055	–2,140	–2,110	–2,100	–2,150	–2,200	–2,250
Foreign military sales trust fund (net)	948	130	90	50	190	–190	–140	60
Special defense acquisition fund	–85	–129	–128	–84	–21	3	1	....
Credit liquidating account (Exim)	–204	–1,012	–509	–612	–619	–347	–303	–268
Other	....	2	....	....	....	....	....	....
Offsetting receipts	–104	–106	–108	–110	–112	–115	–117	–50
Subtotal, International financial programs	–2,026	–2,698	–2,263	–2,291	–2,043	–2,146	–2,077	–1,829
Total, International affairs	16,434	14,292	14,317	14,467	14,967	15,468	15,861	16,824
250 General science, space, and technology:								
251 General science and basic research:								
National Science Foundation programs	2,791	2,988	3,158	3,148	3,300	3,421	3,514	3,609
Department of Energy general science programs	1,340	978	1,001	1,028	1,056	1,085	1,114	1,145
Subtotal, General science and basic research	4,131	3,966	4,159	4,176	4,356	4,506	4,628	4,754
252 Space flight, research, and supporting activities:								
Science, Aeronautics and Technology	2,200	4,538	4,778	5,564	5,270	5,410	5,555	5,730
Human space flight	3,528	5,070	5,539	5,668	5,810	5,971	6,135	6,314
Mission support	1,763	2,038	2,113	2,187	2,311	2,405	2,498	2,602
Research and program management	88	23	....	....	....	....	....	....
Space flight control and data communications	1,409	380	32	....	....	....	....	....
Construction of facilities	305	86	119	....	....	....	....	....
Research and development	3,286	748	5	....	....	....	....	....
Other	14	16	17	17	18	19	20	20
Subtotal, Space flight, research, and supporting activities	12,593	12,899	12,603	13,436	13,409	13,805	14,208	14,666
Total, General science, space, and technology	16,724	16,865	16,762	17,612	17,765	18,311	18,836	19,420
270 Energy:								
271 Energy supply:								
Research and development	4,006	3,807	3,547	3,512	3,578	3,653	3,600	3,664
Naval petroleum reserves	–209	–285	–248	–46	132	137	141	146
Federal power marketing	–447	–502	–426	–501	–272	–258	–131	–301
Tennessee Valley Authority	1,104	636	–44	–140	–69	–294	–255	–305
Uranium enrichment	109	48	34	39	31	32	33	34
United States Enrichment Corporation	–355	–146	–204	–207	–124	102	119	122
Uranium enrichment facility decontamination and decommissioning fund	349	287	296	292	301	309	317	326
Decontamination transfer	–134	–350	–377	–392	–407	–424	–441	–458
Nuclear waste program	376	218	154	158	162	167	171	176
Nuclear waste fund receipts	–597	–630	–637	–637	–637	–637	–646	–658
Subsidies for nonconventional fuel production	19	33	18	17	17	17	17	17
Rural electric and telephone loans	191	148	127	114	111	120	133	138
Credit liquidating account (REA)	–828	–1,498	–1,253	–1,217	–1,229	–1,181	–1,164	–1,083
Subtotal, Energy supply	3,584	1,766	987	992	1,594	1,743	1,894	1,818
272 Energy conservation	671	670	566	595	611	629	647	665
274 Emergency energy preparedness:								
Existing Law	223	171	292	299	312	321	329	338
276 Energy information, policy, and regulation:								
Nuclear Regulatory Commission (NRC)	28	33	7	7	353	365	378	391

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Other energy programs	430	323	319	341	354	367	380	396
Subtotal, Energy information, policy, and regulation	458	356	326	348	707	732	758	787
Total, Energy	4,936	2,963	2,171	2,234	3,224	3,425	3,628	3,608
300 Natural resources and environment:								
301 Water resources:								
Corps of Engineers	3,870	3,777	3,668	3,562	3,643	3,763	3,830	3,941
Bureau of Reclamation	824	945	848	884	904	930	952	983
Other	487	440	308	330	311	305	313	321
Offsetting receipts	–390	–434	–406	–410	–416	–425	–420	–434
Subtotal, Water resources	4,791	4,728	4,418	4,366	4,442	4,573	4,675	4,811
302 Conservation and land management:								
Forest Service	3,371	2,820	2,755	2,834	2,946	3,038	3,127	3,218
Management of public lands (BLM)	1,010	942	1,002	988	1,021	1,056	1,090	1,128
Federal land acquisition	12	5	16	13	14	14	15	15
Mining reclamation and enforcement	313	233	281	292	324	289	297	306
Conservation reserve program	1,732	1,841	1,992	1,867	1,700	1,627	1,539	1,527
Other conservation of agricultural lands	806	926	995	1,017	977	1,009	995	979
Other	332	353	329	359	372	386	398	412
Other offsetting receipts	–2,258	–2,245	–2,249	–2,136	–2,069	–2,143	–2,171	–2,205
Subtotal, Conservation and land management	5,318	4,875	5,121	5,234	5,285	5,276	5,290	5,380
303 Recreational resources:								
Federal land acquisition	265	181	158	145	139	139	144	148
Urban park and historic preservation funds	51	53	44	39	38	39	40	41
Operation of recreational resources	2,748	2,529	2,572	2,618	2,684	2,775	2,862	2,949
Other Offsetting receipts	–236	–251	–256	–254	–256	–259	–263	–263
Subtotal, Recreational resources	2,828	2,512	2,518	2,548	2,605	2,694	2,783	2,875
304 Pollution control and abatement:								
Regulatory, enforcement, and research programs	2,621	2,449	2,299	2,302	2,347	2,462	2,547	2,631
Hazardous substance superfund	1,473	1,350	1,282	1,246	1,235	1,246	1,275	1,339
Oil pollution funds (gross)	151	159	157	161	164	169	171	174
State and tribal assistance grants (includes water infrastructure financing)	2,455	2,485	2,479	2,389	2,325	2,429	2,577	2,518
Leaking underground storage tank trust fund	73	59	52	50	50	50	52	53
Superfund recoveries and other	–261	–210	–220	–196	–171	–171	–171	–171
Subtotal, Pollution control and abatement	6,512	6,292	6,049	5,952	5,950	6,185	6,451	6,544
306 Other natural resources:								
Program activities	2,674	2,864	2,921	2,798	3,061	3,170	3,277	3,390
Offsetting receipts	–18	–16	–16	–16	–30	–30	–30	–30
Subtotal, Other natural resources	2,656	2,848	2,905	2,782	3,031	3,140	3,247	3,360
Total, Natural resources and environment	22,105	21,255	21,011	20,882	21,313	21,868	22,446	22,970
350 Agriculture:								
351 Farm income stabilization:								
Commodity Credit Corporation	6,030	3,199	3,632	5,092	5,027	4,447	3,813	3,350
Crop insurance	387	2,006	1,727	1,587	1,525	1,534	1,578	1,623
Agricultural credit insurance	424	389	405	425	438	452	467	483
Other	747	695	655	747	785	811	832	854
Credit liquidating accounts (ACIF and FAC)	–573	–1,302	–1,527	–1,476	–1,427	–1,389	–1,338	–1,347
Subtotal, Farm income stabilization	7,015	4,987	4,892	6,375	6,348	5,855	5,352	4,963
352 Agricultural research and services:								
Research programs	1,196	1,211	1,212	1,290	1,289	1,318	1,360	1,404
Marketing programs	175	166	162	165	164	165	167	168
Animal and plant inspection programs	495	421	477	498	511	525	538	553

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Economic intelligence	136	134	140	145	149	156	161	167
Other programs and unallocated overhead	893	936	973	1,000	1,034	1,061	1,092	1,127
Offsetting receipts	–137	–138	–139	–140	–140	–140	–135	–135
Subtotal, Agricultural research and services	2,758	2,730	2,825	2,958	3,007	3,085	3,183	3,284
Total, Agriculture	9,773	7,717	7,717	9,333	9,355	8,940	8,535	8,247
370 Commerce and housing credit:								
371 Mortgage credit:								
Federal Housing Administration (FHA)	–210	–1,175	–795	–578	–563	–644	–659	–639
Government National Mortgage Association (GNMA)	–463	–472	–476	–461	–551	–603	–603	–602
Rural housing programs	1,061	725	687	684	701	725	749	774
Other	2	–1	–2	–4	–2	–1	....	....
Credit liquidating accounts	–1,428	–321	–292	49	–116	–312	–589	–955
Subtotal, Mortgage credit	–1,038	–1,244	–878	–310	–531	–835	–1,102	–1,422
372 Postal service:								
Payments to the Postal Service fund (On-budget)	130	122	123	124	124	126	126	128
Postal Service (Off-budget)	–1,969	–348	2,596	26	–1,454	–534	–1,808	–1,823
Subtotal, Postal service	–1,839	–226	2,719	150	–1,330	–408	–1,682	–1,695
373 Deposit insurance:								
Resolution Trust Corporation Fund	–10,668	–2,424	....	....	....	....	....	....
Bank Insurance Fund	–6,916	–2,138	–1,702	–601	366	–307	–673	–595
FSLIC Resolution Fund	1,090	–3,463	–2,111	–1,405	–967	–1,794	–472	–577
Savings Association Insurance Fund	–1,101	–793	–605	600	761	345	64	–75
National Credit Union Administration	–274	–182	–197	–200	–200	–200	–200	–200
Other mandatory	10	14	9	....	....	....	....	....
Discretionary	32	7	12	12	13	13	14	14
Subtotal, Deposit insurance	–17,827	–8,979	–4,594	–1,594	–27	–1,943	–1,267	–1,433
376 Other advancement of commerce:								
Small and minority business assistance	673	863	561	741	780	567	583	599
Science and technology	468	606	661	732	745	703	700	723
Economic and demographic statistics	339	307	331	355	367	380	394	410
Payments to copyright owners	316	300	300	300	301	306	311	316
Universal Service Fund	4,300	4,300	4,700	5,500	6,300	7,000	7,700	7,900
Regulatory agencies	210	201	249	230	236	247	257	269
International trade and other business promotion	335	386	349	425	528	549	556	578
Credit liquidating accounts	–378	–84	–129	–265	–121	–101	–101	–101
Subtotal, Other advancement of commerce	6,263	6,879	7,022	8,018	9,136	9,651	10,400	10,694
Total, Commerce and housing credit	–14,441	–3,570	4,269	6,264	7,248	6,465	6,349	6,144
On-budget	(–12,472)	(–3,222)	(1,673)	(6,238)	(8,702)	(6,999)	(8,157)	(7,967)
Off-budget	(–1,969)	(–348)	(2,596)	(26)	(–1,454)	(–534)	(–1,808)	(–1,823)
400 Transportation:								
401 Ground transportation:								
Highways	19,435	20,363	19,843	20,022	19,996	20,152	20,458	20,849
Highway safety	353	389	387	418	428	431	436	449
Mass transit	4,473	4,471	4,221	4,211	4,112	4,253	4,374	4,457
Railroads	1,035	907	1,018	1,094	928	949	977	1,005
Regulation	37	23	14	13	24	24	25	26
Offsetting receipts	–36	–7	–7	–7	–7	–7	–7	–7
Subtotal, Ground transportation	25,297	26,146	25,476	25,751	25,481	25,802	26,263	26,779
402 Air transportation:								
Airports and airways (FAA)	9,207	8,551	8,492	8,947	9,016	9,355	9,619	9,945
Aeronautical research and technology	784	1,290	1,343	1,401	1,363	1,401	1,443	1,502

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Payments to air carriers	29	24	23	24	25	25	25	25
Subtotal, Air transportation	10,020	9,865	9,858	10,372	10,404	10,781	11,087	11,472
403 Water transportation:								
Marine safety and transportation	3,531	3,238	3,349	3,573	3,768	3,930	4,070	4,200
Ocean shipping	312	298	213	256	175	183	186	213
Panama Canal Commission	–47	–10	2	10	108	179	28	....
Offsetting receipts	–64	–64	–64	–64	–2	–2	–2	–2
Subtotal, Water transportation	3,732	3,462	3,500	3,775	4,049	4,290	4,282	4,411
407 Other transportation:								
Miscellaneous programs	343	347	365	382	385	397	408	424
Offsetting receipts	–42	–38	–39	–40	–40	–41	–42	–43
Subtotal, Other transportation	301	309	326	342	345	356	366	381
Total, Transportation	39,350	39,782	39,160	40,240	40,279	41,229	41,998	43,043
450 Community and regional development:								
451 Community development:								
Community opportunity performance funds	....	17	33	34	35	36	37	38
Community development block grants	4,333	5,093	4,936	4,876	4,834	4,902	5,019	5,154
Community development financial institutions	....	22	59	39	40	41	42	43
Other	467	438	362	351	330	342	354	366
Credit liquidating accounts	–56	–53	–46	–59	–47	–44	–43	–41
Subtotal, Community development	4,744	5,517	5,344	5,241	5,192	5,277	5,409	5,560
452 Area and regional development:								
Rural development	622	789	794	814	811	823	849	868
Economic development assistance	354	458	438	332	400	394	442	453
Indian programs	1,408	1,322	1,372	1,362	1,413	1,440	1,472	1,502
Appalachian Regional Commission	193	182	203	227	213	204	198	206
Tennessee Valley Authority	210	105	126	118	117	122	126	131
Credit liquidating accounts	185	163	134	116	238	208	200	47
Offsetting receipts	–357	–375	–351	–338	–258	–257	–258	–258
Subtotal, Area and regional development	2,615	2,644	2,716	2,631	2,934	2,934	3,029	2,949
453 Disaster relief and insurance:								
Small Business Administration disaster loans	705	513	329	275	249	255	262	269
Disaster relief	2,116	3,928	4,856	4,845	4,722	3,809	3,912	4,017
National flood insurance fund	460	251	–105	–124	–146	–168	–192	–215
Other	286	343	337	333	340	350	360	372
Credit liquidating accounts	–285	–365	–291	–254	–375	–166	–128	–101
Subtotal, Disaster relief and insurance	3,282	4,670	5,126	5,075	4,790	4,080	4,214	4,342
Total, Community and regional development	10,641	12,831	13,186	12,947	12,916	12,291	12,652	12,851
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education:								
Education reform	61	507	442	427	436	447	459	472
School improvement programs	1,391	1,550	1,118	1,046	1,064	1,092	1,122	1,152
Education for the disadvantaged	6,808	6,955	6,371	6,187	6,328	6,499	6,674	6,855
Special education	3,177	3,486	3,116	3,076	3,241	3,329	3,419	3,511
Impact aid	808	830	745	693	711	730	750	770
Vocational and adult education	1,482	1,487	1,263	1,199	1,231	1,264	1,298	1,333
Indian education programs	729	655	565	587	605	624	644	664
Other	238	246	181	166	168	173	178	183
Subtotal, Elementary, secondary, and vocational education	14,694	15,716	13,801	13,381	13,784	14,158	14,544	14,940
502 Higher education:								
Student financial assistance	7,047	7,440	8,036	7,658	7,717	7,814	7,919	8,026
Federal family education loan program	3,601	3,076	2,270	2,027	1,820	1,790	1,875	1,964

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Federal direct loan program	840	613	722	869	1,266	1,480	1,575	1,679
Higher education	871	896	797	782	798	819	842	864
Other	225	205	213	224	219	233	244	255
Credit liquidating account (Family education loan program)	1,588	73	–282	–1,141	–1,265	–1,305	–1,295	–1,269
Subtotal, Higher education	14,172	12,303	11,756	10,419	10,555	10,831	11,160	11,519
503 Research and general education aids	2,120	2,248	2,136	2,123	2,135	2,189	2,261	2,333
504 Training and employment:								
Training and employment services	4,690	4,825	4,207	4,064	4,151	4,287	4,404	4,524
Trade adjustment assistance	103	95	121	122	111	101	97	97
Older Americans employment	411	380	355	360	370	380	390	401
Payments to States for AFDC work programs	953	959	988	996	999	1,000	1,000	1,000
Federal-State employment service	1,185	1,256	1,194	1,198	1,262	1,306	1,343	1,380
Other	88	76	82	86	91	94	98	102
Subtotal, Training and employment	7,430	7,591	6,947	6,826	6,984	7,168	7,332	7,504
505 Other labor services	965	893	918	958	990	1,028	1,064	1,102
506 Social services:								
National service initiative	426	558	621	572	605	631	659	675
Family support and preservation	38	132	201	232	239	240	240	240
Social services block grant	2,797	3,183	2,839	2,803	2,800	2,800	2,800	2,800
Rehabilitation services	2,333	2,593	2,608	2,565	2,639	2,713	2,789	2,866
Payments to States for foster care and adoption assistance	3,243	3,740	4,144	4,551	4,974	5,437	5,947	6,506
Children and families services programs	4,726	4,786	4,645	4,856	4,847	4,979	5,116	5,256
Aging services program	952	743	789	827	839	862	886	910
Interim assistance to States for legalization	358	3	1	....	....	....	....	....
Other social services	9	7	4	1	1	1	1	1
Subtotal, Social services	14,882	15,745	15,852	16,407	16,944	17,663	18,438	19,254
Total, Education, training, employment, and social services	54,263	54,496	51,410	50,114	51,392	53,037	54,799	56,652
550 Health:								
551 Health care services:								
Medicaid grants	89,070	94,892	102,293	111,956	121,751	133,160	145,574	159,407
Federal employees' and retired employees' health benefits	3,694	3,594	3,860	3,930	3,907	4,303	4,881	5,154
Coal miners retirees health benefits	336	328	321	314	307	301	294	288
Indian health	2,012	1,923	1,968	2,131	2,159	2,228	2,299	2,371
Substance abuse and mental health services	2,444	2,070	1,858	1,862	1,913	1,965	2,019	2,074
Other health care services	4,375	4,849	4,827	5,387	5,478	5,602	5,670	5,834
Subtotal, Health care services	101,931	107,656	115,127	125,580	135,515	147,559	160,737	175,128
552 Health research and training:								
National Institutes of Health	10,883	10,924	11,903	12,236	12,722	13,102	13,470	13,848
DoD breast cancer and other health research	114	67	12	....	....	....	....	....
Clinical training	286	285	397	380	371	358	313	321
Other research and training	286	250	226	252	243	244	253	260
Subtotal, Health research and training	11,569	11,526	12,538	12,868	13,336	13,704	14,036	14,429
554 Consumer and occupational health and safety:								
Food safety and inspection	522	543	569	594	619	645	672	700
Other consumer safety	900	915	949	977	1,054	1,092	1,086	1,125
Occupational safety and health	496	470	482	497	515	533	552	573
Subtotal, Consumer and occupational health and safety	1,918	1,928	2,000	2,068	2,188	2,270	2,310	2,398
Total, Health	115,418	121,110	129,665	140,516	151,039	163,533	177,083	191,955
570 Medicare:								
571 Medicare:								
Hospital insurance (HI)	114,883	126,642	138,372	150,580	163,291	176,446	190,243	204,599
Supplementary medical insurance (SMI)	65,213	70,871	78,184	86,778	95,001	104,160	114,630	126,315

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Medicare premiums and collections	–20,241	–19,842	–20,287	–22,048	–23,295	–24,304	–25,331	–26,422
Subtotal, Medicare	159,855	177,671	196,269	215,310	234,997	256,302	279,542	304,492
Total, Medicare	159,855	177,671	196,269	215,310	234,997	256,302	279,542	304,492
600 Income security:								
601 General retirement and disability insurance (excluding social security):								
Railroad retirement	4,055	4,406	4,490	4,549	4,596	4,642	4,710	4,782
Special benefits for disabled coal miners	1,288	1,222	1,188	1,166	1,107	1,064	1,020	975
Pension Benefit Guaranty Corporation	–430	–858	–1,043	–944	–900	–649	–651	–587
Other	193	199	210	221	233	245	258	270
Subtotal, General retirement and disability insurance (excluding social security)	5,106	4,969	4,845	4,992	5,036	5,302	5,337	5,440
602 Federal employee retirement and disability:								
Civilian retirement and disability programs	38,860	40,169	42,383	44,427	46,504	48,671	50,964	53,715
Military retirement	27,797	28,511	29,687	30,781	31,864	32,919	33,996	35,109
Federal employees workers' compensation (FECA)	71	249	150	235	265	289	303	314
Federal employees life insurance fund	–894	–993	–904	–862	–851	–859	–842	–786
Subtotal, Federal employee retirement and disability	65,834	67,936	71,316	74,581	77,782	81,020	84,421	88,352
603 Unemployment compensation	23,638	25,986	27,145	27,881	28,713	29,663	30,778	31,983
604 Housing assistance:								
Subsidized, public, homeless and other HUD housing	27,009	26,003	28,336	29,014	29,551	29,907	30,388	31,054
Rural housing assistance	510	574	607	635	660	693	716	733
Other housing assistance	5	....	1	1	1	1	1	1
Subtotal, Housing assistance	27,524	26,577	28,944	29,650	30,212	30,601	31,105	31,788
605 Food and nutrition assistance:								
Food stamps (including Puerto Rico)	25,554	26,346	27,471	28,590	29,658	30,724	31,990	33,304
State child nutrition programs	7,499	8,233	8,568	9,167	9,722	10,271	10,832	11,411
Special supplemental food program for women, infants, and children (WIC)	3,404	3,687	3,839	3,888	3,993	4,101	4,211	4,325
Other nutrition programs	1,137	1,010	999	1,000	1,014	1,027	1,046	1,064
Subtotal, Food and nutrition assistance	37,594	39,276	40,877	42,645	44,387	46,123	48,079	50,104
609 Other income security:								
Supplemental security income (SSI)	26,488	26,621	30,480	32,480	34,356	38,815	35,586	40,101
Family support payments	17,133	17,366	17,955	18,443	19,059	19,684	20,364	21,073
Earned income tax credit (EITC)	15,244	18,138	19,921	20,703	21,596	22,604	23,486	24,403
Refugee assistance	393	399	408	419	431	442	454	467
Low income home energy assistance	1,419	1,252	1,048	1,055	1,081	1,111	1,140	1,171
Payments to states for day-care assistance	933	935	946	951	1,035	1,034	1,054	1,082
Other	70	49	57	60	63	65	68	70
SSI offsetting receipts	–927	–983	–1,123	–1,192	–1,255	–1,409	–1,302	–1,455
Subtotal, Other income security	60,753	63,777	69,692	72,919	76,366	82,346	80,850	86,912
Total, Income security	220,449	228,521	242,819	252,668	262,496	275,055	280,570	294,579
650 Social security:								
651 Social security:								
Old-age and survivors insurance (OASI)	294,468	305,934	319,357	333,927	348,506	363,945	380,165	397,175
Quinquennial OASI adjustment	....	–129	....	....	....	....	....	....
Disability insurance (DI)	41,377	45,044	48,346	52,072	56,188	60,451	64,908	69,631
Interest payments (DI)	....	–18	....	....	....	....	....	....

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Interfund transactions	1	....	10	....	....	....	....	1
Total, Social security	335,846	350,831	367,713	385,999	404,694	424,396	445,073	466,807
On-budget	(5,476)	(5,758)	(7,034)	(7,635)	(8,151)	(8,702)	(9,291)	(9,923)
Off-budget	(330,370)	(345,073)	(360,679)	(378,364)	(396,543)	(415,694)	(435,782)	(456,884)
700 Veterans benefits and services:								
701 Income security for veterans:								
Compensation	14,815	14,113	15,382	15,433	15,490	16,648	14,407	15,579
Proposed Legislation (non-PAYGO)	....	....	276	734	1,059	1,483	1,815	2,254
Subtotal, Compensation	14,815	14,113	15,658	16,167	16,549	18,131	16,222	17,833
Pensions	3,024	2,757	2,975	2,989	3,547	3,850	3,394	3,770
Burial benefits and miscellaneous assistance	109	115	118	121	125	127	130	134
National service life insurance trust fund	1,249	1,403	1,355	1,365	871	873	871	875
All other insurance programs	43	52	42	53	–1	11	24	36
Insurance program receipts	–274	–283	–260	–240	–219	–200	–182	–165
Subtotal, Income security for veterans	18,966	18,157	19,888	20,455	20,872	22,792	20,459	22,483
702 Veterans education, training, and rehabilitation:								
Readjustment benefits (GI Bill and related programs)	1,191	1,273	1,374	1,437	1,471	1,471	1,444	1,408
Post-Vietnam era education	37	38	56	25	35	21	27	20
All-volunteer force educational assistance trust fund	–104	–194	–233	–211	–209	–214	–213	–213
Other	....	....	....	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	1,124	1,117	1,197	1,252	1,298	1,279	1,259	1,216
703 Hospital and medical care for veterans:								
Medical care and hospital services	16,262	16,795	17,461	18,495	18,750	19,431	20,138	20,871
Construction	637	632	549	483	439	410	412	419
Third-party medical recoveries	–31	–64	–66	–27	272	–11	–6	–23
Fees and other charges for medical services	–440	–466	–525	–608	–595	–313	–319	–321
Subtotal, Hospital and medical care for veterans	16,428	16,897	17,419	18,343	18,866	19,517	20,225	20,946
704 Veterans housing:								
Loan guaranty	105	117	68	67	67	67	69	83
Direct loans	2	2	2	....	....	....	....	....
Guaranty and indemnity	508	25	442	396	569	557	582	580
Credit liquidating accounts	–286	230	–13	–2	–61	–2	–14	–20
Subtotal, Veterans housing	329	374	499	461	575	622	637	643
705 Other veterans benefits and services:								
Cemeteries, administration of veterans benefits, and other	986	1,052	1,017	1,054	1,093	1,134	1,177	1,222
Non-VA support programs	105	93	101	102	101	100	106	109
Subtotal, Other veterans benefits and services	1,091	1,145	1,118	1,156	1,194	1,234	1,283	1,331
Total, Veterans benefits and services	37,938	37,690	40,121	41,667	42,805	45,444	43,863	46,619
750 Administration of justice:								
751 Federal law enforcement activities:								
Criminal investigations (DEA, FBI, FinCEN, ICDE)	3,355	3,403	3,641	4,019	4,156	4,297	4,443	4,595
Alcohol, tobacco, and firearms investigations (ATF)	372	378	391	416	433	449	465	481
Border enforcement activities (Customs and INS)	3,449	4,283	4,433	4,622	4,829	4,919	5,068	5,202
Customs and INS fees	–1,956	–1,935	–2,040	–2,066	–2,101	–2,146	–2,175	–2,212
Protection activities (Secret Service)	528	571	598	618	640	663	686	710
Equal Employment Opportunity Commission	233	232	242	243	249	256	263	270
Other enforcement	403	518	533	549	567	588	607	629
Subtotal, Federal law enforcement activities	6,384	7,450	7,798	8,401	8,773	9,026	9,357	9,675
752 Federal litigative and judicial activities:								
Civil and criminal prosecution and representation	2,757	2,767	2,736	2,843	2,909	2,992	3,082	3,174

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Federal judicial activities	2,924	3,313	3,294	3,344	3,460	3,580	3,706	3,837
Representation of indigents in civil cases	429	254	288	292	300	308	316	325
Other	13	6	3	5	5	5	6	6
Subtotal, Federal litigative and judicial activities	6,123	6,340	6,321	6,484	6,674	6,885	7,110	7,342
753 Federal correctional activities	2,749	3,013	2,981	3,012	3,355	3,510	3,616	3,741
754 Criminal justice assistance	967	1,907	3,370	4,592	4,294	4,475	4,593	4,714
Total, Administration of justice	16,223	18,710	20,470	22,489	23,096	23,896	24,676	25,472
800 General government:								
801 Legislative functions	1,995	2,067	2,098	2,122	2,304	2,391	2,476	2,566
802 Executive direction and management:								
Drug control programs	68	109	129	132	136	140	145	149
Executive Office of the President	178	180	193	202	202	206	215	221
Former Presidents/Presidential transition	2	2	2	2	2	2	2	2
Subtotal, Executive direction and management	248	291	324	336	340	348	362	372
803 Central fiscal operations:								
Tax administration	7,716	7,433	7,723	8,020	8,327	8,640	8,964	9,302
Other fiscal operations	220	143	219	248	248	265	283	298
Subtotal, Central fiscal operations	7,936	7,576	7,942	8,268	8,575	8,905	9,247	9,600
804 General property and records management:								
Real property activities	374	217	293	199	303	157	97	9
Property and other receipts	–11	–21	–21	–21	–22	–22	–22	–23
Records management	219	196	202	212	218	225	230	236
Other	338	271	390	268	197	200	198	205
Subtotal, General property and records management	920	663	864	658	696	560	503	427
805 Central personnel management	126	150	150	157	164	171	176	174
806 General purpose fiscal assistance:								
Payments and loans to the District of Columbia	709	700	719	739	759	780	800	835
Payments to States and counties from Forest Service receipts	320	295	291	233	226	226	226	226
Payments to States from receipts under the Mineral Leasing Act	474	508	515	499	506	520	535	551
Payments to States and counties from Federal land management activities	20	17	17	18	19	20	21	21
Payments in lieu of taxes	101	100	103	105	108	111	114	117
Payments to territories and Puerto Rico	136	149	153	157	162	167	171	176
Tax revenues for Puerto Rico (Treasury, BATF)	206	232	240	240	240	240	240	240
Other	91	95	96	98	99	101	104	107
Subtotal, General purpose fiscal assistance	2,057	2,096	2,134	2,089	2,119	2,165	2,211	2,273
808 Other general government:								
Treasury claims	1,104	1,000	1,000	635	615	610	610	610
Civil liberties public education fund	10	54	....	....	....	....	....	....
Presidential election campaign fund	23	184	3	70	70	70	70	70
Other	493	362	325	340	315	310	329	337
Subtotal, Other general government	1,630	1,600	1,328	1,045	1,000	990	1,009	1,017
809 Deductions for offsetting receipts	–1,077	–817	–800	–800	–800	–800	–800	–800
Total, General government	13,835	13,626	14,040	13,875	14,398	14,730	15,184	15,629
900 Net interest:								
901 Interest on the public debt	332,414	344,647	345,813	347,584	352,083	356,827	360,895	367,627
902 Interest received by on-budget trust funds:								
Contributions to the civil and foreign service retirement and disability fund	–28,056	–29,242	–29,747	–30,129	–30,636	–30,763	–31,124	–31,621
Military retirement	–10,915	–10,900	–11,000	–11,210	–11,432	–11,653	–11,892	–12,132
Medicare	–12,806	–12,304	–11,972	–10,724	–8,788	–8,288	–3,396	–859

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 Actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Other on-budget trust fund interest	–8,090	–8,717	–8,332	–8,755	–9,169	–9,517	–9,840	–10,232
Subtotal, Interest received by on-budget trust funds	–59,867	–61,163	–61,051	–60,818	–60,025	–60,221	–56,252	–54,844
903 Interest received by off-budget trust funds	–33,305	–36,440	–39,361	–42,442	–45,461	–48,862	–52,565	–56,591
908 Other interest:								
Interest on loans to Federal Financing Bank	–7,422	–6,116	–4,702	–4,131	–3,354	–2,808	–2,402	–2,083
Interest on refunds of tax collections	2,655	2,890	2,961	3,110	3,257	3,399	3,541	3,729
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	2,541	818	874	862	783	693	609	609
Interest received from direct loan financing accounts	–2,726	–1,735	–2,748	–3,857	–5,098	–6,379	–7,633	–8,500
Interest on deposits in tax and loan accounts	–946	–933	–1,078	–1,080	–1,081	–1,081	–1,081	–1,081
Interest received from Outer Continental Shelf escrow account, Interior	–1	....	–905	....	....	....	....	....
Other	–3,498	–3,164	–3,008	–2,934	–2,873	–2,839	–2,804	–2,830
Subtotal, Other interest	–7,069	–5,912	–6,278	–5,702	–6,038	–6,687	–7,442	–7,828
Total, Net interest	232,173	241,132	239,123	238,622	240,559	241,057	244,636	248,364
On-budget	(265,478)	(277,572)	(278,484)	(281,064)	(286,020)	(289,919)	(297,201)	(304,955)
Off-budget	(–33,305)	(–36,440)	(–39,361)	(–42,442)	(–45,461)	(–48,862)	(–52,565)	(–56,591)
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget):								
Contributions to military retirement fund	–12,238	–11,250	–11,192	–10,657	–10,771	–10,904	–11,143	–11,483
Postal Service contributions to Civil Service Retirement and Disability Fund	–5,431	–5,637	–5,825	–6,037	–6,025	–6,262	–6,524	–6,857
Other contributions to civil and foreign service retirement and disability fund	–7,843	–7,885	–8,308	–8,807	–9,194	–9,737	–10,349	–10,985
Contributions to HI trust fund	–2,449	–2,366	–2,430	–2,541	–2,671	–2,831	–2,958	–3,140
Subtotal, Employer share, employee retirement (on-budget)	–27,961	–27,138	–27,755	–28,042	–28,661	–29,734	–30,974	–32,465
952 Employer share, employee retirement (off-budget)	–6,432	–6,291	–6,664	–7,127	–7,708	–8,436	–9,026	–9,865
953 Rents and royalties on the Outer Continental Shelf	–2,418	–2,689	–3,108	–2,630	–2,594	–2,558	–2,562	–2,551
954 Sale of major assets:								
Privatization of Elk Hills	....	....	....	–2,415	....	....	....	....
Proceeds from sale of Power Marketing Administration	....	....	–85	....	....	....	....	....
Subtotal, Sale of major assets	....	....	–85	–2,415	....	....	....	....
959 Other undistributed offsetting receipts:								
Spectrum Auction	–7,644	–4,200	–1,600	–2,000	....	....	....	....
Total, Undistributed offsetting receipts	–44,455	–40,318	–39,212	–42,214	–38,963	–40,728	–42,562	–44,881
On-budget	(–38,023)	(–34,027)	(–32,548)	(–35,087)	(–31,255)	(–32,292)	(–33,536)	(–35,016)
Off-budget	(–6,432)	(–6,291)	(–6,664)	(–7,127)	(–7,708)	(–8,436)	(–9,026)	(–9,865)
Total	1,519,133	1,581,501	1,651,269	1,722,944	1,798,764	1,878,242	1,955,524	2,046,901
On-budget	(1,230,469)	(1,279,507)	(1,334,019)	(1,394,123)	(1,456,844)	(1,520,380)	(1,583,141)	(1,658,296)
Off-budget	(288,664)	(301,994)	(317,250)	(328,821)	(341,920)	(357,862)	(372,383)	(388,605)

OTHER TECHNICAL PRESENTATIONS

16. 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. Information about the income and outgo of 4 Federal funds that are financed by earmarked collections similar to trust funds is also provided.

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.

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. Instead of being deposited in receipt accounts, their proceeds are recorded as offsets to outlays within the funds' expenditure accounts, so that 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 terms of a conditional gift, bequest, or court settlement.

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 earmarked fees paid by veterans and both provide life insurance benefits to veterans.[1]

The Federal budget meaning of the term "trust" differs significantly from its private sector usage. The beneficiary of a private trust owns the trust's income and often its assets. A custodian manages the assets on behalf of the beneficiary according to the stipulations of the trust, which he cannot change unilaterally. In contrast, the Federal Government owns the assets and earnings of most 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. Only a few small Federal trust funds are managed pursuant to a trust agreement where the Government is the trustee, and the Government generally has some ability to determine the amount deposited into or paid out of the fund. Other funds are held by the Government as a custodian in deposit funds. The Government makes no decisions about the amount of these deposits or how they are spent. Therefore, they are not considered to be Federal trust funds and are excluded from the budget.

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, currently 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.

[1] Another example is the Violent Crime Reduction Trust Fund, established pursuant to the Violent Crime Control and Law Enforcement Act of 1994. 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.

A trust fund normally consist of one or more receipt accounts (to record income) and an expenditure account (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 conduct a cycle of business-type operations, and their outlays are displayed net of collections in a single expenditure account.

Income and Outgo by Fund Group

Table 16–1 shows income, outgo, and surplus or deficit by fund group and adds them to derive the total unified budget receipts, outlays, and surplus or deficit. 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 or to a fund in the other fund group.

Two types of transactions are treated specially. First, income and outgo for a fund group exclude transactions between funds within the same fund group.[2] 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 individual funds within the fund group to calculate income and outgo for the funds as a group. Second, income excludes collections that, by law, are offset against outgo in expenditure accounts instead of being deposited in receipt accounts.[3] It would be conceptually appropriate to classify these collections as income, but at present the data are not tabulated centrally for both fund groups. Consequently, they are offset against outgo in Table 16–1.

In order to derive unified budget receipts and outlays, the table adds Federal funds and trust funds income and outgo, respectively, and subtracts offsetting receipts from each. Offsetting receipts are income for the fund group that receives them, but instead of being part of receipts in the unified budget, they are deposited in receipt accounts and are offset against outgo to calculate unified budget outlays. The reason for this is two-fold.

- *Offsetting receipts from the public.*—Unified budget receipts measure the amount of collections raised by the Government in its sovereign capacity, and unified budget outlays measure the

[2] For example, the railroad retirement trust funds pay the equivalent of social security benefits to railroad retirees, in addition to the regular railroad pension. These benefits are financed by a payment from the Federal Old-Age and Survivors Insurance Trust fund to the railroad retirement trust funds. The payment and collection are deducted so that total trust fund income and outgo measure disbursements to the public and to Federal funds.

[3] For example, postage stamp fees are deposited as offsetting collections in the Postal Service fund. As a result, the Fund's outgo is disbursements net of collections.

Table 16–1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Receipts:								
Federal funds cash income:								
From the public	866.9	918.2	949.4	1,007.9	1,053.0	1,104.9	1,162.6	1,242.2
From trust funds	4.0	4.4	4.2	4.2	4.3	4.4	4.5	4.6
Total, Federal funds cash income	870.9	922.7	953.6	1,012.2	1,057.3	1,109.3	1,167.1	1,246.8
Trust funds cash income:								
From the public	551.5	572.0	606.1	631.8	662.2	694.7	726.5	762.5
From Federal funds:								
Interest	94.8	99.3	102.8	105.2	109.2	115.1	117.9	123.2
Other	117.2	141.0	150.0	161.1	171.8	183.2	198.6	214.2
Total, trust funds cash income	763.5	812.3	858.9	898.1	943.2	993.0	1,042.9	1,099.9
Offsetting receipts	–279.1	–308.1	–317.3	–332.3	–348.0	–368.6	–390.2	–434.5
Total, unified budget receipts	1,355.2	1,426.8	1,495.2	1,577.9	1,652.5	1,733.8	1,819.8	1,912.2
Outlays:								
Federal funds cash outgo	1,134.1	1,179.2	1,217.2	1,236.4	1,258.0	1,286.5	1,313.9	1,365.3
Trust funds cash outgo	664.2	701.4	735.0	771.8	806.9	843.4	887.9	937.6
Offsetting receipts	–279.1	–308.1	–317.3	–332.3	–348.0	–368.6	–390.2	–434.5
Total, unified budget outlays	1,519.1	1,572.4	1,634.9	1,675.9	1,716.9	1,761.4	1,811.6	1,868.4
Surplus or deficit(–):								
Federal funds	–263.2	–256.5	–263.5	–224.3	–200.6	–177.2	–146.8	–118.6
Trust funds	99.3	110.9	123.9	126.3	136.2	149.6	155.0	162.3
Total, unified surplus/deficit (–)	–163.9	–145.6	–139.7	–98.0	–64.4	–27.5	8.2	43.8

Receipts includes governmental, interfund, and proprietary receipts. Excludes intrafund receipts, which are offset against intrafund payments so that cash income and cash outgo are not overstated.

amount of resources allocated by the Government in a non-market capacity. This is calculated by subtracting voluntary business-like collections from the public from the income and outgo of the fund groups.

- *Offsetting receipts from other fund groups.*—Unified budget receipts and outlays measure the Government's net transactions with the public. Therefore, interfund receipts must be deducted from income and outgo.

Which Fund Group is Responsible for the Unified Budget Deficit?

In 1995, trust fund income exceeded outgo by $99 billion. This surplus partially offset the need for the Government to borrow from the public to finance the $263 billion Federal funds deficit. The sum of the trust fund surplus and the Federal fund deficit equals the unified deficit, which was $164 billion. This pattern has persisted for the past 3½ decades. As shown in Table 16–1, it would continue for several years, although the President's proposal to balance the unified budget by 2002 would sharply cut the Federal funds deficit.

The combination of large and growing trust fund surpluses and even larger and growing Federal fund deficits has led to claims and counter-claims about the causes of the unified deficit, and by implication, which part of the budget should be the focus of deficit-reduction efforts. The two main views are 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." [4]

> 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." [5]

The critical difference between these views concerns the relevance of transactions between the two fund groups. These interfund transactions consist mostly of Federal fund payments to trust funds. They affect the bottom line of each fund group. For example, Treasury interest payments to the Social Security trust funds add to the Federal fund deficit, and the interest earnings add to the trust fund surplus. The CRS analysis excludes such payments because they 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, GAO's 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 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 Chart 16–1, payments to the public by both fund groups exceeded their income from the public in most years from 1960 to 1995. Trust funds were in deficit in 32 of the 36 years, and Federal funds were in deficit 33 years. Trust funds were responsible for $1.2 trillion of the cumulative unified deficits over the period, and Federal funds were responsible for the other $2.2 trillion. Under the President's proposal to balance the budget by 2002, the trust funds deficit in its transactions with the public would increase each year, while the Federal funds deficit would give way to surpluses by 1998.

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 $96 billion surplus in 1995—97 percent of the total trust fund surplus—and held $1.2 trillion of balances—93 percent of the balance for all trust funds combined. Nevertheless, from 1960 to 1995, the combined payments to the public by these trust funds exceeded their combined income from the public by $921 billion. (The following discussion only considers transactions with the public. It excludes interfund transactions, which under normal fund accounting rules, are included in the income, outgo, and balances of trust funds. The status of fund tables in the *Budget Appendix* and in Table 3 of this chapter reflect all of

[4] Congressional Research Service, *Trust Funds and the Federal Deficit*, February 26, 1990, summary.

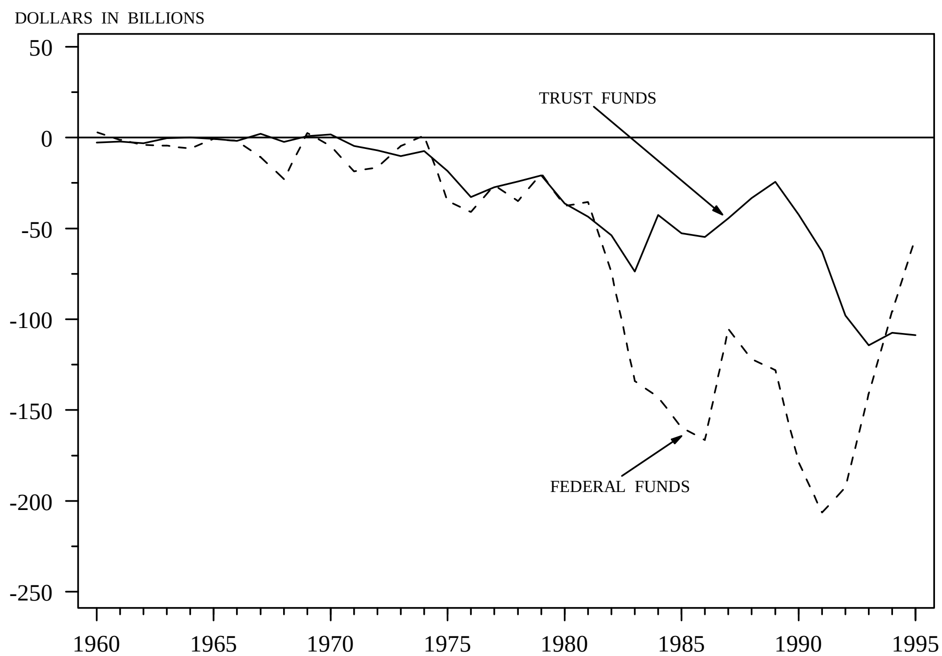
[5] General Accounting Office, *Managing The Cost Of The Government*, October 1989, p. 9.

the trust funds' transactions, including interest and other interfund collections.)

- The Highway Trust Fund is financed entirely by earmarked taxes on gasoline and other fuels and by interest earnings. Tax receipts exceeded the Fund's spending in half the years between 1960 and 1995. These surpluses were invested in Treasury securities, and together with the interest earnings, were used to finance spending in other years when spending exceeded tax collections. The current $19 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 as employers for the social security benefits earned by military and Federal civilian employees, and Treasury payments for part of 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.[6] 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) had a balance of $129.5 billion as of the end of 1995. This reflects interest and other interfund collections as well as collections from the public. However, when considering only payroll tax income, benefit payments, and other outlays to the public, it has run a deficit in these transactions with the public in 18 of 30 years since 1966.
- The Unemployment (UI) Trust Fund is funded primarily by taxes on employers. It also has interfund interest earnings, and it 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 1995 its total balance, including those due to interfund collections, was $48 billion. However, this balance was essentially due to interfund collections. Since 1960, UI's cumulative payments to

[6] 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.

Chart 16-1. NET TRANSACTIONS WITH THE PUBLIC BY FUND GROUP



the public have exceeded its income from the public by $34 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 early years of operation, beginning 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 total balance, including interfund collections, stood at $14 billion at the end of 1995. However, its cumulative payments to the public exceeded its income from the public by $437 billion.
- The Civil Service Retirement and Disability (CSRD) Trust Fund is financed by Federal civilian employees' contributions, agencies' contributions on behalf of the employees, general fund payments that limit the growth in the unfunded liability, and interest earnings. In 1995, employee contributions were only 7 percent of total income to the Fund. Interfund collections made up the rest. CSRD has run a surplus in each year since 1960, and its balance has increased from $10 billion in 1960 to $366 billion in 1995. 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 1995, CSRD payments to the public exceeded its income from the public by $408 billion. The budget proposes reform of the Civil Service Retirement System (CSRS) that would increase agencies' future contributions to their employees' retirement. Beginning in 1999, agencies will be asked to contribute more to the CSRS so that by 2002, Federal employees' retirement will be fully funded in the year it is earned.
- 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 $127 billion balance at the end of 1995. 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 $224 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. Most interfund payments allocate the cost of Federal activities to the fund group that is responsible for the cost, and most interfund collections are valid reimbursements for the assumption of a cost by the fund that receives the collection. Including these interfund transactions, 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 1995, Federal funds paid $208 billion to trust funds, net of collections from trust funds. Almost 95 percent of these were payments by the Government as an employer to various retirement trust funds, interest on general fund borrowing of trust fund balances, and the general fund payment to SMI.

Payments by the Government as an employer to 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 1995, interfund payments for military and Federal civilian employee retirement were $66 billion.

Interest payments by the general fund on trust fund investments in Treasury debt appropriately recognize the time value of money to both the borrower and the lender. By law, trust fund balances are invested in Treasury securities, and the interest payments and collections are recorded as interfund transactions—increasing the trust funds surplus and the Federal funds deficit. 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, 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 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. In terms of transactions with the public, the result would be substantially lower trust fund deficits and higher Federal fund deficits. But this would not mean that trust funds were less responsible—or Federal funds more responsible—for the unified deficit than under current practice. All taxes and programmatic spending would have been the same. Trust fund interest income was $95 billion in 1995, and it is expected to grow to $125 billion by the year 2002.

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. Interfund accounting therefore assigns the general fund its share of SMI payments to the public. The general fund payment was $37 billion in 1995.

Because fund accounting 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 mean that Federal funds bear the sole responsibility for the unified budget deficit. That is a separable issue, and as the next section shows, more questionable.

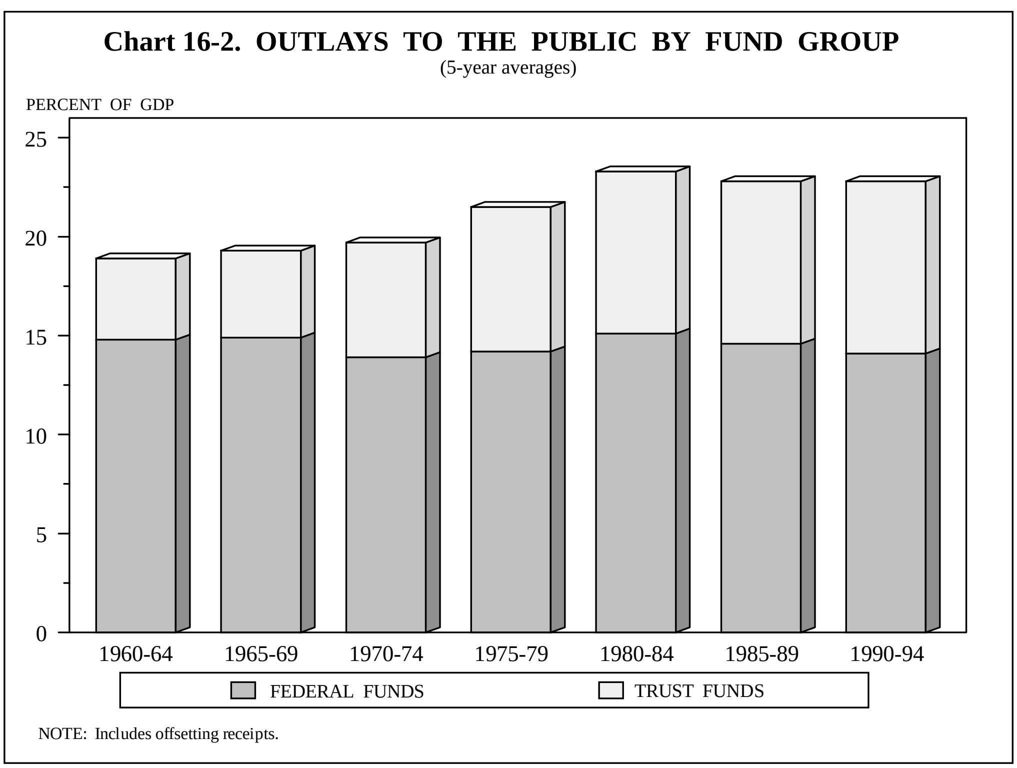
Both Fund Groups Bear the Responsibility.—The Federal budget has been presented on a unified basis since 1968. Its purpose is to present in one place the totality of the Federal Government's fiscal operations.

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 Government. 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 for discretionary programs in the Budget Enforcement Act of 1990. 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 (1) increase spending by trust funds without decreasing spending by Federal funds, (2) hold the total tax burden constant while increasing taxes earmarked for trust funds, and (3) 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 Chart 16–2, 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.[7] Over the same period,

[7] 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



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 has been 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 Chart 16–3, 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 deficit, therefore, is the basic conflict between the goal of expanding and fully funding one part of Government, and an unwillingness either to allow the total tax burden to increase or to reduce the rest of Government.[8] 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 interest savings would have been sufficient to avoid 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.

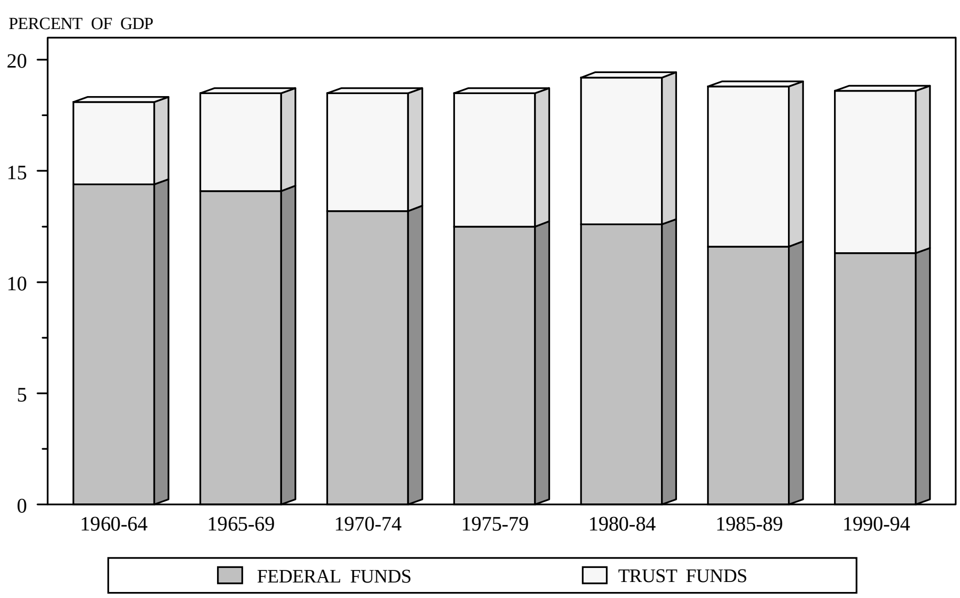
In short, the imbalances seen in the fund group and unified budget totals are symptomatic of the unresolved conflict over the size of Government and how it is to be financed. Instead of resolving this conflict, increases in trust fund spending have been "financed" at the expense of financing for Federal funds. In that sense, both fund groups are responsible for the unified budget deficit.

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.

[8] 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 16-3. 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.

Income, Outgo, and Balances of Trust Funds

Table 16–2 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 16–1 in one important way. Trust fund collections that are offset against outgo (as offsetting collections) within expenditure accounts instead of being deposited in separate receipt accounts are classified as income in this table but not in Table 16–1. This classification is consistent with the definitions of income and outgo for trust funds used elsewhere in the budget. It has the effect of increasing both income and outgo by the amount of the offsetting collections. The difference is $19 billion in 1995. This table, therefore, provides a more complete summary of trust fund income and outgo.

The trust funds group is expected to have large and growing surpluses over the projection period. As a consequence, trust fund balances will grow substantially, as they have over the past decade. The size of the anticipated balances is unprecedented, and it results mainly from relatively recent changes in the way some trust funds are financed.

Until the 1980s, most trust funds operated on a pay-as-you-go basis. Taxes and user fees were set at levels high enough to finance benefits and administrative expenses, and to maintain prudent reserves, generally defined as being equal to one year's expenditures. As a result, trust fund balances tended to grow at about the same rate as their annual expenditures.

Pay-as-you-go financing was replaced in the 1980s by full or partial accrual funding for some of the larger trust funds. In order to partially prefund the "baby-boomers" social security benefits, the Social Security Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1985 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies and their employees to make annual payments to the Federal employees' retirement trust funds in an amount equal to the value of the retirement benefits earned by employees in that year. Since many years will pass before current employees are paid retirement benefits, the trust funds 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 1995, from $205 billion to $1.3 trillion. Under the proposals in the President's budget, the balances are estimated to increase by another 75 percent by the year 2002, rising

Table 16–2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Balance, start of year	1,182.9	1,282.1	1,393.0	1,516.8	1,643.1	1,779.3	1,929.0	2,084.0
Income:								
Governmental receipts	517.0	537.8	572.6	597.7	627.2	657.6	686.9	720.5
Proprietary receipts	41.1	40.9	40.5	41.3	43.2	45.7	48.5	51.5
Receipts from Federal funds:								
Interest	94.8	99.3	102.8	106.8	110.7	116.6	119.3	124.7
Other	133.5	157.2	166.5	176.9	187.8	200.1	216.1	232.8
Subtotal, income	786.4	835.2	882.3	922.7	968.9	1,020.1	1,070.9	1,129.4
Outgo:								
To the public	683.1	719.9	754.4	792.1	828.4	866.0	911.5	962.5
Payments to Federal funds	4.0	4.4	4.2	4.3	4.3	4.4	4.5	4.6
Subtotal, outgo	687.1	724.3	758.6	796.3	832.7	870.5	915.9	967.1
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	4.5	11.6	21.0	19.6	25.5	33.0	35.7	37.7
Interest	94.8	99.3	102.8	106.8	110.7	116.6	119.3	124.7
Subtotal, surplus or deficit (–)	99.3	110.9	123.8	126.3	136.2	149.6	155.0	162.3
Adjustments:								
Transfers/lapses (net)	–0.1	–*	–*	....	....	....	....	....
Other adjustments	*	....	–*	....	....	....	....	....
Total, change in fund balance	99.2	110.9	123.8	126.3	136.2	149.6	155.0	162.3
Balance, end of year	1,282.1	1,393.0	1,516.8	1,643.1	1,779.3	1,929.0	2,084.0	2,246.3

* Less than *50 million.

to $2.2 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, borrowing from the public, or reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, make it easier for the Government to pay benefits.

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 and increase the amount of national saving available to finance investment. Greater investment would increase future incomes and wealth, particularly if it increased the rate of productivity growth. In turn, this would make it possible for the trust funds to draw down on their investments in Treasury debt to pay future benefits without having to increase the burden on future workers by raising tax rates, reducing spending, or increasing Government borrowing.

Table 16–3 shows estimates of income, outgo, and balances for 1995 through 2002 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 16–2 for the trust funds group. As explained previously, transactions between trust funds are shown as outgo of the fund that makes the payment and as income of the fund that collects it in the data for an individual trust fund, but the collections are offset against outgo in the data for the trust fund group. Additional information for these and other trust funds can be found in the Status of Funds tables in the Budget Appendix.

Table 16–4, 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, the interest earnings add to balances, and the balances remain available to finance future expenditures. The table is illustrative of the Federal funds group, which includes many other revolving funds and special funds in addition to the ones shown.

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Airport and Airway Trust Fund								
Balance, start of year	12.4	11.4	8.3	8.7	9.2	10.4	12.1	14.3
Income:								
Governmental receipts	5.5	2.3	6.3	6.6	7.0	7.4	7.8	8.3
Proprietary receipts	*	*	*	*	*	*	*	*
Receipts from Federal funds:								
Interest	0.8	0.8	0.6	0.6	0.6	0.7	0.7	0.9
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	6.4	3.2	6.9	7.3	7.7	8.2	8.7	9.3
Outgo:								
To the public	7.4	6.3	6.6	6.8	6.5	6.5	6.5	6.7
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	7.4	6.3	6.6	6.8	6.5	6.5	6.5	6.7
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–1.8	–3.9	–0.2	–*	0.6	1.0	1.5	1.8
Interest	0.8	0.8	0.6	0.6	0.6	0.7	0.7	0.9
Subtotal, surplus or deficit (–)	–1.0	–3.1	0.4	0.5	1.2	1.7	2.2	2.6
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	–1.0	–3.1	0.4	0.5	1.2	1.7	2.2	2.6

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Balance, end of year	11.4	8.3	8.7	9.2	10.4	12.1	14.3	17.0
Federal Employees Health Benefits Fund								
Balance, start of year	7.5	7.8	7.9	8.1	8.6	9.2	9.7	10.0
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	4.0	4.0	4.2	4.5	5.5	5.9	6.2	6.6
Receipts from Federal funds:								
Interest	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other	11.8	11.5	12.1	12.9	13.1	13.8	14.5	15.5
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	16.2	15.9	16.7	17.8	19.0	20.2	21.1	22.6
Outgo:								
To the public	15.9	15.9	16.5	17.3	18.4	19.6	20.8	22.2
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	15.9	15.9	16.5	17.3	18.4	19.6	20.8	22.2
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–0.1	–0.4	–0.2	0.1	0.2	0.1	–0.1	–*
Interest	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Subtotal, surplus or deficit (–)	0.3	0.1	0.2	0.5	0.6	0.5	0.3	0.4
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	0.3	0.1	0.2	0.5	0.6	0.5	0.3	0.4
Balance, end of year	7.8	7.9	8.1	8.6	9.2	9.7	10.0	10.4
Federal Civilian Employees Retirement Funds								
Balance, start of year	346.4	374.3	403.0	431.1	459.0	487.7	517.1	547.7
Income:								
Governmental receipts	4.5	4.5	4.6	4.7	4.7	4.8	4.8	4.9
Proprietary receipts	....	....	....	....	....	....	....	....
Receipts from Federal funds:								
Interest	28.7	29.9	30.5	30.9	31.4	31.6	32.0	32.7
Other	33.6	34.5	35.2	36.5	38.8	41.5	44.3	47.1
Receipts from Trust funds	*	*	*	*	*	*	*	*
Subtotal, income	66.8	68.9	70.3	72.1	74.9	77.8	81.2	84.7
Outgo:								
To the public	38.9	40.2	42.1	44.1	46.2	48.4	50.7	53.4
Payments to Other funds	*	*	*	*	*	*	*	*
Subtotal, outgo	38.9	40.2	42.1	44.1	46.2	48.4	50.7	53.4
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–0.8	–1.2	–2.4	–2.9	–2.7	–2.2	–1.5	–1.4
Interest	28.7	29.9	30.5	30.9	31.4	31.6	32.0	32.7
Subtotal, surplus or deficit (–)	27.9	28.7	28.1	28.0	28.7	29.4	30.5	31.3
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	27.9	28.7	28.1	28.0	28.7	29.4	30.5	31.3
Balance, end of year	374.3	403.0	431.1	459.0	487.7	517.1	547.7	579.0

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Federal Old-Age, Survivors and Disability Insurance Trust Funds								
Balance, start of year	422.7	483.2	548.2	621.1	698.5	782.8	874.4	971.5
Income:								
Governmental receipts	351.1	367.4	388.0	406.3	427.8	450.0	471.2	494.6
Proprietary receipts	*	*	*	*	*	*	*	*
Receipts from Federal funds:								
Interest	33.3	36.4	39.4	42.4	45.5	48.9	52.6	56.6
Other	14.1	14.5	15.8	16.9	18.0	19.3	20.5	21.9
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	398.5	418.4	443.2	465.7	491.3	518.1	544.2	573.2
Outgo:								
To the public	333.6	349.0	366.1	384.1	402.6	422.2	442.8	464.4
Payments to Other funds	4.5	4.4	4.1	4.2	4.3	4.3	4.4	4.4
Subtotal, outgo	338.1	353.4	370.2	388.3	406.9	426.5	447.2	468.9
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	27.1	28.6	33.6	34.9	38.9	42.7	44.5	47.7
Interest	33.3	36.4	39.4	42.4	45.5	48.9	52.6	56.6
Subtotal, surplus or deficit (–)	60.4	65.0	73.0	77.3	84.3	91.6	97.1	104.3
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	60.4	65.0	73.0	77.3	84.3	91.6	97.1	104.3
Balance, end of year	483.2	548.2	621.1	698.5	782.8	874.4	971.5	1,075.8
Foreign Military Sales Trust Fund								
Balance, start of year	6.4	5.5	5.3	5.2	5.2	5.0	5.2	5.3
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	12.5	13.0	12.2	11.3	10.3	10.2	9.9	9.4
Receipts from Federal funds:								
Interest	....	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	12.5	13.0	12.2	11.3	10.3	10.2	9.9	9.4
Outgo:								
To the public	13.4	13.2	12.3	11.3	10.5	10.0	9.7	9.4
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	13.4	13.2	12.3	11.3	10.5	10.0	9.7	9.4
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–0.9	–0.1	–0.1	–0.1	–0.2	0.2	0.1	–0.1
Interest	....	....	....	....	....	....	....	....
Subtotal, surplus or deficit (–)	–0.9	–0.1	–0.1	–0.1	–0.2	0.2	0.1	–0.1
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	–0.9	–0.1	–0.1	–0.1	–0.2	0.2	0.1	–0.1
Balance, end of year	5.5	5.3	5.2	5.2	5.0	5.2	5.3	5.3

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Highway Trust Fund								
Balance, start of year	17.9	19.0	21.4	23.9	27.6	33.1	41.1	50.8
Income:								
Governmental receipts	22.6	24.6	24.9	25.2	25.7	26.1	26.6	27.1
Proprietary receipts	*	*	*	*	*	*	*	*
Receipts from Federal funds:								
Interest	1.2	1.3	1.4	1.5	1.7	2.0	2.4	2.8
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, Income	23.9	26.0	26.4	26.9	27.5	28.2	29.0	30.0
Outgo:								
To the public	22.7	23.6	23.9	23.2	22.0	20.2	19.3	20.4
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, Outgo	22.7	23.6	23.9	23.2	22.0	20.2	19.3	20.4
Change in fund balance:								
Surplus or deficit:								
Excluding interest	–*	1.1	1.1	2.1	3.8	6.0	7.4	6.8
Interest	1.2	1.3	1.4	1.5	1.7	2.0	2.4	2.8
Subtotal, surplus or deficit	1.1	2.4	2.5	3.6	5.5	8.0	9.7	9.6
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, Change in fund balance	1.1	2.4	2.5	3.6	5.5	8.0	9.7	9.6
Balance, End of Year	19.0	21.4	23.9	27.6	33.1	41.1	50.8	60.4
Medicare: Federal Hospital Insurance (HI) Trust Fund								
Balance, start of year	129.6	129.5	123.4	126.5	128.8	130.1	133.2	131.9
Income:								
Governmental receipts	96.0	101.8	108.8	114.3	120.5	126.9	133.1	139.9
Proprietary receipts	1.0	1.1	1.1	1.2	1.2	1.3	1.4	1.5
Receipts from Federal funds:								
Interest	10.9	10.5	9.9	9.7	9.5	11.1	8.8	8.3
Other	7.0	7.0	7.4	7.5	7.9	8.4	8.8	9.3
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	114.8	120.5	127.2	132.7	139.1	147.7	152.1	159.1
Outgo:								
To the public	114.9	126.5	124.2	130.3	137.9	144.5	153.5	162.9
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	114.9	126.5	124.2	130.3	137.9	144.5	153.5	162.9
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–10.9	–16.6	–6.9	–7.4	–8.2	–8.0	–10.2	–12.1
Interest	10.9	10.5	9.9	9.7	9.5	11.1	8.8	8.3
Subtotal, surplus or deficit (–)	–*	–6.1	3.0	2.3	1.2	3.2	–1.4	–3.8
Adjustments:								
Transfers/lapses (net)	–*	....	....	....	....	....	....	....
Other adjustments	–*	*	....	....	....	....	....	....
Total, change in fund balance	–*	–6.1	3.0	2.3	1.2	3.2	–1.4	–3.8
Balance, end of year	129.5	123.4	126.5	128.8	130.1	133.2	131.9	128.0

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Medicare: Federal Supplementary Medical Insurance (SMI) Trust Fund								
Balance, start of year	20.9	13.9	24.8	27.3	28.2	29.3	30.6	33.5
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	19.2	18.7	18.9	20.4	22.3	24.3	27.1	30.0
Receipts from Federal funds:								
Interest	1.9	1.8	2.2	2.3	2.3	2.2	2.2	2.3
Other	37.0	61.3	67.3	74.3	80.6	87.0	96.9	106.7
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	58.2	81.9	88.4	97.0	105.2	113.5	126.3	139.0
Outgo:								
To the public	65.2	70.9	85.9	96.2	104.0	112.2	123.4	135.6
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	65.2	70.9	85.9	96.2	104.0	112.2	123.4	135.6
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–9.0	9.2	0.3	–1.5	–1.1	–0.9	0.6	1.1
Interest	1.9	1.8	2.2	2.3	2.3	2.2	2.2	2.3
Subtotal, surplus or deficit (–)	–7.0	11.0	2.5	0.8	1.1	1.3	2.9	3.4
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	–7.0	11.0	2.5	0.8	1.1	1.3	2.9	3.4
Balance, end of year	13.9	24.8	27.3	28.2	29.3	30.6	33.5	36.9
Military Retirement Fund								
Balance, start of year	119.9	126.7	131.0	134.7	137.5	140.0	142.4	144.8
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	....	....	....	....	....	....	....	....
Receipts from Federal funds:								
Interest	10.9	10.9	11.0	11.2	11.4	11.7	11.9	12.1
Other	23.7	21.9	22.4	22.3	23.0	23.7	24.5	25.4
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	34.6	32.8	33.4	33.5	34.4	35.3	36.4	37.5
Outgo:								
To the public	27.8	28.5	29.7	30.8	31.9	32.9	34.0	35.1
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	27.8	28.5	29.7	30.8	31.9	32.9	34.0	35.1
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–4.1	–6.6	–7.3	–8.4	–8.9	–9.3	–9.5	–9.7
Interest	10.9	10.9	11.0	11.2	11.4	11.7	11.9	12.1
Subtotal, surplus or deficit (–)	6.8	4.3	3.7	2.8	2.5	2.4	2.4	2.4
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	6.8	4.3	3.7	2.8	2.5	2.4	2.4	2.4
Balance, end of year	126.7	131.0	134.7	137.5	140.0	142.4	144.8	147.3

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Railroad Retirement Trust Funds								
Balance, start of year	13.1	14.4	15.0	15.6	16.3	16.9	17.6	18.3
Income:								
Governmental receipts	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.1
Proprietary receipts	....	....	....	....	....	....	....	....
Receipts from Federal funds:								
Interest	1.0	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Other	3.3	3.4	3.5	3.6	3.6	3.7	3.7	3.8
Receipts from Trust funds	4.1	3.8	3.8	3.9	3.9	4.0	4.0	4.1
Subtotal, income	12.4	11.9	12.1	12.3	12.4	12.6	12.8	12.9
Outgo:								
To the public	7.9	7.9	8.1	8.2	8.3	8.4	8.5	8.6
Payments to Other funds	3.3	3.3	3.4	3.4	3.5	3.6	3.6	3.7
Subtotal, outgo	11.2	11.3	11.5	11.6	11.7	11.9	12.1	12.2
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	0.2	–0.2	–0.2	–0.2	–0.2	–0.2	–0.2	–0.2
Interest	1.0	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Subtotal, surplus or deficit (–)	1.2	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	1.2	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Balance, end of year	14.4	15.0	15.6	16.3	16.9	17.6	18.3	19.1
Unemployment Trust Fund								
Balance, start of year	40.3	47.9	54.2	60.6	67.5	74.5	81.6	88.3
Income:								
Governmental receipts	28.9	29.8	30.8	31.6	32.3	33.0	33.8	35.9
Proprietary receipts	*	....	....	....	....	....	....	....
Receipts from Federal funds:								
Interest	2.7	3.4	3.6	4.0	4.3	4.4	4.6	4.7
Other	1.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	32.8	33.8	35.1	36.3	37.3	38.2	39.1	41.3
Outgo:								
To the public	25.3	27.5	28.7	29.4	30.2	31.1	32.3	33.6
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	25.3	27.5	28.7	29.4	30.2	31.1	32.3	33.6
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	4.8	3.0	2.8	2.9	2.8	2.6	2.2	3.1
Interest	2.7	3.4	3.6	4.0	4.2	4.4	4.6	4.7
Subtotal, surplus or deficit (–)	7.5	6.3	6.4	6.9	7.1	7.0	6.8	7.8
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	–*	–*	–*	....	....	....	....	....
Total, change in fund balance	7.5	6.3	6.4	6.9	7.1	7.0	6.8	7.8
Balance, end of year	47.9	54.2	60.6	67.5	74.5	81.6	88.3	96.1

Table 16–3. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Veterans Life Insurance Trust Funds								
Balance, start of year	13.5	13.6	13.6	13.5	13.3	13.5	13.7	13.7
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.7
Receipts from Federal funds:								
Interest	1.2	1.2	1.1	1.1	1.0	1.0	0.9	0.9
Other	*	*	*	*	*	*	*	*
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	2.1	2.1	2.0	1.9	1.8	1.7	1.7	1.6
Outgo:								
To the public	2.0	2.2	2.1	2.1	1.6	1.6	1.6	1.6
Payments to Other funds	....	....	....	....	....	....	....	....
Subtotal, outgo	2.0	2.2	2.1	2.1	1.6	1.6	1.6	1.6
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–1.1	–1.3	–1.2	–1.3	–0.8	–0.8	–0.8	–0.8
Interest	1.2	1.2	1.1	1.1	1.0	1.0	0.9	0.9
Subtotal, surplus or deficit (–)	0.1	–0.1	–0.1	–0.2	0.2	0.1	0.1	....
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	0.1	–0.1	–0.1	–0.2	0.2	0.1	0.1	....
Balance, end of year	13.6	13.6	13.5	13.3	13.5	13.7	13.7	13.8
Other Trust Funds								
Balance, start of year	32.4	35.2	36.9	40.4	43.5	46.7	50.1	53.7
Income:								
Governmental receipts	4.4	3.4	5.3	5.0	5.2	5.4	5.5	5.7
Proprietary receipts	3.3	3.1	3.1	3.1	3.1	3.1	3.2	3.2
Receipts from Federal funds:								
Interest	1.8	1.9	1.9	1.9	1.9	1.9	1.9	2.0
Other	1.7	2.2	1.9	1.9	1.9	2.0	2.0	2.0
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	11.3	10.5	12.2	11.9	12.0	12.3	12.6	12.9
Outgo:								
To the public	8.0	8.3	8.2	8.2	8.4	8.4	8.5	8.7
Payments to Other funds	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Subtotal, outgo	8.5	8.7	8.7	8.7	8.9	8.9	9.1	9.2
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	1.0	–0.1	1.6	1.3	1.3	1.5	1.6	1.7
Interest	1.8	1.9	1.9	1.9	1.9	1.9	1.9	2.0
Subtotal, surplus or deficit (–)	2.8	1.8	3.5	3.2	3.2	3.4	3.6	3.7
Adjustments:								
Transfers/lapses (net)	–0.1	–*	–*	....	....	....	....	....
Other adjustments	*	*	–*	....	....	....	....	....
Total, change in fund balance	2.8	1.8	3.5	3.2	3.2	3.4	3.6	3.7
Balance, end of year	35.2	36.9	40.4	43.5	46.7	50.1	53.7	57.3

* Less than $50 million.

Table 16–4. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Overseas Private Investment Corporation								
Balance, start of year	1.9	2.1	2.2	2.4	2.6	2.8	3.1	3.3
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:								
Interest	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Other	*	*	*	*	*	*	*	*
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	0.2	0.2	0.3	0.3	0.3	0.3	0.3	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	0.1	0.1	0.1	0.1	0.1	0.1
Interest	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, surplus or deficit (–)	0.2	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	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Balance, end of year	2.1	2.2	2.4	2.6	2.8	3.1	3.3	3.5
Abandoned Mine Reclamation Fund								
Balance, start of year	1.5	1.6	1.8	1.9	1.9	2.0	2.1	2.3
Income:								
Governmental receipts	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Proprietary receipts	*	*	*	*	*	*	*	*
Receipts from Federal funds:								
Interest	....	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Outgo:								
To the public	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2
Payments to Other funds	–0.1	–0.1	–0.1	–0.1	–0.1	–0.1	–0.1	–0.1
Subtotal, outgo	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Interest	....	....	....	....	....	....	....	....
Subtotal, surplus or deficit (–)	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	*	*	*	....	....	....	....	....
Total, change in fund balance	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Balance, end of year	1.6	1.8	1.9	1.9	2.0	2.1	2.3	2.4

Table 16–4. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Nuclear Waste Disposal Fund								
Balance, start of year	4.2	4.7	5.3	6.1	6.6	7.4	8.4	9.4
Income:								
Governmental receipts	....	....	....	....	....	....	....	....
Proprietary receipts	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Receipts from Federal funds:								
Interest	....	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Outgo:								
To the public	0.4	0.2	0.2	0.6	0.2	0.2	0.2	0.2
Payments to Other funds	–0.2	–0.3	–0.3	–0.4	–0.4	–0.5	–0.5	–0.6
Subtotal, outgo	0.2	–*	–0.1	0.2	–0.2	–0.3	–0.4	–0.4
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	0.4	0.7	0.8	0.5	0.9	0.9	1.0	1.0
Interest	....	....	....	....	....	....	....	....
Subtotal, surplus or deficit (–)	0.4	0.7	0.8	0.5	0.9	0.9	1.0	1.0
Adjustments:								
Transfers/lapses (net)	....	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	0.4	0.7	0.8	0.5	0.9	0.9	1.0	1.0
Balance, end of year	4.7	5.3	6.1	6.6	7.4	8.4	9.4	10.4
Uranium Enrichment Decontamination and Decommissioning Fund								
Balance, start of year	0.3	0.3	0.5	0.8	1.2	1.7	2.1	2.6
Income:								
Governmental receipts	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Proprietary receipts	....	....	*	*	*	*	*	*
Receipts from Federal funds:								
Interest	....	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....	....
Subtotal, income	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Outgo:								
To the public	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Payments to Other funds	–0.2	–0.4	–0.4	–0.4	–0.4	–0.4	–0.4	–0.4
Subtotal, outgo	0.2	–0.1	–0.1	–0.2	–0.2	–0.2	–0.2	–0.2
Change in fund balance:								
Surplus or deficit (–):								
Excluding interest	–*	0.2	0.4	0.4	0.4	0.5	0.5	0.4
Interest	....	....	....	....	....	....	....	....
Subtotal, surplus or deficit (–)	–*	0.2	0.4	0.4	0.4	0.5	0.5	0.4
Adjustments:								
Transfers/lapses (net)	–*	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....	....
Total, change in fund balance	–*	0.2	0.4	0.4	0.4	0.5	0.5	0.4
Balance, end of year	0.3	0.5	0.8	1.2	1.7	2.1	2.6	3.0

* Less than $50 million.

17. 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, which differ somewhat from the basis used for other budget presentations. This section normally shows the NIPA presentation of Federal transactions, but due to disruptions associated with the partial shut-down of Government operations resulting from the budget impasse, it is not included in the budget this year. The Department of Commerce plans to publish the presentation in a forthcoming issue of its *Survey of Current Business*, and the presentation should be restored in next year's budget.

The Department of Commerce undertook a comprehensive revision of the NIPAs during the past year. The first stage in the release of the revisions was delayed by the partial Government shut-down. Because of that delay, and because historical NIPA data have to date only been revised for the period since 1958, the *Historical Tables* volume for this budget continues to use GDP and other NIPA data on the pre-revision basis, although GDP on the post-revision basis is shown in Chapter 1 of this volume. The primary change made in the comprehensive revisions was to recognize government expenditures for capital equipment and structures as investment. This entailed replacing government expenditures for equipment and structures with depreciation charges on past investments in computing the surplus or deficit of the government sector (State and local as well as Federal). This change in the NIPA presentation of government transactions is discussed in Chapter 6 of this volume, "Federal Investment Spending and Capital Budgeting."

18. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 1995

The following three parts of this chapter compare the actual total receipts, outlays and deficit for 1995 with the baseline estimates shown in the 1995 Budget published in February 1994. 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 1995 previously published by the Department of the Treasury with those in the budget.

In this chapter the initial estimates of both receipts and outlays for 1995 have been adjusted upward by $4.3 billion as a result of the reclassification of the Federal Communications universal service fund as budgetary. The initial estimates shown here are therefore higher than originally published in February 1994.

Receipts

Receipts in 1995 were $1,355.2 billion, which is $9.3 billion greater than the baseline estimate of $1,345.9 billion. As shown in Table 18–1, 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.—Four major laws enacted after February 1994 affected 1995 receipts: Uruguay Round Agreements Act of 1994, Social Security Independence and Program Improvements Act, Social Security Domestic Employment Reform Act of 1994 and Self-Employed Health Insurance Act. Tariff reductions provided under the Agreements were offset by timing, compliance and withholding changes in certain Federal tax laws, resulting in a net increase in 1995 receipts of $25 million. The Social Security Independence and Program Improvements Act and the Social Security Domestic Employment Reform Act of 1994 provided for changes in the Social Security and Supplemental Security Income programs that reduced 1995 receipts by $0.2 billion. The provisions of the Self-Employed Health Insurance Act restored and permanently increased the deduction of health insurance costs for the self-employed and repealed the Federal Communication Commission's certificate of deferral program, reducing 1995 receipts by a net $0.2 billion. In total, legislative, administrative and regulatory changes decreased 1995 receipts by a net $0.3 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 1995 receipts of $15.5 billion. One-third of this increase ($5.2 billion) was attributable to increases in corporation income taxes resulting from higher than expected corporate profits. Individual income taxes were higher than expected by $3.6 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 $3.9 billion and higher than expected imports increased customs duties by $2.1 billion.

Technical reestimates.—Different collection patterns and effective tax rates than had been assumed in February 1994 were primarily responsible for the reductions in individual income taxes and social insurance taxes and contributions of $10.1 billion and $7.7 billion, respectively, and the increase in corporation income taxes of $9.4 billion. Increased deposits of earnings by the Federal Reserve, attributable to higher-than-expected asset values on securities denominated

Table 18–1. COMPARISON OF ACTUAL 1995 RECEIPTS WITH THE INITIAL BASELINE ESTIMATES

(In billions of dollars)

	Baseline estimate	Legislative, regulatory and administrative changes	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	597.1	–0.4	3.6	–10.1	–6.9	590.2
Corporation income taxes	141.0	1.4	5.2	9.4	16.0	157.0
Social insurance taxes and contributions	492.1	–0.2	0.3	–7.7	–7.7	484.5
Excise taxes	55.8	0.8	0.5	0.5	1.7	57.5
Estate and gift taxes	13.9	....	*	0.9	0.9	14.8
Customs duties	20.9	–1.9	2.1	–1.7	–1.6	19.3
Miscellaneous receipts	25.1	....	3.9	2.9	6.8	31.9
Total	**1,345.9**	**–0.3**	**15.5**	**–5.9**	**9.3**	**1,355.2**

*$50 million or less.

in foreign currencies, accounted for most of the $2.9 billion increase in miscellaneous receipts.

Outlays

Outlays for 1995 were $1,519.1 billion. This was $4.1 billion less than the $1,523.2 billion baseline estimates in the initial 1995 Budget (February 1994).[1]

Table 18–2 distributes the $4.1 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) changes to the discretionary caps or limits; (3) economic conditions; and (4) technical estimating differences, a residual.

Policy changes are the result of actions by the Congress or the Administration that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 1995, policy changes decreased outlays an estimated $0.8 billion relative to the initial baseline estimates.

Policy changes reduced discretionary outlays $0.5 billion because final appropriations were below the caps. Policy changes reduced mandatory outlays $0.3 billion below current law. Most of this decrease was the result of $0.2 billion for agriculture reforms and $0.2 billion for the Uruguay Round Agreements Act of 1994 (GATT). (Mandatory programs are mostly formula benefit or entitlement programs not normally controlled by annual appropriations.)

Increases in the discretionary caps allowed outlays to increase $6.3 billion. This included $7.9 billion for emergencies, largely for the Northridge, California earthquake and expenses for military actions in the Persian Gulf. These increases were partially offset by $1.6 billion in decreases in the caps. The caps, or discretionary limits, are established in the Budget Enforcement Act of 1990 as amended, and can be adjusted for officially declared emergencies and other reasons. The caps are described in Chapter 12: "Preview Report," found elsewhere in this volume.

Economic conditions that differed from those forecast in February 1994 resulted in a net outlay increase of $14.2 billion. Outlays for mandatory programs decreased an estimated $5.8 billion. Lower than expected unemployment rates decreased outlays $4.7 billion, primarily due to the effects on unemployment benefits. Lower than expected inflation decreased outlays $1.5 billion, largely due to the effect on Medicare and Medicaid and other inflation-sensitive benefits. These decreases were more than offset by increases for net interest, which increased $20.0 billion due to higher than expected interest rates.

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 or economic conditions. Technical changes accounted for a net decrease of $23.9 billion. The largest decrease was for deposit insurance. Collections were initially estimated to exceed disbursements by $11.1 billion. Actual collections exceeded disbursements by $17.9 billion, a decrease in outlays of $6.7 billion from the initial estimate. This decrease was primarily because favorable economic conditions resulted in fewer bank and thrift failures than originally assumed, and improved economic conditions increased collections from asset sales. The other largest decreases were for Medicaid and the Postal Service.

Table 18–2. COMPARISON OF ACTUAL 1995 OUTLAYS WITH THE INITIAL BASELINE ESTIMATES

(Outlays in billions)

	1995 Budget baseline (Feb. 1994)[1]	Changes					Actual
		Policy	Cap changes	Economic	Technical	Total changes	
Discretionary:							
Defense	271.1	–1.1	2.1	....	1.4	2.4	273.5
Nondefense	271.3	0.5	4.1	....	–3.8	0.8	272.1
Subtotal, discretionary	542.4	–0.5	6.3	....	–2.5	3.3	545.7
Mandatory:							
Deposit insurance	–11.1	....	....	....	–6.7	–6.7	–17.9
Other programs	779.0	–0.3	....	–5.8	–13.8	–19.8	759.2
Subtotal, mandatory	767.9	–0.3	....	–5.8	–20.5	–26.6	741.3
Net interest	213.0	–*	0.2	20.0	–1.0	19.2	232.2
Total outlays	**1,523.2**	**–0.8**	**6.5**	**14.2**	**–23.9**	**–4.1**	**1,519.1**

* $50 million or less.

[1] Total discretionary outlays are the estimated discretionary caps. Because the caps were not separated by defense and nondefense, discretionary defense outlays are proposed amounts.

[1] The initial baseline estimate includes current law estimates for mandatory outlays. Discretionary outlays are the estimated caps including adjustments for fees as published in the *Analytical Perspectives* volume of the *1995 Budget.*

Deficit

The preceding two sections discussed the differences between the initial baseline estimates and the actual amounts of Federal Government receipts and outlays for 1995. This section combines these effects to show the net impact of these differences on the deficit.

As shown in Table 18–3, the 1995 baseline deficit was initially estimated to be $177.3 billion. The actual deficit was $163.9 billion, which was $13.4 billion less than the initial estimate. Receipts were $9.3 billion more than the initial estimate, and outlays were $4.1 billion less. The table shows the distribution of the changes according to the categories in the preceding two sections.

The net effect of policy decreases in receipts and outlays combined to decrease the deficit $0.5 billion. Cap changes increased the deficit $6.5 billion.

Economic conditions that differed from the initial assumptions in February 1994 accounted for an estimated $1.3 billion decrease in the deficit—the combined effect of an increase in receipts of $15.5 billion, almost offset by an increase in outlays of $14.2 billion. Technical estimating and other differences decreased the deficit by an estimated $18.0 billion. This was due to a decrease in outlays of $23.9 billion, partially offset by a decrease in receipts of $5.9 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 1995

This section compares the original 1995 outlay estimates for mandatory and related programs under current law in the 1995 Budget (February 1994) 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 conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

Table 18–4 shows the differences between the actual outlays for these programs in 1995 and the amounts originally estimated in the 1995 Budget, based on laws in effect at that time. (The list of programs is similar to the list in Table 13–3 in Chapter 13, "Review of Direct Spending and Receipts," in this volume. This table provides the estimates through 2002.) Actual outlays for mandatory and related programs in 1995 were $973.5 billion, which was $7.4 billion less than the initial estimate of $980.9 billion, based on existing law in February 1994. Of this, actual outlays for mandatory programs were $785.8 billion in 1995, $24.9 billion less than estimated in February 1994.

Actual outlays for mandatory human resources programs were $800.4 billion, $13.5 billion less than originally estimated. This decrease 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 decrease was for Medicaid ($7.3 billion), due primarily to technical reestimates.

Outlays for other mandatory programs were $11.3 billion less than originally estimated. The largest decrease was for deposit insurance. Collections were initially expected to exceed disbursements by $11.1 billion. Actual collections exceeded disbursements by $17.9 billion, a net decrease of $6.7 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 ($3.2 billion) resulted largely from higher than expected crop prices that reduced Federal income subsidies and international affairs.

Outlays for net interest were $232.2 billion or $19.2 billion more than the original estimate. This increase was largely the effect of higher than expected interest rates partially offset by lower borrowing requirements due to a lower than originally estimated deficit.

Table 18–3. COMPARISON OF THE ACTUAL 1995 DEFICIT WITH THE INITIAL BASELINE ESTIMATES

(In billions)

	1995 Budget baseline (Feb. 1994)	Changes					Actual
		Policy	Cap changes	Economic	Technical	Total changes	
Receipts	1,345.9	–0.3	....	15.5	–5.9	9.3	1,355.2
Outlays	1,523.2	–0.8	6.5	14.2	–23.9	–4.1	1,519.1
Deficit	**–177.3**	**0.5**	**–6.5**	**1.3**	**18.0**	**13.4**	**–163.9**

Note: Deficit changes are receipts minus outlays. For these changes, a plus indicates a decrease in the deficit.

Table 18–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billion of dollars)

	1995		
	February 1994 estimate	Actual	Change
Mandatory programs:			
Human resources programs:			
Education, training, employment, and social services	13.6	15.7	2.0
Health:			
Medicaid	96.4	89.1	–7.3
Other	4.1	4.3	0.2
Total health	100.5	93.4	–7.1
Medicare	155.4	156.9	1.5
Income security:			
Retirement and disability	69.2	70.4	1.2
Unemployment compensation	23.0	21.3	–1.7
Food and nutrition assistance	34.4	33.5	–0.9
Other	63.0	56.0	–6.9
Total, income security	189.7	181.3	–8.3
Social security	334.6	333.3	–1.3
Veterans benefits and services:			
Income security for veterans	19.0	19.0	*
Other	1.2	0.9	–0.2
Total veterans benefits and services	20.1	19.9	–0.2
Total mandatory human resources programs	813.9	800.4	–13.5
Other mandatory programs:			
Agriculture	9.0	5.8	–3.2
Deposit insurance	–11.1	–17.9	–6.7
Other functions	–1.2	–2.6	–1.4
Total other mandatory programs	–3.3	–14.7	–11.3
Total mandatory programs	810.6	785.8	–24.9
Undistributed offsetting receipts:			
Employer share, employee retirement	–39.8	–42.0	–2.3
Rents and royalties on the outer continental shelf	–3.0	–2.4	0.6
Total undistributed offsetting receipts	–42.8	–44.5	–1.7
Net interest:			
Interest on the public debt	311.0	332.4	21.4
Interest received by trust funds	–88.8	–93.2	–4.3
Other interest	–9.2	–7.1	2.1
Total net interest [1]	213.0	232.2	19.2
Total outlays for mandatory and related programs under current law	**980.9**	**973.5**	**–7.4**

* $50 million or less.
[1] Assumes baseline deficit of $177.3 billion, as shown in Table 18–3.

Reconciliation of Differences with Amounts Published by Treasury for 1995

Table 18–5 provides a reconciliation of the receipts, outlays, and the deficit totals published by the Department of the Treasury in the *U.S. Government Annual Report* (February 1996) and those published in this budget. Receipts are $4.6 billion higher than previously reported by the Department of the Treasury and outlays are $4.7 billion higher, resulting in a net increase in the deficit of $0.1 billion more than previously reported. Most of the receipt and outlay difference is the result of the reclassification of the Federal Communications universal service fund as budgetary.

Table 18–5. RECONCILIATION OF FINAL AMOUNTS FOR 1995

(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published in the *Monthly Treasury Statement* for September 1995 [1]	1,350,576	1,514,389	163,813
Miscellaneous Treasury adjustments	....	39	39
Totals published by Treasury in the *U.S. Government Annual Report* [2]	1,350,576	1,514,428	163,852
Adjustments, net:			
Federal Communications Commission (universal service fund)	4,300	4,300	....
Farm Credit System Financial Assistance Corporation	....	75	75
United Mine Workers of America benefit funds	336	336	....
Miscellaneous adjustments	1	–6	–7
Total adjustments, net	4,637	4,705	68
Totals in the 1997 Budget	**1,355,213**	**1,519,133**	**163,920**

[1] Published on October 27th, 1995.
[2] Published in February 1996.

19. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress must provide budget authority, which is generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays. When Congress fails to complete action on one or more of the regular annual appropriation bills before the fiscal year begins, budget authority may be made available on a temporary basis through continuing resolutions. Continuing resolutions make budget authority available for limited periods of time, generally at rates related through some formula to the rate provided in the previous year's appropriation.

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 and special funds subject to obligation limits or benefit formulas, including the social security and the military and civil service retirement trust funds.

The remaining new budget authority is normally made available annually through the appropriations process.

Not all of the new budget authority for 1997 will be obligated or spent in that year: [1]

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts (limited, in 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 some exceptions to this requirement. However, the budget now requests $1.4 billion in budget authority to be transferred to NASA and the Departments of Energy and Interior to fully fund certain of these projects that have previously been funded in incremental stages. This is discussed in the fixed assets section of chapter 6 of this volume, "Federal Investment Spending and Capital Budgeting."
- 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.

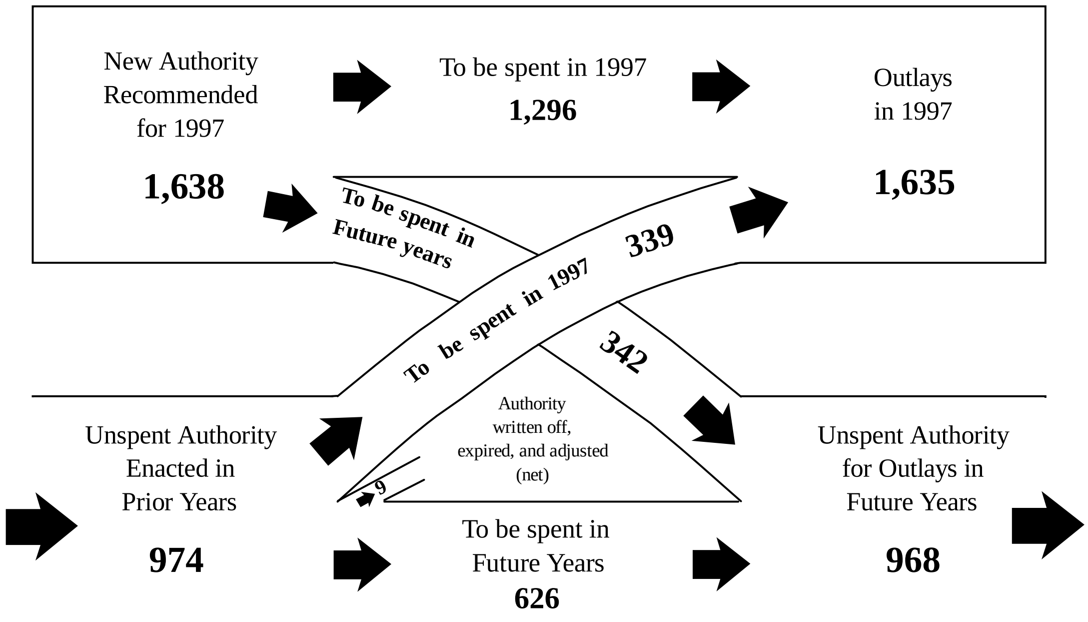
As shown in the following chart, $339 billion of the outlays in 1997 (21 percent of the total) will be made from budget authority enacted in previous years. The amount of this "carry-over" budget authority that will be available at the beginning of the 1997 fiscal year, however, is particularly uncertain this year because Congress had not completed action on several regular annual appropriation bills for 1996 at the time the estimates for this budget were being prepared.

At the same time, $342 billion of the new budget authority proposed for 1997 (21 percent of the total amount proposed) will not lead to outlays until future years. Thus, although outlays in 1997 are, coincidentally, very nearly equal to budget authority for that year (99.8 percent), the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays.

[1] This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

Chart 19-1. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS FOR FY 1997

(Dollars in billions)



20. 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 totals. Most of the tables in the budget document include the on-budget and off-budget amounts in combination, or add them together to arrive at the consolidated Government totals, in order to show Federal outlays and receipts comprehensively.

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 before 1986 but were moved onto the budget under subsequent law.

TABLE 20–1. COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS [1]

Fiscal Year	Receipts			Outlays			Surplus or deficit (–)		
	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Total	On-budget	Off-budget
1970	192.8	159.3	33.5	195.6	168.0	27.6	–2.8	–8.7	5.9
1971	187.1	151.3	35.8	210.2	177.3	32.8	–23.0	–26.1	3.0
1972	207.3	167.4	39.9	230.7	193.8	36.9	–23.4	–26.4	3.1
1973	230.8	184.7	46.1	245.7	200.1	45.6	–14.9	–15.4	0.5
1974	263.2	209.3	53.9	269.4	217.3	52.1	–6.1	–8.0	1.8
1975	279.1	216.6	62.5	332.3	271.9	60.4	–53.2	–55.3	2.0
1976	298.1	231.7	66.4	371.8	302.2	69.6	–73.7	–70.5	–3.2
TQ	81.2	63.2	18.0	96.0	76.6	19.4	–14.7	–13.3	–1.4
1977	355.6	278.7	76.8	409.2	328.5	80.7	–53.7	–49.8	–3.9
1978	399.6	314.2	85.4	458.7	369.1	89.7	–59.2	–54.9	–4.3
1979	463.3	365.3	98.0	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	1,252.5	1,027.5	225.1	–221.2	–277.8	56.6
1991	1,054.3	760.4	293.9	1,323.6	1,081.9	241.7	–269.4	–321.6	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	1,460.8	1,181.5	279.4	–203.1	–258.8	55.7
1995	1,355.2	1,004.1	351.1	1,519.1	1,230.5	288.7	–163.9	–226.3	62.4
1996 estimate	1,426.8	1,059.3	367.4	1,572.4	1,270.3	302.1	–145.6	–211.0	65.3
1997 estimate	1,495.2	1,107.2	388.0	1,635.3	1,317.7	317.7	–140.1	–210.4	70.3
1998 estimate	1,577.9	1,171.6	406.3	1,675.9	1,346.9	329.0	–98.0	–175.3	77.3
1999 estimate	1,652.5	1,224.8	427.8	1,716.9	1,375.0	342.0	–64.4	–150.2	85.8
2000 estimate	1,733.8	1,283.9	450.0	1,761.4	1,403.5	357.8	–27.5	–119.7	92.1
2001 estimate	1,819.8	1,348.6	471.2	1,811.5	1,439.2	372.3	8.3	–90.6	98.9
2002 estimate	1,912.2	1,417.6	494.6	1,868.3	1,479.8	388.5	43.9	–62.2	106.1

[1] Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989.

The preceding 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 comparison over time. The much smaller Postal Service transactions are classified as off-budget starting in 1989. Entities that were off-budget at one time but are now on-budget are classified as on-budget for all years.

In 1997 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 1997 total deficit of $140.1 billion consists of an off-budget surplus of $70.3 billion and an on-budget deficit of $210.4 billion. The off-budget surplus consists almost entirely of social security. It grew substantially from the early 1980s to 1990 and is estimated to increase each year throughout the projection period.

The Federal Credit Reform Act of 1990 refined budget concepts by distinguishing between the costs of credit programs, which are budgetary in nature, and the other transactions of the credit programs, which are not. For 1992 and subsequent years, the costs of direct loans and loan guarantees have been calculated as the present value of estimated cash outflows from the Government less the present value of estimated 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 on guarantees, 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.[1] 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 11 of this volume, "Federal Borrowing and Debt."[2]

[1] See sec. 505(b).

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. Insurance programs are discussed in Chapter 8, "Underwriting Federal Credit and Insurance."

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 8.

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 choice of taxes and 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, but they are not recorded as outlays nor are they measured by receipts. Some of these effects arise from revenue losses caused by special exclusions, exemptions, deductions, and so forth. Such revenue losses 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 Federal regulation is discussed in Chapter 13 of the *Budget-Supplement*, "Improving Government Performance," and the regulatory planning process is described annually in *Regulatory Plan and the Unified Agenda of Federal Regulation*.[3]

[2] Credit reform is further explained in Chapter 8 of this volume and in Chapter VIII.A of the 1992 *Budget*, Part Two, pp. 223–26.

[3] The most recent publication was issued by the Regulatory Information Service Center on November 28, 1995.

21. LOAN ASSET VALUATION

Introduction

In compliance with the report language accompanying the Treasury-Postal Appropriations Act of 1996 (P.L. 104–52), this chapter reviews the Government-wide potential for loan asset sales. It summarizes the Government's loan asset sales in the 1970s and 1980s, describes the current budgetary scoring of loan asset sales, and enumerates the agency loan asset valuation data requested by OMB for this analysis. The following section reviews the value of Government loan assets and identifies factors to be used in reviewing potential sale opportunities. The final section describes ongoing loan asset sales, and assesses loan programs' potential for profitable sale to the private sector.

This evaluation of the Government's loan portfolios has identified a number of programs that could potentially be sold to private investors at no cost or a profit to the Treasury. Loan asset sales are not recommended on a large scale, as in prior years, in part because costs to the Government often exceed returns. This is now reflected in budgetary scoring rules enacted as part of the Federal Credit Reform Act of 1990 (FCRA).

Previous Loan Asset Sales

1970s to mid-1980s. Federal direct loan assets were sold to the public producing over $40 billion in proceeds in the 1970s and early 1980s. In these sales, a guarantee by the selling agency (recourse) was often attached. After the sale, the loan was held privately but the risk of default in the recourse sales remained with the Government. In some cases, the Federal agency sold securities [called participation certificates (PC's) or certificates of beneficial ownership (CBO's)] that were backed by loans that the agency continued to hold and service.

1987–1990. During the late 1980s, a series of pilot loan asset sales were undertaken, resulting in the sale of nearly $25 billion of Federal loan assets. In the President's 1987 budget, the pilot program was first proposed, with the following four objectives: (1) improve credit management; (2) obtain administrative savings; (3) identify subsidies; and (4) reduce the short-term deficit.

Loan asset sales were seen as a tool for improving public sector credit management. Asset sales provided an incentive for agencies to improve loan origination and documentation, because loans could be sold at a higher price if screening and documentation met private sector standards. Sales also provided information on the condition of loan portfolios, revealing areas of improvement for servicing of agencies' remaining portfolios. Second, loan asset sales allowed the Government to reduce its administrative costs by transferring servicing and collection to the private sector. Third, nonrecourse sales of new loans provided information regarding the subsidies of Federal credit programs. The difference between face value and selling price (net of transaction costs) was the Government's subsidy cost. Finally, loan asset sales generated proceeds to increase budgetary offsetting collections in the year of the sale.

The sale of Education, HUD, USDA, and VA loan assets produced gross proceeds of $5.6 billion in 1987, $8.2 billion in 1988, and a total of $10.5 billion in 1989 and 1990. However, the cost to the Government of these sales was substantial, with sale proceeds averaging less than 90 percent of the present value of the Government's cash flows. Improved management of the unsold portfolios was expected to partially offset losses resulting from the loan asset sales.

Budgetary Scoring of Loan Sales

Prior to 1987, loan asset sales were treated as offsets to agency outlays (equivalent to loan repayments) for purposes of budget scoring. Thus, sale proceeds were permitted to offset increased spending. Despite the fact that asset sales might result in a present value loss to the Government (due to the loss of future cash flows), sale proceeds were allowed to offset spending in the year in which the sale occurred.

Amendments to Gramm-Rudman-Hollings (GRH) in 1987 allowed only those proceeds from routine and ongoing sales established prior to 1987 to offset spending, or to offset the deficit for the purposes of sequester calculations. Thus, newly proposed loan sales could not be considered as an offset to spending for budgetary scoring purposes because such sales were not viewed as reducing the structural deficit.

Under the Federal Credit Reform Act, loan asset sales are treated as modifications that change the cost of the loan or guarantee, and are not undertaken unless budget authority has been provided for any positive subsidy cost of the sale. The 1996 Budget Resolution (Sec. 206 of H.Con. Res. 67) confirmed this budgetary treatment of loan sales under credit reform.

As modifications, the credit reform subsidy cost of a loan asset sale is the difference between the Government's currently estimated net present value (NPV) of the remaining cash flows under the terms of the existing loan contract (the "expected" value), and the net proceeds from the loan sale. The result of this calculation can be positive, negative, or zero. If the estimate is positive, i.e., the expected value to the Government is greater than the loan sale proceeds, budget authority must be provided to cover the additional subsidy cost resulting from the sale. A negative estimate would indicate that the Government is achieving a savings from the sale, and a receipt in the amount of the "negative subsidy" is generated from the sale. An estimate of zero would indicate that the modification will not change the cost to the Government, and budgetary resources would not change.

If the loan assets sold prior to 1990 had been scored under credit reform, not only would the sale proceeds not have been available to offset spending in the year of the sale, but an appropriation would have been required to cover the loan modification cost for those loans sold below the Government's expected value. By scoring loan sales as modifications, agency actions are subject to greater scrutiny by Congress and OMB. This scrutiny prevents costly sales, and encourages and gives credit to agencies for sales that save Federal resources.

The FCRA definition of subsidy cost specifically excludes administrative costs and any incidental effects on government receipts or outlays. For loan sales, this means that effects on Federal administrative costs and incidental changes to interest on the public debt are excluded from the subsidy cost calculation. For some agencies, loan sales would produce savings from reduced administrative (personnel) costs for loan servicing, management, and delinquent debt collection. Although not scorable for budgetary purposes, these savings should be considered when evaluating the total effect of a loan sale; they would lower the agency's future administrative expense requests. For other agencies, selling loan assets would relieve staff of the administrative burden of loan servicing, allowing them to be redirected to other programs. Although this would not produce savings from a reduction of personnel, it could serve to enhance the mission of the agency.

Potential for Further Loan Asset Sales

The recent success of HUD loan asset sales has sparked renewed interest in Government-wide sales. In the Treasury-Postal report language, the conferees directed OMB "... to direct, and coordinate with, the Federal agencies involved in credit programs to evaluate the value of their credit programs ... and develop a plan for the privatization of such credit programs."

In response to this request, for all direct loans, loan guarantees, and defaulted loans that were previously guaranteed and have resulted in loans receivable, OMB requested that agencies provide (1) the face value of loans outstanding as of September 30, 1995, (2) the currently expected cash flows to the Government, and (3) estimated cash flows to the private sector (if those loan assets were sold). To calculate whether the sale of these loans would result in an estimated net saving to the Treasury, for each loan portfolio when possible, the net present value of the Government's remaining cash flows were compared to the NPV of the expected cash flows to the private sector, adjusted for the private sector's administrative costs and the transaction costs of a loan asset sale. The private sector's servicing costs must be included as a factor in estimating the market value that they would be willing to pay for a given stream of cash flows, because these costs are not included in the Government's cash flows. The transaction costs take account of the difference between the gross and net proceeds to the Government. Expected cash flows to the Government were discounted at the rate on Treasury securities of comparable maturity to the remaining portfolio maturity, as required by Sec. 502(5) of the Federal Credit Reform Act. As discussed below, expected cash flows to the private sector were discounted by the appropriate private sector rate. Table 8–1 contains the Government's expected cost of new loans and its outstanding portfolio.

To allow for the comparison of the value of different types of loan assets, OMB asked agencies to divide outstanding portfolios into two categories: substantially performing and non-performing. Substantially performing loans were current or delinquent less than 90 days as of September 30, 1995. Non-performing loans were those delinquent for 90 days or more. In addition, agencies were asked to provide information on the Government's administrative costs.

This analysis is subject to severe limitations because of its broad scope, the short time period for collecting and analyzing data, financial systems constraints in obtaining data, and the difficulty of estimating private sector valuation of loan assets. As a result, this report serves only to identify loan programs which show potential for loan asset sales or which clearly cannot be sold to the private sector without substantial financial and/or public policy costs to the Government. While the analysis narrows the field of potential candidates for loan asset sales, further analysis is planned to identify the potential benefit of asset sales in the remaining programs.

Private Sector Valuation of Federal Loan Assets

The value of Federal loan assets to the Government and private sector may differ substantially. Some costs, such as subsidized interest, are valued similarly by the Government and private investors. Other non-contractual expected costs may be valued very differently. For example, given their relative efficiencies and collections tools, the Government and private investors may have dramatically different estimates of future defaults and recoveries. Before deciding to bid on Government loan assets, the private investor must adjust the expected value to the Government for the investor's higher discount rate, expected efficiency gains, and the cost of servicing loan assets.

Discount Rate

When the Government provides a loan, it contracts to receive a stream of payments of principal, interest, and often fees. It also expects to experience defaults. The "value" of this loan to a potential private sector investor is the present value of the expected net cash flow to the private sector, where the discount factor is the private sector discount rate. This rate will be higher than the Government's discount rate for at least four reasons: a higher cost of funds, private sector risk aversion, desire for liquidity, and information requirements.

- ***Cost of funds:*** The private sector's cost of funds, the base discount rate, is higher than the Government's discount rate, which is the rate on Treasury securities of comparable maturity to the outstanding loan. Therefore, even before adjusting for risk, liquidity, and information concerns, the private sector's discount rate for valuing loan assets will always be higher than the Government's.
- ***Risk:*** Investors associate a range of risk with the Government's default estimates for loan assets. Investors are usually considered risk averse; that is, they would prefer to receive $90 with certainty than to receive $100 with a default probability distribution for which the mean is 10%. Because the amount received could be less than $90 in the latter case, private investors will require a premium to compensate for bearing this risk. The Government has no counterpart for this cost; it incurs outlays only if defaults are actually higher.
- ***Liquidity:*** Because the market for Federal loan assets is small, it is not very liquid. Unlike U.S. Treasury securities, for example, investors cannot count on being able to sell the loan assets they purchase quickly and at an attractive price. They require a premium to compensate for this illiquidity.
- ***Information:*** Finally, investors are not fully informed about Federal loan assets. Because the Federal programs have different rules, documentation, and collateral, investors must devote considerable time to acquiring information about potential investments. These are not standard commercial loans, and the Government's documentation methods differ significantly from private entities'. Investors look for systematic and predictable cash flows as shown by accurate historical records of the portfolio's delinquency, default, and recovery experiences, which Federal agencies are often not able to provide. Investors require a premium to compensate for these information costs.

These costs can never be eliminated, but small reductions in premiums could be expected if investors became more familiar with Federal loan assets and if the liquidity of their market improved.

Efficiency Gains

Although the private sector will use a higher discount rate than the Government, the net cash flow to the private sector may be larger. It is generally felt that the private sector is more efficient at loan servicing and collection. For example, the loss rate on private commercial loans is much lower than the loss rate on Government business loans.

Such comparisons, however, are difficult at best. In many ways, Government loans are fundamentally different from private sector loans, and comparing the two without taking into account their differences is misleading. For example, the Government often functions as a lender of last resort and makes loans to less creditworthy borrowers than would a private lending institution. In addition, the terms of Government loans, such as lower down payments or less restrictive underwriting criteria than required in the private sector, may result in higher defaults. Finally, other characteristics of Government lenders, such as willingness to practice substantial forbearance, may increase both the administrative and default costs.

A portion of the difference in default costs is certainly due to these differences between public and private sector loans. A portion of the difference may also be due to the Government's relative inefficiency. Private firms' profit motive creates the incentive for the private sector to be more efficient than the public sector in performing common tasks. However, for some programs, the Government's superior collection tools, such as the IRS Tax Offset, may counterbalance private sector productivity gains.

Decision to Purchase Government Loan Assets

Private investors, bidding on Government loan assets, will take into account the Government's expected future losses and make assessments as to how much they can reasonably expect to lower these losses. The amount possible will depend upon how much more efficient the investors expect to be at performing the required tasks.

Whether the value of the loan asset to the private investor exceeds the value to the Government depends on: (1) the difference in discount rates; (2) the private sector's expected efficiency gains; (3) the private sector's administrative costs; and (4) the loan asset sale transaction costs. Because the private sector discount factor is higher than the Government's, the value of the loan asset to a private sector investor will be lower than the value to the Government for a given set of cash flows. On the other hand, because the investor expects to reduce default costs below those of the Government, the investor's valuation of the loan asset may be greater, because expected cash flows will be higher.

Finally, for the Government to receive sale proceeds greater than its expected value, these proceeds must be greater than the Government's expected value after sale transaction costs are paid. Therefore, the private investor's productivity gains must not only cover its higher discount rate and servicing costs, but must also allow for payment of the sale transaction costs. These can be substantial, and include the cost of a financial advisor and the costs of issuance.

Identifying Loan Assets for Possible Sale

Decision Analysis

The Treasury/Postal conferees directed OMB to identify those loan assets which can be sold at a gain to the Government. Based on past sales experience and the review of the Government's current portfolio, OMB believes that a percentage may be sold at a net profit to the Government. The preliminary data recently received from the agencies will allow OMB to begin the process of identifying which sales would benefit the Government. The following framework allows for the identification of those loan programs for which sales may result in a net profit, or other type of gain, and develops a method for identifying those programs which may merit further analysis. This framework also outlines factors which would discourage private investors from offering at least the Government's expected value for certain loan assets. If loan assets are only to be sold at no cost or a "profit" to the Government, loan portfolios with these characteristics should not be considered further for loan asset sales.

Factors which May Lead to the Decision to Sell Federal Loan Assets

Efficiency in Administration of Loan Portfolio. If an agency has a dramatically expanding loan volume or a surge in defaults, it has several options for avoiding a reduction in its servicing and liquidation capabilities, including: continuing to hold the loans and requesting additional staff for administration; attempting to administer the loans with current staff levels; contracting to the private sector for servicing; requiring guaranteed lenders to work out the loans they originate; and selling the loans. With declining staff levels in many agencies, a loan sale in these cases may produce benefits for the Government apart from any immediate "profit" from the sale. That is, even if these loans are sold at the Government's expected value, the selling agency might guard against deterioration in its loan servicing and liquidation capabilities.

In programs where defaults surge briefly or are expected to grow in the future, pilot loan sales may help the Government make decisions concerning whether to add resources for program administration or sell the loans. For example, recent dramatic growth in certain Federal guarantee programs is expected to lead to large defaults in the near future. Unless steps are taken soon, current administrative resources may be insufficient to continue to adequately service these loan portfolios. Testing the market, by selling loan assets in a pilot program before the expected increase in defaults occur, could help the Government decide whether it is more efficient to add more debt collection staff and upgrade current financial systems, to contract out loan servicing, or to sell defaulted loans.

Best Use of Federal Staff. Selling loans could prove useful for expired programs, where no new loans are being issued, but staff time is consumed with administration of the dwindling portfolio. Loan sales may be warranted if current loan staff could be redirected to focus attention on new or different lines of business that are high priorities for the agency.

Private Sector Practices. The private sector can be expected to pursue non-current loans more aggressively because of the profit motive. This is part of the reason for the "productivity gap" referenced in the conference report requiring this study. Where Federal loans are inefficiently managed, or funds for management of these programs are declining, selling loans may capitalize on the quality of servicing and liquidating practices in the private sector, and provide a net benefit for the Government. The recent HUD sales have shown that the private sector is willing to pay more for loans where it believes that it can achieve these efficiencies in servicing.

Collateral Value. Loan sales may be warranted if collateral underlies the loan and the private sector is better at maintaining collateral value while in inventory, can dispose of it more quickly, or expects a higher collateral sale price. Collateral value was an important factor in the success of the recent HUD loan sales.

Public-private Partnerships. In this era of reinvention, loan sales foster new communication between the managers of the federally assisted credit portfolio and the private credit market. This partnership can serve to create new products or efficiencies that can be applied across all credit programs. For HUD, this has meant the creation of a user-friendly, low-cost due diligence process that, combined with the use of computer technology, has attracted a large following of investors with more than 200 bidders representing a wide spectrum of the financial markets to their loan sales. This new technology can be evaluated and the Government can assess whether it could be useful to other Federal credit programs, or for future loan sales.

Factors which May Lead to the Decision to Hold Federal Loan Assets

Small Margin for Improvement in Default Rates. When the private sector has little margin for improving on the Government's expected net defaults, it would not be profitable to sell the loan asset. This includes both programs with a low life-time default rate and seasoned loans with few remaining expected defaults. Since investors need substantial efficiency gains to overcome their higher discount rate, servicing costs, and the transaction costs of the loan sale, unless the Government expects substantial future losses, opportunities do not exist for the private sector to obtain sufficient productivity gains. A number of Federal programs have historical default rates of less than 5 percent. For example, the USDA's rural water and waste loans have expected default rates of less than one percent, leaving little room for the private sector to improve on this expected performance.

Collection Tools. The Federal Government has a variety of collection tools that are not available to the private sector. These tools include the IRS Tax Offset, Federal Salary Offset, and the ability to withhold future benefit payments (grants) and credit. Tax Refund Offset and wage garnishment are extremely important to collections in the Federal student loan programs. A 1987 Chemical Bank analysis of the marketability of student loans held by the Department of Education concluded that the portfolio of loans was more valuable to the Federal Government than to the private sector because of the collection tools that are only available to the Government, and because the private market would require a deep discount due to the credit risk of these loans. For defaulted student loans made under the health education assistance loan program, the Federal Government can withhold Medicare payments until a doctor's (borrower's) loan is in good standing.

For international loan programs where loans or guarantees are made to another sovereign government, the Government has a number of tools not available to the private sector. These tools include international treaties and agreements that the U.S. has signed with other nations and the ability of the U.S. to block credits from international financial institutions to debtor nations that have not honored their debt obligations to the U.S. For example the Brooke Amendment and Section 620(q) of the Foreign Assistance Act make countries ineligible for certain types of foreign assistance unless they make required payments on their related debts to the U.S.

Policy Goals of Domestic Programs. The Federal Government often uses loans as tools to implement domestic policy objectives. In these cases, the political goals of the program override the importance of individual loan performance. Because of these policy goals, Federal credit agencies often originate and service loans differently than a private financial institution. Credit review takes secondary importance to policy considerations, such as guaranteeing that credit is available for all farmers or all students.

Likewise, servicing actions in these programs and decisions on restructuring loans may be aimed at providing additional assistance to the borrower rather than at collecting funds promptly. For example, many farm loan contracts contain significant borrower rights that make servicing labor-intensive. These procedures to protect the borrower would cause private sector purchasers to discount the value of these loan assets heavily. It would be difficult for the Government to continue to achieve its public policy objectives unless its generous collection and forbearance tools were continued by the private sector. However, if the private sector continued these servicing and liquidation policies, it would be difficult to realize the productivity gains necessary for a private investor to purchase the loan assets at or above the Government's expected value.

Subsidies are not necessarily limited to beneficial loan terms and collection procedures. The Government may support the borrower by providing extensive training, counseling, and technical support. For example, SBA's Microlending Program avoids substantial defaults by providing the micro-loan borrowers with the knowledge and skills they need to successfully repay their loans. If these loans were sold, it is not clear how the borrower-Government-investor relationship would continue.

Foreign Policy Goals and Considerations. Foreign policy goals and considerations affect the provision and administration of Federal credit in that they often offer terms and conditions that are more generous than the private sector.

In some cases, foreign policy goals could also inhibit purchases by the private sector. For example, many loans are made to developing countries that are perceived too risky for the extension of private credit. This perception of risk is one of the justifications for the development of some of the Government's international credit programs. In other cases, the private sector might avoid credits that otherwise would be attractive because of foreign policy sensitivities. For example, the Department of Defense's new commercially-oriented military export credit program was created by Congress partly because the private sector has been reluctant to provide credit for military export purchases.

The majority of outstanding international direct loans and loan guarantees are sovereign; that is, they are direct loans or loan guarantees that are to, or guaranteed by, another sovereign government. It is unlikely that a credit to a sovereign government would have a greater value to the private sector than to the U.S. Government. Private sector creditors remember the international debt crisis of the 1980s, where a number of U.S. financial institutions lost large amounts of funds that they had extended through loans to sovereign governments in developing countries. As a result, private creditors have since often shied away from providing sovereign credit in most developing countries. In addition, many of the sovereign direct loans that are outstanding to the U.S. Government have been rescheduled in the Paris Club, an informal group of creditor nations which agrees to extend the maturity of loans that a debtor nation could not otherwise pay on schedule. While Paris Club reschedulings are done in order to increase the eventual probability of repayment, because previously rescheduled loans are eligible for further rescheduling, the private sector often views these loans as "subordinate" to those that have not been rescheduled.

Length of Loan Term. Some Federal programs have loan terms of 40–50 years. In these cases, the private market would view the extended term as increasing the uncertainty of repayment, as well as exposing them to additional interest rate risk. These factors would cause the purchase price to be discounted heavily.

Lack of Private Interest. Several factors may lead to the lack of interest in Federal loan assets. These include: insufficient documentation; lack of collateral pledged for the loan; inadequate information regarding historical loan performance; and the lack of uniform loan characteristics. In many programs, including rural development and farm loans, portions of existing loan origination and servicing are not automated; and, therefore, the pre-sale due diligence costs would be high. This lack of loan information and documentation would also inhibit a rating agency from arriving at an accurate rating for a pool of loans.

Legal Restrictions or Other Complications. Many international loans and guarantees have legal or contractual restrictions that would make it difficult or impossible to sell them to the private sector. For international loan guarantees to private borrowers, for example, the Government pledges its "full faith and credit" in the contract with the borrower and/or the lender. In these cases, the agency involved would first have to "buy out" the holder of the U.S. Government guarantee, by making a payment in lieu of responsibility for future claims, in order to relieve the Government of the responsibility of the original guarantee. This would be the case for the guarantee programs of OPIC, where all loans are made to the private sector, as well as with the non-sovereign portions of guarantees issued by Eximbank and AID.

Programs Currently Selling Loan Assets

Two programs currently sell loan assets, the Federal Housing Administration and the Veterans Administration. As with the other programs, these programs will be evaluated using the criteria above as part of the ongoing analysis of loan sales.

Federal Housing Administration. FHA has been insuring mortgages since 1934. Historically, the program default stream has been relatively predictable. However, during the 1980s weak real estate markets prompted an unexpected surge of defaults in both the single family and multifamily portfolios. By 1994, when the wave of defaults subsided, FHA owned nearly 2,400 defaulted mortgages, with unpaid principal balances of more than $7 billion, and 90,000 single family mortgages with unpaid principal balances of almost $4 billion. This volume was so large that it was compromising FHA's capacity to perform its other functions (including oversight and management of the of the insured mortgages in force), thereby making FHA more vulnerable to future losses.

In response to this large administrative burden, Congress and the Administration approved a program to sell these HUD-held mortgages in a series of competitive auctions and negotiated sales with state and local housing finance agencies. These sales have been highly successful, helping HUD reduce its inventory of mortgages, while capitalizing on the private sector's knowledge and ability to manage defaulted loans. In an improvement on earlier loan asset sales, the return to the Government was increased through use of competitive bidding and computer technology which evaluates and optimizes competing bids.

Department of Veterans Affairs. The DVA "vendee" loan program provides direct loans to veteran or non-veteran purchasers of DVA-owned real property to facilitate property sales. Nearly all of these direct loans are pooled and sold to the public with a Government guarantee (recourse). In 1995 total proceeds from DVA loan asset sales were $1,333 million.

Programs which Merit Further Analysis of Loan Asset Sale Potential

Small Business Administration. As a result of significant portfolio growth since 1990, with no change in expected default rates, the SBA can expect an increase in the number of defaulted loan guarantees which will result in loan receivables. Further analysis is needed to determine whether loan asset sales might be an effective tool for alleviating the expected pressure on SBA's servicing and liquidation offices, and for increasing recoveries. It is not clear how the private sector would value these small business loans in comparison to the Government's expected value. Unlike housing loans, which have uniform terms and collateral, SBA guaranteed loans have a wide range of purposes and varying collateral requirements.

SBA disaster loans should also be more closely reviewed to determine whether the sale of these loans assets could result in a net gain to the Government. Since these are fixed-rate subsidized loans, the value of these loans assets will be sensitive to the prevailing interest rates.

Eximbank. Project finance and short-term insurance and working capital guarantee claims are areas which merit further review. The *project finance program* offers financing for the U.S. export component of major overseas projects. While the typical pre-completion political risk guarantee is not likely to be attractive to the private sector, the subsequent loan or guarantee might be, particularly since the riskiest part of the project, the construction phase, will have been completed. The resulting savings in administrative expenses could be considerable, since project finance tends to be a labor intensive activity. However, these decisions would have to be made on a case-by-case basis, since each project has a different structure and therefore a different risk determination.

Eximbank extends between $4 and $5 billion each year in *short-term trade finance insurance*, and in *working capital guarantees* for small business exporters. Eximbank attempts to limit its extension of insurance and guarantees to cases where the private sector will not provide coverage. However, once claims are paid, the recovery of these claims is a task where Eximbank, as a Government agency, may not have significant advantages over the private sector. In addition, claims recovery can be relatively labor intensive, and the sale of certain claims by Eximbank, even at a loss compared to the expected value to the Government, in certain cases might be outweighed by this gain in administrative savings.

Defaulted Guaranteed Loans and Non-Performing Loans. In addition to reviewing the SBA and Eximbank programs specified above and analyzing more closely the ongoing HUD and VA sales, the potential for selling defaulted guaranteed loans and non-performing loan assets across agencies will be examined more closely. These loans offer a special case where efficiency gains could be large. If credit programs have low recovery expectations on such loans, then the private sector may be willing to offer a price higher than the Government's expected value.

Programs where Loan Asset Sales Are Not Suitable

Departments of Agriculture and Interior. Many of these loan programs have significant borrower rights that would transfer with the loan upon sale and would cause the proceeds to be significantly discounted. They also often have loan terms of over 35 years. This increase in uncertainty would be reflected in the sale price of the loans. Finally, since most of the existing servicing is not automated, due diligence costs would be high.

Departments of Education and Health and Human Services (HHS). The Department of Education sold most of its low-interest college housing and higher education facilities loans at a discount in the late 1980s. A small number of the facilities and housing loans it still holds are in default, and many of these schools have negotiated payment arrangements with the Department or are in formal foreclosure proceedings, which would preclude sale of their loans. Those housing and facilities loans that are in good standing have extended maturities and low expected default rates, which makes it unlikely that the private sector would be willing to offer a price higher than the Government's expected value. Direct student loans and defaulted guaranteed loans at Education and HHS are uncollateralized loans, which the market would discount highly because of the uncertainty of collection. The Departments also make considerable use of Federal Government collection tools which are not available to the private sector. For example, HHS' health evaluation assistance loan program can bar defaulters from participating in the Medicare program.

Department of Veterans Affairs. To collect on defaults in the DVA housing loan programs, some loans are paid through allotment of DVA benefit checks, which may not be paid to private loan holders. In addition, DVA offers beneficial financing not available in the private sector to help it dispose of Federal property, and DVA has invested in loss mitigation staff dedicated to pursuing loan reinstatements and alternatives to foreclosure.

Department of Defense. Most outstanding Foreign Military Financing loans are to countries with which official U.S. diplomatic relations are particularly important and sensitive. This argues against selling these loans, particularly in cases such as Israel, where military sales are an important component of the relationship. In addition, because of the sensitive military nature of FMF loans, the private sector is likely to be much less willing to acquire such loans.

USDA Foreign Agricultural Service. The primary aim of the Public Law 480 program is to provide humanitarian food assistance through low-interest, long-term (30+ year) loans. Borrowers typically have low credit ratings. Given the high default risk, lack of collateral, and deep interest subsidies, it is unlikely that private investors would be interested in purchasing P.L. 480 loan assets.

U.S. Agency for International Development (USAID). USAID's Economic Assistance Loans (EAL) and Housing Guarantees (HG) are unlikely to be of greater value to the private sector. EALs are: (1) sovereign and primarily in very low-income developing countries; (2) highly concessional; and (3) long term (30–40 year maturities). Because the private sector does not have the leverage of the Brooke Amendment sanctions, diplomatic pressure, or significant foreign aid funds, nor the ability to use its experience in operating in developed financial markets in most EAL countries, it is unlikely to have efficency gains in collecting on these loans. HG guarantees are primarily sovereign loans and are similar to EALs, except that they have market interest rates. Therefore, for the reasons discussed above, they are unlikely to be attractive to the private sector.

Overseas Private Investment Corporation (OPIC). Partly through its agreements with the governments of the countries in which it does business, OPIC has historically had low credit losses. In addition, each guarantee contract carries the full faith and credit of the U.S. Government. Given the relatively low expected cost to the Government of these guarantees, and the relatively high price that the beneficiaries are likely to ask in order to give up the security of the guarantee, it is unlikely that such buy outs could be undertaken at a savings to the Government. Because the full faith and credit contractual issue discussed above does not apply to direct loans, it might be more feasible to sell outstanding loans to the private sector. However, direct loans tend to be smaller, more risky transactions, and therefore are not likely to be attractive to the private sector.

Eximbank. The majority of Eximbank's outstanding portfolio (about 75 percent) consists of sovereign credits, which are very unlikely to be attractive to the private sector because of memories in the private sector of the international debt crisis and the possibility of rescheduling of sovereign credits. Similarly, while Eximbank's "traditional" non-sovereign credits are not subject to Paris Club rescheduling, they are still concentrated in riskier developing countries, and are therefore subject to the same perception of risk in the private sector.

Next Steps

In the coming months, OMB will work with credit agencies and Treasury to form a task force to evaluate loan portfolio management. The goal of the task force will be to review options for improving the quality and efficiency of current practices. Options will include: achieving efficency gains through upgrading financial systems; increasing the staff of servicing and liquidation offices; contracting to the private sector; requiring guaranteed lenders to work out the loans they originate; and loan asset sales. In considering opportunities for loan asset sales, the task force will refine the framework outlined in this chapter. Similar to the credit performance measures framework discussed in Chapter 8, this framework will be used to develop decision criteria which can be applied to all loan portfolios in order to identify programs that show portential for loan asset sales.

FEDERAL DRUG CONTROL FUNDING

22. FEDERAL DRUG CONTROL FUNDING

Table 22–1. FEDERAL DRUG CONTROL FUNDING

(Budget authority, in millions of dollars)

	1995 actual	1996 estimate [1]	1997 proposed	Change 1996–1997	
				Dollars	Percent
Agriculture:					
Agriculture Research Service	6	4	5	1	25%
U.S. Forest Service	9	9	9	....	....
Women, Infants, Children (WIC)	14	15	15	....	....
Total, Agriculture	29	28	29	1	4%
Corporation for National and Community Service	26	33	38	5	15%
Crime Prevention Council	*	1	2	1	100%
Defense	840	814	814	....	....
Education	584	618	659	41	7%
Health and Human Services:					
Administration for Children and Families	91	45	83	38	84%
Substance Abuse and Mental Health Services Administration [2]	1,372	1,097	1,285	188	17%
National Institutes of Health	437	459	466	7	2%
Centers for Disease Control	45	44	61	17	39%
Food and Drug Administration	7	7	7	....	....
Health Care Financing Administration	252	290	320	30	10%
Indian Health Service	43	43	43	....	....
Health Resources and Services Administration	36	41	43	2	5%
Total, Health and Human Services	2,283	2,026	2,308	282	14%
Housing and Urban Development	301	290	290	....	....
Interior:					
Bureau of Indian Affairs	20	21	21	....	....
Bureau of Land Management	5	5	5	....	....
Fish and Wildlife Service	1	1	1	....	....
National Park Service	9	9	9	....	....
Office of Insular Affairs	1	*	*	....	....
Total, Interior	36	36	36	....	....
Judiciary	471	507	577	70	14%
Justice:					
Assets Forfeiture Fund	507	444	433	–11	–2%
U.S. Attorneys	213	237	256	19	8%
Bureau of Prisons	1,703	1,820	2,037	217	12%
Community Oriented Policing Services (COPS)	429	595	652	57	10%
Criminal Division	21	22	24	2	9%
Drug Enforcement Administration	792	853	1,009	156	18%
Federal Bureau of Investigation	607	624	732	108	17%
Federal Prisoner Detention	199	243	292	49	20%
Immigration and Naturalization Service	177	246	307	61	25%
Interagency Crime and Drug Enforcement	375	360	372	12	3%
INTERPOL	2	2	2	....	....
U.S. Marshals Service	281	323	347	24	7%
Office of Justice Programs	488	668	678	10	1%
Tax Division	1	*	*	....	....
Total, Justice	5,795	6,437	7,141	704	11%
Labor	60	61	61	....	....
Office of National Drug Control Policy:					
Salaries and Expenses, Operations	10	11	17	6	55%
Counterdrug Technology Assessment Center	8	16	18	2	13%
High Intensity Drug Trafficking Areas	107	103	103	....	....
Special Forfeiture Fund	21	....	....	....	....
Total, Office of National Drug Control Policy	146	130	138	8	6%

Table 22–1. FEDERAL DRUG CONTROL FUNDING—Continued

(Budget authority, in millions of dollars)

	1995 actual	1996 estimate [1]	1997 proposed	Change 1996–1997	
				Dollars	Percent
Social Security Administration	149	196	203	7	4%
Small Business Administration	*	*	*	....	....
State:					
Foreign Military Financing	13	....	....	....	....
Emergencies in the Diplomatic & Consular Service	*	*	1	1	....
International Narcotics Control Program	105	135	193	58	43%
Total, State	118	135	194	59	44%
Economic Support Fund [3]	20	....	....	....	....
Transportation:					
U.S. Coast Guard	301	330	346	16	5%
Federal Aviation Administration	18	20	22	2	10%
National Highway Traffic Safety Administration	30	30	29	–1	–3%
Total, Transportation	349	380	397	17	4%
Treasury:					
Bureau of Alcohol, Tobacco and Firearms	154	172	176	4	2%
U.S. Customs Service	544	551	588	37	7%
Federal Law Enforcement Training Center	17	20	22	2	10%
Financial Crimes Enforcement Network	12	12	12	....	....
Internal Revenue Service	74	67	68	1	1%
U.S. Secret Service	71	68	73	5	7%
Treasury Forfeiture Fund	196	184	173	–11	–6%
Total, Treasury	1,068	1,074	1,112	38	4%
U.S. Information Agency	10	9	9	....	....
Veterans Affairs	966	1,009	1,056	47	5%
Total, Drug Control Programs	**13,251**	**13,784**	**15,064**	**1,280**	**9%**

* Less than $500 thousand

[1] Includes Administration's proposed adjustments to 1996 continuing resolution levels.

[2] Figures represent estimates based on historical funding patterns. The Performance Partnership eliminates many set-asides, increasing State flexibility to target funds to their substance abuse priorities. Therefore, actual funds for illicit drug treatment and prevention cannot be estimated with precision.

[3] Funding reported under the Department of State after 1995.

IDENTIFICATION OF UNNECESSARY OR WASTEFUL REPORTS

23. IDENTIFICATION OF UNNECESSARY OR WASTEFUL REPORTS

Continuing the progress made in the Congressional Reports Elimination Acts of 1980, 1982, and 1986, Section 3003(b) of the Federal Reports Elimination and Sunset Act of 1995 requires the President to include in this Budget a list of unnecessary or wasteful reports. Table 23–1 presents a list of over 400 such reports, grouped by department or agency, and includes a citation to the statute mandating each report, a recommendation whether the report should be eliminated or modified, and a brief explaination of the basis for this determination. The list is based on information solicited from the agencies that must prepare these reports.

By adopting the actions recommended in this list, Congress will not only improve the efficiency of agency operations by eliminating and modifying unnecessary, obsolete, and duplicative reports, but will also streamline the information that flows from these agencies to Congress. This initiative carries forward the President's commitment to streamline government and reduce unnecessary and burdensome paperwork. Accordingly, Federal agencies will continue to work with Congress to identify additional reports for elimination or modification.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET

Report	Agency	Authority	Recommendation	Comments
Compliance With the Requirements of Internal Accounting and Administrative Control Systems.	All agencies	P.L. 97–255, Federal Managers' Financial Integrity Act.	Modify by including information on management controls in Accountability Report.	Under the CFO Council's report streamlining initiative, agencies will integrate Integrity Act information with other performance-related reporting into a broader Accountability Report, to be issued annually by the agency head. To allow agencies time to transition to this consolidated reporting, which includes audits of financial statements, elimination of the separate FMFIA report should not be mandated prior to 1999.
Civil Monetary Penalties Assessed and Collected.	All agencies	P.L. 101–41, Federal Civil Penalties Inflation Adjustment Act of 1990.	Eliminate for agencies with receivables under $50 million.	Asking agencies with receivables under $50 million to report data on CMPs is unnecessary because the size of receivables is insignificant and does not require central tracking.
Report on Section 22 of the Agricultural Adjustment Act.	United States Department of Agriculture (USDA).	P.L. 101–624, Sec. 1554(a) (104 Stat. 3697).	Eliminate	Section 22 of the 1938 Act provided authority to restrict imports of agricultural products in times of surplus. This authority was subsumed by the General Agreements on Tariffs and Trade Agreement. Restrictions on import due to unfair trading practices would come out of the Department of Commerce Sec. 301 analyses.
Findings and Data Regarding Decision Not to Increase Price Support for Domestically Grown Sugarcane and Sugar Beets.	USDA	7 U.S.C. 1446(j)(4)(B)	Eliminate	Analyses of the effects of sugar programs' price support levels, including the effects on the economy as a whole, the environment, and sugar producers, are regularly produced by USDA's Economic Research Service.
Agricultural Research, Extension, and Teaching Activities.	USDA	7 U.S.C 3125, Sec. 1410 of the National Agricultural, Research, Extension, and Teaching Policy Act of 1977 (as amended).	Eliminate or Modify	The Department has forwarded legislation to the Congress and the Senate has passed a bill which replaces the Joint Council on Food and Agricultural Sciences with another Advisory Committee with broader representation. Therefore, this report should be eliminated.
Agricultural Research at Land-Grant Colleges.	USDA	7 U.S.C 3222(g)(4), Sec. 1445 of the National Agricultural, Research, Extension, and Teaching Policy Act of 1977 (as amended).	Eliminate	This report is duplicative and unnecessary. This information is currently made available to the Appropriations Committee as part of another document.
National Genetics Resources Program; Priorities of the Program.	USDA	7 U.S.C. 5842(e), Sec. 1633(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (as amended).	Eliminate	This report is duplicative and unnecessary. Information requested for this report is currently collected and reported in internal management systems and forwarded to the Congress as a part of our annual budget submission.
Amounts Obligated and Expended for the Pocurement of Advisory and Assistance Services.	USDA	P.L. 101–161, Sec. 641(a)(1), 7 U.S.C. 2207a.	Eliminate	This provision requires an annual report to Congress concerning amounts obligated and expended by the Department for the procurement of advisory and assistance services. This report must include a list of all contracts awarded for advisory and assistance services during the fiscal year, and a justification for the award of each contract including the reason the work cannot be performed by civil servants. This report should be eliminated because it duplicates information available elsewhere.
Reports to Congress on Obligation and Expenditure.	USDA	7 U.S.C. 2207a	Eliminate	This report duplicates data available elsewhere and appears to have generated no inquires from the Congress in recent years.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Effects of Foreign Ownership of Agricultural Land.	USDA	7 U.S.C. 3504	Eliminate	This provision requires all foreign persons acquiring or disposing of agricultural land to report such holdings with the Secretary of Agriculture. Such data collection and analysis is costly. Between 1981 and 1994, foreign ownership of U.S. Agricultural land has remained stable and low, varying slightly around one percent of total privately owned agricultural land in the U.S. Further, U.S. corporations with foreign interests account for 53 percent of the total land held by foreigners, as defined by law
Effectiveness of the Farmer-to-Consumer Direct Marketing Act of 1976.	USDA	7 U.S.C. 3005	Eliminate	Assessment of the effectiveness of the farmer-to-consumer marketing required a sample survey of farmers and farmer markets. The last report was issued in 1982 (Farmer-to-Consumer Direct Marketing in Selected States, 1979–80 ERS-USDA, February 1982). Subsequent reports have not been prepared because funds were not provided for the required survey.
Determination That There Has Been an Unwarranted Sugar Price Increase Due to the International Sugar Agreement of 1977; or Failure of the International Sugar Council to take Corrective Action.	USDA	7 U.S.C. 3606	Eliminate	This report is no longer necessary. The International Sugar Agreement of 1977 expired years ago. The existing agreement has no economic or price provisions and therefore cannot affect the world price-from which the U.S. is protected via its tariff-rate quota. Furthermore the U.S. withdrew from the International Sugar Organization in the early 1990's.
Quota Allocations to Countries Importing Sugar.	USDA	P.L. 101–624, Sec. 903 (104 Stat. 3488).	Eliminate	Quota allocations to countries importing sugar. This report has never been done because it was deemed a low priority under the Dole Amendment to the 1990 FACT Act.
Secretary of Agriculture and Administrator of AID: Progress in Implementation of Recommendations of the Agricultural Aid and Trade Missions.	USDA	7 U.S.C. 1736bb-4	Eliminate	This report is no longer necessary. Funding began and ended in the late 1980's; the program no longer exists.
Status and Progress of Agreement With Developing Countries to Furnish Commodities in Order to Promote Economic Freedom, Food Production for Domestic Consumption, and Creation of Efficient Domestic Markets.	USDA	7 U.S.C. 1736o(j)	Eliminate	This authority was eliminated by the FACT Act of 1990 and combined into 7 U.S.C. 1736a.
Revised Regulations Governing Operations Under Title I and III of the Agricultural Trade Development and Assistance Act of 1954.	USDA	7 U.S.C. 1736(b)(a), 1736b(d)(1).	Eliminate	This requirement duplicates information contained in the Annual Report prepared on P.L. 480 as required by 7 U.S.C. 1736(a). We also recommend elimination of 7 U.S.C. 1736b(d)(1) which requests a report on regulations every two years.
Effect of the Elimination of the Purchase Requirement for Food Stamps.	USDA	7 U.S.C. 2017	Eliminate	This report is unnecessary. When the Food Stamp Act was revised in 1977 to eliminate the purchase requirement, the effects of that action were assessed and reported. This was a one time action that requires no further analysis.
Progress of Pilot Programs to Test Measurement of the Nutritional Status of Low-Income People.	USDA	7 U.S.C. 2026(c)	Eliminate	This requirement is superceded by the requirements of the National Nutrition Monitoring and Related Research Act of 1990, which calls for the continuous monitoring of the nutritional status of the population. The CSFII, which has been in operation since 1984, meets this requirement.
Estimate of Second Preceding Month's Expenditures Under the Food Stamp Program.	USDA	7 U.S.C. 2027(a)(1)	Eliminate	This report imposes an unnecessary and redundant paperwork burden. The information it provides on monthly food stamp benefit and administrative costs is preliminary and is a less accurate representation of actual program costs than are data readily reported and available elsewhere. Agency may consider reinstituting the report whenever they estimate spending will exceed the base appropriation.
Biennially Report to Congress of the National Advisory Council on Maternal, Infant, and Fetal Nutrition.	USDA	42 U.S.C. 1786(k)(4)	Eliminate	This report is no longer necessary. The public is afforded other opportunities to provide input on WIC.
Report on Decision Not to Raise Support Level for Sugar.	USDA	Section 206(d) of the Agricultural Act of 1949 (as amended).	Eliminate	This report to Congress is required when the Secretary chooses not to exercise discretion under provisions of Sec. 206(d) of the 1949 Act to raise sugar loan rates. The report is considered unnecessary since regulatory analysis provides an appropriate vehicle for evaluation and documentation of justification for price support levels.
Notification to Congress of Estimated Dairy Purchases.	USDA	Section 204 of the Agricultural Act of 1949 (as amended).	Eliminate	This bi-annual report required on dairy purchases replicates information available in budget documents submitted to Congress.
Report to Congress on Stocks-to-Use Adjustments to Set Wheat and Feed Grain Loan Rates.	USDA	Sections 107B(2)(3) and 105B(2)(3) of the Agricultural Act of 1949.	Eliminate	Report to Congress required when loan rates are reduced under provisions of Secs. 105 and 107 of the 1949 Act. Loan rates reduced from basic rates to reduce market interference and limit potential budget exposure. The report is considered unnecessary since regulatory analysis provides appropriate vehicle for evaluation and documentation of justification for price support levels.
Activities, Membership, and Expenses of Each Advisory Committee.	USDA	7 U.S.C. 2284	Eliminate	The preparation of this report is time consuming and may not be of particular interest to Congress. If the requirement for an annual report is deleted, the information contained in the report would still be available upon request. All agencies with advisory committees would continue to collect the information for use within the Department.
Secondary Market Operations	USDA	P.L. 100–233, Sec. 711(a).	Eliminate	Section 711(a) of P.L.100–233 requires the Secretary to report to Congress annually on operations to establish a secondary market for loans guaranteed by the former Farmers Home Administration. While such loans may be sold in secondary markets, the Department is not currently involved in the establishment of any such markets. Further, recent legislation expanding the authorities of the Farm Credit System's Federal Agricultural Mortgage Corporation (Farmer Mac) makes it highly unlikely that the Department will become involved in this area in the future.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Report on Housing Preservation Grant Program.	USDA	42 U.S.C. 1490m(j)	Eliminate	The Rural Housing Services manages many housing programs, without having annual reports to Congress. It is not meaningful to report on just this one program. A broader based report would be more useful.
Long-Range Plan for Public Broadcasting Facilities.	Department of Commerce (DOC).	47 U.S.C. 394b	Eliminate	This plan has not been submitted since 1982. The first plan, although useful, did not create a demand for annual updates.
Transfer of Funds for Reimbursements from Minority Business to Working Capital Fund.	DOC	P.L. 99–180, Title I (99 Stat. 1138).	Eliminate	This material is transmitted to Congress in other DOC reports.
Baseline Description of a Designated Defense Enterprise Program to be Considered for Milestone Authorization.	Department of Defense (DOD).	10 U.S.C. 2437(b)(1)	Eliminate	Current acquisition reform activities include and subsume intent of this legislation—all defense enterprise programs should be canceled as they have not been effective management tools for DOD.
Notification of Receipt of a Defense Enterprise Program Deviation Report on a Program for Which Funds Have Been Authorized.	DOD	10 U.S.C. 2437(d)(1)(A).	Eliminate	Current acquisition reform activities include and subsume intent of this legislation—all defense enterprise programs should be canceled as they have not been effective management tools for DOD.
Waiver Notice on Restriction on Fuel Sources for New Heating Systems.	DOD	10 U.S.C. 2690(b)	Modify by deleting requirement but retaining language on the use of least life-cycle-cost fuel.	Since conversions from coal will be done only if they meet the least life-cycle-cost criterion, no congressional notification should be required.
Defense Contractors and Consultants Who During Past Three Years Held Positions at GS-13 and Above Within DOD.	DOD	10 U.S.C. 2397(e)	Eliminate	Law enacted in 1969—other laws now address identical concerns by imposing ''strict revolving door'' restrictions on the entire executive branch. Tkhis report has lost all value.
Program to Provide Military Relocation Assistance to Service Members and Their Families.	DOD	P.L. 101–189, Sec. 661(f).	Eliminate	DOD has met all legal requirements for relocation assistance. Specific information regarding relocation can be made available as needed by Congress or other outside sources. Elimination of this report will mean more efficient use of resources and personnel.
Proposed Military Contingency Construction Projects.	DOD	10 U.S.C. 2804(b)	Eliminate	Redundant upon 10 U.S.C. 2810(b)(1).
Condition and Operation of Working Capital Funds.	DOD	10 U.S.C. 2208(l)	Eliminate	This report no longer exists within DOD.
Limitations on the Performance of Depot-Level Maintenance of Material.	DOD	P.L. 102–484, Sec. 352(c)(2).	Eliminate	There is no internal Army requirement for this data, nor does the information assist the Army in its budget process.
Inability to Reach Agreement with HUD Secretary on Availability of Suitable Private Housing for Military Housing.	DOD	10 U.S.C. 2823(b)	Eliminate	This report is unnecessary—it can be replaced with internal reports, if needed, by DOD.
Improved National Defense Control of Technology Diversions Overseas.	DOD	P.L. 102–484, Sec. 838(a).	Eliminate	There are no existing databases to identify which contractors are foreign-controlled—this requirement places additional burdens on contractors and DOD.
Use of Pell Grants by Prisoners	Department of Education.	Section 1411 of the Higher Education Amendments of 1992.	Eliminate	Since prisoners are no longer eligible to receive Pell grants, this reporting requirement is unnecessary.
Nuclear Test Ban Readiness Report	Department of Energy (DOE).	P.L. 100–456, Sec. 1436(e), 42 U.S.C. 2121 note, National Defense Authorization Act for 1989.	Eliminate	Redundant with information contained in the Nuclear Weapons Surety Report and the Stockpile Stewardship Report.
Summary of Underground Test Results.	DOE	P.L. 83–703, Sec. 251 (as amended), Atomic Energy Act of 1954.	Eliminate	This reporting requirement is obsolete. No nuclear tests are being conducted by the U.S. and none are planned. Furthermore, if any such activities were planned or conducted, this information will be reported pursuant to Sec. 507 of P.L. 102–577 (Hatfield Amendment).
Resumption of Plutonium Operations at Rocky Flats.	DOE	P.L. 102–190, Sec. 3133(b), National Defense Authorization Act of 1992–93.	Eliminate	This report is required to be submitted by the Defense Science Board, as established by the Act. Once it is prepared, DOE and DOD are to submit their comments on the Board's report to Congress. Since Rocky Flats operations have been shutdown, the need for this requirement is obviated.
Quarterly Report on Each Major National Security Program.	DOE	P.L. 101–189, Sec. 3143, 42 U.S.C. 7271c, National Defense Authorization Act of 1990–91.	Eliminate or Modify	As part of the President's annual budget submission, each program office prepares, where appropriate, ''Construction Project Data Sheets,'' for each of their own programs/projects. These sheets provide the same data as this quarterly report. Moreover, there have not been any ''major national security programs,'' as defined in this requirement in over three years. Thus, no reports have been submitted during that period. It is recommended that if the requirement is not eliminated in total, it then be modified into an annual reporting requirement, which would then be met by the annual submission of the construction projects data sheets in the annual budget submission.
Evaluation of Development Potential	DOE	The Act of September 30, 1995, P.L. 74–409, as amended by the Energy Policy Act of 1992, P.L. 102–486, Sec. 2409.	Eliminate (one-time report).	In 1977, DOE evaluated tidal currents as a potential source of energy. DOE determined that tidal power had very limited applications in the U.S. Only two prospects were identified: Cook Inlet, AS and Passamaquoddy Bay, ME. Consequently, funding a demonstration project would not result in a meaningful energy supply option.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Electric Utility Participation Study	DOE	P.L. 102–486, Sec. 825, 42 U.S.C. 13295, Energy Policy Act of 1992.	Eliminate (one-time report).	The Act requires the Department to undertake a study to determine the means by which electric utilities may invest in, own, sell, lease, service, or recharge batteries used to power electric vehicles. The electric utility companies have been working cooperatively with the automobile manufacturers, component industry, and standards setting organizations for several years to determine the infrastructure requirements necessary for recharging and servicing electric vehicle batteries. This work has been conducted through the Infrastructure Working Council sponsored by the Electric Power Research Institute. Independent studies by utility companies have also examined the means for owning, selling, or leasing electric vehicle batteries. A separate study conducted by the Federal Government would not add meaningful information to the body of knowledge that already exists.
Annual Report to the President and Congress on Steel and Aluminum Research and Development Activities.	DOE	Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988, P.L. 100–660, Sec. 8, as amended by the Energy Policy Act of 1992, P.L. 102–486, 2106(a)(2).	Eliminate or modify	The Office of Industrial Technologies (OIT) has worked with the various industries within its purview to develop ''industry visions.'' These ''visions'' will serve as technology road maps for technologies to follow. The Aluminum and Steel ''vision'' of the future will act to coordinate the funding for research and development with these industries.
				If a report to Congress is desired, the Department recommends one that highlights the ''visions'' of all seven of the industries within OIT's purview. Additionally, informal status briefings to congressional staff might provide a better, and more current, source of information for this issue than regular reporting by written annual updates.
Comprehensive Five-Year Program Plan for Electric Motor Vehicles and Annual Updates.	DOE	P.L. 102–486, Sec. 2025, 42 U.S.C. 13435, Energy Policy Act of 1992.	Modifyby making report biennial.	The Act requires the Secretary to prepare a comprehensive five-year program plan for carrying out the purposes of this section. This comprehensive plan must be updated annually for a period of not less than 10 years after the date of enactment of this Act. The first plan was prepared and submitted to the Congress in March 1994. Because programs do not change significantly on an annual basis, and because the cost of preparing and approving new plans for congressional submittal is extensive, annual updates are not justified. It is recommended that the comprehensive plan be updated for the Congress every two years as a cost-savings measure.
Report on Metal Casting Research and Development Activities (EE-797).	DOE	P.L. 101–425, Secs. 10 and 15 U.S.C. 5309, DOE Metal Casting Competitiveness Research Act of 1990.	Eliminate	The report should be eliminated because the metal casting ''industry vision'' report will act to coordinate the funding for the research and development for the industry, thus obviating the need for an annual report.
				(See justification for Annual Report to the President and Congress on Steel and Aluminum Research and Development Activities Report, above, for explanation of ''industry visions'' and the Energy Efficiency Program's proposed use of them to replace program status reports.)
Biennial Update to the National Advanced Materials Initiative Five-Year Program Plan.	DOE	P.L. 102–486, Sec. 2201(b), Energy Policy Act of 1992.	Eliminate	This program plan was prepared and submitted to Congress as required by EPACT but the program was never funded. With no funding, there are no Department-supported programs/projects, and, thus, no need to update the initial program plan.
Report on Vibration Reduction Technologies.	DOE	P.L. 102–486, Sec. 173(c), Energy Policy Act of 1992.	Eliminate	This report should be eliminated. Unless technologies associated with vibration reduction are identified by industry as a high priority in their ''industry visions'', these technologies do not match the mission of OIT.
Report on Process-Oriented Industrial Energy Efficiency and Industrial Insulation and Audit Guidelines.	DOE	P.L. 102–486, Secs. 132(d) and 133(c), 42 U.S.C. 6349(d) and 6350(a), Energy Policy Act of 1992.	Eliminate	The DOE decided to combine the two requirements cited from the Act, for like subjects, into a single requirement. The Office of Industrial Technology has worked with seven process-oriented industries to develop ''industry visions,'' which include identification of technology needs and barriers in individual technology roadmaps. OIT will develop implementation plans to identify opportunities to overcome these barriers. This report is redundant and should be eliminated.
Report to Congress on Evaluation of Opportunities for Energy Efficient Pollution Prevention.	DOE	P.L. 102–486, Sec. 2108(c), 42 U.S.C. 13457, Energy Policy Act of 1992.	Eliminate	This EPACT requirement would be better satisfied by one over-arching document regarding the seven industries on which the Office of Industrial Technology has focused. Such a report could include an analysis of energy use and waste production.
Petroleum Product Information	DOE	Energy Policy and Conservation Act, P.L. 94–163, Sec. 507, as amended by the Energy Emergency Preparedness Act of 1982.	Eliminate	While no specific report is required, this provision requires the Energy Information Administration to continue collecting the same petroleum product data that were collected in 1981. The provision was enacted in the aftermath of petroleum decontrol to assure that data would be available to monitor the energy situation. This requirement unduly restricts EIA in changing the data it collects to respond to changing market conditions.
Annual Report on the U.S. Continental Scientific Drilling Program.	DOE	P.L. 100–441, Sec. 4(b), 42 U.S.C. 31 note, Continental Scientific Drilling and Exploration Act of 1988.	Eliminate or Modify	The National Science Foundation (NSF) is taking the leadership role in internationalizing the U.S. Continental Scientific Drilling Program by converting it to an International Continental Drilling Program. Thus, NSF is assuming much more of a ''lead'' agency role, with the strong support of the DOE, the U.S. Geological Survey, and the Department of the Interior (DOI).
				The Department of Energy recommends, with the support of the NSF, that the reporting requirement for DOE and DOI be eliminated and that these agencies assist in the preparation and submission of a report through the Director of NSF. The Department further recommends that the reporting requirements be changed from ''annual'' to an intermittent report of ''significant accomplishments.''

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Triennial Report on Investigation of the Continued Production of the Naval Petroleum Reserves Beyond April 5, 1997.	DOE	10 U.S.C. 7422(c)(2)	Eliminate	Given that Congress has recently authorized the sale of the Naval Petroleum Reserves, this report is not necessary nor of significant interest to Congress.
Biennial Reports on Coal Research, Development, Demonstration, and Commercialization Projects.	DOE	P.L. 102–486, Sec. 1301(d), 42 U.S.C. 13331(d), Energy Policy Act of 1992.	Eliminate or Modify	The Department proposes to eliminate biennial reports on the status of actions identified under initial one-time reporting requirements of Sec. 1301. Development of these technologies is not fast paced. Significant reportable change is not likely to occur in two-year increments. In addition, the program has sustained a significant decrease in funding, and will likely receive less in the future. If Congress will not eliminate the current requirement, then the Department proposes another one-time report, to be submitted upon completion of the entire project.
Coke Oven Production Technology Study.	DOE	Clean Air Act, Sec. 112(n)(2)(c), as amended by the Clean Air Act Amendments of 1990, P.L. 101–549, Sec. 301, 42 U.S.C. 7412(w)(2)(c).	Modify	The Department proposes to modify the reporting requirements from an annual report to a one-time report. The statute called for the Department and the EPA to conduct a five-year study of coke oven production emission technologies. The cost-sharing program was authorized at $5 million per year for 1992–97. However, a total of only $3.5 million was appropriated, causing various delays in project initiation. Given these budget-driven project delays, a single report upon completion of the project would be a more efficient use of resources than maintaining the annual report requirement.
Regional Petroleum Reserve Annual Computation.	DOE	P.L. 94–163, Sec. 157(b), 42 U.S.C. 6237(b), Energy Policy and Conservation Act.	Eliminate	The Department is required to compute annually the volumes of the petroleum reserves maintained by the regions against unplanned interruptions. These data have not been routinely prepared; rather, the Strategic Petroleum Reserve Office has substituted the central reserve data, as permitted under the Act. A proposal to repeal Sec. 157 is currently under review by OMB.
Report on Proposed Distribution of Special Nuclear Materials.	DOE	P.L. 83–703, Sec. 54a, as amended, 42 U.S.C. 2074(a), Atomic Energy Act of 1954.	Eliminate	The requirements, as established by the statutory citations, are duplicative, and are currently being met by other means. Specifically, each requirement for a proposed distribution of special nuclear material is published in the Federal Register by the Department or approved for export by the Nuclear Regulatory Commission (which publishes a notice in the Federal Register). Once this information has been published, the Congress has 60 days to pass a concurrent resolution not favoring the action. Also, within 30 days, a joint committee of Congress is required to submit a report to the whole Congress on the DOE submission. Additionally, a computation of the quantities of such material is included in the Nonproliferation Chapter of the Secretary's Annual Report on the Department of Energy (P.L. 95-91, Sec. 657, 42 U.S.C. 7267).
Report to Congress on the Use of Energy Futures for Fuel Purchases.	DOE	P.L. 102–486, Sec. 3014(b), 42 U.S.C. 13562, Energy Policy Act of 1992.	Eliminate	The proposed activity lacks support from sponsors and appropriators and no plans are in effect to complete activity. The Department recommends eliminating the reporting requirement.
Biennial Report on Implementation of the Alaska SWAP Act.	DOE	P.L. 96–571, Sec. 6(a), 40 U.S.C. 795d, Alaska Federal Civilian Energy Efficiency SWAP Act of 1980.	Eliminate	The purpose of the Act was to take advantage of oil conservation opportunities by expanding the use of coal-fired plants and realizing economies of scale in several remote communities. These opportunities were not numerous and all have been taken advantage of for some time. No need exists for further reports.
Medicare Volume Performance Standards (MVPS) Quarterly Tracking Report.	Department of Health and Human Services (HHS)—Health Care Financing Administration (HCFA).	Section 1848(f)(3) of the Social Security Act.	Modify by downgrading to HCFA Direct Reply.	The MVPS Quarterly Tracking Report should be downgraded to the Administrator level or direct release from HCFA's Office of the Actuary. This is an important report but the current clearance process for a one page report is too long.
Alternative Methods for Payment (Wage Index).	HHS—HCFA	Section 1886 of the Social Security Act.	Eliminate	Section 8403(b) of P.L. 100–647 (Technical and Miscellaneous Revenue Act of 1988) and Sec. 4005(a)(1) of P.L. 100–203 (OBRA87) require the Secretary to report on alternative methods of reimbursement to hospitals located in areas affected by the adjustment of hospital wage indices. This report was to be included in the Single Standard Rate PPS Report. Most of the information was published in the Heath Care Financing Review, a quarterly publication of HCFA's Office of Research and Demonstrations.
Development of Prospective Payment System for Home Health Services—Interim Report and Systems Proposal—Final Report.	HHS—HCFA	P.L. 101–508, Sec. 4027(c)(2)(B) (OBRA90).	Modify by extending due date to 12/31/98.	The due date of the report is requested to be extended to December 31, 1998. The current legislative debate will define the parameters for the implementation date for home health prospective payments.
Task Force on Long-Term Health Care Policies.	HHS—HCFA	P.L. 99–272, Sec. 9601(f)(2) (COBRA 85).	Eliminate	Congress requested a report on recommendations to be made 18 months after the release of a report on the status of States' efforts at implementing the recommendations of the Task Force on Long-Term Health Care Policies. This report requirement should be eliminated because HCFA has presented its long-term health care legislative recommendations through several of the Administration's health care legislative proposals.
Single Standard Rate Prospective Payment System (PPS): Its Impact and Transition.	HHS—HCFA	P.L. 101–239, Sec. 6003(I) (OBRA89).	Eliminate	This report was required by Sec. 6003(I) of OBRA89. Under its provisions, HCFA was to design a legislative proposal to eliminate the system for determining separate average standardized amounts under the hospital inpatient prospective payment system (PPS). The report was due October 1, 1990, and was to include the legislative proposal and an accompanying analysis of its impact. The report was originally prepared in the spring and summer of 1990 and submitted to the Department for clearance in the fall of that year. Prior to final clearance, however, OBRA 90 (P.L. 101–508) was enacted. That law contained several provisions related to the issues addressed by the report, most notably providing that the separate rural standardized amount would be eliminated by 1995. HCFA revised the report to incorporate these changes.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
				Since then, the report has been recirculated and revised in response to comments several times. This report should now be eliminated. First, effective October 1, 1994, the phase-out of the separate rural standardized amount was completed. Therefore, much of the analysis and discussion in the report is moot. Second, other analysis contained in the report that may still be relevant is seriously outdated. The latest work was done in 1991 based on 1989 data. Much of HCFA's analysis was published in the Winter 1992 edition of the Health Care Financing Review and thus is already public information. Finally, the time and effort that would be needed to bring the report up-to-date would be extensive and better spent on more current hospital payment issues.
Feasibility of Including Time in the Definition of Visit Codes.	HHS—HCFA	P.L. 101–239, Sec. 6102(e)(4) (OBRA89).	Eliminate	The need for this study was eliminated by the physician fee schedule and the adoption of new visit codes which incorporate time in the visit code definition.
NAIC Model Transition Regulation State Actions in Adopting Standards.	HHS—HCFA	Medicare Catastrophic Coverage Act (MCCA).	Eliminate	The requirement is outdated and should be eliminated. This reporting requirement was added under MCCA to inform Congress about actions States had taken to adopt the NAIC Model Transition Regulation or the amended NAIC Model Regulation. The required reports have been submitted to Congress and the NAIC Model Regulation has been amended twice since this requirement was added.
Medigap Loss Ratios and Refund of Premiums.	HHS—HCFA	P.L. 101–508, Sec. 4355(a)(4) (OBRA90).	Modify by extending due date.	The loss ratio data requested for this report was not available from States by February 1, 1993. Therefore, an extension on this due date is requested.
Study on Staffing Requirements in Nursing Facilities.	HHS—HCFA	P.L. 101–508, Sec. 4801(b) (OBRA90).	Modify by extending due date to January 1, 1997.	The requirement is requested to be revised to delay the due date until the minimum data set information is developed in a computerized, retrievable format. A study on nurse staffing ratios requires data from a nationally representative sample that fully identifies the characteristics and care needs of various nursing home populations. This information, in a computerized and easily retrievable format, is currently unavailable. However, a partial listing does exist (a limited data base of four to six States) that will enable HCFA to gather the necessary information to conduct this study in 1996. Thus, the due date should be revised to January 1, 1997.
Model System for Payment for Outpatient Hospital Services Other than Ambulatory Surgery.	HHS—HCFA	P.L. 99–509, Sec. 9343(f) (OBRA86).	Eliminate	This report should be eliminated because it was superseded by the report entitled Hospital Outpatient Prospective Payment-Final Report, Sec. 4151(b)(2) of P.L. 101–508 (OBRA90). That report was transmitted to Congress on March 17, 1995.
Health Insurance, Information Counseling, and Assistance Grants.	HHS—HCFA	P.L. 101–508, Sec. 4360(f) (OBRA90).	Eliminate the 1991 Report.	Congress did not appropriate funds for activities in 1991; therefore, no report will be prepared. In addition, regardless of funding, there were no actions to report on for 1991. Funds were appropriated, and grants awarded, in 1992, and the report for 1992 was transmitted to Congress on February 8, 1996.
Adequacy of Medicare Part B Payment for Chemotherapy Provided in Physicians' Offices.	HHS—HCFA	P.L. 100–203, Sec. 4056(d) (OBRA87).	Eliminate	The provisions of this mandate have been addressed through the physicians fee schedule.
Activities of the National Vaccine Program.	HHS	42 U.S.C. 300aa-4	Eliminate	This report summarizes the activities of the National Vaccine Program. This program has been abolished within the Office of the Assistant Secretary for Health and the Secretary has designated the Centers for Disease Control and Prevention to serve as the lead agency for vaccine policy development and coordination.
Annual Report on the Administration of the Radiation Control for Health and Safety Act.	HHS—Food and Drug Administration (FDA).	42 U.S.C. 2631(a), Sec. 540 of the Food, Drug, and Cosmetic Act.	Eliminate	Section 540 of the Food, Drug, and Cosmetic Act requires the Secretary to submit to the President for transmittal to Congress an annual report on the administration of the Radiation Control for Health and Safety Act of 1968. The FDA administers this act. HHS recommends eliminating this requirement since all the information in the annual report is more readily available to Congress through Center for Devices and Radiological Health technical reports, the Radiological Health Bulletin, and other publicly available sources.
Tribal Organization Demonstration Program for Direct Billing of Medicare, Medicaid and Other Third Party Payors.	HHS—Indian Health Service (IHS).	P.L. 100–713, Sec. 402 (102 Stat. 4818).	Eliminate	The programs participating in this demonstration have elected to manage their health care programs through a self-governance compact. This has allowed them to directly bill Medicare, Medicaid, and other third party payors, separate from the demonstration program. Under self-governance, tribes are not required to provide IHS any information required by the report.
Impact of the Final Rule Relating to Eligibility for Health Care Services of the Indian Health Services.	HHS—IHS	P.L. 100–173, Sec. 719(d) (102 Stat. 4838).	Eliminate	Since 1988, a congressional moratorium on implementing the final rule has been in place. The moratorium continues to be upheld and is unlikely to be lifted in the near future.
Mental Health Status of Indians	HHS—IHS	P.L. 101–630, Sec. 503(b) (104 Stat. 4561).	Modify reporting schedule.	This report should be maintained but no longer as an annual report to Congress. As amended in P.L. 102–573, IHS is now required to include this report under Sec. 801 of the Indian Health Care Improvement Act. The current authority is Sec. 209(j) of P.L. 102–573.
Urban NIAA Transferred Programs	HHS—IHS	P.L. 102–573, Sec. 504 (106 Stat. 4570).	Modify reporting schedule.	All of the NIAA programs have not yet been transferred to IHS. This report is recommended to be maintained until all programs have been transferred. After the transfers are completed, the reporting requirement should be modified to once every five years.
Alcohol and Alcoholic Beverages—Prevention Activities in the Areas of Alcoholism and Drug Abuse.	HHS—Substance Abuse ad Mental Health Services Administration (SAMHSA).	42 U.S.C. 290aa(e)(2).	Eliminate	The legislative authority for this report was repealed in 1992.
Alcohol, Drug Abuse and Mental Health Administration—Description of the Prevention Research Activities Undertaken by the Administration and its Agencies, Including Expenditures.	HHS—SAMHSA	42 U.S.C. 290aa	Eliminate	This is the same report mentioned above. The legislative authority for this report was repealed in 1992.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Alcohol, Drug Abuse, and Mental Health Advisory Board—Activities During Prior Year Including Recommendations for Legislation and Administrative Action.	HHS—SAMHSA	P.L. 99–570, Sec. 4003 (100 Stat. 3207–109).	Eliminate	The legislative requirement for this Board was repealed in 1988.
Alcohol, Drug Abuse, and Mental Health Advisory Board—Activities of the Board.	HHS—SAMHSA	42 U.S.C. 290aa(c)(7)	Eliminate	The legislative requirement for this Board was repealed in 1988.
Report of the Task Force on Aging Research.	HHS—National Institutes of Health (NIH).	Title III of P.L. 101–557, 42 U.S.C. 242q-3.	Eliminate	The authorization of the appropriations for the Task Force on Aging Research expired at the end of 1993.
Report on Chronic Fatigue Syndrome Research.	HHS—NIH	P.L. 103–43, 42 U.S.C. 285f-1, Sec. 1903 of the NIH Revitalization Act of 1993.	Eliminate	This reporting requirement will be eliminated automatically once the last of three reports is submitted.
Arthritis and Musculoskeletal and Skin Diseases Advisory Board Annual Report.	HHS—NIH	42 U.S.C. 285d-7, Sec. 442(j) of the Public Health Services (PHS) Act.	Eliminate	The charter for the Board expired on September 30, 1994, and the Secretary has stated that HHS will not renew it.
Reports of the Arthritis and Musculoskeletal Diseases Interagency Coordinating Committee and the Skin Diseases Interagency Coordinating Committees.	HHS—NIH	42 U.S.C. 285d-4, Sec. 439(c) of the PHS Act.	Eliminate	The Executive Secretary of each Interagency Coordinating Committee records and disseminates minutes from all meetings to committee members; therefore, a record of all the committees' activities is already available.
Family Planning and Population Research Five-Year Plan and Progress Report.	HHS—NIH	42 U.S.C. 300a-6a, Title X, Sec. 1009 of the PHS Act.	Eliminate	The requirement for this report was enacted in 1970 and is now outdated. Furthermore, there is no evidence that it is useful to Congress, NIH, or NICHD.
Sudden Infant Death Syndrome Research Reports.	HHS—NIH	42 U.S.C. 300c-12, Title XI, Sec. 1122 (b) and (c) of the PHS Act.	Eliminate	HHS believes these reports are of limited value and recommends their elimination. Similar information is available from NIH and other publicly available sources.
Triennial Report on Drug Abuse	HHS—NIH	42 U.S.C. 290aa-2, Title IV, Sec. 503(b) of the PHS Act.	Eliminate	The required information is already available through NIDA publications and through the budget process.
Report on Health Services Research	HHS—NIH	42 U.S.C. 289c-1, Title IV, Sec. 494A(b) of the PHS Act.	Eliminate	There are more efficient ways of disseminating this information to Congress than in a statutorily mandated report. Required data is available through NIDA's, NIAAA's, and NIMH's budget processes.
Report of the National Diabetes Advisory Board.	HHS—NIH	42 U.S.C. 285c-4, Title IV, Sec. 430 of the PHS Act (re-chartered every two years in accordance with P.L. 92–463).	Eliminate	NIH, HHS, and OMB as part of the Administration's efforts to reduce the number of advisory committees throughout the Government. Legislation was introduced in the 103rd Congress to eliminate it. The charter expired on September 30, 1994.
Report of the National Digestive Diseases Advisory Board.	HHS—NIH	42 U.S.C. 285c-4, Title IV, Sec. 430 of the PHS Act (re-chartered every two years in accordance with P.L. 92–463).	Eliminate	This committee has been recommended for termination by NIH, HHS, and OMB as part of the Administration's efforts to reduce the number of advisory committees throughout the government. Legislation was introduced in the 103rd Congress to eliminate it. The charter expired on September 30, 1994.
Report of the National Kidney and Urologic Diseases Advisory Board.	HHS—NIH	42 U.S.C. 285c-4, Title IV, Sec. 430 of the PHS Act (re-chartered every two years in accordance with P.L. 92–463).	Eliminate	This committee has been recommended for termination by NIH, HHS, and OMB as part of the Administration's efforts to reduce the number of advisory committees throughout the Government. Legislation was introduced in the 103rd Congress to eliminate it. The charter expired on September 30, 1994.
Report of the End-State Renal Disease Data Advisory Committee.	HHS—NIH	42 U.S.C. 1395rr (c)(7) (re-chartered every two years in accordance with P.L. 92-463).	Eliminate	This committee has been recommended for termination by NIH, HHS, and OMB as part of the Administration's efforts to reduce the number of advisory committees throughout the government. Legislation was introduced in the 103rd Congress to eliminate it. The charter expired on September 30, 1994.
Report of the Digestive Diseases Interagency Coordinating Committee.	HHS—NIH	P.L. 99–158	Eliminate	In the interest of streamlining Federal activities, the limited usefulness of this report does not justify the effort to produce it.
Report of the Diabetes Mellitus Interagency Coordinating Committee.	HHS—NIH	P.L. 99–158	Eliminate	In the interest of streamlining Federal activities, the limited usefulness of this report does not justify the substantial effort needed to produce it.
Report of the Kidney and Urologic Diseases Interagency Coordinating Committee.	HHS—NIH	P.L. 99–158, 42 U.S.C. 285c-3, Title IV, Sec. 429 of the PHS Act.	Eliminate	In the interest of streamlining Federal activities, the limited usefulness of this report does not justify the substantial effort needed to produce it.
Public Health Services Report	HHS—NIH	P.L. 91–513, 42 U.S.C. 3509.	Eliminate	Nearly identical information is required for the GSA Fiscal Year Review of Federal Advisory Committee Report (P.L. 92–463; 5 U.S.C. App2, 6(c)).

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Annual Report on Administrative Expenses.	HHS—NIH	42 U.S.C. 284c, Title IV, Sec. 408 of the PHS Act.	Eliminate	As a part of the budget process, and in response to an Executive Order directing reductions in administrative expenses government-wide, HHS has developed a definition of administrative expenses that does not conform to the definition contained in the PHS Act. It is burdensome and confusing for NIH to present two different estimates for administrative costs in the budget request and the annual report to Congress.
Biennial Report of the Director NIH	HHS—NIH	42 U.S.C. 283, Title IV, Sec. 403 of the PHS Act.	Eliminate	NIH has sufficient opportunities for reporting to Congress. Elimination of the report would save resources and staff time needed for other activities.
Biennial Report on the Scientific and Clinical Status of Organ Transplantation.	HHS—Health Resources and Services Administration (HRSA).	42 U.S.C. 274d, Sec. 376 of the PHS Act.	Eliminate	Information provided to the Congress via a report prepared by the United Network for Organ Sharing.
Notification of a Proposed Grant Contract or Cooperative Agreement Relative to Discriminatory Housing Practices.	Department of Housing and Urban Development (HUD).	P.L. 100–242, Sec. 561(e)(1) (101 Stat. 1943).	Eliminate	This statute has never been adhered to. It requires 30 days advance reporting to Congress of proposed grant contracts.
Federal Activities Under the Solar Heating and Cooling Demonstration Act of 1974.	HUD	42 U.S.C. 5510(d)	Eliminate	This report is obsolete because this program is not authorized.
Funding Relating to Evaluating and Monitoring Programs Under Section 7 of the Department of Housing and Urban Development Act.	HUD	P.L. 101–235, Sec. 124 (103 Stat. 2022).	Eliminate	This report is obsolete.
State and Local Strategies for the Removal of Barriers to Affordable Housing.	HUD	P.L. 102–550, Sec. 1207 (106 Stat. 3941).	Eliminate	This report is obsolete
Comprehensive Review and Evaluation of the Effectiveness of Each Program Under Title IV of the Stewart B. McKinney Homeless Assistance Act.	HUD	P.L. 102–550, Sec. 1409(b) (106 Stat. 4038).	Eliminate	This report has been completed.
Neighborhood Development Program	HUD	P.L. 102–550, Sec. 132(f)(1) and (2) (106 Stat. 3713).	Eliminate	This report is obsolete.
Homeownership Demonstration Program in Omaha, NE.	HUD	P.L. 102–550, Sec. 132(f)(1) and (2) (106 Stat. 3713).	Eliminate	This report is no longer necessary because this program has been completed.
Urban Homesteading Program	HUD	12 U.S.C. 810(e)	Eliminate	This report is obsolete.
Progress of the Recipients of Rental Housing Rehabilitation and Development Program Grants.	HUD	12 U.S.C. 810(e)	Eliminate	This report is obsolete.
Rural Rental Rehabilitation Demonstration Program.	HUD	42 U.S.C. 1490	Eliminate	This report is no longer necessary because this program has been completed.
Community Development Program, Including the Rehabilitation Loan Program.	HUD	42 U.S.C. 4822	Eliminate	This report is obsolete.
Summary of All Activities Carried Out Under the Neighborhood Development Demonstration Program.	HUD	42 U.S.C. 5318	Eliminate	This report is obsolete.
Pacific Yew Act	Department of the Interior (DOI)—Bureau of Land Management (BLM).	P.L. 102–335, 16 U.S.C. 4801 *et seq.*	Eliminate	FDA has approved a synthetically produced Taxol. USDA has requested Congress to sunset the requirement.
Statement of Public Lands Sales and Accounting of Distribution of Receipts (Apex Project, NV).	DOI—BLM	P.L. 101–67, Sec. 6(c) (103 Stat. 173).	Eliminate	This report is unnecessary. Because of a moratorium on the BLM budget, no action is to be taken on this project.
Size and Condition of the Tule Elk Herd in California.	DOI—BLM	P.L. 97–375, 16 U.S.C 673f (96 Stat. 1825).	Eliminate	This report is no longer useful. The herds that are the subject of this report have been reestablished.
Adjustments to Boundaries of Areas Added to or Established by the ANILCA as Units of the National Park Service, Wildlife Refuge, Wild and Scenic Rivers or National Wilderness Preservation System.	DOI—BLM	P.L. 96–487, 16 U.S.C. 3138(b), Sec. 103.	Eliminate	Recommendations have been submitted to Congress for enactment—advance notice is therefore unnecessary.
Report on Oil and Gas Leasing Programs for Non-North-Slope Federal Lands.	DOI—BLM	P.L. 96–487, 16 U.S.C. 3148(b)(4) (94 Stat. 2455).	Eliminate	This report is duplicative; the data in this report is also summarized in BLM's Annual Report.
Reviews and Extensions of Withdrawals of Lands.	DOI—BLM	P.L. 94–579, 16 U.S.C. 1714(f) (90 Stat. 2750).	Eliminate	This report is duplicative; the data in this report is also included in BLM's Annual Report.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Protection of Wild Horses and Burros Act (Status of the Wild Free-Roaming Horse and Burro Program).	DOI—BLM	P.L. 92–195, 16 U.S.C. 134 (85 Stat. 651).	Eliminate	This report is duplicative; the data in this report is also available in BLM's Annual Report, required by the Federal Land Policy and Management Act
Owyhee Wild and Scenic River Boundaries, Classification, and Development.	DOI—BLM	16 U.S.C. 1274(a)(3) and 1274(b).	Eliminate	This report has been completed and submitted to Congress in October 1979. The designation that is the subject of this report has occurred.
National Wilderness Preservation Systems.	DOI—BLM	P.L. 88–577, 16 U.S.C. 1136.	Eliminate	This report is not useful and was prepared only for 1987.
Compensatory Royalty Agreements Relating to Oil and Gas.	DOI—BLM	P.L. 86–705, 30 U.S.C. 226(j).	Eliminate	This report is not useful and suffers from inconsistent reporting requirements.
Advisory Boards Recommendations on Prospective Timber Sales.	DOI—BLM	P.L. 101–121, Sec. 318(h) (103 Stat. 750); OMB: Bureau of Land Management/U.S. Fish and Wildlife Service, pp. 115–116.	Modify by making report quarterly, semi-annual, or annual.	It is not necessary to issue this report monthly.
Recommendations to Ensure That Three Proposed Water Resource Development Projects in Contra Costa County, CA, Will Not Result in Deterioration of the Water Quality or Ecology of the Sacramento-San Joaquin Delta or San Francisco Bay Estuarine System.	DOI—Bureau of Reclamation(BOR).	P.L. 96–375, Sec. 4 (94 Stat. 1506).	Eliminate	The projects that are the subject of this report have been built.
Alternative Uses of Facilities in Conjunction With Oahe Unit, Initial Stage, James Division, Pick-Sloan Missouri Basin Program.	DOI—BOR	P.L. 97–273, Sec. 3(b) (96 Stat. 1181; 102 Stat. 2572).	Eliminate	WBR will not build the Oahe Unit.
Actual Operations Under Adopted Criteria for Coordinated Long-Range Operation of the Colorado River Reservoirs.	DOI—BOR	43 U.S.C. 1552(b)	Eliminate	This report duplicates the work required each October in the annual operating plan.
Studies on Colorado River Water Quality.	DOI—BOR	43 U.S.C. 1596	Eliminate	This report is duplicative.
Colorado River Floodway Maps	DOI—BOR	43 U.S.C. 1600c(b)(2)	Eliminate	WBR does this as a part of routine business.
Certification that Each AGency Has Complied With the Provisions of 43 U.S.C. 1600 *et seq*.	OI—BOR	U.S.C. 1600 *et seq*	Eliminate	WBR does this as a part of routine business.
Certification that an Adequate Soil Survey of Land Classification Has Been Made and that the Lands to be Irrigated are Susceptible to Agricultural Production by Irrigation.	DOI—BOR	43 U.S.C. 390a	Eliminate	This report is obsolete.
Proposals Received Under the Small Reclamation Project Act.	DOI—BOR	43 U.S.C. 422j	Eliminate	WBR is no longer receiving proposals under the Act.
Claims Submitted from the Teton Dam Failure.	DOI—BOR	P.L. 94–400, Sec. 8 (90 Stat. 1213).	Eliminate	The dam failure that is the subject of this report occurred almost 20 years ago; claims are no longer being made.
Proposed Contracts for Drainage Works and Minor Construction Over $200,000 on Federal Reclamation Projects.	DOI—BOR	43 U.S.C. 505	Eliminate	This report is not useful and consumes scarce resources.
National Trails System Plan	DOI—National Park Service (NPS).	16 U.S.C. 1242(c)	Eliminate	A more appropriate mechanism for identifying trail needs and activities can be carried out as needed through periodic reports and documents issued to the trails community and to Congress, rather than through a biennial reporting requirement.
Quarterly Reprogramming Report	DOI—NPS	House Report 99–714; 1987 Appropriation; DOI Budget Handbook, Part IV, Ch. 5.	Eliminate	This report is no longer useful.
Study of the Feasibility and Suitability of Establishing Niobrara-Buffalo Prairie National Park.	DOI—NPS	P.L. 102–50, Sec. 8(e) (105 Stat. 257).	Eliminate	This report has been completed and sent to Congress July 5, 1995.
Study of U.S. Route 66	DOI—NPS	P.L. 101–400, Sec. 3(b) (104 Stat. 861).	Eliminate	This report has been completed and sent to Congress October 6, 1995.
Interbureau and Interagency Details	DOI—NPS	P.L. 98–473, Sec. 112; House Request.	Eliminate	This report is no longer useful.
Freedom of Information Act Report	DOI—NPS	5 U.S.C. 552(d), 383 DM 15.6.	Eliminate	This report is no longer useful.
Commercial Printing Report	DOI—NPS	Title IV, JCP Regulations.	Eliminate	This report is no longer useful.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Audit of the Federal Royalty Management System.	DOI—Office of Inspector General (OIG).	30 U.S.C. Sec. 1752	Eliminate	This report is duplicative. OIG regularly audits the Federal royalty management system and provides copies of those reports to congressional committees and subcommittees with oversight responsibility.
Audit of the Financial Report Submitted by the Governor of Guam.	DOI—OIG	48 U.S.C. 1422 and 1422(d).	Eliminate, but do not eliminate other authorities of 48 U.S.C. 1422.	This report is duplicative. OIG regularly audits the financial report submitted by the Governor of Guam and provides copies of those reports to congressional committees and subcommittees with oversight responsibility.
Audit of the Financial Report Submitted by the Governments of the Marshall Islands, Micronesia, Palau, and the Northern Mariana Islands.	DOI—OIG	48 U.S.C. 1692	Eliminate	This report is duplicative. OIG regularly audits the financial report submitted by the governments of the Marshall Islands, Micronesia, Palau, and the Northern Mariana Islands and provides copies of those reports to congressional committees and subcommittees with oversight responsibility.
Audit of the Financial Report Submitted by the Governor of the Virgin Islands.	DOI—OIG	48 U.S.C. 1591	Eliminate	This report is duplicative; OIG regularly audits the financial report submitted by the Governor of the Virgin Islands and provides copies of those reports to congressional committees and subcommittees with oversight responsibility.
Audit of the Financial Report Submitted by the Governor American Samoa.	DOI—OIG	48 U.S.C. 1668(a)	Eliminate	This report is duplicative. OIG regularly audits the financial report submitted by the Governor of American Samoa and provides copies of those reports to congressional committees and subcommittees with oversight responsibility.
				Territorial financial reports are provided under the Single Audit Act of 1984, rather than these 1982 provisions. The four preceding statutory requirementsshould be eliminated in favor of a single provision applicable only to the United States territories (not the FAS) with additional requirements imposed on any territory receiving operations funds from the Federal government.
				At present American Samoa is the only territorial government with an operations grant.
Governor of Guam's Statement of Actions Taken or Contemplated on Federal Audit Recommendations.	DOI—OIG and Office of Insular Affairs (OIA).	48 U.S.C. 1422	Eliminate	This 1982 provision is duplicative of financial reporting requirements under the Single Audit Act of 1984, which applies to the territories.
Governor of the Virgin Islands' Statement of Actions Taken or Contemplated on Federal Audit Recommendations.	DOI—OIG and OIA	48 U.S.C. 1591	Eliminate	This 1982 provision is duplicative of financial reporting requirements under the Single Audit Act of 1984, which applies to the territories.
Statement of the Chief Executives of the Governments of the Marshal Islands, Micronesia, Palau, and the Northern Mariana Islands on the Actions Taken or Contemplated on Federal Audit Recommendations.	DOI—OIG and OIA	48 U.S.C. 1692	Eliminate	This 1982 provision is duplicative of financial reporting requirements under the Single Audit Act of 1984, which applies to the territories.
The Indian Child Protection and Family Violence Prevention (ICP and FVP) Act.	DOI—Bureau of Indian Affairs (BIA).	P.L. 101–630, Sec. 412.	Eliminate	Each year resources to carry out activities have decreased. Because funding is so limited, tribes and agencies have been unable to employ full-time Child Protection staff either to provide essential services or collect data for the annual report to Congress.
Adjustment or Cancellation of Obligations Related to the Indian Revolving Loan Fund.	DOI—BIA	25 U.S.C. 1465	Eliminate	This report reflects requests prior to 1992 (pre-Credit Reform Act) loans. Each year ample funds are provided to cover any deficiencies ($11 million).
Status of the Education Programs Administered by BIA and Any Educational Problems Encountered During the Year.	DOI—BIA	25 U.S.C. 2017(a)	Modify by making report biennial.	With the current downsizing and budget constraints the resources for compiling the report annually are no longer available.
Regulations Governing BIA Education Programs.	DOI—BIA	25 U.S.C. 2019	Eliminate	The regulations were developed and now appear within 25 CFR.
Applications Received and Actions Taken on Grants for Tribally Controlled Colleges.	DOI—BIA	P.L. 100–297, Sec. 5206(g) (102 Stat. 391).	Eliminate	Because of budgetary constraints, OIEP has neither the personnel or funds to compile this report.
Recruitment and Training of Indians for Positions Subject to Indian Preference.	DOI—BIA	25 U.S.C. 472a(d)	Eliminate	Employees with Indian preference have been selected for training in a variety of disciplines. 5 CFR 410.511 allows the Federal Government to pay for education to fill certain positions, and the use of Consolidated Training Funds throughout the bureau has provided training for advancement of low-graded employees into desired positions. It is no longer the subject of current legislative action.
Placement of Non-Indian Employees of the BIA in Other Federal Positions.	DOI—BIA	25 U.S.C. 472a(e)(2)	Eliminate	Very few non-Indians have sought assistance from personnel offices since the enactment of P.L. 96–135. The percentage of non-Indian employees within BIA has decreased to approximately 12 percent. It is no longer the subject of current legislation.
Indian Loan Guaranty and Insurance Fund Deficiencies.	DOI—BIA	25 U.S.C. 497	Eliminate	This report refers to pre-1992 loans. Each year ample funds are provided to cover any deficiencies that may appear ($11 million).
Positions Contracted Under Grants of Post Differential Authority in the BIA Schools.	DOI—BIA	P.L. 100–297, Sec. 5115(2) (102 Stat. 310).	Eliminate	The report is no longer valid. The need for post differentials is no longer necessary as positions are negotiated by individual tribes. Post differentials are given to individuals based on the nearest public school.
Demonstration Projects Carried Out Under the Native American Educational Assistance Act.	DOI—BIA	P.L. 102–524, Sec. 4, 25 U.S.C. 2001(c) (106 Stat. 3437).	Eliminate	The Act was authorized, however, it was never funded. Tribes have since begun funding these projects under a separate authority
Notification of the Proposed Closure or Consolidation of a School Operated by the BIA.	DOI—BIA	25 U.S.C. 2001(h)(3) or (4).	Eliminate	This report has never been compiled since congressional Directives prohibit the expansion, etc., of any schools because of budgetary constraints.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
National Criteria for Dormitory Situations.	DOI—BIA	25 U.S.C. 2002(d)(3) ..	Eliminate	This report is duplicative. This information can be found elsewhere.
Implementation of the Indian Self-Determination and Education Assistance Act.	DOI—BIA	45 U.S.C. 450j-1(c)	Eliminate	This report is no longer necessary; the Act has been implemented.
Applications Received and Actions Taken on Grants for Tribally Controlled Colleges.	DOI—BIA	P.L. 100–297, Sec. 3206(g) (102 Stat. 391).	Eliminate	Because of budgetary constraints, OIEP has neither the personnel nor the funds to compile this report.
Status of the Nationwide Geologic Mapping Program.	DOI—United States Geological Survey.	OMB: Public Lands and Real Property, p. 113.	Modify by making report biennial.	It is not necessary to issue this report more frequently than every other year.
Report on Contract Awards Made to Facilitate the National Defense.	DOI—Office of Policy, Managment, and Budget.	50 U.S.C. 1434	Eliminate	There has been no need to file this report within at least the last ten years.
Essential Effects of Activities Under the OCS Lands Act.	DOI—Minerals Management Service (MMS).	43 U.S.C. 1346(e)	Modify by making report triennial.	It is not necessary to issue this report more frequently than every three years.
Oil and Gas Leasing/Production Programs.	DOI—MMS	P.L. 95–372, Sec. 207(a) (92 Stat. 648).	Eliminate	This report mostly duplicates information available from other sources.
Lease Sales: Evaluation of Bidding Results and Competition.	DOI—MMS	P.L. 95–372, Sec. 205(a) (92 Stat. 643).	Eliminate or modify by requiring report every five years..	This report is no longer necessary. Competition for OCS leases is not an active issue in the Congress, and we are not currently experimenting with alternative bidding systems.
Addendum to Study on the Effects of Geophysical Acoustic Survey Operations on Important Commercial Fisheries in California.	DOI—MMS	P.L. 100–713	Eliminate or Defer.	With no lease sales scheduled for California in the near term, there is likely to be little interest in geophysical acoustic surveys in this region.
Anthracite Mine Water Control and Mine Sealing and Filling Program.	DOI—Bureau of Mines (BOM).	30 U.S.C. 575	Eliminate or Transfer.	The Bureau of Mines has been eliminated.
Helium Gas Conservation, Production, Purchase, and Sale.	DOI—BOM, BLM	50 U.S.C. 167n	Eliminate or Transfer.	The Bureau of Mines has been eliminated.
Federal Coal Mine Health and Safety Act Interim Compliance Panel.	DOI—BOM	30 U.S.C. 804(f)(2)	Eliminate or Transfer.	The Bureau of Mines has been eliminated.
Emergency Law Enforcement Assistance Report.	Department of Justice (DOJ).	P.L. 98–473, Sec. 609 (98 Stat. 2106).	Eliminate	This report is obsolete.
Justice Programs Annual Reports	DOJ—Office of Justice Programs (OJP).	P.L. 98–473, Sec. 609B(f) and (i) (98 Stat. 2093, 2095).	Consolidate all OJP Annual Reports.	Assistant Attorney General, OJP; Director, BJA; Director, BJS; and Director NIJ each report on their activities during previous calendar year by April 1. This report should be eliminated or consolidated into a single OJP Annual Report.
BJA Grants Evaluation	DOJ—OJP	P.L. 101–690, Sec. 6091(a) (as amended), 42 U.S.C. 3766.	Consolidate all OJP Annual Reports.	The Director of NIJ is to report on the nature and findings of the evaluation and research and development activities funded by BJA grants. This should be eliminated or consolidated into a single OJP Annual Report.
OJP Annual Report	DOJ—OJP	P.L. 98–473, Sec. 603 (98 Stat. 2078).	Consolidate all OJP Annual Reports.	All OJP annual reports (including those listed above) can be consolidated into one report.
INS Impact Report	DOJ—Immigration and Naturalization Service (INS).	P.L. 101–649, Sec. 142, Immigration Act of 1990 (104 Stat. 5004).	Eliminate	The Commissioner of INS, is to report annually information useful in evaluating the social, economic, environmental, and demographic impact of immigration laws. All the statistical information is already published in the INS yearbook—this reporting requirement is not beneficial.
INS Document Security Report	DOJ—INS	P.L. 101–238, Secs. 5 and 6, Immigration Nursing Relief Act of 1989.	Eliminate	Attorney General to report to Judiciary Committees on the security of documents and any improvements in such documents that have occurred as a result of this Act. No funds have been appropriated and no actions taken. This report is not possible.
Miscellaneous Visa Petitions Report ...	DOJ—INS	P.L. 102–232, Sec. 207(c), Misc. and Tech. Immigration and Naturalization Amendments of 1991 (107 Stat. 1741).	Eliminate	Attorney General to report on petitions for H, O, P, and Q nonimmigrant visas. This is only one element of immigration administration and the report is obsolete.
Immigration User Fee Account Report	DOJ—INS	P.L. 101–515, Sec. 210(a), Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act of 1991 (104 Stat. 2120).	Eliminate	Attorney General to submit an annual report on the financial condition of the Immigration User Fee Account, including INS's success rate in meeting the 45-minute inspection standard, and detailed port-by-port statistics. This report duplicates in large part annual financial statement and budget reports.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Land Border Fee Account Report	DOJ—INS	P.L. 101–515, Sec. 210(d)(3), Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act of 1991 (104 Stat. 2121).	Eliminate	Attorney General to submit an annual statement on the financial condition of the Land Border Immigration Fee Account. This report duplicates, in large part, annual financial statement and budget reports.
Naturalization Fee Report	DOJ—INS	P.L. 102–232, Sec. 102, Misc. and Tech. Immigration and Naturalization Amendments of 1990 (107 Stat. 1736).	Eliminate	Attorney General to report on the use of fees for naturalization by the INS and the courts. This duplicates in large part annual financial statement and budget reports.
Diversion Control Fee Account.	DOJ—INS	P.L. 102–395, Sec. 111, Departments of State, Justice, and Commerce, the Judiciary and Related Agencies Appropriations Act of 1992 (106 Stat. 1843).	Eliminate	Attorney General to submit financial statements on the Diversion Control Fee Account. This duplicates in large part annual financial statement and budget reports.
Breached Bond/Detention Account Report.	DOJ—INS	P.L. 102–395, Sec. 112, Departments of State, Justice, and Commerce, the Judiciary and Related Agencies Appropriations Act of 1992 (106 Stat. 1844).	Eliminate	Attorney General to submit financial statements on the Breached Bond/Detention Account. This duplicates in large part annual financial statement and budget reports.
Asset Forfeiture Report	DOJ	28 U.S.C. 524(c)(6)	Eliminate	Congress attempted to eliminate this report in the Federal Reports Elimination and Sunset Act of 1995, but repealed the wrong provision. This remains a report that is obsolete and should be eliminated.
Defense Contract Fraud Report	DOJ	P.L. 100–700, Sec. 6, Major Fraud Act (102 Stat. 4634).	Eliminate	Attorney General to report on number of DOD referrals of contractor fraud, number of open investigations, status, dispositions, and use of specified, authorized resources. The funds for this report were never appropriated.
Drug Free Schools Strategies Report .	DOJ	20 U.S.C. 3192	Eliminate	Attorney General to submit a report describing model strategies and tactics for establishing and maintaining drug-free school zones found successful. Appropriations for this report have not been provided.
Debt Collection Report	DOJ	31 U.S.C. 3718(c)	Eliminate	Attorney General to report on debt recoveries, including total number and amount of claims referred, collections thereon, and referrals to private counsel. Much of this information is provided through appropriations requests.
Civil Organized Crime Enforcement Report.	DOJ	P.L. 100–690, Sec. 1054 (102 Stat. 4190).	Eliminate	The Attorney General is to report at end of setting forth the extent of enforcement efforts regarding civil statutes applicable to organized crime and controlled substance violations. This is only one of many ''area'' annual reports that are of little value or interest.
Civil FIRREA Report	DOJ	P.L. 101–73, Sec. 918, Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (103 Stat. 487).	Eliminate	Attorney General to submit annual report on the number of civil enforcement actions, dispositions, enforcement efforts, criminal referrals, and funding needs. This report is now largely obsolete because the major FIRREA cases have been completed.
Damage Settlement Report	DOJ	P.L. 101–203, Sec. 1, 31 U.S.C. 3724 (103 Stat. 1805).	Eliminate	Attorney General to report on all settlements for damage claims against law enforcement personnel in DOJ. This is a unique report applicable only to Justice and no other law enforcement agency. It is, in practice, of little value.
Banking Law Offense Report	DOJ	P.L. 101–647, Sec. 2546, Crime Control Act of 1990 (104 Stat. 4884–6).	Eliminate	Attorney General to compile data, analyze, and report to Congress on the number of banking law offenses prosecuted, their disposition, reasons for the outcomes, etc. This report is no longer necessary. Although reports continue to issue, the bulk of cases are now completed or in litigation and this area is not as problematic as when the report was first required.
Banking Law Offense Rewards Report	DOJ	P.L. 101–647, Sec. 2571, Crime Control Act of 1990 (104 Stat. 4899).	Eliminate	Attorney General to issue semi-annual report on awards from Financial Institution Fraud Awards Fund and on result of cases set in motion by declarants. This report is no longer necessary. Although reports continue to issue, the bulk of cases are completed or in litigation and this area is not as problematic as when the report was first required.
Banking Institution Soundness Reports	DOJ	P.L. 102–550, Sec. 1542, Housing and Community Development Act of 1992 (106 Stat. 4069).	Eliminate	Attorney General to report to the Senate Banking, Housing, and Urban Affairs Committee and the House Banking, Finance, and Urban Affairs Committee on DOJ's use of the exceptions to the rule mandating reports on the soundness of depository institutions. This report is obsolete. Exceptions are not used or intended to be used and therefore reports are not filed.
Results of Testing Conducted to Determine Eligibility of Certified Members of Targeted Groups Under 26 U.S.C. 51.	Department of Labor (DOL).	26 U.S.C. 51 note	Eliminate	This program's authorization has expired.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
States Participating in Jobs for Employable Individuals Incentive Bonus Program Under the Job Training Partnership Act.	DOL	29 U.S.C. 1791h	Eliminate	This program has never been financed or operated. Its authorization is proposed for repeal in workforce development legislation currently in conference.
Effectiveness of Incentive Bonus Entitlement Program Authorized Under Title V, Job Training Partnership Act.	DOL	29 U.S.C. 1791j	Eliminate	This program has never been financed or operated. Its authorization is proposed for repeal in workforce development legislation currently in conference.
Safety Provisions and the Causes and Prevention of Injuries in Employment Covered by the Longshoremen's and Harbor Workers' Compensation Act (as amended).	DOL	33 U.S.C. 941(b)	Eliminate	This report has never been filed. Its substance is covered in other reports.
Emergency Employment Act of 1971.	DOL	42 U.S.C. 4882	Eliminate	This program has expired.
Black Lung Compensation Insurance Fund.	DOL	30 U.S.C. 943(h)	Eliminate	The fund for which this report is required has never been established.
Federal Coal Mine Health and Safety Act of 1969.	DOL	30 U.S.C. 958(a)	Eliminate	This material is covered in other reports.
Expenditures by the Bureau of Labor Statistics.	DOL	29 U.S.C. 6	Eliminate	This information is reported annually in the U.S. Budget. A separate report is not necessary.
Work Incentive Programs	DOL	42 U.S.C. 640	Eliminate	This program's authorization has been repealed.
National Commission for Employment Policy Findings and Recommendations.	DOL	29 U.S.C. 1775	Eliminate	This agency's funding was rescinded in 1995. No new funds have been proposed or requested in 1996 or 1997.
Secretaries of the Interior, Agriculture, and Labor: Young Adult Conservation Corps.	DOL—USDA—DOI	29 U.S.C. 997	Eliminate	This program's authorization has been repealed.
Foreign Policy Reasons for the President's Determination to Pursue Establishment of a Separate International Telecommunications Satellite System.	DOS	47 U.S.C. 701	Eliminate	This report is obsolete. It is required under circumstances which have not occurred in the 10 years following the establishment of this requirement.
Notice of Proposed Adoption of Issuance of Diplomatic Passports for Drug Enforcement Agency (DEA) Agents Abroad.	DOS	P.L. 99–570, Sec. 2010.	Eliminate	This report is unnecessary because diplomatic passports for DEA agents are issued on a regular basis.
Countries Which Failed to Negotiate Procedures Facilitating Interdiction of Foreign Vessels Suspected of Carrying Illicit Narcotics.	DOS	46 U.S.C. 1902	Consolidate with annual International Narcotics Control Strategy Report (INCSR).	This report is duplicative. This information is often included in the U.S. Coast Guard's (USCG) input to both the certification process and the INCSR. This input generally includes information regarding: nations which have been offered, but have yet to sign maritime counter-drug agreements; nations which have placed constraints or failed to authorize USCG boarding of suspected drug-laden vessels; and nations which have signed agreements or otherwise demonstrated exceptional cooperation.
Operation of Foreign Language Competence Posts.	DOS	P.L. 101–246, Sec. 161(c).	Eliminate	This was a reporting requirement for 1995 only.
Other Nation's and Groups of Nations' Commitments to Energy Resource Development Programs in Developing Countries.	DOS	22 U.S.C. 3261	Eliminate	This report is burdensome and has few benefits.
Country Reports on Economic Policy and Trade Practices.	DOS	15 U.S.C. 4711	Eliminate	The report is burdensome and is derived from other widely distributed reports mandated by Congress (Human Rights Report, National Trade Estimates Report on Foreign Trade Barriers, the Title VII Procurement Report), or produced annually by each embassy (the comprehensive ''Country Commercial Guide''). This report is not linked to significant policy initiatives or commercial support programs, and there is no evidence that Congress uses it for oversight. The annual cost for producing these reports is, at minimum, $500,000 and 10,000 labor hours—a severe drain on resources, especially at smaller posts.
Human Rights in Countries Receiving Development Assistance.	DOS	22 U.S.C. 2151n(d)	Eliminate	This report is duplicative—the information is also part of the annual Human Rights Report.
Steps Taken by AID to Alter Any Program in Any Country Because of Human Rights Violations.	DOS	22 U.S.C. 2151n(d)	Eliminate	This report is duplicative—the information is also part of the annual Human Rights Report.
Human Rights in Countries Receiving Security Assistance.	DOS	22 U.S.C. 2304(b)	Eliminate	This report is duplicative—the information is also part of the annual Human Rights Report.
Proposed Regulations to Control Terrorism-Related Services Provided to a Foreign Government.	DOS	22 U.S.C. 2712(g)(1)	Eliminate	This report is obsolete.
Equal Employment Opportunity and Affirmative Action Programs and Minority Recruitment Programs.	DOS	22 U.S.C. 3905(d)(2)	Eliminate	This reporting requirement has been superseded by P.L. 98–124, Sec. 185, under which the Department of State submits a report to the EEOC with a copy forwarded to Congress.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Reasons for Accepting Reimbursement for Damage Arising From Delays in the Construction of the U.S. Embassy in Moscow for Less Than the Amount Determined to be the Responsibility of the Soviet Union.	DOS	P.L. 99–88, Ch. II; P.L. 99–93, Sec. 154(c).	Eliminate	This report is obsolete—the Embassy issue was settled June 1992.
Certification that a Substantial Number of Claims Resulting from Construction of the U.S. Embassy in Moscow are Settled.	DOS	P.L. 99–88, Ch. II; P.L. 99–93, Sec. 154(d).	Eliminate	This report is obsolete—the Embassy issue was settled June 1992.
Feasibility, Cost, Location, and Requirements of a Structure to House U.S. Arms Control Negotiating Teams in Geneva.	DOS	P.L. 99–83, Sec. 705(b).	Eliminate	This one-time report has been completed.
Study Regarding any Offer of a Gift Official Residence for the Secretary of State.	DOS	22 U.S.C. 2697	Eliminate	This report is no longer necessary.
Delegation of Responsibility by the Administrator of General Services to the Secretary of State for Operation, Maintenance, and Security of Foreign Service Institute Facilities.	DOS	22 U.S.C. 4021	Eliminate	This report has been completed.
Expenditures Made From Appropriations for Emergencies in the Diplomatic and Consular Service.	DOS	22 U.S.C. 2352	Modify by making report annual instead of quarterly.	It is not necessary to report more frequently than once a year.
U.N. Educational, Scientific, and Cultural Organizations' Policies that Would Restrict the Free Flow of Information.	DOS	22 U.S.C. 287r	Eliminate	This one-time report was sent to Congress in April 1990.
Certification that Free and Fair Elections Have Been Held in Angola With Respect to Extension of Credit.	DOS	P.L.101–240, Sec. 102 (103 Stat. 2495).	Eliminate	This report is obsolete. Certification is no longer necessary with respect to Angola.
Determination with Respect to Prohibition on Nuclear Trade with South Africa.	DOS	22 U.S.C. 2057(c)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.
Certification that No Combat Forces or Military Advisors of the Republic of Cuba or Any Other Marxist-Leninist Country Remain in Angola.	DOS	12 U.S.C. 635(b)(11)	Eliminate	This report is obsolete. Positive changes in Angola's leadership make this report unnecessary.
Human Rights Violations in Ethiopia; U.S. Response.	DOS	P.L. 100–456, Sec. 1310(c) (102 Stat. 2065).	Eliminate	This report is obsolete. Leadership changes in Ethiopia make this report unnecessary.
Funds Made Available for Kenya	DOS	P.L. 101–513, Sec. 593 (104 Stat. 2060).	Eliminate	There is no longer any funding to which this report would apply.
Reprogramming of Funds for Panama to Procure Law Enforcement Equipment.	DOS	P.L. 101–243, Sec. 102.	Eliminate	This mandate is no longer applicable and should be repealed because it applied to the former regime of Manuel Noriega.
Willingness or Unwillingness of the Government of El Salvador and FMLN to Negotiate Achieving a Permanent Settlement to the Conflict in El Salvador.	DOS	P.L. 101–513, Sec. 531(1).	Eliminate	This report is no longer necessary. A permanent settlement to the 12-year civil conflict was reached with the 1992 Peace Accords.
Recommendations on Changes to Panama Canal Commission Structure.	DOS	P.L. 102–484, Sec. 3522(a).	Eliminate	This is no longer applicable—it was a one-time requirement under the 1993 Authorization Bill.
Amounts Obligated and Expended in Nicaragua for International Security and Development Assistance.	DOS	P.L. 97–113, Sec. 724(e).	Eliminate	This report is no longer necessary. In 1990 Nicaragua underwent a democratic election in which the Sandinista regime was removed from power.
Evaluation of Condition, Operations, and Effects of the Panamanian Government on the Panama Canal.	DOS	P.L. 100–203	Eliminate	This report is duplicative. The information this seeks to make available to Congress is already a component of the annual treaty report.
Certification that Ethiopia, Somalia, and Sudan Have Begun to Implement Peace Agreements, National Reconciliation Agreements, or Both.	DOS	22 U.S.C. 2151 note	Eliminate	This no longer applies to Ethiopia. The U.S. does not give aid to Somalia or Sudan.
Proposed Military or Paramilitary Operations in Angola.	DOS	22 U.S.C. 2293	Eliminate	This is no longer applicable to Angola.
Determination that Significant Progress has Been Made in Eliminating Apartheid in South Africa.	DOS	12 U.S.C. 635(b)(9)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Compliance of the Government of Haiti With Conditions for Military Assistance as Set Forth in Section 203(b) of the Special Foreign Assistance Act of 1986.	DOS	P.L. 99–529, Sec. 203(c).	Eliminate	This report is no longer necessary. This Act was in response to the military regime that ruled Haiti in 1986. Democracy has been restored to Haiti and military assistance has been provided.
Determinations that Negotiations Based on the Contadora Document of Objectives Have Produced Progress in Central American Peace Process, or that Other Trade and Economic Measures Will Assist in the Resolution of the Conflict.	DOS	P.L. 99–83, Sec. 722(k).	Eliminate	This report is no longer necessary. The conflict in Central America during the 1980's has been resolved. There is a Peace Accord in El Salvador. Guatemala is expected to sign one in 1996, and in 1990 power in Nicaragua was peaceably transferred from the Sandinista regime to a democratically-elected government.
Determination that Negotiations Based on the Contadora Document of Objectives Have Failed to Produce an Agreement or that Other Trade and Economic Measures Have Failed to Resolve the Conflict.	DOS	P.L. 99–83, Sec. 722(p).	Eliminate	This report is no longer necessary. The conflict has been resolved.
Certification that the Government of Panama Has Met the Necessary Conditions to Have Assistance Restored.	DOS	22 U.S.C. 2151	Eliminate	This report is no longer necessary. This mandate was in response to the repressive dictatorship of Manuel Noriega who is no longer in power.
Certification of Chilean Progress in Human Rights, that the Provision of Aid to Chile is in the U.S. National Interest, and that Chile is Not Promoting International Terrorism and is Cooperating in the Prosecution of the Accused Murderers of Orlando Letelier and Ronnie Moffit.	DOS	22 U.S.C. 2370 note	Eliminate	This report is no longer necessary. Chile is a full-fledged democracy since its return to civilian rule in 1990. It has vigorously sought to protect human rights and it has incarcerated individuals connected to the murders of Letelier and Moffit.
Significant Hostilities or Terrorist Acts, or a Change in the Status Thereof, Which May Endanger American Lives or Property in a Country Where American Personnel are Performing Defense Services Under the AECA or FAA.	DOS	22 U.S.C. 276(c)(2)	Eliminate	The provision dates back to a time when larger numbers of American trainers where overseas and there was concern about possible attacks on them. With the advent of faster communications, such a formal report is not necessary to keep Congress informed of fast-breaking developments.
Determination that the Government of South Africa has Released Nelson Mandela and All Political Prisoners, Has Repealed the Department of State Emergency, Has Unbanned Democratic Political Parties, Has Repealed the Group Areas Act and the Population Registration Act, and Has Agreed to Enter into Good Faith Negotiations With the Black Majority.	DOS	22 U.S.C. 5061(b)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.
Intent to Allow the Export to South Africa of any Items on the U.S. Munitions List Not Covered by UNSC Resolution 418.	DOS	22 U.S.C. 5068(a)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.
Extent to Which Significant Progress Has Been Made Toward Ending Apartheid in South Africa.	DOS	22 U.S.C. 5091(b)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.
Determination that a Prohibition Imposed Against South Africa Would Increase U.S. Dependence on Any Member or Observer Country of the Council for Mutual Economic Assistance for Importation of Coal or Any Strategic and Critical Material.	DOS	22 U.S.C. 5092	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.
Extension of Trade Benefits to the Andean Region.	DOS	P.L. 101–382, Sec. 243(b)(2).	Eliminate	This provision duplicates reporting requirements in the Trade Preference for the Andean Region Act (105 Stat. 1236).
International Coffee Agreement of 1983 (ICA).	DOS	19 U.S.C. 1356(p)	Eliminate	The U.S. is no longer a member of ICA.
Actions and Resulting Changes After Importation Ban of Goods and Services From Countries Supporting Terrorism (semi-annual).	DOS	22 U.S.C. 2349aa-9(c)	Eliminate	This report is an unnecessary burden. Major changes can be reported only if they take place, not semi-annually.
Intention to Enter Into Cooperative Arrangements With Other Industrial Democracies to Bring About the Complete Dismantling of Apartheid in South Africa.	DOS	22 U.S.C. 5081(d)(1)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Determination that There Has Been an Unwarranted Coffee Price Increase Due to the International Coffee Agreement or Market Manipulation by Members of the International Coffee Organization (ICO).	DOS	19 U.S.C. 1356m	Eliminate	The U.S. is no longer a member of ICO or ICA. The current ICA has no economic provisions.
Recommendations for Correcting High Coffee Prices, If the International Coffee Council Fails to Take Corrective Action in a Reasonable Time After Notice.	DOS	19 U.S.C. 1356m	Eliminate	The U.S. is no longer a member of ICA. The current ICA has no economic provisions.
Determination that There Sugar Price Increase Due to the International Sugar Agreement of 1977 (ISA); or Failure of the International Sugar Council to Take Corrective Action.	DOS	7 U.S.C. 3606	Eliminate	The U.S. no longer a member of ISO. The current ISA does not have economic provisions.
Operation and Effect of the International Sugar Agreement of 1977.	DOS	7 U.S.C. 3605	Eliminate	The U.S. no longer a member of the ISO. The current ISA does not have economic provisions.
Final Legal Test of Agreements With Other Industrial Democracies to Bring About the Complete Dismantling of Apartheid in South Africa.	DOS	22 U.S.C. 5081(d)(2)	Eliminate	This report is unnecessary in light of legislation and Presidential Directives lifting sanctions against South Africa.
Secretaries of Department of State and Defense: Procurement of Surface War Craft for Counternarcotics Programs.	DOS	P.L.101–623, Sec. 14	Eliminate	This report was completed December 1990.
Report on Implementation of Environmental Compliance and Restoration Program.	Department of Transportation (DOT)—United States Coast Guard (USCG).	14 U.S.C. 693	Eliminate	This report is unnecessary. The total amount of funds expended annually on environmental clean-up actions at all Coast Guard facilities is less than $25 million, spread across several hundred projects. The number of staff hours needed to document, gather, and collate data required to develop this report is excessive, given the relatively small amount of funds involved. In addition, most, if not all, of the data in the report is already provided to Congress and contained in the Coast Guard's annual budget submission reporting to the Environmental Protection Agency.
Annual Report on Coast Guard User Fees.	DOT—USCG	14 U.S.C. 664	Eliminate	This report is duplicative of information already provided to Congress in the annual budget submission. User fees levels have been established in this area.
Annual Coast Guard Military Retirement System Report.	DOT—USCG	31 U.S.C. 9503(a)	Eliminate	This report does not serve its intended function with respect to the Coast Guard. 31 U.S.C. 9503(a) should not apply to the USCG. The purpose of this report is to protect the interests of the U.S. and of the participants and their beneficiaries in Government pension plans by requiring complete disclosure of the financial condition of the plans. The Coast Guard retirement system is currently on a pay-as-you-go basis. Therefore, the type of financial information one would expect from such a report is not provided, since the retirement system is funded annually through appropriations.
Quarterly Report on Major Acquisitions Projects.	DOT—USCG	P.L. 102–388, Sec. 337.	Modify to semi-annual report.	This report is unnecessary and burdensome. This report requires about 200 man hours to prepare, in addition to one month for review by middle and senior management levels at the Coast Guard and in the Department. The Coast Guard has made significant strides in its acquisition management practices, and a semi-annual reporting requirement is far more reasonable at this time.
Biennial Report of the Interagency Coordinating Committee on Oil Pollution Research.	DOT—USCG	P.L. 101–380, Sec. 7001(e), 33 U.S.C. 2761(e).	Eliminate	This report has no purpose. This report is intended to describe the activities of the Interagency Coordinating Committee established by the Oil Pollution Act of 1990. This committee, comprised of members from 13 separate agencies, was authorized to expend approximately $51 million but, to date, none of the agencies involved has appropriated funds to this effort.
Applied Research and Technology Program Annual Report (Highways).	DOT—Federal Highway Administration (FHWA).	23 U.S.C. 307(e)(11)	Eliminate	This report should be eliminated because the information contained in it can be obtained from other sources. All of the results from this program are separately disseminated in other research and technology publications. The Department notes that these other publications, which are generally more current, are released periodically whereas this report to Congress is only made on an annual basis. The estimated cost to FHWA of compiling this report is $25,000 annually.
Annual Report on Railway-Highway Crossings Program.	DOT—FHWA	23 U.S.C. 130(g)	Eliminate Federal and State reporting requirements.	The State and Federal material has been submitted to Congress for 20 years, and no longer serves its original purpose. The data are cumulative, and very little new information is provided each year. The annual reports on the railway-highway crossings program and highway hazard elimination program combined impose a cost of approximately $20,000 on each of the states, in addition to the annual $20,000 cost to FHWA to prepare the two reports.
Annual Report on Highway Hazard Elimination Program.	DOT—FHWA	23 U.S.C 152(g)	Eliminate Federal and State reporting requirements.	The State and Federal material has been submitted to Congress for 20 years, and no longer serves its original purpose. The data are cumulative, and very little new information is provided each year. The annual reports on the railway-highway crossings program and highway hazard elimination program combined impose a cost of approximately $20,000 on each of the states, in addition to the annual $20,000 cost to FHWA to prepare the two reports.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Transportation/Air Quality Report to Congress (Triennial Report).	DOT—FHWA and Environmental Protection Agency (EPA).	P.L. 101–549, Sec. 111 (104 Stat. 2471).	Eliminate	This report is no longer necessary. DOT and EPA are required to review and analyze for Congress State and local air quality-related transportation programs every three years. The first report was submitted in 1993. Little has changed in the marginal effectiveness of improving air quality through transportation in the past three years. Furthermore, emissions from transportation have consistently declined over the past 20 years, and EPA projects that this trend will continue until 2005 in the least. This trend argues strongly that there is little to be gained from continuation of this report. The relevant question is whether air quality nationwide is improving and emissions are being reduced from all sources. In this respect, the DOT/EPA ''Triennial Report'' is duplicative of the annual EPA ''Trends Report.'' Finally, the data for this report is cumbersome to collect, relying heavily on information from State and local agencies and creating a burden on them.
Demonstration Project Reports: Highway Design and Construction Report (Altoona, PA); Highway Completion, Time, and Cost Reduction Report (Vermont); Primary Segment Safety and Railroad Crossing Report (Idaho); Improvement of Highway Safety and Acceleration of Highway Construction Report (Arkansas-Missouri).	DOT—FHWA	P.L. 97–424, Sec. 131(b)(2), (f)(7), and (l)(4); P.L. 100–17, Sec. 149(j)(4).	Eliminate	These reporting requirements impose unreasonable burdens on the states because the information to be gathered and reported is unlikely to be useful. In the past, when reports of this kind have actually been completed, they have proven to be unnecessary because the projects concerned generally do not demonstrate any extraordinarily innovative technological developments that would render reports on such projects informative.
ISTEA Demonstration Project Reports	DOT—FHWA	P.L. 102–240, Sec. 1107(g).	Eliminate	Given the limited amount of funding available to cover the cost of completing and reporting on these projects, it is unlikely that these projects themselves will be completed, much less any of the corresponding reports. This reporting requirement is also particularly burdensome because it mandates that the states submit a report on each of the 204 projects funded through Sec. 1107 of the ISTEA. This requirement imposes an unjustifiable burden on the States, especially given the fact that these reports will most likely be uninformative and will waste scarce resources.
Indian Reservation Roads Study	DOT—FHWA	P.L. 102–240, Sec. 1042.	Eliminate	Congress has not funded this report. The Federal-Aid Secondary System, around which this report originally centered, has been eliminated, and other studies mandated by Congress will accomplish much of the same objectives.
Study on Impact of Climatic Conditions.	DOT—FHWA	P.L. 102–240, Sec. 1101–02.	Eliminate	This report requires a contractor, but no funding was provided. In addition, the FHWA is already involved in a more comprehensive study of the impact of environmental factors on pavement.
Fatal and Injury Accident Rates on Public Roads in the United States.	DOT—FHWA	P.L. 97–424, Sec. 207, 23 U.S.C. 401 note.	Eliminate	This report is unnecessary. The vast majority of the data contained in this report are disseminated in detail and often at a much earlier date in a variety of other publications, including the ''Fatal Accident Reporting System Annual Report,'' ''General Estimate System Summaries,'' and the widely distributed annual report entitled ''Highway Statistics.'' Congress has expressed no interest in this report for many years, and the cost of producing this report is $20,000 annually.
Report on Nation's Highways and Bridges.	DOT—FHWA	23 U.S.C. 307(h)	Modify by revising due date from January to March 1996.	This proposed amendment and the preceding one combine to permit filing of two interrelated biennial reports from the Department's agencies as a single report on the same schedule and to make explicit that a single report may be used to fulfill both statutory requirements.
Air Traffic Controller Staffing Standards Annual Report.	DOT—Federal Aviation Administration (FAA).	49 U.S.C. 44506(d)	Eliminate	This report has become redundant of the annual budgeting process. Staffing shortages experienced during rebuilding of the air traffic controller workforce have been alleviated. Measurements to calculate staffing requirements have been revised, and improvements have been made in determining staffing requirements at facilities.
Annual Aviation Security Report	DOT—FAA	49 U.S.C. 44938(b)	Modify by making report biennial.	Modifying this report requirement by changing its frequency from annual to biennial would save FAA and the government time and money. Since information on urgent security matters is communicated immediately to Congress by a high-level briefing or another appropriate mechanism, the information contained in the report is largely ''digest'' information. Biennial submissions would not hinder Congress' opportunity to receive information on sensitive matters (that could not in any event be published in a public report) in a timely manner. Separately, as a technical amendment, the requirement of 49 U.S.C. 44938 for another annual report in 1991 and 1992 should be deleted, because these reports have already been provided to Congress.
Biennial Reports on Natural Gas and Hazardous Liquid Pipeline Safety.	DOT—Research and Special Programs Administration (RSPA).	49 U.S.C. 60124	Eliminate	Although Congress acted to reduce the reporting cycle from annual to biennial, most of the relevant information required in these reports is already provided to Congress in the annual appropriations process through a compilation of the Department's actions to administer the statute. A separate biennial reported is therefore unjustified.
Annual Reports to Congress on the Administration of Chapter 301 of Title 49 U.S.C. (Motor Vehicle Safety) and on the Imported Vehicle Safety Compliance Act of 1988.	DOT—National Highway Traffic Safety Administration (NHTSA).	49 U.S.C. 30169	Eliminate	The Secretary is required to report annually on the agency's administration of Chapter 301 29 U.S.C. Since this report duplicates information provided each year to the House and Senate Appropriations Committees, which Committees both publish the information on a timely basis, eliminating this duplicative requirement will preserve scarce agency resources. The Secretary is required to report annually on the effectiveness of the agency's actions to ensure the compliance of certain imported motor vehicles with Federal motor vehicle safety standards. Since implementation of these actions is proceeding well, the report can now be eliminated.
Annual Report to Congress on Bumper Standards.	DOT—NHTSA	49 U.S.C. 32510	Eliminate	The Secretary is required to report annually on the cost savings resulting from Federal motor vehicle bumper requirements issued to reduce economic costs to the public and to consumers. Since this information has remained relatively constant for many years, and is no longer a matter of continuing public concern, the report can now be eliminated.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Annual Report on the Administration of the Highway Safety Act of 1966.	DOT—NHTSA	23 U.S.C. 401 note, Sec. 202 of the Highway Safety Act of 1966.	Eliminate	The Secretary is required to report annually on the agency's administration of the Highway Safety Act of 1966 (including Chapter 4, 23 U.S.C.) for the preceding calendar year. Since this report duplicates information provided each year to the House and Senate Appropriations Committees, which both Committees publish on a timely basis, eliminating this duplicative requirement will preserve scarce agency resources.
Annual Report to Congress on the Relative Cost of Shipbuilding in the Various Coastal Districts of the United States.	DOT—Maritime Administration (MARAD).	46 U.S.C. 1123(c), Sec. 213 of the Merchant Marine Act of 1936 (as amended).	Eliminate	The information submitted in this report to Congress no longer serves its original purpose. The report was intended to monitor geographical cost factors associated with constructing or reconditioning comparable ocean vessels in shipyards in the various coastal districts of the United States. Congress would use this information to determine whether a regional cost differential, to be paid by the Government, is appropriate under competitive bidding situations. This differential was applicable to the Construction Differential Subsidy (CDS) program which has not been funded since 1981. A report has been submitted by the Maritime Administration (MARAD) each year since 1962. Since 1990, simple letter reports have been submitted. Each year, this report has concluded that, in competitive bidding situations, geographical shipbuilding cost differences are not sufficiently significant to justify an action by Congress to equalize selling prices. Rather, market conditions effectively drive competitive costs of shipbuilding throughout the United States. Therefore, for more than 34 years, Congress has not considered establishing a regional cost differential. There is no indication that such a cost differential would ever be justified.
Quarterly Report on State-by-State Obligation of Federal Transit Assistance.	DOT—Federal Transit Administration (FTA).	49 U.S.C. 5335(b)	Eliminate	This provision requires FTA to submit quarterly reports to Congress on obligations, commitments, and reservations made during that quarter. Special legislation is not required for such a fundamental activity. FTA already produces, for internal purposes, a report on cumulative fiscal year obligations which can be provided to Congress on a quarterly basis.
Assured Timetable for Projects in Alternatives Analysis, Preliminary Engineering, or Final Design States.	DOT—FTA	49 U.S.C. 5328(b)(3) ..	Eliminate	The problem originally addressed by this report (delay in the processing of new start projects) has been resolved, and there no longer remains a need for the report. There has been no call for the report since its inception.
Annual Report on Suspended Light Rail System Technology Pilot Project.	DOT—FTA	49 U.S.C. 5320(k)	Eliminate	This report is unnecessary and there has never been any activity. Beginning in 1994, Congress has provided no funding for this project. Moreover, this project does not differ from any other major capital investment project undertaken by FTA and does not require a special individual report.
Report on Public Transportation	DOT—FTA	49 U.S.C. 308(e)(1)	Modify by revising due date from January to March 1996 and from even to odd years.	This proposed amendment and the following one combine to permit filing of two inter-related biennial reports from the Department's agencies as a single report on the same schedule and to make explicit that a single report may be used to fulfill both statutory requirements.
Needs Survey and Transferability Study.	DOT—Comptroller General.	49 U.S.C. 5335 and (d)..	Eliminate	This report is duplicative. This provision requires the General Accounting Office to prepare a report in January of odd-numbered years, evaluating the extent to which current transit needs are adequately addressed and estimating the future transit needs of the Nation. This requirement is redundant with 49 U.S.C. 308(e)(1) which currently directs the Secretary to submit a report to Congress in January of even-numbered years, estimating the performance and condition of transit systems and assessing future transit needs.
Whether Foreign Governments or Companies Have a Coordinated Strategy to Acquire United States Critical Technology Companies and Whether Foreign Governments Use Espionage Activities to Obtain Commercial U.S. Critical Technology Secrets.	Department of Treasury Committee on Foreign Investment in the United States (CFIUS).	50 U.S.C. 2170, Sec. 163 of Defense Production Act.	Eliminate	The report in both its classified and unclassified versions covers information that the intelligence community provides to Congress regularly. This is true for both sections (Acquisitions and Espionage) of the report. The report is limited to acquisitions and espionage as conduits for technology transfer; it does not address many other forms of technology transfer, such as licensing, exports, and sponsorship of university research. The report simply summarizes data already sent to Congress by agencies. The report, as required by the statute, is burdensome to complete and there is no evidence that Congress uses it for oversight.
Health Professional Educational Assistance Program.	Department of Veterans Affairs (VA).	38 U.S.C. 7632	Eliminate	This program is being phased-out and receives no appropriation in 1996 or 1997.
VA Health Professional Scholarship Program.	VA	38 U.S.C. 7632(3)	Eliminate	This program is being phased out and receives no appropriation in 1996 or 1997.
Special Pay for Physicians and Dentists.	VA	38 U.S.C. 7440	Eliminate	This report is labor-intensive and redundant—the same information is contained in the ''Adequacy of Special Pay for Physicians and Dentists in VA'' report (P.L. 96–33).
Adequacy of Hospital and Nursing Home Beds.	VA	38 U.S.C. 8110(a)(3)(B).	Eliminate	This report recapitulates already available data on operating beds and work load statistics; the need for it has been superseded by VHA's focus on ambulatory care.
VHA Preventative Health Services	VA	38 U.S.C. 1704	Eliminate	This report creates an unnecessary burden on the Department. It is time-consuming and the information has little relevance to current health promotion programs.
Reportable Major Construction Projects.	VA	Appropriations Language.	Eliminate	Preparation of this report is labor-intensive and the results are of little benefit. GAO concurs that this report is unnecessary.
Education	VA	38 U.S.C. 3036	Eliminate	The portion of this report addressing program enhancements already goes to Congress as legislative proposals. Other data on participation and usage can be supplied, if needed, upon request.
VA's Influencing Requirements	VA	P.L. 101–121, Sec. 1352.	Modify	All reports since enactment of this requirement have been negative reporting (reporting that there are no incidents to report). This should be revised to require a submission only when there is information to report.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Employment Floor	VA	P.L. 103–446	Eliminate	This report is redundant—essential employment information is already conveyed in the annual VA budget submission.
Commercial Printing Report	VA	44 U.S.C. 501–02	Modify	This report should be revised. Currently, it requires the Department to report, at fixed intervals, even when there is no information to report. This should be changed to require a submission only when there is information to report.
Beneficiary Travel Ratios	VA	38 U.S.C. 111(g)(1)	Modify	This requirement is redundant and should only be filed if GSA changes Federal travellers' reimbursements.
Use of Contract Care Authorities	VA	P.L. 100–322, Sec. 112(a) (102 Stat. 499).	Eliminate	This report is redundant and the information is already reported in the budget process.
Effect of Pollution on Estuaries and U.S. Estuarine Zones.	Environmental Protection Agency (EPA).	33 U.S.C. 1254(n)(3), Clean Water Act.	Eliminate	Similar, more useful, information is available on a more frequent basis through the water quality inventory required under Sec. 305(b) of the Clean Water Act (CWA) and specific estuary studies conducted by EPA. Preparation of this report is resource and time intensive and the finished product provides few benefits.
Clean Lakes Report	EPA	33 U.S.C. 1324(a)(3), Clean Water Act.	Eliminate	This report is unnecessary, duplicative of other CWA reports, and should be eliminated. The same information is required to be part of the biennial CWA ''305(b) Report'' to Congress. EPA has consolidated these requirements together administratively in the ''305(b) Report.''
Nonpoint Source Management Programs.	EPA	33 U.S.C. 1329(m), Clean Water Act.	Eliminate	EPA has fulfilled the requirements of this section. Annual reports were submitted and a final report furnished to Congress in 1990. To avoid confusion regarding any post-1990 preparation of the report, this section should be eliminated.
Measures Taken to Meet Objectives of the Clean Water Act.	EPA	33 U.S.C. 1375(a), Clean Water Act.	Eliminate	The requirements for this report largely duplicate and overlap the information collected for Congress and the public in connection with numerous, more specifically targeted reports produced by EPA as well as congressional information requests received in connection with hearings at which EPA testifies.
Safe Drinking Water Act Costs of Compliance.	EPA	42 U.S.C. 300j-1(a)(3)(B), Safe Drinking Water Act.	Eliminate	The basic information required in this one-time report has been provided through other mechanisms including the September 1993 report ''Technical and Economic Capacity of States and Public Waste Systems to Implement Drinking Water Regulations.''
Final Report on Medical Waste Management.	EPA	42 U.S.C. 6992(g)(a), Medical Waste Tracking Act of 1988.	Eliminate	EPA submitted interim reports in May and December of 1990 as required under Sec. 6992(g)(b). Much of the information required in the final report is obsolete and has been overtaken by technological and regulatory advances. OSHA, DOT, States, and others have in place regulations and guidelines which have resulted in a substantial improvement in handling these wastes over the last ten years.
Interim Report of the National Advisory Commission on Resource Conservation and Recovery.	EPA—National Advisory Commission on Resource Conservation and Recovery.	42 U.S.C. 6981 note, Sec. 33(a)(7) of the Solid Waste Disposal Act Amendments of 1980.	Eliminate	The Commission was established and appointed in 1981. It has never met, nor have funds ever been appropriated to support its activities. It is likely that such a commission is now defunct and its mission overtaken by events of the past 15 years.
Biennial Pollution Prevention Report	EPA	42 U.S.C. 13107, Sec. 6608, of the Pollution Prevention Act of 1990..	Eliminate	This formal report is redundant and of little use. EPA has a variety of other opportunities to communicate its progress in implementing the provisions of this Act. These include the annual Toxic Release Inventory, congressional hearings, and briefings.
Conditional Registration of Pesticides	EPA	7 U.S.C. 136w-4	Eliminate	Because this report contains production volume information, the entire report must be protected and handled as confidential business information, which adds considerably to the resources needed to develop and produce this report. There is no evidence that Congress uses this information for oversight. Resources would be better utilized to track registrations with outstanding data requirements, rather than report on conditional registrations.
Comprehensive Report on Activities of the Office of Solid Waste.	EPA	42 U.S.C. 6915, Solid Waste Disposal Act (as amended).	Eliminate	This report, as required by the statute, is burdensome and resource intensive. The information required is already sent to Congress by EPA through numerous more specific reporting requirements.
Report on State and Local Training Needs and Obstacles to Employment in Solid Waste Management and Resource Recovery.	EPA	42 U.S.C. 6977(c)	Eliminate	This one-time report was originally authorized in 1976. To undertake such a report at this time would serve little purpose. States and localities are much further advanced in their practices and the Federal role in this field has been substantially reduced over the last 20 years.
Study on Environmental Problems Associated with Improper Management of Used Oil.	EPA	42 U.S.C. 6932 note, Used Oil Recycling Act of 1980.	Eliminate	This information has already been provided to Congress in other ways and production of a formal report would be a needless duplication of effort. In 1981, EPA transmitted to Congress ''Listing of Waste Oil as a Hazardous Waste.'' Since then, regulatory impact analyses of regulations on the oil recycling industry have been conducted. The last three elements required in the study have been subjects of detailed studies by DOE over the past ten years.
Report on Status of Demonstration Program to Test Method and Technologies of Reducing/Eliminating Radon Gas.	EPA	42 U.S.C. 7401 note, Sec. 118(k)(2)(B) of the Superfund Amendments and Reauthorization Act of 1986..	Eliminate	The purpose of this report is to transmit information on new radon mitigation techniques. Progress in technology innovations has decreased to a rate that no longer warrants annual reporting. This report is duplicative of other reports and information provided by EPA is such as radon briefings, journal articles, and the Radon Fact Book.
Annual Audit of Superfund Trust Fund	EPA—Inspector General.	42 U.S.C. 9611(k), Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended).	Eliminate	The audits of cooperative agreements and claims, and the remedial investigations/feasibility studies (RI/FS) required, limit the Inspector General's flexibility to focus on the most significant problems. For example, reviewing individual RI/FS does not provide an adequate assessment of accomplishments in achieving Superfund site clean-up goals. It is more advisable to prioritize work based on relative risk and potential impact. This audit is also duplicative of the annual audit of EPA financial statements required by the Chief Financial Officers Act of 1990.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Urban Area Source Strategy	EPA	42 U.S.C. 7412(k)(3)(A), Clean Air Act Amendments.	Modify by delaying to November 1997 and every four years thereafter.	EPA is integrating this strategy with the development of the mobile sources toxics strategy. An integrated strategy will take longer but will eliminate duplication and enable better evaluation of the relative contributions of toxics from mobile and area sources.
Great Waters Report to Congress	EPA	42 U.S.C. 7412(m)(5), Clean Air Act Amendments.	Modify by delaying and reducing frequency to once every 4 years, postpone regulatory determination until next reporting cycle.	A report every two years is too frequent to show meaningful progress in the efforts needed to answer the questions posed by this provision. The regulatory determination should be delayed since the science and resulting understanding of atmospheric deposition have not progressed sufficiently to support a determination at this time.
Report, on Canadian Acid Rain Control Program to Be Submitted in January of 1994, 1999, 2005.	EPA	P.L. 101–549, Sec. 408 of the Clean Air Act Amendments of 1990.	Eliminate	Under the 1991 U.S.-Canada Air Quality Agreement, EPA prepares a report in even-numbered years encompassing all the required elements of the Sec. 408 report. This treaty-based report is submitted to the International Joint Commission, the Congress, and made available to the general public. The submission of a nearly identical report would be duplicative and wasteful of existing limited resources.
Biennial Analysis of Alternative Motor Vehicle Fuels Use on the Environment.	EPA	42 U.S.C. 6374(d), Alternative Motor Fuels Act of 1988.	Eliminate	Budgetary constraints may prevent EPA from work on this report. Existing resources have been targeted to areas of higher priority. Much of the alternative fuel use data is already being produced by DOE.
Annual Report on the Implementation of the Toxic Substances Control Act During the Preceding Fiscal Year.	EPA	15 U.S.C. 2629, Sec. 30 of the Toxic Substances Control Act.	Eliminate	The report prepared under this section of the Act since 1976 has proved to be of little or no value. Changes in program focus over the last 20 years have made the required information obsolete and not reflective of work being performed under the Act.
Explanatory Statement of Proposed Negotiated Sale of Surplus Real Property.	General Services Administration (GSA).	40 U.S.C. 484(e)(6)	Eliminate	Elimination of this report will avoid delays in consummating sales, unnecessary appraisal costs, and substantially reduce expenditures for interim protection and maintenance.
Negotiated Sales Report	GSA	40 U.S.C. 484(e)(6)(D)	Eliminate	Few properties worth less than $100,000 are disposed of by negotiation. Thus, the expense of reporting on such transactions is unwarranted.
Freedom of Information Act Activity	GSA	5 U.S.C. 552(e)	Modify by changing frequency of reporting from annual to biennial and eliminating sections of the report listing denying officials and fee collections.	Biennial reports should be sufficient to track trends (Privacy Act reports are already biennial). The Department of Justice should take action to modify sections of report that are burdensome to collect and contribute little to purpose of Act.
Performance of Industrial Application Centers.	National Aeronautics and Space Administration (NASA).	12 U.S.C. 648(f)	Eliminate	Report was already eliminated by P.L. 104–66.
Contingent Liability of the Government Under Termination of Provisions of Any Contract for Tracking and Data Relay Satellite Services.	NASA	42 U.S.C. 2463	Eliminate	The contract for tracking and data relay satellite services is completed.
Activities of the National Space Grant and Fellowship Program.	NASA	42 U.S.C. 2486(j)	Eliminate	Similar information is contained within the ''Space Grant Annual Report'' and the biennial ''Space Grant Conference Report,'' both of which are available to members of Congress.
Notification of Procurement of Long-Lead Materials for Solid Rocket Motors on Other Than Competitive Basis.	NASA	P.L. 100–147, Sec. 121d (101 Stat. 869).	Eliminate	The solid rocket motor program has been canceled.
Contracts to Facilitate the National Defense Entered Into, Amended, or Modified.	NASA	50 U.S.C. 1434	Eliminate	This report was already eliminated by P.L. 104–66.
Capital Development Plan for Space Station Program.	NASA	P.L. 100–147, Sec. 107(a) (101 Stat. 864).	Eliminate	This report refers to Space Station Freedom program, which was terminated; similar information on the current Space Station program is provided to Congress within NASA's annual Project Status Reports.
Certification that the Payloads Scheduled to be Launched on the Shuttle for the Next Four Years are Consistent With the Policy.	NASA	P.L. 101–611, Sec. 112c (104 Stat. 3199).	Eliminate	Identical information is transmitted to Congress via NASA's annual budget submission.
Notice of Modification of NASA Facilities.	NASA	P.L. 98–361, Sec. 103 (98 Stat. 424; 99 Stat. 1014; 101 Stat. 63).	Modify	This requirement was revised per P.L. 102–588.
Expenditures Exceeding Authorizations for the Physics and Astronomy Program.	NASA	P.L. 98–52, Sec. 104 (97 Stat. 284).	Eliminate	Information is already provided in NASA's Operating Plan submitted to Congress each year.
Launch Voucher Demonstration Program.	NASA	15 U.S.C. 5803	Eliminate	Program is no longer effective after September 30, 1995.
Establishment of Space Settlements	NASA	42 U.S.C. 2451 note	Eliminate	Report was already discontinued per letter from NASA to appropriate congressional committees.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Proposed Decision or Policy to Commercialize Existing Expendable Launch Vehicle Technologies and Associated Facilities and Equipment.	NASA	42 U.S.C. 2465	Eliminate	NASA no longer owns or operates any expendable launch vehicles.
Joint Former Soviet Union Studies in Biomedical Research.	NASA	42 U.S.C. 2487e	Eliminate (one-time report).	This report was a one-time requirement; the information was transmitted to Congress via letter from NASA dated March 1993.
Administrative Law Judges and Hearing Examiners.	Office of Personnel Management (OPM).	5 U.S.C. 1305	Eliminate	The law states that OPM ''may'' submit such a report, but is not required to do so. OPM has not ever done so since the information that might be reported would be of little value.
Civil Service Retirement and Disability Fund.	OPM	5 U.S.C. 1308(a)	Eliminate	The CFOs Act requirement for financial statements includes the same data.
Federal Employees' Group Life Insurance Program.	OPM	5 U.S.C. 1308(b)	Eliminate	The CFOs Act requirement for financial statements includes the same data.
Federal Employees' Health Benefits Program.	OPM	5 U.S.C. 1308(c)	Eliminate	The CFOs Act requirement for financial statements includes the same data.
Operation of the Senior Executive Service.	OPM	5 U.S.C. 3135(a) and 4314(d).	Delete from congressional list.	Eliminated by P.L. 104–66.
Effectiveness of the Performance Management and Recognition System.	OPM	5 U.S.C. 5408	Delete from list	The performance management and recognition system has been eliminated.
Board of Actuaries of the Civil Service Retirement System.	OPM	5 U.S.C. 8347(f)	Delete from list	OPM does not make this report. Law does not require Board to report to Congress.
Sums Credited to the Civil Service Retirement and Disability Fund as a Government Contribution.	OPM	5 U.S.C. 8348(g)	Eliminate	This information is already included in CFOs Act as part of required financial statements, and is also included in the CSRDF Annual Report.
Placement of Non-Indian Employees of the Bureau of Indian Affairs and the Indian Health Service in Other Federal Positions.	OPM	25 U.S.C. 472a(e)(2)	Eliminate	No report on this activity has ever been prepared. Data collection for the report, which would yield little substantive information, would be burdensome. OPM is working with appropriate congressional staff to have this reporting requirement eliminated.
Employment of Disabled Veterans and Vietnam Veterans in the Federal Government.	OPM	38 U.S.C. 2014(a)	Modify by combining with Veterans Employment in the Federal Government Report.	This report has been combined with the report below.
Veterans Employment in the Federal Government.	OPM	38 U.S.C. 4214(e)(1)	Modify by combining with Employment of Disabled Veterans and Vietnam Veterans in the Federal Government Report.	This report has been combined with the report above.
Fees and Other Expenses Awarded Each Fiscal Year.	Administrative Conference of the United States (ACUS).	5 U.S.C. 504(e)	Eliminate	ACUS has been terminated.
Activities of the Commission	Advisory Commission on Intergovernmental Affairs.	42 U.S.C. 4275(3)	Eliminate	This agency has been terminated.
Results of Audits Conducted by the Office of the Inspector General.	Appalachian Regional Commission (ARC).	P.L. 95–452, Sec. 8 (102 Stat. 2525).	Modify by requiring only annual report..	This report is currently submitted semi-annually, but should only be required annually because small agencies often have limited issues. Additional reports in any given year should be voluntary. Other designated Federal entity Inspectors General have also expressed interest in moving to annual reporting.
Discrimination Against Eastern and Southern European Ethnic Groups, and Consequences of Affirmative Action Programs on Them.	Civil Rights Commission.	42 U.S.C. 1975(c), (f), and (g).	Eliminate	This report was eliminated from the Commission's statute many years ago.
Determination on Whether the Export-Import Bank's Authority is Sufficient to Meet Its Needs.	Export-Import Bank (Ex-Im Bank).	12 U.S.C. 635e(a)(2)(A).	Eliminate	This report is obsolete and no longer serves any useful purpose.
Request for Legislation If the Amount of Direct Loan Authority or Guarantee Authority Available to the Export-Import Bank for the Fiscal Year Involved Exceeds the Amount Necessary.	Ex-Im Bank	12 U.S.C. 635e(a)(2)(A)(I).	Eliminate	This report is obsolete and no longer serves any useful purpose.
Operations as of the Close of Business Each Year.	Ex-Im Bank	12 U.S.C. 635g(a)	Eliminate	This report is obsolete and no longer serves any useful purpose. Ex-Im Bank prepares an annual report that sufficiently details yearly operations.
East-West Trade Statistics	International Trade Commission (ITC).	19 U.S.C. 2440	Eliminate	This report is obsolete.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Report on Feasibility of Transmitting Solar Energy to Earth by Orbital Structures.	National Science Foundation (NSF).	42 U.S.C 1864	Eliminate	NSF prepared a report in the 1970s upon completion of a feasibility study and has conducted no further work. NSF has since transferred research on advanced energy systems to DOE.
Annual Report of Advisory Committee on Reactor Safeguards (ACRS).	Nuclear Regulatory Commission (NRC).	Section 29 of the Atomic Energy Act of 1954.	Eliminate	Preparation of an annual comprehensive report has not been an effective use of NRC's limited resources. ACRS members serve as part-time governmental employees and devote the limited time they have to perform safety reviews in areas of primary concern. With the elimination of this report, the ACRS would continue to prepare safety research reports on specific issues, and significant reports would continue to be provided by NRC to NRC oversight committees.
Annual Report on the Price-Anderson Act.	NRC	Section 170 of the Atomic Energy Act of 1954.	Eliminate	This report outlines the NRC activities under the Price-Anderson Act, which provides for indemnification and limitation of liability for claims resulting from certain nuclear accidents. Congress has shown only periodic interest in this subject. Rather than preparing this report annually, a more cost effective approach would be to provide relevant information to Congress on an as-requested basis.
Annual Report on Conditions at DOE's Gaseous Diffusion Uranium Enrichment Facilities.	NRC	Section 1701(b) of the Atomic Energy Act of 1954.	Modify reporting requirement to track the timing of the related certification requirement.	Currently, the Atomic Energy Act of 1954 stipulates that this report be prepared at least annually. The 104th Congress, however, has proposed that enrichment facilities no longer be certified annually, but on a five year basis. To avoid disassociation of the reporting and certification requirements, the reporting requirement language in Sec. 1701(b)(1) should be modified to track the timing of the certification requirement of Sec. 1702(c)(2).
Management of Agency Debt Collection Activities.	Office of Management and Budget (OMB).	P.L. 97–365, Debt Collection Act of 1982.	Modified in 1994 (included in Federal Financial Management Status Report and Five-Year Plan).	This separate report by OMB is unnecessary because we include summary information on this subject annually in the Federal Financial Management Status Report and Five-Year Plan.
Voluntary Contributions by the U.S. to International Organizations.	OMB and the Dept. of State.	22 U.S.C. 2226, Sec. 306(b)(1).	Eliminate	This report is burdensome and conveys little additional informaiton that is not already available from other reports, including the President's annual budget submission.
Financial Management by State and Local Governments of Federal Financial Assistance Programs.	OMB	P.L. 98–502, Single Audit Act of 1984.	Eliminate	This report by OMB is unnecessary and wasteful. It has been recommended for immediate elimination in the proposed revision to the Single Audit Act.
Civil Monetary Penalities Assessed and Collected by Federal Agencies.	OMB	P.L. 101–410, Federal Civil Penalties Inflation Adjustment Act of 1990.	Eliminate separate report by OMB on all agency CMPs; OMB will still report summary information for agencies with receivables over $50 million.	This separate report by OMB is unnecessary because summary information for the agencies with receivables of over $50 million can be included in the Federal Financial Management Status Report and Five-Year Plan.
Agency Compliance With Requirements of Prompt Payment Act.	OMB	P.L. 97–177, Prompt Payment Act of 1982.	Modified in 1994 (included in Federal Financial Management Status Report and Five-Year Plan).	This separate report by OMB is unnecessary because we include summary information on this subject annually in the Federal Financial Management Status Report and 5-Year Plan.
Procurement Regulatory Activity Report.	OMB—Office of Federal Procurement Policy.	41 U.S.C. 421(g)	Eliminate	This report duplicates the Unified Agenda of Federal Regulations.
Computer Matching Report	OMB—Office of Information and Regulatory Affairs (OIRA).	5 U.S.C. 552a(u), Computer Matching Act.	Eliminate	The report simply summarizes data already sent to Congress by agencies. The report, as required by the statute, is burdensome to complete and there is no evidence that Congress uses it for oversight.
Information Resources Management Plan of the Federal Government (IRM/ICB).	OMB—OIRA	44 U.S.C. 3514(a), Paperwork Reduction Act of 1995.	Modify by combining with Annual Report.	The recent approval of the 1995 Paperwork Reduction Act (PRA) makes it difficult to request outright elimination of this report. However, the statute does provide sufficient flexibility to allow this report to be combined with the PRA Implementation Annual Report, which will significantly reduce the burden and cost of compiling and clearing two separate reports.
Paperwork Reduction Act Implementation (Annual Report).	OMB—OIRA	44 U.S.C. 3514(a), Paperwork Reduction Act of 1995.	Modify by combining with IRM/ICB Report.	The recent approval of the 1995 Paperwork Reduction Act (PRA) makes it difficult to request outright elimination of this report. However, the statute does provide sufficient flexibility to allow this report to be combined with the ''IRM/ICB Report,'' which will significantly reduce the burden and cost of compiling and clearing two separate reports.
Privacy Act Report	OMB—OIRA	5 U.S.C. 552(a)(p), Privacy Act.	Eliminate	The information required to be reported is not very useful and does not provide Congress or the public a sufficient overview of the relevant privacy issues. Furthermore, the statutory requirement for a congressional report makes completing the report more burdensome than necessary and there is no evidence that Congress uses the report for oversight. OIRA could continue to publish the report without the statutory mandate in a way that presents more useful data.
Obligation of Funds Appropriated Under the Foreign Assistance and Related Programs Appropriation Act of 1982, For Any Appropriation Account to Which They Were Not Appropriated.	Peace Corps	P.L. 97–121, Sec. 514 (95 Stat. 1655).	Eliminate	Peace Corps does not find this report useful and has not published it.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Future Direction of the Peace Corps ..	Peace Corps National Advisory Council.	22 U.S.C. 2511(b)(2)(C).	Eliminate	This Council has not met for years and Peace Corps does not plan to resume its meetings or publish this report.
USIA Posts to be Downgraded or Closed.	United States Information Agency (USIA).	P.L. 100–204, Sec. 204(d).	Modify	This requirement was repealed and replaced by a similar requirement in P.L. 102–138, Sec. 206(b).
Near and Middle East Research and Training.	USIA	P.L. 102–238, Sec. 228(b).	Eliminate	This report summarizes data for a minor program, is burdensome to complete, and has little significance.
Company Selected to Conduct Survey of Worldnet Program.	USIA	P.L. 100–204, Sec. 209(d).	Eliminate	This report required USIA to conduct a market survey in Europe of its Worldnet programming. It is a one-time requirement that should be eliminated.
International Economic Report	United States Trade Representative (USTR).	P.L. 92–412, Sec. 207(a), 22 U.S.C. 2846 (86 Stat. 48; 87 Stat. 448).	Eliminate	Section was omitted as terminated by the express terms of former 22 U.S.C. 2848 on September 30, 1977, there being no extension by congressional legislation.
Negotiation in Response to Investigation.	USTR	P.L. 100–418, Sec. 1375(b)(2)(B), 19 U.S.C. 3104(b)(2)(B), Telecommunications Trade Act of 1988 (102 Stat. 1219).	Eliminate	This requirement is obsolete.
Actions to be Taken if No Agreement Obtained.	USTR	P.L. 100–418, Sec. 1376 (c)(2)(B), 19 U.S.C. 3105(c)(2)(B), Telecommunications Trade Act of 1988 (102 Stat. 1221).	Eliminate	This requirement is obsolete.
Actions to be Taken if No Agreement Obtained.	USTR	P.L. 100–418, Sec. 1376(e), 19 U.S.C. 3105(e), Telecommunications Trade Act of 1988 (102 Stat. 1221).	Eliminate	This requirement is obsolete.
Export Enhancement	USTR	P.L. 100–418, Sec. 4301(c)(4) (102 Stat. 1396).	Eliminate	This requirement is obsolete; in light of the conclusion of the Uruguay Round.
(Annual) Report to Congress	USTR	19 U.S.C. 1356n, International Coffee Agreement of 1983.	Eliminate	The U.S. is no longer a party to the Agreement.
Reciprocal Nondiscrimination Treatment.	USTR	19 U.S.C. 2136(c), Trade Act of 1974.	Eliminate	This requirement is obsolete.
East-West Foreign Trade Board—Report of Board to Congress.	USTR	19 U.S.C. 2441(c), Trade Act of 1974.	Eliminate	This provision is obsolete.
Approval of Trade Agreements	USTR	19 U.S.C. 2503(b), Trade Agreements Act of 1979.	Eliminate	This report has been completed.
Relationship of Trade Agreements to U.S. Law.	USTR	19 U.S.C. 2504(c), Trade Agreements Act of 1979.	Eliminate	This provision is obsolete. The Tokyo Round has long since been completed and the U.S.-Canada Free Trade Agreement has been suspended by the North American Free Trade Agreement (NAFTA).
Report to Congress on Access to Canadian Dairy and Poultry Markets.	USTR	P.L. 103–465, Sec. 424, 19 U.S.C. 3622, Uruguay Round Agreements Act (108 Stat. 4965).	Eliminate	This report has been completed.
Biennial Report	USTR	P.L. 100–449, Sec. 304(f), U.S.-Canada Free Trade Agreement (102 Stat. 1875).	Eliminate	This provision has been suspended by Sec. 107 of the NAFTA (see also Sec. 501(c)(3) of the U.S.-Canada FTA Implementation Act of 1988), until such time as the suspension of the FTA may be terminated.
Delegation of Presidential Powers and Duties.	USTR	19 U.S.C. 1356m, International Coffee Agreement of 1983.	Eliminate	The U.S. is no longer a party to the Agreement.
Congressional Approval of U.S. Accession to the Convention.	USTR	19 U.S.C. 3003, Implementation of the Harmonized Tariff Schedule.	Eliminate	This report has been completed.
Protection of Interests of U.S. Consumers.	USTR	7 U.S.C. 3606, 1977 Sugar Agreement Implementation.	Eliminate	The U.S. is no longer a party to the Agreement.
Continuing Appropriations, 1988	USTR	P.L. 100–202, Sec. 109(c)(3)(C), 40 U.S.C. 601 note (101 Stat. 1329–435).	Eliminate	This provision is obsolete.

Table 23–1. RECOMMENDATIONS FOR ELIMINATION OF REPORTS TO CONGRESS IN 1997 BUDGET—Continued

Report	Agency	Authority	Recommendation	Comments
Reports to Congress	USTR	7 U.S.C. 3605, 1977 Sugar Agreement Implementation.	Eliminate	The U.S. is no longer a party to the Agreement.
Purchases of U.S. Made Automotive Parts by Japan.	USTR	P.L. 100–418, Sec. 1934(c), Omnibus Trade and Competitiveness Act (102 Stat. 1322).	Eliminate	This report has been completed.
Government Procurement—Reports on Negotiations.	USTR	19 U.S.C. 2514(d)(1), Trade Agreements Act of 1979.	Eliminate	This provision is obsolete.
Government Procurement—General Report on Actions Under This Section.	USTR	19 U.S.C. 2515(k)	Eliminate	This report has been completed.
Report of the Trade and Environment Advisory Committee.	USTR	Executive Order No. 12905, March 25, 1994, 9 F.R. 14733, set forth as a note to 19 U.S.C. 2155.	Eliminate	This reporting requirement is obsolete.
Working Party on Worker Rights	USTR	P.L. 103–465, Sec. 131(c), 19 U.S.C. 3551(c), Uruguay Round Agreements Act (108 Stat. 4839).	Eliminate	This provision is obsolete.
Report on Determinations Regarding Access to Foreign Public Works Construction Markets.	USTR	P.L. 103-272, Sec. 1(e), 49 U.S.C. 49104(d)(2), Airport and Airway Improvement Act of 1982 (108 Stat. 1299).	Eliminate	This is no longer a reporting requirement.
Negotiations on Financial Services	USTR	P.L. 103–465, Statement of Administrative Action, Uruguay Round Agreements Act.	Eliminate	This report has been completed.

BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

24. 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 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 also 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 documents.

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 at least the four years following the budget year in order to reflect the effect of budget decisions over the longer term. The 1997 budget covers five years beyond the budget year because budget negotiations concerning the 1996 budget addressed the years through 2002. 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, at least, 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 the heads of the 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 also are influenced 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 1997 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 individual programs, the allocation of resources among the functions of the Government, the total outlays and receipts that are appropriate in relation to current and prospective economic conditions, and statutory constraints.

The transmittal of the President's budget to Congress is scheduled in law to occur on or after the first Monday in January but not later than the first Monday in February of each year. This is eight to nine months before the beginning of the next fiscal year on October first.

For various reasons, some parts or all of the budget documents have been transmitted after the scheduled date. One reason is that the current timing does not require an outgoing President to transmit a budget, and it is impractical for an incoming President to complete a budget within a few days of taking office on January 20th. President Clinton, the first President subject to the current requirement, submitted a report to Congress on February 17, 1993, describing the comprehensive economic plan he proposed for the Nation and containing summary budget information. He transmitted the Budget of the United States for 1994 on April 8, 1993.[1]

In some years, the late or pending enactment of appropriations acts, other spending legislation, and tax laws considered in the previous budget cycle have delayed preparation and transmittal of complete budgets. For this reason, President Reagan submitted his budget for 1988 forty-five days after the date specified in law. In other years, Presidents have submitted abbreviated budget documents on the due date, sending the more detailed documents weeks later. This is the case for the 1997 budget. President Clinton transmitted a budget document to Congress on February 5, 1996. It provided a thematic overview of his priorities and the Administration's latest assumptions about the economy. Because of uncertainty over 1996 appropriations as well as possible changes in mandatory programs and tax policy, OMB was unable to provide by that date all of the material normally contained in the President's budget. That material is being transmitted in mid-March 1996.

Congressional Action[2]

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). It also enacts changes each year in permanent laws that affect spending and receipts.

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

[1] The transmittal date was changed in 1990 from the first Monday after January 3rd. The report submitted on February 17, 1993, was entitled, "A Vision of Change for America."

[2] 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).

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 operations at some specified level up to a specific 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 in 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 ($332 billion in 1995) and a few programs with large amounts of obligations each year, such as social security ($333 billion in 1995), 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, the majority of 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 budget resolution often includes reconciliation directives, which require authorizing committees to change 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, 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 Budget Enforcement Act of 1990 (BEA) significantly amended the laws pertaining to the budget process, including the Congressional Budget Act, the Balanced Budget and Emergency Deficit Control Act, and the law pertaining to the President's budget (see PRINCIPAL BUDGET LAWS, later in the chapter). The BEA constrains legislation that would increase spending or decrease receipts through 1998. As this budget was being prepared, the Administration and Congress were considering the extension of the BEA through 2002.

The BEA divides spending into two types—***discretionary spending*** and ***direct spending***. Direct spending is more commonly 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. Mandatory spending is controlled by permanent laws. Medicare and medicaid payments, unemployment insurance benefits, and farm price supports are examples of mandatory spending, because payments for those purposes are authorized in permanent laws. The BEA specifically defines funding for the Food Stamp program as mandatory spending, even though funding for the program is provided in appropriations acts. The BEA includes receipts under the same rules that apply to mandatory spending, because receipts are generally controlled by permanent laws.

The BEA constrains discretionary spending differently from mandatory spending and receipts. Discretionary spending is constrained by dollar limits ("caps") on total budget authority and outlays for this category 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 the actual inflation rates. The BEA also 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)

	1996	1997	1998
Budget authority	495.8	496.8	501.5
Outlays	539.1	538.6	534.2

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 BEA 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 to earmark funding for specified programs. It appropriated a specified amount to the Fund for each year from 1995 through 2000. Spending from the Fund is controlled by annual appropriations acts, but 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)

	1996	1997	1998
Budget authority	4.3	5.0	5.5
Outlays	2.3	3.9	4.9

A separate sequester procedure, similar to the one required for general purpose discretionary spending, applies to amounts appropriated from the Trust Fund if the Violent Crime Reduction caps are exceeded.

The BEA constrains mandatory spending and receipts differently. Laws that would increase mandatory spending or decrease receipts are constrained through ***"pay-as-you-go"*** (PAYGO) rules. Under these rules, the cumulative effects of legislation affecting mandatory spending or receipts must not increase the deficit. Legislated increases in benefit payments, for example, have to be offset by legislated reductions in other mandatory 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 BEA was passed that affect mandatory spending and receipts. If there is an estimated net increase in the deficit for the current fiscal year and the budget year combined, the BEA specifies sequester procedures for the uniform reduction of most non-exempt mandatory spending programs. Special rules apply in reducing some non-exempt programs. Less than 3 percent of all mandatory spending is sequesterable by either uniform reduction or special rule; the rest is exempt from sequester by law.

The PAYGO rules do not apply to increases in mandatory spending or decreases in receipts that are not the result of new laws. For example, mandatory 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 receipts decrease when the profits of private businesses decline as the result of economic conditions. To address the problem of rising mandatory spending, President Clinton issued Executive Order No. 12857, which established targets for mandatory 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 13, "Review of Direct Spending and Receipts," in the *Analytical Perspectives* volume of the 1997 budget provides more information on this subject.)

The BEA 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 calculations 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 also 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 estimates in the OMB final report trigger a sequester if the appropriations enacted for the current year exceed the caps or if the cumulative effect of PAYGO legislation is estimated to increase the deficit.

From the end of a session of Congress through the following June 30th, discretionary sequesters take place whenever an appropriations 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 BEA 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, which usually apportions by time periods (usually by quarter of the fiscal year) and sometimes by activities. Agencies may request that an account be reapportioned during the year to accommodate changing circumstances. This system helps to ensure that funds are available to cover operations for the entire year.

If changes in laws or other factors make it necessary, Congress may enact ***supplemental appropriations.*** For example, a supplemental appropriation might be required to respond to an unusually severe natural disaster.

On the other hand, changing circumstances may reduce the need for certain spending for which funds have been appropriated. The President may withhold appropriated amounts from obligation only under certain limited circumstances—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 1995, a total of $17.8 billion in deferrals was reported to Congress and none was overturned. Rescissions, which permanently cancel budget authority, do not take effect unless Congress passes a law rescinding 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 rescinded less than one-third of the amount of funds that Presidents have proposed for rescission since enactment of the Impoundment Control Act. In 1995, the President proposed rescissions totalling $1.2 billion, and Congress rescinded a total of $0.8 billion.

Budget Calendar

The following timetable highlights the scheduled dates for 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 Budget Enforcement Act purposes. The off-budget transactions are separately identified in the budget. The on-budget and off-budget amounts are added together to derive the unified totals for the Federal Government. These are sometimes referred to as the unified or consolidated budget totals.

TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT

(In billions of dollars)

	1995 actual	1996 estimate	1997 estimate
On-budget:			
Budget authority	1,253	1,263	1,319
Outlays	1,230	1,270	1,318
Receipts	1,004	1,059	1,107
Deficit	–226	–211	–210
Off-budget:			
Budget authority	291	308	320
Outlays	289	302	318
Receipts	351	367	388
Surplus	62	65	70
Federal Government:			
Budget authority	1,543	1,572	1,638
Outlays	1,519	1,572	1,635
Receipts	1,355	1,427	1,495
Deficit	–164	–146	–140

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 System's net earnings 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 Research and 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 25, "Federal Spending by Function, Subfunction, and Major Program" in the *Analytical Perspectives* volume of the 1997 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 1997 budget provide information on budget authority, outlays, and receipts arrayed by Federal agency. Chapter 27 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 16, "Trust Funds and Federal Funds," in the *Analytical Perspectives* volume of the 1997 budget provides more information on this subject.)

Current Operating Expenditures and Capital Investment

The budget includes all types of spending, including both current operating expenditures 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 6, "Federal Investment Spending and Capital Budgets," in the *Analytical Perspectives* volume of the 1997 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 corporation 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 usually 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 by one Government account from another. 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 expenditure accounts,*** and ***offsetting receipts***. The accounting for each type differs.

Offsetting Collections Credited to Expenditure Accounts

Some laws authorize collections to be credited directly to the account from which they will be expended and, usually, to be spent for the purpose of the account without further action by Congress. This is the case for most revolving funds and many expenditure accounts of other types. 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 budget authority from offsetting collections. 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 rents 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 expenditure 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, as measures of the agency's activities, if they were attributed to the agency.
- ***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

Budget authority is the authority becoming available during the year to enter into obligations that will result in immediate or future outlays of Government funds. Government officials may obligate the Government to make outlays only to the extent they have been granted budget authority. Budget authority is recorded as a dollar amount in the year that it first becomes available. Under circumstances described below, unobligated balances of budget authority may be carried over into the next year. These balances are not recorded as budget authority again. They do, however, constitute a budgetary resource that is available for obligation. In some cases, a provision of law (such as a limitation on obligations or a benefit formula) precludes the obligation of funds that would otherwise be available for obligation and recorded as budget authority. In such cases, generally, the amount of budget authority recorded is equal to the amount of obligations that can be incurred. There are a few exceptions where the amount of budget authority recorded is equal to the amounts otherwise available even though a limitation precludes the obligation of the full amount.

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 expenditures, 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 may be provided in appropriations acts or other laws, permit obligations to be incurred and payments to be made;
- ***authority to borrow,*** permits obligations to be incurred but requires that funds be borrowed, usually from the general fund of the Treasury, to make payment;
- ***contract authority,*** 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; and
- ***spending authority from offsetting collections,*** permits offsetting collections to be credited to an expenditure account and obligations and payments to be made using the offsetting collections.

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 purposes, such as Congressional Budget Act provisions that pertain to budget authority.

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.

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. 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, unless the period of availability is extended in law (see Reappropriation below). Budget authority provided in authorizing statutes usually remains available until expended.

Budget authority that is available for more than one year and that is not obligated in the year it becomes available is carried forward for obligation in a following year. The sum of such amounts is an account's ***unobligated balance***. 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, one to three weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payments may occur over a period of several years after the obligation is made. Obligated balances of budget authority are carried forward until the obligations are paid. Due to such flows, 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.[3]

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.

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 1996 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 1995, new budget authority would be recorded for 1996.

Budget authority is classified as ***current*** or ***permanent.*** Generally, it 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 expenditure 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 as ***definite*** or ***indefinite.*** It is definite if the legislation that provides it specifies a definite dollar amount (including an amount not to be exceeded). It 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 to make payments. 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 the measure of Government spending. They are payments to liquidate obligations (other than the repayment of debt), net of refunds and offsetting collections. They are recorded when obligations are paid, in the amount that is paid. Outlays are usually in the form of cash (currency, checks, or electronic fund transfers). However, obligations 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 employees 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 pur-

[3] 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.

chase. 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. The 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.)

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. The term includes equivalent transactions such as selling a property on credit terms in lieu of receiving cash up front. 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.[4] 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 loans and loan guarantees 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

[4] 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.

against the budget authority provided for the costs of the program for that year. The requirement to record the costs of modification applies to pre-credit reform, as well as post-credit reform, direct loans and loan guarantees.

Credit financing accounts record all cash flows to and from the Government arising from direct loan obligations and loan guarantee commitments. These cash flows consist mainly of direct loan disbursements and repayments and loan guarantee default payments. The cash flows of direct loans and of loan guarantees are recorded in separate financing accounts for programs that do both. The transactions of the financing accounts are displayed in the budget documents for information and analytical purposes, together with the related program accounts, but are excluded from the budget totals because they are not a cost to the Government. Financing account transactions are a means of financing a budget surplus or deficit (see **Credit Financing Accounts** below).

The transactions associated with direct loan obligations and loan guarantee commitments made prior to 1992 continue to be accounted for on a cash flow basis and are recorded in ***liquidating accounts.*** In most cases, the liquidating account is the account that was used for the program prior to the enactment of credit reform in 1990.

BUDGET DEFICIT OR SURPLUS AND MEANS OF FINANCING

A budget deficit is the amount by which outlays exceed receipts. Deficits are financed by borrowing and, to a limited extent, the other items discussed under this heading. The debt (debt held by the public) is the cumulative amount of borrowing to finance deficits, less repayments. When receipts exceed outlays, the difference is a budget surplus. Surpluses are used to reduce debt and, to a limited extent, may be absorbed by the other items.

Borrowing and Repayment

Borrowing is not defined as receipts, and debt repayment is not defined as outlays. If they were, the budget would virtually be balanced by definition. This rule applies both to borrowing in the form of Treasury securities and to specialized borrowing in the form of agency securities (including the issuance of debt securities to liquidate an obligation and the sale of certificates representing participation in a pool of loans). In addition to issuing debt to the public, the Government issues debt to Government accounts, primarily trust funds that are required by law to invest in Treasury securities. This debt is not a means of financing deficits, because it does not raise any additional cash. In 1995, the Government borrowed $171 billion from the public. Most of this amount was needed to finance the deficit of $164 billion in that year. The rest was needed to finance direct loans disbursed in credit financing accounts, which are discussed below, and for smaller changes in the other means of financing. At the end of 1995, the debt held by the public was $3,603 billion. (See Chapter 11, "Federal Borrowing and Debt," in the *Analytical Perspectives* volume of the 1997 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 the 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. For example, one full-time employee and two half-time employees would count as two FTE's but three positions. (Chapter 10, "Federal Employment," in the *Analytical Perspectives* volume of the 1997 budget provides more information on this subject.)

TOTAL FEDERAL EMPLOYMENT

	1995 actual	1996 estimated	1997 estimated	Percent change 1995 to 1997
Total FTE's	4,439,486	4,363,029	4,314,650	–2.8
Federal Executive Branch civilian employees per 1000 U.S. population	10.5	10.4	10.2	–3.0

BASIS FOR BUDGET FIGURES

Data for the Past Year

The past year column (1995) 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 (1996) 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 proposed in the budget.

Data for the Budget Year

The budget year column (1997) 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 five years beyond the budget year (1998 through 2002) 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 for allowances as such. Rather, the allowances 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 would result from continuing current law through the period covered by the budget.

For receipts and mandatory 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 would be used by the Government over the period covered by the budget on the basis of laws currently enacted. (Chapter 15, "Current Services Estimates," in the *Analytical Perspectives* volume of the 1997 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 amended, which prescribes rules and procedures (including "sequestration") designed to eliminate excess spending. 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 of budget authority 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—An estimate of the receipts, outlays, and deficit that would result from 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 becoming available during the year to enter into obligations that will result in immediate or future outlays of Government funds. (For a description of the several forms of budget authority, see Budget Authority and Other Budgetary Resources earlier in this chapter.).

Budgetary resources—Budgetary resources comprise new budget authority and unobligated balances of budget authority provided previous years.

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 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 and disburses such cost to a financing account for the program when the direct loan or guaranteed loan is disbursed.

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 also includes the sale of a Government asset on credit terms of more than 90 days duration. 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, more commonly called mandatory spending, is a category of outlays from budget authority provided in law other than appropriations acts, entitlement authority, and the budget authority for the food stamp program. (Cf. *discretionary appropriations.*)

Discretionary appropriations—Discretionary appropriations is a category of budget authority that comprises budgetary resources (except those provided to fund direct-spending programs) provided in appropriations acts. (Cf. *direct spending.*)

Emergency spending—Emergency spending is spending that the President and the Congress have designated as an emergency requirement. Such spending is not subject to the limits on discretionary spending, if it is discretionary spending, or the pay-as-you-go rules, if it is direct spending.

Federal funds—Federal funds are the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (Cf. *trust funds.*)

Financing account—A financing account receives the cost payments from a credit program account and includes other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991. At least one financing account is associated with each credit program account. For programs that make both direct loans and loan guarantees, there are separate financing accounts for the direct loans and the loan guarantees. 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 corporation 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 made 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 expenditure 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 annual appropriations act when the need for funds is too urgent to be postponed until the next regular annual appropriations act.

Trust funds—Trust funds are accounts, designated by law as trust funds, for receipts earmarked for specific purposes and the associated expenditure of those receipts. (Cf. *special funds.*)

FEDERAL SPENDING

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

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
050 National defense:								
051 Department of Defense—Military:								
Military personnel	71,557	69,280	69,782	69,170	70,036	71,073	73,071	74,962
Operation and maintenance	93,751	93,220	89,171	88,526	90,028	92,185	95,763	98,241
Procurement	43,571	42,264	38,936	45,522	50,520	57,686	60,081	61,636
Research, development, test and evaluation	34,521	34,857	34,746	34,986	33,746	31,885	31,669	32,488
Military construction	5,428	6,911	5,274	4,742	4,643	4,074	4,186	4,294
Family housing	3,392	4,304	3,857	3,839	4,085	4,080	4,121	4,228
Voluntary Separation Incentive (VSI fund)	80	323	209	215	203	156	155	155
Offset for payment to VSI fund	–20	–264	–146	–149	–134	–88	–88	–88
Revolving and management funds	5,258	1,754	1,661	1,942	1,831	1,259	1,251	1,283
Trust funds and other	98	115	127	134	134	134	134	134
Emergency supplemental	....	583	....	....	....	....	....	....
DOD-wide savings proposals	....	–600	....	....	....	....	....	....
Proposed legislation (non-PAYGO)	....	....	–21	168	112	162	167	167
Offsetting receipts	–1,985	–985	–966	–970	–933	–931	–923	–923
Subtotal, Department of Defense—Military	255,651	251,762	242,630	248,125	254,271	261,675	269,587	276,577
053 Atomic energy defense activities:								
Weapons activities: [1]								
Gross	(3,217)	(3,460)	(3,710)	(4,036)	(4,193)	(4,083)	(4,174)	(4,200)
Offsets	....	....	....	(–623)	(–1,087)	(–1,288)	(–987)	(–567)
Net	3,217	3,460	3,710	3,413	3,106	2,795	3,187	3,633
Defense environmental restoration and waste management: [1]								
Gross	(4,929)	(5,558)	(5,409)	(5,101)	(5,173)	(5,246)	(5,155)	(5,050)
Offsets	....	....	....	(–110)	(–614)	(–1,125)	(–483)	(250)
Net	4,929	5,558	5,409	4,991	4,559	4,121	4,672	5,300
Full funding for fixed assets	....	....	182	....	....	....	....	....
Defense nuclear waste disposal	129	248	200	184	167	151	172	196
Other defense activities, net [1]	1,812	1,373	1,548	1,424	1,296	1,166	1,330	1,516
Defense Nuclear Facilities Safety Board	18	17	17	16	14	13	15	17
Subtotal, Atomic energy defense activities	10,105	10,656	11,066	10,028	9,142	8,246	9,376	10,662
054 Defense-related activities:								
Existing Law	558	911	749	733	718	696	752	819
Defense stockpile sales (proposed PAYGO legislation)	....	–21	–79	–79	–79	–80	–155	–156
Subtotal, Defense-related activities	558	890	670	654	639	616	597	663
Total, National defense	266,314	263,308	254,366	258,807	264,052	270,537	279,560	287,902
150 International affairs:								
151 International development and humanitarian assistance:								
Agency for International Development	3,730	3,444	3,513	3,307	3,091	2,874	3,171	3,513
Multilateral development banks (MDB's)	1,837	1,153	1,426	1,324	1,220	1,113	1,252	1,410
Food aid	1,363	1,059	1,072	1,058	1,043	1,028	1,071	1,119
Refugee programs	721	721	700	700	700	700	719	740
Voluntary contributions to international organizations	359	285	325	305	285	265	293	325
Peace Corps	232	219	226	226	226	226	232	239
Other programs	414	134	211	184	155	126	161	206
Credit liquidating accounts	–439	–512	–479	–432	–442	–449	–448	–440
Offsetting receipts	–556	–24	–16	–16	–16	–16	–16	–16
Subtotal, International development and humanitarian assistance	7,661	6,479	6,978	6,656	6,262	5,867	6,435	7,096

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
152 International security assistance:								
Foreign military financing grants and loans	3,199	3,412	3,268	3,265	3,261	3,258	3,352	3,450
Economic support fund	2,334	2,360	2,408	2,408	2,408	2,408	2,476	2,545
Other programs	137	143	152	139	128	115	131	150
Repayment of foreign military financing loans	–674	–634	–613	–495	–372	–272	–185	–34
Foreign military loan liquidating account	–370	–244	–192	–195	–196	–207	–234	–234
Subtotal, International security assistance	4,626	5,037	5,023	5,122	5,229	5,302	5,540	5,877
153 Conduct of foreign affairs	4,063	3,954	4,167	3,956	3,737	3,515	3,795	3,922
154 Foreign information and exchange activities:								
U.S. Information Agency	1,177	1,109	1,156	1,064	969	873	994	1,131
Board for International Broadcasting	228							
Other programs	16	6	6	6	5	5	5	6
Subtotal, Foreign information and exchange activities	1,421	1,115	1,162	1,070	974	878	999	1,137
155 International financial programs:								
Export-Import Bank	718	824	726	651	581	511	587	676
International monetary fund	2,746		7	6	6	5	6	7
Exchange stabilization fund	2,341							
Foreign military sales trust fund (net)	2,399	–970	–1,340	–1,520	–1,480	–930	–660	–490
Offsetting receipts	–104	–106	–108	–110	–112	–115	–117	–50
Subtotal, International financial programs	8,100	–252	–715	–973	–1,005	–529	–184	143
Total, International affairs	25,871	16,333	16,615	15,831	15,197	15,033	16,585	18,175
250 General science, space, and technology:								
251 General science and basic research:								
National Science Foundation programs	3,195	3,185	3,299	3,297	3,291	3,287	3,388	3,496
Department of Energy general science programs	969	981	1,009	928	845	760	867	988
Full funding for fixed assets			203					
Subtotal, General science and basic research	4,164	4,166	4,511	4,225	4,136	4,047	4,255	4,484
252 Space flight, research, and supporting activities:								
Science, Aeronautics and Technology	5,031	4,969	4,975	4,787	4,592	4,394	4,757	5,163
Human space flight	5,515	5,457	5,363	5,081	4,789	4,495	4,918	5,394
Mission support	2,128	2,101	2,149	1,977	1,799	1,619	1,846	2,104
Research and program management	–18							
Space flight control and data communications	–43							
Construction of facilities	–44							
Research and development	–42							
Full funding for fixed assets			900					
Other	16	16	17	16	14	13	15	17
Subtotal, Space flight, research, and supporting activities	12,543	12,543	13,404	11,861	11,194	10,521	11,536	12,678
Total, General science, space, and technology	16,707	16,709	17,915	16,086	15,330	14,568	15,791	17,162
270 Energy:								
271 Energy supply:								
Research and development	3,822	3,321	2,872	3,539	3,074	2,919	3,191	3,495
Full funding for fixed assets			13					
Naval petroleum reserves	–225	–314	–257	–62	100	87	103	121
Proposed Legislation (PAYGO)				–200	–370	–340	–310	–280
Subtotal, Naval petroleum reserves	–225	–314	–257	–262	–270	–253	–207	–159
Federal power marketing	–639	–466	–510	–590	–594	–638	–451	–701

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Tennessee Valley Authority	1,144	660	125	131	198	–28	4	–169
Uranium enrichment	73	29	28	26	23	21	24	27
Uranium enrichment facility decontamination and decommissioning fund	301	279	240	221	201	181	206	235
Decontamination transfer	–134	–350	–377	–377	–377	–377	–377	–377
Foreign fees	....	....	–46	–46	–46	–46	–46	–46
Nuclear waste program	393	152	200	184	167	151	172	196
Nuclear waste fund receipts	–597	–630	–637	–637	–637	–637	–646	–658
Subsidies for nonconventional fuel production	–4	–18	–4	–4	–4	–3	–4	–4
Rural electric and telephone loans	150	123	72	67	61	55	62	71
Credit liquidating account (REA)	–527	–1,725	–1,431	–1,345	–1,260	–1,194	–1,167	–1,083
Subtotal, Energy supply	3,757	1,061	288	907	536	151	761	827
272 Energy conservation	715	613	715	736	756	778	799	822
274 Emergency energy preparedness:								
Existing Law	144	5	221	203	185	167	190	216
Lease excess SPR capacity (Proposed PAYGO Legislation)	....	....	....	–20	–40	–80	–100	–120
Sale of Weeks Island Oil (Proposed PAYGO Legislation)	....	....	....	....	....	....	....	–1,534
Subtotal, Emergency energy preparedness	144	5	221	183	145	87	90	–1,438
276 Energy information, policy, and regulation:								
Nuclear Regulatory Commission (NRC)	22	11	17	17	326	326	326	327
Proposed Legislation (PAYGO)	....	....	....	....	–310	–310	–310	–310
Subtotal, Nuclear Regulatory Commission (NRC)	22	11	17	17	16	16	16	17
Other energy programs	389	299	193	176	157	139	163	189
Subtotal, Energy information, policy, and regulation	411	310	210	193	173	155	179	206
Total, Energy	5,027	1,989	1,434	2,019	1,610	1,171	1,829	417
300 Natural resources and environment:								
301 Water resources:								
Corps of Engineers	3,469	3,390	3,514	3,341	3,129	2,910	3,178	3,484
Bureau of Reclamation	889	829	846	781	713	648	723	823
Other	244	263	288	286	276	264	285	310
Offsetting receipts	–390	–434	–406	–410	–406	–421	–417	–422
Proposed Legislation (non-PAYGO)	....	....	–7	–7	–7	–7	–7	–7
Subtotal, Offsetting receipts	–390	–434	–413	–417	–413	–428	–424	–429
Subtotal, Water resources	4,212	4,048	4,235	3,991	3,705	3,394	3,762	4,188
302 Conservation and land management:								
Forest Service	3,463	2,747	2,725	2,688	2,705	2,689	2,805	2,934
Management of public lands (BLM)	972	936	974	966	964	961	1,011	1,063
Proposed Legislation (non-PAYGO)	....	....	1	1	1	1	1	1
Subtotal, Management of public lands (BLM)	972	936	975	967	965	962	1,012	1,064
Federal land acquisition	13	13	13	13	13	13	13	14
Mining reclamation and enforcement	293	267	274	253	230	206	236	268
Conservation reserve program	1,743	1,782	1,925	1,867	1,700	1,627	1,539	1,527
Other conservation of agricultural lands	803	817	956	820	766	713	679	761
Other	363	342	337	321	304	287	312	340
Everglades restoration fund	....	....	100	100	100	100	....	....
Everglades restoration fund (from sugar assessment) (Proposed PAYGO Legislation)	....	....	35	35	35	35	35	35
Everglades restoration fund (sugar assessment) (Proposed PAYGO Legislation)	....	....	–35	–35	–35	–35	–35	–35
Hardrock mining fees (Proposed PAYGO Legislation)	....	....	–1	–2	–34	–36	–37	–38
Other offsetting receipts	–2,258	–2,245	–2,249	–2,136	–2,069	–2,143	–2,171	–2,205
Subtotal, Conservation and land management	5,392	4,659	5,055	4,891	4,680	4,418	4,388	4,665

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
303 Recreational resources:								
Federal land acquisition	202	127	114	114	114	114	116	119
Urban park and historic preservation funds	46	36	38	35	32	29	33	37
Operation of recreational resources	2,722	2,591	2,704	2,708	2,731	2,776	2,877	2,991
National park renewal (Proposed PAYGO Legislation)			–1	12	16	26	30	40
Full funding for fixed assets			111					
Yosemite management fund (Proposed non-PAYGO Legislation)			1	1	1	1	1	1
Hetch Hetchy Dam rental payments (Proposed PAYGO Legislation)			–1	–1	–1	–1	–1	–1
National Park Service fees (Proposed PAYGO Legislation)			–12	–17	–27	–33	–43	–47
Other Offsetting receipts	–236	–251	–256	–254	–256	–259	–263	–263
Subtotal, Recreational resources	2,734	2,503	2,698	2,598	2,610	2,653	2,750	2,877
304 Pollution control and abatement:								
Regulatory, enforcement, and research programs	2,675	2,469	2,754	2,829	2,907	2,982	3,070	3,159
Hazardous substance superfund	1,354	1,313	1,394	1,394	1,394	1,394	1,433	1,474
Oil pollution funds (gross)	157	157	150	144	139	133	141	150
State and tribal assistance grants (includes water infrastructure financing)	1,885	2,863	2,302	2,318	2,333	2,350	2,415	2,483
Proposed Legislation (non-PAYGO)			550	554	558	561	577	593
Subtotal, State and tribal assistance grants (includes water infrastructure financing)	1,885	2,863	2,852	2,872	2,891	2,911	2,992	3,076
Leaking underground storage tank trust fund	70	46	67	67	67	67	69	71
Superfund recoveries and other	–261	–210	–220	–196	–171	–171	–171	–171
Proposed Legislation (non-PAYGO)			–15					
Subtotal, Superfund recoveries and other	–261	–210	–235	–196	–171	–171	–171	–171
Subtotal, Pollution control and abatement	5,880	6,638	6,982	7,110	7,227	7,316	7,534	7,759
306 Other natural resources:								
Program activities	2,849	2,837	2,976	3,044	2,991	2,912	2,987	3,122
Proposed Legislation (non-PAYGO)				–1	–3	–4	–5	–7
Proposed Legislation (PAYGO)			7	2				1
Subtotal, Program activities	2,849	2,837	2,983	3,045	2,988	2,908	2,982	3,116
Offsetting receipts	–18	–16	–16	–16	–30	–30	–30	–30
Proposed Legislation (PAYGO)			–10	–10	–10	–10	–10	–10
Subtotal, Offsetting receipts	–18	–16	–26	–26	–40	–40	–40	–40
Subtotal, Other natural resources	2,831	2,821	2,957	3,019	2,948	2,868	2,942	3,076
Total, Natural resources and environment	21,049	20,669	21,927	21,609	21,170	20,649	21,376	22,565
350 Agriculture:								
351 Farm income stabilization:								
Commodity Credit Corporation	2,707	2,730	4,342	4,605	4,329	3,539	2,834	3,234
Crop insurance	1,690	1,650	1,591	1,761	1,758	1,809	1,861	1,915
Agricultural credit insurance	447	397	359	330	300	270	308	351
Other	796	798	901	829	755	678	775	882
Credit liquidating accounts (ACIF and FAC)	137	–1,391	–1,450	–1,405	–1,348	–1,293	–1,237	–1,237
Subtotal, Farm income stabilization	5,777	4,184	5,743	6,120	5,794	5,003	4,541	5,145
352 Agricultural research and services:								
Research programs	1,208	1,182	1,245	1,150	1,051	950	1,078	1,221
Marketing programs	172	162	163	159	155	151	156	162
Animal and plant inspection programs	466	475	474	437	398	359	409	464
Animal and plant inspection user fees (Proposed non-PAYGO Legislation)			–8	–8	–8	–8	–8	–8
Economic intelligence	135	134	158	146	132	120	135	155
Other programs and unallocated overhead	929	936	924	853	774	700	796	905
Grain inspection user fees (Proposed non-PAYGO Legislation)			–14	–14	–14	–14	–14	–14

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Offsetting receipts	–137	–138	–139	–140	–140	–140	–135	–135
Subtotal, Agricultural research and services	2,773	2,751	2,803	2,583	2,348	2,118	2,417	2,750
Total, Agriculture	8,550	6,935	8,546	8,703	8,142	7,121	6,958	7,895
370 Commerce and housing credit:								
371 Mortgage credit:								
Federal Housing Administration (FHA)	–139	–2,307	–804	–653	–718	–882	–846	–763
Proposed Legislation (non-PAYGO)	....	–161	–260	–275	–271	–270	–270	–270
Subtotal, Federal Housing Administration (FHA)	–139	–2,468	–1,064	–928	–989	–1,152	–1,116	–1,033
FHA Multifamily portfolio re-engineering (Proposed PAYGO Legislation)	....	–1,386	....	....	....	....	....	....
FHA Multifamily portfolio re-engineering (Proposed non-PAYGO Legislation)	....	....	1,051	582	388	....	....	....
Government National Mortgage Association (GNMA)	....	....	....	–1	–1	–2	–1	....
Rural housing programs	893	639	598	550	500	450	514	585
Other	....	–2	....	–2	....	....	....	....
Credit liquidating accounts	593	526	526	860	481	356	986	1,121
Subtotal, Mortgage credit	1,347	–2,691	1,111	1,061	379	–348	383	673
372 Postal service:								
Payments to the Postal Service fund (On-budget)	130	122	139	129	118	109	117	129
Proposed Legislation (PAYGO)	....	....	–36	–34	–32	–31	–29	–28
Subtotal, Payments to the Postal Service fund (On-budget)	130	122	103	95	86	78	88	101
Postal Service (Off-budget)	2,554	4,917	3,151	3,049	1,924	267	2,266	1,391
Proposed Legislation (non-PAYGO)	....	37	36	9	....	....	....	....
Subtotal, Postal Service (Off-budget)	2,554	4,954	3,187	3,058	1,924	267	2,266	1,391
Subtotal, Postal service	2,684	5,076	3,290	3,153	2,010	345	2,354	1,492
373 Deposit insurance:								
FSLIC Resolution Fund	827	....	....	....	....	....	....	....
Discretionary	32	11	....	....	....	....	....	....
Subtotal, Deposit insurance	859	11	....	....	....	....	....	....
376 Other advancement of commerce:								
Small and minority business assistance	706	774	698	642	584	527	600	683
Science and technology	737	672	854	854	852	851	887	925
Economic and demographic statistics	328	343	454	547	979	2,284	425	450
Payments to copyright owners	196	204	209	209	216	223	231	238
Universal Service Fund	4,300	4,300	4,700	5,500	6,300	7,000	7,700	7,900
Regulatory agencies	215	208	432	369	337	303	346	394
Proposed Legislation (non-PAYGO)	....	....	–308	–283	–258	–232	–265	–302
Proposed Legislation (PAYGO)	....	....	260	270	281	292	304	316
Subtotal, Regulatory agencies	215	208	384	356	360	363	385	408
International trade and other business promotion	424	377	409	367	341	311	349	395
Proposed Legislation (non-PAYGO)	....	....	....	....	119	119	119	119
Subtotal, International trade and other business promotion	424	377	409	367	460	430	468	514
Patent and trademark fees (Proposed PAYGO Legislation)	....	....	....	....	–119	–119	–119	–119
Subtotal, Other advancement of commerce	6,906	6,878	7,708	8,475	9,632	11,559	10,577	10,999
Total, Commerce and housing credit	11,796	9,274	12,109	12,689	12,021	11,556	13,314	13,164
On-budget	(9,242)	(4,320)	(8,922)	(9,631)	(10,097)	(11,289)	(11,048)	(11,773)
Off-budget	(2,554)	(4,954)	(3,187)	(3,058)	(1,924)	(267)	(2,266)	(1,391)

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
400 Transportation:								
401 Ground transportation:								
Highways	21,184	17,876	22,028	16,982	15,529	14,058	15,942	18,087
State infrastructure banks	....	....	250	230	209	188	215	245
Highway safety	405	374	440	402	369	330	377	429
Mass transit	4,578	4,050	5,357	3,944	3,590	3,231	3,682	4,199
Railroads	948	863	1,042	885	804	723	826	942
Regulation	33	21	....	....	....	....	....	....
Offsetting receipts	–36	–7	–7	–7	–7	–7	–7	–7
Proposed Legislation (non-PAYGO)	....	....	....	6	13	18	23	28
Proposed Legislation (PAYGO)	....	–22	–47	–49	–51	–53	–55	–57
Subtotal, Offsetting receipts	–36	–29	–54	–50	–45	–42	–39	–36
Subtotal, Ground transportation	27,112	23,155	29,063	22,393	20,456	18,488	21,003	23,866
402 Air transportation:								
Airports and airways (FAA)	6,852	8,918	8,104	8,060	8,011	7,963	8,259	8,583
Aeronautical research and technology	1,310	1,278	1,300	1,235	1,169	1,101	1,200	1,311
Payments to air carriers	23	16	22	23	26	28	27	26
Subtotal, Air transportation	8,185	10,212	9,426	9,318	9,206	9,092	9,486	9,920
403 Water transportation:								
Marine safety and transportation	3,554	3,302	3,557	3,349	3,143	2,933	3,278	3,666
Increased boat safety (Proposed PAYGO Legislation)	....	20	45	45	59	59	59	59
Ocean shipping	194	179	172	161	148	138	157	174
Extend tonnage duties (Proposed PAYGO Legislation)	....	....	....	....	–62	–62	–62	–62
Offsetting receipts	–64	–64	–64	–64	–2	–2	–2	–2
Subtotal, Water transportation	3,684	3,437	3,710	3,491	3,286	3,066	3,430	3,835
407 Other transportation:								
Miscellaneous programs	361	352	364	339	306	276	313	357
Offsetting receipts	–42	–38	–41	–40	–36	–32	–31	–30
Sale of Governor's Island and Union Station Air Rights (Proposed PAYGO Legislation)	....	....	....	....	....	....	....	–540
Subtotal, Other transportation	319	314	323	299	270	244	282	–213
Total, Transportation	39,300	37,118	42,522	35,501	33,218	30,890	34,201	37,408
450 Community and regional development:								
451 Community development:								
Community opportunity performance funds	....	33	47	43	40	36	41	46
Community development block grants	4,819	4,600	4,600	4,232	3,851	3,466	3,951	4,504
Proposed Legislation (non-PAYGO)	....	....	300	276	251	226	258	294
Subtotal, Community development block grants	4,819	4,600	4,900	4,508	4,102	3,692	4,209	4,798
Community development financial institutions	50	50	125	200	250	300	375	375
Other	324	304	334	306	278	251	285	325
Proposed Legislation (non-PAYGO)	....	....	1	1	1	1	1	1
Subtotal, Other	324	304	335	307	279	252	286	326
Subtotal, Community development	5,193	4,987	5,407	5,058	4,671	4,280	4,911	5,545
452 Area and regional development:								
Rural development	884	769	947	944	934	931	979	1,033
Proposed Legislation (non-PAYGO)	....	....	2	2	2	2	2	2
Subtotal, Rural development	884	769	949	946	936	933	981	1,035
Economic development assistance	462	358	353	325	296	267	303	346

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Indian programs	1,662	1,471	1,526	1,514	1,514	1,512	1,544	1,572
Proposed Legislation (non-PAYGO)	....	....	6	6	6	6	6	6
Subtotal, Indian programs	1,662	1,471	1,532	1,520	1,520	1,518	1,550	1,578
Appalachian Regional Commission	277	175	175	161	147	133	151	171
Tennessee Valley Authority	138	109	120	106	96	87	99	113
Credit liquidating accounts	235	109	214	167	271	256	21	66
Offsetting receipts	–357	–375	–351	–338	–258	–257	–258	–258
Subtotal, Area and regional development	3,301	2,616	2,992	2,887	3,008	2,937	2,847	3,051
453 Disaster relief and insurance:								
Small Business Administration disaster loans	130	231	144	132	121	109	124	141
Disaster relief	3,593	3,497	320	320	320	320	320	320
National flood insurance fund	469	292	–72	–88	–108	–127	–150	–58
Other	313	301	334	308	280	253	287	327
Extend FEMA fees (Proposed PAYGO Legislation)	....	....	–12	–12	–12	–12	–12	–12
Credit liquidating accounts	....	–70	–2	–9	–8	....	....	....
Subtotal, Disaster relief and insurance	4,505	4,251	712	651	593	543	569	718
Total, Community and regional development	12,999	11,854	9,111	8,596	8,272	7,760	8,327	9,314
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education:								
Education reform	494	671	691	711	731	751	772	794
School improvement programs	1,322	1,319	1,404	1,445	1,485	1,527	1,570	1,613
Education for the disadvantaged	7,187	7,328	7,679	7,902	8,123	8,350	8,584	8,825
Special education	3,253	3,342	....	....	....	....	....	....
Proposed Legislation (non-PAYGO)	....	....	3,553	3,656	3,758	3,864	3,972	4,083
Subtotal, Special education	3,253	3,342	3,553	3,656	3,758	3,864	3,972	4,083
Impact aid	728	660	617	635	652	671	689	709
Vocational and adult education	1,390	1,389	1,427	1,468	1,509	1,551	1,594	1,639
Proposed Legislation (PAYGO)	....	....	–7	–7	–7	–7	–7	–7
Subtotal, Vocational and adult education	1,390	1,389	1,420	1,461	1,502	1,544	1,587	1,632
Indian education programs	636	580	623	625	628	630	647	666
Other	214	213	268	276	283	292	300	308
Subtotal, Elementary, secondary, and vocational education	15,224	15,502	16,255	16,711	17,162	17,629	18,121	18,630
502 Higher education:								
Student financial assistance	7,586	7,133	7,359	7,573	7,784	8,003	8,226	8,457
Federal family education loan program	3,481	3,326	2,369	2,132	1,909	1,993	2,090	2,186
Proposed Legislation (PAYGO)	....	–314	–504	–517	–466	–486	–513	–530
Subtotal, Federal family education loan program	3,481	3,012	1,865	1,615	1,443	1,507	1,577	1,656
Federal direct loan program	1,105	706	683	1,079	1,430	1,545	1,662	1,770
Proposed Legislation (PAYGO)	....	–124	–139	–258	–99	–103	–105	–105
Subtotal, Federal direct loan program	1,105	582	544	821	1,331	1,442	1,557	1,665
Higher education	919	771	843	867	892	916	942	968
Proposed Legislation (non-PAYGO)	....	....	130	134	138	141	145	149
Subtotal, Higher education	919	771	973	1,001	1,030	1,057	1,087	1,117
Other	266	275	280	291	300	311	320	332
Credit liquidating account (Family education loan program)	1,081	303	–180	–606	–654	–667	–657	–640
Subtotal, Higher education	14,438	12,076	10,841	10,695	11,234	11,653	12,110	12,587

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
503 Research and general education aids	2,272	2,129	2,385	2,339	2,350	2,300	2,460	2,640
Proposed Legislation (non-PAYGO)	....	....	110	113	116	120	123	126
Subtotal, Research and general education aids	2,272	2,129	2,495	2,452	2,466	2,420	2,583	2,766
504 Training and employment:								
Training and employment services	3,907	4,414	5,080	5,180	5,279	5,379	5,542	5,709
Trade adjustment assistance	101	101	113	124	97	97	97	97
Older Americans employment	396	350	....	....	....	....	....	....
Payments to States for AFDC work programs	1,300	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Federal-State employment service	1,299	1,217	1,268	1,305	1,341	1,379	1,417	1,457
Other	90	83	85	78	71	64	73	84
Subtotal, Training and employment	7,093	7,165	7,546	7,687	7,788	7,919	8,129	8,347
505 Other labor services	993	972	1,043	1,023	1,005	985	1,032	1,083
506 Social services:								
National service initiative	696	679	792	833	856	880	905	931
Family support and preservation	150	225	240	240	240	240	240	240
Social services block grant	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Rehabilitation services	2,393	2,444	2,513	2,585	2,659	2,733	2,809	2,887
Payments to States for foster care and adoption assistance	3,597	4,322	4,445	5,702	6,480	7,021	7,684	8,404
Children and families services programs	4,874	4,817	5,251	5,474	5,700	5,929	6,409	6,918
Aging services program	876	828	1,328	1,222	1,112	1,001	1,141	1,301
Interim assistance to States for legalization	195	....	....	....	....	....	....	....
Other social services	14	1	2	2	2	2	2	2
Welfare Reform (Proposed PAYGO Legislation)	....	–70	–280	–280	–280	–280	–280	–280
Subtotal, Social services	15,595	16,046	17,091	18,578	19,569	20,326	21,710	23,203
Total, Education, training, employment, and social services	55,615	53,890	55,271	57,146	59,224	60,932	63,685	66,616
550 Health:								
551 Health care services:								
Medicaid grants	89,241	83,252	101,193	111,956	121,751	133,160	145,575	159,407
Proposed Legislation (PAYGO)	....	....	3,277	–671	–5,227	–10,827	–16,991	–26,198
Subtotal, Medicaid grants	89,241	83,252	104,470	111,285	116,524	122,333	128,584	133,209
Federal employees' and retired employees' health benefits	4,211	3,746	4,059	4,256	4,635	4,878	5,234	5,589
Coal miners retirees health benefits	336	328	321	314	307	301	294	288
Indian health	1,964	2,004	2,178	2,178	2,179	2,179	2,240	2,303
Substance abuse and mental health services	2,195	1,854	2,098	1,930	1,757	1,581	1,802	2,055
Other health care services	5,171	5,275	5,427	4,972	4,652	4,326	4,813	5,362
Health Insurance for the temporarily unemployed (Proposed PAYGO Legislation)	....	....	1,544	2,183	2,370	2,575	25	....
Welfare Reform (Proposed PAYGO Legislation)	....	–63	–327	–628	–316	–524	–713	–940
Subtotal, Health care services	103,118	96,396	119,770	126,490	132,108	137,649	142,279	147,866
552 Health research and training:								
National Institutes of Health	11,248	11,947	12,414	12,414	12,414	12,414	12,761	13,118
Clinical training	326	285	270	257	237	216	237	261
Other research and training	313	244	280	256	233	209	240	274
Subtotal, Health research and training	11,887	12,476	12,964	12,927	12,884	12,839	13,238	13,653
554 Consumer and occupational health and safety:								
Food safety and inspection	531	555	574	528	480	433	493	562
Food safety and inspection user fees (Proposed non-PAYGO Legislation)	....	....	–109	–109	–109	–109	–109	–109
Other consumer safety	924	918	921	847	771	694	791	902
Occupational safety and health	526	522	559	558	557	556	573	590
Subtotal, Consumer and occupational health and safety	1,981	1,995	1,945	1,824	1,699	1,574	1,748	1,945
Total, Health	116,986	110,867	134,679	141,241	146,691	152,062	157,265	163,464

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
570 Medicare:								
571 Medicare:								
Hospital insurance (HI)	109,861	127,043	138,208	150,342	163,619	176,130	189,884	204,876
Proposed Legislation (non-PAYGO)	....	–77	–77	–77	–77	–77	–79	–81
Proposed Legislation (PAYGO)	....	–74	–14,107	–20,115	–25,274	–31,713	–36,567	–41,443
Subtotal, Hospital insurance (HI)	109,861	126,892	124,024	130,150	138,268	144,340	153,238	163,352
Supplementary medical insurance (SMI)	66,953	70,939	78,177	86,701	94,882	103,941	114,396	126,105
Proposed Legislation (non-PAYGO)	....	–337	–337	–337	–337	–337	–346	–356
Proposed Legislation (PAYGO)	....	327	8,071	9,784	9,508	8,565	9,316	9,838
Subtotal, Supplementary medical insurance (SMI)	66,953	70,929	85,911	96,148	104,053	112,169	123,366	135,587
Medicare premiums and collections	–20,274	–19,842	–20,287	–22,048	–23,295	–24,304	–25,331	–26,422
Proposed Legislation (PAYGO)	....	....	288	467	–202	–1,311	–3,141	–5,040
Subtotal, Medicare premiums and collections	–20,274	–19,842	–19,999	–21,581	–23,497	–25,615	–28,472	–31,462
Subtotal, Medicare	156,540	177,979	189,936	204,717	218,824	230,894	248,132	267,477
Total, Medicare	156,540	177,979	189,936	204,717	218,824	230,894	248,132	267,477
600 Income security:								
601 General retirement and disability insurance (excluding social security):								
Railroad retirement	4,037	4,505	4,512	4,549	4,565	4,565	4,653	4,758
Special benefits for disabled coal miners	1,289	1,212	1,178	1,143	1,101	1,057	1,015	969
Other	214	210	236	239	242	245	265	285
Subtotal, General retirement and disability insurance (excluding social security)	5,540	5,927	5,926	5,931	5,908	5,867	5,933	6,012
602 Federal employee retirement and disability:								
Civilian retirement and disability programs	39,074	40,367	42,575	44,627	46,703	48,880	51,185	53,740
Proposed Legislation (PAYGO)	....	....	–278	–307	–295	–303	–312	–320
Subtotal, Civilian retirement and disability programs	39,074	40,367	42,297	44,320	46,408	48,577	50,873	53,420
Military retirement	27,905	28,568	29,746	30,843	31,928	32,985	34,065	35,179
Federal employees workers' compensation (FECA)	254	218	214	217	222	232	258	324
Federal employees life insurance fund	26	28	33	37	42	48	51	56
Subtotal, Federal employee retirement and disability	67,259	69,181	72,290	75,417	78,600	81,842	85,247	88,979
603 Unemployment compensation	23,750	26,054	27,246	27,927	28,706	29,594	30,707	31,911
604 Housing assistance:								
Housing certificates for families and individuals performance funds	....	....	290	290	290	290	290	290
Public and Indian housing performance funds	....	....	2,700	2,484	2,260	2,035	2,320	2,644
Proposed Legislation (non-PAYGO)	....	....	500	460	419	377	429	490
Subtotal, Public and Indian housing performance funds	....	....	3,200	2,944	2,679	2,412	2,749	3,134
Subsidized, public, homeless and other HUD housing	14,712	16,673	12,553	18,181	20,883	23,512	25,529	27,459
Proposed Legislation (non-PAYGO)	....	....	260	248	236	223	242	263
Subtotal, Subsidized, public, homeless and other HUD housing	14,712	16,673	12,813	18,429	21,119	23,735	25,771	27,722
Sec. 8 rent increase limits (Proposed PAYGO Legislation)	....	–60	–236	–342	–388	–408	–411	–419
Rural housing assistance	609	600	613	564	513	463	526	600
Other housing assistance	4	1	....	....	....	....	....	....
Subtotal, Housing assistance	15,325	17,214	16,680	21,885	24,213	26,492	28,925	31,327
605 Food and nutrition assistance:								
Food stamps (including Puerto Rico)	28,806	27,598	29,989	37,525	38,890	40,155	41,720	43,333
State child nutrition programs	7,477	7,966	8,689	9,247	9,800	10,347	10,909	11,503
Special supplemental food program for women, infants, and children (WIC)	3,450	3,694	3,880	4,012	4,121	4,232	4,346	4,463

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Other nutrition programs	1,085	1,182	889	858	824	792	831	878
Welfare Reform (Proposed PAYGO Legislation)		–298	–2,977	–3,105	–3,314	–3,482	–3,689	–3,830
Subtotal, Food and nutrition assistance	40,818	40,142	40,470	48,537	50,321	52,044	54,117	56,347
609 Other income security:								
Supplemental security income (SSI)	27,997	25,814	28,869	32,408	34,225	38,645	35,405	39,918
Family support payments	17,491	17,094	18,101	18,528	19,147	19,764	20,452	21,163
Earned income tax credit (EITC)	15,244	18,138	19,921	20,703	21,596	22,604	23,486	24,403
Proposed Legislation (PAYGO)		–14	–596	–606	–602	–598	–580	–568
Subtotal, Earned income tax credit (EITC)	15,244	18,124	19,325	20,097	20,994	22,006	22,906	23,835
Refugee assistance	406	405	382	351	320	288	328	374
Low income home energy assistance	1,419	1,000	1,000	1,000	910	819	934	1,064
Payments to states for day-care assistance	935	935	1,049	965	878	790	901	1,027
Other	60	56	56	52	47	42	48	55
Proposed Legislation (non-PAYGO)		–25	–24	–22	–20	–18	–21	–24
Subtotal, Other	60	31	32	30	27	24	27	31
SSI offsetting receipts	–927	–983	–1,123	–1,192	–1,255	–1,409	–1,302	–1,455
Welfare Reform (Proposed PAYGO Legislation)		–111	–1,932	–2,932	–3,172	–3,456	–3,174	–4,252
Welfare Reform (Proposed non-PAYGO Legislation)		110	510	475	715	760	715	665
Subtotal, Other income security	62,625	62,419	66,213	69,730	72,789	78,231	77,192	82,370
Total, Income security	215,317	220,937	228,825	249,427	260,537	274,070	282,121	296,946
650 Social security:								
651 Social security:								
Old-age and survivors insurance (OASI)	293,295	306,969	320,668	335,124	349,820	365,262	381,474	398,490
Quinquennial OASI adjustment		–129						
Disability insurance (DI)	39,990	44,824	48,759	52,494	56,579	60,826	65,159	69,858
Interest payments (DI)		–18						
Interfund transactions	4		10					1
Total, Social security	333,289	351,646	369,437	387,618	406,399	426,088	446,633	468,349
On-budget	(5,481)	(5,763)	(7,035)	(7,636)	(8,151)	(8,702)	(9,291)	(9,923)
Off-budget	(327,808)	(345,883)	(362,402)	(379,982)	(398,248)	(417,386)	(437,342)	(458,426)
700 Veterans benefits and services:								
701 Income security for veterans:								
Compensation	14,579	15,205	15,393	15,455	15,499	15,534	15,564	15,583
Proposed Legislation (non-PAYGO)			307	703	1,091	1,483	1,881	2,288
Proposed Legislation (PAYGO)		–36	–129	–228	–329	–436	–546	–664
Subtotal, Compensation	14,579	15,169	15,571	15,930	16,261	16,581	16,899	17,207
Pensions	3,018	2,995	2,987	2,983	3,544	3,599	3,676	3,778
Proposed Legislation (PAYGO)					–563	–590	–617	–648
Subtotal, Pensions	3,018	2,995	2,987	2,983	2,981	3,009	3,059	3,130
Burial benefits and miscellaneous assistance	109	115	118	121	125	127	130	134
National service life insurance trust fund	1,348	1,324	1,250	1,179	1,093	1,015	948	884
All other insurance programs	44	50	46	47	46	47	48	48
Insurance program receipts	–274	–283	–260	–240	–219	–200	–182	–165
Subtotal, Income security for veterans	18,824	19,370	19,712	20,020	20,287	20,579	20,902	21,238
702 Veterans education, training, and rehabilitation:								
Readjustment benefits (GI Bill and related programs)	1,192	1,345	1,227	1,440	1,473	1,471	1,443	1,406
Proposed Legislation (PAYGO)			–20	–39	–56	–56	–57	–57
Subtotal, Readjustment benefits (GI Bill and related programs)	1,192	1,345	1,207	1,401	1,417	1,415	1,386	1,349
Post-Vietnam era education	1							

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
All-volunteer force educational assistance trust fund	–104	–194	–233	–211	–209	–214	–213	–213
Other	1	1	1	1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	1,090	1,152	975	1,191	1,209	1,202	1,174	1,137
703 Hospital and medical care for veterans:								
Medical care and hospital services	16,485	17,098	17,327	15,940	14,506	13,056	14,884	16,967
Proposed Legislation (non-PAYGO)	....	....	3	14	15	16	17	18
Subtotal, Medical care and hospital services	16,485	17,098	17,330	15,954	14,521	13,072	14,901	16,985
Construction	539	435	479	441	400	360	411	469
Third-party medical recoveries	–29	–44	–85	–26	272	–9	–6	–23
Proposed Legislation (non-PAYGO)	....	–11	–49	–50	–51	–52	–53	–55
Proposed Legislation (PAYGO)	....	....	....	....	–279	–6	–4	–14
Subtotal, Third-party medical recoveries	–29	–55	–134	–76	–58	–67	–63	–92
Fees and other charges for medical services	–440	–466	–525	–608	–595	–313	–319	–321
Proposed Legislation (PAYGO)	....	....	....	....	–38	–319	–327	–333
Subtotal, Fees and other charges for medical services	–440	–466	–525	–608	–633	–632	–646	–654
Subtotal, Hospital and medical care for veterans	16,555	17,012	17,150	15,711	14,230	12,733	14,603	16,708
704 Veterans housing:								
Loan guaranty	103	117	48	42	36	38	39	67
Direct loans	1	....	....	....	....	....	....	....
Guaranty and indemnity	508	25	482	424	586	562	596	603
Proposed Legislation (PAYGO)	....	....	....	....	–189	–183	–187	–189
Subtotal, Guaranty and indemnity	508	25	482	424	397	379	409	414
Subtotal, Veterans housing	612	142	530	466	433	417	448	481
705 Other veterans benefits and services:								
Cemeteries, administration of veterans benefits, and other	1,032	980	981	974	965	957	994	1,031
Non-VA support programs	96	99	104	94	83	70	80	93
Subtotal, Other veterans benefits and services	1,128	1,079	1,085	1,068	1,048	1,027	1,074	1,124
Total, Veterans benefits and services	38,209	38,755	39,452	38,456	37,207	35,958	38,201	40,688
750 Administration of justice:								
751 Federal law enforcement activities:								
Criminal investigations (DEA, FBI, FinCEN, ICDE)	3,702	3,829	4,368	4,363	4,227	4,195	4,344	4,499
Proposed Legislation (non-PAYGO)	....	–38	–38	–39	–40	–41	–42	–44
Proposed Legislation (PAYGO)	....	47	56	56	56	56	56	56
Subtotal, Criminal investigations (DEA, FBI, FinCEN, ICDE)	3,702	3,838	4,386	4,380	4,243	4,210	4,358	4,511
Alcohol, tobacco, and firearms investigations (ATF)	421	378	468	418	429	441	454	467
Border enforcement activities (Customs and INS)	4,015	4,486	5,005	4,486	4,419	4,354	4,581	4,831
Customs and INS fees	–1,956	–1,935	–2,040	–2,066	–2,101	–2,146	–2,175	–2,212
Protection activities (Secret Service)	523	578	591	552	531	554	571	596
Equal Employment Opportunity Commission	233	233	268	247	224	202	230	262
Other enforcement	578	441	624	445	416	389	432	479
Proposed Legislation (PAYGO)	....	20	23	23	23	23	23	23
Subtotal, Other enforcement	578	461	647	468	439	412	455	502
Subtotal, Federal law enforcement activities	7,516	8,039	9,325	8,485	8,184	8,027	8,474	8,957
752 Federal litigative and judicial activities:								
Civil and criminal prosecution and representation	2,709	2,694	3,004	2,984	3,038	3,097	3,179	3,265
Federal judicial activities	2,976	3,120	3,546	3,674	3,794	3,937	4,011	4,147
Representation of indigents in civil cases	400	309	340	313	285	256	292	333

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Other	15	5	5	5	4	4	4	5
Subtotal, Federal litigative and judicial activities	6,100	6,128	6,895	6,976	7,121	7,294	7,486	7,750
753 Federal correctional activities	2,557	2,972	3,286	3,277	3,368	3,462	3,559	3,659
754 Criminal justice assistance	2,582	4,121	4,415	5,952	6,937	6,922	5,456	3,994
Total, Administration of justice	18,755	21,260	23,921	24,690	25,610	25,705	24,975	24,360
800 General government:								
801 Legislative functions	2,172	1,997	2,129	2,160	2,191	2,222	2,251	2,279
802 Executive direction and management:								
Drug control programs	74	130	138	127	115	104	118	135
Executive Office of the President	179	179	177	165	150	134	152	175
Former Presidents/Presidential transition	2	2	8	2	2	2	8	2
Subtotal, Executive direction and management	255	311	323	294	267	240	278	312
803 Central fiscal operations:								
Tax administration	7,513	7,467	8,128	8,278	8,278	8,278	8,429	8,534
Other fiscal operations	278	219	242	195	146	99	151	208
Federal Reserve bank reimbursement (Proposed PAYGO Legislation)	....	....	122	122	122	122	122	122
Subtotal, Central fiscal operations	7,791	7,686	8,492	8,595	8,546	8,499	8,702	8,864
804 General property and records management:								
Real property activities	8	63	520	2	2	2	2	2
Property and other receipts	–11	–21	–21	–21	–22	–22	–22	–23
Records management	199	203	200	185	168	150	172	196
Other	180	169	161	145	133	123	138	156
Subtotal, General property and records management	376	414	860	311	281	253	290	331
805 Central personnel management	169	146	148	137	125	114	127	144
806 General purpose fiscal assistance:								
Payments and loans to the District of Columbia	712	700	758	757	763	769	774	793
Payments to States and counties from Forest Service receipts	86	295	291	233	226	226	226	226
Payments to States from receipts under the Mineral Leasing Act	474	508	515	499	506	520	535	551
Payments to States and counties from Federal land management activities	19	18	18	17	16	16	17	19
Payments in lieu of taxes	101	100	102	94	85	77	88	100
Payments to territories and Puerto Rico	138	149	153	157	162	167	171	176
Tax revenues for Puerto Rico (Treasury, BATF)	206	232	240	240	240	240	240	240
Proposed Legislation (PAYGO)	....	....	57	247	499	758	982	1,142
Subtotal, Tax revenues for Puerto Rico (Treasury, BATF)	206	232	297	487	739	998	1,222	1,382
Other	91	93	95	97	99	101	104	107
Subtotal, General purpose fiscal assistance	1,827	2,095	2,229	2,341	2,596	2,874	3,137	3,354
808 Other general government:								
Treasury claims	1,104	1,000	1,000	635	615	615	615	615
Civil liberties public education fund	50	....	....	....	....	....	....	....
Presidential election campaign fund	69	70	70	70	70	70	70	70
Other	499	418	316	296	280	272	290	306
Subtotal, Other general government	1,722	1,488	1,386	1,001	965	957	975	991
809 Deductions for offsetting receipts	–1,077	–817	–800	–800	–800	–800	–800	–800
Proposed Legislation (non-PAYGO)	....	....	–7	....	....	....	....	....
Proposed Legislation (PAYGO)	....	–37	....	....	....	....	....	....
Subtotal, Deductions for offsetting receipts	–1,077	–854	–807	–800	–800	–800	–800	–800
Total, General government	13,235	13,283	14,760	14,039	14,171	14,359	14,960	15,475
900 Net interest:								
901 Interest on the public debt	332,414	344,628	346,118	347,288	350,262	352,289	353,063	355,110

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
902 Interest received by on-budget trust funds:								
Contributions to the civil and foreign service retirement and disability fund	–28,056	–29,242	–29,741	–30,045	–30,454	–30,479	–30,728	–31,101
Proposed Legislation (non-PAYGO)	....	....	–14	–49	–108	–217	–380	–600
Subtotal, Contributions to the civil and foreign service retirement and disability fund	–28,056	–29,242	–29,755	–30,094	–30,562	–30,696	–31,108	–31,701
Military retirement	–10,915	–10,900	–11,000	–11,210	–11,432	–11,653	–11,892	–12,132
Medicare	–12,806	–12,304	–11,972	–10,724	–8,788	–8,288	–3,396	–859
Proposed Legislation (non-PAYGO)	....	5	–170	–1,288	–2,946	–5,078	–7,631	–9,774
Subtotal, Medicare	–12,806	–12,299	–12,142	–12,012	–11,734	–13,366	–11,027	–10,633
Other on-budget trust fund interest	–8,090	–8,717	–8,353	–8,877	–9,369	–9,877	–10,484	–11,232
Proposed Legislation (non-PAYGO)	....	....	–562	–567	–621	–693	–790	–929
Subtotal, Other on-budget trust fund interest	–8,090	–8,717	–8,915	–9,444	–9,990	–10,570	–11,274	–12,161
Subtotal, Interest received by on-budget trust funds	–59,867	–61,158	–61,812	–62,760	–63,718	–66,285	–65,301	–66,627
903 Interest received by off-budget trust funds	–33,305	–36,440	–39,361	–42,442	–45,461	–48,862	–52,565	–56,591
908 Other interest:								
Interest on loans to Federal Financing Bank	–7,422	–6,116	–4,702	–4,131	–3,354	–2,808	–2,402	–2,083
Interest on refunds of tax collections	2,655	2,890	2,961	3,110	3,257	3,399	3,541	3,729
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	2,541	778	795	776	685	586	495	495
Interest received from direct loan financing accounts	–2,726	–1,754	–2,844	–4,074	–5,432	–6,841	–8,238	–9,200
Interest on deposits in tax and loan accounts	–946	–933	–1,078	–1,080	–1,081	–1,081	–1,081	–1,081
Interest received from Outer Continental Shelf escrow account, Interior	–1	....	–905	....	....	....	....	....
Other	–3,484	–3,164	–3,008	–2,934	–2,873	–2,839	–2,804	–2,830
Subtotal, Other interest	–7,055	–5,971	–6,453	–6,005	–6,470	–7,256	–8,161	–8,642
Total, Net interest	232,187	241,059	238,492	236,081	234,613	229,886	227,036	223,250
On-budget	(265,492)	(277,499)	(277,853)	(278,523)	(280,074)	(278,748)	(279,601)	(279,841)
Off-budget	(–33,305)	(–36,440)	(–39,361)	(–42,442)	(–45,461)	(–48,862)	(–52,565)	(–56,591)
920 Allowances:								
929 Unallocated discretionary fiscal dividend:								
Proposed Legislation (non-PAYGO)	....	....	....	....	....	....	8,749	9,000
Total, Allowances	....	....	....	....	....	....	8,749	9,000
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget):								
Contributions to military retirement fund	–12,238	–11,250	–11,192	–10,657	–10,771	–10,904	–11,143	–11,483
Postal Service contributions to Civil Service Retirement and Disability Fund	–5,431	–5,637	–5,825	–6,037	–6,025	–6,262	–6,524	–6,857
Other contributions to civil and foreign service retirement and disability fund	–7,843	–7,885	–8,052	–8,451	–8,816	–9,336	–9,923	–10,533
Proposed Legislation (non-PAYGO)	....	....	....	....	–1,034	–2,077	–3,128	–3,936
Subtotal, Other contributions to civil and foreign service retirement and disability fund	–7,843	–7,885	–8,052	–8,451	–9,850	–11,413	–13,051	–14,469
Contributions to HI trust fund	–2,449	–2,366	–2,430	–2,541	–2,671	–2,831	–2,958	–3,140
Subtotal, Employer share, employee retirement (on-budget)	–27,961	–27,138	–27,499	–27,686	–29,317	–31,410	–33,676	–35,949
952 Employer share, employee retirement (off-budget)	–6,432	–6,291	–6,664	–7,127	–7,708	–8,436	–9,026	–9,865
953 Rents and royalties on the Outer Continental Shelf	–2,418	–2,689	–3,108	–2,630	–2,594	–2,558	–2,562	–2,551
Proposed Legislation (PAYGO)	....	....	....	....	....	....	–20	–20
Subtotal, Rents and royalties on the Outer Continental Shelf	–2,418	–2,689	–3,108	–2,630	–2,594	–2,558	–2,582	–2,571

Table 25–1. BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
954 Sale of major assets:								
Proceeds from Sale of U.S. Enrichment Corporation (Proposed PAYGO Legislation)	....	–1,800	....	....	....	....	....	–197
Privatization of Elk Hills	....	....	....	–2,415	....	....	....	....
Proposed Legislation (PAYGO)	....	....	....	2,415	....	....	....	–1,700
Subtotal, Privatization of Elk Hills	....	....	....	....	....	....	....	–1,700
Proceeds from sale of Power Marketing Administration	....	....	–85	....	....	....	....	....
Subtotal, Sale of major assets	....	–1,800	–85	....	....	....	....	–1,897
959 Other undistributed offsetting receipts:								
Spectrum Auction	–7,644	–4,200	–1,600	–2,000	....	....	....	....
Proposed Legislation (PAYGO)	....	–150	–2,000	–2,950	–3,750	–3,100	–2,650	–18,400
Subtotal, Spectrum Auction	–7,644	–4,350	–3,600	–4,950	–3,750	–3,100	–2,650	–18,400
Subtotal, Other undistributed offsetting receipts	–7,644	–4,350	–3,600	–4,950	–3,750	–3,100	–2,650	–18,400
Total, Undistributed offsetting receipts	–44,455	–42,268	–40,956	–42,393	–43,369	–45,504	–47,934	–68,682
On-budget	(–38,023)	(–35,977)	(–34,292)	(–35,266)	(–35,661)	(–37,068)	(–38,908)	(–58,817)
Off-budget	(–6,432)	(–6,291)	(–6,664)	(–7,127)	(–7,708)	(–8,436)	(–9,026)	(–9,865)
Total	1,543,291	1,571,597	1,638,362	1,690,863	1,738,919	1,783,735	1,861,764	1,920,945
On-budget	(1,252,666)	(1,263,491)	(1,318,798)	(1,357,392)	(1,391,916)	(1,423,380)	(1,483,747)	(1,527,584)
Off-budget	(290,625)	(308,106)	(319,564)	(333,471)	(347,003)	(360,355)	(378,017)	(393,361)

[1] The gross funding levels for these programs reflect funding that is commensurate with full support of the Administration's programmatic commitments over time. The offsets shown will come from potential savings within the Department of Energy, possible additional user fees, and potential adjustments in future funding for discretionary programs in other agencies.

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
050 National defense:								
051 Department of Defense—Military:								
Military personnel	70,809	67,177	69,547	68,977	69,758	73,569	70,103	72,002
Operation and maintenance	90,881	91,485	88,959	88,068	88,798	90,563	92,925	96,778
Procurement	54,982	48,116	44,187	42,331	44,260	47,743	52,548	53,973
Research, development, test and evaluation	34,594	34,434	34,213	34,543	34,084	32,764	31,891	32,752
Military construction	6,823	6,524	6,238	5,744	5,098	4,501	4,222	4,335
Family housing	3,571	4,028	4,047	3,992	3,977	4,012	4,083	4,193
Voluntary Separation Incentive (VSI fund)	143	162	167	171	174	174	174	174
Offset for payment to VSI fund	–20	–264	–146	–149	–134	–88	–88	–88
Revolving and management funds	–510	2,826	976	885	1,160	1,273	1,368	1,405
Trust funds and other	154	124	125	102	105	105	105	105
General transfer authority	....	336	208	....	....	....	....	....
Emergency supplemental	....	492	73	11	2	1	....	....
DOD-wide savings proposals	....	–197	–157	–47	–11	–7	–3	....
Proposed legislation (non-PAYGO)	....	....	–20	235	142	176	162	162
Offsetting receipts	–1,985	–985	–966	–970	–933	–931	–923	–923
Subtotal, Department of Defense—Military	259,442	254,258	247,451	243,893	246,480	253,855	256,567	264,868
053 Atomic energy defense activities:								
Weapons activities: [1]								
Gross	(3,656)	(3,389)	(3,635)	(3,938)	(4,146)	(4,116)	(4,147)	(4,192)
Offsets	....	....	....	(–436)	(–948)	(–1,227)	(–1,077)	(–693)
Net	3,656	3,389	3,635	3,502	3,198	2,889	3,070	3,499
Defense environmental restoration and waste management: [1]								
Gross	(5,621)	(5,237)	(5,289)	(5,188)	(5,154)	(5,207)	(5,187)	(5,105)
Offsets	....	....	....	(–167)	(–551)	(–1,037)	(–896)	(–318)
Net	5,621	5,237	5,289	5,021	4,603	4,170	4,291	4,787
Defense nuclear waste disposal	132	86	116	208	176	160	162	184
Other defense activities [1]	2,354	1,515	1,496	1,461	1,334	1,205	1,281	1,460
Defense Nuclear Facilities Safety Board	14	18	17	17	14	14	14	16
Subtotal, Atomic energy defense activities	11,777	10,245	10,553	10,209	9,325	8,438	8,818	9,946
054 Defense-related activities:								
Existing Law	847	1,074	798	755	729	711	745	803
Defense stockpile sales (proposed PAYGO legislation)	....	–21	–79	–79	–79	–80	–155	–156
Subtotal, Defense-related activities	847	1,053	719	676	650	631	590	647
Total, National defense	272,066	265,556	258,723	254,778	256,455	262,924	265,975	275,461
150 International affairs:								
151 International development and humanitarian assistance:								
Agency for International Development	4,055	3,763	3,722	3,530	3,342	3,173	3,082	3,235
Multilateral development banks (MDB's)	1,424	1,850	1,772	1,641	1,543	1,523	1,293	1,348
Food aid	1,496	1,191	1,110	1,068	1,051	1,036	1,054	1,097
Refugee programs	705	837	725	701	701	701	717	737
Voluntary contributions to international organizations	496	308	315	310	290	270	285	317
Peace Corps	235	226	226	223	226	226	231	237
Other programs	304	139	155	165	153	134	128	153
Credit liquidating accounts	–560	–1,395	–1,352	–1,277	–1,276	–1,254	–1,219	–1,171
Offsetting receipts	–556	–24	–16	–16	–16	–16	–16	–16
Subtotal, International development and humanitarian assistance	7,599	6,895	6,657	6,345	6,014	5,793	5,555	5,937
152 International security assistance:								
Foreign military financing grants and loans	2,981	3,419	3,361	3,343	3,286	3,277	3,315	3,406
Economic support fund	2,739	2,596	2,545	2,461	2,462	2,442	2,458	2,430
Other programs	154	145	148	125	118	109	112	125
Repayment of foreign military financing loans	–674	–634	–613	–495	–372	–272	–185	–34

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Foreign military loan liquidating account	52	–234	–192	–195	–196	–207	–237	–257
Subtotal, International security assistance	5,252	5,292	5,249	5,239	5,298	5,349	5,463	5,670
153 Conduct of foreign affairs	4,192	4,138	4,232	4,022	3,828	3,602	3,767	3,831
154 Foreign information and exchange activities:								
U.S. Information Agency	1,163	1,194	1,162	1,085	998	902	968	1,093
Board for International Broadcasting	239	....	....	....	....	....	....	....
Other programs	15	9	6	6	5	5	5	6
Subtotal, Foreign information and exchange activities	1,417	1,203	1,168	1,091	1,003	907	973	1,099
155 International financial programs:								
Export-Import Bank	151	453	498	516	522	516	515	506
International monetary fund	–265	19	26	24	22	19	16	6
Exchange stabilization fund	–2,467	–2,055	–2,140	–2,110	–2,100	–2,150	–2,200	–2,250
Foreign military sales trust fund (net)	948	130	90	50	190	–190	–140	60
Special defense acquisition fund	–85	–129	–128	–84	–21	3	1	....
Credit liquidating account (Exim)	–204	–1,012	–509	–612	–619	–347	–303	–268
Other	....	2	....	....	....	....	....	....
Offsetting receipts	–104	–106	–108	–110	–112	–115	–117	–50
Subtotal, International financial programs	–2,026	–2,698	–2,271	–2,326	–2,118	–2,264	–2,228	–1,996
Total, International affairs	16,434	14,830	15,035	14,371	14,025	13,387	13,530	14,541
250 General science, space, and technology:								
251 General science and basic research:								
National Science Foundation programs	2,791	3,000	3,221	3,190	3,260	3,279	3,324	3,409
Department of Energy general science programs	1,340	978	1,002	948	865	781	840	959
Subtotal, General science and basic research	4,131	3,978	4,223	4,138	4,125	4,060	4,164	4,368
252 Space flight, research, and supporting activities:								
Science, Aeronautics and Technology	2,200	4,538	4,722	5,314	4,721	4,524	4,573	4,890
Human space flight	3,528	5,070	5,385	5,166	4,883	4,596	4,766	5,182
Mission support	1,763	2,038	2,082	1,950	1,828	1,660	1,809	2,050
Research and program management	88	23	....	....	....	....	....	....
Space flight control and data communications	1,409	380	32	....	....	....	....	....
Construction of facilities	305	86	119	....	....	....	....	....
Research and development	3,286	748	5	....	....	....	....	....
Other	14	16	17	16	14	13	15	17
Subtotal, Space flight, research, and supporting activities	12,593	12,899	12,362	12,446	11,446	10,793	11,163	12,139
Total, General science, space, and technology	16,724	16,877	16,585	16,584	15,571	14,853	15,327	16,507
270 Energy:								
271 Energy supply:								
Research and development	4,006	3,807	3,587	3,504	3,385	3,214	3,098	3,283
Naval petroleum reserves	–209	–285	–249	–55	109	97	96	108
Proposed Legislation (PAYGO)	....	....	....	–200	–370	–340	–310	–280
Subtotal, Naval petroleum reserves	–209	–285	–249	–255	–261	–243	–214	–172
Federal power marketing	–447	–498	–458	–579	–384	–405	–287	–437
Proposed Legislation (PAYGO)	....	....	–14	–14	–13	–12	–11	–25
Subtotal, Federal power marketing	–447	–498	–472	–593	–397	–417	–298	–462
Tennessee Valley Authority	1,104	636	–44	–140	–69	–294	–255	–305

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Uranium enrichment	109	48	33	27	24	23	23	26
United States Enrichment Corporation	–355	–146	–204	–207	–124	102	119	122
Proposed Legislation (PAYGO)	....	239	204	207	124	–102	–119	–122
Subtotal, United States Enrichment Corporation	–355	93	....	....	....	....	....	....
Uranium enrichment facility decontamination and decommissioning fund	349	287	260	225	205	185	201	229
Decontamination transfer	–134	–350	–377	–377	–377	–377	–377	–377
Foreign fees	....	....	–46	–46	–46	–46	–46	–46
Nuclear waste program	376	218	176	192	176	160	162	184
Nuclear waste fund receipts	–597	–630	–637	–637	–637	–637	–646	–658
Subsidies for nonconventional fuel production	19	33	18	19	18	18	18	18
Rural electric and telephone loans	191	148	124	93	72	62	63	62
Credit liquidating account (REA)	–828	–1,498	–1,253	–1,217	–1,229	–1,181	–1,164	–1,083
Subtotal, Energy supply	3,584	2,009	1,120	795	864	467	565	699
272 Energy conservation	671	681	624	706	739	759	781	803
274 Emergency energy preparedness:								
Existing Law	223	171	252	218	200	182	187	208
Lease excess SPR capacity (Proposed PAYGO Legislation)	....	....	....	–20	–40	–80	–100	–120
Sale of Weeks Island Oil (Proposed PAYGO Legislation)	....	....	....	....	....	....	....	–1,534
Subtotal, Emergency energy preparedness	223	171	252	198	160	102	87	–1,446
276 Energy information, policy, and regulation:								
Nuclear Regulatory Commission (NRC)	28	33	15	17	326	326	326	327
Proposed Legislation (PAYGO)	....	....	....	....	–310	–310	–310	–310
Subtotal, Nuclear Regulatory Commission (NRC)	28	33	15	17	16	16	16	17
Other energy programs	430	323	231	188	165	148	156	179
Subtotal, Energy information, policy, and regulation	458	356	246	205	181	164	172	196
Total, Energy	4,936	3,217	2,242	1,904	1,944	1,492	1,605	252
300 Natural resources and environment:								
301 Water resources:								
Corps of Engineers	3,870	3,777	3,670	3,212	2,937	2,720	2,804	3,102
Bureau of Reclamation	824	946	823	785	719	649	702	794
Central Utah Project Prepayments (Proposed PAYGO Legislation)	....	....	–75	–145	2	2	–37	2
Other	487	440	325	324	300	271	284	304
Offsetting receipts	–390	–434	–406	–410	–406	–421	–417	–422
Proposed Legislation (non-PAYGO)	....	....	–7	–7	–7	–7	–7	–7
Subtotal, Offsetting receipts	–390	–434	–413	–417	–413	–428	–424	–429
Subtotal, Water resources	4,791	4,729	4,330	3,759	3,545	3,214	3,329	3,773
302 Conservation and land management:								
Forest Service	3,371	2,821	2,704	2,690	2,703	2,693	2,792	2,921
Management of public lands (BLM)	1,010	942	1,004	971	968	970	1,000	1,050
Proposed Legislation (non-PAYGO)	....	....	1	1	1	1	1	1
Subtotal, Management of public lands (BLM)	1,010	942	1,005	972	969	971	1,001	1,051
Federal land acquisition	12	5	16	14	14	14	14	14
Mining reclamation and enforcement	313	233	280	279	291	232	233	246
Conservation reserve program	1,732	1,841	1,992	1,867	1,700	1,627	1,539	1,527
Other conservation of agricultural lands	806	926	994	952	828	778	780	808
Other	332	353	320	326	311	294	306	331
Everglades restoration fund	....	....	50	90	100	100	50	10
Everglades restoration fund (from sugar assessment) (Proposed PAYGO Legislation)	....	....	17	31	35	35	35	35
Everglades restoration fund (sugar assessment) (Proposed PAYGO Legislation)	....	....	–35	–35	–35	–35	–35	–35
Hardrock mining fees (Proposed PAYGO Legislation)	....	....	–1	–2	–34	–36	–37	–38

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Other offsetting receipts	–2,258	–2,245	–2,249	–2,136	–2,069	–2,143	–2,171	–2,205
Subtotal, Conservation and land management	5,318	4,876	5,093	5,048	4,813	4,530	4,507	4,665
303 Recreational resources:								
Federal land acquisition	265	181	152	134	122	118	120	122
Urban park and historic preservation funds	51	53	44	38	34	32	32	35
Operation of recreational resources	2,748	2,585	2,652	2,681	2,713	2,761	2,819	2,893
National park renewal (Proposed PAYGO Legislation)	....	....	–1	9	14	23	29	38
Yosemite management fund (Proposed non-PAYGO Legislation)	....	....	1	1	1	1	1	1
Hetch Hetchy Dam rental payments (Proposed PAYGO Legislation)	....	....	–1	–1	–1	–1	–1	–1
National Park Service fees (Proposed PAYGO Legislation)	....	....	–12	–17	–27	–33	–43	–47
Other Offsetting receipts	–236	–251	–256	–254	–256	–259	–263	–263
Subtotal, Recreational resources	2,828	2,568	2,579	2,591	2,600	2,642	2,694	2,778
304 Pollution control and abatement:								
Regulatory, enforcement, and research programs	2,621	2,620	2,700	2,776	2,829	2,941	3,031	3,116
Proposed Legislation (PAYGO)	....	....	–1	–1	....	1	1	....
Subtotal, Regulatory, enforcement, and research programs	2,621	2,620	2,699	2,775	2,829	2,942	3,032	3,116
Hazardous substance superfund	1,473	1,389	1,377	1,370	1,361	1,357	1,372	1,424
Oil pollution funds (gross)	151	159	146	144	139	137	139	147
State and tribal assistance grants (includes water infrastructure financing)	2,455	2,500	2,557	2,504	2,372	2,371	2,442	2,332
Proposed Legislation (non-PAYGO)	....	....	22	143	309	432	489	518
Subtotal, State and tribal assistance grants (includes water infrastructure financing)	2,455	2,500	2,579	2,647	2,681	2,803	2,931	2,850
Leaking underground storage tank trust fund	73	59	62	66	66	66	68	70
Superfund recoveries and other	–261	–210	–220	–196	–171	–171	–171	–171
Proposed Legislation (non-PAYGO)	....	....	–15	....	....	....	....	....
Subtotal, Superfund recoveries and other	–261	–210	–235	–196	–171	–171	–171	–171
Subtotal, Pollution control and abatement	6,512	6,517	6,628	6,806	6,905	7,134	7,371	7,436
306 Other natural resources:								
Program activities	2,674	2,876	2,952	2,794	2,951	2,907	2,972	3,083
Proposed Legislation (non-PAYGO)	....	....	....	....	–2	–4	–5	–6
Proposed Legislation (PAYGO)	....	....	4	2	....	....	....	1
Subtotal, Program activities	2,674	2,876	2,956	2,796	2,949	2,903	2,967	3,078
Offsetting receipts	–18	–16	–16	–16	–30	–30	–30	–30
Proposed Legislation (PAYGO)	....	....	–10	–10	–10	–10	–10	–10
Subtotal, Offsetting receipts	–18	–16	–26	–26	–40	–40	–40	–40
Subtotal, Other natural resources	2,656	2,860	2,930	2,770	2,909	2,863	2,927	3,038
Total, Natural resources and environment	22,105	21,550	21,560	20,974	20,772	20,383	20,828	21,690
350 Agriculture:								
351 Farm income stabilization:								
Commodity Credit Corporation	6,030	3,199	3,633	5,093	5,027	4,446	3,812	3,350
Crop insurance	387	2,006	1,727	1,587	1,525	1,534	1,578	1,623
Agricultural credit insurance	424	389	358	334	302	272	305	349
Other	747	695	725	733	673	596	671	772
Credit liquidating accounts (ACIF and FAC)	–573	–1,302	–1,527	–1,476	–1,427	–1,389	–1,338	–1,347
Subtotal, Farm income stabilization	7,015	4,987	4,916	6,271	6,100	5,459	5,028	4,747
352 Agricultural research and services:								
Research programs	1,196	1,213	1,199	1,205	1,085	985	1,035	1,147
Marketing programs	175	166	162	161	157	152	152	158
Animal and plant inspection programs	495	421	470	445	406	367	398	453

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Animal and plant inspection user fees (Proposed non-PAYGO Legislation)			–8	–8	–8	–8	–8	–8
Economic intelligence	136	134	155	148	134	121	134	152
Other programs and unallocated overhead	893	935	973	916	828	728	776	880
Grain inspection user fees (Proposed non-PAYGO Legislation)			–14	–14	–14	–14	–14	–14
Offsetting receipts	–137	–138	–139	–140	–140	–140	–135	–135
Subtotal, Agricultural research and services	2,758	2,731	2,798	2,713	2,448	2,191	2,338	2,633
Total, Agriculture	9,773	7,718	7,714	8,984	8,548	7,650	7,366	7,380
370 Commerce and housing credit:								
371 Mortgage credit:								
Federal Housing Administration (FHA)	–210	–2,241	–804	–648	–712	–877	–853	–770
Proposed Legislation (non-PAYGO)		–161	–260	–275	–271	–270	–270	–270
Subtotal, Federal Housing Administration (FHA)	–210	–2,402	–1,064	–923	–983	–1,147	–1,123	–1,040
FHA Multifamily portfolio re-engineering (Proposed PAYGO Legislation)		–1,386						
FHA Multifamily portfolio re-engineering (Proposed non-PAYGO Legislation)		–142	1,051	582	388	–725	–900	–798
Government National Mortgage Association (GNMA)	–463	–472	–476	–462	–553	–606	–605	–604
Rural housing programs	1,061	725	630	563	509	458	502	569
Other	2	–1	1	–2				
Credit liquidating accounts	–1,428	–321	–292	49	–116	–312	–589	–955
Subtotal, Mortgage credit	–1,038	–3,999	–150	–193	–755	–2,332	–2,715	–2,828
372 Postal service:								
Payments to the Postal Service fund (On-budget)	130	122	139	129	118	109	117	129
Proposed Legislation (PAYGO)			–36	–34	–32	–31	–29	–28
Subtotal, Payments to the Postal Service fund (On-budget)	130	122	103	95	86	78	88	101
Postal Service (Off-budget)	–1,969	–348	2,596	26	–1,454	–534	–1,808	–1,823
Proposed Legislation (non-PAYGO)		37	36	9				
Subtotal, Postal Service (Off-budget)	–1,969	–311	2,632	35	–1,454	–534	–1,808	–1,823
Subtotal, Postal service	–1,839	–189	2,735	130	–1,368	–456	–1,720	–1,722
373 Deposit insurance:								
Resolution Trust Corporation Fund	–10,668	–2,424						
Bank Insurance Fund	–6,916	–2,138	–1,702	–601	366	–307	–673	–595
Proposed Legislation (non-PAYGO)			–248	–536	–232	–11	–12	–13
Proposed Legislation (PAYGO)		607	22	5				
Subtotal, Bank Insurance Fund	–6,916	–1,531	–1,928	–1,132	134	–318	–685	–608
FSLIC Resolution Fund	1,090	–3,463	–2,111	–1,405	–967	–1,794	–472	–577
Savings Association Insurance Fund	–1,101	–793	–605	600	761	345	64	–75
Proposed Legislation (non-PAYGO)		–5,093	499	155	–190	–222	–268	–307
Subtotal, Savings Association Insurance Fund	–1,101	–5,886	–106	755	571	123	–204	–382
National Credit Union Administration	–274	–182	–197	–200	–200	–200	–200	–200
Other mandatory	10	14	9					
Discretionary	32	7						
Subtotal, Deposit insurance	–17,827	–13,465	–4,333	–1,982	–462	–2,189	–1,561	–1,767
376 Other advancement of commerce:								
Small and minority business assistance	673	863	622	824	835	553	572	644
Science and technology	468	616	707	820	866	850	857	889
Economic and demographic statistics	339	318	422	527	890	2,352	475	444
Payments to copyright owners	316	300	300	300	301	306	311	316
Universal Service Fund	4,300	4,300	4,700	5,500	6,300	7,000	7,700	7,900

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Regulatory agencies	210	210	432	371	340	305	339	384
Proposed Legislation (non-PAYGO)	....	....	–272	–284	–260	–235	–259	–295
Proposed Legislation (PAYGO)	....	....	224	266	277	288	299	311
Subtotal, Regulatory agencies	210	210	384	353	357	358	379	400
International trade and other business promotion	335	386	344	402	557	373	345	384
Proposed Legislation (non-PAYGO)	....	....	....	....	–232	76	119	119
Subtotal, International trade and other business promotion	335	386	344	402	325	449	464	503
Credit liquidating accounts	–378	–84	–129	–265	–121	–101	–101	–101
Patent and trademark fees (Proposed PAYGO Legislation)	....	....	....	....	–119	–119	–119	–119
Subtotal, Other advancement of commerce	6,263	6,909	7,350	8,461	9,634	11,648	10,538	10,876
Total, Commerce and housing credit	–14,441	–10,744	5,602	6,416	7,049	6,671	4,542	4,559
On-budget	(–12,472)	(–10,433)	(2,970)	(6,381)	(8,503)	(7,205)	(6,350)	(6,382)
Off-budget	(–1,969)	(–311)	(2,632)	(35)	(–1,454)	(–534)	(–1,808)	(–1,823)
400 Transportation:								
401 Ground transportation:								
Highways	19,435	20,363	19,682	19,160	18,131	16,567	15,569	16,404
State infrastructure banks	....	....	37	166	194	188	183	206
Highway safety	353	389	417	448	424	387	382	421
Mass transit	4,473	4,471	4,287	4,130	3,784	3,600	3,729	3,933
Railroads	1,035	907	1,039	1,117	872	765	796	875
Regulation	37	23	....	....	....	....	....	....
Offsetting receipts	–36	–7	–7	–7	–7	–7	–7	–7
Proposed Legislation (non-PAYGO)	....	....	....	6	13	18	23	28
Proposed Legislation (PAYGO)	....	–22	–47	–49	–51	–53	–55	–57
Subtotal, Offsetting receipts	–36	–29	–54	–50	–45	–42	–39	–36
Subtotal, Ground transportation	25,297	26,124	25,408	24,971	23,360	21,465	20,620	21,803
402 Air transportation:								
Airports and airways (FAA)	9,207	8,551	8,363	8,621	8,434	8,497	8,545	8,780
Aeronautical research and technology	784	1,290	1,336	1,313	1,172	1,105	1,157	1,270
Payments to air carriers	29	24	22	21	19	17	18	21
Subtotal, Air transportation	10,020	9,865	9,721	9,955	9,625	9,619	9,720	10,071
403 Water transportation:								
Marine safety and transportation	3,531	3,238	3,447	3,450	3,393	3,161	3,369	3,670
Increased boat safety (Proposed PAYGO Legislation)	....	9	26	38	51	51	51	51
Ocean shipping	312	298	218	247	150	141	153	190
Panama Canal Commission	–47	–10	2	10	109	178	28	....
Extend tonnage duties (Proposed PAYGO Legislation)	....	....	....	....	–62	–62	–62	–62
Offsetting receipts	–64	–64	–64	–64	–2	–2	–2	–2
Subtotal, Water transportation	3,732	3,471	3,629	3,681	3,639	3,467	3,537	3,847
407 Other transportation:								
Miscellaneous programs	343	347	363	344	303	272	303	341
Offsetting receipts	–42	–38	–41	–40	–36	–32	–31	–30
Sale of Governor's Island and Union Station Air Rights (Proposed PAYGO Legislation)	....	....	....	....	....	....	....	–540
Subtotal, Other transportation	301	309	322	304	267	240	272	–229
Total, Transportation	39,350	39,769	39,080	38,911	36,891	34,791	34,149	35,492
450 Community and regional development:								
451 Community development:								
Community opportunity performance funds	....	17	40	45	42	39	39	44

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Community development block grants	4,333	5,093	4,931	4,803	4,498	4,134	3,785	3,778
Proposed Legislation (non-PAYGO)	....	....	....	12	128	235	260	246
Subtotal, Community development block grants	4,333	5,093	4,931	4,815	4,626	4,369	4,045	4,024
Community development financial institutions	....	24	81	110	180	240	295	345
Other	467	438	377	342	316	286	278	316
Proposed Legislation (non-PAYGO)	....	....	1	1	1	1	1	1
Subtotal, Other	467	438	378	343	317	287	279	317
Credit liquidating accounts	–56	–53	–46	–59	–47	–44	–43	–41
Subtotal, Community development	4,744	5,519	5,384	5,254	5,118	4,891	4,615	4,689
452 Area and regional development:								
Rural development	622	789	807	878	894	907	923	963
Proposed Legislation (non-PAYGO)	....	....	1	2	2	2	2	2
Subtotal, Rural development	622	789	808	880	896	909	925	965
Economic development assistance	354	459	440	331	385	357	378	371
Indian programs	1,408	1,366	1,470	1,473	1,500	1,501	1,519	1,545
Proposed Legislation (non-PAYGO)	....	....	6	6	6	6	6	6
Subtotal, Indian programs	1,408	1,366	1,476	1,479	1,506	1,507	1,525	1,551
Appalachian Regional Commission	193	182	203	224	203	182	164	162
Tennessee Valley Authority	210	105	128	118	105	94	91	100
Credit liquidating accounts	185	163	134	116	238	208	200	47
Offsetting receipts	–357	–375	–351	–338	–258	–257	–258	–258
Subtotal, Area and regional development	2,615	2,689	2,838	2,810	3,075	3,000	3,025	2,938
453 Disaster relief and insurance:								
Small Business Administration disaster loans	705	513	257	168	123	112	121	137
Disaster relief	2,116	3,928	3,419	2,317	1,397	384	320	320
National flood insurance fund	460	251	–105	–124	–146	–168	–192	–215
Other	286	343	347	320	291	265	276	310
Extend FEMA fees (Proposed PAYGO Legislation)	....	....	–12	–12	–12	–12	–12	–12
Credit liquidating accounts	–285	–365	–291	–254	–375	–166	–128	–101
Subtotal, Disaster relief and insurance	3,282	4,670	3,615	2,415	1,278	415	385	439
Total, Community and regional development	10,641	12,878	11,837	10,479	9,471	8,306	8,025	8,066
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education:								
Education reform	61	538	649	687	708	729	750	770
School improvement programs	1,391	1,587	1,370	1,395	1,440	1,481	1,522	1,567
Education for the disadvantaged	6,808	7,113	7,444	7,632	7,876	8,102	8,328	8,561
Special education	3,177	3,511	2,947	906	167	....	....	....
Proposed Legislation (non-PAYGO)	....	....	355	2,498	3,458	3,733	3,838	3,945
Subtotal, Special education	3,177	3,511	3,302	3,404	3,625	3,733	3,838	3,945
Impact aid	808	830	693	630	647	667	685	704
Vocational and adult education	1,482	1,513	1,439	1,419	1,462	1,504	1,546	1,590
Proposed Legislation (PAYGO)	....	....	–1	–6	–7	–7	–7	–7
Subtotal, Vocational and adult education	1,482	1,513	1,438	1,413	1,455	1,497	1,539	1,583
Indian education programs	729	657	597	624	624	628	639	655
Other	238	253	229	258	274	283	291	299
Subtotal, Elementary, secondary, and vocational education	14,694	16,002	15,722	16,043	16,649	17,120	17,592	18,084
502 Higher education:								
Student financial assistance	7,047	7,395	7,689	7,372	7,596	7,809	8,028	8,252

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Federal family education loan program	3,601	3,076	2,270	2,024	1,818	1,787	1,872	1,959
Proposed Legislation (PAYGO)	.....	–779	–447	–475	–448	–447	–469	–490
Subtotal, Federal family education loan program	3,601	2,297	1,823	1,549	1,370	1,340	1,403	1,469
Federal direct loan program	840	613	722	869	1,266	1,480	1,575	1,679
Proposed Legislation (PAYGO)	.....	–68	–121	–190	–159	–124	–113	–105
Subtotal, Federal direct loan program	840	545	601	679	1,107	1,356	1,462	1,574
Higher education	871	898	812	834	864	890	915	940
Proposed Legislation (non-PAYGO)	.....	.....	16	104	131	138	141	145
Subtotal, Higher education	871	898	828	938	995	1,028	1,056	1,085
Other	225	232	238	252	245	259	270	284
Credit liquidating account (Family education loan program)	1,588	73	–282	–1,141	–1,265	–1,305	–1,295	–1,269
Subtotal, Higher education	14,172	11,440	10,897	9,649	10,048	10,487	10,924	11,395
503 Research and general education aids	2,120	2,269	2,219	2,306	2,346	2,297	2,400	2,560
Proposed Legislation (non-PAYGO)	.....	.....	44	86	113	117	120	124
Subtotal, Research and general education aids	2,120	2,269	2,263	2,392	2,459	2,414	2,520	2,684
504 Training and employment:								
Training and employment services	4,690	4,846	4,697	5,006	5,144	5,276	5,392	5,541
Trade adjustment assistance	103	95	121	122	111	101	97	97
Older Americans employment	411	380	290	30	.....	.....	.....	.....
Payments to States for AFDC work programs	953	959	988	996	999	1,000	1,000	1,000
Federal-State employment service	1,185	1,261	1,215	1,198	1,251	1,278	1,329	1,390
Other	88	76	81	77	70	65	70	81
Subtotal, Training and employment	7,430	7,617	7,392	7,429	7,575	7,720	7,888	8,109
505 Other labor services	965	962	1,024	1,022	1,000	980	1,019	1,071
506 Social services:								
National service initiative	426	572	680	700	764	802	838	862
Family support and preservation	38	132	201	232	239	240	240	240
Social services block grant	2,797	3,183	2,839	2,803	2,800	2,800	2,800	2,800
Rehabilitation services	2,333	2,593	2,608	2,565	2,639	2,713	2,789	2,866
Payments to States for foster care and adoption assistance	3,243	3,740	4,144	4,551	4,974	5,437	5,947	6,506
Children and families services programs	4,726	4,898	4,987	5,446	5,519	5,742	6,118	6,601
Aging services program	952	776	1,006	1,245	1,163	1,052	1,087	1,229
Interim assistance to States for legalization	358	3	1	.....	.....	.....	.....	.....
Other social services	9	7	5	2	2	2	2	2
Welfare Reform (Proposed PAYGO Legislation)	.....	–63	–259	–280	–280	–280	–280	–280
Subtotal, Social services	14,882	15,841	16,212	17,264	17,820	18,508	19,541	20,826
Total, Education, training, employment, and social services	54,263	54,131	53,510	53,799	55,551	57,229	59,484	62,169
550 Health:								
551 Health care services:								
Medicaid grants	89,070	94,892	102,293	111,956	121,751	133,160	145,574	159,407
Proposed Legislation (PAYGO)	.....	.....	3,277	–671	–5,227	–10,827	–16,991	–26,198
Subtotal, Medicaid grants	89,070	94,892	105,570	111,285	116,524	122,333	128,583	133,209
Federal employees' and retired employees' health benefits	3,694	3,594	3,862	3,931	3,907	4,302	4,880	5,153
Coal miners retirees health benefits	336	328	321	314	307	301	294	288
Indian health	2,012	1,932	2,046	2,190	2,174	2,180	2,220	2,274
Substance abuse and mental health services	2,444	2,105	2,024	1,985	1,849	1,674	1,713	1,923
Other health care services	4,375	4,898	4,984	5,389	5,090	4,710	4,617	4,942
Health Insurance for the temporarily unemployed (Proposed PAYGO Legislation)	.....	.....	1,544	2,183	2,370	2,575	25	.....

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Welfare Reform (Proposed PAYGO Legislation)	....	–63	–327	–628	–316	–524	–713	–940
Subtotal, Health care services	101,931	107,686	120,024	126,649	131,905	137,551	141,619	146,849
552 Health research and training:								
National Institutes of Health	10,883	10,924	11,957	12,207	12,383	12,413	12,561	12,882
DoD breast cancer and other health research	114	67	12	....	....	....	....	....
Clinical training	286	286	386	347	315	280	229	242
Other research and training	286	256	251	285	257	234	226	246
Subtotal, Health research and training	11,569	11,533	12,606	12,839	12,955	12,927	13,016	13,370
554 Consumer and occupational health and safety:								
Food safety and inspection	522	553	571	531	482	435	490	559
Food safety and inspection user fees (Proposed non-PAYGO Legislation)	....	....	–109	–109	–109	–109	–109	–109
Other consumer safety	900	915	923	877	805	728	790	893
Occupational safety and health	496	524	557	557	557	557	570	588
Subtotal, Consumer and occupational health and safety	1,918	1,992	1,942	1,856	1,735	1,611	1,741	1,931
Total, Health	115,418	121,211	134,572	141,344	146,595	152,089	156,376	162,150
570 Medicare:								
571 Medicare:								
Hospital insurance (HI)	114,883	126,682	138,372	150,532	163,203	176,316	190,103	204,446
Proposed Legislation (non-PAYGO)	....	–77	–77	–77	–77	–77	–79	–82
Proposed Legislation (PAYGO)	....	–74	–14,107	–20,115	–25,274	–31,713	–36,567	–41,443
Subtotal, Hospital insurance (HI)	114,883	126,531	124,188	130,340	137,852	144,526	153,457	162,921
Supplementary medical insurance (SMI)	65,213	70,907	78,184	86,706	94,873	103,975	114,435	126,109
Proposed Legislation (non-PAYGO)	....	–337	–337	–337	–337	–337	–346	–356
Proposed Legislation (PAYGO)	....	327	8,071	9,784	9,508	8,565	9,316	9,838
Subtotal, Supplementary medical insurance (SMI)	65,213	70,897	85,918	96,153	104,044	112,203	123,405	135,591
Medicare premiums and collections	–20,241	–19,842	–20,287	–22,048	–23,295	–24,304	–25,331	–26,422
Proposed Legislation (PAYGO)	....	....	288	467	–202	–1,311	–3,141	–5,040
Subtotal, Medicare premiums and collections	–20,241	–19,842	–19,999	–21,581	–23,497	–25,615	–28,472	–31,462
Subtotal, Medicare	159,855	177,586	190,107	204,912	218,399	231,114	248,390	267,050
Total, Medicare	159,855	177,586	190,107	204,912	218,399	231,114	248,390	267,050
600 Income security:								
601 General retirement and disability insurance (excluding social security):								
Railroad retirement	4,055	4,406	4,464	4,488	4,499	4,510	4,599	4,695
Special benefits for disabled coal miners	1,288	1,222	1,187	1,164	1,105	1,061	1,018	972
Pension Benefit Guaranty Corporation	–430	–858	–1,043	–945	–901	–651	–653	–589
Other	193	203	226	232	234	237	254	274
Subtotal, General retirement and disability insurance (excluding social security)	5,106	4,973	4,834	4,939	4,937	5,157	5,218	5,352
602 Federal employee retirement and disability:								
Civilian retirement and disability programs	38,860	40,169	42,376	44,417	46,490	48,653	50,944	53,693
Proposed Legislation (PAYGO)	....	....	–278	–308	–296	–304	–312	–321
Subtotal, Civilian retirement and disability programs	38,860	40,169	42,098	44,109	46,194	48,349	50,632	53,372
Military retirement	27,797	28,511	29,687	30,781	31,864	32,919	33,996	35,109
Federal employees workers' compensation (FECA)	71	249	116	197	247	289	282	286
Federal employees life insurance fund	–894	–993	–901	–857	–843	–847	–834	–777
Subtotal, Federal employee retirement and disability	65,834	67,936	71,000	74,230	77,462	80,710	84,076	87,990

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
603 Unemployment compensation	23,638	25,986	27,178	27,859	28,638	29,526	30,637	31,839
604 Housing assistance:								
Housing certificates for families and individuals performance funds	....	....	29	186	290	290	290	290
Public and Indian housing performance funds	....	....	4,276	3,912	3,683	3,324	2,972	2,753
Proposed Legislation (non-PAYGO)	....	....	....	....	55	175	281	356
Subtotal, Public and Indian housing performance funds	....	....	4,276	3,912	3,738	3,499	3,253	3,109
Subsidized, public, homeless and other HUD housing	27,009	26,059	23,520	24,377	24,253	24,064	24,234	24,524
Proposed Legislation (non-PAYGO)	....	....	....	9	46	128	190	233
Subtotal, Subsidized, public, homeless and other HUD housing	27,009	26,059	23,520	24,386	24,299	24,192	24,424	24,757
Sec. 8 rent increase limits (Proposed PAYGO Legislation)	....	–60	–236	–342	–388	–408	–411	–419
Rural housing assistance	510	574	610	636	647	650	640	629
Other housing assistance	5	....	1	....	....	....	....	....
Subtotal, Housing assistance	27,524	26,573	28,200	28,778	28,586	28,223	28,196	28,366
605 Food and nutrition assistance:								
Food stamps (including Puerto Rico)	25,554	26,346	27,474	28,594	29,660	30,725	31,990	33,303
State child nutrition programs	7,499	8,233	8,575	9,171	9,725	10,272	10,831	11,409
Special supplemental food program for women, infants, and children (WIC)	3,404	3,687	3,826	3,901	4,012	4,123	4,237	4,353
Other nutrition programs	1,137	1,064	929	860	827	794	828	875
Section 32 user fee (Proposed PAYGO Legislation)	....	....	–10	–11	–11	–11	–11	–11
Welfare Reform (Proposed PAYGO Legislation)	....	–296	–2,930	–3,110	–3,310	–3,488	–3,683	–3,819
Subtotal, Food and nutrition assistance	37,594	39,034	37,864	39,405	40,903	42,415	44,192	46,110
609 Other income security:								
Supplemental security income (SSI)	26,488	26,621	30,466	32,409	34,227	38,625	35,333	39,784
Family support payments	17,133	17,366	17,955	18,443	19,059	19,684	20,364	21,073
Earned income tax credit (EITC)	15,244	18,138	19,921	20,703	21,596	22,604	23,486	24,403
Proposed Legislation (PAYGO)	....	–14	–596	–606	–602	–598	–580	–568
Subtotal, Earned income tax credit (EITC)	15,244	18,124	19,325	20,097	20,994	22,006	22,906	23,835
Refugee assistance	393	399	389	368	341	310	319	347
Low income home energy assistance	1,419	1,252	1,023	1,003	915	826	928	1,055
Payments to states for day-care assistance	933	935	946	1,007	1,045	955	858	894
Other	70	49	55	53	47	43	47	54
Proposed Legislation (non-PAYGO)	....	–25	–24	–22	–20	–18	–21	–24
Subtotal, Other	70	24	31	31	27	25	26	30
SSI offsetting receipts	–927	–983	–1,123	–1,192	–1,255	–1,409	–1,302	–1,455
Welfare Reform (Proposed PAYGO Legislation)	....	–1	–1,853	–2,965	–3,141	–3,475	–3,189	–4,254
Welfare Reform (Proposed non-PAYGO Legislation)	....	103	486	478	701	757	718	668
Subtotal, Other income security	60,753	63,840	67,645	69,679	72,913	78,304	76,961	81,977
Total, Income security	220,449	228,342	236,721	244,890	253,439	264,335	269,280	281,634
650 Social security:								
651 Social security:								
Old-age and survivors insurance (OASI)	294,468	306,009	319,585	334,026	348,553	363,926	380,125	397,114
Quinquennial OASI adjustment	....	–129	....	....	....	....	....	....
Disability insurance (DI)	41,377	45,062	48,507	52,130	56,215	60,438	64,883	69,594
Interest payments (DI)	....	–18	....	....	....	....	....	....
Interfund transactions	1	....	10	....	....	....	....	1
Total, Social security	335,846	350,924	368,102	386,156	404,768	424,364	445,008	466,709
On-budget	(5,476)	(5,763)	(7,035)	(7,636)	(8,151)	(8,702)	(9,291)	(9,923)
Off-budget	(330,370)	(345,161)	(361,067)	(378,520)	(396,617)	(415,662)	(435,717)	(456,786)

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
700 Veterans benefits and services:								
701 Income security for veterans:								
Compensation	14,815	14,113	15,382	15,433	15,490	16,648	14,407	15,579
Proposed Legislation (non-PAYGO)			276	734	1,059	1,483	1,815	2,254
Proposed Legislation (PAYGO)		–36	–129	–228	–328	–436	–542	–662
Subtotal, Compensation	14,815	14,077	15,529	15,939	16,221	17,695	15,680	17,171
Pensions	3,024	2,757	2,975	2,989	3,547	3,850	3,394	3,770
Proposed Legislation (PAYGO)					–563	–590	–617	–648
Subtotal, Pensions	3,024	2,757	2,975	2,989	2,984	3,260	2,777	3,122
Burial benefits and miscellaneous assistance	109	115	118	121	125	127	130	134
National service life insurance trust fund	1,249	1,403	1,355	1,365	871	873	871	875
All other insurance programs	43	52	42	53	–1	11	24	36
Insurance program receipts	–274	–283	–260	–240	–219	–200	–182	–165
Subtotal, Income security for veterans	18,966	18,121	19,759	20,227	19,981	21,766	19,300	21,173
702 Veterans education, training, and rehabilitation:								
Readjustment benefits (GI Bill and related programs)	1,191	1,273	1,374	1,437	1,471	1,471	1,444	1,408
Proposed Legislation (PAYGO)			–20	–39	–56	–56	–57	–57
Subtotal, Readjustment benefits (GI Bill and related programs)	1,191	1,273	1,354	1,398	1,415	1,415	1,387	1,351
Post-Vietnam era education	37	38	56	25	35	21	27	20
All-volunteer force educational assistance trust fund	–104	–194	–233	–211	–209	–214	–213	–213
Other				1	1	1	1	1
Subtotal, Veterans education, training, and rehabilitation	1,124	1,117	1,177	1,213	1,242	1,223	1,202	1,159
703 Hospital and medical care for veterans:								
Medical care and hospital services	16,262	16,987	17,472	16,589	14,726	13,283	14,679	16,657
Proposed Legislation (non-PAYGO)			3	14	15	16	17	18
Subtotal, Medical care and hospital services	16,262	16,987	17,475	16,603	14,741	13,299	14,696	16,675
Construction	637	635	569	530	487	433	406	403
Third-party medical recoveries	–31	–64	–66	–27	272	–11	–6	–23
Proposed Legislation (non-PAYGO)		–11	–49	–50	–51	–52	–53	–55
Proposed Legislation (PAYGO)					–279	–6	–4	–14
Subtotal, Third-party medical recoveries	–31	–75	–115	–77	–58	–69	–63	–92
Fees and other charges for medical services	–440	–466	–525	–608	–595	–313	–319	–321
Proposed Legislation (PAYGO)					–38	–319	–327	–333
Subtotal, Fees and other charges for medical services	–440	–466	–525	–608	–633	–632	–646	–654
Subtotal, Hospital and medical care for veterans	16,428	17,081	17,404	16,448	14,537	13,031	14,393	16,332
704 Veterans housing:								
Loan guaranty	105	117	48	41	36	32	34	50
Direct loans	2	2	2					
Guaranty and indemnity	508	25	482	424	586	562	596	603
Proposed Legislation (PAYGO)					–189	–183	–187	–189
Subtotal, Guaranty and indemnity	508	25	482	424	397	379	409	414
Credit liquidating accounts	–286	230	–13	–2	–61	–2	–14	–20
Proposed Legislation (PAYGO)		–90						
Subtotal, Credit liquidating accounts	–286	140	–13	–2	–61	–2	–14	–20
Subtotal, Veterans housing	329	284	519	463	372	409	429	444
705 Other veterans benefits and services:								
Cemeteries, administration of veterans benefits, and other	986	1,052	980	973	962	953	986	1,025

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Non-VA support programs	105	93	98	88	76	62	69	81
Subtotal, Other veterans benefits and services	1,091	1,145	1,078	1,061	1,038	1,015	1,055	1,106
Total, Veterans benefits and services	37,938	37,748	39,937	39,412	37,170	37,444	36,379	40,214
750 Administration of justice:								
751 Federal law enforcement activities:								
Criminal investigations (DEA, FBI, FinCEN, ICDE)	3,355	3,403	3,945	4,166	4,212	4,235	4,288	4,414
Proposed Legislation (non-PAYGO)	....	–28	–34	–38	–40	–41	–42	–43
Proposed Legislation (PAYGO)	....	35	49	50	56	56	56	56
Subtotal, Criminal investigations (DEA, FBI, FinCEN, ICDE)	3,355	3,410	3,960	4,178	4,228	4,250	4,302	4,427
Alcohol, tobacco, and firearms investigations (ATF)	372	378	411	441	459	440	453	466
Border enforcement activities (Customs and INS)	3,449	4,283	4,729	4,365	4,355	4,248	4,447	4,677
Customs and INS fees	–1,956	–1,935	–2,040	–2,066	–2,101	–2,146	–2,175	–2,212
Protection activities (Secret Service)	528	571	566	558	536	554	566	591
Equal Employment Opportunity Commission	233	232	267	246	223	203	225	255
Other enforcement	403	518	610	453	426	399	426	469
Proposed Legislation (PAYGO)	....	18	22	23	23	23	23	23
Subtotal, Other enforcement	403	536	632	476	449	422	449	492
Subtotal, Federal law enforcement activities	6,384	7,475	8,525	8,198	8,149	7,971	8,267	8,696
752 Federal litigative and judicial activities:								
Civil and criminal prosecution and representation	2,757	2,769	2,911	2,972	3,027	3,085	3,164	3,247
Federal judicial activities	2,924	3,313	3,574	3,661	3,784	3,926	4,001	4,136
Representation of indigents in civil cases	429	280	338	318	289	261	286	326
Other	13	6	3	4	4	4	4	4
Subtotal, Federal litigative and judicial activities	6,123	6,368	6,826	6,955	7,104	7,276	7,455	7,713
753 Federal correctional activities	2,749	3,013	3,169	3,166	3,475	3,608	3,690	3,790
754 Criminal justice assistance	967	1,908	3,430	5,663	6,148	6,786	6,727	5,241
Total, Administration of justice	16,223	18,764	21,950	23,982	24,876	25,641	26,139	25,440
800 General government:								
801 Legislative functions	1,995	2,066	2,127	2,127	2,220	2,250	2,276	2,303
802 Executive direction and management:								
Drug control programs	68	112	137	131	118	107	114	131
Executive Office of the President	178	181	182	170	154	136	151	171
Former Presidents/Presidential transition	2	2	8	2	2	2	8	2
Subtotal, Executive direction and management	248	295	327	303	274	245	273	304
803 Central fiscal operations:								
Tax administration	7,716	7,433	8,020	8,191	8,246	8,271	8,427	8,555
Other fiscal operations	220	143	225	203	135	83	120	174
Proposed Legislation (non-PAYGO)	....	....	–3	....	....	....	....	....
Subtotal, Other fiscal operations	220	143	222	203	135	83	120	174
Federal Reserve bank reimbursement (Proposed PAYGO Legislation)	....	....	122	122	122	122	122	122
Subtotal, Central fiscal operations	7,936	7,576	8,364	8,516	8,503	8,476	8,669	8,851
804 General property and records management:								
Real property activities	374	215	331	300	50	....	....	....
Property and other receipts	–11	–21	–21	–21	–22	–22	–22	–23
Records management	219	196	195	188	171	155	166	190
Other	338	271	375	235	146	131	137	155
Subtotal, General property and records management	920	661	880	702	345	264	281	322
805 Central personnel management	126	150	142	133	122	110	120	136

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
806 General purpose fiscal assistance:								
Payments and loans to the District of Columbia	709	700	758	757	763	769	774	793
Payments to States and counties from Forest Service receipts	320	295	291	233	226	226	226	226
Payments to States from receipts under the Mineral Leasing Act	474	508	515	499	506	520	535	551
Payments to States and counties from Federal land management activities	20	17	17	16	16	16	17	30
Payments in lieu of taxes	101	100	102	94	85	77	88	100
Payments to territories and Puerto Rico	136	149	153	157	162	167	171	176
Tax revenues for Puerto Rico (Treasury, BATF)	206	232	240	240	240	240	240	240
Proposed Legislation (PAYGO)	....	....	57	247	499	758	982	1,142
Subtotal, Tax revenues for Puerto Rico (Treasury, BATF)	206	232	297	487	739	998	1,222	1,382
Other	91	95	96	98	99	101	104	107
Subtotal, General purpose fiscal assistance	2,057	2,096	2,229	2,341	2,596	2,874	3,137	3,365
808 Other general government:								
Treasury claims	1,104	1,000	1,000	635	615	610	610	610
Civil liberties public education fund	10	54	....	....	....	....	....	....
Presidential election campaign fund	23	184	3	70	70	70	70	70
Other	493	362	327	331	292	269	293	309
Subtotal, Other general government	1,630	1,600	1,330	1,036	977	949	973	989
809 Deductions for offsetting receipts	–1,077	–817	–800	–800	–800	–800	–800	–800
Proposed Legislation (non-PAYGO)	....	....	–7	....	....	....	....	....
Proposed Legislation (PAYGO)	....	–37	....	....	....	....	....	....
Subtotal, Deductions for offsetting receipts	–1,077	–854	–807	–800	–800	–800	–800	–800
Total, General government	13,835	13,590	14,592	14,358	14,237	14,368	14,929	15,470
900 Net interest:								
901 Interest on the public debt	332,414	344,628	346,118	347,288	350,262	352,289	353,063	355,110
902 Interest received by on-budget trust funds:								
Contributions to the civil and foreign service retirement and disability fund	–28,056	–29,242	–29,741	–30,045	–30,454	–30,479	–30,728	–31,101
Proposed Legislation (non-PAYGO)	....	....	–14	–49	–108	–217	–380	–600
Subtotal, Contributions to the civil and foreign service retirement and disability fund	–28,056	–29,242	–29,755	–30,094	–30,562	–30,696	–31,108	–31,701
Military retirement	–10,915	–10,900	–11,000	–11,210	–11,432	–11,653	–11,892	–12,132
Medicare	–12,806	–12,304	–11,972	–10,724	–8,788	–8,288	–3,396	–859
Proposed Legislation (non-PAYGO)	....	5	–170	–1,288	–2,946	–5,078	–7,631	–9,774
Subtotal, Medicare	–12,806	–12,299	–12,142	–12,012	–11,734	–13,366	–11,027	–10,633
Other on-budget trust fund interest	–8,090	–8,717	–8,353	–8,877	–9,369	–9,877	–10,484	–11,232
Proposed Legislation (non-PAYGO)	....	....	–562	–567	–621	–693	–790	–929
Subtotal, Other on-budget trust fund interest	–8,090	–8,717	–8,915	–9,444	–9,990	–10,570	–11,274	–12,161
Subtotal, Interest received by on-budget trust funds	–59,867	–61,158	–61,812	–62,760	–63,718	–66,285	–65,301	–66,627
903 Interest received by off-budget trust funds	–33,305	–36,440	–39,361	–42,442	–45,461	–48,862	–52,565	–56,591
908 Other interest:								
Interest on loans to Federal Financing Bank	–7,422	–6,116	–4,702	–4,131	–3,354	–2,808	–2,402	–2,083
Interest on refunds of tax collections	2,655	2,890	2,961	3,110	3,257	3,399	3,541	3,729
Payment to the Resolution Funding Corporation	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Interest paid to loan guarantee financing accounts	2,541	778	795	776	685	586	495	495
Interest received from direct loan financing accounts	–2,726	–1,754	–2,844	–4,074	–5,432	–6,841	–8,238	–9,200
Interest on deposits in tax and loan accounts	–946	–933	–1,078	–1,080	–1,081	–1,081	–1,081	–1,081
Interest received from Outer Continental Shelf escrow account, Interior	–1	....	–905	....	....	....	....	....

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate						
		1996	1997	1998	1999	2000	2001	2002
Other	–3,498	–3,164	–3,008	–2,934	–2,873	–2,839	–2,804	–2,830
Subtotal, Other interest	–7,069	–5,971	–6,453	–6,005	–6,470	–7,256	–8,161	–8,642
Total, Net interest	232,173	241,059	238,492	236,081	234,613	229,886	227,036	223,250
On-budget	(265,478)	(277,499)	(277,853)	(278,523)	(280,074)	(278,748)	(279,601)	(279,841)
Off-budget	(–33,305)	(–36,440)	(–39,361)	(–42,442)	(–45,461)	(–48,862)	(–52,565)	(–56,591)
920 Allowances:								
925 Government-wide debt collection:								
Proposed Legislation (non-PAYGO)	....	–327	–76	–65	–56	–56	–65	–36
929 Unallocated discretionary fiscal dividend:								
Proposed Legislation (non-PAYGO)	....	....	....	....	....	....	5,162	9,000
Total, Allowances	....	–327	–76	–65	–56	–56	5,097	8,964
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget):								
Contributions to military retirement fund	–12,238	–11,250	–11,192	–10,657	–10,771	–10,904	–11,143	–11,483
Postal Service contributions to Civil Service Retirement and Disability Fund	–5,431	–5,637	–5,825	–6,037	–6,025	–6,262	–6,524	–6,857
Other contributions to civil and foreign service retirement and disability fund	–7,843	–7,885	–8,052	–8,451	–8,816	–9,336	–9,923	–10,533
Proposed Legislation (non-PAYGO)	....	....	....	....	–1,034	–2,077	–3,128	–3,936
Subtotal, Other contributions to civil and foreign service retirement and disability fund	–7,843	–7,885	–8,052	–8,451	–9,850	–11,413	–13,051	–14,469
Contributions to HI trust fund	–2,449	–2,366	–2,430	–2,541	–2,671	–2,831	–2,958	–3,140
Subtotal, Employer share, employee retirement (on-budget)	–27,961	–27,138	–27,499	–27,686	–29,317	–31,410	–33,676	–35,949
952 Employer share, employee retirement (off-budget)	–6,432	–6,291	–6,664	–7,127	–7,708	–8,436	–9,026	–9,865
953 Rents and royalties on the Outer Continental Shelf	–2,418	–2,689	–3,108	–2,630	–2,594	–2,558	–2,562	–2,551
Proposed Legislation (PAYGO)	....	....	....	....	....	....	–20	–20
Subtotal, Rents and royalties on the Outer Continental Shelf	–2,418	–2,689	–3,108	–2,630	–2,594	–2,558	–2,582	–2,571
954 Sale of major assets:								
Proceeds from Sale of U.S. Enrichment Corporation (Proposed PAYGO Legislation)	....	–1,800	....	....	....	....	....	–197
Privatization of Elk Hills	....	....	....	–2,415	....	....	....	....
Proposed Legislation (PAYGO)	....	....	....	2,415	....	....	....	–1,700
Subtotal, Privatization of Elk Hills	....	....	....	....	....	....	....	–1,700
Proceeds from sale of Power Marketing Administration	....	....	–85	....	....	....	....	....
Subtotal, Sale of major assets	....	–1,800	–85	....	....	....	....	–1,897
959 Other undistributed offsetting receipts:								
Spectrum Auction	–7,644	–4,200	–1,600	–2,000	....	....	....	....
Proposed Legislation (PAYGO)	....	–150	–2,000	–2,950	–3,750	–3,100	–2,650	–18,400
Subtotal, Spectrum Auction	–7,644	–4,350	–3,600	–4,950	–3,750	–3,100	–2,650	–18,400
Subtotal, Other undistributed offsetting receipts	–7,644	–4,350	–3,600	–4,950	–3,750	–3,100	–2,650	–18,400
Total, Undistributed offsetting receipts	–44,455	–42,268	–40,956	–42,393	–43,369	–45,504	–47,934	–68,682
On-budget	(–38,023)	(–35,977)	(–34,292)	(–35,266)	(–35,661)	(–37,068)	(–38,908)	(–58,817)
Off-budget	(–6,432)	(–6,291)	(–6,664)	(–7,127)	(–7,708)	(–8,436)	(–9,026)	(–9,865)

Table 25–2. OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Source	1995 actual	Estimate 1996	1997	1998	1999	2000	2001	2002
Total	1,519,133	1,572,411	1,635,329	1,675,877	1,716,949	1,761,367	1,811,531	1,868,316
On-budget	(1,230,469)	(1,270,292)	(1,317,655)	(1,346,891)	(1,374,955)	(1,403,537)	(1,439,213)	(1,479,809)
Off-budget	(288,664)	(302,119)	(317,674)	(328,986)	(341,994)	(357,830)	(372,318)	(388,507)

[1] The gross funding levels for these programs reflect funding that is commensurate with full support of the Administration's programmatic commitments over time. The offsets shown will come from potential savings within the Department of Energy, possible additional user fees, and potential adjustments in future funding for discretionary programs in other agencies.

OUTLAYS TO THE PUBLIC

26. OUTLAYS TO THE PUBLIC

Table 26–1 presents supplementary information on the total amount of Federal Government outlays, including outlays that are offset by collections from the public. The budget generally presents outlays net of offsetting collections, which understates total Federal budget transactions with the public by up to 15 percent, particularly in the Department of Agriculture, Funds Appropriated to the President, the Postal Service, and the Federal Deposit Insurance and Resolution Trust Corporations. Therefore, the table in this chapter presents both measures of outlays.

Normal Budget Presentation of Receipts and Outlays. The receipts and outlays in the budget are normally presented as recommended by the President's Commission on Budget Concepts in 1967. The Commission concluded that, for most purposes, the relative size of the Federal government in the national economy is most appropriately disclosed when amounts received from the public from business-like or market-oriented activities are *offset* against the expenditures to which they relate, while taxes and other collections representing the exercise of sovereign or regulatory powers unique to government are stated as *governmental receipts*, which do not offset specific expenditures. The budget amounts would thereby be a rough measure of the volume of economic activity allocated by the Federal Government through collective political choice, rather than through the standard that the use of services requires payment of a price. Examples of *offsetting collections from the public* for business-like or market-oriented activities are the amounts collected from the sale of postage stamps, timber, minerals and mineral products, and rental payments collected for use of Federal lands. Offsetting collections representing intragovernmental payments and transfers are also offset against outlays to avoid double counting when spending by all Federal accounts is aggregated.

Table 26–1 is arranged in four columns of data for each fiscal year, 1986 to 1997. Columns two and three of Table 26–1 are described in more detail below.

Offsetting Collections in Expenditure Accounts. For the past decade, 70 to 80 percent of the offsetting collections from the public have been authorized to be credited to expenditure accounts, particularly public enterprise revolving fund accounts. These amounts are usually authorized by law to be spent without further action by Congress, although there are occasionally legal limitations on the amounts that can be spent. Amounts credited to expenditure accounts offset the budget authority and outlays of the agency to which the account belongs.

In recent years, offsetting collections credited to the public enterprise revolving fund of the Postal Service have accounted for a quarter to a third of the total. The amount estimated to be collected in 1997 is $57.7 billion. Agriculture has the second largest offsetting collections credited to its expenditure accounts. The bulk of the collections consists of loan repayments, interest, and other collections for farm credit programs. In 1997 the amount estimated to be credited is $16.9 billion. Of this amount:

- $8.8 billion is authorized to be credited to the Commodity Credit Corporation fund:
  - —$6.8 billion is from loan principal repayments,
  - —$0.9 billion is from P.L. 480 advances from foreign assistance programs,
  - —$0.6 billion is from proceeds from sales to special activities,
  - —$0.3 billion is from assessments and loan origination fees,
  - —$0.2 billion is from interest collections, and
  - —$0.1 billion miscellaneous sales proceeds;
- $5.5 billion is authorized to be credited to various Agriculture credit liquidating accounts;
- $0.7 billion is for insurance premiums to be collected by the Federal Crop Insurance fund; and
- $1.9 billion, is spread throughout the various bureaus, the largest of which is $90 million from fees for meat and poultry inspections by the Food Safety and Inspection Service.

Offsetting Collections in Receipt Accounts. Offsetting collections from the public that are not authorized to be credited to expenditure accounts are deposited in general fund, special fund, or trust fund receipt accounts and are called *offsetting receipts*. These are further classified as either *proprietary receipts or offsetting governmental receipts*. The offsetting governmental receipts are collections that are governmental in nature, but are required by law to be treated as offsetting collections.

During 1997, the total offsetting receipts from the public are estimated to be $60.3 billion. This consists of $54.0 billion in proprietary receipts from the public and $6.3 billion in offsetting governmental receipts.

Most of the offsetting receipts from the public offset agency budget authority and outlay totals. The largest are for Medicare premiums and other charges collected by the Federal Supplemental Medical Insurance and Hospital Insurance trust funds in the Department of Health and Human Services. The amount estimated to be collected in 1997 is $20.0 billion. The second largest amount is deposited in the Foreign Military Sales trust fund for the Military Assistance Program which is included in the table on the line for "Funds Appropriated to the President." The amount estimated to be collected in 1997 is $12.2 billion.

In exceptional cases, offsetting receipts from the public do not offset the agency budget authority and outlay totals because the size of the deductions would cause the resulting agency totals to seriously understate the resources used to carry out the program. In 1997, $7.7 billion does not offset agency totals and, thus are further classified as *undistributed offsetting receipts*. Of this amount, $3.1 billion is for rent and royalty collections for the Outer Continental Shelf and $1.6 billion is for spectrum auction proceeds. An additional $2 billion is for a legislative proposal to increase auction proceeds, and $905 million is for interest received from the Outer Continental Shelf escrow account.

For additional detail on proprietary receipts from the public and offsetting governmental receipts see Table 4–3. Offsetting Receipts by Type. The budget treatment of collections and outlays is discussed further in Chapter 23, "Budget Systems and Concepts and Glossary."

Table 26–1. TOTAL OUTLAYS, INCLUDING THOSE OFFSET BY COLLECTIONS FROM THE PUBLIC, BY AGENCY, 1986–1997

(In millions of dollars)

Department or other unit		1986				1987		
	Net Outlays	Offsetting Collections from the Public in:		Outlays Gross of Collections from the Public	Net Outlays	Offsetting Collections from the Public in:		Outlays Gross of Collections from the Public
		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	4,785	233	1,623	6,641	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	210,994	3	....	210,997	219,902	7	33	219,942
Financial Institutions (FDIC/RTC)	1,806	5,894	....	7,700	3,317	8,081	....	11,398
Postal Service	758	29,099	....	29,857	1,593	30,626	....	32,219
Other Independent Agencies	9,829	9,337	1,003	20,169	9,567	10,855	747	21,169
Allowances	....	....	....	....	....	....	....	....
Undistributed offsetting receipt	–65,036	....	5,788	–59,248	–72,262	....	6,799	–65,463
Total outlays	**990,336**	**105,833**	**35,049**	**1,131,218**	**1,003,911**	**122,619**	**35,522**	**1,162,052**

Table 26–1. TOTAL OUTLAYS, INCLUDING THOSE OFFSET BY COLLECTIONS FROM THE PUBLIC, BY AGENCY, 1986–1997—Continued

(In millions of dollars)

Department or other unit	1988				1989			
	Net Outlays	Offsetting Collections from the Public in:		Outlays Gross of Collections from the Public	Net Outlays	Offsetting Collections from the Public in:		Outlays Gross of Collections from the Public
		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
Financial Institutions (FDIC/RTC)	10,221	13,139	....	23,360	20,580	16,244	....	36,824
Postal Service	2,229	33,986	....	36,215	127	36,965	....	37,092
Other Independent Agencies	11,126	9,440	208	20,774	12,303	8,898	285	21,486
Allowances	....	....	....	....	....	....	....	....
Undistributed offsetting receipt	–78,789	....	3,549	–75,240	–89,074	....	2,931	–86,143
Total outlays	1,064,140	134,039	34,667	1,232,846	1,143,172	129,925	38,904	1,312,001

Table 26–1. TOTAL OUTLAYS, INCLUDING THOSE OFFSET BY COLLECTIONS FROM THE PUBLIC, BY AGENCY, 1986–1997—Continued

(In millions of dollars)

Department or other unit	1990 Net Outlays	1990 Offsetting Collections from the Public in: Expenditure Accounts	1990 Offsetting Collections from the Public in: Receipt Accounts	1990 Outlays Gross of Collections from the Public	1991 Net Outlays	1991 Offsetting Collections from the Public in: Expenditure Accounts	1991 Offsetting Collections from the Public in: Receipt Accounts	1991 Outlays Gross of Collections from the Public
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	22,751	7,788	....	30,539
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 Agency	5,108	38	111	5,257	5,769	22	90	5,881
General Services Administration	–123	153	61	91	487	205	54	746
National Aeronautics and Space Administration	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
Financial Institutions (FDIC/RTC)	58,278	32,757	....	91,035	66,635	56,592	....	123,227
Postal Service	2,116	38,202	....	40,318	1,828	42,592	....	44,420
Other Independent Agencies	14,040	9,414	276	23,730	12,703	10,031	547	23,281
Allowances	....	....	....	....	....	....	....	....
Undistributed offsetting receipts	–98,930	....	3,006	–95,924	–110,005	....	3,151	–106,854
Total outlays	1,252,515	144,199	38,036	1,434,750	1,323,631	170,562	85,888	1,580,081

Table 26–1. TOTAL OUTLAYS, INCLUDING THOSE OFFSET BY COLLECTIONS FROM THE PUBLIC, BY AGENCY, 1986–1997—Continued

(In millions of dollars)

Department or other unit	1992 Net Outlays	1992 Offsetting Collections from the Public in: Expenditure Accounts	1992 Offsetting Collections from the Public in: Receipt Accounts	1992 Outlays Gross of Collections from the Public	1993 Net Outlays	1993 Offsetting Collections from the Public in: Expenditure Accounts	1993 Offsetting Collections from the Public in: Receipt Accounts	1993 Outlays Gross of Collections from the Public
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	11,526	421	15,293	27,240
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	5,384	29	....	5,413
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 Adminstration	546	1,240	....	1,786	785	1,209	....	1,994
Social Security Administration	307,190	1	....	307,191	327,293	2	6	327,301
Financial Institutions (FDIC/RTC)	2,909	68,158	....	71,067	*–27,566	50,866	....	23,300
Postal Service	1,169	45,158	....	46,327	1,602	46,502	....	48,104
Other Independent Agencies	14,588	9,499	893	24,980	15,979	10,163	788	26,930
Allowances	....	....	....	....	....	....	....	....
Undistributed offsetting receipts	–117,111	....	2,498	–114,613	–119,711	....	2,785	–116,926
Total outlays	1,380,856	182,311	47,680	1,610,847	1,408,675	169,591	47,060	1,625,326

Table 26–1. TOTAL OUTLAYS, INCLUDING THOSE OFFSET BY COLLECTIONS FROM THE PUBLIC, BY AGENCY, 1986–1997—Continued

(In millions of dollars)

Department or other unit	1994				1995			
	Net Outlays	Offsetting Collections from the Public in:		Outlays Gross of Collections from the Public	Net Outlays	Offsetting Collections from the Public in:		Outlays Gross of Collections from the Public
		Expenditure Accounts	Receipt Accounts			Expenditure Accounts	Receipt Accounts	
Legislative Branch	2,552	96	8	2,656	2,625	96	12	2,733
The Judiciary	2,677	29	3	2,709	2,910	30	5	2,945
Executive Office of the President	229	1	....	230	214	1	....	215
Funds Appropriated to the President	10,511	458	14,723	25,692	11,161	895	14,263	26,319
Agriculture	60,753	18,660	1,373	80,786	56,665	20,286	1,330	78,281
Commerce	2,915	594	120	3,629	3,401	688	122	4,211
Defense—Military	268,646	9,293	981	278,920	259,556	8,570	1,774	269,900
Defense—Civil	30,407	13	191	30,611	31,669	14	178	31,861
Education	24,699	6,275	224	31,198	31,322	1,705	90	33,117
Energy	17,839	3,781	1,559	23,179	17,617	3,825	1,696	23,138
Health and Human Services	278,901	294	17,809	297,004	303,081	361	20,290	323,732
Housing and Urban Development	25,845	7,819	1,051	34,715	29,044	8,336	853	38,233
Interior	6,900	312	1,938	9,150	7,405	367	1,890	9,662
Justice	10,005	233	629	10,867	10,788	262	879	11,929
Labor	37,047	1,393	12	38,452	32,090	1,329	6	33,425
State	5,718	54	....	5,772	5,344	116	....	5,460
Transportation	37,228	135	144	37,507	38,777	125	144	39,046
Treasury	307,577	2,669	4,613	314,859	348,579	3,578	6,470	358,627
Veterans Affairs	37,401	1,790	1,032	40,223	37,771	1,840	1,016	40,627
Environmental Protection Agency	5,855	42	209	6,106	6,351	21	261	6,633
General Services Administration	334	287	14	635	707	221	11	939
National Aeronautics and Space Administration	13,695	32	....	13,727	13,378	119	....	13,497
Office of Personnel Management	38,596	5,137	....	43,733	41,276	5,115	....	46,391
Small Business Adminstration	779	1,084	....	1,863	677	1,084	....	1,761
Social Security Administration	345,817	3,223	811	349,851	362,123	3,063	936	366,122
Financial Institutions (FDIC/RTC)	–7,258	31,577	....	24,319	–17,558	26,272	....	8,714
Postal Service	1,233	48,412	....	49,645	–1,839	53,311	....	51,472
Other Independent Agencies	17,409	10,533	690	28,632	21,627	10,096	827	32,550
Allowances	....	....	....	....	....	....	....	....
Undistributed offsetting receipts	–123,469	....	3,002	–120,467	–137,628	....	10,063	–127,565
Total outlays	1,460,841	154,226	51,138	1,666,205	1,519,133	151,726	63,116	1,733,975

Table 26–1. TOTAL OUTLAYS, INCLUDING THOSE OFFSET BY COLLECTIONS FROM THE PUBLIC, BY AGENCY, 1986–1997—Continued

(In millions of dollars)

Department or other unit	1996 Net Outlays	1996 Offsetting Collections from the Public in: Expenditure Accounts	1996 Offsetting Collections from the Public in: Receipt Accounts	1996 Outlays Gross of Collections from the Public	1997 Net Outlays	1997 Offsetting Collections from the Public in: Expenditure Accounts	1997 Offsetting Collections from the Public in: Receipt Accounts	1997 Outlays Gross of Collections from the Public
Legislative Branch	2,695	103	11	2,809	2,752	106	9	2,867
The Judiciary	3,297	31	6	3,334	3,561	31	6	3,598
Executive Office of the President	206	1	....	207	215	1	....	216
Funds Appropriated to the President	10,445	1,536	13,906	25,887	10,337	1,444	13,054	24,835
Agriculture	54,840	16,947	1,172	72,959	55,942	16,943	1,088	73,973
Commerce	3,789	693	126	4,608	3,993	819	140	4,952
Defense—Military	254,325	7,633	860	262,818	247,463	7,618	865	255,946
Defense—Civil	32,255	20	184	32,459	33,292	20	192	33,504
Education	30,404	1,614	68	32,086	29,639	1,571	168	31,378
Energy	14,678	3,913	1,965	20,556	14,569	3,986	1,899	20,454
Health and Human Services	327,429	380	19,888	347,697	354,274	435	20,045	374,754
Housing and Urban Development	26,432	7,599	4,571	38,602	32,175	7,767	1,807	41,749
Interior	6,939	377	2,103	9,419	6,931	496	2,140	9,567
Justice	12,964	335	834	14,133	15,596	328	915	16,839
Labor	34,404	1,475	2	35,881	35,154	1,651	2	36,807
State	5,500	109	....	5,609	5,540	131	....	5,671
Transportation	38,994	187	126	39,307	38,063	358	154	38,575
Treasury	364,956	3,627	5,496	374,079	368,851	3,627	6,840	379,318
Veterans Affairs	37,606	1,835	1,182	40,623	39,819	1,834	1,293	42,946
Environmental Protection Agency	6,329	28	210	6,567	6,460	34	235	6,729
General Services Administration	469	45	21	535	695	45	21	761
National Aeronautics and Space Administration	14,190	49	....	14,239	13,699	72	....	13,771
Office of Personnel Management	42,374	5,184	....	47,558	44,618	5,407	....	50,025
Small Business Adminstration	957	830	16	1,803	423	740	....	1,163
Social Security Administration	377,255	2,943	995	381,193	398,085	3,128	1,135	402,348
Financial Institutions (FDIC/RTC)	–13,297	16,715	....	3,418	–4,144	5,483	....	1,339
Postal Service	–189	55,779	....	55,590	2,735	57,724	....	60,459
Other Independent Agencies	22,678	10,124	830	33,632	22,585	8,212	638	31,435
Allowances	–647	327	....	–320	–4,959	76	....	–4,883
Undistributed offsetting receipts	–139,866	....	8,839	–131,027	–143,034	....	7,698	–135,336
Total outlays	1,572,411	140,439	63,411	1,776,261	1,635,329	130,087	60,344	1,825,760

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.

27. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

Legislative Branch

(In millions of dollars)

Senate

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Compensation of members, Senate:					
Appropriation, permanent	801	BA	**18**	**17**	**17**
Outlays		O	18	17	17
Salaries, officers and employees:					
Appropriation, current	801	BA	**63**	**70**	**76**
Outlays		O	63	70	76
Office of the Legislative Counsel of the Senate:					
Appropriation, current	801	BA	**3**	**3**	**3**
Outlays		O	3	3	3
Senate policy committees:					
Appropriation, current	801	BA	**2**	**2**	**2**
Outlays		O	2	2	2
Inquiries and investigations:					
Appropriation, current	801	BA	**73**	**66**	**71**
Outlays		O	64	66	71
Miscellaneous items:					
Appropriation, current	801	BA	**8**	**7**	**7**
Outlays		O	8	7	7
Senators' official personnel and office expense account:					
Appropriation, current	801	BA	**208**	**204**	**226**
Outlays		O	201	204	226
Secretary of the Senate:					
Appropriation, current	801	BA	**9**	**1**	**1**
Outlays		O	1	1	1
Sergeant at Arms and Doorkeeper of the Senate:					
Appropriation, current	801	BA	**75**	**61**	**66**
Outlays		O	67	62	66
Official mail costs:					
Appropriation, current	801	BA	**3**	**11**	**37**
Outlays		O	8	11	37
Settlement and awards reserve, Senate:					
Appropriation, current	801	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Congressional use of foreign currency, Senate:					
Appropriation, permanent	801	BA	**3**	**2**	**2**
Outlays		O	1	2	2
Senate items:					
Appropriation, current	801	BA	**2**	**2**	**1**
Outlays		O	2	2	1
Public Enterprise Funds:					
Senate revolving funds:					
Spending authority from offsetting collections	801	BA	**3**	**2**	**2**
Outlays		O	3	2	2
Total, offsetting collections			−3	−2	−2
Total Senate revolving funds (net)		BA	....	....	....
		O	....	....	....
Total Federal funds Senate		BA	**468**	**447**	**510**
		O	439	448	510

House of Representatives

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Compensation of Members and related administrative expenses:					
Appropriation, permanent	801	BA	**79**	**76**	**78**
Outlays		O	73	76	78
Salaries and expenses:					
Appropriation, current	801	BA	**728**	**671**	**731**
Outlays		O	648	674	729
Congressional use of foreign currency, House of Representatives:					
Appropriation, permanent	801	BA	**5**	**3**	**3**
Outlays		O	2	3	3
Total Federal funds House of Representatives		BA	**812**	**750**	**812**
		O	723	753	810

Joint Items

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Capitol guide service and special services office:					
Appropriation, current	801	BA	**2**	**2**	**2**
Outlays		O	2	2	2
Joint Economic Committee:					
Appropriation, current	801	BA	**4**	**3**	**3**
Outlays		O	4	3	3
Joint Committee on Printing:					
Appropriation, current	801	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Joint Committee on Taxation:					
Appropriation, current	801	BA	**6**	**5**	**8**
Outlays		O	5	5	6
Office of the Attending Physician:					
Appropriation, current	801	BA	**1**	**1**	**1**
Outlays		O	1	1	1
General expenses, Capitol police:					
Appropriation, current	801	BA	**2**	**6**	**8**
Outlays		O	2	4	7
Salaries, Capitol Police:					
Appropriation, current	801	BA	**69**	**70**	**76**
Outlays		O	64	70	76
Total Federal funds Joint Items		BA	**85**	**88**	**99**
		O	79	86	96

Office of Compliance

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	801	BA	....	**3**	**3**
Outlays		O	....	3	3

Office of Technology Assessment

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	801	BA	**21**	**4**	....
Reappropriation		BA	....	**2**	....
Outlays		O	23	8	....
Total Salaries and expenses		BA	**21**	**6**	....
		O	23	8	....

Congressional Budget Office

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	801	BA	**23**	**24**	**25**
Outlays		O	21	24	25

Legislative Branch—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Architect of the Capitol					
Federal funds					
General and Special Funds:					
Office of the Architect of the Capitol: Salaries:					
Appropriation, current	801	BA	**9**	**9**	**9**
Outlays		O	9	9	9
Capitol buildings:					
Appropriation, current	801	BA	**23**	**23**	**24**
Outlays		O	25	37	25
Capitol grounds:					
Appropriation, current	801	BA	**5**	**5**	**5**
Outlays		O	5	5	5
Capitol complex security enhancements:					
Appropriation, current	801	BA	....	**−4**	....
West central front of the Capitol:					
Appropriation, current	801	BA	**−4**	....	....
Senate office buildings:					
Appropriation, current	801	BA	**47**	**42**	**40**
Outlays		O	44	53	40
House office buildings:					
Appropriation, current	801	BA	**41**	**33**	**33**
Outlays		O	34	42	33
Capitol power plant:					
Appropriation, current	801	BA	**32**	**32**	**31**
Spending authority from offsetting collections		BA	**3**	**4**	**4**
Outlays		O	32	36	33
Capitol power plant (gross)		BA	**35**	**36**	**35**
		O	32	36	33
Total, offsetting collections			−3	−4	−4
Total Capitol power plant (net)		BA	**32**	**32**	**31**
		O	29	32	29
Structural and mechanical care, Library buildings and grounds:					
Appropriation, current	801	BA	**12**	**13**	**9**
Outlays		O	11	28	10
Intragovernmental Funds:					
Judiciary office building development and operations fund:					
Spending authority from offsetting collections	801	BA	**20**	**21**	**21**
Outlays		O	27	21	21
Judiciary office building development and operations fund (gross)		BA	**20**	**21**	**21**
		O	27	21	21
Total, offsetting collections			−21	−22	−22
Total Judiciary office building development and operations fund (net)		BA	**−1**	**−1**	**−1**
		O	6	−1	−1
Total Federal funds Architect of the Capitol		BA	**164**	**152**	**150**
		O	163	205	150
Botanic Garden					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	801	BA	**7**	**3**	**3**
Outlays		O	6	4	3
Trust funds					
Gifts and donations:					
Appropriation, permanent	801	BA	....	**2**	**2**
Outlays		O	....	2	2
Library of Congress					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	503	BA	**202**	**204**	**218**
Spending authority from offsetting collections		BA	**79**	**99**	**108**
Outlays		O	275	291	312
Salaries and expenses (gross)		BA	**281**	**303**	**326**
		O	275	291	312
Change in orders on hand from Federal sources		BA	**−2**	....	....
Total, offsetting collections			−77	−99	−108
Total Salaries and expenses (net)		BA	**202**	**204**	**218**
		O	198	192	204
Copyright Office: Salaries and expenses:					
Appropriation, current	376	BA	**10**	**11**	**12**
Spending authority from offsetting collections		BA	**17**	**20**	**21**
Outlays		O	26	31	33
Copyright Office (gross)		BA	**27**	**31**	**33**
		O	26	31	33
Total, offsetting collections			−17	−20	−21
Total Copyright Office (net)		BA	**10**	**11**	**12**
		O	9	11	12
Congressional Research Service: Salaries and expenses:					
Appropriation, current	801	BA	**60**	**60**	**63**
Outlays		O	57	58	63
Congressional Research Service (gross)		BA	**60**	**60**	**63**
		O	57	58	63
Change in orders on hand from Federal sources		BA	**1**	....	....
Total, offsetting collections			−1	....	....
Total Congressional Research Service (net)		BA	**60**	**60**	**63**
		O	56	58	63
Books for the blind and physically handicapped: Salaries and expenses:					
Appropriation, current	503	BA	**45**	**45**	**46**
Outlays		O	39	46	46
Furniture and furnishings:					
Appropriation, current	503	BA	**6**	**5**	**5**
Outlays		O	4	5	6
Payments to copyright owners:					
Appropriation, permanent	376	BA	**196**	**204**	**209**
Outlays		O	316	300	300
Trust funds					
Gift and trust fund accounts:					
Appropriation, permanent	503	BA	**25**	**27**	**28**
Outlays		O	15	19	22
Total Federal funds Library of Congress		BA	**519**	**529**	**553**
		O	622	612	631
Total Trust funds Library of Congress		BA	**25**	**27**	**28**
		O	15	19	22

Legislative Branch—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Government Printing Office					
Federal funds					
General and Special Funds:					
Congressional printing and binding:					
Appropriation, current	801	BA	**85**	**84**	**84**
Outlays		O	74	84	84
Office of Superintendent of Documents: Salaries and expenses:					
Appropriation, current	808	BA	**32**	**30**	**31**
Outlays		O	27	32	31
Intragovernmental Funds:					
Government Printing Office revolving fund:					
Spending authority from offsetting collections	808	BA	**861**	**916**	**913**
Outlays		O	879	925	909
Government Printing Office revolving fund (gross)		BA	**861**	**916**	**913**
		O	879	925	909
Change in orders on hand from Federal sources		BA	**2**	**−10**	**−2**
Total, offsetting collections			−863	−906	−911
Total Government Printing Office revolving fund (net)		BA			
		O	16	19	−2
Total Federal funds Government Printing Office		BA	**117**	**114**	**115**
		O	117	135	113
General Accounting Office					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	801	BA	**441**	**375**	**372**
Spending authority from offsetting collections		BA	**7**	**8**	**6**
Outlays		O	421	393	381
Salaries and expenses (gross)		BA	**448**	**383**	**378**
		O	421	393	381
Total, offsetting collections			−7	−8	−6
Total Salaries and expenses (net)		BA	**441**	**375**	**372**
		O	414	385	375
United States Tax Court					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**34**	**33**	**34**
Outlays		O	31	33	34
Trust funds					
Tax Court judges survivors annuity fund:					
Appropriation, permanent	602	BA	**1**	**1**	**1**

Account			1995 actual	1996 estimate	1997 estimate
Other Legislative Branch Agencies					
Legislative Branch Boards and Commissions					
Federal funds					
General and Special Funds:					
Prospective Payment Assessment Commission:					
Spending authority from offsetting collections	551	BA	**5**	**3**	**4**
Outlays		O	4	3	4
Total, offsetting collections			−5	−3	−4
Total Prospective Payment Assessment Commission (net)		BA			
		O	−1		
Physician Payment Review Commission:					
Spending authority from offsetting collections	801	BA	**4**	**3**	**4**
Outlays		O	4	5	4
Total, offsetting collections			−4	−3	−4
Total Physician Payment Review Commission (net)		BA			
		O		2	
Other Legislative Branch Boards and Commissions (Legislative functions):					
(Appropriation, current)	801	BA	**4**	**3**	**4**
(Outlays)		O	2	4	4
Trust funds					
U.S. Capitol preservation commission:					
Appropriation, permanent	801	BA	**6**	**1**	**1**
Outlays		O		1	1
John C. Stennis Center for Public Service Development trust fund:					
Appropriation, permanent	801	BA	**1**	**1**	**1**
Outlays		O		1	1
Total Federal funds Legislative Branch Boards and Commissions		BA	**4**	**3**	**4**
		O	1	6	4
Total Trust funds Legislative Branch Boards and Commissions		BA	**7**	**2**	**2**
		O		2	2
Summary					
Federal funds:					
(As shown in detail above)		BA	**2,695**	**2,527**	**2,680**
		O	2,639	2,702	2,754
Deductions for offsetting receipts:					
Intrafund transactions	908	BA/O	*−17*	*−19*	*−19*
Total Federal funds		BA	**2,678**	**2,508**	**2,661**
		O	2,622	2,683	2,735
Trust funds:					
(As shown in detail above)		BA	**33**	**32**	**33**
		O	15	23	26
Deductions for offsetting receipts:					
Proprietary receipts from the public	503	BA/O	*−7*	*−9*	*−9*
	801	BA/O	*−5*	*−2*	
Total Trust funds		BA	**21**	**21**	**24**
		O	3	12	17
Total Legislative Branch		BA	**2,699**	**2,529**	**2,685**
		O	2,625	2,695	2,752

The Judiciary
(In millions of dollars)

Supreme Court of the United States
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**24**	**26**	**27**
Outlays		O	23	25	27
Care of the buildings and grounds:					
Appropriation, current	752	BA	**3**	**3**	**3**
Outlays		O	3	3	3
Total Federal funds Supreme Court of the United States		BA	**27**	**29**	**30**
		O	26	28	30

United States Court of Appeals for the Federal Circuit
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**13**	**14**	**16**
Outlays		O	14	14	16

United States Court of International Trade
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**11**	**11**	**11**
Outlays		O	10	11	11

Courts of Appeals, District Courts, and other Judicial Services
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**2,340**	**2,433**	**2,747**
Spending authority from offsetting collections		BA	**41**	**216**	**97**
Outlays		O	2,355	2,656	2,829
Salaries and expenses (gross)		BA	**2,381**	**2,649**	**2,844**
		O	2,355	2,656	2,829
Total, offsetting collections			−41	−216	−97
Total Salaries and expenses (net)		BA	**2,340**	**2,433**	**2,747**
		O	2,314	2,440	2,732
Defender services:					
Appropriation, current	752	BA	**240**	**267**	**319**
Spending authority from offsetting collections		BA	....	**26**	....
Outlays		O	276	296	318
Defender services (gross)		BA	**240**	**293**	**319**
		O	276	296	318
Total, offsetting collections			....	−26	....
Total Defender services (net)		BA	**240**	**267**	**319**
		O	276	270	318
Fees of jurors and commissioners:					
Appropriation, current	752	BA	**54**	**59**	**68**
Outlays		O	65	65	68
Court security:					
Appropriation, current	752	BA	**114**	**102**	**132**
Outlays		O	97	145	132
Judiciary filiing fees:					
Appropriation, permanent	752	BA	**57**	**60**	**63**
Outlays		O	....	214	63
Registry administration:					
Appropriation, permanent	752	BA	**4**	**5**	**5**
Outlays		O	4	5	5
Judiciary automation fund:					
Appropriation, permanent	752	BA	**107**	**154**	**85**
Outlays		O	116	134	128
National Fine Center:					
Appropriation, permanent	752	BA	**6**	**3**	**3**
Outlays		O	3	4	4
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services		BA	**2,922**	**3,083**	**3,422**
		O	2,875	3,277	3,450

Administrative Office of the United States Courts
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**48**	**48**	**54**
Spending authority from offsetting collections		BA	**30**	**39**	**33**
Outlays		O	79	87	87
Salaries and expenses (gross)		BA	**78**	**87**	**87**
		O	79	87	87
Total, offsetting collections			−30	−39	−33
Total Salaries and expenses (net)		BA	**48**	**48**	**54**
		O	49	48	54

Federal Judicial Center
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**19**	**18**	**20**
Outlays		O	18	18	20
Trust funds					
Gifts and donations, Federal Judicial Center Foundation:					
Appropriation, permanent	752	BA	**1**	....	....
Outlays		O	1	....	....

Judicial Retirement Funds
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Payment to judiciary trust funds:					
Appropriation, current	752	BA	**28**	**33**	**30**
Outlays		O	28	33	30
Trust funds					
Judicial officers' retirement fund:					
Appropriation, permanent	602	BA	**24**	**29**	**28**
Outlays		O	8	9	12
Judicial survivors' annuities fund:					
Appropriation, permanent	602	BA	**31**	**33**	**35**
Outlays		O	8	8	9
Claims court judges retirement fund:					
Appropriation, permanent	602	BA	**1**	**2**	**2**
Outlays		O	1	....	....
Total Federal funds Judicial Retirement Funds		BA	**28**	**33**	**30**
		O	28	33	30
Total Trust funds Judicial Retirement Funds		BA	**56**	**64**	**65**
		O	17	17	21

The Judiciary—Continued

(In millions of dollars)

United States Sentencing Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	752	BA	**9**	**8**	**9**
Outlays		O	8	9	9

Violent Crime Reduction Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Violent crime reduction programs:					
Appropriation, current	752	BA	....	**30**	**35**
Outlays		O	....	29	35

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**3,077**	**3,274**	**3,627**
		O	3,028	3,467	3,655
Deductions for offsetting receipts:					
Intrafund transactions	752	BA/O	*−102*	*−148*	*−79*
Proprietary receipts from the public	752	BA/O	*−5*	*−6*	*−6*
Total Federal funds		BA	**2,970**	**3,120**	**3,542**
		O	2,921	3,313	3,570
Trust funds:					
(As shown in detail above)		BA	**57**	**64**	**65**
		O	18	17	21
Interfund transactions	752	BA/O	*−29*	*−33*	*−30*
Total The Judiciary		BA	**2,998**	**3,151**	**3,577**
		O	2,910	3,297	3,561

Executive Office of the President

(In millions of dollars)

Compensation of the President and the White House Office

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Compensation of the President and the White House Office:					
Appropriation, current	802	BA	**40**	**40**	**40**
Outlays		O	37	40	41

Executive Residence at the White House

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operating expenses:					
Appropriation, current	802	BA	**8**	**8**	**8**
Spending authority from offsetting collections		BA	**2**	**2**	**2**
Outlays		O	11	10	10
Operating expenses (gross)		BA	**10**	**10**	**10**
		O	11	10	10
Total, offsetting collections			−2	−2	−2
Total Operating expenses (net)		BA	**8**	**8**	**8**
		O	9	8	8
White house repair and restoration:					
Appropriation, current	802	BA	....	**2**	....
Outlays		O	....	1	1
Total Federal funds Executive Residence at the White House		BA	**8**	**10**	**8**
		O	9	9	9

Special Assistance to the President and the Official Residence of the Vice President

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Special Assistance to the President and the Official Residence of the Vice President:					
Appropriation, current	802	BA	**4**	**4**	**4**
Outlays		O	4	4	4

Council of Economic Advisers

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**3**	**3**	**3**
Outlays		O	3	3	3

Council on Environmental Quality and Office of Environmental Quality

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Council on Environmental Quality and Office of Environmental Quality:					
Appropriation, current	802	BA	**2**	**1** o**1**	**2**
Outlays		O	2	1 o1	2
Total Council on Environmental Quality and Office of Environmental Quality		BA	**2**	**2**	**2**
		O	2	2	2
Intragovernmental Funds:					
Management fund, Office of Environmental Quality:					
Spending authority from offsetting collections	802	BA	**1**	**1**	....
Outlays		O	3	1	....
Management fund, Office of Environmental Quality (gross)		BA	**1**	**1**	....
		O	3	1	....
Total, offsetting collections			−1	−1	....
Total Management fund, Office of Environmental Quality (net)		BA	....	....	....
		O	2	....	....
Total Federal funds Council on Environmental Quality and Office of Environmental Quality		BA	**2**	**2**	**2**
		O	4	2	2

Office of Policy Development

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**4**	**4**	**4**
Outlays		O	5	4	4

National Security Council

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**7**	**7**	**7**
Outlays		O	6	6	6

Office of Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**26**	**26**	**26**
Spending authority from offsetting collections		BA	**5**	**5**	**5**
Outlays		O	31	32	31
Salaries and expenses (gross)		BA	**31**	**31**	**31**
		O	31	32	31
Total, offsetting collections			−5	−5	−5
Total Salaries and expenses (net)		BA	**26**	**26**	**26**
		O	26	27	26

Armstrong Resolution

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Armstrong resolution account:					
Outlays	802	O	1	3	3

Office of Management and Budget

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**58**	**56**	**56**
Outlays		O	56	56	56

Executive Office of the President—Continued

(In millions of dollars)

Office of National Drug Control Policy

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**18**	**24**	**35**
				A **3**	
Outlays		O	37	23	34
				A 3	
Total Salaries and expenses		BA	**18**	**27**	**35**
		O	37	26	34

Office of Science and Technology Policy

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**5**	**5**	**5**
Outlays		O	5	5	6

Office of the United States Trade Representative

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	802	BA	**21**	**21**	**21**
Outlays		O	21	21	21

Summary

Account		1995 actual	1996 estimate	1997 estimate
Federal funds:				
Total Executive Office of the President	BA	**196**	**205**	**211**
	O	214	206	215

Funds Appropriated to the President

(In millions of dollars)

Unanticipated Needs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Unanticipated needs:					
Appropriation, current	802	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Unanticipated needs for natural disasters:					
Appropriation, current	453	BA	**−24**		
Appropriation, permanent		BA	**11**		
Total Unanticipated needs for natural disasters		BA	**−13**		
Total Federal funds Unanticipated Needs		BA	**−12**	**1**	**1**
		O	1	1	1

Federal Drug Control Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
High intensity drug trafficking areas program:					
Appropriation, current	802	BA	**56**	**103**	**103**
Outlays		O	31	86	103

International Security Assistance

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Economic support fund and International fund for Ireland:					
Appropriation, current	152	BA	**2,333**	**2,360**	**2,408**
Reappropriation		BA	**1**		
Outlays		O	2,739	2,596	2,545
Total Economic support fund and International fund for Ireland		BA	**2,334**	**2,360**	**2,408**
		O	2,739	2,596	2,545
Foreign military financing program:					
Appropriation, current	152	BA	**3,154**	**3,208**	**3,228**
				[A] 140	
Spending authority from offsetting collections		BA	**1**		
Outlays		O	2,933	3,302	3,217
				[A] 25	[A] 67
Foreign military financing program (gross)		BA	**3,155**	**3,348**	**3,228**
		O	2,933	3,327	3,284
Total, offsetting collections			1		
Total Foreign military financing program (net)		BA	**3,156**	**3,348**	**3,228**
		O	2,934	3,327	3,284
International military education and training:					
Appropriation, current	152	BA	**26**	**39**	**45**
Outlays		O	26	33	46
Military-to-military contact program:					
Appropriation, current	152	BA	**12**		
Outlays		O	6	5	
Peacekeeping operations:					
Appropriation, current	152	BA	**74**	**70**	**70**
Outlays		O	81	71	70
Assistance for relocation of facilities in Israel:					
Outlays	152	O		2	
Assistance for relocation of facilities in Israel (gross)		O		2	
Total, offsetting collections				−2	
Total Assistance for relocation of facilities in Israel (net)		BA		**−2**	
		O			
Nonproliferation and Disarmament Fund:					
Appropriation, current	152	BA	**10**	**20**	**20**
Outlays		O	3	13	14
Credit Accounts:					
Foreign military financing loan program account:					
Appropriation, current	152	BA	**43**	**64**	**40**
Outlays		O	47	92	77
Limitation on direct loan activity			(558)	(544)	(370)
Foreign military loan liquidating account:					
Appropriation, permanent	152	BA	**39**	**24**	**11**
Spending authority from offsetting collections		BA	**33**	**33**	**39**
Outlays		O	494	67	50
Foreign military loan liquidating account (gross)		BA	**72**	**57**	**50**
		O	494	67	50
Total, offsetting collections			−442	−301	−242
Total Foreign military loan liquidating account (net)		BA	**−370**	**−244**	**−192**
		O	52	−234	−192

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**5,285**	**5,655**	**5,619**
		O	5,888	5,903	5,844
Deductions for offsetting receipts:					
Proprietary receipts from the public	152	BA/O	*−674*	*−634*	*−613*
	908	BA/O	*−263*	*−244*	*−211*
Total International Security Assistance		BA	**4,348**	**4,777**	**4,795**
		O	4,951	5,025	5,020

International Development Assistance

Multilateral Assistance

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Contribution to the International Bank for Reconstruction and Development:					
Appropriation, current	151	BA	**113**	**63**	**100**
Outlays		O	43	40	46
Contribution to the International Development Association:					
Appropriation, current	151	BA	**1,175**	**700**	**935**
Outlays		O	1,063	1,260	1,162
Contribution to the International Finance Corporation:					
Appropriation, current	151	BA	**69**	**61**	**7**
Outlays		O	36	52	60
Contribution to the Inter-American Development Bank:					
Appropriation, current	151	BA	**50**	**36**	**57**
Outlays		O	125	117	106
Contribution to the Asian Development Bank:					
Appropriation, current	151	BA	**168**	**113**	**113**
Outlays		O	46	128	131
Contribution to the African Development Fund:					
Appropriation, current	151	BA	**62**		**66**
Outlays		O	19	54	66
Contribution to the European Bank for Reconstruction and Development:					
Appropriation, current	151	BA	**69**	**70**	**12**
Outlays		O	17	98	31
North American development bank:					
Appropriation, current	151	BA		**56**	**56**
Advance appropriation		BA	**56**		

Funds Appropriated to the President—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	54	58	56
Total North American development bank		BA	**56**	**56**	**56**
		O	54	58	56
Bank for Economic Cooperation and Development in the Middle East and North Africa:					
Appropriation, current	151	BA			**52**
Outlays		O			52
Contribution to enterprise for the Americas multilateral investment fund:					
Appropriation, current	151	BA	**75**	**54**	**28**
Outlays		O	21	43	62
International organizations and programs:					
Appropriation, current	151	BA	**359**	**285**	**325**
Outlays		O	496	308	315
Credit Accounts:					
Debt restructuring:					
Appropriation, current	151	BA	**280**	**13**	**47**
Appropriation, permanent		BA		**28**	
Outlays		O	275	46	47
Total Debt restructuring		BA	**280**	**41**	**47**
		O	275	46	47
Total Federal funds Multilateral Assistance		BA	**2,476**	**1,479**	**1,798**
		O	2,195	2,204	2,134
Agency for International Development					
Federal funds					
General and Special Funds:					
Sustainable development assistance program:					
Appropriation, current	151	BA	**1,226**	**1,645**	**1,006**
Spending authority from offsetting collections		BA	**2**		
Outlays		O	1,456	1,194	1,276
Sustainable development assistance program (gross)		BA	**1,228**	**1,645**	**1,006**
		O	1,456	1,194	1,276
Total, offsetting collections			−2		
Total Sustainable development assistance program (net)		BA	**1,226**	**1,645**	**1,006**
		O	1,454	1,194	1,276
Assistance for Eastern Europe and the Baltic States:					
Appropriation, current	151	BA	**349**	**321**	**475**
				[A] **200**	
Outlays		O	332	395	379
				[A] 74	[A] 126
Total Assistance for Eastern Europe and the Baltic States		BA	**349**	**521**	**475**
		O	332	469	505
Assistance for the new independent States of the Former Soviet Union:					
Appropriation, current	151	BA	**605**	**588**	**600**
Spending authority from offsetting collections		BA	**7**		
Outlays		O	837	747	721
Assistance for the new independent States of the Former Soviet Union (gross)		BA	**612**	**588**	**600**
		O	837	747	721
Total, offsetting collections			−7		
Total Assistance for the new independent States of the Former Soviet Union (net)		BA	**605**	**588**	**600**
		O	830	747	721
Development fund for Africa:					
Appropriation, current	151	BA	**781**		**704**
Outlays		O	754	664	507
Sahel development program:					
Outlays	151	O	4	5	4
American schools and hospitals abroad:					
Outlays	151	O	12	9	4
Sub-Saharan Africa disaster assistance:					
Outlays	151	O	10	6	6
International disaster assistance:					
Appropriation, current	151	BA	**170**	**181**	**190**
Spending authority from offsetting collections		BA	**21**		
Outlays		O	121	129	162
International disaster assistance (gross)		BA	**191**	**181**	**190**
		O	121	129	162
Total, offsetting collections			−21		
Total International disaster assistance (net)		BA	**170**	**181**	**190**
		O	100	129	162
Operating expenses of the Agency for International Development:					
Appropriation, current	151	BA	**512**	**466**	**495**
Reappropriation		BA	**2**		
Spending authority from offsetting collections		BA	**8**	**6**	**6**
Outlays		O	503	482	489
Operating expenses of the Agency for International Development (gross)		BA	**522**	**472**	**501**
		O	503	482	489
Total, offsetting collections			−8	−6	−6
Total Operating expenses of the Agency for International Development (net)		BA	**514**	**466**	**495**
		O	495	476	483
Payment to the Foreign Service retirement and disability fund:					
Appropriation, current	153	BA	**45**	**44**	**44**
Outlays		O	45	44	44
Operating expenses of the Agency for International Development, Office of Inspector General:					
Appropriation, current	151	BA	**39**	**30**	**30**
Outlays		O	36	29	29
Public Enterprise Funds:					
Property management fund:					
Spending authority from offsetting collections	151	BA		**5**	
Property management fund (gross)		BA		**5**	
Total, offsetting collections				−5	
Credit Accounts:					
Assistance for the New Independent States of the Former Soviet Union: export credit insurance program account:					
Appropriation, current	151	BA	**17**		
Outlays		O		15	2
Limitation on loan guarantee commitments				(106)	
Loan guarantees to Israel program account:					
Limitation on loan guarantee committments	151		(2,000)	(2,000)	(2,000)

Funds Appropriated to the President—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Housing guarantee program account:					
Appropriation, current	151	BA	**27**	**11**	**11**
Outlays		O	24	24	21
Housing and other credit guaranty programs liquidating account:					
Appropriation, permanent	151	BA	**9**	**7**	**38**
Spending authority from offsetting collections		BA	**59**	**57**	**38**
Outlays		O	68	65	77
Housing and other credit guaranty programs liquidating account (gross)		BA	**68**	**64**	**76**
		O	68	65	77
Total, offsetting collections			−59	−72	−63
Total Housing and other credit guaranty programs liquidating account (net)		BA	**9**	**−8**	**13**
		O	9	−7	14
Microenterprise and other development credit program account:					
Appropriation, current	151	BA	**2**	**2**	**2**
Outlays		O	1	1	2
Private sector revolving fund liquidating account:					
Spending authority from offsetting collections	151	BA	**3**	**5**	
Outlays		O	2	2	
Total, offsetting collections			−3	−5	
Total Private sector revolving fund liquidating account (net)		BA			
		O	−1	−3	
Economic assistance loans — liquidating account:					
Spending authority from offsetting collections	151	BA		**898**	**878**
Outlays		O		13	
Total, offsetting collections				−898	−878
Total Economic assistance loans — liquidating account (net)		BA			
		O		−885	−878
Trust funds					
Foreign service national separation liability trust fund:					
Appropriation, permanent	602	BA	**5**	**3**	**3**
Outlays		O	2		1
Miscellaneous trust funds, AID:					
Outlays	151	O	3		

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**3,784**	**3,480**	**3,570**
		O	4,105	2,912	2,902
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA/O	*−539*	*−8*	
	908	BA/O	*−318*		
Total Federal funds		BA	**2,927**	**3,472**	**3,570**
		O	3,248	2,904	2,902
Trust funds:					
(As shown in detail above)		BA	**5**	**3**	**3**
		O	5		1
Interfund transactions	602	BA/O	*−5*	*−3*	*−3*
Total Agency for International Development		BA	**2,927**	**3,472**	**3,570**
		O	3,248	2,901	2,900

Overseas Private Investment Corporation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Overseas Private Investment Corporation noncredit account:					
Appropriation, current	151	BA	**−47**	**−16**	**−91**
Spending authority from offsetting collections		BA	**98**	**56**	**135**
Outlays		O	21	35	37
Overseas Private Investment Corporation noncredit account (gross)		BA	**51**	**40**	**44**
		O	21	35	37
Total, offsetting collections			−229	−232	−262
Total Overseas Private Investment Corporation noncredit account (net)		BA	**−178**	**−192**	**−218**
		O	−208	−197	−225
Credit Accounts:					
Overseas private investment corporation program account:					
Appropriation, current	151	BA	**97**	**88**	**91**
Outlays		O	21	72	90
Overseas Private Investment Corporation liquidating account:					
Spending authority from offsetting collections	151	BA	**52**	**15**	**15**
Outlays		O	18	19	19
Total, offsetting collections			−52	−18	−18
Total Overseas Private Investment Corporation liquidating account (net)		BA		**−3**	**−3**
		O	−34	1	1
Total Federal funds Overseas Private Investment Corporation		BA	**−81**	**−107**	**−130**
		O	−221	−124	−134

Trade and Development Agency

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Trade and Development Agency:					
Appropriation, current	151	BA	**57**	**50**	**45**
Outlays		O	48	55	52

Peace Corps

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Peace Corps:					
Appropriation, current	151	BA	**231**	**218**	**225**
Spending authority from offsetting collections		BA	**8**	**8**	**7**
Outlays		O	242	233	232
Peace Corps (gross)		BA	**239**	**226**	**232**
		O	242	233	232
Total, offsetting collections			−8	−8	−7
Total Peace Corps (net)		BA	**231**	**218**	**225**
		O	234	225	225
Trust funds					
Peace Corps miscellaneous trust fund:					
Appropriation, permanent	151	BA	**1**	**1**	**1**
Outlays		O	1	1	1

Funds Appropriated to the President—Continued

(In millions of dollars)

Inter-American Foundation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Inter-American Foundation:					
Appropriation, current	151	BA	**31**	**20**	**20**
Spending authority from offsetting collections		BA	**2**	**10**	**8**
Outlays		O	35	41	38
Inter-American Foundation (gross)		BA	**33**	**30**	**28**
		O	35	41	38
Total, offsetting collections			−2	−10	−8
Total Inter-American Foundation (net)		BA	**31**	**20**	**20**
		O	33	31	30

African Development Foundation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
African Development Foundation:					
Appropriation, current	151	BA	**17**	**12**	**13**
Outlays		O	16	15	14
Total Federal funds International Development Assistance		BA	**5,658**	**5,144**	**5,541**
		O	5,553	5,310	5,223
Total Trust funds International Development Assistance		BA	**6**	**4**	**4**
		O	6	1	2
Interfund transactions	602	BA/O	*−5*	*−3*	*−3*
Total International Development Assistance		BA	**5,659**	**5,145**	**5,542**
		O	5,554	5,308	5,222

International Monetary Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
United States quota, International Monetary Fund:					
Appropriation, permanent	155	BA	**2,721**	....	....
Outlays		O	−284	....	....
Contribution to enhanced structural adjustment facility of the International Monetary Fund:					
Appropriation, current	155	BA	**25**	....	**7**
Outlays		O	19	19	26
Total Federal funds International Monetary Programs		BA	**2,746**	....	**7**
		O	−265	19	26

Military Sales Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Special defense acquisition fund:					
Spending authority from offsetting collections	155	BA	**245**	**178**	**166**
Outlays		O	160	98	76
Total, offsetting collections			−245	−178	−166
Total Special defense acquisition fund (net)		BA	....	....	....
		O	−85	−80	−90
Trust funds					
Foreign military sales trust fund:					
Contract authority, permanent	155	BA	**14,868**	**12,050**	**10,890**
Outlays		O	13,417	13,150	12,320
Kuwait civil reconstruction trust fund:					
Outlays	155	O	....	2	....

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	....	....	....
		O	−85	−80	−90
Trust funds:					
(As shown in detail above)		BA	**14,868**	**12,050**	**10,890**
		O	13,417	13,152	12,320
Deductions for offsetting receipts:					
Proprietary receipts from the public	155	BA/O	*−12,469*	*−13,020*	*−12,230*
Total Trust funds		BA	**2,399**	**−970**	**−1,340**
		O	948	132	90
Total Military Sales Programs		BA	**2,399**	**−970**	**−1,340**
		O	863	52	....

Special Assistance for Central America

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Demobilization and transition fund:					
Outlays	152	O	26	3	3

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**14,590**	**10,911**	**11,271**
		O	12,006	11,250	11,110
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA/O	*−539*	*−8*	....
	152	BA/O	*−674*	*−634*	*−613*
	908	BA/O	*−581*	*−244*	*−211*
Total Federal funds		BA	**12,796**	**10,025**	**10,447**
		O	10,212	10,364	10,286
Trust funds:					
(As shown in detail above)		BA	**14,874**	**12,054**	**10,894**
		O	13,423	13,153	12,322
Deductions for offsetting receipts:					
Proprietary receipts from the public	155	BA/O	*−12,469*	*−13,020*	*−12,230*
Total Trust funds		BA	**2,405**	**−966**	**−1,336**
		O	954	133	92
Interfund transactions	602	BA/O	*−5*	*−3*	*−3*
Total Funds Appropriated to the President		BA	**15,196**	**9,056**	**9,108**
		O	11,161	10,494	10,375

Department of Agriculture

(In millions of dollars)

Office of the Secretary

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of the Secretary:					
Appropriation, current	352	BA	**9**	**16**	**17**
Spending authority from offsetting collections		BA	**1**		
Outlays		O	9	14	17
Office of the Secretary (gross)		BA	**10**	**16**	**17**
		O	9	14	17
Total, offsetting collections			−1		
Total Office of the Secretary (net)		BA	**9**	**16**	**17**
		O	8	14	17

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Gifts and bequests:					
Appropriation, permanent	352	BA	**1**	**2**	**2**
Outlays		O		2	2

Executive Operations

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Executive operations:					
Appropriation, current	352	BA	**9**	**23**	**24**
Outlays		O	8	22	24
Chief financial officer:					
Appropriation, current	352	BA	**1**	**4**	**4**
Spending authority from offsetting collections		BA		**1**	**1**
Outlays		O		5	5
Chief financial officer (gross)		BA	**1**	**5**	**5**
		O		5	5
Total, offsetting collections				−1	−1
Total Chief financial officer (net)		BA	**1**	**4**	**4**
		O		4	4
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	352	BA	**193**	**223**	**226**
Outlays		O	175	223	226
Total, offsetting collections			−193	−223	−226
Total Working capital fund (net)		BA			
		O	−18		
Total Federal funds Executive Operations		BA	**10**	**27**	**28**
		O	−10	26	28

Departmental Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Departmental administration:					
Appropriation, current	352	BA	**30**	**28**	**29**
Spending authority from offsetting collections		BA	**17**	**11**	**12**
Outlays		O	45	38	41
Departmental administration (gross)		BA	**47**	**39**	**41**
		O	45	38	41
Total, offsetting collections			−17	−11	−12
Total Departmental administration (net)		BA	**30**	**28**	**29**
		O	28	27	29
Hazardous waste management:					
Appropriation, current	304	BA	**16**	**16**	**16**
Outlays		O	16	16	16
Agriculture buildings and facilities:					
Appropriation, current	352	BA	**135**	**136**	**150**
Spending authority from offsetting collections		BA	**2**	**3**	**3**
Outlays		O	130	131	151
Agriculture buildings and facilities (gross)		BA	**137**	**139**	**153**
		O	130	131	151
Total, offsetting collections			−2	−3	−3
Total Agriculture buildings and facilities (net)		BA	**135**	**136**	**150**
		O	128	128	148
Advisory committees:					
Appropriation, current	352	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Total Federal funds Departmental Administration		BA	**182**	**181**	**196**
		O	173	172	194

Office of Communications

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of Communications:					
Appropriation, current	352	BA	**9**	**8**	**8**
Spending authority from offsetting collections		BA	**3**	**3**	**3**
Outlays		O	12	11	11
Office of Communications (gross)		BA	**12**	**11**	**11**
		O	12	11	11
Total, offsetting collections			−3	−3	−3
Total Office of Communications (net)		BA	**9**	**8**	**8**
		O	9	8	8

Office of the Inspector General

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of the Inspector General:					
Appropriation, current	352	BA	**63**	**64**	**65**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	63	65	66
Office of the Inspector General (gross)		BA	**64**	**65**	**66**
		O	63	65	66
Total, offsetting collections			−1	−1	−1
Total Office of the Inspector General (net)		BA	**63**	**64**	**65**
		O	62	64	65

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Office of the General Counsel					
Federal funds					
General and Special Funds:					
Office of the General Counsel:					
Appropriation, current	352	BA	**26**	**28**	**29**
Spending authority from offsetting collections		BA	**2**	**2**	**1**
Outlays		O	28	30	29
Office of the General Counsel (gross)		BA	**28**	**30**	**30**
		O	28	30	29
Total, offsetting collections			−2	−2	−1
Total Office of the General Counsel (net)		BA	**26**	**28**	**29**
		O	26	28	28
Economic Research Service					
Federal funds					
General and Special Funds:					
Economic research service:					
Appropriation, current	352	BA	**54**	**53**	**55**
Spending authority from offsetting collections		BA	**9**	**7**	**7**
Outlays		O	61	60	62
Economic research service (gross)		BA	**63**	**60**	**62**
		O	61	60	62
Total, offsetting collections			−9	−7	−7
Total Economic research service (net)		BA	**54**	**53**	**55**
		O	52	53	55
National Agricultural Statistics Service					
Federal funds					
General and Special Funds:					
National agricultural statistics service:					
Appropriation, current	352	BA	**81**	**81**	**103**
Spending authority from offsetting collections		BA	**8**	**8**	**8**
Outlays		O	92	89	108
National agricultural statistics service (gross)		BA	**89**	**89**	**111**
		O	92	89	108
Total, offsetting collections			−8	−8	−8
Total National agricultural statistics service (net)		BA	**81**	**81**	**103**
		O	84	81	100
Agricultural Research Service					
Federal funds					
General and Special Funds:					
Agricultural Research Service:					
Appropriation, current	352	BA	**715**	**709**	**726**
				A **2**	
Spending authority from offsetting collections		BA	**37**	**44**	**44**
Outlays		O	744	754	768
				A 2	
Agricultural Research Service (gross)		BA	**752**	**755**	**770**
		O	744	756	768

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−37	−44	−44
Total Agricultural Research Service (net)		BA	**715**	**711**	**726**
		O	707	712	724
Buildings and facilities:					
Appropriation, current	352	BA	**47**	**30**	**80**
Outlays		O	39	45	55
Trust funds					
Miscellaneous contributed funds:					
Appropriation, permanent	352	BA	**14**	**14**	**15**
Outlays		O	12	13	13
Total Federal funds Agricultural Research Service		BA	**762**	**741**	**806**
		O	746	757	779
Total Trust funds Agricultural Research Service		BA	**14**	**14**	**15**
		O	12	13	13
Cooperative State Research, Education, and Extension Service					
Federal funds					
General and Special Funds:					
Cooperative state research activities:					
Appropriation, current	352	BA	**432**	**427**	**424**
Spending authority from offsetting collections		BA	**9**	**16**	**16**
Outlays		O	447	459	423
Cooperative state research activities (gross)		BA	**441**	**443**	**440**
		O	447	459	423
Total, offsetting collections			−9	−16	−16
Total Cooperative state research activities (net)		BA	**432**	**427**	**424**
		O	438	443	407
Buildings and facilities:					
Appropriation, current	352	BA	**61**	**58**	....
				H **−12**	
Outlays		O	37	52	55
				H −1	*H* −1
Total Buildings and facilities		BA	**61**	**46**	....
		O	37	51	54
Extension activities:					
Appropriation, current	352	BA	**439**	**428**	**423**
Spending authority from offsetting collections		BA	**29**	**25**	**25**
Outlays		O	464	453	450
Extension activities (gross)		BA	**468**	**453**	**448**
		O	464	453	450
Total, offsetting collections			−29	−25	−25
Total Extension activities (net)		BA	**439**	**428**	**423**
		O	435	428	425
Total Federal funds Cooperative State Research, Education, and Extension Service		BA	**932**	**901**	**847**
		O	910	922	886

Department of Agriculture—Continued

(In millions of dollars)

Animal and Plant Health Inspection Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	352	BA	**456**	**459**	**464**
					[J] **−8**
Spending authority from offsetting collections		BA	**41**	**39**	**39**
					[J] **8**
Outlays		O	520	445	479
Salaries and expenses (gross)		BA	**497**	**498**	**503**
		O	520	445	479
Total, offsetting collections			−41	−39	−39
					[J] −8
Total Salaries and expenses (net)		BA	**456**	**459**	**456**
		O	479	406	432
Buildings and facilities:					
Appropriation, current	352	BA	**3**	**9**	**3**
Outlays		O	8	8	23
Trust funds					
Miscellaneous trust funds:					
Appropriation, permanent	352	BA	**7**	**7**	**7**
Outlays		O	8	7	7
Total Federal funds Animal and Plant Health Inspection Service		BA	**459**	**468**	**459**
		O	487	414	455
Total Trust funds Animal and Plant Health Inspection Service		BA	**7**	**7**	**7**
		O	8	7	7

Food Safety and Inspection Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**531**	**545**	**574**
				[A] **10**	
					[J] **−109**
Spending authority from offsetting collections		BA	**81**	**87**	**90**
					[J] **109**
Outlays		O	603	630	661
				[A] 10	
Salaries and expenses (gross)		BA	**612**	**642**	**664**
		O	603	640	661
Total, offsetting collections			−81	−87	−90
					[J] −109
Total Salaries and expenses (net)		BA	**531**	**555**	**465**
		O	522	553	462
Trust funds					
Expenses and refunds, inspection and grading of farm products:					
Appropriation, permanent	352	BA	**3**	**3**	**3**
Outlays		O	3	3	3

Grain Inspection, Packers and Stockyards Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	352	BA	**23**	**23**	**25**
					[J] **−14**
Spending authority from offsetting collections		BA			[J] **18**
Outlays		O	23	22	25
					[J] 4
Salaries and expenses (gross)		BA	**23**	**23**	**29**
		O	23	22	29
Total, offsetting collections					[J] −18
Total Salaries and expenses (net)		BA	**23**	**23**	**11**
		O	23	22	11
Public Enterprise Funds:					
Inspection and weighing services:					
Spending authority from offsetting collections	352	BA	**34**	**43**	**43**
Outlays		O	34	43	43
Total, offsetting collections			−34	−43	−43
Total Inspection and weighing services (net)		BA			
		O			
Total Federal funds Grain Inspection, Packers and Stockyards Administration		BA	**23**	**23**	**11**
		O	23	22	11

Agricultural Marketing Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Marketing services:					
Appropriation, current	352	BA	**54**	**47**	**48**
Spending authority from offsetting collections		BA	**62**	**62**	**63**
Outlays		O	119	116	110
Limitation on administrative level			(57)	(58)	(59)
Marketing services (gross)		BA	**116**	**109**	**111**
		O	119	116	110
Total, offsetting collections			−62	−62	−63
Total Marketing services (net)		BA	**54**	**47**	**48**
		O	57	54	47
Payments to States and possessions:					
Appropriation, current	352	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Perishable Agricultural Commodities Act fund:					
Appropriation, permanent	352	BA	**8**	**9**	**9**
Outlays		O	9	9	9
Funds for strengthening markets, income, and supply (section 32):					
Appropriation, permanent	605	BA	**476**	**593**	**437**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
					[B] **10**
Outlays		O	497	475	438
Funds for strengthening markets, income, and supply (section 32) (gross)		BA	**477**	**594**	**448**
		O	497	475	438

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−1	−1	−1 [B] −10
Total Funds for strengthening markets, income, and supply (section 32) (net)		BA	476	593	437
		O	496	474	427
Trust funds					
Miscellaneous trust funds:					
Appropriation, permanent	352	BA	109	105	105
Outlays		O	108	102	105
Milk market orders assessment fund:					
Spending authority from offsetting collections	351	BA	37	39	42
Outlays		O	37	39	42
Total, offsetting collections			−37	−39	−42
Total Milk market orders assessment fund (net)		BA			
		O			
Total Federal funds Agricultural Marketing Service		BA	539	650	495
		O	563	538	484
Total Trust funds Agricultural Marketing Service		BA	109	105	105
		O	108	102	105

Farm Service Agency

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	351	BA		795	895
Spending authority from offsetting collections		BA		324	308
Outlays		O		1,087	1,172
Salaries and expenses (gross)		BA		1,119	1,203
		O		1,087	1,172
Total, offsetting collections				−324	−308
Total Salaries and expenses (net)		BA		795	895
		O		763	864
Conservation reserve program:					
Appropriation, current	302	BA	1,743	1,782	1,925
Outlays		O	1,732	1,841	1,992
Salaries and expenses:					
Appropriation, current	351	BA	721		
Spending authority from offsetting collections		BA	137		
Outlays		O	828	31	
Salaries and expenses (gross)		BA	858		
		O	828	31	
Total, offsetting collections			−137		
Total Salaries and expenses (net)		BA	721		
		O	691	31	
Agricultural conservation program:					
Appropriation, current	302	BA	100	75	75
Outlays		O	145	139	96
State mediation grants:					
Appropriation, current	351	BA	3	2	3
Outlays		O	2	1	2
Emergency conservation program:					
Outlays	453	O	27	30	12
Outreach for socially disadvantaged farmers:					
Appropriation, current	351	BA	3	1	3
Outlays		O	1	4	1
Administrative and operating expenses:					
Appropriation, current	351	BA	69		
Outlays		O	182	33	
Public Enterprise Funds:					
Federal crop insurance corporation fund:					
Appropriation, current	351	BA	1,690	1,650	1,591
Spending authority from offsetting collections		BA	685	677	723
Outlays		O	1,072	2,683	2,450
Federal crop insurance corporation fund (gross)		BA	2,375	2,327	2,314
		O	1,072	2,683	2,450
Total, offsetting collections			−685	−677	−723
Total Federal crop insurance corporation fund (net)		BA	1,690	1,650	1,591
		O	387	2,006	1,727
Commodity credit corporation fund:					
Appropriation, permanent	351	BA	211	108	
Authority to borrow, permanent		BA	1,991	2,245	4,338
Spending authority from offsetting collections		BA	12,137	8,344	8,815
Outlays		O	17,692	12,050	12,290
Limitation on administrative expenses			(5)		
Commodity credit corporation fund (gross)		BA	14,339	10,697	13,153
		O	17,692	12,050	12,290
Total, offsetting collections			−12,137	−8,344	−8,815
Total Commodity credit corporation fund (net)		BA	2,202	2,353	4,338
		O	5,555	3,706	3,475
Credit Accounts:					
Commodity credit corporation export credit guarantee loans program account:					
Appropriation, current	351	BA	3	3	4
Appropriation, permanent		BA	502	374	
Spending authority from offsetting collections		BA		522	
Outlays		O	204	377	393
Commodity credit corporation export credit guarantee loans program account (gross)		BA	505	899	4
		O	204	377	393
Total, offsetting collections				−522	
Total Commodity credit corporation export credit guarantee loans program account (net)		BA	505	377	4
		O	204	−145	393
Commodity credit corporation guaranteed loans liquidating account:					
Spending authority from offsetting collections	351	BA	349	386	250
Outlays		O	620	24	15

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−349	−386	−250
Total Commodity credit corporation guaranteed loans liquidating account (net)		BA			
		O	271	−362	−235
Agricultural credit insurance fund program account:					
Appropriation, current	351	BA	**405**	**399**	**361**
Appropriation, permanent		BA	**61**		
Outlays		O	443	391	360
Limitation on direct loan activity			(564)	(763)	(546)
Limitation on guarantee commitments			(1,938)	(2,450)	(2,650)
Total Agricultural credit insurance fund program account		BA	**466**	**399**	**361**
		O	443	391	360
Agricultural credit insurance fund liquidating account:					
Appropriation, permanent	351	BA	**1,479**		
Spending authority from offsetting collections		BA		**176**	**61**
Outlays		O	825	348	61
Agricultural credit insurance fund liquidating account (gross)		BA	**1,479**	**176**	**61**
		O	825	348	61
Total, offsetting collections			−1,342	−1,567	−1,511
Total Agricultural credit insurance fund liquidating account (net)		BA	**137**	**−1,391**	**−1,450**
		O	−517	−1,219	−1,450
Total Federal funds Farm Service Agency		BA	**7,639**	**6,043**	**7,745**
		O	9,123	7,219	7,237

Natural Resources Conservation Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Conservation operations:					
Appropriation, current	302	BA	**563**	**630**	**658**
Spending authority from offsetting collections		BA	**52**	**60**	**60**
Outlays		O	618	688	723
Conservation operations (gross)		BA	**615**	**690**	**718**
		O	618	688	723
Total, offsetting collections			−52	−60	−60
Total Conservation operations (net)		BA	**563**	**630**	**658**
		O	566	628	663
Watershed surveys and planning:					
Appropriation, current	301	BA	**24**	**14**	**19**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	25	16	19
Watershed surveys and planning (gross)		BA	**25**	**15**	**20**
		O	25	16	19
Total, offsetting collections			−1	−1	−1
Total Watershed surveys and planning (net)		BA	**24**	**14**	**19**
		O	24	15	18
Watershed and flood prevention operations:					
Appropriation, current	301	BA	**70**	**100**	**116**
Spending authority from offsetting collections		BA	**22**	**30**	**30**
Outlays		O	297	296	179
Watershed and flood prevention operations (gross)		BA	**92**	**130**	**146**
		O	297	296	179
Total, offsetting collections			−22	−30	−30
Total Watershed and flood prevention operations (net)		BA	**70**	**100**	**116**
		O	275	266	149
Resource conservation and development:					
Appropriation, current	302	BA	**33**	**29**	**29**
Spending authority from offsetting collections		BA	**1**	**1**	
Outlays		O	34	33	31
Resource conservation and development (gross)		BA	**34**	**30**	**29**
		O	34	33	31
Total, offsetting collections			−1	−1	
Total Resource conservation and development (net)		BA	**33**	**29**	**29**
		O	33	32	31
Great plains conservation program:					
Appropriation, current	302	BA	**15**		
Outlays		O	24	14	10
Forestry incentives program:					
Appropriation, current	302	BA	**7**	**6**	**6**
Outlays		O	10	9	10
Water bank program:					
Appropriation, current	302	BA	**1**		
Outlays		O	11	11	10
Colorado river basin salinity control program:					
Appropriation, current	304	BA	**5**	**3**	**3**
Outlays		O	10	6	6
Wetlands reserve program:					
Appropriation, current	302	BA	**84**	**77**	**188**
Outlays		O	16	93	174
Rural clean water program:					
Outlays	304	O	1	1	1
Trust funds					
Miscellaneous contributed funds (Conservation and land management): (Outlays)	302	O	1		
Total Miscellaneous contributed funds		O	1		
Total Federal funds Natural Resources Conservation Service		BA	**802**	**859**	**1,019**
		O	970	1,075	1,072
Total Trust funds Natural Resources Conservation Service		O	**1**		

Rural Utilities Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	452	BA		**18**	**34**
Spending authority from offsetting collections		BA		**47**	**36**

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	...	57	67
Salaries and expenses (gross)		BA	...	**65**	**70**
		O	...	57	67
Total, offsetting collections			...	−47	−36
Total Salaries and expenses (net)		BA	...	**18**	**34**
		O	...	10	31
Salaries and expenses (Rural Electrification Administration):					
Spending authority from offsetting collections	271	BA	**39**	...	...
Outlays		O	37	6	...
Total, offsetting collections			−39	...	...
Total Salaries and expenses (Rural Electrification Administration) (net)		BA	...	...	...
		O	−2	6	...
Distance learning and medical link grants:					
Appropriation, current	452	BA	**8**	**8**	**20**
Outlays		O	6	26	17
Solid waste management grants:					
Appropriation, current	304	BA	**4**	**2**	**4**
Outlays		O	4	4	2
Emergency community water assistance grants:					
Appropriation, current	451	BA	**10**	...	...
Outlays		O	15	12	6
Rural utilities assistance program:					
Appropriation, current	452	BA	...	**13**	...
Outlays		O	...	13	...
Rural water and waste disposal grants:					
Appropriation, current	452	BA	**500**	**399**	**590**
Outlays		O	356	457	435
Public Enterprise Funds:					
Rural communication development fund liquidating account:					
Appropriation, permanent	452	BA	...	**2**	**2**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	1	3	3
Rural communication development fund liquidating account (gross)		BA	**1**	**3**	**3**
		O	1	3	3
Total, offsetting collections			−1	−1	−1
Total Rural communication development fund liquidating account (net)		BA	...	**2**	**2**
		O	...	2	2
Credit Accounts:					
Rural water and waste disposal loans program account:					
Appropriation, current	452	BA	...	**123**	**69**
Outlays		O	...	97	107
Limitation on direct loan activity			...	(547)	(800)
Limitation on loan guarantee commitments			...	(50)	...
Rural electrification and telephone loans program account:					
Appropriation, current	271	BA	**90**	**125**	**74**
Appropriation, permanent		BA	**61**	...	...
Outlays		O	196	145	128
Limitation on direct loan activity			(1,320)	(1,426)	(1,620)
Total Rural electrification and telephone loans program account		BA	**151**	**125**	**74**
		O	196	145	128

Account			1995 actual	1996 estimate	1997 estimate
Rural electrification and telephone revolving fund liquidating account:					
Spending authority from offsetting collections	271	BA	**2,811**	**1,656**	**1,628**
Outlays		O	2,510	1,883	1,806
Total, offsetting collections			−3,338	−3,381	−3,059
Total Rural electrification and telephone revolving fund liquidating account (net)		BA	**−527**	**−1,725**	**−1,431**
		O	−828	−1,498	−1,253
Rural telephone bank program account:					
Appropriation, current	452	BA	**10**	**9**	**6**
Outlays		O	10	6	6
Limitation on direct loan activity			(175)	(175)	(175)
Rural telephone bank liquidating account:					
Spending authority from offsetting collections	452	BA	**85**	**79**	**75**
Outlays		O	108	100	96
Total, offsetting collections			−186	−196	−192
Total Rural telephone bank liquidating account (net)		BA	**−101**	**−117**	**−117**
		O	−78	−96	−96
Distance learning and medical link loan program account:					
Appropriation, current	452	BA			[J] **2**
Outlays		O			[J] 1
Limitation on direct loan activity					[J] (125)
Rural development insurance fund program account:					
Appropriation, current	452	BA	**214**	...	...
Appropriation, permanent		BA	**24**	...	...
Outlays		O	168	...	...
Limitation on direct loan activity			(1,131)	...	...
Limitation on guarantee commitments			(575)	...	...
Total Rural development insurance fund program account		BA	**238**	...	...
		O	168	...	...
Rural development insurance fund liquidating account:					
Appropriation, permanent	452	BA	**325**	**225**	**320**
Spending authority from offsetting collections		BA	**464**	**473**	**455**
Outlays		O	739	734	707
Rural development insurance fund liquidating account (gross)		BA	**789**	**698**	**775**
		O	739	734	707
Total, offsetting collections			−464	−473	−455
Total Rural development insurance fund liquidating account (net)		BA	**325**	**225**	**320**
		O	275	261	252
Total Federal funds Rural Utilities Service		BA	**618**	**−918**	**−427**
		O	122	−555	−362

Rural Housing and Community Development Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	452	BA	...	**47**	**90**
Spending authority from offsetting collections		BA	...	**382**	**366**

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	....	371	431
Salaries and expenses (gross)		BA	....	**429**	**456**
		O	....	371	431
Total, offsetting collections			....	−382	−366
Total Salaries and expenses (net)		BA	....	**47**	**90**
		O	....	−11	65
Salaries and expenses (Farmers Home Administration):					
Appropriation, current	452	BA	**38**	....	....
Spending authority from offsetting collections		BA	**634**	....	....
Outlays		O	652	33	....
Salaries and expenses (Farmers Home Administration) (gross)		BA	**672**	....	....
		O	652	33	....
Total, offsetting collections			−634	....	....
Total Salaries and expenses (Farmers Home Administration) (net)		BA	**38**	....	....
		O	18	33	....
Rental assistance program:					
Appropriation, current	604	BA	**523**	**541**	**541**
Outlays		O	436	481	531
Rural housing voucher program:					
Outlays	604	O	2	1	1
Rural housing for domestic farm labor grants:					
Appropriation, current	604	BA	**11**	**10**	**10**
Outlays		O	11	26	19
Mutual and self-help housing grants:					
Appropriation, current	604	BA	**13**	**13**	**26**
Outlays		O	15	13	15
Supervisory and technical assistance grants:					
Outlays	604	O	1	3	3
Very low income housing repair grants:					
Appropriation, current	604	BA	**40**	**25**	**25**
Outlays		O	25	27	25
Rural community fire protection grants:					
Appropriation, current	452	BA	**3**	**2**	**2**
Outlays		O	3	3	2
Rural housing preservation grants:					
Appropriation, current	604	BA	**22**	**11**	**11**
Outlays		O	20	23	16
Credit Accounts:					
Rural community facility loans program account:					
Appropriation, current	452	BA	....	**47**	**15**
Outlays		O	....	30	23
Limitation on direct loan activity			....	(208)	(200)
Limitation on guarantee commitments			....	(75)	(100)
Rural housing insurance fund program account:					
Appropriation, current	371	BA	**754**	**639**	**598**
Appropriation, permanent		BA	**152**	....	....
Outlays		O	1,074	725	630
Limitation on direct loan activity			(1,472)	(1,223)	(1,632) [J] (36)
Limitation on guarantee commitments			(1,049)	(1,700)	(2,300) [J] (100)
Total Rural housing insurance fund program account		BA	**906**	**639**	**598**
		O	1,074	725	630
Rural housing insurance fund liquidating account:					
Appropriation, permanent	371	BA	**3,099**	**2,849**	**2,336**
Outlays		O	3,064	2,762	2,306

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−2,545	−2,464	−2,351
Total Rural housing insurance fund liquidating account (net)		BA	**554**	**385**	**−15**
		O	519	298	−45
Total Federal funds Rural Housing and Community Development Service		BA	**2,110**	**1,720**	**1,303**
		O	2,124	1,652	1,285

Rural Business and Cooperative Development Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	452	BA	....	**9**	**27**
Spending authority from offsetting collections		BA	....	**17**	**1**
Outlays		O	....	22	27
Salaries and expenses (gross)		BA	....	**26**	**28**
		O	....	22	27
Total, offsetting collections			....	−17	−1
Total Salaries and expenses (net)		BA	....	**9**	**27**
		O	....	5	26
Agricultural cooperative service:					
Outlays	352	O	1	....	....
Salaries and expenses (Rural Development Administration):					
Spending authority from offsetting collections	452	BA	**31**	....	....
Outlays		O	27	14	3
Total, offsetting collections			−31	....	....
Total Salaries and expenses (Rural Development Administration) (net)		BA	....	....	....
		O	−4	14	3
Rural technology and cooperative development grants:					
Appropriation, current	452	BA	**2**	**2**	**3**
Outlays		O	....	1	2
Rural business enterprise grants:					
Appropriation, current	452	BA	**48**	**45**	**45**
Outlays		O	33	41	43
Rural economic development grants:					
Spending authority from offsetting collections	452	BA	**24**	**20**	**20**
Outlays		O	....	44	20
Change in orders on hand from Federal sources		BA	**−24**	**24**	....
Total, offsetting collections			....	−44	−20
Total Rural economic development grants (net)		BA	....	....	....
		O	....	....	....
Public Enterprise Funds:					
Alternative agricultural research and commercialization revolving fund:					
Appropriation, current	352	BA	**5**	**6**	**7**
Outlays		O	6	9	7
Credit Accounts:					
Rural business and industry loans program account:					
Appropriation, current	452	BA	....	**21**	**7**
Outlays		O	....	21	7
Limitation on direct loan activity			....	....	(50)
Limitation on guarantee commitments			....	(700)	(750)
Rural development loan program account:					
Appropriation, current	452	BA	**47**	**23**	**37**

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Appropriation, permanent		BA	**1**	....	....
Outlays		O	29	36	33
Limitation on direct loan activity			(85)	(38)	(80)
Total Rural development loan program account		BA	**48**	**23**	**37**
		O	29	36	33
Rural development loan fund liquidating account:					
Outlays	452	O	5	5	4
Total, offsetting collections			−5	−4	−4
Total Rural development loan fund liquidating account (net)		BA	**−5**	**−4**	**−4**
		O	....	1	....
Alcohol fuels credit guarantee program account:					
Appropriation, current	452	BA	**−9**	....	....
Rural economic development loan program account:					
Appropriation, current	452	BA	**3**	**5**	**4**
Outlays		O	3	4	5
Limitation on direct loan activity			(13)	(14)	(14)
Rural economic development loans liquidating account:					
Spending authority from offsetting collections	271	BA	**2**	**1**	**2**
Total, offsetting collections			−2	−1	−2
Total Federal funds Rural Business and Cooperative Development Service		BA	**92**	**107**	**126**
		O	66	131	124

Foreign Agricultural Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Foreign agricultural service and general sales manager:					
Appropriation, current	352	BA	**111**	**116**	**133**
Spending authority from offsetting collections		BA	**63**	**62**	**58**
Outlays		O	195	181	186
Foreign agricultural service and general sales manager (gross)		BA	**174**	**178**	**191**
		O	195	181	186
Total, offsetting collections			−63	−62	−58
Total Foreign agricultural service and general sales manager (net)		BA	**111**	**116**	**133**
		O	132	119	128
Scientific activities overseas (foreign currency program):					
Outlays	352	O	1	1	1
P.L. 480 Grants — Titles I (OFD), II, and III:					
Appropriation, current	151	BA	**966**	**896**	**891**
Spending authority from offsetting collections		BA	**49**	....	....
Outlays		O	1,115	963	905
P.L. 480 Grants — Titles I (OFD), II, and III (gross)		BA	**1,015**	**896**	**891**
		O	1,115	963	905
Total, offsetting collections			−49	....	....
Total P.L. 480 Grants — Titles I (OFD), II, and III (net)		BA	**966**	**896**	**891**
		O	1,066	963	905
Credit Accounts:					
P.L. 480 program account:					
Appropriation, current	151	BA	**239**	**238**	**181**
Appropriation, permanent		BA	**74**	....	....
Outlays		O	306	275	205
Limitation on direct loan activity			(303)	(291)	(219)
Total P.L. 480 program account		BA	**313**	**238**	**181**
		O	306	275	205
P.L. 480 Title I Food for Progress Credits, program account:					
Appropriation, permanent	151	BA	**84**	....	....
Outlays		O	124	28	....
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:					
Spending authority from offsetting collections	151	BA	**86**	....	....
Total, offsetting collections			−534	−501	−489
Total expenses, Public Law 480, foreign assistance programs, Agriculture, liquidating account		BA	**−448**	**−501**	**−489**
		O	−543	−501	−489
Trust funds					
Miscellaneous contributed funds:					
Appropriation, permanent	352	BA	**3**	**4**	**4**
Outlays		O	3	4	4
Total Federal funds Foreign Agricultural Service		BA	**1,026**	**749**	**716**
		O	1,095	885	750
Total Trust funds Foreign Agricultural Service		BA	**3**	**4**	**4**
		O	3	4	4

Food and Consumer Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Food program administration:					
Appropriation, current	605	BA	**106**	**108**	**111**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	109	108	112
Food program administration (gross)		BA	**107**	**109**	**112**
		O	109	108	112
Total, offsetting collections			−1	−1	−1
Total Food program administration (net)		BA	**106**	**108**	**111**
		O	108	107	111
The Center for Nutrition Policy and Promotion:					
Appropriation, current	605	BA	....	....	**4**
Spending authority from offsetting collections		BA	....	**2**	....
Outlays		O	....	2	4
The Center for Nutrition Policy and Promotion (gross)		BA	....	**2**	**4**
		O	....	2	4
Total, offsetting collections			....	−2	....
Total The Center for Nutrition Policy and Promotion (net)		BA	....	....	**4**
		O	....	....	4
Food stamp program:					
Appropriation, current	605	BA	**28,806**	**27,598**	**29,989**

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Spending authority from offsetting collections		BA	....	**30**	**30**
Outlays		O	25,554	26,376	27,504
Food stamp program (gross)		BA	**28,806**	**27,628**	**30,019**
		O	25,554	26,376	27,504
Total, offsetting collections			....	−30	−30
Total Food stamp program (net)		BA	**28,806**	**27,598**	**29,989**
		O	25,554	26,346	27,474
State child nutrition programs:					
Appropriation, current	605	BA	**2,220**	**2,348**	**3,255**
Appropriation, permanent		BA	**5,257**	**5,618**	**5,434**
Outlays		O	7,499	8,233	8,575
Total State child nutrition programs		BA	**7,477**	**7,966**	**8,689**
		O	7,499	8,233	8,575
Special supplemental nutrition program for women, infants, and children (WIC):					
Appropriation, current	605	BA	**3,450**	**3,694**	**3,880**
Outlays		O	3,404	3,687	3,826
Commodity assistance program:					
Appropriation, current	605	BA	**190**	**166**	**172**
Outlays		O	194	166	185
Food donations programs for selected groups:					
Appropriation, current	605	BA	**183**	**215**	**65**
Outlays		O	209	217	92
Total Federal funds Food and Consumer Service		BA	**40,212**	**39,747**	**42,910**
		O	36,968	38,756	40,267

Forest Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
National forest system:					
Appropriation, current	302	BA	**1,338**	**1,256**	**1,292**
Appropriation, permanent		BA	**4**	**29**	**18**
Spending authority from offsetting collections		BA	**85**	**89**	**92**
Outlays		O	1,401	1,330	1,399
National forest system (gross)		BA	**1,427**	**1,374**	**1,402**
		O	1,401	1,330	1,399
Total, offsetting collections			−85	−89	−92
Total National forest system (net)		BA	**1,342**	**1,285**	**1,310**
		O	1,316	1,241	1,307
Construction:					
Appropriation, current	302	BA	**196**	**164**	**170**
Spending authority from offsetting collections		BA	**6**	**5**	**5**
Outlays		O	223	212	161
Construction (gross)		BA	**202**	**169**	**175**
		O	223	212	161
Total, offsetting collections			−6	−5	−5
Total Construction (net)		BA	**196**	**164**	**170**
		O	217	207	156
Forest research:					
Appropriation, current	302	BA	**194**	**178**	**180**
Spending authority from offsetting collections		BA	**22**	**20**	**21**
Outlays		O	204	211	201
Forest research (gross)		BA	**216**	**198**	**201**
		O	204	211	201
Total, offsetting collections			−22	−20	−21
Total Forest research (net)		BA	**194**	**178**	**180**
		O	182	191	180
State and private forestry:					
Appropriation, current	302	BA	**172**	**153**	**164**
				o **2**	
Spending authority from offsetting collections		BA	**3**	**2**	**2**
Outlays		O	179	159	162
				o 1	o 1
State and private forestry (gross)		BA	**175**	**157**	**166**
		O	179	160	163
Total, offsetting collections			−3	−2	−2
Total State and private forestry (net)		BA	**172**	**155**	**164**
		O	176	158	161
Wildland fire management:					
Appropriation, current	302	BA	....	....	**385**
Spending authority from offsetting collections		BA	....	....	**7**
Outlays		O	....	....	373
Wildland fire management (gross)		BA	....	....	**392**
		O	....	....	373
Total, offsetting collections			....	....	−7
Total Wildland fire management (net)		BA	....	....	**385**
		O	....	....	366
Forest Service fire protection:					
Appropriation, current	302	BA	**159**	**295**	....
Spending authority from offsetting collections		BA	**3**	**5**	....
Outlays		O	160	284	....
Forest Service fire protection (gross)		BA	**162**	**300**	....
		O	160	284	....
Total, offsetting collections			−3	−5	....
Total Forest Service fire protection (net)		BA	**159**	**295**	....
		O	157	279	....
Emergency forest service firefighting fund:					
Appropriation, current	302	BA	**576**	**90**	....
Spending authority from offsetting collections		BA	**18**	**3**	....
Outlays		O	725	143	....
Emergency forest service firefighting fund (gross)		BA	**594**	**93**	....
		O	725	143	....
Total, offsetting collections			−18	−3	....
Total Emergency forest service firefighting fund (net)		BA	**576**	**90**	....
		O	707	140	....
International forestry:					
Appropriation, current	302	BA	**5**	....	....
Spending authority from offsetting collections		BA	**1**	....	....

Department of Agriculture—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	5		
International forestry (gross)		BA	**6**		
		O	5		
Total, offsetting collections			−1		
Total International forestry (net)		BA	**5**		
		O	4		
Range betterment fund:					
Appropriation, current	302	BA	**5**	**4**	**4**
Outlays		O	5	4	4
Land acquisition accounts					
(Conservation and land management):					
(Appropriation, current)	302	BA	**3**	**1**	**1**
(Outlays)		O	2	11	1
(Recreational resources):					
(Appropriation, current)	303	BA	**64**	**41**	**41**
(Outlays)		O	74	35	41
Total Land acquisition accounts		BA	**67**	**42**	**42**
		O	76	46	42
Operations and maintenance of quarters:					
Appropriation, permanent	302	BA	**7**	**7**	**6**
Outlays		O	6	7	6
Forest Service permanent appropriations:					
Appropriation, permanent	302	BA	**209**	**255**	**202**
Outlays		O	248	247	207
Forest Service permanent appropriations:					
Appropriation, permanent	806	BA	**86**	**295**	**291**
Outlays		O	320	295	291
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	302	BA	**156**	**142**	**142**
Outlays		O	131	142	142
Total, offsetting collections			−156	−142	−142
Total Working capital fund (net)		BA			
		O	−25		

Account			1995 actual	1996 estimate	1997 estimate
Trust funds					
Reforestation trust fund:					
Appropriation, permanent	302	BA	**30**	**27**	**30**
Outlays		O	27	29	30
Cooperative work trust fund:					
Appropriation, permanent	302	BA	**565**	**286**	**273**
Outlays		O	349	307	286
Total Federal funds Forest Service		BA	**3,018**	**2,770**	**2,754**
		O	3,389	2,815	2,720
Total Trust funds Forest Service		BA	**595**	**313**	**303**
		O	376	336	316
Summary					
Federal funds:					
(As shown in detail above)		BA	**59,197**	**54,873**	**59,730**
		O	57,512	55,630	56,665
Deductions for offsetting receipts:					
Intrafund transactions	352	BA/O		*−5*	*−5*
Proprietary receipts from the public	151	BA/O		*−75*	
	271	BA/O	*−1*	*−2*	*−2*
	302	BA/O	*−580*	*−720*	*−710*
	303	BA/O	*−7*	*−10*	*−10*
	351	BA/O	*−19*	*−2*	*−2*
	371	BA/O	*−13*		
	452	BA/O	*−8*		
Total Federal funds		BA	**58,569**	**54,059**	**59,001**
		O	56,884	54,816	55,936
Trust funds:					
(As shown in detail above)		BA	**732**	**448**	**439**
		O	511	467	450
Deductions for offsetting receipts:					
Proprietary receipts from the public	302	BA/O	*−565*	*−230*	*−230*
	352	BA/O	*−137*	*−133*	*−134*
Total Trust funds		BA	**30**	**85**	**75**
		O	−191	104	86
Interfund transactions	452	BA/O	*−28*	*−80*	*−80*
Total Department of Agriculture		BA	**58,571**	**54,064**	**58,996**
		O	56,665	54,840	55,942

Department of Commerce

(In millions of dollars)

General Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**37**	**29**	**29**
Spending authority from offsetting collections		BA	**45**	**48**	**48**
Outlays		O	82	81	78
Salaries and expenses (gross)		BA	**82**	**77**	**77**
		O	82	81	78
Total, offsetting collections			−45	−48	−48
Total Salaries and expenses (net)		BA	**37**	**29**	**29**
		O	37	33	30
Office of the Inspector General:					
Appropriation, current	376	BA	**17**	**20**	**21**
Spending authority from offsetting collections		BA	**5**	**1**	**1**
Outlays		O	20	22	22
Office of the Inspector General (gross)		BA	**22**	**21**	**22**
		O	20	22	22
Total, offsetting collections			−5	−1	−1
Total Office of the Inspector General (net)		BA	**17**	**20**	**21**
		O	15	21	21
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	376	BA	**91**	**70**	**81**
Outlays		O	88	70	81
Total, offsetting collections			−91	−70	−81
Total Working capital fund (net)		BA			
		O	−3		
Total Federal funds General Administration		BA	**54**	**49**	**50**
		O	49	54	51

Economic Development Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	452	BA	**32**	**20**	**20**
Spending authority from offsetting collections		BA	**3**	**4**	
Outlays		O	36	23	20
Salaries and expenses (gross)		BA	**35**	**24**	**20**
		O	36	23	20
Total, offsetting collections			−3	−4	
Total Salaries and expenses (net)		BA	**32**	**20**	**20**
		O	33	19	20
Economic development assistance programs:					
Appropriation, current	452	BA	**430**	**328**	**333**
				o **10**	
Spending authority from offsetting collections		BA	**25**	**1**	**1**
Outlays		O	346	440	419
				o 1	*o* 2
Economic development assistance programs (gross)		BA	**455**	**339**	**334**
		O	346	441	421
Total, offsetting collections			−25	−1	−1
Total Economic development assistance programs (net)		BA	**430**	**338**	**333**
		O	321	440	420
Credit Accounts:					
Economic development revolving fund liquidating account:					
Appropriation, current	452	BA		**−10**	
Spending authority from offsetting collections		BA	**14**	**9**	**21**
Outlays		O	10	9	6
Economic development revolving fund liquidating account (gross)		BA	**14**	**−1**	**21**
		O	10	9	6
Total, offsetting collections			−14	−9	−21
Total Economic development revolving fund liquidating account (net)		BA		**−10**	
		O	−4		−15
Total Federal funds Economic Development Administration		BA	**462**	**348**	**353**
		O	350	459	425

Bureau of the Census

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**136**	**134**	**151**
Spending authority from offsetting collections		BA	**165**	**170**	**161**
Outlays		O	323	274	298
Salaries and expenses (gross)		BA	**301**	**304**	**312**
		O	323	274	298
Total, offsetting collections			−165	−170	−161
Total Salaries and expenses (net)		BA	**136**	**134**	**151**
		O	158	104	137
Periodic censuses and programs:					
Appropriation, current	376	BA	**142**	**150**	**249**
				o **7**	
Outlays		O	135	155	229
				o 6	*o* 1
Total Periodic censuses and programs		BA	**142**	**157**	**249**
		O	135	161	230
Total Federal funds Bureau of the Census		BA	**278**	**291**	**400**
		O	293	265	367

Economic and Statistical Analysis

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**48**	**46**	**54**
				o **6**	
Spending authority from offsetting collections		BA	**2**	**1**	**2**

Department of Commerce—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	50	49	56
				^{O}5	^{O}1
Salaries and expenses (gross)		BA	**50**	**53**	**56**
		O	50	54	57
Total, offsetting collections			−2	−1	−2
Total Salaries and expenses (net)		BA	**48**	**52**	**54**
		O	48	53	55
Public Enterprise Funds:					
Economics and statistics administration revolving fund:					
Appropriation, current	376	BA	**2**		
Spending authority from offsetting collections		BA	**2**	**2**	**2**
Outlays		O		2	2
Economics and statistics administration revolving fund (gross)		BA	**4**	**2**	**2**
		O		2	2
Total, offsetting collections			−2	−2	−2
Total Economics and statistics administration revolving fund (net)		BA	**2**		
		O	−2		
Total Federal funds Economic and Statistical Analysis		BA	**50**	**52**	**54**
		O	46	53	55

Promotion of Industry and Commerce

International Trade Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operations and administration:					
Appropriation, current	376	BA	**275**	**265**	**268**
Spending authority from offsetting collections		BA	**22**	**32**	**26**
Outlays		O	293	274	285
Operations and administration (gross)		BA	**297**	**297**	**294**
		O	293	274	285
Total, offsetting collections			−22	−32	−26
Total Operations and administration (net)		BA	**275**	**265**	**268**
		O	271	242	259

Export Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operations and administration:					
Appropriation, current	376	BA	**41**	**39**	**44**
Spending authority from offsetting collections		BA	**2**	**5**	**1**
Outlays		O	41	47	44
Operations and administration (gross)		BA	**43**	**44**	**45**
		O	41	47	44
Total, offsetting collections			−2	−5	−1
Total Operations and administration (net)		BA	**41**	**39**	**44**
		O	39	42	43

Minority Business Development Agency

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Minority business development:					
Appropriation, current	376	BA	**44**	**32**	**34**
Spending authority from offsetting collections		BA	**1**		
Outlays		O	43	40	38
Minority business development (gross)		BA	**45**	**32**	**34**
		O	43	40	38
Total, offsetting collections			−1		
Total Minority business development (net)		BA	**44**	**32**	**34**
		O	42	40	38

United States Travel and Tourism Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**17**	**12**	
Spending authority from offsetting collections		BA	**1**	**1**	
Outlays		O	19	21	
Salaries and expenses (gross)		BA	**18**	**13**	
		O	19	21	
Total, offsetting collections			−1	−1	
Total Salaries and expenses (net)		BA	**17**	**12**	
		O	18	20	
Total Federal funds Promotion of Industry and Commerce		BA	**377**	**348**	**346**
		O	370	344	340

Science and Technology

National Oceanic and Atmospheric Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operations, research, and facilities:					
Appropriation, current	306	BA	**1,914**	**1,861**	**2,032**
					^{J}**−46**
				^{O}**2**	
Appropriation, permanent		BA	**8**	**6**	**6**
					^{B}**10**
Spending authority from offsetting collections		BA	**289**	**314**	**315**
					^{J}**46**
Outlays		O	2,015	2,154	2,270
					^{B}7
					^{J}20
				^{O}1	^{O}1
Operations, research, and facilities (gross)		BA	**2,211**	**2,183**	**2,363**
		O	2,015	2,155	2,298
Total, offsetting collections			−289	−314	−315
					^{J}−46
Total Operations, research, and facilities (net)		BA	**1,922**	**1,869**	**2,002**
		O	1,726	1,841	1,937

Department of Commerce—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Construction:					
Appropriation, current	306	BA	**80**	**50**	**37**
Outlays		O	83	64	67
Fleet modernization, shipbuilding and conversion:					
Appropriation, current	376	BA	**23**	**8**	**12**
Outlays		O	25	33	29
GOES satellite contigency fund:					
Appropriation, current	306	BA	**−2**	....	....
Outlays		O	61	15	....
Aircraft procurement and:					
Outlays	376	O	28	14	....
North pacific fishery observer fund:					
Appropriation, permanent	376	BA	**5**	....	....
Promote and develop fishery products and research pertaining to American fisheries:					
Appropriation, current	376	BA	**−56**	**−63**	**−61**
Appropriation, permanent		BA	**65**	**73**	**73**
Outlays		O	4	16	15
Total Promote and develop fishery products and research pertaining to American fisheries		BA	**9**	**10**	**12**
		O	4	16	15
Fishing vessel and gear damage compensation fund:					
Appropriation, current	376	BA	**2**	**2**	**1**
Outlays		O	1	3	1
Public Enterprise Funds:					
Coastal zone management fund:					
Spending authority from offsetting collections	306	BA	**5**	**4**	**4**
Outlays		O	3	16	8
			(8)	(8)	(8)
Total, offsetting collections			−5	−4	−4
Total Coastal zone management fund (net)		BA	....	....	....
		O	−2	12	4
Damage assessment and restoration revolving fund:					
Appropriation, permanent	304	BA	**−5**	**−2**	**−2**
Spending authority from offsetting collections		BA	**1**	**2**	**2**
Outlays		O	....	15	2
Damage assessment and restoration revolving fund (gross)		BA	**−4**	....	....
		O	....	15	2
Total, offsetting collections			−1	−2	−2
Total Damage assessment and restoration revolving fund (net)		BA	**−5**	**−2**	**−2**
		O	−1	13	....
Credit Accounts:					
Fishing vessel obligations guarantees program account:					
Outlays	376	O	....	1	....
Federal ship financing fund, fishing vessels liquidating account:					
Spending authority from offsetting collections	376	BA	**7**	....	....
Outlays		O	3	....	....
Total, offsetting collections			−7	....	....
Total Federal ship financing fund, fishing vessels liquidating account (net)		BA	....	....	....
		O	−4	....	....
Trust funds					
Marine navigation trust fund:					
Appropriation, current	306	BA			[J] **46**
Outlays		O			[J] 26
Total Federal funds National Oceanic and Atmospheric Administration		BA	**2,034**	**1,937**	**2,062**
		O	1,921	2,012	2,053
Total Trust funds National Oceanic and Atmospheric Administration		BA	....	....	**46**
		O	....	....	26

Patent and Trademark Office

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**82**	**82**	**115**
Spending authority from offsetting collections		BA	**540**	**532**	**602**
Outlays		O	528	584	642
Salaries and expenses (gross)		BA	**622**	**614**	**717**
		O	528	584	642
Total, offsetting collections			−540	−532	−602
Total Salaries and expenses (net)		BA	**82**	**82**	**115**
		O	−12	52	40

Technology Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**8**	**5**	**10**
				[O] **5**	
Spending authority from offsetting collections		BA	....	**6**	**6**
Outlays		O	8	12	14
				[O] 3	[O] 1
Salaries and expenses (gross)		BA	**8**	**16**	**16**
		O	8	15	15
Total, offsetting collections			....	−6	−6
Total Salaries and expenses (net)		BA	**8**	**10**	**10**
		O	8	9	9

National Technical Information Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
NTIS revolving fund:					
Appropriation, current	376	BA	**8**	....	....
Spending authority from offsetting collections		BA	**49**	**77**	**80**
Outlays		O	50	84	80
NTIS revolving fund (gross)		BA	**57**	**77**	**80**
		O	50	84	80
Total, offsetting collections			−49	−77	−80
Total NTIS revolving fund (net)		BA	**8**	....	....
		O	1	7	....

National Institute of Standards and Technology

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Scientific and technical research and services:					
Appropriation, current	376	BA	**243**	**258**	**269**

Department of Commerce—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	248	262	269
Industrial technology services:					
Appropriation, current	376	BA	**417**	**335**	**449**
				O **65**	
Outlays		O	149	236	305
				O 7	*O* 16
Total Industrial technology services		BA	**417**	**400**	**449**
		O	149	243	321
Construction of research facilities:					
Appropriation, current	376	BA	**35**	**−15**	**105**
Outlays		O	20	31	48
Intragovernmental Funds:					
Working capital fund:					
Appropriation, current	376	BA	**5**	**2**	**3**
Spending authority from offsetting collections		BA	**136**	**118**	**108**
Outlays		O	161	159	148
Working capital fund (gross)		BA	**141**	**120**	**111**
		O	161	159	148
Total, offsetting collections			−136	−118	−108
Total Working capital fund (net)		BA	**5**	**2**	**3**
		O	25	41	40
Total Federal funds National Institute of Standards and Technology		BA	**700**	**645**	**826**
		O	442	577	678

National Telecommunications and Information Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**21**	**17**	**18**
Spending authority from offsetting collections		BA	**7**	**9**	**9**
Outlays		O	24	32	29
Salaries and expenses (gross)		BA	**28**	**26**	**27**
		O	24	32	29
Total, offsetting collections			−7	−9	−9
Total Salaries and expenses (net)		BA	**21**	**17**	**18**
		O	17	23	20
Public broadcasting facilities, planning and construction:					
Appropriation, current	503	BA	**31**	**15**	**10**
Outlays		O	27	31	23
Information infrastructure grants:					
Appropriation, current	503	BA	**42**	**21**	**59**
				O **32**	
Outlays		O	11	31	31
				O 2	*O* 15
Total Information infrastructure grants		BA	**42**	**53**	**59**
		O	11	33	46
Total Federal funds National Telecommunications and Information Administration		BA	**94**	**85**	**87**
		O	55	87	89
Total Federal funds Science and Technology		BA	**2,926**	**2,759**	**3,100**
		O	2,415	2,744	2,869
Total Trust funds Science and Technology		BA			**46**
		O			26

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**4,147**	**3,847**	**4,303**
		O	3,523	3,919	4,107
Deductions for offsetting receipts:					
Proprietary receipts from the public	306	BA/O	*−15*	*−15*	*−15*
					−10
	376	BA/O	*−107*	*−111*	*−115*
Total Federal funds		BA	**4,025**	**3,721**	**4,163**
		O	3,401	3,793	3,967
Trust funds:					
(As shown in detail above)		BA			**46**
		O			26
Total Department of Commerce		BA	**4,025**	**3,721**	**4,209**
		O	3,401	3,793	3,993

Department of Defense—Military

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Military Personnel					
Federal funds					
General and Special Funds:					
Military personnel, Army:					
Appropriation, current	051	BA	**21,007**	**20,056**	**20,581**
				^{A}**244**	
Spending authority from offsetting collections		BA	**166**	**219**	**207**
Outlays		O	20,936	19,540	20,722
				^{A}232	^{A}12
Military personnel, Army (gross)		BA	**21,173**	**20,519**	**20,788**
		O	20,936	19,772	20,734
Change in orders on hand from Federal sources		BA	**−40**	**224**	
Adjustment to orders on hand from Federal sources		BA	**−16**		
Total, offsetting collections			−110	−443	−207
Total Military personnel, Army (net)		BA	**21,007**	**20,300**	**20,581**
		O	20,826	19,329	20,527
Military personnel, Navy:					
Appropriation, current	051	BA	**17,752**	**17,010**	**16,943**
				^{A}**12**	
Spending authority from offsetting collections		BA	**256**	**244**	**275**
Outlays		O	18,155	16,937	17,190
				^{A}11	^{A}1
Military personnel, Navy (gross)		BA	**18,008**	**17,266**	**17,218**
		O	18,155	16,948	17,191
Change in orders on hand from Federal sources		BA	**23**	**61**	
Adjustment to orders on hand from Federal sources		BA	**22**		
Total, offsetting collections			−301	−305	−275
Total Military personnel, Navy (net)		BA	**17,752**	**17,022**	**16,943**
		O	17,854	16,643	16,916
Military personnel, Marine Corps:					
Appropriation, current	051	BA	**5,788**	**5,841**	**6,102**
				^{A}**3**	
Spending authority from offsetting collections		BA	**14**	**20**	**30**
Outlays		O	5,729	5,706	6,109
				^{A}3	
Military personnel, Marine Corps (gross)		BA	**5,802**	**5,864**	**6,132**
		O	5,729	5,709	6,109
Change in orders on hand from Federal sources		BA	**−2**	**21**	
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−13	−41	−30
Total Military personnel, Marine Corps (net)		BA	**5,788**	**5,844**	**6,102**
		O	5,716	5,668	6,079
Military personnel, Air Force:					
Appropriation, current	051	BA	**17,545**	**17,207**	**17,043**
				^{A}**27**	
Spending authority from offsetting collections		BA	**665**	**192**	**243**
Outlays		O	17,784	17,100	17,260
				^{A}26	^{A}1
Military personnel, Air Force (gross)		BA	**18,210**	**17,426**	**17,286**
		O	17,784	17,126	17,261
Change in orders on hand from Federal sources		BA	**−84**	**213**	
Adjustment to orders on hand from Federal sources		BA	**−7**		
Total, offsetting collections			−574	−405	−243
Total Military personnel, Air Force (net)		BA	**17,545**	**17,234**	**17,043**
		O	17,210	16,721	17,018
Reserve personnel, Army:					
Appropriation, current	051	BA	**2,178**	**2,122**	**2,044**
Spending authority from offsetting collections		BA	**3**	**3**	**4**
Outlays		O	2,086	2,115	2,019
Reserve personnel, Army (gross)		BA	**2,181**	**2,125**	**2,048**
		O	2,086	2,115	2,019
Change in orders on hand from Federal sources		BA	**5**	**8**	
Adjustment to orders on hand from Federal sources		BA	**−5**		
Total, offsetting collections			−3	−12	−4
Total Reserve personnel, Army (net)		BA	**2,178**	**2,121**	**2,044**
		O	2,083	2,103	2,015
Reserve personnel, Navy:					
Appropriation, current	051	BA	**1,415**	**1,379**	**1,386**
Spending authority from offsetting collections		BA	**8**	**5**	**6**
Outlays		O	1,436	1,338	1,360
Reserve personnel, Navy (gross)		BA	**1,423**	**1,384**	**1,392**
		O	1,436	1,338	1,360
Total, offsetting collections			−8	−5	−6
Total Reserve personnel, Navy (net)		BA	**1,415**	**1,379**	**1,386**
		O	1,428	1,333	1,354
Reserve personnel, Marine Corps:					
Appropriation, current	051	BA	**353**	**378**	**381**
Spending authority from offsetting collections		BA		**1**	
Outlays		O	345	371	374
Reserve personnel, Marine Corps (gross)		BA	**353**	**379**	**381**
		O	345	371	374
Change in orders on hand from Federal sources		BA		**1**	
Total, offsetting collections				−2	
Total Reserve personnel, Marine Corps (net)		BA	**353**	**378**	**381**
		O	345	369	374
Reserve personnel, Air Force:					
Appropriation, current	051	BA	**777**	**785**	**776**
Spending authority from offsetting collections		BA	**1**	**1**	**1**

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	738	779	762
Reserve personnel, Air Force (gross)		BA	**778**	**786**	**777**
		O	738	779	762
Change in orders on hand from Federal sources		BA		**1**	
Total, offsetting collections			−1	−2	−1
Total Reserve personnel, Air Force (net)		BA	**777**	**785**	**776**
		O	737	777	761
National Guard personnel, Army:					
Appropriation, current	051	BA	**3,462**	**3,242**	**3,242**
Spending authority from offsetting collections		BA	**6**	**6**	**6**
Outlays		O	3,343	3,265	3,250
National Guard personnel, Army (gross)		BA	**3,468**	**3,248**	**3,248**
		O	3,343	3,265	3,250
Change in orders on hand from Federal sources		BA	**−1**	**4**	
Total, offsetting collections			−5	−9	−6
Total National Guard personnel, Army (net)		BA	**3,462**	**3,243**	**3,242**
		O	3,338	3,256	3,244
National Guard personnel, Air Force:					
Appropriation, current	051	BA	**1,280**	**1,260**	**1,284**
Spending authority from offsetting collections		BA	**8**	**13**	**26**
Outlays		O	1,282	1,265	1,299
National Guard personnel, Air Force (gross)		BA	**1,288**	**1,273**	**1,310**
		O	1,282	1,265	1,299
Change in orders on hand from Federal sources		BA	**1**	**2**	
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−10	−15	−26
Total National Guard personnel, Air Force (net)		BA	**1,280**	**1,260**	**1,284**
		O	1,272	1,250	1,273
Total Federal funds Military Personnel		BA	**71,557**	**69,566**	**69,782**
		O	70,809	67,449	69,561

Operation and Maintenance

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Operation and maintenance, Army:					
Appropriation, current	051	BA	**19,289**	**19,237**	**18,115**
				A **48**	
Spending authority from offsetting collections		BA	**5,982**	**6,102**	**6,179**
Outlays		O	24,628	28,152	24,676
				A 37	A 9
Operation and maintenance, Army (gross)		BA	**25,271**	**25,387**	**24,294**
		O	24,628	28,189	24,685
Change in orders on hand from Federal sources		BA	**−254**	**2,627**	
Adjustment to orders on hand from Federal sources		BA	**−108**		
Total, offsetting collections			−5,620	−8,729	−6,179
Total Operation and maintenance, Army (net)		BA	**19,289**	**19,285**	**18,115**
		O	19,008	19,460	18,506
Operation and maintenance, Navy					
Appropriation, current	051	BA	**22,143**	**21,312**	**20,196**
Spending authority from offsetting collections		BA	**3,620**	**3,713**	**3,713**
Outlays		O	26,217	26,741	23,570
Operation and maintenance, Navy (gross)		BA	**25,763**	**25,025**	**23,909**
		O	26,217	26,741	23,570
Change in orders on hand from Federal sources		BA	**−302**	**3,144**	
Adjustment to orders on hand from Federal sources		BA	**−147**		
Total, offsetting collections			−3,171	−6,857	−3,713
Total Operation and maintenance, Navy		BA	**22,143**	**21,312**	**20,196**
		O	23,046	19,884	19,857
Operation and maintenance, Marine Corps:					
Appropriation, current	051	BA	**2,130**	**2,420**	**2,204**
				A **1**	
Spending authority from offsetting collections		BA	**407**	**412**	**412**
Outlays		O	2,398	2,944	2,618
				A 1	
Operation and maintenance, Marine Corps (gross)		BA	**2,537**	**2,833**	**2,616**
		O	2,398	2,945	2,618
Change in orders on hand from Federal sources		BA	**−35**	**202**	
Adjustment to orders on hand from Federal sources		BA	**29**		
Total, offsetting collections			−401	−614	−412
Total Operation and maintenance, Marine Corps (net)		BA	**2,130**	**2,421**	**2,204**
		O	1,997	2,331	2,206
Operation and maintenance, Air Force:					
Appropriation, current	051	BA	**20,306**	**18,564**	**17,913**
				A **142**	
Spending authority from offsetting collections		BA	**2,785**	**2,822**	**2,857**
Outlays		O	21,453	23,050	20,900
				A 106	A 28
Operation and maintenance, Air Force (gross)		BA	**23,091**	**21,528**	**20,770**
		O	21,453	23,156	20,928
Change in orders on hand from Federal sources		BA	**−34**	**859**	
Adjustment to orders on hand from Federal sources		BA	**−31**		
Total, offsetting collections			−2,720	−3,681	−2,857
Total Operation and maintenance, Air Force (net)		BA	**20,306**	**18,706**	**17,913**
		O	18,733	19,475	18,071

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Operation and maintenance, Defense-wide					
Appropriation, current	051	BA	10,168	10,083	10,156
				[A] 80	
Spending authority from offsetting collections		BA	839	1,097	1,139
Outlays		O	9,835	12,723	11,290
				[A] 61	[A] 14
Operation and maintenance, Defense-wide (gross)		BA	11,007	11,260	11,295
		O	9,835	12,784	11,304
Change in orders on hand from Federal sources		BA	−504	1,397	
Adjustment to orders on hand from Federal sources		BA	−61		
Total, offsetting collections			−274	−2,494	−1,139
Total Operation and maintenance, Defense-wide		BA	10,168	10,163	10,156
		O	9,561	10,290	10,165
Office of the Inspector General:					
Appropriation, current	051	BA	141	178	139
Outlays		O	139	165	136
Operation and maintenance, Army Reserve:					
Appropriation, current	051	BA	1,240	1,110	1,084
Spending authority from offsetting collections		BA	49	50	51
Outlays		O	1,173	1,198	1,128
Operation and maintenance, Army Reserve (gross)		BA	1,289	1,160	1,135
		O	1,173	1,198	1,128
Change in orders on hand from Federal sources		BA	−7	15	
Adjustment to orders on hand from Federal sources		BA	−2		
Total, offsetting collections			−40	−66	−51
Total Operation and maintenance, Army Reserve (net)		BA	1,240	1,109	1,084
		O	1,133	1,132	1,077
Operation and maintenance, Navy Reserve:					
Appropriation, current	051	BA	848	838	844
Spending authority from offsetting collections		BA	30	20	20
Outlays		O	756	871	847
Operation and maintenance, Navy Reserve (gross)		BA	878	858	864
		O	756	871	847
Change in orders on hand from Federal sources		BA	−2	26	
Adjustment to orders on hand from Federal sources		BA	1		
Total, offsetting collections			−29	−46	−20
Total Operation and maintenance, Navy Reserve (net)		BA	848	838	844
		O	727	825	827
Operation and maintenance, Marine Corps Reserve:					
Appropriation, current	051	BA	85	102	100
Spending authority from offsetting collections		BA	2	2	2
Outlays		O	72	104	102
Operation and maintenance, Marine Corps Reserve (gross)		BA	87	104	102
		O	72	104	102
Change in orders on hand from Federal sources		BA		3	
Adjustment to orders on hand from Federal sources		BA	1		
Total, offsetting collections			−3	−4	−2
Total Operation and maintenance, Marine Corps Reserve (net)		BA	85	103	100
		O	69	100	100
Operation and maintenance, Air Force Reserve:					
Appropriation, current	051	BA	1,473	1,516	1,489
Spending authority from offsetting collections		BA	52	38	38
Outlays		O	1,496	1,538	1,509
Operation and maintenance, Air Force Reserve (gross)		BA	1,525	1,554	1,527
		O	1,496	1,538	1,509
Change in orders on hand from Federal sources		BA	51		
Adjustment to orders on hand from Federal sources		BA	−25		
Total, offsetting collections			−78	−38	−38
Total Operation and maintenance, Air Force Reserve (net)		BA	1,473	1,516	1,489
		O	1,418	1,500	1,471
Operation and maintenance, Army National Guard					
Appropriation, current	051	BA	2,442	2,433	2,208
Spending authority from offsetting collections		BA	142	150	150
Outlays		O	2,441	2,558	2,331
Operation and maintenance, Army National Guard (gross)		BA	2,584	2,583	2,358
		O	2,441	2,558	2,331
Change in orders on hand from Federal sources		BA	−8	44	
Adjustment to orders on hand from Federal sources		BA	3		
Total, offsetting collections			−137	−194	−150
Total Operation and maintenance, Army National Guard		BA	2,442	2,433	2,208
		O	2,304	2,364	2,181
Operation and maintenance, Air National Guard:					
Appropriation, current	051	BA	2,782	2,768	2,654
Spending authority from offsetting collections		BA	108	77	83
Outlays		O	2,771	2,848	2,716
Operation and maintenance, Air National Guard (gross)		BA	2,890	2,845	2,737
		O	2,771	2,848	2,716
Change in orders on hand from Federal sources		BA	−36	75	

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−72	−153	−83
Total Operation and maintenance, Air National Guard (net)		BA	**2,782**	**2,767**	**2,654**
		O	2,699	2,695	2,633
National Board for the Promotion of Rifle Practice, Army:					
Appropriation, current	051	BA	**3**		
Outlays		O	6	2	1
Change in orders on hand from Federal sources		BA	**3**		
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−4		
Total National Board for the Promotion of Rifle Practice, Army (net)		BA	**3**		
		O	2	2	1
United States Courts of Appeals for the armed forces:					
Appropriation, current	051	BA	**6**	**7**	**7**
Outlays		O	5	5	6
Drug interdiction and counter-drug activities, Defense:					
Appropriation, current	051	BA		**679**	**643**
Outlays		O		234	515
Foreign currency fluctuations, Defense:					
Reappropriation	051	BA	**82**		
DOD support to international athletic events:					
Appropriation, current	051	BA	**14**	**15**	
Reappropriation		BA	**5**		
Outlays		O	4	22	6
Total DOD support to international athletic events		BA	**19**	**15**	
		O	4	22	6
1995 Special olympics world games:					
Appropriation, current	051	BA	**3**		
Outlays		O	2	1	
Real property maintenance, Defense:					
Outlays	051	O	495	134	44
Disaster relief:					
Outlays	051	O	6	8	1
Defense health program:					
Appropriation, current	051	BA	**9,949**	**10,125**	**9,628**
Spending authority from offsetting collections		BA	**4,373**	**5,900**	**5,600**
Outlays		O	13,662	16,610	15,385
Defense health program (gross)		BA	**14,322**	**16,025**	**15,228**
		O	13,662	16,610	15,385
Change in orders on hand from Federal sources		BA	**167**	**537**	
Adjustment to orders on hand from Federal sources		BA	**−36**		
Total, offsetting collections			−4,504	−6,437	−5,600
Total Defense health program (net)		BA	**9,949**	**10,125**	**9,628**
		O	9,158	10,173	9,785
Environmental restoration, Defense:					
Appropriation, current	051	BA		**1,411**	**1,333**
Spending authority from offsetting collections		BA	**2**		

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O		310	928
Environmental restoration, Defense (gross)		BA	**2**	**1,411**	**1,333**
		O		310	928
Total, offsetting collections			−2		
Total Environmental restoration, Defense (net)		BA		**1,411**	**1,333**
		O	−2	310	928
Overseas humanitarian, disaster and civil aid:					
Appropriation, current	051	BA	**65**	**49**	**81**
Outlays		O	128	72	66
Defense reinvestment for economic growth:					
Outlays	051	O	8	57	22
Former Soviet Union threat reduction account:					
Appropriation, current	051	BA	**380**	**295**	**328**
Outlays		O	165	363	339
Payment to kaho'olawe:					
Appropriation, current	051	BA	**50**	**25**	**10**
Outlays		O	54	30	11
Defense cooperation:					
Appropriation, permanent	051	BA	**−4**		
Advance appropriation		BA	**4**		
Total Defense cooperation		BA			
Restoration of the Rocky Mountain Arsenal:					
Appropriation, permanent	051	BA	**2**	**1**	**1**
Outlays		O	3	3	3
Disposal and lease of DOD real property:					
Appropriation, current	051	BA	**57**	**27**	**27**
Outlays		O	12	34	28
Overseas military facility investment recovery:					
Appropriation, current	051	BA	**38**	**1**	**1**
Outlays		O	1	1	1
Kaho' Olawe Island Conveyance, Remediation, and Environmental Restoration Fund:					
Appropriation, permanent	051	BA	**50**	**25**	**10**
Outlays		O	6	20	24
Total Federal funds Operation and Maintenance		BA	**93,751**	**93,491**	**89,171**
		O	90,881	91,690	89,010

Procurement

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Aircraft procurement, Army:					
Appropriation, current	051	BA	**1,019**	**1,504** H **−140**	**971**
Spending authority from offsetting collections		BA	**−38**	**17**	**15**
Outlays		O	1,507	1,363 H −27	1,182 H −43
Aircraft procurement, Army (gross)		BA	**981**	**1,381**	**986**
		O	1,507	1,336	1,139
Change in orders on hand from Federal sources		BA	**−3**	**19**	
Adjustment to orders on hand from Federal sources		BA	**−1**		
Total, offsetting collections			42	−36	−15
Total Aircraft procurement, Army (net)		BA	**1,019**	**1,364**	**971**
		O	1,549	1,300	1,124

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Missile procurement, Army:					
Appropriation, current	051	BA	**803**	**839**	**766**
Spending authority from offsetting collections		BA	**71**	**57**	**30**
Outlays		O	1,112	1,201	922
Missile procurement, Army (gross)		BA	**874**	**896**	**796**
		O	1,112	1,201	922
Change in orders on hand from Federal sources		BA	**69**	**118**	
Adjustment to orders on hand from Federal sources		BA	**−2**		
Total, offsetting collections			−138	−175	−30
Total Missile procurement, Army (net)		BA	**803**	**839**	**766**
		O	974	1,026	892
Procurement of weapons and tracked combat vehicles, Army:					
Appropriation, current	051	BA	**1,143**	**1,598**	**1,102**
Spending authority from offsetting collections		BA	**45**	**135**	**179**
Outlays		O	1,161	1,426	1,504
Procurement of weapons and tracked combat vehicles, Army (gross)		BA	**1,188**	**1,733**	**1,281**
		O	1,161	1,426	1,504
Change in orders on hand from Federal sources		BA	**16**	**54**	
Adjustment to orders on hand from Federal sources		BA	**−11**		
Total, offsetting collections			−50	−189	−179
Total Procurement of weapons and tracked combat vehicles, Army (net)		BA	**1,143**	**1,598**	**1,102**
		O	1,111	1,237	1,325
Procurement of ammunition, Army:					
Appropriation, current	051	BA	**1,015**	**1,078**	**853**
				H **−47**	
Spending authority from offsetting collections		BA	**17**	**47**	**73**
Outlays		O	1,071	1,122	1,054
				H −17	H −9
Procurement of ammunition, Army (gross)		BA	**1,032**	**1,078**	**926**
		O	1,071	1,105	1,045
Change in orders on hand from Federal sources		BA	**−10**	**13**	
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−8	−60	−73
Total Procurement of ammunition, Army (net)		BA	**1,015**	**1,031**	**853**
		O	1,063	1,045	972
Other procurement, Army:					
Appropriation, current	051	BA	**2,610**	**2,683**	**2,627**
				H **−6**	
Spending authority from offsetting collections		BA	**80**	**102**	**190**
Outlays		O	2,901	2,754	2,874
				H −1	H −2
Other procurement, Army (gross)		BA	**2,690**	**2,779**	**2,817**
		O	2,901	2,753	2,872
Change in orders on hand from Federal sources		BA	**57**	**150**	
Adjustment to orders on hand from Federal sources		BA	**−6**		
Total, offsetting collections			−131	−252	−190
Total Other procurement, Army (net)		BA	**2,610**	**2,677**	**2,627**
		O	2,770	2,501	2,682
Aircraft procurement, Navy:					
Appropriation, current	051	BA	**4,200**	**4,420**	**5,882**
Spending authority from offsetting collections		BA	**−9**	**7**	**7**
Outlays		O	5,689	5,159	4,833
Aircraft procurement, Navy (gross)		BA	**4,191**	**4,427**	**5,889**
		O	5,689	5,159	4,833
Change in orders on hand from Federal sources		BA	**13**		
Total, offsetting collections			−4	−7	−7
Total Aircraft procurement, Navy (net)		BA	**4,200**	**4,420**	**5,882**
		O	5,685	5,152	4,826
Weapons procurement, Navy:					
Appropriation, current	051	BA	**2,055**	**1,486**	**1,400**
Spending authority from offsetting collections		BA	**23**	**75**	**75**
Outlays		O	3,434	2,802	2,092
Weapons procurement, Navy (gross)		BA	**2,078**	**1,561**	**1,475**
		O	3,434	2,802	2,092
Change in orders on hand from Federal sources		BA	**44**	**80**	
Total, offsetting collections			−67	−155	−75
Total Weapons procurement, Navy (net)		BA	**2,055**	**1,486**	**1,400**
		O	3,367	2,647	2,017
Procurement of ammunition, Navy and Marine Corps:					
Appropriation, current	051	BA	**415**	**409**	
Spending authority from offsetting collections		BA		**10**	
Outlays		O	198	304	153
Procurement of ammunition, Navy and Marine Corps (gross)		BA	**415**	**419**	
		O	198	304	153
Total, offsetting collections				−10	
Total Procurement of ammunition, Navy and Marine Corps (net)		BA	**415**	**409**	
		O	198	294	153
Shipbuilding and conversion, Navy:					
Appropriation, current	051	BA	**6,965**	**6,516**	**4,912**
				H **−9**	
Spending authority from offsetting collections		BA	**−242**		
Outlays		O	8,926	8,888	6,892
				H −1	H −2
Shipbuilding and conversion, Navy (gross)		BA	**6,723**	**6,507**	**4,912**
		O	8,926	8,887	6,890
Change in orders on hand from Federal sources		BA	**388**	**1,662**	

Department of Defense—Military—Continued
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−146	−1,662	
Total Shipbuilding and conversion, Navy (net)		BA	6,965	6,507	4,912
		O	8,780	7,225	6,890
Other procurement, Navy:					
Appropriation, current	051	BA	3,193	2,399	2,714
Spending authority from offsetting collections		BA	4	36	36
Outlays		O	4,457	3,398	3,039
Other procurement, Navy (gross)		BA	3,197	2,435	2,750
		O	4,457	3,398	3,039
Change in orders on hand from Federal sources		BA	−17	31	
Adjustment to orders on hand from Federal sources		BA	20		
Total, offsetting collections			−7	−67	−36
Total Other procurement, Navy (net)		BA	3,193	2,399	2,714
		O	4,450	3,331	3,003
Coastal defense augmentation:					
Outlays	051	O	5		
Procurement, Marine Corps:					
Appropriation, current	051	BA	400	450 [H] −10	556
Spending authority from offsetting collections		BA	−3	9	9
Outlays		O	594	537 [H] −2	574 [H] −3
Procurement, Marine Corps (gross)		BA	397	449	565
		O	594	535	571
Total, offsetting collections			3	−9	−9
Total Procurement, Marine Corps (net)		BA	400	440	556
		O	597	526	562
Aircraft procurement, Air Force:					
Appropriation, current	051	BA	6,021	7,020	5,779
Spending authority from offsetting collections		BA	36	108	108
Outlays		O	8,906	8,597	7,166
Aircraft procurement, Air Force (gross)		BA	6,057	7,128	5,887
		O	8,906	8,597	7,166
Change in orders on hand from Federal sources		BA	−22	22	
Adjustment to orders on hand from Federal sources		BA	1		
Total, offsetting collections			−15	−130	−108
Total Aircraft procurement, Air Force (net)		BA	6,021	7,020	5,779
		O	8,891	8,467	7,058
Missile procurement, Air Force:					
Appropriation, current	051	BA	3,338	2,711 [H] −310	2,734
Spending authority from offsetting collections		BA	−7	112	112
Outlays		O	3,852	3,564 [H] −142	3,191 [H] −104
Missile procurement, Air Force (gross)		BA	3,331	2,513	2,846
		O	3,852	3,422	3,087
Change in orders on hand from Federal sources		BA	12	21	
Adjustment to orders on hand from Federal sources		BA	2		
Total, offsetting collections			−7	−133	−112
Total Missile procurement, Air Force (net)		BA	3,338	2,401	2,734
		O	3,845	3,289	2,975
Procurement of ammunition, Air Force:					
Appropriation, current	051	BA	286	334	
Spending authority from offsetting collections		BA	1	2	
Outlays		O	78	159	134
Procurement of ammunition, Air Force (gross)		BA	287	336	
		O	78	159	134
Change in orders on hand from Federal sources		BA	−1	1	
Total, offsetting collections				−3	
Total Procurement of ammunition, Air Force (net)		BA	286	334	
		O	78	156	134
Other procurement, Air Force:					
Appropriation, current	051	BA	6,884	6,062 [A] 26 [H] −265	5,999
Spending authority from offsetting collections		BA	216	430	430
Outlays		O	8,049	7,493 [A] 15 [H] −156	6,676 [A] 8 [H] −80
Other procurement, Air Force (gross)		BA	7,100	6,253	6,429
		O	8,049	7,352	6,604
Change in orders on hand from Federal sources		BA	72	243	
Adjustment to orders on hand from Federal sources		BA	−7		
Total, offsetting collections			−281	−673	−430
Total Other procurement, Air Force (net)		BA	6,884	5,823	5,999
		O	7,768	6,679	6,174
Procurement, Defense-wide:					
Appropriation, current	051	BA	1,991	2,148	1,841
Spending authority from offsetting collections		BA	44	66	68
Outlays		O	2,347	2,003	2,088
Procurement, Defense-wide (gross)		BA	2,035	2,214	1,909
		O	2,347	2,003	2,088
Change in orders on hand from Federal sources		BA	69	160	
Adjustment to orders on hand from Federal sources		BA	−19		

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−94	−226	−68
Total Procurement, Defense-wide (net)		BA	**1,991**	**2,148**	**1,841**
		O	2,253	1,777	2,020
National guard and reserve equipment:					
Appropriation, current	051	BA	**758**	**751**	...
				H **−14**	
Outlays		O	1,187	945	745
				H −1	H −4
Total National guard and reserve equipment		BA	**758**	**737**	...
		O	1,187	944	741
Defense production act purchases:					
Appropriation, current	051	BA	**−100**	...	...
Outlays		O	23	41	35
Chemical agents and munitions destruction, Army:					
Appropriation, current	051	BA	**575**	**657**	**800**
Spending authority from offsetting collections		BA	...	**1**	...
Outlays		O	388	495	612
Chemical agents and munitions destruction, Army (gross)		BA	**575**	**658**	**800**
		O	388	495	612
Total, offsetting collections			...	−1	...
Total Chemical agents and munitions destruction, Army (net)		BA	**575**	**657**	**800**
		O	388	494	612
Total Federal funds Procurement		BA	**43,571**	**42,290**	**38,936**
		O	54,982	48,131	44,195

Research, Development, Test, and Evaluation

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Research, development, test, and evaluation, Army (Department of Defense-Military):					
(Appropriation, current)	051	BA	**5,407**	**4,758**	**4,321**
				H **−29**	
(Spending authority from offsetting collections)		BA	**1,526**	**1,482**	**1,435**
(Outlays)		O	6,459	6,985	5,968
				H −17	H −10
Research, development, test, and evaluation, Army (gross)		BA	**6,933**	**6,211**	**5,756**
		O	6,459	6,968	5,958
(Change in orders on hand from Federal sources)		BA	**−19**	**488**	...
(Adjustment to orders on hand from Federal sources)		BA	**−15**	...	...
Total, offsetting collections			−1,492	−1,969	−1,435
Total (Department of Defense-Military) (net)		BA	**5,407**	**4,730**	**4,321**
		O	4,967	4,999	4,523
(Health research and training):					
(Outlays)	552	O	114	67	12
Total Research, development, test, and evaluation, Army		BA	**5,407**	**4,730**	**4,321**
		O	5,081	5,066	4,535
Research, development, test, and evaluation, Navy:					
Appropriation, current	051	BA	**8,574**	**8,483**	**7,335**
				H **−105**	
Spending authority from offsetting collections		BA	**115**	**110**	**110**
Outlays		O	9,365	8,650	7,874
				H −59	H −33
Research, development, test, and evaluation, Navy (gross)		BA	**8,689**	**8,488**	**7,445**
		O	9,365	8,591	7,841
Change in orders on hand from Federal sources		BA	**27**	**143**	...
Adjustment to orders on hand from Federal sources		BA	**−6**	...	...
Total, offsetting collections			−136	−253	−110
Total Research, development, test, and evaluation, Navy (net)		BA	**8,574**	**8,378**	**7,335**
		O	9,229	8,338	7,731
Research, development, test, and evaluation, Air Force:					
Appropriation, current	051	BA	**11,787**	**12,773**	**14,417**
				H **−348**	
Spending authority from offsetting collections		BA	**1,603**	**2,100**	**2,050**
Outlays		O	13,592	15,226	15,203
				H −158	H −139
Research, development, test, and evaluation, Air Force (gross)		BA	**13,390**	**14,525**	**16,467**
		O	13,592	15,068	15,064
Change in orders on hand from Federal sources		BA	**6**	**1,172**	...
Adjustment to orders on hand from Federal sources		BA	**−68**	...	...
Total, offsetting collections			−1,541	−3,272	−2,050
Total Research, development, test, and evaluation, Air Force (net)		BA	**11,787**	**12,425**	**14,417**
		O	12,051	11,796	13,014
Research, development, test, and evaluation, Defense-wide:					
Appropriation, current	051	BA	**8,496**	**9,132**	**8,399**
				H **−78**	
Spending authority from offsetting collections		BA	**205**	**290**	**370**
Outlays		O	8,333	9,515	9,073
				H −34	H −31
Research, development, test, and evaluation, Defense-wide (gross)		BA	**8,701**	**9,344**	**8,769**
		O	8,333	9,481	9,042
Change in orders on hand from Federal sources		BA	**−14**	**170**	...
Total, offsetting collections			−191	−460	−370
Total Research, development, test, and evaluation, Defense-wide (net)		BA	**8,496**	**9,054**	**8,399**
		O	8,142	9,021	8,672
Developmental test and evaluation, Defense:					
Appropriation, current	051	BA	**234**	**247**	**252**
Spending authority from offsetting collections		BA	**19**	**48**	**48**

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	202	314	299
Developmental test and evaluation, Defense (gross)		BA	**253**	**295**	**300**
		O	202	314	299
Change in orders on hand from Federal sources		BA	**−8**	**17**	
Adjustment to orders on hand from Federal sources		BA	**−2**		
Total, offsetting collections			−9	−65	−48
Total Developmental test and evaluation, Defense (net)		BA	**234**	**247**	**252**
		O	193	249	251
Operational test and evaluation, Defense:					
Appropriation, current	051	BA	**23**	**23**	**22**
Outlays		O	12	31	22
Total Federal funds Research, Development, Test, and Evaluation		BA	**34,521**	**34,857**	**34,746**
		O	34,708	34,501	34,225

Military Construction

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Military construction, Army:					
Appropriation, current	051	BA	**545**	**634**	**435**
Spending authority from offsetting collections		BA	**2,384**	**2,000**	**2,000**
Outlays		O	2,630	5,084	2,605
Military construction, Army (gross)		BA	**2,929**	**2,634**	**2,435**
		O	2,630	5,084	2,605
Change in orders on hand from Federal sources		BA	**−433**	**2,399**	
Adjustment to orders on hand from Federal sources		BA	**2**		
Total, offsetting collections			−1,953	−4,399	−2,000
Total Military construction, Army (net)		BA	**545**	**634**	**435**
		O	677	685	605
Military construction, Navy:					
Appropriation, current	051	BA	**404**	**555**	**525**
Spending authority from offsetting collections		BA	**357**	**361**	**381**
Outlays		O	884	1,333	919
Military construction, Navy (gross)		BA	**761**	**916**	**906**
		O	884	1,333	919
Change in orders on hand from Federal sources		BA	**−236**	**449**	
Total, offsetting collections			−121	−810	−381
Total Military construction, Navy (net)		BA	**404**	**555**	**525**
		O	763	523	538
Military construction, Air Force:					
Appropriation, current	051	BA	**510**	**578**	**603**
Outlays		O	1,022	813	676
Military construction, Air Force (gross)		BA	**510**	**578**	**603**
		O	1,022	813	676
Change in orders on hand from Federal sources		BA		**1**	
Total, offsetting collections				−1	
Total Military construction, Air Force (net)		BA	**510**	**578**	**603**
		O	1,022	812	676
Military construction, Defense-wide:					
Appropriation, current	051	BA	**497**	**617**	**813**
Outlays		O	491	582	602
North Atlantic Treaty Organization Security Investment Program:					
Appropriation, current	051	BA	**86**	**161**	**197**
				A **38**	
Spending authority from offsetting collections		BA	**35**	**20**	**11**
Outlays		O	232	172	147
					A 9
North Atlantic Treaty Organization Security Investment Program (gross)		BA	**121**	**219**	**208**
		O	232	172	156
Total, offsetting collections			−35	−20	−11
Total North Atlantic Treaty Organization Security Investment Program (net)		BA	**86**	**199**	**197**
		O	197	152	145
Military construction, Army National Guard:					
Appropriation, current	051	BA	**189**	**137**	**8**
Outlays		O	248	259	217
Military construction, Air National Guard:					
Appropriation, current	051	BA	**249**	**165**	**75**
Outlays		O	232	266	203
Military construction, Army Reserve:					
Appropriation, current	051	BA	**56**	**73**	**48**
Outlays		O	76	85	93
Military construction, Naval Reserve:					
Appropriation, current	051	BA	**−2**	**19**	**11**
Outlays		O	43	26	24
Military construction, Air Force Reserve:					
Appropriation, current	051	BA	**57**	**36**	**52**
Outlays		O	74	49	45
Base realignment and closure account:					
Appropriation, current	051	BA	**2,777**	**3,898**	**2,507**
Spending authority from offsetting collections		BA	**12**	**37**	**244**
Outlays		O	3,012	3,122	3,334
Base realignment and closure account (gross)		BA	**2,789**	**3,935**	**2,751**
		O	3,012	3,122	3,334
Total, offsetting collections			−12	−37	−244
Total Base realignment and closure account (net)		BA	**2,777**	**3,898**	**2,507**
		O	3,000	3,085	3,090
Foreign currency fluctuations, construction:					
Reappropriation	051	BA	**60**		
Total Federal funds Military Construction		BA	**5,428**	**6,911**	**5,274**
		O	6,823	6,524	6,238

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Family Housing					
Federal funds					
General and Special Funds:					
Family housing, Army:					
Appropriation, current	051	BA	**1,183**	**1,452**	**1,287**
Spending authority from offsetting collections		BA	**15**	**24**	**21**
Outlays		O	1,248	1,490	1,410
Family housing, Army (gross)		BA	**1,198**	**1,476**	**1,308**
		O	1,248	1,490	1,410
Change in orders on hand from Federal sources		BA	**4**	**4**	
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−20	−28	−21
Total Family housing, Army (net)		BA	**1,183**	**1,452**	**1,287**
		O	1,228	1,462	1,389
Family housing, Navy and Marine Corps:					
Appropriation, current	051	BA	**1,207**	**1,573**	**1,418**
Spending authority from offsetting collections		BA	**20**	**20**	**21**
Outlays		O	1,183	1,438	1,501
Family housing, Navy and Marine Corps (gross)		BA	**1,227**	**1,593**	**1,439**
		O	1,183	1,438	1,501
Change in orders on hand from Federal sources		BA	**1**		
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−22	−20	−21
Total Family housing, Navy and Marine Corps (net)		BA	**1,207**	**1,573**	**1,418**
		O	1,161	1,418	1,480
Family housing, Air Force:					
Appropriation, current	051	BA	**1,106**	**1,147**	**1,061**
Spending authority from offsetting collections		BA	**13**	**11**	**11**
Outlays		O	1,090	1,052	1,071
Family housing, Air Force (gross)		BA	**1,119**	**1,158**	**1,072**
		O	1,090	1,052	1,071
Change in orders on hand from Federal sources		BA	**−2**	**4**	
Adjustment to orders on hand from Federal sources		BA	**−1**		
Total, offsetting collections			−10	−15	−11
Total Family housing, Air Force (net)		BA	**1,106**	**1,147**	**1,061**
		O	1,080	1,037	1,060
Family housing, Defense-wide:					
Appropriation, current	051	BA	**29**	**34**	**35**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	29	31	32
Family housing, Defense-wide (gross)		BA	**30**	**35**	**36**
		O	29	31	32
Change in orders on hand from Federal sources		BA		**1**	
Total, offsetting collections			−1	−2	−1
Total Family housing, Defense-wide (net)		BA	**29**	**34**	**35**
		O	28	29	31
Public Enterprise Funds:					
Homeowners assistance fund, Defense:					
Appropriation, current	051	BA	**−133**	**76**	**36**
Spending authority from offsetting collections		BA	**60**	**106**	**127**
Outlays		O	133	178	197
Homeowners assistance fund, Defense (gross)		BA	**−73**	**182**	**163**
		O	133	178	197
Change in orders on hand from Federal sources		BA	**−1**	**3**	
Total, offsetting collections			−59	−109	−127
Total Homeowners assistance fund, Defense (net)		BA	**−133**	**76**	**36**
		O	74	69	70
Credit Accounts:					
Department of Defense, Family Housing Improvement Fund:					
Appropriation, current	051	BA		**22**	**20**
Outlays		O		13	17
Total Federal funds Family Housing		BA	**3,392**	**4,304**	**3,857**
		O	3,571	4,028	4,047
Revolving and Management Funds					
Federal funds					
Public Enterprise Funds:					
National defense stockpile transaction fund:					
Appropriation, current	051	BA	**−150**	**−150**	**−250**
Spending authority from offsetting collections		BA	**437**	**343**	**277**
Outlays		O	84	420	27
National defense stockpile transaction fund (gross)		BA	**287**	**193**	**27**
		O	84	420	27
Change in orders on hand from Federal sources		BA	**−90**	**227**	
Total, offsetting collections			−347	−570	−277
Total National defense stockpile transaction fund (net)		BA	**−150**	**−150**	**−250**
		O	−263	−150	−250
William Langer jewel bearing plant revolving fund:					
Appropriation, current	051	BA	**2**		
Spending authority from offsetting collections		BA	**3**	**6**	
Outlays		O	5	8	
William Langer jewel bearing plant revolving fund (gross)		BA	**5**	**6**	
		O	5	8	
Change in orders on hand from Federal sources		BA		**2**	

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−3	−8	
Total William Langer jewel bearing plant revolving fund (net)		BA	2		
		O	2		
Intragovernmental Funds:					
Pentagon reservation maintenance revolving fund:					
Spending authority from offsetting collections	051	BA	**254**	**250**	**250**
Outlays		O	178	287	250
Change in orders on hand from Federal sources		BA	**−15**	**37**	
Total, offsetting collections			−239	−287	−250
Total Pentagon reservation maintenance revolving fund (net)		BA			
		O	−61		
National defense sealift fund:					
Appropriation, current	051	BA	**−501**	**1,024**	**963**
Spending authority from offsetting collections		BA	**638**	**754**	**731**
Outlays		O	954	1,604	1,711
National defense sealift fund (gross)		BA	**137**	**1,778**	**1,694**
		O	954	1,604	1,711
Change in orders on hand from Federal sources		BA	**−354**		
Total, offsetting collections			−284	−754	−731
Total National defense sealift fund (net)		BA	**−501**	**1,024**	**963**
		O	670	850	980
Defense business operations fund:					
Appropriation, current	051	BA	**945**	**879**	**948**
Contract authority, permanent		BA	**4,962**		
Spending authority from offsetting collections		BA	**74,669**	**73,869**	**68,223**
Outlays		O	73,440	75,915	68,453
Defense business operations fund (gross)		BA	**80,576**	**74,748**	**69,171**
		O	73,440	75,915	68,453
Change in orders on hand from Federal sources		BA	**−146**		
Total, offsetting collections			−74,523	−73,869	−68,223
Total Defense business operations fund (net)		BA	**5,907**	**879**	**948**
		O	−1,083	2,046	230
Buildings maintenance fund:					
Spending authority from offsetting collections	051	BA	**30**	**26**	**26**
Outlays		O	19	40	26
Change in orders on hand from Federal sources		BA	**−15**	**15**	
Total, offsetting collections			−16	−40	−26
Total Buildings maintenance fund (net)		BA	**−1**	**1**	
		O	3		
Navy management fund:					
Spending authority from offsetting collections	051	BA	**475**	**578**	**599**
Outlays		O	465	531	599
Change in orders on hand from Federal sources		BA	**2**	**−47**	
Total, offsetting collections			−476	−531	−599
Total Navy management fund (net)		BA	**1**		
		O	−11		
Army conventional ammunition working capital fund:					
Spending authority from offsetting collections	051	BA	**946**	**919**	**725**
Outlays		O	1,339	919	725
Change in orders on hand from Federal sources		BA	**357**		
Total, offsetting collections			−1,303	−919	−725
Total Army conventional ammunition working capital fund (net)		BA			
		O	36		
Emergency response fund:					
Outlays	051	O	197	80	16
Total Federal funds Revolving and Management Funds		BA	**5,258**	**1,754**	**1,661**
		O	−510	2,826	976

Allowances

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Other legislation:					
Appropriation, current	051	BA			[J] **−21**
Outlays		O			[J] −20
General transfer authority outlay allowance:					
Outlays	051	O		336	208
DOD-wide savings proposals:					
Appropriation, current	051	BA		[A] **−600**	
Outlays		O		[A] −197	[A] −157
Total Federal funds Allowances		BA		**−600**	**−21**
		O		139	31

Trust Funds

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Voluntary separation incentive fund:					
Appropriation, permanent	051	BA	**80**	**323**	**209**
Outlays		O	143	162	167
Other DOD trust funds:					
Appropriation, permanent	051	BA	**25**	**33**	**28**
Outlays		O	24	27	27
National security education trust fund:					
Appropriation, current	051	BA	**−67**	**8**	**5**
Outlays		O	6	8	6
Foreign national employees separation pay:					
Appropriation, permanent	051	BA	**139**	**75**	**66**
Outlays		O	129	75	66
Department of the Navy trust revolving funds:					
Spending authority from offsetting collections	051	BA	**−1**	**12**	**8**
Outlays		O	3	11	8

Department of Defense—Military—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Change in orders on hand from Federal sources		BA	**4**	**−2**	
Total, offsetting collections			−3	−11	−8
Total Department of the Navy trust revolving funds (net)		BA		**−1**	
		O			
Department of the Air Force trust revolving funds:					
Spending authority from offsetting collections	051	BA	**8**	**3**	**3**
Outlays		O	7	4	3
Change in orders on hand from Federal sources		BA		**1**	
Total, offsetting collections			−7	−4	−3
Total Department of the Air Force trust revolving funds (net)		BA	**1**		
		O			
Surcharge collections, sales of commissary stores, defense:					
Contract authority, permanent	051	BA			**28**
Spending authority from offsetting collections		BA	**271**	**263**	**255**
Outlays		O	281	291	281
Surcharge collections, sales of commissary stores, defense (gross)		BA	**271**	**263**	**283**
		O	281	291	281
Change in orders on hand from Federal sources		BA	**14**	**14**	
Adjustment to orders on hand from Federal sources		BA	**1**		
Total, offsetting collections			−286	−277	−255
Total Surcharge collections, sales of commissary stores, defense (net)		BA			**28**
		O	−5	14	26
Total Trust funds Trust Funds		BA	**178**	**438**	**336**
		O	297	286	292

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**257,478**	**252,573**	**243,406**
		O	261,264	255,288	248,283
Deductions for offsetting receipts:					
Intrafund transactions	051	BA/O	*−50*	*−25*	*−10*
Proprietary receipts from the public	051	BA/O	*−1,772*	*−859*	*−864*
Offsetting governmental receipts	051	BA/O	*−2*	*−1*	*−1*
Total Federal funds		BA	**255,654**	**251,688**	**242,531**
		O	259,440	254,403	247,408
Trust funds:					
(As shown in detail above)		BA	**178**	**438**	**336**
		O	297	286	292
Interfund transactions	051	BA/O	*−181*	*−364*	*−237*
Total Department of Defense—Military		BA	**255,651**	**251,762**	**242,630**
		O	259,556	254,325	247,463

Department of Defense—Civil

(In millions of dollars)

Cemeterial Expenses, Army

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	705	BA	**12**	**12**	**12**
Outlays		O	17	12	13

Corps of Engineers—Civil

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
General investigations:					
Appropriation, current	301	BA	**171**	**122**	**143**
Spending authority from offsetting collections		BA	**2**	**2**	**2**
Outlays		O	195	148	151
General investigations (gross)		BA	**173**	**124**	**145**
		O	195	148	151
Change in orders on hand from Federal sources		BA	**−2**		**3**
Total, offsetting collections				−2	−5
Total General investigations (net)		BA	**171**	**122**	**143**
		O	195	146	146
Construction, general:					
Appropriation, current	301	BA	**864**	**730**	**806**
Spending authority from offsetting collections		BA	**387**	**220**	**349**
Outlays		O	1,537	1,283	1,400
Construction, general (gross)		BA	**1,251**	**950**	**1,155**
		O	1,537	1,283	1,400
Change in orders on hand from Federal sources		BA	**36**	**88**	**100**
Adjustment to orders on hand from Federal sources		BA	**37**		
Total, offsetting collections			−460	−308	−449
Total Construction, general (net)		BA	**864**	**730**	**806**
		O	1,077	975	951
Operation and maintenance, general (Water resources):					
(Appropriation, current)	301	BA	**1,086**	**1,152**	**1,106**
(Spending authority from offsetting collections)		BA	**527**	**521**	**549**
(Outlays)		O	1,699	1,720	1,672
Operation and maintenance, general (gross)		BA	**1,613**	**1,673**	**1,655**
		O	1,699	1,720	1,672
(Change in orders on hand from Federal sources)		BA	**−4**	**28**	**5**
Total, offsetting collections			−523	−549	−554
Total (Water resources) (net)		BA	**1,086**	**1,152**	**1,106**
		O	1,176	1,171	1,118
(Recreational resources):					
(Appropriation, current)	303	BA	**37**	**23**	**29**
(Outlays)		O	37	23	29
Total Operation and maintenance, general		BA	**1,123**	**1,175**	**1,135**
		O	1,213	1,194	1,147
Regulatory program:					
Appropriation, current	301	BA	**101**	**101**	**112**
Outlays		O	99	103	111
Flood control and coastal emergencies:					
Appropriation, current	301	BA	**15**	**66**	**15**
Spending authority from offsetting collections		BA	**164**		
Outlays		O	137	132	141
Flood control and coastal emergencies (gross)		BA	**179**	**66**	**15**
		O	137	132	141
Change in orders on hand from Federal sources		BA	**−98**	**101**	**100**
Adjustment to orders on hand from Federal sources		BA		**−51**	
Total, offsetting collections			−66	−50	−100
Total Flood control and coastal emergencies (net)		BA	**15**	**66**	**15**
		O	71	82	41
General expenses:					
Appropriation, current	301	BA	**152**	**152**	**153**
Outlays		O	150	169	153
Flood control, Mississippi River and tributaries:					
Appropriation, current	301	BA	**327**	**303**	**293**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	392	293	296
Flood control, Mississippi River and tributaries (gross)		BA	**328**	**304**	**294**
		O	392	293	296
Total, offsetting collections			−1	−1	−1
Total Flood control, Mississippi River and tributaries (net)		BA	**327**	**303**	**293**
		O	391	292	295
Permanent appropriations					
(Water resources):					
(Appropriation, permanent)	301	BA	**7**	**7**	**7**
(Outlays)		O	12	6	7
(General purpose fiscal assistance):					
(Appropriation, permanent)	806	BA	**5**	**6**	**6**
(Outlays)		O	5	6	6
Total Permanent appropriations		BA	**12**	**13**	**13**
		O	17	12	13
Intragovernmental Funds:					
Revolving fund:					
Spending authority from offsetting collections	301	BA	**2,608**	**2,215**	**2,308**
Outlays		O	2,559	2,309	2,358
Total, offsetting collections			−2,608	−2,215	−2,308
Total Revolving fund (net)		BA			
		O	−49	94	50

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Inland waterways trust fund:					
Appropriation, current	301	BA	**55**	**53**	**86**
Outlays		O	93	89	81
Rivers and harbors contributed funds:					
Appropriation, permanent	301	BA	**134**	**165**	**198**
Outlays		O	121	127	134
Harbor maintenance trust fund:					
Appropriation, current	301	BA	**521**	**500**	**550**

Department of Defense—Civil—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	521	500	550
Coastal wetlands restoration trust fund:					
Appropriation, permanent	301	BA	**35**	**38**	**44**
Outlays		O	12	22	32
Oil spill research:					
Appropriation, current	301	BA	**1**	**1**	**1**
Outlays		O	1	1	1

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**2,765**	**2,662**	**2,670**
		O	3,164	3,067	2,907
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA/O	*−6*	*−6*	*−6*
	303	BA/O	*−27*	*−29*	*−30*
Offsetting governmental receipts	301	BA/O			J *−7*
Total Federal funds		BA	**2,732**	**2,627**	**2,627**
		O	3,131	3,032	2,864
Trust funds:					
(As shown in detail above)		BA	**746**	**757**	**879**
		O	748	739	798
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA/O	*−134*	*−135*	*−135*
Total Trust funds		BA	**612**	**622**	**744**
		O	614	604	663
Total Corps of Engineers—Civil		BA	**3,344**	**3,249**	**3,371**
		O	3,745	3,636	3,527

Military Retirement

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Payment to military retirement fund:					
Appropriation, permanent	054	BA	**11,470**	**10,699**	**11,181**
Outlays		O	11,470	10,699	11,181
Trust funds					
Military retirement fund:					
Appropriation, permanent	602	BA	**27,905**	**28,568**	**29,746**
Outlays		O	27,797	28,511	29,687

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**11,470**	**10,699**	**11,181**
		O	11,470	10,699	11,181
Trust funds:					
(As shown in detail above)		BA	**27,905**	**28,568**	**29,746**
		O	27,797	28,511	29,687
Interfund transactions	054	BA/O	*−11,470*	*−10,699*	*−11,181*
Total Military Retirement		BA	**27,905**	**28,568**	**29,746**
		O	27,797	28,511	29,687

Education Benefits

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Education benefits fund:					
Appropriation, permanent	702	BA	**180**	**209**	**204**
Outlays		O	180	209	204

Summary

Account			1995 actual	1996 estimate	1997 estimate
Trust funds:					
(As shown in detail above)		BA	**180**	**209**	**204**
		O	180	209	204
Interfund transactions	702	BA/O	*−118*	*−160*	*−184*
Total Education Benefits		BA	**62**	**49**	**20**
		O	62	49	20

Armed Services Retirement Home

Armed Forces Retirement Home

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Armed forces retirement home:					
Appropriation, current	705	BA	**59**	**58**	**56**
Outlays		O	57	58	56
Soldiers' and airmen's home revolving fund:					
Spending authority from offsetting collections	705	BA	**5**	**5**	**5**
Outlays		O	5	5	5
Soldiers' and airmen's home revolving fund (gross)		BA	**5**	**5**	**5**
		O	5	5	5
Total, offsetting collections			−5	−5	−5
Total Soldiers' and airmen's home revolving fund (net)		BA	....	....	....
		O	....	....	....

Summary

Account			1995 actual	1996 estimate	1997 estimate
Trust funds:					
(As shown in detail above)		BA	**59**	**58**	**56**
		O	57	58	56
Deductions for offsetting receipts:					
Proprietary receipts from the public	705	BA/O	*−9*	*−11*	*−11*
Total Armed Forces Retirement Home		BA	**50**	**47**	**45**
		O	48	47	45

Forest and Wildlife Conservation, Military Reservations

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Wildlife conservation:					
Appropriation, permanent	303	BA	**2**	**3**	**3**
Outlays		O	2	3	3

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**2**	**3**	**3**
		O	2	3	3
Deductions for offsetting receipts:					
Proprietary receipts from the public	303	BA/O	*−2*	*−3*	*−3*
Total Forest and Wildlife Conservation, Military Reservations		BA	....	....	....
		O	....	....	....

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**14,249**	**13,376**	**13,866**
		O	14,653	13,781	14,104
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA/O	*−6*	*−6*	*−6*
	303	BA/O	*−29*	*−32*	*−33*

Department of Defense—Civil—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Offsetting governmental receipts	301	BA/O			*−7*
Total Federal funds		BA	**14,214**	**13,338**	**13,820**
		O	14,618	13,743	14,058
Trust funds:					
(As shown in detail above)		BA	**28,890**	**29,592**	**30,885**
		O	28,782	29,517	30,745
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA/O	*−134*	*−135*	*−135*
	705	BA/O	*−9*	*−11*	*−11*
Total Trust funds		BA	**28,747**	**29,446**	**30,739**
		O	28,639	29,371	30,599
Interfund transactions	054	BA/O	*−11,470*	*−10,699*	*−11,181*
	702	BA/O	*−118*	*−160*	*−184*
Total Department of Defense—Civil		BA	**31,373**	**31,925**	**33,194**
		O	31,669	32,255	33,292

Department of Education

(In millions of dollars)

Office of Elementary and Secondary Education

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Education Reform:					
Appropriation, current	501	BA	494	414	691
				O 257	
Outlays		O	61	507	474
				O 31	O 175
Total Education Reform		BA	494	671	691
		O	61	538	649
Education for the disadvantaged:					
Appropriation, current	501	BA	7,187	6,015	7,679
				O 1,313	
Spending authority from offsetting collections		BA	14		
Outlays		O	6,822	6,955	6,551
				O 158	O 893
Education for the disadvantaged (gross)		BA	7,201	7,328	7,679
		O	6,822	7,113	7,444
Total, offsetting collections			−14		
Total Education for the disadvantaged (net)		BA	7,187	7,328	7,679
		O	6,808	7,113	7,444
Impact aid:					
Appropriation, current	501	BA	728	660	617
Outlays		O	808	830	693
School improvement programs:					
Appropriation, current	501	BA	1,322	1,011	1,404
				O 308	
Outlays		O	1,391	1,550	1,161
				O 37	O 209
Total School improvement programs		BA	1,322	1,319	1,404
		O	1,391	1,587	1,370
Chicago litigation settlement:					
Outlays	501	O	6	7	5
Indian education:					
Appropriation, current	501	BA	81	61	82
				O 20	
Outlays		O	71	76	69
				O 2	O 14
Total Indian education		BA	81	81	82
		O	71	78	83
Total Federal funds Office of Elementary and Secondary Education		BA	9,812	10,059	10,473
		O	9,145	10,153	10,244

Office of Bilingual Education and Minority Languages Affairs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Bilingual and immigrant education:					
Appropriation, current	501	BA	207	155	262
				O 52	
Outlays		O	225	233	183
				O 6	O 35
Total Bilingual and immigrant education		BA	207	207	262
		O	225	239	218

Office of Special Education and Rehabilitative Services

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Special education:					
Appropriation, current	501	BA	3,253	3,093	
					J 3,553
				O 249	
Outlays		O	3,177	3,486	2,798
					J 355
				O 25	O 149
Total Special education		BA	3,253	3,342	3,553
		O	3,177	3,511	3,302
Rehabilitation services and disability research:					
Appropriation, current	506	BA	2,393	2,444	2,513
Spending authority from offsetting collections		BA	2		
Outlays		O	2,335	2,593	2,608
Rehabilitation services and disability research (gross)		BA	2,395	2,444	2,513
		O	2,335	2,593	2,608
Total, offsetting collections			−2		
Total Rehabilitation services and disability research (net)		BA	2,393	2,444	2,513
		O	2,333	2,593	2,608
American printing house for the blind:					
Appropriation, current	501	BA	7	5	6
				O 1	
Outlays		O	7	6	6
				O 1	
Total American printing house for the blind		BA	7	6	6
		O	7	7	6
National technical institute for the deaf:					
Appropriation, current	502	BA	43	40	43
				O 3	
Outlays		O	46	38	42
				O 3	
Total National technical institute for the deaf		BA	43	43	43
		O	46	41	42
Gallaudet University:					
Appropriation, current	502	BA	80	72	80
				O 8	
Outlays		O	84	70	79
				O 8	
Total Gallaudet University		BA	80	80	80
		O	84	78	79
Total Federal funds Office of Special Education and Rehabilitative Services		BA	5,776	5,915	6,195
		O	5,647	6,230	6,037

Office of Vocational and Adult Education

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Vocational and adult education:					
Appropriation, current	501	BA	1,383	1,163	1,420
				O 219	
Appropriation, permanent		BA	7	7	7
					B −7

Department of Education—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Spending authority from offsetting collections		BA	1		
Outlays		O	1,483	1,487	1,290
					B −1
				O 26	O 149
Vocational and adult education (gross)		BA	1,391	1,389	1,420
		O	1,483	1,513	1,438
Total, offsetting collections			−1		
Total Vocational and adult education (net)		BA	1,390	1,389	1,420
		O	1,482	1,513	1,438

Office of Postsecondary Education

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Student financial assistance:					
Appropriation, current	502	BA	7,583	7,586	7,359
				O −453	
Appropriation, permanent		BA	3		
Outlays		O	7,047	7,440	8,083
				O −45	O −394
Total Student financial assistance		BA	7,586	7,133	7,359
		O	7,047	7,395	7,689
Higher education:					
Appropriation, current	502	BA	919	758	843
					J 130
				O 13	
Outlays		O	871	896	803
					J 16
				O 2	O 9
Total Higher education		BA	919	771	973
		O	871	898	828
Howard University:					
Appropriation, current	502	BA	205	170	196
				O 17	
Outlays		O	208	175	199
				O 16	O 1
Total Howard University		BA	205	187	196
		O	208	191	200
Higher education facilities loans:					
Spending authority from offsetting collections	502	BA	9	8	8
Outlays		O	3	4	5
Total, offsetting collections			−9	−8	−8
Total Higher education facilities loans (net)		BA			
		O	−6	−4	−3

Public Enterprise Funds:

Account			1995 actual	1996 estimate	1997 estimate
College housing loans:					
Spending authority from offsetting collections	502	BA	50	49	46
Outlays		O	9	10	10
Total, offsetting collections			−50	−49	−46
Total College housing loans (net)		BA			
		O	−41	−39	−36

Credit Accounts:

Account			1995 actual	1996 estimate	1997 estimate
Federal direct student loan program, program account:					
Appropriation, permanent	502	BA	1,105	706	683
				B −124	B −139
Outlays		O	840	613	722
				B −68	B −121
Limitation on mandatory administrative expenses			(284)	(550)	(595)
				B (−106)	B (−104)
Total Federal direct student loan program, program account		BA	1,105	582	544
		O	840	545	601
Federal family education loan program account:					
Appropriation, current	502	BA	62	47	47
Appropriation, permanent		BA	3,419	3,279	2,322
				B −314	B −404
Outlays		O	3,601	3,076	2,270
				B −779	B −347
Total Federal family education loan program account		BA	3,481	3,012	1,965
		O	3,601	2,297	1,923
Federal family education loan liquidating account:					
Aptropriation, permanent	502	BA	1,081	303	
Spending authority from offsetting collections		BA	1,636	1,547	1,327
Outlays		O	3,224	1,620	1,225
Federal family education loan liquidating account (gross)		BA	2,717	1,850	1,327
		O	3,224	1,620	1,225
Total, offsetting collections			−1,636	−1,547	−1,507
Total Federal family education loan liquidating account (net)		BA	1,081	303	−180
		O	1,588	73	−282
College housing and academic facilities program account:					
Appropriation, current	502	BA	1	1	1
Outlays		O	2	4	2
College housing and academic facilities loans liquidating account:					
Appropriation, permanent	502	BA	5	10	11
Spending authority from offsetting collections		BA	10	10	10
Outlays		O	13	18	17
College housing and academic facilities loans liquidating account (gross)		BA	15	20	21
		O	13	18	17
Total, offsetting collections			−10	−10	−10
Total College housing and academic facilities loans liquidating account (net)		BA	5	10	11
		O	3	8	7
Total Federal funds Office of Postsecondary Education		BA	14,383	11,999	10,869
		O	14,113	11,368	10,929

Office of Educational Research and Improvement

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Education research, statistics, and improvement:					
Appropriation, current	503	BA	324	250	635
				O 92	
Spending authority from offsetting collections		BA	3		

Department of Education—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	282	317	329
				O 19	O 54
Education research, statistics, and improvement (gross)		BA	**327**	**342**	**635**
		O	282	336	383
Total, offsetting collections			−3		
Total Education research, statistics, and improvement (net)		BA	**324**	**342**	**635**
		O	279	336	383
Libraries:					
Appropriation, current	503	BA	**144**	**118**	
					J **110**
Outlays		O	117	169	80
					J 44
Total Libraries		BA	**144**	**118**	**110**
		O	117	169	124
Total Federal funds Office of Educational Research and Improvement		BA	**468**	**460**	**745**
		O	396	505	507

Departmental Management

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Program administration:					
Appropriation, current	503	BA	**355**	**327**	**355**
Spending authority from offsetting collections		BA	**136**	**8**	**8**
Outlays		O	455	383	356
Program administration (gross)		BA	**491**	**335**	**363**
		O	455	383	356
Total, offsetting collections			−136	−8	−8
Total Program administration (net)		BA	**355**	**327**	**355**
		O	319	375	348
Office for Civil Rights:					
Appropriation, current	751	BA	**58**	**54**	**60**
Outlays		O	56	57	57
Office of the Inspector General:					
Appropriation, current	751	BA	**30**	**28**	**30**
Outlays		O	29	32	29
Total Federal funds Departmental Management		BA	**443**	**409**	**445**
		O	404	464	434

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**32,479**	**30,438**	**30,409**
		O	31,412	30,472	29,807
Deductions for offsetting receipts:					
Proprietary receipts from the public	502	BA/O	*−90*	*−68*	*−68*
					B −100
Total Department of Education		BA	**32,389**	**30,370**	**30,241**
		O	31,322	30,404	29,639

Department of Energy

(In millions of dollars)

Atomic Energy Defense Activities

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Weapons activities:					
Appropriation, current	053	BA	**3,217**	**3,460**	**3,710**
Spending authority from offsetting collections		BA	**993**	**1,400**	**1,400**
Outlays		O	4,649	4,789	5,035
Weapons activities (gross)		BA	**4,210**	**4,860**	**5,110**
		O	4,649	4,789	5,035
Total, offsetting collections			−993	−1,400	−1,400
Total Weapons activities (net)		BA	**3,217**	**3,460**	**3,710**
		O	3,656	3,389	3,635
Defense environmental restoration and waste management:					
Appropriation, current	053	BA	**4,929**	**5,558**	**5,409**
Spending authority from offsetting collections		BA	....	**37**	**8**
Outlays		O	5,621	5,274	5,297
Defense environmental restoration and waste management (gross)		BA	**4,929**	**5,595**	**5,417**
		O	5,621	5,274	5,297
Total, offsetting collections			....	−37	−8
Total Defense environmental restoration and waste management (net)		BA	**4,929**	**5,558**	**5,409**
		O	5,621	5,237	5,289
Other Defense Activities:					
Appropriation, current	053	BA	**1,812**	**1,373**	**1,548**
Spending authority from offsetting collections		BA	**31**	....	....
Outlays		O	2,385	1,515	1,496
Other Defense Activities (gross)		BA	**1,843**	**1,373**	**1,548**
		O	2,385	1,515	1,496
Total, offsetting collections			−31	....	....
Total Other Defense Activities (net)		BA	**1,812**	**1,373**	**1,548**
		O	2,354	1,515	1,496
Defense nuclear waste disposal:					
Appropriation, current	053	BA	**129**	**248**	**200**
Outlays		O	132	86	116
Total Federal funds Atomic Energy Defense Activities		BA	**10,087**	**10,639**	**10,867**
		O	11,763	10,227	10,536

Energy Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
General science and research activities:					
Appropriation, current	251	BA	**969**	**981**	**1,009**
Outlays		O	1,340	978	1,002
Energy supply, R&D activities:					
Appropriation, current	271	BA	**3,346**	**2,727**	**3,020**
Spending authority from offsetting collections		BA	**1,011**	**1,350**	**1,350**
Outlays		O	4,374	4,392	4,301
Energy supply, R&D activities (gross)		BA	**4,357**	**4,077**	**4,370**
		O	4,374	4,392	4,301
Change in orders on hand from Federal sources		BA	**36**	....	....
Total, offsetting collections			−1,047	−1,350	−1,350
Total Energy supply, R&D activities (net)		BA	**3,346**	**2,727**	**3,020**
		O	3,327	3,042	2,951
Uranium supply and enrichment activities:					
Appropriation, current	271	BA	**73**	**29**	**28**
Spending authority from offsetting collections		BA	....	**35**	**42**
Outlays		O	109	83	75
Uranium supply and enrichment activities (gross)		BA	**73**	**64**	**70**
		O	109	83	75
Total, offsetting collections			....	−35	−42
Total Uranium supply and enrichment activities (net)		BA	**73**	**29**	**28**
		O	109	48	33
Fossil energy research and development:					
Appropriation, current	271	BA	**417**	**416**	**349**
Outlays		O	440	426	389
Naval petroleum and oil shale reserves:					
Appropriation, current	271	BA	**187**	**149**	**150**
Outlays		O	203	178	158
Energy conservation:					
Appropriation, current	272	BA	**715**	**575**	**715**
				O **38**	
Spending authority from offsetting collections		BA	**21**	**17**	**20**
Outlays		O	692	687	623
				O 11	*O* 21
Energy conservation (gross)		BA	**736**	**630**	**735**
		O	692	698	644
Total, offsetting collections			−21	−17	−20
Total Energy conservation (net)		BA	**715**	**613**	**715**
		O	671	681	624
Strategic petroleum reserve:					
Appropriation, current	274	BA	**244**	**287**	**221**
Outlays		O	212	261	247
SPR petroleum account (Emergency energy preparedness):					
(Appropriation, current)	274	BA	**−108**	**−182**	....
(Outlays)		O	3	8	5
Energy information administration:					
Appropriation, current	276	BA	**85**	**65**	**66**
Outlays		O	86	72	69
Emergency preparedness:					
Appropriation, current	274	BA	**8**	....	....
Outlays		O	8	2	....
Economic regulation:					
Appropriation, current	276	BA	**12**	**6**	**3**
Outlays		O	12	8	4
Federal Energy Regulatory Commission:					
Spending authority from offsetting collections	276	BA	**166**	**131**	**159**
Outlays		O	161	136	155
Total, offsetting collections			−166	−131	−159
Total Federal Energy Regulatory Commission (net)		BA	....	....	....
		O	−5	5	−4
Clean coal technology:					
Appropriation, current	271	BA	**36**	....	**−638**
Advance appropriation		BA	....	**150**	**138**

Department of Energy—Continued
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	243	311	244
Total Clean coal technology		BA	36	150	−500
		O	243	311	244
Alternative fuels production:					
Appropriation, current	271	BA	....	....	−3
Outlays		O	4	....	....
Total, offsetting collections			−4	−2	−1
Total Alternative fuels production (net)		BA	−4	−2	−4
		O	....	−2	−1
Payments to States under Federal Power Act:					
Appropriation, permanent	806	BA	2	2	2
Outlays		O	3	2	2
Nuclear waste disposal fund:					
Appropriation, current	271	BA	393	152	200
Outlays		O	375	218	176
Uranium enrichment decontamination and decommissioning fund:					
Appropriation, current	271	BA	301	279	240
Outlays		O	349	287	260
Public Enterprise Funds:					
Isotope production and distribution program fund:					
Appropriation, current	271	BA	20	25	....
Spending authority from offsetting collections		BA	14	10	23
Outlays		O	7	35	23
Isotope production and distribution program fund (gross)		BA	34	35	23
		O	7	35	23
Total, offsetting collections			−14	−10	−23
Total Isotope production and distribution program fund (net)		BA	20	25	....
		O	−7	25	....
Trust funds					
Advances for cooperative work:					
Appropriation, permanent	271	BA	4	....	....
Outlays		O	8	....	....
Total Federal funds Energy Programs		BA	6,696	5,697	5,499
		O	7,369	6,550	6,159
Total Trust funds Energy Programs		BA	4	....	....
		O	8	....	....

Power Marketing Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operation and maintenance, Alaska Power Administration:					
Appropriation, current	271	BA	6	4	4
				[A] 6	
Outlays		O	4	5	4
				[A] 4	[A] 2
Total Operation and maintenance, Alaska Power Administration		BA	6	10	4
		O	4	9	6
Operation and maintenance, Southeastern Power Administration:					
Appropriation, current	271	BA	22	20	21
Spending authority from offsetting collections		BA	....	6	13
Outlays		O	23	26	34
Operation and maintenance, Southeastern Power Administration (gross)		BA	22	26	34
		O	23	26	34
Total, offsetting collections			....	−6	−13
Total Operation and maintenance, Southeastern Power Administration (net)		BA	22	20	21
		O	23	20	21
Operation and maintenance, Southwestern Power Administration:					
Appropriation, current	271	BA	21	30	27
Spending authority from offsetting collections		BA	1	4	4
Outlays		O	35	31	32
Operation and maintenance, Southwestern Power Administration (gross)		BA	22	34	31
		O	35	31	32
Total, offsetting collections			−1	−4	−4
Total Operation and maintenance, Southwestern Power Administration (net)		BA	21	30	27
		O	34	27	28
Construction, rehabilitation, operation and maintenance, Western Area Power Administration:					
Appropriation, current	271	BA	184	262	222
				[A] −6	
Spending authority from offsetting collections		BA	71	116	109
Outlays		O	356	335	353
Construction, rehabilitation, operation and maintenance, Western Area Power Administration (gross)		BA	255	372	331
		O	356	335	353
Total, offsetting collections			−71	−116	−109
Total Construction, rehabilitation, operation and maintenance, Western Area Power Administration (net)		BA	184	256	222
		O	285	219	244
Falcon and Amistad operating and maintenance fund:					
Appropriation, current	271	BA	....	1	1
Outlays		O	....	....	1
Public Enterprise Funds:					
Bonneville Power Administration fund:					
Authority to borrow, permanent	271	BA	287	214	271
Spending authority from offsetting collections		BA	2,907	3,109	3,089
					[B] 14
Outlays		O	3,262	3,333	3,387
Bonneville Power Administration fund (gross)		BA	3,194	3,323	3,374
		O	3,262	3,333	3,387
Total, offsetting collections			−3,383	−3,376	−3,352
					[B] −14
Total Bonneville Power Administration fund (net)		BA	−189	−53	8
		O	−121	−43	21
Colorado river basins power marketing fund, Western Area Power Administration:					
Spending authority from offsetting collections	271	BA	98	129	110

Department of Energy—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	109	129	110
Total, offsetting collections			−98	−129	−120
Total Colorado river basins power marketing fund, Western Area Power Administration (net)		BA	....	....	**−10**
		O	11	....	−10
Total Federal funds Power Marketing Administration		BA	**44**	**264**	**273**
		O	236	232	311

Departmental Administration

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Departmental administration:					
Appropriation, current	276	BA	**266**	**245**	**120**
Spending authority from offsetting collections		BA	**121**	**122**	**125**
Outlays		O	430	375	289
Departmental administration (gross)		BA	**387**	**367**	**245**
		O	430	375	289
Total, offsetting collections			−121	−122	−125
Total Departmental administration (net)		BA	**266**	**245**	**120**
		O	309	253	164
Office of the Inspector General:					
Appropriation, current	276	BA	**26**	**25**	**30**
Outlays		O	28	27	28
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	276	BA	....	....	**93**
Outlays		O	....	....	89
Total, offsetting collections			....	....	−93
Total Working capital fund (net)		BA	....	....	....
		O	....	....	−4
Total Federal funds Departmental Administration		BA	**292**	**270**	**150**
		O	337	280	188

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**17,119**	**16,870**	**16,789**
		O	19,705	17,289	17,194
Deductions for offsetting receipts:					
Intrafund transactions	271	BA/O	*−134*	*−350*	*−377*
	908	BA/O	*−266*	*−296*	*−349*
Proprietary receipts from the public	271	BA/O	*−1,692*	*−1,823*	*−1,873*
	274	BA/O	....	*−100*	....
Offsetting governmental receipts	276	BA/O	....	*−42*	*−26*
Total Federal funds		BA	**15,027**	**14,259**	**14,164**
		O	17,613	14,678	14,569
Trust funds:					
(As shown in detail above)		BA	**4**	....	....
		O	8	....	....
Deductions for offsetting receipts:					
Proprietary receipts from the public	271	BA/O	*−4*	....	....
Total Trust funds		BA	....	....	....
		O	4	....	....
Total Department of Energy		BA	**15,027**	**14,259**	**14,164**
		O	17,617	14,678	14,569

Department of Health and Human Services
(In millions of dollars)

Health Programs

Public Health Service

Food and Drug Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**882**	**878**	**878**
Spending authority from offsetting collections		BA	**91**	**108**	**113** [J] **39**
Outlays		O	951	985	994 [J] 39
Salaries and expenses (gross)		BA	**973**	**986**	**1,030**
		O	951	985	1,033
Total, offsetting collections			−91	−108	−113 [J] −39
Total Salaries and expenses (net)		BA	**882**	**878**	**878**
		O	860	877	881
Public Enterprise Funds:					
Revolving fund for certification and other services:					
Spending authority from offsetting collections	554	BA	**5**	**5**	**5**
Outlays		O	3	3	4
Total, offsetting collections			−5	−5	−5
Total Revolving fund for certification and other services (net)		BA	....	....	....
		O	−2	−2	−1
Total Federal funds Food and Drug Administration		BA	**882**	**878**	**878**
		O	858	875	880

Health Resources and Services Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Health Resources and Services (Health care services):					
(Appropriation, current)	551	BA	**2,729**	**2,650** [O] **150**	**2,861**
(Spending authority from offsetting collections)		BA	**141**	**141**	**50**
(Outlays)		O	2,354	2,630 [O] 49	2,605 [O] 57
Health Resources and Services (gross)		BA	**2,870**	**2,941**	**2,911**
		O	2,354	2,679	2,662
Total, offsetting collections			−141	−141	−50
Total (Health care services) (net)		BA	**2,729**	**2,800**	**2,861**
		O	2,213	2,538	2,612
(Health research and training):					
(Appropriation, current)	552	BA	**282**	**277** [O] **3**	**252**
(Spending authority from offsetting collections)		BA	**12**	**13**	**12**
(Outlays)		O	251	274 [O] 1	375 [O] 1
Health Resources and Services (gross)		BA	**3,023**	**3,093**	**3,125**
		O	2,464	2,813	2,988
Total, offsetting collections			−12	−13	−12
Total (Health research and training) (net)		BA	**282**	**280**	**252**
		O	239	262	364
Total Health Resources and Services		BA	**3,011**	**3,080**	**3,113**
		O	2,452	2,800	2,976
Vaccine injury compensation:					
Appropriation, current	551	BA	**110**	**110**	**110**
Outlays		O	68	68	68
Public Enterprise Funds:					
Health loan funds (Health care services):					
(Appropriation, current)	551	BA	**9**	**8**	**7**
(Spending authority from offsetting collections)		BA	**12**	**12**	**11**
(Outlays)		O	9	8	8
Health loan funds (gross)		BA	**21**	**20**	**18**
		O	9	8	8
Total, offsetting collections			−12	−12	−11
Total (Health care services) (net)		BA	**9**	**8**	**7**
		O	−3	−4	−3
Total Health loan funds		BA	**9**	**8**	**7**
		O	−3	−4	−3
Credit Accounts:					
Health professions graduate student loan insurance program account:					
Appropriation, current	552	BA	**3**	**3**	**3**
Appropriation, permanent		BA	**23**	**2**	**1**
Outlays		O	26	4	4
Limitation on loan guarantee committments			(275)	(210)	(140)
Total Health professions graduate student loan insurance program account		BA	**26**	**5**	**4**
		O	26	4	4
Health professions graduate student loan insurance fund liquidating account:					
Appropriation, permanent	552	BA	**18**	....	**14**
Spending authority from offsetting collections		BA	**16**	**16**	**17**
Outlays		O	37	36	35
Health professions graduate student loan insurance fund liquidating account (gross)		BA	**34**	**16**	**31**
		O	37	36	35
Total, offsetting collections			−16	−16	−17
Total Health professions graduate student loan insurance fund liquidating account (net)		BA	**18**	....	**14**
		O	21	20	18

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Vaccine injury compensation program trust fund:					
Appropriation, current	551	BA	**51**	**66**	**66**
Outlays		O	51	66	66
Total Federal funds Health Resources and Services Administration		BA	**3,174**	**3,203**	**3,248**
		O	2,564	2,888	3,063
Total Trust funds Health Resources and Services Administration		BA	**51**	**66**	**66**
		O	51	66	66

Department of Health and Human Services—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Indian Health Services					
Federal funds					
General and Special Funds:					
Indian Health Services:					
Appropriation, current	551	BA	**1,707**	**1,748**	**1,899**
				o **13**	
Spending authority from offsetting collections		BA	**207**	**210**	**221**
Outlays		O	1,917	1,830	1,973
				o 9	o 2
Indian Health Services (gross)		BA	**1,914**	**1,971**	**2,120**
		O	1,917	1,839	1,975
Total, offsetting collections			−207	−210	−221
Total Indian Health Services (net)		BA	**1,707**	**1,761**	**1,899**
		O	1,710	1,629	1,754
Indian health facilities:					
Appropriation, current	551	BA	**253**	**239**	**275**
Appropriation, permanent		BA	**4**	**4**	**4**
Outlays		O	302	303	292
Total Indian health facilities		BA	**257**	**243**	**279**
		O	302	303	292
Total Federal funds Indian Health Services		BA	**1,964**	**2,004**	**2,178**
		O	2,012	1,932	2,046
Centers for Disease Control and Prevention					
Federal funds					
General and Special Funds:					
Disease control, research, and training					
(Health care services):					
(Appropriation, current)	551	BA	**1,897**	**1,948**	**2,026**
(Spending authority from offsetting collections)		BA	**88**	**114**	**114**
(Outlays)		O	1,713	1,947	2,012
Disease control, research, and training (gross)		BA	**1,985**	**2,062**	**2,140**
		O	1,713	1,947	2,012
Total, offsetting collections			−88	−114	−114
Total (Health care services) (net)		BA	**1,897**	**1,948**	**2,026**
		O	1,625	1,833	1,898
(Health research and training):					
(Appropriation, current)	552	BA	**186**	**167**	**204**
				o **8**	
(Appropriation, permanent)		BA	**1**	**1**	**1**
(Spending authority from offsetting collections)		BA	**46**	**59**	**59**
(Outlays)		O	207	195	225
				o 3	o 3
Disease control, research, and training (gross)		BA	**2,130**	**2,183**	**2,290**
		O	1,832	2,031	2,126
Total, offsetting collections			−46	−59	−59
Total (Health research and training) (net)		BA	**187**	**176**	**205**
		O	161	139	169
Total Disease control, research, and training		BA	**2,084**	**2,124**	**2,231**
		O	1,786	1,972	2,067
Total Federal funds Centers for Disease Control and Prevention		BA	**2,084**	**2,124**	**2,231**
		O	1,786	1,972	2,067
National Institutes of Health					
Federal funds					
General and Special Funds:					
National Institutes of Health:					
Appropriation, current	552	BA	**11,240**	**11,939**	**12,406**
Appropriation, permanent		BA	**8**	**8**	**8**
Spending authority from offsetting collections		BA	**321**	**345**	**366**
Outlays		O	11,147	11,269	12,323
National Institutes of Health (gross)		BA	**11,569**	**12,292**	**12,780**
		O	11,147	11,269	12,323
Change in orders on hand from Federal sources		BA	**−57**		
Total, offsetting collections			−264	−345	−366
Total National Institutes of Health (net)		BA	**11,248**	**11,947**	**12,414**
		O	10,883	10,924	11,957
Substance Abuse and Mental Health Services Administration					
Federal funds					
General and Special Funds:					
Substance abuse and mental health services					
Health care services:					
Appropriation, current	551	BA	**2,195**	**1,789**	**2,098**
				o **65**	
(Spending authority from offsetting collections)		BA	**19**	**20**	**20**
(Outlays)		O	2,463	2,090	2,015
				o 35	o 29
Substance abuse and mental health services (gross)		BA	**2,214**	**1,874**	**2,118**
		O	2,463	2,125	2,044
Total, offsetting collections			−19	−20	−20
Total Substance abuse and mental health services		BA	**2,195**	**1,854**	**2,098**
		O	2,444	2,105	2,024
Agency for Health Care Policy and Research					
Federal funds					
General and Special Funds:					
Health care policy and research:					
Appropriation, current	552	BA	**135**	**62**	**84**
				o **15**	
Spending authority from offsetting collections		BA	**33**	**74**	**69**
				o **−16**	

Department of Health and Human Services—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	166	197 [O] −13	152 [O] 8
Health care policy and research (gross)		BA	**168**	**135**	**153**
		O	166	184	160
Total, offsetting collections			−33	−74 [O] 16	−69
Total Health care policy and research (net)		BA	**135**	**77**	**84**
		O	133	126	91
Total Federal funds Public Health Service		BA	**21,682**	**22,087**	**23,131**
		O	20,680	20,822	22,128
Total Trust funds Public Health Service		BA	**51**	**66**	**66**
		O	51	66	66

Other Health Programs

Health Care Financing Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Grants to States for Medicaid:					
Appropriation, current	551	BA	**62,641**	**56,204**	**75,057** [B] **3,277**
Advance appropriation		BA	**26,600**	**27,048**	**26,136**
Outlays		O	89,070	94,892	102,293 [B] 3,277
Total Grants to States for Medicaid		BA	**89,241**	**83,252**	**104,470**
		O	89,070	94,892	105,570
Payments to health care trust funds:					
Appropriation, current	571	BA	**37,547**	**61,899**	**60,079** [J] **7,867**
Appropriation, permanent		BA	**3,912**	**4,059**	**4,350**
Outlays		O	41,492	65,958	64,429 [J] 7,867
Total Payments to health care trust funds		BA	**41,459**	**65,958**	**72,296**
		O	41,492	65,958	72,296
Program management (Health care services):					
(Appropriation, current)	551	BA			[B] **1,544**
(Spending authority from offsetting collections)		BA	**2,113**	**2,115** [B] **440** [J] **−396**	**2,190** [B] **500** [J] **−396**
(Outlays)		O	2,069	2,115 [B] 440 [J] −396	2,190 [B] 2,044 [J] −396
Program management (gross)		BA	**2,113**	**2,159**	**3,838**
		O	2,069	2,159	3,838
(Change in orders on hand from Federal sources)		BA	**−47**		
Total, offsetting collections			−2,066	−2,115 [B] −440 [J] 396	−2,190 [B] −500 [J] 396
Total (Health care services) (net)		BA			**1,544**
		O	3		1,544
(Health research and training):					
(Spending authority from offsetting collections)	552	BA	**76**	**50** [O] **4**	**55**
(Outlays)		O	76	50 [O] 4	55
Program management (gross)		BA	**76**	**54**	**1,599**
		O	79	54	1,599
Total, offsetting collections			−76	−50 [O] −4	−55
Total (Health research and training) (net)		BA			
		O			
Total Program management		BA			**1,544**
		O	3		1,544
Public Enterprise Funds:					
Health maintenance organization loan and loan guarantee fund:					
Appropriation, current	551	BA	**15**		
Spending authority from offsetting collections		BA	**7**	**4**	**3**
Outlays		O	3	1	1
Health maintenance organization loan and loan guarantee fund (gross)		BA	**22**	**4**	**3**
		O	3	1	1
Total, offsetting collections			−7	−4	−3
Total Health maintenance organization loan and loan guarantee fund (net)		BA	**15**		
		O	−4	−3	−2

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Federal hospital insurance trust fund:					
Appropriation, permanent	571	BA	**109,861**	**127,003** [B] **−74** [J] **−77** [O] **40**	**138,208** [B] **−14,107** [J] **−77**
Outlays		O	114,883	126,793 [B] −74 [J] −77 [O] 40	138,506 [B] −14,107 [J] −77
Administrative expenses: Program management			(769)	(687) [B] (74) [J] (−67)	(739) [B] (84) [J] (−67)
Administrative expenses: Social Security Administration			(475)	(459) [O] (43)	(522)
Administrative expenses: Other			(61)	(64) [B] (57) [J] (−10) [O] (−3)	(66) [B] (65) [J] (−10)
Total Federal hospital insurance trust fund		BA	**109,861**	**126,892**	**124,024**
		O	114,883	126,682	124,322
Federal supplementary medical insurance trust fund:					
Appropriation, permanent	571	BA	**66,953**	**70,903** [B] **327** [J] **−337** [O] **36**	**78,177** [B] **8,071** [J] **−337**
Outlays		O	65,213	70,994 [B] 327 [J] −337 [O] 36	78,311 [B] 8,071 [J] −337

Department of Health and Human Services—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Administrative expenses: Program management			(1,392)	(1,441) [B](366) [J](−329) [O](4)	(1,464) [B](416) [J](−329)
Administrative expenses: Social Security Administration			(357)	(349) [O](32)	(397)
Administrative expenses: Other			(20)	(24) [B](47) [J](−8)	(25) [B](54) [J](−8)
Total Federal supplementary medical insurance trust fund		BA	**66,953**	**70,929**	**85,911**
		O	65,213	71,020	86,045
Total Federal funds Health Care Financing Administration		BA	**130,715**	**149,210**	**178,310**
		O	130,561	160,847	179,408
Total Trust funds Health Care Financing Administration		BA	**176,814**	**197,821**	**209,935**
		O	180,096	197,702	210,367
Total Federal funds Health Programs		BA	**152,397**	**171,297**	**201,441**
		O	151,241	181,669	201,536
Total Trust funds Health Programs		BA	**176,865**	**197,887**	**210,001**
		O	180,147	197,768	210,433

Administration for Children and Families

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Family support payments to States:					
Appropriation, current	609	BA	**13,291**	**12,694**	**13,301**
Advance appropriation		BA	**4,200**	**4,400**	**4,800**
Outlays		O	17,133	17,366	17,955
Total Family support payments to States		BA	**17,491**	**17,094**	**18,101**
		O	17,133	17,366	17,955
Low income home energy assistance:					
Appropriation, current	609	BA	**100**		
Advance appropriation		BA	**1,319**	**1,000**	**1,000**
Outlays		O	1,419	1,252	1,023
Total Low income home energy assistance		BA	**1,419**	**1,000**	**1,000**
		O	1,419	1,252	1,023
Refugee and entrant assistance:					
Appropriation, current	609	BA	**406**	**405**	**382**
Outlays		O	393	399	389
Family preservation and support:					
Appropriation, current	506	BA	**150**	**225**	**240**
Outlays		O	38	132	201
Payments to States for the job opportunities and basic skills training program:					
Appropriation, current	504	BA	**1,300**	**1,000**	**1,000**
Outlays		O	953	959	988
State legalization impact assistance grants:					
Appropriation, current	506	BA	**4**		
Appropriation, permanent		BA	**191**		
Outlays		O	358	3	1
Total State legalization impact assistance grants		BA	**195**		
		O	358	3	1
Payments to States for the child care and development block grant:					
Appropriation, current	609	BA	**935**	**935**	**1,049**
Outlays		O	933	935	946
Social services block grant:					
Appropriation, current	506	BA	**2,800**	**2,800**	**2,800**
Spending authority from offsetting collections		BA	**6**		
Outlays		O	2,803	3,183	2,839
Social services block grant (gross)		BA	**2,806**	**2,800**	**2,800**
		O	2,803	3,183	2,839
Total, offsetting collections			−6		
Total Social services block grant (net)		BA	**2,800**	**2,800**	**2,800**
		O	2,797	3,183	2,839
Children and families services programs:					
Appropriation, current	506	BA	**4,874**	**4,545** [O]**272**	**5,251**
Spending authority from offsetting collections		BA	**28**	**22**	**22**
Outlays		O	4,754	4,808 [O]112	4,867 [O]142
Children and families services programs (gross)		BA	**4,902**	**4,839**	**5,273**
		O	4,754	4,920	5,009
Total, offsetting collections			−28	−22	−22
Total Children and families services programs (net)		BA	**4,874**	**4,817**	**5,251**
		O	4,726	4,898	4,987
Violent crime reduction programs:					
Appropriation, current	754	BA	**11**	**8** [O]**5**	**29**
Outlays		O		7 [O]1	12 [O]3
Total Violent crime reduction programs		BA	**11**	**13**	**29**
		O		8	15
Payments to states for foster care and adoption assistance:					
Appropriation, current	506	BA	**3,597**	**4,322**	**4,445**
Outlays		O	3,243	3,740	4,144
Total Federal funds Administration for Children and Families		BA	**33,178**	**32,611**	**34,297**
		O	31,993	32,875	33,488

Administration on Aging

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Aging services programs:					
Appropriation, current	506	BA	**876**	**781** [O]**47**	**1,328**
Spending authority from offsetting collections		BA	**1**		
Outlays		O	953	743 [O]33	994 [O]12
Aging services programs (gross)		BA	**877**	**828**	**1,328**
		O	953	776	1,006
Total, offsetting collections			−1		
Total Aging services programs (net)		BA	**876**	**828**	**1,328**
		O	952	776	1,006

Department of Health and Human Services—Continued

(In millions of dollars)

Departmental Management

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
General departmental management					
(Health care services):					
(Appropriation, current)	551	BA	**184**	**160**	**165**
(Spending authority from offsetting collections)		BA	**111**	**102**	**104**
(Outlays)		O	363	315	261
General departmental management (gross)		BA	**295**	**262**	**269**
		O	363	315	261
Total, offsetting collections			−111	−102	−104
Total (Health care services) (net)		BA	**184**	**160**	**165**
		O	252	213	157
Total General departmental management		BA	**184**	**160**	**165**
		O	252	213	157

Program Support Center

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Retirement pay and medical benefits for commissioned officers:					
Appropriation, current	551	BA	**159**	**167**	**176**
Outlays		O	152	167	176
Health activities funds					
(Health research and training):					
(Outlays)	552	O	1		
Total Health activities funds		O	1		
Intragovernmental Funds:					
HHS service and supply fund					
Health care services:					
Spending authority from offsetting collections	551	BA	**217**	**246**	**341**
Outlays		O	214	256	341
(Change in orders on hand from Federal sources)		BA	**−12**		
Total, offsetting collections			−205	−246	−341
Total HHS service and supply fund		BA			
		O	9	10	
Trust funds					
Miscellaneous trust funds:					
Appropriation, permanent	551	BA	**53**	**53**	**53**
Outlays		O	46	47	49
Total Federal funds Program Support Center		BA	**159**	**167**	**176**
		O	162	177	176
Total Trust funds Program Support Center		BA	**53**	**53**	**53**
		O	46	47	49

Office of the Inspector General

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of the Inspector General:					
Appropriation, current	609	BA	**60**	**56**	**56**
				[J] **−25**	[J] **−24**
Spending authority from offsetting collections		BA	**36**	**25**	**26**
				[B] **84**	[B] **97**
				[J] **−18**	[J] **−19**
Outlays		O	106	74	81
				[B] 84	[B] 97
				[J] −43	[J] −43
Office of the Inspector General (gross)		BA	**96**	**122**	**136**
		O	106	115	135
Total, offsetting collections			−36	−25	−26
				[B] −84	[B] −97
				[J] 18	[J] 19
Total Office of the Inspector General (net)		BA	**60**	**31**	**32**
		O	70	24	31

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**186,854**	**205,094**	**237,439**
		O	184,670	215,734	236,394
Deductions for offsetting receipts:					
Proprietary receipts from the public	551	BA/O	*−4*	*−4*	*−4*
	552	BA/O	*−9*	*−9*	*−9*
Total Federal funds		BA	**186,841**	**205,081**	**237,426**
		O	184,657	215,721	236,381
Trust funds:					
(As shown in detail above)		BA	**176,918**	**197,940**	**210,054**
		O	180,193	197,815	210,482
Deductions for offsetting receipts:					
Proprietary receipts from the public	551	BA/O	*−32*	*−33*	*−33*
	571	BA/O	*−20,241*	*−19,842*	*−20,287*
					[B] 288
	908	BA/O	*−4*		
Total Trust funds		BA	**156,641**	**178,065**	**190,022**
		O	159,916	177,940	190,450
Interfund transactions	571	BA/O	*−41,492*	*−65,958*	*−64,429*
					[J] −7,867
Total Department of Health and Human Services		BA	**301,990**	**317,188**	**355,152**
		O	303,081	327,703	354,535

Department of Housing and Urban Development

(In millions of dollars)

Public and Indian Housing Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Housing certificate fund:					
Appropriation, current	604	BA			**290**
Outlays		O			29
Public housing capital fund:					
Appropriation, current	604	BA			**2,700**
					[J] **500**
Outlays		O			4,276
Total Public housing capital fund		BA			**3,200**
		O			4,276
Public housing operating fund:					
Appropriation, current	604	BA	**2,900**	**2,800**	**2,900**
				[O] **100**	
Outlays		O	2,762	2,826	2,843
				[O] 48	[O] 51
Total Public housing operating fund		BA	**2,900**	**2,900**	**2,900**
		O	2,762	2,874	2,894
Drug elimination grants for low-income housing:					
Appropriation, current	604	BA	**290**	**290**	**290**
Outlays		O	178	180	308
Violent crime reduction programs:					
Appropriation, current	754	BA			**3**
Outlays		O			3
Revitalization of severely distressed public housing projects (HOPE VII):					
Appropriation, current	604	BA	**500**	**280**	**650**
				[O] **220**	
Outlays		O	31	128	283
Total Revitalization of severely distressed public housing projects (HOPE VII)		BA	**500**	**500**	**650**
		O	31	128	283
Public Enterprise Funds:					
Low-rent public housing—loans and other expenses:					
Authority to borrow, permanent	604	BA	**20**	**50**	**50**
Spending authority from offsetting collections		BA	**78**	**62**	**65**
Outlays		O	169	162	165
Low-rent public housing—loans and other expenses (gross)		BA	**98**	**112**	**115**
		O	169	162	165
Total, offsetting collections			−78	−62	−65
Total Low-rent public housing—loans and other expenses (net)		BA	**20**	**50**	**50**
		O	91	100	100
Credit Accounts:					
Indian housing loan guarantee fund program account:					
Appropriation, current	604	BA	**3**	**3**	**3**
Outlays		O		2	3
Limitation on loan guarantee commmitments			(22)	(37)	(37)
Total Federal funds Public and Indian Housing Programs		BA	**3,713**	**3,743**	**7,386**
		O	3,062	3,284	7,896

Community Planning and Development

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Housing opportunities for persons with AIDS:					
Appropriation, current	604	BA			**171**
Outlays		O			3
Community development grants fund:					
Appropriation, current	451	BA	**4,819**	**4,600**	**4,600**
					[J] **300**
Outlays		O	4,333	5,093	4,931
Total Community development grants fund		BA	**4,819**	**4,600**	**4,900**
		O	4,333	5,093	4,931
Home fund (Housing assistance):					
(Appropriation, current)	604	BA	**1,400**	**1,400**	**1,400**
					[J] **150**
(Outlays)		O	1,179	1,240	1,401
Total Home fund		BA	**1,400**	**1,400**	**1,550**
		O	1,179	1,240	1,401
Urban development action grants:					
Appropriation, current	451	BA	**−18**		
Outlays		O	20	37	30
Capacity building for community development and affordable housing:					
Outlays	451	O	1	14	5
Emergency shelter grants program:					
Outlays	604	O	84	35	1
Supportive housing program:					
Outlays	604	O	115	158	157
Supplemental assistance for facilities to assist the homeless:					
Outlays	451	O	8	6	3
Shelter plus care:					
Outlays	604	O	17	50	50
Innovative homeless initiatives demonstration program:					
Outlays	604	O	17	19	19
Homeless assistance fund:					
Appropriation, current	604	BA	**1,120**	**823**	**1,010**
					[J] **110**
Outlays		O	12	198	412
Total Homeless assistance fund		BA	**1,120**	**823**	**1,120**
		O	12	198	412
Youthbuild program:					
Appropriation, current	604	BA	**40**		
Outlays		O	20	21	18
National cities in schools community development program:					
Outlays	451	O	7	2	
Public Enterprise Funds:					
Revolving fund (liquidating programs):					
Spending authority from offsetting collections	451	BA	**74**	**73**	**65**
Outlays		O	34	40	34
Total, offsetting collections			−74	−73	−65
Total Revolving fund (liquidating programs) (net)		BA			
		O	−40	−33	−31
Credit Accounts:					
Community development loan guarantees program account:					
Appropriation, current	451	BA		**33**	**47**
Outlays		O		17	40
Limitations on guaranteed loan commitments			(2,054)	(1,500)	(2,000)
Community development loan guarantees liquidating account:					
Spending authority from offsetting collections	451	BA	**21**	**20**	**15**
Outlays		O	5		

Department of Housing and Urban Development—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−21	−20	−15
Total Community development loan guarantees liquidating account (net)		BA			
		O	−16	−20	−15
Total Federal funds Community Planning and Development		BA	**7,361**	**6,856**	**7,788**
		O	5,757	6,837	7,024
Housing Programs					
Federal funds					
General and Special Funds:					
Annual contributions for assisted housing:					
Appropriation, current	604	BA	**8,150**	**10,156**	**5,120**
				[B] **−60**	[B] **−236**
				[O] **365**	
Outlays		O	21,391	19,830	16,756
				[B] −60	[B] −236
				[O] 8	[O] 50
Total Annual contributions for assisted housing		BA	**8,150**	**10,461**	**4,884**
		O	21,391	19,778	16,570
Housing for special populations: Elderly and Disabled:					
Appropriation, current	604	BA			**769**
Other assisted housing programs:					
Appropriation, current	604	BA	**7**		
Outlays		O	768	772	741
Homeownership and opportunity for people everywhere grants (HOPE grants):					
Appropriation, current	604	BA	**62**		
Outlays		O	75	96	87
Congregate services:					
Appropriation, current	604	BA	**−12**		
Outlays		O	6	9	9
Housing counseling assistance:					
Appropriation, current	506	BA	**12**		
Outlays		O	7	6	3
Section 8 moderate rehabilitation, single room occupancy:					
Outlays	604	O	17	41	51
Manufactured home inspection and monitoring:					
Appropriation, permanent	376	BA	**12**	**11**	**11**
Outlays		O	10	10	10
Interstate land sales:					
Appropriation, permanent	376	BA		**1**	**1**
Outlays		O		1	1
Public Enterprise Funds:					
Rental housing assistance fund:					
Spending authority from offsetting collections	604	BA	**61**	**61**	**57**
Outlays		O	56	69	57
Total, offsetting collections			−61	−61	−57
Total Rental housing assistance fund (net)		BA			
		O	−5	8	
Flexible Subsidy Fund:					
Appropriation, current	604	BA	**42**		
Spending authority from offsetting collections		BA	**71**	**72**	**68**
Outlays		O	128	158	56
Flexible Subsidy Fund (gross)		BA	**113**	**72**	**68**
		O	128	158	56
Total, offsetting collections			−71	−72	−68
Total Flexible Subsidy Fund (net)		BA	**42**		
		O	57	86	−12
Homeownership assistance fund:					
Spending authority from offsetting collections	376	BA	**4**		
Total, offsetting collections			−4	−4	−4
Total, Homeownership assistance fund (net).		BA		−4	−4
		O		−4	−4
Nehemiah housing opportunity fund:					
Appropriation, current	604	BA	**−10**		
Outlays		O	5	18	
Credit Accounts:					
FHA-mutual mortgage insurance program account:					
Appropriation, current	371	BA	**309**	**342**	**351**
Outlays		O	309	342	351
Limitation on direct loan activity			(180)	(200)	(200)
Limitation on guarantee commitments			(100,000)	(110,000)	(110,000)
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account:					
Appropriation, current	371	BA	**−1**		
Spending authority from offsetting collections		BA	**4,664**	**3,811**	**2,565**
Outlays		O	3,495	2,324	1,849
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account (gross)		BA	**4,663**	**3,811**	**2,565**
		O	3,495	2,324	1,849
Total, offsetting collections			−4,664	−3,811	−2,565
Total FHA-Mutual mortgage and cooperative housing insurance funds liquidating account (net)		BA	**−1**		
		O	−1,169	−1,487	−716
FHA-General and special risk program account:					
Appropriation, current	371	BA	**386**	**351**	**367**
Outlays		O	315	417	367
Limitation on direct loan activity			(220)	(120)	(120)
Limitation on loan guarantee commmitments			(20,885)	(17,400)	(17,400)
FHA-General and special risk insurance funds liquidating account:					
Appropriation, current	371	BA	**−1**		
Appropriation, permanent		BA		**100**	**500**
					[J] **1,051**
Authority to borrow, permanent		BA	**41**	**41**	**41**
Spending authority from offsetting collections		BA	**1,906**	**1,985**	**1,734**
				[J] **10**	[J] **1,637**
Outlays		O	1,336	2,955	2,453
				[J] −132	[J] 2,688
FHA-General and special risk insurance funds liquidating account (gross)		BA	**1,946**	**2,136**	**4,963**
		O	1,336	2,823	5,141
Total, offsetting collections			−1,906	−1,985	−1,734
				[J] −10	[J] −1,637
Total FHA-General and special risk insurance funds liquidating account (net)		BA	**40**	**141**	**1,592**
		O	−570	828	1,770
Housing for the elderly or handicapped fund liquidating account:					
Spending authority from offsetting collections	371	BA	**819**	**751**	**750**

Department of Housing and Urban Development—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	611	649	500
Total, offsetting collections			−819	−751	−750
Total Housing for the elderly or handicapped fund liquidating account (net)		BA	....	....	....
		O	−208	−102	−250
Total Federal funds Housing Programs		BA	**8,997**	**11,303**	**7,971**
		O	21,004	20,819	18,978

Government National Mortgage Association

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Management and liquidating functions fund:					
Spending authority from offsetting collections	371	BA	**1**	....	....
Outlays		O	2	....	....
Total, offsetting collections			−1	....	....
Total Management and liquidating functions fund (net)		BA	....	....	....
		O	1	....	....
Credit Accounts:					
Guarantees of mortgage-backed securities loan guarantee program account:					
Appropriation, current	371	BA	**9**	**9**	**9**
Outlays		O	9	9	9
Limitations on loan guaranteed loan commitments			(142,000)	(110,000)	(110,000)
Guarantees of mortgage-backed securities liquidating account:					
Spending authority from offsetting collections	371	BA	**716**	**846**	**942**
Outlays		O	252	374	466
Total, offsetting collections			−716	−846	−942
Total Guarantees of mortgage-backed securities liquidating account (net)		BA	....	....	....
		O	−464	−472	−476
Total Federal funds Government National Mortgage Association		BA	**9**	**9**	**9**
		O	−454	−463	−467

Policy Development and Research

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Research and technology:					
Appropriation, current	451	BA	**42**	**34**	**45**
Outlays		O	38	35	39

Fair Housing and Equal Opportunity

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Fair housing activities:					
Appropriation, current	751	BA	**33**	**30**	**33**
Outlays		O	27	21	29

Management and Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses					
(Community development):					
(Appropriation, current)	451	BA	**199**	**181**	**188**
(Spending authority from offsetting collections)		BA	**252**	**254**	**260**
(Outlays)		O	431	435	447
Salaries and expenses (gross)		BA	**451**	**435**	**448**
		O	431	435	447
Total, offsetting collections			−252	−254	−260
Total (Community development) (net)		BA	**199**	**181**	**188**
		O	179	181	187
(Housing assistance):					
(Appropriation, current)	604	BA	**200**	**186**	**190**
(Spending authority from offsetting collections)		BA	**257**	**289**	**296**
(Outlays)		O	446	475	485
Salaries and expenses (gross)		BA	**656**	**656**	**674**
		O	625	656	672
Total, offsetting collections			−257	−289	−296
Total (Housing assistance) (net)		BA	**200**	**186**	**190**
		O	189	186	189
(Federal law enforcement activities):					
(Appropriation, current)	751	BA	**53**	**53**	**54**
(Outlays)		O	53	53	54
Total Salaries and expenses		BA	**452**	**420**	**432**
		O	421	420	430
Office of Inspector General:					
Appropriation, current	451	BA	**36**	**37**	**37**
Spending authority from offsetting collections		BA	**12**	**11**	**16**
Outlays		O	47	48	53
Office of Inspector General (gross)		BA	**48**	**48**	**53**
		O	47	48	53
Total, offsetting collections			−12	−11	−16
Total Office of Inspector General (net)		BA	**36**	**37**	**37**
		O	35	37	37
Office of federal housing enterprise oversight:					
Appropriation, current	371	BA	**10**	**13**	**16**
Outlays		O	11	13	16
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	451	BA	**167**	**156**	**219**
Outlays		O	163	156	219
Total, offsetting collections			−167	−156	−219
Total Working capital fund (net)		BA	....	....	....
		O	−4	....	....
Total Federal funds Management and Administration		BA	**498**	**470**	**485**
		O	463	470	483

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**20,653**	**22,445**	**23,717**
		O	29,897	31,003	33,982
Deductions for offsetting receipts:					
Proprietary receipts from the public	371	BA/O	*−843*	*−3,009*	*−1,531*
				[B] *−1,386*	
				[J] *−161*	[J] *−260*

Department of Housing and Urban Development—Continued
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Offsetting governmental receipts	371	BA/O	*−10*	*−15*	*−16*
Total Department of Housing and Urban Development		BA	**19,800**	**17,874**	**21,910**
		O	29,044	26,432	32,175

Department of the Interior

(In millions of dollars)

Land and Minerals Management

Bureau of Land Management

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Management of lands and resources:					
Appropriation, current	302	BA	**596**	**567**	**576**
Spending authority from offsetting collections		BA	**41**	**45**	**45**
					[J] 1
Outlays		O	655	619	629
					[J] 1
Management of lands and resources (gross)		BA	**637**	**612**	**622**
		O	655	619	630
Total, offsetting collections			−41	−45	−45
					[B] −1
Total Management of lands and resources (net)		BA	**596**	**567**	**576**
		O	614	574	584
Construction and access:					
Appropriation, current	302	BA	**11**	**3**	**3**
Outlays		O	10	11	12
Payments in lieu of taxes:					
Appropriation, current	806	BA	**101**	**100**	**102**
Outlays		O	101	100	102
Oregon and California grant lands:					
Appropriation, current	302	BA	**97**	**91**	**108**
Outlays		O	90	96	107
Wildland fire management:					
Appropriation, current	302	BA	**236**	**236**	**248**
Spending authority from offsetting collections		BA	**6**	**6**	**6**
Outlays		O	273	226	263
Wildland fire management (gross)		BA	**242**	**242**	**254**
		O	273	226	263
Total, offsetting collections			−6	−6	−6
Total Wildland fire management (net)		BA	**236**	**236**	**248**
		O	267	220	257
Central hazardous materials fund:					
Appropriation, current	304	BA	**13**	**10**	**20**
Outlays		O	3	7	13
Land acquisition:					
Appropriation, current	302	BA	**13**	**13**	**13**
Outlays		O	12	5	16
Range improvements:					
Appropriation, current	302	BA	**10**	**9**	**9**
Outlays		O	9	10	10
Service charges, deposits, and forfeitures:					
Appropriation, current	302	BA	**9**	**9**	**9**
Outlays		O	9	9	12
Permanent operating funds:					
Appropriation, permanent	302	BA	**5**	**12**	**12**
Outlays		O	5	12	9
Miscellaneous permanent payment accounts					
Appropriation, permanent	301	BA	**81**	**78**	**75**
Outlays		O	163	78	75
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	302	BA	**18**	**19**	**19**
Outlays		O	16	19	19
Total, offsetting collections			−18	−19	−19
Total Working capital fund (net)		BA			
		O	−2		

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Miscellaneous trust funds:					
Appropriation, current	302	BA	**8**	**8**	**8**
Appropriation, permanent		BA		**1**	**1**
Outlays		O	8	10	13
Total Miscellaneous trust funds		BA	**8**	**9**	**9**
		O	8	10	13
Total Federal funds Bureau of Land Management		BA	**1,172**	**1,128**	**1,175**
		O	1,281	1,122	1,197
Total Trust funds Bureau of Land Management		BA	**8**	**9**	**9**
		O	8	10	13

Minerals Management Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Royalty and Offshore minerals:					
Appropriation, current	302	BA	**188**	**182**	**183**
Spending authority from offsetting collections		BA	**12**	**13**	**14**
Outlays		O	193	195	181
Royalty and Offshore minerals (gross)		BA	**200**	**195**	**197**
		O	193	195	181
Total, offsetting collections			−12	−13	−14
Total Royalty and Offshore minerals (net)		BA	**188**	**182**	**183**
		O	181	182	167
Mineral leasing and associated payments:					
Appropriation, permanent	806	BA	**474**	**508**	**515**
Outlays		O	474	508	515
National forests fund, payment to States:					
Appropriation, permanent	302	BA	**2**	**2**	**2**
Outlays		O	2	2	2
Leases of lands acquired for flood control, navigation, and allied purposes:					
Appropriation, permanent	302	BA	**1**	**1**	**1**
Outlays		O	1	1	1

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Oil spill research:					
Appropriation, current	302	BA	**6**	**6**	**6**
Outlays		O	4	6	5
Total Federal funds Minerals Management Service		BA	**665**	**693**	**701**
		O	658	693	685
Total Trust funds Minerals Management Service		BA	**6**	**6**	**6**
		O	4	6	5

Office of Surface Mining Reclamation and Enforcement

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Regulation and technology:					
Appropriation, current	302	BA	**110**	**93**	**95**
Spending authority from offsetting collections		BA	**1**		

Department of the Interior—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	106	94	94
Regulation and technology (gross)		BA	**111**	**93**	**95**
		O	106	94	94
Total, offsetting collections			−1		
Total Regulation and technology (net)		BA	**110**	**93**	**95**
		O	105	94	94
Abandoned mine reclamation fund					
(Conservation and land management):					
(Appropriation, current)	302	BA	**183**	**174**	**179**
(Outlays)		O	208	139	186
(Health care services):					
(Appropriation, permanent)	551	BA		**47**	**70**
(Outlays)		O		47	70
Total Abandoned mine reclamation fund		BA	**183**	**221**	**249**
		O	208	186	256
Total Federal funds Office of Surface Mining Reclamation and Enforcement		BA	**293**	**314**	**344**
		O	313	280	350
Total Federal funds Land and Minerals Management		BA	**2,130**	**2,135**	**2,220**
		O	2,252	2,095	2,232
Total Trust funds Land and Minerals Management		BA	**14**	**15**	**15**
		O	12	16	18

Water and Science

Bureau of Reclamation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Construction program:					
Appropriation, current	301	BA	**292**	**299**	**297**
Spending authority from offsetting collections		BA	**111**	**64**	**85**
Outlays		O	412	424	378
Construction program (gross)		BA	**403**	**363**	**382**
		O	412	424	378
Total, offsetting collections			−111	−64	−85
Total Construction program (net)		BA	**292**	**299**	**297**
		O	301	360	293
General investigations:					
Appropriation, current	301	BA	**14**	**13**	**15**
Outlays		O	14	14	15
Emergency fund:					
Appropriation, current	301	BA	**1**		
Outlays		O	1	2	
Operation and maintenance:					
Appropriation, current	301	BA	**275**	**273**	**293**
Spending authority from offsetting collections		BA	**34**	**42**	**73**
Outlays		O	293	330	355
Operation and maintenance (gross)		BA	**309**	**315**	**366**
		O	293	330	355
Total, offsetting collections			−34	−42	−73
Total Operation and maintenance (net)		BA	**275**	**273**	**293**
		O	259	288	282
General administrative expenses:					
Appropriation, current	301	BA	**54**	**48**	**49**
Outlays		O	50	51	49
Central Valley Project Restoration fund:					
Appropriation, current	301	BA	**34**	**44**	**38**
Outlays		O	24	66	39
Colorado River dam fund, Boulder Canyon project:					
Appropriation, current	301	BA	**−2**	**−5**	**−4**
Appropriation, permanent		BA	**40**	**36**	**43**
Outlays		O	32	40	35
Total Colorado River dam fund, Boulder Canyon project		BA	**38**	**31**	**39**
		O	32	40	35
Public Enterprise Funds:					
Lower Colorado River Basin development fund:					
Appropriation, current	301	BA	**119**	**85**	**72**
Appropriation, permanent		BA	**9**	**9**	**10**
Spending authority from offsetting collections		BA	**165**	**136**	**169**
Outlays		O	266	238	245
Lower Colorado River Basin development fund (gross)		BA	**293**	**230**	**251**
		O	266	238	245
Total, offsetting collections			−165	−170	−190
Total Lower Colorado River Basin development fund (net)		BA	**128**	**60**	**61**
		O	101	68	55
Upper Colorado River Basin fund:					
Appropriation, current	301	BA	**21**	**27**	**24**
Appropriation, permanent		BA	**2**	**2**	**2**
Spending authority from offsetting collections		BA	**36**	**33**	**32** [B] **75**
Outlays		O	62	76	55
Upper Colorado River Basin fund (gross)		BA	**59**	**62**	**133**
		O	62	76	55
Total, offsetting collections			−36	−33	−32 [B] −75
Total Upper Colorado River Basin fund (net)		BA	**23**	**29**	**26**
		O	26	43	−52
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	301	BA	**315**	**323**	**326**
Outlays		O	307	291	329
Total, offsetting collections			−318	−323	−326
Total Working capital fund (net)		BA	**−3**		
		O	−11	−32	3
Credit Accounts:					
Bureau of reclamation loan program account:					
Appropriation, current	301	BA	**10**	**12**	**13**
Outlays		O	7	18	13
Limitations on direct loan activity			(23)	(37)	(36)

Department of the Interior—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Bureau of reclamation loan liquidating account:					
Total, offsetting collections	301			−3	−3
Trust funds					
Reclamation trust funds:					
Appropriation, permanent	301	BA	**23**	**23**	**18**
Outlays		O	20	31	19
Total Federal funds Bureau of Reclamation		BA	**866**	**806**	**828**
		O	804	915	729
Total Trust funds Bureau of Reclamation		BA	**23**	**23**	**18**
		O	20	31	19

Central Utah Project

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Central Utah Project Completion Account:					
Appropriation, current	301	BA	**29**	**25**	**32**
Outlays		O	29	26	32
Utah reclamation mitigation and conservation account:					
Appropriation, current	301	BA	**11**	**19**	**12**
Appropriation, permanent		BA	**1**		
Outlays		O	3	24	14
Total Utah reclamation mitigation and conservation account		BA	**12**	**19**	**12**
		O	3	24	14
Total Federal funds Central Utah Project		BA	**41**	**44**	**44**
		O	32	50	46

United States Geological Survey

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Surveys, investigations and research:					
Appropriation, current	306	BA	**571**	**724**	**746**
Spending authority from offsetting collections		BA	**304**	**338**	**338**
Outlays		O	892	1,073	1,106
Surveys, investigations and research (gross)		BA	**875**	**1,062**	**1,084**
		O	892	1,073	1,106
Change in orders on hand from Federal sources		BA	**30**	**8**	**7**
Total, offsetting collections			−334	−346	−345
Total Surveys, investigations and research (net)		BA	**571**	**724**	**746**
		O	558	727	761
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	306	BA	**32**	**39**	**47**
Outlays		O	27	43	47
Change in orders on hand from Federal sources		BA			**1**
Total, offsetting collections			−32	−39	−48
Total Working capital fund (net)		BA			
		O	−5	4	−1
Total Federal funds United States Geological Survey		BA	**571**	**724**	**746**
		O	553	731	760
Total Federal funds Water and Science		BA	**1,478**	**1,574**	**1,618**
		O	1,389	1,696	1,535
Total Trust funds Water and Science		BA	**23**	**23**	**18**
		O	20	31	19

Fish and Wildlife and Parks

National Biological Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Research, Inventories, and Surveys:					
Appropriation, current	303	BA	**152**		
Spending authority from offsetting collections		BA	**53**		
Outlays		O	204		
Research, Inventories, and Surveys (gross)		BA	**205**		
		O	204		
Total, offsetting collections			−53		
Total Research, Inventories, and Surveys (net)		BA	**152**		
		O	151		
Trust funds					
Donations and contributed funds:					
Outlays	303	O	1	1	1

Water and Science

Bureau of Mines

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Mines and minerals:					
Appropriation, current	306	BA	**152**	**64**	
Spending authority from offsetting collections		BA	**7**	**11**	
Outlays		O	164	105	24
Mines and minerals (gross)		BA	**159**	**75**	
		O	164	105	24
Total, offsetting collections			−7	−11	
Total Mines and minerals (net)		BA	**152**	**64**	
		O	157	94	24
Public Enterprise Funds:					
Helium fund:					
Spending authority from offsetting collections	306	BA	**26**	**32**	**32**
Outlays		O	17	23	23

Department of the Interior—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−26	−32	−32
					B −3
Total Helium fund (net)		BA			−3
		O	−9	−9	−12
Trust funds					
Contributed funds:					
Appropriation, permanent	306	BA	3	1	1
Outlays		O	2	2	1
Total Federal funds Bureau of Mines		BA	152	64	−3
		O	148	85	12
Total Trust funds Bureau of Mines		BA	3	1	1
		O	2	2	1

Fish and Wildlife and Parks

United States Fish and Wildlife Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Resource management:					
Appropriation, current	303	BA	511	498	540
Spending authority from offsetting collections		BA	71	71	71
Outlays		O	571	571	603
Resource management (gross)		BA	582	569	611
		O	571	571	603
Change in orders on hand from Federal sources		BA	−6	−6	
Adjustment to orders on hand from Federal sources		BA	5	5	
Total, offsetting collections			−70	−70	−71
Total Resource management (net)		BA	511	498	540
		O	501	501	532
Construction:					
Appropriation, current	303	BA	40	38	38
Spending authority from offsetting collections		BA	4	3	3
Outlays		O	96	51	41
Construction (gross)		BA	44	41	41
		O	96	51	41
Change in orders on hand from Federal sources		BA	−1		
Total, offsetting collections			−3	−3	−3
Total Construction (net)		BA	40	38	38
		O	93	48	38
Natural resource damage assessment fund:					
Appropriation, current	303	BA	7	4	4
Appropriation, permanent		BA	48	26	33
Outlays		O	38	38	35
Total Natural resource damage assessment fund		BA	55	30	37
		O	38	38	35
Rewards and operations:					
Appropriation, current	303	BA	1	1	1
Outlays		O	1	1	1
Land acquisition:					
Appropriation, current	303	BA	66	37	37
Outlays		O	79	56	40
Wildlife conservation and appreciation fund:					
Appropriation, current	303	BA	2	3	3
Outlays		O	2	3	3
Migratory bird conservation account:					
Appropriation, permanent	303	BA	46	45	45
Outlays		O	38	45	45
North American wetlands conservation fund:					
Appropriation, current	303	BA	9	7	12
Spending authority from offsetting collections		BA	7	8	9
Outlays		O	16	16	20
North American wetlands conservation fund (gross)		BA	16	15	21
		O	16	16	20
Total, offsetting collections			−7	−8	−9
Total North American wetlands conservation fund (net)		BA	9	7	12
		O	9	8	11
Cooperative endangered species conservation fund:					
Appropriation, current	303	BA	9	8	16
Appropriation, permanent		BA	25	27	29
Outlays		O	32	35	39
Total Cooperative endangered species conservation fund		BA	34	35	45
		O	32	35	39
National wildlife refuge fund:					
Appropriation, current	806	BA	12	11	11
Appropriation, permanent		BA	7	7	7
Outlays		O	20	17	17
Total National wildlife refuge fund		BA	19	18	18
		O	20	17	17
Operation and maintenance of quarters:					
Appropriation, permanent	303	BA	1	2	2
Outlays		O	2	2	2
Miscellaneous permanent appropriations:					
Appropriation, permanent	303	BA	247	240	231
Outlays		O	191	207	229
Trust funds					
Sport fish restoration:					
Appropriation, permanent	303	BA	243	266	300
Outlays		O	237	228	237
Contributed funds:					
Appropriation, permanent	303	BA	3	2	2
Outlays		O	4	2	2
African elephant conservation fund:					
Appropriation, permanent	303	BA	1	1	1
Outlays		O	1	1	1
Total Federal funds United States Fish and Wildlife Service		BA	1,031	954	1,009
		O	1,006	961	992
Total Trust funds United States Fish and Wildlife Service		BA	247	269	303
		O	242	231	240

National Park Service

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Operation of the national park system:					
Appropriation, current	303	BA	1,082	1,083	1,173
				O 75	

Department of the Interior—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Spending authority from offsetting collections		BA	4	4	4
Outlays		O	1,087	1,072	1,155
				[O] 56	[O] 19
Operation of the national park system (gross)		BA	1,086	1,162	1,177
		O	1,087	1,128	1,174
Total, offsetting collections			−4	−4	−4
Total Operation of the national park system (net)		BA	1,082	1,158	1,173
		O	1,083	1,124	1,170
National recreation and preservation:					
Appropriation, current	303	BA	43	38	40
Outlays		O	38	52	40
Construction:					
Appropriation, current	303	BA	159	145	143
Spending authority from offsetting collections		BA	80	80	80
Outlays		O	318	287	255
Construction (gross)		BA	239	225	223
		O	318	287	255
Total, offsetting collections			−80	−80	−80
Total Construction (net)		BA	159	145	143
		O	238	207	175
Urban park and recreation fund:					
Outlays	303	O	4	5	3
Concessions improvement accounts:					
Appropriation, permanent	303	BA	14	15	16
Outlays		O	14	15	16
Land acquisition and State assistance:					
Appropriation, current	303	BA	72	49	36
Contract authority, current		BA	−30	−30	−30
Contract authority, permanent		BA	30	30	30
Outlays		O	112	90	71
Total Land acquisition and State assistance		BA	72	49	36
		O	112	90	71
Everglades restoration fund:					
Appropriation, current	302	BA	....	....	100
Appropriation, permanent		BA			[B] 35
Outlays		O	....	....	50
					[B] 17
Total Everglades restoration fund		BA	....	....	135
		O	....	....	67
Historic preservation fund:					
Appropriation, current	303	BA	46	36	38
Outlays		O	47	48	41
Operation and maintenance of quarters:					
Appropriation, permanent	303	BA	12	12	13
Outlays		O	11	12	13
Fee collection support, national park system:					
Appropriation, permanent	303	BA	12	12	13
					[B] −1
Outlays		O	13	12	13
					[B] −1
Total Fee collection support, national park system		BA	12	12	12
		O	13	12	12

Account			1995 actual	1996 estimate	1997 estimate
Yosemite management fund:					
Appropriation, current	303	BA			[J] 1
Outlays		O			[J] 1
Miscellaneous permanent appropriations:					
Appropriation, permanent	303	BA	1	2	2
Outlays		O	1	2	2
Trust funds					
Construction (trust fund):					
Outlays	401	O	8	12	8
Miscellaneous trust funds:					
Appropriation, permanent	303	BA	12	12	12
Outlays		O	7	12	12
Total Federal funds National Park Service		BA	1,441	1,467	1,609
		O	1,561	1,567	1,611
Total Trust funds National Park Service		BA	12	12	12
		O	15	24	20
Total Federal funds Fish and Wildlife and Parks		BA	2,472	2,421	2,618
		O	2,567	2,528	2,603
Total Trust funds Fish and Wildlife and Parks		BA	259	281	315
		O	257	255	260

Indian Affairs

Bureau of Indian Affairs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operation of Indian programs					
(Conservation and land management):					
(Appropriation, current)	302	BA	150	135	129
(Spending authority from offsetting collections)		BA	8	8	8
(Outlays)		O	140	149	137
Operation of Indian programs (gross)		BA	158	143	137
		O	140	149	137
Total, offsetting collections			−8	−8	−8
Total (Conservation and land management) (net)		BA	150	135	129
		O	132	141	129
(Area and regional development):					
(Appropriation, current)	452	BA	858	751	909
				[O] 75	
(Spending authority from offsetting collections)		BA	45	64	48
(Outlays)		O	775	722	875
				[O] 44	[O] 30
Operation of Indian programs (gross)		BA	1,053	1,025	1,086
		O	907	907	1,034
Total, offsetting collections			−45	−64	−48
Total (Area and regional development) (net)		BA	858	826	909
		O	730	702	857
(Elementary, secondary, and vocational education):					
(Appropriation, current)	501	BA	555	499	541
(Spending authority from offsetting collections)		BA	29	31	31

Department of the Interior—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
(Outlays)		O	687	610	545
Operation of Indian programs (gross)		BA	**1,592**	**1,491**	**1,610**
		O	1,549	1,453	1,531
Total, offsetting collections			−29	−31	−31
Total (Elementary, secondary, and vocational education) (net)		BA	**555**	**499**	**541**
		O	658	579	514
Total Operation of Indian programs		BA	**1,563**	**1,460**	**1,579**
		O	1,520	1,422	1,500
Construction:					
Appropriation, current	452	BA	**120**	**101**	**123**
Spending authority from offsetting collections		BA	**13**	**3**	**3**
Outlays		O	201	140	130
Construction (gross)		BA	**133**	**104**	**126**
		O	201	140	130
Total, offsetting collections			−13	−3	−3
Total Construction (net)		BA	**120**	**101**	**123**
		O	188	137	127
White Earth settlement fund:					
Appropriation, permanent	452	BA	**7**	**7**	**7**
Outlays		O	7	7	7
Indian land and water claim settlements and miscellaneous payments to Indians:					
Appropriation, current	452	BA	**77**	**81**	**69**
					J **6**
Appropriation, permanent		BA	**3**		
Outlays		O	76	81	70
					J 6
Total Indian land and water claim settlements and miscellaneous payments to Indians		BA	**80**	**81**	**75**
		O	76	81	76
Navajo rehabilitation trust fund:					
Appropriation, current	452	BA	**2**		
Outlays		O	2		
Payment to Tribal Economic Recovery Funds:					
Appropriation, permanent	452	BA	**61**	**14**	
Outlays		O	61	14	
Technical assistance of Indian enterprises:					
Appropriation, current	452	BA	**2**	**1**	
Outlays		O	3	1	1
Operation and maintenance of quarters:					
Appropriation, permanent	452	BA	**6**	**6**	**6**
Outlays		O	6	6	6
Tribal Economic Recovery funds:					
Appropriation, permanent	452	BA	**86**	**25**	**13**
Outlays		O	11		
Miscellaneous permanent appropriations:					
Appropriation, permanent	452	BA	**70**	**70**	**71**
Outlays		O	74	70	70
Intragovernmental Funds:					
Equipment capitalization fund:					
Spending authority from offsetting collections	452	BA		**7**	**7**
Outlays		O		7	7
Credit Accounts:					
Indian direct loan program account:					
Appropriation, current	452	BA	**1**		
Outlays		O	1		
Limitations on direct loan activity			(11)		

Account			1995 actual	1996 estimate	1997 estimate
Revolving fund for loans liquidating account:					
Spending authority from offsetting collections	452	BA	**12**	**8**	**7**
Total, offsetting collections			−12	−8	−7
Total Revolving fund for loans liquidating account (net)		BA			
		O	−12	−8	−7
Indian guaranteed loan program account:					
Appropriation, current	452	BA	**10**	**5**	**5**
Outlays		O	9	9	5
Limitation on loan guarantee commitments			(47)	(35)	(35)
Indian loan guaranty and insurance fund liquidating account:					
Appropriation, permanent	452	BA	**11**	**11**	**11**
Outlays		O	4	6	
Trust funds					
Cooperative fund (papago):					
Appropriation, permanent	452	BA	**2**	**1**	**1**
Outlays		O	1	5	5
Miscellaneous trust funds					
Appropriation, permanent	452	BA	**357**	**327**	**315**
Outlays		O	239	327	315
Total Federal funds Bureau of Indian Affairs		BA	**2,019**	**1,788**	**1,897**
		O	1,950	1,752	1,792
Total Trust funds Bureau of Indian Affairs		BA	**359**	**328**	**316**
		O	240	332	320

Departmental Offices

Departmental Management

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	306	BA	**62**	**54**	**59**
Spending authority from offsetting collections		BA	**86**	**95**	**95**
Outlays		O	144	155	153
Salaries and expenses (gross)		BA	**148**	**149**	**154**
		O	144	155	153
Total, offsetting collections			−86	−95	−95
Total Salaries and expenses (net)		BA	**62**	**54**	**59**
		O	58	60	58
Construction management:					
Appropriation, current	306	BA	**2**		
Outlays		O	2		
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	306	BA	**84**	**103**	**103**
Outlays		O	71	103	103
Total, offsetting collections			−84	−103	−103
Total Working capital fund (net)		BA			
		O	−13		
Total Federal funds Departmental Management		BA	**64**	**54**	**59**
		O	47	60	58

Department of the Interior—Continued

(In millions of dollars)

Territorial and International Affairs

Insular Affairs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Assistance to territories:					
Appropriation, current	808	BA	**78**	**65**	**65**
Spending authority from offsetting collections		BA	**1**	**2**	**2**
Outlays		O	60	71	68
Assistance to territories (gross)		BA	**79**	**67**	**67**
		O	60	71	68
Total, offsetting collections			−1	−2	−2
Total Assistance to territories (net)		BA	**78**	**65**	**65**
		O	59	69	66
Trust Territory of the Pacific Islands:					
Appropriation, current	808	BA	**−12**		
Outlays		O	23	2	2
Compact of free association:					
Appropriation, current	808	BA	**30**	**25**	**24**
Appropriation, permanent		BA	**359**	**241**	**131**
Outlays		O	329	177	166
Total Compact of free association		BA	**389**	**266**	**155**
		O	329	177	166
Payments to the United States territories, fiscal assistance:					
Appropriation, permanent	806	BA	**83**	**84**	**86**
Outlays		O	83	84	86
Total Federal funds Insular Affairs		BA	**538**	**415**	**306**
		O	494	332	320

Departmental Offices

Office of the Solicitor

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of the Solicitor:					
Appropriation, current	306	BA	**35**	**35**	**35**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	34	36	38
Office of the Solicitor (gross)		BA	**36**	**36**	**36**
		O	34	36	38
Total, offsetting collections			−1	−1	−1
Total Office of the Solicitor (net)		BA	**35**	**35**	**35**
		O	33	35	37

Office of Inspector General

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of Inspector General:					
Appropriation, current	306	BA	**24**	**24**	**24**
Outlays		O	23	24	24

Office of Special Trustee for American Indians

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Office of the Special Trustee for American Indians:					
Appropriation, current	306	BA			**36**
				[O] **16**	
Outlays		O			25
				[O] 11	[O] 5
Total Office of the Special Trustee for American Indians		BA		**16**	**36**
		O		11	30

National Indian Gaming Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	806	BA	**1**	**1**	**1**
Spending authority from offsetting collections		BA	**3**	**3**	**3**
Outlays		O	3	6	5
Salaries and expenses (gross)		BA	**4**	**4**	**4**
		O	3	6	5
Total, offsetting collections			−3	−3	−3
Total Salaries and expenses (net)		BA	**1**	**1**	**1**
		O		3	2
Total Federal funds Departmental Offices		BA	**60**	**76**	**96**
		O	56	73	93

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**9,065**	**8,527**	**8,811**
		O	9,054	8,621	8,645
Deductions for offsetting receipts:					
Intrafund transactions	301	BA/O	*−10*	*−11*	*−11*
	303	BA/O	*−26*	*−28*	*−30*
	452	BA/O	*−76*	*−25*	*−13*
	908	BA/O	*−96*	*−96*	*−95*
Proprietary receipts from the public	301	BA/O	*−217*	*−259*	*−236*
	302	BA/O	*−1,105*	*−1,286*	*−1,300*
					[B] *−35*
	303	BA/O	*−170*	*−178*	*−180*
					[B] *−13*
	452	BA/O	*−72*	*−72*	*−73*
	908	BA/O	*−33*	*−20*	*−20*
Total Federal funds		BA	**7,260**	**6,552**	**6,805**
		O	7,249	6,646	6,639
Trust funds:					
(As shown in detail above)		BA	**658**	**648**	**665**
		O	532	637	619
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA/O	*−23*	*−23*	*−18*
	302	BA/O	*−8*	*−9*	*−9*
	303	BA/O	*−3*	*−2*	*−2*
	306	BA/O	*−3*	*−1*	*−1*
	452	BA/O	*−167*	*−168*	*−168*
	908	BA/O	*−89*	*−85*	*−85*
Total Trust funds		BA	**365**	**360**	**382**
		O	239	349	336

Department of the Interior—Continued
(In millions of dollars)

Account		1995 actual	1996 estimate	1997 estimate
Interfund transactions	303 BA/O	*−1*	*−1*	*−1*
	452 BA/O	*−2*	*−26*	*−13*
	808 BA/O	*−80*	*−29*	*−30*
Total Department of the Interior	BA	**7,542**	**6,856**	**7,143**
	O	7,405	6,939	6,931

Department of Justice

(In millions of dollars)

General Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	70	74	83
Appropriation, permanent		BA	−1		
Advance appropriation		BA	1		
Spending authority from offsetting collections		BA	25	12	12
Outlays		O	100	82	94
Salaries and expenses (gross)		BA	95	86	95
		O	100	82	94
Total, offsetting collections			−25	−12	−12
Total Salaries and expenses (net)		BA	70	74	83
		O	75	70	82
Community oriented policing services:					
Appropriation, current	754	BA	1,300	975	1,976
				[O] 828	
Spending authority from offsetting collections		BA	15		
Outlays		O	260	456	1,227
				[O] 182	[O] 315
Community oriented policing services (gross)		BA	1,315	1,803	1,976
		O	260	638	1,542
Total, offsetting collections			−15		
Total Community oriented policing services (net)		BA	1,300	1,803	1,976
		O	245	638	1,542
Counterterrorism fund:					
Appropriation, current	751	BA	34	17	10
Outlays		O		31	15
Office of the Inspector General:					
Appropriation, current	751	BA	30	29	52
Spending authority from offsetting collections		BA	10	9	1
Outlays		O	38	38	52
Office of the Inspector General (gross)		BA	40	38	53
		O	38	38	52
Total, offsetting collections			−10	−9	−1
Total Office of the Inspector General (net)		BA	30	29	52
		O	28	29	51
Administrative review and appeals:					
Appropriation, current	751	BA	49	39	73
Spending authority from offsetting collections		BA	1	1	1
Outlays		O	37	40	74
Administrative review and appeals (gross)		BA	50	40	74
		O	37	40	74
Total, offsetting collections			−1	−1	−1
Total Administrative review and appeals (net)		BA	49	39	73
		O	36	39	73
Violent crime reduction programs, Administrative review and appeals:					
Appropriation, current	751	BA	17	48	53
Outlays		O	9	44	50
Health care fraud enforcement:					
Appropriation, current	751	BA		[B] 20	[B] 23
Outlays		O		[B] 18	[B] 22
Weed and seed program fund:					
Appropriation, current	751	BA	13		
Spending authority from offsetting collections		BA		28	28
Outlays		O	20	28	28
Weed and seed program fund (gross)		BA	13	28	28
		O	20	28	28
Total, offsetting collections				−28	−28
Total Weed and seed program fund (net)		BA	13		
		O	20		
Intragovernmental Funds:					
Working capital fund:					
Appropriation, current	751	BA		−65	
Appropriation, permanent		BA	67	−8	
Spending authority from offsetting collections		BA	527	650	598
Outlays		O	513	650	598
Working capital fund (gross)		BA	594	577	598
		O	513	650	598
Total, offsetting collections			−527	−650	−598
Total Working capital fund (net)		BA	67	−73	
		O	−14		
Total Federal funds General Administration		BA	1,580	1,957	2,270
		O	399	869	1,835

United States Parole Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	7	5	5
Outlays		O	7	6	6

Legal Activities

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses, General Legal Activities:					
Appropriation, current	752	BA	418	402	450
Appropriation, permanent		BA	−3	12	
Reappropriation		BA	4		
Advance appropriation		BA	3		
Spending authority from offsetting collections		BA	122	90	90
Outlays		O	547	479	530
Salaries and expenses, General Legal Activities (gross)		BA	544	504	540
		O	547	479	530
Total, offsetting collections			−122	−90	−90
Total Salaries and expenses, General Legal Activities (net)		BA	422	414	450
		O	425	389	440
Violent crime reduction programs, General Legal Activities:					
Appropriation, current	752	BA	5	8	8
Outlays		O	3	7	8

Department of Justice—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses, Antitrust Division:					
Appropriation, current	752	BA	**41**	**18**	**25**
				o **3**	
Appropriation, permanent		BA	**−2**	...	...
Advance appropriation		BA	**2**	...	...
Spending authority from offsetting collections		BA	**40**	**67**	**59**
Outlays		O	81	63	82
				o 2	
Salaries and expenses, Antitrust Division (gross)		BA	**81**	**88**	**84**
		O	81	65	82
Total, offsetting collections			−49	−48	−59
Total Salaries and expenses, Antitrust Division (net)		BA	**32**	**40**	**25**
		O	32	17	23
Salaries and expenses, United States Attorneys:					
Appropriation, current	752	BA	**873**	**896**	**949**
Appropriation, permanent		BA	**−18**	...	...
Advance appropriation		BA	**18**	...	...
Spending authority from offsetting collections		BA	**87**	**86**	**86**
Outlays		O	961	984	1,016
Salaries and expenses, United States Attorneys (gross)		BA	**960**	**982**	**1,035**
		O	961	984	1,016
Total, offsetting collections			−87	−86	−86
Total Salaries and expenses, United States Attorneys (net)		BA	**873**	**896**	**949**
		O	874	898	930
Violent crime reduction programs, U.S Attorneys:					
Appropriation, current	752	BA	**7**	**30**	**44**
Outlays		O	5	26	42
Salaries and expenses, Foreign Claims Settlement Commission:					
Appropriation, current	153	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Salaries and expenses, United States Marshals Service:					
Appropriation, current	752	BA	**397**	**423**	**490**
Appropriation, permanent		BA	**−5**	...	...
Advance appropriation		BA	**5**	...	...
Spending authority from offsetting collections		BA	**41**	**49**	**49**
Outlays		O	437	469	534
Salaries and expenses, United States Marshals Service (gross)		BA	**438**	**472**	**539**
		O	437	469	534
Total, offsetting collections			−41	−49	−49
Total Salaries and expenses, United States Marshals Service (net)		BA	**397**	**423**	**490**
		O	396	420	485
Violent crime reduction programs, US Marshals Service:					
Appropriation, current	752	BA	...	**25**	**26**
Outlays		O	...	23	26
Federal prisoner detention:					
Appropriation, current	752	BA	**298**	**253**	**405**
Appropriation, permanent		BA	...	**9**	...
Spending authority from offsetting collections		BA	**15**	**20**	...
Outlays		O	298	288	372
Federal prisoner detention (gross)		BA	**313**	**282**	**405**
		O	298	288	372
Total, offsetting collections			−15	−20	...
Total Federal prisoner detention (net)		BA	**298**	**262**	**405**
		O	283	268	372
Fees and expenses of witnesses:					
Appropriation, current	752	BA	**75**	**85**	**103**
Outlays		O	81	83	98
Salaries and expenses, Community Relations Service:					
Appropriation, current	752	BA	**21**	**5**	**6**
Spending authority from offsetting collections		BA	**15**	...	...
Outlays		O	37	4	6
Salaries and expenses, Community Relations Service (gross)		BA	**36**	**5**	**6**
		O	37	4	6
Total, offsetting collections			−15	...	...
Total Salaries and expenses, Community Relations Service (net)		BA	**21**	**5**	**6**
		O	22	4	6
Independent counsel:					
Appropriation, permanent	752	BA	**12**	**3**	**3**
Outlays		O	13	3	3
Civil liberties public education fund:					
Appropriation, current	808	BA	**5**	...	...
Advance appropriation		BA	**45**	...	...
Outlays		O	10	54	...
Total Civil liberties public education fund		BA	**50**	...	...
		O	10	54	...
United States trustee system fund:					
Appropriation, current	752	BA	**79**	**58**	**62**
Spending authority from offsetting collections		BA	**24**	**44**	**50**
Outlays		O	100	104	119
United States trustee system fund (gross)		BA	**103**	**102**	**112**
		O	100	104	119
Total, offsetting collections			−24	−44	−50
Total United States trustee system fund (net)		BA	**79**	**58**	**62**
		O	76	60	69
Assets forfeiture fund:					
Appropriation, current	752	BA	**50**	**30**	**30**
Appropriation, permanent		BA	**438**	**415**	**403**
Outlays		O	547	571	409
Total Assets forfeiture fund		BA	**488**	**445**	**433**
		O	547	571	409
Total Federal funds Legal Activities		BA	**2,760**	**2,695**	**3,005**
		O	2,768	2,824	2,912

Radiation Exposure Compensation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Administrative expenses:					
Appropriation, current	054	BA	**2**	**3**	**2**

Department of Justice—Continued
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	2	3	2
Payment to radiation exposure compensation trust fund:					
Appropriation, current	054	BA			**14**
Advance appropriation		BA			**16**
Outlays		O			30
Total Payment to radiation exposure compensation trust fund		BA			**30**
		O			30
Trust funds					
Radiation exposure compensation trust fund:					
Appropriation, permanent	054	BA	**1**	**1**	**30**
Outlays		O	32	27	24
Total Federal funds Radiation Exposure Compensation		BA	**2**	**3**	**32**
		O	2	3	32
Total Trust funds Radiation Exposure Compensation		BA	**1**	**1**	**30**
		O	32	27	24

Interagency Law Enforcement
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Interagency crime and drug enforcement:					
Appropriation, current	751	BA	**375**	**360**	**372**
Outlays		O	393	364	369

Federal Bureau of Investigation
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses					
(Defense-related activities):					
(Appropriation, current)	054	BA	**80**	**102**	**85**
(Outlays)		O	72	89	79
(Federal law enforcement activities):					
(Appropriation, current)	751	BA	**2,200**	**2,065**	**2,464**
				[B] **47**	[B] **56**
				[J] **−38**	[J] **−38**
(Appropriation, permanent)		BA	**−23**	**−13**	
(Advance appropriation)		BA	**23**	**35**	
(Spending authority from offsetting collections)		BA	**387**	**325**	**276**
(Outlays)		O	2,356	2,295	2,523
				[B] 35	[B] 49
				[J] −28	[J] −34
Salaries and expenses (gross)		BA	**2,667**	**2,523**	**2,843**
		O	2,428	2,391	2,617
Total, offsetting collections			−387	−325	−276
Total (Federal law enforcement activities) (net)		BA	**2,200**	**2,096**	**2,482**
		O	1,969	1,977	2,262
Total Salaries and expenses		BA	**2,280**	**2,198**	**2,567**
		O	2,041	2,066	2,341
Construction:					
Appropriation, current	751	BA		**98**	**56**
Outlays		O		10	45
Telephone carrier compliance:					
Appropriation, current	751	BA			**100**
Outlays		O			50
Violent crime reduction programs					
Appropriation, current	751	BA		**218**	**133**
Outlays		O		164	133
Total Federal funds Federal Bureau of Investigation		BA	**2,280**	**2,514**	**2,856**
		O	2,041	2,240	2,569

Drug Enforcement Administration
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**771**	**731**	**803**
Appropriation, permanent		BA	**−15**		
Reappropriation		BA	**7**		
Advance appropriation		BA	**15**		
Spending authority from offsetting collections		BA	**185**	**186**	**189**
Outlays		O	930	780	914
Salaries and expenses (gross)		BA	**963**	**917**	**992**
		O	930	780	914
Total, offsetting collections			−185	−186	−189
Total Salaries and expenses (net)		BA	**778**	**731**	**803**
		O	745	594	725
Violent crime reduction programs:					
Appropriation, current	751	BA		**60**	**138**
Outlays		O		45	110
Diversion control fee account:					
Appropriation, current	751	BA		**15**	**15**
Appropriation, permanent		BA	**61**	**47**	**53**
Outlays		O	43	55	62
Total Diversion control fee account		BA	**61**	**62**	**68**
		O	43	55	62
Total Federal funds Drug Enforcement Administration		BA	**839**	**853**	**1,009**
		O	788	694	897

Immigration and Naturalization Service
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**1,102**	**1,395**	**1,684**
Spending authority from offsetting collections		BA	**720**	**920**	**928**
Outlays		O	1,777	2,240	2,491
Salaries and expenses (gross)		BA	**1,822**	**2,315**	**2,612**
		O	1,777	2,240	2,491
Total, offsetting collections			−720	−920	−928
Total Salaries and expenses (net)		BA	**1,102**	**1,395**	**1,684**
		O	1,057	1,320	1,563
Construction:					
Appropriation, current	751	BA	**50**	**25**	**6**
Outlays		O	3	23	33
Immigration emergency fund:					
Appropriation, current	751	BA	**30**		
Violent crime reduction fund programs:					
Appropriation, current	751	BA	**255**	**316**	**458**
Outlays		O	68	294	396
Immigration legalization:					
Appropriation, permanent	751	BA	**3**	**2**	**2**
Outlays		O	3	2	2

Department of Justice—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Immigration user fee:					
Appropriation, permanent	751	BA	**303**	**352**	**382**
Outlays		O	303	352	382
Land border inspection fee:					
Appropriation, permanent	751	BA	**1**	**6**	**11**
Outlays		O	1	6	11
Breached Bond/Detention Fund:					
Appropriation, permanent	751	BA	**15**	**14**	**15**
Outlays		O	15	14	15
Immigration examinations fee:					
Appropriation, permanent	751	BA	**356**	**537**	**511**
Outlays		O	356	537	511
Total Federal funds Immigration and Naturalization Service		BA	**2,115**	**2,647**	**3,069**
		O	1,806	2,548	2,913

Federal Prison System

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	753	BA	**2,319**	**2,568**	**2,888**
Appropriation, permanent		BA	**–1**		
Advance appropriation		BA	**1**		
Spending authority from offsetting collections		BA	**16**	**17**	**18**
Outlays		O	2,249	2,551	2,803
Salaries and expenses (gross)		BA	**2,335**	**2,585**	**2,906**
		O	2,249	2,551	2,803
Total, offsetting collections			–16	–17	–18
Total Salaries and expenses (net)		BA	**2,319**	**2,568**	**2,888**
		O	2,233	2,534	2,785
Violent crime reduction programs:					
Appropriation, current	753	BA		**14**	**25**
Outlays		O		12	23
Buildings and facilities:					
Appropriation, current	753	BA	**276**	**335**	**296**
Outlays		O	560	467	361
Intragovernmental Funds:					
Federal Prison Industries, Incorporated:					
Spending authority from offsetting collections	753	BA	**430**	**558**	**515**
Outlays		O	407	558	515
Limitation on administrative expenses			(2)	(4)	(4)
Change in orders on hand from Federal sources		BA	**–38**	**55**	**77**
Total, offsetting collections			–430	–558	–515
Total Federal Prison Industries, Incorporated (net)		BA	**–38**	**55**	**77**
		O	–23		
Trust funds					
Commissary funds, Federal prisons (trust revolving fund):					
Spending authority from offsetting collections	753	BA	**128**	**156**	**171**
Outlays		O	107	156	171
Total, offsetting collections			–128	–156	–171
Total Commissary funds, Federal prisons (trust revolving fund) (net)		BA			
		O	–21		
Total Federal funds Federal Prison System		BA	**2,557**	**2,972**	**3,286**
		O	2,770	3,013	3,169
Total Trust funds Federal Prison System		BA			
		O	–21		

Office of Justice Programs

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Justice assistance:					
Appropriation, current	754	BA	**105**	**105**	**123**
Spending authority from offsetting collections		BA	**38**	**70**	**60**
Outlays		O	724	144	213
Justice assistance (gross)		BA	**143**	**175**	**183**
		O	724	144	213
Total, offsetting collections			–38	–70	–60
Total Justice assistance (net)		BA	**105**	**105**	**123**
		O	686	74	153
Violent crime reduction programs:					
Appropriation, current	754	BA	**743**	**2,233**	**1,924**
				O **–828**	
Outlays		O	74	925	1,473
				O –182	O –315
Total Violent crime reduction programs		BA	**743**	**1,405**	**1,924**
		O	74	743	1,158
State and local law enforcement assistance:					
Appropriation, current	754	BA	**62**	**388**	
Spending authority from offsetting collections		BA	**227**	**25**	
Outlays		O	19	169	250
State and local law enforcement assistance (gross)		BA	**289**	**413**	
		O	19	169	250
Total, offsetting collections			–227	–25	
Total State and local law enforcement assistance (net)		BA	**62**	**388**	
		O	–208	144	250
Juvenile justice program:					
Appropriation, current	754	BA	**150**	**143**	**144**
Spending authority from offsetting collections		BA	**2**	**10**	**10**
Outlays		O	10	72	148
Juvenile justice program (gross)		BA	**152**	**153**	**154**
		O	10	72	148
Total, offsetting collections			–2	–10	–10
Total Juvenile justice program (net)		BA	**150**	**143**	**144**
		O	8	62	138
Public safety officers' benefits:					
Appropriation, current	754	BA	**30**	**31**	**32**
Outlays		O	24	36	32

Department of Justice—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Crime victims fund:					
Appropriation, permanent	754	BA	**179**	**231**	**165**
Outlays		O	138	202	135
Total Federal funds Office of Justice Programs		BA	**1,269**	**2,303**	**2,388**
		O	722	1,261	1,866

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**13,784**	**16,309**	**18,292**
		O	11,696	13,822	16,568
Deductions for offsetting receipts:					
Intrafund transactions	908	BA/O	*−40*	*−51*	*−51*
Offsetting governmental receipts	751	BA/O	*−879*	*−834*	*−915*
Total Federal funds		BA	**12,865**	**15,424**	**17,326**
		O	10,777	12,937	15,602
Trust funds:					
(As shown in detail above)		BA	**1**	**1**	**30**
		O	11	27	24
Interfund transactions	054	BA/O			*−30*
Total Department of Justice		BA	**12,866**	**15,425**	**17,326**
		O	10,788	12,964	15,596

Department of Labor

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Employment and Training Administration					
Federal funds					
General and Special Funds:					
Training and employment services:					
Appropriation, current	504	BA	**3,907**	**3,957**	**5,080**
				O **457**	
Spending authority from offsetting collections		BA	**4**	**4**	**4**
Outlays		O	4,694	4,829	4,382
				O 21	*O* 319
Training and employment services (gross)		BA	**3,911**	**4,418**	**5,084**
		O	4,694	4,850	4,701
Total, offsetting collections			−4	−4	−4
Total Training and employment services (net)		BA	**3,907**	**4,414**	**5,080**
		O	4,690	4,846	4,697
Community service employment for older Americans:					
Appropriation, current	504	BA	**396**	**350**	....
Outlays		O	411	380	290
Federal unemployment benefits and allowances (Training and employment):					
(Appropriation, current)	504	BA	**101**	**101**	**113**
(Spending authority from offsetting collections)		BA	**18**	....	....
(Outlays)		O	121	95	121
Federal unemployment benefits and allowances (gross)		BA	**119**	**101**	**113**
		O	121	95	121
Total, offsetting collections			−18	....	....
Total (Training and employment) (net)		BA	**101**	**101**	**113**
		O	103	95	121
(Unemployment compensation):					
(Appropriation, current)	603	BA	**173**	**173**	**211**
(Spending authority from offsetting collections)		BA	**57**	**109**	**40**
(Outlays)		O	180	282	251
Federal unemployment benefits and allowances (gross)		BA	**331**	**383**	**364**
		O	283	377	372
Total, offsetting collections			−57	−109	−40
Total (Unemployment compensation) (net)		BA	**173**	**173**	**211**
		O	123	173	211
Total Federal unemployment benefits and allowances		BA	**274**	**274**	**324**
		O	226	268	332
State unemployment insurance and employment service operations (Training and employment):					
(Appropriation, current)	504	BA	**127**	**125**	**176**
				O **25**	
(Spending authority from offsetting collections)		BA	**865**	**857**	**807**
(Outlays)		O	899	984	927
				O 5	*O* 20
State unemployment insurance and employment service operations (gross)		BA	**992**	**1,007**	**983**
		O	899	989	947
Total, offsetting collections			−865	−857	−807
Total (Training and employment) (net)		BA	**127**	**150**	**176**
		O	34	132	140
(Unemployment compensation):					
(Spending authority from offsetting collections)	603	BA	**2,319**	**2,386**	**2,575**
(Outlays)		O	2,319	2,386	2,575
State unemployment insurance and employment service operations (gross)		BA	**2,446**	**2,536**	**2,751**
		O	2,353	2,518	2,715
Total, offsetting collections			−2,319	−2,386	−2,575
Total (Unemployment compensation) (net)		BA	....	....	....
		O	....	....	....
Total State unemployment insurance and employment service operations		BA	**127**	**150**	**176**
		O	34	132	140
Payments to the unemployment trust fund:					
Outlays	603	O	....	1	2
Advances to the unemployment trust fund and other funds (General retirement and disability insurance (excluding social se):					
(Appropriation, current)	601	BA	**375**	**362**	**373**
(Outlays)		O	375	362	373
(Unemployment compensation):					
(Appropriation, current)	603	BA	**619**	**109**	....
(Outlays)		O	619	109	....
Total Advances to the unemployment trust fund and other funds		BA	**994**	**471**	**373**
		O	994	471	373
Program operations:					
Appropriation, current	504	BA	**90**	**83**	**85**
Spending authority from offsetting collections		BA	**46**	**41**	**41**
Outlays		O	134	117	122
Program operations (gross)		BA	**136**	**124**	**126**
		O	134	117	122
Total, offsetting collections			−46	−41	−41
Total Program operations (net)		BA	**90**	**83**	**85**
		O	88	76	81
Trust funds					
Unemployment trust fund (Training and employment):					
(Appropriation, permanent)	504	BA	**1,172**	**1,067**	**1,092**
(Outlays)		O	1,151	1,796	1,075
(Veterans employment and training)			(185)	(176)	(179)
(Employment and Training Administration: Program administration)			(45)	(41)	(41)
(Bureau of Labor Statistics: Salaries and expenses)			(54)	(50)	(50)
(State unemployment insurance and employment service operations)			(888)	(800)	(822)
(Unemployment compensation):					
(Appropriation, permanent)	603	BA	**24,110**	**26,371**	**27,646**
(Outlays)		O	24,050	26,302	27,576
(Office of the Inspector General)			(4)	(4)	(4)

Department of Labor—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
(State unemployment insurance and employment service operations)			(2,313)	(2,375)	(2,564)
Total Unemployment trust fund		BA	**25,282**	**27,438**	**28,738**
		O	25,201	28,098	28,651
Total Federal funds Employment and Training Administration		BA	**5,788**	**5,742**	**6,038**
		O	6,443	6,174	5,915
Total Trust funds Employment and Training Administration		BA	**25,282**	**27,438**	**28,738**
		O	25,201	28,098	28,651

Office of the American Workplace

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	505	BA	**31**	**23**	
Outlays		O	31	22	1

Pension and welfare benefit administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	601	BA	**69**	**64** O **4**	**85**
Spending authority from offsetting collections		BA		**1**	**1**
Outlays		O	65	65 O 4	83
Salaries and expenses (gross)		BA	**69**	**69**	**86**
		O	65	69	83
Total, offsetting collections				−1	−1
Total Salaries and expenses (net)		BA	**69**	**68**	**85**
		O	65	68	82

Pension Benefit Guaranty Corporation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Pension benefit guaranty corporation fund:					
Spending authority from offsetting collections	601	BA	**1,717**	**1,889**	**2,129**
Outlays		O	1,287	1,031	1,086
Limitation on administration			(11)	(12)	(12)
Total, offsetting collections			−1,717	−1,889	−2,129
Total Pension benefit guaranty corporation fund (net)		BA			
		O	−430	−858	−1,043

Employment Standards Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	505	BA	**247**	**225** O **22**	**305**
Spending authority from offsetting collections		BA	**31**	**29**	**29**
Outlays		O	277	254 O 20	326 O 2
Salaries and expenses (gross)		BA	**278**	**276**	**334**
		O	277	274	328
Total, offsetting collections			−31	−29	−29
Total Salaries and expenses (net)		BA	**247**	**247**	**305**
		O	246	245	299
Special benefits					
(General retirement and disability insurance (excluding social se):					
(Appropriation, current)	601	BA	**4**	**4**	**4**
(Outlays)		O	4	4	4
(Change in orders on hand from Federal sources)		BA	**−1**		
Total (General retirement and disability insurance (excluding social se) (net)		BA	**3**	**4**	**4**
		O	4	4	4
(Federal employee retirement and disability):					
(Appropriation, current)	602	BA	**254**	**213**	**209**
(Spending authority from offsetting collections)		BA	**1,807**	**1,894**	**1,876**
(Outlays)		O	1,884	2,146	1,993
Special benefits (gross)		BA	**2,064**	**2,111**	**2,089**
		O	1,888	2,150	1,997
Total, offsetting collections			−1,807	−1,894	−1,876
Total (Federal employee retirement and disability) (net)		BA	**254**	**213**	**209**
		O	77	252	117
Total Special benefits		BA	**257**	**217**	**213**
		O	81	256	121
Panama Canal Commission compensation fund:					
Appropriation, permanent	602	BA	**12**	**15**	**13**
Outlays		O	6	7	7
Trust funds					
Black lung disability trust fund:					
Appropriation, current	601	BA	**987**	**987**	**1,008**
Outlays		O	987	987	1,008
Administrative limitation: ESA, salaries and expenses			(28)	(26)	(27)
Administrative limitation: Departmental Management, salaries and expenses			(23)	(20)	(20)
Special workers' compensation expenses:					
Appropriation, permanent	601	BA	**145**	**142**	**151**
Outlays		O	128	135	144
Limitation on administrative expenses			(1)	(1)	(1)
Total Federal funds Employment Standards Administration		BA	**516**	**479**	**531**
		O	333	508	427
Total Trust funds Employment Standards Administration		BA	**1,132**	**1,129**	**1,159**
		O	1,115	1,122	1,152

Occupational Safety and Health Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**312**	**264** O **45**	**341**

Department of Labor—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Spending authority from offsetting collections		BA	**2**	**2**	**2**
Outlays		O	295	272	337
				O 41	O 4
Salaries and expenses (gross)		BA	**314**	**311**	**343**
		O	295	313	341
Total, offsetting collections			−2	−2	−2
Total Salaries and expenses (net)		BA	**312**	**309**	**341**
		O	293	311	339

Mine Safety and Health Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**200**	**185**	**204**
				O 14	
Outlays		O	191	186	203
				O 13	O 1
Total Salaries and expenses		BA	**200**	**199**	**204**
		O	191	199	204

Bureau of Labor Statistics

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	505	BA	**296**	**297**	**320**
				O 12	
Spending authority from offsetting collections		BA	**76**	**68**	**70**
Outlays		O	354	362	381
				O 10	O 2
Salaries and expenses (gross)		BA	**372**	**377**	**390**
		O	354	372	383
Total, offsetting collections			−76	−68	−70
Total Salaries and expenses (net)		BA	**296**	**309**	**320**
		O	278	304	313

Departmental Management

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	505	BA	**154**	**134**	**146**
Spending authority from offsetting collections		BA	**36**	**33**	**33**
Outlays		O	187	166	177
Salaries and expenses (gross)		BA	**190**	**167**	**179**
		O	187	166	177
Total, offsetting collections			−36	−33	−33
Total Salaries and expenses (net)		BA	**154**	**134**	**146**
		O	151	133	144
Office of the Inspector General:					
Appropriation, current	505	BA	**48**	**44**	**44**
Spending authority from offsetting collections		BA	**7**	**6**	**6**
Outlays		O	53	50	50
Office of the Inspector General (gross)		BA	**55**	**50**	**50**
		O	53	50	50
Total, offsetting collections			−7	−6	−6
Total Office of the Inspector General (net)		BA	**48**	**44**	**44**
		O	46	44	44
Intragovernmental Funds:					
Working capital fund:					
Appropriation, current	505	BA	....	....	**4**
Spending authority from offsetting collections		BA	**92**	**87**	**89**
Outlays		O	90	87	89
Working capital fund (gross)		BA	**92**	**87**	**93**
		O	90	87	89
Change in orders on hand from Federal sources		BA	**−1**	....	....
Total, offsetting collections			−91	−87	−89
Total Working capital fund (net)		BA	....	....	**4**
		O	−1	....	....
Total Federal funds Departmental Management		BA	**202**	**178**	**194**
		O	196	177	188

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**7,414**	**7,307**	**7,713**
		O	7,400	6,905	6,426
Deductions for offsetting receipts:					
Intrafund transactions	602	BA/O	*−12*	*−10*	*−8*
	908	BA/O	....	*−5*	*−5*
Total Federal funds		BA	**7,402**	**7,292**	**7,700**
		O	7,388	6,890	6,413
Trust funds:					
(As shown in detail above)		BA	**26,414**	**28,567**	**29,897**
		O	26,316	29,220	29,803
Deductions for offsetting receipts:					
Proprietary receipts from the public	908	BA/O	*−6*	*−2*	*−2*
Total Trust funds		BA	**26,408**	**28,565**	**29,895**
		O	26,310	29,218	29,801
Interfund transactions	601	BA/O	*−375*	*−362*	*−373*
	603	BA/O	*−1,233*	*−675*	*−687*
Total Department of Labor		BA	**32,202**	**34,820**	**36,535**
		O	32,090	35,071	35,154

Department of State
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Administration of Foreign Affairs					
Federal funds					
General and Special Funds:					
Diplomatic and consular programs:					
Appropriation, current	153	BA	**1,757**	**1,719**	**1,747**
Spending authority from offsetting collections		BA	**543**	**544**	**548**
Outlays		O	2,113	2,261	2,293
Diplomatic and consular programs (gross)		BA	**2,300**	**2,263**	**2,295**
		O	2,113	2,261	2,293
Total, offsetting collections			−543	−544	−548
Total Diplomatic and consular programs (net)		BA	**1,757**	**1,719**	**1,747**
		O	1,570	1,717	1,745
Salaries and expenses:					
Appropriation, current	153	BA	**367**	**365**	**358**
Spending authority from offsetting collections		BA	**12**	**11**	**11**
Outlays		O	413	373	370
Salaries and expenses (gross)		BA	**379**	**376**	**369**
		O	413	373	370
Total, offsetting collections			−12	−11	−11
Total Salaries and expenses (net)		BA	**367**	**365**	**358**
		O	401	362	359
Capital investment fund:					
Appropriation, current	153	BA		**16**	**33**
Spending authority from offsetting collections		BA			**18**
Outlays		O		26	46
Capital investment fund (gross)		BA		**16**	**51**
		O		26	46
Total, offsetting collections					−18
Total Capital investment fund (net)		BA		**16**	**33**
		O		26	28
Office of the Inspector General:					
Appropriation, current	153	BA	**24**	**27**	**27**
Spending authority from offsetting collections		BA	**1**		
Outlays		O	24	26	26
Office of the Inspector General (gross)		BA	**25**	**27**	**27**
		O	24	26	26
Total, offsetting collections			−1		
Total Office of the Inspector General (net)		BA	**24**	**27**	**27**
		O	23	26	26
Acquisition and maintenance of buildings abroad:					
Appropriation, current	153	BA	**380**	**326**	**386**
Spending authority from offsetting collections		BA	**107**	**95**	**48**
Outlays		O	642	567	484
Acquisition and maintenance of buildings abroad (gross)		BA	**487**	**421**	**434**
		O	642	567	484
Total, offsetting collections			−107	−95	−48
Total Acquisition and maintenance of buildings abroad (net)		BA	**380**	**326**	**386**
		O	535	472	436
Acquisition and maintenance of buildings abroad (special foreign currency program):					
Outlays	153	O	1	1	1
Representation allowances:					
Appropriation, current	153	BA	**5**	**5**	**5**
Outlays		O	5	5	5
Protection of foreign missions and officials:					
Appropriation, current	153	BA	**9**	**9**	**8**
Outlays		O	9	9	9
Emergencies in the diplomatic and consular service:					
Appropriation, current	153	BA	**7**	**6**	**6**
Outlays		O	4	6	6
Buying power maintenance:					
Appropriation, current	153	BA	**−10**		
Payment to the American Institute in Taiwan:					
Appropriation, current	153	BA	**15**	**15**	**15**
Outlays		O	15	17	16
Payment to the Foreign Service retirement and disability fund:					
Appropriation, current	153	BA	**129**	**125**	**126**
Appropriation, permanent		BA	**138**	**142**	**146**
Outlays		O	267	267	272
Total Payment to the Foreign Service retirement and disability fund		BA	**267**	**267**	**272**
		O	267	267	272
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	153	BA	**123**	**125**	**128**
Outlays		O	108	125	128
Total, offsetting collections			−123	−125	−128
Total Working capital fund (net)		BA			
		O	−15		
Credit Accounts:					
Repatriation loans program account:					
Appropriation, current	153	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Limitation on direct loan activity			(1)	(1)	(1)
Trust funds					
Foreign Service retirement and disability fund:					
Appropriation, permanent	602	BA	**447**	**477**	**510**
Outlays		O	447	477	510
Foreign service national separation liability trust fund:					
Appropriation, permanent	602	BA	**7**	**7**	**7**
Outlays		O	6	9	9
Miscellaneous trust funds:					
Appropriation, permanent	153	BA	**3**	**3**	**3**
Outlays		O	1	21	24
Total Federal funds Administration of Foreign Affairs		BA	**2,822**	**2,756**	**2,858**
		O	2,816	2,909	2,904
Total Trust funds Administration of Foreign Affairs		BA	**457**	**487**	**520**
		O	454	507	543

Department of State—Continued

(In millions of dollars)

International Organizations and Conferences

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Contributions to international organizations:					
Appropriation, current	153	BA	**877**	**700** O **223**	**1,045**
Outlays		O	952	704 O 219	1,038 O 4
Total Contributions to international organizations		BA	**877**	**923**	**1,045**
		O	952	923	1,042
Contributions for international peacekeeping activities					
Appropriation, current	153	BA	**519**	**225** O **215**	**425**
Outlays		O	585	232 O 211	422 O 4
Total Contributions for international peacekeeping activities		BA	**519**	**440**	**425**
		O	585	443	426
International conferences and contingencies:					
Appropriation, current	153	BA	**6**	**3**	**6**
Outlays		O	5	5	7
Total Federal funds International Organizations and Conferences		BA	**1,402**	**1,366**	**1,476**
		O	1,542	1,371	1,475

International Commissions

International Boundary and Water Commission, United States and Mexico:

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses, IBWC:					
Appropriation, current	301	BA	**13**	**12**	**19**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	13	13	19
Salaries and expenses, IBWC (gross)		BA	**14**	**13**	**20**
		O	13	13	19
Total, offsetting collections			−1	−1	−1
Total Salaries and expenses, IBWC (net)		BA	**13**	**12**	**19**
		O	12	12	18
Construction, IBWC:					
Appropriation, current	301	BA	**7**	**7**	**7**
Spending authority from offsetting collections		BA	**51**	**54**	**54**
Outlays		O	24	66	66
Construction, IBWC (gross)		BA	**58**	**61**	**61**
		O	24	66	66
Total, offsetting collections			−51	−54	−54
Total Construction, IBWC (net)		BA	**7**	**7**	**7**
		O	−27	12	12
Total Federal funds International Boundary and Water Commission, United States and Mexico:		BA	**20**	**19**	**26**
		O	−15	24	30
Federal funds					
General and Special Funds:					
American sections, international commissions:					
Appropriation, current	301	BA	**6**	**6**	**6**
Outlays		O	6	5	5
International fisheries commissions:					
Appropriation, current	302	BA	**15**	**15**	**15**
Outlays		O	11	20	15
Total Federal funds International Commissions		BA	**41**	**40**	**47**
		O	2	49	50

Other

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Migration and refugee assistance:					
Appropriation, current	151	BA	**671**	**671**	**650**
Spending authority from offsetting collections		BA	**13**	**2**	**2**
Outlays		O	658	744	656
Migration and refugee assistance (gross)		BA	**684**	**673**	**652**
		O	658	744	656
Total, offsetting collections			−13	−2	−2
Total Migration and refugee assistance (net)		BA	**671**	**671**	**650**
		O	645	742	654
United States emergency refugee and migration assistance fund:					
Appropriation, current	151	BA	**50**	**50**	**50**
Outlays		O	60	95	71
International narcotics control:					
Appropriation, current	151	BA	**110**	**115**	**213**
Outlays		O	119	117	147
Anti-terrorism assistance:					
Appropriation, current	152	BA	**15**	**16**	**17**
Outlays		O	12	20	15
U.S. bilateral science and technology agreements:					
Outlays	153	O	−1	....	....
Russian, Eurasian, and East European research and training program:					
Outlays	153	O	3	2	....
Payment to the Asia Foundation:					
Appropriation, current	154	BA	**15**	**5**	**5**
Outlays		O	13	7	5
International litigation fund:					
Appropriation, permanent	153	BA	....	**1**	**1**
Outlays		O	1	1	1
International Center, Washington, D.C:					
Appropriation, permanent	153	BA	....	....	**1**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	....	1	2
International Center, Washington, D.C (gross)		BA	**1**	**1**	**2**
		O	....	1	2

Department of State—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−1	−1	−1
Total International Center, Washington, D.C. (net)		BA			1
		O	−1		1
Total Federal funds Other		BA	861	858	937
		O	851	984	894

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	5,126	5,020	5,318
		O	5,211	5,313	5,323
Deductions for offsetting receipts:					
Intrafund transactions	153	BA/O		−1	−2
Total Federal funds		BA	5,126	5,019	5,316
		O	5,211	5,312	5,321
Trust funds:					
(As shown in detail above)		BA	457	487	520
		O	454	507	543
Deductions for offsetting receipts:					
Intrafund transactions	602	BA/O	−1	−1	−1
Total Trust funds		BA	456	486	519
		O	453	506	542
Interfund transactions	153	BA/O	−313	−311	−316
	602	BA/O	−7	−7	−7
Total Department of State		BA	5,262	5,187	5,512
		O	5,344	5,500	5,540

Department of Transportation

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Federal Highway Administration					
Federal funds					
General and Special Funds:					
Miscellaneous appropriations:					
Appropriation, current	401	BA	**321**		
Outlays		O	192	295	175
Credit Accounts:					
Orange County (CA) toll road demonstration project program account:					
Appropriation, current	401	BA	**8**		
Outlays		O			2
Limitation on direct loan activity			(100)	(20)	
High priority corridors loan program account:					
Appropriation, current	401	BA	**6**		
Outlays		O	6		
Limitation on direct loan activity			(40)		
Alameda corridor project loan program account:					
Appropriation, current	401	BA			**59**
Outlays		O			21
Limitation on direct loan authority					(400)
Trust funds					
State infrastructure banks:					
Appropriation, current	401	BA			**250**
Outlays		O			37
Federal-aid highways:					
Contract authority, permanent	401	BA	**20,876**	**17,868**	**21,961**
Spending authority from offsetting collections		BA	**49**	**75**	**75**
Outlays		O	19,162	34,421	24,372
Limitation on program level (obligations)			(17,297)	(17,714)	(17,714)
Federal-aid highways (gross)		BA	**20,925**	**17,943**	**22,036**
		O	19,162	34,421	24,372
Total, offsetting collections			−49	−75	−75
Total Federal-aid highways (net)		BA	**20,876**	**17,868**	**21,961**
		O	19,113	34,346	24,297
Highway-related safety grants:					
Contract authority, permanent	401	BA		**2**	
Outlays		O	9	19	12
Limitation on program level (obligations)			(11)	(11)	
Motor carrier safety grants:					
Contract authority, permanent	401	BA	**83**	**74**	**90**
Outlays		O	66	128	79
Limitation on program level (obligations)			(74)	(77)	(85)
Miscellaneous trust funds:					
Appropriation, permanent	401	BA	**4**	**8**	**8**
Outlays		O	8	10	7
Miscellaneous highway trust funds:					
Appropriation, current	401	BA	**−11**		
Outlays		O	106	98	75
Right-of-way revolving fund liquidating account:					
Contract authority, permanent	401	BA	**−20**		
Spending authority from offsetting collections		BA	**24**	**30**	**30**
Outlays		O	26	54	54
Limitation on direct loan obligations			(43)		
Right-of-way revolving fund liquidating account (gross)		BA	**4**	**30**	**30**
		O	26	54	54
Total, offsetting collections			−24	−30	−30
Total Right-of-way revolving fund liquidating account (net)		BA	**−20**		
		O	2	24	24
Total Federal funds Federal Highway Administration		BA	**335**		**59**
		O	198	295	198
Total Trust funds Federal Highway Administration		BA	**20,932**	**17,952**	**22,309**
		O	19,304	34,625	24,531
Bureau of Transportation Statistics					
Federal funds					
General and Special Funds:					
Transportation statistics:					
Appropriation, current	407	BA		**2**	
Outlays		O		1	1
Trust funds					
Aviation statistics, airport and airway trust fund:					
Appropriation, current	407	BA			**3**
Outlays		O			2
National Highway Traffic Safety Administration					
Federal funds					
General and Special Funds:					
Operations and research:					
Appropriation, current	401	BA	**79**	**72**	**99**
Spending authority from offsetting collections		BA	**69**	**73**	**88**
Outlays		O	180	146	172
Operations and research (gross)		BA	**148**	**145**	**187**
		O	180	146	172
Total, offsetting collections			−69	−73	−88
Total Operations and research (net)		BA	**79**	**72**	**99**
		O	111	73	84
Trust funds					
Operations and research (Highway trust fund):					
Appropriation, current	401	BA	**47**	**51**	**60**
Outlays		O	6	77	75
Highway traffic safety grants:					
Contract authority, permanent	401	BA	**196**	**175**	**191**
Outlays		O	161	240	206
Limitation on program level (obligations)			(151)	(155)	(194)
Total Federal funds National Highway Traffic Safety Administration		BA	**79**	**72**	**99**
		O	111	73	84
Total Trust funds National Highway Traffic Safety Administration		BA	**243**	**226**	**251**
		O	167	317	281
Federal Railroad Administration					
Federal funds					
General and Special Funds:					
Office of the Administrator:					
Appropriation, current	401	BA	**16**	**14**	**17**
Spending authority from offsetting collections		BA		**1**	**1**

Department of Transportation—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	19	26	20
Office of the Administrator (gross)		BA	**16**	**15**	**18**
		O	19	26	20
Total, offsetting collections			....	−1	−1
Total Office of the Administrator (net)		BA	**16**	**14**	**17**
		O	19	25	19
Local rail freight assistance:					
Appropriation, current	401	BA	**10**	....	....
Outlays		O	16	13	11
Railroad safety:					
Appropriation, current	401	BA	**48**	**49**	**52**
Outlays		O	46	45	53
Railroad research and development:					
Appropriation, current	401	BA	**20**	**24**	**25**
Spending authority from offsetting collections		BA	....	**2**	**2**
Outlays		O	21	32	26
Railroad research and development (gross)		BA	**20**	**26**	**27**
		O	21	32	26
Total, offsetting collections			....	−2	−2
Total Railroad research and development (net)		BA	**20**	**24**	**25**
		O	21	30	24
Conrail commuter transition assistance:					
Outlays	401	O	1	2	13
Northeast corridor high-speed rail infrastructure program:					
Appropriation, current	401	BA	**195**	**116**	**210**
Outlays		O	127	224	271
High-speed rail trainsets and facilities:					
Appropriation, current	401	BA	....	....	**80**
Outlays		O	....	....	16
Pennsylvania station redevelopment project:					
Outlays	401	O	6	....	1
Railroad rehabilitation activities:					
Appropriation, current	401	BA	....	**10**	....
Outlays		O	....	4	6
Grants to National Railroad Passenger Corporation:					
Appropriation, current	401	BA	**794**	**635**	**639**
Outlays		O	806	550	600
Next generation high-speed rail program:					
Appropriation, current	401	BA	**20**	**19**	**27**
Outlays		O	3	15	25
Public Enterprise Funds:					
Railroad rehabilitation and improvement liquidating account:					
Appropriation, current	401	BA	**−2**	....	....
Outlays		O	−2	....	....
Total, offsetting collections			−7	−7	−7
Total Railroad rehabilitation and improvement liquidating account (net)		BA	**−9**	**−7**	**−7**
		O	−9	−7	−7
Credit Accounts:					
Amtrak corridor improvement loans liquidating account:					
Total, offsetting collections	401		−1	−1	−1
Total Amtrak corridor improvement loans liquidating account (net)		BA	−1	−1	−1
		O	−1	−1	−1

Account			1995 actual	1996 estimate	1997 estimate
Trust funds					
Trust fund share of next generation high-speed rail:					
Contract authority, permanent	401	BA	**−145**	**4**	....
Outlays		O	....	12	14
Limitation on program level (obligations)			....	(5)	....
Total Federal funds Federal Railroad Administration		BA	**1,093**	**859**	**1,042**
		O	1,035	900	1,031
Total Trust funds Federal Railroad Administration		BA	**−145**	**4**	....
		O	....	12	14

Federal Transit Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Administrative expenses:					
Appropriation, current	401	BA	**42**	**41**	**44**
Spending authority from offsetting collections		BA	**1**	**2**	**2**
Outlays		O	43	41	46
Administrative expenses (gross)		BA	**43**	**43**	**46**
		O	43	41	46
Total, offsetting collections			−1	−2	−2
Total Administrative expenses (net)		BA	**42**	**41**	**44**
		O	42	39	44
Research, training, and human resources:					
Outlays	401	O	6	8	5
Interstate transfer grants-transit:					
Appropriation, current	401	BA	**48**	....	....
Outlays		O	152	27	12
Washington metropolitan area transit authority:					
Appropriation, current	401	BA	**200**	**200**	**200**
Outlays		O	218	206	159
Formula grants:					
Appropriation, current	401	BA	**1,342**	**942**	**221**
Spending authority from offsetting collections		BA	**1,150**	**1,110**	**1,931**
Outlays		O	1,901	2,110	1,972
Formula grants (gross)		BA	**2,492**	**2,052**	**2,152**
		O	1,901	2,110	1,972
Total, offsetting collections			−1,150	−1,110	−1,931
Total Formula grants (net)		BA	**1,342**	**942**	**221**
		O	751	1,000	41
University transportation centers:					
Appropriation, current	401	BA	**6**	**6**	**6**
Outlays		O	2	8	8
Transit planning and research:					
Appropriation, current	401	BA	**93**	**86**	**86**
Spending authority from offsetting collections		BA	**14**	**10**	....
Outlays		O	88	90	96
Transit planning and research (gross)		BA	**107**	**96**	**86**
		O	88	90	96
Total, offsetting collections			−14	−10	....
Total Transit planning and research (net)		BA	**93**	**86**	**86**
		O	74	80	96

Department of Transportation—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Violent crime reduction programs:					
Appropriation, current	754	BA			**10**
Outlays		O			1
Miscellaneous expired accounts:					
Outlays	401	O	12	14	10
Trust funds					
Discretionary grants (Highway trust fund):					
Contract authority, permanent	401	BA	**1,691**	**1,665**	**2,880**
Spending authority from offsetting collections		BA	**11**		
Outlays		O	2,040	3,871	3,503
Limitation on program level (obligations)			(1,691)	(1,665)	(1,799)
Discretionary grants (Highway trust fund) (gross)		BA	**1,702**	**1,665**	**2,880**
		O	2,040	3,871	3,503
Total, offsetting collections			−11		
Total Discretionary grants (Highway trust fund) (net)		BA	**1,691**	**1,665**	**2,880**
		O	2,029	3,871	3,503
Trust fund share of expenses:					
Contract authority, permanent	401	BA	**1,150**	**1,110**	**1,920**
Outlays		O	1,150	1,110	1,931
Limitation on program level (obligations)			(1,150)	(1,110)	(1,931)
Total Federal funds Federal Transit Administration		BA	**1,731**	**1,275**	**567**
		O	1,257	1,382	376
Total Trust funds Federal Transit Administration		BA	**2,841**	**2,775**	**4,800**
		O	3,179	4,981	5,434

Federal Aviation Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operations:					
Appropriation, current	402	BA	**2,123**	**2,420**	**2,026**
Spending authority from offsetting collections		BA	**2,513**	**2,284**	**2,956**
Outlays		O	4,480	4,762	4,967
Operations (gross)		BA	**4,636**	**4,704**	**4,982**
		O	4,480	4,762	4,967
Total, offsetting collections			−2,513	−2,284	−2,956
Total Operations (net)		BA	**2,123**	**2,420**	**2,026**
		O	1,967	2,478	2,011
Miscellaneous expired accounts:					
Outlays	402	O		2	
Public Enterprise Funds:					
Aviation insurance revolving fund:					
Spending authority from offsetting collections	402	BA	**3**	**4**	**4**
Total, offsetting collections			−3	−4	−4
Intragovernmental Funds:					
Administrative services franchise fund:					
Spending authority from offsetting collections	402	BA			**22**
Outlays		O			22
Total, offsetting collections					−22
Total Administrative services franchise fund (net)		BA			
		O			
Trust funds					
Grants-in-aid for airports (Airport and airway trust fund):					
Contract authority, permanent	402	BA	**67**	**2,214**	**1,350**
Outlays		O	1,826	2,983	2,114
Limitation on program level (obligations)			(1,450)	(1,450)	(1,350)
Facilities and equipment (Airport and airway trust fund):					
Appropriation, current	402	BA	**1,960**	**1,875**	**1,789**
Spending authority from offsetting collections		BA	**67**	**124**	**127**
Outlays		O	2,706	2,120	2,041
Facilities and equipment (Airport and airway trust fund) (gross)		BA	**2,027**	**1,999**	**1,916**
		O	2,706	2,120	2,041
Total, offsetting collections			−67	−124	−127
Total Facilities and equipment (Airport and airway trust fund) (net)		BA	**1,960**	**1,875**	**1,789**
		O	2,639	1,996	1,914
Research, engineering and development (Airport and airway trust fund):					
Appropriation, current	402	BA	**252**	**186**	**196**
Spending authority from offsetting collections		BA	**5**	**6**	**6**
Outlays		O	237	240	222
Research, engineering and development (Airport and airway trust fund) (gross)		BA	**257**	**192**	**202**
		O	237	240	222
Total, offsetting collections			−5	−6	−6
Total Research, engineering and development (Airport and airway trust fund) (net)		BA	**252**	**186**	**196**
		O	232	234	216
Trust fund share of FAA operations:					
Appropriation, current	402	BA	**2,450**	**2,223**	**2,743**
Outlays		O	2,546	2,223	2,743
Total Federal funds Federal Aviation Administration		BA	**2,123**	**2,420**	**2,026**
		O	1,964	2,476	2,007
Total Trust funds Federal Aviation Administration		BA	**4,729**	**6,498**	**6,078**
		O	7,243	7,436	6,987

Coast Guard

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operating expenses					
(Defense-related activities):					
(Appropriation, current)	054	BA	**11**	**300**	**119**
(Outlays)		O	12	243	132
(Water transportation):					
(Appropriation, current)	403	BA	**2,564**	**2,232**	**2,494**
(Spending authority from offsetting collections)		BA	**103**	**130**	**111**
(Outlays)		O	2,650	2,347	2,509
Operating expenses (gross)		BA	**2,678**	**2,662**	**2,724**
		O	2,662	2,590	2,641

Department of Transportation—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−103	−130	−111
Total (Water transportation) (net)		BA	**2,564**	**2,232**	**2,494**
		O	2,547	2,217	2,398
Total Operating expenses		BA	**2,575**	**2,532**	**2,613**
		O	2,559	2,460	2,530
Acquisition, construction, and improvements					
Appropriation, current	403	BA	**288**	**330**	**372**
Spending authority from offsetting collections		BA	**26**	**36**	**63**
Outlays		O	288	349	390
Acquisition, construction, and improvements (gross)		BA	**314**	**366**	**435**
		O	288	349	390
Total, offsetting collections			−26	−36	−63
Total Acquisition, construction, and improvements		BA	**288**	**330**	**372**
		O	262	313	327
Port safety development:					
Appropriation, current	403	BA	....	**15**	....
Outlays		O	....	15	....
Environmental compliance and restoration:					
Appropriation, current	304	BA	**21**	**21**	**25**
Outlays		O	24	20	20
Alteration of bridges:					
Appropriation, current	403	BA	....	**16**	**2**
Outlays		O	4	17	18
Retired pay:					
Appropriation, current	403	BA	**563**	**582**	**608**
Outlays		O	547	551	604
Reserve training:					
Appropriation, current	403	BA	**64**	**62**	**66**
Outlays		O	60	62	65
Research, development, test, and evaluation:					
Appropriation, current	403	BA	**17**	**15**	**15**
Spending authority from offsetting collections		BA	**4**	**4**	**6**
Outlays		O	22	25	25
Research, development, test, and evaluation (gross)		BA	**21**	**19**	**21**
		O	22	25	25
Total, offsetting collections			−4	−4	−6
Total Research, development, test, and evaluation (net)		BA	**17**	**15**	**15**
		O	18	21	19
Intragovernmental Funds:					
Coast Guard supply fund:					
Spending authority from offsetting collections	403	BA	**78**	**72**	**74**
Outlays		O	78	72	74
Total, offsetting collections			−78	−72	−74
Total Coast Guard supply fund (net)		BA	....	....	....
		O	....	....	....
Coast Guard yard fund:					
Spending authority from offsetting collections	403	BA	**28**	**52**	**37**
Outlays		O	54	52	37
Total, offsetting collections			−28	−52	−37
Total Coast Guard yard fund (net)		BA	....	....	....
		O	26	....	....
Trust funds					
Boat safety:					
Appropriation, current	403	BA	**50**	**40**	....
Appropriation, permanent		BA	**8**	**10**	....
				[B] **20**	[B] **45**
Outlays		O	67	42	16
				[B] 9	[B] 26
Total Boat safety		BA	**58**	**70**	**45**
		O	67	51	42
Trust fund share of expenses:					
Appropriation, current	304	BA	**61**	**61**	**50**
Outlays		O	61	61	50
Emergency fund:					
Appropriation, permanent	304	BA	**50**	**50**	**50**
Outlays		O	38	50	50
Payment of claims:					
Appropriation, permanent	304	BA	**5**	**10**	**10**
Outlays		O	5	10	10
Miscellaneous trust revolving funds:					
Spending authority from offsetting collections	403	BA	**7**	**7**	**7**
Outlays		O	7	7	7
Total, offsetting collections			−7	−7	−7
Total Miscellaneous trust revolving funds (net)		BA	....	....	....
		O	....	....	....
Total Federal funds Coast Guard		BA	**3,528**	**3,573**	**3,701**
		O	3,500	3,459	3,583
Total Trust funds Coast Guard		BA	**174**	**191**	**155**
		O	171	172	152

Maritime Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Ship construction:					
Spending authority from offsetting collections	403	BA	**3**	....	....
Total, offsetting collections			−3	....	....
Total Ship construction (net)		BA	....		
		O	−3 D.		
Maritime security program:					
Appropriation, current	054	BA	....	**46**	**100**
Outlays		O	....	46	100
Operating-differential subsidies:					
Outlays	403	O	200	155	155
Ocean freight differential:					
Authority to borrow, permanent	403	BA	**63**	**43**	**25**
Outlays		O	63	43	25
Operations and training:					
Appropriation, current	403	BA	**76**	**67**	**78**
Spending authority from offsetting collections		BA	**57**	**59**	**62**
Outlays		O	135	131	139
Operations and training (gross)		BA	**133**	**126**	**140**
		O	135	131	139

Department of Transportation—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−57	−59	−62
Total Operations and training (net)		BA	**76**	**67**	**78**
		O	78	72	77
Ready reserve force:					
Appropriation, current	054	BA	**−9**		
Outlays		O	134	104	21
Public Enterprise Funds:					
Vessel operations revolving fund:					
Spending authority from offsetting collections	403	BA	**192**	**550**	**575**
Outlays		O	202	483	485
Total, offsetting collections			−192	−550	−575
Total Vessel operations revolving fund (net)		BA			
		O	10	−67	−90
War risk insurance revolving fund:					
Spending authority from offsetting collections	403	BA	**1**	**1**	**1**
Outlays		O		1	1
Total, offsetting collections			−1	−1	−1
Total War risk insurance revolving fund (net)		BA			
		O	−1		
Credit Accounts:					
Federal ship financing fund liquidating account:					
Spending authority from offsetting collections	403	BA	**75**	**71**	**84**
Outlays		O	−4	63	65
Total, offsetting collections			−75	−71	−84
Total Federal ship financing fund liquidating account (net)		BA			
		O	−79	−8	−19
Maritime guaranteed loan:					
(Defense-related activities):					
(Appropriation, current)	054	BA	**27**		
(Outlays)		O	30	42	
(Water transportation):					
(Appropriation, current)	403	BA	**25**	**44**	**44**
(Outlays)		O	15	78	44
Total Maritime guaranteed loan		BA	**52**	**44**	**44**
		O	45	120	44
Total Federal funds Maritime Administration		BA	**182**	**200**	**247**
		O	447	465	313

Saint Lawrence Seaway Development Corporation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Saint Lawrence Seaway Development Corporation:					
Spending authority from offsetting collections	403	BA	**11**	**11**	**11**
Outlays		O	11	12	12
Total, offsetting collections			−11	−11	−11
Total Saint Lawrence Seaway Development Corporation (net)		BA			
		O		1	1
Trust funds					
Operations and maintenance:					
Appropriation, current	403	BA	**10**	**10**	**10**
Outlays		O	10	10	10

Office of Inspector General

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	407	BA	**40**	**39**	**40**
Outlays		O	39	39	40

Research and Special Programs Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Research and special programs:					
Appropriation, current	407	BA	**26**	**24**	**28**
Spending authority from offsetting collections		BA	**40**	**43**	**43**
Outlays		O	63	63	70
Research and special programs (gross)		BA	**66**	**67**	**71**
		O	63	63	70
Change in orders on hand from Federal sources		BA	**−8**	**8**	
Total, offsetting collections			−32	−51	−43
Total Research and special programs (net)		BA	**26**	**24**	**28**
		O	31	12	27
Pipeline safety:					
Appropriation, current	407	BA	**35**	**29**	**32**
Spending authority from offsetting collections		BA	**3**	**3**	**3**
Outlays		O	22	34	35
Pipeline safety (gross)		BA	**38**	**32**	**35**
		O	22	34	35
Total, offsetting collections			−3	−3	−3
Total Pipeline safety (net)		BA	**35**	**29**	**32**
		O	19	31	32
Emergency preparedness grants:					
Appropriation, permanent	407	BA	**7**	**7**	**7**
Outlays		O	6	8	8
Intragovernmental Funds:					
Working capital fund, Volpe National Transportation Systems Center:					
Spending authority from offsetting collections	407	BA	**177**	**180**	**180**
Outlays		O	198	189	189
Change in orders on hand from Federal sources		BA	**21**	**10**	**10**
Total, offsetting collections			−198	−190	−190
Total Working capital fund, Volpe National Transportation Systems Center (net)		BA			
		O		−1	−1

Department of Transportation—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Trust funds					
Alaska pipeline task force:					
Appropriation, current	407	BA	−1		
Trust fund share of pipeline safety:					
Appropriation, current	407	BA	2	3	3
Outlays		O	2	3	3
Total Federal funds Research and Special Programs Administration		BA	68	60	67
		O	56	50	66
Total Trust funds Research and Special Programs Administration		BA	1	3	3
		O	2	3	3

Office of the Secretary

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	407	BA	62	54	55
Spending authority from offsetting collections		BA	14	16	4
Outlays		O	73	79	59
Salaries and expenses (gross)		BA	76	70	59
		O	73	79	59
Total, offsetting collections			−14	−16	−4
Total Salaries and expenses (net)		BA	62	54	55
		O	59	63	55
Office of civil rights:					
Appropriation, current	407	BA		6	6
Spending authority from offsetting collections		BA		1	
Outlays		O		6	6
Office of civil rights (gross)		BA		7	6
		O		6	6
Total, offsetting collections				−1	
Total Office of civil rights (net)		BA		6	6
		O		5	6
Minority business outreach:					
Appropriation, current	407	BA		3	3
Outlays		O		3	3
Rental payments:					
Appropriation, current	407	BA	95	92	96
Spending authority from offsetting collections		BA	62	61	64
Outlays		O	157	153	160
Rental payments (gross)		BA	157	153	160
		O	157	153	160
Change in orders on hand from Federal sources		BA	−3	3	
Total, offsetting collections			−59	−64	−64
Total Rental payments (net)		BA	95	92	96
		O	98	89	96
Transportation planning, research, and development:					
Appropriation, current	407	BA	8	8	8
Spending authority from offsetting collections		BA	1	1	
Outlays		O	9	8	8
Transportation planning, research, and development (gross)		BA	9	9	8
		O	9	8	8
Total, offsetting collections			−1	−1	
Total Transportation planning, research, and development (net)		BA	8	8	8
		O	8	7	8
Operations and research, OCST:					
Appropriation, current	407	BA	6		
Outlays		O	4		
Payments to air carriers:					
Appropriation, current	402	BA		−7	
Outlays		O		3	
Intragovernmental Funds:					
Transportation administrative service center:					
Spending authority from offsetting collections	407	BA	85	96	133
Outlays		O	82	96	133
Total, offsetting collections			−85	−96	−133
Total Transportation administrative service center (net)		BA			
		O	−3		
Credit Accounts:					
Minority business resource center program account:					
Appropriation, current	407	BA	2	2	2
Outlays		O	1	4	2
Limitation on direct loan activity			(15)	(15)	(15)
Trust funds					
Trust fund share of rental payments:					
Appropriation, current	407	BA	42	44	41
Outlays		O	42	44	41
Payments to air carriers (trust fund):					
Contract authority, permanent	402	BA	23	23	22
Outlays		O	29	28	22
Limitation on program level (obligations)			(31)	(23)	(22)
Total Federal funds Office of the Secretary		BA	173	158	170
		O	167	174	170
Total Trust funds Office of the Secretary		BA	65	67	63
		O	71	72	63

Surface Transportation Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	401	BA		15	
Spending authority from offsetting collections		BA		1	15
Outlays		O		18	15
Salaries and expenses (gross)		BA		16	15
		O		18	15
Total, offsetting collections				−1	−15
Total Salaries and expenses (net)		BA		15	
		O		17	

Department of Transportation—Continued

(In millions of dollars)

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**9,352**	**8,673**	**8,018**
		O	8,774	9,332	7,870
Deductions for offsetting receipts:					
Proprietary receipts from the public	403	BA/O	*−1*	*−2*	*−2*
	407	BA/O	*−7*	*−7*	*−7*
Offsetting governmental receipts	401	BA/O	*−36*		
				−22	*−47*
	403	BA/O	*−63*	*−62*	*−62*
	407	BA/O	*−35*	*−31*	*−34*
Total Federal funds		BA	**9,210**	**8,549**	**7,866**
		O	8,632	9,208	7,718

Account			1995 actual	1996 estimate	1997 estimate
Trust funds:					
(As shown in detail above)		BA	**28,850**	**27,726**	**33,672**
		O	30,147	47,628	37,477
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA/O	*−1*		
	401	BA/O		*−2*	*−2*
	908	BA/O	*−1*		
Total Trust funds		BA	**28,848**	**27,724**	**33,670**
		O	30,145	47,626	37,475
Interfund transactions	401	BA/O		*−5*	*−5*
Total Department of Transportation		BA	**38,058**	**36,268**	**41,531**
		O	38,777	56,829	45,188

Department of the Treasury

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Departmental Offices					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	803	BA	**106**	**106**	**121**
Spending authority from offsetting collections		BA	**19**	**36**	**36**
Outlays		O	111	141	156
Salaries and expenses (gross)		BA	**125**	**142**	**157**
		O	111	141	156
Change in orders on hand from Federal sources		BA	**3**		
Total, offsetting collections			−22	−36	−36
Total Salaries and expenses (net)		BA	**106**	**106**	**121**
		O	89	105	120
Office of Inspector General:					
Appropriation, current	803	BA	**30**	**29**	**30**
Treasury buildings and annex repair and restoration:					
Appropriation, current	803	BA		**21**	**8**
Office of Inspector General:					
Spending authority from offsetting collections	803	BA	**2**	**5**	**6**
Outlays		O	30	34	36
Treasury buildings and annex repair and restoration:					
Outlays	803	O		1	4
Office of Inspector General:					
Total, offsetting collections	803		−2	−5	−6
Financial crimes enforcement network:					
Appropriation, current	751	BA	**20**	**22**	**23**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	22	22	24
Financial crimes enforcement network (gross)		BA	**21**	**23**	**24**
		O	22	22	24
Total, offsetting collections			−1	−1	−1
Total Financial crimes enforcement network (net)		BA	**20**	**22**	**23**
		O	21	21	23
Department of the Treasury forfeiture fund:					
Appropriation, current	751	BA	**14**	**10**	**10**
Appropriation, permanent		BA	**254**	**181**	**201**
Outlays		O	184	180	181
Total Department of the Treasury forfeiture fund		BA	**268**	**191**	**211**
		O	184	180	181
Presidential election campaign fund:					
Appropriation, permanent	808	BA	**69**	**70**	**70**
Outlays		O	23	184	3
Public Enterprise Funds:					
Exchange stabilization fund:					
Spending authority from offsetting collections	155	BA	**4,808**	**2,055**	**2,140**
Total, offsetting collections			−2,467	−2,055	−2,140
Total Exchange stabilization fund		BA	**2,341**		
		O	−2,467	−2,055	−2,140
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	803	BA	**165**	**232**	**207**
Outlays		O	126	232	207
Change in orders on hand from Federal sources		BA	**−24**		
Total, offsetting collections			−141	−232	−207
Total Working capital fund (net)		BA			
		O	−15		
Treasury franchise fund:					
Spending authority from offsetting collections	803	BA			**25**
Outlays		O			22
Total, offsetting collections					−25
Total Treasury franchise fund (net)		BA			
		O			−3
Credit Accounts:					
Community development financial institutions fund program account:					
Appropriation, current	451	BA	**50**	**38** O **12**	**125**
Outlays		O		22 O 2	76 O 5
Total Community development financial institutions fund program account		BA	**50**	**50**	**125**
		O		24	81
Total Federal funds Departmental Offices		BA	**2,884**	**489**	**588**
		O	−2,137	−1,511	−1,701

Account			1995 actual	1996 estimate	1997 estimate
Violent crime reduction programs					
Federal funds					
General and Special Funds:					
Violent crime reduction programs (Federal law enforcement activities):					
(Appropriation, current)	751	BA	**39**	**77**	**97**
(Outlays)		O	15	73	93

Account			1995 actual	1996 estimate	1997 estimate
Federal Law Enforcement Training Center					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**59**	**36**	**51**
Spending authority from offsetting collections		BA	**22**	**21**	**22**
Outlays		O	62	60	71
Salaries and expenses (gross)		BA	**81**	**57**	**73**
		O	62	60	71
Total, offsetting collections			−22	−21	−22
Total Salaries and expenses (net)		BA	**59**	**36**	**51**
		O	40	39	49
Acquisitions, construction, improvements, and related expenses:					
Appropriation, current	751	BA	**5**	**10**	**10**
Outlays		O	8	9	8
Total Federal funds Federal Law Enforcement Training Center		BA	**64**	**46**	**61**
		O	48	48	57

Department of the Treasury—Continued
(In millions of dollars)

Financial Management Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	803	BA	**183**	**184**	**200**
Spending authority from offsetting collections		BA	**151**	**165**	**158**
Outlays		O	332	349	355
Salaries and expenses (gross)		BA	**334**	**349**	**358**
		O	332	349	355
Change in orders on hand from Federal sources		BA	**−8**		
Total, offsetting collections			−143	−165	−158
Total Salaries and expenses (net)		BA	**183**	**184**	**200**
		O	189	184	197
Payment to the Resolution Funding Corporation:					
Appropriation, permanent	908	BA	**2,328**	**2,328**	**2,328**
Outlays		O	2,328	2,328	2,328
Federal Reserve Bank reimbursement fund:					
Appropriation, permanent	803	BA			[B] **122**
Outlays		O			[B] 122
Interest on uninvested funds:					
Appropriation, permanent	908	BA	**5**	**4**	**4**
Outlays		O	2	4	4
Federal interest liabilities to the state:					
Appropriation, permanent	908	BA	**5**	**14**	**28**
Outlays		O	5	14	28
Claims, judgments, and relief acts:					
Appropriation, permanent	808	BA	**1,104**	**1,000**	**1,000**
Outlays		O	1,104	1,000	1,000
Net interest paid to loan guarantee financing accounts:					
Appropriation, permanent	908	BA	**2,541**	**778**	**795**
Outlays		O	2,541	778	795
Energy security reserve:					
Outlays	271	O	42	35	19
Biomass energy development:					
Appropriation, current	271	BA		**−16**	
Spending authority from offsetting collections		BA	**27**		
Biomass energy development (gross)		BA	**27**	**−16**	
Total, offsetting collections			−27		
Total Biomass energy development (net)		BA		**−16**	
		O	−27		
Credit Accounts:					
Payments to the farm credit system financial assistance corporation liquidating account:					
Appropriation, current	908	BA	**57**	**15**	**10**
Outlays		O	46	15	10
Trust funds					
Rebate of Saint Lawrence seaway tolls:					
Appropriation, current	808	BA	**2**		
Outlays		O	2		
Total Federal funds Financial Management Service		BA	**6,223**	**4,307**	**4,487**
		O	6,230	4,358	4,503
Total Trust funds Financial Management Service		BA	**2**		
		O	2		

Federal Financing Bank

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Intragovernmental Funds:					
Federal Financing Bank:					
Spending authority from offsetting collections	803	BA	**8,761**	**7,457**	**6,043**
Outlays		O	8,764	7,457	6,043
Total, offsetting collections			−8,761	−7,457	−6,043
Total Federal Financing Bank (net)		BA			
		O	3		

Bureau of Alcohol, Tobacco and Firearms

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**421**	**378**	**406**
Spending authority from offsetting collections		BA	**20**	**17**	**17**
Outlays		O	394	395	421
Salaries and expenses (gross)		BA	**441**	**395**	**423**
		O	394	395	421
Change in orders on hand from Federal sources		BA	**2**		
Total, offsetting collections			−22	−17	−17
Total Salaries and expenses (net)		BA	**421**	**378**	**406**
		O	372	378	404
Laboratory facilities:					
Appropriation, current	751	BA			**62**
Outlays		O			7
Internal revenue collections for Puerto Rico:					
Appropriation, permanent	806	BA	**206**	**232**	**240**
					[B] **57**
Outlays		O	206	232	240
					[B] 57
Total Internal revenue collections for Puerto Rico		BA	**206**	**232**	**297**
		O	206	232	297
Total Federal funds Bureau of Alcohol, Tobacco and Firearms		BA	**627**	**610**	**765**
		O	578	610	708

United States Customs Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**1,397**	**1,387**	**1,453**
Appropriation, permanent		BA	**374**	**380**	**392**
Spending authority from offsetting collections		BA	**425**	**434**	**449**
Outlays		O	1,931	2,088	2,177
Salaries and expenses (gross)		BA	**2,196**	**2,201**	**2,294**
		O	1,931	2,088	2,177
Change in orders on hand from Federal sources		BA	**−32**		
Total, offsetting collections			−358	−434	−449
Total Salaries and expenses (net)		BA	**1,806**	**1,767**	**1,845**
		O	1,573	1,654	1,728

Department of the Treasury—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Operation and maintenance, air and marine interdiction programs:					
Appropriation, current	751	BA	**88**	**65**	**83**
Spending authority from offsetting collections		BA	**2**	**8**	**6**
Outlays		O	66	78	86
Operation and maintenance, air and marine interdiction programs (gross)		BA	**90**	**73**	**89**
		O	66	78	86
Change in orders on hand from Federal sources		BA	**1**	**1**	
Total, offsetting collections			−3	−9	−6
Total Operation and maintenance, air and marine interdiction programs (net)		BA	**88**	**65**	**83**
		O	63	69	80
Customs facilities, construction, improvements and related expenses:					
Appropriation, current	751	BA	**1**		
Outlays		O	3	5	
Customs services at small airports:					
Appropriation, current	751	BA	**1**	**1**	**2**
Outlays		O	1	1	2
Miscellaneous permanent appropriations:					
Appropriation, permanent	806	BA	**138**	**149**	**153**
Spending authority from offsetting collections		BA	**2**		
Outlays		O	138	149	153
Miscellaneous permanent appropriations (gross)		BA	**140**	**149**	**153**
		O	138	149	153
Total, offsetting collections			−2		
Total Miscellaneous permanent appropriations (net)		BA	**138**	**149**	**153**
		O	136	149	153
Trust funds					
Refunds, transfers and expenses, unclaimed, and abandoned goods:					
Appropriation, permanent	751	BA	**4**	**3**	**3**
Outlays		O	3	3	3
Harbor maintenance fee collection:					
Appropriation, current	751	BA		**3**	**3**
Outlays		O		3	3
Total Federal funds United States Customs Service		BA	**2,034**	**1,982**	**2,083**
		O	1,776	1,878	1,963
Total Trust funds United States Customs Service		BA	**4**	**6**	**6**
		O	3	6	6

Bureau of Engraving and Printing

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Intragovernmental Funds:					
Bureau of Engraving and Printing fund:					
Spending authority from offsetting collections	803	BA	**444**	**540**	**589**
Outlays		O	424	518	587
Total, offsetting collections			−444	−540	−589
Total Bureau of Engraving and Printing fund (net)		BA			
		O	−20	−22	−2

United States Mint

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
United States mint public enterprise fund:					
Appropriation, current	803	BA	**56**		
Appropriation, permanent		BA	**7**		
Spending authority from offsetting collections		BA	**370**	**660**	**603**
Outlays		O	426	632	600
United States mint public enterprise fund (gross)		BA	**433**	**660**	**603**
		O	426	632	600
Total, offsetting collections			−370	−660	−603
Total United States mint public enterprise fund (net)		BA	**63**		
		O	56	−28	−3

Bureau of the Public Debt

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Administering the public debt:					
Appropriation, current	803	BA	**180**	**175**	**172**
Appropriation, permanent		BA	**147**	**130**	**140**
Spending authority from offsetting collections		BA	**3**	**5**	**4**
Outlays		O	324	305	315
Administering the public debt (gross)		BA	**330**	**310**	**316**
		O	324	305	315
Total, offsetting collections			−3	−5	−4
Total Administering the public debt (net)		BA	**327**	**305**	**312**
		O	321	300	311
Payment of Government losses in shipment:					
Appropriation, permanent	803	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Total Federal funds Bureau of the Public Debt		BA	**328**	**306**	**313**
		O	322	301	312

Internal Revenue Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Processing, assistance, and management:					
Appropriation, current	803	BA	**1,737**	**1,724**	**1,780**
Appropriation, permanent		BA	**40**	**20**	**40**
Spending authority from offsetting collections		BA	**30**	**27**	**30**
Outlays		O	1,828	1,770	1,843
Processing, assistance, and management (gross)		BA	**1,807**	**1,771**	**1,850**
		O	1,828	1,770	1,843
Change in orders on hand from Federal sources		BA	**5**		
Total, offsetting collections			−35	−27	−30
Total Processing, assistance, and management (net)		BA	**1,777**	**1,744**	**1,820**
		O	1,793	1,743	1,813
Tax law enforcement:					
Appropriation, current	803	BA	**4,377**	**4,097**	**4,528**

Department of the Treasury—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Appropriation, permanent		BA	....	**99**	**79**
Spending authority from offsetting collections		BA	**68**	**76**	**84**
Outlays		O	4,428	4,281	4,671
Tax law enforcement (gross)		BA	**4,445**	**4,272**	**4,691**
		O	4,428	4,281	4,671
Total, offsetting collections			−68	−76	−84
Total Tax law enforcement (net)		BA	**4,377**	**4,196**	**4,607**
		O	4,360	4,205	4,587
Information systems:					
Appropriation, current	803	BA	**1,359**	**1,527**	**1,701**
Spending authority from offsetting collections		BA	**36**	**61**	**67**
Outlays		O	1,599	1,546	1,687
Information systems (gross)		BA	**1,395**	**1,588**	**1,768**
		O	1,599	1,546	1,687
Total, offsetting collections			−36	−61	−67
Total Information systems (net)		BA	**1,359**	**1,527**	**1,701**
		O	1,563	1,485	1,620
Payment where earned income credit exceeds liability for tax:					
Appropriation, permanent	609	BA	**15,244**	**18,138**	**19,921**
				[B] **−14**	[B] **−596**
Outlays		O	15,244	18,138	19,921
				[B] −14	[B] −596
Total Payment where earned income credit exceeds liability for tax		BA	**15,244**	**18,124**	**19,325**
		O	15,244	18,124	19,325
Refunding internal revenue collections, interest:					
Appropriation, permanent	908	BA	**2,655**	**2,890**	**2,961**
Outlays		O	2,655	2,890	2,961
Public Enterprise Funds:					
Federal tax lien revolving fund:					
Spending authority from offsetting collections	803	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Total, offsetting collections			−1	−1	−1
Total Federal tax lien revolving fund (net)		BA	....	....	....
		O	....	....	....
Total Federal funds Internal Revenue Service		BA	**25,412**	**28,481**	**30,414**
		O	25,615	28,447	30,306

United States Secret Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**483**	**532**	**516**
Spending authority from offsetting collections		BA	**6**	**4**	**4**
Outlays		O	492	529	521
Salaries and expenses (gross)		BA	**489**	**536**	**520**
		O	492	529	521
Total, offsetting collections			−6	−4	−4
Total Salaries and expenses (net)		BA	**483**	**532**	**516**
		O	486	525	517
Acquisitions, construction, improvements and related expenses:					
Appropriation, current	751	BA	....	....	**29**
Outlays		O	....	....	3
Contribution for annuity benefits:					
Appropriation, permanent	751	BA	**40**	**46**	**46**
Outlays		O	42	46	46
Total Federal funds United States Secret Service		BA	**523**	**578**	**591**
		O	528	571	566

Comptroller of the Currency

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Assessment funds:					
Spending authority from offsetting collections	373	BA	**379**	**372**	**362**
Outlays		O	388	381	371
Total, offsetting collections			−379	−372	−362
Total Assessment funds (net)		BA	....	....	....
		O	9	9	9

Office of Thrift Supervision

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Office of Thrift Supervision:					
Spending authority from offsetting collections	373	BA	**192**	**142**	**141**
Outlays		O	193	147	141
Total, offsetting collections			−192	−142	−141
Total Office of Thrift Supervision (net)		BA	....	....	....
		O	1	5	....

Interest on the Public Debt

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Interest on the public debt:					
Appropriation, permanent	901	BA	**332,414**	**344,628**	**346,118**
Outlays		O	332,414	344,628	346,118

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**370,611**	**381,504**	**385,517**
		O	365,429	379,358	382,920
Deductions for offsetting receipts:					
Intrafund transactions	809	BA/O	*−161*	....	
				[B] *−37*	
	908	BA/O	*−9,257*	*−7,849*	*−6,251*
Proprietary receipts from the public	054	BA/O		[B] *−21*	[J] *−79*
	151	BA/O	*−16*	*−16*	*−16*
	155	BA/O	*−104*	*−106*	*−108*
	751	BA/O	*−1*	*−1*	*−1*
	803	BA/O	*−102*	*−119*	*−119*
	809	BA/O	*−916*	*−800*	*−800*
					[J] *−7*
	908	BA/O	*−4,255*	*−3,333*	*−4,586*

Department of the Treasury—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Offsetting governmental receipts	751	BA/O	*−1,076*	*−1,100*	*−1,124*
Total Federal funds		BA	**354,723**	**368,122**	**372,426**
		O	349,541	365,976	369,829
Trust funds:					
(As shown in detail above)		BA	**6**	**6**	**6**
		O	14	15	15

Account			1995 actual	1996 estimate	1997 estimate
Interfund transactions	601	BA/O	*−646*	*−692*	*−682*
	651	BA/O	....	*−18*	....
	803	BA/O	*−330*	*−308*	*−311*
	809	BA/O	....	*−17*	
Total Department of the Treasury		BA	**353,753**	**367,093**	**371,439**
		O	348,579	364,956	368,851

Department of Veterans Affairs

(In millions of dollars)

Veterans Health Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Medical care:					
Appropriation, current	703	BA	16,148	16,560	17,008
					[J] 3
				[O] 213	
Spending authority from offsetting collections		BA	66	66	66
Outlays		O	16,005	16,537	17,202
					[J] 3
				[O] 192	[O] 19
Medical care (gross)		BA	16,214	16,839	17,077
		O	16,005	16,729	17,224
Change in orders on hand from Federal sources		BA	6		
Total, offsetting collections			−72	−66	−66
Total Medical care (net)		BA	16,148	16,773	17,011
		O	15,933	16,663	17,158
Medical and prosthetic research:					
Appropriation, current	703	BA	251	257	257
Spending authority from offsetting collections		BA	51	51	45
Outlays		O	301	307	302
Medical and prosthetic research (gross)		BA	302	308	302
		O	301	307	302
Total, offsetting collections			−51	−51	−45
Total Medical and prosthetic research (net)		BA	251	257	257
		O	250	256	257
Medical administration and miscellaneous operating expenses:					
Appropriation, current	703	BA	70	68	62
Outlays		O	71	68	62
Health professional scholarship program:					
Appropriation, current	703	BA	10		
Outlays		O	13	3	
Medical care cost recovery fund:					
Appropriation, permanent	703	BA	104	132	119
Outlays		O	102	112	138
Public Enterprise Funds:					
Medical facilities revolving fund:					
Appropriation, current	703	BA	6		
Spending authority from offsetting collections		BA	6	6	6
Outlays		O	2	3	4
Medical facilities revolving fund (gross)		BA	12	6	6
		O	2	3	4
Total, offsetting collections			−6	−6	−6
Total Medical facilities revolving fund (net)		BA	6		
		O	−4	−3	−2
Canteen service revolving fund:					
Spending authority from offsetting collections	705	BA	209	245	248
Outlays		O	212	242	245
Total, offsetting collections			−209	−245	−248
Total Canteen service revolving fund (net)		BA			
		O	3	−3	−3
Special therapeutic and rehabilitation activities fund:					
Spending authority from offsetting collections	703	BA	26	31	33
Outlays		O	25	31	33
Total, offsetting collections			−26	−31	−33
Total Special therapeutic and rehabilitation activities fund (net)		BA			
		O	−1		
Medical center research organizations:					
Spending authority from offsetting collections	703	BA	27	28	29
Outlays		O	27	28	29
Total, offsetting collections			−27	−28	−29
Total Medical center research organizations (net)		BA			
		O			
Trust funds					
General post fund, national homes:					
Appropriation, permanent	705	BA	26	27	28
Outlays		O	27	29	28
Total Federal funds Veterans Health Administration		BA	16,589	17,230	17,449
		O	16,367	17,096	17,610
Total Trust funds Veterans Health Administration		BA	26	27	28
		O	27	29	28

Veterans Benefits Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Compensation:					
Appropriation, current	701	BA	14,579	15,205	15,393
				[B] −36	[B] −129
					[J] 307
Outlays		O	14,806	14,109	15,382
				[B] −36	[B] −129
					[J] 276
Total Compensation		BA	14,579	15,169	15,571
		O	14,806	14,073	15,529
Pensions:					
Appropriation, current	701	BA	3,017	2,995	2,987
Appropriation, permanent		BA	1		
Outlays		O	3,024	2,757	2,975
Total Pensions		BA	3,018	2,995	2,987
		O	3,024	2,757	2,975
Burial benefits and miscellaneous assistance:					
Appropriation, current	701	BA	109	115	118
Outlays		O	109	115	118
Readjustment benefits:					
Appropriation, current	702	BA	1,192	1,345	1,227
					[B] −20
Spending authority from offsetting collections		BA	202	210	204
Outlays		O	1,393	1,483	1,578
					[B] −20
Readjustment benefits (gross)		BA	1,394	1,555	1,411
		O	1,393	1,483	1,558

Department of Veterans Affairs—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−202	−210	−204
Total Readjustment benefits (net)		BA	**1,192**	**1,345**	**1,207**
		O	1,191	1,273	1,354
Reinstated entitlement program for survivors under Public Law 97–377:					
Spending authority from offsetting collections	701	BA	**26**	**21**	**18**
Outlays		O	35	25	18
Total, offsetting collections			−26	−21	−18
Total Reinstated entitlement program for survivors under Public Law 97–377 (net)		BA			
		O	9	4	
Veterans insurance and indemnities:					
Appropriation, current	701	BA	**35**	**43**	**39**
Spending authority from offsetting collections		BA	**2**	**2**	**2**
Outlays		O	39	43	39
Veterans insurance and indemnities (gross)		BA	**37**	**45**	**41**
		O	39	43	39
Total, offsetting collections			−2	−2	−2
Total Veterans insurance and indemnities (net)		BA	**35**	**43**	**39**
		O	37	41	37
Public Enterprise Funds:					
Service-disabled veterans insurance fund:					
Spending authority from offsetting collections	701	BA	**61**	**70**	**66**
Outlays		O	63	70	68
Total, offsetting collections			−61	−70	−66
Total Service-disabled veterans insurance fund (net)		BA			
		O	2		2
Veterans reopened insurance fund:					
Spending authority from offsetting collections	701	BA	**73**	**72**	**67**
Outlays		O	72	76	76
Total, offsetting collections			−73	−72	−67
Total Veterans reopened insurance fund (net)		BA			
		O	−1	4	9
Servicemen's group life insurance fund:					
Spending authority from offsetting collections	701	BA	**461**	**472**	**500**
Outlays		O	484	486	500
Change in orders on hand from Federal sources		BA	**−2**		
Total, offsetting collections			−459	−472	−500
Total Servicemen's group life insurance fund (net)		BA			
		O	25	14	
Credit Accounts:					
Guaranty and indemnity program account:					
Appropriation, current	704	BA	**215**	**65**	**266**
Spending authority from offsetting collections		BA	**469**	**657**	**216**

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	684	722	482
Guaranty and indemnity program account (gross)		BA	**684**	**722**	**482**
		O	684	722	482
Total, offsetting collections			−176	−697	
Total Guaranty and indemnity program account (net)		BA	**508**	**25**	**482**
		O	508	25	482
Guaranty and indemnity fund liquidating account:					
Spending authority from offsetting collections	704	BA	**626**	**361**	**390**
Outlays		O	456	484	452
Total, offsetting collections			−626	−361	−390
Total Guaranty and indemnity fund liquidating account (net)		BA			
		O	−170	123	62
Loan guaranty program account:					
Appropriation, current	704	BA	**59**	**52**	**34**
Spending authority from offsetting collections		BA	**44**	**76**	**14**
Outlays		O	105	128	48
Loan guaranty program account (gross)		BA	**103**	**128**	**48**
		O	105	128	48
Total, offsetting collections				−11	
Total Loan guaranty program account (net)		BA	**103**	**117**	**48**
		O	105	117	48
Loan guaranty revolving fund liquidating account:					
Spending authority from offsetting collections	704	BA	**1,255**	**1,176** [B] **119**	**1,163** [B] **25**
Outlays		O	1,143	1,285 [B] 29	1,091 [B] 25
Loan guaranty revolving fund liquidating account (gross)		BA	**1,255**	**1,295**	**1,188**
		O	1,143	1,314	1,116
Total, offsetting collections			−1,255	−1,176 [B] −119	−1,163 [B] −25
Total Loan guaranty revolving fund liquidating account (net)		BA			
		O	−112	19	−72
Direct loan program account:					
Appropriation, current	704	BA	**1**		
Outlays		O	1		
Limitation on direct loan activity			(1)		
Direct loan revolving fund liquidating account:					
Spending authority from offsetting collections	704	BA	**5**	**4**	**3**
Outlays		O	1	2	
Total, offsetting collections			−5	−4	−3
Total Direct loan revolving fund liquidating account (net)		BA			
		O	−4	−2	−3
Native american veteran housing loan program account:					
Outlays	704	O	1	2	2

Department of Veterans Affairs—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Education loan fund liquidating account:					
Spending authority from offsetting collections	702	BA	**1**	**1**	**1**
Total, offsetting collections			−1	−1	−1
Total Education loan fund liquidating account (net).		BA	....	....	....
		O	−1	−1	−1
Vocational rehabilitation loans program account:					
Appropriation, current	702	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Limitation on direct loan activity			(2)	(2)	(2)
Trust funds					
Post-Vietnam era veterans education account:					
Appropriation, permanent	702	BA	**22**	**16**	**19**
Outlays		O	58	54	75
National Service Life Insurance fund:					
Appropriation, permanent	701	BA	**1,348**	**1,324**	**1,250**
Spending authority from offsetting collections		BA	**520**	**513**	**504**
Outlays		O	1,769	1,916	1,859
National Service Life Insurance fund (gross)		BA	**1,868**	**1,837**	**1,754**
		O	1,769	1,916	1,859
Total, offsetting collections			−520	−513	−504
Total National Service Life Insurance fund (net)		BA	**1,348**	**1,324**	**1,250**
		O	1,249	1,403	1,355
United States government life insurance fund:					
Appropriation, permanent	701	BA	**9**	**7**	**7**
Spending authority from offsetting collections		BA	**2**	**2**	**1**
Outlays		O	18	19	15
United States government life insurance fund (gross)		BA	**11**	**9**	**8**
		O	18	19	15
Total, offsetting collections			−2	−2	−1
Total United States government life insurance fund (net)		BA	**9**	**7**	**7**
		O	16	17	14
Veterans special life insurance fund:					
Spending authority from offsetting collections	701	BA	**238**	**242**	**239**
Outlays		O	202	218	219
Veterans special life insurance fund (gross)		BA	**238**	**242**	**239**
		O	202	218	219
Total, offsetting collections			−238	−242	−239
Total Veterans special life insurance fund (net)		BA	....	....	....
		O	−36	−24	−20
Total Federal funds Veterans Benefits Administration		BA	**19,546**	**19,810**	**20,453**
		O	19,531	18,565	20,543
Total Trust funds Veterans Benefits Administration		BA	**1,379**	**1,347**	**1,276**
		O	1,287	1,450	1,424

Account			1995 actual	1996 estimate	1997 estimate
Construction					
Federal funds					
General and Special Funds:					
Construction, major projects:					
Appropriation, current	703	BA	**323**	**136** O **62**	**250**
Outlays		O	431	416 O 3	322 O 17
Total Construction, major projects		BA	**323**	**198**	**250**
		O	431	419	339
Construction, minor projects:					
Appropriation, current	703	BA	**153**	**190**	**189**
Outlays		O	133	163	176
Grants for construction of State extended care facilities:					
Appropriation, current	703	BA	**47**	**47**	**40**
Outlays		O	64	41	44
Grants for the construction of State veterans cemeteries:					
Appropriation, current	705	BA	**5**	**1**	**1**
Outlays		O	3	5	3
Public Enterprise Funds:					
Parking garage revolving fund:					
Appropriation, current	703	BA	**16**	....	....
Spending authority from offsetting collections		BA	**2**	**3**	**3**
Outlays		O	11	15	13
Parking garage revolving fund (gross)		BA	**18**	**3**	**3**
		O	11	15	13
Total, offsetting collections			−2	−3	−3
Total Parking garage revolving fund (net)		BA	**16**	....	....
		O	9	12	10
Total Federal funds Construction		BA	**544**	**436**	**480**
		O	640	640	572
Departmental Administration					
Federal funds					
General and Special Funds:					
General operating expenses:					
Appropriation, current	705	BA	**890**	**848**	**844**
Spending authority from offsetting collections		BA	**202**	**234**	**241**
Outlays		O	1,019	1,147	1,086
General operating expenses (gross)		BA	**1,092**	**1,082**	**1,085**
		O	1,019	1,147	1,086
Change in orders on hand from Federal sources		BA	**6**	....	....
Total, offsetting collections			−202	−234	−241
Total General operating expenses (net)		BA	**896**	**848**	**844**
		O	817	913	845
Office of Inspector General:					
Appropriation, current	705	BA	**32**	**31**	**31**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	33	32	32
Office of Inspector General (gross)		BA	**33**	**32**	**32**
		O	33	32	32

Department of Veterans Affairs—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−1	−1	−1
Total Office of Inspector General (net)		BA	**32**	**31**	**31**
		O	32	31	31
National cemetery system:					
Appropriation, current	705	BA	**73**	**73**	**77**
Outlays		O	72	73	76
Intragovernmental Funds:					
Supply fund:					
Spending authority from offsetting collections	705	BA	**477**	**686**	**710**
Outlays		O	527	690	710
Change in orders on hand from Federal sources		BA	**18**		
Total, offsetting collections			−495	−686	−710
Total Supply fund (net)		BA			
		O	32	4	
Franchise fund:					
Spending authority from offsetting collections	705	BA			**50**
Outlays		O			50
Total, offsetting collections					−50
Total Franchise fund (net)		BA			
		O			
Total Federal funds Departmental Administration		BA	**1,001**	**952**	**952**
		O	953	1,021	952

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**37,680**	**38,428**	**39,334**
		O	37,491	37,322	39,677
Deductions for offsetting receipts:					
Proprietary receipts from the public	702	BA/O	*−166*	*−243*	*−253*
	703	BA/O	*−573*	*−642*	*−729*
				J −11	*J −49*
Total Federal funds		BA	**36,941**	**37,532**	**38,303**
		O	36,752	36,426	38,646
Trust funds:					
(As shown in detail above)		BA	**1,405**	**1,374**	**1,304**
		O	1,314	1,479	1,452
Deductions for offsetting receipts:					
Proprietary receipts from the public	701	BA/O	*−272*	*−281*	*−258*
	702	BA/O	*−5*	*−5*	*−4*
Total Trust funds		BA	**1,128**	**1,088**	**1,042**
		O	1,037	1,193	1,190
Interfund transactions	701	BA/O	*−2*	*−2*	*−2*
	702	BA/O	*−16*	*−11*	*−15*
Total Department of Veterans Affairs		BA	**38,051**	**38,607**	**39,328**
		O	37,771	37,606	39,819

Environmental Protection Agency
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Program and research operations:					
Appropriation, current	304	BA	**916**		
Spending authority from offsetting collections		BA	**9**		
Outlays		O	901	60	
Program and research operations (gross)		BA	**925**		
		O	901	60	
Total, offsetting collections			−9		
Total Program and research operations (net)		BA	**916**		
		O	892	60	
Office of the Inspector General:					
Appropriation, current	304	BA	**29**	**29**	**31**
Spending authority from offsetting collections		BA	**16**	**14**	**14**
Outlays		O	42	36	45
Office of the Inspector General (gross)		BA	**45**	**43**	**45**
		O	42	36	45
Total, offsetting collections			−16	−14	−14
Total Office of the Inspector General (net)		BA	**29**	**29**	**31**
		O	26	22	31
Science and technology:					
Appropriation, current	304	BA	**335**	**525**	**579**
				[O] **37**	
Spending authority from offsetting collections		BA	**25**	**60**	**103**
Outlays		O	328	553	660
				[O] 20	[O] 13
Science and technology (gross)		BA	**360**	**622**	**682**
		O	328	573	673
Total, offsetting collections			−25	−60	−103
Total Science and technology (net)		BA	**335**	**562**	**579**
		O	303	513	570
Environmental Programs and Management:					
Appropriation, current	304	BA	**1,401**	**1,550**	**1,894**
				[O] **189**	
Spending authority from offsetting collections		BA	**30**	**105**	**105**
Outlays		O	1,361	1,886	1,955
				[O] 115	[O] 55
Environmental Programs and Management (gross)		BA	**1,431**	**1,844**	**1,999**
		O	1,361	2,001	2,010
Total, offsetting collections			−30	−105	−105
Total Environmental Programs and Management (net)		BA	**1,401**	**1,739**	**1,894**
		O	1,331	1,896	1,905
Buildings and facilities:					
Appropriation, current	304	BA	**−39**	**60**	**209**
				[O] **50**	
Outlays		O	26	40	137
				[O] 35	[O] 15
Total Buildings and facilities		BA	**−39**	**110**	**209**
		O	26	75	152
State and Tribal Assistance Grants:					
Appropriation, current	304	BA	**1,885**	**2,323**	**2,302**
					[J] **550**
				[O] **540**	
Outlays		O	2,455	2,485	2,475
					[J] 22
				[O] 15	[O] 82
Total State and Tribal Assistance Grants		BA	**1,885**	**2,863**	**2,852**
		O	2,455	2,500	2,579
Payment to the hazardous substance superfund:					
Appropriation, current	304	BA	**250**	**250**	**250**
Outlays		O	250	250	250
Public Enterprise Funds:					
Revolving fund for certification and other services:					
Spending authority from offsetting collections	304	BA	**3**	**2**	**2**
Outlays		O	2	2	2
Total, offsetting collections			−3	−2	−2
Total Revolving fund for certification and other services (net)		BA			
		O	−1		
Reregistration and expedited processing revolving fund:					
Spending authority from offsetting collections	304	BA	**16**	**14**	**14**
					[B] **5**
Outlays		O	16	16	16
					[B] 4
Reregistration and expedited processing revolving fund (gross)		BA	**16**	**14**	**19**
		O	16	16	20
Total, offsetting collections			−16	−14	−14
					[B] −5
Total Reregistration and expedited processing revolving fund (net)		BA			
		O		2	1
Abatement, control, and compliance direct loan liquidating account:					
Outlays	304	O	2	1	
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	304	BA			**131**
Outlays		O			131
Total, offsetting collections					−131
Total Working capital fund (net)		BA			
		O			
Credit Accounts:					
Abatement, control, and compliance loan program account:					
Outlays	304	O	9	4	2
Trust funds					
Hazardous substance superfund:					
Appropriation, current	304	BA	**1,354**	**1,163**	**1,394**
				[O] **150**	
Spending authority from offsetting collections		BA	**176**	**316**	**90**
Outlays		O	1,649	1,846	1,574
				[O] 39	[O] 45
Limitation on administrative expenses			(308)		
Hazardous substance superfund (gross)		BA	**1,530**	**1,629**	**1,484**
		O	1,649	1,885	1,619

Environmental Protection Agency—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−176	−316	−90
Total Hazardous substance superfund (net)		BA	**1,354**	**1,313**	**1,394**
		O	1,473	1,569	1,529
Leaking underground storage tank trust fund:					
Appropriation, current	304	BA	**70**	**46**	**67**
Outlays		O	73	63	62
Limitation on administrative expenses			(8)		
Oil spill response:					
Appropriation, current	304	BA	**20**	**15**	**15**
Spending authority from offsetting collections		BA	**3**	**15**	**15**
Outlays		O	26	37	32
Limitation on administrative and other expenses			(8)		
Oil spill response (gross)		BA	**23**	**30**	**30**
		O	26	37	32
Total, offsetting collections			−3	−15	−15
Total Oil spill response (net)		BA	**20**	**15**	**15**
		O	23	22	17

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**4,777**	**5,553**	**5,815**
		O	5,293	5,323	5,490
Deductions for offsetting receipts:					
Offsetting governmental receipts	304	BA/O	*−9*	*−10*	*−20*
					−15
Total Federal funds		BA	**4,768**	**5,543**	**5,780**
		O	5,284	5,313	5,455
Trust funds:					
(As shown in detail above)		BA	**1,444**	**1,374**	**1,476**
		O	1,569	1,654	1,608
Deductions for offsetting receipts:					
Proprietary receipts from the public	304	BA/O	*−252*	*−200*	*−200*
Total Trust funds		BA	**1,192**	**1,174**	**1,276**
		O	1,317	1,454	1,408
Interfund transactions	304	BA/O	*−250*	*−250*	*−250*
Total Environmental Protection Agency		BA	**5,710**	**6,467**	**6,806**
		O	6,351	6,517	6,613

General Services Administration

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Real Property Activities					
Federal funds					
Intragovernmental Funds:					
Federal buildings fund:					
Appropriation, current	804	BA	**−301**	**31** H **−3**	**518**
Spending authority from offsetting collections		BA	**5,385**	**5,539**	**5,684**
Outlays		O	5,290	6,283 H −2	6,376 H −1
Limitation on program level (obligations)			(5,119)	(5,069)	(5,578)
Federal buildings fund (gross)		BA	**5,084**	**5,567**	**6,202**
		O	5,290	6,281	6,375
Change in orders on hand from Federal sources		BA	**−160**		
Total, offsetting collections			−4,916	−5,504	−5,682
Total Federal buildings fund (net)		BA	**8**	**63**	**520**
		O	374	777	693
Supply and Technology Activities					
Federal funds					
General and Special Funds:					
Expenses of transportation audit contracts and contract administration:					
Appropriation, permanent	804	BA	**14**	**14**	**15**
Outlays		O	13	14	15
Intragovernmental Funds:					
General supply fund:					
Spending authority from offsetting collections	804	BA	**3,118**	**2,907**	**2,946**
Outlays		O	3,155	2,907	2,946
Change in orders on hand from Federal sources		BA	**−29**		
Total, offsetting collections			−3,089	−2,907	−2,946
Total General supply fund (net)		BA			
		O	66		
Total Federal funds Supply and Technology Activities		BA	**14**	**14**	**15**
		O	79	14	15
Information Technology Service					
Federal funds					
Intragovernmental Funds:					
Information technology fund:					
Spending authority from offsetting collections	804	BA	**1,688**	**1,602**	**1,574**
Outlays		O	1,404	1,645	1,596
Change in orders on hand from Federal sources		BA	**−389**		
Total, offsetting collections			−1,299	−1,602	−1,574
Total Information technology fund (net)		BA			
		O	105	43	22
Federal Property Resources Activities					
Federal funds					
General and Special Funds:					
Real property relocation:					
Outlays	804	O	2	6	6
Pennsylvania avenue activities:					
Outlays	804	O		52	187
Disposal of surplus real and related personal property:					
Appropriation, permanent	804	BA	**1**	**3**	**3**
Outlays		O	1	3	3
Total Federal funds Federal Property Resources Activities		BA	**1**	**3**	**3**
		O	3	61	196
General Activities					
Federal funds					
General and Special Funds:					
Policy and operations:					
Appropriation, current	804	BA	**109**	**119**	**109**
Spending authority from offsetting collections		BA	**176**	**5**	**5**
Outlays		O	285	124	114
Policy and operations (gross)		BA	**285**	**124**	**114**
		O	285	124	114
Change in orders on hand from Federal sources		BA	**−18**		
Total, offsetting collections			−156	−5	−5
Total Policy and operations (net)		BA	**111**	**119**	**109**
		O	129	119	109
Office of Inspector General:					
Appropriation, current	804	BA	**33**	**33**	**34**
Spending authority from offsetting collections		BA		**1**	**1**
Outlays		O	33	35	34
Office of Inspector General (gross)		BA	**33**	**34**	**35**
		O	33	35	34
Total, offsetting collections				−1	−1
Total Office of Inspector General (net)		BA	**33**	**33**	**34**
		O	33	34	33
Allowances and office staff for former Presidents:					
Appropriation, current	802	BA	**2**	**2**	**2**
Outlays		O	2	2	2
Expenses, presidential transition:					
Appropriation, current	802	BA			**6**
Outlays		O			6
Public Enterprise Funds:					
Consumer information center fund:					
Appropriation, current	376	BA	**2**	**2**	**2**
Spending authority from offsetting collections		BA	**3**	**4**	**4**
Outlays		O	8	6	6
Consumer information center fund (gross)		BA	**5**	**6**	**6**
		O	8	6	6
Total, offsetting collections			−4	−4	−4
Total Consumer information center fund (net)		BA	**1**	**2**	**2**
		O	4	2	2
Intragovernmental Funds:					
Working capital fund:					
Appropriation, current	804	BA	**21**		
Spending authority from offsetting collections		BA	**179**	**192**	**184**
Outlays		O	164	192	184
Working capital fund (gross)		BA	**200**	**192**	**184**
		O	164	192	184

General Services Administration—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Change in orders on hand from Federal sources		BA	**−4**		
Total, offsetting collections			−175	−192	−184
Total Working capital fund (net)		BA	**21**		
		O	−11		
Total Federal funds General Activities		BA	**168**	**156**	**153**
		O	157	157	152

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**191**	**236**	**691**
		O	718	1,052	1,078
Deductions for offsetting receipts:					
Proprietary receipts from the public	804	BA/O	*−11*	*−21*	*−21*
Total General Services Administration		BA	**180**	**215**	**670**
		O	707	1,031	1,057

National Aeronautics and Space Administration

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Human space flight:					
Appropriation, current	252	BA	**5,515**	**5,457**	**5,363**
Spending authority from offsetting collections		BA	**81**	**97**	**108**
Outlays		O	3,553	5,167	5,493
Human space flight (gross)		BA	**5,596**	**5,554**	**5,471**
		O	3,553	5,167	5,493
Change in orders on hand from Federal sources		BA	**−56**		
Total, offsetting collections			−25	−97	−108
Total Human space flight (net)		BA	**5,515**	**5,457**	**5,363**
		O	3,528	5,070	5,385
Science, Aeronautics and Technology					
(Space flight, research, and supporting activities):					
(Appropriation, current)	252	BA	**5,030**	**4,969**	**4,975**
(Spending authority from offsetting collections)		BA	**322**	**507**	**513**
(Outlays)		O	2,296	5,045	5,235
Science, Aeronautics and Technology (gross)		BA	**5,352**	**5,476**	**5,488**
		O	2,296	5,045	5,235
(Change in orders on hand from Federal sources)		BA	**−225**		
Total, offsetting collections			−96	−507	−513
Total (Space flight, research, and supporting activities) (net)		BA	**5,031**	**4,969**	**4,975**
		O	2,200	4,538	4,722
(Air transportation):					
(Appropriation, current)	402	BA	**905**	**877**	**887**
(Spending authority from offsetting collections)		BA	**67**	**73**	**73**
(Outlays)		O	528	948	984
Science, Aeronautics and Technology (gross)		BA	**6,003**	**5,919**	**5,935**
		O	2,728	5,486	5,706
(Change in orders on hand from Federal sources)		BA	**−47**		
Total, offsetting collections			−20	−73	−73
Total (Air transportation) (net)		BA	**905**	**877**	**887**
		O	508	875	911
Total Science, Aeronautics and Technology		BA	**5,936**	**5,846**	**5,862**
		O	2,708	5,413	5,633
Mission support					
(Space flight, research, and supporting activities):					
(Appropriation, current)	252	BA	**2,128**	**2,101**	**2,149**
(Spending authority from offsetting collections)		BA	**54**	**102**	**112**
(Outlays)		O	1,783	2,140	2,194
Mission support (gross)		BA	**2,182**	**2,203**	**2,261**
		O	1,783	2,140	2,194
(Change in orders on hand from Federal sources)		BA	**−34**		
Total, offsetting collections			−20	−102	−112
Total (Space flight, research, and supporting activities) (net)		BA	**2,128**	**2,101**	**2,149**
		O	1,763	2,038	2,082
(Air transportation):					
(Appropriation, current)	402	BA	**405**	**401**	**413**
(Spending authority from offsetting collections)		BA	**20**	**23**	**29**
(Outlays)		O	271	395	409
Mission support (gross)		BA	**2,553**	**2,525**	**2,591**
		O	2,034	2,433	2,491
(Change in orders on hand from Federal sources)		BA	**−15**		
Total, offsetting collections			−5	−23	−29
Total (Air transportation) (net)		BA	**405**	**401**	**413**
		O	266	372	380
Total Mission support		BA	**2,533**	**2,502**	**2,562**
		O	2,029	2,410	2,462
Research and development					
(Space flight, research, and supporting activities):					
(Appropriation, current)	252	BA	**−42**		
(Spending authority from offsetting collections)		BA	**87**		
(Outlays)		O	3,710	894	5
Research and development (gross)		BA	**45**		
		O	3,710	894	5
(Change in orders on hand from Federal sources)		BA	**337**	**146**	
Total, offsetting collections			−424	−146	
Total (Space flight, research, and supporting activities) (net)		BA	**−42**		
		O	3,286	748	5
Total Research and development		BA	**−42**		
		O	3,286	748	5
Space flight, control, and data communications:					
Appropriation, current	252	BA	**−43**		
Spending authority from offsetting collections		BA	**36**		
Outlays		O	1,623	392	32
Space flight, control, and data communications (gross)		BA	**−7**		
		O	1,623	392	32
Change in orders on hand from Federal sources		BA	**178**	**12**	
Total, offsetting collections			−214	−12	
Total Space flight, control, and data communications (net)		BA	**−43**		
		O	1,409	380	32
Construction of facilities					
(Space flight, research, and supporting activities):					
(Appropriation, current)	252	BA	**−44**		
(Outlays)		O	309	86	119
(Change in orders on hand from Federal sources)		BA	**4**		

National Aeronautics and Space Administration—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−4		
Total (Space flight, research, and supporting activities) (net)		BA	**−44**		
		O	305	86	119
(Air transportation):					
(Outlays)	402	O		43	45
Total Construction of facilities		BA	**−44**		
		O	305	129	164
Research and program management					
(Space flight, research, and supporting activities):					
(Appropriation, current)	252	BA	**−18**		
(Outlays)		O	97	23	
(Change in orders on hand from Federal sources)		BA	**9**		
Total, offsetting collections			−9		
Total (Space flight, research, and supporting activities) (net)		BA	**−18**		
		O	88	23	

Account			1995 actual	1996 estimate	1997 estimate
(Air transportation):					
(Outlays)	402	O	10		
Total Research and program management		BA	**−18**		
		O	98	23	
Office of Inspector General:					
Appropriation, current	252	BA	**16**	**16**	**17**
Outlays		O	14	16	17
Trust funds					
Science, space, and technology education trust fund:					
Appropriation, permanent	503	BA	**1**	**1**	**1**
Outlays		O	1	1	1

Summary

Account		1995 actual	1996 estimate	1997 estimate
Federal funds:				
(As shown in detail above)	BA	**13,853**	**13,821**	**13,804**
	O	13,377	14,189	13,698
Trust funds:				
(As shown in detail above)	BA	**1**	**1**	**1**
	O	1	1	1
Total National Aeronautics and Space Administration	BA	**13,854**	**13,822**	**13,805**
	O	13,378	14,190	13,699

Office of Personnel Management

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	805	BA	**111**	**88**	**87**
Spending authority from offsetting collections		BA	**130**	**127**	**126**
Outlays		O	227	219	214
Salaries and expenses (gross)		BA	**241**	**215**	**213**
		O	227	219	214
Total, offsetting collections			−130	−127	−126
Total Salaries and expenses (net)		BA	**111**	**88**	**87**
		O	97	92	88
Office of Inspector General:					
Appropriation, current	805	BA	**4**	**4**	**1**
Spending authority from offsetting collections		BA	**6**	**6**	**9**
Outlays		O	11	10	10
Office of Inspector General (gross)		BA	**10**	**10**	**10**
		O	11	10	10
Total, offsetting collections			−6	−6	−9
Total Office of Inspector General (net)		BA	**4**	**4**	**1**
		O	5	4	1
Government payment for annuitants, employees health benefits:					
Appropriation, current	551	BA	**4,211**	**3,746**	**4,059**
Outlays		O	4,018	3,670	4,066
Government payment for annuitants, employee life insurance benefits:					
Appropriation, current	602	BA	**26**	**28**	**33**
Outlays		O	22	28	33
Payment to civil service retirement and disability fund:					
Appropriation, current	805	BA	**7,488**	**7,717**	**7,989**
Appropriation, permanent		BA	**12,447**	**12,839**	**12,981**
					B **−23**
Outlays		O	19,935	20,556	20,970
					B −23
Total Payment to civil service retirement and disability fund		BA	**19,935**	**20,556**	**20,947**
		O	19,935	20,556	20,947
Intragovernmental Funds:					
Revolving fund:					
Appropriation, current	805	BA	....	....	**5**
Spending authority from offsetting collections		BA	**201**	**154**	**170**
Outlays		O	173	154	170
Total, offsetting collections			−201	−154	−170
Total Revolving fund (net)		BA	....	....	**5**
		O	−28	....	....

Account			1995 actual	1996 estimate	1997 estimate
Trust funds					
Civil service retirement and disability fund:					
Appropriation, permanent	602	BA	**38,604**	**39,858**	**42,032**
					B **−278**
Outlays		O	38,435	39,722	41,889
					B −278
Salaries and expenses			(85)	(92)	(84)
Office of inspector general			....	(1)	(1)
Merit systems protection board			(2)	(2)	(2)
Total Civil service retirement and disability fund		BA	**38,604**	**39,858**	**41,754**
		O	38,435	39,722	41,611
Employees life insurance fund:					
Spending authority from offsetting collections	602	BA	**2,514**	**2,652**	**2,622**
Outlays		O	1,580	1,627	1,684
Salaries and expenses			(1)	(1)	(1)
Change in orders on hand from Federal sources		BA	**−18**	**−4**	**−4**
Total, offsetting collections			−2,496	−2,648	−2,618
Total Employees life insurance fund (net)		BA	....	....	....
		O	−916	−1,021	−934
Employees and retired employees health benefits fund:					
Spending authority from offsetting collections	551	BA	**15,807**	**15,811**	**16,765**
Outlays		O	15,886	15,864	16,507
Salaries and expenses			(9)	(10)	(10)
Office of inspector general			(6)	(6)	(8)
Change in orders on hand from Federal sources		BA	**403**	**129**	**−54**
Total, offsetting collections			−16,210	−15,940	−16,711
Total Employees and retired employees health benefits fund (net)		BA	....	....	....
		O	−324	−76	−204
Summary					
Federal funds:					
(As shown in detail above)		BA	**24,287**	**24,422**	**25,132**
		O	24,049	24,350	25,135
Trust funds:					
(As shown in detail above)		BA	**38,604**	**39,858**	**41,754**
		O	37,195	38,625	40,473
Interfund transactions	602	BA/O	*−33*	*−32*	*−32*
	805	BA/O	*−19,935*	*−20,556*	*−20,970*
					23
Total Office of Personnel Management		BA	**42,923**	**43,692**	**45,907**
		O	41,276	42,387	44,629

Small Business Administration

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**242**	**219**	**235**
Spending authority from offsetting collections		BA	**303**	**224**	**175**
Outlays		O	558	482	426
Salaries and expenses (gross)		BA	**545**	**443**	**410**
		O	558	482	426
Total, offsetting collections			−303	−224	−175
Total Salaries and expenses (net)		BA	**242**	**219**	**235**
		O	255	258	251
Office of Inspector General:					
Appropriation, current	376	BA	**9**	**9**	**10**
Outlays		O	9	10	11
Public Enterprise Funds:					
Surety bond guarantees revolving fund:					
Appropriation, current	376	BA	**5**	**3**	**4**
Spending authority from offsetting collections		BA	**15**	**16**	**18**
Outlays		O	19	20	17
Surety bond guarantees revolving fund (gross)		BA	**20**	**19**	**22**
		O	19	20	17
Total, offsetting collections			−15	−16	−18
Total Surety bond guarantees revolving fund (net)		BA	**5**	**3**	**4**
		O	4	4	−1
Credit Accounts:					
Business loan program account:					
Appropriation, current	376	BA	**406**	**253**	**415**
Appropriation, permanent		BA	....	**274**	....
Spending authority from offsetting collections		BA	**30**	....	....
Outlays		O	393	567	323
Business loan program account (gross)		BA	**436**	**527**	**415**
		O	393	567	323
Total, offsetting collections			−30	....	....
Total Business loan program account (net)		BA	**406**	**527**	**415**
		O	363	567	323
Business loan fund liquidating account:					
Spending authority from offsetting collections	376	BA	**744**	**469**	**430**
Outlays		O	370	386	302
Total, offsetting collections			−744	−469	−430
Total Business loan fund liquidating account (net)		BA	....	....	....
		O	−374	−83	−128
Disaster loans program account:					
Appropriation, current	453	BA	**130**	**231**	**144**
Outlays		O	705	513	257
Disaster loan fund liquidating account:					
Spending authority from offsetting collections	453	BA	**350**	**342**	**289**
Outlays		O	65	47	....
Total, offsetting collections			−350	−342	−289
Total Disaster loan fund liquidating account (net)		BA	....	....	....
		O	−285	−295	−289
Pollution control equipment fund liquidating account:					
Outlays	376	O	....	−1	−1

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**792**	**989**	**808**
		O	677	973	423
Deductions for offsetting receipts:					
Proprietary receipts from the public	376	BA/O	....	*−16*	....
Total Small Business Administration		BA	**792**	**973**	**808**
		O	677	957	423

Social Security Administration

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Social Security Administration					
Federal funds					
General and Special Funds:					
Payments to social security trust funds:					
Appropriation, current	651	BA	**26**	**23**	**31**
Appropriation, permanent		BA	**5,453**	**6,080**	**6,998**
Outlays		O	5,476	6,103	7,029
Total Payments to social security trust funds		BA	**5,479**	**6,103**	**7,029**
		O	5,476	6,103	7,029
Special benefits for disabled coal miners:					
Appropriation, current	601	BA	**528**	**485**	**461**
Advance appropriation		BA	**190**	**180**	**170**
Spending authority from offsetting collections		BA	....	**1**	....
Outlays		O	716	676	640
Special benefits for disabled coal miners (gross)		BA	**718**	**666**	**631**
		O	716	676	640
Total, offsetting collections			....	−1	....
Total Special benefits for disabled coal miners (net)		BA	**718**	**665**	**631**
		O	716	675	640
Supplemental security income program:					
Appropriation, current	609	BA	**21,227**	**18,754**	**19,609**
Advance appropriation		BA	**6,770**	**7,060**	**9,260**
Spending authority from offsetting collections		BA	**3,060**	**2,940**	**3,125**
Outlays		O	29,548	29,561	33,591
Supplemental security income program (gross)		BA	**31,057**	**28,754**	**31,994**
		O	29,548	29,561	33,591
Total, offsetting collections			−3,060	−2,940	−3,125
Total Supplemental security income program (net)		BA	**27,997**	**25,814**	**28,869**
		O	26,488	26,621	30,466
Office of the Inspector General:					
Appropriation, current	651	BA	**2**	**5**	**6**
				O **5**	
Spending authority from offsetting collections		BA	**8**	**16**	**21**
Outlays		O	8	21	27
				O 5	
Office of the Inspector General (gross)		BA	**10**	**26**	**27**
		O	8	26	27
Total, offsetting collections			−8	−16	−21
Total Office of the Inspector General (net)		BA	**2**	**10**	**6**
		O	....	10	6
Trust funds					
Federal old-age and survivors insurance trust fund:					
Appropriation, permanent	651	BA	**293,299**	**307,016**	**320,670**
				O **154**	
Spending authority from offsetting collections		BA	**2,237**	**2,135**	**2,143**
Outlays		O	296,711	308,501	321,710
				O 70	*O* 84
Administrative expenses: Social Security Administration			(1,457)	(1,666)	(1,893)
				O (154)	
Administrative expenses: Other			(239)	(261)	(266)
Federal old-age and survivors insurance trust fund (gross)		BA	**295,536**	**309,305**	**322,813**
		O	296,711	308,571	321,794
Total, offsetting collections			−2,237	−2,135	−2,143
Total Federal old-age and survivors insurance trust fund (net)		BA	**293,299**	**307,170**	**320,670**
		O	294,474	306,436	319,651
Federal disability insurance trust fund:					
Appropriation, permanent	651	BA	**39,993**	**44,736**	**48,763**
				O **92**	
Outlays		O	41,380	45,178	48,474
				O 18	*O* 74
Limitation on administrative and other expenses			(5,555)	(5,634)	(6,132)
				O (92)	
Administrative expenses: Social Security Administration			(876)	(1,001)	(1,137)
Administrative expenses: Other			(57)	(41)	(41)
Total Federal disability insurance trust fund		BA	**39,993**	**44,828**	**48,763**
		O	41,380	45,196	48,548
Total Federal funds Social Security Administration		BA	**34,196**	**32,592**	**36,535**
		O	32,680	33,409	38,141
Total Trust funds Social Security Administration		BA	**333,292**	**351,998**	**369,433**
		O	335,854	351,632	368,199

Summary

Account			1995 actual	1996 estimate	1997 estimate
On-Budget					
Federal funds:					
(As shown in detail above)		BA	**34,196**	**32,592**	**36,535**
		O	32,680	33,409	38,141
Deductions for offsetting receipts:					
Proprietary receipts from the public	609	BA/O	*−927*	*−983*	*−1,123*
Total Federal funds		BA	**33,269**	**31,609**	**35,412**
		O	31,753	32,426	37,018
Interfund transactions	651	BA/O	....	*−332*	....
Total Social Security Administration (on-budget)		BA	**33,269**	**31,277**	**35,412**
		O	31,753	32,094	37,018
Off-Budget					
Trust funds:					
(As shown in detail above)		BA	**333,292**	**351,998**	**369,433**
		O	335,854	351,632	368,199
Deductions for offsetting receipts:					
Proprietary receipts from the public	651	BA/O	*−9*	*−12*	*−12*
Total Trust funds		BA	**333,283**	**351,986**	**369,421**
		O	335,845	351,620	368,187
Interfund transactions	651	BA/O	*−5,475*	*−6,103*	*−7,019*
Total Social Security Administration (off-budget)		BA	**327,808**	**345,883**	**362,402**
		O	330,370	345,517	361,168
Total Social Security Administration		BA	**361,077**	**377,160**	**397,814**
		O	362,123	377,611	398,186

Other Independent Agencies

(In millions of dollars)

Administrative Conference of the United States

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**2**	**1**	
Outlays		O	2	2	

Advisory Commission on Intergovernmental Relations

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	808	BA	**1**	**1**	
Outlays		O	1	1	

Advisory Council on Historic Preservation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	303	BA	**3**	**3**	**3**
Outlays		O	3	3	3

American Battle Monuments Commission

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	705	BA	**20**	**20**	**20**
Outlays		O	21	20	21
Trust funds					
Contributions:					
Appropriation, permanent	705	BA	**5**	**11**	**18**
Outlays		O	10	5	10

Appalachian Regional Commission

Account			1995 actual	1996 estimate	1997 estimate
Federal funds					
General and Special Funds:					
Appalachian regional development programs:					
Appropriation, current	452	BA	**272**	**170**	**170**
Outlays		O	188	176	198
Trust funds					
Miscellaneous trust funds:					
Appropriation, permanent	452	BA	**5**	**5**	**5**
Outlays		O	5	6	5

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**272**	**170**	**170**
		O	188	176	198
Trust funds:					
(As shown in detail above)		BA	**5**	**5**	**5**
		O	5	6	5
Deductions for offsetting receipts:					
Proprietary receipts from the public	452	BA/O	*−2*	*−2*	*−2*
Total Trust funds		BA	**3**	**3**	**3**
		O	3	4	3
Interfund transactions	452	BA/O	*−2*	*−2*	*−2*
Total Appalachian Regional Commission		BA	**273**	**171**	**171**
		O	189	178	199

Architectural and Transportation Barriers Compliance Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**3**	**4**	**4**
Outlays		O	3	4	4

Arms Control and Disarmament Agency

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Arms control and disarmament activities:					
Appropriation, current	153	BA	**50**	**36**	**48**
				O **10**	
Outlays		O	44	43	45
				O 8	O 2
Total Arms control and disarmament activities		BA	**50**	**46**	**48**
		O	44	51	47

Barry Goldwater Scholarship and Excellence in Education Foundation

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Barry Goldwater Scholarship and Excellence in Education Foundation:					
Appropriation, permanent	502	BA	**4**	**4**	**4**
Outlays		O	3	3	3

Board for International Broadcasting

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Grants and expenses:					
Appropriation, current	154	BA	**230**		
Outlays		O	239		
Israel relay station:					
Appropriation, current	154	BA	**−2**		
Total Federal funds Board for International Broadcasting		BA	**228**		
		O	239		

Central Intelligence Agency

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Payment to the Central Intelligence Agency retirement and disability fund:					
Appropriation, current	054	BA	**198**	**214**	**196**
Outlays		O	198	214	196

Commission of Fine Arts

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	451	BA	**1**	**1**	**1**
Outlays		O	1	1	1
National capital arts and cultural affairs:					
Appropriation, current	503	BA	**8**	**6**	**7**
Outlays		O	8	6	7
Total Federal funds Commission of Fine Arts		BA	**9**	**7**	**8**
		O	9	7	8

Other Independent Agencies—Continued

(In millions of dollars)

Commission on Civil Rights

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**9**	**9**	**9**
Outlays		O	9	9	10

Commission on National and Community Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Outlays	808	O	28		

Committee for Purchase from People who are Blind or Severly Disabled

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	505	BA	**2**	**2**	**2**
Outlays		O	2	2	2

Commodity Futures Trading Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Commodity Futures Trading Commission:					
Appropriation, current	376	BA	**49**	**54**	**57**
Outlays		O	50	53	57

Community Empowerment Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Local empowerment fund:					
Appropriation, current	451	BA			J **1**
Outlays		O			J 1

Consumer Product Safety Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**42**	**40**	**43**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	43	41	44
Salaries and expenses (gross)		BA	**43**	**41**	**44**
		O	43	41	44
Total, offsetting collections			−1	−1	−1
Total Salaries and expenses (net)		BA	**42**	**40**	**43**
		O	42	40	43

Corporation for National and Community Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
National and community service programs, operating expenses:					
Appropriation, current	506	BA	**468**	**410** O **58**	**544**
Outlays		O	290	426 O 27	492 O 24
Total National and community service programs, operating expenses		BA	**468**	**468**	**544**
		O	290	453	516
Domestic volunteer service programs, Operating expenses:					
Appropriation, current	506	BA	**215**	**183** O **9**	**226**
Spending authority from offsetting collections		BA	**4**	**4**	**4**
Outlays		O	226	195 O 8	218 O 1
Domestic volunteer service programs, Operating expenses (gross)		BA	**219**	**196**	**230**
		O	226	203	219
Total, offsetting collections			−4	−4	−4
Total Domestic volunteer service programs, Operating expenses (net)		BA	**215**	**192**	**226**
		O	222	199	215
Inspector general:					
Appropriation, current	506	BA	**2**	**2** O **1**	**2**
Outlays		O	1	2	2
Total Inspector general		BA	**2**	**3**	**2**
		O	1	2	2
Trust funds					
Gifts and contributions:					
Appropriation, permanent	506	BA	**104**	**110** O **21**	**149**
Outlays		O	6	33	75 O 1
Total Gifts and contributions		BA	**104**	**131**	**149**
		O	6	33	76
Summary					
Federal funds:					
(As shown in detail above)		BA	**685**	**663**	**772**
		O	513	654	733
Trust funds:					
(As shown in detail above)		BA	**104**	**131**	**149**
		O	6	33	76
Interfund transactions	506	BA/O	*−93*	*−115*	*−129*
Total Corporation for National and Community Service		BA	**696**	**679**	**792**
		O	426	572	680

Corporation for Public Broadcasting

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Corporation for public broadcasting:					
Advance appropriation	503	BA	**286**	**275**	**260**
Outlays		O	286	275	260

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Court of Veterans Appeals					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	705	BA	**9**	**9**	**9**
Outlays		O	9	9	9
Defense Nuclear Facilities Safety Board					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	053	BA	**18**	**17**	**17**
Outlays		O	14	18	17
District of Columbia					
Federal funds					
General and Special Funds:					
Federal payment to the District of Columbia:					
Appropriation, current	806	BA	**712**	**712**	**770**
Outlays		O	714	712	770
Federal payment for water and sewer services:					
Appropriation, permanent	806	BA	**12**		
Spending authority from offsetting collections		BA	**21**	**33**	**22**
Outlays		O	28	33	22
Federal payment for water and sewer services (gross)		BA	**33**	**33**	**22**
		O	28	33	22
Total, offsetting collections			−21	−33	−22
Total Federal payment for water and sewer services (net)		BA	**12**		
		O	7		
Summary					
Federal funds:					
(As shown in detail above)		BA	**724**	**712**	**770**
		O	721	712	770
Deductions for offsetting receipts:					
Proprietary receipts from the public	806	BA/O	*−12*	*−12*	*−12*
Total District of Columbia		BA	**712**	**700**	**758**
		O	709	700	758
Equal Employment Opportunity Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	751	BA	**233**	**233**	**268**
Outlays		O	234	232	267
Intragovernmental Funds:					
EEOC Education, technical assistance and training revolving fund:					
Spending authority from offsetting collections	751	BA	**1**	**1**	**1**
Outlays		O		1	1
Total, offsetting collections			−1	−1	−1
Total EEOC Education, technical assistance and training revolving fund (net)		BA			
		O	−1		
Total Federal funds Equal Employment Opportunity Commission		BA	**233**	**233**	**268**
		O	233	232	267
Export-Import Bank of the United States					
Federal funds					
Credit Accounts:					
Export Import Bank loans program account:					
Appropriation, current	155	BA	**832**	**832**	**784**
Appropriation, permanent		BA	**89**	**244**	
Outlays		O	354	705	556
Total Export Import Bank loans program account		BA	**921**	**1,076**	**784**
		O	354	705	556
Export-Import Bank of the United States liquidating account:					
Spending authority from offsetting collections	155	BA	**1,312**	**1,602**	**1,009**
Outlays		O	1,108	590	500
Export-Import Bank of the United States liquidating account (gross)		BA	**1,312**	**1,602**	**1,009**
		O	1,108	590	500
Total, offsetting collections			−1,312	−1,602	−1,009
Total Export-Import Bank of the United States liquidating account (net)		BA			
		O	−204	−1,012	−509
Summary					
Federal funds:					
(As shown in detail above)		BA	**921**	**1,076**	**784**
		O	150	−307	47
Deductions for offsetting receipts:					
Proprietary receipts from the public	155	BA/O	*−203*	*−252*	*−58*
Total Export-Import Bank of the United States		BA	**718**	**824**	**726**
		O	−53	−559	−11
Farm Credit Administration					
Federal funds					
Public Enterprise Funds:					
Revolving fund for administrative expenses:					
Spending authority from offsetting collections	351	BA	**41**	**38**	**38**
Outlays		O	40	38	38
Total, offsetting collections			−41	−38	−38
Total Revolving fund for administrative expenses (net)		BA			
		O	−1		
Farm Credit System Financial Assistance Corporation					
Federal funds					
Credit Accounts:					
Financial assistance corporation assistance fund, liquidating account:					
Spending authority from offsetting collections	351	BA	**173**	**200**	**194**

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	117	117	117
Total, offsetting collections			−173	−200	−194
Total Financial assistance corporation assistance fund, liquidating account (net)		BA			
		O	−56	−83	−77
Trust funds					
Financial assistance corporation trust fund:					
Appropriation, permanent	351	BA	**5**	**5**	**6**

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA			
		O	−56	−83	−77
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	−61	−88	−83

Farm Credit System Insurance Corporation

Federal funds

Public Enterprise Funds:

Account			1995 actual	1996 estimate	1997 estimate
Farm credit system insurance fund:					
Spending authority from offsetting collections	351	BA	**124**	**133**	**138**
Outlays		O	1	1	2
Total, offsetting collections			−124	−133	−138
Total Farm credit system insurance fund (net)		BA			
		O	−123	−132	−136

Federal Communications Commission

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	376	BA	**69**	**59** [O] **10**	**70**
Spending authority from offsetting collections		BA	**141**	**145**	**153**
Outlays		O	198	204 [O] 9	223 [O] 1
Salaries and expenses (gross)		BA	**210**	**214**	**223**
		O	198	213	224
Total, offsetting collections			−141	−145	−153
Total Salaries and expenses (net)		BA	**69**	**69**	**70**
		O	57	68	71
Universal service fund:					
Appropriation, permanent	376	BA	**4,300**	**4,300**	**4,700**
Outlays		O	4,300	4,300	4,700

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**4,369**	**4,369**	**4,770**
		O	4,357	4,368	4,771
Deductions for offsetting receipts:					
Proprietary receipts from the public	376	BA/O	*−51*	*−40*	*−40*
Total Federal Communications Commission		BA	**4,318**	**4,329**	**4,730**
		O	4,306	4,328	4,731

Federal Deposit Insurance Corporation

Bank Insurance

Federal funds

Public Enterprise Funds:

Account			1995 actual	1996 estimate	1997 estimate
Bank insurance fund:					
Spending authority from offsetting collections	373	BA	**9,375**	**3,951** [B] **−15**	**3,093** [B] **−22** [J] **248**
Outlays		O	2,459	1,813 [B] 592	1,391
Bank insurance fund (gross)		BA	**9,375**	**3,936**	**3,319**
		O	2,459	2,405	1,391
Total, offsetting collections			−9,375	−3,951 [B] 15	−3,093 [B] 22 [J] −248
Total Bank insurance fund (net)		BA			
		O	−6,916	−1,531	−1,928

Savings Association Insurance

Federal funds

Public Enterprise Funds:

Account			1995 actual	1996 estimate	1997 estimate
Savings association insurance fund:					
Spending authority from offsetting collections	373	BA	**1,330**	**1,160** [J] **5,093**	**1,239** [J] **−499**
Outlays		O	229	367	634
Savings association insurance fund (gross)		BA	**1,330**	**6,253**	**740**
		O	229	367	634
Total, offsetting collections			−1,330	−1,160 [J] −5,093	−1,239 [J] 499
Total Savings association insurance fund (net)		BA			
		O	−1,101	−5,886	−106

FSLIC Resolution

Federal funds

Public Enterprise Funds:

Account			1995 actual	1996 estimate	1997 estimate
FSLIC resolution fund:					
Appropriation, permanent	373	BA	**827**		
Spending authority from offsetting collections		BA	**1,322**	**5,196**	**2,961**
Outlays		O	2,412	1,733	850
FSLIC resolution fund (gross)		BA	**2,149**	**5,196**	**2,961**
		O	2,412	1,733	850

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−1,322	−5,196	−2,961
Total FSLIC resolution fund (net)		BA	**827**		
		O	1,090	−3,463	−2,111

FDIC-Office of Inspector General

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Intragovernmental Funds:					
FDIC—Office of inspector general:					
Spending authority from offsetting collections	373	BA	**23**	**15**	**12**
Outlays		O	23	15	12
Total, offsetting collections			−23	−15	−12
Total FDIC-Office of inspector general (net)		BA			
		O			

Affordable Housing and Bank Enterprise (FDIC)

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Affordable Housing Program:					
Appropriation, current	604	BA	**4**	**1**	
Outlays		O	5		1
Total Federal funds Federal Deposit Insurance Corporation		BA	**831**	**1**	
		O	−6,922	−10,880	−4,144

Federal Election Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	808	BA	**26**	**27**	**29**
Outlays		O	25	26	29

Federal Emergency Management Agency

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Disaster relief:					
Appropriation, current	453	BA	**3,593**	**3,497**	**320**
Outlays		O	2,116	3,928	3,419
Salaries and expenses					
(Defense-related activities):					
(Appropriation, current)	054	BA	**41**	**44**	**24**
(Spending authority from offsetting collections)		BA	**3**	**4**	**4**
(Outlays)		O	47	48	31
Salaries and expenses (gross)		BA	**44**	**48**	**28**
		O	47	48	31
Total, offsetting collections			−3	−4	−4
Total (Defense-related activities) (net)		BA	**41**	**44**	**24**
		O	44	44	27
(Disaster relief and insurance):					
(Appropriation, current)	453	BA	**125**	**125**	**143**
(Spending authority from offsetting collections)		BA	**1**	**1**	**1**
(Outlays)		O	117	129	145
Salaries and expenses (gross)		BA	**167**	**170**	**168**
		O	161	173	172
Total, offsetting collections			−1	−1	−1
Total (Disaster relief and insurance) (net)		BA	**125**	**125**	**143**
		O	116	128	144
Total Salaries and expenses		BA	**166**	**169**	**167**
		O	160	172	171
Emergency management planning and assistance					
(Defense-related activities):					
(Appropriation, current)	054	BA	**27**	**24**	**15**
(Spending authority from offsetting collections)		BA	**49**	**46**	**43**
(Outlays)		O	177	84	63
Emergency management planning and assistance (gross)		BA	**76**	**70**	**58**
		O	177	84	63
Total, offsetting collections			−49	−46	−43
Total (Defense-related activities) (net)		BA	**27**	**24**	**15**
		O	128	38	20
(Disaster relief and insurance):					
(Appropriation, current)	453	BA	**198**	**179**	**184**
(Spending authority from offsetting collections)		BA	**3**	**3**	**3**
(Outlays)		O	159	180	187
Emergency management planning and assistance (gross)		BA	**228**	**206**	**202**
		O	287	218	207
Total, offsetting collections			−3	−3	−3
Total (Disaster relief and insurance) (net)		BA	**198**	**179**	**184**
		O	156	177	184
Total Emergency management planning and assistance		BA	**225**	**203**	**199**
		O	284	215	204
Office of the Inspector General:					
Appropriation, current	453	BA	**4**	**5**	**5**
Outlays		O	3	6	5
Emergency food and shelter program:					
Appropriation, current	605	BA	**130**	**46** O **54**	**100**
Outlays		O	130	46 O 54	100
Total Emergency food and shelter program		BA	**130**	**100**	**100**
		O	130	100	100
Public Enterprise Funds:					
National insurance development fund:					
Authority to borrow, permanent	451	BA	**2**	**4**	**2**
Spending authority from offsetting collections		BA	**4**		
Outlays		O	3	8	7
National insurance development fund (gross)		BA	**6**	**4**	**2**
		O	3	8	7

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−4	....	....
Total National insurance development fund (net)		BA	**2**	**4**	**2**
		O	−1	8	7
National flood insurance fund:					
Authority to borrow, permanent	453	BA	**469**	**292**	....
Spending authority from offsetting collections		BA	**880**	**1,062**	**1,107**
Outlays		O	1,340	1,313	1,074
National flood insurance fund (gross)		BA	**1,349**	**1,354**	**1,107**
		O	1,340	1,313	1,074
Total, offsetting collections			−880	−1,062	−1,179
Total National flood insurance fund (net)		BA	**469**	**292**	**−72**
		O	460	251	−105
Intragovernmental Funds:					
Working capital fund:					
Spending authority from offsetting collections	803	BA			[J] **17**
Outlays		O			[J] 14
Total, offsetting collections					[J] −17
Total Working capital fund (net)		BA	....	....	....
		O	....	....	−3
Credit Accounts:					
Disaster assistance direct loan program account:					
Appropriation, current	453	BA	**17**	**3**	**2**
Outlays		O	2	13	2
Limitation on direct loan acitivity			(175)	(36)	(25)
Disaster assistance direct loan liquidating account:					
Total, offsetting collections			....	−70	−2

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**4,606**	**4,203**	**721**
		O	3,154	4,623	3,798
Deductions for offsetting receipts:					
Offsetting governmental receipts	453	BA/O	*−18*	*−11*	....
					[B] *−12*
Total Federal Emergency Management Agency		BA	**4,588**	**4,192**	**709**
		O	3,136	4,612	3,786

Federal Financial Institutions Examination Council Appraisal Subcommittee

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Registry fees:					
Appropriation, permanent	376	BA	**4**	**2**	**2**
Outlays		O	2	2	2

Federal Housing Finance Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Federal housing finance board:					
Spending authority from offsetting collections	371	BA	**12**	**15**	**16**
Outlays		O	13	16	17
Total, offsetting collections			−12	−15	−16
Total Federal housing finance board (net)		BA	....	....	....
		O	1	1	1

Federal Labor Relations Authority

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	805	BA	**21**	**21**	**22**
Outlays		O	22	21	21

Federal Maritime Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	403	BA	**19**	**15**	**15**
Appropriation, permanent		BA	**1**	....	....
Outlays		O	19	14	15
Total Salaries and expenses		BA	**20**	**15**	**15**
		O	19	14	15

Federal Mediation and Conciliation Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	505	BA	**31**	**31**	**33**
Spending authority from offsetting collections		BA	**1**	**1**	**2**
Outlays		O	31	31	34
Salaries and expenses (gross)		BA	**32**	**32**	**35**
		O	31	31	34
Total, offsetting collections			−1	−1	−2
Total Salaries and expenses (net)		BA	**31**	**31**	**33**
		O	30	30	32

Federal Mine Safety and Health Review Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**6**	**6**	**6**
Outlays		O	5	6	6

Federal Retirement Thrift Investment Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Program expenses:					
Appropriation, permanent	803	BA	**34**	**46**	**45**
Outlays		O	34	46	45

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**34**	**46**	**45**
		O	34	46	45

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Deductions for offsetting receipts:					
Proprietary receipts from the public	803	BA/O	−34	−46	−45
Total Federal Retirement Thrift Investment Board		BA			
		O			

Federal Trade Commission

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	376	BA	**55**	**31**	**35**
Spending authority from offsetting collections		BA	**41**	**49**	**59**
Outlays		O	91	85	92
Salaries and expenses (gross)		BA	**96**	**80**	**94**
		O	91	85	92
Total, offsetting collections			−60	−60	−59
Total Salaries and expenses (net)		BA	**36**	**20**	**35**
		O	31	25	33

Harry S. Truman Scholarship Foundation

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Harry S. Truman memorial scholarship trust fund:					
Appropriation, permanent	502	BA	**3**	**3**	**3**
Outlays		O	3	4	3

Institute of American Indian and Alaska Native Culture and Arts Development

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	502	BA	**11**	**11**	**6**
Outlays		O	11	11	6

Intelligence community management account

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Intelligence community management account:					
Appropriation, current	054	BA	**94**	**91**	**92**
Outlays		O	117	136	103

Intelligence Community Staff

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Intelligence community staff:					
Outlays	054	O	2		

International Trade Commission

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	153	BA	**42**	**40**	**42**
Outlays		O	42	40	42

Interstate Commerce Commission

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	401	BA	**33**	**6**	
Spending authority from offsetting collections		BA	**8**	**3**	
Outlays		O	45	9	
Salaries and expenses (gross)		BA	**41**	**9**	
		O	45	9	
Total, offsetting collections			−8	−3	
Total Salaries and expenses (net)		BA	**33**	**6**	
		O	37	6	

James Madison Memorial Fellowship Foundation

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
James Madison Memorial Fellowship Trust Fund:					
Appropriation, permanent	502	BA	**3**	**3**	**3**
Outlays		O	2	2	2

Japan-United States Friendship Commission

Trust funds

Account			1995 actual	1996 estimate	1997 estimate
Japan-United States friendship trust fund:					
Appropriation, current	154	BA	**1**	**1**	**1**
Outlays		O	2	2	1

JFK Assassination Records Review Board

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
John F. Kennedy assassination records review board:					
Appropriation, current	808	BA	**2**	**2**	**2**
Outlays		O	1	3	2

Legal Services Corporation

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Payment to the Legal Services Corporation:					
Appropriation, current	752	BA	**400**	**278** O **31**	**340**
Outlays		O	429	254 O 26	333 O 5
Total Payment to the Legal Services Corporation		BA	**400**	**309**	**340**
		O	429	280	338

Marine Mammal Commission

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	302	BA	**1**	**1**	**1**
Outlays		O	1	1	1

Merit Systems Protection Board

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	805	BA	**25**	**25**	**25**
Spending authority from offsetting collections		BA	**2**	**2**	**2**

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Outlays		O	24	26	26
Salaries and expenses (gross)		BA	**27**	**27**	**27**
		O	24	26	26
Total, offsetting collections			−2	−2	−2
Total Salaries and expenses (net)		BA	**25**	**25**	**25**
		O	22	24	24

Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Payment to the Morris K Udall scholarship and excellence in national environment:					
Appropriation, current	502	BA	**10**		
Outlays		O	10		
Trust funds					
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation:					
Appropriation, permanent	502	BA	**1**	**1**	**1**
Outlays		O		1	1

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**10**		
		O	10		
Trust funds:					
(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 Archives and Records Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operating expenses:					
Appropriation, current	804	BA	**190**	**196**	**193**
Spending authority from offsetting collections		BA	**29**	**27**	**27**
Outlays		O	245	217	216
Operating expenses (gross)		BA	**219**	**223**	**220**
		O	245	217	216
Total, offsetting collections			−29	−27	−27
Total Operating expenses (net)		BA	**190**	**196**	**193**
		O	216	190	189
Repairs and restoration:					
Appropriation, current	804	BA		**2**	**3**
Outlays		O		1	2
National historical publications and records commission:					
Appropriation, current	804	BA	**9**	**5**	**4**
Outlays		O	2	5	4
Trust funds					
National archives trust fund:					
Spending authority from offsetting collections	804	BA	**13**	**12**	**12**
Outlays		O	14	12	12
Total, offsetting collections			−13	−12	−12
Total National archives trust fund (net)		BA			
		O	1		
Total Federal funds National Archives and Records Administration		BA	**199**	**203**	**200**
		O	218	196	195
Total Trust funds National Archives and Records Administration		BA			
		O	1		

National Bankruptcy Review Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, permanent	752	BA	**1**		
Outlays		O		1	

National Capital Planning Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	451	BA	**6**	**6**	**6**
Outlays		O	5	6	7

National Commission on Libraries and Information Science

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	503	BA	**1**	**1**	**1**
Outlays		O	1	1	1

National Council on Disability

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	506	BA	**2**	**1**	**2**
Outlays		O	2	1	2

National Credit Union Administration

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Operating fund:					
Spending authority from offsetting collections	373	BA	**77**	**101**	**95**
Outlays		O	100	97	98
Total, offsetting collections			−77	−101	−95
Total Operating fund (net)		BA			
		O	23	−4	3
Credit union share insurance fund:					
Spending authority from offsetting collections	373	BA	**332**	**374**	**376**
Outlays		O	35	196	176
Total, offsetting collections			−332	−374	−376
Total Credit union share insurance fund (net)		BA			
		O	−297	−178	−200

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Central liquidity facility:					
Spending authority from offsetting collections	373	BA	**96**	**111**	**133**
Outlays		O	96	111	133
Limitation on administrative expenses			(1)	(1)	(1)
Limitation on direct loan obligations			(600)	(600)	(600)
Total, offsetting collections			−96	−111	−133
Total Central liquidity facility (net)		BA			
		O			
Community development credit union revolving loan fund:					
Spending authority from offsetting collections	373	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Total, offsetting collections			−1	−1	−1
Total Community development credit union revolving loan fund (net)		BA			
		O			
Total Federal funds National Credit Union Administration		BA			
		O	−274	−182	−197

National Education Goals Panel

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
National education goals panel:					
Appropriation, current	503	BA		**2**	**3**
Outlays		O	1	2	3

National Endowment for the Arts

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
National endowment for the arts: Grants and administration:					
Appropriation, current	503	BA	**162**	**131**	**136**
Appropriation, permanent		BA	**1**	**1**	**1**
Spending authority from offsetting collections		BA	**1**	**1**	**1**
Outlays		O	177	160	140
National endowment for the arts (gross)		BA	**164**	**133**	**138**
		O	177	160	140
Total, offsetting collections			−1	−1	−1
Total National endowment for the arts (net)		BA	**163**	**132**	**137**
		O	176	159	139

National Endowment for the Humanities

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
National endowment for the humanities: Grants and administration:					
Appropriation, current	503	BA	**172**	**129**	**136**
Spending authority from offsetting collections		BA	**1**		
Outlays		O	181	162	145
National endowment for the humanities (gross)		BA	**173**	**129**	**136**
		O	181	162	145
Total, offsetting collections			−1		
Total National endowment for the humanities (net)		BA	**172**	**129**	**136**
		O	180	162	145

Institute of Museum Services

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Institute of Museum Services: Grants and administration:					
Appropriation, current	503	BA	**29**	**22**	**23**
Outlays		O	34	38	22

National Labor Relations Board

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	505	BA	**176**	**132** O **42**	**181**
Outlays		O	174	135 O 39	178 O 3
Total Salaries and expenses		BA	**176**	**174**	**181**
		O	174	174	181

National Mediation Board

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Salaries and expenses:					
Appropriation, current	505	BA	**8**	**8**	**8**
Outlays		O	8	8	8

National Science Foundation

Federal funds

General and Special Funds:

Account			1995 actual	1996 estimate	1997 estimate
Research and related activities					
(Defense-related activities):					
(Appropriation, current)	054	BA	**63**	**63**	**63**
(Outlays)		O	54	66	72
(General science and basic research):					
(Appropriation, current)	251	BA	**2,181**	**2,211** O **40**	**2,409**
(Spending authority from offsetting collections)		BA	**100**	**125**	**125**
(Outlays)		O	2,018	2,212 O 12	2,384 O 28
Research and related activities (gross)		BA	**2,344**	**2,439**	**2,597**
		O	2,072	2,290	2,484
Total, offsetting collections			−100	−125	−125
Total (General science and basic research) (net)		BA	**2,181**	**2,251**	**2,409**
		O	1,918	2,099	2,287
Total Research and related activities		BA	**2,244**	**2,314**	**2,472**
		O	1,972	2,165	2,359
Academic research infrastructure:					
Appropriation, current	251	BA	**118**	**100**	
Outlays		O	61	105	108
Major research equipment:					
Appropriation, current	251	BA	**126**	**70**	**95**
Outlays		O		57	80
Salaries and expenses:					
Appropriation, current	251	BA	**129**	**132**	**134**

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Spending authority from offsetting collections		BA	**4**	**5**	**5**
Outlays		O	129	138	139
Salaries and expenses (gross)		BA	**133**	**137**	**139**
		O	129	138	139
Total, offsetting collections			−4	−5	−5
Total Salaries and expenses (net)		BA	**129**	**132**	**134**
		O	125	133	134
Office of the Inspector General:					
Appropriation, current	251	BA	**4**	**4**	**5**
Outlays		O	4	4	5
Education and human resources:					
Appropriation, current	251	BA	**606**	**599**	**619**
Spending authority from offsetting collections		BA	**3**	**10**	**10**
Outlays		O	664	576	577
Education and human resources (gross)		BA	**609**	**609**	**629**
		O	664	576	577
Total, offsetting collections			−3	−10	−10
Total Education and human resources (net)		BA	**606**	**599**	**619**
		O	661	566	567
Trust funds					
Donations:					
Appropriation, permanent	251	BA	**31**	**29**	**37**
Outlays		O	22	36	40
Total Federal funds National Science Foundation		BA	**3,227**	**3,219**	**3,325**
		O	2,823	3,030	3,253
Total Trust funds National Science Foundation		BA	**31**	**29**	**37**
		O	22	36	40

National Transportation Safety Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	407	BA	**37**	**39**	**40**
Outlays		O	37	39	40

Neighborhood Reinvestment Corporation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Payment to the Neighborhood Reinvestment Corporation:					
Appropriation, current	451	BA	**39**	**39**	**55**
Outlays		O	39	39	55

Nuclear Regulatory Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	276	BA	**519**	**468**	**475**
Spending authority from offsetting collections		BA	**17**	**10**	**10**
Outlays		O	542	500	483
Salaries and expenses (gross)		BA	**536**	**478**	**485**
		O	542	500	483
Total, offsetting collections			−17	−10	−10
Total Salaries and expenses (net)		BA	**519**	**468**	**475**
		O	525	490	473
Office of Inspector General:					
Appropriation, current	276	BA	**5**	**5**	**5**
Outlays		O	5	5	5

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**524**	**473**	**480**
		O	530	495	478
Deductions for offsetting receipts:					
Offsetting governmental receipts	276	BA/O	*−502*	*−462*	*−463*
Total Nuclear Regulatory Commission		BA	**22**	**11**	**17**
		O	28	33	15

Nuclear Waste Technical Review Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	271	BA	**3**	**3**	**3**
Outlays		O	3	3	3

Occupational Safety and Health Review Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	554	BA	**8**	**8**	**8**
Outlays		O	7	8	8

Office of Government Ethics

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	805	BA	**8**	**8**	**8**
Outlays		O	8	9	8

Office of Navajo and Hopi Indian Relocation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	808	BA	**25**	**20**	**25**
Outlays		O	27	24	24

Office of Special Counsel

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	808	BA	**8**	**8**	**8**
Outlays		O	8	8	8

Other Independent Agencies—Continued

(In millions of dollars)

Office of the Nuclear Waste Negotiator

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Outlays	271	O	1		

Other Commissions and Boards

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Other commissions and boards:					
Appropriation, current	808	BA	**1**	**1**	
Outlays		O	1	1	

Ounce of Prevention Council

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Ounce of prevention council:					
Appropriation, current	754	BA	**2**	**1**	**9**
				[O] **1**	
Outlays		O		1	3
Total Ounce of prevention council		BA	**2**	**2**	**9**
		O		1	3

Panama Canal Commission

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Panama Canal revolving fund:					
Spending authority from offsetting collections	403	BA	**622**	**631**	**634**
Outlays		O	575	621	636
Limitation on administrative expenses			(50)	(51)	
				[A] (2)	
Limitation on program level (obligations)			(540)		
Total, offsetting collections			−622	−631	−634
Total Panama Canal revolving fund (net)		BA			
		O	−47	−10	2

Pennsylvania Avenue Development Corporation

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	451	BA	**3**	**1**	
Outlays		O	3	1	
Public development:					
Appropriation, current	451	BA	**4**	**1**	
Outlays		O	126	59	
Public Enterprise Funds:					
Land acquisition and development fund:					
Spending authority from offsetting collections	451	BA	**6**		
Outlays		O	1		
Total, offsetting collections			−6		
Total Land acquisition and development fund (net)		BA			
		O	−5		
Total Federal funds Pennsylvania Avenue Development Corporation		BA	**7**	**2**	
		O	124	60	

Postal Service-Payments to the Postal Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Payment to the Postal Service fund:					
Appropriation, current	372	BA	**92**	**85**	**103**
Outlays		O	92	85	103
Payment to the Postal Service fund for nonfunded liabilities:					
Appropriation, current	372	BA	**38**	**37**	**36**
					[B] **−36**
Outlays		O	38	37	36
					[B] −36
Total Payment to the Postal Service fund for nonfunded liabilities		BA	**38**	**37**	
		O	38	37	
Total Federal funds Postal Service-Payments to the Postal Service		BA	**130**	**122**	**103**
		O	130	122	103

Postal Service

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Postal Service fund:					
Authority to borrow, permanent	372	BA	**2,554**	**4,917**	**3,151**
				[J] **37**	[J] **36**
Spending authority from offsetting collections		BA	**54,812**	**57,229**	**59,194**
					[J] **−36**
Outlays		O	52,843	56,881	61,790
				[J] 37	
Postal Service fund (gross)		BA	**57,366**	**62,183**	**62,345**
		O	52,843	56,918	61,790
Total, offsetting collections			−54,812	−57,229	−59,194
					[J] 36
Total Postal Service fund (net)		BA	**2,554**	**4,954**	**3,187**
		O	−1,969	−311	2,632

Railroad Retirement Board

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Federal windfall subsidy:					
Appropriation, current	601	BA	**254**	**239**	**223**
Outlays		O	251	239	223
Federal payments to the railroad retirement accounts:					
Appropriation, permanent	601	BA	**3,303**	**3,420**	**3,491**
Outlays		O	3,303	3,420	3,491
Special management improvement fund:					
Appropriation, current	601	BA	**2**	**1**	
Outlays		O	2	1	
Trust funds					
Railroad unemployment insurance trust fund:					
Appropriation, current	603	BA	**17**	**17**	**17**
Appropriation, permanent		BA	**64**	**59**	**59**
Outlays		O	79	76	76
Limitation on administrative expenses			(17)	(17)	(17)
Total Railroad unemployment insurance trust fund		BA	**81**	**76**	**76**
		O	79	76	76
Rail Industry Pension Fund:					
Appropriation, permanent	601	BA	**2,955**	**2,874**	**2,900**
Spending authority from offsetting collections		BA	**4**	**4**	**4**
Outlays		O	2,934	2,876	2,901

Other Independent Agencies—Continued

(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Limitation on administration			(73)	(74)	(73)
Limitation on the Office of Inspector General			(6)	(5)	(6)
Rail Industry Pension Fund (gross)		BA	**2,959**	**2,878**	**2,904**
		O	2,934	2,876	2,901
Total, offsetting collections			−4	−4	−4
Total Rail Industry Pension Fund (net)		BA	**2,955**	**2,874**	**2,900**
		O	2,930	2,872	2,897
Supplemental Annuity Pension Fund:					
Appropriation, permanent	601	BA	**79**	**111**	**84**
Outlays		O	91	111	84
Railroad social security equivalent benefit account:					
Appropriation, permanent	601	BA	**8,118**	**8,445**	**8,541**
Outlays		O	8,152	8,348	8,496
Summary					
Federal funds:					
(As shown in detail above)		BA	**3,559**	**3,660**	**3,714**
		O	3,556	3,660	3,714
Trust funds:					
(As shown in detail above)		BA	**11,233**	**11,506**	**11,601**
		O	11,252	11,407	11,553
Deductions for offsetting receipts:					
Intrafund transactions	601	BA/O	*−4,120*	*−3,836*	*−3,824*
Total Trust funds		BA	**7,113**	**7,670**	**7,777**
		O	7,132	7,571	7,729
Interfund transactions	601	BA/O	*−6,327*	*−6,501*	*−6,686*
Total Railroad Retirement Board		BA	**4,345**	**4,829**	**4,805**
		O	4,361	4,730	4,757
Resolution Trust Corporation					
Federal funds					
General and Special Funds:					
Office of Inspector General:					
Appropriation, current	373	BA	**32**	**11**	
Outlays		O	32	7	
Public Enterprise Funds:					
RTC revolving fund:					
Spending authority from offsetting collections	373	BA	**15,194**	**2,773**	
Outlays		O	4,526	349	
Total, offsetting collections			−15,194	−2,773	
Total RTC revolving fund (net)		BA			
		O	−10,668	−2,424	
Total Federal funds Resolution Trust Corporation		BA	**32**	**11**	
		O	−10,636	−2,417	
River Basin Commissions					
Federal funds					
General and Special Funds:					
River basin commissions:					
Appropriation, current	301	BA	**2**	**2**	**2**
Outlays		O	2	2	2

Account			1995 actual	1996 estimate	1997 estimate
Securities and Exchange Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	376	BA	**108**	**103**	**308**
					[J] **−308**
Appropriation, permanent		BA			[B] **260**
Spending authority from offsetting collections		BA	**158**	**185**	**1**
					[J] **49**
Outlays		O	279	287	310
					[B] 224
					[J] −223
Salaries and expenses (gross)		BA	**266**	**288**	**310**
		O	279	287	311
Total, offsetting collections			−158	−185	−1
					[J] −49
Total Salaries and expenses (net)		BA	**108**	**103**	**260**
		O	121	102	261
Selective Service System					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	054	BA	**23**	**23**	**23**
Outlays		O	22	22	22
Smithsonian Institution					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	503	BA	**314**	**308**	**329**
Outlays		O	315	304	335
Museum programs and related research (special foreign currency program):					
Outlays	503	O	1	1	1
Construction and improvements, National Zoological Park:					
Appropriation, current	503	BA	**4**	**3**	**4**
Outlays		O	5	3	5
Repair and restoration of buildings:					
Appropriation, current	503	BA	**24**	**25**	**38**
Outlays		O	20	17	33
Construction:					
Appropriation, current	503	BA	**18**	**18**	**13**
Outlays		O	15	15	21
Operations and maintenance, JFK center for the performing arts:					
Appropriation, current	503	BA	**10**	**10**	**11**
Outlays		O	8	8	11
Construction, JFK center for the performing arts:					
Appropriation, current	503	BA	**9**	**9**	**9**
Outlays		O	7	12	20
Salaries and expenses, National Gallery of Art:					
Appropriation, current	503	BA	**53**	**51**	**54**
Outlays		O	53	52	54
Repair, restoration, and renovation of buildings:					
Appropriation, current	503	BA	**4**	**4**	**6**
Spending authority from offsetting collections		BA	**2**		
Outlays		O	3	8	6
Repair, restoration, and renovation of buildings (gross)		BA	**6**	**4**	**6**
		O	3	8	6

Other Independent Agencies—Continued
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Total, offsetting collections			−2		
Total Repair, restoration, and renovation of buildings (net)		BA	**4**	**4**	**6**
		O	1	8	6
Salaries and expenses, Woodrow Wilson International Center for Scholars:					
Appropriation, current	503	BA	**9**	**6**	**6**
Outlays		O	6	8	6
Total Federal funds Smithsonian Institution		BA	**445**	**434**	**470**
		O	431	428	492

State Justice Institute
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
State Justice Institute: Salaries and expenses:					
Appropriation, current	752	BA	**14**	**5**	**5**
Outlays		O	13	5	3

Tennessee Valley Authority
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
Tennessee Valley Authority fund (Energy supply):					
(Authority to borrow, permanent)	271	BA	**1,015**	**605**	**114**
(Spending authority from offsetting collections)		BA	**5,805**	**5,784**	**5,749**
(Outlays)		O	6,780	6,365	5,694
Tennessee Valley Authority fund (gross)		BA	**6,820**	**6,389**	**5,863**
		O	6,780	6,365	5,694
Total, offsetting collections			−5,676	−5,729	−5,738
Total (Energy supply) (net)		BA	**1,144**	**660**	**125**
		O	1,104	636	−44
(Area and regional development):					
(Appropriation, current)	452	BA	**138**	**109**	**120**
(Spending authority from offsetting collections)		BA	**48**	**21**	**20**
(Outlays)		O	258	126	148
Tennessee Valley Authority fund (gross)		BA	**1,330**	**790**	**265**
		O	1,362	762	104
Total, offsetting collections			−48	−21	−20
Total (Area and regional development) (net)		BA	**138**	**109**	**120**
		O	210	105	128
Total Tennessee Valley Authority fund		BA	**1,282**	**769**	**245**
		O	1,314	741	84
Total Federal funds Tennessee Valley Authority		BA	**1,282**	**769**	**245**
		O	1,314	741	84

United Mine Workers of America Benefit Funds
Trust funds

Account			1995 actual	1996 estimate	1997 estimate
United mine workers of America combined benefit fund:					
Appropriation, permanent	551	BA	**326**	**317**	**310**
Outlays		O	326	317	310
United mine workers of America 1992 benefit plan:					
Appropriation, permanent	551	BA	**10**	**11**	**11**
Outlays		O	10	11	11

Summary

Account			1995 actual	1996 estimate	1997 estimate
Trust funds:					
(As shown in detail above)		BA	**336**	**328**	**321**
		O	336	328	321
Interfund transactions	551	BA/O		*−47*	*−70*
Total United Mine Workers of America Benefit Funds		BA	**336**	**281**	**251**
		O	336	281	251

United States Enrichment Corporation Fund
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
Public Enterprise Funds:					
United States Enrichment Corporation Fund:					
Spending authority from offsetting collections	271	BA	**1,629**	**1,543**	**1,549**
				[B] **−362**	[B] **−1,549**
Outlays		O	1,274	1,397	1,345
				[B] −123	[B] −1,345
United States Enrichment Corporation Fund (gross)		BA	**1,629**	**1,181**	
		O	1,274	1,274	
Total, offsetting collections			−1,629	−1,543	−1,549
				[B] 362	[B] 1,549
Total United States Enrichment Corporation Fund (net)		BA			
		O	−355	93	

United States Holocaust Memorial Council
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Holocaust Memorial Council:					
Appropriation, current	808	BA	**27**	**27**	**31**
Outlays		O	26	29	31

United States Information Agency
Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Salaries and expenses:					
Appropriation, current	154	BA	**477**	**453**	**468**
Spending authority from offsetting collections		BA	**11**	**10**	**10**
Outlays		O	520	469	476
Salaries and expenses (gross)		BA	**488**	**463**	**478**
		O	520	469	476
Total, offsetting collections			−11	−10	−10
Total Salaries and expenses (net)		BA	**477**	**453**	**468**
		O	509	459	466
Technology fund:					
Appropriation, current	154	BA		**5**	**10**
Outlays		O		4	9
Radio Free Asia:					
Appropriation, current	154	BA	**5**		
Outlays		O		5	
Office of the Inspector General:					
Appropriation, current	154	BA	**4**		
Outlays		O	4	1	

Other Independent Agencies—Continued
(In millions of dollars)

Account			1995 actual	1996 estimate	1997 estimate
Educational and cultural exchange programs:					
Appropriation, current	154	BA	**287**	**223**	**233**
Spending authority from offsetting collections		BA	**11**	**11**	**11**
Outlays		O	310	274	246
Educational and cultural exchange programs (gross)		BA	**298**	**234**	**244**
		O	310	274	246
Total, offsetting collections			−11	−11	−11
Total Educational and cultural exchange programs (net)		BA	**287**	**223**	**233**
		O	299	263	235
National Endowment for Democracy:					
Appropriation, current	154	BA	**34**	**30**	**30**
Outlays		O	31	32	30
Broadcasting to Cuba:					
Appropriation, current	154	BA	**25**	**25**	....
Outlays		O	26	25	4
East West Center:					
Appropriation, current	154	BA	**25**	**12**	**9**
Outlays		O	25	12	9
North/South Center:					
Appropriation, current	154	BA	**4**	**2**	**1**
Outlays		O	9	3	1
Russian far east technical assistance center:					
Outlays	154	O	1	....	....
Radio construction:					
Appropriation, current	154	BA	**69**	**29**	**39**
Outlays		O	67	60	46
Payment to the Eisenhower Exchange Fellowship Program Trust Fund:					
Appropriation, current	154	BA	**3**	....	....
Outlays		O	3	....	....
International broadcasting operations:					
Appropriation, current	154	BA	**245**	**329**	**365**
Spending authority from offsetting collections		BA	**3**	**2**	**2**
Outlays		O	193	330	363
International broadcasting operations (gross)		BA	**248**	**331**	**367**
		O	193	330	363
Total, offsetting collections			−3	−2	−2
Total International broadcasting operations (net)		BA	**245**	**329**	**365**
		O	190	328	361
Trust funds					
American studies endowment fund:					
Outlays	154	O	....	1	....
Israeli Arab and Eisenhower exchange fellowship program:					
Appropriation, current	154	BA	**1**	**1**	**1**
Outlays		O	1	1	1
Eastern europe student exchange endowment fund:					
Outlays	154	O	1	....	....
Foreign service national separation liability trust fund:					
Appropriation, permanent	602	BA	**4**	**2**	**2**
Outlays		O	3	2	2
Miscellaneous trust funds:					
Appropriation, permanent	154	BA	**2**	**1**	**1**
Outlays		O	1	1	1

Summary

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**1,178**	**1,108**	**1,155**
		O	1,164	1,192	1,161
Trust funds:					
(As shown in detail above)		BA	**7**	**4**	**4**
		O	6	5	4
Interfund transactions	154	BA/O	*−4*	*−1*	*−1*
	602	BA/O	*−4*	*−2*	*−2*
Total United States Information Agency		BA	**1,177**	**1,109**	**1,156**
		O	1,162	1,194	1,162

United States Institute of Peace

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Operating expenses:					
Appropriation, current	153	BA	**11**	**9**	**11**
Outlays		O	12	10	11

Washington Metropolitan Area Transit Authority

Federal funds

Account			1995 actual	1996 estimate	1997 estimate
General and Special Funds:					
Interest payments:					
Appropriation, current	401	BA	**6**	....	....
Outlays		O	37	....	....

Summary

On-Budget

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**25,829**	**23,555**	**20,304**
		O	3,938	9,005	17,877
Deductions for offsetting receipts:					
Proprietary receipts from the public	155	BA/O	*−203*	*−252*	*−58*
	376	BA/O	*−51*	*−40*	*−40*
	803	BA/O	*−34*	*−46*	*−45*
	806	BA/O	*−12*	*−12*	*−12*
Offsetting governmental receipts	276	BA/O	*−502*	*−462*	*−463*
	453	BA/O	*−18*	*−11*	....
					B *−12*
Total Federal funds		BA	**25,009**	**22,732**	**19,674**
		O	3,118	8,182	17,247
Trust funds:					
(As shown in detail above)		BA	**11,738**	**12,031**	**12,153**
		O	11,648	11,832	12,019
Deductions for offsetting receipts:					
Intrafund transactions	601	BA/O	*−4,120*	*−3,836*	*−3,824*
Proprietary receipts from the public	351	BA/O	*−5*	*−5*	*−6*
	452	BA/O	*−2*	*−2*	*−2*
Total Trust funds		BA	**7,611**	**8,188**	**8,321**
		O	7,521	7,989	8,187
Interfund transactions	154	BA/O	*−4*	*−1*	*−1*
	452	BA/O	*−2*	*−2*	*−2*
	502	BA/O	*−10*	....	....
	506	BA/O	*−93*	*−115*	*−129*
	551	BA/O	....	*−47*	*−70*
	601	BA/O	*−6,327*	*−6,501*	*−6,686*
	602	BA/O	*−4*	*−2*	*−2*
Total Other Independent Agencies (on-budget)		BA	**26,180**	**24,252**	**21,105**
		O	4,199	9,503	18,544

Other Independent Agencies—Continued
(In millions of dollars)

Account		1995 actual	1996 estimate	1997 estimate
Off-Budget				
Federal funds:				
(As shown in detail above)	BA	**2,554**	**4,954**	**3,187**
	O	−1,969	−311	2,632
Total Other Independent Agencies (off-budget)	BA	**2,554**	**4,954**	**3,187**
	O	−1,969	−311	2,632
Total Other Independent Agencies	BA	**28,734**	**29,206**	**24,292**
	O	2,230	9,192	21,176

Allowances
(In millions of dollars)

Welfare Reform
Federal funds

Account		1995 actual	1996 estimate	1997 estimate
General and Special Funds:				
Welfare reform				
(Social services):				
(Appropriation, permanent)	BA		B **−70**	B **−280**
(Outlays)	O		B −63	B −259
(Health care services):				
(Appropriation, current)	BA			B **−44**
(Appropriation, permanent)	BA		B **−63**	B **−283**
(Outlays)	O		B −63	B −327
Total (Health care services)	BA	....	**−63**	**−327**
	O	....	−63	−327
(Food and nutrition assistance):				
(Appropriation, permanent)	BA		B **−298**	B **−2,977**
(Outlays)	O		B −296	B −2,930
(Other income security):				
(Appropriation, current)	BA			B **−15**
			J **110**	J **510**
(Appropriation, permanent)	BA		B **−111**	B **−1,917**
(Outlays)	O		B −1	B −1,853
			J 103	J 486
Total (Other income security)	BA	....	**−1**	**−1,422**
	O	....	102	−1,367
Total Federal funds Welfare Reform	BA	....	**−432**	**−5,006**
	O	....	−320	−4,883

Allowances for:
Federal funds

Account		1995 actual	1996 estimate	1997 estimate
General and Special Funds:				
Full funding for fixed assets				
(Atomic energy defense activities):				
(Appropriation, current)	BA	....	....	**182**
(General science and basic research):				
(Appropriation, current)	BA	....	....	**203**
(Space flight, research, and supporting activities):				
(Appropriation, current)	BA	....	....	**900**
(Energy supply):				
(Appropriation, current)	BA	....	....	**13**
(Recreational resources):				
(Appropriation, current)	BA	....	....	**111**
Total Full funding for fixed assets	BA	....	....	**1,409**
Government-wide debt collection:				
Spending authority from offsetting collections	BA		J **327**	J **76**
Total, offsetting collections			J −327	J −76
Total Federal funds Allowances for:	BA	....	....	**1,409**
	O	....	−327	−76

Summary

Account		1995 actual	1996 estimate	1997 estimate
Federal funds:				
Total Allowances	BA	....	**−432**	**−3,597**
	O	....	−647	−4,959

Totals

(In millions of dollars)

Budget Totals

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**1,169,691**	**1,182,937**	**1,219,943**
		O	1,146,310	1,189,068	1,222,582
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions		BA/O	*−10,247*	*−8,919*	*−7,305*
				[B] −37	
Proprietary receipts from the public		BA/O	*−15,970*	*−16,191*	*−15,801*
				[B] −1,407	*[B] −237*
				[J] −172	*[J] −316*
Offsetting governmental receipts		BA/O	*−2,630*	*−2,568*	*−2,661*
				[B] −22	*[B] −59*
					[J] −22
(Undistributed by agency):					
Offsetting governmental receipts:					
Other undistributed offsetting receipts	959	BA/O	*−7,644*	*−4,200*	*−1,600*
		BA/O		*[B] −150*	*[B] −2,000*
Interfund transactions:					
Other interest	908	BA/O	*−1*	....	*−905*
Rents and royalties on the Outer Continental Shelf	953	BA/O	*−2,418*	*−2,689*	*−3,108*
Sale of major assets	954	BA/O	....	....	*−85*
		BA/O		*[B] −1,800*	
Total deductions		BA/O	*−38,910*	*−38,155*	*−34,099*
Federal fund totals		BA	**1,130,781**	**1,144,782**	**1,185,844**
		O	1,107,400	1,150,913	1,188,483
Trust funds:					
(As shown in detail above)		BA	**331,264**	**352,641**	**374,230**
		O	332,448	372,903	378,398
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions		BA/O	*−4,121*	*−3,837*	*−3,825*
Proprietary receipts from the public		BA/O	*−34,444*	*−34,200*	*−33,826*
					[B] 288
(Undistributed by agency):					
Total deductions		BA/O	*−38,565*	*−38,037*	*−37,363*
Trust fund totals		BA	**292,699**	**314,604**	**336,867**
		O	293,883	334,866	341,035

Account			1995 actual	1996 estimate	1997 estimate
Interfund transactions (−):					
Interest received by on-budget trust funds	902	BA/O	**−59,867**	**−61,163**	**−61,066**
				[J] 5	**[J] −746**
Employer share, employee retirement (on-budget)	951	BA/O	**−27,961**	**−27,138**	**−27,499**
Applied by agency above		BA/O	**−82,986**	**−107,599**	**−114,602**
Total interfund transactions		BA/O	**−170,814**	**−195,895**	**−203,913**
Budget totals∆		BA	**1,252,666**	**1,263,491**	**1,318,798**
		O	1,230,469	1,289,884	1,325,605

Off-Budget Totals

Account			1995 actual	1996 estimate	1997 estimate
Federal funds:					
(As shown in detail above)		BA	**2,554**	**4,954**	**3,187**
		O	−1,969	−311	2,632
Trust funds:					
(As shown in detail above)		BA	**333,292**	**351,998**	**369,433**
		O	335,854	351,632	368,199
Deductions for offsetting receipts:					
(As shown in detail above):					
Proprietary receipts from the public		BA/O	*−9*	*−12*	*−12*
Trust fund totals		BA	**333,283**	**351,986**	**369,421**
		O	335,845	351,620	368,187
Interfund transactions (−):					
Interest received by off-budget trust funds	903	BA/O	**−33,305**	**−36,440**	**−39,361**
Employer share, employee retirement (off-budget)	952	BA/O	**−6,432**	**−6,291**	**−6,664**
Applied by agency above		BA/O	**−5,475**	**−6,103**	**−7,019**
Total interfund transactions		BA/O	**−45,212**	**−48,834**	**−53,044**
Off-Budget totals∆		BA	**290,625**	**308,106**	**319,564**
		O	288,664	302,475	317,775
Federal Government totals∆		BA	**1,543,291**	**1,571,597**	**1,638,362**
		O	1,519,133	1,592,359	1,643,380

Federal Government Totals

(In millions of dollars)

	1996		1997	
	BA	Outlays	BA	Outlays
Federal funds:				
Enacted, pending and initial requests:				
Appropriations	1,183,750	1,193,152	1,210,237	1,214,772
Proposed in this budget:				
Supplemental proposal ([A])	376	413		120
Rescission proposal ([H])	−1,376	−618		−462
To be proposed separately:				
Legislative Proposals:				
Subject to PAYGO ([B])	−481	−148	3,789	3,931
Not subject to PAYGO ([J])	−26	−5,251	14,110	9,421
Adjustment to 1996 CR levels ([O])	6,080	1,856		2,391
Allowances	−432	−647	−5,006	−4,959
Deductions for offsetting receipts	−34,567	−34,567	−31,465	−31,465
Subject to PAYGO ([B])	−3,416	−3,416	−2,296	−2,296
Not subject to PAYGO ([J])	−172	−172	−338	−338
Total Federal funds	1,149,736	1,150,602	1,189,031	1,191,115
Trust funds:				
Enacted, pending and initial requests:				
Appropriations	704,287	724,484	750,300	753,069
Proposed in this budget:				
To be proposed separately:				
Legislative Proposals:				
Subject to PAYGO ([B])	273	262	−6,269	−6,288
Not subject to PAYGO ([J])	−414	−414	−368	−388
Adjustment to 1996 CR levels ([O])	493	203		204
Deductions for offsetting receipts	−38,049	−38,049	−37,663	−37,663
Subject to PAYGO ([B])			288	288
Total Trust funds	666,590	686,486	706,288	709,222
Interfund transactions (−)	−244,729	−244,729	−256,957	−256,957
Federal Government totals	1,571,597	1,592,359	1,638,362	1,643,380

[A] Supplemental proposal.
[B] Legislative proposal, subject to PAYGO.
[H] Rescission proposal.
[J] Legislative proposal, not subject to PAYGO.
[O] Adjustments to 1996 continuing resolution levels.

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